Krause Fund Research
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Industrials – Rentals and Leasing

United Rentals (NYSE: URI)

Stock Rating **BUY**

Headquartered in Stamford, Connecticut, United Rentals is the largest equipment rental company in the world. They offer a comprehensive range of rental equipment to construction, industrial, and commercial clients. Since inception in 1997, the company has grown both organically and through acquisitions into a market leader with 1,686 rental locations across North America and an expanding presence in Europe, Australia, and New Zealand.

Target Price: $**708.78**

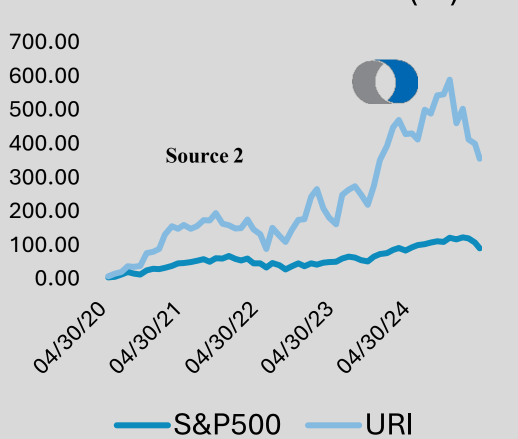
Discounted Cash Flow:	$708.78
Relative (P/E EPS25):	$756.66
Dividend Discount:	$458.78

Statistical Highlights

Current Price: $570.60 (As of 4/21/25)
52-week range: $525.91 - $896.98
YTD Performance: (19%)
Current P/E: 14.75x
WACC: 8.80%
Beta: 1.43

Market Cap: 38,643.93 M
Shares Outstanding: 67,307,098
EPS (FY24): $38.32

EPS 2025E: $42.45
EPS 2026E: $47.32



Investment Thesis

We rate United Rentals a **BUY** with **24.2% upside**. The company is well-positioned to benefit from infrastructure growth, rising rental demand, and margin expansion, supporting a strong long-term outlook.

Drivers:

- ***Strong forecasted growth in industrial construction***, driven by data center builds and semiconductor manufacturing linked to the CHIPS Act.
- Construction companies ***shifting toward asset-light, low-capex models***, increasing demand for rental equipment.
- ***Tariffs boosting URI's used equipment sales*** segment through stronger resale demand and pricing power.
- ***Expansion into AI-related infrastructure***, particularly HVAC, broadening URI's total addressable market (TAM).
- ***Aggressive share repurchase program*** supporting shareholder returns and earnings per share growth.

Risks

- Tariff uncertainties ***could disrupt URI's global supply chains*** and increase equipment costs
- Legislative ***uncertainty may reduce public infrastructure investment***, a key demand driver.
- ***Competitive pressure is intensifying***, with Herc Rentals outbidding URI for H&E, signaling potential market share losses
- Legal risk from an ***ongoing price-fixing lawsuit*** may lead to reputational damage or financial penalties

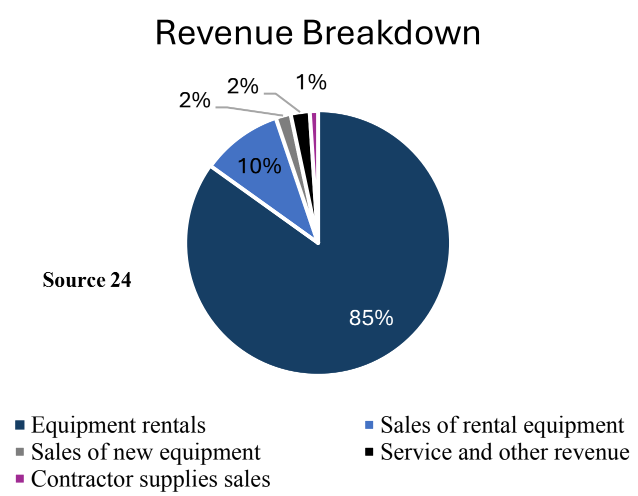
Company Analysis

Company Outlook: Positive

United Rentals (NYSE: URI) operates the largest equipment rental company in North America, offering a broad range of construction and industrial equipment for rent and sale. Its business model is centered on acquiring, maintaining, and renting out a diverse fleet of heavy and specialty equipment to construction firms, industrial operators, and municipalities.

Revenue Analysis & Decomposition:

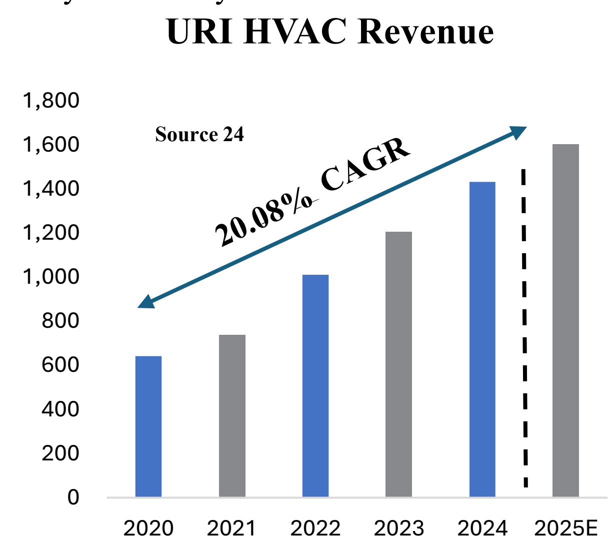
United Rentals generates revenue from several different streams. These include Equipment Rentals, Sales of Rental Equipment, Sales of New Equipment, and Service and Contractor revenues. Across all of these segments, URI generated $15.3 billion in FY2024 revenue, with 85% of that being attributed to equipment rentals.



Equipment Rentals:

This segment is the core driver to URI's revenues year by year. Within rental revenue, the company reports two segments: General Rentals (broad construction and industrial equipment, such as aerial lifts, earthmoving machinery, forklifts) and Specialty Rentals (niche fleets like power generation and climate control, fluid/pump solutions, trench safety, portable storage/mobile offices, and tool rentals).[9] From 2020-2025 this segment has grown at a CAGR OF 12.8%. Going forward, we expect this segment to continue to be fruitful for the company, projecting in at a CAGR of 9.3% for projected years 2025-2030.

One of the most compelling growth tailwinds for United Rentals lies within its Specialty Rentals segment, specifically in HVAC solutions. As the global buildout of AI infrastructure accelerates, hyperscale data centers are emerging as major consumers of advanced cooling systems. These facilities generate immense heat due to high-density GPU computing, creating urgent demand for scalable, mobile climate control.[27] URI is uniquely positioned to meet this need through its extensive HVAC fleet and rapid deployment capabilities. We expect revenue from this vertical to experience outsized growth over the next few years, supported by continued investment in AI, rising data center construction, and the ongoing push toward energy-efficient cooling. URI's ability to provide turnkey temperature control solutions makes it a key beneficiary of this infrastructure shift.



Sales of Used Rental Equipment

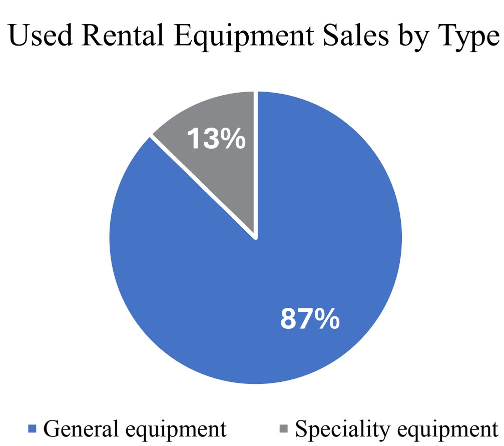
In 2024, United Rentals reported $1.5 billion in revenue from used equipment sales, a slight decrease of 3.4% compared to the previous year. This segment remains a significant contributor to the company's overall revenue, reflecting the ongoing demand for cost-effective equipment solutions in the construction industry. Recent tariffs on imported construction equipment and materials have led to increased costs for new machinery, making used equipment a more attractive option for contractors.[20] This shift in demand is expected to benefit United Rentals' used equipment sales segment. While new equipment sales may face challenges due to higher prices, the company's diversified offerings position it well to adapt to market changes. As such, we predict these to grow robustly in the coming years.

Sales of New Equipment

United Rentals occasionally sells new equipment (that it acquires from manufacturers) to customers, acting as a dealer for certain products or brokering sales when it makes strategic sense. This is not a focus of the business (and typically a low-margin revenue stream), but it has grown in recent historical years as the company took opportunities to sometimes sell units out of its fleet or dealer inventory. Notably, this segment saw 29.3% jump to $282 million in revenue in 2024. This uptick indicates a robust market for new machinery, driven by sustained construction activity and infrastructure development. However, due to tariff uncertainties and their potential impact on sales of newly manufactured equipment, we have this segment growing more modestly relative to sales of used rental equipment.

Contractor & Service Revenues

2024 sales for these two segments totaled about $513 million. Sales of contractor supplies ($155M) are essentially safety consumables and small parts needed for certain equipment. The service revenues ($358M) come from repair services, fuel charges, delivery fees, and damage waivers. These revenues grow alongside rental activity and are generally lower margin, but important for full-service customer support. For instance, United Rentals offers delivery and pickup of equipment and on-site repair services, which customers pay for as part of the rental relationship.[13] Naturally, as future equipment rentals go up in our projections, we expect service revenues to grow proportionately. Contractor revenues remain relatively flat in growth, as these are typically more flat-growth in nature.



Source 24

Expense Breakdown

Costs of Equipment Rentals

The cost of rentals remains the largest expense component for United Rentals, driven primarily by depreciation on its extensive fleet of rental equipment. This fleet is depreciated over a 5 to 7 year useful life, reflecting the capital intensity of the rental model. The expense line also includes fixed costs like in-service maintenance, technician labor, and logistics to support branch operations and fleet repositioning.[9] These fixed components enable operating leverage as rental volume grows.

In 2024, United Rentals reported over $13 billion in equipment rental revenue, with continued steady growth forecast through 2031, driven by fleet investment and higher utilization. The company delivered adjusted EBITDA margins above 46 percent in 2024, showcasing the platform's scalability and margin strength. Based on our model, we believe continued gains from Specialty segments and disciplined fleet management should allow margins to hold or expand even in a decelerating macro backdrop.

SG&A and Overhead Costs

Selling, general, and administrative (SG&A) costs represent the second-largest operating expense bucket. This includes costs related to branch operations, sales and support staff, and corporate overhead. United Rentals has prioritized cost efficiency in recent years, capturing over $230 million in SG&A savings through branch consolidation and back-office streamlining.[13]

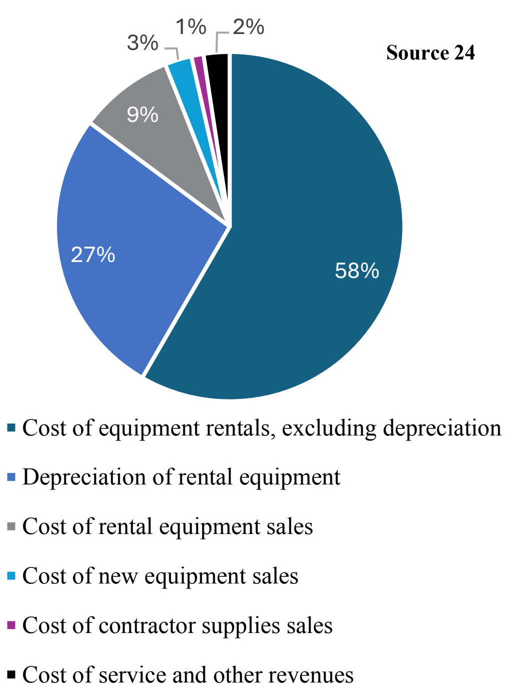
SG&A as a percentage of revenue stood at around 14.2% in 2023 and is expected to decline gradually through 2026, reaching the low-13s. This reflects URI's ongoing investment in automation and self-service technologies, which reduce manual support requirements and scale more efficiently. Our model supports this trend, projecting SG&A leverage improvement even as the company continues expanding its national footprint and digital capabilities.

Logistics and Equipment Sales

Fuel and delivery costs from United Rentals' owned transportation fleet represent a meaningful part of operating expenses. These costs support equipment movement across the branch network and are essential to maintaining service quality and operational control. While this structure enhances customer responsiveness, it increases exposure to fuel and freight volatility.[13] United Rentals mitigates some of this impact through delivery fees and fuel surcharges, though timing mismatches can occur. We believe the company's scale and routing efficiency help offset much of this variability.

