

MOBILE MINI INC
Form 10-Q
July 21, 2017

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2017

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: 1-12804

(Exact name of registrant as specified in its charter)

Delaware	86-0748362
(State or other jurisdiction of	(I.R.S. Employer
incorporation or organization)	Identification No.)

4646 E. Van Buren Street, Suite 400

Phoenix, Arizona	85008
(Address of principal executive offices)	(Zip Code)

(480) 894-6311

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(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

At July 14, 2017, there were outstanding 44,188,712 shares of the registrant's common stock, par value \$.01.

MOBILE MINI, INC.

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FOR THE QUARTER ENDED JUNE 30, 2017

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

MOBILE MINI, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands, except par value data)

	June 30,	December 31,
	2017	2016
	(unaudited)	(audited)
ASSETS		
Cash and cash equivalents	\$9,274	\$4,137
Receivables, net of allowance for doubtful accounts of \$5,809 and \$4,886		
at June 30, 2017 and December 31, 2016, respectively	92,390	99,175
Inventories	16,399	15,412
Rental fleet, net	964,141	950,065
Property, plant and equipment, net	150,636	149,197
Other assets	17,128	14,930
Intangibles, net	65,204	68,420
Goodwill	706,602	703,558
Total assets	\$2,021,774	\$2,004,894
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Accounts payable	\$30,708	\$27,388
Accrued liabilities	64,956	64,126
Lines of credit	637,651	641,160
Obligations under capital leases	49,302	50,704
Senior notes, net of deferred financing costs of \$4,469 and \$4,788		
at June 30, 2017 and December 31, 2016, respectively	245,531	245,212
Deferred income taxes	231,579	240,690
Total liabilities	1,259,727	1,269,280
Commitments and contingencies		
Stockholders' equity:		
Preferred stock \$.01 par value, 20,000 shares authorized, none issued	—	—
Common stock \$.01 par value, 95,000 shares authorized, 49,455 issued and 44,189		
outstanding at June 30, 2017 and 49,292 issued and 44,295 outstanding at		
December 31, 2016	495	493

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Additional paid-in capital	597,658	592,071
Retained earnings	380,125	362,896
Accumulated other comprehensive loss	(69,448)	(81,047)
Treasury stock, at cost, 5,266 and 4,997 shares at June 30, 2017 and		
December 31, 2016, respectively	(146,783)	(138,799)
Total stockholders' equity	762,047	735,614
Total liabilities and stockholders' equity	\$2,021,774	\$2,004,894

See accompanying notes to condensed consolidated financial statements (unaudited).

MOBILE MINI, INC.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(In thousands, except per share data)

(Unaudited)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2017	2016	2017	2016
Revenues:				
Rental	\$117,851	\$116,773	\$232,593	\$234,129
Sales	8,401	6,342	16,379	13,233
Other	438	1,734	1,245	2,020
Total revenues	126,690	124,849	250,217	249,382
Costs and expenses:				
Rental, selling and general expenses	82,850	78,037	161,209	154,339
Cost of sales	5,408	3,678	10,520	8,289
Restructuring expenses	538	1,324	1,437	3,572
Depreciation and amortization	15,742	16,269	31,006	31,446
Total costs and expenses	104,538	99,308	204,172	197,646
Income from operations	22,152	25,541	46,045	51,736
Other income (expense):				
Interest income	16	—	16	—
Interest expense	(8,807)	(8,002)	(17,209)	(16,486)
Debt extinguishment expense	—	(9,192)	—	(9,192)
Deferred financing costs write-off	—	(2,271)	—	(2,271)
Foreign currency exchange	(18)	(4)	(27)	(4)
Income before income tax provision	13,343	6,072	28,825	23,783
Income tax provision	4,566	2,000	9,896	8,713
Net income	\$8,777	\$4,072	\$18,929	\$15,070
Earnings per share:				
Basic	\$0.20	\$0.09	\$0.43	\$0.34
Diluted	0.20	0.09	0.43	0.34
Weighted average number of common and common share equivalents outstanding:				
Basic	43,944	44,132	44,026	44,175
Diluted	44,025	44,505	44,183	44,420
Cash dividends declared per share	\$0.23	\$0.21	\$0.45	\$0.41

See accompanying notes to condensed consolidated financial statements (unaudited).

MOBILE MINI, INC.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(In thousands)

(Unaudited)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2017	2016	2017	2016
Net income	\$8,777	\$4,072	\$18,929	\$15,070
Foreign currency translation adjustment	9,096	(15,272)	11,599	(18,985)
Comprehensive income (loss)	\$17,873	\$(11,200)	\$30,528	\$(3,915)

See accompanying notes to condensed consolidated financial statements (unaudited).

MOBILE MINI, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

(Unaudited)

	Six Months Ended	
	June 30, 2017	2016
Cash flows from operating activities:		
Net income	\$ 18,929	\$ 15,070
Adjustments to reconcile net income to net cash provided		
by operating activities:		
Debt extinguishment expense	—	9,192
Deferred financing costs write-off	—	2,271
Provision for doubtful accounts	2,202	2,646
Amortization of deferred financing costs	1,030	948
Amortization of long-term liabilities	65	58
Share-based compensation expense	3,820	4,245
Depreciation and amortization	31,006	31,446
Gain on sale of rental fleet	(2,826)	(2,782)
Loss on disposal of property, plant and equipment	282	689
Deferred income taxes	9,151	8,542
Foreign currency exchange	27	4
Changes in certain assets and liabilities, net of effect of businesses acquired:		
Receivables	5,585	(12,296)
Inventories	(904)	(1,790)
Other assets	(2,794)	482
Accounts payable	(2,192)	5,765
Accrued liabilities	(160)	220
Net cash provided by operating activities	63,221	64,710
Cash flows from investing activities:		
Cash paid for businesses acquired, net of cash acquired	—	(9,206)
Additions to rental fleet, excluding acquisitions	(23,027)	(28,158)
Proceeds from sale of rental fleet	6,283	7,409
Additions to property, plant and equipment, excluding acquisitions	(8,707)	(19,263)
Proceeds from sale of property, plant and equipment	768	1,615
Net cash used in investing activities	(24,683)	(47,603)
Cash flows from financing activities:		
Net repayments under lines of credit	(3,509)	(20,961)
Proceeds from issuance of 5.875% senior notes due 2024	—	250,000
Redemption of 7.875% senior notes due 2020	—	(200,000)
Debt extinguishment expense	—	(9,192)

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Deferred financing costs	(12)	(4,916)
Principal payments on capital lease obligations	(3,736)	(2,920)
Issuance of common stock	1,640	92
Dividend payments	(20,119)	(18,236)
Purchase of treasury stock	(7,984)	(7,096)
Net cash used in financing activities	(33,720)	(13,229)
Effect of exchange rate changes on cash	319	(152)
Net increase in cash	5,137	3,726
Cash and cash equivalents at beginning of period	4,137	1,613
Cash and cash equivalents at end of period	\$9,274	\$5,339

See accompanying notes to condensed consolidated financial statements (unaudited).

MOBILE MINI, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS - Continued

(In thousands)

(Unaudited)

	Six Months Ended	
	June 30,	
	2017	2016
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 18,187	\$ 13,991
Cash paid for income and franchise taxes	1,100	1,151
Equipment and other acquired through capital lease obligations	2,333	14,258
Capital expenditures accrued or payable	8,268	5,507

See accompanying notes to condensed consolidated financial statements (unaudited).

MOBILE MINI, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

(1) Mobile Mini, Inc. - Organization and Description of Business

Mobile Mini, Inc., a Delaware corporation, is a leading provider of storage solutions and tank and pump solutions. In these notes, the terms “Mobile Mini” the “Company,” “we,” “us,” and “our” refer to Mobile Mini, Inc.

At June 30, 2017, we had a fleet of storage solutions units operating throughout the United States (the “U.S.”), Canada and the United Kingdom (the “U.K.”), serving a diversified customer base, including large and small retailers, construction companies, medical centers, schools, utilities, distributors, the military, hotels, restaurants, entertainment complexes and households. These customers use our products for a wide variety of applications, including the storage of retail and manufacturing inventory, construction materials and equipment, documents and records and other goods. We also have a fleet of tank and pump solutions products, concentrated in the U.S. Gulf Coast, including liquid and solid containment units, serving a specialty sector in the industry. Our tank and pump products are leased primarily to chemical, refinery, oil and natural gas drilling, mining and environmental service customers.

Basis of Presentation and Consolidation

The consolidated financial statements include the accounts of Mobile Mini and our wholly owned subsidiaries. We do not have any subsidiaries in which we do not own 100% of the outstanding stock. All significant intercompany balances and transactions have been eliminated. The accompanying unaudited condensed consolidated financial statements have been prepared in conformity with U.S. generally accepted accounting principles (“GAAP”) applicable to interim financial information and the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all the information and footnotes required by GAAP for complete financial statements. In the opinion of management of Mobile Mini, all adjustments (which include normal recurring adjustments) necessary to present fairly the financial position, results of operations, and cash flows for all periods presented have been made. The results of operations for the three and six months ended June 30, 2017 and 2016, respectively are not necessarily indicative of the results to be expected for the full year.

These condensed consolidated financial statements should be read in conjunction with our audited consolidated financial statements and accompanying notes thereto included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2016 filed with the Securities and Exchange Commission (“SEC”) on February 2, 2017.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the accompanying condensed consolidated financial statements and the notes to those statements. Actual results could differ from those estimates. Significant estimates affect the calculation of depreciation and amortization, the calculation of the allowance for doubtful accounts, the analysis of goodwill and long-lived assets for potential impairment and certain accrued liabilities.

(2) Impact of Recently Issued Accounting Standards

Share-Based Compensation – Modifications. In May 2017, the Financial Accounting Standards Board (“FASB”) issued a standard which clarifies what constitutes a modification of a share-based payment award. This standard is effective for annual and interim periods beginning after December 15, 2017. We will implement this standard on January 1, 2018 and apply the guidance prospectively to modifications after that date.

Business Combinations. In January 2017, the FASB issued a standard which clarifies the definition of a business and provides a new framework for determining whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. This standard is effective for annual and interim periods beginning after December 15, 2017. We anticipate implementing this standard on January 1, 2018 and applying the guidance prospectively to transactions after that date.

Intangibles – Goodwill and Other. In January 2017, the FASB issued a standard requiring an entity to no longer perform a hypothetical purchase price allocation to measure goodwill impairment. Instead, impairment will be measured using the difference between the carrying amount and the fair value of the reporting unit. This standard is effective for annual and interim periods beginning after December 15, 2019. Entities may early adopt the guidance for goodwill impairment tests with measurement dates after January 1, 2017. We have not determined an adoption date and do not expect the adoption of this standard to have a material effect on our consolidated financial statements.

MOBILE MINI, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) - Continued

Share-Based Compensation. In March 2016, the FASB issued a standard intended to simplify several areas of accounting for share-based compensation arrangements, including the income tax impact, classification on the statement of cash flows and forfeitures. We implemented this standard on January 1, 2017.

This standard eliminates the requirement that excess tax benefits be realized before companies can recognize them. As a result, utilizing the modified retrospective method, we recorded a cumulative-effect adjustment for previously unrecognized excess tax benefits of \$18.5 million in the opening balance sheet for 2017, with an offsetting increase to retained earnings. In addition, the standard allows us to make a policy election to either continue to reduce share-based compensation expense for forfeitures in future periods, or to recognize forfeitures as they occur. We have chosen to record forfeitures as they occur and recorded an immaterial cumulative-effect adjustment to the opening balance sheet to reflect the difference between the fair value estimate of awards historically expected to be forfeited and the fair value estimate of awards actually forfeited. This standard also requires all excess tax benefits and tax deficiencies associated with the exercise of stock options and vesting of restricted stock to be recorded as income tax expense or benefit. Increases and decreases in the aggregate intrinsic value (or negative value) of such activity could introduce volatility in our effective tax rate. The remaining provisions of the new guidance did not have a material effect on our consolidated financial statements.

Leases. In February 2016, the FASB issued a standard on lease accounting requiring a lessee to recognize assets and liabilities on the balance sheet for leases with lease terms greater than 12 months. This standard is effective for annual and interim periods beginning after December 15, 2018. Early adoption is permitted and the standard requires the use of a modified retrospective transition method. While we are continuing to evaluate all potential impacts of the standard, we do not believe the accounting for our contractual rental revenue will be materially affected by the adoption of this standard. We anticipate the lessee accounting for operating leases under the standard will have a material effect on our statement of financial position.

Revenue from Contracts with Customers. In May 2014, the FASB issued an accounting standard on revenue from contracts with customers. The standard provides a single model for revenue arising from contracts with customers and supersedes current revenue recognition guidance. The standard requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of goods or services and is effective for annual and interim periods beginning after December 15, 2017. Early adoption is permitted for the annual and interim periods beginning after December 15, 2016, but not prior to that time. The revenue recognition standard permits the use of either the retrospective or cumulative effect transition method.

While we are continuing to assess all potential impacts of the standard, we currently believe the majority of our revenue, as it relates to contractual rental revenue, is excluded from the scope of this standard, and the accounting for the remaining revenue streams will not be materially affected. Accordingly, we do not anticipate that the adoption of this standard will have a material impact on our consolidated financial statements. We expect to utilize the modified retrospective adoption and recognize the cumulative effect of initially applying the standard, if any, as an adjustment to the opening balance of retained earnings at the date of initial application.

(3) Fair Value Measurements

Fair value is the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants. Fair value is a market-based measurement determined by assumptions that market participants would use in pricing an asset or liability. We categorize each of our fair value measurements in one of the following three levels based on the lowest level of input that is significant to the fair value measurement:

Level 1 — Observable inputs such as quoted prices in active markets for identical assets or liabilities;

Level 2 — Observable inputs, other than Level 1 inputs in active markets, that are observable either directly or indirectly; and

Level 3 — Unobservable inputs for which there is little or no market data, which require the reporting entity to develop its own assumptions.

At June 30, 2017 and December 31, 2016, we did not have any financial instruments required to be recorded at fair value on a recurring basis.

The carrying amounts of cash, cash equivalents, receivables, accounts payable and accrued liabilities approximate fair values based on their short-term nature. The fair values of our revolving credit facility and capital leases are estimated using discounted cash flow analyses, based on our current incremental borrowing rates for similar types of borrowing arrangements. Based on the borrowing rates currently available to us for bank loans with similar terms and average maturities, the fair value of our revolving credit facility debt and capital leases, which are measured using Level 2 inputs, at June 30, 2017 and December 31, 2016 approximated their respective book values.

