WILLSCOT ▪ MOBILE MINI

HOLDINGS CORP

**TRANSCRIPT**

2021 Investor Day

WillScot Mobile Mini Holdings Corp. (Nasdaq: WSC)

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**TRANSCRIPT**

**Nick Girardi**

Good afternoon. Welcome to the WillScot Mobile Mini 2021 Investor Day. On behalf of the entire leadership team, thank you all for being here. We also appreciate those of you who are following us via the webcast and appreciate your time and your interest in our company. I'm Nick Girardi. I'm responsible for the Investor Relations effort here at WillScot Mobile Mini. There are no scheduled fire alarms today, so if the alarms go off, it is real. There is a fire escape in the hallway if you go out this door and on the right.

The webcast will be available on our website, and later on, we'll post the transcript from today's presentations. Included here is our safe harbor statement. We'll be making forward-looking statements today, and the results will probably be different. And factors that could cause the results to be different are included here as well as in our SEC filings. We encourage you to review these carefully.

Today's agenda will start with a review of our strategy by Brad. Tim will go through our growth initiatives for the next three to five years. We'll take a quick break, and then Graeme will go over technology. Hez and Jamie will discuss our ESG initiatives, and Tim will go over our financial outlook. After that, we'll open the floor for questions. We ask that you save your questions until after the presentation.

Thank you for coming, and we appreciate your interest in WillScot Mobile Mini. We'll now go to a short video, followed by Brad's opening remarks.

(Video playing)

**Brad Soultz**

All right. Hello, and welcome, everyone, to WillScot Mobile Mini's Inaugural Investor Day. First, I just wanted to extend a quick thank you to Nick, Tami, Kathy, Ben, Scott, and all the colleagues here at NASDAQ that helped us pull this off, and our local crew that helped set up the buildings outside. So a team led by Mike Bibby. So I hope you guys will enjoy the fruits of their work.

So we're delighted to host this event in person, happy to see lots of new faces and many faces, frankly, we haven't seen since March of 2020, which was when we announced this transformational merger with Mobile Mini. Just a quick highlight as to who's joining. While most of you know Tim and Nick and I well, 1 of our primary objectives here was to help introduce you to the broader team that's been executing flawlessly, and driving this growth trajectory. In addition to Tim and I, we have Graeme Parkes, Hezron Lopez, and Jamie Bohan presenting, as well as several others as a cross section of our field and executive leadership team in the back of the room.

Graeme, quickly, is our CIO. He knows the business top to bottom, all segments, and he's passionate about making sure technology is the underpinning of everything we do, it's driving our growth, and the laser focus on making sure we're the best and easiest to do business with. Graeme is a native of South Africa. And prior to joining Mobile Mini, he had extensive experience ranging from mining to manufacturing in all environments from B2B to B2C.

Hezron Lopez is our Chief Human Resource Officer, including Director oversight for ESG. Hezron joined WillScot in 2019 as our GC. He took over as the newly created CHRO role at the time of the merger. Hezron's unique experience is -- spans experiences at Kohler A.O. Smith and Herman Miller. I think it's -- where he grew a passion for furniture. Hezron was born in Belize, grew up in the U.S. and has since become a true global citizen personally and professionally. And given the substantial step up in scale, this is 1 great indication of how we can now afford the opportunity to really build a powerful legacy infrastructure in the team. So he's really built his team from the ground up, and he's absolutely built a powerhouse of the team.

And then Jamie Bohan is a prime example of a powerhouse new colleague. Jamie joined us early '21 as VP of ESG. Prior to joining, Jamie had extensive marketing, product development, technology and sustainability experiences at Honeywell and Republic Services. As you'll see today, Jamie's combined passion, education and experience set makes her the perfect architect of our ESG journey.

Now in the interest of time, I'm not going to individually introduce the cross-section of our executive field and functional leadership that's joined us today. I might encourage you to speak with them at the breaks as many of you already have during the reception in this adjacent room afterwards. And please do visit our fabulous Flex unit out front, if you haven't had the chance already. And this team, frankly, makes everything happen, it makes my life quite easy. There's not much I lose sleep about, right? It's a question most of you ask me often, what causes you to lose sleep. Frankly, there's not much, given the unique business model and certainly with this team at the helm.

And so beyond being clear leaders within the storage and modular space sector, the team's collective experience spans commercial real estate, waste, uniform services, car rental, retail, packaging, automotive, military, to name a few. This breadth and depth of talent is certainly unique and hands down the best team I've ever had the opportunity to collaborate with.

And while our collective history spans over 8 decades, the 2 companies and over 75 legacy acquisitions, WillScot and Mobile Mini emerged as the undisputed leaders of turnkey space and storage solutions, respectfully. The 2020 merger of these 2 great and perfectly complementary companies continues to unlock potential value creation even above that which we expected initially. When we combined WillScot and Mobile Mini, our initial internal motto was “stronger together.” That hypothesis has been absolutely validated and is evident in our results. This is a textbook case of 1 plus 1 equals much, much more than 2, and simply marks another chapter in our success of combining and integrating great businesses. While the common denominator across this history, our underlying long-life assets coupled with long lease durations, but it really takes the right strategy, the right team, technology, and flawless execution to truly compound value creation as we have.

As we've scaled and evolved, integrating business has become systematic and frequent to the point that it's now normal course. As a note, following the recent successful integration of the WillScot business onto the Mobile Mini SAP platform in just the second quarter, we've already acquired 4 smaller companies. We integrate these seamlessly with a laser focus on extending our value prop to both legacy and acquired customers. Our M&A pipeline is robust and looking forward, we're uniquely positioned to continue to compound robust organic growth with highly accretive M&A.

Now what's a presentation without a Venn diagram, right? So joking aside, it's a great way to visualize our reality. We are a category of one. We can be as big or as small as we want. The category of 1 is centered at the intersection of many large and dynamic industries, all of which we participate in, in some way or some fashion. Our estimated $10 billion core market that sits at the center includes not only the core assets, but the most relevant ancillary services, products, managed services, and the associated complex logistics to take care of our customers. The key point is we have a truly unique set of capabilities and an entrepreneurial history that shows we'll identify and pursue growth that makes sense, and we frankly see a vast landscape.

Not only do the other large dynamic industries provide market opportunities, they're also where we search for best practices, technology, and talent. Take note of the cross-section of the team we have here today, I think it's a perfect case in point. Our trajectory is not, nor will it be, limited or defined by any end market.

This slide is pretty sentimental to me. So an important WillScot house rule is, say what you'll do and then do what you say. So upon remarketing the company to the public markets in 2017, we laid out a recipe that was going to drive substantial shareholder value creation, underpinned by 5 specific ambitious commitments. And while we had high confidence in delivering, it took us a bit to prove to everyone that we do what we say. All 5 of these, we've executed flawlessly.

First, we committed to continue the double-digit rate growth organically. Check. Second, we committed to achieve VAPS penetration of $400 per unit per month, right? We see significant further upside to the $400. We're basically running at those levels now and new units delivered, and we're here to reset that milestone and several others. Third, we committed to further accelerate the double -- the doubling of the company with accretive M&A, following and focusing initially on the modular space sector. Check. We committed to develop and deploy idiosyncratic growth levers that together would allow us to grow through a market shock. We were 1 of the few industrial companies that grew EBITDA through 2020. All the while we also closed transformational merger, planned for the integration, and we maintained guidance throughout the journey. Call that a double check.

Finally, we committed to establish scale in storage, either organically or through M&A. While WillScot's legacy storage fleet was subscale, we loved the underlying unit economics and believed that 80% of our customers require both modular and storage solutions. In 2020, we partnered with Mobile Mini, the undisputed leader in storage, another double check. This recipe of commitments from approximately 4 years ago has resulted in revenue up 4x, adjusted EBITDA up about 6x, with over 1,000 bps of margin expansion, market cap expansion of 10x, and robust and expanding free cash flow margins of approximately 20%. We said what we would do, we did it and more.

Now our scale is our key comparative advantage. Just a few fun facts. So our business model is underpinned by best-of-breed technology platform, 4,300 space and storage experts of small cross-section, you'll meet today. We serve over 85,000 customers through a branch network of about 275 locations, covering all the major MSAs, Mexico, U.S., Canada, and the U.K. No single customer is more than $1 million of annualized revenues such that the customer base is highly fragmented. Most operate in a single MSA or perhaps only a cluster of 1 or 2.

We operate a $3 billion net book value of rental fleet comprised of 375,000 assets that are in market agnostic. Altogether, this is over 120 million square foot, which is equivalent to 44 Empire State Buildings that we can aggregate or disaggregate, relocate, and reuse wherever our customers' opportunities take them. Every 1 of these

275 branches is not only equipped to properly maintain, but also fully refurbish our assets and further extending their long useful lives. And beyond our unique scale of our fleet, 1/3 of our net book value is comprised of assets that can be complexed together to form space solution measured in tens of thousands of square foot. I'll share some of these examples of this unique capability in a moment.

And finally, from a comparative perspective, we're about 5x our next largest regional competitor. Our unique and ever-expanding value proposition creates a win-win for our customers from the Southern region of Mexico, North to Alaska, and from Hawaii, East to London. Now we've taken a major customer inconvenience and created our most powerful organic growth lever. Aside from M&A, VAPS continues to be the fastest-growing part of the portfolio and that which delivers the highest returns. While our primary focus is on providing turnkey ready-to-work modular space and storage solutions, we're uniquely positioned to further extend this proposition by bundling additional managed services.

Our total space solutions are underpinned by this unrivaled team in technology that you'll see more of and very unique logistics services. Our technology platform is currently being further tuned to harvest the relevant historical customer information that will further accelerate our path to providing both solutions in every case, which is another massive win for our customers and to be able to allow them to focus on safely and productively getting on with their own mission.

Now I'll walk you through just a quick illustration of the life cycle of a project. So we start with an empty pallet. First up, ground level office at the entrance for security while the primary site is graded, followed by a ready-to-work modular office command center. Next, we'll bring in the storage solutions. We estimate that 3 storage units are required for roughly every 1 modular unit. We further enhance these with managed services. And while typically, we're only required to visit a project once at the start and approximately 3 years later at the end of the project, we're uniquely equipped to service and scale space and storage solutions up and down over the life of the project. Finally, we were first on and early last off, leaving no residual footprint. Our solutions are typically only 50 bps of the customer's overall project cost. Their primary purchase criteria is to have the right solution wherever and whenever they require it.

Now I'll walk through a few customer examples. Complexity is our friend and is a key differentiator, given our broad geographic reach and the flexible and market agnostic solutions we provide. In this example, JE Dunn needed nearly 8,000 square foot on their project site with minimal footprint for just over 30 months. For less than $5 per square foot per month, we provided the perfect solution. And while adjacent commercial office space can always be an option, providing this unique cost-effective solution, maximized the safety and efficiency of their employees.

In this example, we're uniquely positioned to provide temporary event and space solutions, any weekend, anywhere ranging from small to tens of thousands square foot. In this example, we supported 57 PGA events all over the U.S. Typical uses will include security, ticket booths, broadcast centers, player comfort, scoring, event governance, and even health and safety and hospitality of attendees. You can drop PGA from this list, replace it with racing, tennis, NASCAR, concerts, collegiate and professional playoffs, and on and on.

In this example, we provided Facebook within a remote location in Iowa with nearly 50,000 square foot of space solutions. We mobilized from all over the U.S., and we're uniquely positioned to facilitate this in any geography in which we operate. The space can be used to support the construction of a permanent facility, but also the runoff and staging of the equipment that will ultimately outfit the permanent facility. We've supplied the same customer with similar solutions in Nebraska and Utah. And again, drop Facebook and insert almost any tech firm anywhere. Often, where 1 goes others follow. We can simply relocate these solutions from customer to customer at the same geography for projects that will span years.

You can also replace data center and insert swing space for manufacturing, R&D, warehousing, et cetera. These are examples of some of the fastest-growing subsectors within the end markets we serve. We're also uniquely positioned to service the major retailers. Broader retail, warehouse and distribution has been a stable sector for us for years despite ever-evolving e-commerce needs, shifts in customer, shopping and store experience expectation, supply chains that are dynamic and changing daily as well as population ebb and flows from suburbia and from MSA to MSA. Change is our friend.

This complexity requires flexibility more than ever before. This is our wheelhouse. In this example, the orange dots represent a snapshot of nearly 2,000 units on rent we have with Target as of the end of August, which altogether is providing them nearly 0.5 million square foot of swing warehouse space. If a store needs 1 unit tomorrow or 20 to show up in a single day, our unparalleled fleet and logistics services can support that need. Again, drop the name Target, insert Walmart, Home Depot, Lowe's, Dollar Chains, almost any non-mall based major retailer is an important significant customer of ours. As an example of the evolution, 5 years ago Amazon was hardly on our register. It's now one of our top retail customers.

As a final customer example, this UCSD engagement provides for a perfect ESG commercial. UCSD had engaged Kitchell for the construction of a ground-up Theater District Living and Learning Neighborhood. Kitchell found our Flex to be the perfect and likely only viable multiyear space solution for their requirement to house 18,000 square foot without harming protected historic site. And Jamie will walk you through this a bit more in a few moments. Oftentimes, the space needs evolve over the life cycle of the project. So we can flex the space by growing multi-story or expanding or contracting the footprint as needed over the cycle of the project. When construction of this Living and Learning Neighborhood is complete in a few years, we'll be gone as quickly as we can, 0 residual impact.

Starting to summarize, the left of this graph will be familiar to those of you that are close to our case. It has consistently highlighted the 8 attributes, largely idiosyncratic, that underpin our platform. Our strategy is to safely and frugally grow unit lease revenues, that's volume and rate, provide every solution turnkey or ready to work and delight our customers. This has been our strategy for 5 years. It will be our strategy for the next 5 years. No change. We're effectively reloading and replenishing and upgrading the recipe that we laid out in 2017 for the next several years of our journey. Given the predictability of our business model, we have the luxury of being able to look further afield such that we now have very clear line of sight to several milestones. First of which is $1 billion of EBITDA and right, with significant upside beyond that. The second is 45% EBITDA margins, 15% returns on capital, $650 million of free cash flow annualized and $4 of free cash flow per share. We are a category of one.

