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# Call Participants

## EXECUTIVES

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**Sandeep Dube**

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& Director*

**Scott M. Haralson**

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**Wayne Gilbert West**

*CEO & Director*

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# Presentation

## Operator

Welcome to the Hertz Global Holdings First Quarter 2026 Earnings Call. [Operator Instructions] I would like to remind you that this morning's call is being recorded by the company. I would now like to turn the call over to Bill Kocovski, Senior Vice President, Finance. Please go ahead.

## Bill Kocovski

Good morning, everyone, and thank you for joining us. By now, you should have our earnings press release and associated financial information. We've also provided slides to accompany our conference call, and these can be accessed through the Investor Relations section of our website. I want to remind you that certain statements made on this call contain forward-looking information. Forward-looking statements are not a guarantee of performance, and by their nature, are subject to inherent risks and uncertainties. Actual results may differ materially.

Any forward-looking information relayed on this call speaks only as of today's date, and the company undertakes no obligation to update that information to reflect changed circumstances. Additional information concerning these statements includes factors that could cause our actual results to differ. This is contained in our earnings press release and in the Risk Factors and forward-looking statements section in the SEC filings we make with the Securities and Exchange Commission. Our filings are available on the SEC's website and the Investor Relations section of the Hertz website. Today, we'll use certain non-GAAP financial measures, which are reconciled with GAAP numbers in our earnings press release and earnings presentation available on our website.

We believe that these non-GAAP measures provide additional useful information about our operations, allowing better evaluation of our profitability and performance. Unless otherwise noted, our discussion today focuses on our global business. On the call this morning, we have Gil West, our Chief Executive Officer, who will discuss strategy, operational highlights, and our fleet. Our Chief Commercial Officer, Sandeep Dube, will share insights into our commercial strategy, followed by Scott Haralson, our Chief Financial Officer, who will discuss our financial performance. I'll now turn the call over to Gil.

## Wayne Gilbert West CEO & Director

Good morning, everyone, and thank you for joining us. I want to start by recognizing the Hertz team. The hard work, discipline, and resilience they bring quarter-after-quarter is what makes results like Q1 possible. When we laid out our Transformation Strategy, we framed it around 3 financial North Star metrics: Fleet Management, measured by DPU below \$300; Revenue Optimization, measured by RPU over \$1,500; and rigorous Cost Control, measured by DOE per day in the low \$30. These are our guideposts on a path to \$1 billion EBITDA in 2027.

Over the last 2 years, we fundamentally turned fleet from a headwind to a tailwind through our Buy Right, Hold Right, Sell Right strategy with tangible sequential improvements that have compounded over time. We hit our DPU North Star target last year and are tracking to hit it again this year. Over the last few quarters, we have also been building steady momentum on revenue, and we're tracking to hit our North Star RPU target for full-year 2026. This quarter, the results show that our strategy is working. We set aggressive targets, and we hit them.

Adjusted Corporate EBITDA was up \$141 million year-over-year, a nearly 50% improvement. Revenue was up 11% year-over-year and both beat Consensus. It was, in fact, our strongest year-over-year revenue growth in 3 years. We delivered our strongest year-over-year Q1 RPD improvement since the travel recovery in microchip-driven spike in 2022. We saw sequential improvements in both RPU and RPD throughout the quarter, a clear sign that the Hertz unique commercial strategies are paying off, along with broader market strength. These results are especially meaningful given the environment we were operating in.

The quarter brought headwinds, including elevated recalls, a partial government shutdown, higher TSA wait times, and storm disruptions across key markets. Amidst this environment, our performance underscores that this transformation is driving structural improvements. On fleet, while DPU is an annual North Star target, this quarter's gross DPU beat that metric, while net DPU, which fluctuates based on net car sales gains and losses was in line with our expectations and supported by continued disciplined fleet rotation.

With our youngest fleet in nearly a decade, we're seeing our strategy translate directly into better economics. After a slow start to the year, the residual values improved significantly through the quarter. With all this, we expect Full Year Net DPU to remain below our

North Star target of \$300 per month, even with an enriched fleet mix. Adjusted DOE per transaction day increased approximately 2% year-over-year, driven primarily by revenue-related costs, which are EBITDA-accretive, and real estate sale-leaseback transactions executed last year. Normalizing for these impacts, core DOE per day continued to improve year-over-year.

We still have work to do, and we need to continue to build scale to achieve our North Star target in the low-\$30s. The progress is there, and we have a variety of initiatives in flight. This quarter, recalls were up nearly 300%, temporarily shrinking our rentable fleet. That required us to carry more fleet than planned, impacting utilization by about 200 basis points year-over-year. Our team is strategically managing through this making progress by working proactively upstream, we are undertaking numerous initiatives to mitigate the impact, including working with OEMs and government officials for both tactical and structural improvements.

