WillScot Corporation Provides 2019 Guidance and Reaffirms 2018 Guidance

January 8, 2019

BALTIMORE, Jan. 08, 2019 (GLOBE NEWSWIRE) -- WillScot Corporation ("WillScot" or the "Company") (NASDAQ: WSC) today provided guidance for 2019 and reaffirmed its guidance for the year ended December 31, 2018.

- 2019 guidance:
  - Total revenue between $1.05 and $1.15 billion.
  - Adjusted EBITDA[1] between $345 and $365 million.
  - Net capital expenditures[2] (after gross rental unit sales) between $130 and $160 million.

2019 Outlook

Brad Soultz, President and Chief Executive Officer of WillScot commented, "In 2018, we transformed WillScot into a market leading provider of specialty rental services and temporary space solutions in North America. Since returning to the public market in 2017, our team has executed at a very high level, posting five consecutive quarters of accelerating Adjusted EBITDA growth and consistent increases in utilization, average monthly rental rates, and penetration of our 'Ready to Work' solutions."

Soultz continued, "Supplementing our robust organic leasing fundamentals, we have completed three strategic acquisitions that will more than double our total revenue and Adjusted EBITDA and create an undisputed industry leader. We expect 2019 will be another exciting year, with full-year Adjusted EBITDA growth forecasted to exceed 60% compared to 2018 and an expected Adjusted EBITDA run-rate of approximately $400 million as we head into 2020. Importantly, we believe this outlook is largely within management's control due to the substantial organic earnings growth potential embedded in our portfolio."

Additional information associated with the 2019 outlook:

- Revenue and Adjusted EBITDA growth forecasts driven by continued strength and diversity of end markets, future revenue visibility resulting from 30 month average lease durations, embedded growth driven by 'Ready to Work' solutions, and accelerating synergy realization.

- Forecasted total revenue between $1.05 and $1.15 billion, representing a 45.7% increase over the midpoint of the Company's 2018 total revenue guidance, reflects organic growth and does not reflect any future acquisition activity.

- Forecasted Adjusted EBITDA between $345 and $365 million represents a 65.1% increase over the midpoint of the Company's 2018 Adjusted EBITDA guidance, as well as Adjusted EBITDA margin[3] expansion of over 350 basis points to 32.3% at the midpoint of the 2019 guidance range.

Tim Boswell, Chief Financial Officer commented, "We have a simple formula to deliver another year of outstanding growth in 2019 through the continued steady execution by our team. Our business has significant revenue visibility due to our 30 month average lease durations and approximately $125 million of embedded revenue growth potential from pricing and penetration of 'Ready to Work' solutions over the next several years. We also have concrete plans to eliminate redundant costs, which we expect to contribute to earnings growth and over 350 basis points of Adjusted EBITDA margin expansion in 2019 and margins approximating 35% heading into 2020. These earnings growth levers are largely internal and within our control."

Capital Expenditures and Liquidity

Boswell commented, "Our capital expenditures are highly discretionary in the short-run, and we reevaluate these investments quarterly based on market conditions. Based on the continued strength in our end markets, we expect net capital expenditures of $130 to $160 million, with the investments heavily weighted to refurbishment of existing fleet assets and the expansion of our Ready to Work value proposition."

The Company anticipates net debt to Adjusted EBITDA of approximately 4x by the end of the second quarter of 2020.

Boswell continued, "Our balance sheet is solid and supports our growth initiatives. Approximately 70% of our debt bears interest at a fixed-rate, we have no debt maturities before 2022, we have ample liquidity under our ABL revolver, and we can evaluate opportunities to reduce our weighted average cost of debt as the business de-levers naturally. As integration costs subside and we realize cost synergies and organic revenue growth, we expect net income and free cash flow to accelerate in the second half of 2019, resulting in steady deleveraging towards our 4x target by the second quarter of 2020. We remain committed to our goal of creating long-term value for all shareholders and are excited about the outlook for 2019."

ModSpace Integration Update

Soultz noted, "We achieved a critical milestone with the ModSpace integration on January 7, 2019, when ModSpace's billing system was migrated onto the WillScot operating platform ahead of schedule. This represents an extraordinary accomplishment by our combined team that gives us complete control and visibility across the combined portfolio, and enables the next phase of value realization across our network. This value will build throughout 2019 as we continue the consolidation of our branch network and shared services."

