

Houlihan Lokey

Equipment-as-a-Service
Market Update

Q3 2024

About Our Firm

Houlihan Lokey, Inc. (NYSE:HLI) is a leading global investment bank with expertise in mergers and acquisitions, capital markets, financial restructuring, and financial and valuation advisory.

Our firm is the trusted advisor to more top decision-makers than any other independent global investment bank.

CORPORATE FINANCE

2023 M&A Advisory Rankings
All Global Transactions

	Advisor	Deals
1	**Houlihan Lokey**	**352**
2	Rothschild & Co	349
3	Goldman Sachs & Co	300
3	JP Morgan	300
5	Morgan Stanley	253

Source: LSEG (formerly Refinitiv).
Excludes accounting firms and brokers.

No. 1
Global M&A Advisor

Leading
Capital Markets Advisor

FINANCIAL RESTRUCTURING

2023 Global Distressed Debt &
Bankruptcy Restructuring Rankings

	Advisor	Deals
1	**Houlihan Lokey**	**73**
2	PJT Partners Inc	64
3	Rothschild & Co	51
4	Lazard	37
5	Evercore Partners	27

Source: LSEG (formerly Refinitiv).

No. 1
Global Restructuring Advisor

1,700+
Transactions Completed Valued at More Than $3.5 Trillion Collectively

FINANCIAL AND VALUATION ADVISORY

1999–2023 Global M&A
Fairness Advisory Rankings

	Advisor	Deals
1	**Houlihan Lokey**	**1,247**
2	JP Morgan	1,035
3	Duff & Phelps, A Kroll Business	977
4	UBS	884
5	Morgan Stanley	716

Source: LSEG (formerly Refinitiv).
Announced or completed transactions.

No. 1
Global M&A Fairness Opinion Advisor Over the Past 25 Years

2,000+
Annual Valuation Engagements



Learn more about how our advisors can serve your needs:

Corporate Finance →

Financial Restructuring →

Financial and Valuation Advisory →

Our Industry Coverage →

Our clients benefit from our local presence and global reach.



36
Locations Worldwide

~2,000
Financial Professionals

323
Managing Directors(1)

2,000+
Clients Served Annually

$12B
Market Cap(2)

$2.1B
Annual Revenue(3)

AMERICAS	Atlanta	Los Angeles	**EUROPE AND MIDDLE EAST**	Amsterdam	Milan	**ASIA-PACIFIC**	Beijing	Shanghai
	Baltimore	Miami		Antwerp	Munich		Fukuoka	Singapore
	Boston	Minneapolis		Dubai	Paris		Gurugram	Sydney
	Charlotte	New York		Frankfurt	Stockholm		Hong Kong SAR	Tokyo
	Chicago	San Francisco		London	Tel Aviv		Mumbai	
	Dallas	São Paulo		Madrid	Zurich			
	Houston	Washington, D.C.		Manchester				

(1) As of September 30, 2024.
(2) As of October 31, 2024.
(3) LTM ended September 30, 2024.

Fully Integrated Financial Sponsor Coverage

29
Senior officers dedicated to the sponsor community in the Americas and Europe.

1,300+
Sponsors covered, providing market insights and knowledge of buyer behavior.

800+
Companies sold to financial sponsors over the past five years.

HLI LISTED NYSE

About **Our Business Services Industry Group**

Houlihan Lokey's Business Services Group combines extensive industry relationships with substantial experience to offer a broad array of M&A, corporate finance, restructuring, and financial and valuation advisory services to the business services industry.

2023 M&A Advisory Rankings
All Global Business Services Transactions

	Advisor	Deals
1	**Houlihan Lokey**	**63**
2	Rothschild & Co	46
3	Lincoln International	32
4	Clearwater International	31
5	Goldman Sachs & Co	27

Source: LSEG (formerly Refinitiv).
Excludes accounting firms and brokers.

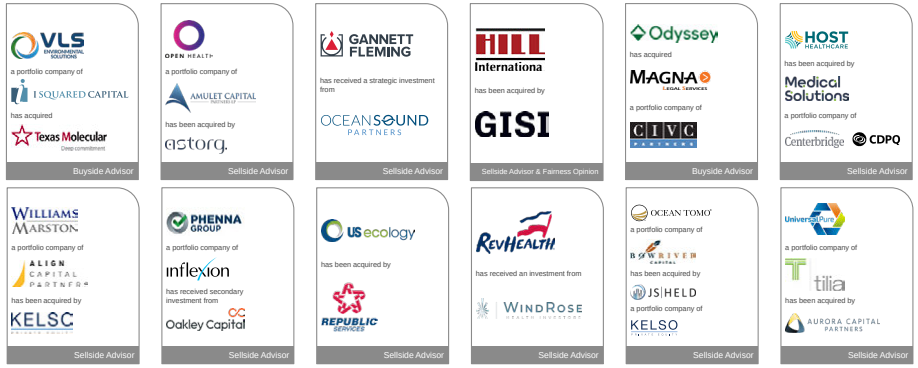
Based on number of transactions and according to data provided by LSEG (formerly Refinitiv), Houlihan Lokey was ranked the

No. 1

investment bank for all global business services M&A transactions in 2023.

Business Services Industry Coverage

Featured Business Services Industry Transactions



Industry Sector Coverage

We cover a broad array of sectors, with financial professionals dedicated to each of our primary coverage areas.

- BPO Services
- Engineering and Infrastructure
- Environmental Services
- Equipment-as-a-Service
- Facility and Residential Services
- HCM Services
- IT Services
- Marketing Services
- Pharma Commercialization
- Specialty Consulting and Risk Services
- Testing, Inspection, Certification, and Compliance
- Training and Education
- Transportation and Logistics

Key Facts and Figures

180+

Dedicated Business Services financial professionals.

