

Rental Mergers & Acquisitions: What You Need to Know

Presented by: David Felts

TM Capital, Atlanta Office



Who We Are

- 28-year-old independent middle market investment banking firm
- Over 300 transactions completed valued at over \$20 billion
- 33 professionals in New York, Boston and Atlanta
- 700 global **Oaklins** partners in 60 offices covering 40 countries
- Expertise advising clients in a full range of critical transactions

Demonstrated expertise in key industry verticals:



Business Services



Consumer / Retail



Healthcare

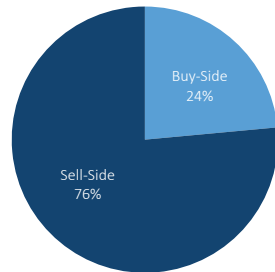


Industrial

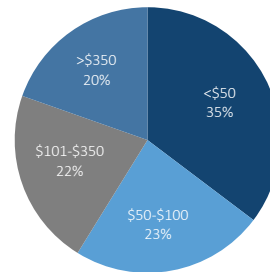


Tech-Enabled Services

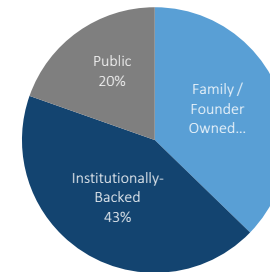
M&A Execution Mix



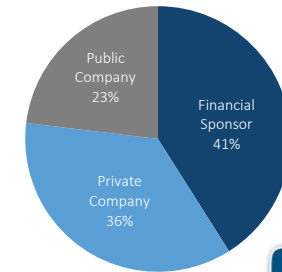
Client Revenue



Client Ownership



Buyer Mix



Reflects clients since 2011; \$USD in millions

Proven Success Executing Numerous Equipment Rental Transactions

TM Capital and its professionals have executed seven equipment rental transactions in recent years. Our team is available to assist with an acquisition, sale, divestiture, recapitalization or financing.

**PRIDE
EQUIPMENT CORP.**

has been acquired by



The undersigned served as financial advisor to Pride Equipment Corp. in connection with this transaction.

TM capital
An Oakline Member Firm

- TM Capital served as exclusive financial advisor to Pride Equipment Corporation in its sale to Sunbelt Rentals
- Headquartered in Islip, New York, Pride is the number one specialty aerial equipment rental services company in the New York metropolitan area and one of the largest independent aerial equipment rental companies in the U.S.
- TM Capital's professionals have closed seven equipment rental transactions in recent years, evidence of our unique knowledge and understanding of the category
- The transaction represents another success story for TM Capital which has a long history of representing family and entrepreneur-owned businesses
- Sunbelt Rentals constitutes the U.S. operations of Ashtead Group plc, a UK-based, publicly traded international equipment rental company with a market capitalization of over \$10 billion



airWorx

has been acquired by

HKW

Aerial Access Equipment
Building Relationships, Exceeding Expectations

a portfolio company of

SourceCapital | LLC

has completed a recapitalization

CRANERENTAL
CORPORATION
HEAVY HAULING • RIGGING • CRANES

a portfolio company of

HKW

has been acquired by

MAXIM
Crane Works, L.P.

a portfolio company of

Platinum Equity

One Source
RENTALS • SALES • SERVICE

completed a senior debt financing with

REGIONS

airWorx
construction equipment & supply

a portfolio company of

HKW

has been acquired by

KVCI

"TM Capital was the ideal advisor to help us successfully complete the sale of our 47-year old family business. The team's proven experience in the equipment rental industry, senior-level commitment and guidance in helping us navigate all aspects of this important and emotional event in our lives was evident throughout the process. TM Capital understood how important it was for us to find an acquirer of Pride that not only recognized the value of the Company, but also provided substantial growth opportunities for our employees. We are thankful to TM Capital for their expert guidance and support throughout the process."

