

FIRST QUARTER 2012 EARNINGS CONFERENCE

May 3, 2012



H&E | **EQUIPMENT
SERVICES, INC.**

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NASDAQ: HEES

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This presentation contains "forward-looking statements" within the meaning of the federal securities laws. Statements that are not historical facts, including statements about our beliefs and expectations, are forward-looking statements. Statements containing the words "may", "could", "would", "should", "believe", "expect", "anticipate", "plan", "estimate", "target", "project", "intend", "foresee" and similar expressions constitute forward-looking statements. Forward-looking statements involve known and unknown risks and uncertainties, which could cause actual results to differ materially from those contained in any forward-looking statement. Such factors include, but are not limited to, the following: (1) general economic conditions and construction and industrial activity in the markets where we operate in North America, as well as the depth and duration of the macroeconomic downturn related to decreases in construction and industrial activity, and the impact of conditions of the global credit markets and their effect on construction spending activity and the economy in general; (2) relationships with new equipment suppliers; (3) increased maintenance and repair costs as we age our fleet, and decreases in our equipment's residual value; (4) our indebtedness; (5) the risks associated with the expansion of our business; (6) our possible inability to effectively integrate any businesses we acquire; (7) competitive pressures; (8) compliance with laws and regulations, including those relating to environmental matters and corporate governance matters; and (9) other factors discussed in our public filings, including the risk factors included in the Company's most recent Annual Report on Form 10-K. Investors, potential investors and other readers are urged to consider these factors carefully in evaluating the forward-looking statements and are cautioned not to place undue reliance on such forward-looking statements. Except as required by applicable law, including the securities laws of the United States and the rules and regulations of the SEC, we are under no obligation to publicly update or revise any forward-looking statements after the date of this presentation.

NON-GAAP FINANCIAL MEASURES

This presentation contains certain Non-GAAP measures (EBITDA and Adjusted EBITDA). Please refer to Appendix A of this presentation for a description of our use of these measures. These Non-GAAP measures, as calculated by the Company, are not necessarily comparable to similarly titled measures reported by other companies. Additionally, these Non-GAAP measures are not a measurement of financial performance or liquidity under GAAP and should not be considered an alternative to the Company's other financial information determined under GAAP. See Appendix A for a reconciliation of these Non-GAAP measures.

Agenda

- ▶ **First Quarter Overview**
 - Q1 2012 Summary
 - Regional Update
 - Current Market Conditions

- ▶ **First Quarter Financial Overview**
 - Q1 2012 Results
 - 2012 Fleet Update
 - Capital Structure Update

- ▶ **Conclusion and 2012 Outlook**

- ▶ **Q&A Session**

FIRST QUARTER 2012 OVERVIEW



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Q1 2012 Summary

First Quarter Highlights

- ▶ 28.7% year-over-year revenue growth; improvements in all segments.
- ▶ Continued momentum in rental results and strength in distribution business.
- ▶ Results reflect significant operating leverage in business model.

Revenue

- ▶ Revenue increased 28.7% to \$173.7 million vs. Q1 2011.
- ▶ Revenue increased year-over-year in all segments: rentals (23.0%), new equipment (40.5%), used equipment (72.0%) and parts and service (7.2%).

EBITDA

- ▶ EBITDA increased 82.0% to \$38.7 million (22.3% margin) vs. Q1 2011 EBITDA of \$21.3 million (15.8% margin).
- ▶ EBITDA up \$17.4 million from Q1 2011.

Net Income

- ▶ Significant bottom line improvement.
- ▶ Net income increased to \$4.0 million vs. a net loss of \$6.5 million in Q1 2011.
- ▶ Net income per share was \$0.11 versus (\$0.19) a year ago.

Improved Fleet Utilization

- ▶ Time utilization (based on OEC) was 69.5% versus 64.9% in Q1 2011.
- ▶ Time utilization (based on units) was 65.8% versus 61.0% in Q1 2011.

