Business Area Rental Service

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Directions for Growth

Group strategy

Organic growth

Use of products

Asia
Rental Industry Growth

- The data for rental industry is not of the highest quality
- The two main drivers are the growth in the construction market and the increased use of rental
- The increased use of rental is obvious in construction and in industry
- CAGR 25 %
Total Equipment Fleet, US

Construction, USD 140 b.
- 80% Owned
- 20% Rented

Industrial, USD 180 b.
- 95% Owned
- 5% Rented
Equipment Rental Market, US by Customer groups

Total market:
- Construction: 60%
- Industrial: 20%
- Other: 20%

Atlas Copco:
- Construction: 50%
- Industrial: 40%
- Other: 10%
Customers for Rental Companies

- Residential construction
- Non-residential
- Industrial
- Homeowners and others

38%
19%
20%
23%

- Residential
- Non-residential
- Industrial
- Homeowners
Rental Market

Rental
• Major driver is construction activity and change in behavior

New equipment, parts, merchandise
• Major driver is market growth and market share

Used equipment
• Size and age of fleet increases the need to sell. Most obvious application for e-commerce
Industrial On-Site Potential

- U.S. Plants
  - > 1,000 Employees
- 1,432 Locations Available
Nationwide Reach
Current Organization

Business area

Prime Services  RSC  Shared services
Over 500 Locations
Pro forma Historical Growth

- Last 4 years
  - CAGR revenue 33%
  - EBIT 35%
- Last 2 years
  - CAGR revenue 19%
  - EBIT 21%
- Highest growth in rental revenues
Fleet

- Fleet at original cost: USD 2 b.
- Average Age: 2.5-3.0 years
- Time utilization: 58-60 % (measured as fleet on rent/total fleet at original cost)
- Structure: well consolidated, without really big pieces of iron
## Rental Service

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<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>Orders Received</td>
<td>1,085</td>
<td>3,030</td>
<td>179</td>
</tr>
<tr>
<td>Orders Invoiced</td>
<td>1,082</td>
<td>3,023</td>
<td>179</td>
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<tr>
<td>EBIT</td>
<td>83</td>
<td>390</td>
<td>370</td>
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<tr>
<td>- margin, %</td>
<td>7.7</td>
<td>12.9</td>
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<tr>
<td>EBIT excl. acquisition cost</td>
<td>124</td>
<td>474</td>
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<tr>
<td>- margin, %</td>
<td>11.5</td>
<td>15.7</td>
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- Rental highest profit margin segment
- Price pressure on rental rates: 3-4 % comparable
Business Area Revenue Split

- Rental revenue is the dominant revenue and will continue to be.
- New equipment is for the benefit of the customer.
- Parts and merchandise is a one stop shop opportunity for the customer.
- Used equipment is vital to stay in shape. Will grow substantially over time. Generates cash and gives the customer alternatives.

![Bar Chart]

**Last 12 mo.**

- Rental
- New equip., parts, merch.
- Used equip.
Growth Model

• Same store growth
• Cold starts
• Bolt on acquisitions
• Used equipment

Above market growth
50+ in 2000
19 closed deals since RSC acquisition
Above average growth
Hub/Satellite System

• Average Annual Revenue
  Hub: $3.0 million
  Satellite: $1.1 million
Typical Hub Location
Benefits
Satellite vs. Mom and Pops

- Fleet Depth and Breadth
- Fleet Flexibility
- Newer Equipment
- Lower Cost Position