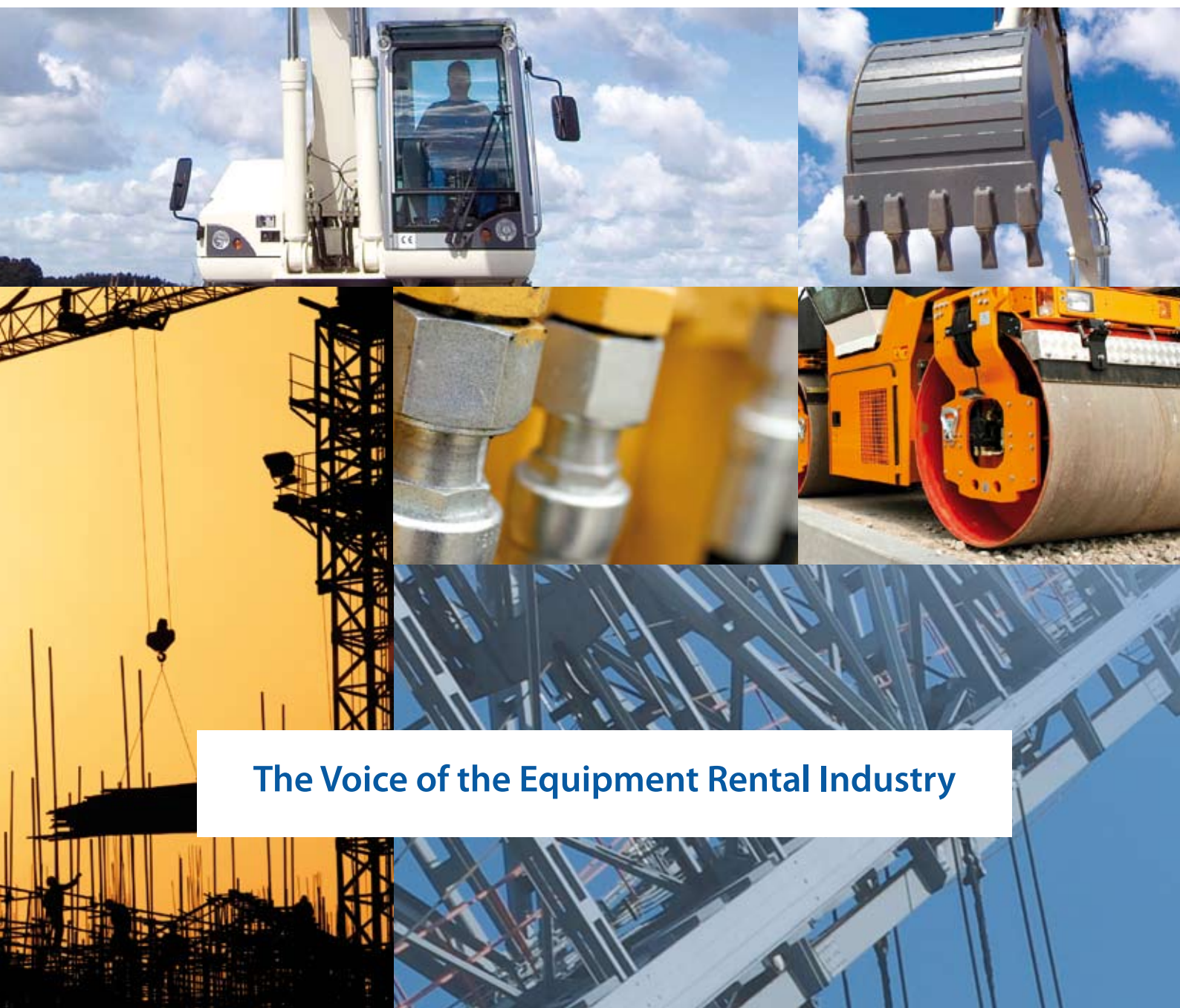




EUROPEAN
RENTAL
ASSOCIATION

Annual Report 2007



The Voice of the Equipment Rental Industry

Presidential Address

In 2006-2007, the European rental industry has experienced a tremendous boom due to the growth of the construction sector, the equipment outsourcing and the current concentration trend.

In order to understand the environment, to foresee trends and to exchange views, ERA sets up debates through committees, breakout sessions, or conferences by keynote speakers during its annual meetings.

Backed by some 4,200 members from 13 European countries, either through 11 national associations or directly, ERA is the representative body of an industry with a revenue of €22 billion, employing 150,000 people whose investments have a strong impact on manufacturers' activity. This level of representation and the recognition of its members have conferred ERA legitimacy to champion the rental industry vis-à-vis both public institutions in Brussels and other European federations, with which it already sustains working relations.

During the course of its first year, ERA worked on setting up an organisation and structures to run its administration and communication, as well as to monitor legal intelligence. Moreover, 4 committees of members were set up to address priorities related to the industry, namely Statistics, Promotion, General Rental Conditions and Norms. So, ERA already works as any other European Association.

In addition to the website and press communication on business news and updates, ERA is releasing this Annual Report. It deals with the industry matters which have to be known by any rental operator, regardless of its size or location in Europe.

I would like to emphasise that our association is open to any rental operators through a direct membership. Therefore, I encourage you to join and participate personally in committees, or in annual Conventions. Our next Convention will take place in Amsterdam during the 1st International Rental Exhibition promoted and sponsored by ERA and will be our industry highlight in 2008.

To conclude, I would like to thank warmly all those who have contributed to the success of the launch of ERA and to the publication of this first issue.

A handwritten signature in black ink, reading 'Gérard Deprez'.

Gérard Deprez
President of ERA

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1. Economic Outlook for the Rental Sector

1.1 General Trends for the Industry

The rental industry is a new business made of first generation companies with the emergence of large companies with financial shareholders, consolidating and internationalising. Three major trends can be currently identified: a tendency for contractors to increase outsourcing, the general increase of the rental ratio in Europe and consolidation in the industry.

» Trend to outsourcing

Over 2006, the trend to increased outsourcing by contractors was significant. Practices have indeed changed for a number of reasons: the equipment is no longer core, remote construction works are a challenge and there is a need for new equipment. Increased outsourcing allows them to benefit from convenient logistics, cost control, and compliance with regulators.

» The rental ratio

Today, an average of nearly 30% of new equipment in units is sold in Europe into rental operations. In some countries, such as the UK, this ratio is generally thought to be 60% to 65%. A major question for Europe is whether the rental ratio will continue to grow to the extent of approaching the UK ratio all over the continent. The answer to that question would be that even though growth can be forecast, it is doubtful that the UK ratio will be reached in many other places as this ratio is also linked to local conditions, the country having very concentrated urban markets that lend themselves more towards rental.

As the rental market continues to develop and as equipment users begin to recognise the advantage of having someone else assume the financial risk of ownership and facing many other issues, then the rental ratio should continue to increase in most European markets. According to industry experts, this increase would be actually faster in Europe than it is presently in North America and should continue in the immediate future.

» Consolidation

Consolidation varies from one market to another, depending on the structure of the rental industry and also the structure of the construction industry of that market. Domestic consolidation comes first in most markets. Other drivers of consolidation are the change in market behaviour, where rental penetration increases the need to hedge against recession in operating in different markets, sophisticated management information systems and the attraction of capital by the rental industry.



1. Economic Outlook for the Rental Sector

1.2 Flashback to 2006 – a set of consolidations in the sector

On January 3, 2006 RK-Cramo merger was agreed by RK's shareholders, creating the second largest rental company in the Nordic Countries. Later in the year, the new group was renamed Cramo Oy, operating 240 stores in 11 countries.

Wolseley Group acquired Brandon Hire creating one of the largest tool hire companies in UK with a total of 278 depots.

Speedy acquired LCH Generators operating a fleet of 2,400 generators from 6 sites throughout England and Scotland.

Ashtead Group's American subsidiary Sunbelt acquired NationsRent. The combination of Sunbelt, number 4 in the North American rental market, and NationsRent, number 5, made it number 3 and then number 2 after the split of RSC, consecutive to its sale. Total number of locations resulting from the merger is 386, including 100 NationsRent locations based at Lowe's building supply stores.

US portable accommodation rental specialist Williams Scotsman International moved into Spain and acquired Wiron Construcciones Modulares, a Madrid accommodation rental and manufacturing company with 13,600 mobile offices and 14 branches.

On September 26, 2006, Aggreko announced that it acquired its largest competitor, GE Energy Rentals, boosting its generator fleet by 31 %, in megawatt terms, and its chiller fleet by 28 %.

A-Plant acquired temporary traffic light rental company Lux Traffic Controls Ltd and combined its 44 locations with its own 12 traffic business locations to form A-Plant Lux.

Speedy Hire acquired LGH, Lifting Gear Hire from the Perkinson family who founded the business in 1970.


Lavendon Group acquired Gardeman, the German access rental company.

Australian heavy construction rental company Emeco acquired Euro Machinery, a trading company from Netherlands and sister company Euro Rental, which rents a construction plant, as a base for further developments. Recent acquisitions in the US and Europe will add to the existing business based in Australia and Indonesia.

Early in 2007, Carrier Inc, the US heating and air-conditioning manufacturer owned by United Technologies Corp., acquired UK specialist rental company Longville Group. Carrier aims to retain all of Longville's specialist businesses in power, pump and temperature control located in the UK, USA, Germany, France, the Netherlands, Poland and Singapore.

Loxam acquired Realsa Alquiler Group based in Valencia, Spain, with 6 branches.

Venpa bought Italian crane manufacturer Locatelli Spa., based in Bergamo, near Milan. Venpa operates 36 branches throughout Italy, Slovenia, Bosnia, Serbia and Croatia.



US private equity funds, Ripplewood Holdings and Oak Hill Capital Management, acquired RSC, number 2 in the North American rental market with 450 locations throughout North America. Atlas Copco, the former owner, retained a 14.5 % share of the business. The sale did not include the Prime Equipment rental business in the US.

2. EU issues relating to rental

2.1 Revision of the Machinery Directive

Since 1998, the Machinery Directive specifies criteria for conformity with CE marking and responsibilities of equipment manufacturers with regards to their products, as well as health and safety requirements. In 2006, a revised Directive was adopted by the European Institutions, which will enter into force in 2009. The new Directive does not introduce radical changes compared to the current text, but aims at consolidating the achievements of the Directive in terms of free circulation and safety of Machinery.



The ERA Norms and Safety Committee, with the support of a comparison between the former and new Directive provided by IPAF, carried out a first assessment of the revised Directive and concluded that the revision of the text does not seem to have a major impact on the rental industry. A factsheet on the Machinery Directive and the comparison between the current and new texts are available from the Secretariat.

However, as Member States have until the end of June 2008 to transpose the new Directive into national law, the Norms and Safety Committee decided to monitor the implementation of the Directive in the Member States. The Secretariat participated in Workshops organised by the European Commission on the Machinery Directive and regularly reports back to the Norms and Safety Committee, in order to allow the Committee to be fully aware of any trends in the transposition likely to impact the rental industry.

2.2 The Services Directive

The Services Directive aims at establishing a general legal framework offering both the freedom of establishment for service providers beyond their national borders and the elimination of obstacles for the free movement of services in the European Union (EU) internal market.

The Directive has entered into force on 28 December 2006. However, it needs to be transposed into national laws of the Member States before it is implemented at national level. The deadline for all EU Member States to transpose the Directive into national law is 28 December 2009, which means that after this date the Directive is deemed to be applicable all over the European Union.

