

Hertz Global Holdings Reports Third Quarter 2018 Financial Results

ESTERO, Fla., Nov. 8, 2018 /PRNewswire/ -- Hertz Global Holdings, Inc. (NYSE: HTZ) ("Hertz Global" or the "Company") today reported results for its third quarter 2018.

Third Quarter 2018 Compared to Third Quarter 2017:

- Total revenues increased 7%; U.S. RAC total revenues up 10%
- Net income attributable to Hertz Global improved 52% to \$141 million
- Adjusted Corporate EBITDA improved 9% to \$351 million
- U.S. RAC Total RPD up 3%
- U.S. RAC Net Depreciation Per Unit Per Month decreased 15%



"Our operational turnaround continues to move forward as reflected by our fourth consecutive quarter of year-over-year revenue and adjusted earnings growth," said Kathryn V. Marinello, President and Chief Executive Officer of Hertz Global. "We are balancing our priorities of targeting a higher-quality revenue mix, while making investments in our operations, brands and technologies to optimally position the Company for long-term, sustainable growth."

For the third quarter 2018, total revenues were \$2.8 billion, a 7% increase versus the third quarter 2017. Income before income taxes for the third quarter 2018 was \$181 million versus \$143 million in the same period last year. Third quarter 2018 net income attributable to Hertz Global was \$141 million, or \$1.68 per diluted share, compared to \$93 million, or \$1.12 per diluted share, during the third quarter 2017. The Company reported Adjusted Net Income for the third quarter 2018 of \$180 million, or \$2.14 Adjusted Diluted EPS, compared to \$118 million, or \$1.42 Adjusted Diluted EPS, for the same period last year. Adjusted Corporate EBITDA for the third quarter 2018 was \$351 million, compared to \$321 million in the same period last year.

U.S. RENTAL CAR ("U.S. RAC") SUMMARY

U.S. RAC ⁽¹⁾ (\$ in millions, except where noted)	Three Months Ended September 30,		Percent Inc/(Dec)	
	2018	2017		
Total revenues	\$ 1,852	\$ 1,685	10	%
Depreciation of revenue earning vehicles and lease charges, net	\$ 414	\$ 455	(9)	%
Direct vehicle operating ("DOE") and selling, general & administrative ("SG&A") expenses	\$ 1,196	\$ 1,064	12	%
DOE and SG&A as a percentage of total revenues	65 %	63 %	140	bps
Income (loss) before income taxes	\$ 203	\$ 131	55	%
Adjusted Pre-tax Income (Loss)	\$ 222	\$ 158	41	%
Adjusted Pre-tax Margin	12 %	9 %	260	bps
Adjusted Corporate EBITDA	\$ 208	\$ 166	25	%
Adjusted Corporate EBITDA Margin	11 %	10 %	140	bps
Average Vehicles (in whole units)	527,900	495,000	7	%
Vehicle Utilization	81 %	81 %	30	bps
Transaction Days (in thousands)	39,478	36,879	7	%
Total RPD (in whole dollars)	\$ 46.23	\$ 45.04	3	%
Total RPU Per Month (in whole dollars)	\$ 1,152	\$ 1,119	3	%
Net Depreciation Per Unit Per Month (in whole dollars)	\$ 261	\$ 306	(15)	%

Total U.S. RAC revenues increased 10% versus the prior-year quarter as a result of volume and pricing both on and off airport. Volume increased 7% and Total RPD increased 3%. The Company achieved a 5% increase in Time and Mileage pricing and a 30 basis point improvement in Utilization. Excluding rentals to transportation network company drivers ("TNCD"), revenues increased 8%; comprised of a 4% volume increase and a 3% increase in Total RPD.

Net Depreciation Per Unit Per Month decreased 15% to \$261 resulting from favorable vehicle acquisition prices and stronger residual values in the third quarter of 2018.

Adjusted Corporate EBITDA improved by 25% and Adjusted Corporate EBITDA Margin expanded 140 basis points versus the prior-year quarter driven by strong revenue growth coupled with improved monthly depreciation per unit. Strong revenue results and lower vehicle holding costs were partially offset by elevated expenses associated with the Company's operating turnaround initiatives and increased vehicle interest expense.

INTERNATIONAL RENTAL CAR ("INTERNATIONAL RAC") SUMMARY

International RAC ⁽¹⁾ (\$ in millions, except where noted)	Three Months Ended September 30,		Percent Inc/(Dec)	
	2018	2017		
Total revenues	\$ 732	\$ 728	1	%
Depreciation of revenue earning vehicles and lease charges, net	\$ 128	\$ 126	2	%
Direct vehicle operating ("DOE") and selling, general & administrative ("SG&A") expenses	\$ 449	\$ 435	3	%
DOE and SG&A as a percentage of total revenues	61 %	60 %	160	bps
Income (loss) before income taxes	\$ 131	\$ 152	(14)	%
Adjusted Pre-tax Income (Loss)	\$ 133	\$ 147	(10)	%
Adjusted Pre-tax Margin	18 %	20 %	(200)	bps
Adjusted Corporate EBITDA	\$ 140	\$ 158	(11)	%
Adjusted Corporate EBITDA Margin	19 %	22 %	(260)	bps
Average Vehicles (in whole units)	214,900	212,600	1	%
Vehicle Utilization	80 %	82 %	(120)	bps
Transaction Days (in thousands)	15,876	15,947	—	%
Total RPD (in whole dollars)	\$ 47.37	\$ 46.03	3	%
Total RPU Per Month (in whole dollars)	\$ 1,166	\$ 1,151	1	%
Net Depreciation Per Unit Per Month (in whole dollars)	\$ 205	\$ 199	3	%

The Company's International RAC segment revenues increased 1%, and increased 3% when excluding the impact of foreign currency. Total RPD increased 3%, and excluding the impact of Brazil, Total RPD increased 1%. Volume was flat versus the prior-year quarter and increased 2% excluding Brazil. The results excluding Brazil were driven by solid growth in our Asia/Pacific region, along with moderate leisure growth in Europe.

Net Depreciation Per Unit Per Month increased 3%, or 1% excluding Brazil.

Adjusted Corporate EBITDA for International RAC decreased 11% compared with a year ago driven by increased direct vehicle operating expenses and vehicle depreciation.

