DATE	Sept. 25th, 2024
TICKER	URI
EXCHANGE	NYSE
INDUSTRY	Industrials
SECTOR	Express Delivery Services
CURRENT PRICE	$939.87
TARGET PRICE	12.84%
UPSIDE	Buy
RECOMMENDATION	

SNAPSHOT	
52 Week High:	$896.98
52 Week Low:	$454.71
Beta:	1.68
WACC:	10.65%
DCF/EP:	$941.45
P/E ('24):	18.73
P/E ('25):	16.88
Market Cap:	55 Billion
Shares Outs.	67.3 Million
Revenue '23	14.33 Billion
EPS '23	35.40
Current Ratio ('23)	1.06
D/A ('23)	3.15

Company Overview

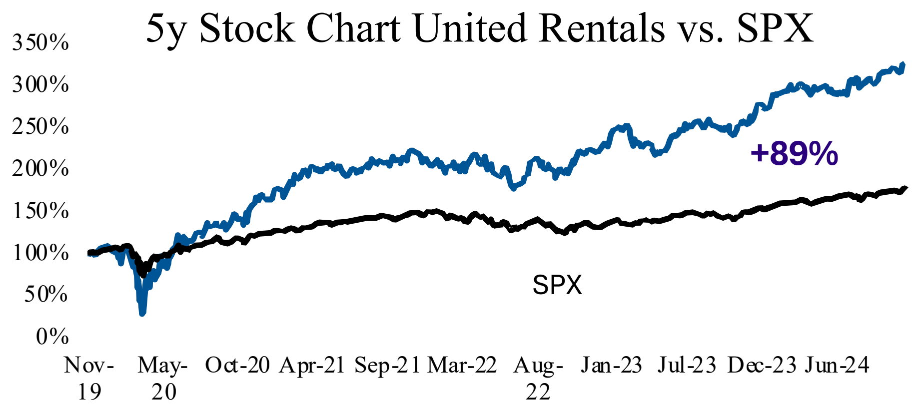
United Rentals, Inc. is the largest equipment rental company in the world. The company has an integrated network of 1,520 rental locations in North America, 38 in Europe, 23 in Australia, and 19 in New Zealand. In North America, the company operates in 49 states and every Canadian province. The company's approximately 26,650 employees serve construction and industrial customers, utilities, municipalities, homeowners, and others.

Investment Thesis

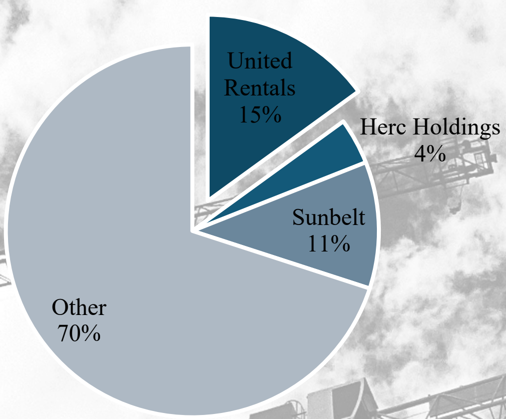
We recommend a **BUY** rating for URI as of Nov. 16th, 2024, We believe the long-term growth of the business is being underestimated. We see market consolidation and TAM expansion driving the stock higher. We also see tailwinds that we do not feel are appropriately priced in the construction industry.

Thesis Drivers

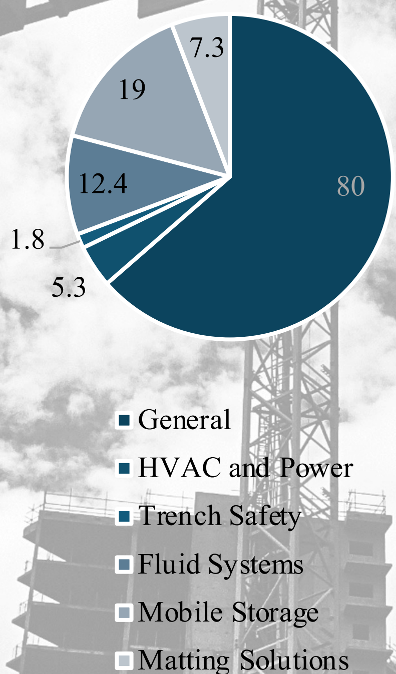
Technology: We foresee the company growing its online presence while expanding data analytics to drive awareness and efficiencies to the brand.
Consolidation: We see the industry trend of consolidating continuing and United Rentals will be the acquirer of choice for private rental companies. Currently, the company controls 15% of an 80 billion dollar per year market(17)
Specialty Segment: United Rental's specialty segment allows them to expand their TAM by growing into niche, high-growth rental equipment markets. They have historically grown with a revenue CAGR of 24.2% over the past decade and we forecast they can maintain a 16.2% CAGR over the next decade.
International Growth: the global market is at least twice the size of the US(18) Meanwhile, the company gets less than 10% of its revenue overseas with no emerging market exposure. (10k)



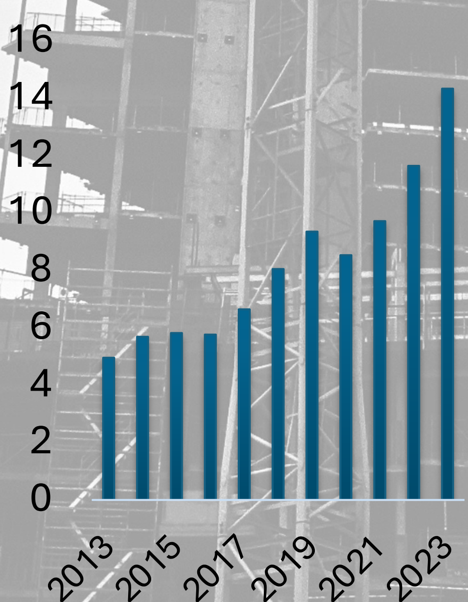
Market Revenue Share



TAM (Billions)



Revenue by Year ($Billions)



Executive Summary

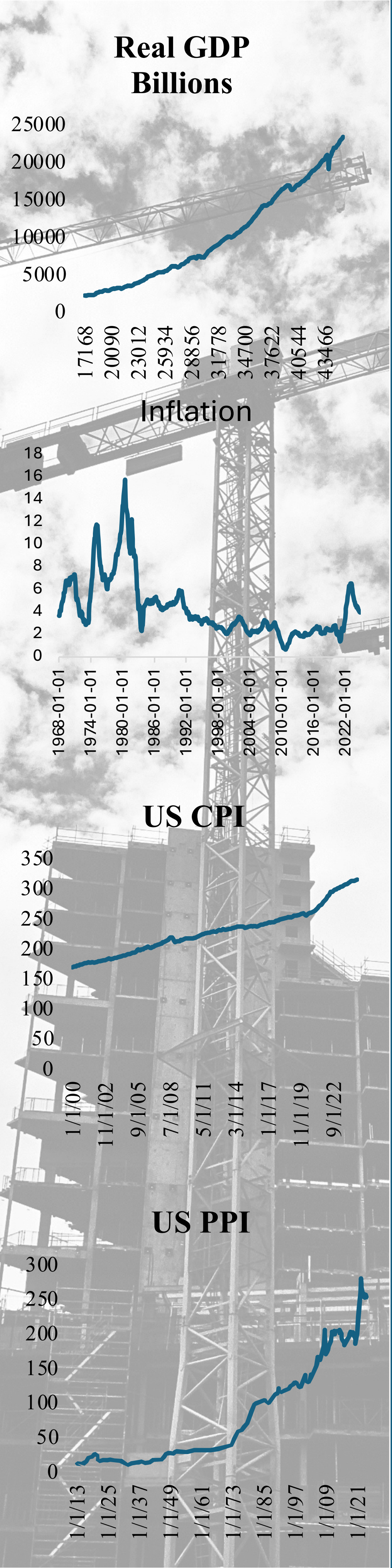
We believe United Rentals is a stable company trading at a reasonable valuation with the ability to compound capital at an above-market duration for an extended period. The company has a larger revenue share in its core market of construction equipment rental than any other company and plenty of greenspace for TAM expansion. The company has the scale and fleet diversity to weather economic storms and competent management which will take advantage of industry tailwinds. Peer comparisons do not give the company a fair valuation. They are by far the largest and highest quality of their pure-play competitors, in adjacent markets competitors have completely different end markets. When using intrinsic valuation and finding the present value of expected future cash flows, we believe the stock is undervalued.

Despite being the largest player in their market, they are only 15% of the US Rental construction equipment market with no exposure to the fastest growing construction markets in the world. Add on the TAM expansion opportunities provided by their existing specialty segments and the company has a long growth runway. Despite near-term headwinds from geopolitical tensions and slowing construction spending the tailwind of consolidation is still a major factor and may be assisted by economic turbulence.

Our confidence is only furthered by their specialty segment. This segment has a ten-year revenue CAGR in the mid-twenties for providing TAM expansion opportunities organically and through acquisition. We believe if the general segment grows slightly below trend and specialty can maintain a mid-teens growth rate. This presents United Rentals with an opportunity to invest in an industry leader with high returns on capital at an attractive valuation.

The **risks to our thesis** rely first on the cyclicality of the general construction industry mitigated by the fact that United is diversified across segments of that market. Second, there is a risk of a trade war. With most of their suppliers sourcing outside of the US, their margins or ability to meet customer demand would be compressed by higher tariffs. However, we see this risk as relative to the whole industry and almost the whole industrial sector.

Finally, if accounting rules are changed that restrict the amount of realized depreciation United Rentals would have greatly reduced cash flow due to income tax implications. However, we see bipartisan support in favor of maintaining, or at least not being more restrictive than prior to 2017 rules(4).



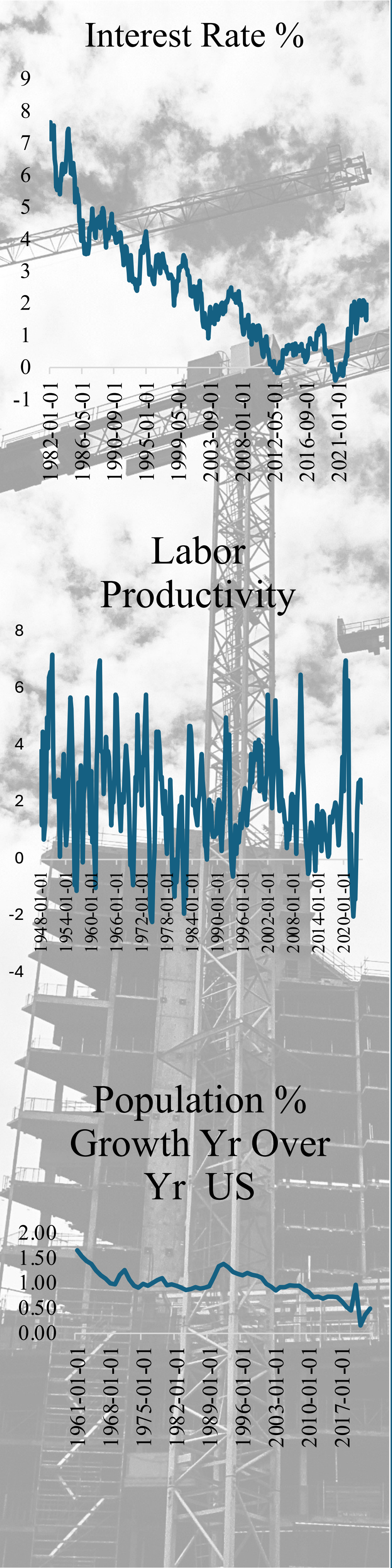
Economic Forecast:

Real GDP growth:

Our real GDP forecast for the full year 2024 is 1.9%, with an applicable range of 1.7% to 2.1% projected due to a slowdown in US consumer spending and higher interest rates offset by government spending for public works, military demand, and potential rate cut effects which will begin to show promise in the second half of the fourth quarter(23). The downside scenario shows consumer spending cools at a more than forecasted rate and/or government funding for public works flatlines quicker than expected. The estimates over the next three years can be broken down as 1.4% on the low end to 2.3% on the high end , with our conviction lying at .75%, we believe 1.4% would come from an ineffective and gridlocked Congress while 2.3% would come from a congress which can effectively balance fiscal discipline with proper stimulus and policies. The downside scenario is one in which the spending boosts by the Biden administration are not supplemented. At the same time, the Trump Tax Cuts are allowed to expire, and interest rates stay above 4%. In comparison, the 2.3% estimate shows interest rates in the below 3.5% range with a collaborative congress that can pass meaningful reform, both broadening and flattening the tax base while streamlining regulations and controlling spending.

Inflation:

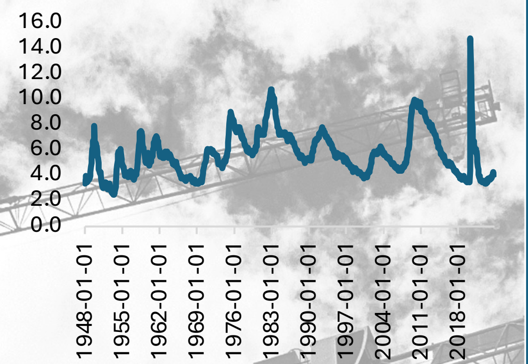
While CPI is the main metric used by the Federal Reserve, our main bases are producers and their margins. Therefore, United will be greatly affected by the PPI than the CPI. That said, the PPI has more volatility and is generally priced month to month. We expect year-end CPI to be 2.7% on a year-over-year basis with a standard error between 3.0% and 2.4% if CPI is 2.6% or below, our forecast for PPI will be 50 basis points less, however projecting full-year is difficult as it is only seen in monthly price changes and is seen as a leading indicator lagged by the CPI. This creates some difficulties in forecasting long-term numbers beyond the fifty-basis point difference depending on if inflation is breaking lower or higher. The 2.4% number is approximately the one forecasted by Statista(24), which we think is an optimistic view given how sticky certain prices have been over the past three years. On the PPI forecast we believe it will be subdued. With the war in Ukraine priced in. The most likely outcome is an end within the next 24 months, which will suppress food inflation, while potentially more accommodative US energy policy will suppress energy inflation. The categories not tied to food or energy have been stable over the last several months(23), barring a major change in tariff rates that should continue.



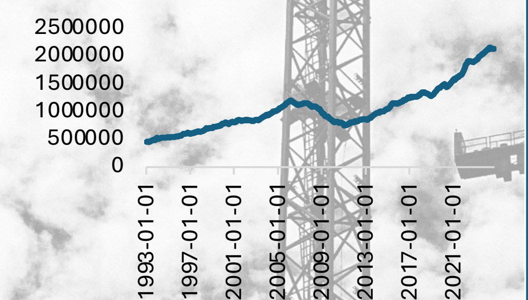
Interest Rates:
We project the Federal Funds rates will be in the range of 4.75-5% by year-end 2024 with a downside deviation of 4.5-5% and an upside deviation of 5-5.25% we absolutely predict at least one rate cut this year and are pricing in the idea of two rate cuts at 25 basis points each on the thesis of cooling consumer spending and increasing unemployment. We do not foresee more than 75 basis points worth of cuts this year barring some unlikely event. But we believe one 25 basis points cut is reasonable, if nothing else, to bring a sense of stability to capital markets, which have an over 90% probability of a cut before year-end. In the longer run, we have rates at 4.5-4.75% on the high end and 2.75-3% on the low end. We believe that even if there were to be a minor recession, there is very little reason why rates would go any lower than a 2.75% lower bound in the best interest of preserving currency stability and consistency in the capital markets, which has been one of Powell's leading themes(26). Observing the current administration, we believe the long end of the treasury curve will end the year higher, but not significantly. In essence, since 2023 , The Federal Funds rate has had a higher yield than the ten year. We believe this gap nearly closes by the end of the year, so our ten-year forecast is 4.75% This is the most important number as the ten year will be the reference point for the company's bonds.

Productivity Growth:
Productivity Growth is important for the industrial sector as it benefits indirectly from technology development. Technology has always been the cutting-edge advantage, but the wave of automation within the factories of America has allowed the underlying earnings of the manufacturing sector to grow as the percentage of the workforce in the manufacturing sector has declined in the United States. Productivity is defined as the units produced per hour while population growth correlates to the number of workers. It should be a good proxy for nominal GDP, where population growth is both organic growth as defined by fertility rates and birth rates, while inorganic growth is a product of immigration. Even though the organic growth rate cannot change in a significant way for the next three years immigration we believe will continue to contribute to an approximate 0.3% population growth. However, we do see a space where this growth rate fluctuates between 0.4% in a united democratic administration and 0.1% population growth in a united republican administration. That means we can realistically predict real productivity growth at approximately 1.4% with a downside of 1.2% in a world where artificial intelligence innovation flatlines to 1.5% in a world where a stable economy invites more capital and more demand and supply for artificial intelligence and other science and engineering-based jobs. We see productivity growth as more stable than GDP growth broadly primarily due to the impact of inflation in the longer term, we see productivity falling in line with the trend, which is 1.4%(24)

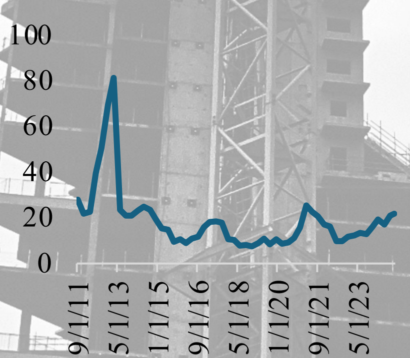
Unemployment



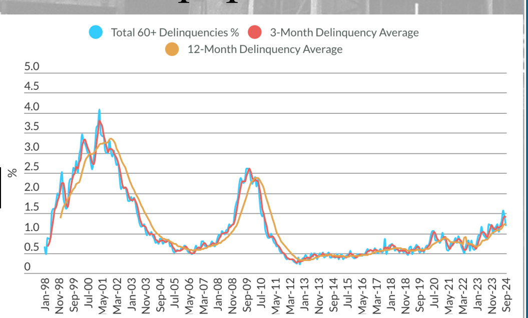
Construction Spending



PE Ratio URI



ABS Equipment Indices



For the purposes of industrial companies, many of them will not benefit from Artificial intelligence to the same extent as technology firms but artificial intelligence as a B2B application will help improve productivity through data analytics and processes, the same way Excel improves productivity in finance over calculators and paper-pencil A.I. has similar applications to improve workflows to various degrees.