Now our portfolio of growth levers in aggregate could actually yield $1 billion of annualized EBITDA growth without assuming any sizable M&A. There's no new drivers here. We simply scaled and tuned the proven levers and expanded them across both modular and storage segments. Together, these provide for great optionality. And don't get hung up on any 1 lever. Some will exceed expectations and some will fall short. That's the power of the portfolio, and I'm confident we'll continue the track record with this team, of flawless execution. Growing our LTM EBITDA from currently just over $700 million to the new milestone of $1 billion is not an if, it's simply when. Beyond achieving the new EBITDA milestone in a few years to mention, this portfolio of levers provide years of continued shareholder value creation.

Bringing it back to the cash, our capital deployment strategy remains unchanged, right and it engenders an all of the above optionality. We're on track to achieve the $500 million free cash flow milestone we established early in March 2020 as we announced the merger with Mobile Mini. Despite the unprecedented shock from the pandemic, we've never wavered from that commitment. As we eclipsed that milestone, free cash flow continues to, quite naturally expand given the aforementioned growth levers. This platform is a cash flow machine. Given the robust free cash flow, the pace at which we de-lever to 3.0 to 3 turns, which is the bottom end of our target range is fully in our control.

Assuming we then hold leverage to 3.0, and we achieve a run rate of $650 million of free cash flow, the business will have yielded between $5 billion and $6 billion of cumulative capital for which we'll deploy. Tim is going to walk you through a couple of illustrative examples, highlighting this potential in a moment. Again, our capital deployment strategy has not changed. We'll continue to fund abundant organic growth, pursue smart M&A, but the simple fact is we have billions of surplus capital to deploy with full optionality.

So my last slide here in summary before I hand it over. We have a high degree of conviction in achieving and eclipsing the new $1 billion EBITDA milestone. Growth levers are all in our control. We've driven them before, and we have the team that's demonstrated flawless execution. Technology is a massive comparative advantage, which Graeme will walk you through. It underpins everything we do. We've assembled a team as a testament to their track record. We're driving nearly 6x EBITDA growth in only 4 years. Our circular business model is already extremely environmentally friendly. As we build upon this, our team, and our core values, our ESG journey will further provide the accelerant to help us scale our human capital commensurate with our growth trajectory. Our trajectory has frankly been quite predictable and has been quite steep.

With that, I'll turn it over to Tim, our President and CFO, to expand upon the growth drivers.

**Tim Boswell**

Good afternoon, folks. One of you asked me earlier if I had ever actually met any of these shareholders in person before. And there are some new faces out there, which is great, but there are also quite a few that I have known for a long time and some old friends among them.

And I'd say that developing these relationships has been one of the most gratifying parts of the last 4 years, other than watching our team out in the field slowly dominate the industry that we serve. So great to see everybody here. Thank you for coming. Brad always has done a nice job summarizing how we got here and where we're headed. The destination is somewhere beyond $1 billion of EBITDA, and it's not really a question of if we get there or even really how, it's just a matter of when and by how far we eclipse that milestone. I've said many times that the most underappreciated aspect of this business is the forward visibility that we have into our revenue streams, and that's driven by the diversification of the end markets that we serve as well as the stability of our 3-year lease durations.

So today, we're going to talk about the forward visibility that we have into growth. And we have this visibility today because over the last 12 months, we've diligently planned and resourced a series of growth drivers that we think can propel the business for years to come, not next year or 2023, but 3, 5, 7 years into the future based on the forward visibility that we have. And these initiatives, top to bottom are already in motion across our branch network. I love this portfolio for a lot of reasons.

First, each of the 5 initiatives that we'll talk about is highly credible. In every case, we've executed these before, and we have solid tangible results to point to as evidence of our competence and capability. Second, we have optionality. We can afford to be successful in some of these and then fall short in others and still eclipse the milestones that we're talking about. And then thirdly, we've got a nice balance in the portfolio, not just across modular and storage, but from a timing perspective, some of these are immediate tailwinds that will drive the business next quarter and next year. And there are other initiatives that we're putting in place that are going to start driving the business in 2023 and beyond. So we're quite comfortable talking that far out into the future.

Never in my career have I been in a position with this many ways to win. And I frankly haven't encountered a business model with this level of forward visibility. So over the next 40 minutes or so, we're going to dig into each of these 5 categories. We're going to talk about the relative magnitude of each opportunity. You can kind of see that here on the page. We're going to talk timing. Again, some are immediate tailwinds and some are longer term in nature. And we're going to tell you why each of these is achievable and why our team is so confident. But first, a few points at a high level. If you add up the ranges on the left-hand side of the page, you get somewhere between $450 million and $850 million of incremental adjusted EBITDA growth. So these opportunities are large in magnitude and very long in duration. We've also given you a rough estimate of how they break down among modular in blue and storage in the light blue. So we've got 2 good optionality across 2 uniquely attractive asset classes.

And thirdly, we do manage this a bit like a venture portfolio. We identify opportunities with attractive risk return profiles. We prioritize and allocate human and financial capital behind them. We develop execution plans, and then we run aggressively after them. But it is truly a portfolio, right? So we'll win some, we'll lose some. Some may surprise us with upside. Others may fall short of expectations. But the point is that in aggregate, there are enough tailwinds here to take the business to a very exciting place. So it's not just appropriate to take the midpoint of each 1 as we'll go through these. We'll say where we've got higher degrees of confidence than maybe other opportunities that are earlier stage in nature.

But the point is in aggregate, you've got pretty good line of sight at the lower end of the range to around $0.5 billion of potential growth and meaningful upside beyond that, particularly if you extend your horizon out beyond 5 years, we'll start including additional M&A. And we'll talk about how M&A works into this plan. It's always been part of the strategy and always will be.

And the growth algorithm is not new. There's nothing new on this page. We've been repeating the strategy, as Brad said, for 5 years, we'll repeat it for a long time to come. So with that, we're going to dive into each 1 of these, spend a little time, starting with value-added products. Value-added products have obviously been the kind of most prominent growth driver in our modular business for almost a decade now. I think people probably don't realize just how long some of these tailwinds have been in play, and we're going to reinforce that, because we don't see them slowing down anytime soon. And some like VAPS are accelerating.

When we're talking about VAPS in modular, we're talking about everything that you see on the page, right? So what do you see? You see customers being productive. You see a safe and comfortable and functional workspace. Our team looks at this and sees operational complexity that's very difficult for our competition to replicate. You all got it screened down in the middle of Time Square in a building that we dropped off overnight, it will be gone by 11.59 this evening. There's probably nobody else in the United States that can do that. And then what I also see in this picture is over $1,500 of reoccurring monthly rental revenue coming from value-added products. And given this is a double-wide unit divided by 2, that's $750 per unit per month.

As we talked about on the Q3 call on Friday, the overall portfolio is billing about $230 per unit per month. So I'd say we're in about the third inning of this ball game in North America Modular. And our track record shows pretty clearly how this game is going to unfold, because it's been unfolding steadily and predictably for 9 years. Those of you whom we first met in the summer of 2017, we told you that our most recently delivered contracts were billing about $176 per unit per month. So this would have been around Q2 of '17 when the portfolio was at $115, new contracts were going out at $176. And then what do you know, as the portfolio turns over 3 years later, in Q3 of 2020, you're billing $174 across the entire portfolio. So this is not a miracle. This is the visibility that you have because of the lease duration in our business.

What else have we done over this period, again, starting back in 2012, VAPS revenue per unit on rent per month has increased at a 20% CAGR for 9 years. The volume of units on rent over that period has more than doubled. So these solutions resonate in every corner of the end markets that we serve. And the quarterly revenue from VAPS is up tenfold over this period from $6 million to almost $60 million. And it's arguably accelerating. Our results in Q3 were up 30% year-over-year. So this is a perfect example in our business of how the combination of volume, times price, times value-added products, compounds in an extremely powerful way.

So how is it possible that value-added products in modular is actually accelerating today? Many of you have seen me draw this chart on a legal pad on a Zoom call, and then Nick was very kind to actually make it pretty on a slide for us today. The bottom left shows VAPS monthly rent per unit delivered by our sales reps. Every column here is a sales rep, every color is a different product within the category back in 2015. And so in 2015, on average, the portfolio where we were delivering units around $200 per unit per month, right? But there's a lot of variability in the distribution, and you had clear line of sight to sales reps who were delivering well north of $400 per unit per month. So guess where we set the targets for the sales force going forward, right, $400 per unit per month. And then you fast forward to 2021, on the right-hand side of the page, this is our distribution today. We're pretty darn close to $400 per unit per month on our most recent deliveries.

Again, the portfolio is only at $230. So there's a massive spread there. But you've got clear social proof that the top performers in the sales force are well north of $600. So that, to our team, means there's opportunity and upside here. And then as you saw on the previous chart on Slide 31, a fully penetrated unit could support over $750 per unit per month of opportunity. So again, third inning of the ball game.

So then how do we actually manage the team to drive this type of incremental performance north of $600 per unit per month in North America Modular? Well, 1 of the things -- 1 of the reasons I like the category is, you've got multiple ways to win within the category itself, right? You've got increased penetration opportunities. This has always been the lowest hanging fruit just to get more. That long tail of sales reps get that up to kind of the average or above average levels, that will drive revenue growth. You've got rate optimization opportunities. We've actually been a little looser in terms of how we manage pricing, just because the incremental ROI is so compelling, we can afford to be a little bit more relaxed there. But it is an opportunity longer term for both revenue and margin improvement.

New product introductions, like we've been pretty deliberate in terms of the cadence of rolling out new products. We rolled out data packages, we rolled out cubical packages last year, but it's always a balancing act relative to penetration with the offering that we already have. And then operationally, Graeme will talk about SAP. And virtually overnight, we moved the WillScot business into a real-time live perpetual inventory management system. There is leakage from a margin perspective and a return on capital perspective in the system today, which we can recoup as we get more sophisticated from an inventory management perspective.

So it's not just 1 lever that we're using to pull value-added products and services growth or to drive it. It's multiple levers, and you can afford to win some and you can afford to lose some. So if we're successful in driving our sales force north of $600 per unit per month, the payoff is massive, and it represents $370 million of predictable organic revenue growth over a 3- to 5-year period. You've all seen these charts before. You've all done the math before. It's just that the numbers just keep getting bigger and bigger.

Again, in Q3, overall portfolio billed $231 per unit per month. Just to get to where the sales force is delivering today, just under $400, you've got about $150 million of incremental revenue convergence just from that dynamic alone and we're already achieving those levels. If we're then -- that could take 3 years to get to that point. Over the course of that 3-year period, maybe hopefully even sooner, if we're successful in getting the sales reps up to $600, you then have another $220 million of incremental organic revenue growth at roughly 75% flow-through to EBITDA, roughly 12-month cash on cash payback, highest return on capital category in the portfolio. We attach a very high degree of probability to these and when you look at -- if we just converge to where we're already delivering today, or if we converge to $600 over time, that's roughly $100 million to $280 million of organic adjusted EBITDA growth in North America Modular alone.

But wait, there's more. We just rolled out value-added products for ground-level offices. The exact same playbook that applies to the North America Modular segment, applies to our ground level office product that operates under the Mobile Mini brand. So what does the turnkey ready-to-work ground level office look like? It looks no different than a turnkey ready-to-work modular building. We have the exact same product category in the legacy WillScot business. We call them container offices. We just have a lot more of them and they're growing more rapidly under our Mobile Mini brand. So we're just going to outfit them with furniture, using the same tactics that we've used before.

Again, we've got the product category in the modular segment already. We know the levels of furniture penetration that we're able to achieve. We're just going to start extending that value proposition now into the 16,000-plus units on rent that are in the Mobile Mini branch network. Across the Mobile Mini branch network today, we're currently billing about $32 per unit per month. That's mostly coming from our insurance waiver product. And you can see in the right-hand chart over there, the monthly rate per unit has been pretty flat for some time. But you're starting to see some acceleration in recent quarters, as we started to focus on it and in a select number of branches have started to roll out the value-added products offering.

In the left-hand chart, again, the mechanics are exactly the same as they are in North America Modular. If we can get all of these units over time, and again, we're just starting to roll this out in the second half of 2021, so I expect we start to get some traction in 2022. And over time, if we're successful in delivering every unit at $275 per unit per month, like we are for comparably sized products in the Modular segment, that's worth about $50 million of, again, very high probability reoccurring revenue. Apply a 75% flow-through to that, and you're at about $35 million incremental contribution from value-added products in ground level offices.

Again, we've got a high degree of confidence. We've done this before in every single acquisition that we've executed, if the unit was acquired from Tyson or Acton or ModSpace, they're all going out with value-added products today. And this is exactly the opportunity that we quantified for you 20 months ago when we announced the Mobile Mini transaction. So again, say what you're going to do and do it. It's getting started.

One thing that we hadn't contemplated 20 months ago was the opportunity to introduce the value-added products offering for our storage container fleet. But as we spent more time in the Storage segment and in the branch network and studied our customers' behavior, we do see numerous opportunities to add value to the storage solutions that we're already providing. So the 4 corners of this page are photographs from units that are on customer sites. And you can see how customers are using our equipment today. They're hanging tools. They are building shelving and workstations with lumber, which is a waste of time and money. They're stringing up electrical and lighting, which is probably unsafe.

So based on what we see our customers doing already, it's pretty easy to imagine how we could add another $20 or $30 or $40 or $50 per unit per month per transaction, in a transaction that today is about $150 per unit per month. This is our highest volume product category. So relative small dollar improvements can drive very substantial revenue. We spent the last few months conducting voice of the customer research, again, deliberate approach, same approach that we've taken previously. We're developing the product offering, and we're incredibly excited to begin rolling this out in first half, more towards the Q2 time frame in 2022. But this is the type of opportunity when you talk about medium and long-term tailwind. We'll put the gears in motion today, we'll start to get some traction next year, but this is really a 2023 and beyond opportunity. It will further differentiate our Mobile Mini brand from the competition. Again, introducing operational complexity that's difficult to replicate. And we're incredibly excited about the economics.

