



TRANSCRIPT

Bank of America Leveraged Finance Conference 2025

WillScot Holdings Corp. (Nasdaq: WSC)

December 2, 2025, at 8:10 AM ET

WILLSCOT PARTICIPANTS

Matt Jacobsen, Chief Financial Officer

MEETING PARTICIPANTS

Sherif El-Sabbahy, Bank of America Securities

TRANSCRIPT

Sherif El-Sabbahy - Bank of America Securities

This morning. Today, we have WillScot. And with us today, is Matt Jacobsen, CFO of WillScot.

And please, if anyone has a question, raise your hand, we'll get over a mic to you. So, thank you. Perfect. (Multiple Speakers) Thank you very much for joining us.

Matt Jacobsen

Thank you for having us.

Sherif El-Sabbahy - Bank of America Securities

To start off maybe just give us a privacy and overview of WillScot and any recent developments.

Matt Jacobsen

Sure. Yes, we're a turnkey space provider. This picture is always helpful for just explaining kind of what it is we do. So we're the largest temporary space provider in North America providing turnkey space solutions to customers across all kinds of markets.

Construction, obviously, is a big piece of that, but also in education and commercial applications, including retail and warehousing distribution, those types of things.

We provide modular offices to our customers. We also provide storage solutions for on-site storage and really, there's no kind of better way to provide customers the space that they need on their site for as long as they need it. And we offer this with a curated portfolio of value-added products and services, and the idea behind that is, one, it's very good financially for the business and increasing returns on our assets, but also provides our customers a way to get into their space and be productive right from the start of their project, right? So they can get in there and not be worrying about furniture and those types of things, but get right to work on and focus on getting their project delivered on time and on budget.

From a financial perspective, we do about \$2.25 billion of revenue -- of that, about 43% flows down to EBITDA, so strong margins in the business. We got a lot of different initiatives to, over time, increase that into that 45% to 50% range. And from a cash flow perspective, about \$0.23 of every dollar of revenue flows down to free cash flow. So it's a very strong business from a cash generation perspective and kind of affords us the ability to make a lot of investments into the business. And as we look at capital allocation, actually, I've got one here, when we look at capital allocation, we continue to use that cash from operations to about 25% of that. We reinvested in the business

Bank of America Leveraged Finance Conference 2025 Transcript

through net CapEx. So that's a combination of maintenance in our fleet as well as growth CapEx in key product categories, they continue to have strong demand.

We target about 25% towards M&A, and we're probably more selective today on M&A than maybe when markets were a bit stronger here the last few years. And then the last 50% is going back towards leverage management and shareholder returns, including about 5% that we started allocating towards the dividend back in Q1 of this year. So lately, that's been a pretty balanced approach between some debt pay down as well as some repurchase activity. We are always kind of managing that balance as we go through things. So that's kind of where we are right now.

We're in about year 3 of kind of non-res construction start slow down, which impacts a good portion of our business. And have kind of been really working on a lot of operational improvements here during this time to help drive long-term growth in the business. And really all we need from a growth perspective is for markets to stabilize, and there's a lot of levers in the business that will shine through as soon as that stabilizes a bit to provide growth and increase value for shareholders and increased cash flows for the business.

Sherif El-Sabbahy - Bank of America Securities

So maybe towards the end there. You kind of started to talk about your end-markets, and we are year 3 of a pretty tough environment, but there has been this little bit of a bifurcation? The current market where the large mega projects doing really well, your local contractors maybe that -- that's where most of the pain is? I guess. How do you think about kind of that bifurcation? And where you're playing there and how you see those dynamics kind of evolving into 2026?

Matt Jacobsen

Yes. I mean when we talk about the non-res slowdown that we've had, we're off about 30% of peak, which would have been end of '22, early 2023. That reduction has been much more concentrated in the smaller projects, right? So you hear data centers, power gen, those things have been continuing to be strong. Those are more likely to be managed by a lot of our enterprise account customers who are larger customers. And those customers represent around 20% of our overall business. So there's a portion of the business there that's been very strong, and we continue to see growth. Our EA accounts are up about 9% year-over-year, year-to-date, and we expect those to continue to grow into next year but they haven't overshadowed or been able to overcome the weakness we've seen in some of our smaller customers and the smaller projects, which are kind of the remaining 80% of the business. And so that's where you've continued to see some weakness, and that really kind of started early 2023 time frame. And we are -- there's choppy kind of news out there around some of the indicators for 2026.

