



**EUROPEAN  
RENTAL  
ASSOCIATION**



**GLOBAL  
INSIGHT**

# The European Equipment Rental Industry 2009 Report

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## FOREWORD

Dear ERA member, dear reader,

The ERA published in 2009 the European Equipment Rental Industry 2008 report. This was the first-ever comprehensive study on our industry carried out at European level.

The ERA Statistics committee resolved that the rental industry needed report updates annually. A new version, lighter, was reviewed and contracted with IHS Global Insight for the production of the 2009 report. They are still 11 countries covered by the study and the countries sections will be expanded with the countries figures in local currencies.

Some changes from the previous report include:

- The European overview incorporate the remaining EU27 + EFTA countries based on an industry best estimate.
- For clarity purpose, this report will consider mostly equipment rental without operators. The equipment rental with operators is more diversified and needs more definitions and consensus.
- A new key indicator is emphasized with the release of the value of the rental fleets, coupled with the investments in rental equipment.
- Also, this report will not consider the penetration rates on equipment sales and on equipment population. These rates are very complex to define and to calculate. Moreover, the dramatic levels of sales in the present years coupled with the major defleeting operated by the rental companies would make it almost impossible to capture these rates of penetration.

The first 2008 report determined that rental without operators in Europe represented 24.4 billion Euros in 2008. This second report shows that this turnover has dropped to 20.2 billion Euros in 2009 representing a decrease of 17.2% (in constant currency exchange rates of 2008).

The ERA statistics committee is dedicated to improving every time the reliability of these figures and to present them to you on the most attractive and informative way.

We wish you a good and interesting reading through.

Michel Petitjean – ERA Secretary General



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## 1. Introduction

### 1.1 The European Rental Association (ERA)

The European Rental Association was created in 2006 to represent national rental associations and equipment rental companies in Europe. Today our membership includes over 4,500 rental companies, either directly or through 14 national rental associations. ERA is active through its working groups in the fields of EU Affairs, Promotion, Sustainability, Equipment Theft, General Rental Conditions and Statistics. ERA is organising, in partnership with KHL and IPI the IRE, International Rental Exhibition, held every three years. The next edition is scheduled in Amsterdam on June 7-9, 2011.

Extensive information on ERA's activities, reports and publications is available in our website at <http://www.erarental.org>

### 1.2 IHS Global Insight

IHS Global Insight is the world's largest economic forecasting and consulting firm, providing the most comprehensive current economic, financial and political coverage of countries, regions and industries available from any source. With its extensive pool of expert knowledge, models, data and software IHS Global Insight produces analyses for customers in more than 170 industries, covering more than 200 countries, to support them in their planning and decision-making processes. The company is recognised as the most consistently accurate forecasting firm in the world, and has more than 3,800 clients in industry, finance and government, with revenues in excess of US\$100 million, 700 employees and 25 offices in 14 countries covering North and South America, Europe, Africa, the Middle East and Asia.

### 1.3 Purpose of the Study

IHS Global Insight and the ERA have together strived to develop the reference source for intelligence concerning the European equipment rental market; this study provides an update of the "The European Equipment Rental Industry 2008 Report", published in 2009. Building a solid data foundation concerning the rental market is a long-term process; this report is a further step towards the goal of establishing comprehensive market intelligence allowing the development of market trends and international comparisons based on a common methodology. Both the methodology and the contents of the report are evolving over time and there are some noticeable improvements in concept and scope in this year's edition, which are explained in the foreword as well as in the methodological overview provided in chapter 3 of the report. The geographical scope of the detailed analysis for eleven countries has remained the same. In addition, an estimate on the market size and penetration rates for all EU-27+EFTA countries is provided.

### 1.4 ERA/ IHS Global Insight Expert interviews

The analyses presented utilise data from a variety of sources. Of particular importance were the key insights obtained from 13 extended interviews with senior industry experts from nine countries. We would like to use the opportunity to thank these experts, as well as the members of the ERA Statistics Committee, for the time and effort they spent in supporting us in the production of this report.

## 2. Executive Summary

- Starting in the second half of 2008, the construction and equipment rental markets in Europe were hit by the strongest economic downturn for decades. The timing and range of impacts of the crisis on European countries varied strongly, depending on the economic framework of the country and its position in the construction sector cycle.
- Companies throughout Europe reacted by cutting costs, reducing investments, consolidating their rental depot network and adjusting fleet sizes. As the crisis spread to the construction sector worldwide, prices for used equipment dropped strongly. The used equipment market virtually vanished. While most listed companies still managed to generate a positive EBITDA, their market value decreased significantly.
- Despite the pain endured by all of the rental market players it is our view that the crisis will be good for the European equipment rental market in the long-term.
- How can we justify this? In the first phase of the crisis contractors cut rental spend and rates declined to varying, but significant, degrees: subsequent observations indicate that the crisis is serving as a catalyst for the transformation towards renting instead of owning equipment. Especially in the United Kingdom and in the Nordic Countries, contractors have started to outsource the management of their entire equipment fleet to the rental sector. While under the prevailing economic conditions, contractors negotiate tough in order to achieve a maximum of cost reductions, this trend will increase both construction industry and equipment population penetrations strongly in the medium- and long-term. The increased necessity for flexibility leading to a reduction in fixed capital thus becomes a major driver for future rental market growth.
- The key results of the study can be summarized as:
- Companies active in rental have been identified in two classes, rental companies as a primary business without operators (code 71.32 of NACE rev. 1), and other companies providing rental services.
- Rental companies as a primary business with operators (NACE code 45.50), included in the 2008 report, have been excluded from the 2009 report.
- In 2009, the total size of the European equipment rental market (without operators) was €20.2 billion. The 11 countries covered in the study represent €18.5 billion.
- After peaking in 2008, total turnover decreased 17.2% from 2008 to 2009 in Europe and is expected to decrease between 0% and -5% from country to country, in 2010 (with the exception of one country where the fall will be 20%).
- In 2011, total turnover is expected to increase in a range of between 0% and 10% from country to country.
- In 2009, fleet investment has been reduced drastically (up to 80% to 90% in some countries compared to 2008 levels); even the more stable markets saw capital expenditure reductions of 20% to 25%.
- Fleet sizes have been evaluated for the first time in the 2009 report. They have reduced 14% to 17% in some countries while in other countries they remain virtually constant.
- During the crisis, the degree of competition increased significantly in all countries. Accordingly, the market value of many companies suffered strongly. In the worst hit countries, some companies will struggle to survive the year 2010.



- Overcapacity and reduced rental demand have put pressure on rental prices and time utilisation rates in 2009, which will persist throughout most of 2010.
- Construction Industry Penetration in Europe peaked in 2008, fell in 2009 and will continue to decline over the year 2010. It is expected that the recovery of rental turnover in 2011 will not be strong enough to outperform growth in the construction sector as a whole. Thus, industry penetration will be, at best, stable in 2011.
- In the long-term it is expected that the crisis will add to the previously existing trend towards increasing rental penetration rates as construction companies outsource their equipment fleets to large rental operators.
- M&A activity almost stopped in 2009 but is expected to start over again in late 2010 and 2011 when the consolidation of the equipment rental markets will gain speed.
- Average fleet age increased in most countries by 5-6 months in 2009 because of strongly reduced investment in new equipment and limited possibilities to adapt fleet sizes by selling-off of used equipment.

## 3. Methodological Overview

### 3.1 Key Concepts

#### Geographic Coverage

For the following eleven European countries, the respective national equipment rental markets are covered in detail, providing results for market sizes, penetration rates and forecasts until 2011:

Belgium	BE	France	FR	Netherlands	NL	Sweden	SE
Denmark	DK	Germany	DE	Norway	NO	United Kingdom	UK
Finland	FI	Italy	IT	Spain	ES		

#### Rental Market Coverage:

The indicators on market size and penetration rate presented in this report cover rental companies classified as providing „Renting of construction and civil engineering machinery and equipment **without operator**“ (code 71.32 according to NACE<sup>1</sup> rev. 1.1<sup>2</sup>) and – for some indicators – other companies providing rental services as a secondary business

#### Time Horizon and Basic Concepts

Market Sizing results cover the period 2006-2009. Forecasts for rental turnover are provided for the years 2010 and 2011. 3 different concepts have been applied, depending on the availability of data. Throughout the report, a color code has been assigned for each concept in order to facilitate the understanding of the underlying data basis for each year:

Years	Concept	Colour Code
2006-2007	Actual data based on official statistics	dark blue
2008-2009	Estimates based on interviews and field research	lighter blue
2010-2011	Forecast Values based on IHS Global Insight driver forecasts	light blue

#### Definition of Rental Turnover

Market Sizing for equipment rental companies refers to the concept of rental turnover, including rental-related revenues, merchandises as well as sales of used equipment. For other companies providing rental services as a secondary business, estimates for their share of turnover generated by rental activities have been applied.

#### Country Results are presented in Local Currency

Detailed results per country in chapter 4 of the report are presented in local currency. The European overview of results for the year 2009 presented in chapter 3 is expressed in Euro<sup>3</sup>. While the transfer from local currency to Euro is done by applying the average exchange rate of 2009, the presented growth rates 2009 are calculated without exchange rate fluctuations and represent thus the year-on-year percent change at constant exchange rates.

### 3.2 Equipment Rental Market Indicators

The following indicators for national equipment rental market (without operator) are provided:

Indicator	Time Period Covered
<b>Market Sizing</b>	
Rental Turnover	2006-2011
Number of Rental Companies ( <i>without operator</i> )	2006-2007
Persons Employed	2006-2007
Number of Rental Depots 2007 ( <i>based partly on survey results 2008</i> )	2006-2007
Investments in Rental Equipment	2006-2009
Value of the Rental Fleet ( <i>at original costs</i> )	2006-2009
<b>Penetration Rates</b>	
Construction Industry Penetration	2006-2011
Country Population Penetration	2006-2011

<sup>1</sup> According to NACE rev.1: Statistical Classification of Economic Activities in the European Community

<sup>2</sup> Recently, a revision of NACE code (rev. 2) has been introduced.

<sup>3</sup> Please note: The value of the British Pound expressed in Euro has declined significantly in 2008 and 2009.

In addition, selected results are provided for the following three company size classes:

**1-49 employees**

**50-249 employees**

**>= 250 employees**

### 3.3 Data sources

The main sources of data have been:

Data Source
Eurostat
Data and information from 10 National Statistics Agencies (NSA)
13 expert interviews with experts in nine countries
Balance sheet analysis for 52 large and medium sized rental companies
Proprietary data from IHS Global Insight Global Construction Outlook, World Economic Service and World Industry Service
Selected results from the AMADEUS company database and the IHS Global Insight European Rental Survey 2008
Revenue Data from TOP ERN 50 Companies from International Rental Magazine (IRN)
Field data from additional web-research, industry newsletters and association reports

### 3.4 Consistency of Approach

For the time period 2006-2007 a common approach to calculate market size and distribution across company size classes was applied relying to a large degree on official statistics and partly on results from the IHS Global Insight European Rental Survey 2008. For France and Italy, available results from national association's studies have also been incorporated.

Estimations of growth rates in 2008 and 2009 for rental turnover, investments in rental equipment and value of the rental fleet vary and depend upon data from field research and expert interviews, taking into account the following major types of source information:

- General trends for time utilisation, financial utilisation and rental rates
- Insights from the analysis of balance sheets (e.g. on equipment fleets and sales of used equipment)
- Insights gained from expert interviews, industry newsletters and web research.

A common, econometric forecast approach was applied for the outlook of the national rental markets 2010 and 2011. Based on the IHS Global Insight driver forecasts for three construction segments (residential, non-residential structures, infrastructure), GDP and Industrial Production, a pooled regression approach was applied to estimate the elasticity of rental demand for each of these drivers. The forecasts produced have then been corrected for national rental rates trends.

Two penetration rates have been calculated for each country for 2006-2009:

- Construction Industry Penetration
- Country Population Penetration

<b>Construction Industry Penetration</b>
=
<b><u>Rental Turnover (country, year)</u></b>
<b>Total Output of the Construction Sector</b>
<b>(country, year)</b>

<b>Country Population Penetration</b>
=
<b><u>Rental Turnover (country, year)</u></b>
<b>Number of Inhabitants (country, year)</b>

## 4. European Overview

### 4.1 Scope of the study

- The results for the European rental market in this report refer to renting of equipment without operator. The figures are based on official statistics for NACE code 71.32: “Renting of construction and civil engineering machinery and equipment without operator”. In contrast to the ERA - European Equipment Rental Industry 2008 Report, renting of equipment with operator has been excluded from this study, so tables, charts and text refer to the rental without operator market.
- Detailed market size estimates are presented for eleven European countries for the years 2006-2009. In addition, an estimate is presented for the size of the total equipment rental market in the EU-27 and EFTA countries for 2009
- For each of the eleven countries under investigation, forecasts of rental turnover are provided for 2010 and 2011.

### 4.2 Market Size

- In the EU-27 and EFTA countries, equipment rental companies and other companies providing rental services generated a total rental turnover (as defined in chapter 3.1) of € 20.2 billion in 2009
- After years of continuous strong growth, equipment rental turnover peaked in 2008.
- Starting in the second half of 2008, the construction and equipment rental markets in Europe were hit by the strongest economic downturn for decades.
- Rental turnover declined in all European countries in 2009 with rates of decline between -5% and -35%.
- The most severe market conditions in 2009 have been encountered by rental companies in Spain (-35%), Denmark (-25%) and the United Kingdom (-23%).
- Germany (-5%) and Italy (-7%) have been the most resilient markets in 2009.
- In Spain, the United Kingdom (and to some degree in Denmark) the contraction of rental demand started earlier than in the other countries and was also more pronounced.
- The rental markets in Germany, Italy and Belgium remained more resilient until well into 2009.
- Based on 2007 statistics and for the 11 countries covered under the study, the structure of the European equipment rental industry (without operators) is as follows:
  - # of rental companies (without operators): 14,900
  - # of employed persons in rental companies (without operators): 123,000
  - # of depots of rental companies (without operators): 21,500

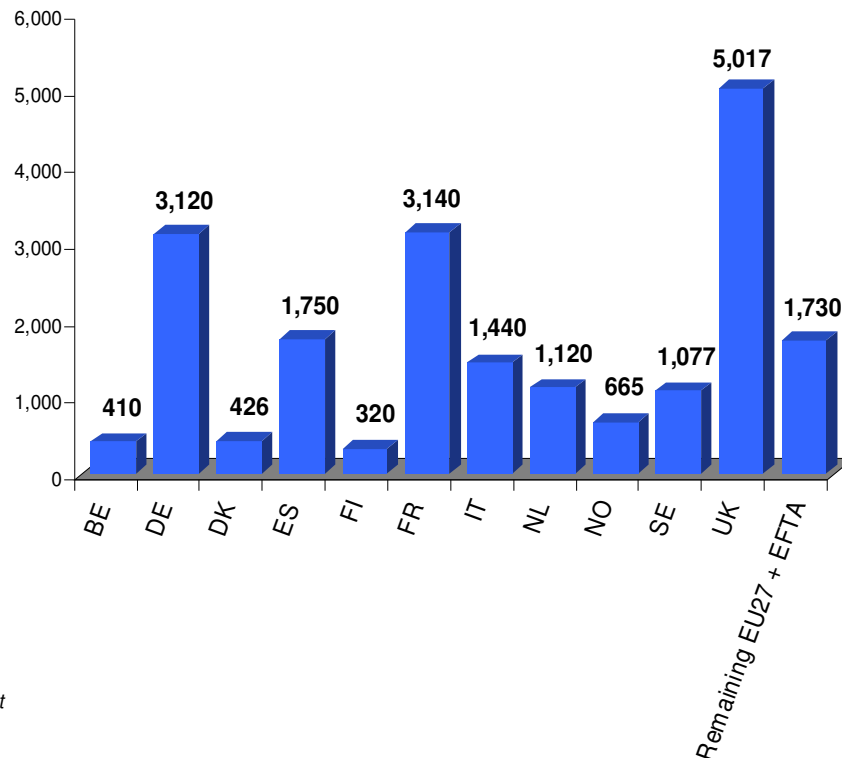
## Key figures on the European Construction Equipment Rental Industry for 2009

2009	BE	DE	DK	ES	FI	FR	IT	NL	NO	SE	UK	Total / Average 11 countries	Remaining EU27 + EFTA	Total / Average
<b>Total Turnover [million Euro]</b>	410	3 120	426	1 750	320	3 140	1 440	1 120	665	1 077	5 017	18 485	1 730	20 215
Rental Companies *	345	2 800	412	1 660	300	2 960	620	790	499	1 019	4 943	16 348	N/A	N/A
Other Comp. Providing Rental Services (only rental)	65	320	14	90	20	180	820	330	166	58	74	2 137	N/A	N/A
<b>Investment in Rental Equipment * [million Euro]</b>	50	540	24	170	50	250	440	120	49	89	511	2 294	N/A	N/A
<b>Value of Rental Fleet ** [million Euro]</b>	660	5 450	905	3 600	580	5 450	2 620	1 680	1 003	1 491	8 409	31 849	N/A	N/A
<b>Ratio: Investment in Rental Equipment / Value of the Rental Fleet</b>	8%	10%	3%	5%	9%	5%	17%	7%	5%	6%	6%	7%	N/A	N/A
<b>Total Construction Output [million Euro]</b>	29 336	252 565	27 261	152 539	29 232	196 452	196 516	71 609	33 293	26 305	142 386	1 157 494	343 340	1 500 834
<b>Construction Industry Penetration</b>	1,40%	1,25%	1,55%	1,15%	1,10%	1,60%	0,75%	1,55%	2,00%	4,10%	3,50%	1,60%	0,50%	1,35%
<b>Country Population [million]</b>	10,60	81,85	5,46	46,76	5,33	62,59	59,87	16,56	4,81	9,26	61,79	365	145,13	510
<b>Country Population Penetration [Euro per person]</b>	39	38	78	37	60	50	24	68	138	116	81	51	12	40
<b>2009 year-on-year percent change</b>														
Turnover	-10,9%	-4,6%	-25,0%	-34,9%	-17,9%	-14,0%	-7,1%	-8,9%	-8,8%	-9,2%	-23,7%	-17,2%	N/A	N/A
Investment	-44,4%	-20,6%	-89,8%	-80,2%	-56,5%	-68,8%	-25,4%	-64,7%	-68,8%	-60,0%	-68,3%	-60,1%	N/A	N/A
Rental Fleet	-4,3%	0,9%	-9,5%	-17,2%	-7,9%	-6,8%	-1,1%	-4,0%	-3,8%	-4,2%	-13,6%	-8,2%	N/A	N/A

\* Equipment rental without operator only

\*\* At original costs, equipment rental fleet without operator only

**Turnover \***  
 \*as defined in chapter 3.1 of this report

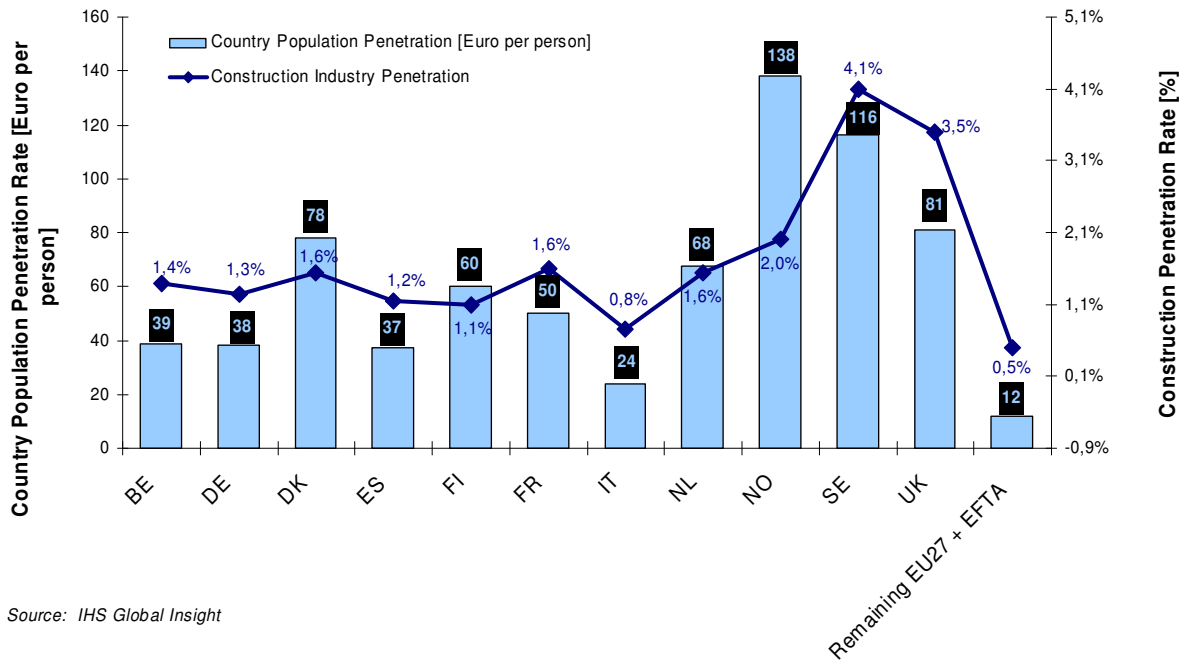


Source: IHS Global Insight

### 4.3 Competitive Environment

- The degree of competition increased significantly in all countries. Accordingly, the market value of many companies suffered strongly. In the worst hit countries, some companies will struggle to survive the year 2010.
- Overcapacity and reduced rental demand have put pressure on rental prices and time utilisation rates in 2009, which will persist throughout most of 2010.
- Because of high legacy investment in this equipment type and persisting overcapacities, rental rates for mobile elevating work platforms (MEWPs) contracted strongest in most countries. Rental demand and rental rates for tools and small equipment remained at a comparatively stable level.
- Cutting costs and securing cash-flow was imperative for rental companies across Europe during the crisis year 2009. For most countries this resulted in a reduction of employment and the number of rental depots. This is especially valid for Spain and the United Kingdom.
- M&A activities are expected to regain momentum in the second half of 2010. By the end of 2011, many countries might experience a significant consolidation of the rental sector.

Penetration Rates (2009)

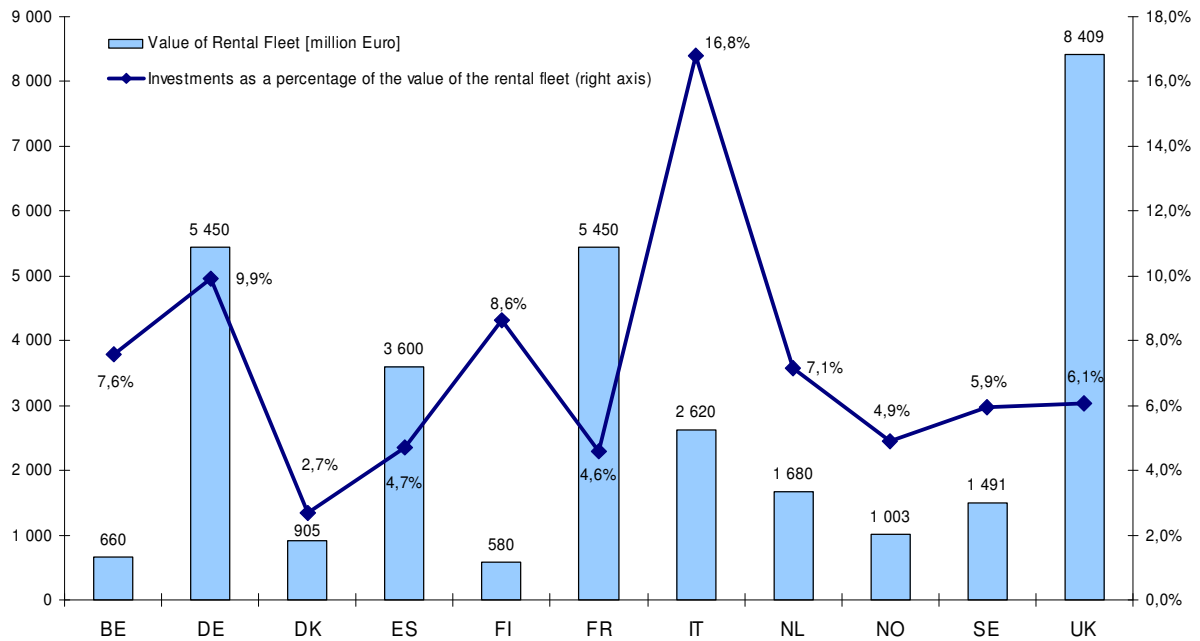


Source: IHS Global Insight

#### 4.4 Penetration Rates

- Construction Industry Penetration in Europe peaked in 2008, fell in 2009 and will continue to decline over the year 2010. It is expected that the recovery of rental turnover in 2011 will not be strong enough to outperform growth in the construction sector as a whole. Thus, industry penetration will be, at best, stable in 2011.
- In the long-term it is expected that the crisis will add to the previously existing trend towards increasing rental penetration rates as construction companies outsource their equipment fleets to large rental actors.