ALL OTHER OPERATIONS

All Other Operations ⁽¹⁾ (\$ in millions)	Three Months Ended September 30,		Percent Inc/(Dec)	
	2018	2017		
Total revenues	\$ 174	\$ 159	9	%
Depreciation of revenue earning vehicles and lease charges, net	\$ 130	\$ 119	9	%
Direct vehicle operating ("DOE") and selling, general & administrative ("SG&A") expenses	\$ 18	\$ 17	6	%
DOE and SG&A as a percentage of total revenues	10 %	11 %	(40)	bps
Income (loss) before income taxes	\$ 19	\$ 17	12	%

Depreciation and amortization of revenue earning vehicles and lease charges, net	1,459	1,348	53 %	52 %	4,043	3,735	56 %	56 %
Selling, general and administrative	672	700	24 %	27 %	2,020	2,144	28 %	32 %
Interest expense, net:	265	217	10 %	8 %	765	661	11 %	10 %
Vehicle	115	90	4 %	3 %	336	242	5 %	4 %
Non-vehicle	73	86	3 %	3 %	218	223	3 %	3 %
Total interest expense, net	188	176	7 %	7 %	554	465	8 %	7 %
Intangible asset impairments	—	—	— %	— %	—	86	— %	1 %
Other (income) expense, net	(7)	(12)	— %	— %	(36)	19	— %	— %
Total expenses	2,577	2,429	93 %	94 %	7,346	7,110	102 %	106 %
Income (loss) before income taxes	181	143	7 %	6 %	(137)	(397)	(2) %	(6) %
Income tax (provision) benefit	(41)	(50)	(1) %	(2) %	12	108	— %	2 %
Net Income (loss)	\$ 140	\$ 93	5 %	4 %	(125)	(289)	(2) %	(4) %
Net (income) loss attributable to noncontrolling interests	1	—	— %	— %	1	—	— %	— %
Net income (loss) attributable to Hertz Global	141	93	5 %	4 %	(124)	(289)	(2) %	(4) %
Weighted average number of shares outstanding:								
Basic	84	83			83	83		
Diluted	84	83			83	83		
Earnings (loss) per share - basic and diluted:								
Basic earnings (loss) per share	\$ 1.68	\$ 1.12			\$ (1.49)	\$ (3.48)		
Diluted earnings (loss) per share	\$ 1.68	\$ 1.12			\$ (1.49)	\$ (3.48)		
Adjusted Pre-tax Income (Loss) ^(a)	\$ 240	\$ 188			\$ 44	\$ (107)		
Adjusted Net Income (Loss) ^(a)	\$ 180	\$ 118			\$ 33	\$ (67)		
Adjusted Diluted Earnings (Loss) Per Share ^(a)	\$ 2.14	\$ 1.42			\$ 0.40	\$ (0.81)		
Adjusted Corporate EBITDA ^(a)	\$ 351	\$ 321			\$ 384	\$ 246		

(a) Represents a non-GAAP measure, see the accompanying reconciliations included in Supplemental Schedule II.

SELECTED UNAUDITED CONSOLIDATED BALANCE SHEET DATA

(In millions)	September 30, 2018	December 31, 2017
Cash and cash equivalents	\$ 761	\$ 1,072
Total restricted cash	265	432
Revenue earning vehicles, net:		
U.S. Rental Car	9,189	7,761
International Rental Car	2,929	2,153
All Other Operations	1,459	1,422
Total revenue earning vehicles, net	13,577	11,336
Total assets	22,460	20,058
Total debt	17,158	14,865
Net Vehicle Debt ^(a)	12,544	10,079
Net Non-vehicle Debt ^(a)	3,693	3,402
Total stockholders' equity	1,227	1,520

(a) Represents a non-GAAP measure, see the accompanying reconciliations included in Supplemental Schedule V.

SELECTED UNAUDITED CONSOLIDATED CASH FLOW DATA

(In millions)	Nine Months Ended September 30,	
	2018	2017
Cash flows provided by (used in):		
Operating activities	\$ 2,017	\$ 1,977
Investing activities	(4,799)	(3,405)
Financing activities	2,308	2,085
Effect of exchange rate changes	(4)	26
Net change in cash, cash equivalents, restricted cash and restricted cash equivalents ^(a)	\$ (478)	\$ 683
Fleet Growth ^(b)	\$ (252)	\$ (200)
Adjusted Free Cash Flow ^(b)	\$ (259)	\$ (418)

(a) Under recent accounting guidance issued by the Financial Accounting Standards Board, effective January 1, 2018 and applied retrospectively, the changes in total cash, cash equivalents, restricted cash and restricted cash equivalents are required to be presented in the statement of cash flows. Previously only changes in total cash and cash equivalents were presented in the statement of cash flows. As a result, for the nine months ended September 30, 2017, the net change in cash, cash equivalents, restricted cash and restricted cash equivalents increased by \$751 million compared to the amount previously reported.

(b) Represents a non-GAAP measure, see the accompanying reconciliations included in Supplemental Schedules III and IV.

SELECTED UNAUDITED OPERATING DATA BY SEGMENT

	Three Months Ended		Percent Inc/(Dec)	Nine Months Ended		Percent Inc/(Dec)
	September 30, 2018	September 30, 2017		September 30, 2018	September 30, 2017	
U.S. RAC						
Transaction Days (in thousands)	39,478	36,879	7 %	112,427	105,424	7 %
Total RPD ^(a)	\$ 46.23	\$ 45.04	3 %	\$ 42.93	\$ 42.56	1 %
Total RPU Per Month ^(a)	\$ 1,152	\$ 1,119	3 %	\$ 1,052	\$ 1,019	3 %
Average Vehicles (in whole units)	527,900	495,000	7 %	509,800	489,300	4 %
Vehicle Utilization ^(a)	81 %	81 %	30 bps	81 %	79 %	190 bps
Net Depreciation Per Unit Per Month ^(a)	\$ 261	\$ 306	(15) %	\$ 282	\$ 336	(16) %
Percentage of program vehicles at period end	12 %	9 %	290 bps	12 %	9 %	290 bps
Adjusted Pre-tax Income (Loss) (in millions) ^(b)	\$ 222	\$ 158	41 %	\$ 200	\$ 5	NM
International RAC						
Transaction Days (in thousands)	15,876	15,947	— %	39,075	39,366	(1) %

