

Rental Service Business Area

Freek Nijdam
September 19, 2002



Agenda

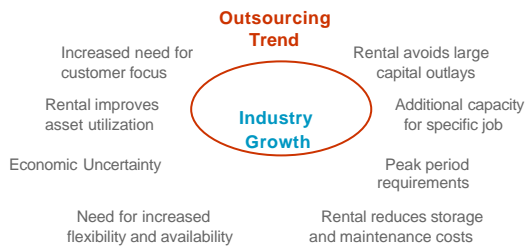
- The Equipment rental industry
- Rental Service Business Area

2



Rental Industry Drivers

Why do customers rent?

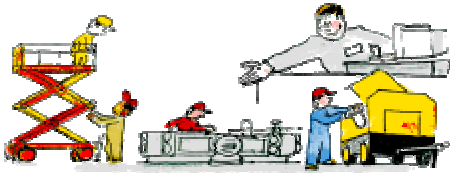


3



Group Strategy – Growth Use of products

- Service and parts
- Consumables
- Accessories
- Equipment rental



Atlas Copco

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

Atlas Copco

Largest Rental Companies in North America

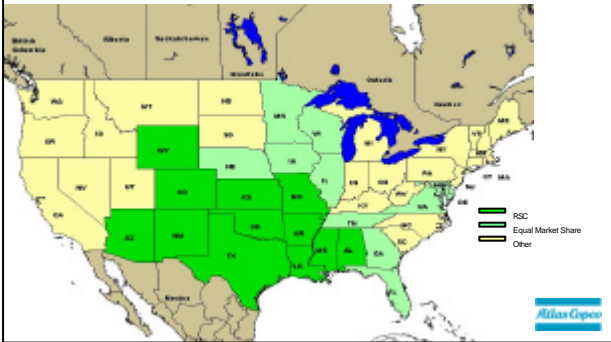
	2002 Rank	1995 Rank
United Rentals	1	
Atlas Copco	2	
Hertz	3	1
NES	4	
Sunbelt	5	
Prime Service		2
BET Plant Services		3
U.S. Rental		4
American Equipment Rental		5

Source: Lehman Brothers, Rental Equipment Register

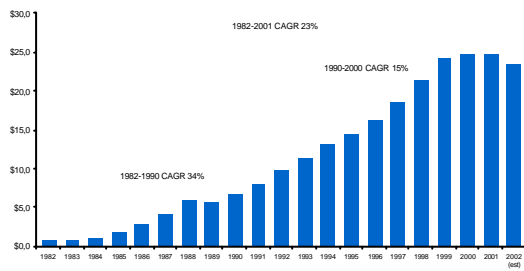
Atlas Copco

Estimated Market Leader by State

(Subjectively Based)



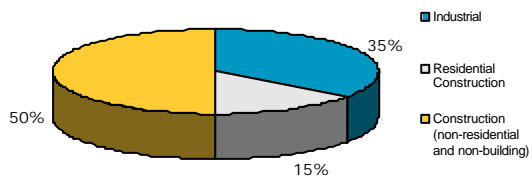
Rental Industry Revenue Growth North America (\$ Billions)