MOBILE MINI, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) - Continued

The fair value of our \$250.0 million aggregate principal amount of 5.875% senior notes due July 1, 2024 (the “Senior Notes” or “2024 Notes”) is based on their latest sales price at the end of each period obtained from a third-party institution and is Level 2 in the fair value hierarchy as there is not an active market for these Senior Notes. The Senior Notes are presented on the balance sheet net of deferred financing costs. The gross carrying value and the fair value of our Senior Notes are as follows:

	June 30,	December 31,
	2017	2016
	(In thousands)	
Carrying value	\$250,000	\$250,000
Fair value	261,250	258,750

(4) Earnings Per Share

Basic earnings per share (“EPS”) is calculated by dividing net income by the weighted average number of common shares outstanding during the period. Restricted stock awards are subject to the risk of forfeiture and are not included in the calculation of basic weighted average number of common shares outstanding until vested. Diluted EPS is calculated under the treasury stock method. Potential common shares included restricted common stock and incremental shares of common stock issuable upon the exercise of stock options.

The following table is a reconciliation of net income and weighted-average shares of common stock outstanding for purposes of calculating basic and diluted EPS:

	Three Months Ended		Six Months Ended	
	June 30, 2017	2016	June 30, 2017	2016
	(In thousands, except per share data)			
Numerator:				
Net income	\$8,777	\$4,072	\$18,929	\$15,070
Denominator:				
Weighted average shares outstanding - basic	43,944	44,132	44,026	44,175
Dilutive effect of share-based awards	81	373	157	245
Weighted average shares outstanding - diluted	44,025	44,505	44,183	44,420
Earnings per share:				

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Basic	\$0.20	\$0.09	\$0.43	\$0.34
Diluted	0.20	0.09	0.43	0.34

The following table represents the number of stock options and restricted share awards that were issued or outstanding but excluded in calculating diluted EPS because their effect would have been anti-dilutive for the periods indicated, or the underlying performance criteria had not yet been met:

	Three Months Ended		Six Months Ended	
	June 30, 2017 2016		June 30, 2017 2016	
	(In thousands)			
Stock options	2,302	1,083	2,227	2,094
Restricted share awards	143	24	89	10
Total	2,445	1,107	2,316	2,104

(5) Inventories

Inventories are valued at the lower of cost (principally on a standard cost basis which approximates the first-in, first-out method) or net realizable value. Raw materials and supplies principally consist of raw steel, glass, paint, vinyl and other assembly components used in manufacturing and remanufacturing processes and, to a lesser extent, parts used for internal maintenance and ancillary items held for sale in our Tank & Pump Solutions segment.

Work-in-process primarily represents partially assembled units. Finished units

MOBILE MINI, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) - Continued

primarily represent purchased or assembled containers held in inventory until the container is either sold as is, remanufactured and sold, or remanufactured and deployed as rental fleet. Inventories at June 30, 2017 and December 31, 2016 consisted of the following:

	June 30,	December 31,
	2017	2016
	(In thousands)	
Raw materials and supplies	\$ 12,900	\$ 12,908
Work-in-process	31	31
Finished units	3,468	2,473
Inventories	\$ 16,399	\$ 15,412

(6) Rental Fleet

Rental fleet is capitalized at cost and depreciated over the estimated useful life of the unit using the straight-line method. Rental fleet is depreciated whether or not it is out on rent. Capitalized cost of rental fleet includes the price paid to acquire the unit and freight charges to the location when the unit is first placed in service, and when applicable, the cost of manufacturing or remanufacturing, which includes the cost of customizing units. Ordinary repair and maintenance costs are charged to operations as incurred.

We periodically review depreciable lives and residual values against various factors, including the results of our lenders' independent appraisal of our rental fleet, practices of our competitors in comparable industries and profit margins achieved on sales of depreciated units.

Appraisals on our rental fleet are required by our lenders on a regular basis. The appraisal typically reports no difference in the value of the unit due to the age or length of time it has been in our fleet. Based in part upon our lender's third-party appraiser who evaluated our fleet as of September 30, 2016, management estimates that the net orderly liquidation appraisal value as of June 30, 2017 was approximately \$1.1 billion. Our net book value for this fleet as of June 30, 2017 was \$964.1 million.

Depreciation expense related to our rental fleet for the six months ended June 30, 2017 and 2016 was \$15.3 million and \$16.1 million, respectively. At June 30, 2017, all rental fleet units were pledged as collateral under our Amended and Restated ABL Credit Agreement, dated December 14, 2015, with Deutsche Bank AG New York Branch, as administrative agent, and the other lenders party thereto (the "Credit Agreement").

MOBILE MINI, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) - Continued

Rental fleet consisted of the following at June 30, 2017 and December 31, 2016:

	Residual Value	Estimated		
	as Percentage of	Useful Life	June 30,	December 31,
	Original Cost (1)	in Years	2017	2016
			(In thousands)	
Storage Solutions:				
Steel storage containers	55%	30	\$636,092	\$ 625,094
Steel ground level offices	55	30	358,806	347,574
Other			7,841	4,430
Total			1,002,739	977,098
Accumulated depreciation			(159,708)	(151,238)
Total Storage Solutions fleet, net			\$843,031	\$ 825,860
Tank & Pump Solutions:				
Steel tanks		25	\$62,991	\$ 61,955
Roll-off boxes		15 - 20	28,817	28,743
Stainless steel tank trailers		25	29,093	29,150
Vacuum boxes		20	12,142	11,512
De-watering boxes		20	5,981	5,429
Pumps and filtration equipment		7	13,242	13,690
Other			6,946	6,150
Total			159,212	156,629
Accumulated depreciation			(38,102)	(32,424)
Total Tank & Pump Solutions fleet, net			\$121,110	\$ 124,205
Total rental fleet, net			\$964,141	\$ 950,065

- (1) Tank & Pump Solutions fleet has been assigned zero residual value.

(7) Property, Plant and Equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and amortization. Depreciation is recorded using the straight-line method over the assets' estimated useful lives. Our depreciation expense related to property, plant and equipment for the six months ended June 30, 2017 and 2016 was \$12.5 million and \$12.1 million, respectively. Normal repairs and maintenance to property, plant and equipment are expensed as incurred. When property or equipment is retired or sold, the net book value of the asset, reduced by any proceeds, is charged to gain or loss on the disposal of property, plant and equipment and is included in rental, selling and general expenses in the

Condensed Consolidated Statements of Income.

Property, plant and equipment at June 30, 2017 and December 31, 2016 consisted of the following:

	Residual Value	Estimated		
	as Percentage of	Useful Life	June 30,	December 31,
	Original Cost	in Years	2017	2016
			(In thousands)	
Land			\$2,953	\$ 3,789
Vehicles and machinery	0 - 55%	5 - 30	139,076	131,584
Buildings and improvements (1)	0 - 25	3 - 30	24,637	22,750
Furniture, office and computer equipment	—	3 - 10	68,881	63,969
Property, plant and equipment			235,547	222,092
Accumulated depreciation			(84,911)	(72,895)
Property, plant and equipment, net			\$150,636	\$ 149,197

(1) Improvements made to leased properties are depreciated over the lesser of the estimated remaining life or the remaining term of the respective lease.

MOBILE MINI, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) - Continued

As of June 30, 2017 and December 31, 2016, we had \$37.7 million and \$35.0 million, respectively, of capitalized software, net of accumulated depreciation, included in property, plant and equipment.

(8) Goodwill and Intangibles

For acquired businesses, we record assets acquired and liabilities assumed at their estimated fair values on the respective acquisition dates. Based on these values, the excess purchase prices over the fair value of the net assets acquired is recorded as goodwill. Of the \$706.6 million total goodwill at June 30, 2017, \$468.6 million related to the North America Storage Solutions segment, \$56.8 million related to the U.K. Storage Solutions segment and \$181.2 million related to the Tank & Pump Solutions segment.

The following table shows the activity and balances related to goodwill from January 1, 2017 to June 30, 2017 (in thousands):

Balance at January 1, 2017	\$703,558
Foreign currency	3,026
Adjustments	18
Balance at June 30, 2017	\$706,602

Intangible assets are amortized over the estimated useful life of the asset utilizing a method which reflects the estimated pattern in which the economic benefits will be consumed. Customer relationships are amortized based on the estimated attrition rates of the underlying customer base, other intangibles are amortized using the straight-line method.

The following table reflects balances related to intangible assets for the periods presented:

		June 30, 2017			December 31, 2016		
	Estimated	Gross		Net	Gross		Net
	Useful Life	Carrying	Accumulated	Carrying	Carrying	Accumulated	Carrying
	in Years	Amount	Amortization	Amount	Amount	Amortization	Amount
		(In thousands)					
Customer relationships	15 - 20	\$92,805	\$ (31,642)	\$61,163	\$92,515	\$ (28,729)	\$63,786
Trade names/trademarks	5 - 10	5,928	(2,843)	3,085	5,892	(2,364)	3,528
Non-compete agreements	5	1,888	(964)	924	1,886	(813)	1,073

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Other	20	60	(28)	32	59	(26)	33
Total		\$100,681	\$ (35,477)	\$65,204	\$100,352	\$ (31,932)	\$68,420

Amortization expense for amortizable intangibles was approximately \$3.3 million and \$3.2 million for the six-month periods ended June 30, 2017 and 2016. Based on the carrying value at June 30, 2017, future amortization of intangible assets is expected to be as follows for the years ended December 31 (in thousands):

2017 (remaining)	\$3,274
2018	6,387
2019	6,291
2020	5,138
2021	4,904
Thereafter	39,210
Total	\$65,204

MOBILE MINI, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) - Continued

(9) Debt

Lines of Credit

On December 14, 2015, we entered into the Credit Agreement with Deutsche Bank AG New York Branch, as administrative agent, and other lenders party thereto. The Credit Agreement provides for a five-year, \$1.0 billion first lien senior secured revolving credit facility maturing on or before the earlier of (i) December 14, 2020 and (ii) the date that is 90 days prior to the final maturity date of the Senior Notes, if such Senior Notes remain outstanding on such date. The Credit Agreement also provides for the issuance of irrevocable standby letters of credit by U.S.-based lenders in amounts totaling up to \$50.0 million, by U.K.-based lenders in amounts totaling up to \$20.0 million, and by Canadian-based lenders in amounts totaling up to \$20.0 million. The obligations of Mobile Mini and its subsidiary guarantors under the Credit Agreement are secured by a blanket lien on substantially all of our assets.

Amounts borrowed under the Credit Agreement and repaid or prepaid during the term may be reborrowed. Outstanding amounts under the Credit Agreement bear interest at our option at either: (i) the London interbank offered rate ("LIBOR") plus an applicable margin ("LIBOR Loans"), or (ii) the prime rate plus an applicable margin ("Base Rate Loans"). The applicable margin for each type of loan is based on an availability-based pricing grid and ranges from 1.25% to 1.75% for LIBOR Loans and 0.25% to 0.75% for Base Rate Loans at each measurement date. As of June 30, 2017, the applicable margins are 1.50% for LIBOR Loans and 0.50% for Base Rate Loans.

Availability of borrowings under the Credit Agreement is subject to a borrowing base calculation based upon a valuation of the Company's eligible accounts receivable, eligible container fleet (including containers held for sale, work-in-process and raw materials) and machinery and equipment, each multiplied by an applicable advance rate or limit. The rental fleet is appraised at least once annually by a third-party appraisal firm and up to 90% of the net orderly liquidation value, as defined in the Credit Agreement, is included in the borrowing base to determine the amount the Company may borrow under the Credit Agreement.

The Credit Agreement provides for U.K. borrowings, which are, at the Company's option, denominated in either Pounds Sterling or Euros, by its U.K. subsidiary based upon a U.K. borrowing base; Canadian borrowings, which are denominated in Canadian dollars, by its Canadian subsidiary based upon a Canadian borrowing base; and U.S. borrowings, which are denominated in U.S. dollars, by the Company based upon a U.S. borrowing base along with any Canadian assets not included in the Canadian subsidiary.

The Credit Agreement also contains customary negative covenants, including covenants that restrict or limit the Company's ability to, among other things: (i) allow certain liens to attach to the Company's or its subsidiaries' assets, (ii) repurchase or pay dividends or make certain other restricted payments on capital stock and certain other securities, or prepay certain indebtedness, (iii) incur additional indebtedness or engage in certain other types of financing transactions, and (iv) make acquisitions or other investments. In addition, we must comply with a minimum fixed charge coverage ratio of 1.00 to 1.00 as of the last day of each quarter, upon the minimum availability amount under the Credit Agreement falling below the greater of (y) \$90 million and (z) 10% of the lesser of the then total revolving loan commitment and aggregate borrowing base. As of June 30, 2017, we were in compliance with the minimum borrowing availability threshold set forth in the Credit Agreement and, therefore, are not subject to any financial maintenance covenants.

Senior Notes

On May 9, 2016, we issued \$250.0 million aggregate principal amount of the 2024 Notes at an initial offering price of 100% of their face value. The net proceeds from the sale of the 2024 Notes were used to (i) redeem all \$200.0 million aggregate principal amount of our 7.875% senior notes due 2020 (“2020 Notes”) at a redemption price of 103.938% of the principal amount thereof plus accrued and unpaid interest to, but not including, the redemption date of June 8, 2016, (ii) repay a portion of the indebtedness outstanding under our asset-based revolving credit facility, and (iii) pay fees and expenses related to the offering of the 2024 Notes.

The 2024 Notes bear interest at a rate of 5.875% per year have an eight-year term and mature on July 1, 2024. Interest on the 2024 Notes is payable semiannually in arrears on January 1 and July 1, beginning on January 1, 2017. The 2024 Notes are senior unsecured obligations of the Company and are unconditionally guaranteed on a senior unsecured basis by certain of our existing and future domestic subsidiaries.

MOBILE MINI, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) - Continued

Obligations Under Capital Leases

At June 30, 2017 and December 31, 2016, obligations under capital leases for certain real property, transportation, technology and office related equipment were \$49.3 million and \$50.7 million, respectively. Certain of the lease agreements provide us with a purchase option at the end of the lease term.

Future Debt Obligations

The scheduled maturity for debt obligations for balances outstanding at June 30, 2017 are as follows:

	Lines of	Senior	Capital Lease	
	Credit	Notes	Obligations	Total
	(In thousands)			
2017 (remaining)	\$—	\$—	\$ 3,748	\$3,748
2018	—	—	7,240	7,240
2019	—	—	7,594	7,594
2020	637,651	—	8,817	646,468
2021	—	—	8,669	8,669
Thereafter	—	250,000	13,234	263,234
Total	\$637,651	\$250,000	\$ 49,302	\$936,953

(10) Income Taxes

We are subject to taxation in the U.S. federal jurisdiction, as well as various U.S. state and foreign jurisdictions. We have identified our U.S. federal tax return as our “major” tax jurisdiction. As of June 30, 2017, we are no longer subject to examination by U.S. federal tax authorities for years prior to 2013, to examination for any U.S. state taxing authority prior to 2011, or to examination for any foreign jurisdictions prior to 2013. All subsequent periods remain open to examination. Our effective income tax rate decreased to 34.3% for the six months ended June 30, 2017, compared to 36.6% for the prior-year period. This decrease in the effective tax rate was primarily due to stock compensation related items recorded discretely in the prior year period.

Our policy for recording interest and penalties associated with audits is to record such items as a component of income before taxes. Penalties and associated interest costs, if any, are recorded in rental, selling and general expenses in our Condensed Consolidated Statements of Income.

