Rental Service Business Area

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September 19, 2002

Agenda

- The Equipment rental industry
- Rental Service Business Area

Rental Industry Drivers

Why do customers rent?

- Increased need for customer focus
- Rental improves asset utilization
- Economic Uncertainty
- Need for increased flexibility and availability
- Rental avoids large capital outlays
- Additional capacity for specific job
- Peak period requirements
- Rental reduces storage and maintenance costs
Group Strategy – Growth

Use of products

- Service and parts
- Consumables
- Accessories
- Equipment rental

Rental Industry

- The majority of equipment used is still owned by contractors / industrial companies.
- Outsourcing trend is continuing
- It’s estimated that the major rental companies (10 largest) only represent about 25% of industry sales
  - The balance of the industry is made up by smaller independents, operating in local or niche markets

Largest Rental Companies

in North America

<table>
<thead>
<tr>
<th></th>
<th>2002 Rank</th>
<th>1995 Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>United Rentals</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Atlas Copco</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Hertz</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>NES</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>Sunbelt</td>
<td>5</td>
<td>2</td>
</tr>
<tr>
<td>Prime Service</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>BET Plant Services</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>U.S. Rental</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>American Equipment Rental</td>
<td>5</td>
<td></td>
</tr>
</tbody>
</table>

Source: Lehman Brothers, Rental Equipment Register
Estimated Market Leader by State
(Subjectively Based)

Rental Industry Revenue Growth
North America ($ Billions)

Market Segments
### Rental Service Business Area

**September 2002**

- **Market Coverage**
  - 41 States
  - 5 Provinces in Canada
  - Mexico
  - 522 Stores

### New Organization Structure

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<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>ISP</td>
<td>325</td>
<td>243</td>
<td>225</td>
<td>98</td>
</tr>
<tr>
<td>Field Operations</td>
<td>6,902</td>
<td>5,825</td>
<td>5,680</td>
<td>122</td>
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<tr>
<td>Support Operations</td>
<td>150</td>
<td>193</td>
<td>136</td>
<td>57</td>
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<tr>
<td>Mexico</td>
<td>7,377</td>
<td>6,261</td>
<td>6,056</td>
<td>211</td>
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<tr>
<td>Canada</td>
<td>1,322</td>
<td>1,214</td>
<td>1,103</td>
<td>109</td>
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</tbody>
</table>

### Rental Service

#### Growth and Profitability 1998-2002

- Including all restructuring charges

| Volume growth: Change in invoiced sales vs. same quarter previous year, %, left axis
| Revenues, MSEK, right axis
| 12 months operating margin, %, left axis
| Price: Change vs. same quarter previous year, % (left axis) |

- % MSEK

- Volume growth exclude acquisitions/divestments, price and currency impact
Operating Cash Flow

Rental Service

Going forward

Customer Focus and Service

- Vast product availability
- Strong local presence
- Just-in-time delivery
- 24-hour service
- Comprehensive maintenance program
- Professional, experienced sales force
- E-commerce solutions
RSBA Online Rental

Available 24/7/365 (even when stores are closed)
Self-service for select customers
No re-keying required to activate contract
Full Search—thousands of equipment types
Previous orders archived for easy access
EXCLUSIVE for Rental Service!

Online Rental Service

“Online Rental is GREAT! ...nice to be able to go online before or after hours, even on weekends, and do a rental!”
Murphy Rogers
Construction Mgr.
Aztec Industries

Sales & Marketing

- Continue to drive rental revenue
- Change of bonus systems and sales commission programs
- Selective store closures and cold starts
- Hub and Satellite program expanded
- Telemarketing
- Drive outsourcing trend by attracting more new customers
  - Rent vs. Buy marketing program
Drive Rental Revenue

<table>
<thead>
<tr>
<th>MUSD</th>
<th>Q3-01</th>
<th>Q4-01</th>
<th>Q1-02</th>
<th>Q2-02</th>
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</thead>
<tbody>
<tr>
<td>Daily rental revenue</td>
<td>4.4</td>
<td>3.9</td>
<td>3.6</td>
<td>3.9</td>
</tr>
<tr>
<td>EBIT %</td>
<td>9.3</td>
<td>3.0</td>
<td>3.6</td>
<td>5.0</td>
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</table>

Cost reductions

- Headcount reduction of 205 employees YTD
- Overhead reduction
- Selective store closures
- net 8 stores closed YTD
- Fleet cap
- New cost targets for 3rd and 4th quarter
- Interest cost reduction of 39% from p.y.
  - Continued strong cash flow
  - Interest rate reductions

Profitability

Time utilization and rental rates

- A rental company needs a high time utilization, i.e. fleet out on rent, in order to cover the fixed costs of the operation;
  - Fleet depreciation and interest
  - Stores
- However, the time utilization must be combined with high rental rates in order to provide an acceptable return
Price development

Profitability
Key flows
- Balancing the need for higher rates vs. utilization by offering:
  - High level of customer service
  - Equipment that has high availability and reliability, i.e. well maintained
  - Being close to the customer
- Maximize additional revenues and fees tied to the rental; e.g. fuel, damages, environmental charge, loss and damage waiver etc.
- Minimizing support and overhead costs

Capital efficiency
Key flows
- Minimize non-available fleet by improving lead times for:
  - Pick up equipment called off rent
  - Moving equipment efficiently through washrack
  - Servicing and repairing down equipment efficiently
- Rightsize the available fleet by getting rid off underperforming or low utilized assets
Fleet Development

![Bar chart showing fleet development from 2000 to 2005. The chart indicates changes in fleet availability over time.]

Industrial Rental

![Image related to industrial rental services, possibly showing a product or service offered by the company.]

Rental Service

![Image for rental service, possibly indicating a focus on industrial equipment.]

10
Industrial Rental Potential

$5Bn

Plant utilization

Source: http://www.federalreserve.gov/releases/g17/Current/default.htm

Prime Industrial Offerings

- Industrial locations
- On site locations
- Prime Energy
- Tool Trailers
- Tool Rooms
- MRO Supplies
Prime Energy Offerings

- **Products**
  - Portable oil-free compression
  - Large generator 250kw and larger
  - Temperature control
    - Chillers
    - Cooling tower
- **Applications**
  - Snow making
  - Nuclear plants
  - Substitute clean air
  - Bottle plants
- **Engineered solutions**
  - Another way into plant

Rental Service

Outlook

Summary

- Rental in North America has a strong potential
- Stability – Profitability – Growth
- Strong Cash Flow
- Rates have to improve