

## Hertz Global Holdings Reports Third Quarter 2019 Financial Results

ESTERO, Fla., Nov. 4, 2019 /PRNewswire/ -- Hertz Global Holdings, Inc. (NYSE: HTZ) ("Hertz Global" or the "Company") today reported results for its third quarter 2019.

### Third Quarter 2019 Compared to Third Quarter 2018:

- Global revenue grew 3%, up 4% on a constant currency basis
- Record third quarter U.S. RAC revenues of \$2.0 billion, up 6%
- U.S. RAC Transaction Days up 5%, Total RPD up 1%
- U.S. RAC Depreciation Per Unit Per Month decreased 5%
- Net income attributable to Hertz Global improved 20%
- Adjusted Corporate EBITDA improved 12%

"Our strong third quarter results continue to reflect the successful execution of our strategies, operational efficiencies, and early returns on foundational and growth investments," said Kathryn Marinello, Hertz's Chief Executive Officer. "By leveraging core strengths and looking at our business with an entrepreneurial mindset, we're not only improving the customer experience, we're finding new ways to capture incremental growth in adjacent markets and create incremental value through innovation."

For the third quarter 2019, total revenues were \$2.8 billion, a 3% increase versus the third quarter 2018. Net income attributable to Hertz Global was \$169 million, or \$1.26 earnings per diluted share on 134 million weighted-average shares outstanding, compared to \$141 million, or \$1.47 per diluted share on 96 million weighted-average shares outstanding in the third quarter 2018. Adjusted Net Income for the third quarter 2019 was \$214 million, or \$1.60 Adjusted Diluted Earnings Per Share, compared to \$180 million, or \$1.88 per share for the same period last year. Adjusted Corporate EBITDA was \$392 million, compared to \$351 million for the third quarter 2018.

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

U.S. RAC (\$ in millions, except where noted)	Three Months Ended September 30,		Percent Inc/(Dec)
	2019	2018	
Total revenues	\$ 1,962	\$ 1,852	6 %
Adjusted EBITDA	\$ 269	\$ 208	29 %
Adjusted EBITDA Margin	14 %	11 %	
Average Vehicles (in whole units)	566,229	527,900	7 %
Vehicle Utilization	79 %	81 %	
Transaction Days (in thousands)	41,399	39,478	5 %
Total RPD (in whole dollars)	\$ 46.67	\$ 46.23	1 %
Total RPU Per Month (in whole dollars)	\$ 1,137	\$ 1,152	(1) %
Depreciation Per Unit Per Month (in whole dollars)	\$ 247	\$ 261	(5) %

NM - Not meaningful

Total U.S. RAC revenues grew to a third quarter record of \$2.0 billion in 2019, a 6% increase versus the third quarter 2018. Transaction days grew 5% driven by higher demand from summer leisure renters and ride-hailing drivers ("TNC"). Total RPD increased 1% in the quarter, largely driven by favorable airport and off-airport pricing.

Average vehicles were up 7%, and up 5% excluding TNC. Utilization was impacted by the in-fleeting of cargo vans and trucks in anticipation of the holiday delivery season demand.

Depreciation Per Unit Per Month decreased 5% driven by the Company's vehicle acquisition strategy, a 9% increase in the number of vehicle dispositions through its highest-return retail car sales channel, and continued strength in residual values.

Adjusted EBITDA improved \$61 million in the third quarter and Adjusted EBITDA Margin expanded 250 basis points, driven by higher revenue, significantly improved productivity and lower per unit depreciation.

### INTERNATIONAL RENTAL CAR ("INTERNATIONAL RAC") SUMMARY

International RAC (\$ in millions, except where noted)	Three Months Ended September 30,		Percent Inc/(Dec)
	2019	2018	
Total revenues	\$ 702	\$ 732	(4) %
Adjusted EBITDA	\$ 115	\$ 140	(18) %
Adjusted EBITDA Margin	16 %	19 %	
Average Vehicles (in whole units)	213,294	214,900	(1) %
Vehicle Utilization	80 %	80 %	
Transaction Days (in thousands)	15,631	15,876	(2) %
Total RPD (in whole dollars)	\$ 45.67	\$ 45.06	1 %
Total RPU Per Month (in whole dollars)	\$ 1,116	\$ 1,110	1 %
Depreciation Per Unit Per Month (in whole dollars)	\$ 200	\$ 194	3 %

Total International RAC revenues decreased 4% year-over-year and were flat on a constant currency basis. Total RPD was up 1% driven by improved pricing in Asia Pacific and Europe, offset by a volume decline of 2% due to softness in Europe.

Adjusted EBITDA was lower year-over-year driven by flat revenue and higher vehicle-related costs.

### ALL OTHER OPERATIONS SUMMARY

All Other Operations (\$ in millions, except where noted)	Three Months Ended September 30,		Percent Inc/(Dec)
	2019	2018	
Total revenues	\$ 172	\$ 174	(1) %
Adjusted EBITDA	\$ 24	\$ 19	29 %
Adjusted EBITDA Margin	14 %	11 %	
Average Vehicles (in whole units) - Donlen	216,925	185,300	17 %

All Other Operations primarily is comprised of the Company's Donlen leasing operations. Strong revenue growth was more than offset by the impact of a 2019 change in presentation for certain leased vehicles resulting in lower revenue and vehicle depreciation during the quarter versus third quarter 2018. Revenue grew 11%, excluding the change in presentation. New accounts and growth in both the leasing and management portfolios drove a 17% increase in Average Vehicles.