Unemployment:

We see the economy ending the year off with 4.4% unemployment within a band of 4.2% and 4.6% and in the longer term, we see the US unemployment rate at 4.1% by year-end 2026. We believe even with a slowdown in consumer spending that, the best way to describe the US job market in a world where interest rates are below 5% is stable. Our prediction is that in the event of a recession, the unemployment rate for year-end 2026 could be as high as 4.9%, but we do not foresee unemployment lower than 4.1% in the medium long term (year-end 2026).

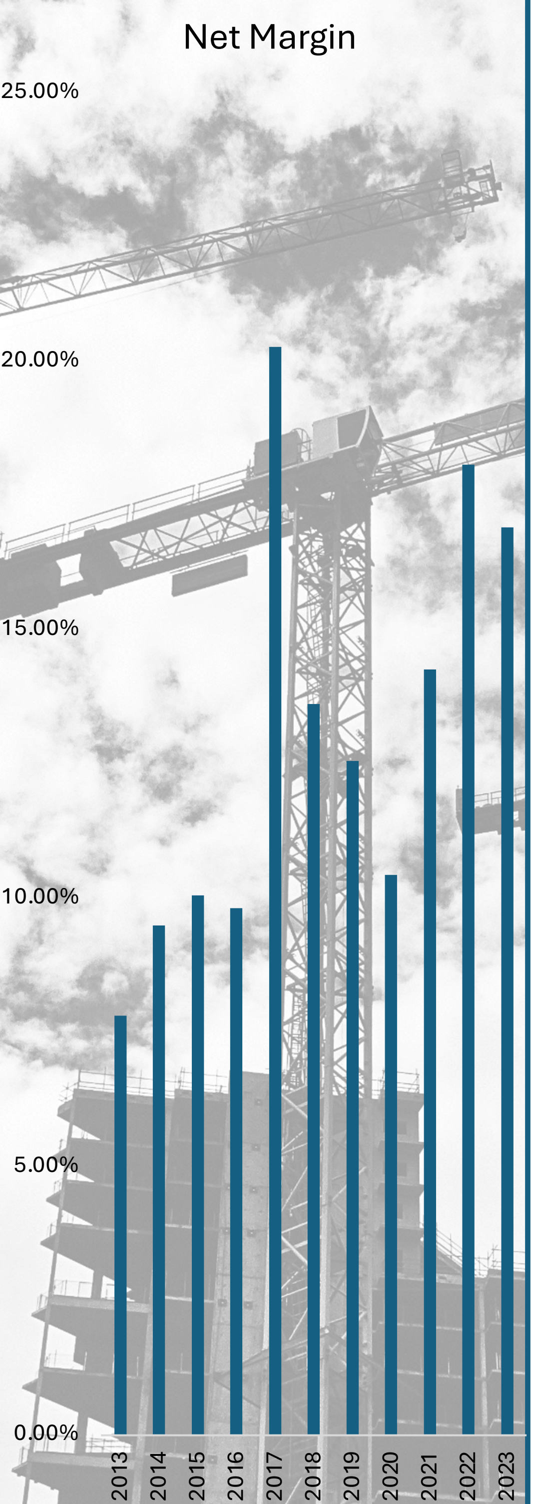
Construction Spending:

According to data from Statista, the projected CAGR of new construction will be 3.3% from 2023-2028(24). However, it is difficult to project the other aspects of construction. We are not just dependent on new projects, but all the fixing, upgrading, expanding, etc. that occurs in construction will grow the industry. We also think that a moderated amount of total industry growth may be a positive for market share gain.

Relevant Stock Market Prospects:

General Market Overview: We foresee poor forward returns for the next three years, emphasizing a strong microeconomic focus as the business will need to have a resilient business model with secular tailwinds. The market's general valuation points to a significant overvaluation with the ratio of the Wilshire 5000 to the current US GDP being over 200% the last time this occurred in 2020-2021 was the height of stimulus but without the corresponding economic recovery. The denominator was much smaller than it should have been. This economy is in a steady state, which leads us to believe that forward-looking returns over the next three years, barring a black swan event, will approximate gross GDP growth. This opinion is further supported by the price-to-earnings ratio of the market being approximately 1.8 standard deviations above the average while interest rates are 0.5 standard deviations lower than average, giving the interest rate-adjusted market an overvaluation of approximately 1.3 standard deviations. There is a chance with lower interest rates, the market could be considered closer to a fair value. At fair value, the upside for the next three years should approximate the growth in corporate earnings rather than the growth in GDP

A positive for United Rentals could be projected strength in ABS. United Rentals has a significant amount of leased assets there is a high probability that ABS markets will be an outlet for liquidity should the business need it. The company will have the ability to securitize its assets if needed. This type of financing would also be beneficial to the company as it would be bankruptcy-remote and the regulations around securitization may be relaxed over the next few years. We do not, however, bake this into our model.



Industry Outlook

Industrials Overview

Our view is that industrials should follow the markets ups and downs with relative closeness; perhaps their beta is artificially lowered by the market's recent top-heaviness in The Magnificent 7 stocks, but our view is that logistics, building materials, and A&D will give industrials an edge over the broader market due both to supply-demand imbalances caused by pandemic supply chain issues and heightened political tensions. On the industry level, the large players in aerospace components, logistics in air and ground freight, and building suppliers, especially of housing, operate in deeply fragmented industries where acquisitive businesses can reap economies of scale.

Current Industry Classification

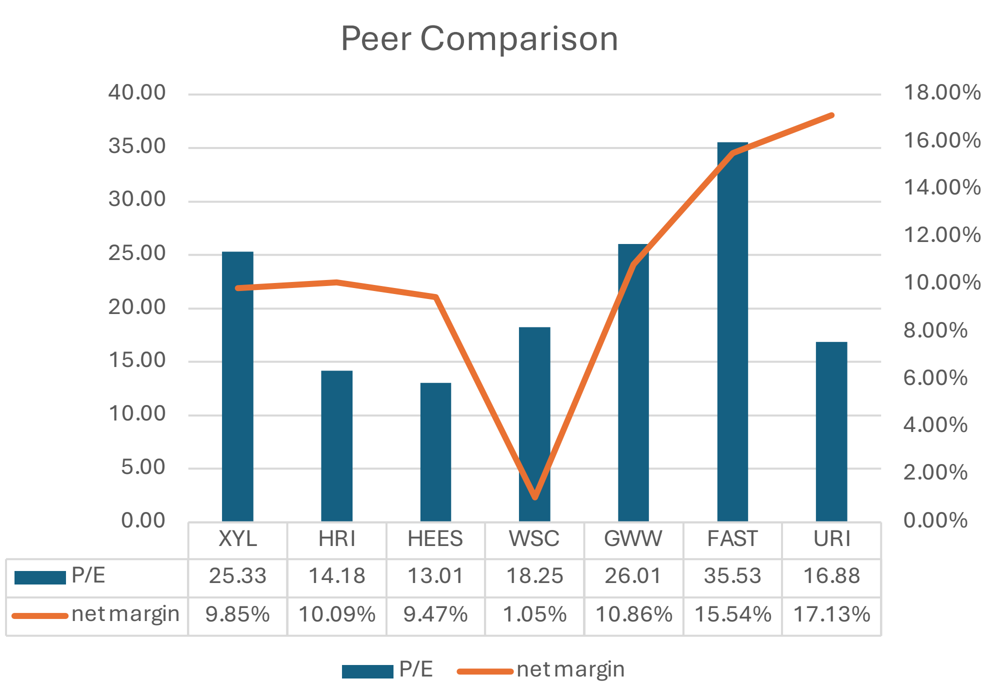
United Rentals is classified as a rental and leasing business. More specifically, they compete against construction equipment leasing companies. They fall under GICS 201070 of trading companies and distributors, and NAICS 5324 Commercial and Industrial Machinery and Equipment Rental and Leasing.

External Trends and Factors

In terms of trends, we believe reshoring provides an undervalued tailwind for domestic industrial construction. The market concentration of the top three players is 30%(1). In the first quarter of 2020, the concentration was 20%. We believe that concentration can continue throughout the next decade.(27)

Profitability of the Industry

With net margins in the high teens and low twenties and gross margins in the high 30s and low 40s, United Rentals has industry-leading margins. The best metric for industry profitability is cash flow ROIC, which is more similar to the NOPLAT/IC metric than traditional ROIC. According to FactSet, the most recent cash flow ROICs are 24.8% for United, 21% for Herc, and 21.4% for H&E, with wildly different numbers in less applicable competitors.



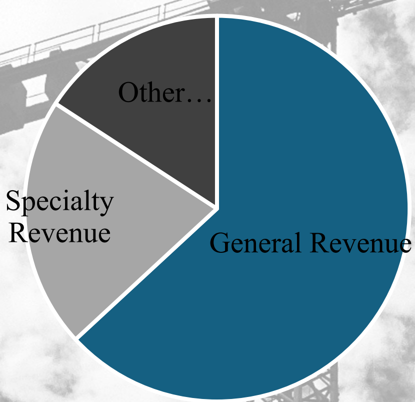
	XYL	HRI	HEES	WSC	GWW	FAST	URI
P/E	25.33	14.18	13.01	18.25	26.01	35.53	16.88
net margin	9.85%	10.09%	9.47%	1.05%	10.86%	15.54%	17.13%

Risks

Supply Chain Disruptions: The companies rely on being able to purchase machines frequently from manufacturers. If those supply chains were disrupted, it would harm their costs and ability to grow

Regulatory Risk: The company is highly sensitive to changes in depreciation accounting, slower depreciation schedules may severely impede their ability to reinvest

2023 Revenue Segments



Revenue Analysis

United Rentals recorded full-year 2023 revenue of 14.3 billion compared to 11.6 billion in 2022 and is guiding for 14.95-15.45 billion for the full year 2024. The 2022-2023 Growth came from acquisitions and strength from construction spending. Given management's history of raising guidance and our belief in forward strength we are confident in our slightly more aggressive revenue figures.

Business Segments

Keynote: As we look at the different segments for United Rentals, it is key to note that approximately 84% of total revenue comes from the rental division with the other 16% coming from the sale of new and used rental equipment, contractor supplies sales, and other ancillary services.

General Equipment

The general rentals segment includes the rental of construction, aerial and industrial equipment, general tools and light equipment, and related services and activities. The general rentals segment's customers include construction and industrial companies, manufacturers, utilities, municipalities and homeowners. The general rentals segment reflects the aggregation of four geographic divisions—Central, Northeast, Southeast and West —and operates throughout the United States and Canada.

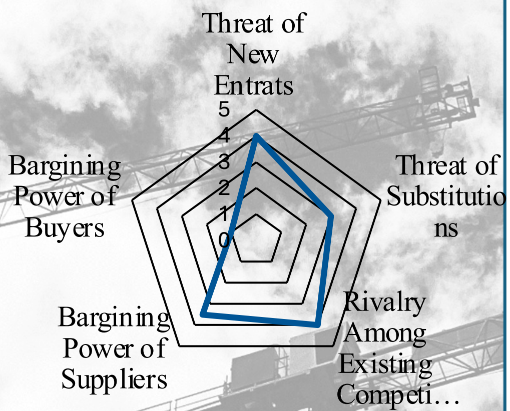
Specialty Equipment

The specialty segment rents products (and provides setup and other services on such rented equipment) including trench safety equipment, such as trench shields, aluminum hydraulic shoring systems, slide rails, crossing plates, construction lasers, and line testing equipment for underground work, power and HVAC equipment, such as portable diesel generators, electrical distribution equipment, and temperature control equipment, fluid solutions equipment primarily used for fluid containment, transfer and treatment, and mobile storage equipment and modular office space. The specialty segment's customers include construction companies involved in infrastructure projects, municipalities, and industrial companies. This segment primarily operates in the United States and Canada and has a limited presence in Europe, Australia, and New Zealand.

Other Revenues

Other Revenues include all of the other operations of the business. In the 10k the business classifies these revenues within general and specialty but also classifies them separate from rental revenues. These segments include the sale of used equipment, the sale of new equipment, contractor supplies sales, and services/other which includes servicing the machines, consumer financing, and other odds and ends.

Porter's Five Forces



Top Competitors

Ashtead group
SUNBELT RENTALS
HercRentals
WILLSCOT
xylem rental solutions

Largest Customers

BECHTEL
Kiewit
PCL CONSTRUCTION
Turner

Largest Suppliers

CASE
CAT
JLG
TORO

Porter's Five Forces

Threat of new entrants: High

In the literal sense, there is a high threat of new entrants but there are economies of scale to being large. The threat of new entrants is high. There are 5,334 rental and leasing companies in The US. The average cost to start a competitor here is about one million dollars, although some smaller equipment yards can be started for as little as 50,000.

Threat of Substitutes: Moderate/Low

Relatively low for companies that maintain a young fleet with options to lease or buy. The alternative is to buy new equipment or highly specialized equipment. If they were buy-only, leasing is a substitute, if they are lease only buying is a substitute. Otherwise, the main customer base is an amalgamation of contractor and government operations that understand that leasing a slightly older vehicle is cheaper than buying new, and companies that buy new are often not their customers anyway.

Rivalry Among Existing Competitors: High

In an industry where the top ten companies only hold 44% market share defined as a percentage of total rental industry revenue as collected by the American Rentals Association and where the products themselves are substitutable among competitors, the competition is high.

Bargaining Power of Suppliers Medium

When the equipment being supplied is niche, the bargaining power of suppliers is high because of the lack of available substitutes, when there is a broad variety of models and competition within the segment (skid loaders, backhoes, other commoditized equipment types), the power of suppliers is limited to local brand power, John Deere might be preferred in a town over Case or vice-versa which may put a little pressure on the equipment yards. The bargaining power of suppliers is likely somewhat limited due to the ability of the rental company to delay purchases of new equipment, perform maintenance on older equipment, or consolidate their equipment purchases from suppliers to get more favorable terms. That said, when you need a new piece of equipment because the old one broke, you also don't want to delay and make your customer unhappy.

Bargaining Power of Buyers: Low

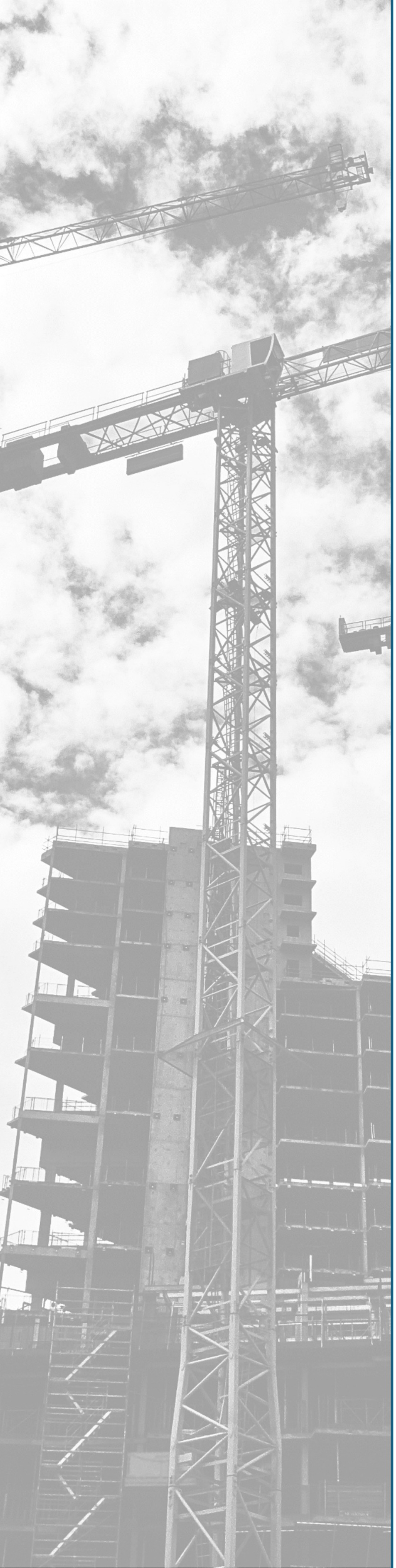
The major companies tend not to have any single buyer represent more than 1% of total revenue. The limit to this is the intensity of rivalry, if a rental yard is the only game in town within 15 or 20 miles then they will have much greater purchasing power, and these are very geographically sensitive businesses.

