

ERA MARKET REPORT

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2016

ERA
EQUIPMENT RENTAL
INDUSTRY REPORT



EUROPEAN
RENTAL
ASSOCIATION



IHS Markit

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TABLE OF CONTENTS

The Copyright Statement	ii
Foreword	iii
1. Introduction	1
1.1 The European Rental Association (ERA)	1
1.2 IHS Markit	1
1.3 Purpose of the study	1
1.4 ERA/IHS Markit expert interviews	1
2. Executive summary	2
3. Methodological overview	4
3.1 Key concepts	4
3.2 Consistency of approach	5
3.3 Equipment rental market indicators	5
3.4 Key data sources	6
3.5 Forecast	6
3.6 Penetration rates	7
4. European overview	8
4.1 Scope of the study	8
4.2 Market size	9
4.3 Forecast	10
4.4 Penetration rates	11
4.5 Investments and rental fleet size	12
4.6 Competitive environment	13
5. Country Overview	16
5.1 Austria (AU)	18
5.2 Belgium (BE)	22
5.3 The Czech Republic (CZ)	26
5.4 Denmark (DK)	30
5.5 Finland (FI)	34
5.6 France (FR)	38
5.7 Germany (DE)	42
5.8 Italy (IT)	46
5.9 The Netherlands (NL)	50
5.10 Norway (NO)	54
5.11 Poland (PL)	58
5.12 Spain (ES)	62
5.13 Sweden (SE)	66
5.14 Switzerland (CH)	70
5.15 United Kingdom (UK)	74
6. Special report: Nordic countries	78
6.1 Scope of the study	78
6.2 Revenue breakdown by product categories	79
6.3 Revenue breakdown by end market category	83
7. Comparative analysis - Total equipment rental (ERA) versus powered access rental (IPAF)	86
8. Report excerpts from the ARA - American Rental Association, September 2016	88

Foreword

Dear ERA member and reader,

The ERA is releasing its 2016 Market Report.

The number of countries covered in this report has increased to 15 with the addition of the Czech Republic, after the addition of Austria and Switzerland in 2015.

For 2016, the report includes a focus on the rental market in the Nordic countries as it did for Germany in 2015, France in 2014, and the United Kingdom in 2013.

The Nordic Countries chapter completes a first round of focuses that for the first time allowed a breakdown of the rental revenues by main product categories and by end-market categories for a "typical" rental generalist.

Regarding main findings, the European rental industry as a whole is continuing to grow and after adjustments from national statistical agencies in Germany and France, Germany has become the second-largest rental market in Europe in 2014.

In 2015, equipment rental without operators in Europe amounted to a total turnover of EUR24.3 billion, representing at a constant exchange rate an increase of 2.0% from 2014.

An estimate for 2016 shows an increase of 2.8% from 2015 and a forecast for 2017 shows an increase of 1.9% from 2016, both at a constant exchange rate.

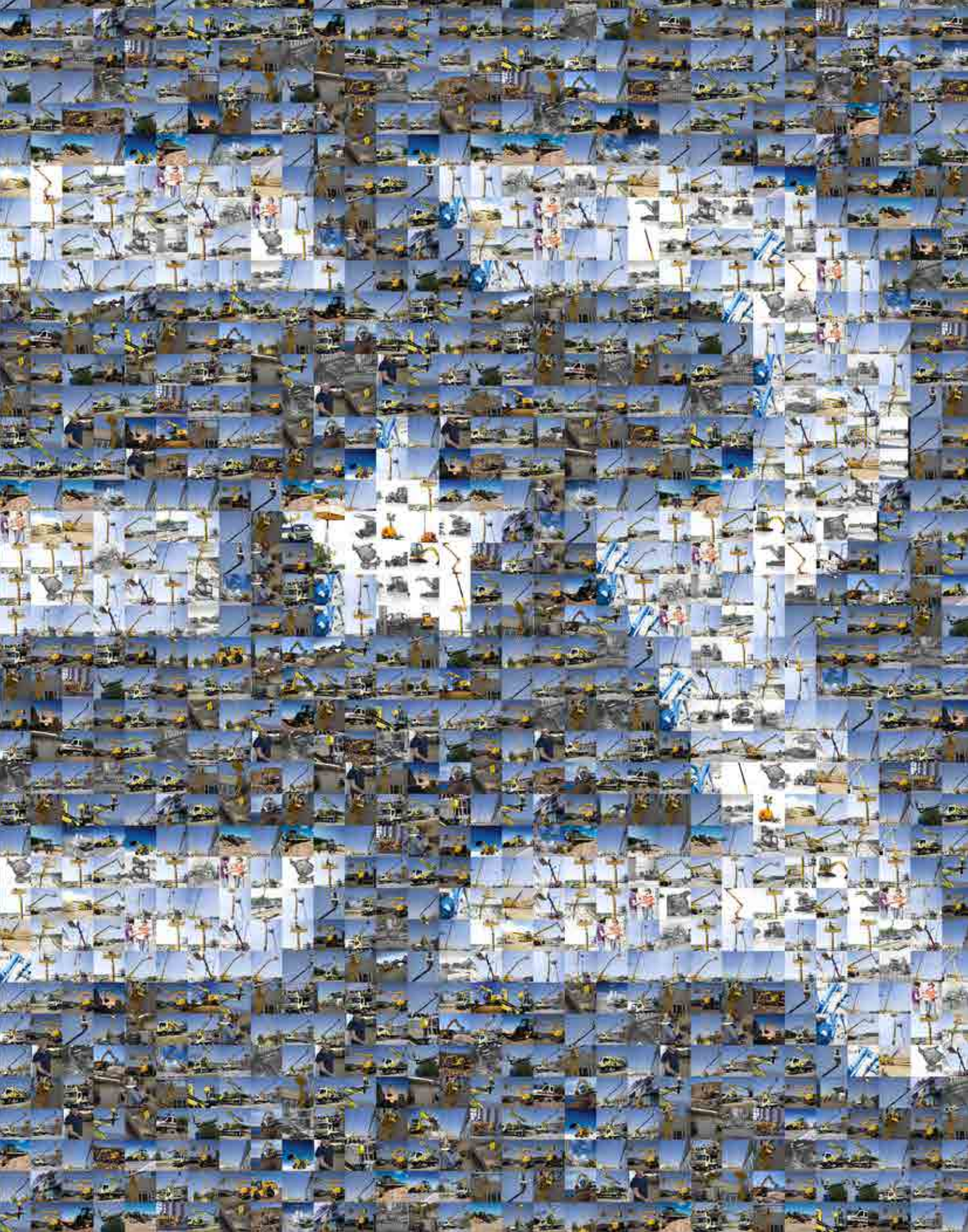
It is the aim of the ERA to develop the ERA Market Report further as a strategic publication:

- For the core study of the report, as the data sourcing will continue to improve, our market sizing will also improve, and always with respect to the consistency of definitions and methodologies.*
- For the country focuses, the statistics committee is evaluating, with the assistance of IHS Markit, the possibility of substantially improving the reliability of these breakdown analyses, although the methodology will still differ considerably from the core study above.*

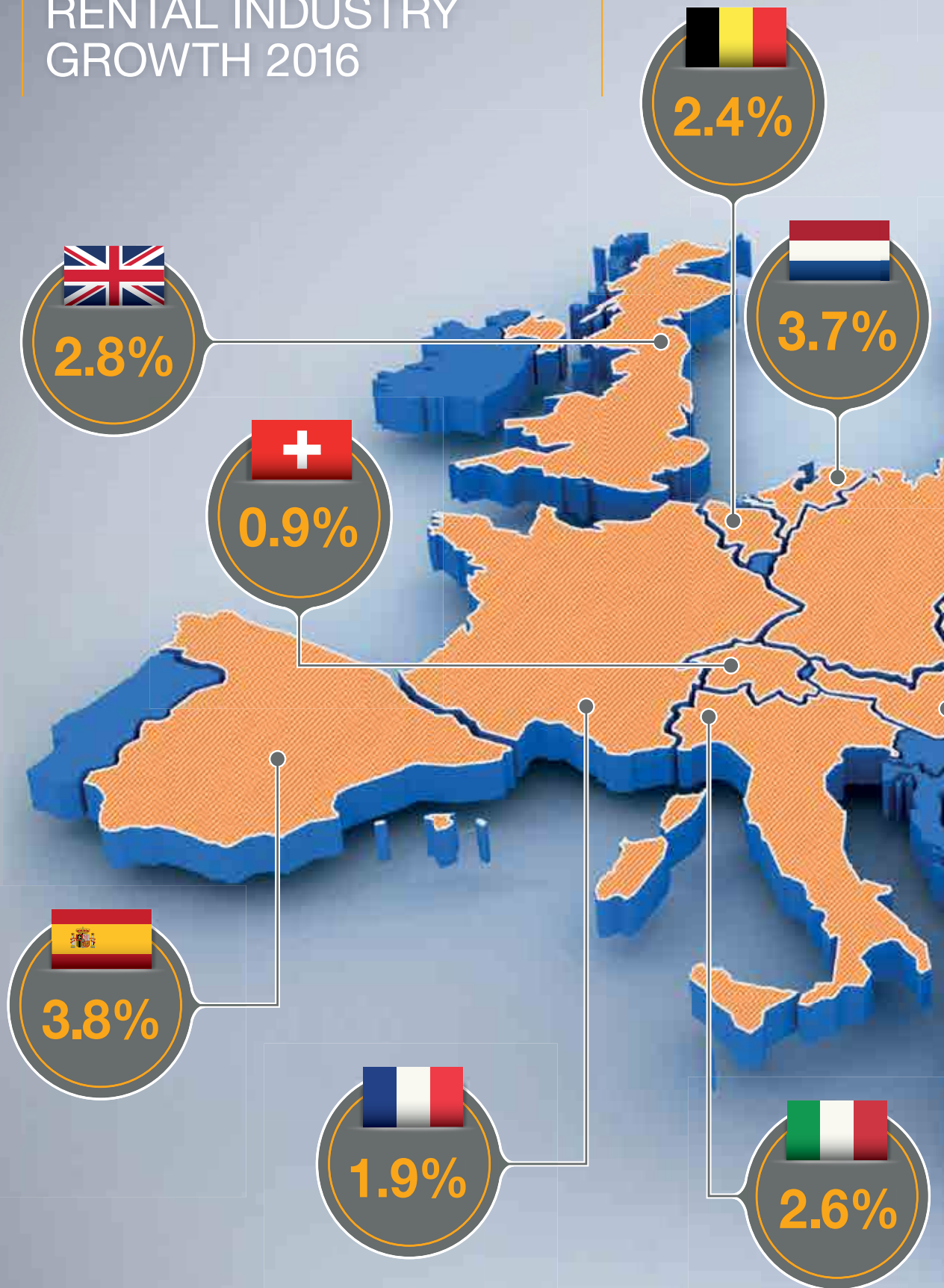
In wishing you an interesting read, I would like to thank the ERA statistics committee members for their dedication and participation in this project.

