Rental Service
Freek Nijdam
Rental Service

Market position

- Leader in the U.S. equipment rental market
- #2 in size
- 490 stores and over 330,000 customers in the United States, Canada and Mexico
- Aims to strengthen market position by offering differentiation, availability, quality and service
- Customer friendly, decentralized organization serving customers in each local market

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North America
Rental Industry Revenue Growth

North America ($ Billions)


1982-1990 CAGR 34%
1990-2000 CAGR 15%
1982-2001 CAGR 23%

Rental penetration rates

Construction fleet, %

Source: American Rental Association

Note: Penetration of the industrial fleet is estimated to 2%

United States Australia Great Britain Japan

Industrial Residential Construction Non-Residential Construction

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Customer segments
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Revenue trends

- Total Revenues
- Rental Revenues
- Used Equipment Revenues
- Merchandise & Parts Revenues

Quarter
TTM

Time utilization

- Quarter
- TTM

Rental revenues - Volume development

- Quarter
- TTM
Fleet investments

Original Cost - MUSD

Cash Flow - MUSD

Fleet purchasing

Former Process

- Replacement based on age of individual items
- Central monitoring and decision
  - bulk buying
  - annual programs
- Used sales:
  - large portion through auctions and trade-ins
- Lack of coordination between buying and selling
- Resulted in:
  - too much fleet
  - pressure on rates
  - utilization < 60%
Fleet purchasing

New Process

- Decentralized responsibility to the regions
- Fleet cap established by region based on:
  - demand
  - rates
  - utilization
- Purchasing of units based on the red zone concept:
  - rates
  - utilization

Fleet purchasing

New Process

- Resulted in:
  - utilization >65%
  - non-available fleet <16%
  - increased sales of used equipment through retail channels and to end users
  - rate improvement

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Return on Capital

- Return on Capital Employed
- Return on Operating Capital
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**Competitive environment**

- United Rentals
  - Q3 volumes flat, prices positive
  - EBITDA down from 28.0% to 26.9%
- Volvo Rents
  - 41 franchisees, of which 3 in Ireland
- Nationrent
  - Out of chapter 11, privately held, recent debt offering oversubscribed
- NEFF
  - Privately held as from Q2 2003
- NES
  - Chapter 11
- Skyreach (Canada)
  - Filed for bankruptcy protection

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**Marketing and Sales**

**Strategy**

- Niche markets
  - On-sites
- Prime Energy
  - Other / temp control
- General contractor

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**Growth**

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**Rental Service**

**Online tools**
- Total Control
- Online rental
- eFacts

**Campaigns**
- 2003 fall campaign
  - Rent Vs. Buy II
  - 300K direct mailers
  - 20K opt-in emails
  - $200K media placements
  - Online Rental & eFacts
  - Total Control prospect booklets

**24 x 7 phone support**
- Servicing 445 stores
- English & Spanish
- 75,000 calls in Q3-03
  - 2/3 rentals and used equipment
  - 1/3 service
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*Price Support*

Provide information allowing each region to take action to maximize opportunities:
- Top opportunities report
- Pricing and fleet movement opportunities
- Pricing exception reports

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**Rental Service**

*Brand*

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**Rental Service**

*Sales & Customer Support*

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**Rental Service**

*Price Support*

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**Rental Service**

*Sales & Customer Support*

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Efficiencies

Regions and districts

- 8 geographical regions in U.S.
- Prime Energy
- Canada
- Mexico
- 70 districts
- 492 stores

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Decentralized organization
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District and store follow up

- Daily sales and fleet statistics
- Weekly benchmarks
- Monthly P&L and B/S

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Benchmarking Process

Manager gathers weekly measurements
DM reviews benchmarks and updates as needed
DM reviews results and gives feedback to store
Manager posts results on white board
Manager discusses results with employees
Regional Vice President
Manager transmits results to DM weekly

Flow for Improved Customer Service

FICS