Price Makers:

The price makers in this business seem to be United Rentals, Sunbelt, and Willscot. While the others seem to be price-takers. United and Sunbelt tend to keep each other in check on rental rates but companies smaller than Sun Belt seem not to have the same pricing power. This is reflected in the fact that Sunbelt and United have higher margins than other publicly traded peers. It also makes sense intuitively; Sunbelt and United Rentals are not price makers in the sense that customers will pay any price but that smaller rental yards must price lower than the major competitors in order to attract customers. Brand value is still important, and if United Rentals, Sunbelt, and other companies like Herc maintain their machinery and continuously service client demands, then it is reasonable to expect that a customer will defect and want to trust the "name brand"

Best Positioned:

The two best positioned are United Rentals and WillScot. Market leaders in fractured sub-industries that have secular growth and TAM expansion opportunities (specialty machines and software for United Rentals. Storage and monitoring equipment for Willscot). United Rentals specifically is the best positioned as they have the largest fleet with the most variety and the most locations. This allows them to service a wider variety of customers and attract larger accounts.



SWOT

Strengths

The strength of United Rentals is their scale. As the market leader, they have brand value and economies of scale that have boosted their profitability. Their other strength is their process framework. This framework sets incentives and best practices for managers at all levels of the company and has allowed them to successfully integrate acquisitions and grow their operating margins significantly. Their final strength is in the diversity of their fleet. By specializing in some of their offerings they can access the growth of those particular industries while having a solid foundation in general equipment which makes them a one-stop shop for a variety of clients without creating a dependency on any particular group.

Weaknesses

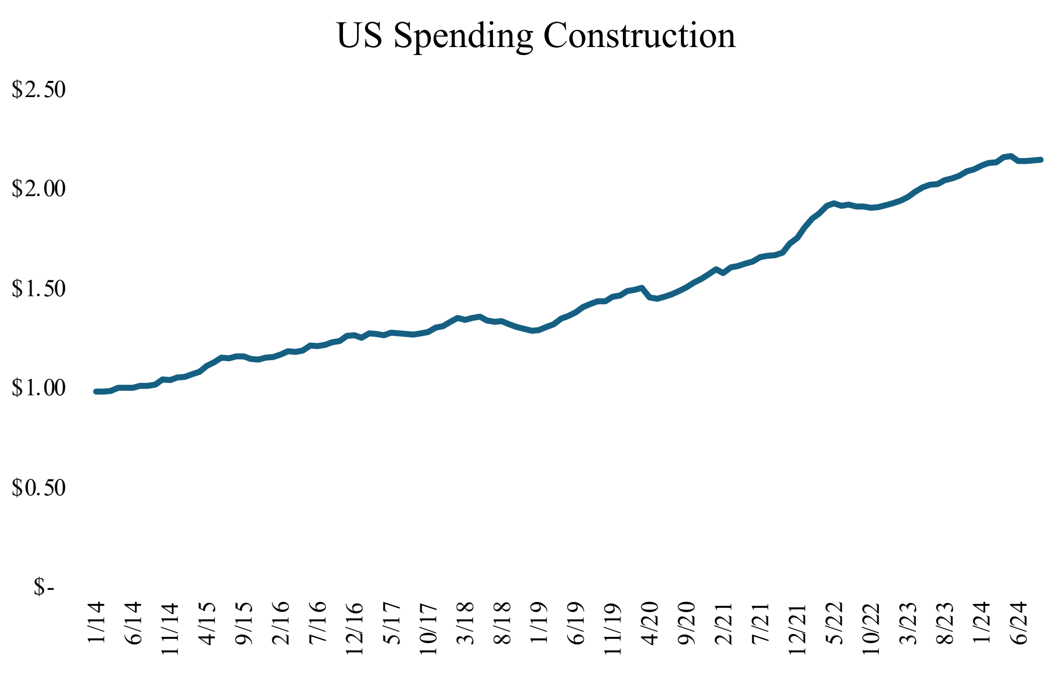
are that they operate in a highly cyclical industry of construction. General construction looks to be slower than it has historically been which could lead to lost revenues in their general equipment rental. Another weakness is their capital-intensive, depreciating asset base. Changes in depreciation laws could negatively impact their cash flow. The inability to quickly depreciate equipment will tie up capital for much longer periods of time and restrain their ability to reinvest.

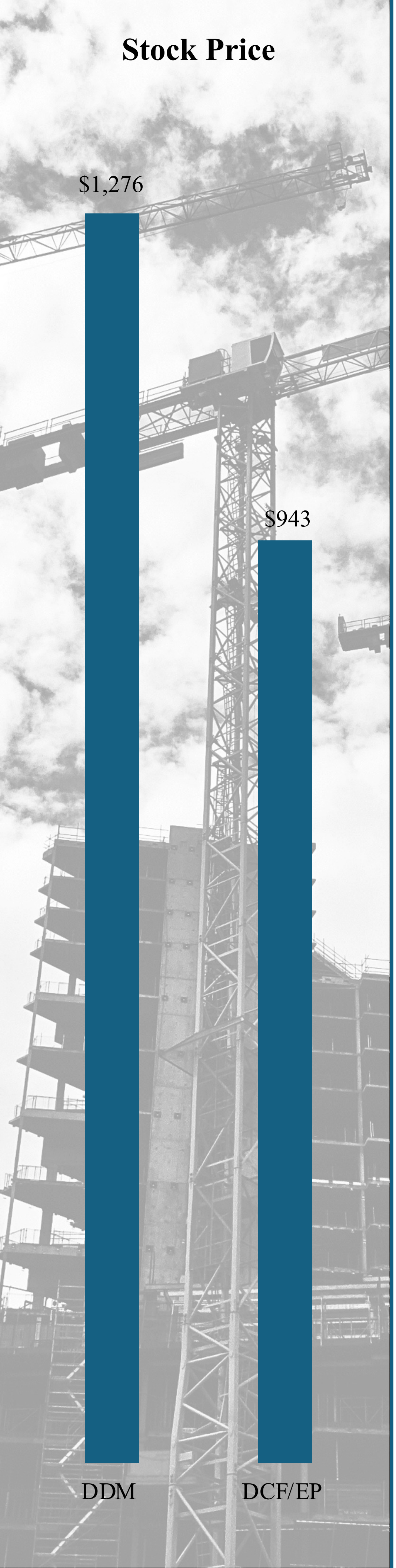
Opportunities:

Not only does United Rentals have the ability to expand their core business but the specialty segment is the fastest-growing and highest-margin component of the company. We could also foresee United Rentals rolling out a SaaS component for clients to help optimize their own operations. Their specialty segments are in faster-growth end markets where United Rentals currently has low overall penetration or has the ability to expand TAM by being a first mover in certain product segments. Finally, the expansion of their financing division creates a cross-selling opportunity.

Threats

are essentially suffering from success. United Rentals is the most highly performing business in their industry, the main threat is for them to stop improving or for their competitors to copy their playbook. However, there is the threat of a somewhat fragile supply chain. The company relies on consistently being able to purchase their equipment cheaply, if international trade imposed heavy costs their ability to purchase equipment and expand would suffer.





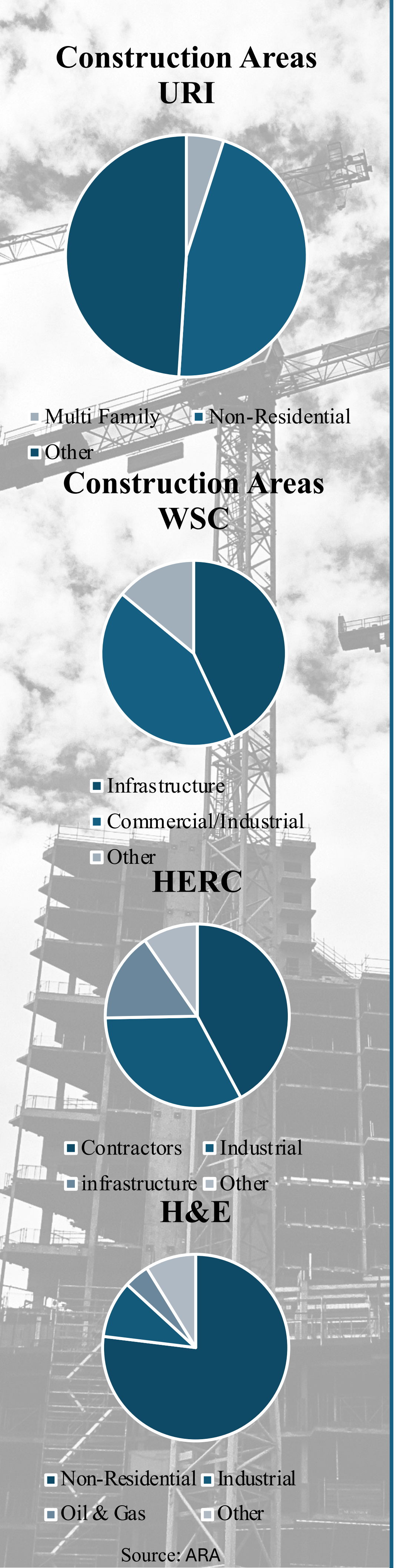
Valuation

DCF:

The DCF is the most accurate measure of the business. The significant amount of non-cash adjustments needed to go from net income to operating cash flow, combined with the above-mentioned nature of their revenue generation, makes looking at the present value of future cashflows the most accurate metric for the business. We utilized a ten-year forecast with an average revenue growth of approximately 11%, which is in line with the trend of the past decade and which we believe the company can maintain due to its specialty segment. All of the segments are forecasted to grow below their trends of the last ten years. The gross margins are in line with the average of the last ten years. We assume approximately 60 basis points of efficiency in SGA, and 25 basis points of efficiency from our assumption of the business not incurring restructuring charges, we also assume 2.3% net efficiency on depreciation calculated by the differences in the increase in equipment and the decrease in non-equipment depreciation. In essence, our plan increases net margin by approximately 3.1% over the next decade. We believe our expectations are reasonable due to the market opportunity both domestically and internationally that United Rentals can expand into. Combined with competent management which has shown to think in terms of returns on cash flow and investment rather than short-term earnings. We believe DCF is the best method to value the business because it is based on standards that more accurately affect its profitability. Using long-lived assets as the primary long-term revenue generators causes depreciation expenses that unnecessarily impede their profitability. To a certain extent, There is also a timing issue. Because rentals are essentially contract-revenue they have a longer sales cycle of approximately 2 months. While not an incredibly long time the cash flow timing is an aspect to consider for earnings that may be misrepresented based on timing. **We recognize the large cash increase in our model** and see it as the logical extension of a business model that has matured over the last few years and foresee new avenues for growth. Our price target is $**940** which is slightly above current average analyst expectations.

DDM:

We believe that this model better captures the shift in capital allocation the company is undergoing as it matures. However, the short history of dividends makes this a less reliable valuation. The earnings per share growth will approximate 20% with even higher dividends per share growth. The amount of growth makes us cautious to use that as a base case. It yields $1,1274 which is above current levels.



Industry Outlook

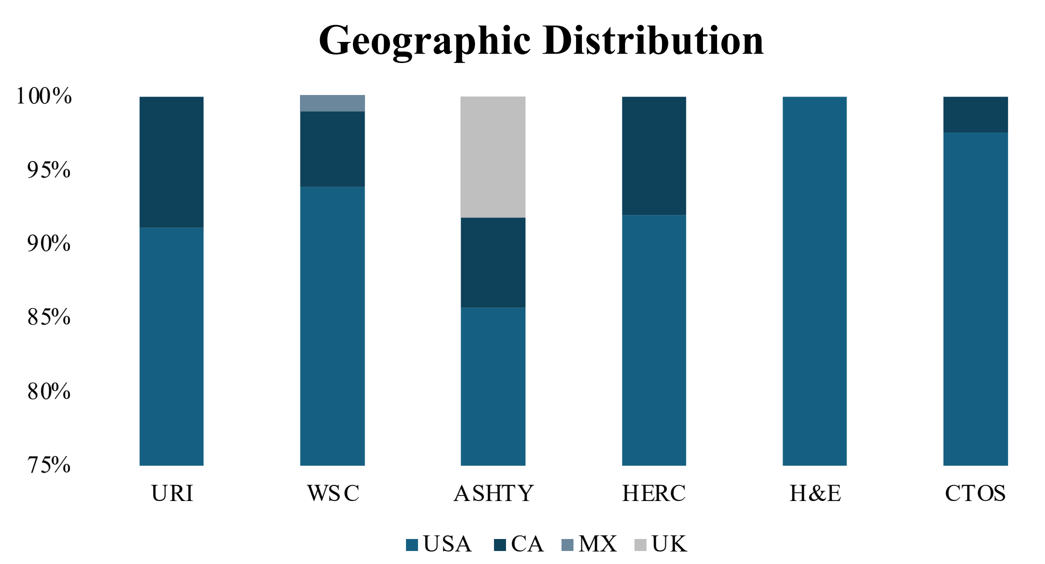
Demand Analysis:
As can be seen by most of these businesses the demand analysis is for commercial or industrial customers to rent this equipment. According to the American Rental Association, the size of the market in The United States is 80 billion dollars. Long term the industry should grow at six percent nominal over the next decade. The growth prospects should outpace construction in the short and medium term as the availability of rental and leasing expands but should largely track with the general construction market.

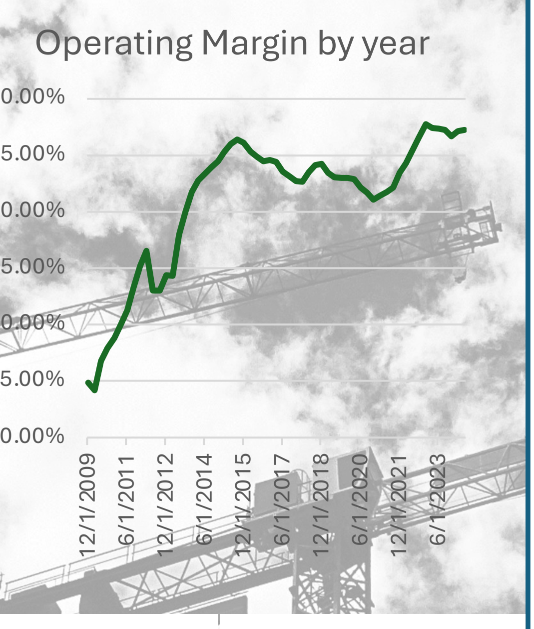
Construction Outlook:
According to The American Institute of Architects, while 2024 construction growth is projected at 17%, 2025 growth is going to only be 2%. We foresee the effect of rate cuts and new economic policy going into full effect for 2026. But for the 2025 year, we foresee commercial and industrial construction being weaker than residential. Primarily because C&I has benefitted more from IRA subsidies and with a stabilization in home prices the outlook for residential is stronger.

WillScot: They outcompete United Rentals in their specialty of Modular office and storage but are also more highly leveraged. And have recently struggled with acquisitions.

HERC: They outperform United Rentals in urban markets where they tend to focus their locations. However, they do not possess a specialty division. So United can suit more needs with higher-end growth markets.

H&E: due to their smaller size they are known for having more personalized service. They also have a distinct oil and gas segment, which can provide them with roads to more oil and gas services acquisitions. However, United Rentals is reaping economies of scale that are unproven for H&E.





<u>Detailed Company Analysis</u>

Last earnings release the company had 3.7 billion of revenue with the 3.5 billion dollars predicted by the market but exceeded EPS with 8.09 approximately 5% higher than the market. That 3.7 billion consisted of 3.2 billion in core rental revenue. Management kept guidance the same although they are guiding for slightly better results than the market.

Competition: The advantages of United Rentals can be summarized in the three following categories: economies of scale, technological advantages, and aligned managers. Scale advantages are the company's most noticeable advantage. Their scale comes in the form of a diverse rental fleet spread out amongst a variety of accounts and geographies, with the most noticeable brand in the United States and cost economies of scale that allow for reduced costs and wider operating margins. Technology is of course a major supplement to this fact, but the technology itself includes a suite of proprietary products that make transactions easier, operating metrics easier to quantify, and logistics more robust, very few other companies in their listed peer group mention much about their tech suite. And as far as aligned management The CEO has been with the company since the start and holds 10 million of the stock. Branch managers have access to an abundance of information, and a heritage from Brad Jacobs which holds the record for being the founder of more billion-dollar companies than anyone else in recorded history. From a multi-billion-dollar transaction with Waste Management in the early 90s, he founded RXO which spun off GXO and XPO all under the playbook of consolidating fractured industries and using technology to improve operating processes. This playbook is very apparent in United Rentals and makes them an incredibly durable business as in a downturn they will have more opportunities for integrating acquisitions.

The company lists competitors across industries, uniquely, none of them are primarily rental-yard operators, but freight forwarders like CH Robinson, or JB Hunt, tools and industrial parts suppliers like WESCO, Grainger, Stanley Black & Decker, or Masco, and garbage companies like Waste Management and Waste Connections. The key similarities are how they follow the same corporate playbook, operating in a large fractured industry as a highly acquisitive business with the highest market share.

In the previous twelve months, the business has undergone two strategic acquisitions. A two-billion-dollar all-cash acquisition of Ahern and a one-point one-billion-dollar acquisition of Yak Access also in all cash. The Ahern transaction was in their core fleet business while Yak expanded their quickly growing specialty segment.