(11) Share-Based Compensation

We have historically awarded stock options and restricted stock awards for employees and non-employee directors as a means of attracting and retaining quality personnel and to align employee performance with stockholder value. Stock option plans are approved by our stockholders and administered by the stock compensation committee of the Company's Board of Directors (the "Board"). The current plan allows for a variety of equity programs designed to provide flexibility in implementing equity and cash awards, including incentive stock options, nonqualified stock options, restricted stock awards, restricted stock units, stock appreciation rights, performance stock, performance units and other stock-based awards. Participants may be granted any one of the equity awards or any combination. We do not award stock options with an exercise price below the market price of the underlying securities on the date of grant. As of June 30, 2017, 1.7 million shares are available for future grants, assuming performance-based options vest at their target amount. Generally, stock options have contractual terms of ten years.

The following table summarizes the Company's share-based compensation for the three and six months ended June 30:

	Three Months Ended		Six Months Ended	
	June 30, 2017 2016		June 30, 2017 2016	
	(In thousands)		(In thousands)	
Share-based compensation expense included in:				
Rental, selling and general expenses	\$2,509	\$1,623	\$3,820	\$4,187
Restructuring expenses	—	58	—	58
Total share-based compensation	\$2,509	\$1,681	\$3,820	\$4,245

MOBILE MINI, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) - Continued

During the three months ended June 30, 2017, the final vesting dates were accelerated for certain share-based compensation awards to an executive departing the Company. The vesting dates were adjusted to correspond to the executive's departure date, resulting in expense of \$1.0 million in the current year. The expense related to the acceleration is included in rental, selling and general expense in the condensed consolidated statement of income for the three and six months ended June 30, 2017.

As of June 30, 2017, total unrecognized compensation cost related to stock option awards was approximately \$3.8 million and the related weighted-average period over which it is expected to be recognized is approximately 1.3 years. As of June 30, 2017, the unrecognized compensation cost related to restricted stock awards was approximately \$6.4 million, which is expected to be recognized over a weighted-average period of approximately 2.6 years.

Stock Options. The fair value of each stock option award is estimated on the date of the grant using the Black-Scholes-Merton option pricing model which requires the input of assumptions. We estimate the risk-free interest rate based on the U.S. Treasury security rate in effect at the time of the grant. The expected life of the options, volatility and dividend rates are estimated based on our historical data. The following are the key assumptions used for each of the six-month periods ended June 30:

	2017	2016
Risk-free interest rate	1.9%	1.5%
Expected life of the options (years)	5	5
Expected stock price volatility	35.4%	36.7%
Expected dividend rate	2.8%	3.1%

The following table summarizes stock option activity for the six months ended June 30, 2017:

	Number of	Weighted
	Shares	Average
	(In	Exercise
	thousands)	Price
Options outstanding, beginning of period	3,292	\$ 32.06
Granted	398	32.55
Canceled/Expired	(225)) 29.43
Exercised	(79)) 20.88

Options outstanding, end of period	3,386	32.55
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A summary of stock options outstanding as of June 30, 2017 is as follows:

		Weighted		
		Average	Remaining	Aggregate
	Number of	Exercise	Contractual	Intrinsic
	Shares	Price	Terms	Value
	(In thousands)		(In years)	(In thousands)
Outstanding	3,386	\$ 32.55	6.61	\$ 3,945
Exercisable	2,568	32.87	5.87	2,813

The aggregate intrinsic value of options exercised during the six months ended June 30, 2017 was approximately \$0.9 million and the weighted average fair value of stock options granted during the six months ended June 30, 2017 was \$8.33.

The option awards granted in 2017 will vest based upon the achievement of specified performance criteria related to fiscal 2017, 2018 and 2019. In addition, included in options outstanding at the end of the period are 0.3 million options granted in 2016 that will vest based upon the achievement of specified performance criteria related to fiscal 2017 and 2018. Such awards have been granted assuming a target number of options. However, the terms of these awards provide that the number of options that ultimately vest may vary between 50% and 200% of the target award, or may be zero. The tables present the options at their target amount. Included in the table above are cancellations of approximately 0.2 million options granted in previous years subject to performance criteria. These awards were canceled during the current-year period due to vesting at less than 100% of the target award.

MOBILE MINI, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) - Continued

Restricted Stock Awards. The fair value of restricted stock awards is estimated as the closing price of our common stock on the date of grant. A summary of restricted stock award activity is as follows:

	Shares (In thousands)	Weighted Average Grant Date Fair Value
Restricted stock awards at beginning of period	243	\$ 30.27
Awarded	102	32.55
Released	(77)	31.03
Forfeited	(17)	31.34
Restricted stock awards at end of period	251	30.89

The restricted stock awards that vested during the six months ended June 30, 2017 had an aggregate grant date fair value of \$2.3 million and an aggregate vesting date fair value of \$2.3 million.

(12) Restructuring

We have undergone restructuring actions to align our business operations. The restructuring expenses during the six-month period ended June 30, 2017 resulted primarily from the continuation of restructuring projects initiated in prior years. These costs include additional restructuring items that were included in prior year plans but were not accruable at the time of the previous charges. Of the \$1.4 million of restructuring expenses recognized in the six months ended June 30, 2017, approximately \$0.7 million of costs related to the abandonment of yards, or portions of yards, as well as related fleet and other costs due to the divestiture of our wood mobile office business. Additionally, \$0.7 million related to activities associated with the continued integration of Evergreen Tank Solutions (“ETS”) into the existing Mobile Mini infrastructure.

Of the \$3.6 million of restructuring expense recognized in the six months ended June 30, 2016 approximately \$1.8 million related to the integration of ETS into the existing Mobile Mini infrastructure, including the re-alignment of sales leadership with operational leadership and the remaining \$1.8 million of expenses largely relate to the abandonment of yards related to the divestiture of our wood mobile office business.

The following table details accrued restructuring obligations (included in accrued liabilities in the Condensed Consolidated Balance Sheets) and related activity for the fiscal year ended December 31, 2016 and the six-month period ended June 30, 2017:

	Fleet and Property,				
	Plant and Equipment		Lease		
	Surveillance and Abandonment		Other		
	Abandonment	Benefit Costs	Costs	Costs	Total
	(In thousands)				
Accrued obligations as of January 1, 2016	\$—	\$ 1,245	\$ 495	\$2	\$1,742
Restructuring expense	109	1,006	3,453	1,452	6,020
Settlement of obligations	(109)	(1,856)	(3,580)	(1,454)	(6,999)
Accrued obligations as of December 31, 2016	—	395	368	—	763
Restructuring expense	—	—	705	732	1,437
Settlement of obligations	—	(332)	(807)	(684)	(1,823)
Accrued obligations as of June 30, 2017	\$—	\$ 63	\$ 266	\$48	\$377

MOBILE MINI, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) - Continued

The following amounts are included in restructuring expenses for the periods indicated:

	Three Months Ended		Six Months Ended	
	June 30, 2017 2016		June 30, 2017 2016	
	(In thousands)			
Fleet and property, plant and equipment abandonment costs	\$—	\$2	\$—	\$108
Severance and benefits	—	164	—	236
Lease abandonment costs	189	1,077	705	1,813
Other costs	349	81	732	1,415
Restructuring expenses	\$538	\$1,324	\$1,437	\$3,572

(13) Commitments and Contingencies

We are a party to various claims and litigation in the normal course of business. Our current estimated range of liability related to various claims and pending litigation is based on claims for which our management can determine that it is probable that a liability has been incurred and the amount of loss can be reasonably estimated. Because of the uncertainties related to both the probability of incurred and possible range of loss on pending claims and litigation, management must use considerable judgment in making reasonable determination of the liability that could result from an unfavorable outcome. As additional information becomes available, we will assess the potential liability related to our pending litigation and revise our estimates. Such revisions in our estimates of the potential liability could materially impact our results of operation. We do not anticipate the resolution of such matters known at this time will have a material adverse effect on our business or consolidated financial position.

(14) Stockholders' Equity

Dividends

During the first six months of fiscal 2017, the Board authorized and declared cash dividends to all of our common stockholders as follows:

Declaration Date Payment Date Record Date

(close of business)			Dividend Amount Per Share
			of Common Stock
January 31, 2017	March 15, 2017	March 1, 2017	\$ 0.227
April 26, 2017	May 31, 2017	May 17, 2017	0.227

Each future quarterly dividend payment is subject to review and approval by the Board. Our Credit Agreement contains restrictions on the declaration and payment of dividends.

Treasury Stock

On November 6, 2013, the Board approved a share repurchase program authorizing up to \$125.0 million of our outstanding shares of common stock to be repurchased. On April 17, 2015, the Board authorized up to an additional \$50.0 million of our outstanding shares of common stock to be repurchased, for a total of \$175.0 million under the share repurchase program. The shares may be repurchased from time to time in the open market or in privately negotiated transactions. The share repurchases are subject to prevailing market conditions and other considerations. The share repurchase program does not have an expiration date and may be suspended or terminated at any time by the Board. All shares repurchased are held in treasury.

During the six months ended June 30, 2017, we purchased approximately 0.2 million shares of our common stock at a total cost of \$7.3 million, and a cost of approximately \$29.58 per share (excluding commissions), under the authorized share repurchase program. Approximately \$70.8 million is available for repurchase as of June 30, 2017. In addition, during the six months ended June 30, 2017, we withheld approximately 21,000 shares of stock from employees, for an approximate value of \$0.6 million, upon vesting of share awards to satisfy minimum tax withholding obligations. These shares were not acquired pursuant to the share repurchase program.

During the six months ended June 30, 2016, we purchased approximately 0.3 million shares of our common stock at a cost of \$6.8 million under the authorized share repurchase program. Approximately \$82.2 million was available for repurchase as of June 30,

MOBILE MINI, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) - Continued

2016. In addition, during the six months ended June 30, 2016, we withheld approximately 11,000 shares of stock from employees, for an approximate value of \$0.3 million, upon vesting of share awards to satisfy minimum tax withholding obligations. These shares were not acquired pursuant to the share repurchase program.

(15) Segment Reporting

Our operations are comprised of three reportable segments: North American Storage Solutions, U.K. Storage Solutions and Tank & Pump Solutions. Discrete financial data on each of our products is not available and it would be impractical to collect and maintain financial data in such a manner. The results for each segment are reviewed discretely by our chief operating decision maker.

We operate in the U.S., the U.K. and Canada. All of our locations operate in their local currency. Although we are exposed to foreign exchange rate fluctuation in foreign markets where we rent and sell our products, we do not believe such exposure will have a significant impact on our results of operations. Revenues recognized by our U.S. locations were \$104.8 million and \$103.1 million for the three months ended June 30, 2017 and 2016, respectively, and were \$207.4 million and \$206.2 million for the six months ended June 30, 2017 and 2016, respectively.

The following tables set forth certain information regarding each of the Company's segments for the three-month periods indicated:

	For the Three Months Ended June 30, 2017				
	Storage Solutions			Tank &	
	North	United		Pump	
	America	Kingdom	Total	Solutions	Consolidated
	(In thousands)				
Revenues:					
Rental	\$76,511	\$ 18,975	\$95,486	\$ 22,365	\$ 117,851
Sales	5,027	2,129	7,156	1,245	8,401
Other	271	73	344	94	438
Total revenues	81,809	21,177	102,986	23,704	126,690
Costs and expenses:					
Rental, selling and general expenses	53,795	12,336	66,131	16,719	82,850
Cost of sales	3,062	1,668	4,730	678	5,408
Restructuring expenses	532	—	532	6	538
Depreciation and amortization	7,751	1,726	9,477	6,265	15,742
Total costs and expenses	65,140	15,730	80,870	23,668	104,538

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Income from operations	\$ 16,669	\$ 5,447	\$ 22,116	\$ 36	\$ 22,152
Interest expense, net of interest income	\$ 5,959	\$ 126	\$ 6,085	\$ 2,706	\$ 8,791
Income tax provision (benefit)	4,705	911	5,616	(1,050)	4,566
Capital expenditures for additions to rental fleet,					
excluding acquisitions	10,340	1,098	11,438	1,583	13,021

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MOBILE MINI, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) - Continued

	For the Three Months Ended June 30, 2016				
	Storage Solutions			Tank &	
	North	United		Pump	
	America	Kingdom	Total	Solutions	Consolidated
	(In thousands)				
Revenues:					
Rental	\$73,671	\$20,431	\$94,102	\$22,671	\$116,773
Sales	4,712	411	5,123	1,219	6,342
Other	1,566	45	1,611	123	1,734
Total revenues	79,949	20,887	100,836	24,013	124,849
Costs and expenses:					
Rental, selling and general expenses	50,361	12,493	62,854	15,183	78,037
Cost of sales	2,776	280	3,056	622	3,678
Restructuring expenses	1,031	—	1,031	293	1,324
Depreciation and amortization	7,184	1,794	8,978	7,291	16,269
Total costs and expenses	61,352	14,567	75,919	23,389	99,308
Income from operations	\$18,597	\$6,320	\$24,917	\$624	\$25,541
Interest expense, net of interest income	\$5,105	\$136	\$5,241	\$2,761	\$8,002
Income tax provision (benefit)	1,182	1,076	2,258	(258)	2,000
Capital expenditures for additions to rental fleet,					
excluding acquisitions	6,901	3,308	10,209	7,065	17,274

The following tables set forth certain information regarding each of the Company's segments for the six-month periods indicated:

	For the Six Months Ended June 30, 2017				
	Storage Solutions			Tank &	
	North	United		Pump	
	America	Kingdom	Total	Solutions	Consolidated
	(In thousands)				
Revenues:					
Rental	\$152,077	\$37,215	\$189,292	\$43,301	\$232,593
Sales	9,904	4,116	14,020	2,359	16,379

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Other	835	182	1,017	228	1,245
Total revenues	162,816	41,513	204,329	45,888	250,217
Costs and expenses:					
Rental, selling and general expenses	103,795	24,561	128,356	32,853	161,209
Cost of sales	6,070	3,261	9,331	1,189	10,520
Restructuring expenses	1,433	—	1,433	4	1,437
Depreciation and amortization	15,264	3,396	18,660	12,346	31,006
Total costs and expenses	126,562	31,218	157,780	46,392	204,172
Income (loss) from operations	\$36,254	\$ 10,295	\$46,549	\$ (504)	\$ 46,045
Interest expense, net of interest income	\$ 11,527	\$ 252	\$ 11,779	\$ 5,414	\$ 17,193
Income tax provision (benefit)	10,313	1,648	11,961	(2,065)	9,896
Capital expenditures for additions to rental fleet,					
excluding acquisitions	15,204	4,528	19,732	3,295	23,027

MOBILE MINI, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) - Continued

	For the Six Months Ended June 30, 2016				
	Storage Solutions			Tank &	
	North	United		Pump	
	America	Kingdom	Total	Solutions	Consolidated
	(In thousands)				
Revenues:					
Rental	\$ 147,684	\$ 40,146	\$ 187,830	\$ 46,299	\$ 234,129
Sales	9,160	1,255	10,415	2,818	13,233
Other	1,779	99	1,878	142	2,020
Total revenues	158,623	41,500	200,123	49,259	249,382
Costs and expenses:					
Rental, selling and general expenses	98,749	24,959	123,708	30,631	154,339
Cost of sales	5,534	921	6,455	1,834	8,289
Restructuring expenses	3,213	—	3,213	359	3,572
Depreciation and amortization	13,611	3,505	17,116	14,330	31,446
Total costs and expenses	121,107	29,385	150,492	47,154	197,646
Income from operations	\$37,516	\$ 12,115	\$49,631	\$ 2,105	\$ 51,736
Interest expense, net of interest income	\$10,753	\$ 267	\$11,020	\$ 5,466	\$ 16,486
Income tax provision	6,241	2,144	8,385	328	8,713
Capital expenditures for additions to rental fleet,					
excluding acquisitions	11,481	7,478	18,959	9,199	28,158

Assets related to the Company's reportable segments include the following:

	Storage Solutions			Tank &	
	North	United		Pump	
	America	Kingdom	Total	Solutions	Consolidated
	(In thousands)				
As of June 30, 2017:					
Goodwill	\$468,620	\$56,766	\$525,386	\$181,216	\$ 706,602
Intangibles	1,622	757	2,379	62,825	65,204
Rental fleet	695,079	147,952	843,031	121,110	964,141
As of December 31, 2016:					

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Goodwill	\$468,464	\$53,878	\$522,342	\$181,216	\$ 703,558
Intangibles	1,959	899	2,858	65,562	68,420
Rental fleet	688,477	137,383	825,860	124,205	950,065

Included in the table above are assets in the U.S. of \$1.5 billion as of both June 30, 2017 and December 31, 2016.

