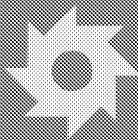


**SUNBELT**  
RENTALS

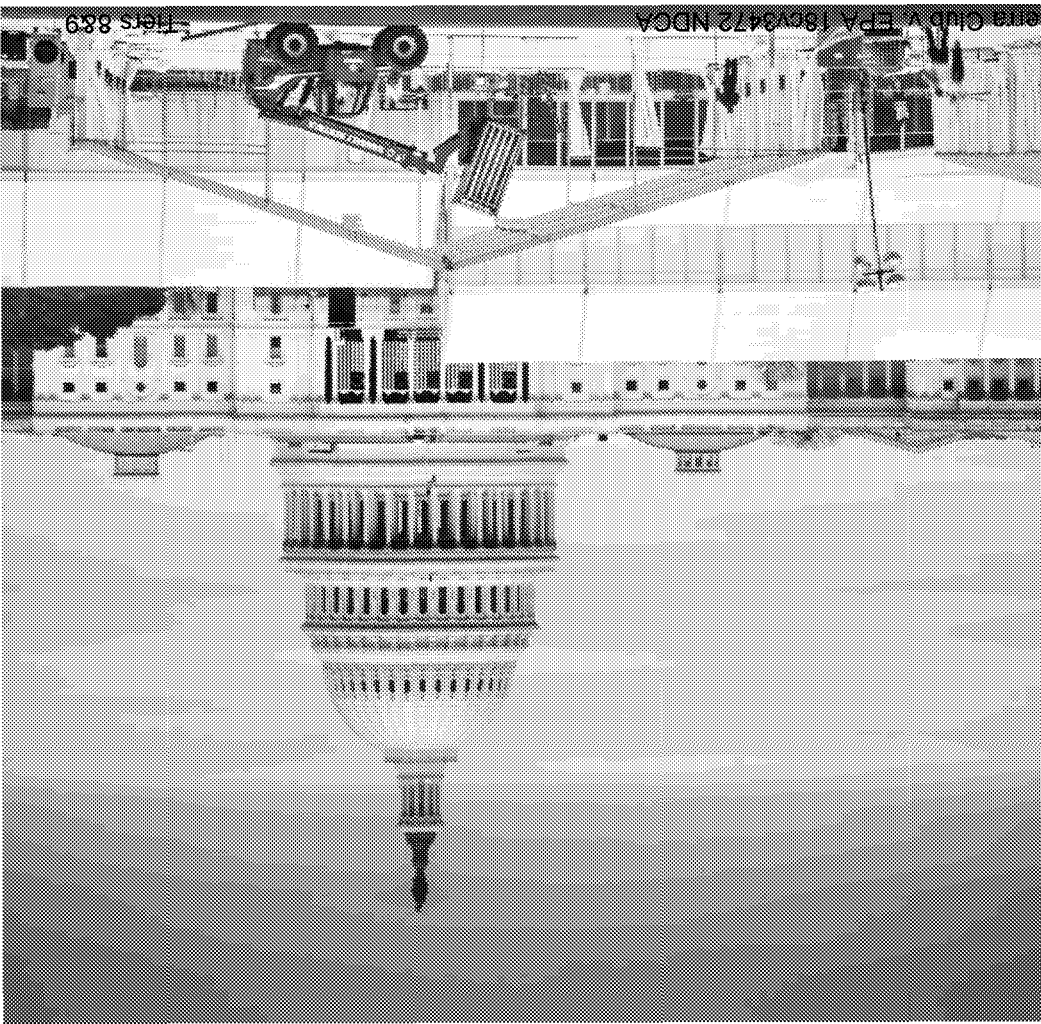


May 4, 2018

**Washington D.C.**

TIGTS 8:89

S 0178 QIDB V. EPA 180V9472 NDGA



# Sunbelt Rentals Team Introductions



**Brendan Horgan – President & CEO, Sunbelt Rentals**

*22 years*

**Director, Ashtead Group**

**Kyle Horgan – SVP; Specialty Division Business Development, Sales & Marketing, Sunbelt Rentals**

*20 years*

**Lesley Morico – Regional Air Compliance Program Manager, Sunbelt Rentals**

*14 years*

# Agenda

- Sunbelt Rentals Business Overview
- Rental Industry Landscape
- Our Engine Emissions Journey
- The Matter at Hand
- Request for Relief

