

McGrath RentCorp

NobleCon14 – Noble Capital Markets' Fourteenth Annual Investor Conference

Webcast Presentation



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www.mgrc.com

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward looking statements also can be identified by the use of forward-looking terminology such as “believes,” “expects,” “will,” or “anticipates” or the negative thereof or other comparable terminology, or by discussions of expectations, strategies, prospects or targets. These forward-looking statements are not guarantees of future performance and involve significant risks and uncertainties that could cause our actual results to differ materially from those projected. Important factors that could cause actual results to differ materially from the Company’s expectations are disclosed under “Risk Factors” in the Company’s Form 10-K and other SEC filings. Forward-looking statements are made only as of the date of this presentation. Except as otherwise required by law, the Company assumes no obligation to update any forward-looking statements.

McGrath RentCorp

COMPANY OVERVIEW

September 30, 2017

Total Revenues ⁽¹⁾	\$ 445 million
Rental Equipment, at cost	\$1.4 billion
Pieces of Rental Equipment	~ 89,000
Employees	1,081

⁽¹⁾ Data for last twelve months, October 1, 2016 – September 30, 2017

Who We Are – Our Core Values



Our founder, Bob McGrath, had a vision for his company-he wanted to build a team of people who enjoyed serving customers and each other. Our Core values define our culture and help to guide decisions we make every day.



Our Customers – Why Do They Rent?



- **School districts:** rent temporary classrooms to house students while a wing of the school is modernized.
- **Growing businesses:** rent extra office space to house employees before construction is complete on new facilities.
- **Construction contractors:** rent on-site storage containers as secure holding areas for unused material and tools.
- **Refineries:** rent multi-purpose tanks for regularly scheduled plant maintenance and repair “turnaround” cycles.
- **Aerospace and Defense contractors:** rent oscilloscopes to test the voltage and frequency of electrical signals.



Rental Businesses

Mobile Modular & Mobile Modular Portable Storage



- **Positioning:** leader in California, Texas, Florida and Mid-Atlantic education markets
- **Products:** office buildings and complexes, classrooms, portable storage containers
- **Coverage:**
 - Mobile Modular: servicing 14 states
 - Portable Storage: servicing 11 states

Revenues:	\$225	million (LTM ⁽¹⁾)
Rental Equipment:	\$782	million (as of 9/30/17 OAC ⁽²⁾)
Rental Fleet:	~52,000	units

(1) Data for last twelve months, October 1, 2016 – September 30, 2017

(2) Original Acquisition Cost



Rental Businesses

Adler Tank Rentals



- **Positioning:** national leader with the most modern rental fleet in the industry
- **Products:** solid and liquid containment solutions
- **Coverage:** serving customers nation wide

Revenues:	\$88	million (LTM ⁽¹⁾)
Rental Equipment:	\$310	million (as of 9/30/17 OAC ⁽²⁾)
Rental Fleet:	~14,000	units

(1) Data for last twelve months, October 1, 2016 – September 30, 2017

(2) Original Acquisition Cost



Rental Businesses

TRS-RenTelco



- **Positioning:** leader in the Americas
- **Products:** general purpose and communications test equipment
- **Coverage:** serving customers in North America and selectively overseas

Revenues:	\$106	million (LTM ⁽¹⁾)
Rental Equipment:	\$259	million (as of 9/30/17 OAC ⁽²⁾)
Rental Fleet:	~23,000	units

