

ERA Convention 2012

“Changing Rental”

TREND IN THE EUROPEAN RENTAL INDUSTRY

Marianne Chalcraft

**Chair of the ERA's Statistics
Committee**



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ERA Convention Report of the Statistics Committee

- 2011 Report highlights and April 2012 updated forecasts
- 2012 Report: developments
- Rental Tracker: Q1 2012 results

ERA Convention Report of the Statistics Committee

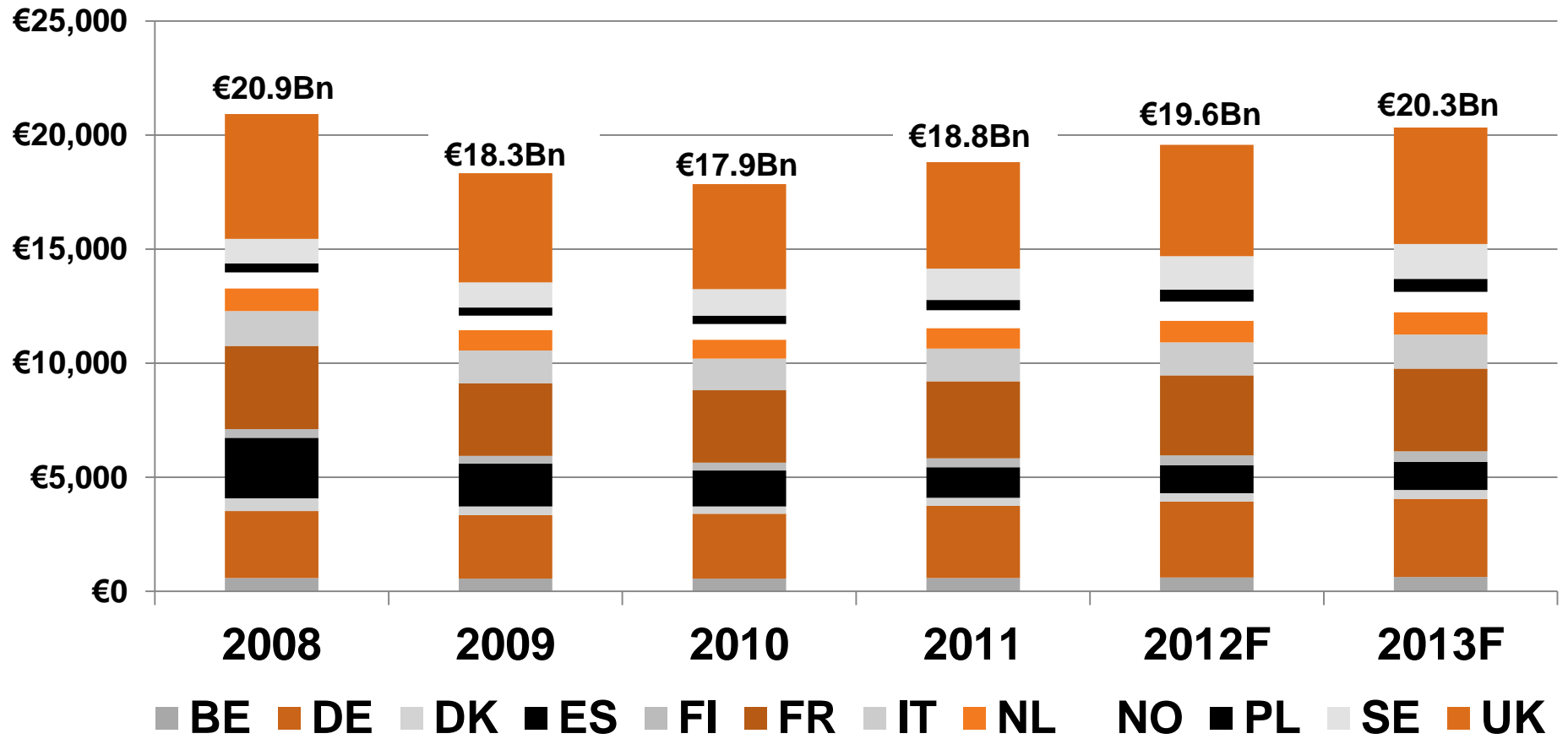
- **2011 Report highlights and April 2012 updated forecasts**
- 2012 Report: developments
- Rental Tracker: Q1 2012 results

2011 Report highlights and April 2012 update

- The European Equipment Rental Market in 2010 is valued at €19.3Bn, a decline in value of 2.5% over 2009
- In 2011, the decline was reversed and growth of 5.5% is estimated
- The forecast for 2012 and 2013 is for growth to continue, at a slower rate
- The April 2012 Forecast Update has reduced the forecast for 2012

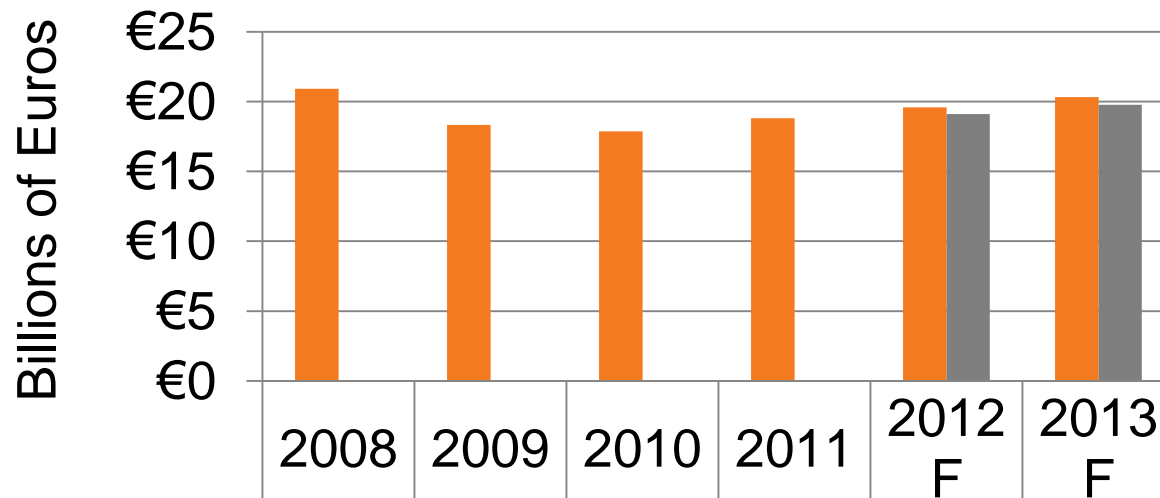
European Construction Equipment Rental Market Value €M