While normalizing for the higher recalls, utilization was 140 basis points higher for the same period, showcasing our team's achievements in asset efficiency. Even with higher recalls, reported utilization was 90 basis points above where we were in Q1 of '23 and 2024. On the customer front, -- we're raising the bar to build on last year's 50% improvement in Net Promoter Score to deliver a truly gold standard. That work recently earned us a spot as the only Rent-a-Car company on USA TODAY's list of Most Trusted Brands of 2026. We also saw the highest year-over-year improvement of any car rental company on Business Travel News satisfaction survey.

As we discussed last quarter, Rent-a-Car remains the foundation of our business today, but our transformation is about building more than one single value stream. We're running today's business with discipline while deliberately investing in the capabilities that will define Hertz's future. That work is creating a more diversified platform, spanning Rent-a-Car, Service, Fleet, and mobility. I'm pleased to share that we made progress across our highest priority areas this quarter.

In Rent-a-Car, we launched an advanced fleet planning engine, which leverages Navidea's decision-optimization engine and Palantir's Foundry data operating system. This system will enable us to deliver the right car to the right place at the right time more efficiently than ever before, delivering positive impacts across the business from Utilization to Customer Experience. By continuing to improve our operations and strengthen our customer trust and loyalty in our brands, we're delivering greater value to our franchise partners. At the same time, we're sharpening our focus on Franchise with new leadership and a fresh look at how to unlock additional value by expanding and optimizing our franchise footprint.

In fleet, Hertz Car Sales continues its evolution into a truly omnichannel business. Building on our strength in physical and digital channels, we're establishing a scalable sales model that expands the top of the funnel and drives volume through partnerships like Amazon Autos. This week, we also announced a new partnership with eBay, putting our near-new, certified inventory in front of more customers than ever before. And as more leads come down the funnel, our partnerships with Cox Automotive is helping drive conversion through AI-generated pricing, revamped digital tools, and better upstream lead generation tools like Autotrader.

In addition, we've continued to make great progress on Finance and Insurance. As car sales volumes grow, F&I scales efficiently and enhances overall unit economics. This was our best quarter in 3.5 years for F&I revenue, and we're building on this progress with more favorable financing partner arrangements. And finally, the breakthrough this quarter was in mobility, where our platform really came to life. We said that for some time that Hertz has a role in the future of mobility. And over the last few quarters, we've been building the skills and capabilities to make it real.

Now we're coming out of stealth mode. Last week, we announced Oro, our mobility business with an expanded Uber partnership. But here's the bigger picture. AV technology has the potential to unlock a multitrillion-dollar market. But as the industry transitions from personally owned vehicles to commercially operated fleets, whether driver-led or autonomous, a critical layer has been missing. Tech providers are focused on autonomous software and hardware; OEMs are focused on vehicles. App-based platforms are focused on aggregating demand. What is missing is the operations and orchestration layer.

That's where Oro comes in. Oro is purpose-built to fill the gap between autonomous technology, vehicles, and demand platforms, managing and servicing fleets reliably, efficiently, safely and at scale. Backed by Hertz's century of expertise in complex fleet management, Oro brings a distinct advantage to the market. Hertz operates one of the world's largest rideshare-rental fleets with over 40,000 vehicles and has deep experience with EVs and a management team with a direct AV-operational experience. What's more, the company has a network of over 2,700 chargers, over 11,000 service locations and car washes, and thousands of maintenance technicians.

Oro harnesses that scale with agility of an independent entity to deliver flexible, vertically-integrated rideshare solutions for fleets of all sizes. Oro is partnering with Uber to provide rideshare fleet services across both driver and AV fleets, delivering capabilities directly relevant for the transition to scaled autonomy. Today, Oro owns, maintains and operates a fleet of vehicles, employing and

managing over 1,000 drivers under a high-quality turnkey operating structure. Oro creates value by optimizing pre-planned supply to meet growing rider demand on Uber's platform with an elevated customer experience and additional safety protocols.

Oro is currently active on the Uber platform in Atlanta, Los Angeles and San Francisco and Northern New Jersey just launched this week. Our drivers have logged over 4 million miles to date. With Uber's nearly 200 million monthly active platform consumers, there's plenty of room to scale. Oro has joined -- Oro has also joined Uber's autonomous robotaxi program, supporting Lucid vehicles equipped with neuro AV technology. Starting later this year, Oro will provide the program's orchestration and operation by leading charging, maintenance, repairs, cleaning, and depot staffing.

By managing both driver-led and driverless vehicles, we're widening our scope and deepening our experience with more complex and dynamic fleets, testing and refining economics, asset utilization, and workforce models, so we'll be ready for the transition to scaled autonomy at whatever pace that occurs. While it's still early innings, Oro represents -- Oro presents meaningful upside and reinforces the progress we've made thus far on our transformation, marking the beginning of a new chapter for Hertz. We're strengthening our core business and innovating for the future, all while furthering our mission to advance the way the world moves.