Strong Rental Business

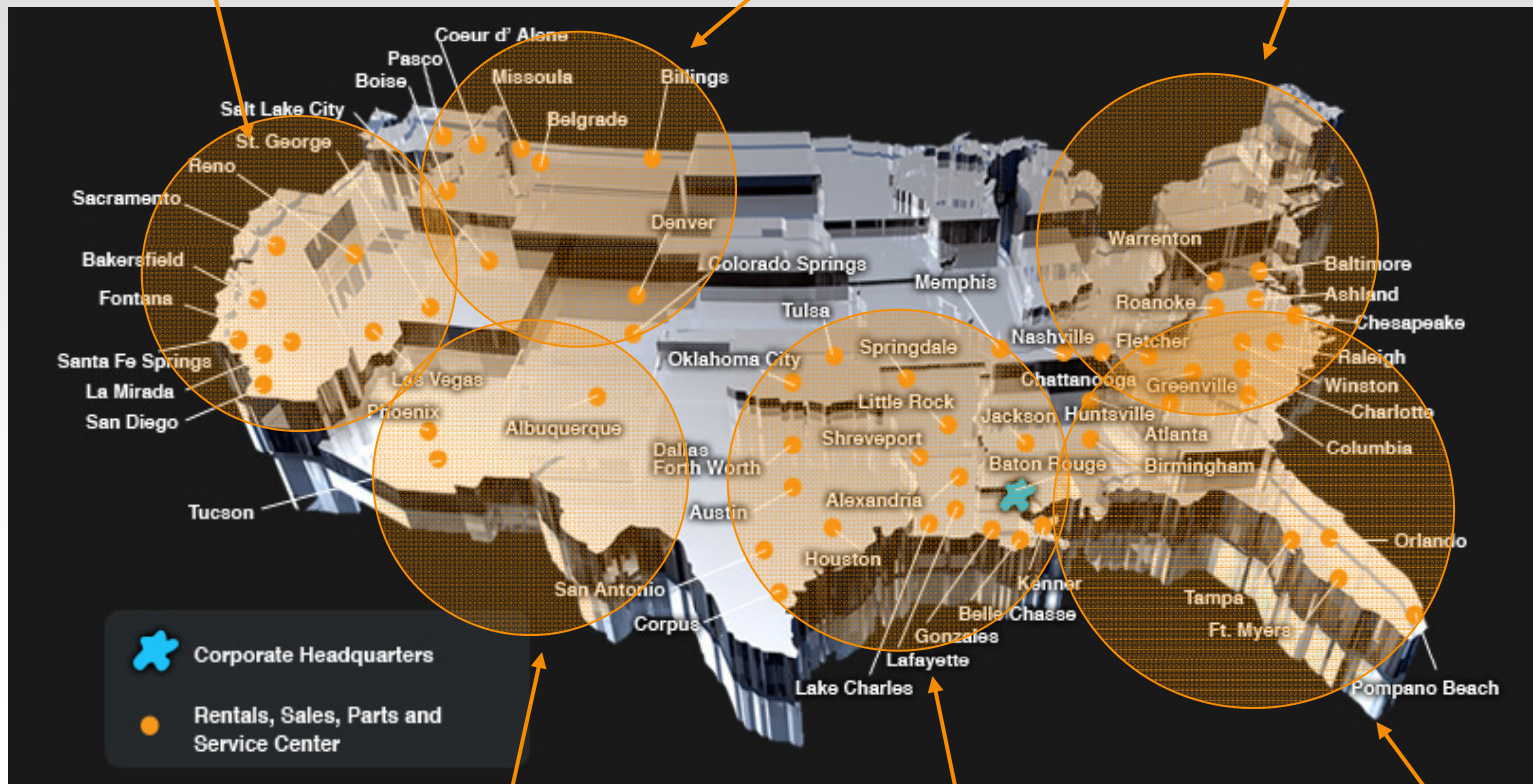
- ▶ 23.0% rental revenue growth vs. Q1 2011.
- ▶ Rental gross margins grew to 42.4% vs. 35.4% in Q1 2011.
- ▶ Rental rates improved 10.1% over Q1 2011 rates.
- ▶ Dollar utilization grew to 32.3% vs. 27.9% a year ago.

