

01 DIFFERENTIATING OUR FLEET AND SERVICE

- ▶ Broad fleet mix
- ▶ Highly responsive (no job too small)
- ▶ Scale to meet size and range of requirement

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02 ENSURING OPERATIONAL EXCELLENCE

- ▶ Optimal fleet age
- ▶ Nationwide networks in US and UK
- ▶ Long-term partnerships with leading equipment manufacturers
- ▶ Focused, service-driven approach
- ▶ Strong customer relationships
- ▶ Industry-leading application of technology

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03 INVESTING IN OUR PEOPLE

- ▶ Highly skilled team
- ▶ Devolved structure
- ▶ Maintaining significant staff continuity
- ▶ Strong focus on recruitment, training and incentivisation

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04 MAXIMISING OUR RETURN ON INVESTMENT

- ▶ Effective management and monitoring of fleet investment
- ▶ Optimisation of utilisation rates and returns
- ▶ Flexibility in local pricing structures
- ▶ Focus on higher-return equipment
- ▶ Appropriate incentive plans consistent with improved returns

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VALUE CREATION**RENTAL SOLUTIONS**

The provision of cost-effective rental solutions to a diverse customer base.

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**LONG-TERM RELATIONSHIPS**

Developing long-term relationships with customers and suppliers.

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**ENHANCING COMMUNITIES**

Enhancing the communities in which we operate, through employment, opportunity and community involvement.

➔ RESPONSIBLE BUSINESS REPORT PAGE 53

**SUSTAINABLE RETURNS**

Generating sustainable returns for shareholders through the cycle.

➔ FINANCIAL REVIEW PAGE 38

OUR BUSINESS MODEL CONTINUED

WHAT WE DO IS SIMPLE. HOW WE DO IT IS NOT.

At its most basic, our model is simple – we purchase an asset, we rent it to customers and generate a revenue stream each year we own it (on average, seven years). Then we sell it in the second-hand market and receive a proportion of the original purchase price in disposal proceeds.

Providing temporary climate control solutions for retail premises, office buildings and construction sites.



On-site hire depot and contractors' village for long-term maintenance and construction projects.

Assuming we purchase an asset for \$100, generate revenue of \$55 each year (equivalent to 55% dollar utilisation) and receive 35% of the original purchase price as disposal proceeds, we generate a return of \$410 on an initial outlay of \$100 over an average seven-year useful life. We incur costs in providing this service, principally employee, property and transportation costs and fleet depreciation. However, this simple overview encompasses a significant number of moving parts and activities.

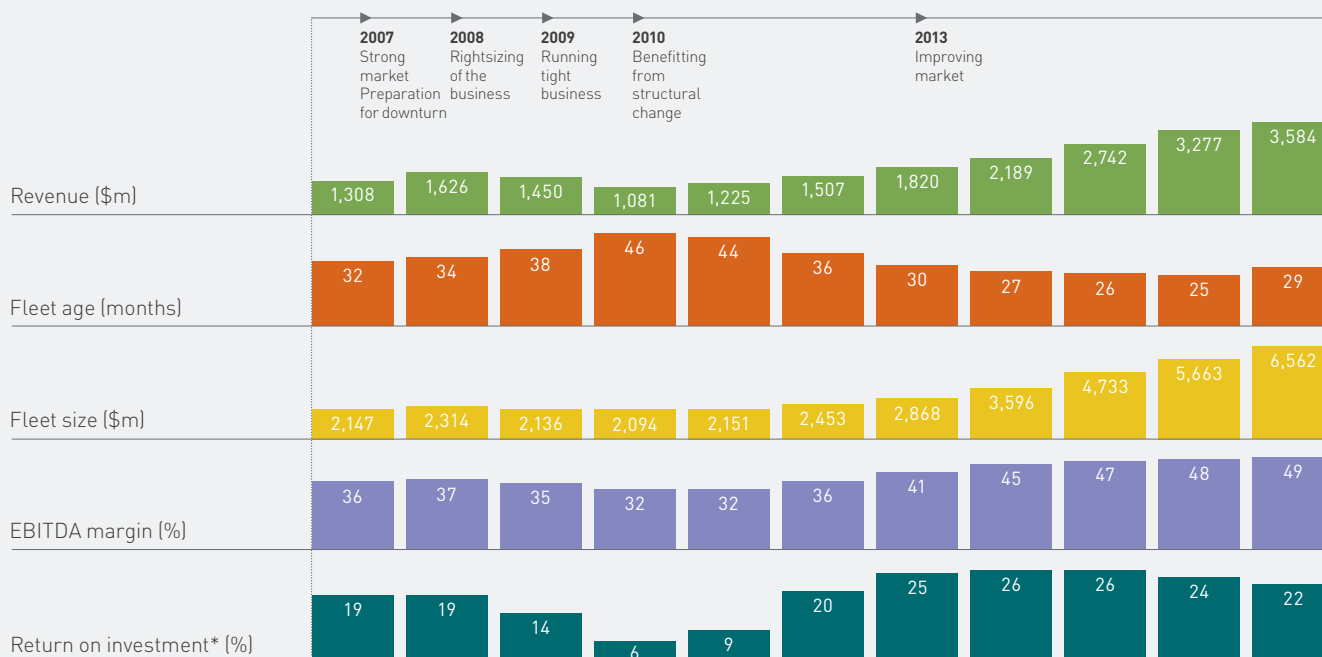
Our ability to excel in these areas enables us to generate strong margins and deliver long-term, sustainable shareholder value, whilst managing the risks inherent in our business (refer to pages 34 to 36).

