# H&E EQUIPMENT SERVICES®

## KeyBanc Industrial Conference – Boston
## June 1, 2016


**NASDAQ: HEES**

JOHN ENGQUIST - *Chief Executive Officer*
BRAD BARBER – *President & Chief Operating Officer*
KEVIN INDA – *Vice President of Investor Relations*

# Company Participants

| | |
|---|---|
| **John Engquist** | H&E Equipment Services, Chief Executive Officer |
| **Brad Barber** | H&E Equipment Services, President and Chief Operating Officer |
| **Kevin Inda** | H&E Equipment Services, Vice President of Investor Relations |

## 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) general economic conditions and construction and industrial activity in the markets where we operate in North America; (2) our inability to forecast trends in our business accurately, and the impact of economic downturns and economic uncertainty in the markets we serve; (3) the impact of conditions in the global credit and commodity markets and their effect on construction spending activity and the economy in general; (4) relationships with equipment suppliers; (5) increased maintenance and repair costs as we age our fleet and decreases in our equipment's residual value; (6) our indebtedness; (7) risks associated with the expansion of our business; (8) our possible inability to integrate any businesses we acquire; (9) competitive pressures; (10) compliance with laws and regulations, including those relating to environmental matters and corporate governance matters; and (11) other factors discussed in our public filings, including the risk factors included in the Company's most recent Annual Report on Form 10-K. 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 and Adjusted EBITDA). Please refer to Appendix A of this presentation for a description 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 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.**

H&E EQUIPMENT SERVICES

# COMPANY OVERVIEW


**John Engquist**
Chief Executive Officer

# Investment Highlights

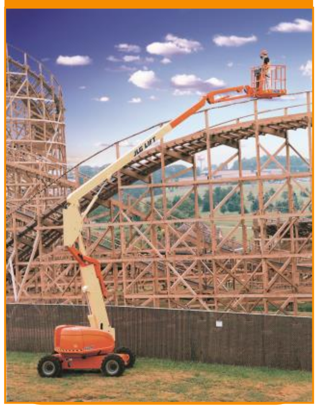
| | |
|---|---|
| **Integrated Business Model** | By providing equipment rental, sales, and on-site parts, repair and maintenance functions under one roof, the Company is a one-stop provider for its customers' varied equipment needs. |
| **Geographic Diversity** | 76 full-service locations in 22 U.S. States.<br>Significant presence in Gulf Coast and Intermountain Regions; also serve Mid-Atlantic, Southeast, Southwest and West Coast. |
| **Specialized Fleet Focus** | Focus on non-residential heavy construction and industrial equipment.<br>Fleet is 100% transferrable between end markets.  No fleet type is specialized for application in O&G industry. |
| **Well Maintained Young Fleet** | Fleet age at March 31, 2016 was 31.5 months; industry average was 42.9 months.<br>Fleet is well maintained to maximize equipment life. |
| **Strong Balance Sheet with Flexible Capital Structure** | Leverage was 2.5x for LTM ending March 31, 2016 (on net debt to EBITDA[1]) . |

[1] See Appendix A for a reconciliation of Non-GAAP measures.

# Snapshot

- Leading integrated equipment services company with $1.1 billion of revenue for LTM ending March 31, 2016.
- Formed in 2002 through the merger of H&E and ICM – 55 years of operating history.
- Focused on heavy construction and industrial equipment and rents, sells and provides parts and service support for five categories of specialized equipment:

**Hi-lift or Aerial Platform Equipment**



**Cranes**

**Earthmoving Equipment**

**Industrial Lift Trucks**

**General Rentals**

- Integrated, full-service approach provides the Company with multiple points of customer contact, enabling it to maintain a high quality rental fleet, as well as an effective distribution channel for fleet disposal and provides cross-selling opportunities among its new and used equipment sales, rental, parts sales and service operations.
- $1.3 billion of rental fleet (original acquisition cost at March 31, 2016).
- Well diversified customer base.
- Highly experienced management team; over 2,000 employees.

# A Winning Integrated Business Model

**H&E Integrated Equipment Services Model**

- New Equipment Sales
- Used Equipment Sales
- Parts & Service
- Rental Equipment

**Key Advantages:**

- Mix of business activities enables effective operation through economic cycles
- Cross-selling opportunities among our rental, new and used equipment sales, parts sales and services operations
- High-margin parts and service operations
- Multiple points of contact with the customer
- Difficult to replicate infrastructure and improved purchasing power

## Business Strategy

**Leverage Integrated Business Model**

- Provide our customers with a "one-stop" solution to our customers' varied equipment needs and cross-sell our services to expand and deepen our customer relationships.

**Manage Rental Equipment Life Cycle**

- Actively manage the size, quality, age and composition of our rental fleet employing a "cradle through the grave" approach which allows us to purchase our rental equipment at competitive prices, optimally utilize our fleet, cost-effectively maintain our equipment quality and maximize equipment value.

**Grow Parts and Services Operations**

- Our parts and service operations are keystones of our integrated equipment services platform and provide a relatively stable high-margin revenue source.
- This business helps us develop strong, on-going customer relationships, attract new customers and maintain a high-quality rental fleet.

**Enter Carefully Selected New Markets**

- Intend to continue our strategy of selectively expanding our network to solidify our presence in attractive regions where we operate.