LTM Revenue and Gross Profit By Region

West Coast
8% Revenue-10% Gross Profit
9 Branches

Intermountain
15% Revenue-17% Gross Profit
9 Branches

Mid-Atlantic
10% Revenue-9% Gross Profit
13 Branches



Southwest
6% Revenue-5% Gross Profit
3 Branches

Gulf Coast
50% Revenue-51% Gross Profit
22 Branches

Southeast
11% Revenue-8% Gross Profit
9 Branches

Current Market Conditions

▶ **Market Conditions Showing Continued Strength**

- ▶ **Continued improvement in the commercial construction environment (March ABI remained above 50 for fifth consecutive month).**
- ▶ **Elevated construction activity in all regions.**
- ▶ **Energy-related activity in Gulf Coast and Intermountain regions very strong.**
- ▶ **Strong demand for rental equipment continues to drive rental rates upward.**
- ▶ **Demand levels support fleet growth.**

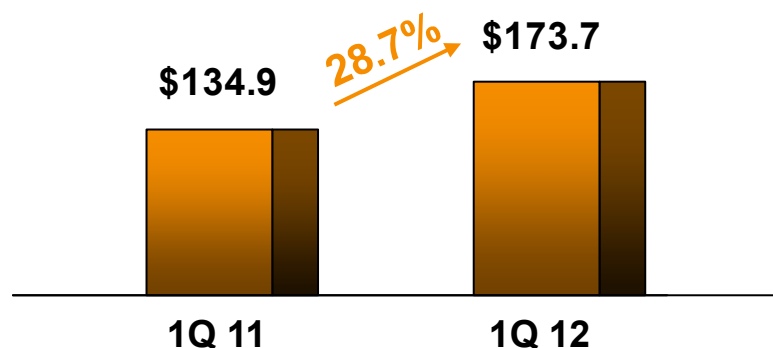
FIRST QUARTER 2012 FINANCIAL OVERVIEW



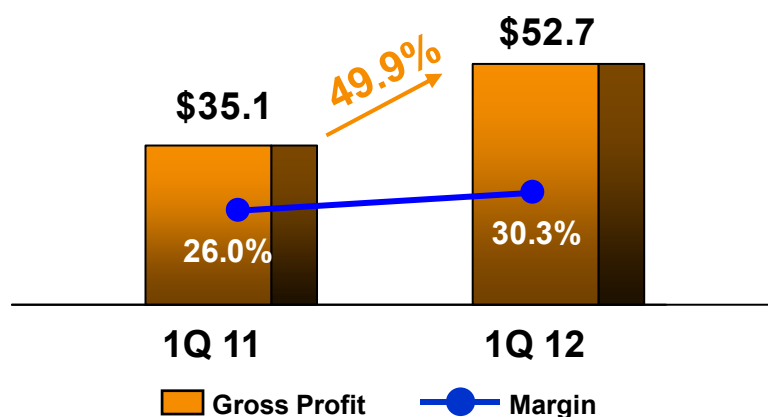
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Q1 2012 Revenues and Gross Profit

Revenues (\$MM)



Gross Profit (\$MM)