MANAGING THE CYCLE

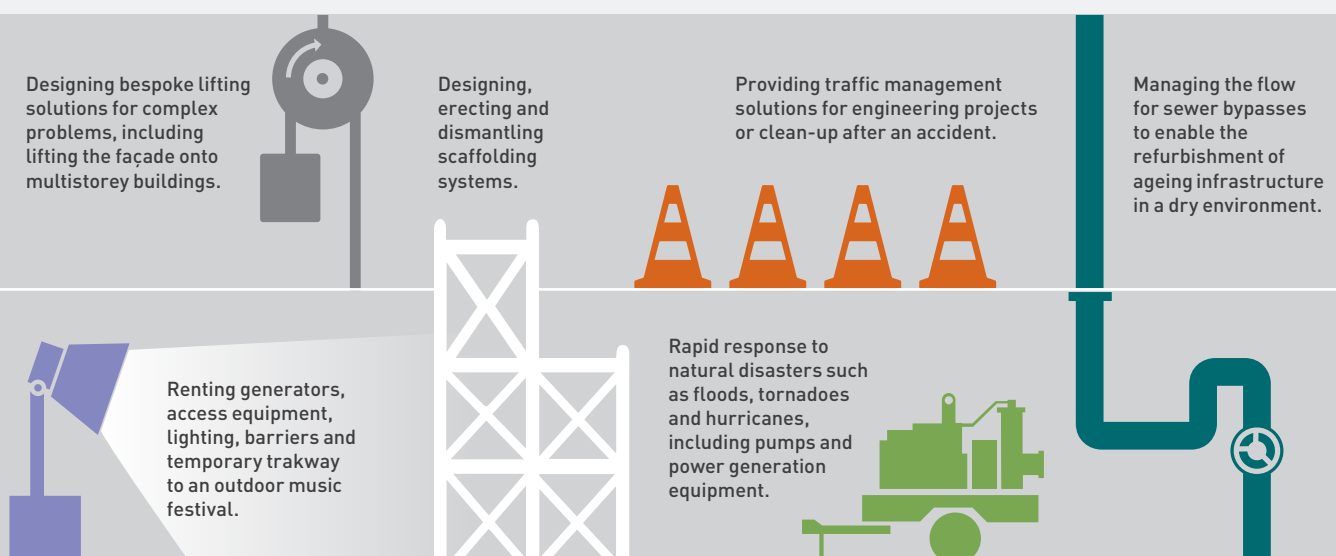
We describe ourselves as being a late cycle business in that our main end market, non-residential construction, is usually one of the last parts of the economy to be affected by a change in economic conditions. This means that we have a good degree of visibility on when

we are likely to be affected, as the signs will have been visible in other parts of the economy for some time. We are therefore able to plan accordingly and react in a timely manner when necessary. Key to the execution of our model is the planning we undertake to capitalise on the opportunities presented by the cycle. The opportunities are for both organic growth, through winning market share from less well positioned competitors, and positioning ourselves to be able to fund acquisitive growth if suitable opportunities arise. See content on our strategy on page 24.

