



**2023 EQUIPMENT RENTAL  
& DEALER REPORT:  
M&A MERGING INTO THE  
MAINSTREAM**

February 2023



**TM CAPITAL**  
SUCCESS. REALIZED.



Founded in 1989, TM Capital is the client-first investment banking team advising industry leading companies across North America and around the world. In everything we do, our professionals share a relentless commitment to engineering extraordinary outcomes with an unmatched standard of client care. Over the last three decades, we have completed nearly 450 transactions with a combined value of \$30 billion. With offices in Atlanta, Boston and New York, our mission critical capabilities include: complex mergers and acquisitions; debt and equity financings; minority and majority recapitalizations; restructurings; and board advisory services. TM Capital is also a founding member of Oaklins, the world's most experienced mid-market M&A advisor with 700 M&A professionals in 60 offices operating in the major financial centers around the world. For more information, please visit [www.tmcapital.com](http://www.tmcapital.com).

## TABLE OF CONTENTS

### **I. EQUIPMENT RENTAL & DEALER MARKET OVERVIEW**

PAGE 7

### **II. VALUATION DYNAMICS**

PAGE 10

### **III. MANY STILL "MISSING THE MATH"**

PAGE 13

### **IV. FAVORABLE MACROECONOMIC BACKDROP FOR EQUIPMENT RENTAL & DEALER SECTORS**

PAGE 16

### **V. EQUIPMENT RENTAL SECTOR OVERVIEW**

PAGE 21

### **VI. EQUIPMENT DEALER SECTOR OVERVIEW**

PAGE 34

### **VII. SPOTLIGHT: CRANE RENTAL**

PAGE 46

### **VIII. PUBLIC EQUITY PERFORMANCE**

PAGE 54

### **IX. APPENDIX A ADDITIONAL EQUIPMENT RENTAL FINANCIAL INVESTOR DESCRIPTIONS**

PAGE 56

### **X. APPENDIX B ADDITIONAL EQUIPMENT DEALER FINANCIAL INVESTOR DESCRIPTIONS**

PAGE 62

# TM CAPITAL EQUIPMENT RENTAL EXPERIENCE

## SELECT TRANSACTIONS

### TM CAPITAL EQUIPMENT RENTAL EXPERIENCE

#### Not yet Announced

Major Market,  
Independent  
Rental Company

HAS BEEN ACQUIRED BY

**Strategic  
Buyer**



HAS BEEN ACQUIRED BY



A DIVISION OF

**HOLT**



HAS COMPLETED A MAJORITY  
RECAPITALIZATION WITH



A PORTFOLIO COMPANY OF



HAS BEEN ACQUIRED BY



AVANCE

HAS MADE A  
SIGNIFICANT INVESTMENT IN



HAS COMPLETED A MAJORITY  
RECAPITALIZATION WITH



HAS BEEN ACQUIRED BY



A PORTFOLIO COMPANY OF



HAS BEEN ACQUIRED BY



HAS BEEN ACQUIRED BY



THE U.S. OPERATIONS OF



A PORTFOLIO COMPANY OF



HAS BEEN ACQUIRED BY



A PORTFOLIO COMPANY OF



A PORTFOLIO COMPANY OF



HAS BEEN ACQUIRED BY



A PORTFOLIO COMPANY OF

SourceCapital | LLC

HAS RECEIVED A DEBT AND  
EQUITY INVESTMENT FROM



# TM CAPITAL (CONT.) & OAKLINS EXPERIENCE

## SELECT TRANSACTIONS

### TM CAPITAL EQUIPMENT DEALER EXPERIENCE

### OAKLINS EQUIPMENT RENTAL & DEALER EXPERIENCE <sup>(1)</sup>



HAS BEEN ACQUIRED BY



COGNITIVE CAPITAL PARTNERS



A PORTFOLIO COMPANY OF



GREAT RANGE CAPITAL

HAS BEEN ACQUIRED BY

**PFINGSTEN**



HAS ACQUIRED



HAS BEEN ACQUIRED BY



A PORTFOLIO COMPANY OF



HAS RECEIVED AN INVESTMENT  
FROM



A PORTFOLIO COMPANY OF



HAS BEEN ACQUIRED BY



A PORTFOLIO COMPANY OF



HAS BEEN ACQUIRED BY



HAS BEEN ACQUIRED BY



A PORTFOLIO COMPANY OF



HAS BEEN ACQUIRED BY



& Western  
Allegheny Capital



HAS BEEN ACQUIRED BY



HAS ACQUIRED



IRDI SORIDEC GESTION / Crédit Mutuel Equity

HAS ACQUIRED



(1) TM Capital is a founding member of Oaklins, the world's most experienced mid-market M&A advisor with 700 M&A professionals in 60 offices operating in the major financial centers around the world.

# TM CAPITAL EQUIPMENT RENTAL & DEALER PRACTICE

## OUR TEAM

### TM CAPITAL'S EQUIPMENT RENTAL & DEALER LEADERSHIP TEAM

We continue to broaden our Equipment Rental & Dealer reach, having closed ten transactions with a total value over \$2 billion in the last two years. Reach out to our Equipment Rental & Dealer leadership team to see how we can orchestrate an extraordinary outcome for you.



**DAVID FELTS**  
MANAGING DIRECTOR  
404.995.6252 | dfelts@tmcapital.com



**PAUL SMOLEVITZ**  
MANAGING DIRECTOR  
212.809.1416 | psmolevitz@tmcapital.com



**ANDY KRNA**  
MANAGING DIRECTOR  
212.809.1442 | akrna@tmcapital.com



**MICHAEL BAUMAN**  
VICE PRESIDENT  
212.809.1425 | mbauman@tmcapital.com



**STEVE HUNTER**  
MANAGING DIRECTOR  
404.995.6232 | shunter@tmcapital.com

Sponsor  
Coverage

### TM CAPITAL'S EQUIPMENT RENTAL & DEALER EXPERIENCE

Over the last 15 years, TM Capital has established a market-leading Equipment Rental and Dealer sector practice, advising a broad range of privately-owned and financial-backed clients. With an emphasis on M&A transactions (both sell-side and buy-side), TM's sector activity is accelerating, having completed 10 transactions since January 1, 2021, totaling over \$2.0 billion in aggregate enterprise value. TM Capital has successfully represented an impressive client roster in the Equipment Rental and Dealer sectors, achieving premium market valuations

with both strategic and financial buyers/investors. Our substantial experience across a wide range of transactions reinforces recurring relationships with an expanding universe of domestic and foreign strategic buyers, as well as a growing roster of private equity and family office investors that are increasingly focused on these categories. Where appropriate, we leverage the global reach of our Oaklins partnerships. We look forward to sharing our experience and sector thoughts with you in this report and welcome direct, follow-up interaction.



## I. EQUIPMENT RENTAL & DEALER MARKET OVERVIEW

### INTRODUCTION

In July 2020, we published our inaugural [“TM Capital Equipment Rental & Dealer Report,”](#) seeking to leverage our unique understanding and deep sector expertise to bring clarity to largely misunderstood sectors of the economy, particularly for financial investors. We witnessed financial investors continually pass on or misvalue these sectors (often concerned with “CapEx” or OEM control) and titled a section of that prior report *“Missing the Math,”* in an admittedly provocative attempt to challenge and educate financial investor market participants (please see page 13 for more discussion of this concept). That inaugural report garnered significant attention from both strategic and financial parties, demonstrating that our **sector evangelism** is “opening the aperture” across the spectrum of traditional financial investors and, in doing so, expanding the buyer universe for Equipment Rental and Dealer sellers. Expanding financial investor participation in these dynamic sectors influences the title of this 2023 Equipment Rental & Dealer Report: *“M&A Merging into the Mainstream.”* The following pages provide an updated overview of the Equipment Rental and Dealer sectors and their associated valuation dynamics, macroeconomic backdrop, key M&A trends and broadening sector interest.

### EQUIPMENT RENTAL & DEALER SECTOR GROWTH & EVOLUTION

**Equipment Rental Sector:** The U.S. Equipment Rental sector continues to be characterized by sustained organic growth and consolidation. Once a niche, highly fragmented and locally oriented industry, the U.S. Equipment Rental sector has grown into a \$55+ billion market, as estimated by American Rental Association in November 2022. Equipment Rental industry growth continues to outpace non-residential construction expenditures, evidencing the paradigm shift toward a preference by contractors and other end-users for rental over ownership (referred to in the industry as the **“rental penetration rate”**). This increasing rental penetration rate reflects the emergence of a **“virtuous cycle”** of equipment availability, expanded functionality, proximity and affordability (together, **“rental reliability”**).

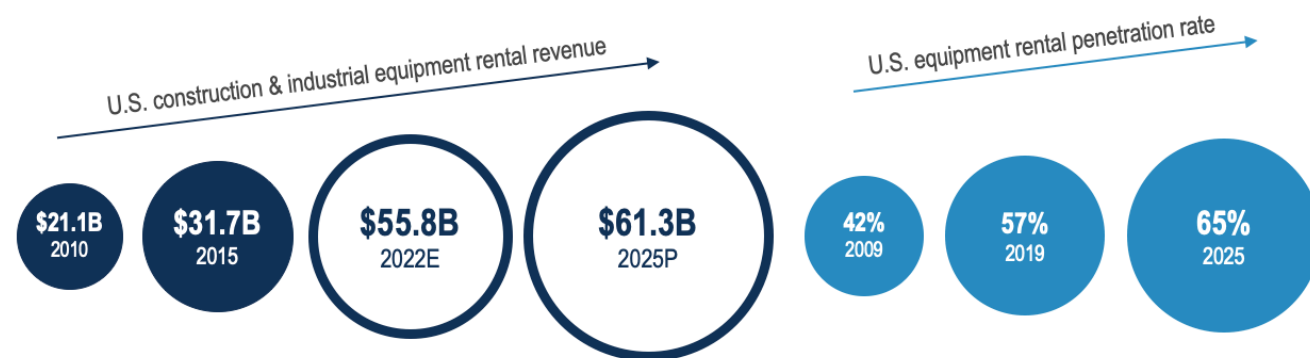
At current Rental sector revenue nominal growth rates, the industry is generating nearly \$2 billion in new revenue demand each year – certainly enough to provide strong organic growth for many, if not all, existing industry participants.

The U.S. Rental industry's five largest construction equipment providers – public companies **United Rentals**, **Sunbelt Rentals** (subsidiary of publicly traded Ashtead Group), **Herc Rentals** and **H&E**, plus privately-owned **Sunstate** (subsidiary of publicly traded Sumitomo Corporation) – continue to expand and support greater rental reliability, supplemented by other large national consolidators, including SeaFort Capital's **Cooper Equipment** in Canada, and Tailwind Capital's **National Trench Safety**. Emerging behind this group of national consolidators are **Next Generation** consolidators including Clairvest Group's **Durante Rentals**, Crossplane Capital's **Empower Rental Group**, Kinderhook's **Rental Equipment Investment Corporation ("REIC")**, privately-owned **Skyworks**, Avance's **Synergy Infrastructure Holdings**, Eberhart Capital's **The Equipment Source** and Holt's **Texas First Rentals**. The Rental sector has strong international participation as well, highlighted by Sumitomo's **Sunstate Equipment**,

Itochu's **BigRentz** and Hitachi's **Acme Lifts** as key international participants. Industry growth and consolidation is supported by a host of other privately-owned and sponsor-backed rental businesses, the latter noted further herein.

Prosperous financial investors are increasingly drawn to the Rental sector because of (i) compelling macroeconomic and industry tailwinds, (ii) attractive financial profiles and returns on assets, (iii) actionable opportunities for organic and add-on growth, (iv) a well-established strategic and financial buyer **exit eco-system**, and (v) a **market "arbitrage" opportunity** afforded by the continued reticence of the broader financial investor universe to compete appropriately. Still, consolidation remains in the **middle innings** and the **landscape remains highly fragmented and conducive to what is proving to be a sustained and lucrative sector M&A opportunity**.

## U.S. CONSTRUCTION & INDUSTRIAL EQUIPMENT RENTAL INDUSTRY SIZE & PENETRATION



Source: American Rental Association, CTOS

**Equipment Dealer Sector:** The U.S. Equipment Dealer sector is similarly characterized by organic growth and evolution. Like the Rental sector, the Dealer sector remains highly fragmented – but for different reasons. Many Dealers have built their businesses by leveraging relationships with one, or a few, key construction equipment OEMs. While Dealers are typically protected via territory exclusivity with key OEMs, said OEMs often have the right to manage Dealer consolidation through “rights of required consent” clauses. Candidly, this has been driven historically by OEM preferences for a relationship imbalance whereby the OEM is significantly larger (orders

of magnitude) than its respective Dealers. Due to OEMs’ historical aversion to dealer consolidation (or at least sponsor-driven consolidation), Dealer sector M&A over time has more often reflected one privately-owned Dealer acquiring another. Even today, many private Dealer M&A valuations are based upon net book value plus some “blue sky” (typically representing some multiple of net profit), which often implies a value much lower than a “mainstream” EBITDA multiple. Thus, financial investors have their own **market “arbitrage” opportunity** when they choose to participate in the appropriate opportunities.

Following the Great Recession, many OEMs shifted their perspective, now demonstrating an understanding that Dealers with both the scale and financial strength to drive growth and weather downturns **may be better positioned to support** OEMs’ own growth objectives. This evolving mindset is creating opportunities for financial investors, particularly family-office investors who typically have longer investment horizons, to enter this sector with greater frequency and confidence. Caterpillar and John Deere have encouraged Dealer consolidation for sometime, and other major equipment OEMs such as Volvo, Case, Komatsu, Hitachi and Kubota, to name a few, are beginning to see the strategic value of a more concentrated ecosystem of larger, well-capitalized Dealers.

Further, since the Great Recession, many Dealers have invested in **rental fleets** to participate in the previously noted trend of increased **rental penetration**. Rental fleet investment enables Dealers to grow their “wallet share” with existing customers, win new customer relationships and provide growth opportunities beyond their OEM-related new equipment sales, which are territory constrained. HOLT CAT is a prime example, having aggressively grown its sizable equipment rental subsidiary, **Texas First Rentals** (#23 on the 2022 RER Top 100), as well as the recent launch of its **Holt Industrial Rentals** business. **In December 2022, TM Capital represented family -owned and Texas-based Rental One (#47 on the 2022 RER Top 100) in its sale to Texas First Rentals, creating an even more substantial independent rental player in Texas. The combination of the two businesses will likely debut in the top 15 of RER’s 2023 Top 100 Equipment Rental Companies.**

These trends have led to a new age of **“hybrid dealer-rental”** shops that reflect a growing convergence of what were previously viewed as much more distinct sectors. Growth of rental operations requires an investment in fleet which changes the financial profile and internal reinvestment requirements of the traditional Dealer.

Lastly, ownership succession remains an important driver of Dealer consolidation. Many Dealers are owned

and managed by multi generation families and have increasingly evidenced instances where the lack of interest by (or lack of presence of) the “next generation” to continue Dealer ownership creates a transactional need. In other cases, generationally tiered family ownership, coupled with professional management, creates a divergence in interests that may result in a similar transactional impetus.

In comparison to the Rental sector, the Dealer sector is not as evolved from a public market or (for the reasons discussed above) national scale perspective. The Equipment Dealer sector has only two U.S. public companies – **Alta Equipment** and **Titan Machinery**, with three other public players in Canada – **Finning**, **Toromont** and **Wajax**. Behind this group of national, publicly traded Dealers are a cohort of **Next Generation Dealer Consolidators** that are leading Dealer consolidation, including Cognitive Capital's **Grand Equipment**, CenterGate Capital's **Naumann/Hobbs**, Cascadia Private Capital's **Oregon Equipment Sales**, Dobb's Management's **Dobbs Equipment**, Prophet Equity's **Groff Tractor & Equipment** and **Hills Machinery**, Brightstar Capital's **InfraServ U.S.**, Warren Equity Partners' **MacQueen Equipment**, Wynnchurch Capital's **Owen Equipment**, Westcap Management's **Rocky Mountain Dealerships** and Fernandez Holdings' **United Ag & Turf**. International interest in the Dealer sector is growing, including Nors Group's **Ascendum/Strongco**, Mitsubishi's **Equipment Depot**, Mitsui's **Road Machinery** and SMT Group's **ROMCO Equipment**. A broad group of other privately-owned and sponsor-backed Dealers are driving increasing consolidation activity, the latter also noted further herein.

Compared to the Rental sector, we believe the Dealer sector remains in the **earliest innings** of consolidation and the landscape remains highly fragmented. **We believe that further OEM-driven consolidation trends, rental fleet expansion and succession influences will generate an increasing number of control and minority-investment opportunities in the Dealer sector over the next decade.**



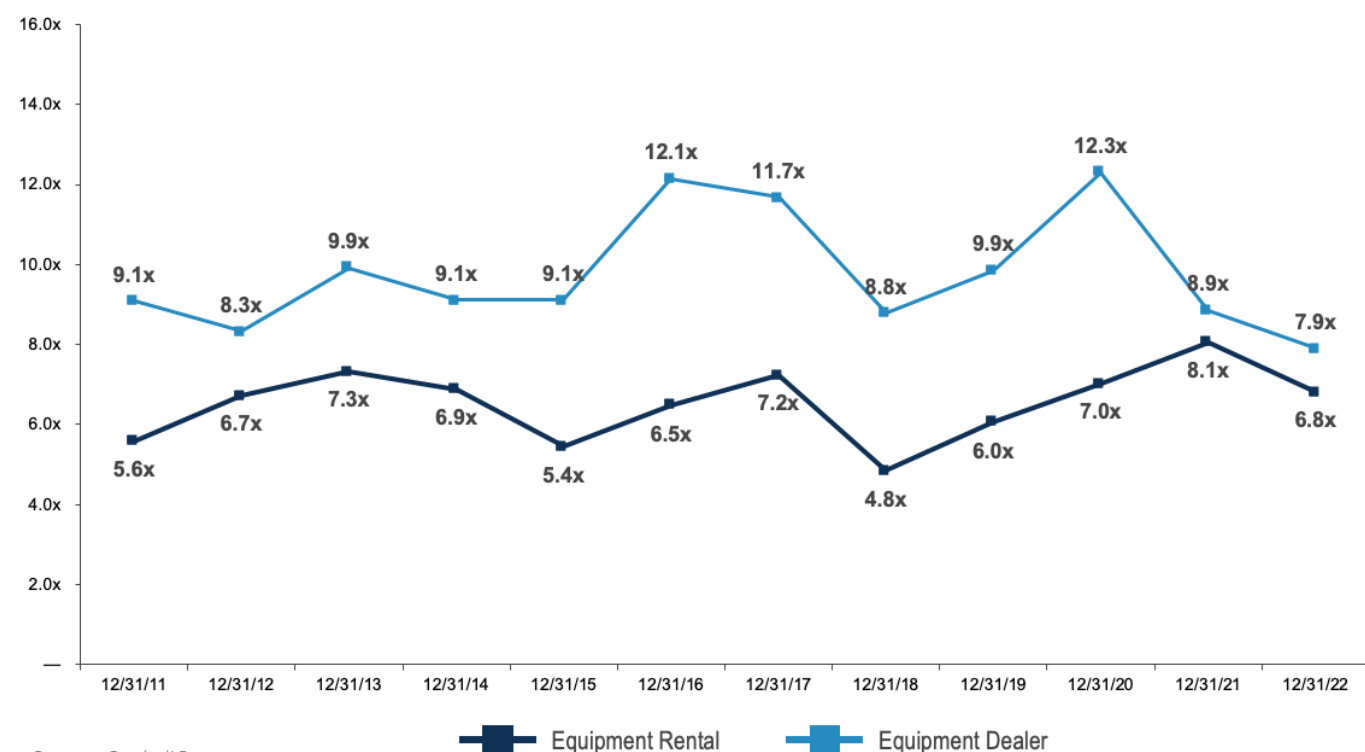
## II. VALUATION DYNAMICS

Publicly traded Equipment Rental and Dealer companies have historically traded in a relatively narrow range on an Enterprise Value / EBITDA multiple basis. As noted below, throughout the 2010s, Dealers traded at premiums ranging from 2.0x – 4.0x EV / EBITDA, vs. Rental businesses, driven by a higher proportion of sales generated from recurring revenue streams (i.e., parts and services) and protected territories, each of which often help support superior gross margins, strong free cash flow and stable, long-run performance.

However, the Dealer valuation premium has begun to evaporate of-late, as Rental and Dealer median valuation multiples approach convergence. At the time of this report, a representative index of Equipment Dealers traded at a ~1.0x EV/EBITDA multiple premium to a representative index of Equipment Rental

companies. This valuation convergence is occurring on both sides of the equation, as Equipment Rental multiples saw strong growth through the end of 2021, before retreating along with broad market weakness. Equipment Dealer valuation multiples have been on the descent since the end of 2020. For Rental companies, strengthening multiples reflect the impact of rental penetration and rental reliability, and the added growth impact of accretive M&A. These positive impacts are somewhat muted by investor concerns regarding economic cyclicality and the capital expenditures required to fund the rental model. Conversely, Dealers' historically premium multiples have suffered recently due to concerns regarding damaged global supply chains and sensitivity to economic cycles.