Used equipment sales contribute to cost efficiency by enabling fleet turnover and reducing the burden of holding aging assets. These units are typically fully depreciated and generate strong margins, easing pressure on the broader cost structure. New equipment and contractor supply sales are smaller, carry thinner margins, and add modest overhead, but they are well integrated into URI's infrastructure. In our view, the company manages logistics and resale activity with discipline, supporting consistent margin performance.

Expense Proportions

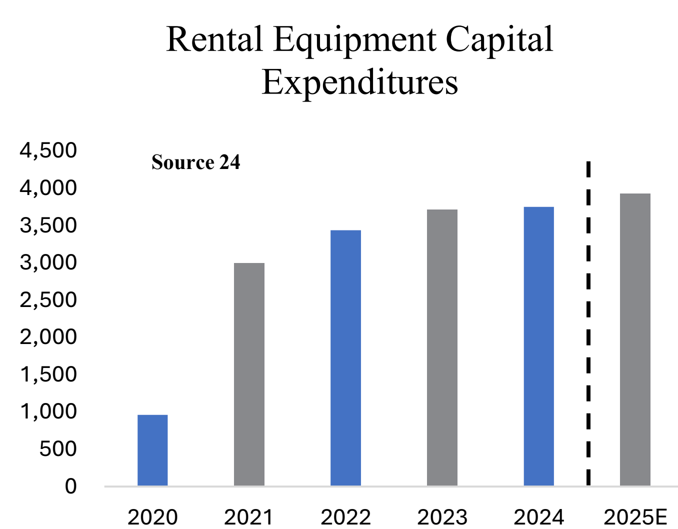


Capital Expenditures

Capital expenditures remain a critical lever in United Rentals' operating strategy, supporting both fleet replenishment and targeted growth. In 2024, the company spent $3.756 billion on gross rental equipment purchases, slightly above the prior year. This capex was directed toward replacing aging assets and expanding capacity in high-demand segments, particularly within the Specialty business. After accounting for $1.698 billion in used equipment sales, net rental capex totaled $2.235 billion for the year.

URI's 2025 guidance calls for gross fleet capex between $3.65 and $3.95 billion, broadly consistent with 2024 levels. Of this, roughly $3.3 billion is expected to go toward replacement and $500 million toward growth, representing a modest 2.5% increase in original equipment cost (OEC).[9] This disciplined investment reflects a measured view of mid-single-digit rental revenue growth. Notably, capex as a percentage of rental revenue remains in the low 30s, supporting healthy fleet turnover without overextending the balance sheet. Based on historical trends and our model, we believe URI's approach should allow it to maintain high fleet utilization, preserve strong free cash flow, and avoid capex-driven margin pressure.

URI's ability to fund this capex internally, supported by over $2 billion in projected free cash flow, provides added flexibility. Compared to peers like Herc, we view URI's capital allocation as more balanced, as it prioritizes lifecycle management while retaining capacity to scale if demand accelerates.



Capital Structure

United Rentals maintains a solid capital structure with manageable leverage and an incremental maturity profile. The next significant maturity is $1.178 billion in 2025, followed by $3.499 billion in 2027, $1.667 billion in 2028, and $1.490 billion in 2029, with no maturities in 2026. This staggered profile reduces near-term pressure and supports refinancing flexibility.

URI ended 2024 with net leverage around 1.8x EBITDA, within its 1.5x to 2.5x target range. The company holds investment-grade credit ratings (Baa2/BBB)[2], enabling sub-5% average interest rates and lower capital costs than sub-investment-grade peers like Herc Holdings[2]. Backed by over $2 billion in projected free cash flow and prudent capital management, URI is well-positioned to meet future obligations while retaining flexibility for growth.

2024D	2025E	2026E	2027E	2028E	2029E
LT Debt Maturity Schedule (from 10k notes)	1178	0	3449	1667	1490

Source 9

WACC

United Rentals continues to generate returns well above its cost of capital, with a 2024 WACC of approximately 8.8% based on our model. This reflects the company's efficient capital allocation and stable financial profile.

Our WACC estimate includes a 10.45% cost of equity[8], driven by URI's beta, capital structure, and the cyclical nature of its end markets, and a post-tax cost of debt just under 5%, consistent with its investment-grade credit rating and long-term borrowing costs. The balanced capital mix reinforces URI's attractive risk-adjusted return profile.

We do not anticipate material changes to WACC in the near term. Despite elevated interest rates, URI's staggered debt maturity schedule and strong free cash flow reduce refinancing risk. If rates begin to normalize, URI could see a modest decline in its cost of equity, further widening the positive spread between ROIC and WACC. In our view, this advantage enhances the company's ability to create value through disciplined reinvestment and accretive acquisitions.

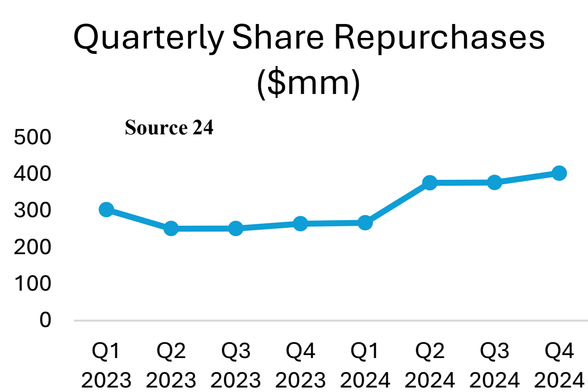
Payout Policy

United Rentals primarily returns capital to shareholders through aggressive share repurchases, with buybacks consistently outpacing dividend payments. In 2024, the company repurchased over $1.6 billion in shares, representing more than 5% of the total share count.[9] This continued an opportunistic strategy aimed at compounding shareholder value during periods of perceived undervaluation.

While URI initiated a dividend in 2023, it remains modest at an annualized rate of $6.06 per share,[9] or approximately a 1.3% yield. This underscores management's preference for flexibility over fixed payouts. The dividend complements URI's commitment to repurchases by offering a base level of return while preserving the ability to scale capital deployment based on market conditions.

URI's capital return strategy remains well-balanced, supported by over $2 billion in projected 2025 free cash flow and a relatively light near-term debt maturity schedule. Looking ahead, the company expects to repurchase $758 million in shares in 2025, growing steadily to over $1.1 billion by 2030.[9] These figures reflect a sustained buyback program, though at a slightly moderated pace compared to 2024's peak.

We believe share repurchases will remain the dominant form of capital return, particularly as URI manages dilution and maintains its long-term leverage target. The temporary pause in 2024 related to the pending H&E Equipment acquisition has now ended[14], and we expect URI to resume buybacks at a healthy pace. This continued focus on repurchases reflects management's confidence in URI's intrinsic value, strong cash generation, and commitment to disciplined capital allocation.



SWOT Analysis

Strengths

United Rentals is the largest equipment rental provider in North America, with unmatched scale, fleet diversity, and geographic reach. This enables operating leverage, procurement advantages, and strong pricing power across both general and specialty segments. The company consistently delivers industry-leading margins, supported by disciplined fleet management and efficient capital allocation. Its investment grade balance sheet, robust free cash flow, and customer-facing tech platforms like UR Control further strengthen its competitive position.

Weaknesses

URI is exposed to cyclical end markets such as non-residential construction and industrial spending, which can cause earnings volatility during downturns. The capital-intensive nature of the business also requires ongoing investment to sustain fleet quality and utilization. As the specialty segment grows, reliance on concentrated customer bases in niche end markets could limit pricing flexibility if demand weakens.

Opportunities

URI has room to expand its higher-margin specialty rental offerings and strengthen relationships with existing customers. Increasing tech adoption, including telematics and automated billing, may drive margin improvement and stickier customer relationships. Industry consolidation remains a long-term tailwind, and URI's scale, balance sheet, and strong cash flow position it as a likely acquirer. Secular trends in infrastructure investment and clean energy buildouts could sustain rental demand.[29]

Threats

Macroeconomic uncertainty is the most significant external risk, as construction and industrial slowdowns could pressure volumes and pricing. Inflation in labor, transportation, or equipment may weigh on margins if not offset. Rising interest rates could raise URI's cost of capital and constrain capex flexibility. Finally, competitive threats from regional players or pricing pressure in local markets remain as ongoing risks.[15]

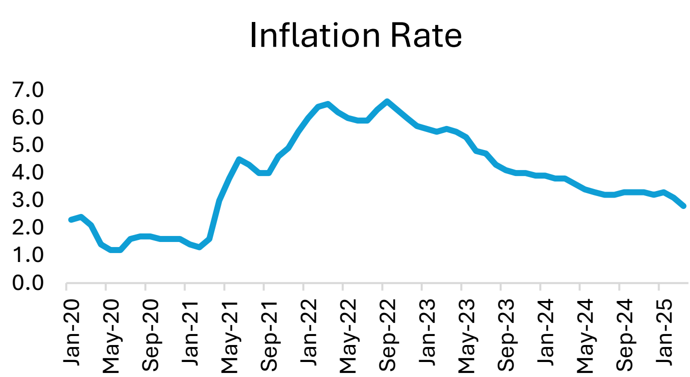
Economic Analysis

Economic Outlook: Negative

Despite some macro uncertainty, United Rentals is well-positioned to benefit from rising equipment costs, high interest rates, and multi-year industrial buildouts. Tariffs and inflation may pressure new equipment purchases, but URI's large rental and resale fleet gives it pricing power and strong utilization. Long-term infrastructure projects and reshoring trends further support sustained demand into 2026.

Inflation

Inflation has been sticky but slowly cooling, with the Consumer Price Index (CPI) coming in at 2.4% for the month of March[5]. Inflation with respect to construction inputs has been slowly cooling the past few years as well[13], though still above historical norms for some materials. Material cost inflation can increase product costs for any new construction starts, potentially causing delays and reducing the scope of construction projects. Additionally, President Trump's recent tariff developments have pricing implications on URI for their imports from key trade partners[20]. All in all, these factors are likely to have a negative effect on URI's revenues. We expect inflation to increase by at least 50 basis points over the next two quarters, primarily driven by these tariff uncertainties and sticky inflation on product materials.



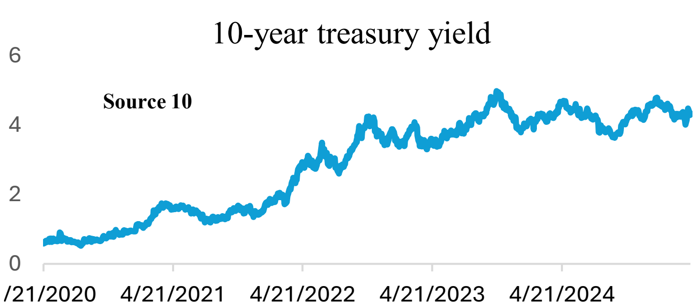
Source 5

Real GDP

The overall economy sets the tone for equipment demand. After a strong post-pandemic rebound, U.S. GDP growth is expected to moderate in 2025.[4] Various forecasts place 2025 real GDP growth around 1–2%. For instance, S&P forecasts 1.9% growth in 2025 (down from ~2.8% in 2024), while Fitch sees 1.2% (with growth slowing to near 0% by late 2025 if trade war impacts hit.) Crucially, the mix of growth matters: even if GDP decelerates, certain sectors critical to URI can outperform. In recent years, growth has been led by goods-related investment (manufacturing, warehousing, infrastructure) even as some service sectors lagged. Going into 2025, large-scale government and private investments (fueled by stimulus like the Infrastructure Investment and Jobs Act, CHIPS Act,[27] and Inflation Reduction Act) are continuing to drive construction in specific areas. This helps cushion any GDP slowdown.

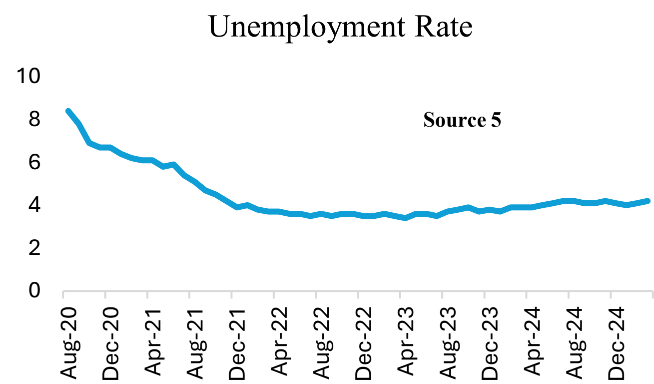
Interest Rates

High rates make it more expensive for contractors or rental competitors to finance equipment purchases. This actually makes renting more appealing relative to owning. A contractor facing 8%+ interest on a loan to buy a bulldozer might opt to rent it for a project instead of carrying that debt.[6] So, high rates can push ownership costs up, driving rental penetration higher. United Rentals explicitly benefits from this dynamic: it has been noted that in a rising rate environment, rental companies can be a safe harbor because they own "fleet in hand" and provide usage without customers needing to leverage up. This is a key point of our thesis: the current high-rate environment encourages the rent-versus-buy decision in URI's favor. In contrast, infrastructure spending may have gone down because of a high-interest rate environment, potentially cutting into URI rental revenue. We anticipate interest rates to remain steady or increase over the coming months, because of tariffs creating an inflationary environment.



