



November 21, 2016

Essex Rental Corp. Reports 2016 Third Quarter Pro Forma Results

BUFFALO GROVE, Ill.--(BUSINESS WIRE)-- **Essex Rental Corp. (OTC Pink: ESSX) ("Essex" or the "Company")** today announced its pro forma unaudited consolidated results for the third quarter ended September 30, 2016.

In an effort to provide investors with current financial information for our continuing operations, the pro forma financial results presented herein are based on the consolidated unaudited financial results of Essex Rental Corp. excluding the results of its non-operating subsidiary, Essex Crane Rental Corp. ("Essex Crane"). Historical comparisons have also been adjusted to exclude Essex Crane. As previously reported, in September 2016, substantially all of Essex Crane's assets were sold pursuant to foreclosure auctions conducted by Essex Crane's lenders, and Essex Crane is being wound-down and dissolved. The historical pro forma financial information provided herein may not be indicative of future financial performance, as we continue to evaluate additional opportunities to reduce expenses in consideration of operating a smaller enterprise.

Third Quarter 2016 Highlights

- | Dollar utilization for rough terrain cranes decreased to 17.0% for the three month period ended September 30, 2016 compared to 21.7% for the three month period ended September 30, 2015;
- | Dollar utilization for tower cranes decreased to 19.1% for the three month period ended September 30, 2016 compared to 24.6% for the three month period ended September 30, 2015;
- | Equipment rental segment gross profit decreased by approximately \$1.4 million to \$2.3 million for the three month period ended September 30, 2016 compared to \$3.7 million for the three month period ended September 30, 2015;
- | Parts & service segment gross profit increased by approximately \$100,000 to \$1.0 million for the three month period ended September 30, 2016 compared to \$900,000 for the three month period ended September 30, 2015;
- | Selling, general & administrative expenses excluding non-cash compensation and non-recurring expenses for the three month period ended September 30, 2016 decreased by approximately \$500,000 or 14.4% year over year; and
- | Adjusted EBITDA excluding non-cash compensation and non-recurring expenses decreased by approximately \$900,000 or 27.6% for the three month period ended September 30, 2016 compared to the three month period ended September 30, 2015.

CEO Comments

Nick Matthews, President and CEO of Essex stated, "We continue to operate in a challenging market that has been negatively impacted by reduced activity in the energy sector, particularly related to oil and gas. Our rental and equipment sales lines of business were most impacted by this softer demand, specifically in the Gulf, Alaska and Southern California. The year over year declines in dollar utilization were primarily attributable to a decline in time utilization, which was driven by the softer demand and the timing of tower crane project starts and ends. As a result, we are being more aggressive with respect to rental rates in an effort to increase utilization in some of our asset classes."

"We also believe that our business at Coast Crane was negatively affected by the protracted foreclosure process at Essex Crane. Despite our proactive communication with customers, the public nature of the foreclosure process naturally led to concerns for end-users as to the future of Coast Crane, and we believe that our competitors sought to gain a competitive advantage by fueling these customer concerns. We continue to provide assurances to our customers about Coast Crane's ongoing business which, together with a rebranding process at the Company to focus on the Coast Crane brand, has begun to resonate within the industry."

Outlook for Remainder of 2016 and 2017

Mr. Matthews continued, "Consistent with the typical impact of seasonality, we expect rental demand for most classes of rental assets in our fleet to begin to soften as we approach the holiday season. We anticipate, however, that utilization of our tower crane assets will improve during the fourth quarter based on expected orders, pending tower crane rental starts and our view of the continued strength in tower crane demand. While utilization of this asset class is expected to improve, we do not expect utilization to match levels we experienced in the fourth quarter of 2015."

"With the divestiture of Essex Crane, we continue to investigate ways to reduce our cost structure to align it with the size of the remaining organization and current business levels. We are optimistic about the 2017 crane rental market with most third-party industry estimates at or around middle-single digit growth for construction spending. We are also optimistic about the impact that the new presidential administration may have on infrastructure spending. Due to the operating leverage within our rental model, an increase in construction activity should result in considerable incremental rental revenue and profit based on rental assets currently in the fleet."

Mr. Matthews concluded, "We continue to work on refinancing the Coast Crane Revolving Credit Facility, which matures in March 2017, with the goal of completing a refinancing this calendar year or in early 2017. In the meantime, the lenders under the Coast Crane Revolving Credit Facility have increased reserve levels within the facility, the effects of which have reduced our borrowing availability and liquidity. While we believe that we will have sufficient liquidity to operate until a refinancing of the facility, there can be no assurance as to what additional actions the lenders under the facility may take in light of their perception of market conditions and Coast Crane's financial performance."

