



NEWS RELEASE

United Rentals Announces Second Quarter 2015 Results - Updates Full Year Outlook - Announces New \$1 Billion Share Repurchase Program

7/21/2015

United Rentals, Inc. today announced financial results for the second quarter 2015. Total revenue was \$1.429 billion and rental revenue was \$1.220 billion, compared with \$1.399 billion and \$1.179 billion, respectively, for the same period last year. On a GAAP basis, the company reported second quarter net income of \$86 million, or \$0.88 per diluted share, compared with \$94 million, or \$0.90 per diluted share, for the same period last year.¹

Adjusted EPS² for the quarter was \$1.95 per diluted share, compared with \$1.65 per diluted share for the same period last year. Adjusted EBITDA³ was \$706 million and adjusted EBITDA margin was a second quarter company record at 49.4%, an increase of \$43 million and 200 basis points, respectively, from the same period last year.

Second Quarter 2015 Highlights

- Rental revenue (which includes owned equipment rental revenue, re-rent revenue and ancillary items) increased 3.5% year-over-year.⁴ Within rental revenue, owned equipment rental revenue increased 3.7%, reflecting year-over-year increases of 2.8% in the volume of equipment on rent and 1.5% in rental rates.
- Return on invested capital was 8.9% for the 12 months ended June 30, 2015, an increase of 0.8 percentage points from the 12 months ended June 30, 2014.
- Time utilization decreased 150 basis points year-over-year to 66.6%. Excluding the branches with the most exposure to upstream oil and gas, time utilization decreased 30 basis points year-over-year.
- The company generated \$124 million of proceeds from used equipment sales at an adjusted gross margin of 50.0%, compared with \$138 million and 48.6% for the same period last year.⁵

- Flow-through, which represents the year-over-year change in adjusted EBITDA divided by the year-over-year change in total revenue, was 143.3% for the quarter.

1. GAAP net income and diluted earnings per share for the second quarter 2015 and 2014 include debt extinguishment losses of \$74 million, or \$0.76 per diluted share, and \$40 million, or \$0.38 per diluted share, respectively.

2. Adjusted EPS is a non-GAAP measure that excludes the impact of the following special items: (i) merger related costs; (ii) restructuring charge; (iii) impact on interest expense related to fair value adjustment of acquired RSC indebtedness; (iv) impact on depreciation related to acquired RSC fleet and property and equipment; (v) impact of the fair value mark-up of acquired RSC fleet; (vi) merger related intangible asset amortization and (vii) loss on repurchase/redemption of debt securities and amendment of ABL facility. See table below for amounts.

3. Adjusted EBITDA is a non-GAAP measure that excludes the impact of the following special items: (i) merger related costs; (ii) restructuring charge; (iii) impact of the fair-value mark up of acquired RSC fleet and (iv) stock compensation expense, net. See table below for amounts.

4. The rental revenue increase includes an adverse impact from currency. Excluding this impact, rental revenue would have increased 4.8% year-over-year.

5. Used equipment sales adjusted gross margin excludes the impact of the fair value mark-up of acquired RSC fleet that was sold.

CEO Comments

Michael Kneeland, chief executive officer of United Rentals, said, "We solidly improved our profitability in the second quarter year-over-year, with record results for second quarter EBITDA margin and adjusted EPS. The adverse impacts from the drop in oil and gas activity as well as industry fleetings were greater than we anticipated and, as a result, we've updated our outlook on our 2015 targets."

Kneeland continued, "Demand for our equipment is clearly there, and our industry is expected to benefit from solid growth in the years ahead as oil drilling stabilizes and rental fleet is absorbed. Industry experts are projecting years of growth ahead, led by the ongoing rebound in non-residential construction. Given this outlook, and our ability to drive profitable growth and returns, we are accelerating our current \$750 million share repurchase program and announcing an additional \$1 billion repurchase program. These decisions underscore our commitment to return capital and deliver value to our stockholders."

