

McGrath RentCorp

NobleCon14 – Noble Capital Markets' Fourteenth Annual Investor Conference

Investor Meetings – Presentation and Additional Information Appendix



January 29, 2018 – Nasdaq: MGRC

www.mgrc.com

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements include anticipated growth opportunities for each of the Company's business segments and 2017 financial outlook. 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

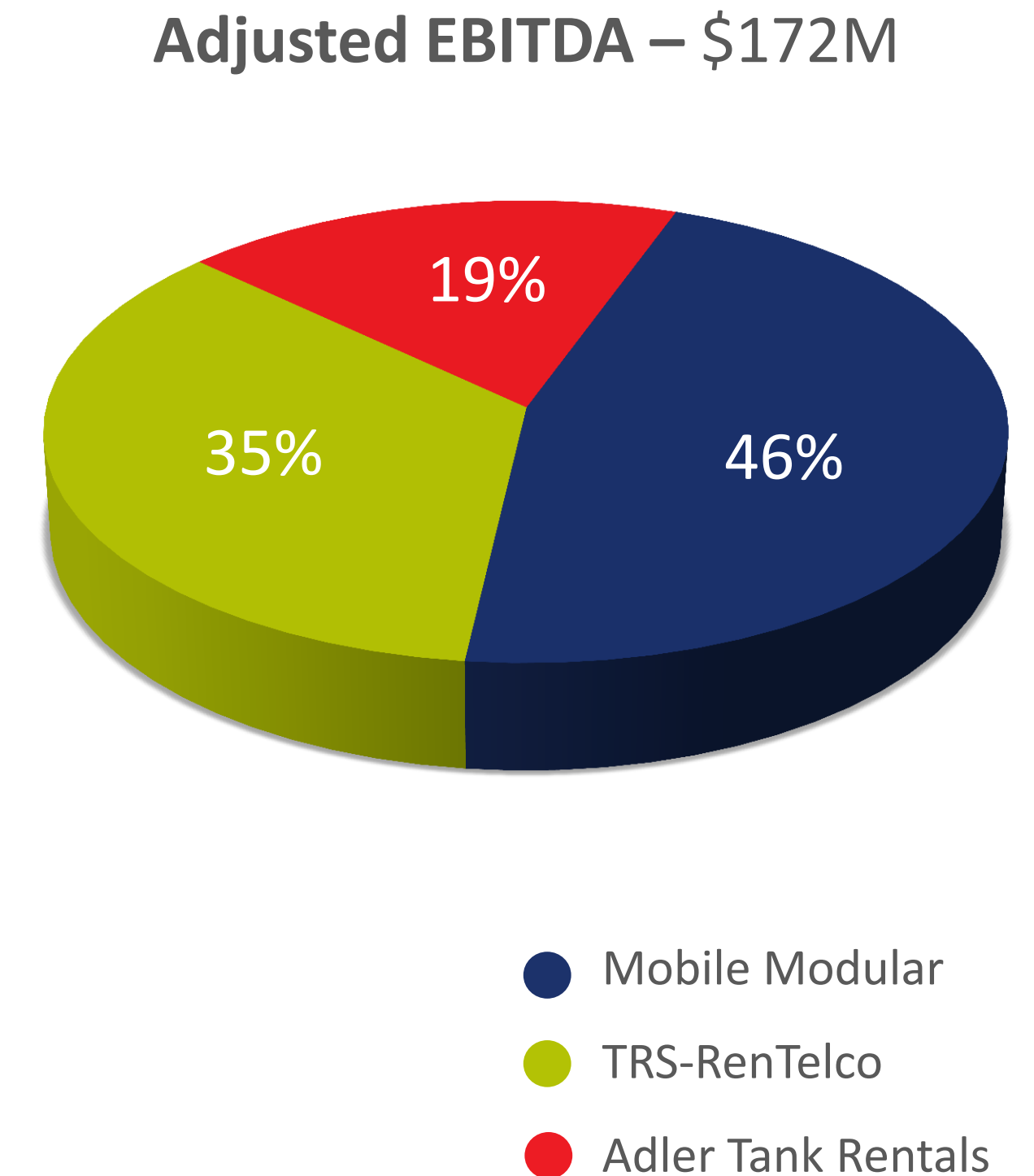
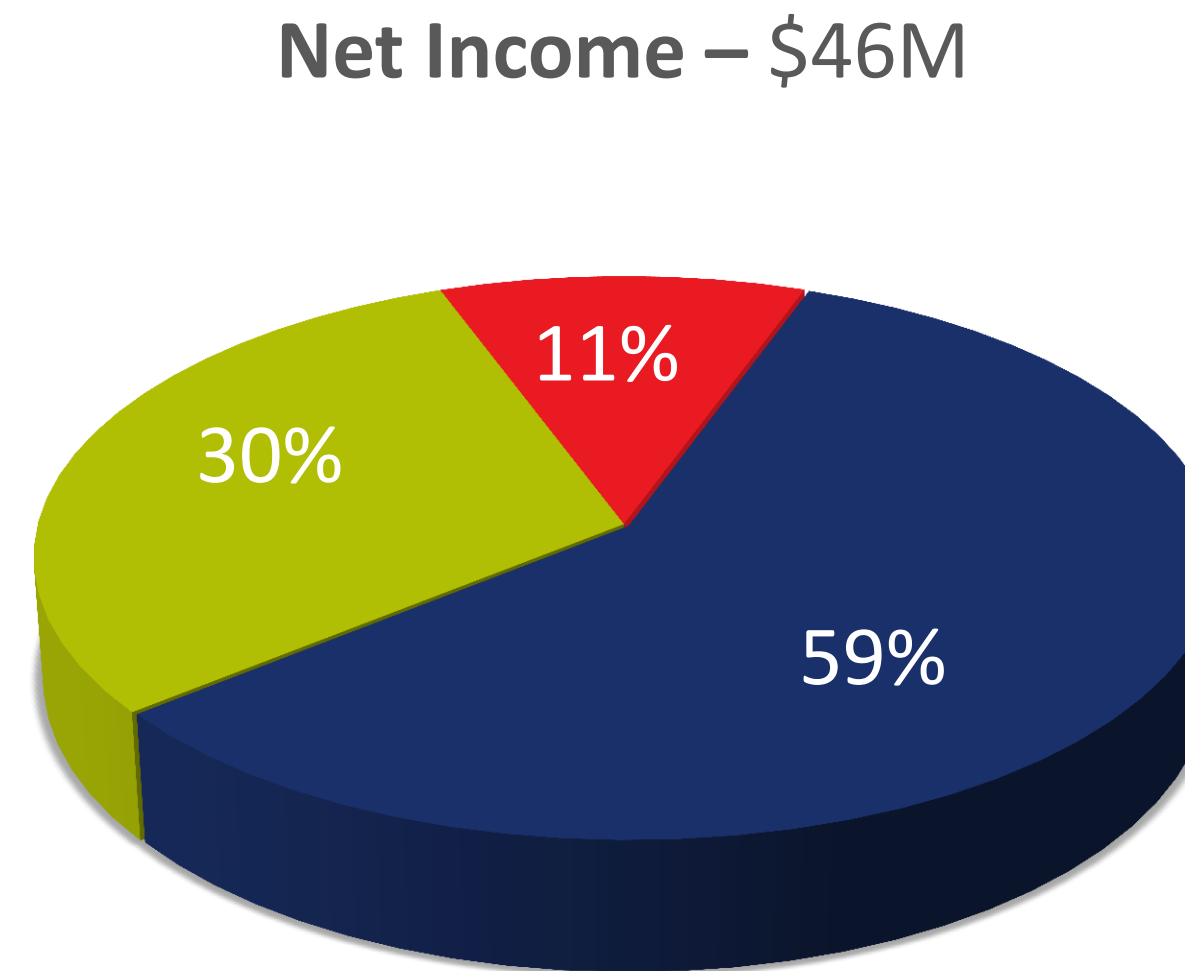
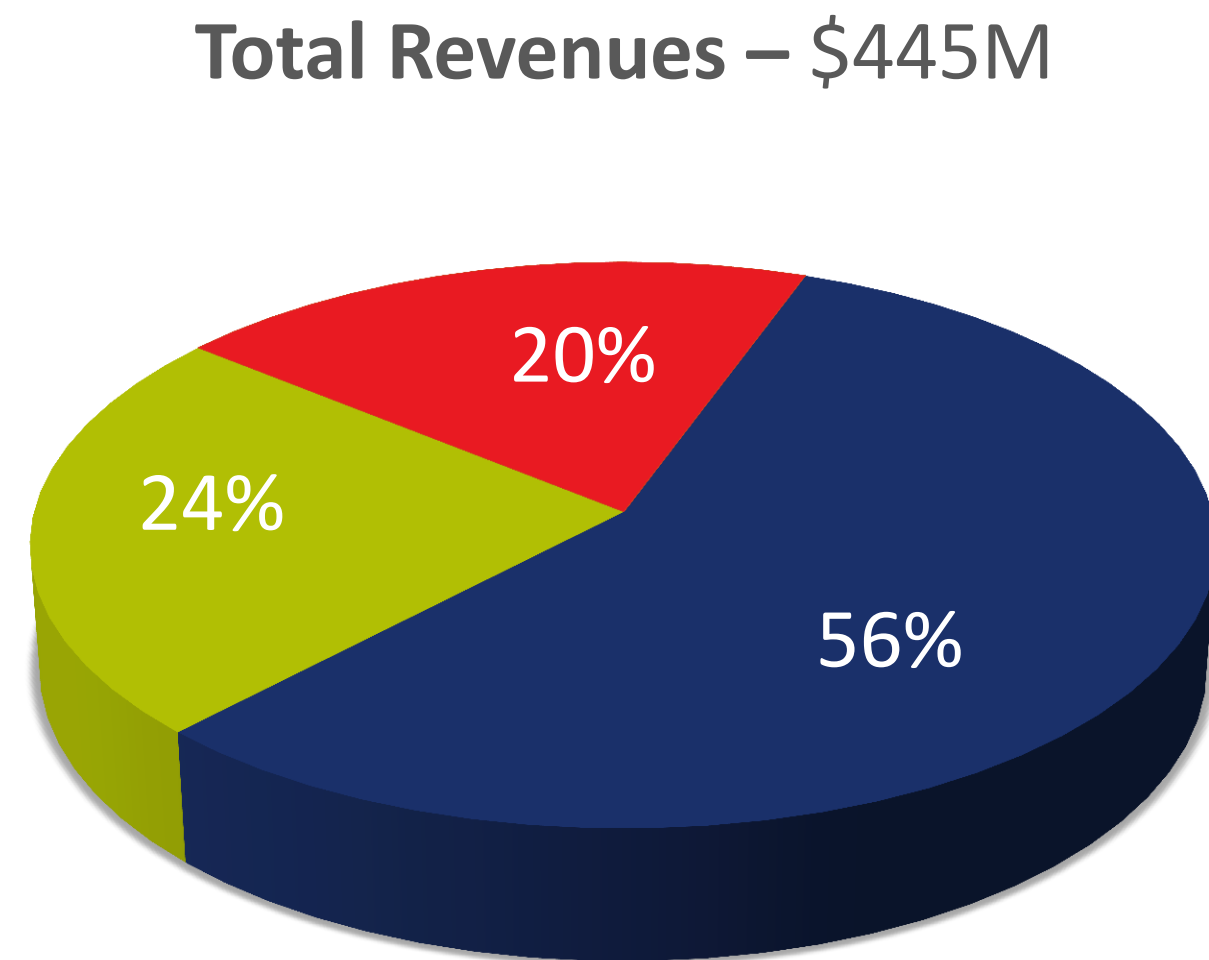
- **Focused growth**

- Increasing density within existing branch networks

McGrath RentCorp

FINANCIAL OVERVIEW

2017 LTM⁽¹⁾ Contribution by Division



- Mobile Modular
- TRS-RenTelco
- Adler Tank Rentals

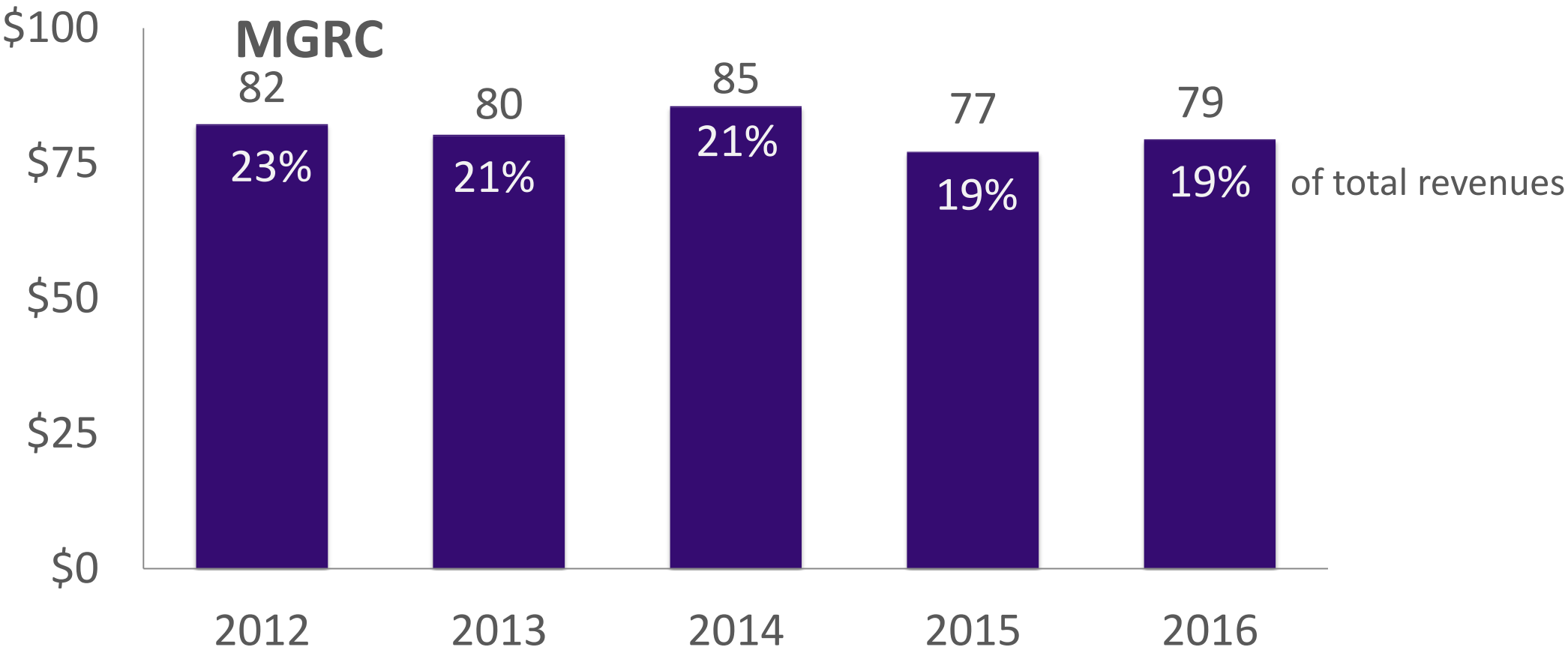
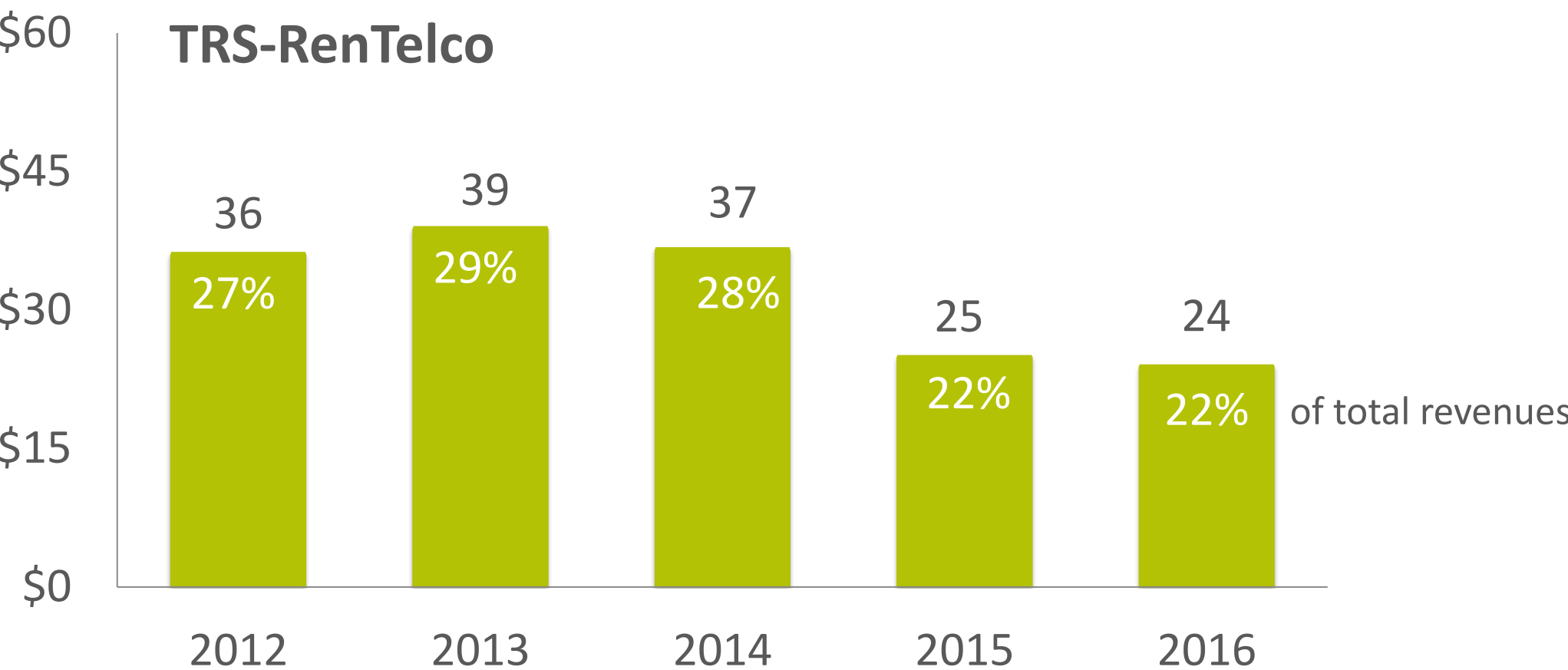
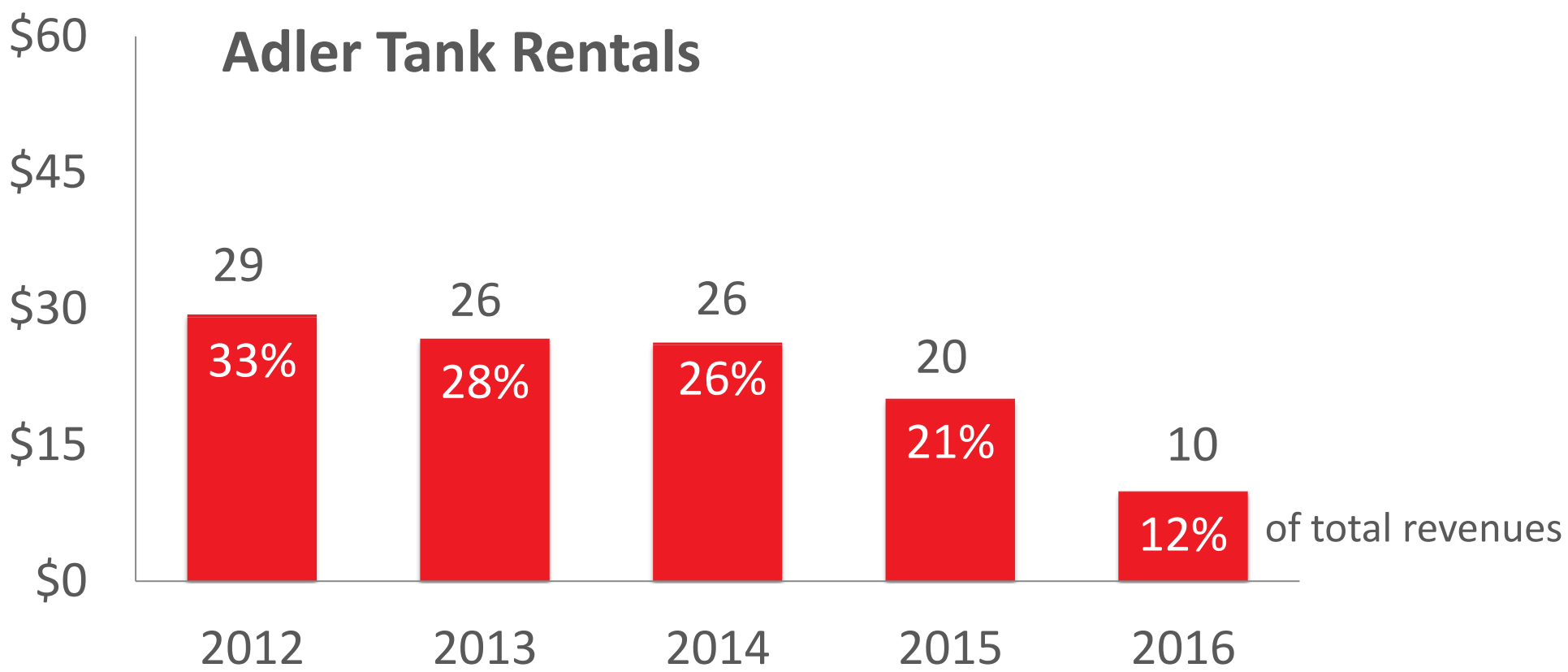
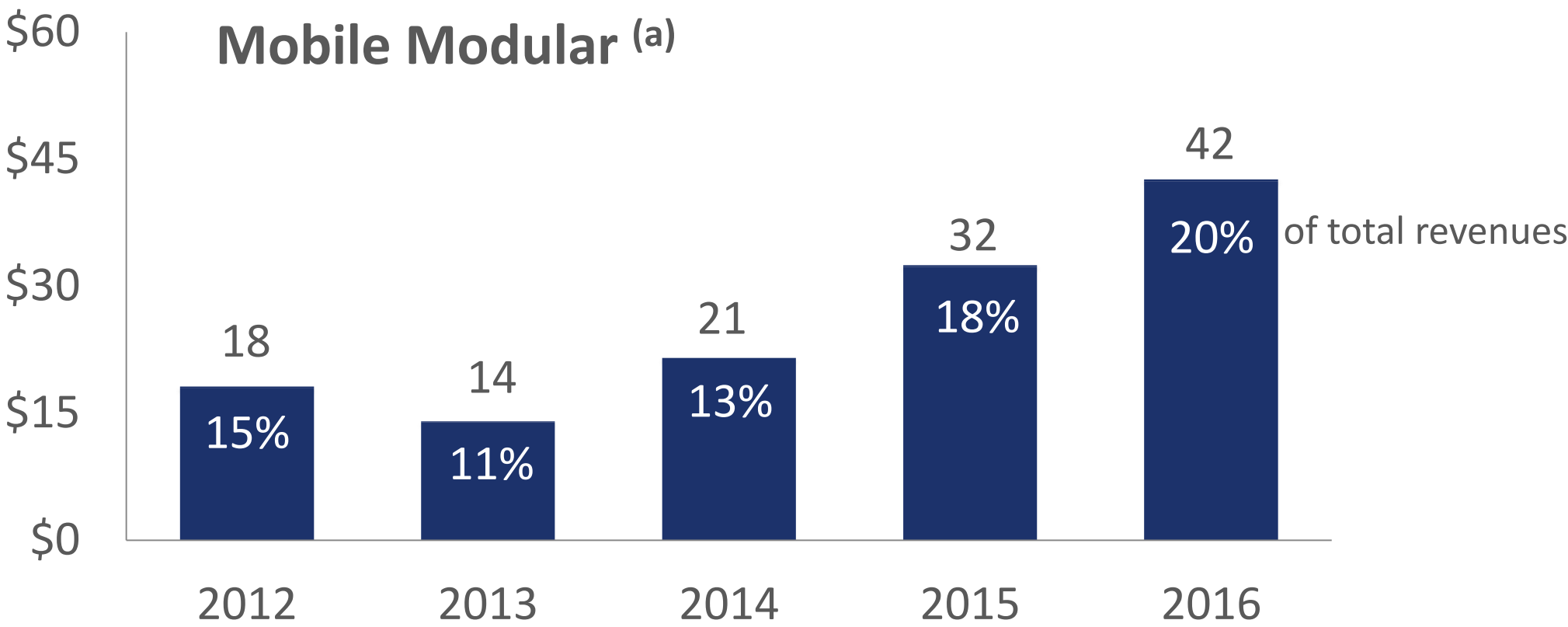
- The Company defines Adjusted EBITDA as net income before interest expense, provision for income taxes, depreciation, amortization, and share-based compensation. A reconciliation of Adjusted EBITDA to the most directly comparable financial measures calculated and presented in accordance with GAAP is 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)



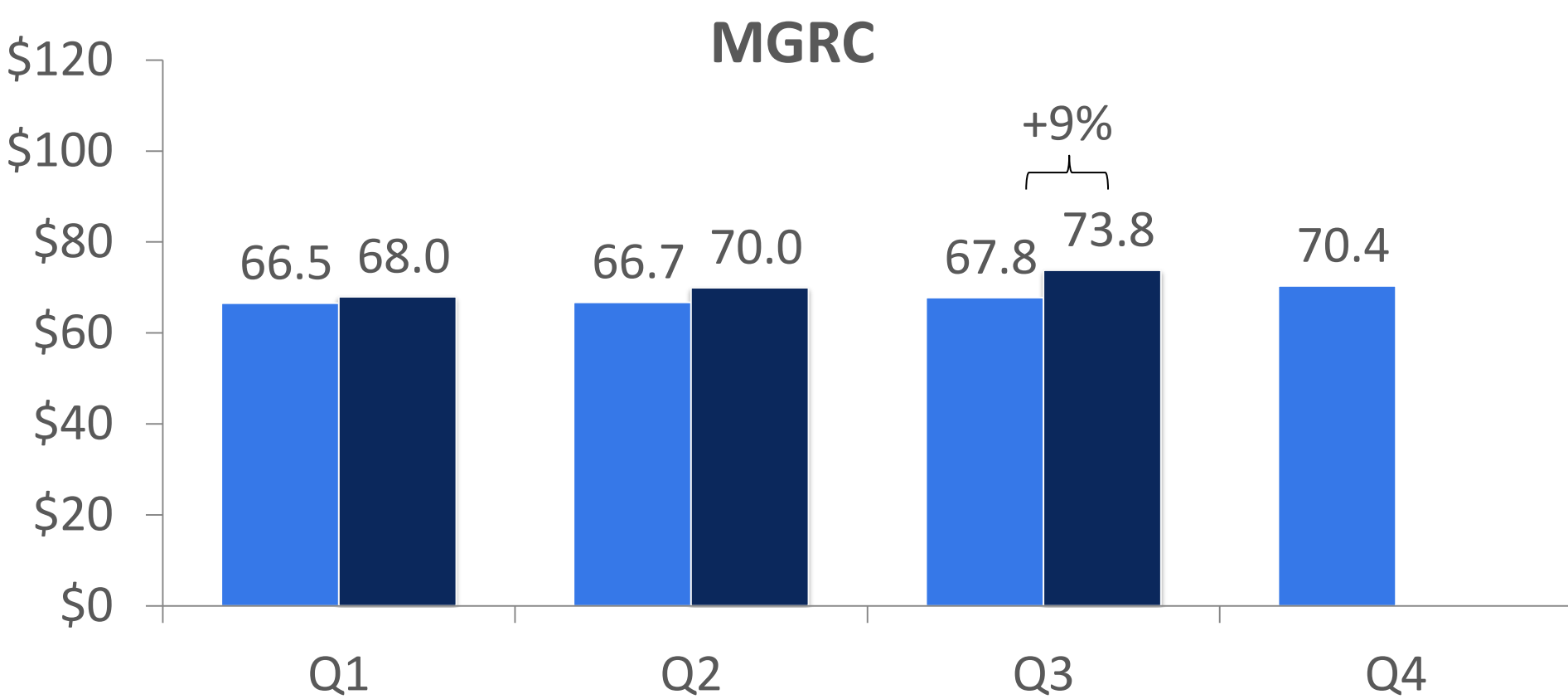
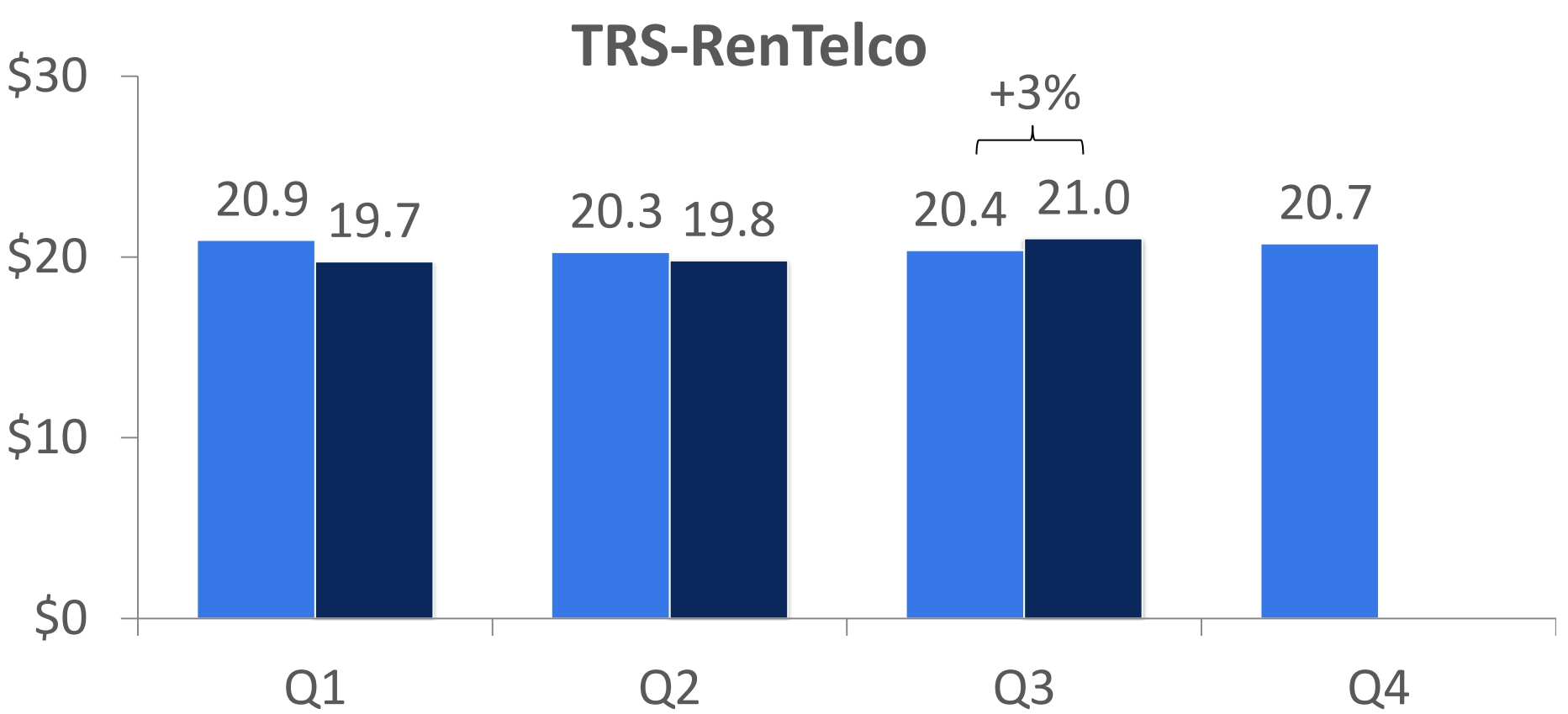
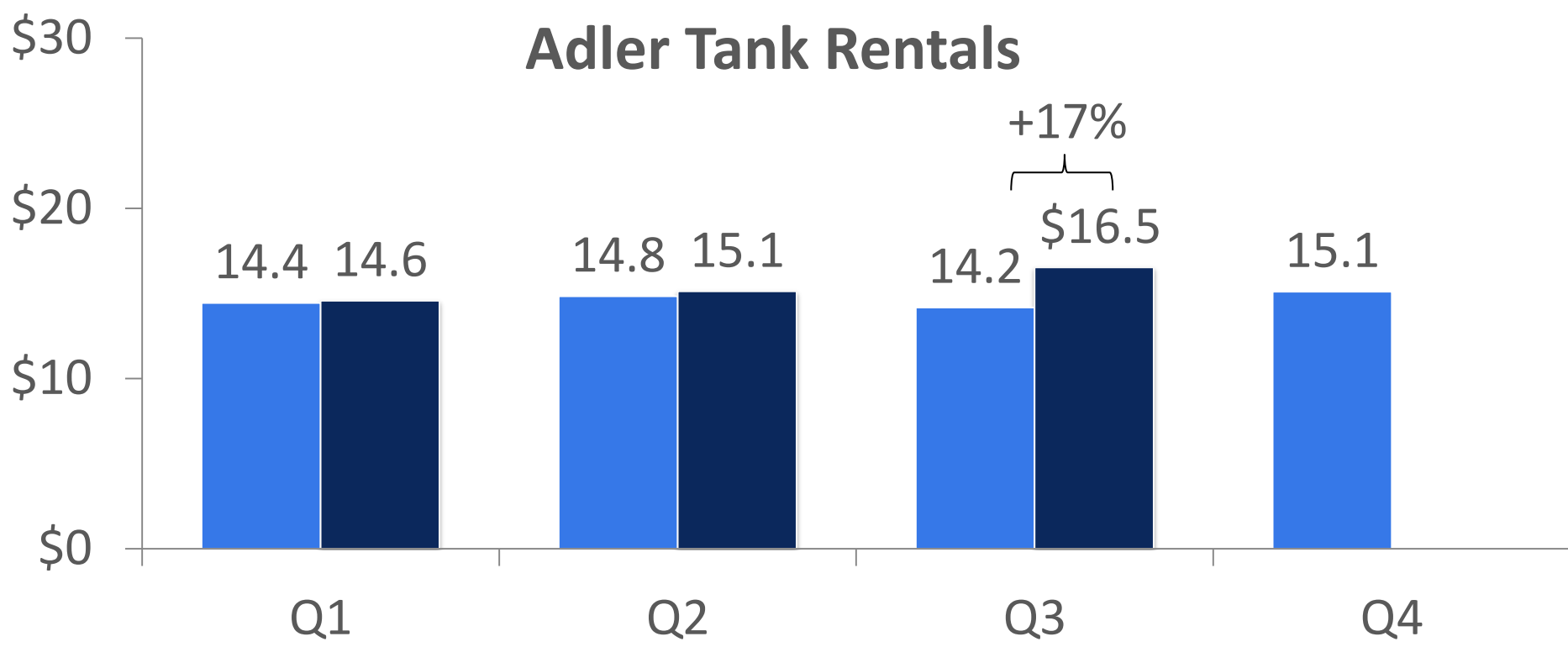
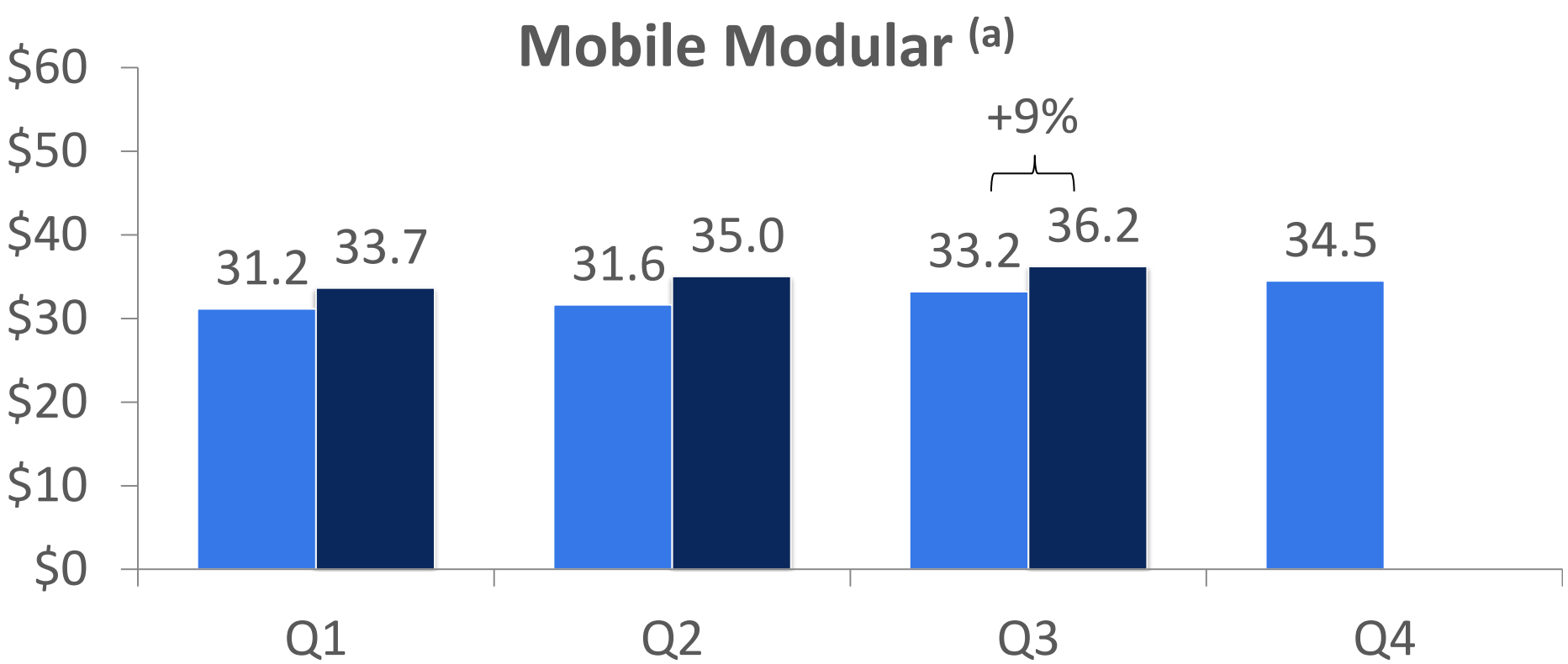
(a) Includes Mobile Modular Portable Storage and excludes Enviroplex. Enviroplex 2016 EBIT was \$3.2M.