## **RIGHTS OFFERING**

In June 2019, the Company distributed transferable subscription rights to its shareholders to purchase up to an aggregate of 57,915,055 new shares (the "Rights Offering"). The Rights Offering, which was fully subscribed, was consummated in July 2019. As a result of the timing of the subscription period, the rights generated a dilutive impact to the Company's 2019 basic and diluted earnings per share. The three and nine month periods ended September 30, 2018 have been adjusted to reflect the impact of the Rights Offering, and the Company will continue to adjust prior periods for the impact, where necessary.

## **RESULTS OF THE HERTZ CORPORATION**

The GAAP and non-GAAP profitability metrics for Hertz Global's operating subsidiary, The Hertz Corporation ("Hertz"), are materially the same as those for Hertz Global.

## **EARNINGS WEBCAST INFORMATION**

Hertz Global's live webcast and conference call to discuss its third quarter 2019 results will be held on November 5, 2019, at 8:30 a.m. Eastern Time, and can be accessed through a link on the Investor Relations section of the Hertz website, [IR.Hertz.com](http://IR.Hertz.com), or by dialing (800) 230-1074 and providing passcode 472693. Investors are encouraged to dial-in approximately 10 minutes prior to the call. A web replay will remain available for approximately one year. A telephone replay will be available one hour following the conclusion of the call for one year at (800) 475-6701 with pass code 472693.

The earnings release and related supplemental schedules containing the reconciliations of non-GAAP measures will be available on the Hertz website, [IR.Hertz.com](http://IR.Hertz.com).

## **SELECTED FINANCIAL DATA, SUPPLEMENTAL SCHEDULES, NON-GAAP MEASURES AND DEFINITIONS**

Following are tables that present selected financial data of Hertz Global. Also included are Supplemental Schedules, which are provided to present segment results, and reconciliations of non-GAAP measures to their most comparable GAAP measure. Following the Supplemental Schedules, the Company provides definitions for terminology used throughout this earnings release and provides the usefulness of non-GAAP measures to investors and additional purposes for which management uses such measures.

## **ABOUT HERTZ**

The Hertz Corporation, a subsidiary of Hertz Global Holdings, Inc., operates the Hertz, Dollar and Thrifty vehicle rental brands in approximately 10,200 company-owned, licensee and franchisee locations throughout North America, Europe, the Caribbean, Latin America, Africa, the Middle East, Asia, Australia and New Zealand. The Hertz Corporation is one of the largest worldwide vehicle rental companies, and the Hertz brand is one of the most recognized globally. Product and service initiatives such as Hertz Gold Plus Rewards, Ultimate Choice, Carfirmations, Mobile Wi-Fi and unique vehicles offered through its specialty collections set Hertz apart from the competition. Additionally, The Hertz Corporation owns the vehicle leasing and fleet management leader Donlen Corporation, operates the Firefly vehicle rental brand and Hertz 24/7 car sharing business in international markets and sells vehicles through Hertz Car Sales. For more information about The Hertz Corporation, visit: [www.hertz.com](http://www.hertz.com).

## **CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS**

Certain statements contained in this release, and in related comments by the Company's management, include "forward-looking statements." Forward-looking statements include information concerning the Company's liquidity and its possible or assumed future results of operations, including descriptions of its business strategies. These statements often include words such as "believe," "expect," "project," "potential," "anticipate," "intend," "plan," "estimate," "seek," "will," "may," "would," "should," "could," "forecasts" or similar expressions. These statements are based on certain assumptions that the Company has made in light of its experience in the industry as well as its perceptions of historical trends, current conditions, expected future developments and other factors it believes are appropriate in these circumstances. The Company believes these judgments are reasonable, but you should understand that these statements are not guarantees of performance or results, and the Company's actual results could differ materially from those expressed in the forward-looking statements due to a variety of important factors, both positive and negative, that may be revised or supplemented in subsequent reports on Forms 10-K, 10-Q and 8-K filed or furnished to the Securities and Exchange Commission ("SEC"). Among other items, such factors could include: levels of travel demand, particularly with respect to airline passenger traffic in the United States and in global markets; the effect of the Company's separation of its vehicle and equipment rental businesses, any failure by Herc Holdings Inc. to comply with the agreements entered into in connection with the separation and the Company's ability to obtain the expected benefits of the separation; significant changes in the competitive environment and the effect of competition in the Company's markets on rental volume and pricing, including on the Company's pricing policies or use of incentives; occurrences that disrupt rental activity during the Company's peak periods; the Company's ability to accurately estimate future levels of rental activity and adjust the number and mix of vehicles used in its rental operations accordingly; increased vehicle costs due to declines in the value of the Company's non-program vehicles; the Company's ability to maintain sufficient liquidity and the availability to it of additional or continued sources of financing for its revenue earning vehicles and to refinance its existing indebtedness; the Company's ability to purchase adequate supplies of competitively priced vehicles and risks relating to increases in the cost of the vehicles it purchases; the Company's ability to adequately respond to changes in technology and customer demands; the Company's ability to retain customer loyalty and market share; the Company's recognition of previously deferred tax gains on the disposition of revenue earning vehicles; an increase in the Company's vehicle costs or disruption to its rental activity, particularly during its peak periods, due to safety recalls by the manufacturers of its vehicles; the Company's access to third-party distribution channels and related prices, commission structures and transaction volumes; the Company's ability to execute a business continuity plan; a major disruption in the Company's communication or centralized information networks; a failure to maintain, upgrade and consolidate the Company's information technology networks; financial instability of the manufacturers of the Company's vehicles; any impact on the Company from the actions of its franchisees, dealers and independent contractors; the Company's ability to sustain operations during adverse economic cycles and unfavorable external events (including war, terrorist acts, natural disasters and epidemic disease); shortages of fuel and increases or volatility in fuel costs; the Company's ability to maintain favorable brand recognition and a coordinated branding and portfolio strategy; the Company's ability to maintain an effective employee retention and talent management strategy and resulting

