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## United Rentals Announces First Quarter 2021 Results and Raises 2021 Guidance Following Strong Start to Year

**STAMFORD, Conn. – April 28, 2021** – United Rentals, Inc. (NYSE: URI) today announced financial results for the first quarter of 2021 and raised its full-year 2021 guidance.

### First Quarter 2021 Highlights

- Total revenue of \$2.057 billion, including rental revenue<sup>1</sup> of \$1.667 billion.
- Fleet productivity<sup>2</sup> decreased 0.5% year-over-year; fleet productivity improved sequentially by 330 basis points, primarily due to better fleet absorption.
- Net income of \$203 million, implying a net income margin<sup>3</sup> of 9.9%. GAAP diluted earnings per share of \$2.80, and adjusted EPS<sup>3</sup> of \$3.45.
- Adjusted EBITDA<sup>3</sup> of \$873 million, implying an adjusted EBITDA margin<sup>3</sup> of 42.4%.
- \$758 million of net cash from operating activities; free cash flow<sup>4</sup> of \$725 million, including gross rental capital spending of \$295 million.
- Net leverage ratio of 2.3x, with total liquidity<sup>5</sup> of \$3.745 billion, at March 31, 2021.

### CEO Comment

Matthew Flannery, chief executive officer of United Rentals, said, “We were very pleased with our first quarter results and the strong start to our year, as our key end-markets continue to rebound from the challenges of 2020. Sentiment among our customers continues to improve, and we are well prepared to support them as we enter the busiest part of our season.”

Flannery continued, “The recovery that we’ve seen since the middle of last year remains evident across our business, and virtually all indicators point to these trends continuing. As such, we are raising our full-year guidance to reflect our expectations for stronger growth in our core rental business and increased used equipment sales. Most importantly, we are leveraging our significant competitive advantages to add value for both our customers and our investors.”

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1. Rental revenue includes owned equipment rental revenue, re-rent revenue and ancillary revenue.  
2. Fleet productivity reflects the combined impact of changes in rental rates, time utilization and mix on owned equipment rental revenue. See the table below for more information.

- Adjusted EPS (earnings per share) and adjusted EBITDA (earnings before interest, taxes, depreciation and amortization) are non-GAAP measures as defined in the tables below. See the tables below for reconciliations to the most comparable GAAP measures. Net income margin and adjusted EBITDA margin represent net income or adjusted EBITDA divided by total revenue.
- Free cash flow is a non-GAAP measure. See the table below for a reconciliation to the most comparable GAAP measure.
- Reflects cash and cash equivalents plus availability under the asset-based revolving credit facility ("ABL facility") and the accounts receivable securitization facility.

## Updated 2021 Outlook

The company has updated its full-year outlook as shown below. The outlook includes the contribution from the acquisition of Franklin Equipment but does not include the impact of the pending acquisition of General Finance Corporation ("General Finance"). For additional detail on General Finance, please see "Proposed Acquisition of General Finance" below.

	<u>Prior Outlook</u>	<u>Current Outlook</u>
Total revenue	\$8.625 billion to \$9.025 billion	\$9.05 billion to \$9.45 billion
Adjusted EBITDA <sup>6</sup>	\$3.925 billion to \$4.125 billion	\$4.1 billion to \$4.3 billion
Net rental capital expenditures after gross purchases	\$1.15 billion to \$1.45 billion, after gross purchases of \$2.0 billion to \$2.3 billion	\$1.25 billion to \$1.45 billion, after gross purchases of \$2.2 billion to \$2.4 billion
Net cash provided by operating activities	\$2.95 billion to \$3.45 billion	\$3.1 billion to \$3.5 billion
Free cash flow (excluding the impact of merger and restructuring related payments)	\$1.65 billion to \$1.85 billion	\$1.7 billion to \$1.9 billion

