CFRA

United Rentals, Inc.

Recommendation	**Price**	**12-Mo. Target Price**	**Report Currency**	**Investment Style**
BUY ★★★★★	USD 244.36 (as of market close Jul 01, 2022)	USD 398.00	USD	Large-Cap Growth

Equity Analyst Jonathan Sakraida

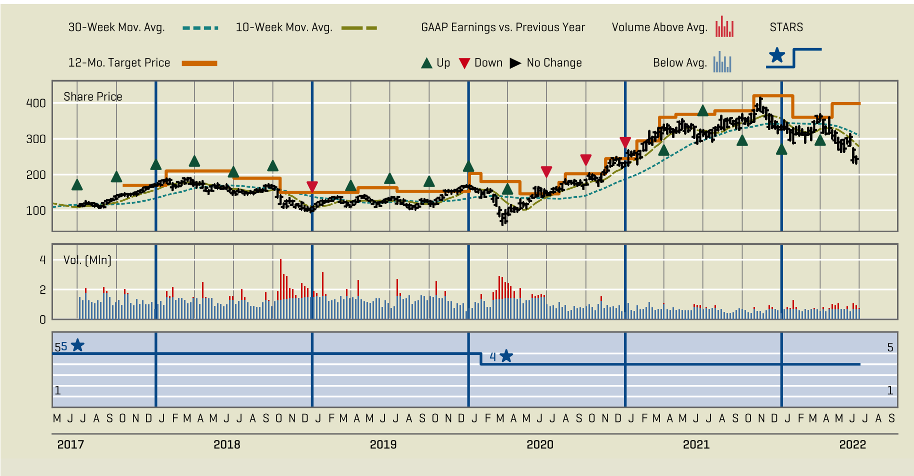
GICS Sector Industrials
Sub-Industry Trading Companies and Distributors

Summary United Rentals is the largest equipment rental company in the world, with an integrated network of more than 1,100 rental locations throughout the U.S. and Canada.

Key Stock Statistics (Source: CFRA, S&P Global Market Intelligence (SPGMI), Company Reports)

52-Wk Range	**USD 414.99 - 230.54**	Oper.EPS2022**E**	**USD 28.46**	Market Capitalization[B]	**USD 17.5**	Beta	**1.84**
Trailing 12-Month EPS	**USD 21.29**	Oper.EPS2023**E**	**USD 31.57**	Yield [%]	**N/A**	3-yr Proj. EPS CAGR[%]	**18**
Trailing 12-Month P/E	**11.48**	P/E on Oper.EPS2022**E**	**8.59**	Dividend Rate/Share	**N/A**	SPGMI's Quality Ranking	**B**
USD 10K Invested 5 Yrs Ago	**21,680.0**	Common Shares Outstg.[M]	**72.00**	Trailing 12-Month Dividend	**N/A**	Institutional Ownership [%]	**92.0**

Price Performance



Source: CFRA, S&P Global Market Intelligence
Past performance is not an indication of future performance and should not be relied upon as such.
Analysis prepared by **Jonathan Sakraida** on May 13, 2022 07:00 PM ET, when the stock traded at **USD 291.93**.

Highlights

- ▶ We anticipate revenue to increase 15% in 2022 and 7.5% in 2023, following growth of 14% in 2021. URI is benefitting from a number of economic drivers in the near term, including the rebound of many of its end markets after the pandemic, particularly the oil and gas industry in the current environment. Geopolitical uncertainties, high inflation, and rising interest rates are also driving a preference for equipment rental instead of purchase, and the company's large fleet and increased capacity from investments made at the end of 2021 positions it well to capitalize on near-term demand.
- ▶ We project gross margins of 41% in 2022 and 2023, rising from 39.7% in 2021. Adjusted EBITDA margin is estimated to be at 46.8% in 2022 and 47% in 2023, up from 45.4% in 2021. We expect margin expansion to occur from higher fleet productivity and a more favorable margin profile from used equipment sales in an inflationary market.
- ▶ URI generated FCF of $572M in Q1, a margin of 22.7% (vs. 35.2% in Q1 2021). The company ended the quarter with $101M in cash and short-term investments as well as total debt of $10.1B, with no near-term maturities. It also has $2.9B of undrawn credit, giving it sufficient liquidity.

Investment Rationale/Risk

- ▶ We maintain a Buy rating on shares of URI on a positive outlook of the business under current macro conditions. URI has strong market position and operating scale that would enable share gains. Construction backlogs and a pipeline of infrastructure projects, including federal government spending plans, are favorable indicators of demand for industrial equipment. URI saw a substantial double-digit increase in rental revenues, fleet productivity growth (+13% Y/Y), and no missed sales from equipment shortages during the quarter, suggesting healthy momentum to begin the year and URI's strong inventory position. We also like that URI's margins are expanding, and its balance sheet is improving – leverage ratio of 2x versus 2.2x at the end of 2021 and 2.4x in 2020.
- ▶ Risks to our recommendation and target price include slowing industrial activity if an economic recession occurs, a drop in equipment sale prices from a faster-than-expected recovery in inflation, and prolonged supply chain challenges that constrains fleet expansion for the company.
- ▶ Our 12-month target price of $398 is based on a P/E of 14x our 2022 EPS view, below its 3-year average to reflect higher business risks in the environment.

Analyst's Risk Assessment

LOW	MEDIUM	HIGH

Our risk assessment reflects the highly cyclical nature of the construction equipment market and URI's significant financial leverage.

