

HERC HOLDINGS INC
Form 10-Q
November 08, 2016
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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 September 30, 2016

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 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

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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.

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Shares Outstanding at November 4, 2016
Common Stock, par value \$0.01 per share	28,312,817

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PART I—FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

HERC HOLDINGS INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED AND COMBINED BALANCE SHEETS

Unaudited

(In millions, except par value)

	September 30, 2016	December 31, 2015
ASSETS		
Cash and cash equivalents	\$ 51.9	\$ 15.7
Restricted cash and cash equivalents	4.7	16.0
Receivables, net of allowance of \$26.7 and \$23.8, respectively	290.0	287.8
Taxes receivable	7.5	8.7
Inventories	24.5	22.3
Prepaid expenses and other current assets	12.2	11.0
Total current assets	390.8	361.5
Revenue earning equipment, net	2,487.1	2,382.5
Property and equipment, net	270.2	246.6
Other intangible assets, net	303.7	300.5
Goodwill	91.0	91.0
Other long-term assets	35.2	14.9
Total assets	\$ 3,578.0	\$ 3,397.0
LIABILITIES AND EQUITY		
Current maturities of long-term debt	\$ 15.5	\$ 10.2
Loans payable to affiliates	—	73.2
Accounts payable	262.9	109.5
Accrued liabilities	102.5	47.8
Taxes payable	12.3	41.6
Total current liabilities	393.2	282.3
Long-term debt	2,124.4	53.3
Deferred taxes	666.7	727.3
Other long-term liabilities	41.3	32.1
Total liabilities	3,225.6	1,095.0
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, 31.0 and 30.9 shares issued and 28.3 and 28.2 shares outstanding	0.3	0.3
Additional paid-in capital	1,772.2	3,734.6
Accumulated deficit	(612.0) (605.5)
Accumulated other comprehensive loss	(116.1) (135.4)
Treasury Stock, at cost, 2.7 shares and 2.7 shares	(692.0) (692.0)

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Total equity	352.4	2,302.0
Total liabilities and equity	\$ 3,578.0	\$3,397.0

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

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HERC HOLDINGS INC. AND SUBSIDIARIES
 CONDENSED CONSOLIDATED AND COMBINED STATEMENTS OF OPERATIONS

Unaudited

(In millions, except per share data)

	Three Months Ended September 30, 2016		Nine Months Ended September 30, 2015	
Revenues:				
Equipment rentals	\$360.3	\$373.2	\$996.0	\$1,052.5
Sales of revenue earning equipment	24.9	30.4	94.0	124.5
Sales of new equipment, parts and supplies	15.7	25.3	50.9	68.2
Service and other revenues	2.7	2.9	8.7	10.6
Total revenues	403.6	431.8	1,149.6	1,255.8
Expenses:				
Direct operating	169.6	185.7	487.3	538.2
Depreciation of revenue earning equipment	89.1	87.9	255.1	257.6
Cost of sales of revenue earning equipment	27.5	28.7	111.6	110.4
Cost of sales of new equipment, parts and supplies	12.1	20.6	39.2	54.3
Selling, general and administrative				