

Business Area Rental Service

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Directions for Growth



Organic growth



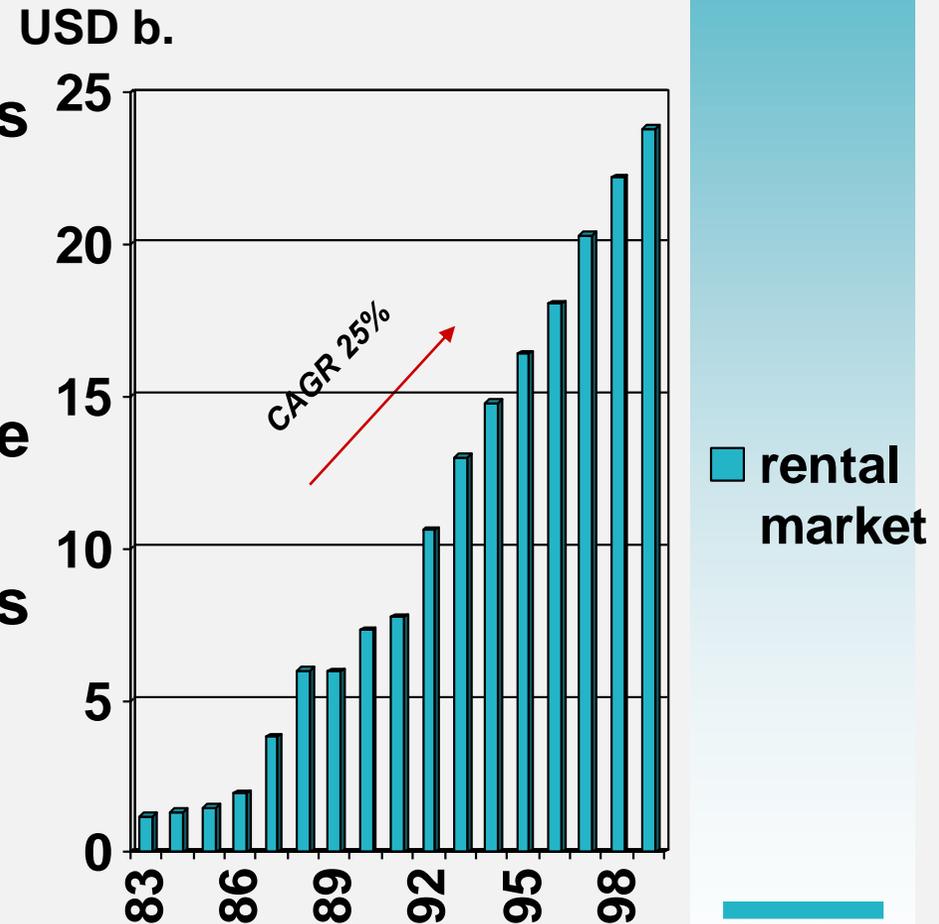
Asia



Use of products

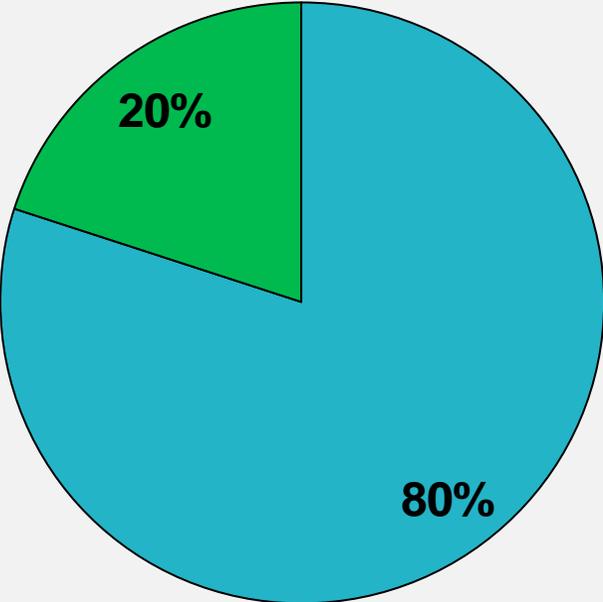
Rental Industry Growth