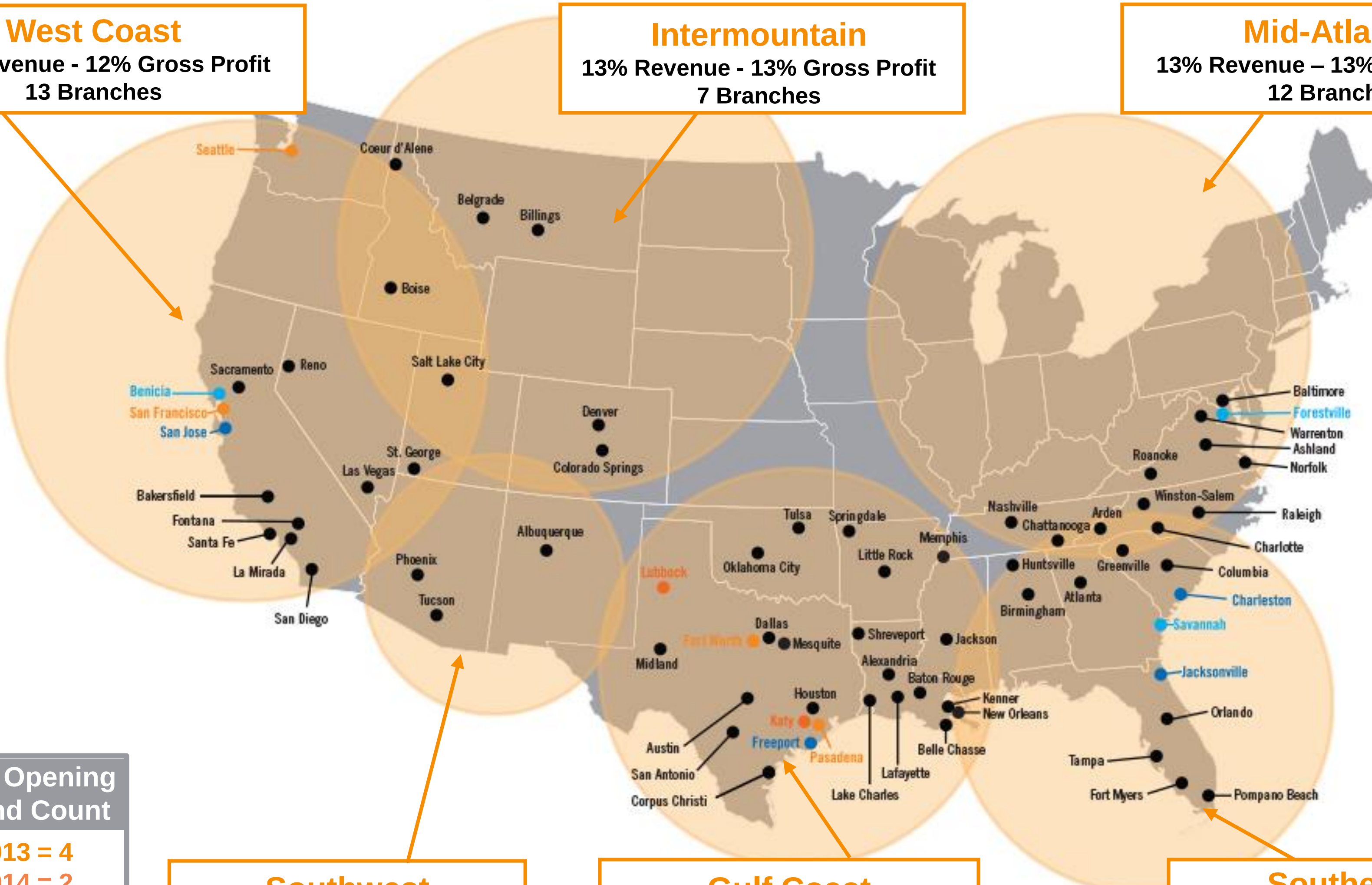
# H&E Equipment Services

## LTM Revenue and Gross Profit By Region (Q1 2016)

**West Coast**
10% Revenue - 12% Gross Profit
13 Branches

**Intermountain**
13% Revenue - 13% Gross Profit
7 Branches

**Mid-Atlantic**
13% Revenue – 13% Gross Profit
12 Branches




**Official Opening Year and Count**
- 2013 = 4
- 2014 = 2
- 2015 = 4
- 2016 = 3

**Southwest**
5% Revenue - 5% Gross Profit
3 Branches

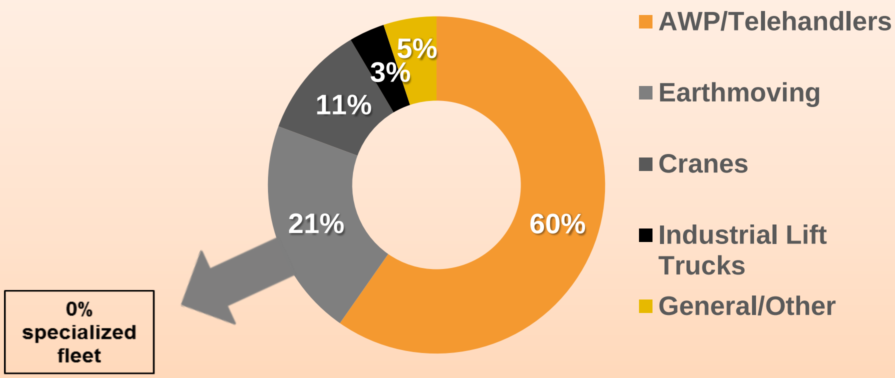
**Gulf Coast**
51% Revenue - 48% Gross Profit
29 Branches

**Southeast**
8% Revenue - 9% Gross Profit
12 Branches

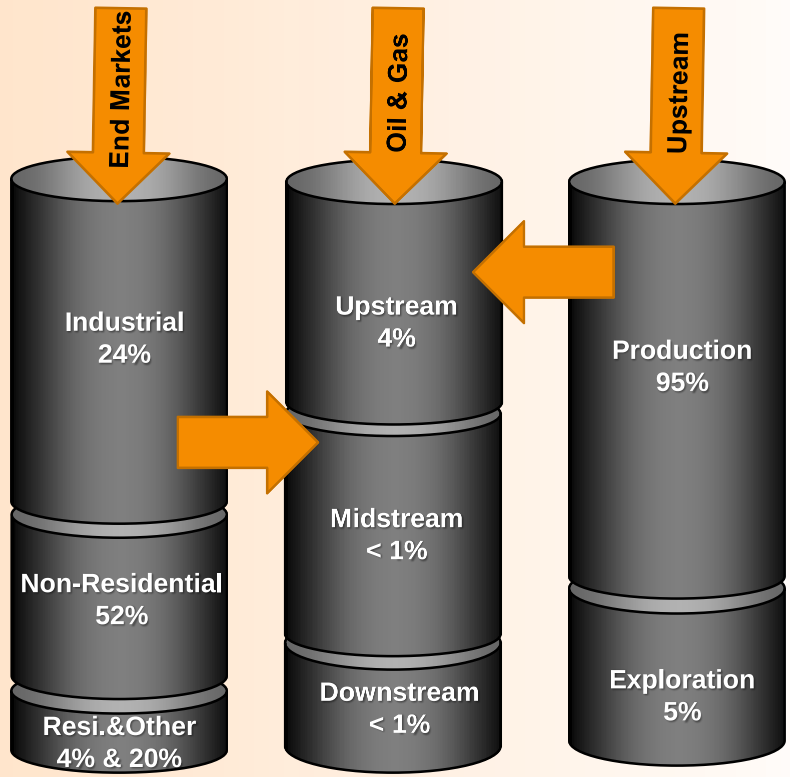
# End Markets – Oil & Gas Exposure (Q1 2016)

- Total revenue exposure to oil & gas was ~5% in Q1 16.
- Weakness in O&G markets has significantly impacted new crane demand; visibility remains limited.
- Fleet is 100% transferrable between end markets. No fleet type is specialized for application in O&G industry.