Similar to the ground level office fleet in the Mobile Mini brand, we're currently billing about $11 per unit per month of value-added products from storage containers. Again, that's mostly from the insurance waiver product. If we can add just another $29 per unit per month, think shelving, think lights, think the items you saw on the previous page, that's worth about $50 million, again, of organic revenue growth across the Storage segment of 137,000 units on rent. And by the way, we acquired some units in Q3 to take that number higher.

Well, it is a new offering, so there's always a little more risk to it. We are using the same product development process. And it's a very similar customer value proposition to what we've had success with in the Modular segment serving all of the same end markets. So I do like our chances of success here over time. And like I said, it's a good differentiator relative to the competition. So that's another way to kind of extend our leadership position in the market. So we spent a little bit of time here on the first of the 5 growth drivers. If you've been doing the math in aggregate, this in the VAPS opportunity alone adds up to around $300 million of organic EBITDA growth over like a 5- to 7-year time frame depending on which opportunity you're talking about. And we've got a very high degree of conviction here.

So now we're going to shift gears and talk about rate optimization. Always a fun topic. We could probably spend the rest of the afternoon talking about this, but we won't. We'll try to keep it to 5 or 7 minutes. In many respects, the pricing results in our Modular segment speak for themselves. Over the past 10 years, rates exclusive of value-added products have increased at an 6% CAGR[1] relative to the more inflationary trend that we saw in the preceding decade. So this is not something that just started a year or 2 ago. This has been going on for 10 years. But something changed 10 years ago, right? So what changed? It was people, it was process, and it was technology.

Historically, pricing decisions in the Modular segment were very local and decentralized. So you got an awful lot of variability. Back in the 2011 time frame, the team started introducing manual, centralized pricing reviews, just so that there was a little bit more consistency in terms of the thought process and how we -- the rates we charge for our assets. We then began managing out of term rates more thoughtfully. These are the prices that we charge once a unit goes beyond its minimum contractual term. Customer will sign an 11-month lease, they'll keep it for 30 months. We have pricing latitude in that interim period.

We then look to other industries like airlines and hospitality for other revenue management best practices. We rolled out technology-enabled price segmentation through our CRM in the 2015 and 2016 time frame. And then since then, we've further differentiated our value proposition with value-added products and we've consolidated our market position, which will provide further tailwinds from a pricing standpoint going forward.

So the point of this chart is that we don't see rate growth as some derivative of market conditions or the output of supply and demand. Pricing is consistently outside of the top 4 purchasing criteria for our customers. So we believe we can drive rates through consistent, repeatable processes supported by technology.

So you saw in our Q3 results, North America Modular rates actually accelerated inclusive of VAPS. They were up 20% year-over-year. If we take away VAPS and just look at core unit pricing, we see a 20% spread between prices on our contracts in the last 12 months, totaling over $700 per unit per month versus the overall portfolio average at $600. Simply allowing the portfolio to converge again on that predictable 3-year cadence to our current LTM delivered rates, represents a $120 million organic growth opportunity over 3 years at roughly 90% flow-through to EBITDA.

That implies that we can grow core pricing on our modular fleet by about 5% a year without raising rates beyond those that we've charged in the last 12 months, and that's an incredibly powerful position to be in. And rest assured, the team in the back of the room, they are pushing rates every day, right.

Stepping back, we're in probably the most favorable environment in the last decade to support rate growth. If you think about inflationary pressures, supply chain pressures, we are the largest marginal supplier of this equipment in all of the markets that we serve at roughly 70% utilization. So we've never been in a stronger position from a rate management position in North American Modular.

1) 11% CAGR from 2018 to 2021, 6% CAGR from 2012 to 2021

So I think the path for modular pricing is clear. And then the question is where do you go next? The chart on the left shows a rough breakdown of our revenue across 4 major revenue streams, sales, D&I, VAPS and unit leasing, across our 4 segments. We're not going to talk a lot specifically about Storage and Tank and Pump today, but the -- all the best practices that we're talking about resonate in those segments as well. We're just going to focus on the core segments. Everything that we've just talked about from a process and technology standpoint as it relates to rate management applies to this 1/3 of our revenue in North America Modular.

So you see the rest of the playing field is still up for grabs from my perspective. We see very interesting pricing opportunities across all of our transportation revenue streams. We, like I said earlier, see optimization opportunities with value-added products. But the process that's most analogous to that, which we're executing in Modular, is the unit lease revenue in Storage, about 20% of our revenue. And we'll talk about that in a second. But when I think about this, any single transaction that takes place over 30 months, I kind of think of these as like played appearances in a very, very long ball game. You won't get a hit every single time, but you've got enough opportunities to be successful that we can be confident that we're going to drive rate. And we're just kind of really, really honed in on about 1/3 of our revenue streams currently.

So what do we see when we dig into the North America Storage segment given it's our largest -- second largest pricing opportunity or revenue stream. Historically, the pricing decisions have been very decentralized with a lot of variability. It's not always a bad thing, but it does sometimes suggest there could be opportunity. And given that we're dealing with a very high volume of relatively standardized transactions, this is exactly the type of portfolio that can lend itself to technology-enabled segmentation. We also see that rates on containers historically have been relatively flat despite the fact that we've got a truly differentiated, in some cases patented, storage product offering and an unrivaled service and transportation capability under the flagship brand in the sector.

Realistically, we're probably looking at the second half of 2022 before we begin piloting an optimization tool. We're going to do the CRM project first, which Graeme will talk about. But we've already gotten started with some other process enhancements that then set the stage to begin driving rates in the meantime. And we're starting to see some results. A year ago, many of you will recall, when we first published container-only pricing and ground-level office only pricing in our Storage segment, we saw that container pricing historically had been relatively flat.

You can actually see that in some of the 2019 and 2020 data. What you're also starting to see more recently in Q3 and Q2 is a modest acceleration, and the timing is not accidental. In Q1, we began a branch-by-branch process to review rates on new activations relative to our overall portfolio. We also tweaked our commission and incentive plans slightly to ensure there was strong alignment with both price and volume. And we also began updating national account pricing closer to spot market levels. So the team has been incredibly receptive to these types of changes, and we're starting to see some results.

That said, it's early, and we're in a very supportive pricing environment generally. But as we look at what our rate optimization road map could look like for North America Storage, we see opportunities in product positioning, again, totally differentiated product. We see opportunities with transaction segmentation. We see opportunities with duration-based pricing, charging maybe a discount or a premium for contracts of certain contractual terms. And we see opportunities to apply technology.

If we just simply sustain the growth rates that we're on in Q2 and Q3, again, over a 3- to 5-year period, you get to incremental annual revenue in the $40 million to $80 million range. Again, at a very high contribution, 90% plus to EBITDA. So this is definitely going to continue to be an area of focus and 1 that is very near and dear to my heart.

Shifting gears to the third growth lever that we're going to talk about, market penetration. We knew when we underwrote the Mobile Mini merger that our combined market presence and cross-selling potential would be a competitive advantage, but it was pretty difficult to pinpoint or quantify. We knew there was 80% end market overlap and 40% customer overlap, but aside from introducing our branch managers to one another, and our sales reps to share opportunities, the old-fashioned way, the information just wasn't actionable because we were 2 separate teams operating in 2 separate systems. And that is beginning to change.

After consolidating onto SAP in Q2, the first thing we did was to begin to unify all of our historical customer data, so that we have a single view of all historical transactions regardless of whether the transaction was executed by Acton or ModSpace or Mobile Mini or WillScot over the years. This represents an incredible information advantage in the market relative to anybody else that we're competing with. We probably have over 50% of the market transaction data available to us. And it allows us to zoom in both at the ZIP code level as well as the specific account level to identify very specific and actionable opportunities where we're underpenetrated in either modular or in storage.

So again, we're in the early stages of rolling this one out and our capabilities will be enhanced next year as we go through a CRM harmonization exercise. But this will form the foundation from which we'll develop our marketing strategies and territory planning in 2022 and beyond. And when we perform this kind of ZIP code by ZIP code analysis in North America, we see some pretty meaningful opportunities to capture share. In the ZIP codes where we're underpenetrated in modular, we see an opportunity ranging from 6,000 to 12,000 units on rent. That could translate to between 1% and 3% annually of above-market volume growth, as we're successful in getting our teams aligned to drive that. And it's about $30 million to $70 million of incremental annual EBITDA at current rates.

On the right-hand side, we obviously have lower overall market share on the storage side of the business. So when we do the same analysis of underpenetrated ZIP codes, the opportunity is much higher ranging between 40,000 and 100,000 storage units on rent, which at the high end of the range, would double the size of our storage business. Obviously, we would never introduce that much fleet organically. So a consistent cadence of tuck-in acquisitions on the storage side of the business starts to make a heck of a lot of sense as we strive to converge those relative shares over time. We'll talk about some of those example transactions in a minute.

Inclusive of tuck-in M&A, you could drive volume growth maybe 5 points above market and the opportunity over time is $45 million to $130 million of incremental EBITDA, again, by bringing that storage share more in line with modular over time. If you take this ZIP code analysis down to the local level, this is where it gets very interesting and extremely powerful and actionable. This is a snapshot of the Greater New York and Long Island markets. And you can see very clearly green areas where we're underpenetrated in modular and blue areas where we're probably underpenetrated in storage. And the beauty of this type of analysis is we know who all the customers are in each of those locations.

So while there's no customer concentration at the portfolio level, we don't have any customer more than 1% of revenue in our top 50 or like 15% of revenue. When you go down to the local level, it's not uncommon for the top 20 customers to drive 80-plus percent of the business. So then you kind of know very specifically here are the accounts that our team needs to target. And that then informs the territory plans that our field leadership and our commercial leadership are going to develop. Again, early stages of rolling this out, but you can begin to appreciate the massive informational advantage that we have by virtue of our scale and by virtue of our commitment to technology.

So what does the commercial road map look like? It's going to be very long term and strategic in nature. This gives you a sense for where we are over here on the journey. As we've talked about on our quarterly calls, cross-selling to date has been limited to just basically old-fashioned, call up your buddy and share your pipeline every week or every month, as well as some automated lead transfer between 2 separate and distinct CRM systems. There are some results. I think we can say with confidence that we're getting about an incremental 110 storage orders per week or about 3% uplift by virtue of having shared modular leads from one CRM into the storage CRM. And then we also know there's a lot of informal collaboration taking place in the field that we can't really quantify yet.

So given the opportunity here, the first priority, again, after consolidating the ERP was to unify all of that historical customer data. As Graeme will talk about moving into 2022, getting our teams on to a single CRM will be a very important exercise. This will enable all employees to see all customer activity across the entire company, which is pretty cool. That will then allow us to introduce a new level of sophistication in terms of how we target accounts, how to penetrate specific industry verticals, which we haven't really done strategically before, and then how we service national versus local accounts, just as some examples of how we can begin to rethink our go-to-market strategy.

It also then put in place a foundation on which we can build some other pretty cool capabilities based on artificial intelligence and predictive selling, which, again, nobody else in our sector is obviously doing. So the takeaway here is that, again, we're just getting started with the commercial road map, very long term, very strategic in nature, but it highlights the extreme advantage that we have relative to anybody else in our competitive set.

Moving on to our fourth value driver and growth category. We'll talk about operations. As Brad mentioned, one of the real value drivers in acquisitions is the identification of best practices that can be scaled across the combined enterprise. We can point to best practices today that are in place that have been developed by Acton or by ModSpace. We liked what we saw. We're pretty objective in terms of how we evaluate our own operations as well as those that we see in our peers, and we've scaled them. If we're doing acquisitions right, being objective and finding the best talent and the best practices is part of the gig. Graeme will talk about technology later, but that was clearly an area where Mobile Mini was further along. We had a state-of-the-art SAP platform in place. We moved over $1 billion of WillScot revenue onto that platform, because it was the right thing to do and it was the best tool for the job.

Logistics is another area where by virtue of handling a high volume of smaller value transactions, the Mobile Mini branch network is much more highly evolved than WillScot was. And not only do we see an opportunity to take some of those best practices that are in place today at Storage and apply them in Modular. Our Storage team itself has kind of an ongoing process to drive continuous improvement from an operational standpoint, and we see some exciting opportunities there. And there's a lot of value at stake. If you look across Delivery and Installation revenues, it's about $350 million of revenue across our combined 4 segments. You see a 20% spread between the margin at which our Storage colleagues are operating containers and the margin at which we're operating Modular, and there are some operational differences such that they may never be exactly the same, but they should probably be a little closer together than that.

And when you just look at the basics, in the Storage segment, we've in-sourced about 70% of our transportation activities. We're below 50% in the Modular business. That means that there's a lot of margin in the Modular business going to third-party haulers. And perhaps more importantly, there are a lot of third-party haulers that are interacting with our customers. We have over 500 trucks in the Storage segment, under 200 in Modular. Our Storage dispatchers have a visualization tool called Descartes. For a given day, they can see where all the deliveries and pickups are, and they can kind of visually map, I think this is the most efficient route. On the Modular side, we basically just have a scheduling tool that's useful to plan capacity across our in-house and our third-party resources.

The next step for Storage branches is true algorithm-based route optimization. That's something that we're working on. I'll talk about here. And we're already experimenting with more zone-based and value-based pricing in the Storage segment. I mean, there's a lot of good experience there that we can draw from in the Modular segment, where we're really more of a cost plus, a little bit reactive in terms of how we price our transportation services. If you just think about what could something like route optimization mean across our business. So we've tested algorithm-based tools, linear programming tools and say, okay, how am I going to minimize mileage or fuel cost or pick the constraints that you want to put on the model. Scheduling alone, and we saw this efficiency when we rolled out our pricing tools. It's very time consuming to be thoughtful about every price point. It's very time consuming to be thoughtful about route scheduling, work that could have taken a dispatcher 8 hours can now be done in 8 minutes.