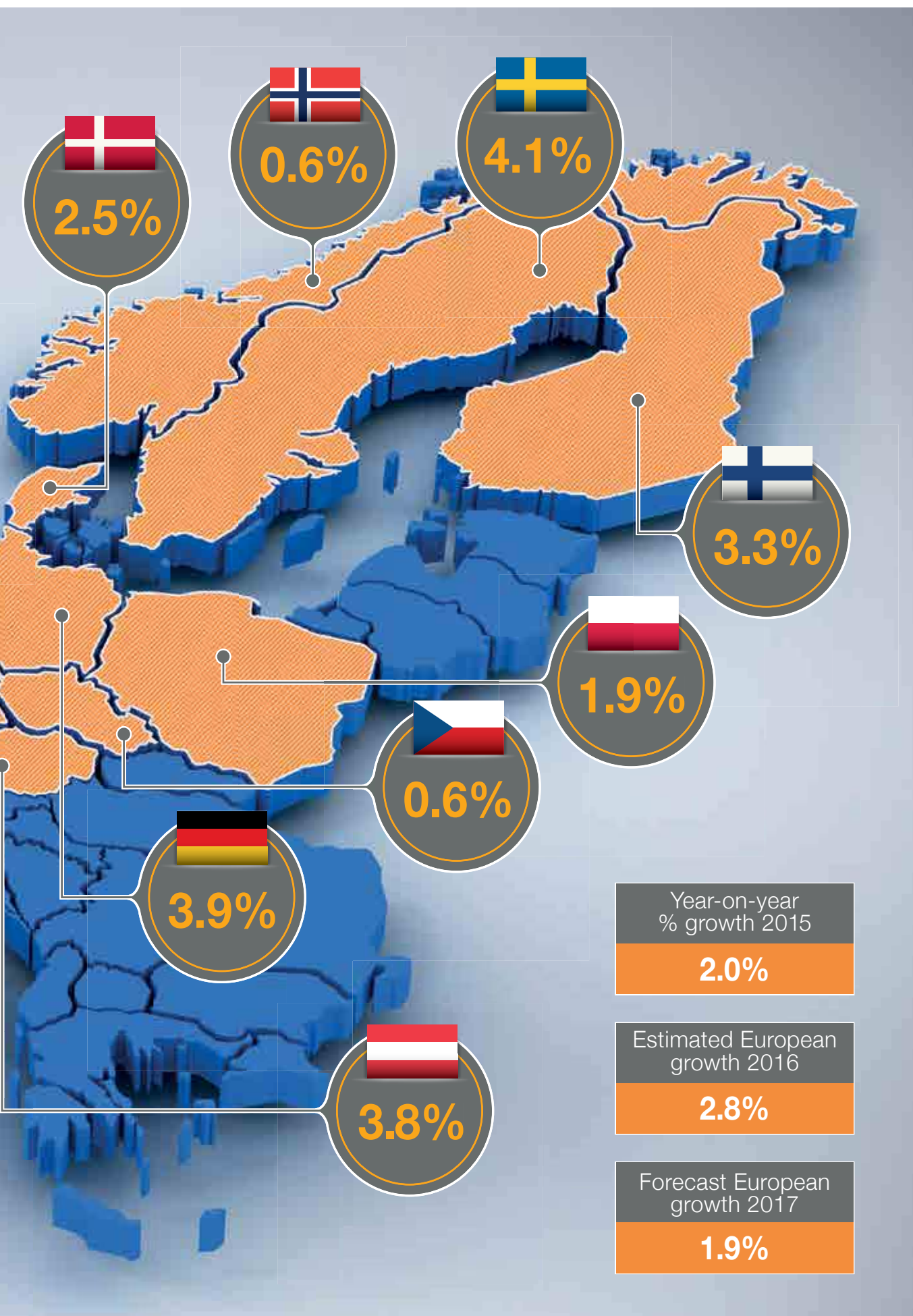
Michel Petitjean – ERA Secretary General





ESTIMATED EQUIPMENT RENTAL INDUSTRY GROWTH 2016





INTRODUCTION

1.1 THE EUROPEAN RENTAL ASSOCIATION (ERA)

The European Rental Association was created in 2006 to represent national rental associations and equipment rental companies in Europe. Today, the membership includes more than 5,000 rental companies, either directly or through 14 national rental associations.

ERA is active through its working groups in the fields of promotion, safety and sustainability, statistics, technical, and general rental conditions.

The next ERA convention is scheduled to take place in Amsterdam on 2–4 May 2017.

Extensive information on the ERA's activities, reports, and publications is available on the ERA website at

<http://www.erarental.org>.



1.2 IHS MARKIT

IHS Markit (Nasdaq: INFO) is a world leader in critical information analytics and solutions for the major industries and markets that drive economies worldwide.

The company delivers next-generation information, analytics and solutions to customers in business, finance and government improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 key business and government customers, including 80% of the Fortune Global 500 and the world's leading financial institutions.

Headquartered in London, IHS Markit is committed to sustainable, profitable growth.

1.3 PURPOSE OF THE STUDY

ERA and IHS Markit have together strived to develop the reference source for intelligence concerning the European equipment rental market; this study provides an update of the 2015 Market Report.

Building a solid data foundation concerning the rental market is a long-term process; this report is a further step towards the goal of establishing comprehensive market intelligence allowing the development of market trends and international comparisons based on a common methodology.

The methodology and the contents of the report are evolving over time. For 2016, there are some changes to the statistical basis for the calculation of the size of the equipment rental market (without operator) in Europe, which are explained in the methodological overview in Chapter 3 of the report.

Once again we include an estimate of the total market size and penetration rates for the countries under investigation, and for the 28 member states of the European Union (EU-28) plus the European Free Trade Association (EFTA) member countries. The geographical scope of the detailed analysis was also extended in 2016 to 15 countries with the addition of the Czech Republic, and this year's special chapter features the

rental market in the Nordic countries.