Total RPD ^(a)	\$ 47.37	\$ 46.03	3 %	\$ 46.01	\$ 44.56	3 %
Total RPU Per Month ^(a)	\$ 1,166	\$ 1,151	1 %	\$ 1,088	\$ 1,064	2 %
Average Vehicles (in whole units)	214,900	212,600	1 %	183,600	183,100	— %
Vehicle Utilization ^(a)	80 %	82 %	(120) bps	78 %	79 %	(80) bps
Net Depreciation Per Unit Per Month ^(a)	\$ 205	\$ 199	3 %	\$ 208	\$ 197	6 %
Percentage of program vehicles at period end	45 %	45 %	20 bps	45 %	45 %	20 bps
Adjusted Pre-tax Income (Loss) (in millions) ^(b)	\$ 133	\$ 147	(10) %	\$ 201	\$ 200	1 %

All Other Operations

Average Vehicles — Donlen	185,300	205,600	(10) %	188,200	206,500	(9) %
Adjusted Pre-tax Income (Loss) (in millions) ^(b)	\$ 22	\$ 20	10 %	\$ 68	\$ 59	15 %

NM - Not meaningful

(a) See the accompanying calculations of this key metric in Supplemental Schedule VI.

(b) Represents a non-GAAP measure, see the accompanying reconciliations included in Supplemental Schedule II.

HERTZ GLOBAL HOLDINGS, INC.
CONDENSED STATEMENT OF OPERATIONS BY SEGMENT
Unaudited

(In millions)	Three Months Ended September 30, 2018					Three Months Ended September 30, 2017		
	U.S. Rental Car	Int'l Rental Car	All Other Operations	Corporate	Hertz Global	U.S. Rental Car	Int'l Rental Car	All Other Operations
Total revenues:	\$ 1,852	\$ 732	\$ 174	\$ —	\$ 2,758	\$ 1,685	\$ 728	\$ —
Expenses:								
Direct vehicle and operating	1,068	384	8	(1)	1,459	970	372	—
Depreciation of revenue earning vehicles and lease charges, net	414	128	130	—	672	455	126	—
Selling, general and administrative	128	65	10	62	265	94	63	—
Interest expense, net:								
Vehicle	79	25	11	—	115	61	20	—
Non-vehicle	(40)	—	(4)	117	73	(26)	4	—
Total interest expense, net	39	25	7	117	188	35	24	—
Other (income) expense, net	—	(1)	—	(6)	(7)	—	(9)	—
Total expenses	1,649	601	155	172	2,577	1,554	576	—
Income (loss) before income taxes	\$ 203	\$ 131	\$ 19	\$ (172)	181	\$ 131	\$ 152	\$ —
Income tax (provision) benefit					(41)			
Net income (loss)					140			
Net (income) loss attributable to noncontrolling interests					1			
Net income (loss) attributable to Hertz Global					\$ 141			

HERTZ GLOBAL HOLDINGS, INC.
CONDENSED STATEMENT OF OPERATIONS BY SEGMENT
Unaudited

(In millions)	Nine Months Ended September 30, 2018					Nine Months Ended September 30, 2017		
	U.S. Rental Car	Int'l Rental Car	All Other Operations	Corporate	Hertz Global	U.S. Rental Car	Int'l Rental Car	All Other Operations
Total revenues:	\$ 4,905	\$ 1,789	\$ 515	\$ —	\$ 7,209	\$ 4,557	\$ 1,683	\$ —
Expenses:								
Direct vehicle and operating	3,016	1,006	25	(4)	4,043	2,750	962	—
Depreciation of revenue earning vehicles and lease charges, net	1,295	342	383	—	2,020	1,478	311	—
Selling, general and administrative	345	186	28	206	765	290	170	—
Interest expense, net:								
Vehicle	216	88	32	—	336	166	55	—
Non-vehicle	(105)	—	(12)	335	218	(66)	4	—
Total interest expense, net	111	88	20	335	554	100	59	—
Intangible asset impairments	—	—	—	—	—	86	—	—
Other (income) expense, net	(7)	(2)	—	(27)	(36)	—	(8)	—
Total expenses	4,760	1,620	456	510	7,346	4,704	1,494	—
Income (loss) before income taxes	\$ 145	\$ 169	\$ 59	\$ (510)	(137)	\$ (147)	\$ 189	\$ —
Income tax (provision) benefit					12			
Net income (loss)					(125)			
Net (income) loss attributable to noncontrolling interests					1			
Net income (loss) attributable to Hertz Global					\$ (124)			

HERTZ GLOBAL HOLDINGS, INC.
RECONCILIATION OF NET INCOME (LOSS) AND INCOME (LOSS) BEFORE INCOME TAXES
TO GROSS EBITDA, CORPORATE EBITDA, ADJUSTED CORPORATE EBITDA, ADJUSTED PRE-TAX INCOME (LOSS),
ADJUSTED NET INCOME (LOSS) AND ADJUSTED DILUTED EARNINGS (LOSS) PER SHARE
Unaudited

(In millions, except per share data)	Three Months Ended September 30, 2018					Three Months Ended September 30, 2017	
	U.S. Rental Car	Int'l Rental Car	All Other Operations	Corporate	Hertz Global	U.S. Rental Car	Int'l Rental Car
Net income (loss)					\$ 140		
Income tax provision (benefit)					41		
Income (loss) before income taxes	\$ 203	\$ 131	\$ 19	\$ (172)	181	\$ 131	\$ 152
Depreciation and amortization	452	136	132	4	724	501	134
Interest, net of interest income	39	25	7	117	188	35	24
Gross EBITDA	\$ 694	\$ 292	\$ 158	\$ (51)	\$ 1,093	\$ 667	\$ 310
Revenue earning vehicle depreciation and lease charges, net	(414)	(128)	(130)	—	(672)	(455)	(126)
Vehicle debt interest	(79)	(25)	(11)	—	(115)	(61)	(20)
Vehicle debt-related charges ^(a)	5	1	1	—	7	5	2

