# SECOND QUARTER 2011 EARNINGS CONFERENCE

**August 4, 2011**


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**NASDAQ: HEES**

# Legal Disclaimers

## FORWARD-LOOKING INFORMATION

**This presentation contains "forward-looking statements" within the meaning of the federal securities laws. Statements about our beliefs and expectations and 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, as well as the depth and duration of the recent macroeconomic downturn related to decreases in construction and industrial activity, and the impact of conditions of the global credit markets and their effect on construction spending activity and the economy in general; (2) relationships with new equipment suppliers; (3) increased maintenance and repair costs as we age our fleet, and decreases in our equipment's residual value; (4) our indebtedness; (5) the risks associated with the expansion of our business; (6) our possible inability to effectively integrate any businesses we acquire; (7) competitive pressures; (8) compliance with laws and regulations, including those relating to environmental matters and corporate governance matters; and (9) 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.**

# Agenda

- **Second Quarter Overview**
  - Q2 2011 Summary
  - Regional Update
  - Current Market Outlook
- **Second Quarter Financial Overview**
  - Q2 2011 Results
  - 2011 Fleet Update
  - Capital Structure Update
- **Conclusion and 2011 Outlook**
- **Q&A Session**

# SECOND QUARTER 2011 OVERVIEW

# Q2 2011 Summary

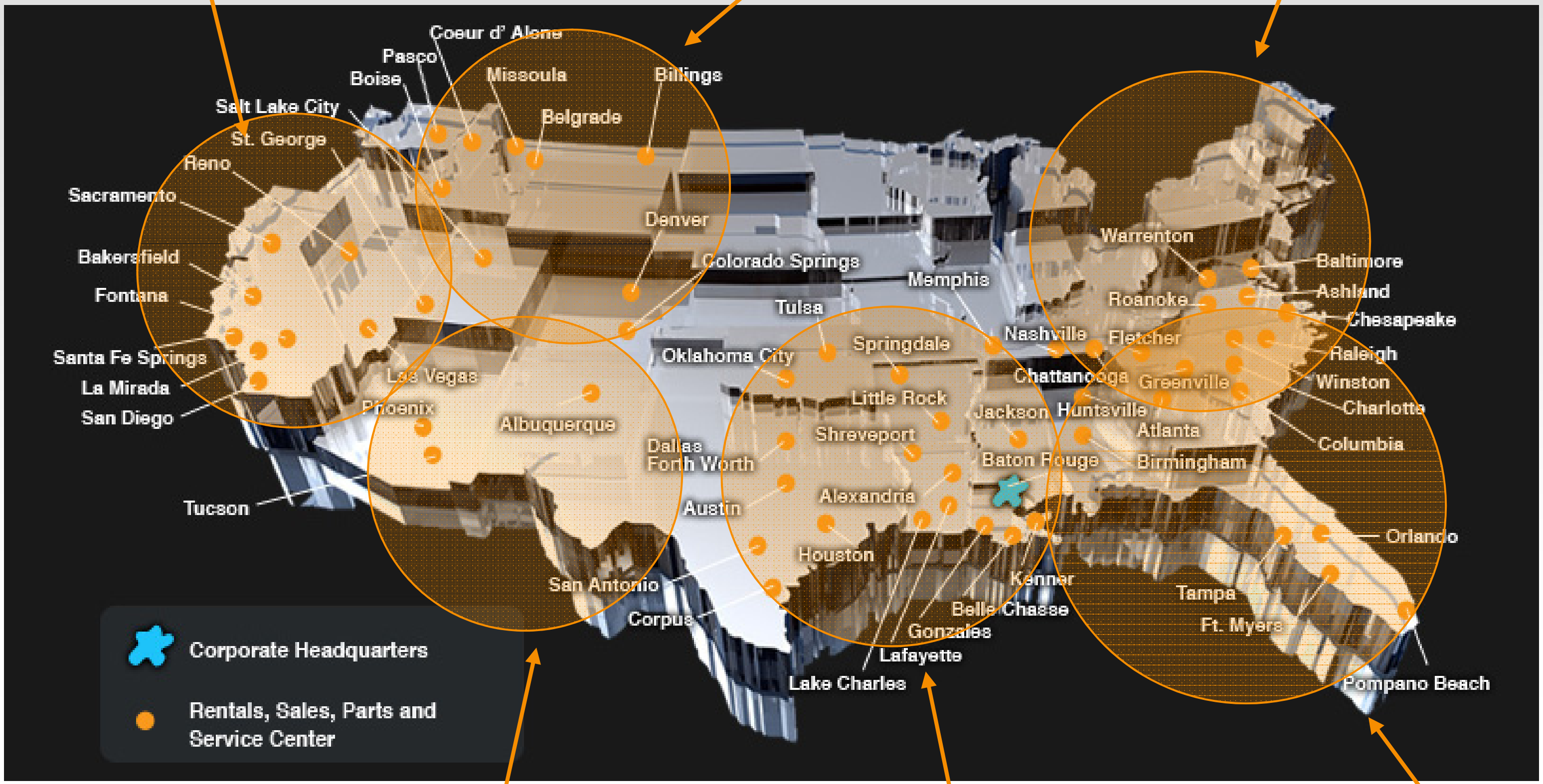
| | |
|---|---|
| **Second Quarter** | Strong results despite little improvement in non-residential construction.<br>Significant year-over-year improvements. Growth in all segments.<br>Rental business continued to strengthen; new equipment sales very strong. |
| **Revenue** | Revenue increased 40.7% to $184.3 million vs. Q2 2010; up 36.6% from Q1 2011.<br>Revenue in all segments increased year-over-year, with increases led by new equipment sales (100.0%) and rentals (33.8%). |
| **EBITDA** | EBITDA increased 89.1% to $35.2 million (19.1% margin) vs. Q2 2010 EBITDA of $18.6 million (14.2% margin).<br>EBITDA up 65.7% from Q1 2011. |
| **Net Income** | Net income increased to $2.7 million compared to a net loss of $7.1 million in Q2 2010.<br>Net income per share was $0.08 versus ($0.20) a year ago. |
| **Improved Fleet Utilization** | Time utilization (based on units) was 67.1%, versus 54.9% in Q2 2010 and 61.0% in Q1 2011.<br>Time utilization (based on OEC) was 70.0%, versus 57.9% in Q2 2010 and 64.9% in Q1 2011. |
| **Rental Business Posted Y-O-Y Gains** | 33.8% improvement in rental revenue (3 consecutive quarters of > 25% growth).<br>Rental gross margins increased to 40.7% versus 31.1% a year ago.<br>Rental rates improved 6.4% over Q2 2010 rates.<br>Dollar utilization increased to 31.0% versus 25.3% a year ago. |

