



Inside Rental - View from ARA

Tony J. Conant, ARA Chief Executive Officer

April 13, 2021



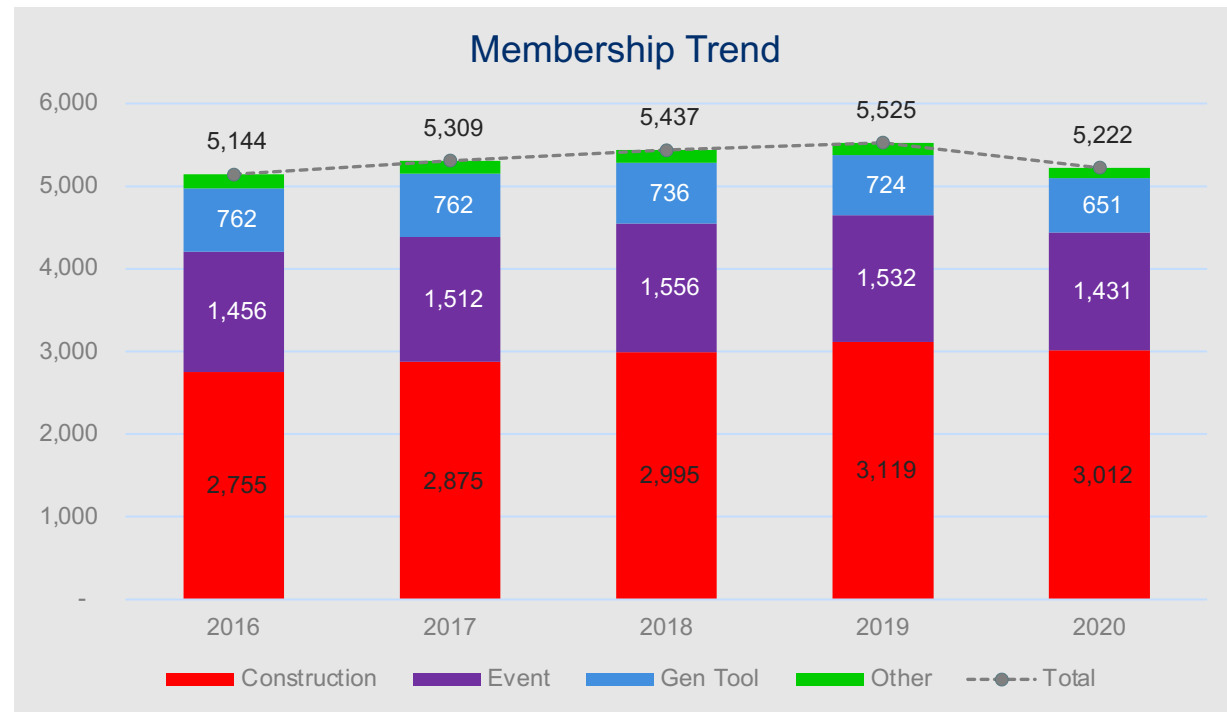
Agenda

- ▷ ARA introduction
- ▷ Rental research highlights
- ▷ ARA initiatives
- ▷ 2020 year in review
- ▷ 2021 forecast
- ▷ Closing

ARA Overview

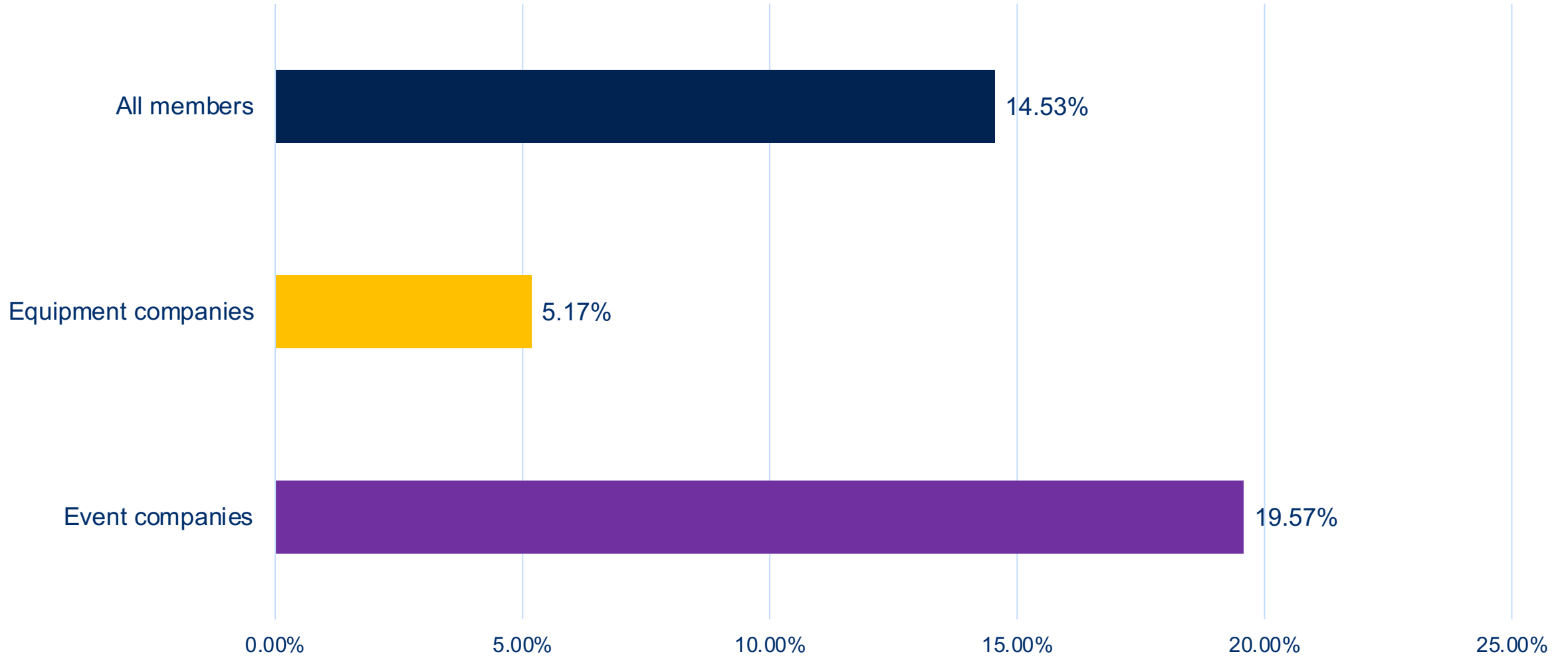
ARA Overview

- ARA = voice for the rental industry and the member engagement platform for advancing rental interests
 - ❖ Rental specific education and advocacy resource for rental businesses
 - ❖ 2020 Show in Orlando drew >750 exhibitors and ~12,000 people
 - ❖ ARA Insurance covers over 2,200 rental businesses
- General Membership consists of three segments totaling 5,028 businesses as of 3/31/21
- Consolidation has changed the complexion of the industry
 - 2016 member branch count = 4,660
 - 2020 member branch count = 5,740
- Associate Membership = 1,000 manufacturers and suppliers

