
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): February 22, 2018

H&E Equipment Services, Inc.

(Exact name of registrant as specified in its charter)

Commission File Number: 000-51759

Delaware
(State or other jurisdiction
of incorporation)

81-0553291
(IRS Employer
Identification No.)

7500 Pecue Lane
Baton Rouge, LA 70809
(Address of principal executive offices, including zip code)

(225) 298-5200
(Registrant's telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02 Result of Operations and Financial Condition.

On February 22, 2018, we issued a press release announcing our financial results for the quarter and year ended December 31, 2017. A copy of the press release is attached as Exhibit 99.1.

The information in this Form 8-K and the attached exhibit shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 (the “Exchange Act”) or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference into any filing under the Securities Act of 1933 or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Item 8.01 Other Events

EBITDA and Adjusted EBITDA 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.

We define Adjusted EBITDA for the quarter and year ended December 31, 2017 as EBITDA adjusted for the following: (1) merger breakup fee proceeds, net of merger costs; and (2) the loss from early extinguishment of debt. We define Adjusted Net Income and Adjusted Net Income per Share for the quarter and year ended December 31, 2017 as Net Income and Net Income per share, adjusted for the following: (1) merger breakup fee proceeds, net of merger costs (net of income taxes); and (2) the loss from early extinguishment of debt (net of income taxes).

We define Adjusted EBITDA for the three month period ended December 31, 2017, as EBITDA adjusted for \$0.7 million of transactions costs related to our recent acquisition of CEC, and for the year ended December 31, 2017, we define Adjusted EBITDA as EBITDA adjusted for (1) merger breakup fees, net of related merger costs, totaling \$5.8 million related to the previously proposed acquisition of Neff Corporation and the previously mentioned CEC transaction costs; and (2) 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 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 non-recurring 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. Because EBITDA and Adjusted EBITDA 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 use Adjusted Net Income and Adjusted Net Income per Share in our business operations to, among other things, analyze our financial performance on a comparative period basis without the effects of significant one-time, non-recurring items. Additionally, we believe Adjusted Net Income and Adjusted Net Income per Share provide useful information concerning future profitability. However, Adjusted Net Income and Adjusted Net Income per Share are not measures of financial performance under GAAP and, accordingly, these measures should not be considered as alternatives to GAAP Net Income and Net Income per Share. Because Adjusted Net Income and Adjusted Net Income per Share are not calculated in the same manner by all companies, they may not be comparable to other similarly titled measures used by other companies.

Item 9.01 Financial Statements and Exhibits.

99.1 [Press Release, dated February 22, 2018, announcing financial results for the quarter and year ended December 31, 2017.](#)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: February 22, 2018

By: /s/ Leslie S. Magee
Leslie S. Magee
Chief Financial Officer

**Contacts:**

Leslie S. Magee
Chief Financial Officer
225-298-5261
lmagee@he-equipment.com

Kevin S. Inda
Vice President of Investor Relations
225-298-5318
kinda@he-equipment.com

H&E Equipment Services Reports Fourth Quarter 2017 Results

BATON ROUGE, Louisiana — (February 22, 2018) — H&E Equipment Services, Inc. (NASDAQ: HEES) today announced results for the fourth quarter and year ended December 31, 2017.

FOURTH QUARTER 2017 SUMMARY

- Revenues increased 20.6% to \$294.7 million versus \$244.3 million a year ago.
- Net income was \$85.9 million in the fourth quarter compared to net income of \$12.4 million a year ago. We recorded an income tax benefit of \$58.4 million versus income tax expense of \$4.4 million a year ago, resulting from a one-time revaluation of our deferred tax assets and liabilities resulting from the decrease in the corporate federal income tax rate enacted in December. The effective income tax rate was (211.7%) in the fourth quarter of 2017 and 26.3% in the fourth quarter of 2016.
- Adjusted EBITDA increased 15.0% to \$90.7 million in the fourth quarter compared to \$78.9 million a year ago, yielding a margin of 30.8% of revenues compared to 32.3% a year ago.
- Rental revenues increased 10.9% to \$127.7 million in the fourth quarter compared to \$115.2 million a year ago.
- New equipment sales increased 65.9% to \$74.4 million in the fourth quarter compared to \$44.9 million a year ago.
- Used equipment sales increased 28.8% to \$32.1 million in the fourth quarter compared to \$24.9 million a year ago.
- Gross margin was 34.2% compared to 34.6% a year ago.
- Rental gross margins were 51.0% in the fourth quarter of 2017 compared to 47.7% a year ago.