changes in personnel and employee relations; costs and risks associated with litigation and investigations; risks related to the Company's indebtedness, including its substantial amount of debt, its ability to incur substantially more debt, the fact that substantially all of its consolidated assets secure certain of its outstanding indebtedness and increases in interest rates or in its borrowing margins; the Company's ability to meet the financial and other covenants contained in its senior credit facilities and letter of credit facility, its outstanding unsecured senior notes, its outstanding senior second priority secured notes and certain asset-backed and asset-based arrangements; changes in accounting principles, or their application or interpretation, and the Company's ability to make accurate estimates and the assumptions underlying the estimates, which could have an effect on operating results; risks associated with operating in many different countries, including the risk of a violation or alleged violation of applicable anticorruption or antibribery laws and the Company's ability to repatriate cash from non-U.S. affiliates without adverse tax consequences; the Company's ability to prevent the misuse or theft of information it possesses, including as a result of cyber security breaches and other security threats; changes in the existing, or the adoption of new laws, regulations, policies or other activities of governments, agencies and similar organizations where such actions may affect the Company's operations, the cost thereof or applicable tax rates; risks relating to the Company's deferred tax assets, including the risk of an "ownership change" under the Internal Revenue Code of 1986, as amended; the Company's exposure to uninsured claims in excess of historical levels; fluctuations in interest rates and commodity prices; the Company's exposure to fluctuations in foreign currency exchange rates and other risks and uncertainties described from time to time in periodic and current reports that the Company files with the SEC.

Additional information concerning these and other factors can be found in the Company's filings with the SEC, including its Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K.

You should not place undue reliance on forward-looking statements. All forward-looking statements attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by the foregoing cautionary statements. All such statements speak only as of the date made, and the Company undertakes no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

## FINANCIAL INFORMATION AND OPERATING DATA

### SELECTED UNAUDITED CONSOLIDATED INCOME STATEMENT DATA

(In millions, except per share data)	Three Months Ended September 30,		As a Percentage of Total Revenues		Nine Months Ended September 30,		As a Percentage of Total Revenues	
	2019	2018	2019	2018	2019	2018	2019	2018
Total revenues	\$ 2,836	\$ 2,758	100 %	100 %	\$ 7,454	\$ 7,209	100 %	100 %
Expenses:								
Direct vehicle and operating	1,492	1,459	53 %	53 %	4,147	4,043	56 %	56 %
Depreciation of revenue earning vehicles and lease charges	667	672	24 %	24 %	1,892	2,020	25 %	28 %
Selling, general and administrative	232	265	8 %	10 %	723	765	10 %	11 %
Interest expense, net:								
Vehicle	134	115	5 %	4 %	372	336	5 %	5 %
Non-vehicle	70	73	2 %	3 %	214	218	3 %	3 %
Total interest expense, net	204	188	7 %	7 %	586	554	8 %	8 %
Other (income) expense, net	(6)	(7)	— %	— %	(37)	(36)	— %	— %
Total expenses	2,589	2,577	91 %	93 %	7,311	7,346	98 %	102 %
Income (loss) before income taxes	247	181	9 %	7 %	143	(137)	2 %	(2) %
Income tax (provision) benefit	(74)	(41)	(3) %	(1) %	(78)	12	(1) %	— %
Net income (loss)	173	140	6 %	5 %	65	(125)	1 %	(2) %
Net (income) loss attributable to noncontrolling interests	(4)	1	— %	— %	(4)	1	— %	— %
Net income (loss) attributable to Hertz Global	\$ 169	\$ 141	6 %	5 %	\$ 61	\$ (124)	1 %	(2) %
Weighted-average number of shares outstanding <sup>(a)</sup> :								
Basic	133	96			109	95		
Diluted	134	96			109	95		
Earnings (loss) per share:								
Basic	\$ 1.26	\$ 1.47			\$ 0.56	\$ (1.30)		
Diluted	\$ 1.26	\$ 1.47			\$ 0.56	\$ (1.30)		
Adjusted Net Income (Loss) <sup>(b)</sup>	\$ 214	\$ 180			\$ 202	\$ 33		
Adjusted Diluted Earnings (Loss) Per Share <sup>(b)</sup>	\$ 1.60	\$ 1.88			\$ 1.85	\$ 0.34		
Adjusted Corporate EBITDA <sup>(b)</sup>	\$ 392	\$ 351			\$ 595	\$ 384		

(a) Basic weighted-average shares and weighted-average shares used to calculate diluted earnings (loss) per share for the three and nine months ended September 30, 2018 have been adjusted to give effect to the Rights Offering.