(1) Data for last twelve months, October 1, 2016 – September 30, 2017

(2) Original Acquisition Cost

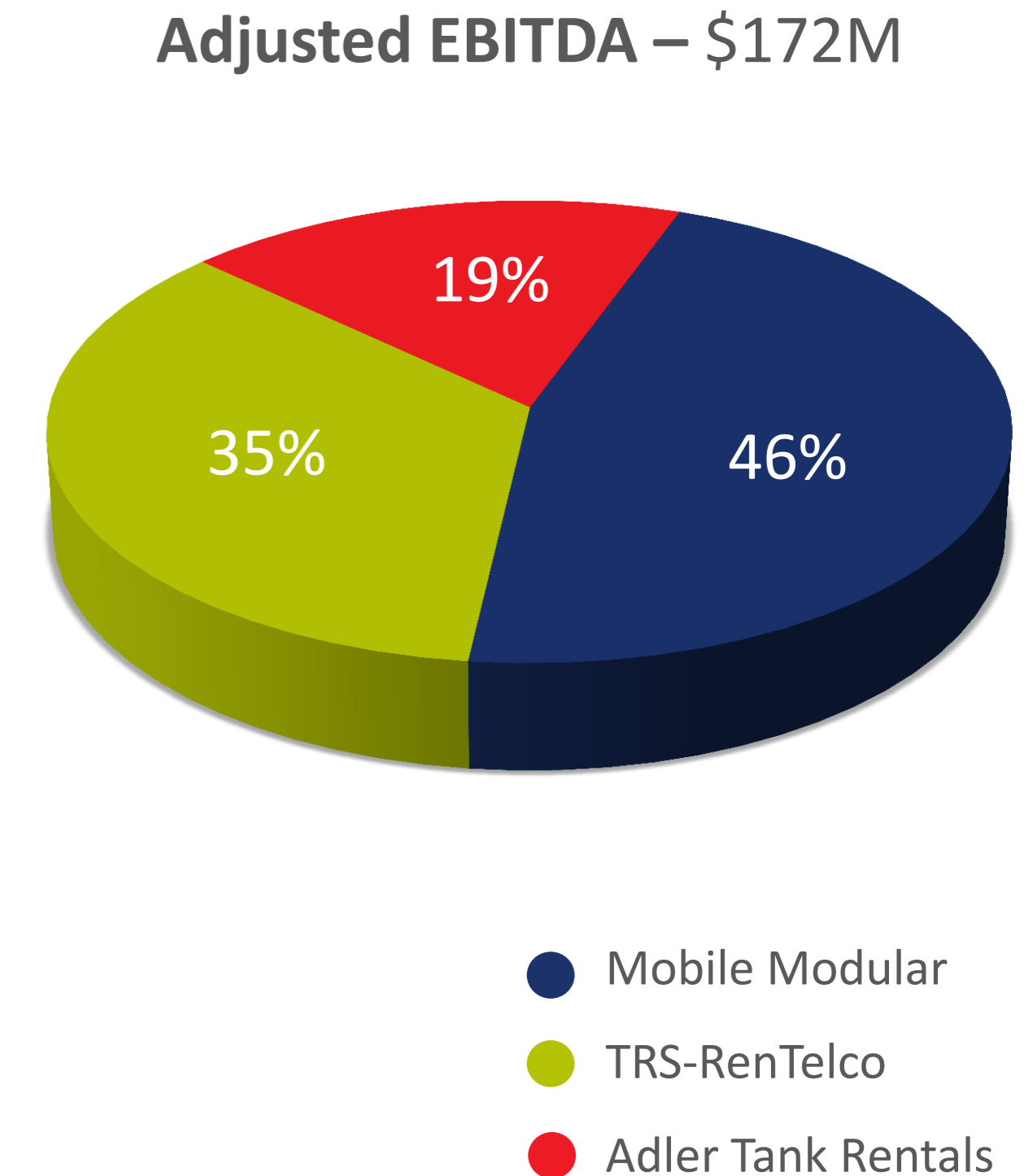
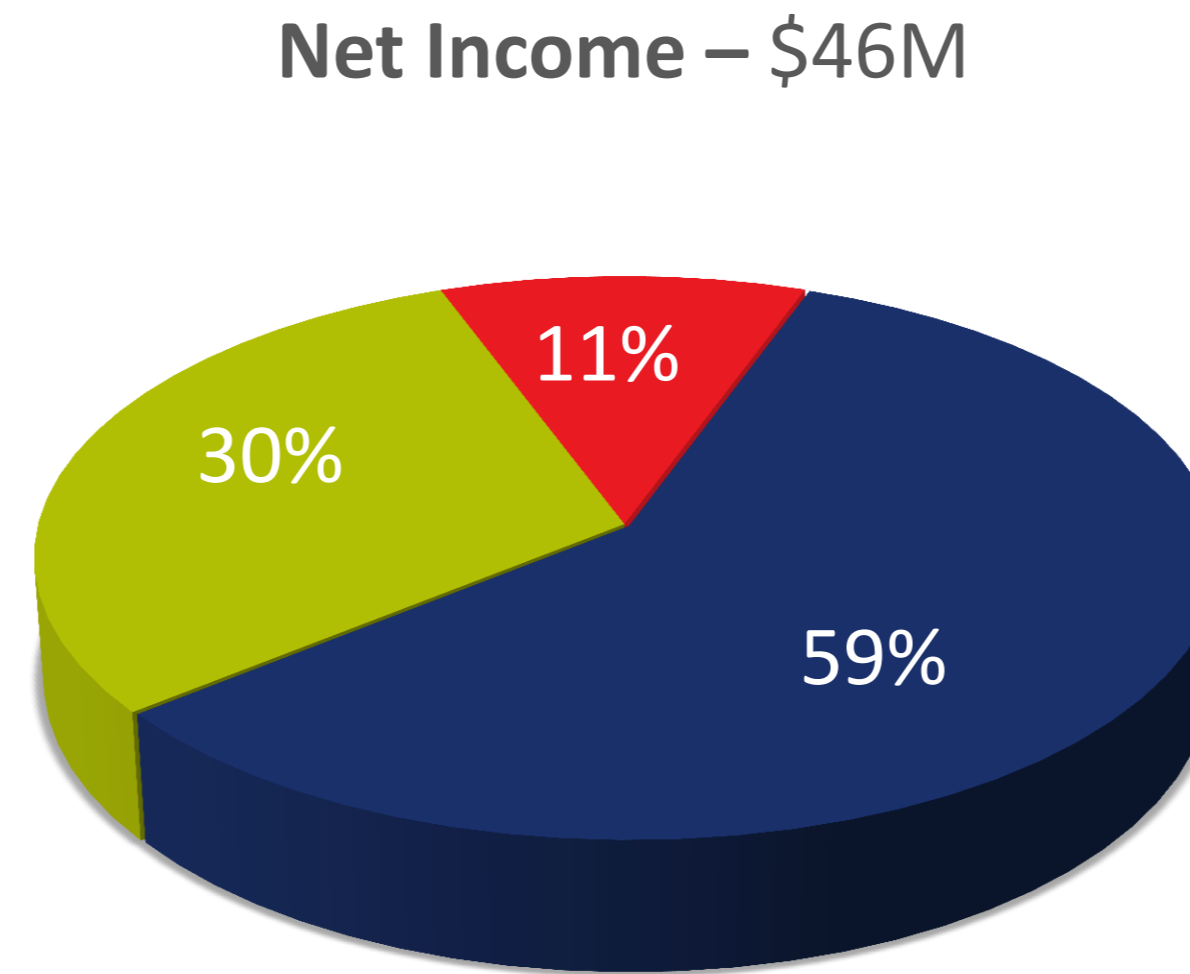
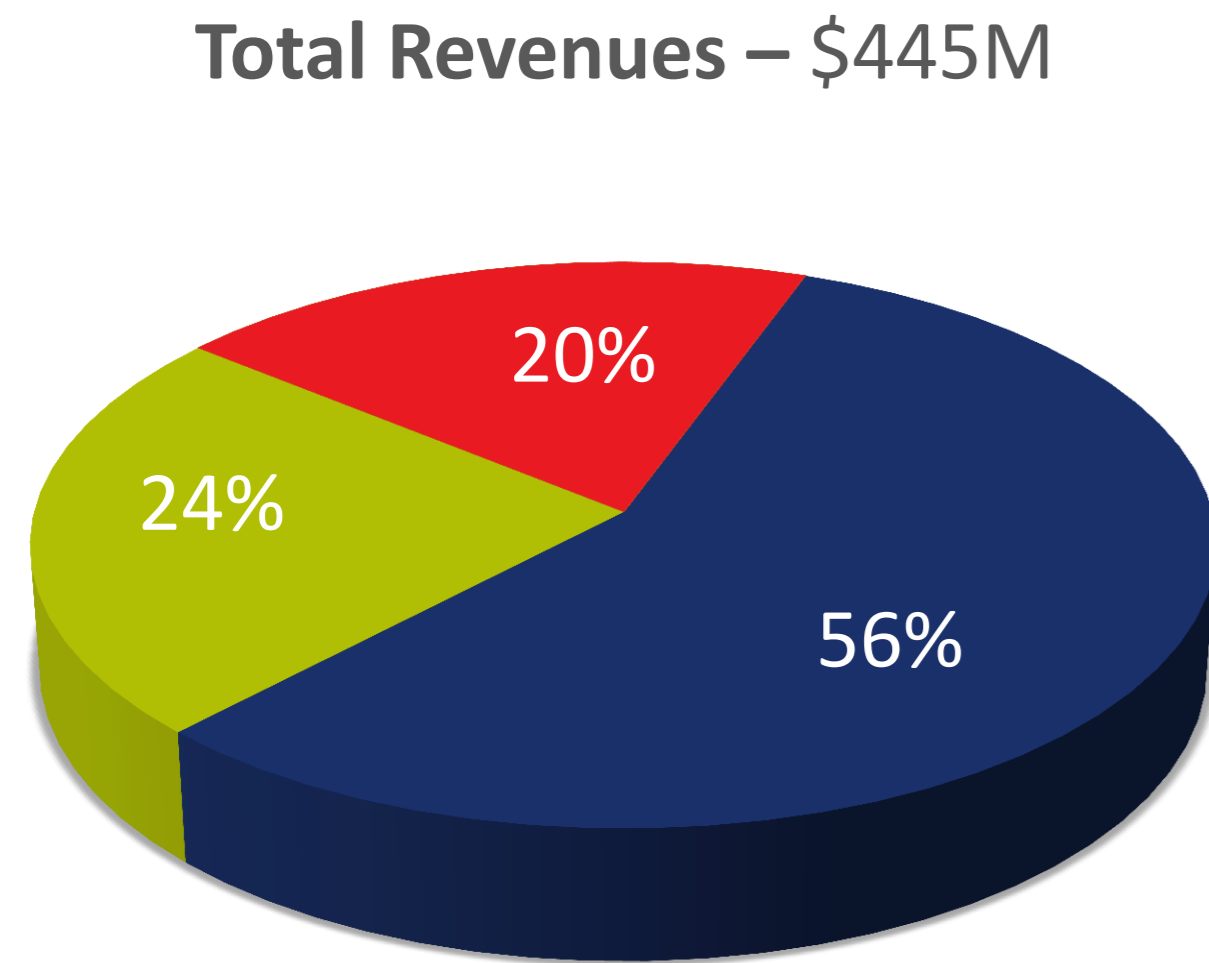


- **Performance Improvement**
 - Analyzing rental transactions
 - Segmenting markets and setting priorities
 - Enhancing pricing processes
- **Disciplined Capital Allocation**
 - Mobile Modular: increasing share outside California
 - TRS-RenTelco: investing in revenue growth with general purpose test equipment
 - Portable Storage: building out established branch coverage
- **Focused growth**
 - Increasing density within existing branch networks