Corporate EBITDA	\$ 206	\$ 140	\$ 18	\$ (51)	\$ 313	\$ 156	\$ 166
Non-cash stock-based employee compensation charges ^(c)	—	—	—	3	3	—	—
Restructuring and restructuring related charges ^{(d)(e)}	—	—	—	12	12	1	—
Information technology and finance transformation costs ^(g)	—	—	—	24	24	—	—
Other items ^(h)	2	—	1	(4)	(1)	9	(8)
Adjusted Corporate EBITDA	\$ 208	\$ 140	\$ 19	\$ (16)	\$ 351	\$ 166	\$ 158
Non-vehicle depreciation and amortization	(38)	(8)	(2)	(4)	(52)	(46)	(8)
Non-vehicle debt interest, net of interest income	40	—	4	(117)	(73)	26	(4)
Non-vehicle debt-related charges ^(a)	—	—	—	4	4	—	—
Non-cash stock-based employee compensation charges ^(c)	—	—	—	(3)	(3)	—	—
Acquisition accounting ⁽ⁱ⁾	12	1	1	1	15	12	1
Other ^(j)	—	—	—	(2)	(2)	—	—
Adjusted Pre-tax Income (Loss) ^(k)	\$ 222	\$ 133	\$ 22	\$ (137)	\$ 240	\$ 158	\$ 147
Income tax (provision) benefit on adjusted pre-tax income (loss) ^(l)					(60)		
Adjusted Net Income (Loss)					\$ 180		
Weighted average number of diluted shares outstanding					84		
Adjusted Diluted Earnings (Loss) Per Share					\$ 2.14		

HERTZ GLOBAL HOLDINGS, INC.
RECONCILIATION OF NET INCOME (LOSS) AND INCOME (LOSS) BEFORE INCOME TAXES
TO GROSS EBITDA, CORPORATE EBITDA, ADJUSTED CORPORATE EBITDA, ADJUSTED PRE-TAX INCOME (LOSS),
ADJUSTED NET INCOME (LOSS) AND ADJUSTED DILUTED EARNINGS (LOSS) PER SHARE
Unaudited

(In millions, except per share data)	Nine Months Ended September 30, 2018					Nine M	
	U.S. Rental Car	Int'l Rental Car	All Other Operations	Corporate	Hertz Global	U.S. Rental Car	Int'l R C
Net income (loss)					\$ (125)		
Income tax provision (benefit)					(12)		
Income (loss) before income taxes	\$ 145	\$ 169	\$ 59	\$ (510)	\$ (137)	\$ (147)	\$
Depreciation and amortization	1,416	367	390	13	2,186	1,616	
Interest, net of interest income	111	88	20	335	554	100	
Gross EBITDA	\$ 1,672	\$ 624	\$ 469	\$ (162)	\$ 2,603	\$ 1,569	\$
Revenue earning vehicle depreciation and lease charges, net	(1,295)	(342)	(383)	—	(2,020)	(1,478)	(3)
Vehicle debt interest	(216)	(88)	(32)	—	(336)	(166)	
Vehicle debt-related charges ^(a)	17	5	3	—	25	13	
Loss on extinguishment of vehicle related debt ^(b)	2	20	—	—	22	—	
Corporate EBITDA	\$ 180	\$ 219	\$ 57	\$ (162)	\$ 294	\$ (62)	\$
Non-cash stock-based employee compensation charges ^(c)	—	—	—	10	10	—	
Restructuring and restructuring related charges ^{(d)(e)}	2	3	—	21	26	1	
Impairment charges and asset write-downs ^(f)	—	—	—	—	—	86	
Finance and information technology transformation costs ^(g)	—	—	—	75	75	—	
Other items ^(h)	(3)	—	2	(20)	(21)	15	
Adjusted Corporate EBITDA	\$ 179	\$ 222	\$ 59	\$ (76)	\$ 384	\$ 40	\$
Non-vehicle depreciation and amortization	(121)	(25)	(7)	(13)	(166)	(138)	
Non-vehicle debt interest, net of interest income	105	—	12	(335)	(218)	66	
Non-vehicle debt-related charges ^(a)	—	—	—	11	11	—	
Loss on extinguishment of non-vehicle related debt ^(b)	—	—	—	—	—	—	
Non-cash stock-based employee compensation charges ^(c)	—	—	—	(10)	(10)	—	
Acquisition accounting ⁽ⁱ⁾	37	4	4	1	46	37	
Other ^(j)	—	—	—	(3)	(3)	—	
Adjusted Pre-tax Income (Loss) ^{(e)(k)}	\$ 200	\$ 201	\$ 68	\$ (425)	\$ 44	\$ 5	\$
Income tax (provision) benefit on adjusted pre-tax income (loss) ^(l)					(11)		
Adjusted Net Income (Loss)					\$ 33		
Weighted average number of diluted shares outstanding					83		
Adjusted Diluted Earnings (Loss) Per Share					\$ 0.40		

(a) Primarily represents debt-related charges relating to the amortization of deferred financing costs and debt discounts and premiums.

(b) In 2018, primarily represents \$20 million of early redemption premium and write-off of deferred financing costs associated with the full redemption of the 4.375% European Ve 2017, represents \$6 million of early redemption premium and write-off of deferred financing costs associated with the redemption of certain notes and a \$2 million write-off of termination of commitments under the Senior RCF incurred during the second quarter.

(c) Stock-based compensation expense is an adjustment for purposes of calculating Adjusted Corporate EBITDA but not for calculating Adjusted Pre-tax Income (Loss).

(d) Represents charges incurred under restructuring actions as defined in U.S. GAAP, excluding impairments and asset write-downs, which are shown separately in the table. Also incremental costs incurred directly supporting business transformation initiatives. Such costs include transition costs incurred in connection with business process outsourcing facilitate business process re-engineering initiatives that involve significant organization redesign and extensive operational process changes. Also includes consulting costs, fee million for the nine months of 2018, and other expenses related to the previously disclosed accounting review and investigation.

(e) For the nine months ended September 30, 2017, excludes \$2 million of stock-based compensation expenditures included in restructuring and restructuring related charges.

