

MOBILE MINI INC
Form 10-Q
October 20, 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 September 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

(Registrant's telephone number, including area code)

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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 October 13, 2017, there were outstanding 44,326,551 shares of the registrant’s common stock, par value \$.01.

MOBILE MINI, INC.

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FOR THE QUARTER ENDED SEPTEMBER 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)

	September 30,	December 31,
	2017 (unaudited)	2016 (audited)
ASSETS		
Cash and cash equivalents	\$ 12,609	\$ 4,137
Receivables, net of allowance for doubtful accounts of \$5,823 and \$4,886		
at September 30, 2017 and December 31, 2016, respectively	100,810	99,175
Inventories	17,013	15,412
Rental fleet, net	983,288	950,065
Property, plant and equipment, net	152,649	149,197
Other assets	15,384	14,930
Intangibles, net	63,624	68,420
Goodwill	708,541	703,558
Total assets	\$ 2,053,918	\$ 2,004,894
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Accounts payable	\$ 30,430	\$ 27,388
Accrued liabilities	71,541	64,126
Lines of credit	640,879	641,160
Obligations under capital leases	51,789	50,704
Senior notes, net of deferred financing costs of \$4,309 and \$4,788		
at September 30, 2017 and December 31, 2016, respectively	245,691	245,212
Deferred income taxes	238,067	240,690
Total liabilities	1,278,397	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, 49,605 issued and 44,327		
outstanding at September 30, 2017 and 49,292 issued and 44,295 outstanding at		
December 31, 2016	496	493
Additional paid-in capital	602,772	592,071
Retained earnings	381,294	362,896

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Accumulated other comprehensive loss	(61,882)	(81,047)
Treasury stock, at cost, 5,278 and 4,997 shares at September 30, 2017 and		
December 31, 2016, respectively	(147,159)	(138,799)
Total stockholders' equity	775,521	735,614
Total liabilities and stockholders' equity	\$2,053,918	\$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		Nine Months Ended	
	September 30,		September 30,	
	2017	2016	2017	2016
Revenues:				
Rental	\$127,695	\$121,784	\$360,288	\$355,913
Sales	8,438	6,610	24,817	19,843
Other	503	459	1,748	2,479
Total revenues	136,636	128,853	386,853	378,235
Costs and expenses:				
Rental, selling and general expenses	87,745	80,457	248,954	234,796
Cost of sales	5,519	3,897	16,039	12,186
Restructuring expenses	625	1,648	2,062	5,220
Depreciation and amortization	15,935	16,184	46,941	47,630
Total costs and expenses	109,824	102,186	313,996	299,832
Income from operations	26,812	26,667	72,857	78,403
Other income (expense):				
Interest income	4	—	20	—
Interest expense	(9,203)	(8,047)	(26,412)	(24,533)
Debt extinguishment expense	—	—	—	(9,192)
Deferred financing costs write-off	—	—	—	(2,271)
Foreign currency exchange	(2)	(5)	(29)	(9)
Income before income tax provision	17,611	18,615	46,436	42,398
Income tax provision	6,383	5,906	16,279	14,619
Net income	\$11,228	\$12,709	\$30,157	\$27,779
Earnings per share:				
Basic	\$0.25	\$0.29	\$0.68	\$0.63
Diluted	0.25	0.29	0.68	0.63
Weighted average number of common and common share equivalents outstanding:				
Basic	44,039	44,159	44,030	44,170
Diluted	44,206	44,453	44,190	44,431
Cash dividends declared per share	\$0.23	\$0.21	\$0.68	\$0.62

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

MOBILE MINI, INC.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In thousands)

(Unaudited)

	Three Months Ended		Nine Months Ended	
	September 30, 2017 2016		September 30, 2017 2016	
Net income	\$ 11,228	\$ 12,709	\$ 30,157	\$ 27,779
Foreign currency translation adjustment	7,566	(6,435)	19,165	(25,420)
Comprehensive income	\$ 18,794	\$ 6,274	\$ 49,322	\$ 2,359

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

MOBILE MINI, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

(Unaudited)

	Nine Months Ended	
	September 30,	2016
	2017	
Cash flows from operating activities:		
Net income	\$ 30,157	\$ 27,779
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	3,176	4,290
Amortization of deferred financing costs	1,545	1,457
Amortization of long-term liabilities	98	87
Share-based compensation expense	5,890	6,521
Depreciation and amortization	46,941	47,630
Gain on sale of rental fleet	(4,273)	(4,228)
Loss on disposal of property, plant and equipment	472	1,089
Deferred income taxes	15,167	14,448
Foreign currency exchange	29	9
Changes in certain assets and liabilities, net of effect of businesses acquired:		
Receivables	(3,183)	(19,099)
Inventories	(1,443)	(2,680)
Other assets	(497)	562
Accounts payable	(3,200)	3,952
Accrued liabilities	4,953	2,741
Net cash provided by operating activities	95,832	96,021
Cash flows from investing activities:		
Cash paid for businesses acquired, net of cash acquired	—	(9,206)
Additions to rental fleet, excluding acquisitions	(45,945)	(46,480)
Proceeds from sale of rental fleet	9,602	10,770
Additions to property, plant and equipment, excluding acquisitions	(12,816)	(25,750)
Proceeds from sale of property, plant and equipment	780	2,369
Net cash used in investing activities	(48,379)	(68,297)
Cash flows from financing activities:		
Net repayments under lines of credit	(281)	(16,171)
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)
Deferred financing costs	(12)	(5,352)
Principal payments on capital lease obligations	(5,526)	(4,693)

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Issuance of common stock	4,685	356
Dividend payments	(30,120)	(27,327)
Purchase of treasury stock	(8,359)	(7,135)
Net cash used in financing activities	(39,613)	(19,514)
Effect of exchange rate changes on cash	632	(301)
Net increase in cash	8,472	7,909
Cash and cash equivalents at beginning of period	4,137	1,613
Cash and cash equivalents at end of period	\$ 12,609	\$ 9,522

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

MOBILE MINI, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS - Continued

(In thousands)

(Unaudited)

	Nine Months Ended	
	September 30,	
	2017	2016
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$30,379	\$17,880
Cash paid for income and franchise taxes	1,313	1,380
Equipment and other acquired through capital lease obligations	6,610	18,951
Capital expenditures accrued or payable	8,931	5,053

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 portable 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 September 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 construction companies, large and small retailers, 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 construction materials and equipment, retail and manufacturing inventory, 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 nine months ended September 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 September 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 September 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:

	September 30,	December 31,
	2017	2016
	(In thousands)	
Carrying value	\$250,000	\$250,000
Fair value	261,600	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		Nine Months Ended	
	September 30, 2017 2016		September 30, 2017 2016	
	(In thousands, except per share data)			
Numerator:				
Net income	\$ 11,228	\$ 12,709	\$ 30,157	\$ 27,779
Denominator:				
Weighted average shares outstanding - basic	44,039	44,159	44,030	44,170
Dilutive effect of share-based awards	167	294	160	261
Weighted average shares outstanding - diluted	44,206	44,453	44,190	44,431
Earnings per share:				

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Basic	\$0.25	\$0.29	\$0.68	\$0.63
Diluted	0.25	0.29	0.68	0.63

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		Nine Months Ended	
	September 30, 2017	2016	September 30, 2017	2016
	(In thousands)			
Stock options	2,185	1,569	2,213	2,088
Restricted share awards	1	5	4	4
Total	2,186	1,574	2,217	2,092

MOBILE MINI, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) - Continued

(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 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 September 30, 2017 and December 31, 2016 consisted of the following:

	September 30,	December 31,
	2017	2016
	(In thousands)	
Raw materials and supplies	\$ 12,797	\$ 12,908
Work-in-process	49	31
Finished units	4,167	2,473
Inventories	\$ 17,013	\$ 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 September 30, 2017 was approximately \$1.1 billion. Our net book value for this fleet as of September 30, 2017 was \$983.3 million.