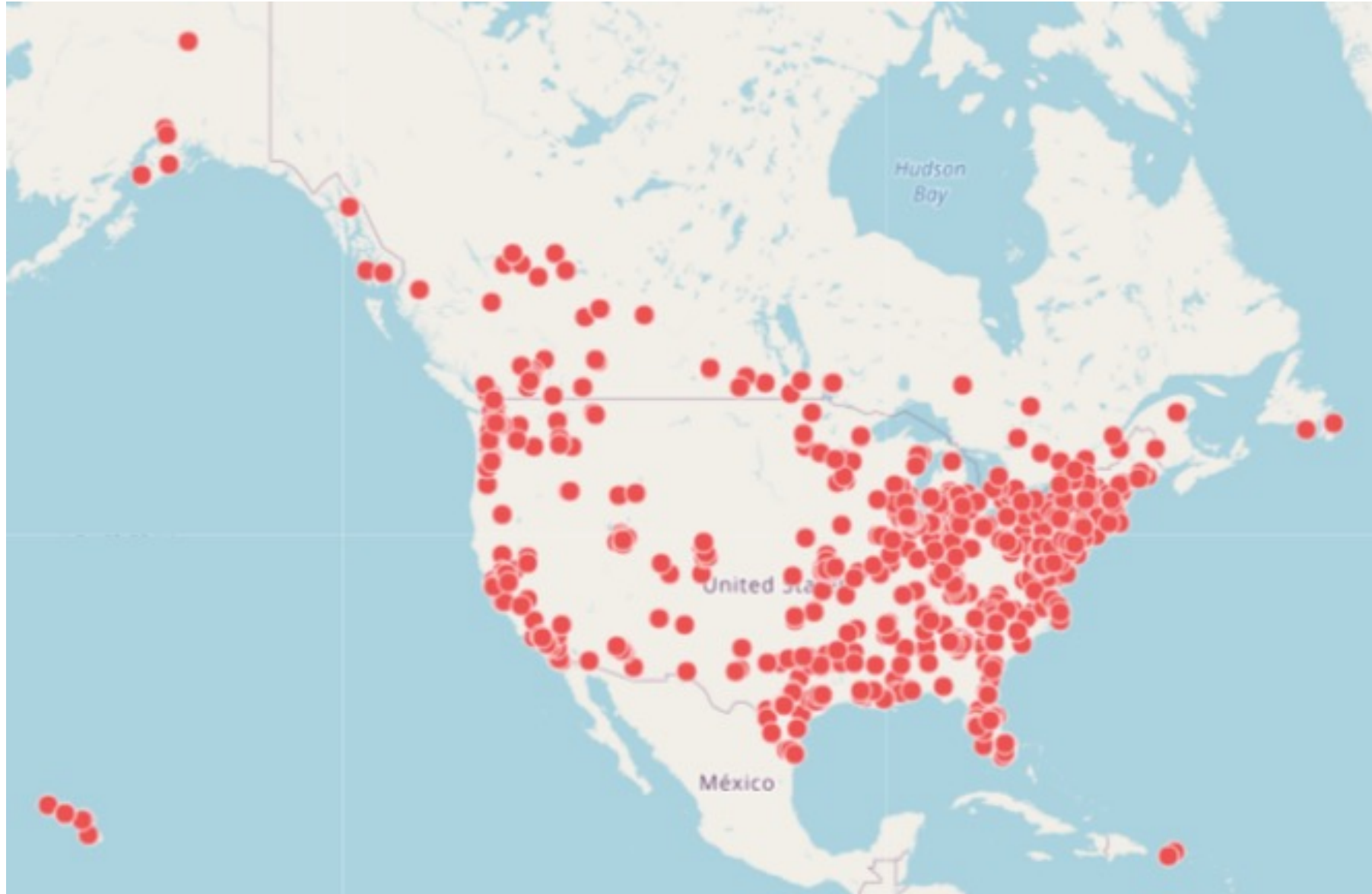


Portable Sanitation in the ARA

% of ARA members who have portable sanitation in their inventory



Member locations with portable sanitation rental



Construction Equipment Rental Channel Research

Key Findings & Insights

	 Contractors	 Event Planners	 Consumers
<p>The most important <i>Core Needs</i> that must be met are consistent across customer segments → Rental locations must have a wide variety of quality items that are in good condition and readily available to rent</p>	<p><i>Core Rental Needs:</i></p> <ul style="list-style-type: none"> ▪ Well-maintained & reliable items ▪ Good availability ▪ Good variety 	<p><i>Core Rental Needs:</i></p> <ul style="list-style-type: none"> ▪ Items in good condition ▪ Good availability ▪ Good variety 	<p><i>Core Rental Needs:</i></p> <ul style="list-style-type: none"> ▪ Items in good condition ▪ Good availability ▪ Good variety
<p>Rental locations are doing an excellent job providing their customers with satisfying rental experiences</p>	<p>% Satisfied  94%</p>	<p>% Satisfied  99%</p>	<p>% Satisfied  97%</p>
<p>There are encouraging tailwinds for category growth as many customers expect to increase their reliance on renting</p>	<p>% Expecting to Increase Rental Reliance  51%</p>	<p>% Expecting to Increase Rental Reliance  55%</p>	<p>% Expecting to Increase Rental Reliance  46%</p>
<p>While improving the economics of renting is the top opportunity to differentiate, improving the customer experience can also help rental locations stand out in a highly competitive environment</p>	<p><i>Potential Delighters:</i></p> <ul style="list-style-type: none"> ▪ Online transactions ▪ Online inventories ▪ Recommendations ▪ Training ▪ After-hours staff access ▪ Dedicated account rep. 	<p><i>Potential Delighters:</i></p> <ul style="list-style-type: none"> ▪ Online transactions ▪ Recommendations ▪ Training ▪ Longer store hours & pickup times ▪ Dedicated account rep. 	<p><i>Potential Delighters:</i></p> <ul style="list-style-type: none"> ▪ Online transactions ▪ Online inventories ▪ Training ▪ After-hours staff access

Key *Contractor* Findings & Insights



With almost all *Contractors* renting already, there's limited potential for growth from new customers → Rental companies need to increase business from existing customers to grow

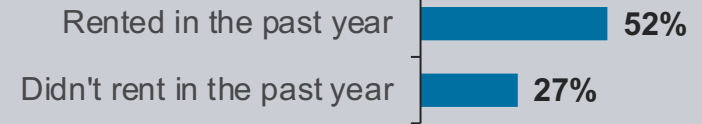
% Renting in the Past Year



93%

There's strong potential for growth among existing customers as *Contractors* who rented in the past year are much more likely to rent more in the next year compared to those who didn't

% Expecting to Increase Rental Reliance



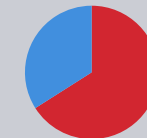
Both *Contractors'* top stated areas for improvement and the top market opportunities for rental locations to differentiate focus on improving the economics of renting

Top Stated Improvements & Market Opportunities

- Lower overall rental costs, including delivery
- Discounts for frequent rentals

It is critical that rental locations have a strong online presence as most *Contractors* take steps to learn about renting and rental locations online

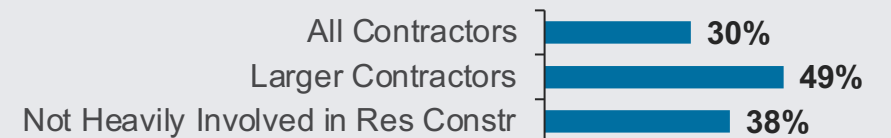
% Who Learn About Rental Online



66%

While *Contractors* are most likely to think technology will improve rental experiences by increasing productivity, larger contractors and those not heavily involved in residential construction are more likely to think technology will improve equipment fleet management