1.4 ERA/IHS MARKIT EXPERTINTERVIEWS

The analyses presented utilise data from a variety of sources. Of particular importance were the key insights obtained from 18 extended interviews with senior industry experts from 14 countries. We would like to take the opportunity to thank these experts, as well as the members of the ERA Statistics Committee, for the time and effort they have spent in supporting us in the production of this report.

2

EXECUTIVE SUMMARY

THE RESULTS FOR THE EUROPEAN RENTAL MARKET IN THIS REPORT REFER TO RENTING OF EQUIPMENT WITHOUT OPERATOR. THE FIGURES ARE BASED ON OFFICIAL STATISTICS, MAINLY ON NACE REV. 2 CODE 77.32: "RENTING OF CONSTRUCTION AND CIVIL ENGINEERING MACHINERY AND EQUIPMENT WITHOUT OPERATOR."

Detailed market size actual (2013–14) and estimates (2015–16) are presented for 15 European countries in the local currency. In addition, for each of the 15 countries under investigation, forecasts of rental turnover are provided for 2017 and 2018. We also include an estimate, in euros, of the size of the total equipment rental market in the EU-28 and EFTA countries for 2015.

At the end of the report, a special chapter is provided on the rental market in the Nordic countries. This special chapter combines quantitative and qualitative information. In the context of this specific effort to examine the equipment rental market in greater detail, estimates have been established for the breakdown of rental revenues by product and by end market for a "typical" rental generalist.

The key results of the study can be summarised as:

In the EU-28 and EFTA countries, equipment rental companies and other companies providing rental services generated a total rental turnover of EUR24.29 billion in 2015, at 2015 exchange rates, or growth of 2.0% compared with 2014.

In terms of market size, in 2015, the three main markets are the United Kingdom, Germany and France, with EUR7.698 billion, EUR3.783 billion, and EUR3.561 billion, respectively. These three countries accounted for almost 65% of total rental turnover of the 15 European countries detailed in our report, and more than 60% of EU-28 and EFTA countries' total rental turnover.

In Europe, rentals have seen market growth despite many economic challenges. The European Equipment Rental Industry in 2015 saw year-on-year (y/y) growth of 2.0% on average for the 15 countries under investigation. For the same countries, it is estimated that the average growth will be 2.8% in 2016.

As with the overall economy, most of the national rental markets across Europe experienced positive growth in 2015. The picture shows that most of the countries are growing, including the Czech Republic, which had a 9.9% growth rate. Italy and France are the countries experiencing declines, down 0.6% and 0.1%, respectively.

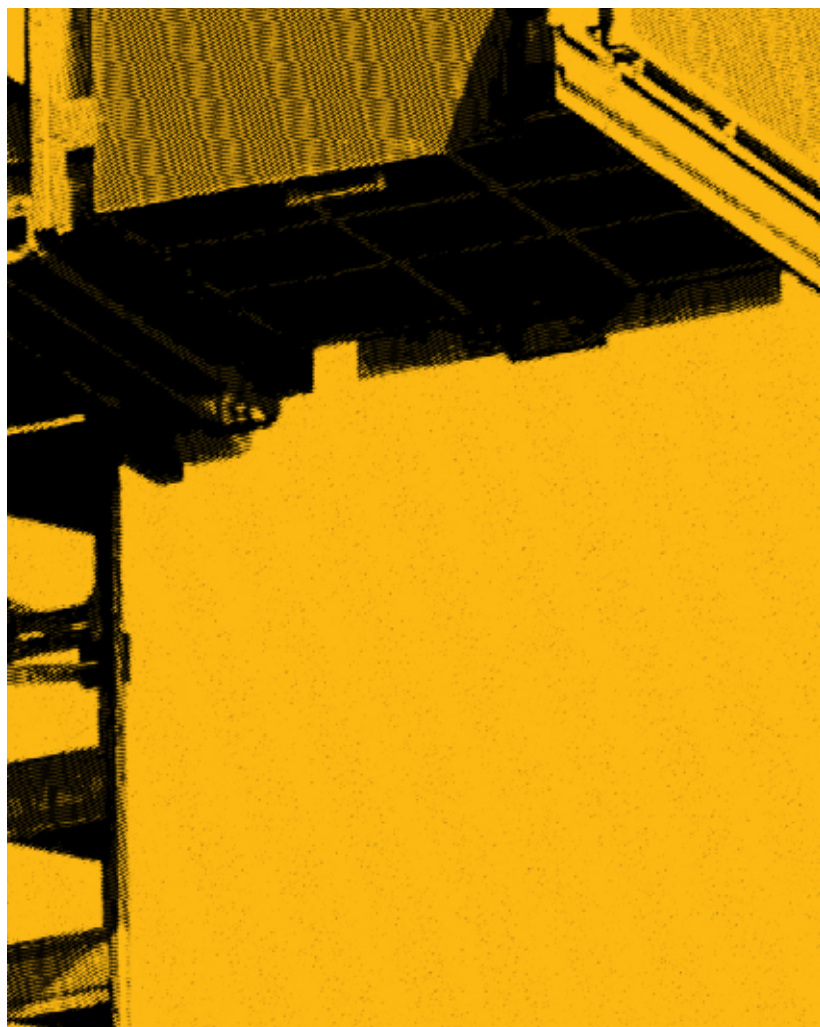
Average construction industry penetration in the 15 countries in the report in 2015 is 1.55%, significantly above the remaining EU-28 and EFTA countries' average penetration of 0.80%; and average GDP penetration of 1.71‰ for the 15 countries is significantly above the remaining EU-28 and EFTA countries' average penetration of 0.68‰. The GDP penetration will be stated in per mille (‰), whereas the construction industry penetration will be stated in percentage (%).