Depreciation expense related to our rental fleet for the nine months ended September 30, 2017 and 2016 was \$23.1 million and \$24.3 million, respectively. At September 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 September 30, 2017 and December 31, 2016:

	Residual Value as Percentage of Original Cost (1)	Estimated Useful Life in Years	September 30, 2017 (In thousands)	December 31, 2016 (In thousands)
Storage Solutions:				
Steel storage containers	55%	30	\$651,082	\$ 625,094
Steel ground level offices	55	30	368,873	347,574
Other			8,252	4,430
Total			1,028,207	977,098
Accumulated depreciation			(164,209)	(151,238)
Total Storage Solutions fleet, net			\$863,998	\$ 825,860
Tank & Pump Solutions:				
Steel tanks		25	\$63,673	\$ 61,955
Roll-off boxes		15 - 20	29,038	28,743
Stainless steel tank trailers		25	29,093	29,150
Vacuum boxes		20	12,360	11,512
De-watering boxes		20	5,981	5,429
Pumps and filtration equipment		7	12,697	13,690
Other			6,950	6,150
Total			159,792	156,629
Accumulated depreciation			(40,502)	(32,424)
Total Tank & Pump Solutions fleet, net			\$119,290	\$ 124,205
Total rental fleet, net			\$983,288	\$ 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 nine months ended September 30, 2017 and 2016 was \$19.0 million and \$18.6 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 September 30, 2017 and December 31, 2016 consisted of the following:

	Residual Value as Percentage of	Estimated Useful Life	September 30, 2017	December 31, 2016
	Original Cost	in Years	(In thousands)	
Land			\$2,967	\$ 3,789
Vehicles and machinery	0 - 55%	5 - 30	144,787	131,584
Buildings and improvements (1)	0 - 25	3 - 30	24,859	22,750
Furniture, office and computer equipment	—	3 - 10	70,612	63,969
Property, plant and equipment			243,225	222,092
Accumulated depreciation			(90,576)	(72,895)
Property, plant and equipment, net			\$152,649	\$ 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 September 30, 2017 and December 31, 2016, we had \$38.8 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 \$708.5 million total goodwill at September 30, 2017, \$468.8 million related to the North America Storage Solutions segment, \$58.5 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 September 30, 2017 (in thousands):

Balance at January 1, 2017	\$703,558
Foreign currency	4,965
Adjustments	18
Balance at September 30, 2017	\$708,541

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:

	Estimated Useful Life in Years	September 30, 2017		Net	December 31, 2016		Net
		Gross Carrying Amount	Accumulated Amortization		Gross Carrying Amount	Accumulated Amortization	
		(In thousands)	(In thousands)		(In thousands)	(In thousands)	
Customer relationships	15 - 20	\$93,181	\$ (33,302)	\$59,879	\$92,515	\$ (28,729)	\$63,786
Trade names/trademarks	5 - 10	5,949	(3,086)	2,863	5,892	(2,364)	3,528
Non-compete agreements	5	1,890	(1,040)	850	1,886	(813)	1,073

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Other	20	60	(28)	32	59	(26)	33
Total		\$101,080	\$ (37,456)	\$63,624	\$100,352	\$ (31,932)	\$68,420

Amortization expense for amortizable intangibles was approximately \$4.9 million and \$4.8 million for the nine-month periods ended September 30, 2017 and 2016. Based on the carrying value at September 30, 2017, future amortization of intangible assets is expected to be as follows for the years ended December 31 (in thousands):

2017 (remaining)	\$1,682
2018	6,418
2019	6,265
2020	5,140
2021	4,906
Thereafter	39,213
Total	\$63,624

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 September 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 September 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 September 30, 2017 and December 31, 2016, obligations under capital leases for certain real property, transportation, technology and office related equipment were \$51.8 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 September 30, 2017 are as follows:

	Lines of Credit (In thousands)	Senior Notes	Capital Lease Obligations	Total
2017 (remaining)	\$—	\$—	\$ 2,080	\$2,080
2018	—	—	7,688	7,688
2019	—	—	8,063	8,063
2020	640,879	—	9,351	650,230
2021	—	—	9,114	9,114
Thereafter	—	250,000	15,493	265,493
Total	\$640,879	\$250,000	\$ 51,789	\$942,668

(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 September 30, 2017, we are no longer subject to examination by U.S. federal tax authorities for years prior to 2014, to examination for any U.S. state taxing authority prior to 2012, or to examination for any foreign jurisdictions prior to 2013. All subsequent periods remain open to examination.

Our effective income tax rate increased to 36.2% for the three months ended September 30, 2017, compared to 31.7% 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, U.S. state tax rate increases enacted in the current quarter, and a benefit recorded in the prior-year period for the corporate tax rate reduction enacted in the U.K. during the third quarter of 2016. For the nine month periods ended September 30, 2017 and 2016 our effective tax rates were 35.1% and 34.5%, respectively. The increase in the 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, partially offset by stock compensation related items recorded discretely in the prior-year period.

Uncertain tax positions are recognized and measured using a two-step approach. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation process, if any. The second step is to measure the tax benefit as the largest amount that is more than 50% likely of being realized upon ultimate settlement.

As of September 30, 2017, we had approximately \$14.1 million of gross unrecognized tax benefits, of which, none would affect our effective tax rate if recognized. A reconciliation of the beginning and ending balance of unrecognized tax benefits is as follows (in thousands):

Balance as of January 1, 2017	\$5,874
Additions based on tax positions related to the current year	—
Additions for tax positions of prior years	8,266
Balance as of September 30, 2017	\$14,140

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.

MOBILE MINI, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) - Continued

(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 September 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 nine months ended September 30:

	Three Months Ended		Nine Months Ended	
	September 30, 2017 2016		September 30, 2017 2016	
	(In thousands)			
Share-based compensation expense included in:				
Rental, selling and general expenses	\$2,071	\$2,156	\$5,890	\$6,343
Restructuring expenses	—	120	—	178
Total share-based compensation	\$2,071	\$2,276	\$5,890	\$6,521

During the nine months ended September 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 \$0.2 million in the current quarter and a total of \$1.2 million in the current year. The expense related to the acceleration is included in rental, selling and general expenses in the condensed consolidated statement of income for the three and nine months ended September 30, 2017.

As of September 30, 2017, total unrecognized compensation cost related to stock option awards was approximately \$2.8 million and the related weighted-average period over which it is expected to be recognized is approximately 1.1 years. As of September 30, 2017, the unrecognized compensation cost related to restricted stock awards was approximately \$5.3 million, which is expected to be recognized over a weighted-average period of approximately 2.5 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,

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volatility and dividend rates are estimated based on our historical data. The following are the key assumptions used for each of the nine-month periods ended September 30:

	2017	2016
Risk-free interest rate	1.7% - 1.9%	1.1% - 1.5%
Expected life of the options (years)	5	5
Expected stock price volatility	33.4% - 35.4%	36.7% - 36.9%
Expected dividend rate	2.8% - 3.1%	2.1% - 3.1%

The following table summarizes stock option activity for the nine months ended September 30, 2017:

	Number of	Weighted Average Exercise Price
	Shares (In thousands)	
Options outstanding, beginning of period	3,292	\$ 32.06
Granted	440	32.27
Canceled/Expired	(259)	29.85
Exercised	(199)	23.57
Options outstanding, end of period	3,274	32.78

MOBILE MINI, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) - Continued

A summary of stock options outstanding as of September 30, 2017 is as follows:

		Weighted		
		Weighted	Average	
		Average	Remaining	Aggregate
	Number of	Exercise	Contractual	Intrinsic
	Shares	Price	Terms	Value
	(In thousands)		(In years)	(In thousands)
Outstanding	3,274	\$ 32.78	6.11	\$ 11,542
Exercisable	2,543	33.20	5.35	8,540

The aggregate intrinsic value of options exercised during the nine months ended September 30, 2017 was approximately \$1.6 million and the weighted average fair value of stock options granted during the nine months ended September 30, 2017 was \$8.20.

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.

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	Weighted
	Average
	Grant
	Date

	(In thousands)	Fair Value
Restricted stock awards at beginning of period	243	\$ 30.27
Awarded	143	31.98
Released	(129)	31.18
Forfeited	(29)	31.55
Restricted stock awards at end of period	228	30.67

The restricted stock awards that vested during the nine months ended September 30, 2017 had an aggregate grant date fair value of \$4.0 million and an aggregate vesting date fair value of \$3.3 million.

(12) Restructuring

We have undergone restructuring actions to align our business operations. The restructuring expenses during the nine-month period ended September 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 \$2.1 million of restructuring expenses recognized in the nine months ended September 30, 2017, approximately \$1.3 million related to activities associated with the continued integration of Evergreen Tank Solutions (“ETS”) into the existing Mobile Mini infrastructure, along with realigning and streamlining the salesforce and field operations. Additionally, \$0.8 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.

Of the \$5.2 million of restructuring expense recognized in the nine months ended September 30, 2016 approximately \$2.5 million of expenses largely relate to the abandonment of yards related to the divestiture of our wood mobile office business and the remaining \$2.1 million related to the integration of ETS into the existing Mobile Mini infrastructure, including the re-alignment of sales leadership with operational leadership.