% Thinking Technology Will Improve Renting via Equipment Fleet Management

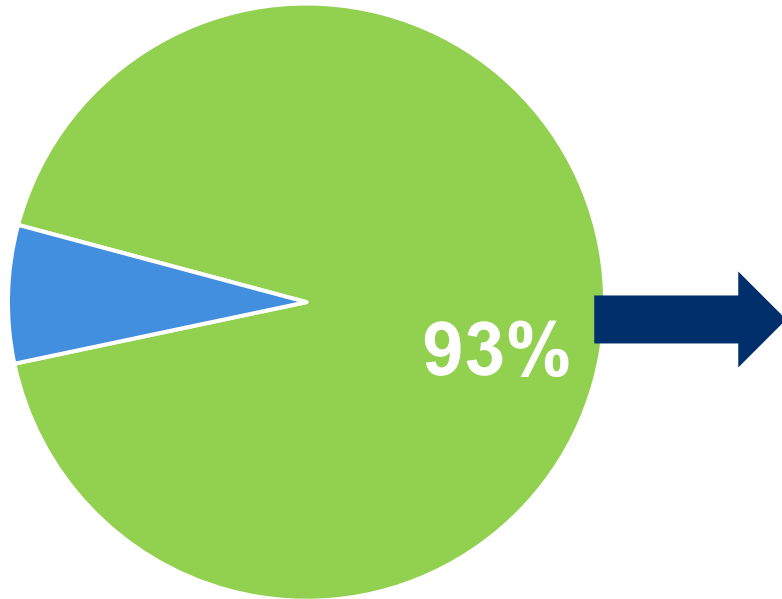


Contractors rented MEWPS frequently

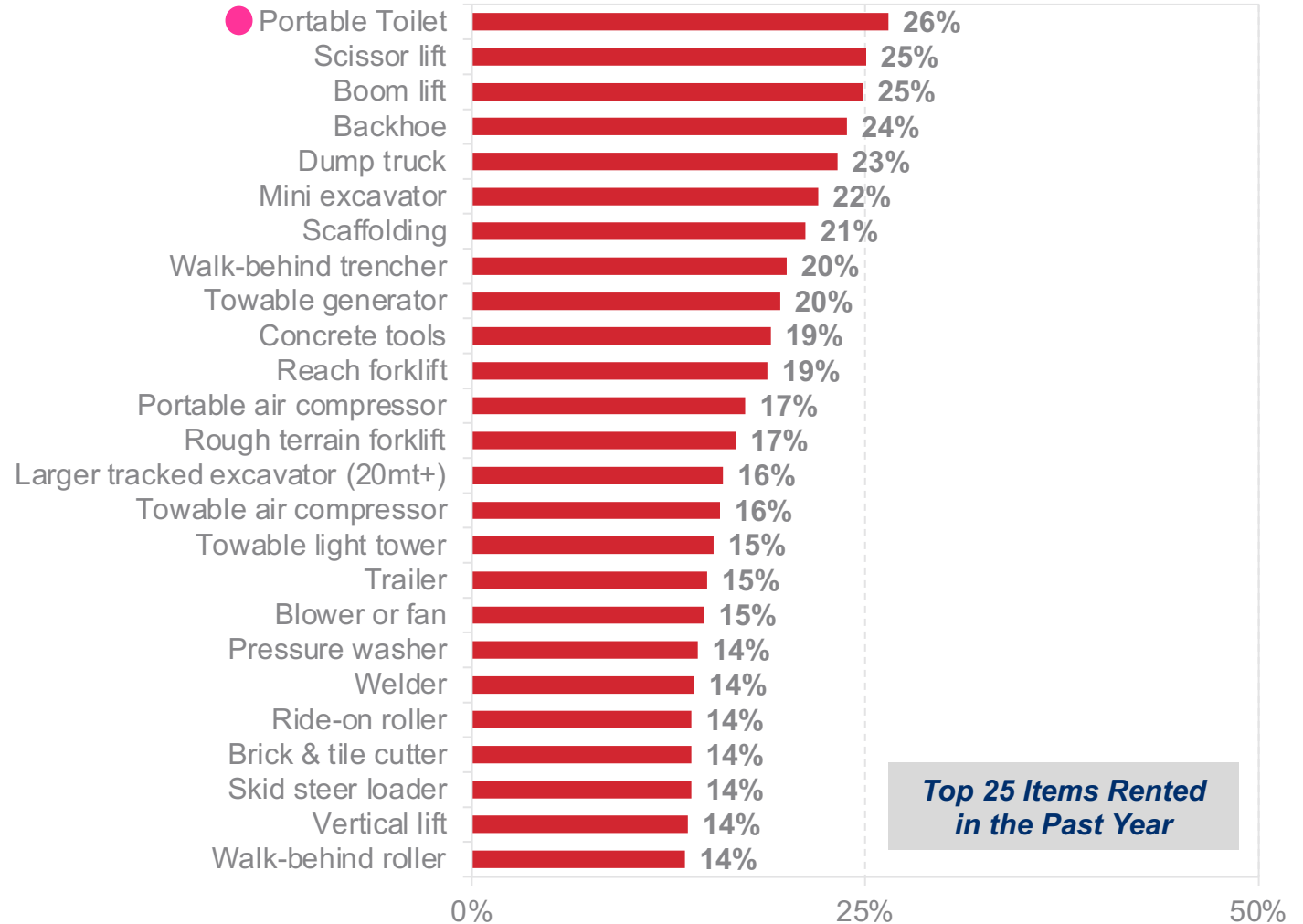


Contractor

Equipment / Tools Rented in the Past Year?



- Current Renters (rented in past year)
- Strong Prospects (did NOT rent in past year)

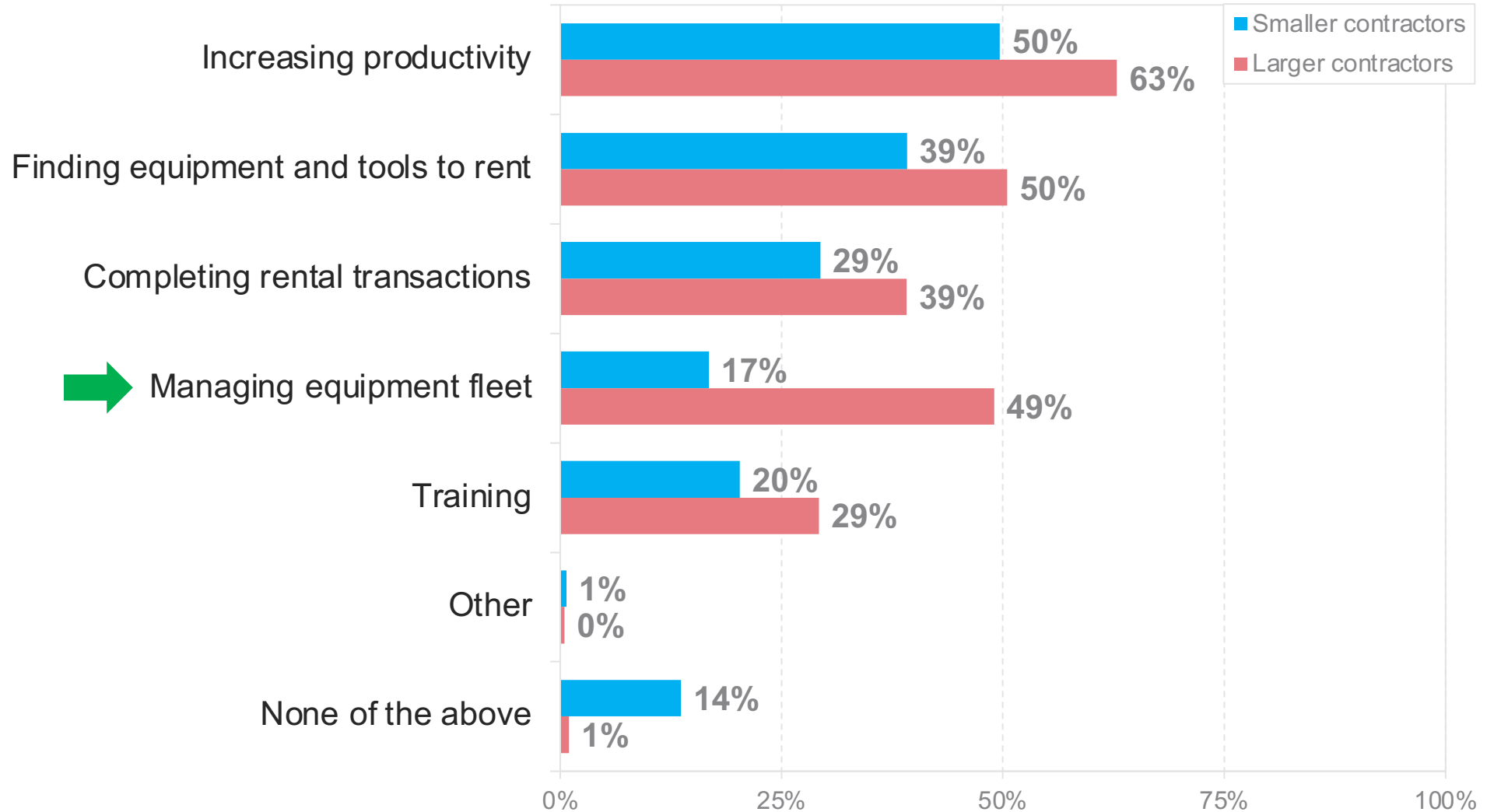


Top 25 Items Rented in the Past Year

Contractors: n = 495



Areas where technology will improve rental

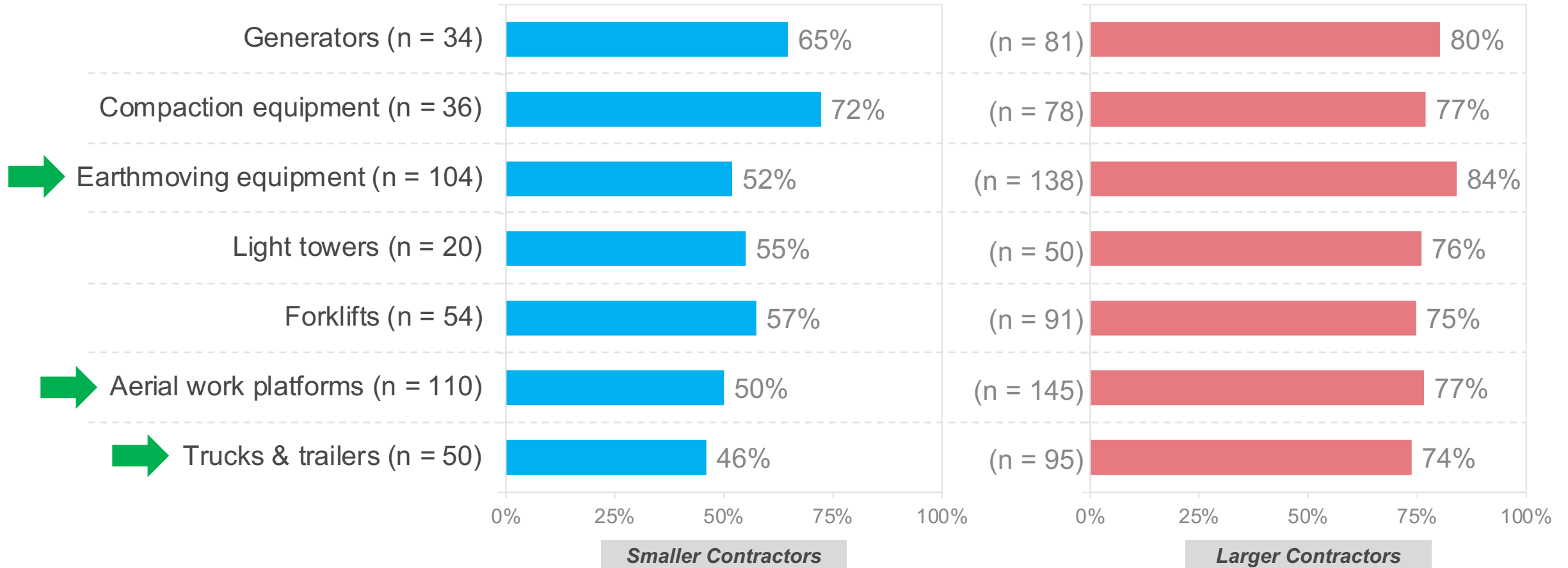


Smaller Contractors (<50 employees): n = 286
Larger Contractors (50+ employees): n = 202



Where *Larger Contractors* want the technology

*Renting Equipment with Telematics:
Importance Top 2 Box*



ARA Initiatives

Core Purpose:

ARA Strategic Plan *the platform for industry shaping work*

To support the success of members and advance the equipment and event rental industry.