63

Completed Business Services M&A/private placement transactions in CY23.

About **Our Equipment-as-a-Service Team**

Houlihan Lokey has assembled one of the most experienced senior teams of equipment-as-a-service (EaaS) sector coverage finance professionals with the deepest relationships and broadest level of expertise. The team operates globally and has earned a reputation for providing superior service and achieving outstanding results in M&A advisory, capital raising, restructuring, and financial and valuation advisory services.

The EaaS team covers a wide range of business models, including traditional equipment rental, specialty equipment rental, route-based equipment services, transportation equipment leasing, vehicle fleet management, equipment dealerships, asset pooling services, and infrastructure and municipal equipment services. Our clients operate across a broad set of end markets, including commercial, construction, industrial, infrastructure, utility, logistics, consumer/retail, oil and gas, mining, education, healthcare, events and media, refinery/petrochemical, and hospitality. We have one of the only fully dedicated EaaS coverage teams with a truly global scale and reach.

Tombstones included herein represent transactions closed from 2021 forward.

Featured Transactions

RELAM — a portfolio company of PACELINE — Second Lien Term Loan Refinancing — Exclusive Placement Agent

Grant Street Companies, LLC a subsidiary of SUMMIT VEHICLE SOLUTIONS — has been acquired by VEHICLE MANAGEMENT SOLUTIONS — a portfolio company of Mill Point Capital — Sellside Advisor

YAK ACCESS — a portfolio company of Platinum Equity — has been acquired by United Rentals — Provided Certain Assistance

OAKTREE — has provided committed financing to ElecoR — a portfolio company of Platinum Equity — $85,000,000 Revolver $730,000,000 Term Loan Refinancing — Exclusive Placement Agent

FLEX FLEET — a portfolio company of a fund managed by WATERFALL Asset Management and TRP Capital Partners — has been acquired by Kaizen Automotive Group — Sellside Advisor

ZMC — has acquired In Production — Buyside Advisor

YAK ACCESS — has completed a recapitalization transaction including a preferred equity investment led by Platinum Equity and senior debt financing led by midcap Financial — Company Advisor

FUSIONSITE — has been acquired by THE CYNOSURE GROUP — Sellside Advisor

SRL — a portfolio company of LDC — has been acquired by 3i Infrastructure plc — Sellside Advisor

Cross Rental Services — a portfolio company of Lonsdale Capital Partners — has been acquired by Elysian Capital — Sellside Advisor

Leadership

North America



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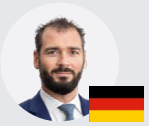


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Request a Meeting

Learn More About Us

Broad, Comprehensive EaaS Business Model Coverage

EaaS defined: Any company that utilizes a core asset base or fleet of equipment coupled with the delivery of value-enhancing services to provide a comprehensive solution to satisfy its customer application needs.

EaaS companies distinguish themselves based on levels of service offerings, including field-level consultation, complex engineering expertise, telemetrics, GPS tracking, remote monitoring, delivery/transportation, cleaning, refueling, skilled labor, mobilization/demobilization, ancillary equipment services, etc. The breadth and complexity of service/solution offerings add differentiation and enhance valuation.

EaaS Sector Business Models

Vehicle Fleet Management

- Pick-Up Trucks
- Corporate Vehicles
- Ride-Hail Vehicle Fleets

Traditional Rental

- Earthmoving
- Aerial/High-Reach
- General Construction
- Contractor Tools

Equipment Dealerships

- Equipment Dealerships
- Automotive Dealerships

Specialty Rental

- Portable Storage
- Modular Space
- Liquid and Solid Containment
- Blast-Resistant Buildings
- Workforce Accommodations

Asset-Pooling Services

- Pallets
- Mats
- Restaurant/ Catering
- Kegs
- Returnable Transport Fixtures

Route-Based Services

- Portable Restrooms
- Hospitality Equipment
- Moveable Medical Equipment

Transportation Equipment Services

- Trailer (Dry Van)
- Chassis Leasing
- Way Maintenance
- Railcars
- Aircrafts
- Ships/Barges
- Tractors

Infrastructure Services

- Cranes and Lifting
- Hydrovac Excavation
- Pumps/Fluid Management
- HVAC/Temp Control
- Trench Shoring and Safety

Municipal Services

- Airport Equipment
- Street-Sweeping Vehicles
- Garbage Trucks
- Utility T&D Equipment

Business Models Serve a Wide Range of Customers and End Markets

- Consumer/Retail
- Healthcare
- Nonresidential Construction
- Energy
- Events and Media
- Industrial, Refining, and Petrochemical
- Commercial
- Education
- Infrastructure
- Mining
- Hospitality
- Utility T&D
- Transportation and Logistics
- Telecom, Test, and Measurement

EaaS Landscape Overview

01 General Construction Equipment

02 Modular Space and Workforce Accommodation

03 Portable Storage

04 Cranes and Vertical Access Solutions

05 Liquid and Solid Containment Equipment

06 Pumps and Compressors

07 Trench Shoring

08 Test and Measurement Equipment

09 Airport Equipment

10 Lighting, Audiovisual, and Event Equipment



11 Generators and Mobile Power Equipment

12 Safety Equipment

13 Security and Surveillance Equipment

14 Marine Equipment

15 Mats and Pallets

16 Medical Equipment

17 Hospitality Equipment

18 Portable Sanitary Solutions

19 Bucket and Specialty Trucks

20 HVAC and Temperature Control Equipment

Note: Asset categories are nonexhaustive.



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EaaS Market Update Q3 2024

During the third quarter of 2024, inflation fell by 60 basis points, decreasing from 3.0% in June to 2.4% by September, and the EaaS industry is poised to capitalize on easing monetary policy.