(16) Subsequent Events

Declaration of Quarterly Dividend

On July 18, 2017, the Company's Board authorized and declared a quarterly dividend to all of our common stockholders of \$0.227 per share of common stock, payable on August 30, 2017, to all stockholders of record as of the close of business on August 16, 2017.

(17) Condensed Consolidating Financial Information

The following tables reflect the condensed consolidating financial information of the Company's subsidiary guarantors of the Senior Notes and its non-guarantor subsidiaries. Separate financial statements of the subsidiary guarantors are not presented because

MOBILE MINI, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) - Continued

the guarantee by each 100% owned subsidiary guarantor is full and unconditional, joint and several, subject to customary exceptions, and management has determined that such information is not material to investors.

MOBILE MINI, INC.

CONDENSED CONSOLIDATING BALANCE SHEETS

As of June 30, 2017

(In thousands)

	Non-			
	Guarantors	Guarantors	Eliminations	Consolidated
ASSETS				
Cash and cash equivalents	\$429	\$ 8,845	\$ —	\$ 9,274
Receivables, net	72,431	19,959	—	92,390
Inventories	14,637	1,762	—	16,399
Rental fleet, net	807,230	156,911	—	964,141
Property, plant and equipment, net	130,370	20,266	—	150,636
Other assets	14,117	3,011	—	17,128
Intangibles, net	64,418	786	—	65,204
Goodwill	645,126	61,476	—	706,602
Intercompany receivables	145,954	4,541	(150,495)	—
Total assets	\$1,894,712	\$ 277,557	\$ (150,495)	\$ 2,021,774
LIABILITIES AND STOCKHOLDERS' EQUITY				
Liabilities:				
Accounts payable	\$22,438	\$ 8,270	\$ —	\$ 30,708
Accrued liabilities	56,589	8,367	—	64,956
Lines of credit	637,651	—	—	637,651
Obligations under capital leases	49,148	154	—	49,302
Senior Notes, net	245,531	—	—	245,531
Deferred income taxes	213,303	18,276	—	231,579
Intercompany payables	838	1,658	(2,496)	—
Total liabilities	1,225,498	36,725	(2,496)	1,259,727
Commitments and contingencies				
Stockholders' equity:				
Common stock	495	—	—	495
Additional paid-in capital	597,658	147,999	(147,999)	597,658

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Retained earnings	217,844	162,281	—	380,125
Accumulated other comprehensive loss	—	(69,448)	—	(69,448)
Treasury stock, at cost	(146,783)	—	—	(146,783)
Total stockholders' equity	669,214	240,832	(147,999)	762,047
Total liabilities and stockholders' equity	\$ 1,894,712	\$ 277,557	\$ (150,495)	\$ 2,021,774

MOBILE MINI, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) - Continued

MOBILE MINI, INC.

CONDENSED CONSOLIDATING BALANCE SHEETS

As of December 31, 2016

(In thousands)

	Non-			
	Guarantors	Guarantors	Eliminations	Consolidated
ASSETS				
Cash and cash equivalents	\$ 1,260	\$ 2,877	\$ —	\$ 4,137
Receivables, net	80,476	18,699	—	99,175
Inventories	14,526	886	—	15,412
Rental fleet, net	803,553	146,512	—	950,065
Property, plant and equipment, net	129,458	19,739	—	149,197
Other assets	13,189	1,741	—	14,930
Intangibles, net	67,487	933	—	68,420
Goodwill	645,126	58,432	—	703,558
Intercompany receivables	146,016	4,513	(150,529)	—
Total assets	\$ 1,901,091	\$ 254,332	\$ (150,529)	\$ 2,004,894
LIABILITIES AND STOCKHOLDERS' EQUITY				
Liabilities:				
Accounts payable	\$ 20,218	\$ 7,170	\$ —	\$ 27,388
Accrued liabilities	57,025	7,101	—	64,126
Lines of credit	640,975	185	—	641,160
Obligations under capital leases	50,507	197	—	50,704
Senior Notes, net	245,212	—	—	245,212
Deferred income taxes	224,212	16,478	—	240,690
Intercompany payables	384	2,146	(2,530)	—
Total liabilities	1,238,533	33,277	(2,530)	1,269,280
Commitments and contingencies				
Stockholders' equity:				
Common stock	493	—	—	493
Additional paid-in capital	592,071	147,999	(147,999)	592,071
Retained earnings	208,793	154,103	—	362,896
Accumulated other comprehensive loss	—	(81,047)	—	(81,047)
Treasury stock, at cost	(138,799)	—	—	(138,799)
Total stockholders' equity	662,558	221,055	(147,999)	735,614
Total liabilities and stockholders' equity	\$ 1,901,091	\$ 254,332	\$ (150,529)	\$ 2,004,894

MOBILE MINI, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) - Continued

MOBILE MINI, INC.

CONDENSED CONSOLIDATING STATEMENTS OF INCOME

Three Months Ended June 30, 2017

(In thousands)

	Non-			
	Guarantors	Guarantors	Eliminations	Consolidated
Revenues:				
Rental	\$ 98,215	\$ 19,636	\$ —	\$ 117,851
Sales	6,212	2,189	—	8,401
Other	365	73	—	438
Total revenues	104,792	21,898	—	126,690
Costs and expenses:				
Rental, selling and general expenses	69,799	13,051	—	82,850
Cost of sales	3,700	1,708	—	5,408
Restructuring expenses	538	—	—	538
Depreciation and amortization	13,930	1,812	—	15,742
Total costs and expenses	87,967	16,571	—	104,538
Income from operations	16,825	5,327	—	22,152
Other income (expense):				
Interest income	2,664	2	(2,650)	16
Interest expense	(11,328)	(129)	2,650	(8,807)
Foreign currency exchange	—	(18)	—	(18)
Income before income tax provision	8,161	5,182	—	13,343
Income tax provision	3,655	911	—	4,566
Net income	\$ 4,506	\$ 4,271	\$ —	\$ 8,777

MOBILE MINI, INC.

CONDENSED CONSOLIDATING STATEMENTS OF COMPREHENSIVE INCOME

Three Months Ended June 30, 2017

(In thousands)

Guarantors Non- Eliminations Consolidated

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		Guarantors		
Net income	\$ 4,506	\$ 4,271	\$	— \$ 8,777
Foreign currency translation adjustment	—	9,096		— 9,096
Comprehensive income	\$ 4,506	\$ 13,367	\$	— \$ 17,873

MOBILE MINI, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) - Continued

MOBILE MINI, INC.

CONDENSED CONSOLIDATING STATEMENTS OF INCOME

Three Months Ended June 30, 2016

(In thousands)

	Guarantors	Non-Guarantors	Eliminations	Consolidated
Revenues:				
Rental	\$ 95,555	\$ 21,218	\$ —	\$ 116,773
Sales	5,865	477	—	6,342
Other	1,687	47	—	1,734
Total revenues	103,107	21,742	—	124,849
Costs and expenses:				
Rental, selling and general expenses	64,935	13,102	—	78,037
Cost of sales	3,361	317	—	3,678
Restructuring expenses	1,324	—	—	1,324
Depreciation and amortization	14,369	1,900	—	16,269
Total costs and expenses	83,989	15,319	—	99,308
Income from operations	19,118	6,423	—	25,541
Other income (expense):				
Interest income	2,653	—	(2,653)	—
Interest expense	(10,519)	(136)	2,653	(8,002)
Debt extinguishment expense	(9,192)	—	—	(9,192)
Deferred financing costs write-off	(2,271)	—	—	(2,271)
Foreign currency exchange	—	(4)	—	(4)
(Loss) income before income tax provision	(211)	6,283	—	6,072
Income tax provision	924	1,076	—	2,000
Net (loss) income	\$ (1,135)	\$ 5,207	\$ —	\$ 4,072

MOBILE MINI, INC.

CONDENSED CONSOLIDATING STATEMENTS OF COMPREHENSIVE INCOME

Three Months Ended June 30, 2016

(In thousands)

Non-

	Guarantors	Guarantors	Eliminations	Consolidated
Net (loss) income	\$ (1,135)	\$ 5,207	\$ —	\$ 4,072
Foreign currency translation adjustment	—	(15,272)	—	(15,272)
Comprehensive loss	\$ (1,135)	\$ (10,065)	\$ —	\$ (11,200)

MOBILE MINI, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) - Continued

MOBILE MINI, INC.

CONDENSED CONSOLIDATING STATEMENTS OF INCOME

Six Months Ended June 30, 2017

(In thousands)

	Guarantors	Non-Guarantors	Eliminations	Consolidated
Revenues:				
Rental	\$ 194,158	\$ 38,435	\$ —	\$ 232,593
Sales	12,163	4,216	—	16,379
Other	1,061	184	—	1,245
Total revenues	207,382	42,835	—	250,217
Costs and expenses:				
Rental, selling and general expenses	135,380	25,829	—	161,209
Cost of sales	7,187	3,333	—	10,520
Restructuring expenses	1,437	—	—	1,437
Depreciation and amortization	27,438	3,568	—	31,006
Total costs and expenses	171,442	32,730	—	204,172
Income from operations	35,940	10,105	—	46,045
Other income (expense):				
Interest income	5,314	2	(5,300)	16
Interest expense	(22,254)	(255)	5,300	(17,209)
Foreign currency exchange	—	(27)	—	(27)
Income before income tax provision	19,000	9,825	—	28,825
Income tax provision	8,248	1,648	—	9,896
Net income	\$ 10,752	\$ 8,177	\$ —	\$ 18,929

MOBILE MINI, INC.

CONDENSED CONSOLIDATING STATEMENTS OF COMPREHENSIVE INCOME

Six Months Ended June 30, 2017

(In thousands)

Guarantors Non-Guarantors Eliminations Consolidated

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		Guarantors		
Net income	\$ 10,752	\$ 8,177	\$	— \$ 18,929
Foreign currency translation adjustment	—	11,599		— 11,599
Comprehensive income	\$ 10,752	\$ 19,776	\$	— \$ 30,528

MOBILE MINI, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) - Continued

MOBILE MINI, INC.

CONDENSED CONSOLIDATING STATEMENTS OF INCOME

Six Months Ended June 30, 2016

(In thousands)

	Non-			
	Guarantors	Guarantors	Eliminations	Consolidated
Revenues:				
Rental	\$ 192,445	\$ 41,684	\$ —	\$ 234,129
Sales	11,826	1,407	—	13,233
Other	1,915	105	—	2,020
Total revenues	206,186	43,196	—	249,382
Costs and expenses:				
Rental, selling and general expenses	128,174	26,165	—	154,339
Cost of sales	7,271	1,018	—	8,289
Restructuring expenses	3,572	—	—	3,572
Depreciation and amortization	27,746	3,700	—	31,446
Total costs and expenses	166,763	30,883	—	197,646
Income from operations	39,423	12,313	—	51,736
Other income (expense):				
Interest income	5,307	—	(5,307)	—
Interest expense	(21,388)	(405)	5,307	(16,486)
Debt extinguishment expense	(9,192)	—	—	(9,192)
Deferred financing costs write-off	(2,271)	—	—	(2,271)
Foreign currency exchange	—	(4)	—	(4)
Income before income tax provision	11,879	11,904	—	23,783
Income tax provision	6,569	2,144	—	8,713
Net income	\$ 5,310	\$ 9,760	\$ —	\$ 15,070

MOBILE MINI, INC.

CONDENSED CONSOLIDATING STATEMENTS OF COMPREHENSIVE INCOME

Six Months Ended June 30, 2016

(In thousands)

Non-

	Guarantors	Guarantors	Eliminations	Consolidated
Net income	\$ 5,310	\$ 9,760	\$ —	\$ 15,070
Foreign currency translation adjustment	—	(18,985)	—	(18,985)
Comprehensive income (loss)	\$ 5,310	\$ (9,225)	\$ —	\$ (3,915)

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MOBILE MINI, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) - Continued

MOBILE MINI, INC.

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS

Six Months Ended June 30, 2017

(In thousands)

	Non-			
	Guarantors	Guarantors	Eliminations	Consolidated
Cash flows from operating activities:				
Net income	\$ 10,752	\$ 8,177	\$ —	\$ 18,929
Adjustments to reconcile net income to net cash				
provided by operating activities:				
Provision for doubtful accounts	1,996	206	—	2,202
Amortization of deferred financing costs	1,030	—	—	1,030
Amortization of long-term liabilities	65	—	—	65
Share-based compensation expense	3,672	148	—	3,820
Depreciation and amortization	27,438	3,568	—	31,006
Gain on sale of rental fleet units	(2,657)	(169)	—	(2,826)
Loss on disposal of property, plant and equipment	62	220	—	282
Deferred income taxes	8,266	885	—	9,151
Foreign currency exchange	—	27	—	27
Changes in certain assets and liabilities, net of effect of				
businesses acquired:				
Receivables	6,049	(464)	—	5,585
Inventories	(110)	(794)	—	(904)
Other assets	(1,636)	(1,158)	—	(2,794)
Accounts payable	(1,881)	(311)	—	(2,192)
Accrued liabilities	(1,030)	870	—	(160)
Intercompany	237	(237)	—	—
Net cash provided by operating activities	52,253	10,968	—	63,221
Cash flows from investing activities:				
Additions to rental fleet, excluding acquisitions	(18,391)	(4,636)	—	(23,027)
Proceeds from sale of rental fleet	5,709	574	—	6,283
Additions to property, plant and equipment,				
excluding acquisitions	(6,976)	(1,731)	—	(8,707)
Proceeds from sale of property, plant and equipment	67	701	—	768
Net cash used in investing activities	(19,591)	(5,092)	—	(24,683)

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Cash flows from financing activities:				
Net repayments under lines of credit	(3,324)	(185)	—	(3,509)
Deferred financing costs	(12)	—	—	(12)
Principal payments on capital lease obligations	(3,694)	(42)	—	(3,736)
Issuance of common stock	1,640	—	—	1,640
Dividend payments	(20,119)	—	—	(20,119)
Purchase of treasury stock	(7,984)	—	—	(7,984)
Net cash used in financing activities	(33,493)	(227)	—	(33,720)
Effect of exchange rate changes on cash	—	319	—	319
Net (decrease) increase in cash	(831)	5,968	—	5,137
Cash and cash equivalents at beginning of period	1,260	2,877	—	4,137
Cash and cash equivalents at end of period	\$ 429	\$ 8,845	\$ —	\$ 9,274

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MOBILE MINI, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) - Continued

MOBILE MINI, INC.