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

### SELECTED UNAUDITED CONSOLIDATED BALANCE SHEET DATA

(In millions)	As of September 30, 2019	As of December 31, 2018
Cash and cash equivalents	\$ 465	\$ 1,127
Total restricted cash and cash equivalents	230	283
Revenue earning vehicles, net:		
U.S. Rental Car	10,686	8,793
International Rental Car	2,930	2,146
All Other Operations	1,670	1,480
Total revenue earning vehicles, net	15,286	12,419

Total assets <sup>(a)</sup>	25,541	21,382
Total debt	18,041	16,324
Net Vehicle Debt <sup>(b)</sup>	14,162	11,688
Net Non-vehicle Debt <sup>(b)</sup>	3,293	3,328
Total stockholders' equity	1,989	1,120

(a) On January 1, 2019, the Company adopted new lease guidance under U.S. GAAP and recorded a net cumulative-effect adjustment of \$1.5 billion to recognize assets associated with the Company's leases as of that date.

(b) 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,	
	2019	2018
Cash flows provided by (used in):		
Operating activities	\$ 2,233	\$ 2,017
Investing activities	(5,492)	(4,799)
Financing activities	2,551	2,308
Effect of exchange rate changes	(7)	(4)
Net change in cash, cash equivalents, restricted cash and restricted cash equivalents	\$ (715)	\$ (478)
Fleet Growth <sup>(a)</sup>	\$ (725)	\$ (252)
Adjusted Free Cash Flow <sup>(a)</sup>	\$ (645)	\$ (237)

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

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

(In millions)	Three Months Ended September 30, 2019					U.S. Rental Car	Total
	U.S. Rental Car	Int'l Rental Car	All Other Operations	Corporate	Hertz Global		
Total revenues:	\$ 1,962	\$ 702	\$ 172	\$ —	\$ 2,836	\$ 1,852	\$
Expenses:							
Direct vehicle and operating	1,099	386	7	—	1,492	1,068	
Depreciation of revenue earning vehicles and lease charges	420	126	121	—	667	414	
Selling, general and administrative	125	60	8	39	232	128	
Interest expense, net:							
Vehicle	93	27	14	—	134	79	
Non-vehicle	(49)	(1)	(6)	126	70	(40)	
Total interest expense, net	44	26	8	126	204	39	
Other (income) expense, net	(3)	1	—	(4)	(6)	—	
Total expenses	1,685	599	144	161	2,589	1,649	
Income (loss) before income taxes	\$ 277	\$ 103	\$ 28	\$ (161)	\$ 247	\$ 203	\$
Income tax (provision) benefit					(74)		
Net income (loss)					\$ 173		
Net (income) loss attributable to noncontrolling interests					(4)		
Net income (loss) attributable to Hertz Global					\$ 169		

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

(In millions)	Nine Months Ended September 30, 2019					U.S. Rental Car	Total
	U.S. Rental Car	Int'l Rental Car	All Other Operations	Corporate	Hertz Global		
Total revenues:	\$ 5,266	\$ 1,695	\$ 493	\$ —	\$ 7,454	\$ 4,905	\$
Expenses:							
Direct vehicle and operating	3,127	1,001	20	(1)	4,147	3,016	
Depreciation of revenue earning vehicles and lease charges	1,217	329	346	—	1,892	1,295	
Selling, general and administrative	365	169	23	166	723	345	
Interest expense, net:							
Vehicle	260	73	39	—	372	216	

Non-vehicle debt interest expense, net	(146)	(70)	(52)	373	588	(199)	—
Other (income) expense, net	(16)	1	—	(22)	(37)	(7)	—
Total expenses	4,812	1,570	413	516	7,311	4,760	—
Income (loss) before income taxes	\$ 454	\$ 125	\$ 80	\$ (516)	\$ 143	\$ 145	\$ —
Income tax (provision) benefit					(78)		
Net income (loss)					\$ 65		
Net (income) loss attributable to noncontrolling interests					(4)		
Net income (loss) attributable to Hertz Global					\$ 61		

**Supplemental Schedule II**

**HERTZ GLOBAL HOLDINGS, INC.**  
**RECONCILIATION OF GAAP TO NON-GAAP MEASURE - ADJUSTED NET INCOME (LOSS), ADJUSTED DILUTED EARNINGS (LOSS) PER SHARE**  
**AND ADJUSTED CORPORATE EBITDA**  
**Unaudited**