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- Average time utilization (based on original equipment cost) was 74.2% compared to 70.3% a year ago. Average time utilization (based on units available for rent) was 71.3% compared to 67.6% last year.
- Average rental rates increased 1.0% compared to a year ago and 0.6% sequentially.
- Dollar utilization was 36.2% in the fourth quarter compared to 34.3% a year ago.
- Average rental fleet age at December 31, 2017, was 34.6 months compared to an industry average age of 44.4 months.
- Completed a successful add-on notes offering of \$200 million aggregate principal amount of new 8-year 5.625% senior unsecured notes issued under an indenture dated as of August 24, 2017, with identical terms as the Company's \$750 million of senior unsecured notes issued in August 2017. The add-on offering closed on November 22, 2017, and priced at 104.25% of par value.

John Engquist, H&E Equipment Services' chief executive officer, said, "Solid performance by both our rental and distribution businesses drove a 20.6% increase in revenues for the fourth quarter compared to the year ago period. The non-residential construction markets were exceptionally strong, resulting in extremely high demand for rental equipment. Physical utilization increased nearly 400 basis points to 74.2% for the quarter and we achieved a 1.0% increase in rates from the prior year. Rental revenue increased 10.9% and margins increased 330 basis points to 51.0% compared to the year ago quarter. Increased demand for new cranes and earthmoving equipment drove a 65.9% improvement in new equipment sales. We are extremely pleased with our results and the current trends in our end-user markets."

Engquist concluded, "We expect 2018 to be a very opportunistic year for our business and industry given the current strength in the non-residential construction markets. Oil prices are above a year ago, resulting in a rebound in exploration activity and energy-related projects. The new tax reform plan could also drive increased investment in construction. Should the administration and Congress pass an infrastructure bill, we believe the industry could see an expanded cycle. We also believe our operating environment is positive and we are focused on expanding our business in terms of both fleet size and geographic footprint. Our recent acquisition of CEC is representative of the types of acquisitions we intend to pursue - acquisitions which are very complementary to our business and increase our density in active markets or allow us to enter new markets. We also plan to continue our Greenfield or warm start expansion strategy."

FINANCIAL DISCUSSION FOR FOURTH QUARTER 2017:

Revenue

Total revenues increased 20.6% to \$294.7 million in the fourth quarter of 2017 from \$244.3 million in the fourth quarter of 2016. Equipment rental revenues increased 10.9% to \$127.7 million compared with \$115.2 million in the fourth quarter of 2016. New equipment sales increased 65.9% to \$74.4 million from \$44.9 million a year ago. Used equipment sales increased 28.8% to \$32.1 million compared to \$24.9 million a year ago. Parts sales decreased 3.2% to \$26.3 million from \$27.2 million in the fourth quarter of 2016. Service revenues increased 2.6% to \$15.8 million from \$15.4 million a year ago.

Gross Profit

Gross profit increased 19.2% to \$100.9 million from \$84.6 million in the fourth quarter of 2016. Gross margin was 34.2% for the quarter ended December 31, 2017, as compared to 34.6% for the quarter ended December 31, 2016. On a segment basis, gross margin on rentals was 51.0% in the fourth quarter of 2017 compared to 47.7% in the fourth quarter of 2016. On

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average, rental rates were 1.0% higher than rates in the fourth quarter of 2016. Time utilization (based on original equipment cost) was 74.2% in the fourth quarter of 2017 compared to 70.3% a year ago. Time utilization (based on units available for rent) was 71.3% in the fourth quarter of 2017 compared to 67.6% a year ago.

Gross margins on new equipment sales increased to 11.0% in the fourth quarter compared to 9.9% a year ago. Gross margins on used equipment sales were 31.0% compared to 31.9% a year ago. Gross margins on parts sales increased to 27.8% in the fourth quarter of 2017 compared to 27.2% in the fourth quarter of 2016. Gross margins on service revenues increased to 66.9% for the fourth quarter of 2017 compared to 66.8% in the fourth quarter of 2016.

Rental Fleet

At the end of the fourth quarter of 2017, the original acquisition cost of the Company's rental fleet was \$1.4 billion, an increase of \$68.9 million from the end of the fourth quarter of 2016. Dollar utilization was 36.2% compared to 34.3% for the fourth quarter of 2016.