Six Months 2015 Highlights

- Total revenue was \$2.744 billion and rental revenue was \$2.345 billion, compared with \$2.577 billion and \$2.184 billion, respectively, for the same period last year.
- Rental revenue increased 7.4% year-over-year.⁶ Within rental revenue, owned equipment rental revenue increased 7.5%, reflecting year-over-year increases of 5.3% in the volume of equipment on rent and 2.2% in rental rates.⁷
- Adjusted EBITDA was \$1.308 billion and adjusted EBITDA margin was 47.7%, an increase of \$126 million and 180 basis points, respectively, from the same period last year.
- Time utilization decreased 100 basis points year-over-year to 65.4%. Excluding the branches with the most exposure to upstream oil and gas, time utilization decreased 10 basis points year-over-year.
- The company generated \$240 million of proceeds from used equipment sales at an adjusted gross margin of 50.4%, compared with \$248 million and 48.8% for the same period last year.
- Flow-through, which represents the year-over-year change in adjusted EBITDA divided by the year-over-year change in total revenue, was 75.4%.

2015 Outlook

The company has updated its full year outlook as follows:

	Prior Outlook	Current Outlook
Total revenue	\$6.0 billion to \$6.1 billion	\$5.8 billion to \$5.9 billion
Adjusted EBITDA	\$2.95 billion to \$3.00 billion	\$2.80 billion to \$2.85 billion
Increase in rental rates (year-over-year)	Approximately 3.0%	Approximately 0.5%
Time utilization	Approximately 69.0%	Approximately 67.5%
Net rental capital expenditures after gross purchases	Approximately \$1.2 billion, after gross purchases of approximately \$1.7 billion	Approximately \$1.1 billion, after gross purchases of approximately \$1.6 billion
Free cash flow (excluding the impact of merger and restructuring related costs)	\$725 million to \$775 million	Unchanged

6. The rental revenue increase includes an adverse impact from currency. Excluding this impact, rental revenue would have increased 8.8% year-over-year.

7. On abril 1, 2014, the company acquired certain assets of the following four entities: National Pump & Compressor, Ltd., Canadian Pump and Compressor Ltd., GulfCo Industrial Equipment, LP and LD Services, LLC (collectively "National Pump"). National Pump is included in the company's results subsequent to the acquisition date. Excluding the impact of the National Pump acquisition, rental revenue for the first six months of 2015 increased 5.6% year-over-year.

Free Cash Flow and Fleet Size

For the first six months of 2015, free cash flow was \$432 million, after total rental and non-rental gross capital expenditures of \$1.066 billion. By comparison, free cash flow for the first six months of 2014 was \$240 million after total rental and non-rental gross capital expenditures of \$1.080 billion.⁸

The size of the rental fleet was \$8.86 billion of original equipment cost at June 30, 2015, compared with \$8.44 billion at diciembre 31, 2014. The age of the rental fleet was 41.8 months on an OEC-weighted basis at June 30, 2015, compared with 43.0 months at diciembre 31, 2014.

Share Repurchase Programs

As of June 30, 2015, the company has repurchased \$573 million of common stock as part of the \$750 million share repurchase program that was announced in December 2014. The company has accelerated its plans and now expects to complete the program in 2015.

On julio 21, 2015, the company's board of directors authorized a new \$1 billion share repurchase program which will commence upon completion of the current \$750 million program. The company intends to complete the new \$1 billion share repurchase program within 18 months of its initiation.

Return on Invested Capital (ROIC)

Return on invested capital was 8.9% for the 12 months ended June 30, 2015, an increase of 0.8 percentage points from the 12 months ended June 30, 2014. The company's ROIC metric uses after-tax operating income for the trailing 12 months divided by average stockholders' equity (deficit), 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 federal statutory tax rate of 35% is used to calculate after-tax operating income.⁹

Conference Call

United Rentals will hold a conference call tomorrow, Thursday, July 23, 2015, at 11:00 a.m. Eastern Time. The conference call number is 866-835-8906. The conference call will also be available live by audio webcast at **UnitedRentals.com**, where it will be archived until the next earnings call. The replay number for the call is 703-925-2533, passcode is 1659838.

8. Free cash flow for the first six months of 2015 and 2014 includes aggregate merger and restructuring related payments of \$2 million and \$14 million, respectively.