### HISTORICAL EQUIPMENT RENTAL & DEALER ENTERPRISE VALUE / EBITDA TRADING MULTIPLES <sup>(1) (2) (3)</sup>



Source: CapitalIQ

(1) Equipment Rental Index: AHT, CTOS, HEES, URI, HRI

(2) Equipment Dealer Index: ALTG, FTT, RUSH.B, TITN, TIH, WJX

(3) Median of comps set

## KEY VALUE ENHANCERS

Based upon our industry observations and transaction experience, we've identified the following variables as key drivers of value for Equipment Rental and Dealer companies:

**Scale** – Across both the Rental and Dealer sectors, scale drives a valuation premium. Scale can result from (i) a national, regional or local market share / position, (ii) the presence of “platform” attributes necessary to support a robust acquisition strategy, and (iii) the opportunity for meaningful revenue and cost synergy opportunities. Scale is often a key facet necessary to attract large strategic and financial investor interest, and is a particularly acute consideration for international strategic acquirers

**Density** – Rental companies that achieve (or can facilitate such for the acquirer) market density, typically through “clustering” (i.e., numerous locations in a metro area) attract the acquisition interest of national consolidators. These consolidators believe density to be a key facet of outsized profitability, as the combination of equipment availability and proximity drives increased **rental reliability**, utilization, cost efficiency and “wallet share” with customers

**Customer Mix** – While national firms often target “national accounts” to leverage scale advantages, small-to-midsize Rental and Dealer companies typically target small-to-midsize customers who offer advantages including (i) a mix of recurring revenue, (ii) appreciation of service capabilities / product knowledge, (iii) better profit metrics relative to large-scale national accounts, and (iv) overall sales diversification. These conjoining attributes for small-to-midsize Rental and Dealer companies generate strong interest from financial and strategic buyers

**End-Market Resiliency** – Particularly amidst the current backdrop of broad-market macroeconomic

uncertainty, acquirers increasingly ascribe outsized value to a customer base that serves resilient, cycle-resistant end markets such as commercial / industrial renovation & retrofit; infrastructure / utility maintenance; HVAC / plumbing / mechanical contracting; multifamily construction; municipal & education facilities and data centers

**Geographic Tailwinds** – The “hottest” Rental and Dealer markets closely correlate with population migration trends, which drive increased residential, commercial and industrial construction, as well as public infrastructure investment necessary to support such population growth – select geographic markets in the U.S. are predominantly in the Southeast, Southwest and West (i.e., the “Sunbelt”). The overall aging of national infrastructure, supported by the expected multi-year impact of the Federal Infrastructure Law, provide broader nationwide tailwinds

**Specialty Offerings** – National Rental companies are increasing their build out of specialty rental offerings, which currently reflect lower, but rapidly increasing, rental penetration rates. Specialty rental equipment types include environmental / climate control; air flow control; trench and traffic safety; forming, shoring & scaffolding; power & pump; and lighting. These equipment types typically generate higher profitability and support winning new customers and/or expanding wallet share with existing customers

**Rental Fleet Age** – The dollar-weighted average age of the rental fleet is a critical driver of value, as an aged rental fleet indicates the potential near-term need for substantial additional capital investment. An average rental fleet age of 3-5 years is perceived as more conducive to keeping maintenance / downtime costs and customer service issues to a minimum

### OEM Relationships & Aftermarket Revenue

– Equipment Dealers aligned with OEMs who encourage external investment and consolidation activity generate outsized acquisition interest and premium valuations relative to those who do not have such relationships. Similarly, Dealers that generate a meaningful portion of gross profit from aftermarket revenue sources including sales of replacement parts, preventative maintenance & emergency equipment service and rental revenue – or have a meaningful opportunity to improve those categories – can generate stronger acquisition interest and achieve premium valuations

### Management Continuity

– The importance of management continuity is dependent on the type of acquirer. International strategic and financial acquirers act more aggressively when the target has motivated, tenured management teams actively seeking to continue to grow the business, while domestic strategic consolidators may offer successful entrepreneurs and management teams the opportunity to exit their day-to-day duties, to the extent desired

### Buyer Synergy Opportunities

– Strategic buyers' "ability-to-pay" is heavily influenced by the perceived synergy opportunities the target possesses. Frequent revenue synergy opportunities include pricing optimization, improved utilization through market density ("clustering") and specialty equipment cross-selling. Primary cost synergy opportunities include improved purchasing economics, logistics efficiencies due to market density ("clustering"), introduction of customer-facing technology, and the elimination of "stand-alone" and redundant expenses. Frequently, synergies can make the implied "effective" purchase multiple paid meaningfully lower than the headline multiple paid



## III. MANY STILL "MISSING THE MATH"

Financial investor interest in the Equipment Rental and Dealer sectors has grown meaningfully in recent years; however, on a dollar basis, sector M&A is still overwhelmingly driven by strategic acquirers. While financial investors are demonstrating more broad-based interest in Rental and Dealer opportunities, many consistently struggle to "chin the bar" when it comes to valuation, often seeking to ascribe value on an **EBITDA minus CapEx** basis and rendering themselves **non-competitive**. While these sectors clearly are **"Merging into the Mainstream,"** the problem persists that a significant segment of financial investors still **miss the math** regarding the productivity and return potential of Rental and Dealer assets. Valuation in the sector is highly nuanced, and acquirers should take into consideration the following considerations:

### EQUIPMENT RENTAL

**Equipment Financing** – Rental companies often use asset-backed financing options to support fleet investment – leverage levels of nearly 100% are achievable. Financing fleet investment releases the burden on free cash flow, enabling it to be deployed elsewhere – thus, **CapEx is not a reduction to EBITDA!** This fleet revolver financing also provides built-in capacity to support future capital expenditures, while "de-risking" the investment by avoiding mandatory principal repayment obligations

**Maintenance vs. Growth CapEx** – It is critical to bifurcate CapEx between what is **maintenance** (i.e., repairs and replacements needed to maintain current fleet productivity) and **growth** (i.e., new additions needed to expand the productive capacity of the fleet). **Growth CapEx is discretionary** and typically the larger component of a Rental company's capital outlay, often by orders of magnitude

**Net Maintenance CapEx – Rental companies sell used fleet to manage fleet age or address important customer needs.** When assessing **maintenance CapEx**, it is critical to look past the headline **"gross"** value and instead analyze the **"net"** maintenance value – which reflects the offsetting impact of the non-cash COGS expense associated with used equipment sales. While the gross profit from used equipment sales is captured in EBITDA, the COGS expense associated with that sale (i.e., the depreciated cost) is treated by GAAP convention as a "period expense." However, such COGS **is not a cash period expense**, but instead a non-cash charge related to equipment previously accounted for as CapEx on the cash flow statement. These **additional cash proceeds** are not included in EBITDA and are otherwise "lost" unless they are appropriately netted back against gross maintenance CapEx as a "recycling" of those previously expended CapEx dollars to generate a **"correct" net maintenance CapEx value**. The "net" impact on maintenance CapEx is often substantial and influences valuation

**Tax Efficiency** – Due to accelerated tax depreciation allowances, Rental companies typically generate significant tax-shields that help generate higher free cash flow conversion rates relative to a comparably-sized company (on an EBITDA basis) in another industry

**Ability to De-Fleet** – Rental companies can “de-fleet” to generate significant cash proceeds, sometimes even turning net CapEx into positive cash flow. Opportunistic times to de-fleet include toward the end of a long-term project, or during a market correction / downturn to normalize fleet capacity / utilization

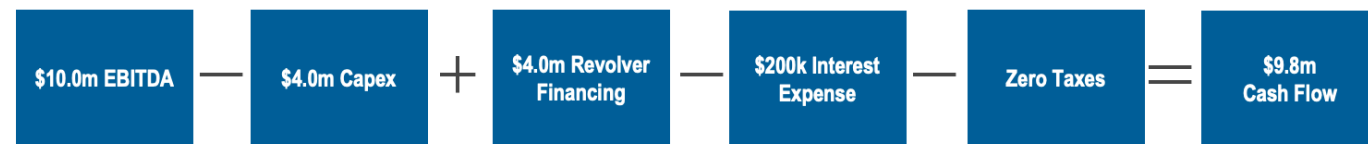
**Pro Forma Fleet Normalization** – Rental companies typically add fleet throughout the year, and this newer fleet typically exhibits strong utilization throughout the remainder of the period. However,

er, these newer, comparatively more-productive assets have not had the opportunity to generate a full year of EBITDA contribution. Thus, a trailing view of reported EBITDA at closing is often meaningfully understated compared to a **“Pro Forma Normalized EBITDA”** that reflects the run rate EBITDA-generating capacity of the current fleet

**Valuation Methodology** – Last, and still most important, **the market-clearing Rental EBITDA multiple range already reflects the presence of higher-than-typical CapEx.** To subtract CapEx from EBITDA is double counting! Where investors insist to evaluate Rental companies on an EBIT basis (approximating EBITDA minus CapEx), whether as a base valuation or as a “triangulation,” we often see multiples in the high-single to low double-digit range applied against a business evaluated on this basis with essentially 100% free cash flow and zero CapEx

## MISSING THE MATH

### How a Rental Company Owner's “Check Book” Sees Cash Flows



### How a Typical Private Equity Investor Envisions Cash Flows



## EQUIPMENT DEALER

**Floor Plan Financing** – While equipment Dealer business models require significant capital investment in “inventory-held-for-sale,” Dealers can leverage **floor plan financing**, which often provides 100% or near-100% loan-to-value lending, with low-or-no interest charges for extended periods. These floor plan financing lines (whether directly through the OEM or a related third-party financing source) essentially serve as “extended accounts payable” to support new equipment inventory without meaningfully absorbing free cash flow

**Just-in-Time Inventory** – Throughout the majority of equipment Dealer history, companies often had to carry a significant stock of equipment inventory to maximize sales and meet customer needs, driven by long OEM lead-times. This could leave Dealers overstocked with significant inventory in a downturn. OEMs have evolved production processes to deliver equipment in normal times more “just-in-time,” which has shifted the Equipment Dealer model to one more akin to an OEM “agent” rather than a purely stocked Dealer – significantly diminishing the inventory risk profile of the Dealer

**Aftermarket EBITDA Generation – EBITDA margins are often deceiving for Dealers.** New equipment sales typically comprise the majority of Dealer revenue but generate substantially lower gross margins versus other revenue streams. Conversely, parts and services often comprise a smaller portion of revenue, but 60-75% of total gross margin due to profitability dynamics and, thus, a comparably sizable portion of EBITDA. Given the prevalence of territory protection coupled with what is generally a large and often growing “installed base” of equipment owned by customers, **this “aftermarket-driven” EBITDA** reflects highly valued, recurring aftermarket customer demand. Investors need to look beyond **“headline EBITDA margins”** to develop a more appropriate, nuanced valuation

**“Embedded” Rental Fleet** – Equipment Dealers are increasingly “embedding” rental fleets within their product offering to (i) expand wallet share with existing customers, (ii) win new customer relationships, (iii) diversify EBITDA generation, and (iv) improve profitability. We see many Dealers with rental revenue representing 10–30% of total revenue, often reflecting high-utilization, longer-term rentals or rent-to-own contracts. Given the smaller scale of these fleets and the associated high utilization and attractive re-occurring EBITDA margin contribution, financial investors are typically less wary of the associated CapEx in this paradigm

**Modest CapEx** – Absent a rental component, Dealer business models often require minimal levels of ongoing capital expenditures, relative to Equipment Rental companies. New equipment sales, the largest revenue-generating business line for Dealers, are considered inventory and often financed at-or-near 100% loan-to-value, absorbing minimal free cash flow. Recurring sales of parts and services, typically the largest contributors to EBITDA for Dealers, also require minimal ongoing capital investment to support/grow

The public market has come to understand the intrinsic value of the Dealer model, evidenced by publicly held Dealers historically trading at a 2.0x to 4.0x multiple premium over publicly held Rental companies. Despite this, we often see financial investors only ascribing modest Dealer valuation multiple premiums over comparably sized Rental companies, rendering themselves noncompetitive. **Further, the floor plan financing associated with Dealers generates valuation complexity.** While the appropriate treatment of such floor plan financing is as a component of working capital (like an extended accounts payable) **and not as a debt-item**, we still see some financial investors taking the position that it should be treated as debt, again rendering themselves noncompetitive. At a minimum, however, floor plan financing creates complexity in an LBO model valuation approach.

The valuation solution here may very well be the **under-appreciated discounted cash flow model!** DCF models fundamentally discount future free cash flows based on an industry appropriate WACC (weighted average cost of capital). Because the model treats the cash flows as “certain” before discounting, it often produces a higher implied valuation versus a traditional LBO model. With the territory protection and the aftermarket-driven gross margin contribution producing more predictable future cash flows for Dealers, and with floorplan debt treated as working capital, we believe this valuation model is most appropriate to assess a Dealer enterprise valuation.





## IV. FAVORABLE SECULAR TAILWINDS GENERATE SUSTAINED MACROECONOMIC BACKDROP FOR EQUIPMENT RENTAL & DEALER SECTORS

Equipment rentals and sales are closely tied to the performance of downstream markets, including residential, commercial, industrial and infrastructure construction and maintenance. In recent years, robust activity and capital deployment in downstream markets have supported strong organic growth in these sectors. While some of these downstream markets are currently facing headwinds in the form of input material shortages (currently directly affecting these equipment sectors as well) and interest rate increases that are slowing the pace of construction (residential construction in particular), long-term demand fundamentals remain robust. The growing shortage of residential housing, shifting demands for commercial space in an evolving economy (i.e., warehouses, data centers and medical / life sciences facilities) and significant public investment in national infrastructure will support meaningful organic growth for construction equipment rentals and sales for years to come.

*[TM Capital's 2022 Building Products Report covers many of these trends in more depth](#)*

### POSITIVE NEAR-TERM RENTAL & DEALER SECTOR PUBLIC COMMENTARY

Despite current news and economic data continuing to flash warning signs for the overall U.S. economy, in early November 2022 the American Rental Association forecasted equipment rental industry revenue to increase by 3.4% in 2023 to nearly \$57.7 billion, after growth of 11% in 2022. Looking longer term, equipment rental revenue is expected to grow 2.9% in 2024, 3.3% in 2025 and another 3.4% in 2026 to reach nearly \$63.4 billion. **Recent commentary from Rental and Dealer public company executives expresses sector optimism for 2023 and throughout the next decade.**

#### INDUSTRY EXECUTIVE SOUNDBITES

*"Here are a few of the unique dynamics that should help our industry continue to outpace the macro in virtually any economic cycle. One is the \$550 billion of funding in the U.S. Infrastructure Bill . . . this should trigger at least five years of opportunity. There's another \$440 billion of federal tax incentives in the Inflation Reduction Act for clean energy and plant upgrades, and we think these will have a 5- to 10-year impact."*

**Matthew Flannery**  
President, CEO & Director of United Rentals

*"We continue to see robust starts and ongoing momentum, indicating its highest levels since 2008. These activities are validated every day within our business as customers continue to work on existing sites and begin new projects. Further, recent legislative activities in Congress have funded the CHIPS Act and Inflation Reduction Act. Together, these bills will fund new projects that will cost hundreds of billions of dollars, ranging from new semiconductor factories to solar to EV to battery plants."*

**Brendan Horgan**  
CEO & Executive Director of Sunbelt Rentals

*"We remain encouraged by the indicators for future construction activity. Recent measures from Dodge Momentum Index and the Architecture Billing Index and the Associated Builders and Contractors continue to signal the likelihood of further expansion well into 2023 as additional construction projects enter the planning stages. Furthermore, we expect to benefit from the onset of numerous infrastructure projects beginning in 2023 as well as other construction projects that contribute to the expansion of the U.S. manufacturing capabilities and renewable energy."*

**Bradley W. Barber**  
CEO & Director of H&E Equipment Services

*"Increasing amounts of construction activity started this year as a benefit into 2023, which gives us a good read-through into the relative strength of nonresidential construction activity for 2023. On top of nonresidential buildings, there is another \$313 billion of nonresidential, non-buildings or infrastructure projects slated for 2023."*

**Mark H. Irion**  
SVP & CFO of Herc Rentals

*"Demand for both new and used equipment continues to be at high levels and sales backlogs remain at record levels. Our organic physical rental fleet utilization and rates on rental equipment continue to improve and tightness of supply continues to buoy inventory values across all asset classes. Further, the industry tailwinds remain with the passing of the Bipartisan Infrastructure Bill specifically driving further demand for construction machinery in 2023 and beyond."*

**Ryan Greenawalt**  
CEO & Chairman of Alta Equipment

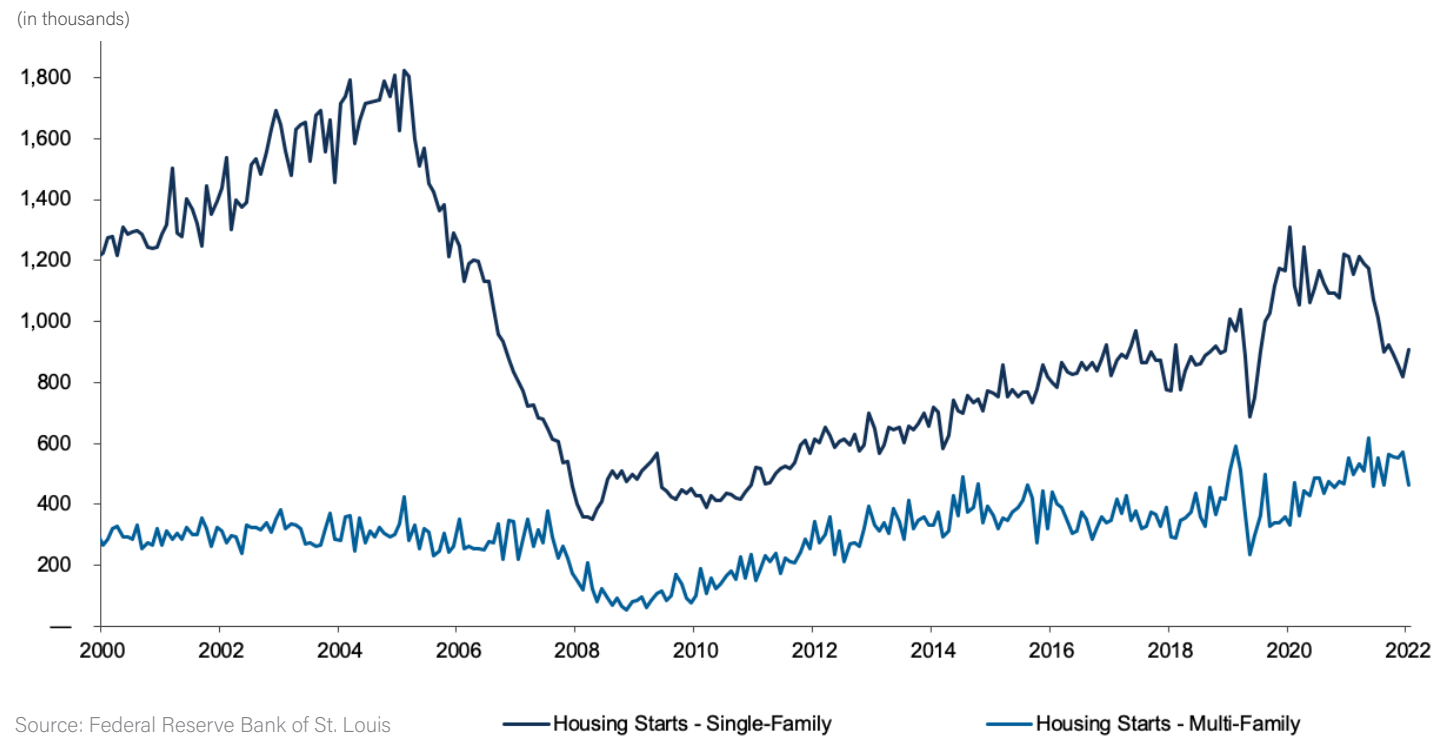
## HOUSING SHORTAGE PORTENDS FUTURE CONSTRUCTION INVESTMENT

Long-term residential housing development fundamentals remain robust, driven by the rapid approach of Millennial / Gen Z homebuyers, overlaid with an expanding shortage of single-family housing units. Despite the recent wave of homebuying, single-family starts have not yet reached pre-Great Recession levels, which has led to an expanding deficit of single-family housing – currently estimated by Realtor.com at nearly six million units short of demand.

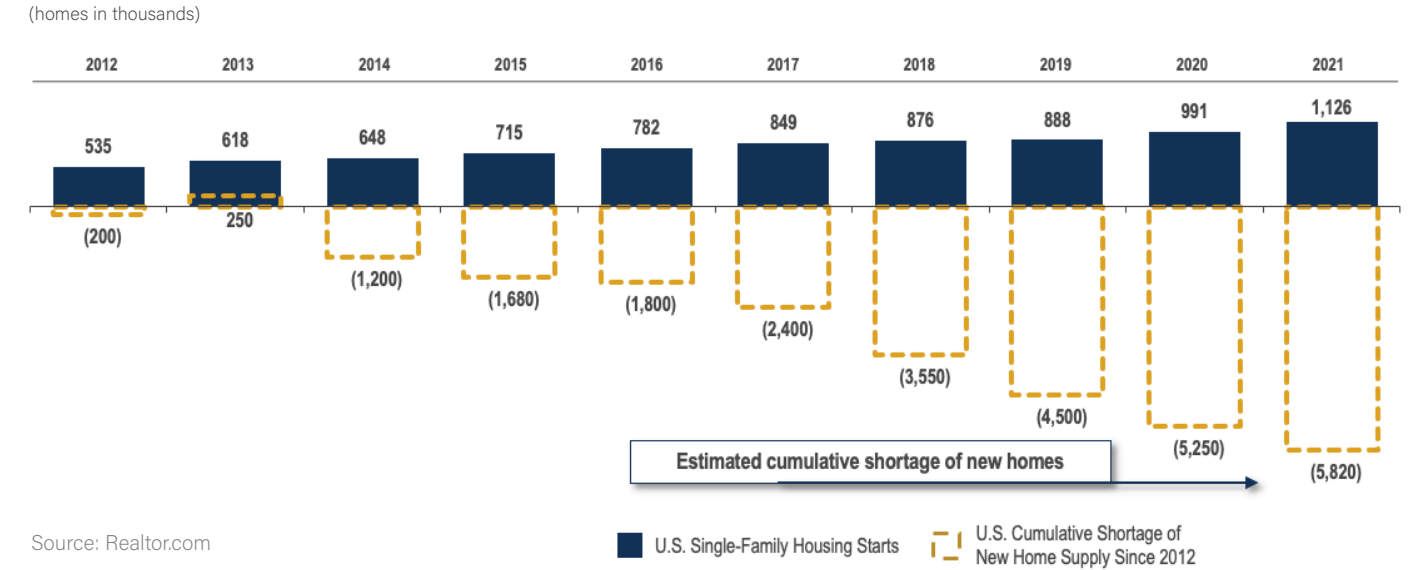
The single-family housing unit shortage, combined with rising mortgage rates, has forced many

potential homebuyers into rental markets. Thus, the multifamily market has experienced strong activity throughout 2022 – Dodge Construction Network estimated that the value of multifamily construction starts in the top 20 metro areas of the U.S. increased 24% in the first six months of 2022, relative to 2021. Further, nationwide multifamily starts (i.e., housing projects with at least five units), reached a seasonally adjusted annual rate of 555,000 in December 2022, ending the year with an average annual rate of 625,000 – up ~10% from an average annual rate of 569,000 in 2021.

