



TRANSCRIPT

D.A. Davidson 24th Annual Diversified Industrials & Services Conference

WillScot Holdings Corp. (Nasdaq: WSC)

September 18, 2025, at 9:50 AM ET

WILLSCOT PARTICIPANTS

Tim Boswell, President & Chief Operating Officer

MEETING PARTICIPANTS

Brent Thielman, D.A. Davidson & Co

D.A. Davidson Fireside Chat Transcript

TRANSCRIPT

Brent Thielman - D.A. Davidson & Co

Well great. We'll go ahead and get started with the next fireside. We have WillScot Holdings here. Very happy to have Tim Boswell, President and COO, will be CEO effective January 1st, 2026.

So Tim, thanks so much for joining us. I have a set of questions here, obviously to walk through. If there's time, we'll certainly open up as well.

I think where I just wanted to start, Tim, is maybe have you just give us kind of a brief state of the union of the business, maybe your high-level thoughts, kind of highlights through the first half, perspectives on the second half, and we'll go from there.

Tim Boswell

Yes, sure. Thank you for having us again and thank you to everybody for coming.

First of all, in terms of the upcoming transition, I'm super excited about it. I have never been more optimistic about the prospects of our business, and I think the transition process and the planning that the board has put into it has been extraordinary and thorough, and I'm really grateful for the process that has led up to this.

And the reception internally has been incredibly humbling, and the sense of responsibility and obligation that that brings is almost daunting at times. So, I'm really, really excited about that and going to put in my all for the team, first and foremost.

In terms of the business and how we're positioned today the business has had an interesting inflection, right. So, as you know, we've been through like a three-year contraction in our primary end market, and we did not foresee the duration or the magnitude of that.

And we had some performance issues through the course of last year, largely related to the reorganization of our field operations as we integrated WillScot and Mobile Mini legacy branch networks, which has presented some challenges for us, right.

I think we're at a position today as a team where we have done all the diagnostics and have a very good sense of like what's working really well within the business today and what needs to be addressed, which is a good step.

And from my perspective, that puts us in a position where a lot of those levers to improve performance are largely within our control, and that's kind of what we're structuring our operating agenda around as we position for 2026 and the next three to five years. So I'm very excited about that.

In terms of the cadence of the business this year and how we've kind of progressed, I'd characterize the first half of the year from like a revenue and EBITDA and performance standpoint as basically right on top of our internal budgets for the year, plus or minus a percent here or there. But we felt very good about the start to the year.

D.A. Davidson Fireside Chat Transcript

We did not build like the run rate through Q2 into Q3 that we had planned for. So, I'd say the internal metrics kind of going into the second half continue to be pretty mixed, right. There are some short-term risks for sure, but there are also a lot of positives that are taking place inside the business that we can build upon, right.

So as I think about going back to the Q2 call, which I know you were on, we talked about seasonal container business, and that's usually a Q3 or Q4 demand driver. Really for some of the largest retailers in the business, I think those orders were kind of coming in softer or later in the season than normal. I think that's potentially a \$15 million headwind in Q3 and Q4 that we're going to navigate.

We'll know exactly how that plays out over the course of the next six weeks. But that's seasonal business. It doesn't really impact my view of the run rate for next year. We've got some very interesting opportunities to diversify within our enterprise accounts portfolio, as well as by product line, favoring some of our more value-added services, which is really where we're allocating our resources. So I feel okay about that.

On the very positive side, if you strip out kind of the seasonal demand, our order book is up 2% year-over-year. It's up 7% in modular, which has actually improved through the course of the year and been in solid positive territory all year long.

So the demand is out there. The operating levers internally to drive performance of the business are absolutely there. That's what we're kind of organizing around as we go into 2026.

Brent Thielman - D.A. Davidson & Co

Excellent. Tim, we spoke a little bit after the leadership transition announcement. I thought you had some good observations. It'd be interesting to share just your time in this COO role.

I know you've been out in the field, seeing a lot of the operations. Maybe how has that sort of better informed you about the business, especially as you move into the CEO transition here at the end this year?

Tim Boswell

It's been fantastic. It's been not quite a year and I feel like I've come full circle because that's closer to where I started my career at WillScot over 13.5 years ago. So it's been truly refreshing to get back out into the branch network.

We've got roughly 3,500 of our 4,500 employees that reside in the network. And as you know, this is a very local and field based decentralized operation. So it's been fantastic getting out there.