**Investment and Value of the Rental Fleet at original cost (2009)**

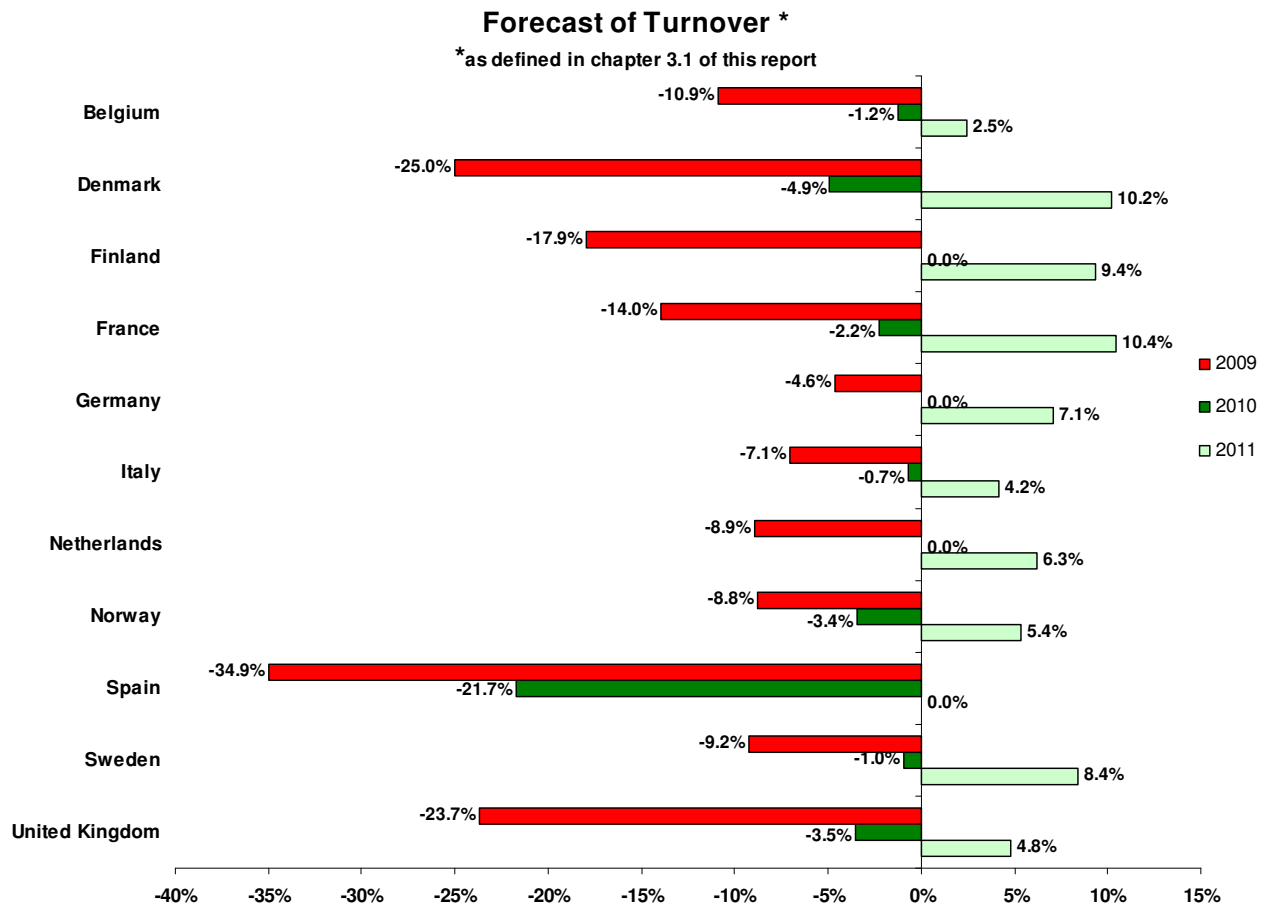


Source: IHS Global Insight

#### 4.5 Investments and Rental Fleet Size

- Having peaked in 2008, investment in rental equipment reduced substantially in 2009 in the context of the crisis.
- The strongest slumps of investment have been observed in Denmark (-90%) and Spain (-80%), followed by France, the United Kingdom and the remaining Nordic countries
- Capital expenditure was least affected in Germany (-20%) and Italy (-25%).
- Market prices for used equipment dropped strongly as the recession deepened during 2009. As demand slumped in other regions of the world as well, the option of rental companies to adjust their rental fleets through sales of used equipment became limited.
- Spanish and British rental companies were first hit and reduced their fleet size most significantly (Spain: -17%, UK:-14%). Fleet adjustments in other countries have been considerably less pronounced.
- In Germany and Italy, the volume of the rental equipment fleet remained virtually constant in 2009. Fleet adjustments in the Nordic countries, with the exception of Denmark, have been less pronounced than those in Spain and the United Kingdom.





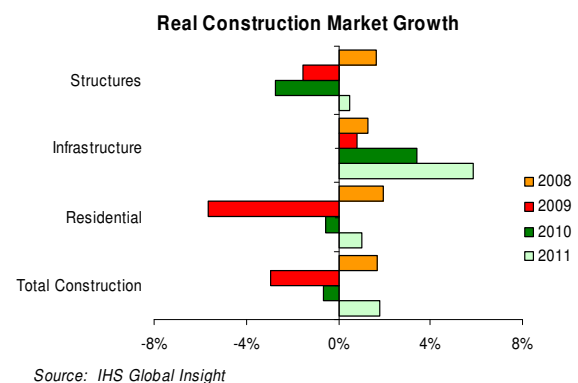
- Most rental markets will bottom out in the second half of 2010. However, rental turnover figures for 2010 as a whole will remain flat at best and most countries will see another decline in rental turnover.
- The Spanish rental market is forecasted to see another substantial contraction of -20% in 2010. For all other countries, rental turnover will decline by low single-digit %age values or will remain flat.
- As rental demand from the recovering construction industry will turn upwards in 2011 again, all countries under investigation, with the exception of Spain, will see a single-digit recovery of rental turnover.
- Increasing industry demand and adjusted fleet sizes will result in an environment that favours the partial recovery of rental prices in 2011.

## 5. Country Overview

### 5.1 Belgium (BE)

#### 1. Economic and Construction Context for the Equipment Rental Industry

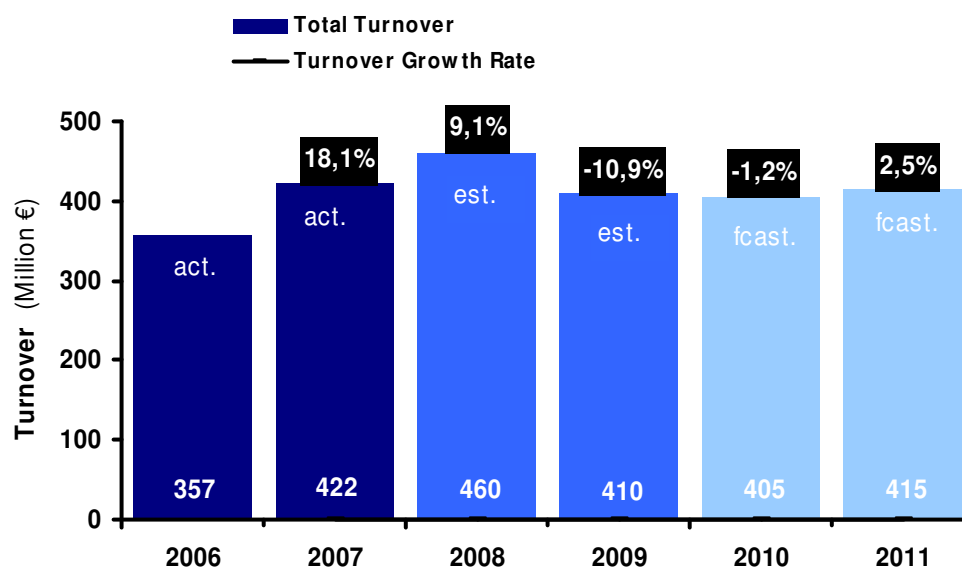
- Belgian GDP is projected to expand by a modest 1.3% in 2010 and 1.4% in 2011, having shrunk 3.0% in 2009.
- The labour market is expected to weaken further in the early months of 2010, following a jump in unemployment to a three-year high in 2009.
- **Construction Stimulus:** In December 2008, Belgium announced a 2.00-billion-euro stimulus package for 2009, which will include the acceleration of infrastructure projects, with a further 1.36 billion euro allocated for 2010.
- **Residential Construction:** The residential market is still suffering in the wake of the global recession (-5.7% year-on-year in 2009). Contraction will persist through 2010 before a sluggish recovery begins in 2011, about a year after the total construction sector starts to recuperate.
- **Infrastructure:** Spending in the infrastructure sector increased by only 0.7% year-on-year in 2009, to US\$11.4 billion. Growth in the forecast will be driven by the Belgian government's stimulus package, which includes funds specifically for infrastructure. In the long term (2013–18), infrastructure spending growth will decelerate.
- **Non-Residential Structures:** Spending in the non-residential structure sector declined by 1.5% year-on-year in 2009, to US\$22.7 billion.



#### 2. Detailed Results per Country

### Turnover \*

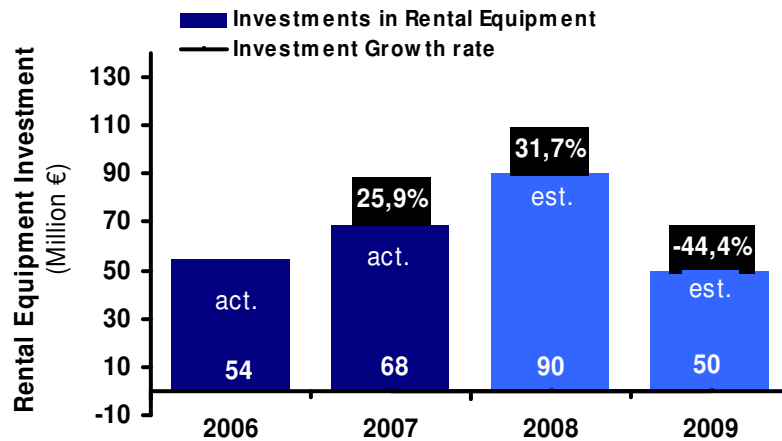
\* as defined in chapter 3.1 of this report



Source: IHS Global Insight

- After strong increases of investments in rental equipment until 2008, investment fell by more than 50% in 2009 to an average of approximately 8% of the value of the rental fleet.

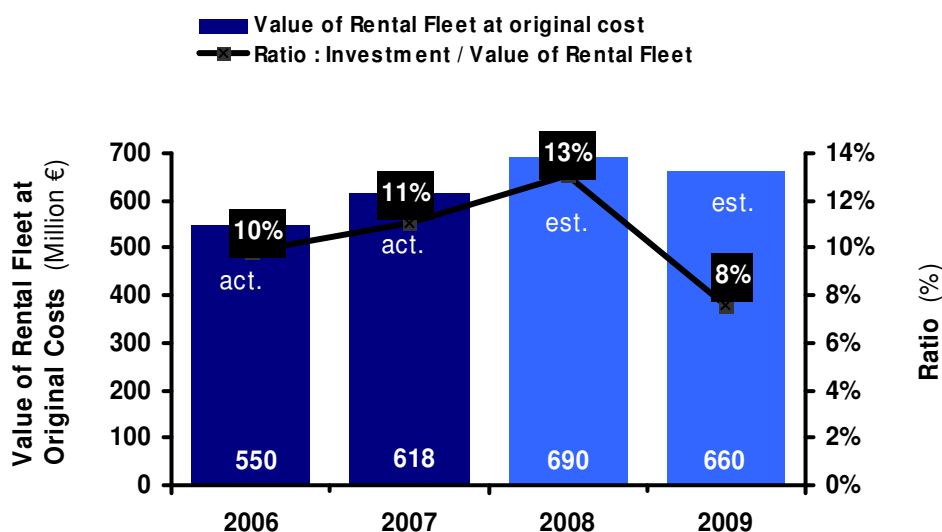
### Investment in Rental Equipment of Rental Companies (without operator)



Source: IHS Global Insight

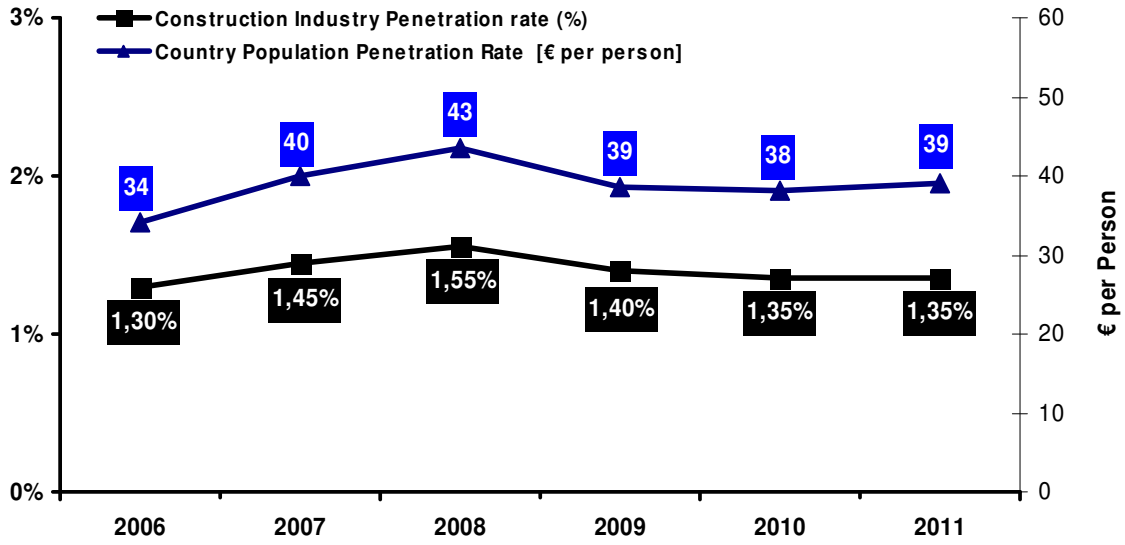
- Because large, purely rental companies are less dominant in the market (compared to France, the United Kingdom or the Nordic Countries), it is more difficult to differentiate between the fleet of rental and non-rental equipment. This might contribute to our somewhat higher estimate of the size of rental fleet (compared to rental turnover) than is typical in most mature European rental markets.

### Rental Fleet Size



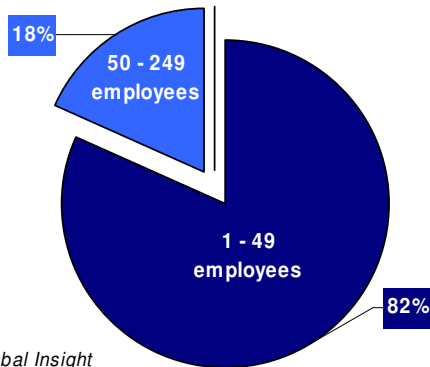
Source: IHS Global Insight

### Penetration Rates



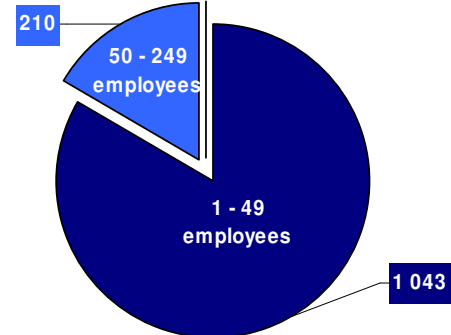
Source: IHS Global Insight

### Turnover of Rental Companies 2008 (estimated)



Source: IHS Global Insight

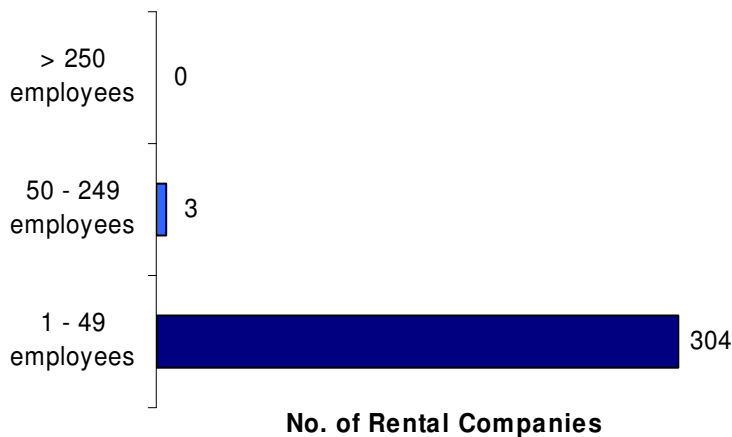
### Persons Employed by Rental Companies 2007 (actual) \*



Source: IHS Global Insight

\* Latest figures available

### Number of Rental Companies by employees size group 2007\*



Source: IHS Global Insight

\* Latest figures available

- Several large international rental actors are active on the Belgian market as are a few large national companies. However the large majority of equipment rental firms offering services without operator have less than 50 employees.
- Dealers in Belgium still account for a substantial part of the rental business, the rental business resembling therefore Germany rather than France.
- Rental turnover in Belgium grew strongly until late 2008. And this in a construction market which also showed strong growth; however rental turnover outperformed the sector and industry penetration increased. After remaining stable in the first half of 2009, rental demand and tariff levels showed weakness in the second half, resulting in an overall decrease of turnover of 10% in 2009.
- Since the increasing level of competition has put pressure on rental rates during 2009, and since construction demand is expected to remain flat in 2010, rental turnover is forecast to decrease slightly by -1% in 2010. However, demand will have bottomed out in 2010. Demand increases in 2011, together with a slight recovery of rates will result in a moderate revenue increase in 2011.

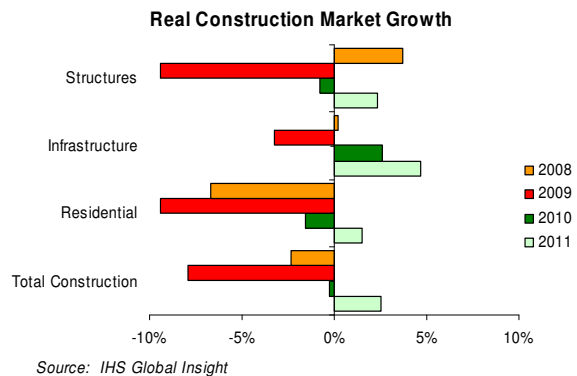
BELGIUM (BE), EURO	Actual		Estimates		Forecast	
	2006	2007	2008	2009	2010	2011
<b>Market Size</b>						
<b>Total turnover [million €]</b>	357	422	460	410	405	415
Rental Companies (without operator)	291	355	385	345	340	350
Other Comp. Providing Rental Services (only rental)	66	66	75	65	65	65
<b># Rental Companies</b> (without operator)	289	307	n.a.	n.a.		
<b># Other Comp. providing rental services</b>	170	170	n.a.	n.a.		
<b># Employed Persons of Rental Companies</b> (without operator)	1 180	1 253	n.a.	n.a.		
<b># Depots of Rental Companies</b> (without operator)	372	396	n.a.	n.a.		
<b>Investments in Rental Equipment [million €]</b> (without operator)	54	68	90	50		
<b>Value of Rental Fleet at all companies [million €]</b> (without operator)	550	618	690	660		
<b>Ratio: Investments in Rental Equipment / Value of the Rental Fleet</b>	10%	11%	13%	8%		
<b>Penetration Rates</b>						
Total Construction Output [million €]	27 200	28 825	29 866	29 336	29 500	30 600
<b>Construction Industry Penetration Rate</b>	1,30%	1,45%	1,55%	1,40%	1,35%	1,35%
Country Population [million]	10,47	10,53	10,59	10,60	10,61	10,62
<b>Country Population Penetration Rate [€ per person]</b>	34	40	43	39	38	39

Source : IHS Global Insight

## 5.2 Denmark (DK)

### 1. Economic and Construction Context for the Equipment Rental Industry

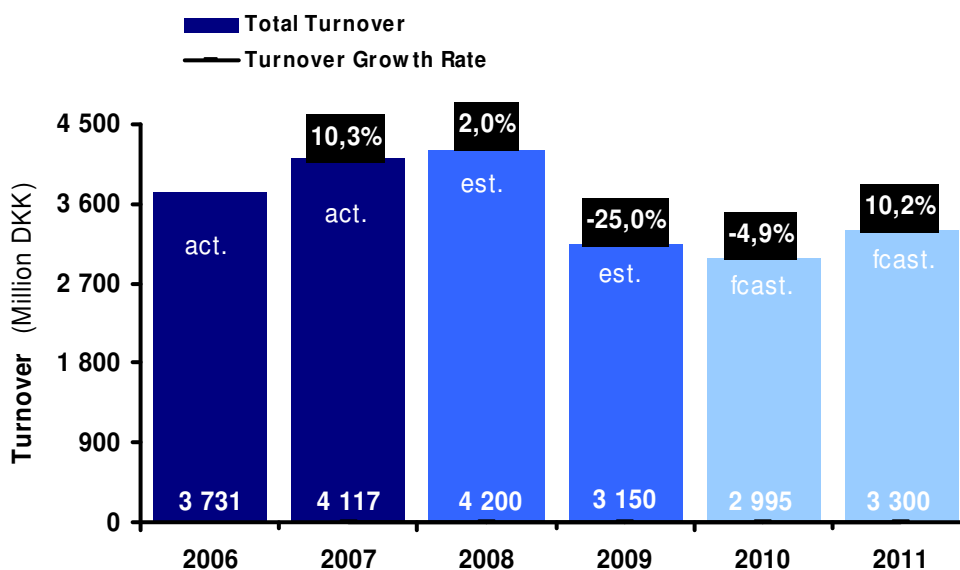
- The Danish economy is projected to return to growth in 2010, after two consecutive years of GDP contraction. IHS Global Insight expects the Danish economy to expand a modest 1.3% in 2010 and a further 1.7% in 2011, following declines of 5.1% in 2009 and 0.7% in 2008.
- The Danish labour market is expected to stabilize during the course of 2010, following a marked deterioration in 2009.
- **Residential Construction:** The housing sector in Denmark has been damaged by the global financial crisis. A slow recovery will begin in 2011, and over 2013–18, construction spending is expected to expand.
- **Infrastructure:** Spending in the infrastructure sector decreased by 3.3% year-on-year in 2009, to US\$ 8.6 billion. For the next years, key growth drivers will be invested in transportation and energy sectors.
- **Non-Residential Structures:** Spending in the non-residential structures sector shrank 9.4% year-on-year in 2009, to US\$9.0 billion. The Danish part of the Oresund Region plan, an investment worth US\$ 1.0 billion annually for the renovation and building of hospitals until 2013, will contribute to spending in non-residential structures over the next five years.



### 2. Detailed Results per Country

#### Turnover \*

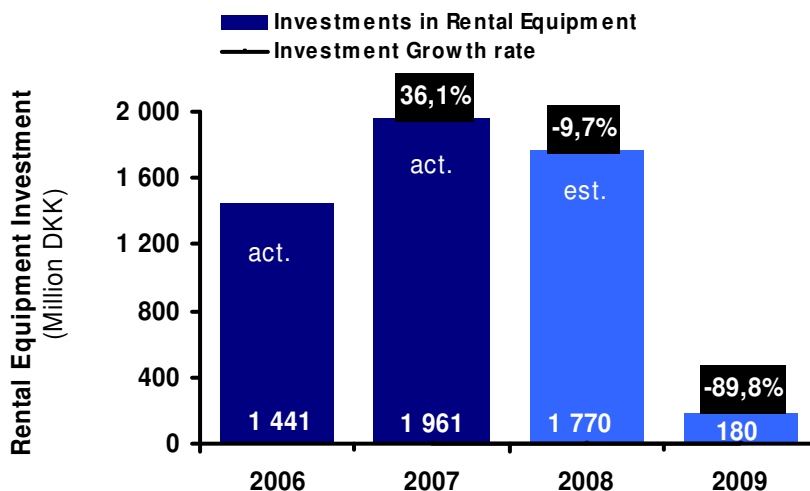
\*as defined in chapter 3.1 of this report



Source: IHS Global Insight

- Because of the high overcapacities of rental equipment, rental companies cut their investments dramatically in 2009. According to our estimates, investments slumped by almost 90% in 2009 to only 3% of the original-cost value of the rental fleet.