## Summary of First Quarter 2021 Financial Results

- Rental revenue** for the quarter was \$1.667 billion, reflecting a decrease of 6.5% year-over-year. The year-over-year change in rental revenue improved each month in the quarter, and March was positive year-over-year.
- Used equipment sales** in the quarter increased 28% year-over-year, reflecting a strong used equipment market. These sales generated \$267 million of proceeds at a GAAP gross margin of 38.6% and an adjusted gross margin<sup>7</sup> of 42.7%; this compares with \$208 million at a GAAP gross margin of 39.9% and an adjusted gross margin of 45.7% for the same period last year. The year-over-year decrease in adjusted gross margin was primarily due to changes in pricing. Sequentially, used equipment pricing rose for the second consecutive quarter. Used equipment proceeds in the quarter were 49% of original equipment cost ("OEC"), compared to 53% in the year-ago period.
- Net income** for the quarter increased 17.3% year-over-year to \$203 million, while net income margin increased 180 basis points to 9.9%. The first quarter of 2020 included a \$26 million non-cash asset impairment charge, which was not related to the coronavirus ("COVID-19") pandemic. Excluding the impact of asset impairment charges, net income margin increased 50 basis points year-over-year, primarily reflecting a reduction in interest expense, partially offset by higher income tax expense. Net interest expense decreased \$37 million, or 27%, year-over-year primarily due to decreases in both average debt and the average cost of debt. Year-over-year, income tax expense increased \$19 million, or 35.8%, and the effective income tax rate increased by 270 basis points, primarily reflecting the impact of state apportionment changes.
- Adjusted EBITDA** for the quarter decreased 4.6% year-over-year to \$873 million, while adjusted EBITDA margin decreased 70 basis points to 42.4%. The decrease in adjusted EBITDA margin

included a 100 basis point reduction in rental margin (excluding depreciation), largely reflecting a higher bonus accrual and increases in certain operating expenses as a percentage of revenue. Adjusted EBITDA margin also reflected decreased adjusted gross margins from used equipment sales, as explained above, and benefited from a decrease in selling, general and administrative expense as a percentage of revenue. Revenue mix, in particular an increase in the proportion of revenue from used equipment sales, also contributed to the adjusted EBITDA margin decline.

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6. Information reconciling forward-looking adjusted EBITDA to the comparable GAAP financial measures is unavailable to the company without unreasonable effort, as discussed below.
  7. Used equipment sales adjusted gross margin excludes the impact of the fair value mark-up of fleet acquired in certain major acquisitions that was subsequently sold, as explained further in the tables below.
- **General rentals segment** had an 8.7% year-over-year decrease in rental revenue to \$1.273 billion for the quarter. Rental gross margin increased by 20 basis points to 32.3%. Excluding the impact of a \$24 million asset impairment charge in the first quarter of 2020, which was not related to COVID-19, rental gross margin decreased 160 basis points year-over-year, primarily due to higher bonus expense, as noted above, and increases in certain other operating expenses as a percentage of revenue.
  - **Specialty rentals segment**, or Trench, Power and Fluid Solutions, rental revenue increased 1.3% year-over-year to \$394 million for the quarter. Rental gross margin increased by 50 basis points to 42.1%, mainly due to decreases in temporary labor and fleet repair costs, partially offset by a higher proportion of revenue from certain lower margin ancillary fees in 2021.
  - **Cash flow** from operating activities increased 17.7% to \$758 million for the first three months of 2021, and free cash flow, including aggregated merger and restructuring payments, increased 19.6% to \$725 million. The increase in free cash flow was predominantly due to increased net cash from operating activities. Net rental capital expenditures increased \$28 million year-over-year.
  - **Capital management.** The company's net leverage ratio was 2.3x at March 31, 2021, as compared to 2.4x at December 31, 2020. Year-to-date, the company has reduced net debt by \$676 million. On January 28, 2020, the company's Board of Directors authorized a \$500 million share repurchase program. Through March 18, 2020, when the program was paused due to the COVID-19 pandemic, the company repurchased \$257 million of common stock. While the company is currently unable to estimate if, or when, the program will be restarted, it may restart the program at any time.
  - **Total liquidity** was \$3.745 billion as of March 31, 2021, including \$278 million of cash and cash equivalents, an increase of \$672 million from December 31, 2020.
  - **Return on invested capital (ROIC)<sup>8</sup>** was 8.9% for the 12 months ended March 31, 2021, compared with 10.3% for the 12 months ended March 31, 2020. The year-over-year decrease was primarily due to a decline in after-tax operating income. ROIC exceeded the company's current weighted average cost of capital of approximately 8.0%.

## Proposed Acquisition of General Finance

Subsequent to the first quarter, on April 15, 2021, the company entered into an Agreement and Plan of Merger (the "GFN Merger Agreement") that provides for its acquisition of General Finance. Pursuant to

the GFN Merger Agreement, the company will acquire General Finance for \$19 per share in cash, representing a total enterprise value of approximately \$996 million, including the assumption of \$400 million of net debt. The acquisition and related fees and expenses will be funded through available cash and drawings on the company's senior secured asset-based revolving credit facility ("ABL facility"). General Finance, which operates as Pac-Van and Container King in the U.S. and Canada, and as Royal Wolf in Australia and New Zealand, is a leading provider of mobile storage and modular office space. Its network serves diverse end-markets, including construction, commercial, industrial, retail, transportation, petrochemical, consumer, natural resources, governmental and education. As of March 31, 2021, General Finance's rental fleet consisted of approximately 100,000 units at an original cost of approximately \$639 million. For the 12 months ending December 31, 2020, General Finance had revenues of \$346 million. The transaction is subject to customary closing conditions, and is expected to close in the second quarter of 2021.

