

FIRST QUARTER 2023 EARNINGS CONFERENCE

April 27, 2023

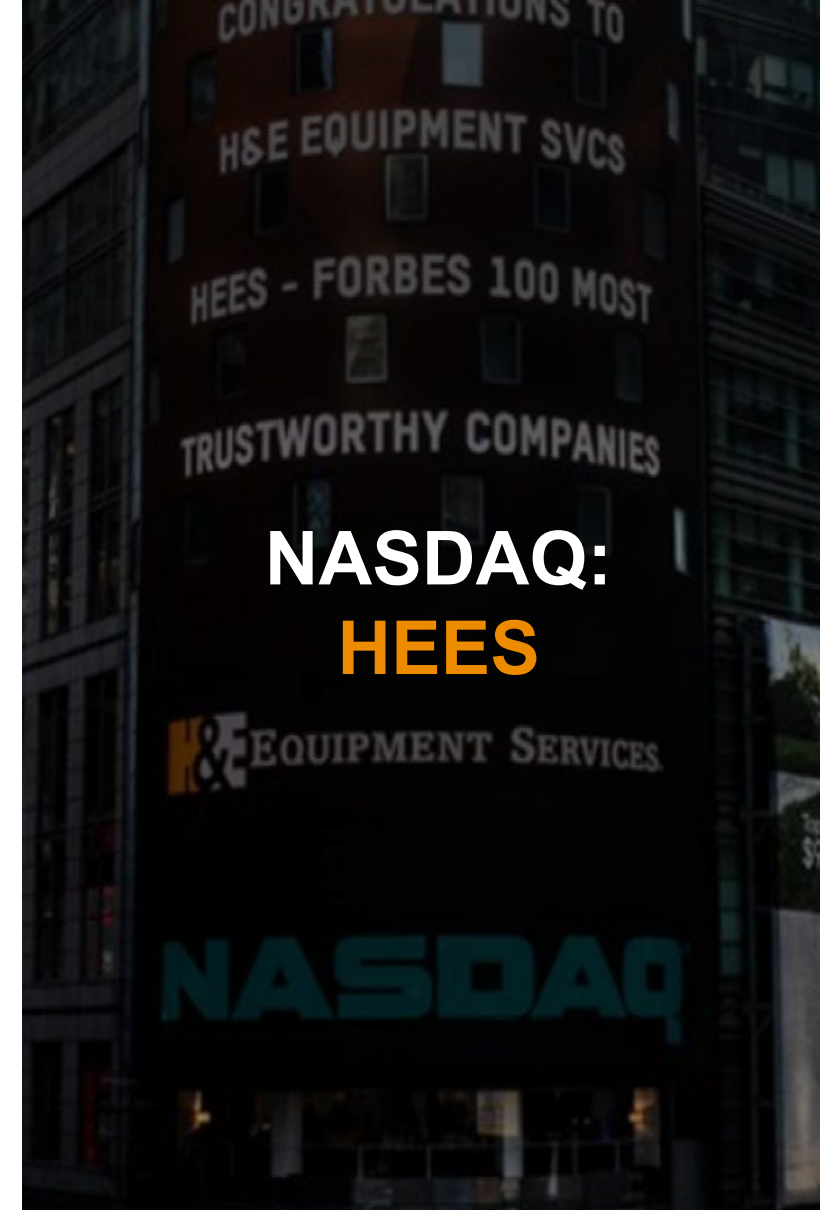


Earnings Conference

First Quarter 2023 Company Participants

Brad Barber	CHIEF EXECUTIVE OFFICER
John Engquist	PRESIDENT AND CHIEF OPERATING OFFICER
Leslie Magee	CHIEF FINANCIAL OFFICER AND SECRETARY
Jeff Chastain	VICE PRESIDENT OF INVESTOR RELATIONS

April 27, 2023



NASDAQ:
HEES



Legal Disclaimers

Forward-Looking Information

This presentation contains "forward-looking statements" within the meaning of the federal securities laws. Statements that are not historical facts, including statements about our beliefs and expectations, are forward-looking statements. Statements containing the words "may," "could," "would," "should," "believe," "expect," "anticipate," "plan," "estimate," "target," "project," "intend," "foresee" and similar expressions constitute forward-looking statements. Forward-looking statements involve known and unknown risks and uncertainties, which could cause actual results to differ materially from those contained in any forward-looking statement. Such factors include, but are not limited to, the following: (1) risks related to a global pandemic, including COVID-19 and similar health concerns, such as the scope and duration of the outbreak, government actions and restrictive measures implemented in response to the pandemic, material delays and cancellations of construction or infrastructure projects, labor shortages, supply chain disruptions and other impacts to the business; (2) general economic conditions and construction and industrial activity in the markets where we operate in North America; (3) our ability to forecast trends in our business accurately, and the impact of economic downturns and economic uncertainty on the markets we serve (including as a result of current uncertainty due to COVID-19 and inflation); (4) the impact of conditions in the global credit and commodity markets (including as a result of current volatility and uncertainty in credit and commodity markets due to COVID-19 and increased interest rates) and their effect on construction spending and the economy in general; (5) trends in oil and natural gas which could adversely affect the demand for our services and products; (6) inability to obtain equipment and other supplies for our business from our key suppliers on acceptable terms or at all, as a result of supply chain disruptions, insolvency, financial difficulties, supplier relationships or other factors; (7) increased maintenance and repair costs as we age our fleet and decreases in our equipment's residual value; (8) our indebtedness; (9) risks associated with the expansion of our business and any potential acquisitions we may make, including any related capital expenditures, or our inability to consummate such acquisitions; (10) our possible inability to integrate any businesses we acquire; (11) competitive pressures; (12) security breaches, cybersecurity attacks, failure to protect personal information, compliance with data protection laws and other disruptions in our information technology systems; (13) adverse weather events or natural disasters; (14) risks related to climate change and climate change regulation (15) compliance with laws and regulations, including those relating to environmental matters, corporate governance matters and tax matters, as well as any future changes to such laws and regulations; and (16) other factors discussed under "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2022. Investors, potential investors and other readers are urged to consider these factors carefully in evaluating the forward-looking statements and are cautioned not to place undue reliance on such forward-looking statements. Except as required by applicable law, including the securities laws of the United States and the rules and regulations of the SEC, we are under no obligation to publicly update or revise any forward-looking statements after the date of this presentation.

Non-GAAP Financial Measures

This presentation contains certain Non-GAAP measures (EBITDA, Adjusted EBITDA, Free Cash Flow, and the disaggregation of equipment rental revenues and cost of sales numbers). Please refer to Appendix A of this presentation for a description of these measures and a discussion of our use of these measures. These Non-GAAP measures, as calculated by the Company, are not necessarily comparable to similarly titled measures reported by other companies. Additionally, these Non-GAAP measures are not a measurement of financial or operating performance or liquidity under GAAP and should not be considered an alternative to the Company's other financial information determined under GAAP. See Appendix A for a reconciliation of these Non-GAAP measures.