With that, I'll turn it over to Sandeep.

**Sandeep Dube**

*Executive VP, Chief Commercial Officer & Director*

Thanks, Gil, and good morning, everyone. Last quarter, we saw tangible progress that underscored the positive momentum our Commercial Strategy was driving. And in our last earnings call, we said that revenue was off to a positive start in 2026. Q1 2026 full-quarter results tell an even better story. We achieved Hertz's strongest year-over-year revenue growth in 3 years, with revenue totaling \$2 billion, an 11% increase from the year before. This was primarily driven by the structural improvements we have made to our commercial strategies, which resulted in meaningful gains in year-over-year RPU, RPD, and Days. RPU was up 4.5%.

We hit our North Star RPU target in March, and we have line of sight to achieving our North Star RPU metric for full-year 2026. Our Q1 RPU results showed positive momentum despite headwinds from elevated recalls and were primarily driven by our focus on delivering positive year-over-year RPD, which was up 5%. This RPD performance marked our most significant year-over-year improvement since Q2 2022. U.S. airports showed particular strong improvement with RPD up about 8%. These revenue headlines are the product of strength across the entire quarter.

During this typical seasonal trough period for the industry and amidst headwinds, we delivered sequential improvement in year-over-year revenue and RPD throughout January, February and March. This steady progress reflects Hertz's increasing commercial maturity. As our playbook continues to yield results, we are executing with greater sophistication, leveraging the same drivers outlined in our Q3 and Q4 2025 earnings calls. Let me dive into the details. First, enhancing our customer experience. We are making systemic improvements across every customer touchpoint, leveraging deep research and insights to create a more consistent, convenient, and caring experience.

We have redesigned our customer service training framework, and the results from our pilot were immediate. NPS scores rose. We have now rolled this out across our top 50 U.S. airports. Importantly, the changes we are making are being delivered consistently across the business with our European team achieving a record Net Promoter Score for the quarter. Second, generating greater durable demand from higher-margin channels. Direct website demand is showing strong growth. Our corporate business is gaining ground.

We are continuing to strengthen our partnership segment with last week's launch of a new Hertz 5-star status benefit for American Express Gold Card members and yesterday's launch of a new strategic partnership with Air Canada's leading travel loyalty program, Aeroplan. We are now driving consistent growth in our off-airport business, and our rideshare rental business is growing strong. Third, improving our pricing tactics and strategies.

Our multiphase approach continues to bring more precision to the way we price demand, and we remain focused on continuing to drive positive RPD for comparable asset classes. The new pricing matrix we spoke about in Q4 continues to contribute to RPD gains. We are seeing exciting results from an even newer version of our pricing matrix, which we executed towards the end of Q1. Early signs indicate its ability to deliver improved revenue production, the positive effects of which will show up in revenue results for mid-Q2 and beyond. Fourth, improved monetization of our higher RPU assets. Our new fleet management tools are helping advance our ability to get the right vehicle in the right location at the right time, enabling a more precise pricing approach.

Fifth, better value-added product sales. We continue to drive sales of our value-added products with higher conversion and improved pricing sophistication. Q1 showed particular strength in year-over-year gains in RPD due to value-added product strategies. Finally, local level profitability and optimization. We continue to improve our ability to manage our business at a more granular level

for profitability. Quarter-by-quarter, these initiatives are demonstrating their improved capability to enhance our revenue engine. Throughout April, our playbook drove strong performance for the month, particularly in total fleet utilization gains and mid-single-digit RPD gains.

In particular, Easter weekend provided a clear example of our engine in action. Utilization reached its highest level for any Easter since 2017, and RPD increased 10% compared to last Easter, which occurred later in the month. Together, these results drove a 16% year-over-year increase in RPU on our rentable fleet. Importantly, we generated more revenue over Easter weekend than we did last year with approximately 20,000 fewer rental vehicles. This marks the seventh consecutive major holiday where we have grown both Utilization and RPD year-over-year, highlighting the consistency of our execution.

In summary, the revenue momentum, which has been building for the past few quarters through build-to-last structural improvements has now improved to a level where it is translating to positive year-over-year revenue, RPD and Days. Fleet mix, which was a headwind for RPD in 2025, will be a tailwind through the remainder of the year. Demand from our customers continues to look strong for the rest of Q2 and beyond. And we have line-of-sight to achieve our North Star RPU target in 2026, primarily through a plan that delivers positive RPD. This quarter reinforces our commercial strategy is delivering.

With that, I'll hand it over to Scott to walk through our financial performance.

