

HERC HOLDINGS INC
Form 10-Q
August 08, 2018
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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, 2018

OR

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

Commission File Number 001-33139

HERC HOLDINGS INC.

(Exact name of registrant as specified in its charter)

Delaware 20-3530539

(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification Number)

27500 Riverview Center Blvd.

Bonita Springs, Florida 34134

(239) 301-1000

(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 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 such files). Yes No

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

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Large accelerated filer Accelerated filer

Non-accelerated filer Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

As of August 3, 2018, there were 28,479,173 shares of the registrant's common stock, \$0.01 par value, outstanding.

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PART I—FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

HERC HOLDINGS INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

(In millions, except par value)

	June 30, 2018	December 31, 2017
ASSETS	(Unaudited)	
Cash and cash equivalents	\$ 44.0	\$41.5
Receivables, net of allowances of \$26.0 and \$26.9, respectively	350.3	386.3
Inventory	20.7	23.7
Prepaid and other current assets	20.6	23.0
Total current assets	435.6	474.5
Revenue earning equipment, net	2,585.4	2,374.6
Property and equipment, net	286.2	286.3
Intangible assets, net	289.3	283.9
Goodwill	91.0	91.0
Other long-term assets	42.1	39.4
Total assets	\$ 3,729.6	\$3,549.7
LIABILITIES AND EQUITY		
Current maturities of long-term debt and financing obligations	\$ 26.9	\$25.4
Accounts payable	387.8	152.0
Accrued liabilities	103.8	113.3
Total current liabilities	518.5	290.7
Long-term debt, net	2,109.6	2,137.1
Financing obligations, net	111.5	112.9
Deferred tax liabilities	458.2	462.8
Other long-term liabilities	36.5	35.8
Total liabilities	3,234.3	3,039.3
Commitments and contingencies (Note 9)		
Equity:		
Preferred stock, \$0.01 par value, 13.3 shares authorized, no shares issued and outstanding	—	—
Common stock, \$0.01 par value, 133.3 shares authorized, 31.1 and 31.1 shares issued and 28.5 and 28.3 shares outstanding	0.3	0.3
Additional paid-in capital	1,770.0	1,763.1
Accumulated deficit	(472.8) (462.4)
Accumulated other comprehensive loss	(110.2) (98.6)
Treasury stock, at cost, 2.7 shares and 2.7 shares	(692.0) (692.0)
Total equity	495.3	510.4
Total liabilities and equity	\$ 3,729.6	\$3,549.7

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

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CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

Unaudited

(In millions, except per share data)

	Three Months		Six Months	
	Ended June 30,		Ended June 30,	
	2018	2017	2018	2017
Revenues:				
Equipment rental	\$392.5	\$350.8	\$761.6	\$671.4
Sales of revenue earning equipment	78.2	46.4	125.5	100.8
Sales of new equipment, parts and supplies	10.8	14.9	22.2	26.4
Service and other revenue	4.0	3.7	7.5	6.6
Total revenues	485.5	415.8	916.8	805.2
Expenses:				
Direct operating	194.5	168.6	390.5	337.5
Depreciation of revenue earning equipment	97.0	94.3	190.3	187.2
Cost of sales of revenue earning equipment	75.8	51.4	117.8	106.3
Cost of sales of new equipment, parts and supplies	8.1	11.1	17.1	19.5
Selling, general and administrative	77.3	78.8	151.8	159.9
Impairment	0.1	29.3	0.1	