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8. The company's ROIC metric uses after-tax operating income for the trailing 12 months divided by average stockholders' equity, debt and deferred taxes, net of average cash. To mitigate the volatility related to fluctuations in the company's tax rate from period to period, the U.S. federal corporate statutory tax rate of 21% was used to calculate after-tax operating income.

## **Conference Call**

United Rentals will hold a conference call tomorrow, Thursday, April 29, 2021, at 11:00 a.m. Eastern Time. The conference call number is 855-458-4217 (international: 574-990-3618). The conference call will also be available live by audio webcast at [unitedrentals.com](http://unitedrentals.com), where it will be archived until the next earnings call. The replay number for the call is 404-537-3406, passcode is 8483226.

## **Non-GAAP Measures**

Free cash flow, earnings before interest, taxes, depreciation and amortization (EBITDA), adjusted EBITDA, and adjusted earnings per share (adjusted EPS) are non-GAAP financial measures as defined under the rules of the SEC. Free cash flow represents net cash provided by operating activities less purchases of, and plus proceeds from, equipment. The equipment purchases and proceeds represent cash flows from investing activities. EBITDA represents the sum of net income, provision for income taxes, interest expense, net, depreciation of rental equipment and non-rental depreciation and amortization. Adjusted EBITDA represents EBITDA plus the sum of the restructuring charge, stock compensation expense, net, and the impact of the fair value mark-up of acquired fleet. Adjusted EPS represents EPS plus the sum of the restructuring charge, the impact on depreciation related to acquired fleet and property and equipment, the impact of the fair value mark-up of acquired fleet, merger related intangible asset amortization and asset impairment charge. The company believes that: (i) free cash flow provides useful additional information concerning cash flow available to meet future debt service obligations and working capital requirements; (ii) EBITDA and adjusted EBITDA provide useful information about operating performance and period-over-period growth, and help investors gain an understanding of the factors and trends affecting our ongoing cash earnings, from which capital investments are made and debt is serviced; and (iii) adjusted EPS provides useful information concerning future profitability. However, none of these measures should be considered as alternatives to net income, cash flows from operating activities or earnings per share under GAAP as indicators of operating performance or liquidity.

Information reconciling forward-looking adjusted EBITDA to GAAP financial measures is unavailable to the company without unreasonable effort. The company is not able to provide reconciliations of adjusted EBITDA to GAAP financial measures because certain items required for such reconciliations are outside of the company's control and/or cannot be reasonably predicted, such as the provision for income taxes. Preparation of such reconciliations would require a forward-looking balance sheet, statement of income and statement of cash flow, prepared in accordance with GAAP, and such forward-looking financial statements are unavailable to the company without unreasonable effort. The company provides a range for its adjusted EBITDA forecast that it believes will be achieved, however it cannot accurately predict all the components of the adjusted EBITDA calculation. The company provides an adjusted EBITDA forecast because it believes that adjusted EBITDA, when viewed with the company's results under GAAP, provides useful information for the reasons noted above. However, adjusted EBITDA is not a measure of financial performance or liquidity under GAAP and, accordingly, should not be considered as an alternative to net income or cash flow from operating activities as an indicator of operating performance or liquidity.

## **About United Rentals**

United Rentals, Inc. is the largest equipment rental company in the world. The company has an integrated network of 1,156 rental locations in North America and 11 in Europe. In North America, the company operates in 49 states and every Canadian province. The company's approximately 18,250 employees serve construction and industrial customers, utilities, municipalities, homeowners and others. The company offers approximately 4,000 classes of equipment for rent with a total original cost of \$13.49 billion. United Rentals is a member of the Standard & Poor's 500 Index, the Barron's 400 Index and the Russell 3000 Index® and is headquartered in Stamford, Conn. Additional information about United Rentals is available at [unitedrentals.com](http://unitedrentals.com).

