

McGrath RentCorp

McGrath RentCorp to Acquire Design Space Modular Buildings Investor Presentation



May 13, 2021 – Nasdaq: MGRC

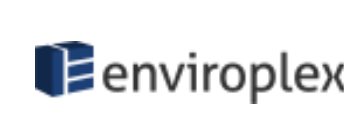
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McGrath RentCorp - Safe Harbor



This presentation contains forward-looking statements within the meaning of Section 27A of the Securities Act, Section 21E of the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995, known as the PSLRA. Forward-looking statements involve significant risks and uncertainties that may cause actual results to differ materially from such forward-looking statements. These statements are based on current plans, estimates and projections, and, therefore, you should not place undue reliance on them. No forward-looking statement, including any such statement concerning the completion and anticipated benefits of the proposed transaction, can be guaranteed, and actual results may differ materially from those projected. Forward-looking statements are not historical facts, but rather are based on current expectations, estimates, assumptions and projections about the business and future financial results of the equipment rental industries, and other legal, regulatory and economic developments. The Company and Design Space Modular Buildings (“Design Space”) use words such as “anticipates,” “believes,” “plans,” “expects,” “projects,” “future,” “intends,” “may,” “will,” “should,” “could,” “estimates,” “predicts,” “potential,” “continue,” “guidance” and similar expressions to identify these forward-looking statements that are intended to be covered by the safe harbor provisions of the PSLRA. Actual results could differ materially from the results contemplated by these forward-looking statements due to a number of factors, including, but not limited to, those described in the SEC reports filed by the Company, as well as the possibility that (1) the transaction may not be completed in a timely manner or at all, which may adversely affect the price of the Company’s securities; (2) the duration of the COVID-19 pandemic, its economic impact, the extent and length of the shelter-in and other restrictions associated with COVID-19 pandemic and its effect on the education and commercial markets in which the Company’s modular building division operates; (3) problems may arise in successfully integrating the businesses of the Company and Design Space, including, without limitation, problems associated with the potential loss of any key employees of Design Space; (4) the proposed transaction may involve unexpected costs, including, without limitation, the exposure to any unrecorded liabilities or unidentified issues that the Company failed to discover during the due diligence investigation of Design Space or that are not covered by insurance, as well as potential unfavorable accounting treatment and unexpected increases in taxes; (5) the Company’s business and its continued execution of performance improvement initiatives may suffer as a result of uncertainty surrounding the proposed transaction, any adverse effects on its ability to maintain relationships with customers, employees and suppliers, or the inherent risk associated with expanding into a new geographic area; and (6) the industry may be subject to future risks that are described in the “Risk Factors” section of the Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and other documents filed from time to time with the SEC by the Company. Neither the Company nor Design Space give any assurance that they will achieve their expectations, and they do not assume any responsibility for the accuracy and completeness of the forward-looking statements.

The foregoing list of factors is not exhaustive. You should carefully consider the foregoing factors and the other risks and uncertainties that affect the businesses of the Company described in the “Risk Factors” section of the Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and other documents filed from time to time with the SEC by the Company. This presentation is not intended to be a recommendation to buy, sell or hold securities and does not constitute an offer for the sale of, or the solicitation of an offer to buy securities in any jurisdiction, including the United States. Any such offer will only be made by means of a prospectus or offering memorandum, and in compliance with applicable securities laws. These forward-looking statements speak only as of the date hereof. Neither the Company nor Design Space undertake any obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.



Transaction Summary



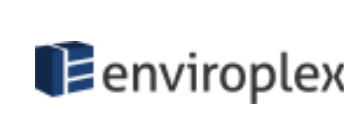
McGrath RentCorp acquiring Design Space, a leading Western U.S. modular building and portable storage provider with 2020 revenue of \$81M and EBITDA of \$32M

Strategic Overview

- Expands Mobile Modular's geographic coverage across the Western U.S. with 15 new branches across eight states
- Provides additional high quality modular and portable storage units
- Augments our dedicated custom modular solutions team specializing in complex, highly engineered new equipment sales and leases
- Strong reputation with broad, diverse and loyal customer base
- Design Space and MGRC share a commitment to superior customer service and high quality fleet