Rental Revenue – Quarterly Comparison (2016-17)



(dollars in millions)



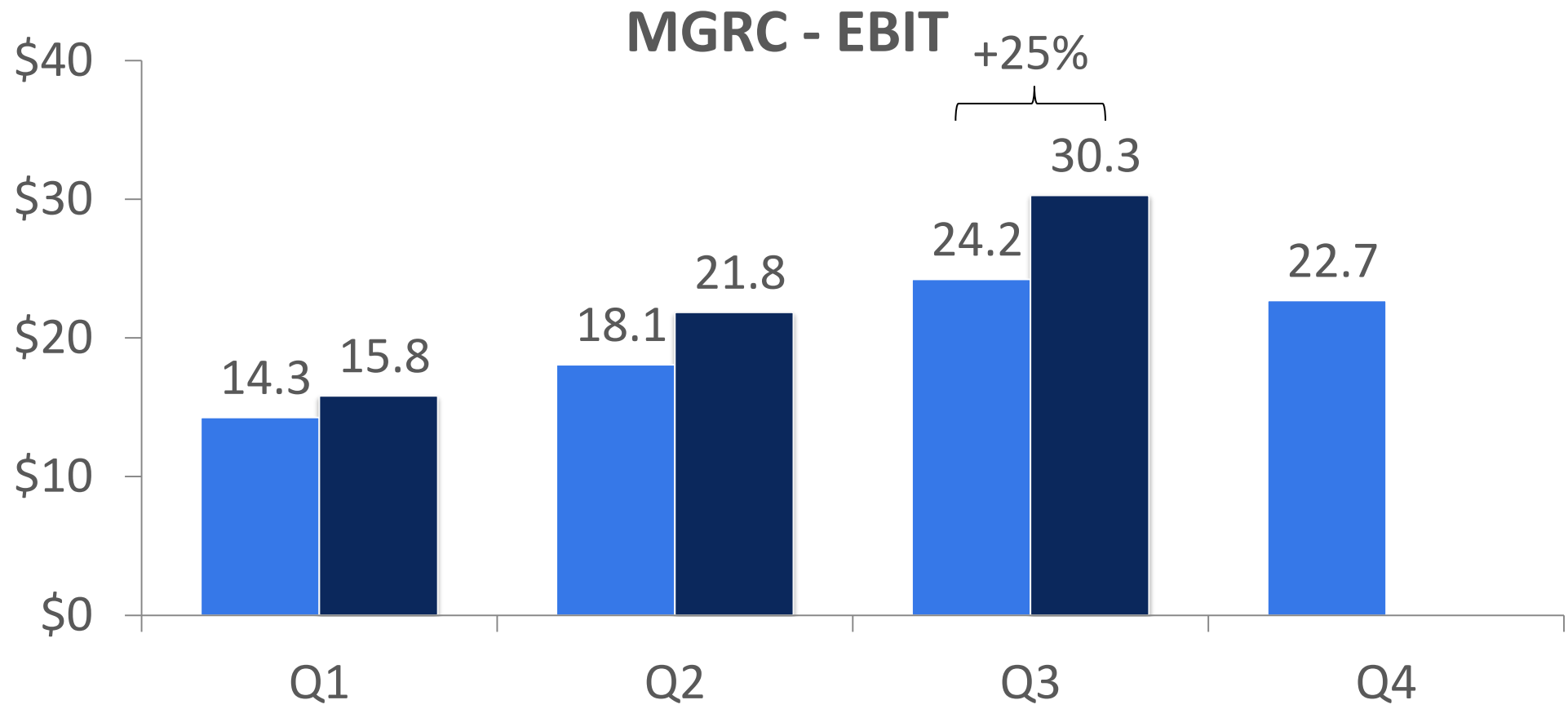
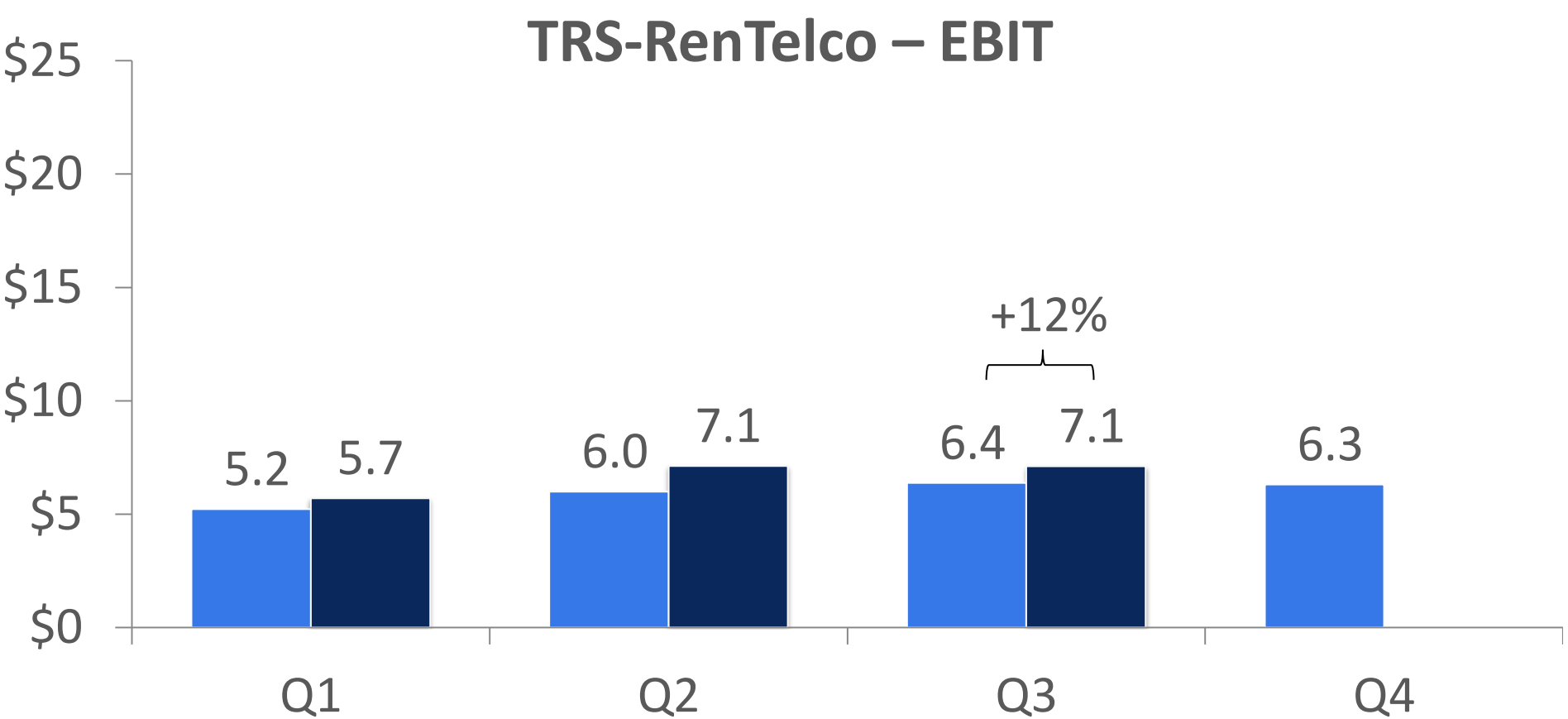
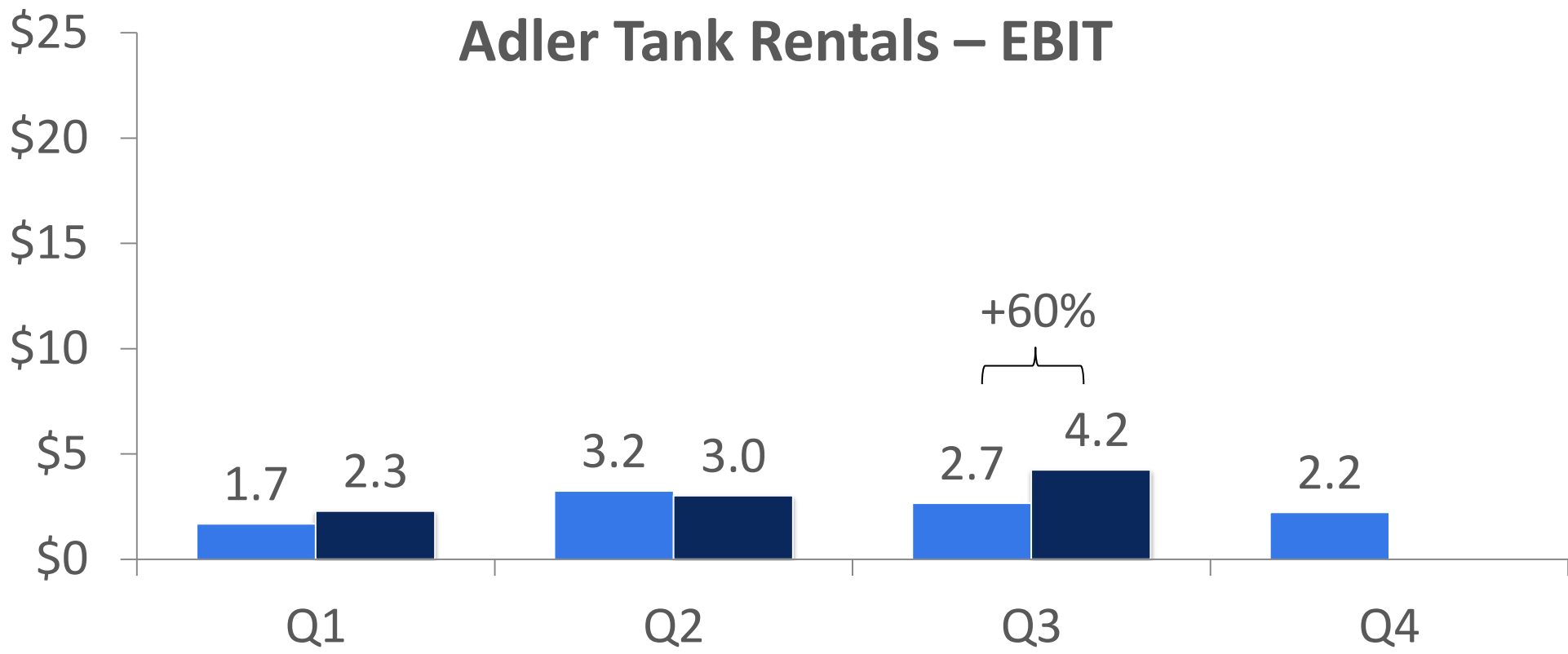
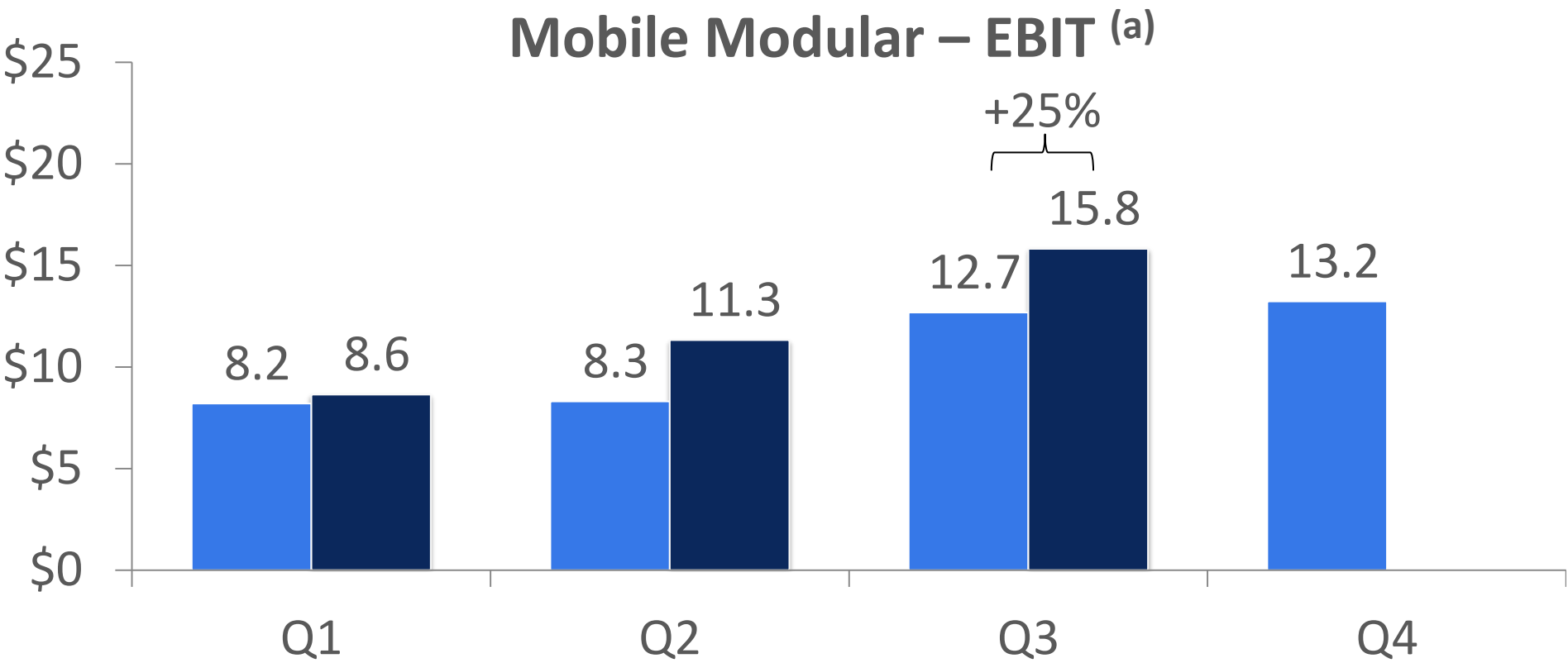
(a) Mobile Modular includes Mobile Modular Portable Storage

2016 2017



EBIT – Quarterly Comparison (2016-17)

(dollars in millions)



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

2016 2017

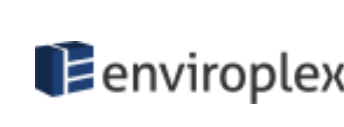
Operating Results



(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



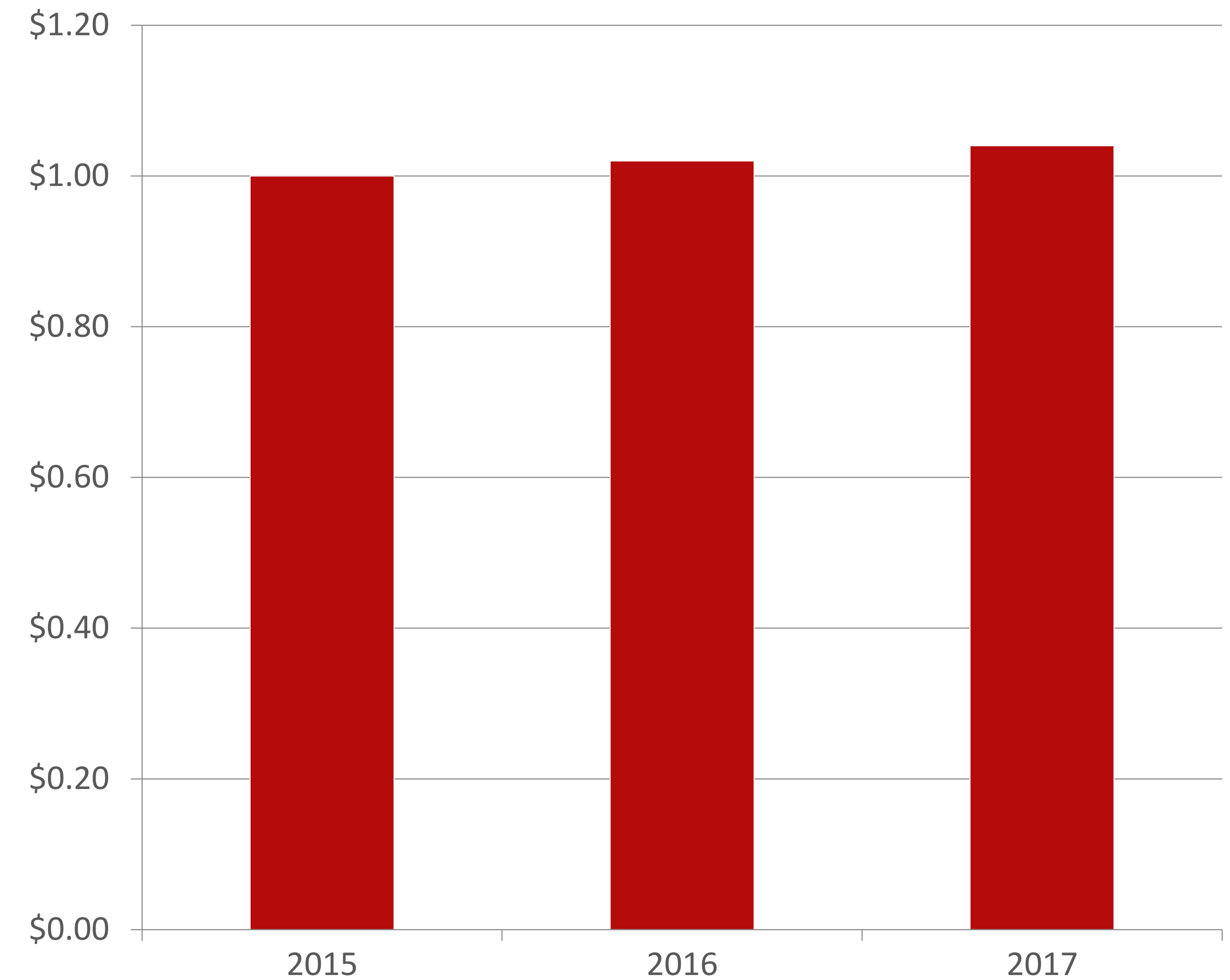
(dollars in millions)

	September 30, <u>2017</u>	December 31, <u>2016</u>	December 31, <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

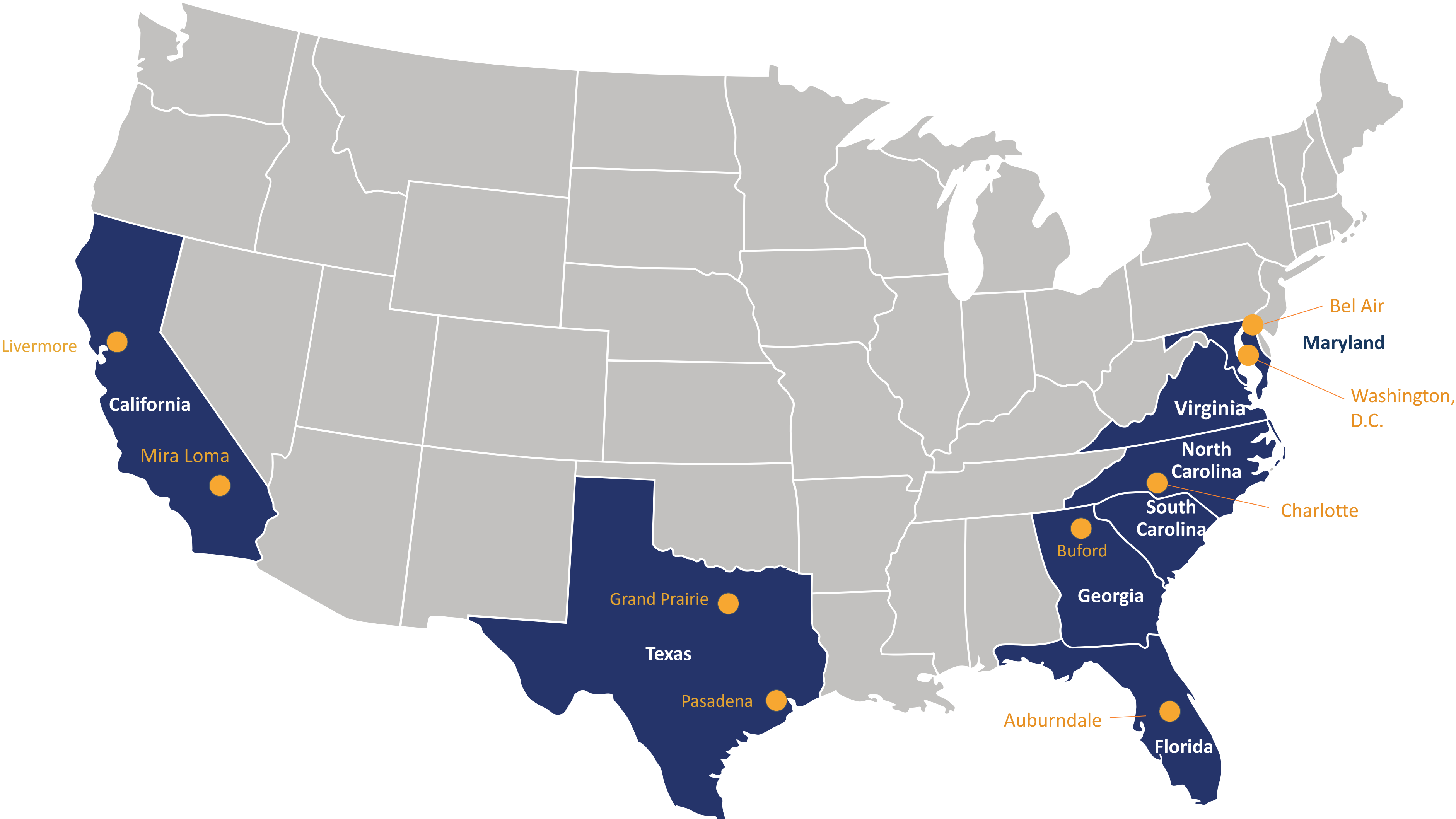
Q & A

McGrath RentCorp

MOBILE MODULAR & MOBILE MODULAR PORTABLE STORAGE

Mobile Modular

Rental and Sales of Modular Classrooms and Offices



Mobile Modular

Rental and Sales of Modular Buildings Serving a Broad Range of Facility Needs and Industry Groups



Office Buildings



Sales Office



Sales Office Interior



Office Building Interior



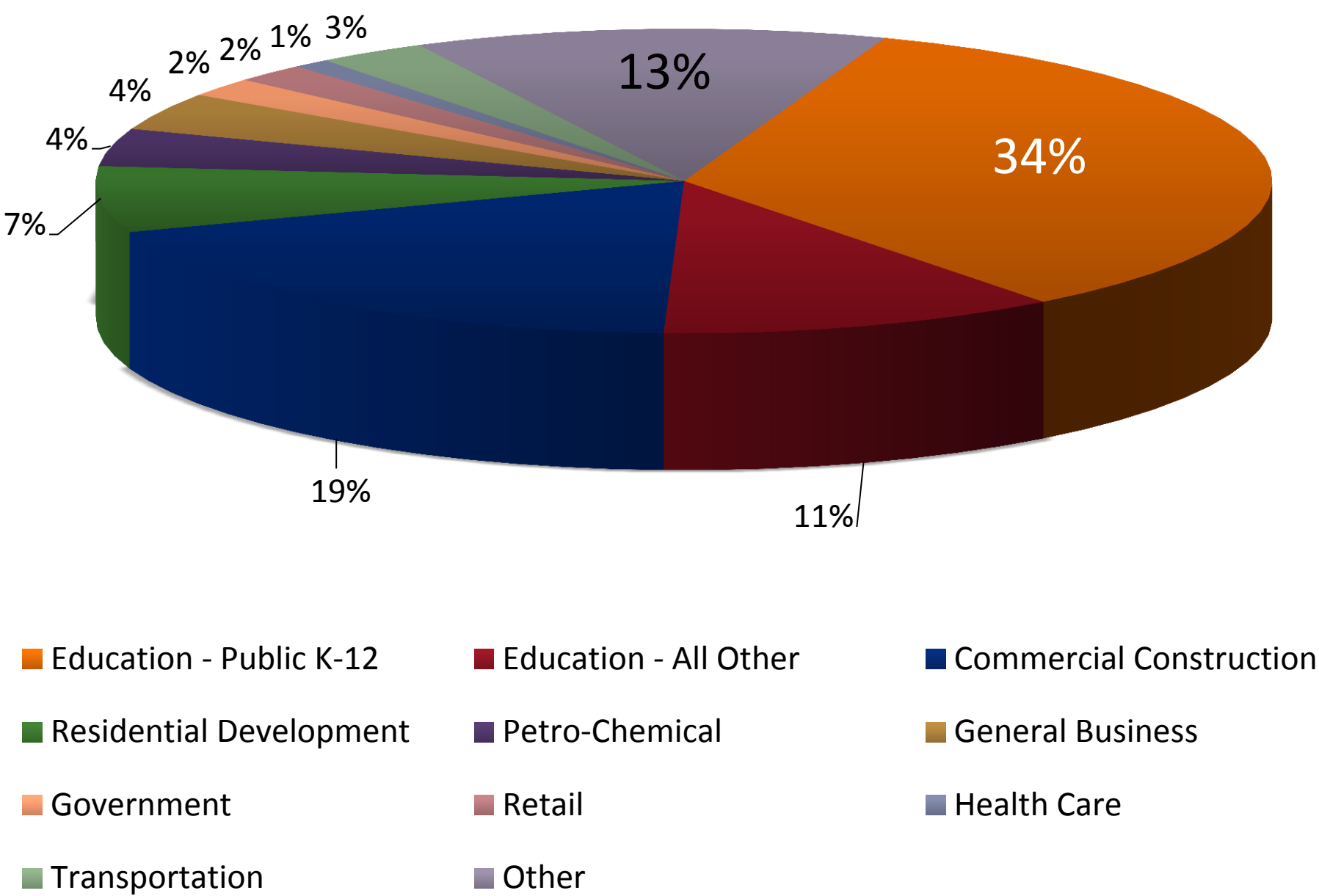
Office Building Complex



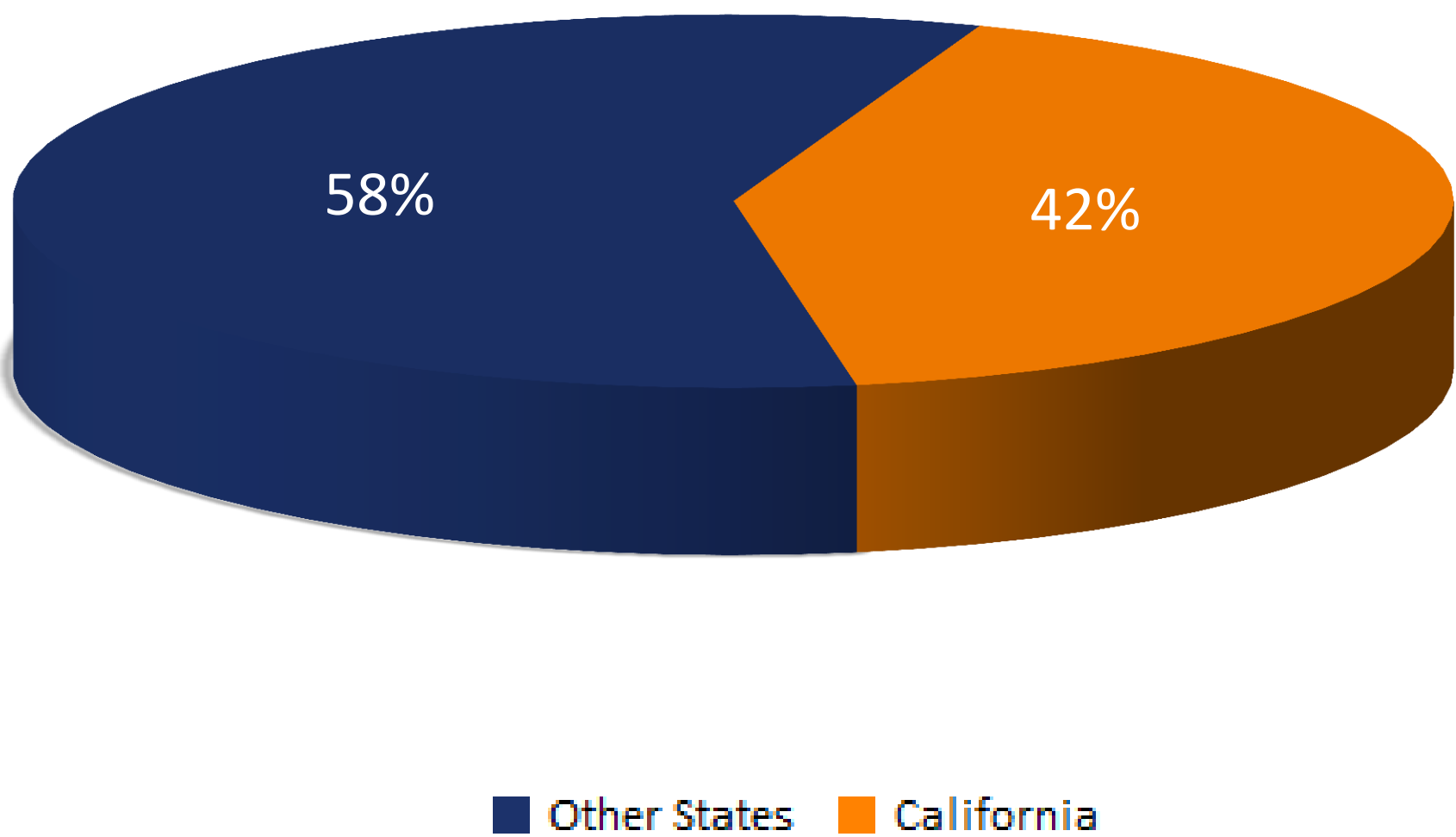
Rental Customer Mix ^(a)