Detail for 12 countries: 2011 Report



European Construction Equipment Rental Market Value €Bn

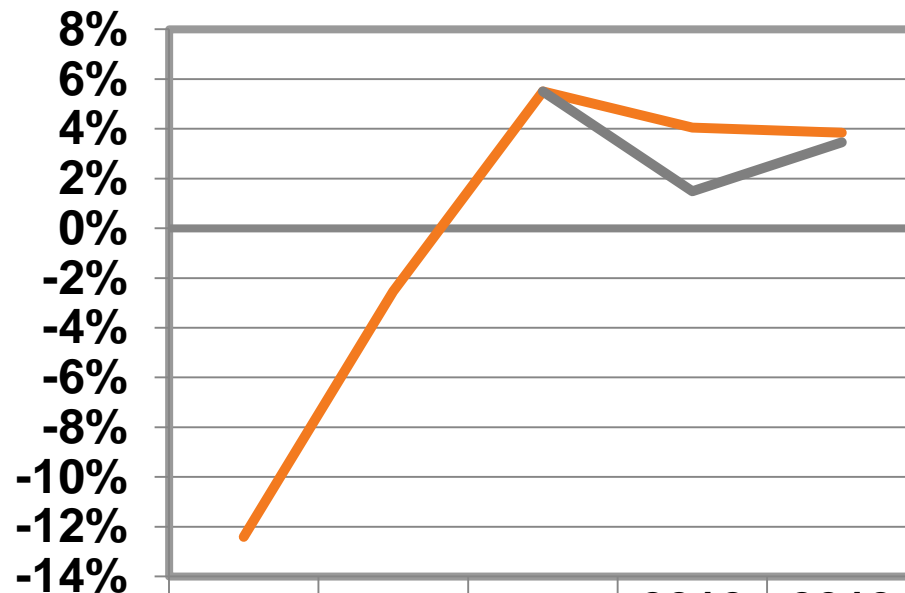
12 countries: with April 2012 Update



■ 2011 Report	€20.9	€18.3	€17.9	€18.8	€19.6	€20.3
■ 2012 April Update					€19.1	€19.8

- The 2011 report forecasts were re-run in April 2012
- The new 2012 and 2013 forecasts have been adjusted downwards
- Though the adjustments appear small, this represents a market value in 2012 that is half a billion Euros lower than previously forecast

European Construction Equipment Rental Market Growth 12 countries



	2009	2010	2011	2012 F	2013 F
— 2011 Report	-12.4%	-2.5%	5.5%	4.0%	3.8%
— April 2012 Update			5.5%	1.5%	3.5%

- After a large decline in 2009, most markets started to recover around mid 2010
- In 2011, overall reasonable growth was achieved
- 2012 and 2013 were forecasted to continue with slower growth
- The April 2012 update has downgraded the growth forecast for 2012

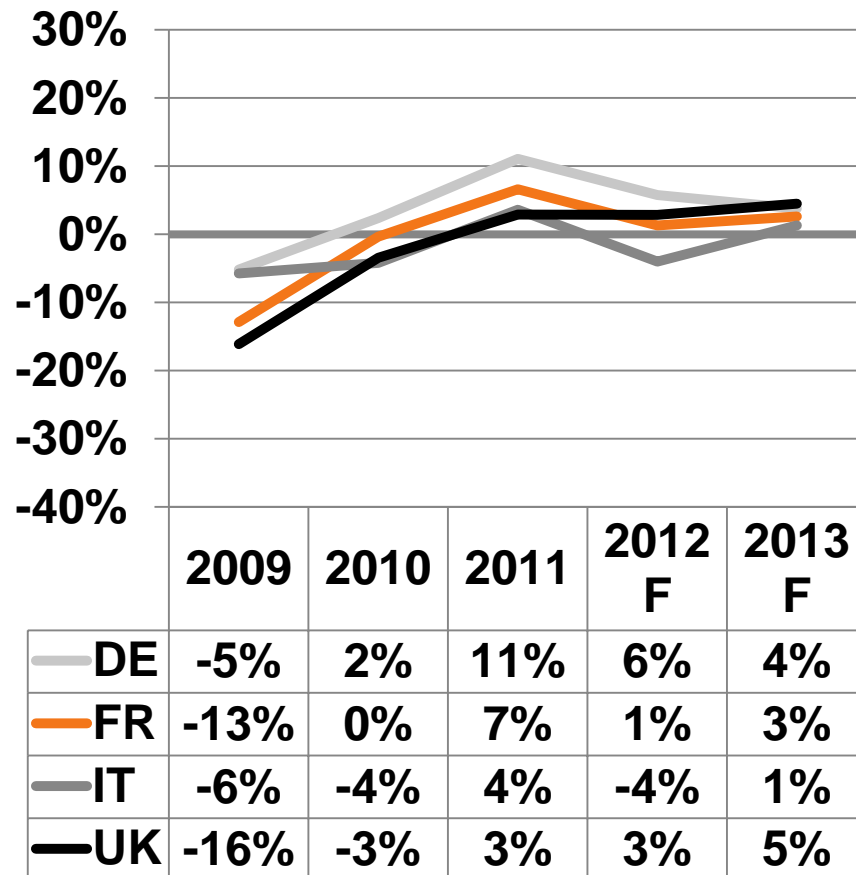
April 2012 Update v 2011 Report: 2012 Forecast

Country	2012F: 2011 Report	2012F: 2012 Update	Variance
Belgium	4.3%	0.6%	-3.7%
Germany	5.1%	5.8%	0.7%
Denmark	5.8%	1.3%	-4.5%
Spain	-8.7%	-14.9%	-6.2%
Finland	9.3%	1.7%	-7.6%
France	3.7%	1.3%	-2.4%
Italy	1.1%	-4.0%	-5.1%
Netherlands	5.8%	1.3%	-4.4%
Norway	8.1%	6.5%	-1.6%
Poland	14.5%	10.3%	-4.2%
Sweden	7.0%	3.8%	-3.2%
United Kingdom	4.6%	2.9%	-1.8%