The third quarter of 2024 has remained resilient for EaaS companies. As interest rates begin to soften, operators are expanding their strategic playbooks to drive growth. The U.S. macroeconomic outlook remains positive, with the unemployment rate remaining steady at 4.1%, impacted by severe weather storms and union strikes for large manufacturers like Boeing. Coupled with this modest deceleration in job growth, the Federal Reserve anticipates a further rate cut in Q4. Likewise, the broader European Union reported a seasonally adjusted unemployment rate of 5.9% in August 2024, a marginal decline from 6.0% in July 2024 and August 2023.

The third quarter of activity in the EaaS universe showed continued positive trends, supported by infrastructure spending and strategic expansions among competitors. M&A activity remained strong, reinforcing the consolidation trend by large public providers. However, the stoppage of WillScot and McGrath's announced merger after extensive FTC engagement will encourage larger players to seek smaller acquisitions as a means to increase market share.

On the sponsor side, EquipmentShare secured additional investment from Lead Edge Capital Management to advance its M&A growth strategy. Easy Ice, backed by Freeman Spogli, acquired High Standard Icemakers to grow its Midwest presence. Synergy Equipment, supported by Odyssey Partners, acquired Opifex, a Texas-based equipment rental company. Argonaut Private Equity acquired Hammer & Steel Global, a provider of drilling and pile driving equipment. Lastly, Mizuho Leasing purchased corporate equipment rental provider Rent Alpha. These moves highlight the meaningful sponsor interest in the sector driven by favorable market conditions and attractive returns. Sponsor portfolio companies continue to see strong organic growth from recurring revenue and fleet expansion, alongside ongoing M&A activity in fragmented EaaS sectors.

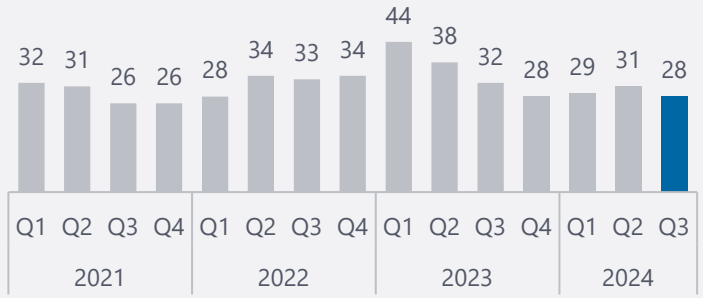
Increased federal spending and population growth are driving U.S. infrastructure acquisitions. Softening interest rates are expected to spur acceleration in small-scale nonresidential and infrastructure projects previously put on hold to commence. Additionally, the EaaS industry expects to experience relative stability through election results, with certain end markets being more impacted despite positive long-term investment in infrastructure. Across Europe, the economic environment reflects a similar stabilizing trend, with the European Central Bank's steady approach to lowering interest rates supporting a steady pace in infrastructure and equipment-related investments.

M&A Transaction Volume

28

Transactions

Q3 2024



Learn More

Houlihan Lokey's EaaS team recently featured in a comprehensive article detailing growth in the sector.

Read the Full Article

Sources: Investor presentations, S&P Capital IQ as of September 30, 2024.

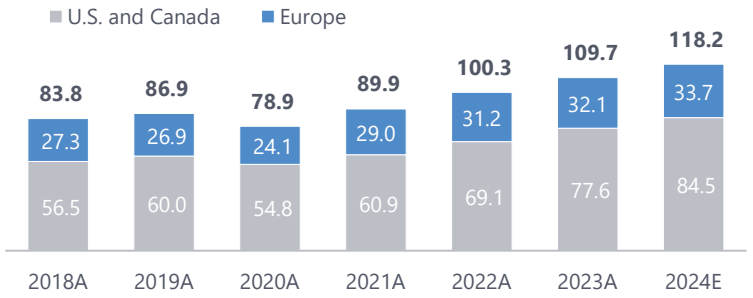
Executive Summary

Sector Business Conditions

- The EaaS sector continues to demonstrate strength, fueled by acquisitions, refinancing activity, and strategic service expansions by leading companies. Sustained demand from construction, infrastructure, and live event sectors, coupled with effective price increases despite inflationary pressures, further supports ongoing growth.
- A CBRE report dated October 2, 2024, highlights a surge in infrastructure investment, especially in clean energy and digital sectors, driven by easing inflation and interest rate cuts. This trend is expected to boost demand for EaaS solutions as projects increasingly require flexible, scalable equipment to meet evolving needs.(1)
- According to the Dodge Momentum Index, for the 12 months ending August 2024, total construction starts rose 2% year-over-year, with residential up 6% and nonresidential building and nonbuilding starts each up 1%. Richard Branch, Chief Economist of Dodge Construction Network, stated that while growth is modest, the sector should benefit from upcoming Federal Reserve rate cuts. However, it will take several reductions for projects to accelerate, with stronger growth expected in early 2025.(2)

EaaS Market by Revenue (North America and Europe)(3)

2018–2024 in $ Billions



News Highlights(4)

- On October 30, WillScot Mobile Mini reported earnings for the three months ended September 30, with Q3 rental revenue down 0.56% over the prior year and Q3 EBITDA up 0.52%. With the acquisition of McGrath now halted, consensus estimates forecast FYE 24 EBITDA of $1.1 billion, remaining flat over the previous year.
- On September 13, Newpark Resources announced the divestiture of its oilfield fluids division that provides drilling, completion, and stimulation fluids products and related technical services to customers for O&G and geothermal projects. The sale repositions the company out of its historical oilfield services industry classification into a pureplay EaaS provider of matting equipment. The fluids division was acquired by SCF Partners for a net sale consideration of $56 million, aiming to enhance focus and global reach for the segment.
- Herc Holdings posted record revenues of $965 million in Q3 2024, up 6.3% year-over-year with rental revenue up 13.2% over the prior quarter. The company expanded market reach with five new greenfield locations and strategic acquisitions in key metro areas, including Florida, Arizona, and California.
- United Rentals achieved record revenues of nearly $4 billion in Q3 2024, a 6.0% increase from the prior year. Rental revenue grew 7.4% from the previous quarter to $3.5 billion, fueled by gains in both general rental and specialty. The company enhanced service capacity with 15 new cold starts, totaling 57 year-to-date, while driving cross-selling across product lines.