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS

Six Months Ended June 30, 2016

(In thousands)

Non-

	Guarantors	Guarantors	Eliminations	Consolidated
Cash flows from operating activities:				
Net income	\$ 5,310	\$ 9,760	\$ —	\$ 15,070
Adjustments to reconcile net income to net cash provided				
by operating activities:				
Debt extinguishment expense	9,192	—	—	9,192
Deferred financing costs write-off	2,271	—	—	2,271
Provision for doubtful accounts	2,434	212	—	2,646
Amortization of deferred financing costs	941	7	—	948
Amortization of long-term liabilities	58	—	—	58
Share-based compensation expense	4,106	139	—	4,245
Depreciation and amortization	27,746	3,700	—	31,446
Gain on sale of rental fleet units	(2,500)	(282)	—	(2,782)
Loss on disposal of property, plant and equipment	521	168	—	689
Deferred income taxes	6,399	2,143	—	8,542
Foreign currency exchange	—	4	—	4
Changes in certain assets and liabilities, net of effect of				
businesses acquired:				
Receivables	(10,758)	(1,538)	—	(12,296)
Inventories	(2,173)	383	—	(1,790)
Other assets	540	(58)	—	482
Accounts payable	3,029	2,736	—	5,765
Accrued liabilities	202	18	—	220
Intercompany	764	(764)	—	—
Net cash provided by operating activities	48,082	16,628	—	64,710
Cash flows from investing activities:				
Cash paid for businesses acquired, net of cash acquired	(9,206)	—	—	(9,206)
Additions to rental fleet, excluding acquisitions	(20,657)	(7,501)	—	(28,158)
Proceeds from sale of rental fleet	6,332	1,077	—	7,409
Additions to property, plant and equipment,	(13,301)	(5,962)	—	(19,263)

excluding acquisitions				
Proceeds from sale of property, plant and equipment	1,166	449	—	1,615
Net cash used in investing activities	(35,666)	(11,937)	—	(47,603)
Cash flows from financing activities:				
Net repayments under lines of credit	(19,513)	(1,448)	—	(20,961)
Proceeds from issuance of 5.875% senior notes due 2024	250,000	—	—	250,000
Redemption of 7.875% senior notes due 2020	(200,000)	—	—	(200,000)
Debt extinguishment expense	(9,192)	—	—	(9,192)
Deferred financing costs	(4,916)	—	—	(4,916)
Principal payments on capital lease obligations	(2,848)	(72)	—	(2,920)
Issuance of common stock	92	—	—	92
Dividend payments	(18,236)	—	—	(18,236)
Purchase of treasury stock	(7,096)	—	—	(7,096)
Net cash used in financing activities	(11,709)	(1,520)	—	(13,229)
Effect of exchange rate changes on cash	—	(152)	—	(152)
Net increase in cash	707	3,019	—	3,726
Cash and cash equivalents at beginning of period	1,033	580	—	1,613
Cash and cash equivalents at end of period	\$ 1,740	\$ 3,599	\$ —	\$ 5,339

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our financial condition and results of operations should be read together with our consolidated financial statements and the accompanying notes thereto included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2016, filed with the SEC. This discussion contains forward-looking statements. Forward-looking statements are based on current expectations and assumptions that involve risks and uncertainties. Our actual results may differ materially from those anticipated in our forward-looking statements. The tables and information in this "Management's Discussion and Analysis of Financial Conditions and Results of Operations" section were derived from exact numbers and may have immaterial rounding differences.

Overview

Executive Summary

We believe we are the world's leading provider of portable storage solutions, maintaining a strong leadership position in virtually all markets served. Our mission is to be the leader in portable storage solutions to customers throughout North America and the U.K. and tank and pump solutions in the U.S. We are committed to providing our customers with superior service and access to a high-quality and diverse fleet. In managing our business, we focus on renting rather than selling our units, with rental revenues representing approximately 93% of our total revenues for the six months ended June 30, 2017. We believe this strategy is highly attractive and provides predictable, recurring revenue. Additionally, our assets have long useful lives and relatively low maintenance costs. We also sell new and used units and provide delivery, installation and other ancillary products and value-added services.

We operate our portable storage business in North America as "Mobile Mini Storage Solutions" and our tank and pump business (including our acquired subsidiaries Evergreen Tank Solutions and Water Movers) as "Mobile Mini Tank + Pump Solutions". As of June 30, 2017, our network of locations included 123 Storage Solutions locations, 18 Tank & Pump Solutions locations and 15 combined locations. Our Storage Solutions fleet consists of approximately 211,900 units and our Tank & Pump Solutions fleet consists of approximately 12,000 units.

Business Environment and Outlook. Approximately 65% of our consolidated rental revenue during the twelve-month period ended June 30, 2017 was derived from our North American Storage Solutions business, 16% was derived from our U.K. Storage Solutions business and 19% was derived from the Tank & Pump Solutions business. Our business is subject to the general health of the economy and we utilize a variety of general economic indicators to assess market trends and determine the direction of our business. On June 23, 2016, the U.K. voted to leave the European Union (the "E.U.") in a referendum vote, which may have currently unknown social, geopolitical and economic impacts. As developments and directions become more clear, we may adjust our strategy and operations accordingly.

Based on our assessment, we expect that the majority of our end markets will continue to drive demand for our products. In particular, construction, which represents approximately 42% of our consolidated rental revenue, is forecasted for continued growth in 2017. While only about 2% of our consolidated rental revenue is generated by oil and gas customers, the oil and gas industry is forecasted to continue to remain challenged in the near term.

Accounting and Operating Overview

Our principal operating revenues and expenses are:

Revenues:

Rental revenues include all rent and ancillary revenues we receive for our rental fleet.

Sales revenues consist primarily of sales of new and used fleet and, to a lesser extent, parts and supplies sold to customers.

Costs and expenses:

Rental, selling and general expenses include, among other expenses, payroll and payroll-related costs (including share-based compensation and commissions for our sales team), fleet transportation and fuel costs, repair and maintenance costs for our rental fleet and transportation equipment, real estate lease expense, insurance costs, and general corporate expenses.

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Cost of sales is the net book value of the units that were sold during the reported period and includes both our cost to buy, transport, remanufacture and modify used containers and our cost to manufacture Storage Solutions units and other structures.

Depreciation and amortization includes depreciation on our rental fleet, our property, plant and equipment, and amortization of definite-lived intangible assets.

Our principal asset is our rental fleet, which is capitalized at cost and depreciated over the estimated useful life of the unit using the straight-line method. Rental fleet is depreciated whether or not it is out on rent. Capitalized cost of rental fleet includes the price paid to acquire the unit and freight charges to the location when the unit is first placed in service and, when applicable, the cost of manufacturing or remanufacturing, which includes the cost of customizing units. Ordinary repair and maintenance costs are charged to operations as incurred.

The table below outlines the composition of our Storage Solutions rental fleet at June 30, 2017:

	Rental Fleet (In thousands)	Number of Units	Percentage of Gross Fleet in Dollars	Percentage of Units		
Steel storage containers	\$636,092	179,654	63	%	85	%
Steel ground level offices	358,806	30,790	36		14	
Other	7,841	1,468	1		1	
Storage Solutions rental fleet	1,002,739	211,912	100	%	100	%
Accumulated depreciation	(159,708)					
Storage Solutions rental fleet, net	\$843,031					

The table below outlines the composition of our Tank & Pump Solutions rental fleet at June 30, 2017:

	Rental Fleet (In thousands)	Number of Units	Percentage of Gross Fleet in Dollars	Percentage of Units		
Steel tanks	\$ 62,991	3,087	40	%	26	%
Roll-off boxes	28,817	5,350	18		44	
Stainless steel tank trailers	29,093	666	18		6	
Vacuum boxes	12,142	1,295	8		11	
Dewatering boxes	5,981	690	4		6	
Pumps and filtration equipment	13,242	960	8		7	

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Other	6,946	n/a	4			
Tank & Pump Solutions rental fleet	159,212	12,048	100	%	100	%
Accumulated depreciation	(38,102)					
Tank & Pump Solutions rental fleet, net	\$ 121,110					

We are a capital-intensive business. Therefore, in addition to focusing on measurements calculated in accordance with GAAP, we focus on EBITDA, adjusted EBITDA and free cash flow to measure our operating results. EBITDA, adjusted EBITDA and the resultant margins, and free cash flow are non-GAAP financial measures. As such, we include in this Quarterly Report on Form 10-Q reconciliations to their most directly comparable GAAP financial measures. We also evaluate our operations on a constant currency basis. These reconciliations and a description of the limitations of these measures are included below.

Non-GAAP Data and Reconciliations

EBITDA and Adjusted EBITDA. EBITDA is defined as net income before discontinued operation, net of tax (if applicable), interest expense, income taxes, depreciation and amortization, and debt restructuring or extinguishment expense (if applicable), including any write-off of deferred financing costs. Adjusted EBITDA further excludes certain non-cash expenses, as well as transactions that management believes are not indicative of our ongoing business. Because EBITDA and adjusted EBITDA, as defined, exclude some but not all items that affect our cash flow from operating activities, they may not be comparable to similarly titled performance measures presented by other companies.

We present EBITDA and adjusted EBITDA because we believe they provide an overall evaluation of our financial condition and useful information regarding our ability to meet our future debt payment requirements, capital expenditures and working capital requirements. EBITDA and adjusted EBITDA have certain limitations as analytical tools and should not be used as substitutes for net income, cash flows, or other consolidated income or cash flow data prepared in accordance with GAAP. EBITDA and adjusted EBITDA margins are calculated as EBITDA and adjusted EBITDA divided by total revenues expressed as a percentage.

Reconciliation of net income, the most directly comparable GAAP measure, to EBITDA and adjusted EBITDA is as follows:

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2017	2016	2017	2016
	(In thousands, except percentages)			
Net income	\$8,777	\$4,072	\$18,929	\$15,070
Interest expense	8,807	8,002	17,209	16,486
Income tax provision	4,566	2,000	9,896	8,713
Depreciation and amortization	15,742	16,269	31,006	31,446
Debt extinguishment expense	—	9,192	—	9,192
Deferred financing costs write-off	—	2,271	—	2,271
EBITDA	37,892	41,806	77,040	83,178
Share-based compensation expense (1)	1,474	1,623	2,785	4,187
Restructuring expenses (2)	538	1,324	1,437	3,572
Acquisition-related expenses (3)	9	—	97	—
Sales tax refund (4)	—	(1,365)	—	(1,365)
Other (1)(5)	2,047	—	2,289	—
Adjusted EBITDA	\$41,960	\$43,388	\$83,648	\$89,572
EBITDA margin	29.9 %	33.5 %	30.8 %	33.4 %
Adjusted EBITDA margin	33.1	35.1	33.4	36.1

Reconciliation of net cash provided by operating activities to EBITDA is as follows:

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2017	2016	2017	2016
	(In thousands)			
Net cash provided by operating activities	\$30,498	\$29,429	\$63,221	\$64,710
Interest paid	4,516	10,113	18,187	13,991
Income and franchise taxes paid	1,100	1,083	1,100	1,151
Share-based compensation expense (1)	(2,509)	(1,681)	(3,820)	(4,245)
Gain on sale of rental fleet	1,123	1,404	2,826	2,782

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Loss on disposal of property, plant and equipment	(264)	(351)	(282)	(689)
Change in certain assets and liabilities, net of effect of				
businesses acquired:				
Receivables	1,760	12,481	(7,788)	9,650
Inventories	(116)	1,933	904	1,790
Other assets	1,679	(1,331)	2,794	(482)
Accounts payable and accrued liabilities	105	(11,274)	(102)	(5,480)
EBITDA	\$37,892	\$41,806	\$77,040	\$83,178

- (1) Share-based compensation represents non-cash compensation expense associated with the granting of equity instruments. The reconciliation of net cash provided by operating activities to EBITDA includes share-based compensation that is included in the “other” line item in the reconciliation of net income to Adjusted EBITDA. See footnote (5) below and additional information in Note 11 “Share-Based Compensation” to the accompanying condensed consolidated financial statements.
- (2) The Company has undergone restructuring actions to align its business operations. These activities materially change the scope of the business or the manner in which the business is conducted. For more information, see Note 12 “Restructuring” to the accompanying condensed consolidated financial statements.
- (3) Incremental costs associated with acquisitions.
- (4) Revenue associated with sales tax refunds.
- (5) Other expenses include severance and transition expenses for senior executives, including the acceleration of share-based compensation.

Free Cash Flow. Free cash flow is defined as net cash provided by operating activities, minus or plus, net cash used in or provided by investing activities, excluding acquisitions and certain transactions. Free cash flow is a non-GAAP financial measure and is not intended to replace net cash provided by operating activities, the most directly comparable financial measure prepared in accordance with GAAP. We present free cash flow because we believe it provides useful information regarding our liquidity and ability to meet our short-term obligations. In particular, free cash flow indicates the amount of cash available after capital expenditures for, among other things, investments in our existing business, debt service obligations, payment of authorized quarterly dividends, repurchase of our common stock and strategic small acquisitions.