Unemployment

Broadly, U.S. unemployment is low (~4.2%).[5] That supports general economic stability, as low unemployment means more tax revenue and more consumer spending on housing. High employment in industrial sectors means factories are running, needing maintenance and expansion, which can be good for equipment rental demand at plants for maintenance turnarounds, for example. One concern could be if wage inflation stays hot: construction wages climbing could deter some projects or squeeze contractor, but so far contractors pass costs through or choose labor-saving equipment solutions. We expect unemployment to increase by 40-50 basis points over the next two quarters because of the inflationary environment requiring businesses to cut down on SG&A expenses.



Construction Spending

Construction spending is one of the most important economic metrics for URI.[15] Manufacturing construction has surged in recent years, with spending nearly doubling between 2021 and 2023, driven by reshoring trends and major federal incentives like the CHIPS Act[27] and Inflation Reduction Act. This wave has been reinforced by massive private-sector investments. Apple and NVIDIA have each committed around $500B over the coming decade[29] to expand U.S.-based production, including advanced chip development and AI infrastructure. While some forecasts, like from consulting firm FMI's,[15] suggest a potential pullback in 2025 due to overbuilding and tighter financing conditions, many large-scale projects will remain under construction well into 2026 and beyond.[17]

Chip fabs in Arizona, Texas, and Ohio, EV battery plants across the South, and Liquefied Natural Gas (LNG) export terminals are all multi-year endeavors[28]. URI has identified these manufacturing and power projects as key drivers of rental demand in 2025, a trend expected to persist. Even if a new project starts slow, the existing backlog and long timelines mean equipment rental needs will stay elevated, keeping industrial construction a strong, stable contributor to URI's revenue through at least 2026.

Tariffs

URI stands to benefit from new or increased tariffs on imported construction equipment, as these trade barriers are likely to raise the cost of new machinery from foreign manufacturers[21]. As a result, contractors and construction firms may seek more cost-effective alternatives, turning to the used equipment market to meet demand. This shift would directly benefit URI, which operates one of the largest fleets of used construction and industrial equipment in North America. By capitalizing on increased interest in used assets, URI could see improved utilization rates, stronger resale activity, and enhanced pricing power across its secondary equipment sales channels. However, it is currently incredibly difficult to predict what the **true implications** of tariffs will be on URI going forward.

Industry Analysis

Industry Outlook: Positive

The equipment rental industry is consolidating and expanding into specialty markets, with a positive outlook driven by strong demand. However, investment in low-emission equipment may slow under the current administration's regulatory stance. In what is a fragmented space with a few big players that trump the rest, URI finds itself in a favorable position within the Equipment Rental Industry.

Industry Overview

The North American equipment rental industry is estimated at ~$60 billion in annual revenue and has steadily grown its penetration of the overall construction equipment market. Instead of purchasing equipment, customers increasingly choose to rent to maintain flexibility, reduce idle ownership costs, and outsource maintenance. This secular trend has pushed the rental penetration rate (percent of total construction equipment on rent vs owned) upward over the past decade, benefiting companies like URI. [25]

Industry Trends

Ongoing Industry Consolidation:

The equipment rental industry is experiencing a significant consolidation trend, driven by strategic M&A aimed at expanding market share and service offerings. A notable example is Herc Holdings' recent acquisition of H&E Equipment Services for approximately $5.3 billion, surpassing United Rentals' earlier $4.8 billion bid. [14]

Expansion into new markets:

Major equipment rental companies like United Rentals and H&E are expanding into new markets to drive growth and diversify revenue. This includes geographic expansion into underserved regions and vertical growth into specialty segments like power, HVAC, and fluid solutions. These moves help capture demand from emerging sectors such as data centers, renewables, and large-scale infrastructure projects. [27]

EV and low-emissions rental equipment

Under President Trump's administration, the rollback of electric vehicle (EV) incentives and emissions regulations has introduced uncertainty for equipment rental companies considering investments in low-emission machinery. The elimination of federal EV subsidies and the suspension of programs like the National Electric Vehicle Infrastructure (NEVI) initiative have diminished the financial incentives for adopting cleaner technologies. [21]

Porters Five Forces

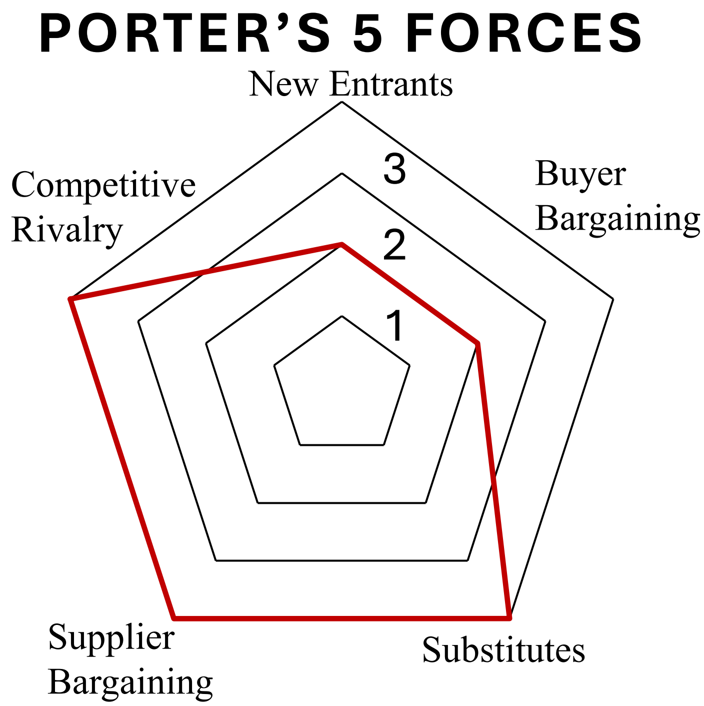
Threat of New Entrants: **Low**
Setting up a rental business at scale requires massive capex and expertise. Thus, there is a low threat at the national level as new entrants would likely have to be niche. With the trend of consolidation in the industry as well, the barriers are relatively high.[16]

Bargaining Power of Buyers: **Low**
Large construction firms can negotiate national rental agreements (and they do pit URI vs Herc, for example, for better rates). However, in many cases availability and service are as important as price. Customers will pay a premium for reliable supply, especially on critical projects. Small contractors have little bargaining power on their own.[17]

Threat of Substitutes: **Moderate**
The main substitute is equipment ownership or leasing instead of renting. In a strong economy with cheap financing, some customers opt to buy equipment. However, as projects become more varied and as contractors focus on capital efficiency, renting is often preferred. High interest rates currently tilt the economics toward renting.[15] Overall substitute threat is medium in the sense that customers can choose to own some fleet (and larger contractors often own a core fleet and rent the rest).[3]

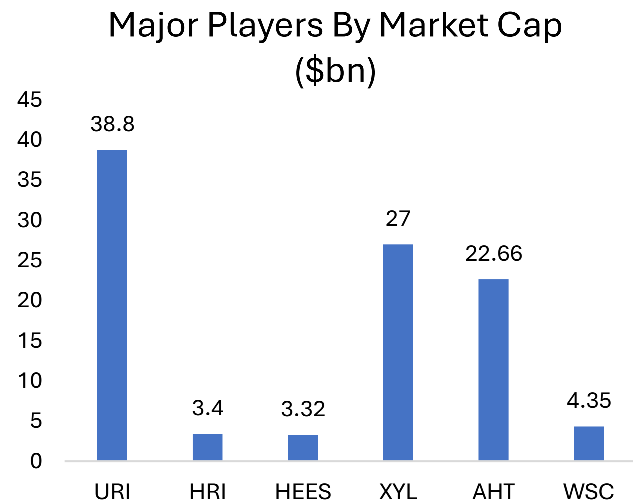
Bargaining Power of Suppliers: **Moderate**
Original Equipment Manufacturers (OEMs) like Caterpillar or Deere do have some power, but URI is a top buyer for many, which actually gives them the upper hand in volume discounts. Also, in downturns OEMs rely heavily on rental company orders, so suppliers are not in a position to overcharge URI. One risk is if an OEM chooses not to sell to rental companies or competes via their own rentals. For example, Caterpillar has dealer-run rental fleets ("Cat Rental Store"), but so far that hasn't seriously threatened URI's broad market.[9]

Intensity of Competitive Rivalry: **Moderate**
The industry has a handful of large competitors and many small ones. While price competition exists, the big players prevail by focusing on utilization and margin rather than undercutting on price. High fragmentation in tail segments keeps competition localized. URI's scale is a moat, as smaller firms can't easily replicate its service scope.[15]



Peer Comparison

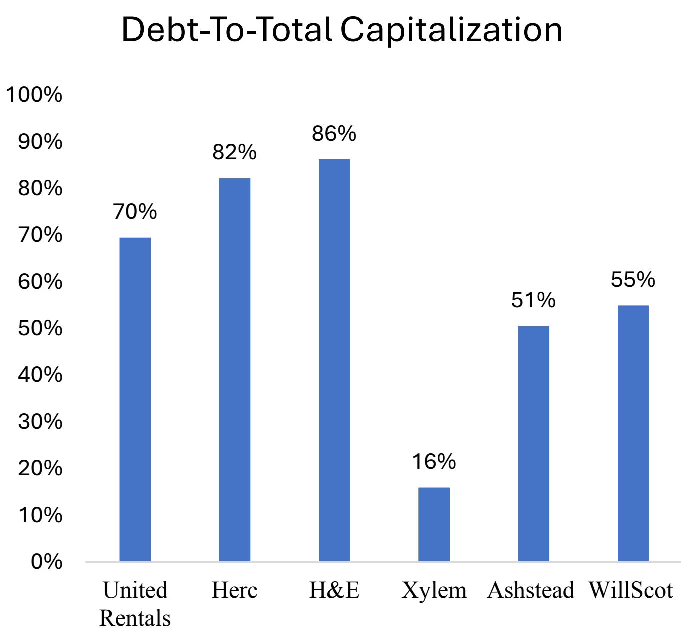
A peer comparison across financial and operating metrics from 2023 through projected 2033 highlights URI's robust performance and growth prospects. Our selected peer firms represent the key players across the equipment rental and adjacent industrial sectors. They include direct competitors like Herc Holdings and Ashtead Group, regional and specialty operators such as HEES and WillScot, and diversified manufacturers like Xylem with overlapping product exposure. This mix provides a comprehensive benchmark for evaluating URI's market position and performance.



Source 2

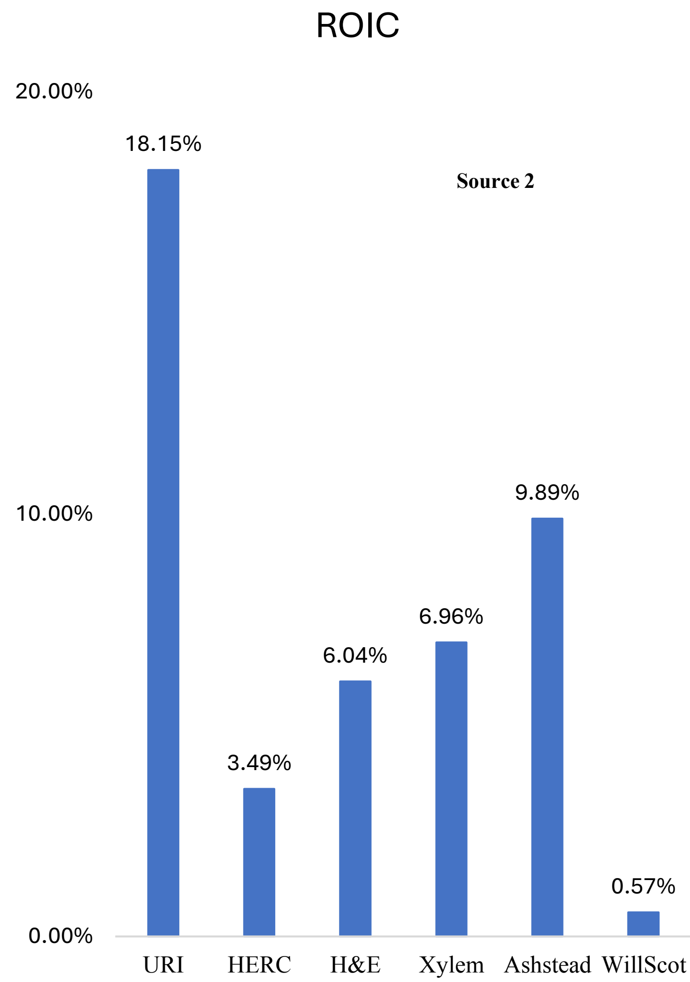
From our peer analysis of United Rentals, we have included a graph comparing the market capitalizations of key competitors.[2] United Rentals leads the group with a market capitalization of $38.8 billion, followed by Xylem at $27 billion, and Ashtead Group at $22.66 billion. Smaller peers include WillScot ($4.35B), Herc Holdings ($3.4B), and H&E Equipment Services ($3.32B). URI's scale in the equipment rental space is dominant. [2]

Many of URI's peers are significantly financed through debt, with debt-to-total capitalization ratios ranging from 51% to as high as 86%.[2] URI itself maintains a relatively high leverage ratio of 70%, which is typical for capital-intensive rental businesses[24]. This reliance on debt allows companies to fund large equipment fleets but also introduces financial risk and obligations in the form of interest payments and required repayments.