(In millions, except per share data)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
<b>Adjusted Net Income (Loss) and Adjusted Diluted Earnings (Loss) Per Share:</b>				
Net income (loss) attributable to Hertz Global	\$ 169	\$ 141	\$ 61	\$ (124)
Adjustments:				
Income tax provision (benefit)	74	41	78	(12)
Vehicle and non-vehicle debt-related charges <sup>(a)</sup>	13	11	40	36
Loss on extinguishment of debt <sup>(b)</sup>	4	—	4	22
Restructuring and restructuring related charges <sup>(c)</sup>	1	12	11	26
Information technology and finance transformation costs <sup>(d)</sup>	17	24	77	75
Acquisition accounting-related depreciation and amortization <sup>(e)</sup>	14	15	41	46
Other items <sup>(f)</sup>	(7)	(4)	(43)	(25)
Adjusted pre-tax income (loss) <sup>(g)</sup>	285	240	269	44
Income tax (provision) benefit on adjusted pre-tax income (loss) <sup>(h)</sup>	(71)	(60)	(67)	(11)
Adjusted Net Income (Loss)	\$ 214	\$ 180	\$ 202	\$ 33
Weighted-average number of diluted shares outstanding	134	96	109	95
Adjusted Diluted Earnings (Loss) Per Share <sup>(i)</sup>	\$ 1.60	\$ 1.88	\$ 1.85	\$ 0.34
<b>Adjusted Corporate EBITDA:</b>				
Net income (loss) attributable to Hertz Global	169	141	61	(124)
Adjustments:				
Income tax provision (benefit)	74	41	78	(12)
Non-vehicle depreciation and amortization <sup>(j)</sup>	51	52	151	166
Non-vehicle debt interest, net of interest income	70	73	214	218
Vehicle debt-related charges <sup>(a),(k)</sup>	10	7	29	25
Loss on extinguishment of vehicle debt <sup>(b)</sup>	—	—	—	22
Restructuring and restructuring related charges <sup>(c)</sup>	1	12	11	26
Information technology and finance transformation costs <sup>(d)</sup>	17	24	77	75
Other items <sup>(f),(l)</sup>	—	1	(26)	(12)
Adjusted Corporate EBITDA	\$ 392	\$ 351	\$ 595	\$ 384

**Supplemental Schedule II (continued)**

- (a) Represents debt-related charges relating to the amortization of deferred financing costs and debt discounts and premiums.
- (b) In 2019, represents a \$4 million write-off of deferred financing costs associated with the full redemption of the 5.875% Senior Notes due October 2020 and 7.375% Senior Notes due January 2021. 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 Vehicle Senior Notes due January 2019 in April 2018.
- (c) Represents charges incurred under restructuring actions as defined in U.S. GAAP, excluding impairments and asset write-downs. Also includes restructuring related charges such as incremental costs incurred directly supporting business transformation initiatives. In 2018, also includes consulting costs, legal fees, and other expenses related to the previously disclosed accounting review and investigation.
- (d) Represents costs associated with the Company's information technology and finance transformation programs, both of which are multi-year initiatives to upgrade and modernize the Company's systems and processes. These costs relate primarily to the Company's corporate operations ("Corporate").
- (e) Represents incremental expense associated with the amortization of other intangible assets and depreciation of property and equipment relating to acquisition accounting.
- (f) Represents miscellaneous items. In 2019, includes a \$26 million gain on marketable securities in Corporate, of which \$6 million was recorded during the third quarter of 2019, and a \$15 million gain on the sale of non-vehicle capital assets in U.S. RAC, of which \$3 million was recorded in the third quarter of 2019. In 2018, includes a \$21 million gain on marketable securities, of which \$4 million was recorded in the third quarter of 2018, and a \$6 million legal settlement received in the second quarter related to an oil spill in the Gulf of Mexico in 2010, all of which relate to Corporate.
- (g) Adjustments by caption on a pre-tax basis are as follows:

Increase (decrease) to expenses (In millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Direct vehicle and operating	\$ (13)	\$ (15)	\$ (40)	\$ (48)
Selling, general and administrative	(17)	(36)	(83)	(99)
Interest expense, net:				
Vehicle	(10)	(7)	(29)	(47)
Non-vehicle	(7)	(4)	(15)	(11)
Total interest expense, net	(17)	(11)	(44)	(58)
Other income (expense), net	5	4	37	25
Noncontrolling interests	4	(1)	4	(1)
Total adjustments	\$ (38)	\$ (59)	\$ (126)	\$ (181)

- (h) Derived utilizing a combined statutory rate of 25% for the periods ending September 30, 2019 and 2018 applied to the respective Adjusted Pre-tax Income (Loss).
- (i) Adjustments used to reconcile diluted earnings (loss) per share on a GAAP basis to Adjusted Diluted Earnings (Loss) Per Share are comprised of the same adjustments, inclusive of the tax impact, used to reconcile net income (loss) to Adjusted Net Income (Loss) divided by the weighted-average diluted shares outstanding during the period.
- (j) Non-vehicle depreciation and amortization expense for U.S. RAC, International RAC, All Other Operations and Corporate for the three months ended September 30, 2019 are \$38 million, \$6 million, \$3 million and \$4 million, respectively, and for the three months ended September 30, 2018 are \$38 million, \$8 million, \$2 million and \$4 million respectively. Non-vehicle depreciation and amortization expense for U.S. RAC, International RAC, All Other Operations and Corporate for the nine months ended September 30, 2019 are \$116 million, \$18 million, \$8 million and \$9 million, respectively, and for the nine months ended September 30, 2018 are \$121 million, \$25 million, \$7 million and \$13 million, respectively.
- (k) Vehicle debt related charges for U.S. RAC, International RAC and All Other Operations for the three months ended September 30, 2019 are \$6 million, \$3 million and \$1 million, respectively, and for the three months ended September 30, 2018 are \$5 million, \$1 million, and \$1 million, respectively. Vehicle debt related charges for U.S. RAC, International RAC and All Other Operations for the nine months ended September 30, 2019 are \$16 million, \$10 million and \$3 million, respectively, and for the nine months ended September 30, 2018 are \$17 million, \$5 million and \$3 million, respectively.
- (l) Also includes an adjustment for non-cash stock-based compensation charges in Corporate.