Reconciliation of net cash provided by operating activities to free cash flow is as follows:

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2017	2016	2017	2016
	(In thousands)		(In thousands)	
Net cash provided by operating activities	\$30,498	\$29,429	\$63,221	\$64,710
Additions to rental fleet, excluding acquisitions	(13,021)	(17,274)	(23,027)	(28,158)
Proceeds from sale of rental fleet	1,661	3,439	6,283	7,409
Additions to property, plant and equipment, excluding				
acquisitions	(4,959)	(10,953)	(8,707)	(19,263)
Proceeds from sale of property, plant and equipment	700	775	768	1,615
Net capital expenditures, excluding acquisitions	(15,619)	(24,013)	(24,683)	(38,397)
Free cash flow	\$14,879	\$5,416	\$38,538	\$26,313

Constant Currency. We calculate the effect of currency fluctuations on current periods by translating the results for our business in the U.K. during the current periods using the average exchange rates from the same period in the prior year. We present constant currency information to provide useful information to assess our underlying business excluding the effect of material foreign currency rate fluctuations. The table below shows certain financial information as calculated on a constant currency basis:

	Three Months Ended June 30,		
	2017		
	Calculated		
	in		
	Constant	As	
	Currency	Reported	Difference
	(In thousands)		
Rental Revenues	\$120,160	\$117,851	\$ 2,309
Rental, selling and general expenses	84,354	82,850	1,504
Adjusted EBITDA	42,837	41,960	877

Six Months Ended June 30, 2017

	Calculated in Constant As Currency Reported Difference (In thousands)		
Rental Revenues	\$237,759	\$232,593	\$ 5,166
Rental, selling and general expenses	164,628	161,209	3,419
Adjusted EBITDA	85,571	83,648	1,923

RESULTS OF OPERATIONS

Three Months Ended June 30, 2017, Compared to Three Months Ended June 30, 2016

			Percentage of Revenue						
	Three Months Ended		Three Months Ended						
	June 30,		June 30,				Increase (Decrease) 2017 versus 2016		
	2017	2016	2017	2016	2017	2016	2017	2016	
	(In thousands, except percentages)								
Revenues:									
Rental	\$ 117,851	\$ 116,773	93.0	%	93.5	%	\$ 1,078	0.9	%
Sales	8,401	6,342	6.6		5.1		2,059	32.5	
Other	438	1,734	0.3		1.4		(1,296)	(74.7)	
Total revenues	126,690	124,849	100.0		100.0		1,841	1.5	
Costs and expenses:									
Rental, selling and general expenses	82,850	78,037	65.4		62.5		4,813	6.2	
Cost of sales	5,408	3,678	4.3		2.9		1,730	47.0	
Restructuring expenses	538	1,324	0.4		1.1		(786)	(59.4)	
Depreciation and amortization	15,742	16,269	12.4		13.0		(527)	(3.2)	
Total costs and expenses	104,538	99,308	82.5		79.5		5,230	5.3	
Income from operations	22,152	25,541	17.5		20.5		(3,389)	(13.3)	
Other income (expense):									
Interest income	16	—	—		—		16	n/a	
Interest expense	(8,807)	(8,002)	(7.0)		(6.4)		(805)	10.1	
Debt extinguishment expense	—	(9,192)	—		(7.4)		9,192	n/a	
Deferred financing costs write-off	—	(2,271)	—		(1.8)		2,271	n/a	
Foreign currency exchange	(18)	(4)	—		(0.0)		(14)	n/a	
Income before income tax provision	13,343	6,072	10.5		4.9		7,271		
Income tax provision	4,566	2,000	3.6		1.6		2,566		
Net income	\$ 8,777	\$ 4,072	6.9	%	3.3	%	\$ 4,705		

				Percentage of Revenue
Three Months Ended		Three Months Ended		
June 30,		June 30,		Increase (Decrease) 2017 versus 2016
2017	2016	2017	2016	
(In thousands, except percentages)				

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EBITDA	\$37,892	\$41,806	29.9 %	33.5 %	\$(3,914)	(9.4)%
Adjusted EBITDA (1)	41,960	43,388	33.1	35.1	(1,428)	(3.3)
Free Cash Flow	14,879	5,416	11.7	4.3	9,463	174.7

(1) The calculation of adjusted EBITDA as a percentage of revenue includes a net reduction to revenue related to transactions not indicative of our business. See “Non-GAAP Data and Reconciliations” above.

Total Revenues. The following table depicts revenues by type of business for the three-month periods ended June 30:

Storage Solutions					
Three Months Ended June 30,					
Increase (Decrease)					
2017 versus 2016					
2017 2016 2016					
(In thousands, except percentages)					
Revenues:					
Rental	\$95,486	\$94,102	\$1,384	1.5	%
Sales	7,156	5,123	2,033	39.7	
Other	344	1,611	(1,267)	(78.6)	
Total revenues	\$102,986	\$100,836	\$2,150	2.1	

Tank & Pump Solutions				
Three Months Ended June 30,				
	Increase (Decrease)			
	2017 versus			
	2017	2016	2016	
(In thousands, except percentages)				
Revenues:				
Rental	\$22,365	\$22,671	\$(306)	(1.3)%
Sales	1,245	1,219	26	2.1
Other	94	123	(29)	(23.6)
Total revenues	\$23,704	\$24,013	\$(309)	(1.3)

Of the \$126.7 million of total revenues for the three months ended June 30, 2017, \$103.0 million, or 81.3%, related to the Storage Solutions business and \$23.7 million, or 18.7%, related to the Tank & Pump Solutions business. In the three-month period ended June 30, 2016, \$100.8 million, or 80.8%, related to the Storage Solutions business and \$24.0 million, or 19.2%, related to the Tank & Pump Solutions business.

Rental Revenues. Storage Solutions rental revenues increased 1.5% during the current-year period as compared to the prior-year period. However, adjusted for the unfavorable change in currency translation, Storage Solutions rental revenue increased approximately 3.9%, as compared to the prior-year quarter. This increase was driven by a 2.6% increase in year-over-year rental rates and a 4.3% increase in units on rent, offset by unfavorable mix and other items. Adjusted for the unfavorable currency effect, yield (calculated as rental revenues divided by average units on rent) decreased 0.4% as compared to the prior-year quarter.

Rental revenues within the Tank & Pump Solutions business decreased \$0.3 million, or 1.3%, for the three-month period ended June 30, 2017, as compared to the prior-year period. Downstream revenue decreased slightly in the current-year quarter due to decreases at one of our largest customers, which we expect to be temporary. Diversified revenue increased in the current-year quarter as compared to the prior-year quarter, while upstream revenue was consistent with the prior-year quarter. Sequentially, Tank & Pump Solutions rental revenues increased 6.8%, with increases in each of the customer segments.

Sales Revenues. We focus on rental revenues. In general, sales of units from our fleet occur due to a particular customer need, or due to having fleet in excess of demand at a particular location. Storage Solutions sales revenue for the quarter ended June 30, 2017 increased \$2.0 million, or 39.7%, to \$7.2 million, compared to \$5.1 million in the prior-year period. The growth was largely due to increased activity in the U.K. resulting from a recent acquisition. Tank & Pump Solutions sales revenue of \$1.2 million for the quarter ended June 30, 2017 was consistent with the prior-year period.

Costs and expenses. The following table depicts costs and expenses by type of business for the three-month periods ended June 30:

Storage Solutions

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	Three Months Ended June 30,			
			Increase (Decrease)	
			2017 versus 2016	
	2017	2016	2016	
	(In thousands, except percentages)			
Costs and expenses:				
Rental, selling and general expenses	\$66,131	\$62,854	\$3,277	5.2 %
Cost of sales	4,730	3,056	1,674	54.8
Restructuring expenses	532	1,031	(499)	n/a
Depreciation and amortization	9,477	8,978	499	5.6
Total costs and expenses	\$80,870	\$75,919	\$4,951	6.5

Tank & Pump Solutions				
Three Months Ended June 30,				
Increase (Decrease)				
2017 versus				
2017	2016	2016		
(In thousands, except percentages)				
Costs and expenses:				
Rental, selling and general expenses	\$16,719	\$15,183	\$1,536	10.1 %
Cost of sales	678	622	56	9.0
Restructuring expenses	6	293	(287)	n/a
Depreciation and amortization	6,265	7,291	(1,026)	(14.1)
Total costs and expenses	\$23,668	\$23,389	\$279	1.2

Rental, Selling and General Expenses. Rental, selling and general expenses for the three months ended June 30, 2017 of \$82.9 million increased \$4.8 million, or 6.2%, as compared to the prior-year period. As a percentage of total revenues, rental, selling and general expenses were 65.4% for the three months ended June 30, 2017, which was an increase from 62.5% in the prior-year period.

Included in Storage Solutions rental, selling and general expenses for the current quarter is \$2.1 million of expense related to the severance and transition of an executive. Excluding this expense, rental, selling and general expenses for the three months ended June 30, 2017 increased \$1.2 million, or 1.9%, from the prior-year period. When adjusted for the effect of the change in currency translation rates, rental, selling and general expenses increased \$2.7 million, or 4.3%. The increase was largely due to higher incentive compensation in the current-year period, as compared to the prior-year period, and to a lesser extent, higher transportation costs due to increased rental activity.

Rental, selling and general expenses for the Tank & Pump Solutions business increased \$1.5 million, or 10.1%, in the current-year quarter, as compared to the prior-year quarter. The increase was largely due to increased payroll costs, higher fleet repairs and increased transportation costs.

Cost of Sales. Cost of sales is the cost related to our sales revenue only. Within the Storage Solutions business, cost of sales was \$4.7 million and \$3.1 million in the quarters ended June 30, 2017 and 2016, respectively. Storage Solutions sales revenue, less cost of sales (sales profit), was \$2.4 million and \$2.1 million for the three-month periods ended June 30, 2017 and 2016, respectively. Sales profit expressed as a percentage of sales revenue (sales profit margin) was 33.9% in the quarter ended June 30, 2017 and 40.3% in the prior-year quarter. The decrease in profit margin is due to sales activity related to a recent U.K. acquisition.

Within the Tank & Pump Solutions business, cost of sales was \$0.7 million and \$0.6 million in the quarters ended June 30, 2017 and 2016, respectively. Tank & Pump Solutions sales profit was \$0.6 million for both three-month periods ended June 30, 2017 and 2016.

Restructuring. Included in restructuring expenses for the three months ended June 30, 2017 and 2016 was \$0.2 million and \$0.9 million, respectively, of costs related to the divestiture of our wood mobile office business, primarily related to the abandonment of yards, or portions of yards. Also included in restructuring expenses for the three months ended June 30, 2017 and 2016 were approximately \$0.4 million and \$0.5 million, respectively, of expenses related to the

integration of our wholly owned subsidiary, ETS, which was acquired on December 10, 2014, into the existing Mobile Mini infrastructure.

Depreciation and Amortization Expense. Total depreciation and amortization expense of \$15.7 million for the three months ended June 30, 2017 was consistent with the prior-year period.

Interest Expense. Interest expense was \$8.8 million for the three months ended June 30, 2017 and \$8.0 million in the prior-year period. Our average debt outstanding in the quarter ended June 30, 2017 was \$931.5 million, as compared to \$923.1 million in the prior-year quarter. The weighted average interest rate on our debt was 3.5% and 3.2% for the three-month periods ended June 30, 2017 and 2016, respectively, excluding the amortization of deferred financing costs. Taking into account the amortization of deferred financing costs, the weighted average interest rate was 3.8% and 3.5% for the three-month periods ended June 30, 2017 and 2016, respectively.

Debt Extinguishment Expense and Deferred Financing Costs Write-off. As a result of the redemption of the 2020 Notes during the prior-year period, we recognized \$9.2 million in debt extinguishment expense, consisting of \$7.9 million in debt redemption premiums and \$1.3 million in contractually required interest above the amount payable prior to the redemption. Additionally, we wrote off \$2.3 million of previously deferred financing costs associated with the 2020 Notes that had not yet been amortized.

Provision for Income Taxes. During the quarter ended June 30, 2017, we had a \$4.6 million provision for income taxes, compared to \$2.0 million in the prior-year quarter. Our effective income tax rate increased to 34.2% for the three months ended June 30, 2017, compared to 32.9% for the prior-year quarter. This increase in the effective tax rate was primarily due to a greater portion of pre-tax income being generated in the U.S. which has a higher income tax rate.

Net Income. As a result of the income statement activity discussed above, we had net income of \$8.8 million for the three months ended June 30, 2017, compared to net income of \$4.1 million in the prior-year quarter.

Adjusted EBITDA. For the three-month period ended June 30, 2017, we realized adjusted EBITDA of \$42.0 million, a decrease of \$1.4 million, or 3.3%, as compared to adjusted EBITDA of \$43.4 million in the prior-year period. Growth in our Storage Solutions business revenue was offset by slightly lower revenue in the Tank & Pump Solutions business, overall increased rental, selling and general costs primarily driven by increased compensation in the current-year quarter and an unfavorable currency exchange rate. Our adjusted EBITDA margins were 33.1% and 35.1% for the quarters ended June 30, 2017 and 2016, respectively.

During the three months ended June 30, 2017, adjusted EBITDA related to the Storage Solutions business increased \$0.5 million, or 1.4%, to \$35.6 million from \$35.1 million in the prior-year period. Adjusted EBITDA related to the Tank & Pump Solutions business decreased \$1.9 million, or 23.1%, to \$6.4 million during the three months ended June 30, 2017 from \$8.3 million during the prior-year period. Adjusted EBITDA margins for the quarter ended June 30, 2017 were 34.6% for the Storage Solutions business and 26.9% for the Tank & Pump Solutions business.

RESULTS OF OPERATIONS

Six Months Ended June 30, 2017, Compared to Six Months Ended June 30, 2016

	Six Months Ended		Percentage of Revenue		Increase (Decrease) 2017 versus 2016	
	June 30, 2017	June 30, 2016	2017	2016		
	(In thousands, except percentages)					
Revenues:						
Rental	\$232,593	\$234,129	93.0 %	93.9 %	\$(1,536)	(0.7)%
Sales	16,379	13,233	6.5	5.3	3,146	23.8
Other	1,245	2,020	0.5	0.8	(775)	(38.4)
Total revenues	250,217	249,382	100.0	100.0	835	0.3
Costs and expenses:						
Rental, selling and general expenses	161,209	154,339	64.4	61.9	6,870	4.5
Cost of sales	10,520	8,289	4.2	3.3	2,231	26.9
Restructuring expenses	1,437	3,572	0.6	1.4	(2,135)	(59.8)
Depreciation and amortization	31,006	31,446	12.4	12.6	(440)	(1.4)
Total costs and expenses	204,172	197,646	81.6	79.3	6,526	3.3

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Income from operations	46,045	51,736	18.4	20.7	(5,691)	(11.0)
Other income (expense):						
Interest income	16	—	0.0	—	16	n/a
Interest expense	(17,209)	(16,486)	(6.9)	(6.6)	(723)	4.4
Debt extinguishment expense	—	(9,192)	—	(3.7)	9,192	n/a
Deferred financing costs write-off	—	(2,271)	—	(1.0)	2,271	n/a
Foreign currency exchange	(27)	(4)	—	—	(23)	n/a
Income before income tax provision	28,825	23,783	11.5	9.5	5,042	
Income tax provision	9,896	8,713	4.0	3.5	1,183	
Net income	\$18,929	\$15,070	7.6 %	6.0 %	\$3,859	

Percentage of
Revenue

	Six Months Ended		Six Months Ended		Increase (Decrease) 2017 versus 2016	
	June 30,	2016	June 30,	2016		
	2017	2016	2017	2016		
	(In thousands, except percentages)					
EBITDA	\$77,040	\$83,178	30.8 %	33.4 %	\$(6,138)	(7.4)%
Adjusted EBITDA (1)	83,648	89,572	33.4	36.1	(5,924)	(6.6)
Free Cash Flow	38,538	26,313	15.4	10.6	12,225	46.5

(1) The calculation of adjusted EBITDA as a percentage of revenue includes a net reduction to revenue related to transactions not indicative of our business. See “Non-GAAP Data and Reconciliations” above.