Agenda

First Quarter Summary, Market Conditions, Strategic Growth and Expansion

- Q1 2023 Key Financial Metrics
- Supplemental Company Data
 - Rental Performance
- Equipment Rental Market
 - End-User Markets and Fleet Mix
- Strategy Implementation and Execution
 - Fleet Update and Branch Expansion
 - 2023 Update on Growth Initiatives

First Quarter Financial Overview

- Q1 2023 Results
- 2023 Fleet and Free Cash Flow Update
- Capital Structure Update
- Liquidity Profile

Question and Answer Session





FIRST QUARTER 2023 OVERVIEW, MARKET OUTLOOK AND STRATEGIC EXECUTION

Brad Barber

Chief Executive Officer



Q1 2023 Key Financial Metrics

TOTAL REVENUE

\$322.5M

↑ 18.4% YOY

TOTAL EQUIPMENT RENTAL REVENUE

\$262.0M

↑ 31.5% YOY

EBITDA¹

\$140.1M

↑ 35.4% YOY

PHYSICAL UTILIZATION

67.3%

↓ 310 bps YOY

CHANGE IN FLEET SIZE

\$533.8M

↑ 28.1% YOY

STRATEGIC GROWTH AND EXECUTION

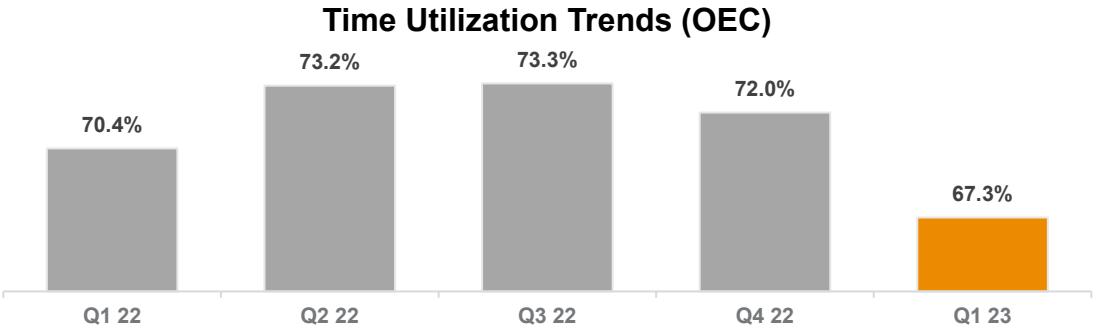
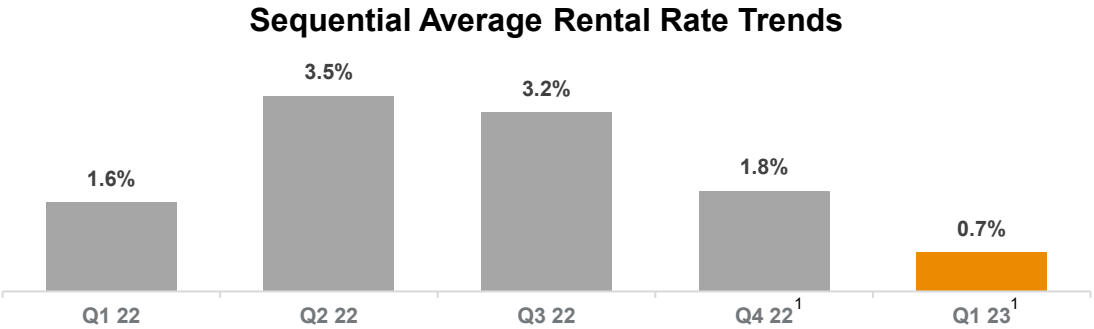
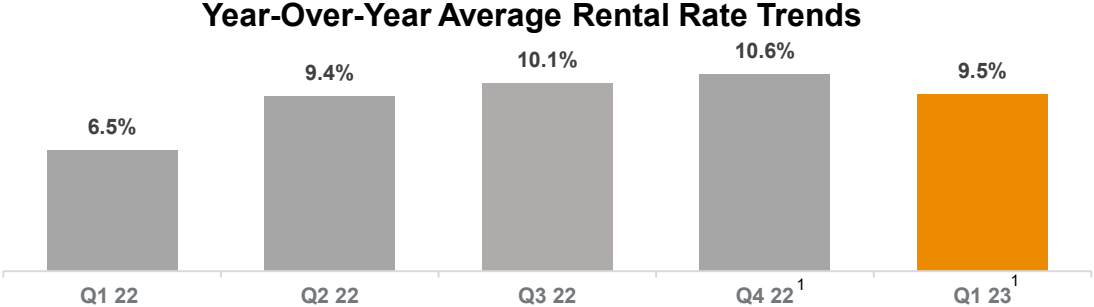
- 2023 fleet growth and branch expansion targets remain unchanged.

¹ For a reconciliation to GAAP financial measures, see Appendix A beginning on Slide 23.

Q1 2023 Rental Performance

Rental Business Highlights

- Rental revenue increased 31.0% to \$232.1 million compared to \$177.2 million in Q1 2022.
- Rental gross margins of 48.4% compared to 49.9% in Q1 2022.
- Rental rates increased 9.5% compared to Q1 2022 and improved 0.7% sequentially. Results exclude One Source.
- Time utilization (based on OEC) was 67.3% vs. 70.4% in Q1 2022.
 - Disruptive weather and normal seasonal factors.
- Dollar utilization was 38.6% vs. 37.6% in Q1 2022.

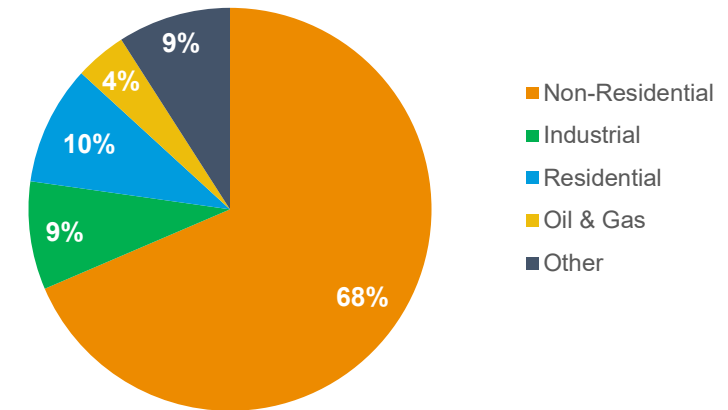


¹ Results exclude One Source.

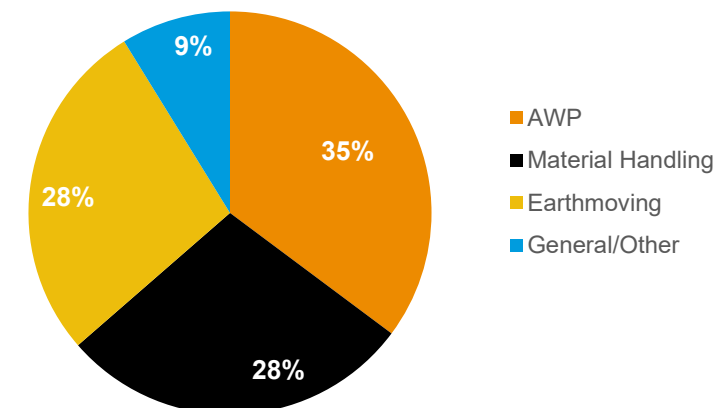
Robust End-Market Backlogs and Encouraging Trends Reinforce Positive 2023 Outlook

- **Strong non-residential and industrial backlogs in place.**
 - Providing excellent base of demand.
 - Active project environment.
- **Large projects increasingly visible.**
 - Focus on manufacturing and infrastructure project builds.
 - Higher equipment demand and longer project duration.
- **Progression of demand remains encouraging.**
 - Equipment supply imbalance continues.
 - Rental penetration approaching pre-pandemic highs.
- **Favorable business conditions remain likely.**
 - Higher physical fleet utilization.
 - Modest sequential rate improvement.

