



Profit Opportunities in Jumbo Truck Rental

Nijmegen
March 26, 2007



Format

- Panel Members
- Opening Comments
- Case Studies from Panel
- Discussion
- Conclusion/Action Items



Objectives

- Understand the profit potential in JT rental
- Share best practices for penetrating the rental segment



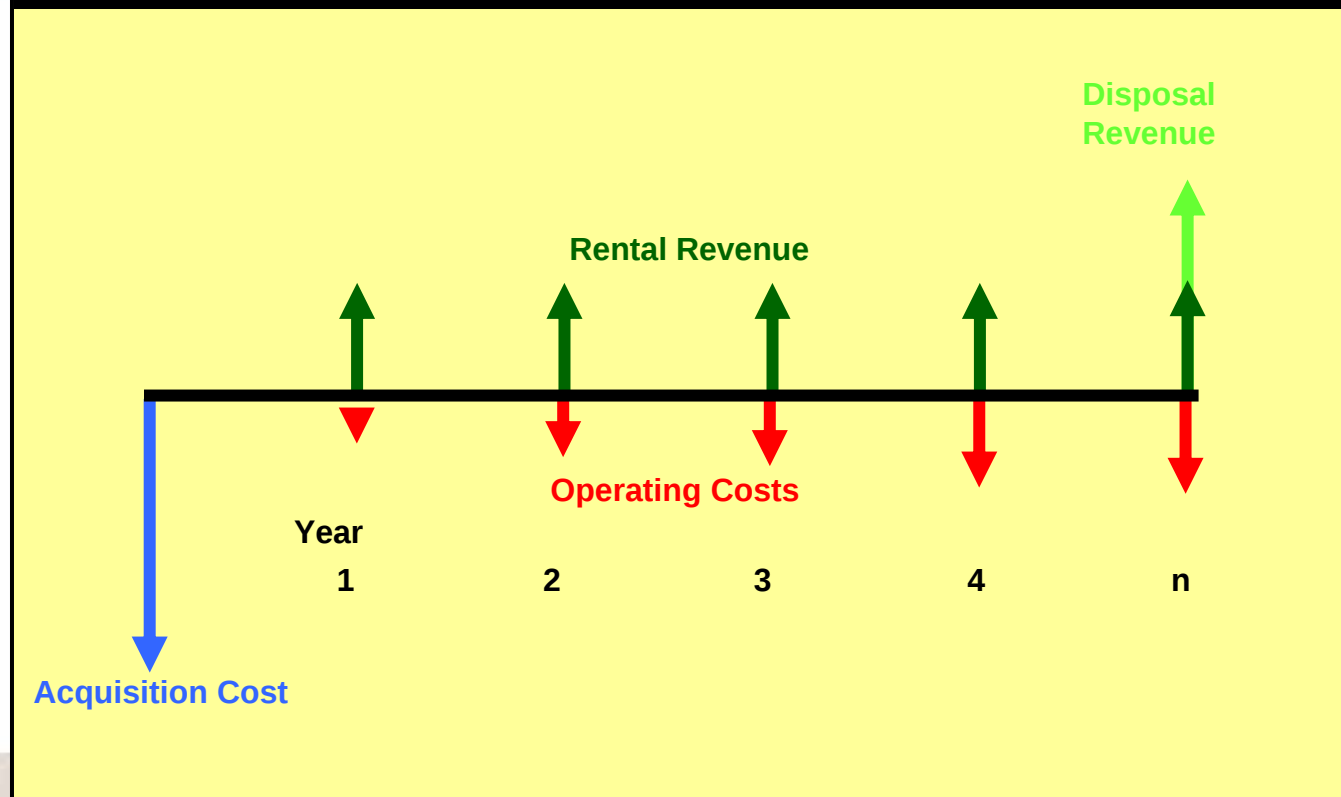
Defining the Opportunity

- **Approx 100 JT (\$31.0 mil at dealer net) go into the Rental Segment in N. America annually**
- **Combination of Dealer Rental Fleets and Rental Companies**
- **Taylor dominates in this segment**
- **Hyster has pockets of strength and opportunity to expand**



Profit Opportunity

Rental Cash Flow Diagram



Rental Accounting

Rental Gross Profit Accounting

Rental Revenue

- Depreciation
- Interest Expense
- Operating Costs

= Rental Gross Profit

Disposal Gross Profit Accounting

Market Value at Time of Sale

- Net Book Value at Time of Sale
- Repair / Preparation for Sale

= Disposal Gross Profit



Questions

- **Setting Targets for JT Rental**
 - Profit?
 - Utilization?
- **Where to find Rental deals?**
- **How to price the rental?**
- **When to dispose of a rental asset?**





Rental Case Study: Pape MH

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Background

- Started in JT Rental in 1996 with 1 x H700
- Determined that there was an untapped market
- Started with one customer, Crowley Marine
- Success bred success
- Supported by Hyster



Current Fleet

- **3 x H550F**
 - 5 on order
- **4 x H700F**
- **1 x H1050HDS**
 - 2 on order
- **1 x H1150HD CH**
 - 2 on order
- **1 x HR45-36**



Programs Offered

- Short Term Rental
- RPO (up to 2 year term)
- Rent-to-Rent



Marketing Collateral Used to Promote Jumbo Truck Rental



Rent, Lease or Buy "The Big Ones"



Hyster H1050E

- Dedicated container handler
- 4-high stacking
- 20/40 container attachment
- Powered pile slope & power slewing



Hyster H550F

- 55,000 lb. capacity @ 48" load center
- 124" lift height; 155" lowered height
- **Transportable w/o teardown**
- Sideshift/fork positioning carriage
- 96" forks



Hyster H700F

- 70,000 lb. capacity @ 48" load center
- 389" lift height
- 96" forks
- Sideshift/fork positioning carriage
- Full cab



P&H Reachstacker

- 1994 P&H model 77
- 2nd rail capable
- 99,000 lb. capacity, 1st row
- 4-high, 9' 6" stacking
- 20-40 container attachment

CALL FOR RATES AND INFORMATION

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Fax: 206-722-3657

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7000 SW Sandburg Street
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47132 Kato Road
510-661-5700
Fax: 510-661-5706

Or call toll free 1-888-813-2580 to reach the location nearest you.
www.hystersales.com

Pricing the Deal

- **Rental Rates**

- Priced to achieve 25-30% gross profit while writing down the unit 50% of the rate

- **Asset Disposal**

- Established reputation for selling good, reliable, low hour rental units
- Supports premium pricing on the units
- Minimum gross profit target of 15%



Basic Terms

- 90% of the deals are by the month
- Maintenance and Service are either performed by the customer or are charged back to the customer if performed by Pape MH.
- Delivery and set up are charged to the customer



Fleet Utilization

- Target is 80%
- Average over past 5 years is 86%
- Should be adding more units to the fleet
- Acquisition costs are rising faster than rental rates making justification of new units difficult.



Turning the Fleet

- **Policy is to sell the Jumbo units whenever there is an opportunity**
- **As long as the profit on sale meets target**
- **Also strive to keep the fleet as new as possible**
 - This is an advantage versus the competition
 - New equipment, more reliable, less maintenance cost



H550F Preparing for Shipment to Customer in Arizona



H700F Seasonal Rental Awaiting Transport to Alaska



H1150HD CH Second RPO Unit Being Assembled on Site at Rabanco



HR45-31 on Low-boy on Route to NWCS



HR45-31 on Demo at Washington United Terminal



H1050HDS in Production Prior to Shipment from Nijmegen



H1050HDS in Production Prior to Shipment from Nijmegen