Source 2

URI's revenue, EPS growth, and margins are superior to most peers. Despite this, it trades at a forward P/E of ~13.8x (2025E), lower than the peer average of ~17.8x. EBITDA margins for URI are around 46–47%, leading the industry. Additionally, we have URI's earnings per share projected to grow from $42.45 in 2025 to $85–90 range by 2033.



Return on Invested Capital (ROIC) is a critical performance metric in the capital-intensive equipment rental industry, where companies must deploy large sums into fleet assets and infrastructure. URI easily stands out with an 18.15% ROIC, truly showing how they have consistently been able to efficiently turn invested capital into value.

This high return reflects URI's superior fleet management, strong utilization rates, and scalable operations across its vast branch network. By taking the opportunity to analyze the lower ROIC figures for companies like Herc (3.49%) and WillScot (0.57%), one can note the challenge of achieving strong returns without the operational scale of a firm like URI, along with its pricing power and capital allocation discipline.

Company Valuation

Discounted Cash Flow and Economic Profit Model

Estimated Share Price: **$708.78**

Our DCF and EP model is the best projection of URI's value. The two intrinsic valuation models forecasts URI free cash flow until 2034E before reaching a steady growth state. In addition to the free cash flow, we projected potential risks and opportunities for URI to drive growth and profitability as the industry continues to rise.

With the current economy and most up-to-date information, our model is highly sensitive to potential near-term changes in WACC (currently 8.8%), which will significantly impact our valuation. However, we believe this risk will be negated by many opportunities URI has to regain its momentum and previous leadership position in driving the growth of the equipment rental industry.

Relative Valuation

Estimated Share Price: **$754.2 – $756.56**

Our valuation is driven by EPS (2025E-2026E) and P/E (2025E – 2026E).

The list of comparable companies: Herc Holdings (HRI), H&E Equipment Services (HEES), Xylem (XYL), Ashstead Groupl plc (AHT), Willscot Holdings (WSC).

Unlike in other industries where relative valuation may be distorted, the equipment rental space lends itself well to this method due to its capital-intensive nature, comparable asset utilization metrics, and shared macro drivers like infrastructure spending and industrial demand. While each company varies slightly in specialty focus, URI operates within the same core rental-based business model as most peers, allowing for meaningful comparison on earnings-based multiples.

Given that URI currently trades below the peer average P/E despite superior margins, scale, and ROIC, we find this relative valuation approach both appropriate and supportive of our target price range of $754–$756, implying upside from current levels.

Dividend Discount Model

Estimated Share Price: **$457.78**

Our dividend discount model (DDM) yielded the lowest implied valuation at $457.78, primarily due to the limitations of applying this method to United Rentals. As the company only began paying dividends in 2023, its short dividend history and reinvestment-focused strategy make DDM less reliable for capturing URI's true value.

Sensitivity Analysis

Risk-Free Rate vs Beta

Risk-Free Rate \ Beta	708.78	1.13	1.23	1.33	1.43	1.53	1.63	1.73
	3.96%	942.34	869.08	803.95	745.68	693.24	645.82	602.75
	4.06%	924.62	853.37	789.92	733.08	681.87	635.51	593.35
	4.16%	907.40	838.07	776.25	720.78	670.76	625.42	584.15
	4.26%	890.65	823.17	762.91	708.78	659.90	615.55	575.14
	4.36%	874.36	808.66	749.90	697.05	649.28	605.89	566.32
	4.46%	858.51	794.51	737.20	685.60	638.89	596.43	557.67
	4.56%	843.07	780.72	724.81	674.40	628.73	587.17	549.20

In our sensitivity analysis, we decided to test the effects of changing URI's Risk-Free Rate and Beta on the stock price. Changing the risk-free rate has significantly more of an impact on the stock price than the beta. Both variables affect our WACC, but the risk-free rate appears to have a greater impact. If macroeconomic factors increase uncertainty, we would expect these variables to be effected quite a bit.

WACC vs CV Growth of NOPLAT

WACC		CV Growth of NOPLAT						
	708.78	2.20%	2.30%	2.40%	2.50%	2.60%	2.70%	2.80%
	8.50%	741.50	748.02	754.75	761.70	768.89	776.33	784.03
	8.60%	724.48	730.67	737.07	743.68	750.51	757.56	764.87
	8.70%	707.99	713.89	719.97	726.25	732.74	739.44	746.37
	8.80%	692.02	697.64	703.42	709.40	715.56	721.93	728.51
	8.90%	676.55	681.89	687.40	693.08	698.94	704.99	711.24
	9.00%	661.54	666.63	671.87	677.28	682.86	688.61	694.55
	9.10%	646.98	651.83	656.83	661.97	667.28	672.75	678.40

In our analysis, we examined the impact of variance among our WACC and Continuing Value Growth of NOPLAT. Variances in WACC appear to have a more significant impact on the resulting share price. This is likely due to high sensitization from changes in the capital structure of the company.

Pre-Tax Cost of Debt vs Marginal Tax Rate

Pre-Tax Cost of Debt		Marginal Tax Rate						
	708.78	21.30%	22.30%	23.30%	24.30%	25.30%	26.30%	27.30%
	5.51%	749.40	738.73	728.05	717.37	706.68	695.98	685.28
	5.61%	746.17	735.61	725.05	714.48	703.91	693.33	682.74
	5.71%	742.96	732.52	722.08	711.62	701.16	690.69	680.22
	5.81%	739.78	729.45	719.12	708.78	698.43	688.08	677.71
	5.91%	736.61	726.40	716.18	705.95	695.72	685.47	675.22
	6.01%	733.47	723.37	713.26	703.15	693.02	682.89	672.75
	6.11%	730.35	720.36	710.36	700.36	690.34	680.32	670.29

In this table, we tested the impact of changing the marginal tax rate as well as the pre-tax cost of debt. As borrowing costs rise, the stock price declines more sharply, reflecting the increased drag on cash flows due to higher interest expenses. These findings suggest the importance of maintaining affordable financing, as rising interest rates could materially reduce valuation more than shifts in tax policy.

SG&A Expense (% of sales) vs Cost of Equipment Rentals (% of sales)

SG&A expense (% of s		Cost of Equipment Rentals (% of Sales)						
	708.78	37.31%	38.31%	39.31%	40.31%	41.31%	42.31%	43.31%
	8.44%	921.34	888.33	855.31	822.29	789.28	756.26	723.24
	9.44%	883.60	850.58	817.56	784.55	751.53	718.51	685.50
	10.44%	845.85	812.84	779.82	746.80	713.79	680.77	647.75
	11.44%	808.11	775.09	742.07	709.06	676.04	643.02	610.01
	12.44%	770.36	737.35	704.33	671.31	638.30	605.28	572.26
	13.44%	732.62	699.60	666.58	633.57	600.55	567.53	534.52
	14.44%	694.87	661.86	628.84	595.82	562.81	529.79	496.77

In this table, we evaluated the effect of changes in SG&A expenses and cost of equipment rentals as a percent of sales on URI's stock price. These two variables directly impact free cash flow, and it appears that it is more sensitive to SG&A expenses. URI's ability to control fixed and discretionary corporate spending appears to be the more critical driver.

Cost of New Equipment Sales (% of sales) vs Cost of Used Rental Equipment Sales (% of sales)

Cost of New Equipme		Cost of Rental Equipment Sales (% of Sales)						
	708.78	49.30%	50.30%	51.30%	52.30%	53.30%	54.30%	55.30%
	79.75%	719.83	716.68	713.53	710.38	707.23	704.09	700.94
	80.75%	719.30	716.15	713.00	709.85	706.70	703.55	700.40
	81.75%	718.76	715.61	712.46	709.31	706.16	703.02	699.87
	82.75%	718.23	715.08	711.93	708.78	705.63	702.48	699.33
	83.75%	717.69	714.54	711.39	708.24	705.09	701.95	698.80
	84.75%	717.16	714.01	710.86	707.71	704.56	701.41	698.26
	85.75%	716.62	713.47	710.32	707.17	704.02	700.88	697.73

In this table, we looked at two different sets of operating costs; Cost of New Equipment Sales as a percentage of total sales versus Cost of Used Rental Equipment Sales as a percentage of total sales. The table shows that valuation is relatively insensitive to either variable across the tested ranges. Both categories lead to modest declines in stock price, but the overall changes are minimal. This suggests that URI's valuation is more resilient to fluctuations in equipment-related costs, likely due to the company's ability to manage pricing, and utilization of equipment.

Important Disclaimer:

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United Rentals, Inc.
Revenue Decomposition
In MM

Fiscal Years Ending Dec. 31	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
Equipment Rental Revenue	**10,116**	**12,064**	**13,029**	**13,753**	**15,109**	**16,581**	**18,179**	**19,887**	**21,486**	**23,032**	**24,292**	**25,519**	**26,808**
Equipment rental revenue by fleet type:													
General construction and industrial equipment	4,249	5,067	5,212	5,576	6,050	6,655	7,254	7,907	8,540	9,138	9,595	10,074	10,578
Growth Rate (%)	23.26%	19.26%	2.86%	7.00%	8.50%	10.00%	9.00%	9.00%	8.00%	7.00%	5.00%	5.00%	5.00%
Aerial work platforms	2,428	3,016	2,997	3,176	3,399	3,620	3,873	4,222	4,517	4,811	5,042	5,284	5,537
Growth Rate (%)	13.78%	24.23%	-0.64%	6.00%	7.00%	6.50%	7.00%	9.00%	7.00%	6.50%	4.80%	4.80%	4.80%
General tools and light equipment	809	965	1,173	1,278	1,368	1,436	1,522	1,644	1,775	1,900	2,004	2,114	2,231
Growth Rate (%)	23.26%	19.26%	21.50%	9.00%	7.00%	5.00%	6.00%	8.00%	8.00%	7.00%	5.50%	5.50%	5.50%
Power and HVAC (heating, ventilating and air conditioning) equipment	1,012	1,206	1,433	1,605	1,958	2,311	2,727	3,081	3,420	3,762	4,063	4,307	4,565
Growth Rate (%)	36.96%	19.26%	18.80%	12.00%	22.00%	18.00%	18.00%	13.00%	11.00%	10.00%	8.00%	6.00%	6.00%
Trench safety equipment	607	603	651	704	753	806	870	922	968	1,007	1,037	1,068	1,100
Growth Rate (%)	23.26%	-0.62%	8.00%	8.00%	7.00%	7.00%	8.00%	6.00%	5.00%	4.00%	3.00%	3.00%	3.00%
Fluid solutions equipment	708	844	912	1,003	1,114	1,225	1,335	1,442	1,529	1,605	1,685	1,753	1,823
Growth Rate (%)	23.26%	19.26%	8.00%	10.00%	11.00%	10.00%	9.00%	8.00%	6.00%	5.00%	5.00%	4.00%	4.00%
Mobile storage equipment and modular office space	303	362	391	410	468	529	597	669	736	810	866	918	973
Growth Rate (%)	84.89%	19.26%	8.00%	5.00%	14.00%	13.00%	13.00%	12.00%	10.00%	10.00%	7.00%	6.00%	6.00%
Surface protection mats (5)			261										
Growth Rate (%)													
Sales of rental equipment	**965**	**1,575**	**1,521**	**1,656**	**1,783**	**1,898**	**1,995**	**2,081**	**2,164**	**2,229**	**2,296**	**2,365**	**2,436**
General	835	1,411	1,328	1434	1535	1627	1708	1776	1847	1903	1960	2019	2079
Growth Rate (%)	-3.13%	68.98%	-5.88%	8.00%	7.00%	6.00%	5.00%	4.00%	4.00%	3.00%	3.00%	3.00%	3.00%
Specialty	130	163	193	222	249	271	287	304	317	326	336	346	356
Growth Rate (%)	22.64%	25.38%	18.40%	15.00%	12.00%	9.00%	6.00%	6.00%	4.00%	3.00%	3.00%	3.00%	3.00%
Sales of new equipment	**154**	**218**	**283**	**295**	**306**	**317**	**331**	**346**	**361**	**375**	**387**	**401**	**415**
General	73	95	159	167	172	179	186	195	205	211	218	224	231
Growth Rate (%)	-48.59%	30.14%	67.37%	5.00%	3.00%	4.00%	4.00%	5.00%	5.00%	3.00%	3.00%	3.00%	3.00%
Specialty	81	123	123	128	134	138	145	150	156	163	170	177	184
Growth Rate (%)	32.79%	51.85%	0.00%	4.00%	5.00%	3.00%	4.50%	4.00%	3.50%	5.00%	4.00%	4.00%	4.00%
Service and other revenues	**281**	**330**	**358**	**376**	**402**	**434**	**469**	**497**	**522**	**543**	**559**	**576**	**593**
Growth Rate (%)	22.71%	17.44%	8.48%	5.00%	7.00%	8.00%	8.00%	6.00%	5.00%	4.00%	3.00%	3.00%	3.00%
Contractor supplies sales	**126**	**146**	**155**	**160**	**169**	**176**	**183**	**189**	**194**	**200**	**206**	**212**	**219**
Growth Rate (%)	15.60%	15.87%	6.16%	3.00%	6.00%	4.00%	4.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Total Revenues	**11,642**	**14,332**	**15,345**	**16,240**	**17,770**	**19,406**	**21,157**	**23,000**	**24,727**	**26,379**	**27,741**	**29,073**	**30,470**
Growth Rate (%)	19.82%	23.11%	7.07%	5.83%	9.42%	9.21%	9.02%	8.71%	7.51%	6.68%	5.16%	4.80%	4.81%