**Scott M. Haralson**  
*Executive VP & CFO*

Thanks, Sandeep. Good morning, everyone, and thanks for joining. The first quarter demonstrated continued progress across the Business. Revenue momentum continues to build. Our unit economics are improving, and we are managing the business with discipline. While Q1 is seasonally our most challenging quarter, the better-than-expected results reinforce that the Structural Improvements we continue to make are translating into tangible financial outcomes. Before I get into the quarter, I want to briefly touch on the platform. You heard Gil talk about Oro, which we are excited to unveil.

We obviously view this business as an important piece of the platform that has the potential for high-growth at good margins and therefore, could have a sizable value accretion to the enterprise. As we have said before, Oro has the potential to be the most valuable asset in our platform, especially when we unlock additional value streams within Oro that are not being discussed today. Plus there's more to the platform than Aro. We are diligently working on similar strategic unlocks for both the fleet and services side of the business that will be rolled out over time. In short, there is a lot more this business is capable of than just renting cars.

Now, let me walk you through the quarter in more detail. I'll also cover liquidity and our updated views on Q2 and the full year. For Q1, we generated revenue of \$2.0 billion, up 11% year-over-year, driven by continued strength in pricing with RPD up approximately 5.5% and transaction days up around 3%. GAAP net loss for the quarter was negative \$333 million with an Adjusted Net Loss of negative \$224 million, an improvement of approximately \$105 million year-over-year. GAAP diluted EPS was negative \$1.06 and adjusted EPS was negative \$0.72, which was an Adjusted EPS improvement of \$0.35 versus the first quarter of last year.

Adjusted EBITDA was negative \$161 million, representing a \$141 million year-over-year improvement. EBITDA margin improved by 860 basis points to negative 8% from negative 17% in the first quarter of last year and coming in better than our guidance expectations. Recall activity was a headwind in Q1, up almost 300% higher than a year ago, taking an average of over 16,000 vehicles out of service each month. While we expected an elevated number of recalls, the lack of fixes to prior recalled vehicles and additional new recalled models drove a larger-than-expected number of sidelined vehicles in the quarter.

To partially offset the impact, we carried more fleet than originally planned. This drove higher depreciation expense and pressured utilization and transaction days. In total, elevated recalls reduced utilization by roughly 200 basis points, impacted transaction days by approximately 930,000, and resulted in a revenue impact of about \$50 million. The total impact to Adjusted EBITDA was more than \$25 million. Despite that, we still produced EBITDA results that beat our expectations.

Turning to cost. Adjusted DOE per Transaction Day was \$38.43, representing a 1.7% increase year-over-year. DOE per day was impacted by higher RPD-related variable costs that are EBITDA-accretive and EBITDA-neutral damages cost that are recovered through revenue. The reported increase was also partially driven by higher real estate expense tied to sale-leaseback transactions executed after Q1 of last year. When normalizing for these costs, DOE per day improved approximately 1.6% year-over-year, in line with what we would expect with an almost 3% increase in days.

More importantly, our RPD-to-DOE per day spread, an important indicator of profitability, improved by approximately 12% year-over-year. SG&A increased modestly year-over-year, primarily driven by higher advertising spend as part of our strategy to invest during seasonal trough periods. Importantly, as a percentage of revenue, SG&A declined from 12% to 11.6%, reflecting improved

operating leverage. Gross depreciation per unit per month for the quarter was \$296. Losses on the sale of vehicles drove an additional DPU per month amount of \$16, resulting in net DPU of \$312.

We typically experience losses on sale of vehicles in Q1 with expected gains on sale in the second and third quarters. This puts our expectations for Net DPU for the full-year below our North Star target of \$300 per unit per month. Turning to liquidity, we ended the quarter with \$837 million, which includes cash and cash equivalents and the available capacity under our revolving credit facility. In April, we completed an additional ABS financing that added \$200 million of liquidity in the second quarter. With other liquidity enhancements planned, we expect to end the second quarter with just under \$1 billion and look to end the year at north of \$1.5 billion.

Now before I talk about guidance for Q2 and the full year, let me talk about how our views on capacity growth for Q2 and the full year have migrated, particularly in relation to what our expectations were as we entered the year. We exited Q4 with positive pricing momentum and a desire to grow the different parts of our business, and new liquidity was going to be necessary to grow, given the abnormal drains on liquidity that are occurring this year, like the Wells Fargo litigation settlement and the reduction in our revolver size that occurs in June.

Early in the year, the plan was to add liquidity to fuel our growth for the year. We have since decided to limit capacity growth in the first half of the year and reevaluate it later for the second half of the year. One of the benefits of this business is that we can be nimble with supply, unlike in other businesses that can't efficiently pivot capacity that quickly. While we believe the majority of the RPD improvements Hertz has seen to date are from our Commercial Strategies and tactics, we do know that industry supply has been limited and that obviously has played a role in pushing RPD to healthier levels across the industry.