## **Forward-Looking Statements**

*This press release contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995, known as the PSLRA. These statements can generally be identified by the use of forward-looking terminology such as "believe," "expect," "may," "will," "should," "seek," "on-track," "plan," "project," "forecast," "intend" or "anticipate," or the negative thereof or comparable terminology, or by discussions of vision, strategy or outlook. These statements are based on current plans, estimates and projections, and, therefore, you should not place undue reliance on them. No forward-looking statement can be guaranteed, and actual results may differ materially from those projected. Factors that could cause actual results to differ materially from those projected include, but are not limited to, the following: (1) the cyclical nature of our business, which is highly sensitive to North American construction and industrial activities; if construction or industrial activity decline, our revenues and, because many of our costs are fixed, our profitability may be adversely affected; (2) uncertainty regarding the length of time it will take for the coronavirus (COVID-19) pandemic to subside, including the time it will take for vaccines to be broadly distributed and accepted in the United States and the rest of the world, and the effectiveness of such vaccines in slowing or stopping the spread of COVID-19 and mitigating the economic effects of the pandemic; (3) the impact of the COVID-19 pandemic on global economic conditions, including the impact of the various measures that have been implemented to protect public health, many of which have reduced demand for equipment rentals; (4) the impact of global economic conditions (including potential trade wars) and public health crises and epidemics, such as COVID-19, on us, our customers and our suppliers, in the United States and the rest of the world; (5) rates we charge and time utilization we achieve being less than anticipated (including as a result of COVID-19); (6) excess fleet in the equipment rental industry, including as a result of reduced demand for fleet due to the impacts of COVID-19 on our customers; (7) inability to benefit from government spending, including spending associated with infrastructure projects; (8) trends in oil and natural gas could adversely affect the demand for our services and products; (9) competition from existing and new*

competitors; (10) our significant indebtedness, which requires us to use a substantial portion of our cash flow for debt service and can constrain our flexibility in responding to unanticipated or adverse business conditions; (11) the inability to refinance our indebtedness on terms that are favorable to us (including as a result of volatility and uncertainty in capital markets due to COVID-19), or at all; (12) the incurrence of additional debt, which could exacerbate the risks associated with our current level of indebtedness; (13) noncompliance with financial or other covenants in our debt agreements, which could result in our lenders terminating the agreements and requiring us to repay outstanding borrowings; (14) restrictive covenants and amount of borrowings permitted in our debt instruments, which can limit our financial and operational flexibility; (15) inability to access the capital that our businesses or growth plans may require (including as a result of uncertainty in capital or other financial markets due to COVID-19); (16) the possibility that companies that we have acquired or may acquire could have undiscovered liabilities or involve other unexpected costs, may strain our management capabilities or may be difficult to integrate; (17) the incurrence of impairment charges; (18) fluctuations in the price of our common stock and inability to complete stock repurchases in the time frame and/or on the terms anticipated (for example, due to COVID-19); (19) our charter provisions as well as provisions of certain debt agreements and our significant indebtedness may have the effect of making more difficult or otherwise discouraging, delaying or deterring a takeover or other change of control of us; (20) inability to manage credit risk adequately or to collect on contracts with a large number of customers; (21) turnover in our management team and inability to attract and retain key personnel, as well as loss, absenteeism or the inability of employees to work or perform key functions in light of public health crises or epidemics (including COVID-19); (22) costs we incur being more than anticipated and the inability to realize expected savings in the amounts or time frames planned; (23) inability to obtain equipment and other supplies for our business from our key suppliers on acceptable terms or at all, as a result of supply chain disruptions, insolvency, financial difficulties or other factors; (24) increases in our maintenance and replacement costs and/or decreases in the residual value of our equipment; (25) inability to sell our new or used fleet in the amounts, or at the prices, we expect; (26) risks related to security breaches, cybersecurity attacks, failure to protect personal information, compliance with data protection laws and other significant disruptions in our information technology systems; (27) risks related to climate change and climate change regulation; (28) the fact that our holding company structure requires us to depend in part on distributions from subsidiaries and such distributions could be limited by contractual or legal restrictions; (29) shortfalls in our insurance coverage; (30) increases in our loss reserves to address business operations or other claims and any claims that exceed our established levels of reserves; (31) incurrence of additional expenses (including indemnification obligations) and other costs in connection with litigation, regulatory and investigatory matters; (32) the costs of complying with environmental, safety and foreign laws and regulations, as well as other risks associated with non-U.S. operations, including currency exchange risk (including as a result of Brexit), and tariffs; (33) the outcome or other potential consequences of regulatory matters and commercial litigation; (34) labor disputes, work stoppages or other labor difficulties, which may impact our productivity, and potential enactment of new legislation or other changes in law affecting our labor relations or operations generally; and (35) the effect of changes in tax law.