07 MANAGING THE CYCLE – SUNBELT



* Excluding goodwill and intangible assets.



DIFFERENTIATING OUR FLEET AND SERVICE

The differentiation in our fleet and service means that we provide equipment to many different sectors. Construction continues to be our largest market but now represents around 48% in North America as we have deliberately reduced our reliance on construction. We continue to develop our specialty areas such as Pump & Power, Climate Control, Scaffolding, Oil & Gas and Industrial Services which represented 21% of our business. Residential construction is a small proportion of our business (5%) as it is not a heavy user of equipment.

Our customers range in size and scale from multinational businesses, through strong local contractors to individual do-it-yourselfers. Our diversified customer base includes construction, industrial and homeowner customers, as well as government entities and specialist contractors. Our core market is the small to mid-sized local contractor. The nature of the business is such that it consists of a high number of low-value transactions. In the year to April 2017, Sunbelt dealt with over 570,000 customers, who generated average revenue of \$5,800.

The individual components of our fleet are similar to our peers. However, it is the breadth and depth of our fleet that differentiates us from them and provides the potential for higher returns. The size, age and mix of our rental fleet is driven by the needs of our customers, market conditions and overall demand. The equipment we provide to each customer is diverse and we are often involved in supplying various types of equipment over an extended period at each distinct stage of a project's development. Our equipment is also used in a wide range of other applications including industrial, events, repair and maintenance and facilities management.

HOW WE OPERATE

Our operating model is key to the way we deliver operational excellence:

- In the US we achieve scale through a **'clustered market'** approach of grouping large and small general tool and specialist rental locations in each of our developed markets. This approach allows us to provide a comprehensive product offering and convenient service to our customers wherever their job sites may be within these markets. When combined with our purchasing power, this creates a virtuous circle of scale. You can find out more on our cluster strategy on pages 27 and 28.
- In the UK, our strategy is focused on having sufficient stores to allow us to offer **a full range of equipment on a nationwide basis**. We have migrated our network towards fewer, larger locations which are able to address all the needs of our customers in their respective markets. This difference in approach from the US reflects the nature of the customer base (more national accounts) and the smaller geography of the UK.
- Across our rental fleet, we seek generally to carry equipment from one or two suppliers in each product range and to limit the number of model types of each product. We believe that having **a standardised fleet** results in lower costs. This is because we obtain greater discounts by purchasing in bulk and reduce maintenance costs through more focused and, therefore, reduced training requirements for our staff.

Breadth and depth of our fleet provides differentiation."

OUR BUSINESS MODEL CONTINUED

We are also able to share spare parts between stores which helps minimise the risk of over-stocking. Furthermore, we can easily transfer fleet between locations which helps us achieve leading levels of physical utilisation, one of our key performance indicators ('KPIs').

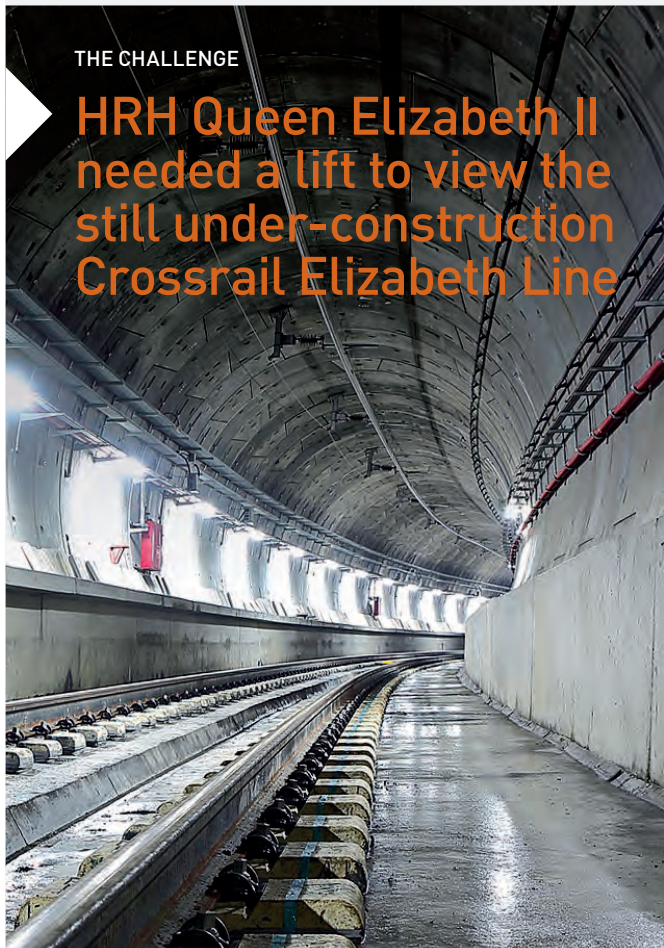
- We purchase equipment from well-known manufacturers with strong reputations for **product quality and reliability** and maintain close relationships with them to ensure certainty of supply and good after-purchase service and support. We work with vendors to provide early visibility of our equipment needs which enables them to plan their production schedules and ensures we receive the fleet when we need it. However, we believe we have sufficient alternative sources of supply for the equipment we purchase in each product category.