Total Revenues by End Market¹



Fleet Mix²



¹ Company data for LTM March 31, 2023.

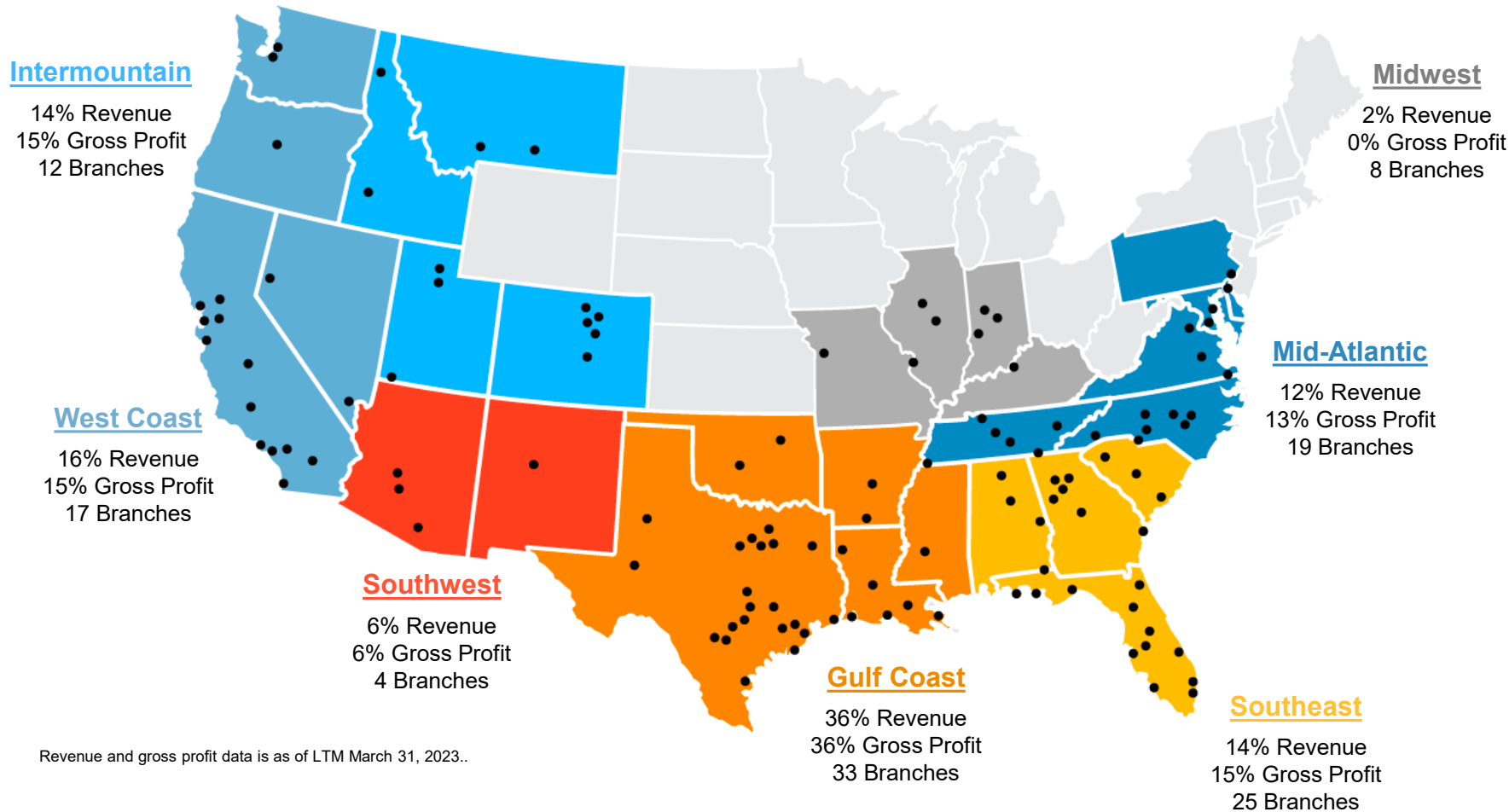
² As of March 31, 2023.

Progress Toward 2023 Growth and Expansion Strategy

- **Gross fleet investment in Q1 2023 of approximately \$128 million.**
 - Solid start to the year, 68% increase from year-ago quarter.
 - Added rental fleet arrives ahead of seasonal increase in construction activity and corresponding customer demand.
 - Contributes to optimal fleet mix as branch growth continues.
 - Fleet OEC exceeds \$2.4 billion at March 31, 2023.
 - 2023 target gross spend remains \$500 million to \$550 million.
- **119 branches across 29 states at March 31, 2023.**
 - Follows 18% increase in branch count in 2022 with consecutive years of 10 new branch additions.
 - **2023 target of 10 to 15 new locations remains unchanged.**
- **Opportunistic M&A.**



Regional Branch Map - 119 Locations in 29 States



Revenue and gross profit data is as of LTM March 31, 2023..

2023 Branch Expansion Target Remains No Less Than 10, and Possibly 15 New Locations

- Up to six new locations expected in Q2 2023.
- Establishing greater branch density in key geographic regions.
- Expanding presence in Midwest.
- One Source branch consolidation reduced Q1 2023 closing count by one location.



FIRST QUARTER 2023 FINANCIAL OVERVIEW

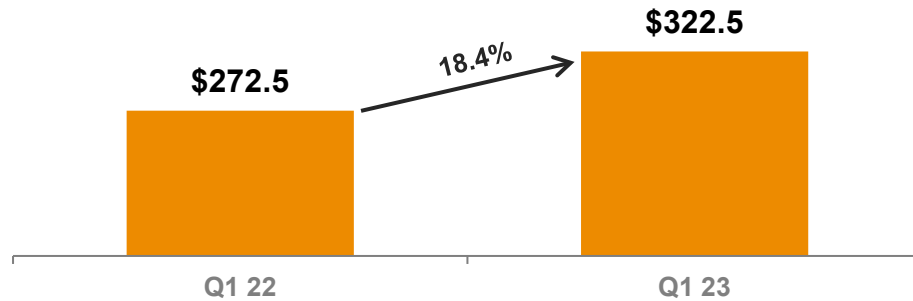
Leslie Magee

Chief Financial Officer

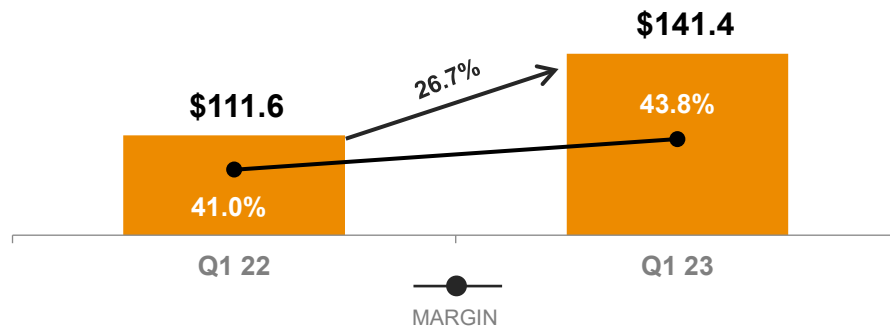


Q1 2023 Revenues and Gross Profit

Revenues (\$MM)



