TM CAPITAL EQUIPMENT RENTAL AND DEALER REPORT

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TM CAPITAL EQUIPMENT RENTAL AND DEALER SECTOR EXPERIENCE

EQUIPMENT RENTAL

WASTE HARMONICS
simplify | consolidate | save
A PORTFOLIO COMPANY OF
Prospect Partners
HAS BEEN ACQUIRED BY
ARCAPITA

CRANE RENTAL CORPORATION
HEAVY HAULING • RIGGING • CRANES
A PORTFOLIO COMPANY OF
HKW
HAS BEEN ACQUIRED BY
MAXIM Crane Works, L.P.
A PORTFOLIO COMPANY OF
Platinum Equity

PRIDE EQUIPMENT CORP.
HAS BEEN ACQUIRED BY
SUNBELT RENTALS
THE U.S. OPERATION OF
Ashtead group

airWorx construction equipment
A PORTFOLIO COMPANY OF
HKW
HAS BEEN ACQUIRED BY
KVCI

One Source
RENTALS • SALES • SERVICE
Employee Owned Company
COMPLETED A SENIOR DEBT FINANCING WITH
REGIONS

AERIAL ACCESS EQUIPMENT
A PORTFOLIO COMPANY OF
SourceCapital | LLC
HAS BEEN RECAPITALIZED BY
PLAINFIELD ASSET MANAGEMENT LLC

EQUIPMENT DEALER

Culligan by WaterCo
A PORTFOLIO COMPANY OF
Prospect Partners
Stone Pointe, LLC
HAS BEEN ACQUIRED BY
Culligan Water
A PORTFOLIO COMPANY OF
Advent International
GLOBAL PRIVATE EQUITY

vanguard TRUCK CENTERS
HAS BEEN ACQUIRED BY
Stephens

TIDEWATER
A PORTFOLIO COMPANY OF
Ironwood Management Partners Fund II, LP
HAS BEEN ACQUIRED BY
TECUM EQUITY

NAUMANN HOBBS MATERIAL HANDLING
The Performance People
A PORTFOLIO COMPANY OF
HCI EQUITY PARTNERS
HAS BEEN ACQUIRED BY
CenterGate CAPITAL

INTRODUCTION
OVERVIEW

Prior to mid-March, the Equipment Rental and Equipment Dealer sectors performed generally in line with expectations. However, as has been the case with nearly all sectors of the economy, the COVID-19 pandemic led to a sudden and sharp decline in both rental and dealer activity. Following the immediate drop, several public company earnings calls indicated that activity, while below normal, had stabilized.

Looking beyond the current COVID-19 headwinds, the Equipment Rental and Equipment Dealer sectors are well positioned to benefit from the long-term macro commercial construction, civil construction and infrastructure demand trends that have fueled growth over the past several years. In addition to these macro trends, various segment-specific drivers will contribute to recovery and growth. This Sector Spotlight will highlight the macroeconomic, industry and M&A trends supporting the long-term outlook in both the Equipment Rental and Equipment Dealer sectors.

EVOLUTION OF THE EQUIPMENT RENTAL AND DEALER SECTORS

The history of the U.S. Equipment Rental sector is characterized both by growth and evolution. What was once a small, highly fragmented sector primarily consisting of local, independent tool shops, is now a multi-billion-dollar industry with an enhanced ability to address the ever-expanding rental needs of both small contractors and national accounts. The two largest players, United Rentals and Ashtead (via Sunbelt, its U.S. operations), continue to drive growth through acquisitions and organic initiatives. Nevertheless, consolidation is in the early innings, and the landscape remains highly fragmented.

Although corporate buyers are driving the bulk of consolidation on a total-dollar basis, financial investors have been drawn to the market to capitalize on the sector's enduring trends. Rental companies are ready-made platform investments conducive to building economies of scale and exploiting both organic and bolt-on growth opportunities. These companies can expand without territorial constraints and can leverage scale, service and technology to capture market clearing share. The biggest challenge that most financial investors face when contemplating investments in the Equipment Rental sector is the perceived "capital intensity," which often results in dampened interest and/or below market valuations. ***It is our view that this is an incorrect assumption, and on page 8 we discuss why financial sponsors may be "missing the math" on the compelling cash flow dynamics of both the Rental and Dealer sectors.***

The U.S. Equipment Dealer sector has also evolved meaningfully over time. Much like the Equipment Rental sector, the Equipment Dealer sector remains highly fragmented – but for different reasons. Many dealers built their business on the backs of one or more exclusive territory relationships with major equipment OEMs. Although dealers benefit from the "protected moat" of exclusive territory, contracts with OEMs typically limit dealer consolidation through "rights of required consent" clauses. Thus, dealer growth has historically been limited to absorbing an adjacent, frequently under-performing dealer or adding new equipment lines, with the latter pathway sometimes resulting in a fragmented focus and requiring additional investment in parts and service. Candidly, many OEMs prefer the natural imbalance created by the relationship of big-OEM vs. small-dealer. OEMs hold the strongest hand, dictating terms of the exclusive territory agreements and even weighing heavily on the outcomes of M&A processes and strategic growth plans. While certain dealers, such as numerous multi-generational dealers within the Caterpillar (NYSE: CAT) and John Deere (NYSE: DE) ecosystems, have built solid financial foundations, many smaller dealers partnered with newer OEM entrants have not established similar financial strength.

Following the Great Recession, we have seen some shifts in OEMs' mentality regarding consolidation. Many OEMs now understand that having dealers with both the scale and financial strength to drive growth and weather downturns may be more strategic to their own growth objectives. While this evolving mindset has naturally fostered strategic-led M&A, it has also allowed financial investors, particularly long-term family office investors, to begin to enter the sector. In addition, financial investors are compelled by the increasing percentage of total gross margin (often in excess of 65%) derived from recurring parts and service.

KEY SECTOR TRENDS

Several key trends are driving the evolution of the Equipment Rental and Equipment Dealer sectors, including:

- **Continued Consolidation** – OEM and sector participants seek to grow market share, regional density, share-of-wallet and diversification across end markets, which, combined with increased financial investor interest, is driving M&A volume
- **Application of Technology** – In an already capital-intensive industry, Equipment Rental and Equipment Dealer participants are investing heavily in technology infrastructure and customer-centric interfaces to improve productivity, streamline costs and better serve customers – wresting market share from smaller, less well-capitalized participants
- **Proliferation of Specialty Equipment** – Historically, the Equipment Rental and Equipment Dealer sectors were dominated by a few key OEMs with a limited product scope. Today, participants have access to a vast assortment of specialty equipment from a range of OEMs to better meet the specific needs of customers. This creates an opportunity to build "trusted product advisor" and entrenched "one-stop-shop" relationships with customers – again at the expense of smaller, less well-capitalized or more narrowly focused competitors
- **Increasing Convergence Between Equipment Rental Companies and Dealers** – Historically, dealers focused on the sale of equipment and parts and service. During the Great Recession, many dealers were forced under financial pressure to extend their offerings to include longer-term rental or rent-to-own options. While they are not set up to compete with rental players for the logistically complex short-term rental, they increasingly overlap for the longer-term and often coveted higher-utilization rental opportunities

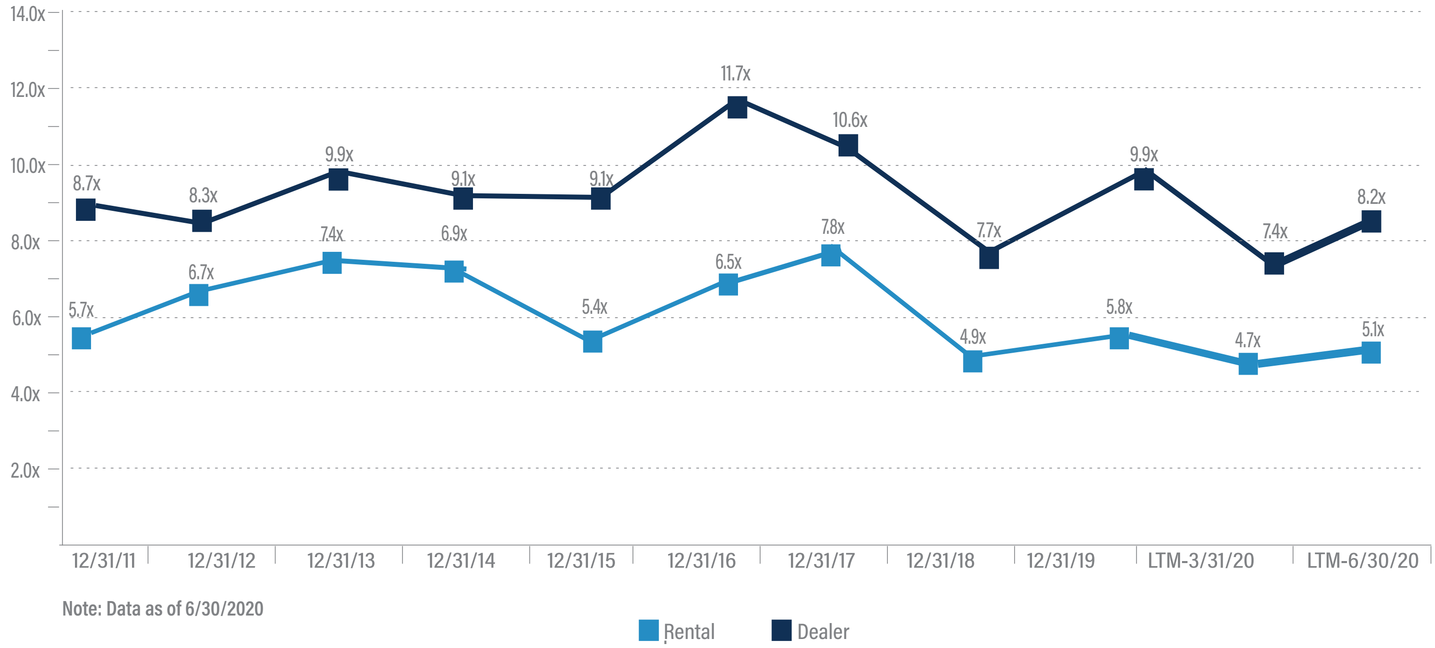
SUMMARY M&A DYNAMICS

The following dynamics are building competitive pressure and increasing the urgency of M&A:

- **Increasing Financial Investor Interest** – Within the Rental sector, market consolidation is inspiring greater financial investor interest, primarily from private equity, to build platform investments. The Dealer sector, driven by greater OEM receptivity and the attractive mix of highly profitable, recurring parts and service revenue, also presents a compelling investment. However, family office investors – which from an OEM's perspective closely resemble traditional family-owned dealers – have taken the lead in the Dealer sector
- **Evolving M&A Models Among Large Corporate Players** – Strategic buyers are pursuing more refined approaches to M&A. Some are focused on building national scale while others are focused on product specialization, end market diversification, regional density and/or OEM alignment. This diversity of M&A strategies results in increased transaction volume as large corporate buyers pursue targets specific to individual growth plans
- **Valuable Customer Base** – The greatest profit opportunity often resides with small and mid-sized customers that prioritize a "trusted product advisor" or "one-stop-shop" relationship over the most competitive pricing. It can take years to develop a broad base of such profitable customers, hence strategic players often see M&A as an attractive option to increase this base
- **Increased M&A Discipline** – There is greater scrutiny behind assessing the strategic, financial and cultural merits of a given transaction. The early days of consolidation are past; today, a seller must offer "strategic importance" – or a clear path to achieving it – in order to attract a premium valuation

In our experience, the best positioned sellers are those that demonstrate leadership in either a given value-added product vertical or geography; have a valuable customer base; and can benefit from aligning with a larger parent or from a new financial partner's capital and direction. As an illustration of valuation, the following chart highlights a set of public rental and dealer companies. While operating in an arguably deeper and broader M&A market than the Dealer sector, rental business models trade at a lower valuation given the perceived impact of required capital expenditures under a traditional view of free cash flow. The Dealer sector, while experiencing a less robust M&A market, trades at a higher valuation primarily driven by the higher percentage of recurring parts and service revenue and protected territories, which result in superior gross margins and performance stability over time.

HISTORICAL EQUIPMENT RENTAL AND DEALER ENTERPRISE VALUE / EBITDA TRADING MULTIPLES



INTRODUCTION

MISSING THE MATH

Having completed multiple Equipment Rental transactions, we believe that many financial investors often misread the fundamental economics of this sector. These companies have much greater flexibility in adding or subtracting productive assets than what is typically the case for industrial companies. Even more, they can do so on a 100% or near-100% leverage basis, with asset-based financing tied to underlying asset values rather than cash flow. As proven in the Great Recession, even in the worst of times, almost all rental companies were able to "defleet," generate substantial cash flows and position themselves for quick recovery.

Most financial investors look at "EBITDA minus Capex" as the basis for valuation. We see five problems with that methodology:

- First, it is critical to separate "maintenance capex" (what is needed to keep the fleet constant) versus "growth capex" (which is discretionary). Growth is often the larger component
- Second, given accelerated depreciation, rental companies are far more tax efficient than other basic businesses
- Third, as evidenced when it makes sense to "defleet" (for example, at the end of a large, multi-year project or during a market contraction), capex can actually be a positive number as assets are sold – contributing substantial incremental cash flow
- Fourth, as we illustrate below, capex is not a "fixed charge" that should be deducted from EBITDA; it is a use of cash that may be deferred, fully financed, or funded from cash flow
- Lastly, and importantly, ***the multiples already reflect the presence of higher-than-typical capex***

Public rental companies trade at enterprise values typically between 5.5x to 7.0x EBITDA – well below broader market multiples. Where potential buyers try to apply that lower multiple, which already reflects the capex burden, against an "EBITDA minus Capex" amount, they "double count" the impact of capex and render themselves uncompetitive.

This issue is further compounded by EBITDA itself being understated. In the instance of "used equipment sales", where COGS is burdened with out-of-period costs for capex that was paid out years earlier, the operating cash flow generated is much higher than that which is reflected in the calculation of GAAP EBITDA.

HOW A RENTAL COMPANY OWNER'S "CHECK BOOK" SEES CASH FLOWS

\$10m EBITDA – \$4m Capex + \$4m Revolver Financing – \$800k Interest Expense – Zero Taxes = \$9.2m Cash Flow

HOW A TYPICAL PRIVATE EQUITY INVESTOR ENVISIONS CASH FLOWS

\$10m EBITDA – \$4m Capex – \$800k Interest Expense – Zero Taxes = \$5.2m Cash Flow

Having completed multiple Equipment Dealer transactions, we see private equity funds and other financial investors facing similar challenges in arriving at market-clearing valuations in this sector, as well. Again, there are several elements:

- First, and similar to rental companies, dealers often require a significant investment in fleet – but a fleet held as "inventory-for-sale." Like rental companies, dealers typically have "floor-plan financing" which is often 100% or almost-100% asset-based financing. Again, these businesses can carry higher leverage at a significantly lower cost to support their inventory versus a typical cash flow acquisition loan

- Second, given geographic exclusivity, current and future EBITDA is highly protected

- Third, as we will discuss further, cash flow benefits from highly profitable, recurring aftermarket parts and services as well as contractual long-term rentals

Nevertheless, we believe that the Dealer sector still carries a "stigma" as an off-balance sheet warehouse of OEM product. In reality, given advances in OEM cycle-times, dealers today can act more as agents for orders versus purely stocking dealers.