Revenue/Earnings Data

Revenue (Million USD)

	1Q	2Q	3Q	4Q	Year
2023	**E** 2,708	**E** 2,858	**E** 3,155	**E** 3,297	**E** 12,018
2022	2,524	**E** 2,665	**E** 2,939	**E** 3,052	**E** 11,180
2021	2,057	2,287	2,596	2,776	9,716
2020	2,125	1,939	2,187	2,279	8,530
2019	2,117	2,290	2,488	2,456	9,351
2018	1,734	1,891	2,116	2,306	8,047

Earnings Per Share (USD)

	1Q	2Q	3Q	4Q	Year
2023	**E** 6.20	**E** 7.36	**E** 8.75	**E** 9.26	**E** 31.57
2022	5.05	**E** 6.01	**E** 8.17	**E** 8.55	**E** 28.46
2021	2.80	4.02	5.63	6.61	19.04
2020	2.33	2.93	2.87	4.09	12.20
2019	2.19	3.44	5.08	4.48	15.11
2018	2.15	3.20	4.01	3.80	13.12

Fiscal Year ended Dec 31. EPS Estimates based on CFRA's Operating Earnings; historical earnings are adjusted. In periods where a different currency has been reported, this has been adjusted to match the current quoted currency.

Dividend Data

No cash dividends have been paid in the last year.

Business Summary May 13, 2022

CORPORATE OVERVIEW. As of year-end 2021, United Rentals, Inc. (URI) served its customers through a network of 1,360 rental locations in the U.S. and abroad. The BakerCorp acquisition added 11 locations in France, Germany, the U.K., and the Netherlands. URI rents and sells equipment, including heavy machines and hand tools, to a diverse customer base, including construction industry participants, industrial companies, manufacturers, utilities, municipalities, homeowners, and others. URI's customer base is highly diversified and ranges from Fortune 500 companies to small businesses and homeowners. The company's top-10 customers accounted for about 4% of revenues in 2020. URI had 2020 revenues of $8.5 billion (down from $9.4 in 2019), with rentals accounting for 85%, sales of rental equipment 9%, new equipment sales 3%, contractor supplies 1%, and services 2%.

URI offers for rent a broad array of about 3,800 classes of rental equipment. Types of equipment offered include general construction and industrial equipment; aerial work platforms; traffic control equipment; trench safety equipment; and general tools and light equipment. As of March 31, 2022, the company had a rental fleet of about 805,000 units, averaging 54.9 months in age.

URI routinely sells used rental equipment and invests in new equipment in order to manage the age, composition, and size of its fleet. It acts as a dealer of new equipment for many leading manufacturers. At most branches, URI sells various supplies and merchandise and offers repair and maintenance services.

PRIMARY BUSINESS DYNAMICS. The company's principal end market for its equipment is private non-residential construction. Its end markets are primarily commercial construction (47%), industrial (49%), and residential (4%). The equipment rental industry is highly fragmented and competitive. URI's competitors include small, independent businesses with only one or two rental locations; regional competitors that operate in more than one state; public companies or divisions of public companies that operate nationally or internationally; and equipment vendors and dealers that both sell and rent equipment directly to customers. URI believes that because it is a large company, it has more resources and certain competitive advantages over its smaller competitors. These include greater purchasing power, the ability to provide a broader range of equipment and services and greater flexibility to transfer equipment among locations in response to, and in anticipation of, customer demand.

CORPORATE STRATEGY. The company is continuing its strategy of focusing on its core rental business, which contributes more than 85% of revenue. Additionally, the company is concentrating on optimizing the management of its rental fleet and reducing operating costs. Part of URI's strategy in its core rental business is to improve its revenue mix by focusing on more profitable larger customers, which tend to rent for longer terms and are more timely in payment. To attain these goals, URI continues to concentrate on optimizing field operations, reducing operating costs, accelerating sourcing initiatives, optimizing time utilization, and refocusing its contractor supplies business.

URI believes that long-term industry growth is driven to an extent by an end-user market recognizing certain advantages of renting. These include the avoidance of large capital investments for equipment purchases; access to a broad selection of equipment; a reduction in storage, maintenance, and transportation costs; and the ability to access the latest technology without investing in new equipment.

In January of 2019, URI announced that starting in the second half of 2019, it would stop reporting time utilization and rental rates, two major key performance indicators. URI now reports Fleet Productivity which is the sum of the year-over-year changes for rental rates, the impact of time utilization changes, and the revenue impact from a change in mix.

IMPACT OF MAJOR DEVELOPMENTS. On September 10, 2018, URI announced its plan to acquire BlueLine Rental for $2.1 billion in cash. The company operates in the U.S., Canada, and Puerto Rico, targeting mid-size and local construction and industrial customers. The acquisition expands URI's equipment rental capacity in large North American metropolitan areas. Similar business models and rental structures will likely lead to immediate cost synergies and URI anticipates $45 million in cost savings by the end of 2019. The acquisition closed on October 31, 2018.

In July of 2018, URI announced the acquisition of BakerCorp, a multinational provider of tank, pump, filtration, and trench shoring rentals for $715 million. BakerCorp generated roughly $300 million of revenue on a trailing 12-month basis with an EBITDA margin of just below 27%. The deal is expected to close in the third quarter of 2018.