As with other businesses that have significant fixed costs like ours, there is constant tension between pricing, supply and unit cost. We appreciate that there is a balance between limiting supply for pricing power and the pressure that it puts on unit cost, and we are constantly assessing the impact of all of these on profitability and the Return on Invested Capital. We have North Star metrics that help guide broader, longer-term company initiatives that are particularly helpful in the transformation, but these are many times moving numerical targets. But they are grounded in the solid tactical strategies around revenue optimization, fleet efficiency, and disciplined cost management.

Those don't change, but as we have mentioned before, there are many ways to win in this business. We still have our eyes set on growth in the right places at the right time, but also look to optimize the balance between capital deployment, supply, unit revenues, and unit cost that produce the desired EBITDA and Return on Invested Capital outcomes in the short run. So with that preamble, let's talk guidance. For capacity, given the backdrop I just discussed, we're going to slightly reduce our outlook on days in fleet for the full year versus our original guidance expectations.

Days are now likely up in the mid-single-digit range versus the mid- to high-single-digit range we originally expected. Fleet is expected to be up low-single digits year-over-year versus our original expectations of up mid-single digits. Obviously, this puts some pressure on DOE per day, but we hope to keep that roughly flat year-over-year even with sizable pressure on revenue and related expenses. RPD should, however, continue to improve for the year to the point that we think we can produce a level of total revenue for this year that gives us a similar expected EBITDA outcome just with higher RPD and lower days than originally expected.

So, in total, we are maintaining our EBITDA margin guidance in the 3% to 6% range for the full year. As for Q2, we expect days to be down 2 to 3 percentage points year-over-year and fleet down about 1 to 2 percentage points as recalls continue to weigh on days production. With April RPD production strong, we expect the Q2 year-over-year improvement in RPD to be higher than Q1. We also expect Net DPU will be well below \$300 per month, as we expect to take sizable gains on the sale of vehicles in the quarter. Altogether, we expect an EBITDA margin in the low- to mid-single-digit range for the quarter. As for 2027, we still continue to target \$1 billion of EBITDA for the year.

With that, I'll turn it back to Gil for closing remarks.

**Wayne Gilbert West**  
*CEO & Director*

Thank you, Scott. A big story this quarter, of course, is our progress on the commercial side, especially in our revenue growth. But the even bigger story is cementing our position in the future of mobility with Oro. We haven't just been executing a turnaround, though make no mistake, that alone has taken a tremendous effort. We've been building quietly, deliberately, and with real conviction about where this industry is going.

Driving innovation at a century-old company isn't easy, but we're proving it can be done. Oro is not a bet. It's the result of doing the hard work, finding the gap, selecting the right partners, and putting our capabilities to work in new ways. We're strengthening our core

and building what comes next. That's the Hertz story right now, and I couldn't be more confident in where it's heading. With that, let's open it up for questions. Back to you, operator.

# Question and Answer

## Operator

[Operator Instructions] Your first question comes from the line of Chris Woronka of Deutsche Bank.

### **Chris Jon Woronka**

*Deutsche Bank AG, Research Division*

Thinking through all this news with Oro and some of your platform messaging, and I guess just trying to kind of assess how much Hertz is really worth today. I mean it seems like given all the changes, maybe some of the traditional valuation framework or metrics that we typically look at are potentially becoming a little bit less relevant and maybe could lead to a different approach in how we look at your company. I mean, how are you guys kind of internally thinking about valuation in light of some of these transformations and other business changes that you're making?

### **Wayne Gilbert West**

*CEO & Director*

Yes. Thanks, Chris. Great question. I'll start, and then I imagine Scott will want to chime in, too. So it kind of sounds like you've been sitting in our meeting rooms and Boardrooms. But I think candidly, the valuation of our business today is tough. The problem with our current valuation is that it's almost entirely based on traditional Rent-a-Car business, which is understandable. So that's a paradigm that's hard to overcome. It's hard for us just to say, hey, we are and we will be more than a traditional Rent-a-Car business and expect people to immediately assign different valuations to our business.

And then I'd just point out, historically, the company subordinated all parts of the Hertz Platform to optimize the Rent-a-Car business, which ironically might be the least valuable part of our platform. So, we're shifting that paradigm to really look at all parts of our platform as interrelated, stand-alone businesses to manage and create value around. So to change the way Hertz is valued, I know we're going to have to provide evidence and this week, we unveiled Oro and that business, if valued as a stand-alone, could have a sizable valuation. And then our Fleet business, as it continues to develop, should also have a sizable valuation.