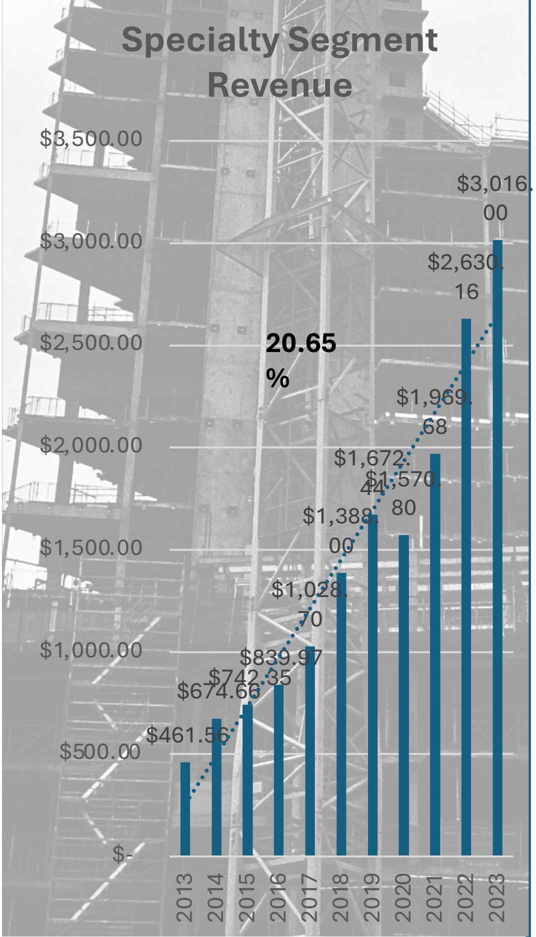
Last year the company invested 3.5 billion dollars in capex. Management has guided for 3.4-3.7 billion for 2024. We predict that capex will approximate 30% of rental revenue as this is in line with the long-term reinvestment rate of the business. Most of the revenue comes as a result of this equipment so it makes sense that equipment gets purchased relative to equipment sales ea**ch year.** The CAPEX will wind up being almost entirely rental equipment. The rental equipment is included in capital expenditures even though it functions more like inventory. The company owns most of its equipment(roughly 2.5% of rental revenue comes from leases of other company equipment), and consumers buy it as a product/service which is then returned and used by another client. In that sense, the sales cycle functions more like a services business which would have low inventory.

However, they are purchasing the temporary use of a long-lived asset. Other Net PPE is a hodge podge of land-which does not appreciate, office buildings, furniture, and other nearly insignificant assets. In sourcing their capital expenditures, they tend to size their purchases on an as-needed basis from a group of long-term suppliers. The names of which are not disclosed, their top relationship contributes approximately 15% of total expenditures with the top 10 suppliers contributing just under half. We foresee this number potentially falling if specialty continues to outpace general equipment. Generally, that means once the equipment is on the books, if it is unused the assets either sit dormant and get depreciated, or they can be sold off, but the relationship is rather low risk for both parties as it is on an as-needed basis for URI with a no return policy helping the vendor.

Valuation

Our 2024 revenue assumptions reflect a number near the top range of management guidance, we feel this is fair given their recent acquisition and management's consistent conservatism in issuing guidance. The somewhat subsidy driven growth will be diminished compared to prior years. 2025 reflects a market that has cooled from inflation and has no subsidies. From there we have extrapolated the trends sought by the company-outpaced growth in the specialty segment, in-line with trend growth in the core general equipment business and slightly below trend in non-core general. The tale of our revenue forecast is to say that United has established themselves as the leader in general rental equipment, there growth will be slightly below its long-term trend. Meanwhile the specialty segment is subject to plenty of expansion opportunities in quickly growing end markets. The growth in these segments will briefly push them above trend before coming back into trend. We foresee strong growth in all of the subsegments within specialty. Our forecast shows a decently strong 2024 with a weak 2025. We believe HVAC and trench safety are more mature segments with room for growth. Fluid Solutions and mobile storage are unpenetrated for United Rentals and each group has positive tailwinds, for fluid solutions there is an immediate need tied to datacenters while mobile storage and modular office has just started to be institutionalized. Even with our growth assumptions we see the fluid handling segment capturing a five percent market share and modular office space having just over a 1% market share. In essence, these growth rates are not aggressive. For specialty we assume the HVAC and trench safety will grow at approximately 200 basis points below trend. We assume fluid safety solutions will be approximately 500 basis points below trend and mobile storage solutions will grow at approximately half of the rate.

Our margin assumptions are stable as the company has demonstrated disciplined cost controls and pricing power in their growth over the past decade. The company's gross margin has been maintained in the high 30s or low 40s for the past decade we think the variation over a market cycle is 37-43% and looking forward it may be reasonable to expand that margin from 36-44% depending on how the company integrates and prices the specialty segment and said segment becomes more significant. It is also worthwhile to analyze the incremental changes that will be made as services and equipment rental sales grow as a percentage of revenue while contractor supplies and new equipment sales decrease. Again, we do not believe whole cycle margins are all that sensitive from a baseline of 40% gross. We do believe the business will become more operationally efficient through a decrease in non-rental depreciation and amortization.



This may be slightly counteracted by the admittedly aggressive assumption that United Rentals will not incur any restructuring charges. In terms of SGA, we assume a small amount of cyclicality but that it will be similar to the current full-cycle SGA percentage. The company has always run rather lean on that department, and we do not foresee this changing due to their business model relying on relatively few workers per location and incremental analytics improvement to drive workforce optimization. Marketing expenses are also negligible. Baked into our net margins is the relative constancy of the interest expense that has fallen over time as the company looks to be conservatively leveraged going forward. Finally, we assume slightly higher realized taxes than previously due merely to their more consistent and robust net profitability. In total, this leads to a net margin expansion of approximately 300 basis points.

Growth Catalysts

Industry Consolidation:

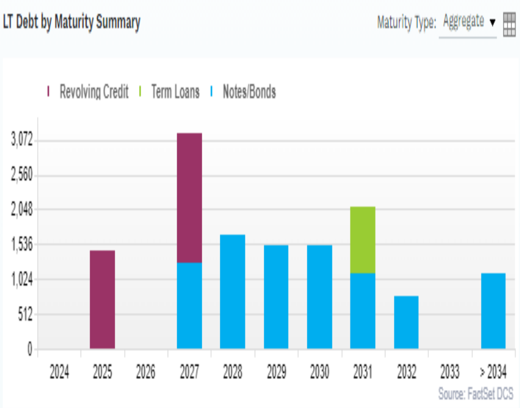
While United Rentals is the largest player in their space the management has outlined the desire to continue to grow through acquisition. While they are the largest player in the space the top ten players control less than 40% of the total market share. While we did not bake in this assumption, in a very bullish scenario we do not believe it is unreasonable for United Rentals to take their market share to 20% over the next decade(1). This is especially true as many of these companies are family-owned by baby boomers looking to retire. The reason we did not bake in this assumption is out of fear it does not occur. The recent acquisition of Ahern Rentals meant the acquisition of another top ten provider. United Rentals could find itself in a position of needing to focus on organic reinvestment as they run out of viable targets.

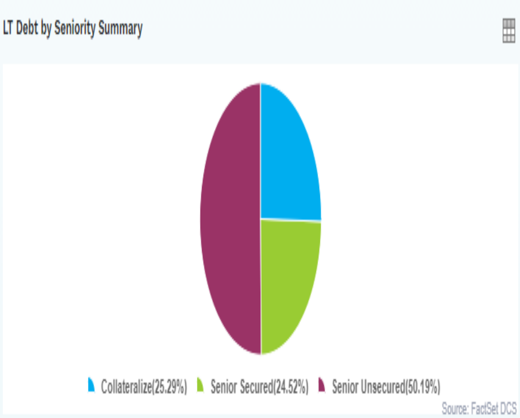
Specialty Segment Growth/Margin Expansion:

We focused more on the specialty segment growth because its probability is higher while its sensitivity to the macro is lower. In 2010 United Rentals had a 25% gross margin, a high single digit operating margin and was barely net unprofitable. A rapid improvement through to 2015 created the strategy we see today. The specialty segment has added incremental profitability and growing more quickly. As costs are consolidated in their specialty segment, we could foresee company gross margins improving to 45% operating margins improving to 30% and net margins improving to 20%. However, the current quality and size of the business make these estimates less likely than projecting stable margins with higher specialty growth. It should also be noted that other companies have segments dedicated to niche end markets like movie production or oilfield equipment. These types of niches could add incremental profitability, and in some cases add new verticals for cross-selling.

Emerging Markets Expansion:

United Rentals has essentially all their revenue coming from traditional developed economies with over 90% of that revenue coming from the United States. Exposure to APAC or MENA markets adds extra geopolitical risks while positioning United Rentals for faster growth. Currently, The Philippines, Malaysia, Vietnam, and Indonesia are the fastest-growing construction markets in the world. This does, however, introduce foreign exchange risk.(12)





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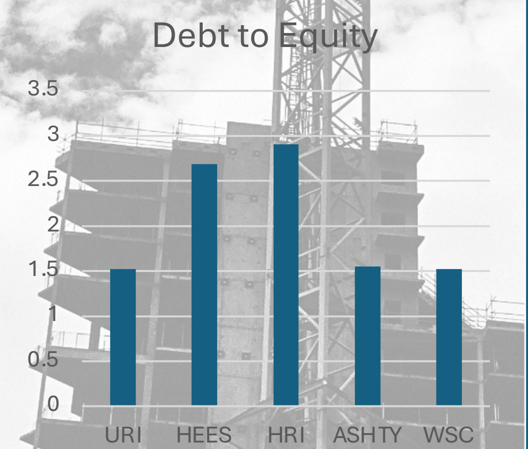
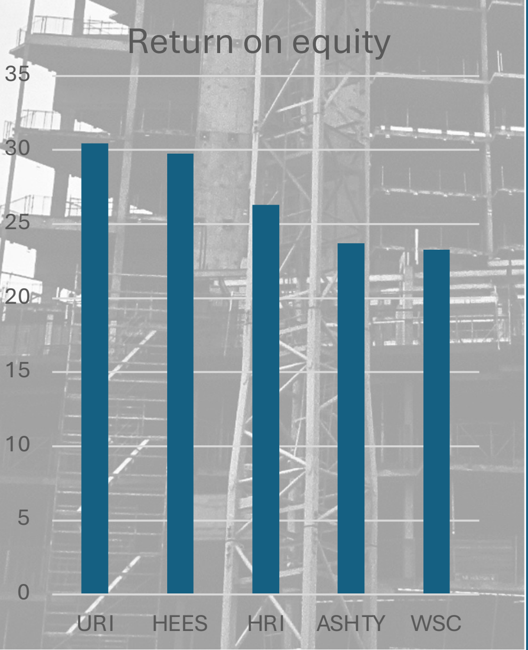




WACC & Capital Structure

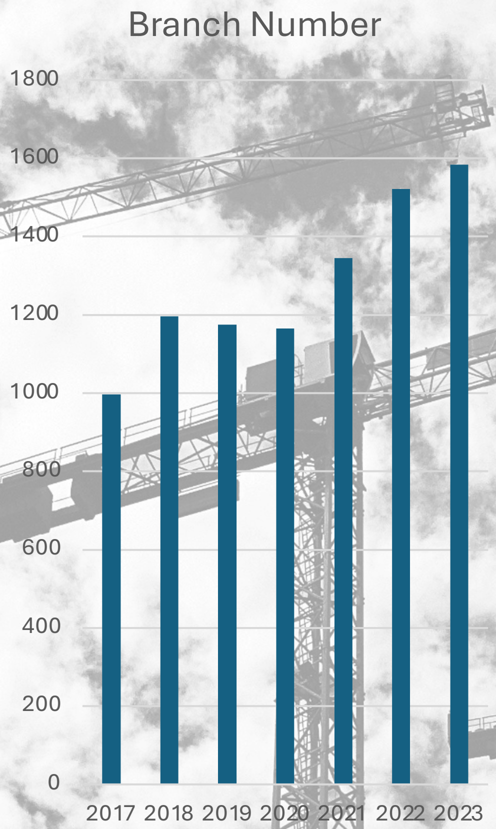
We calculated weighted average cost of capital with the market value weights of debt and equity for the company and found that the business is financed by approximately 18.34% debt to 81.66% equity. However, the company does utilize a high debt to assets ratio which we foresee declining towards the company's long term capital structure of 2x debt to cashflow. We assume long term the company continues to decrease their debt to cashflow below that amount.

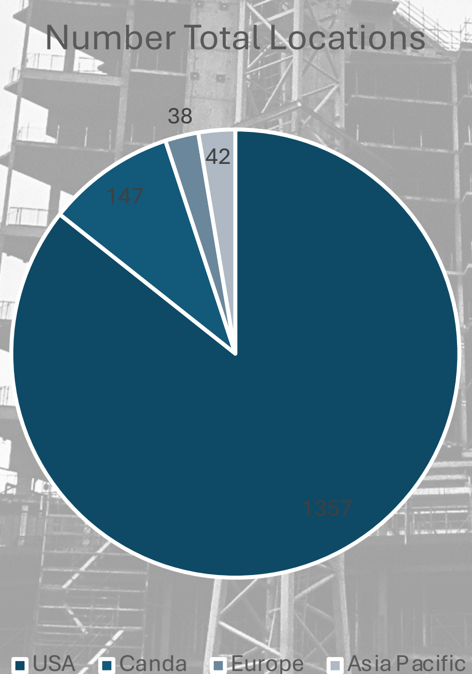
Related to costs: we project the risk-free rate at 4.2% for the ten-year treasury rate which is within 25 basis points of the ten-year treasury rate since the start of the project. Over time we expect the rate to decline but given the current rates this is what we used for risk free.

For the pre-tax cost of debt, we utilize a pre-tax cost of debt approximating 6.32% on their bonds which are BB rated with a stable outlook, and we foresee the ability to become an investment grade bond in the next five years, but at their current rating our implied default premium is 2.12%. which is reflective of current market value yields on their bonds. For equity we assume the equity risk premium proposed by Damodaran and the beta on Yahoo Finance. This yields a cost of equity of 11.93% and a weighted average cost of capital of 10.66%. Given this we see the company as somewhat interest rate sensitive, but we see very little interest rate risk for the operations.

Relative Valuation

Relative: United Rentals is a market leader with better margins than other pure-play rental yards and it shows. The only other pure plays are Herc and H&E which each trade in the mid-teens compared to the low twenties on United Rentals. More specifically predicted 2025 P/E is 14 for Herc, 13 for H&E, and just under 18 for United Rentals. However, URI is growing EPS at (**36.9 TF)** compared to 11 for Herc and shrinking earnings at H&E. Specialists like Xylem and Willscot tend to trade at a premium while Grainger and Fastenal are less capital-intensive than United. A sample size of three (United, Herc, H&E) does not seem robust, distributors and specialists like Grainger, Xylem, and Fastenal artificially increase the multiple. Depending on how we present the data set the relative valuation places United Rentals value at anywhere from 538 for 2024 P/E compared to Herc and H&E alone or 2,000 including all of the applicable competitors. It is for this reason that we do not recommend using this model. It is common in this industry for businesses to talk about cashflows more than earnings, as attested to by the fact that all of the other rental yard businesses report on their cashflow returns. Which reinforces the benefits of the DCF but minimizes the use of relative value. From a capital structure perspective, United Rentals has an almost identical TTM Debt to equity when compared with Ashstead or Willscot but is much less levered than H&E or Herc. However, it still has the highest Return on Equity demonstrating that their returns are driven primarily by operating efficiencies rather than leverage.





Value Proposition(extra demand analysis):
The US construction market is heavily fragmented. United Rental's largest customer is 1% of revenues with the top ten customers being 4% of revenues. There are a variety of reasons why the business model provides sustainable value to customers. Construction for most companies is very subscale, 2/3rds of homebuilders, and skilled trades businesses gross under one million dollars per year. Competition amongst construction firms leads to single digit profit margins, practically none of the revenue is recurring leading to the necessity of reducing fixed costs. When larger “National Accounts” have a fleet of their own they may supplement with United Rentals to replace a broken down or in repair piece of equipment or to utilize a specialty piece that would be troublesome to keep on hand.

Culture and Process(extra supply analysis):
United Rentals we estimate will have approximately 1600 Branch locations for year end 2024. The company is constantly using data analytics to optimize performance of each location and pursues a portfolio strategy of integrating locations with a range of 5-14 branches per district, 6-11 districts per region and 3-6 regions per division. Of which there are 5 among the 50 states. The company utilizes a technology forward mindset in constant process improvement to incentivize management and create lean processes. They are trying to consolidate their vendors in the general equipment segment. Even still their number one supplier is the source of 15% of capex and their top ten suppliers are 48%. We can the top ten reaching just under 2/3rds of capital expenditures long term. Although they may require more diverse suppliers for specialty equipment. The market itself is globally diversified but there is a strong presence in Asia. The largest company by market share is Caterpillar with 16% share the top ten in the industry are only slightly less concentrated than the top ten providers which is a good sign for us. Competition is intense but there is geopolitical risk, especially with Chinese OEMs. In regards to unions the company does not have a unionized workforce, however, dealing with construction companies means union exposure which could be negative if their suppliers or clients suffer from a strike.