FINANCIAL TRENDS. URI is highly leveraged with a total debt-to-EBITDA ratio range of 2.9x to 4.9x over the last five years to fund its acquisitions. However, it has been making efforts to reduce its leverage ratio, and ended 2021 at a leverage ratio of 2.2x. The company has total debt of $10.1 billion, but no near-term maturities. EBITDA to interest expense is about 8x, giving URI ample liquidity and capital to finance its debt.

In the five years through 2021, URI recorded compound annual growth rates (CAGR) of almost 10% in revenue and 20% in normalized EPS. The pandemic impacted URI's business adversely in 2020, and revenues declined 8.8% Y/Y, but recovered in 2021, where revenues exceeded pre-pandemic levels.

Corporate information

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Officers

President, CEO & Director
M. J. Flannery

Executive VP & CFO
J. T. Graziano

President, CEO & Director
M. J. Flannery

Non-Executive Chairman
M. J. Kneeland

Executive VP & COO
D. A. Asplund

VP, Controller & Principal Accounting Officer
A. B. Limoges

Senior VP, General Counsel & Corporate Secretary
J. L. Gross

Board Members

B. J. Griffin	M. A. Bruno
G. C. Martore	M. J. Flannery
J. B. Alvarez	M. J. Kneeland
K. H. Jones	S. Singh
L. D. De Shon	T. L. Kelly

Domicile
Delaware

Auditor
Ernst & Young LLP

Founded
1997

Employees
20,400

Stockholders
61

Quantitative Evaluations

Fair Value Rank

1 | 2 | 3 | 4 | **5**

LOWEST — HIGHEST

Based on CFRA's proprietary quantitative model, stocks are ranked from most overvalued (1) to most undervalued (5).

Fair Value Calculation **USD 306.02** Analysis of the stock's current worth, based on CFRA's proprietary quantitative model suggests that URI is undervalued by USD 61.66 or 25.23%

Volatility LOW | **AVERAGE** | HIGH

Technical Evaluation **NEUTRAL** Since April, 2021, the technical indicators for URI have been NEUTRAL"

Insider Activity UNFAVORABLE | NEUTRAL | **FAVORABLE**

Expanded Ratio Analysis

	2021	2020	2019	2018
Price/Sales	2.49	1.98	1.39	1.06
Price/EBITDA	8.99	7.41	4.88	3.58
Price/Pretax Income	13.11	14.85	8.56	5.80
P/E Ratio	17.45	19.01	11.04	7.81
Avg. Diluted Shares Outstg. (M)	72.82	72.93	77.71	83.53

Figures based on fiscal year-end price

Key Growth Rates and Averages

Past Growth Rate (%)	1 Year	3 Years	5 Years
Net Income	55.73	8.14	19.62
Sales	13.90	6.48	11.02
Ratio Analysis (Annual Avg.)			
Net Margin (%)	14.27	12.42	14.23
% LT Debt to Capitalization	52.71	59.05	63.37
Return on Equity (%)	26.31	26.68	34.07

Company Financials Fiscal year ending Dec 31

Per Share Data (USD)	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Tangible Book Value	-2.10	-17.60	-29.84	-34.29	-21.91	-27.95	-29.11	-26.38	-22.97	-28.25
Free Cash Flow	20.14	32.45	19.46	14.83	10.28	12.59	9.43	5.37	3.82	-3.00
Earnings	19.04	12.20	15.11	13.12	15.73	6.45	6.07	5.15	3.64	0.79
Earnings (Normalized)	16.46	12.15	12.93	12.04	9.38	7.54	7.05	5.74	3.90	2.62
Dividends	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Payout Ratio (%)	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM
Prices: High	414.99	249.60	170.04	190.74	174.40	109.90	105.83	119.83	78.37	47.98
Prices: Low	224.52	58.85	98.78	94.28	100.62	41.90	56.66	74.32	42.63	26.88
P/E Ratio: High	21.80	20.50	11.30	14.50	11.10	17.00	17.40	23.30	21.50	60.70
P/E Ratio: Low	11.80	4.80	6.50	7.20	6.40	6.50	9.30	14.40	11.70	34.00
Income Statement Analysis (Million USD)										
Revenue	9,716	8,530	9,351	8,047	6,641	5,762	5,817	5,685	4,955	4,117
Operating Income	2,319	1,896	2,246	2,084	1,689	1,464	1,527	1,436	1,143	838.00
Depreciation + Amortization	372.00	387.00	407.00	308.00	259.00	255.00	268.00	273.00	246.00	183.00
Interest Expense	394.00	486.00	648.00	481.00	410.00	410.00	446.00	477.00	479.00	446.00
Pretax Income	1,846	1,139	1,514	1,476	1,048	909.00	963.00	850.00	605.00	88.00
Effective Tax Rate	24.90	21.90	22.50	25.70	-28.40	37.70	39.30	36.50	36.00	14.80
Net Income	1,386	890.00	1,174	1,096	1,346	566.00	585.00	540.00	387.00	75.00
Net Income (Normalized)	1,199	886.20	1,005	1,006	802.50	661.90	679.40	602.50	415.00	248.10
Balance Sheet and Other Financial Data (Million USD)										
Cash	144.00	202.00	52.00	43.00	352.00	312.00	179.00	158.00	175.00	106.00
Current Assets	2,151	2,017	1,842	1,761	1,772	1,361	1,294	1,298	1,362	1,343
Total Assets	20,292	17,868	18,970	18,133	15,030	11,988	12,083	12,129	11,231	11,026
Current Liabilities	2,603	1,890	2,198	2,116	1,668	1,184	1,233	1,478	1,286	1,351
Long Term Debt	8,697	8,903	10,362	10,722	8,650	7,193	7,555	7,344	6,569	6,734
Total Capital	16,499	14,954	15,969	15,150	12,546	9,438	9,638	9,758	9,001	8,907
Capital Expenditures	2,230	300.00	1,519	1,627	1,339	843.00	1,098	1,277	1,194	970.00
Cash from Operations	3,689	2,658	3,024	2,853	2,209	1,941	1,995	1,801	1,551	721.00
Current Ratio	0.83	1.07	0.84	0.83	1.06	1.15	1.05	0.88	1.06	0.99
% Long Term Debt of Capitalization	52.70	59.50	64.90	70.80	68.90	76.20	78.40	75.30	73.00	75.60
% Net Income of Revenue	14.30	10.40	12.60	13.60	20.30	9.80	10.10	9.50	7.80	1.80
% Return on Assets	7.60	6.43	7.57	7.86	7.81	7.60	7.88	7.68	6.42	6.91
% Return on Equity	26.30	21.30	32.50	33.70	56.60	36.20	35.80	29.80	23.00	9.30