- We also aim to offer a **full service solution** for our customers in all scenarios. Our specialty product range includes equipment types such as pumps, power generation, heating, cooling, scaffolding, traffic management, temporary flooring and lifting services, which involve providing service expertise as well as equipment.
- Our large and experienced sales force is encouraged to build and reinforce customer relationships and to concentrate on generating strong, **whole-life returns** from our rental fleet. Our sales force works closely with our customers to ensure we meet their needs. Through the application of technology, it is equipped with real-time access to fleet availability and pricing information enabling it to respond rapidly to the needs of a customer while optimising returns.

- We **guarantee our service standards** and believe that our focus on customer service and the guarantees we offer help distinguish our businesses from competitors and assist us in delivering superior financial returns. Our responsiveness to customer needs is critical in a business where around 70% of orders are placed for delivery within 24 hours. We have worked with a lot of our customers for many years. Our customer retention is high due to the scale and quality of our fleet, our speed of response and our customer service.

THE CHALLENGE

HRH Queen Elizabeth II needed a lift to view the still under-construction Crossrail Elizabeth Line



OUR SOLUTION

We provided the hoists to get Her Majesty down to the Underground

GB Access provided hoists used by Her Majesty during her visit to the still under-construction Crossrail Elizabeth Line station at Bond Street in London. The new Bond Street station site will see 24 trains per hour in each direction when the new railway opens in 2018. Crossrail will transform travel across the capital, boosting the economy and supporting thousands of new jobs and homes.

“We were happy to oblige, Your Majesty!”

Dave Patrick
Maintenance Manager,
GB Access



- Our local management teams are **experienced and incentivised** to produce strong financial returns and high quality standards. We believe that the autonomy given to management teams to take decisions locally ensures that, despite our size, we retain the feel of a small, local business for our employees.
- We invest heavily in our **computerised point of sale and service systems** as well as the software and online capabilities required to deliver efficient service as well as high returns. Customers can track the equipment they have on rent, place new orders, request pickup or service or extend their contract. Our sales reps have access to the same information, along with details of the location of our fleet and all other information required to serve the customer.

INVESTING IN OUR PEOPLE

Our people enable us to provide the exceptional customer service that keeps our customers coming back. Our exceptional staff and focus on service give us a huge competitive advantage in what we do. On page 50 we discuss the importance of our staff and corporate culture in more detail. We aim to recruit good people and then invest in them throughout their careers.

70%

LEVEL OF ORDERS FOR DELIVERY WITHIN 24 HOURS

THE CHALLENGE

Hurricane Matthew caused record flooding along the US coastline from Florida to Virginia



OUR SOLUTION

More than 400 truckloads of equipment and 17 disaster trailers mobilised to devastated areas

In preparation for the storm, our Emergency Response Team ('ERT') set up a Storm Centre at the Fort Mill Support Office. 15 team members provided sales and logistical support from there, while 25+ team members were deployed to stores to provide operational support. As the storm travelled up the coast, nearly 400 employees were assembled, preparing to offer their support. ERT members and local representatives deployed hundreds of assets including generators, pumps, lifts, light towers, and more.

"We're used to responding quickly in an emergency. Hurricane Matthew caused massive destruction but we were there to provide emergency support for our customers when they needed it most."

Walter Hoehn
Operational & Sales Support,
Pump & Power Services