» A. Background

After three years of discussion on the draft Directive, the heavily debated "country of origin" principle was not included in the final text. This principle foresaw that service providers could, temporarily, be subject to the laws of their country of origin instead of the Member State where the service is provided. This clause was seen as an open door to "social dumping" and was replaced by the "freedom to provide services clause". The Directive's text states in a more general way that "Member States shall respect the right of service providers to provide a service in a Member State other than that in which they are established".

2. EU issues relating to rental

2.2 The Services Directive

» B. Provision of the Directive

The key elements of the Directive can be summarised as follows:

1. **General provisions:** The Directive applies to services provided both to businesses and to consumers, which specifically include construction and car rental.

ERA members should note that the equipment rental services are included in the scope of the Services Directive.

2. **Administrative simplification:** The administrative procedures to set up services activities in another member state will be simplified and a national "Single Contact Point" and a standard European application form will be established to be used by service providers seeking the cross-border establishment of their activities.

3. **Freedom of establishment:** Service providers seeking "the right of establishment" will not be subject to authorisation schemes in the Member States. National authorisation schemes are permitted only on condition that they are non-discriminatory; they are justified on the grounds of public interest; and the objective cannot be achieved by less restrictive measures. The national authorisation scheme needs to be notified to the Commission.

4. **Free movement of services:** Member States must respect the right of service providers to provide services in a country other than the one in which they are established and each Member State in which the service is provided shall ensure free access to and free exercise of a service activity within its territory. As such, service providers will not: need to be established in the territory in which they are seeking to work; need to obtain an authorisation to provide services; need to register with a professional body or association, or; be banned from setting up necessary infrastructure which they may need to supply the services in question. The only requirements a Member State can impose on a service provider are those concerning public policy, public security, public health or the protection of the environment.

5. **Quality of services:** In order to protect consumers, the Directive lists a number of provisions, applicable to the service industry. For example, service providers must provide the Member States with their name; legal status; geographic address of establishment; registered trade number; authorisation scheme (where relevant); VAT number; after sales guarantees, etc. They must also, where necessary, subscribe to professional liability insurance.

» C. Next Steps

By the end of 2009, the provisions of the Services Directive should apply in all Member States of the EU and the Member States should have established all administrative procedures to ensure that a service provided could smoothly establish itself in the territory of the Member State.

By 28 December 2011, the Commission should present to the European Parliament and to the Council a comprehensive report on the application of this Directive and should make recommendations aiming at harmonising the way the Directive is implemented at national level.



2. EU issues relating to rental

2.3 Posting of Workers: The European Commission publishes Guidelines

On 4 April 2006, the EC published its Communication on Guidance on the Posting of Workers in the framework of the provision of services' to help Member States, businesses and workers understanding their rights and obligations when companies post workers from one EU country to work in another.

The Communication addresses practical difficulties encountered in implementing the Posted Workers Directive in the Member States and aims at eliminating any confusion over EU legal requirements and limits when workers are posted and at preventing "social dumping".

» Background

The Directive on Posting of Workers (Directive 96/71/EC of the European Parliament and of the Council concerning the posting of workers in the framework of the provision of services was adopted on 16 December 1996) identifies the mandatory rules and conditions of work and employment in force in the host country that are to be applied to posted workers by establishing a hard core of terms and making them binding on undertakings posting workers to a Member State other than the State in whose territory these workers habitually work.

Two transnational posting situations are of interest to ERA members:

- Posting under a contract concluded between the undertaking making the posting and the party for whom the services are intended,
- Posting to an establishment or an undertaking owned by the group.

The Directive lays down the mandatory rules to be observed by employers during the period of posting in regard to the following issues: maximum work periods and minimum rest periods, minimum paid annual holidays, minimum rates of pay, the conditions of hiring-out of workers, in particular the supply of workers by temporary employment undertakings, health, safety and hygiene at work, protective measures with regard to the terms and conditions of employment of children, young people, pregnant women or women who have recently given birth.

2. EU issues relating to rental

2.3 Posting of Workers: The European Commission publishes Guidelines

» Guidelines

During the discussion on the Service Directive, it was agreed that the Service Directive would not mention the posting of workers under the administrative procedures laid down by the final text of the Directive and that the European Commission will published guidelines on this issue, which it did in April 2006. On the basis of these Guidelines, businesses providing services across the EU should encounter fewer obstacles, less bureaucracy and quicker procedures; Member States should make it clear what is required of companies when they post workers.

The Communication gives guidance on four main measures and establishes in particular that there is:

- No obligation for a service provider to have a permanent representative on the territory of the host Member State;
- No prior authorisation can be required by the host country for the posting of workers, but service companies may have to obtain a general authorisation in certain sectors when rendering services in another Member State;
- The possibility for Member States to ask for declaration on the posting of workers prior to the beginning of work, to facilitate controls in the host countries;
- The need for service providers to keep social documents such as timesheets or documents related to health and safety conditions at the place of work.

» Next Steps

The Commission Communication emphasises that Member States need to make an effort to enforce the minimum standards set out in the Posting of Workers Directive. An assessment of the directive's enforcement is planned over the next 12 months, at the end of which the Commission will prepare a report on the implementation of the Directive on the basis of the published guidelines and will take appropriate actions, such as the revision of the Posted Workers Directive.



2. EU issues relating to rental

2.4 Labour Law: Considering a Review at EU Level

European labour markets are generally seen as being too rigid. The EU is working towards making labour market rules more flexible while at the same time providing a good level of social protection which is of the main challenges of the EU's strategy for economic, social and environmental reform (Lisbon Agenda).

In the course of 2006, the Commission has presented a discussion paper (Green Paper on , Modernising labour law to meet the challenges of the 21st century') reflecting on how labour law at EU and national level can help the job market become more flexible while improving security for workers (the ,flexicurity' approach).

The public consultation that followed the publication of the Green paper resulted in the adoption by the European Commission on 27 June 2007 of a Communication to the European Parliament, the Council and the Economic and Social Committee on Flexicurity, which will serve as a basis for the debate on the concrete measures to be taken in the months and years to come.

2.5 New EU Strategy to cut 25 % in Accidents at Work by 2012

As part of its New Strategy on Health and Safety for 2007-2012 adopted on 21 February 2007, the European Commission has committed to a series of actions at EU and national level aiming at reducing of 25 % the work-related illness and accidents at the workplace.

Improving the health and safety of workers is key to the EU's Growth and Competitiveness Actions (Lisbon Agenda). Occupational illness and accidents at work are a heavy burden on both workers and employers in Europe. Despite major advances over the past five years, there is still considerable room for improvement.

The Commission assessed that the sectors of construction, together with the agriculture, transport and health sectors, presented a higher than average risks of accidents at work.

The New Strategy sets out a series of actions at European and national levels in the following main areas:

- Improving and simplifying existing legislation and enhancing its implementation in practice through non-binding instruments such as exchange of best practices, awareness-raising campaigns and better information and training
- Defining and implementing national strategies adjusted to the specific context of each Member State. These strategies should target the sectors and companies most affected and fix national targets for reducing occupational accidents and illness.
- Mainstreaming of health and safety at work in other national and European policy areas (education, public health, research) and finding new synergies
- Better identifying and assessing potential new risks through more research, exchange of knowledge and practical application of results.

2. EU issues relating to rental

2.6 The 2007 Campaign of the European Agency of Safety and Health of Work focuses on “Lighten the Load – a European Campaign on Musculoskeletal Disorders (MSDs)”

The European campaign aims to promote an integrated management approach to tackle musculoskeletal disorders (MSDs) embracing prevention of MSDs, and the retention, rehabilitation and reintegration of workers who already suffer from MSDs. Run by the European Agency for Safety and Health at Work (OSHA), the “Lighten the Load” campaign involves employers, workers, workers’ safety representatives, practitioners, preventive services, policy makers and other stakeholders in improving MSD prevention at workplace level. The campaign culminates in the European Week of Safety and Health at Work from 22 to 26 October 2007, and is an opportunity to make Europe’s workplaces safer and healthier.

The integrated management approach to tackle MSDs includes three key elements:

- Employers, employees and government working together to tackle MSDs
- Addressing the whole load on the body leading to MSDs, and
- Managing the retention, rehabilitation and return to work of those who suffer, or have suffered, MSDs

The campaign emphasises the concept of “managing the load”. This does not only refer to the load being carried but also on all the “strains” being put onto the body by, for example, the material being moved, the environmental factors in which the work is being carried out, other hazards in the workplace, and the pace at which the task is done.

Two Fact Sheets developed by OSHA are of particular interest to ERA members:

1. Fact Sheet on Musculoskeletal disorders in Construction: Musculoskeletal disorders are some of the most common forms of ill health in construction. Musculoskeletal disorders are particularly prevalent across a range of Construction industry trades with estimates suggesting that as many as 30 % of the workforce may be affected. Recent research has indicated that musculoskeletal disorders are particularly prevalent in certain construction trades or occupational groups such as bricklayers, plasterers and joiners.

2. The Prevention of Work Related Neck and Limb Disorders (WRULDs) in Construction: WRULDs are impairments of bodily structures such as tendons, ligaments, nerves, muscles and the blood circulation system, caused by work and the effects of the working environment. WRULDs are widespread in the construction sector, especially in certain trades. This summary aims to inform workers, their supervisors and employers, and occupational safety and health professionals in the construction sector about WRULDs. It helps to identify the particular risks that workers face of developing WRULDs and provides advice and case study examples, concerning the practical steps that can be taken to prevent or reduce the risks.

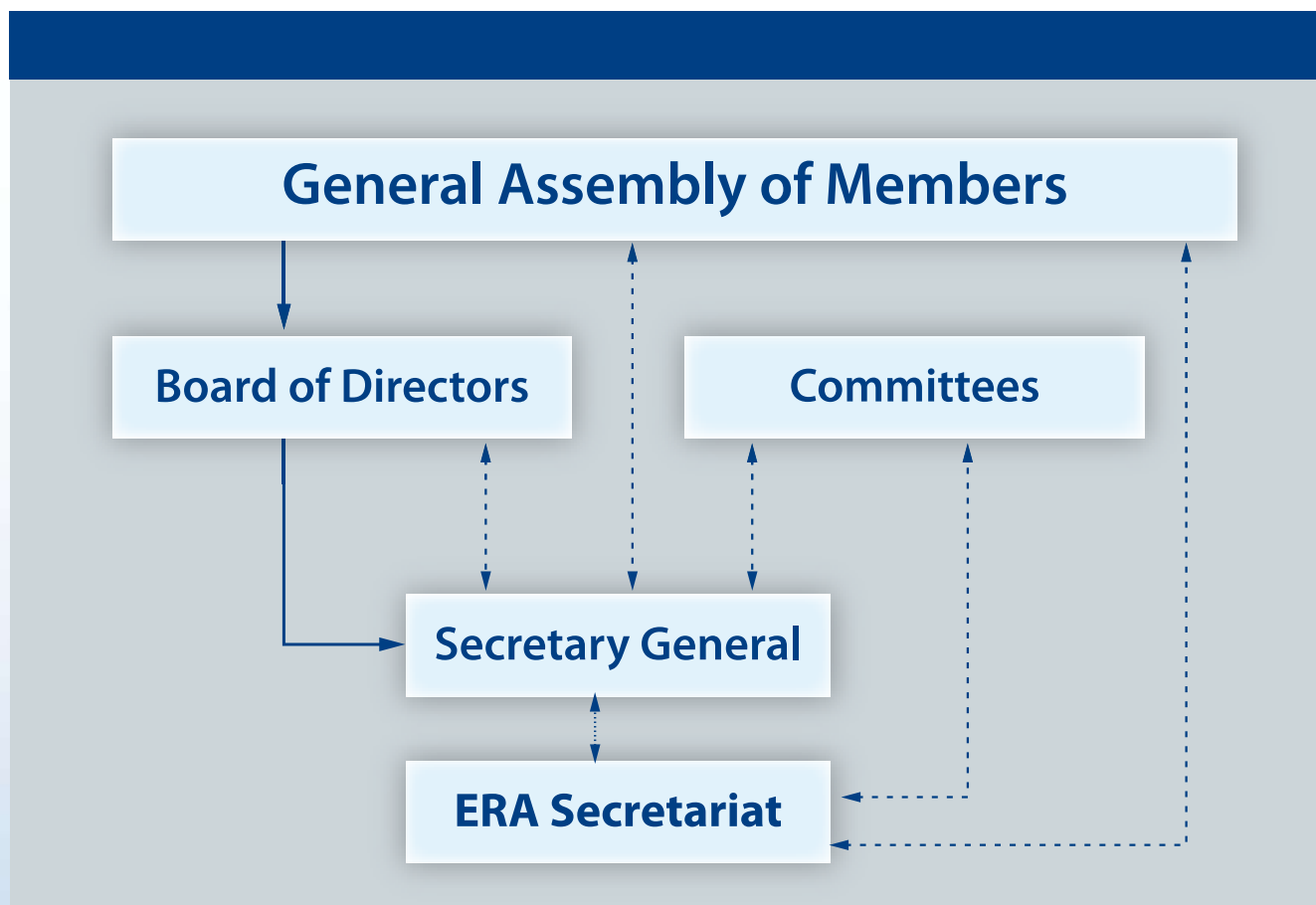
ERA Factsheets are available on the following issues:

- | | |
|--|--|
| → Machinery Directive | → Public Procurement Directive |
| → Physical Agents (Human vibrations) Directive | → Protection of Workers from Asbestos Directive (Proposal) |
| → Physical Agents (Noise) Directive | → Revision of the Construction Products Directive (Proposal) |

To obtain these factsheets, please contact the ERA Secretariat.

3. ERA Activities

3.1 Association structure



The European Rental Association is governed by the General Assembly of Members, composed of the full members of the association: rental companies and national associations of rental companies. The General Assembly meets once a year at the occasion of the ERA Convention and takes decisions on orientations for the coming years, nominations of Directors and the association's budget,

During the year, the association is managed by the Board of Directors which is a representative group of 5-7 members who hold general powers of management and administration.

On a daily basis, the Secretary General and the Secretariat of the association implement the decisions of the General Assembly and the board of Directors, support the decision-making in these bodies, represent the association towards Third Parties, follow-up on the work of Committees and ensure the general administration of the association.

3. ERA Activities

3.2 Board

The ERA is managed by a board of directors consisting of 7 members represented by a designated person (administrator). The board of directors represents the various trades and countries represented by the Association. Each is elected by the general assembly for a term of 4 years but cannot serve more than two consecutive terms. The board of directors elects a president, with the other administrators being vice-presidents.

ERA Board Members

President



Gérard Déprez

Gérard Déprez was elected President of ERA in June 2006.

Gérard Déprez is CEO of LOXAM since 1986 and has an MBA in Business and a BA Honours in Law.

Prior to joining LOXAM he was regional manager at Socimat and Deputy Financial Controller at Ciments Dorigny.

Vice - President



Isabelle Ameloot

Isabelle Ameloot is managing director of Huurland - Euro Rent Flandres NV since 1999.

In 1996 she successfully created and built up the employment Agency Ago Interim.

Ms Ameloot has a degree in translation and interpretation (French - Spanish) from the University of Ghent. She also studied at the University of Seville.



Kevin Appleton

Kevin Appleton was appointed Chief Executive of Lavendon Group January 2002. He has spent most of his senior management career within the international logistics industry.

His early career was spent in Exel Logistics in a variety of sales and operational roles, before becoming European Vice President of FedEx (formerly Caliber) Logistics from 1993 to 2000, based in the US and the Netherlands. Most recently he was the Managing Director for the European company of Dexion Group Limited.

3. ERA Activities

3.2 Board

Vice - President



Franco de Michelis

Franco de Michelis was appointed General Director of Assodimi, the Italian association for distributors and rental companies, in 1992.

Before working at Assodimi Mr. de Michelis worked as area & regional manager and managing & commercial director for the FIAT earthmoving division in Italy, France and Africa.



Erkki Norvio

Erkki Norvio is member of the Board of Directors of Ramirent plc since 1986, and he was the President and CEO of Ramirent in 1986-2005 and Vice President 1984-1986. The group now has 288 permanent outlets in 12 countries and its based in Helsinki.

Before joining Ramirent, Mr. Norvio worked in Oy Partek Ab and held positions as production manager of Partek's concrete factories, head of ready-mix concrete department, production line manager of Partek's prefabricated element factories and deputy manager of cover material industry.



Peter Schrader

Peter Schrader is Managing Director of MVS Verwaltungs GmbH since 2004.

Between 1991 and 2004 he was manager at several divisions of the Zeppelin Group. Prior to joining Zeppelin he was chair of the technical security and protection of labour at the Bergakademie of Freiberg.



Colin Wood

Colin Wood has been in the construction equipment rental industry since 1966 and has primarily worked for mobile crane rental companies. He has been a Main Board Director of major crane rental companies from 1980 until 2001, when he took over as Chief Executive of the CPA.

The CPA, with 1455 members, is the largest construction equipment association in Europe, and covers all types of equipment from tool hire, excavators, general plant, mobile concrete pumps, access platforms, mobile cranes, tower cranes, construction hoists etc. The CPA Rental Conditions are generally regarded as the Industry Standard in the United Kingdom.

3. ERA Activities

3.2 Board

ERA Board Activities

The ERA board has been meeting regularly since the creation of the Association.
Among the main resolutions taken by the board are:

[2006, February]

- A decision was made to outsource the basic duties of office management & administration including secretariat services, membership, meetings, bookkeeping and financial reports, and communications including email and website creation and maintenance.
- Agreement to start a partnership with KHL including the International Rental News (IRN) becoming the official magazine of the Association.

[2006, May]

- Approval was made to select and contract an Association Management Services company, Kellen Europe, in order to take over on ERA's secretariat basic duties.
- Decision on the organisation of 4 workshops on main concerns at the June 2006 Convention.

[2006, July]

- Based on the fruitful workshops at the first ERA annual Convention, a resolution was made to create four committees, including promotion, norms, statistics, and general rental conditions. Guidelines of principles and procedures for these committees were established. The main principle is that the committees are open to any member willing to participate.

[2006, October]

- Decision taken to apply for registration for a full liability VAT regime under Belgian Law, in order to recuperate VAT from providers.
- Decision to change the registered address of the association to ERA Secretariat, Kellen Europe, based on the mandate from the General Assembly in June.

[2007, January]

- Approval to enter into a contract with the KHL publishing company, in order to prepare a weekly e-newsletter.
- Approval for the statistics committee to consider assistance in collecting and analysing data by a specialised third party company.

[2007, April]

- Support for the request of legal opinion in the GRC committee when needed
- Decision to contract with Global Insight for a phase 1 project in the statistics committee
- Decision to participate in the TGRA (The Global Rental Alliance)
- Reviewing the possibility and the feasibility of promoting a rental exhibition.

3. ERA Activities

3.3 Report on the Activities of the ERA Secretariat

The ERA Secretariat is composed of: Michel Petitjean – Secretary General – and Maria Teresa Scardigli, Michel Baumgartner, Veerle Guns and Stuart Jackson. Each of them can be contacted through the ERA telephone number or the **era@erarental.org** e-mail address.

The team is responsible for supporting the association's members in the daily activities of the association. Over the past year, their efforts very much focused on transforming the ERA into a fully functioning European trade federation.

3.3.1 Administration & Finances

Since the official appointment of the Secretariat in June 2006, the following actions have been carried out:

- A contact point has been set-up with a dedicated phone number and a unique email address to allow members and external stakeholders to contact the ERA in a simple and efficient manner;
- A database of contacts has been created, that allows the association to maintain contacts with its members and external contacts (including prospect members);
- ERA has registered for VAT status with the Belgian authorities, which implies that the association can recuperate at least part of the VAT it pays to its suppliers but also that it has to operate as any EU-based company in financial and reporting terms;
- Pursuant to that, the financial administration has been re-organised. Clear processes are now in place for the collection of membership fees, management of assets, relations with suppliers and reporting to the Treasurer. An external accounting company is providing a quarterly overview to the Board on the financial situation of the association.

3.3.2 Creation and Management of ERA Committees

The Secretariat has also supported the establishment of the 4 ERA Working Committees. Its representatives are appointed to attend the different Working Committees' meetings and support their activities by drafting the agendas and the minutes of the meetings and by supporting the Committee Chairman on facilitating the meeting, providing strategic advice on the establishment of the Committee Action Plan and managing the Committee based on clear results, identified deliverables

and realistic timetable. The Secretariat also takes care of the logistical organisation of the meeting, the catering and the refreshments, the sending out of the invitations, the collection of the registration forms and the establishment of the participant lists.

3. ERA Activities

3.3 Report on the Activities of the ERA Secretariat

3.3.3 Membership Drive

Since the last General Assembly, the Secretariat invested much effort in increasing the membership of the association, notably by:

- Creating tools to advertise the association: A brochure targeting prospect members was designed in English, Spanish and German and was distributed at several occasions (Construent in Spain, Dutch Rental Seminar in the Netherlands, BAUMA in Germany). It is the document given to any person showing interest in joining the association.
- In addition to that, the ERA benefited from a free advertising campaign on Euractiv.com, an information website read by the vast majority of EU-decision makers;
- Participating to a number of tradeshow and seizing any opportunity to meet and convince prospect members to join the association.

All these efforts resulted in 10 new members joining the association between the end of 2006 and June 2007 and in strongly increasing awareness on the existence of the ERA among European equipment rental companies and their suppliers.



3. ERA Activities

3.3 Report on the Activities of the ERA Secretariat

3.3.4 Participation of ERA to trade shows and professional events

Event	Date	Country	City	Booth	Presentation	Participation
DLR Convention	23-24. 03. 2006	France	Bordeaux		✓	Gérard Déprez
Intermat	24-29. 04. 2006	France	Paris	✓		Michel Petitjean/ Carole Malval
Anapat Convention	18-20 .05. 2006	Spain	Puerto de Sta Maria		✓	Michel Petitjean
CECE Convention	06. 10. 2006	France	Cannes		✓	Gérard Déprez
SAIE	25-29. 10. 2006	Italy	Bologna	✓	✓	Franco de Michelis
Construrent	08-10. 11. 2006	Spain	Saragoza	✓	✓	Michel Petitjean/ José Martinez

Dutch rental Seminar	30. 0.1 2007	NL	Rotterdam		✓	Michel Petitjean
ARA Convention	07-10. 02. 2007	USA	Atlanta		✓	Michel Petitjean
Assodimi/Assonolo	09-10. 03. 2007	Italy	Bologna		✓	Michel Petitjean/ Franco de Michelis
DLR Convention	15-16. 03. 2007	France	Lyon		✓	Gérard Déprez/ Michel Petitjean
NRA convention	23. 03. 2007	France	Paris		✓	Michel Petitjean
Bauma	23-29. 04. 2007	Germany	Munich	✓		Michel Petitjean/ Michel Baumgartner/ Carole Malval
ERA Convention	05-06. 06. 2007	Germany	Berlin			
Hire Show	02-03. 10. 2007	UK	London	✓		Colin Wood/ Michel Petitjean
Fanagrumac	04-05. 10. 2007	Spain	Cordoba		✓	Michel Petitjean
SAIE	24-28. 10. 2007	Italy	Bologna	✓	✓	Franco de Michelis

3. ERA Activities

3.3 Report on the Activities of the ERA Secretariat

3.3.5 Creation of Communication Tools

An initial and basic version of the ERA website was launched at the end of December 2006. With the support of a subgroup of the Promotion Committee, the Secretariat has worked on a more comprehensive website until the end of April 2007.