# LTM Revenue and Gross Profit By Region

**West Coast**
8% Revenue-9% Gross Profit
9 Branches

**Intermountain**
15% Revenue-17% Gross Profit
9 Branches

**Mid-Atlantic**
11% Revenue-9% Gross Profit
13 Branches




**Southwest**
6% Revenue-4% Gross Profit
3 Branches

**Gulf Coast**
53% Revenue-54% Gross Profit
22 Branches

**Southeast**
7% Revenue-7% Gross Profit
9 Branches



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# Current Market Conditions

**Market Positives:**

- Year-over year results continue to improve.
- Industrial focus and markets remain solid; forecast to grow.
- Demand for rental equipment continues to strengthen.
- Rental rates, utilization continued strengthening.
- Demand for early cycle product earthmoving equipment remains strong.
- Pricing for used equipment continues to improve.
- Continued improvements in parts and service business a positive indicator.
- Improvement in business is broad based across all regions.

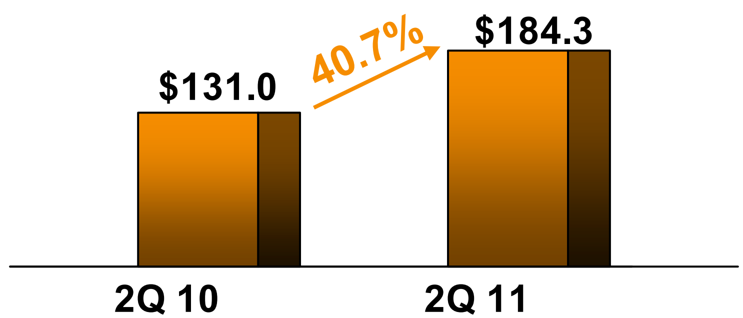
**Market Negatives:**

- No material improvements in non-residential construction activity as funding for both projects and equipment purchases remains tight.
- Material recovery in non-residential construction not expected until 2012.
- Visibility is improving, but still limited, especially on distribution side of business.
- Economic environment is uncertain.