Board Update

As previously reported, our board of directors was reconstituted at the 2016 Annual Meeting held on September 9, 2016 to include seven directors. On November 7, 2016, one of our new directors, Ronald Schumacher, resigned from the board for personal reasons. As of the 2016 Annual Meeting, the board resolved (i) to reduce cash compensation for non-executive directors from \$75,000 to \$10,000 per annum and (ii) to award 20,000 stock options with a strike price of \$.50 per share to non-executive directors for the first year of service on the board following the Annual Meeting.

Third Quarter 2016 Overview

Equipment rentals segment revenues include equipment rentals and transportation. Equipment rentals segment revenues were \$5.8 million for the three month period ended September 30, 2016 versus \$7.1 million for the three month period ended September 30, 2015. The \$1.3 million decrease was driven by a \$700,000 decrease in tower crane rental revenue, a \$500,000 decrease in rough terrain crane rental revenue and a \$100,000 decrease in boom truck rental revenue. While tower crane utilization displayed a year over year decrease from a strong third quarter of 2015, we expect some sequential improvement in the fourth quarter, which is traditionally a seasonal soft period. Rough terrain crane utilization continues to be negatively impacted by softer demand in energy related end markets.

Equipment distribution segment revenues, which include the retail distribution of new and used equipment and the proceeds received from the sale of used rental equipment, were \$2.2 million for the three month period ended September 30, 2016 compared to \$2.8 million for the three month period ended September 30, 2015. The retail equipment sales market has remained challenging. We continue to focus on reducing retail inventory levels through sales or transferring inventory to the rental fleet to help maintain a young rental fleet age.

Parts and service segment revenues were \$3.8 million for the three month period ended September 30, 2016 compared to \$3.6 million for the three month period ended September 30, 2015. Parts and service segment revenues include retail parts sales, billable service work done on our own equipment and service on customer-owned equipment.

Total gross profit decreased by 28.4% or \$1.4 million to \$3.6 million for the three month period ended September 30, 2016 from \$5.0 million for the three month period ended September 30, 2015. Gross profit margin decreased to 30.3% for the three month period ended September 30, 2016 from 37.2% for the three month period ended September 30, 2015.

Selling, general and administrative expenses excluding non-cash compensation and non-recurring expenses decreased by \$500,000 to \$3.1 million for the three month period ended September 30, 2016 as compared to \$3.6 million for the three month period ended September 30, 2015. The decrease is primarily related to the cost savings initiatives implemented in the second half of 2015 which decreased salaries & taxes, benefits and public company related costs.

Adjusted EBITDA before non-cash compensation and non-recurring expenses was \$2.3 million for the three month period ended September 30, 2016 compared to \$3.2 million for the three month period ended September 30, 2015. Non-cash compensation and non-recurring expenses were \$100,000 for the three month period ended September 30, 2016 and \$300,000 for the three month period ended September 30, 2015. Non-recurring expenses for the three month period ended September 30, 2015 were primarily made up of severance costs and activist shareholder related legal expenses.

At the end of the third quarter of 2016, the original acquisition cost of the Company's rental fleet was \$102.3 million compared to \$99.5 million at the end of the third quarter of 2015. Dollar utilization on the entire fleet was 19.0% for the three month period ended September 30, 2016 compared to 23.8% for the three month period ended September 30, 2015.

About Essex Rental Corp.

Essex is one of the largest providers in the western region of North America of rental and distribution for mobile cranes (including crawler cranes, truck cranes and rough terrain cranes), self-erecting cranes, stationary tower cranes, elevators and hoists, and other lifting equipment used in a wide array of construction projects. In addition, the Company provides product support including installation, maintenance, repair, and parts and services for equipment provided and other equipment used by its construction industry customers. With a large fleet, consisting primarily of cranes, as well as other construction equipment and unparalleled customer service and support, Essex supplies a wide variety of innovative lifting solutions for construction projects related to power generation, petro-chemical, refineries, water treatment and purification, bridges, highways, hospitals, shipbuilding, offshore oil fabrication and industrial plants, and commercial and residential construction.