— Charles Noto & John Noto, Co-Founders, Pride Equipment Corporation

ALH
ACCESS, LIFT & HANDLERS
**CONFERENCE
& AWARDS 2017**

Aerial Businesses Have Special Qualities

- Aerial Rental Businesses Have Unique Investment Highlights:
 - Strong Service Reputation
 - Product Knowledge, Breadth & Innovation
 - “A Logistics Business” Disguised as a Rental Company
 - Unique Scale, Mobilization and Duration Demands
 - OSHA Recordkeeping / Liability
 - Unusually Strong Customer Demand (95% rental penetration)
- These and Other Attributes Provide Defensive Moats

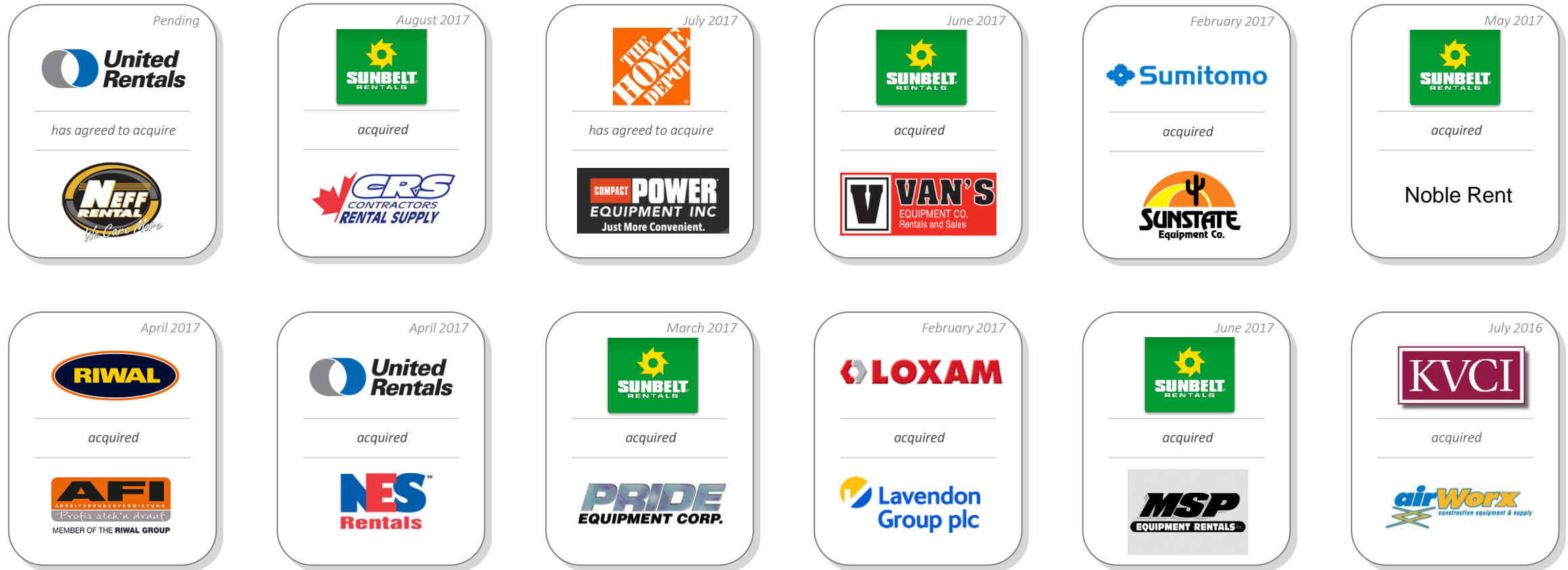
Significant Independents Nationwide

Company Name	Headquarters	Total Locations
 AERIAL ACCESS EQUIPMENT	Baton Rouge, LA	5
 AHERN RENTALS	Las Vegas, NV	81
 airWorx	Indianapolis, IN	4
 HR HIGH REACH 2	Sanford, FL	5
 ILLINI HI REACH, INC.	Lemont, IL	4
 KING EQUIPMENT	Chino Hills, CA	3
 MSP EQUIPMENT RENTALS	New Castle, DE	2
 One Source RENTALS • SALES • SERVICE	Plainfield, IL	9
 PRIDE EQUIPMENT CORP.	Islip, NY	1
 STAR RENTALS Preferred Supplier to the West's Best Contractors	Kent, WA	18
 SUNSTATE Equipment Co.	Phoenix, AZ	64