In this example, in a single branch in a single day, our team saw a 17% reduction in the mileage that was committed to a route. So as Brad said, we're doing over 100,000 miles per day, get a 17% reduction on that at $4 per mile. Now you're talking $15 million to $20 million of cost savings just by doing that, plus the emissions reductions, which Jamie will talk about.

We also see opportunities on the revenue side of Delivery and Installation. I highlighted earlier that D&I revenues represent about 20% of our consolidated revenue. And we really haven't had a consistent pricing process around those activities. So modest improvements in the top line, such as differentiated pricing for expedited delivery, different price for delivery tomorrow, different price if you want something set up in Times Square overnight, different price if you want it delivered 2 weeks from now.

Material handling charges for value-added products. When we first rolled out value-added products, we kind of gave away the delivery as a promotion. So 5 years later, we're revisiting that. And then standardization of installation services and the associated charges. There's a lot of work, as you saw out in the Flex unit to get that unit set up, level, with the steps in place. That is pretty inconsistent in terms of how it's executed across our branch network today. So these are 3 examples of things that we're doing now that can represent nearer-term tailwinds for 2022. And then you've got the other examples like more in-sourcing over time in the Modular business, the introduction of route-based optimization, those are probably more medium and longer term in nature. But again, you've got multiple ways to win, multiple ways to drive between $25 million and $50 million of potential margin recapture, both in near-term initiatives and in longer term or strategic initiatives.

Moving on to our last segment in the growth opportunities section of the agenda. We'll talk a little bit about how we're thinking about acquisitions, before we take a short break. Graeme is going to talk about technology, and then Hez and Jamie are going to talk about Environmental and Social and Governance initiatives.

Our acquisition on track record, again, I think, speaks for itself. We've executed all shapes and sizes ranging from relatively straightforward tuck-ins to at least by our standards, highly complex and transformational transactions, like both ModSpace and Mobile Mini. In all cases, we've realized the benefits that we expected, and we've integrated timely and without too much disruption. And we've also adjusted our integration process and refined it over the years to catalog all the mistakes that we've made and also catalog the best practices so that next time we can do it better. Some of the smaller tucks that we've talked about in the last couple of quarters, we're able to commit to a 30-day sign, close and integrate, because of the ability to repeat these processes, as well as the scalability of both the branch network and the technology and the corporate infrastructure.

In all cases, our deals have been both strategic and accretive. We've been disciplined and we've also walked away from our fair share over the years when opportunities didn't meet those criteria. Most importantly, when we buy something, we do it with the conviction that we will be the absolute best owners and operators of the acquired assets because through our commercial and operational best practices, we know that we can add value. We used this exact page in June of 2018 when we announced the acquisition of ModSpace and it's a case in point. The transaction was highly strategic. It represented the opportunity to acquire the #1 or 2 operator in every single market in the United States and Canada, making us the dominant #1. But the financial benefits were extraordinary.

Everybody knows there were $60 million of cost synergies on $106 million of EBITDA, so pretty extraordinary uplift from cost reductions alone. We had an entirely duplicative branch network and corporate infrastructure, lots of disruption in terms of executing that, but high value at stake and high value realized. We also acquired over $1 billion of net operating losses, which are continuing to benefit the company today and will for 5 years, if not more into the future. We also, little known fact, received over $100 million of owned real estate in that transaction, which over time, we've been able to liquidate and recapture that capital and redeploy it into VAPS and other tuck-in acquisitions and maybe some refurbishments, much more efficient use of our capital.

ModSpace also operated with almost $100 million of additional net working capital relative to WillScot. We -- you may recall, we take deposits on the first and last month's rent on a lot of our standard lease transactions. ModSpace didn't do those types of things. So over time, we've been able to recapture some of that working capital out of the business. And frankly, we still have some work to do in that area. And then there, of course, was some revenue leakage, pricing, as the portfolio turns over as well as the ability to cross-sell value-added products into every asset in ModSpace's fleet, taking the post-synergy acquisition multiples into really, really attractive territory, right?

So there's obviously a lot of work and disruption that goes into that. Team executed as well as any I've ever encountered. But this illustrates how we look at acquisitions and the different sources of value that you can find in any given situation. And in many respects, our discussion today about Mobile Mini is the exact same discussion. We're talking about all those same types of value drivers again.

And once again, we're on track with the plans that we committed to about 20 months ago when we announced the merger on March 2, 2020 the last time I was in New York City, a couple of blocks from here. We successfully navigated the most complex part of the integration, the ERP migration, again, taking all of WillScot's operations, every single branch in the Modular network onto SAP, really seamlessly. You just don't see any disruption in what we report externally. The effort behind the scenes is really extraordinary to pull that off. That's what the team has been up to for the better part of the last 9 to 12 months.

We're now starting to see the results from some of the initiatives that we had envisioned 20 months ago. We're working on the IT and the back office as we've talked about. We're talking about cross-selling and commercial coordination. We're talking about logistics optimization, and we're realizing the cost synergies that we committed to. So everything that we envisioned 20 months ago, when we started this journey, is still very much on the table with some additional upside like value-added products in containers.

Beyond this integration, there's a lot more opportunity out there for us to pursue. You've all noticed in the last 45 days, we've closed 4 very high-quality tuck-in transactions. And we also walked away from a couple that didn't make any sense. In aggregate, we added 11,500 portable storage units. We added 1,200 modular units, and roughly $10 million of run rate EBITDA going into next year. So these smaller transactions are meaningful, because we can execute them efficiently and with scale, we're acquiring at fair valuations, and we have a growing pipeline of these opportunities. The transactions effectively compound upon our existing value drivers, adding new opportunities for price growth, value-added products growth as well as operating efficiencies down at the branch level.

So when we look at these deals, we see very clear ways to add value, and we know that we are the very best owner and operator of storage and modular assets in the markets that we serve. These deals are extremely impactful when you zoom in and look at the local level. This graphic zooms in on the state of Texas. And you can see in Dallas, San Antonio, and Houston, we are just compounding our local scale with these types of transactions. You see WillScot branches on top of Mobile Mini branches on top of Saf-T-Box branches on top of Equipe branches. And before you know it, with a handful of tuck-in acquisitions, we've increased our fleet size in 3 of the largest markets in the United States by 70%.

And then from a human capital standpoint, we're adding salespeople, we're adding drivers, we're adding branch personnel, all of whom we can leverage across our branch network and who, in turn, then enjoy the superior benefits and career opportunities that are associated with being part of a world-class enterprise. So it's always difficult to predict the timing and the magnitude of future M&A, but it will absolutely continue to be part of the growth strategy.

What we do know about our recent M&A is that the transactions that we've already executed will be providing earnings tailwinds for 2 or 3 years on into the future. We just acquired approximately $10 million of run rate EBITDA, as I said, in Q3 and Q4. We've highlighted previously approximately $40 million of cost efficiencies that we think we can extract over time, mostly from the merger with Mobile Mini. There will be some additional synergies, probably longer term in nature as we fully integrate the acquired tuck-ins, think about commercial convergence, which we've realized in all of our prior deals. And this, of course, excludes any future acquisitions, which are probably inevitable, but we don't see a lot of benefit in trying to predict the timing or the magnitude of that, given all the other initiatives that we're talking about are 100% within our control.

As we wrap it up, we're going to kind of close out the growth opportunities section, and we're going to take a 15-minute break. So let's plan to come back – what is that Nick after like 2:40, good call.

There was a ton of content in these pages, and there's a lot of supporting analysis. So I don't expect you're able to digest everything that we just went through, but we've been working on it. Really ever since we closed the Mobile Mini transaction, we were laser-focused on getting the ERP integration done right. All of these other value drivers, we just kind of parked and we put them in a little shopping cart of opportunity that we're now selecting from. It's all incredibly exciting to our team.  I promise we will take time to do the usual follow-up meetings and answer your questions and provide updates in future periods as to our progress.

But the takeaway should be clear.  We have a vast portfolio of growth initiatives that are within our control.  You haven't heard us talking about market prognostications.  I didn't even mention infrastructure once.  These are opportunities that we own, and they are unique to WillScot.  They're each highly credible, because we've executed every single one of them previously, and we have tangible results to back it up.  In aggregate, they total nearly $1 billion of growth opportunity.  Again, we're not going to get it all.  We'll win some, we'll lose some.  But in aggregate, there's a nice field -- nice playing field to run on.

So focusing in these high-value opportunities will propel the business almost indefinitely.  And that's exactly what we're going to do.  When you hear from Graeme regarding our tech initiatives or from Hez or Jamie regarding ESG, I think you'll appreciate that all of our functional initiatives as well as our human and our financial capital will be channeled towards these highest value opportunities.  It’s our job as a leadership team to ensure that we maintain that laser-like focus, I think that's been our track record and that's exactly what we intend to do.

So with that, let's break.  We'll reconvene at 2:40 according to our master of ceremonies.  Thank you for your interest and your attention.

(Break)

**Brad Soultz**

We're going to drop the curtain, and I'd like to quickly introduce Graeme.  Graeme's going to take us through our technology platform, where we've been, where we are, and where we're going.  And then he's going to hand it over to Hezron and Jamie to walk us through ESG and back to Tim for the outlook.  And I'll do a 1 slide wrap up and get us into Q&A.  So thanks, everyone.

**Graeme Parkes**

All right.  Thanks, Brad.  Good afternoon, everybody.  My name is Graeme Parkes.  I am the Chief Information Officer for the company.  It's at this time of day, I'm expecting people to stand up and be excited about the presentations.  But following up on Tim and the information he’s just provided, pretty difficult to follow something like that.

But I'd be remiss if I didn't say as a technologist to stand up here and listen to both Brad and Tim talk about technology and how important it is to the company.  There's no doubt that it feels good to be part of a team that really values technology as a component of the overall.  And I think what we're going to discuss today as I take you through sort of how we enable the growth that both Brad and Tim talked about is it's not just about technology.  It's truly around how do we take that technology, how we decide what it is that we're going to put in and then utilize it to the best extent possible.  Tim mentioned credibility.  And I think that as I stand up here and look out on the floor, the question becomes, why can we do what we say we're going to do?

There's obviously a business process and a business value here that's so incredible.  But from a technology point of view, it underpins so much of what we're planning on doing.  And the question becomes, well, can you do it?  I mean that's part of what you're telling us the growth is. And what we wanted to do is just have a look back over the years and all the way back to 2008, where very much you start to see a proven track record of implementation of successful systems and platforms.

All the way back to 2008 when we were talking about both WillScot and Mobile Mini independently implementing Salesforce, the ability to create sales teams to utilize those platforms, right? Tim touched on Zilliant and the pricing side in the 2015 - 2016 time frame, which allowed us to get better visibility into our rate management and optimization. All the way up to a very successful and we'll touch on it briefly next, ERP implementation on the Mobile Mini side in 2016. So we've been executing and implementing successfully world-class platforms for a long time. And that's going to continue, right?

So it's not just about how do we grow, right? It's not how do we implement new platforms. It's how do we take our current processes, and at the same time as we're impacting or influencing change on the organization, how do we continue to support and optimize those things that we currently do as well. I think Tim mentioned, it's not about doing things differently, necessarily, although we are going to do some things differently. But if we just continue to do what we're doing right now and optimize, there's a huge upside as well, right?

When we looked at implementing SAP 2014 at Mobile Mini when I joined Mobile Mini, the intent was never to implement a platform to run a $600 million company, right? It was rather to architect something, a much more robust solution that we could scale to be much larger. And this is the victory lap I'm afraid to say. I was told I was allowed to take a very brief victory lap on an SAP implementation that was on time, on budget and relatively successful. So this is it. And it's with Warren Smith, who's sitting in the back, we partnered up the Chief Admin Officer and Integration Officer. And really worked with the business team that over 10 months, which is pretty quick, we implemented SAP for the WillScot side of the business. And we've seen that not only was it successfully implemented with very little impact to our business. I think the vast majority of you were probably on the call on Friday that Brad and Tim ran, very little, if any, impact to operations. Certainly, there's been no impact to the numbers that we've seen going out on the earnings calls.

But more importantly, we've architected and we have a system that can continue to grow. We aren't at capacity on this platform. We have an ability to grow this to wherever we need it to go to. But I think even more importantly that as we've gone live on SAP, it's not just that we're live on SAP, but now that we're starting to understand what we've got across the broader organization, we're starting to take advantage of that. We've been able to do that pretty quick, and I've been in the SAP game for over 20 years.

We've started to take advantage of the platform a lot quicker than a lot of companies have been able to do. Why? Because we have a team sitting in Phoenix that has been running and optimizing this platform for 5 years already. So as we've brought the WillScot business onto that platform, we're starting to see very, very quickly the benefits of that implementation.

A couple of examples. We've got much more accurate real-time fleet status information. We know exactly where our fleet is, we know exactly what the status is, what condition it's in. What we need to do to be able to repair it, to refurbish it, to get it back out as quickly as we possibly can or as quickly as we need to. We've deployed things like handheld devices, which, yes, this is not new technology from a point of view of people sitting back going, wow, you guys have sort of put handhelds in your yard. No, there's lots of companies that do that. However, in our industry, and then when we look at our competition, we are a long way ahead of what people are doing.

So our fleet is there. We've got better visibility around our workforce and our labor, right, so we can reduce some of those variable costs as we get the units ready to go back out. Tim mentioned the more accurate spare part and VAPS inventories, which reduces the stock holdings and overall spend. And more importantly, when we look at all of these things in conjunction with the sales data that we've got at the moment, it allows us to execute more accurately, get things where they need to be, more timely, which at the end of the day, results in a much more improved customer experience.