April 2012 Update v 2011 Report: 2013 Forecast

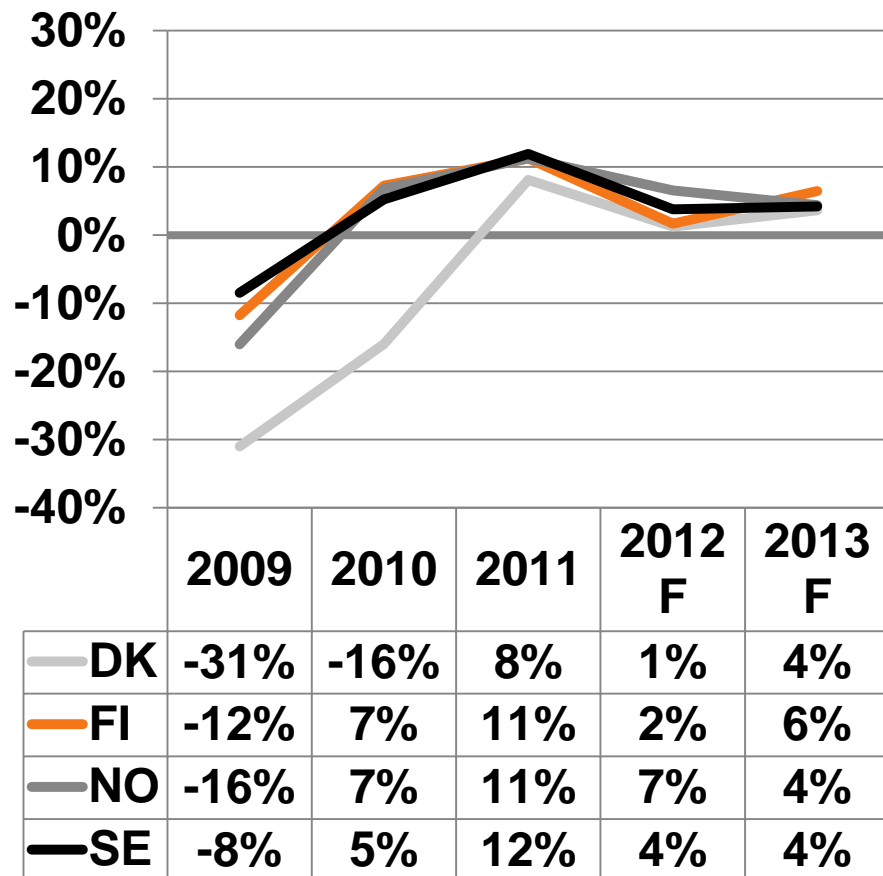
Country	2013F: 2011 Report	2013F: 2012 Update	Variance
Belgium	3.4%	2.7%	-0.7%
Germany	3.0%	3.8%	0.8%
Denmark	4.4%	3.7%	-0.7%
Spain	1.3%	-1.5%	-2.9%
Finland	7.3%	6.5%	-0.8%
France	3.4%	2.6%	-0.8%
Italy	3.1%	1.3%	-1.8%
Netherlands	4.2%	3.5%	-0.6%
Norway	4.8%	4.4%	-0.4%
Poland	8.2%	8.6%	0.4%
Sweden	4.8%	4.2%	-0.6%
United Kingdom	4.3%	4.5%	0.2%

Rental market growth: DE, FR, IT, UK: 2012 Update



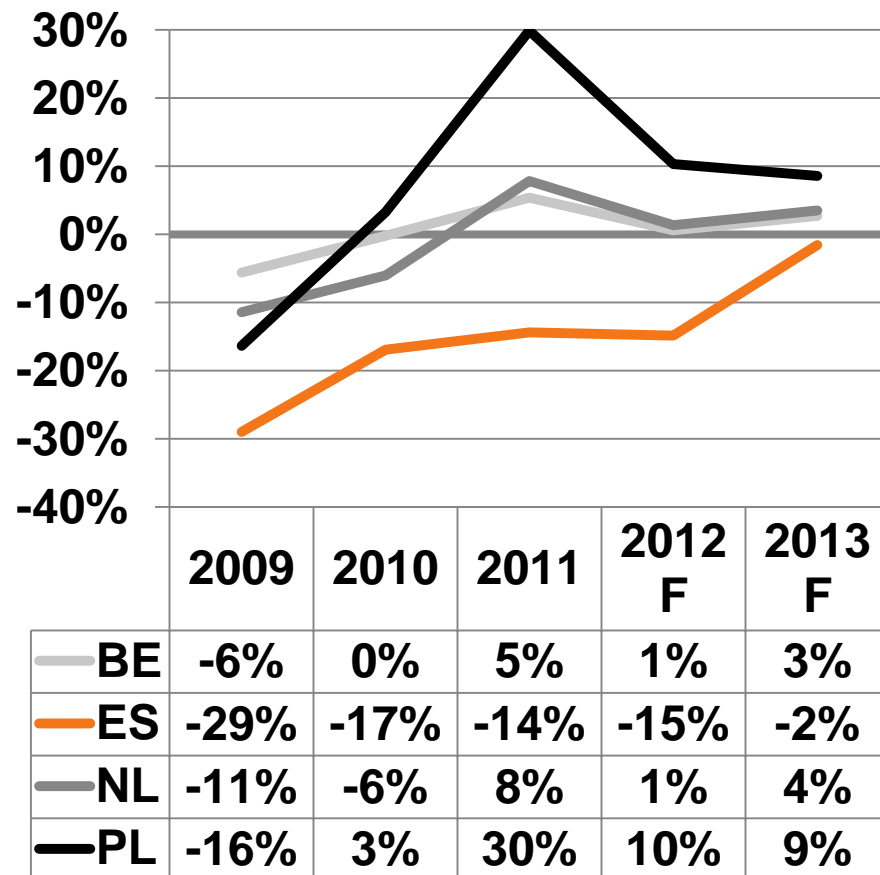
- Of the major European markets the UK was hardest hit in 2009 and slower to recover than Germany and France
- Germany experienced strong growth in 2011 though this rate is forecast to slow considerably
- Italy is expected to experience the slowest growth going forwards

Rental market growth: DK, FI, NO, SE: 2012 Update



- Of the Scandinavian/Nordic markets Denmark was hardest hit in 2009 and 2010 and slowest to recover
- Sweden experienced the strongest growth in 2011, and though this rate is forecast to slow, growth is expected to remain reasonable
- Finland is forecast to experience the fastest growth going forwards

Rental market growth: BE, ES, NL, PL: 2012 Update



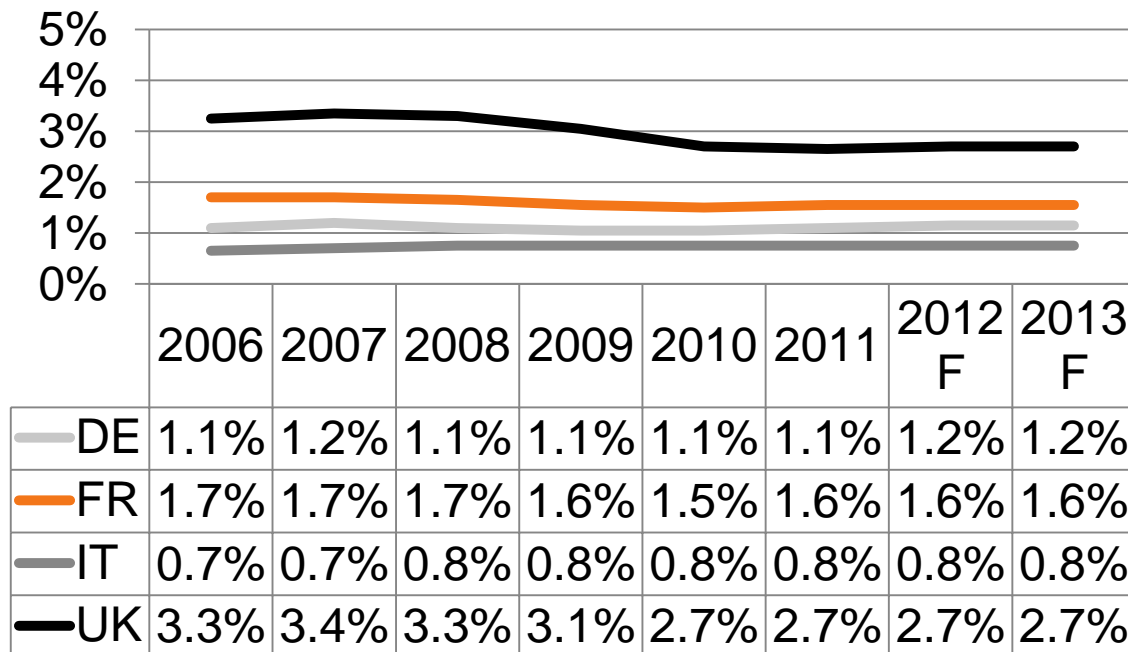
- Spain was hardest hit in 2009, and is not expected to return to growth within the period
- Poland is estimated to have experienced very strong growth in 2011, and though this rate is forecast to slow, growth is expected to remain good, especially in 2012
- Belgium appears to have the least cyclical growth rates