M&A Highlights(4)

- On September 26, Allegiance Crane & Equipment (Allegiance) acquired Scott-Macon, the parent company of Scott-Macon Equipment, a dealer for Tadano, Broderson, and Kobelco cranes. Post-acquisition, Scott-Macon Equipment will operate as the bare rental and equipment distribution arm of Allegiance.
- On September 2, Renta Group Oy acquired Caro Design Sp. z o.o., a Polish specialist in site module rentals serving construction and industrial clients in southeastern Poland. This strategic move enhances Renta Group's service offerings in Poland, adding approximately 2,000 site modules to its fleet. Caro Design, headquartered in Brzezówka, operates three depots with eight employees and generates annual revenues of about PLN 12 million.
- On August 23, Wheeler Machinery Co. acquired Bronco Equipment Rental, a Utah-based company specializing in equipment rentals and sales. This acquisition expands Wheeler Machinery's rental fleet and enhances its service capabilities in the region.
- On August 8, Swiss Life Holding, a global asset manager and infrastructure specialist, acquired Condecta AG from Paragon Partners. Condecta is a Swiss leader in modular space solutions, container systems, construction machinery, and wastewater treatment systems.
- On July 24, Herc Holdings acquired Otay Mesa Sales, a leading aerial equipment sales and rental company based in Southern California. This acquisition, which is Herc Holdings' largest to date, significantly expands its fleet and strengthens its presence in the aerial equipment market.
- On July 9, Solaris Energy Infrastructure (Solaris) acquired Mobile Energy Rentals LLC and rebranded as Solaris Energy Infrastructure, Inc. This strategic move diversifies Solaris' offerings beyond oilfield services into distributed power generation, targeting sectors such as data centers and other commercial and industrial markets. Solaris has secured a $325 million senior secured term loan and is finalizing a $75 million revolving credit facility to support this expansion.

Public Comps Highlights(5)

- The Houlihan Lokey EaaS Index(6) has increased 19.1% for the third quarter of 2024, leading the S&P 500 and STOXX 600 indices, which are up 4.6% and 2.3% for the same period, respectively. RoW rental services increased by 38.4%, while the European rental segment rose 8.1% in Q3.
- On an LTM basis, the Houlihan Lokey EaaS Index rose 49.2%, outpacing both the S&P 500 and the STOXX 600, up 34.4% and 17.4%, respectively.
- The North American EaaS sectors have been trending mostly positive over the past 12 months, with traditional rental up by 67.5% and workforce accommodation up by 3.2% for the year; specialty rental is down only 0.79% for the LTM period, partly due to the WSC/MGC merger stoppage.

(1) CBRE Investment Management.
(2) Dodge Construction Network, "Construction Starts Increase 6% in August".
(3) American Rental Association, European Rental Association, International Rental News, Kaplan.
(4) Company websites, press releases.
(5) S&P Capital IQ. Data as of September 30, 2024. All share prices are rebased to 100.
(6) The Houlihan Lokey EaaS Index consists of a diversified set of 21 companies across the EaaS sector. See the footnotes on pages 18 and 19 for a complete list.

Featured Sector News

Date	Company	Region	Description	Article Link
9/30/2024	United Rentals	North America	United Rentals has launched ProBox OnDemand, a Bluetooth-enabled tool-tracking system that reduces worksite tool loss by providing real-time location and usage data. Part of the company's Worksite Performance portfolio, it aids in controlling costs and improving productivity.	Read More
9/30/2024	Brambles	Oceania	Brambles has appointed Helen Lane as CEO of CHEP Europe, effective November 11. Ms. Lane, Brambles' Chief Digital Officer since 2021, will be succeeded by Louise Herring, a McKinsey partner, as Chief Digital and Strategy Officer.	Read More
9/30/2024	H&E Equipment Services	North America	H&E Rentals opened its 33rd Texas branch in Dallas South, expanding reach in the DFW area. Located at 9909 South Polk Street, this branch specializes in equipment rentals, including aerial lifts and earthmoving machines.	Read More
9/26/2024	Allegiance Crane & Equipment	North America	Allegiance has acquired Scott-Macon Equipment, enhancing its bare rental and distribution services. This acquisition marks Allegiance's third in recent years as it aims to expand operations and service offerings.	Read More
9/25/2024	Stephenson's Rental Services	North America	Stephenson's Rental Services has appointed Rob Wilson as CEO and President, succeeding Guy Manuel. Having joined in 2002, Mr. Wilson aims to build on the company's growth.	Read More
9/20/2024	XCMG	Asia	XCMG has introduced the XGA20H, a hybrid articulating boom lift with a 20.4m working height. It features a 51.2V/346Ah battery and diesel generator and offers a 320kg load capacity. The lift ensures smooth operation with AC pump technology, zero emissions, and features for safety and compactness.	Read More
9/18/2024	WillScot	North America	WillScot has mutually terminated its merger with McGrath RentCorp, citing regulatory challenges as a barrier. WillScot remains confident in its growth strategy, announcing a $1 billion share repurchase program and emphasizing ongoing investments in product innovation and customer solutions.	Read More
9/17/2024	Kennards Hire	Oceania	Kennards Hire, an Australia-based rental company, acquired Melton U Hire, expanding its Victorian network to 41 branches. New staff roles have been appointed, and Kennards Hire will continue supporting local sports teams previously sponsored by Melton U Hire.	Read More
9/13/2024	WillScot	North America	On September 13, WillScot announced its strategic acquisition of Allsite Structures. Established in 1992 and based in Las Vegas, Allsite Structures brings more than three decades of industry experience, which will enhance WillScot's leadership in the industry.	Read More

Sources: Company websites, press releases.