United Rentals, Inc.

Income Statement

In MM

Fiscal Years Ending Dec. 31	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
Revenues:													
Equipment Rentals	10,116	12,064	13,029	13,753	15,109	16,581	18,179	19,887	21,486	23,032	24,292	25,519	26,808
Sales of Rental Equipment	965	1,574	1,521	1,656	1,783	1,898	1,995	2,081	2,164	2,229	2,296	2,365	2,436
Sales of New Equipment	154	218	282	295	306	317	331	346	361	375	387	401	415
Contractor Supplies Sales	126	146	155	160	169	176	183	189	194	200	206	212	219
Service and Other Revenues	281	330	358	376	402	434	469	497	522	543	559	576	593
Total Revenues	**11,642**	**14,332**	**15,345**	**16,240**	**17,770**	**19,406**	**21,157**	**23,000**	**24,727**	**26,379**	**27,741**	**29,073**	**30,470**
Cost of revenues:													
Cost of equipment rentals, excluding depreciation	4,018	4,900	5365	5,545	6,091	6,685	7,329	8,018	8,662	9,285	9,793	10,288	10,807
Depreciation of rental equipment	1,853	2,350	2466	2,416	2,661	2,932	3,243	3,523	3,778	4,013	4,231	4,435	4,628
Cost of rental equipment sales	399	788	811	866	933	993	1044	1088	1132	1166	1201	1237	1274
Cost of new equipment sales	124	179	229	244	253	262	274	286	298	310	321	332	343
Cost of contractor supplies sales	84	99	103	109	115	119	124	127	132	135	139	144	148
Cost of service and other revenues	168	203	221	231	254	278	302	329	353	377	396	415	435
Total cost of revenues	**6,646**	**8,519**	**9,195**	**9,410**	**10,307**	**11,268**	**12,314**	**13,371**	**14,355**	**15,286**	**16,081**	**16,850**	**17,636**
Gross profit	**4,996**	**5,183**	**6,150**	**6,830**	**7,463**	**8,139**	**8,843**	**9,628**	**10,371**	**11,092**	**11,660**	**12,223**	**12,834**
Selling, general and administrative expenses	1,400	1,527	1,645	1,858	2,034	2,221	2,421	2,632	2,830	3,019	3,175	3,327	3,487
Merger/restructuring related costs		28	3	0	0	0	0	0	0	0	0	0	0
Non-rental depreciation and amortization	364	431	437	449	484	533	594	642	689	733	772	809	845
Operating income	**3,232**	**3,197**	**4,065**	**4,522**	**4,945**	**5,385**	**5,828**	**6,354**	**6,853**	**7,341**	**7,714**	**8,086**	**8,503**
Interest expense, net	445	635	691	779	751	802	860	911	960	1,005	1,049	1,093	1,138
Other income, net	(15)	(19)	(14)	18	7	64	120	189	274	375	489	612	745
Income before provision for income taxes	2,802	2,581	3,388	3,761	4,202	4,648	5,088	5,632	6,167	6,711	7,154	7,605	8,110
Provision for income taxes	697	787	813	914	1021	1130	1236	1369	1499	1631	1738	1848	1971
Net income	**2,105**	**1,794**	**2,575**	**2,847**	**3,181**	**3,519**	**3,852**	**4,263**	**4,669**	**5,080**	**5,415**	**5,757**	**6,139**
Basic Earnings Per Share (EPS)	**29.77**	**35.4**	**38.82**	**42.45**	**47.32**	**52.24**	**57.07**	**63.03**	**68.88**	**74.79**	**79.56**	**84.41**	**89.82**
Total Basic Shares Outstanding	72	69	67	67	67	67	68	68	68	68	68	68	68
Weighted Average Shares Outstanding	72	71	68	67	67	67	67	68	68	68	68	68	68
Annual Dividends per Share	**$ -**	**$ 5.76**	**$ 6.38**	**$ 6.94**	**$ 7.74**	**$ 8.54**	**$ 9.33**	**$ 10.31**	**$ 11.26**	**$ 12.23**	**$ 13.01**	**$ 13.80**	**$ 14.69**

United Rentals, Inc.
Balance Sheet

Fiscal Years Ending Dec. 31	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
ASSETS													
Cash and cash equivalents	106	363	457	192	1,659	3,095	4,867	7,060	9,663	12,602	15,751	19,173	22,917
Accounts receivable. Net	2,004	2,230	2,357	2,625	2,899	3,129	3,365	3,673	3,979	4,242	4,448	4,656	4,887
Inventory	232	205	200	256	280	306	333	362	390	416	437	458	480
Prepaid expenses and other assets	381	135	235	385	349	391	373	444	497	511	536	557	592
Total current assets	**2,723**	**2,933**	**3,249**	**3,458**	**5,187**	**6,921**	**8,938**	**11,540**	**14,529**	**17,771**	**21,172**	**24,844**	**28,877**
Rental equipment, net	13,277	14,001	14,931	16,443	18,118	20,041	21,774	23,352	24,801	26,147	27,408	28,603	29,746
Property and equipment, net	839	903	1,034	1,085	1,145	1,204	1,254	1,313	1,386	1,482	1,613	1,785	2,009
Goodwill	6,026	5,940	6,900	6,900	6,900	6,900	6,900	6,900	6,900	6,900	6,900	6,900	6,900
Other intangible assets, net	452	670	663	643	621	600	578	555	532	508	484	459	433
Operating lease right-of-use assets	819	1,099	1,337	1,403	1,480	1,557	1,622	1,697	1,792	1,917	2,085	2,308	2,597
Other long-term assets	47	43	49	19	20	21	21	22	24	25	28	30	34
Total assets	**24,183**	**25,589**	**28,163**	**29,951**	**33,472**	**37,244**	**41,088**	**45,379**	**49,964**	**54,750**	**59,690**	**64,931**	**70,597**
LIABILITIES AND STOCKHOLDERS' EQUITY													
Short-term debt and current maturities of long-term debt	161	1,465	1,178	1,130	1,208	1,296	1,375	1,454	1,530	1,600	1,668	1,737	1,810
Accounts payable	1,139	905	748	1,131	1,291	1,366	1,374	1,502	1,696	1,804	1,873	1,946	2,052
Accrued expenses and other liabilities	1,145	1,267	1,397	1,471	1,631	1,786	1,920	2,099	2,257	2,412	2,534	2,652	2,782
Total current liabilities	**2,445**	**3,637**	**3,323**	**3,732**	**4,130**	**4,449**	**4,669**	**5,055**	**5,483**	**5,815**	**6,075**	**6,335**	**6,644**
Long-term debt	11,209	10,053	12,228	11,793	12,590	13,498	14,311	15,063	15,773	16,460	17,146	17,844	18,571
Deferred taxes	2,671	2,701	2,685	2,685	2,995	3,271	3,566	3,877	4,168	4,446	4,676	4,900	5,136
Operating lease liabilities	642	895	1,089	1,124	1,185	1,247	1,298	1,359	1,434	1,534	1,669	1,848	2,079
Other long-term liabilities	154	173	216	229	243	260	285	316	338	358	377	396	415
Total liabilities	**17,121**	**17,459**	**19,541**	**19,562**	**21,144**	**22,724**	**24,129**	**25,669**	**27,196**	**28,615**	**29,943**	**31,322**	**32,845**
Common stock (Includes APIC)	2627	2651	2692	2,835	2,978	3,122	3,265	3,408	3,551	3,694	3,838	3,981	4,124
Retained earnings	9,656	11,672	13,813	16,195	18,855	21,798	25,020	28,586	32,492	36,741	41,271	46,086	51,221
Treasury stock at cost	(4,957)	(5965)	(7,478)	(8,236)	(9,101)	(9,996)	(10,921)	(11,879)	(12,870)	(13,895)	(14,956)	(16,054)	(17,189)
Accumulated other comprehensive loss	(264)	(228)	(405)	(405)	(405)	(405)	(405)	(405)	(405)	(405)	(405)	(405)	(405)
Total stockholders' equity	**7,062**	**8,130**	**8,622**	**10,389**	**12,328**	**14,519**	**16,959**	**19,710**	**22,768**	**26,135**	**29,747**	**33,609**	**37,751**
Total liabilities and stockholders' equity	**24,183**	**25,589**	**28,163**	**29,951**	**33,472**	**37,244**	**41,088**	**45,379**	**49,964**	**54,750**	**59,690**	**64,931**	**70,597**

United Rentals, Inc.

Historical Cash Flow Statement

Fiscal Years Ending Dec. 31	2020	2021	2022	2023	2024
Cash Flows From Operating Activities:					
Net income	**$ 890**	**$ 1,386**	**$ 2,105**	**$ 2,424**	**$ 2,575**
Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation and amortization	1,988	1,983	2,217	2,781	2,903
Amortization of deferred financing costs and original issue discounts	14	13	13	14	15
Gain on sales of rental equipment	(332)	(431)	(566)	(786)	(710)
Gain on sales of non-rental equipment	(8)	(10)	(9)	(21)	(17)
Insurance proceeds from damaged equipment	(40)	(25)	(32)	(38)	(51)
Stock compensation expense, net	70	119	127	94	112
Merger related costs		3			
Restructuring charge	17	2		28	3
Loss on repurchase/redemption/amendment of debt	183	30	17		1
(Decrease) increase in deferred taxes	(121)	268	537	35	(19)
Changes in operating assets and liabilities, net of amounts acquired:					
Increase in accounts receivable	218	(300)	(329)	(167)	(20)
Decrease (increase) in inventory	(5)	9	(25)	19	15
(Increase) decrease in prepaid expenses and other assets	(228)	248	(164)	281	(27)
(Decrease) increase in accounts payable	10	307	304	(45)	(203)
(Decrease) increase in accrued expenses and other liabilities	2	87	238	85	(31)
Net cash provided by operating activities	**2,658**	**3,689**	**4,433**	**4,704**	**4,546**
Cash Flows From Investing Activities:					
Payments for purchases of rental equipment	(961)	(2,998)	(3,436)	(3,714)	(3,753)
Payments for purchases of non-rental equipment and intangible assets	(197)	(200)	(254)	(356)	(374)
Proceeds from sales of rental equipment	858	968	965	1,574	1,521
Proceeds from sales of non-rental equipment	42	30	24	60	67
Insurance proceeds from damaged equipment	40	25	32	38	51
Purchases of other companies, net of cash acquired	(2)	(1,436)	(2,340)	(574)	(1,655)
Purchases of investments	(3)		(7)	(4)	(5)
Net cash used in investing activities	**(223)**	**(3,611)**	**(5,016)**	**(2,976)**	**(4,148)**
Cash Flows From Financing Activities:					
Proceeds from debt	9,260	8,364	9,885	8,576	11,609
Payments of debt	(11,245)	(8,462)	(8,241)	(8,574)	(9,861)
Payments of financing costs	(23)	(8)	(24)		(17)
Dividends paid	1			(406)	(434)
Common stock repurchased, including tax withholdings for share based compensation	(286)	(34)	(1,068)	(1,070)	(1,571)
Net cash (used in) provided by financing activities	**(2,293)**	**(140)**	**552**	**(1,474)**	**(274)**
Effect of foreign exchange rates	8	4	(7)	3	(30)
Net increase (decrease) in cash and cash equivalents	**150**	**(58)**	**(38)**	**257**	**94**
Cash and cash equivalents at beginning of year	52	202	144	106	363
Cash and cash equivalents at end of year	**$ 202**	**$ 144**	**$ 106**	**$ 363**	**$ 457**