Sadly, that was it. That was the victory lap. It doesn't stop. That's sort of the -- that was yesterday. As we move forward, we continue to look at the application catalog that we've got. And we look for redundancy and we look at replacing and eliminating that redundancy to reduce operating costs, but also to standardize processes across the organization. And as we standardize processes across that, we drive efficiencies in operations, we facilitate the onboarding and training of new employees as we bring them on board. And we can also start to run the analytics, which identifies areas of issue across all the activities that we execute within the organization, which means that we can very quickly go back and fix when we start to see inefficiencies or things going wrong in certain areas. All of that contributes to the attainment of some of the identified $40 million merger-related synergies, but more important, further cost efficiencies and revenue growth as we move forward.

Right. Tim's talked a lot about the CRM implementation. And now that we've got a lot of the operations and the financial side onto the SAP platform, we pivot a little bit more to the customer-facing systems. Obviously, central to that is going to be the Salesforce consolidation project. We're currently running 2 separate Salesforce instances, which integrate into SAP, and we'll be moving on to a brand-new instance of Salesforce running the latest version and taking advantage of all the latest bells and whistles that Salesforce has to offer us.

But we've also got a large number of unique applications, when I say unique applications that we have built at home that we'll take advantage of through this process and a lot -- a number of those are only being used on 1 side of the business currently. So over the next 6 to 9 months, we'll be looking at rolling some of those things out. Things like Periscope, which is the beginning -- which helps us identify and quantify individual market opportunities. Not only does it help us quantify it, but then it helps us align our sales teams to those markets, ensuring that we've got the right people in the right place, looking after our customers and meeting the customer needs.

Tim mentioned our capability of interrogating historical customer data. And this, combined with the ever-expanding opportunity to cross-sell the new VAPS offerings as well as our rate optimization and management pricing tools will all contribute when we implement this new CRM platform to a much improved customer experience. And I think that at the end of the day, one of the things we talk a lot about operational efficiencies, but we are a growth company, and we will continue to be a growth company. And it's that ability to put tools in people's hands that will facilitate that growth.

The other side that we talk about is the digitization and the customer self-service. We've got a number of tools available to us that we're going to expand their use across the organization.

Connect is a product that was created on the Mobile Mini side 4 or 5 years ago. It gives our customers the ability to review their orders, review their invoices, make payments on their invoices. Right. These are capabilities that we haven't had across the entire organization, and we'll start to roll those out. We have further things that we're going to want to discuss as it relates to that digitization. I think we're going to be more focused on the CRM platform initially and the rollout and the expansion of our current capabilities, and we'll start to see that any e-commerce discussions will start to happen a little bit later and after that.

But certainly, as we work with the commercial team to identify what those opportunities are, we'll also be going out and taking the voice of the customer to ensure that the products and services that we build on the technology platform are things that people are actually going to use. So a very pragmatic approach to development.

I'll touch very briefly on one of the other areas Tim talked about, which was the logistics side. Really an exciting piece of work going on here. There's the team have already kicked off with some of the transportation and logistics teams. But when we've done some of the modeling and some of the work in a proof-of-concept stage, we did this around Dallas. There is a huge opportunity for efficiencies within our logistics space. And we've got trucking up here. We also talk about the inventory side. But at the end of the day, this is all upside to what we're trying to accomplish.

Here is, in my opinion, the most exciting piece from a technology point of view. And Tim touched on it as well, but I want to reiterate this. We have more data than anybody else in the industry. We have a vast number of transactions and moves that span the entire country that we can go and interrogate. And it's not just about customer data, right? Think about it from the perspective of if we've done 2 million-plus moves over the past 4 years, we have information about our customers, those contracts, the fleets associated with that, the rates that we got from that, the operations involved in getting that fleet ready to send out to customers. And we've got all of it. As well as that, we've now implemented a Snowflake data warehouse, which combined with Tableau dashboarding and BusinessObjects, SAP BusinessObjects. We have an ability to very easily get in and dissect that data very quickly, which means that as we start to want insights, we will be able to accelerate getting that information out.

Now, we are at the beginning of this. And with Matt Jacobsen and the BI team and FP&A team, we're really starting to scratch that surface. But it's a really, really exciting piece that when we get to the end of this, we'll become a lot more predictive in nature rather than being reactive. We can be directive in terms of how we sell, where we sell, at what rate we sell, where we position our fleet. We can combine that with additional information out in the marketplace, whether it be weather information, whether it be anything else and we can become very predictive in how we operate. That to me is unbelievably exciting or an unbelievably exciting opportunity.

I'm not going to spend much time here, need to wrap up as well. But really, the other thing that the merger and the assumption of WillScot onto the SAP platform gave us was the ability to create a framework and a set of tools to do these acquisition integration. And with a dedicated team, right, not only did we bring on board WillScot, we've done 4 acquisitions lately. 3 of which were in one single weekend. He killed the team, but it was done in a single weekend to bring 3 companies on. And again, it's not just the fact that we've brought them on. It's the fact that we now are going to be running standard processes in all these acquisitions that we do, we bring on to the WillScot Mobile Mini way of doing things, which, as Tim said, we believe we are the best. We know we’re the best. We've got data to prove we’re the best at doing this, the most efficient at doing this. And as we grow through acquisition, that's all just efficiencies that we'll start to see. And on top of that, the more we grow, the more acquisitions that we do, the more data we get, so the more visibility into the overall market that we get.

So in conclusion, if I leave you with anything today, it's that we've been able to, with the help of Hezron and Jamie, who will be up next to talk about ESG, we've been able to create business teams and technical teams who are the best in the industry. And those teams are busy implementing, optimizing, and utilizing a recognizable, and when I say recognizable, you look around that ring over there, the vast majority of the tools that we're using could run companies 10x the size of ours. We've got capability of growing, and our teams are world-class in implementing these technologies. But we are very dedicated to ensuring that any technology that we do deploy is value-add to the business. And at the end of the day, is manageable, and we can report on ourselves to ensure that we're getting what we said we would do.

So thank you very much. I appreciate your time. I hand it over to Hezron and Jamie now who are going to take you through ESG.

### Hezron Lopez

Thanks, Graeme. I'm Hezron Lopez, CHRO. Graeme covered how technology will enable our future growth. I will provide a high-level overview of our ESG approach and Jamie Bohan, our Vice President ESG, will provide the details on how our ESG approach will accelerate our future growth. We believe our ESG profile is inherently sustainable because our products and operations have a low environmental impact due to reusability, relocatability, and our scale. We also believe our ESG approach will deliver opportunity to our employees and the communities where we operate, provide best-in-class safety and value to our customers, and accelerate growth and value for our shareholders.

We are new to ESG. But we took some time to get here, and these focus areas are a result of extensive peer review and benchmarking, benchmarking against companies with distributive franchise-like business models like our own, and conversations with our employees, management, and Board members.

Given our low impact on the environment, our ESG approach is straightforward. From an E perspective, we will continue to reduce, reuse, recycle, and improve energy efficiency over time. From an S perspective, we'll continue delivering opportunity to our employees via our human capital strategy that Jamie will discuss. Our human capital strategy ensures that human capital does not constrain the growth that Brad and Tim talked about, but provides us with a comparative advantage. And with company demographics that mirror the locations where we operate, we're able to focus on inclusion and drive diversity. Further, with 275 branches, we can leverage our scale to enhance the community-giving in those communities where we operate.

With respect to Governance, we will maintain: one, strong enterprise risk management processes; two, strong management and Board oversight over our ESG initiatives; and three, we will remain committed to diversifying our Board from a gender, race and ethnicity, skills enhancement and a skills enhancement perspective.

Now I introduced to you, Jamie Bohan, our Vice President of ESG, who will provide you a little bit more detail on our ESG approach, and I'll return to discuss our Board structure, guardrails and next steps. Jamie?

**Jamie Bohan**

Thank you, Hezron. And hi, everybody. I've met a few of you before we started, but it's nice to see so many faces out there, I bet it feels good to be together in person today.

So you've heard us say multiple times today that ESG is an accelerant for our growth strategy. And I'd like to add some color to that. So at a high level, it means that when we execute on our ESG initiatives, our business performs better and we remove constraints to growth, as Hezron just said. So that's one of the reasons why we call our ESG program, Delivering Opportunity. And I think what you'll see today is that this is a company that is smart to own and you can also feel good about owning.

So in practical terms, we reduced cost and risk when we manage our environmental impacts. We win with efficient logistics at scale, we win with industry-leading safety performance, and we win with a diverse and inclusive employee population that's fully engaged both at work and in their communities. So we're going to take a look at each of these, and we're going to start with our circular business model.

So as we've said, we lease commercial-grade units that are designed to be reused, relocated, and reconfigured. In fact, we do this more than [20,000] times a year. A typical modular unit is cycled to different customers, 8 or 9x over its lifetime with a minimal refresh or get ready between each customer. When we layer on best-in-class refurbishment, we can extend the asset life by another 10 years. So through reduce, reuse, and recycle, we're able to really stretch our assets in our materials. And because of our lease model, we prevent our customers from building over 121 million square feet of space each year. As Brad said, that's the equivalent of 44 Empire State buildings. And that's space that would otherwise be torn down and sent to a landfill at the end of the project.

And just as VAPS compounds our growth story, it also compounds our circular story. So Tim spoke about how reuse, repair, and maintenance of VAPS helps us to drive better growth and margins. And here again, when customers don't lease VAPS from us, they buy them and scrap them after their project.

So that's our circular business model. It's intentionally designed for lease and renew, and it reduces our material usage, our emissions, and our costs, and it helps our customers with their ESG goals.

So let's look at some numbers. We're the only company with the capability to do refurbishment in-house at scale. And so with the cost of a refurbishment being only 20% to 30% of the cost of a new asset, it's more capital efficient for us to refurbish our units, and it extends their life from 20 to 30 years, as I said. So this helps us reduce our cost for sure because we can refurbish 4 units for the price of 1 new asset.

But in the lens of our aggressive growth mindset, this also enables us to respond to customer requirements faster, with greater scale, flexibility, and at higher profitability. In addition, our refurbishment capability also helps to insulate us from supply chain disruptions and price volatility for materials we would otherwise need for new assets. So this gives us a higher degree of control over our supply chain relative to our peers and the industry. And finally, as we acquire companies with older poor-quality fleets, we're able to pump those units into our refurbishment channel when they're ready, which represents an additional capital synergy from our investment.

And we have the same strong story on the storage side of the business. What's unique about these units is that the majority come to us used. And so we've established a best-in-class modernization facilities that are enabled by the inventory management systems that Graeme touched on. And so we can put these assets into service as a -- with a new life as a storage container. And so again, circular by design with minimal annual maintenance, we're able to get an IRR of roughly 30% over a 30-year lifetime.

And here again, VAPS amplifies the circularity of our offerings for storage. Tim showed you some of the VAPS innovations that we're bringing to market. These help us take waste out of the system, it's safer for our customers, they reduce damage to our units, and they drive improved customer value.

So in summary, the better we drive our circular business model, the more we control our cost and material usage. We enhance our return on capital. We insulate ourselves from supply chain disruptions and price volatility, and we have a great story for our customers. That drives growth.

And now we're taking that to a whole new level with FLEX. Hopefully, you saw FLEX when you came in and got tested. FLEX is a panelized product, which means that the walls can be reconfigured and reused. So that essentially eliminates wood waste. In addition, through a number of features, we're able to reduce our customers' carbon footprint and energy costs with FLEX.

And FLEX also helps us create new market opportunities in at least 2 ways. So first, we can take on complex, unique projects that aren't possible with traditional modular space. So Brad mentioned the project at the University of California, San Diego. That was at the Stonehenge historical location and there were numerous 100-foot tall torrey pines and eucalyptus trees that are protected there. And so we were the only vendor that was able to come in and perfectly fit the units around those without causing any damage to the trees, the historical stone figures, or the roads.

The second new market opportunity is brought about by the ability to scale efficiently across the time frame of a project without changing the project footprint. And so Brad showed you an example of this as well, where, for example, we can start with 30 units, and as the project scales up, we can add another 30 as a second or third story and continue to grow with the customer and then ramp down as needed. And we think this is a fantastic alternative to traditional permanent workspace with what we're seeing right now with companies needing to respond to expanding, contracting, or remote workforce.

So this is a huge step forward for the industry, led by WillScot. And FLEX serves all of our current markets with an improved ESG profile. And as I said, it opens up new market opportunities. So FLEX is really the platform that will help us capture new market share in the sustainable economy.

So now we're going to switch and talk about climate. Compared to other industrial companies, our greenhouse gas footprint and our risk is small. But we can still make an impact and that directly aligns with cost efficiency and customer benefits. So we're looking at a number of fuel efficiency measures to reduce our emissions, including the logistics optimization that Tim and Graeme talked about and expanding the use of telematics and cameras. We're also looking at alternative and emerging fuels. So we're currently piloting a renewable natural gas delivery truck. And we talked about in-sourcing logistics. As we do that, we reap those benefits of fuel efficiency and alternative fuels on that additional fleet as well.

So again, these efforts reduce our fuel costs, reduce our risk, and help us win contracts with like-minded customers, all of which support our logistics and market penetration growth levers.

Moving now to safety. Safety extends beyond just our branches and our yards and includes travel on roads and highways and our activities at customer sites. And in essence, our company has been on a mission, transforming the industry through the more than 75 acquisitions that we brought in over the past decades, using best-in-class safety processes and innovation.

So this continues with every new acquisition that we make. And today, we're operating at the highest levels of safety across all our combined entities. So we're far below the industry average TRIR of 2.6. And we've reduced our own TRIR performance by over 50% since 2015. Customers increasingly focus on safety performance in their sourcing decisions and employees want to work for companies that prioritize safety. Both of these enable our growth.

Okay. And so now I'm going to switch gears a little bit and talk about human capital management. And if you think back to what I said earlier about ESG removing our constraints to growth, that could not be more true than when it comes to our people.

So we offer many, many programs and benefits to our employees, many of which are best in class. But what we think is the real game changer is how we're aligning these programs to drive targeted outcomes that will most fuel our growth trajectory. So let's take a look at a couple of examples.