The public market has clearly digested this divergence, with publicly-held dealers trading in the 8.5x to 10x range – a 3x to 4x multiple premium over publicly-held rental companies. Despite this, we see private market investors often ascribing a zero to a modest 1x to 2x multiple premium to comparably sized rental companies.

Perhaps this accounts for the advantage family offices seem to enjoy as investors in this sector. Interestingly, many family offices have histories that include automotive, truck, ag, construction and other dealerships. It may be that this intrinsic comfort level with the attractiveness of these dealer cash flow elements supports a lower discount rate and a higher valuation versus traditional private equity. That said, we believe we are seeing the early innings of more private equity groups stepping into this arbitrage and securing, along with their family office brethren, market-leading platforms for their LPs at attractive relative multiples.

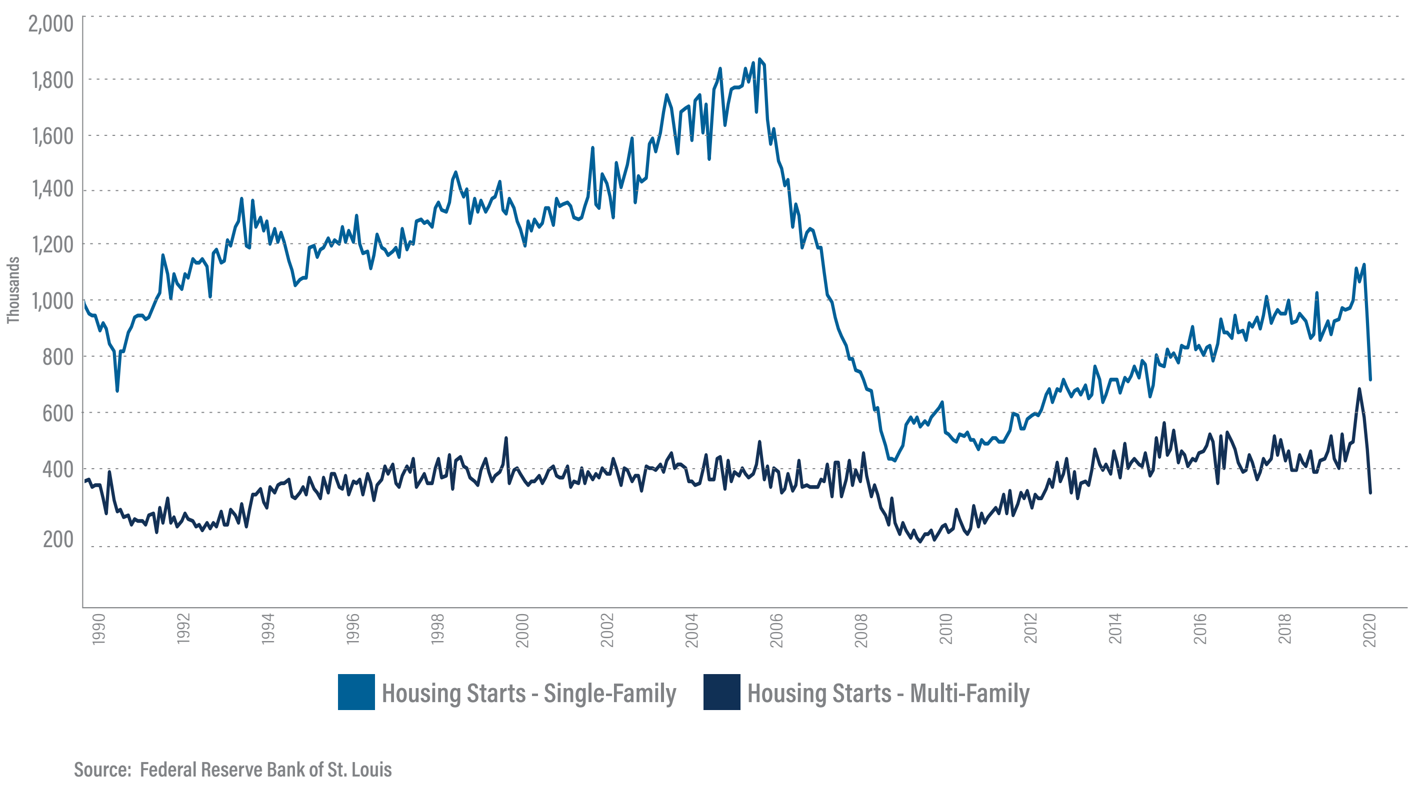
INTRODUCTION
FAVORABLE SECULAR PROSPECTS

Equipment rentals and sales are closely tied to the performance of downstream markets, including homebuilding, commercial construction and infrastructure. In recent years, robust economic activity in these areas supported significant demand. Post-pandemic dislocation, these sector tailwinds provide a runway for further expansion for years to come.

U.S. HOUSING STARTS REMAIN WELL BELOW HISTORICAL AVERAGES

Coming out of the 2009 trough, U.S. single- and multi-family housing starts grew gradually. In February 2020, single-family starts reached a decade high; however, they remained 41% below the prior peak - partially the result of the very steep drop in income from 2007 to 2012. Multi-family starts, generally associated with rental housing, have seen stronger growth, peaking in January 2020 with 612,000 starts, 45% above their prior peak, as slow growth in income levels deferred aspirations for homeownership. As of May 2020, there has been a notable drop in both single- and multi-family housing starts as COVID-19 impacts new construction.

HOUSING STARTS OVER TIME

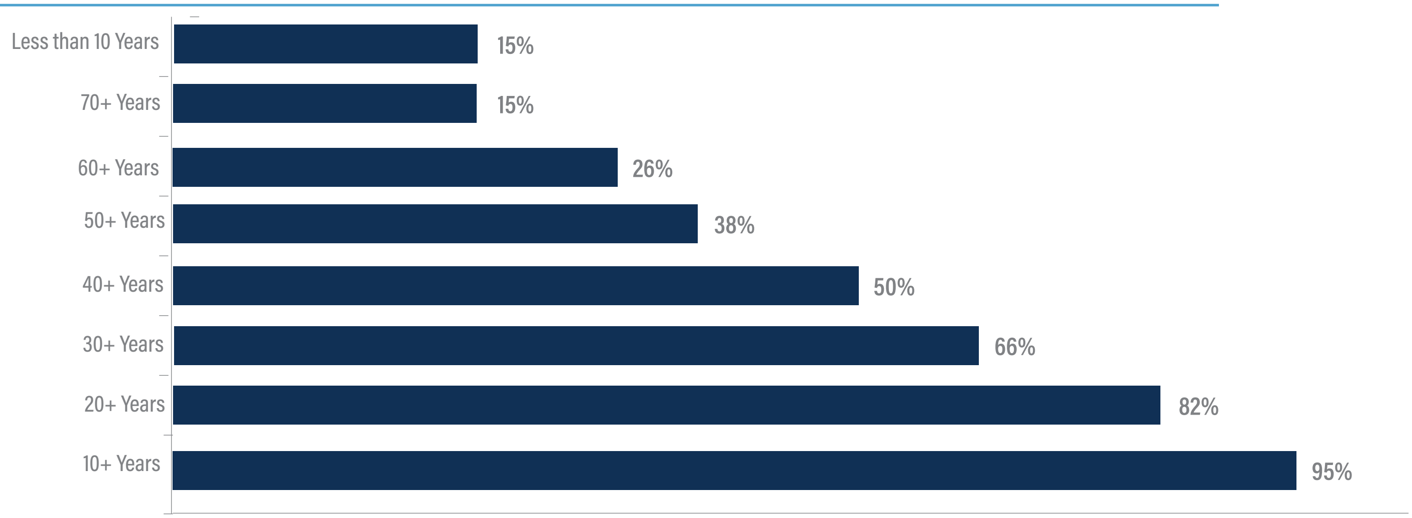


Source: Federal Reserve Bank of St. Louis

AGING U.S. COMMERCIAL BUILDING STOCK AND CONSTRUCTION SPENDING

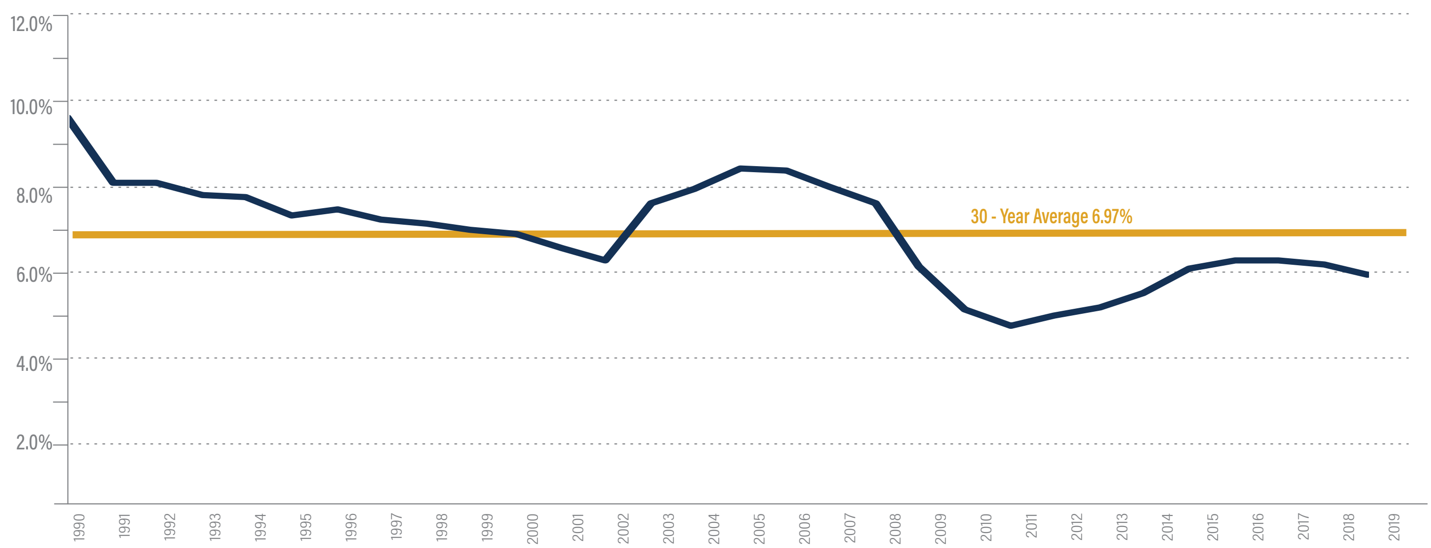
The existing stock of commercial buildings in the U.S. is aging, necessitating the construction of new buildings or significant investment to renovate older buildings. Roughly two-thirds of commercial buildings are over 30 years old, and the American Society of Civil Engineers rated U.S. infrastructure a D+. Despite this backdrop, the U.S. construction market as a percent of GDP is still below the 30-year average, potentially suggesting that a reversion to the mean is in order.

CURRENT COMMERCIAL BUILDINGS BY AGE (% OF TOTAL BUILDINGS AND FLOORSPACE)



Source: U.S. Energy Information Administration

TOTAL U.S. CONSTRUCTION AS A % OF GDP REMAINS BELOW THE LONG-TERM AVERAGE



Source: U.S. Census Bureau

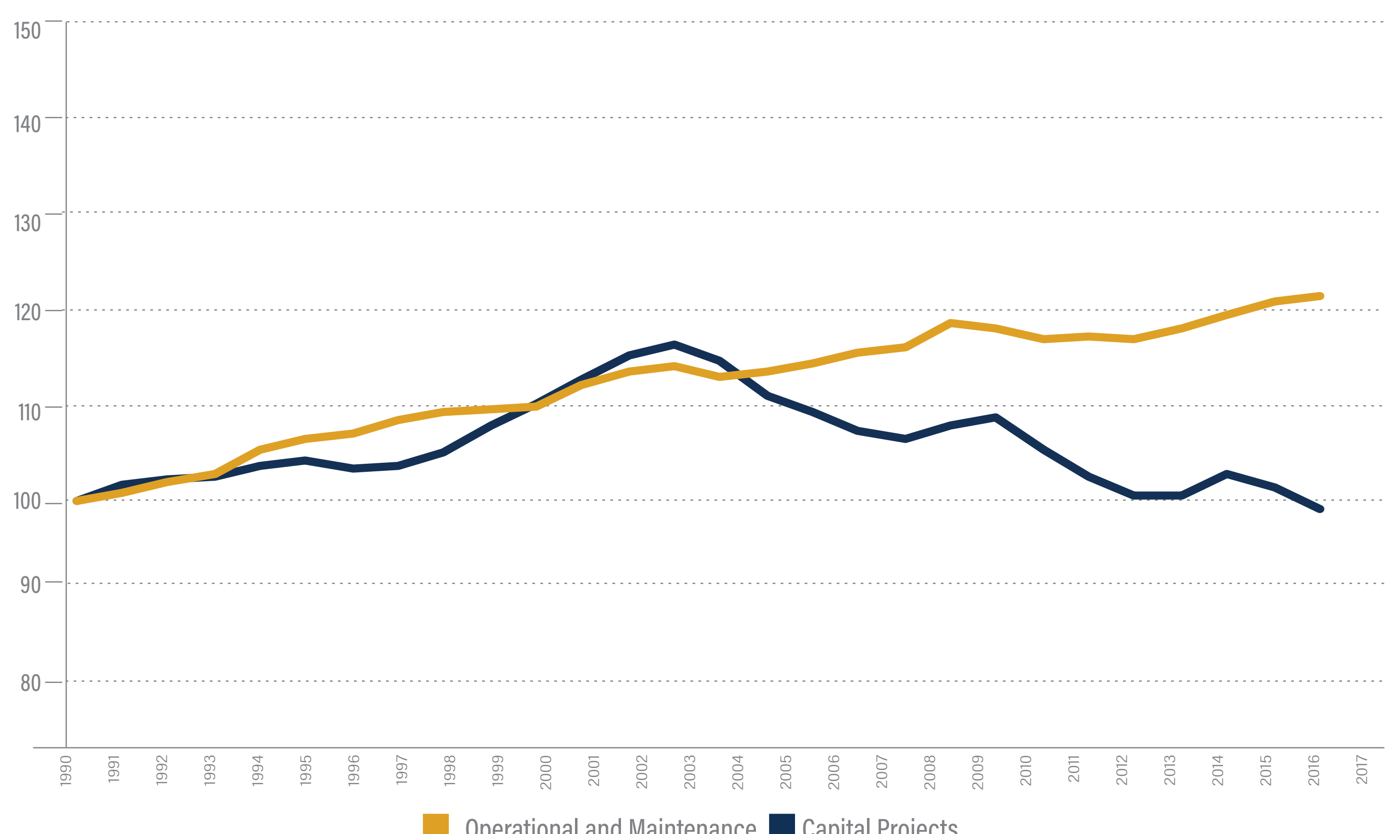
U.S. INFRASTRUCTURE SPENDING

Since 2013, public expenditures emphasized repairs of existing infrastructure while spending on new capital projects declined. Operational and maintenance spend is favorable for rental operators, as the rental business model, by nature, is well-suited to support projects that require specialized equipment for short durations of time. Maintenance is generally performed on a planned basis, resulting in attractive recurring cash flows for rental operators.

