

Rental Service Business Area

Freek Nijdam
September 19, 2002



Agenda

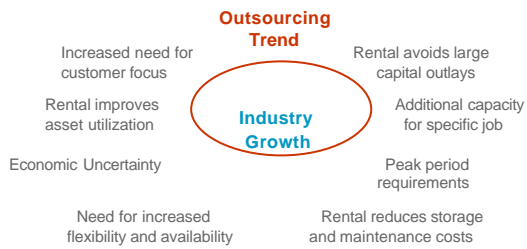
- The Equipment rental industry
- Rental Service Business Area

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Rental Industry Drivers

Why do customers rent?

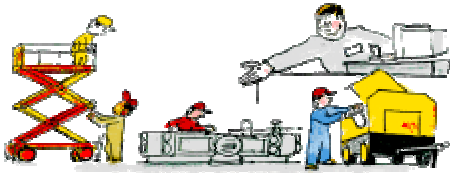


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Group Strategy – Growth Use of products

- Service and parts
- Consumables
- Accessories
- Equipment rental



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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

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Largest Rental Companies in North America

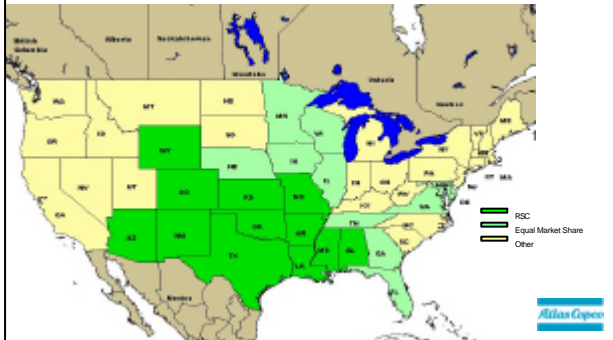
	2002 Rank	1995 Rank
United Rentals	1	
Atlas Copco	2	
Hertz	3	1
NES	4	
Sunbelt	5	
Prime Service		2
BET Plant Services		3
U.S. Rental		4
American Equipment Rental		5

Source: Lehman Brothers, Rental Equipment Register

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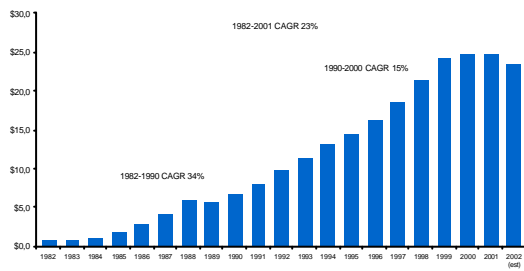
Estimated Market Leader by State

(Subjectively Based)



Rental Industry Revenue Growth

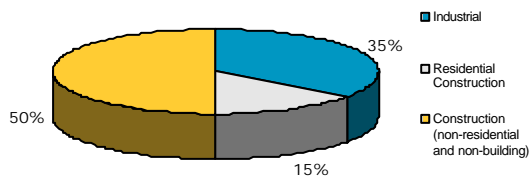
North America (\$ Billions)



Source: SchroderSalomonSmithBarney 1982-2001, 2002 is RSC estimate



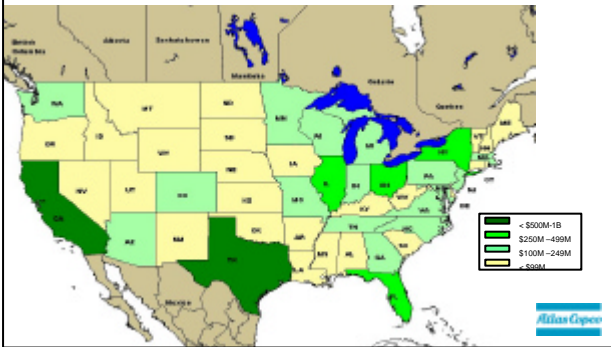
Market Segments



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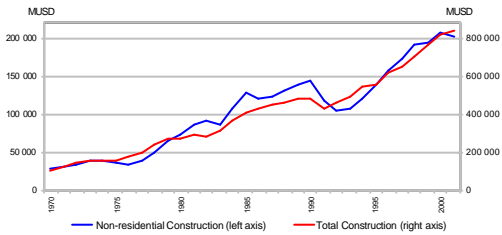


Construction Market Rental Potential \$20Bn



U.S. Construction

Construction Put in Place
Seasonally adjusted rate in current dollars
Source: U.S. Dep. of Commerce



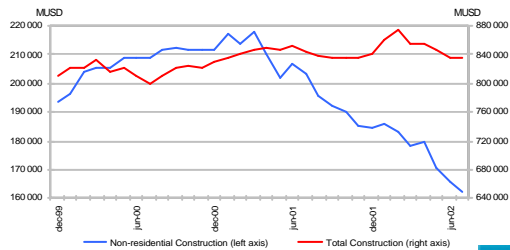
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U.S. Construction

Construction Put in Place
Seasonally adjusted rate in current dollars
Source: U.S. Dep. of Commerce
<http://www.census.gov/pub/const/C30/c30tab4.rpt>

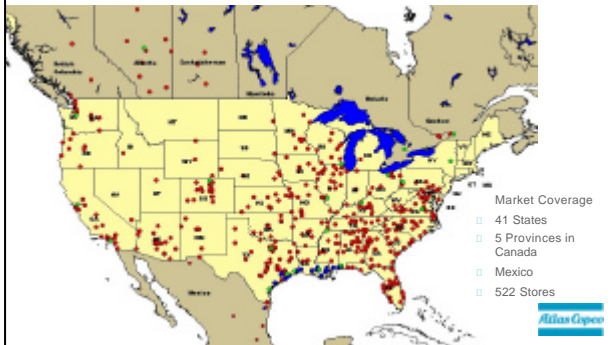
September 4, 2002



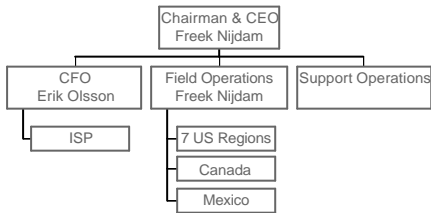
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Rental Service Business Area September 2002