Education

Goal: ARA is utilized as the primary source for education and training in the equipment and event rental industry.

- Lead the development of industry standards and safety practices.
- Increase focus of educational content on leadership and technical skills.
- Develop resources to support structured industry career paths.

Industry Workforce

Goal: The equipment and event rental industry has a qualified and sustainable workforce.

- Increase focus on schools as a primary opportunity for recruitment.
- Increase support to business owners in recruiting and retaining employees.
- Increase awareness and appeal of career opportunities as technicians and event rental professionals.

Technology

Goal: Members are effectively utilizing technology to increase operational performance.

- Increase collaboration between technology providers and rental businesses.
- Improve the rental experience for customers.
- Support members in understanding and adapting to present and future technology.



Market Intelligence

Goal: Equipment and event rental operators recognize ARA as the leader in providing market intelligence.

- Aggregate demand from independent operators to improve OEM product forecasting.
- Improve Party & Event and DIY segment forecasting.
- Enhance ARA's ability to identify industry trends.
- Bolster the ability of members to transform their business data into actionable intelligence.

Consumer Awareness

Goal: Consumers think rental first.

- Measure customer recognition of the equipment and event rental industry.
- Promote the value of renting.

Core Values:

- Support community and networking.
- Respect and embrace diversity.
- Develop leadership through volunteerism.
- Represent professionalism and integrity.
- Embrace change and continuous improvement.

Education: New Safety Video Series

Overview:

- Utilizing fast-paced popular “video game commentary” format
- Member driven topics, with ARA Insurance validation of incident frequency and severity

Series Information:

- Length: 60-90 sec videos highlighting actionable safety issues
- Application: monthly safety meeting kick-off with additional sharable resources provided for each video
- Number: series of 12 videos for each segment
- Translation: will provide in SPN as well
- Availability: 1/1/22

Video



Work Force Development

Hosted Rental Orientation Event at 2020 ARA Show for 300 tech/trade school students & administrators



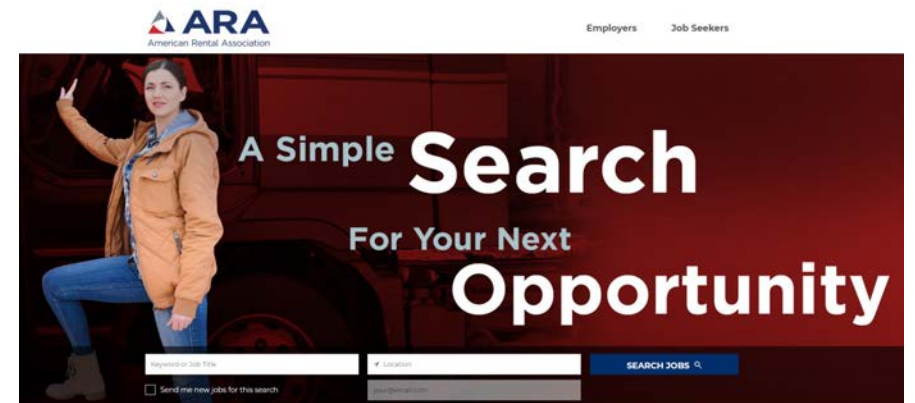
Goal: The equipment rental industry has a qualified and sustainable workforce

- Increase focus on schools as primary opportunity for recruitment
- Increase support to business owners in recruiting and retaining employees
- Increase awareness and appeal of career opportunities as technicians and drivers

New job board launched w/o April 5th

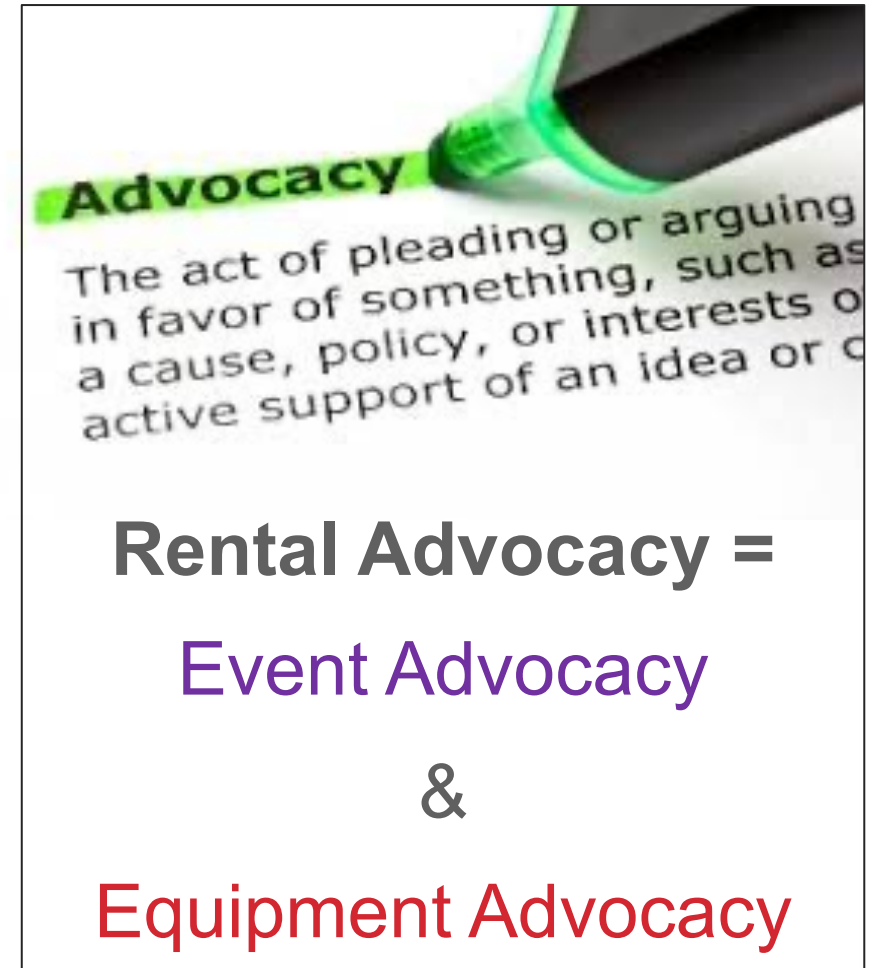
<https://careers.ararentalworks.com/>

- Over 1,500 jobs currently posted
- Promoting job board to >1,000 diesel tech and driver programs. Will grow this to include hospitality programs for the event segment
- Connected to Military.com and expanding to additional sites (Career Builder, Google Jobs, Facebook Jobs and Diversity.com)



Virtual Advocacy

- Segment specific advocacy efforts initiated in 2020
- The purpose of each Workgroup is to provide advice to the ARA government affairs team on developing segment specific strategies for engaging ARA members in direct communication with Congress
- On the event side - the possibility of forming a broad coalition with other trade groups such as Live Events Coalition, International Association of Amusement Parks and Attractions and the American Society of Travel Advisors is currently being discussed



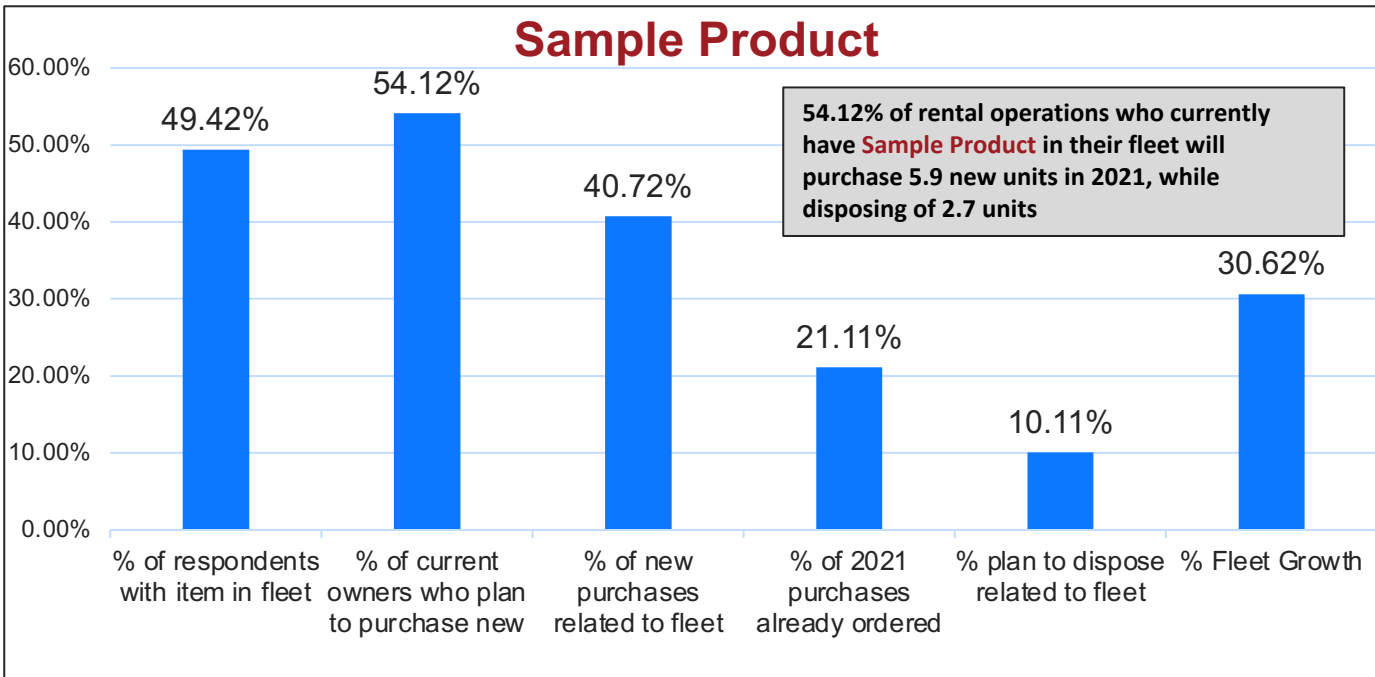
ARA OEM Product Forecasting

Objective: Developing product forecasting solution to help OEMs determine demand from ARA's independent rental operators