United Rentals, Inc.
Forecasted Cash Flow Statement

Fiscal Years Ending Dec. 31	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
Cash Flows From Operating Activities:										
Net income	**2,847**	**3,181**	**3,519**	**3,852**	**4,263**	**4,669**	**5,080**	**5,415**	**5,757**	**6,139**
Adjustments to reconcile net income to net cash provided by operating activities:										
Depreciation & Amortization	2,865	3,145	3,464	3,837	4,166	4,468	4,746	5,003	5,244	5,473
Changes in Accounts Receivable	(268)	(274)	(230)	(236)	(309)	(306)	(262)	(206)	(208)	(231)
Changes in Inventories	(56)	(24)	(26)	(28)	(29)	(27)	(26)	(21)	(21)	(22)
Changes in Prepaid Expenses	(150)	36	(42)	18	(70)	(53)	(14)	(25)	(21)	(36)
Changes in Accounts Payable	383	160	75	7	128	195	108	69	73	106
Changes in Accrued Expenses or Other Liabilities	74	161	155	134	178	159	155	122	118	130
Changes Deferred Taxes Liabilities	(0)	310	276	295	311	291	278	230	224	236
Changes in Operating lease right-of-use assets	(66)	(77)	(77)	(65)	(75)	(95)	(125)	(169)	(223)	(289)
Net cash provided by operating activities	**5,629**	**6,617**	**7,114**	**7,815**	**8,562**	**9,300**	**9,939**	**10,418**	**10,943**	**11,506**
Cash Flows From Investing Activities:										
Capital Expenditures Non-Rental Equipment	(500)	(544)	(592)	(644)	(701)	(762)	(829)	(902)	(982)	(1,068)
Other Intangible Assets Net	21	21	22	22	23	23	24	24	25	26
Other Long-Term Assets	30	(1)	(1)	(1)	(1)	(1)	(2)	(2)	(3)	(4)
Capital Expenditures Rental Equipment	(3,928)	(4,336)	(4,855)	(4,976)	(5,100)	(5,228)	(5,359)	(5,493)	(5,630)	(5,771)
Net cash used in investing activities	**(4,377)**	**(4,860)**	**(5,426)**	**(5,599)**	**(5,779)**	**(5,968)**	**(6,166)**	**(6,373)**	**(6,590)**	**(6,817)**
Cash Flows From Financing Activities:										
Short-term debt and current maturities of long-term debt	(48)	78	89	79	80	75	70	68	69	73
Long-term debt	(435)	798	907	813	752	710	688	685	698	727
Operating lease liabilities	35	62	61	52	60	76	100	135	179	231
Other long-term liabilities	13	14	18	24	31	22	20	18	19	20
Common Stock	143	143	143	143	143	143	143	143	143	143
Share Repurchase	(758)	(865)	(895)	(926)	(958)	(991)	(1,025)	(1,061)	(1,097)	(1,135)
Dividends	(466)	(520)	(575)	(630)	(697)	(764)	(831)	(886)	(942)	(1,004)
Net cash (used in) provided by financing activities	**(1,517)**	**(291)**	**(252)**	**(445)**	**(589)**	**(728)**	**(835)**	**(897)**	**(931)**	**(945)**
Net increase (decrease) in cash and cash equivalents	**(265)**	**1,467**	**1,436**	**1,771**	**2,194**	**2,603**	**2,939**	**3,148**	**3,423**	**3,744**
Cash and cash equivalents at beginning of year	**457**	**192**	**1,659**	**3,095**	**4,867**	**7,060**	**9,663**	**12,602**	**15,751**	**19,173**
Cash and cash equivalents at end of year	**192**	**1,659**	**3,095**	**4,867**	**7,060**	**9,663**	**12,602**	**15,751**	**19,173**	**22,917**

United Rentals, Inc.
Common Size Income Statement

Fiscal Years Ending Dec. 31	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
Revenues:													
Equipment Rentals	86.89%	84.18%	84.91%	84.69%	85.03%	85.44%	85.92%	86.47%	86.89%	87.31%	87.57%	87.78%	87.98%
Sales of Rental Equipment	8.29%	10.98%	9.91%	10.20%	10.03%	9.78%	9.43%	9.05%	8.75%	8.45%	8.28%	8.13%	7.99%
Sales of New Equipment	1.32%	1.52%	1.84%	1.82%	1.72%	1.63%	1.56%	1.50%	1.46%	1.42%	1.40%	1.38%	1.36%
Contractor Supplies Sales	1.08%	1.02%	1.01%	0.98%	0.95%	0.91%	0.87%	0.82%	0.79%	0.76%	0.74%	0.73%	0.72%
Service and Other Revenues	2.41%	2.30%	2.33%	2.31%	2.26%	2.24%	2.22%	2.16%	2.11%	2.06%	2.02%	1.98%	1.95%
Total Revenues	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
Cost of revenues:													
Cost of equipment rentals, excluding depreciation	34.51%	34.19%	34.96%	34.14%	34.28%	34.45%	34.64%	34.86%	35.03%	35.20%	35.30%	35.39%	35.47%
Depreciation of rental equipment	15.92%	16.40%	16.07%	14.88%	14.97%	15.11%	15.33%	15.32%	15.28%	15.21%	15.25%	15.25%	15.19%
Cost of rental equipment sales	3.43%	5.50%	5.29%	5.33%	5.25%	5.11%	4.93%	4.73%	4.58%	4.42%	4.33%	4.25%	4.18%
Cost of new equipment sales	1.07%	1.25%	1.49%	1.50%	1.43%	1.35%	1.29%	1.24%	1.21%	1.18%	1.16%	1.14%	1.13%
Cost of contractor supplies sales	0.72%	0.69%	0.67%	0.67%	0.65%	0.61%	0.58%	0.55%	0.53%	0.51%	0.50%	0.49%	0.49%
Cost of service and other revenues	1.44%	1.42%	1.44%	1.42%	1.43%	1.43%	1.43%	1.43%	1.43%	1.43%	1.43%	1.43%	1.43%
Total cost of revenues	**57.09%**	**59.44%**	**59.92%**	**57.95%**	**58.00%**	**58.06%**	**58.21%**	**58.14%**	**58.06%**	**57.95%**	**57.97%**	**57.96%**	**57.88%**
Gross profit	**42.91%**	**36.16%**	**40.08%**	**42.05%**	**42.00%**	**41.94%**	**41.79%**	**41.86%**	**41.94%**	**42.05%**	**42.03%**	**42.04%**	**83.64%**
Selling, general and administrative expenses	12.03%	10.65%	10.72%	11.44%	11.44%	11.44%	11.44%	11.44%	11.44%	11.44%	11.44%	11.44%	11.44%
Merger related costs	0.00%	0.20%	0.02%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Non-rental depreciation and amortization	3.13%	3.01%	2.85%	2.76%	2.73%	2.74%	2.81%	2.79%	2.79%	2.78%	2.78%	2.78%	2.77%
Operating income	**27.76%**	**22.31%**	**26.49%**	**27.85%**	**27.83%**	**27.75%**	**27.54%**	**27.63%**	**27.71%**	**27.83%**	**27.81%**	**27.81%**	**27.91%**
Interest expense, net	3.82%	4.43%	4.50%	4.80%	4.22%	4.13%	4.06%	3.96%	3.88%	3.81%	3.78%	3.76%	3.73%
Other income, net	-0.18%	-0.22%	-0.16%	0.11%	0.04%	0.33%	0.57%	0.82%	1.11%	1.42%	1.76%	2.10%	2.44%
Income before provision for income taxes	24.07%	18.01%	22.08%	23.16%	23.64%	23.95%	24.05%	24.49%	24.94%	25.44%	25.79%	26.16%	26.62%
Provision for income taxes	5.99%	5.49%	5.30%	5.63%	5.75%	5.82%	5.84%	5.95%	6.06%	6.18%	6.27%	6.36%	6.47%
Net income	**18.08%**	**12.52%**	**16.78%**	**17.53%**	**17.90%**	**18.13%**	**18.21%**	**18.54%**	**18.88%**	**19.26%**	**19.52%**	**19.80%**	**20.15%**

United Rentals, Inc.

Common Size Balance Sheet

Fiscal Years Ending Dec. 31	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
% of Sales	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
ASSETS													
Cash and cash equivalents	0.91%	2.53%	2.98%	1.18%	9.34%	15.95%	23.00%	30.70%	39.08%	47.77%	56.78%	65.95%	75.21%
Accounts receivable. Net	17.21%	15.56%	15.36%	16.16%	16.31%	16.12%	15.90%	15.97%	16.09%	16.08%	16.03%	16.02%	16.04%
Inventory	1.99%	1.43%	1.30%	1.58%	1.60%	1.58%	1.50%	1.51%	1.55%	1.55%	1.54%	1.53%	1.54%
Prepaid expenses and other assets	3.27%	0.94%	1.53%	2.37%	1.96%	2.02%	1.76%	1.93%	2.01%	1.94%	1.93%	1.91%	1.94%
Total current assets	**23.39%**	**20.46%**	**21.17%**	**22.16%**	**21.87%**	**21.81%**	**21.50%**	**21.70%**	**21.81%**	**21.74%**	**21.71%**	**21.69%**	**21.73%**
Rental equipment, net	114.04%	97.69%	97.30%	103.95%	103.95%	103.95%	103.95%	103.95%	103.95%	103.95%	103.95%	103.95%	103.95%
Property and equipment, net	7.21%	6.30%	6.74%	6.73%	6.65%	6.72%	6.63%	6.69%	6.69%	6.68%	6.68%	6.67%	6.68%
Goodwill	51.76%	41.45%	44.97%	42.49%	38.83%	35.56%	32.61%	30.00%	27.91%	26.16%	24.87%	23.73%	22.65%
Other intangible assets, net	3.88%	4.67%	4.32%	3.96%	3.50%	3.09%	2.73%	2.41%	2.15%	1.93%	1.74%	1.58%	1.42%
Operating lease right-of-use assets	7.03%	7.67%	8.71%	8.64%	8.33%	8.02%	7.67%	7.38%	7.25%	7.27%	7.52%	7.94%	8.52%
Other long-term assets	0.40%	0.30%	0.32%	0.11%	0.11%	0.11%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.11%
Total assets	**207.72%**	**178.54%**	**183.53%**	**184.43%**	**188.36%**	**191.91%**	**194.20%**	**197.30%**	**202.06%**	**207.55%**	**215.17%**	**223.34%**	**231.69%**
LIABILITIES AND STOCKHOLDERS' EQUITY													
Short-term debt and current maturities of long-term debt	1.38%	10.22%	7.68%	7.37%	7.20%	6.77%	7.85%	7.37%	7.31%	7.30%	7.32%	7.43%	7.35%
Accounts payable	9.78%	6.31%	4.87%	6.97%	7.27%	7.04%	6.49%	6.53%	6.86%	6.84%	6.75%	6.69%	6.73%
Accrued expenses and other liabilities	9.84%	8.84%	9.10%	9.06%	9.18%	9.20%	9.08%	9.12%	9.13%	9.14%	9.14%	9.12%	9.13%
Total current liabilities	**21.00%**	**25.38%**	**21.66%**	**23.40%**	**23.64%**	**23.01%**	**23.42%**	**23.03%**	**23.30%**	**23.28%**	**23.21%**	**23.25%**	**23.21%**
Long-term debt	96.28%	70.14%	79.69%	72.62%	70.85%	69.55%	67.64%	65.49%	63.79%	62.40%	61.81%	61.38%	60.95%
Deferred taxes	22.94%	18.85%	17.50%	16.53%	16.85%	16.85%	16.85%	16.85%	16.85%	16.85%	16.85%	16.85%	16.85%
Operating lease liabilities	5.51%	6.24%	7.10%	6.92%	6.67%	6.42%	6.14%	5.91%	5.80%	5.82%	6.02%	6.36%	6.82%
Other long-term liabilities	1.32%	1.21%	1.41%	1.41%	1.37%	1.34%	1.35%	1.37%	1.37%	1.36%	1.36%	1.36%	1.36%
Total liabilities	**147.06%**	**121.82%**	**127.34%**	**120.45%**	**118.98%**	**117.10%**	**114.05%**	**111.60%**	**109.99%**	**108.48%**	**107.94%**	**107.74%**	**107.79%**
Common stock	22.56%	18.50%	17.54%	17.46%	16.76%	16.09%	15.43%	14.82%	14.36%	14.01%	13.83%	13.69%	13.53%
Retained earnings	82.94%	81.44%	90.02%	99.72%	106.10%	112.33%	118.26%	124.29%	131.40%	139.28%	148.77%	158.52%	168.10%
Treasury stock at cost	-42.58%	-41.62%	-48.73%	-50.71%	-51.21%	-51.51%	-51.62%	-51.65%	-52.05%	-52.68%	-53.91%	-55.22%	-56.41%
Accumulated other comprehensive loss	-2.27%	-1.59%	-2.64%	-2.49%	-2.28%	-2.09%	-1.91%	-1.76%	-1.64%	-1.54%	-1.46%	-1.39%	-1.33%
Total stockholders' equity	**60.66%**	**56.73%**	**56.19%**	**63.97%**	**69.37%**	**74.82%**	**80.16%**	**85.70%**	**92.08%**	**99.08%**	**107.23%**	**115.60%**	**123.90%**
Total liabilities and stockholders' equity	**207.72%**	**178.54%**	**183.53%**	**184.43%**	**188.36%**	**191.91%**	**194.20%**	**197.30%**	**202.06%**	**207.55%**	**215.17%**	**223.34%**	**231.69%**