MOBILE MINI, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) - Continued

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 nine-month period ended September 30, 2017:

	Fleet and Property, Plant and Equipment		Lease Severance and Abandonment		Other	Total
	Abandonment	Benefits	Costs	Costs	Costs	
	(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	—	277	810	975		2,062
Settlement of obligations	—	(508)	(954)	(890)		(2,352)
Accrued obligations as of September 30, 2017	\$—	\$ 164	\$ 224	\$85		\$473

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

	Three Months Ended		Nine Months Ended	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
	(In thousands)			
Fleet and property, plant and equipment abandonment costs	\$—	\$1	\$—	\$109
Severance and benefits	277	837	277	1,073
Lease abandonment costs	105	799	810	2,612
Other costs	243	11	975	1,426
Restructuring expenses	\$625	\$1,648	\$2,062	\$5,220

(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 nine months ended September 30, 2017, the Board authorized and declared cash dividends to all of our common stockholders as follows:

			Dividend Amount Per Share
Declaration Date	Payment Date	Record Date (close of business)	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
July 18, 2017	August 30, 2017	August 16, 2017	0.227

MOBILE MINI, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) - Continued

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 nine months ended September 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 September 30, 2017. In addition, during the nine months ended September 30, 2017, we withheld approximately 33,000 shares of stock from employees, for an approximate value of \$1.0 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 nine months ended September 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 September 30, 2016. In addition, during the nine months ended September 30, 2016, we withheld approximately 13,000 shares of stock from employees, for an approximate value of \$0.4 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 \$113.1 million and \$107.6 million for the three months ended September 30, 2017 and 2016, respectively, and were \$320.5 million and \$313.8 million for the nine months ended September 30, 2017 and 2016, respectively.

MOBILE MINI, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) - Continued

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 September 30, 2017				
	Storage Solutions			Tank &	
	North	United		Pump	
	America	Kingdom	Total	Solutions	Consolidated
	(In thousands)				
Revenues:					
Rental	\$84,249	\$20,239	\$104,488	\$23,207	\$127,695
Sales	4,503	2,240	6,743	1,695	8,438
Other	274	127	401	102	503
Total revenues	89,026	22,606	111,632	25,004	136,636
Costs and expenses:					
Rental, selling and general expenses	57,327	12,868	70,195	17,550	87,745
Cost of sales	2,657	1,820	4,477	1,042	5,519
Restructuring expenses	500	—	500	125	625
Depreciation and amortization	8,052	1,784	9,836	6,099	15,935
Total costs and expenses	68,536	16,472	85,008	24,816	109,824
Income from operations	\$20,490	\$6,134	\$26,624	\$188	\$26,812
Interest expense, net of interest income	\$6,370	\$125	\$6,495	\$2,704	\$9,199
Income tax provision (benefit)	6,280	981	7,261	(878)	6,383
Capital expenditures for additions to rental fleet,					
excluding acquisitions	16,629	4,509	21,138	1,780	22,918

	For the Three Months Ended September 30, 2016				
	Storage Solutions			Tank &	
	North	United		Pump	
	America	Kingdom	Total	Solutions	Consolidated
	(In thousands)				
Revenues:					
Rental	\$77,824	\$19,854	\$97,678	\$24,106	\$121,784
Sales	4,905	414	5,319	1,291	6,610
Other	238	133	371	88	459
Total revenues	82,967	20,401	103,368	25,485	128,853

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Costs and expenses:

Rental, selling and general expenses	51,633	12,451	64,084	16,373	80,457
Cost of sales	2,821	292	3,113	784	3,897
Restructuring expenses	1,285	—	1,285	363	1,648
Depreciation and amortization	7,397	1,703	9,100	7,084	16,184
Total costs and expenses	63,136	14,446	77,582	24,604	102,186
Income from operations	\$ 19,831	\$ 5,955	\$ 25,786	\$ 881	\$ 26,667
Interest expense, net of interest income	\$ 4,817	\$ 139	\$ 4,956	\$ 3,091	\$ 8,047
Income tax provision (benefit)	7,806	79	7,885	(1,979)	5,906
Capital expenditures for additions to rental fleet,					
excluding acquisitions	11,967	1,958	13,925	4,397	18,322

MOBILE MINI, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) - Continued

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

	For the Nine Months Ended September 30, 2017				
	Storage Solutions			Tank &	
	North	United		Pump	
	America	Kingdom	Total	Solutions	Consolidated
	(In thousands)				
Revenues:					
Rental	\$236,326	\$ 57,454	\$293,780	\$ 66,508	\$ 360,288
Sales	14,407	6,356	20,763	4,054	24,817
Other	1,109	309	1,418	330	1,748
Total revenues	251,842	64,119	315,961	70,892	386,853
Costs and expenses:					
Rental, selling and general expenses	161,122	37,429	198,551	50,403	248,954
Cost of sales	8,727	5,081	13,808	2,231	16,039
Restructuring expenses	1,933	—	1,933	129	2,062
Depreciation and amortization	23,316	5,180	28,496	18,445	46,941
Total costs and expenses	195,098	47,690	242,788	71,208	313,996
Income (loss) from operations	\$56,744	\$ 16,429	\$73,173	\$ (316)	\$ 72,857
Interest expense, net of interest income	\$17,897	\$377	\$18,274	\$8,118	\$ 26,392
Income tax provision (benefit)	16,593	2,629	19,222	(2,943)	16,279
Capital expenditures for additions to rental fleet,					
excluding acquisitions	31,833	9,037	40,870	5,075	45,945

	For the Nine Months Ended September 30, 2016				
	Storage Solutions			Tank &	
	North	United		Pump	
	America	Kingdom	Total	Solutions	Consolidated
	(In thousands)				
Revenues:					
Rental	\$225,508	\$ 60,000	\$285,508	\$ 70,405	\$ 355,913
Sales	14,065	1,669	15,734	4,109	19,843
Other	2,017	232	2,249	230	2,479
Total revenues	241,590	61,901	303,491	74,744	378,235

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Costs and expenses:

Rental, selling and general expenses	150,382	37,410	187,792	47,004	234,796
Cost of sales	8,355	1,213	9,568	2,618	12,186
Restructuring expenses	4,498	—	4,498	722	5,220
Depreciation and amortization	21,008	5,208	26,216	21,414	47,630
Total costs and expenses	184,243	43,831	228,074	71,758	299,832
Income from operations	\$57,347	\$ 18,070	\$75,417	\$ 2,986	\$ 78,403
Interest expense, net of interest income	\$15,571	\$ 406	\$15,977	\$ 8,556	\$ 24,533
Income tax provision (benefit)	14,046	2,223	16,269	(1,650)	14,619
Capital expenditures for additions to rental fleet, excluding acquisitions	23,449	9,436	32,885	13,595	46,480

MOBILE MINI, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) - Continued

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 September 30, 2017:					
Goodwill	\$468,815	\$58,510	\$527,325	\$181,216	\$ 708,541
Intangibles, net	1,473	709	2,182	61,442	63,624
Rental fleet, net	708,298	155,700	863,998	119,290	983,288
As of December 31, 2016:					
Goodwill	\$468,464	\$53,878	\$522,342	\$181,216	\$ 703,558
Intangibles, net	1,959	899	2,858	65,562	68,420
Rental fleet, net	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 September 30, 2017 and December 31, 2016.

(16) Subsequent Events

Declaration of Quarterly Dividend

On October 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 November 29, 2017, to all stockholders of record as of the close of business on November 15, 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 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.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) - Continued

MOBILE MINI, INC.

