

TM Capital's David Felts Featured in Mergermarket Regarding the Acquisition of H&E Equipment Services



On January 14, 2025, H&E Equipment Services agreed to be acquired by United Rentals for \$4.8 billion in a deal that would significantly transform the strategic landscape. The merger agreement included a 35-day "go-shop" period, during which competitor Herc Holdings submitted a superior offer to acquire H&E for a total of \$5.3 billion. While history has shown that it is unlikely for United Rentals to lose out on a deal, the world's largest equipment rental company did not submit a revised proposal, paving the way for Herc to become the third-largest rental house in North America.

Mergermarket, a leading M&A intelligence platform powered by proprietary investigative journalism and predictive analytics, interviewed TM Capital's David Felts twice following the transaction announcement, as summarized below.

United Rentals' Big Premium for H&E Equipment Diminishes Chance of Rival Bid

January 31, 2025



"David Felts, Managing Director and equipment rental industry specialist at TM Capital, said that history has shown it is unlikely for United Rentals to lose out on the deal, but there are foreign buyers who are looking to expand their footprint in the U.S."

"Both large European and Asian rental companies, who have seen growth over recent years, would consider H&E an attractive business to expand their U.S. foothold, he noted."

"Sumitomo, for instance, has owned the Arizona-based Sunstate Equipment since 2017, he said by way of example. Last year, Sunstate bought the Arizona, California and Texas assets of Trench Shore Rentals and Trebor Shoring Rentals for undisclosed terms."

"[Felts] noted that H&E's valuation — 6.9x the company's adjusted EBITDA for the trailing 12 months ended September 30th, according to the deal announcement — does not really reflect a premium M&A multiple. Solid middle market rental assets tend to trade in the low- to mid-6x EBITDA range, he added." (misquoted: mid- to high-6x)

Herc/H&E Equipment Services Deal Will Spur Regional, Large Specialty Equipment Rental M&A

February 28, 2025



"David Felts, a Managing Director at TM Capital, noted that pumps and power, as well as other specialty categories like environmental control, trench safety, and forming, shoring and scaffolding, often trade at two or more multiple points of enterprise value higher than a general rental multiple."

"According to Felts, on January 9th, URI, Ashtead, Herc and H&E were trading at Enterprise Value/EBITDA multiples of approximately 8.3x, 7.3x, 6.8x, and 5.1x, respectively."

"Felts noted, H&E is bringing Herc a tremendous amount of density in the "southern smile" states... which have seen thriving population, infrastructure and manufacturing growth."

"Apart from the public giants, a number of steadily growing private equity-backed general equipment renters will be motivated to boost their share via M&A. Felts...mentioned Cooper Equipment Rentals in Canada, backed by SeaFort Capital; Kinderhook Partners-backed REIC; Empower Rental Group, owned by Crossplane Capital; and Synergy Equipment, held by Avance Investment Management."

Post-Merger Public Competitive Landscape

	United Rentals	SUNBELT RENTALS	Herc Rentals + H&E RENTALS
Revenue ⁽¹⁾	\$15.3B	\$11.0B	\$5.2B ⁽²⁾
Adjusted EBITDA ⁽¹⁾	\$7.2B	\$5.0B	\$2.5B ⁽²⁾
Branch Count	1,600+	1,400+	600+
Rental Fleet (OEC)	~\$21B	~\$18B	~\$10B
Fleet Age (Months)	51.3	46.0	44.7 ⁽³⁾
Net Leverage	1.8x	1.7x	3.8x ⁽⁴⁾

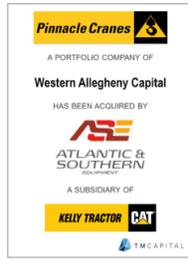
(1) Financials reflect (i) LTM December 2024 for United Rentals and Herc Rentals, (ii) LTM October 2024 for Sunbelt, and (iii) LTM September 2024 for H&E
 (2) Reflects 100% of run-rate cost synergies of \$125 million and EBITDA impact of run-rate revenue synergies of \$175 million
 (3) Weighted average rental fleet age based on OEC
 (4) Net leverage at close, prior to synergy realization. Net leverage projected to be below 3.0x within 24 months of closing.

TM Capital's Sector Leadership Generates Premium Valuations for Leading Businesses

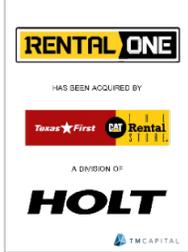
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TM Capital has successfully represented an impressive client roster in the Equipment Rental and Dealer sectors, achieving premium market valuations with both strategic and financial buyers/investors. Our substantial experience across a wide range of transactions reinforces recurring relationships with an expanding universe of domestic and foreign strategic buyers, as well as a growing roster of private equity and family office investors that are increasingly focused on these categories. We would welcome the opportunity to discuss M&A trends, valuation dynamics and the competitive landscape with you.

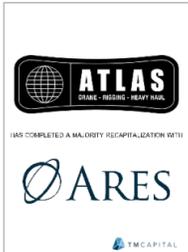
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