Gross Profit (\$MM)

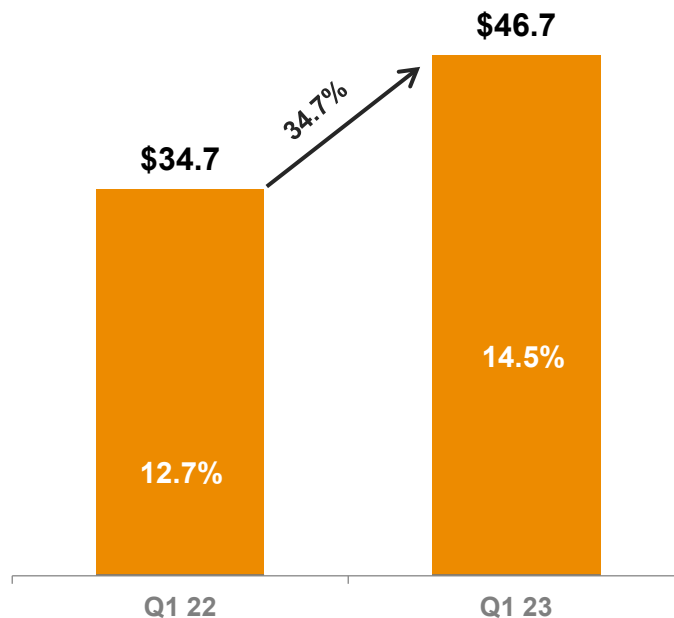


Key Takeaways

- Revenues increased 18.4%, or \$50.0 million, to \$322.5 million.
 - Led by higher revenue from rentals and used equipment sales.
- Rental revenue increased 31.0% to \$232.1 million vs. \$177.2 million a year ago.
 - Fleet Growth of 28.1%, or \$533.8 million larger than a year ago.
 - Average rates up 9.5% from a year ago; sequential rates up 0.7%.
- Used equipment sales of \$32.1 million, an increase of 49.2% from \$21.5 million.
- New equipment sales decreased 70.0% to \$7.8 million compared to \$26.0 million a year ago.
 - Decrease due largely to reduced sales of earthmoving equipment following the December 2022 sale of Komatsu earthmoving distribution business.
- Gross profit increased \$29.8 million, or 26.7%, to \$141.4 million.
 - Gross margin was 43.8% compared to 41.0%, primarily driven by favorable revenue mix and higher gross margins on used equipment sales.
 - Margins by segments Q1 23 vs. Q1 22:
 - Total Equipment Rentals 43.6% vs. 44.9%
 - Rentals 48.4% vs. 49.9%
 - Used 58.6% vs. 41.7%
 - Fleet only 59.1% vs. 45.2%
 - New 13.3% vs. 14.2%
 - Parts 28.8% vs. 27.1%; Service 64.0% vs. 65.4%

Q1 2023 Income from Operations

Income from Operations (\$MM)

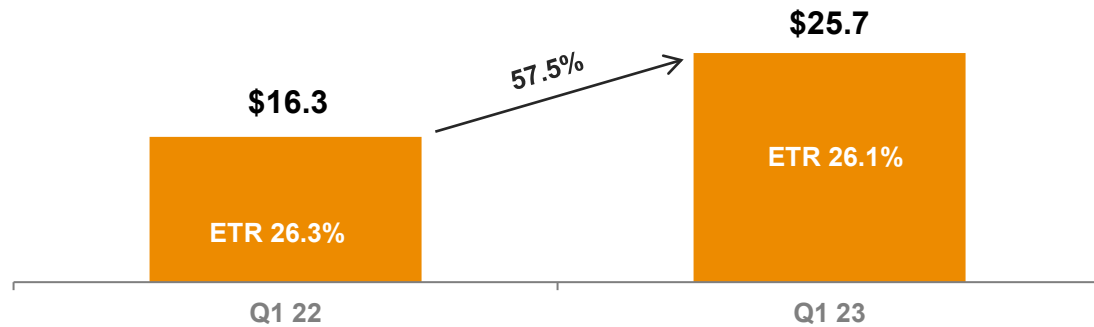


Key Takeaways

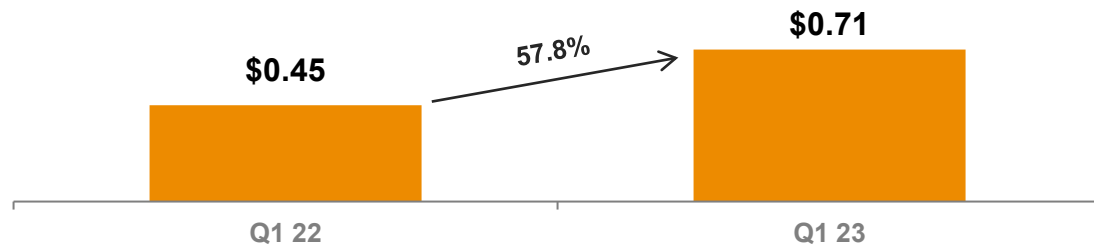
- Income from operations in Q1 23 was \$46.7 million compared to \$34.7 million in Q1 22.
- Margins were 14.5% in Q1 23 compared to 12.7% in Q1 22. The increase was primarily due to the following:
 - Favorable revenue mix and higher gross margins on used equipment sales.
 - Partially offset by lower gross margins on rentals and higher SG&A costs.

Q1 2023 Net Income

Net Income (\$MM)



Diluted Net Income Per Share

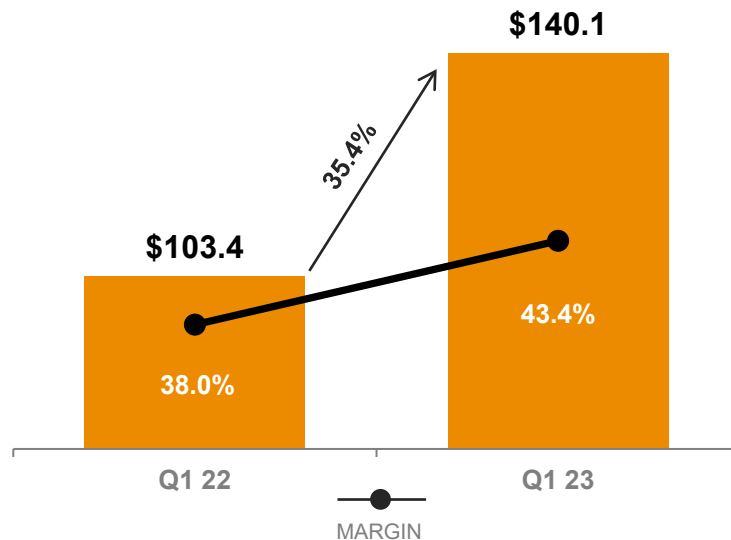


Key Takeaways

- Net income in Q1 23 of \$25.7 million compared to \$16.3 million in Q1 22.
- Diluted net income per share in Q1 23 was \$0.71 compared to \$0.45 a year ago.
 - Effective tax rate (“ETR”) was 26.1% compared to 26.3% a year ago.