- 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 %



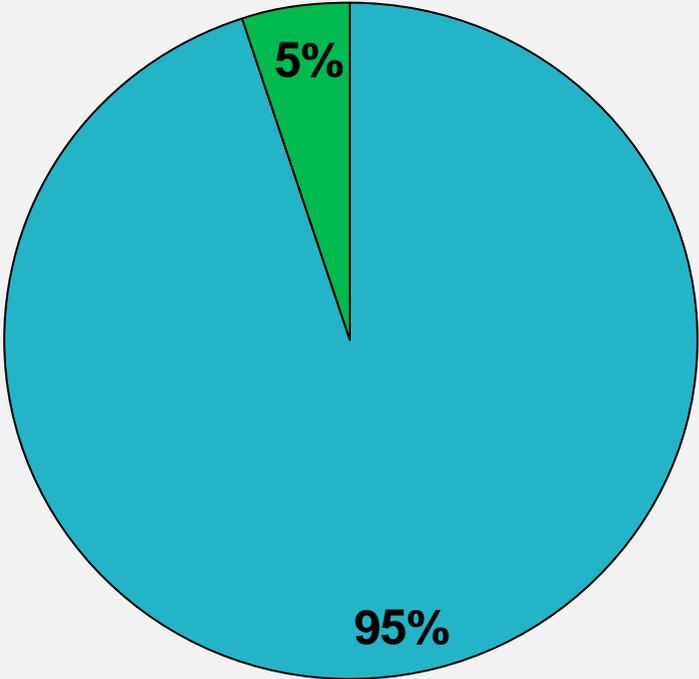
Total Equipment Fleet, US

**Construction,
USD 140 b.**



■ Owned ■ Rented

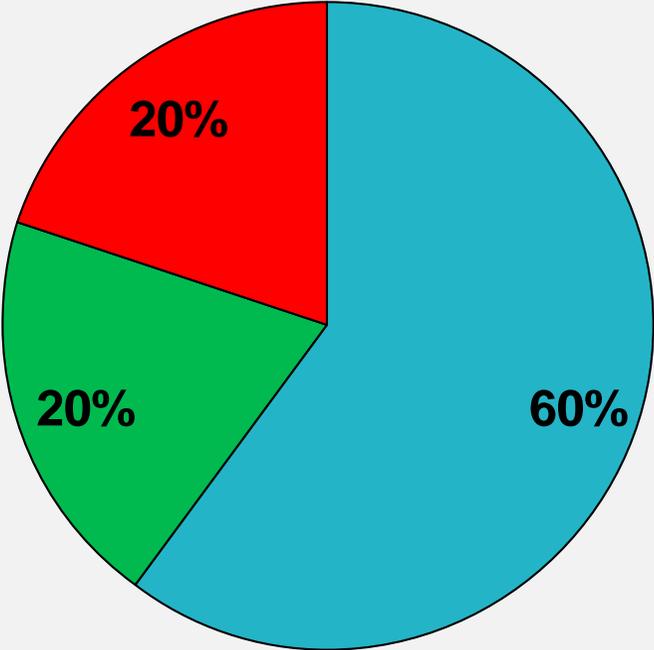
**Industrial,
USD 180 b.**



■ Owned ■ Rented