Thinking about inclusion and diversity. We have a framework and a steering committee so that we can stand up what we call inclusiveness resource teams or IRTs, as they're requested by the employee population. And these teams provide visibility, development opportunities, and a sense of belonging to diverse employees and their advocates.

We also have a robust learning and development platform with over 1,600 courses, including compliance-related courses, role-based training, and other employee-initiated training. And then we layer development, mentoring, and leadership training on top of that. And we also provide tuition reimbursement for those who need or want it. And so we use our L&D platform to not only provide a pipeline of diverse candidates at every level in the company, but also to ensure that our employees are growing with the business.

And of course, we want our employees to be healthy and well both in the face of a global pandemic and in the day-to-day lifestyle choices that they make. And so from PPE to decontamination protocols when our units come off rent to best-in-class benefits package that includes smoking cessation and adoption assistance, we've got them covered.

And finally, due to our scale, we're now able to bring new engagement opportunities to our entire workforce in 2 ways. First, we recently launched our giving platform called Give Where You Live. We're super excited about this because employees can now partner with the local charity of their choice across all 275-plus of our locations in a way that's most meaningful to the employee. We also still offer company-wide partnerships like Habitat for Humanity, where we're able to provide giving opportunities in the normal course of our business. For example, the temporary use of our storage containers at a habitat build site.

A study by Forbes found that 93% of employees will stay longer in a company when the company invests in their career development. In addition, workers who give their time and money through workplace giving programs are more productive and they identify more strongly with the company's overall vision. So with our growth strategy, we cannot risk having roles unfilled and people not highly engaged or developing to take on what's next. So simply put, employees that are healthy and engaged have lower turnover and absenteeism, higher productivity and safety performance, and they drive higher customer satisfaction scores. All of these KPIs fuel our growth trajectory.

And I want to end with an example of a program that wraps many of these concepts together. It helps us bring in diverse candidates for difficult-to-fill roles, it drives engagement and development of current employees, and it helps our company grow. And coincidentally, it helps solve a social challenge.

So it starts with looking at nontraditional candidates from our local communities, those who may not feel like they have much of a future or wondering how they can participate in the American dream. For example, think about veterans who serve our country and then they come back and they struggle to find a meaningful career, or people that need a second chance because of a mistake they've made in their past, or someone who's looking at a lifetime of minimum wage jobs.

So we want to bring these candidates in as entry-level drivers, skilled trades, and sales, thereby expanding our pool of applicants for these difficult-to-fill positions. And make no mistake about it, these are great jobs. They're above minimum wage with great benefits working for a great team with the potential for advancement. So once these folks are in, we want to give these employees every opportunity to reach for their dreams and help us grow at the same time, through access to the programs we mentioned on the previous slide.

We have many instances where we've already done this. And we find that not only do we change the employees' life, we also changed their families' lives and the way they interact with the community. And I'll tell you a little secret. We also find that these folks become some of our most loyal and engaged employees. So this is another reason why we call our program -- our ESG program, Delivering Opportunity.

And so this is a strategy that's intended to make sure we have the people we need to drive growth, while lifting up those left behind in our communities. And we recently deployed this for drivers, and we'll use the same playbook for skilled labor and sales going forward.

So as I said in the beginning, when we execute on our ESG initiatives, our business performs better, and we remove constraints to growth. So I hope that connection is now very clear. Thank you for your time, and I'll turn it back over to Hezron.

**Hezron Lopez**

For some reason, I won't get those transition lenses. Thanks, Jamie. Now let's discuss our Board, guardrails, and next steps. From a Board perspective, we have proper oversight, expertise, and strategic leadership, and we intend to enhance our Board in a couple of areas.

First, we intend to enhance our Board's relevant skills with the skills you see to the right of this slide. Second, we plan to diversify, which we've already begun to do in 2 important ways. First, Becky Owen has been appointed to our Board where she brings significant governance expertise and end market experience in the retail, commercial real estate, hospitality, and construction industries. Second, we've retained Russell Reynolds as our Evergreen partner to recruit diverse board talent with enhanced skills to be part of our Board. And we've also asked them to maintain a bench of skilled director talent to join our Board as vacancies arise.

Now to oversight. Last year, we brought together 2 best-in-class companies. As a larger, more dynamic organization, we have greater opportunities, accountability, and ownership. For proper oversight and enterprise risk mitigation, we have a bottoms-up approach from the branch to our Audit Committee, where we detect, anticipate, and mitigate risks to our business. As an across-the-board approach, we have the Nominating and Governance Committee overseeing our ESG strategy, and we have the Compensation Committee overseeing our human capital strategy. And from a top-down tone from the top approach, we have the full Board looking across the entire enterprise and overseeing our business strategies and our ESG approach. That's quite a bit, as you can see from our key takeaways here.

But on to what's next. In 2022, we will publish our ESG goals. We expect our shareholders to vote to remove our current classified Board structure at our 2022 annual meeting. And by the end of 2023, we intend to issue our first ESG sustainability report based on the SASB framework.

We believe in ESG, and we are excited about the value that it will unlock for all of our stakeholders. Now, to remain updated on our progress, you may visit our ESG micro site, which will be updated on a quarterly basis. Thank you. I now invite back up President and CFO, Tim Boswell.

**Tim Boswell**

Unless there's any doubt, we do things the right way. Hezron is always watching, and he's got 2 sets of glasses to prove it. Thank you. I'm excited for you to hear from Graeme, Jamie, and Hezron because technology and ESG will be critical enablers of our strategy. They are huge differentiators in terms of how we do things relative to everybody else that we compete against. And our customers care about that increasingly, especially the big ones.

We don't undertake functional initiatives for their own sake. We undertake initiatives that align directly with and support our growth strategy. And that's exactly how we're using technology and ESG. They increase our probability of success in all of the key categories that we're focused on today. So VAPS, technology, inventory management, the ability to improve inventory turns, reduce scrap and waste, clearly aligns with growth, aligns with our customer interests, and aligns with our shareholder interests. If you think about lease rate optimization, clearly, technology-enabled and also has a governance benefit in terms of allowing us to be better stewards of your capital. Market penetration as we looked about, data and analytics, technology, clearly enabled by our tech initiatives.

And if you think about like whether it's our world-class safety culture, or just the ethical framework that's embedded in our company values, we're committed to doing the things the right way. So in expanding our scope and share, we've actually raised the bar operationally across our entire industry. And that's something that I and Brad and the entire team are extremely proud of.

So again, logistics, same thing. Technology-enabled, clear environmental benefits, clear operational benefits. So these initiatives across the board, top to bottom, they're not just hugely impactful from a financial standpoint, we've prioritized them not just because of that, but they're also -- they've got a powerful alignment between customer interests and employee interests and shareholder interests. And when you get that alignment, it can be self-reinforcing and it then improves your chance of success across each of the initiatives that we're undertaking. That's what we see here.

So as we talked about, we've got near-term tailwinds, we've got long-term tailwinds. In the near term, I think we're set up, as we talked about on the Q3 call on Friday, to deliver another outstanding year of very high probability, double-digit adjusted EBITDA growth. As we talked about on Friday, if you look at our leasing indicators, again, top to bottom, volume price, value-added products, we've got momentum across every single one as we go into Q4 and into '22.

We also have a very favorable macroeconomic backdrop. So you look across all of the geographies that we serve, you see GDP forecast between 4% and 5%, strongest in the United States. And we've had good news around infrastructure, right? I was being a bit tongue in cheek earlier when I acknowledged my oversight there. It favorably impacts almost every end market that we serve, right? We break out, call it, 8-ish percent of revenue that's directly tied to roads and infrastructure. But think about every nonresidential general contractor in North America, think about domestic manufacturing, think about utilities. We've got top customers across all these sectors that are either going to be direct or indirect beneficiaries of that type of reinvestment.

Even if you go into the social infrastructure side of what's being contemplated, there are examples there where we can be an indirect beneficiary of those investments. We don't talk a lot about it a lot because it's outside of our control, but we are better positioned than anybody else in our sector to capitalize on those types of tailwinds when they become a reality in the second half of 2022 or 2023 and beyond. These are long 3- to 5-year investments that actually align very well with the medium- and long-term initiatives that we've been talking about through the course of the afternoon.

Think about profitability and where we're going from a margin standpoint. Some of you had questions this year about variable costs in Q2 and Q3 and any potential longer-term implications for our margins. I'll just reiterate those costs were directly related to a sharp rebound in delivery volume across all of our segments this year. So while some are focused on the cost, I and the team are focused on a lease revenue run rate that has snowballed by about 20% from the beginning of the year to the end.

And as delivery volumes kind of revert to maybe a normal mid-single-digit year-over-year growth rate going into next year, margins will be like a coiled spring and about to pop. We're showing here revenue of $1.925 billion to $2.025 billion, $810 million to $850 million of adjusted EBITDA against solid double-digit growth at the midpoint. But what we expect is a very healthy margin expansion as all of the lease revenue that we booked through the course of 2021 flows through the P&L in 2022 with a more normal fluctuation in our cost structure. I'm reluctant to even calculate the flow-through that, that would imply, but it could be north of 80% in some of the scenarios that we're running.

So for those that were concerned about margins, it's just a little bit of a reminder that the mechanics of this business are fundamentally different than any other rental model that's out there. And it all comes back to just the value of lease duration and the stability that, that brings to our top line. At any point in time, that's what I'm looking at. I'm looking at the lease revenue run rate in our business, price times volume times VAPS, that tells you exactly where the business is going, and that run rate has been accelerating every quarter for, I think, 6 quarters now.

Capital spending based on the market outlook and the ability to drive volume growth across all of our segments next year. I will introduce a slightly higher range than we've had previously. As always, that will be demand driven. So for those that are newer to the business, we go through a zero-based 90-day capital planning process, meaning we start from scratch. If you're running a branch, we get your demand profile centrally, we facilitate an analysis that says based on that demand profile, here's the most cash-efficient way to meet that demand. Maybe we're transferring in fleet from other geographies. Maybe we're refurbishing a 20-year-old unit. Maybe we're buying a local tuck-in acquisition. Oftentimes, it's a lot more efficient to buy used fleet than it is to introduce new supply into the market. And based on that type of waterfall, that means most of the supply chain is really within our control. I don't see a lot of constraints out there, maybe sourcing containers in the U.K., for the second half of 2022, but that's very marginal, right? I think there's nothing here externally from a supply chain standpoint that makes me concerned about being able to invest at this level.

So I think overall, we can say as a team with confidence that 2022 will be a very strong year. The underlying growth levers give us confidence not just about next year, but the years that follow, and we see these trends continuing. So where do these trends take us over more of a 3- to 5-year period? Overall, they'll just continue to strengthen our financial profile. And again, I'll just reiterate, they're almost all totally within our control and maybe we can layer in a little M&A on top of this. As we saw last year, the growth drivers are all idiosyncratic. They can overcome a major macroeconomic shock given the stability of our lease portfolio. And any up cycle that we may encounter would only compound favorably with the drivers that we've been talking about all day. So we don't, again, spend a lot of time trying to predict the market. We'll allocate capital on a 90-day basis and ensure that we've got long-term tailwinds in the business that can drive it through a down cycle while delivering year-over-year growth like you saw last year, we really compound powerfully in an up cycle.

Mid- to high single-digit revenue growth seems readily achievable based on everything that we've talked about. And I would say generally, that growth rate should be higher in our leasing revenue streams, which are the higher value, more predictable part of the business relative to sales or delivery and installation. Double-digit EBITDA growth over an extended period of time, with margins expanding into the mid-40s, we're pushing 40% as we speak. So I think that's very realistic. Free cash flow margins will follow EBITDA margins logically given the operating leverage in our fleet.

Since closing the merger, we've been just shy of a 20% free cash flow margin. And we can see these expanding to 25% with upside over a 3- to 5-year period. We see a clear path to the $500 million free cash flow milestone that we announced over 20 months ago before knowing the impacts of COVID. And these multiyear estimates are simply implications of really the growth levers that we talked about that are in our control, assuming we continue to execute at a high level. Then when we look out several years, the implications of that type of growth and free cash flow generation, and the implications for capital accumulation and allocation are pretty profound.

To illustrate the point, let's just assume a future free cash flow milestone of $650 million on the right-hand side of the page. This would be about an 85% increase from where we are. $350 million was kind of our target for this year. We'll eclipse $500 million run rate second half of next year. So this is a logical stop along the journey. We're starting at a midpoint of our guidance range this year of $730 million of EBITDA. If you layer in $420 million of growth, mind you, that's right at or actually slightly below the low end of the ranges of the initiatives that we've been talking about.

Again, we'll win some, we'll lose some, some may eclipse those estimates, but in a reasonable period of time, getting to $1,150 million of adjusted EBITDA is realistic. Maybe we're investing at the higher end of our CapEx range $280 million to support robust growth.

Let's assume we maintain a conservative, a leverage-neutral balance sheet of around 3 turns of net debt to EBITDA. So interest costs go up from $100 million cash run rate today to more like $150 million. Layer in maybe some working capital usage, maybe some tax, although we think we've got opportunities in both areas for an extended period of time. And you get to, I think, a realistic formula that gets to $650 million of free cash flow.

Now this isn't intended to be a precise road map, right? There will be variability around every element in that bridge. So the exact recipe will undoubtedly change. But it is a realistic recipe, right, which drives 85% free cash flow growth over a multiyear period. If we're successful in ramping to that level, it would imply about $4 billion of cumulative cash flow from operations over a 5-year period and at least another $1 billion of capital availability by maintaining leverage at 3x net debt to EBITDA, together, that would be between $5 billion and $6 billion of cumulative capital availability over the period, which is equivalent to 60% to 75% of our current market capitalization, creating a massive opportunity to reinvest and compound returns.