We asked members to provide unit information for 29 different equipment types →

Example of anticipated output:

Product List
Concrete Saws
Concrete: Mixers
Concrete: Trailers
Dozers
Trenchers: Ride-On and Attachments
Trenchers: Walk-Behind
Air Compressors And Tools
Articulated Trucks
Articulating Booms < 80Ft
Articulating Booms > 80Ft
Backhoe Loaders
Compact Track Loaders
Compaction Equip: Ride On & Trench Rollers
Compaction Equip: Walk Behind, Handheld
Excavators < 20K
Excavators > 20K
Forklift Trucks
Generators
HVAC
Lighting Equipment
Pumps
Scissor Lifts
Skid Steer Loaders
Sweepers And Brooms
Telehandlers And RT Forklifts
Telescopic Booms < 80Ft
Telescopic Booms > 80Ft
Water Trucks
Wheel Loaders



Clean.
Safe.
Essential

Member Program



ARA campaign to increase rental industry awareness & promote positive perception of rental

Health & Safety Training

- Industry standard program; reinforces our commitment to health & safety
- Separates rental from other asset sharing models and reinforces the professionalism of our industry
- **>3,500 participating locations**; all LRCs

National Awareness Campaign

- Generate media attention (local and national) to tell our story
- Dual focus aimed at rental customers and job seekers
- Digital media focus for 2021
 - Programmatic video & display
 - Connected TV (DIY Segment)
 - Social media

Clean.Safe.Essential.

2021 Program scheduled to launch in June

- Focus on safe loading, delivery, and driving
- Include update on Covid cleaning procedures
- Use as a preview for PDEP/CDL & Box Truck driver training. (PDEP update slated for 2022)
- Will incorporate ARA Show guidelines under the C.S.E. umbrella



Tools for a safe environment

Gain the knowledge to create a safe working environment and present that appropriately to customers.

National advertising campaign

Receive recognition in a Clean, Safe, Essential, themed national advertising campaign focused on consumer awareness.

Group Health Insurance

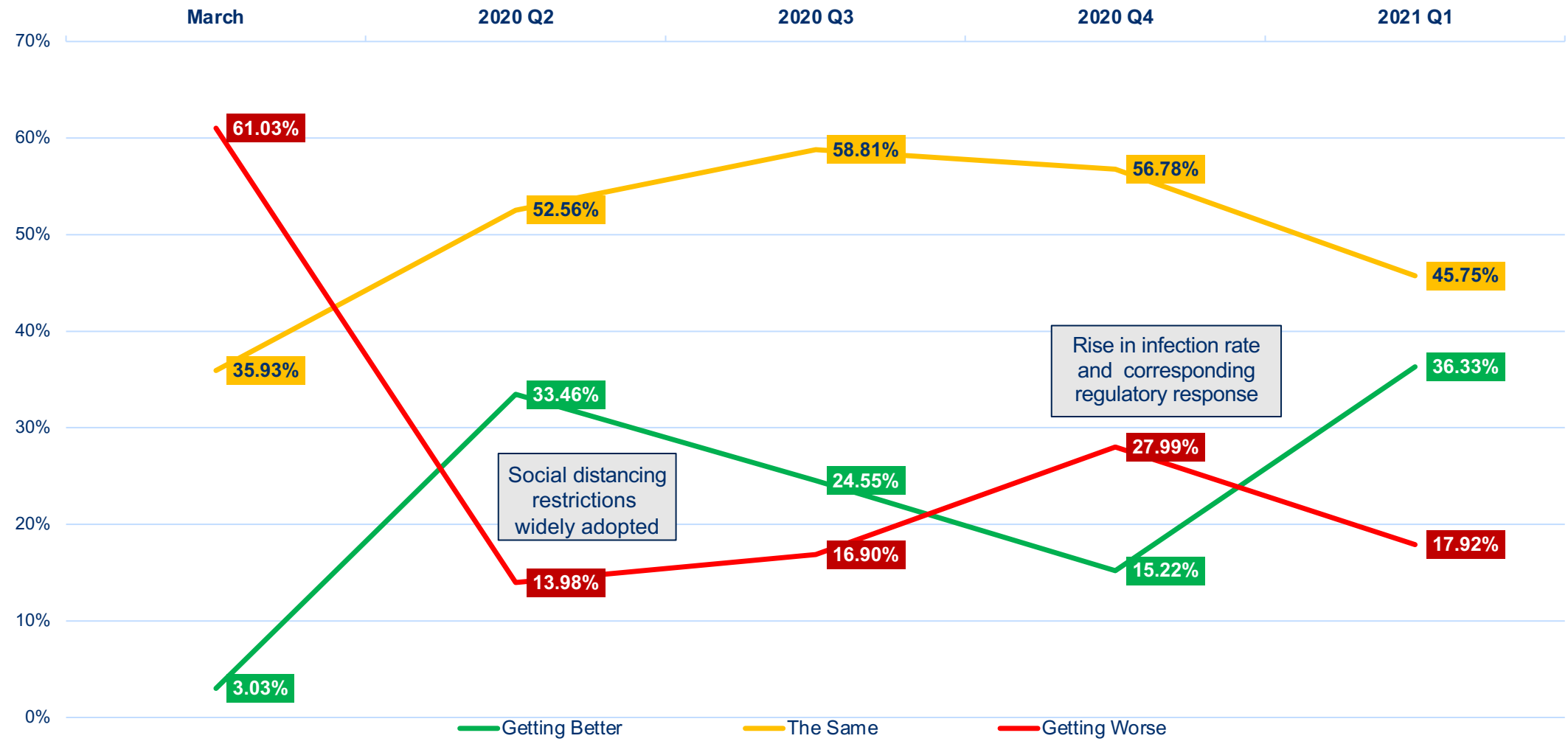
- Analysis of policies is complete and 3 out of 4 of them would experience savings for compatible plans on a group plan
- Plan will not be beneficial for all members and some groups may not qualify
- Proposals being obtained from Cottingham & Butler and Hub International
- Most likely course of action:
 - Level Funded plan to start (Traditional fixed cost premium for employers)
 - Captive plan once we get enough lives on the plan and we have a better understanding of risk and funding requirements
- Roll out at the ARA Show in October
- Evaluate over the first couple of years and adjust as necessary