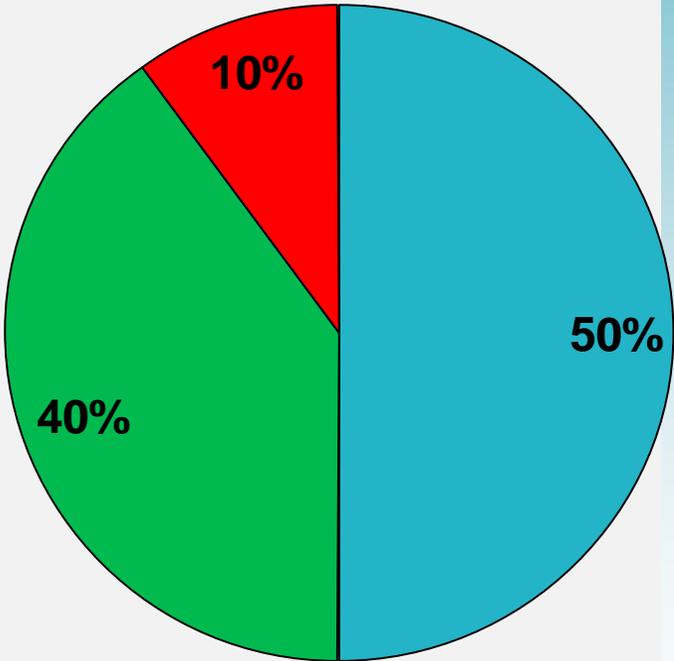
Equipment Rental Market, US by Customer groups

Total market



- Construction
- Industrial
- Other

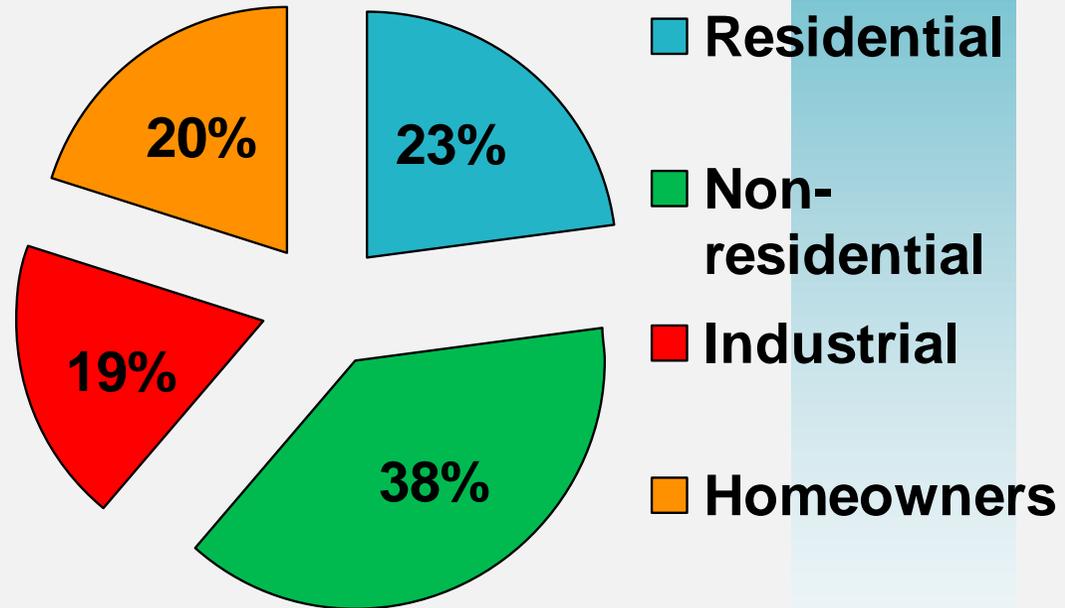
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- Construction
- Industrial
- Other