As we think about it, after the Rent-a-Car transformation is largely complete, all these businesses together could have a real sum-of-the-parts impact that could be material to the overall valuation of the company. In fact, one of the issues we got to deal with will be each of the pieces of the platform, as we talked about it, have different growth rates, right? So also different margin profiles, different capital requirements and we will probably attract different investor types and different valuation methodologies and probably even different multiples to the business. So that's how we're starting to look at it.

### **Scott M. Haralson**

*Executive VP & CFO*

Yes. Chris, this is Scott. Thanks for the question. I think to Gil's last point, I think that's likely part of the disconnect between how the equity markets are beginning to view our stock versus maybe some of the price targets that the analysts on the call set. That traditional view of Rent-a-Car company valuations and multiples will probably need to be reevaluated to take into account the different aspects of the platform Gil was talking about and the sum of the parts attributes. I might even urge each of you to potentially even take a different approach to how you think about it, appreciating the nuances between transformational Rent-a-Car and valuing what is really a top 5 used car dealership.

And really, that has a competitive supply advantage. And then you have the mobility platform that provides what will be critical nuts-and-bolts infrastructure to rideshare, delivery, autonomous transportation. So I would just be curious how you guys view it after you take that sum-of-the-parts view. But I will say in fairness, Chris, that I have to acknowledge that we haven't made it easy for you guys to really value us correctly yet, given the limited information we give you. So that's on us. We'll figure that out. Along with figuring out the strategy around how to create the value, we also got to figure out the best way to report it, honestly.

I think, in the end, we'll need to figure out things like how to structure the company, the businesses that unlocks the greatest shareholder value and even how to structure the P&L and to report the businesses differently. We'll have to adapt the messaging and to this changing landscape. But I think more of these alterations over time, different viewpoints, I think, will definitely help people correctly value the business as we go forward.

### **Chris Jon Woronka**

*Deutsche Bank AG, Research Division*

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Yes. Super helpful. I really appreciate the thoughts, guys. If I could get a quick follow-up, you kind of hit on this in the prepared remarks, the DPU -- or sorry, the DOE per day, understanding your North Star targets, and I think DPU is pretty well understood at this point. But on DOE, do you envision a situation beyond '26, maybe it's '27, where you're not quite in that low 30s on DOE per Transaction Day, but you're maybe higher on RPD or RPU, whichever you like to look at.

Is that -- could that be kind of a -- as you mentioned, the same way to get to -- or a different way to get to the same outcome of \$1 billion next year. I wasn't sure if your comments about the being higher on RPD or RPU and higher on DOE exclusive to '26? Or could that be kind of a go-forward thing, too?

**Scott M. Haralson**  
*Executive VP & CFO*

Yes. Yes, certainly. Chris, this is Scott. I'll start. Yes, I think you kind of hit on it. Obviously, the spread between RPD and DOE per Day is the critical one. There's different ways to move the business that would change RPD and DOE per day, and that spread is critical. Obviously, we have targets around unit cost and everything. And so there's components of this that will have a bit of a longer tail. I would argue our cost management discipline is as much around long-term cost efficiency as it is just short-term cost cutting, which is complex in a transformational Rent-a-Car business setup.

And look, we got to return some scale back to the business that's been reduced over the last 5 or 6 years. And we'll also look to grow other parts of the platform. I'll argue a bit that today, our DOE expenses are 70% driven by labor, facilities, and maintenance and repair. We've done a good job on labor, workforce planning, collision repair has seen some increased volume, but we've done a good job with reducing rates, the way we pay for repairs. But facilities is a stickier cost. We probably have more footprint than we need given the current size of the fleet, and these costs are not the easiest to reduce given the lease terms.

But over time, we'll continue to manage that. But at the end of the day, we're going to need some scale. We've talked about this. But the good news is we don't need a ton of scale, right? There's a lot of leverage here. In fact, I would argue probably 10% to 15% more scale, we'd have a sub-\$35 DOE per day number. So it's in front of us. I think it's just going to take a little time, but it's just something we're going to have to deal with as we think through all the parts.

**Operator**

Your next question comes from Chris Stathoulopoulos of SIG.

**Christopher Nicholas Stathoulopoulos**  
*Susquehanna Financial Group, LLLP, Research Division*

Scott or, on the inflection here in RPU, if you could -- you called out a few things on the quarter, the partial shutdown, storms recall. If you could perhaps break those out, I just want to get a sense of how core is looking and then your confidence around maintaining that positive growth through the year. I know you're pulling in your fleet guide to low-single-digits. Just want to understand if there's other areas that give you confidence around that. I typically think about your booking window as the shortest within my coverage, so [ 030, 040 ]. Just want to understand your confidence around maintaining that growth through the balance of the year.