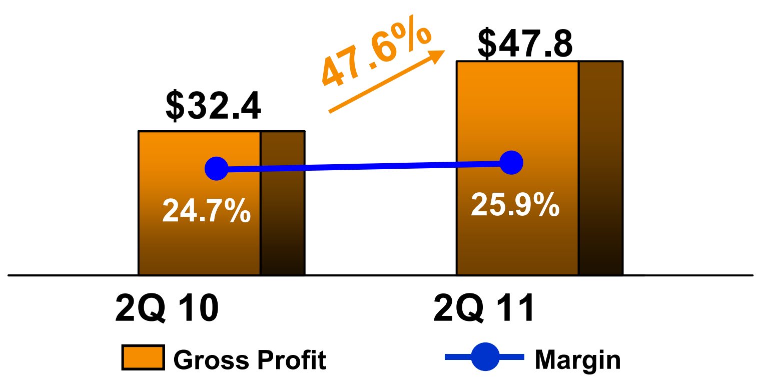
# SECOND QUARTER 2011 FINANCIAL OVERVIEW

# Q2 2011 Revenues and Gross Profit

## Revenues ($MM)




## Gross Profit ($MM)




## Key Takeaways

- **Revenues increased 40.7%.**
- **Second consecutive quarter of year-over-year increases in all segments.**
  - New equipment sales increased 100.0%.
    - Driven by higher crane and earthmoving sales.
  - Rentals increased 33.8%.
    - Driven primarily by higher time utilization, a larger fleet and better rates.
  - Used equipment sales increased 28.6%.
  - Parts and service increased 8.0% on a combined basis.
- **Gross profit increased 47.6%.**
  - Gross margin increased to 25.9% vs. 24.7%.
    - Significant margin expansion in rental segment (40.7% vs. 31.1%) due primarily to:
      - Time utilization (units) increased 1,220 bps.
      - Average rates on new contracts up 6.4%.
    - Solid margin expansion on new sales; up 180 bps due primarily to better crane margins.



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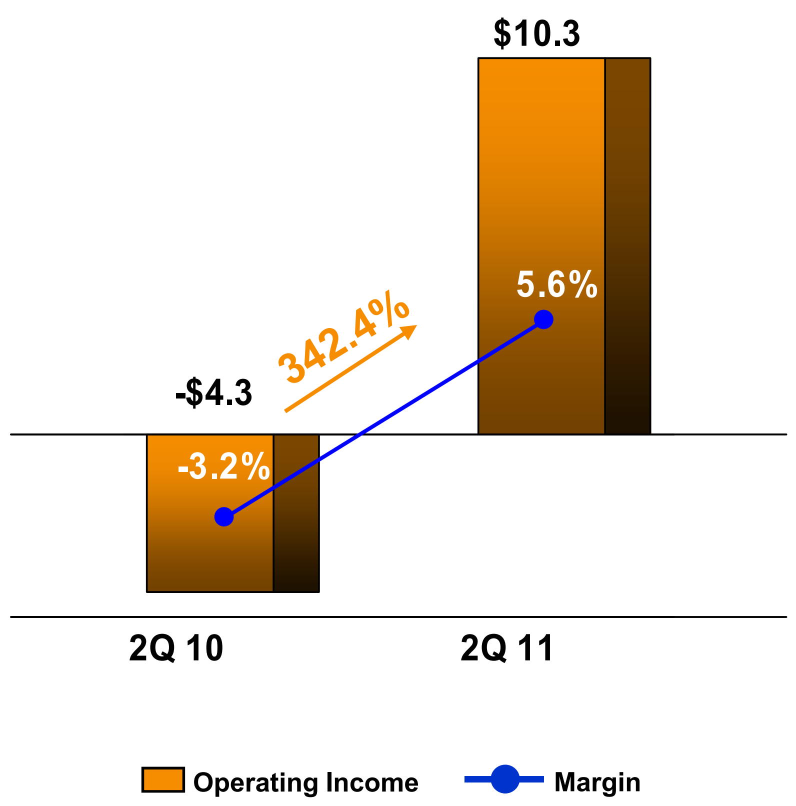
# Q2 2011 Income (Loss) From Operations