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

(In millions)	Nine Months Ended September 30, 2019				Nine Months Ended September 30, 2018	
	U.S. Rental Car	Int'l Rental Car	All Other Operations	Hertz Global	U.S. Rental Car	Int'l Rental Car
Revenue earning vehicles expenditures	\$ (7,740)	\$ (3,021)	\$ (775)	\$ (11,536)	\$ (6,644)	\$ (2,876)
Proceeds from disposal of revenue earning vehicles	4,267	1,730	196	6,193	3,568	1,675
Net revenue earning vehicles capital expenditures	(3,473)	(1,291)	(579)	(5,343)	(3,076)	(1,201)
Depreciation and reserves for revenue earning vehicles	1,418	292	346	2,056	1,295	275
Financing activity related to vehicles:						
Borrowings	7,935	2,078	1,026	11,039	8,503	2,554
Payments	(6,411)	(1,313)	(814)	(8,538)	(6,993)	(1,794)
Restricted cash changes	85	(19)	(5)	61	138	24
Net financing activity related to vehicles	1,609	746	207	2,562	1,648	784
Fleet Growth	\$ (446)	\$ (253)	\$ (26)	\$ (725)	\$ (133)	\$ (142)

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

(In millions)	Nine Months Ended September 30,	
	2019	2018
Net cash provided by operating activities	\$ 2,233	\$ 2,017
Net change in restricted cash and cash equivalents, vehicle <sup>(a)</sup>	61	148
Revenue earning vehicles expenditures	(11,536)	(10,076)
Proceeds from disposal of revenue earning vehicles	6,193	5,378
Capital asset expenditures, non-vehicle	(170)	(119)
Proceeds from property and other equipment disposed of or to be disposed of	21	47
Proceeds from issuance of vehicle debt	11,039	11,871
Repayments of vehicle debt	(8,538)	(9,525)
Noncontrolling interests	52	22
Adjusted Free Cash Flow <sup>(b)</sup>	\$ (645)	\$ (237)

(a) Amount presented for the nine months ended September 30, 2018 excludes a \$2 million non-cash impact of foreign currency exchange rates.

(b) During the third quarter 2019, the Company changed its definition of Adjusted Free Cash Flow and revised its reconciliation for the nine months ended

## Supplemental Schedule V

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

(In millions)	As of September 30, 2019			As of December 31, 2018		
	Vehicle	Non-Vehicle	Total	Vehicle	Non-Vehicle	Total
Debt as reported in the balance sheet	\$ 14,314	\$ 3,727	\$ 18,041	\$ 11,902	\$ 4,422	\$ 16,324
Add:						
Debt issue costs, discounts and premiums	44	31	75	43	33	76
Less:						
Cash and cash equivalents	—	465	465	—	1,127	1,127
Restricted cash	196	—	196	257	—	257
Net Debt	\$ 14,162	\$ 3,293	\$ 17,455	\$ 11,688	\$ 3,328	\$ 15,016

## Supplemental Schedule VI

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

## U.S. Rental Car

(\$ in millions, except where noted)	Three Months Ended September 30,		Percent Inc/(Dec)	Nine Months Ended September 30,		Percent Inc/(Dec)
	2019	2018		2019	2018	
<b>Total RPD</b>						
Revenues	\$ 1,962	\$ 1,852		\$ 5,266	\$ 4,905	
Ancillary retail vehicle sales revenue	(30)	(27)		(92)	(78)	
Total Rental Revenues	\$ 1,932	\$ 1,825		\$ 5,174	\$ 4,827	
Transaction Days (in thousands)	41,399	39,478		118,153	112,427	
Total RPD (in whole dollars)	\$ 46.67	\$ 46.23	1 %	\$ 43.79	\$ 42.93	2 %
<b>Total Revenue Per Unit Per Month</b>						
Total Rental Revenues	\$ 1,932	\$ 1,825		\$ 5,174	\$ 4,827	
Average Vehicles (in whole units)	566,229	527,900		540,930	509,800	
Total revenue per unit (in whole dollars)	\$ 3,412	\$ 3,457		\$ 9,565	\$ 9,468	
Number of months in period (in whole units)	3	3		9	9	
Total RPU Per Month (in whole dollars)	\$ 1,137	\$ 1,152	(1) %	\$ 1,063	\$ 1,052	1 %
<b>Vehicle Utilization</b>						
Transaction Days (in thousands)	41,399	39,478		118,153	112,427	
Average Vehicles (in whole units)	566,229	527,900		540,930	509,800	
Number of days in period (in whole units)	92	92		273	273	
Available Car Days (in thousands)	52,093	48,567		147,674	139,175	
Vehicle Utilization <sup>(a)</sup>	79 %	81 %		80 %	81 %	
<b>Depreciation Per Unit Per Month</b>						
Depreciation of revenue earning vehicles and lease charges	\$ 420	\$ 414		\$ 1,217	\$ 1,295	
Average Vehicles (in whole units)	566,229	527,900		540,930	509,800	
Depreciation of revenue earning vehicles and lease charges divided by Average Vehicles (in whole dollars)	\$ 742	\$ 784		\$ 2,250	\$ 2,540	
Number of months in period (in whole units)	3	3		9	9	
Depreciation Per Unit Per Month (in whole dollars)	\$ 247	\$ 261	(5) %	\$ 250	\$ 282	(11) %