There are four connected high-level industry trends that we believe will impact the industry during the next two years:

- The fierce competition experienced in the European equipment rental industry has continued in almost all countries.
- To respond, many companies all over Europe are looking for optimisation. To increase the efficiency of

the re-sale activity, for instance, some have invested in dedicated sites for the sale of second-hand machines. All machines dedicated to being sold are sent there first, assessed, and fixed before being sold outside Europe or to Eastern Europe. To define their strategies, others are increasingly making use of big data as a tool in their customer service operations, e.g., when forecasting equipment needs or rental demand.

- The fierce competition and the consequential pressure on rental prices is an issue shared by the whole industry, and key players in many of the countries researched believe that pre-2008 rental prices (the last “golden age”) will probably not be repeated in the near future. To fight against this drop in rental prices, many players see their biggest challenge as transforming the industry from renting to a full-service industry. These players have enhanced their service offers by promoting additional services, some which were previously offered such as transportation, and others that are new such as waste management on construction sites.
- In almost all of the European countries, rental players have developed their investment programmes to facilitate organisation and make process change more agile. These include the development of a rental services application to allow construction machines to be rented directly via a smartphone or tablet computer with the objective of being closer to their customers or online marketplaces for renting machines from an alliance of rental companies.



3

METHODOLOGICAL OVERVIEW



3.1 Key Concepts

For the following 15 European countries, the respective national equipment rental markets are covered in detail, providing results for market sizes, penetration rates and forecasts until 2018.

Austria	AU	Finland	FI	Netherlands	NL	Sweden	SE
Belgium	BE	France	DE	Norway	NO	Switzerland	CH
Czech Republic	CZ	Germany	GE	Poland	PL	United Kingdom	UK
Denmark	DK	Italy	IT	Spain	ES		

Rental Market Coverage

The indicators on market size and penetration rate presented in this report cover rental companies classified as providing "Renting of construction and civil engineering machinery and equipment without operator" (code 77.32 according to NACE rev.2) and – for some indicators – other companies providing rental services as a secondary business.

Time Horizon and Basic Concepts

The market sizing results cover 2013–16. Forecasts of rental turnover are provided for 2017 and 2018. Three different concepts have been applied, depending on the availability of data. Throughout the report, a colour code has been assigned for each concept to facilitate the understanding of the underlying data basis for each year:

Years	Concepts	Colour code
2013-2014	Actual data, based on official statistics	Dark blue
2015-2016	Estimates, based on interviews and field research	Lighter blue
2017-2018	Forecast values, based on IHS Markit driver forecasts	Light blue

Definition of rental turnover

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

Country results are presented in local currency

Detailed results per country in Chapter 5 of the report are presented in local currency. The figures in the European overview of results for 2015 presented in Chapter 4 are expressed in euros. While the transfer from local currency to euros is done by applying the average exchange rate of 2015, the European growth rates presented are calculated at constant currency and represent market developments without exchange-rate effects.

3.2 Consistency of Approach

NACE classification rev.2

With the introduction of the revised NACE classification rev.2 in European statistics for data beginning in 2008, the statistical basis on which future reports will rely has been established.

As we continue to increase the quality of the market size estimates, some of the data presented in the 2015 report have been revised. As a consequence, market size estimates have in some cases been changed. Thus, absolute figures from this report cannot always be compared directly with the figures of the ERA 2015 report in order to obtain growth rates.

Amadeus Database

In addition to official statistics and market monitoring, an effort has been made to use information from the comprehensive European company database Amadeus.

It was used:

- To ensure that the largest rental actors in Europe are included in the analysis, even if they have been classified into other NACE codes. The availability of Amadeus enabled us in particular to include large rental companies classified in NACE code 77.39 and 77.29 in some countries. The figures from these companies on turnover, employee, investment, etc. have been added to the official figures on NACE code 77.32.
- To increase the reliability of the market size estimates to 2015 by using the available data on the number of rental companies, revenue, employees and tangible assets.
- To provide a more thorough analysis of companies who provide rental solutions (without operator) as a secondary business.

3.3 Equipment Rental Market Indicators

For each country, the following indicators are provided in the country sections of the report:

Indicators	Time period	Breakout per company size class
Market Size		
Rental turnover (rental companies and other companies providing rental services)	2013-2018	Yes (2013)
Investments in Rental Equipment	2013-2016	-
Value of Rental Fleet (at original cost)	2013-2016	-
Number of Rental Companies (without operators)	2013	Yes (2013)
Persons Employed	2013	Yes (2013)
Penetration Rates		
GDP Penetration	2013-2016	-
Construction Industry Penetration	2013-2016	-
Country Population Penetration	2013-2016	-

For 2013–14, a common approach to calculate market size and distribution across company size classes was applied relying to a large degree on official statistics. Estimations of growth rates in 2015 and 2016 for rental turnover, investments in rental equipment, and value of the rental fleet depend upon a thorough analysis of companies providing financial estimation in the Amadeus database as well as upon data from field research

and expert interviews. We draw upon the following concepts and sources of information:

- General trends for time utilisation, financial utilisation, and rental rates
- Insights from the analysis of balance sheets
- Insights gained from expert interviews, industry newsletters and web research.

3.4 Key Data sources

The following key data sources have been used for the analysis of national rental markets.



Key Data Sources

EUROSTAT and National Statistical Agencies

AMADEUS company database for Europe (Bureau van Dijk)

Set of 18 structures interviews with rental industry experts in 14 countries

IHS Markit Global Construction Outlook, IHS Markit World Economic Service

Field data from additional web research, industry newsletters, and association reports

3.5 Forecast

A common forecast approach was applied for the rental turnover outlook for 2017 and 2018. Based on the estimation of rental demand elasticity with respect to construction output per segment (residential, structure, infrastructure), GDP, and industrial production, the IHS Markit forecasts for these drivers have been applied to predict the development of rental volumes in 2017–18. These forecasts have then been corrected for national rental rates trends in order to come up with a nominal forecast on the development of rental revenues per country.