CONDENSED CONSOLIDATING BALANCE SHEETS

As of September 30, 2017

(In thousands)

	Guarantors	Non-Guarantors	Eliminations	Consolidated
ASSETS				
Cash and cash equivalents	\$ 1,456	\$ 11,153	\$ —	\$ 12,609
Receivables, net	79,790	21,020	—	100,810
Inventories	14,759	2,254	—	17,013
Rental fleet, net	818,480	164,808	—	983,288
Property, plant and equipment, net	131,644	21,005	—	152,649
Other assets	12,215	3,169	—	15,384
Intangibles, net	62,889	735	—	63,624
Goodwill	645,126	63,415	—	708,541
Intercompany receivables	146,008	4,559	(150,567)	—
Total assets	\$ 1,912,367	\$ 292,118	\$ (150,567)	\$ 2,053,918
LIABILITIES AND STOCKHOLDERS' EQUITY				
Liabilities:				
Accounts payable	\$ 21,956	\$ 8,474	\$ —	\$ 30,430
Accrued liabilities	62,594	8,947	—	71,541
Lines of credit	640,879	—	—	640,879
Obligations under capital leases	51,637	152	—	51,789
Senior notes, net	245,691	—	—	245,691
Deferred income taxes	218,580	19,487	—	238,067
Intercompany payables	1,042	1,526	(2,568)	—
Total liabilities	1,242,379	38,586	(2,568)	1,278,397
Commitments and contingencies				
Stockholders' equity:				
Common stock	496	—	—	496
Additional paid-in capital	602,772	147,999	(147,999)	602,772
Retained earnings	213,879	167,415	—	381,294
Accumulated other comprehensive loss	—	(61,882)	—	(61,882)
Treasury stock, at cost	(147,159)	—	—	(147,159)
Total stockholders' equity	669,988	253,532	(147,999)	775,521
Total liabilities and stockholders' equity	\$ 1,912,367	\$ 292,118	\$ (150,567)	\$ 2,053,918

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 September 30, 2017

(In thousands)

	Guarantors	Non-Guarantors	Eliminations	Consolidated
Revenues:				
Rental	\$ 106,593	\$ 21,102	\$ —	\$ 127,695
Sales	6,176	2,262	—	8,438
Other	371	132	—	503
Total revenues	113,140	23,496	—	136,636
Costs and expenses:				
Rental, selling and general expenses	74,194	13,551	—	87,745
Cost of sales	3,686	1,833	—	5,519
Restructuring expenses	625	—	—	625
Depreciation and amortization	14,065	1,870	—	15,935
Total costs and expenses	92,570	17,254	—	109,824
Income from operations	20,570	6,242	—	26,812
Other income (expense):				
Interest income	2,652	2	(2,650)	4
Interest expense	(11,727)	(126)	2,650	(9,203)
Foreign currency exchange	—	(2)	—	(2)
Income before income tax provision	11,495	6,116	—	17,611
Income tax provision	5,402	981	—	6,383
Net income	\$ 6,093	\$ 5,135	\$ —	\$ 11,228

MOBILE MINI, INC.

CONDENSED CONSOLIDATING STATEMENTS OF COMPREHENSIVE INCOME

Three Months Ended September 30, 2017

(In thousands)

Guarantors Non-Guarantors Eliminations Consolidated

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		Guarantors		
Net income	\$ 6,093	\$ 5,135	\$	— \$ 11,228
Foreign currency translation adjustment	—	7,566		— 7,566
Comprehensive income	\$ 6,093	\$ 12,701	\$	— \$ 18,794

MOBILE MINI, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) - Continued

MOBILE MINI, INC.

CONDENSED CONSOLIDATING STATEMENTS OF INCOME

Three Months Ended September 30, 2016

(In thousands)

	Non-			
	Guarantors	Guarantors	Eliminations	Consolidated
Revenues:				
Rental	\$ 101,179	\$ 20,605	\$ —	\$ 121,784
Sales	6,130	480	—	6,610
Other	322	137	—	459
Total revenues	107,631	21,222	—	128,853
Costs and expenses:				
Rental, selling and general expenses	67,369	13,088	—	80,457
Cost of sales	3,564	333	—	3,897
Restructuring expenses	1,643	5	—	1,648
Depreciation and amortization	14,377	1,807	—	16,184
Total costs and expenses	86,953	15,233	—	102,186
Income from operations	20,678	5,989	—	26,667
Other income (expense):				
Interest income	2,654	—	(2,654)	—
Interest expense	(10,562)	(139)	2,654	(8,047)
Foreign currency exchange	—	(5)	—	(5)
Income before income tax provision	12,770	5,845	—	18,615
Income tax provision	5,827	79	—	5,906
Net income	\$ 6,943	\$ 5,766	\$ —	\$ 12,709

MOBILE MINI, INC.

CONDENSED CONSOLIDATING STATEMENTS OF COMPREHENSIVE INCOME

Three Months Ended September 30, 2016

(In thousands)

Guarantors Non- Eliminations Consolidated

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		Guarantors		
Net income	\$ 6,943	\$ 5,766	\$	— \$ 12,709
Foreign currency translation adjustment	—	(6,435)		— (6,435)
Comprehensive income (loss)	\$ 6,943	\$ (669)	\$	— \$ 6,274

MOBILE MINI, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) - Continued

MOBILE MINI, INC.

CONDENSED CONSOLIDATING STATEMENTS OF INCOME

Nine Months Ended September 30, 2017

(In thousands)

	Guarantors	Non-Guarantors	Eliminations	Consolidated
Revenues:				
Rental	\$ 300,751	\$ 59,537	\$ —	\$ 360,288
Sales	18,339	6,478	—	24,817
Other	1,432	316	—	1,748
Total revenues	320,522	66,331	—	386,853
Costs and expenses:				
Rental, selling and general expenses	209,574	39,380	—	248,954
Cost of sales	10,873	5,166	—	16,039
Restructuring expenses	2,062	—	—	2,062
Depreciation and amortization	41,503	5,438	—	46,941
Total costs and expenses	264,012	49,984	—	313,996
Income from operations	56,510	16,347	—	72,857
Other income (expense):				
Interest income	7,966	4	(7,950)	20
Interest expense	(33,981)	(381)	7,950	(26,412)
Foreign currency exchange	—	(29)	—	(29)
Income before income tax provision	30,495	15,941	—	46,436
Income tax provision	13,650	2,629	—	16,279
Net income	\$ 16,845	\$ 13,312	\$ —	\$ 30,157

MOBILE MINI, INC.

CONDENSED CONSOLIDATING STATEMENTS OF COMPREHENSIVE INCOME

Nine Months Ended September 30, 2017

(In thousands)

Guarantors Non-Guarantors Eliminations Consolidated

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		Guarantors		
Net income	\$ 16,845	\$ 13,312	\$	— \$ 30,157
Foreign currency translation adjustment	—	19,165		— 19,165
Comprehensive income	\$ 16,845	\$ 32,477	\$	— \$ 49,322

MOBILE MINI, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) - Continued

MOBILE MINI, INC.

CONDENSED CONSOLIDATING STATEMENTS OF INCOME

Nine Months Ended September 30, 2016

(In thousands)

	Non-			
	Guarantors	Guarantors	Eliminations	Consolidated
Revenues:				
Rental	\$ 293,624	\$ 62,289	\$ —	\$ 355,913
Sales	17,956	1,887	—	19,843
Other	2,237	242	—	2,479
Total revenues	313,817	64,418	—	378,235
Costs and expenses:				
Rental, selling and general expenses	195,543	39,253	—	234,796
Cost of sales	10,835	1,351	—	12,186
Restructuring expenses	5,215	5	—	5,220
Depreciation and amortization	42,123	5,507	—	47,630
Total costs and expenses	253,716	46,116	—	299,832
Income from operations	60,101	18,302	—	78,403
Other income (expense):				
Interest income	7,961	—	(7,961)	—
Interest expense	(31,950)	(544)	7,961	(24,533)
Debt extinguishment expense	(9,192)	—	—	(9,192)
Deferred financing costs write-off	(2,271)	—	—	(2,271)
Foreign currency exchange	—	(9)	—	(9)
Income before income tax provision	24,649	17,749	—	42,398
Income tax provision	12,396	2,223	—	14,619
Net income	\$ 12,253	\$ 15,526	\$ —	\$ 27,779

MOBILE MINI, INC.

CONDENSED CONSOLIDATING STATEMENTS OF COMPREHENSIVE INCOME

Nine Months Ended September 30, 2016

(In thousands)

Non-

	Guarantors	Guarantors	Eliminations	Consolidated
Net income	\$ 12,253	\$ 15,526	\$ —	\$ 27,779
Foreign currency translation adjustment	—	(25,420)	—	(25,420)
Comprehensive income (loss)	\$ 12,253	\$ (9,894)	\$ —	\$ 2,359

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MOBILE MINI, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) - Continued

MOBILE MINI, INC.