Sensitivity Tables

Maginal Tax Rate

Pre-Tax Cost of Debt: 941.45	18.0%	19.0%	20.0%	21.0%	22.0%	23.0%	24.0%
6.02%	994.79	979.62	964.39	949.12	933.80	918.43	903.01
6.12%	992.03	976.92	961.76	946.56	931.30	915.99	900.62
6.22%	989.29	974.24	959.14	944.00	928.80	913.55	898.25
6.32%	986.55	971.57	956.53	941.45	926.31	911.12	895.88
6.42%	983.83	968.91	953.93	938.91	923.83	908.70	893.52
6.52%	981.12	966.26	951.35	936.38	921.36	906.29	891.17
6.62%	978.42	963.62	948.77	933.86	918.90	903.89	888.82

This table tests the relationship between the pre-tax cost of debt and the marginal tax rate. The graph is very closely related to the marginal tax rate because of the tax shield. These two variables are also very closely correlated, as high debt and a high tax rate cause a significantly lower stock price than the current projection. Events likely to cause shifts in the pre-tax cost of debt and the marginal tax rate include FED funds rate adjustments and changes in governmental leadership. For example, under the 2016 Trump administration, the federal tax rate was cut to its current rate of 21%, and there has been discussion of lowering it further to 15%

CV Growth of NOPLAT

Risk-Free Rate: 941.45	1.9%	2.1%	2.3%	2.5%	2.7%	2.9%	3.1%
3.5%	1,004.45	1,019.18	1,034.66	1,050.97	1,068.16	1,086.32	1,105.52
3.7%	969.38	983.03	997.37	1,012.45	1,028.33	1,045.07	1,062.76
4.0%	936.07	948.74	962.03	976.00	990.68	1,006.14	1,022.45
4.2%	904.39	916.17	928.50	941.45	955.04	969.34	984.39
4.5%	874.24	885.19	896.65	908.67	921.27	934.50	948.42
4.7%	845.50	855.70	866.36	877.52	889.21	901.48	914.37
5.0%	818.09	827.59	837.52	847.89	858.76	870.14	882.09

This table tests the effects of CV growth of NOPLAT and risk-free Rate. A change in the growth rate has a very similar effect to a change in the risk-free rate. This is likely because of its connection with the cost of debt. Both rates have a considerable effect on the price of the stock and should be watched closely as the risk-free rate has been trending down (7). This suggests every 0.25% cut by the FED should drive up some value and increase the growth of NOPAT.

Pre-Tax Cost of Debt

Cost of Equity: 941.45	6.02%	6.12%	6.22%	6.32%	6.42%	6.52%	6.62%
11.63%	946.86	944.29	941.74	939.20	936.66	934.14	931.63
11.73%	947.61	945.05	942.49	939.95	937.41	934.89	932.37
11.83%	948.37	945.80	943.24	940.70	938.16	935.63	933.12
11.93%	949.12	946.56	944.00	941.45	938.91	936.38	933.86
12.03%	949.88	947.31	944.75	942.20	939.66	937.13	934.60
12.13%	950.64	948.06	945.50	942.95	940.40	937.87	935.35
12.23%	951.39	948.82	946.25	943.70	941.15	938.62	936.09

This table tests the effects of pre-tax cost of debt and cost of equity. Cost of equity and debt will be somewhat correlated with one tending to drive up the other, but it is important to analyze how they would affect our cost of capital, which will affect the stock price. The table acts as we would expect but the stability of the changes indicates a reasonable cost of capital.

Equity risk Premium

Current Dividend Yield: 941.45	4.00%	4.20%	4.40%	4.60%	4.80%	5.00%	5.20%
0.51%	1,095.70	1,041.21	990.68	943.70	899.91	859.02	820.74
0.61%	1,094.82	1,040.38	989.89	942.95	899.20	858.34	820.10
0.71%	1,093.94	1,039.55	989.10	942.20	898.49	857.66	819.45
0.81%	1,093.06	1,038.72	988.31	941.45	897.77	856.98	818.81
0.91%	1,092.18	1,037.88	987.52	940.70	897.06	856.30	818.16
1.01%	1,091.30	1,037.05	986.73	939.95	896.35	855.62	817.51
1.11%	1,090.42	1,036.22	985.94	939.20	895.63	854.94	816.87

This table tests the effects of the equity risk premium and current dividend yield. Based on the table dividends do not have meaningful impact on the price of the stock in relation to the change equity risk premium. On the other hand, equity risk premium does have a large effect as it is tied to WACC. A higher risk premium raises our WACC, a higher WACC causes us to have a lower Stock price. Raising our cost of equity risk premium by 50 bases points would lower our price by almost $100.

CV Growth of NOPLAT

WACC	941.45	1.90%	2.10%	2.30%	2.50%	2.70%	2.90%	3.10%
	10.36%	952.68	965.79	979.55	994.01	1,009.23	1,025.27	1,042.19
	10.46%	935.63	948.26	961.52	975.43	990.07	1,005.48	1,021.72
	10.56%	919.02	931.19	943.95	957.34	971.42	986.23	1,001.84
	10.66%	902.81	914.54	926.83	939.73	953.27	967.52	982.51
	10.76%	887.00	898.31	910.16	922.57	935.61	949.31	963.72
	10.86%	871.58	882.48	893.90	905.86	918.41	931.58	945.44
	10.96%	856.52	867.04	878.04	889.57	901.65	914.33	927.66

This table tests the effects of the WACC on CV growth of NOPLAT. These two factors have an invers relationship and are highly correlated with each other. Increases in WACC cause the share price to decrease and increase in NOPLAT growth causes a stock price increase. These factors can be affected by a changing in the weights of debt-to-equity base on market factors like the FED funds rate and over all market performance. We believe an increase in CV growth of NOPLAT in the future is likely as United Rentals gains market share and can benefit from even greater economies of scale.

Risk-Free Rate

Beta	941.45	3.45%	3.70%	3.95%	4.20%	4.45%	4.70%	4.95%
	1.53	1,169.48	1,124.30	1,081.72	1,041.52	1,003.52	967.54	933.42
	1.58	1,127.82	1,085.04	1,044.66	1,006.48	970.34	936.09	903.58
	1.63	1,088.37	1,047.80	1,009.46	973.16	938.76	906.11	875.09
	1.68	1,050.97	1,012.45	976.00	941.45	908.67	877.52	847.89
	1.73	1,015.45	978.84	944.15	911.23	879.95	850.21	821.89
	1.78	981.70	946.85	913.80	882.40	852.54	824.11	797.02
	1.83	949.57	916.38	884.85	854.87	826.33	799.14	773.19

This table tests the effects of the Beta and the risk-free rate. Both a lower risk-free rate and a lower beta result in a higher stock price. The company's beta is driven highly by the construction market and is in turn is correlated with the broader market while being more volatile.. The risk-free rate is also tied to the condition of the market and can be affected by change in the FED funds rate. It is likely that these two variable would move in the same direction at the same time a puts considerable emphasis on the values in the table to be considered when considering economic trends..

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United Rentals

Revenue Decomposition

Fiscal Years Ending Dec. 31	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
Total Revenue									9,716	11,642	14,332	**15,834**	**16,427**	**18,680**	**21,126**	**23,798**	**26,737**	**29,877**	**33,395**	**37,277**	**41,602**
Growth Rate									36%	20%	23%	10%	4%	14%	13%	13%	12%	12%	12%	12%	12%
General Rentals *primarily rented by general segment*																					
General Construction and Industrial	1,846	2,072	2,128	2,125	2,457	3,054	3,425	3,070	3,447	4,249	5,067	5,574	5,741	6,487	7,266	8,137	9,033	9,936	10,929	12,022	13,224
Growth Rate		12%	3%	0%	16%	24%	12%	-10%	12%	23%	19%	10%	3%	13%	12%	12%	11%	10%	10%	10%	10%
Aerial Work Platforms	1,511	1,590	1,584	1,581	1,829	1,943	2,230	1,928	2,134	2,428	3,016	3,197	3,261	3,522	3,768	3,994	4,234	4,488	4,757	5,043	5,345
Growth Rate		5%	0%	0%	14%	6%	13%	-14%	11%	14%	24%	6%	2%	8%	7%	6%	6%	6%	6%	6%	6%
General Tools and Light Equiptment	378	482	495	395	400	555	637	571	657	809	965	1,062	1,093	1,225	1,372	1,523	1,690	1,859	2,045	2,249	2,474
Growth Rate		28%	3%	-20%	1%	39%	15%	-10%	15%	23%	19%	10%	3%	12%	12%	11%	11%	10%	10%	10%	10%
Total Revenue	**3,734**	**4,144**	**4,207**	**4,101**	**4,686**	**5,552**	**6,292**	**5,569**	**6,237**	**7,486**	**9,048**	**9,832**	**10,095**	**11,234**	**12,405**	**13,654**	**14,957**	**16,283**	**17,732**	**19,315**	**21,044**
Growth Rate	-44%	-38%	-37%	-39%	-30%	-17%	-6%	-17%	-7%	20%	21%	9%	3%	11%	10%	10%	10%	9%	9%	9%	9%
Specialty *Primarily Rented by Specialty Segment*																					
Power and HVAC Equipment	252	289	297	346	400	555	637	643	739	1,012	1,206	1,399	1,469	1,734	2,046	2,394	2,801	3,249	3,769	4,334	4,984
Growth Rate		15%	3%	16%	16%	39%	15%	1%	15%	37%	19%	16%	5%	18%	18%	17%	17%	16%	16%	15%	15%
Trench Safety Solutions	210	241	247	296	343	416	478	428	492	607	603	676	703	801	913	1,032	1,166	1,306	1,463	1,623	1,802
Growth Rate		15%	3%	20%	16%	21%	15%	-10%	15%	23%	-1%	12%	4%	14%	14%	13%	13%	12%	12%	11%	11%
Fluid Solutions Equipment	-	145	198	198	286	416	557	500	574	708	844	971	1,039	1,278	1,559	1,887	2,264	2,694	3,179	3,720	4,315
Growth Rate		37%	0%	45%	46%	34%	-10%	15%	15%	23%	19%	15%	7%	23%	22%	21%	20%	19%	18%	17%	16%
Mobile Storage and Modular Solution	-	-	-	-	-	-	-	-	164	303	362	427	466	591	745	931	1,155	1,420	1,733	2,096	2,516
Growth Rate									0%	85%	19%	18%	9%	27%	26%	25%	24%	23%	22%	21%	20%
Total Revenue	**462**	**675**	**742**	**840**	**1,029**	**1,388**	**1,672**	**1,571**	**1,970**	**2,630**	**3,016**	**3,473**	**3,677**	**4,404**	**5,263**	**6,244**	**7,385**	**8,669**	**10,143**	**11,774**	**13,617**
Growth Rate									8%	34%	15%	15%	6%	20%	20%	19%	18%	17%	17%	16%	16%
Other Revenue																					
Sales of Rental Equipment	490	544	538	496	550	664	831	858	968	965	1,574	1,763	1,833	2,108	2,404	2,716	3,069	3,437	3,850	4,312	4,829
Growth Rate		11%	-1%	-8%	11%	21%	25%	3%	13%	0%	63%	12%	4%	15%	14%	13%	13%	12%	12%	12%	12%
Sales of New Equipment	104	149	157	144	178	208	268	247	203	154	218	238	245	274	304	338	372	409	450	494	544
Growth Rate		43%	5%	-8%	24%	17%	29%	-8%	-18%	-24%	42%	9%	3%	12%	11%	11%	10%	10%	10%	10%	10%
Contractor Supplies Sales	87	85	79	79	80	91	104	98	109	126	146	152	152	162	172	183	192	201	211	222	233
Growth Rate		-2%	-7%	0%	1%	14%	14%	-6%	11%	16%	16%	4%	0%	7%	6%	6%	5%	5%	5%	5%	5%
Services and Others	78	88	94	102	118	144	184	187	229	281	330	376	425	497	577	663	763	877	1,009	1,160	1,335
Growth Rate		13%	7%	9%	16%	22%	28%	2%	22%	23%	17%	14%	13%	17%	16%	15%	15%	15%	15%	15%	15%

United Rentals

Income Statement

Fiscal Years Ending Dec. 31	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
Revenues																					
Equipment rentals	4,196	4,819	4,949	4,941	5,715	6,940	7,964	7,140	8,207	10,116	12,064	13,305	13,772	15,638	17,669	19,898	22,342	24,952	27,875	31,088	34,661
Sales of rental equipment	490	544	538	496	550	664	831	858	968	965	1,574	1,763	1,833	2,108	2,404	2,716	3,069	3,437	3,850	4,312	4,829
Sales of new equipment	104	149	157	144	178	208	268	247	203	154	218	238	245	274	304	338	372	409	450	494	544
Contractor supplies sales	87	85	79	79	80	91	104	98	109	126	146	152	152	162	172	183	192	201	211	222	233
Service & other revenues	78	88	94	102	118	144	184	187	229	281	330	376	425	497	577	663	763	877	1,009	1,160	1,335
Total revenues	**4,955**	**5,685**	**5,817**	**5,762**	**6,641**	**8,047**	**9,351**	**8,530**	**9,716**	**11,642**	**14,332**	**15,834**	**16,427**	**18,680**	**21,126**	**23,798**	**26,737**	**29,877**	**33,395**	**37,277**	**41,602**
Cost of equipment rentals, excluding depreciation	1,634	1,806	1,826	1,862	2,151	2,614	3,126	2,820	3,329	4,018	4,900	5,385	5,625	6,396	7,218	8,130	9,145	10,216	11,415	12,743	14,224
Depreciation of rental equipment	852	921	976	990	1,124	1,363	1,631	1,601	1,611	1,853	2,350	2,800	2,920	3,204	3,539	3,928	4,372	4,870	5,429	6,052	6,748
Cost of rental equipment sales	314	315	311	292	330	386	518	526	537	399	788	763	753	928	1,012	1,137	1,295	1,435	1,606	1,796	2,001
Cost of new equipment sales	84	120	131	119	152	179	231	214	169	124	179	214	201	238	271	300	340	380	423	473	528
Cost of contractor supplies sales	59	59	55	55	56	60	73	69	78	84	99	117	118	134	132	139	145	144	146	144	140
Cost of service & other revenues	25	32	38	41	59	81	102	117	139	168	203	226	235	266	302	340	382	427	477	532	594
Total cost of revenues	2,968	3,253	3,337	3,359	3,872	4,683	5,681	5,347	5,863	6,646	8,519	9,505	9,851	11,165	12,473	13,974	15,679	17,472	19,496	21,742	24,235
Gross profit (loss)	**1,987**	**2,432**	**2,480**	**2,403**	**2,769**	**3,364**	**3,670**	**3,183**	**3,853**	**4,996**	**5,813**	**6,329**	**6,576**	**7,515**	**8,652**	**9,824**	**11,059**	**12,405**	**13,899**	**15,535**	**17,367**
Expenses																					
Selling, general & administrative expenses	642	758	714	719	903	1,038	1,092	979	1,199	1,400	1,527	1,834	2,025	2,197	2,391	2,673	2,936	3,222	3,546	3,913	4,304
Merger related costs	9	11	(26)	-	50	36	1	-	3	-	-	-	-	-	-	-	-	-	-	-	-
Restructuring charge	12	(1)	6	14	50	31	18	17	2	-	28	-	-	-	-	-	-	-	-	-	-
Non-rental depreciation & amortization	246	273	268	255	259	308	407	387	372	364	431	318	94	79	66	55	47	39	33	28	23
Operating income (loss)	**1,078**	**1,391**	**1,518**	**1,415**	**1,507**	**1,951**	**2,152**	**1,800**	**2,277**	**3,232**	**3,827**	**4,177**	**4,457**	**5,240**	**6,196**	**7,096**	**8,076**	**9,144**	**10,320**	**11,594**	**13,039**
Interest expense, net	475	555	567	511	464	481	648	669	424	445	635	436	414	436	460	486	519	552	586	623	663
Interest expense - subordinated convertible debentures	3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other income (expense), net	5	14	12	5	5	6	10	8	(7)	15	19	21	22	25	28	32	35	40	44	49	55
Income (loss) before provision (benefit) for income taxes	605	850	963	909	1,048	1,476	1,514	1,139	1,846	2,802	3,211	3,762	4,065	4,829	5,763	6,641	7,592	8,632	9,778	11,020	12,431
Provision (benefit) for income taxes	218	310	378	343	(298)	380	340	249	460	697	787	790	854	1,014	1,210	1,395	1,594	1,813	2,053	2,314	2,611
Net income (loss)	**387**	**540**	**585**	**566**	**1,346**	**1,096**	**1,174**	**890**	**1,386**	**2,105**	**2,424**	**2,972**	**3,211**	**3,815**	**4,553**	**5,246**	**5,998**	**6,819**	**7,725**	**8,706**	**9,821**
Weighted average shares outstanding - basic	93	97	95	87	85	83	77	73	72	71	68	67	66	63	61	58	55	51	47	42	37
Year end shares outstanding	93	98	92	84	84	80	74	72	72	69	67	66	64	62	60	57	54	50	46	41	36
Basic earnings per share	4.14	5.54	6.14	6.49	15.91	13.26	15.18	12.24	19.14	29.77	35.40	44.18	49.02	60.13	74.68	90.28	109.35	133.34	164.57	206.27	266.39
Dividends Per Share - Common - Gross - by Period End Date	-	-	-	-	-	-	-	-	-	-	5.92	9.00	9.99	12.26	15.24	18.44	22.36	27.31	33.78	42.46	55.07