ABI, which is the Architectural Billing Index is a metric that we look at that kind of looks to construction activity 9 to 12 months from now. Last month, it was 40 -- or I guess in October, it was 43, which is not very good. 50 is kind of neutral, but did improve to 47 here in November. So that's gotten a little bit I might be off by my months, September and October. So it's gotten a little bit better. But I think for us is we're focused. We're not waiting for the market to turn. We're focused on what we can do internally. We have increased the sales team about 10% from beginning of the year, and they're still coming up to speed and ramping up. So what we're focused on is growing internally kind of

Bank of America Leveraged Finance Conference 2025 Transcript

our activity levels year-over-year going to 2026, so we can kind of start to get a return to organic growth from a volume perspective sometime in the next few quarters.

Sherif El-Sabbahy - Bank of America Securities

Maybe going back with the enterprise accounts, away from sheer scale, I guess what's different about their needs and then how you're able to serve them versus other companies?

Matt Jacobsen

Yeah, I mean, scale is a big piece of it they often are on projects that are very large and they need a partner that can potentially be sourcing equipment from even maybe multiple markets in order to service, the need that they have on that project they need somebody who can deliver that project on time to avoid delays and cost overruns on their side and we're able to do that.

We've got 260 locations across North America. We can pull fleet from different markets to service the need. And we've got an internal construction services team that really can help with a lot of the design work and the planning around these projects. It can be a bit more complicated. We think of a bunch of units that have to couple together -- there's permitting requirements, engineering requirements, different things that you just -- you're not able to partner maybe with a local provider in those situations. So scale is a big piece in being able to do that and just the know-how of our team.

Sherif El-Sabbahy - Bank of America Securities

Talking about the general end market and how it relates to your business. I think your contracts are typically fairly long or longer than kind of what people would think of in relation to general rent. I guess how does that temper the influence of the broader market? And how do your results look versus when we do finally see this market upturn.

Matt Jacobsen

No, they definitely do. I mean, lease duration is a big thing in our business. Our average is over 3 years of actual lease duration. Typically, on average, our initial contracts are only about 12 months, and I'm speaking more to the modular side of the business. But those projects go along, customers keep units well beyond the initial term. And so you did see when we started to see the declines in 2023, that lease duration absolutely tempers the impact and gives us lots of visibility into kind of how things are trailing from a lease revenue perspective. And you saw during that period, our lease revenues were fairly steady. Even through this whole contraction of around 30%, our EBITDA went from about \$1.060 billion to -- we'll do about \$970 million this year. So it's not a huge decline when you kind of step back and you look at the decline in the overall market.

Bank of America Leveraged Finance Conference 2025 Transcript

The same is true on the way up. It does -- you do need to see activity, we call it activations, but that new contract starts. You need that to increase year-over-year for a few quarters before you start to see unit on rent growth in the overall portfolio. But it's a great part of the business. I mean, things just don't change that quickly and it gives you a lot of flexibility from a financial perspective to make sure that you're planning your cash flows and can meet all your obligations there. So it's a key attribute of the business that's a bit different than maybe gen rent that has much shorter contract duration.

Sherif El-Sabbahy - Bank of America Securities

So I guess looking at your results and you kind of indicated this since late 2023, we have seen units on rent for both sides kind of have tailed off, I guess -- how do you think about your units on rent as maybe even like a jumping off point into the next year maybe what are kind of utilization rates that you're targeting as well?

Matt Jacobsen

Yes, I think for us, the focus first is on year-over-year activation growth. And eventually that leads to volume growth. We're probably -- given what we know today and we don't have a crystal ball. I mean our order outlook is at most probably 90 days on the modular side and it's much shorter on the storage side. As we were exiting the third quarter, our modular order book has been kind of up most of the year and relatively flattish kind of coming out of Q3 year-over-year. That's -- our order book is basically our backlog of kind of future activations.