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS

Nine Months Ended September 30, 2017

(In thousands)

	Non-		Eliminations	Consolidated
	Guarantors	Guarantors		
Cash flows from operating activities:				
Net income	\$ 16,845	\$ 13,312	\$ —	\$ 30,157
Adjustments to reconcile net income to net cash				
provided by operating activities:				
Provision for doubtful accounts	2,839	337	—	3,176
Amortization of deferred financing costs	1,545	—	—	1,545
Amortization of long-term liabilities	98	—	—	98
Share-based compensation expense	5,671	219	—	5,890
Depreciation and amortization	41,503	5,438	—	46,941
Gain on sale of rental fleet units	(4,014)	(259)	—	(4,273)
Loss on disposal of property, plant and equipment	105	367	—	472
Deferred income taxes	13,649	1,518	—	15,167
Foreign currency exchange	—	29	—	29
Changes in certain assets and liabilities, net of effect of				
businesses acquired:				
Receivables	(2,153)	(1,030)	—	(3,183)
Inventories	(232)	(1,211)	—	(1,443)
Other assets	728	(1,225)	—	(497)
Accounts payable	(2,961)	(239)	—	(3,200)
Accrued liabilities	3,772	1,181	—	4,953
Intercompany	274	(274)	—	—
Net cash provided by operating activities	77,669	18,163	—	95,832
Cash flows from investing activities:				
Additions to rental fleet, excluding acquisitions	(36,757)	(9,188)	—	(45,945)
Proceeds from sale of rental fleet	8,599	1,003	—	9,602
Additions to property, plant and equipment,				
excluding acquisitions	(10,010)	(2,806)	—	(12,816)
Proceeds from sale of property, plant and equipment	78	702	—	780
Net cash used in investing activities	(38,090)	(10,289)	—	(48,379)

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Cash flows from financing activities:				
Net repayments under lines of credit	(96)	(185)	—	(281)
Deferred financing costs	(12)	—	—	(12)
Principal payments on capital lease obligations	(5,481)	(45)	—	(5,526)
Issuance of common stock	4,685	—	—	4,685
Dividend payments	(30,120)	—	—	(30,120)
Purchase of treasury stock	(8,359)	—	—	(8,359)
Net cash used in financing activities	(39,383)	(230)	—	(39,613)
Effect of exchange rate changes on cash	—	632	—	632
Net increase in cash	196	8,276	—	8,472
Cash and cash equivalents at beginning of period	1,260	2,877	—	4,137
Cash and cash equivalents at end of period	\$ 1,456	\$ 11,153	\$ —	\$ 12,609

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MOBILE MINI, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) - Continued

MOBILE MINI, INC.

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS

Nine Months Ended September 30, 2016

(In thousands)

Non-

	Guarantors	Guarantors	Eliminations	Consolidated
Cash flows from operating activities:				
Net income	\$ 12,253	\$ 15,526	\$ —	\$ 27,779
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	3,759	531	—	4,290
Amortization of deferred financing costs	1,449	8	—	1,457
Amortization of long-term liabilities	87	—	—	87
Share-based compensation expense	6,314	207	—	6,521
Depreciation and amortization	42,123	5,507	—	47,630
Gain on sale of rental fleet units	(3,862)	(366)	—	(4,228)
Loss on disposal of property, plant and equipment	942	147	—	1,089
Deferred income taxes	12,226	2,222	—	14,448
Foreign currency exchange	—	9	—	9
Changes in certain assets and liabilities, net of effect of				
businesses acquired:				
Receivables	(16,432)	(2,667)	—	(19,099)
Inventories	(3,085)	405	—	(2,680)
Other assets	408	154	—	562
Accounts payable	871	3,081	—	3,952
Accrued liabilities	2,740	1	—	2,741
Intercompany	771	(771)	—	—
Net cash provided by operating activities	72,027	23,994	—	96,021
Cash flows from investing activities:				
Cash paid for businesses acquired, net of cash acquired	(9,206)	—	—	(9,206)
Additions to rental fleet, excluding acquisitions	(37,012)	(9,468)	—	(46,480)
Proceeds from sale of rental fleet	9,404	1,366	—	10,770
Additions to property, plant and equipment,	(18,300)	(7,450)	—	(25,750)

excluding acquisitions				
Proceeds from sale of property, plant and equipment	1,732	637	—	2,369
Net cash used in investing activities	(53,382)	(14,915)	—	(68,297)
Cash flows from financing activities:				
Net repayments under lines of credit	(14,300)	(1,871)	—	(16,171)
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	(5,352)	—	—	(5,352)
Principal payments on capital lease obligations	(4,592)	(101)	—	(4,693)
Issuance of common stock	356	—	—	356
Dividend payments	(27,327)	—	—	(27,327)
Purchase of treasury stock	(7,135)	—	—	(7,135)
Net cash used in financing activities	(17,542)	(1,972)	—	(19,514)
Effect of exchange rate changes on cash	—	(301)	—	(301)
Net increase in cash	1,103	6,806	—	7,909
Cash and cash equivalents at beginning of period	1,033	580	—	1,613
Cash and cash equivalents at end of period	\$ 2,136	\$ 7,386	\$ —	\$ 9,522

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 nine months ended September 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, 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 September 30, 2017, our network of locations included 122 Storage Solutions locations, 17 Tank & Pump Solutions locations and 16 combined locations. Our Storage Solutions fleet consisted of approximately 214,900 units and our Tank & Pump Solutions fleet consisted of approximately 12,000 units.

Business Environment and Outlook. Approximately 66% of our consolidated rental revenue during the twelve-month period ended September 30, 2017 was derived from our North American Storage Solutions business, 16% was derived from our U.K. Storage Solutions business and 18% 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 to continue to show growth in 2017 over 2016. 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. Our unique footprint in the U.S. and the U.K. allows us to leverage our branch network to generate and support significant national account relationships. These national account customers typically involve seasonal demand in the third and fourth quarter during holiday season.

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 September 30, 2017:

	Rental Fleet (In thousands)	Number of Units	Percentage of Gross Fleet in Dollars	Percentage of Units		
Steel storage containers	\$651,082	182,404	63	%	85	%
Steel ground level offices	368,873	31,090	36		14	
Other	8,252	1,421	1		1	
Storage Solutions rental fleet	1,028,207	214,915	100	%	100	%
Accumulated depreciation	(164,209)					
Storage Solutions rental fleet, net	\$863,998					

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

	Rental Fleet (In thousands)	Number of Units	Percentage of Gross Fleet in Dollars	Percentage of Units		
Steel tanks	\$ 63,673	3,093	40	%	26	%
Roll-off boxes	29,038	5,368	18		45	
Stainless steel tank trailers	29,093	666	18		6	
Vacuum boxes	12,360	1,312	8		11	
Dewatering boxes	5,981	690	4		6	
Pumps and filtration equipment	12,697	874	8		6	

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Other	6,950	n/a	4			
Tank & Pump Solutions rental fleet	159,792	12,003	100	%	100	%
Accumulated depreciation	(40,502)					
Tank & Pump Solutions rental fleet, net	\$ 119,290					

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		Nine Months Ended	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
	(In thousands, except percentages)			
Net income	\$ 11,228	\$ 12,709	\$ 30,157	\$ 27,779
Interest expense	9,203	8,047	26,412	24,533
Income tax provision	6,383	5,906	16,279	14,619
Depreciation and amortization	15,935	16,184	46,941	47,630
Debt extinguishment expense	—	—	—	9,192
Deferred financing costs write-off	—	—	—	2,271
EBITDA	42,749	42,846	119,789	126,024
Share-based compensation expense (1)	1,920	2,156	4,705	6,343
Restructuring expenses (2)	625	1,648	2,062	5,220
Acquisition-related expenses (3)	26	—	123	—
Sales tax refund (4)	—	—	—	(1,365)
Other (1)(5)	211	—	2,500	—
Adjusted EBITDA	\$ 45,531	\$ 46,650	\$ 129,179	\$ 136,222
EBITDA margin	31.3 %	33.3 %	31.0 %	33.3 %
Adjusted EBITDA margin (6)	33.3	36.2	33.4	36.1

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

	Three Months Ended		Nine Months Ended	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
	(In thousands)			
Net cash provided by operating activities	\$ 32,611	\$ 31,311	\$ 95,832	\$ 96,021
Interest paid	12,192	3,889	30,379	17,880
Income and franchise taxes paid	213	229	1,313	1,380
Share-based compensation expense (1)	(2,070)	(2,276)	(5,890)	(6,521)
Gain on sale of rental fleet	1,447	1,446	4,273	4,228

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Loss on disposal of property, plant and equipment	(190)	(400)	(472)	(1,089)
Change in certain assets and liabilities, net of effect of				
businesses acquired:				
Receivables	7,794	5,159	7	14,809
Inventories	539	890	1,443	2,680
Other assets	(2,297)	(80)	497	(562)
Accounts payable and accrued liabilities	(7,490)	2,678	(7,593)	(2,802)
EBITDA	\$42,749	\$42,846	\$119,789	\$126,024

- (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.

(6) Revenue associated with sales tax refunds was excluded in the calculation of the adjusted EBITDA margin.