Soultz continued, "As we exit 2019, we expect our annual Adjusted EBITDA run-rate of approximately $400 million to include over 80% of the approximately $70 million of identified acquisition-related cost synergies, with the remainder to be executed in 2020. Moreover, we expect over 90% of total integration costs to be expensed by the end of second quarter 2019, with more than 90% of related cash payments being disbursed by the end of 2019. After production consolidation in November 2018, the completion of our IT system cutover this month, and our exit of approximately 75% of redundant leased properties expected by December 2019, we anticipate entering 2020 with the integration largely behind us and remain focused on executing our growth initiatives."

2018 Outlook

Management reaffirmed its 2018 guidance, as updated on October 1, 2018.

- Total revenue between $740 and $770 million.
- Adjusted EBITDA[4] between $210 and $220 million.
- Net rental capital expenditures[5] after gross rental unit sales between $115 and $135 million.

Conference Call Information

WillScot will host a conference call and webcast to discuss the 2019 outlook on Wednesday, January 9, 2019, at 10:00 a.m. EST. Participants on the call will include President and Chief Executive Officer Brad Soultz, and Chief Financial Officer Tim Boswell.

The live call can be accessed by dialing (855) 312-9420 (US/Canada toll-free) or (210) 874-7774 (International) and asking to be connected to the WillScot 2019 Guidance Call. A live webcast will also be accessible via the "Events & Presentations" section of the Company's Investor Relations website http://investors.willscot.com. Choose "Events" and select the information pertaining to the WillScot 2019 Guidance Call. Additionally, there will be slides accompanying the webcast. Please allow at least 15 minutes prior to the call to register, download and install any necessary software. For those unable to listen to the live broadcast, an audio webcast of the call will be available for 60 days on the Company's Investor Relations website.

About WillScot Corporation

Headquartered in Baltimore, Maryland, WillScot is the public holding company for the Williams Scotsman family of companies. WillScot trades on the NASDAQ stock exchange under the ticker symbol "WSC," and is the specialty rental services market leader providing innovative modular space and portable storage solutions across North America. WillScot is the modular space supplier of choice for the construction, education, health care, government, retail, commercial, transportation, security and energy sectors. With over half a century of innovative history, organic growth and strategic acquisitions, WillScot serves a broad customer base from over 120 locations throughout the United States, Canada and Mexico, with a fleet of approximately 160,000 modular space and portable storage units.

Forward-Looking Statements

This news release contains forward-looking statements (including the earnings guidance provided herein) within the meaning of the U.S. Private Securities Litigation Reform Act of 1995 and Section 21E of the Securities Exchange Act of 1934, as amended. The words "estimates," "expects," "anticipates," "believes," "forecasts," "plans," "intends," "may," "will," "should," "shall" and variations of these words and similar expressions identify forward-looking statements, which are generally not historical in nature. Forward-looking statements are subject to a number of risks, uncertainties, assumptions and other important factors, many of which are outside our control, which could cause actual results or outcomes to differ materially from those discussed in the forward-looking statements. Although WillScot believes that these forward-looking statements are based on reasonable assumptions, it can give no assurance that any such forward-looking statement will materialize. Important factors that may affect actual results or outcomes include, among others, our ability to acquire and integrate new assets and operations; our ability to manage growth and execute our business plan; our estimates of the size of the markets for our products; the rate and degree of market acceptance of our products; the success of other competing modular space and portable storage solutions that exist or may become available; rising costs adversely affecting our profitability; potential litigation involving our Company; general economic and market conditions impacting demand for our products and services; implementation of tax reform; our ability to implement and maintain an effective system of internal controls; and such other risks and uncertainties described in the periodic reports we file with the SEC from time to time (including our Form 10-K for the year ending December 31, 2017), which are available through the SEC's EDGAR system at www.sec.gov and on our website. Any forward-looking statement speaks only at the date which it is made, and WillScot disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