The growing backlog of capital and infrastructure projects is expected to drive increased equipment demand in the years ahead. In addition, federal infrastructure programs could drive further capital expenditures into the foreseeable future. While the Trump administration has pushed for a widespread infrastructure plan since the 2016 campaign, COVID-19 impacts, interest rates approaching zero and historic unemployment levels collectively position infrastructure spending as an actionable way to bolster the economy. Encouragingly, the desire for increased U.S. infrastructure spending is one of the few issues with strong bipartisan support in Congress [1]. At the same time, state and local governments, which own the majority of the country's non-defense public buildings and structures, are investing more in infrastructure, including non-traditional infrastructure, such as 5G and related technology. Consequently, infrastructure and non-residential equipment rental companies and dealers are likely to be amongst the first to recover from COVID-19 [2].

These capital projects will benefit the Equipment Rental sector, as numerous trade crafts rely on specialized equipment for work on their specific sub-components. These projects will also drive new and used equipment sales among dealers.

ROBUST INFRASTRUCTURE MAINTENANCE EXPENDITURES (INDEX: 1990 = 100)



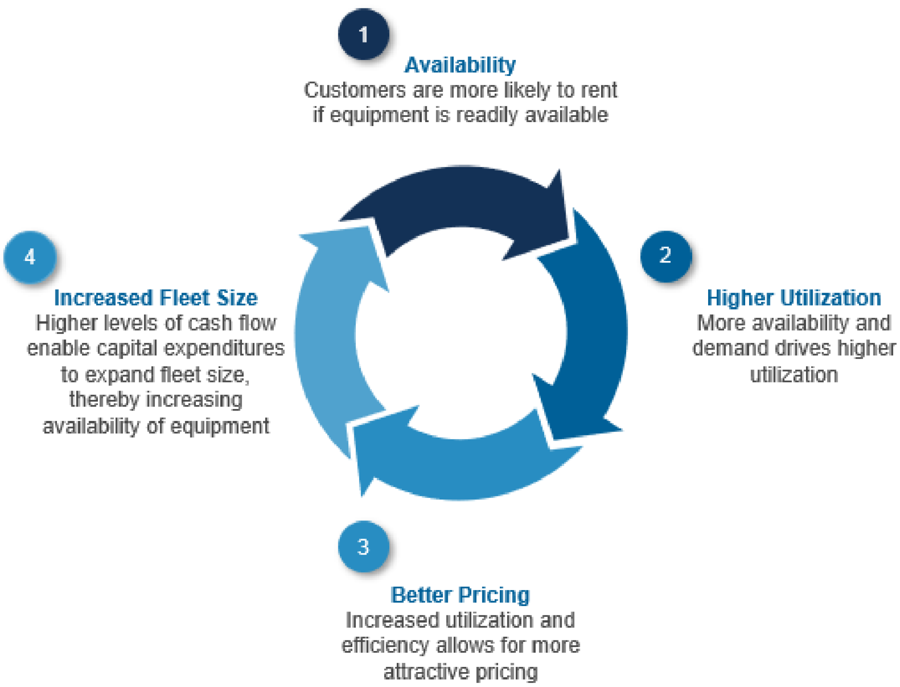
Source: U.S. Congressional Budget

[1] *The Washington Post*
[2] *Invesco*

EQUIPMENT RENTAL SECTOR
OVERVIEW

THE EQUIPMENT RENTAL SECTOR IS DRIVING A VIRTUOUS CYCLE

Rental companies seek to scale and to build density primarily to provide their customers access to a more comprehensive line of equipment regardless of location. With increased scale, companies realize a virtuous cycle of improved product availability, higher product utilization rates, ability to offer more competitive pricing, expanded fleet composition and, ultimately, improved profitability. This virtuous cycle is driving higher rental penetration, expanding industry revenues and organic and M&A-driven growth.

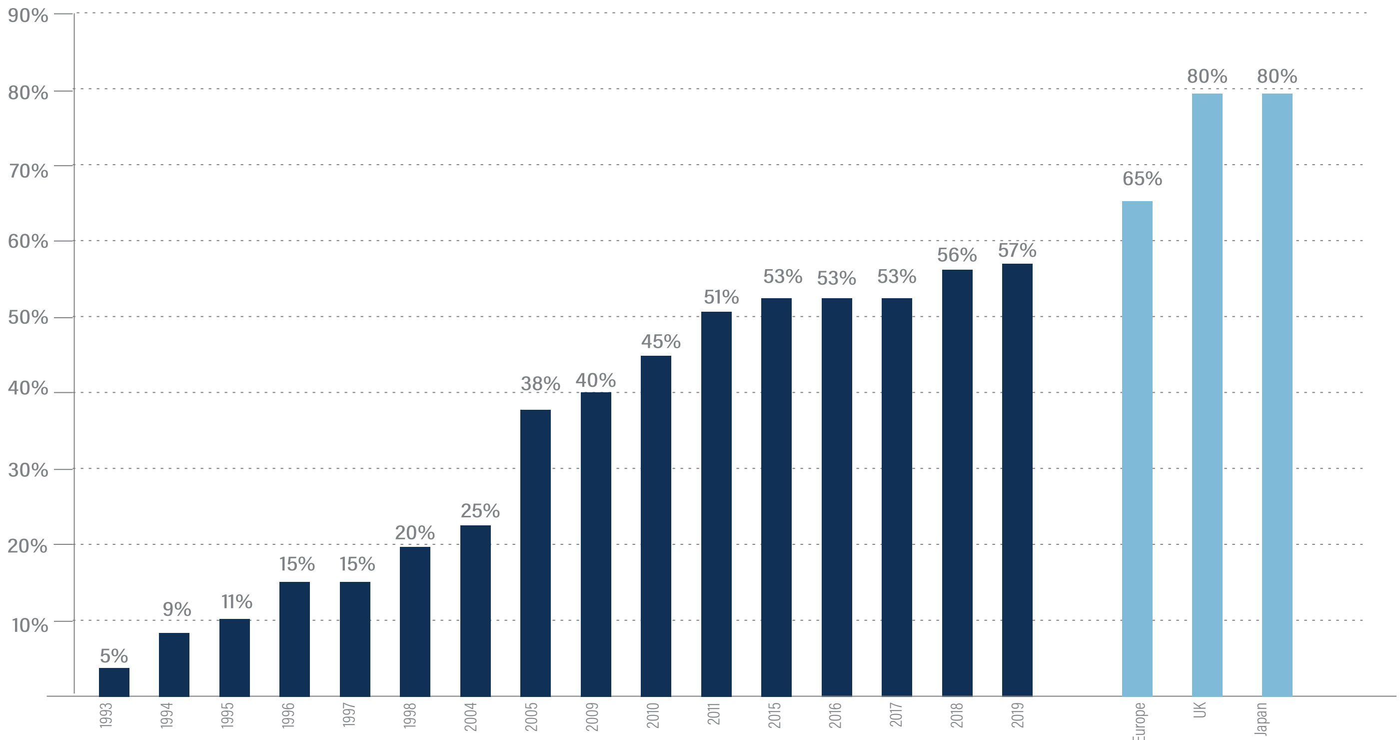


CONTRACTORS INCREASINGLY PREFER RENTING OVER OWNING

The Equipment Rental Penetration Index, published by the American Rental Association, illustrates a consistent, one-way shift towards renting within the construction industry over the last three decades. In the decade from 2009 to 2019, rental penetration grew from 40% to 57%.

A growing proportion of contractors recognize the advantages of renting over owning their equipment. Renting not only decreases upfront financial burden, but also provides for greater flexibility in managing fleet size and makeup in response to business trends, access to the newest and most advanced models, lower maintenance and storage costs and reduced downtime.

U.S. EQUIPMENT RENTAL PENETRATION



Source: Rental Management Magazine

As impressive as the trajectory has been, there is still significant runway for growth. By comparison, equipment rental penetration in the UK and Japan is around 80%. Moreover, in the near-term, it is likely that the pandemic may motivate many previous "hold outs" to shift into renting.

If we think about anytime there's a disruption in people's capital situation... people that normally wouldn't use a rental channel... start to turn to the rental channel. And once people start turning to the rental channel, they realize the flexibility and all the soft costs being eliminated that you would have from owning. The math works, right? That's why penetration is usually going only one way."

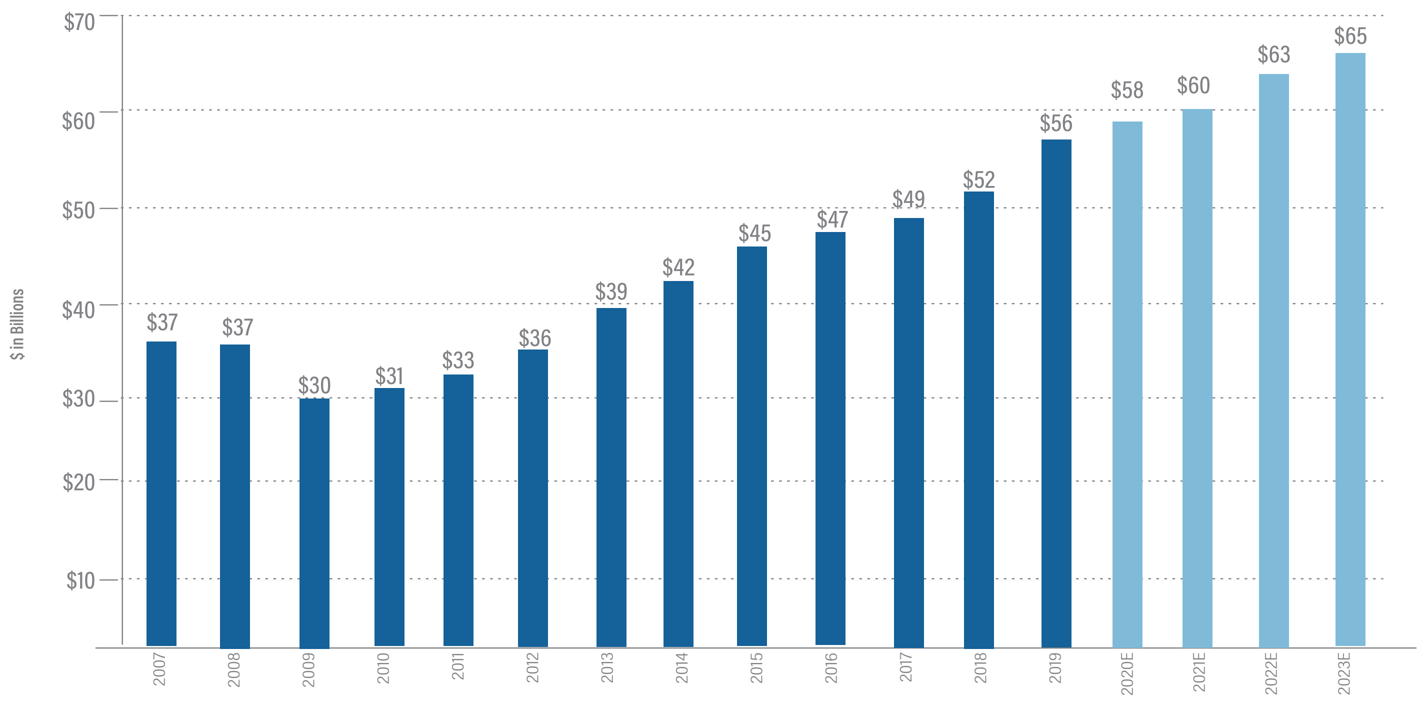
- Matthew Flannery, President & CEO of United Rentals

"Greater than 50% of our business revolves around everyday operations, maintenance, repair and events in the geographic markets that we service. These markets continue to be strong and are showing no signs of dampening. This is a very large space that is growing as we, over time, again create a reliable alternative to ownership through our larger-than-ever platform, our clustered market model and our specialty business development... These markets are in the early stages of rental penetration."

- Brendan Horgan, CEO of Ashtead/Sunbelt

Equipment rental is also evolving into more of a service model and tapping into new non-construction markets where reliable alternatives to ownership previously did not exist. For example, Sunbelt estimated 55% rental penetration for its general rental businesses but less than 15% for its specialty businesses. Since specialty equipment is typically less tied to construction but deployed primarily for everyday MRO services, it tends to be less cyclical. Driven by both the expansion in addressable market to include new specialty equipment and the ongoing shift in favor of renting over owning, the industry is expected to grow by a CAGR of approximately 4% through 2023, outpacing the broader U.S. economy [3].