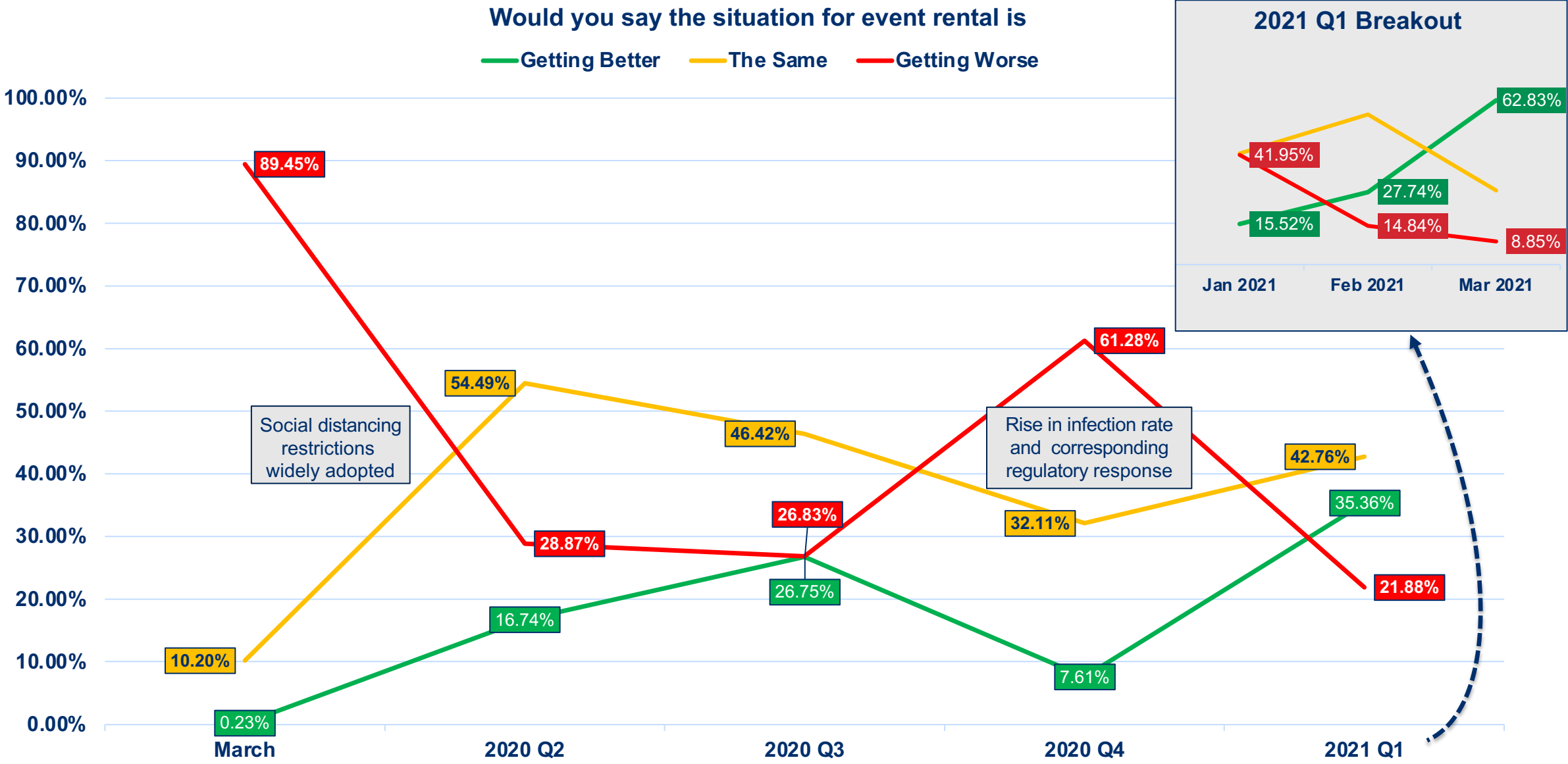
2020 Year in Review

COVID Survey Results – Equipment Rental

Compared to last quarter would you say the situation for equipment rental is

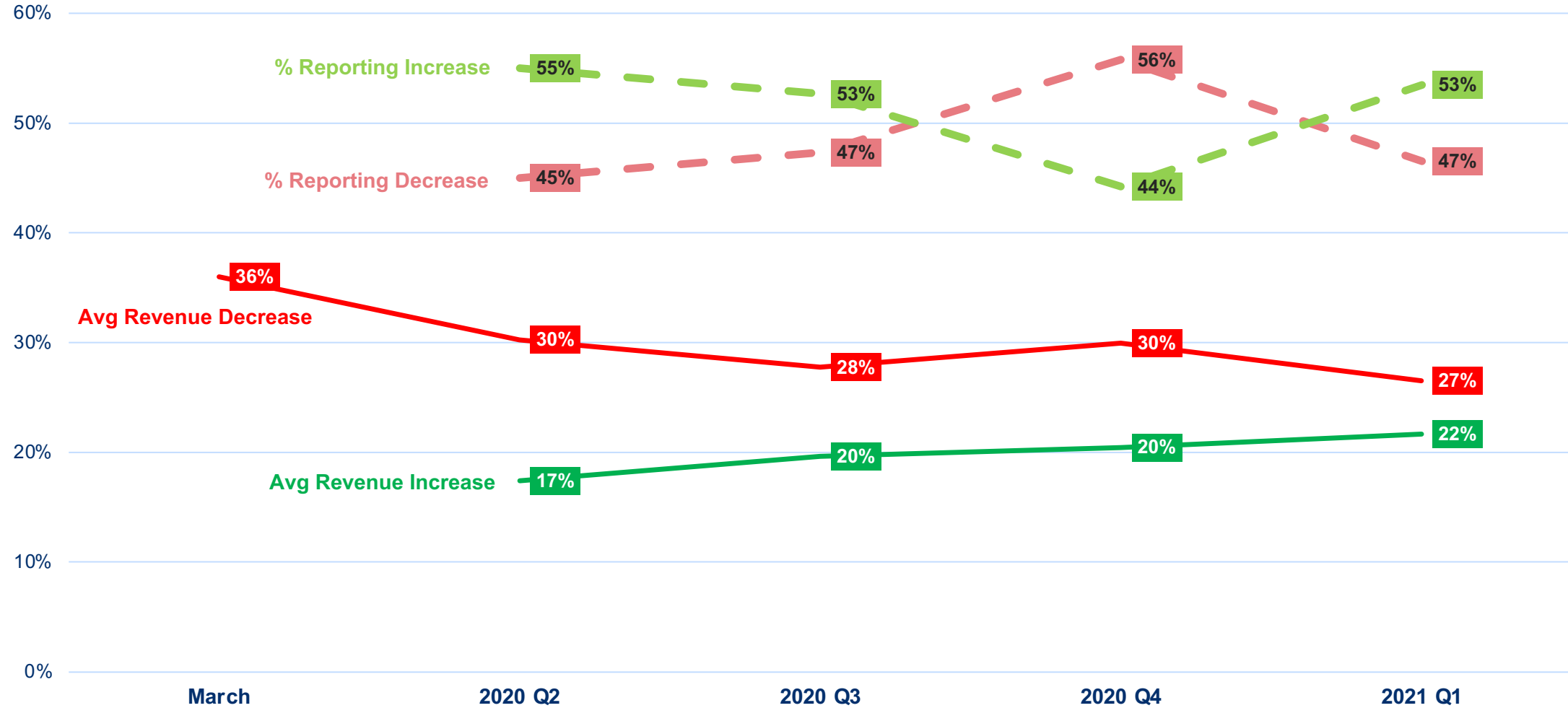


COVID Survey Results – Event Rental



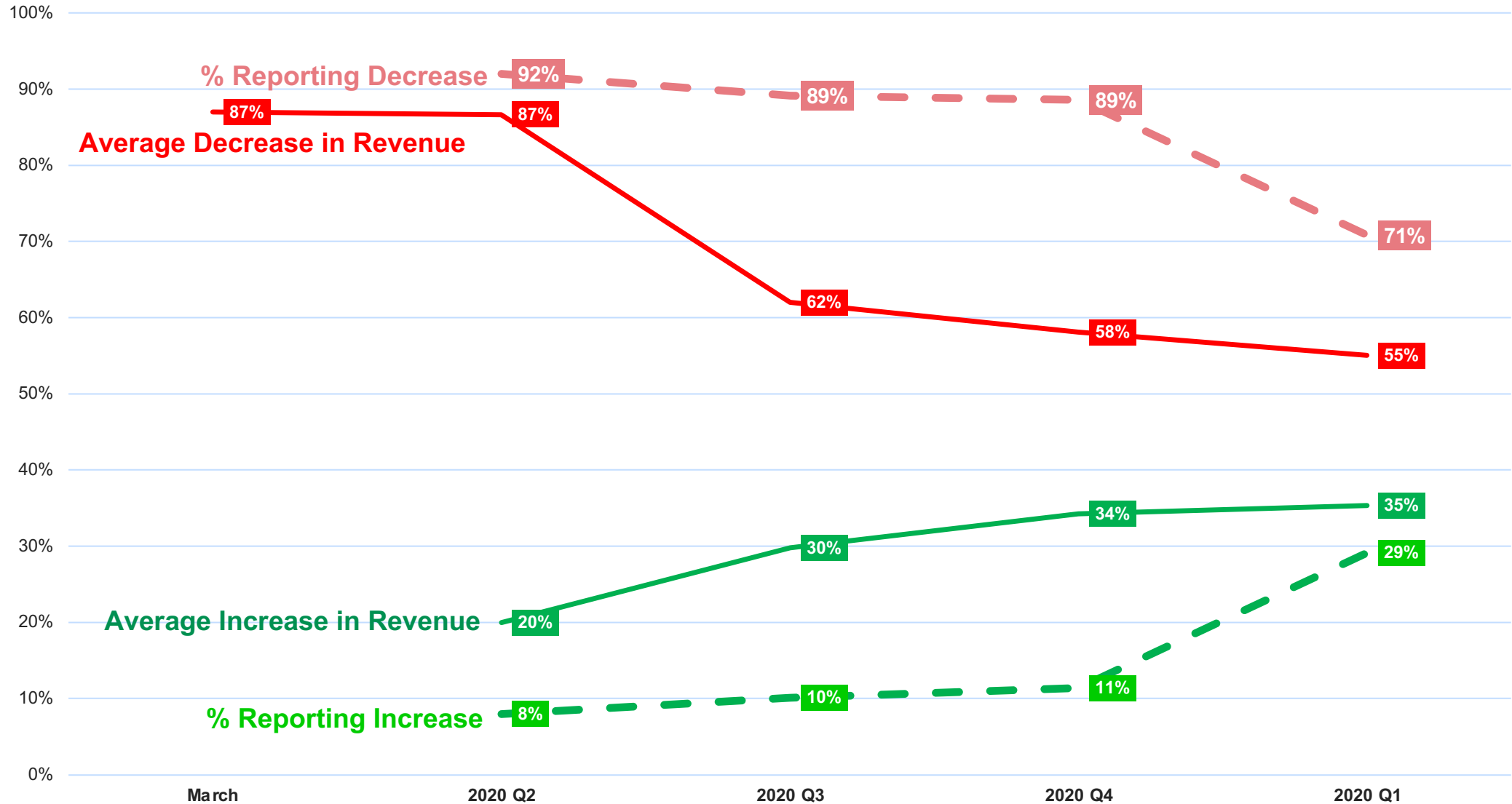
COVID Survey Results – Equipment Rental

Equip Rental - Avg Quarterly Revenue Change Compared to Same Period Prior Year

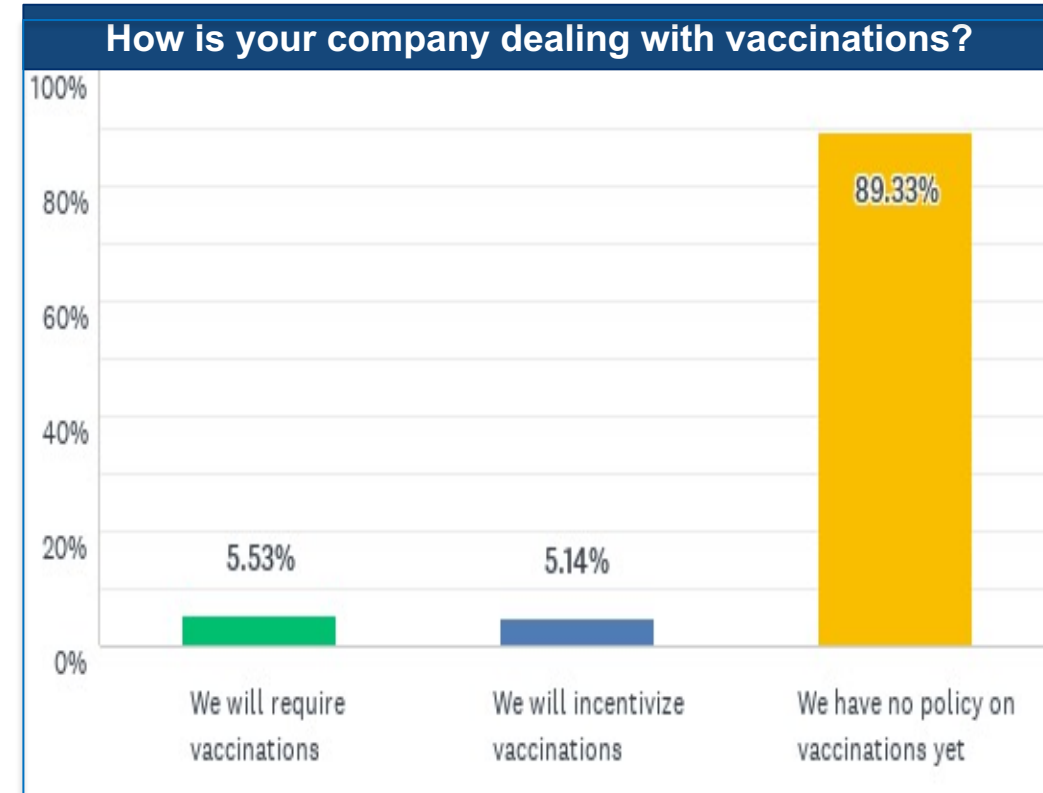