Source: S&P Global Market Intelligence. Data may be preliminary or restated; before results of discontinued operations/special items. Per share data adjusted for stock dividends; EPS diluted. E-Estimated. NA-Not Available. NM-Not Meaningful. NR-Not Ranked. UR-Under Review.

Sub-Industry Outlook

Our positive fundamental outlook for the S&P Trading Companies and Distributors sub-industry reflects our view of strong market trends and demand for maintenance, repair, and operating products in the U.S., Canada, and some emerging markets, offset slightly by moderating growth in China, and uncertainty regarding the future of U.S.-Chinese trade relations, as the Biden administration has maintained controversial trade policies from the previous administration. Despite the current path of recovery from Covid-19 aided by vaccines, it is possible for renewed headwinds as variants continue to develop.

Historically, sales for this group tend to be correlated with manufacturing output and non-farm payrolls. Manufacturing sector output is now 3.3% above its level in the fourth quarter of 2019, the last quarter not affected by the COVID-19 pandemic, according to the Bureau of Labor Statistics. Additionally, non-farm payrolls rose throughout 2021, and as of April 2022, the U.S. unemployment rate was 3.6%. This is a significant improvement from highs of 14.8% in April of 2020. We think some distributors, such as W.W. Grainger, Inc. (GWW ***) will boost market share by maintaining adequate inventory levels to meet demand, ramping up the sales force and e-commerce business, and distributing new products in 2022. Longer term and post Covid-19, we expect growth from expansion overseas. Fastenal Company (FAST ***) and GWW combine for more than 50% of this group's market share.

We think the equipment rental company United Rentals, Inc. (URI ****) is in a better position than peers that sell equipment. Widespread uncertainty in the global market leads to lower capex spending — a positive for URI, which can rent needed equipment to customers instead of selling it. We expect oil & gas markets to continue improving in 2022, which is a strong positive for customers across the sub-industry. Additionally, we see the Bipartisan Infrastructure Framework, which was signed into law in November 2021 and consists of $1.2 trillion in investments across various industries, as a strong growth catalyst for 2022 and 2023.

According to the Federal Reserve, industrial production in April 2022 was 105.6% of its 2017 average and 6.4% higher than it was a year ago. Manufacturing utilization was 79.2% in April 2022, reflecting a strong increase from 75.1% in April 2021. For 2022, we expect average manufacturing utilization to stabilize around the 78.1% long-term average (1972-2021). Total capacity utilization for the industrial sector increased to 79% in April 2022 from 78.2% in March. We expect the 2022 rate to continue to exceed the all-time low of 66.6% in June 2009, and stay roughly in-line with the historical average of 79.5%.

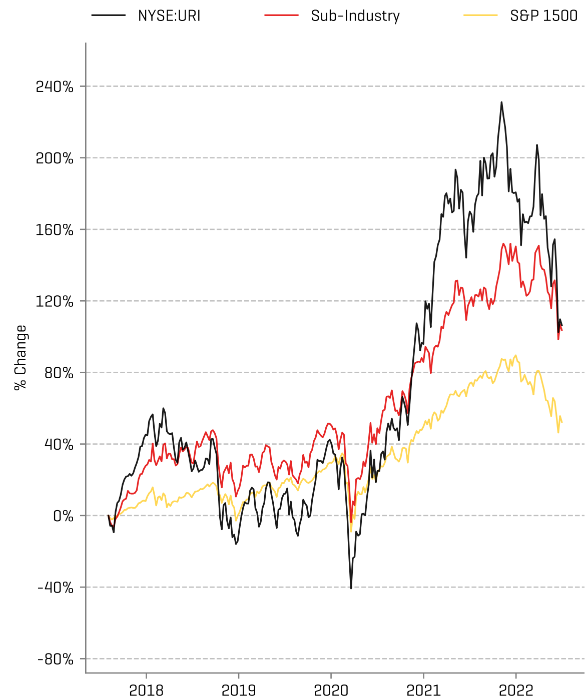
Year to date through May 27, the S&P Trading Companies and Distributors Index has decreased 7.8%, outperforming the S&P 1500 Index (-12.8%) and the S&P 500 Industrials Index (-9.6%). In 2021, the S&P Trading Companies and Distributors Index increased 34.8%, outperforming both the Industrials sector and the broader market.