## Fleet Mix




## Oil & Gas Accounts for ~5% of Total Revenue in Q1 2016



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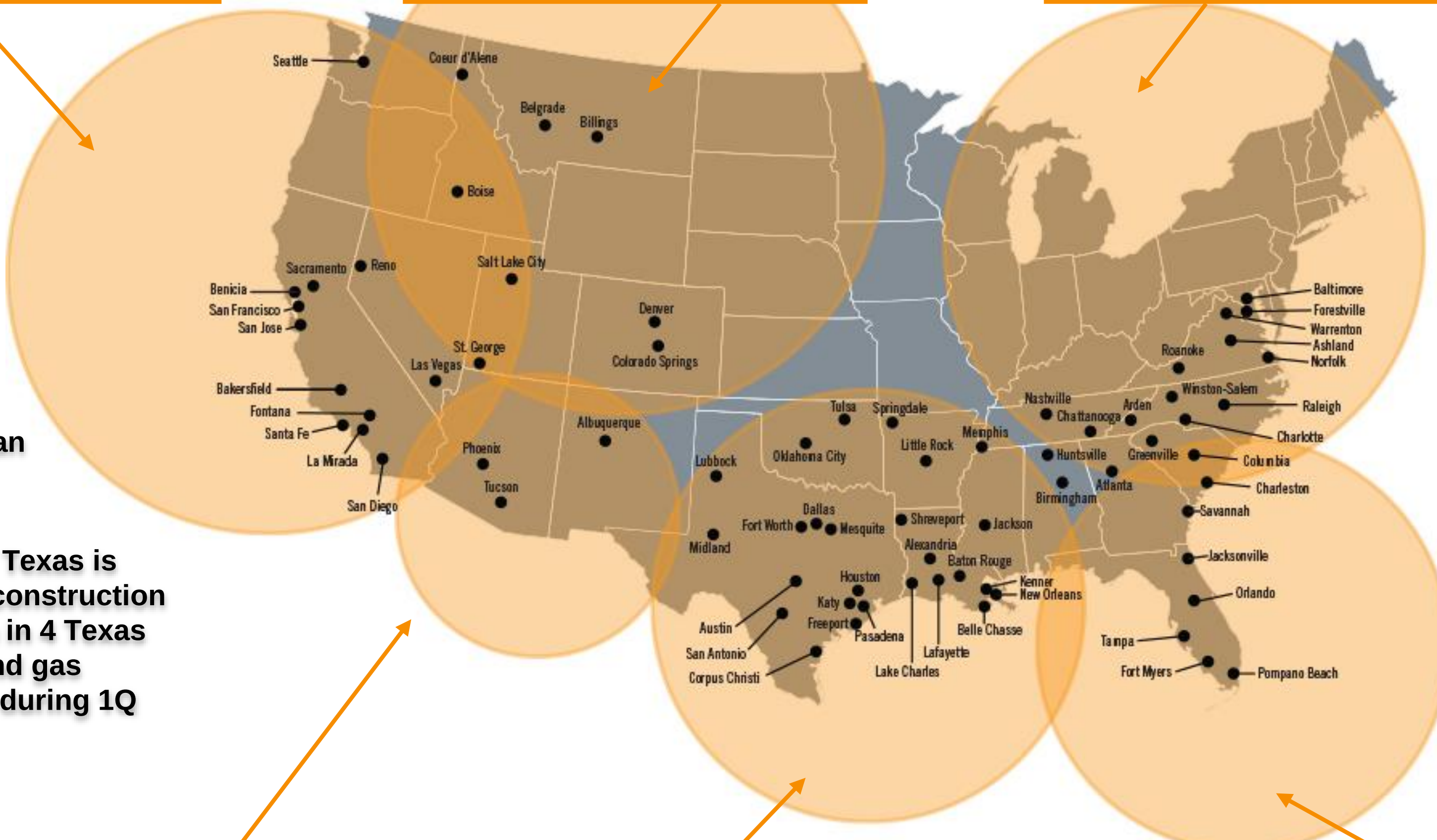
# Oil and Gas Revenue By Region (Q1 2016)

**West Coast**
5% Oil and Gas Revenue
13 Branches

**Intermountain**
15% Oil and Gas Revenue
7 Branches

**Mid-Atlantic**
2% Oil and Gas Revenue
12 Branches




## Q1 2016 Summary

- **Majority of our O&G exposure is in Gulf Coast region at 73% of total ~5% exposure.**
- **Texas alone is more than half of Gulf Coast O&G exposure.**
- **90% of total revenue in Texas is tied to non-residential construction activity; time utilization in 4 Texas stores with heavy oil and gas markets averaged 68% during 1Q on a combined basis.**

**Southwest**
1% Oil and Gas Revenue
3 Branches

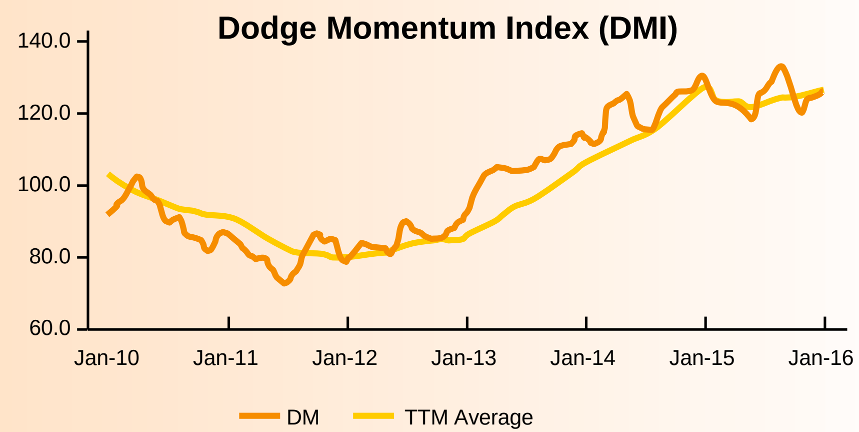
**Gulf Coast**
73% Oil and Gas Revenue
29 Branches