Total Revenues. The following table depicts revenues by type of business for the six-month periods ended June 30:

Storage Solutions					
Six Months Ended June 30,					
			Increase (Decrease)		
	2017	2016	2017 versus 2016		
	(In thousands, except percentages)				
Revenues:					
Rental	\$ 189,292	\$ 187,830	\$ 1,462	0.8	%
Sales	14,020	10,415	3,605	34.6	
Other	1,017	1,878	(861)	(45.8)	
Total revenues	\$ 204,329	\$ 200,123	\$ 4,206	2.1	

Tank & Pump Solutions				
Six Months Ended June 30,				
			Increase (Decrease)	
	2017	2016	2017 versus 2016	
	(In thousands, except percentages)			
Revenues:				
Rental	\$43,301	\$46,299	\$(2,998)	(6.5)%
Sales	2,359	2,818	(459)	(16.3)
Other	228	142	86	60.6
Total revenues	\$45,888	\$49,259	\$(3,371)	(6.8)

Of the \$250.2 million of total revenues for the six months ended June 30, 2017, \$204.3 million, or 81.7%, related to the Storage Solutions business and \$45.9 million, or 18.3%, related to the Tank & Pump Solutions business. In the six-month period ended June 30, 2016, \$200.1 million, or 80.2%, related to the Storage Solutions business and \$49.3 million, or 19.8%, related to the Tank & Pump Solutions business.

Rental Revenues. Storage Solutions rental revenues increased \$1.5 million during the current-year period, as compared to the prior-year period. However, adjusted for the unfavorable change in currency translation rates as well as one less day in the current-year period, Storage Solutions rental revenue increased approximately 4.1%, as compared to the prior-year period. This increase was driven by a 2.6% increase in year-over-year rental rates and a 3.8% increase in units on rent, partially offset by decreases due to unfavorable mix and other items. Adjusted for the unfavorable currency effect and the extra day in the prior-year period, yield increased approximately 0.3%, as

compared to the prior-year period.

Rental revenues within the Tank & Pump Solutions business decreased \$3.0 million, or 6.5%, for the six-month period ended June 30, 2017, as compared to the prior-year period. This decline was primarily due to fewer infrastructure projects in our pump business in the first quarter of 2017, as compared to the first quarter of 2016. Downstream revenue decreased in the current-year period due to decreases at one of our largest customers, which we expect to be temporary. Upstream revenue was down in the current-year period, as compared to the prior-year period.

Sales Revenues. We focus on rental revenues. In general, sales of units from our fleet occur due to a particular customer need, or due to having fleet in excess of demand at a particular location. Storage Solutions sales revenue for the six months ended June 30, 2017 increased \$3.6 million, or 34.6%, to \$14.0 million, compared to \$10.4 million in the prior-year period. The growth was largely due to increased activity in the U.K. resulting from a recent acquisition. Tank & Pump Solutions sales revenue for the six months ended June 30, 2017 decreased \$0.5 million to \$2.4 million, compared to \$2.8 million in the prior-year period.

Costs and expenses. The following table depicts costs and expenses by type of business for the six-month periods ended June 30:

Storage Solutions					
Six Months Ended June 30,					
Increase (Decrease)					
2017 versus 2016					
2017 2016 2016					
(In thousands, except percentages)					
Costs and expenses:					
Rental, selling and general expenses	\$ 128,356	\$ 123,708	\$ 4,648	3.8	%
Cost of sales	9,331	6,455	2,876	44.6	
Restructuring expenses	1,433	3,213	(1,780)	n/a	
Depreciation and amortization	18,660	17,116	1,544	9.0	
Total costs and expenses	\$ 157,780	\$ 150,492	\$ 7,288	4.8	

Tank & Pump Solutions					
Six Months Ended June 30,					
			Increase (Decrease)		
			2017 versus 2016		
	2017	2016	2016		
(In thousands, except percentages)					
Costs and expenses:					
Rental, selling and general expenses	\$32,853	\$30,631	\$2,222	7.3	%
Cost of sales	1,189	1,834	(645)	(35.2)	
Restructuring expenses	4	359	(355)	n/a	
Depreciation and amortization	12,346	14,330	(1,984)	(13.8)	
Total costs and expenses	\$46,392	\$47,154	\$(762)	(1.6)	

Rental, Selling and General Expenses. Rental, selling and general expenses for the six months ended June 30, 2017 of \$161.2 million increased \$6.9 million, or 4.5%, as compared to the prior-year period. As a percentage of total revenues, rental, selling and general expenses were 64.4% for the six months ended June 30, 2017, which was an increase from 61.9% in the prior-year period.

Included in Storage Solutions rental, selling and general expenses for the current period is \$2.4 million of expense related to the severance and transition of executives, as well as acquisition-related expense. Excluding these expenses, rental, selling and general expenses for the six months ended June 30, 2017 increased \$2.3 million, or 1.8%, from the prior-year period. When adjusted for the effect of the change in currency translation rates rental, selling and general expenses increased \$5.7 million, or 4.6%. The increase was largely due to higher incentive compensation in the current-year period as compared to the prior-year period, and to a lesser extent, higher transportation costs and fleet repairs and maintenance due to increased rental activity. In addition, we had increased costs associated with the

operation of our new enterprise resource planning (“ERP”) system.

Rental, selling and general expenses for the Tank & Pump Solutions business increased \$2.2 million, or 7.3%, in the current-year period, as compared to the prior-year period. The increase was largely due to increased payroll and higher fleet repairs and maintenance.

Cost of Sales. Cost of sales is the cost related to our sales revenue only. Within the Storage Solutions business, cost of sales was \$9.3 million and \$6.5 million in the six-month periods ended June 30, 2017 and 2016, respectively. Storage Solutions sales profit was \$4.7 million and \$4.0 million for the six-month periods ended June 30, 2017 and 2016, respectively. Sales profit margin was 33.4% in the six months ended June 30, 2017 and 38.0% in the prior-year period. The decrease in profit margin is due to sales activity related to a recent U.K. acquisition.

Within the Tank & Pump Solutions business, cost of sales was \$1.2 million and \$1.8 million for the six months ended June 30, 2017 and 2016, respectively. Tank & Pump Solutions sales profit was \$1.2 million and \$1.0 million for the six-month periods ended June 30, 2017 and 2016, respectively.

Restructuring. Included in restructuring expenses for the six months ended June 30, 2017 and 2016 was \$0.7 million and \$1.7 million, respectively, of costs related to the divestiture of our wood mobile office business, primarily related to the abandonment of yards, or portions of yards. Also included in restructuring expenses for the six months ended June 30, 2017 and 2016 were approximately \$0.7 million and \$1.8 million, respectively, of expenses related to the integration of our wholly owned subsidiary, ETS into the existing Mobile Mini infrastructure.

Depreciation and Amortization Expense. Total depreciation and amortization expense of \$31.0 million for the six months ended June 30, 2017 is consistent with \$31.4 million of depreciation and amortization for the six months ended June 30, 2016.

Interest Expense. Interest expense was \$17.2 million for the six months ended June 30, 2017 and \$16.5 million in the prior-year period. Our average debt outstanding in the six-month period ended June 30, 2017 was \$932.4 million, as compared to \$916.5 million in the prior-year period. The weighted average interest rate on our debt was 3.5% and 3.4% for the six-month periods ended June 30, 2017 and 2016, respectively, excluding the amortization of deferred financing costs. Taking into account the amortization of deferred financing costs, the weighted average interest rate was 3.7% and 3.6% for the six-month periods ended June 30, 2017 and 2016, respectively.

Debt Extinguishment Expense and Deferred Financing Costs Write-off. As a result of the redemption of the 2020 Notes during the prior-year period, we recognized \$9.2 million in debt extinguishment expense, consisting of \$7.9 million in debt redemption premiums and \$1.3 million in contractually required interest above the amount payable prior to the redemption. Additionally, we wrote off \$2.3 million of previously deferred financing costs associated with the 2020 Notes that had not yet been amortized.

Provision for Income Taxes. During the six months ended June 30, 2017, we had a \$9.9 million provision for income taxes, compared to \$8.7 million in the prior-year period. Our effective income tax rate decreased to 34.3% for the six months ended June 30, 2017, compared to 36.6% for the prior-year period. This decrease in the effective tax rate was primarily due to stock compensation related items recorded discretely in the prior-year period.

Net Income. As a result of the income statement activity discussed above, we had net income of \$18.9 million for the six months ended June 30, 2017, compared to net income of \$15.1 million in the prior-year period.

Adjusted EBITDA. For the six-month period ended June 30, 2017, we realized adjusted EBITDA of \$83.6 million, a decrease of \$5.9 million, or 6.6%, as compared to adjusted EBITDA of \$89.6 million in the prior-year period. Growth in our Storage Solutions business revenue was offset by decreased revenue in our Tank & Pump Solutions business, overall increased rental, selling and general costs primarily driven by increased compensation in the current-year period and an unfavorable currency exchange rate. Our adjusted EBITDA margins were 33.4% and 36.1% for the six months ended June 30, 2017 and 2016, respectively.

During the six months ended June 30, 2017, adjusted EBITDA related to the Storage Solutions business decreased \$0.9 million, or 1.3%, to \$71.7 million from \$72.6 million in the prior-year period. Adjusted EBITDA related to the Tank & Pump Solutions business decreased \$5.0 million, or 29.4%, to \$12.0 million during the six months ended June 30, 2017 from \$16.9 million during the prior-year period. Adjusted EBITDA margins for the six months ended June 30, 2017 were 35.1% for the Storage Solutions business and 26.1% for the Tank & Pump Solutions business.

LIQUIDITY AND CAPITAL RESOURCES

Renting is a capital-intensive business that requires us to acquire assets before they generate revenues, cash flow and earnings. The majority of the assets that we rent have very long useful lives and require relatively little maintenance expenditures. Most of the capital we have deployed in our rental business historically has been used to expand our operations geographically, execute opportunistic acquisitions, increase the number of units available for rent at our existing locations, and add to the mix of products we offer. During recent years, our operations have generated annual cash flow that exceeds our pre-tax earnings, particularly due to cash flow from operations and the deferral of income taxes caused by accelerated depreciation of our fixed assets in our tax return filings. Our strong cash flows from operating activities for the six-month periods ended June 30, 2017 and 2016 of \$63.2 million and \$64.7 million, respectively, resulted in free cash flow of \$38.5 million and \$26.3 million, respectively. In addition to free cash flow,

our principal current source of liquidity is our Credit Agreement, as described below.

Revolving Credit Facility. The Credit Agreement provides for a five-year, \$1.0 billion first lien senior secured revolving credit facility maturing on or before December 14, 2020. The Credit Agreement also provides for the issuance of irrevocable standby letters of credit by U.S.-based lenders in amounts totaling up to \$50.0 million, by U.K.-based lenders in amounts totaling up to \$20.0 million, and by Canadian-based lenders in amounts totaling up to \$20.0 million.

Our and our subsidiary guarantors' obligations under the Credit Agreement are secured by a blanket lien on substantially all of our assets. At June 30, 2017, we had \$637.7 million of borrowings outstanding and \$357.8 million of additional borrowing availability under the Credit Agreement. We were in compliance with the terms of the Credit Agreement as of June 30, 2017 and were above the minimum borrowing availability threshold and, therefore, are not subject to any financial maintenance covenants.

Amounts borrowed under the Credit Agreement and repaid or prepaid during the term may be reborrowed. Outstanding amounts under the Credit Agreement bear interest at our option at either: (i) LIBOR plus an applicable margin, or (ii) the prime rate plus an applicable margin. The applicable margin for each type of loan is based on an availability-based pricing grid and ranges from 1.25%

to 1.75% for LIBOR Loans and 0.25% to 0.75% for Base Rate Loans at each measurement date. The margins in effect as of June 30, 2017 are 1.50% for LIBOR Loans and 0.50% for Base Rate Loans.

Availability of borrowings under the Credit Agreement is subject to a borrowing base calculation based upon a valuation of our eligible accounts receivable, eligible rental fleet (including units held for sale, work-in-process and raw materials) and machinery and equipment, each multiplied by an applicable advance rate or limit. The rental fleet is appraised at least once annually by a third-party appraisal firm and up to 90% of the Net Orderly Liquidation Value, as defined in the Credit Agreement, is included in the borrowing base to determine the amount we may borrow under the Credit Agreement.

The Credit Agreement provides for U.K. borrowings, which are, at our option, denominated in either Pounds Sterling or Euros, by our U.K. subsidiary based upon a U.K. borrowing base; Canadian borrowings, which are denominated in Canadian dollars, by our Canadian subsidiary based upon a Canadian borrowing base; and U.S. borrowings, which are denominated in U.S. dollars, based upon a U.S. borrowing base along with any Canadian assets not included in our Canadian subsidiary.

The Credit Agreement also contains customary negative covenants, including covenants that restrict or limit the Company's ability to, among other things: (i) allow certain liens to attach to the Company's or its subsidiaries' assets, (ii) repurchase or pay dividends or make certain other restricted payments on capital stock and certain other securities, or prepay certain indebtedness, (iii) incur additional indebtedness or engage in certain other types of financing transactions, and (iv) make acquisitions or other investments. In addition, we must comply with a minimum fixed charge coverage ratio of 1.00 to 1.00 as of the last day of each quarter, upon the minimum availability amount under the Credit Agreement falling below the greater of (y) \$90.0 million and (z) 10% of the lesser of the then total revolving loan commitment and aggregate borrowing base. As of June 30, 2017, we were in compliance with the minimum borrowing availability threshold set forth in the Credit Agreement and, therefore, are not subject to any financial maintenance covenants.

We believe our cash provided by operating activities will provide for our normal capital needs for the next twelve months. If not, we have sufficient borrowings available under our Credit Agreement to meet any additional funding requirements. We monitor the financial strength of our lenders on an ongoing basis using publicly-available information. Based upon that information, we do not presently believe that there is a likelihood that any of our lenders will be unable to honor their respective commitments under the Credit Agreement.

Senior Notes. The 2024 Notes, issued on May 9, 2016, bear interest at a rate of 5.875% per year, have an eight-year term and mature on July 1, 2024. Interest on the 2024 Notes is payable semiannually in arrears on January 1 and July 1. The 2024 Notes are senior unsecured obligations of the Company and are unconditionally guaranteed on a senior unsecured basis by certain of our existing and future domestic subsidiaries.