- Members' directory, which allows any visitor to search the directory by type of member, country of operation, size of company and activity. Members have been asked to provide the Secretariat with all their details and their logo as they wish them to appear on the website;
- Restricted members' area, which provides the contact details of individuals involved in the association (e.g. members of committees) and which was used by members to register to the Convention. In the future, this area will be used to post documents destined only to members of the association, as opposed to the public section of the website;
- "Good Reasons to Rent" developed by the Promotion Committee. These good reasons are one of the first tools developed to promote the concept of rental in a way that is applicable all over Europe. As more promotion tools are developed, they will be added to the website as well.

In addition to the website, the Secretariat decided to collaborate with KHL Group to create the **Rental Weekly e-mail newsletter**, which is sent to all the members of the association and any external stakeholder that wishes to receive it. Based on KHL's "Construction Week", the newsletter provides information on the construction industry in general, but with a strong focus on rental. It is also used by the ERA to communicate information on the association, its activities and latest developments.

At the end of April, the Rental Weekly was sent to around 250 recipients. ERA members are strongly encouraged to provide the Secretariat with the names and email addresses of the people within their organisation that may be interested in receiving this free newsletter.

Finally, the Secretariat developed the **ERA Association Newsletter**, which is sent to members to inform them about internal news of the association and its activities. The first version of this newsletter was circulated as a PDF in November 2007. Pursuant to that the Secretariat reworked the format of the newsletter to send it as an email newsletter. The first edition of this new version was launched in May 2007.



3. ERA Activities

3.3 Report on the Activities of the ERA Secretariat

3.3.6 Organisation of the Convention and General Assembly

Most of the Secretariat's work between January and June 2007 was focused on organising the association's highlight of the year, the Convention. The Secretariat has notably been in charge of:

- Supporting the Board in drafting the programme, launching invitations to members, speakers, invitees and the press;
- Organising booths in the foyer of the hotel to allow associate members willing to do so to advertise themselves among other ERA Members.
- Liaising with external suppliers for the whole organisation of the event;
- Creating a comprehensive and efficient online registration tool that allows participants to the convention to register smoothly and easily. The use of this online registration tool has since then been extended to allow visitors of the website to register to receive the Rental Weekly newsletter;



3. ERA Activities

3.4 Report from ERA Committees

Committee on General Rental Conditions

Chairman of the Committee

Mr Pedro Torres Nacanco
 Phone +34 9363 34 301
 E-mail p.torres@nacanco.es

Secretariat Contacts

Mr Michel Petitjean Secretary General
 Ms Maria Teresa Scardigli ERA Secretariat
 Phone +32 2 774 9401
 E-mail era@erarental.org

Committee Members

Pedro Torres (Chairman)	Nacanco	Kevin Minton	HAE
Frank Klessens	Alimak Hek Group	Walter Ameloot	Huurland
José Martinez	Aseamac	Giles Councell	IPAF
Horst Wasel	Atlas Copco	Klaus Maskort	Lavendon Group
Julio Arribas	CNH	Bernard Fournier	Loxam
David Smith	CPA	Laurent Vandebrouck	Qualcomm
Aarno Heikkilä	Cramo	Philip Silver	Smartequip
Dirk Naessens	DK Rental	Jean-Marie Osdoit	Volvo
Gavin Pitt	Hewden		

Mission

The Mission of the GRCs Committee is to improve rental industry performance by establishing guidelines and a framework for general conditions applicable to rental companies, rental associations and equipment suppliers across the European countries on a voluntary basis*.

* Any ERA deliverable of the GRCs Committee will be submitted to legal check before finalisation or publication. Those deliverables that represent guidelines to be used on a voluntary basis by the members of ERA will be disclosed

also to non-ERA members should they wish to use them. The guidelines represent minimal and non-exhaustive criteria that can or cannot be taken into consideration.

3. ERA Activities

3.4 Report from ERA Committees

Committee on General Rental Conditions

Activities in 2006 / 2007

The GRCs Committee met three times

28 September 2006

Brussels, Belgium

(ERA Secretariat offices)

25 January 2007

Brussels, Belgium

(ERA Secretariat offices)

17 April 2007

Barcelona, Spain

Where is the Committee today?

The Committee is working on two main deliverables.

The first deliverable is a check-list of “optimal” rental conditions that can be used by any rental company. The Committee identified and reviewed 12 issues in 2006/2007 as follows:

- | | |
|------------------------------|--|
| ① Damage and other losses | ⑧ Additional Services (as an example SITE SURVEY AND CONSULTING) |
| ② Installation | ⑨ Breakdowns and down time |
| ③ Waste | ⑩ Energy (especially fuel, oil and electricity) |
| ④ Preparation and cleaning | ⑪ Collection and Delivery |
| ⑤ Inspection and Maintenance | ⑫ Rental Period and Rate |
| ⑥ Handover of the equipment | |
| ⑦ Operator | |

The second deliverable is the establishment of a comparative analysis of currently used rental conditions, based on standard rental conditions used in 8 different countries. The issues identified were 12 in total but the Committee agreed to start the comparison by focusing on 9 priorities issues, while the remaining issues will be reconsidered at a later stage. The 9 issues compared are as follows:

- | | |
|--|--------------------------------|
| ① Limitation of Supplier's Liability | ⑤ Operators |
| ② Customer's Responsibility for damage, loss/theft | ⑥ Payment Terms |
| ③ Rental charges until equipment repaired/replaced | ⑦ Termination of the Contract |
| ④ Sub-rental by the customer | ⑧ Protection of Owner's Rights |
| | ⑨ Dispute Resolution |

3. ERA Activities

3.4 Report from ERA Committees

Where is the Committee today?

From a comparative analysis, 4 issues have been identified which, although differing between countries, present enough similarities to establish a single and common wording, namely:

- ① Customer's Responsibility for damage, loss/theft;
- ② Sub-rental by the customer;
- ③ Termination of the Contract;
- ④ Protection of Owner's Rights.

The other issues present too many differences from one country to another to allow a common wording at the present time.

What are the next steps?

In 2007-2008, the Committee aims at completing the check-list and completing the comparative analysis. These deliverables will become tools that ERA members as well as any rental company is free to use.

The ultimate objective

The Committee aims in the long term at establishing a set of standard General Rental Conditions for the rental industry, which will cover as many issues as possible and will include most of the EU countries and most of the products groups.



3. ERA Activities

3.4 Report from ERA Committees

Committee on Norms and Safety

Chairman of the Committee

Kevin Minton Technical & Safety Support Officer
Hire Association Europe
Phone +44 121 380 4605 Fax +44 121 333 4109
E-mail kevin.minton@hae.org.uk

Secretariat Contacts

Michel Petitjean Secretary General
Michel Baumgartner Public Affairs & Communications, ERA Secretariat
Phone +32 2 774 9401
E-mail era@erarental.org

Committee Members

Kevin Minton (Chairman)	Hire Association Europe	Gil Male	IPAF
José Martinez	Aseamac	Rupert Douglas Jones	IPAF
Franco de Michelis	Assodimi	Hugh Cole	Lavendon Group
Haydn Steele	CPA	Jean-Philippe Theuriot	Loxam
Francis Gilbert	DLR	Arne Bugge	Norwegian Rental Association
Cesar Caudevilla	Fanagrumac	Guylain Turgeon	Ritchie Bros. Auctioneers
Martin Williams	Hewden Stuart	Leena Haabma Hintze	Swedish Rental Association

Mission

The ERA Norms and Safety Committee's mission is to identify common issues of concern to ERA Members in the regulatory field and to discuss the impact of legislation, norms and standards in the rental industry in order to prepare the association's position on those matters. It also examines the ways to have the Association's voice heard by EU decision-makers and provides for a forum for exchange on national developments in the regulatory field.



3. ERA Activities

3.4 Report from ERA Committees

Committee on Norms and Safety

Activities in 2006 / 2007

The Committee met three times

September 2006

Paris, France

January 2007

Brussels, Belgium

(ERA Secretariat offices)

March 2007

Brussels, Belgium

(ERA Secretariat offices)

The work of the Committee focused on the following issues that were dealt with in dedicated subgroups:

In-service inspections

The Committee carried out a mapping of the theoretical regulatory situation as well as of the practices developed in a number of Member States, namely France, Germany, the United Kingdom, the Netherlands, Italy, Spain, Sweden and Norway for 5 selected sectors: telehandlers, excavators, excavators used as cranes, tower cranes and powered access. The Committee's findings show that requirements can be very different from one Member State to another. As an example, for the person responsible for in-service inspection, there is no legal specification in Germany and Spain, while this responsibility lies with the owner in Italy and with the user in the other countries. The same applies to the body that can conduct the inspection. It is usually a "competent person" (in France, Norway and the United Kingdom), but can also be a government body (Italy) or a government-appointed body (Sweden) or a combination of different possibilities (The Netherlands). Finally, there are differences in the frequency at which inspections have to be carried out. They range from 6 months (France and the United Kingdom) to 12 months (the majority of the countries).

Personnel related issues, mainly differences in training requirements and operator licences. The Committee is carrying out a mapping aimed at better understanding the current situation on operator licences and training in the same Member States and for the same sectors as those selected for the conformity of equipment. As of July 2007, the mapping is still ongoing but the exercise already revealed significant variations according to local social and economic conditions in the answers to the following questions: a) who can conduct the training; b) is there an examination; c) is a record of experience required.

Instruction manuals / information to be communicated

The Committee developed a questionnaire on the practices existing in various Member States / among major companies with regards to the information communicated to the users of rented machinery. This questionnaire has been sent to all national associations, the answers of which are currently being analysed by the relevant subgroup. From discussions held to prepare the work of the subgroup, it seems that there also practices vary a lot in the EU, especially for smaller equipment.

3. ERA Activities

3.4 Report from ERA Committees

» Committee on Norms and Safety

Machinery Directive

Based on a document prepared by IPAF, the Committee examined the difference between the revised Machinery Directive 2006/42/EC compared to the previous version 98/37/EC. It concluded that the revised Directive does not introduce any radical changes for the rental operators.

EU Issues Mapping

The Committee examined a number of issues dealt with at European level that had been identified by the Secretariat to assess their relevance for the rental sector. The section on EU developments of the present report is a direct result of this work. In addition, the Committee decided to get involved in standardisation at European level by applying for the liaison status reserved to trade federations within the Technical Committees of the European Committee for Standardisation (CEN) on safety of machinery, safety of cranes and construction equipment.