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		Nine Months Ended	
	September 30,		September 30,	
	2017 2016		2017 2016	
	(In thousands)		(In thousands)	
Net cash provided by operating activities	\$32,611	\$31,311	\$95,832	\$96,021
Additions to rental fleet, excluding acquisitions	(22,918)	(18,322)	(45,945)	(46,480)
Proceeds from sale of rental fleet	3,319	3,361	9,602	10,770
Additions to property, plant and equipment, excluding				
acquisitions	(4,109)	(6,487)	(12,816)	(25,750)
Proceeds from sale of property, plant and equipment	12	754	780	2,369
Net capital expenditures, excluding acquisitions	(23,696)	(20,694)	(48,379)	(59,091)
Free cash flow	\$8,915	\$10,617	\$47,453	\$36,930

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 September		
	30, 2017		
	Calculated		
	in		
	Constant	As	
	Currency	Reported	Difference
	(In thousands)		
Rental revenues	\$127,754	\$127,695	\$ 59
Rental, selling and general expenses	87,783	87,745	38

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Adjusted EBITDA	45,555	45,531	24
<p>Nine Months Ended September 30, 2017</p> <p>Calculated in Constant As Currency Reported Difference (In thousands)</p>			
Rental revenues	\$365,474	\$360,288	\$ 5,186
Rental, selling and general expenses	252,354	248,954	3,400
Adjusted EBITDA	131,139	129,179	1,960

RESULTS OF OPERATIONS

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

	Three Months Ended		Percentage of Revenue		Increase (Decrease) 2017 versus 2016	
	September 30,		Three Months Ended		September 30,	
	2017	2016	2017	2016	2017	2016
	(In thousands, except percentages)					
Revenues:						
Rental	\$127,695	\$121,784	93.5 %	94.5 %	\$5,911	4.9 %
Sales	8,438	6,610	6.2	5.1	1,828	27.7
Other	503	459	0.4	0.4	44	9.6
Total revenues	136,636	128,853	100.0	100.0	7,783	6.0
Costs and expenses:						
Rental, selling and general expenses	87,745	80,457	64.2	62.4	7,288	9.1
Cost of sales	5,519	3,897	4.0	3.0	1,622	41.6
Restructuring expenses	625	1,648	0.5	1.3	(1,023)	(62.1)
Depreciation and amortization	15,935	16,184	11.7	12.6	(249)	(1.5)
Total costs and expenses	109,824	102,186	80.4	79.3	7,638	7.5
Income from operations	26,812	26,667	19.6	20.7	145	0.5
Other income (expense):						
Interest income	4	—	—	—	4	n/a
Interest expense	(9,203)	(8,047)	(6.7)	(6.2)	(1,156)	14.4
Foreign currency exchange	(2)	(5)	—	—	3	n/a
Income before income tax provision	17,611	18,615	12.9	14.4	(1,004)	
Income tax provision	6,383	5,906	4.7	4.6	477	
Net income	\$11,228	\$12,709	8.2 %	9.9 %	\$(1,481)	

	Three Months Ended		Percentage of Revenue		Increase (Decrease) 2017 versus 2016	
	September 30,		Three Months Ended		September 30,	
	2017	2016	2017	2016	2017	2016
	(In thousands, except percentages)					
EBITDA	\$42,749	\$42,846	31.3 %	33.3 %	\$(97)	(0.2) %
Adjusted EBITDA	45,531	46,650	33.3	36.2	(1,119)	(2.4)

Free Cash Flow	8,915	10,617	6.5	8.2	(1,702)	(16.0)
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Total Revenues. The following table depicts revenues by type of business for the three-month periods ended September 30:

Storage Solutions					
Three Months Ended September 30,					
				Increase	
				(Decrease)	
	2017	2016	2017 versus		
			2016		
	(In thousands, except percentages)				
Revenues:					
Rental	\$104,488	\$97,678	\$6,810	7.0	%
Sales	6,743	5,319	1,424	26.8	
Other	401	371	30	8.1	
Total revenues	\$111,632	\$103,368	\$8,264	8.0	

Tank & Pump Solutions				
Three Months Ended September 30,				
			Increase (Decrease)	
	2017	2016	2017 versus 2016	
(In thousands, except percentages)				
Revenues:				
Rental	\$23,207	\$24,106	\$(899)	(3.7) %
Sales	1,695	1,291	404	31.3
Other	102	88	14	15.9
Total revenues	\$25,004	\$25,485	\$(481)	(1.9)

Of the \$136.6 million of total revenues for the three months ended September 30, 2017, \$111.6 million, or 81.7%, related to the Storage Solutions business and \$25.0 million, or 18.3%, related to the Tank & Pump Solutions business. In the three-month period ended September 30, 2016, \$103.4 million, or 80.2%, related to the Storage Solutions business and \$25.5 million, or 19.8%, related to the Tank & Pump Solutions business.

Rental Revenues. Storage Solutions rental revenues increased 7.0% during the current-year period as compared to the prior-year period. This increase was driven by a 2.9% increase in year-over-year rental rates and a 5.3% increase in units on rent, offset by unfavorable mix and other items. During the quarter we leveraged our footprint and fleet capacity to partner with our national account customers to initiate an earlier start to our seasonal holiday business. The revenue growth reflects this strong start, which we expect to carry over into the fourth quarter. Additionally, we expect increased demand for our storage products related to the recent hurricanes in the gulf coast. Yield (calculated as rental revenues divided by average units on rent) increased 1.6% as compared to the prior-year quarter.

Rental revenues within the Tank & Pump Solutions business decreased \$0.9 million, or 3.7%, for the three-month period ended September 30, 2017, as compared to the prior-year period. Downstream revenue decreased slightly in the current-year quarter as compared to prior-year quarter. Downstream demand from our customers during the quarter continued to be affected by the postponement of maintenance projects due to our customers' focus on production resulting from lower oil prices, as well as decreases at one of our largest customers, both of which are temporary. Diversified revenue also decreased in the current-year quarter as compared to the prior-year quarter, while upstream revenue has increased. Sequentially, Tank & Pump Solutions rental revenues increased 3.8%, with increases in each of the customer segments. Tank & Pump Solutions business increased in the second half of the current quarter and we anticipate increased demand in the near-term. Additionally we expect to see increased demand created by the recent hurricanes for approximately two or three months.

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 September 30, 2017 increased \$1.4 million, or 26.8%, to \$6.7 million, compared to \$5.3 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 \$1.7 million for the quarter ended September 30, 2017 increased \$0.4 million from the prior-year period.

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

Storage Solutions				
Three Months Ended September 30,				
			Increase (Decrease)	
	2017	2016	2017 versus 2016	
(In thousands, except percentages)				
Costs and expenses:				
Rental, selling and general expenses	\$70,195	\$64,084	\$6,111	9.5 %
Cost of sales	4,477	3,113	1,364	43.8
Restructuring expenses	500	1,285	(785)	n/a
Depreciation and amortization	9,836	9,100	736	8.1
Total costs and expenses	\$85,008	\$77,582	\$7,426	9.6

Tank & Pump Solutions				
Three Months Ended September 30,				
			Increase (Decrease)	
	2017	2016	2017 versus 2016	
(In thousands, except percentages)				
Costs and expenses:				
Rental, selling and general expenses	\$ 17,550	\$ 16,373	\$ 1,177	7.2 %
Cost of sales	1,042	784	258	32.9
Restructuring expenses	125	363	(238)	n/a
Depreciation and amortization	6,099	7,084	(985)	(13.9)
Total costs and expenses	\$24,816	\$24,604	\$212	0.9

Rental, Selling and General Expenses. Rental, selling and general expenses for the three months ended September 30, 2017 of \$87.7 million increased \$7.3 million, or 9.1%, as compared to the prior-year period. As a percentage of total revenues, rental, selling and general expenses were 64.2% for the three months ended September 30, 2017, which was an increase from 62.4% in the prior-year period.

Within the Storage Solutions business, rental, selling and general expenses increased to \$70.2 million, or 9.5%, from \$64.1 million in the prior-year quarter. The increase was primarily due to higher variable 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 \$1.2 million, or 7.2%, in the current-year quarter, as compared to the prior-year quarter. The increase was largely due to increased payroll 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 \$4.5 million and \$3.1 million in the quarters ended September 30, 2017 and 2016, respectively. Storage Solutions sales revenue, less cost of sales (sales profit), was \$2.3 million and \$2.2 million for the three-month periods ended September 30, 2017 and 2016, respectively. Sales profit expressed as a percentage of sales revenue (sales profit margin) was 33.6% in the quarter ended September 30, 2017 and 41.5% 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 \$1.0 million and \$0.8 million in the quarters ended September 30, 2017 and 2016, respectively. Tank & Pump Solutions sales profit was \$0.6 million and \$0.5 million for the three-month periods ended September 30, 2017 and 2016, respectively.