Customers for Rental Companies

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



Rental Market

Rental

- Major driver is construction activity and change in behavior

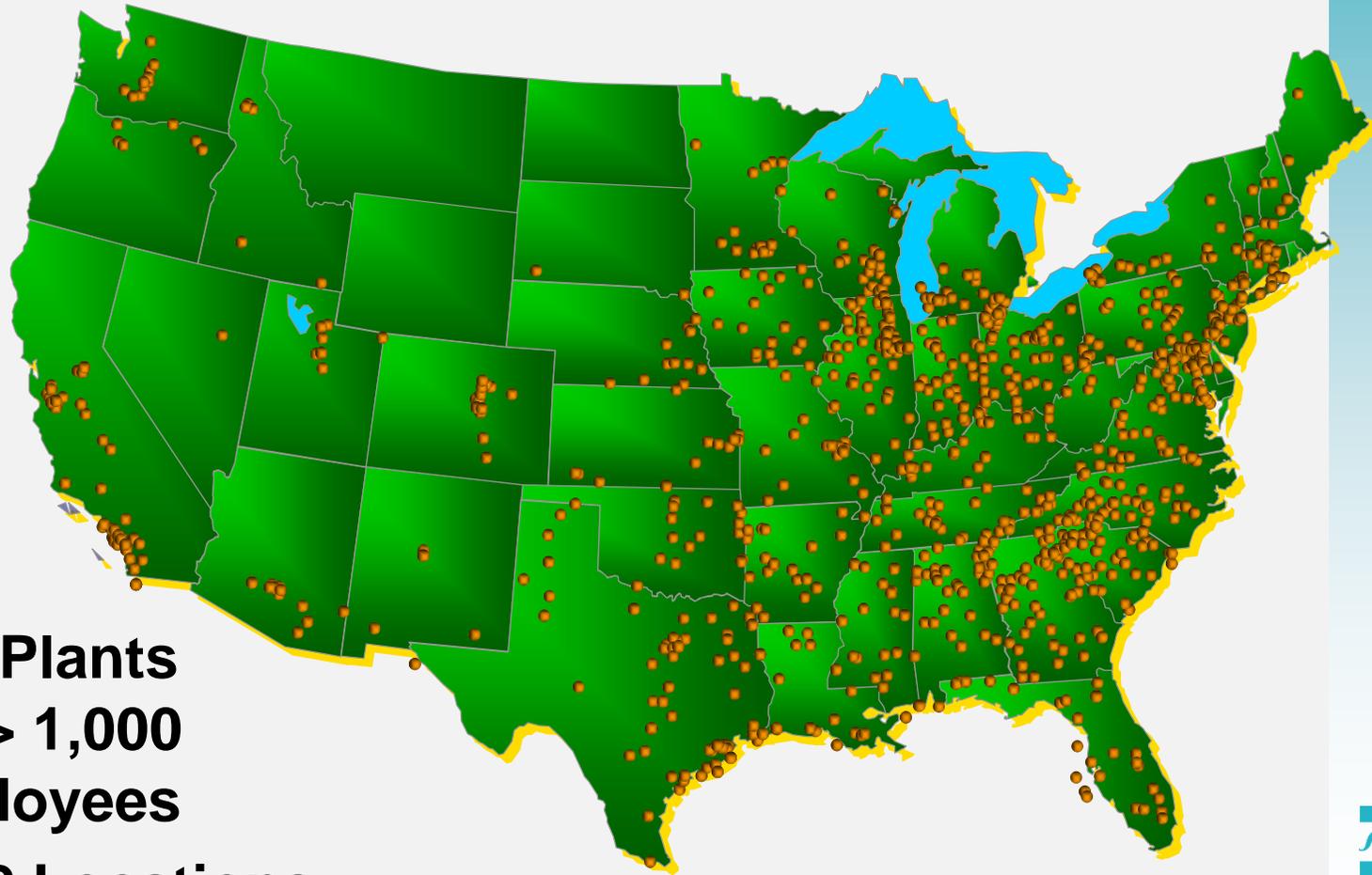
New equipment, parts, merchandise

- 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



OxyChem.



BASF



ExxonMobil



Brown & Root, Inc.