(f) In 2017, represents a second quarter \$86 million impairment of the Dollar Thrifty tradename and a first quarter impairment of \$30 million related to an equity method investm

(g) Represents costs associated with the Company's information technology and finance transformation programs, both of which are multi-year initiatives to upgrade and moderni

(h) Represents miscellaneous or non-recurring items. In 2018, includes net loss attributable to noncontrolling interests, a \$4 million and \$21 million pre-tax gain on marketable se respectively, and a \$6 million legal settlement received in the second quarter related to an oil spill in the Gulf of Mexico in 2010. In 2017, includes net expenses of \$13 million million pre-tax gain on the sale of the Company's Brazil Operations in the third quarter. Also, includes second quarter charges of \$6 million for labor-related matters and \$5 mill

(i) Represents incremental expense associated with amortization of other intangible assets and depreciation of property and equipment relating to acquisition accounting.

(j) Comprised of items that are adjustments for purposes of calculating Adjusted Corporate EBITDA but not for calculating adjusted pre-tax income (loss) and rounding items.

(k) Adjustments by caption to arrive at Adjusted Pre-tax Income (Loss) are as follows:

Increase (decrease) to expenses (In millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Direct vehicle and operating	\$ (15)	\$ (28)	\$ (48)	\$ (65)
Selling, general and administrative	(36)	(14)	(99)	(76)
Interest expense, net:				
Vehicle	(7)	(8)	(47)	(22)
Non-vehicle	(4)	(4)	(11)	(19)
Total interest expense, net	(11)	(12)	(58)	(41)
Intangible asset impairments	—	—	—	(86)
Other income (expense), net	4	9	25	(22)
Noncontrolling interests	(1)	—	(1)	—
Total adjustments	\$ (59)	\$ (45)	\$ (181)	\$ (290)

(l) Derived utilizing a combined statutory rate of 25% and 37% for the periods ending September 30, 2018 and 2017, respectively, applied to the respective Adjusted Pre-tax Inco

Supplemental Sched

HERTZ GLOBAL HOLDINGS, INC.
RECONCILIATION OF GAAP TO NON-GAAP MEASURE - FLEET GROWTH
Unaudited

(In millions)	Nine Months Ended September 30, 2018				Nine Months Ended September 30, 2017			
	U.S. Rental Car	Int'l Rental Car	All Other Operations	Hertz Global	U.S. Rental Car	Int'l Rental Car	All Other Operations	Her Glo
Revenue earning vehicles expenditures	\$ (6,644)	\$ (2,876)	\$ (556)	\$ (10,076)	\$ (5,416)	\$ (2,771)	\$ (496)	\$ (8,683)
Proceeds from disposal of revenue earning vehicles	3,568	1,675	135	5,378	3,668	1,477	140	5,285
Net revenue earning vehicles capital expenditures	(3,076)	(1,201)	(421)	(4,698)	(1,748)	(1,294)	(356)	(3,398)
Depreciation of revenue earning vehicles, net	1,295	275	382	1,952	1,478	256	355	2,089
Financing activity related to vehicles:								
Borrowings	8,503	2,554	814	11,871	4,807	1,276	824	6,907
Payments	(6,993)	(1,794)	(738)	(9,525)	(4,256)	(815)	(816)	(5,887)
Restricted cash changes	138	24	(14)	148	19	74	(4)	197
Net financing activity related to vehicles	1,648	784	62	2,494	570	535	4	1,109
Fleet Growth	\$ (133)	\$ (142)	\$ 23	\$ (252)	\$ 300	\$ (503)	\$ 3	\$ (195)

Supplemental Schedule IV
HERTZ GLOBAL HOLDINGS, INC.
RECONCILIATION OF GAAP TO NON-GAAP MEASURE - ADJUSTED FREE CASH FLOW
Unaudited

(In millions)	Nine Months Ended September 30,	
	2018	2017
Net cash provided by operating activities	\$ 2,017	\$ 1,977
Net change in restricted cash and cash equivalents, vehicle ^(a)	148	89
Revenue earning vehicles expenditures	(10,076)	(8,683)
Proceeds from disposal of revenue earning vehicles	5,378	5,285
Capital asset expenditures, non-vehicle	(119)	(124)
Proceeds from disposal of property and other equipment	47	18
Proceeds from issuance of vehicle debt	11,871	6,907
Repayments of vehicle debt	(9,525)	(5,887)
Adjusted Free Cash Flow	\$ (259)	\$ (418)

(a) Amounts presented for the nine months ended September 30, 2018 and 2017 exclude a \$2 million and \$3 million non-cash impact of foreign currency exchange rates, respectively.

Supplemental Schedule V
HERTZ GLOBAL HOLDINGS, INC.
RECONCILIATION OF GAAP TO NON-GAAP MEASURE - NET DEBT
Unaudited

(In millions)	As of September 30, 2018			As of December 31, 2017		
	Vehicle	Non-Vehicle	Total	Vehicle	Non-Vehicle	Total
Debt as reported in the balance sheet	\$ 12,737	\$ 4,421	\$ 17,158	\$ 10,431	\$ 4,434	\$ 14,865
Add:						
Debt issue costs deducted from debt obligations	43	33	76	34	40	74
Less:						
Cash and cash equivalents	—	761	761	—	1,072	1,072
Restricted cash	236	—	236	386	—	386
Net Debt	\$ 12,544	\$ 3,693	\$ 16,237	\$ 10,079	\$ 3,402	\$ 13,481

Supplemental Schedule VI
HERTZ GLOBAL HOLDINGS, INC.
RECONCILIATIONS OF KEY METRICS
REVENUE, UTILIZATION AND DEPRECIATION
Unaudited