2016 Rental Business Mix Breakdown by Industry Group



2016 Rental Business Mix Geographic Breakdown



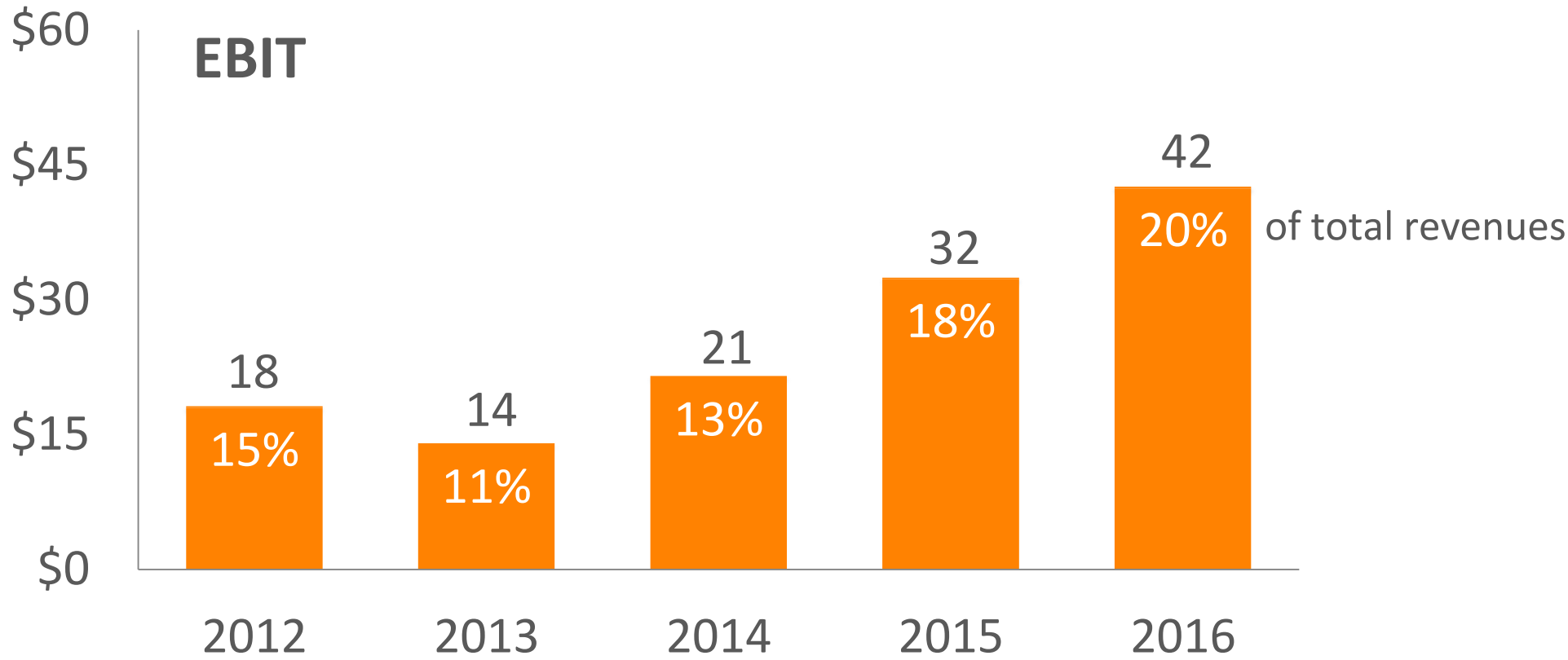
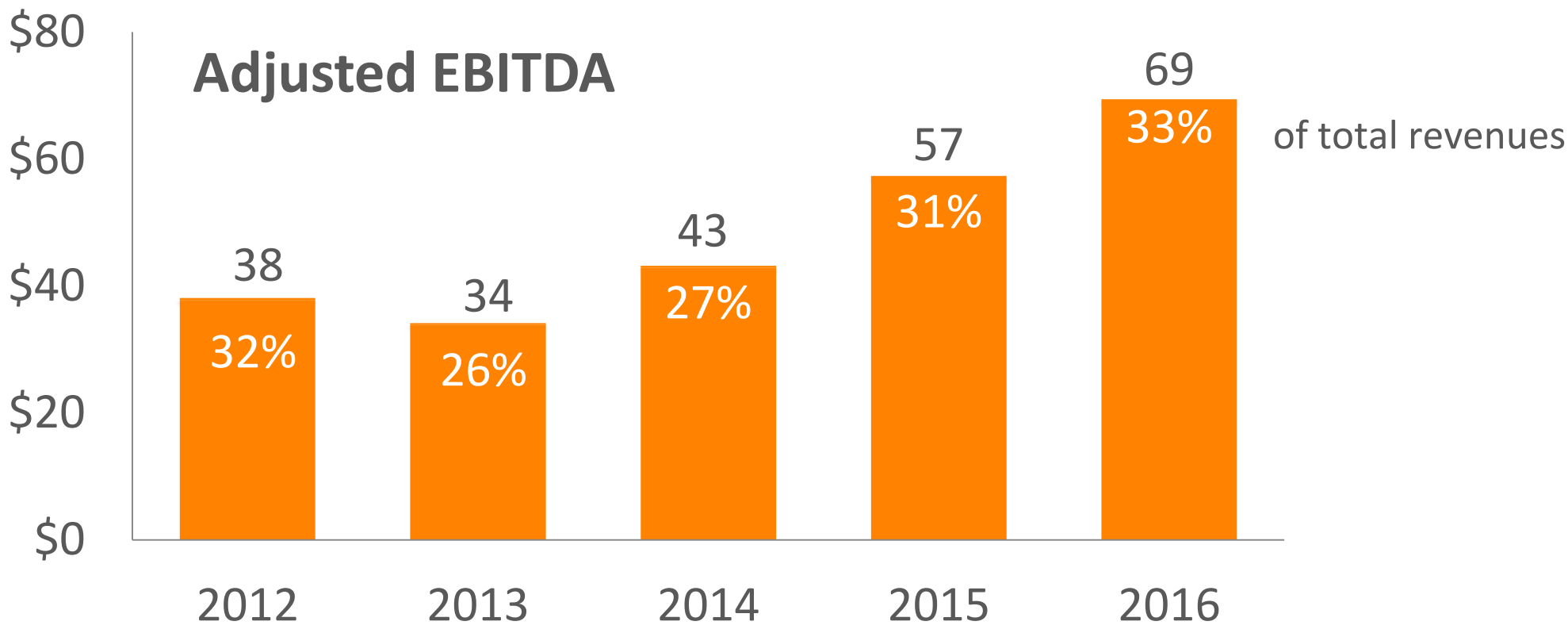
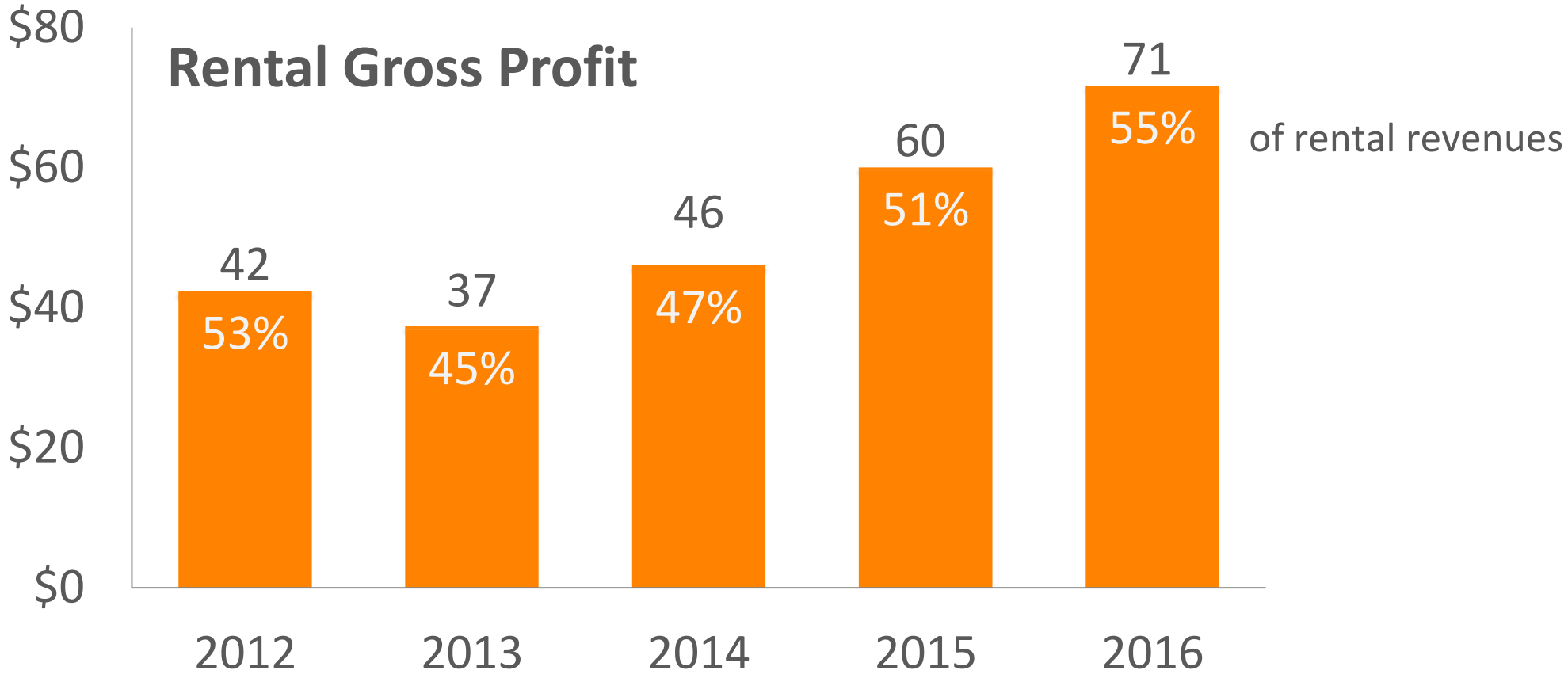
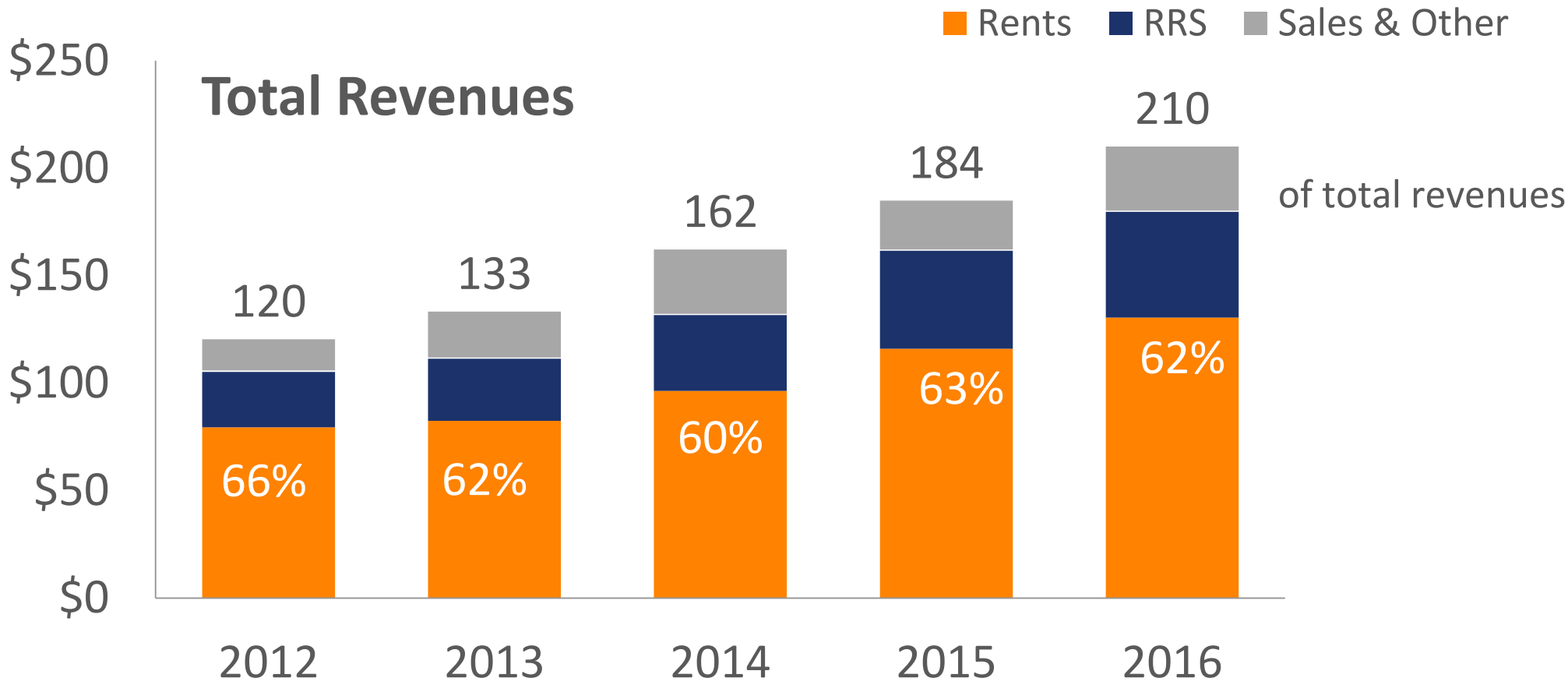
^(a) Mobile Modular includes Mobile Modular Portable Storage and excludes Enviroplex



Mobile Modular Operating Results (a)(b)



(dollars in millions)



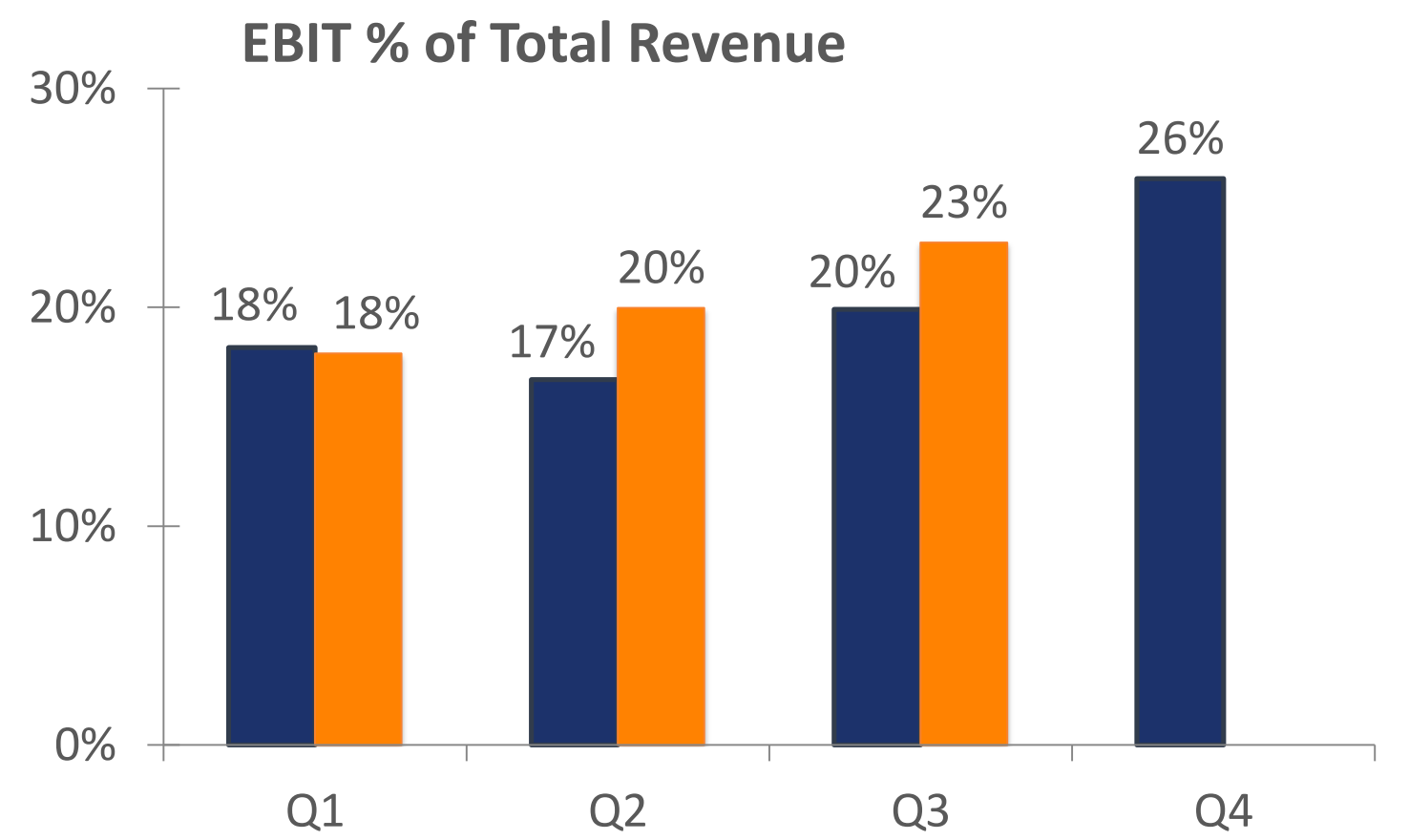
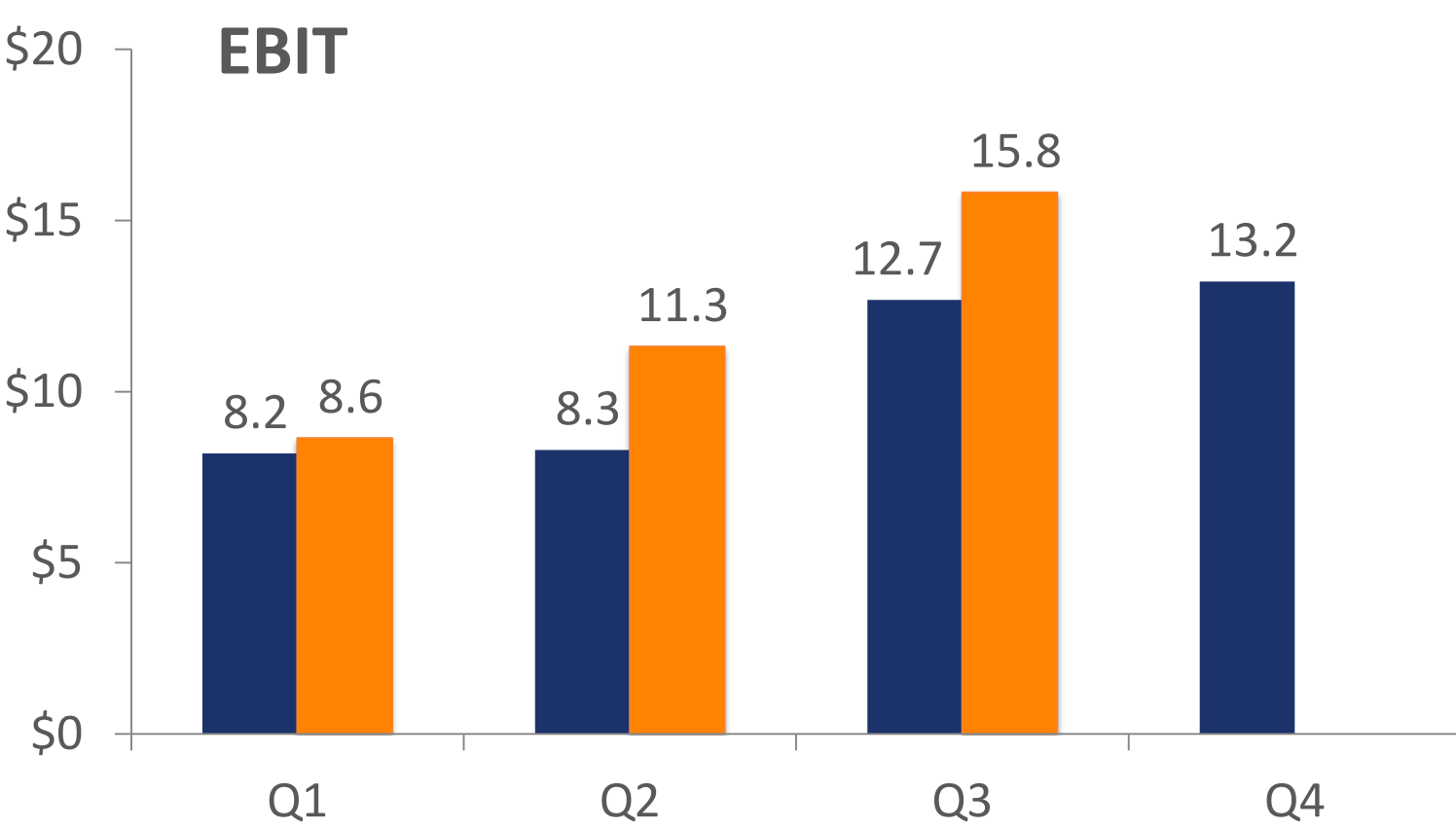
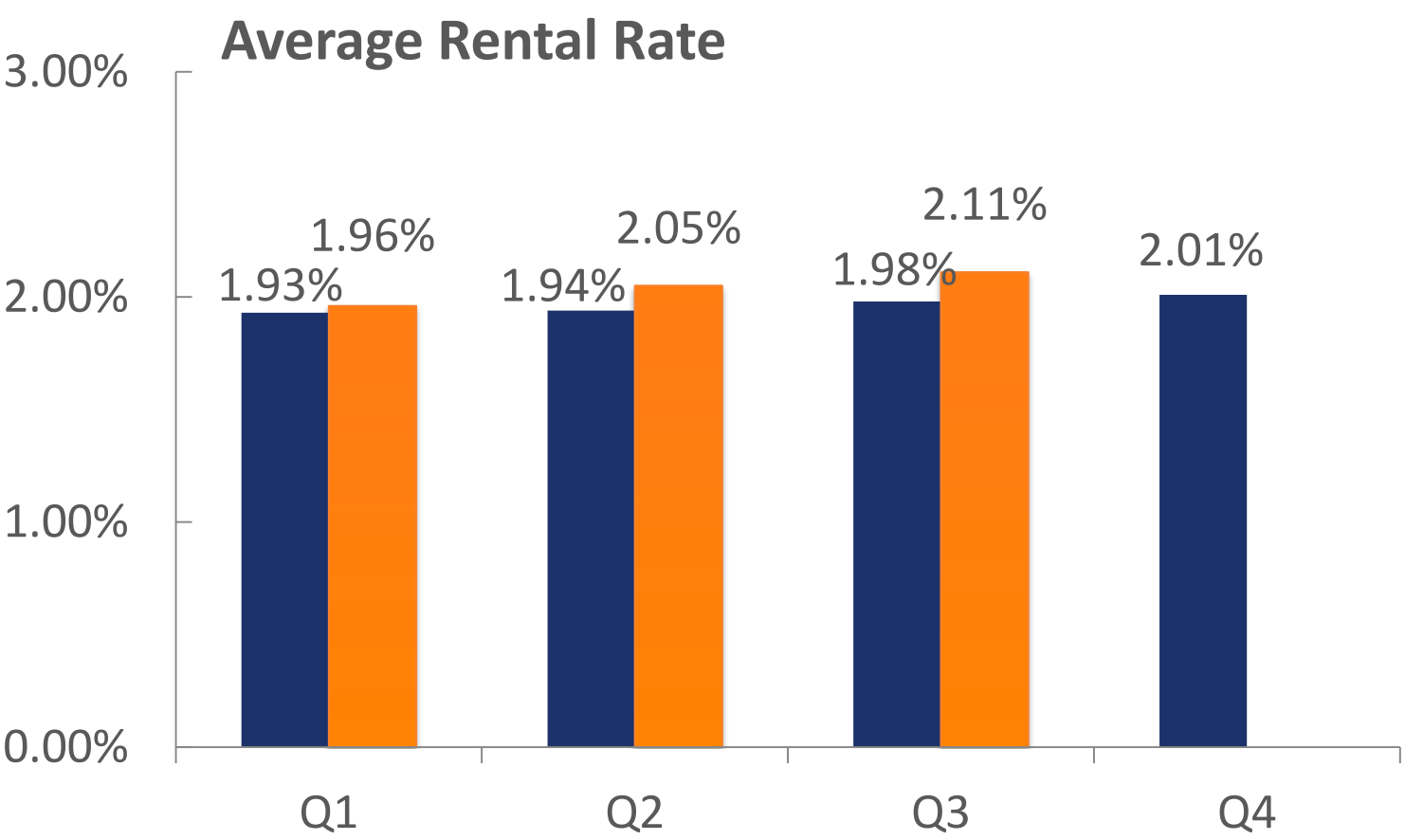
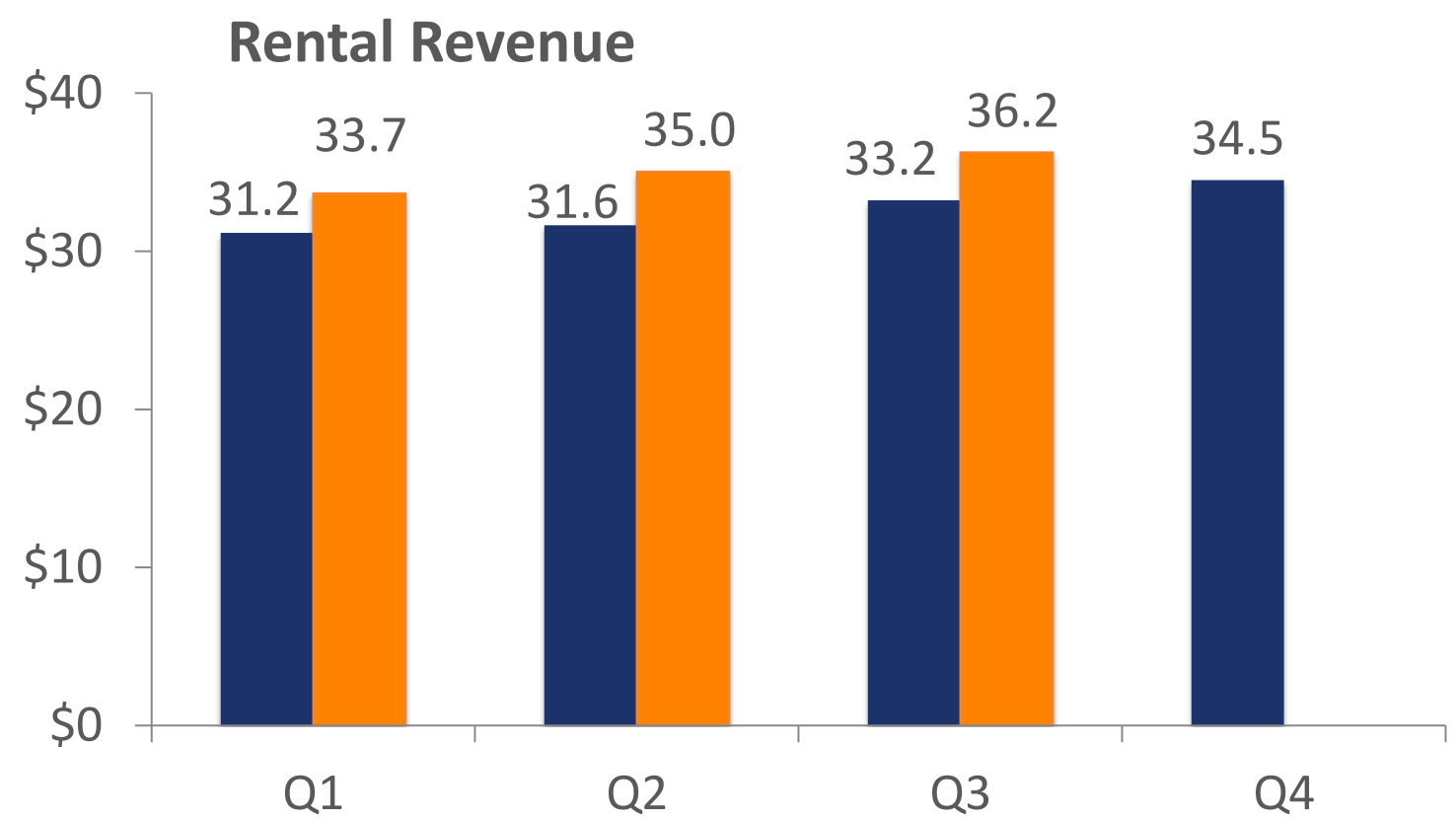
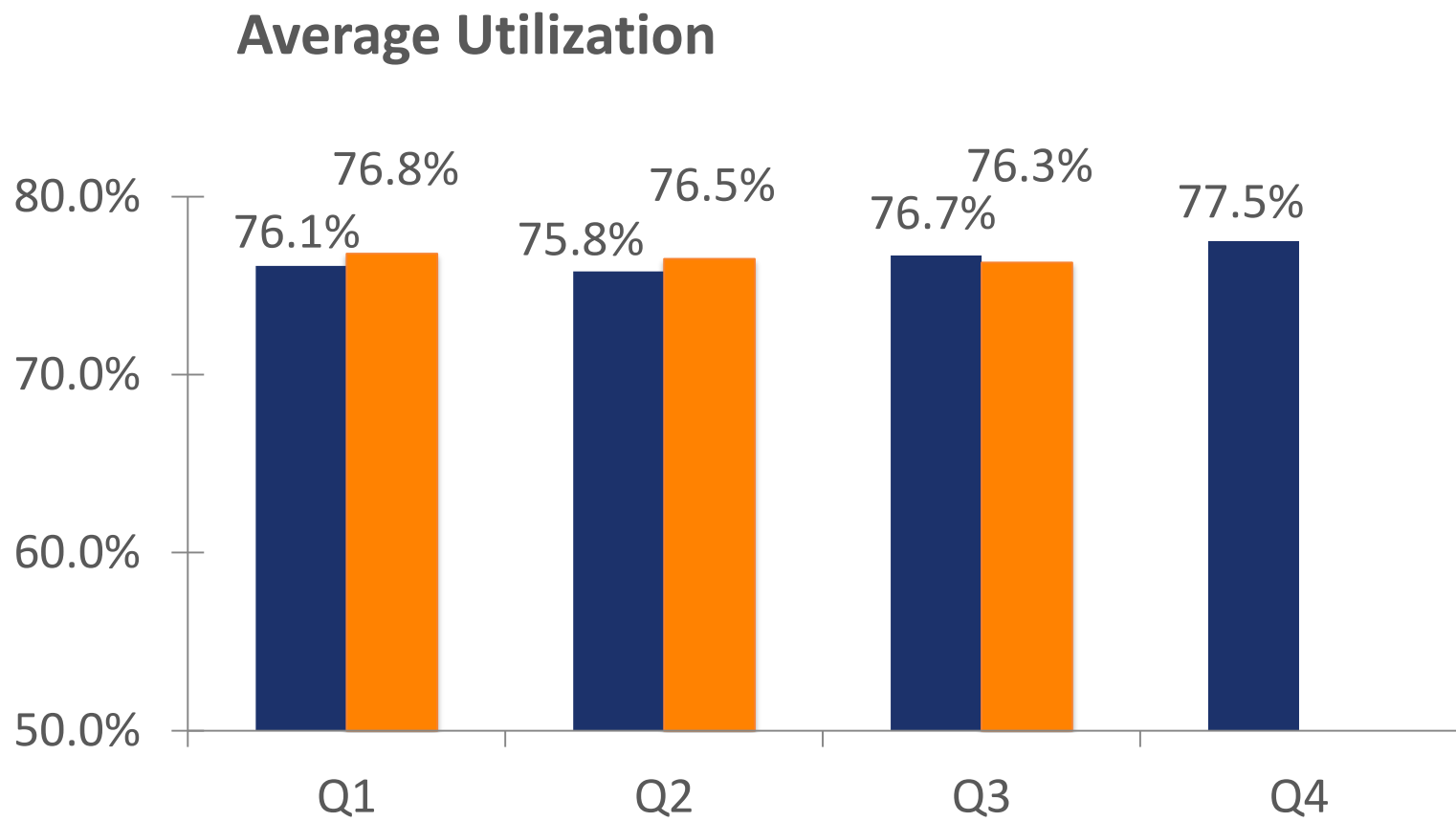
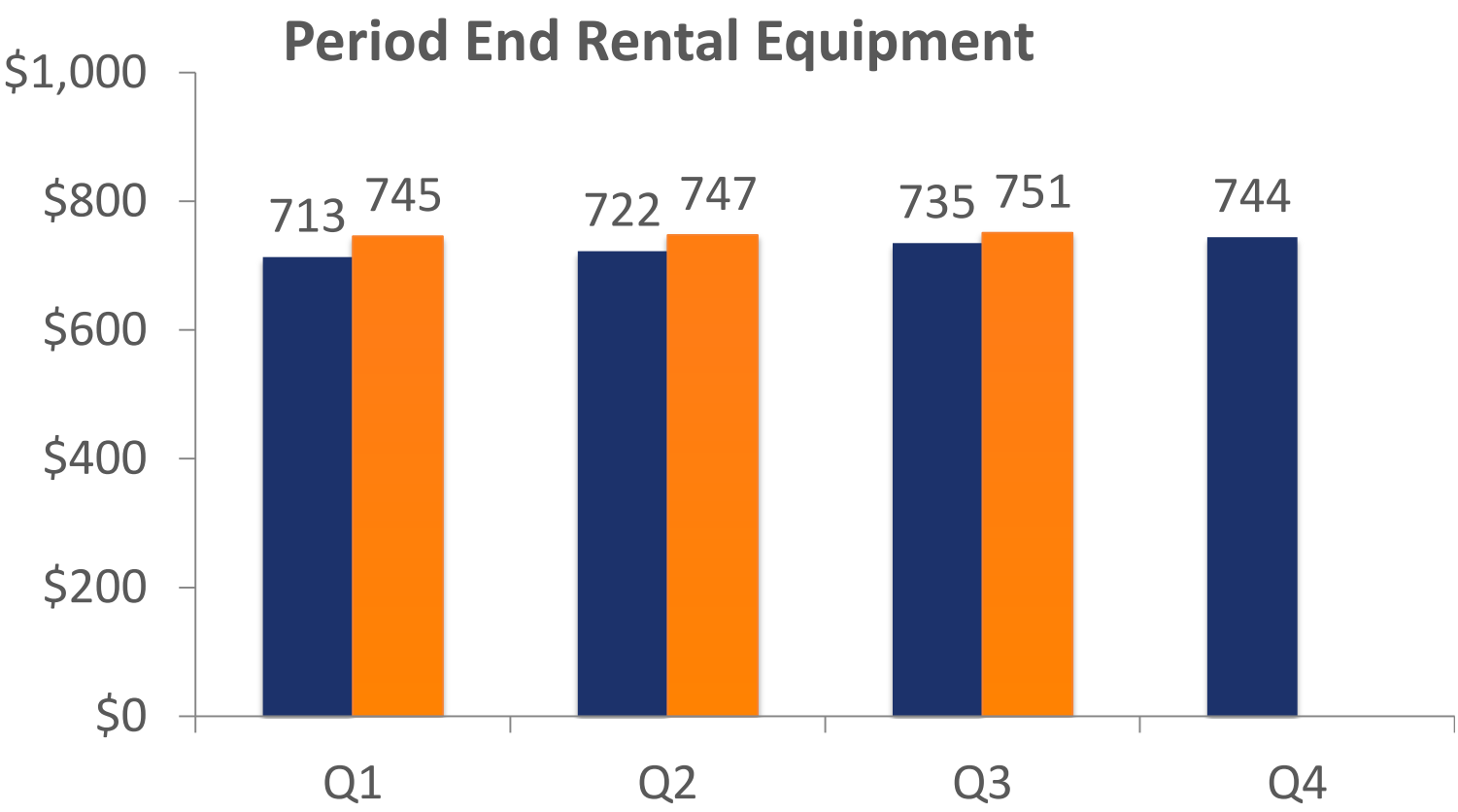
(a) Adjusted EBITDA defined on page 12 (b) Includes Mobile Modular Portable Storage and excludes Enviroplex



