

## Hertz Global Holdings, Inc.

Delays 1Q14 10Q; Affirms FY14 Guidance - ALERT

### Overweight

HTZ, HTZ US

Price: \$28.37

13 May 2014

As expected previously expected, HTZ filed for an extension with the SEC to obtain additional time to file its 1Q14 Form 10-Q, and resulting earnings release conference call. As HTZ detailed on May 6th, the delay in reporting earnings and filing its 10-Q is a result of additional work required to validate its conclusions related to the capitalization and timing of depreciation for certain non-fleet expenditures.

Leisure

Kevin Milota <sup>AC</sup>



Bloomberg JPMA MILOTA <GO>

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- **Financial impact is fairly light and centered on FY11 results.** The silver lining in tonight's release is that the "errors" that pertain to charges for certain non-fleet related assets, allowances for doubtful accounts in Brazil and other items are fairly small in magnitude (4% variance to reported pre-tax income and net income) and took place in 2011. HTZ does not believe that adjustments to its FY12 and FY13 periods are material and does not expect to restate financial statements for those periods.
- **Key dates to look for – HTZ now needs to file its 10Q by Monday 5/19,** and in conjunction, intends to announce its 1Q14 results. HTZ needs to give investors 48 hours advance notice for its earnings release/call date.
- **HTZ affirmed its 2014 outlook tonight.** The guidance affirmation is likely to give HTZ bulls a sigh of relief following the extreme level of frustration the company has given investors (with the current delay and the delayed 4Q13 earnings release and 10K filing). HTZ is looking for revenues to be in the \$11.4-11.7B range, which compares to our \$11.513B estimate, and EBITDA to be \$2.06-2.42B, which compares to our \$2.308B. Pre-tax income is expected to be in the range of \$1.21-1.43B versus our \$1.343B estimate. EPS for the FY14 is in the range of \$1.70-2.00, versus our \$1.88 estimate and the Street's \$1.88 (range of \$1.76-2.08).

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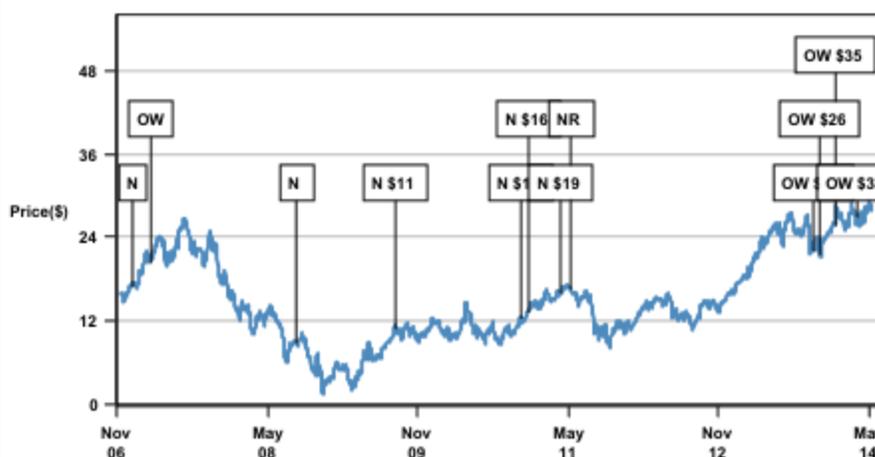
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Hertz Global Holdings, Inc. (HTZ, HTZ US) Price Chart



Source: Bloomberg and [REDACTED] Morgan; price data adjusted for stock splits and dividends. Break in coverage Aug 11, 2008 - Aug 12, 2009.

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