## Income (Loss) From Operations ($MM)




## Key Takeaways

- **Income from operations was $10.3 million compared to a loss from operations of $4.3 million a year ago. Improvement of 342.4%.**
  - **Strong margin expansion with improved top-line and profitability in many segments.**
  - **Strong operating leverage – controlling costs as business improves.**
  - **5.6% margin versus -3.2% margin.**
    - **2Q 11 vs. 2Q 10:**
      - **Revenues increased 40.7%**
      - **Gross profit increased 47.6%.**
      - **SG&A increased 2.1%.**



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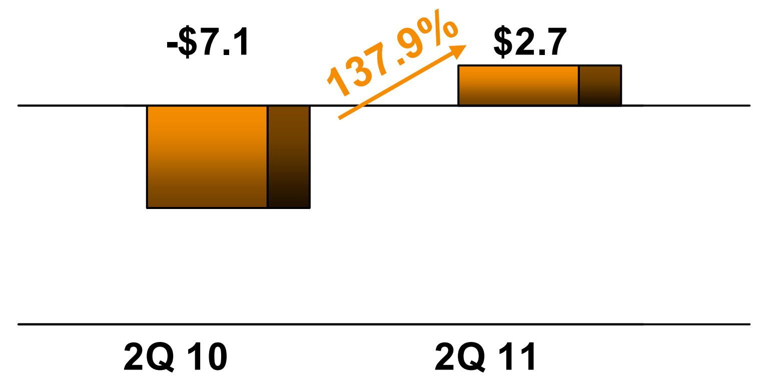
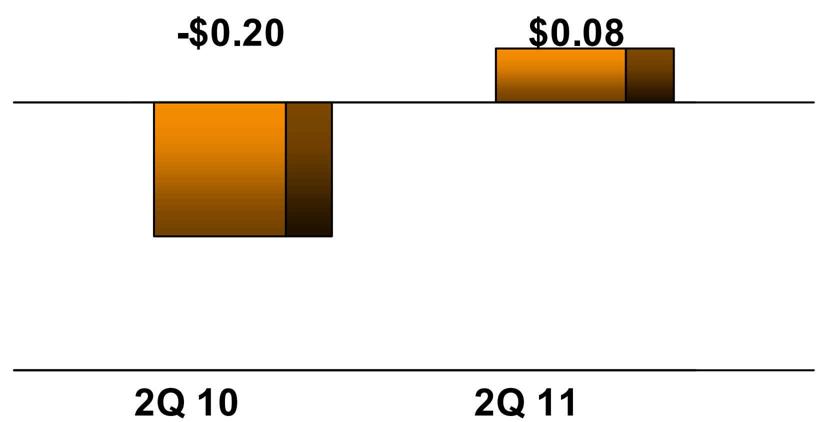
# Q2 2011 Net Income (Loss)

## Net Income (Loss) ($MM)




## Net Income (Loss) Per Share




## Key Takeaways

- **Net income of $2.7 million vs. net loss of $7.1 million in 2Q 10.**
  - Effective tax rate was 18.7% in 2Q 11 vs. 37.5% in 2Q 10.
    - Decrease in 2Q 11 effective tax rate is due to favorable increase in permanent differences.
- **Diluted net income per share was $0.08 vs. a net loss per share of $(0.20) a year ago.**
  - Diluted weighted average share count of 34.9 million vs. 34.6 million a year ago.