*For a more complete description of these and other possible risks and uncertainties, please refer to our Annual Report on Form 10-K for the year ended December 31, 2020, as well as to our subsequent filings with the SEC. The forward-looking statements contained herein speak only as of the date hereof, and we make no commitment to update or publicly release any revisions to forward-looking statements in order to reflect new information or subsequent events, circumstances or changes in expectations.*

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**UNITED RENTALS, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)**  
(In millions, except per share amounts)

	Three Months Ended	
	March 31,	
	2021	2020
Revenues:		
Equipment rentals	\$ 1,667	\$ 1,783
Sales of rental equipment	267	208
Sales of new equipment	49	62
Contractor supplies sales	24	25
Service and other revenues	50	47
<b>Total revenues</b>	<b>2,057</b>	<b>2,125</b>
Cost of revenues:		
Cost of equipment rentals, excluding depreciation	715	747
Depreciation of rental equipment	375	426
Cost of rental equipment sales	164	125
Cost of new equipment sales	42	54
Cost of contractor supplies sales	17	18
Cost of service and other revenues	30	28
<b>Total cost of revenues</b>	<b>1,343</b>	<b>1,398</b>
<b>Gross profit</b>	<b>714</b>	<b>727</b>
Selling, general and administrative expenses	250	267
Restructuring charge	1	2
Non-rental depreciation and amortization	91	100
Operating income	372	358
Interest expense, net	99	136
Other income, net	(2)	(4)
Income before provision for income taxes	275	226
Provision for income taxes	72	53
<b>Net income</b>	<b>\$ 203</b>	<b>\$ 173</b>
<b>Diluted earnings per share</b>	<b>\$ 2.80</b>	<b>\$ 2.33</b>

**UNITED RENTALS, INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)**  
(In millions)

	March 31, 2021	December 31, 2020
<b>ASSETS</b>		
Cash and cash equivalents	\$ 278	\$ 202
Accounts receivable, net	1,254	1,315
Inventory	114	125
Prepaid expenses and other assets	358	375
Total current assets	2,004	2,017
Rental equipment, net	8,476	8,705
Property and equipment, net	584	604
Goodwill	5,167	5,168
Other intangible assets, net	592	648
Operating lease right-of-use assets	681	688
Other long-term assets	38	38
<b>Total assets</b>	<b>\$ 17,542</b>	<b>\$ 17,868</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Short-term debt and current maturities of long-term debt	\$ 585	\$ 704
Accounts payable	562	466
Accrued expenses and other liabilities	694	720
Total current liabilities	1,841	1,890
Long-term debt	8,497	8,978
Deferred taxes	1,773	1,768
Operating lease liabilities	541	549
Other long-term liabilities	145	138
<b>Total liabilities</b>	<b>12,797</b>	<b>13,323</b>
Common stock	1	1
Additional paid-in capital	2,473	2,482
Retained earnings	6,368	6,165
Treasury stock	(3,957)	(3,957)
Accumulated other comprehensive loss	(140)	(146)
<b>Total stockholders' equity</b>	<b>4,745</b>	<b>4,545</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 17,542</b>	<b>\$ 17,868</b>



**UNITED RENTALS, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)**  
(In millions)

	Three Months Ended	
	March 31,	
	2021	2020
<b>Cash Flows From Operating Activities:</b>		
Net income	\$ 203	\$ 173
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	466	526
Amortization of deferred financing costs and original issue discounts	3	4
Gain on sales of rental equipment	(103)	(83)
Gain on sales of non-rental equipment	(1)	(1)
Insurance proceeds from damaged equipment	(7)	(6)
Stock compensation expense, net	21	13
Restructuring charge	1	2
Increase in deferred taxes	3	1
Changes in operating assets and liabilities:		
Decrease in accounts receivable	63	105
Decrease in inventory	11	5
Decrease (increase) in prepaid expenses and other assets	23	(30)
Increase in accounts payable	96	33
Decrease in accrued expenses and other liabilities	(21)	(98)
<b>Net cash provided by operating activities</b>	<b>758</b>	<b>644</b>
<b>Cash Flows From Investing Activities:</b>		
Purchases of rental equipment	(295)	(208)
Purchases of non-rental equipment	(19)	(53)
Proceeds from sales of rental equipment	267	208
Proceeds from sales of non-rental equipment	7	9
Insurance proceeds from damaged equipment	7	6
Purchases of other companies, net of cash acquired	(1)	—
Purchases of investments	—	(1)
<b>Net cash used in investing activities</b>	<b>(34)</b>	<b>(39)</b>
<b>Cash Flows From Financing Activities:</b>		
Proceeds from debt	1,091	2,517
Payments of debt	(1,710)	(2,375)
Payments of financing costs	—	(9)
Proceeds from the exercise of common stock options	—	1
Common stock repurchased (1)	(30)	(276)
<b>Net cash used in financing activities</b>	<b>(649)</b>	<b>(142)</b>
Effect of foreign exchange rates	1	(2)
<b>Net increase in cash and cash equivalents</b>	<b>76</b>	<b>461</b>
Cash and cash equivalents at beginning of period	202	52
<b>Cash and cash equivalents at end of period</b>	<b>\$ 278</b>	<b>\$ 513</b>
<b>Supplemental disclosure of cash flow information:</b>		
Cash paid for income taxes, net	\$ 6	\$ 3
Cash paid for interest	167	174