U.S. EQUIPMENT RENTAL INDUSTRY REVENUES

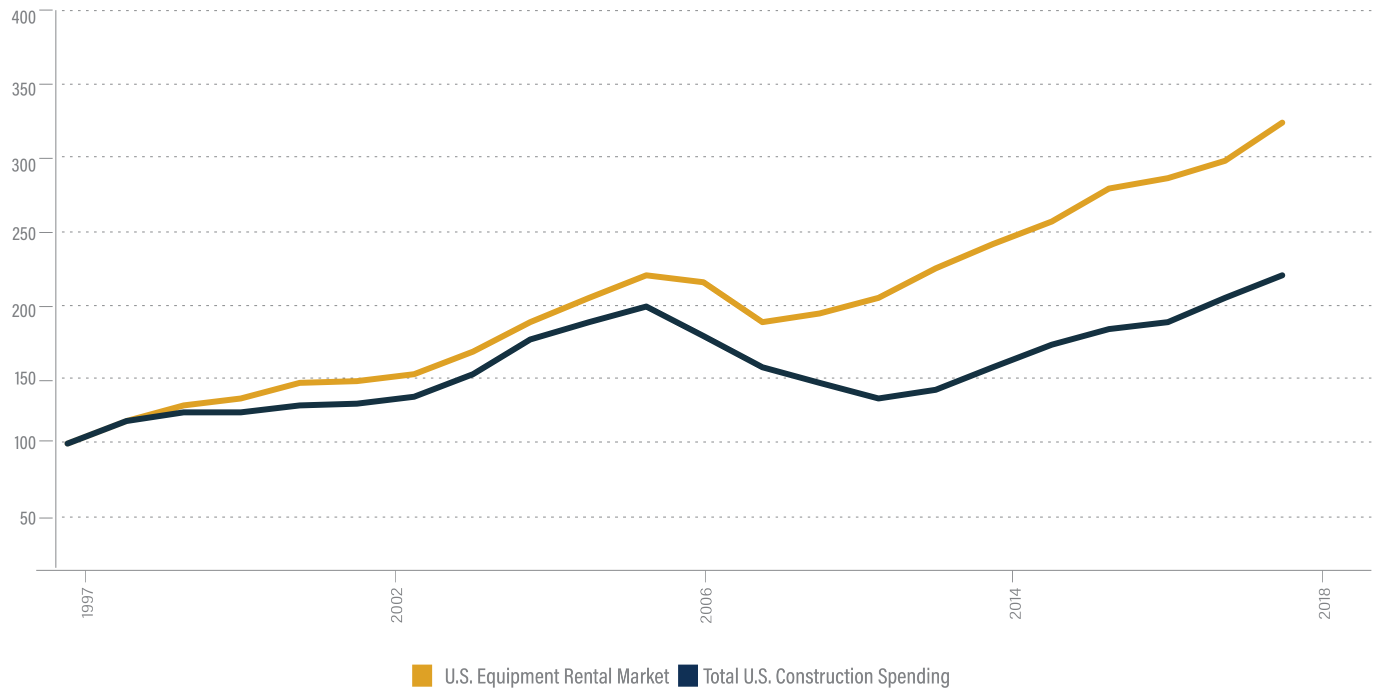


Source: Rental Management Magazine

[3] *Yengst Associates*

The momentum of U.S. rental penetration is reflected in the latest independent surveys of contractors. 92% of U.S. contractors indicated that they intended to either maintain or increase their rental activity in 2019. As a result, 63% of U.S. rental providers rented out more equipment to contractors in 2019 than in 2018[4]. Accordingly, the growth of U.S. Equipment Rental is outpacing the growth in underlying construction expenditures. In addition, the Rental Equipment Register's latest report indicates that roughly 40% of the 100 largest rental companies generated double-digit annual revenue increases from 2018 to 2019.

U.S. EQUIPMENT RENTAL OUTPACES U.S. CONSTRUCTION EXPENDITURES (INDEX: 1997 =100)



[4] *Wells Fargo*

EQUIPMENT RENTAL SECTOR
M&A TRENDS

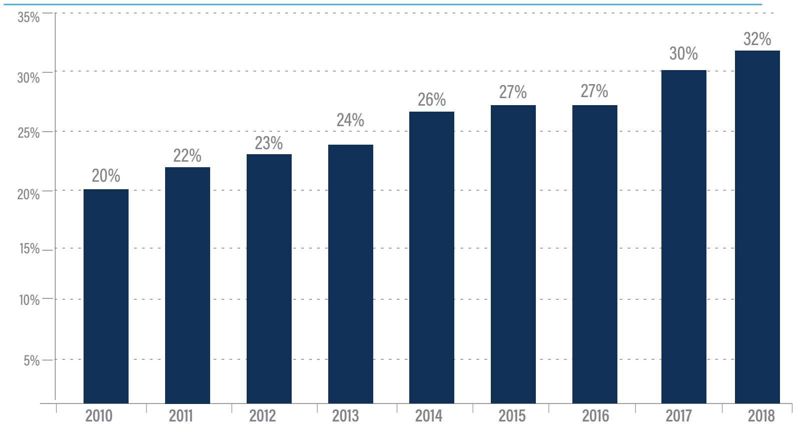
STRATEGIC CONSOLIDATORS

Acquirer	Selected Acquired Companies					
Ashtead group 50 Acquisitions Since 2017	William F. White International Inc. $199m Toronto, ON 2019	King Equipment $188m Los Angeles, CA 2019	TempAir $118 Worchester, MA 2019	Midwest High Reach $42m Chicago, IL 2018	Interstate Aerials $210 Philadelphia, PA 2018	Pride Equipment Corp. $279m New York, NY 2017
H&E Equipment Services 3 Acquisitions Since 2017	We-Rent-It $100m Austin, TX 2019	Rental Inc $60m Southeastern US 2018	Contractors Equipment CEC Center $132m Denver, CO 2017			
Maxim Crane Works, L.P. 6 Acquisitions Since 2017	Solley Equipment and Rigging LLC Decatur, AL 2019	Shaughnessy & Ahern Co. Boston, MA 2019	B&G Crane Service, LLC New Orleans, LA 2019	Tri-State Crane Cedar Rapids, Al 2018	Coast Crane Company $73m Seattle, WA 2017	ERC Essex Rental Corp. $75m Chicago, IL 2017
Nesco Specialty Rentals 3 Transactions Since 2014	Truck Utilities $42m St. Paul, MN 2019	N&L Line Equipment $5m Poulsbo, WA 2018	Bethea Tool & Equipment $6m Brighton, TN 2017			
REIC Rental Equipment Investment Corp 6 Acquisitions Since 2017	Allrents Tool & Equipment, Inc Oregon, WA 2019	ERS Washington, OR 2018	Superior Tractor & Equipment Redmond, OR 2017	Ontario Tool & Rental Oregon, WA 2017	Columbia River Machinery Idaho, OR 2017	PRO OR, ID, UT, WA 2017
United Rentals 9 Acquisitions Since 2017	Thompson Pump Port Orange, Fl 2019	WesternOne $90m Alberta, BC 2018	BlueLine Rental $2.1b Woodlands, TX 2018	BakerCorp $715m Arlington, TX 2018	Neff Rental $1.3b Miami, FL 2017	NES Rentals $965m Chicago, IL 2017

Note: $ amounts reflect Deal Value

Despite significant acquisition activity, the Equipment Rental sector remains highly fragmented and ripe for consolidation. The top ten companies represent about one-third of total market share. For large rental companies, the desire for a national footprint, regional and local market density, specialty capabilities, diversification and cross-selling opportunities remain front and center. While the top rental companies are committed to M&A, they are increasingly disciplined in assessing timing, pricing and fit. At this juncture, the top players are pursuing unique M&A strategies, as highlighted in the following sections.

TOP 10 U.S. RENTAL COMPANIES AS A % OF TOTAL INDUSTRY REVENUES



Source: United Rentals

UNITED RENTALS (NYSE: URI) | ENTERPRISE VALUE: $22.5 BILLION | 2019 SALES: $9.4 BILLION

Over two decades, United Rentals has successfully integrated more than 275 acquisitions in different environments and across the size spectrum, totaling more than $10 billion in total value. Upon establishing itself as the leader in the North American rental market with the buyout of RSC in 2012, the company pivoted away from high volume M&A towards fewer but larger-sized deals with the occasional smaller-scale, specialty acquisition.

In 2017, United Rentals completed two of the largest acquisitions in the sector, acquiring NES Rentals for $965 million and Neff Rental for $1.3 billion. Both of these deals enhanced cross-selling opportunities across general and specialty products, including aerial, power, pump and trench. Throughout 2018 and 2019, United Rentals executed over $3 billion more in M&A via WesternOne, BakerCorp, BlueLine and Thompson. The largest of the acquisitions, Platinum Equity-backed BlueLine for $2.1 billion, significantly augmented general rental with a younger fleet and a strong focus on both local and mid-sized customers spread across North America, particularly on the high growth U.S. coasts.

Today, the diversification achieved is paying dividends – positioning the company to better weather the current downturn when compared to its vulnerability during the Great Recession.

> *"When we think back to the early days, as United was rolling up companies and building, we didn't have the diversity of customer base, who were very much relying on non-res and even specifically, the commercial retail part of non-res... We'll be much more resilient from a pricing perspective... The industry will do a better job, quite frankly."*
>
> *- Matthew Flannery, President & CEO of United Rentals*

"This acquisition further enhances Sunbelt's position in the important New York City market. Pride's focus on aerial equipment is complementary to Sunbelt's capabilities in a broader range of smaller and medium size equipment and there will be significant opportunities to cross-sell to the enlarged customer base. This acquisition is consistent with our long-term strategy to take advantage of structural growth opportunities through both organic investment and bolt-on acquisitions."

- Geoff Drable, Former CEO of Ashtead/Sunbelt

ASHTEAD GROUP / SUNBELT RENTALS (LSE: AHT) | ENTERPRISE VALUE: $21.8 BILLION | FY'20 SALES: $6.3 BILLION

Second in U.S. market size, Ashtead (and via its U.S. operations, Sunbelt) is pursuing a primarily organic growth model complemented by a tuck-in acquisition strategy – more than 80 acquisitions since 2015 – to assemble a broad yet specialized fleet with geographic market density to service their expanding customer base.

A case in point is Pride Equipment, which TM Capital represented in its $279 million sale to Sunbelt. At the higher size end of deals Sunbelt normally pursues, Pride, a family-owned business for nearly 50 years, enabled Sunbelt to gain a leading position in the lucrative and growing New York City metropolitan market. The co-founders believed that their company, which was entering a high growth phase, would benefit by aligning with a buyer bringing enhanced resources to develop its employee ranks and better address the ever-expanding needs of its customers.

Going forward, Ashtead / Sunbelt seeks to expand its clustering model and further diversify into specialty operations in both the U.S. and Canada. The company aspires to double its market share over the long-term and notes no shortage of M&A opportunities, particularly in the sub-$50 million range.

H&E EQUIPMENT SERVICES (NASDAQ: HEES) | ENTERPRISE VALUE: $1.9 BILLION | 2019 SALES: $1.3 BILLION

As the world's largest Manitowoc and Grove crane dealers, H&E has come to exemplify the convergence between the Rental and Dealer sectors. H&E has its own unique approach to M&A, focusing on best-in-class, lower middle market regional players and opting for a few targeted tuck-in acquisitions per year in the $20 million EBITDA range. Since H&E has approximately 100 locations across 23 states, there remains significant white space for growth. In general, its strategy is to invest in greenfield projects to increase density in existing markets while focusing on M&A in new markets to establish a customer beachhead. Recent tuck-ins have scaled the company's earthmoving, material handling, and power fleet in Colorado, the Southeast and Texas. Although H&E is not averse to considering specialty rental businesses, it is emphasizing more general rental targets.

RENTAL EQUIPMENT INVESTMENT CORPORATION (REIC) | PRIVATE

REIC is a rental holding company formed in 2014 by Kevin Fitzgerald, the former CEO of Neff Rental, and a group of private investors. It was formed with a mandate to establish local dominance in the U.S. by pursuing acquisitions of well-run rental businesses and opportunistic greenfield openings. Due to its strong balance sheet, capital support – including a mezzanine investment in 2016 from NewSpring Capital – and operational acumen, REIC is particularly well positioned as an acquirer within the Northwestern U.S.

The company began its M&A roll-up in December 2014 through the acquisition of Midway Rental, located in Montana; then acquired eight more companies to expand into Wyoming, Colorado, Idaho, Oregon, Utah and Washington – propelling the company to #59 in the RER 100. Today, REIC has 25 locations with broad diversification across multiple end markets, including agriculture, general construction, industrial and infrastructure. Kevin Fitzgerald, CEO of REIC says: ***"We plan to continue to build new stores and purchase well-run companies within the seven states we operate in. In addition, we will enter a new U.S. geographic region this year with a similar playbook. We seek well-run rental companies who wish to retain their brand name, people, and to access growth capital and the latest operating technology. We currently operate under four different rental brand names and will look to add to this over the coming years."***

MAXIM CRANE WORKS | PRIVATE

Maxim Crane Works is the largest player in its field and has been highly acquisitive while staying true to its category-only specialist status. Due to the highly technical nature of crane use, where customers typically require multiple cranes of varying lifting specificity that change based on the phase of given project, this product vertical requires unique specialization. In general, COVID-19 has underscored the merits of crane rental companies, namely, their resiliency downturns due to their use in ongoing, long-term construction projects.

TM Capital worked across the table from Maxim in 2015 as the sell-side advisor to Florida-based Crane Rental Corporation, a portfolio company of Hammond, Kennedy & Whitney, which provided a "best-in-class" Southeast position, high capacity fleet, value-added heavy hauling and rigging capabilities and a blue-chip customer base. Just days prior to the deal's closing, Maxim acquired Indianapolis-based Poindexter Transportation to strengthen its foothold in the Midwest.

These transactions set the stage in mid-2016 for Apollo Global Management to acquire Maxim and merge it with AmQuip Crane Rental, a portfolio company of Clearlake Capital, in an estimated $1.4 billion combined deal. Since the merger, Maxim has acquired seven additional companies, further solidifying its nationwide network. In the last year alone, Maxim has expanded in the Gulf Coast, New England and Tennessee-Alabama regions through acquisitions of B&G Crane Service, The Shaughnessy Companies and Solley Crane.