McGrath RentCorp

FINANCIAL OVERVIEW

2017 LTM⁽¹⁾ Contribution by Division



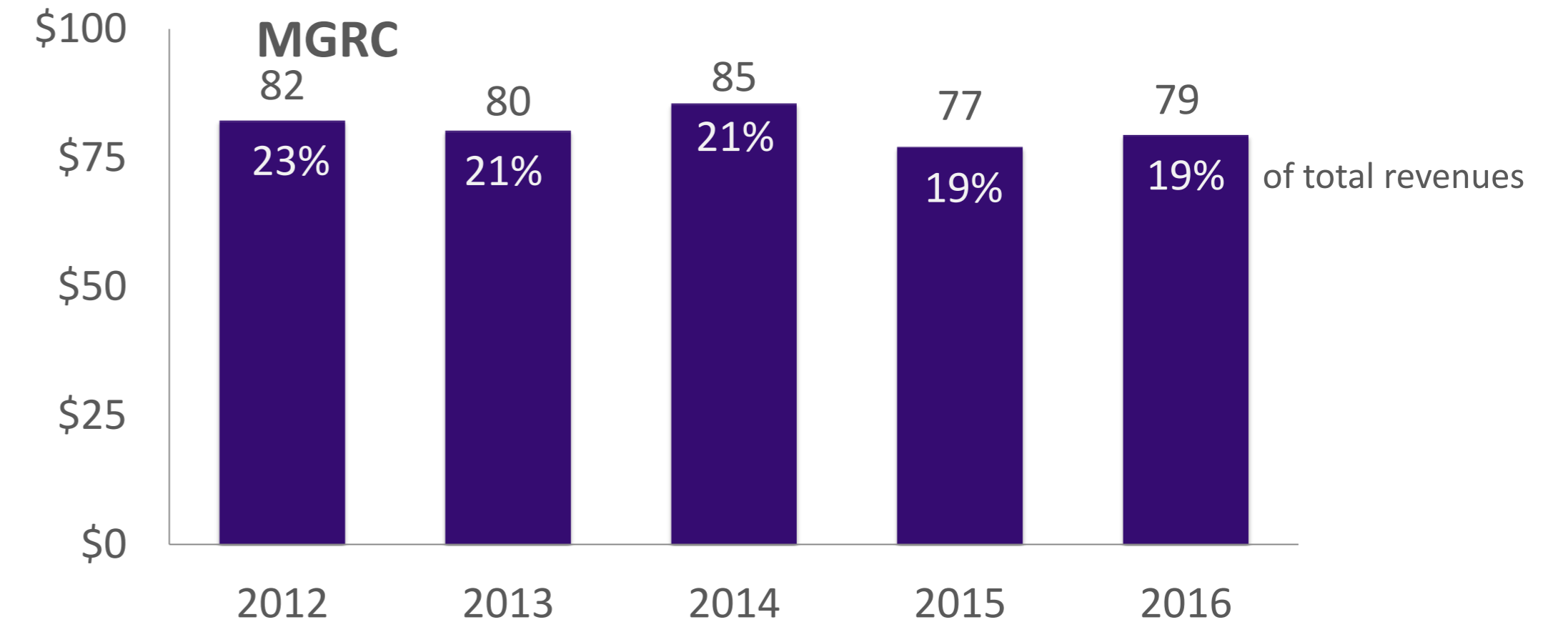
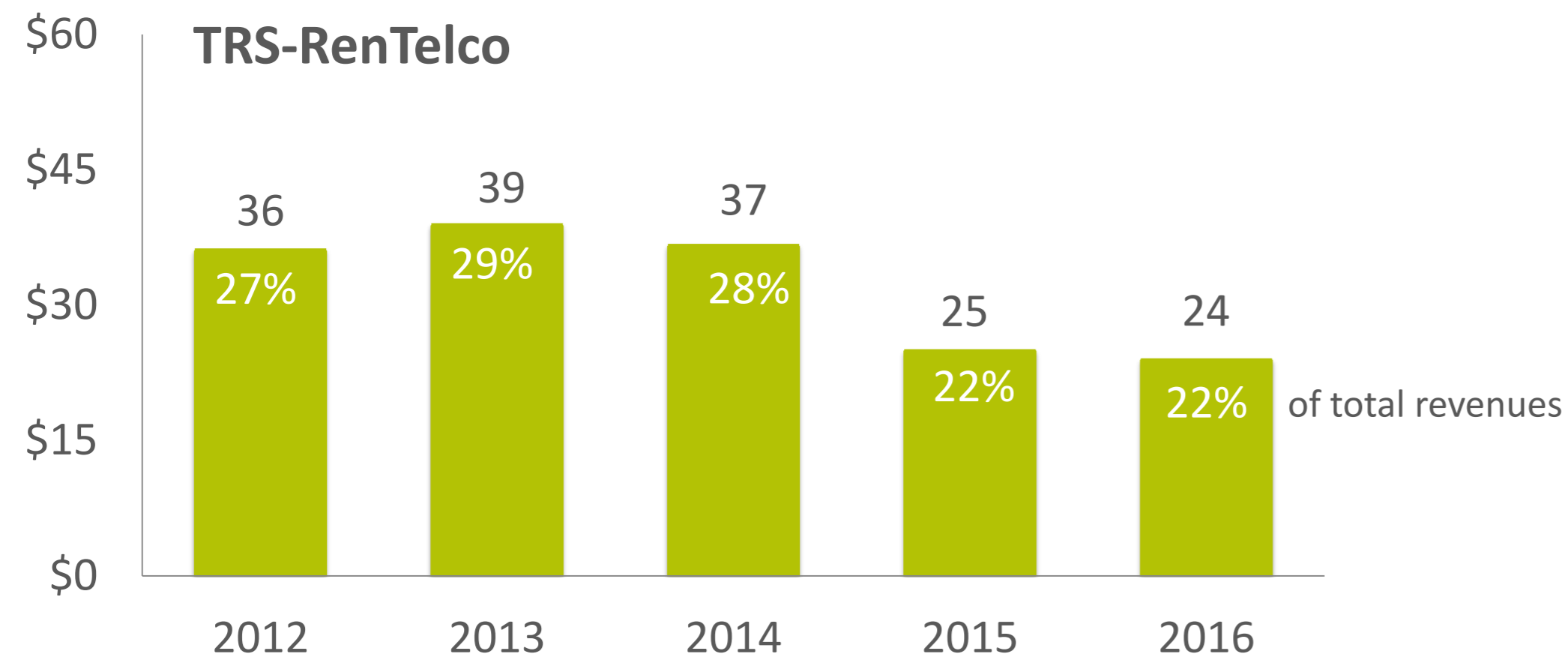
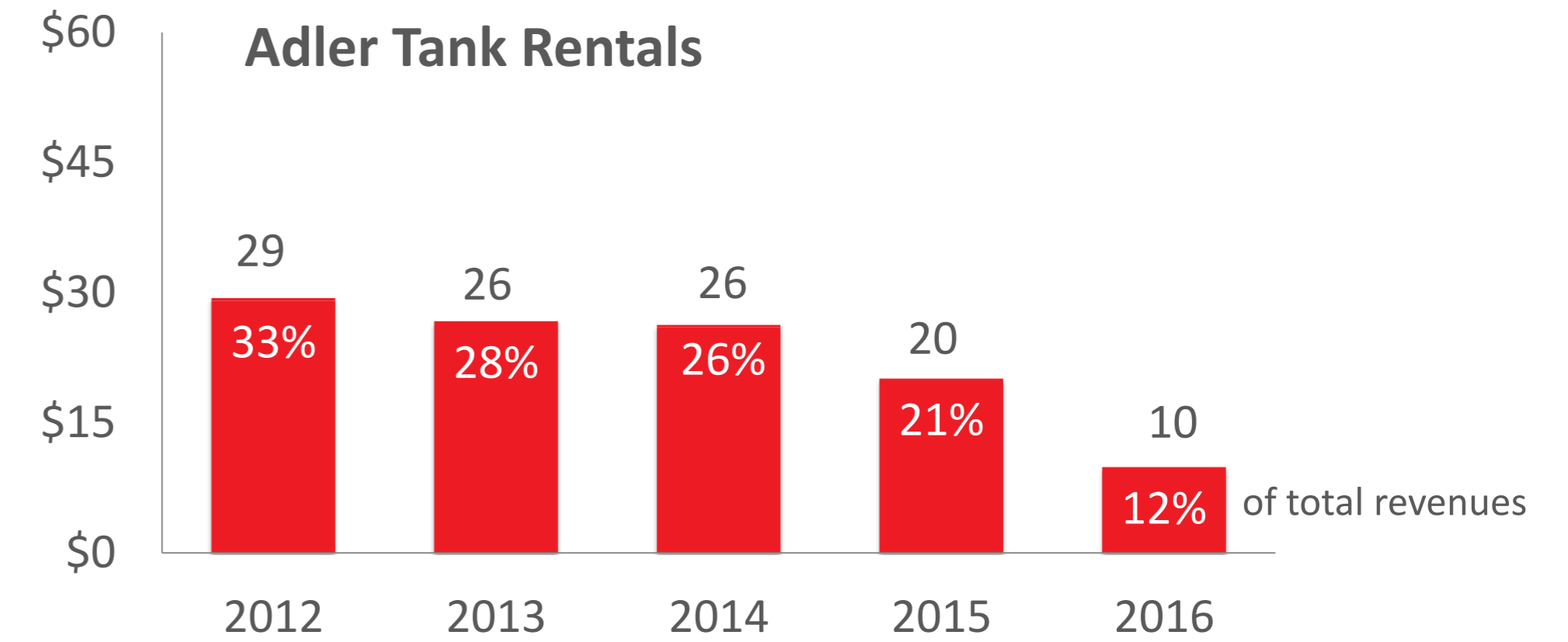
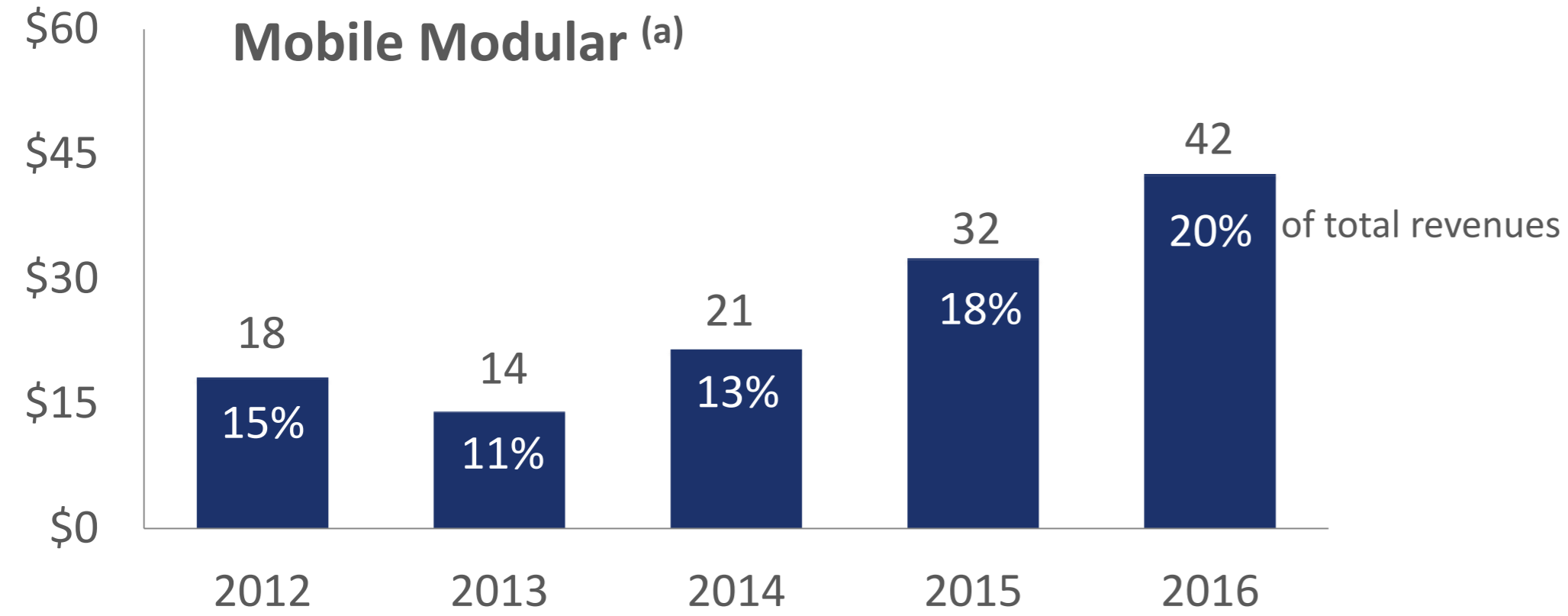
- Mobile Modular
- TRS-RenTelco
- Adler Tank Rentals