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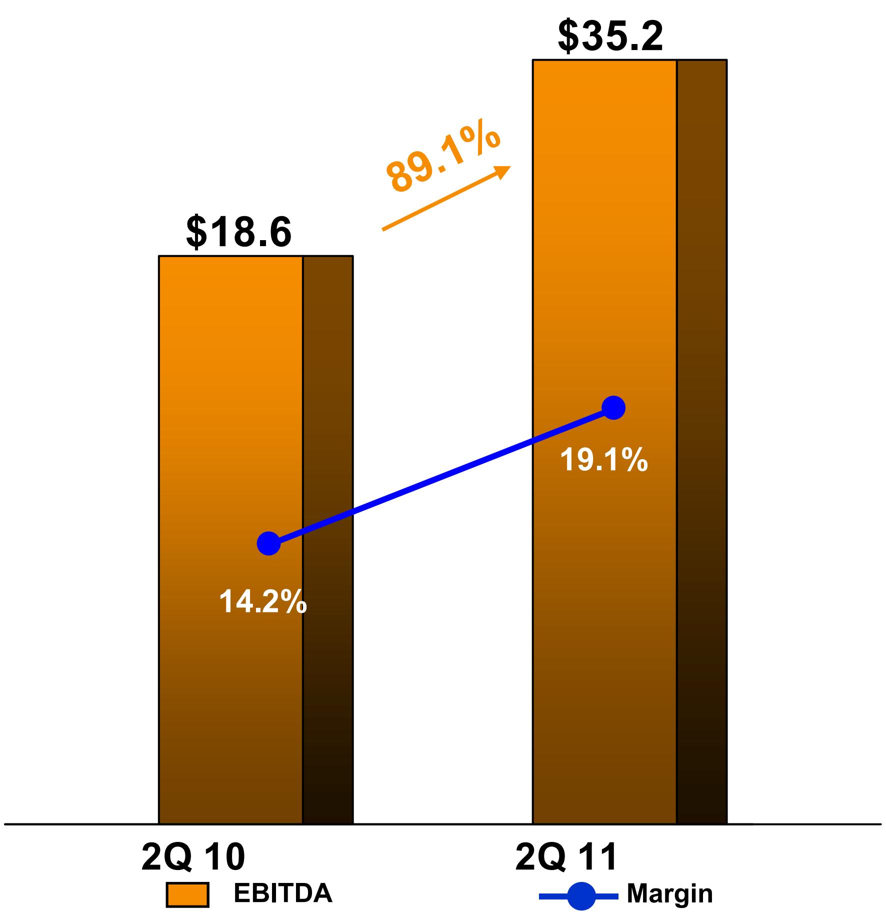
# Q2 2011 EBITDA