**Southeast**
4% Oil and Gas Revenue
12 Branches

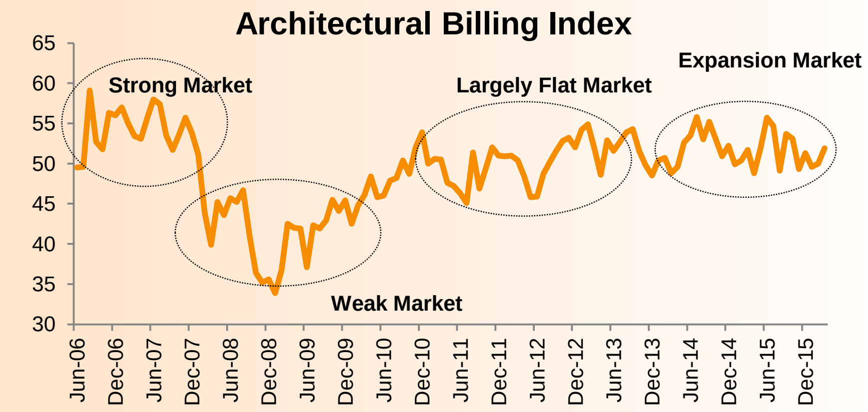
# Overall Market Indicators and Conditions

| Projected Construction growth | 2015 | 2016 | 2017 |
|---|---|---|---|
| Dodge Data & Analytics | 10.0% | 5.0% | 12.0% |
| IHS-Global Insight | 8.0% | 7.5% | 6.0% |

- Traditional commercial construction activity remains strong.
- Less industrial regions showing increases in demand.
- Petrochemical related construction markets remain strong despite significant declines in oil prices.
- Expected capital investment in chemical manufacturing along Gulf Coast continues to ramp up in 2016-2017.
- Improving labor statistics and modest GDP growth.
- Demand in end-user markets remains solid.
- ABI has been above growth threshold of 50 in 22 of past 24 months.




Source: Dodge Data & Analytics




Source: American Institute of Architects

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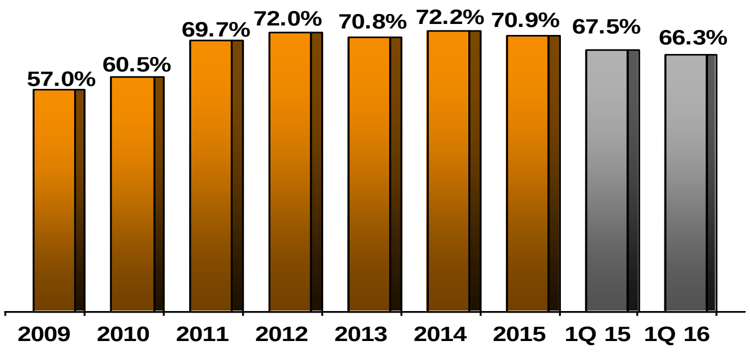
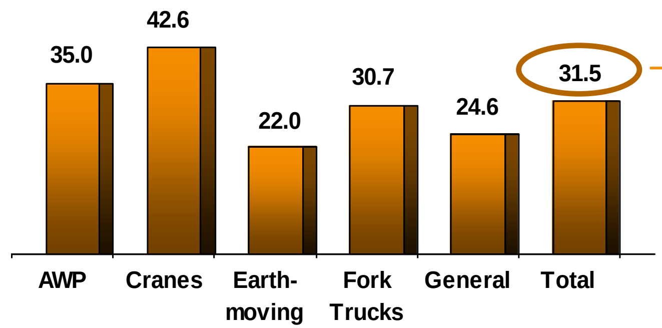
# Strong Rental Metrics

## Utilization – OEC Based

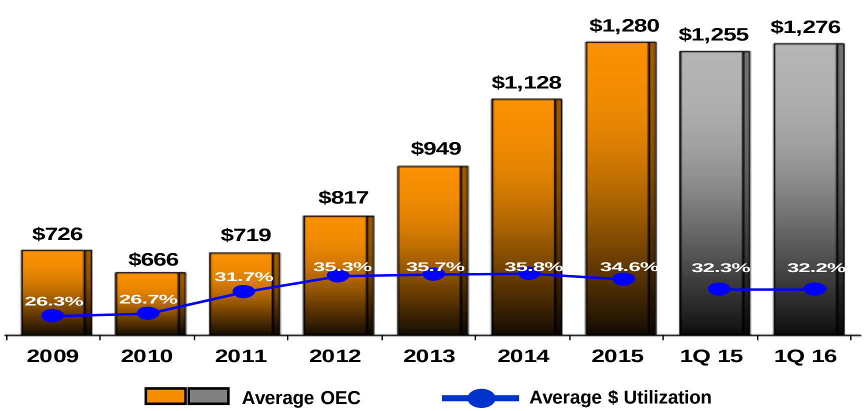



## Fleet Age by Equipment Type (months)

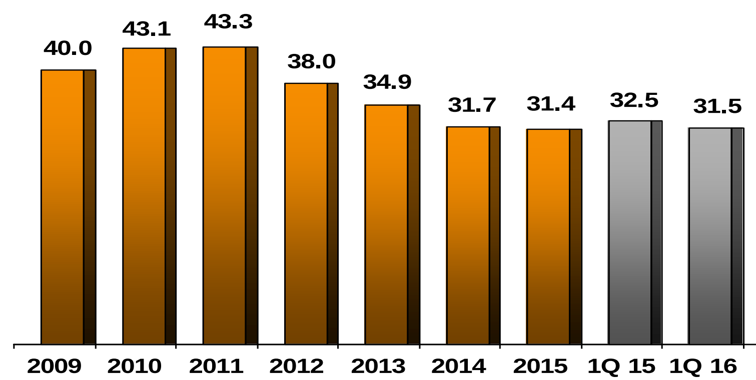



Average industry Fleet age ~ 43 months

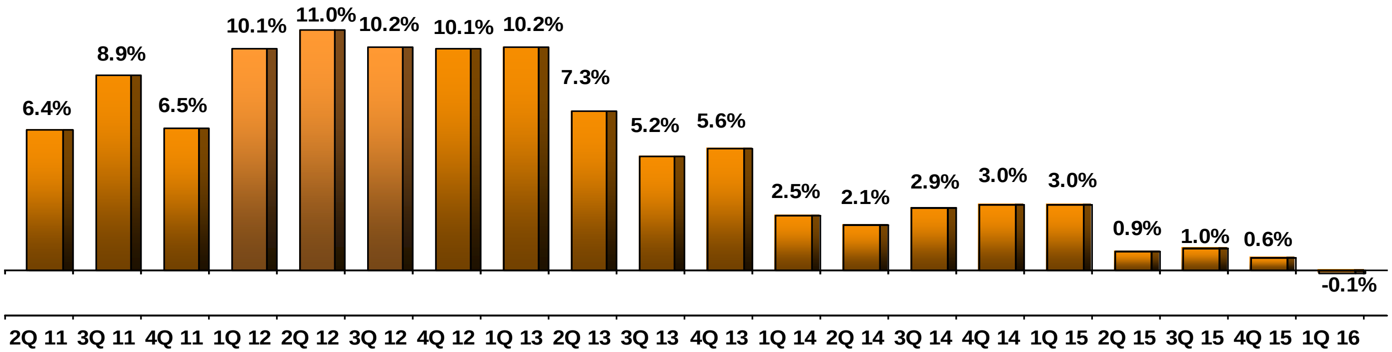
## Rental Fleet Statistics ($MM)