Featured Sector News (cont.)

Date	Company	Region	Description	Article Link
9/9/2024	Concrete Pumping Holdings	North America	Concrete Pumping Holdings, Inc., has extended its ABL credit facility to $350 million from $225 million, maturing on September 6, 2029. Bank of America and PNC Bank have joined as joint lead arrangers.	Read More
9/2/2024	Renta Group	Europe	Renta Group Oy has acquired Caro Design, a Polish site modules rental specialist, enhancing its service offerings in Poland. Caro Design, with revenues of PLN 12 million and eight employees across three depots, specializes in the construction and industrial sectors. The acquisition was finalized on August 31.	Read More
9/2/2024	Ashtead Group	North America	Ashtead Group PLC has announced that CFO Michael Pratt will retire in September 2025. Alex Pease, with significant experience that includes roles at WestRock and McKinsey, will join as CFO Designate in October.	Read More
8/29/2024	Ashtead Technology	Europe	Ashtead Technology announced a partnership with Pliant Offshore to offer unique offshore monitoring tools from 12 global hubs, enhancing efficiency and reducing risks in wind construction. The agreement includes systems for pile inclination, cable lay operations, and turbine inspection.	Read More
8/27/2024	Ashtead Technology	Europe	Ashtead Technology has partnered with Voyis Imaging Inc. to offer Discovery Stereo ROV cameras for rent. These cameras provide 4K video, stills, and 3D modeling for offshore inspections, enhancing Ashtead Technology's offerings and reinforcing its commitment to cutting-edge subsea technology.	Read More
8/23/2024	Wheeler CAT	North America	Wheeler Machinery Co., a Caterpillar dealer, has acquired Utah-based Diamond Equipment & Tool Rental, significantly expanding its rental division with 18 locations across the state. The move enhances its fleet with Cat machines and 70+ brand tools, creating a powerful rental provider in Utah.	Read More
8/22/2024	H&E Equipment Services	North America	H&E Rentals has expanded its presence with a new branch in Frederick, Maryland, effective August 21. This marks the third Maryland location and is part of H&E Rentals' broader growth strategy, including 27 new branches and nine acquisitions nationwide since last year.	Read More
8/14/2024	Sunbelt Rentals	North America	Sunbelt Rentals in the U.K. announced plans to launch a new 180,000-square-foot flagship facility in Wembley for its film and TV business, providing a wide range of equipment and sustainable solutions while enhancing creative collaboration and customer experience.	Read More
8/12/2024	HSS Hire	Europe	HSS Hire Group PLC has announced that Richard Jones is now interim CFO, succeeding Paul Quested, who departed at the end of August 2024. With more than 13 years in U.K. finance, Mr. Jones brings expertise from roles at Alliance Pharma PLC and Medica Group PLC.	Read More

Sources: Company websites, press releases.

Featured Sector News (cont.)

Date	Company	Region	Description	Article Link
8/12/2024	TARGET HOSPITALITY	North America	Kaskela Law LLC has initiated an investigation into Target Hospitality Corp. following a significant 31% decline in its stock price, prompted by the U.S. government's decision to terminate a crucial services agreement. The inquiry seeks to uncover any potential breaches of securities laws or fiduciary responsibilities by the company's leadership.	Read More
8/8/2024	SwissLife Asset Managers	Europe	Swiss Life Asset Managers has acquired Condecta Ltd., with the goal of enhancing its market presence and expanding its product offerings in the modular space sector. Under the new ownership, Condecta will maintain its existing locations and staff.	Read More
8/7/2024	Ashtead Technology	Europe	Ashtead Technology unveiled plans to expand in Norway with a new facility in Stavanger, enhancing local service offerings in subsea technology. Following the ACE Winches acquisition, it marks Ashtead Technology's commitment to Norway's offshore energy market.	Read More
7/29/2024	WILLSCOT	North America	WillScot announced a rebranding from "WillScot Mobile Mini Holdings Corp." to "WillScot Holdings Corporation," with no impact on shareholder rights. The company also introduced new bylaws and issued $500 million in senior secured notes for financial flexibility.	Read More
7/26/2024	Boels INDUSTRIAL	Europe	Boels Industrial has announced the expansion of its services through the acquisition of Chemelot Safety Shop. This addition will enhance its offerings with breathing air and safety equipment. With 18 strategically located sites near major industrial areas, Boels Industrial continues to strengthen its presence and growth in the sector.	Read More
7/24/2024	HercRentals®	North America	Herc Holdings acquired Otay Mesa Sales' assets for $264 million in July 2024—its largest acquisition to date. This move targets construction and industrial sectors with locations in Arizona and California. So far in 2024, Herc Holdings has expanded by 21 locations.	Read More
7/23/2024	Ashtead Technology	Europe	Ashtead Technology has promoted Brett Lestrange to Chief Operating Officer, a move aimed at bolstering operations and driving growth. With seven years at Ashtead Technology, Mr. Lestrange has played a crucial role in advancing subsea technology.	Read More
7/12/2024	GV3 VENPA	Europe	Venpa, the parent company of GV3, has expanded in Italy by acquiring LocaTop, a lifting specialist with 1,600 units. LocaTop, founded by Carlo Cazzola, strengthens Venpa's reach in Central and Northern Italy.	Read More
7/10/2024	KILOUTOU	Europe	Kiloutou has opened its 18th branch in Germany, located in Oberhausen. Specializing in equipment rentals like scissor lifts and telescopic forklifts, the 10,000-square-meter site strengthens Kiloutou's presence in the Rhine-Ruhr region.	Read More

Sources: Company websites, press releases.