Selling, General and Administrative Expenses

SG&A expenses for the fourth quarter of 2017 were \$60.5 million compared with \$55.7 million the prior year, a \$4.7 million, or 8.5%, increase. SG&A expenses in the fourth quarter of 2017 decreased as a percentage of total revenues to 20.5% compared to 22.8% the prior year. The increase in SG&A was largely attributable to higher labor and benefits costs. Expenses related to new branch expansions increased \$0.9 million compared to a year ago.

Income from Operations

Income from operations for the fourth quarter of 2017 increased 34.8% to \$40.3 million, or 13.7% of revenues, compared to \$29.9 million, or 12.2% of revenues, a year ago.

Interest Expense

Interest expense was \$13.3 million for the fourth quarter of 2017 compared to \$13.4 million a year ago.

Net Income

Net income was \$85.9 million, or \$2.40 per diluted share, in the fourth quarter of 2017 compared to net income of \$12.4 million, or \$0.35 per diluted share, in the fourth quarter of 2016. We recorded an income tax benefit of \$58.4 million in the fourth quarter of 2017 compared to income tax expense of \$4.4 million in the fourth quarter of 2016 from a one-time re-measurement of our deferred tax assets and liabilities resulting from the decrease in the corporate federal income tax rate from 35% to 21% under the Tax Cuts and Jobs Act, which was enacted during the fourth quarter of 2017. As a result, the effective income tax rate was (211.7%) in the fourth quarter of 2017 compared to 26.3% in the year ago period.

Adjusted EBITDA

Adjusted EBITDA for the fourth quarter of 2017 increased 15.0% to \$90.7 million compared to \$78.9 million in the fourth quarter of 2016. Adjusted EBITDA as a percentage of revenues was 30.8% compared with 32.3% in the fourth quarter of 2016.

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FINANCIAL DISCUSSION FOR THE YEAR ENDED DECEMBER 31, 2017:

Revenue

Total revenues increased 5.3%, or \$51.9 million, to \$1.0 billion in 2017 from \$978.1 million in 2016. Equipment rental revenues increased 7.6% to \$479.0 million compared with \$445.2 million in 2016. New equipment sales increased 3.4% to \$203.3 million from \$196.7 million a year ago. Used equipment sales increased 10.8% to \$107.3 million compared to \$96.9 million a year ago. Parts sales decreased 1.6% to \$107.4 million from \$109.1 million in 2016. Service revenues decreased 2.8% to \$62.9 million from \$64.7 million a year ago.

Gross Profit

Gross profit increased 7.2%, or \$24.3 million, to \$359.9 million from \$335.6 million in 2016. Gross margin was 34.9% for 2017 compared to 34.3% for 2016. On a segment basis, gross margin on rentals increased to 48.4% in 2017 from 47.4% in 2016. On average, 2017 rental rates increased 0.2% compared to 2016. In 2017, time utilization (based on original equipment cost) was 72.1% compared to 69.7% a year ago. Time utilization (based on units available for rent) was 69.6% in 2017 compared to 67.0% the prior year.

Gross margins on new equipment sales increased to 11.1% from 10.7% a year ago. Gross margins on used equipment sales decreased to 30.9% compared to 31.1%. Gross margins on parts sales were 27.6% compared to 27.7%. Gross margins on service revenues were 66.4% compared to 66.2% in 2016.

Selling, General and Administrative Expenses

SG&A expenses for 2017 were \$232.8 million compared with \$228.1 million in 2016, an increase of \$4.7 million, or 2.0%. The net increase in SG&A was primarily the result of increased salaries, wages, payroll taxes, related employee costs and facility costs. Of the \$4.7 million increase, \$3.6 million was attributable to new branch expansion compared to the prior year. In 2017, SG&A expenses as a percentage of total revenues decreased to 22.6% compared to 23.3% in 2016.

Income from Operations

Income from operations in 2017 increased 24.5% to \$137.9 million, or 13.4% of revenues, compared to \$110.8 million, or 11.3% of revenues, a year ago, but included \$5.8 million of merger breakup fee proceeds, net of merger costs. Excluding the net merger breakup fee, income from operations increased 19.3% to \$132.1 million compared to a year ago, or 12.8% of revenues.

Interest Expense

Interest expense in 2017 was \$55.0 million, a \$1.4 million increase from \$53.6 million a year ago, reflecting the issuance of our new 8-year 5.625% senior unsecured notes. The increase in interest expense is primarily due to the timing of the issuance of the new 8-year 5.625% senior unsecured notes in relation to the redemption of our previously outstanding 7% senior unsecured notes. \$750 million of 5.625% notes were issued on August 24, 2017, while approximately \$300.3 million of principal amount of the old 7.0% notes remained outstanding until September 25, 2017. Additionally, the Company issued \$200 million of add-on 5.625% notes on November 22, 2017, increasing the total principal amount of outstanding 8-year 5.625% of senior unsecured notes to \$950 million.