The work of the Committee focused on the following issues that were dealt with in dedicated subgroups:

- Finalising work on the **in-service inspection** mapping to produce a clear map of EU requirements, showing areas of consistency and making a proposal for ERA to work towards mutual recognition in relevant areas;
- The same applies to **operators' training and licences**, where the mapping will be the basis for suggestions to be made by the Committee for mutual recognition of training and licences where appropriate;
- Regarding **safety instructions**, the Committee will elaborate a proposal for common practices – taking into account legal requirements existing in some Member States – with the view of ensuring that customer always receives the adequate amounts of information, in a format that is easy for them to understand.

Finally, regarding European legislation, the Committee will use the coming 12 months to better profile the ERA as the representative association of the construction equipment industry in Brussels. It will notably meet with relevant decision-makers to have the association being consulted at early stages when legislation likely to have an impact on the rental industry is being considered and communicate ERA's positions on the above-mentioned issues once the Board has endorsed them.

3. ERA Activities

3.4 Report from ERA Committees

Committee on Promotion

Chairman of the Committee

Jörg Bachmann Head of Marketing
MVS Zeppelin GmbH & Co.KG
Phone +49 89 323 57 120 Fax +49 89 323 57 220
E-mail j.bachmann@mvs-zeppelin.de

Secretariat Contacts

Michel Petitjean Secretary General
Michel Baumgartner Public Affairs & Communications, ERA Secretariat
Phone +32 2 774 9401
E-mail era@erarental.org

Committee Members

Jörg Bachmann (Chairman)	MVS Zeppelin	Gehrad Willebrant	IPAF
Sophie Hulin	Bergerat Monnoyeur Location	Murray Pollok	KHL Group
Herbert Ten Have	Aggreko Nederland	Bernard Pointet	LEV
Colin Wood	CPA	Patrick Rizzo	Loxam
Kairé Ballaguy	Deif	Leena Haabma Hintze	SRA
Jeff Schofield	Hewden Stuart	Paul Hay	Towerlight
Arie Willem Van der Plas	HGH Business Consult		

Mission

The Committee on Promotion's mission is to promote the rental concept in terms that are consistent all across Europe and can apply to the different local situations in order to support the growth of rental industry in both mature and developing markets.



Michel Petitjean, Secretary General, at ERA booth at BAUMA 2007

3. ERA Activities

3.4 Report from ERA Committees

Committee on Promotion

Activities in 2006 / 2007

The Committee met three times

September 2006

Frankfurt am Main,
Germany

January 2007

Paris, France

March 2007

Brussels, Belgium
(ERA Secretariat offices)

Over the year, its main foci were the following:

1. Identifying "good reasons to rent"
2. Benchmarking
3. Market segmentation
4. Common definitions / nomenclature
5. Website
6. The Rental Weekly e-Newsletter

1. Good reasons to rent

The "good Reasons to rent" are clear arguments to promote rental, which can be used Europe-wide by all ERA Members in a standardised way. They focus on finances, product flexibility, the added value of services and compliance with all norms and safety standards. They are published on the website and were part of the leaflet used for membership development by the Secretariat.

These good reasons to rent are now being completed with a more sector-specific argumentation.

2. Benchmarking with other rental associations

To learn from other associations on other continents (e.g. American Rental Association – ARA), in other rental sectors (e.g. car rental) and the way they promote their industries, the Committee conducted a benchmarking study that will allow ERA to take-up best practices.

Issues examined were:

- Methods used to grow the rental market and measurement of success

→ Methods used for membership recruitment

→ Services offered to members

→ Methods used to ensure that the association's services are in line with the needs of the members and the industry at large.

The next steps will be to prioritise the results and to develop a strategy on which practices ERA should take up, and in which order of importance.

3. Market Segmentation

As a complement to benchmarking, the Committee felt that it would be important for ERA Members to have a clear overview of the subset of prospect clients of the rental sector in Europe. This is why it assessed the market segmentation lists already used by individual companies. This work is complementary to the work carried out in the Committee on Statistics, which will notably use the market segmentation developed by the Committee on Promotion to guide the third party company, which will collect statistics on the rental market.

3. ERA Activities

3.4 Report from ERA Committees

4. Common Definitions / Product classification system

Currently each individual company is using its own product classification system and Members of the Committee felt that ERA could offer its members a nomenclature for their equipment. This nomenclature, once developed, could be used voluntarily by companies, to relations with customers, manufacturers and rental companies across Europe. The Committee is currently assessing the product classification system developed by the Swedish Rental Association, which is being used throughout the Nordic Countries to confirm whether it could be extended to the whole of Europe and what changes would need to be brought to the system for a wider application. In parallel it is also examining the Eurolist developed by FIEC and used in France and Germany notably. As this is quite an extensive project, the committee will continue to work on it over the coming year.

5. Website

The Committee provided the Secretariat with advice on complementing / reshaping the initial version of the ERA website, which resulted in the current website and its more comprehensive features. Before the Convention, around 100 visitors **per week** visited the website. With the Convention, the increasing number of material available and referrals from members' websites and the Rental Weekly Newsletter, traffic increased to around 80 visitors **per day**. Next steps for the website are to target several visitors' groups with different issues, notable rental companies, end-users and rental associations. The Committee suggests addressing each group with tailor made solutions.

6. The Rental Weekly e-Newsletter

This newsletter is used to communicate with members, prospect members and generally all contacts made by ERA which want to know more about rental and the association.

After three meetings in 2006/2007, the Committee has a clear picture of concepts and tools that need to be worked on for the year to come. It will notably produce a brochure / annual report to build a stronger association and develop a promotion package and a press kit, which members will be able to adapt to their markets and distribute through their networks to promote rental.



3. ERA Activities

3.4 Report from ERA Committees

Committee on Statistics

Chairman of the Committee

Tim Whiteman Managing Director
International Powered Access Federation
Phone +44 153 956 2444
E-mail info@ipaf.org

Secretariat Contacts

Michel Petitjean Secretary General
Stuart Jackson Economic Affairs, ERA Secretariat
Phone +32 2 774 9401
E-mail era@erarental.org

Committee Members

Tim Whiteman (Chairman)	IPAF	Luc Six	Locasix
Alessandro Pavia	CNH	Carole Malval	Loxam
Ole Madsen	DEIF	Dominik Baumann	MVS Zeppelin
Janine Turner	Hewden	Erkki Norvio	Ramirent
Lindsay Poston	HSS Hire	Martin Holmgren	Swedish Rental Association
Pierre-Yves Lecat	Kiloutou (DLR)	Jacco de Kluijver	Towerlight
Benoit Fosseppez	Komatsu	Josep Lopez	Umesa
Robert McMeeking	Lavendon Group	Ron van Es	Verhuurnet
Julian Archer	Lawson Software	Ben Goode	Wynne Systems

Mission

The mission of the Committee on Statistics is to identify the key parameters to be considered for the collection of statistics of the European rental market, including the definition of the rental sector, key data to be collected, geographical scope and mechanisms for the collection.

3. ERA Activities

3.4 Report from ERA Committees

Activities in 2006 / 2007

The Committee met three times

September 2006

Paris, France

January 2007

Brussels, Belgium

March 2007

Basel, Switzerland

Where is the Committee today?

The Committee has agreed on the need for outside assistance in the collection and analysis of statistical data of the rental sector and the need for sound definitions and methodologies before going out to search for data. The Committee decided to begin by gathering simple statistics in order to build-up knowledge and stick to broad categories in order to save time and avoid as many debates as possible on whether certain equipment should be included or excluded.

The Committee analysed 2 proposals from 2 different market research companies and chose Global Insight to undertake the analysis. The collection of data will be divided into 2 phases, starting (in phase 1) with the following initial activities:

- Compilation of existing rental studies and methodologies from national associations, other industry bodies, research organisations, banks, private equity firms or other sources
- Conduct interviews with top two or three manufacturers in main product categories and geographical areas to determine current state of knowledge.

The scope of deliverables are:

- To summarise current available data on equipment rental in Europe where data is available and identify where no data exists
- To identify key indices/measures of rental activity and ensure data can be integrated with that of the US
- To suggest key data to be collected (e.g. rental volume per country, rental volume per sector, rental penetration rates, investments etc.) and mechanisms for regular collection of data
- To propose a segmentation of the market/ products categories for data collection
- To identify where data is contradictory

3. ERA Activities

3.4 Report from ERA Committees

» Committee on Statistics

Where is the Committee today?

The following products categories will be included in the definition of rental: earthmoving, concrete, compaction, energy, pumps, material handling, aerials, cranes, scaffolding, shoring, traffic safety, accommodation and hand tools.

The following countries will be selected for phase 1: UK, France, Germany, Italy, Spain, Belgium, the Netherlands, Denmark, Norway, Sweden, Finland and Poland.

Based on the analysis of the modified proposals to be received from 2 companies, the committee made a recommendation to the board to select Global Insight, which was duly accepted.

In addition, the Committee has decided to prepare a best estimate per country for the June convention on rental turnover, number of rental companies, number of rental locations and number of employees. A survey to gather best data estimates from different Member States was sent to the national associations and to the main rental companies based on the following criteria:

→ Best estimates look at the following construction related products: Earthmoving, concrete, compaction, energy, pumps, material handling, aerials, cranes, scaffoldings, shoring, traffic safety, accommodation, hand tools.

→ Only companies with more than 10% of their turnover in rental businesses were considered whereby for rental companies with between 10% and 65% turnover in rental: only rental turnover were considered however if rental companies with more than 65% turnover is in rental then the total turnover were taken.

→ Operators were excluded

→ Names of those who provided the data were not be disclosed

From this survey, the key findings included that there are approximately 14,000 companies with 21,000 depots, employing 165,000 people in Europe. An approximate total rental turnover for Europe based on this Best Estimate is €21,5 billion (€21,500,000,000).



3. ERA Activities

3.4 Report from ERA Committees

Selected Examples from ERA Best Estimate of the European Rental Market-2006

Country	Total Rental Turnover (Million €)	Number of Rental Companies	Number of Rental Depots	Turnover per store (000's €)	Number of Employees	Turnover/Employee (000's €)
Austria	300	75	300	1,000	2,400	125
Belgium	370	300	360	1,028	2,000	185
Denmark	450	300	350	1,286	3,000	150
Finland	350	120	260	1,346	2,000	175
France	3,950	1,300	3,300	1,197	28,500	139
Germany	3,500	4,000	5,000	700	25,000	140
Hungary	35	60	70	500	280	125
Ireland	200	50	190	1,053	1,500	133
Italy	1,300	1,600	1,900	684	9,000	144
Lithuania	30	30	35	857	220	136
The Netherlands	480	970	1,590	302	3,000	160
Norway	600	200	300	2,000	3,300	182
Poland	110	40	125	880	750	147
Spain	2,250	1,800	2,500	900	18,000	125
Sweden	600	150	350	1,714	3,500	171
Switzerland	300	50	150	2,000	1,800	167
UK	6,000	2,300	3,500	1,714	55,000	109

Full Survey = 26 countries

Next steps

The Committee on Statistics will continue to aim to provide rigorous statistics and will constantly review the definitions and methodology of the collection and compilation of statistics. Benchmarking against other sectors and countries will enhance the Association's understanding of its industry in global and European arena. Product classification will also be undertaken together with the Committee on Promotion.

3. ERA Activities

3.5 ERA Convention – Celebrating One Year of Achievement

The ERA Convention 2007 was the occasion to celebrate the first full year of operations of the Association. Over 170 delegates (ERA Members and invitees) from Europe and North America attended.

Among the highlights of the Convention, participants could attend presentations from speakers from FIEC – the European Construction Industry Federation- and from CECE – the Committee for European Construction Equipment. They could also discover the work achieved over the past year in ERA's committees on Statistics, Norms & Safety, General Rental Conditions and Promotion.

