H&E Equipment Services Reports Fourth Quarter 2012 Results

BATON ROUGE, La.--(BUSINESS WIRE)--Mar. 5, 2013-- H&E Equipment Services, Inc. (NASDAQ: HEES) today announced results for the fourth quarter and year ended December 31, 2012.

FOURTH QUARTER 2012 HIGHLIGHTS:

- Revenues increased 15.3% to $250.1 million versus $217.0 million a year ago.
- Net income was $10.7 million in the fourth quarter compared to $7.9 million a year ago.
- EBITDA increased 39.2% to $60.4 million from $43.4 million, yielding a margin of 24.1% compared to 20.0% of revenues a year ago.
- Rental revenues increased 28.9%, or $18.1 million, to $80.7 million due to a larger fleet and improved rates compared to a year ago. Demand remained strong during the fourth quarter.
- New equipment sales were consistent at $87.0 million compared to a year ago.
- Gross margin was 29.4% as compared to 25.8% a year ago. Rental gross margin increased to 48.1% compared to 44.5% a year ago.
- Average time utilization (based on original equipment cost) was 71.8% compared to 72.3% a year ago and 72.9% in the third quarter of 2012. Average time utilization (based on units available for rent) was 66.6% compared to 67.3% last year and 68.9% last quarter.
- Average rental rates increased 10.1% compared to a year ago and improved 0.4% compared to the third quarter of this year.
- Dollar utilization was 36.4% as compared to 33.9% a year ago.
- Average rental fleet age at December 31, 2012 was 38.0 months, down from 38.6 months at the end of the last quarter and significantly younger than the industry average age of 48 months.

"The momentum in our business continued in the fourth quarter, where we delivered 15.3% revenue growth and impressive EBITDA growth of 39.2%," said John Engquist, H&E Equipment Services' chief executive officer. "Demand for rental equipment continued at high levels and we successfully capitalized on the opportunity as rental revenues increased 28.9% compared to a year ago. While our rental business continued to benefit from the secular shift occurring, every segment of our business delivered year-over-year increases in revenue and gross profit. As a result, we delivered bottom line growth of 36.2% in the fourth quarter."

Engquist concluded, "Our business performed well in 2012. As we move into 2013, we continue to invest in our fleet, expand our geographic footprint and strengthen our foothold in the industrial sector to leverage improving market opportunities. The extension in the bonus depreciation deduction should prove to be positive for our distribution business. Lastly, we recently completed a successful add-on notes offering of $100 million of 7% senior unsecured notes due 2022, which priced at 108.5% of par. This notes offering enhances our liquidity profile and was leverage neutral, with the proceeds used to pay down a portion of the senior secured credit facility. From operations to capitalization, our Company is well positioned for continued growth in 2013."