Not that this is new, but I have been amazed by the talent level across the organization. We need more depth and we need more of it. But the skills and capabilities that we have are unrivaled in our space.

The culture is incredibly powerful. We are very entrepreneurial. We've got grit. We are very customer centric. In terms of capabilities, we execute some of the most complex temporary space projects in the world, right. So that is truly impressive and truly humbling when you get out there and see what our team is doing day to day.

D.A. Davidson Fireside Chat Transcript

In terms of diagnostics and understanding priorities going into next year, I've been spending a lot of time thinking about where in the organization are those linkages between strategy and execution working really well and where do they need to be improved from an effectiveness standpoint. I know we've got some opportunities there.

Then I mentioned talent a minute ago. I mean I'm super passionate about this. As we think about building a world class resilient organization, having programmatic systems whereby we're bringing in talent at kind of the right levels in the organization, having career pathways and building them up so that we've got that leadership depth for the future is absolutely an opportunity.

And over the last couple of years, you've seen us make some very strategic and very targeted additions to bring in skill sets and capabilities that I think are required to help us kind of scale towards our aspirations.

New CHRO from outside the industry two years ago, new Head of Shared Services less than a year ago, new CTO earlier this year, and we've targeted these skills because we kind of see where the commercial growth opportunities are in the business. We need some of that external expertise to help us get there and scale.

Brent Thielman - D.A. Davidson & Co

Okay. Well I wanted to spend a lot of the time today more of the things that are in your control, especially some of the things that came out of the Analyst Day earlier in the year. Some of the objectives there. On the sort of the local and enterprise initiatives, which you've talked about, it's a billion dollar growth opportunity for the company. I had a few questions just around the enterprise account part of it. I think modular is more levered to enterprise.

And you've seen some positive unit on rent trends in those accounts. You mentioned that in the last call. What's the proportion of exposure to enterprise for modular and storage today? And is there a level that's optimal to get to doing those asset classes over time?

Tim Boswell

I do, I'd characterize it this way about 20% of our overall revenue. So roughly \$500 million, falls within the enterprise portfolio. We do have very large container customers within that business, some of the largest retailers, for example.

So I wouldn't say it's levered to one business line more than the other. There is a lot we can do to kind of cross-pollinate business lines, which is one of the growth levers that we see in the business.

To start the year, enterprise account revenue was up like 8% year-over-year, and we've got that same trajectory going into the second half. I think we carry that into 2026. That's really before the impact of a lot of the organizational changes and some of the resources we've deployed in that area.

So I think this is -- I'm super excited about it. I'm spending some personal time in that area. We'll be out on the road with a couple next week. I think we've barely scratched the surface in terms of how we penetrate accounts that we already have in existing verticals, with construction being historically our largest.

D.A. Davidson Fireside Chat Transcript

But we've also got blue-chip names across energy and industrial, across retail. Government is largely untapped today. So we've got -- we've basically taken one of our most capable general managers out of the field operations, put him over this organization, and put in dedicated vertical leadership with both account management and business development accountability across each of those verticals.

We've never had that strategy or that structure in place before, and it's been on my wish list for a while. So that's one of the perks of, I guess changing roles is you get to maybe influence some of those things.

In terms of where I see kind of growth within that portfolio, you absolutely have wallet share capture opportunities within existing accounts. There is absolutely an opportunity to be more proactive about targeting lookalike accounts.

So if we're doing business with this big caterer over here, well, there are three other caterers that look and feel very similar to that one that we should be proactively targeting. That's not rocket science. This has happened across the business services and industrial services industries and more mature companies, and I think it's some of the lowest-hanging fruit that we've got.

Brent Thielman - D.A. Davidson & Co

And the new leadership team you put in place to drive that initiative, I think that happened in 2Q. Anything more you can tell us about them?

Tim Boswell

They're energized and motivated and have very clear marching orders. I can assure you that. The five vertical leads that we put in place, three are internal from the company, two out of three with a general management background.

And that's the mentality that I want this team to have is they are running a business portfolio, right. This is not just about sales. It's also about driving customer service and fulfillment in a way that drives retention and hopefully wallet share capture within those customers over time.

So I like having that general manager mentality over that business development function. We've also recruited in a few targeted resources with more depth in things like events and government, which are areas where we've serviced historically, sometimes through third parties in the case of government.

But there is a significant opportunity to go to direct to some of the federal agencies, and I think we've got some specialized skill sets now in-house where we can do that.