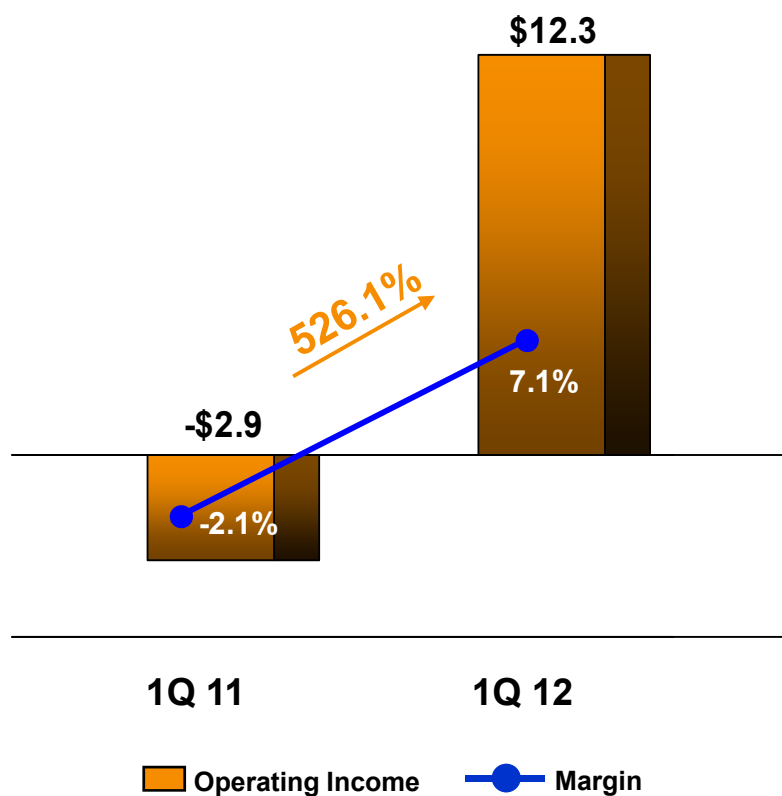


Key Takeaways

- ▶ Revenues increased 28.7%.
- ▶ Driven by strong demand across all business segments.
 - Rentals increased 23.0%.
 - Higher time utilization, a larger fleet and improved rates.
 - Used equipment sales increased 72.0%.
 - Due to higher earthmoving/crane sales.
 - New equipment sales increased 40.5%.
 - Due to higher crane sales.
 - Parts and service increased 7.2% on a combined basis.
- ▶ Gross profit increased 49.9%.
 - Gross margin increased to 30.3% vs. 26.0%.
 - Gross margin expansion in all operating segments.
 - Significant margin expansion in rental segment (42.4% vs. 35.4%) due primarily to:
 - Time utilization (units) increased 480 bps.
 - Average rates on new contracts up 10.1%.
 - Lower depreciation expense and maintenance and repair costs relative to comparative revenues.

Q1 2012 Income From Operations

Income (Loss) From Operations (\$MM)

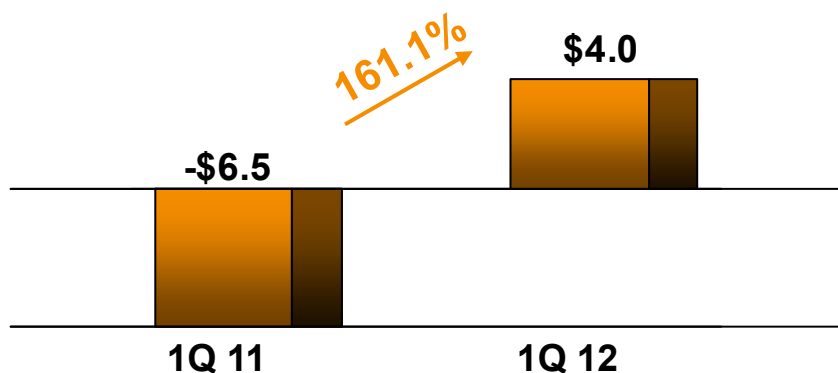


Key Takeaways

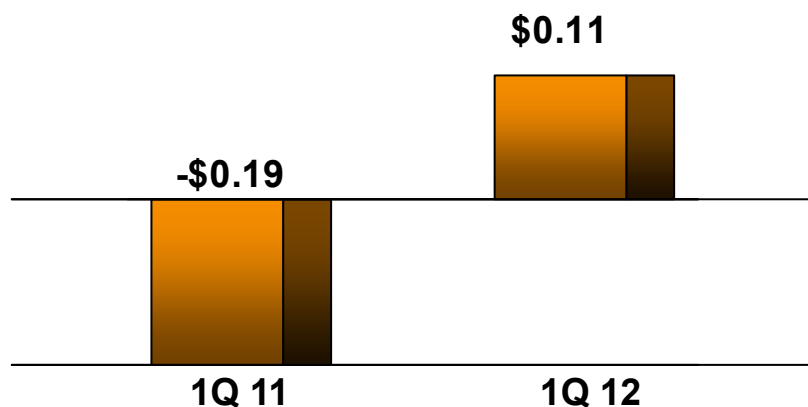
- ▶ **Income from operations was \$12.3 million compared to a loss of \$2.9 million a year ago.**
 - Strong operating leverage continues to result in significant margin expansion.
 - Gross margin expansion of 430 basis points driven by improvements in all operating segments.
 - 7.1% margin versus -2.1% margin.
 - 1Q 12 vs. 1Q 11:
 - Revenues increased 28.7%.
 - Gross profit increased 49.9%.
 - SG&A as a percentage of sales was 23.4% compared to 28.2%.