BROADER EQUIPMENT RENTAL SECTOR ACTIVITY

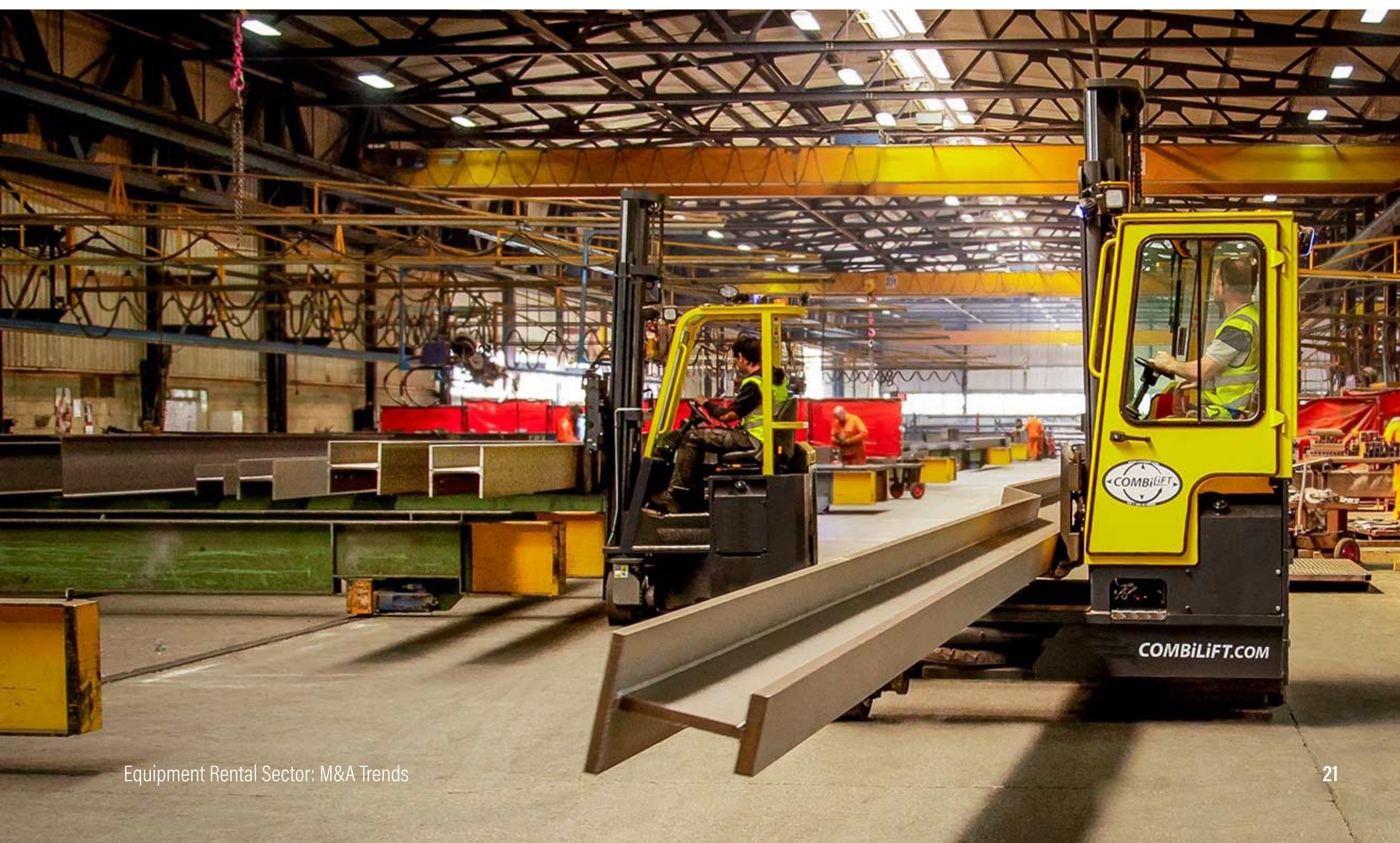
While the largest rental companies have driven M&A, other corporate and private equity players have been attracted to the industry's secular tailwinds and platform opportunities.

INTERNATIONAL ACTIVITY

- To date, there has been limited foreign investment in the U.S. Equipment Rental sector. In 2017, Sumitomo Corporation (OTCMKTS: SSUMY) completed its acquisition of the remaining 20% interest in Sunstate Equipment, one of largest North American rental companies. Backed by its large parent, Sunstate expanded organically across the South and today is #9 on the RER 100, with an estimated $640 million of revenue
- More recently, in April 2020, Japan's Itochu (NASDAQ: ITOCY) led a $15 million investment in BigRentz, a growing U.S. online rental portal. The investment is reportedly being used to fund the acquisitions of Equipment Management Group and Lizzy Lift
- We watch with interest the significant consolidation occurring in Europe and the U.K. and speculate that it may not be much longer before we see a Loxam, Boels, or Mateco "come across the pond"

OTHER NOTABLE CORPORATE ACTIVITY

- In mid-2019, Nesco went public in an approximately $1.1 billion reverse merger with a public SPAC. Originally a portfolio company of Hammond Kennedy & Whitney, Nesco was sold to Platinum Equity in 2011 and then to Energy Capital Partners in 2014. Nesco's acquisition strategy is to acquire complementary rental fleet tuck-ins that leverage scale and expertise in key geographies and verticals, particularly in infrastructure
- In 2017, Home Depot – though not traditionally thought of as an equipment rental company but which is sitting at #4 on the RER 100 – acquired Compact Power Equipment for $265 million. Compact Power was a long-term compact equipment rental and maintenance partner of Home Depot



FINANCIAL INVESTORS

Sponsor activity in the Rental sector has been sustained over the past 15 to 20 years. In recent years, sponsors exploited the consolidation of the larger strategics for natural investment exits, sometimes in as quickly as 2-3 years. Select deals include:

2019 Current Investment (Recapitalization)	2016 (TM Capital Transaction) Current Investment	2016 Mezzanine Investment	2015 (TM Capital Transaction) Exited in 2016 via sale to Apollo for $1.4 billion
2015 Current Investment	2015 Current Investment	2015 Current Investment	2014 Current Investment
2014 Exited in 2016 via sale to Apollo/ Maxim Crane Works	2014 Exited in 2018 via sale to URI for $2.1 billion	2013 Current Investment	2013 Exited in 2017 via sale to Ashtead Group/Sunbelt Rentals
2013 Exited in 2018 via merger with Allison Crane & Rigging	2011 Exited in 2014 via sale to Energy Capital Partners	2011 Exited in 2015 via sale to NCSG Crane & Heavy Haul Corp.	2010 Exited in 2019 via sale to an undisclosed buyer
2008 Exited in 2016 via sale to Apollo for $1.4 Billion	2008 (TM Capital Transaction *) Exited in 2016 via sale to Konza Valley Capital	2008 Exited in 2015 via sale to Platinum Equity	2007 Exited in 2011 via sale to Platinum Equity

* Represents transaction led by TM professionals while at a prior firm

"Obviously, with 94 locations in 23 states, there's a lot of geography for us to fill in. We like the general rental construction markets that represent typical fleet mix that you see with us and on most of our larger competitors. We're not adverse to considering specialty rental businesses. And I'll tell you that we're kicking a lot of tires... These are primarily small tuck-in type acquisitions."

- Brad Barber, CEO of H&E Equipment services

H&E EQUIPMENT SERVICES

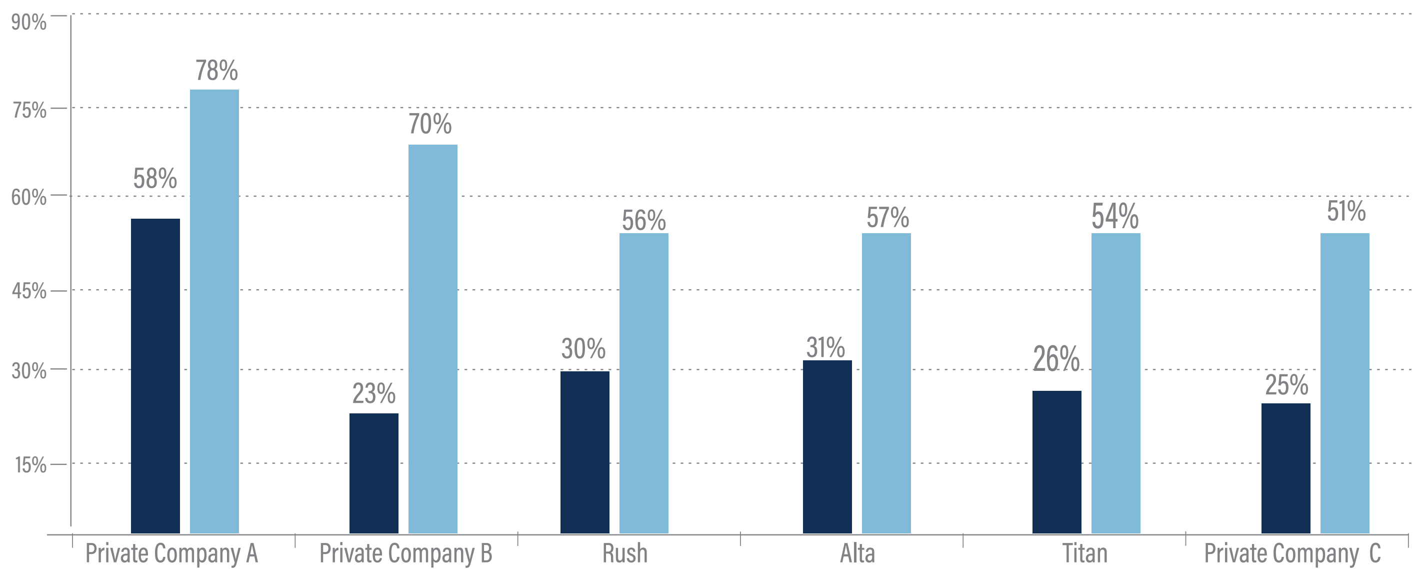
EQUIPMENT DEALER SECTOR
OVERVIEW

Like the Equipment Rental sector, the Dealer sector has rapidly evolved over the past decade. The Great Recession exacerbated the pressure on an already capital-intensive sector and forced players to rethink their traditional operating models. In turn, the line between the two sectors has blurred, with more dealers starting to offer longer-term rental options as a "solution" to meet capital-strapped customer needs. At the same time, many dealers have broadened their product offerings and OEM relationships, which, when combined with more sophisticated parts and service requirements, has enabled dealers to act as a "one-stop-shop" for customers while hedging their downside risk.

FAVORABLE RECURRING REVENUE

Today's dealers serve as more than an "extended warehouse" for OEMs. Today, the key drivers of dealer success include differentiated value-added services, such as maintenance, repairs, parts and consumables; appropriate equipment lines; and niche industry specialization. Aftermarket parts and services are of heightened importance, as they provide recurring cash flow with higher margins to insulate against downturns. In fact, for many of the best dealers, the bulk of their gross profit ultimately comes from parts and service revenue, as opposed to new equipment sales.

% OF REVENUE AND GROSS PROFIT FROM PARTS AND SERVICES

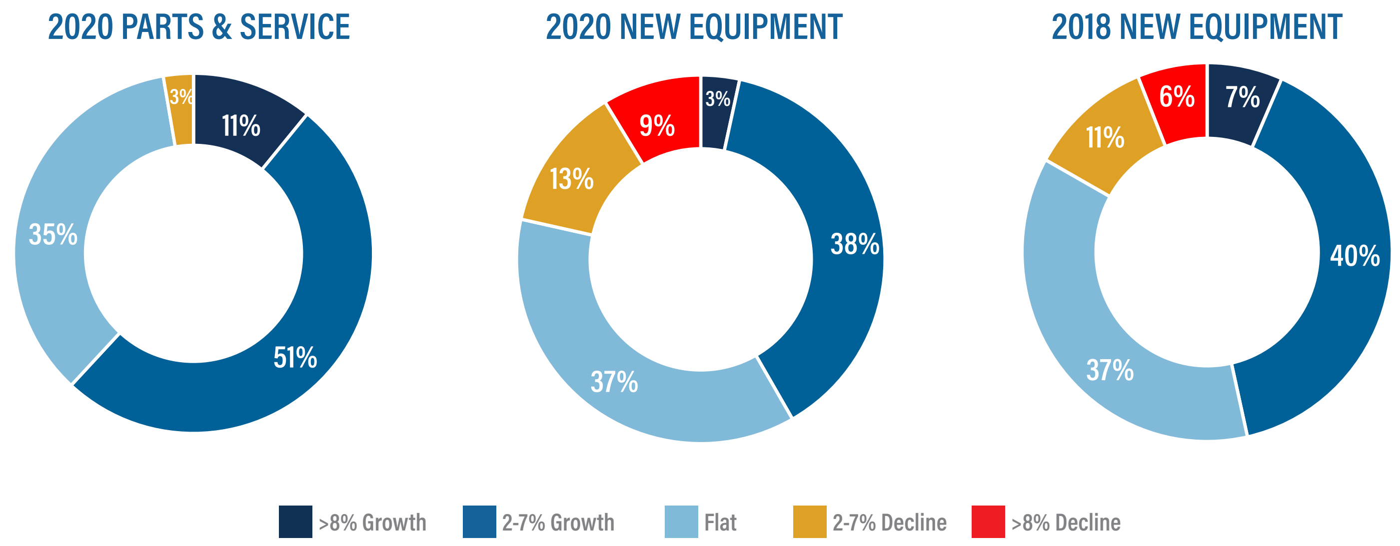


Source: Company financials and TM Capital research

For example, in the case of ag dealers where, even before COVID-19, poor planting conditions were limiting demand for traditional equipment purchases, parts and services were a bright spot. Titan Machinery's equipment sales were flat in the most recent fiscal year ended January 31, 2020 versus up 10.1% for parts and services & rental. In a recent study on the 2020 outlook among North American ag dealers, 42% expect a pickup in new equipment sales, down from 47% in 2018.

By contrast, 62% expect an expansion in parts and services. In conjunction with parts and service revenue gains, dealers are also expecting an accompanying gross margin expansion, while equipment gross margin is expected to contract [5]. This is particularly noteworthy, as margins are already substantially higher for parts (30%) and services (63%) than for new equipment (7%). While the study was published before COVID-19, subsequent company statements have reflected the benefit of a shift towards a higher margin, recurring revenue business mix.

REVENUE GROWTH OUTLOOK FOR PARTS & SERVICES AND NEW EQUIPMENT AMONG AG DEALERS



Source: Ag Equipment Intelligence 2020 Dealer Business Outlook

Across all equipment categories, OEMs are helping dealers capture these high margin, recurring parts and service revenue streams. OEMs are not only developing more complex machinery that can only be worked on by trained dealer technicians, but are also requiring equipment under warranty to be serviced with custom engineered, proprietary parts. Some manufacturers even stipulate that OEM-brand oil and filters be used while under warranty. Post-warranty, some aftermarket parts may be available, but with the increasing complexity of equipment and systems, customers choose to rely on the dealer as long as the equipment is in service.

[5] *Ag Equipment Intelligence: 2020 Dealer Business Outlook & Trends – Farm Equipment Forecast*

> *"Our recent trend of strong parts and service growth continued in the fourth quarter, increasing 19.2% and 16.6%, respectively. The growth in these revenue categories reflects our increased focus on customer care across all segments and was supported by the difficult harvest environment as well as an aging customer fleet within our ag business."*
>
> *- Mark Kalvoda, CFO & Treasurer of Titan Machinery*

TITAN MACHINERY

"On the aftermarket side, it's been incredible to see how the digital infrastructure has allowed us to see machine failures, be able to connect with customers through digital portals, be able to seamlessly continue aftermarket connections back to the dealership in a way that allows us to deliver parts without ever having a face-to-face transaction. So that's just a decade of putting the infrastructure in place that's allowed our customers and dealers to now take that infrastructure and turn it into a tremendous experience for them in a difficult time."