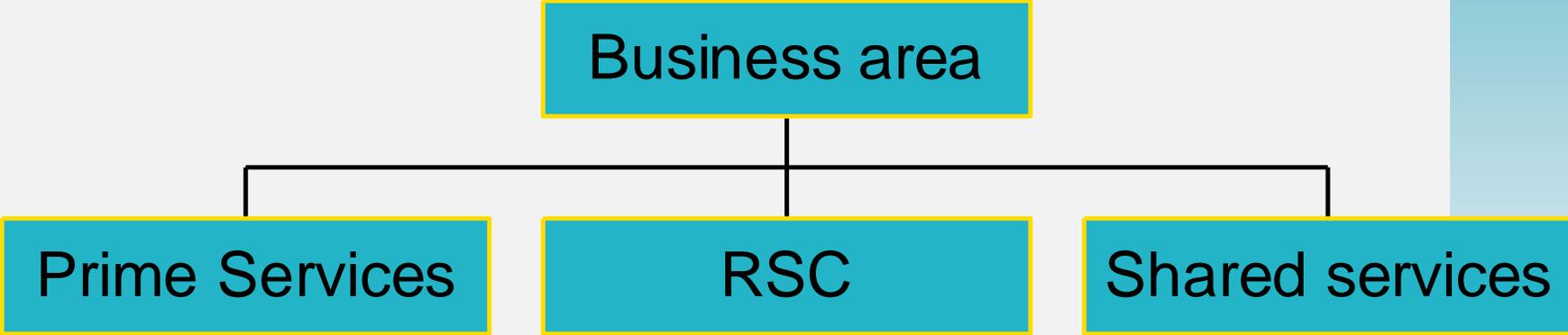


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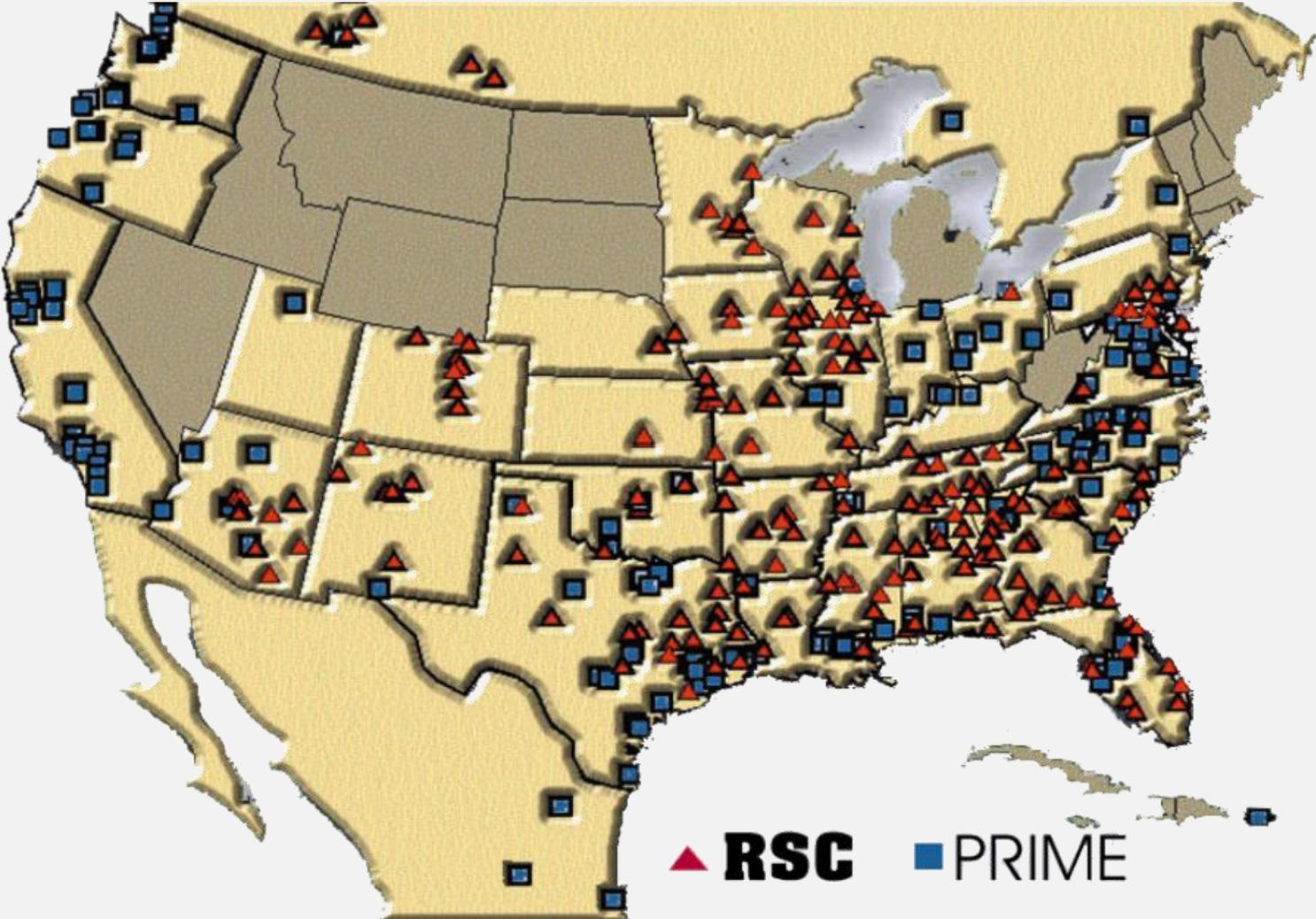
 The H.B. Zachry Company