/ Jonathan Sakraida

Industry Performance

GICS Sector: **Industrials**
Sub-Industry: **Trading Companies and Distributors**

Based on S&P 1500 Indexes
Five-Year market price performance through Jul 02, 2022



NOTE: A sector chart appears when the sub-industry does not have sufficient historical index data.

All Sector & Sub-Industry information is based on the Global Industry Classification Standard (GICS).

Past performance is not an indication of future performance and should not be relied upon as such.

Source: CFRA, S&P Global Market Intelligence

Sub-Industry: Trading Companies and Distributors Peer Group*: Trading Companies and Distributors

Peer Group	Stock Symbol	Exchange	Currency	Recent Stock Price	Stk. Mkt. Cap. (M)	30-Day Price Chg. (%)	1-Year Price Chg. (%)	P/E Ratio	Fair Value Calc.	Yield (%)	Return on Equity (%)	LTD to Cap (%)
United Rentals, Inc.	**URI**	**NYSE**	**USD**	**242.91**	**17,395.0**	**-18.5**	**-23.9**	**11.0**	**306.02**	**N/A**	**28.6**	**51.8**
AerCap Holdings N.V.	AER	NYSE	USD	40.94	9,816.0	-17.2	-20.0	NM	N/A	N/A	-10.2	76.6
Core & Main, Inc.	CNM	NYSE	USD	22.30	3,745.0	-5.5	N/A	27.0	N/A	N/A	24.8	40.9
Fastenal Company	FAST	NasdaqGS	USD	49.92	28,734.0	-6.8	-4.0	29.0	38.13	2.5	33.2	8.8
MSC Industrial Direct Co., Inc.	MSM	NYSE	USD	75.11	4,205.0	-11.6	-16.3	14.0	N/A	4.0	24.6	25.0
SiteOne Landscape Supply, Inc.	SITE	NYSE	USD	118.87	5,341.0	-11.5	-29.8	21.0	N/A	N/A	27.6	22.0
Toromont Industries Ltd.	TMTN.F	OTCPK	USD	79.70	8,573.0	-9.5	-7.3	25.0	N/A	1.6	18.3	24.3
Univar Solutions Inc.	UNVR	NYSE	USD	24.87	4,209.0	-19.0	2.0	7.0	N/A	N/A	26.2	45.3
W.W. Grainger, Inc.	GWW	NYSE	USD	454.43	23,222.0	-6.7	3.8	20.0	427.11	1.5	55.9	46.2
WESCO International, Inc.	WCC	NYSE	USD	107.10	5,432.0	-14.7	4.2	11.0	N/A	N/A	16.0	51.7
Watsco, Inc.	WSO	NYSE	USD	238.82	8,508.0	-6.6	-16.7	19.0	197.32	3.7	29.3	9.9

*For Peer Groups with more than 10 companies or stocks, selection of issues is based on market capitalization.
NA-Not Available; NM-Not Meaningful.
Note: Peers are selected based on Global Industry Classification Standards and market capitalization. The peer group list includes companies with similar characteristics, but may not include all the companies within the same industry and/or that engage in the same line of business.

Analyst Research Notes and other Company News

April 29, 2022
12:59 PM ET... CFRA Maintains Buy Rating on Shares of United Rentals Inc. (URI 319.00****):
We raise our 12-month target price to $398 from $360, on a P/E of 14x our 2022 EPS estimate, below its 3-year average to reflect higher business risks in the environment. We increase our 2022 EPS view to $28.46 from $25.72 and our 2023 EPS to $31.57 from $28.61. URI posted revenue of $2.52B, above consensus by $80M, and non-GAAP EPS of $5.73 beats by $0.86. Outperformance was broad-based across its business, powered by a sustained post-pandemic recovery of several of its end markets, higher fleet productivity (+13%), and a larger fleet that was able to capitalize on the demand. Rental revenue was $2.18B (up 31% Y/Y), while used equipment sales declined 21% Y/Y, reflecting management's decision to pivot more to rentals. We think that current market dynamics (inflation, rising interest rates) support greater demand for equipment rentals, and URI's size positions it well to leverage its scale to perform. Margins are also expected to lift from continued strength in Specialty and on the used equipment sales front. / Janice Quek

January 27, 2022
12:11 AM ET... CFRA Keeps Buy Opinion on Shares of United Rentals, Inc. (URI 320.00****):
We cut our 12-month target price by $60 to $360, valuing the shares at 14.0x our 2022 EPS estimate of $25.72, well above URI's recent historical averages but slightly below its peers' median P/E, reflecting our outlook for rising demand for rental equipment and used equipment sales as the Covid-19 recovery takes place in the U.S. We raise our 2022 EPS by $0.55 to $25.72 and set 2023's at $28.61. Q4 adjusted EPS of $7.39 vs. $5.04 was $0.70 above the consensus estimate. Rental revenue rose 25% with continued strong channel pricing and new project starts indicating that customer confidence is strong. ROIC rose 140 bps to 10.3% and fleet productivity was up another 10%. Adjusted EBITDA margin widened 170 basis points to 47.2%. Building on its recent momentum, URI guides to 2022 revenue and adjusted EBITDA growth of 10%-14% and 12%-17% and free cash flow (ex-merger and restructuring costs) of $1.5B-$1.7B (vs. 2021's $1.527B). Also, it unveiled a new $1B share buyback plan to be completed in 2022. / Tuna N. Amobi, CFA, CPA