Brent Thielman - D.A. Davidson & Co

Then, Tim, I mean when I think about enterprise, if you're penetrating, you're obviously displacing someone else in that process. Is there anything you can share with us in terms of win rate, recent successes, just as we think about converting more of the platform toward this?

D.A. Davidson Fireside Chat Transcript

Tim Boswell

Yes, it's not always about displacement, which is the interesting piece. There is a general kind of awareness gap as you get outside the construction vertical in terms of what temporary space capabilities are even out there, right.

There's the example of the Tesla manufacturing plant. They used clear span structures to expand very rapidly and very cost effectively for their manufacturing footprint, that wasn't us. But that is an example of our space solutions resonating in environments that are maybe different than the construction site that you see over at the, the stadium outside the office.

So there is absolutely a wallet share opportunity within the account, say in the construction vertical where we can go deeper, but a lot of the business development effort that we're putting forth is taking the temporary space value proposition that we've got today.

There is no more cost effective way to have the right amount of space in the right place at the right time for exactly the right amount of time within our services, right. That resonates really well in some of these other sectors where modular and temporary storage solutions aren't as prevalent today.

Brent Thielman - D.A. Davidson & Co

Then the only other one I wanted to ask on enterprise is the under penetrated verticals, you talked about energy, industrial, government, so forth, is the conversion cycle longer than any other nuances to sort of getting into those verticals in a bigger way with enterprise?

Tim Boswell

Yes. I think it's probably a little early to talk about the conversion cycle in terms of how long it takes. I'd say getting in the door we found to be is relatively straightforward.

And the way our business works is we don't have any customer, that's more than 1.5% of revenue. And even within those big customers, you're tending to do dozens and dozens of projects through the course of the year.

So relationships build over time, right. So, most of the discussions that we're having today is, yes, we understand the value proposition. Yes. We understand how your solutions kind of fit within our operating infrastructure.

That's not a big bang in terms of, you're going to do a \$10 million or \$20 million project right out of the gates, but you will start to become part of their facility solution over time. And hopefully grow in that relationship.

Brent Thielman - D.A. Davidson & Co

Okay. Then on the other side, just in terms of the local and enterprise initiatives, and thinking about that \$1 billion opportunity on the local side, what are the sort of the greatest low hanging fruit you see right now? And kind of the two to three most actionable things you're doing to drive that forward?

D.A. Davidson Fireside Chat Transcript

Tim Boswell

Yes, this is all about performance management, execution and accountability at this stage. We went through the field reorganization about a little over a year ago, and those changes take time to settle. We have been adding to the sales organization through the course of this year in areas where we see demand, and it's all about productivity and performance management across that organization.

I mentioned earlier kind of the areas in the business where you've got strong linkage between strategy and execution and others where you have an opportunity to improve effectiveness. This is one, where in our matrix structure, I think there was a little bit too much kind of corporate involvement, and we're kind of taking out some of that noise and driving very clear accountability down our P&L's and through kind of the sales leadership hierarchy to drive accountable performance.

So that one's not rocket science. That one I think is more a function of field integrations can be disruptive. I think we've gotten through that period. We see good stability across the network, and now it's really time to double down and execute.

Brent Thielman - D.A. Davidson & Co

And in terms of that stability, does that include the new software tools, the things you're implementing there?

Tim Boswell

Yes, yes, yes, I'm excited about those. This is an area where our new Chief Technology Officer is very energetic. When we met in March, we talked about a new pricing platform, which we did roll out in the May timeframe.

We talked about our sales HQ, which is kind of the cockpit and dashboard in our CRM that a sales rep would log into in the morning with opportunities to hunt within tasks that may be automated and assigned based on different actionable criteria.

I'd say the logic behind that system to kind of try to make that time spent more effective and direct reps to the next best-selling action is still being optimized, but the infrastructure is in place. We're excited to kind of put some analytical resources behind that as we go into next year.

The other piece that we talked about in March is kind of what we call our configuration process. This is how do you kind of bundle more of our services together on a quote that we're presenting to a customer in a logical and coherent way based on past data and past transactions that we've got. That's still on the agenda as we go into 2026, but hasn't been rolled out yet.

Brent Thielman - D.A. Davidson & Co

Okay. I mean just one more on the local market side. I mean are there milestones you'd hope to reach and maybe could talk about, at least in the early portion of this kind of 3 year to 5 year journey that you have there?