United Rentals

Balance Sheet

Fiscal Years Ending Dec. 31	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Assets											
Current Assets											
Cash & cash equivalents	175	158	179	312	352	43	52	202	144	106	363
Accounts Recievable, Net	804	940	930	920	1,233	1,545	1,530	1,315	1,677	2,004	2,230
Inventory	70	78	69	68	75	109	120	125	164	232	205
Prepaid expenses & other assets	53	122	116	61	112	64	140	375	166	381	135
Total current assets	**1,362**	**1,546**	**1,294**	**1,361**	**1,772**	**1,761**	**1,842**	**2,017**	**2,151**	**2,723**	**2,933**
Rental equipment, net	5,374	6,008	6,186	6,189	7,824	9,600	9,787	8,705	10,560	13,277	14,001
Property & equipment, gross	790	815	871	897	1,004	1,227	1,312	1,392	1,480	1,819	1,988
Less: accumulated depreciation & amortization	369	377	426	467	537	613	708	788	868	980	1,085
Property & equipment, net	421	438	445	430	467	614	604	604	612	839	903
Goodwill	2,953	3,272	3,243	3,260	4,082	5,058	5,154	5,168	5,528	6,026	5,940
Other intangible assets, net	1,018	1,106	905	742	875	1,084	895	648	615	452	670
Operating lease right-of-use assets	-	-	-	-	-	-	669	688	784	819	1,099
Other long-term assets	103	97	10	6	10	16	19	38	42	47	43
Total assets	**11,231**	**12,467**	**12,083**	**11,988**	**15,030**	**18,133**	**18,970**	**17,868**	**20,292**	**24,183**	**25,589**
Liabilities											
Current Liabilities											
Short-term debt & current maturities of long-term deb	604	618	607	597	723	903	997	704	906	161	1,465
Accounts payable	292	285	271	243	409	536	454	466	816	1,139	905
Accrued expenses & other liabilities	390	575	355	344	536	677	747	720	881	1,145	1,267
Total current liabilities	**1,286**	**1,478**	**1,233**	**1,184**	**1,668**	**2,116**	**2,198**	**1,890**	**2,603**	**2,445**	**3,637**
Long-term debt	6,569	7,434	7,555	7,193	8,717	10,844	10,431	8,978	8,779	11,209	10,053
Deferred taxes	1,459	1,692	1,765	1,896	1,419	1,687	1,887	1,768	2,154	2,671	2,701
Operating lease liabilities	-	-	-	-	-	-	533	549	621	642	895
Other long-term liabilities	69	65	54	67	120	83	91	138	144	154	173
Total liabilities	**9,383**	**10,669**	**10,607**	**10,340**	**11,924**	**14,730**	**15,140**	**13,323**	**14,301**	**17,121**	**17,459**
Stockholders' Equity											
Total Stockholders' Equity											
Additional paid-in capital & Common stock	2,055	2,169	2,198	2,289	2,357	2,409	2,441	2,483	2,568	2,627	2,651
Retained earnings (accumulated deficit)	(37)	503	1,088	1,654	3,005	4,101	5,275	6,165	7,551	9,656	11,672
Treasury stock at cost	(209)	(802)	(1,560)	(2,077)	(2,105)	(2,870)	(3,700)	(3,957)	(3,957)	(4,957)	(5,965)
Accumulated other comprehensive income (loss)	19	(74)	(250)	(218)	(151)	(237)	(186)	(146)	(171)	(264)	(228)
Equity (deficit)	**1,828**	**1,796**	**1,476**	**1,648**	**3,106**	**3,403**	**3,830**	**4,545**	**5,991**	**7,062**	**8,130**

Fiscal Years Ending Dec. 31	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
Assets										
Current Assets										
Cash & cash equivalents	1,320	1,779	2,786	3,784	4,764	6,124	7,576	9,098	10,857	12,789
Accounts Recievable, Net	2,591	2,688	3,092	3,467	3,867	4,381	4,897	5,476	6,101	6,805
Inventory	249	268	311	350	378	434	488	545	607	674
Prepaid expenses & other assets	374	417	404	477	488	608	674	735	823	915
Total current assets	**4,534**	**5,152**	**6,593**	**8,077**	**9,497**	**11,547**	**13,635**	**15,854**	**18,388**	**21,184**
Rental equipment, net	14,701	15,331	16,818	18,580	20,622	22,952	25,568	28,501	31,775	35,426
Property & equipment, gross	1,988	1,988	1,988	1,988	1,988	1,988	1,988	1,988	1,988	1,988
Less: accumulated depreciation & amortization	1,403	1,497	1,575	1,641	1,697	1,743	1,783	1,815	1,843	1,866
Property & equipment, net	585	491	413	347	291	245	205	173	145	122
Goodwill	6,853	6,853	6,853	6,853	6,853	6,853	6,853	6,853	6,853	6,853
Other intangible assets, net	670	670	670	670	670	670	670	670	670	670
Operating lease right-of-use assets	1,203	1,263	1,422	1,589	1,813	2,034	2,273	2,536	2,829	3,163
Other long-term assets	28	31	35	39	43	49	55	62	69	77
Total assets	**28,574**	**29,791**	**32,804**	**36,154**	**39,789**	**44,350**	**49,260**	**54,649**	**60,729**	**67,494**
Liabilities										
Current Liabilities										
Short-term debt & current maturities of long-term deb	1,192	1,217	1,336	1,464	1,567	1,741	1,885	2,034	2,192	2,359
Accounts payable	1,103	1,213	1,451	1,615	1,717	1,977	2,235	2,505	2,776	3,082
Accrued expenses & other liabilities	1,399	1,479	1,703	1,928	2,138	2,410	2,703	3,025	3,372	3,757
Total current liabilities	**3,694**	**3,909**	**4,490**	**5,007**	**5,422**	**6,128**	**6,823**	**7,563**	**8,340**	**9,197**
Long-term debt	11,065	10,405	10,897	11,467	12,090	12,841	13,608	14,434	15,320	16,271
Deferred taxes	3,137	3,627	4,078	4,577	5,122	5,918	6,745	7,609	8,694	9,891
Operating lease liabilities	959	1,007	1,133	1,268	1,452	1,623	1,815	2,025	2,260	2,527
Other long-term liabilities	212	212	239	275	307	345	386	431	481	537
Total liabilities	**19,067**	**19,160**	**20,838**	**22,594**	**24,393**	**26,854**	**29,378**	**32,063**	**35,095**	**38,424**
Stockholders' Equity										
Total Stockholders' Equity										
Additional paid-in capital & Common stock	2,651	2,651	2,651	2,651	2,651	2,651	2,651	2,651	2,651	2,651
Retained earnings (accumulated deficit)	14,049	16,618	19,670	23,313	27,510	32,308	37,763	43,943	50,908	58,765
Treasury stock at cost	(6,965)	(8,410)	(10,127)	(12,176)	(14,537)	(17,236)	(20,304)	(23,780)	(27,698)	(32,117)
Accumulated other comprehensive income (loss)	(228)	(228)	(228)	(228)	(228)	(228)	(228)	(228)	(228)	(228)
Equity (deficit)	**9,507**	**10,631**	**11,967**	**13,560**	**15,396**	**17,496**	**19,882**	**22,586**	**25,633**	**29,070**

United Rentals
Historical Cash Flow Statement

Fiscal Years Ending Dec. 31	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Operating Activities											
Net income (loss)	387	540	585	566	1,346	1,096	1,174	890	1,386	2,105	2,424
Income from continuing operations	-	-	-	-	-	-	-	-	-	-	-
Depreciation & amortization	1,098	1,194	1,244	1,245	1,383	1,671	2,038	1,988	1,983	2,217	2,781
Amortization of deferred financing costs & original issue discounts	21	17	10	9	9	12	15	14	13	13	-
Amortization & write-off of deferred financing & related costs	-	-	-	-	-	-	-	-	-	-	-
Insurance proceeds from damaged equipment	-	-	-	-	-	(22)	(24)	(40)	(25)	(32)	(38)
Loss (gain) on sale of software subsidiary	1	-	-	-	-	-	-	-	-	-	-
Stock compensation expense, net	46	74	49	45	87	102	61	70	119	127	94
Merger related costs	9	11	(26)	-	50	36	1	-	3	-	14
Restructuring charge	12	(1)	6	14	50	31	18	17	2	-	28
Loss (gain) on extinguishment of debt securities	-	80	-	-	-	-	-	-	-	-	-
Loss on repurchase or redemption of debt securities & amendment of ABL facility	1	-	123	101	54	-	61	183	30	17	-
Excess tax benefits from share-based payment arrangements	-	-	(5)	(58)	-	-	-	-	-	-	-
Deferred taxes	167	261	336	123	(533)	257	204	(121)	268	537	35
Changes in operating assets and liabilities, net of amounts acquired:	(11)	(135)	(92)	116	8	(46)	(205)	(3)	351	24	173
Accounts receivable	(20)	(101)	(11)	15	(184)	(115)	39	218	(300)	(329)	(167)
Inventory	(2)	11	8	1	1	(20)	(8)	(5)	9	(25)	19
Prepaid expenses & other assets	60	(52)	(38)	77	(20)	75	(59)	(228)	248	(164)	281
Accounts payable	9	(23)	(8)	(29)	141	49	(86)	10	307	304	(45)
Accrued expenses & other liabilities	(58)	30	(43)	52	70	(35)	(91)	2	87	238	85
Net cash provided by operating activities - continuing operations	**1,551**	**1,801**	**1,995**	**1,953**	**2,230**	**2,853**	**3,024**	**2,658**	**3,689**	**4,433**	**4,704**
Investing Activities:											
Capital Expenditures	(1,684)	(1,821)	(1,636)	(1,339)	(1,889)	(2,291)	(2,350)	(1,158)	(3,198)	(3,690)	(4,070)
Purchases of rental equipment	(1,580)	(1,701)	(1,534)	(1,246)	(1,769)	(2,106)	(2,132)	(961)	(2,998)	(3,436)	(3,714)
Purchases of non-rental equipment	(104)	(120)	(102)	(93)	(120)	(185)	(218)	(197)	(200)	(254)	(356)
Insurance proceeds from damaged equipment	-	-	-	-	-	22	24	40	25	32	38
Purchases of other companies, net of cash acquired	(9)	(756)	(86)	(28)	(2,377)	(2,966)	(249)	(2)	(1,436)	(2,340)	(574)
Purchases of investments	-	-	(3)	(2)	(5)	(3)	(3)	(3)	-	(7)	(4)
Net cash flows from investing activities	**(1,177)**	**(2,000)**	**(1,170)**	**(859)**	**(3,705)**	**(4,551)**	**(1,710)**	**(223)**	**(3,611)**	**(5,016)**	**(2,976)**
Financing											
Proceeds from debt	3,805	7,070	8,566	8,752	11,801	12,178	9,260	9,260	8,364	9,885	8,576
Payments of debt	(3,965)	(6,283)	(8,482)	(9,223)	(10,207)	(9,942)	(9,678)	(11,245)	(8,462)	(8,241)	(8,574)
Payment of contingent consideration	-	-	(52)	-	-	-	-	-	-	-	-
Payments of financing costs	(2)	(22)	(27)	(24)	(44)	(24)	(28)	(23)	(8)	(24)	-
Proceeds from the exercise of common stock options	6	2	1	1	3	2	11	1	-	-	-
Dividends	-	-	-	-	-	-	-	-	-	-	(406)
Common stock repurchased	(115)	(613)	(789)	(528)	(56)	(817)	(870)	(286)	(34)	(1,068)	(1,070)
Cash received (paid) in connection with the 4 percent convertible senior notes & related hedge, net	(24)	42	3	-	-	-	-	-	-	-	-
Excess tax benefits from share-based payment arrangements	-	-	5	58	-	-	-	-	-	-	-
Net cash flows from financing activities	**(295)**	**196**	**(775)**	**(964)**	**1,497**	**1,397**	**(1,305)**	**(2,293)**	**(140)**	**552**	**(1,474)**
Effect of foreign exchange rates	(10)	(14)	(29)	3	18	(8)	-	8	4	(7)	3
Net increase (decrease) in cash & cash equivalents	69	(17)	21	133	40	(309)	9	150	(58)	(38)	257
Cash & cash equivalents at beginning of year	106	175	158	179	312	352	43	52	202	144	106
Cash & cash equivalents at end of year	175	158	179	312	352	43	52	202	144	106	363
Supplemental disclosure of cash flow information:											
Cash paid for interest	461	457	447	415	357	455	581	483	391	406	614
Cash paid for income taxes, net	48	100	60	99	205	71	238	318	202	326	493

United Rentals
Forecasted Cash Flow Statement

Fiscal Years Ending Dec. 31	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
OPERATING ACTIVITIES										
Net income (loss)	2,972	3,211	3,815	4,553	5,246	5,998	6,819	7,725	8,706	9,821
Income from continuing operations										
Depreciation & amortization	**3,118**	**3,014**	**3,282**	**3,605**	**3,983**	**4,418**	**4,909**	**5,462**	**6,080**	**6,771**
Depreciation & amortization on non-rentals	318	94	79	66	55	47	39	33	28	23
Depreciation & amortization on rentals	2,800	2,920	3,204	3,539	3,928	4,372	4,870	5,429	6,052	6,748
Deferred taxes	436	489	451	499	545	796	828	864	1,085	1,197
Change in Working Capital	**(315)**	**32**	**28**	**(98)**	**(128)**	**(158)**	**(84)**	**(106)**	**(156)**	**(173)**
Accounts receivable	(361)	(97)	(404)	(375)	(400)	(515)	(516)	(579)	(625)	(704)
Inventory	(44)	(19)	(43)	(40)	(28)	(55)	(54)	(58)	(61)	(68)
Prepaid expenses & other assets	(239)	(42)	12	(72)	(12)	(120)	(66)	(61)	(88)	(92)
Accounts payable	198	111	238	163	102	260	258	270	271	306
Accrued expenses & other liabilities	132	80	224	225	210	272	294	321	347	385
Change in net lease liability	(40)	(12)	(32)	(32)	(40)	(50)	(48)	(52)	(58)	(67)
Net cash provided by operating activities - continuing operations	6,172	6,735	7,543	8,527	9,606	11,005	12,424	13,893	15,657	17,548
Investing Activities:										
Capital Expenditures	**(3,500)**	**(3,550)**	**(4,691)**	**(5,301)**	**(5,969)**	**(6,703)**	**(7,486)**	**(8,362)**	**(9,326)**	**(10,398)**
Purchases of non-rental equipment	-	-	-	-	-	-	-	-	-	-
Rental Equiptment CapEx	(3,500)	(3,550)	(4,691)	(5,301)	(5,969)	(6,703)	(7,486)	(8,362)	(9,326)	(10,398)
Purchases of other companies, net of cash acquired	(913)	-	-	-	-	-	-	-	-	-
Net Other Long Term Assets	54	(4)	23	32	28	32	35	38	43	48
Net cash flows from investing activities	(4,359)	(3,554)	(4,668)	(5,268)	(5,942)	(6,671)	(7,450)	(8,324)	(9,283)	(10,350)
FINANCING ACTIVITIES:										
Net Proceeds (Payments) from debt	739	(635)	611	698	726	924	911	975	1,044	1,118
Dividends paid	(594)	(642)	(763)	(911)	(1,049)	(1,200)	(1,364)	(1,545)	(1,741)	(1,964)
Shares repurchased & retired	(1,000)	(1,445)	(1,717)	(2,049)	(2,361)	(2,699)	(3,069)	(3,476)	(3,918)	(4,419)
Net cash flows from financing activities	**(855)**	**(2,722)**	**(1,869)**	**(2,261)**	**(2,684)**	**(2,974)**	**(3,521)**	**(4,046)**	**(4,615)**	**(5,265)**
Net increase (decrease) in cash & cash equivalents	**957**	**459**	**1,007**	**997**	**980**	**1,360**	**1,452**	**1,522**	**1,759**	**1,932**
Cash & cash equivalents at beginning of year	363	1,320	1,779	2,786	3,784	4,764	6,124	7,576	9,098	10,857
Cash & cash equivalents at end of year	1,320	1,779	2,786	3,784	4,764	6,124	7,576	9,098	10,857	12,789