(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)
	2019	2018		2019	2018	
<b>Total RPD</b>						
Revenues	\$ 702	\$ 732		\$ 1,695	\$ 1,789	
Foreign currency adjustment <sup>(a)</sup>	12	(17)		14	(79)	
Total Rental Revenues	\$ 714	\$ 715		\$ 1,709	\$ 1,710	
Transaction Days (in thousands)	15,631	15,876		38,884	39,075	
Total RPD (in whole dollars)	\$ 45.67	\$ 45.06	1 %	\$ 43.95	\$ 43.76	— %
<b>Total Revenue Per Unit Per Month</b>						
Total Rental Revenues	\$ 714	\$ 715		\$ 1,709	\$ 1,710	
Average Vehicles (in whole units)	213,294	214,900		184,307	183,600	
Total revenue per unit (in whole dollars)	\$ 3,347	\$ 3,327		\$ 9,273	\$ 9,314	
Number of months in period (in whole units)	3	3		9	9	
Total RPU Per Month (in whole dollars)	\$ 1,116	\$ 1,110	1 %	\$ 1,030	\$ 1,035	— %
<b>Vehicle Utilization</b>						
Transaction Days (in thousands)	15,631	15,876		38,884	39,075	
Average Vehicles (in whole units)	213,294	214,900		184,307	183,600	
Number of days in period (in whole units)	92	92		273	273	
Available Car Days (in thousands)	19,623	19,771		50,316	50,123	
Vehicle Utilization <sup>(b)</sup>	80 %	80 %		77 %	78 %	
<b>Depreciation Per Unit Per Month</b>						
Depreciation of revenue earning vehicles and lease charges	\$ 126	\$ 128		\$ 329	\$ 342	
Foreign currency adjustment <sup>(a)</sup>	2	(3)		3	(16)	
Adjusted depreciation of revenue earning vehicles and lease charges	\$ 128	\$ 125		\$ 332	\$ 326	
Average Vehicles (in whole units)	213,294	214,900		184,307	183,600	
Adjusted depreciation of revenue earning vehicles and lease charges divided by Average Vehicles (in whole dollars)	\$ 600	\$ 582		\$ 1,801	\$ 1,776	
Number of months in period (in whole units)	3	3		9	9	
Depreciation Per Unit Per Month (in whole dollars)	\$ 200	\$ 194	3 %	\$ 200	\$ 197	2 %

(a) Based on December 31, 2018 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)
	2019	2018		2019	2018	
<b>Total RPD</b>						
Revenues	\$ 2,664	\$ 2,584		\$ 6,961	\$ 6,694	
Ancillary retail vehicle sales revenue	(30)	(27)		(92)	(78)	
Foreign currency adjustment <sup>(a)</sup>	12	(17)		14	(79)	
Total Rental Revenues	\$ 2,646	\$ 2,540		\$ 6,883	\$ 6,537	
Transaction Days (in thousands)	57,030	55,354		157,037	151,502	
Total RPD (in whole dollars)	\$ 46.40	\$ 45.88	1 %	\$ 43.83	\$ 43.15	2 %
<b>Total Revenue Per Unit Per Month</b>						
Total Rental Revenues	\$ 2,646	\$ 2,540		\$ 6,883	\$ 6,537	
Average Vehicles (in whole units)	779,523	742,800		725,237	693,400	
Total revenue per unit (in whole dollars)	\$ 3,394	\$ 3,419		\$ 9,491	\$ 9,427	
Number of months in period (in whole units)	3	3		9	9	
Total RPU Per Month (in whole dollars)	\$ 1,132	\$ 1,140	(1) %	\$ 1,055	\$ 1,047	1 %
<b>Vehicle Utilization</b>						
Transaction Days (in thousands)	57,030	55,354		157,037	151,502	
Average Vehicles (in whole units)	779,523	742,800		725,237	693,400	
Number of days in period (in whole units)	92	92		273	273	
Available Car Days (in thousands)	71,716	68,338		197,990	189,298	



Vehicle Utilization <sup>(b)</sup>	80 %	81 %	79 %	80 %
<b>Depreciation Per Unit Per Month</b>				
Depreciation of revenue earning vehicles and lease charges	\$ 546	\$ 542	\$ 1,546	\$ 1,637
Foreign currency adjustment <sup>(a)</sup>	2	(3)	3	(16)
Adjusted depreciation of revenue earning vehicles and lease charges	\$ 548	\$ 539	\$ 1,549	\$ 1,621
Average Vehicles (in whole units)	779,523	742,800	725,237	693,400
Adjusted depreciation of revenue earning vehicles and lease charges divided by Average Vehicles (in whole dollars)	\$ 703	\$ 726	\$ 2,136	\$ 2,338
Number of months in period (in whole units)	3	3	9	9
Depreciation Per Unit Per Month (in whole dollars)	\$ 234	\$ 242	(3) % \$ 237	\$ 260 (9) %

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, 2018 foreign exchange rates.  
(b) Calculated as Transaction Days divided by Available Car Days.