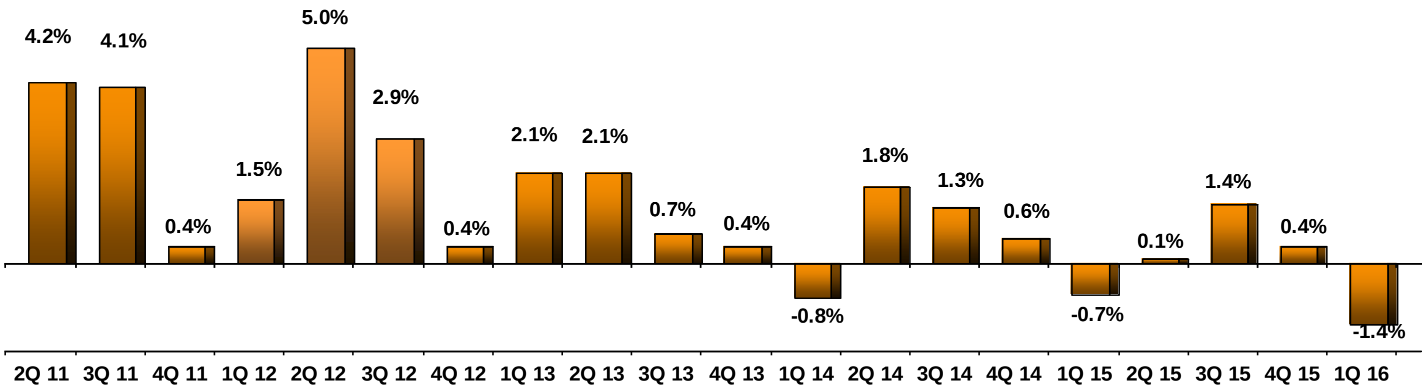

## Fleet Age (months)



## Year over year average rental rate trends




## Sequential average rental rate trends



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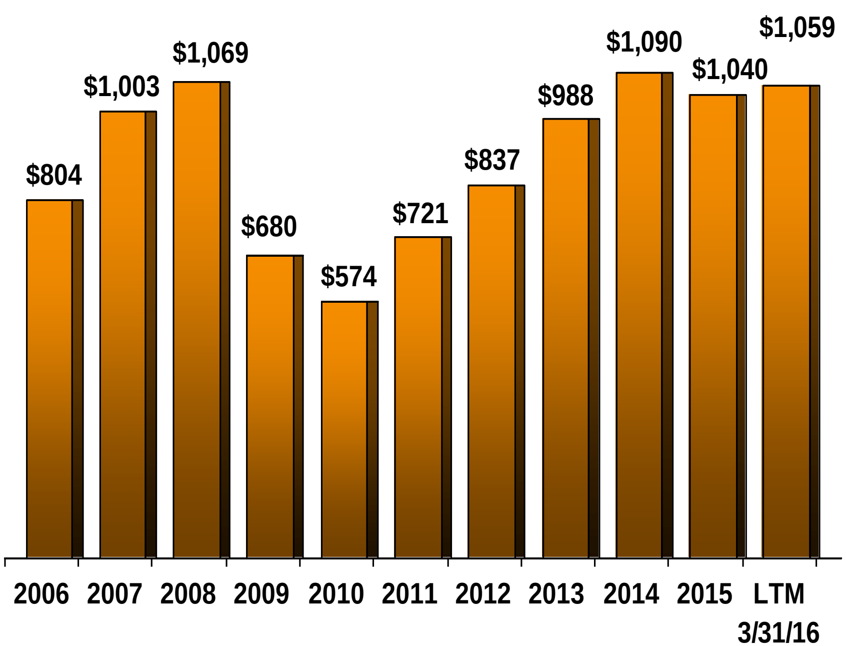
# FIRST QUARTER 2016 FINANCIAL OVERVIEW

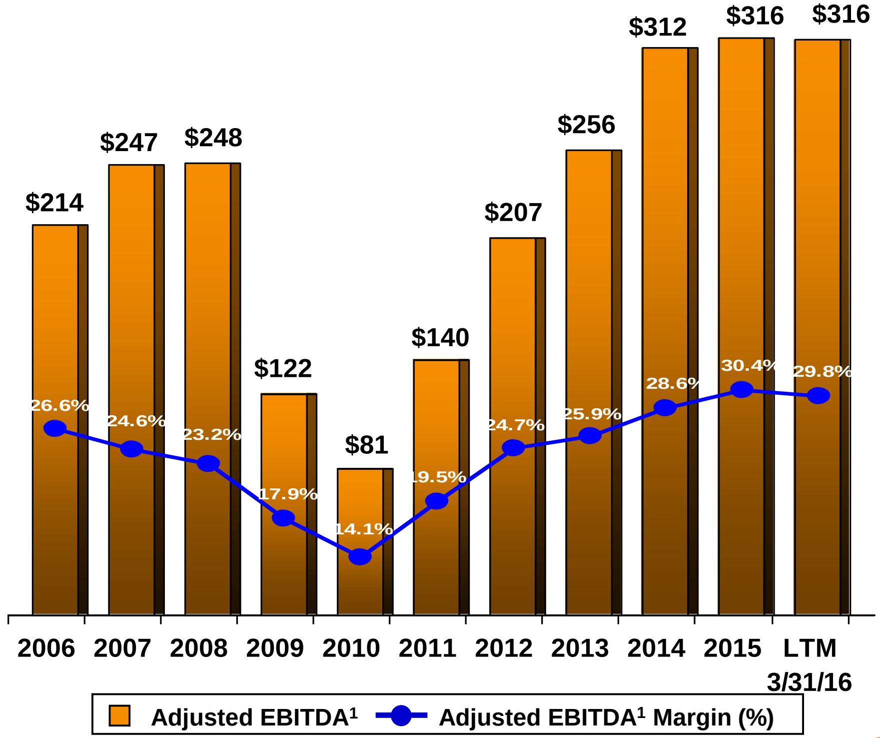

**John Engquist**
Chief Executive Officer

# Demonstrated Financial Performance

## Revenues ($MM)




## Adjusted EBITDA[1] ($MM)




Results include operating results of acquisitions from the effective date of the acquisitions made in February 2006 and September 2007.