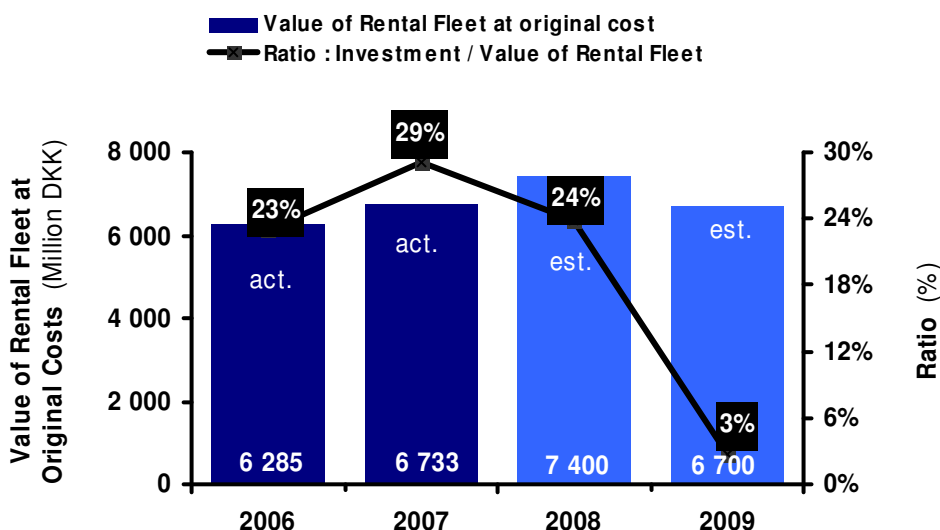
### Investment in Rental Equipment of Rental Companies (without operator)



Source: IHS Global Insight

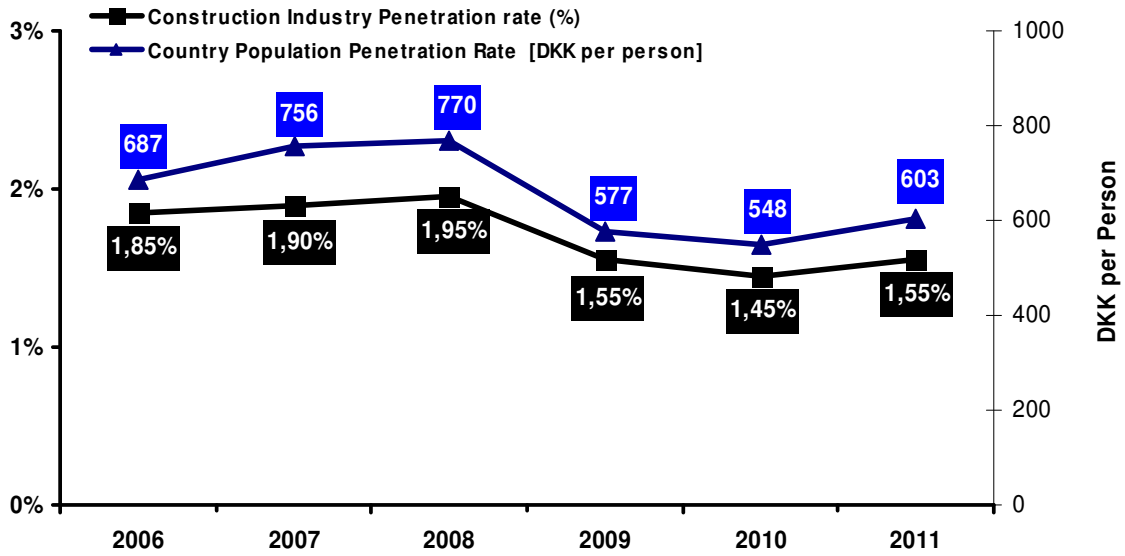
- Because there is basically no market for used equipment, rental companies were not able to adjust their fleet sizes in accordance to the reduced demand. It is estimated that the Danish rental fleet decreased by nearly 10% during the year 2009.

### Rental Fleet Size



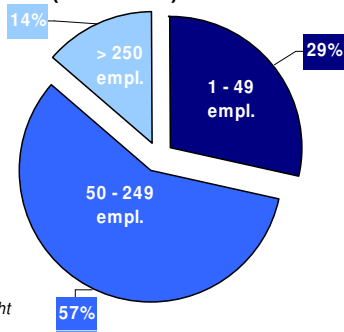
Source: IHS Global Insight

### Penetration Rates



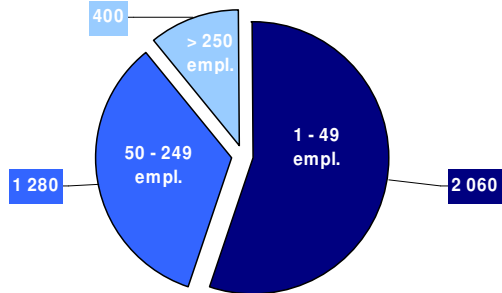
Source: IHS Global Insight

### Turnover of Rental Companies 2008 (estimated)



Source: IHS Global Insight

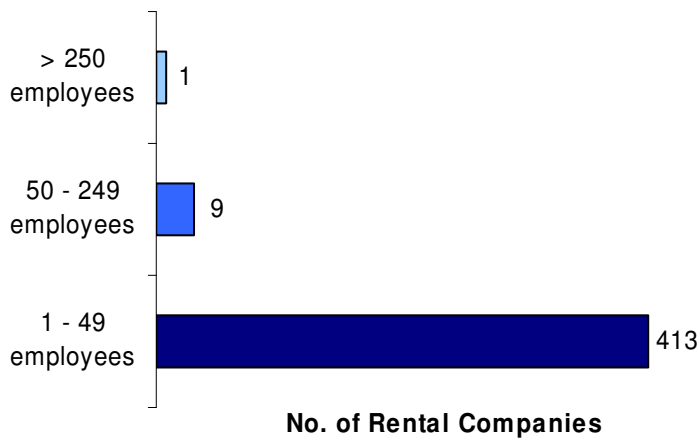
### Persons Employed by Rental Companies 2007 (actual) \*



Source: IHS Global Insight

\* Latest figures available

### Number of Rental Companies by employees size group 2007\*



Source: IHS Global Insight

\* Latest figures available



- In Denmark there are only few a large rental actors on the market. About 10 pure rental companies exist, with more than 50 employees. On the other end of the scale, there are a high number of small companies with less than 20 employees.
- The 35 largest rental companies account for approximately half of the overall revenues from equipment rental without operator.
- After peaking in early 2008, the Danish rental business encountered very severe market conditions in late 2008 and throughout 2009. A substantial slump in rental demand, in combination with fleet overcapacities because of large investments in rental equipment in previous years, caused a strong decline of time utilisation rates and rental rates.
- As a result, total rental turnover decreased by 25% in 2009.
- While all companies suffered from the downturn, it is the small companies that struggle for survival. It is expected that in 2010 and 2011 bankruptcies, as well as M&A activities, will shape a strong consolidation process. Thus, it is expected that the number of companies on the market will decrease.
- As a consequence, prices will remain under pressure throughout 2010. Since the demand from the construction industry is recovering only slowly, this will result in a further reduction of rental revenues.
- The market is expected to bottom out in late 2010. Increasing rental volumes, the consolidation of the market and slightly recovering rental rates will result in a forecasted 10-% growth of rental turnover in 2011.

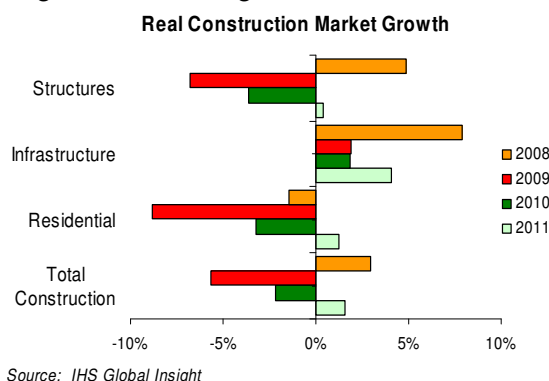
DENMARK (DK), LOCAL CURRENCY!	Actual		Estimates		Forecast	
	2006	2007	2008	2009	2010	2011
<b>Market Size</b>						
<b>Total turnover [million DKK]</b>	3 731	4 117	4 200	3 150	2 995	3 300
Rental Companies (without operator)	3 639	3 987	4 070	3 050	2 900	3 200
Other Comp. Providing Rental Services (only rental)	92	130	130	100	95	100
<b># Rental Companies (without operator)</b>	411	423	n.a.	n.a.		
<b># Other Comp. providing rental services</b>	35	40	n.a.	n.a.		
<b># Employed Persons of Rental Companies (without operator)</b>	3 451	3 740	n.a.	n.a.		
<b># Depots of Rental Companies (without operator)</b>	480	500	n.a.	n.a.		
<b>Investments in Rental Equipment [million DKK] (without operator)</b>	1 441	1 961	1 770	180		
<b>Value of Rental Fleet at all companies [million DKK] (without operator)</b>	6 285	6 733	7 400	6 700		
<b>Ratio: Investments in Rental Equipment / Value of the Rental Fleet</b>	23%	29%	24%	3%		
<b>Penetration Rates</b>						
Total Construction Output [million DKK]	200 626	214 881	217 121	201 729	205 200	214 600
<b>Construction Industry Penetration Rate</b>	1,85%	1,90%	1,95%	1,55%	1,45%	1,55%
Country Population [million]	5,43	5,45	5,46	5,46	5,47	5,47
<b>Country Population Penetration Rate [DKK per person]</b>	687	756	770	577	548	603

Source : IHS Global Insight

### 5.3 Finland (FI)

#### 1. Economic and Construction Context for the Equipment Rental Industry

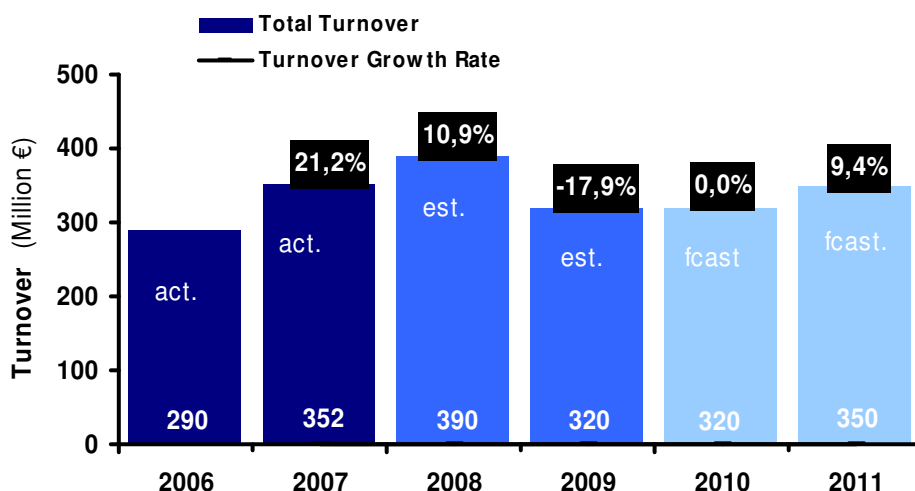
- The Finnish economy in 2009 contracted by the sharpest rate since 1918 (-7.8%). The downturn now seems to have bottomed out, but growth has so far failed to materialize.
- The outlook for labour market developments remains discouraging, with only reluctant overall economic recovery. We project the jobless rate rise further to around 10.4% in 2010 and then see it easing to a still-high rate of around 9.6% in 2011.
- **Construction Stimulus:** The government approved a stimulus package in 2009 worth approximately 2-billion euro, which includes about 70-million euro dedicated to road and rail maintenance and 70-million euro for other transportation infrastructure projects.
- **Residential Construction:** The global recession has taken a hit on the residential construction sector, and spending in 2009 shrank by 8.8% year-on-year, to US\$10.9 billion. New residential construction will not see a recovery until 2013, two years after the start of the recovery in the total residential sector. Growth is being affected by increasing prices and the decreasing home ownership trend in the country.
- **Infrastructure:** Spending in the non-residential infrastructure sector grew 2.0% year-over-year in 2009, reaching US\$6.9 billion. Transportation infrastructure projects supported by the government's stimulus package have driven growth.
- **Non-Residential Structures:** The non-residential structures segment felt by 6.8% year-on-year in 2009, to US\$12.2 billion. Spending will continue to decrease through 2010 before a recovery begins in 2011. Many projects planned to begin in the near term are being postponed as a result of financing problems and decreased demand for space, both attributable to the current economic downturn.



#### 2. Detailed Results per Country

### Turnover \*

\*as defined in chapter 3.1 of this report

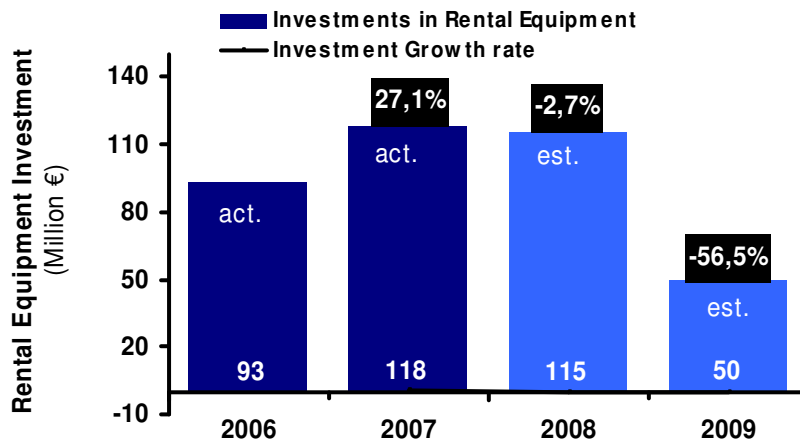


Source: IHS Global Insight

equipment. Long-term rental contracts have been cut to a significant degree, adding to lower time and financial utilisation rates.

- Difficult market conditions in 2009 forced rental companies to cut their annual investment in their rental fleet by almost 60%.

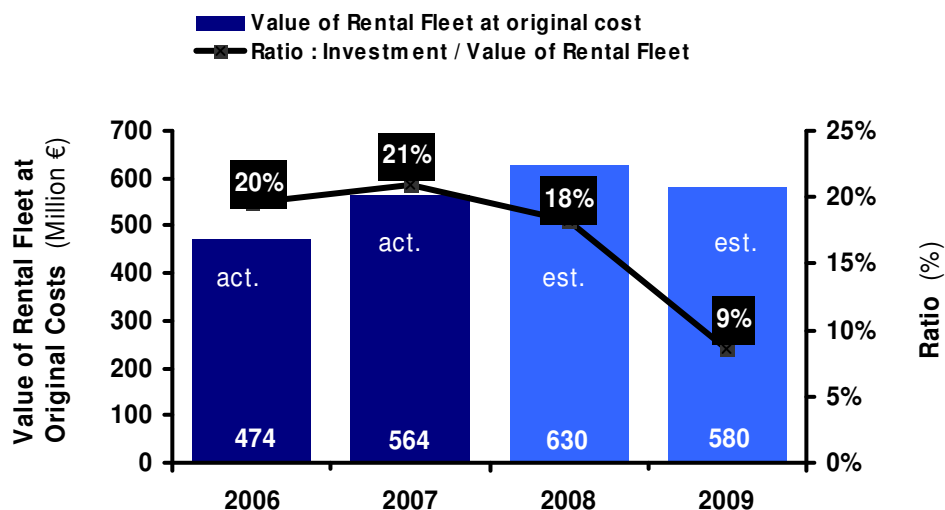
### Investment in Rental Equipment of Rental Companies (without operator)



Source: IHS Global Insight

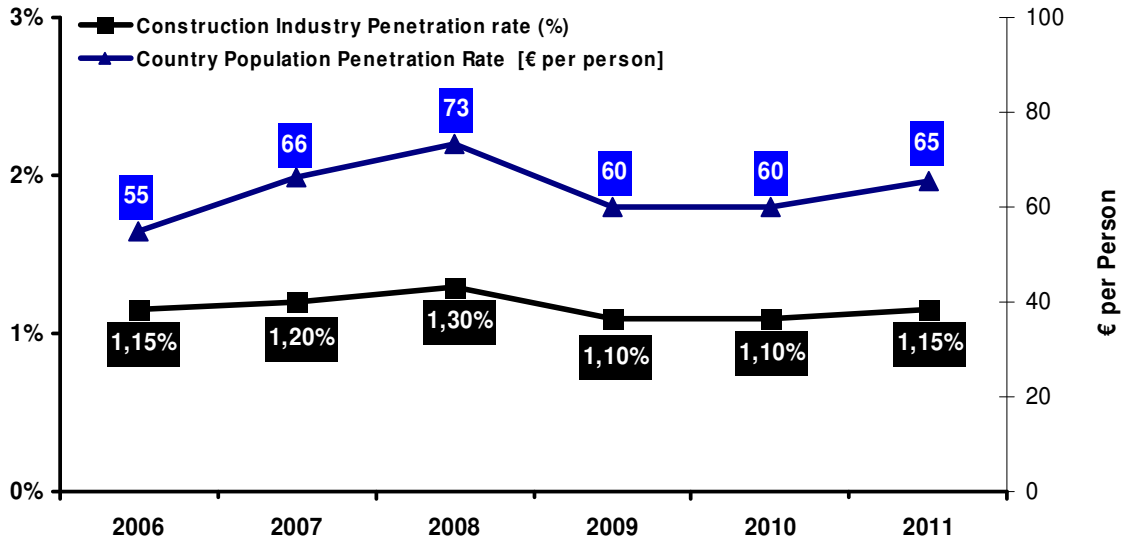
- With demand for used equipment very low worldwide, the rental fleet size was only cut by 9% of the value of the rental fleet (measured at original costs) in 2009. Fleet overcapacities will remain throughout the year 2010.

### Rental Fleet Size



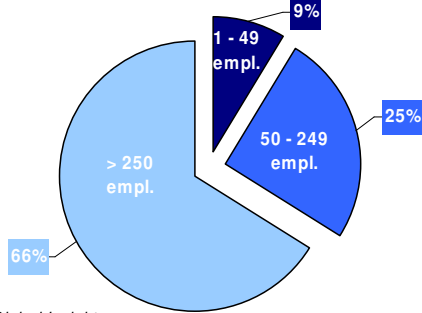
Source: IHS Global Insight

### Penetration Rates



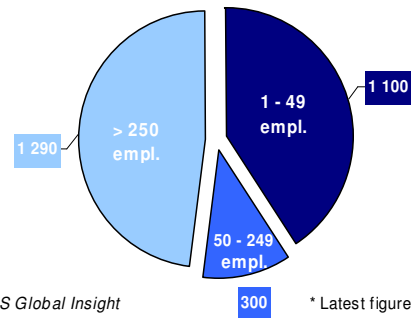
Source: IHS Global Insight

### Turnover of Rental Companies 2008 (estimated)



Source: IHS Global Insight

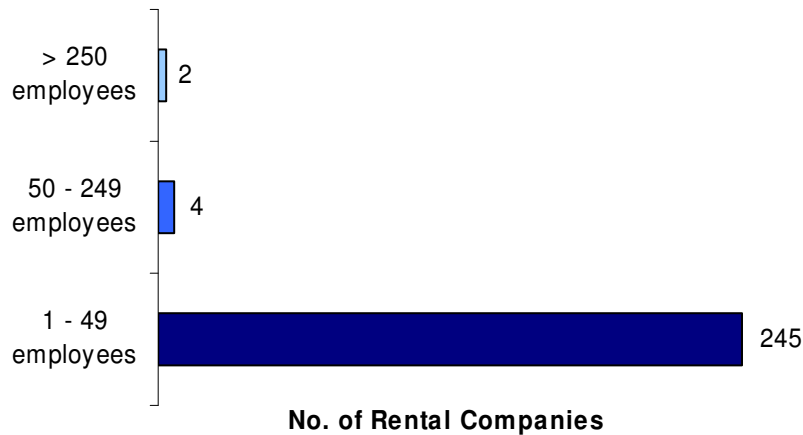
### Persons Employed by Rental Companies 2007 (actual) \*



Source: IHS Global Insight

\* Latest figures available

### Number of Rental Companies by employees size group 2007\*



Source: IHS Global Insight

\* Latest figures available

- The Finnish rental market is dominated by two large equipment rental actors, which account for more than half of the overall rental revenue.
- In the context of the crisis, time utilisation and rental rates decreased by single-digits values in 2009. Reduced investments and limited possibilities to sell-off used equipment led to an increase of average fleet age of approximately five months in 2009.
- As with most Nordic countries, Finland has a strong rental market for accommodation modules, which remained less impacted by the downturn and served as an element of stabilization for the rental business.
- Rental demand is forecasted to remain flat at best over 2010 and will not recover before 2011. In consequence, rental turnover in 2010 will stay at the low level reached in 2009 with a slight additional reduction.
- Increasing demand and recovering rental prices accompanied by increasing rental penetration will lead to partial recovery of rental revenues in 2011.

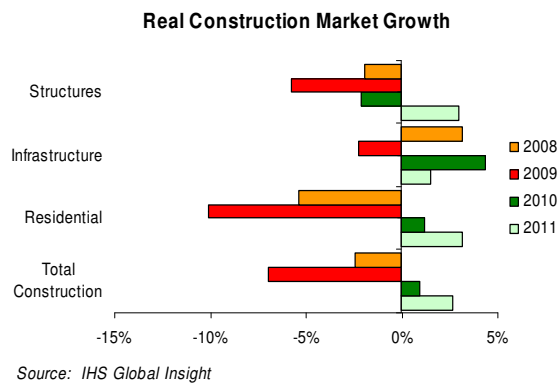
FINLAND (FI), EURO	Actual		Estimates		Forecast	
	2006	2007	2008	2009	2010	2011
<b>Market Size</b>						
<b>Total turnover [million €]</b>	290	352	390	320	320	350
Rental Companies (without operator)	270	329	360	300	300	330
Other Comp. Providing Rental Services (only rental)	20	23	30	20	20	20
<b># Rental Companies (without operator)</b>	249	251	n.a.	n.a.		
<b># Other Comp. providing rental services</b>	n.a.	n.a.	n.a.	n.a.		
<b># Employed Persons of Rental Companies (without operator)</b>	2 450	2 690	n.a.	n.a.		
<b># Depots of Rental Companies (without operator)</b>	408	416	n.a.	n.a.		
<b>Investments in Rental Equipment [million €] (without operator)</b>	93	118	115	50		
<b>Value of Rental Fleet at all companies [million €] (without operator)</b>	474	564	630	580		
<b>Ratio: Investments in Rental Equipment / Value of the Rental Fleet</b>	20%	21%	18%	9%		
<b>Penetration Rates</b>						
Total Construction Output [million €]	25 200	29 019	30 411	29 232	28 800	29 900
<b>Construction Industry Penetration Rate</b>	1,15%	1,20%	1,30%	1,10%	1,10%	1,15%
Country Population [million]	5,28	5,30	5,33	5,33	5,34	5,34
<b>Country Population Penetration Rate [€ per person]</b>	55	66	73	60	60	65

Source : IHS Global Insight

## 5.4 France (FR)

### 1. Economic and Construction Context for the Equipment Rental Industry

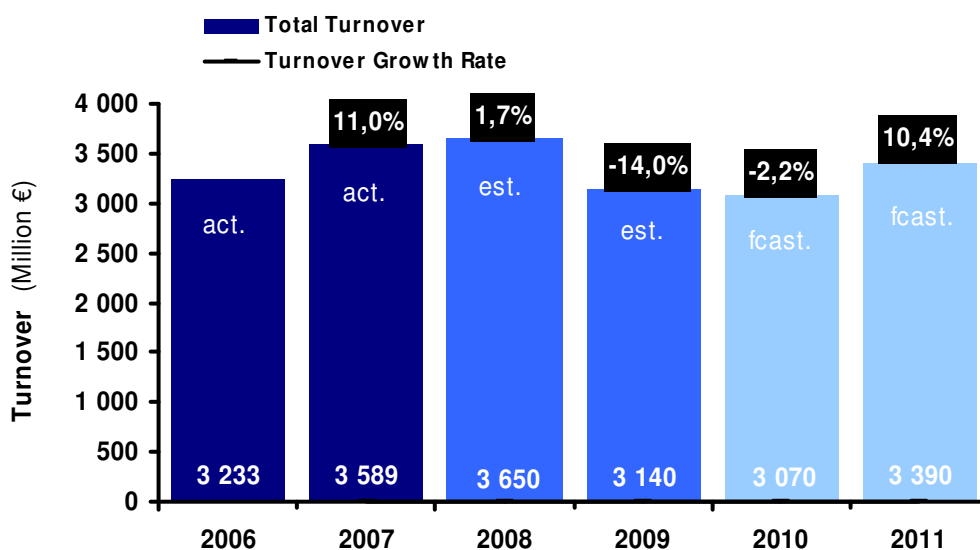
- The economy is expected to return at a modest rate of 1.3% growth in 2010, following a contraction of 2.2% in 2009.
- The unemployment rate currently stands at a 10-year high and is set to continue to deteriorate. Firms' hiring decisions will continue to be hit by weak demand levels, tight credit conditions, and shrinking profit margins.
- **Construction Stimulus:** France's stimulus package is valued at €26.5 billion (US\$ 34.5 billion) and represents about 0.4% of GDP per year in 2008-2010. As part of the stimulus package, €4 billion (US\$ 5.2 billion) will be used to improve transport, energy, and postal service infrastructure construction. Further, a number of plans have been made to improve housing construction.
- **Residential Construction:** Spending in the residential construction sector shrank 10.1% year-on-year to US\$120.0 billion in 2009. The tepid demographic growth will pose a challenge for the residential construction market over the long term.
- **Infrastructure:** Spending in the infrastructure construction sector declined by 2.2% year-on-year to US\$ 64.4 billion in 2009. Transportation and energy infrastructure projects will drive infrastructure construction activity for 2010.
- **Non-Residential Structures:** Spending in the non-residential structures segment fell by 5.8% year-on-year to US\$83.4 billion in 2009. The institutional segment is forecast to sustain construction spending over the short and long term as the demand for office and industrial space is expected to decline.