Mobile Modular Highlights (a) (b)



(dollars in millions)



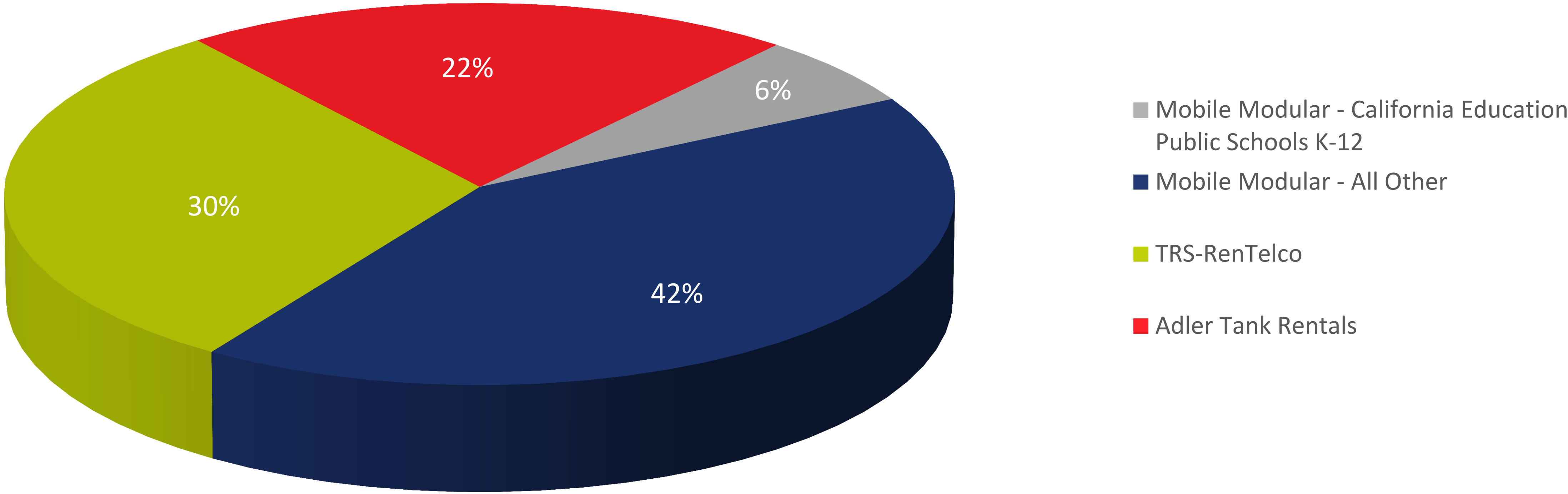
(a) Includes Mobile Modular Portable Storage and excludes Enviroplex (b) See page 48 for definitions of rental equipment, utilization, and rate

2016
2017

2016 Rental Revenue Mix



MGRC Rental Revenue \$271M



Mobile Modular includes Mobile Modular Portable Storage



Education Rental Assets

Education Buildings of Every Type to Serve Public and Private K-12, Community College and University Facility Needs



Campus Maker Hybrid® Classroom



California Classrooms



Classroom Interior



Education Administrative Building



Restroom Interior



Mobile Modular Portable Storage

Rentals and Sales of Portable Storage Solutions



8' x 40' Storage Container

8' x 20' High Security Office Storage Container Combo

8' x 20' Portable Storage Container



Growth Opportunities



- Regional expansion - N. Carolina, S. Carolina, Georgia, Maryland, Virginia, D.C.
- Portable Storage Expansion
- TX – expansion within state and neighboring states
- FL – product innovation supports market share gains
- CA – long term education demand driven by aging infrastructure, local enrollment growth and 2016 state and local facilities bonds
- Potential for operating leverage when utilization improves

McGrath RentCorp

ADLER TANK RENTALS

Adler Tank Rentals

Rental & Sales of Liquid and Solids Containment Solutions



Rental Assets

Rentals and Sales of Liquid and Solid Containment Solutions



21,000 Gallon (Close-Top) Multi-Purpose Tank



20 Yard Roll-Off (Poly Top)



10,080 Gallon (Open-Top) Mud Tank



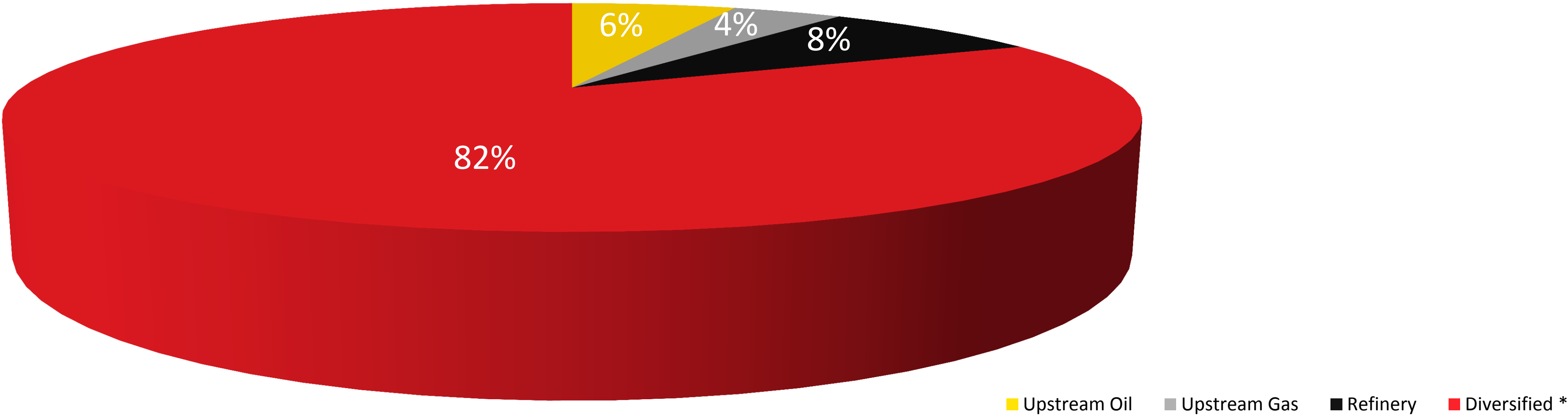
21,000 Gallon (Open-Top) Tank



Berms



2016 Adler Tank Rentals Rental Revenues Mix Breakdown by Market \$59M



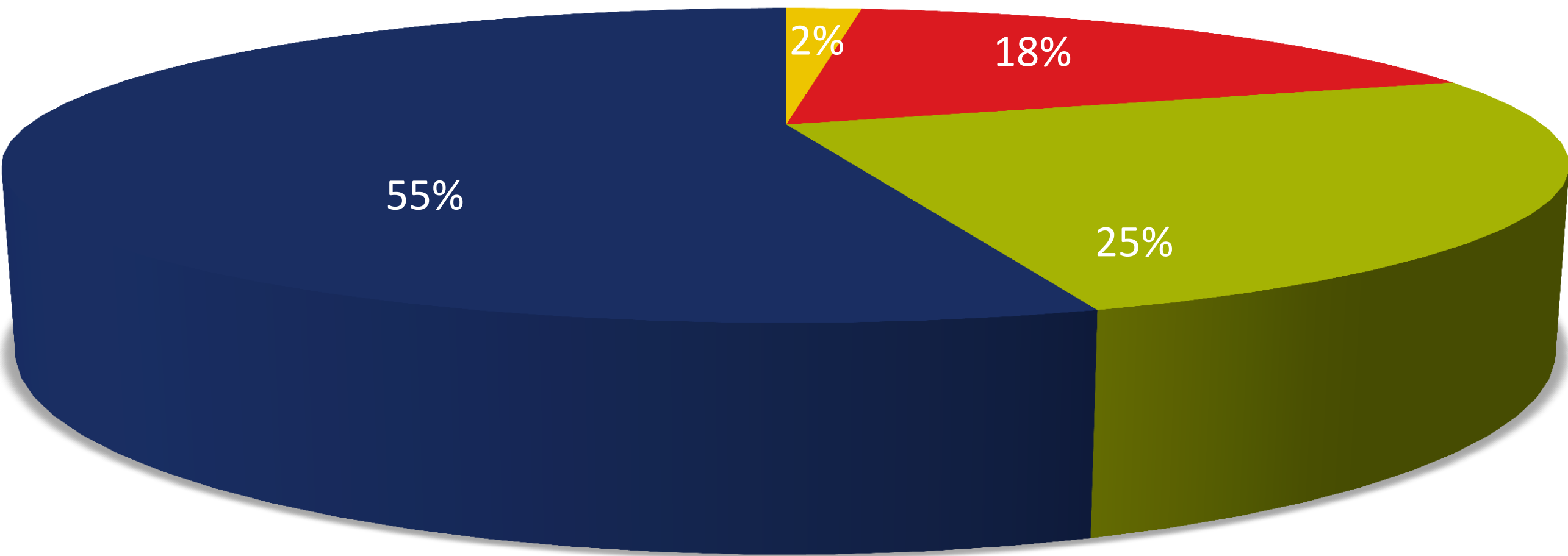
* Diversified includes Industrial and Environmental Services, Environmental Remediation, Construction and other.

- Upstream oil and gas revenues include both conventional and hydraulic fracturing projects. Upstream oil and gas projects accounted for 10% of 2016 total Adler Tank Rentals rental revenues
- See page 36 for market and application descriptions

2016 Total Revenues Mix by Division



MGRC Total Revenue \$424M



■ Adler Tank Rentals - Upstream Oil & Gas ■ Adler Tank Rentals - All Other ■ TRS-RenTelco ■ Mobile Modular

Mobile Modular includes Mobile Modular Portable Storage and Enviroplex



Tank and Box Applications



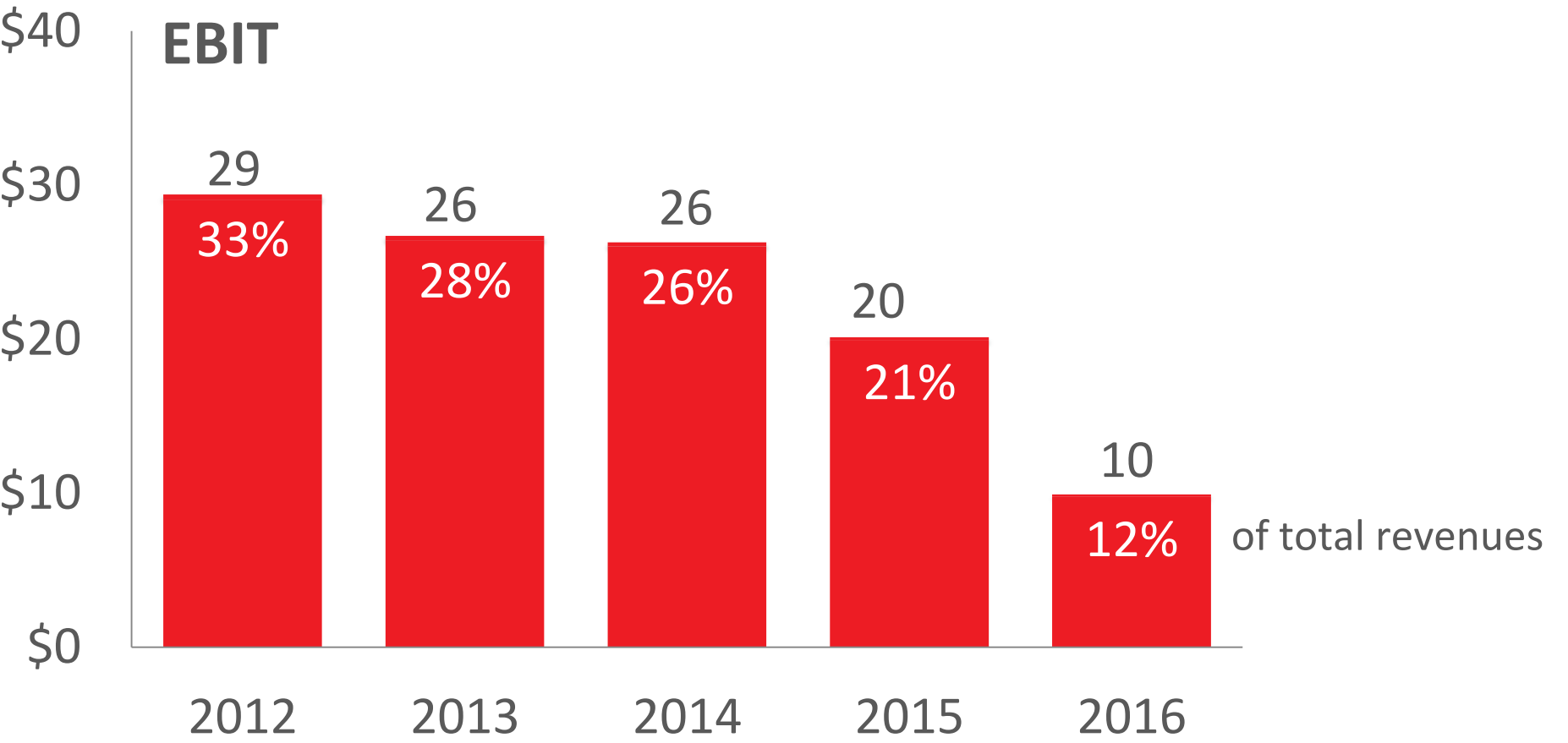
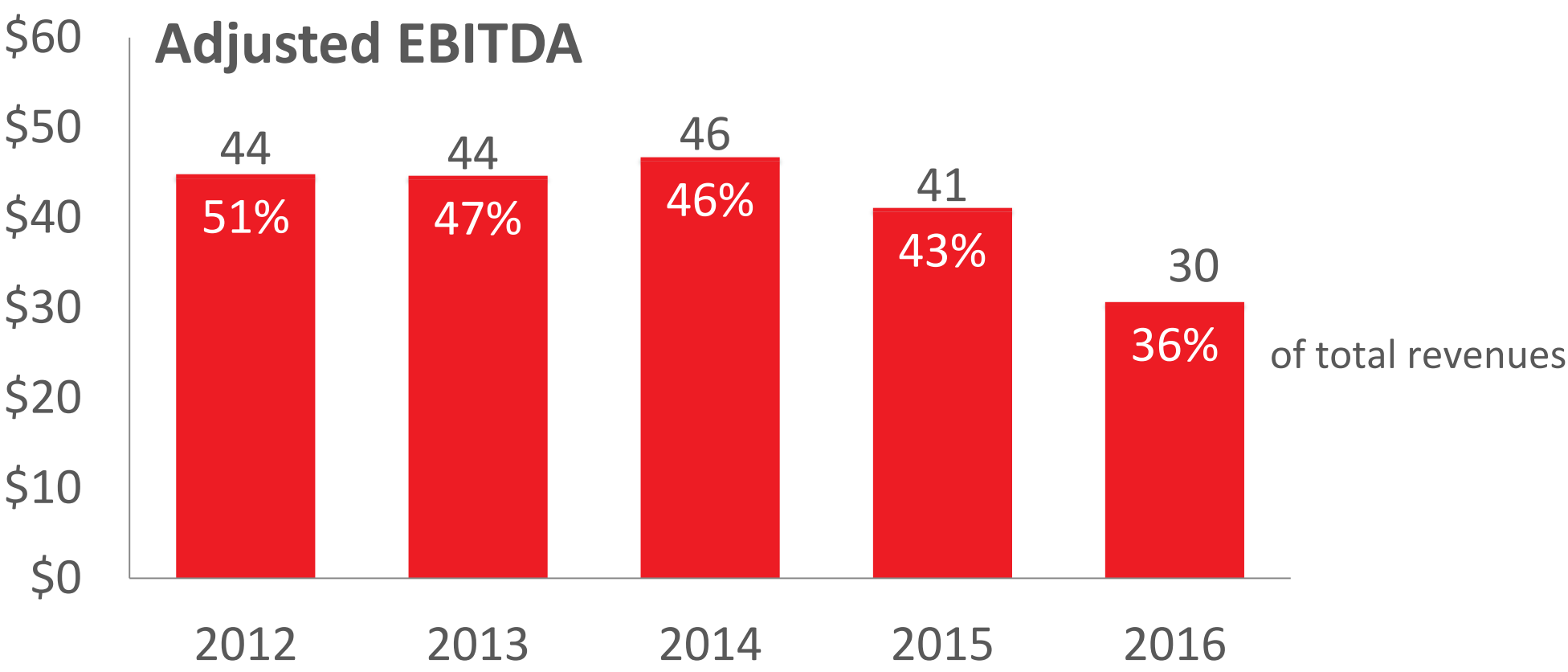
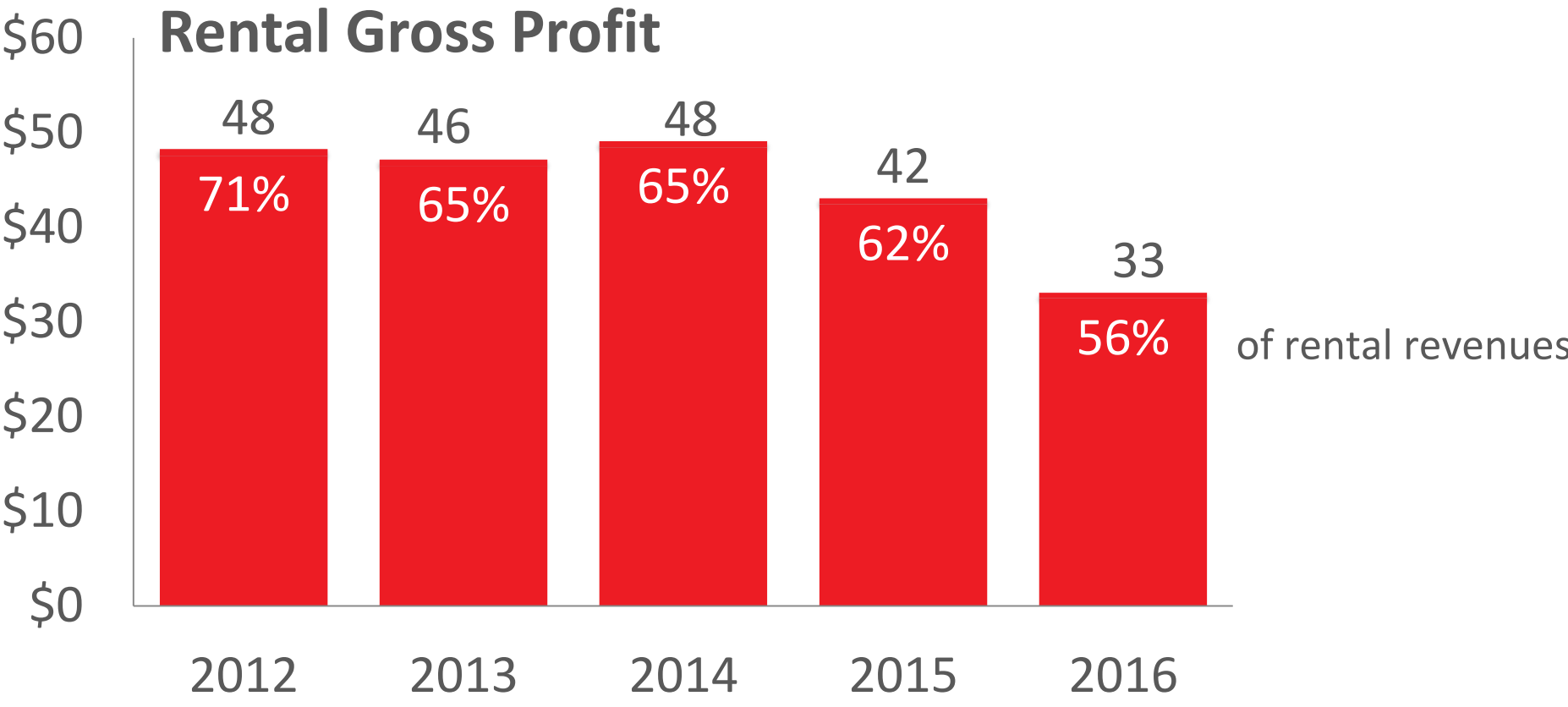
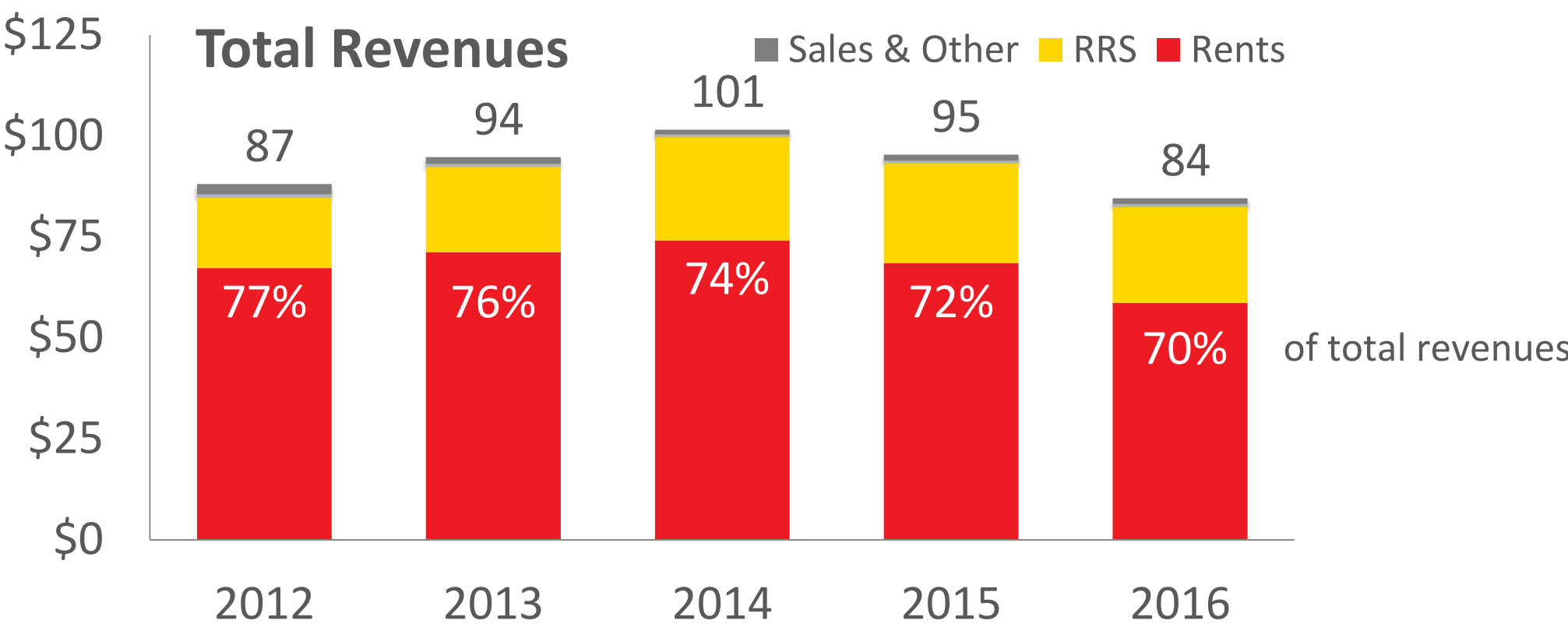
Market	Application		Products Utilized	Typical End User
Industrial and Environmental Services	<ul style="list-style-type: none"> Raw material and cleaning agent storage Containment of waste for disposal or treatment Plant maintenance and repair "turnaround" cycles 		<ul style="list-style-type: none"> Multi-Purpose Tanks * Roll-Off Boxes Vacuum Boxes 	<ul style="list-style-type: none"> Chemical and lubricant manufacturers Utilities Food processors Power plants
Environmental Remediation	<ul style="list-style-type: none"> Remediation of contaminated ground water, pipeline failures, tanker spills and other waterway contamination 		<ul style="list-style-type: none"> Multi-Purpose Tanks * Roll-Off Boxes Dewatering Boxes Vacuum Boxes 	<ul style="list-style-type: none"> Environmental Services Waste / Water Treatment Pipeline Services Marine Services
Oil & Gas (E&P) Exploration and Production	<ul style="list-style-type: none"> Conventional oil and gas exploration and production Freshwater storage, drilling fluids, flowback and drill cuttings 	<ul style="list-style-type: none"> Unconventional oil and gas exploration and production, including equipment used during the shale oil and gas well fracturing process and to store drilling lubricant 	<ul style="list-style-type: none"> Multi-Purpose Tanks * Roll-Off Boxes 	<ul style="list-style-type: none"> Oil and Gas exploration and production companies Oilfield Service companies
Refinery	<ul style="list-style-type: none"> Regularly scheduled plant maintenance and repair "turnaround" cycles 		<ul style="list-style-type: none"> Multi-Purpose Tanks * Roll-Off Boxes Vacuum Boxes 	<ul style="list-style-type: none"> Refineries and Product Terminals
Construction	<ul style="list-style-type: none"> Dewatering construction areas Storm water pollution prevention Remediation of contaminated ground water for off-site discharge 		<ul style="list-style-type: none"> Multi-Purpose Tanks * Roll-Off Boxes Dewatering Boxes Vacuum Boxes 	<ul style="list-style-type: none"> Highway, Heavy Construction, and Commercial Contractors Federal, State and Local Municipalities
Other	<ul style="list-style-type: none"> Storage of ethylene glycol for use in deicing planes Temporary firewater systems Marine services (bilge water) Storm water pollution control Landfill leachate containment 	<ul style="list-style-type: none"> Storage of water used in hydrostatic pressure testing of pipelines Electrical Transmission and Distribution Infrastructure Maintenance – Transformer Oil Containment and Testing Bio-Fuel Processing and Storage Underground Fuel Tank Cleaning / Removal 	<ul style="list-style-type: none"> Multi-Purpose Tanks * Dual Wall Tanks Roll-Off Boxes Vacuum Boxes 	<ul style="list-style-type: none"> Airlines Pipeline Contractors Ports Commercial Contractors