Financial Overview

- \$260M Total Enterprise Value
- Purchase multiple of 8.1x LTM December 2020 EBITDA
- Revenue synergies expected from combined sales resources and new fleet capital investment in growth markets
- Operational cost savings expected from optimization of combined fleet in California
- The acquisition is expected to be accretive to earnings per share in 2021
- Expected to be funded through incremental debt from existing credit line
- Expected to close in the second quarter of 2021



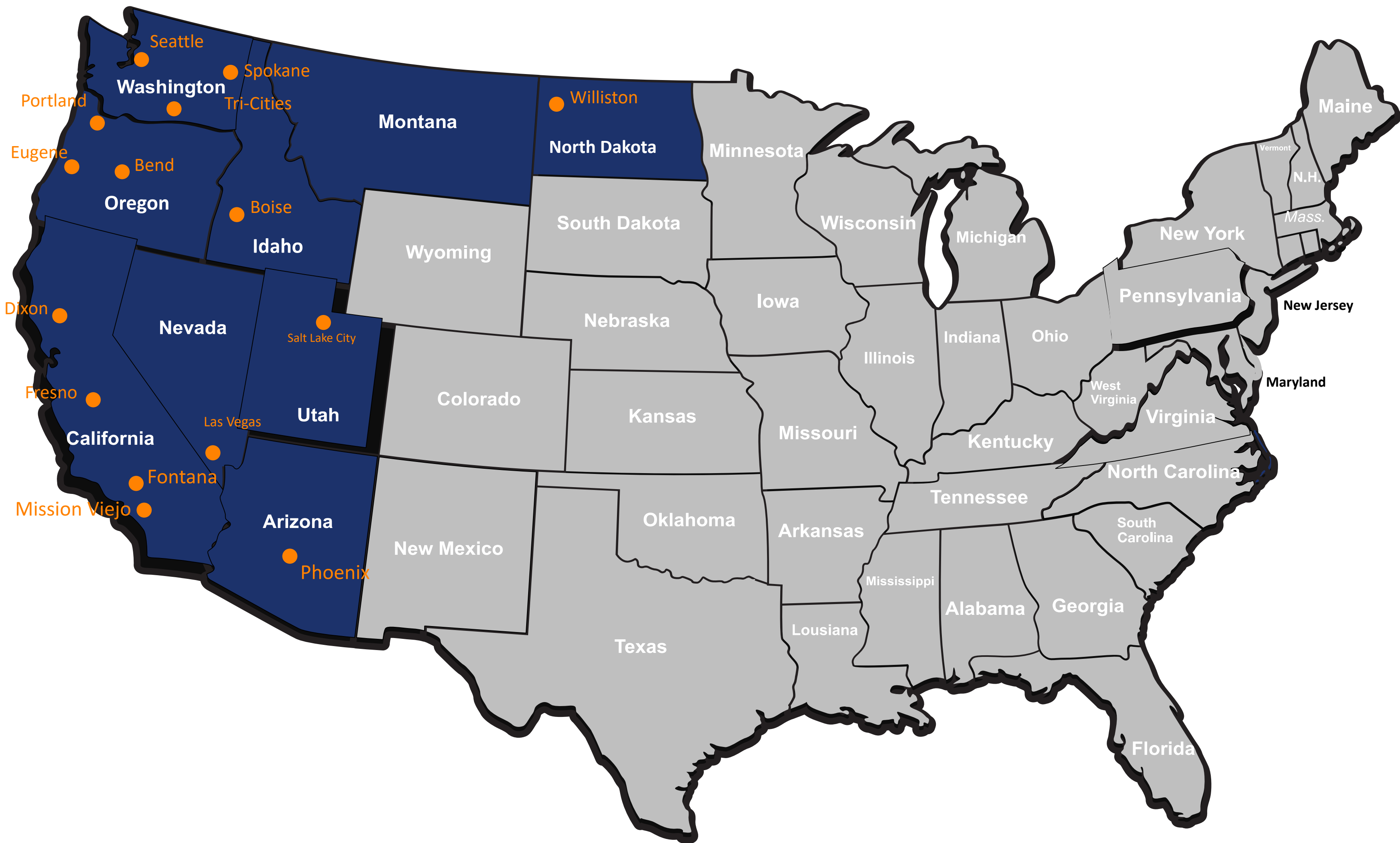
High quality, growing Western U.S. rental solutions provider