Featured Sector News (cont.)

Date	Company	Region	Description	Article Link
7/10/2024	MOLLO	Europe	Mollo Noleggio has acquired Albatros Piattaforme, a Brescia-based company specializing in rental lifting platforms like spider lifts and truck-mounted platforms. This acquisition expands Albatros' reach with 60 rental centers in Italy.	Read More
7/9/2024	SOLARIS ENERGY INFRASTRUCTURE	North America	Solaris has acquired Mobile Energy Rentals LLC. Following the acquisition, Solaris secured a $325 million term loan and is finalizing a $75 million revolving credit facility. Rebranded as Solaris Energy Infrastructure, its stock now trades under "SEI."	Read More
7/2/2024	civeo	North America	Civeo Corporation has appointed Andrew "Andy" S. Fraser as President of Canada, effective August 19. Mr. Fraser, with vast executive experience, succeeds Al Schoening, who will retire after 13 years. Mr. Schoening will ensure a smooth transition and remain a consultant post-retirement.	Read More
7/1/2024	GV3 VENPA	Europe	Venpa, the parent company of GV3, has acquired Italy-based lifting specialist LocaTop and its 1,600-unit fleet. LocaTop, headquartered in Dolo, Venice, will keep operational autonomy, with Carlo Cazzola leading.	Read More

Sources: Company websites, press releases.

Featured Transaction Executed by Houlihan Lokey's EaaS Team

RELAM
RAILWAY EQUIPMENT LEASING AND MAINTENANCE

a portfolio company of

PACELINE Equity Partners

Second Lien Term Loan

Refinancing

Exclusive Placement Agent

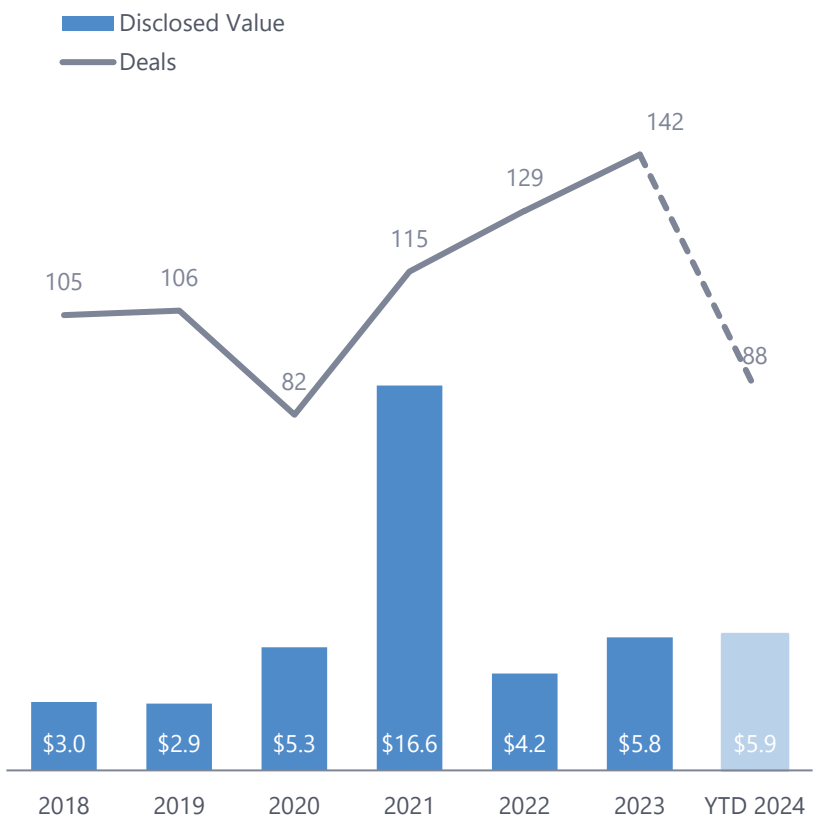
Houlihan Lokey Advises RELAM

- Houlihan Lokey is pleased to announce the successful placement of a second lien term loan for Rail Equipment Leasing and Maintenance Inc. (RELAM), which is owned by affiliates of Paceline Equity Partners, LLC (Paceline). The refinancing transaction closed on August 4, 2023.
- RELAM is a well-known and respected provider of specialty leasing equipment for recurring, regulatory-driven, maintenance-of-way (MOW) work on railroads, serving the industry's largest operators and contracted service providers. In July 2020, Paceline combined two existing MOW railroad equipment rental businesses to create RELAM, now one of the most important MOW rental companies in North America. In January 2023, the company bolstered its offering through the acquisition of Wiskerchen Rental & Leasing, a company that manufactures, services, and leases hi-rail trucks and related equipment. The company's solutions offer customers preferential access to different types of equipment with economic and operational advantages to otherwise owning or financing the equipment. RELAM occupies a unique position in the industry by providing value to equipment manufacturers, as well as railroad operators and maintenance contractors.
- Houlihan Lokey served as the exclusive placement agent to RELAM, assisting the company in arranging, structuring, and negotiating the financing. Proceeds from the transaction were used to refinance existing second lien indebtedness and pay transaction-related fees and expenses. Through thoughtful positioning and execution, Houlihan Lokey delivered a second lien refinancing alternative at an attractive cost of capital. Concurrent with the second lien refinancing, the company amended and upsized its existing ABL revolver facility, providing the company with materially more capital and flexibility to continue growing the business.
- Houlihan Lokey's EaaS and Capital Markets teams worked jointly to drive strong market demand, optimize financing terms, and deliver seamless execution for RELAM on the transaction. Houlihan Lokey raised and advised on more than $19 billion across ~126 transactions in fiscal year 2024.

Additional EaaS M&A Highlights

Transaction Value and Deal Volume

($ in Billions)



Source: S&P Capital IQ.
Note: Data as of September 30, 2024.