### 2. Detailed Results per Country

## Turnover \*

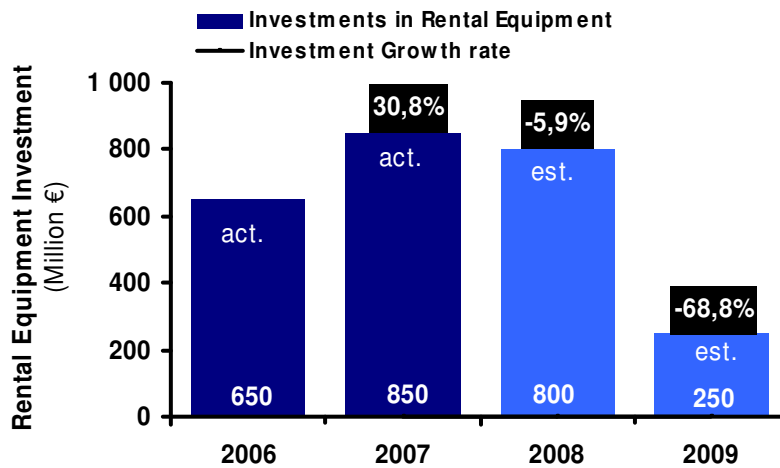
\* as defined in chapter 3.1 of this report



Source: IHS Global Insight

- Since 2005, investment in new equipment has averaged about 20% of turnover. In the context of the economic crisis, investment has been substantially cut by almost 70%, to only 8% of rental turnover during 2009. While this reduction of investment has had strong impacts on the equipment manufacturers, it did not reduce the capability of the rental sector to generate the cash-flow needed to weather the crisis.

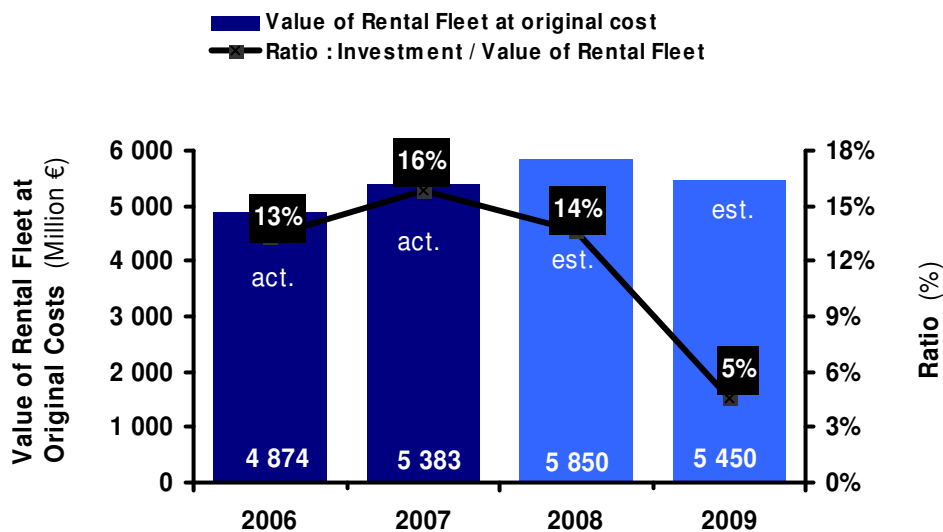
### Investment in Rental Equipment of Rental Companies (without operator)



Source: IHS Global Insight

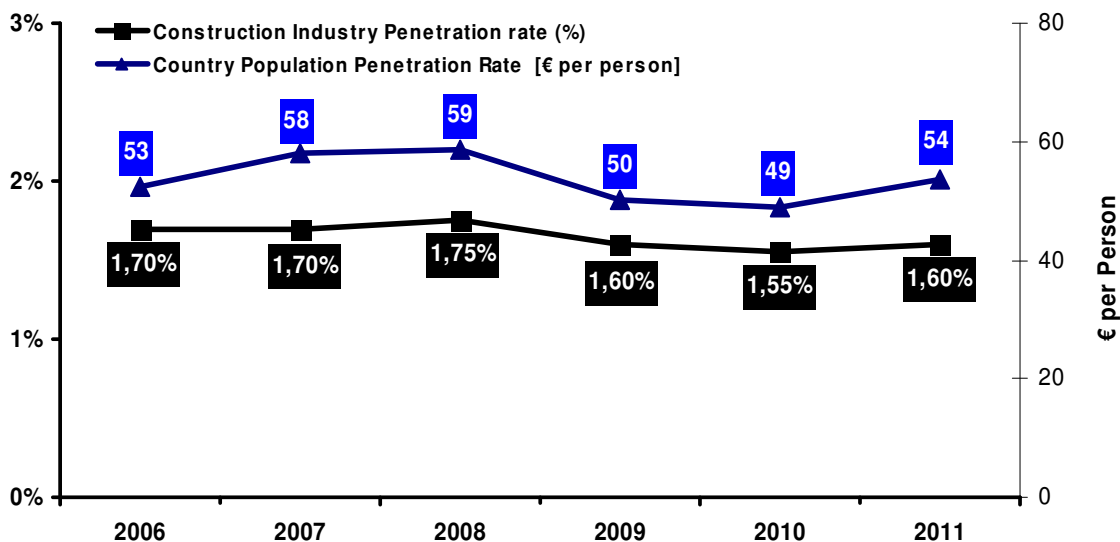
- In addition, rental companies have tried to adjust their rental fleets by increasingly selling off existing equipment. However, low prices for used equipment, because of a low overall demand for construction equipment across the globe, restricted the possibility to adapt to the decreased rental demand. The overall rental fleet size in France is estimated to have reduced by 6% in 2009.

### Rental Fleet Size



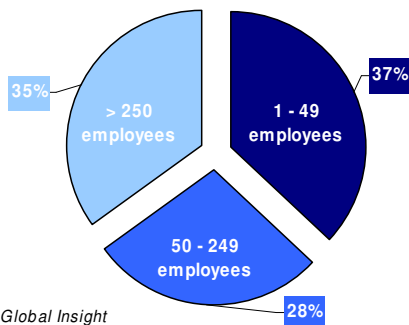
Source: IHS Global Insight

### Penetration Rates



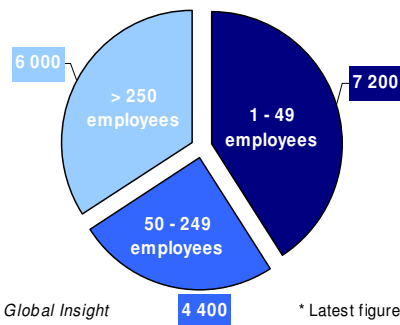
Source: IHS Global Insight

### Turnover of Rental Companies 2008 (estimated)



Source: IHS Global Insight

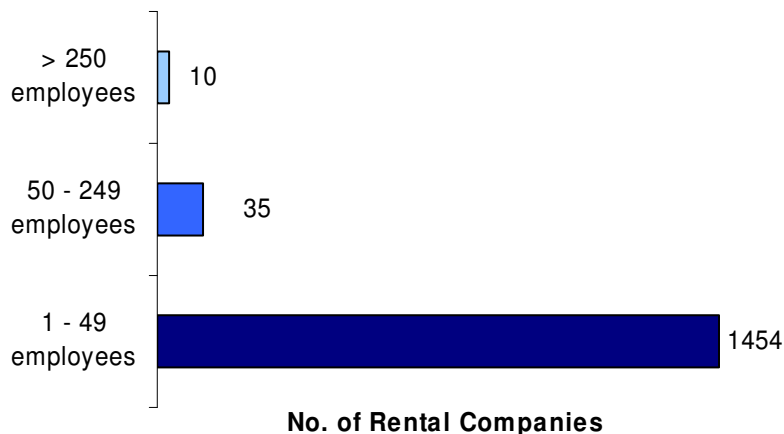
### Persons Employed by Rental Companies 2007 (actual) \*



Source: IHS Global Insight

\* Latest figures available

### Number of Rental Companies by employees size group 2007\*



Source: IHS Global Insight

\* Latest figures available



- In 2009, the global crisis hit the rental market in France. The character of the impact on the rental market changed during the year. In the first half of 2009, the decrease was dominated by a decrease of rental volumes accompanied by only slight decreases of tariff levels. In the second half of the year, rental volumes stabilized in some areas. However, rental priced started to decrease strongly. Over the year, rental rates contributed to about 50% of the overall reduction in turnover.
- Because of the existing overcapacities and high competitive pressure tariff levels and time utilization rates decreased for the majority of equipment types.
- A side effect of selling and cutting investment, the average fleet age increased by approximately 5 months during the year 2009.
- The economic downturn has not engendered massive company failures. However, the number of employees decreased by some 6%, mainly because of lay-offs of medium and large rental companies.
- While equipment dealers play an certain role in the French rental market, their market share is estimated to significantly lower than in Italy or Germany.
- M&A activities stopped in 2009, but are expected to gain momentum in late 2010.
- As for most countries, the market situation in 2010 will continue to be difficult. While in some market segments slight increases of demand are expected to reflect signs of recovery in late 2010 or early 2011, important parts of the construction sector will remain depressed. However, the decrease of rental turnover in 2010 will be dominated by the impact of price reductions rather than additional decreases of rental activity.

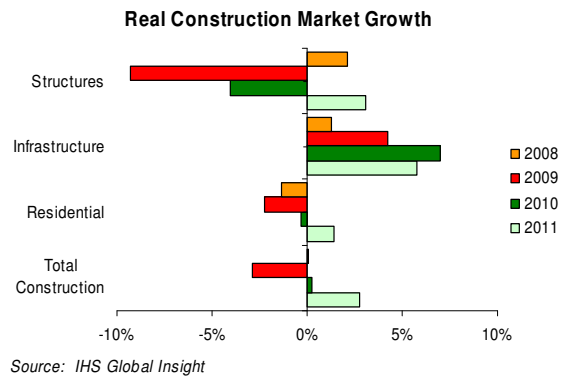
FRANCE (FR), EURO	Actual		Estimates		Forecast	
	2006	2007	2008	2009	2010	2011
<b>Market Size</b>						
<b>Total turnover [million €]</b>	3 233	3 589	3 650	3 140	3 070	3 390
Rental Companies (without operator)	3 050	3 386	3 440	2 960	2 900	3 200
Other Comp. Providing Rental Services (only rental)	183	203	210	180	170	190
<b># Rental Companies (without operator)</b>	1 439	1 499	n.a.	n.a.		
<b># Other Comp. providing rental services</b>	n.a.	n.a.	n.a.	n.a.		
<b># Employed Persons of Rental Companies (without operator)</b>	16 280	17 600	n.a.	n.a.		
<b># Depots of Rental Companies (without operator)</b>	2 200	2 395	n.a.	n.a.		
<b>Investments in Rental Equipment [million €] (without operator)</b>	650	850	800	250		
<b>Value of Rental Fleet at all companies [million €] (without operator)</b>	4 874	5 383	5 850	5 450		
<b>Ratio: Investments in Rental Equipment / Value of the Rental Fleet</b>	13%	16%	14%	5%		
<b>Penetration Rates</b>						
Total Construction Output [million €]	191 200	209 879	209 757	196 452	200 700	210 100
<b>Construction Industry Penetration Rate</b>	1,70%	1,70%	1,75%	1,60%	1,55%	1,60%
Country Population [million]	61,56	61,92	62,25	62,59	62,90	63,18
<b>Country Population Penetration Rate [€ per person]</b>	53	58	59	50	49	54

Source : IHS Global Insight

## 5.5 Germany (DE)

### 1. Economic and Construction Context for the Equipment Rental Industry

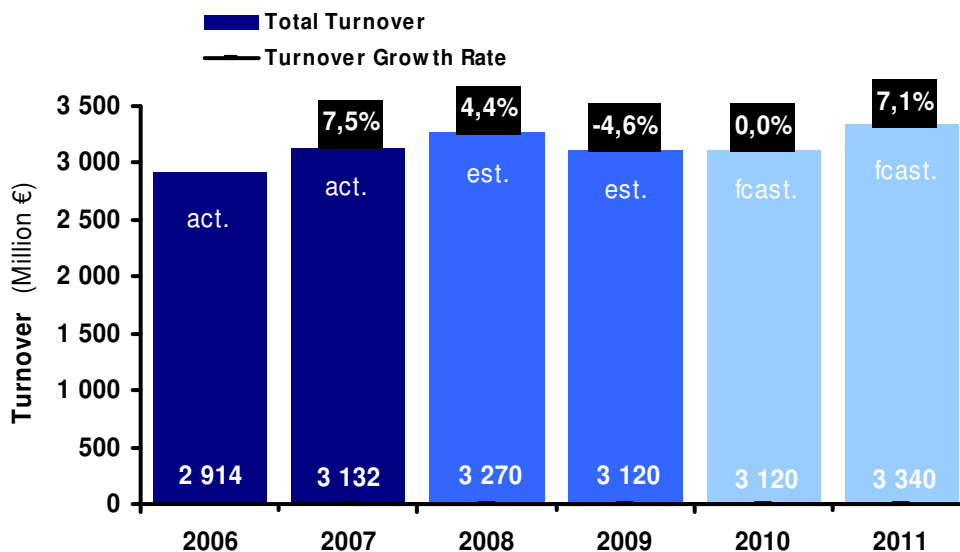
- The current German economic recovery is likely to suffer a relapse before a sustained upswing resumes in 2011. The exceptionally sharp drop in German GDP of about 6% in fourth-quarter 2008 and first-quarter 2009 should lead to lagged deterioration of labour-market conditions during 2010 and thus a growth setback in late 2010.
- We predict GDP growth to recover from -4.9% in 2009 to 1.5% in 2010 and 1.7% in 2011. The critical factor for German growth in 2010/11 will be the momentum of global demand.
- **Construction Stimulus:** Germany has announced two stimulus packages. The first stimulus package, announced in December 2008, is valued at €32 billion. The second stimulus package, announced in January 2009, is valued at €50 billion. Amounting to approximately 1.1% of GDP per year in 2008 – 2010, the stimulus is one of the largest in Europe. The allocations for capital spending on infrastructure include new investment in the construction and maintenance of both roads and the rail network, as well as the renovation of schools and universities.
- **Infrastructure:** 6.8% growth 2010 courtesy of the growing impact of the stimulus programs, which is keeping the total construction market in Germany somewhat afloat.
- **Non-Residential Structures:** Public investment is benefiting from the stimulus programs, but private sector demand for building activity will remain lacklustre during much of 2010 in both the residential sector and even more so in the commercial sector.



### 2. Detailed Results per Country

#### Turnover \*

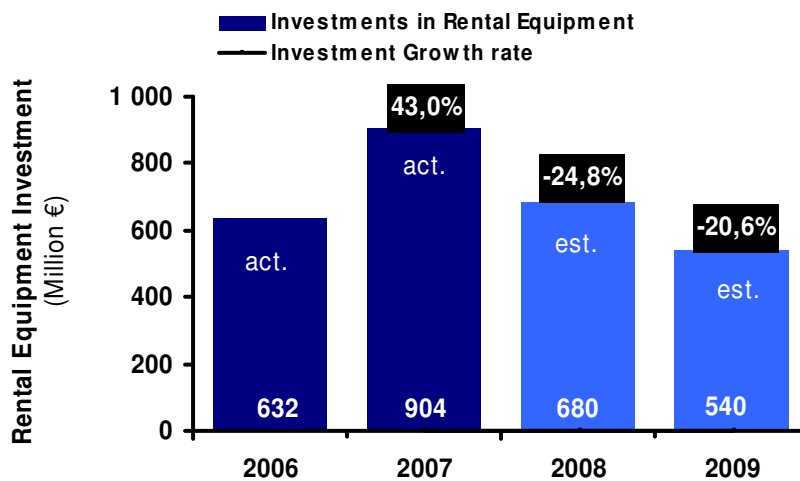
\* as defined in chapter 3.1 of this report



Source: IHS Global Insight

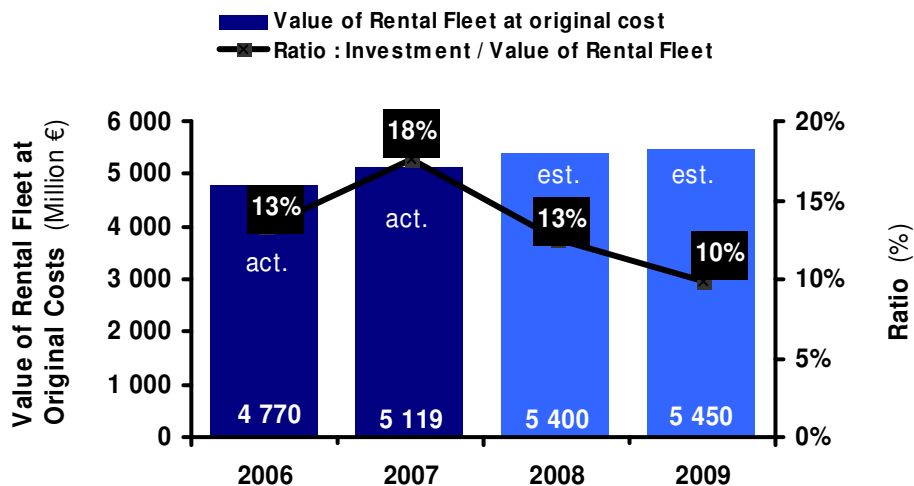
- When the economic downturn hit Germany in late 2008, significant overcapacities resulting from high investments in construction and other rental-related equipment added to the pressure on rates. However, the decrease of rental rates in 2009 has been moderate compared to the situation in the United Kingdom or Spain, partly because the overall rental demand in Germany remained more stable, partly because the rates in Germany had already been at a relatively low level.

### Investment in Rental Equipment of Rental Companies (without operator)



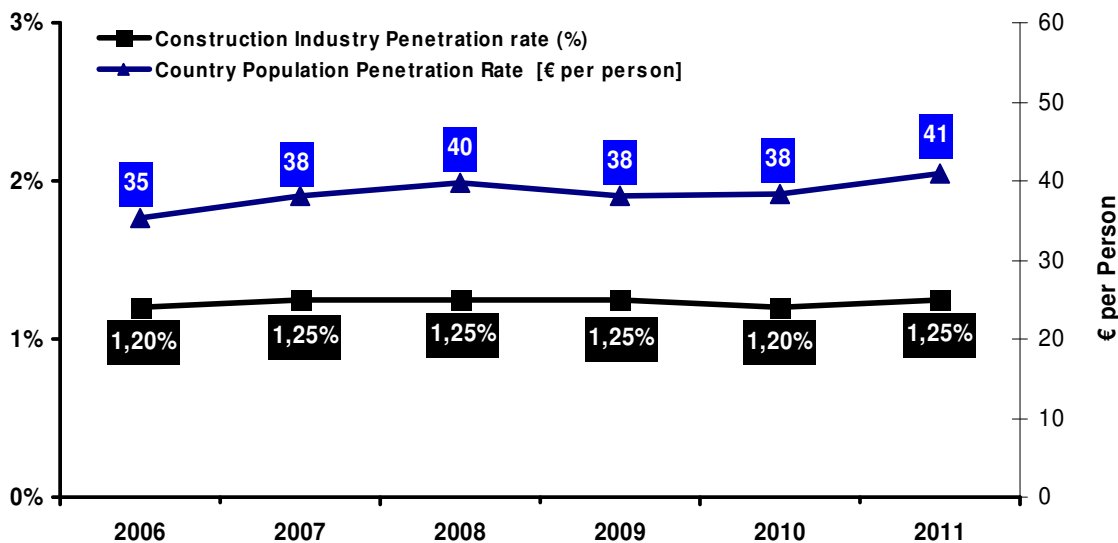
Source: IHS Global Insight

### Rental Fleet Size



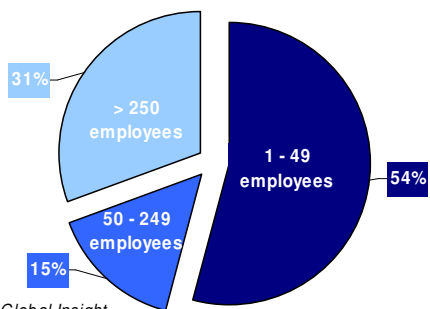
Source: IHS Global Insight

### Penetration Rates



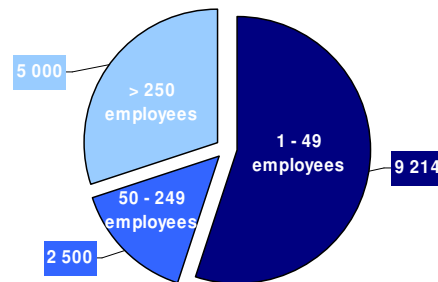
Source: IHS Global Insight

### Turnover of Rental Companies 2008 (estimated)



Source: IHS Global Insight

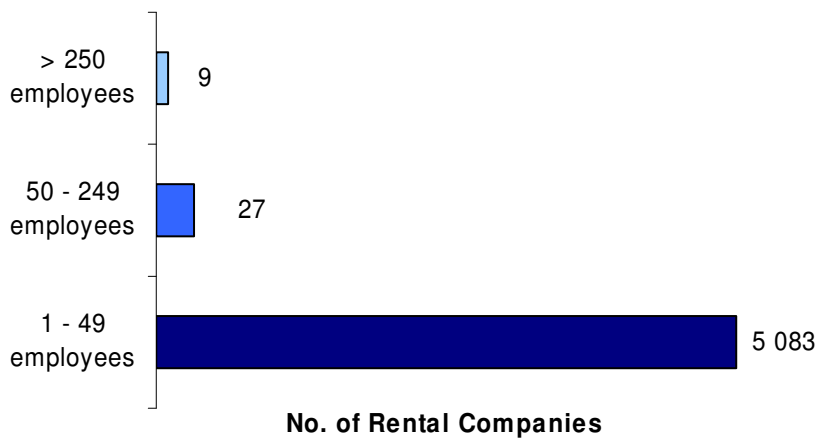
### Persons Employed by Rental Companies 2007 (actual) \*



Source: IHS Global Insight

\* Latest figures available

### Number of Rental Companies by employees size group 2007\*



Source: IHS Global Insight

\* Latest figures available

- The German rental market is, compared to other countries like France, very regional in nature. Thus, the impact of the economic crisis varies significantly across the country.
- While several large rental companies are active on the national market, regional equipment dealers continue to play an important role in Germany.
- A very competitive environment had put pressure on rental rates already in the years of the economic upturn peaking in 2008. No significant rate increase could be achieved between 2004 and 2008. However, increasing overall demand leading to an increasing rental penetration rate, led to increasing revenues from equipment rental until summer 2008.
- In the current economic climate the propensity of the German industry to invest in new equipment is low. Thus, there has been an increasing tendency to choose the rental channel instead. Equipment dealers, who traditionally play an important role in Germany's rental market, reacted in a flexible manner to industry needs by increasing their rental activity and offering flexible rental contracts to construction companies.
- The rental outlook for 2010 in Germany remains difficult since large industry investments are missing and economic stimulus packages will phase out in 2010. Low market prices for used equipment and generally low demand will limit the speed to reduce equipments fleets. Thus, rental rates will continue to be under pressure during 2010. In the medium term, a significant market recovery is not expected until the year 2011.