1 See reconciliations of non-GAAP measures and adjustments in Appendix A. Adjusted EBITDA calculated as EBITDA adjusted for non-recurring items in years 2006, 2007, 2008, 2009 and 2012 as described in Appendix A.

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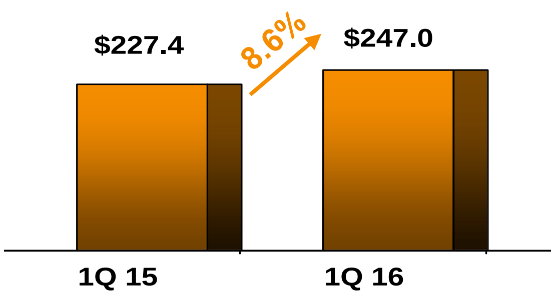
# Q1 2016 Summary

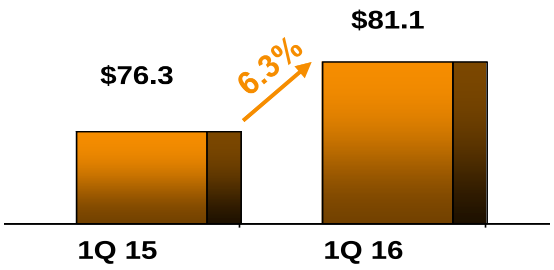
| | |
|---|---|
| **First Quarter Highlights** | Rentals remain strong; distribution business provided unexpected lift.<br>Solid end-user demand in our industrial and construction markets.<br>Weather and ongoing weak oil patch were headwinds.<br>Maintained industry leading utilization. |
| **Revenue/ Gross Margin** | Revenue was $247.0 million vs. $227.4 million in Q1 2015.<br>New equipment sales (up 28.4%) positively impacted top line growth.<br>Gross margin was 32.9% vs. 33.6% a year ago. |
| **Income from Operations/ EBITDA** | Income from operations was $22.4 million (9.1% margin) vs. Q1 2015 income from operations of $23.3 million (10.3% margin).<br>EBITDA was $69.1 million (28.0% margin) vs. Q1 2015 EBITDA of $69.3 million (30.5% margin).<br>Margins impacted by shift in revenue mix to lower margin new eq. sales. |
| **Net Income** | Net income was $5.6 million vs. net income of $6.1 million in Q1 2015.<br>Effective tax rate was 41.0% this quarter vs. 40.6% a year ago.<br>Net income per share was $0.16 vs. $0.17 a year ago. |
| **Fleet Utilization** | Time utilization (based on OEC) was 66.3% vs. 67.5% in Q1 2015.<br>Time utilization (based on units) was 64.6% vs. 64.2% in Q1 2015. |
| **Rental Momentum Continues** | 1.4% rental revenue growth vs. Q1 2015.<br>Rental gross margins were 45.3% vs. 45.2% in Q1 2015.<br>Rental rates decreased 0.1% over Q1 2015 rates.<br>Dollar utilization was 32.2% vs. 32.3% in Q1 2015. |