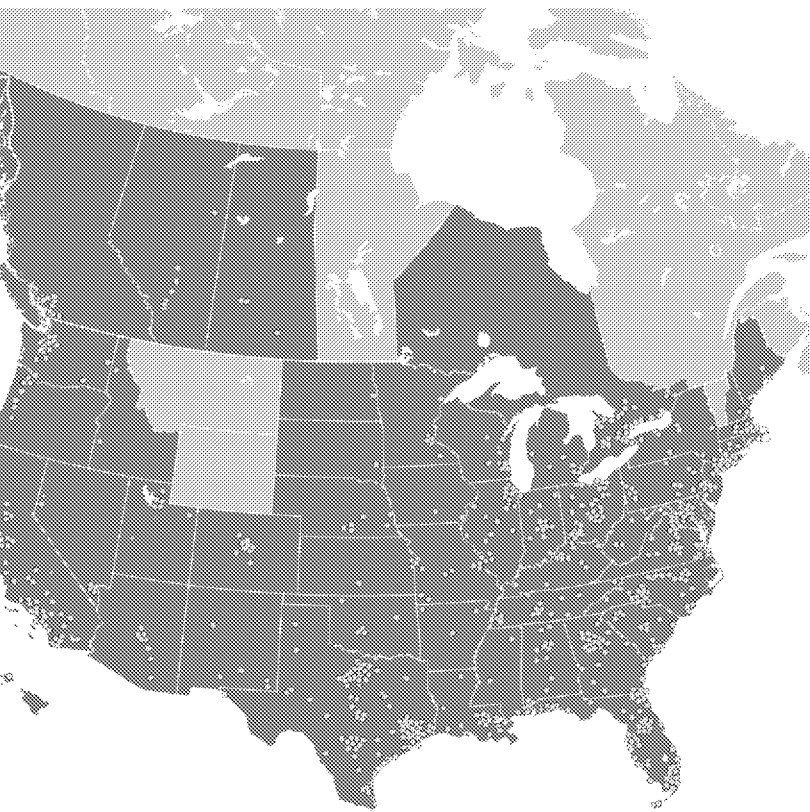


# Sunbelt Rentals Overview

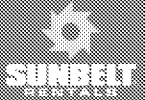
- \$3.9B 2017 revenue (+18% over 2016)
- 700+ locations
- 12,000+ employees
- Added 390 locations since 2011, creating 6,000+ jobs
- Fleet
  - 550,000 rental assets, \$7.9B
  - 3,100 commercial delivery and service vehicles, \$330M
- Diesel portable generators
  - 10,000+ units 20kW – 2,000kW, \$350M



