

HERTZ GLOBAL HOLDINGS INC
Form 10-Q
August 03, 2012

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
WASHINGTON, D.C. 20549

FORM 10-Q

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2012

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934**

Commission File Number 001-33139

HERTZ GLOBAL HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

20-3530539
(I.R.S. Employer
Identification Number)

**225 Brae Boulevard
Park Ridge, New Jersey 07656-0713
(201) 307-2000**

(Address, including Zip Code, and telephone number,
including area code, of registrant's principal executive offices)

Not Applicable

(Former name, former address and former fiscal year,
if changed since last report.)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

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Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller
reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

There were 420,318,854 shares of the registrant's common stock, par value \$0.01 per share, issued and outstanding as of August 1, 2012.

HERTZ GLOBAL HOLDINGS, INC. AND SUBSIDIARIES

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PART I FINANCIAL INFORMATION

ITEM 1. Condensed Consolidated Financial Statements

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and
Shareholders of Hertz Global Holdings, Inc.:

We have reviewed the accompanying condensed consolidated balance sheet of Hertz Global Holdings, Inc. and its subsidiaries as of June 30, 2012, and the related consolidated statements of operations and comprehensive income (loss) for the three-month and six-month periods ended June 30, 2012 and June 30, 2011 and the consolidated statements of cash flows for the six-month periods ended June 30, 2012 and June 30, 2011. These interim financial statements are the responsibility of the Company's management.

We conducted our review in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying condensed consolidated interim financial statements for them to be in conformity with accounting principles generally accepted in the United States of America.

We previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet as of December 31, 2011, and the related consolidated statements of operations, of changes in equity and of cash flows for the year then ended (not presented herein), and in our report dated February 27, 2012, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 2011, is fairly stated in all material respects in relation to the consolidated balance sheet from which it has been derived.

/s/ PricewaterhouseCoopers LLP
Florham Park, New Jersey
August 2, 2012

Table of Contents**HERTZ GLOBAL HOLDINGS, INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED BALANCE SHEETS****(In Thousands of Dollars)****Unaudited**

	June 30, 2012	December 31, 2011
ASSETS		
Cash and cash equivalents	\$ 586,201	\$ 931,779
Restricted cash and cash equivalents	175,449	308,039
Receivables, less allowance for doubtful accounts of \$21,899 and \$20,282	1,448,271	1,616,382
Inventories, at lower of cost or market	101,712	83,978
Prepaid expenses and other assets	419,209	421,758
Revenue earning equipment, at cost:		
Cars	12,027,004	9,678,765
Less accumulated depreciation	(1,619,009)	(1,360,012)
Other equipment	3,046,549	2,830,176
Less accumulated depreciation	(1,016,585)	(1,043,520)
Total revenue earning equipment	12,437,959	10,105,409
Property and equipment, at cost:		
Land, buildings and leasehold improvements	1,172,743	1,146,112
Service equipment and other	1,112,298	1,050,915
	2,285,041	2,197,027
Less accumulated depreciation	(1,020,772)	(945,173)
Total property and equipment	1,264,269	1,251,854
Other intangible assets, net	2,544,011	2,562,234
Goodwill	452,408	392,094
Total assets	\$ 19,429,489	\$ 17,673,527
LIABILITIES AND EQUITY		
Accounts payable	\$ 1,487,086	\$ 897,489
Accrued liabilities	1,064,410	1,128,458
Accrued taxes	165,576	125,803
Debt	12,467,873	11,317,090
Public liability and property damage	270,640	281,534
Deferred taxes on income	1,707,966	1,688,478
Total liabilities	17,163,551	15,438,852
Commitments and contingencies		
Equity:		
Hertz Global Holdings, Inc. and Subsidiaries stockholders' equity		
Preferred Stock, \$0.01 par value, 200,000,000 shares authorized, no shares issued and outstanding		
Common Stock, \$0.01 par value, 2,000,000,000 shares authorized, 420,302,667 and 417,022,853 shares issued and outstanding	4,203	4,170