## U.S. SINGLE-FAMILY & MULTI-FAMILY HOUSING UNITS STARTED



## U.S. SINGLE-FAMILY HOUSING STARTS & CUMULATIVE SUPPLY SHORTAGE

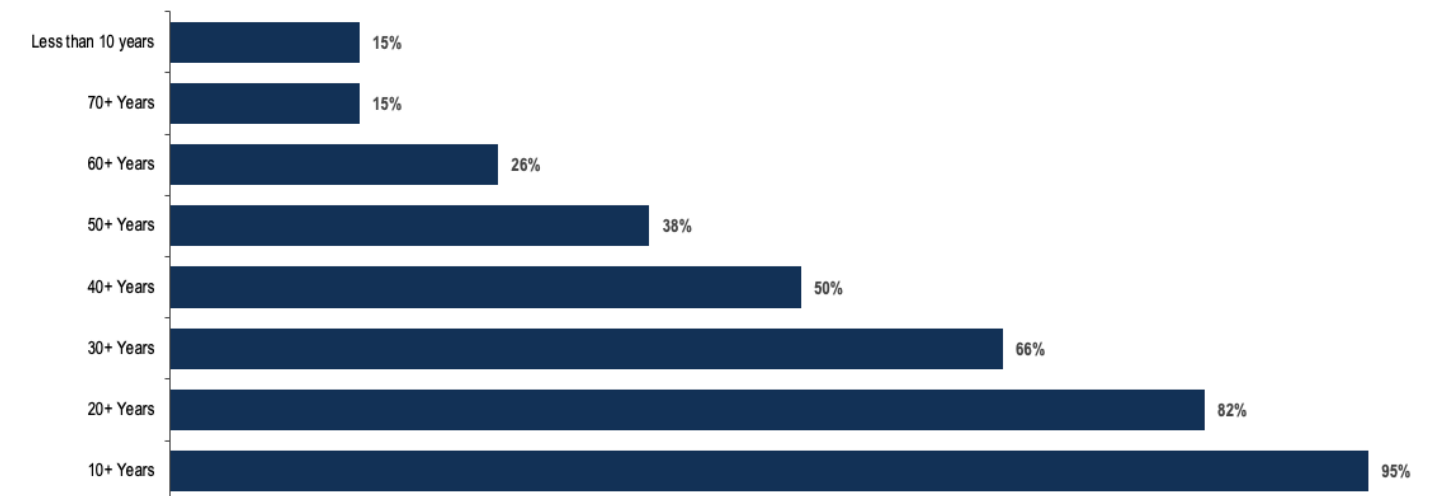


## AGED COMMERCIAL BUILDING STOCK & SHIFTING SPACE DEMANDS GENERATE REMODEL / RETROFIT ACTIVITY

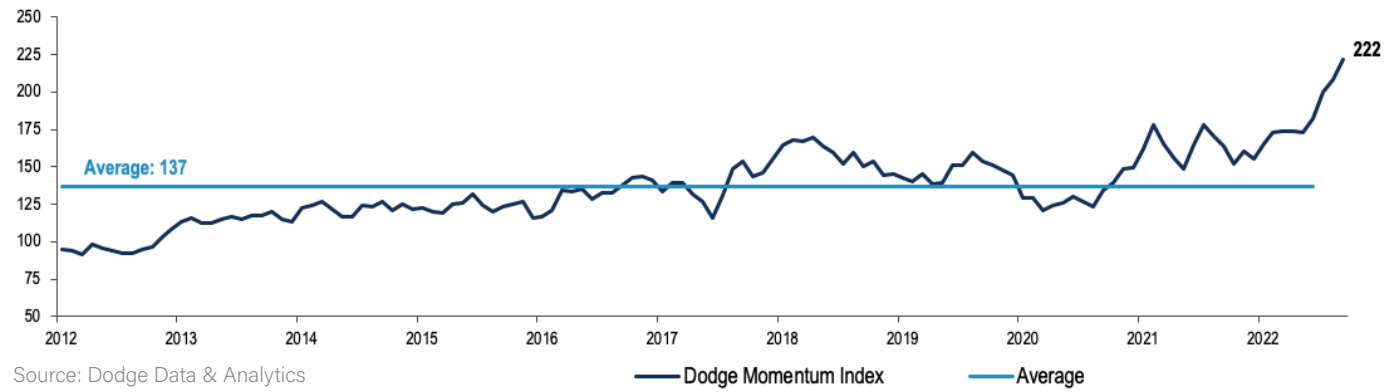
Shifts to the modern economy, combined with the economic shock of the COVID-19 pandemic, have permanently altered the mix of commercial space demanded by the market. While typical “core” asset classes – particularly retail and office – have seen demand plummet, commercial / industrial spaces including warehouses, cold storage facilities, data centers and life science facilities have seen demand

skyrocket, with no slowdown in sight given tightening supply-demand dynamics for these building types. Recent readings of the Dodge Momentum Index (“DMI”) and Architecture Billings Index (“ABI”) – each of which quantify nonresidential project inquiries, design contracts and billings – continue to indicate the commencement of new projects.

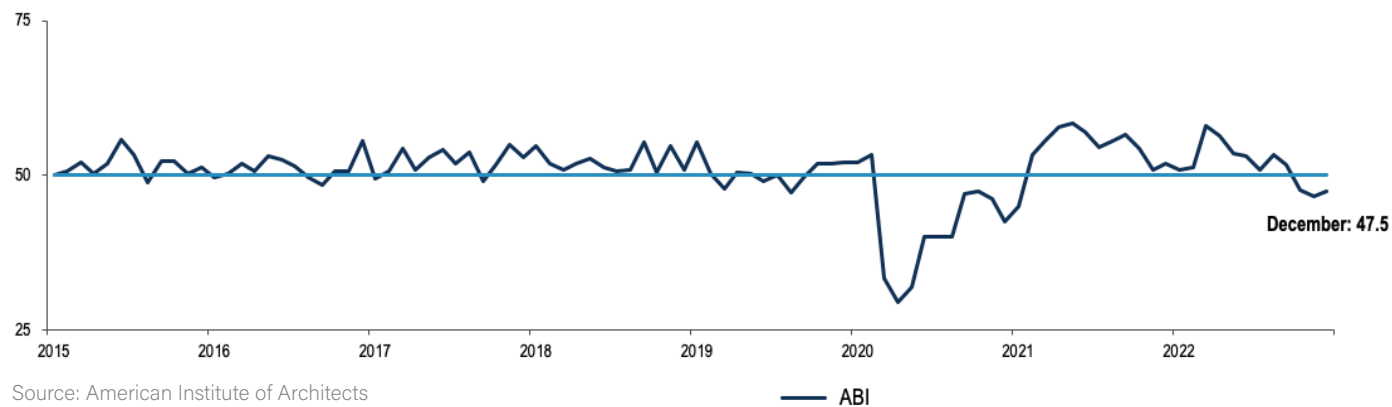
## U.S. CURRENT COMMERCIAL BUILDING STOCK BY AGE (% OF TOTAL BUILDINGS AND FLOORSPACE)



## DODGE MOMENTUM INDEX ("DMI") - INDEX: 2000 = 100



## ARCHITECTURE BILLINGS INDEX ("ABI")



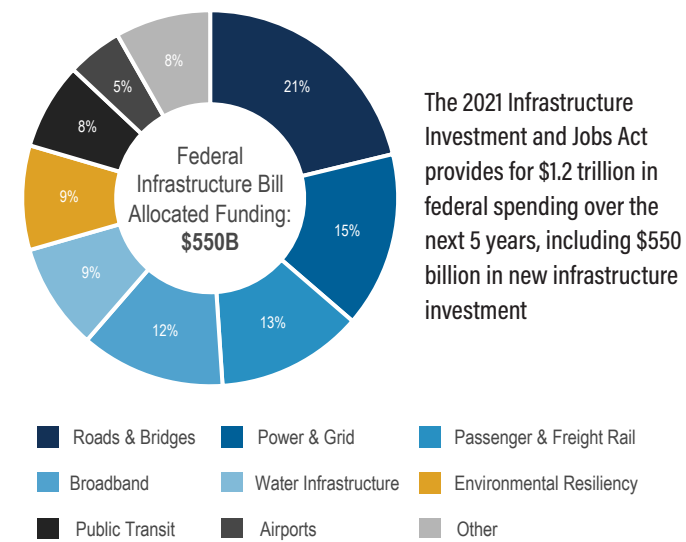
## PUBLIC INVESTMENT SUPPORTS CONTINUED INFRASTRUCTURE SPENDING

The 2021 Federal Infrastructure Law, which commits \$550 billion in federal funding to physical infrastructure projects, will support strong growth in construction equipment rental spending over the next 5-10 years. The bill targets projects in downstream equipment rental markets such as roads, bridges, passenger rails, drinking water and wastewater systems, as well as expanded high-speed internet infrastructure, power infrastructure and climate-related infrastructure. These projects require equipment – either newly purchased or rented – and will provide attractive recurring cash flows for rental operators for years to come.

Further, the CHIPS and Science Act of 2022, which was signed into law in August 2022, further supports strong growth in industrial spending, and therefore associated equipment purchase and rental demand, in the near-term. The law provides nearly \$250 billion in investment for semiconductor manufacturing and scientific R&D over the next five years. The legislation comes amid a broader trend of domestic supply chain reshoring. This onshoring trend, combined

with federal funding, will continue to drive industrial construction spending throughout the remainder of the decade.

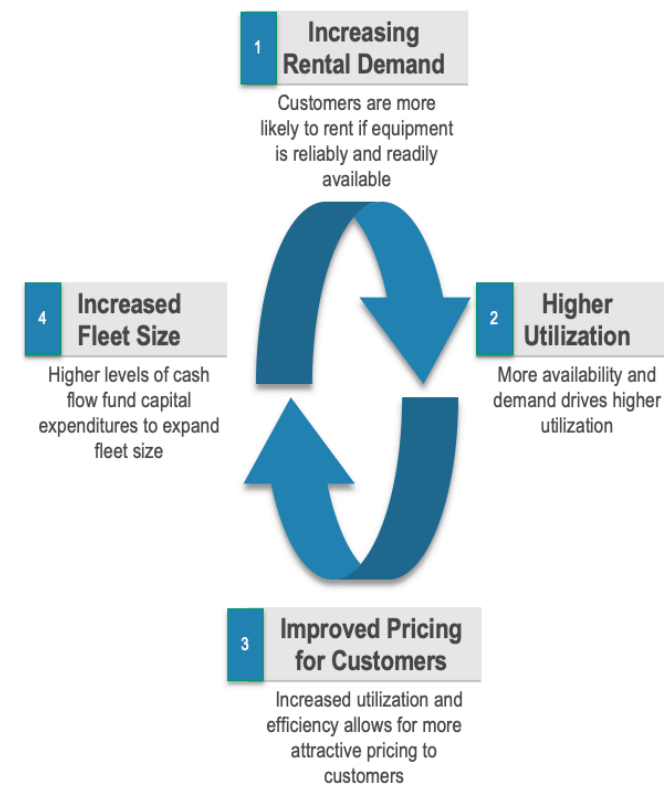
### U.S. FEDERAL INFRASTRUCTURE BILL BREAKDOWN



## V. EQUIPMENT RENTAL SECTOR OVERVIEW

Growth of the Equipment Rental sector, led by national and regional platforms seeking to build scale and local market density, has helped foster a "virtuous cycle". The Rental industry is offering increasing rental reliability, further propelling the rental penetration rate.

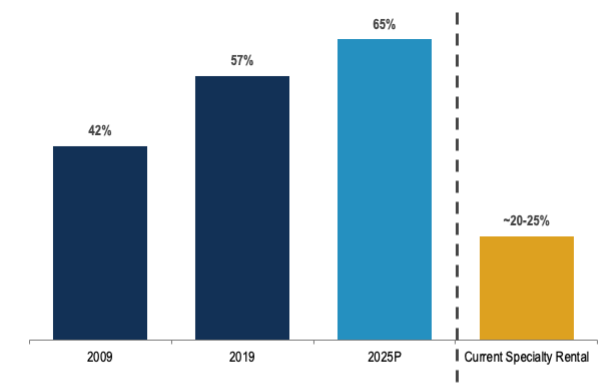
### U.S. EQUIPMENT RENTAL INDUSTRY - VIRTUOUS CYCLE



## CONTRACTORS INCREASINGLY PREFER RENTAL TO OWNERSHIP

Increasing rental reliability supports contractors' preference to rent rather than own. From 2009 to 2019, the U.S. equipment rental penetration rate increased from 42% to 57%, as estimated by H&E Equipment Services. This is further evidenced by equipment rental expenditures outpacing construction expenditures by nearly 100% since 1997. This impact has been particularly acute since the onset of the COVID-19 pandemic, whereby damaged supply chains, long lead times and lack of new equipment availability shifted many equipment owners to renters. The trend toward rental over ownership is likely to continue (H&E projects rental penetration of 65% by 2025), supported by consolidators building local market density and fleet scale/diversity.

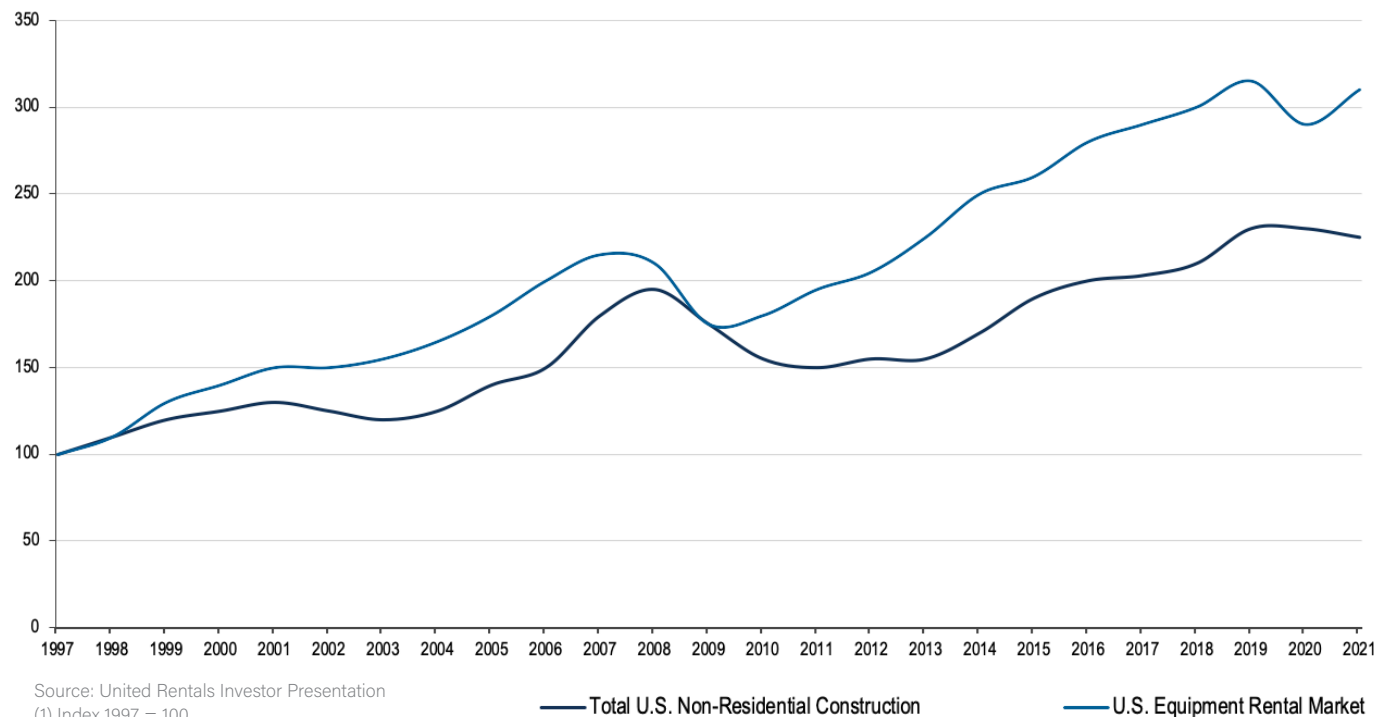
### U.S. EQUIPMENT RENTAL PENETRATION <sup>(1)</sup>



General Rental Penetration in Other Markets			
60% Australia	65% Europe	80% Japan	80% UK

Source: Custom Truck One Source Investor Presentation  
(1) Rental percentage of equipment fleet

## U.S. EQUIPMENT RENTAL EXPENDITURE VS. U.S. NON-RESIDENTIAL CONSTRUCTION EXPENDITURES <sup>(1)</sup>

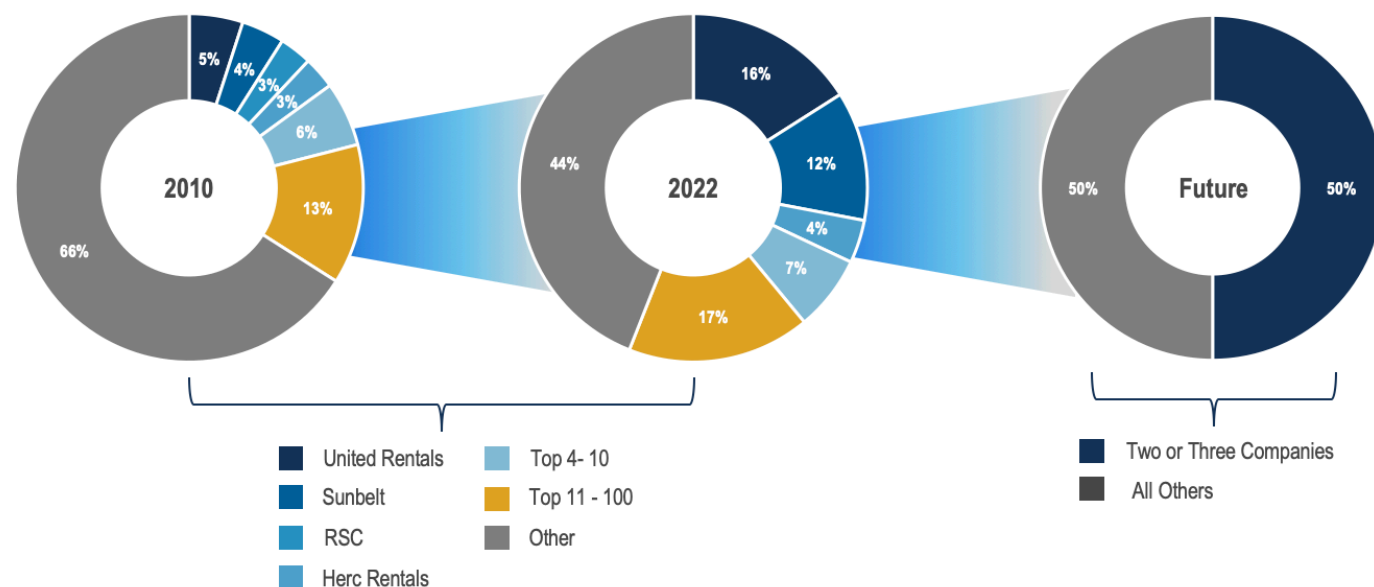


## EQUIPMENT RENTAL M&A TRENDS

Since the early 2000s, the Rental sector can be characterized as a “race to scale,” with the largest national and regional platforms executing organic growth strategies and M&A at a fervent pace. The two national market leaders based on share – **United Rentals** & **Sunbelt Rentals** (subsidiary of Ashtead Group) – historically have been the most acquisitive players in the market. More recently, **Herc Rentals** and **H&E** have increased their M&A activity notably.

The **Next Generation** consolidators – supported by an increasing number of private and sponsor-backed participants – are driving significant M&A activity as well. While still highly fragmented, industry participants envision a future market in which two or three players control 50% of the market – however, once factoring in strong forecasted growth over the next decade, the remaining 50% of the future market is likely to roughly approximate two-thirds of the current market size.

## U.S. EQUIPMENT RENTAL MARKET SHARE



Source: Ashtead Group Investor Presentation

## NORTH AMERICAN EQUIPMENT RENTAL CONSOLIDATORS <sup>(1)</sup>

Acquirer	Selected Acquired Companies																		
<b>COOPER</b> EQUIPMENT RENTALS	<b>ONE STOP</b> RENTALS	<b>EZE</b> Rent-it Centre	<b>SR</b> STAYNER RENTAL LIMITED	Prime Rentals	<b>Modern Industrial</b> RENTALS LTD	<b>Alberta Lift</b> Equipment Rentals	SeaFort Capital	NA	Jul-22	NA	Dec-21	NA	Dec-21	NA	Mar-19	NA	Jan-18	NA	Jul-17
<b>H&amp;E</b> EQUIPMENT SERVICES	<b>One Source</b> RENTALS • SALES • SERVICE	Charles Mancuso, Inc.	<b>WE-RENT-IT</b>	<b>Rental Inc</b>	<b>CEC CENTER</b>		Nasdaq: HEES	\$130m	Oct-22	\$100m	Feb-19	NA	Feb-19	\$69m	Apr-18	\$122m	Jan-18		
<b>Herc</b>	15+ Acquisitions (2022)	<b>AVALANCHE</b> EQUIPMENT	<b>Single Source Rentals</b>	<b>CLOVERDALE</b> EQUIPMENT CO	<b>SKY KING</b>	<b>DWIGHT CRANE</b>	NYSE:HRI			NA	Aug-22	NA	Jun-22	\$178m	Apr-22	NA	Nov-21	NA	Sep-21
<b>NTS</b> NATIONAL TRENCH SAFETY	<b>Vellano</b> SHORING & SUPPLY	<b>TRENCH PLATE</b> RENTAL CO	<b>SOE</b> SUPPORT OF EXCAVATION	Shore and Pour Limited			Tailwind Capital	NA	Aug-22	NA	Apr-21	NA	Apr-21	NA	Nov-18				
<b>SUNBELT</b> RENTALS	39 Acquisitions (2022)	<b>WILLIAM F. WHITE</b> INTERNATIONAL INC.	<b>KING</b>	<b>TEMPAIR</b>	<b>mabey</b>	<b>PRIDE</b> EQUIPMENT CORP.	Ashtead Group (LSE:AHT)			\$177m	Dec-19	\$191m	Jul-19	\$119m	Feb-19	\$90m	Jul-18	\$279m	Apr-17
<b>United Rentals</b>	<b>AHERM</b>	<b>GeneralFINANCE</b>	<b>NORRIS SALES &amp; COMPANY</b>	<b>BlueLine</b> Rental	<b>BAKER CORP</b>	<b>NEFF</b> RENTALS	NYSE:URI	\$2.0b	Dec-22	\$1.0b	May-21	NA	May-21	\$2.1b	Sep-18	\$720m	Jul-18	\$1.3b	Oct-17

(1) Metrics represent transaction value and month-year

## NORTH AMERICAN EQUIPMENT RENTAL CONSOLIDATORS <sup>(1) (2)</sup>

### Cooper Equipment Rentals | Private (SeaFort Capital) | 2021 est. Rental Revenue: \$204m | #17 2022 RER 100

Established in 1972, Cooper Equipment Rentals is a 55-branch full-service construction equipment rental company, servicing contractors across Canada. SeaFort Capital invested in the business in 2013 in partnership with the existing owner-operators to execute a buy-and-build strategy.

Since SeaFort's investment, the company has made 12 acquisitions, including Star Rentals (2019, first entrance into the British Columbia market), Herc Atlantic (2020, first entrance into the Atlantic Canada

market), and Strayner Rental and EZE Rent-It Centre (2021, both deepened penetration in British Columbia and Southern Ontario). In July 2022, Cooper acquired One Stop Rental / Sales to further expand its vision to become the only Canadian-owned, national rental company.

**SeaFort Capital** is a Canadian private equity firm headquartered in Halifax, Nova Scotia. SeaFort makes direct private investments in middle market businesses across Canada and considers itself “patient capital,” often executing long-term buy-and-build M&A growth strategies, as it has done with Cooper Equipment Rentals.

(1) All Enterprise Value metrics as of 12/31/2022

(2) LTM revenue metrics through most recently reported fiscal quarter as of 1/31/2023; 2021 Rental Revenue estimates from the RER's 2022 Top 100 Largest Rental Companies in North America

**H&E Equipment Services (NASDAQ:HEES) | Enterprise Value: \$2.8 Billion | LTM Revenue: \$1.2 Billion | #7 2022 RER 100**

H&E has its own unique approach to M&A, focusing on best-in-class, lower middle market regional Rental companies, opting for fewer, targeted tuck-in acquisitions. H&E has made five acquisitions since 2018, three of which had disclosed purchase prices in excess of \$100 million. H&E's latest acquisition of One Source Equipment Rentals in October 2022 added 10 equipment rental locations to its branch network, and extended H&E's operating presence into Illinois, Indiana and Kentucky, while adding nearly \$140 million in fleet Original Equipment Cost ("OEC"). H&E's branch footprint totals 120 locations across 29 states, leaving significant white space opportunity for further geographic expansion. H&E focuses on greenfield projects to increase density in existing markets, while leveraging M&A in new markets to establish a customer beachhead.