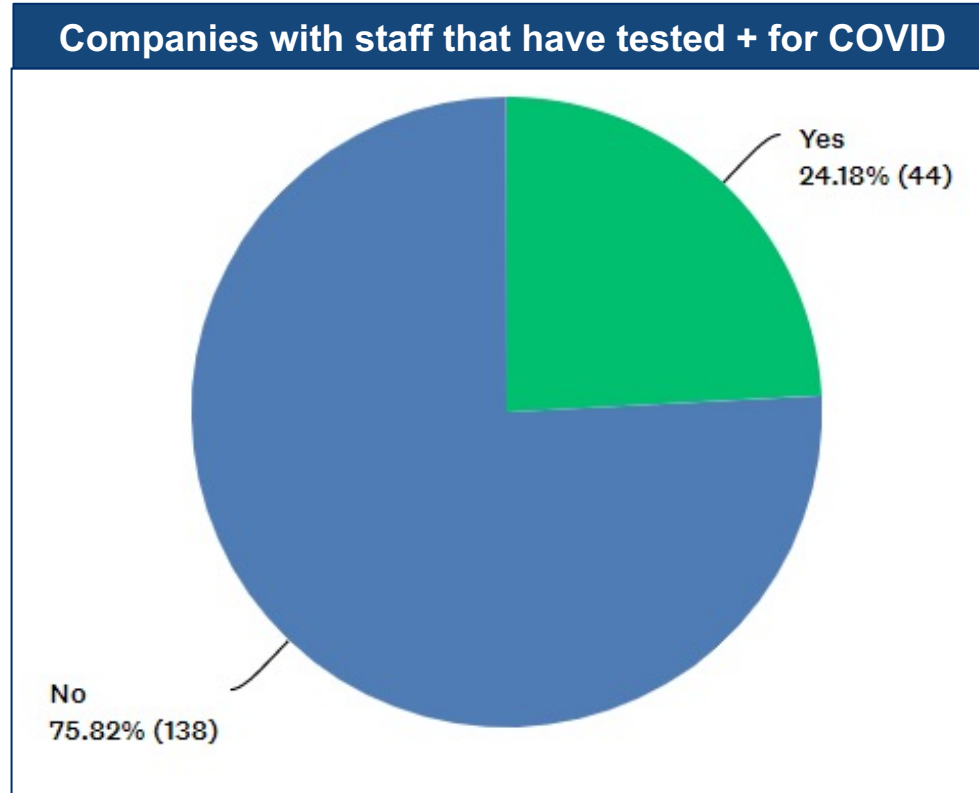


COVID Survey Results – Event Rental

Event Rental - Average Revenue Loss Compared to Same Quarter in 2019



COVID Impact on the Equipment Rental Industry

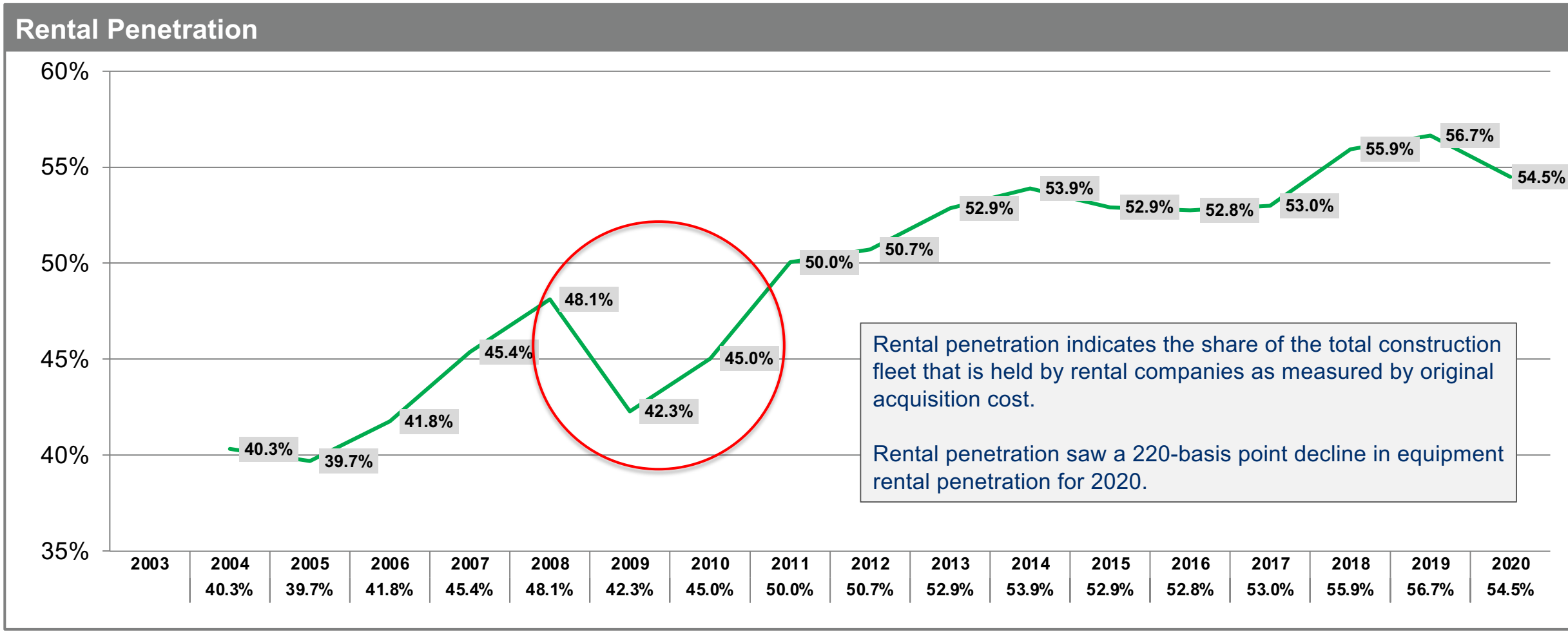


❖ ARA member survey results as of Q1, 2021

- So far vaccine distribution has not impacted business; 95% say no effect
- Current confusion regarding how to approach vaccination requirement
- Widespread concern around long term effects on employee policy