United Rentals
Common Size Income Statement

Fiscal Years Ending Dec. 31	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
Equipment rentals	84.68%	84.77%	85.08%	85.75%	86.06%	86.24%	85.17%	83.70%	84.47%	86.89%	84.18%	84.03%	83.84%	83.71%	83.64%	83.61%	83.56%	83.52%	83.47%	83.40%	83.32%
Sales of rental equipment	9.89%	9.57%	9.25%	8.61%	8.28%	8.25%	8.89%	10.06%	9.96%	8.29%	10.98%	11.13%	11.16%	11.29%	11.38%	11.41%	11.48%	11.51%	11.53%	11.57%	11.61%
Sales of new equipment	2.10%	2.62%	2.70%	2.50%	2.68%	2.58%	2.87%	2.90%	2.09%	1.32%	1.52%	1.50%	1.49%	1.47%	1.44%	1.42%	1.39%	1.37%	1.35%	1.33%	1.31%
Contractor supplies sales	1.76%	1.50%	1.36%	1.37%	1.20%	1.13%	1.11%	1.15%	1.12%	1.08%	1.02%	0.96%	0.92%	0.87%	0.82%	0.77%	0.72%	0.67%	0.63%	0.60%	0.56%
Service & other revenues	1.57%	1.55%	1.62%	1.77%	1.78%	1.79%	1.97%	2.19%	2.36%	2.41%	2.30%	2.38%	2.59%	2.66%	2.73%	2.79%	2.85%	2.94%	3.02%	3.11%	3.21%
Total revenues	**4,955**	**5,685**	**5,817**	**5,762**	**6,641**	**8,047**	**9,351**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
Cost of equipment rentals, excluding depreciation	32.98%	31.77%	31.39%	32.32%	32.39%	32.48%	33.43%	33.06%	34.26%	34.51%	34.19%	34.01%	34.24%	34.24%	34.17%	34.16%	34.20%	34.19%	34.18%	34.19%	34.19%
Depreciation of rental equipment	15.85%	15.33%	15.78%	16.00%	14.37%	14.20%	16.66%	18.39%	15.26%	13.96%	16.78%	17.68%	17.78%	17.15%	16.75%	16.51%	16.35%	16.30%	16.26%	16.24%	16.22%
Cost of rental equipment sales	6.34%	5.54%	5.35%	5.07%	4.97%	4.80%	5.54%	6.17%	5.53%	3.43%	5.50%	4.82%	4.58%	4.97%	4.79%	4.78%	4.84%	4.80%	4.81%	4.82%	4.81%
Cost of new equipment sales	1.70%	2.11%	2.25%	2.07%	2.29%	2.22%	2.47%	2.51%	1.74%	1.07%	1.25%	1.35%	1.22%	1.27%	1.28%	1.26%	1.27%	1.27%	1.27%	1.27%	1.27%
Cost of contractor supplies sales	1.19%	1.04%	0.95%	0.95%	0.84%	0.75%	0.78%	0.81%	0.80%	0.72%	0.69%	0.74%	0.72%	0.72%	0.62%	0.59%	0.54%	0.48%	0.44%	0.39%	0.34%
Cost of service & other revenues	0.50%	0.56%	0.65%	0.71%	0.89%	1.01%	1.09%	1.37%	1.43%	1.44%	1.42%	1.43%	1.43%	1.43%	1.43%	1.43%	1.43%	1.43%	1.43%	1.43%	1.43%
Total cost of revenues	**59.90%**	**57.22%**	**57.37%**	**58.30%**	**58.30%**	**58.20%**	**60.75%**	**57.22%**	**59.02%**	**55.13%**	**59.83%**	**60.03%**	**59.97%**	**59.77%**	**59.04%**	**58.72%**	**58.64%**	**58.48%**	**58.38%**	**58.33%**	**58.25%**
Gross profit (loss)	**40.10%**	**42.78%**	**42.63%**	**41.70%**	**41.70%**	**41.80%**	**39.25%**	**37.32%**	**39.66%**	**44.87%**	**40.17%**	39.97%	40.03%	40.23%	40.96%	41.28%	41.36%	41.52%	41.62%	41.67%	41.75%
Selling, general & administrative expenses	12.96%	13.33%	12.27%	12.48%	13.60%	12.90%	11.68%	11.48%	12.34%	12.03%	10.65%	11.58%	12.33%	11.76%	11.32%	11.23%	10.98%	10.78%	10.62%	10.50%	10.35%
Restructuring charge	0.24%	-0.02%	0.10%	0.24%	0.75%	0.39%	0.19%	0.20%	0.02%	0.00%	0.20%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Non-rental depreciation & amortization	4.96%	4.80%	4.61%	4.43%	3.90%	3.83%	4.35%	4.54%	3.83%	3.13%	3.01%	2.01%	0.57%	0.42%	0.31%	0.23%	0.17%	0.13%	0.10%	0.07%	0.06%
Operating income (loss)	**21.76%**	**24.47%**	**26.10%**	**24.56%**	**22.69%**	**24.25%**	**23.01%**	**21.10%**	**23.44%**	**27.76%**	**26.70%**	26.38%	27.13%	28.05%	29.33%	29.82%	30.20%	30.60%	30.90%	31.10%	31.34%
Interest expense, net	9.59%	9.76%	9.75%	8.87%	6.99%	5.98%	6.93%	7.84%	4.36%	3.82%	4.43%	4.89%	4.47%	4.14%	3.87%	3.63%	3.45%	3.28%	3.12%	2.97%	2.83%
Other income (expense), net	0.10%	0.25%	0.21%	0.09%	0.08%	0.07%	0.11%	0.09%	-0.07%	0.13%	0.13%	0.13%	0.13%	0.13%	0.13%	0.13%	0.13%	0.13%	0.13%	0.13%	0.13%
Income (loss) before provision (benefit) for income taxes	12.21%	14.95%	16.55%	15.78%	15.78%	18.34%	16.19%	13.35%	19.00%	24.07%	22.40%	23.76%	24.75%	25.85%	27.28%	27.91%	28.40%	28.89%	29.28%	29.56%	29.88%
Total current income taxes (benefit)	1.03%	0.86%	0.72%	3.82%	3.54%	1.53%	1.45%	4.34%	1.98%	1.37%	5.25%	2.87%	3.16%	3.76%	3.26%	3.39%	3.47%	3.38%	3.41%	3.42%	3.40%
Provision (benefit) for income taxes	**4.40%**	**5.45%**	**6.50%**	**5.95%**	**-4.49%**	**4.72%**	**3.64%**	**2.92%**	**4.73%**	**5.99%**	**5.49%**	5.40%	5.63%	5.51%	5.51%	5.55%	5.52%	5.53%	5.53%	5.53%	5.53%
Net income (loss)	**7.81%**	**9.50%**	**10.06%**	**9.82%**	**20.27%**	**13.62%**	**12.55%**	**10.43%**	**14.27%**	**18.08%**	**16.91%**	**18.77%**	**19.55%**	**20.42%**	**21.55%**	**22.05%**	**22.43%**	**22.82%**	**23.13%**	**23.35%**	**23.61%**

United Rentals
Common Size Balance Sheet

Fiscal Years Ending Dec. 31	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
% of sales	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Assets																
Current Assets																
Cash and Cash Equivalents	0.53%	0.56%	2.37%	1.48%	0.91%	2.53%	8.34%	10.83%	14.92%	17.91%	20.02%	22.90%	25.36%	27.24%	29.12%	30.74%
Receivables	19.20%	16.36%	15.42%	17.26%	17.21%	15.56%	16.36%	16.36%	16.55%	16.41%	16.25%	16.39%	16.39%	16.40%	16.37%	16.36%
Inventory	1.35%	1.28%	1.47%	1.69%	1.99%	1.43%	1.57%	1.63%	1.66%	1.66%	1.59%	1.62%	1.63%	1.63%	1.63%	1.62%
Prepaid expenses	0.80%	1.50%	4.40%	1.71%	3.27%	0.94%	2.36%	2.54%	2.16%	2.26%	2.05%	2.27%	2.26%	2.20%	2.21%	2.20%
Total Current Assets	21.88%	19.70%	23.65%	22.14%	23.39%	20.46%	28.64%	31.36%	35.29%	38.23%	39.91%	43.19%	45.64%	47.48%	49.33%	50.92%
Net Rental Equipment	7.63%	51.59%	48.72%	52.04%	54.90%	54.71%	92.84%	93.33%	90.03%	87.95%	86.65%	85.84%	85.58%	85.35%	85.24%	85.15%
Other PPE Net	62.86%	3.18%	3.38%	3.02%	3.47%	3.53%	2.05%	1.65%	1.26%	0.96%	0.73%	0.55%	0.42%	0.32%	0.24%	0.18%
Goodwill	13.47%	27.17%	28.92%	27.24%	24.92%	23.21%	37.51%	36.16%	31.80%	28.12%	24.96%	22.22%	19.88%	17.79%	15.93%	14.28%
Operating lease right-of-use assets	**0.00%**	**7.15%**	**8.07%**	**8.07%**	**7.03%**	**7.67%**	**7.60%**	**7.69%**	**7.61%**	**7.52%**	**7.62%**	**7.61%**	**7.61%**	**7.59%**	**7.59%**	**7.60%**
Other long term assets	0.00%	0.10%	0.21%	0.21%	0.19%	0.17%	0.18%	0.19%	0.19%	0.18%	0.18%	0.18%	0.19%	0.18%	0.18%	0.18%
Total Assets	225.34%	108.90%	112.95%	112.71%	113.91%	109.76%	168.82%	170.38%	166.18%	162.96%	160.05%	159.59%	159.31%	158.70%	158.52%	158.32%
Liabilities	183.05%															
Short-term debt & current maturities of long-term del	11%	56%	39%	45%	6%	57%	37.10%	36.10%	35.10%	34.10%	33.10%	32.10%	31.10%	30.10%	29.10%	28.10%
Accounts payable	7%	5%	5%	8.40%	9.78%	6.31%	6.96%	7.38%	7.77%	7.64%	7.21%	7.39%	7.48%	7.50%	7.45%	7.41%
Accrued expenses & other liabilities	8.41%	7.99%	8.44%	9.07%	9.84%	8.84%	8.83%	9.00%	9.12%	9.13%	8.98%	9.01%	9.05%	9.06%	9.05%	9.03%
Total Current Liabilities	26.30%	68.54%	22.16%	26.79%	21.00%	25.38%	52.90%	52.49%	51.99%	50.87%	49.30%	48.51%	47.63%	46.66%	45.59%	44.54%
Long-term Liabilities																
Long-term debt	134.76%	55.14%	50.82%	43.57%	46.55%	39.85%	38.85%	37.85%	36.85%	35.85%	34.85%	33.85%	32.85%	31.85%	30.85%	29.85%
Deferred taxes	20.96%		9.89%	10.62%	11.04%	10.56%	10.53%	10.53%	10.65%	10.66%	10.59%	10.59%	10.60%	10.62%	10.61%	10.60%
Operating Lease Liabilities		5.70%	6.44%	6.39%	5.51%	6.24%	6.06%	6.13%	6.07%	6.00%	6.10%	6.07%	6.07%	6.06%	6.06%	6.07%
Other long-term liabilities	1.03%	0.97%	1.62%	1.48%	1.32%	1.21%	1.34%	1.29%	1.28%	1.30%	1.29%	1.29%	1.29%	1.29%	1.29%	1.29%
Total liabilities	183.05%	161.91%	156.19%	147.19%	147.06%	121.82%	109.67%	108.29%	106.84%	104.69%	102.13%	100.31%	98.45%	96.48%	94.41%	92.36%
Stockholder's Equity																
Common stock and additional paid-in capital	29.95%	12.87%	13.90%	12.66%	10.86%	10.36%	12.13%	11.98%	11.60%	11.39%	11.49%	11.72%	11.63%	11.56%	11.56%	11.59%
Retained Earnings	50.96%	29.09%	32.50%	42.26%	47.59%	48.27%	47.25%	54.98%	58.12%	62.44%	67.40%	71.15%	74.99%	78.75%	82.21%	85.42%
Accumulated other comprehensive income (loss)	-2.95%	-0.98%	-1.71%	-1.76%	-2.27%	-1.59%	-1.59%	-1.44%	-1.39%	-1.22%	-1.08%	-0.96%	-0.85%	-0.76%	-0.68%	-0.61%
Treasury stock at cost	-35.67%	-17.33%	-14.01%	-15.83%	-19.50%	-22.15%	-24.38%	-33.08%	-36.10%	-39.34%	-42.47%	-44.95%	-47.45%	-49.88%	-52.06%	-54.13%
Total Stockholder's equity	42.29%	23.65%	30.68%	37.33%	36.68%	34.89%	33.41%	32.44%	32.23%	33.26%	35.34%	36.96%	38.33%	39.68%	41.03%	42.26%

United Rentals

Value Driver Estimation

Fiscal Years Ending Dec. 31	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
NOPLAT:																					
Total revenues	**4,955**	**5,685**	**5,817**	**5,762**	**6,641**	**8,047**	**9,351**	**8,530**	**9,716**	**11,642**	**14,332**	15,834	16,427	18,680	21,126	23,798	26,737	29,877	33,395	37,277	41,602
Cost of equipment rentals, excluding depreciation	1,634	1,806	1,826	1,862	2,151	2,614	3,126	2,820	3,329	4,018	4,900	5,385	5,625	6,396	7,218	8,130	9,145	10,216	11,415	12,743	14,224
Depreciation of rental equipment	852	921	976	990	1,124	1,363	1,631	1,601	1,611	1,853	2,350	2,800	2,920	3,204	3,539	3,928	4,372	4,870	5,429	6,052	6,748
Cost of rental equipment sales	314	315	311	292	330	386	518	526	537	399	788	763	753	928	1,012	1,137	1,295	1,435	1,606	1,796	2,001
Cost of new equipment sales	84	120	131	119	152	179	231	214	169	124	179	214	201	238	271	300	340	380	423	473	528
Cost of contractor supplies sales	59	59	55	55	56	60	73	69	78	84	99	117	118	134	132	139	145	144	146	144	140
Cost of service & other revenues	25	32	38	41	59	81	102	117	139	168	203	226	235	266	302	340	382	427	477	532	594
Selling, general & administrative expenses	642	758	714	719	903	1,038	1,092	979	1,199	1,400	1,527	1,834	2,025	2,197	2,391	2,673	2,936	3,222	3,546	3,913	4,304
Non-rental depreciation & amortization	246	273	268	255	259	308	407	387	372	364	431	318	94	79	66	55	47	39	33	28	23
Operating income	**1,099**	**1,401**	**1,498**	**1,429**	**1,607**	**2,018**	**2,171**	**1,817**	**2,282**	**3,232**	**3,855**	4,177	4,457	5,240	6,196	7,096	8,076	9,144	10,320	11,594	13,039
Add: implied insterest on operating leases							**73**	**76**	**84**	**84**	**115**	116	116	117	117	118	118	119	119	120	120
EBIT:	**1,099**	**1,401**	**1,498**	**1,429**	**1,607**	**2,018**	**2,244**	**1,893**	**2,366**	**3,316**	**3,970**	**4,293**	**4,573**	**5,356**	**6,313**	**7,213**	**8,194**	**9,262**	**10,440**	**11,714**	**13,160**
Income Tax Expense	218	310	378	343	-298	380	340	249	460	697	787	790	854	1014	1210	1395	1594	1813	2053	2314	2611
tax shield on interest expense +	100	117	119	107	97	101	136	140	89	93	133	92	87	91	97	102	109	116	123	131	139
Change in deferred taxes +	**167**	**261**	**336**	**123**	**(533)**	**257**	**204**	**(121)**	**268**	**537**	**35**	436	489	451	499	545	796	828	864	1,085	1,197
Adjusted Taxes	**(484)**	**(685)**	**(831)**	**(572)**	**735**	**(737)**	**(678)**	**(267)**	**(815)**	**(1,324)**	**(951)**	**(1,313)**	**(1,425)**	**(1,552)**	**(1,800)**	**(2,035)**	**(2,492)**	**(2,748)**	**(3,032)**	**(3,520)**	**(3,935)**
Invested Capital (IC):																					
Operating Current Assets (+)	**953**	**1,170**	**1,146**	**1,080**	**1,455**	**1,761**	**1,840**	**1,861**	**2,059**	**2,679**	**2,647**	**3,299**	**3,460**	**3,907**	**4,406**	**4,861**	**5,566**	**6,219**	**6,935**	**7,730**	**8,617**
Normal Cash(0.53%)	26	30	31	31	35	43	50	46	52	62	77	85	88	100	113	127	143	160	178	199	222
Accounts Recievable	804	940	930	920	1,233	1,545	1,530	1,315	1,677	2,004	2,230	2,591	2,688	3,092	3,467	3,867	4,381	4,897	5,476	6,101	6,805
Inventory	70	78	69	68	75	109	120	125	164	232	205	249	268	311	350	378	434	488	545	607	674
Prepaid Expenses	53	122	116	61	112	64	140	375	166	381	135	374	417	404	477	488	608	674	735	823	915
Non Interest-Bearing Current Liabilities (-)	**682**	**860**	**626**	**587**	**945**	**1,213**	**1,201**	**1,186**	**1,697**	**2,284**	**2,172**	**2,501**	**2,692**	**3,154**	**3,543**	**3,855**	**4,387**	**4,939**	**5,529**	**6,148**	**6,838**
Accounts Payable	292	285	271	243	409	536	454	466	816	1,139	905	1,103	1,213	1,451	1,615	1,717	1,977	2,235	2,505	2,776	3,082
Accrued Expenses	390	575	355	344	536	677	747	720	881	1,145	1,267	1,399	1,479	1,703	1,928	2,138	2,410	2,703	3,025	3,372	3,757
Net Property, Plant, and Equiptment (+)	**5,795**	**6,446**	**6,631**	**6,619**	**8,291**	**10,214**	**10,391**	**9,309**	**11,172**	**14,116**	**14,904**	**15,871**	**16,313**	**17,644**	**19,273**	**21,204**	**23,442**	**25,979**	**28,847**	**32,065**	**35,669**
Net Equiptment	5,374	6,008	6,186	6,189	7,824	9,600	9,787	8,705	10,560	13,277	14,001	15,286	15,822	17,231	18,927	20,913	23,197	25,773	28,674	31,920	35,548
gross PPE	790	815	871	897	1,004	1,227	1,312	1,392	1,480	1,819	1,988	1,988	1,988	1,988	1,988	1,988	1,988	1,988	1,988	1,988	1,988
Less Accumulated Depreciation	369	377	426	467	537	613	708	788	868	980	1,085	1,403	1,497	1,575	1,641	1,697	1,743	1,783	1,815	1,843	1,866
Net Other Operating Assets (+)	**103**	**97**	**10**	**6**	**10**	**16**	**688**	**726**	**826**	**866**	**1,142**	1,231	1,294	1,457	1,627	1,856	2,083	2,329	2,597	2,898	3,239
Capitilized PV of Operating Leases	-	-	-	-	-	-	669	688	784	819	1,099	1,203	1,263	1,422	1,589	1,813	2,034	2,273	2,536	2,829	3,163
Other Operating Assets	103	97	10	6	10	16	19	38	42	47	43	28	31	35	39	43	49	55	62	69	77
Net Other Operating Liabilities (-)	**69**	**65**	**54**	**67**	**120**	**83**	**91**	**138**	**144**	**154**	**173**	212	212	239	275	307	345	386	431	481	537
Other Non-Interest Bearing Operating Liabilities	69	65	54	67	120	83	91	138	144	154	173	212	212	239	275	307	345	386	431	481	537
Total Invested Capital	**6,100**	**6,788**	**7,107**	**7,051**	**8,691**	**10,695**	**11,627**	**10,572**	**12,216**	**15,223**	**16,348**	**17,687**	**18,164**	**19,615**	**21,490**	**23,759**	**26,359**	**29,202**	**32,418**	**36,064**	**40,150**
NOPLAT	1,750	2,347	2,665	2,124	339	3,012	3,126	2,039	3,449	5,177	4,956	3,415	3,637	4,256	5,012	5,723	6,498	7,342	8,272	9,279	10,421
Change in IC		6,100	688	319	(56)	1,641	2,004	932	(1,055)	1,644	3,007	1,340	477	1,451	1,875	2,269	2,600	2,842	3,217	3,646	4,086
Free Cash Flow (FCF):	**1,750**	**(3,754)**	**1,977**	**1,806**	**396**	**1,371**	**1,122**	**1,107**	**4,504**	**3,533**	**1,949**	**2,076**	**3,160**	**2,805**	**3,137**	**3,454**	**3,898**	**4,500**	**5,056**	**5,634**	**6,335**
Return on Invested Capital (ROIC):																					
NOPLAT	1,750	2,347	2,665	2,124	339	3,012	3,126	2,039	3,449	5,177	4,956	3,415	3,637	4,256	5,012	5,723	6,498	7,342	8,272	9,279	10,421
Beginning IC		6,100	6,788	7,107	7,051	8,691	10,695	11,627	10,572	12,216	15,223	16,348	17,687	18,164	19,615	21,490	23,759	26,359	29,202	32,418	36,064
ROIC	**#DIV/0!**	**38.47%**	**39.25%**	**29.89%**	**4.81%**	**34.65%**	**29.23%**	**17.54%**	**32.63%**	**42.38%**	**32.56%**	**20.89%**	**20.56%**	**23.43%**	**25.55%**	**26.63%**	**27.35%**	**27.85%**	**28.33%**	**28.62%**	**28.90%**
Economic Profit (EP):																					
Beginning IC		6,100	6,788	7,107	7,051	8,691	10,695	11,627	10,572	12,216	15,223	16,348	17,687	18,164	19,615	21,490	23,759	26,359	29,202	32,418	36,064
x (ROIC - WACC)	#DIV/0!	27.8%	28.6%	19.2%	-5.8%	24.0%	18.6%	6.9%	22.0%	31.7%	21.9%	10.2%	9.9%	12.8%	14.9%	16.0%	16.7%	17.2%	17.7%	18.0%	18.3%
EP		1,697	1,942	1,368	(411)	2,086	1,987	801	2,324	3,877	3,336	**1,675**	**1,754**	**2,322**	**2,923**	**3,435**	**3,969**	**4,536**	**5,163**	**5,828**	**6,582**