Q1 2023 EBITDA

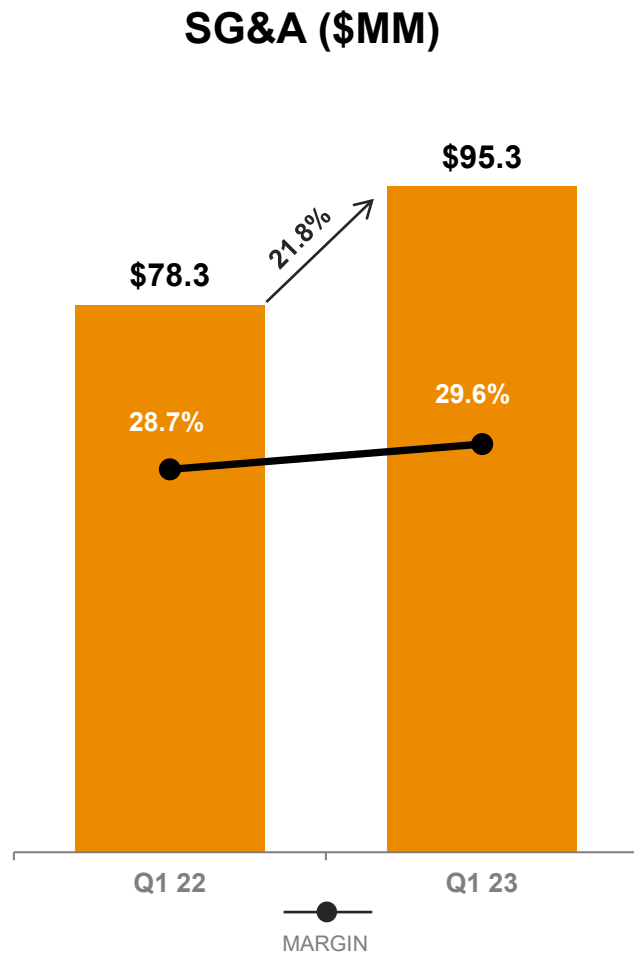
EBITDA (\$MM)



Key Takeaways

- EBITDA of \$140.1 million in Q1 23 compared to \$103.4 million a year ago.
 - EBITDA increased 35.4% on an 18.4% increase in revenues.
- Margin was 43.4% compared to 38.0% a year ago; increase primarily due to the following:
 - Improved revenue mix, and higher gross margins on used equipment sales.
 - Partially offset by an increase in SG&A expense.

Q1 2023 SG&A Expense



Key Takeaways

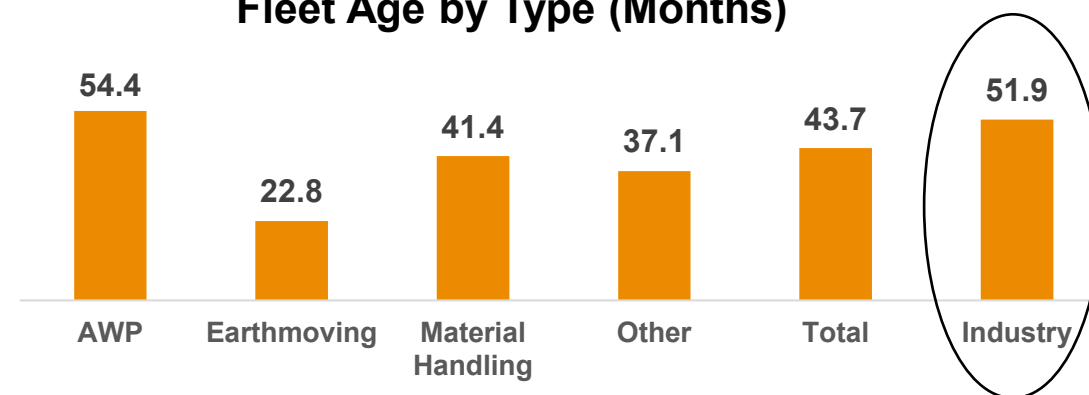
- SG&A was \$95.3 million in Q1 23 compared to \$78.3 million in Q1 22, an increase of \$17.1 million.
 - Branch expansion costs increased \$3.5 million in Q1 23 compared to Q1 22.
 - SG&A as a percentage of revenues was 29.6% compared to 28.7% a year ago.

2023 Fleet and Free Cash Flow Update¹

Rental Cap-Ex Summary (\$MM)²

	2017	2018	2019	2020	2021	2022	Three Mos. Ended Mar. 31, 2022	Three Mos. Ended Mar. 31, 2023
Gross Rental CapEx ²	\$244.7	\$ 440.9	\$349.1	\$138.8	\$436.8	\$507.8	\$76.0	\$127.7
Sale of Rental Equipment	\$(96.1)	\$(112.0)	\$(127.6)	\$(141.6)	\$(133.9)	\$(83.7)	\$(19.7)	\$(31.7)
Net Rental CapEx	\$148.6	\$328.9	\$221.5	\$(2.8)	\$302.9	\$424.1	\$56.3	\$96.0

Fleet Age by Type (Months)



Free Cash Flow Summary (\$MM)³

	2017	2018	2019	2020	2021	2022	Three Mos. Ended Mar. 31, 2022	Three Months Ended Mar. 31, 2023
Free Cash Flow ³	\$73.1	\$(279.0)	\$(6.7)	\$307.1	\$88.6	\$(233.3)	\$4.8	\$(13.2)

NOTE: Fleet statistics as of March 31, 2023.

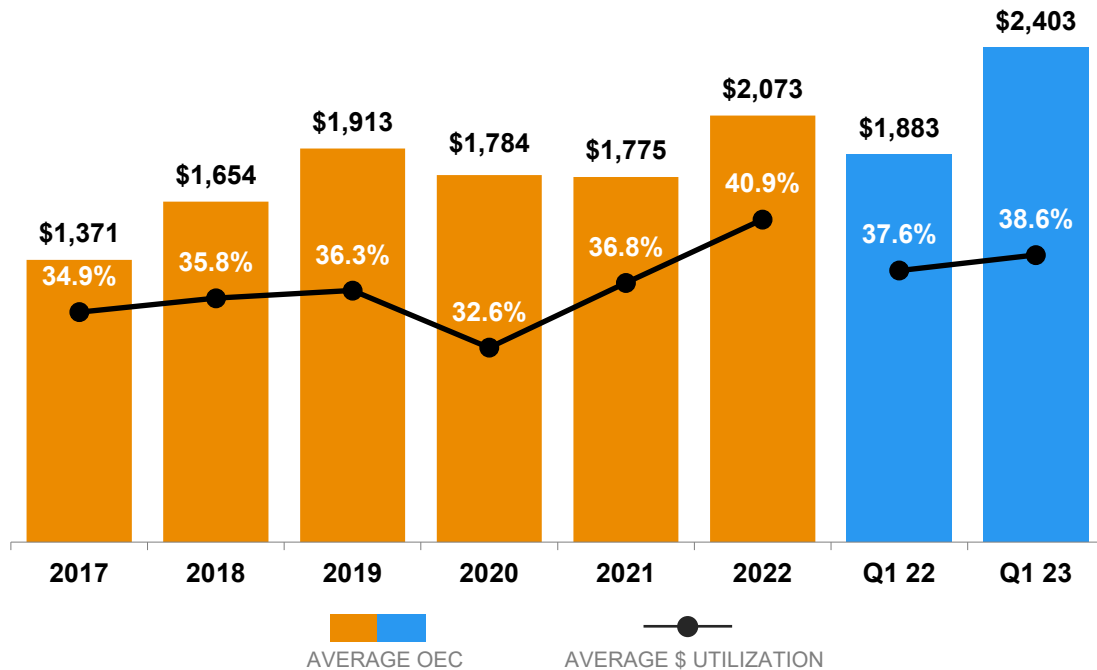
¹ Results and information preceding 2020 include both continuing and discontinued operations.