Some of the statements in this press release and other written and oral statements made from time to time by Essex and its representatives are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These statements include statements regarding the intent and belief or current expectations of Essex and its management team and may be identified by the use of words like "anticipate", "believe", "estimate", "expect", "intend", "may", "plan", "will", "should", "seek", the negative of these terms or other comparable terminology. Investors are cautioned that any such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and that actual results may differ materially from those projected in the forward-looking statements. Important factors that could cause actual results to differ materially from Essex's expectations include, without limitation, the continued ability of Essex to successfully execute its business plan, the possibility of a change in demand for the products and services that Essex provides, intense competition which may require us to lower prices or offer more favorable terms of sale, our reliance on third party suppliers, our indebtedness, and ability to refinance it, which could limit our operational and financial flexibility and any actions of our lenders in relation to events of default under our indebtedness, global economic factors including interest rates, general economic conditions, geopolitical events and regulatory changes, our dependence on our management team and key personnel, as well as other relevant risks detailed on our website, www.essexrentalcorp.com. The factors listed here are not exhaustive. Many of these uncertainties and risks are difficult to predict and beyond management's control. Forward-looking statements are not guarantees of future performance, results or events. Essex assumes no obligation to update or supplement forward-looking information in this press release whether to reflect changed assumptions, the occurrence of unanticipated events or changes in future operating results or financial conditions, or otherwise.

This press release includes references to dollar utilization with respect to our reporting of rental metrics. Dollar utilization is calculated by dividing annualized rental revenue (excluding ancillary fees) by average original equipment cost (which is consistent with gross book value including any capitalized repairs).

This press release includes references to adjusted EBITDA and pro forma financial information excluding the operations of Essex Crane, unaudited financial measures of performance which are not calculated in accordance with generally accepted accounting principles, or GAAP. Adjusted EBITDA represents the sum of net income, tax benefit, foreign currency exchange gains and losses, interest expense, other income, depreciation, amortization and impairment expense. Adjusted EBITDA is used internally when evaluating our operating performance and, we believe, allows investors to make a more meaningful comparison between our core business operating results over different periods of time, as well as with those of other similar companies. Management believes that adjusted EBITDA, when viewed with the Company's results under GAAP and the accompanying reconciliation, provides useful information about operating performance and period-over-period growth, and provides additional information that is useful for evaluating the operating performance of our core business without regard to potential distortions. Additionally, management believes that adjusted EBITDA permits investors to gain an understanding of the factors and trends affecting our ongoing cash earnings. 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 indicators of operating performance or liquidity. Adjusted EBITDA has been presented as a supplemental disclosure because adjusted EBITDA is a widely used measure of performance and basis for valuation. A reconciliation of adjusted EBITDA to loss before income taxes is included in the financial tables accompanying this release. In addition, the financial information included herein has not been reviewed by independent accounting professionals.

**Essex Rental Corp. & Subsidiaries - Pro Forma
Condensed Consolidated Statements of Operations
(Amounts in thousands)
(Unaudited)**

		Year Ended		
Three Months Ended September 30,		Nine Months Ended September 30,		December 31,
2016	2015	2016	2015	2015

REVENUES					
Equipment rentals	\$ 5,197	\$ 6,469	\$ 15,209	\$ 17,344	\$ 23,286
Retail equipment sales	1,493	319	2,790	6,441	9,126
Used rental equipment sales	731	2,505	2,206	4,691	7,080
Retail parts sales	1,886	1,691	5,885	5,715	7,284
Transportation	638	608	1,744	1,603	2,142
Equipment repairs and maintenance	1,910	1,928	5,697	6,192	7,932
TOTAL REVENUES	11,855	13,520	33,531	41,986	56,850
COST OF REVENUES					
Salaries, payroll taxes and benefits	1,095	1,148	3,373	3,515	4,585
Depreciation	1,788	1,756	5,302	5,397	7,125
Retail equipment sales	1,359	289	2,516	6,011	8,581
Used rental equipment sales	446	2,017	1,434	3,331	5,011
Retail parts sales	1,454	1,347	4,559	4,586	5,860
Transportation	525	457	1,417	1,276	1,687
Equipment repairs and maintenance	1,117	1,017	3,100	3,330	4,390
Yard operating expenses	474	463	1,493	1,375	1,833
TOTAL COST OF REVENUES	8,258	8,494	23,194	28,821	39,072
GROSS PROFIT	3,597	5,026	10,337	13,165	17,778
Selling, general and administrative expenses	3,187	3,932	10,163	12,299	15,545
Other depreciation and amortization	82	128	253	396	512
INCOME (LOSS) FROM OPERATIONS	328	966	(79)	470	1,721
OTHER INCOME (EXPENSES)					
Other income	-	2	60	3	4
Interest expense	(1,234)	(1,201)	(3,638)	(3,568)	(4,698)
Foreign currency exchange gains (losses)	(37)	(308)	168	(559)	(688)
TOTAL OTHER INCOME (EXPENSES)	(1,271)	(1,507)	(3,410)	(4,124)	(5,382)
LOSS BEFORE INCOME TAXES	\$ (943)	\$ (541)	\$ (3,489)	\$ (3,654)	\$ (3,661)