Value Driver Estimation

Fiscal Years Ending Dec. 31	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
NOPLAT													
EBITA:													
Equipment Rentals	10,116	12,064	13,029	13,753	15,109	16,581	18,179	19,887	21,486	23,032	24,292	25,519	26,808
Sales of Rental Equipment	965	1,574	1,521	1,656	1,783	1,898	1,995	2,081	2,164	2,229	2,296	2,365	2,436
Sales of New Equipment	154	218	282	295	306	317	331	346	361	375	387	401	415
Contractor Supplies Sales	126	146	155	160	169	176	183	189	194	200	206	212	219
Service and Other Revenues	281	330	358	376	402	434	469	497	522	543	559	576	593
Total Revenues	**11,642**	**14,332**	**15,345**	**16,240**	**17,770**	**19,406**	**21,157**	**23,000**	**24,727**	**26,379**	**27,741**	**29,073**	**30,470**
Cost of revenues:													
Cost of equipment rentals, excluding depreciation	4,018	4,900	5,365	5,545	6,091	6,685	7,329	8,018	8,662	9,285	9,793	10,288	10,807
Depreciation of rental equipment	1,853	2,350	2,466	2,416	2,661	2,932	3,243	3,523	3,778	4,013	4,231	4,435	4,628
Cost of rental equipment sales	399	788	811	866	933	993	1,044	1,088	1,132	1,166	1,201	1,237	1,274
Cost of new equipment sales	124	179	229	244	253	262	274	286	298	310	321	332	343
Cost of contractor supplies sales	84	99	103	109	115	119	124	127	132	135	139	144	148
Cost of service and other revenues	168	203	221	231	254	278	302	329	353	377	396	415	435
Total cost of revenues	**6,646**	**8,519**	**9,195**	**9,410**	**10,307**	**11,268**	**12,314**	**13,371**	**14,355**	**15,286**	**16,081**	**16,850**	**17,636**
Gross profit	**4,996**	**5,183**	**6,150**	**6,830**	**7,463**	**8,139**	**8,843**	**9,628**	**10,371**	**11,092**	**11,660**	**12,223**	**12,834**
Selling, general and administrative expenses	1,400	1,527	1,645	1,858	2,034	2,221	2,421	2,632	2,830	3,019	3,175	3,327	3,487
Non-rental depreciation and amortization	364	431	437	449	484	533	594	642	689	733	772	809	845
Operating income	**3,232**	**3,225**	**4,068**	**4,522**	**4,945**	**5,385**	**5,828**	**6,354**	**6,853**	**7,341**	**7,714**	**8,086**	**8,503**
Plus PV of Implied Interest on Operating Leases	48	64	78	78	82	86	90	94	99	104	111	121	134
EBITA	**3,280**	**3,289**	**4,146**	**4,600**	**5,027**	**5,471**	**5,918**	**6,448**	**6,951**	**7,445**	**7,825**	**8,208**	**8,637**
Less adjusted Taxes:													
Total Income Tax Provision	697	787	813	914	1,021	1,130	1,236	1,369	1,499	1,631	1,738	1,848	1,971
Plus tax on implied interest on operating leases	12	16	19	19	20	21	22	23	24	25	27	29	33
Plus tax Shield on interest expense	111	159	168	189	182	195	209	221	233	244	255	266	276
Minus tax on other income (net)	(4)	(5)	(3)	4	2	16	29	46	67	91	119	149	181
Total Adjusted Taxes	**817**	**958**	**996**	**1,126**	**1,225**	**1,361**	**1,496**	**1,659**	**1,822**	**1,992**	**2,139**	**2,292**	**2,461**
Plus: Change in Deferred Taxes	**517**	**30**	**(16)**	**(0)**	**310**	**276**	**295**	**311**	**291**	**278**	**230**	**224**	**236**
NOPLAT:	**2,980**	**2,361**	**3,133**	**3,474**	**4,112**	**4,386**	**4,717**	**5,100**	**5,420**	**5,732**	**5,915**	**6,140**	**6,412**
Invested Capital (IC):													
Net Operating Working Capital:													
Normal Cash	106	363	457	484	529	578	630	685	736	786	826	866	907
Plus accounts receivable	2,004	2,230	2,357	2,625	2,899	3,129	3,365	3,673	3,979	4,242	4,448	4,656	4,887
Plus inventory	232	205	200	256	280	306	333	362	390	416	437	458	480
Plus prepaid expenses	381	135	235	385	349	391	373	444	497	511	536	557	592
Total Operating Current Assets	**2,723**	**2,933**	**3,249**	**3,749**	**4,057**	**4,404**	**4,701**	**5,165**	**5,602**	**5,954**	**6,247**	**6,537**	**6,867**
Less Non Interest-Bearing Current Liabilities (CL):													
Plus Accounts Payable	1,139	905	748	1,131	1,291	1,366	1,374	1,502	1,696	1,804	1,873	1,946	2,052
Plus Accrued Expenses and other liabilities	1,145	1,267	1,397	1,471	1,631	1,786	1,920	2,099	2,257	2,412	2,534	2,652	2,782
Total Non Interest Bearing Current Liabilities:	**2,284**	**2,172**	**2,145**	**2,602**	**2,923**	**3,153**	**3,294**	**3,600**	**3,953**	**4,216**	**4,407**	**4,598**	**4,834**
Net Operating Working Capital:	**439**	**761**	**1,104**	**1,147**	**1,134**	**1,251**	**1,407**	**1,564**	**1,649**	**1,738**	**1,840**	**1,939**	**2,033**
Plus: Net Property, Plant, and Equipment (PPE)													
Net Equipment	13,277	14,001	14,931	16,443	18,118	20,041	21,774	23,352	24,801	26,147	27,408	28,603	29,746
Net Property and Equipment	839	903	1,034	1,085	1,145	1,204	1,254	1,313	1,386	1,482	1,613	1,785	2,009
Net Property, Plant, and Equipment	**14,116**	**14,904**	**15,965**	**17,528**	**19,263**	**21,245**	**23,029**	**24,664**	**26,187**	**27,629**	**29,021**	**30,389**	**31,754**
Plus: Net Other Operating Assets													
Net Intangible Assets	452	670	663	643	621	600	578	555	532	508	484	459	433
Capitalized PV of Operating Leases	819	1,099	1,337	1,403	1,480	1,557	1,622	1,697	1,792	1,917	2,085	2,308	2,597
Net Other Operating Assets	**1,271**	**1,769**	**2,000**	**2,046**	**2,102**	**2,157**	**2,200**	**2,252**	**2,324**	**2,425**	**2,569**	**2,767**	**3,031**
Less: Other Operating Liabilties													
Other long-term liabilities	154	173	216	229	243	260	285	316	338	358	377	396	415
Total Invested Capital	**15,672**	**17,261**	**18,853**	**20,493**	**22,257**	**24,393**	**26,351**	**28,165**	**29,821**	**31,434**	**33,054**	**34,699**	**36,403**
Return on Invested Capital:													
NOPLAT	2,980	2,361	3,133	3,474	4,112	4,386	4,717	5,100	5,420	5,732	5,915	6,140	6,412
Beginning IC	12,881	15,672	17,261	18,853	20,493	22,257	24,393	26,351	28,165	29,821	31,434	33,054	34,699
ROIC	**23.14%**	**15.07%**	**18.15%**	**18.43%**	**20.06%**	**19.71%**	**19.34%**	**19.35%**	**19.24%**	**19.22%**	**18.82%**	**18.58%**	**18.48%**
Free Cash Flow (FCF):													
NOPLAT	2,980	2,361	3,133	3,474	4,112	4,386	4,717	5,100	5,420	5,732	5,915	6,140	6,412
Change in IC	2,791	1,589	1,592	1,640	1,764	2,137	1,958	1,814	1,657	1,612	1,620	1,646	1,704
FCF	**189**	**772**	**1,541**	**1,834**	**2,348**	**2,250**	**2,759**	**3,286**	**3,763**	**4,120**	**4,295**	**4,495**	**4,708**
Economic Profit (EP):													
Beginning IC	12,881	15,672	17,261	18,853	20,493	22,257	24,393	26,351	28,165	29,821	31,434	33,054	34,699
x (ROIC - WACC)	14.33%	6.26%	9.35%	9.62%	11.26%	10.90%	10.53%	10.55%	10.44%	10.42%	10.01%	9.77%	9.67%
EP	**1,846**	**982**	**1,614**	**1,814**	**2,308**	**2,427**	**2,569**	**2,780**	**2,940**	**3,106**	**3,148**	**3,230**	**3,357**

United Rentals, Inc.
Weighted Average Cost of Capital (WACC) Estimation
In Millions (except shares related items)

Cost of Equity:		*ASSUMPTIONS:*	
Risk-Free Rate	4.26%	*10 Year Treasury Bond*	
Beta	1.43	*Bloomberg*	
Equity Risk Premium	4.33%	*Damodaran US ERP Estimate*	
Cost of Equity	**10.45%**		
Cost of Debt:			
Risk-Free Rate	4.26%	*10 Year Treasury Bond*	
Implied Default Premium	1.55%		
Pre-Tax Cost of Debt	5.81%	*Factset*	
Marginal Tax Rate	24.30%		
After-Tax Cost of Debt	**4.40%**		
Market Value of Common Equity:			**MV Weights**
Total Shares Outstanding	67,191,627		
Current Stock Price	$585.23		
MV of Equity	**39,323**		72.77%
Market Value of Debt:			
Short-Term Debt & Current Portion of LTD	1,178		
Long-Term Debt	12,228		
PV of Operating Leases	1,305		
MV of Total Debt	**14,711**		27.23%
	Estimated WACC		**8.80%**

United Rentals, Inc.

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

Key Inputs:

CV Growth of NOPLAT	2.50%
CV Year ROIC	18.48%
WACC	8.80%
Cost of Equity	10.45%

Fiscal Years Ending Dec. 31	**2025E**	**2026E**	**2027E**	**2028E**	**2029E**	**2030E**	**2031E**	**2032E**	**2033E**	**2034E**
DCF Model:										
Free Cash Flow (FCF)	1,834	2,348	2,250	2,759	3,286	3,763	4,120	4,295	4,495	4,708
Continuing Value (CV)										87,952
PV of FCF	1,686	1,983	1,747	1,969	2,155	2,268	2,282	2,187	2,103	41,158

Value of Operating Assets:	59,538
Non-Operating Adjustments:	
Other long term assets	49
Long term debt	(12,228)
Operating lease liabilities	(1,089)
Value of Equity	46,270
Shares Outstanding	67
Intrinsic Value of Last FYE	$ 690.60
Implied Price as of Today	**$ 708.78**

	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
EP Model:										
Economic Profit (EP)	1,814	2,308	2,427	2,569	2,780	2,940	3,106	3,148	3,230	3,357
Continuing Value (CV)										53,253
PV of EP	1,667	1,949	1,884	1,833	1,823	1,772	1,721	1,603	1,512	24,920

Total PV of EP	40,685
Invested Capital (last FYE)	18,853
Value of Operating Assets:	59,538
Non-Operating Adjustments:	
Other long term assets	49
Long term debt	(12,228)
Operating lease liabilities	(1,089)
Value of Equity	46,270
Shares Outstanding	67
Intrinsic Value of Last FYE	$ 690.60
Implied Price as of Today	**$ 708.78**

United Rentals, Inc.