- Cory Reed, President of Worldwide Agriculture & Turf at Deere

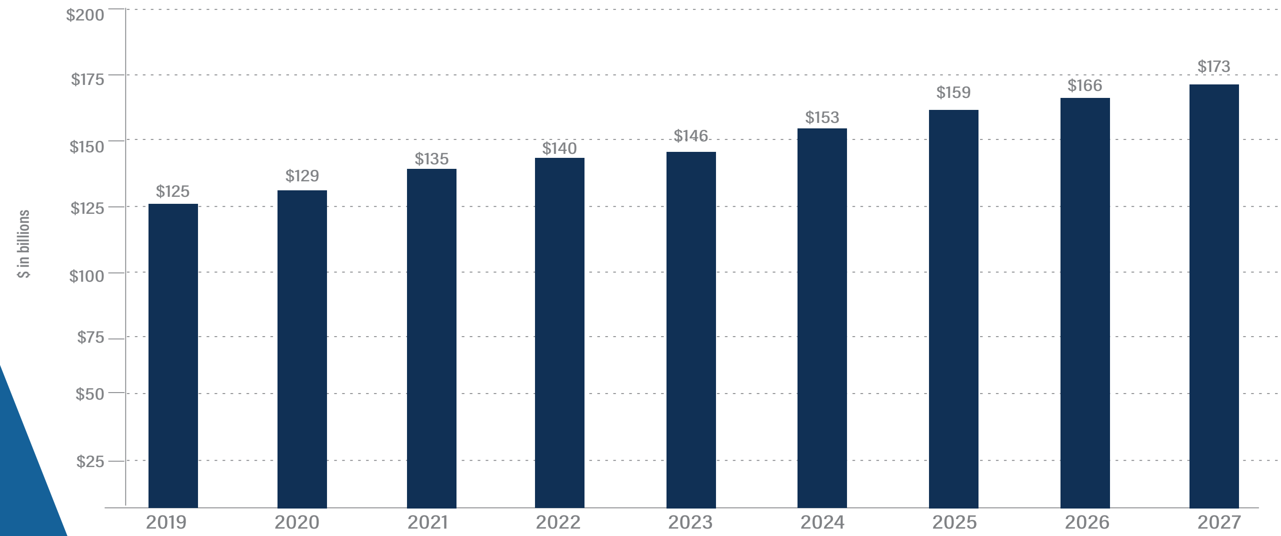
JOHN DEERE

OEMS HEIGHTENING PRESSURE ON DEALERS, LOOK TOWARDS INNOVATION AND THE CLOUD

A key driver of change in the Dealer sector has been the rise of larger customers demanding a more comprehensive product selection as well as enhanced technology offerings. To meet the product demands of these customers, manufacturers have invested heavily to broaden their offerings. For example, over the past two years Caterpillar has invested approximately $3.5 billion in R&D to develop new products across multiple end markets, including 11 new models in its GC line alone (excavators, articulated trucks, motor graders, wheel loaders and paving products). This proliferation of new product introductions by OEMs has led to both confusion among dealer networks and frustration from customers. OEMs have responded quickly, putting pressure on dealers to evolve, improve cross-dealer communication and institutionalize best practices. OEMs and dealers are also turning to technology to further improve and maintain relationships with customers.

OEMs are increasingly offering predictive telematics technology with equipment, enabling dealers to remotely assess issues, reducing both maintenance cost and time. Dealers are often able to determine what is wrong with a piece of equipment and determine if it can be repaired in the field or if it needs to be brought into the dealer for service – for many vehicles operating in remote environments, a trip to the dealer results in several days of downtime. Additionally, dealers are relying on e-commerce and cloud solutions to enhance their businesses in a highly competitive environment. This has become especially prevalent in the COVID-19 environment, which heightened the importance of providing customers with remote access to equipment and improving digital management of inventory and labor.

GLOBAL CONSTRUCTION EQUIPMENT SALES



Source: Grand View Research

RENT THE EQUIPMENT, SELL THE CONSUMABLES

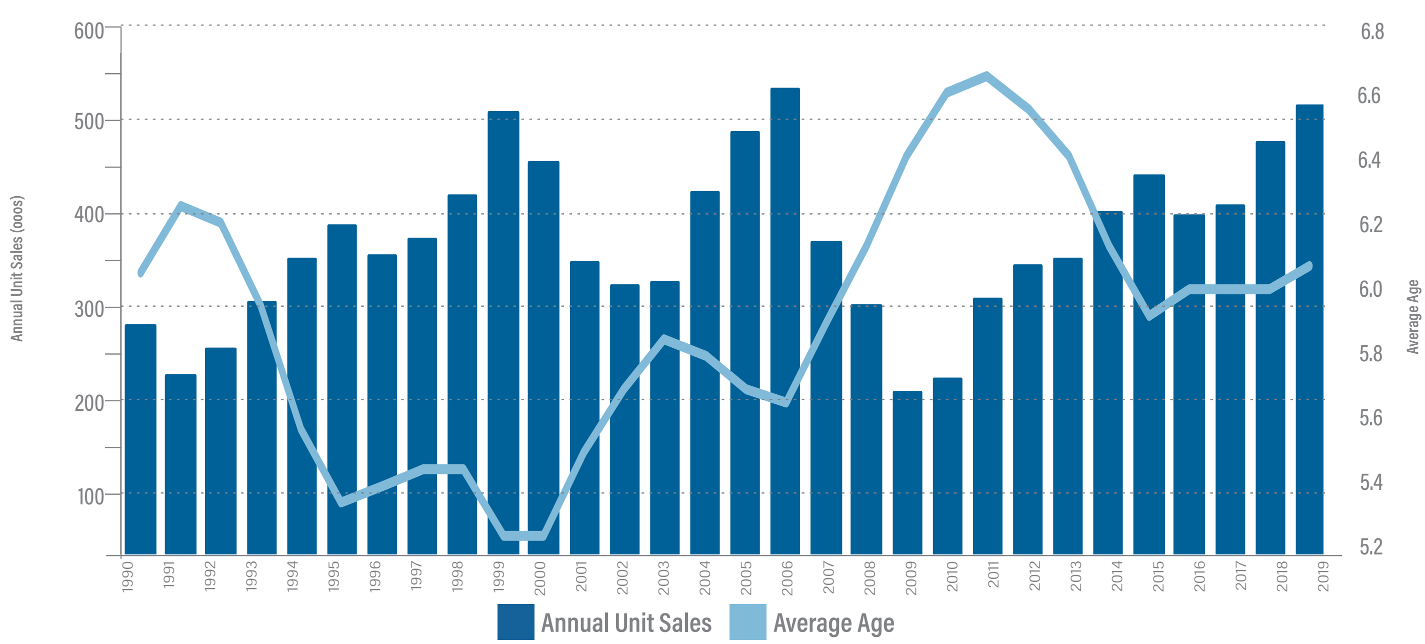
Consistent with the need to deliver differentiated value-added services and build a recurring revenue mix, the broader Dealer sector is also turning towards niche consumables to complement longer-term rental and new equipment sales. The combination is naturally reinforcing – as the installed base grows, demand for related consumables follows. In turn, customer loyalty strengthens and allows for superior margins. **TM Capital witnessed this in its representation of WaterCo. (a portfolio company of Prospect Partners), the top performing residential water solutions platform in the Culligan dealer network, in its sale to its OEM, Culligan International.** WaterCo. offered a "Water-as-a-Service" solution package that provided an auto-renewing contract covering all the necessary rental equipment consumables, maintenance and aftermarket parts. Both financial and strategic buyers found the long-term recurring revenue streams to be highly compelling. We anticipate that more dealers across varied product sectors will pursue similar strategies where possible.

STRONG UNDERLYING FUNDAMENTALS IN TRUCKING

The nationwide U.S. Class 8 Truck Dealer landscape encompasses approximately 2,000 OEM licensed dealers, the vast majority of which operate within exclusive territories. While the truck dealer universe is quite fragmented, the OEM landscape is an oligopoly controlled by four companies, Daimler Trucks, Paccar, Volvo and Navistar. Truck dealers typically operate a combination of full service and satellite locations providing new and used truck sales; aftermarket parts and service; leasing and rental services; and financing and insurance products within their exclusive territories.

Current trends impacting the truck dealer market are bolstered by near all-time highs of heavy-duty truck sales and aging active trucks. The pent-up demand for fleet replacement following a protracted period of recession deferrals in capital spending released a wave of capital spending in new truck sales over the last decade. In 2019, approximately 530,000 heavy duty trucks were sold, 40% above the historical 30-year average. Even with the surge in sales, the average age of active U.S. Class 8 trucks trended upwards over the last five years and is 12% older than the average age at previous sale peaks. The aged installed base will drive strong parts and services momentum in the coming years as this cohort requires higher levels of maintenance. **TM Capital witnessed the benefits of this trend as the advisor to Vanguard Truck Centers in its sale to Stephens Capital Partners, the Little Rock-based family office of Stephens Inc. Vanguard was the largest multi-regional truck dealership in the Volvo/Mack dealer network and commanded significant interest for its emphasis on recurring, high margin parts and service.**

ANNUAL UNIT SALES AND AVERAGE AGE OF HEAVY-WEIGHT TRUCKS



Source: U.S. Bureau of Economic Analysis and Act Research

Note: Seasonally-adjusted annual rate of unit sales for trucks over 14,000 lbs (monthly average); whereas age is for Class 8 truck

EQUIPMENT DEALER SECTOR
M&A TRENDS

The vast universe of potential mid-sized acquisition targets in the Dealer sector should provide a robust runway in the years ahead. One principal driver for M&A will be the sector's need for succession solutions among its aging founder ownership base. A significant proportion of dealers are family-owned businesses that have grown steadily over the decades and are now in need of greater capital and resources to address the increased complexity of demands from both OEMs and customers. According to a recent Farm Equipment poll, over 37% of equipment dealer owner-principals are 61 years or older, and nearly 75% were 51 years or older.

Amidst this backdrop, buyers with longer investment horizons will be best positioned to capitalize on the growth opportunities that many smaller dealers may be unable to exploit. OEMs, who hold the reigns through OEM agreements, tend to prefer the stability of long-term ownership. Accordingly, family offices have been active participants in the Dealer sector, as they not only provide the comfort of performance to the OEMs, but their own "family dynamic" more closely mirrors the traditional family-owned dealer paradigm. That said, as we will note below, private equity firms are finding success in the Equipment Dealer sector as well.

Below we highlight representative key players in the Dealer sector and their M&A strategies.

ALTA EQUIPMENT (NYSE: ALTG) | ENTERPRISE VALUE: $0.6 BILLION | 2019 SALES: $0.6 BILLION

Alta Equipment is a dealer specializing in industrial / material handling and construction equipment. At the end of 2019, Alta went public in a reverse merger with a SPAC at a $540 million pro forma enterprise value, or ~5.7x forward EBITDA. With a strengthened capital structure, it stands poised to be one of the leading M&A partners for independent, family-owned dealers. Since 2008, Alta has acquired 18 dealers and grown revenue by a CAGR of 27%. In 2020, the company acquired Liftech and Flagler, which are expected to add over $220 million in revenue. Liftech and Flagler were acquired to scale the business in the Northeast and Southeast in the heavy equipment industrial and construction markets.

Key material handling and construction OEMs represented include A&G Mercury, Autocar, Bendi, Bombilift, Drexel, Genie, Hyster, Landoll, Manitou, Motrec, Rico, Utilev, Volvo and Yale.

GROFF TRACTOR & EQUIPMENT | PRIVATE

Groff Tractor & Equipment, a portfolio company of Prophet Equity since 2016, is a leading full line construction equipment dealer founded in 1958 and headquartered in Central Pennsylvania. Under Prophet Equity's ownership, in conjunction with a growth-oriented leadership team, Groff has pursued an aggressive consolidation strategy that has yielded three additional dealer network acquisitions, combining the operations of Trico Equipment, Folcomer Equipment and CC&T over a 36-month period. Consequently, the Groff footprint has increased from two states and six locations to four states and fifteen locations across the Mid-Atlantic. Due to its strong balance sheet and capital support from Prophet Equity, Groff is well positioned for continued acquisitions within its target region.

> *"We've found the equipment rental and distribution spaces quite attractive given compelling unit economics and consolidation opportunities. Our current investments in equipment dealers, such as Groff Tractor & Equipment and Hills Machinery Company, reflect the opportunity to partner both with highly motivated owner-operators and with OEMs looking to strengthen their distribution channels. In both spaces, we've seen considerable opportunity to generate outsized returns and close upon attractive add-ons."*
>
> *- Michael Hirschfeld, Principal at Prophet Equity*

Prophet Equity

ROCKY MOUNTAIN DEALERSHIPS (TSX: RME) | ENTERPRISE VALUE: $0.4 BILLION | 2019 SALES: $0.5 BILLION

Canadian ag dealer Rocky Mountain has acquired approximately 20 companies, often underperforming businesses, since 2007. Going forward, management is targeting well-run businesses with strategic regional density to bring an additional $200 million to the top-line, plus $100 million more in synergies.

Rocky Mountain is targeting expansion into the Western U.S., where the equipment demand profile is similar to the Canadian Prairies. Management anticipates that its first acquisition in the U.S. will be transformational – adding approximately $100 million in revenue – and will serve as a platform for future bolt-ons.

Key agricultural machinery OEMs represented include CASE, Bourgault and New Holland.

TITAN MACHINERY (NASDAQ: TITN) | ENTERPRISE VALUE: $0.7 BILLION | 2019 SALES: $1.4 BILLION

Titan Machinery is an ag and construction dealer with a mix of mature and newly-acquired locations across North America and parts of Europe. Notably, in early April, Titan expanded into Germany by acquiring AGRAM, a four-location Case IH dealership adding $30 million in revenue. Management is also targeting high performing ag dealers in the Upper Midwest and, as discussed on past earnings calls, is engaged in discussions with multiple parties. In addition to the North Dakota Case IH dealer acquisition announced late last year, Titan recently acquired HorizonWest, a three-location Case IH dealer in Nebraska and Wyoming.

Key agricultural machinery OEMs represented include CASE and New Holland.

RUSH ENTERPRISES INC. ("REI") (NASDAQ: RUSH.B) | ENTERPRISE VALUE: $0.3 BILLION | 2019 SALES: $5.8 BILLION

Among the top dealers, REI is perhaps the most cautious regarding acquisitions. After becoming the largest network of commercial vehicle dealers in North America through M&A, Rush Enterprises is now more focused on growing its high margin parts and service revenue streams. Management notes that increasing wallet share among existing customers is less capital intensive and provides higher returns than what is typically achieved through acquisitions.

Nevertheless, REI remains a growth company, and, accordingly, is committing nearly half of its free cash flow to greenfield expansion opportunities or acquisitions to increase service capacity to customers. In early 2019, the company made its first international foray through a 50/50 JV with Tallman Group in Canada.

Key automotive OEMs represented include Peterbilt, International, Ford, Hino, Isuzu, Mitsubishi Fuso, Blue Bird, IC Bus, Collins and Elkhart Coach.

BROADER EQUIPMENT DEALER SECTOR ACTIVITY

Similar to the Equipment Rental sector, while the largest established dealers have driven a majority of M&A, other corporate, private equity and, in particular, family office players have been attracted to the industry's secular tailwinds, platform opportunities and improved OEM receptivity.

