

COMPANIES

United Rental Expands Its Industry Leadership With H&E Acquisition



An excavator piles road salt in preparation for Winter Storm Kenan at the Boston Public Works Department yard in Boston on Jan. 28, 2022. Scott Eisen/Getty Images



Panos Mourdoukoutas

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Mergers and acquisitions activity picks up almost by the day as the new year unfolds. It's touching one industry after another: JCPenney and Sparc Group in the retail industry, Constellation and Calpine in the energy sector last week, GSK and IDRx in the biotechnology industry on Jan. 13, and United Rentals and H&E Equipment Services in the equipment-rentals industry on Jan. 14.

The buyer in the latest deal is United Rentals, an industry giant that has grown significantly thanks to a stream of acquisitions that have expanded the scale and scope of its operations. It's paying \$92 per share, or \$4.8 billion, for H&E Equipment Services in a strategic [transaction](#) that will help United Rentals grow its core capabilities, both in size and geography.

"In H&E, we're acquiring a well-run operation that's primed to benefit from our technology, operations, and broad value proposition," said United Rentals CEO Matthew Flannery.

"We will use our well-honed integration playbook as we prepare the acquired branches to take full advantage of our systems and operational capabilities and gain from our employee and customer-centric culture."

Flannery sees the merger as expanding capacity, revenues, and shareholder returns.

"Not only does the agreement satisfy the rigorous strategic, financial, and cultural standards we set for acquisitions but it also drives attractive returns for our shareholders," he said.

Bradley W. Barber, CEO of H&E, also praised the deal.

"I'm extremely proud of what we've built at H&E over the last 60 years and am confident that our combination with United Rentals will take the business to new heights going forward," he said.

Wall Street cast its vote for the merger, sending the shares of the two companies sharply higher during the regular trading session on Jan. 14.

Several experts also lauded the merger, providing further insight into its benefits to the new organization.

Sidharth Ramsinghaney, director of strategy and operations with Twilio, sees the transaction as a decisive move for United Rentals to consolidate its market leadership while expanding its capacity in strategic U.S. markets.

"This consolidation will likely prompt other players in the equipment rental market to reassess their strategic positions," he told The Epoch Times via

email. “The enhanced scale and efficiency of the combined entity sets a new benchmark for the industry.”

Alex Lubyansky, a mergers and acquisitions attorney, commends the strategic fit of the two companies and the financial benefits.

“This transaction not only bolsters United Rentals’ fleet with nearly 64,000 units and strengthens its footprint in key U.S. regions but also enhances its ability to serve customers with a more diverse and specialized range of rental services,” he told The Epoch Times via email.

“The expected cost synergies of \$130 million and revenue cross-sell opportunities of \$120 million demonstrate a strong financial rationale.”

In addition, he believes the cultural fit between the two companies ensures a smooth integration, with a clear focus on employee development and customer satisfaction.

“This deal, projected to be accretive to earnings and free cash flow, positions United Rentals for continued growth and improved market share, providing an attractive return on investment for shareholders,” he said.

Joseph Raetzer, a business lawyer and consultant, observes that the H&E purchase is a multiple rather than single deal for United Rentals, as H&E itself has acquired several rental equipment companies in the past several years.

Universal Rentals Inc. (URI) “was already the largest equipment rental company in the industry, and this only extends their lead,” he told The Epoch Times via email.

“The deal also lines up with the trend of consolidation and expansion to keep costs down and have a wider offering, which should signal to others in the market to get big or go home—the 35-day ‘go-shop’ period in this deal may allow them to act on that signal at URI’s expense.”

Ed Patricoff, co-chair of the international arbitration and dispute resolution group at Duane Morris LLP, sees the synergies between URI and H&E expand beyond merging assets to customer and supplier relationships.

“When companies like United Rentals and H&E Equipment Services merge, they bring with them relationships with customers, relationships with vendors and suppliers, and expanded geographic reach which can be consolidated into one platform,” he told The Epoch Times via email.

“This results in the likelihood of new business opportunities, expansion into new markets, and broader customer bases, all while realizing lower costs that come with eliminating redundancies.”



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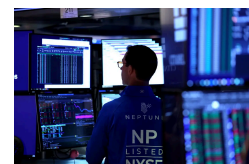
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