**SUNBELT**  
RENTALS

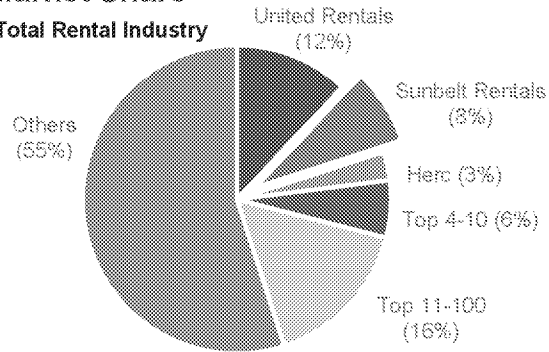


# Rental Industry Landscape

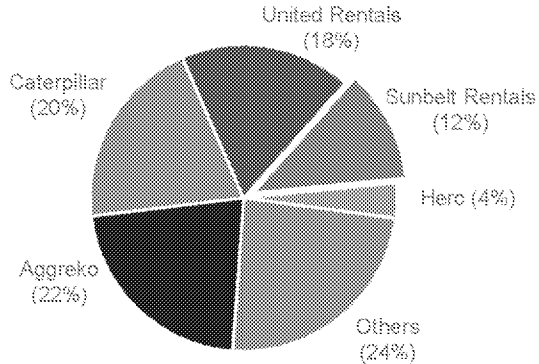


## Market Share

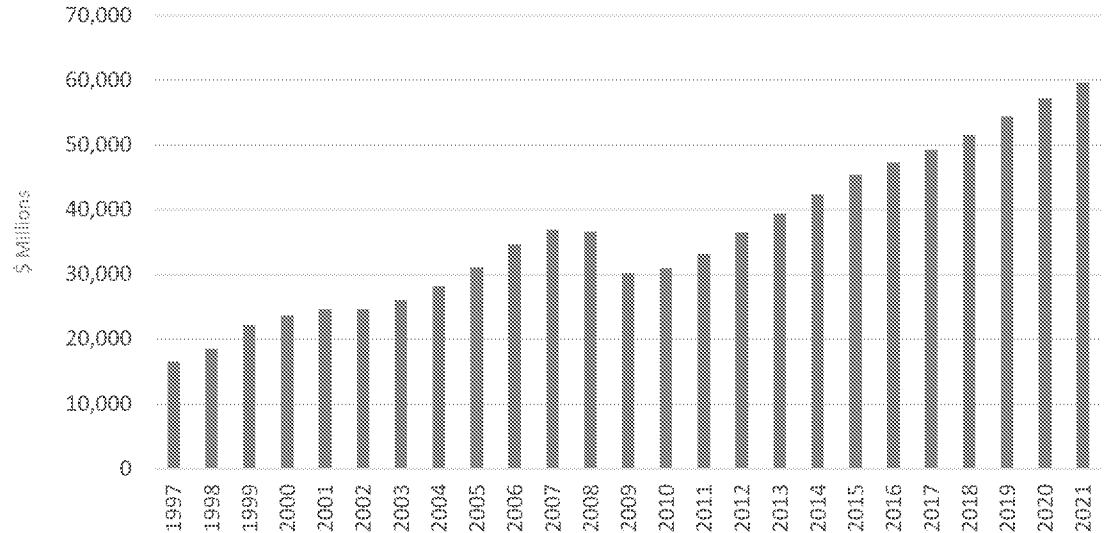
### \*Total Rental Industry



### \*\*Power Generation Rental



## Total U.S. Rental Forecast



Source: \*IHS Global Vantage; \*\*Verify Markets and management estimates.

Tiers 8&9



Diesel Powered Truck & Rental Fleet Movements	2011-2018
Purchases	\$5.2B
Disposals	\$2B

- Early implementers of emissions standards
- Partnered with OEMs, buying most current and compliant engines
- Disposals of pre- and early-Tier fleet
- Significant disposition channels were out of the country or in low-use environments
- 98% of service truck population moved from 8-10 MPG trucks to more efficient 13-15+ MPG trucks across our network

# Proactive Industry-Leading Actions

## Corporate Responsibility

CARB DGORS Fleet Target and Average Emission Rates (g/bhp-hr)									
January 1, Year	2014	2015	2016	2017	2018	2019	2020	2021	2022
Target	6.5	6.2	5.7	5.2	4.8	4.3	3.8	3.3	2.8
Sunbelt Average	3.2	2.8	2.7	2.6	2.6		2.6		

## California Portable Diesel Powered Generators PM Snapshot

BHP Category	2018 Sunbelt Rentals California Fleet Average PM	2017 PM Requirement (g/bhp-hr)	2020 Requirement (g/bhp-hr)
<175	0.05	0.18	0.04
175-750	0.06	0.08	0.02
>750	0.07	0.08	0.02

2022	2023
8	2.3

- Consistently ahead of California Air Resource Board (CARB) standards
- +2.5M non-compliant diesel trucks removed from 3 acquisitions
- Questions remain in >750 BHP generator future requirements