INTERNATIONAL ACTIVITY

- Companies have pursued cross-border M&A to demonstrate the replicability of their success overseas and to better service larger, global accounts. As discussed earlier, for example, Titan's expansion into Germany further chips away at a broad European market while Rocky Mountain is seeking to replicate its Canadian Prairies success in the Western U.S.
- Mitsubishi Caterpillar Forklift America's acquired its long-time partner Equipment Depot, further establishing its presence across the Americas
- Portugal-based Nors, S.A. acquired Canada-based Strongco, a multi-line construction equipment dealer, for approximately $200 million in Q1 2020

Nors' international experience and capital foundation, in many of the same product lines on four continents, brings the know-how and experience to elevate our potential to deliver leading edge quality to our growing customer base in an increasingly global environment."

- Robert Beutel, Executive Chairman of Strongco STRONGCO

OTHER NOTABLE CORPORATE ACTIVITY

In addition to an aging ownership base and increased capital requirements, the need to smooth inconsistencies in customer service between dealers and provide support continuity for multi-regional operators is driving ongoing consolidation within the Caterpillar and Deere networks. Family dealers that have been with their OEMs for, in many instances, several decades are finding M&A to be an ideal way to realign with a changing demand environment.

ILLUSTRATIVE TRANSACTIONS AMONG CATERPILLAR DEALERS INCLUDE:

- Finning's, the world's largest Caterpillar dealer, acquisition of Kramer Ltd in Saskatchewan for $230 million
- Altorfer's acquisition of Patten Industries to expand into Illinois and Indiana
- Carter Machinery's acquisition of Alban Tractor to expand into Northern Virginia, Washington D.C., Maryland and Delaware
- Foley's acquisition of Giles & Ransome to expand into southern New Jersey and northern Delaware
- Fabco Equipment's merger with John Fabick Tractor Co. in a transaction that created one of the largest U.S. Caterpillar dealers
- Toromont's, owner of Battlefield Equipment Rentals (#14 on the RER 100), acquisition of Hewitt Group for approximately $810 million to create one of the largest Canadian Caterpillar dealers

On the ag side, farm consolidation is also motivating dealers to consolidate in order to meet the increasingly complex needs of larger farms. ***Dan Van Houweling, owner of Van Wall Equipment, a 24-location John Deere dealer commented: "While the number of ag equipment dealers operating 5 or more stores has increased by 11% since 2011, those operating 20 or more has swelled by 300%."***

ILLUSTRATIVE TRANSACTIONS AMONG DEERE DEALERS INCLUDE:

- Lakeland Equipment's merger with Z&M Ag and Turf in partnership with Argonne Capital to create LandPro Equipment, Deere's largest Northeast dealer
- Brandt's acquisition of Nortrax Canada and Nortrax Quebec to become the first coast-to-coast dealer in Canada
- Cervus Equipment's acquisition of Deermart Equipment Sales in Alberta following the buyout of Evergreen Equipment and Deer-County Equipment, two other Deere dealers
- Ag-Pro's buyout of a string of dealer locations across Georgia, Alabama, Ohio, Kentucky, South Carolina and Texas, including Shearer Equipment, Snead Ag, Mid Georgia Tractor, JD Equipment and Wilson Equipment, among others
- The merger of two family-owned businesses, Sydenstricker Implement Co. and Wm. Nobbe & Co. to form Sydenstricker-Nobbe Partners, with approximately $500 million in annual revenue

FAMILY OFFICE INVESTORS

As discussed previously, the increasing direct investment activity of family offices favorably intersects with OEMs' preferences for longer holding periods and increasing open-mindedness regarding allowing external capital into their dealer systems. TM Capital has witnessed this theme repeatedly in our recent engagements in the sector.

2020 eberhartcapital | The Equipment Source; Barrett Supplies & Equipment Current Investment	2019 Tecum Equity | Pinnacle Cranes Current Investment	2018 (TM Capital Transaction) Tecum Equity | Tidewater Current Investment	2017 M | Atlantic Tractor (We Live It.) Current Investment
2017 DMS Dobbs Management Service, LLC | Peterbilt Truck Centers Current Investment	2017 DMS Dobbs Management Service, LLC | Dobbs Equipment Current Investment	2015 (TM Capital Transaction) Stephens | Vanguard Truck Centers Current Investment	2000 Pon | Equipment Depot Exited in 2019 via sale to Mitsubishi Logisnext

PRIVATE EQUITY INVESTORS

While private equity deal volume is strong in the Equipment Rental sector, it historically has been less prevalent within the Equipment Dealer sector – likely due to OEM reticence and exit concerns. More recently, however, firms espousing flexibility for longer holding periods have enjoyed growing success.

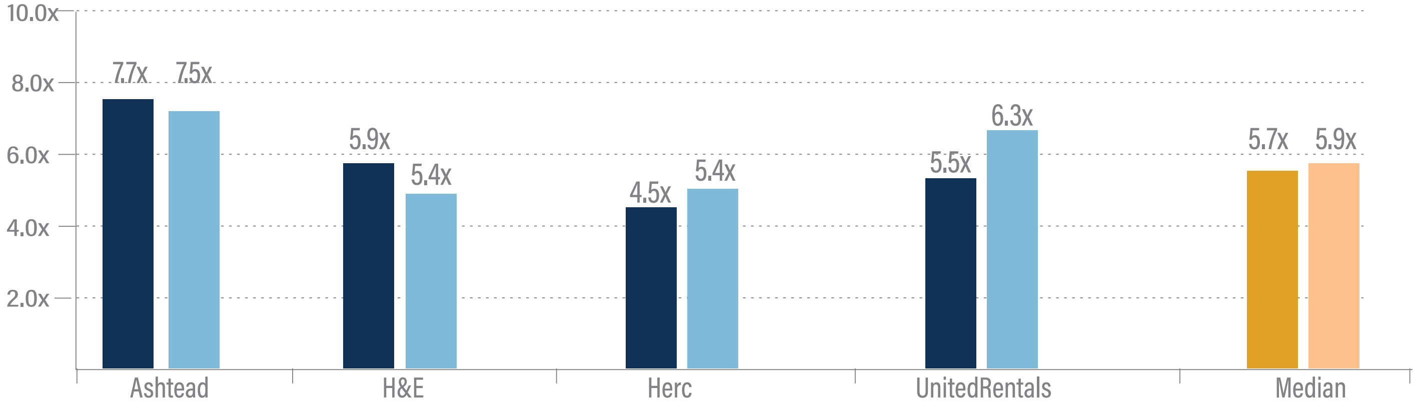
2019 Brightstar Capital Partners | Bobcat of St. Louis Current Investment	2019 (TM Capital Transaction) CenterGate Capital | Naumann Hobbs Material Handling, The Performance People Current Investment	2019 Prophet Equity | Hills Machinery Current Investment	2019 CenterGate Capital | Owen Equipment Current Investment
2016 Prophet Equity | Croff Tractor & Equipment, Inc. Current Investment	2013 Ironwood Partners, LLC | Tidewater Exited in 2018 via sale to Tecum Equity	2013 Prospect Partners | Owen Equipment Exited in 2018 via sale to CenterGate Capital	2011 Prospect Partners | Culligan by WaterCo Exited in 2018 via sale to Culligan Water

> *"With our recent investments in Owen Equipment and Naumann Hobbs, we are excited to partner with two experienced management teams to help execute their growth strategies. As leading regional players, each offers customers a comprehensive product portfolio thanks to deep relationships with leading OEMs. Owen and Naumann further engrain themselves with customers with additional recurring value-added services including robust parts & service offerings, distribution operations & system solutions and a fleet of rental equipment."*
>
> *- Lewis Schoenwetter, CenterGate Capital*

CenterGate Capital

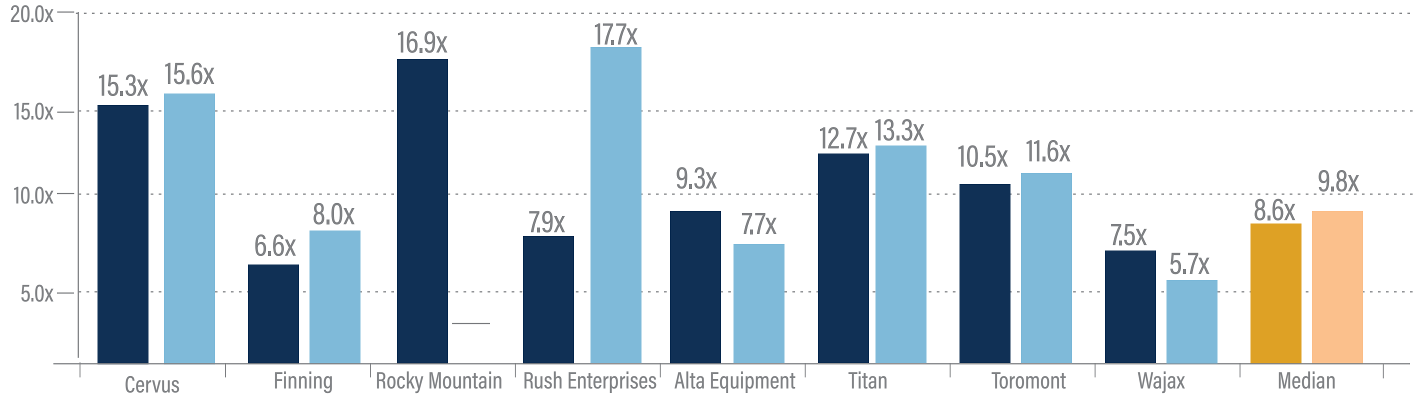
MARKET DATA
VALUATIONS

EQUIPMENT RENTAL COMPANIES – ENTERPRISE VALUE / EBITDA



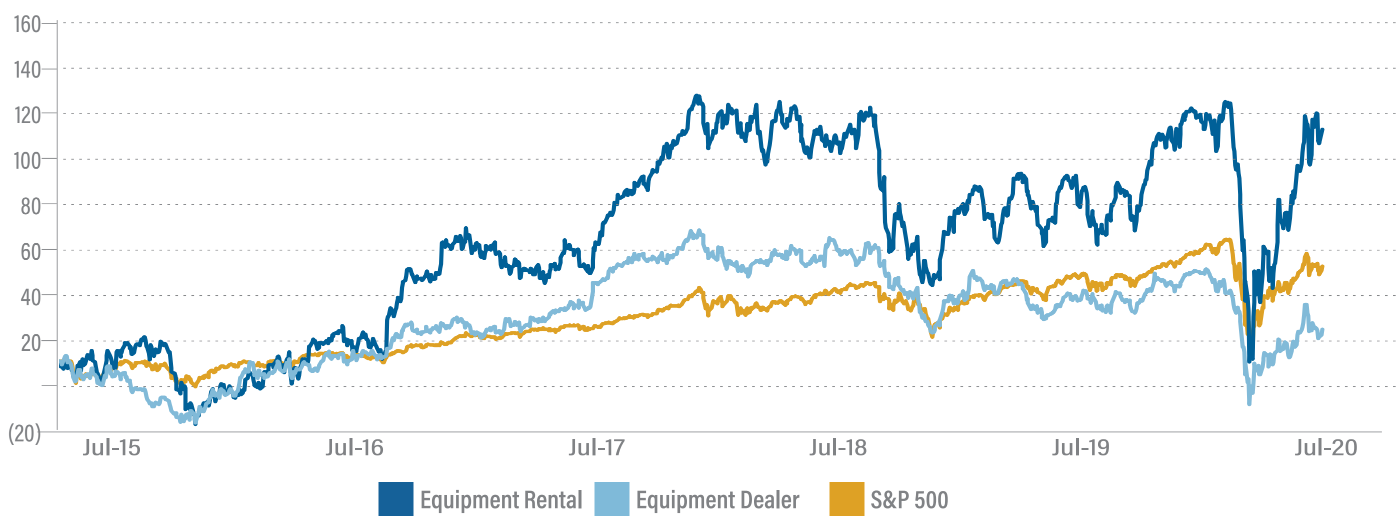
Source: Capital IQ

EQUIPMENT DEALER COMPANIES – ENTERPRISE VALUE / EBITDA [6]



Source: Capital IQ

PERFORMANCE OF SELECTED GUIDELINE PUBLIC COMPANIES RELATIVE TO THE S&P 500



Source: Rental Index: URI, AHT, HEES, HRI;
Dealer Index: CERV, FTT, RME, RUSH.B, TITN, TIH, WJX
Note: Data as of 6/30/2020

[6] *Median TEV / EBITDA multiples exclude Cervus Equipment Corporation and Rocky Mountain Dealerships*