And on the storage side, it was down around 6% year-over-year. So I think there's still a bit of decline to occur on the storage side as we continue to work through this. The modular side probably could -- the activation growth could increase a little bit sooner. And it's probably not at least until the second half of the year, maybe even the end of the year or early into '27 when you start to actually see unit on rent growth. But revenues will turn before volumes turn just given we've got kind of a positive -- we've been driving year-over-year rate growth even in this declining environment. So modular was up about 5% year-over-year, and storage, if I strip out the kind of our climate control storage, which is providing a lot of mix benefit, we were still up, I think, around 2% on storage containers as well. So that positive rate trend will make revenues flip before volumes do. And that could happen in the second half of the year, but we're still looking at the -- we'll know a lot more when we come into February and actually give our '26 guidance.

Sherif El-Sabbahy - Bank of America Securities

Great, that makes sense. Because, obviously you're not just sticking around and waiting for the market to turn, and just like sitting on your hands. Yeah, you've recently announced this network optimization initiative that includes selling 10% of your rental fleet and a reduction of acreage. I guess, what was the thought process behind that? Why now? Yeah.

Matt Jacobsen

Yeah. Since, the Mobile mini merger in 2020, we've been working through a lot of our system integration. So, I would add ERP in 2021, our CRM in 2023. And then, we actually brought the field leadership structure into a common single structure in early 2024. So, now you've got one general manager over each market managing both the storage and modular product lines, and previously those were separate in a market. As we've done that, we've seen a lot of opportunities in markets to start to consolidate some of those branches. We've also been looking at increases that we've seen in real estate costs here over the last few years, which has been around 10% a year just from kind of inflationary pressures and market rates on lease extensions.

And so, we started kind of not adding any more acres at the beginning of this year and started targeting select properties that we wanted to exit to help drive real estate cost savings. And as part of that, there's fleet on those properties. And so as we look at our business. We look at the demand over the next 5 years or so. We've got enough fleet to service that demand and there's excess fleet on top of that. So we've identified some fleet already that we've exited through disposal. We're not selling it but through disposal. And that's freed up some of that real estate that we can then get out of-- when we got through kind of the third quarter, we really started looking forward for the next 3, 4 or 5 years and identifying properties that we want to get out of just because of different efficiencies within the branch network, being able to, obviously, to save that real estate cost and making sure that we've still got plenty of fleet to service customer demand.

And so we're looking -- we're kind of working through that actually still right now to finalize that plan and take it to the Board. But that would potentially reduce about 20% of our leased acres and reduce roughly 10% of the net book value of the fleet. But that's still the ample room to grow. I mean, storage right now is about 50%. So if it was all pro rata, that would take it up about 10%, maybe to 60% utilization, which is still plenty of room to grow. And then modular is about 60% probably takes that one up a little bit less. But you're into the mid- to upper 60s% on modular. So still plenty of room to grow and meet customer demand, but we'll avoid about \$20 million to \$30 million of real estate cost increases in the future. So definitely, one that provides a bit of cost savings, and it just allows us to operate more efficiently in our branch network.

Sherif El-Sabbahy - Bank of America Securities

What are those target utilization rates for each of those segments?

Matt Jacobsen

Yes, it's not so much a target per se. But if we think of modular, if you're getting above 85%, you're really constraining demand. You won't be able to meet demand in a market if you're up at that level. Storage can run a little bit higher. You would have seen back in end of 2022, we were getting pretty close to 90% utilization on storage. And I think at that point, you're still constraining demand a little bit. So maybe 85% is really the highest that you would want to be. But we focus more on units on rent and do we have enough idle fleet in good condition to service demand and that's kind of the guiding principle of this project to make sure that we're not constraining that in any way.

Sherif El-Sabbahy - Bank of America Securities

Does this network optimization plan impact your Investor Day targets from March of '25?

Matt Jacobsen

I don't think so. I think it's probably a new node within the EBITDA margin expansion plans. And when we think about our field operations, our central operations and commercial operations, we had several initiatives within that to drive us into the 45% to 50% margin range. And this is, I'd say, helps us -- helps to that cause within kind of our field operations space. So I don't think it changes those. But definitely helps provide incremental opportunity to drive cost savings.