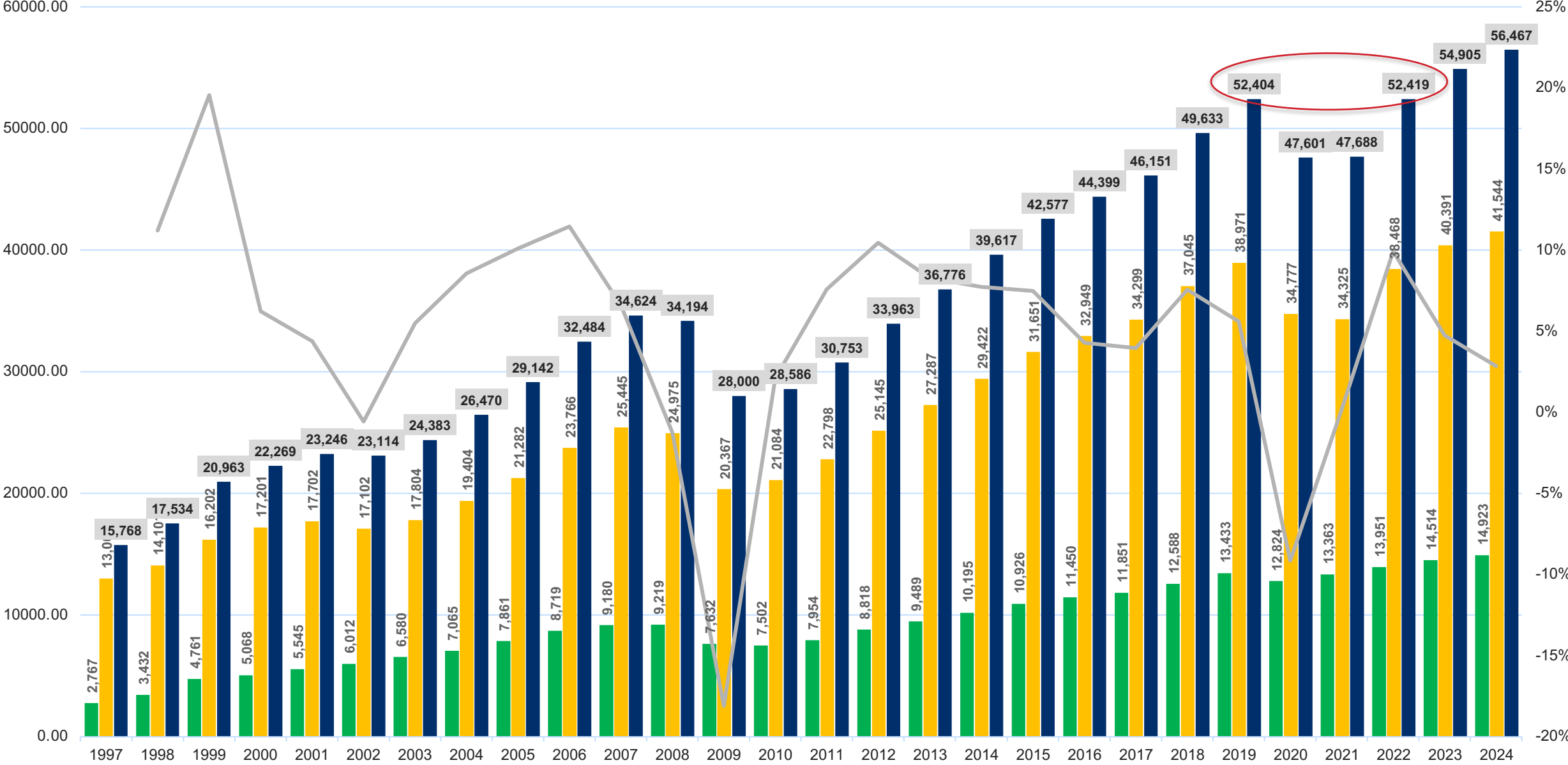
2021 Forecast

Rental Penetration Index

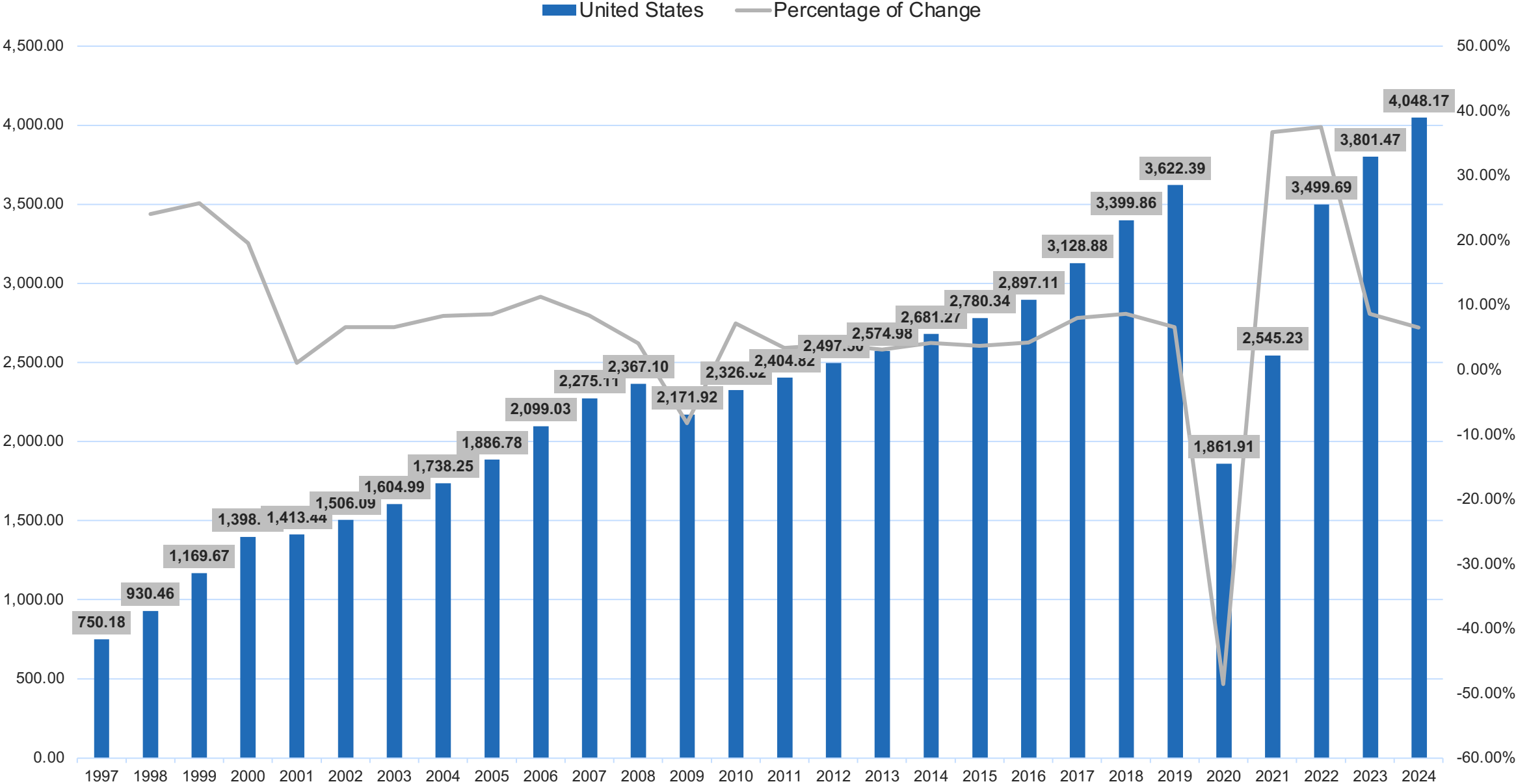


US Equipment Rental Revenue in Millions of Dollars

■ Revenue, General Tool
 ■ Revenue, Construction and Industrial Equipment
 ■ Total
 — Percentage of Total Change



US Event Rental Revenue in Millions of Dollars



Buyer-Seller Engagement

ARA Show 2021; October 17th – 20th

- ARA Show is scheduled out ~10 years
- First time back in Las Vegas since 2013
- Utilizing LVCC South Hall exhibit space and adjoining lots



- Resorts World will be host hotel for all education and ancillary events
- Tesla transport from LVCC to hotel
- Hotel will open Summer 2021

Thank You!

be
stay
it's

Clean.

Safe.

Essential.