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

Discounted Cash Flows in MM

Fiscal Years Ending	**2025E**	**2026E**	**2027E**	**2028E**	**2029E**	**2030E**	**2031E**	**2032E**	**2033E**	**2034E**
EPS	$ 42.45	$ 47.32	$ 52.24	$ 57.07	$ 63.03	$ 68.88	$ 74.79	$ 79.56	$ 84.41	$ 89.82
Key Assumptions										
CV growth of EPS	2.50%									
CV Year ROE	16.26%									
Cost of Equity	10.45%									
Future Cash Flows										
P/E Multiple (CV Year)										10.64
EPS (CV Year)										$ 89.82
Future Stock Price										$ 955.88
Dividends Per Share	$ 6.94	$ 7.74	$ 8.54	$ 9.33	$ 10.31	$ 11.26	$ 12.23	$ 13.01	$ 13.80	
Discounted Cash Flows	$ 6.29	$ 6.34	$ 6.34	$ 6.27	$ 6.27	$ 6.20	$ 6.10	$ 5.87	$ 5.64	$ 390.70
Intrinsic Value as of Last FYE	$ 446.04									
Implied Price as of Today	$ 457.78									

United Rentals, Inc.
Relative Valuation Models

Ticker	Company	Price	EPS 2025E	EPS 2026E	P/E 25	P/E 26
HRI	Herc Holdings	$122.23	$13.05	$15.27	9.37	8.00
HEES	H&E Equipment Service	$93.08	$3.74	$3.96	24.89	23.51
XYL	Xylem	$104.60	$4.66	$5.24	22.45	19.96
AHT	Ashstead Group plc	$49.03	$2.78	$3.07	17.64	15.97
WSC	WillScot Holdings	$23.63	$1.60	$1.93	14.77	12.24
				Average	**17.82**	**15.94**
URI	United Rentals, Inc.	$585.23	$42.45	$47.32	13.8	12.4

Implied Relative Value:

P/E (EPS25)	**$ 756.56**
P/E (EPS26)	**$ 754.20**

United Rentals, Inc.
Key Management Ratios

Fiscal Years Ending Dec. 31	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
Liquidity Ratios:															
Current Ratio (Current Assets/Current Liabilites)	1.07x	0.83x	1.11x	0.81x	0.98x	0.93x	1.26x	1.56x	1.91x	2.28x	2.65x	3.06x	3.48x	3.92x	4.35x
Quick Ratio (Cash + Mkt. Securities + A/R)/Current Liabilites	0.17x	0.21x	0.19x	0.26x	0.23x	0.24x	0.36x	0.46x	0.58x	0.71x	0.86x	1.02x	1.18x	1.34x	1.50x
Cash Ratio (Cash / Current Liabilities)	0.11x	0.06x	0.04x	0.10x	0.14x	0.05x	0.40x	0.70x	1.04x	1.40x	1.76x	2.17x	2.59x	3.03x	3.45x
CFO / CL Ratio (Cash from Operations / Current Liabilities)	1.41x	1.42x	1.81x	1.29x	1.37x	1.51x	1.60x	1.60x	1.67x	1.69x	1.70x	1.71x	1.71x	1.73x	1.73x
Asset-Management Ratios:															
Asset Turnover (Sales / Total Assets)	0.48	0.48	0.48	0.56	0.54	0.54x	0.53x	0.52x	0.51x	0.51x	0.49x	0.48x	0.46x	0.45x	0.43x
Days Sales Outstanding (A/R / Sales)*365	56.27	63.00	62.83	56.79	56.06	58.99x	59.54x	58.84x	58.05x	58.30x	58.74x	58.69x	58.52x	58.46x	58.54x
Working Capital Turnover Sales/(CA-CL)	67.17x	-21.50x	41.88x	-20.36x	-207.36x	-59.25x	16.82x	7.85x	4.96x	3.55x	2.73x	2.21x	1.84x	1.57x	1.37x
Financial Leverage Ratios:															
Debt to Equity Ratio	2.13x	1.62x	1.61x	1.42x	1.55x	1.24x	1.12x	1.02x	0.92x	0.84x	0.76x	0.69x	0.63x	0.58x	0.54x
Interest Coverage Ratio (EBITDA / Int Exp)	5.66x	10.05x	12.24x	9.41x	10.08x	9.48x	10.78x	11.04x	11.24x	11.54x	11.80x	12.02x	12.12x	12.20x	12.28x
Leverage Ratio (Debt / EBITDA)	2.56x	2.27x	2.09x	1.93x	1.92x	1.75x	1.71x	1.67x	1.62x	1.57x	1.53x	1.49x	1.48x	1.47x	1.46x
Profitability Ratios:															
Return on Equity (NI/Beg TSE)	19.58%	23.13%	29.81%	22.07%	29.87%	27.41%	25.80%	24.23%	22.71%	21.63%	20.51%	19.44%	18.20%	17.13%	16.26%
Gross Margin (Gross Profit/Sales)	37.32%	39.66%	42.91%	36.16%	40.08%	42.05%	42.00%	41.94%	41.79%	41.86%	41.94%	42.05%	42.03%	42.04%	42.12%
Operating Margin (Operating Income/Sales)	21.10%	23.44%	27.76%	22.31%	26.49%	27.85%	27.83%	27.75%	27.54%	27.63%	27.71%	27.83%	27.81%	27.81%	27.91%
Net Profit Margin (Net Income / Sales)	10.43%	14.27%	18.08%	12.52%	16.78%	17.53%	17.90%	18.13%	18.21%	18.54%	18.88%	19.26%	19.52%	19.80%	20.15%
Payout Policy Ratios:															
Dividend Payout Ratio (Dividend/EPS)	0.00x	0.00x	0.00x	0.16x	0.16x	0.16x	0.16x	0.16x	0.16x	0.16x	0.16x	0.16x	0.16x	0.16x	0.16x
Total Payout Ratio (dividends + share repurchases)/Net Income	0.32x	0.02x	0.51x	0.82x	0.78x	0.43x	0.44x	0.42x	0.40x	0.39x	0.38x	0.37x	0.36x	0.35x	0.35x

United Rentals, Inc.

Effects of ESOP Exercise and Share Repurchases on Common Stock Account and Number of Shares Outstanding

Number of Options Outstanding (shares):	259,000
Average Time to Maturity (years):	1.81
Expected Annual Number of Options Exercised:	143,213
Current Average Strike Price:	$ 645.03
Cost of Equity:	10.45%
Current Stock Price:	$585.23

Fiscal Years Ending Dec. 31	**2025E**	**2026E**	**2027E**	**2028E**	**2029E**	**2030E**	**2031E**	**2032E**	**2033E**	**2034E**
Increase in Shares Outstanding:	143,213	143,213	143,213	143,213	143,213	143,213	143,213	143,213	143,213	143,213
Average Strike Price:	$ 645.03	$ 645.03	$ 645.03	$ 645.03	$ 645.03	$ 645.03	$ 645.03	$ 645.03	$ 645.03	$ 645.03
Increase in Common Stock Account:	**92,377**	**92,377**	**92,377**	**92,377**	**92,377**	**92,377**	**92,377**	**92,377**	**92,377**	**92,377**
Share Repurchases ($)	758	865	895	926	958	991	1,025	1,061	1,097	1,135
Expected Price of Repurchased Shares:	$ 585.23	$ 640.02	$ 699.93	$ 765.45	$ 837.11	$ 915.47	$ 1,001.17	$ 1,094.90	$ 1,197.39	$ 1,309.49
Number of Shares Repurchased:	**1**	**1**	**1**	**1**	**1**	**1**	**1**	**1**	**1**	**1**
Shares Outstanding (beginning of the year)	67,000	67,142	67,284	67,426	67,568	67,710	67,852	67,994	68,136	68,279
Plus: Shares Issued Through ESOP	143	143	143	143	143	143	143	143	143	143
Less: Shares Repurchased in Treasury	1	1	1	1	1	1	1	1	1	1
Shares Outstanding (end of the year)	**67,142**	**67,284**	**67,426**	**67,568**	**67,710**	**67,852**	**67,994**	**68,136**	**68,279**	**68,421**

United Rentals, Inc.

Valuation of Options Granted under ESOP

Current Stock Price	$585.23
Risk Free Rate	4.26%
Current Dividend Yield	1.27%
Annualized St. Dev. of Stock Returns	12.83%

Range of Outstanding Options	Number of Shares	Average Exercise Price	Average Remaining Life (yrs)	B-S Option Price	Value of Options Granted
Range 1	2,000	80.14	2.90	$ 493.24	$ 986,483
Range 2	257,000	649.43	1.80	$ 27.20	$ 6,989,735
Range 3					
Range 4					
Range 5					
Range 6					
Range 7					
Range 8					
Range 9					
Total	259,000	$ 645.03	1.81	$ 34.58	**$ 7,976,218**

United Rentals, Inc.
Sensitivity Tables

Beta

Risk-Free Rate

708.78	1.13	1.23	1.33	1.43	1.53	1.63	1.73
3.96%	942.34	869.08	803.95	745.68	693.24	645.82	602.75
4.06%	924.62	853.37	789.92	733.08	681.87	635.51	593.35
4.16%	907.40	838.07	776.25	720.78	670.76	625.42	584.15
4.26%	890.65	823.17	762.91	708.78	659.90	615.55	575.14
4.36%	874.36	808.66	749.90	697.05	649.28	605.89	566.32
4.46%	858.51	794.51	737.20	685.60	638.89	596.43	557.67
4.56%	843.07	780.72	724.81	674.40	628.73	587.17	549.20

CV Growth of NOPLAT

WACC

708.78	2.20%	2.30%	2.40%	2.50%	2.60%	2.70%	2.80%
8.50%	741.50	748.02	754.75	761.70	768.89	776.33	784.03
8.60%	724.48	730.67	737.07	743.68	750.51	757.56	764.87
8.70%	707.99	713.89	719.97	726.25	732.74	739.44	746.37
8.80%	692.02	697.64	703.42	709.40	715.56	721.93	728.51
8.90%	676.55	681.89	687.40	693.08	698.94	704.99	711.24
9.00%	661.54	666.63	671.87	677.28	682.86	688.61	694.55
9.10%	646.98	651.83	656.83	661.97	667.28	672.75	678.40

Marginal Tax Rate

Pre-Tax Cost of Debt

708.78	21.30%	22.30%	23.30%	24.30%	25.30%	26.30%	27.30%
5.51%	749.40	738.73	728.05	717.37	706.68	695.98	685.28
5.61%	746.17	735.61	725.05	714.48	703.91	693.33	682.74
5.71%	742.96	732.52	722.08	711.62	701.16	690.69	680.22
5.81%	739.78	729.45	719.12	708.78	698.43	688.08	677.71
5.91%	736.61	726.40	716.18	705.95	695.72	685.47	675.22
6.01%	733.47	723.37	713.26	703.15	693.02	682.89	672.75
6.11%	730.35	720.36	710.36	700.36	690.34	680.32	670.29

Cost of Equipment Rentals (% of Sales)

SG&A expense (% of

708.78	37.31%	38.31%	39.31%	40.31%	41.31%	42.31%	43.31%
8.44%	921.34	888.33	855.31	822.29	789.28	756.26	723.24
9.44%	883.60	850.58	817.56	784.55	751.53	718.51	685.50
10.44%	845.85	812.84	779.82	746.80	713.79	680.77	647.75
11.44%	808.11	775.09	742.07	709.06	676.04	643.02	610.01
12.44%	770.36	737.35	704.33	671.31	638.30	605.28	572.26
13.44%	732.62	699.60	666.58	633.57	600.55	567.53	534.52
14.44%	694.87	661.86	628.84	595.82	562.81	529.79	496.77

Cost of Rental Equipment Sales (% of Sales)

Cost of New Equipr

708.78	49.30%	50.30%	51.30%	52.30%	53.30%	54.30%	55.30%
79.75%	719.83	716.68	713.53	710.38	707.23	704.09	700.94
80.75%	719.30	716.15	713.00	709.85	706.70	703.55	700.40
81.75%	718.76	715.61	712.46	709.31	706.16	703.02	699.87
82.75%	718.23	715.08	711.93	708.78	705.63	702.48	699.33
83.75%	717.69	714.54	711.39	708.24	705.09	701.95	698.80
84.75%	717.16	714.01	710.86	707.71	704.56	701.41	698.26
85.75%	716.62	713.47	710.32	707.17	704.02	700.88	697.73