Operating Activities. Net cash provided by operating activities was \$63.2 million for the six months ended June 30, 2017, compared to \$64.7 million in the prior-year period, a decrease of \$1.5 million. Although net income increased \$3.9 million, the increase was largely due to costs related to the extinguishment of the 2020 Notes in the prior-year period, which are added back to net income to calculate cash from operating activities. Additionally, changes in certain assets and liabilities reduced cash provided by operating activities by \$0.5 million in the current period, compared to a reduction of \$7.6 million in the prior-year period.

Total net adjustments to reconcile net income to net cash provided by operating activities for the six months ended June 30, 2017 and 2016 resulted in increases to net cash provided by operating activities of \$44.8 million and \$57.3 million, respectively. The difference relates primarily to the prior year adjustments of \$9.2 million of debt extinguishment charges and \$2.3 million write-off of deferred financing fees.

The change in certain asset and liability accounts resulted in net reductions to cash provided by operating activities of \$0.5 million in the current-year period and \$7.6 million in the prior-year period. The current period includes an inflow of \$5.6 million from receivables, while the prior-year period includes a \$12.3 million outflow related to receivables. As of June 30, 2016, our receivables were larger than normal due to the implementation of our ERP system. Receivables continued to be somewhat higher than normal at December 31, 2016 due to the implementation, as well as changes in the invoicing process instituted in 2016 by one of our largest customers. The receivables balance is approaching normal levels as of June 30, 2017, resulting in the current-year inflow. Additionally, largely due to the ERP implementation, the balance of our accounts payable was higher than normal at June 30, 2016, creating a \$5.8 million inflow in the prior-year period. Other changes in asset and liability accounts were primarily due to normal operating fluctuations.

Investing Activities. Net cash used in investing activities was \$24.7 million for the six months ended June 30, 2017, compared to \$47.6 million for the six months ended June 30, 2016. There were no acquisitions in the current-year period, compared to \$9.2 million of cash paid for a business acquisition in the six months ended June 30, 2016. The remaining \$13.7 million decrease in net cash used

in investing activities in the current-year period, as compared to the prior-year period, resulted from decreased net expenditures for long-lived assets during the six months ended June 30, 2017, as compared to the six months ended June 30, 2016.

Rental fleet capital expenditures were \$23.0 million, and proceeds from sales were \$6.3 million during the six months ended June 30, 2017, as compared to rental fleet capital expenditures of \$28.2 million and proceeds from sales of \$7.4 million during the six months ended June 30, 2016. Of the \$23.0 million in capital expenditures for rental fleet during the current-year period, \$15.2 million related to our North America Storage Solutions business, \$4.5 million related to our U.K. Storage Solutions business and \$3.3 million related to our Tank & Pump Solutions business. Of the \$28.2 million in capital expenditures for rental fleet during the prior-year period, \$11.5 million related to our North America Storage Solutions business, \$7.5 million related to our U.K. Storage Solutions business and \$9.2 million related to our Tank & Pump Solutions business. Our expenditures are primarily to meet demand in geographic areas of high utilization for which it does not make economic sense to reposition our fleet and to meet customer demand for specific types of units.

Gross capital expenditures for property, plant and equipment were \$8.7 million for the six months ended June 30, 2017, compared to \$19.3 million for the six-month period ended June 30, 2016. The prior-year period included hardware and software-related costs of approximately \$10.7 million, primarily related to our ERP system, which was implemented in 2016.

Financing Activities. Net cash used in financing activities during the six months ended June 30, 2017 was \$33.7 million, compared to \$13.2 million for the prior-year period. In the current-year period, we repaid \$3.5 million under our lines of credit. Also in the six months ended June 30, 2017, we paid \$20.1 million of dividends and repurchased \$8.0 million of treasury stock. In the prior-year period, we issued \$250.0 million aggregate principal amount of 2024 Notes at an initial offering price of 100% of their face value. The net proceeds from the sale of the 2024 Notes were used to (i) redeem all \$200.0 million aggregate principal amount of our outstanding 2020 Notes at a redemption price of 103.938% of the principal amount thereof plus accrued and unpaid interest to, but not including, the redemption date of June 8, 2016, (ii) repay a portion of the indebtedness outstanding under our asset-based revolving credit facility, and (iii) pay fees and expenses related to the offering of the 2024 Notes. Also in the six months ended June 30, 2016, we paid \$18.2 million of dividends and repurchased \$7.1 million of treasury stock.

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

Our contractual obligations primarily consist of our outstanding balance under the Credit Agreement, the principal amount of the 2024 Notes and obligations under capital leases. We also have operating lease commitments for: (i) real estate properties for the majority of our locations with remaining lease terms typically ranging from one to five years, (ii) delivery, transportation and yard equipment, typically under a five-year lease with purchase options at the end of the lease term at a stated or fair market value price, and (iii) office related equipment.

At June 30, 2017, primarily in connection with securing our insurance policies, we have provided certain insurance carriers and others with approximately \$4.5 million in letters of credit. We currently do not have any obligations under purchase agreements or commitments.

OFF-BALANCE SHEET TRANSACTIONS

We do not maintain any off-balance sheet transactions, arrangements, obligations or other relationships with unconsolidated entities or others that are reasonably likely to have a material current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

SEASONALITY

Demand from our Storage Solutions customers is somewhat seasonal. Construction customers typically reflect higher demand during months with more temperate weather, while demand for our Storage Solutions units by large retailers is stronger from September through December because these retailers need to store more inventories for the holiday season. Our retail customers usually return these rented units to us in December and early in the following year. In the Tank & Pump Solutions business, demand from customers is typically higher in the middle of the year from March to October, driven by the timing of customer maintenance projects. The demand for rental of our pumps may also be impacted by weather, specifically when temperatures drop below freezing.

CRITICAL ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

A comprehensive discussion of our critical accounting policies and management estimates and significant accounting policies are included in the “Management’s Discussion and Analysis of Financial Conditions and Results of Operations” section and in Note 2

“Summary of Significant Accounting Policies” to the consolidated financial statements in our Annual Report on Form 10-K for the fiscal year ended December 31, 2016.

There have been no significant changes in our critical accounting policies, estimates and judgments during the six-month period ended June 30, 2017.

RECENT ACCOUNTING PRONOUNCEMENTS

For discussions of the adoption and potential impacts of recently issued accounting standards, refer to Note 2 “Impact of Recently Issued Accounting Standards” to the accompanying condensed consolidated financial statements.

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS

This section and other sections of this Quarterly Report on Form 10-Q contain forward-looking information about our financial results and estimates and our business prospects that involve substantial risks and uncertainties. From time to time, we also may provide oral or written forward-looking statements in other materials we release to the public. Forward-looking statements are expressions of our current expectations or forecasts of future events. You can identify these statements by the fact that they do not relate strictly to historic or current facts. They include words such as “may,” “plan,” “seek,” “will,” “expect,” “intend,” “estimate,” “anticipate,” “believe,” “continue,” “project,” “should,” “likely,” “future,” “goal,” “observe,” and “strategy” or the negative thereof or variations thereon or similar terminology in connection with any discussion of future operating or financial performance. The forward-looking statements in this Quarterly Report on Form 10-Q reflect management’s beliefs, plans, objectives, goals, expectations, anticipations and intentions with respect to our financial condition, results of operations, future performance and business, and include statements regarding, among other things, our future actions; financial position; management forecasts; efficiencies; cost savings, synergies and opportunities to increase productivity and profitability; our plans and expectations regarding acquisitions; income and margins; liquidity; anticipated growth; the economy; business strategy; budgets; projected costs and plans and objectives of management for future operations; sales efforts; taxes; refinancing of existing debt; and the outcome of contingencies such as legal proceedings and financial results. Factors that could cause actual results to differ materially from projected results include, without limitation:

- an economic slowdown in the U.S. and/or the U.K. that affects any significant portion of our customer base, or the geographic regions where we operate in those countries;
- our ability to manage growth at existing or new locations;
- our ability to obtain borrowings under our revolving credit facility or additional debt or equity financings on acceptable terms;
- changes in the supply and price of new and used products we lease;
- our ability to increase revenue and control operating costs;
- our ability to raise or maintain rental rates;
- our ability to leverage and protect our information technology systems;
- our ability to protect our patents and other intellectual property;
- oil and gas prices;
- currency exchange and interest rate fluctuations;
- governmental laws and regulations affecting domestic and foreign operations, including tax obligations, and labor laws;
- changes in the supply and cost of the raw materials we use in refurbishing or remanufacturing Storage Solutions units;
- competitive developments affecting our industry, including pricing pressures;
- the timing, effectiveness and number of new markets we enter;
- our ability to cross-sell our Storage Solutions and Tank & Pump Solutions products;

our ability to integrate recent acquisitions;

- our ability to achieve the expected benefits of the divestiture of our wood mobile office fleet;

our ability to optimize our new scalable ERP system;

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- changes in GAAP;
- changes in local zoning laws affecting either our ability to operate in certain areas or our customer's ability to use our products;
- any changes in business, political and economic conditions due to the threat of future terrorist activity in the U.S. and other parts of the world and related U.S. military action overseas; and
- our ability to utilize our deferred tax assets.

We cannot guarantee that any forward-looking statement will be realized, although we believe we have been prudent in our plans and assumptions. Achievement of future results is subject to risks, uncertainties and inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from past results and those anticipated, estimated or projected. We undertake no obligation to publicly update forward-looking statements, whether as a result of new information, future events or otherwise.

In addition to the information set forth in this Quarterly Report on Form 10-Q, you should carefully consider the factors discussed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2016 under the heading "Risk Factors."

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk. As of June 30, 2017, we had \$637.7 million of indebtedness under our Credit Agreement, which bears interest at variable rates. The average interest rate applicable to our Credit Agreement was 2.4% for the six months ended June 30, 2017. Based upon the average amount of our variable rate debt of \$636.6 outstanding during the six months ended June 30, 2017, our annual interest expense would increase by approximately \$6.4 million for each one percentage point increase in the interest rate of our lines of credit.

Impact of Foreign Currency Rate Changes. We currently have operations outside the U.S., and we bill those customers primarily in their local currency, which is subject to foreign currency rate changes. Our operations in Canada are billed in the Canadian Dollar, and our operations in the U.K. are billed in Pound Sterling. We are exposed to foreign exchange rate fluctuations as the financial results of our non-U.S. operations are translated into U.S. dollars. The impact of foreign currency rate changes has historically been insignificant with our Canadian operations, but we have more exposure to volatility with our U.K. operations.

On June 23, 2016, the U.K. held a referendum in which British citizens approved an exit from the E.U., commonly referred to as "Brexit." As a result of the referendum, the global markets and currencies have been adversely impacted, including volatility in the value of the Pound Sterling as compared to the U.S. dollar. Volatility in exchange rates is expected to continue in the short term as the U.K. negotiates its exit from the E.U. In order to help minimize our exchange rate gain and loss volatility, we finance our U.K. entities through our revolving credit facility, which allows us, at our option, to borrow funds locally in Pound Sterling denominated debt. In the longer term, any impact from Brexit on us will depend, in part, on the outcome of tariff, trade, regulatory and other negotiations. Although it is unknown what the result of those negotiations will be, it is possible that new terms may adversely affect our operations and financial results.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this Quarterly Report on Form 10-Q, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended). Based on that evaluation, our Chief Executive Officer and our Chief Financial Officer concluded that, as of the end of the period covered by this Quarterly Report on Form 10-Q, the Company's disclosure controls and procedures were effective such that the information relating to the Company required to be disclosed in our SEC reports (i) is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and (ii) is accumulated and communicated to the Company's management, including our Chief Executive Officer and our Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Controls

There were no changes in our internal control over financial reporting during the three-month period ended June 30, 2017 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1A. RISK FACTORS

We refer you to documents filed by us with the SEC, specifically “Item 1A. Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended December 31, 2016, which identify important risk factors that could materially affect our business, financial condition and future results. We also refer you to the factors and cautionary language set forth in the section entitled “Cautionary Statements Regarding Forward-looking Statements” in “Item 2. Management’s Discussion and Analysis of Financial Conditions and Results of Operations” of this Quarterly Report on Form 10-Q. This Quarterly Report on Form 10-Q, including the accompanying condensed consolidated financial statements and related notes, should be read in conjunction with such risks and other factors for a full understanding of our operations and financial condition. The risks described in our Annual Report on Form 10-K for the fiscal year ended December 31, 2016 and herein are not the only risks facing us. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition or operating results.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The table below summarizes the information about purchases of our common stock during the quarterly period ended June 30, 2017:

Period	Total Number of Shares Purchased as Part of Publicly Announced Plans	Average Price Paid	Total Number of Shares Purchased Under the Plans	Approximate Dollar Value of Shares That May Yet be Purchased Under the Plans
Period	Purchased (1)	per Share (2)	or Programs (3)	or Programs
April 2017	—	\$ —	—	\$ 71,175
May 2017	12,728	26.93	12,551	70,837
June 2017	57	29.80	—	70,837
Total	12,785		12,551	

- (1) Certain of the shares purchased during the quarter were withheld from employees to satisfy minimum tax withholding obligations upon the vesting of restricted stock and were not purchased as part of a publicly announced plan or program.
- (2) The weighted average price paid per share of common stock does not include the cost of commissions.
- (3) In November 2013, the Board approved a share repurchase program authorizing up to \$125.0 million of the Company's outstanding shares of common stock to be repurchased. In April 2015, the Board approved an increase of \$50.0 million to the share repurchase program. The shares may be repurchased from time to time in the open market or in privately negotiated transactions. The share repurchase program does not have an expiration date and may be suspended or terminated at any time by the Board.

ITEM 6. EXHIBITS

Number	Description
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- | | |
|----------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 10.1 | Transition Agreement and Mutual Release, dated as of April 6, 2017, between Mobile Mini, Inc. and Mark E. Funk (Incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2017, filed with the SEC on April 27, 2017) |
| 10.2* | <u>Addendum 1, dated as of June 13, 2017, to the Transition Agreement and Mutual Release, dated as of April 6, 2017, between Mobile Mini, Inc. and Mark E. Funk</u> |
| 31.1* | <u>Certification of Chief Executive Officer pursuant to Item 601(b)(31) of Regulation S-K</u> |
| 31.2* | <u>Certification of Chief Financial Officer pursuant to Item 601(b)(31) of Regulation S-K</u> |
| 32.1** | <u>Certification of Chief Executive Officer and Chief Financial Officer pursuant to Item 601(b)(32) of Regulation S-K</u> |
| 101.INS* | XBRL Instance Document |
| 101.SCH* | XBRL Taxonomy Extension Schema Document |
| 101.CAL* | XBRL Taxonomy Extension Calculation Linkbase Document |
| 101.DEF* | XBRL Taxonomy Extension Definition Linkbase Document |
| 101.LAB* | XBRL Taxonomy Extension Label Linkbase Document |
| 101.PRE* | XBRL Taxonomy Extension Presentation Linkbase Document |

* Filed herewith.

**Furnished herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

MOBILE MINI, INC.

Date: July 21, 2017 /s/ Mark E. Funk
Mark E. Funk
Chief Financial Officer
(Principal Financial Officer)