* Multi-Purpose closed top tanks with smooth-walled epoxy interiors are the standard liquid containment product utilized across different market verticals

Adler Tank Rentals Operating Results (a)



(dollars in millions)

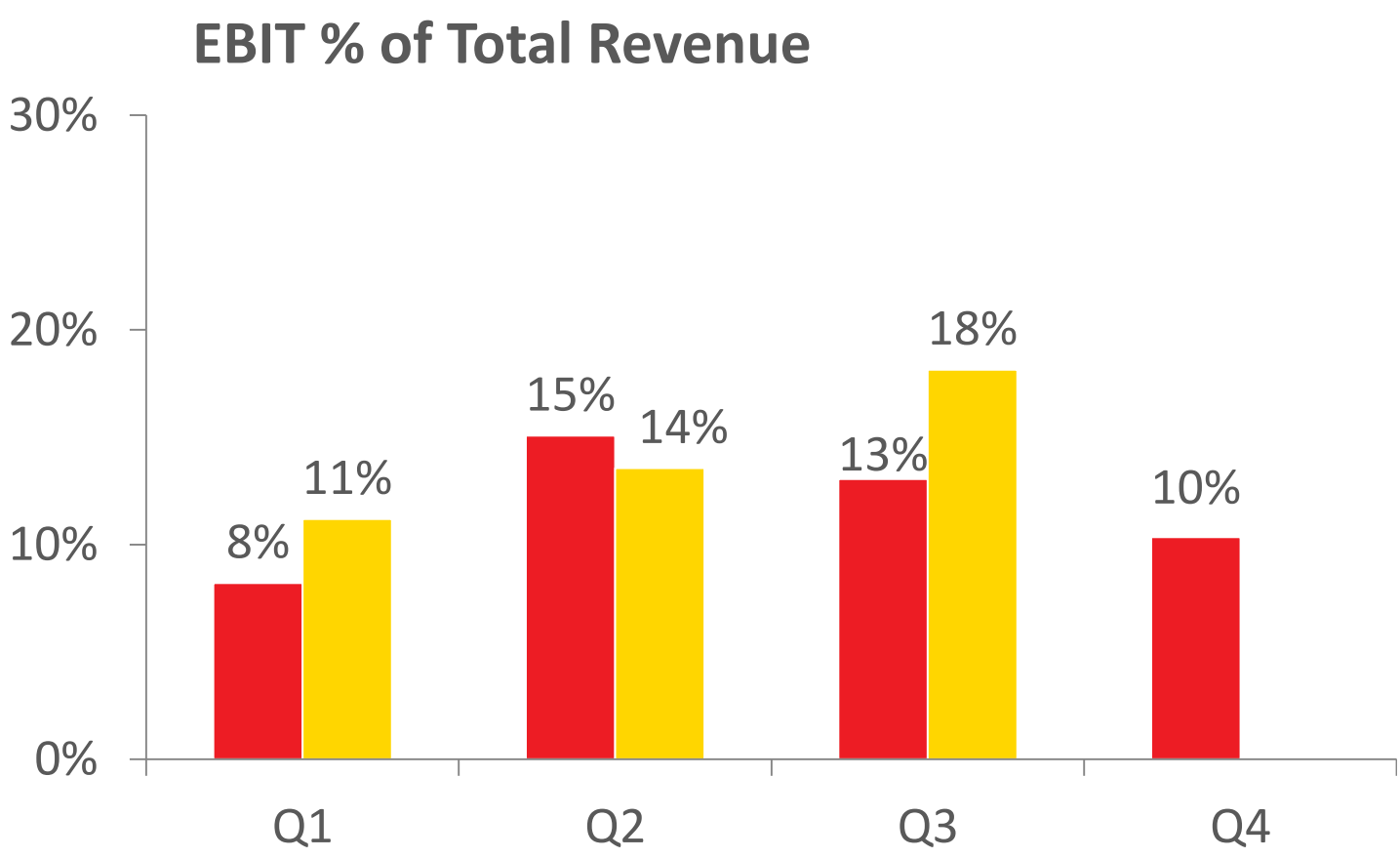
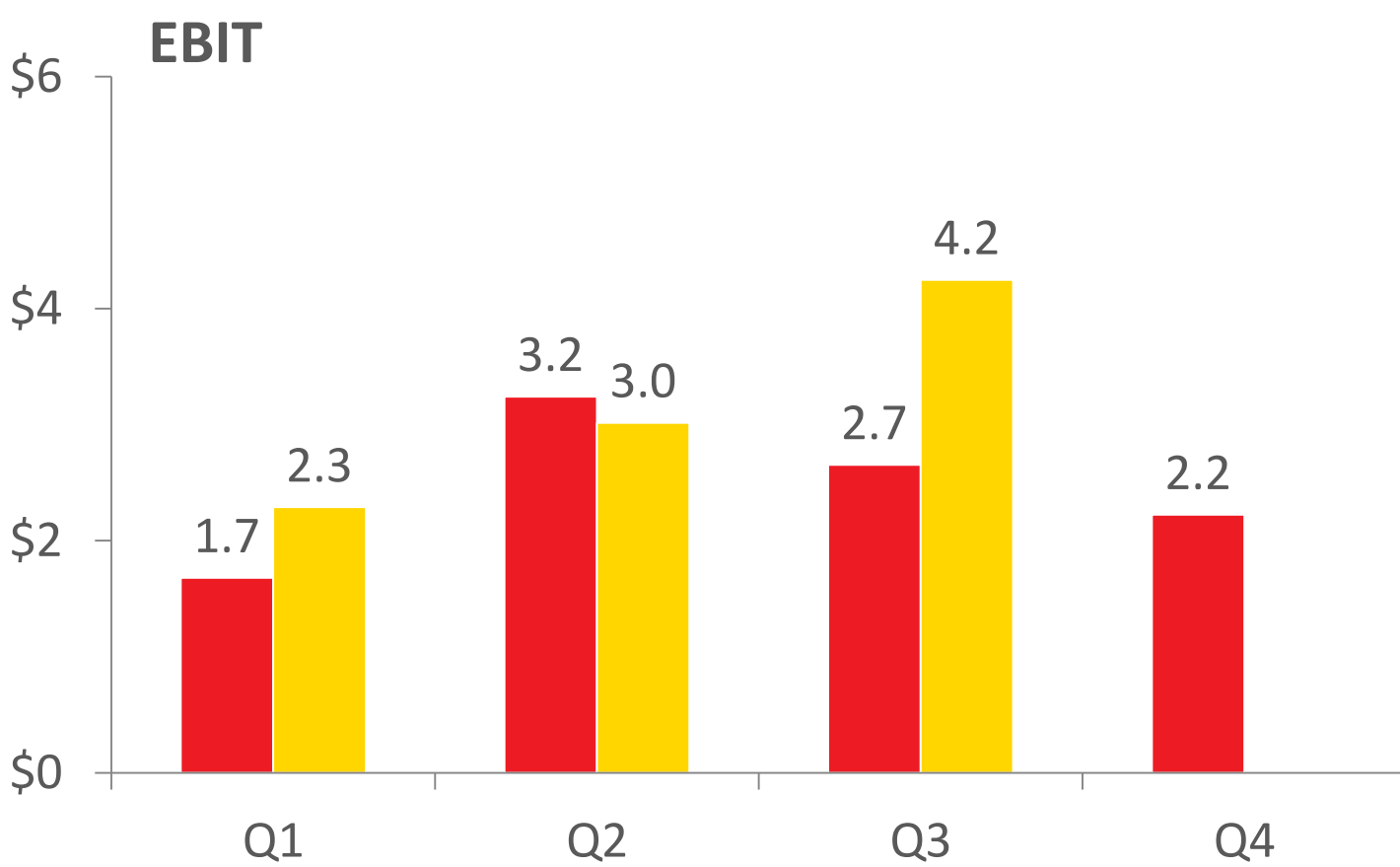
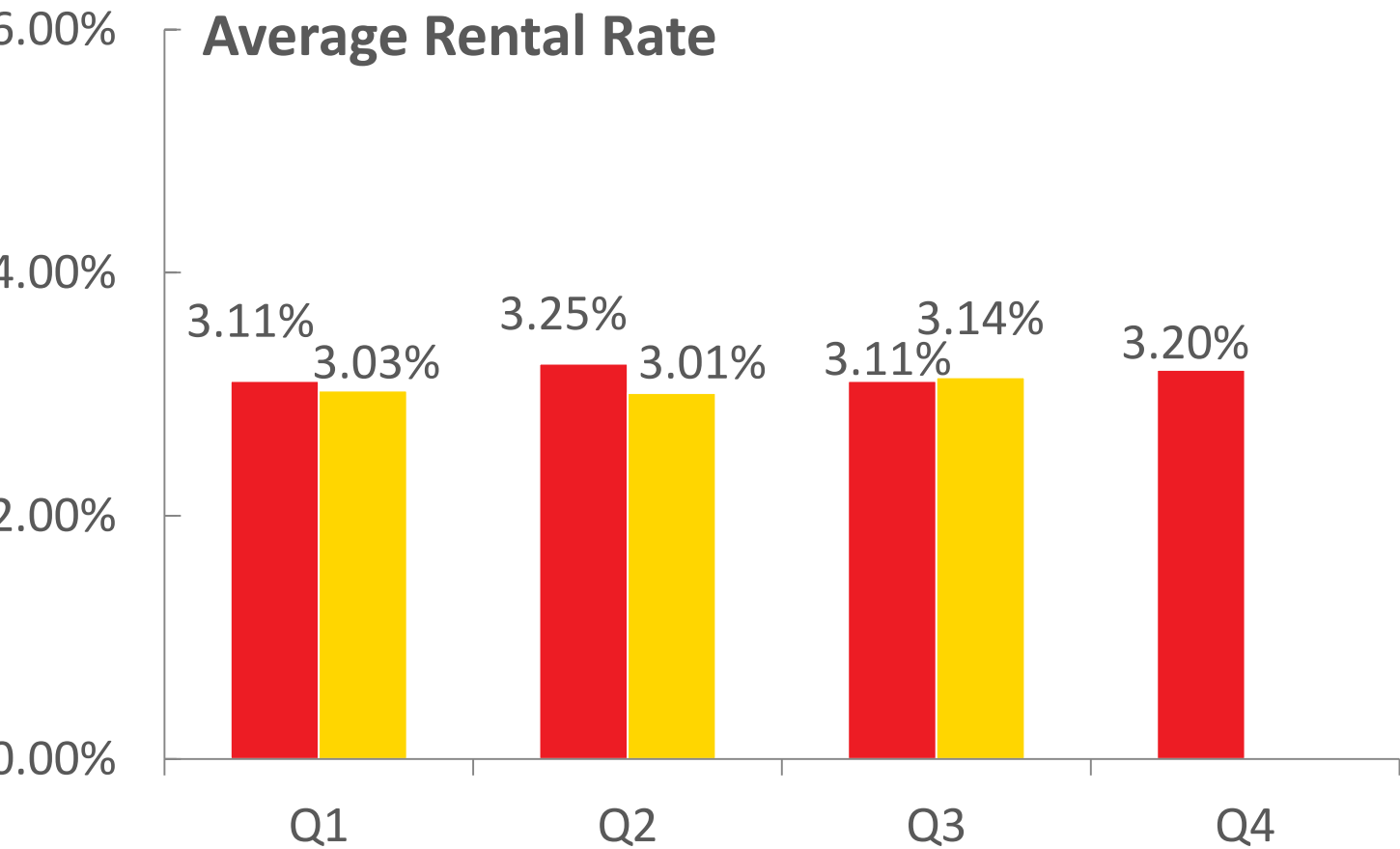
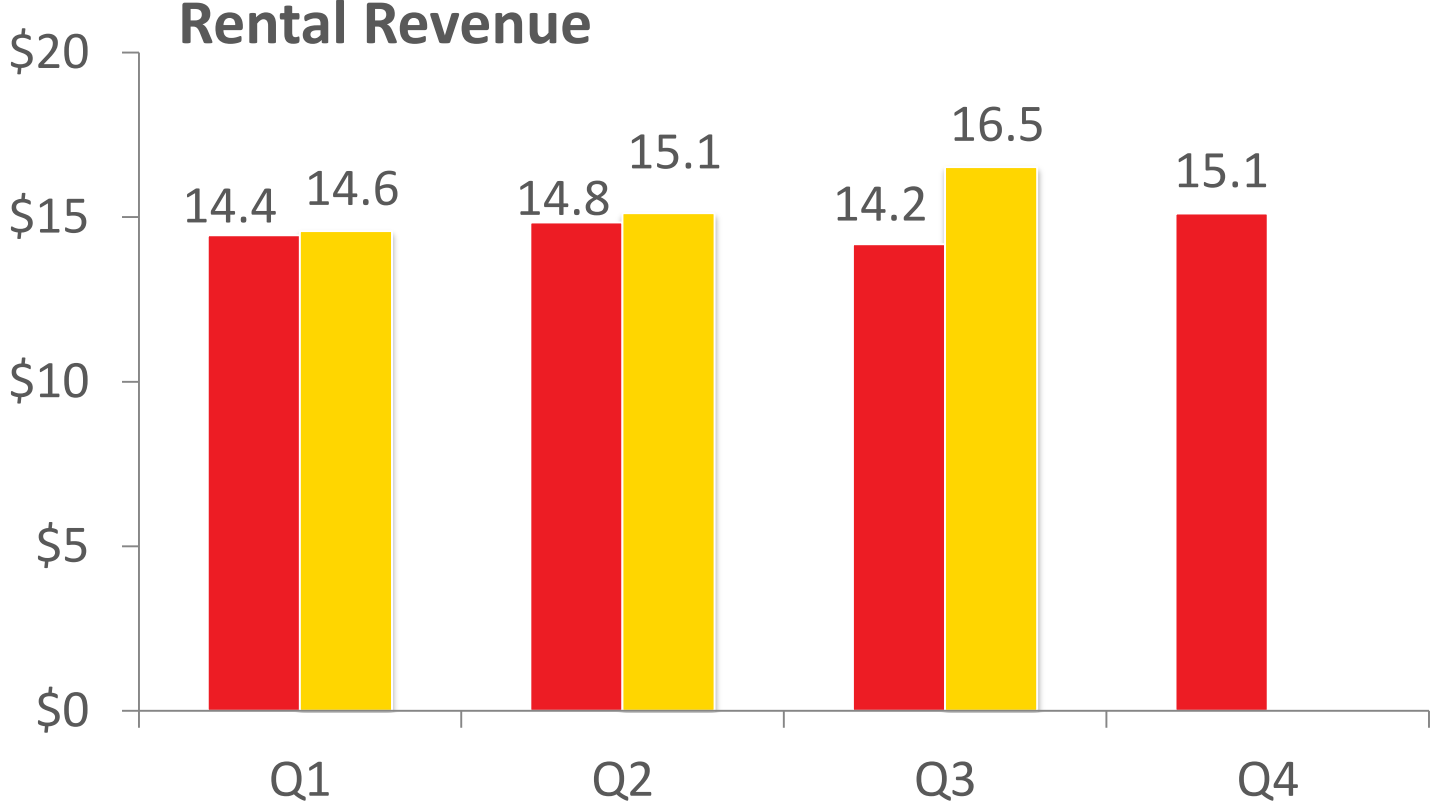
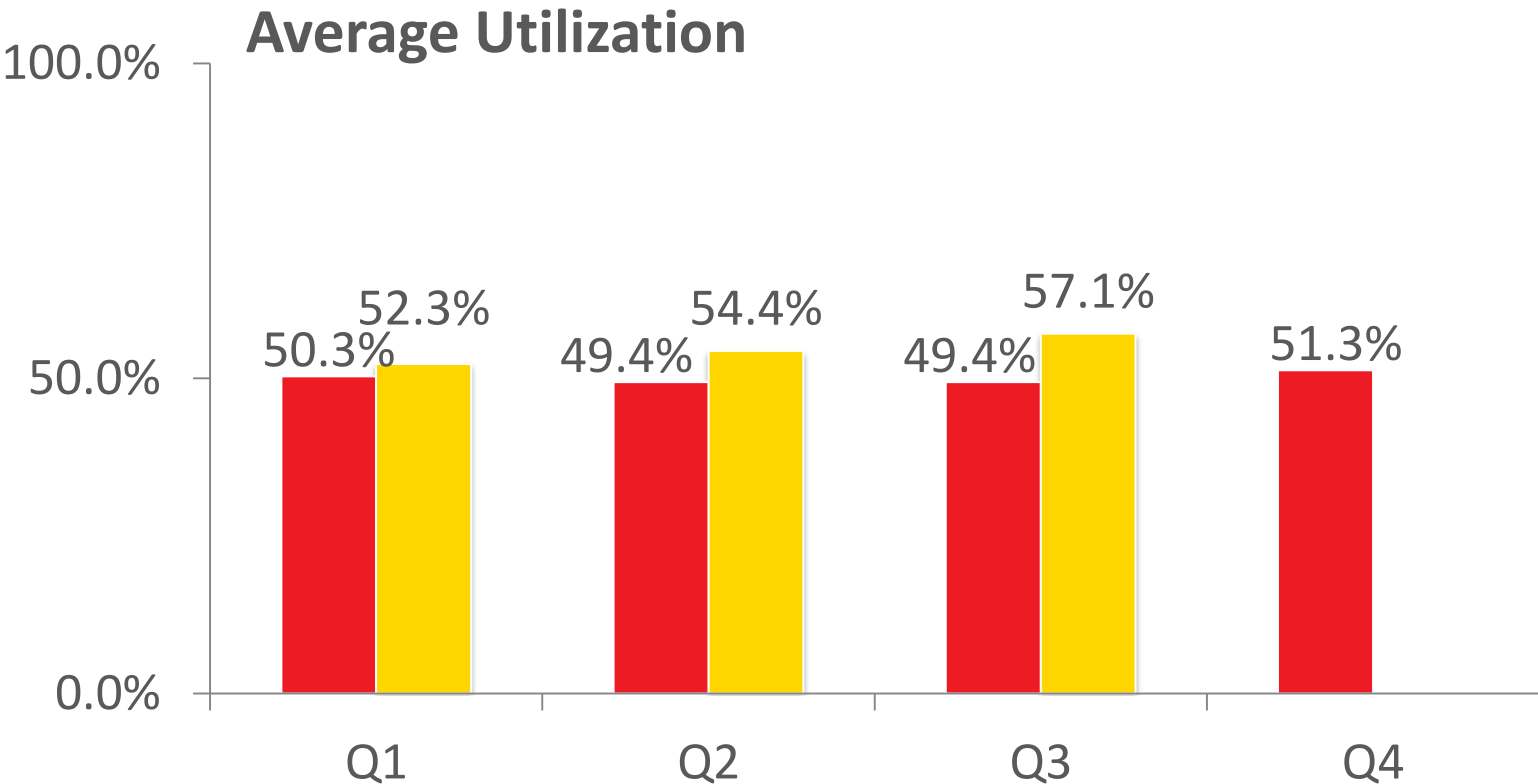
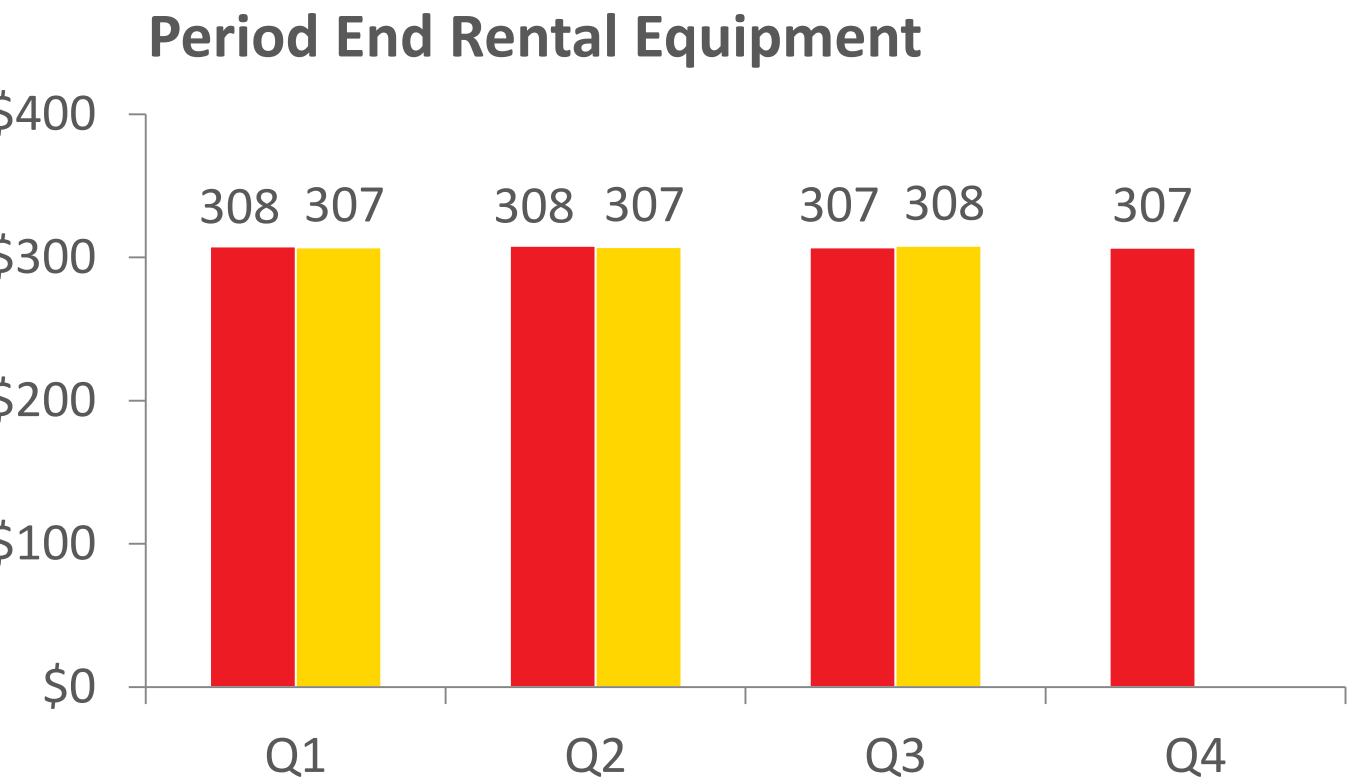


(a) Adjusted EBITDA defined on page 12

Adler Tank Rentals Highlights (a)



(dollars in millions)



(a) See page 48 for definitions of rental equipment, utilization, and rate

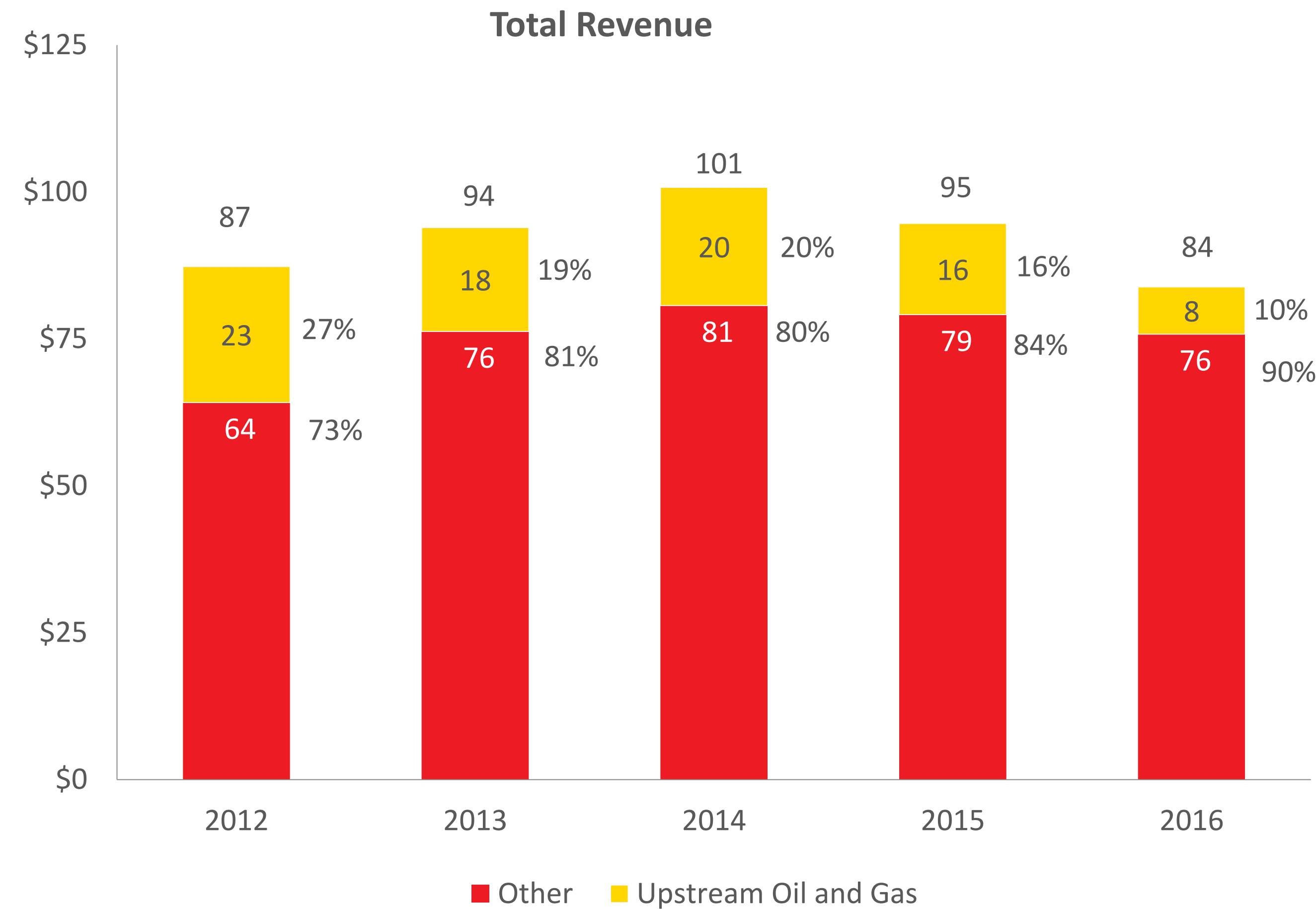
2016
2017



Adler Tank Rentals Highlights (a)



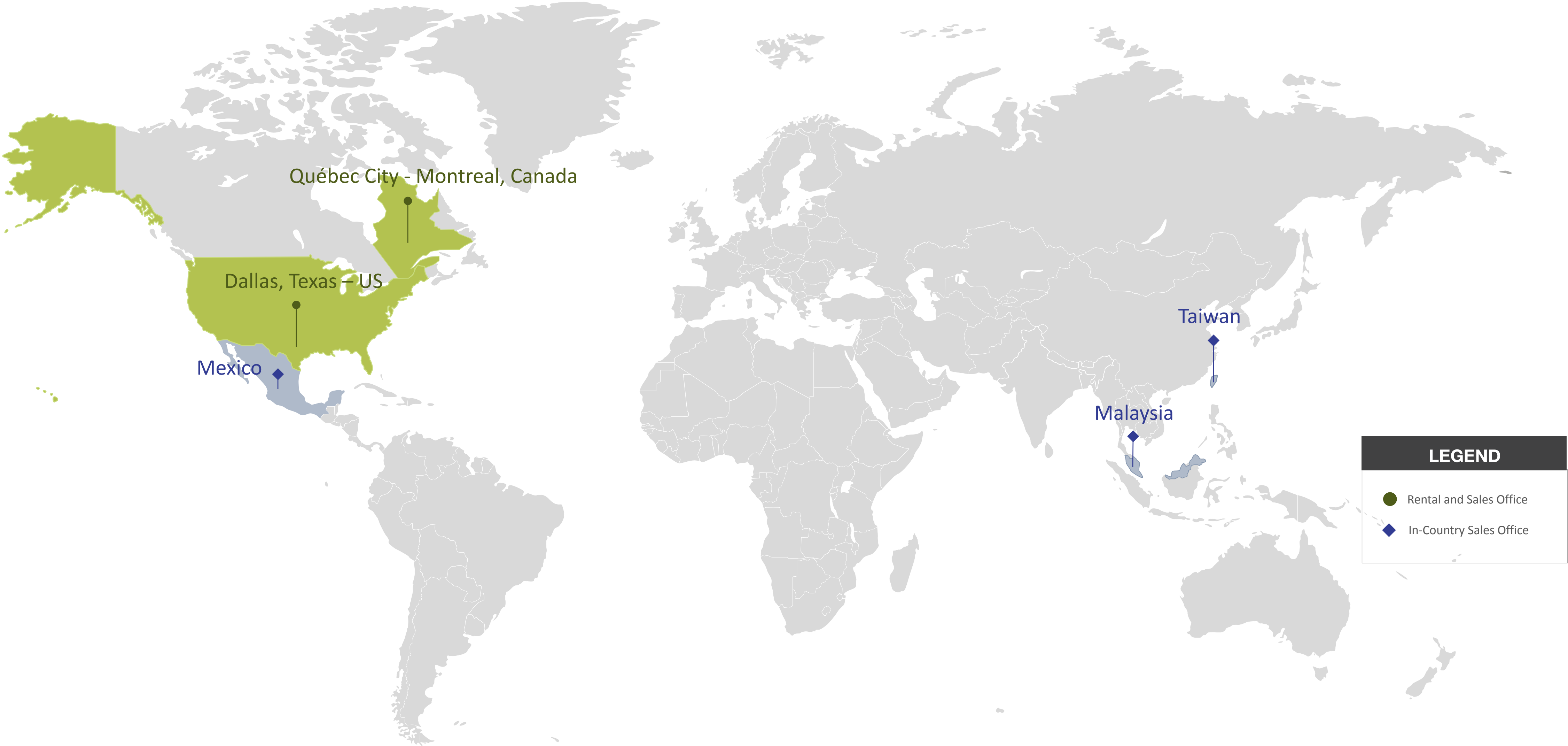
(dollars in millions)



Growth Opportunities

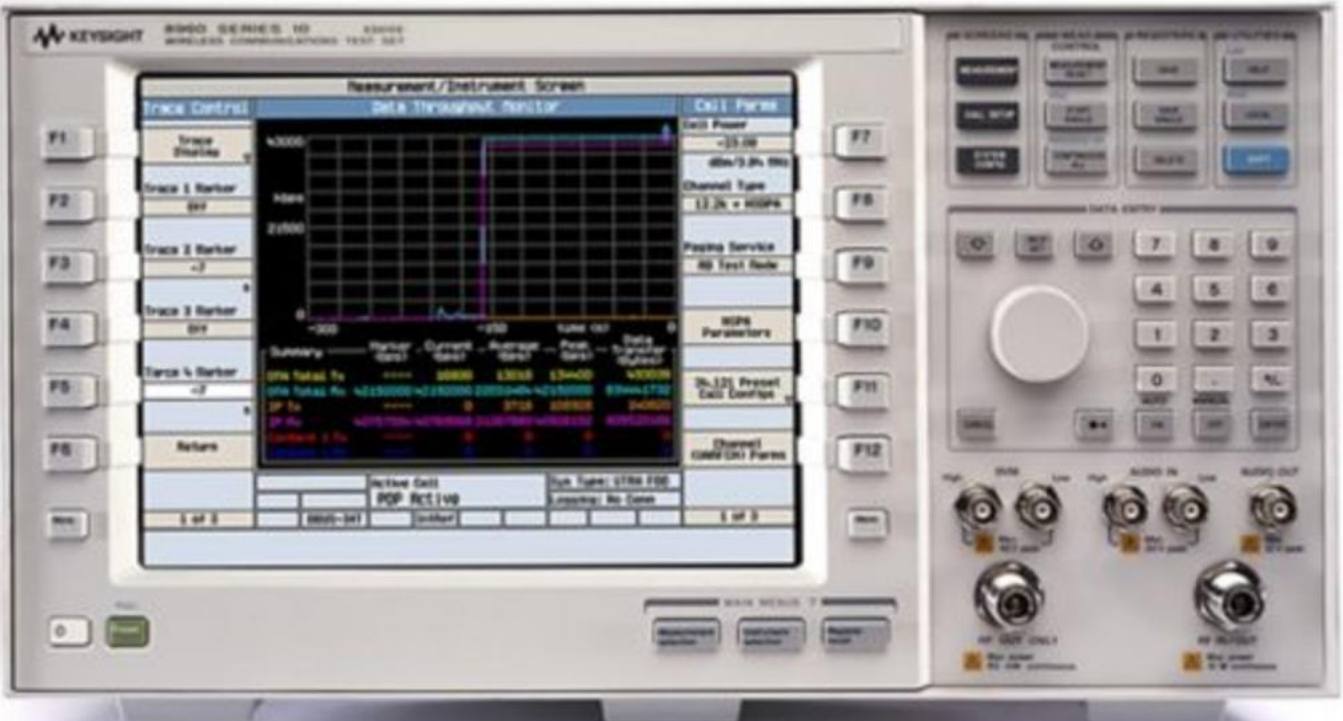
- Broaden non-energy end market applications
- Gain share in established Adler markets
- National accounts sales organization
- Most modern and safety-enhanced fleet in the industry