- High quality fleet consisting of approximately 6,400 units:
 - Modular offices and classrooms
 - Ground level offices
 - Portable storage containers
- Fleet: \$140M original equipment cost
- Employees: 110 dedicated, experienced personnel with extremely low turnover

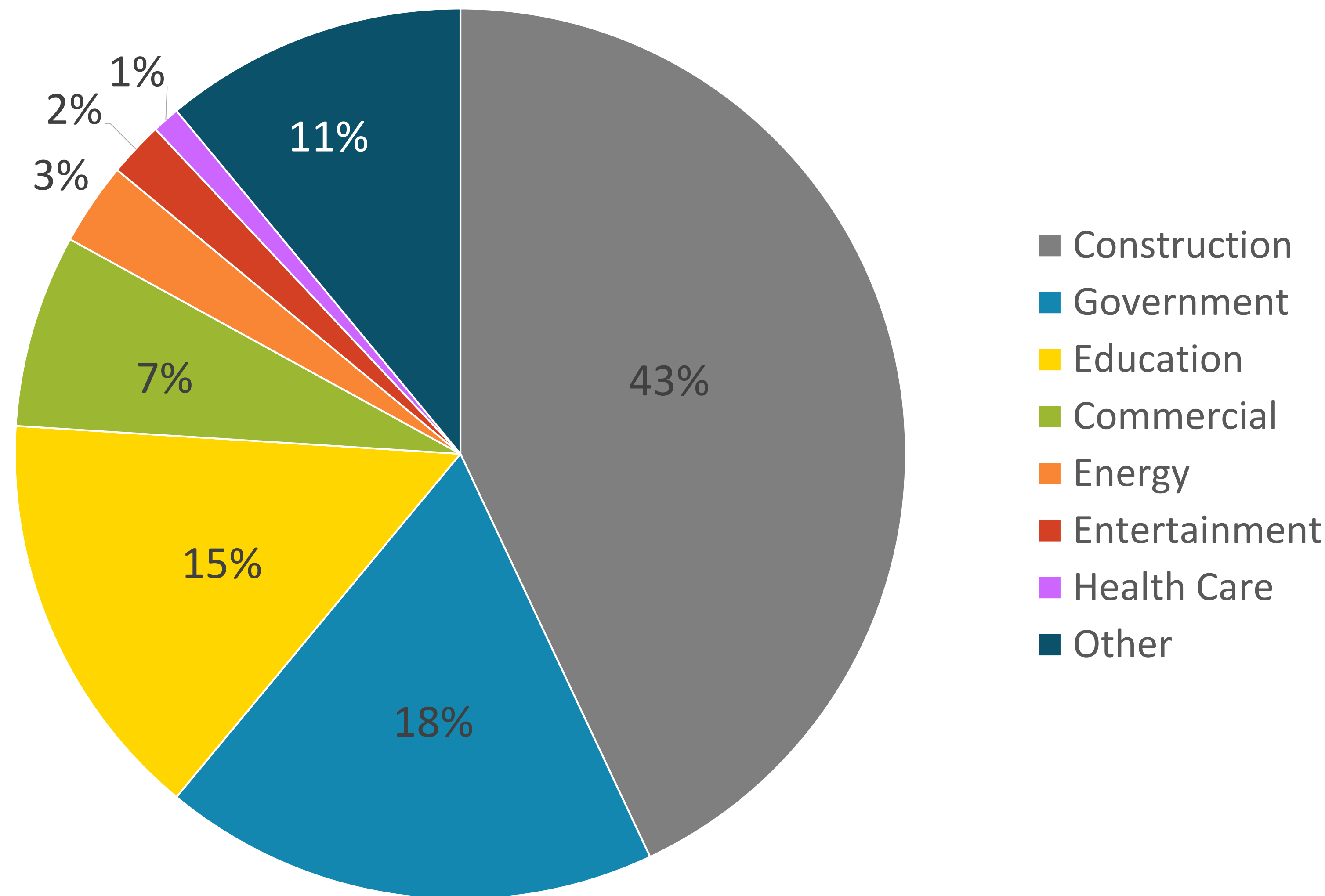


Design Space Geographic Coverage

15
Operational branches in