The present section provides an overview of the main sessions of the event.

3.5.1 Keynote addresses

Gérard Déprez, ERA President

"A first year is always a moment of truth and this first year has been a success."

A favourable presage

"Since its creation, ERA has registered the largest national associations; a trade association and most of the largest rental operators were founding members. So, from the beginning, ERA has had the legitimacy to represent the rental industry.

The first Convention in Brussels last June was a success, due to the large attendance of members and their involvement in workshops.

Thanks to the impetus of the Secretary General, many actions have been undertaken for the setting up of the Association and for the management of members' services.

Even though it's young, the Association works.

Committees' missions

"The committees play a major part in ERA's life. Here are some details about their setting-up, their running and their missions.



According to the articles of the Association, Committees have to shape the policies of ERA in consideration of the concerns and priorities raised by members. The Board created four Committees for a 2-year period, namely Statistics, Promotion, General Rental Conditions and Norms.

These Committees were not committed to get one solution or a definitive result. Regular or partial results, even if temporary, were considered more useful. They have been asked to work on building a long-term methodology. The flexibility of such a methodology will enable them to draw guidelines which will be a reference to the rental industry.

3. ERA Activities

3.5 ERA Convention – Celebrating One Year of Achievement

Their first mission consisted in taking inventory of the various practices or current needs, and then in defining a frame of reference.

At a crossroad between a participative approach and the need for guidelines, the Committees have actively cleared the way throughout the year.

The high qualifications of the participants and their availability to work for ERA have been the keystone of the Committees' success. Beyond the financial contribution, members have contributed to the success of the Association through the participation of their President, CEO, Association Secretary, senior managers, showing that Europe is a major concern for them.

In return, we hope the participants have benefited from their contribution, both professionally and personally.

A successful diversity

"The opening of the membership to national associations, rental operators and associate members – manufacturers and service providers – was a challenge.

Strongly involved in ERA, national associations have contributed to a great extent to the organisation of the Board and Committees. They volunteered their know-how and their years of experience in the understanding of the business issues and in the art of project management.

And, as far as manufacturers and rental operators are concerned, their contributions have enabled to focus debates on the necessary achievements, overcoming the national splits.

Actually, this diversity has enhanced the motivation of participants.

To develop this diversity, ERA invites every association, rental company and associate

member to participate or to nominate a senior manager to committees. You may join at any time, by sending an email to ERA or by contacting Michel Petitjean (era@erarental.org).

A reliable association

"At the end of this first year, no member has resigned and this 2nd Convention is even more successful than the inaugural one. Thus, ERA seems to meet its members' expectations. This is a rationale to call for non-member fellow-rental companies to join ERA. In consequence of their size, their position in Europe, or their belonging to industrial groups, their place is amongst ERA to promote the rental business and to bring forward their notoriety in the interest of the profession.

In addition, ERA is an association open to everyone and to any trends of thoughts and it has become the legitimate platform to meet.

The members have to be the ERA ambassadors to the non-member companies: any rental company, no matter its size, can be an ERA member and take part in the ERA meetings, knowing that they will not find the advisory services that are only offered by national associations.

What are the ERA's priorities for 2007?

1. One of the ERA issues for the upcoming year is to represent Eastern Europe rental companies and to help them create national associations, as announced last year.

2. Our second priority is to back up committees by encouraging them to pursue their work, by financing the external resources they need and by creating, if necessary, subcommittees. Considering the current Convention and the workshops' issues, the Board may decide to create new committees here and now.

3. ERA Activities

3.5 ERA Convention – Celebrating One Year of Achievement

3.5.1 Keynote addresses

3. Rental Industry Information: A profession like ours, having revenue of €22 billion, employing more than 150,000 people, needs an industry overview, with data on the market size, the market competition and rental penetration. ERA has to be the key provider of these data and analysis.

Our profession requires rigorous and validated sets of information. On the Statistics Committee's request, the Board has commissioned a study to an independent body, the international information company Global Insight, to collect confidential information from its members. As far as individual company sales data are concerned, Global Insight acts as a "black box" and ensures that secrecy is preserved for all participants.

This information will benefit members and their stakeholders, as the Competition Authorities, which will intervene on mergers and acquisitions.

4. Relations with CECE

A whole range of equipment is used by contractors but 25 to 40% of the equipment is already purchased by rental companies and this part is still increasing. Manufacturers realise that rental companies have specific requirements as far as conception and service are concerned. To answer their needs, some manufacturers are ready to reconsider their R&D and commercial strategies. Therefore, ERA and CECE have a common interest to work on specifications to best match rental companies' demand.

5. Relations with ECED

Both competitors and partners, rental companies and dealers have uneasy relations, tainted with jealousy and prejudice. However rental companies have to choose between an internal service of maintenance and its outsourcing. A clarification of their relations

could, on the one hand, improve the quality of services for rental operators and, on the other hand, improve the turnover of dealers by supplying spare parts or by repairing the machines. A rental company is not so much a competitor than a potential customer for the dealers. As representative associations, ERA and ECED have to trigger and fuel this dialogue.

6. ERA is ambitious to raise the profession and should think, without delay, of sustainable development and corporate social responsibility. The sustainability issues of concern to rental firms are wide-ranging and include such matters as health and safety, multiple environmental aspects, community development, social accountability, ethics and integrity, labour rights and corruption, and stakeholder engagement. ERA will have to draw up codes of conduct adapted to the rental industry for the promotion of sustainability.

7. Finally, ERA could use its notoriety to promote the rental business and suggests officially sponsoring an equipment exhibition for the rental companies. This exhibition, as the ones taking place on a national level, would be held on a European level and would be open to any manufacturer or service provider, interested in the European rental market. This would also encourage manufacturers to design equipment dedicated to rental companies.

By setting up this event, ERA will represent an actual value for any rental company. The national associations will have the opportunity to organise a "rental day" during this Rental Show to address issues specific to their members. ERA will organise its annual convention during this event, enabling all the rental companies to attend it. The first European Rental Show could take place in 2008, when there will be no BAUMA or INTERMAT.

3. ERA Activities

3.5 ERA Convention – Celebrating One Year of Achievement

“The Board supports this project, knowing that no financial commitment will be taken by the Association. Negotiations are in process with the KHL Group, ERA’s media partner.

These are the issues ERA will be addressing this upcoming year.”

3.5.1 Keynote addresses

Peter Schrader, Vice-President of ERA

The Rental industry is no longer marginal and the ERA is the first step in representing the European market. The market is strong with €4bn turnover from 5000 companies. Bauma for its part did set new records with 190 countries represented and 3400 exhibitors attracting 500,000 visitors.

Within this overall positive outlook, Germany is key to the future market and its economic boom in 2006 contributed significantly to European growth. Growth across Europe was 16 % in 2006 and is still strong in 2007 with forecasts showing a growth of 10%.



The new trends in the industry have grown out of a difficult economic period. The laying off of workers in the construction industry has meant that as Europe experiences an up-swing companies are now renting. Customers also want more advice as well as products, leading to a one-stop-shop demand in the rental industry’s services.

Domenico Campogrande, Director for Economic and Legal Affairs

FIEC – European Construction Industry federation

“The European Construction Industry – Facts and Trends”

FIEC is a federation of 33 national associations from 28 countries. Its aims are to promote and defend the specific interests of the European construction. The association is structured around three main Commissions that dealt respectively with Economic and Legal issues, Social issues and Technical issues.

in 2006 with a figure of 1.8%. The biggest national growth in the EU was in Spain, followed by France, Germany and UK. Within the new EU Member States, Poland was the largest construction market, represented by €26bn, followed by Hungary (€11bn), Czech Republic (€10bn) and Romania (€8bn).

The European Construction Industry in 2006 (Figures for EU27)

- 2.7 million companies, 95% of which have less than 20 workers
- 1,196 billion EUR turnover (10.4% of the EU’s GDP)
- 15.3 million workers (7.2% of the EU’s workforce)

The construction market in the EU (27 Member States) grew 3.6% in 2006, compared to 0.9% in 2005 and the forecast for 2007 is lower than

The main areas of activity in the construction sector are non-residential, house-building, civil engineering and rehabilitation & maintenance. In 2006, the major growth was registered in the new house building and in the private non-residential sector.

Also, a market of importance to be considered is that Priority Projects as part of the EU’s

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Trans-European Networks project (TENs). Such projects are aimed at improving Europe's transport infrastructure. The combined investment required to carry out the envisaged projects is about €312bn, which is of course an opportunity for the construction industry at large and for ERA Members. FIEC is advocating towards the national governments through its member associations the importance for the governments to provide the agreed funds to carry out the TENs projects.

In conclusion there are very positive developments in Europe for the construction industry and therefore for ERA members in the coming years. This is due to the new potential for construction brought by the new EU Member States (Eastern Europe); the development of the European infrastructures (civil engineering works) which are a priority for the EU as well as for the Member States and the trend of growth of the new housing-building and rehabilitation & maintenance of old housing-building as construction activities.

Ralf Wezel, Secretary General of CECE

"Committee for European Construction Equipment made a presentation on the CECE Legislative Roadmap"

CECE is a federation of national associations representing 1,200 companies in 12 countries, €26 billion of turnover in 2006, 30% of the global production. CECE being a federation has the advantage of having each national association to support the European lobbying of CECE with contacts at national level, through the Council of the EU and the national governments. This is also a situation that ERA should exploit through its national associations' members and that will prove to be extremely useful and effective during advocacy campaigns.

Useful figures and data on the European construction equipment market are very relevant for ERA and its members since they give an idea of the potential of the offer, the trends in the equipment manufacturing industry and which countries grow more in terms of equipment manufacturing production. The production of equipment at European level grew by 17% in 2006. In major markets such as Germany, France and Spain the equipment production grew from 15 to 25%. Even though the forecasts for 2007 are lower than the results of 2006, the situation is still expected to be very favourable.



CECE in terms of advocacy campaigns has been successful in four major topics of technical relevance for the industry and ERA: whole body vibration; exhaust emissions; the Machinery Directive, and; the Noise Directive.

CECE recommended that ERA avoids being put in a defensive position but to develop a proactive approach on legislative initiatives and make its voice heard.

CECE is developing a Legislation Roadmap for the Construction Equipment Industry, a long-term strategic vision and action plan for better regulation for the Construction Equipment sector, intended to lead to legislative simplification and enhanced competitiveness of EU industries. This is in conjunction with providing specific research programmes to assist regulation and product development.

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CECE's idea for the implementation of the Legislation Roadmap is to have a common approach of EU institutions and the industry similar to CARS21¹ with a likely official launch in October 2007. The strategic vision of the Legislation Roadmap will lead to better legislation and to planned solutions for the

industry that will have the opportunity of knowing in advance the future legislative initiatives in the sector.

CECE invited ERA to join the Legislative Roadmap approach.

¹ CARS 21 – Competitive Automotive Regulatory System for the 21 Century - is an initiative of the Commission and the automotive industry aiming at generating recommendations to improve the worldwide competitiveness of the European automotive industry. The group will consist of prominent representatives of the EU car sector, Member States, the

European Parliament, Trade Unions, NGO's, users and the Commission. It will develop an integrated strategy for a sustainable development of the industry; define the best possible regulatory approaches; and set out the necessary conditions to ensure that innovation efforts give the European industry a first mover advantage.