Q1 2012 Net Income (Loss)

Net Income (Loss) (\$MM)



Net Income (Loss) Per Share

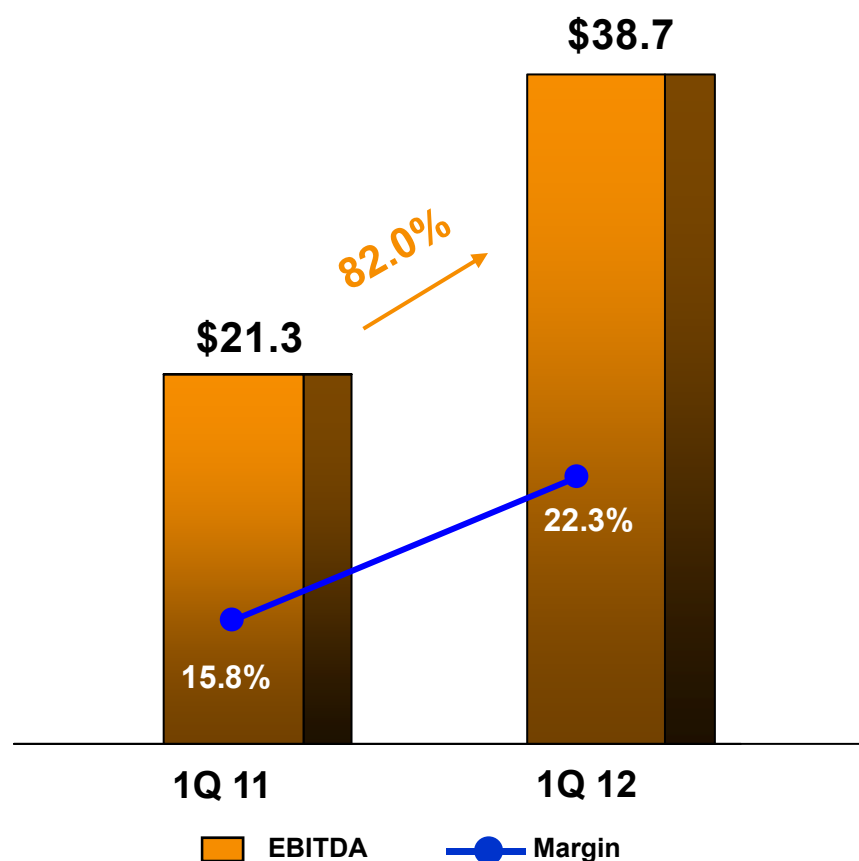


Key Takeaways

- ▶ Net income of \$4.0 million vs. net loss of \$6.5 million in 1Q 11.
 - Effective tax rate was 31.3% in 1Q 12 vs. 33.7% in 1Q 11.
- ▶ Diluted net income per share was \$0.11 vs. a net loss per share of \$(0.19) a year ago.
 - Diluted weighted average share count of 34.9 million vs. 34.7 million a year ago.

Q1 2012 EBITDA

EBITDA (\$MM)