D.A. Davidson Fireside Chat Transcript

Tim Boswell

Yes, it's all about staffing and productivity right now. I think on the staffing side, we've made progress today in terms of putting in place the coverage that we need across the network. The onboarding and training in the ramp up of those resources, I think is an area where we can improve from and it's kind of part of the whole human capital strategy across the board would fall in the category of training and development.

But it's really the performance management and productivity metrics that I'm looking at across the network to drive that local business.

Brent Thielman - D.A. Davidson & Co

Okay. Maybe on the other side of the opportunity, the \$1.5 billion you've talked about with sort of sell value, as you guys have described it. You know, as long as I've been around WillScot, I think pricing optimization has always been the huge focus of the company.

The question I have, Tim, is how do you leverage these new pricing tools that you implemented in 2Q kind of beyond what your sales organization's already been able to do?

Tim Boswell

Yes. And selling value is not just about price, right. This is also about evolving the product offering itself towards more differentiated and value added services. So within the container fleet, for example, you've seen us allocate more capital recently to climate controlled storage, right.

There is no real scaled player in that temporary modular cold storage ecosystem. We can do that better than everybody. We've assembled the leading position there. That's an area where you're able to differentiate from competition and add some real value to the customer and also capture value in the form of return on capital, right? Which is ultimately what we're ultimately what we're after.

In terms of the approach to rate management, think of it more as a holistic revenue management philosophy, right. Absolutely, you should capture customer willingness to pay based on transaction characteristics and information you know about that customer. We've done some of that in the past, and I think that's an area where we can kind of improve.

That said, there are also opportunities and some of the more kind of commoditized ends of the product offering, like just the traditional dry storage where you can get volume opportunities and make a trade off in pricing, right.

We can also then add value added products to those opportunities, which is another kind of unique uplift that we have in our in our business. I wouldn't say it's all about brute force, absolute across the board, dry price everywhere. I think it's a little bit more nuanced that we're taking kind of a revenue management approach.

D.A. Davidson Fireside Chat Transcript

Brent Thielman - D.A. Davidson & Co

Okay. One of the questions I do get from time to time, Tim, is how do we differentiate the impact of the end markets, which we know are challenging in some respects? We know your units on rent numbers obviously report that. How do we differentiate that versus kind of market share dynamics? I mean obviously there's going to be some participants out there that are going to be competitive. How do we think about that?

Tim Boswell

Yes, it's a very competitive market, right. It always has been, always will be. I mean if you think about the one third-party market metric that we track, non-residential square footage starts off like over 30% from the peak, right.

So I think in that context, our modular business has done really, really well. Our storage business has performed kind of more kind of in line, and it's definitely also seen entrants both large scale and small scale there.

So this is where it's up to us to be competitive in kind of those more commoditized business lines, drive differentiation in the overall offering that we are going to market with, which we've done successfully for the past decade, and then capture value in those instances where we are truly differentiated. So that's how we're thinking about it.

Brent Thielman - D.A. Davidson & Co

Okay. This relates a little more to the local enterprise customers as well. But can you still drive VAPS to 20% to 25% of the business and under that plan with the current sort of enterprise local revenue distribution?

Tim Boswell

Yes. You don't see a big difference in terms of value-added products penetration between enterprise and local. So, I wouldn't say that that value proposition resonates that much more strongly in one versus the other.

Part of it is what are the economic characteristics of the customer that you're actually dealing with? Sure, you get to some of these larger projects and they care more about are you on time? Are there no defects? What's your customer service level? Price maybe comes a little bit later.

Yes, if we can bundle value-added products and kind of take that headache away from the customer, 100%, that's a core part of the value proposition.

You may have a smaller subcontractor that's going on and off of that same project who's more price sensitive, may want to use their patio furniture from home in their 12 by 60 unit, and that's perfectly fine. We want to win that business too.

And we can be as cost competitive with that customer as anybody can, right. We've got the lowest marginal cost to serve in the industry across all of our products, right. That doesn't mean you always pass that on to the customer, but it is a lever a very legitimate one that the company has at its disposal.

D.A. Davidson Fireside Chat Transcript

Brent Thielman - D.A. Davidson & Co

Okay. Then your higher value offerings, FLEX, climate controlled, I mean really good growth there this year so far. I think these are more sort of enterprise account levered. Is there a broader opportunity with those in the local regional sort of customer distribution?

