

Hertz selling 20,000 EVs from fleet, to reinvest in gas-powered vehicles

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Rental car giant Hertz on Thursday said it will sell about 20,000 electric vehicles from its U.S. fleet.

The offloading of those EVs will cut the company's global EV fleet by roughly one-third, Hertz said in a filing with the Securities and Exchange Commission.

The rental car giant said it would allocate funds it gets from selling the vehicles toward purchasing more internal combustion engine vehicles "to meet customer demand."

"The Company expects this action to better balance supply against expected demand of EVs," Hertz said. "This will position the Company to eliminate a disproportionate number of lower-margin rentals and reduce damage expense associated with EVs."

Hertz said it expects selling the EVs to "take place in an orderly fashion" during 2024. It started offloading them late last year, according to the company.

Ticker	Security	Last	Change	Change %
<u>HTZ</u>	HERTZ GLOBAL	7.27	+0.13	+1.82%

Various older model Teslas are available for purchase from Hertz, with prices as low as about \$20,000, the Hertz Car Sales website showed. Some recently had price tags below \$20,000, Electrek reported on Wednesday.

The company also has EVs from other automakers up for sale.

Hertz said it intends to "continue to actively manage the total size of its EV fleet, as well as the allocation of EVs among customer segments, including leisure, corporate, government and rideshare."

CEO Stephen Scherr said in late October last year that electric vehicles were approximately 11% of its overall pool of vehicles. Its global fleet averaged 590,000 vehicles – including ICEs and EVs – in the third quarter, according to the company's chief financial officer.

TESLA ROLLS OUT UPGRADED MODEL 3 IN NORTH AMERICAN MARKETS

In the fall of 2021, the rental car company said it would invest in acquiring 100,000 Teslas to help build its EV fleet.>

Hertz said Thursday it "will continue to execute its strategy around EV mobility" and keep making a "wide" selection of vehicles available to its customers.

"The Company continues to implement a series of initiatives that it anticipates will continue to improve the profitability of the remaining EV fleet," it said. "These initiatives include the expansion of EV charging infrastructure, growing relationships with EV manufacturers, particularly related to more affordable access to parts and labor, and continued implementation of policies and educational tools to help enhance the EV experience for customers."

Hertz disclosed the move to trim the number of EVs it has nearly a month before it releases its fourth-quarter earnings.

Hertz Global Holdings Inc.

The EV sales, the company said, will bring a \$245 million incremental net depreciation expense in the fourth quarter.