the United States

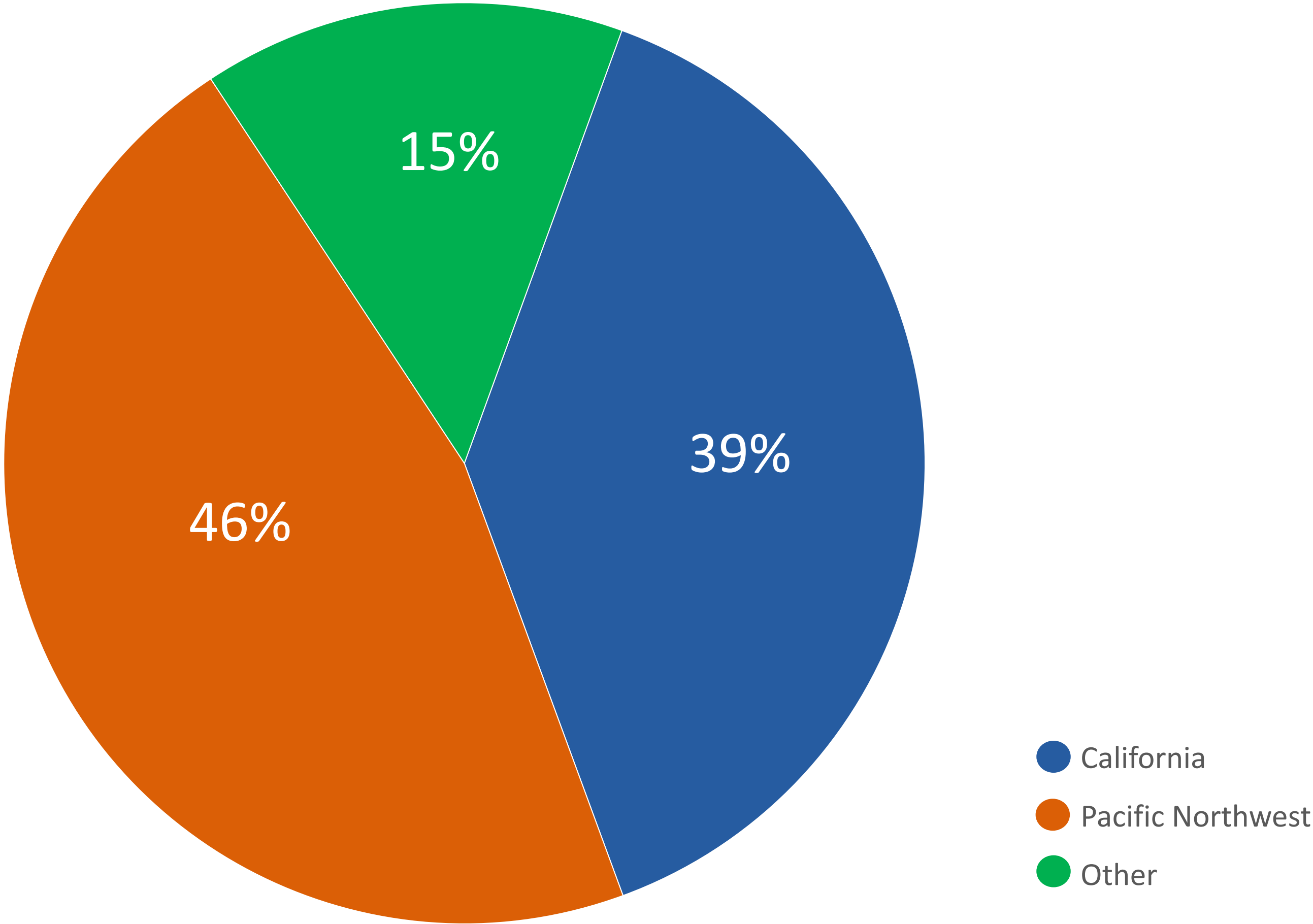


Design Space End Market Revenue Mix

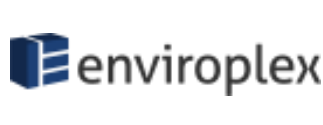


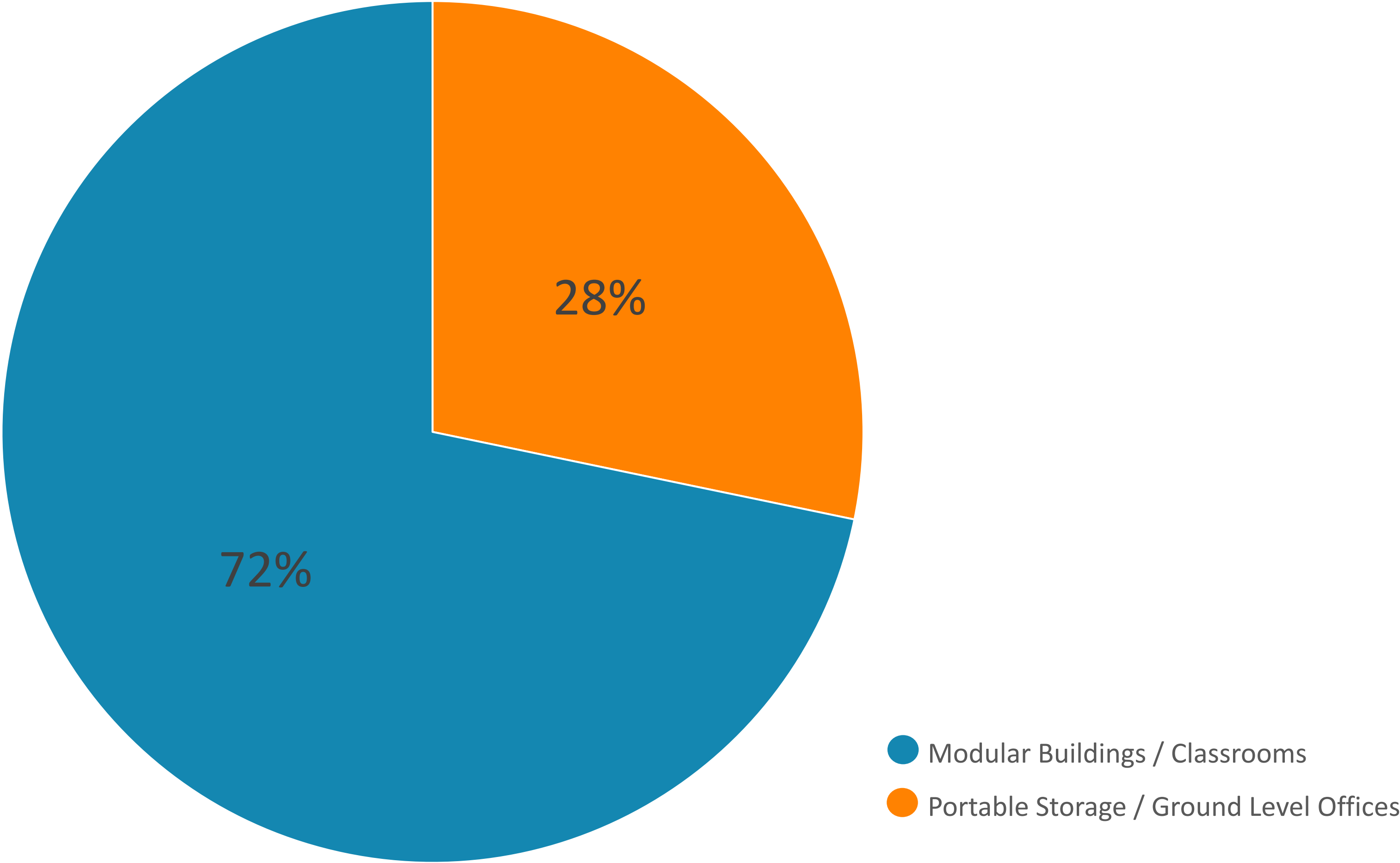
Source: Design Space estimate

Design Space Fleet by Geography



Based on Original Acquisition Cost at 3/31/21





Based on number of units as of 3/31/21



- Revenue Synergies

- Fleet growth and investment in branches outside California
- Expands opportunity for site-related services
- Augments custom modular solutions resources



- Cost Synergies

- Optimization of a combined fleet in California
- Enhanced purchasing power for operational cost savings
- Better leverage of marketing spend over a larger geography



THANK YOU