9. When adjusting the denominator of the ROIC calculation to also exclude average goodwill, ROIC was 12.1% for the 12 months ended June 30, 2015, an increase of 1.2 percentage points from the 12 months ended June 30, 2014.

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 rental and non-rental equipment plus proceeds from sales of rental and non-rental equipment. 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 merger related costs, restructuring charge, stock compensation expense, net, and the impact of the fair value mark-up of acquired RSC fleet. Adjusted EPS represents EPS plus the sum of the merger related costs, restructuring charge, the impact on

interest expense related to the fair value adjustment of acquired RSC indebtedness, the impact on depreciation related to acquired RSC fleet and property and equipment, the impact of the fair value mark-up of acquired RSC fleet, merger related intangible asset amortization and the loss on repurchase/redemption of debt securities and amendment of ABL facility. 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 (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 free cash flow and adjusted EBITDA to GAAP financial measures is unavailable to the company without unreasonable effort.

Acerca de United Rentals

United Rentals, Inc. es la empresa de rentas de equipo más grande del mundo. La empresa cuenta con una red integrada de 896 tiendas de alquiler en 49 estados y 10 provincias canadienses. Los aproximadamente 12,600 empleados que tiene la empresa prestan servicios a clientes industriales y de construcción, servicios públicos, municipios, propietarios residenciales y otros. La empresa ofrece alrededor de 3,300 clases de equipos para alquiler con un costo original total de \$8.86 mil millones. United Rentals es miembro del índice Standard & Poor's 500, del índice Barron's 400 y del índice Russell 3000 Index®, y tiene su sede central en Stamford, Conn. Additional information about United Rentals is available at 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 challenges associated with past or future acquisitions, such as undiscovered liabilities, costs, integration issues and/or the inability to achieve the cost and revenue synergies expected; (2) a slowdown in the recovery of North American construction and industrial activities, which decreased during the economic downturn and significantly affected our revenues and profitability, or a slowdown in the energy sector, in general, could

reduce demand for equipment and prices that we can charge; (3) 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; (4) the inability to refinance our indebtedness at terms that are favorable to us, or at all; (5) the incurrence of additional debt, which could exacerbate the risks associated with our current level of indebtedness; (6) noncompliance with covenants in our debt agreements, which could result in termination of our credit facilities and acceleration of outstanding borrowings; (7) restrictive covenants and amount of borrowings permitted under our debt agreements, which could limit our financial and operational flexibility; (8) a decrease in levels of infrastructure spending, including lower than expected government funding for construction projects; (9) fluctuations in the price of our common stock and inability to complete stock repurchases in the time frame and/or on the terms anticipated; (10) our rates and time utilization being less than anticipated; (11) our inability to manage credit risk adequately or to collect on contracts with customers; (12) our inability to access the capital that our business or growth plans may require; (13) the incurrence of impairment charges; (14) our dependence on distributions from subsidiaries as a result of our holding company structure and the fact that such distributions could be limited by contractual or legal restrictions; (15) an increase in our loss reserves to address business operations or other claims and any claims that exceed our established levels of reserves; (16) the incurrence of additional costs and expenses (including indemnification obligations) in connection with litigation, regulatory or investigatory matters; (17) the outcome or other potential consequences of litigation and other claims and regulatory matters relating to our business, including certain claims that our insurance may not cover; (18) the effect that certain provisions in our charter and certain debt agreements and our significant indebtedness may have of making more difficult or otherwise discouraging, delaying or deterring a takeover or other change of control of us; (19) management turnover and inability to attract and retain key personnel; (20) our costs being more than anticipated and/or the inability to realize expected savings in the amounts or time frames planned; (21) our dependence on key suppliers to obtain equipment and other supplies for our business on acceptable terms; (22) our inability to sell our new or used fleet in the amounts, or at the prices, we expect; (23) competition from existing and new competitors; (24) security breaches, cybersecurity attacks and other significant disruptions in our information technology systems; (25) 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; (26) labor difficulties and labor-based legislation affecting our labor relations and operations generally; and (27) increases in our maintenance and replacement costs and/or decreases in the residual value of our equipment. 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 diciembre 31, 2014, 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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Contacto:

Fred Bratman

(203) 618-7318

Cel.: (917) 847-4507

fbratman@ur.com