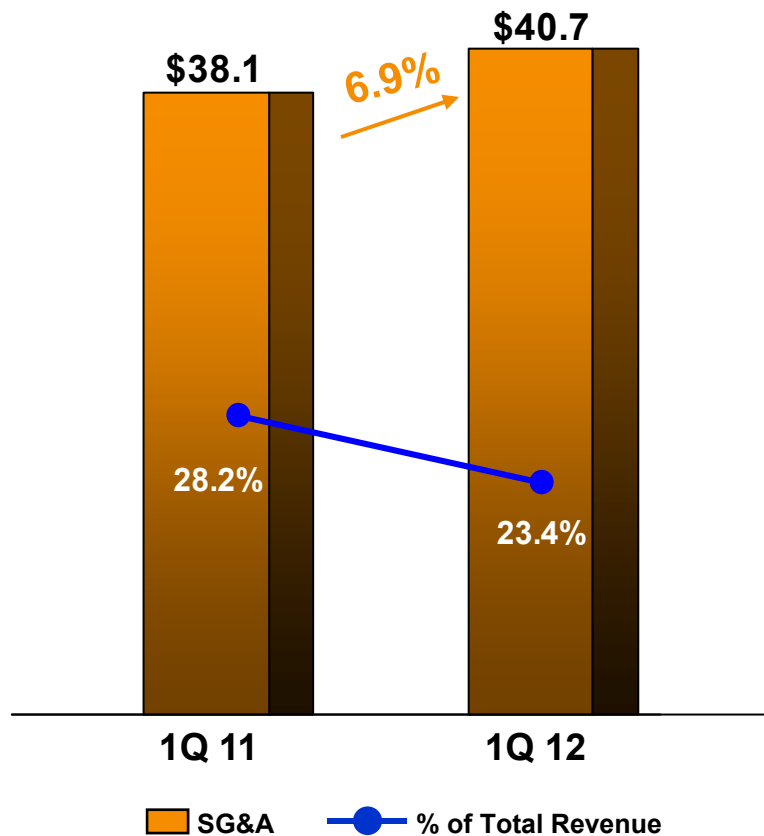


Key Takeaways

- ▶ **EBITDA grew 82.0% on revenue growth of 28.7%.**
 - Results were \$38.7 million compared to EBITDA of \$21.3 million a year ago.
 - Results demonstrate significant operating leverage.
- ▶ **EBITDA margin was 22.3% compared to 15.8%, an increase of 6.5%.**
 - Higher gross margins.
 - See slide 9 for discussion on gross margins.
 - Lower SG&A relative to comparative revenues.
 - See slide 13 for discussion on SG&A.

Q1 2012 SG&A Expense

SG&A (\$MM)



Key Takeaways

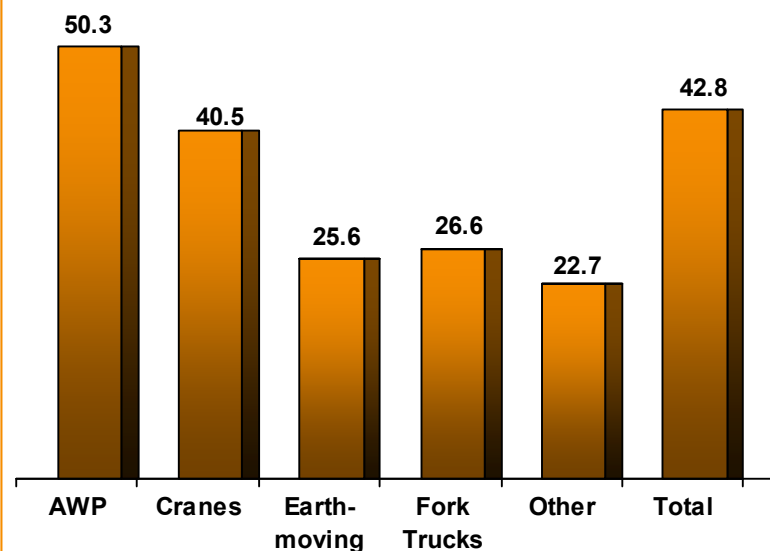
- ▶ **\$2.6 million, or 6.9%, increase.**
- SG&A declined as a percentage of revenue to 23.4% compared to 28.2% in 1Q 11 as a result of higher revenues.

2012 Fleet Update

Rental Cap-Ex Summary (\$MM)

	2008	2009	2010	2011	YTD 2012
Gross Rental CapEx¹	\$ 168.4	\$ 26.1	\$ 102.5	\$ 155.6	\$ 47.9
Sale of Rental Equipment	\$(123.1)	\$(71.0)	\$(47.6)	\$(63.4)	\$(23.7)
Net Rental CapEx	\$ 45.3	\$ (44.9)	\$ 54.9	\$ 92.2	\$ 24.2

Fleet Age by Equipment Type (months)