Source: SchroderSalomonSmithBarney 1982-2001, 2002 is RSC estimate



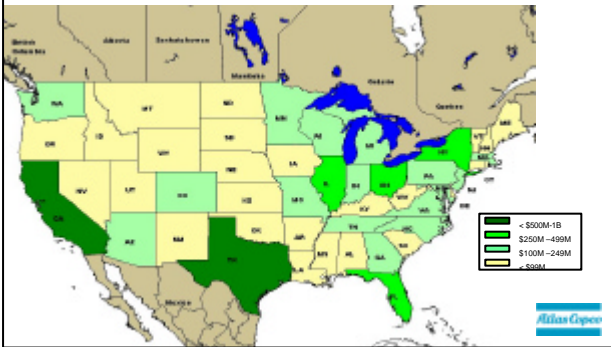
Market Segments



9

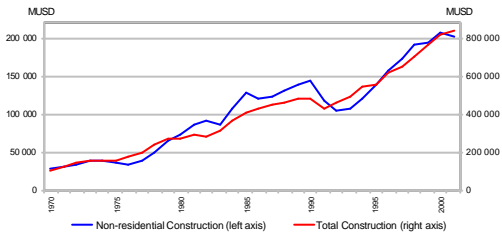


Construction Market Rental Potential \$20Bn



U.S. Construction

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



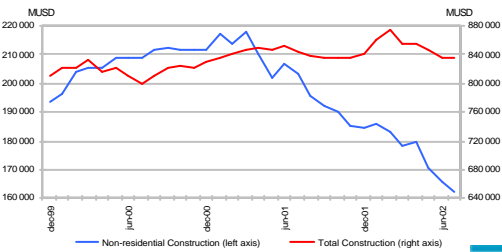
11



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>

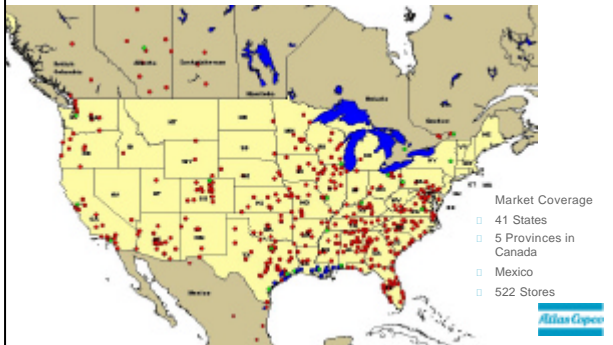
September 4, 2002



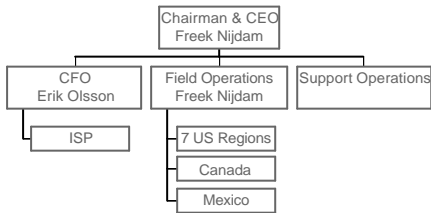
12



Rental Service Business Area September 2002



New Organization Structure



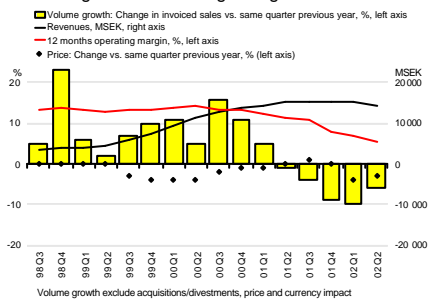
Headcount				
1/1/2001	325	6,902	150	7,377
1/1/2002	243	5,825	193	6,261
1/9/2002	240	5,680	136	6,056
Change	-85	-1,222	-14	-1,321

14

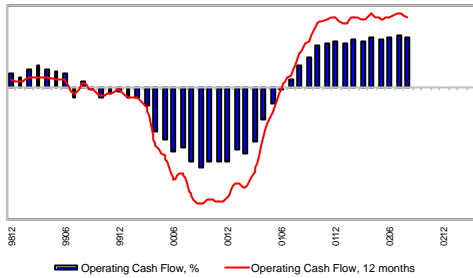


Rental Service Growth and Profitability 1998-2002

- including all restructuring charges



Operating Cash Flow



16



Rental Service

Going forward

17



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

18



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

20



"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

22



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

23



Profitability

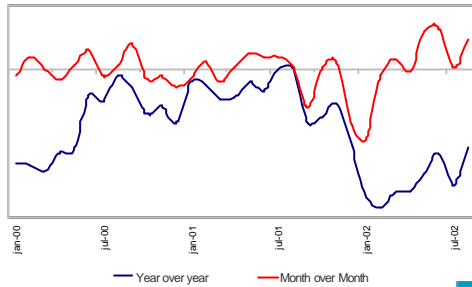
Time utilization and rental rates

- 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

24



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

26



Capital efficiency

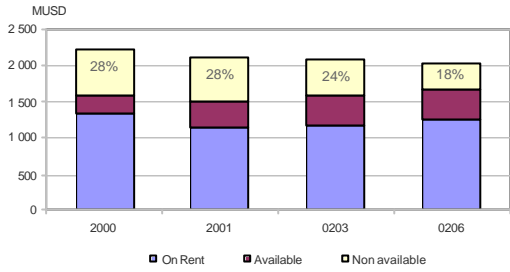
Key flows

- 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

27



Fleet Development



28



Industrial Rental



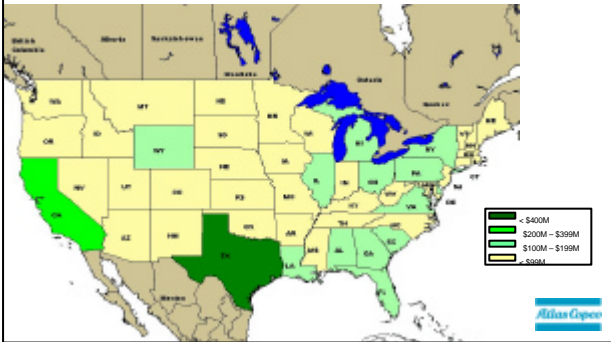
Rental Service



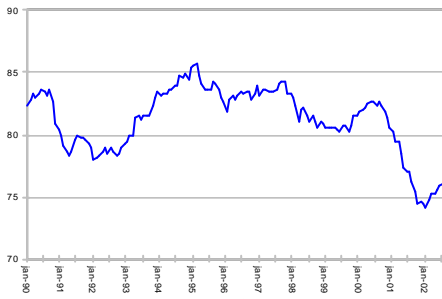
30



Industrial Rental Potential \$5Bn



Plant utilization



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



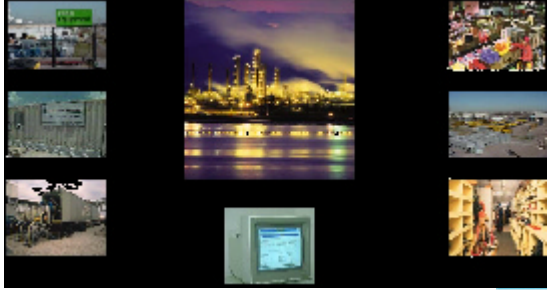
Prime Industrial Offerings

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

33



Single Source Industrial Supplier Strategy



Rental Service



35

Prime Energy



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

37



Rental Service

Outlook

38



Summary

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

39