Measuring market penetration

- Examining market penetration rates is a way of addressing market potential
- Traditional industry measures: Equipment Sales Penetration or Equipment Population Penetration: addresses SUPPLY
- ERA Statistics Committee view: Construction Industry Penetration is a better measure: addresses DEMAND
 - $\text{Rental turnover} / \text{Construction output} = \text{Construction Industry Penetration}$
 - Better measure of market maturity
 - Simple calculation: more reliable measure
 - Can be easily compared across countries
 - Used by American Rental Association and Global Rental Alliance

Market penetration DE, FR, IT, UK

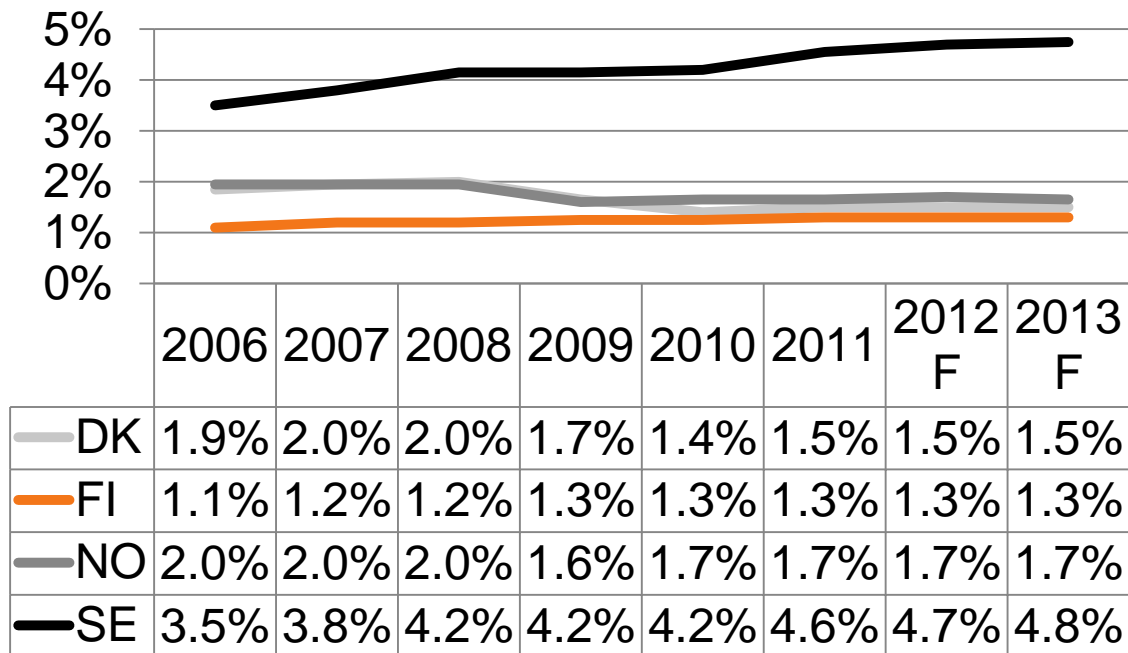
Construction Industry Penetration Rate DE, FR, IT, UK



- Levels of market penetration have fallen in UK
- In Germany they have remained low but stable
- In France levels fell slightly but have stabilised
- Italian levels of market penetration are the lowest in the major economies

Market penetration DK, FI, NO, SE

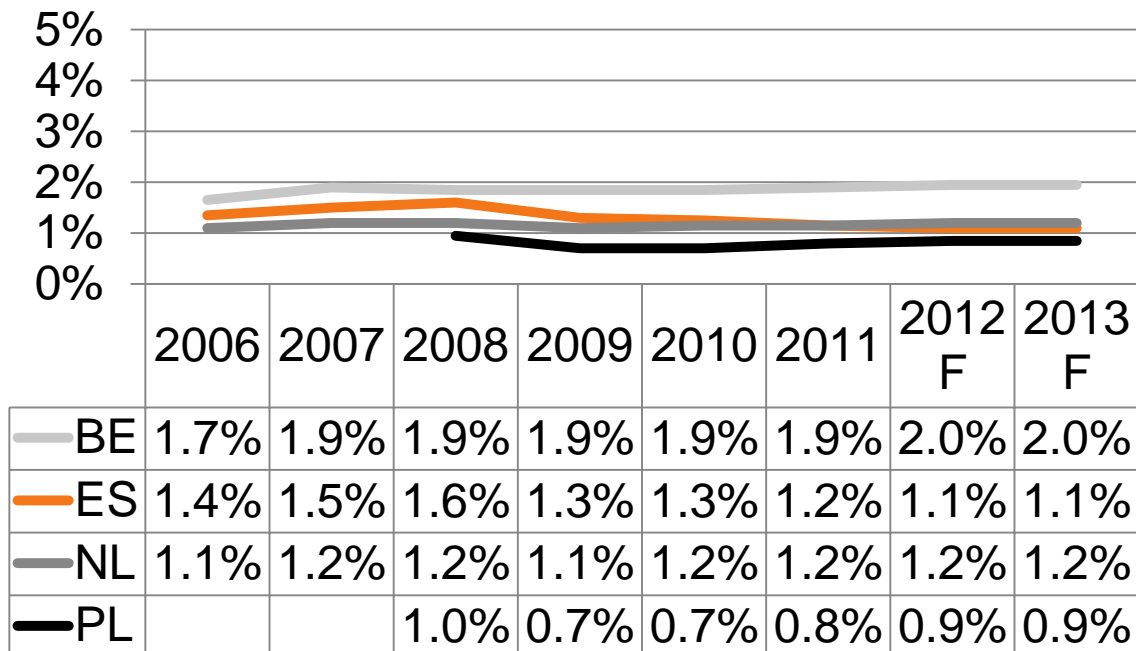
Construction Industry Penetration Rate DK, FI, NO, SE