## EBITDA ($MM)

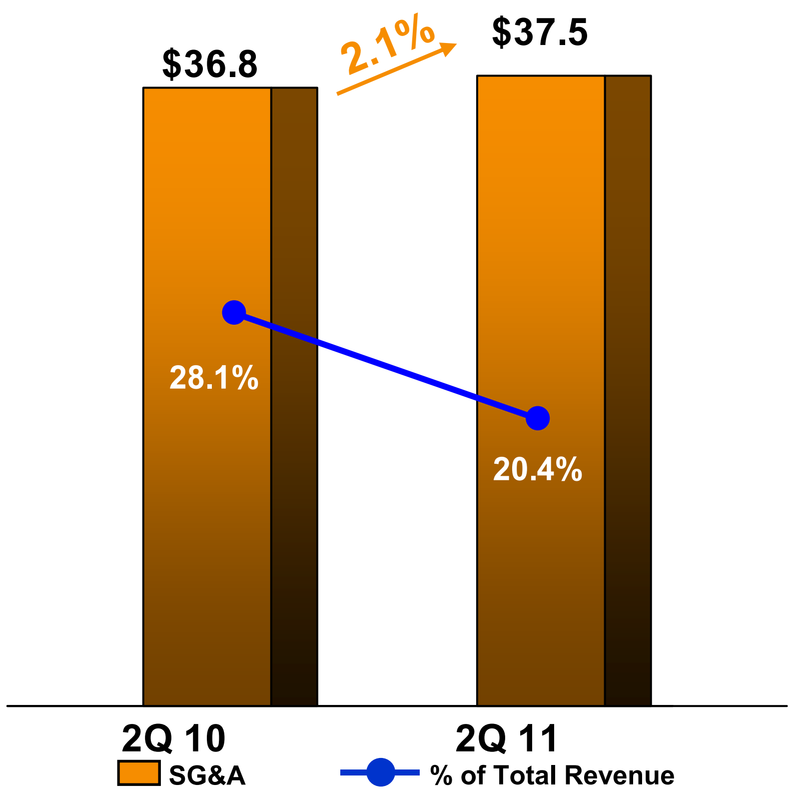



## Key Takeaways

- **EBITDA grew 89.1%.**
  - Results were $35.2 million, or an 89.1% increase over EBITDA of $18.6 million a year ago.
  - Strong operating cost leverage.
- **EBITDA margin was 19.1% compared to 14.2%.**
  - Higher gross margins.
    - See slide 9 for discussion on gross margins.
  - Lower SG&A relative to comparative revenues.
    - See slide 13 for discussion on SG&A.

# Q2 2011 SG&A Expense

## SG&A ($MM)




## Key Takeaways

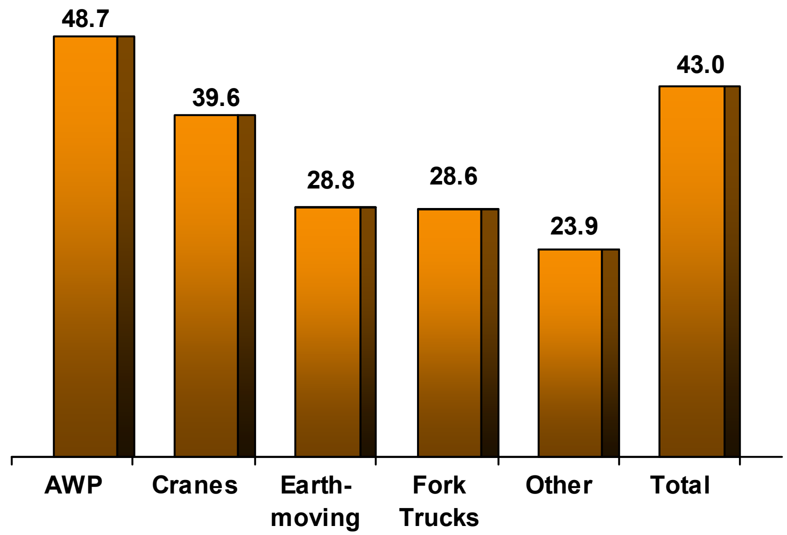
- **$0.7 million, or 2.1%, increase.**
  - **SG&A declined as a percentage of revenue to 20.4% compared to 28.1% in 2Q 10 as a result of higher revenues.**
    - **Increased wages/taxes/benefits of approximately $0.8 million from increased employee headcount combined with higher incentive/commission pay.**
      - **Health insurance and workers compensation costs were lower due to favorable claims experience.**

# 2011 Fleet Update

## Rental Cap-Ex Summary
($MM)

| | 2007 | 2008 | 2009 | 2010 | YTD 2011 |
|---|---|---|---|---|---|
| Gross Rental CapEx[1] | $ 258.1 | $ 168.4 | $ 26.1 | $ 102.5 | $ 79.6 |
| Sale of Rental Equipment | $(122.6) | $(123.1) | $ (71.0) | $ (47.6) | $ (26.9) |
| Net Rental CapEx | $ 135.5 | $ 45.3 | $ (44.9) | $ 54.9 | $ 52.7 |

## Fleet Age by Equipment Type
(months)




Note: Fleet statistics as of June 30, 2011.