# Q1 Year over Year Performance

## Revenue ($MM)

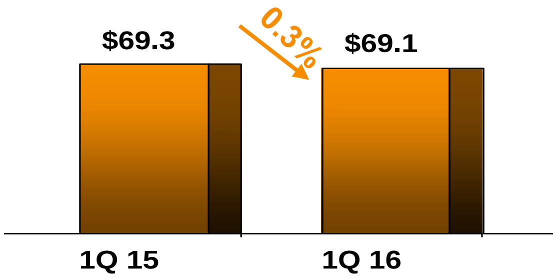



## Gross Profit ($MM)



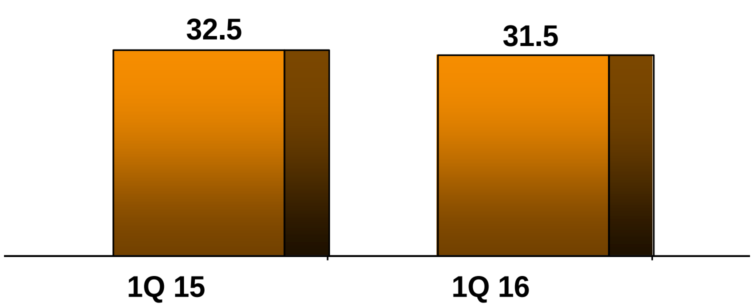

*% Margin* *33.6%* *32.9%*

## EBITDA ($MM)

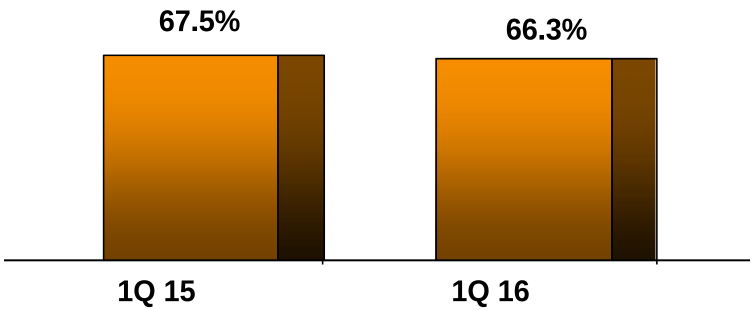



*% Margin* *30.5%* *28.0%*

## Fleet Age (months)




## Utilization



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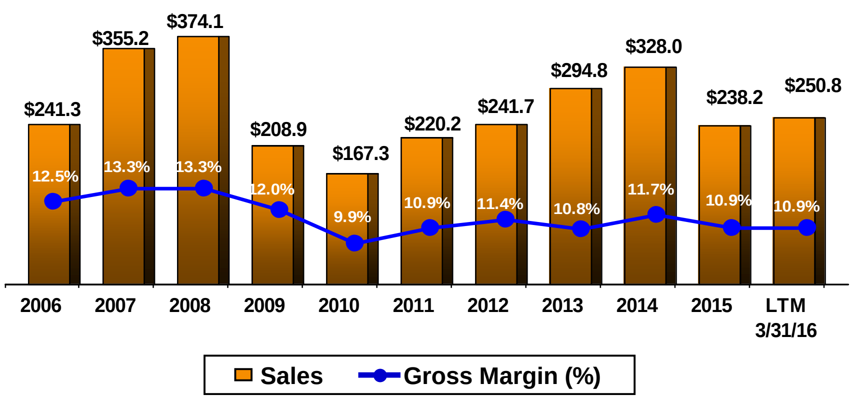
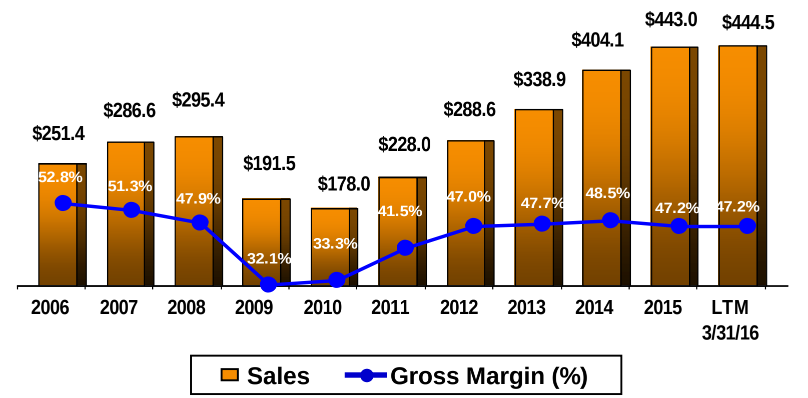
# Summary Financial Performance by Segment

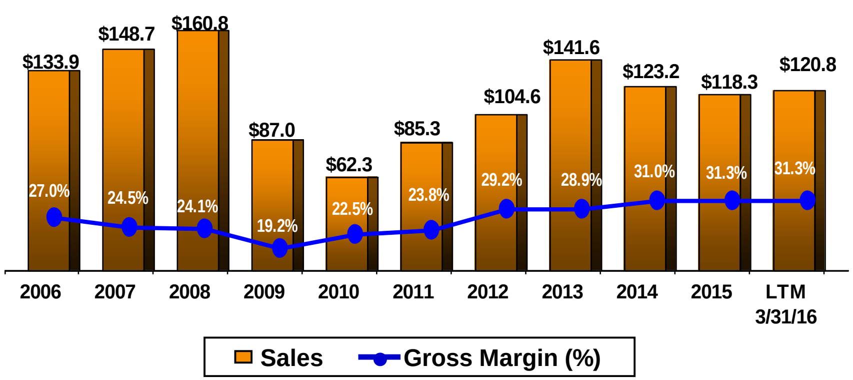
## New Equipment Sales ($MM)



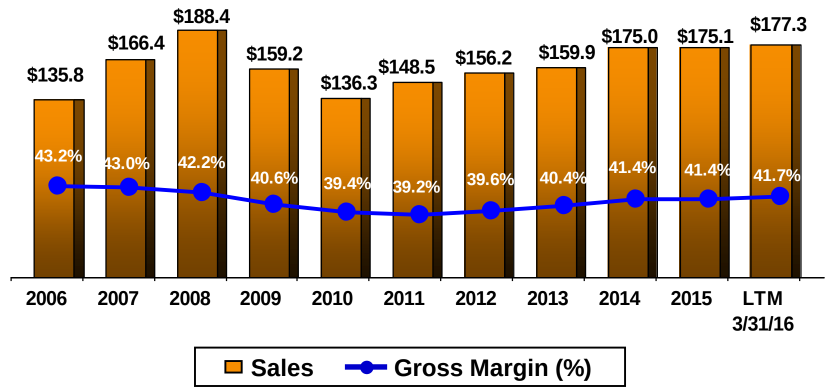

## Equipment Rentals ($MM)




## Used Equipment Sales ($MM)




## Parts and Services ($MM)

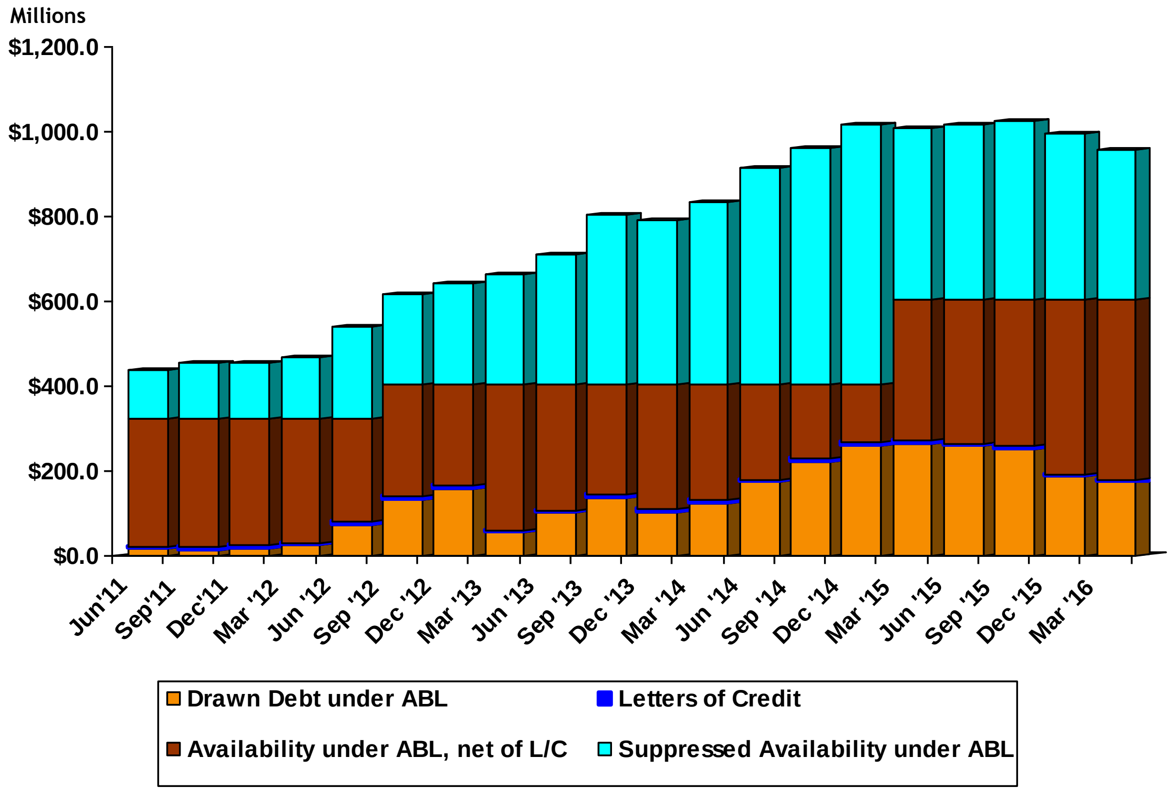


# Rental Cap-Ex Summary
## ($MM)

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | YTD Mar16 |
|---|---|---|---|---|---|---|---|
| Gross Rental CapEx[1] | $ 102.5 | $ 155.6 | $ 296.4 | $ 303.3 | $ 412.7 | $ 230.2 | $ 34.6 |
| Sale of Rental Equipment | $ (47.6) | $ (63.4) | $ (90.5) | $ (114.6) | $ (101.4) | $ (99.5) | $ (24.2) |
| Net Rental CapEx | $ 54.9 | $ 92.2 | $ 205.9 | $ 188.7 | $ 311.3 | $ 130.7 | $ 10.4 |