Restructuring. Included in restructuring expenses for the three months ended September 30, 2017 and 2016 were approximately \$0.5 million and \$0.3 million, respectively, of expenses related to the integration of our wholly owned subsidiary ETS into the existing Mobile Mini infrastructure, along with realigning and streamlining the salesforce and field operations. Also included in restructuring expenses for the three months ended September 30, 2017 and 2016 was \$0.1 million and \$0.8 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.

Depreciation and Amortization Expense. Total depreciation and amortization expense of \$15.9 million for the three months ended September 30, 2017 decreased slightly from the prior-year period.

Interest Expense. Interest expense was \$9.2 million for the three months ended September 30, 2017 and \$8.0 million in the prior-year period. Our average debt outstanding in the quarter ended September 30, 2017 was \$935.9 million, as compared to \$942.4 million in the prior-year quarter. The 14.4% increase in interest expense is primarily due to higher interest rates on the line of credit. The weighted average interest rate on our debt was 3.7% and 3.2% for the three-month periods ended September 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 3.9% and 3.4% for the three-month periods ended September 30, 2017 and 2016, respectively.

Provision for Income Taxes. During the quarter ended September 30, 2017, we had a \$6.4 million provision for income taxes, compared to \$5.9 million in the prior-year quarter. Our effective income tax rate increased to 36.2% for the three months ended September 30, 2017, compared to 31.7% 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, U.S. state tax rate increases enacted in the current quarter, and a benefit recorded in the prior-year period for the corporate tax rate reduction enacted in the U.K. during the third quarter of 2016.

Net Income. As a result of the income statement activity discussed above, we had net income of \$11.2 million for the three months ended September 30, 2017, compared to net income of \$12.7 million in the prior-year quarter.

Adjusted EBITDA. For the three-month period ended September 30, 2017, we realized adjusted EBITDA of \$45.5 million, a decrease of \$1.1 million, or 2.4%, as compared to adjusted EBITDA of \$46.7 million in the prior-year period. Strong growth in our Storage Solutions business revenue was offset by lower revenue in the Tank & Pump Solutions business and overall increased rental, selling and general costs primarily driven by increased variable compensation in the current-year. Our adjusted EBITDA margins were 33.3% and 36.2% for the quarters ended September 30, 2017 and 2016, respectively.

During the three months ended September 30, 2017, adjusted EBITDA related to the Storage Solutions business increased \$0.8 million, or 2.0%, to \$39.1 million from \$38.3 million in the prior-year period. Adjusted EBITDA related to the Tank & Pump Solutions business decreased \$1.9 million, or 22.7%, to \$6.5 million during the three months ended September 30, 2017 from \$8.4 million during the prior-year period. Adjusted EBITDA margins for the quarter ended September 30, 2017 were 35.0% for the Storage Solutions business and 25.9% for the Tank & Pump Solutions business.

RESULTS OF OPERATIONS

Nine Months Ended September 30, 2017, Compared to Nine Months Ended September 30, 2016

	Percentage of Revenue							
	Nine Months Ended		Nine Months Ended					
	September 30,		September 30,		Increase (Decrease) 2017 versus 2016			
	2017	2016	2017	2016				
	(In thousands, except percentages)							
Revenues:								
Rental	\$360,288	\$355,913	93.1	% 94.1	%	\$4,375	1.2	%
Sales	24,817	19,843	6.4	5.2		4,974	25.1	
Other	1,748	2,479	0.5	0.7		(731)	(29.5)	
Total revenues	386,853	378,235	100.0	100.0		8,618	2.3	
Costs and expenses:								
Rental, selling and general expenses	248,954	234,796	64.4	62.1		14,158	6.0	
Cost of sales	16,039	12,186	4.1	3.2		3,853	31.6	
Restructuring expenses	2,062	5,220	0.5	1.4		(3,158)	(60.5)	
Depreciation and amortization	46,941	47,630	12.1	12.6		(689)	(1.4)	
Total costs and expenses	313,996	299,832	81.2	79.3		14,164	4.7	
Income from operations	72,857	78,403	18.8	20.7		(5,546)	(7.1)	
Other income (expense):								
Interest income	20	—	—	—		20	n/a	
Interest expense	(26,412)	(24,533)	(6.8)	(6.5)		(1,879)	7.7	
Debt extinguishment expense	—	(9,192)	—	(2.4)		9,192	n/a	
Deferred financing costs write-off	—	(2,271)	—	(0.6)		2,271	n/a	
Foreign currency exchange	(29)	(9)	—	—		(20)	n/a	
Income before income tax provision	46,436	42,398	12.0	11.2		4,038		
Income tax provision	16,279	14,619	4.2	3.9		1,660		
Net income	\$30,157	\$27,779	7.8	% 7.3	%	\$2,378		

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

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EBITDA	\$ 119,789	\$ 126,024	31.0 %	33.3 %	\$ (6,235)	(4.9)%
Adjusted EBITDA (1)	129,179	136,222	33.4	36.1	(7,043)	(5.2)
Free Cash Flow	47,453	36,930	12.3	9.8	10,523	28.5

(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 nine-month periods ended September 30:

Storage Solutions					
Nine Months Ended September 30,					
			Increase (Decrease)		
			2017 versus 2016		
	2017	2016	2016		
	(In thousands, except percentages)				
Revenues:					
Rental	\$293,780	\$285,508	\$8,272	2.9	%
Sales	20,763	15,734	5,029	32.0	
Other	1,418	2,249	(831)	(36.9)	
Total revenues	\$315,961	\$303,491	\$12,470	4.1	

Tank & Pump Solutions				
Nine Months Ended September 30,				
	Increase (Decrease)			
	2017 versus			
	2017	2016	2016	
(In thousands, except percentages)				
Revenues:				
Rental	\$66,508	\$70,405	\$(3,897)	(5.5)%
Sales	4,054	4,109	(55)	(1.3)
Other	330	230	100	43.5
Total revenues	\$70,892	\$74,744	\$(3,852)	(5.2)

Of the \$386.9 million of total revenues for the nine months ended September 30, 2017, \$316.0 million, or 81.7%, related to the Storage Solutions business and \$70.9 million, or 18.3%, related to the Tank & Pump Solutions business. In the nine-month period ended September 30, 2016, \$303.5 million, or 80.2%, related to the Storage Solutions business and \$74.7 million, or 19.8%, related to the Tank & Pump Solutions business.

Rental Revenues. Storage Solutions rental revenues increased \$8.3 million, or 2.9%, 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 5.1%, as compared to the prior-year period. This increase was driven by a 2.7% increase in year-over-year rental rates and a 4.3% 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 0.8%, as compared to the prior-year period.

Rental revenues within the Tank & Pump Solutions business decreased \$3.9 million, or 5.5%, for the nine-month period ended September 30, 2017, as compared to the prior-year period. This decline was primarily due to decreases in our downstream revenue as well as fewer infrastructure projects in our pump business. Downstream demand from our customers during the quarter continues to be affected by the postponement of maintenance projects due our customers' focus on production resulting from lower oil prices, as well as decreases at one of our largest customers, both of which are temporary. Upstream revenue was down slightly 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 nine months ended September 30, 2017 increased \$5.0 million, or 32.0%, to \$20.8 million, compared to \$15.7 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 \$4.1 million for the nine months ended September 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 nine-month periods ended September 30:

Storage Solutions
 Nine Months Ended September 30,
 Increase
 (Decrease)

2017 2016 2017 versus
 2016
 (In thousands, except percentages)

Costs and expenses:				
Rental, selling and general expenses	\$ 198,551	\$ 187,792	\$ 10,759	5.7 %
Cost of sales	13,808	9,568	4,240	44.3
Restructuring expenses	1,933	4,498	(2,565)	n/a
Depreciation and amortization	28,496	26,216	2,280	8.7
Total costs and expenses	\$242,788	\$ 228,074	\$ 14,714	6.5

Tank & Pump Solutions				
Nine Months Ended September 30,				
	Increase (Decrease)			
	2017 versus 2016			
	2017	2016	2016	
(In thousands, except percentages)				
Costs and expenses:				
Rental, selling and general expenses	\$50,403	\$47,004	\$3,399	7.2 %
Cost of sales	2,231	2,618	(387)	(14.8)
Restructuring expenses	129	722	(593)	n/a
Depreciation and amortization	18,445	21,414	(2,969)	(13.9)
Total costs and expenses	\$71,208	\$71,758	\$(550)	(0.8)

Rental, Selling and General Expenses. Rental, selling and general expenses for the nine months ended September 30, 2017 of \$249.0 million increased \$14.2 million, or 6.0%, as compared to the prior-year period. As a percentage of total revenues, rental, selling and general expenses were 64.4% for the nine months ended September 30, 2017, which was an increase from 62.1% in the prior-year period.