October 28, 2021
02:35 PM ET... CFRA Maintains Buy View on Shares of United Rentals, Inc. (URI 369.53****):
We lift our 12-month target price to $420 from $378, valuing the shares at 16.7x our 2022 EPS estimate of $25.17 (lifted from $24.77), at the top end of URI's three-year forward average but below peers' forward average of 22.2x, reflecting our outlook for rising demand for rental equipment and used equipment sales as the Covid-19 recovery takes place in the U.S. We lift our 2021 EPS estimate to $21.37 from $21.23. URI posts Q3 EPS of $6.58 vs. $5.40, falling below our $6.79 estimate. Rental revenue rose 22.4% and channel pricing was at a record high, rising 7% sequentially. New project starts are occurring across essentially all project types indicating that customer confidence is strong. ROIC rose 30 bps to 9.5% and fleet productivity was up a robust 13.5%. In 2021, we forecast revenue growth of 12.5%-13.5%, followed by 7.5%-10% growth in 2022. We expect EBITDA margin will contract 60 bps to 45.5% in 2021 and 45.3% in 2022. / Elizabeth Vermillion

July 29, 2021
12:54 PM ET... CFRA Reiterates Buy Opinion on Shares of United Rentals, Inc. (URI 324.21****):
We lift our 12-month target price to $378 from $368, valuing the shares at 15.3x our 2022 EPS estimate of $24.77 (lifted from $21.59), at the top end of URI's three-year forward average but below peers' forward average of 22.9x, reflecting our outlook for rising demand for rental equipment and used equipment sales as the Covid-19 recovery takes place in the U.S. We lift our 2021 EPS estimate to $21.23 from $19.56. URI posts Q2 EPS of $4.66 vs. $3.68, beating our $4.42 estimate. Used equipment sales rose 10% in Q2. Fleet productivity improved 17.8% in the quarter, rising 1800 bps sequentially supported by improving fleet absorption. In 2021, we forecast 9.5%-13.0% revenue growth, followed by 3.5%-5.5% growth in 2022. In 2021, we expect EBITDA margin will decline 100 bps to 45.1%, rising again to 46.3% in 2022. We are encouraged by ROIC of 9.2% (trailing twelve months) in Q2, up from 8.9% in Q1 and exceeding weighted average cost of capital of 8%. / Elizabeth Vermillion

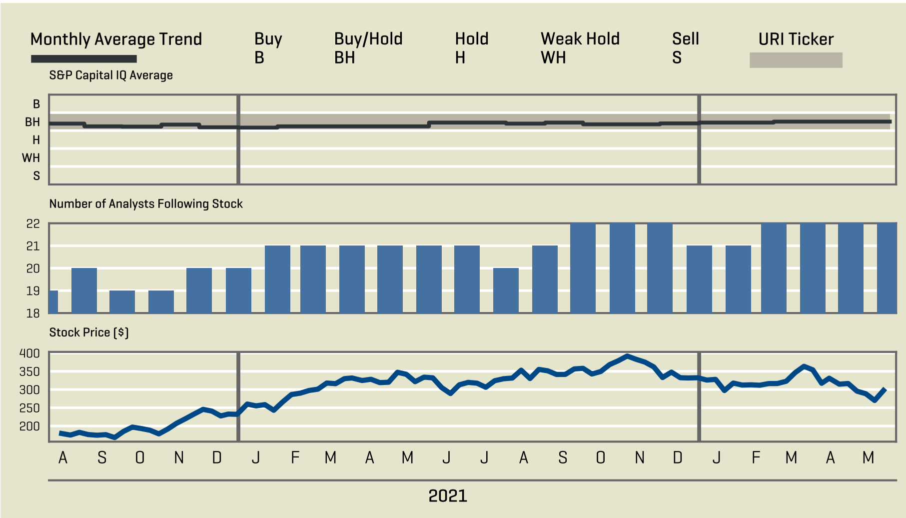
April 29, 2021
02:27 PM ET... CFRA Maintains Buy Opinion on Shares of United Rentals, Inc. (URI 322.83****):
We lift our 12-month target price to $368 from $360, valuing the shares at 18.8x our 2021 EPS estimate of $19.56 (lifted from $18.47), above URI's three-year forward average but below peers' forward average of 23.7x reflecting our outlook for rising demand for rental equipment and used equipment sales as Covid-19 recovery takes place in the U.S. We also see benefits from project work delayed from 2020. We lift our 2022 EPS estimate to $21.59 from $20.65. Used equipment sales rose 28% in Q1. Rental revenue was down 6.5% for the quarter, but is showing sequential monthly growth, and we expect revenue to turn positive in Q2 or Q3. Fleet productivity was down 0.5% in the quarter, but is also rising sequentially supported by improving fleet absorption. In 2021, we forecast 8%-10% revenue growth followed by 3%-5% growth in 2022. In 2021, we expect EBITDA margin will decline 180 bps to 44.3%, rising again to 46.0% in 2022. / Elizabeth Vermillion