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



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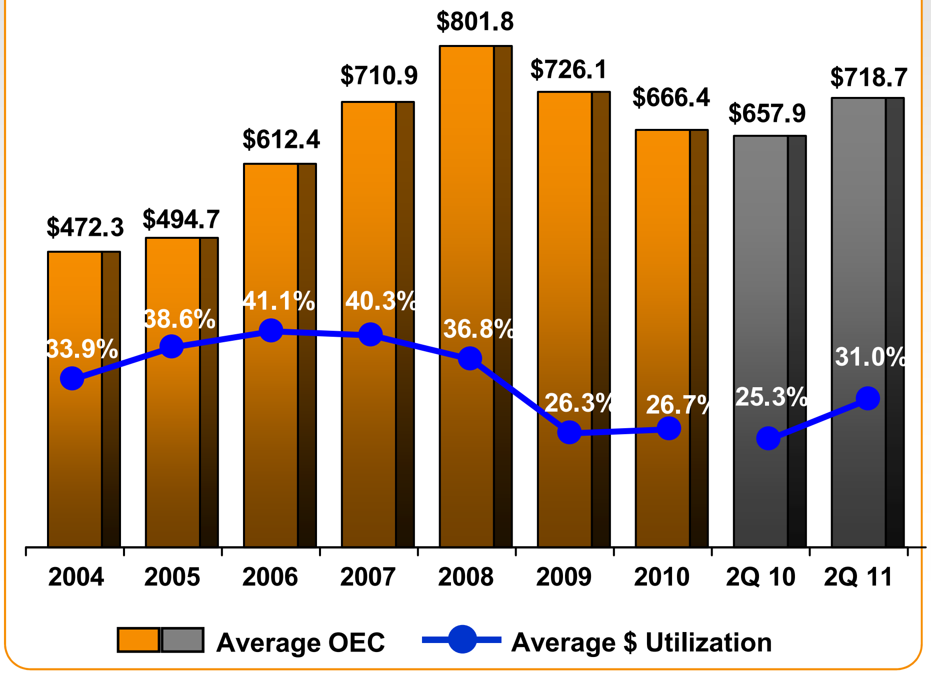
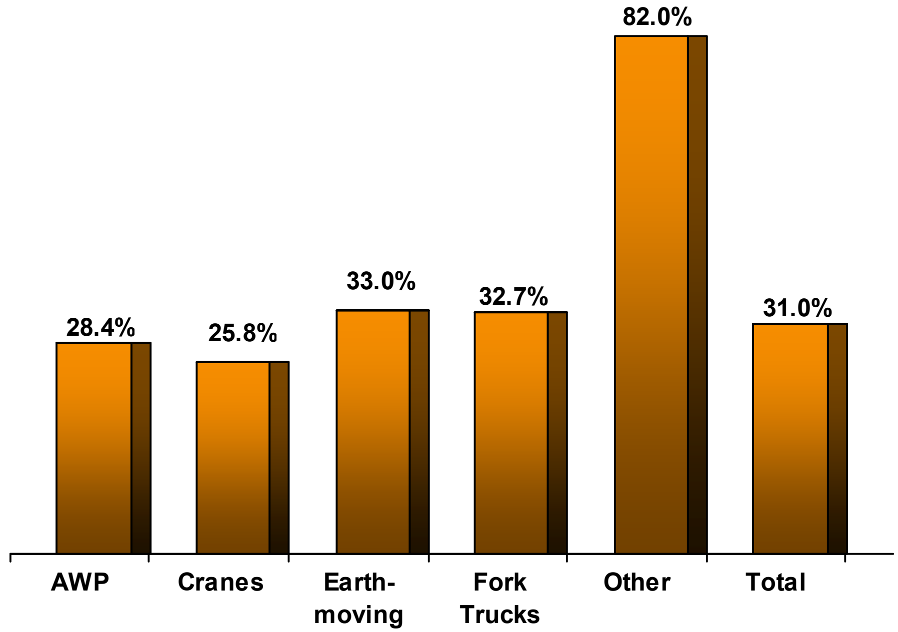
# 2011 Fleet Update

## Rental Fleet Statistics[1]
($MM)




## $ Utilization by Equipment Type[1]




Note: Fleet statistics as of June 30, 2011.