Murray Pollock,
Editor of International Rental News, KHL Group
"Rental Industry Trends 2006-2007"

Looking at the rental industry in 2006 and 2007 in general, the global rental market is still highly fragmented. The top 100 companies represent over half of the global market of the rental industry while the top 5 companies represent around 16% of the global market.

The major trends identified over the period are that:

- Specialists companies have grown;
- Large general rental companies bought specialists and created specialist divisions;
- Consolidation is still a major feature of mature rental markets including the UK and Japan;
- Several Australian companies sought the acquisition of other rental companies on the market;

→ A second level of consolidation of companies that were created pursuant to consolidation in Northern America a few years ago is envisaged;

→ The importance of aerial platform rental companies is increasing at global level.

2006 was a "record year" for the rental capital expenditure, even though in the US the spending was down to 20% in 2007 while in Europe the trend was on the opposite direction.

A clear drive in the European market is the expansion towards Eastern Europe. Companies such Cramo and Ramirent have clearly taken the lead in these markets through expansion or consolidation of current position while some independent start-ups are expected in the Baltic States area in the coming months.

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3.5.2 Reports from ERA Convention Breakout Sessions

Breakout 1: Access Rental Industry

Moderator	Maarten Mijnlief
Speakers	Pierre Boels, CEO, Pierre Boels BV Bernard Pointet, Managing Director, LEV

Outcome of the discussion

US & European approaches to rental access equipment

The US rental industry is older and builds a variety of buildings whereby steel-frame access equipment accounts for 50% of all construction, however it's only 20% in Germany. The Americans also build more 'mega-projects' which use hundreds of access platforms which is not the case in Europe, however the US (ten-years ago) had 150,000 machines which is similar to the numbers in Europe today. The US market has utilised efficiencies of scale across its wide market area and with aerial platforms having often a 1:1 operator-machine ratio although face higher health and safety concerns due to the threat of litigation. The European market is different in that European contractors are conservative, scaffolding is often more favoured, and established national practices are hard to change.

Is the Access Rental Industry suited towards generalist or specialist suppliers?

Specialists have been decreasing in number since the 1980s. In the mid-90s an increase in EU regulation between 1997 and 1999 led to more machines being sold than ever before in France. Generalists bought many machines. During the 2001 crisis, generalists bought specialists and could handle the decrease in demand

for construction by reducing risk. Generalists offered more than just a product, they started offering solutions. Generalists don't have loyal clients but can operate over a wider area. Some members believe that the access rental industry is mature as it is much affected by EU legislation and labour costs are over €23 an hour and there is investment in renewed machinery not in developing it. If this is the case then in a mature market it's the rates which become the most important factor even though the differences in rates diminishes. The more mature the market becomes, the more offers come in, but the rental period shortens complicating logistics, which therefore favour generalists, who can afford the logistical systems and the increased costs entailed. Some members of the association do not see a mature market yet. Yet specialists make more than 80% of their turnover from access products and can generalise on high-end products to counter losses made on low-end specialist machinery. There is a trend though for generalist companies to buy up the specialised ones and create specialist departments using specialists' knowledge in these generalist firms.



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Breakout 2: Consolidation and Acquisitions

Moderator	Hendrik Jan Molenaar
Speakers	Kevin Appleton, CEO, Lavendon Group Jens Sjöberg, District Manager, Ramirent

Outcome of the discussion

The first part of the session focused on the identification of the elements that drive the consolidation. These elements were identified in the vision of the CEOs, some external drivers such as the increase in the rental penetration or the industry structure, are attracting capital, and some internal drivers such as the company strategy aiming at sustaining growth and creating economies of scale.

At the same time, the rationales behind an acquisition in the rental market were identified as threefold: to strengthen the market position in a particular region, on a sector of the market or on a type of equipment.

The capital liquidity and an imbalance in the market, i.e. a highly concentrated construction industry versus a highly fragmented rental industry, were recognised as the prerequisites for companies to consolidate in a market. Spain is the typical example of an imbalance in the market.

It was also underlined for a consolidation to be successful requires several processes and procedures to be in place at a corporate level:

- A successful business model that can be leveraged into the target and are adjusted to support rapid growth
- A systematic acquisition and integration methodology and the necessary resources and competence in-house
- The ability to pay the right price
- The right timing and know-how of when to go international

The discussion then continued on a comparison

between the EU and the US market. It was stated that Europe is a fragmented or moderately consolidated market, while the US is highly consolidated. However, even though the European and the US markets are very different, there is still plenty of room for consolidation in both markets. The US market started the trend of consolidation before the EU due to the imbalanced market of a concentrated construction industry and a fragmented rental market but the US consolidation of the rental market is taking place only internally within the US market and that only recently big companies have started to consolidate at international level. There was also an assessment of the lessons to be learnt from the US experience and that could be applied in Europe during the current wave of consolidation, since the EU seems to follow the US experience: it seems that sometimes companies were not fully aware of the business they were buying and made the mistake of buying too much of certain equipment or of buying too many companies in a short period of time, under-evaluating the problems of integration of different companies as well as of excess of equipment.

The second part of the session focused on the practical side of an acquisition and on tools and tips to prepare and process an acquisition, based on an ERA member's experience.

Potential risks and opportunities of acquisitions were identified as follows:

- Risks are the possible staff and knowledge/culture attrition as well as the customer attrition

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Outcome of the discussion

→ Opportunities are the possibility of enhancing growth potential, of improving business' habits, of improving parts and consumables purchasing, of consolidating back-office activities and property.

Several areas of focus were identified during the discussion to look out for during the integration period after the acquisition: the safeguard of the existing revenues of the acquired business, the creation of additional opportunities, making of savings on major costs (i.e. IT, HR, property, finance, sale staff, depot maintenance).

Several factors were recognised as vital to the success of the integration:

- A solid core business
- Acquired staff and customer stability - this is maintained through psychology and cultural adaptation from the buyer and from the acquired company
- Creating group-wide transaction visibility (IT)
- Building a group-wide culture and sense of belonging
- Integration which responds to external market conditions

The session concluded with the provision of some tips on the structure of a successful acquisition, as follows:

The drivers of consolidation (why)

- Develop a vision to get a clear view of what is to be achieved
- Identify the drivers that really matter and use them to your advantage

The process of consolidation (how)

- Know and master the mechanisms of industry consolidation
- Develop a business model that supports consolidation and is competitive relative to the market that it is going to operate in
- Develop a systematic acquisition and integration model and allocate the necessary resources in-house
- Develop the ability to pay the right price when acquiring, i.e. have a tight (as in low) pricing strategy. All synergies belong to the consolidator.
- Know when and how to make the transition from being domestic to becoming an international company

The benefits of consolidation (what has been achieved)

- Identify what the real benefits are and make sure that you are able to realise these benefits successfully



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Breakout 3: Roundtable of National Associations

Moderator	Colin Wood
Speakers	Leena Haabma Hintze, SRA Franco de Michelis, Assodimi

Outcome of the discussion

1° Introduction:

Colin Wood introduced the session, presenting a comparative analysis of the national associations regarding:

- Membership breakdown between rental companies, equipment distributors and service companies
- Reasons for joining a national association including, marketing, equipment conformity, health and safety, rental conditions, insurance, legal, training and others.
- Services offered to members including the same topics as above.
- Promotion of the association including annual meeting, sponsorship, trade fairs and shows, trade press, and others.

2° Presentations:

- Swedish Rental Association (SRA)

Leena Haabma made a presentation around the following issues:

- **Essentials of the SRA:** 15 members, 30 partners. Swedish "rental" turnover > 600 million Euro. > 200 depots. Founded in 2003 with the spirit from Rentex 2002 in Maastricht. In a merging process with the 'Hyrex' organisations 60 members
- **Vision and Goals:** "With customer focus developing rental to the best solution". Taking responsibility for the whole Swedish rental sector. Partnering with equipment manufacturers. International perspective

→ **Operation Model:** Small executive office within an "AMC". Cooperation with other associations. Adhoc working groups. Web and Newsletters. National rental day. Cooperation with fairs and professional magazines

→ **Success:** General rental conditions accepted by customers (SRAH03). A speaking partner to authorities and customer organisations (norms, safety). Broad acceptance to the SRA rental code. Rental instead of "uthyrning" (hire).

→ **ERA vision:** Pinpoint the euro-questions, e.g. vibrations. Gaining a professional network. Participating in subgroups dealing with 'core' issues. Deliveries: The Swedish product code and managing dust control

- Assodimi

ASSODIMI was founded in 1992 and represents in Italy the distributors and rental companies. It is made of 502 members, including 359 distribution and rental companies, 106 manufacturers, 24 services suppliers and 13 sales agents. 350 ASSODIMI members declare to carry out 97,5% of rental and are represented by ASSONOLO through 18 products groups. ASSODIMI collaborates with the independent research institute CRESME who reports annually about the rental market size. ASSODIMI offers to its members a complete training program, including basic rental, advanced rental management, negotiation and sales techniques, legal aspects of rental business, front office personnel training. ASSODIMI participates to the principal trade fairs SAIE and SAMOTER, organising spaces for members and conventions.

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The national convention is the most important event for the association, with over 200 participants. ASSODIMI is a dynamic association offering continuously new services to its members, such as credit recovery, BaDaGec no pass system, legal consulting, insurance, conformity, safety, hiring people...

3° General discussion:

Aroundtable discussion took place, following the presentations. Here under are the main points developed by the associations representatives:

- CPA mentions specific issues, i.e. vibrations, and offers to help out other associations in case of problems. It refers to the well documented website www.HSE.gov.uk which could be posted on the ERA website
- SRA explains briefly the SRA Product Code, in use in the Nordic countries.
- DLR proposes to extend further the questionnaire established by CPA for the comparative analysis among associations.

- Assodimi would like to receive training programs from other associations (CPA, IPAF...) and offers to share a web based credit recovery programme
- HAE offers to provide expertise on health and safety issues and would like to receive some on sustainability and green issues.
- IPAF proposes its expertise through its international membership
- BBI offers information about health and safety regulations as well as standard terms and conditions according to German laws. It also offers more information about the Eastern European markets legal requirements and regulations. It proposes to review the Bolkenstein services directive in conjunction with the contractors associations.

4° Conclusion

The participants unanimously wish to repeat this roundtable at the next annual meeting and develop further their discussions.

Breakout 4: Rental Companies and Equipment Manufacturers

Moderator	Vesa Koivula.
Speakers	Freek Nijdam, Loxam Jean-Philippe Theuriot, Atlas Copco

Outcome of the discussion

During his presentation, Freek Nijdam addressed two main issues: a) Rental companies moving from annual planning of their equipment purchases to quarterly forecasts, b) the outsourcing of equipment repair and maintenance.

a) Moving from annual planning of purchases to quarterly forecasts

Freek Nijdam explained that in RSC in the United States, the company he was leading a

few years ago, he had initiated the move from annual planning of equipment purchases to quarterly forecasts. This changed meant that manufacturers had to work on a much shorter timescale as delivery time had to be drastically shortened.

b) Outsourcing of equipment maintenance and repair

Minimising costs of repair and maintenance is a key aspect of maximizing profits for rental companies. Freek Nijdam showed that for the

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Outcome of the discussion

15 largest US rental companies, keeping repair and maintenance time to a minimum and using the time saved to lease the equipment to customers could represent a potential market of 400 million US dollars a year.

As a lost rental day is lost forever, he encouraged rental companies to consider outsourcing major repair and maintenance and negotiating agreements with their suppliers. He gave the example of Hilti, with which RSC had an agreement whereby the manufacturer would repair or replace any of their products within 48 hours during a period of 2 years after purchase.