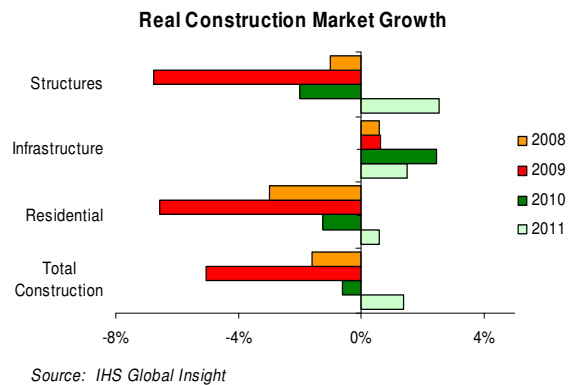
Germany (DE), EURO	Actual		Estimates		Forecast	
	2006	2007	2008	2009	2010	2011
<b>Market Size</b>						
<b>Total turnover [million €]</b>	2 914	3 132	3 270	3 120	3 120	3 340
Rental Companies (without operator)	2 571	2 814	2 940	2 800	2 800	3 000
Other Comp. Providing Rental Services (only rental)	343	318	330	320	320	340
<b># Rental Companies</b> (without operator)	2 626	2 674	n.a.	n.a.		
<b># Other Comp. providing rental services</b>	550	540	n.a.	n.a.		
<b># Employed Persons of Rental Companies</b> (without operator)	14 756	16 714	n.a.	n.a.		
<b># Depots of Rental Companies</b> (without operator)	2 620	2 674	n.a.	n.a.		
<b>Investments in Rental Equipment [million €]</b> (without operator)	632	904	680	540		
<b>Value of Rental Fleet at all companies [million €]</b> (without operator)	4 770	5 119	5 400	5 450		
<b>Ratio: Investments in Rental Equipment / Value of the Rental Fleet</b>	13%	18%	13%	10%		
<b>Penetration Rates</b>						
Total Construction Output [million €]	239 800	252 587	256 572	252 565	258 200	268 800
<b>Construction Industry Penetration Rate</b>	1,20%	1,25%	1,25%	1,25%	1,20%	1,25%
Country Population [million]	82,37	82,26	82,12	81,85	81,59	81,41
<b>Country Population Penetration Rate [€ per person]</b>	35	38	40	38	38	41

Source : IHS Global Insight

## 5.6 Italy (IT)

### 1. Economic and Construction Context for the Equipment Rental Industry

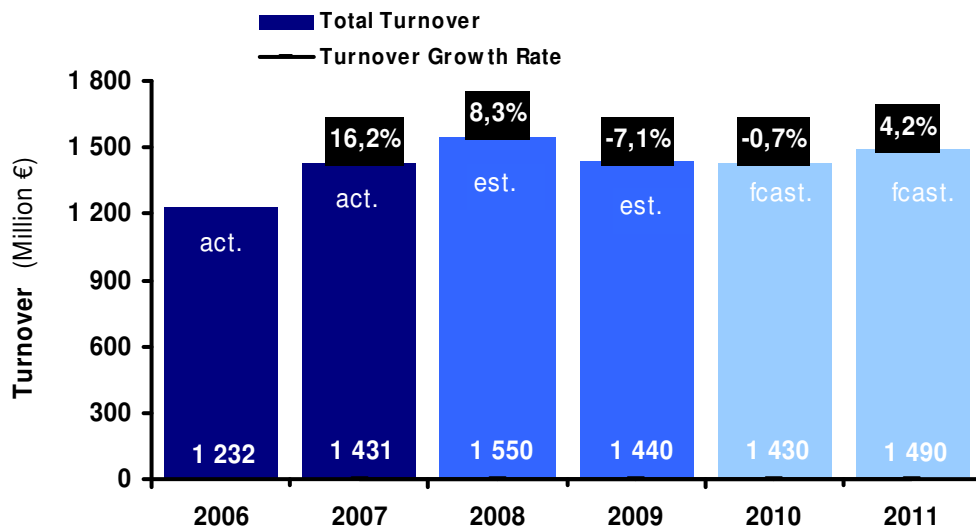
- GDP contracted 5.1% in 2009. IHS Global Insight believes that the recovery could resume in early 2010, but the pace will be very gradual.
- Unemployment is set to rise during 2010. Deteriorating employment intentions are expected to lead to a higher unemployment rate, which is expected to rise from 7.9% in 2009 to 9.0% in 2010 before edging down to 8.8% in 2011.
- **Construction Stimulus:** The Italian stimulus plan extends over three years and is valued at a total of €80 billion (US\$ 114 billion), representing about 5% of GDP.
- **Residential Construction:** Spending in the residential construction sector decreased 6.6% year-on-year, falling to US\$ 104.2 billion in 2009. A population that is expected to decline, coupled with the anticipated slow down in growth of households, will impinge on the sector, particularly on new residential construction spending.
- **Infrastructure:** Spending grew just 0.6% year-on-year in 2009, to US\$ 52.6 billion. In an effort to shore up the economy and labour market, government support of many transportation infrastructure projects will help drive growth in the short term. However; construction growth rates in 2012 will slow once stimulus programmes end, given the government need to improve its public finances.
- **Non-Residential Structures:** In 2009, construction spending in non-residential structures declined 6.8% year-on-year to US\$66.7 billion. The economic downturn is lagging the turnover rate of office and commercial space in Italy and structures investment will tumble in line with plummeting business investment intentions.



### 2. Detailed Results per Country

#### Turnover \*

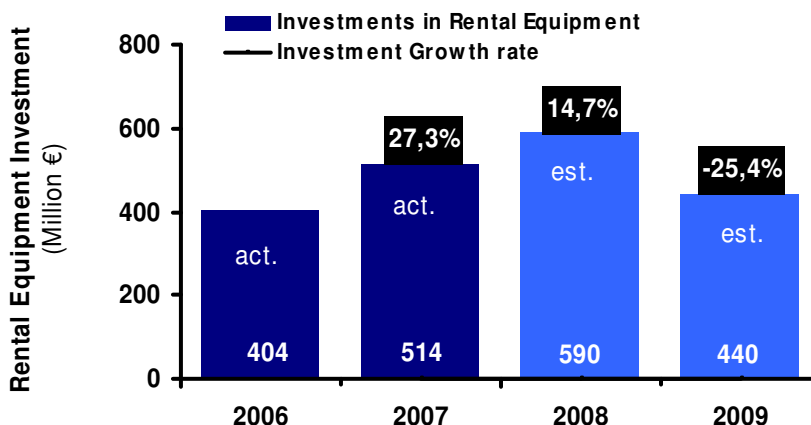
\*as defined in chapter 3.1 of this report



Source: IHS Global Insight

- While investments in rental equipment have dropped significantly (25% in 2009), the reduction was not as dramatic as the strong slump or the almost complete stop of investment observed in many other European countries.

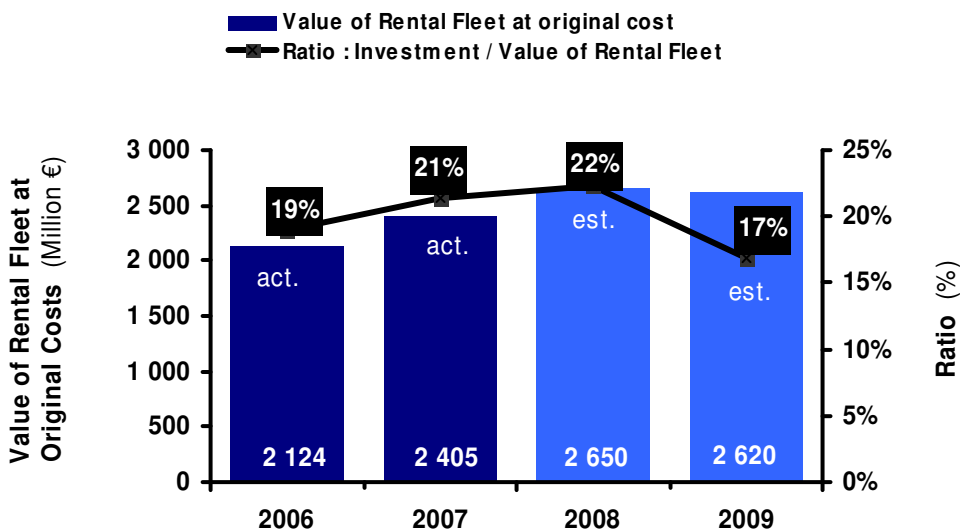
### Investment in Rental Equipment of Rental Companies (without operator)



Source: IHS Global Insight

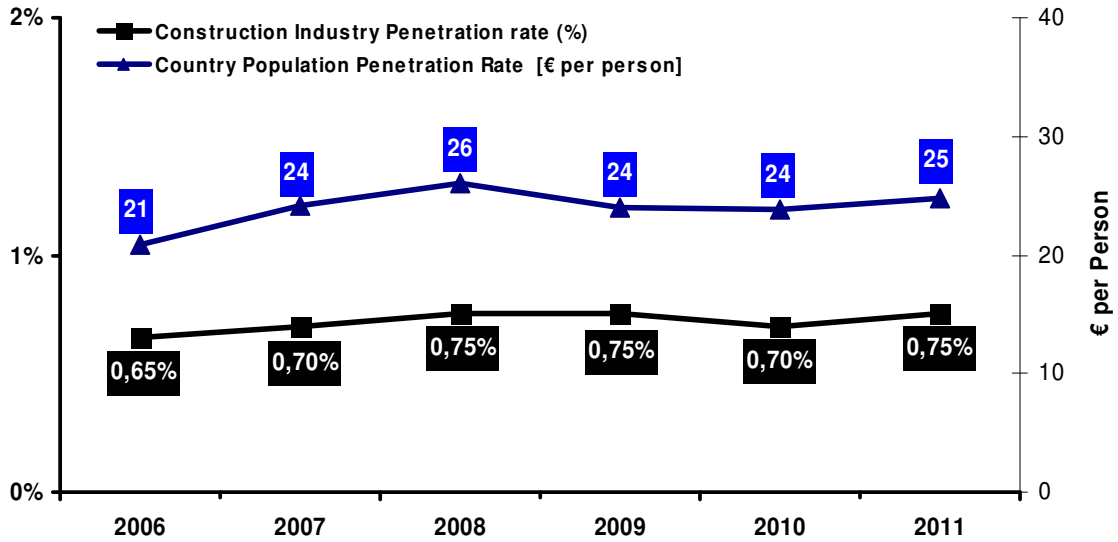
- Rental fleet size has dropped only moderately during 2009. Because of low prices for used equipment, selling of used equipment in order to adjust fleet sizes remained difficult.

### Rental Fleet Size



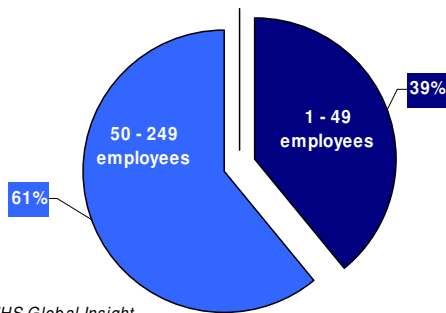
Source: IHS Global Insight

### Penetration Rates



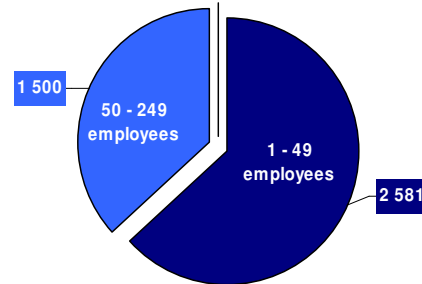
Source: IHS Global Insight

Turnover of Rental Companies 2008 (estimated)



Source: IHS Global Insight

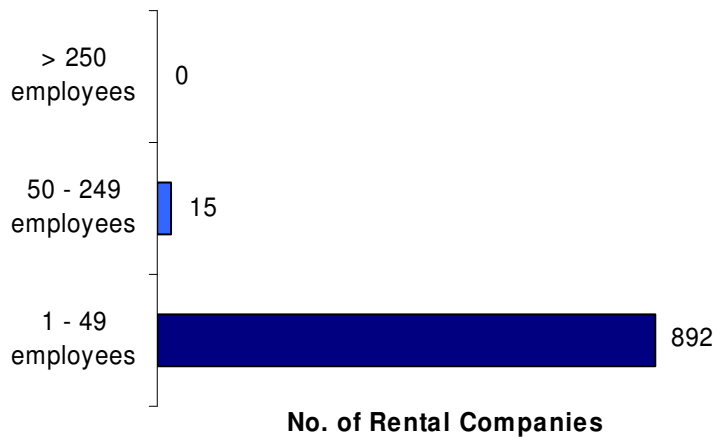
Persons Employed by Rental Companies 2007 (actual) \*



Source: IHS Global Insight

\* Latest figures available

### Number of Rental Companies by employees size group 2007\*



Source: IHS Global Insight

\* Latest figures available



- Italy's rental market is very regional in nature. Local equipment dealers represent the majority of key players involved in equipment rental. Out of 4900 companies offering rental services, almost 4000 firms (81%) are equipment dealers and other firms doing equipment rental as a secondary business.
- Apart from the large number of very small enterprises, there about 100 – 200 larger actors active in the sector. It is estimated that the largest 200 actors represent about 80% of the total rental turnover. On the other end of the scale, there is a high number of small and very local companies, which generate only minor rental revenue.
- In Italy, there are few general rental companies. The large, inter-regional rental companies in Italy often feature a high specialization on specific equipment types. For them, the crisis offers some opportunity to promote rental and increase market penetration. For some small companies however, it will be difficult to survive the crisis. During 2009, an accelerated consolidation process took place in the market.
- While official statistics on the Italian equipment rental market are scarce, experts estimate that the revenue stemming from rental without operator is four to five times higher than the revenue generated by renting of equipment with operator.
- While construction as well as rental activity in Italy showed a remarkable resilience until autumn 2008, construction demand and rental turnover started to decrease afterwards. In 2009, the equipment rental market contracted by an estimated 7%.
- A strong competitive environment has put pressure on rental prices. Large Companies have the price leadership.
- Compared to other European countries, the Italian rental market still features a low industry penetration. However, the sector has been growing dynamically in recent years, peaking in 2008.
- The Italian rental market will remain flat during 2010 with a slight further reduction of rental revenue. In 2011, a modest recovery will take place.

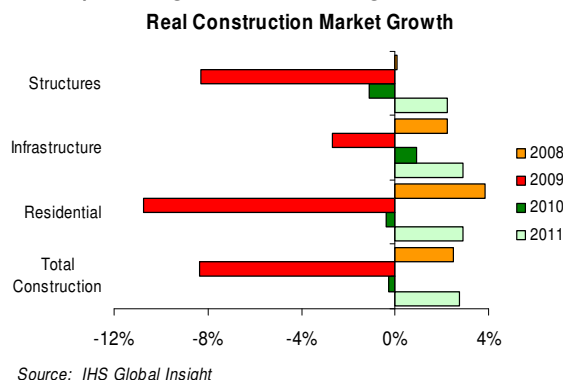
ITALY (IT), EURO	Actual		Estimates		Forecast	
	2006	2007	2008	2009	2010	2011
<b>Market Size</b>						
<b>Total turnover [million €]</b>	1 232	1 431	1 550	1 440	1 430	1 490
Rental Companies (without operator)	531	616	670	620	620	640
Other Comp. Providing Rental Services (only rental)	701	815	880	820	810	850
<b># Rental Companies (without operator)</b>	865	907	n.a.	n.a.		
<b># Other Comp. providing rental services</b>	3 800	3 950	n.a.	n.a.		
<b># Employed Persons of Rental Companies (without operator)</b>	3 742	4 081	n.a.	n.a.		
<b># Depots of Rental Companies (without operator)</b>	1 650	1 736	n.a.	n.a.		
<b>Investments in Rental Equipment [million €] (without operator)</b>	404	514	590	440		
<b>Value of Rental Fleet at all companies [million €] (without operator)</b>	2 124	2 405	2 650	2 620		
<b>Ratio: Investments in Rental Equipment / Value of the Rental Fleet</b>	19%	21%	22%	17%		
<b>Penetration Rates</b>						
<b>Total Construction Output [million €]</b>	191 300	199 452	201 818	196 516	197 800	203 200
<b>Construction Industry Penetration Rate</b>	0,65%	0,70%	0,75%	0,75%	0,70%	0,75%
<b>Country Population [million]</b>	58,98	59,30	59,60	59,87	60,10	60,28
<b>Country Population Penetration Rate [€ per person]</b>	21	24	26	24	24	25

Source : IHS Global Insight

## 5.7 Netherlands (NL)

### 1. Economic and Construction Context for the Equipment Rental Industry

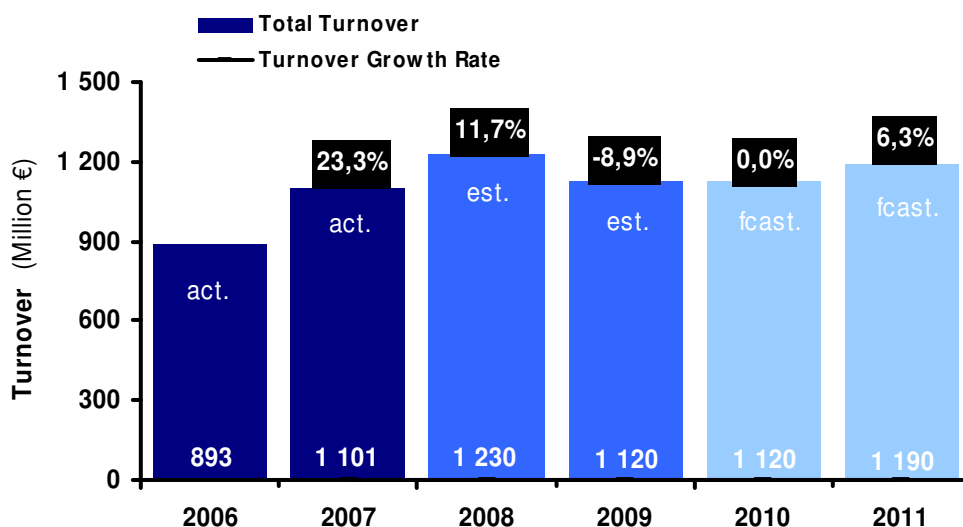
- IHS Global Insight has projected the Dutch economy to expand 1.1% in 2010 and 1.2% in 2011, following a 4.0% decline in 2009.
- Dutch labour market conditions are expected to worsen further in the near term. The labour market has been hard hit by the current economic recession. Indeed, the unemployment rate has now climbed from 3.9% in 2008 to 5.3% at the end of 2009.
- **Construction Stimulus:** The Dutch stimulus package was announced in March 2009 and included 6-billion euro to be spent over 2009 and 2010, mainly in infrastructure.
- **Residential Construction:** Spending in the residential sector shrank 10.8% year-over-year in 2009, totalling US\$44.8 billion. Tightening spending will persist in 2010, declining by a projected 0.4% year-on-year; however, a turnaround is expected, with growth reaching 2.9% year-on-year in 2011.
- **Infrastructure:** Non-residential infrastructure construction spending decreased by 2.7% year-over-year in 2009, reaching US\$20.2 billion. The public health sector and the stimulus package will help keep infrastructure spending afloat, but growth in the infrastructure sector is anticipated to remain sluggish.
- **Non-Residential Structures:** In 2009, construction spending in non-residential structures fell by 8.0% year-on-year to US\$22.9 billion. Industrial construction is the largest component of structures spending, and the sub-sector is expected to witness declining spending over the short / medium term, hampering growth prospects this sector.



### 2. Detailed Results per Country

#### Turnover \*

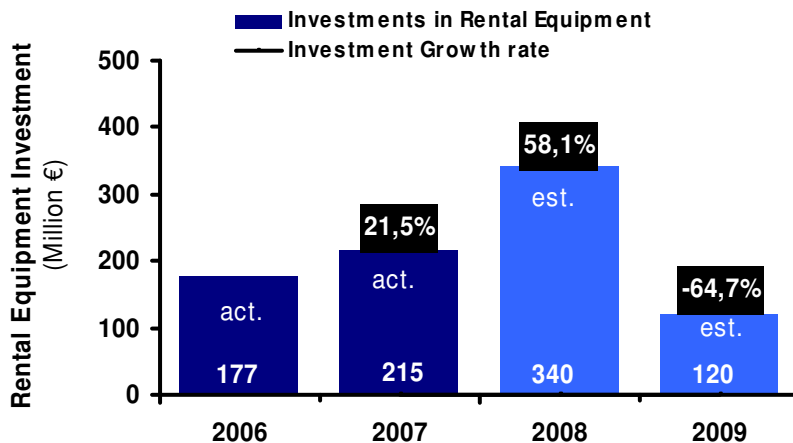
\* as defined in chapter 3.1 of this report



Source: IHS Global Insight

- Investments in rental equipment increased strongly in 2008, but slumped to 38% of the 2008 peak in 2009. It is expected that investment will remain at this low level in 2010.

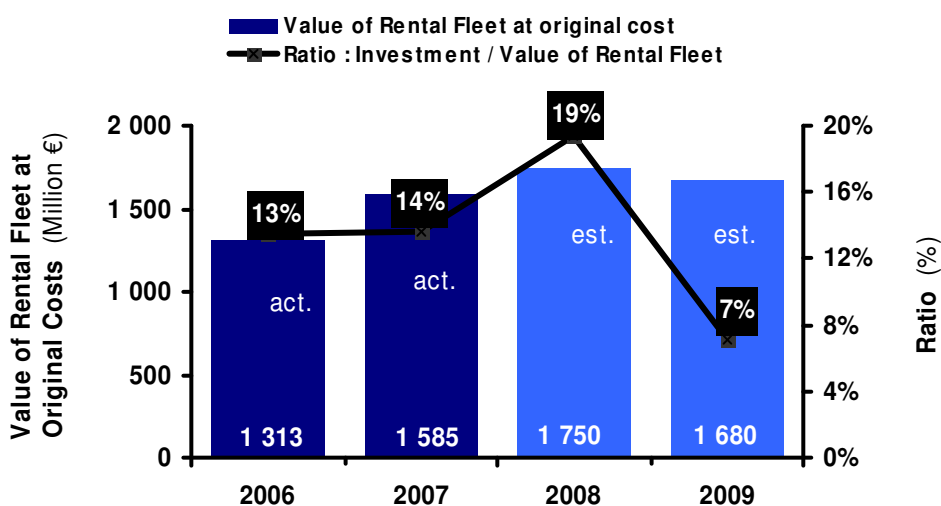
### Investment in Rental Equipment of Rental Companies (without operator)



Source: IHS Global Insight

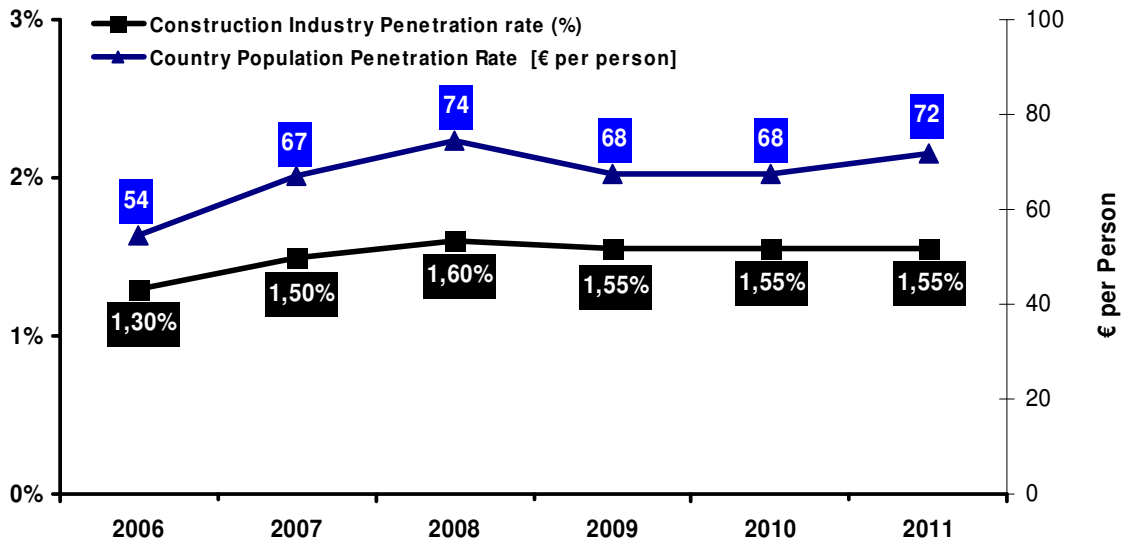
- The size of the rental fleet declined moderately in 2009 (estimate of -4%). Low prices on the national and international used equipment markets limited the ability to sell equipment in order to adjust to the reduced demand.
- In consequence, as for most countries, time utilisation as well as financial utilisation decreased slightly in 2009.