In 2021, H&E divested its crane business, and more recently its Komatsu dealership, completing its transformation to a pure-play equipment rental company.

**Herc Rentals (NYSE:HRI) | Enterprise Value: \$7.2 Billion | LTM Revenue: \$2.5 Billion | #3 2022 RER 100**

Founded in 1965, Herc Rentals is a full-service provider of equipment rental services and sales, currently operating across more than 300 locations in North America. Herc Rentals originally operated within the Hertz car rental organization, but formally separated from Hertz in 2016 to become an independent, publicly traded corporation. In 2021, Herc's CEO, Larry Silber, announced that the company was "*shifting into high gear*" to accelerate growth, with the intent to invest in new locations and expand the fleet to enhance urban density. The company's new core initiatives include expanding its specialty fleet, investing in technology and integrating ESG principles. Herc was particularly aggressive in 2022 with respect to

its M&A strategy, having acquired 16 companies with 24 aggregate locations during the first three quarters of the year, for a combined purchase price of \$440 million. The company is supplementing M&A-driven growth with organic expansion, having opened 17 greenfield locations through Q3 2022.

**National Trench Safety | Private (Tailwind Capital)**

National Trench Safety ("NTS") is a pure-play roll-up platform in the trench safety market, formed by the merger of Tailwind Capital portfolio companies National Trench Safety, Trench Plate Rental Company and Support of Excavation in April 2019. The merger created a scalable platform that serves approximately 8,000 customers via a full suite of trench safety solutions across a network of 73 branch locations in the United States and United Kingdom (2 branches). NTS is the only player in the market that boasts a national branch network, which management is focused on further densifying to penetrate underserved geographies. The company acquired Vellano Shoring and Supply in August 2022.

**Tailwind Capital**, a New York, NY-based private equity firm, employs a thematically focused investment strategy that targets U.S. middle market businesses operating in the infrastructure services, supply chain and IT services sub-sectors.

**Sunbelt Rentals (Subsidiary of Ashtead Group (LSE:AHT)) | Enterprise Value: \$33.7 Billion | LTM Revenue: \$8.9 Billion | #2 2022 RER 100**

Sunbelt Rentals (North American subsidiary of Ashtead Group) operates the second-largest national equipment rental platform, pursuing an organic growth strategy complemented by tuck-in acquisitions (100+ completed since 2015). In addition to its high-volume M&A strategy, Sunbelt employs an aggressive greenfield approach, establishing dozens of new locations every quarter, which has helped triple the company's market share since 2010.

**Demonstrating its focus on market density, Sunbelt acquired aerial equipment-focused Pride Equipment in 2017 for \$279 million in a TM Capital-led process.** Sunbelt seized the opportunity to immediately step into a market-leading position in the lucrative and growing New York City metropolitan area via the Pride acquisition, a family-owned business for nearly 50 years.

Sunbelt is currently executing its "Sunbelt 3.0" growth plan, which authorized \$1.3 billion in spending to pursue strategic tuck-in acquisitions and open new greenfield locations. The growth plan is built upon management's belief in market density, whereby Sunbelt aims to create "clusters" in local markets to drive increased wallet share and profitability with customers, helping to foster an environment where rental is superior to ownership.

**United Rentals (NYSE:URI) | Enterprise Value: \$35.1 Billion | 2022 Revenue: \$11.6 Billion | #1 2022 RER 100**


























United Rentals, the largest equipment company in the world, has successfully integrated approximately 300 acquisitions, totaling more than \$13 billion in aggregate value, over the past 20 years. Notable

larger deals include the buyout of RSC in 2012 for \$4.2 billion; the 2017 acquisitions of NES Rentals for \$965 million and Neff Rental for \$1.3 billion; the 2018 and 2019 acquisitions of WesternOne Rentals, Baker-Corp, BlueLine Rental and Thompson Pump; and in December 2022 the \$2.0 billion acquisition of Ahern Rentals, the eighth largest equipment rental company in North America. This acquisition is consistent with United Rental's goal of expanding the company's fleet by over 60,000 rental assets and to increase capacity in key geographies along both U.S. coasts and the Gulf region.

United Rentals also focuses on acquisitions that will improve its position in underpenetrated markets. **One such example is Norris Sales Company, which TM Capital represented in its 2021 sale to United Rentals.** Norris, a family-owned business for 65 years, held a strong independent position in the greater Philadelphia and Mid-Atlantic regions and generated a majority of its revenue from nondiscretionary infrastructure and utility maintenance/repair work. Norris enabled United Rentals to strengthen its position in the attractive and growing Philadelphia/Mid-Atlantic market.



## NEXT GENERATION EQUIPMENT RENTAL CONSOLIDATORS <sup>(1)</sup>

Acquirer	Selected Acquired Companies											
 Crossplane Capital	       Select Subsidiary Companies (acquisition dates not specified)											
 Kinderhook Industries												
Private	NA	Jan-23	NA	Sep-22	NA	May-22	NA	May-22	NA	May-21	NA	Jul-20
 Private	 Southern Gulf Equipment Rental & Sales											
Private	NA	Jul-22	NA	Oct-18								
 Avance Investment Mgmt.												
NA	Jan-16											
 Eberhart Capital												
NA	Jul-20		NA				Jul-14					
 HOLT Companies												
NA	Dec-22		NA				Jul-22					

### Additional Next Generation Equipment Rental Consolidator (Ownership)



Clairvest Group

(1) Metrics represent transaction value and month-year

## NEXT GENERATION EQUIPMENT RENTAL CONSOLIDATORS <sup>(1)</sup>

### Durante Rentals | Private (Clairvest Group) | 2021 est. Rental Revenue: \$29m | #73 2022 RER 100

Founded in 2009, Durante Rentals is an independent construction equipment rental provider serving small-to-midsized contractors throughout the New York Tri-State area. The company rents, sells and services equipment catering to a wide range of customers in the general construction, facility maintenance, civil construction, homebuilding, structural engineering, entertainment and government sectors. In 2019, Clairvest Group made an investment in Durante Rentals to support the recapitalization of the company and to actively expand its geographic footprint.

**Clairvest Group** is a middle market private equity firm headquartered in Toronto, Canada. The firm manages over CAD \$3.2 billion and has made over 58 platform investments across a variety of industries

since it was founded in 1987. Durante Rentals represents Clairvest's third investment in the Equipment Rental sector, with prior investments including CRS Contractors Rental Supply and Light Tower Rentals.

### Empower Rental Group | Private (Crossplane Capital)

Founded in 2020 by Crossplane Capital and headquartered in Nashville, Tennessee, Empower Rental Group ("ERG") is a family of local construction equipment rental companies throughout the Southeast which maintains a broad offering of high-quality construction rental equipment for customers in commercial and industrial end markets. The platform offers local owners and their employees access to resources and scale while maintaining a local brand, a family-like culture and superior customer service at the branch-level.

(1) 2021 Rental Revenue estimates from the RER's 2022 Top 100 Largest Rental Companies in North America

ERG is actively evaluating acquisition opportunities in the Southeast and Texas. To date, the Company has acquired over 15 independent rental companies with branch locations in Tennessee, Alabama, Georgia, Florida, South Carolina, Mississippi, Kentucky, Indiana, and north Texas. In 2022, ERG's acquisitions included A&S Equipment Rentals (Georgia); White Star Equipment (north Texas); MD Equipment (north Texas); Premier Platforms (Georgia); Vandco Equipment (Kentucky/Indiana); and RES Inc. (Georgia).

*"With substantial momentum heading into 2023, ERG will continue to invest in its existing branches and employees to meet the needs of its local customer base and we remain eager to find like-minded companies and owners to grow the platform through additional acquisitions,"* says Greg Balliro, Partner of Crossplane Capital.

**Crossplane Capital** is a private equity firm based in Dallas, Texas investing control equity in industrial business services, niche manufacturing and value-added distribution businesses. The firm has significant experience investing in both the Equipment Rental and Dealer sectors.

### Rental Equipment Investment Corporation ("REIC") | Kinderhook Industries | 2021 est. Rental Revenue: \$78m | #43 2022 RER 100

Founded in 2014 and headquartered in Kalispell, Montana, REIC is a premier, super-regional, rental equipment services platform that has developed a reputation as a leading consolidator in the industry. REIC's general rental fleet includes aerial, earthmoving, power, compressors and other small equipment pieces, while the specialty fleet focuses on HVAC equipment. The company services its customers from 46 strategic locations, comprised of 27 general rental and 19 strategic rental branches, covering the Pacific Northwest, upper Midwest and Northeast. Supported sequentially by institutional investors NewSpring Capital and Cyprium Partners, REIC completed 12 acquisitions between December 2014 and December 2021. The platform was acquired by Kinderhook Industries

in January 2022 via a partnership with management to orchestrate the next phase of growth. Under Kinderhook's ownership, REIC has made four strategic acquisitions in twelve months, which include Total Construction Rentals, Cahill Services, Blackout Energy Services and Industrial Drying Solutions. These acquisitions demonstrate a shift from a Pacific Northwest M&A strategy toward a more geographically expansive approach focused on specialty rental. Kevin Fitzgerald, CEO of REIC, said *"Partnering with Kinderhook will allow us to accelerate our organic growth plan and further penetrate underserved markets. In addition, I'm very excited to pursue strategic add-on acquisitions and continue opening new specialty greenfield sites which will help grow our business and increase market share."* In 2022, REIC achieved significant topline growth in the first year of Kinderhook's ownership and, in 2023, plans to add several general rental greenfield locations, while continuing to make strategic acquisitions that enhance the company's general rental and specialty rental divisions.

**Kinderhook Industries**, founded in 2003, is a private investment firm that manages over \$5.4 billion of committed capital. The firm has made over 350 investments and follow-up acquisitions since inception, focusing on middle market businesses with defensible niche market positions in the healthcare services, environmental / business services and automotive / light manufacturing sectors.

### Skyworks | Private | 2021 est. Rental Revenue: \$119m | #29 2022 RER 100

Skyworks is a major player in the heavy equipment rental, sale and service market, operating via a 25-branch footprint throughout the Northeast, along the east coast and in Texas. Skyworks, historically known as a Northeastern-based aerial lift specialist, has expanded its offering and geographic coverage via strategic acquisitions in recent years.

In 2018, Skyworks acquired Southern Gulf Equipment, establishing the company's first Florida location via a general rental acquisition, **"this is our first full blown general rental store. We are hoping to learn from this and someday all our stores will be the same,"** said Owner and CEO of Skyworks, Jerry Reinhart. In 2022, Skyworks extended the company's footprint into Texas through the acquisition of Razor Rents. The acquisition of Razor Rents is likely to continue Skyworks ascent of the RER 100 – the company ranked #38 in the RER 100 prior to its 2018 acquisition of Southern Gulf Equipment, and #29 prior to its 2022 acquisition of Razor Rents.

### Synergy Infrastructure Holdings | Private (Avance Investment Management)

Founded in 2012, Synergy Infrastructure Holdings is a leading provider of equipment rentals and services, headquartered in Tampa, Florida. Originally a hybrid rental-dealer known as "Synergy Equipment, the company grew its rental business from 3 to 20 locations across Florida, Georgia and Alabama primarily through organic expansion, supplemented by the acquisition of Florida Contractor Rentals in 2016. The rental business ("Synergy Infrastructure Holdings") offers general equipment and specialty pump rentals with a focus on construction and infrastructure related equipment including earthmoving, aerial, compact, material handling, compaction, pumps and other tools and machinery.

**TM Capital advised Avance Investment Management on its investment in Synergy Infrastructure Holdings in late 2021.** Avance's goal is to expand the company's locations, products and service capabilities, while driving growth organically and through strategic acquisitions in new and existing markets. **"As the ongoing migration to Florida and the Southeastern U.S. continues to accelerate, the demand for infrastructure and new construction projects has increased across the region. As a market leader, Synergy is poised to play a critical role in providing solutions and services to address these growing needs,"** said Luis Zaldivar, co-founder of Avance. Since its investment, Synergy has continued to focus on

organic growth expansion and is pursuing acquisitions focused on specialty rental and around its existing Southeast footprint.

**Avance Investment Management** is a private equity firm focused on transformational growth opportunities in the services, technology and consumer sectors across the U.S. With over \$1 billion in assets under management, the firm seeks to invest primarily in middle market businesses that operate in fragmented sectors and have attractive "buy-and-build" M&A opportunities.

### The Equipment Source | Private (Eberhart Capital)

Headquartered in Naples, Florida and founded in 1999, The Equipment Source provides equipment rentals, sales and services to southwest Florida's consumer, construction and industrial markets. The company, which is the exclusive provider for Manitou and Mustang equipment in Collier and Lee counties, was acquired by Eberhart Capital in May 2020 as an initial platform investment in the equipment rental sector. Shortly after, Eberhart consolidated Contractor Sales & Service ("CSS"), an aerial equipment rental company based in Des Moines, Iowa, into the platform. CSS, which was acquired by Eberhart in July 2014, has two branches in Iowa and Nebraska and specializes in the sale and rental of forklifts, boom lifts and scissor lifts. In July 2020, Eberhart acquired Englewood, Florida-based Barrett's Equipment, which specializes in providing tractors, earth-moving equipment, trenchers, ariel lifts and other equipment on a rental or rent-to-own basis. Eberhart later combined Barrett's Equipment with The Equipment Source.

**Eberhart Capital**, founded in 2009 and based in Scottsdale, Arizona, is a private equity firm that seeks to invest across the oil & gas, manufacturing, logistics, development and construction sectors. In particular, the firm has developed a strategy of acquiring smaller Rental businesses and providing them with the benefit of scale, capital and analytics under Eberhart's "rental umbrella".

### Texas First Rentals / Rental One | Private (HOLT) | 2021 est. Rental Revenue: \$140m | #23 2022 RER 100 <sup>(1)</sup>

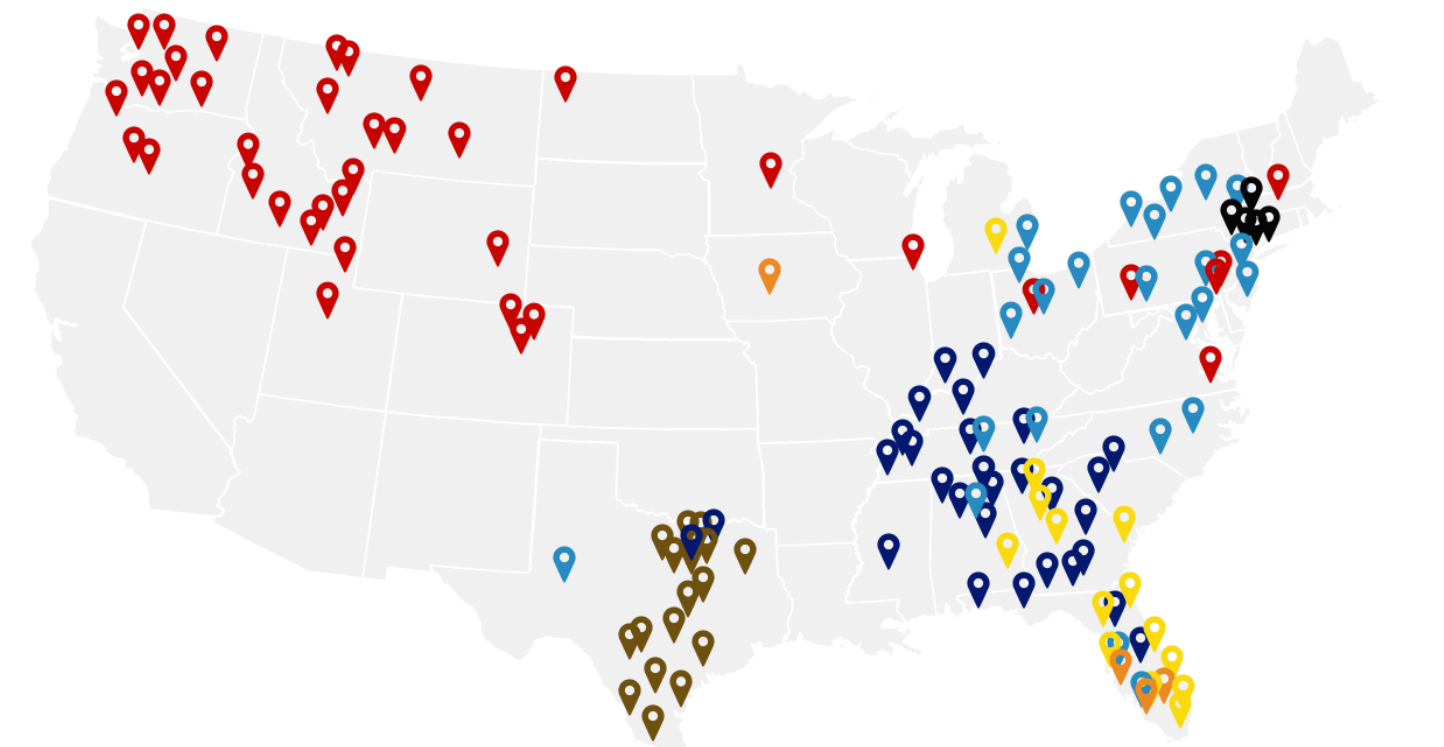
HOLT (d/b/a HOLT CAT) is the authorized Caterpillar heavy equipment and engine dealer for 118 counties in south, central, north and east Texas. Established in 1933, HOLT sells, services and rents Caterpillar equipment, engines, generators and trucks for construction, mining, industrial, petroleum and agricultural applications. HOLT sells Caterpillar used equipment worldwide and fabricates its own line of custom engineered products including land management products and water tankers.

Founded in 2015, Texas First Rentals is a division of HOLT and operates as the largest independent equipment rental provider in Texas with more than 40 locations throughout the state. HOLT, via Texas First Rentals, is pursuing growth both organically

and through acquisition, **most recently via the purchase of Rental One, which TM Capital represented in its December 2022 sale.** Rental One, a multi-generational family-owned business, was the largest independent, non-dealer equipment rental services provider in Texas, serving customers via 15 branches across the Dallas-Fort Worth, Austin and San Antonio metro areas – Rental One ranked #47 in the 2022 RER Top 100. **The combination of Texas First Rentals and Rental One brings together Texas' top two independent construction equipment rental providers, establishing a 40-location entity that immediately achieves RER Top 15 scale nationally.** Prior to the Rental One acquisition, Texas First Rentals had acquired two companies - Class A Equipment Rentals in July 2022, a general construction equipment rental company, and a small trench safety business.

<sup>(1)</sup> Revenue metric and 2022 RER ranking representative of Texas First Rentals prior to the acquisition of Rental One in December 2022

### NEXT GENERATION EQUIPMENT RENTAL CONSOLIDATORS - BRANCH MAP



## TECHNOLOGY-ENABLED RENTAL COMPANIES <sup>(1)</sup>

**BigRentz | Private (Investment by Itochu) | 2021 est. Rental Revenue: \$63m | #50 2022 RER 100**

BigRentz is an online construction equipment rental marketplace. The company's 4,000+ rental partners and 10,000+ partner locations represent the largest equipment rental network in the nation, simplifying the procurement and logistics challenges associated with renting construction equipment. In 2020, ITOCHU Corporation led a private investment round in BigRentz that will enable the company to broaden its rental category expansion and maintain business continuity.

Based in Japan, **ITOCHU** is a Fortune Global company that engages in domestic trading, import / export and overseas trading of various products such as textiles, machinery, metals, minerals, energy, chemicals, food and general products. ITOCHU is positioned to step up its investment with BigRentz to support BigRentz's organic growth and acquisition plans.

**EquipmentShare | Private (BDT Capital / RedBird Capital Partners)**

Headquartered in Columbia, Missouri and founded in 2014, EquipmentShare is a nationwide construction solutions provider dedicated to solving industry pain points through smart jobsite technology and equipment rental, retail and service centers.

In July 2021, EquipmentShare received \$230 million in funding from a group of investors including BDT Capital Partners and RedBird Capital Partners to expand the company's technology and U.S. footprint. In October 2022, EquipmentShare increased its borrowing capacity with Capital One to \$2.1 billion.

(1) 2021 Rental Revenue estimates from the RER's 2022 Top 100 Largest Rental Companies in North America

**BDT Capital Partners** is an affiliate of BDT & Company, a merchant bank founded by Byron Trott that provides advice and long-term capital through its affiliated funds. RedBird Capital Partners is a private investment firm focused on building high-growth companies with flexible, long-term capital in partnership with its entrepreneur and family office network.

## INTERNATIONAL EQUIPMENT RENTAL COMPANIES

**Sunstate Equipment | Subsidiary of Sumitomo Corporation (OTCMKTS:SSUMY) | 2021 est. Rental Revenue: \$640m | #9 2022 RER 100**

Sunstate Equipment is a national provider of construction equipment rentals and tools, founded in 1977 and based in Phoenix, Arizona. The company operates locations throughout Arizona, California, Colorado, Florida, Georgia, North Carolina, New Mexico, Nevada, Oklahoma, Oregon, South Carolina, Tennessee, Texas, Utah and Washington. In 2017, **Sumitomo**, which has previously been a majority owner, completed its acquisition of the remaining 20% interest in Sunstate. Backed by its parent, Sunstate completed its first acquisition in 2021 of Cascade Trench Safety. The company has primarily focused on organic expansion across the southern U.S. and today is #9 on the RER 100.

## ADDITIONAL EQUIPMENT RENTAL FINANCIAL INVESTORS

While sponsors have historically been active in the Rental sector, activity has increased in the last 24 to 36 months (hence, **"Merging into the Mainstream"**). The following reflects a sampling of that activity (with additional descriptions in Appendix A):

## EQUIPMENT RENTAL FINANCIAL INVESTOR HOLDINGS

Sep-22 Capital Pump & Equipment   Harkness Current Investment	Aug-22 ATLAS   ARES Current Investment	Aug-22 Montgomery DME   INCLINE Current Investment	Jun-22 OPIFEX   GENESIS PARK Current Investment
Jun-22 RASMUSSEN   CenterGate Current Investment	Apr-22 FWS   FREE ONE PARTNERS Current Investment	Apr-22 GFS   Five Points Current Investment	Jan-22 synergy   AVANCE Current Investment
Jan-22 REIC   Kinderhook Current Investment	Nov-21 THE WAREHOUSE   KLH Current Investment	Nov-21 OMEGA MORGAN   SOUND CORE Current Investment	Oct-21 BIG TRUCK RENTAL   ASTATINE Current Investment
Sep-21 LOU-TEC   Sagard Current Investment	Sep-21 S   Group Luc Tack Current Investment	Aug-21 BUCKNER   MARKEL Current Investment	Jun-21 AMERICAN   WIND POINT Current Investment
May-21 AMECO   One Equity Current Investment	Apr-21 NTS   TAILWIND Current Investment	Dec-20 AWP   Borgman Current Investment	Dec-20 CUSTOM TRUCK   Platinum Equity Current Investment

 TM Capital Transaction



EQUIPMENT RENTAL FINANCIAL INVESTOR HOLDINGS (CONT.)