Sherif El-Sabbahy - Bank of America Securities

Another help action has kind of been your focus over the number of years on your value-added products. And I think it's -- I guess, maybe describe kind of what do you consider your value-added products -- what's the pathway to go from today at 17% to your target of 2025? And maybe on new contracts, what's your what I would call your VAPS attach rate?

Matt Jacobsen

Sure. Yes. So we -- VAPS is -- it's been in process for quite some time. We're probably -- I think we just passed kind of the decade milestone of introducing kind of curated furniture packages into our modular units, which has provided a ton of growth to the business over the years. I think the focus -- a lot of the focus has been on -- when we talk about driving local market execution, which, in addition to enterprise accounts, it's kind of one of our other top line focus areas. A lot of that is rep productivity and rep performance around VAPS. I mean we find that when we quote VAPS, we typically close about 75% of whatever it is, we quote. So we need to make sure that we're always quoting it.

Sometimes we still have reps that don't -- that aren't always penetrating quotes with that kind of a full curated portfolio of VAPS. So that's a big one. And we are still working through some tools to help reps from a productivity perspective and to make it simpler both for them to quote VAPS, but also for our customers to kind of see that and interact with our quotes. And we've added some new products. So our perimeter solutions, we bought a company through M&A back in Q4 of last year. That was only in about 5 markets but provides fencing and barricades, those types of things. And we are working through rolling out that product offering across the branch network here over the next couple of years. So that will continue to provide added benefit. And we like that product because it is very similar to our products in that it's first on site. It stays out there for generally the entire project length.

And actually, we think it will open up some windows for us to potentially pull through some other products that just by being there first, maybe we weren't getting some of those opportunities before, but by offering the fencing solution, being able to get to site earlier and pull through other products as well in addition to pulling through fencing with

Bank of America Leveraged Finance Conference 2025 Transcript

existing customers that the industry is not-- there's not really a national provider in that space. And so it's one that we intend to grow over time and can be a big contributor to that VAPS line for us.

Sherif El-Sabbahy - Bank of America Securities

And maybe shifting to capital allocation. I guess, we kind of saw that chart that you kind of gave us earlier. I guess today, how are you prioritizing given the outlook, et cetera, between deleveraging shareholder returns and growth investments?

Matt Jacobsen

Yes. I think it's a balanced approach is what I would -- is how I would characterize it. I mean, on the fleet CapEx side, we're going to invest where we see opportunity because the returns in the business are very strong. I mean our new fleet investments are kind of 25% IRR plus once you add in VAPS, those types of things. So we'll always do that. On the M&A side, we have been a bit more selective just given kind of market outlook, given our own utilization and fleet availability. --as well as kind of expectations from a pricing perspective for those targets. They haven't necessarily adjusted kind of given where markets are at -- and then on the shareholder returns and leverage management, it's definitely a balanced approach.

We're at 3.6x levered right now, which we're perfectly comfortable with. We've operated quite a bit higher than that. But we do know that, especially in the equity in the public markets, there's some sensitivity around that, but we're very comfortable with where we're at. But do want to work that down over time into our 2.5x to 3.25x target. I think in the kind of more near term, over the next year or so, you probably have a little bit more of that reduction coming through debt repayment and pay down. And then over time, continued growth will help with that leverage as well. So I'd say it's still a balanced approach, and we'll probably be doing a little bit of both from a paydown as well as a repurchase perspective, but definitely a little bit more focused on paydown than we had maybe a couple of years ago.

Sherif El-Sabbahy - Bank of America Securities

How do we think about the maintenance CapEx from -- for both products? Do you think of it as like a percent of OEC or percentage of revenue? How do you think about it?

Matt Jacobsen

Yes. I think we typically think about it in just in dollars kind of thinking about what's required. And from a modular perspective, somewhere around that \$200 million a year is kind of what we think is kind of maintenance level. On top of that, we're reinvesting and driving growth in value-added products and services. So you add a bit maybe for that. Within storage, it's pretty minimal. If you go back to '22, '23, I'd probably argue that whatever CapEx we were spending even on particular units may have been more to drive growth when we got up to that 90% utilization level.