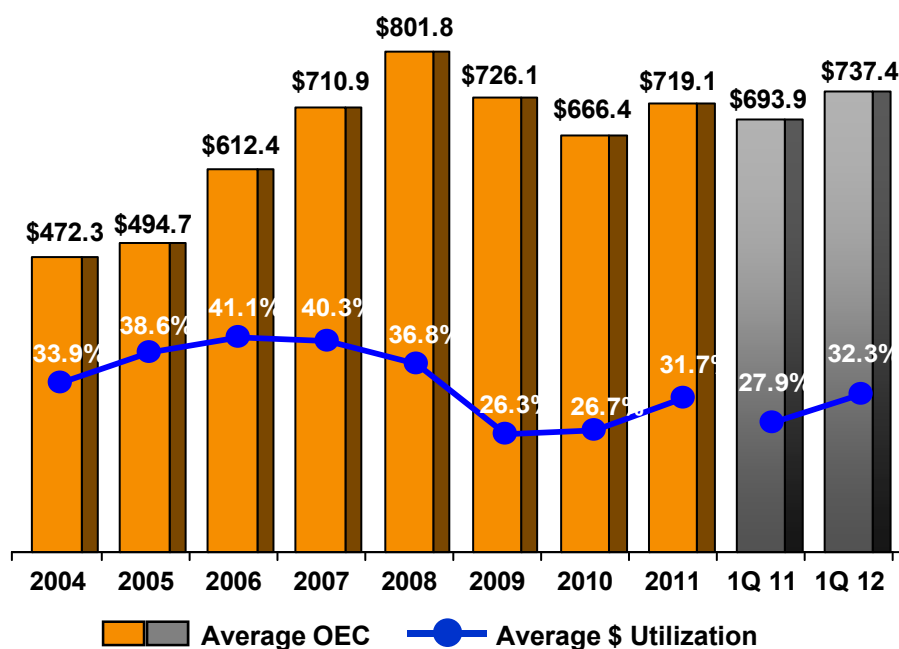


Note: Fleet statistics as of March 31, 2012.

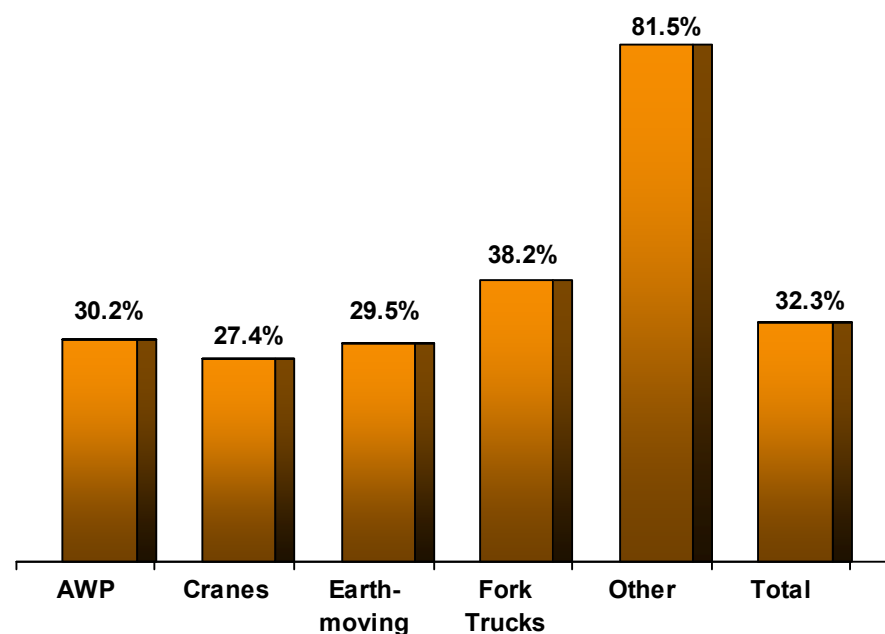
¹ Gross rental cap-ex includes amounts transferred from new and used inventory.

2012 Fleet Update

Rental Fleet Statistics¹ (\$MM)



\$ Utilization by Equipment Type¹



Note: Fleet statistics as of March 31, 2012.