- Levels of market penetration appear highest in Sweden, where they are still growing
- In Denmark levels fell back in 2009 and 10, before stabilising
- In Finland penetration has increased slightly
- Norwegian levels have fallen and then stabilised

Market penetration BE, ES, NL, PL

Construction Industry Penetration Rate BE, ES, NL, PL



- Penetration rates are lowest in Poland
- In the Netherlands they are stable
- In Belgium the rate has grown slightly
- In Spain penetration rates have fallen and are forecast to continue to do so

ERA Convention Report of the Statistics Committee

- 2011 Report: highlights and updated forecasts
- **2012 Report: developments**
- Rental Tracker: Q1 2012 results

ERA European Rental Market Report 2012: developments

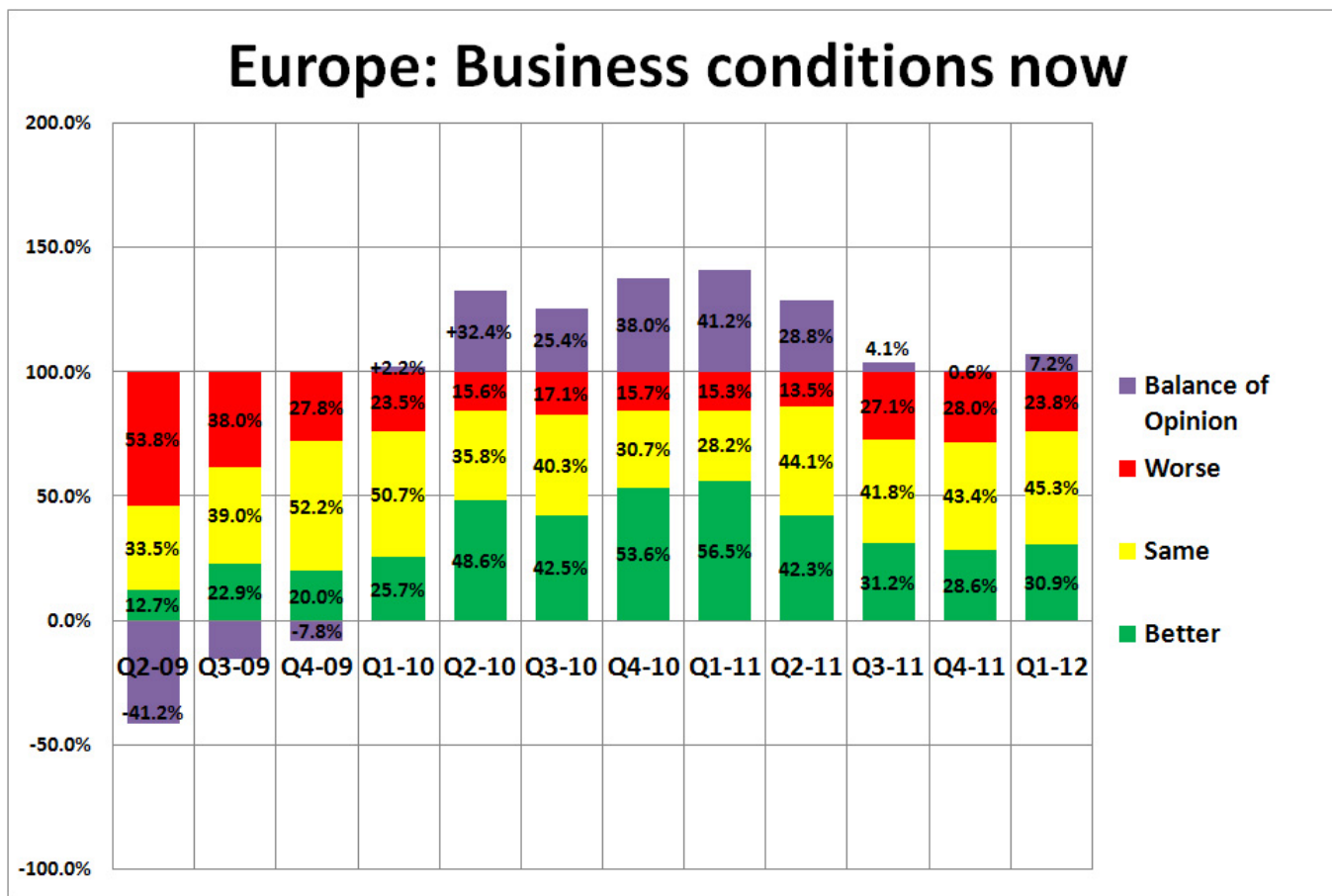
- Improved **timing** to coincide better with company budget process: to be published October 1st 2012
- Validation of market sizing results for **Sweden**
- Improved **forecasting**: unique set of drivers to be identified for each country
- Additional country: **Russia**

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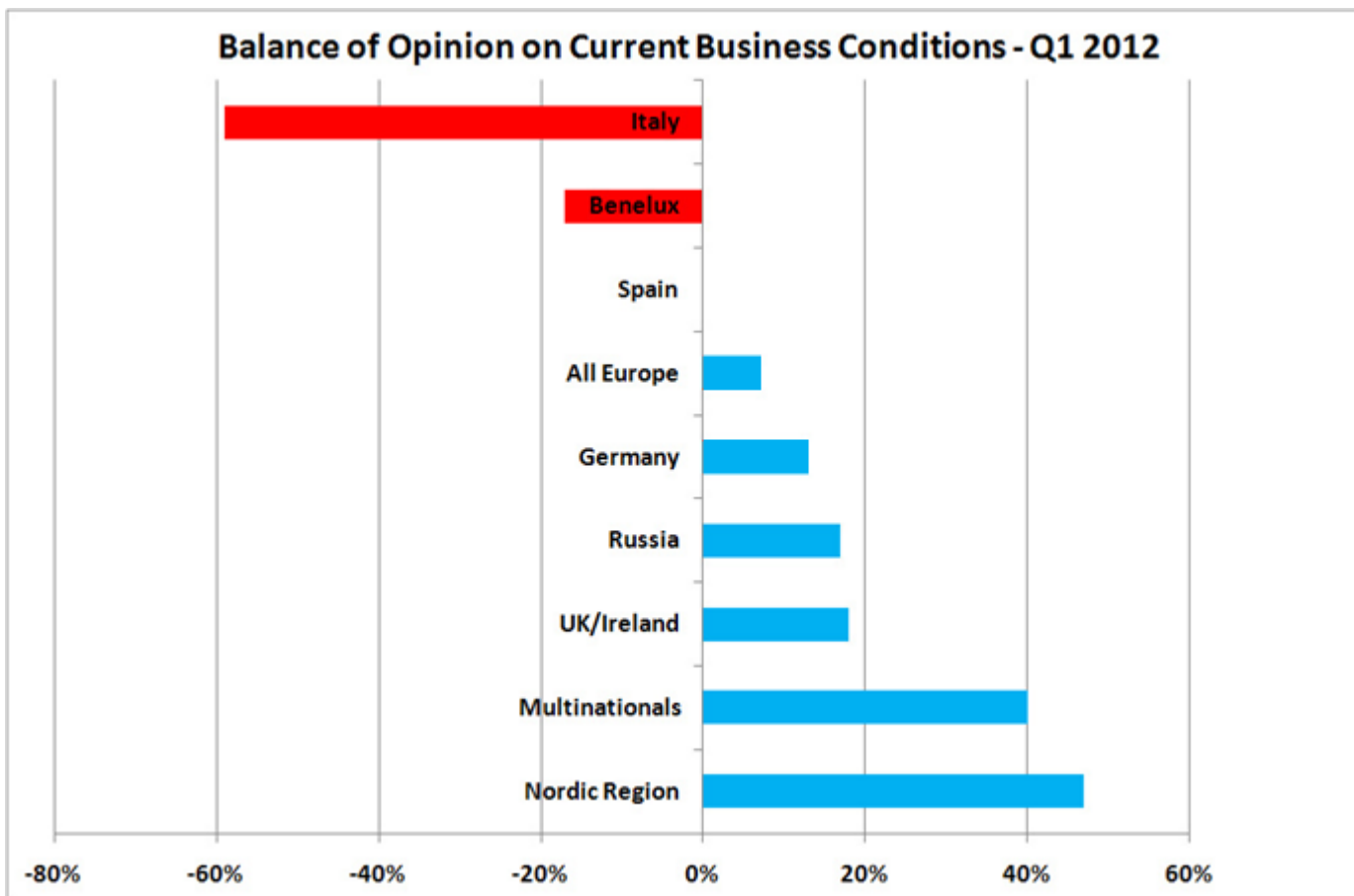