So how would we envision redeploying the capital, as we talked about on the Friday call, Q3, actually, and somewhat coincidentally, serves as a very good formula for how we can allocate capital going forward. By maintaining a leverage-neutral balance sheet, we had about $210 million of capital available for redeployment. We took about 25% of that, and we reinvested in organic capital expenditures given the growth that we're seeing in value-added products. Storage container fleet is running tight. We've got tightness in some of our other segments. So we're more than happy to invest given the unit economics that we have. And we'll invest wherever we see that organic opportunity. But I think 25% is a realistic mix based on our scale. We invested another 25% in 3 tuck-in acquisitions, that will continue to be part of the formula as well. But that left about 50% of our cumulative capital availability in the quarter available for returns to shareholders. And that's exactly what we did.

Now what we need to do is be comfortable that we can replicate this formula at scale, right? So using the graphic on the left as a guide, 25% of the capital levels that we're talking about between $5 billion and $6 billion, it implies between $250 million and $300 million of organic CapEx annually over that period, realistic range, lower growth scenario maybe on the lower end, higher growth maybe on the higher end, but reasonable. If you allocate 25% to M&A, it implies, depending on valuation, give or take, $150 million of acquired adjusted EBITDA, which could take you further to the right-hand side of the screen in terms of annualized free cash flow in the top row. And that still leaves between $2.5 billion and $3 billion for shareholder returns, hence the $1 billion share repurchase authorization that our Board recently approved. So all this hangs together pretty well from my perspective. Based on these alternatives, the chart to the right shows the power of the business model to compound returns over a multiyear horizon.

So clearly, organic free cash flow growth is the strongest value creation lever that we have. Sometimes people focus more on the M&A. The tailwinds that we have organically are the most powerful drive in the business and can drive 80-plus percent free cash flow growth, largely within our control. Acquisitions can enhance that. Depending on acquisition volumes, surplus capital, we would have the capacity to repurchase between 20% and 30% of our shares outstanding. Again, depending on pricing and timing in those assumptions. But I think our assumptions are at least a realistic and reasonable scenario. And the combination of these levers suggest that free cash flow per share could double or triple over the 3- to 5-year time horizon from where we are today. So between our organic growth portfolio and the ability to execute smart, accretive M&A, and our capacity to repurchase our own stock, we see multiple pathways to drive 20-plus percent compounded annual free cash flow per share growth over an extended period of time.

As I hope you're beginning to appreciate, WillScot is a very powerful compounder with long duration revenue streams and idiosyncratic growth drivers that will unfold predictably over the years, given our demonstrated best-in-class execution. We have transformed this platform from a capital efficiency standpoint and have a formula that delivers both sustainable growth as well as attractive returns on invested capital, growing into the mid-teens. The ability to use conservative leverage given the stability of our platform, expands our capacity to create value. And our strategy is holistic, focusing on initiatives that find a powerful alignment between customer, company, and shareholder interests, delivering value to all those constituents. The metrics on the right-hand side of the page provide a framework where we think the business should operate over the medium and long term. And there are some milestones in there that I think we could probably eclipse.

I'm sure you'll all have lots of questions for us in the coming days, and we'll be available to discuss those. As we progress into future periods, we'll continue to be as transparent as possible around where we think we're overachieving, where we think we're falling short in the progress within each of these operating ranges. I hope the material has been helpful for you today. I hope you share the enthusiasm that I and our team have for the future of WillScot Mobile Mini, and I want to give Brad a chance to give us some closing remarks here.

**Brad Soultz**

All right. I'll be brief. I'm between you guys questions and alcohol, and I don't know what's you're more anxious to get to. But I mean the growth levers, they're largely in our control. They're not new. We know how to drive them, and they're going to yield billions of dollars of surplus capital to deploy with full optionality, right?

Given the predictable nature of the model, which I think you've seen over the last 4 years of the journey for those of you that have been with us that long, it's highly predictable. We have a clear line of sight, and we're resetting just pretty significant milestones, from the $1 billion of EBITDA that we have high confidence in achieving with a ton of upside, to 45% EBITDA margins, right, to $650 million of free cash flow, to $4 of free cash flow a share, and 15% returns on invested capital. We've got the recipe. We've got the team to make this happen.

Technology and that team are our comparative advantage. They underpin everything we do and again, give me high confidence in going where I know we will go. Our circular business model is already highly compelling. We're going to leverage that, build on our core values, and use ESG to provide that accelerant to make sure our human capital never becomes a constraint to what I think are vast opportunities in abundance growth.

So we'll use the constraints to make sure we have a fully inclusive environment, and we can unlock the power of every employee. And we joke, if an employee is here and they're happy with our ESG journey, they'll never leave. And employees not here, they're going to knock on our door and ask to join our team, and that's what we'll define as true North. And with that, I'll just wrap it up that I think we're absolutely a category of one. And with that, I'd like to welcome presenters back to the stage, and we'll do as much Q&A as our young Nick will allow, and then we'll take a break and have some fun outside.

Tim is going to be the traffic director. So I'll let Tim pick and direct questions.

We're going to grab some chairs. But why don't we just get started while we're getting everything in place.

**Kevin McVeigh, Credit Suisse**

I left off my (inaudible), so -- North America. So what's not interesting is that project starting to be -- back in '17, you're clearly in a much better position as you're in back then considering that (inaudible) ModSpace and the Mobile Mini (inaudible). When you look at those free cash flow numbers. So I mean if you think about capital deployment, one thing to note is (inaudible) was generating. So how do you think about dividend versus growth? And then given the relative market share of Modular already versus storage, are there other verticals that you go into? I mean, one of the slides that I don't know if you just illustrated, but talk about commercial storage in maritime containers, are those kind of tangential businesses that you can start to scale because demand suggests 3/4 of your market cap is going to be in free cash. I don't know if we could acquire enough on your existing growth in a positive way. Any thoughts on that?

**Tim Boswell**

Yes. Why don't I start on the dividend question? And Brad, maybe you can take about how we view the adjacent markets because it's a place where we search for best practices. It's a place we search for talent. And we do a lot of those things so -- that are probably underappreciated in terms of how we operate today. In terms of the dividend, it's a good question, right? And it's something that the Board with us, we revisit frequently. The fact of the matter is we've got a lot of opportunity to continue to grow this business, both organically and through M&A. And we believe that where we see the business going over a 3-, 5-, 7-year period, that repurchasing the stock today is the right thing to do with our capital. And we can revisit that question at any point in the future should we so choose. The predictability of the top line revenue stream is such that yes, we can absolutely support a dividend. But reinvesting in our business today, I believe, is the strongest way to compound returns for our shareholders.

**Brad Soultz**

Yes. And I'd just add with respect to adjacent markets, you're thinking of the Venn diagram, which I loved here. We're probably not going into maritime containers. We just -- we're participating in some way in each one of those large dynamic markets. Maybe visualize more of the -- our total site solution chart, where I said, right now, we're really focused on turnkey modular office and storage solutions. And Tim took you through hundreds of millions of growth by just packing every office we send and every storage unit full of VAPS. That next space, which is really the managed services around, I think that's a pretty interesting adjacency. It's extremely relevant, and we're already in this space today. And in some ways, you can kind of bifurcate. The unit downstairs is powered by a gen equipment rental generator. Unlikely, I ever have a lot of interest in buying a bunch of generators and putting the balance sheet behind technical items that other people can service better.

Fencing, hard analyzed commercial fencing, right, goes out the day the job starts, it comes back 3 years later. That can be interesting over time. We don't talk about it a lot, but on a per unit basis, 10% to 15% of our units already have sanitation facilities in the building. The larger complexes I mentioned, almost all have sanitation services. Now it's a wide range there, right? Do I want to get into pumping those every day or week, maybe or maybe not. But we're already in the space. So that's the way I would think about the adjacencies. We've got vast opportunities that we talked about today that really don't have us tipping in, in any serious way to any of those adjacencies. But looking further afield. That's why I think opportunities are vast and no end market is going to define or constrain our growth.

**Tim Boswell**

Ross had a question in the back.

**Ross Gilardi, Bank of America**

Thanks, Tim. I mean everything you laid out today shows you clearly have got tons of growth opportunities in a number of different directions. Are you trying to signal a strategic shift towards organic over M&A? Or are you just trying to make the point that you can kind of go either way? And then I have a follow-up to that.

**Tim Boswell**

I think it's just the reality of what we have in the hopper today, right? Both Mobile Mini and WillScot historically always had pretty strong -- I know we did on the WillScot side, pretty strong underlying organic growth trajectory that was kind of overshadowed by some transformational M&A. And we just had our entire broader leadership team together within the last month. And one of the things that struck me with our combined scale with the expertise from all corners of the organization, we can just undertake a lot more at one time than we've ever been able to undertake before. And then we've got the technology platform to allow us to do that efficiently. So whether there's M&A opportunity out there or not, the organic levers that we have are just so powerful and so accretive that we're absolutely going to prioritize them and not let M&A get in the way of capturing that value. But we've always been acquisitive, right? I think we can have clear line of sight to a steady cadence of local and regional tuck-ins, big transformational transactions are hard to predict in terms of the timing. So let's just stay focused on the stuff that's within our control. If those opportunities materialize, we'll take a look. If they're strategic and accretive, we'll execute them. But in the meantime, there's a lot of stuff that's within our control to drive a heck of a lot of value creation.

**Ross Gilardi, Bank of America**

All right, thank you. And then you made a comment earlier on that really struck me about the pricing dynamics really driven much more by the value add of the service rather than the supply and demand characteristics of the industry. And if that's the case, why wouldn't you tilt towards a more aggressive fleet growth-type strategy, which clearly everything you've laid out, I don't think that's the case. But why wouldn't that be the case?

**Tim Boswell**

Brad, do you maybe you want to provide some comments on that.

**Brad Soultz**

Yes, yes, I'm happy to. And I'd remind everyone that WillScot legacy platform had achieved 10% year-over-year rate growth in late 2017 with about a 17% market share. So we're setting, call it, 45% market share today, and you've seen that continue to accelerate. But that's not been because of direct supply-demand balances. I think the other thing I would caution folks is don't get too caught up on M&A or not, right? Think of that market convergence points. If we have nearly twice the market share of modular that we do in storage, 80% of the customers need both. We already have the in-house demand, if you will, to fuel that convergence, right? If I have the option any day to buy used fleet, right, versus adding new supply to a market, we'll do it all day long. So think of M&A as almost funding market convergence and other aspects. But certainly, the underlying economics are there, if the local market is constrained, as Tim said, we'll invest accordingly and make sure we're not missing anything.

**Tim Boswell**

Courtney. Scott, we'll get you next.

**Courtney Yakavonis, Morgan Stanley**

So you obviously threw a lot of growth levers at us today and mentioned a couple of times that some might exceed expectations, some might fall short. Can you just help us understand maybe 2 or 3 that you view as the highest probability and maybe it's not the full amount that's on the slide or the full range. But just give us a sense of where you think -- which you think are most probabilistic versus kind of the more aspirational.

**Tim Boswell**

Yes. I'll give you my first 2, just because they're already in motion, modular pricing and modular VAPS, they're happening today. So naturally, I'd attach a higher degree of probability to those 2. And remember the modular pricing opportunity, assumed no further rate increases. It just assumes the ongoing churn of our portfolio. Now we're rolling out ground-level offices in the Mobile Mini branch network. Early indications are really, really good. You've got individual branches where you've got 80% penetration, driving very attractive values per unit, but you got to scale that across the entire branch network. We're going to start rolling it out through the course of the remainder of the year and through next year. Then you layer in the container VAPS initiative, Q2, Q3 of next year. Those are naturally lower probability and longer in duration. But we've done those types of things before, which gives us confidence they should be on the page.

**Brad Soultz**

Yes. And I would say I'm equally as confident in storage rate and storage VAPS, and storage market share improvement, right? It's a little longer play. But I mean, heck, we just closed 3 transactions in a week and added 11,000 units to our fleet. So it's -- the evidence is there that it can be done. Just think of that as, okay, we're launching those now. So it's going to take a few years to get to the rates we're talking about. And then because of the 3-year average lease duration, it takes 3 more years to harvest and see it all the way roll through the P&L. So I'm as equally as confident in those. They're just probably contributing more to the plus billion dollars than they are in the recipe, if you will, to get to the billion.

**Courtney Yakavonis, Morgan Stanley**

And then if I could just follow up. I know it seems like you're deemphasizing the M&A part of the equation. But you've broadened out your total addressable market from the $5 billion core to close to $10 billion today. Should we also be thinking about the M&A opportunities expanding beyond what we've considered kind of those more regional tuck-in players within core storage and modular office.

**Brad Soultz**

Yes. Again, I'd be really careful saying we're deemphasizing M&A. I think if you think about that market convergence, the best thing we can do is fund that through M&A. So what we're trying to do here is make sure we don't double count, right? we've got a pretty robust portfolio as it exists. So I think we continue to drive kind of that cross-sell as we originally said to make sure we're winning both storage and modular on every acquisition, right? We don't need to make acquisitions to pack those units full of storage, right, and furniture and such. As you then leg further into the managed services, if we really wanted to establish scale in one of those other markets, I mentioned fencing is an example. That's not a prediction. A lot of our units already with sanitation, that's not a prediction. But all of those are pretty fertile opportunities. And I think if you've learned one thing with our platform, if we do something, we do it with scale, right? And we make sure -- we make darn sure we're relevant in that space. And my kind of definition of relevance is a pretty high threshold. So it's absolutely kind of the territory in which we can -- the incubator, if you will, where we can look for other opportunities further afield from turnkey office and storage, but we won't take our eye off that ball either.

**Tim Boswell**

I'd just add, Courtney, the expansion of the market opportunity, the $5 billion was kind of predicated on the rental revenue associated with an empty box. And that's how the industry always thought. The $10 billion is simply a recognition that we do a lot of other stuff to capture value, whether it's delivery and installation. I mean the VAPS offering is entirely new to the industry within the last 7 years. So it's just an acknowledgment that the market that we're serving is actually a heck of a lot bigger than maybe people thought 5 years ago.

I think Scott was next.

**Scott Schneeberger, Oppenheimer**

I have essentially 3 questions, and Tim mostly for you, 2 on 2022 and then 1 longer term. So it looks like about a $35 million step-up in CapEx next year. Just curious what's behind that. It's been GLOs and VAPS recently. So just if you can elaborate on that. Second question, and I can go back and repeat if needed. Just --

**Tim Boswell**

Young Nick can keep track of it.