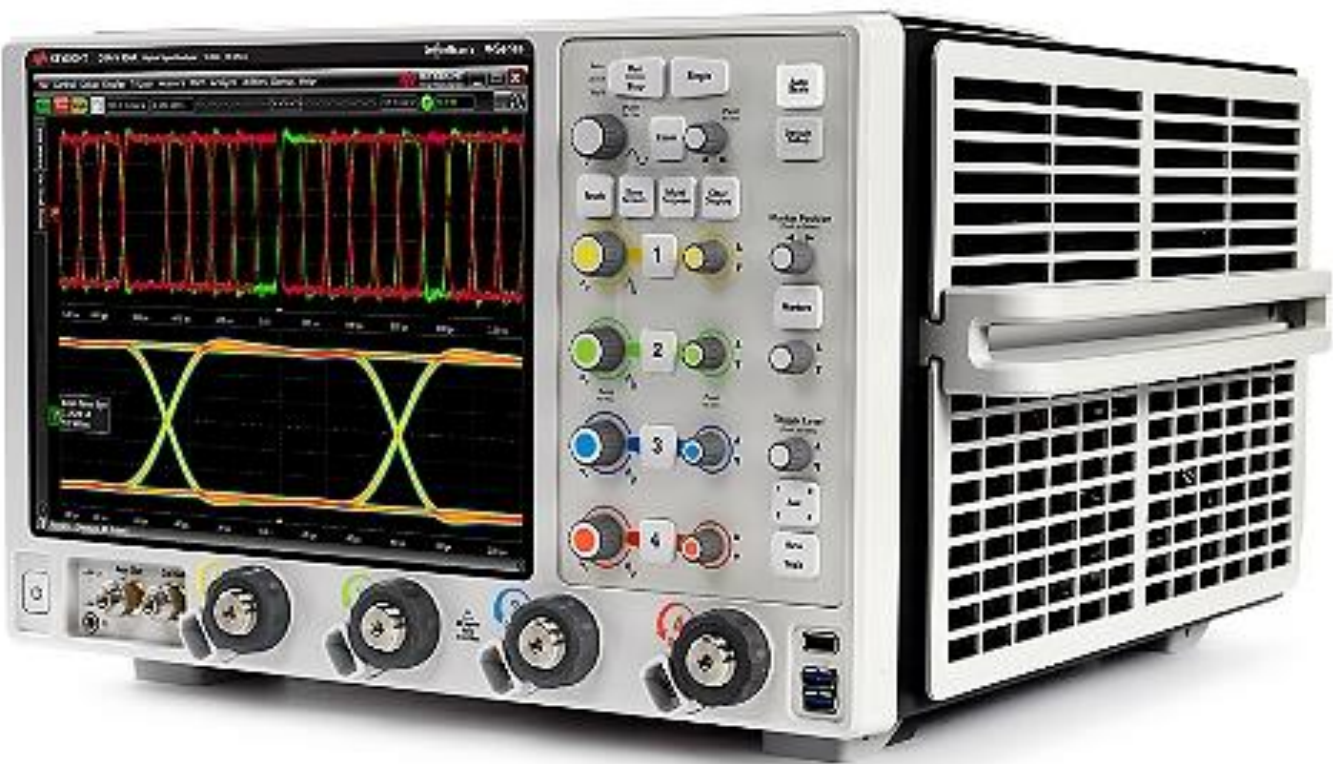


Rental Assets

Rental and Sales of General Purpose and Communications Test Equipment



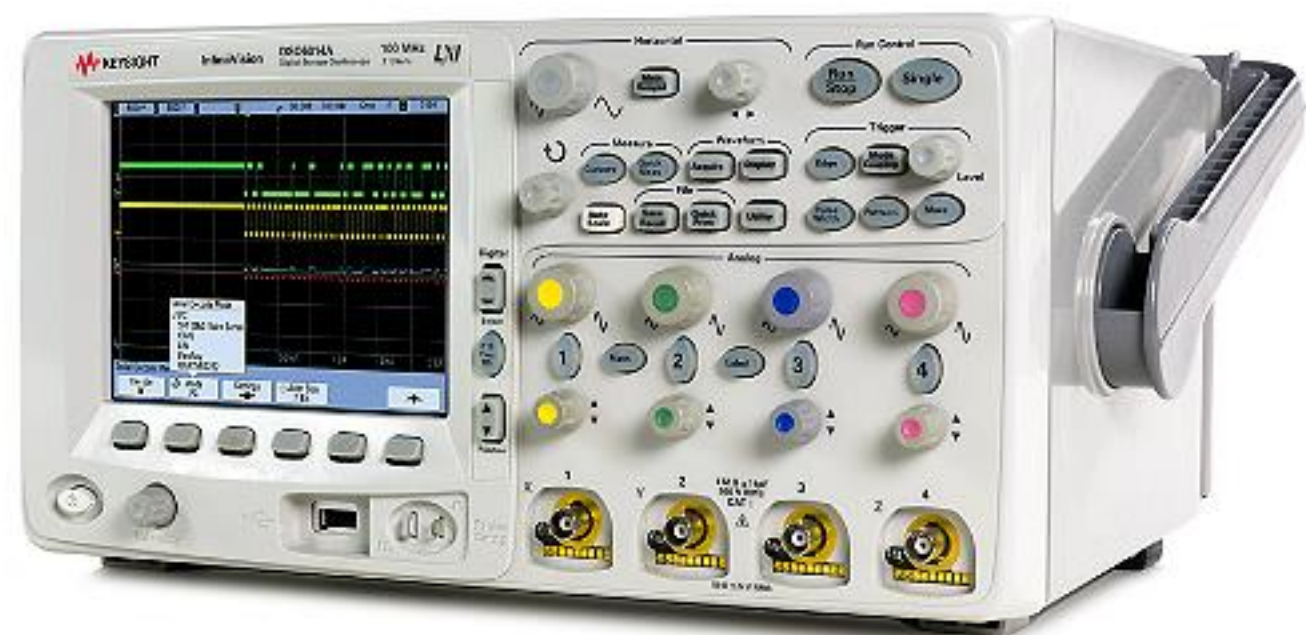
Ethernet
Test Set



13GHz Oscilloscope



Optical Time Domain
Reflectometer



100GHz Oscilloscope

Rental Customer Mix

2016 Rental Business Mix Breakdown By Product Group

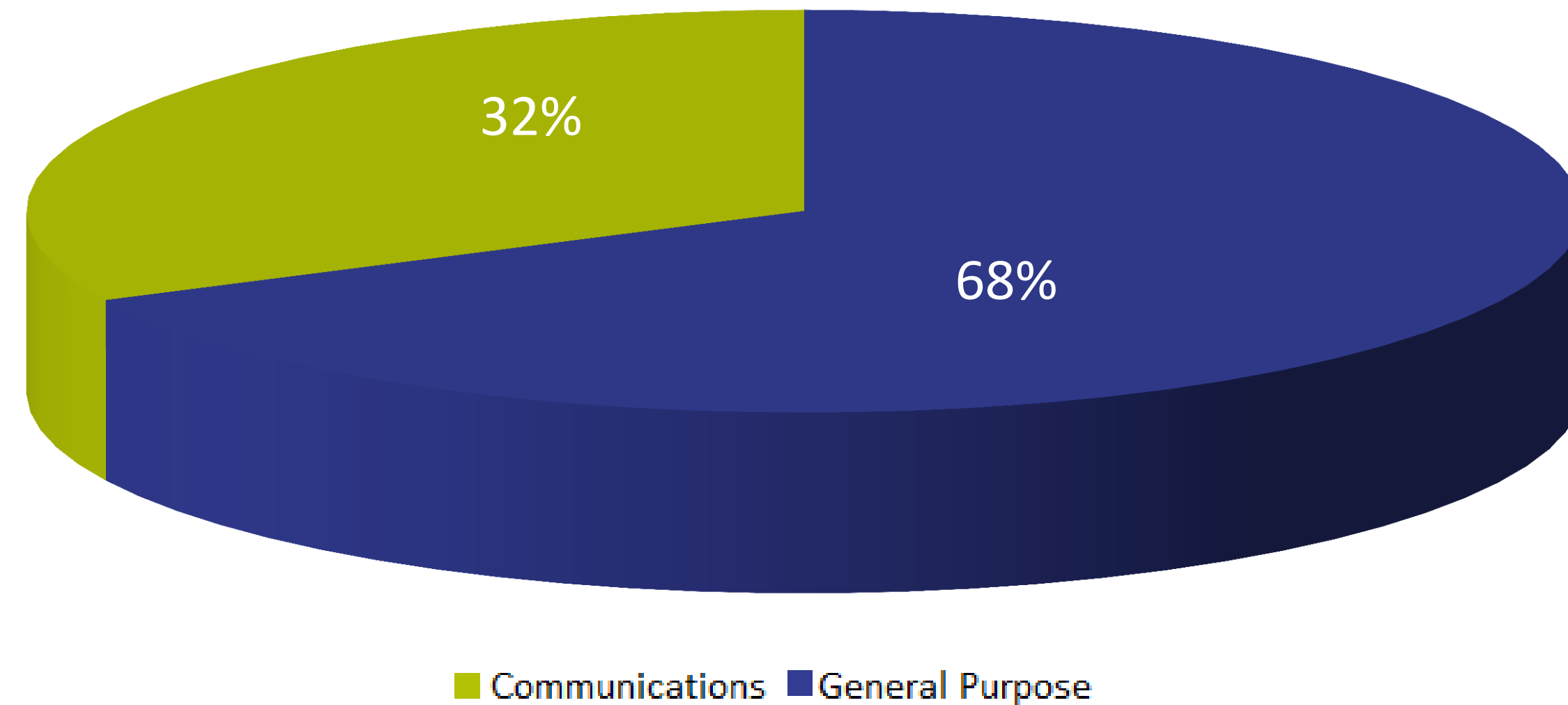


General Purpose Customers

- Aerospace & Defense
- General Manufacturing
- Government
- Industrial
- Semiconductor R&D
- System Integrators
- Wireless R&D

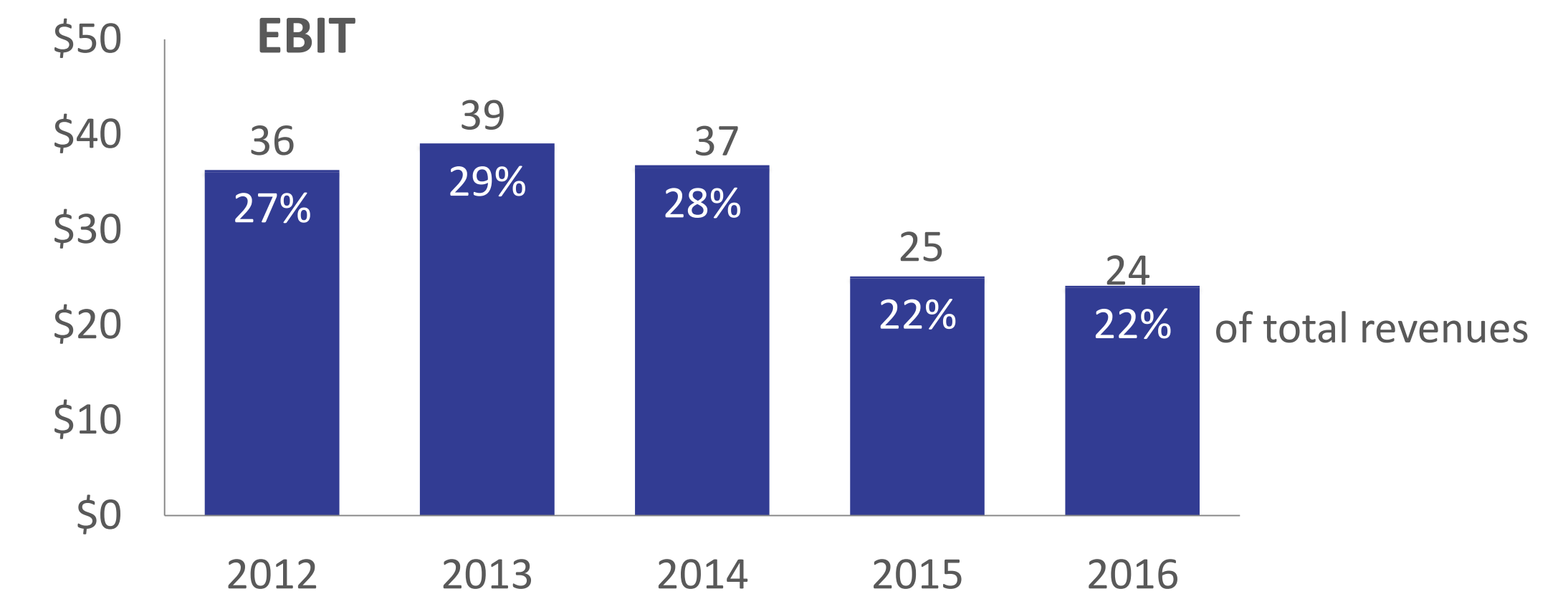
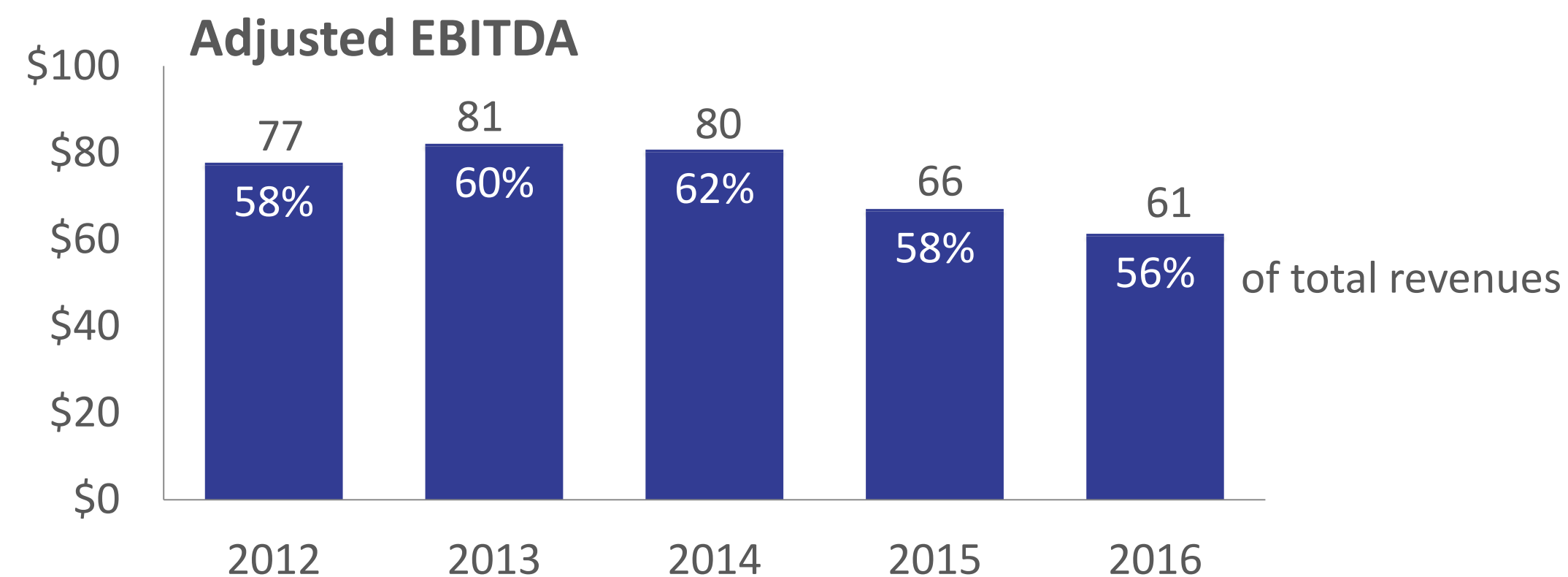
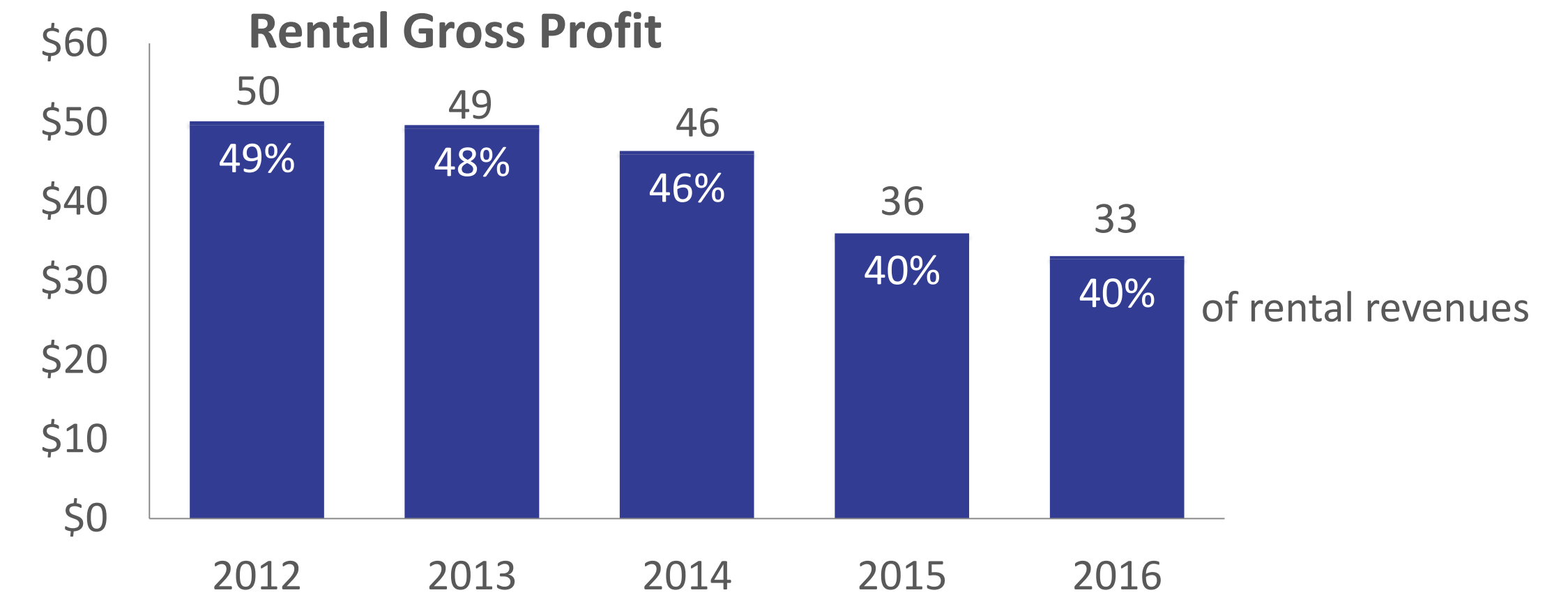
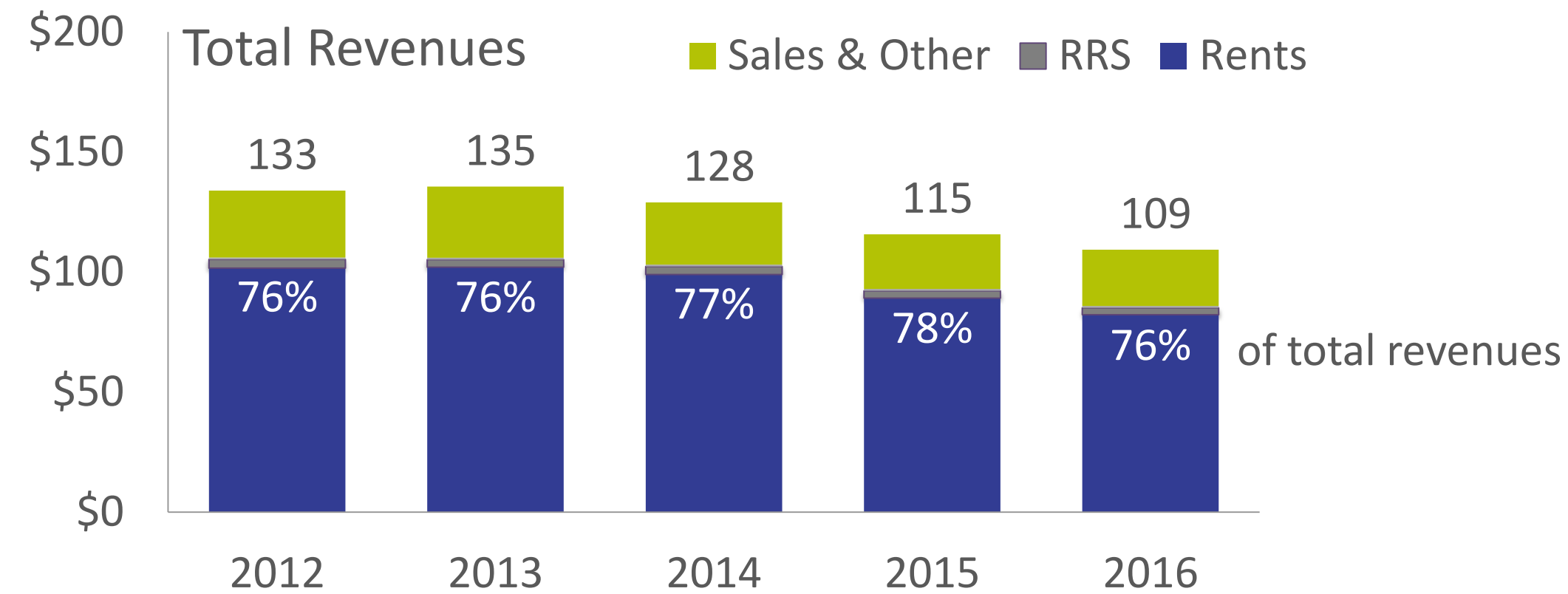
Communications Customers

- Equipment Manufacturers
- Installation & Maintenance
- Mobile Device R&D/Repair
- Service Providers



TRS-RenTelco Operating Results (a)

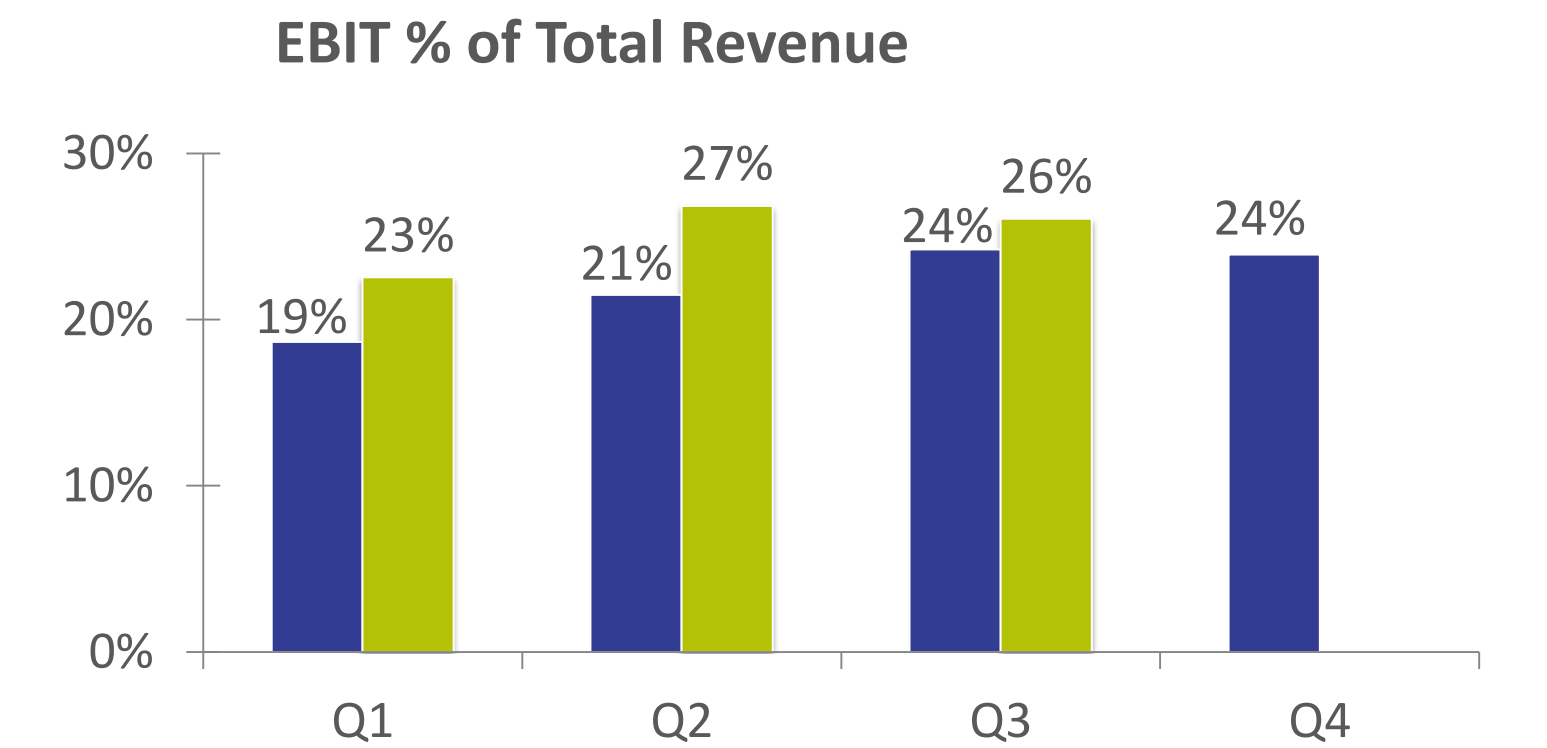
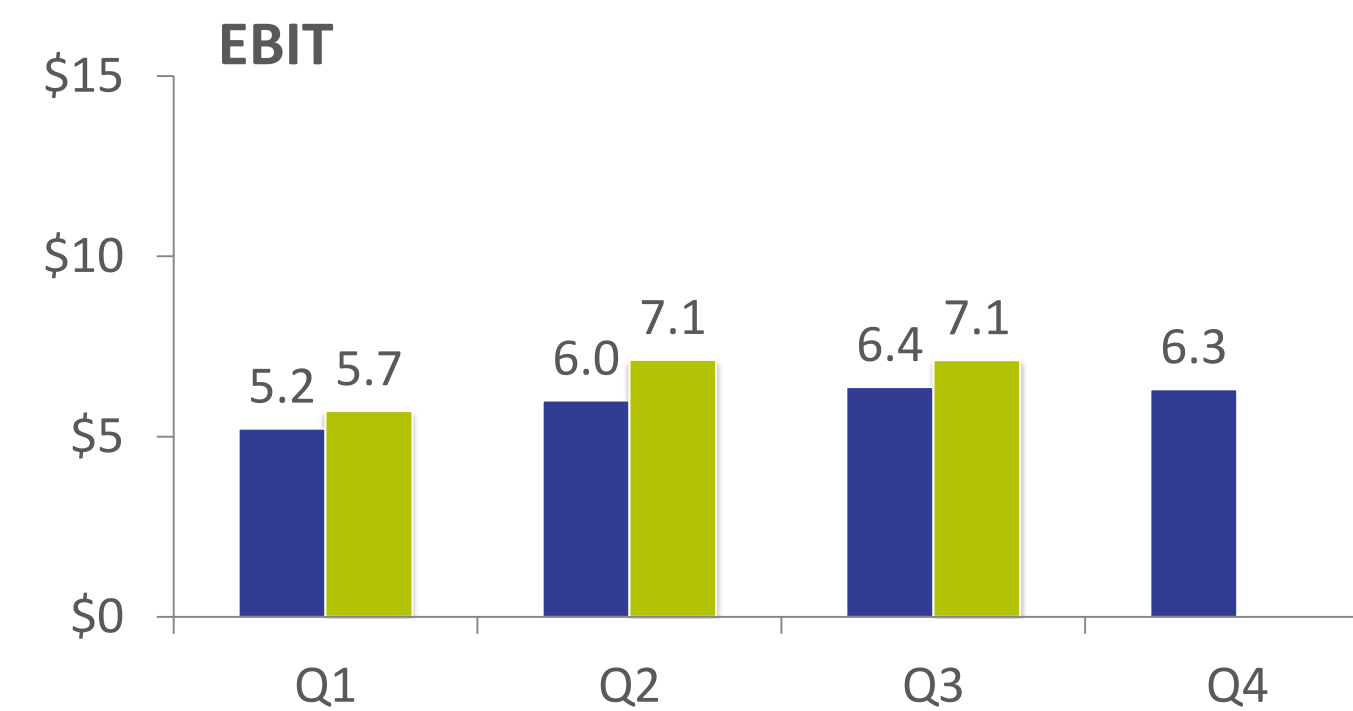
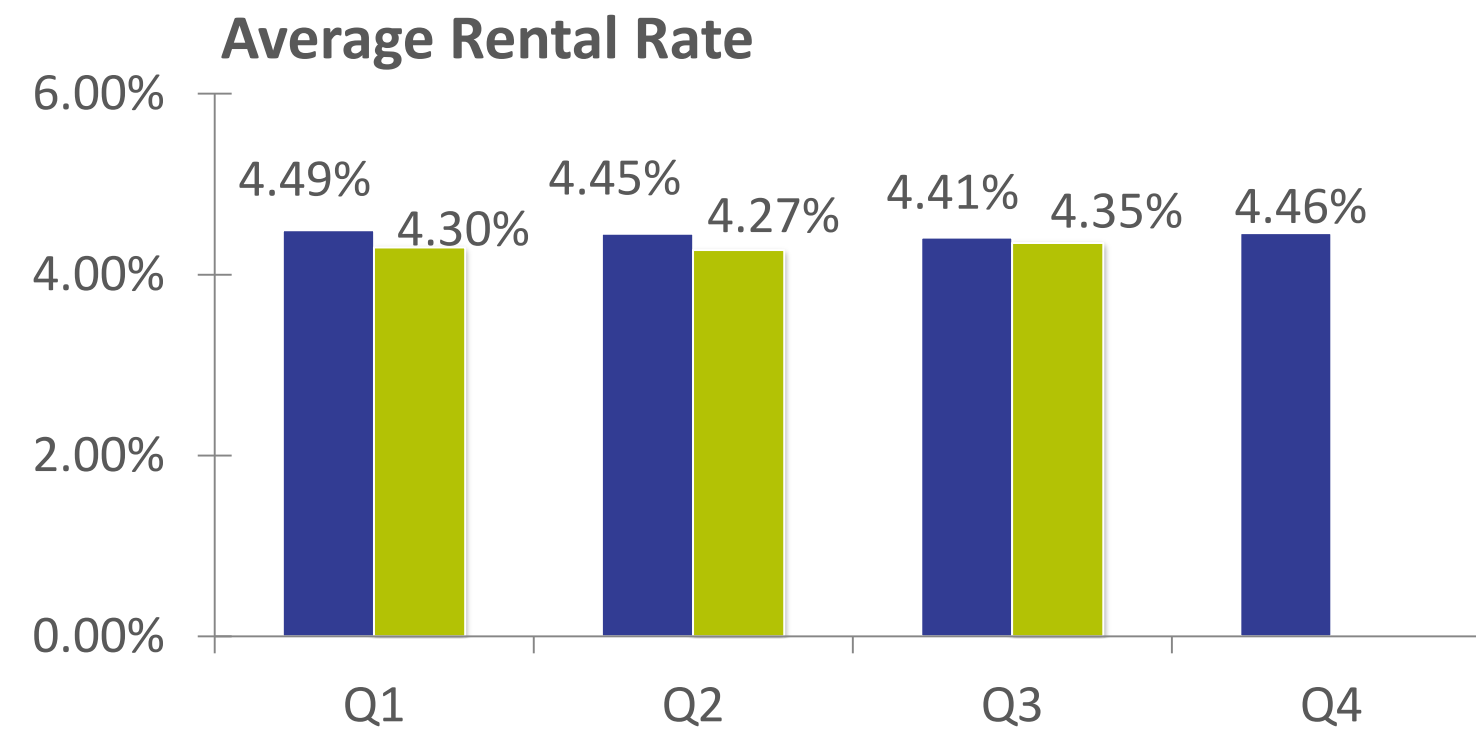
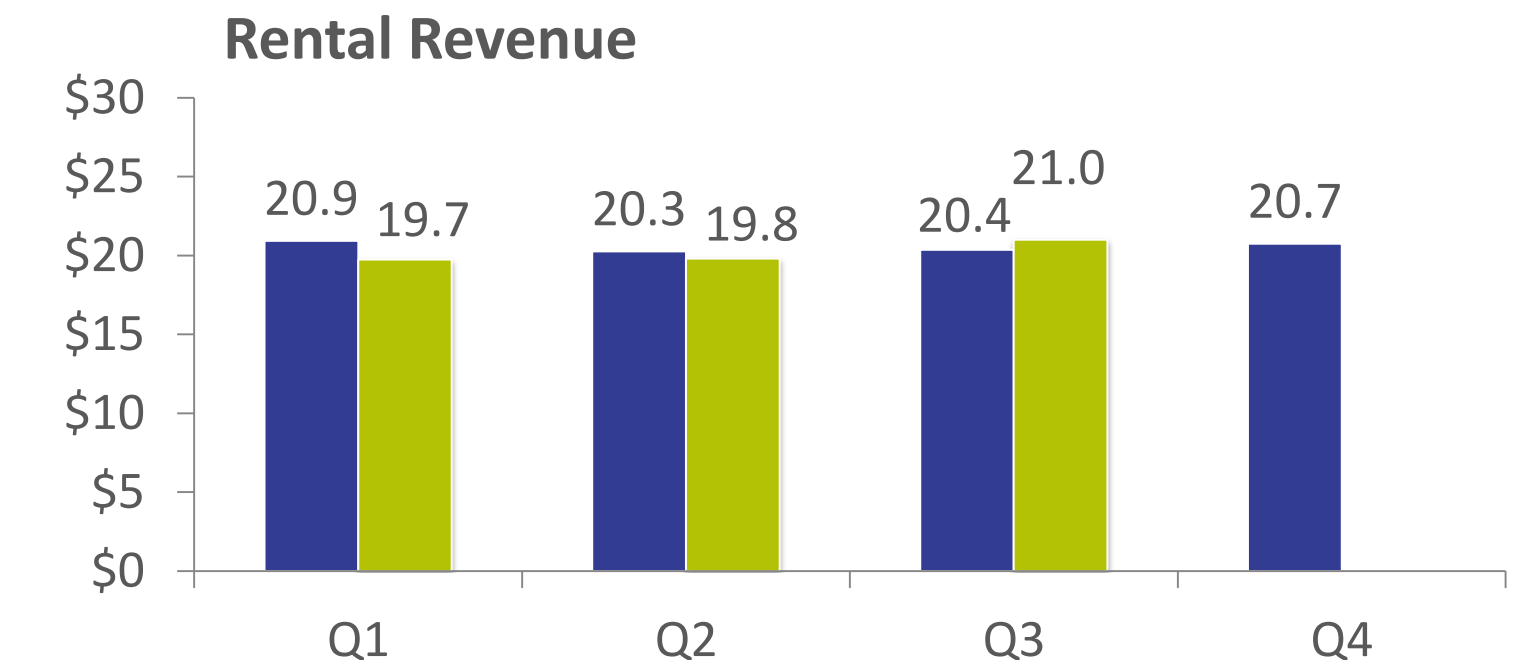
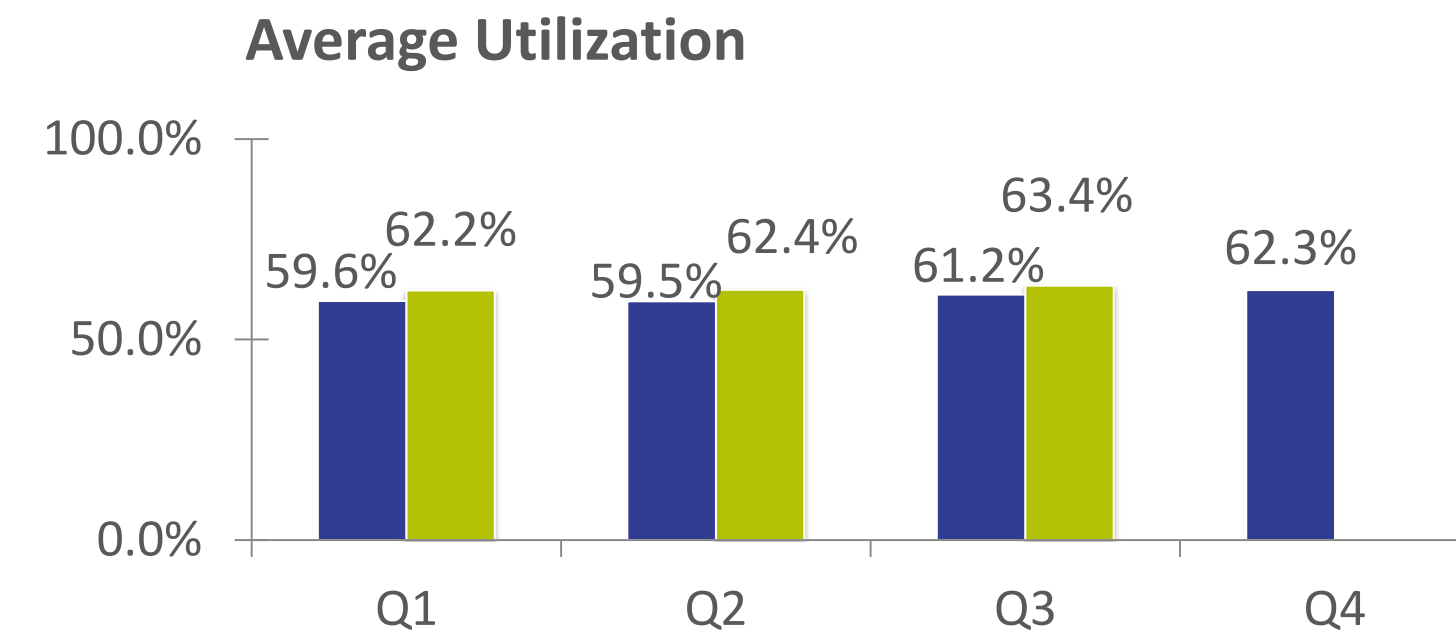
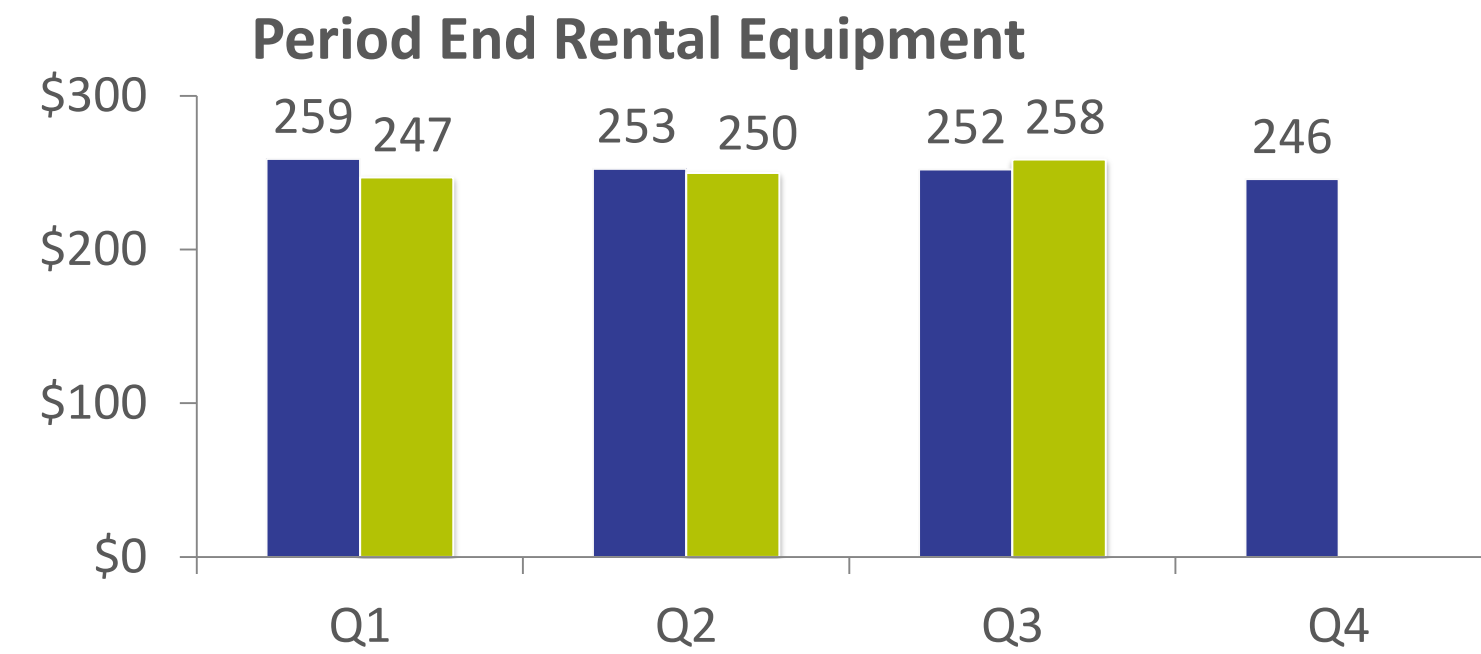
(dollars in millions)