Rental Tracker: Q1 2012 Results

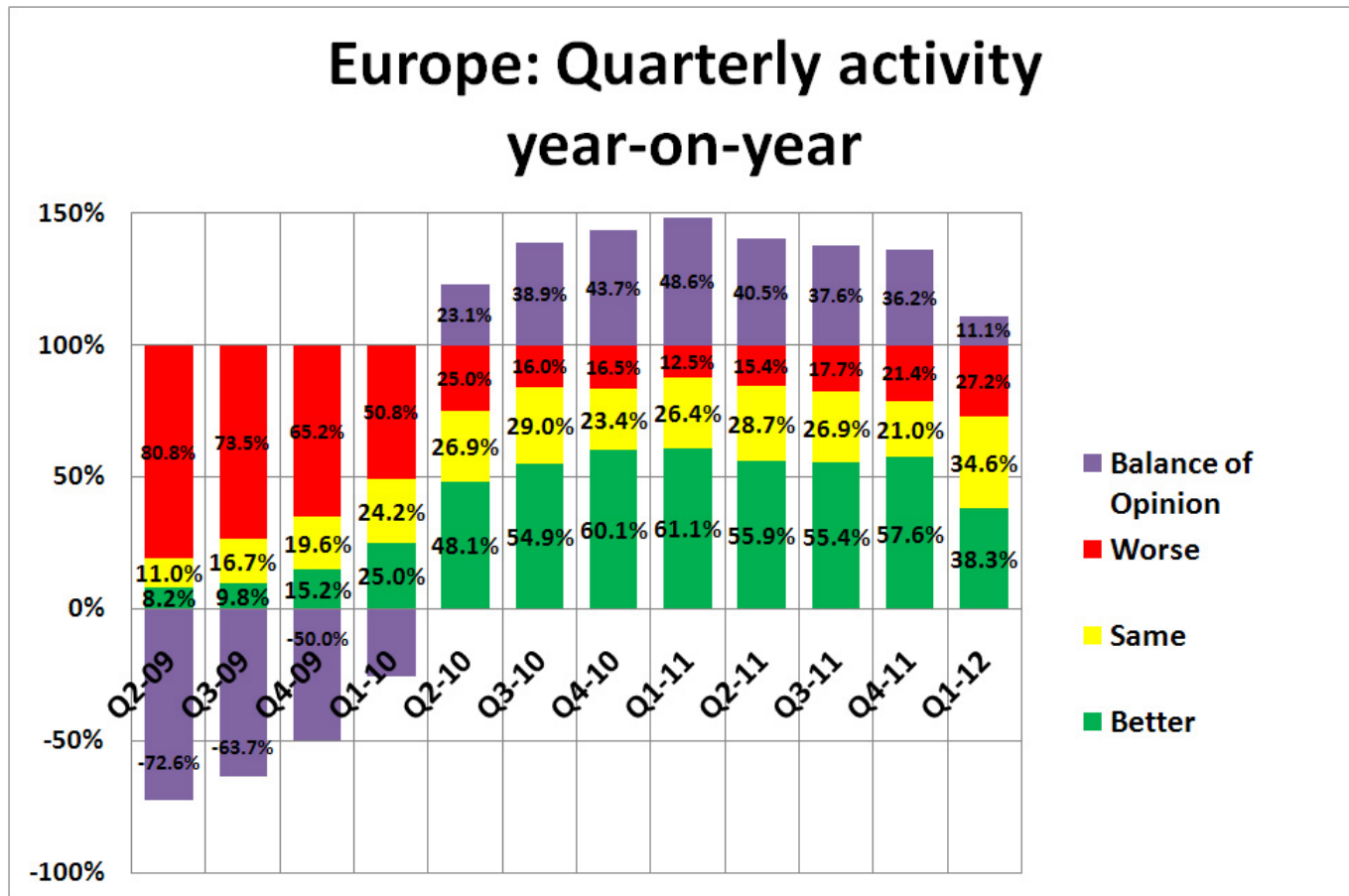




Rental Tracker: Q1 2012 Results

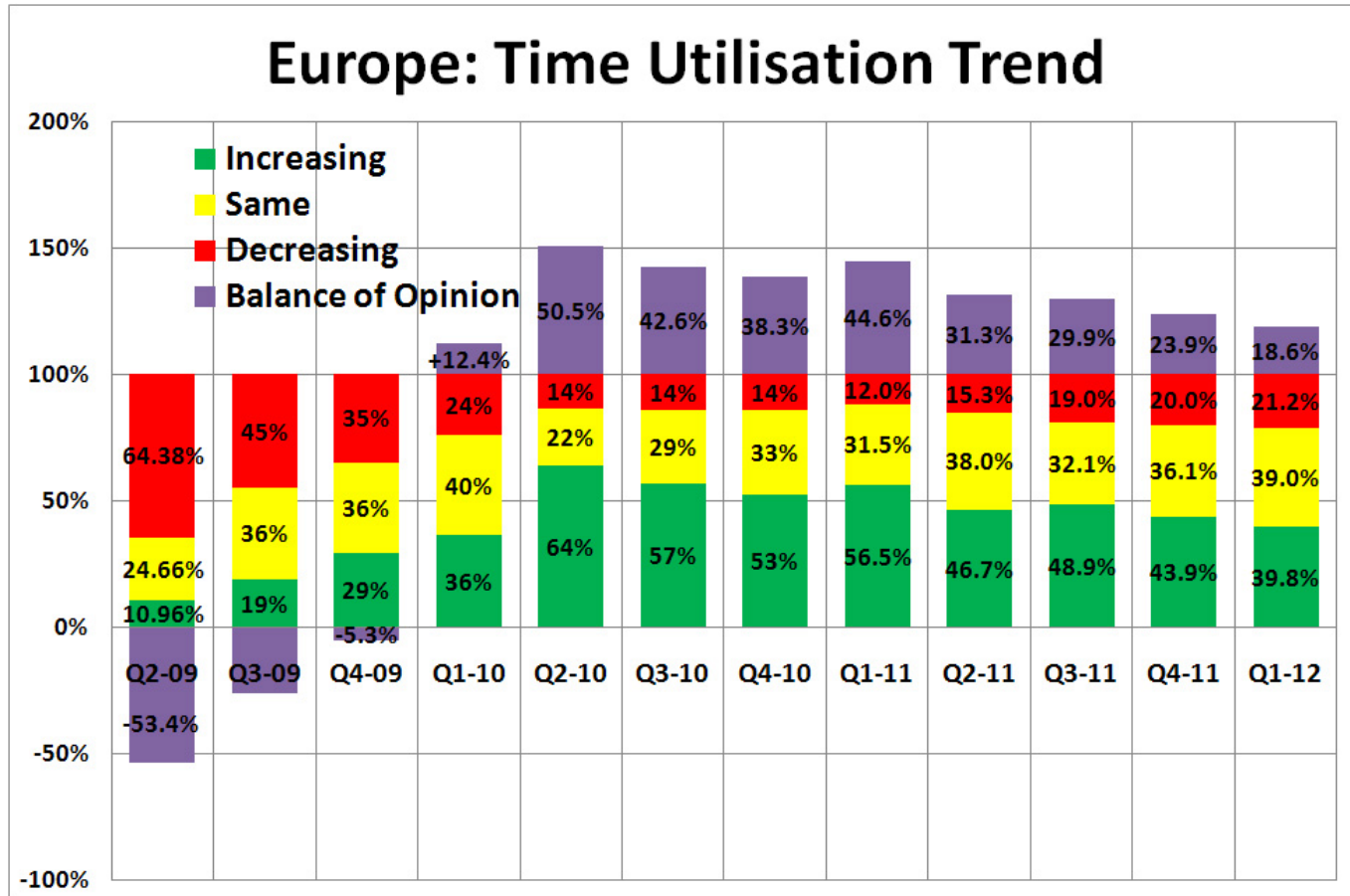


Rental Tracker: Q1 2012 Results



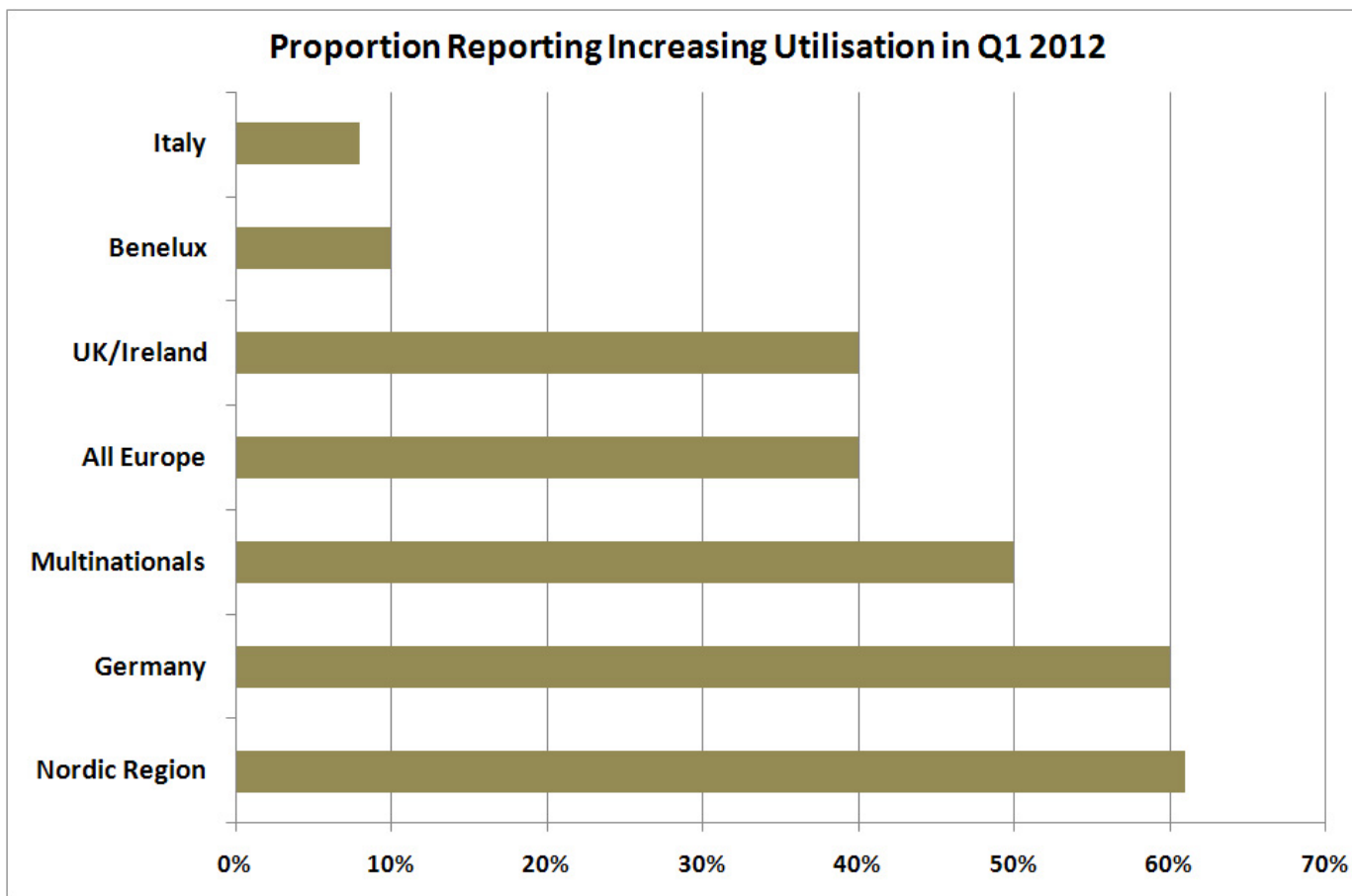


Rental Tracker: Q1 2012 Results



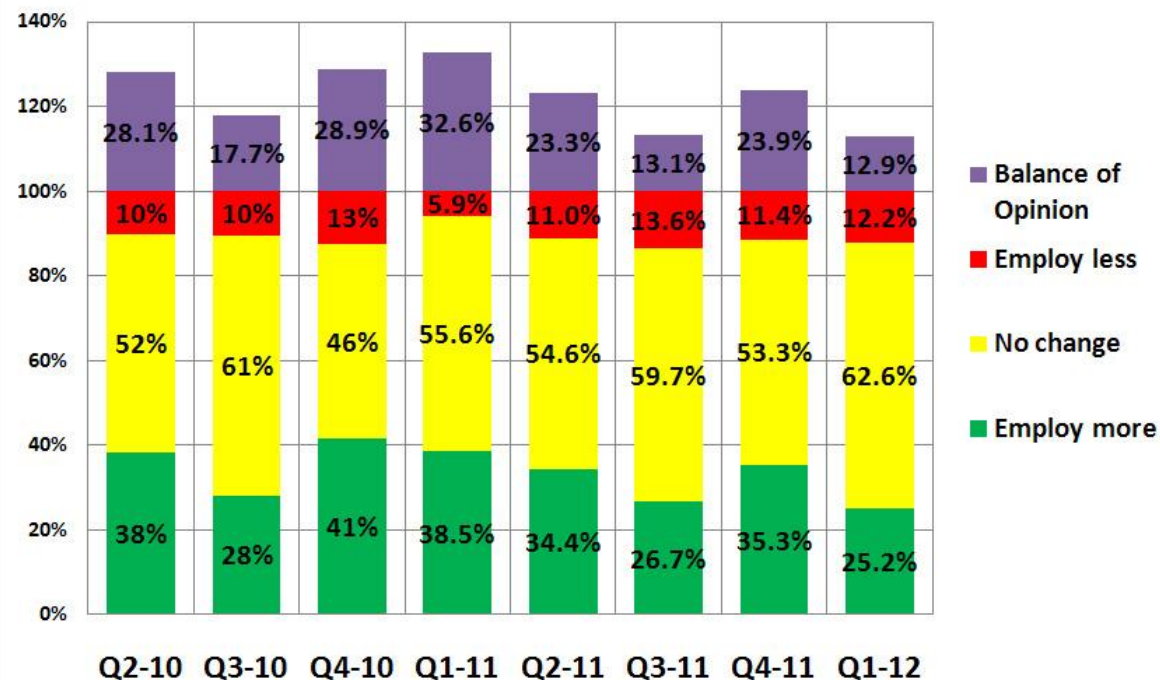