Dec-20  Current Investment	Dec-20   Current Investment	Jul-20   Current Investment	May-20   Current Investment
Mar-20  Current Investment	Jan-20   Current Investment	Jun-19   Current Investment	Mar-19   Current Investment
Feb-19  Current Investment	Jan-19   Current Investment	Feb-17   Current Investment	Aug-16   Current Investment
Jul-16  Current Investment	Nov-15  Current Investment	Jun-15   Current Investment	May-15  Current Investment
Jun-13  Current Investment	Jun-13  Current Investment		

TM Capital Transaction

EQUIPMENT RENTAL FINANCIAL INVESTOR EXITS

Dec-22  Exited Investment	Nov-22   Exited Investment	Oct-22  Exited Investment	Aug-22  Exited Investment
Oct-20  Exited Investment	Jan-20   Exited Investment	Apr-19  Exited Investment	Oct-18  Exited Investment
Oct-17  Exited Investment	Aug-17   Exited Investment	Aug-16   Exited Investment	Aug-16  Exited Investment
May-15  Exited Investment	May-15   Exited Investment	Nov-13   Exited Investment	

TM Capital Transaction



## VI. EQUIPMENT DEALER SECTOR OVERVIEW

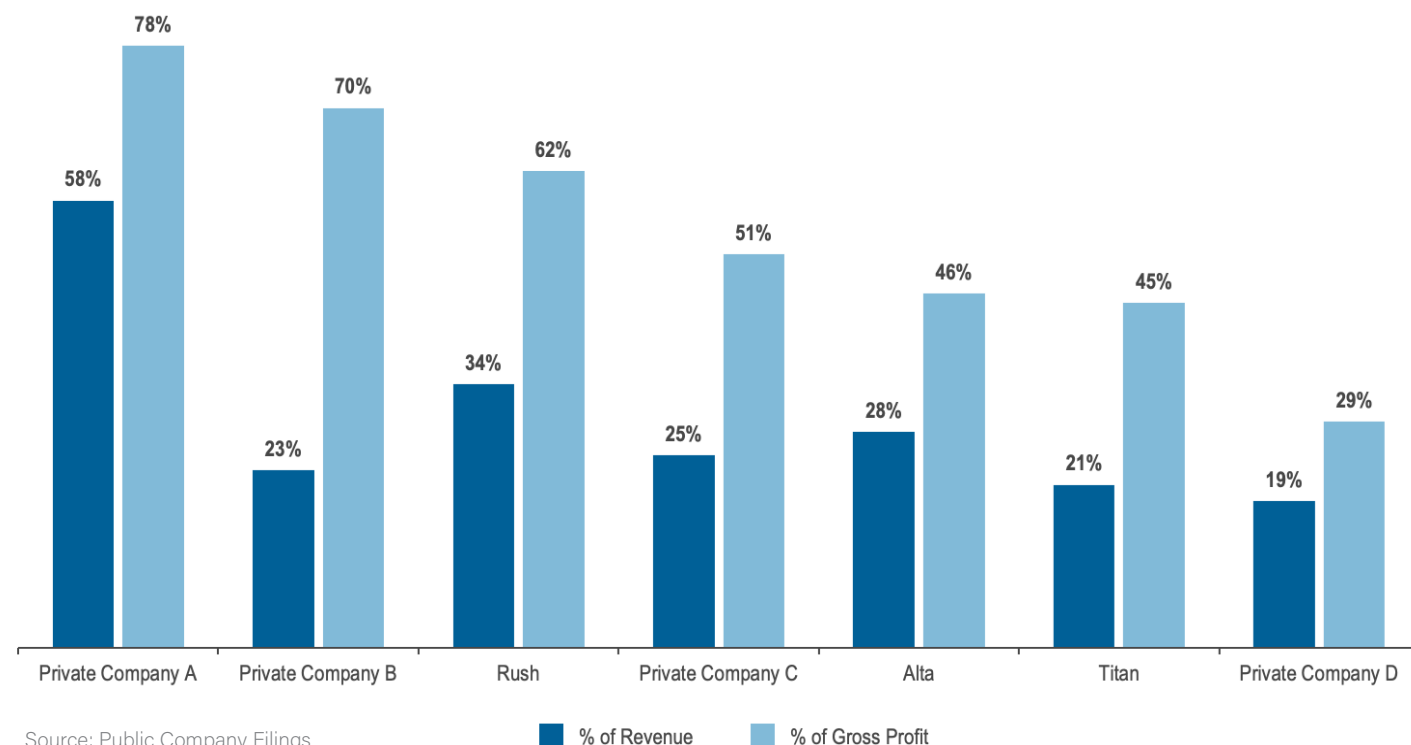
The Equipment Dealer sector, much like the Equipment Rental sector, has evolved meaningfully over the last decade. The Great Recession and the increasing **rental penetration rate** forced certain dealers to reevaluate their traditional operating models. Over this time period, the line between the Equipment Rental and Dealer sectors has blurred, with Dealers increasingly offering long-term rental options as a “solution” to address evolving customer needs. Concurrently, many Dealers have broadened their product offerings and OEM relationships, which, combined with more sophisticated parts and service requirements, enabled

Dealers to increasingly become one-stop solutions for customers, while minimizing their downside risk.

### FAVORABLE RECURRING REVENUE

Today, Dealers serve as more than just an “extended warehouse” for OEMs, with key drivers of success including differentiated value-added services (i.e., maintenance, repairs, parts, consumables), tailored equipment lines and niche industry specialization. Aftermarket parts and services are of great importance, as they provide recurring, high margin cash flow to insulate against downturns. For many of the top

### LTM PERCENTAGE OF REVENUE & GROSS PROFIT FROM PARTS & SERVICES



Dealers, the majority of their gross profit is ultimately generated by revenue associated with parts and services, as opposed to lower margin new equipment sales. For example, in the case of Alta Equipment, over the 2019 – 2021 period, 44% of the company’s revenue, on average, was generated by recurring parts, services and rentals. This same product and service offering generated a substantially larger 70% of gross profit.

### ADDING EQUIPMENT RENTAL

Dealers are increasingly expanding their rental offering to better address customer needs, which supports long-term relationships with customers who often rely upon the dealer for parts & service support for their owned equipment, generating high-margin, attractive recurring / re-occurring revenue for the dealer. **TM Capital witnessed this in its representation of Grand Equipment, a leading multi-line equipment dealer serving western Michigan, in its sale to Cognitive Capital.** Grand had built an attractive, complementary rental business to address customer needs. A key element of the game plan going forward, in addition to M&A activity, is to expand this rental offering.

### SELL THE CONSUMABLES

Consistent with the need to deliver differentiated value-added services and build a recurring revenue mix, the Equipment Dealer sector has increasingly turned to niche consumables to complement longer-term rental and new equipment sales. The combination results in a virtuous cycle – as the installed base grows, demand for related consumables follows, ultimately resulting in stronger customer loyalty and superior margins. Furthermore, consumables often serve as an entry point for new customers and drive incremental revenue. **TM Capital witnessed this in its representation of Norris Sales Company, a leading provider of equipment rental and sales to customers in the greater Philadelphia and Mid-Atlantic regions, in its sale to United Rentals in 2021.** While Norris’ roots were in equipment rental, the company evolved into a hybrid rental / dealer model as customers expressed desire for the ability to purchase new and used equipment – primarily lower ticket equipment, consumables and supplies,
























the purchases of which are highly recurring in nature. **TM Capital saw a similar dynamic with our client Fairbank Equipment, a leading distributor of aftermarket agriculture parts and supplies, as well as a dealer for a variety of specialized equipment and attachments, in its sale from Great Range Capital to Pfungsten Partners in 2021.** Both financial and strategic buyers found this recurring consumable revenue stream to be compelling, and we anticipate that more Dealers across varied product sectors will pursue similar strategies where possible.

### EQUIPMENT DEALER M&A TRENDS

The principal drivers of M&A activity within the Equipment Dealer sector are increasing consolidation, shifting financial profiles due to “embedded” rental fleets and ownership succession plans. Since territorial exclusivity governs the operating footprint of many Dealers, the universe of potential buyers is, by its nature, more limited relative to the Equipment Rental sector (as conflicting OEM relationships can limit opportunities). However, large dealership platforms continue to expand via acquisition, and the financial investor universe has continued to exhibit increasing interest in the category. Publicly traded dealers such as Alta Equipment and Titan Machinery, as well as Canadian firms Finning International, Toromont Industries and Wajax have been active consolidators. As with the Rental sector, the **Next Generation** are driving significant M&A activity as well.

A significant proportion of Dealers are multi-generational family-owned businesses with limited capital availability. Due to the increasingly complex demands from customers, many Dealers require greater resources to exploit these opportunities, which buyers employing long-term investment horizons are best positioned to capitalize on. Further, OEMs, who maintain meaningful control through dealer agreements, typically prefer the stability of long-term ownership. Accordingly, **family offices** have historically been more active participants in the Dealer sector, as they provide a long-term investment perspective and maintain a “family dynamic” that closely resembles the traditional family-owned Dealer culture. That said, private equity firms are successful in the Equipment Dealer sector, as well, as highlighted below.

## NORTH AMERICAN EQUIPMENT DEALER CONSOLIDATORS <sup>(1)</sup>

Acquirer	Selected Acquired Companies																	
 NYSE:ALTG							\$67m	Nov-22	\$36m	Jul-22	\$30m	Dec-21	\$19m	Dec-21	\$16m	Oct-21	\$29m	Dec-20
 Nasdaq:TITN				Horizon West			\$110m	Aug-22	NA	Apr-22	\$28m	Dec-21	NA	May-20	NA	Oct-19		
 Brandt Tractor	John Deere Dealership of J.B. Scott	Deermart Equipment Sales					NA	Sep-20	NA	Dec-18								
 TSX:FTT		Energyst (U.K. & Ireland Operations)					NA	Mar-22	NA	Jan-21	\$260m	Feb-19						
 TSX:TIH							\$1.0b	Oct-17										
 TSX:WJX							NA	Jan-22	\$99m	Jan-21	\$18m	Jan-20	\$52m	Oct-18				

(1) Metrics represent transaction value and month-year

## NORTH AMERICAN EQUIPMENT DEALER CONSOLIDATORS <sup>(1) (2)</sup>

### Alta Equipment Group (NYSE:ALTG) | Enterprise Value: \$1.2 Billion | LTM Revenue: \$1.5 Billion

Alta Equipment is an equipment 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, Alta has demonstrated its ability to be a leading M&A partner for independent, family-owned dealers. Since going public, Alta has acquired 12 dealers and grown revenue by a CAGR of ~40%. Today, Alta operates 62 full-service branches across Michigan, Northern Indiana, Virginia, Florida, New England, New York and Ohio.

Alta's key material handling and construction OEMs include Gehl, Genie, Hyster, JCB, JLG, Link-Belt, Takeuchi, Volvo and Yale.

(1) All Enterprise Value metrics as of 12/31/2022

(2) LTM revenue metrics through most recently reported fiscal quarter as of 1/31/2023

### Titan Machinery (NASDAQ:TITN) | Enterprise Value: \$1.3 Billion | LTM Revenue: \$1.7 Billion

Titan Machinery is an agriculture and construction equipment dealer with a mix of mature and newly acquired locations across North America and parts of Europe. Titan has targeted high performing agriculture equipment dealers in the upper Midwest U.S., having acquired Uglen-Ness, a North Dakota Case IH dealer (2019), HorizonWest, a three-location Case IH dealer in Nebraska and Wyoming (2020) and Jaycox Implement, a three-location Case IH dealer in Minnesota and Iowa (2021). Notably, the company recently acquired Heartland Agriculture, 2022. This acquisition provides Titan with access to the previously unserved commercial application customer segment, as well as the full Case IH line of application equipment products. Titan's key agricultural machinery OEMs include CASE and New Holland.

### Cervus Equipment | Private (Brandt Tractor)

Cervus Equipment, a leading equipment solutions provider to customers in the agriculture, transportation and industrial end markets across Canada, Australia and New Zealand was acquired in a take-private transaction by Brandt Tractor in October 2021 – the transaction valued Cervus Equipment at approximately \$302 million on an equity value basis, or roughly 7x the company's 2020 EBITDA. The acquisition by Brandt Tractor creates Canada's largest-ever equipment dealer network, adding 64 agriculture, transportation and material handling equipment locations to Brandt's existing John Deere Construction & Forestry dealerships across Canada. The pro forma organization brings Brandt's operating location count to 120 full-service equipment dealerships, with an additional 50+ service points and over 5,100 employees.

While the combined entity is yet to complete an add-on acquisition, the basis for the transaction was Brandt's ability to better support Cervus' next phase of growth. *"As a private company with a committed, well-capitalized and long-term owner, Cervus will be better positioned for the next stage of evolutionary growth for our dealerships" said Angela Lekatsas, President and Chief Executive Officer of Cervus.*

### Finning International (TSX:FTT) | Enterprise Value: \$5.4 Billion | LTM Revenue: \$6.2 Billion

Headquartered in Vancouver, BC and operating throughout western Canada, Chile, Argentina, Bolivia, the United Kingdom and Ireland, Finning International is the world's largest Caterpillar equipment dealer of machines, engines, equipment and power solutions, with a brand legacy of over 85 years. Finning's current M&A strategy is built upon the expansion of the company's rental and service capabilities. Most recently, Finning acquired Hydraquip in March 2022, the United Kingdom's largest independent provider of mobile hydraulic services, *"the acquisition of Hydraquip demonstrates our commitment to build on and extend our reach to provide exceptional product support and after-market services for our customers," said Tim Ferwerda, Managing Director of Finning U.K. & Ireland.*

### Toromont Industries (TSX:TIH) | Enterprise Value: \$5.9 Billion | LTM Revenue: \$2.9 Billion

Toromont Industries operates two business segments: Equipment Group and CIMCO. The larger segment by revenue, Equipment Group, includes a network of over 150 Caterpillar dealerships and broader equipment rental locations located in Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Newfoundland & Labrador, P.E.I. and Nunavut, as well as the United States. Given its current scale, Toromont has moved away from M&A to focus on organic growth and profitability, having made its last acquisition in 2017 when it acquired 45 Caterpillar dealerships from the Hewitt Group of Companies.

Key equipment OEM's include Caterpillar, Bosch and Skyjack.

### Wajax (TSX:WJX) | Enterprise Value: \$0.5 Billion | LTM Revenue: \$1.3 Billion

Founded in 1858, Wajax is one of Canada's longest standing and most diversified industrial products and services providers, operating a branch network of over 100 locations across Canada that provides sales, parts and services to a broad range of customers and end markets. Wajax has been acquisitive in the past five years, largely focused on expanding its service capabilities. The company recently acquired Process Flow Systems, a specialist provider and engineered integrator of industrial process pumps, valves and monitoring & control systems, in January 2022. Additional service-focused acquisitions include Tundra Process Solutions (January 2021), NorthPoint Technical Services (January 2020) and Delom Services (October 2018).

Acquirer	Selected Acquired Companies			
Dobbs Mgmt. Service	NA	Oct-22		
		Trico Equipment Services		Vernon E. Stup Company
Prophet Equity	NA	Aug-17	NA	Jun-15
Prophet Equity	NA	Nov-21		
	Bobcat Southwest (Bobcat Dealerships)	Acme Operations (Bobcat Dealerships)	Gateway Network (Bobcat Dealerships)	
Brightstar Capital	NA	Dec-20	NA	Dec-19
Warren Equity Partners	NA	Jul-21	NA	Apr-21
Wynnchurch Capital	NA	Jan-21	NA	Jan-21
Westcap Management	NA	Aug-18	NA	Jul-18
		Mustang Equipment		
Fernandez Holdings	NA	Jul-22	NA	Jun-22

**Additional Next Generation Equipment Dealer Consolidators (Ownership)**

Cognitive Capital	CenterGate Capital	Cascadia Private Capital

**NEXT GENERATION EQUIPMENT DEALER CONSOLIDATORS**

**Dobbs Equipment | Private (Dobbs Management Service)**

Dobbs Equipment Group is the parent company of Dobbs Equipment, LLC and Dobbs Equipment Southeast, LLC, a John Deere construction and forestry dealership group operating in southern Alabama, Florida, Georgia and South Carolina. The Dobbs Family acquired its initial seven dealerships in central and south Florida from Nortrax, a subsidiary of Deere & Co. in November 2017, and expanded with the acquisition of 18 John Deere Construction & Forestry dealerships from Flint Equipment in Georgia, South Carolina and southern Alabama in October 2022. Headquartered in Tampa, Florida, the Dobbs Equipment Group sells and supports John Deere's extensive line of construction and forestry equipment and compact construction equipment. Dobbs Equipment also represents ancillary product lines for construction, forestry and road building support including Cementech, Leeboy, Topcon and Wirtgen.

**Dobbs Management Service** is the investment arm organized exclusively for the John Hull Dobbs family ("Dobbs"). The Dobbs family has made 30 individual or add-on investments across ten platform companies since 2005. The firm also owns **Dobbs Truck Group** (see Appendix B).

**Grand Equipment | Private (Cognitive Capital Partners)**

Grand Equipment is a multi-line equipment dealer providing a one-stop solution for construction equipment sales and rentals, parts and service across the western Michigan market. Grand Equipment maintains strong relationships with leading OEMs including Bell, Hitachi, John Deere, Kawasaki, Kobelco, Skytrak, Takeuchi and Volvo. **In 2022, TM Capital advised Grand Equipment in its sale to Cognitive Capital Partners.** Under Cognitive's ownership, Grand Equipment plans to pursue multiple add-on acquisitions and expand into adjacent states, as well as extend its rental fleet operations.

**Cognitive Capital Partners** is a Chicago-based private equity investment firm with a flexible investment horizon, allowing the firm to invest for two years or

twenty years, depending on the needs and opportunities of its portfolio companies. The firm focuses on investing in leading companies in the technical / business services, manufacturing and industrial products / services sectors.

**Groff Tractor & Equipment ("GTE") | Private (Prophet Equity)**

Founded in 1958 and based in central Pennsylvania, GTE is a leading full-line construction equipment dealer offering equipment from OEMs such as Case Construction, Wirtgen, Roadtec, Toro and Liebherr. Groff is **an example of a succession driven transaction**, as the current CEO brought in Prophet Equity to recapitalize the business and cash-out the prior majority-owning family member. Since partnering with Prophet Equity in 2016, the growth-oriented leadership team has continued to grow the business, expanding the GTE footprint to fifteen locations across the Mid-Atlantic. In total, the Groff Tractor platform has acquired three businesses – Vernon E. Stup Company (April 2013), Trico Equipment Services (June 2015) and Folcomber Equipment (August 2017). This Mid-Atlantic division continues to deliver strong growth, and, with a solid balance sheet, is well positioned for continued acquisitions within its target region.

Based in Southlake, Texas, **Prophet Equity** is a private equity firm that makes control investments in asset-intensive, lower middle market companies with strategically strong businesses and significant value creation potential. The firm also owns **Hills Machinery Company (see below)** and previously owned Allegiance Crane & Equipment.

**Hills Machinery Company | Private (Prophet Equity)**

Founded in 2007 and based in South Carolina, Hills Machinery Company provides equipment rental, sales, parts and service to customers via locations in North Carolina, South Carolina and Virginia. Hills is one of the largest Case Construction dealerships in the U.S., with a focus on heavy equipment offered by Case Construction, Terex Trucks, a full line of recycling products and other leading construction equipment manufacturers.

Since partnering with Prophet Equity in late 2019, Hills' growth-oriented leadership team has opened two greenfield locations in North Carolina, along with one in Virginia, and added a wide variety of new product offerings (Roadtec, Case IH, Hitachi, Sakai and others). Further, in late 2021, Hills extended its product line and geography with the acquisition of RJV Equipment, which operates the Ditch Witch of Tennessee and RJV Kubota dealerships in Nashville and Knoxville.

#### **InfraServ US | Private (Brightstar Capital Partners)**

InfraServ US is an industrial equipment dealership and services platform formed in 2019 to acquire Gateway Dealer Network, a leading provider of new, used, and rental industrial equipment, and parts & services. The Company operates primarily as a provider of Bobcat-branded equipment across a footprint of 27 locations throughout 10 states in the Midwest, Southeast and Western U.S. InfraServ expanded to the Southeast in December 2019 through its acquisition of Acme Operations, a full-service Bobcat dealer with 6 locations across North Carolina, South Carolina, and Georgia, and later entered the West Coast market via the December 2020 acquisition of Bobcat Southwest, another full-service Bobcat dealer with 6 locations in Southern California and Nevada.

InfraServ's key industrial equipment OEMs include Bobcat, Doosan, and Bandit.

**Brightstar Capital Partners** is a New York-based private equity firm with over \$4 billion of assets under management focused on making control investments in middle market family-owned businesses in the United States.

#### **MacQueen Equipment | Private (Warren Equity Partners)**

MacQueen Equipment, headquartered in St. Paul, Minnesota, is a value-added distributor of critical environmental, infrastructure and emergency equipment, as well as aftermarket parts, service, safety products and accessories, serving municipalities, fire departments and commercial customers. Under the

ownership of **Rotunda Capital** from late 2018 to early 2022, the company completed seven acquisitions and numerous operational improvements to triple in size and become a super-regional distributor with 15 locations in 12 states. Warren Equity acquired the business from Rotunda Capital Partners in January 2022, investing in a platform-quality asset with corporate infrastructure and systems and a strong management team.

**Warren Equity Partners** is a Jacksonville, Florida-based private equity firm focused on investing in North American middle market businesses whereby additional capital and operating resources can accelerate growth through a variety of initiatives, including buy-and-build M&A.

#### **Naumann / Hobbs | Private (CenterGate Capital)**

Established in 1949 and based in Phoenix, Arizona, Naumann / Hobbs is a material handling equipment and service platform serving customers through a network of locations across the Southwestern U.S. Naumann / Hobbs maintains a robust product portfolio of class I-V forklifts and related equipment from leading OEMs. The company also performs routine on-site service and scheduled maintenance work serving entrenched customer partnerships across its territories. The company is actively growing its service offerings to include mobile fleet service, dock & door service and related business lines, and recently completed a strategic acquisition to expand its geographic footprint from Arizona, California and Nevada to now also include Utah and Texas.

**In 2019, TM Capital advised Naumann / Hobbs, a portfolio company of HCI Equity Partners, in its recapitalization by CenterGate Capital.**

**CenterGate Capital** is an Austin, Texas-based private equity firm focused on partnering with lower middle market companies with the potential to achieve transformational growth through operational and strategic development. CenterGate has a history of investment in industrial equipment and services, including the Rental and Dealer sectors.

#### **Oregon Equipment Sales | Private (Regional Family Office Consortium)**

Formed in 2021, Oregon Equipment Sales ("OES") was created by a group of local investors along with Cascadia Private Capital to purchase the assets of OVS Equipment Solutions. OES is a Northwest leader in agricultural equipment sales and service, offering equipment from Kubota, Land Pride, Stihl, Exmark, Weiss McNair, Gearmore, and Collard. The company operates via two existing locations south of Portland with a desire to create a larger dedicated dealership platform.

**Cascadia Private Capital** ("CPC") is the merchant banking arm of Cascadia Capital, a middle market investment bank. CPC sponsors patient, direct investments in Pacific Northwest companies looking for alternatives to institutional capital by bringing together family offices and other like-minded pools of capital.

#### **Owen Equipment | Private (Wynnchurch Capital)**

Based in Vancouver, Washington, Owen Equipment is a leading specialty equipment platform providing critical infrastructure solutions to municipal, utility and commercial customers throughout the U.S. Owen Equipment distributes new and used equipment, provides related parts and maintenance services and maintains a large fleet of rental equipment related to sewer maintenance, hydro/vacuum excavation, street cleaning, specialty drilling and vegetation management applications. The company operates through three business segments: Owen Equipment, Cal-Line Equipment and Blaze Equipment.