- The Company defines Adjusted EBITDA as net income before interest expense, provision for income taxes, depreciation, amortization, and share-based compensation. A reconciliation of Adjusted EBITDA to the most directly comparable financial measures calculated and presented in accordance with GAAP is disclosed in the company's earnings press releases and in SEC filings.
- Mobile Modular includes Mobile Modular Portable Storage and Enviroplex

⁽¹⁾ Data for last twelve months, October 1, 2016 – September 30, 2017

Earnings Before Interest & Taxes (EBIT)

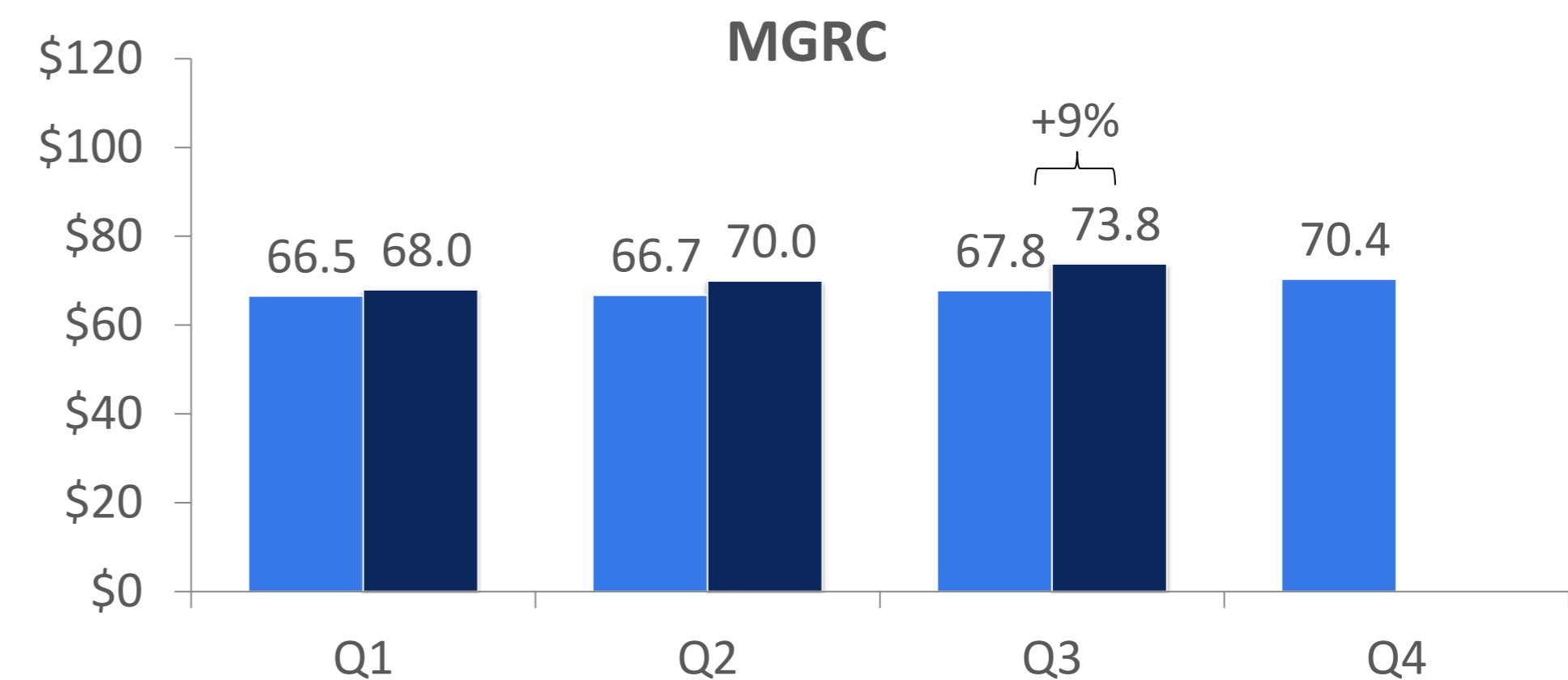
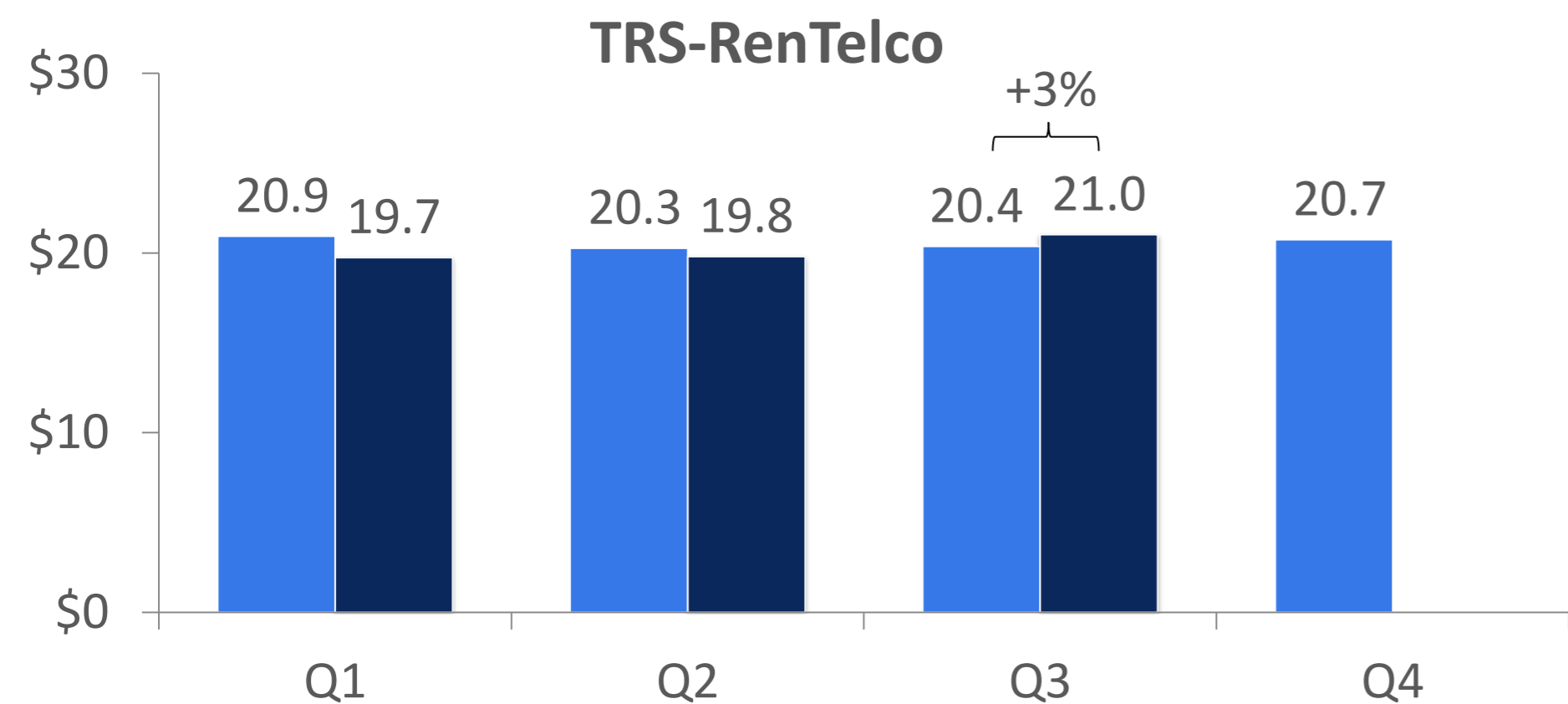
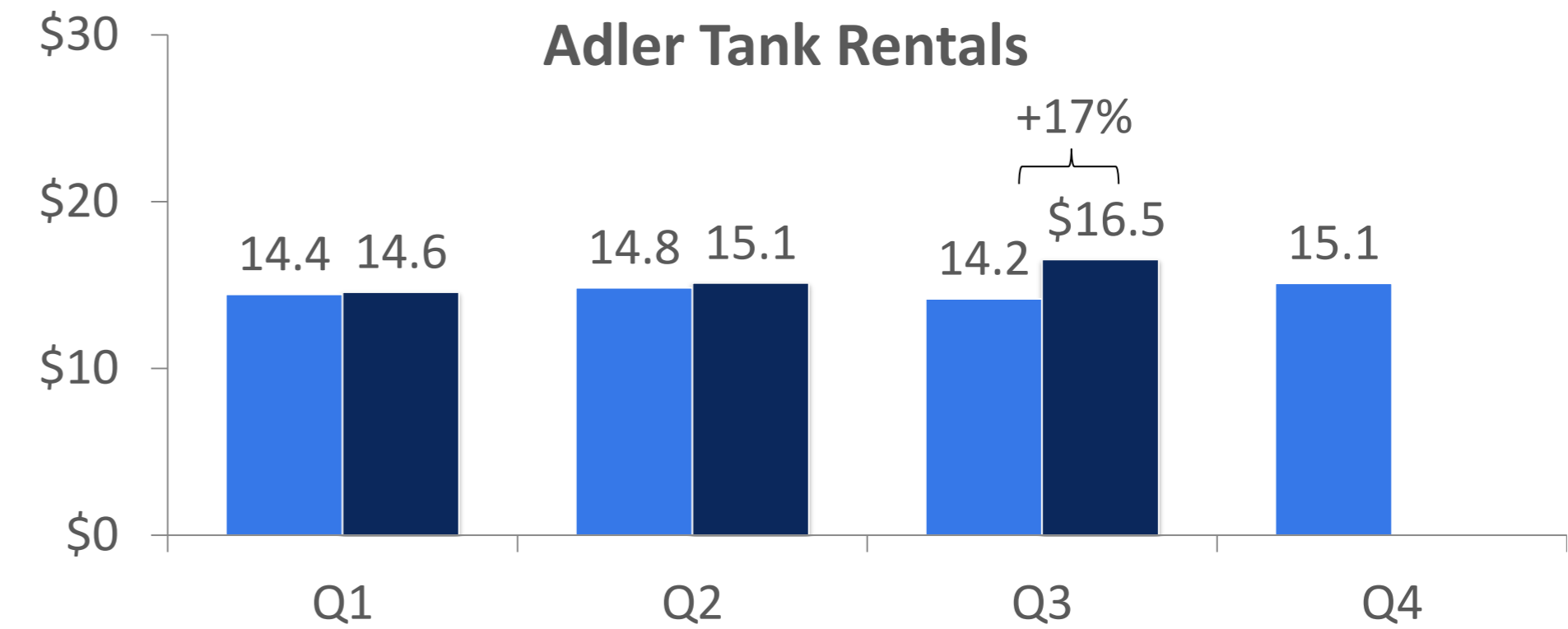
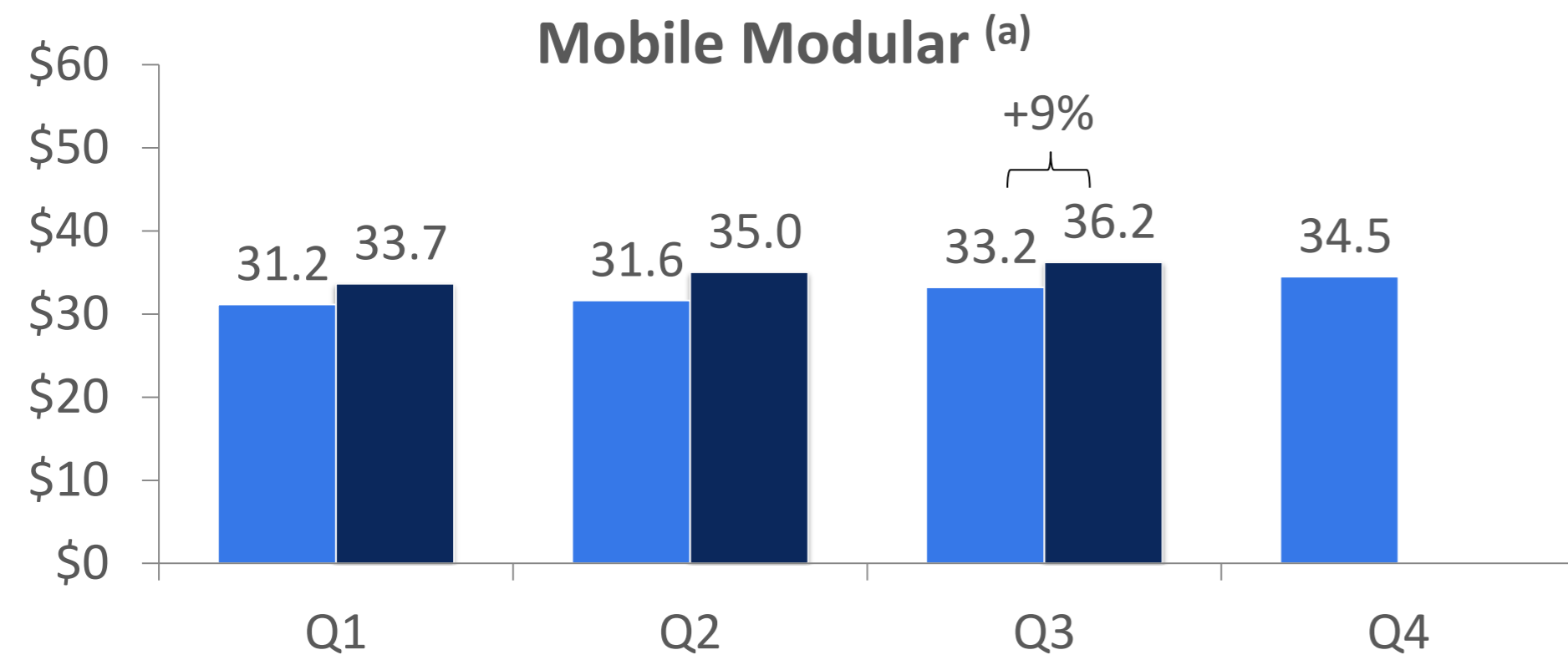
(dollars in millions)



