

# Hertz (HTZ)

Services Sector

**BUY**

Current price	Target price	Stop Loss	info@logicinvestments.eu
\$18.25	\$22.00-\$24.00	\$15.00	+353 1 901 4632

- **Stock buy-back plan of \$1bn (12% of market cap)**
- **Spin-off of the capital equipment business**
- **Carl Icahn, activist shareholder, has built a 11.6% stake**

Bloomberg HTZ  
NYSE

**Market data**

Market cap(\$m)	8,390
P/E (forward)	15.6
Dividend Yield	N/A
Beta	1.41
52-week high	\$28.08
52-week low	\$14.85

## Background:

Hertz Global Holdings is involved in the global car and equipment rental industry. It operates its equipment rental business through Hertz Equipment Rental Corp. It operates in four segments: U.S. Car Rental, International Car Rental, Worldwide Equipment Rental, and All Other Operations. The company rents various makes and models of cars, crossovers, and light trucks under the Hertz, Dollar, Thrifty, and Firefly car rental brands on hourly, daily, weekend, weekly, monthly, or multi-month basis primarily to individual travellers, large businesses, governments, and other organizations through a network of company-operated rental airport and off-airport locations, as well as franchise locations.

## Key Points:

### Turnaround Story

Hertz has been plagued by underperformance which in own opinion stopped when the new CEO took over a few months back. Mr Tague was the former CEO at United Airlines transforming it from the worst underperformer in the sector to the most efficient during his tenure.

**Catalysts** – Firstly, we have the 1 billion dollar buy-back program announced and being executed as we speak. The second major catalyst is the announced spin-off of the capital equipment business – and very possibly a sale of this business which would bring the plan forward. Thirdly, we have Carl Icahn on shareholders side with 3 board seats and a 11.6% stake in the company. Finally, we have seen continued insider buying.

On almost any metric this company looks excellent value – its trading less than 1 times revenue with very obvious catalysts.

**Risk Warning:** The value of shares can fall as well as rise; you may not necessarily get back the amount you invested. Past performance is no guarantee of future performance. Trading in derivatives such as Contracts for Difference or Foreign Exchange (FX) may not be suitable for all types of investor as they carry a high degree of risk. You may lose all of your initial investment and in some cases you may be liable for a greater sum than this. Extended runs of losses as well as profits can occur. Only speculate with money you can afford to lose. Changes in exchange rates may also cause your investment to go up or down in value. Tax laws may be subject to change. Please ensure that you fully understand the risks involved. If in any doubt, please seek independent financial advice.