Previously a portfolio company of **Prospect Partners** and then **CenterGate Capital**, Owen Equipment benefited from experience and capital that enabled the business to expand its rental fleet, lead the municipal market and develop new customer relationships. **Wynnchurch Capital** acquired Owen Equipment in November 2021 and intends to work with management to further penetrate core markets, expand into new geographies and add adjacent product lines.

**Wynnchurch Capital** is a Chicago, Illinois-based private equity firm focused on partnering with

middle market companies in the U.S. and Canada that possess the potential for substantial growth and profitability improvement.

#### **Rocky Mountain Dealerships | Private (Westcap Management)**

Rocky Mountain Dealerships, doing business as Rocky Mountain Equipment ("RME"), is a consolidator of agriculture and construction equipment dealerships with 45 branch locations across Alberta, Saskatchewan and Manitoba – RME is Canada's largest independent agriculture equipment dealer and the largest dealer of CNH ag equipment in the Canadian Prairies. At the end of 2020, RME's chairman and CEO, in partnership with Westcap Management, struck a deal with shareholders to take the company private at a \$135 million valuation.

The company has historically been acquisitive, completing 10 acquisitions from 2010 to 2020, and in November 2022, completed the acquisition of Robertson Implements – its first acquisition since the take-private deal. Robertson adds 10 New Holland dealer locations to RME's branch network in Western Canada.

Founded in 1991, **Westcap Management** is a private equity and venture capital firm based in Saskatoon, Canada with over \$500 million in assets under management. The firm seeks to invest in companies operating in the agriculture, healthcare, hospitality, infrastructure, innovation and resources sectors.

#### **United Ag & Turf | Private (Fernandez Holdings)**

United Ag & Turf is a full-line John Deere equipment dealership operating via 57 locations throughout Texas, Oklahoma, Arkansas, New York, Vermont, New Hampshire, Maine, Massachusetts and Connecticut. The company is owned and managed by Fernandez Holdings, the California-based family office of Kirk Fernandez. Through the United Ag & Turf platform, **Fernandez Holdings** is a significant family office consolidator of John Deere equipment dealerships. **Cyprium Capital** previously provided capital to support the acquisition of certain contiguous dealerships.



(1) Rocky Mountain Equipment ("RME"), a Canadian Next Generation Consolidator, has 45 branches across the Canadian provinces of Alberta, Saskatchewan and Manitoba

## INTERNATIONAL EQUIPMENT DEALERS

The Equipment Dealer sector has seen the emergence of foreign investors entering the North American market:

### Ascendum / Strongco Corporation | Private (Nors Group)

Nors Group is a Portugal-based provider of transport solutions and construction equipment, leveraging a long-standing partnership with Volvo Group to sell their construction equipment throughout the world. Nors operates dealerships under the Nors Group, as well as through joint ownership of the Ascendum Group, which is one of the largest distributors of Volvo Construction Equipment in the world.

Ascendum is a multi-national corporation with a presence in 14 countries. In the U.S., Ascendum operates through Ascendum Machinery, a company incorporated in 2004 after the Group acquired Saba Holding, which currently controls the distribution of Volvo Construction Equipment throughout North Carolina, South Carolina, Georgia, Tennessee and North Dakota. With activity related to the sale, rental and service of Volvo Construction Equipment, Ascendum Machinery has been recognized as the largest Volvo dealer in North America since 2005. In addition to Volvo, Ascendum Machinery offers equipment from Doosan, LeeBoy, Sandvik, SDLG and Sennebogen.

In 2020, Nors acquired Canada-based Strongco Corporation, a major multi-line mobile equipment dealer, to take over the company's Volvo Construction Equipment dealerships and distribution operations across Canada. In addition to Volvo, Strongco offers equipment from OEMs such as Case Construction, Konecranes, Manitowoc and SDLG.

### Equipment Depot | Private (Mitsubishi Logisnext)

Mitsubishi Logisnext Americas is the holding company for Mitsubishi Caterpillar Forklift America, a leading manufacturer of forklifts and provider of automation and fleet solutions across five preeminent brands in North, Central and South America. In 2019, the Company significantly increased its dealer network through the acquisition of Equipment Depot (then owned by **Pon Holdings**), the largest independent material handling dealer and rental business in the U.S. spanning nine states.

Under Mitsubishi Logisnext, Equipment Depot has pursued a strategy of expanding its geographic footprint through M&A. Shortly after it was acquired, Equipment Depot added 8 locations across California, Louisiana and Mississippi through the acquisition of two forklift dealers – Daly Equipment and Southern California Material Handling, before adding three additional locations through the acquisition of New England Industrial Truck in September 2020. The company continues to be acquisitive and in June 2022 acquired Norlift of Oregon.

### Road Machinery | Subsidiary of Mitsui & Co. (TSE: 8031)

Founded in 1955 in Phoenix, Arizona, Road Machinery is a Komatsu distributor of construction, mining and utility equipment. Originally owned by Komatsu America, the company grew to 8 locations before Mitsui & Co. acquired a majority interest in 2005. After making earlier investments in Komatsu dealerships in South America and Australia, this acquisition marked Mitsui's entrance into the U.S. equipment distribution market. Road Machinery has since grown to 12

locations throughout the Southwest U.S. and Mexico. Mitsui & Co. is one of the largest general trading companies in the world, operating in a variety of industrial segments. The company has made several other notable equipment investments including National Plant & Equipment, an Australian mining equipment rental company, in 2012, Yanmar Myanmar, a distributor of agricultural equipment, in 2016, Penske Truck Leasing Co. in 2017 and CAN, a supplier of agricultural equipment, in 2018.

### SMT / ROMCO Equipment (SDA Holding) | Private

SDA Holding is a Belgium-based distributor of heavy equipment on behalf of Volvo, Hitachi, John Deere and Wirtgen. SDA's primary operating subsidiary, SMT, is a full-service distributor of machinery and trucks that relate to the construction, material handling, recycling and transportation industries, with operations in Africa and Europe. In 2015, SMT acquired the Kuiken Group to establish its presence in the Netherlands, Belgium and Luxembourg, and, in 2017, acquired Volvo's Great Britain dealership platform. In March 2022, SMT officially entered the U.S. market with its acquisition of ROMCO Equipment, which is the exclusive Volvo Construction Equipment distributor throughout most of Texas with twelve locations.

## ADDITIONAL EQUIPMENT DEALER FINANCIAL INVESTORS

Financial sponsor activity is increasing in the Dealer sector, again influencing the “Merging into the Mainstream” report title. The following reflects a sampling of that activity (with additional descriptions in Appendix B).

### EQUIPMENT DEALER FINANCIAL INVESTOR HOLDINGS

<p>Jun-22</p>   <p>Current Investment</p>	<p>Jan-22</p>   <p>Current Investment</p>	<p>Dec-21</p>   <p>Current Investment</p>	<p>Nov-21</p>   <p>Current Investment</p>
<p>Nov-21</p>   <p>Current Investment</p>	<p>Oct-21</p>   <p>Current Investment</p>	<p>Sep-21</p>   <p>Current Investment</p>	<p>Sep-21</p>   <p>Current Investment</p>
<p>Jun-21</p>   <p>Current Investment</p>	<p>Apr-21</p>   <p>Current Investment</p>	<p>Dec-20</p>   <p>Current Investment</p>	<p>Jul-20</p>   <p>Current Investment</p>
<p>Apr-20</p>     <p>Current Investment</p>	<p>Jan-20</p>   <p>Current Investment</p>	<p>Oct-19</p>   <p>Current Investment</p>	<p>Aug-19</p>   <p>Current Investment</p>
<p>Jun-19</p>   <p>Current Investment</p>	<p>Sep-18</p>   <p>Current Investment</p>	<p>Nov-17</p>   <p>Current Investment</p>	<p>Feb-17</p>   <p>Current Investment</p>
<p>Feb-17</p>   <p>Current Investment</p>	<p>Jul-16</p>   <p>Current Investment</p>	<p>Apr-16</p>   <p>Current Investment</p>	<p>Aug-15</p>   <p>Current Investment</p>
<p>Sep-14</p>   <p>Current Investment</p>	<p>Mar-13</p>   <p>Current Investment</p>	<p>Founded 2012</p>   <p>Current Investment</p>	<p>Founded 1972</p>   <p>Current Investment</p>

 TM Capital Transaction

### EQUIPMENT DEALER FINANCIAL INVESTOR EXITS

<p>Dec-21</p>   <p>Exited Investment</p>	<p>Nov-21</p>   <p>Exited Investment</p>	<p>Aug-19</p>   <p>Exited Investment</p>	<p>Sep-18</p>   <p>Exited Investment</p>
--	--	--	--

 TM Capital Transaction





## VII. SPOTLIGHT: CRANE RENTAL

**Sector Overview:** Within the broader Equipment Rental sector, Crane Rental represents a specialized equipment category highlighted by its own unique set of value drivers and market participants. Over the past 25 years (starting with the acquisition of Anthony Crane Rental by Bain Capital in 1998, which would ultimately grow and rebrand as Maxim Crane Works), the North American Crane Rental sector evolved through both consolidation and organic growth and is now approaching \$5.0 billion of annual rental demand. The sector remains highly fragmented with many independent local and regional companies; the largest players in North America include **Maxim Crane Works (a portfolio company of Apollo), Bigge Crane and Rigging, ALL Family of Companies, Buckner HeavyLift Cranes (a portfolio company of Markel Corporation) and Marmon Crane Services (a subsidiary of Berkshire Hathaway)**. While each of these players has achieved significant scale, each has done so in a unique way which will be discussed further below.

The Crane Rental sector is driven by commercial, industrial, infrastructure, energy and telecommuni-

cation construction as well as ongoing Maintenance, Repair and Operations (“MRO”) work within each of those end markets. Given the specialized nature of the equipment, the need for trained operators and the high upfront and ongoing operating costs, rental penetration within the crane rental sector is among the highest across equipment categories. Further, the rental model provides the flexibility customers require to procure the best crane (both in terms of type and lifting capacity) for any given job.

As in the general Equipment Rental sector, cranes can be rented “bare” (without an operator); however, unlike most other equipment categories, the majority of crane rentals are “operated” and include a highly trained professional to safely operate the crane. Unique to the Crane Rental sector, companies often offer additional, complementary services including lift planning and engineering; specialized transportation and heavy hauling; crane assembly and disassembly; and rigging. This high-touch, personalized service enables crane rental companies to be a one-stop-shop for all of a customer’s lifting needs.

One sub-sector that has contributed to significant growth within the Crane Rental sector over the past ten years is the wind energy sector. Whether developing new wind farms and installing new turbines, repowering existing turbines (removing and upgrading either entire turbines or individual components) or performing planned and emergency maintenance, cranes are required for every part of the process. The cumulative installed wind energy capacity in the United States is expected to grow at a 7.4% CAGR from 2019 – 2029, as estimated by Wood Mackenzie. In addition, the current installed base of turbines is generating an increasing level of demand for after-market repair, maintenance and repowering – older model turbines are being replaced with taller systems enabling the use of longer blades to generate more energy. Since 2010, the average turbine hub height has increased nearly 40 feet to 296 feet, and average rotor diameters have increased by over 130 feet to 409 feet. These heights have spurred the growth of specialty, wind-focused lattice boom crawler and telescopic all-terrain cranes featuring special attachments as well as the necessary lifting capacity and reach to install, maintain and repair the taller turbines.

Two recent TM Capital rental deals illustrate this powerful dynamic – crane rental companies generating growth, profitability and ultimately investor interest by focusing on wind turbine crane rentals. **First, TM Capital represented Buckner HeavyLift Cranes (the 4<sup>th</sup> largest crane rental company in North America and the #1 crawler crane rental provider to the U.S. wind energy market, in its majority recapitalization with Markel Corporation (NYSE:MKL, market cap \$18 billion).** With a fleet of more than 150 high-capacity lattice boom crawler and telecrawler cranes, Buckner focused on new turbine installation and larger repowering projects. **More recently, TM Capital advised Atlas Crane Service, a rapidly growing and leading full-service crane rental provider to the wind energy sector, in its majority acquisition by a fund managed by the Infrastructure Opportunities strategy of Ares Management (NYSE:ARES).**

Atlas established itself as a go-to provider for wind turbine maintenance and emergency repairs – its growing fleet of high-capacity all-terrain cranes, featuring rubber tires (vs. the metal treads on crawler cranes), can drive directly to the turbine and begin working with minimal assembly/disassembly time, a critical advantage for turbine repair work.

Financial investors drawn to the Crane Rental sector find (i) compelling macroeconomic and industry tailwinds, (ii) attractive financial profiles and returns on assets, (iii) actionable opportunities for organic and add-on growth, and (iv) a growing strategic and financial buyer exit eco-system. Consolidation remains in the **early innings and the landscape remains highly fragmented.**

### KEY VALUE DRIVERS:

**High-Capacity Cranes** – High-capacity cranes, capable of lifting loads in excess of 500 tons, are utilized in a wide range of applications and are necessary for work related to wind energy, power/petrochemical facilities, stadium construction and heavy infrastructure projects. Due to long production lead times (often over 18 months) and high costs, these high-capacity cranes can be extremely scarce (for example, there are only six LR-13000s in existence). As a result, they generate demand not only across the country, but globally as well. This scarcity value, combined with the highly technical work these cranes perform, results in the ability to generate higher rental rates and higher margins. An LR-11000 which can rent for several hundred thousand per month requires the same number of operators (one) as a smaller, less specialized crane. Furthermore, larger crawler cranes require support cranes to aid in the assembly and disassembly of the crane and other on-site work, generating a 2-for-1 rental that results in more revenue and higher fleet utilization. Regarding utilization, larger cranes that are out on longer term rent (weekly, monthly or longer) will often be “double shifted”, resulting in utilization rates exceeding 100% and generating significant overtime revenue and additional operator labor revenue



**Technical End Markets** – Cranes are utilized in a variety of technical end markets that require specialized capabilities and heavy lifting capacity. For example, wind cranes are operating in challenging environments – high wind and extreme heights, requiring not only specialized equipment but also operators with deep experience performing lifts in these conditions. In addition to on-shore wind work, high-capacity cranes are also being used to support the offshore wind market; installation, maintenance and repair of highways, bridges, airports, water treatment facilities, power generation facilities, as well as broadband and electric charging infrastructure; the nuclear and conventional power sectors; and the private space sector, supporting SpaceX and Blue Origin – SpaceX even purchased its own LR-11350 to support its operations

**Safety Record** – Operating large cranes and lifting heavy, complex loads is a dangerous task. Maintaining

a strong safety record is paramount for crane companies. Top performing companies maintain an Experience Modification Rate below 1.0 and a Total Recordable Incident Rate below 2.0. Many companies have formal safety and training programs, and all crane operators are required to be NCCCO certified

**Value-Added Services** – Contractors increasingly seek to work with crane rental service providers that possess the capabilities to offer value-added services beyond crane rental and operator labor. Such services include transportation, lift planning, engineering, subcontracted labor, rigging, permitting and ancillary equipment rental services. The ability to offer value-added services enables crane rental providers to meaningfully expand margins and further entrench themselves with customers

## NORTH AMERICAN CRANE RENTAL COMPANIES

Consolidator	Selected Acquired Companies											
												
Private	NA	Feb-22	NA	Jan-22								
												
Apollo (NYSE:APO)	NA	Sep-20	NA	Sep-19	NA	May-19	NA	Mar-19	NA	Jul-18	\$73m	Jun-17
Next Generation Crane Rental Consolidators (Ownership)												
												
InterVest Capital Partners	Ares Management	Markel Corporation	Private	Trive Capital	Soundcore Capital	Syndicate of Lenders						
Other Major U.S. & International Crane Rental Companies												
												
Berkshire Hathaway (NYSE:BRK.A and BRK.B)	SHV Holdings	Group Luc Tack										

## NATIONAL CRANE RENTAL CONSOLIDATORS <sup>(1)</sup>

### Bay Crane Companies | Private

Founded in 1939, Bay Crane Companies is a Long Island City, New York-based provider of crane rental and transportation services, as well as (i) geometric surveys, (ii) transportation and logistics planning services for the implementation of heavy hauling solutions, and (iii) warehousing services. Prior to 2022, Bay Crane operated from six northeastern branch locations in New York, New Jersey, Connecticut and Massachusetts.

Beginning early 2022, Bay Crane launched an acquisition strategy predicated upon expanding geographically. The Company acquired Gatwood Crane Service in January 2022, a market-leading crane rental company in the Chicagoland area with a fleet of cranes up to 500 tons capacity. *"We see Gatwood Crane as the foundation upon which we will build a leading Chicagoland crane service company. Our plan is to see this business grow and prosper as we add equipment, services, customers, additional locations and attract the highest quality employees,"* said Kenneth Bernardo, Bay Crane CEO. Shortly thereafter, Bay Crane acquired Capital City Group in February 2022, a Columbus, Ohio-based provider of crane rental and rigging services across 16 branch locations in Ohio, Michigan and West Virginia. These acquisitions position Bay Crane as one of the top 10 largest crane service companies in North America.

### Maxim Crane Works | Private (Apollo Global Management) | 2021 est. Rental Revenue: \$781m | #6 2022 RER 100

What began in 1998 as a series of acquisitions by Bain Capital, ultimately rebranded as Maxim Crane Works in 2000. Maxim, now the largest crane rental company in North America, has historically been highly acquisitive while maintaining a strict, category-only specialist status. Due to the highly technical nature of crane use, whereby customers typically require multiple cranes of varied lifting capacity based on project type / phase, Maxim's core vertical requires unique breadth and specialization.

(1) 2021 Rental Revenue estimates from the RER's 2022 Top 100 Largest Rental Companies in North America

In 2008, Maxim was acquired by Platinum Equity and in mid-2016, Apollo Global Management acquired Maxim and merged it with AmQuip Crane Rental, a portfolio company of Clearlake Capital, in an estimated \$1.4 billion combined deal. Since the merger and through 2020, Maxim continued to expand both organically adding greenfield locations and acquiring eight additional companies, further solidifying its nationwide network. **TM Capital worked across the table from Platinum Equity and Maxim in 2015 as the sell-side advisor to Florida-based Crane Rental Corporation, a portfolio company of Hammond, Kennedy, Whitney & Company.**

## NEXT GENERATION CRANE RENTAL CONSOLIDATORS

### Allegiance Crane | Private (InterVest Capital Partners)

Allegiance Crane & Equipment, based in Houston, Texas, is a leading provider of crane rental, rigging and trucking / heavy haul services. Allegiance serves customers across a variety of end markets including oil & gas, petrochemical, refining, power, commercial construction and infrastructure. Allegiance has an established presence along the Gulf Coast with 11 operations throughout Texas, Florida and Louisiana.

Allegiance Crane was formed in 2010 via Prophet Equity's purchase of the assets of General Crane USA. Under Prophet's ownership, the Company expanded through acquisitions and greenfield investments, adding two branches each in Texas and Florida. The combination of strategic initiatives, investments in the leadership team and fleet expansion enabled Prophet to grow revenue and EBITDA ~4.5x and ~20x, respectively.

InterVest Capital Partners (formerly known as Wafra Capital Partners) acquired Allegiance in November 2019. Over the past three years, InterVest has invested significantly to propel the growth of Allegiance under the leadership of Chairman, Guy Huelat, and CEO, Justin Romero, the former President of Mobile Mini Tank & Pump Solutions Group. In August 2022, Allegiance completed an undisclosed acquisition, adding to the Company's already strong presence in the Gulf Coast. Looking forward, Allegiance is poised to continue its successful growth plan through fleet additions, targeting new end markets, establishing new greenfield locations and pursuing strategic M&A.

**InterVest Capital Partners** is an SEC registered investment adviser headquartered in New York, focused on asset-based lending, leasing, rental and other structured and specialty finance investments.

#### **Atlas Crane Service | Private (Ares Management)**

Founded in 2009 and headquartered in Aurora, Illinois, Atlas Crane Service Inc. ("Atlas") is a full-service crane rental provider offering turnkey solutions primarily for mission critical maintenance, repair and repowering of wind turbines. Atlas has differentiated itself by amassing a scarce and valuable equipment fleet, offering all-terrain, rough terrain, hydraulic, crawler and telecrawler cranes, along with additional value-added services including skilled operators on nearly all rentals, transportation, heavy hauling, subcontracted labor coordination, engineering and permitting. **TM Capital served as exclusive financial advisor to Atlas in its majority acquisition by a fund managed by the Infrastructure Opportunities strategy of Ares Management.** Ares and Atlas share a commitment to accelerating the transition to a low carbon economy, which requires high quality and competitively priced servicing of wind energy assets. Ares plans to support Atlas' long-term vision and leverage their combined strengths to drive continued growth of renewable energy power generation.

**Ares Management** (NYSE:ARES, market cap \$15 billion) is a leading global alternative investment manager offering clients complementary primary and secondary investment solutions across the

credit, private equity, real estate and infrastructure asset classes.

#### **Buckner HeavyLift Cranes | Markel Corporation (NYSE:MKL)**

Established in 1947 and headquartered in Graham, North Carolina, Buckner HeavyLift Cranes ("Buckner" or the "Company") is a fourth-generation family business that has grown to become the #1 high-capacity crane rental services provider in the U.S. and the 4<sup>th</sup> largest crane rental company in North America. The Company is also the #1 crawler crane rental provider to the U.S. wind energy market, offering approximately 160 crawler and telecrawler cranes to support the erection and repowering of wind turbines, infrastructure projects, the space industry, stadium construction, industrial and other complex projects. Buckner's differentiated assets, combined with its comprehensive value-added services including operated rentals, estimating, scheduling and logistics, lift planning, mobilization, engineering, assembly, disassembly and repairs, position the Company as the go-to resource for complex, heavy lift projects.

**TM Capital served as exclusive financial advisor to Buckner in its majority recapitalization with Markel Corporation.**

**Markel Corporation** (NYSE:MKL, market cap \$18 billion) is a diversified financial holding company that, through its Markel Ventures subsidiary, makes long-term investments in high-quality businesses that operate with a high degree of autonomy.

#### **Mountain Crane Service | Private**

Founded in 2004, Mountain Crane Service has grown to become one of the Top 20 Crane Rental companies in North America. Headquartered in Salt Lake City, Utah, Mountain Crane works with customers predominantly in the Mountain West, but will also deploy cranes nationwide. Mountain Crane serves customers across a variety of industries including wind energy, infrastructure, utilities, and commercial and industrial construction. In addition to its expansive crane rental fleet, Mountain Crane also offers a wide range of heavy transportation assets (including wind turbine trailers).

The Mountain Crane team is expert at operating in challenging terrains and prides itself on maintaining best in class safety practices. In January 2022, Mountain Crane acquired another local Utah crane rental company, Olsen Crane & Rigging.

#### **NCSG Crane & Heavy Haul Services | Private (Trive Capital)**

Founded in 1987, NCSG offers a comprehensive portfolio of fully operated and maintained crane, heavy haul and specialized transport services to customers throughout the energy corridor of Western Canada, to various industries such as refining, upgrading, upstream oil & gas, utilities, forestry, mining and wind energy. The company was acquired by Trive Capital from TriWest Partners in November 2015. In 2020, NCSG divested its U.S. branches and assets, selling them to Maxim Crane Works. NCSG is based in Edmonton, Alberta and has ten locations across Alberta, British Columbia and Saskatchewan.