March 22, 2021
12:05 AM ET... CFRA Keeps Buy Opinion on Shares of United Rentals, Inc. (URI 316.00****):
We lift our 12-month target price to $360 from $294, valuing the shares at 19.5x our 2021 EPS estimate of $18.47 (increased from $17.65), above URI's three-year forward average range and below peers' forward average of 23.3x based on our expectation for gradual recovery in fleet productivity and additional growth potential from project work delayed from 2020. We lift our 2022 EPS estimate to $20.65 from $18.73. In 2021, we expect improving rental volumes to support our forecast for improved fleet productivity. We think the general economic recovery in 2021 is a growth catalyst for URI as its rental business will be in high demand. The potential for federal infrastructure spending is also a very strong potential growth catalyst for URI. / Elizabeth Vermillion

January 28, 2021
03:37 PM ET... CFRA Maintains Buy Opinion on Shares of United Rentals, Inc. (URI 254.05****):
We lift our 12-month target price to $294 from $244, valuing the shares at 16.7x our 2021 EPS estimate of $17.65 (lifted from $16.71), above URI's five-year forward average range (8x-14x) and below peers' forward average of 22.9x, reflecting a gradual recovery in fleet productivity, but growth potential as projects delayed from 2020 begin in 2021. We start our 2022 EPS estimate at $18.73. URI posts Q4 EPS of $5.04 vs. $5.60, beating our $4.16 estimate. Revenue declined 7.2% in Q4 as both general rental and specialty revenue declined 11.1% and 6.6%, respectively. In 2021, we expect an increase in rental revenues as delayed work from 2020 becomes a priority, and growth in used equipment sales as customers are still in cost-saving modes. We expect 2021 revenue growth of 4%-6%. We expect EBITDA margin to decline 180 bps to 44.3% in 2021 as used sales (a lower margin segment) continue to make up a larger portion of total sales. / Elizabeth Vermillion

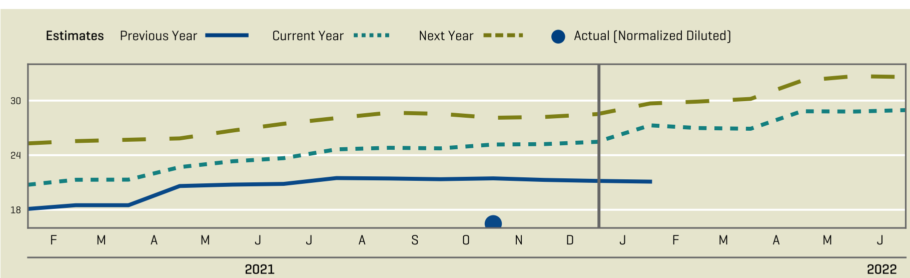
Note: Research notes reflect CFRA's published opinions and analysis on the stock at the time the note was published. The note reflects the views of the equity analyst as of the date and time indicated in the note, and may not reflect CFRA's current view on the company.

Analysts Recommendations



	No. of Recommendations	% of Total	1 Mo.Prior	3 Mos.Prior
Buy	10	45	10	10
Buy/Hold	1	5	1	1
Hold	8	36	8	8
Weak hold	1	5	1	1
Sell	0	0	0	0
No Opinion	2	9	2	2
Total	22	100	22	22

Wall Street Consensus Estimates



Fiscal Year	Avg Est.	High Est.	Low Est.	# of Est.	Est. P/E
2023	32.59	39.89	29.22	20	7.45
2022	28.96	31.90	25.97	20	8.39
2023 vs. 2022	**▲ 13%**	**▲ 25%**	**▲ 13%**	**N/A%**	**▼ -11%**
Q2'23	7.29	8.99	6.88	7	33.33
Q2'22	6.42	7.32	5.25	17	37.83
Q2'23 vs. Q2'22	**▲ 13%**	**▲ 23%**	**▲ 31%**	**▼ -59%**	**▼ -12%**

Forecasts are not reliable indicator of future performance.
Note: A company's earnings outlook plays a major part in any investment decision. S&P Global Market Intelligence organizes the earnings estimates of over 2,300 Wall Street analysts, and provides their consensus of earnings over the next two years, as well as how those earnings estimates have changed over time. Note that the information provided in relation to consensus estimates is not intended to predict actual results and should not be taken as a reliable indicator of future performance.
Note: For all tables, graphs and charts in this report that do not cite any reference or source, the source is S&P Global Market Intelligence.

Wall Street Consensus Opinion

Buy/Hold

Wall Street Consensus vs. Performance

For fiscal year 2022, analysts estimate that URI will earn USD 28.96. For fiscal year 2023, analysts estimate that URI's earnings per share will grow by 12.52% to USD 32.59.

Glossary

STARS

Since January 1, 1987, CFRA Equity and Fund Research Services, and its predecessor S&P Capital IQ Equity Research has ranked a universe of U.S. common stocks, ADRs (American Depositary Receipts), and ADSs (American Depositary Shares) based on a given equity's potential for future performance. Similarly, we have ranked Asian and European equities since June 30, 2002. Under proprietary STARS (Stock Appreciation Ranking System), equity analysts rank equities according to their individual forecast of an equity's future total return potential versus the expected total return of a relevant benchmark (e.g., a regional index (MSCI AC Asia Pacific Index, MSCI AC Europe Index or S&P 500® Index)), based on a 12-month time horizon. STARS was designed to help investors looking to put their investment decisions in perspective. Data used to assist in determining the STARS ranking may be the result of the analyst's own models as well as internal proprietary models resulting from dynamic data inputs.