Atlas Copco

Current Organization



Over 500 Locations



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**

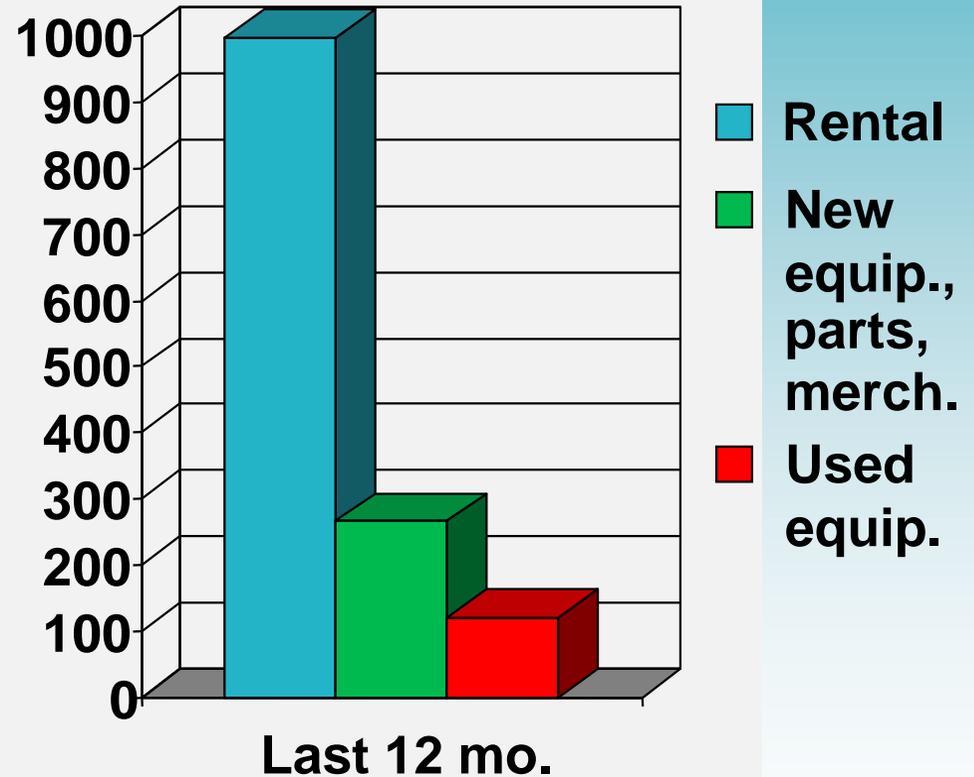
Rental Service

SEK m	Jan. - March 1999	Jan. – March 2000	Change %
Orders Received	1,085	3,030	179
Orders Invoiced	1,082	3,023	179
EBIT	83	390	370
- margin, %	7.7	12.9	
EBIT excl. acquisition cost	124	474	
- margin, %	11.5	15.7	

- Rental highest profit margin segment
- Price pressure on rental rates: 3-4 % comparable