**Trive Capital** is a Dallas, Texas-based private equity firm with more than \$4 billion of regulatory assets under management. Founded in 2012, the firm focuses on investing equity and debt in middle-market companies with the potential for transformational upside through operational improvement.

#### **Omega Morgan | Private (Soundcore Capital Partners)**

Founded in 1991 in Hillsboro, Oregon, Omega Morgan offers specialized transportation, heavy rigging, machinery moving, applied and industrial metrology, crane rental, millwrighting services, industrial storage and warehousing. With over 500 employees, Omega Morgan has facilities located in Oregon, Washington, Idaho, Texas, Alberta, and British Columbia. In November 2021, the company was acquired by Soundcore Capital Partners to support the goal of becoming the leading one-stop shop provider of industrial solutions in the western U.S. with the company making its first add-on acquisition under the new partnership in 2022.

**Soundcore Capital Partners**, founded in 2015 and based in New York, is a private equity firm specializing in buy & build investments in middle-market companies headquartered in the U.S. and Canada. The firm focuses on

the business & outsourced services, industrial services, specialty manufacturing, and value-added distribution sectors. In 2022, the founders of Soundcore separated with the departing founder and the Omega Morgan execution team subsequently forming Two Roads Partners. Given the timing of the separation, the two firms share in responsibility of day-to-day investment management.

#### **TNT Crane & Rigging | Private (Syndicate of Lenders)**

Founded in 1985 and headquartered in Houston, Texas, TNT Crane & Rigging is one of the largest crane rental, rigging, transportation and facility service providers in North America. The Company operates through over 40 branches spanning the Gulf Coast, Rockies and Southeast regions of the U.S., along with Western Canada. A syndicate of lenders acquired the company in October 2020 out of a Chapter 11 bankruptcy process. Prior to the Chapter 11 process, TNT was owned by **First Reserve Corporation**, the largest global private equity firm focused exclusively on energy, having acquired TNT Crane from **Odyssey Investment Partners** in November 2013; Odyssey originally acquired the business from **MML Capital Partners** in November 2011.

TNT Crane merged with Allison Crane & Rigging in July 2018, forming a combined entity under the TNT Crane name. In November 2021, TNT Crane continued its expansion via the acquisition of JMS Crane & Rigging, WM Services Crane & Rigging and Big Ray's Equipment, together referred to as "JMS". Headquartered in Billings, Montana, JMS is a full-service mobile crane and heavy haul transportation provider, primarily serving the wind, power, petrochemical and refining market.

## OTHER MAJOR U.S AND INTERNATIONAL CRANE RENTAL COMPANIES

### Marmon Crane Services | Subsidiary of Berkshire Hathaway (NYSE:BRK.A and BRK.B)

Marmon Crane Services is comprised of four separate crane rental companies located in the U.S., Canada and Australia. Sterling Crane, based out of Edmonton, Canada and Denver, Colorado has multiple branch locations across Canada, a fleet of more than 600 cranes and supports projects throughout North America. In 2020, Sterling acquired Entrec's Canadian crane business for \$21.2 million. Joyce Crane (joined Marmon Crane services in 2019) offers lifting and rigging services across the Gulf Coast and Oklahoma from its five locations in Texas, Louisiana and Arkansas. Marmon Crane also operates two Australian crane rental companies, Freo Group and WGC Cranes.

Marmon Crane Services is a business unit within The Marmon Group, an international association of more than 185 autonomous manufacturing and service businesses with collective revenues of approximately \$8 billion. The Marmon Group is a subsidiary of Berkshire Hathaway, a diversified conglomerate that operates subsidiary companies across the industries of insurance, freight rail transportation, utilities and related businesses worldwide.

### Mammoet | Subsidiary of SHV Holdings | 2021 Revenue: \$1.4 Billion

Founded in 1807 and based in Utrecht, the Netherlands, Mammoet is an engineered heavy lifting and transport company, offering an array of heavy lift cranes and related transport, decking, jacking and skidding systems. Since inception, the company has expanded to a 130+ depot footprint across Europe, Asia, Africa, Australia and the Americas and grown its rental fleet to include more than 1,300 tower, all terrain and crawler cranes, as well as a complementary fleet of heavy transport equipment. In 2019, Mammoet acquired Meyer Anlagenbau, a German provider of construction and rental services, and in January

2020, executed the landmark acquisition of ALE, a U.K.-based heavy lift company, creating the largest engineered heavy lifting and transport company in the world.

### Sarens | Private (Group Luc Tack)

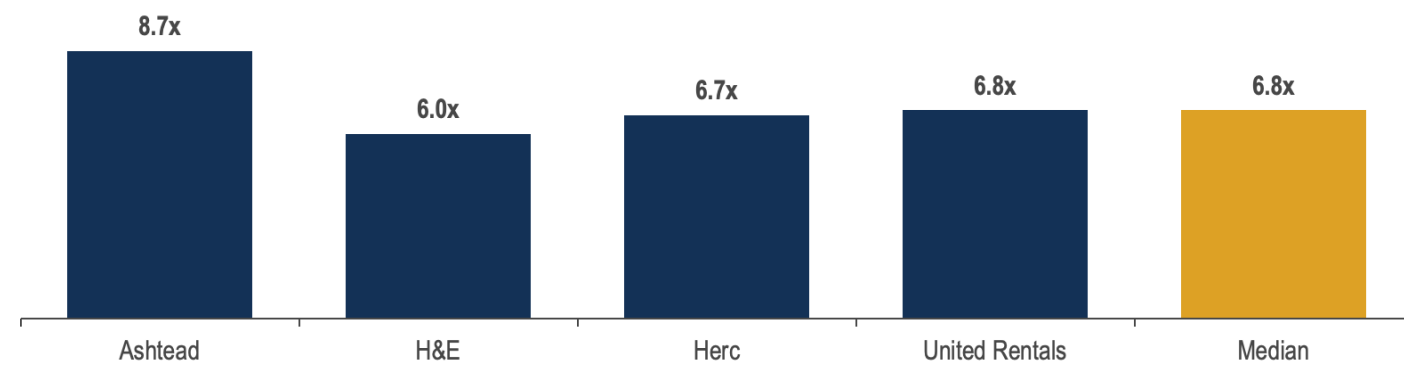
Founded in 1955 and headquartered in Wolvertem, Belgium, Sarens is a leading global provider of crane rental, heavy lifting and engineering transport services. Due to a strong reputation for flexibility, wide-ranging equipment offering, 100+ country geographic coverage and technical expertise, Sarens is regularly awarded complex international projects. The company primarily serves customers performing large-scale civil construction, as well as those operating in the petrochemical, oil & gas production, energy and mining industries. Sarens has a specialized service division that focuses exclusively on setting up wind turbines, both onshore and offshore, and has also developed a series of giant cranes, of which the latest, SGC 90, is fully electrical, and puts Sarens in the forefront of the evolution towards reducing its CO2 footprint. In September 2021, **Begoos (Group Luc Tack)** acquired **Waterland's** stake in the business to support the next phase of growth.



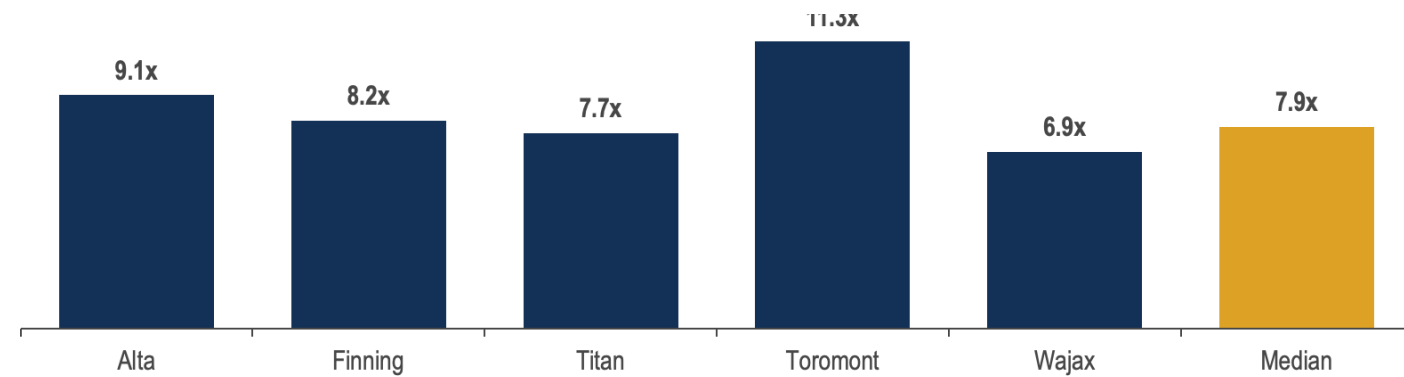


## VIII. PUBLIC EQUITY PERFORMANCE

PUBLIC EQUITY PERFORMANCE - EQUIPMENT RENTAL ENTERPRISE VALUE / LTM EBITDA MULTIPLES

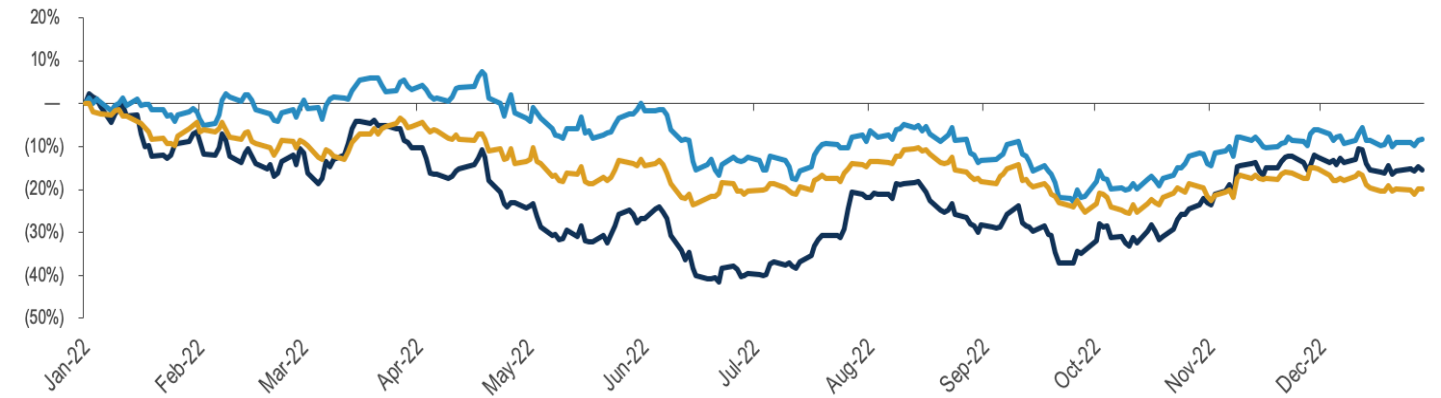


PUBLIC EQUITY PERFORMANCE - EQUIPMENT DEALER ENTERPRISE VALUE / LTM EBITDA MULTIPLES

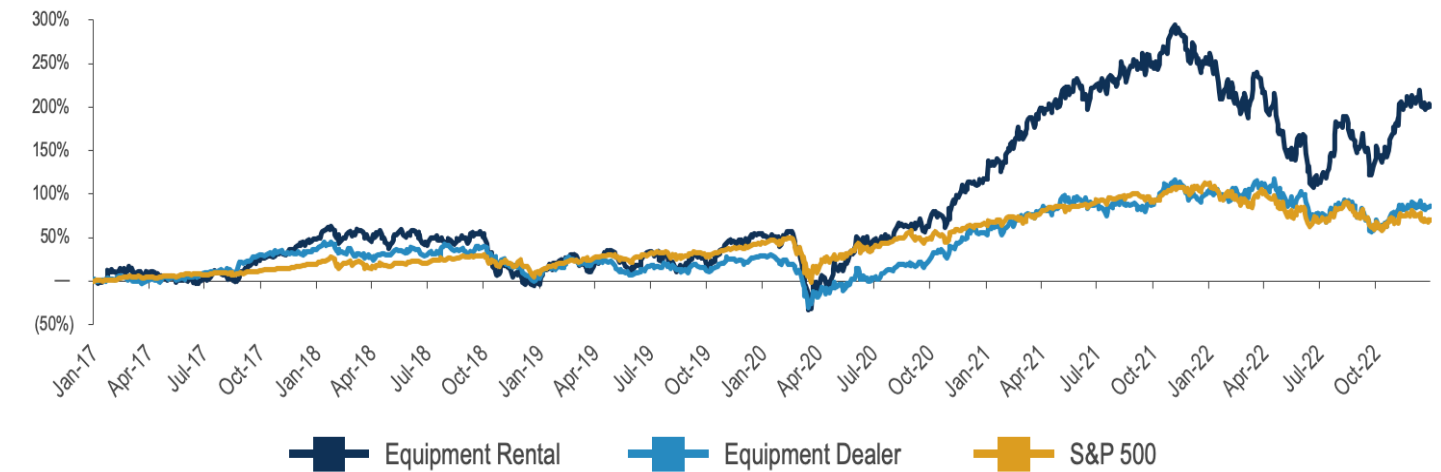


Public Equity Data as of 12/31/2022

PUBLIC EQUITY PERFORMANCE - EQUIPMENT RENTAL INDEX VS. EQUIPMENT DEALER INDEX VS. S&P 500 - 1 YEAR <sup>(1) (2)</sup>



PUBLIC EQUITY PERFORMANCE - EQUIPMENT RENTAL INDEX VS. EQUIPMENT DEALER INDEX VS. S&P 500 - 5 YEARS <sup>(1) (2)</sup>



(1) Equipment Rental Index: AHT, CTOS, HEES, URI, HRI

(2) Equipment Dealer Index: ALTG, FTT, RUSH.B, TITN, TIH, WJX  
Public Equity Data as of 12/31/2022





## IX. APPENDIX A: ADDITIONAL EQUIPMENT RENTAL FINANCIAL INVESTOR DESCRIPTIONS

### Action Equipment and Scaffold | Private (Gemini Investors)

Based in Phoenix, Arizona with branch offices in Colorado, Action Equipment and Scaffold is a provider of scaffolding rental equipment and erection and dismantle services. The Company serves a diverse mix of end markets including industrial, municipal and commercial customers throughout the Southwest. The Company was acquired by Gemini Investors in December 2020.

**Gemini Investors** is a private investment firm focused on providing capital to established, middle market businesses across nearly all industry sectors. Founded in 1993 in Wellesley, Massachusetts, the firm has invested in more than 160 companies.

### Aerial Work Platforms ("AWP") | Private (Borgman Capital)

Founded in 1979 in Sussex, Wisconsin, Aerial Work Platforms specializes in renting, selling and servicing aerial lift equipment including articulated booms, material lifts, industrial and rough terrain forklifts and other equipment from Genie, Skyjack, JLG, Hybrid, and Nifty-Lift. Borgman Capital acquired AWP in December 2020. Since acquisition, Borgman Capital has invested in the business through opening a new location and increasing the size of the fleet by more than 25%. **TM Capital assisted Borgman in its review and acquisition of AWP.**

**Borgman Capital** is a private equity firm founded in 2017 in Milwaukee, Wisconsin. The firm seeks to invest in profitable and stable middle market businesses and has a regional preference for the Midwest U.S.

### Airworx Construction Equipment & Supply | Private (Konza Valley Capital)

Based in Indianapolis, Indiana, Airworx Construction Equipment & Supply is a leading Midwest provider of aerial equipment rental, service and sales, offering a diversified portfolio of scissor lifts, boom lifts, telehandlers and other industrial construction equipment. **TM Capital advised Airworx on its sale from Hammond, Kennedy, Whitney & Company to Konza Valley Capital ("KVCI") in July 2016.** Since the investment by KVCI, Airworx has opened a fourth location in Indiana.

Founded in 1977 and headquartered in Overland Park, Kansas, **KVCI** invests in midwestern middle market companies operating in the manufacturing, service, distribution and retail sectors.

### AMECO (North American Operations) | Private (One Equity Partners)

Headquartered in Greenville, South Carolina, AMECO provides construction projects with full lifecycle management for asset optimization and crafts workforce support needs, including consultative pre-bid estimates, construction equipment rentals, site services and ongoing site maintenance support. AMECO serves capital construction project owners, contractors and ongoing plant operators in the chemical, power, energy, life sciences and advanced manufacturing sectors across the U.S. and Canada. One Equity Partners acquired the North American operations of AMECO from Fluor Corporation for \$73 million in May 2021.

**One Equity Partners** ("OEP") is a middle market private equity firm focused on the industrial, health-care and technology sectors in North America and Europe. Founded in 2001 and spun out of JP Morgan in 2015, OEP has completed more than 300 transactions since inception.

### American Trailer Rental Group | Private (Wind Point Partners)

Based in Fort Mitchell, Kentucky, American Trailer Rental Group is a provider of mobile storage services to manufacturing, distribution and retail customers. With over 36,000 strategically positioned units comprised of dry van trailers and containers, the company offers its services at 31 locations across the U.S. and Canada. **Wind Point Partners** acquired the business in June 2021 from **Milton Street Capital.**

**Wind Point Partners** is a private equity investment firm with approximately \$5 billion in assets under management. Wind Point focuses on partnering with top caliber management teams to acquire well positioned middle market businesses where it can establish a clear path to value creation. The firm targets investments in the consumer products, industrial products and business services sectors. Wind Point is currently investing out Wind Point Partners X, a fund that was initiated in 2022.

### Augustino (d.b.a CE Rental) | Private (Dubin Clark & Company & Centerfield Capital Partners)

CE Rental, founded in 1952 and headquartered in Raleigh, North Carolina, is a leading special event rental company that provides a wide variety of event rental equipment including tents, linens, fine china, flatware, dinnerware, tables and chairs for the Raleigh-Durham-Chapel Hill market. In February 2017, the company was acquired by Dubin Clark & Company in partnership with Centerfield Capital Partners.

Founded in 1984, **Dubin Clark & Company** is a private equity firm based in Boston, Massachusetts with a regional office based in Jacksonville Beach, Florida. The firm prefers to invest in North American businesses in the branded consumer, industrial niche

manufacturing and specialty services sectors, and has a long history investing in rental-based business models. **Centerfield Capital Partners** is an Indianapolis, Indiana-based private equity firm focused on making investments in middle market businesses across the business services, consumer products, healthcare services, manufacturing and value-added distribution sectors.

### Big Truck Rental ("BTR") | Private (Astatine Investment Partners)

Founded in 2002 and based in Tampa, Florida, Big Truck Rental is the market-leading provider of refuse vehicles to the waste industry, offering both rental and off-rent vehicle sales. BTR operates the largest, broadest fleet of rental refuse vehicles in North America, serving public, private, and municipal waste service providers. **Astatine Investment Partners** acquired BTR in October 2021 from **Trivest Partners.**

**Astatine Investment Partners** (f.k.a. Alinda Capital Partners) is an infrastructure-focused investment firm based in Greenwich, Connecticut. The firm invests in middle market, core-plus infrastructure such as transportation, digital and utility-related infrastructure businesses in North America and Europe. Astatine also owns Kelling Group, a leading provider in the U.K. of specialist equipment to infrastructure and related end markets.

### Capital Pump & Equipment | Private (Harkness Capital Partners)

Acquired by Harkness Capital Partners in September 2022, Capital Pump & Equipment is a specialty pump rental and services platform based in Chandler, Arizona. Founded in 2013, the company offers large pumps, fusion machines, liquid holding tanks and other equipment for rent, as well as value-added services.

**Harkness Capital Partners** is a private equity firm based in New York, New York. The firm seeks to invest in platform businesses in specialty rental, logistics & distribution, infrastructure and other outsourced service segments.

### CISCO Equipment | Private (Stellex Capital Management)

Founded in 1978 and co-headquartered in Odessa, Texas and Dallas, Texas, Cisco Equipment is a leading regional provider of equipment rentals and sales, related services, parts and supplies to 200+ customers in the midstream infrastructure, general construction, road construction, utilities, agriculture and general industrial markets. Cisco's specialized maintenance and repair service capabilities, diverse and versatile equipment for rent and sale and seven-and-counting strategically located facilities throughout Texas and New Mexico are integral to its customers' exacting operating requirements.

Stellex Capital Management invested in Cisco Equipment in partnership with C.J. Sibert and management in February 2019 as **an example of a succession driven transaction**. Since the transaction, Cisco has expanded into central Texas (known as the Texas Triangle, one of the largest equipment rental markets in the world) to diversify end market exposure, expand the company's access to human capital and enable further strategic acquisitions. Currently, Cisco is expanding its position within the Texas Triangle to focus on metro construction, while expanding into the Texas and Louisiana Gulf Coast markets to gain exposure to the petrochemical sector of the energy market. Through this expansion, Cisco has positioned itself to exploit the highly profitable oil field business, while creating a natural hedge within the Texas Triangle metro markets.

**Stellex Capital Management** is a New York, New York-based private equity firm focused on making investments in middle market companies in North America and Europe. Stellex, which maintains offices in the U.S. and London, invests across a variety of industries (Aerospace, Defense & Government Services; Business & Industrial Services; Consumer & Food Products; Transportation, Logistics & Distribution; Manufacturing, Industrial & Automotive), as well as transaction types (majority / minority recapitalizations, carve-outs, turnarounds and structured financings).

### Cross Country Pipeline Supply | Private (Odyssey Investment Partners)

Cross Country Pipeline Supply ("Cross Country") is

a provider of equipment and supplies to the pipeline construction industry. Cross Country maintains a rental fleet of pipeline specific and general-purpose equipment and sells tools and supplies to pipeline contractors. Cross Country's supplies and equipment are used in the construction of new pipelines and the repair, replacement and retrofit of existing lines. Headquartered in Aurora, Colorado, Cross Country operates out of branches strategically positioned near major oil and gas geographies. Odyssey Investment Partners acquired Cross Country Pipeline Supply in June 2013.

**Odyssey Investment Partners** is a private equity investment firm with offices in New York and Los Angeles that focuses primarily on companies operating in the industrial manufacturing, industrial services and business services sectors.

### Custom Truck One Source | (NYSE:CTOS) (Platinum Equity) | Enterprise Value <sup>(1)</sup>: \$3.2 Billion | LTM Revenue <sup>(2)</sup>: \$1.4 Billion

Founded in 1988 and headquartered in Kansas City, Missouri, Custom Truck One Source ("CTOS") is a leading provider of specialty equipment rental services to the electric utility transmission and distribution, telecommunications, rail and other infrastructure-related industries in North America. CTOS provides truck-mounted aerial lifts, cranes, service trucks, dump trucks and other machinery and equipment for rent, as well as new / used equipment sales and aftermarket parts and services.

CTOS acquired Nesco Holdings in December 2020 for a purchase price of \$1.5 billion, creating a leading, one-stop shop provider of specialty rental equipment serving a highly attractive and growing subset of infrastructure-related end markets, bound to benefit from the "5G Revolution" build-out and other national infrastructure initiatives. Complementary business lines, customer bases and capabilities form the basis for the acquisition and are expected to yield significant benefits from increased scale, breadth of product and service offerings and expanded geographic coverage. Nesco was previously a portfolio company of Hammond, Kennedy, Whitney & Company.