(\$ in millions, except where noted)	U.S. Rental Car		Percent Inc/(Dec)	U.S. Rental Car		Percent Inc/(Dec)
	Three Months Ended September 30, 2018	Three Months Ended September 30, 2017		Three Months Ended September 30, 2018	Three Months Ended September 30, 2017	
Total RPD						
Revenues	\$ 1,852	\$ 1,685		\$ 4,905	\$ 4,557	
Ancillary retail vehicle sales revenue	(27)	(24)		(78)	(70)	
Total Rental Revenue	\$ 1,825	\$ 1,661		\$ 4,827	\$ 4,487	
Transaction Days (in thousands)	39,478	36,879		112,427	105,424	
Total RPD (in whole dollars)	\$ 46.23	\$ 45.04	3 %	\$ 42.93	\$ 42.56	1 %
Total Revenue Per Unit Per Month						
Total Rental Revenue	\$ 1,825	\$ 1,661		\$ 4,827	\$ 4,487	
Average Vehicles (in whole units)	527,900	495,000		509,800	489,300	
Total revenue per unit (in whole dollars)	\$ 3,457	\$ 3,356		\$ 9,468	\$ 9,170	
Number of months in period	3	3		9	9	
Total RPU Per Month (in whole dollars)	\$ 1,152	\$ 1,119	3 %	\$ 1,052	\$ 1,019	3 %
Vehicle Utilization						
Transaction Days (in thousands)	39,478	36,879		112,427	105,424	
Average Vehicles (in whole units)	527,900	495,000		509,800	489,300	

Number of days in period	92	92			273	273		
Available Car Days (in thousands)	48,567	45,540			139,175	133,579		
Vehicle Utilization ^(a)	81 %	81 %	30	bps	81 %	79 %	190	bps

Net Depreciation Per Unit Per Month

Depreciation of revenue earning vehicles and lease charges, net	\$ 414	\$ 455			\$ 1,295	\$ 1,478		
Average Vehicles (in whole units)	527,900	495,000			509,800	489,300		
Depreciation of revenue earning vehicles and lease charges, net divided by Average Vehicles (in whole dollars)	\$ 784	\$ 919			\$ 2,540	\$ 3,021		
Number of months in period	3	3			9	9		
Net Depreciation Per Unit Per Month (in whole dollars)	\$ 261	\$ 306	(15) %		\$ 282	\$ 336	(16) %	

(a) Calculated as Transaction Days divided by Available Car Days.

Supplemental Schedule VI (continued)

HERTZ GLOBAL HOLDINGS, INC. RECONCILIATIONS OF KEY METRICS REVENUE, UTILIZATION AND DEPRECIATION Unaudited

International Rental Car

(\$ in millions, except where noted)	Three Months Ended September 30,		Percent Inc/(Dec)	Nine Months Ended September 30,		Percent Inc/(Dec)
	2018	2017		2018	2017	
Total RPD						
Revenues	\$ 732	\$ 728		\$ 1,789	\$ 1,683	
Foreign currency adjustment ^(a)	20	6		9	71	
Total Rental Revenue	\$ 752	\$ 734		\$ 1,798	\$ 1,754	
Transaction Days (in thousands)	15,876	15,947		39,075	39,366	
Total RPD (in whole dollars)	\$ 47.37	\$ 46.03	3 %	\$ 46.01	\$ 44.56	3 %
Total Revenue Per Unit Per Month						
Total Rental Revenue	\$ 752	\$ 734		\$ 1,798	\$ 1,754	
Average Vehicles (in whole units)	214,900	212,600		183,600	183,100	
Total revenue per unit (in whole dollars)	\$ 3,499	\$ 3,452		\$ 9,793	\$ 9,579	
Number of months in period	3	3		9	9	
Total RPU Per Month (in whole dollars)	\$ 1,166	\$ 1,151	1 %	\$ 1,088	\$ 1,064	2 %
Vehicle Utilization						
Transaction Days (in thousands)	15,876	15,947		39,075	39,366	
Average Vehicles (in whole units)	214,900	212,600		183,600	183,100	
Number of days in period	92	92		273	273	
Available Car Days (in thousands)	19,771	19,559		50,123	49,986	
Vehicle Utilization ^(b)	80 %	82 %	(120) bps	78 %	79 %	(80) bps
Net Depreciation Per Unit Per Month						
Depreciation of revenue earning vehicles and lease charges, net	\$ 128	\$ 126		\$ 342	\$ 311	
Foreign currency adjustment ^(a)	4	1		1	14	
Adjusted depreciation of revenue earning vehicles and lease charges, net	\$ 132	\$ 127		\$ 343	\$ 325	
Average Vehicles (in whole units)	214,900	212,600		183,600	183,100	
Adjusted depreciation of revenue earning vehicles and lease charges, net divided by Average Vehicles (in whole dollars)	\$ 614	\$ 597		\$ 1,868	\$ 1,775	
Number of months in period	3	3		9	9	
Net Depreciation Per Unit Per Month (in whole dollars)	\$ 205	\$ 199	3 %	\$ 208	\$ 197	6 %

(a) Based on December 31, 2017 foreign exchange rates.

(b) Calculated as Transaction Days divided by Available Car Days.

Supplemental Schedule VI (continued)

HERTZ GLOBAL HOLDINGS, INC. RECONCILIATIONS OF KEY METRICS REVENUE, UTILIZATION AND DEPRECIATION Unaudited

Worldwide Rental Car

(\$ in millions, except where noted)	Three Months Ended September 30,		Percent Inc/(Dec)	Nine Months Ended September 30,		Percent Inc/(Dec)
	2018	2017		2018	2017	
Total RPD						
Revenues	\$ 2,584	\$ 2,413		\$ 6,694	\$ 6,240	
Ancillary retail vehicle sales revenue	(27)	(24)		(78)	(70)	
Foreign currency adjustment ^(a)	20	6		9	71	
Total Rental Revenue	\$ 2,577	\$ 2,395		\$ 6,625	\$ 6,241	
Transaction Days (in thousands)	55,354	52,826		151,502	144,790	
Total RPD (in whole dollars)	\$ 46.55	\$ 45.34	3 %	\$ 43.73	\$ 43.10	1 %
Total Revenue Per Unit Per Month						
Total Rental Revenue	\$ 2,577	\$ 2,395		\$ 6,625	\$ 6,241	
Average Vehicles (in whole units)	742,800	707,600		693,400	672,400	
Total revenue per unit (in whole dollars)	\$ 3,469	\$ 3,385		\$ 9,554	\$ 9,282	
Number of months in period	3	3		9	9	
Total RPU Per Month (in whole dollars)	\$ 1,156	\$ 1,128	2 %	\$ 1,062	\$ 1,031	3 %
Vehicle Utilization						