Representatives from manufacturing companies indicated that the issue is well understood and that agreements as the one given as example are widespread, with differences from country to country. They assured rental companies that there is genuine good will amongst manufacturers to increase their service lines and to provide efficient repair and maintenance services.

Participants agreed that generally there is a lack of knowledge amongst rental companies – especially smaller companies – of the real cost of self maintenance and repair. If this cost was properly calculated and taken into account, many rental companies would probably make greater use of external services. They also agreed that there is a confidence factor to be taken into account when it comes

to repairing/servicing equipment. Several manufacturers indicated that if a rental company was willing to outsource repair or machinery, they would be ready to take over also the staff of the rental company that used to be dedicated to these tasks, so that the same people continue to serve the rental company.

Jean-Philippe Theuriot presented Loxam's purchasing policy, notably in terms of design and service expectations. Speaking on the specific relations between rental companies and equipment manufacturers:

- He regretted that sometimes manufacturers' networks treat rental companies more as competitors than as customers.
- He also called upon manufacturers to offer one dedicated contact point to manage sales for companies operating in many countries.
- He underlined that there is scope for improvement on the quality of equipment delivered and the timescale for delivery as in 2007, around 10% of purchases show discrepancies and many are delivered late.
- Finally, he called upon manufacturers to provide more simple and solid products and to limit the amount of electronics to be used in the design of the equipment.

Representatives from manufacturing companies indicated that major customers are involved in the design of new equipment from the very beginning. Due to stringent environment regulations, it is however increasingly difficult to produce non-sophisticated machinery.

4. Annex 1: List of ERA Members

Company

Arcomet Group

Schoebroekstraat 40
3583 Paal
Belgium



Ingersoll Rand

Jozef Huysmanslaan 59
1651 Lot
Belgium

Ramirent

Tapulikaupungintie 37,
PO Box 32
00751 Helsinki
Finland



Atlas Copco Portable Air

Ingbert Hoeweweg 7
2630 Aartselaar
Belgium

Komatsu Europe International N.V.

586 Mechelsesteenweg
1800 Vilvoorde
Belgium

Acces Industrie

2 rue Pont de Garonne,
BP 36
47400 Tonneins
France

DK Rental

Expresweg 30
8790 Waregem
Belgium

Locasix

Rue de Tournai 192
7973 Stambruges
Belgium

Ammann-Yanmar

31 – 33 Rue de Valenton,
94000 Creteil
France

ETRAMO bvba

Bisschoppenhoflaan 633
2100 Deurne
Belgium

Six Equipments SA

192 Rue de Tournai
7973 Stambruges
Belgium

Bergerat Monnoyeur Location

117 Rue Charles Michels
93200 Saint-Denis
France

HUURLAND-Eurorent Flanders NV

Fazantenpark 7
9800 Deinze
Belgium

Deif A/S

Frisenborgvej 33
7800 Skive
Denmark



Chambault

57/59 Boulevard de la Liberté
92320 Chatillon
France

ICS Blount Europe SA

Rue Boisson aux Loups 8
1400 Nivelles
Belgium

Cramo Group

Kalliosolantie 2
01740 Vantaa
Finland



Chrono Flex S.A.

13, rue Olympe de Gouges
44805 Saint Herblain Cedex
France

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Company

ENVE Location

30 Rue de la chapelle
75018 Paris
France



Locarest

16 rue du Maréchal Lefebvre, BP 94
67024 Strassbourg Cedex
France

Seimat

25 – 27 Rue d'Astorg
75088 Paris
France

Equipment Rental Solutions – ERS

70 rue Pierre Brossolette
95590 Presles
France

Loxam

8 Avenue Sully Prud'homme
BP 45-Centrale Parc
92293 Chatenay Malabry Cédex
France

Volvo CE Europe

BP 117
78192 Trappes
France

Foraloc

55 rue Ampère
69680 Chassieu cedex
France

Manitou

430 Rue de l'Aubinière
44158 Ancenis
France

CNH

Via Botticelli 151
10154 Torino
Italy



Kaeser Compresseurs

3 Av du Bataillon Carmagnole Liberté
69518 Vaulx en Velin
France

Mediaco

17, Avenue A Roussin
13016 Marseille
France

Gramigna SRL

Via Caselle 127
40068 S. Lazzaro di Savena
Italy

Kiloutou SA

Parc Europe, 340 Ave de la Marne
59700 Marcq en Baroeul
France

Morel S.A.S.

Rue de Maison Rouge
77220 Gretz Armainvilliers
France

Maie SPA

Via Casti Slione 21
40124 Bologna
Italy

LEV

26, Rue des Tâches
69800 St. Priest
France

Salti

Zamin BP 319, Rue des fusillés
59463 Lomme Cedex
France

Nacanco SA

Via G. Raverberi 27
25050 Passirano
Italy

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Company

VENPA SPA

Via Dell' Industria 7
30031 Dolo - Ve -
Italy



AGGREKO

Ketelweg 73
3356 LD Papendrecht
The Netherlands



Hitachi Construction Machinery

Sicliweg 5
1045 AT Amsterdam
The Netherlands

Anton Ruthmann gmbh & Co KG

Von Braun-Str. 4
48712 Gescher-Hochmoor
Germany



BBA Pumps

PO Box 498
7006 AL Doetinchem
The Netherlands

JLG Industries

Polaris Avenue 63
2132 JH Hoofddorp
The Netherlands

Lignum Software Gmbh

Heinrich von Stephan Str. 1-5
37073 Göttingen
Germany

Boels BV

P.O. Box 666
6130 AR Sittard
The Netherlands

Peinemann Holding B.V.

Nieuwe Langeweg 40, P.O. Box 189
3190 AD Hoogvliet
The Netherlands

MVS Zeppelin GmbH & Co. KG

Graf Zeppelin Platz 1
85748 Garching
Germany

e-Emphasys Technologies BV

Stationsplein 43
3818 LE Amersfoort
The Netherlands

Ritchie Bros Auctioneers

Mark S. Clarkelaan 21, Port of Moerdijk
4761 RK Moerdijk
The Netherlands

Wacker Construction Equipment AG

Preussenstraße 41
80809 München
Germany

Energyst B.V.

Handelsweg 4
5530 AA Bladel
The Netherlands

Riwal Hoogwerkers B.V.

Maxwellstraat 27
3316 GP Dordrecht
The Netherlands

N.Stafoiates SA-Uprent

68 Lenorman str.
10444 Athens
Greece



HGH

Stroombaan 6 – 8
1181 VX Amstelveen
The Netherlands

Verhuurnet

Ruhr 9 – 11
2491 CX Den Haag
The Netherlands

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Company

Fluiconnecto

Brzezinska 50
41401 Myslowice
Poland

Alimak Hek Group AB

Brunkeborg Forg 5, 3rd floor
11151 Stockholm
Sweden

Genie Europe

The Maltings, Witherf Road
Grantham NG31 6BH
UK

Kovcheg

5 Ya Magistralnaya St. 10A
123 007 Moskva
Russia

Lawson Software

Vendervagen 89, Box 596
18215 Danderyd
Sweden

Hewden Stuart Plc

Ellismuir Way, Tannochside Park
Uddingsdon, Glasgow G71 5PX
UK

Euroloc

C/ San Máximo, 3 - 4º Planta
28041 Madrid
Spain

Avesco The Cat Rental Store

Chemin du Verney, CP 68
1070 Puidoux
Switzerland

HSS Hire

25 Willow Lane
Mitcham, Surrey CR4 4TS
UK

Feria de Zaragoza

A2 km 311
50012 Zaragoza
Spain

Caterpillar

76 Route de Frontenex
1211 Geneva
Switzerland

JCB

Lakeside Works, Rocester
Staffordshire ST14 5JP
UK

GAM – General de Alquiler de Maquinaria

Pol las Castellanas PA, 35 Gran II / Inta
28830 San Fernando de Henares
Spain

Ashtead Group PLC

41 – 51 Kingston Road,
Leatherhead
Surrey KT22 7AD
UK

KHL Group LLO

Southfields, Southvies Road
Wadhurst, Sussex, TN5 6TP
UK

Umesa

C/Zinc 14-Pol. Ind. Aquiberia,
Castellbisbal
08755 Barcelona
Spain

GE Equipement Finance

Dominions House, Lime Kiln Close
Stoke Gifford, Bristol, BS34 8SR
UK

Lavendon Group Plc

10 Midland Court, Central Park
Lutterworth, Leicester LE17 4PN
UK

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Company

Longville Ltd

Wigan Road
Leyland, Lancashire PR25 5XW
UK



Towerlight Ltd

3 Aberafan Road, Baglan Ind. Park
Port Talbot SA12 7DJ
UK

Sullair

3700 E. Michigan Boulevard
46360 Michigan City, IN
USA

Result Group Ltd

Unit B4, Lowfields Close
Lowfields Business park
Elland, W Yorkshire, HX5 9DX
UK

The Charles Machine Works / Ditch Witch

1959 W. Fir Ave.
P.O. Box 66
Perry, OK 73077-0066
USA



Wynne Sytems

19800 MacArthur Blvd, Suite 900
Irvine, CA, 92612
USA

Skyjack UK Ltd

Maesbury Road, Industrial Estate
Oswestry, Shropshire SY10 8NH
UK

Daniel kaplan Assoc

55 Madison Ave
Morristown, NJ, 07960
USA

Spartan Solutions

Ladywell Business Centre
94 Duke Street
G4 0UW Glasgow
UK

Qualcomm Inc

575 Morehouse Drive
San Diego, CA 92130
USA

Speedy Hire plc

Chase House, 16 The Parks
Newton-le-Willows,
Merseyside WA12 0JQ
UK

Smartequip, Inc.

83 East Ave, Suite 101
Norwalk, CT 06851
USA

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Association

Association of Finnish Technical Traders

Särkiniementie 3
00210 Helsinki
Finland



Anapat

Calle Sangenjo 13 – 8 A
28034 Madrid
Spain



CPA

27 – 28 Newbury St.
London EC1A 7HU
UK



D.L.R.

28 Rue Chapsal
94340 Joinville Le Pont
France



Aseamac

P Castellana 210 – 12a, Oficina 9
28046 Madrid
Spain

Hire Association Europe

2 Holland Road West
Birmingham B6 4DW
UK

BBi

Adenauerallee 45
53113 Bonn
Germany



Fanagrumac

c/Erudito Orellana 16
46008 Valencia
Spain

IPAF Ltd.

Bridge End Business Park
Milnthorpe LA7 7RH
UK



Assodimi

Via Tornabuoni 1
50123 Florence
Italy

Swedish Rental Association (SRA)

P.O. Box 22307
Feminggatan 14 – vaning 8
104 022 Stockholm
Sweden



Norwegian Rental Association (NRA)

C/O Kis, Box 5466, Majorstuen
0305 Oslo
Norway





3-5 JUNE
Amsterdam RAI centre

INTERNATIONAL RENTAL EXHIBITION

The first International Rental Exhibition, organized in cooperation with the European Rental Association, will be held in Amsterdam from 3-5 June 2008. For more information, visit:

www.ireshow.com



**EUROPEAN
RENTAL
ASSOCIATION**

ERA – European Rental Association

204 Avenue Marcel Thiry
B-1200 Brussels

Phone +32 2 774 9401
Fax +32 2 774 9690
E-mail era@erarental.org
Internet www.erarental.org