

# Equipment Rental and Dealer State of the Market: Q2 2023



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The macroeconomic backdrop for the Equipment Rental and Dealer sectors remains robust into Q2 2023, driven by strong construction activity and project backlogs in the commercial, industrial and infrastructure construction sectors, all of which are benefitting from federal stimulus that is still in the early innings of deployment. This robust market environment is supporting a sustained, positive demand-supply imbalance which, when overlaid with an ever-increasing rental penetration rate and easing supply chain pressures, continues to generate strong earnings performance and forward-looking commentary for public companies in the industry. See below for what public company CEOs had to say regarding the state of the market on recent earnings calls in March, April and May 2023:

*"New and used equipment sales increased 45% for the quarter. . . with equipment supply chain issues abating, we are seeing a more normalized environment in terms of equipment deliveries and having the additional equipment supply in the face of a strong demand backdrop is refreshing for our customers and our sales teams. And our quarter's equipment sales result was a simple reflection of matching supply and demand."*



Ryan Greenawalt, CEO

*"We generally think of any stimulus coming as adding innings to the cycle because contractors are at full capacity. They're all working off backlog [and] we are not seeing any cancellations in the backlog. Despite having a lot of equipment sales, backlogs remain really, really high."*



Anthony J. Colucci, CFO

**ALTA EQUIPMENT COMPANY**

May 10, 2023

*"Our first quarter results represent a great start to the year and reflect continued strong demand across our primary end markets."*



Ryan McMonagle, CEO

*"All three of our business segments continued to experience strong year-over-year growth. The demand environment, combined with our expectations of continued improvement in the supply chain and a sustained level of vehicle production, gives us the confidence to improve our outlook for 2023."*



May 9, 2023

*"Construction activity remained strong, contributing to robust end market backlogs, especially in the nonresidential and industrial segments. We are witnessing an abundance of projects entering various stages of execution and planning, and several key industry measures of nonresidential construction activity continue to signal healthy activity throughout the balance of 2023 and into 2024."*



Brad Barber, CEO

*"The likelihood of further improvement in rental penetration reinforces a positive industry outlook."*



April 27, 2023

*"Industrial Info Resources is projecting \$397 billion of incremental industrial construction spending in 2023, the highest level on record. This forecast is being driven by an unprecedented amount of new mega project construction in chip, EV, battery and LNG plants as the onshoring of U.S. manufacturing capacity continues to gather steam."*



W. Mark Humphrey, Senior VP & CFO

*"There's another \$293 billion in nonresidential or infrastructure projects slated for 2023, a 17% increase over 2022. These projects are supported by federal funds approved in the infrastructure package, the CHIPS and Sciences Act and the Inflation Reduction Act."*



Aaron D. Birnbaum, Senior VP & COO



April 20, 2023

*"Consistent with our update in December, the supply and demand equation remains incredibly favorable. This effect continues to contribute market share gains and record levels of time utilization throughout the business. The ongoing reality, which has now sustained for nearly two years, clearly evidences the structural change we are witnessing."*



Brendan Horgan, CEO

*"Rental penetration is deepening before our eyes. . . this continues to tangibly demonstrate the structural shift our customers are making from ownership to rental. . . [this] is, without question, a growing market."*



March 7, 2023

*"Both internal and external measurements of customer confidence continue to point toward growth in 2023, and this is underpinned by current activity as well as the strength of customer backlogs. Additionally, nonresidential construction starts increased 30% in March and the Dodge Momentum Index was up 24% year-over-year. The ABI points to growth as well, where the forward-looking inquiries component continues [to trend] in the right direction."*



Matthew J. Flannery, CEO

*"It remains early, but we continue to see a ramp in spending from the Federal Infrastructure Bill across a variety of project types, including airports, bridges, roads and highways. The legislation is intended to produce about \$100 billion a year in infrastructure spending and we're still in the ramp phase, [so] that provides a tailwind into 2024."*



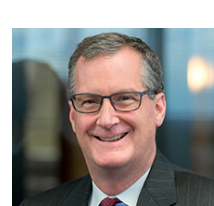
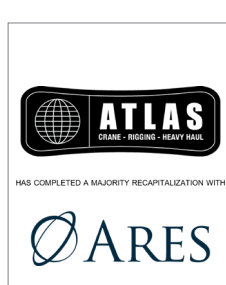
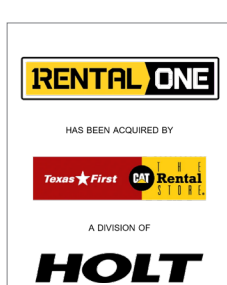
April 27, 2023

## TM Capital's Sector Leadership Generates Premium Valuations for Leading Businesses

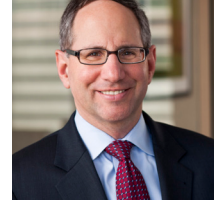
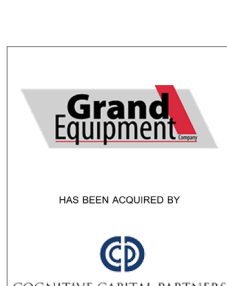
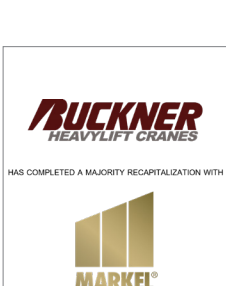
Over the last 15 years, TM Capital has established a market-leading Equipment Rental and Dealer sector practice, advising a broad range of privately-owned and financial-backed clients. With an emphasis on M&A transactions (both sell-side and buy-side), TM's sector activity is accelerating, having completed 11 transactions since January 1, 2021, totaling over \$2.1 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. We would welcome the opportunity to discuss M&A trends, valuation dynamics and the competitive landscape with you.

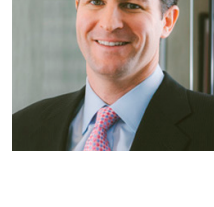
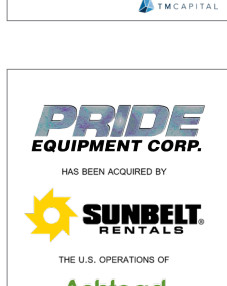
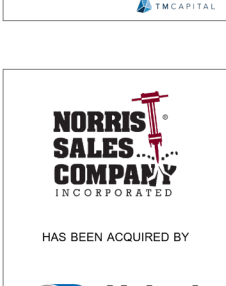
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