The weights of the respective drivers vary between coun-

tries. The assignment of the weights of GDP and industrial production in the forecast equation is based on information and estimates on the share of rental revenue demand from sectors other than construction. The weights given to the respective construction sub-segments are the shares of these segments in total construction activity.

For four years, this process has also been fed by the work done in the United Kingdom, France, Germany, and the Nordic countries thanks to the end-market analysis carried out in each of these markets.

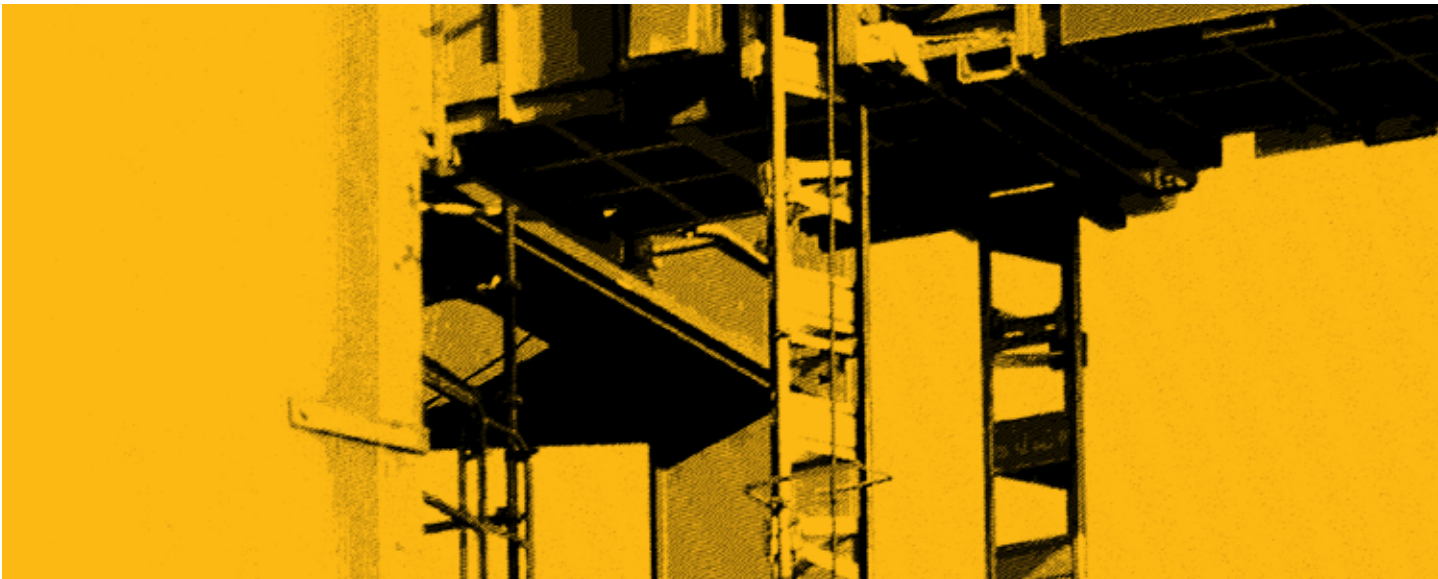
3.6 Penetration Rates

Three penetration rates have been calculated and forecast for each country for 2008–18:

GDP Penetration	Construction Industry Penetration	Country Population Penetration
<div>Rental Turnover (country, year)</div> <div>Gross Domestic Product (country, year)</div>	<div>Rental Turnover (country, year)</div> <div>Total Output of the Construction Sector (country, year)</div>	<div>Rental Turnover (country, year)</div> <div>Number of Inhabitants (country, year)</div>

The measurement of construction output that is used in the calculation of the construction industry penetration rate is the gross figure: “Total construction put in place”. This figure is significantly higher than the other measure often used when sizing construction output, which is the net figure: “gross value added (GVA)”. The difference between the two is that GVA excludes the value of intermediate inputs for materials and other

expenses including services from other sectors, e.g., the cost of renting equipment without operator. The “total construction put in place” measure has been selected as it offers the best set of comparable data between countries. Forecasts of construction activity to 2018 are also taken from the IHS Markit Global Construction Outlook.



4

EUROPEAN OVERVIEW

4.1 Scope of the study

The results for the European rental market in this report refer to renting of equipment without operator. The figures are based on official statistics for NACE rev. 2 code 77.32: "Renting of construction and civil engineering machinery and equipment without operator". As ever, we strive for continuous improvement in the quality of the market estimates.

Detailed market size actual (2013–14) and estimates (2015–16) are presented for 15 European countries in the local currency. In addition, for each of the 15 countries under investigation, forecasts of rental turnover are provided for 2017 and 2018. We also include an estimate, in euros, of the size of the total equipment rental market in the EU-28 and EFTA countries for 2015.

European growth for 2015 is calculated at constant exchange rates and is based upon revised estimates for previous years, taking advantage of more recent statistical data. As a result, note that it is not possible to calculate the 2015 growth rates by comparing the European totals from this year's report with those from the previous report.

At the end of the report, a special chapter is provided on the rental market in the Nordic countries. This chapter combines quantitative and qualitative information. In the context of this specific effort to examine the equipment rental market in greater detail, estimates have been established for the breakdown of rental revenues of a "typical" rental generalist by product and by end market.



4.2 Market Size

In the EU-28 and EFTA countries, equipment rental companies and other companies providing rental services generated a total rental turnover of more than EUR24.29 billion in 2015, at 2015 exchange rates, or growth of 2.0% compared with 2014.