² Gross rental cap-ex includes amounts transferred from new and used inventory considered non-cash asset purchases for purposes of the Consolidated Statement of Cash Flows. Gross rental cap-ex does not include amounts acquired through acquisitions.

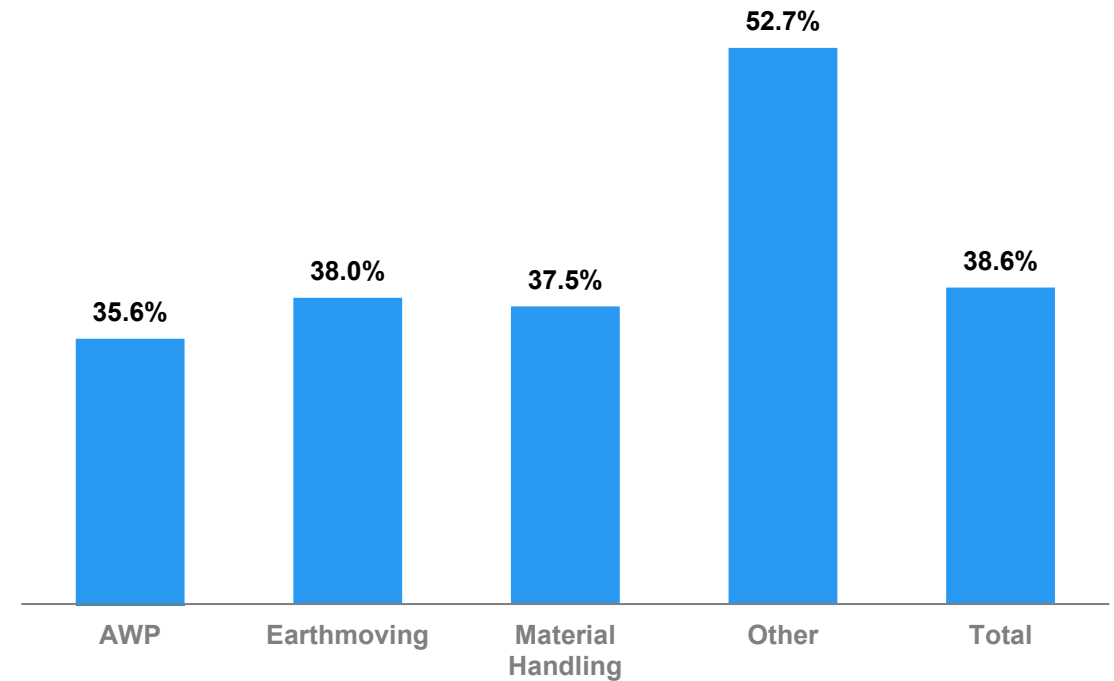
³ We define Free Cash Flow as net cash provided by operating activities less (1) purchases of rental equipment, property and equipment, and acquisition of businesses, net of cash acquired plus (2) proceeds (closing adjustment) from sale of discontinued operations, proceeds from sales of rental equipment and property and equipment. Please refer to Appendix A for a further description and reconciliation of net cash provided by operating activities to this Non-GAAP measure.

2023 Fleet Update

Rental Fleet Statistics^{1,2} (\$MM)



\$ Utilization by Equipment Type¹



Note: Fleet statistics as of March 31, 2023.

¹ Represents rental revenues annualized divided by the average original equipment cost.

² All years preceding 2020 are presented as both continuing and discontinued operations.

Capital Structure

Capital Structure (\$MM)

3/31/23

Cash and Cash Equivalents	\$89.9
Debt:	
Sr. Sec'd Credit Facility (ABL)	\$40.0
Senior Unsecured Notes ¹	1,250.0
Finance Lease Liabilities	1.6
Total Debt	\$1,291.6
Shareholders' Equity	416.7
Total Book Capitalization	\$1,708.3

Credit Statistics^{2, 5}

	2017	2018	2019	2020	2021	2022	LTM Q1 2023
Adj. EBITDA ³ /Total Interest Exp.	6.0x	6.4x	6.9x	5.8x	7.3x	9.9x	10.5x
Total Net Debt ⁴ /Adj. EBITDA ³	2.4x	2.7x	2.4x	2.6x	2.3x	2.2x	2.1x
Total Debt /Total Capitalization	81.4%	81.4%	79.2%	84.0%	80.5%	75.8%	75.6%

¹ Senior Unsecured Notes exclude \$6.7 million of unaccreted discount and \$1.5 million of deferred financing costs.

² All years preceding 2020 are presented as continuing and discontinued operations.