**Essex Rental Corp. & Subsidiaries - Pro Forma
Reconciliation of Loss Before Income Taxes to Adjusted EBITDA
(Amounts in thousands)
(Unaudited)**

Three Months Ended September 30, Nine Months Ended September 30, Year Ended December 31,

	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2015</u>
Loss before income taxes	\$ (943)	\$ (541)	\$ (3,489)	\$ (3,654)	\$ (3,661)
Foreign currency exchange (gains) losses	37	308	(168)	559	688
Interest expense	1,234	1,201	3,638	3,568	4,698
Other income	-	(2)	(60)	(3)	(4)
Income (loss) from operations	328	966	(79)	470	1,721
Depreciation	1,788	1,756	5,302	5,397	7,125
Other depreciation and amortization	82	128	253	396	512
Adjusted EBITDA (1)	<u>\$ 2,198</u>	<u>\$ 2,850</u>	<u>\$ 5,476</u>	<u>\$ 6,263</u>	<u>\$ 9,358</u>

(1) Includes non-cash stock compensation and non-recurring expenses of \$0.1 million and \$0.3 million for the three months ended September 30, 2016 and 2015, respectively, \$0.6 million and \$1.1 million for the nine months ended September 30, 2016 and 2015, respectively, and \$1.3 million for the year ended December 31, 2015.

**Essex Rental Corp. & Subsidiaries - Pro Forma
Segment Revenues and Gross Profit
(Amounts in thousands)
(Unaudited)**

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>		<u>Year Ended</u>
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>December 31,</u> <u>2015</u>
Segment revenues					
Equipment rentals	5,835	7,077	16,953	18,947	25,428
Equipment distribution	2,224	2,824	4,996	11,132	16,206
Parts and service	3,796	3,619	11,582	11,907	15,216
Total revenues	<u>\$ 11,855</u>	<u>\$ 13,520</u>	<u>\$ 33,531</u>	<u>\$ 41,986</u>	<u>\$ 56,850</u>
Segment gross profit					
Equipment rentals	2,282	3,719	6,663	8,796	12,040
Equipment distribution	266	366	574	1,302	1,956
Parts and service	1,049	941	3,100	3,067	3,782
Total gross profit	<u>\$ 3,597</u>	<u>\$ 5,026</u>	<u>\$ 10,337</u>	<u>\$ 13,165</u>	<u>\$ 17,778</u>

**Essex Rental Corp. and Subsidiaries - Pro Forma
Selected Balance Sheet Data
(Amounts in thousands)
(Unaudited)**

	<u>September 30,</u> <u>2016</u>	<u>December 31,</u> <u>2015</u>
Net working capital (1)	\$ 13,373	\$ 19,715
Rental equipment, net	68,131	68,385

Property and equipment, net	522	543
Revolving credit facilities	18,731	20,278
Term loans	33,000	34,500
Purchase money security interest debt	7,345	8,517
Promissory notes	3,641	1,655
Total debt	\$ 62,717	\$ 64,950

(1) Excluding debt and deferred income tax related line items and includes \$8.1 million and \$12.8 million of retail equipment inventory as of September 30, 2016 and December 31, 2015, respectively.

**Essex Rental Corp. & Subsidiaries - Pro Forma
Utilization Statistics
(Unaudited)**

	Three Months Ended			Year Ended
	September 30, 2016	June 30, 2016	September 30, 2015	December 31, 2015
Utilization Statistics - \$ Utilization (1)				
Rough Terrain Cranes	17.0%	17.1%	21.7%	20.5%
Tower Cranes	19.1%	19.7%	24.6%	21.3%
Boom Trucks	26.2%	20.8%	33.0%	29.7%
Crawler Cranes	17.7%	6.8%	16.7%	12.7%

(1) Dollar (\$) Utilization represents rental revenues annualized divided by the average original equipment cost.

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Essex Rental Corp.

Kory Glen

Chief Financial Officer

(847) 215-6522 / kglen@essexrental.com

OR

Patrick Merola

Investor Relations

(847) 215-6514 / pmerola@essexrental.com

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