In terms of market size, in 2015, the three main markets are still the United Kingdom, Germany, and France with EUR7.698 billion, EUR3.783 billion, and EUR3.561 billion, respectively. These three countries accounted for almost 65% of total rental turnover of the 15 European countries detailed in our report, and more than 60% of EU-28 and EFTA countries' total rental turnover.

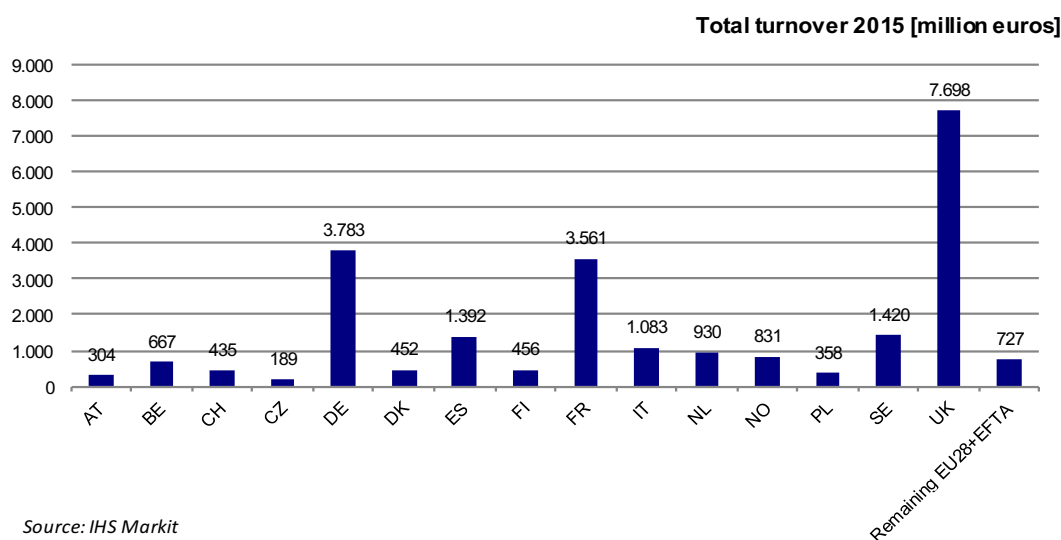
Compared with the 2015 report, rental turnover for 2016 has substantially increased for Belgium, Germany, and Poland. In 2015, the 2014 figures were based on the forecast drivers only; whereas in 2016, Eurostat data until 2014 have been taken into account.

The evolution of the forecast drivers could well diverge from the actual patterns for the rental markets as published by Eurostat.

For France and the Netherlands, the figures needed to be corrected in 2013 in line with the data published by the National Statistical Offices. As a consequence, rental turnover in 2013 has been reduced in France and increased in the Netherlands.

Based on 2013 statistics, and for the 15 countries covered under the study, the structure of the European equipment rental industry (without operators) is as follows:

- Number of rental companies (without operators): 15,500
- Number of employed persons in rental companies (without operators): 120,900