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



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# Current Capital Structure

## Current Capital Structure ($MM)

| 06/30/11 | |
|---|---|
| Cash | $ 5.7 |
| Debt: | |
| Sr. Sec'd Credit Facility (ABL) due 2015 | 15.2 |
| 8.375% Senior Unsecured Notes due 2016 | 250.0 |
| Capital Lease Payable | 2.7 |
| Total Debt | $ 267.9 |
| Shareholder's Equity | $ 250.7 |
| Total Book Capitalization | $ 518.6 |

## Credit Statistics

| | 12/31/08 | 12/31/09 | 12/31/10 | LTM 06/30/11 |
|---|---|---|---|---|
| Adj. EBITDA[1] / Total Interest Exp. | 6.5x | 3.9x | 2.8x | 3.7x |
| Total Net Debt[2] / Adj. EBITDA[1] | 1.3x | 1.7x | 2.8x | 2.4x |
| Debt / Total Capitalization | 53.3% | 47.7% | 50.0% | 51.7% |

1 Excludes the impact of the fourth quarter 2008 and 2009 non-cash asset impairment charges of $22.7 million and $9.0 million, respectively. See Appendix A for a reconciliation of Non-GAAP measures.

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

# Current Capital Structure

## Current Ratings

### Moody's:

(Ratings AFFIRMED; Outlook REVISED - Mar '11)

- Outlook = revised to stable
- Corporate Family Rating = B1
- Senior Unsecured Notes = B3

### S&P:

(AFFIRMED Jan '11)

- Outlook = Stable
- Credit Rating = BB-
- Senior Unsecured Notes = BB-

## Amended and Restated Sr. Secured Credit Facility (ABL) Financial Covenants[1]

- Total facility size of $320 million.
- 5 year agreement, maturing July 2015.
- Covenants spring only if excess availability is < $40 million.

- Springing Minimum Fixed Charge Coverage Ratio >= 1.1 to 1.0.
- Springing Maximum Total Leverage Ratio <= 5.0 to 1.0.
- $297.8 million of availability, net of $7 million of letters of credit and $15.2 million outstanding under ABL, at June 30th.

[1] Other exceptions exist in the credit agreement including, among other things, certain requirements, restrictions and negative covenants.

# CONCLUSION AND 2011 OUTLOOK

# Q2 2011 Conclusion and 2011 Outlook

- **Encouraged by first half performance and current trends.**
- **No change in current guidance policy with continued limited visibility into the second half of 2011. Not providing specific guidance.**
  - **Material recovery in non-residential construction markets not expected until 2012.**
  - **For Q3, expect year-over-year and sequential top-line growth in our rental business to continue based on current levels of demand and improvements in the rate environment.**
  - **Visibility into distribution business in the second half of 2011 is still limited.**
    - **Q2 2011 possible peak sales period in 2011 due to timing of new crane and earthmoving deliveries.**
    - **Comparables are more challenging.**
  - **Fleet growth will moderate in the second half of 2011.**
- **Strong balance sheet and solid capital structure with maturities well into future.**
- **Strong balance sheet provides flexibility to take advantage of improved market conditions and opportunities.**

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

# 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, 2009 as EBITDA adjusted for the $9.0 million goodwill impairment charge recorded in the fourth quarter of 2009. We define Adjusted EBITDA for the year ended December 31, 2008 as EBITDA adjusted for the $22.7 million goodwill and intangible asset impairment charges recorded in the fourth quarter of 2008.

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 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.

# EBITDA and Adjusted EBITDA GAAP Reconciliation

**($ in thousands)**

| | 2008 | 2009 | 2010 | LTM 6/30/2011 | 2Q10 | 2Q11 |
|---|---|---|---|---|---|---|
| Net income (loss) | $ 43,296 | $ (11,943) | $ (25,460) | $ (10,073) | $ (7,093) | $ 2,689 |
| Interest expense | 38,255 | 31,339 | 29,076 | 28,967 | 7,203 | 7,178 |
| Provision (benefit) for income taxes | 26,101 | (6,178) | (14,920) | (6,249) | (4,255) | 619 |
| Depreciation | 115,454 | 98,702 | 91,707 | 94,685 | 22,628 | 24,622 |
| Amortization of intangibles | 2,223 | 591 | 559 | 511 | 147 | 123 |
| EBITDA | $225,329 | $112,511 | $ 80,962 | $107,841 | $ 18,630 | $ 35,231 |
| Impairment of goodwill and intangible asset[1] | 22,721 | 8,972 | _ | _ | _ | _ |
| Adjusted EBITDA | $248,050 | $121,483 | $ 80,962 | $107,841 | $ 18,630 | $ 35,231 |

1 Adjustments relate to non-cash asset impairment charges of $22.7 million and $9.0 million.



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