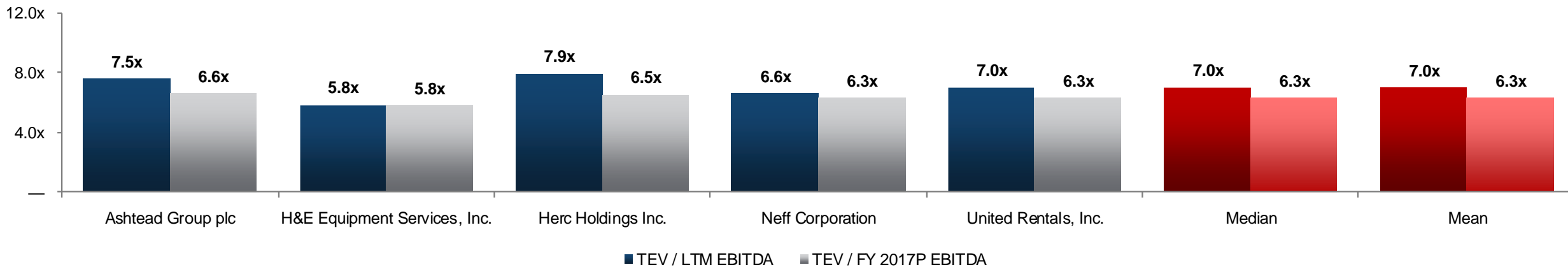
Note: Sunbelt has acquired MSP Equipment Rentals and Pride Rentals in 2017

Unprecedented M&A Activity

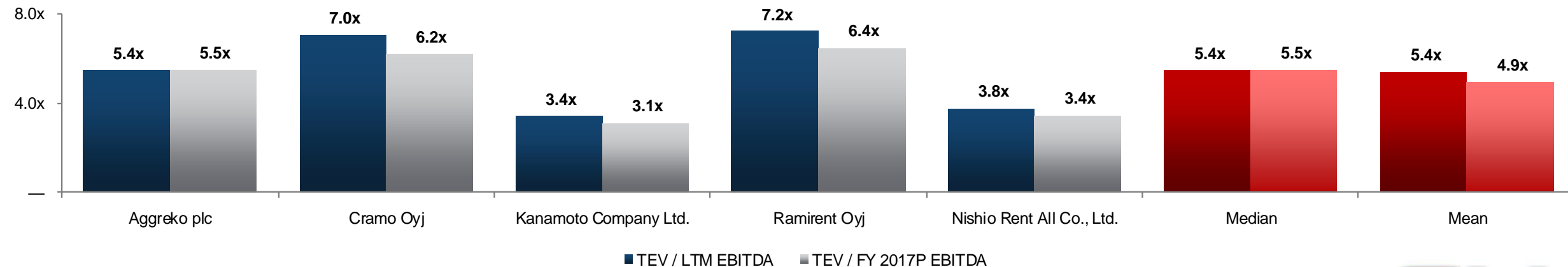


Current Trading EV / EBITDA Values

U.S. Presence:

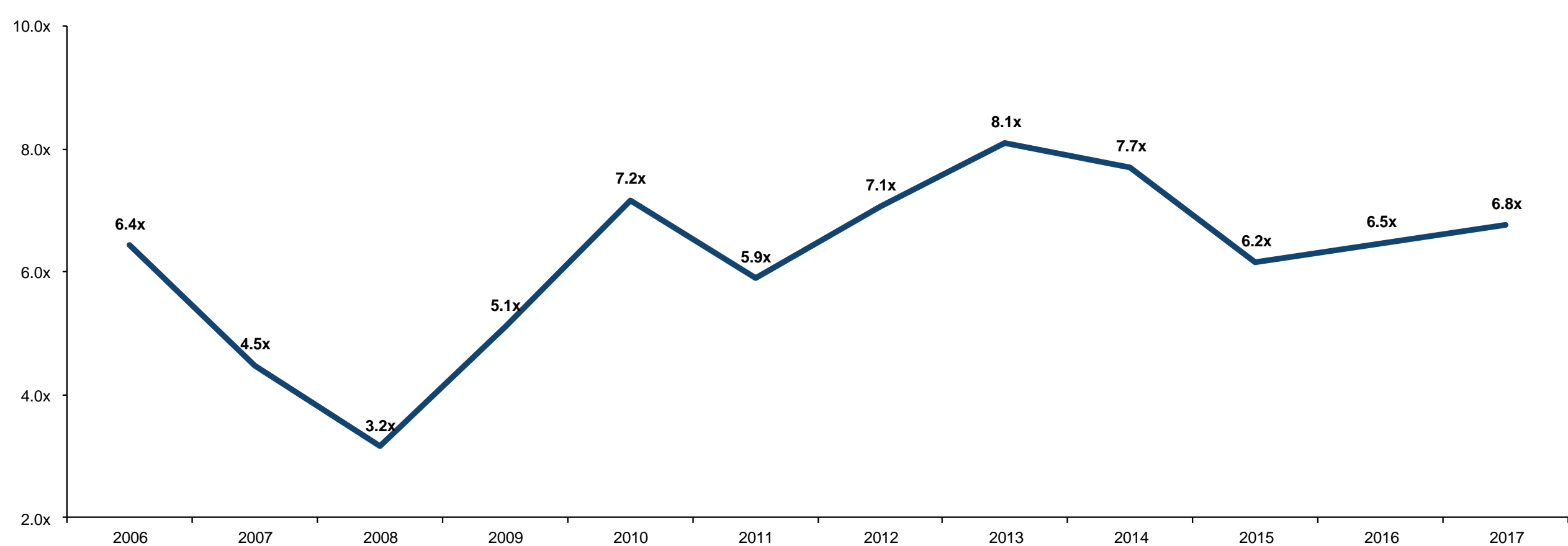


International Presence:



Historical Trading EV / EBITDA Values

Mean:



Note: Calculated using the historical year end EV / EBITDA multiples for Ashtead Group (LSE:AHT), H&E Equipment Services (NasdaqGS:HEES), and United Rental (NYSE:URI)

What is Driving Strategic Buyer Interest

- Structural Changes
- Customer Demands
- Free Cash Flow Reinvestment
- Valuations (their own) & Market Expectations
- Scale Opportunities & Economies
- Greenfield Limitations (bandwidth, people, earnings drag)
- Market Density & Access
- Product Breadth
- Acquisition Synergies (pricing, purchasing, operations & cross-selling)

What is Driving Private Equity Demand?

- **Strategic Buyer Demand**

- Better Understanding of the Model / Internal Cash Flows
- Competitive Pressures in Private Equity

Attractive Attributes of a Potential Seller

- Significant Local Market(s) Share
- Strong Service/Support Reputation
- Product Specificity
- Appropriately Aged Fleet
- Diverse & High-Value Customer Base
- Distributed Customer Relationships
- Solid Utilization & Flow Thru (with perceived room to improve)
- Adequate Technology (with perceived room to improve)
- Pricing & Logistics Improvement Opportunities

Typical Sale Decision Drivers

- Age & Liquidity
- Competition
- Fleet Reinvestment
- Technology Upgrades
- Customer Demands
- M&A Market Activity
- Buyer Interest & Valuations

Future Trends

- Evolving Drivers of Rental Penetration
- Dealer Business Model Evolution
- More Public Companies?
- Increasing Private Equity Interest
- More Size-Equal Deals (with financial support)
- Foreign Entry into North America
- Evolving Market Models (Rerent, Sharing Economy)