Notable Transactions

Date	Acquirer	Acquirer Country	Target(s)	Target Country
09/2024	Town & Country Party Rentals	US	Aztec Events & Tents	US
09/2024	FTH Hire Group	UK	Phoenix	UK
09/2024	Atlas Copco Group	Sweden	Wilda	Netherlands
09/2024	SEI Stephenson Equipment, Inc.	US	Valley	US
08/2024	Mizuho	Japan	Rent Alpha	India
08/2024	Argonaut Private Equity	US	[redacted]	US
08/2024	RESA Power	US	[redacted]	US
08/2024	Wheeler CAT	US	Diamond Rental	US
08/2024	Synergy Equipment	US	Opifex	US
08/2024	easyice	US	*High Standard Icemakers*	US
07/2024	LeadEdge Capital	US	Equipment Share	US
07/2024	Solaris	US	MEP	US

Key Takeaways

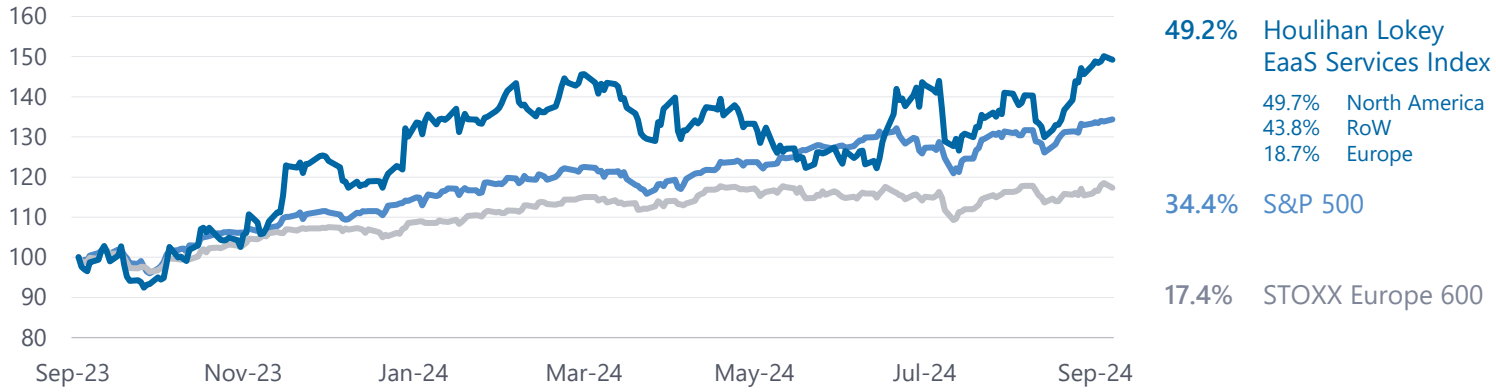
- The third quarter of 2024 recorded 28 deals, down from 32 in Q3 2023. Despite the decrease in deal count, total deal value rose by 5.2%, reflecting a higher average deal value compared to the same period last year.
- Strategic and financial acquirers drove a similar balance of deal activity, underpinned by a combination of strategics continuing to deploy cash reserves in accordance with existing roll-up strategies and PE firms supporting portfolio company growth via M&A.
- The current interest rate environment is expected to further soften during the quarter, supporting EaaS companies to deploy capital into acquisitions, a trend that started in 2024.
- In general, strategic acquirers seek to broaden their service offerings and increase their geographic coverage as evidenced by Atlas Copco and Mizuho's respective acquisitions of Wilda and Rent Alpha.

Equity Market Index Performance

Q3 Saw Steady Growth Across Broad Market Indices

European EaaS Index Significantly Outperformed Broader STOXX Index

LTM September 2024 Performance



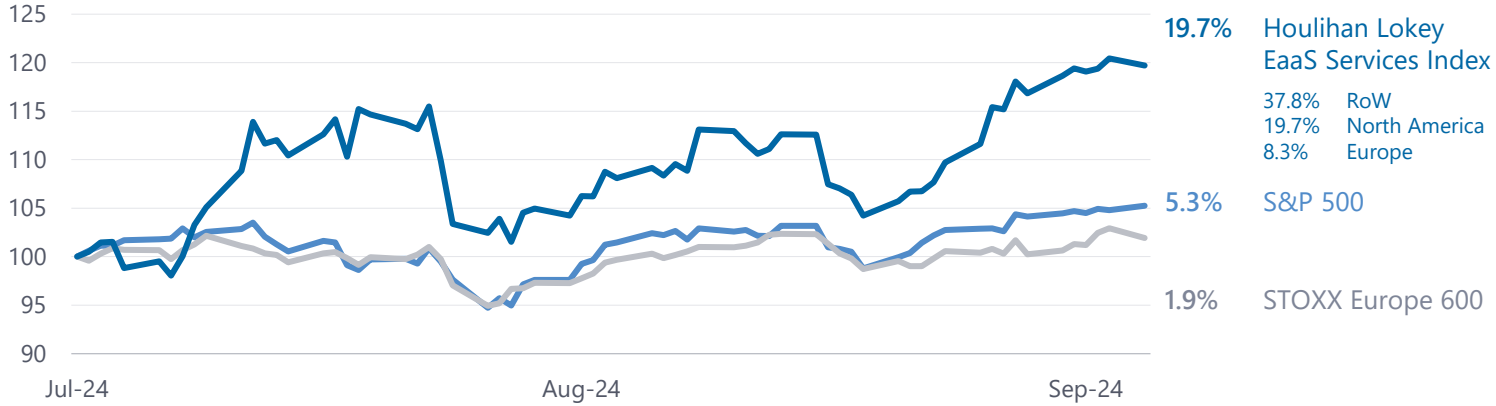
49.2% Houlihan Lokey EaaS Services Index

- 49.7% North America
- 43.8% RoW
- 18.7% Europe

34.4% S&P 500

17.4% STOXX Europe 600

July–September 2024 Performance



19.7% Houlihan Lokey EaaS Services Index

- 37.8% RoW
- 19.7% North America
- 8.3% Europe

5.3% S&P 500

1.9% STOXX Europe 600

Source: S&P Capital IQ. Data as of September 30, 2024. All share prices are rebased to 100.
(1) The Houlihan Lokey EaaS Index consists of a diversified set of 21 companies across the EaaS sector. See the footnotes on pages 18 and 19 for a complete list.