Bank of America Leveraged Finance Conference 2025 Transcript

We were obviously investing in new fleet back then as well given the demand in the market. But storage CapEx -- maintenance CapEx is pretty minimal, especially on the traditional storage side of things.

Sherif El-Sabbahy - Bank of America Securities

Turning to your capital structure. You kind of just earlier were saying like you expect maybe more of a focus on repayment early on and then EBITDA growth kind of driving you to that 2.5x, 3.25x. I guess what data are you targeting?

Matt Jacobsen

Yeah, I mean, I think based on current kind of EBITDA in the business, I mean to get kind of down into that range, you'd be closer to let's say \$1 billion of ABL, which would put you somewhere around \$3 billion of total debt. So it's not that far from kind of where we are today at about \$3.5 billion. But again, it'll be a balance, right? I think we'll have debt pay down. But also continue to be in the market where it makes sense and again, no kind of concerns around deleveraging into that range over time. But it'll be a little bit more pay down now and growth will continue to push it down as we look forward. We're not in a rush to get to that range, but know that it makes sense to do so over time.

Sherif El-Sabbahy - Bank of America Securities

How do you think about the use of your ABL because you still have quite a bit of borrowing there. I mean, do you use it for working capital? Do you view it as part of your permanent capital structure? And then what was the decision in order to kind of decrease the size of that ABL?

Matt Jacobsen

Yeah, I'd view it as part of our permanent capital structure. I mean it's our most efficient form of debt. We took the line cap down from \$3.7 billion to \$3 billion here just in October when we extended and amended the ABL. And really, that's because that's all we really need. We haven't been using that capacity or needed that capacity. And so now it's really more of kind of a cash interest optimization play by bringing that down to \$3 billion and being able to save on that incremental capacity. We were able to get some really good pricing in the market as well when we restructured that. So we're in a really good spot. We don't have any debt maturities until 2028. We'll continue to look at it opportunistically, but nothing that we have to do right now for the next few years.

Sherif El-Sabbahy - Bank of America Securities

Do you have like a minimal liquidity amount in mind?

Bank of America Leveraged Finance Conference 2025 Transcript

Matt Jacobsen

I mean, I think generally we've tried not to operate into the top third of the ABL, but we've got about 50% availability currently, which is \$1.5 billion of liquidity, which is plenty we can do whatever we want to do. And if there's something that we need above that, I know we've shown in the past that we can get support and go out to the market and get support from our lenders to do other larger deals. If a large M&A deal came up that we wanted to do so, no concerns on availability of increasing what we would need to in those situations.

Sherif El-Sabbahy - Bank of America Securities

One of your bonds the four and seven ace has kind of a distinct indenture versus your other bonds, I guess. What's different there and then? Do you view it as a good idea to kind of potentially take those out earlier because it kind of enables something within the wider capital show?

Matt Jacobsen

Yeah, I mean all the bonds after our 2028s, we kind of introduced, a feature such that the bonds become unsecured once there's no other secured debt other than the ABL. The 2028s are the last bond that did not have that provision. But they're also our lowest coupon rate, and so when the notes go unsecured, it doesn't change the operations of the business. I don't think we'd take those out early, we'd have to look at it, but at this point, we're in a really good spot, and again, just making sure as we continue to mature as a company, we got that flexibility and having more unsecured debt over time probably makes sense.

Sherif El-Sabbahy - Bank of America Securities

During your third quarter call, I believe you said you're -- you think your guide philosophy is more conservative, I guess. What's changed? And maybe what are some of the more conservative aspects of your guidance?

Matt Jacobsen

Yeah, I mean, historically we've always aligned our external guidance, like the midpoint of our external guidance with our own internal, call it budget or plan or forecast depending on what time of the year you're in. And internally, we're always pushing ourselves to drive performance on certain initiatives. For example, we're also not -- we don't have buffer or contingency in there for other unforeseen things like market, continued market declines, some of those things. And so, I think that's what's hardest a couple times and in the last -- in the last couple of years. And so, we had Worthing Jackman come on as, move into an executive chair role here in September. And he's been providing Tim and I, and Brad different perspective. Just on kind of how to communicate outlook, and those types of things.