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

Current Capital Structure

Current Capital Structure (\$MM)

<u>03/31/12</u>	
Cash	\$ 2.9
Debt:	
Sr. Sec'd Credit Facility (ABL)	22.4
8.375% Senior Unsecured Notes	250.0
Capital Leases Payable	2.6
Total Debt	\$ 275.0
Shareholder's Equity	\$ 268.5
Total Book Capitalization	\$ 543.5

Credit Statistics

	12/31/09	12/31/10	12/31/11	LTM 03/31/12
Adj. EBITDA ¹ / Total Interest Exp.	3.9x	2.8x	4.9x	5.6x
Total Net Debt ² / Adj. EBITDA ¹	1.7x	2.8x	1.7x	1.7x
Debt / Total Capitalization	47.7%	50.0%	50.4%	50.6%

¹ Excludes the impact of the fourth quarter 2009 non-cash asset impairment charge of \$9.0 million. See Appendix A for a reconciliation of Non-GAAP measures.

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

CONCLUSION AND 2012 OUTLOOK



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2012 Outlook

- ▶ **Outlook remains positive based on current trends and conditions.**
 - Expect strength in rental business and rental rates to increase.
 - Energy sector remains robust.
 - Distribution business is showing solid improvement.
- ▶ **Planned fleet growth in 2012.**
- ▶ **Strong balance sheet provides flexibility to take advantage of improved market conditions and opportunities.**
- ▶ **Remain focused on solid execution, operating leverage and cost control.**

Appendix A-Unaudited Reconciliation of Non-GAAP Financial Measures



Unaudited Reconciliation of Non-GAAP Financial Measures

We define EBITDA as net income (loss) before interest expense, income taxes, depreciation and amortization. We define Adjusted EBITDA for the year ended December 31, 2009 as EBITDA adjusted for the \$9.0 million goodwill impairment charge recorded in the fourth quarter of 2009.

We use EBITDA and Adjusted EBITDA in our business operations to, among other things, evaluate the performance of our business, develop budgets and measure our performance against those budgets. We also believe that analysts and investors use EBITDA and Adjusted EBITDA as supplemental measures to evaluate a company's overall operating performance. However, EBITDA and Adjusted EBITDA have material limitations as analytical tools and you should not consider them in isolation, or as substitutes for analysis of our results as reported under GAAP. We consider them useful tools to assist us in evaluating performance because they eliminate items related to capital structure, taxes and non-cash charges. The items that we have eliminated in determining EBITDA are interest expense, income taxes, depreciation of fixed assets (which includes rental equipment and property and equipment) and amortization of intangible assets and, in the case of Adjusted EBITDA, any goodwill and intangible asset impairment charges and the other items described above applicable to the particular period. However, some of these eliminated items are significant to our business. For example, (i) interest expense is a necessary element of our costs and ability to generate revenue because we incur a significant amount of interest expense related to our outstanding indebtedness; (ii) payment of income taxes is a necessary element of our costs; and (iii) depreciation is a necessary element of our costs and ability to generate revenue because rental equipment is the single largest component of our total assets and we recognize a significant amount of depreciation expense over the estimated useful life of this equipment. Any measure that eliminates components of our capital structure and costs associated with carrying significant amounts of fixed assets on our balance sheet has material limitations as a performance measure. In light of the foregoing limitations, we do not rely solely on EBITDA and Adjusted EBITDA as performance measures and also consider our GAAP results. EBITDA and Adjusted EBITDA are not measurements of our financial performance under GAAP and should not be considered alternatives to net income, operating income or any other measures derived in accordance with GAAP. Because EBITDA and Adjusted EBITDA are not calculated in the same manner by all companies, they may not be comparable to other similarly titled measures used by other companies.

EBITDA and Adjusted EBITDA GAAP Reconciliation

(\$ in thousands)

	2009	2010	2011	1Q11	1Q12
Net income (loss)	\$ (11,943)	\$ (25,460)	\$ 8,926	\$ (6,473)	\$ 3,955
Interest expense	31,339	29,076	28,727	7,207	6,870
Provision (benefit) for income taxes	(6,178)	(14,920)	3,215	(3,291)	1,803
Depreciation	98,702	91,707	99,036	23,695	26,036
Amortization of intangibles	591	559	362	124	25
EBITDA	\$112,511	\$ 80,962	\$140,266	\$ 21,262	\$ 38,689
Impairment of goodwill and intangible asset ¹	8,972	—	—	—	—
Adjusted EBITDA	\$121,483	\$ 80,962	\$140,266	\$ 21,262	\$ 38,689

¹ Adjustments relate to non-cash asset impairment charge of \$9.0 million.