## **NON-GAAP MEASURES AND KEY METRICS**

Hertz Global is the top-level holding company that indirectly wholly owns The Hertz Corporation (together, the "Company"). The term "GAAP" refers to accounting principles generally accepted in the United States of America. Adjusted EBITDA is the Company's segment measure of profitability and complies with GAAP when used in that context.

### **NON-GAAP MEASURES**

Non-GAAP measures are not recognized measurements under GAAP. When evaluating the Company's operating performance or liquidity, investors should not consider non-GAAP measures in isolation of, superior to, or as a substitute for measures of the Company's financial performance as determined in accordance with GAAP.

#### **Adjusted Net Income (Loss) and Adjusted Diluted Earnings (Loss) Per Share ("Adjusted Diluted EPS")**

Adjusted Net Income (Loss) represents income or loss attributable to the Company as adjusted to eliminate the impact of GAAP income tax, debt-related charges and losses, restructuring and restructuring related charges, intangible and tangible asset impairments and write-downs, information technology and finance transformation costs, non-cash acquisition accounting charges and certain other miscellaneous items on a pre-tax basis. Adjusted Net Income (Loss) includes a provision (benefit) 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. Its most comparable GAAP measure is net income (loss) attributable to the Company.

Adjusted Diluted EPS represents Adjusted Net Income (Loss) on a per diluted share basis using the weighted-average number of diluted shares outstanding for the period. Its most comparable GAAP measure is diluted earnings (loss) per share.

Adjusted Net Income (Loss) and Adjusted Diluted EPS are important to management because they allow management to assess operational performance of the Company's business, exclusive of the items mentioned above that are not operational in nature or comparable to those of the Company's competitors.

#### **Adjusted Corporate EBITDA and Adjusted Corporate EBITDA Margin**

Adjusted Corporate EBITDA represents income or loss attributable to the Company as adjusted to eliminate the impact of GAAP income tax, non-vehicle depreciation and amortization, net non-vehicle debt interest, vehicle debt-related charges and losses, restructuring and restructuring related charges, goodwill, intangible and tangible asset impairments and write-downs, information technology and finance transformation costs and certain other miscellaneous items. Adjusted Corporate EBITDA Margin is calculated as the ratio of Adjusted Corporate EBITDA to total revenues.

Management uses these measures as operating performance metrics for internal monitoring and planning purposes, including the preparation of the Company's annual operating budget and monthly operating reviews, and to facilitate analysis of investment decisions, profitability and performance trends. These measures enable management and investors to isolate the effects on profitability of operating metrics most meaningful to the business of renting and leasing vehicles. They also allow management to assess the performance of the entire business on the same basis as its reportable segments. Adjusted Corporate EBITDA is also utilized in the determination of certain executive compensation. Its most comparable GAAP measure is net income (loss) attributable to the Company.

#### **Adjusted Free Cash Flow**

Adjusted Free Cash Flow represents 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. During the third quarter 2019, the Company changed its definition of Adjusted Free Cash Flow to exclude the impact of noncontrolling interests which primarily eliminates proceeds from vehicle sales upon consolidation of the Company, but not the associated repayment of vehicle debt.

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.

#### **Fleet Growth**

Fleet Growth represents 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 to management as it allows the Company to assess the cash flow required to support its investment in revenue earning vehicles.

#### **Net Non-vehicle Debt, Net Vehicle Debt and Total Net Debt**

Net Non-vehicle Debt represents non-vehicle debt as reported on the Company's balance sheet, excluding the impact of unamortized debt issue costs, discounts and premiums associated with non-vehicle debt, less cash and cash equivalents. This measure is important to management and investors as it helps measure the Company's net corporate leverage. It 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 represents vehicle debt as reported on the Company's balance sheet, excluding the impact of unamortized debt issue costs, discounts and premiums 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 is the sum of Net Non-vehicle Debt and Net Vehicle debt and 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 represent 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.

### **Depreciation Per Unit Per Month**

Depreciation Per Unit Per Month represents the amount of average depreciation expense and lease charges per vehicle per month, exclusive of the impacts of 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. 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 ("T&M") pricing represents the ratio of Total Rental Revenues, less ancillary 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, to 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 Revenues**

Total Rental Revenues represents total revenues less ancillary retail vehicle sales revenues, 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. This metric is important to management and investors as it represents a measurement that excludes the impact of revenues generated from non-vehicle rental activity, such as ancillary revenues resulting from vehicle sales and facilitates in comparisons with other participants in the vehicle rental industry.

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

Total RPD represents the ratio of Total Rental Revenues to 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 represents the amount of average Total Rental Revenues per vehicle per month. 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 represents the ratio of Transaction Days to 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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<https://ir.hertz.com/2019-11-04-Hertz-Global-Holdings-Reports-Third-Quarter-2019-Financial-Results>