Transaction Days (in thousands)	55,354	52,826			151,502	144,790		
Average Vehicles (in whole units)	742,800	707,600			693,400	672,400		
Number of days in period	92	92			273	273		
Available Car Days (in thousands)	68,338	65,099			189,298	183,565		
Vehicle Utilization ^(b)	81 %	81 %	(20)	bps	80 %	79 %	120	bps
Net Depreciation Per Unit Per Month								
Depreciation of revenue earning vehicles and lease charges, net	\$ 542	\$ 581			\$ 1,637	\$ 1,789		
Foreign currency adjustment ^(a)	4	1			1	14		
Adjusted depreciation of revenue earning vehicles and lease charges, net	\$ 546	\$ 582			\$ 1,638	\$ 1,803		
Average Vehicles (in whole units)	742,800	707,600			693,400	672,400		
Adjusted depreciation of revenue earning vehicles and lease charges, net divided by Average Vehicles (in whole dollars)	\$ 735	\$ 822			\$ 2,362	\$ 2,681		
Number of months in period	3	3			9	9		
Net Depreciation Per Unit Per Month (in whole dollars)	\$ 245	\$ 274	(11)	%	\$ 262	\$ 298	(12)	%

Note: Worldwide Rental Car represents U.S. Rental Car and International Rental Car segment information on a combined basis and excludes the All Other Operations segment, which is primarily comprised of the Company's Donlen leasing operations, and Corporate.

- (a) Based on December 31, 2017 foreign exchange rates.
(b) Calculated as Transaction Days divided by Available Car Days.

NON-GAAP MEASURES AND KEY METRICS - DEFINITIONS AND USE

Hertz Global is the top-level holding company and The Hertz Corporation is Hertz Global's primary operating company (together, the "Company"). The term "GAAP" refers to accounting principles generally accepted in the United States of America.

Definitions of non-GAAP measures and key metrics are set forth below. Also set forth below is a summary of the reasons why management of the Company believes that the presentation of the non-GAAP financial measures included in the earnings release provide useful information regarding the Company's financial condition and results of operations and additional purposes for which management of the Company utilizes the non-GAAP measures. Non-GAAP measures should not be considered in isolation and should not be considered superior to, or a substitute for, financial measures calculated in accordance with GAAP.

NON-GAAP MEASURES

Adjusted Pre-Tax Income (Loss) and Adjusted Pre-tax Margin

Adjusted Pre-tax Income (Loss) is calculated as income (loss) before income taxes plus non-cash acquisition accounting charges, debt-related charges relating to the amortization and write-off of debt financing costs and debt discounts and premiums, goodwill, intangible and tangible asset impairments and write-downs, information technology and finance transformation costs, net income or loss attributable to noncontrolling interests and certain other miscellaneous or non-recurring items. Adjusted Pre-tax Income (Loss) is important to management because it allows management to assess operational performance of the Company's business, exclusive of the items mentioned above. It also allows management to assess the performance of the entire business on the same basis as the segment measure of profitability. Management believes it is important to investors for the same reasons it is important to management and because it allows them to assess the operational performance of the Company on the same basis that management uses internally. When evaluating the Company's operating performance, investors should not consider Adjusted Pre-tax Income (Loss) in isolation of, or as a substitute for, measures of the Company's financial performance, such as net income (loss) or income (loss) before income taxes. Adjusted Pre-tax Margin is Adjusted Pre-tax Income (Loss) divided by total revenues.

Adjusted Net Income (Loss)

Adjusted Net Income (Loss) is calculated as Adjusted Pre-tax Income (Loss) less a provision for income taxes derived utilizing a combined statutory rate. The combined statutory rate is management's estimate of the Company's long-term tax rate. Adjusted Net Income (Loss) is important to management and investors because it represents the Company's operational performance exclusive of the effects of purchase accounting, debt-related charges, net income or loss attributable to noncontrolling interests and certain other miscellaneous or non-recurring items that are not operational in nature or comparable to those of the Company's competitors.

Adjusted Diluted Earnings (Loss) Per Share ("Adjusted Diluted EPS")

Adjusted Diluted EPS is calculated as Adjusted Net Income (Loss) divided by the weighted average number of diluted shares outstanding for the period. Adjusted Diluted EPS is important to management and investors because it represents a measure of the Company's operational performance exclusive of the effects of purchase accounting adjustments, debt-related charges, income or loss attributable to noncontrolling interests and certain other miscellaneous or non-recurring items that are not operational in nature or comparable to those of the Company's competitors.

Adjusted Free Cash Flow

Adjusted Free Cash Flow is calculated as net cash provided by operating activities, including the change in restricted cash and cash equivalents related to vehicles, net revenue earning vehicle and capital asset expenditures and the net impact of vehicle financing activities. Adjusted Free Cash Flow is important to management and investors as it provides useful information about the amount of cash available for acquisitions and the reduction of non-vehicle debt. When evaluating the Company's liquidity, investors should not consider Adjusted Free Cash Flow in isolation of, or as a substitute for, a measure of the Company's liquidity as determined in accordance with GAAP, such as net cash provided by operating activities.

Earnings Before Interest, Taxes, Depreciation and Amortization ("Gross EBITDA"), Corporate EBITDA, Adjusted Corporate EBITDA and Adjusted Corporate EBITDA Margin

Gross EBITDA is defined as net income (loss) before net interest expense, income taxes and depreciation (which includes lease charges on revenue earning vehicles) and amortization. Corporate EBITDA, as presented herein, represents Gross EBITDA as adjusted for vehicle debt interest, vehicle depreciation and vehicle debt-related charges. Adjusted Corporate EBITDA, as presented herein, represents Corporate EBITDA as adjusted for income or loss attributable to noncontrolling interests and certain other miscellaneous or non-recurring items, as described in more detail in the accompanying schedules.

Management uses Gross EBITDA, Corporate EBITDA and Adjusted Corporate EBITDA as operating performance metrics for internal monitoring and planning purposes, including the preparation of the Company's annual operating budget and monthly operating reviews, as well as to facilitate analysis of investment decisions, profitability and performance trends. Further, Gross EBITDA enables management and investors to isolate the effects on profitability of operating metrics such as revenue, direct vehicle and operating expenses and selling, general and administrative expenses, which enables management and investors to evaluate the Company's business segments that are financed differently and have different depreciation characteristics and compare the Company's performance against companies with different capital structures and depreciation policies. We also present Adjusted Corporate EBITDA as a supplemental measure because such information is utilized in the determination of certain executive compensation.