Non-GAAP Financial Measures

This press release includes non-GAAP financial measures, including Adjusted EBITDA, Adjusted EBITDA margin, net capital expenditures, and net rental capital expenditures. Adjusted EBITDA is defined as net income (loss) before income tax expense, net interest expense, depreciation and amortization adjusted for non-cash items considered non-core to business operations including net currency losses, change in fair value of contingent considerations, goodwill and other impairment charges, restructuring costs and other non-recurring expenses. Adjusted EBITDA margin is defined as Adjusted EBITDA divided by revenue. Net capital expenditures is defined as capital expenditures for purchases and capitalized refurbishments of rental equipment, plus purchases of property, plant and equipment, reduced by proceeds from the sale of rental equipment. Net rental capital expenditures is defined as capital expenditures for purchases and capitalized refurbishments of rental equipment, reduced by proceeds from the sale of rental equipment. WillScot believes that Adjusted EBITDA and Adjusted EBITDA margin are useful to investors because they (i) allow investors to compare performance over various reporting periods on a consistent basis by removing from operating results the impact of items that do not reflect core operating performance; (ii) are used by our board of directors and management to assess our performance; (iii) may, subject to the limitations described below, enable investors to compare the performance of WillScot to its competitors; and (iv) provide additional tools for investors to use in evaluating ongoing operating results and trends. WillScot believes that net capital expenditures and net rental capital expenditures provide useful additional information concerning cash flow available to meet future debt service obligations. However, Adjusted EBITDA is not a measure of financial performance or liquidity under GAAP and, accordingly, should not be considered as an alternative to net income or cash flow from operating activities as an indicator of operating performance or liquidity. These non-GAAP measures should not be considered in isolation from, or as an alternative to, financial measures determined in accordance with GAAP. Other companies may calculate Adjusted EBITDA and other non-GAAP financial measures differently, and therefore WillScot's non-GAAP financial measures may not be directly comparable to similarly titled measures of other companies. For reconciliation of the non-GAAP measures used in this press release (except as explained below), see "Reconciliation of non-GAAP Financial Measures" included in this press release.

Information reconciling forward-looking Adjusted EBITDA to GAAP financial measures is unavailable to WillScot without unreasonable effort. We cannot provide reconciliations of forward looking Adjusted EBITDA to GAAP financial measures because certain items required for such reconciliations are outside of our control and/or cannot be reasonably predicted, such as the provision for income taxes. Preparation of such reconciliations would require a forward-looking balance sheet, statement of income and statement of cash flow, prepared in accordance with GAAP, and such forward-looking financial statements are unavailable to WillScot without unreasonable effort. Although we provide a range of Adjusted EBITDA that we believe will be achieved, we cannot accurately predict all the components of the Adjusted EBITDA calculation. WillScot provides Adjusted EBITDA guidance because we believe that Adjusted EBITDA, when viewed with our results under GAAP, provides useful information for the reasons noted above.

Additional Information and Where to Find It

Additional information about WillScot can be found on our Investor Relations website at http://investors.willscot.com.

Reconciliation of Non-GAAP Financial Measures

Net Capital Expenditures and Net Rental Capital Expenditures non-GAAP Reconciliation

The following table provides an unaudited reconciliation of purchase of rental equipment to Net capital expenditures and net rental capital expenditures (outlook presented represents the midpoint of the Company's 2018 and 2019 guidance ranges):

	Outlook for the Twelve Months Ended December 31,	
(in millions)	**2018**	**2019**
Total purchase of rental equipment and refurbishments from continuing operations	$ (153)	$ (173)
Total proceeds from sale of rental equipment	28	38
Net capital expenditures for rental equipment	(125)	(135)
Purchase of property, plant and equipment	(7)	(10)
Net capital expenditures	$ (132)	$ (145)

Adjusted EBITDA Margin

The following table provides an unaudited reconciliation of Adjusted EBITDA Margin (outlook presented represents the midpoint of the Company's 2018 and 2019 guidance ranges):

	Outlook for the Twelve Months Ended December 31,	
(in millions, except %)	**2018**	**2019**
Adjusted EBITDA (A)	$ 215	$ 355
Revenue (B)	755	1,100
Adjusted EBITDA Margin (A/B)	28.5 %	$ 32.3 %

Contact Information

Investor Inquiries:
Mark Barbalato
investors@willscot.com

Media Inquiries:
Scott Junk
scott.junk@willscot.com

[1] Adjusted EBITDA is a non-GAAP financial measure. Information reconciling forward-looking Adjusted EBITDA to GAAP financial measures is unavailable to the Company without unreasonable effort, as discussed below.

[2] Net capital expenditures is a non-GAAP financial measure. Please see the non-GAAP reconciliation tables included at the end of this press release.

[3] Adjusted EBITDA margin is a non-GAAP financial measure. Please see the non-GAAP reconciliation tables included at the end of this press release.

[4] Adjusted EBITDA is a non-GAAP financial measure. Information reconciling forward-looking Adjusted EBITDA to GAAP financial measures is unavailable to the Company without unreasonable effort, as discussed below.

[5] Net rental capital expenditures is a non-GAAP financial measure. Please see the non-GAAP reconciliation tables included at the end of this press release

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Source: WillScot Corporation