### Rental Fleet Size



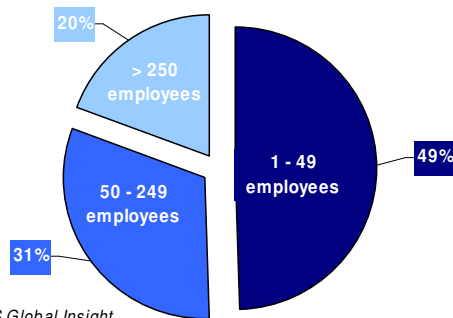
Source: IHS Global Insight

### Penetration Rates



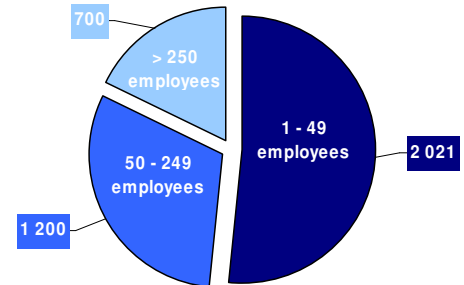
Source: IHS Global Insight

### Turnover of Rental Companies 2008 (estimated)



Source: IHS Global Insight

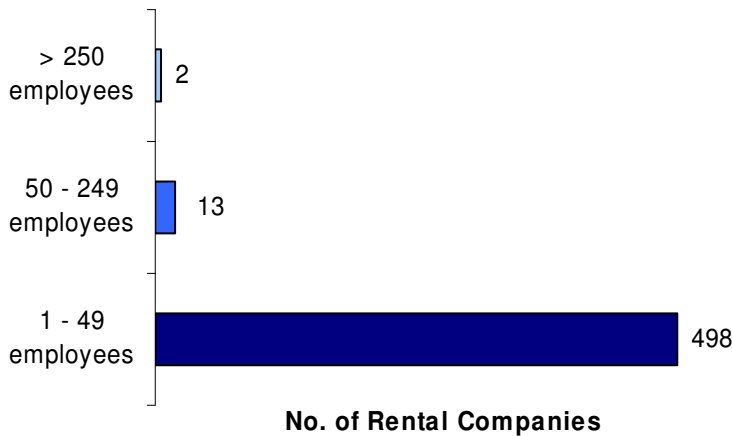
### Persons Employed by Rental Companies 2007 (actual) \*



Source: IHS Global Insight

\* Latest figures available

### Number of Rental Companies by employees size group 2007\*



Source: IHS Global Insight

\* Latest figures available

- The Dutch rental sector performed strongly until late 2008. Industry penetration increased as rental demand outperformed the construction sector. While turnover growth slowed down in 2008, it was not until 2009 that the economic crisis caused a reduction of turnover.
- There are fifteen rental companies with more than 50 employees active on the market. The total number of rental companies (without operator) stemming from official statistics in 2007 was slightly above 500. However, this number is higher than some market experts expect. Possible reasons for this difference include a high number of very small companies as well as the possibility that some companies, for which equipment rental is in fact not their primary activity, register under the rental business code because of tax reasons.
- The rental demand reductions in 2009 have been strongest for mobile elevating work platforms (MEWPs) and for earthmoving equipment. The demand for tools and small equipment, on the other hand, remained comparatively stable.
- Accordingly, rental tariffs reduced most strongly for MEWPs with rebates of up to 50% and beyond in some cases.
- Despite the crisis, some new rental depots were established during 2009.
- The market is expected to remain flat in 2010. Potential small increases in rental volume will not be sufficient to exceed the impact of reduced average rental rates. A recovery of rental rates and increasing rental demand from construction companies will help partial recovery in 2011. Rental turnover growth in 2011 is forecasted to grow up to 7%.

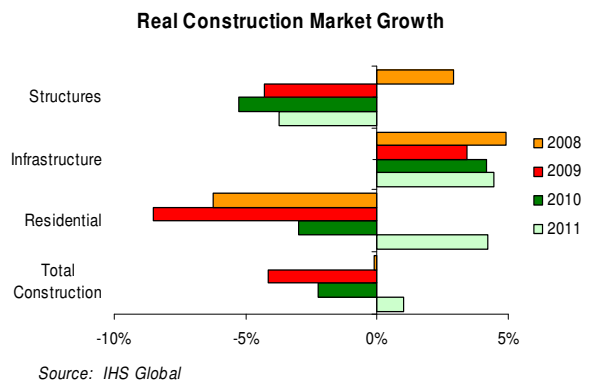
NETHERLANDS (NL), EURO	Actual		Estimates		Forecast	
	2006	2007	2008	2009	2010	2011
<b>Market Size</b>						
<b>Total turnover [million €]</b>	893	1 101	1 230	1 120	1 120	1 190
Rental Companies (without operator)	652	779	870	790	790	840
Other Comp. Providing Rental Services (only rental)	241	322	360	330	330	350
<b># Rental Companies</b> (without operator)	493	513	n.a.	n.a.		
<b># Other Comp. providing rental services</b>	300	300	n.a.	n.a.		
<b># Employed Persons of Rental Companies</b> (without operator)	3 628	3 921	n.a.	n.a.		
<b># Depots of Rental Companies</b> (without operator)	685	720	n.a.	n.a.		
<b>Investments in Rental Equipment [million €]</b> (without operator)	177	215	340	120		
<b>Value of Rental Fleet at all companies [million €]</b> (without operator)	1 313	1 585	1 750	1 680		
<b>Ratio: Investments in Rental Equipment / Value of the Rental Fleet</b>	13%	14%	19%	7%		
<b>Penetration Rates</b>						
Total Construction Output [million €]	68 200	74 163	78 081	71 609	72 800	76 200
<b>Construction Industry Penetration Rate</b>	1,30%	1,50%	1,60%	1,55%	1,55%	1,55%
Country Population [million]	16,39	16,46	16,53	16,56	16,58	16,60
<b>Country Population Penetration Rate [€ per person]</b>	54	67	74	68	68	72

Source : IHS Global Insight

## 5.8 Norway (NO)

### 1. Economic and Construction Context for the Equipment Rental Industry

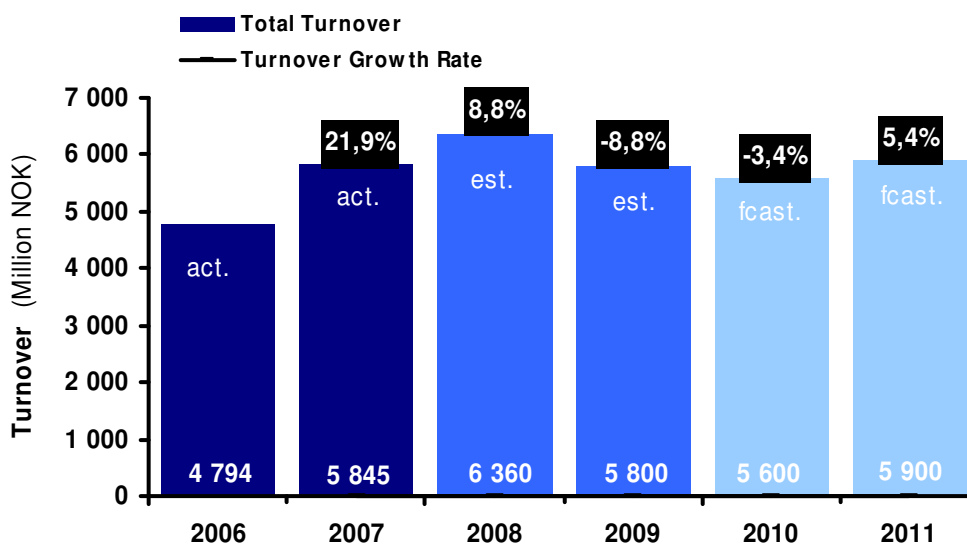
- The near-term outlook remains solid, but the recovery is expected to be less robust than previously anticipated. The economy is now projected to grow 1.5% in 2010 after a decline of 1.4% in 2009.
- Unemployment is set to rise to 3.4% in 2010, from 3.2% in 2009.
- **Construction Stimulus:** In January 2009, the Norwegian government announced an economic-stimulus package worth 20 billion Norwegian kroner (US\$2.87 billion). The large chunk of additional public spending will be allocated to infrastructure improvements.
- **Residential Construction:** The residential construction sector felt the effects of the global recession, as spending dropped 8.6% year-on-year in 2009, to US\$13.0 billion. Prospects for the residential sector are grim over the short term.
- **Infrastructure:** The near-term forecast looks promising for Norway's infrastructure sector, which will provide essential support for the overall construction market with an average annual growth rate of 3% for 2010-13.
- **Non-Residential Structures:** Average growth in non-residential structures spending will be minimal in the short / medium term, but spending levels are not expected to decline in any year through to 2018.



### 2. Detailed Results per Country

#### Turnover \*

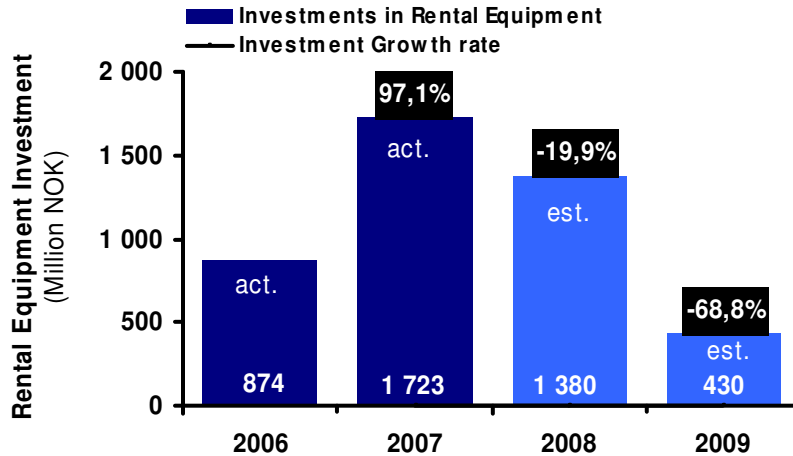
\* as defined in chapter 3.1 of this report



Source: IHS Global Insight

- Cutting costs has been imperative for rental companies in 2009. Investment in rental equipment has been reduced strongly, by an estimate of 69%, to average only 5% of the original-cost value of the rental fleet. Large rental companies have also reacted by reducing their number of employees and by closing rental depots.

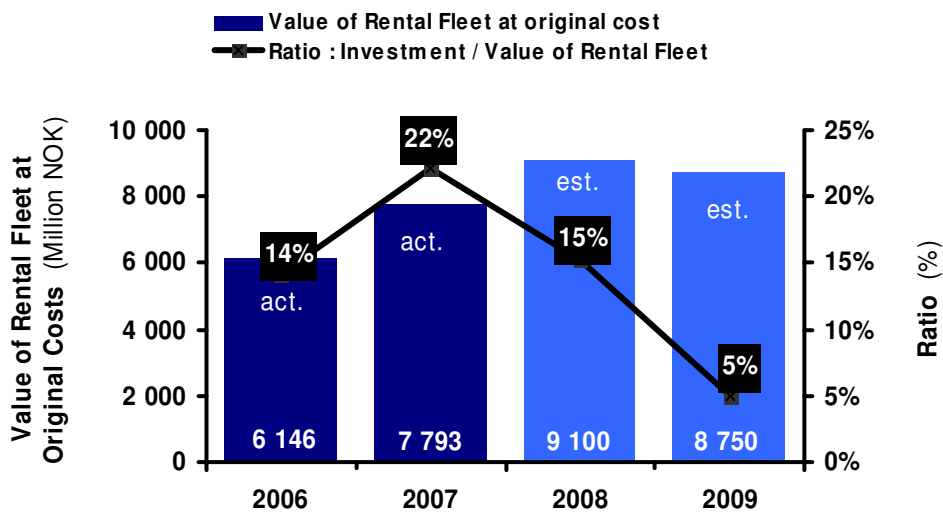
### Investment in Rental Equipment of Rental Companies (without operator)



Source: IHS Global Insight

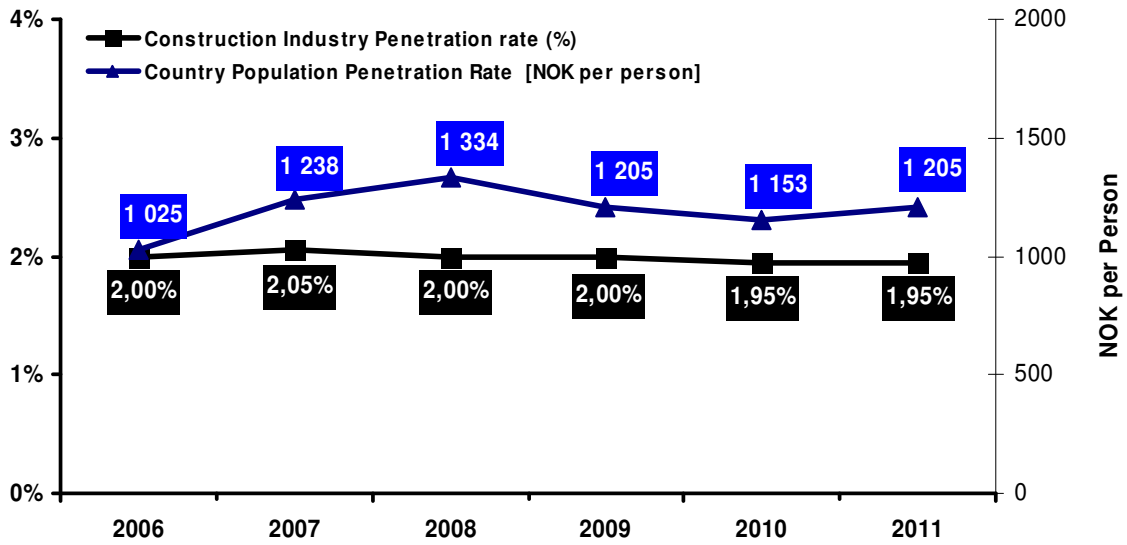
- Since currently basically no market for used equipment exists, the ability of rental companies to adjust their fleet size according to the slump of demand has been restricted. Overall, it is estimated that the Norwegian rental fleet for equipment rental without operator declined by 4% in 2009. As a consequence, the average fleet age increased by approximately 6 months.

### Rental Fleet Size



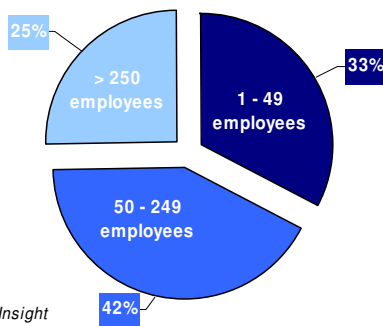
Source: IHS Global Insight

### Penetration Rates



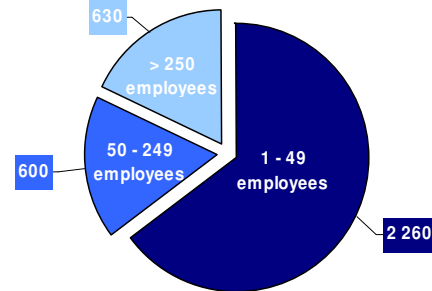
Source: IHS Global Insight

### Turnover of Rental Companies 2008 (estimated)



Source: IHS Global Insight

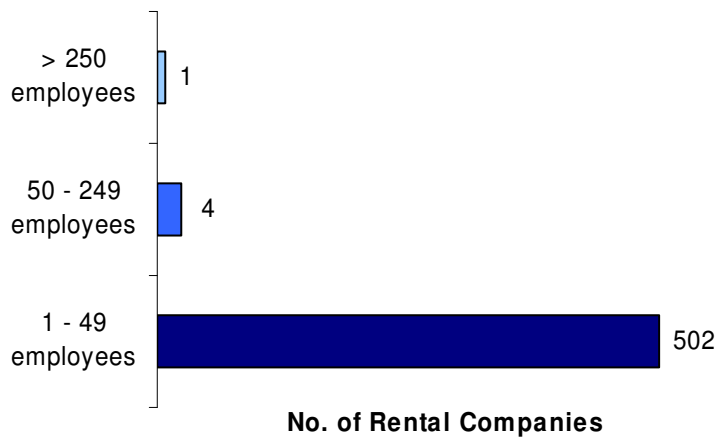
### Persons Employed by Rental Companies 2007 (actual) \*



Source: IHS Global Insight

\* Latest figures available

### Number of Rental Companies by employees size group 2007\*



Source: IHS Global Insight

\* Latest figures available



- The Norwegian rental market features a limited number of large companies with more than 50 employees. According to official statistics a total of 500 companies were active on the market for equipment rental without operator in 2007. The majority of these companies are small of size.
- Equipment rental is well-established in Norway and has experienced dynamic growth peaking in 2008 with total rental turnover of almost 6.4 billion NOK.
- In contrast to official statistics, Norwegian market experts estimate the total number of rental companies (without operator) to be approximately 220 companies significantly lower than official figures. In addition, turnover generated from rental companies is also believed to be higher than the official figures. While the latter issue may be caused to some extent by including turnover from renting of equipment with operator in expert estimations, the different view on the number companies could not be resolved and will be monitored in future editions of this report in co-operation with the Norwegian Rental Association (NRA).
- The economic contraction in 2009 hit the Norwegian rental market hard in 2009 with decreases of an estimated 9%.
- Fleet overcapacities put rental tariffs as well as time utilisation rates, under pressure in 2009. However, there have been significant differences between equipment types. Like in many other countries, rental rates for mobile elevating work platforms (MEWPs) have decreased strongest, with rebates up to 40%, whilst price levels for accommodation modules, on the other hand, remained relatively stable in comparison.
- The outlook for 2010 remains subdued. Persisting competitive pressure and a further small reduction of construction activity leads us to a forecasted further 3-4% decrease in rental turnover. However, upward moving rental demand from construction, a partial recovery of rental rates and an increasing rental penetration rate will lead to a substantial recovery of revenues in 2011.

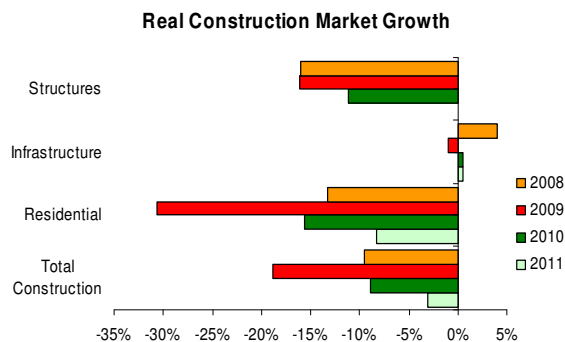
NORWAY (NO), LOCAL CURRENCY!	Actual		Estimates		Forecast	
	2006	2007	2008	2009	2010	2011
<b>Market Size</b>						
<b>Total turnover [million NOK]</b>	4 794	5 845	6 360	5 800	5 600	5 900
Rental Companies (without operator)	3 655	4 369	4 760	4 350	4 200	4 400
Other Comp. Providing Rental Services (only rental)	1 139	1 476	1 600	1 450	1 400	1 500
<b># Rental Companies (without operator)</b>	450	507	n.a.	n.a.		
<b># Other Comp. providing rental services</b>	470	530	n.a.	n.a.		
<b># Employed Persons of Rental Companies (without operator)</b>	3 065	3 490	n.a.	n.a.		
<b># Depots of Rental Companies (without operator)</b>	540	620	n.a.	n.a.		
<b>Investments in Rental Equipment [million NOK] (without operator)</b>	874	1 723	1 380	430		
<b>Value of Rental Fleet at all companies [million NOK] (without operator)</b>	6 146	7 793	9 100	8 750		
<b>Ratio: Investments in Rental Equipment / Value of the Rental Fleet</b>	14%	22%	15%	5%		
<b>Penetration Rates</b>						
<b>Total Construction Output [million NOK]</b>	237 419	286 580	315 700	290 311	289 300	302 400
<b>Construction Industry Penetration Rate</b>	2,00%	2,05%	2,00%	2,00%	1,95%	1,95%
<b>Country Population [million]</b>	4,68	4,72	4,77	4,81	4,86	4,90
<b>Country Population Penetration Rate [NOK per person]</b>	1 025	1 238	1 334	1 205	1 153	1 205

Source : IHS Global Insight

## 5.9 Spain (ES)

### 1. Economic and Construction Context for the Equipment Rental Industry

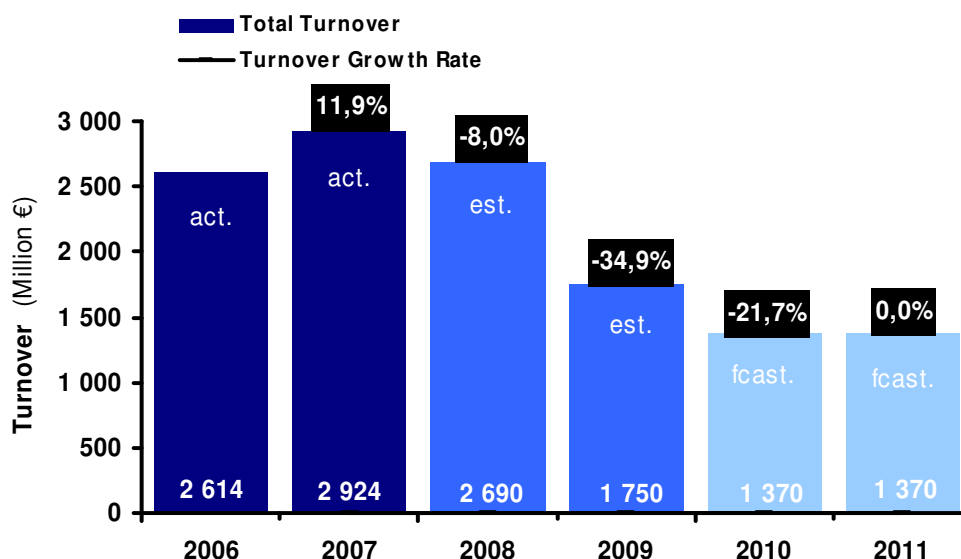
- The Spanish economy is set to contract again in 2010 before recovering moderately in 2011. Real GDP is projected to shrink 0.7% in 2010 before expanding 0.6% in 2011.
- Overall employment is likely to drop a further 2.5% in 2010, following falls of 6.7% in 2009 and 0.5% in 2008. A large slice of the employment losses will occur in the construction sector, as construction activity has been a major source of new jobs.
- **Construction Stimulus:** A key fiscal initiative included the promise to spend an additional 11 billion euro for municipal public works and infrastructure. The second phase of its Plan E public-works runs to the end of 2009, with an 8 billion euro spend on some 30,000 infrastructure projects all over Spain. In addition, a new 5-billion-euro plan has been announced that consists of new public-works projects for 2010. The new 2010 plan is expected to create 200,000 jobs and will focus on long-term development projects.
- **Residential Construction:** The residential construction sector bottomed out in 2009, as spending plummeted 30.6% y/y with this low level expected to continue through 2014.
- **Infrastructure:** Over the short term, infrastructure construction will be the only source of positive growth to help sustain the Spanish construction sector as a whole, thanks to the flurry of government fiscal stimulus measures over the last 12 months.
- **Non-Residential Structures:** Spending in non-residential structures fell by 16.2% year-over-year to US\$65.6 billion in 2009 and will not fair well over the short term. However, even with spending declining as a result of the economic crisis, the non-residential structures sector will weather the storm better than the residential sector.