- (1) We have a \$500 million share repurchase program that commenced in the first quarter of 2020 and was intended to run for 12 months. As discussed above, we have decided to pause repurchases under the program due to the COVID-19 pandemic. At this time, we are unable to estimate if, or when, the program will be restarted, and repurchases under the program could resume at any time. The common stock repurchases include i) shares repurchased pursuant to our share repurchase program and ii) shares withheld to satisfy tax withholding obligations upon the vesting of restricted stock unit awards.

**UNITED RENTALS, INC.**  
**RENTAL REVENUE**

Fleet productivity is a comprehensive metric that provides greater insight into the decisions made by our managers in support of growth and returns. Specifically, we seek to optimize the interplay of rental rates, time utilization and mix in driving rental revenue. Fleet productivity aggregates, in one metric, the impact of changes in rates, utilization and mix on owned equipment rental revenue.

We believe that this metric is useful in assessing the effectiveness of our decisions on rates, time utilization and mix, particularly as they support the creation of shareholder value. The table below shows the components of the year-over-year change in rental revenue using the fleet productivity methodology:

	Year-over-year change in average OEC	Assumed year-over-year inflation impact (1)	Fleet productivity (2)	Contribution from ancillary and re-rent revenue (3)	Total change in rental revenue
Three Months Ended March 31, 2021	(5.7)%	(1.5)%	(0.5)%	1.2%	(6.5)%

Please refer to our First Quarter 2021 Investor Presentation for additional detail on fleet productivity.

- (1) Reflects the estimated impact of inflation on the revenue productivity of fleet based on OEC, which is recorded at cost.
- (2) Reflects the combined impact of changes in rental rates, time utilization and mix on owned equipment rental revenue. Changes in customers, fleet, geographies and segments all contribute to changes in mix.
- (3) Reflects the combined impact of changes in other types of equipment rental revenue: ancillary and re-rent (excludes owned equipment rental revenue).

**UNITED RENTALS, INC.**  
**SEGMENT PERFORMANCE**  
(\$ in millions)

	Three Months Ended		
	March 31,		
	2021	2020	Change
<b>General Rentals</b>			
Reportable segment equipment rentals revenue	\$1,273	\$1,394	(8.7)%
Reportable segment equipment rentals gross profit	411	448	(8.3)%
Reportable segment equipment rentals gross margin	32.3%	32.1%	20 bps
<b>Trench, Power and Fluid Solutions</b>			
Reportable segment equipment rentals revenue	\$394	\$389	1.3%
Reportable segment equipment rentals gross profit	166	162	2.5%
Reportable segment equipment rentals gross margin	42.1%	41.6%	50 bps
<b>Total United Rentals</b>			
Total equipment rentals revenue	\$1,667	\$1,783	(6.5)%
Total equipment rentals gross profit	577	610	(5.4)%
Total equipment rentals gross margin	34.6%	34.2%	40 bps

**UNITED RENTALS, INC.**  
**DILUTED EARNINGS PER SHARE CALCULATION**  
(In millions, except per share data)

	Three Months Ended	
	March 31,	
	2021	2020
<b>Numerator:</b>		
Net income available to common stockholders	\$ 203	\$ 173
<b>Denominator:</b>		
Denominator for basic earnings per share—weighted-average common shares	72.3	74.0
<b>Effect of dilutive securities:</b>		
Employee stock options	—	—
Restricted stock units	0.4	0.3
<b>Denominator for diluted earnings per share—adjusted weighted-average common shares</b>	<b>72.7</b>	<b>74.3</b>
<b>Diluted earnings per share</b>	<b>\$ 2.80</b>	<b>\$ 2.33</b>