Tim Boswell

100% there is. I think if you think about how our approach to new product introduction, the fastest path to scale is often through those enterprise relationships, right. Because there's just more demand per sales effort, I guess is a way to think about it.

So in the case of climate controlled storage, yes, the first step when we introduced that into the business was get that in front of the relative enterprise accounts. We have through the course of this year started to train the territory-based sales reps to present that product to customers where it's appropriate, right. That's how you kind of start with a core in enterprise and then kind of extend from there into the rest of the business.

And over time, that just becomes part of our core product offering. It's in all of our branches, maintenance procedures, standard operating procedures, all that is in place. We handle the transportation, logistics, and service of that product line in-house. We're still using some third parties in different markets, but that's kind of philosophically how we think about it.

Same thing with perimeters or clearspan, easier to start with a few big enterprise relationships. But over time, the reason we've gone into those categories is because they resonate across 80% plus of our customer base. That's one of the filtering criteria that we use when we decide whether or not we're going to step into something like that.

Brent Thielman - D.A. Davidson & Co

And Tim, you mentioned perimeter solutions. I mean it's a \$500 million to \$1 billion growth opportunity, as you guys put in the deck. Fairly sizable, I know its early days, but can we expect that initiative to ramp up next year?

Tim Boswell

I think we're aggregating some different things into the numbers that you just referenced, but it is a sizable opportunity for us. I think about it as it's a value-added product and service.

It happens to be outside of the unit, whereas most of the other VAPS to date have been inside the unit. But it's basically required on the majority of the construction sites in the United States. We already have the presence on those sites.

D.A. Davidson Fireside Chat Transcript

It can be a little bit earlier in the sales cycle, which is interesting because that facilitates some cross-selling of containers and some other earlier stage product that we have. We've also seen it take us into different segments of the market, especially smaller-scale contractors kind of at the local level.

So that's actually one where we've actually seen the portfolio that we acquired had more of a local market segment presence. We're starting to extend that into our enterprise, but I think that resonates across the branch network and across segments.

Brent Thielman - D.A. Davidson & Co

Okay. Sort of to summarize the initiatives, both the sale value and customer kind of focus here, Tim, I mean it sort of feels like this year is about putting the pieces in place. Next year is about really executing.

Tim Boswell

It's really driving that execution, right. And everything -- we just talked about, three things, right, and they all kind of bubble up to how are we driving organic revenue growth in the business, right.

That's the number one sustainable value creation lever that we have. That's where the team is absolutely laser-focused going into next year to drive that organic revenue inflection. And everything we talked about are internal initiatives that we're driving, right.

The other part of the operating agenda, you've got a strong focus on operating excellence that's across like within our branches, that's in the transportation network, that's in the shared services. We talked about talent development. Then I'd say balance sheet and asset optimization is kind of the fourth leg of the operating agenda.

And sitting here right now, we don't have to be perfect across all four of those. You've got a lot of different levers there that work together to drive performance at the end of the day. That's where we're going to be driving improvements.

Brent Thielman - D.A. Davidson & Co

Okay. Had a few on the kind of the capital allocation side, a couple other questions, Tim. Your strategy, what you plan to do, the balance sheet over the next three to five years is pretty well defined.

I guess the question I have is, does the current value of your equity sort of diminish your appetite for M&A as opposed to other things like buybacks and maybe investment in the high value categories?

D.A. Davidson Fireside Chat Transcript

Tim Boswell

Yes, yes. I'd say it sets a higher bar for sure, right. You're talking about what's the highest and best use of your next capital dollar. So sure, it raises the bar for M&A.

That said, I think we have a very good track record with acquisitions in terms of both the integration and the value creation that's derived from them. So that's still absolutely part of the strategy.

We have stated that we intend to de-lever the business over time. I think that's prudent and creates more of that balance sheet flexibility to pursue those opportunities, whether they're organic or inorganic when they arise. So sure, yes, we have raised the bar a little bit as it relates to where we allocate capital.

Brent Thielman - D.A. Davidson & Co

Okay. Understanding you want to de-lever the business, something spectacular came along, I guess two-part question. What do you consider your liquidity, your firepower, and in this market environment, really where would you want to lever the balance sheet?

Tim Boswell

Yes. It's a -- I don't know that there's a max that I want to talk about because every situation is different, right, in terms of the cash flow characteristics and the post-transaction deleveraging. I think our history kind of speaks for itself. We can be very creative structuring transactions, very responsible doing so.