**Replacements of Diesel Powered Trucks Not Compliant with CARB Truck and Bus Regulations – Service Trucks and Delivery Trucks**

**(\$ Thousands)**

**Acquisition: Nobel Iron**

\$810

**Acquisition: ARO**

\$1,000

**Acquisitions: Arsenal**

\$690

\$2,500

# Matter At Hand | Generator Rental Market

- U.S. Power Rental Market forecasted to grow at 9.8% CAGR
- Drivers:
  - End market growth
  - Aging utility infrastructure
  - Shift from ownership to rental

## End Markets

- Utilities
- Construction
- Oil & Gas
- Disaster Response
- Industrial
- Events
- Telecommunications
- Proliferation of Data Centers

## North American Power Rental Market Outlook for Diesel Generators (2017-2023)

Country	CAGR%
U.S.	9.8%
Canada	11.3%
Mexico	11.8%
Total	10.2%

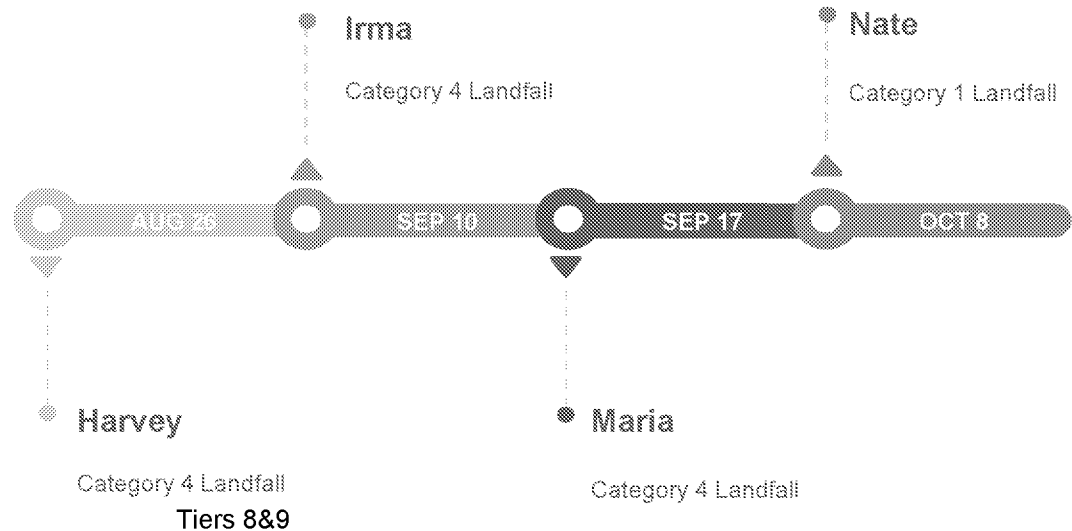
## North American Power Rental Market Outlook by Power Rating (2017-2023)

Power Rating	CAGR%
Up to 5kW	9.4%
51kW-500kW	9.1%
*500kW+	10.1%

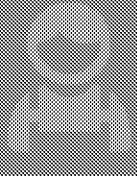
*\*9.7% U.S. CAGR for >500kW*

Active hurricane season resulting in increasing demand for power generation in under-supplied U.S. market

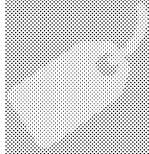
- Sunbelt effectively 100% utilized in 750+ HP (500kW – 2MW) portable generators
- Industry unable to meet customer demand
- Demand for power generation to support:
  - First Responders
  - FEMA
  - State & Local Municipalities
  - Hospitals
  - Utility Providers
  - Senior Care Facilities
  - Food Distributors
  - Industrial Sector
  - Telecommunications
  - Remediation & Restoration