(a) Adjusted EBITDA defined on page 12

TRS-RenTelco Highlights (a)

(dollars in millions)

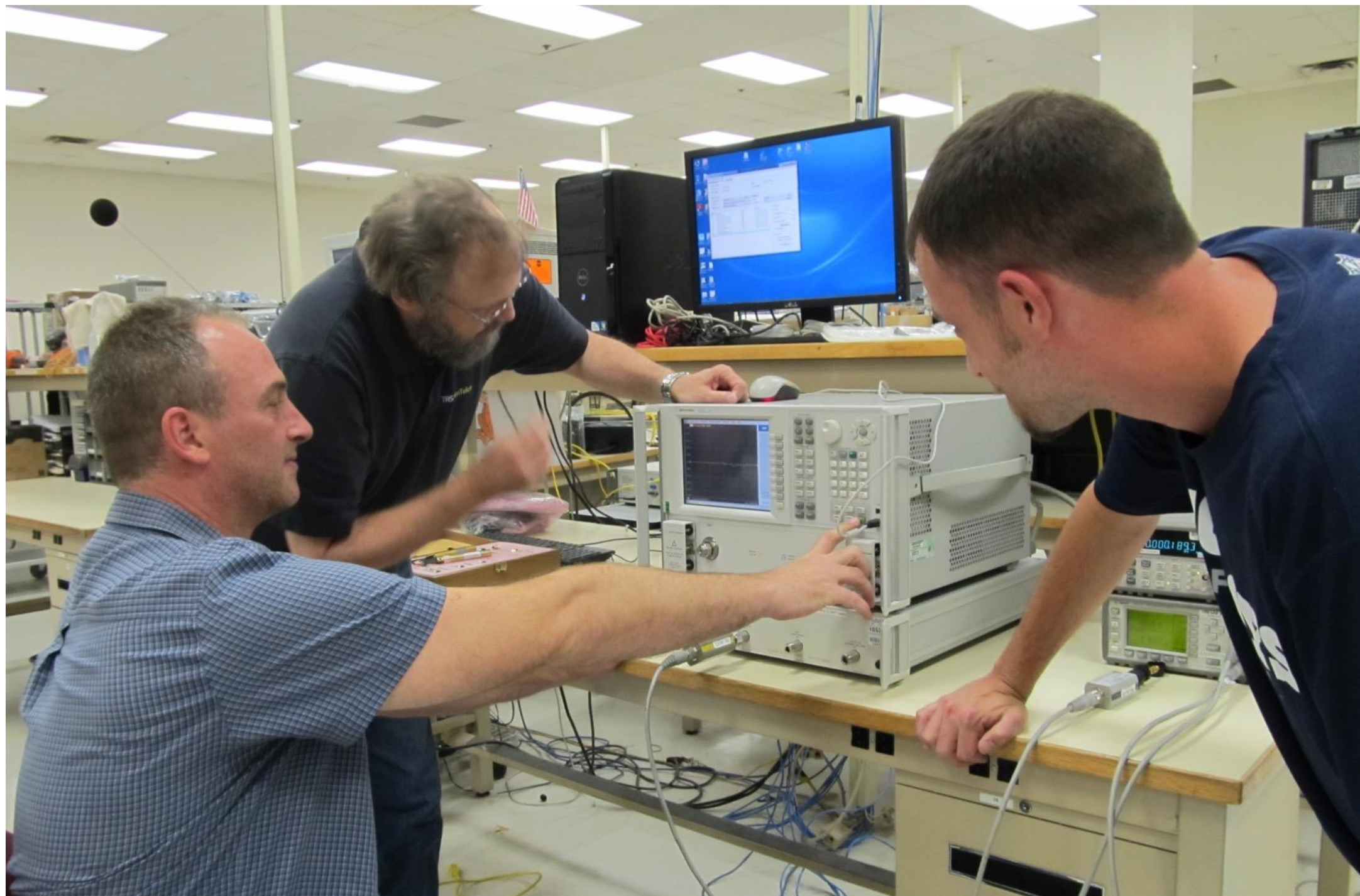


(a) See page 48 for definitions of rental equipment, utilization, and rate

■ 2016
■ 2017

Growth Opportunities

- Market leadership focus on rental vs. distributor sales
- General Purpose market growth
- Communications segment expertise
- North American market consolidation



McGrath RentCorp

ADDITIONAL FINANCIAL DETAIL

Financial Data

Rental Metrics



Period End Utilization ⁽¹⁾

	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	Q315	Q415	Q116	Q216	Q316	Q416	Q117	Q217	Q317	Q3-17 vs.			
																			Q2-17	% chg	Q3 Y/Y	% chg
Mobile Modular ⁽⁴⁾	81.0%	69.0%	67.2%	67.3%	66.7%	70.7%	75.0%	76.9%	77.3%	77.9%	76.9%	75.4%	75.7%	77.6%	77.3%	76.5%	75.7%	76.8%	1.1%	1.5%	-0.8%	-1.0%
TRS-RenTelco	64.0%	63.1%	64.3%	67.1%	64.1%	58.2%	59.8%	58.7%	61.0%	60.5%	58.7%	59.9%	59.7%	62.4%	61.0%	62.1%	61.6%	64.3%	2.7%	4.4%	1.9%	3.0%
Adler Tank Rentals	70.3%	71.2%	84.9%	79.8%	67.5%	57.7%	63.9%	49.7%	50.7%	57.0%	49.7%	51.0%	46.8%	52.1%	50.7%	53.4%	55.4%	59.7%	4.3%	7.8%	7.6%	14.6%

Average Utilization ⁽¹⁾

	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	Q315	Q415	Q116	Q216	Q316	Q416	Q117	Q217	Q317	Q3-17 vs.			
																			Q2-17	% chg	Q3 Y/Y	% chg
Mobile Modular ⁽⁴⁾	81.6%	73.4%	67.7%	67.1%	66.4%	68.3%	72.3%	75.8%	76.6%	76.7%	77.5%	76.1%	75.8%	76.7%	77.5%	76.8%	76.5%	76.3%	-0.2%	-0.3%	-0.4%	-0.5%
TRS-RenTelco	68.1%	61.4%	66.0%	66.0%	65.8%	62.7%	60.4%	60.5%	60.6%	61.0%	61.2%	59.6%	59.5%	61.2%	62.3%	62.2%	62.4%	63.4%	1.0%	1.6%	2.2%	3.6%
Adler Tank Rentals		66.4%	76.0%	86.2%	71.5%	64.2%	62.9%	58.3%	50.1%	58.6%	54.0%	50.3%	49.4%	49.4%	51.3%	52.3%	54.4%	57.1%	2.7%	5.0%	7.7%	15.6%

Average Monthly Rental Rate ⁽²⁾

	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	Q315	Q415	Q116	Q216	Q316	Q416	Q117	Q217	Q317	Q3-17 vs.			
																			Q2-17	% chg	Q3 Y/Y	% chg
Mobile Modular ⁽⁴⁾	2.28%	2.19%	2.07%	1.97%	1.90%	1.84%	1.86%	1.91%	1.96%	1.93%	1.96%	1.93%	1.94%	1.98%	2.01%	1.96%	2.05%	2.11%	0.1%	2.9%	0.1%	6.6%
TRS-RenTelco	4.55%	4.13%	4.26%	4.66%	4.83%	5.09%	5.20%	4.62%	4.45%	4.62%	4.67%	4.49%	4.45%	4.41%	4.46%	4.30%	4.27%	4.35%	0.1%	1.9%	-0.1%	-1.4%
Adler Tank Rentals		3.94%	3.84%	3.63%	3.50%	3.50%	3.39%	3.22%	3.17%	3.25%	3.28%	3.11%	3.25%	3.11%	3.20%	3.03%	3.01%	3.14%	0.1%	4.3%	0.0%	1.0%

Period End Rental Equipment ⁽³⁾ - (dollars in millions)

	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	Q315	Q415	Q116	Q216	Q316	Q416	Q117	Q217	Q317	Q3-17 vs.			
																			Q2-17	% chg	Q3 Y/Y	% chg
Mobile Modular ⁽⁴⁾	476.4	485.9	496.7	516.3	534.2	564.9	635.4	706.2	744.1	686.6	706.2	713.1	722.2	734.6	744.1	745.4	747.4	750.8	3.4	0.5%	16.2	2.2%
TRS-RenTelco	255.4	238.9	249.8	258.4	266.5	267.2	260.7	262.0	245.7	265.9	262.0	258.9	252.6	252.1	245.7	246.8	249.8	258.4	8.6	3.5%	6.3	2.5%
Adler Tank Rentals	46.3	74.9	129.1	193.9	248.9	278.6	299.5	307.6	306.7	306.8	307.6	307.6	308.1	307.0	306.7	307.0	307.2	308.1	0.9	0.3%	1.1	0.4%

⁽¹⁾ Period End Utilization is calculated by dividing the cost of rental equipment on rent by the total cost of rental equipment excluding new equipment inventory and accessory equipment. Average utilization for the period is calculated using the average costs of the rental equipment

⁽²⁾ Average Monthly Rental Rate is calculated by dividing the averages of monthly rental revenues by the cost of rental equipment on rent, for the period

⁽³⁾ Period End Rental Equipment represents the cost of rental equipment excluding new equipment inventory and accessory equipment

⁽⁴⁾ Mobile Modular includes Mobile Modular Portable Storage

Financial Data

2017 Financial Outlook



	<u>Actual 2016</u>	<u>2017 Outlook</u>	<u>Outlook Comments (February 28, 2017)</u>
Rental Revenues	\$ 271M	~ 1% - 3% growth	Expect growth in rental revenues
Sales Revenues	\$ 74M	~ \$74M	Sales revenue is expected to be comparable to 2016
Rental Equipment Depreciation	\$ 72M	\$67M - \$69M	
Other Direct Cost of Rental Operations	\$ 63M	\$62M - \$64M	Primarily for rental equipment maintenance and repair
SG&A Expenses	\$ 105M	\$110M - \$112M	Expect increase to support business growth
Operating Profit	\$ 79M	~ 3% - 5% growth	Expecting operating profits to be higher at Mobile Modular and roughly flat at TRS-RenTelco and Adler Tank Rentals
Interest Expense	\$ 12M	~ \$12M	
Effective Tax Rate ¹	42.9%	40.0%	Excluding any impact from ASU 2016-09
Diluted Share Count	24.0	~ 24.1 - 24.3	shares in millions

Outlook updated on October 31, 2017:

Based upon the Company's year to date results and current outlook for the remainder of the year, the Company is raising its financial outlook and expects 2017 total Company operating profit to increase 15% to 18% above 2016, compared to our prior (August 2, 2017) expectation of a 9% to 12% increase.

¹ 2016 effective tax rate increased as a result of a change in business mix by state and the decision to exit TRS-RenTelco branch operation in India

Financial Data

Financing Summary



(dollars in millions)

		Year Ended December 31,																	
		2008		2009		2010		2011		2012		2013		2014		2015		2016	
Total Debt	\$	306	\$	247	\$	266	\$	297	\$	302	\$	290	\$	322	\$	381	\$	326	
Adjusted EBITDA ^(a)	\$	142	\$	128	\$	132	\$	161	\$	158	\$	161	\$	171	\$	164	\$	163	
Funded Debt to EBITDA		2.15		1.94		2.01		1.84		1.91		1.81		1.89		2.32		2.00	
Available Debt Capacity	\$	86	\$	132	\$	101	\$	159	\$	228	\$	240	\$	228	\$	209	\$	246	

^(a) Adjusted EBITDA defined on page 12

Financial Data

Capital Expenditures



(dollars in millions)

	Year Ended December 31,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	
Mobile Modular	\$ 38	\$ 13	\$ 23	\$ 34	\$ 21	\$ 53	\$ 83	\$ 80		43
TRS-RenTelco	57	23	42	55	52	53	45	44		31
Adler Tank Rentals	88	38	52	69	56	31	21	9		1
Total Rental Equipment ^(a)	183	74	118	158	129	137	149	133		75
Proceeds from used equipment sales	(29)	(29)	(29)	(28)	(31)	(33)	(33)	(26)		(29)
Net Rental Equipment Capital	154	45	89	129	98	103	116	107		45
PP&E	14	2	12	17	14	12	13	9		11
Total Capital Expenditures	\$ 167	\$ 47	\$ 101	\$ 147	\$ 112	\$ 115	\$ 129	\$ 116		\$ 56

^(a) Represents total rental equipment acquisitions including equipment received, not yet paid for

- Mobile Modular includes Mobile Modular Portable Storage
- McGrath RentCorp acquired Adler Tank Rentals in 2008 for \$90M
- PP&E includes ERP and Non-ERP systems, land, facility improvements, and other equipment

Financial Data

Consolidated Income Statement



(dollars and shares in millions except per share amounts)

	Year Ended December 31,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	
Revenues										
Rental	\$ 197	\$ 186	\$ 201	\$ 235	\$ 248	\$ 256	\$ 270	\$ 274	\$ 271	
Rental Related Services	34	33	35	39	47	53	64	73	76	
Rental Operations	231	220	235	274	295	309	334	347	347	
Sales	70	53	54	66	66	68	72	55	74	
Other	2	2	2	2	2	2	2	2	2	
Total Revenues	304	276	291	343	364	380	408	405	424	
Costs and Expenses										
Direct Costs of Rental Operations										
Depreciation of Rental Equipment	57	57	56	60	64	68	73	75	72	
Rental Related Services	25	25	27	31	37	40	49	55	56	
Other	37	33	40	40	46	55	57	61	63	
Total Direct Costs of Rental Operations	119	116	123	131	147	163	178	191	191	
Costs of Sales	50	39	38	45	49	47	47	37	49	
Total Costs	168	154	161	176	196	210	226	228	240	
Gross Margin	136	121	131	167	168	169	182	177	184	
Selling and Administrative	58	60	66	78	86	89	97	100	105	
Income from Operations	78	61	65	89	82	80	85	77	79	
Interest	(10)	(7)	(6)	(8)	(9)	(9)	(9)	(10)	(12)	
Gain on sale of property, plant and equipment	-	-	-	-	-	-	1	-	-	
Foreign currency exchange gain (loss)	-	-	-	-	0	(0)	(0)	(0)	(0)	
Income before Provision for Income Taxes	68	54	59	81	73	71	77	(0)	67	
Provision for Income Taxes	26	21	23	31	28	28	31	25	29	
Net Income	41	33	36	50	45	43	46	40	38	
Earnings per share:										
Diluted	\$ 1.72	\$ 1.40	\$ 1.50	\$ 2.00	\$ 1.78	\$ 1.67	\$ 1.75	\$ 1.59	\$ 1.60	
Shares used in Per Share Calculation:										
Diluted	23.9	23.9	24.3	24.8	25.2	25.9	26.2	25.5	24.0	
EBITDA	\$ 142	\$ 128	\$ 132	\$ 161	\$ 158	\$ 161	\$ 171	\$ 164	\$ 163	

Financial Data

Consolidated Balance Sheet Highlights



(dollars in millions)

As of December 31, Rental Equipment, at cost	2008	2009	2010	2011	2012	2013	2014	2015	2016
Relocatable modular buildings	\$ 504	\$ 504	\$ 515	\$ 539	\$ 551	\$ 592	\$ 664	\$ 737	\$ 769
Electronic test equipment	256	239	250	259	267	268	262	263	246
Liquid and solid containment tanks and boxes	46	81	133	201	255	284	303	310	309
Total Rental Equipment at cost	806	824	898	999	1,073	1,144	1,230	1,310	1,324
Rental Equipment, net book value									
Relocatable modular buildings	377	368	369	384	385	415	475	529	544
Electronic test equipment	130	102	98	106	108	110	105	102	90
Liquid and solid containment tanks and boxes	46	77	124	184	226	242	246	238	222
Total NBV Rental Equipment	552	547	592	673	719	767	826	870	856
Total Assets	784	758	814	919	972	1,028	1,116	1,153	1,128
Notes Payable	306	247	266	297	302	290	322	381	326
Total Liabilities	535	491	519	586	608	627	692	773	734
Shareholder Equity	250	267	295	333	365	401	425	380	394
Debt (Total Liabilities) to Equity	2.11	1.83	1.76	1.76	1.67	1.56	1.63	2.04	1.86
Debt (Notes Payable) to Equity	1.22	0.92	0.90	0.89	0.83	0.72	0.76	1.00	0.83
Funded Debt to EBITDA	2.15	1.94	2.01	1.84	1.91	1.81	1.89	2.32	2.00
EBITDA	142	128	132	161	158	161	171	164	163

- Effective March 31, 2016 the Company entered into a \$420M credit facility which matures on March 31, 2021. In addition, the Company extended the Sweep Service Facility with Union Bank and increased the facility from \$10M to \$12M.
- \$100M of “Series A” senior notes at an interest rate of 4.03% were issued on April 21, 2011. The debt is an amortizing note and has a five year average life with a final maturity in April 2018.
- \$40M of “Series B” senior notes at an interest rate of 3.68% were issued on March 17, 2014. The notes mature in March 2021.
- \$60M of “Series C” senior notes at an interest rate of 3.84% were issued on November 5, 2015. The notes mature in November 2022.

Financial Data

Consolidated Cash Flow



(dollars in millions)

	Year Ended December 31,								
	2008	2009	2010	2011	2012	2013	2014	2015	2016
Sources of Cash:									
Cash Flow from Operating Activities	\$ 99	\$ 122	\$ 101	\$ 129	\$ 126	\$ 134	\$ 123	\$ 145	\$ 142
Proceeds from Sales of Used Equipment	29	29	29	28	31	33	33	26	29
Proceeds from Exercise of Stock Options	1	2	9	6	7	16	4	2	(1)
Total Cash Available	\$ 129	\$ 153	\$ 138	\$ 164	\$ 164	\$ 183	\$ 159	\$ 173	\$ 170
Uses of Cash:									
Purchases of Rental Equipment	(96)	(70)	(123)	(155)	(132)	(133)	(152)	(131)	(79)
Acquisitions	(88)	(2)	(0)	(0)	(0)	(0)	-	-	-
Other Capital Investments	(14)	(2)	(12)	(17)	(14)	(12)	(13)	(9)	(11)
Repurchase of Common Stock	(24)	-	-	-	-	-	-	(64)	-
Taxes Paid on Stock Awards	-	-	-	-	(0)	(2)	(4)	(2)	(1)
Payment of Dividends	(19)	(20)	(21)	(22)	(23)	(24)	(26)	(26)	(24)
Total Uses of Cash	(241)	(95)	(156)	(194)	(169)	(171)	(194)	(232)	(115)
Net Payments (Borrowings) under Bank Lines	(112)	58	(18)	(31)	(5)	12	(35)	(59)	55
Net increase (decrease)	(4)	(0)	(0)	0	0	0	(0)	(0)	(0)
Cash, beginning of period	5	1	1	1	1	2	2	1	1
Cash, end of period	1	1	1	1	2	2	1	1	1
Calculation of Free Cash Flow									
Cash Flow from Operating Activities	99	122	101	129	126	134	123	145	142
Purchases of Rental Equipment	(96)	(70)	(123)	(155)	(132)	(133)	(152)	(131)	(79)
Acquisitions	(88)	(2)	(0)	(0)	(0)	(0)	-	-	-
Other Capital Investments	(14)	(2)	(12)	(17)	(14)	(12)	(13)	(9)	(11)
Proceeds from Sales of Used Equipment	29	29	29	28	31	33	33	26	29
Free Cash Flow	(70)	77	(6)	(14)	11	22	(9)	30	82

Notes Payable	306	247	266	297	302	290	322	381	326
----------------------	------------	------------	------------	------------	------------	------------	------------	------------	------------

Funded Debt to EBITDA	2.15	1.94	2.01	1.84	1.91	1.81	1.89	2.32	2.00
------------------------------	-------------	-------------	-------------	-------------	-------------	-------------	-------------	-------------	-------------

• 2008 includes the acquisition of Adler Tank Rentals

Financial Data

Common Stock Purchase






- In May 2008, the Company’s Board of Directors authorized the Company to repurchase an aggregate of 2,000,000 shares of the Company's outstanding common stock.
- The Company has in the past made purchases of shares of its common stock from time to time in over-the-counter market (NASDAQ) transactions, through privately negotiated, large block transactions and through a share repurchase plan, in accordance with Rule 10b5-1 of the Securities Exchange Act of 1934.
- In August 2015, the Company’s Board of Directors authorized the Company to repurchase an additional 2,000,000 shares of the Company's outstanding common stock.
- The amount and time of the specific repurchases are subject to prevailing market conditions, applicable legal requirements and other factors, including management’s discretion. There can be no assurance that any authorized shares will be repurchased and the repurchase program may be modified, extended or terminated by the board of directors at any time.
- All shares repurchased by the Company are canceled and returned to the status of authorized but unissued shares of common stock.
- As of December 31, 2016, 1,592,026 shares remain authorized for repurchase.
- The following table presents share repurchase activities during the years ended December 31, 2016 and 2015.
- No share repurchases were made during 2016.