Rental Tracker: Q1 2012 Results



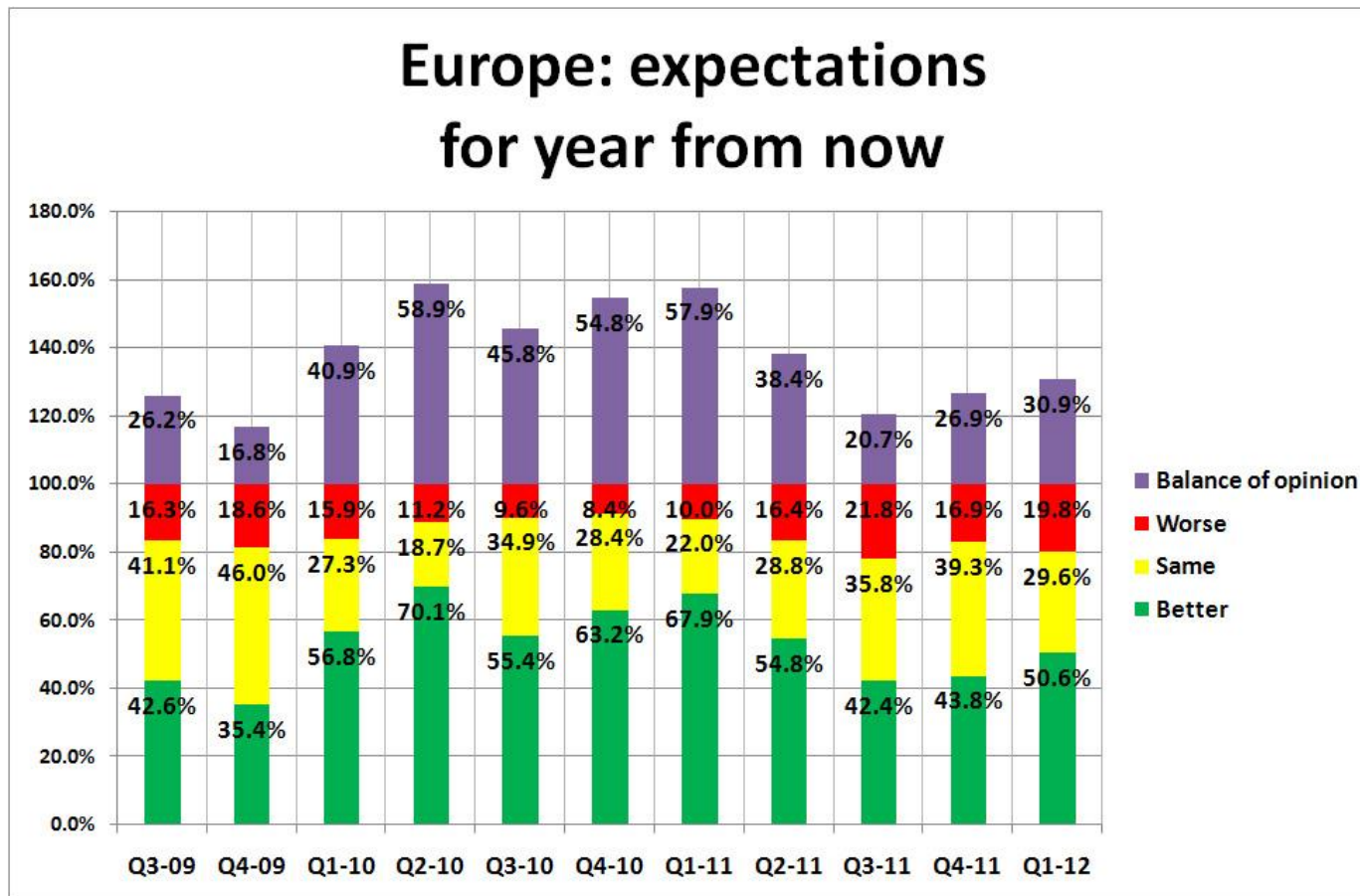
Rental Tracker: Q1 2012 Results

Europe: Employment intentions for the next quarter





Rental Tracker: Q1 2012 Results



Rental Tracker: Q1 2012 Results

2012 Investment

More than last year 35% of respondents

Same as 2011 40%

Less than last year 25%

(Positive balance of 10%)

Forecast 2013 Investment

More than last year 40% of respondents

Same as 2012 53%

Less than last year 12%

(Positive balance of 28%)

In other words, cautious on spending this year, a little less so for 2013.