# 2017 Hurricane Season Response Effort Recap



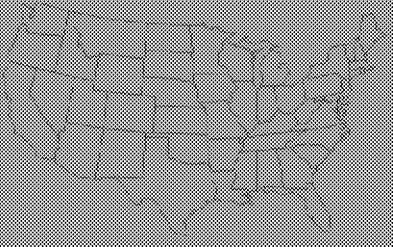
**185** EMPLOYEES SUPPORTING EFFORTS FROM OUTSIDE AFFECTED AREA



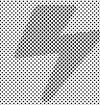
**\$50M** ASSETS DEPLOYED TO PUERTO RICO & US VIRGIN ISLANDS



EQUIPMENT SOURCED NATIONALLY FROM 250+ LOCATIONS



**700 MW** OF POWER DEPLOYED



**1,600** TRUCKLOADS SHIPPED FROM OUTSIDE AFFECTED AREA



Louis Berger



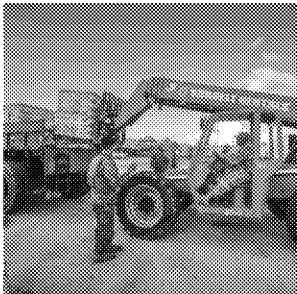
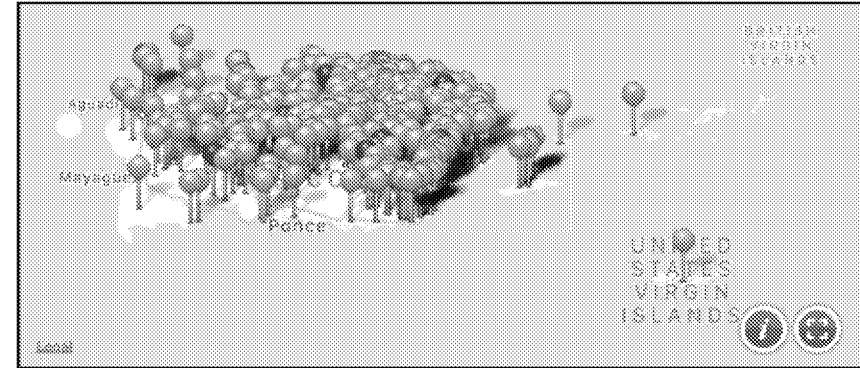
FEMA



Sample of customers serviced

## Immediate & Ongoing Response

- Maximum deployment was 787 generators
- Hurricane response typically lasts 2 to 4 weeks
- Puerto Rico response is now in the 7<sup>th</sup> month
- 669 diesel generators still in use on the islands
- Projected to continue through Nov. 2018



Louis Berger



FEMA

Sample of customers serviced

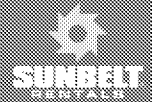


>\$30M Equipment Cost Deployed; >\$25M Remaining on Island 4/20/2018

<b>ATLANTIC HURRICANES</b>				
	30-Year Average	2017 Forecast	2017 Actual	2018 Forecast
<b>Named Storms</b>	12	11	17	<b>14</b>
<b>Hurricanes</b>	6	4	10	<b>6</b>
<b>Category 3+</b>	2	2	6	<b>3</b>

Numbers of Atlantic Basin named storms, those that attain at least tropical storm strength, hurricanes, and hurricanes of Category 3 intensity forecast by Colorado State University compared to the 30-year average. (Forecast: Tropical Meteorology Project/Colorado State University)

# Absence of Supply; Market Failure



## Sunbelt Diesel Powered Generator Recent & Forecasted Purchases

Power Band	2013-2017 Purchases				2018-2019 Purchases		
	Most Current Tier		TPEM Machines (Prior Tier)		Tier 4 Final		
	Units	%	Units	%	Units	%	
20kW through <560kW	4,082	71%	1,652	29%	2,900	100%	✓ Worked as planned
560kW through 2MW	0	0%	164	100%	0	-	✗ Market failure

- Aggressively purchased most current Tier available in all HP bands
- Without TPEM, no options exist in foreseeable future for >560kW
- Options exist in the >560kW band for stationary only; not portable



- Targeted bridge allowance
- Up to 280  $\geq$  560kW diesel generators through 2020
- Emphasis will be on 1MW and larger generators
- Time is of the essence

# Questions & Discussion