	Year ended December 31	
	2016	2015
<i>(in thousands, except share and per share amounts)</i>		
Number of shares repurchased	—	2,407,974
Aggregate purchase price	—	63,953
Average price per repurchased shares	—	26.56

Typical Rental Assets Investment Metrics



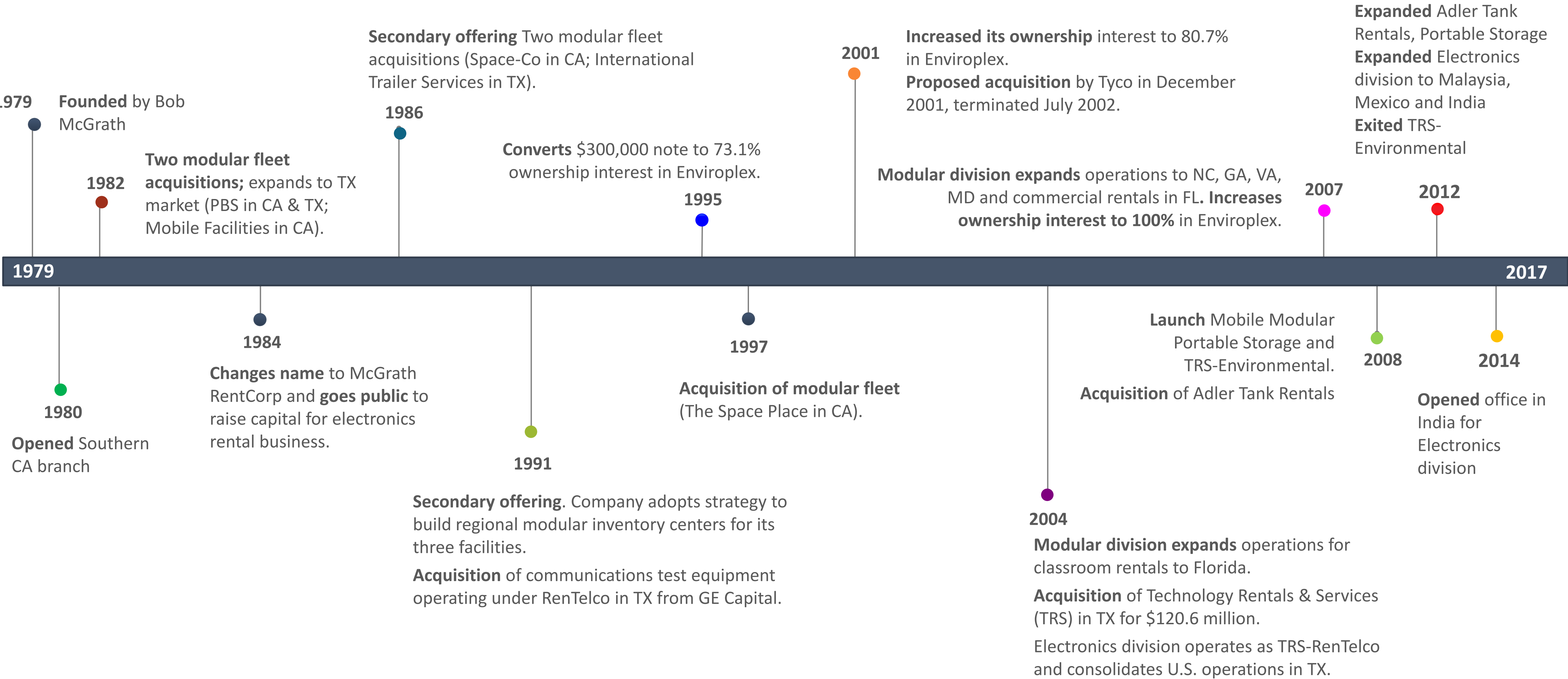
	Depreciable Life	Time to Recover Original Cost ⁽¹⁾	Average Age of Asset Sold	Gross Margin on Used Asset Sales	IRR Target (after tax)
	18 years (50% residual value)	~ 6 years	12-15 years	~ 30 – ~ 40%	10%-12%
	20 years (zero residual value)	~ 4 years	N/A	N/A	10%-12%
	~ 5 years (zero residual value)	~ 3 years	~ 4-5 years	~ 45 – ~ 55%	12%-15%

⁽¹⁾ Based on the respective product’s annual yield (annual rental revenues divided by the average cost of rental inventory). Excludes operating costs.

McGrath RentCorp

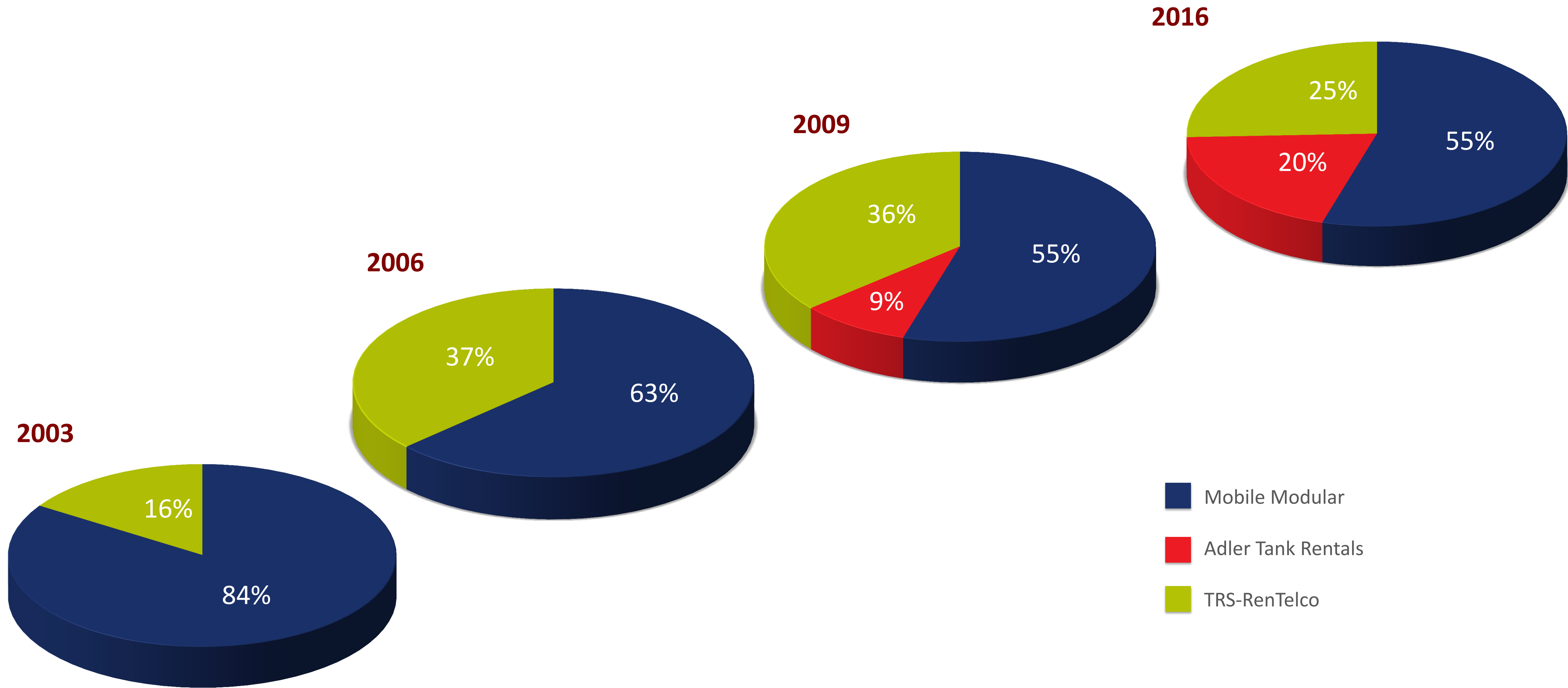
ADDITIONAL DETAIL CORPORATE

History



McGrath RentCorp Business Mix

Total Revenues

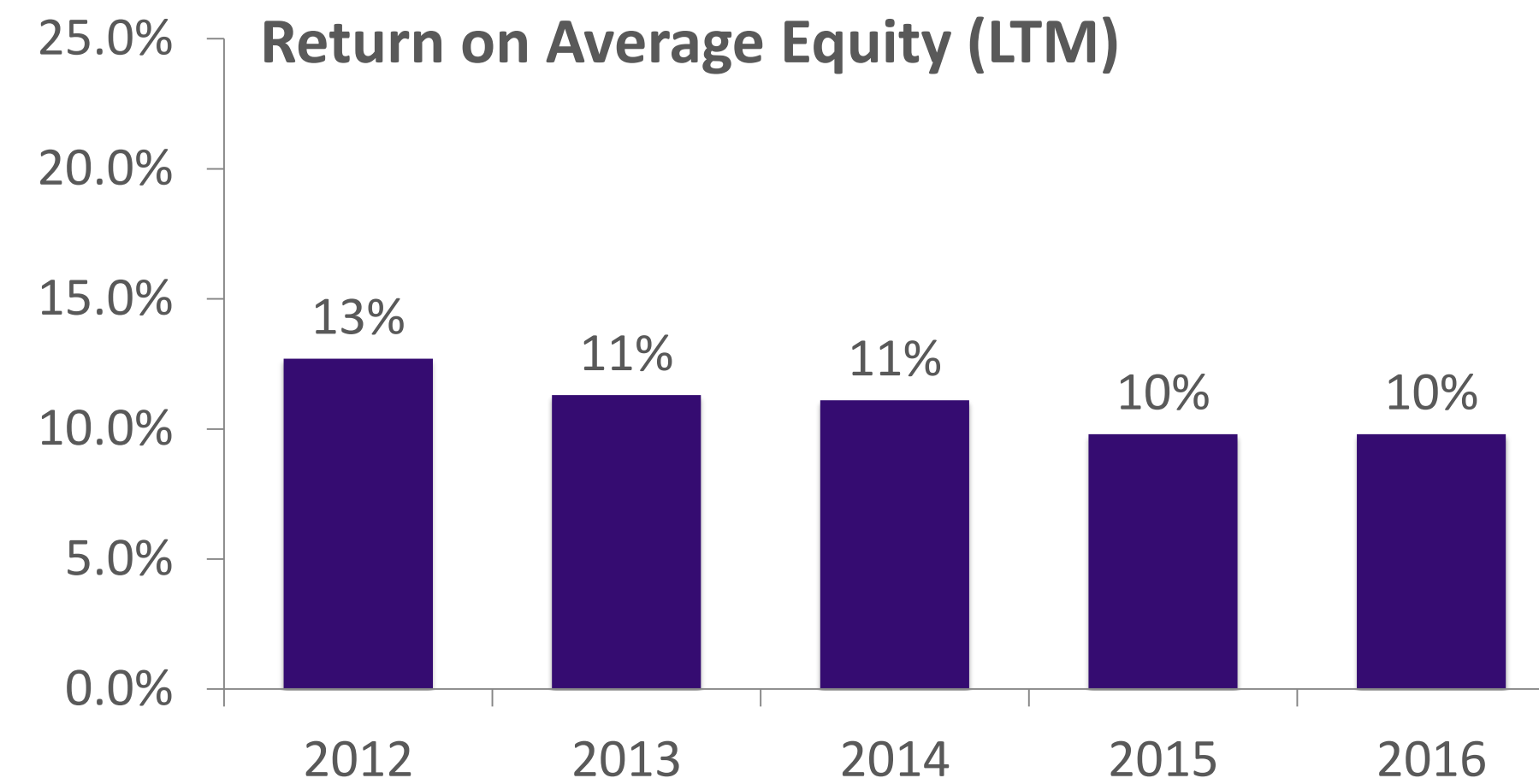
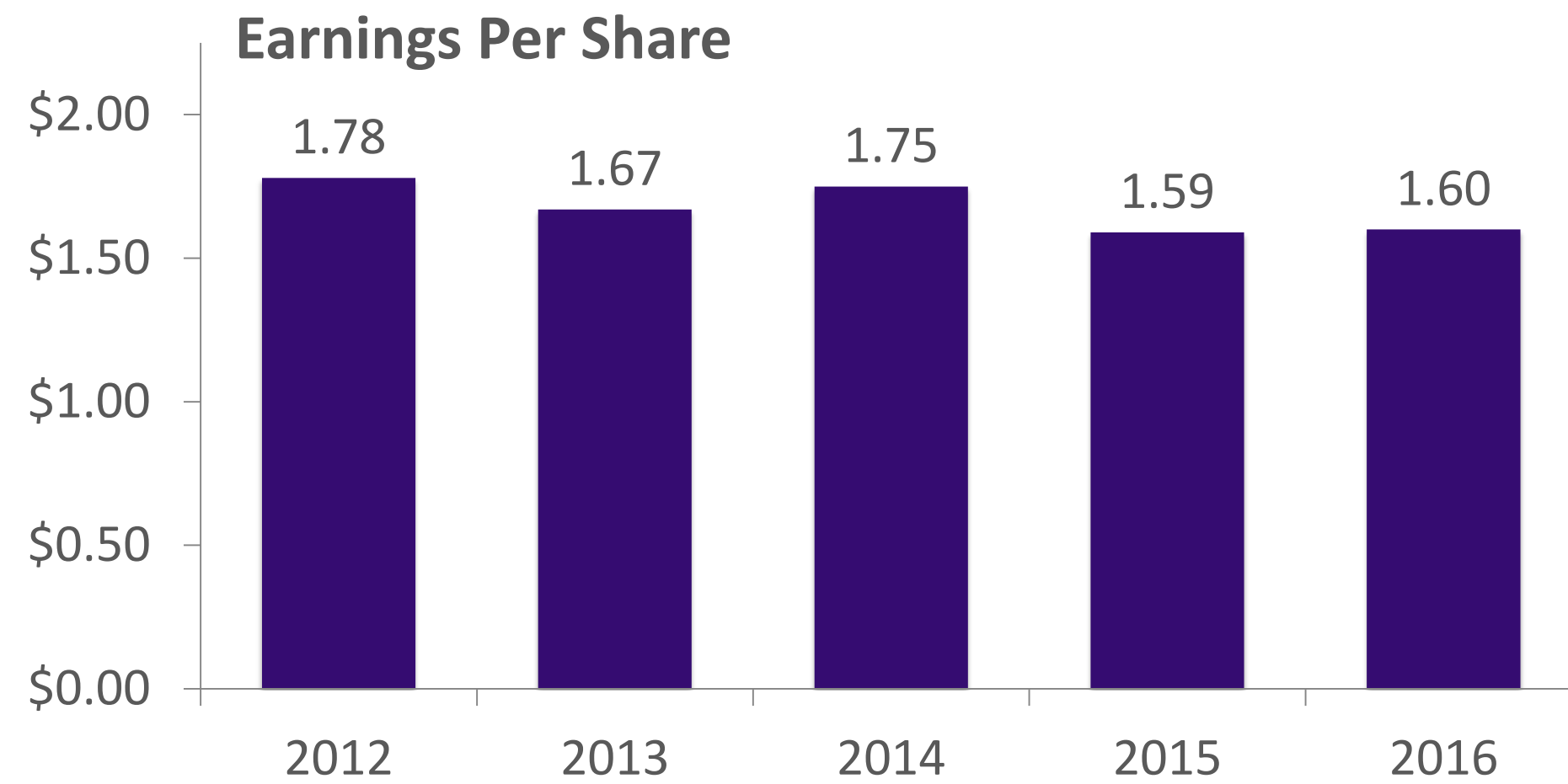
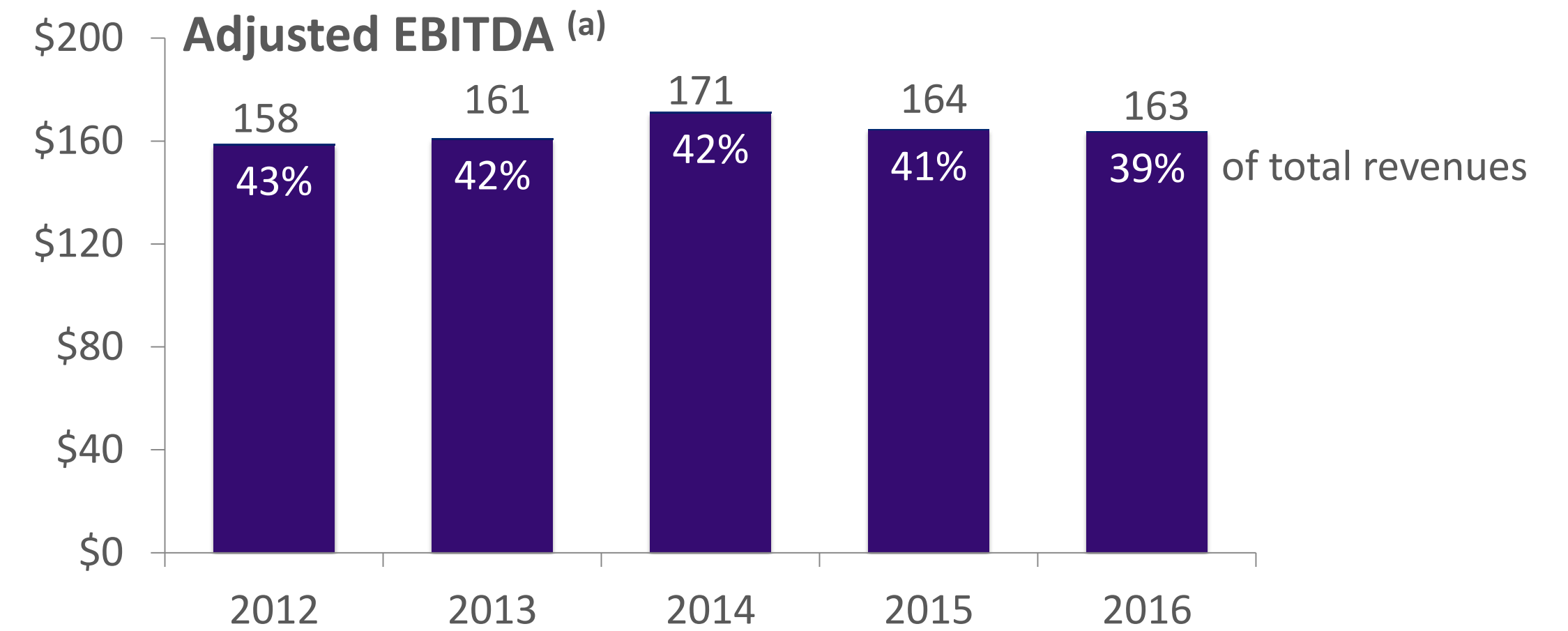
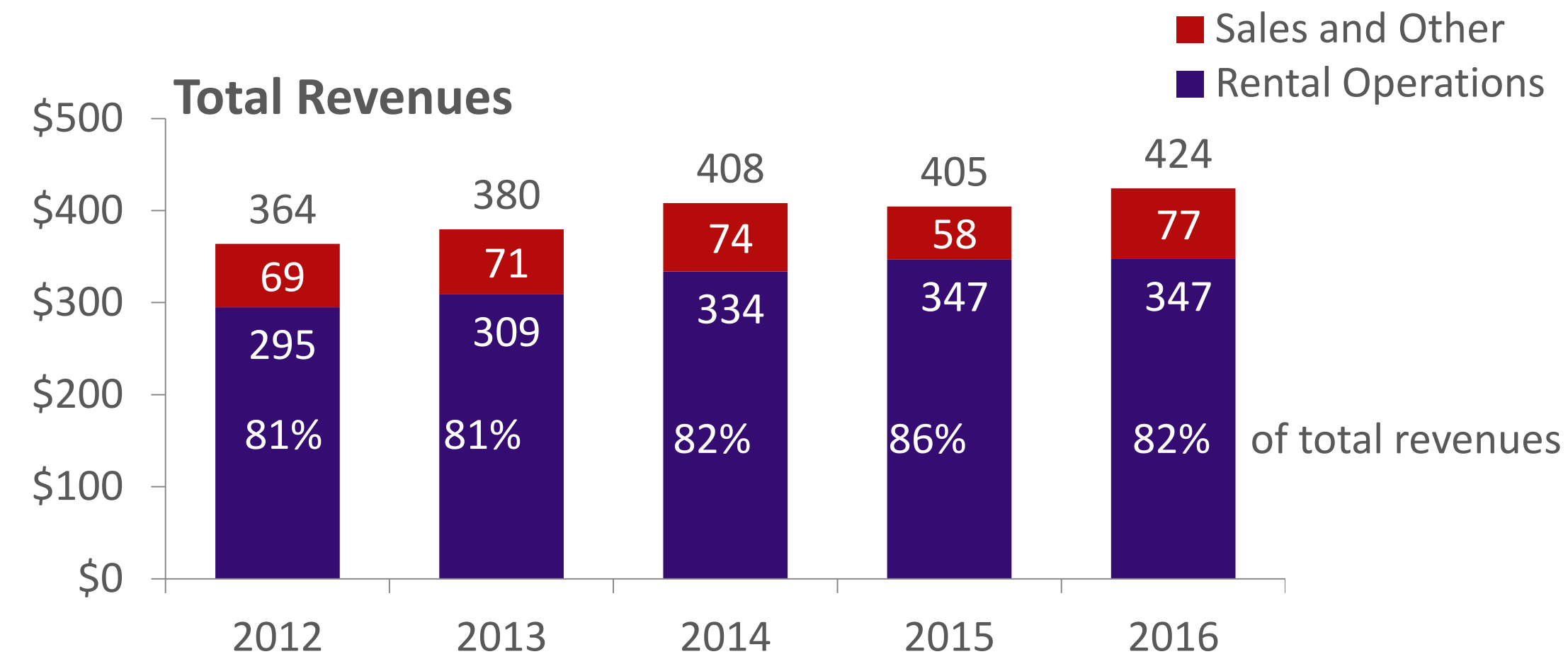


• Mobile Modular includes Mobile Modular Portable Storage and Enviroplex

Operating Results



(dollars and shares in millions except per share amounts)



(a) Adjusted EBITDA defined on page 12

McGrath RentCorp

ADDITIONAL DETAIL - MOBILE MODULAR

Mobile Modular Transaction

Illustrative Transaction – Educational Rental



Gross Margin Analysis

Customer:	School
Need:	Additional classroom space for increased student population
Product:	24'x40' (960 sq.ft.) Classroom
Initial Contract Term:	24 months
Capitalized Building Cost:	\$27,800

Revenues

Rental: (24 mths. x \$475)	\$ 11,400
Rental Related Services	\$ 4,300
Total Revenues	\$ 15,700

Costs and Expenses

Direct Costs of Rental Operations	
Depreciation: (24 mths. x \$64)	\$ 1,536
Rental Related Services	\$ 3,000
Other	\$ 3,400
Total Costs and Expenses	\$ 7,936

Gross Profit On Total Revenues	\$ 7,764
Gross Margin On Total Revenues %	49%
Gross Profit On Rental Revenues	\$ 6,464
Gross Margin On Rental Revenues %	57%

Education	Commercial	
	Construction/Dev Construction Site Offices Sales Offices Architect Engineering Firms	Petrochemical Refinery Plants Plant Operations Facilities
	Government City Services Facilities State Services Facilities Aerospace	Retail Banks/Credit Unions Wholesale Facilities Entertainment & Recreation
	Health Care Medical Clinics	Other Child Care Facilities Ent. & Rec. Operation Facilities Transportation & Auto Church High Tech

McGrath RentCorp

ADDITIONAL DETAIL – ADLER TANK RENTALS

Adler Tank Rentals Transaction

Illustrative Transaction – Tank



Gross Margin Analysis

Customer:	Heavy Construction
Need:	Raw material storage, ground water control, containment of waste for disposal or treatment
Product:	21,000 Gallon Steel Tank
Average Rental Term:	3 months
Capitalized Equipment Cost:	\$35,000

Revenues

Rental: (3 mths. x \$23/day x 30 days)	\$ 2,070
Rental Related Services	<u>\$ 840</u>
Total Revenues	\$ 2,910

Costs and Expenses

Direct Costs of Rental Operations	
Depreciation: (3 mths. x \$146)	\$ 438
Rental Related Svc Costs	\$ 670
Other	<u>\$ 360</u>
Total Costs and Expenses	\$ 1,468

Gross Profit On Total Revenues	\$ 1,442
Gross Margin On Total Revenues %	50%
Gross Profit On Rental Revenues	\$ 1,272
Gross Margin On Rental Revenues %	61%

McGrath RentCorp

ADDITIONAL DETAIL – TRS-RENTELCO

TRS-RenTelco Transaction

Illustrative Transaction – Electronics



Gross Margin Analysis

Customer:	Aerospace and Defense Company
Need:	Measure active devices like amplifiers, mixers, and frequency converters
Product:	Network Analyzer
Average Rental Term:	8 months
Capitalized Equipment Cost:	\$12,400

Revenues

Rental: (8 mths. x \$400)	\$ 3,200
Rental Related Services	\$ 100
Total Revenues	\$ 3,300

Costs and Expenses

Direct Costs of Rental Operations	
Depreciation: (8 mths. x \$148)	\$ 1,184
Rental Related Services	\$ 100
Other	\$ 560
Total Costs and Expenses	\$ 1,844

Gross Profit On Total Revenues	\$ 1,456
Gross Margin On Total Revenues %	44%
Gross Profit On Rental Revenues	\$ 1,456
Gross Margin On Rental Revenues %	46%

TRS-RenTelco Rental Applications

Test Equipment Rental Applications



Product Utilized	User Group	Test Application
Wireless Communication Test Set	Mobile Phone Manufacturers, 3 rd Party Repair Facilities, Wireless Equipment Manufacturers	Test Mobile Phone Handsets and other wireless communications equipment.
Category 6 Cable Analyzers	Cable installation contractors, IT Departments	Installation and troubleshooting of Category 6 cable used primarily in Local Area Networks (LAN).
Power Demand & power Quality Analyzer	Electrical Contractors, Electrical Service Providers	Test electrical power quality and demand. Troubleshoot quality problems.
Optical Time Domain Reflectometers	Fiber optic cable installation and maintenance companies	Testing loss on a fiber link and locating precisely where break or loss is occurring.
Spectrum Analyzer	Aerospace and Defense contractors, Broad base of electronic equipment manufacturers; R&D Labs.	Detect and measure the power and frequency of RF signals across a range of frequencies.
Oscilloscopes	Broad base of Equipment Manufacturers ranging from Consumer Products Manufacturers to High-end Aerospace & Defense, Computer /Semiconductor Manufacturers	Display the performance of an electrical signal. Troubleshoot signal and circuit performance.

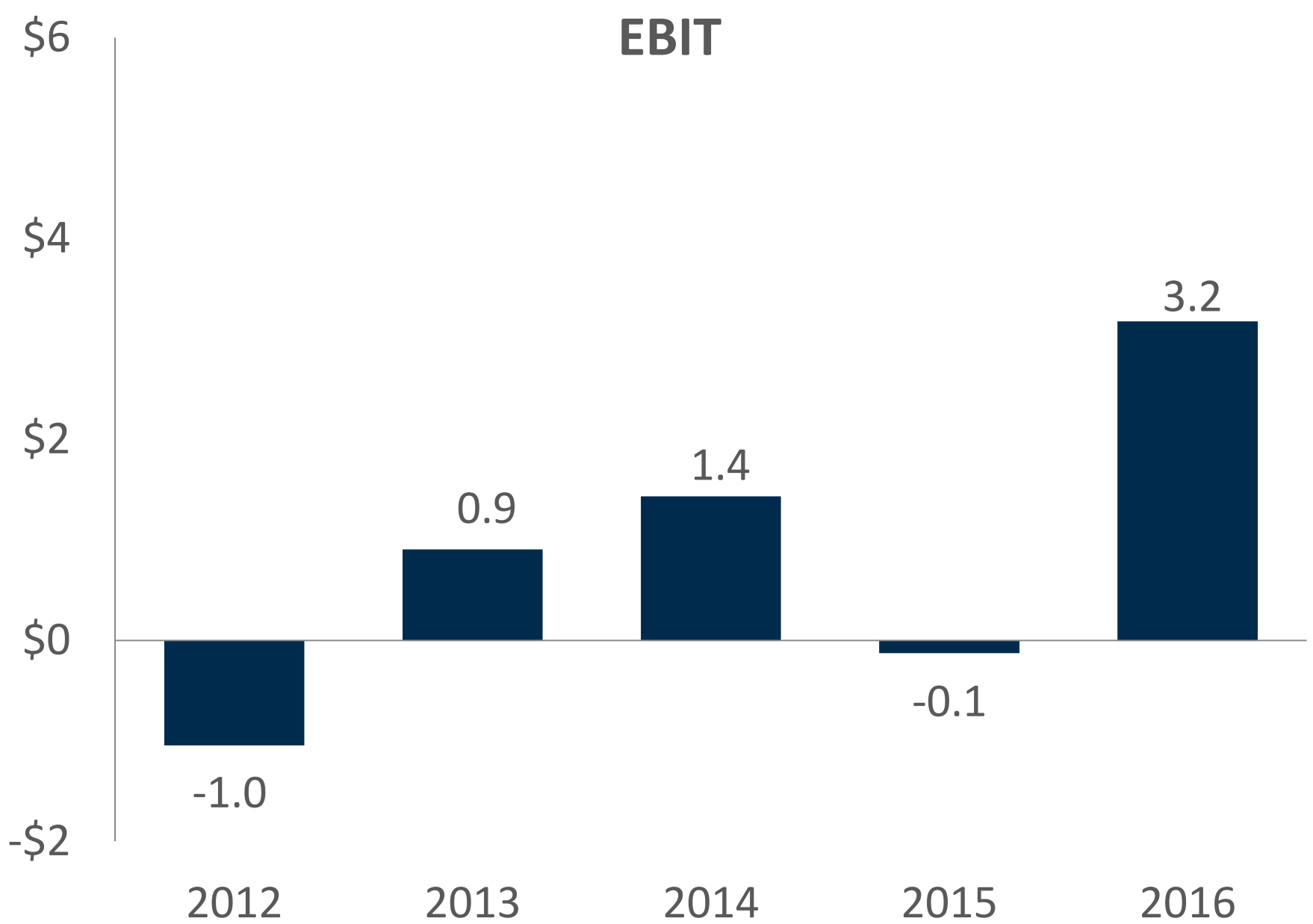
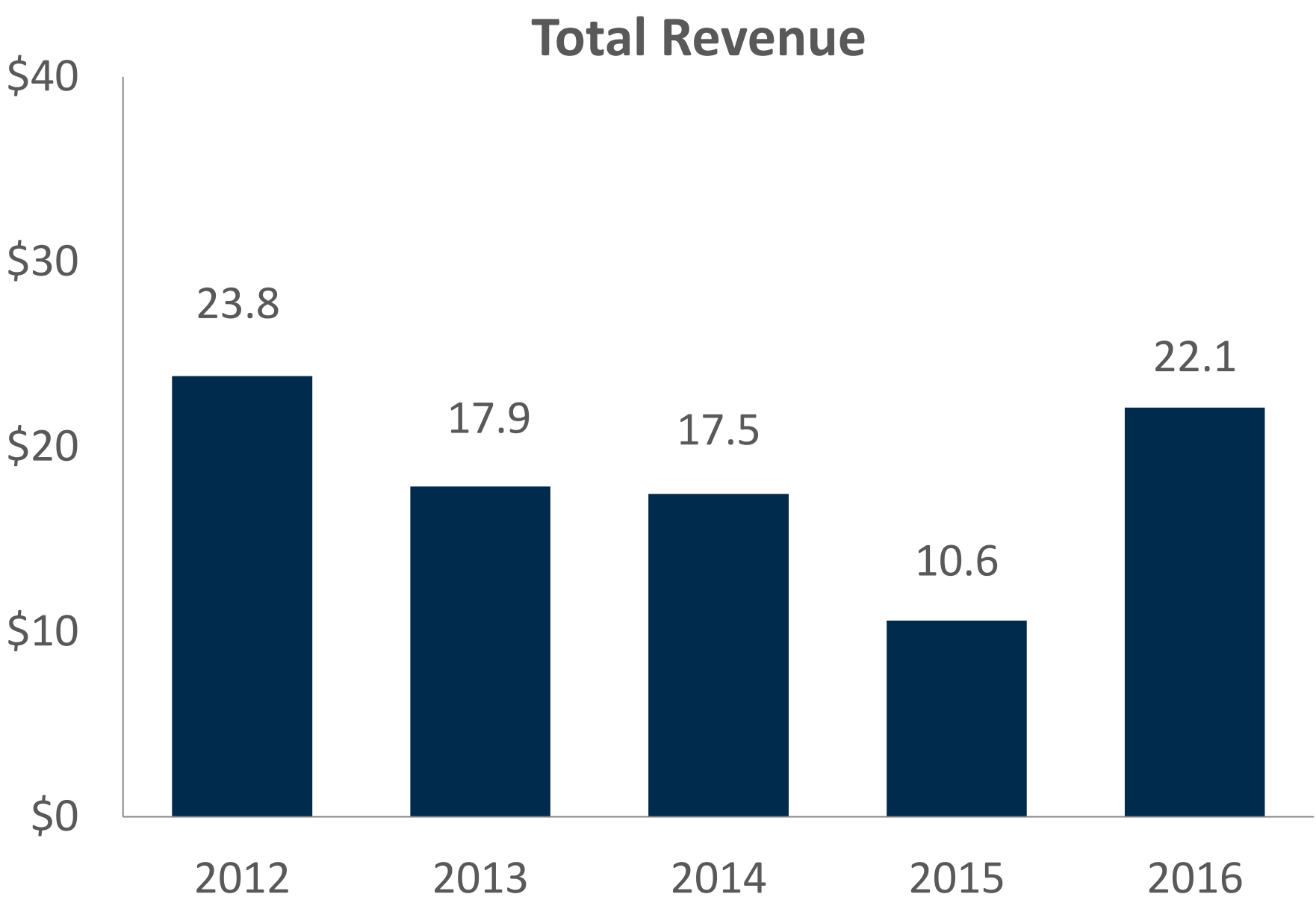
McGrath RentCorp

ADDITIONAL DETAIL – ENVIROPLEX

Manufacturer of High Performance Classrooms



(dollars in millions)



Manufacturer of High Performance Classrooms

Northern California - Stockton



Classroom Interior – 2,880 sq. ft.



Administrative Building – 2,000 sq. ft.



Childcare Center – 9,360 sq. ft.



2 Story School Building – 21,500 sq. ft.



Childcare Center – 6,720 sq. ft.

