



## United Rentals Agrees to Acquire Mobile Storage Giant General Finance Corp. for Almost \$1 Billion

April 19, 2021

Two days after announcing its acquisition of 20-location Franklin Equipment, United Rentals and General Finance Corp. announced a definitive agreement for United Rentals to acquire General Finance for approximately \$996 million. Under the agreement United Rentals acquire General Finance for \$19 per share in cash as well as the assumption of \$400 million of net debt.

The transaction is expected to be accretive to EPS and free cash flow upon closing, which is expected to occur during the second quarter.

General Finance is a leading provider of mobile storage and modular office space. It operates as Pac-Van and Container King in the United States and Canada, and as Royal Wolf in Australia and New Zealand. It has a network of 106 branches and more than 900 employees and serves diverse end markets, including construction, commercial, industrial, retail, transportation, petrochemical, consumer, natural resources, government and education.

As of December 31, 2020, on a trailing 12-month basis, General Finance generated \$94 million of adjusted EBITDA on \$346 million of total revenue, translating to a 27.2 percent adjusted EBITDA margin. As of March 31, 2021, General Finance's rental fleet consisted of approximately 100,000 units at an original cost of approximately \$639 million.

"Our acquisition of General Finance will be a significant opportunity for us to further differentiate our value in the eyes of our customers, while providing attractive, long-term returns for our shareholders," said Matthew Flannery, president and CEO of United Rentals. "We see strong growth potential from this combination, including our ability cross-sell mobile storage and office solutions to our customers. Our expansion into this space comfortably checks all three boxes of our M&A criteria — strategic rationale, financial impact and cultural fit.

"We're confident the time is right to reengage in M&A with this highly strategic combination, as our end markets recover from the challenges of 2020. General Finance is a customer-focused organization with excellent field operators and specialized expertise that complements our own. We look forward to welcoming our new employees and customers as an important part of our future."

"Our combination with United Rentals — the industry leader in equipment rentals — is a strong outcome for everyone involved," said Jody Miller, CEO of General Finance. "Our customers will benefit from United's extensive solutions and geographic footprint, and our employees will have new opportunities as part of the largest rental team in the world."

United Rentals expressed strong strategic rationale for making the acquisition.

General Finance's positioning as a leader in the North American sector for mobile storage and office solutions strongly complements United Rentals' leading positions in general construction and industrial rentals and specialty rentals, United said. This will further differentiate the company through its ability to deliver value as a one-stop-shop for customers.

General Finance operates in 52 of the top 100 MSAs in North America served by United Rentals locations, which will create immediate cross-sell opportunities. Importantly, United Rentals will have the ability to introduce mobile storage and modular office solutions in its MSAs currently not served by General Finance. General Finance's mobile storage and office business in Australia and New Zealand will give United Rentals entry into these geographies with an established platform run by a seasoned management team, and with a strong growth strategy already in place.

General Finance shares many cultural similarities with United Rentals, the company said, including a customer-first business philosophy, long-term customer relationships across diverse end markets and a strong focus on safety. Approximately 900 General Finance employees will bring a wealth of experience to United Rentals in the combination. They will benefit from industry-leading technology, state-of-the-art training and safety programs and other resources, and have greater opportunities for career development within the larger company.

United Rentals sees significant potential upside to profitability from the transaction over the next several years, driven by synergies within the combined operations, complementary services, efficiencies of scale and an aggressive growth strategy. The company is targeting \$65 million of total revenue synergies in the first three years post-close.

United expects to realize a \$17 million benefit to adjusted EBITDA by the end of year two from cost synergies achieved through the integration, including operational efficiencies and a reduction in corporate overhead. This is equivalent to 4.9 percent of General Finance's trailing 12-months total revenue, and 10.4 percent of the combined cost of leasing operations and selling and general expenses over the same period.

The company expects to realize approximately \$19 million in net present value of tax benefits included in the \$996 million purchase price.

The transaction is not conditioned on financing. United Rentals expects to use a combination of cash and existing capacity under its ABL facility to fund the transaction and related expenses.

The boards of directors of United Rentals and General Finance unanimously approved the transaction, which is subject to customary closing conditions, including the expiration or early termination of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 and other regulatory approvals. United Rentals intends to commence a tender offer by April 26, 2021, to acquire all of the outstanding shares of GFN common stock for \$19 per share in cash. Following completion of the tender offer, a wholly owned subsidiary of United Rentals will merge with and into General Finance and shares of General Finance common stock that have not been tendered and purchased in the tender offer will be converted into the right to receive \$19 per share in cash. The company plans to update its 2021 financial outlook to reflect the combined operations following the completion of the transaction.

United Rentals, based in Stamford, Conn., is No. 1 on the *RER*100. General Finance Corp. is headquartered in Pasadena, Calif.