(a) Includes Mobile Modular Portable Storage and excludes Enviroplex. Enviroplex 2016 EBIT was \$3.2M.

Rental Revenue – Quarterly Comparison (2016-17)

(dollars in millions)

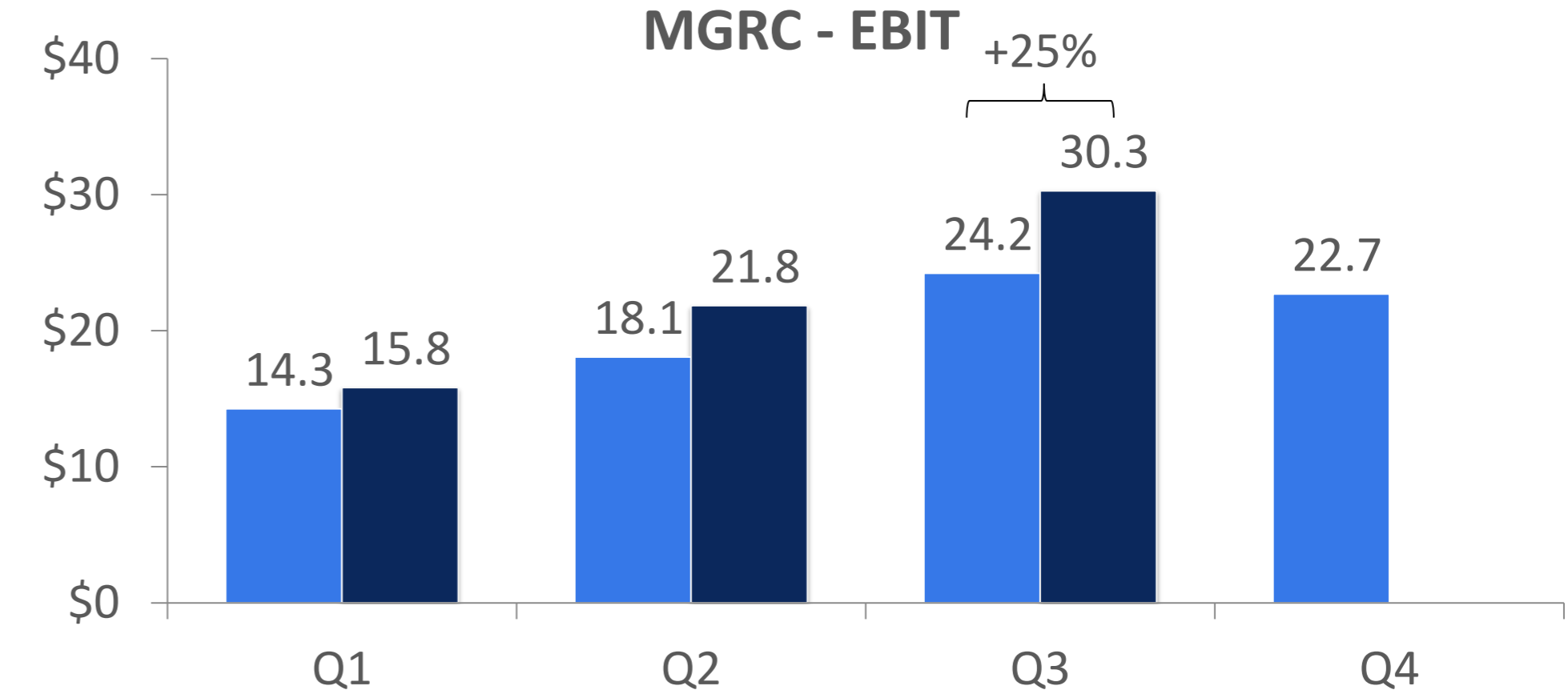