**Sandeep Dube**  
*Executive VP, Chief Commercial Officer & Director*

Yes, Chris, thanks for the question. This is Sandeep here. I'll talk about basically RPD and how we think about that, right? So the RPD improvement that we saw in Q1 is primarily driven by Hertz's unique commercial strategies and supported by broader market strength. I'll touch upon both of those. First, let me briefly cover the broader market strength reference. We've seen more pricing discipline in the market. I'd say, starting late Q4 and certainly more so all through Q1 and into Q2 so far, right? So the industry pricing has been positive, I'd say, and especially since mid-Feb, and consistently so.

From an industry-discipline context, it feels like we are now swimming downstream, and it's a contrast from what we felt before. So that's definitely encouraging, and that provides a good platform. But here's the main kicker, right? It's basically Hertz's unique commercial strategies, which we detailed a bit in the script. And I would characterize those strategies as the follows: first, unique in terms of the positive impact it creates for us. Second, largely durable and persistent in their accretive impact to our business. And this is largely irrespective of broader market conditions. And third, I'd say, growing in strength quarter-over-quarter.

We first articulated these commercial strategies in Q1 2025. And you can see the sequential improvement in year-over-year revenue and RPD since then. So 4 to 5 quarters of consistent year-over-year improvement. And the positive impact of these has now cumulatively led to positive revenue, RPD, and days in Q1 2026. I think what excites us is the journey ahead. We have a clear

commercial strategy and execution plan of initiatives over the next few quarters that will keep building momentum and a motivated team. Chris, we are on a different and a more exciting trajectory commercially than what we have had in multiple years prior to that. So yes, this is fun now.

**Wayne Gilbert West**  
*CEO & Director*

Yes. I would just add to, I think a big part of it is it all starts with demand, right? I mean when we talk about the sustainability of this, sustainable demand underpins everything on the pricing side. So I think the team has done a really good job structurally over the last couple of years building that demand. So whether it's direct demand through our dot.com type hertz.com loyalty channels, that's been big through partnerships, through commercial agreements, Corporates.

All of that really has helped us develop the demand side of the equation that then the RM-type strategies and initiatives can really resonate on. So I think Sandeep said it well. I think if anything, we feel confident those -- all of that is going to help us sustain improvements and where we're at and build off that as we go forward. In addition to whatever the broader market does on top of that is more of an amplifier.

**Christopher Nicholas Stathoulopoulos**  
*Susquehanna Financial Group, LLLP, Research Division*

Okay. And then it sounds like at some point, you're going to give us a little bit more disclosure on Oro and Hertz car sales. But in the meanwhile, as we look at your North Star RPU above or more than \$1,500 and the DOE low-\$30s. As we think about, I guess, the back-half and '27 and these segments start to grow, any color you can give us as we think about things like revenue and margin contribution until these segments are ultimately broken out?

**Wayne Gilbert West**  
*CEO & Director*

Yes. I think a little bit on maybe Oro to talk about that one first. I guess maybe in the materials, you've seen it. But I'd just point out that we have -- within that construct, we have 3 different businesses there. All of them kind of at different maturity levels, different growth rates, et cetera. So we're not just starting from scratch. We have kind of a platform we're building on. So we should see growth really across all 3 of these, but at different rates. So the first one I would describe as what would be the more traditional rideshare Rent-a-Car business where we're renting cars to rideshare drivers through the partnerships we've got with Uber and Lyft.

We've been at that couple of years. And now we're among the largest in the world. As I mentioned, I think, in the script, we've got over 40,000 vehicles, combination of EV and ICE vehicles, right? So that's kind of the existing platform. We continue to lean in and build off that. But then the other 2 businesses that really are new in a sense, at least to the broader market. We've been working both of these for at least the last couple of years. But the first one is where we've got the Oro-driven fleet where we've got this high-quality turnkey capacity we're providing to Uber. We've leaned in. We've leveraged technology to better manage the driver-life-cycle productivity.

We're also leveraging it to scale and in our safety performance. As we think about that, we're in a -- we're ramping through a measured market-by-market expansion, and we're scaling proven programs now. There's a clear line of sight to demand. This is a large addressable market. But as we move forward, we got to make sure the economics work at a market level. We've got to make sure we got the operational controls in place. And ultimately, we're scaling with discipline. So -- and we're gated by things like operational readiness, safety thresholds, economic returns.

We're just not after top line here. I want to emphasize that. But we do think this is going to be more and more a meaningful contributor to the overall company's results. And then the third piece of this is AV operations, right? And there, of course, with the partnerships that we've announced over the last week, we know we're -- we've got the ability to be a major player in this space. We've got unique capabilities that only a handful of companies can bring. The pace of AV growth, I think, is going to be probably maybe a little longer tail, but potentially much higher ultimately. So we've got kind of a whole spectrum here of 3 businesses within mobility with different growth rates, all with good margins that should be accretive to the company. But that vintage, we'll have to give you more color as we move forward.