**Scott Schneeberger, Oppenheimer**

All right. I'll stop there.

**Tim Boswell**

Okay. Look, it's going to be demand-driven. So it will be what it will be. We think it's going to be a strong demand year next year, right? Yes, we're going to continue converting GLOs, love the economics, the Mobile Mini branch network absorbs those as readily as we can convert them. And fortunately, we have pre-purchased a lot of the parts and supplies needed to do that, such that I don't see a supply constraint to execute the GLO conversions next year. Value-added products, if it keeps growing like it's growing, yes, we'll continue to fund it. The biggest variable will probably be refurbishment investment in the Modular business, so around 70% utilization today. If we're going to aggressively grow units on rent next year, there will be a higher refurbishment component as volumes grow. And we are buying some used and select targeted new fleet for the storage segment, the U.K. segment, and as well as Tank & Pump right now. So if the demand doesn't materialize or if we find more efficient ways to fund it, then we could be at the lower end but just going to set the expectation that if we're going to be in a growth environment for the next couple of years, we will allocate the organic capital to support it.

**Scott Schneeberger, Oppenheimer**

Second question is a quick easy one. The breakdown of -- you said mid- to high single-digit revenue growth next year. Price volume breakdown. And I think you alluded on Friday, too, we should be seeing some positive volume for the next year. So just a little elaboration.

**Tim Boswell**

Yes. I mean -- so let's just focus on the core North America Modular and Storage and you know the rate trajectory that North American Modular is on. We just kind of gave you the rate trajectory that North America Storage is on. So I think those are some starting points that we can work with. In North America Modular as I cautioned in Q2, 19% year-over-year, 20% year-over-year. Those are big numbers. So it wouldn't surprise me if they tapered a bit, but they'll be in the double digits. Storage volumes, I think you're in a position where you could drive 5-plus percent unit on rent growth next year. And on North America Modular, if you're in that low single digits is that portfolio in flex in probably the early Q1 time frame that will put us in a position where you could drive kind of low single-digit volume growth in that segment.

**Scott Schneeberger, Oppenheimer**

I appreciate that. And the last one is the longer term. Looking at 40% incremental margin this year going up to in that slide it's essentially 80% incremental margin next year, that's impressive.

**Tim Boswell**

It's just timing though. That's just -- it's impressive on the one hand, but that's just a function of the fact that lease revenue in our business doesn't move quickly, right? Deliveries move quickly, associated variable cost can move quickly. The lease revenue stream is like a slowly compounding snowball, right? And it's been doing that all year. And next year, we're just going to enjoy a much more elevated run rate for the entire year, whereas it was building during the course of this year.  So I think that's probably -- if there's one misunderstanding in terms of the mechanics of how this business works, that people just take a little time to understand, it's how long-lease duration with short-term fluctuations kind of impact the bottom line results.

**Scott Schneeberger, Oppenheimer**

And that's the question for 3 to 5 years out on what kind of the guidelines put forth today, what is the implied incremental flow-through?  And what's the variability of that?

**Tim Boswell**

Yes, yes, sure.  I mean we've been pretty consistent.  If you're getting volume growth in the business, you can be seeing 60-plus percent flow-through.  Value-added products is obviously flowing through around 75% and pricing growth is flowing around 90%.  So depending on the relative mix of those, it should be a 60-plus percent flow-through business.  I think that's consistent with how the Mobile Mini team would have articulated historically as well.

**Phil Ng, Jefferies**

Price mix has been a big part of your story as you kind of fully ramp up VAPS and your price optimization tool, how should we think about the run rate for portable storage from AMR growth standpoint?  And then separately, from a CapEx standpoint, back of envelope math, I think it was like $250 million, $275 million of CapEx over the 3 to 5 years.  Help us understand what kind of unit on rent growth you're assuming in these 2 businesses?  The reason why I ask because I want to get a better handle on your view on cross-selling just because it seems like a pretty big opportunity longer term.

**Tim Boswell**

All right.  So first question, maybe you want to take storage AMR growth as the first part of it, and I can talk about volume?

**Brad Soultz**

Yes.  Let me understand again your question -- your first part of your question.

**Phil Ng, Jefferies**

The AMR growth for storage, how we kind of vision that ramping up over time?  It's been in that 3% range?  Is it 5%, 6%?

**Brad Soultz**

And this is one I mentioned before, you've got to keep in mind the 3-year average lease duration. So we've got the same, let's say, levers, if you will, on Storage that we've been executing on North American Modular. We're already driving improved new rates, right? If you drive only improved new rates, as the units roll over 3 years, it's going to take you 3 years to see that move through ARR -- the AMR. Storage also participates in a kind of a repricing, if you will, on a periodic basis. That repricing has been less aggressive than we've had on the Modular side. So we're going to push and test that lever as well. Tim mentioned duration pricing.

So I think low single digits, right, accelerating over time as we introduce the structured technology, and we introduce some of these additional levers or refinements, if you will. So I think that's one, as I mentioned before, maybe it's not as big a contributor in the runway between $700 million of LTM EBITDA and $1 billion. But I think it really starts to compound and drive after that.

The other point we probably didn't touch on enough is the legacy Mobile Mini fleet is almost exclusively this premium product that you saw to the left of the coffee upfront. It's Tri-Cam locking, easy opening doors, right, completely differentiated patent technology, right? As we expand market share, the majority of that market is being supplied by ISO standard boxes. So this is another variable way as we move forward. We can’t assume the entire market is going to want to pay a significant premium for this legacy premium product. So the market will tell us. I mean, this year, we've already rolled in all the standard WillScot boxes. We just bought another 11,000. We couldn't convert fast enough to the premium.

So that's the other equation here. I would caution folks to think through is we don't absolutely know, right? But as we grow market share and market penetration here primarily on Storage, the market's going to tell us what the right outcome is. And the beauty in it is from a return perspective, if we don't have to invest in those upgraded doors, it's fine if rates are a little lower, right? If the market wants, right, this premium upgrade, we'll convert all the units as quickly as we can, but we're going to make sure we harvest that benefit back in rate and continue to drive the compounds of value creation here.

**Tim Boswell**

On the volume side of the question, it's tough to give you like prescriptive assumptions 3 to 5 years out. On the Modular business, I think if you're looking at volume growth in that 1% to 3% range, given where our share resides today, that's an area that we should be able to deliver and it might strike you as low, but just think about the impact of 30-month lease duration. It's very difficult to move the entire volume in the portfolio much faster than that in a period of as short as 12 months, right? On the Storage side, I think you can go a little bit higher. We're lower in terms of share. And then certainly, if you layer in tuck-in acquisitions, you could be growing at above that 5 points or so above that market rate. So don't know the exact formula looking 3 to 5 years out. The purpose of that bridge was not to give you a specific pricing or volume assumptions. It was to say, is this a recipe that's reasonable? And we do a lot of different scenarios when we're modeling, and it's a reasonable scenario.

Dan in the back.

**Dan Stratemeier, Jefferies**

Let me first say congratulations (inaudible). So congratulations (inaudible). Tim, the first one will be for you. Given the amazing opportunities of inorganically, organically with your share price, M&A, whatever it may be, why not keep leverage where it is now and been elevated from today's level the (inaudible) history to run this business at a very high level of leverage, certainly compared to the market, while the market I think has a different understanding of your business now. And I think why is 3 (inaudible).

**Tim Boswell**

Yes, it's a fair question, especially in today's interest costs, all leverage is not created equal. And when your blended average cost of debt is 3.8%, I think there is a debate to be had there. We do have a high degree of confidence in the growth outlook as well. And that is why we have kept leverage at 3.7x for the last couple of quarters because what did we have? We had good organic opportunities, we had good tuck-in M&A opportunities, and we had some pretty interesting share repurchase opportunities. So it's something that we debate all the time. I think your part -- your point around continued market education around why is this business model more resilient and more different and more deserving of operating with a higher leverage level, is something important to talk about, and we'll keep having that conversation with folks.

**Brad Soultz**

The only bit I would add, Dan, is for me, it just provides additional optionality, right? We said this forecast doesn't assume any like medium or large-scale M&A. We don't know when and if those will ever present themselves. We've already shown if we see the opportunity, we're confident and comfortable to take leverage up, right, because we know we're going to bring it right back down. So it's hard to imagine why we wouldn't naturally de-lever to around 3x anyway. But then holding it around 3x, if something great comes along, you can move quickly, right? And if you want to do it more debt financed, you've got full optionality without really pushing leverage even into that high 4x level, which we've done before, we were comfortable to do. We said we'd bring it down, and we did. But from my perspective, as I think about that, I kind of lend myself back around the 3x because it does just provide additional optionality.

**Dan Stratemeier, Jefferies**

Make sense. And Brad, I guess this one is for you. (inaudible), right? And then it was ultimately taken to extreme. Obviously you executed and the opportunities were there. If you think about those periods of time, anything about your opportunity ahead of the company now? Like it may not be a fair question, but your level of excitement and confidence today versus those 2 amazing opportunities, how would you just give us a perspective on how you guys are thinking about it today versus the last 5 years?

**Brad Soultz**

Yes, who'd guess modular trailers and storage could be so darn fun. No, my confidence is higher. The amazing team we've built, right? If you look across the back and up here, it's a great cross-section of best-of-breed talent, not just from within Modular, Storage and space. But that's -- it's unmatched certainly within this narrow space and any company I've been about. So I had confidence in the team before. I mean, if you put a gun to my head and said, could this team drive a 6x increase in EBITDA, I would have told you, yes, but I would have been nervous. I'm not nervous now. And I'll use the technology platform and the ESG as the other 2. I mean again, we knew looking into ModSpace, we could acquire, integrate it, and harvest massive cost synergies and even more interesting commercial synergies. Done, done, done, right? But now to have the SAP platform, and then we'll start to harmonize the CRM and all the other ancillary applications, if you will, it's all just easier.

So yes, it's on, I'm more confident than I was in 2017, and you might have accused me of being arrogant at that time. I think you might have sent me a really nice bottle of liquor. And I said, I'll open it when we get to like $52 or some number that I had penciled out. So I went ahead and opened it, I think -- thank you for that.

**Sean Wondrack, Deutsche Bank**

So you guys have outlined a pretty nice time table going forward where you're going to have these embedded higher LTM delivered rates. And when you just look at the business and the amount of free cash flow that there's off, it's sort of an interesting case study for LBO. You also have some competitors that are sort of emphasizing that you are -- emphasizing your space. So I guess my question is, it's a testimony success. Are you concerned at all going forward that there may be a friendly or a hustle offer for your business? And sort of how are you prepared to sort of deal with that?

**Brad Soultz**

I'm not afraid. I mean our objective is always to make sure whatever business we own and run is so compelling. If someone does want it, they're going to pay a hell of a lot. But that's -- I think that's just a blip in everyone's mind. I mean look at what we've done here. Yes, URI has put a toe into primarily the storage market. I don't see that as a threat. In fact, they were a great customer in many regards before on the responsible operators. And it's a vast landscape, as I mentioned. So we'll continue to look for growth where we know we can most safely and smartly execute it, and we'll just be nimble.

**Nick Girardi**

And I think we have time for 1 more question.

**Brent Thielman, DA Davidson**

Thanks for the presentation, Brad. Obviously, all these growth initiatives look really attractive on paper, and you've proven you can do it. Can you just talk a little bit about how you're incentivizing the troops on the ground, sales personnel, and others in order to achieve this?

**Brad Soultz**

Yes. As Tim mentioned before, we've already started tweaking commissions, if you will, to really drive 2 things. One is, on both sides, Storage and Modular, they focus on lease and volume. And we're never in a game where we're going to trade one or the other, but -- so we started to see some harmonization. The same programs and initiatives that have helped support the growth in furniture penetration on Modular, we're redoing and rolling them out on the Storage side of the business. I mean it's -- you take the sales part has to be confident to sell it, and then the operations have to make it all happen and show up, right? Like that unit downstairs, we have a 24-hour permit. 12:01 this morning, it started, and it's going to be gone by 11.59. So we're really focused on not just focusing on the commissions.

We also have some competitions. As Darren would remind me in the back, we don't do contests, we do competitions, to make sure we're driving that market convergence or penetration, as you mentioned. So -- we're just -- we have a lot of fun with competitions. We're starting to align commissions. And then our -- kind of our broader annual bonus program is basically unchanged from legacy WillScot. And in simple terms, it's about 70% EBITDA, right? And it's kind of -- if you look 6 months out and then 6 to 12 months out. And then the other 30% is basically the composition of the commissions we're paying, which we think is a great indicator of what we're going to be dealing with the year following. So that recipe has worked, largely what we're doing right now is tweaking around the edges and harmonizing. But yes, we'll continue to make sure everyone is appropriately motivated and wants to stay along with this journey.

**Tim Boswell**

I understand that everybody in this room is a meaningful stockholder as well, and that's a part -- that is the primary component of our long-term incentive plan. It's heavily performance-based at the most senior levels. So everybody's interests are aligned and motivated to drive the type of results that you've been seeing. And everybody in the room, I think, enjoys and experiences that.

**Hezron Lopez**

In addition to that, the real folks who are at all of our branches are getting up every day and working hard for us to making sure that these units are clean and delivered on time and we're delighting our customers. I mean, they're starting at a $25 an hour, for example. If you're making around $50,000 a year, we're delivering about $20,000 worth of benefits to you. You're looking at 4.5% 401(k) contribution. You're looking at nearly 80% contribution from the employer side for your benefits and you're looking at opportunities for you to grow beyond the starting position that you come into the company. So beyond just the financial metrics that they mentioned. We want them to stay. We want them to grow, and we're fully behind them. So it's really a great story for us from the bottom up.

**Tim Boswell**

Okay. I think with that, folks, we can raise the curtain go and again, pretty much anybody wearing a tie works for the company. So feel free to corner them and ask your questions.