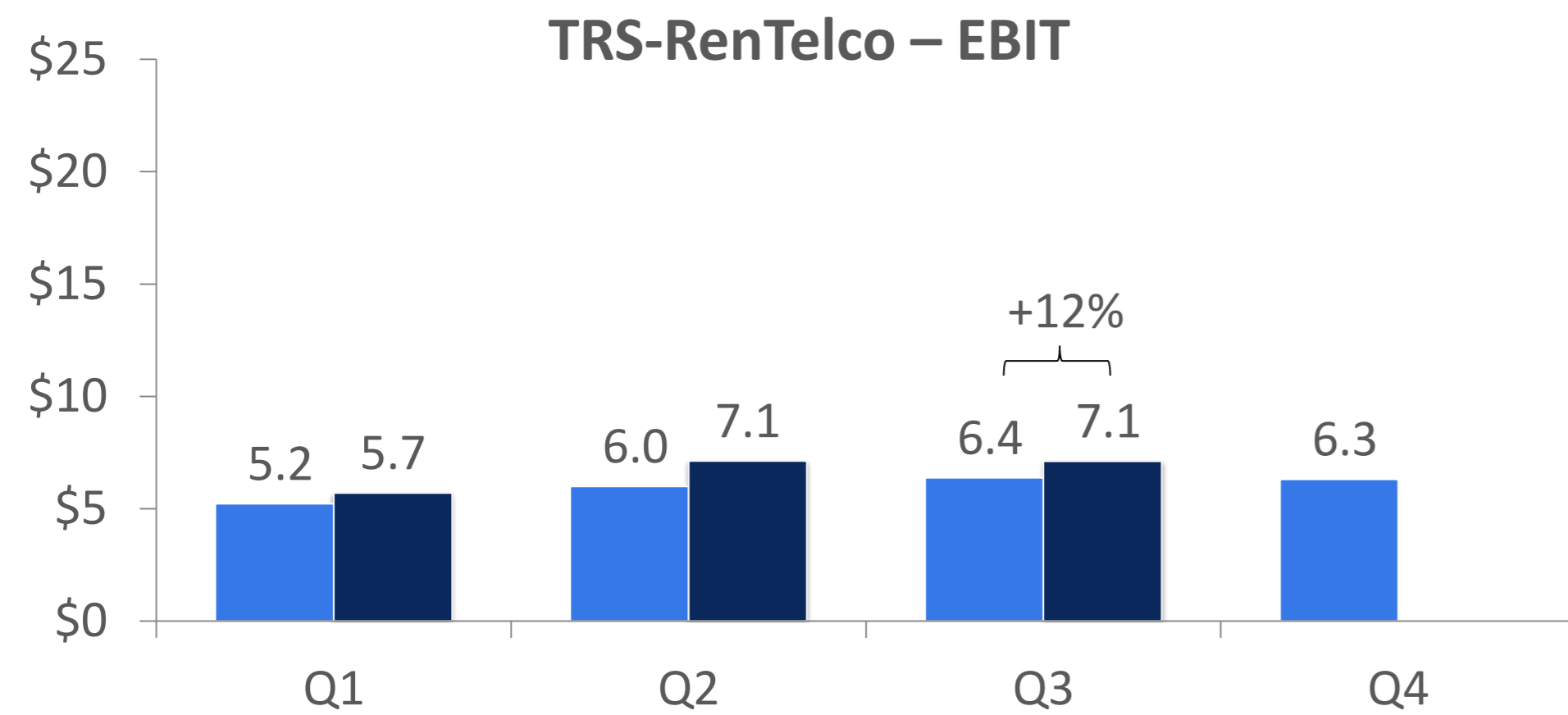
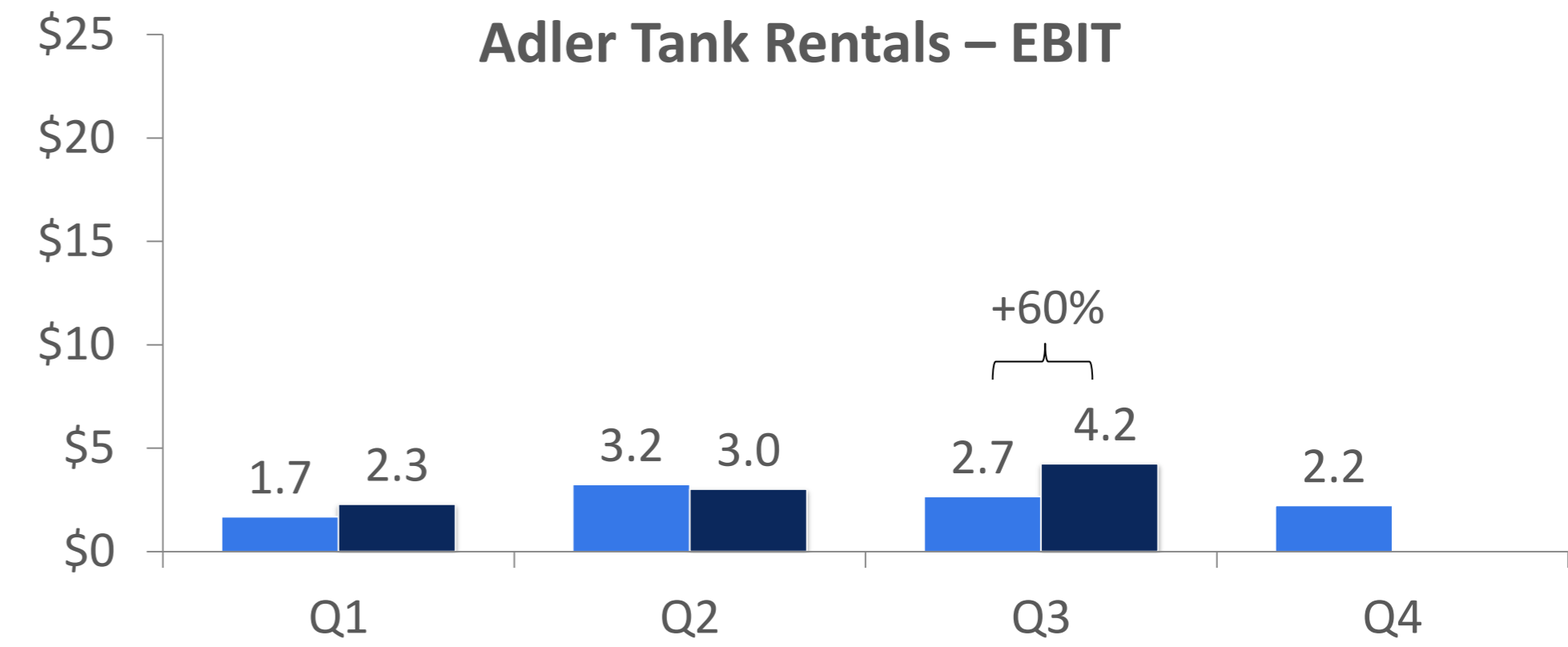
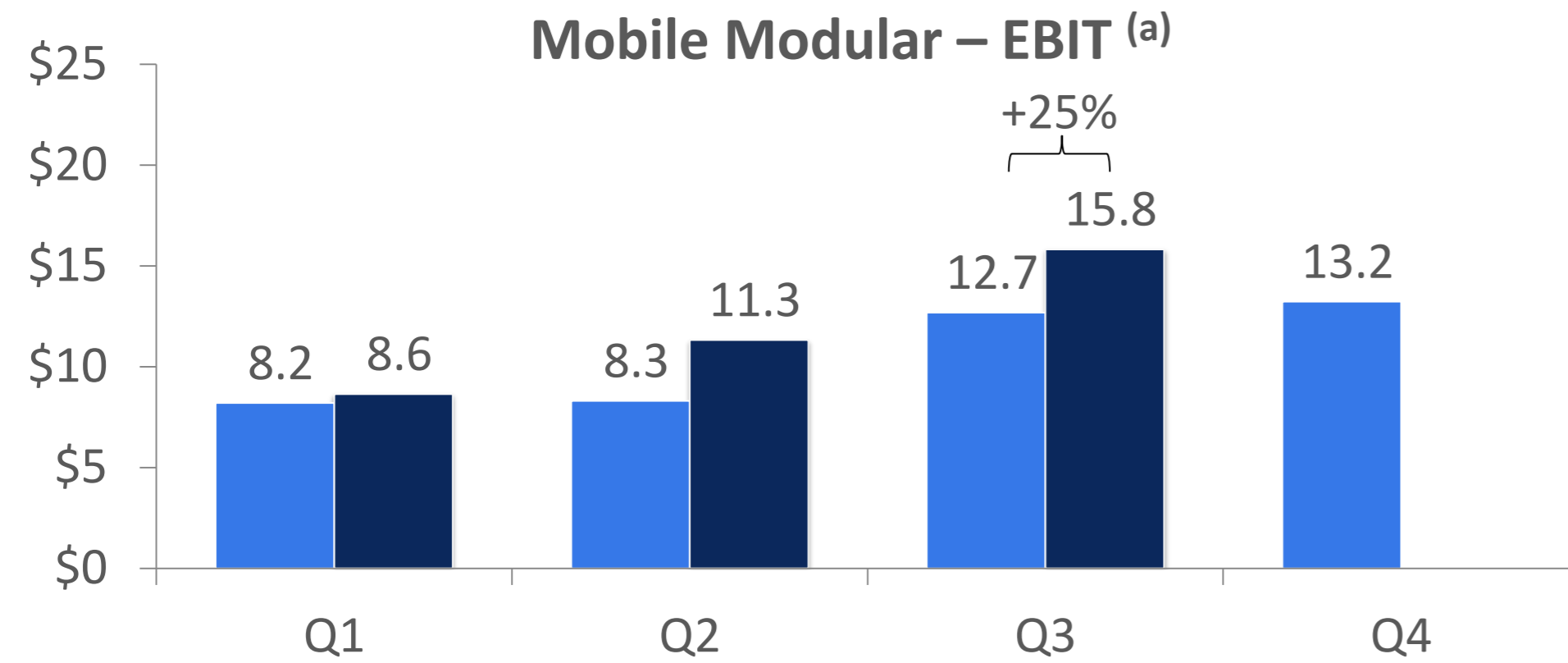


(a) Mobile Modular includes Mobile Modular Portable Storage

■ 2016 ■ 2017

EBIT – Quarterly Comparison (2016-17)