And so coming here into the third quarter results call, we basically kind of made a switch to say, hey you know what, here's our guide. It's not going to include continued -- maybe some of these continued initiatives that we're driving.

Bank of America Leveraged Finance Conference 2025 Transcript

And it's going to include some cushion for unforeseen events so that we can be confident, that we're going to hit that number that we say. So, it is a bit more conservative. It's got some cushion for some unforeseen things. We'll do that again when we do our '26 guide. But, I think over the last couple years, we've just been in a situation, where some things out of our control, some in some out, have driven results below kind of our own expectations. And we want to kind of restore that investor experience, and be able to drive and hit our targets. So, big focus on that. And it's a little bit of a different approach than we've done in the past. But, I think it's one that makes a lot of sense.

Sherif El-Sabbahy - Bank of America Securities

So, maybe we're already in December. Pretty close to year end. We kind of take your 2025 guide, and we start to think about -- on a high level, like bridge into 2026, I guess. How do we think of good guys, bad guys, new items, as we kind of look into 2026?

Matt Jacobsen

Yeah. I mean, the formula in our business, it's volume, rate and VAPS. And then, you've got margin opportunities, kind of over time. And so, as you go through that, we're starting the year down in volume on both products. So, it is a sequentially compounding business. So, if you think of each quarter, you're -- you've got, where you're starting from, from a volume perspective, and you're either adding or subtracting to that, based on kind of your view of the market. We are down year-over-year in volume, exiting the third quarter, and would be the same in the fourth quarter. So, I'd say, the volumes a bad guy when you're looking at revenue and EBITDA growth into next year.

Rates have continued to hold though, through this period. I mean, our modular rates, inclusive of VAPS, we're up about 5%, out of the third quarter. So, I think you'll still have some continued benefit from rates, on that side of the business. And then, on storage, overall, is up about 10%. Part of that is mix from our climate controlled business, which is a growing part of the business. So, I think you'll still have some -- you'll still have some tailwinds into next year, from that perspective. And then, on the margins, typically, -- as volumes are still down a little bit, there might be a little bit more to go there on kind of margin progression before we start to kind of see some of those underlying initiatives shine through. So, definitely, opportunity there, but probably still a little bit of time to stabilize that as we go into next year.

Sherif El-Sabbahy - Bank of America Securities

How do we think about incremental, decremental margins on volume?

Matt Jacobsen

Yeah, it's -- they're pretty high. They're pretty high. So as I kind of said, coming down in volume, there's pretty high decremental margins that we're doing a lot to offset. You just don't see all that in the overall results. But as that

Bank of America Leveraged Finance Conference 2025 Transcript

stabilizes, and then starts to grow, you can get pretty high incremental margins as well. So that's what -- that's part of kind of the formula that gets you back into the 45% to 50% margin ranges.

Sherif El-Sabbahy - Bank of America Securities

Maybe our final question you've recently had a change in -- or you're about to have a change of management with the new CEO to start of 2026. So I guess, why now? And kind of what changes with WillScot in the future?

Matt Jacobsen

Sure. No. It's something that's been in discussion with the Board for a while. The succession planning probably started back in 2023 and they're always looking at board refreshment, leadership succession, those types of things. And so I'm excited. I mean, Brad's been Brad, Tim and I, all of us have worked together for over a decade really closely. So excited for Brad and kind of his next adventure, but also for Tim and under his leadership, where we can go. Tim in this last year, Tim and I transitioned back in January, the CFO role. Tim moved in as COO and has been able to spend a lot of time in the field this year, really getting close to kind of how the field is operating. And I think that perspective and the ability for him to do that is -- gives him a lot of sight into things that we need to do to kind of return to organic growth. So really excited about that and what we can do forward. And then having Worthing moving to the Executive Chair role in September, as I said, has just been great to get additional perspective. Again, we brought a lot of external people into the organization over the last few years. I mean CTO and CHRO, some of our divisional leadership positions. It's just about getting new perspective and a different way of looking things, and that's been a refreshing add as well here in the last few months.

Sherif El-Sabbahy - Bank of America Securities

Great. And with that, I want to thank Matt for telling us about WillScot. Really appreciate it.

Matt Jacobsen

Thank you. Thanks everyone.