United Rentals

Weighted Average Cost of Capital (WACC) Estimation

Cost of Equity:		*ASSUMPTIONS:*
Risk-Free Rate	4.20%	*10-yr Treasury Rate*
Beta	1.68	*5 Yr Weekly Beta*
Equity Risk Premium	4.60%	*Damodaran Reported ERP*
Cost of Equity	**11.93%**	
Cost of Debt:		
Risk-Free Rate	4.20%	*10-yr Treasury Rate*
Implied Default Premium	2.12%	
Pre-Tax Cost of Debt	6.32%	*Risk Free Rate Plus Default Spre*
Marginal Tax Rate	21%	
After-Tax Cost of Debt	**4.99%**	

Market Value of Common Equity:		**MV Weights**
Total Shares Outstanding (FD)	67.27	
Current Stock Price	$827.48	
MV of Equity	**55,664.58**	81.52%
Market Value of Debt:		
Short-Term Debt and Current Portion of	1,465.00	
Long-Term Debt	10,053.00	
PV of Operating Leases	1,099.00	
MV of Total Debt	**12,617.00**	18.48%
Market Value of the Firm	**68,281.58**	100.00%
Estimated WACC		**10.65%**

United Rentals

Discounted Cash Flow (DCF) and Economic Profit (EP) Valuation Models

Key Inputs:	
CV Growth of NOPLAT	2.50%
CV Year ROIC	28.90%
WACC	10.65%
Cost of Equity	11.93%

Fiscal Years Ending Dec. 31	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
DCF Model:										
Free Cash Flow (FCF)	2075.8	3160.4	2805.2	3136.5	3453.9	3898.0	4499.9	5055.9	5633.7	6335.0
Continuing Value (CV)										116857.7
PV of FCF	1876.1	2581.4	2070.9	2092.7	2082.7	2124.3	2216.4	2250.6	2266.5	47013.0
Value of Operating Assets:	66574.4									
Non-Operating Adjustments:										
Less Debt	**-12257.2**									
Excess Cash	**1235.6**									
PV Operating Lease	**1099.0**									
Value of Equity	56651.9									
Shares Outstanding	66.1									
Intrinsic Value of Last FYE	$ 857.56									
Implied Price as of Today	$ 941.45									
EP Model:										
Economic Profit (EP)	1675.0	1754.0	2322.1	2923.4	3435.3	3968.6	4536.0	5163.5	5827.9	6581.9
Continuing Value (CV)										80794.1
PV of EP	1513.8	1432.7	1714.3	1950.5	2071.5	2162.8	2234.1	2298.5	2344.6	32504.2
Total PV of EP	50226.9									
Invested Capital (last FYE)	16347.6									
Value of Operating Assets:	66574.4									
Non-Operating Adjustments:										
Less Debt	**-12257.2**									
Excess cash	**1235.6**									
PV Operating Lease	**1099.0**									
Value of Equity	56651.9									
Shares Outstanding	66.1									
Intrinsic Value of Last FYE	$ 857.56									
Implied Price as of Today	$ 941.45									

United Rentals

Dividend Discount Model (DDM) or Fundamental P/E Valuation Model

Fiscal Years Ending	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
EPS	$ 44.18	$ 49.02	$ 60.13	$ 74.68	$ 90.28	$ 109.35	$ 133.34	$ 164.57	$ 206.27	$ 266.39
Key Assumptions										
CV growth of EPS	2.50%									
CV Year ROE	33.78%									
Cost of Equity	11.93%									
Future Cash Flows										
P/E Multiple (CV Year)										9.822
EPS (CV Year)										$ 266.39
Future Stock Price										$ 2,616.47
Dividends Per Share	9.00	9.99	12.26	15.24	18.44	22.36	27.31	33.78	42.46	
Discounted Cash Flows	8.13	8.16	9.05	10.17	11.12	12.19	13.45	15.04	17.08	1,052.63
Intrinsic Value as of Last FYE	$ 1,157.00									
Implied Price as of Today	$ 1,270.18									

United Rentals

Relative Valuation Models

Use the GAPP EPS when pulling this data from fact set — **yahoo growth estimates**

Ticker	Company	Price	EPS 2024E	EPS 2025E	P/E 24	P/E 25	Est. 5yr EPS gr.	PEG 24	PEG 25
XYL	Xylem	$120.84	$4.24	$4.77	28.50	25.33	13.7	2.08	1.85
HRI	Herc Rentals	$207.00	$13.51	$14.60	15.32	14.18	10.9	1.41	1.30
HEES	H&E Equiptment	$50.23	$3.33	$3.86	15.08	13.01	-2.9	(5.20)	(4.49)
WSC	Willscott Group	$36.86	$0.62	$2.02	59.45	18.25	18.5	3.21	0.99
AHT-	Ashstead Group	$582.00	$3.06	$3.51	190.20	165.81	10.0	19.02	16.58
GWW	W.W.Grainger	$1,095.68	$38.95	$42.13	28.13	26.01	10.0	2.81	2.60
FAST	Fastenal	$77.82	$2.03	$2.19	38.33	35.53	10.0	3.83	3.55
				Average	53.57	42.59		3.88	3.20
					30.80	22.05			
URI	United Rentals	$827.48	44.18	49.02	18.7	16.9	22.36	0.8	0.8

Implied Relative Value:

P/E (EPS24)	**$**	**2,367.02**
P/E (EPS25)	**$**	**2,087.57**
PEG (EPS24)	**$**	**3,834.75**
PEG (EPS25)	**$**	**3,505.74**

Sensitivity Tables

CV Growth of NOPLAT (columns) / **Risk-Free Rate** (rows)

941.45	1.9%	2.1%	2.3%	2.5%	2.7%	2.9%	3.1%
3.5%	1,004.45	1,019.18	1,034.66	1,050.97	1,068.16	1,086.32	1,105.52
3.7%	969.38	983.03	997.37	1,012.45	1,028.33	1,045.07	1,062.76
4.0%	936.07	948.74	962.03	976.00	990.68	1,006.14	1,022.45
4.2%	904.39	916.17	928.50	941.45	955.04	969.34	984.39
4.5%	874.24	885.19	896.65	908.67	921.27	934.50	948.42
4.7%	845.50	855.70	866.36	877.52	889.21	901.48	914.37
5.0%	818.09	827.59	837.52	847.89	858.76	870.14	882.09

Risk-Free Rate (columns) / **Beta** (rows)

941.45	3.45%	3.70%	3.95%	4.20%	4.45%	4.70%	4.95%
1.53	1,169.48	1,124.30	1,081.72	1,041.52	1,003.52	967.54	933.42
1.58	1,127.82	1,085.04	1,044.66	1,006.48	970.34	936.09	903.58
1.63	1,088.37	1,047.80	1,009.46	973.16	938.76	906.11	875.09
1.68	1,050.97	1,012.45	976.00	941.45	908.67	877.52	847.89
1.73	1,015.45	978.84	944.15	911.23	879.95	850.21	821.89
1.78	981.70	946.85	913.80	882.40	852.54	824.11	797.02
1.83	949.57	916.38	884.85	854.87	826.33	799.14	773.19

Equity risk Premium (columns) / **Current Dividend Yield** (rows)

941.45	4.00%	4.20%	4.40%	4.60%	4.80%	5.00%	5.20%
0.51%	1,095.70	1,041.21	990.68	943.70	899.91	859.02	820.74
0.61%	1,094.82	1,040.38	989.89	942.95	899.20	858.34	820.10
0.71%	1,093.94	1,039.55	989.10	942.20	898.49	857.66	819.45
0.81%	1,093.06	1,038.72	988.31	941.45	897.77	856.98	818.81
0.91%	1,092.18	1,037.88	987.52	940.70	897.06	856.30	818.16
1.01%	1,091.30	1,037.05	986.73	939.95	896.35	855.62	817.51
1.11%	1,090.42	1,036.22	985.94	939.20	895.63	854.94	816.87

Maginal Tax Rate (columns) / **Pre-Tax Cost of Debt** (rows)

941.45	18.0%	19.0%	20.0%	21.0%	22.0%	23.0%	24.0%
6.02%	994.79	979.62	964.39	949.12	933.80	918.43	903.01
6.12%	992.03	976.92	961.76	946.56	931.30	915.99	900.62
6.22%	989.29	974.24	959.14	944.00	928.80	913.55	898.25
6.32%	986.55	971.57	956.53	941.45	926.31	911.12	895.88
6.42%	983.83	968.91	953.93	938.91	923.83	908.70	893.52
6.52%	981.12	966.26	951.35	936.38	921.36	906.29	891.17
6.62%	978.42	963.62	948.77	933.86	918.90	903.89	888.82

CV Growth of NOPLAT (columns) / **WACC** (rows)

941.45	1.90%	2.10%	2.30%	2.50%	2.70%	2.90%	3.10%
10.36%	952.68	965.79	979.55	994.01	1,009.23	1,025.27	1,042.19
10.46%	935.63	948.26	961.52	975.43	990.07	1,005.48	1,021.72
10.56%	919.02	931.19	943.95	957.34	971.42	986.23	1,001.84
10.66%	902.81	914.54	926.83	939.73	953.27	967.52	982.51
10.76%	887.00	898.31	910.16	922.57	935.61	949.31	963.72
10.86%	871.58	882.48	893.90	905.86	918.41	931.58	945.44
10.96%	856.52	867.04	878.04	889.57	901.65	914.33	927.66

Pre-Tax Cost of Debt (columns) / **Cost of Equity** (rows)

941.45	6.02%	6.12%	6.22%	6.32%	6.42%	6.52%	6.62%
11.63%	946.86	944.29	941.74	939.20	936.66	934.14	931.63
11.73%	947.61	945.05	942.49	939.95	937.41	934.89	932.37
11.83%	948.37	945.80	943.24	940.70	938.16	935.63	933.12
11.93%	949.12	946.56	944.00	941.45	938.91	936.38	933.86
12.03%	949.88	947.31	944.75	942.20	939.66	937.13	934.60
12.13%	950.64	948.06	945.50	942.95	940.40	937.87	935.35
12.23%	951.39	948.82	946.25	943.70	941.15	938.62	936.09

United Rentals

Key Management Ratios

Fiscal Years Ending Dec. 31	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
Liquidity Ratios:																					
Quick ((Current Assets - Inventory)/ Current Liabiliti	1.00	0.99	0.99	1.09	1.02	0.78	0.78	1.00	0.76	1.02	0.75	1.16	1.25	1.40	1.54	1.68	1.81	1.93	2.02	2.13	2.23
Current (Current Assets/Current Liabilities)	1.06	1.05	1.05	1.15	1.06	0.83	0.84	1.07	0.83	1.11	0.81	1.23	1.32	1.47	1.61	1.75	1.88	2.00	2.10	2.20	2.30
Cash Ratio (Cash/Current Liabilities)	0.14	0.11	0.15	0.26	0.21	0.02	0.02	0.11	0.06	0.04	0.10	0.36	0.46	0.62	0.76	0.88	1.00	1.11	1.20	1.30	1.39
Asset-Management Ratios:																					
Return on Assets(Operating Income/Total Assets)	10%	11%	13%	12%	10%	11%	11%	10%	11%	13%	15%	15%	15%	16%	17%	18%	18%	19%	19%	19%	19%
Days sales outstanding (AR/Revenue)*365	59.23	60.35	58.35	58.28	67.77	70.08	59.72	56.27	63.00	62.83	56.79	59.72	59.72	60.41	59.90	59.31	59.81	59.83	59.85	59.74	59.71
Return on Invested Capital (NOPLAT/IC)		38%	39%	30%	5%	35%	29%	18%	33%	42%	33%	21%	21%	23%	26%	27%	27%	28%	28%	29%	29%
Total Asset Turnover (Revenue/Assets)	0.26	0.26	0.28	0.28	0.26	0.26	0.30	0.30	0.29	0.27	0.33	0.33	0.33	0.34	0.35	0.35	0.35	0.35	0.36	0.36	0.36
Financial Leverage Ratios:																					
Debt-to-Equity Ratio (Debt/Equity)	3.59	4.14	5.12	4.36	2.81	3.19	2.72	1.98	1.47	1.59	1.24	1.16	0.98	0.91	0.85	0.79	0.73	0.68	0.64	0.60	0.56
Debt-to-Asset Ratio (Debt/Assets)	6.14	6.94	8.19	7.27	4.84	5.33	4.95	3.93	3.39	3.42	3.15	3.01	2.80	2.74	2.67	2.58	2.53	2.48	2.42	2.37	2.32
Equity Ratio (Equity/Assets)	0.16	0.14	0.12	0.14	0.21	0.19	0.20	0.25	0.30	0.29	0.32	0.33	0.36	0.36	0.38	0.39	0.39	0.40	0.41	0.42	0.43
Profitability Ratios:																					
Return on Equity (NI/Beg TSE)	21.17%	30.07%	39.63%	34.34%	43.34%	32.21%	30.65%	19.58%	23.13%	29.81%	29.82%	31.26%	30.21%	31.88%	33.58%	34.08%	34.28%	34.30%	34.20%	33.96%	33.78%
Net Income Margin(Net Income/Revenue)	7.81%	9.50%	10.06%	9.82%	20.27%	13.62%	12.55%	10.43%	14.27%	18.08%	16.91%	18.77%	19.55%	20.42%	21.55%	22.05%	22.43%	22.82%	23.13%	23.35%	23.61%
FCF margin (FCF/Revenue)	35.31%	-66.03%	33.98%	31.34%	5.96%	17.04%	12.00%	12.98%	46.36%	30.35%	13.60%	13.11%	19.24%	15.02%	14.85%	14.51%	14.58%	15.06%	15.14%	15.11%	15.23%
Payout Policy Ratios:																					
Dividend Payout Ratio (Dividend/EPS)	-	-	-	-	-	-	-	-	-	-	17%	20%	20%	20%	20%	20%	20%	20%	21%	21%	21%