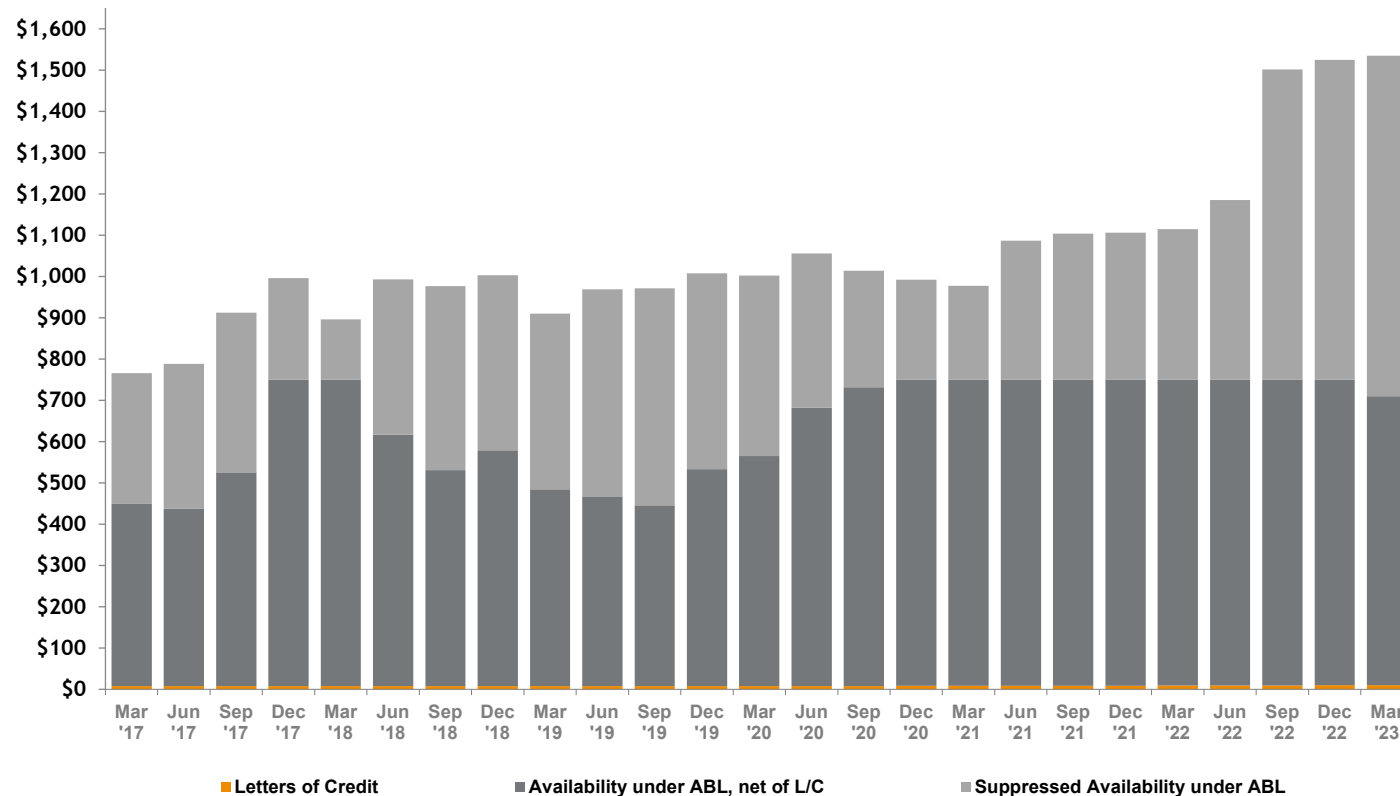
³ Excludes the impact of the \$25.4 million non-recurring item associated with the premiums paid to repurchase and redeem previously outstanding 7% senior unsecured notes, the write-off of unamortized note discount and deferred transaction costs associated therewith and \$5.8 million of merger breakup fee proceeds, net of merger costs, of the termination of the merger agreement with Neff Corporation in the third quarter of 2017; \$0.7 million of other merger costs recorded in 2018; \$0.4 million in merger costs and a \$12.2 million impairment charge recorded in 2019; \$0.5 million in merger costs recorded in 2020, a \$55.7 million impairment charge in the first quarter of 2020, and the impact of the \$44.6 million non-recurring item associated with the premiums paid to repurchase and redeem previously outstanding 5.625% senior unsecured notes, the write-off of unaccreted note discount, unamortized note premium, and deferred costs associated therewith in the fourth quarter of 2020. See Appendix A for a reconciliation of Non-GAAP measures.

⁴ Net debt is defined as total debt less cash on hand.

⁵ Due to the recurring nature of our acquisition-related operating expenses, we will no longer adjust EBITDA for merger and other costs effective December 31, 2021.

Liquidity Profile

Components of Asset-Backed Loan (ABL) Credit Facility (\$MM)



Key Takeaways

- **Liquidity under facility.**
 - \$40.0 million outstanding balance under \$750 million amended ABL facility at March 31, 2023.
 - \$699.4 million of borrowing availability, net of letters of credit, under the ABL at March 31, 2023.
 - Suppressed availability (supporting asset value in excess of \$750 million facility size) under ABL borrowing base certificate was \$824.4 million at March 31, 2023.
 - Excess availability under the ABL for purposes of the springing fixed charge covenant was \$1.5 billion at March 31, 2023.
 - No covenant concern.
 - Minimum excess availability requirement is \$75 million, or 10% of the \$750 million amended ABL facility.
 - Cash and cash equivalents balance at March 31, 2023, of \$89.9 million.

About H&E

Founded in 1961, H&E Equipment Services, Inc. is one of the largest rental equipment companies in the nation, serving customers across 29 states. The Company's fleet is among the industry's youngest and most versatile with a superior equipment mix comprised of aerial work platforms, earthmoving, material handling, and other general and specialty lines. H&E serves a diverse set of end markets in many high-growth geographies including branches throughout the Pacific Northwest, West Coast, Intermountain, Southwest, Gulf Coast, Southeast, Midwest, and Mid-Atlantic regions.

Contacts

Leslie S. Magee, Chief Financial Officer

lmagee@he-equipment.com

Jeffrey L. Chastain, Vice President of Investor Relations

jchastain@he-equipment.com



Appendix A- Unaudited Reconciliation of Non-GAAP Financial Measures



Appendix A

Unaudited Reconciliation of Non-GAAP Financial Measures

EBITDA, Adjusted EBITDA and Free Cash Flow are non-GAAP measures as defined under the rules of the SEC. We define EBITDA as net income (loss) before interest expense, income taxes, depreciation and amortization. For the year ended December 31, 2017, we define Adjusted EBITDA as EBITDA adjusted for merger breakup fees, net of related merger costs, totaling \$5.8 million related to the previously proposed acquisition of Neff Corporation and CEC transaction costs; and a non-recurring \$25.4 million item associated with the premiums paid to repurchase and redeem previously outstanding 7% senior unsecured notes and the write-off of unamortized note discount and deferred transaction costs associated therewith. We define Adjusted EBITDA for the year ended December 31, 2018, as EBITDA adjusted for \$0.7 million of acquisition costs. We define Adjusted EBITDA for the year ended December 31, 2019, as EBITDA adjusted for the \$12.2 million goodwill impairment charges recorded in the fourth quarter of 2019 and \$0.4 million of merger costs. We define Adjusted EBITDA for the year ended December 31, 2020, as EBITDA adjusted for a non-recurring \$44.6 million item associated with the premiums paid to repurchase and redeem previously outstanding 5.625% senior unsecured notes and the write-off of unaccreted note discount, unamortized note premium, deferred transaction costs associated therewith, \$55.7 million of goodwill impairment charges and \$0.5 million of merger costs.

We use EBITDA and Adjusted EBITDA in our business operations to, among other things, evaluate the performance of our business, develop budgets and measure our performance against those budgets. We also believe that analysts and investors use EBITDA and Adjusted EBITDA as supplemental measures to evaluate a company's overall operating performance. However, EBITDA and Adjusted EBITDA have material limitations as analytical tools and you should not consider them in isolation, or as substitutes for analysis of our results as reported under GAAP. We consider them useful tools to assist us in evaluating performance because they eliminate items related to capital structure, taxes and non-cash charges. The items that we have eliminated in determining EBITDA for the periods presented are interest expense, income taxes, depreciation of fixed assets (which includes rental equipment and property and equipment) and amortization of intangible assets and, in the case of Adjusted EBITDA, any other items described above applicable to the particular period. However, some of these eliminated items are significant to our business. For example, (i) interest expense is a necessary element of our costs and ability to generate revenue because we incur a significant amount of interest expense related to our outstanding indebtedness; (ii) payment of income taxes is a necessary element of our costs; and (iii) depreciation is a necessary element of our costs and ability to generate revenue because rental equipment is the single largest component of our total assets and we recognize a significant amount of depreciation expense over the estimated useful life of this equipment. Any measure that eliminates components of our capital structure and costs associated with carrying significant amounts of fixed assets on our consolidated balance sheet has material limitations as a performance measure. In light of the foregoing limitations, we do not rely solely on EBITDA and Adjusted EBITDA as performance measures and also consider our GAAP results. EBITDA and Adjusted EBITDA are not measurements of our financial performance under GAAP and should not be considered alternatives to net income, operating income or any other measures derived in accordance with GAAP.