New Organization Structure



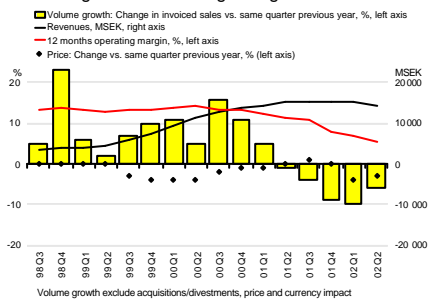
Headcount				
1/1/2001	325	6,902	150	7,377
1/1/2002	243	5,825	193	6,261
1/9/2002	240	5,680	136	6,056
Change	-85	-1,222	-14	-1,321

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Rental Service Growth and Profitability 1998-2002

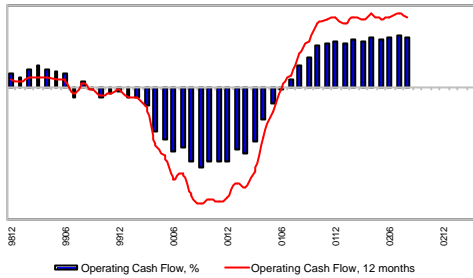
- including all restructuring charges



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Operating Cash Flow



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Rental Service

Going forward

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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

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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 to Rental Service!

Active Rental Card	Description	Qty in Cart	Buy Card
ASR	AIR COMPRESSOR 100-100-100	1	Available
ASR	AIR COMPRESSOR 100-100-100	1	Available
ASR	AIR COMPRESSOR 100-100-100	1	Available

Rental Reservation Summary

Equipment List:

Quantity	Equipment Description
1	AIR COMPRESSOR 100-100-100
1	AIR COMPRESSOR 100-100-100
1	AIR COMPRESSOR 100-100-100

Customer Information:
 Name: Murphy Rogers
 Title: Construction Mgr.
 Company: Attec Industries

Quote Request

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"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.
 Attec 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

MUSD	Q3-01	Q4-01	Q1-02	Q2-02
Daily rental revenue	4.4	3.9	3.6	3.9
EBIT %	9.3	3.0	3.6	5.0

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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

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Profitability

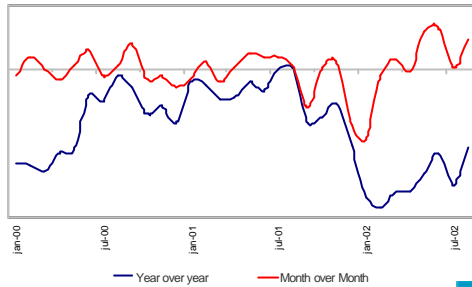
Time utilization and rental rates

- 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

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Price development



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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

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Capital efficiency

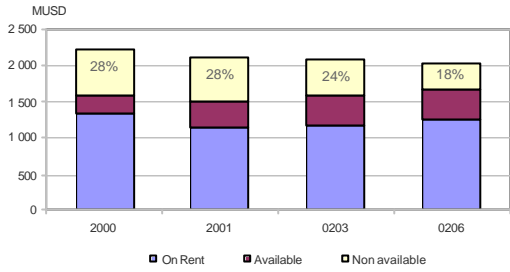
Key flows

- 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

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Fleet Development



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Industrial Rental



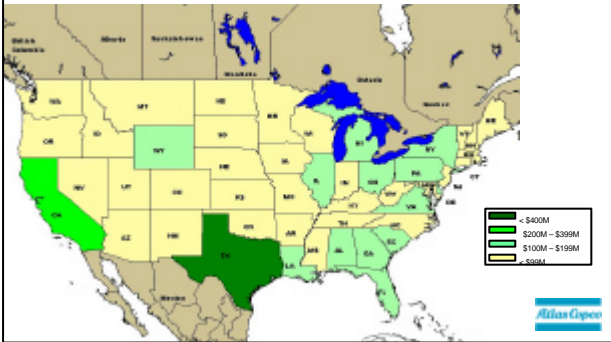
Rental Service



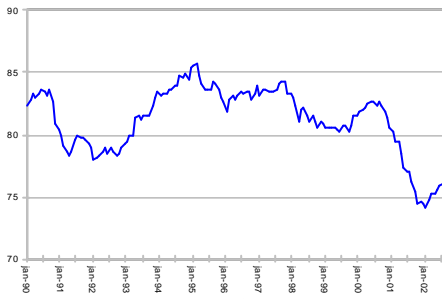
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Industrial Rental Potential \$5Bn



Plant utilization



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

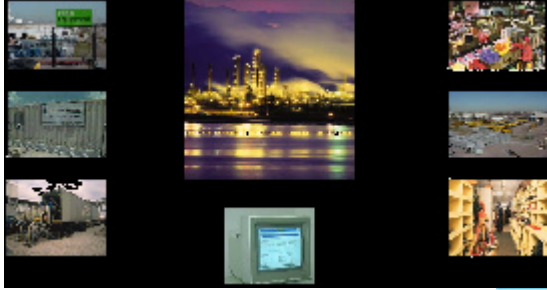
Prime Industrial Offerings

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

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Single Source Industrial Supplier Strategy



Total Control System

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Prime Energy



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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

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Rental Service

Outlook

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Summary

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

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