### 2. Detailed Results per Country

#### Turnover \*

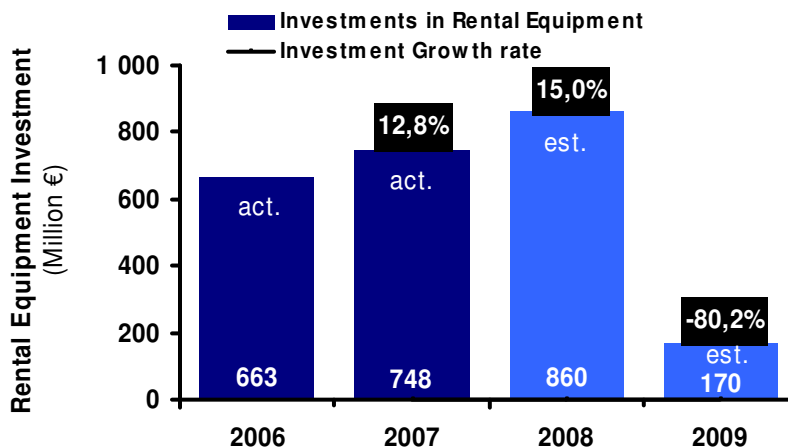
\*as defined in chapter 3.1 of this report



Source: IHS Global Insight

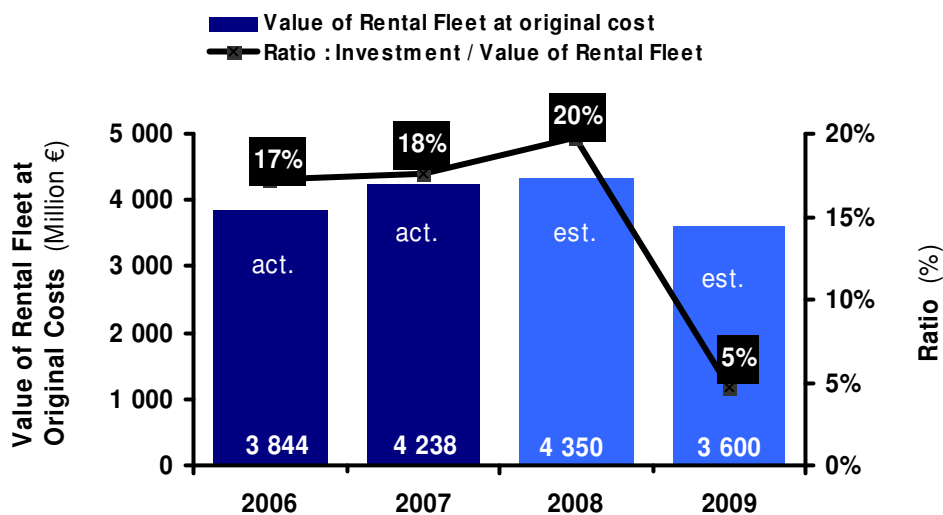
- In spite of investment cuts and selling off of used equipment, persistent equipment overcapacities caused a substantial decline of rental rates during 2009. Time utilization has also been falling significantly in 2009. This is especially valid for mobile elevating work platforms with decrease of up to 10%age points. However, utilization rates showed first signs of stabilization during the 1<sup>st</sup> quarter of 2010.

### Investment in Rental Equipment of Rental Companies (without operator)



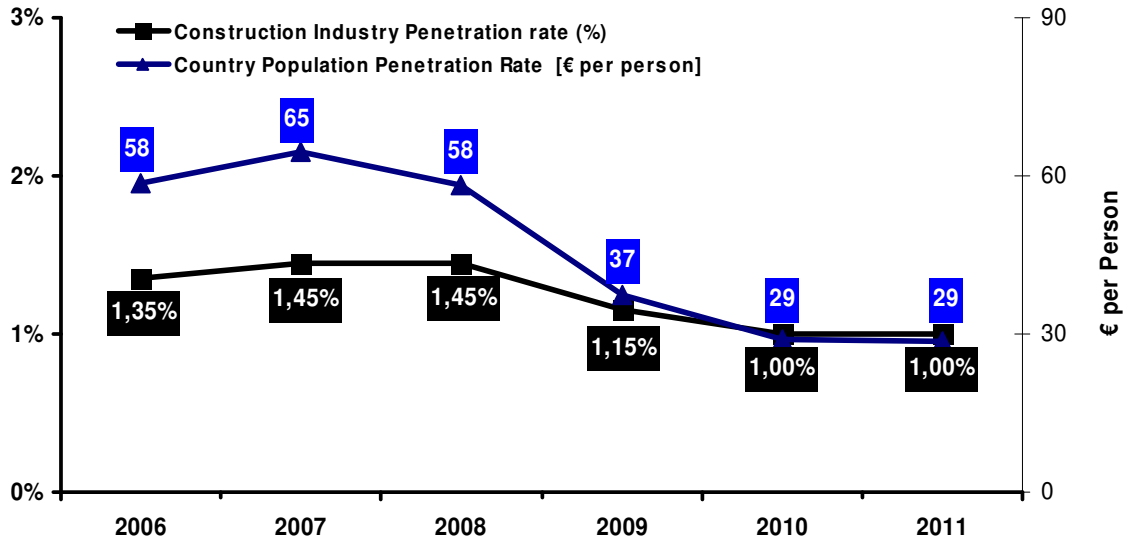
Source: IHS Global Insight

### Rental Fleet Size



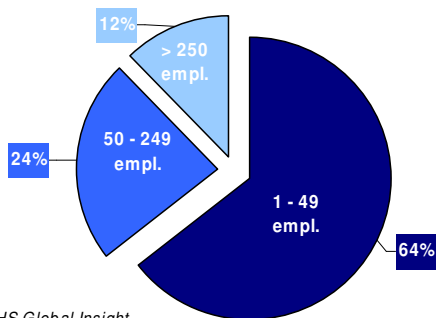
Source: IHS Global Insight

### Penetration Rates



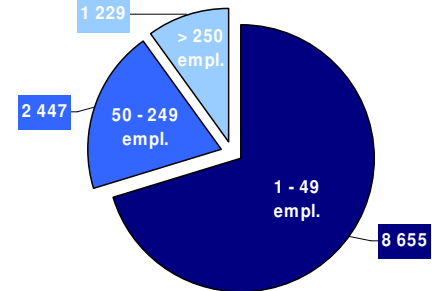
Source: IHS Global Insight

### Turnover of Rental Companies 2008 (estimated)



Source: IHS Global Insight

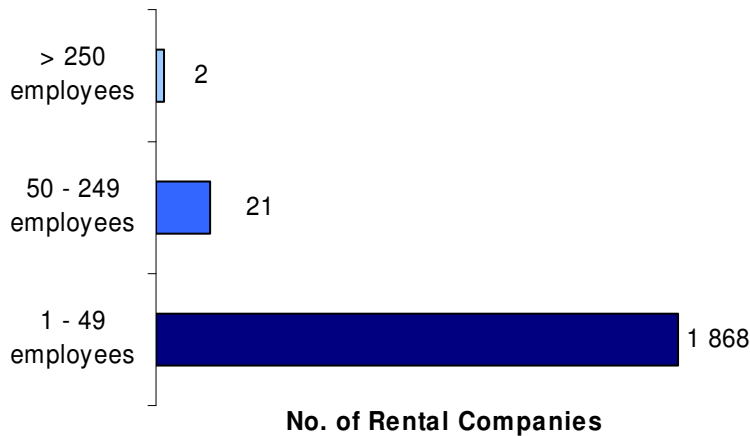
### Persons Employed by Rental Companies 2007 (actual) \*



Source: IHS Global Insight

\* Latest figures available

### Number of Rental Companies by employees size group 2007\*



Source: IHS Global Insight

\* Latest figures available

- The Spanish rental market was the first one to feel the impact of the economic crisis in Europe. It was also the worst hit market. In 2009 there was a dramatic slump of rental demand and rental rates, which resulted in an estimated revenue contraction of 35%.
- Investments have been reduced drastically since summer 2008 to the absolute minimum. Large national and international rental players have reduced their number of employees and also closed a significant number of depots in order to focus their activity on key regional markets
- Because of the preceding boom of building construction and significant investment of specialized companies, both demand and rental rates for mobile elevating work platforms have been affected most severely.
- While some large companies – despite a significant drop of company values – managed to maintain operational profitability and free cash-flow by reducing their structural and operational costs, as well as by cutting investments, some small and medium companies will struggle to survive the crisis.
- M&A activity will remain at low levels as long as companies continue to use their free cash-flow to reduce their debt exposure.
- In 2010, rental revenues will continue to decrease substantially, while the market is expected to remain flat in 2011.

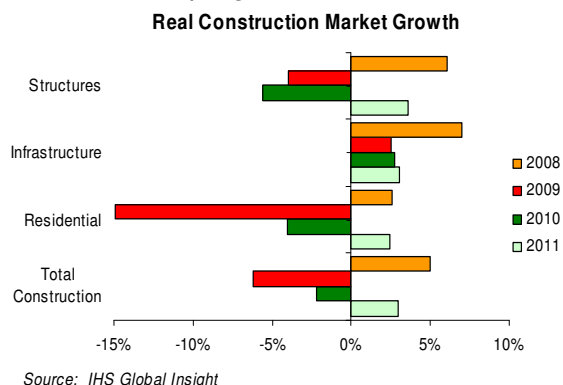
SPAIN (ES), EURO	Actual		Estimates		Forecast	
	2006	2007	2008	2009	2010	2011
<b>Market Size</b>						
<b>Total turnover [million €]</b>	2 614	2 924	2 690	1 750	1 370	1 370
Rental Companies (without operator)	2 478	2 772	2 550	1 660	1 300	1 300
Other Comp. Providing Rental Services (only rental)	136	152	140	90	70	70
<b># Rental Companies</b> (without operator)	1 889	1 891	n.a.	n.a.		
<b># Other Comp. providing rental services</b>	300	330	n.a.	n.a.		
<b># Employed Persons of Rental Companies</b> (without operator)	12 319	12 332	n.a.	n.a.		
<b># Depots of Rental Companies</b> (without operator)	2 400	2 528	n.a.	n.a.		
<b>Investments in Rental Equipment [million €]</b> (without operator)	663	748	860	170		
<b>Value of Rental Fleet at all companies [million €]</b> (without operator)	3 844	4 238	4 350	3 600		
<b>Ratio: Investments in Rental Equipment / Value of the Rental Fleet</b>	17%	18%	20%	5%		
<b>Penetration Rates</b>						
Total Construction Output [million €]	192 000	202 713	187 892	152 539	138 800	136 700
<b>Construction Industry Penetration Rate</b>	1,35%	1,45%	1,45%	1,15%	1,00%	1,00%
Country Population [million]	44,71	45,20	46,16	46,76	47,23	47,66
<b>Country Population Penetration Rate [€ per person]</b>	58	65	58	37	29	29

Source : IHS Global Insight

## 5.10 Sweden (SE)

### 1. Economic and Construction Context for the Equipment Rental Industry

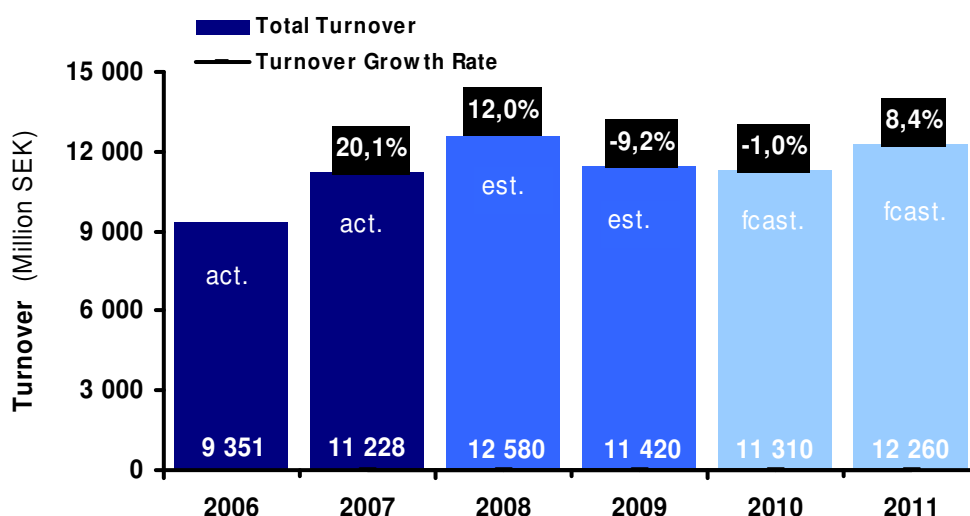
- The 4.7% fall of real GDP in 2009 continues to signal that the economic climate remains challenging. Sweden is an export-orientated economy, which has been hit hard by the sudden collapse in world trade. Nevertheless, the recovery is expected to be felt in 2010 with an expected growth of 1.1%.
- Unemployment is set to climb steadily from 8.3% in 2009 to 9.5% in 2010.
- **Construction Stimulus:** The government has announced a limited 8.3-billion-krona (US\$1 billion) economic-stimulus package. The main focus of the package will be to stimulate employment by providing training to job-seekers, supporting the vocational educational system, and providing unemployment benefits. Nevertheless, the package also intends to increase further public-infrastructure spending.
- **Residential Construction:** Spending on residential-construction fell sharply (15% year-on-year in 2009 to US\$12.0 billion) and will only begin to recover, slowly, in 2012.
- **Infrastructure:** Spending in the infrastructure-construction segment grew 2.5% year-on-year in 2009 to US\$11.5 billion. The government's stimulus programme and its initiative to reach renewable-energy targets and build a well-developed transportation infrastructure will drive growth in this sector.
- **Non-Residential Structures:** Spending in the non-residential structures segment declined 4% year-on-year (year-on-year) in 2009 to US\$10.4 billion. Over the 10-year forecast, non-residential structures construction growth is expected to be driven by healthy growth in the institutional segment.



### 2. Detailed Results per Country

#### Turnover \*

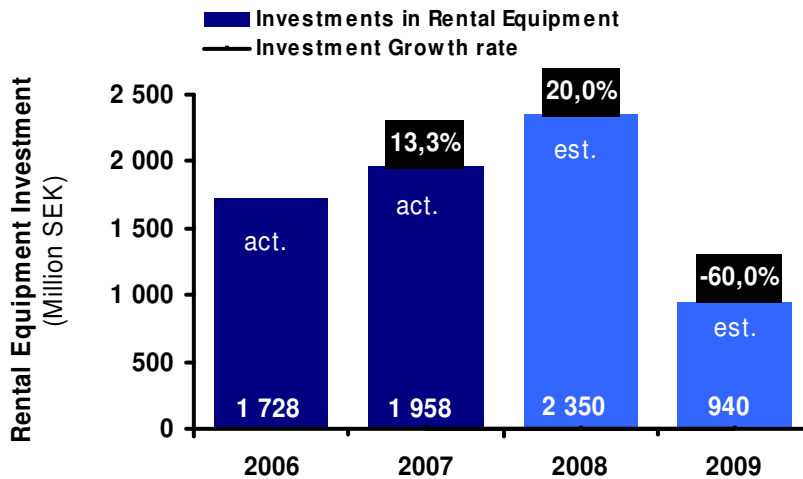
\* as defined in chapter 3.1 of this report



Source: IHS Global Insight

- After years of continuous investment growth, expenditure for rental equipment dropped substantially, estimate of 60% in the year 2009, or to some 6% of the value of the rental fleet at original costs.

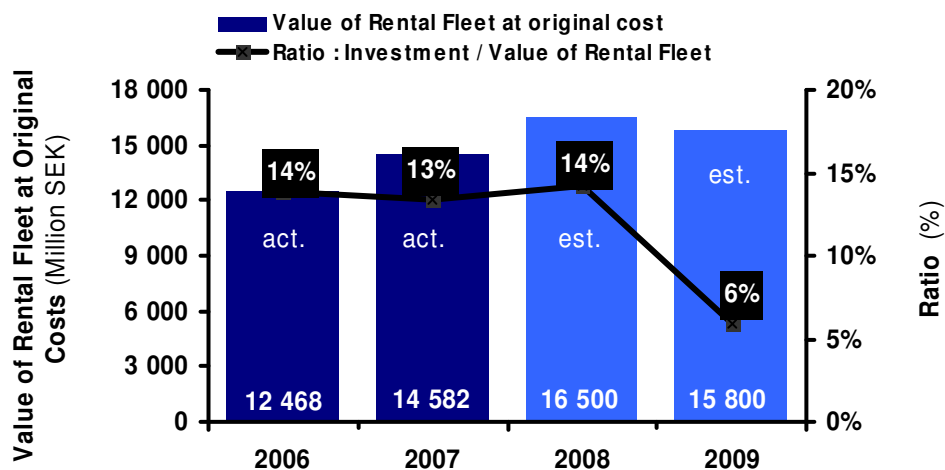
### Investment in Rental Equipment of Rental Companies (without operator)



Source: IHS Global Insight

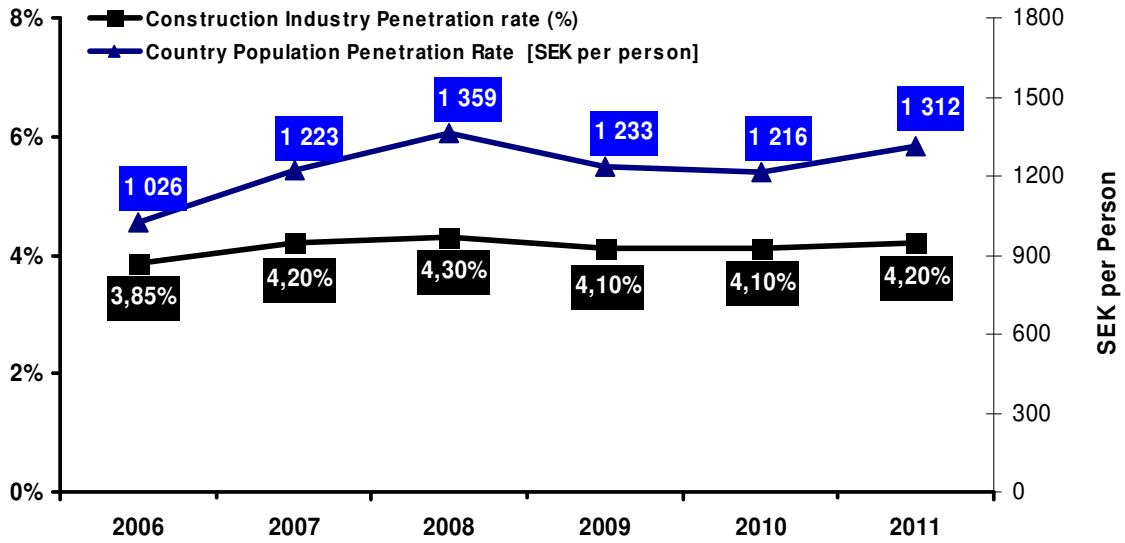
- After growing by more than 10% in 2008, the size of the rental fleet declined by an estimated 4% during 2009. The impact of the economic downturn affected the Swedish rental market later than was the case in many other markets. Since the market for used equipment has collapsed, the opportunities for Swedish rental companies to adjust their equipment fleets have been limited.

### Rental Fleet Size



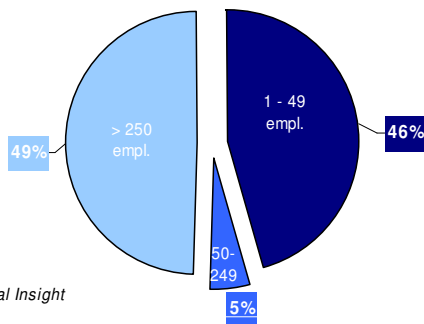
Source: IHS Global Insight

### Penetration Rates



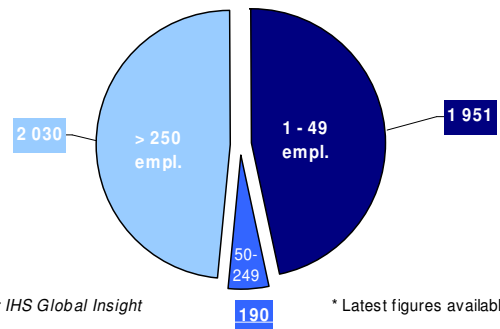
Source: IHS Global Insight

### Turnover of Rental Companies 2008 (estimated)



Source: IHS Global Insight

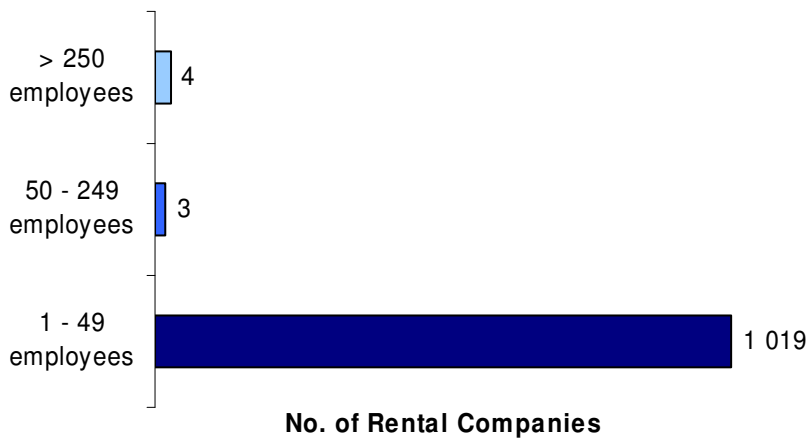
### Persons Employed by Rental Companies 2007 (actual) \*



Source: IHS Global Insight

\* Latest figures available

### Number of Rental Companies by employees size group 2007\*



Source: IHS Global Insight

\* Latest figures available



- The Swedish market for equipment rental without operator is dominated by a group of 4 large rental players, who account for nearly half of total rental turnover. On the other side of the market, there is large number of small companies with comparatively minor rental revenues.
- According to official figures, the market features the highest construction industry penetration among the countries under investigation.
- Rental demand remained strong for most of the year 2008, experiencing another year of dynamic growth. However, the crisis hit in 2009 and rental turnover declined by approximately 10% compared to the 2008 peak figures.
- As a consequence rental rates and time utilisation of rental equipment decreased in 2009 and will remain under pressure through most of the year 2010. The average fleet age is estimated to have increased by 5 months during 2009.
- Rental volumes will remain at low levels throughout the year 2010. In addition, with no recovery of rental rates in sight in 2010, rental turnover is forecast to remain constant over the year at best. However, a forecast eight% growth in turnover is expected for 2011, when both rental demand from the construction industry as well as rental rates will start to move upwards again.

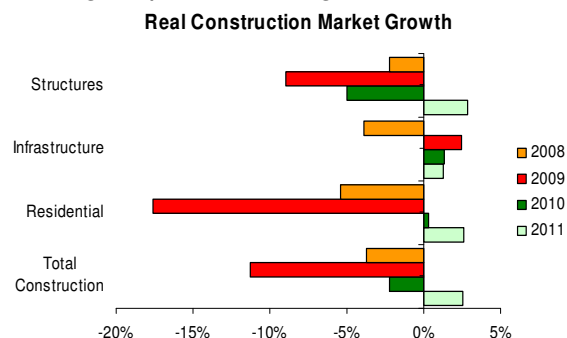
SWEDEN (SE), LOCAL CURRENCY!	Actual		Estimates		Forecast	
	2006	2007	2008	2009	2010	2011
<b>Market Size</b>						
<b>Total turnover [million SEK]</b>	9 351	11 228	12 580	11 420	11 310	12 260
Rental Companies (without operator)	8 802	10 619	11 900	10 800	10 700	11 600
Other Comp. Providing Rental Services (only rental)	549	609	680	620	610	660
<b># Rental Companies</b> (without operator)	945	1 026	n.a.	n.a.		
<b># Other Comp. providing rental services</b>	220	230	n.a.	n.a.		
<b># Employed Persons of Rental Companies</b> (without operator)	3 974	4 171	n.a.	n.a.		
<b># Depots of Rental Companies</b> (without operator)	1 150	1 250	n.a.	n.a.		
<b>Investments in Rental Equipment [million SEK]</b> (without operator)	1 728	1 958	2 350	940		
<b>Value of Rental Fleet at all companies [million SEK]</b> (without operator)	12 468	14 582	16 500	15 800		
<b>Ratio: Investments in Rental Equipment / Value of the Rental Fleet</b>	14%	13%	14%	6%		
<b>Penetration Rates</b>						
<b>Total Construction Output [million SEK]</b>	243 927	268 097	291 238	278 834	277 500	290 600
<b>Construction Industry Penetration Rate</b>	3,85%	4,20%	4,30%	4,10%	4,10%	4,20%
<b>Country Population [million]</b>	9,11	9,18	9,26	9,26	9,30	9,34
<b>Country Population Penetration Rate [SEK per person]</b>	1 026	1 223	1 359	1 233	1 216	1 312

Source : IHS Global Insight

## 5.11 United Kingdom (UK)

### 1. Economic and Construction Context for the Equipment Rental Industry

- GDP contracted 4.9% in 2009 and will see only limited growth (1.0%) in 2010 as recovery develops only gradually and is prone to losses of momentum.
- Given that we expect the recovery will be bumpy and gradual through 2010 and beyond, we think unemployment will rise further overall. Consequently, we forecast that unemployment will climb to 8.5%. Unemployment is projected to then start falling from the second quarter of 2011, albeit modestly at first.
- **Construction Stimulus:** The United Kingdom's total stimulus package is valued at £20 billion (US\$ 31 billion), which represents about 0.5% of GDP per year in 2008-2010. Included in the stimulus plan is a total of £3 billion (US\$ 4.6 billion) for infrastructure and housing construction.
- **Residential Construction:** The residential construction sector bottomed out in 2009, as spending plummeted 17.6% year-over-year. A more optimistic 2010 is a reflection of the latest purchasing managers' survey which indicates that the house building sector has recently returned to marginal growth.
- **Infrastructure:** Non-residential infrastructure spending increased by 2.5% in 2009 to US\$34.4 billion. Greater government spending on infrastructure development to host the 2012 Olympics will be the big driver for the short term. However, there will have to be a major squeeze on public spending over the next 5-8 years, which will have a negative impact on infrastructure spending and on spending on public buildings.
- **Non-Residential Structures:** Spending on non-residential structures decreased by 9% in 2009. In the short term, spending will continue to decline due to recessionary forces and credit limitations. Over the long term, however, lower interest rates, coupled with more favourable lending policies, should revive construction in this sector, given the relative shortage of prime retail space available.