The Company uses Free Cash Flow in our business operations to, among other things, evaluate the cash flow available to meet future debt service obligations and working capital requirements. However, this measure should not be considered as an alternative to cash flows from operating activities or any other measures derived in accordance with GAAP as indicators of operating performance or liquidity. Additionally, our definition of Free Cash Flow is limited, in that it does not represent residual cash flows available for discretionary expenditures due to the fact that the measure does not deduct the payments required for debt service and other contractual obligations. Therefore, we believe it is important to view Free Cash Flow as a measure that provides supplemental information to our entire statement of cash flows. Further, the method used by our management to calculate Free Cash Flow may differ from the methods other companies use to calculate their Free Cash Flow.

Because EBITDA, Adjusted EBITDA and Free Cash Flow may not be calculated in the same manner by all companies, these measures may not be comparable to other similarly titled measures by other companies.

We have presented in a supplemental schedule the disaggregation of our equipment rental revenues to provide further detail in evaluating the period over period performance of our rental business relative to equipment rental gross profit and equipment rental gross margin and believe these non-GAAP measures may be useful to investors for this reason. However, you should not consider this in isolation, or as substitutes for analysis of our results as reported under GAAP.

For a reconciliation of historical non-GAAP financial measures to the nearest comparable GAAP measures, see the new non-GAAP reconciliations included further in this presentation.

Appendix A

EBITDA and Adjusted EBITDA GAAP Reconciliation (\$ in thousands)¹

	2017	2018	2019	2020	2021	2022	Q1 2022	Q1 2023	LTM Q1 2023
Net Income (Loss)	\$109,658	\$76,623	\$87,211	\$(46,396)	\$60,564	\$133,694	\$16,296	\$25,674	\$143,072
Interest expense	54,958	63,707	68,277	61,790	53,758	54,033	13,447	13,697	54,283
Provision (Benefit) for income taxes	(50,314)	28,040	28,650	(13,428)	21,160	47,036	5,825	9,055	50,266
Depreciation	193,245	233,046	272,368	252,681	254,158	296,310	66,878	89,945	319,377
Amortization of intangibles	–	3,320	4,132	3,987	3,970	4,660	993	1,683	5,350
EBITDA	\$307,547	\$404,736	\$460,638	\$258,634	\$393,610	\$535,733	\$103,439	\$140,054	\$572,348
Loss on early extinguishment of debt ²	25,363	–	–	44,630	–	–	–	–	–
Merger and other ³	(5,782)	708	416	503	–	–	–	–	–
Impairment of goodwill ²	–	–	12,184	55,664	–	–	–	–	–
Adjusted EBITDA	\$327,128	\$405,444	\$473,238	\$359,431	\$393,610	\$535,733	\$103,439	\$140,054	\$572,348

¹ All years preceding 2020 are presented as continuing and discontinued operations.

² Adjustments relate to loss from early extinguishment of debt incurred in the third quarter ended September 30, 2017, and the fourth quarter ended December 31, 2020. Adjustment includes goodwill impairment charges in the fourth quarter ended December 31, 2019, and in the first quarter ended March 31, 2020.

³ Adjustment includes the net merger breakup fee proceeds associated with the terminated merger agreement with Neff Corporation and subsequent merger and other costs. Due to the recurring nature of our acquisition-related operating expenses, we will no longer adjust for merger and other costs effective with the year ending December 31, 2021.

Appendix A¹

Free Cash Flow GAAP Reconciliation (\$ in thousands)

	2017	2018	2019	2020	2021	2022	Three Mos. Ended Mar. 31, 2022	Three Mos. Ended Mar. 31, 2023
Net cash provided by operating activities	\$226,199	\$247,211	\$319,218	\$286,016	\$259,572	\$313,238	\$38,485	\$43,225
Acquisition of business, net of cash acquired	–	(196,027)	(106,746)	–	–	(135,710)	–	–
Proceeds (closing adjustment) on sale of discontinued operations	–	–	–	–	135,945	(2,256)	–	–
Purchases of property and equipment	(22,515)	(34,960)	(43,111)	(18,664)	(34,622)	(51,452)	(\$10,656)	(\$12,388)
Purchases of rental equipment ²	(234,209)	(416,600)	(309,654)	(116,363)	(418,082)	(464,434)	(\$44,389)	(\$76,578)
Proceeds from sale of property and equipment	7,506	9,261	6,050	14,524	11,884	23,626	\$1,621	\$849
Proceeds from sale of rental equipment	96,143	112,086	127,558	141,594	133,900	83,689	\$19,725	\$31,686
Free cash flow	\$73,124	\$(279,029)	\$(6,685)	\$307,106	\$88,597	\$(233,299)	\$4,786	(\$13,206)

² Purchases of rental equipment as reflected in the Condensed Consolidated Statement of Cash Flows exclude non-cash assets transferred from new and used inventory to rental. Transfers from new and used inventory to rental are included below and also shown in the supplemental schedule of non-cash investing and financing activities of the Consolidated Statement of Cash Flows. In addition, the amounts as detailed below are included in gross rental cap-ex on Slide 17.

Transfers from New and Used Inventory (\$MM)

	2017	2018	2019	2020	2021	2022	Three Mos. Ended Mar. 31, 2022	Three Mos. Ended Mar. 31, 2023
Transfers of new and used inventory	\$10.5	\$24.3	\$39.5	\$22.4	\$18.7	\$43.3	\$31.6	\$51.1

¹ Results and information are presented as continuing and discontinued operations for all years presented.

Appendix A

H&E EQUIPMENT SERVICES, INC.
UNAUDITED RECONCILIATION OF NON-GAAP FINANCIAL MEASURES
(Amounts in thousands)

	Three Months Ended	
	March 31,	
	2023	2022
RENTAL		
Equipment rentals ¹	\$ 232,076	\$ 177,182
Rental other	29,932	22,043
Total equipment rentals	262,008	199,225
RENTAL COST OF SALES		
Rental depreciation	81,872	60,021
Rental expense	37,867	28,759
Rental other	27,975	20,913
Total rental cost of sales	147,714	109,693
RENTAL REVENUES GROSS PROFIT		
Equipment rentals	112,337	88,402
Rentals other	1,957	1,130
Total rental revenues gross profit	\$ 114,294	\$ 89,532
RENTAL REVENUES GROSS MARGIN		
Equipment rentals	48.4%	49.9%
Rentals other	6.5%	5.1%
Total rental revenues gross margin	43.6%	44.9%

¹ Pursuant to SEC Regulation S-X, the Company's equipment rental revenues are aggregated and presented in our unaudited condensed consolidated statements of operations as a single line item, "Equipment Rentals." The above table disaggregates the Company's equipment rental revenues for discussion and analysis purposes only.

THANK YOU!

April 27, 2023

 **EQUIPMENT
SERVICES.**