S&P Global Market Intelligence's Quality Ranking

(also known as **S&P Capital IQ Earnings & Dividend Rankings**) - Growth and S&P Capital IQ Earnings & Dividend Rankings stability of earnings and dividends are deemed key elements in establishing S&P Global Market Intelligence's earnings and dividend rankings for common stocks, which are designed to capsulize the nature of this record in a single symbol. It should be noted, however, that the process also takes into consideration certain adjustments and modifications deemed desirable in establishing such rankings. The final score for each stock is measured against a scoring matrix determined by analysis of the scores of a large and representative sample of stocks. The range of scores in the array of this sample has been aligned with the following ladder of rankings:

A+	Highest	B	Below Average
A	High	B-	Lower
A	Above	C	Lowest
B+	Average	D	In Reorganization
NC	Not Ranked		

EPS Estimates

CFRA's earnings per share (EPS) estimates reflect analyst projections of future EPS from continuing operations, and generally exclude various items that are viewed as special, non-recurring, or extraordinary. Also, EPS estimates reflect either forecasts of equity analysts; or, the consensus (average) EPS estimate, which are independently compiled by S&P Global Market Intelligence, a data provider to CFRA. Among the items typically excluded from EPS estimates are asset sale gains; impairment, restructuring or merger-related charges; legal and insurance settlements; in process research and development expenses; gains or losses on the extinguishment of debt; the cumulative effect of accounting changes; and earnings related to operations that have been classified by the company as discontinued. The inclusion of some items, such as stock option expense and recurring types of other charges, may vary, and depend on such factors as industry practice, analyst judgment, and the extent to which some types of data is disclosed by companies.

12-Month Target Price

The equity analyst's projection of the market price a given security will command 12 months hence, based on a combination of intrinsic, relative, and private market valuation metrics, including Fair Value.

Abbreviations Used in Equity Research Reports

CAGR - Compound Annual Growth Rate
CAPEX - Capital Expenditures
CY - Calendar Year
DCF - Discounted Cash Flow
DDM - Dividend Discount Model
EBIT - Earnings Before Interest and Taxes
EBITDA - Earnings Before Interest, Taxes, Depreciation & Amortization
EPS - Earnings Per Share
EV - Enterprise Value
FCF - Free Cash Flow
FFO - Funds From Operations
FY - Fiscal Year
P/E - Price/Earnings
P/NAV - Price to Net Asset Value
PEG Ratio - P/E-to-Growth Ratio
PV - Present Value
R&D - Research & Development
ROCE - Return on Capital Employed
ROE Return on Equity
ROI - Return on Investment
ROIC - Return on Invested Capital
ROA - Return on Assets
SG&A - Selling, General & Administrative Expenses
SOTP - Sum-of-The-Parts
WACC - Weighted Average Cost of Capital

Dividends on American Depository Receipts (ADRs) and American Depository Shares (ADSs) are net of taxes (paid in the country of origin).

Qualitative Risk Assessment

Reflects an equity analyst's view of a given company's operational risk, or the risk of a firm's ability to continue as an ongoing concern. The Qualitative Risk Assessment is a relative ranking to the U.S. STARS universe, and should be reflective of risk factors related to a company's operations, as opposed to risk and volatility measures associated with share prices. For an ETF this reflects on a capitalization-weighted basis, the average qualitative risk assessment assigned to holdings of the fund.

STARS Ranking system and definition:

★★★★★ **5-STARS (Strong Buy):**
Total return is expected to outperform the total return of a relevant benchmark, by a notable margin over the coming 12 months, with shares rising in price on an absolute basis.

★★★★☆ **4-STARS (Buy):**
Total return is expected to outperform the total return of a relevant benchmark over the coming 12 months.

★★★☆☆ **3-STARS (Hold):**
Total return is expected to closely approximate the total return of a relevant benchmark over the coming 12 months.

★★☆☆☆ **2-STARS (Sell):**
Total return is expected to underperform the total return of a relevant benchmark over the coming 12 months.

★☆☆☆☆ **1-STAR (Strong Sell):**
Total return is expected to underperform the total return of a relevant benchmark by a notable margin over the coming 12 months, with shares falling in price on an absolute basis.

Relevant benchmarks:
In North America, the relevant benchmark is the S&P 500 Index, in Europe and in Asia, the relevant benchmarks are the MSCI AC Europe Index and the MSCI AC Asia Pacific Index, respectively.

United Rentals, Inc.

Disclosures

Stocks are ranked in accordance with the following ranking methodologies:

STARS Stock Reports:

Qualitative STARS rankings are determined and assigned by equity analysts. For reports containing STARS rankings refer to the Glossary section of the report for detailed methodology and the definition of STARS rankings.

Quantitative Stock Reports:

Quantitative rankings are determined by ranking a universe of common stocks based on 5 measures or model categories: Valuation, Quality, Growth, Street Sentiment, and Price Momentum. In the U.S., a sixth sub-category for Financial Health will also be displayed. Percentile scores are used to compare each company to all other companies in the same universe for each model category. The five (six) model category scores are then weighted and rolled up into a single percentile ranking for that company. For reports containing quantitative rankings refer to the Glossary section seof the report for detailed methodology and the definition of Quantitative rankings.

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STARS Stock Reports:

Global STARS Distribution as of June 30, 2022

Ranking	North America	Europe	Asia	Global
Buy	42.0%	43.9%	48.4%	43.5%
Hold	51.4%	50.9%	42.2%	49.7%
Sell	6.6%	5.2%	9.5%	6.8%
Total	100.0%	100.0%	100.0%	100.0%

Analyst Certification:

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