Key Market Trends

- On an LTM basis, the Houlihan Lokey EaaS Index has grown 49.2%, compared to 34.4% for the S&P 500. The majority of this growth has come from the North American segment, which has benefited from strong pricing power, government infrastructure investment, and the expectation of easing interest rates. The European segment posted an 18.7% increase, with comparatively weaker economic performance across the continent. RoW experienced a similarly strong performance to North America at 43.8% growth.
- In the third quarter of 2024, the Houlihan Lokey EaaS Index has increased 19.7%, compared to a 5.3% gain for the S&P 500. This is largely attributable to a combination of strong ongoing infrastructure activity in North America and impressive growth of equipment rental worldwide.

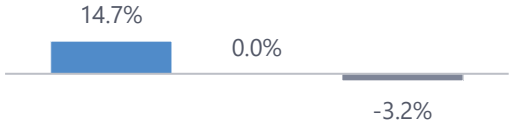
Equity Market Index Performance

North American EaaS Subsectors

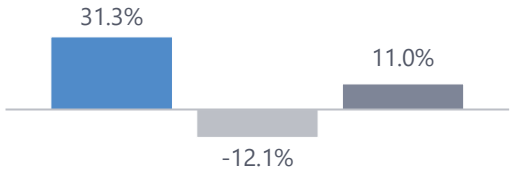
LTM September 2024 Performance by Subsector



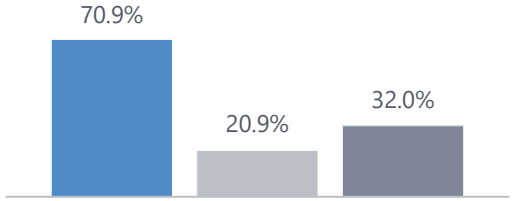
September 2024 Performance



YTD Performance



Three-Year Performance



- The Houlihan Lokey North American EaaS Index performance was strongly driven by the traditional rental sector—in particular, United Rentals and Herc Holdings, up 79.3% and 78.7%, respectively, over the LTM period.
- Herc Holdings has benefitted from continued participation in mega projects related to infrastructure and manufacturing expansion, year-over-year pricing increases, investment in higher-margin specialty assets, and significant expansion in the form of 16 greenfield openings and 26 acquisitions year-to-date.
- United Rentals' growth is attributable to continued growth in its Specialty business (increasing 24% YoY), large project momentum for the industrial and construction end markets, and investment in telematics and tracking technology (rollout of ProBox) to boost fleet efficiency and tracking.

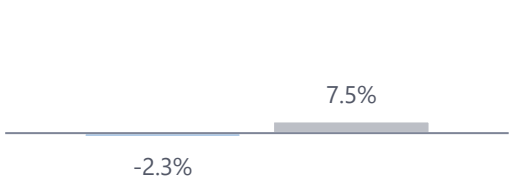
Source: S&P Capital IQ. Data as of September 30, 2024. All share prices are rebased to 100.
North America Traditional Rental Services Companies: Ashtead Group, United Rentals, H&E Equipment Services, Herc.
North America Specialty Rental Services Companies: Badger Infrastructure Solutions, Concrete Pumping Holdings, Newpark Resources, Inc., McGrath RentCorp, Custom Truck One Source, WillScot Mobile Mini.
North America Workforce Accommodation Companies: Dexterra Group, Black Diamond, Civeo Corp., Target Hospitality.

Equity Market Index Performance
European EaaS Subsectors

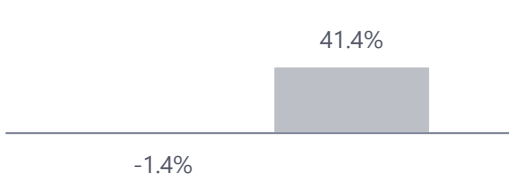
LTM September 2024 Performance by Subsector



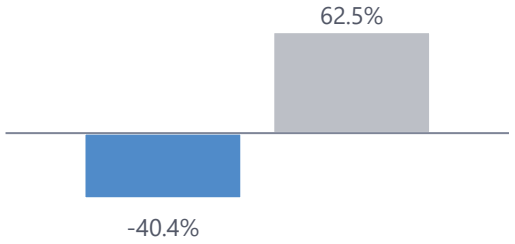
September 2024 Performance



YTD Performance



Three-Year Performance



Source: S&P Capital IQ. Data as of September 30, 2024. All share prices are rebased to 100.
European Rental Services Companies: HSS Hire Group, General de Alquiler de Maquinaria, Speedy Hire PLC, VP PLC, Touax.
RoW Rental Services Companies: Brambles Ltd., Emeco Holdings Ltd.

- European rental services saw an 8.3% increase in performance over the previous quarter, driven by HSS Hire Group, which saw a 25% increase in stock since the end of Q2, which is attributed to mobilization on multiple large accounts won over the summer in addition to improving European market tailwinds.
- It is worth noting that the slower growth for European rental is attributed to a more adverse environment, which has made a recovery from the COVID-19 pandemic more complicated than it has been in the U.S. Europe's industrial sector has seen slower growth than services, mostly due to weak orders and abating international demand.

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