Net Income and Adjusted Net Income

Net income was \$109.7 million, or \$3.07 per diluted share, compared to net income of \$37.2 million, or \$1.05 per diluted share, in 2016. We recorded an income tax benefit of \$50.3 million in 2017 compared to income tax expense of \$21.9 million in 2016 from a one-time re-measurement of our deferred tax assets and liabilities resulting from the decrease in the corporate federal income tax rate from 35% to 21%. The effective income tax rate decreased to (84.8%) in 2017 compared to 37.0% in 2016. Adjusted net income was \$124.4 million, or \$3.48 per diluted share.

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Adjusted EBITDA

Adjusted EBITDA for 2017 increased 8.2% to \$327.1 million from \$302.3 million in 2016. Adjusted EBITDA as a percentage of revenues was 31.8% compared with 30.9% in 2016.

Non-GAAP Financial Measures

This press release contains certain Non-GAAP measures (EBITDA, Adjusted EBITDA and Adjusted net income). Please refer to our Current Report on Form 8-K for a description of these measures and of our use of these measures. These 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 as alternatives to the Company's other financial information determined under GAAP.

Conference Call

The Company's management will hold a conference call to discuss fourth quarter results today, February 22, 2018 at 10:00 a.m. (Eastern Time). To listen to the call, participants should dial 719-325-2312 approximately 10 minutes prior to the start of the call. A telephonic replay will become available after 1:00 p.m. (Eastern Time) on February 22, 2018, and will continue through March 3, 2018, by dialing 719-457-0820 and entering the confirmation code 8902491.

The live broadcast of the Company's quarterly conference call will be available online at www.he-equipment.com on February 22, 2018, beginning at 10:00 a.m. (Eastern Time) and will continue to be available for 30 days. Related presentation materials will be posted to the "Investor Relations" section of the Company's web site at www.he-equipment.com prior to the call. The presentation materials will be in Adobe Acrobat format.

About H&E Equipment Services, Inc.

The Company is one of the largest integrated equipment services companies in the United States with 83 full-service facilities throughout the West Coast, Intermountain, Southwest, Gulf Coast, Mid-Atlantic and Southeast regions. The Company is focused on heavy construction and industrial equipment and rents, sells and provides parts and services support for four core categories of specialized equipment: (1) hi-lift or aerial platform equipment; (2) cranes; (3) earthmoving equipment; and (4) industrial lift trucks. By providing equipment rental, sales, on-site parts, repair and maintenance functions under one roof, the Company is a one-stop provider for its customers' varied equipment needs. This 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 services operations.

Forward-Looking Statements

Statements contained in this press release that are not historical facts, including statements about H&E's beliefs and expectations, are "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.

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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 ability 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 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 and any potential acquisitions we may make, including any related capital expenditures, or our inability to consummate such acquisitions; (8) our possible inability to integrate any businesses we acquire; (9) competitive pressures; (10) security breaches and other disruptions in our information technology systems; (11) adverse weather events or natural disasters; (12) compliance with laws and regulations, including those relating to environmental matters and corporate governance matters; and (13) 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 Securities and Exchange Commission, we are under no obligation to publicly update or revise any forward-looking statements after the date of this release. These statements are based on the current beliefs and assumptions of H&E's management, which in turn are based on currently available information and important, underlying assumptions. H&E is under no obligation to publicly update or revise any forward-looking statements after this press release, whether as a result of any new information, future events or otherwise. Investors, potential investors, security holders and other readers are urged to consider the above mentioned factors carefully in evaluating the forward-looking statements and are cautioned not to place undue reliance on such forward-looking statements.