**Scott M. Haralson**  
*Executive VP & CFO*

Yes. Chris, this is Scott too. I'll add a little bit to that. Oro is obviously an important piece of it. But as you think about the near-term P&L, '27, '28, I mentioned the spread. So RPD definitely moving in the right direction. I mean you heard Sandeep's commentary. U.S.

airports were up 9% alone on RPD. So, definitely positive RPD stuff. Oro is going to be great. Also, too, I mean, we have grown our fleet car sales F&I income, which sits in the revenue line. It's been the largest line we've had seen in recent history, and there's a ton of room to grow that without corresponding DOE and expenses associated.

Plus the other piece is we've talked about growing franchise, which has a direct revenue benefit with very little corresponding costs associated. So as we talk about growing revenue without cost, those are the things that are going to create that big spread going forward. So it's not just about Rent-a-Car RPD and the costs associated. There's other pieces that will create that gap.

### **Operator**

Your next question comes from the line of John Healy of Northcoast Research.

**John Michael Healy**  
*Northcoast Research Partners, LLC*

Would love to spend a little bit more time on the Oro opportunity. I love how you named it Oro. I think that means gold in a different language or a couple of different lanes.

Very cool move. But I would just love to get your thoughts about -- and I think, Scott, you mentioned we need to figure out how to monetize or get value for some of these pieces of the development that we haven't gone to market with. Can you get more granular with us on that? I think with Oro, you guys are actually hiring drivers in certain markets to kind of go with the fleet you're providing. So would just love to get your thoughts on just how some of these aspects of the operation might evolve from here?

**Wayne Gilbert West**  
*CEO & Director*

Yes. Maybe around the Oro-driven fleet piece. I'll talk just a little bit more about that. Scott, you may want to add some additional broader color on the valuation side. But I guess the first point I'd make here is that Oro is not entering into just a generic human capital business. I'll just say that upfront. But really, what we're trying to do here is provide -- think of it as turnkey rideshare capacity to Uber. Okay, turnkey. And we're really just -- we're putting the pieces we already have out there in place here. None of this is really new. So what we're doing really is operating fleets end-to-end under a contracted capacity supply.

And we're employing drivers as part of that equation. Keep in mind, we've got thousands of people already driving our cars that are employees. And so we're well positioned. We have all the pieces. We're just putting them together to fill a gap here. And we already manage a really large distributed workforces across the operations. We own the fleet. We have the maintenance and logistics. And I'd just point out, I think the model is superior to the traditional gig structure since it provides really a more predictable, more predictability and control along with higher quality in terms of the customer experience as well as safety performance. So there's value created around that.

And again, we're really deliberately scaling this, and we're gated, as I mentioned -- just mentioned about kind of the operational performance, safety thresholds, the economics, all those things. So the real focus is getting it right.

And the other thing I've got to point out here is that this is a real stepping stone to running AVs at scale, right? This is an operational cadence that's not normal for a Rent-a-Car company, even though we have all the pieces. So as we're kind of building that rhythm, it's directly applicable to the AVs. It's just without the drivers at that point. We're bridging really all the aspects of rideshare, but it's got application in other businesses like delivery, right, other potential partners. So this is -- these are big markets. We've got all the pieces and we can play in it.

**Scott M. Haralson**  
*Executive VP & CFO*

Yes. No, I think that's right on Gil. John, Look, I think we're not going to be able to talk a lot about the economics of the deal here. But I think what Gil pointed out is exactly right, which is this plays into the strengths of what Hertz does well. We're a big human capital provider. We employ thousands even those that drive cars today for us. And this is an extension of that, plays into the real estate footprint that we have today, the maintenance capabilities, the fleet management and control.

All of these things are most of things that we do today with a slight twist. But as Gil said, is a massive bridge to tomorrow's AV world. So this is a very nice extension of what we do today that will provide near-term benefit to the P&L while also setting us up for longer-term AV infrastructure capabilities.

**John Michael Healy**

*Northcoast Research Partners, LLC*

That's great. And Scott, just one follow-up question on the expectations for Q2. Did I hear you right and you said that you're expecting global days to be down, but for the year, we're going to be up mid-single digit. I was just hoping you could just run that past us again.

**Scott M. Haralson**  
*Executive VP & CFO*

Yes, that is right, John. We'll be down in Q2, which would imply up in Q3 and Q4. And obviously, there's some year-over-year nuances as days were probably a little smaller in Q4 last year. So there'll be some year-over-year nuance in the math. But yes, we won't be as big in Q2 as we would have liked given the macro demand economics, but that will recover a bit in Q3 and Q4.

**Operator**

We have reached the end of the Q&A session. This concludes today's call. Thank you for attending. You may now disconnect.

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