**UNITED RENTALS, INC.**  
**ADJUSTED EARNINGS PER SHARE GAAP RECONCILIATION**

We define “earnings per share – adjusted” as the sum of earnings per share – GAAP, as-reported plus the impact of the following special items: merger related intangible asset amortization, impact on depreciation related to acquired fleet and property and equipment, impact of the fair value mark-up of acquired fleet, restructuring charge and asset impairment charge. Management believes that earnings per share - adjusted provides useful information concerning future profitability. However, earnings per share - adjusted is not a measure of financial performance under GAAP. Accordingly, earnings per share - adjusted should not be considered an alternative to GAAP earnings per share. The table below provides a reconciliation between earnings per share – GAAP, as-reported, and earnings per share – adjusted.

	Three Months Ended	
	March 31,	
	2021	2020
<b>Earnings per share - GAAP, as-reported</b>	<b>\$ 2.80</b>	<b>\$ 2.33</b>
After-tax impact of:		
Merger related intangible asset amortization (2)	0.50	0.59
Impact on depreciation related to acquired fleet and property and equipment (3)	0.02	0.03
Impact of the fair value mark-up of acquired fleet (4)	0.12	0.12
Restructuring charge (5)	0.01	0.02
Asset impairment charge (6)	—	0.26
<b>Earnings per share - adjusted</b>	<b>\$ 3.45</b>	<b>\$ 3.35</b>
Tax rate applied to above adjustments (1)	25.3 %	25.2 %

- (1) The tax rates applied to the adjustments reflect the statutory rates in the applicable entities.
- (2) Reflects the amortization of the intangible assets acquired in major acquisitions completed since 2012 (the "major acquisitions," each of which had annual revenues of over \$200 million prior to acquisition).
- (3) Reflects the impact of extending the useful lives of equipment acquired in certain major acquisitions, net of the impact of additional depreciation associated with the fair value mark-up of such equipment.
- (4) Reflects additional costs recorded in cost of rental equipment sales associated with the fair value mark-up of rental equipment acquired in certain major acquisitions and subsequently sold.
- (5) Primarily reflects severance and branch closure charges associated with our closed restructuring programs and our current restructuring program. We only include such costs that are part of a restructuring program as restructuring charges. Since the first such restructuring program was initiated in 2008, we have completed five restructuring programs. We have cumulatively incurred total restructuring charges of \$351 million under our restructuring programs.
- (6) Reflects write-offs of leasehold improvements and other fixed assets. The 2020 charges primarily reflect the discontinuation of certain equipment programs, and were not related to COVID-19.

**UNITED RENTALS, INC.**  
**EBITDA AND ADJUSTED EBITDA GAAP RECONCILIATIONS**  
(In millions)

EBITDA represents the sum of net income, provision for income taxes, interest expense, net, depreciation of rental equipment, and non-rental depreciation and amortization. Adjusted EBITDA represents EBITDA plus the sum of the restructuring charge, stock compensation expense, net, and the impact of the fair value mark-up of acquired fleet. These items are excluded from adjusted EBITDA internally when evaluating our operating performance and for strategic planning and forecasting purposes, and allow investors to make a more meaningful comparison between our core business operating results over different periods of time, as well as with those of other similar companies. The net income and adjusted EBITDA margins represent net income or adjusted EBITDA divided by total revenue. Management believes that EBITDA and adjusted EBITDA, when viewed with the company's results under GAAP and the accompanying reconciliation, provide useful information about operating performance and period-over-period growth, and provide additional information that is useful for evaluating the operating performance of our core business without regard to potential distortions. Additionally, management believes that EBITDA and adjusted EBITDA help investors gain an understanding of the factors and trends affecting our ongoing cash earnings, from which capital investments are made and debt is serviced.

The table below provides a reconciliation between net income and EBITDA and adjusted EBITDA.