Included in Storage Solutions rental, selling and general expenses for the current period is \$2.6 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 nine months ended September 30, 2017 increased \$8.1 million, or 4.3%, from the prior-year period. When adjusted for the effect of the change in currency translation rates and excluding the \$2.6 million of expenses discussed above, rental, selling and general expenses increased \$11.5 million, or 6.1%. The increase was primarily due to higher variable 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. 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 \$3.4 million, or 7.2%, in the current-year period, as compared to the prior-year period. The increase was largely due to increased payroll costs 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 \$13.8 million and \$9.6 million in the nine-month periods ended September 30, 2017 and 2016, respectively. Storage Solutions sales profit was \$7.0 million and \$6.2 million for the nine-month periods ended September 30, 2017 and 2016, respectively. Sales profit margin was 33.5% in the nine months ended September 30, 2017 and 39.2% 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 \$2.2 million and \$2.6 million for the nine months ended September 30, 2017 and 2016, respectively. Tank & Pump Solutions sales profit was \$1.8 million and \$1.5 million for the nine-month periods ended September 30, 2017 and 2016, respectively.

Restructuring. Included in restructuring expenses for the nine months ended September 30, 2017 and 2016 were approximately \$1.2 million and \$2.1 million, respectively, of expenses related to the integration of our wholly owned

subsidiary ETS into the existing Mobile Mini infrastructure, along with realigning and streamlining the salesforce and field operations. Also included in restructuring expenses for the nine months ended September 30, 2017 and 2016 was \$0.8 million and \$2.5 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.

Depreciation and Amortization Expense. Total depreciation and amortization expense of \$46.9 million for the nine months ended September 30, 2017 is consistent with \$47.6 million of depreciation and amortization for the nine months ended September 30, 2016.

Interest Expense. Interest expense was \$26.4 million for the nine months ended September 30, 2017 and \$24.5 million in the prior-year period, an increase of \$1.9 million. The 7.7% increase in interest expense is primarily due to higher interest rates on the line of credit. Our average debt outstanding in the nine-month period ended September 30, 2017 was \$933.6 million, as compared to \$925.1 million in the prior-year period. The weighted average interest rate on our debt was 3.5% and 3.3% for the nine-month periods ended September 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 nine-month periods ended September 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 nine months ended September 30, 2017, we had a \$16.3 million provision for income taxes, compared to \$14.6 million in the prior-year period. Our effective income tax rate increased to 35.1% for the nine months ended September 30, 2017, compared to 34.5% for the prior-year period. The increase in the 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, partially offset by 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 \$30.2 million for the nine months ended September 30, 2017, compared to net income of \$27.8 million in the prior-year period.

Adjusted EBITDA. For the nine-month period ended September 30, 2017, we realized adjusted EBITDA of \$129.2 million, a decrease of \$7.0 million, or 5.2%, as compared to adjusted EBITDA of \$136.2 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 variable compensation in the current-year period and an unfavorable currency exchange rate. Our adjusted EBITDA margins were 33.4% and 36.1% for the nine months ended September 30, 2017 and 2016, respectively.

During the nine months ended September 30, 2017, adjusted EBITDA related to the Storage Solutions business decreased slightly, to \$110.7 million from \$110.9 million in the prior-year period. Adjusted EBITDA related to the Tank & Pump Solutions business decreased \$6.9 million, or 27.1%, to \$18.4 million during the nine months ended September 30, 2017 from \$25.3 million during the prior-year period. Adjusted EBITDA margins for the nine months ended September 30, 2017 were 35.0% for the Storage Solutions business and 26.0% 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 nine-month periods ended September 30, 2017 and 2016 of \$95.8 million and \$96.0 million, respectively, resulted in free cash flow of \$47.5 million and \$36.9 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 September 30, 2017, we had \$640.9 million of borrowings outstanding and \$354.6 million of additional borrowing availability under the Credit Agreement. We were in compliance with the terms of the Credit Agreement as of September 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 September 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 September 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 \$95.8 million for the nine months ended September 30, 2017, compared to \$96.0 million in the prior-year period, a slight decrease of \$0.2 million. An increase in net income of \$2.4 million was offset by a \$13.7 million net decrease in adjustments to reconcile net income to cash provided by operating activities. This decrease 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. Changes in certain assets and liabilities reduced cash provided by operating activities by \$3.4 million in the current period, compared to a reduction of \$14.5 million in the prior-year period.

Total net adjustments to reconcile net income to net cash provided by operating activities for the nine months ended September 30, 2017 and 2016 resulted in increases to net cash provided by operating activities of \$69.0 million and \$82.8 million, respectively, a net difference of \$13.8 million. 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 \$3.4 million in the current-year period and \$14.5 million in the prior-year period. The current period includes an outflow of \$3.2 million from receivables, compared to a \$19.1 million outflow in the prior-year period. As of September 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. However, the balance has normalized as of September 30, 2017. Due to the ERP implementation, the balance of our accounts payable was higher than normal at September 30, 2016, creating a \$4.0 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 \$48.4 million for the nine months ended September 30, 2017, compared to \$68.3 million for the nine months ended September 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 nine months ended September 30, 2016. The remaining \$10.7 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 nine months ended September 30, 2017, as compared to the nine months ended September 30, 2016.

Rental fleet capital expenditures were \$45.9 million, and proceeds from sales were \$9.6 million during the nine months ended September 30, 2017, as compared to rental fleet capital expenditures of \$46.5 million and proceeds from sales of \$10.8 million during the nine months ended September 30, 2016. Net rental fleet expenditures were \$36.3 million, and \$35.7 million, for the nine month periods ended September 30, 2017 and 2016, respectively. Of the \$45.9 million in capital expenditures for rental fleet during the current-year period, \$31.8 million related to our North America Storage Solutions business, \$9.0 million related to our U.K. Storage

Solutions business and \$5.1 million related to our Tank & Pump Solutions business. Of the \$46.5 million in capital expenditures for rental fleet during the prior-year period, \$23.5 million related to our North America Storage Solutions business, \$9.4 million related to our U.K. Storage Solutions business and \$13.6 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 \$12.8 million for the nine months ended September 30, 2017, compared to \$25.8 million for the nine-month period ended September 30, 2016. The prior-year period included hardware and software-related costs of approximately \$13.6 million, primarily related to our ERP system, which was implemented in 2016.

Financing Activities. Net cash used in financing activities during the nine months ended September 30, 2017 was \$39.6 million, compared to \$19.5 million for the prior-year period. In the current-year period, we repaid \$0.3 million under our lines of credit. Also in the nine months ended September 30, 2017, we paid \$30.1 million of dividends and repurchased \$8.4 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 nine months ended September 30, 2016, we paid \$27.3 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 September 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 nine-month period ended September 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;
- 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 September 30, 2017, we had \$640.9 million of indebtedness under our Credit Agreement, which bears interest at variable rates. The average interest rate applicable to our Credit Agreement was 2.5% for the nine months ended September 30, 2017. Based upon the average amount of our variable rate debt of \$637.5 million outstanding during the nine months ended September 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 September 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 September 30, 2017:

Period	Total Number of Shares Purchased as Part of Publicly Announced Plans	Average Price Paid or Programs (3)	Approximate Dollar Value of Shares That May Yet be Purchased Under the Plans	
			Purchased (1)	or Programs
July 2017	11,619	\$ 30.80	—	\$ 70,837
August 2017	572	31.05	—	70,837
September 2017	—	—	—	70,837
Total	12,191			

(1) 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	<u>Employment Agreement between Mobile Mini, Inc. and Van Welch, dated August 31, 2017. (Incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the SEC on August 7, 2017).</u>
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31.1*	<u>Certification of Chief Executive Officer pursuant to Item 601(b)(31) of Regulation S-K</u>
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31.2*	<u>Certification of Chief Financial Officer pursuant to Item 601(b)(31) of Regulation S-K</u>
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32.1**	<u>Certification of Chief Executive Officer and Chief Financial Officer pursuant to Item 601(b)(32) of Regulation S-K</u>
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101.INS*	XBRL Instance Document
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101.SCH*	XBRL Taxonomy Extension Schema Document
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101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
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101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document
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101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
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101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document
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* 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: October 20, 2017 /s/ Van A. Welch
Van A. Welch
Chief Financial Officer
(Principal Financial Officer)