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Additional paid-in capital	3,210,281	3,205,964
Accumulated deficit	(910,508)	(947,064)
Accumulated other comprehensive loss	(38,057)	(28,414)
Total Hertz Global Holdings, Inc. and Subsidiaries stockholders' equity	2,265,919	2,234,656
Noncontrolling interest	19	19
Total equity	2,265,938	2,234,675
Total liabilities and equity	\$ 19,429,489	\$ 17,673,527

The accompanying notes are an integral part of these financial statements.

Table of Contents**HERTZ GLOBAL HOLDINGS, INC. AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF OPERATIONS****(In Thousands of Dollars, except share and per share data)****Unaudited**

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Revenues:				
Car rental	\$ 1,849,327	\$ 1,731,200	\$ 3,472,558	\$ 3,210,138
Equipment rental	334,199	301,641	635,525	569,727
Other	41,622	39,452	77,990	72,431
Total revenues	2,225,148	2,072,293	4,186,073	3,852,296
Expenses:				
Direct operating	1,188,933	1,187,306	2,304,080	2,260,971
Depreciation of revenue earning equipment and lease charges	519,750	419,669	1,033,867	855,758
Selling, general and administrative	206,569	195,591	414,321	377,812
Interest expense	152,184	165,826	314,451	362,715
Interest income	(468)	(1,546)	(1,560)	(3,401)
Other (income) expense, net	(554)	10,801	(1,011)	62,677
Total expenses	2,066,414	1,977,647	4,064,148	3,916,532
Income (loss) before income taxes	158,734	94,646	121,925	(64,236)
Provision for taxes on income	(65,847)	(34,561)	(85,370)	(4,621)
Net income (loss)	92,887	60,085	36,555	(68,857)
Less: Net income attributable to noncontrolling interest		(5,087)		(8,760)
Net income (loss) attributable to Hertz Global Holdings, Inc. and Subsidiaries' common stockholders	\$ 92,887	\$ 54,998	\$ 36,555	\$ (77,617)
Weighted average shares outstanding (in thousands):				
Basic	420,036	415,947	419,056	415,011
Diluted	447,448	451,818	447,881	415,011
Earnings (loss) per share attributable to Hertz Global Holdings, Inc. and Subsidiaries' common stockholders:				
Basic	\$ 0.22	\$ 0.13	\$ 0.09	\$ (0.19)
Diluted	\$ 0.21	\$ 0.12	\$ 0.08	\$ (0.19)

The accompanying notes are an integral part of these financial statements.

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HERTZ GLOBAL HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(In Thousands of Dollars)

Unaudited

	Three Months Ended June 30, 2012	Three Months Ended June 30, 2011
Net income	\$ 92,887	\$ 60,085
Other comprehensive income (loss), net of tax:		
Translation adjustment changes, (net of tax of 2012: \$1,756 and 2011: \$324)	\$ (46,090)	\$ 16,259
Unrealized holding gains on securities, (net of tax of 2012: \$9 and 2011: \$765)	11	1,202
Other, (net of tax of 2012: \$0 and 2011: \$0)	196	(18)
Unrealized loss on Euro-denominated debt, (net of tax of 2012: \$0 and 2011: \$(2,150))		(3,357)
Defined benefit pension plans		
Net gains arising during the period, (net of tax of 2012: \$1,251 and 2011: \$888)	2,196	15,699
Defined benefit pension plans	2,196	15,699
Other comprehensive income (loss)	(43,687)	29,785
Comprehensive income	49,200	89,870
Less: Comprehensive income attributable to noncontrolling interest		(5,087)
Comprehensive income attributable to Hertz Global Holdings, Inc. and Subsidiaries' common stockholders	\$ 49,200	\$ 84,783

**Six Months Ended
June 30, 2012**