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H&E EQUIPMENT SERVICES, INC.
CONSOLIDATED STATEMENTS OF INCOME (unaudited)
(Amounts in thousands, except per share amounts)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2017	2016	2017	2016
Revenues:				
Equipment rentals	\$ 127,713	\$ 115,204	\$ 479,016	\$ 445,227
New equipment sales	74,418	44,852	203,301	196,688
Used equipment sales	32,110	24,937	107,329	96,910
Parts sales	26,321	27,189	107,384	109,147
Service revenues	15,752	15,351	62,873	64,673
Other	18,352	16,813	70,116	65,492
Total revenues	294,666	244,346	1,030,019	978,137
Cost of revenues:				
Rental depreciation	43,459	41,715	169,455	162,415
Rental expense	19,182	18,532	77,706	71,694
New equipment sales	66,262	40,404	180,702	175,556
Used equipment sales	22,153	16,987	74,132	66,738
Parts sales	19,017	19,782	77,713	78,966
Service revenues	5,213	5,103	21,111	21,839
Other	18,510	17,189	69,292	65,318
Total cost of revenues	193,796	159,712	670,111	642,526
Gross profit	100,870	84,634	359,908	335,611
Selling, general, and administrative expenses	60,456	55,744	232,784	228,129
Merger breakup fee proceeds, net of merger costs	(724)	—	5,782	—
Gain on sales of property and equipment, net	578	984	5,009	3,285
Income from operations	40,268	29,874	137,915	110,767
Loss on early extinguishment of debt	—	—	(25,363)	—
Interest expense	(13,293)	(13,375)	(54,958)	(53,604)
Other income, net	594	362	1,750	1,867
Income before provision (benefit) for income taxes	27,569	16,861	59,344	59,030
Provision (Benefit) for income taxes	(58,359)	4,431	(50,314)	21,858
Net income	<u>\$ 85,928</u>	<u>\$ 12,430</u>	<u>\$ 109,658</u>	<u>\$ 37,172</u>
NET INCOME PER SHARE				
Basic – Net income per share	<u>\$ 2.41</u>	<u>\$ 0.35</u>	<u>\$ 3.09</u>	<u>\$ 1.05</u>
Basic – Weighted average number of common shares outstanding	<u>35,582</u>	<u>35,451</u>	<u>35,516</u>	<u>35,393</u>
Diluted – Net income per share	<u>\$ 2.40</u>	<u>\$ 0.35</u>	<u>\$ 3.07</u>	<u>\$ 1.05</u>
Diluted – Weighted average number of common shares outstanding	<u>35,827</u>	<u>35,552</u>	<u>35,699</u>	<u>35,480</u>
Dividends declared per common share	<u>\$ 0.275</u>	<u>\$ 0.275</u>	<u>\$ 1.100</u>	<u>\$ 1.100</u>

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H&E EQUIPMENT SERVICES, INC.
SELECTED BALANCE SHEET DATA (unaudited)
(Amounts in thousands)

	December 31, 2017	December 31, 2016
Cash	\$ 165,878	\$ 7,683
Rental equipment, net	904,824	893,816
Total assets	1,467,717	1,241,611
Total debt (1)	951,486	794,346
Total liabilities	1,250,924	1,098,846
Stockholders' equity	216,793	142,765
Total liabilities and stockholders' equity	\$ 1,467,717	\$ 1,241,611

(1) Total debt consists of the aggregate amounts outstanding on the senior secured credit facility, senior unsecured notes and capital lease obligations.

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

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2017	2016	2017	2016
Net income	\$ 85,928	\$ 12,430	\$ 109,658	\$ 37,172
Interest expense	13,293	13,375	54,958	53,604
Provision (Benefit) for income taxes	(58,359)	4,431	(50,314)	21,858
Depreciation	49,157	48,676	193,245	189,697
EBITDA	\$ 90,019	\$ 78,912	\$ 307,547	\$ 302,331
Merger breakup fee, net of merger costs	724	—	(5,782)	—
Loss on early extinguishment of debt	—	—	25,363	—
Adjusted EBITDA	\$ 90,743	\$ 78,912	\$ 327,128	\$ 302,331

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

	Twelve Months Ended December 31, 2017		
	<u>As Reported</u>	<u>Adjustment (1)</u>	<u>Adjusted</u>
Income before provision (benefit) for income taxes	\$ 59,344	\$ 19,581	\$ 78,925
Provision (Benefit) for income taxes	(50,314)	4,882	(45,432)
Net income	<u>\$ 109,658</u>	<u>\$ 14,699</u>	<u>\$ 124,357</u>
NET INCOME PER SHARE			
Basic – Net income per share	<u>\$ 3.09</u>		<u>\$ 3.50</u>
Diluted – Net income per share	<u>\$ 3.07</u>		<u>\$ 3.48</u>
Weighted average number of common shares outstanding			
Basic	<u>35,516</u>		<u>35,516</u>
Diluted	<u>35,699</u>		<u>35,699</u>

- (1) Adjustment includes premium paid to repurchase or redeem the Company's 7% senior unsecured notes and the write-off of unamortized deferred transaction costs totaling \$25.4 million. Adjustment also includes \$5.8 million in merger breakup fee proceeds, net of merger costs.

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