	Three Months Ended	
	March 31,	
	2021	2020
<b>Net income</b>	<b>\$ 203</b>	<b>\$ 173</b>
Provision for income taxes	72	53
Interest expense, net	99	136
Depreciation of rental equipment	375	426
Non-rental depreciation and amortization	91	100
<b>EBITDA</b>	<b>\$ 840</b>	<b>\$ 888</b>
Restructuring charge (1)	1	2
Stock compensation expense, net (2)	21	13
Impact of the fair value mark-up of acquired fleet (3)	11	12
<b>Adjusted EBITDA</b>	<b>\$ 873</b>	<b>\$ 915</b>
<i>Net income margin</i>	<i>9.9 %</i>	<i>8.1 %</i>
<i>Adjusted EBITDA margin</i>	<i>42.4 %</i>	<i>43.1 %</i>

- (1) Primarily reflects severance and branch closure charges associated with our closed restructuring programs and our current restructuring program. We only include such costs that are part of a restructuring program as restructuring charges. Since the first such restructuring program was initiated in 2008, we have completed five restructuring programs. We have cumulatively incurred total restructuring charges of \$351 million under our restructuring programs.
- (2) Represents non-cash, share-based payments associated with the granting of equity instruments.
- (3) Reflects additional costs recorded in cost of rental equipment sales associated with the fair value mark-up of rental equipment acquired in certain major acquisitions and subsequently sold.

**UNITED RENTALS, INC.**  
**EBITDA AND ADJUSTED EBITDA GAAP RECONCILIATIONS (continued)**  
(In millions)

The table below provides a reconciliation between net cash provided by operating activities and EBITDA and adjusted EBITDA.

	Three Months Ended	
	March 31,	
	2021	2020
<b>Net cash provided by operating activities</b>	<b>\$ 758</b>	<b>\$ 644</b>
Adjustments for items included in net cash provided by operating activities but excluded from the calculation of EBITDA:		
Amortization of deferred financing costs and original issue discounts	(3)	(4)
Gain on sales of rental equipment	103	83
Gain on sales of non-rental equipment	1	1
Insurance proceeds from damaged equipment	7	6
Restructuring charge (1)	(1)	(2)
Stock compensation expense, net (2)	(21)	(13)
Changes in assets and liabilities	(177)	(4)
Cash paid for interest	167	174
Cash paid for income taxes, net	6	3
<b>EBITDA</b>	<b>\$ 840</b>	<b>\$ 888</b>
Add back:		
Restructuring charge (1)	1	2
Stock compensation expense, net (2)	21	13
Impact of the fair value mark-up of acquired fleet (3)	11	12
<b>Adjusted EBITDA</b>	<b>\$ 873</b>	<b>\$ 915</b>

- (1) Primarily reflects severance and branch closure charges associated with our closed restructuring programs and our current restructuring program. We only include such costs that are part of a restructuring program as restructuring charges. Since the first such restructuring program was initiated in 2008, we have completed five restructuring programs. We have cumulatively incurred total restructuring charges of \$351 million under our restructuring programs.
- (2) Represents non-cash, share-based payments associated with the granting of equity instruments.
- (3) Reflects additional costs recorded in cost of rental equipment sales associated with the fair value mark-up of rental equipment acquired in certain major acquisitions and subsequently sold.

**UNITED RENTALS, INC.**  
**FREE CASH FLOW GAAP RECONCILIATION**  
(In millions)

We define “free cash flow” as net cash provided by operating activities less purchases of, and plus proceeds from, equipment. The equipment purchases and proceeds are included in cash flows from investing activities. Management believes that free cash flow provides useful additional information concerning cash flow available to meet future debt service obligations and working capital requirements. However, free cash flow is not a measure of financial performance or liquidity under GAAP. Accordingly, free cash flow should not be considered an alternative to net income or cash flow from operating activities as an indicator of operating performance or liquidity. The table below provides a reconciliation between net cash provided by operating activities and free cash flow.

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2021</b>	<b>2020</b>
<b>Net cash provided by operating activities</b>	<b>\$ 758</b>	<b>\$ 644</b>
Purchases of rental equipment	(295)	(208)
Purchases of non-rental equipment	(19)	(53)
Proceeds from sales of rental equipment	267	208
Proceeds from sales of non-rental equipment	7	9
Insurance proceeds from damaged equipment	7	6
<b>Free cash flow (1)</b>	<b>\$ 725</b>	<b>\$ 606</b>

- (1) Free cash flow included aggregate merger and restructuring related payments of \$3 million and \$2 million for the three months ended March 31, 2021 and 2020, respectively.

The table below provides a reconciliation between 2021 forecasted net cash provided by operating activities and free cash flow.

<b>Net cash provided by operating activities</b>	<b>\$3,100- \$3,500</b>
Purchases of rental equipment	\$(2,200)-\$(2,400)
Proceeds from sales of rental equipment	\$900-\$1,000
Purchases of non-rental equipment, net of proceeds from sales and insurance proceeds from damaged equipment	\$(100)-\$(200)
<b>Free cash flow (excluding the impact of merger and restructuring related payments)</b>	<b>\$1,700- \$1,900</b>