Adjusted Corporate EBITDA Margin is calculated as the ratio of Adjusted Corporate EBITDA to total revenues and is used by the Compensation Committee to determine certain executive compensation, primarily in the form of PSUs.

Gross EBITDA, Corporate EBITDA, Adjusted Corporate EBITDA and Adjusted Corporate EBITDA Margin are not recognized measurements under GAAP. When evaluating the Company's operating performance, investors should not consider Gross EBITDA, Corporate EBITDA and Adjusted Corporate EBITDA in isolation of, or as a substitute for, measures of the Company's financial performance as determined in accordance with GAAP, such as net income (loss) or income (loss) before income taxes.

Fleet Growth

U.S. and International Rental Car segments Fleet Growth is defined as revenue earning vehicles expenditures, net of proceeds from disposals, plus vehicle depreciation and net vehicle financing which includes borrowings, repayments and the change in restricted cash associated with vehicles. Fleet Growth is important as it allows the Company to assess the cash flow required to support its investment in revenue earning vehicles.

Net Non-vehicle Debt

Net Non-vehicle Debt is calculated as non-vehicle debt as reported on the Company's balance sheet, excluding the impact of unamortized debt issue costs associated with non-vehicle debt, less cash and cash equivalents. Non-vehicle debt consists of the Company's Senior Term Loan, Senior RCF, Senior Notes, Senior Second Priority Secured Notes,

Promissory Notes and certain other non-vehicle indebtedness of its domestic and foreign subsidiaries. Net Non-vehicle Debt is important to management and investors as it helps measure the Company's corporate leverage. Net Non-vehicle Debt also assists in the evaluation of the Company's ability to service its non-vehicle debt without reference to the expense associated with the vehicle debt, which is collateralized by assets not available to lenders under the non-vehicle debt facilities.

Net Vehicle Debt

Net Vehicle Debt is calculated as vehicle debt as reported on the Company's balance sheet, excluding the impact of unamortized debt issue costs associated with vehicle debt, less restricted cash associated with vehicles. Restricted cash associated with vehicle debt is restricted for the purchase of revenue earning vehicles and other specified uses under the Company's vehicle debt facilities and its vehicle rental like-kind exchange program. Net Vehicle Debt is important to management, investors and ratings agencies as it helps measure the Company's leverage with respect to its vehicle assets.

Total Net Debt

Total Net Debt is calculated as total debt, excluding the impact of unamortized debt issue costs, less total cash and cash equivalents and restricted cash associated with vehicle debt. Unamortized debt issue costs are required to be reported as a deduction from the carrying amount of the related debt obligation under GAAP. Management believes that eliminating the effects that these costs have on debt will more accurately reflect the Company's net debt position. Total Net Debt is important to management, investors and ratings agencies as it helps measure the Company's gross leverage.

KEY METRICS

Available Car Days

Available Car Days is calculated as Average Vehicles multiplied by the number of days in a period.

Average Vehicles ("Fleet Capacity" or "Capacity")

Average Vehicles is determined using a simple average of the number of vehicles in the fleet whether owned or leased by the Company at the beginning and end of a given period. Among other things, Average Vehicles is used to calculate Vehicle Utilization which represents the portion of the Company's vehicles that are being utilized to generate revenue.

Net Depreciation Per Unit Per Month

Net Depreciation Per Unit Per Month represents the amount of average depreciation expense and lease charges, net per vehicle per month and is calculated as depreciation of revenue earning vehicles and lease charges, net, with all periods adjusted to eliminate the effect of fluctuations in foreign currency exchange rates, divided by the Average Vehicles in each period and then dividing by the number of months in the period reported. Management believes eliminating the effect of fluctuations in foreign currency exchange rates is appropriate so as not to affect the comparability of underlying trends. This metric is important to management and investors as it is reflective of how the Company is managing the costs of its vehicles and facilitates in comparison with other participants in the vehicle rental industry.

Time and Mileage Revenue Per Transaction Day ("Time and Mileage pricing" or "T&M rate")

Time and Mileage Pricing is calculated as Total Rental Revenue less revenue from value-added services, such as charges to the customer for the fueling of vehicles, loss damage waivers, insurance products, supplemental equipment and other consumables, divided by the total number of Transaction Days. This metric is important to management and investors as it represents a measurement of the changes in base rental fees, which comprise the majority of the Company's Total RPD.

Total Rental Revenue

Total Rental Revenue is calculated as total revenue less ancillary retail vehicle sales revenue, with all periods adjusted to eliminate the effect of fluctuations in foreign currency exchange rates. Management believes eliminating the effect of fluctuations in foreign currency exchange rates is appropriate so as not to affect the comparability of underlying trends.

Total Revenue Per Transaction Day ("Total RPD" or "RPD"; also referred to as "pricing")

Total RPD is calculated as Total Rental Revenue divided by the total number of Transaction Days. This metric is important to management and investors as it represents a measurement of the changes in underlying pricing in the vehicle rental business and encompasses the elements in vehicle rental pricing that management has the ability to control.

Total Revenue Per Unit Per Month ("Total RPU" or "Total RPU Per Month")

Total RPU Per Month is calculated as Total Rental Revenue divided by the Average Vehicles in each period and then dividing by the number of months in the period reported. This metric is important to management and investors as it provides a measure of revenue productivity relative to fleet capacity, or asset efficiency.

Transaction Days ("Days"; also referred to as "volume")

Transaction Days, also known as volume, represent the total number of 24-hour periods, with any partial period counted as one Transaction Day, that vehicles were on rent (the period between when a rental contract is opened and closed) in a given period. Thus, it is possible for a vehicle to attain more than one Transaction Day in a 24-hour period. This metric is important to management and investors as it represents the number of revenue generating days.

Vehicle Utilization ("Utilization")

Vehicle Utilization is calculated by dividing Transaction Days by Available Car Days. This metric is important to management and investors as it is the measurement of the proportion of vehicles that are being used to generate revenues relative to fleet capacity.

SOURCE Hertz Global Holdings, Inc.

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<http://ir.hertz.com/2018-11-08-Hertz-Global-Holdings-Reports-Third-Quarter-2018-Financial-Results>