As part of the transaction, **Platinum Equity** committed to invest over \$850 million in Nesco and take a majority interest in the combined company. Platinum, a former majority owner of Nesco from 2011 – 2014, is a preeminent financial sponsor in the equipment rental industry.

(1) Enterprise Value metric as of 12/31/2022

(2) LTM revenue metric through most recently reported fiscal quarter as of 1/31/2023

### Form Tech Concrete Forms | Private (Kirtland Capital Partners)

Established in 1976 and headquartered in Michigan, Form Tech is a leading independent provider of concrete forming and shoring rental equipment, serving the Southeast, Midwest and Mid-Atlantic regions of the U.S. Upon its inception, Form Tech became the first independent formwork supplier in the U.S., and today operates seven branches, which offer a wide variety of pre-engineered, modular concrete forming and shoring equipment. Kirtland Capital Partners acquired the company in March 2015.

Based in Ohio, **Kirtland Capital Partners** is a private equity firm focused on investments in family and founder-owned middle market businesses across the verticals of precision machining & engineered products, business services and branded food & beverage. Kirtland supports the management team of its portfolio companies by making investments in leadership, business infrastructure and sales & marketing to grow the enterprise.

### Formwork Services & Supply | Private (Freestone Partners & Genesis Park Capital Partners)

Founded in 1982 and based in Houston, Texas, Formwork Services & Supply is an industry-leading provider of complete concrete forming and shoring solutions to the industrial, petrochemical, water treatment, power, infrastructure, sports, medical and commercial building construction markets, primarily utilizing a company-owned rental fleet. Freestone Partners acquired the assets of Formwork in partnership with GP Capital Partners and management in April 2022.

**Freestone Partners** is a Houston, Texas-based private equity firm that seeks to invest in and support middle market businesses. Freestone invests in a

variety of sectors, including manufacturing, industrial services and business services, and works in partnership with experienced management teams to execute growth strategies. **Genesis Park** is a Houston, Texas-based private credit and equity investment firm that provides flexible financing solutions to middle market companies through its SBIC Fund, GP Capital Partners.

### Godwin Formwork Solutions | Private (Stonebridge Partners & Five Points Capital)

Godwin Formwork Solutions is headquartered in Oklahoma City, Oklahoma with branches in Texas and Arkansas. The Company designs, rents and sells complex concrete formwork equipment and systems throughout the Midwest and Southwest U.S. markets, and offers in-house technical design and on-site erecting and dismantling services. Godwin was acquired by Stonebridge Partners and Five Points Capital in April 2022.

**Stonebridge Partners** is a lower middle market, operations-oriented private equity firm founded in 1986. Stonebridge is focused on investing in family-owned, niche manufacturing, distribution, and service businesses with EBITDA of \$3 million to \$15 million. **Five Points Capital** is a private equity firm based in Winston-Salem, North Carolina. The firm prefers to invest in business services, commercial & industrial services, healthcare services & products, marketing services, distribution / logistics, niche manufacturing, training / education and consumer sector companies.

### Groupe Lou-Tec | Private (Sagard Private Equity)

Groupe Lou-Tec is a leading Canadian heavy machinery, equipment and tool rental company. The company offers a diversified fleet of equipment in all key categories including aerial, handling and excavation through 30 locations mainly in the province of Quebec. The company was acquired by Sagard Private Equity in September 2021.

**Sagard Private Equity**, a new private equity fund of Paris-based asset manager Sagard, was launched in 2021. The fund focuses on middle market Canadian companies, partnering with management and other investor groups to invest in Canadian market leaders.

### **Holland Pump Company | Private (XPV Water Partners)**

Holland Pump Company is a leading independent specialty pump rental and dewatering solutions provider. The Company is headquartered in West Palm Beach, Florida and operates via a network of fifteen branches across Florida, Louisiana, Maryland, New York, Pennsylvania, South Carolina, and Texas. In January 2023, Holland Pump Company acquired BPR Pumping & Vacuum Solutions, expanding its Gulf Coast footprint in the pump rental market. This is the sixth acquisition since Holland Pump Company partnered with XPV Water Partners in March 2019.

**XPV Water Partners** is a team of experienced operators and investors who manage capital from some of the world's top institutional investors. The firm partners with emerging water-related companies to help them rapidly expand and achieve their strategic goals.

### **Montgomery DME ("MDME") | Private (Incline Equity Partners)**

Montgomery DME is a leading provider of durable medical equipment rentals, including beds, oxygen systems, wheelchairs and bath safety products, to the hospice market throughout Southern California. The Company was founded in 1996 and is based in Santa Fe Springs, California. **TM Capital served as the exclusive financial advisor to MDME in its sale by Monument MicroCap Partners to Incline Equity Partners in August 2022.**

**Incline Equity Partners**, headquartered in Pittsburgh, Pennsylvania, is a private equity firm focused on investments in the manufacturing, distribution and business services sectors. Incline frequently utilizes buy-and-build growth strategies, which they plan to leverage to grow MDME's geographic coverage.

### **Opifex | Private (Genesis Park Capital Partners)**

Opifex is an independent provider of construction rental equipment and supplies to the industrial, infrastructure, sports and commercial building construction markets. Founded in 2018 and based in Austin, Texas,

the company primarily serves the Austin, San Antonio and College Station markets. Opifex received a growth equity investment from Genesis Park in June 2022.

**Genesis Park Capital Partners** is a Houston, Texas-based private credit and equity investment firm that provides flexible financing solutions to middle market companies through its SBIC Fund, GP Capital Partners.

### **Professional Rental Tools ("PRT") | Private (LongueVue Capital and Ironwood Capital)**

Professional Rental Tools is a leading provider of stabilization and support equipment for oil and gas companies in the deepwater Gulf of Mexico. Headquartered in Lafayette, Louisiana, PRT offers a line of patent-pending deepwater intervention equipment as well as premium rental tools for drilling, completion and workover applications. The Company was acquired by LongueVue Capital and Ironwood Capital in partnership with management in June 2015.

**LongueVue Capital** is a New Orleans-based private equity firm focused on middle market investments across the consumer, industrials and healthcare sectors. Headquartered in Avo, Connecticut, **Ironwood Capital** provides non-control growth capital to middle market companies and has a history of investment in the Rental and Dealer sectors.

### **Railway Equipment Leasing And Maintenance ("RELAM") | Private (Paceline Equity Partners)**

PRELAM, based outside of Cleveland, Ohio, is a leading lessor of railroad maintenance-of-way ("MOW") equipment. RELAM provides its customers with a comprehensive set of MOW solutions, including an expansive equipment fleet used to maintain critical railroad infrastructure along with complementary track maintenance services. RELAM was acquired by Paceline Equity Partners in July 2020, and since has expanded its platform investment via the January 2023 acquisition of Wiskerchen Truck & Equipment and Wiskerchen Rental & Leasing, which specializes in the sale, service, rental and leasing of Hi-Rail Trucks and truck equipment to a broad set of customers.

**Paceline Equity Partners** is a Dallas-based private equity manager focused on value-oriented, opportunistic, and special situations investments across corporate credit, real assets and private equity.

### **RC Rasmussen | Private (CenterGate Capital)**

Rasmussen Equipment specializes in the rental and sale of equipment used in the marine infrastructure market for bridge rehabilitation, dam maintenance and waterway dredging. The company provides its customers with specialized winches, sectional floats, decking and rigging gear for both mooring solutions and performing work. Rasmussen Equipment is headquartered in Seattle, Washington, with an additional location in Louisiana, and stocking yards in California and Virginia. The company was acquired by CenterGate Capital in May 2022.

**CenterGate Capital** is an Austin, Texas-based private equity firm focused on partnering with lower middle market companies with the potential to achieve transformational growth through operational and strategic development. CenterGate has a history of investment in the Rental and Dealer sectors.

### **Runyon Equipment Rental | Private (Rock Island Capital)**

Runyon Equipment Rental is a leading provider of rental equipment and tools in the Indianapolis market. The Company offers aerial lifts, telehandlers, boom lifts, mowers and other machinery and tools. The company is one of two operating subsidiaries of the Runyon Equipment Holdings company – the other, Runyon Surface Prep, distributes concrete polishing products. The company was acquired by Rock Island Capital in January 2019.

**Rock Island Capital** is a private equity firm headquartered in Oak Brook, Illinois. The firm focuses on investments in the commercial services, manufacturing and industrials sectors.

### **Street Smart Rental | Private (Carlson Private Capital Partners)**

Street Smart Rental, based in Lino Lakes, Minnesota, rents and sells specialized traffic safety equipment and provides service and technology to foster intelligent work zones. Established in 1999, Street Smart Rental contracts with traffic control companies, governmental agencies and general contractors in the United States and Canada. Carlson Private Capital Partners acquired Street Smart Rental in March 2020.

**Carlson Private Capital Partners** is a private investment firm that invests family capital in businesses best served by an investment partner focused on the long-term view and a tailored approach to a business ownership transition.

### **The Warehouse Rentals & Supplies ("TWRS") | Private (KLH Capital)**

TWRS, based in Houston, Texas, is a leading surface preparation equipment rental and value-added distribution company, offering abrasive blasting, painting and safety equipment, consumables and supplies to blue-chip customers in the industrial, commercial, infrastructure, transportation and energy industries. The company was acquired via a management buyout in partnership with KLH Capital in November 2021.

**KLH Capital** is a Tampa, Florida-based private equity firm focused on investments in family and founder-owned, lower middle market companies in the specialty services, value-added distribution and niche manufacturing industries.



## X. APPENDIX B: ADDITIONAL EQUIPMENT DEALER FINANCIAL INVESTOR DESCRIPTIONS

### ADMAR Construction Equipment & Supplies | Private (DiMarco Group)

ADMAR Construction Equipment & Supplies (“AD-MAR”) is the largest independently owned construction equipment rental and sales company in New York, Ohio and Pennsylvania, operating through 12 locations. ADMAR offers a wide variety of construction equipment for rent and sale, including aerial work platforms, rough-terrain forklifts, excavators, compressors, pumps, generators, concrete solutions and compaction equipment. ADMAR offers maintenance, repair, replacement and emergency services, as well as an extensive inventory of parts and supplies. ADMAR is the exclusive dealer for the Kubota Construction Equipment line, STIHL, Topcon and Wacker Neuson regionally.

Founded in 1972 by John DiMarco, Sr. and his brother Richard DiMarco, Sr., ADMAR is owned by the **DiMarco Group**, a general contractor holding company that owns a diverse family of companies serving the construction industry.

### Ag Solutions Group | Private (Midwest Growth Partners, Summit Equity Group & Northcreek Mezzanine)

In April 2021, **Midwest Growth Partners** partnered with co-investors **Summit Equity Group**, **Northcreek Mezzanine** and company management to form Ag Solutions Group Holding Company through the acquisition of Ag Solutions Group (“ASG”) and Livingstone Machinery (“LMC”).

ASG is an independent agricultural equipment dealer selling and serving equipment through five locations

in Minnesota, Iowa, Nebraska and Missouri. ASG specializes in fertilizer application, powersports and farming equipment that caters to crop and livestock producers, as well as landscape contractors and rural acreage owners in the Midwest. LMC sells, services and maintains commercial AGCO equipment through four dealership locations in Oklahoma and Texas; the company is consistently ranked as a top five AGCO dealer by volume and performance in North America. Additionally, LMC maintains a mobile service fleet that provides 24/7/365 on-site repair and maintenance services for customers.

### Atlantic Tractor | Private (McCombie Group)

Atlantic Tractor is a network of 16 John Deere agricultural equipment dealerships with exclusivity across Delaware, Maryland and southeastern Pennsylvania. The company’s 350+ employees serve the Mid-Atlantic region, offering quality new and used equipment, certified aftermarket replacement parts and related services. Customers include the farming industry as well as residential customers, landscapers, nurseries, contractors and large property owners. Atlantic Tractor offers equipment from a range of OEMs, including Frontier, Honda, John Deere, Kuhn, Rome Equipment and Stihl.

**McCombie Group**, a Coral Gables, Florida-based private investment firm backed by multiple family offices, acquired a majority interest in Atlantic Tractor in 2017.

### BCP Equipment | Private (Black Cliffs Partners)

BCP Equipment is a Utah-based group of agricultural and construction equipment dealers, operating via Cache Equipment, Sunset Kubota and Valley Kubota.

Through these dealerships, BCP Equipment offers agricultural and construction equipment from OEMs such as Kubota, AGCO, Hesston, Massey Ferguson, Sunflower and Challenger. The company operates in Utah, Wyoming and Idaho, offering the sale of new equipment, used equipment, parts and related services.

BCP Equipment and its operating entities are owned by **Black Cliffs Partners**, a Salt Lake City, Utah-based private equity and real estate investment firm. Black Cliffs Partners seeks to make control investments in companies, leveraging a flexible approach to support the goals of business owners, whether by providing capital, operational expertise or by creating a liquidity event and transition.

### Dobbs Truck Group | Private (Dobbs Management Service)

As the parent company of Dobbs Peterbilt and Western Truck Center, Dobbs Truck Group is a full line dealership group with locations throughout Arkansas, California, Louisiana, Mississippi, Oregon, Tennessee and Washington. Dobbs Management Service originally acquired the parent company of Western Peterbilt and Western Truck Center from Greenbriar Equity Group in 2014. In 2017, the company acquired a Peterbilt distributor in Mississippi, which it eventually combined with Western Peterbilt to form Dobbs Peterbilt.

**Dobbs Management Service** is the investment arm organized exclusively for the John Hull Dobbs family (“Dobbs”). The Dobbs family has made 30 individual or add-on investments across ten platform companies since 2005.

### Fairbank Equipment | Private (Pfingsten Partners)

Established in 1946, Fairbank is a leading specialty distributor and dealer of agricultural and propane parts, specialty components and equipment add-ons based in Wichita, Kansas. Fairbank provides rapid fulfillment to a broad base of agricultural fertilizer and equipment distributors, farmer cooperatives, farm owners and propane dealers. **In December 2021, TM Capital served as exclusive financial advisor to Fairbank in its sale to Pfingsten Partners.** In July 2022, Fairbank acquired G&R Ag Products, a specialty distributor of ag parts, components and equipment – the first strategic acquisition under Pfingsten ownership.

The acquisition increased Fairbank’s footprint to nine locations across six states in the U.S. Great Plains – Colorado, Idaho, Kansas, Nebraska, South Dakota and Washington.

**Pfingsten Partners** is a Chicago, Illinois-based private equity firm that invests in manufacturing, distribution and business services companies.

### LandPro Equipment | Private (Argonne Capital Group)

LandPro Equipment is the largest John Deere turf and agriculture dealership in upstate New York. Formed in 2017 following the merger of two John Deere dealers, LandPro is a full-service dealership operating across 20 locations in three states. The company specializes in agriculture, lawn & garden and light industrial equipment, with factory trained parts and service departments. As a combined dealership platform, LandPro provides customers with a greater inventory of new and used equipment, improved parts availability and more competitive pricing.

**Argonne Capital Group** is an Atlanta, Georgia-based investment firm that makes equity investments in a diverse range of middle market businesses. Argonne independently capitalizes each investment it makes, allowing flexibility in the types of transactions it pursues and an indefinite time horizon for its ownership of any given asset.

### Midwest Equipment Sales | Private (Centerfield Capital Partners, Provariant Equity Partners & Tecum Capital)

Midwest Equipment Sales (“MWE”) is a leading nationwide distributor of outdoor products for home and professional uses, including portable generators, pressure washers and other power equipment from ClimateRight and Westinghouse, as well as aftermarket replacement tracks and tires from TNT, used on utility machines and compact construction equipment. MWE sells through a national network of independent dealers, as well as through its online direct-to-consumer wholesale channel. An investor group comprised of **Centerfield Capital Partners**, **Provariant Equity Partners** and **Tecum Capital** partnered with existing CEO James Cline Jr. to invest in the business in April 2020.



### Oakcreek Golf and Turf | Private (Banyan Capital Partners)

Oakcreek Golf and Turf, headquartered in Calgary, Alberta, is a leading full-service distributor of golf course and municipal turf care equipment, golf cars, golf course irrigation and pump stations across western Canada and the southwestern U.S. Oakcreek provides sales and services of Toro Commercial Turf Care Equipment, Toro Golf Irrigation Equipment, Yamaha Golf Cars and PistenBully Snow Cats. Banyan Capital invested alongside the Oakcreek management team in 2013 to help facilitate the ownership group's succession plan and, in 2017, made a follow-on acquisition of Simpson Norton, one of the leading Toro Commercial Turf Equipment dealers in North America

**Banyan Capital** is a Canadian-based private equity firm focused on equity investments in middle market private and public companies throughout North America. Banyan leverages a flexible investment horizon strategy to build long-term value with management through organic and inorganic growth initiatives, including strategic add-on acquisition strategies.

### PacWest Machinery | Private (Joshua Green Corporation)

PacWest Machinery is a platform created by the Joshua Green Corporation in mid-2015 – the company provides sales, rental and aftermarket support for a full line of general production, road machinery, compact equipment and specialty machines. In December 2015, PacWest acquired the assets of ClydeWest, a Portland, Oregon-based construction equipment dealer and service provider, and was appointed the sole Volvo Construction Equipment dealer for Washington, Oregon and Northern Idaho. The company now has six locations across the Pacific Northwest.

Founded in 1930 in Seattle, Washington, the **Joshua Green Corporation** is a private investment firm that invests in a diverse range of assets, including private companies, public equities and real estate.

### Pinnacle Cranes | Family Office (Western Allegheny Capital)

Established in 2001 as a division of Carolina Tractor and Equipment (Carolina CAT dealer), Charlotte-based Pinnacle Cranes is the authorized dealer in North and South Carolina for Link-Belt cranes, Manitex boom trucks, Magni rotating telehandlers and Shuttlelift industrial carry deck cranes. Western Allegheny Capital acquired Pinnacle Cranes in August 2019, and subsequently made substantial investments to create a stand-alone entity, expand the rental fleet, build a state-of-the-art service facility and expand technical service capabilities – setting the stage for sustained growth.

Based in Pittsburgh, Pennsylvania, **Western Allegheny Capital** is the family office of Cliff Forrest, the founder and president of Kittanning-based Rosebud Mining Co – the largest underground mining business in Pennsylvania. Western Allegheny seeks to invest in the high-value manufacturing, value-added distribution and business service sectors, and holds investments across long-time horizons. Western Allegheny also owns **Tidewater Equipment** (see following page).

### Stack Equipment | Private (Blackwell Capital Group)

Founded in 2008 and based in Hartford, Wisconsin, Stack Equipment is a supplier of refurbished aerial access and material handling equipment including boom lifts, scissor lifts, personal lifts and other equipment. In September 2021, Blackwell Capital Group acquired the company from Jim Lenahan who first acquired Stack in 2018 through his Keystone Holdings business.

Founded in 2018 and headquartered in Brookfield, Wisconsin, **Blackwell Capital Group** is a private equity firm that makes majority investments in Midwestern businesses. The firm focuses on the niche manufacturing, business services, specialty distribution and financial services sectors.

### Synergy Equipment | Private (Mas Group of Companies)

Established in 2012, Synergy Equipment is an equipment dealership platform owned by the Mas Group of Companies. Primarily focused on Bobcat and Doosan Equipment, Synergy operates a network of dealers serving customers across Alabama, Florida and Georgia. In addition to new / used compact and heavy construction equipment, Synergy's specialty pump division offers de-watering and fluid transfer solutions.

**Mas Group of Companies** is the family office of Juan Carlos Mas, providing capital funding and assistance with strategic planning, organizational structure and expertise in the development and growth of companies.

### Tidewater Equipment | Private (Western Allegheny Capital)

Founded in 1947, Tidewater is a leading, full-service dealer and distributor of forestry and related timber harvesting equipment. With 25 locations across the Southeastern U.S., the company is the largest dealer for Tiger Cat forestry equipment in North America. Tidewater added Case IS and Case CE to its offering in 2019 to better serve the agriculture and construction industries, and recently expanded its footprint in the southeastern U.S. with the addition of a new, full-service location in Enterprise, Alabama that delivers a full line of equipment sales, parts and service support to the southern Alabama market. **TM Capital advised Ironwood Management when they sold Tidewater Equipment to Tecum Equity & Western Allegheny Capital in 2018.**

### Tracked Lifts | Private (Ironwood Capital)

Tracked Lifts, headquartered in New Oxford, Pennsylvania, is the exclusive continental U.S. dealer of Platform Basket and Ommelift tracked multi-terrain lifts and trailer mounted aerial lifts, used primarily in the tree care industry. Ironwood Capital made an initial subordinated debt and equity investment in Tracked Lifts in November 2021. Ironwood partner, Alex Levental, said, **"the Company already has a significant installed base of tree care companies that use their**

**existing product line and will build on the multiple product and market expansion opportunities our research has identified."**

### United Construction & Forestry | Private (Fernandez Holdings)

United Construction & Forestry was established via the combination of Nortrax and Schmidt Equipment, John Deere Construction and Forestry dealerships serving customers in New York, Vermont, New Hampshire, Maine, Rhode Island and Massachusetts. The company operates via 14 locations, offering a full range of new and used equipment, rentals, parts and service.

**Fernandez Holdings** is the California-based family office of Kirk Fernandez, focused on making long-term investments in middle-market businesses across a variety of sectors.

### Vanguard Truck Centers | Private (Stephens Capital Partners)

Vanguard Truck Centers owns and operates full service commercial truck centers in the United States. Vanguard offers comprehensive transportation solutions, with locations in Arizona, Georgia, Illinois, Missouri, North Carolina, South Carolina and Texas. The company's primary brands are Mack, Volvo and Autocar Heavy Duty Trucks as well as Isuzu and Hino Medium Duty Trucks. Vanguard's unique, multi-region footprint allows it to provide a diverse range of products and services across many industries, and across the country. **TM Capital served as advisor to Vanguard Truck Centers in its 2016 sale to Stephens Capital Partners, the Little Rock-based family office of Stephens Inc.**

**Stephens Capital Partners** invests the capital of the Stephens family office, serving as a long-term investor in private companies seeking a financial partner. Stephens Capital Partners can be a majority or minority investor and brings a long history of creative structures to meet the needs of its partners.

The information and opinions in this report were prepared by TM Capital Corp. ("TM"). The information herein is believed by TM to be reliable but TM makes no representation as to the accuracy or completeness of such information. There is no guarantee that the views and opinions expressed in this communication will come to pass. TM may provide, may have provided or may seek to provide advisory services to one or more companies mentioned herein. In addition, employees of TM may have purchased or may purchase securities in one or more companies mentioned in this report. Opinions, estimates and analyses in this report constitute the current judgment of the author as of the date of this report. They do not necessarily reflect the opinions of TM and are subject to change without notice. TM has no obligation to update, modify or amend this report or to otherwise notify a reader thereof in the event that any matter stated herein, or any opinion, estimate, forecast or analysis set forth herein, changes or subsequently becomes inaccurate. This report is provided for informational purposes only. It is not to be construed as an offer to buy or sell or a solicitation of an offer to buy or sell any financial instruments or to participate in any particular trading strategy in any jurisdiction.

