

Rental Solutions

M&A Report | 2021/22

**CONSIDERABLE M&A ACTIVITY
IN THE RENTAL INDUSTRY**

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There has been considerable M&A activity in the Rental industry with multiples up to 10x EBITDA. The strongly growing market combined with the complexity, engineering and customisation of solutions are driving margins. These factors also drive valuation multiples, next to the recurring nature of the business.



BART JONKMAN
Managing Partner

"The Rental solutions sector is becoming more and more of interest to strategic buyers as well as Private Equity. This is mainly related to the continuously increased penetration of rental instead of buying, the increased possibilities on improving utilization rates and better use of capital, resulting in further improvement of margins. The higher the complexity of the solution provided and the more recurring the business, the higher the multiple."

KEY INSIGHTS



- **The European Rental Association (ERA) valued the industry at €26 bln in 2018. The global market being valued at \$93 bln (2019) and expected to grow with almost 5% per year until 2027.** The biggest market in Europe (although not the strongest grower) is the UK. France and Germany are the two other largest markets in Europe and also among the strongest growing ones. Besides, The Dutch market grows equal to the overall European market, with a 4.4% growth rate.
- **The use of rental solutions is still strongest in the (construction) equipment market.** Although we do see rental solutions spreading over other markets as well, like office equipment, plus industrial and consumer markets.
- **Key drivers of growth in the Rental industry are:**
 - The market is growing ahead of the general economy;
 - Increased regulations around safety asking for the latest up to date solutions;
 - Increased penetration of rental instead of buying as a result of better use of capital and focus on Total Cost of Ownership decision making;
 - Increased recognition of the role of rental in ensuring sustainable solutions;
 - Long-term trend towards 'sharing economy'.
- **Valuation multiples are typically around 7x EBITDA** with players who are focused on more and/or relatively rare complex solutions receiving the highest multiples. In addition, the more recurring the business the higher the multiple. Listed companies being valued on an average of 10x EBITDA.
- **Managing the quality of the (asset) rental fleet is key: maintenance, replacement capex and expansion capex.**





THEY RELY ON US

A selection of our recent Business Services/ Rental deals




Coolworld

sold to and MBO by

Gimv


HVAC equipment rental





Advised management of


the rent company

on the sale/MBO to



WATERLAND
PRIVATE EQUITY INVESTMENTS

Laptop rental





completed a fundraising
underwritten by


PARTNERS

Rental of corporate seminar
locations





15 M&A and capital raising
deal involving

Site services





STK STRAVERS by
Torenkranen

Sold a minority stake to


ING 

Electric Crane Rental



SIPAREX


sold its stake in




through a MBO supported
by

Apax
PARTNERS

Electrical installation services





sold to

kiwa 
Partner for progress

Inspection



ADF 

acquired

polymont

from

d.a.c.p

Industrial maintenance



Contact us

Capitalmind has extensive experience in advising deals in the Business Services/ Rental Solutions sector. With 75+ dealmakers across continental Europe, we can help you to achieve your strategic ambitions.

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