The business has a very significant deleveraging capacity when we focus kind of in that area. So it's hard to generalize. I don't think we've ever missed a spectacular transaction, and I certainly hope we wouldn't miss a spectacular one prospectively, but it is hard to generalize.

Brent Thielman - D.A. Davidson & Co

Understood. Then part of the cash flow objectives are sort of working capital efficiency initiatives. What's been done already to support that? And what still needs to be done to get those DSOs, to get to that \$100 million free cash?

Tim Boswell

It is absolutely a work in progress and we're seeing good, we're seeing results, right. I think you can see that in the Q2 balance sheet. We've got targets for further reductions as we go into 2026.

Again as I zoom out and think about organic growth, operating excellence, human capital, and then asset and balance sheet optimization, this one falls in the fourth category. You've got a couple of buckets there.

D.A. Davidson Fireside Chat Transcript

You've got working capital, of which AR is probably the lowest hanging fruit. I mentioned we brought in a very accomplished leader for our shared services operation where this accountability falls.

You've seen DSOs come down towards the low 70s. I think you've got at least 10% improvement there going into 12, 18 months forward. So, there is a cash flow benefit there, which you're seeing in, frankly, the cash flow results that we've printed year-to-date. I expect that can continue.

Importantly, there's also a customer experience element to that because nobody wants to be going back and forth talking about invoicing or billing or stuff like that. We're not alone in the construction industry. Let's be honest about that. That's always difficult when you've got circumstances changing on a job site. You've got POs changing and things like that.

But we just need to be able to handle that really smoothly on behalf of the customer, most importantly, to make that customer experience very seamless. Yes, there is a saying that great customer experience actually costs less, right.

So we have both a working capital opportunity in the back office, and we also have a cost efficiency opportunity in the back office. I feel like that part of the operating agenda is very much on track.

Brent Thielman - D.A. Davidson & Co

Okay. Then the other one I had was just what sort of signs externally or internally are you focused on that would push you to make a more aggressive stance in terms of sales staffing, in terms of investing in the fleet to leverage some sort of recovery in demand? What are you looking toward?

Tim Boswell

Yes. So, maybe we start with the fleet. And again I put the fleet into the fourth bucket of asset and balance sheet optimization. We have plenty of fleet. We have the best capability in the industry to kind of get units ready and deployed to customers.

So we have absolutely no operational or fleet constraint in the business. This is all about demand. It's not really about adding to the fleet because we're in an oversupplied situation today.

I think there's actually an opportunity to consolidate some of that, as well as some of the holding costs associated with it, namely real estate, and still have plenty of capacity to kind of flex up when markets come back. So, that's an area of the business where I think we've got significant operating leverage.

There are no long-term supply commitments in our business. Containers, relatively minimal maintenance, right. So, there's not a lead time there in order to flex up with demand. On the modular side we are the only scaled player in the modular business that is handling all of that refurbishment and maintenance in-house.

It's more customary to use a network of third parties, with our scale and any of our larger branch locations. We are staffed up to do that, and you can increase or decrease that variable labor based on demand, which is kind of a core competency that we've always done.

D.A. Davidson Fireside Chat Transcript

So this is all about what is the order rate coming out of our sales organization at any point in time. We've got enough capacity right now to meet that demand over the next 30 to 60 days, if you think about a kind of a 30 to 90-day sales cycle is generally what we're planning around.

If demand indicators flex up such that, hey, we think there's a structural change in the demand environment, we don't really need to do much different other than start to kind of bring in more of that refurbishment capacity and maintenance capacity in-house using temps, using subcontractors as last resort.

This isn't about, hey, GDP is up 3%, non-res is up 10% and therefore we need to buy, you know a big chunk of fleet to go meet it.

The only fleet categories where we're adding stock fleet today are across flex and to a lesser extent across climate controlled, everything else we can kind of manage and develop in-house.

Brent Thielman - D.A. Davidson & Co

Okay the last one I want to ask you, Tim was just how do we think when you put out your three year to five year targets, I think you use a fairly conservative view on what the markets were going to give you, it was more what was within your control.

What do we think about, or how do we think about the implications of a demand recovery in terms of those targets?

Tim Boswell

I'm trying not to think about it, right. I think one of the lessons learned over the last couple of years is try not to be a market, try not to predict it. Let's put it that way right. To the comments earlier about what do we need to do differently when faced with that? It's largely about fleet readiness and deployment, which again is a core competency. I think we do better at that than anybody else.