MARKET DATA
RECENT EQUIPMENT RENTAL TRANSACTIONS

Date	Target	Acquirer	Description	Deal Value ($ in millions)
4/1/2020	Equipment Management Group	BigRentz (ITOCHU and St. Cloud Capital)	Dumpster and portable toilet rental for the commercial construction industry	N/A
3/15/2020	Lizzy Lift	BigRentz (ITOCHU and St. Cloud Capital)	Aerial and material handling equipment rental	N/A
12/10/2019	William F. White International	Sunbelt Canada (Ashtead Group)	Canada-based motion picture production equipment rental provider	$199
10/1/2019	AllWest Underground, Inc.	Sunbelt US (Ashtead Group)	Provider of construction equipment rental services	$11
9/23/2019	Truck Utilities, Inc.	Nesco Holdings	Special rental and truck upfitting service	$42
9/10/2019	King Equipment	Sunbelt US (Ashtead Group)	Aerial equipment rental provider to the Los Angeles, CA area	$188
8/30/2019	Solley Equipment & Rigging	Sunbelt US (Ashtead Group)	Crane rental and related lifting services	N/A
7/30/2019	Nesco Holdings	Capitol Investment Corp.	Leading provider of specialty rental equipment in North America	$976
7/4/2019	Contractors Building Supply (Tampa Branch)	Sunbelt US (Ashtead Group)	General equipment rental	N/A
7/2/2019	Durante Rentals	Clairvest Group Inc.	Construction equipment rental provider in the NY Metropolitan area	N/A
6/18/2019	Bilcan, Inc.	Sunbelt US (Ashtead Group)	Construction and landscaping equipment rental to the San Diego, CA area	$16
6/18/2019	Harris County Rentals (Harlingen, TX Branch)	Sunbelt US (Ashtead Group)	General equipment rental	N/A
6/5/2019	Trench Shoring Systems, Inc.	Trench Plate Rental Co.	U.S.-based provider of trench safety equipment rentals	N/A
5/30/2019	Burkhalter Rigging, Inc.	Barnhart Crane & Rigging Co.	Provider of rigging and crane equipment rental services	$14
5/16/2019	Westside Rental and Sales	Sunbelt US (Ashtead Group)	General equipment rental to the greater Nashville market	N/A
5/3/2019	Shaughnessy & Ahern Crane Co.	Maxim Crane Works (Apollo Management)	Crane rental and related lift solutions	N/A
4/30/2019	Koslowski Rentals	Sunbelt US (Ashtead Group)	General equipment rental	N/A
4/24/2019	Aqua-Tech Solutions	Ashtead Technology	Subsea equipment rental and cutting services	N/A
3/8/2019	Winn Rentals	Sunbelt Canada (Ashtead Group)	Canada-based provider of general tool equipment rental	$20
3/5/2019	Bat's, Inc.	Sunbelt US (Ashtead Group)	Car and truck rental on the Big Island of Hawaii	$4
3/1/2019	Prime Rentals	Cooper Equipment Rentals (SeaFort Capital)	Largest independent equipment rental company in the Lower Mainland of British Columbia	N/A
3/1/2019	B&G Crane Service	Maxim Crane Works (Apollo Management)	Crane rental, heavy rigging and specialty hauling services	N/A
2/18/2019	Thompson Pump & Manufacturing (Rental Operations)	United Rentals	Provider of pumps for industrial applications	N/A
2/15/2019	TEMP-AIR, Inc.	Sunbelt US (Ashtead Group)	Temporary, portable HVAC rental	$118
2/7/2019	Baystate Equipment Rental and Sales Company, Inc.	Sunbelt US (Ashtead Group)	U.S.-based provider of equipment rental services	$12
2/1/2019	All Rents Tool & Equipment	Rental Equipment Investment Corp.	General equipment rental in the greater Oregon, WA region	N/A
1/29/2019	Rental, Inc.	H&E Equipment Services	Non-residential construction equipment rental in the Southeastern U.S.	$69
1/21/2019	Star Rentals	Cooper Equipment Rentals (SeaFort Capital)	Canada-based industrial and residential equipment rental	N/A
1/11/2019	Hull Brothers Rental	Sunbelt US (Ashtead Group)	General tool equipment rental in the greater Detroit, MI area	$13
1/8/2019	We Rent It Equipment & Tool Rentals	H&E Equipment Services	Non-residential construction equipment rental in the Texas market	$109
12/11/2018	Gauer Service & Supply Co.	Sunbelt US (Ashtead Group)	General equipment rental in the greater Akron, OH area	$1
12/2/2018	Underground Safety Equipment	Sunbelt US (Ashtead Group)	Safety and shoring equipment rental	$33
11/8/2018	Apex Pump & Equipment	Sunbelt US (Ashtead Group)	Hydraulic, vacuum and electric pump rental	$103
10/22/2018	WesternOne Rentals & Sales	United Rentals	Canada-based general equipment rental	$92
10/17/2018	Patcher Energy Management	Sunbelt Canada (Ashtead Group)	Canada-based provider of power service rental equipment	$5
9/28/2018	Midwest High Reach	Sunbelt US (Ashtead Group)	Aerial equipment rental provider to the Chicago market	$42
9/11/2018	Richlock Rentals	Sunbelt Canada (Ashtead Group)	Canada-based general equipment rental	$9
9/11/2018	Wistar Equipment	Sunbelt US (Ashtead Group)	Power and industrial equipment rental	$23
9/11/2018	Interstate Aerials	Sunbelt US (Ashtead Group)	Aerial equipment rental provider to the greater Philadelphia, PA market	$210
9/11/2018	Mabey Inc	Sunbelt US (Ashtead Group)	Bridge construction equipment rental	$91
9/10/2018	BlueLine Rental (Platinum Equity)	United Rentals	Diversified equipment rental in the U.S., Canada and Puerto Rico	$2,100
9/5/2018	Equipment 4 Rent	Sunbelt US (Ashtead Group)	Aerial equipment rental provider to the greater Boston, MA market	$17
8/28/2018	Rain2Day Inc.	Cross Country Infrastructure Services	Pump and related equipment rental	N/A

Date	Target	Acquirer	Description	Deal Value ($ in millions)
8/8/2018	Berry Holdings	Sunbelt US (Ashtead Group)	General equipment rental	$1
7/17/2018	MMG Building & Construction Services	United Rentals	Portable restroom and sanitation rental	N/A
7/10/2018	Tri-State Crane Lifting, Rigging and Storage	Maxim Crane Works (Apollo Management)	Crane, heavy machinery and truck rental	N/A
7/3/2018	N&L Line Equipment	Nesco Holdings	Provider of products for electric utility line maintenance	$5
7/2/2018	BakerCorp International (Permira)	United Rentals	Containment, filtration and shoring equipment rental	$715
6/19/2018	Voisin's Equipment Rental	Sunbelt Canada (Ashtead Group)	Canada-based aerial and lifting equipment rental	$43
6/19/2018	Above and Beyond Equipment Rentals	Sunbelt US (Ashtead Group)	Aerial equipment rental provider to Southern Connecticut	$20
6/19/2018	Green Acres Equipment Rental	Sunbelt US (Ashtead Group)	Material handling and general equipment rental in the Texas market	$5
6/19/2018	Nickell Equipment Rental & Sales	Sunbelt US (Ashtead Group)	General equipment rental in the Southeastern U.S.	$15
6/19/2018	Maverick Pump Services	Sunbelt US (Ashtead Group)	Pump and related equipment rental	$21
6/19/2018	Lift, Inc. (Aerial Rental division)	Sunbelt US (Ashtead Group)	Aerial equipment rental provider to the greater Pennsylvania market	$9
3/13/2018	Building Cooling Systems	Sunbelt US (Ashtead Group)	Cooling and heating equipment rental	$1
3/7/2018	New England Rent-All Equipment	Sunbelt US (Ashtead Group)	General equipment rental	$4
3/7/2018	DJ's Rentals	Sunbelt US (Ashtead Group)	General equipment rental	$7
3/1/2018	Service Radio Rentals	United Rentals	Provider of two-way communication for the construction industry	N/A
2/23/2018	Beaupre Aerial Equipment	Sunbelt US (Ashtead Group)	Aerial and heavy construction equipment rental	$57
2/1/2018	Excavator Rental Services LLC	Rental Equipment Investment Corp.	General equipment rental in the Pacific Northwest	N/A
1/16/2018	Modern Industrial Rentals	Cooper Equipment Rentals	Canada-based provider of industrial and construction equipment rental	N/A
11/21/2017	Contractors Equipment Center	H&E Equipment Services	Non-residential construction equipment rental in the Denver, CO market	$122
10/31/2017	The Rental Company of Cenla	Sunbelt US (Ashtead Group)	General equipment rental	$1
10/12/2017	Bethea Tool & Equipment Company	Nesco Holdings	Provider of handline, stringing and bundle blocks	$6
9/6/2017	Superior Tractor & Equipment	Rental Equipment Investment Corp.	Construction and agriculture equipment rental	N/A
8/22/2017	Portable Power Assets of Cummins	United Rentals	Mobile generator and power equipment rental	N/A
8/16/2017	Neff Corporation	United Rentals	General construction and industrial equipment rental	$1,276
7/19/2017	CRS Contractors Rental Supply	Sunbelt Canada (Ashtead Group)	Canada-based provider of general equipment rental	$218
7/18/2017	Ontario Tool & Rental Inc.	Rental Equipment Investment Corp.	General equipment rental in the greater Ontario, OR area	N/A
7/10/2017	Alberta Lift and Rentals	Cooper Equipment rentals (SeaFort Capital)	Provider of aerial lift equipment rental in Western Canada	N/A
7/6/2017	Compact Power	Home Depot	Compact equipment rental and maintenance provider	$265
6/13/2017	MSP Equipment Rentals	Sunbelt US (Ashtead Group)	Aerial and other construction equipment rental to the Delaware market	$23
6/13/2017	Van's Equipment Company	Sunbelt US (Ashtead Group)	General equipment rental to the Colorado market	N/A
6/12/2017	RGR Equipment	Sunbelt US (Ashtead Group)	Aerial and heavy construction equipment rental	$57
4/20/2017	Coast Crane Company	Maxim Crane Works (Apollo Management)	Large crane and manlift rental	$73
3/31/2017	Pride Equipment Corporation	Sunbelt US (Ashtead Group)	Aerial equipment rental to the greater New York City area	$279
1/27/2017	TuCo Industrial Products	Aggreko	Provider of temporary industrial HVAC equipment	N/A
1/25/2017	NES Rentals Holdings (Diamond Castle Hldngs)	United Rentals	Aerial equipment rental	$965
1/5/2017	Columbia River Machinery	Rental Equipment Investment Corp.	Oregon-based provider of equipment rental	N/A

MARKET DATA

RECENT EQUIPMENT DEALER TRANSACTIONS

Date	Target	Acquirer	Description	Deal Value ($ in millions)
7/16/2020	Barrett Equipment, Inc.	Eberhart Capital, LLC	Provider of construction equipment rental in the Florida area	N/A
6/17/2020	Hilo Equipment & Services	Alta Equipment Group	Dealer of material handling equipment	Pending
5/13/2020	The Equipment Source	Eberhart Capital, LLC	Provider of tool and equipment rental in the greater Naples, FL area	N/A
2/11/2020	HorizonWest	Titan Machinery	Agricultural equipment dealer in the greater Nebraska area	N/A
2/4/2020	Alban Tractor	Carter Machinery	Heavy equipment and power systems dealer based in Baltimore, MD	N/A
2/4/2020	CP Company (D.B.A. CT Power)	The W.W. Williams Company	Transport refrigeration and temperature-control equipment dealer	N/A
2/4/2020	Green Line Equipment	Plains Equipment Group	Tractors, combines and farm equipment in the Nebraska area	N/A
2/3/2020	Liftech Equipment Companies	Alta Equipment Group	Dealer of industrial lift trucks and construction equipment	N/A
1/15/2020	Reynolds Farm Equipment	Greenville Turf & Tractor	Commercial mowers and turf equipment in the Southeast and Midwest	N/A
12/13/2019	FlaglerCE Holdings	Alta Equipment Group	Dealer of heavy construction equipment in the greater Tampa, FL area	N/A
10/21/2019	Daily Equipment Company	Equipment Depot (Mitsubishi Logisnext)	Forklift dealer in the Southeastern U.S.	N/A
10/16/2019	Pinnacle Cranes	Tecum Equity	Provider of Link-Belt and Manitex equipment in the Carolinas	N/A
10/8/2019	Maus Implement Company, Inc.	Greenway Equipment, Inc.	Agricultural machinery and equipment in the greater Arkansas area	N/A
10/6/2019	Wm. Nobbe & Co.	Sydenstricker	Merger between two John Deere dealerships in Missouri and Illinois	N/A
9/11/2019	Uglem-Ness Company	Titan Machinery	Agricultural equipment in the greater North Dakota area	$9
8/29/2019	Naumann Hobbs Material Handling	CenterGate Capital	U.S.-based provider of material handling equipment, parts and services	N/A
8/14/2019	W.A. Jones	Foundation Investment Partners	Heavy truck equipment, including snowplows and compressors	N/A
6/18/2019	Gateway Bobcat, LLC	InfraServ US (Brightstar Capital Partners)	Missouri-based industrial equipment dealer focused on the Bobcat brand	N/A
6/4/2019	North Central Ag, LLC	Ohio Ag Equipment	Lawn and farm equipment in the New London, OH area	N/A
4/11/2019	Pon Material Handling (D.B.A. Equipment Depot)	Mitsubishi Logisnext	Provider of material handling equipment in the greater Texas area	$246
3/6/2019	Northland Industrial Truck Co.	Alta Equipment Group	Provider of material handling equipment in the greater Massachusetts area	$66
2/4/2019	Kuester Implement Company, Inc.	Ag-Pro South, LLC	Agricultural equipment in the greater Ohio area	N/A
1/31/2019	McGavin Farm Equipment Ltd	Robert's Farm Equipment Sales Inc.	Canada-based dealer of agricultural equipment	N/A
1/21/2019	Shearer Equipment	Ag-Pro Companies	Network of 7 John Deere dealers in Ohio	N/A
12/3/2018	JD Equipment	Ag-Pro Companies	Network of 10 John Deere dealers in Ohio and Kentucky	N/A
11/28/2018	Owen Equipment Company	CenterGate Capital	U.S.-based dealer of environmental infrastructure maintenance equipment	N/A
11/23/2018	Deermart Equipment Sales	Cervus Equipment Corporation	Canada-based dealer of John Deere equipment	$10
9/25/2018	Tidewater Equipment	Tecum Equity	Provider of forestry and related equipment	N/A
9/17/2018	CC&T	Groff Tractor & Equipment, Inc.	Provider of asphalt paving market equipment	N/A
8/24/2018	Concordia Tractor	Prairieland Partners	Agricultural equipment and parts in the greater Kansas area	N/A
8/8/2018	New Holland Dealership	Rocky Mountain Dealerships	Canada-based dealer of agricultural equipment	$2
8/7/2018	Water Co. Holding (Prospect Partners)	Culligan International Company	Independent water equipment platform in the Culligan dealer network	N/A
7/24/2018	Dakota Farm Equipment	Gooseneck Implement	Agricultural equipment in the greater North Dakota area	N/A
7/3/2018	John Bob Farm Equipment	Rocky Mountain Dealerships	Canada-based dealer of agricultural equipment	$10
5/9/2018	Patten Industries	Altorfer, Inc.	Authorized Caterpillar heavy equipment dealer in IL and IN	N/A
2/9/2018	Giles & Ransome, Inc.	Foley, Inc.	Dealer of Caterpillar construction equipment and work tools in the Northeast	N/A
1/22/2018	ICS Group	Ingersoll-Rand	Temperature control and HVAC equipment	$198
11/20/2017	Seven John Deere Locations	Dobbs Management Services	Construction and forestry equipment	N/A
10/11/2017	Sixteen John Deere Locations	Ag-Pro Companies	Construction and forestry equipment	N/A
8/31/2017	Folcomer Equipment Corporation	Groff Tractor & Equipment, Inc.	Dealer of new and used construction equipment in the Baltimore, MD area	N/A
8/2/2017	Peterbilt Truck Centers (PTC)	Dobbs Management Services	Full-service Peterbilt dealer with six locations across the Southeastern U.S.	N/A
8/28/2017	Hewitt Equipment Limited	Toromont Industries	Canada-based Caterpillar dealer	$817
7/28/2017	Walsh Equipment, Inc.	Stephenson Equipment, Inc.	Construction machinery dealer in the Prospect, PA area	N/A
2/1/2017	Lakeland Equipment Corp.	LandPro Equipment	Dealer of tractors and farm equipment in the Savannah, NY area	N/A

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INDUSTRIALS TEAM

We continue to broaden our Equipment Rental and Dealer reach each year. Please touch base to see how we can orchestrate an extraordinary outcome for you in these sectors, or other industrial sectors.

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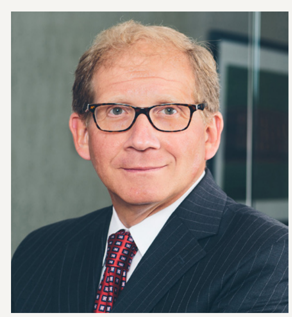

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