Business Area Revenue Split

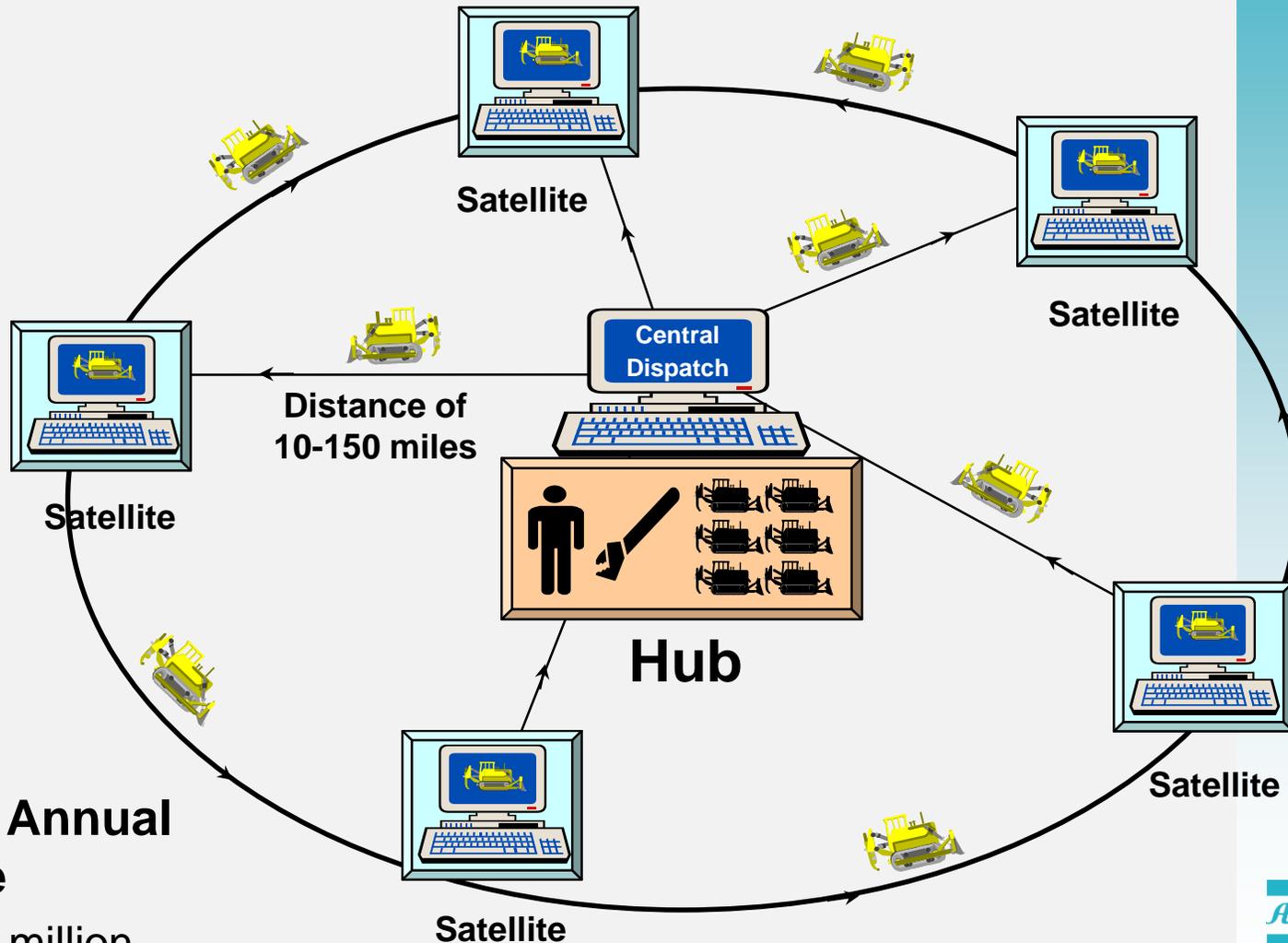
- Rental revenue is the dominant revenue and will continue to be
- New equipment is for the benefit of the customer
- Parts and merchandise is a one stop shop opportunity for the customer
- Used equipment is vital to stay in shape. Will grow substantially over time. Generates cash and gives the customer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



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





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