If you think about again kind of the, the four levers of our operating agenda, driving organic growth, operating excellence and human capital and kind of balance sheet and assets, top line organic growth again is kind of where that's the value creation lever in the business. We've got three, kind of core levers within there that we've talked about between kind of field sales enterprise, and then the value added product offering.

Those are the things that we can control, and those are the things that we can drive irrespective of market conditions. If markets come back, as you've seen in this business, it is a sequentially compounding business, right. When markets are soft, that pace of compounding in the business elongates and that's what we've been in for a period of time now.

As you saw, in the 2021, 2022 timeframe, when markets are hotter, that pace of compounding really compresses and pretty powerfully, right. So we are eager for that to happen, of course but it's not something that we're dependent upon to hit, modest kind of mid-single digit organic revenue growth was kind of the target that we had centered that long term plan on. A 45% to 50% EBITDA operating -- margin operating range, I think is very realistic.

D.A. Davidson Fireside Chat Transcript

Whether I look at pure companies, or just kind of the internal levers that we have in the business within branch operations, within our transportation and field service network, and we kind of talked about the back office already. I've got margin levers across all three of those.

Obviously there is some operating leverage in the business. So, if you get stronger top line growth, that's a natural tailwind to margins. So, I think we're focused in the right areas and we will be ready when that, eventually comes.

Brent Thielman - D.A. Davidson & Co

Good. I've got a couple of minutes left, if there are questions?

Unidentified Participant

(Inaudible)

Tim Boswell

Yes, so we're serving them all over the country today whether it's data center, you still have EV and automotive. It's been a very robust, mega project environment now for probably two years, right.

And so we're seeing that just like everybody else is and that's been really kind of carrying. If you just look at the mix of non-residential construction, generally, that's been kind of carrying, kind of the mix over the last couple of years.

I'd point to our enterprise accounts revenue being up kind of 8% year-over-year as a good indication of, the impact of that activity on our business. I'd also like, look within the product portfolio where we have higher or lower utilization in our larger complexes in the modular fleet.

You know, typically, the larger the project, the more square footage of temporary space you're going to need on site. That's exactly what we see in terms of the relative utilization of our of our assets.

And I just mentioned that one of the only areas where we're adding stock fleet is in that panelized FLEX product where you're deploying hundreds of those at a time to create a large workspace for the biggest general contractors, EPC firms, things like that.

So that's going and that's still very strong. That's one of the reasons we actually put more structure around enterprise accounts because we don't actually see that slowing.

There is analytically a dynamic where demand for our services don't necessarily scale linearly with size of project. So there is absolutely a component of our business, that is very transactional and very local.

Historically, that would be about 80% of the business, right. That's the part that has been very soft over the last couple of years. That's the part that is going to be most responsive to interest rates, if you get some type of, change there.

D.A. Davidson Fireside Chat Transcript

But we're not holding our breath waiting for that. I think if you just get a market that has kind of digested rates where they are, rates didn't really move yesterday after the rate cut, its tenure was flat. I think that stabilization is kind of what we need to see the local markets start to rebound a bit and, we haven't seen any slowdown on the mega project side.

Unidentified Participant

(Inaudible)

Tim Boswell

It's actually the opposite, actually the opposite, because the capabilities you need in order to put 10,000, 50,000 square feet of continuous space on a site is, pretty sophisticated. We have a construction services and engineering team in house that will help you on the design of your data center construction site build out.

We'll have the workspace for your people and hopefully we'll do a better job bundling containers and some of the other more transactional stuff there. But competitively, that's where we're extremely well positioned.

On that same project, and the beauty of these things is they can last three years, five years, seven years and what historically we've been very good at winning up front for the reasons I just talked about what we need to do a better job of is farming that project over the over its life cycle.

And when that smaller subcontractor that I talked about is coming in to do electrical work for six to eight months. And all they need is a couple of containers and a 12 foot by 60 foot mobile office.

Well there might be other local competition, that's actually capable of serving that need, right. So we need to be super competitive and on top of those opportunities, while, really maximizing kind of the larger needs up front. So, it's almost the reverse of what you said.

Brent Thielman - D.A. Davidson & Co

I think that that's our time, Tim. Thank you. Appreciate it.

Tim Boswell

Thank you very much. Thanks everybody for attending.