1 Gross rental cap-ex includes amounts transferred from new and used inventory.

## Components of Asset-Backed Loan (ABL) Credit Facility




## ABL Credit Facility:

- **Liquidity under facility.**
  - **$171.0 million drawn under ABL at March 31, 2016.**
  - **$423.7 million of availability, net of letters of credit, under the ABL at March 31, 2016.**
  - **Suppressed availability (supporting asset value in excess of $602.5 million facility size) under ABL borrowing base certificate was $350.1 million at March 31, 2016.**

## Capital Structure
($MM)

| 3/31/16 | | |
|---|---|---|
| Cash | $ | 4.7 |
| Debt: | | |
| Sr. Sec'd Credit Facility (ABL) | | 171.0 |
| Senior Unsecured Notes[1] | | 630.0 |
| Capital Leases Payable | | 1.9 |
| Total Debt | $ | 802.9 |
| Shareholders' Equity | $ | 139.2 |
| Total Book Capitalization | $ | 942.1 |

## Credit Statistics

| | 12/31/10 | 12/31/11 | 12/31/12 | 12/31/13 | 12/31/14 | 12/31/15 | LTM 3/31/16 |
|---|---|---|---|---|---|---|---|
| Adj. EBITDA[2]/ Total Interest Exp. | 2.8x | 4.9x | 5.8x | 5.0x | 6.0x | 5.9x | 5.9x |
| Total Net Debt[3]/ Adj. EBITDA[2] | 2.8x | 1.7x | 3.3x | 2.8x | 2.8x | 2.6x | 2.5x |
| Total Debt/ Total Capitalization | 50.0% | 50.4% | 93.4% | 88.6% | 87.0% | 85.1% | 85.2% |

1 Senior Unsecured Notes exclude $8.3 million of unaccreted note discount and $5.7 million of unamortized premium.

2 Excludes the impact of (a) the non-cash asset impairment charge of $9.0 million in the fourth quarter of 2009 and (b) the $10.2 million loss from early extinguishment of debt incurred in the third quarter of 2012. See Appendix A for a reconciliation of Non-GAAP measures.

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

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## Appendix A-Unaudited Reconciliation of Non-GAAP Financial Measures

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## Unaudited Reconciliation of Non-GAAP Financial Measures

**We define EBITDA as net income (loss) before interest expense, income taxes, depreciation and amortization. We define Adjusted EBITDA for the year ended December 31, 2012 as EBITDA adjusted for the $10.2 million loss from early extinguishment of debt incurred in the third quarter ended September 30, 2012. We define Adjusted EBITDA for the year ended December 31, 2009 as EBITDA adjusted for the $9.0 million goodwill impairment charge recorded in the fourth quarter ended December 31, 2009. We define Adjusted EBITDA for the years ended December 31, 2008, 2007 and 2006, as applicable, as EBITDA adjusted for: (1) the $22.7 million impairment of goodwill and intangible assets recorded in 2008; (2) the $0.3 million loss and $40.8 million loss on the early extinguishment of debt in connection with our refinancing recorded in 2007 and 2006, respectively; and (3) the $8.0 million fee paid for the termination of a management services agreement in connection with our Initial Public Offering in 2006.**

**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 generally accepted accounting principles ("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 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 goodwill and intangible asset impairment charges and the 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 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. Because EBITDA and Adjusted EBITDA are not calculated in the same manner by all companies, they may not be comparable to other similarly titled measures used by other companies.**

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# EBITDA and Adjusted EBITDA GAAP Reconciliation

**($ in thousands)**

| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | LTM 3/31/16 | Q1 15 | Q1 16 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Net income (loss) | $ 32,712 | $ 64,626 | $ 43,296 | $ (11,943) | $ (25,460) | $ 8,926 | $ 28,836 | $ 44,140 | $ 55,139 | $ 44,305 | $ 43,793 | $ 6,086 | $ 5,574 |
| Interest expense | 37,683 | 36,771 | 38,255 | 31,339 | 29,076 | 28,727 | 35,541 | 51,404 | 52,353 | 54,030 | 53,992 | 13,445 | 13,407 |
| Provision (benefit) for income taxes | 9,695 | 40,789 | 26,101 | (6,178) | (14,920) | 3,215 | 15,612 | 21,007 | 37,545 | 31,371 | 31,097 | 4,155 | 3,881 |
| Depreciation | 85,077 | 103,221 | 115,453 | 98,702 | 91,707 | 99,036 | 116,447 | 138,903 | 166,514 | 186,457 | 187,088 | 45,568 | 46,199 |
| Amortization of intangibles | 46 | 1,060 | 2,224 | 591 | 559 | 362 | 66 | _ | _ | _ | _ | _ | _ |
| **EBITDA** | $165,213 | $246,467 | $225,329 | $112,511 | $ 80,962 | $140,266 | $196,502 | $255,454 | $311,551 | $316,163 | $315,970 | $ 69,254 | $ 69,061 |
| Loss on early extinguishment of debt[1] | 40,771 | 320 | _ | _ | _ | _ | 10,180 | _ | _ | _ | _ | _ | _ |
| Management services agreement termination fee[2] | 8,000 | _ | _ | _ | _ | _ | _ | _ | _ | _ | _ | _ | _ |
| Impairment of goodwill and intangible asset[3] | _ | _ | 22,721 | 8,972 | _ | _ | _ | _ | _ | _ | _ | _ | _ |
| **Adjusted EBITDA** | $213,984 | $246,787 | $248,050 | $121,483 | $ 80,962 | $140,266 | $206,682 | $255,454 | $311,551 | $316,163 | $315,970 | $ 69,254 | $ 69,061 |

1 Adjustments relate to a loss on early extinguishment of the Company's Senior Secured and Senior Subordinated Notes.
2 Adjustment relates to $8.0 million of fees paid in connection with the termination of a management services agreement.
3 Adjustments relate to non-cash goodwill and intangible asset impairment charges of $22.7 million in 2008 and non-cash goodwill impairment charges of $9.0 million in 2009.