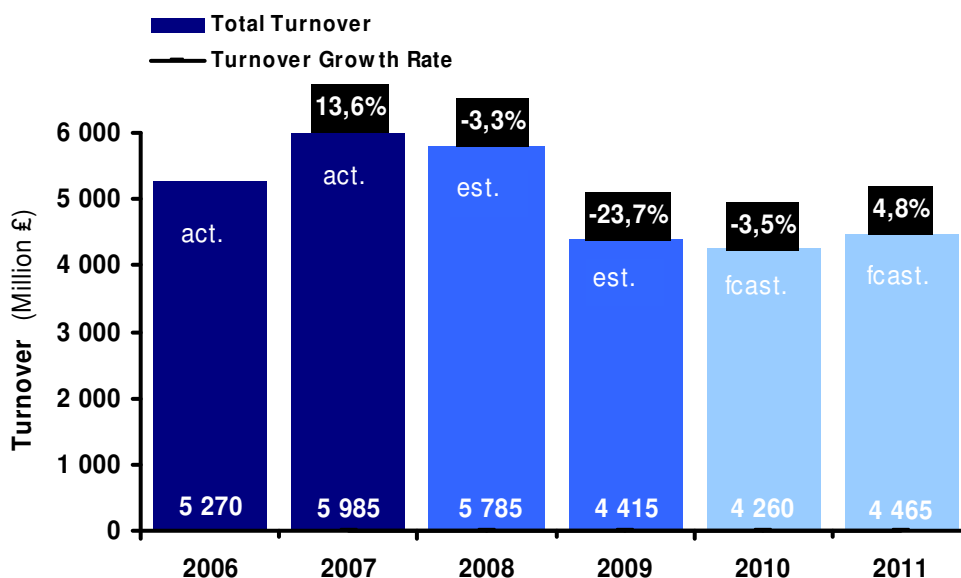


Source: IHS Global Insight

### 2. Detailed Results per Country

#### Turnover \*

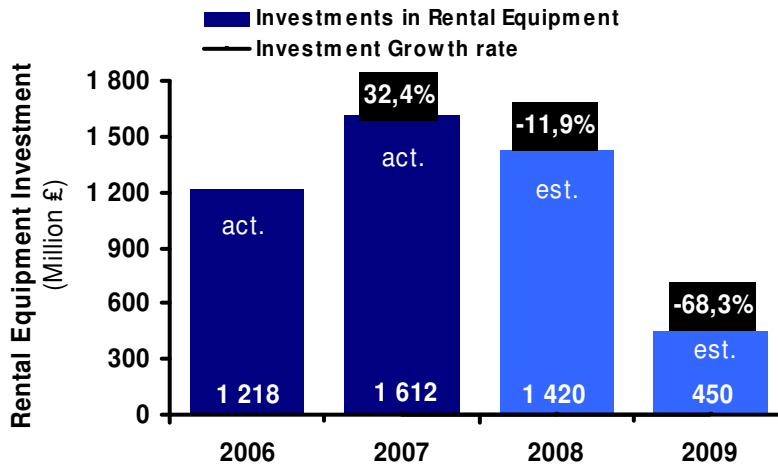
\* as defined in chapter 3.1 of this report



Source: IHS Global Insight

- Large British rental companies strongly reduced their investments in new equipment in 2009 to an estimated 10% of turnover. In order to cut costs, firms restructured by consolidating the number of rental depots and adapting employment to the reduced rental demand. The flexibility of the British labour market enabled companies to adapt employment faster than on the continent.

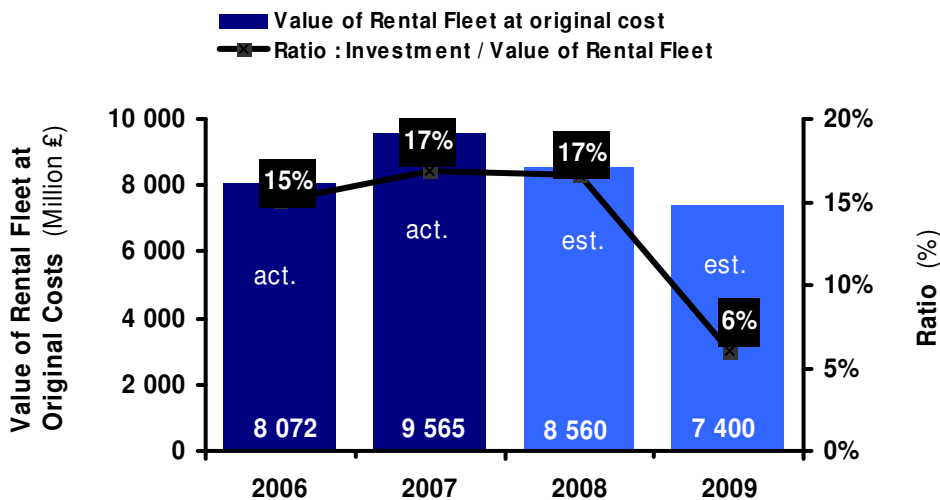
### Investment in Rental Equipment of Rental Companies (without operator)



Source: IHS Global Insight

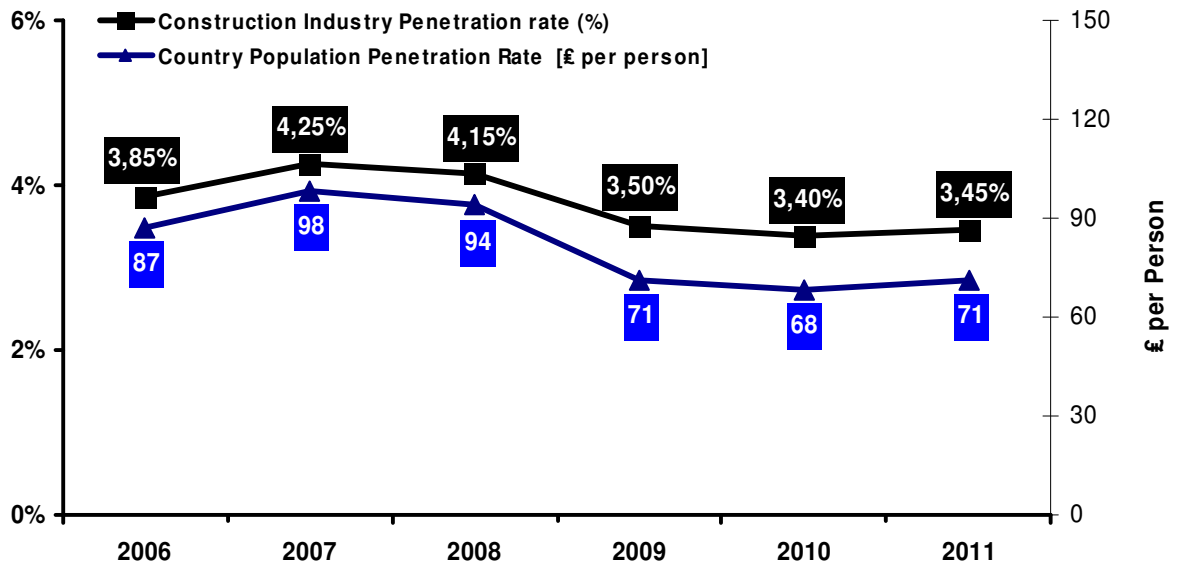
- The main objective for British companies during the crisis was to cut costs and to adjust their fleet size; to generate sufficient cash-flow to reduce debt leverage; and to stay profitable. Since the market contraction in the UK started earlier than in most other countries, demand for used equipment was still strong enough to allow rental companies to reduce their fleet size substantially up to the end of 2009. However low demand and low prices for used equipments limits the options for a quick further reduction of rental fleets.

### Rental Fleet Size



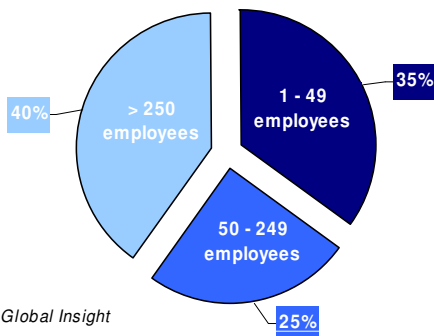
Source: IHS Global Insight

### Penetration Rates



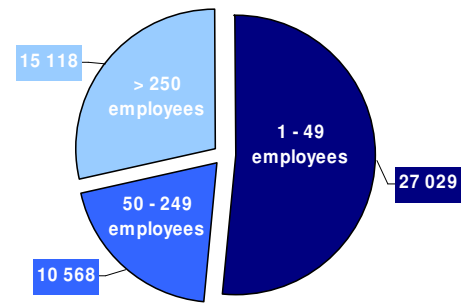
Source: IHS Global Insight

### Turnover of Rental Companies 2008 (estimated)



Source: IHS Global Insight

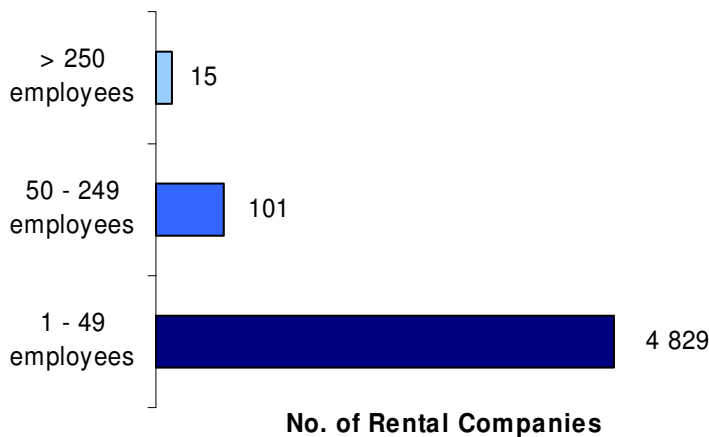
### Persons Employed by Rental Companies 2007 (actual) \*



Source: IHS Global Insight

\* Latest figures available

### Number of Rental Companies by employees size group 2007\*



Source: IHS Global Insight

\* Latest figures available

- In the UK, renting of construction equipment has longer tradition than in continental Europe. As a consequence, the country possesses of a very mature equipment rental market with arguably the highest rental market penetration worldwide.
- Several of the largest European plant and tool hire companies are located in the UK. Traditionally, most of these firms concentrate their activity on the UK. Still, the size of the national market is such that they are still among the largest European actors in the sector.
- In addition, a high number of very small rental companies exist at the local level, which is a heritage of the specific British history of the rental sector. In total, almost 5,000 rental firms exist, though most of these are small family-owned businesses.
- About 50,000 people are employed in the rental sector. However, the number of employees at large rental companies has reduced substantially since 2008.
- According to company databases, a high number of very small businesses report that they are offering rental of construction equipment as a secondary business. However, the contribution of these companies to the overall rental turnover is marginal. Equipment dealers in UK are significantly less involved in equipment rental than in Germany or Italy.
- Time utilisation decreased in 2009, while the fleet average age increased by an estimated 6 months. While rental penetration decreased in the first phase of the crisis, an increased propensity of construction firms to outsource their equipment to rental companies leads to an increasing penetration rate in the longer term.
- The rental sector was hit hard by the economic downturn in 2009. Rental revenue declines exceeded 20% and there will be a further decline in 2010. A modest recovery is expected to take place in 2011. Since 2008, both rental volumes and rental rates have decreased substantially. The expected reduction of revenues in 2010 will, to a large extent, be caused by the low tariff levels reached at the beginning of the year. Since rates decreased throughout 2009, the average price level in 2010 will - even assuming only moderate further declines over the year 2010 - be significantly lower than in 2009.

UNITED KINGDOM (UK), LOCAL CURRENCY!	Actual		Estimates		Forecast	
	2006	2007	2008	2009	2010	2011
<b>Market Size</b>						
<b>Total turnover [million £]</b>	5 270	5 985	5 785	4 415	4 260	4 465
Rental Companies (without operator)	5 195	5 900	5 700	4 350	4 200	4 400
Other Comp. Providing Rental Services (only rental)	75	85	85	65	60	65
<b># Rental Companies (without operator)</b>	4 874	4 945	n.a.	n.a.		
<b># Other Comp. providing rental services</b>	1 800	1 850	n.a.	n.a.		
<b># Employed Persons of Rental Companies (without operator)</b>	54 370	52 715	n.a.	n.a.		
<b># Depots of Rental Companies (without operator)</b>	8 000	8 230	n.a.	n.a.		
<b>Investments in Rental Equipment [million £] (without operator)</b>	1 218	1 612	1 420	450		
<b>Value of Rental Fleet at all companies [million £] (without operator)</b>	8 072	9 565	8 560	7 400		
<b>Ratio: Investments in Rental Equipment / Value of the Rental Fleet</b>	15%	17%	17%	6%		
<b>Penetration Rates</b>						
<b>Total Construction Output [million £]</b>	137 049	140 243	139 075	125 300	124 600	129 400
<b>Construction Industry Penetration Rate</b>	3,85%	4,25%	4,15%	3,50%	3,40%	3,45%
<b>Country Population [million]</b>	60,59	60,97	61,39	61,79	62,22	62,65
<b>Country Population Penetration Rate [£ per person]</b>	87	98	94	71	68	71

Source : IHS Global Insight

## 6. Rental Tracker

In 2009, the ERA and its media partner, International Rental News (IRN), launched the first ever ERA/IRN Rental Tracker, a quarterly online survey of business sentiment in Europe's rental sector.

### What has the survey told us so far?

If you are going to launch a confidence survey then the middle of 2009 wasn't a bad place to start: after all, things could only get better. Now, four surveys later, that is indeed what the results have shown – a steady improvement in business confidence from a very low starting point.

But before we look at some of the results, it is useful to remind the reader of the scope and aim of the survey, which is to measure quarterly changes in business sentiment over a range of indices.

Every quarter, IRN sends out an e-mail to its readers in Europe asking for their responses to a number of questions:

- Business activity new (improving, stable or deteriorating)
- Business levels in recent quarter compared to same quarter the previous year
- Business levels in the year to date compared to the same period in the previous year
- Current trend in time utilization of the fleet (improving, stable, decreasing)
- Capital expenditure intentions for the current and following years

Further questions about a company's type of business, location and size (in revenue terms), allows additional analysis to be made on a sector and geographical basis, where there are sufficient results.

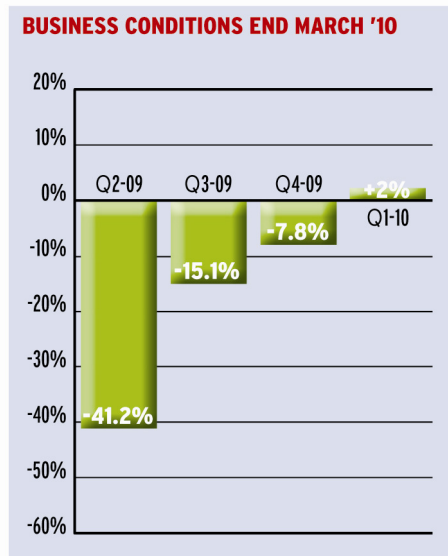
The survey is completed via an online survey at [www.zoomerang.com](http://www.zoomerang.com). The first survey was launched in June 2009 to cover the second quarter of the year, and subsequent surveys have been completed for the third and fourth quarters of 2009 as well as for the first quarter of 2010.

The level of response to the survey has been encouraging with over 200 rental companies completing the survey in 2009. There has been some evidence of a fall-off in response levels in the two most recent quarters and ERA and IRN are working together to better promote the surveys.

Still, response levels have been sufficient to provide a valuable insight into business confidence.

### Survey Results

For the first time since the start of the Tracker (Q2 in 2009) there is a positive balance of opinion on current business conditions, with 26% saying that conditions were improving and 24% reporting a deterioration (and 51% seeing no change). It is a small change but welcome nevertheless. That compares to negative balances of -41.2%, -15.1% and -7.8% in the three previous quarters.

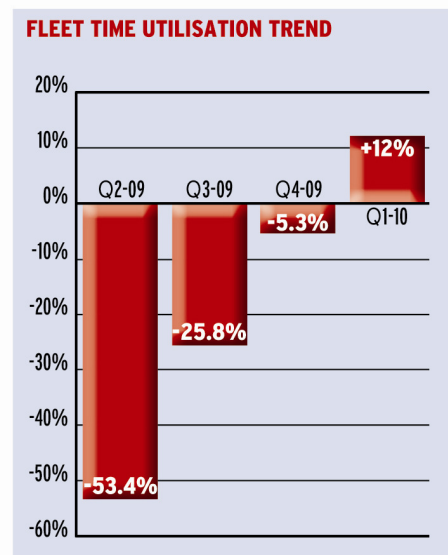


Source : European Rental Association, KHL

Despite a difficult first quarter of 2010, rental businesses in Europe are clearly hopeful that the worst of the downturn is over, with a +11% balance of opinion on expected business levels for the full year compared to 2009 (39% said they expected a higher level of business in 2010, 33% said it would be the same as 2009, and 28% expect it to be lower).

Likewise, the trend is up on time utilisation, with a positive balance of opinion of +12% (36% say the trend is upwards, 40% are neutral, and 24% say utilisation is falling). This is extremely encouraging and would suggest that the fleet reduction policies that many rental companies have adopted are helping to stabilise and firm up utilization rates.

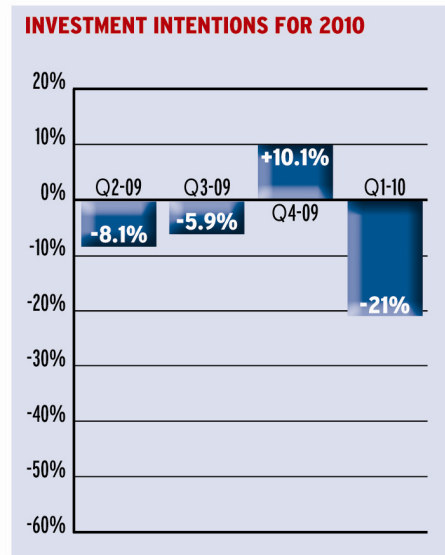
This compares to negative balances of -53,4%, -25,8% and -5.3% in the three previous quarters.



Source : European Rental Association, KHL

However, the severity of the downturn in certain markets is illustrated by the fact that business levels in the first quarter of this year were overwhelmingly judged to be worse than the first quarter of 2009. Some 25% of respondents thought the first quarter this year was better than Q1 2009, while 51% said business levels were worse, a negative balance of -26%.

The continuing uncertainty about business conditions is reflected in the results for capital investment, with a reversal of the positive trend established in the previous quarter. At the end of 2009 there was a +10.1% balance of opinion on whether companies would invest more or less in 2010 than in 2009 (that is, there were more companies planning to increase spending than planning to cut spending). However, at the end of March, Europe's rental companies were being much more cautious, with a big switch to a negative balance of opinion of -21% (24% say they will spend more in 2010, 32% say they will spend the same, and 45% report that they will invest less.)



Source : European Rental Association, KHL

## Regional analysis

The surveys reveal some quite different views country by country, reflecting the variation in the severity of the economic downturn. French renters, for example, were the most pessimistic at the end of 2009 about prospects for business in a year's time, while renters in Benelux, Italy and the UK were more optimistic.

At the end of March 2010, however, there are no major differences between countries or regions. Where there is sufficient data to make results meaningful (UK/Ireland, Benelux, Nordic region, Spain, Italy, France), opinion was noticeably more negative in Spain (where conditions are reported to be deteriorating) and also in Italy, where there was a negative -22% balance of opinion on current business conditions.

There is general agreement on utilisation rates, with a negative balance of opinion (more seeing deterioration than an improvement) in the Benelux, France, Italy, Spain and the UK, with only the Nordic countries having a more positive view.

For fleet investment, those most likely to spend more in 2010 than in 2009 included France, renters in the Nordic region and also the UK. Rental companies in the Benelux region and in Italy were more cautious.



## Sector analysis

Results for individual sectors are more difficult to analyse because there are a smaller number of respondents in each sector. However, there was sufficient data to report on General Rentals, Powered Access and Power/Temperature Control.

At the end of March 2010, general rental companies had a positive +17% view on current business conditions (39% said conditions were improving; 39% said there was no change; and 22% said they were deteriorating).

As with powered access renters, general rental companies are being cautious on fleet investment, with a negative balance of opinion of -10% (30% will spend more, 40% will spend less).

Still at the end of March 2010, powered access renters appear to be experiencing more negative conditions than their counterparts in general rentals, with a negative balance of opinion (-10%) on current business conditions and a negative balance also (-20%) on plans for investment this year (40% will spend less in 2010 compared to 2009, while 20% plan to invest more).

The smallish power/TC sample was almost exclusively downbeat about the market, with a majority reporting lower business levels, continued pressure on time utilisation and lower expectations on fleet investment this year.

So, it is clear that there is a difficult market out there for many rental companies. Difficult, but not impossible, and slowly improving.

Let's hope that the remaining surveys in 2010 show a continuing improvement in confidence.



  **Completing the survey**

To undertake each month's ERA/IRN RentalTracker survey, go to [www.khl.com/rentaltracker](http://www.khl.com/rentaltracker) and click on the survey link.

The results of the survey are published first on the websites of KHL Group ([www.khl.com](http://www.khl.com)) and the ERA ([www.erarental.org](http://www.erarental.org)), and subsequently in the first available issue of IRN magazine.

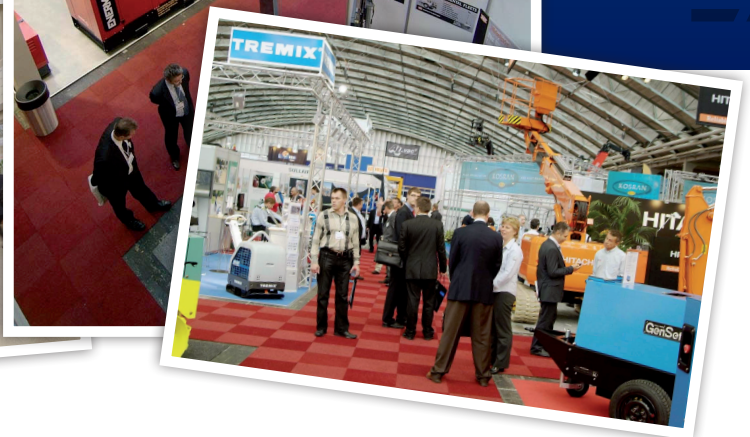
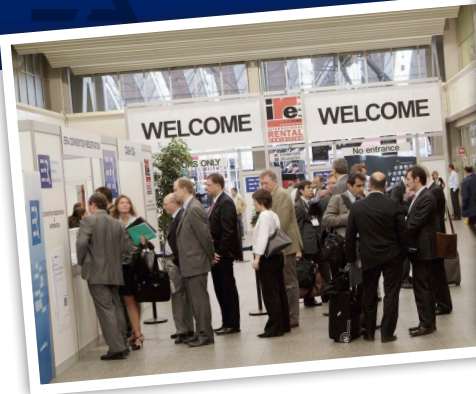
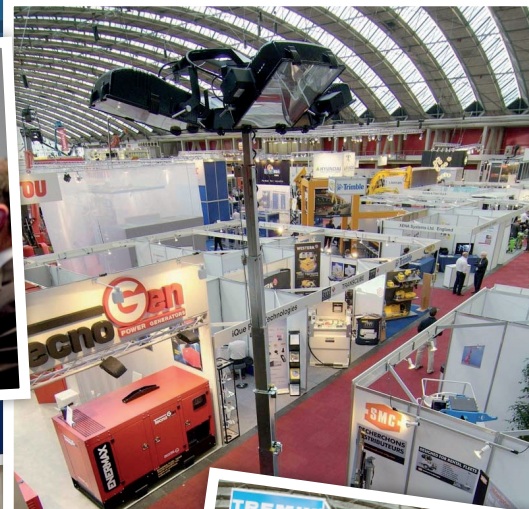
If you would like to know more about the survey, or have suggestions for ways to improve it, then do not hesitate to contact either the ERA ([era@erarental.org](mailto:era@erarental.org)) or Murray Pollok, IRN Editor ([murray.pollok@khl.com](mailto:murray.pollok@khl.com)).







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