(dollars in millions)



(a) Mobile Modular includes Mobile Modular Portable Storage and excludes Enviroplex

■ 2016 ■ 2017

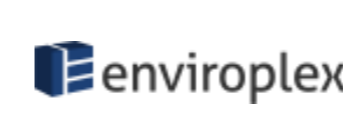
Operating Results



(dollars in millions except per share amounts)

	Nine months ended September 30			Three months ended September 30		
	2017	2016	Change	2017	2016	Change
Rental Revenue	\$ 211.7	\$ 201.0	5%	\$ 73.8	\$ 67.8	9%
Rental Related Services	\$ 58.6	\$ 57.0	3%	\$ 21.9	\$ 20.1	9%
Sales	\$ 67.2	\$ 58.9	14%	\$ 38.7	\$ 33.5	16%
Total Revenue	\$ 339.8	\$ 318.8	7%	\$ 135.4	\$ 122.0	11%
Gross Profit	\$ 151.7	\$ 134.8	12%	\$ 58.8	\$ 50.4	17%
SG&A	\$ 83.7	\$ 78.3	7%	\$ 28.5	\$ 26.2	9%
EBIT	\$ 68.0	\$ 56.6	20%	\$ 30.3	\$ 24.2	25%
Net Income	\$ 36.2	\$ 28.5	27%	\$ 16.8	\$ 12.9	30%
EPS	\$ 1.50	\$ 1.19	26%	\$ 0.69	\$ 0.54	28%
Adjusted EBITDA ^(a)	\$ 128.9	\$ 120.5	7%	\$ 50.7	\$ 45.1	12%

(a) Adjusted EBITDA defined on page 12

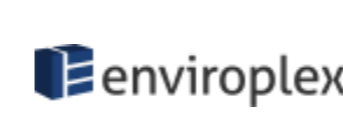


Balance Sheet – Summary Information



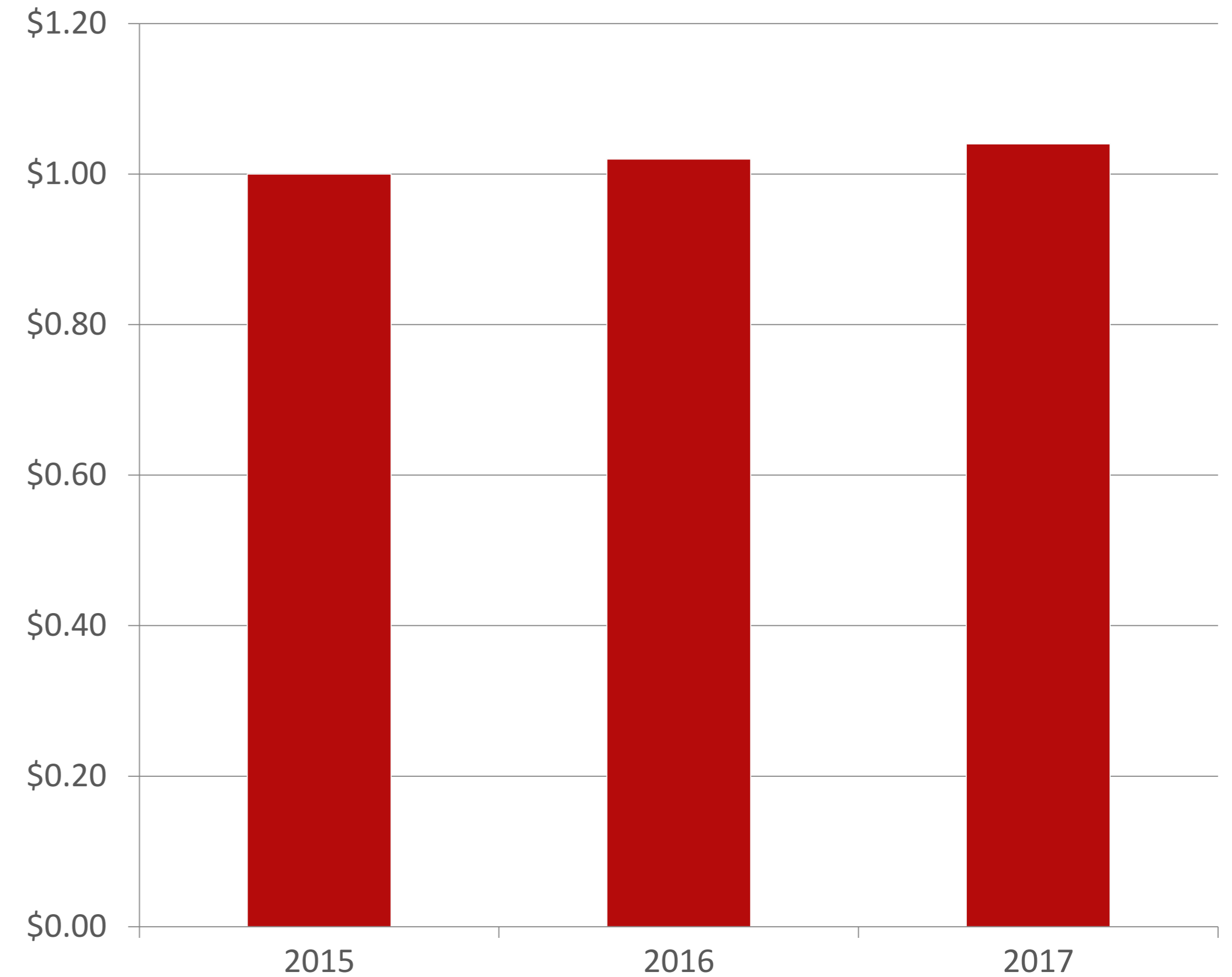
(dollars in millions)

	<u>September 30,</u> <u>2017</u>	<u>December 31,</u> <u>2016</u>	<u>December 31,</u> <u>2015</u>
Rental Equipment, at cost			
Relocatable modular buildings	\$ 782	\$ 769	\$ 737
Electronic test equipment	259	246	263
Liquid and solid containment tanks and boxes	310	309	310
	<u>\$ 1,350</u>	<u>\$ 1,324</u>	<u>\$ 1,310</u>
Rental Equipment, net book value			
Relocatable modular buildings	\$ 547	\$ 544	\$ 529
Electronic test equipment	107	90	102
Liquid and solid containment tanks and boxes	212	222	238
Total NBV Rental Equipment	<u>\$ 866</u>	<u>\$ 856</u>	<u>\$ 870</u>
Total Assets	\$ 1,156	\$ 1,128	\$ 1,153
Notes Payable	<u>\$ 323</u>	<u>\$ 326</u>	<u>\$ 381</u>
Total Liabilities	\$ 744	\$ 734	\$ 773
Shareholders Equity	\$ 413	\$ 394	\$ 380
Shares Issued and Outstanding	24.0	23.9	23.9
Debt (Total Liabilities) to Equity	1.80	1.86	2.04
Debt (Notes Payable) to Equity	0.78	0.83	1.00
Funded Debt to LTM EBITDA	<u>1.88</u>	<u>2.00</u>	<u>2.32</u>
Return on Average Equity for LTM	11.5%	9.8%	9.8%
Capacity Under Existing Lines of Credit	\$ 229	\$ 246	\$ 209



Dividend Payout Per Share (a)

- \$1.04 per share annualized dividend
- 2.3% yield (2017 annualized dividend as of October 30, 2017)
- Dividend increases for 26 consecutive years



(a) In December 2017, dividends declared for Q4 2017 were \$0.26 per share, a 2% increase over Q4 2016, equating to an annualized dividend rate of \$1.04 per share. On an annualized basis, this dividend represents a 2.3% yield on the October 30, 2017 close price of \$44.38.

- ✓ Established rental businesses with solid market positions
- ✓ Strong focus on performance improvement
- ✓ Disciplined capital spending on new rental equipment
- ✓ Improved free cash flow
- ✓ Dividend increases for 26 consecutive years
- ✓ Sound financial foundation to support current business operations and future growth

McGrath RentCorp

Q & A