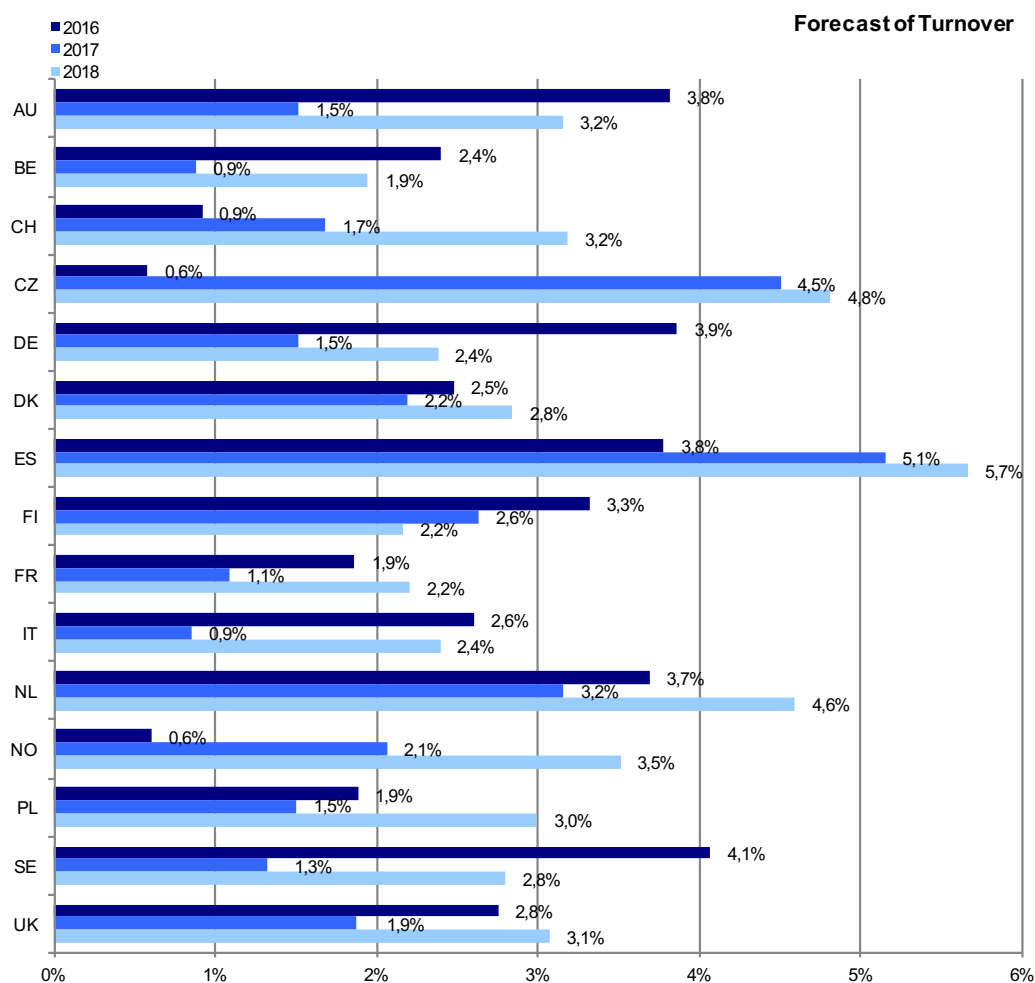
4.3 Forecast

In Europe, rentals have seen market growth despite many economic challenges. The European equipment rental industry in 2015 saw y/y growth of 2.0% on average for the 15 countries under investigation. For the same countries in 2016, it is estimated that average growth will be 2.8%.

As with the overall economy, most of the national rental markets across Europe experienced growth in 2015. The picture shows that most of the countries are growing, including the Czech Republic, which

had a 9.9% growth rate. Italy and France are the countries experiencing declines, down 0.6% and 0.1%, respectively. Exceptionally high growth, as seen in the Czech Republic in 2015 (9.9%), is not likely to be repeated in the coming years. In 2016, the strongest growth is likely to be seen in Sweden (4.1%), however, a positive growth is expected in the 15 markets.

The nominal forecasts of rental revenue development presented in the graph are driven by a combination of rental volume demand and rental rates.



Source: IHS Markit

4.4 Penetration Rates

Like 2015, because of the improved data on the size of national construction markets underpinning our market estimates, as well as corrections to the rental market volumes for some countries, construction industry penetration and country population penetration have changed: these changes in annual penetration do not affect the trend development of penetration rates over time.

Construction industry penetration:

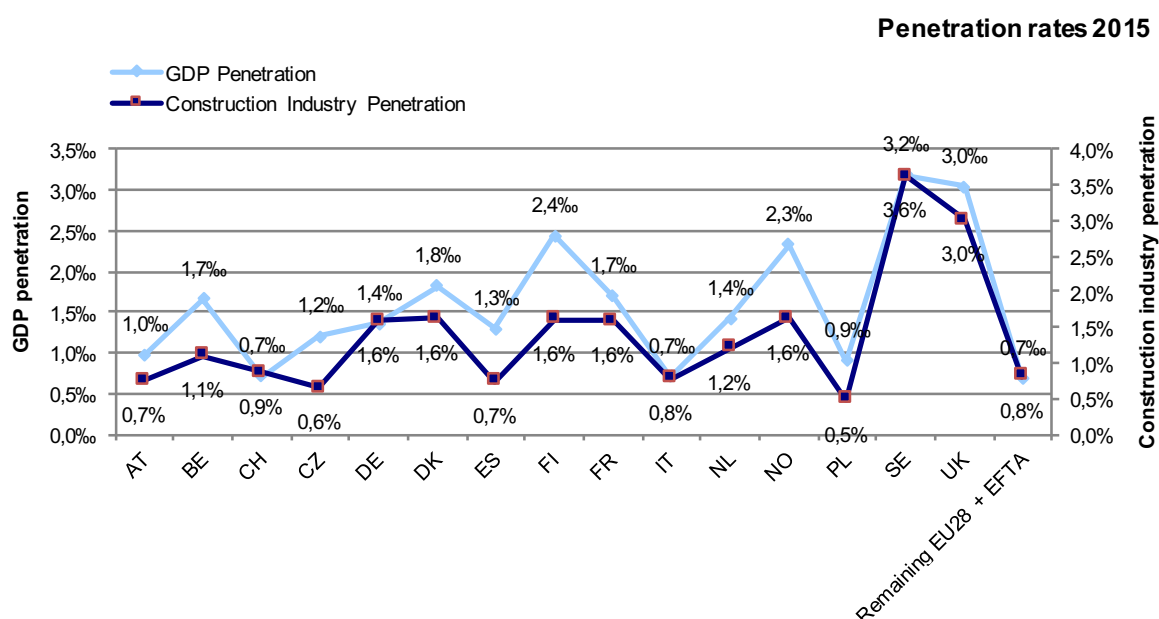
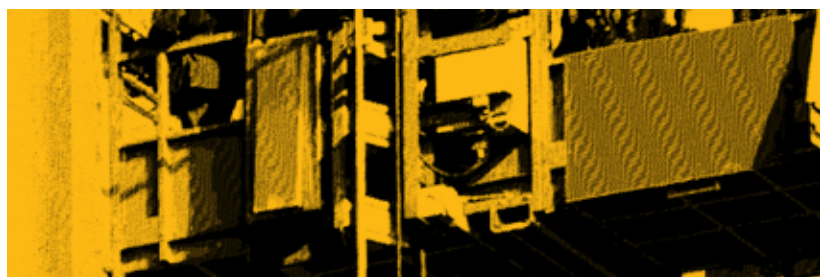
- Average construction industry penetration in the 15 countries in the report in 2015 was 1.55%, significantly above the remaining EU-28 and EFTA countries' average penetration of 0.80%.
- Construction industry penetration is the highest in Sweden, which has a penetration rate of 3.6%.

GDP penetration:

- Average GDP penetration in the 15 countries in 2015 was 1.71‰, significantly above the remaining EU-28 and EFTA countries' average penetration of 0.68‰.
- Again, GDP penetration is highest in Sweden (3.2‰).

and in the United Kingdom (3.0‰). These countries can be regarded as being the most advanced rental markets in Europe.

Looking at the two concepts of construction industry penetration and GDP penetration, and at the differences of penetration intensity between countries, suggests that there is still room for the European rental market to grow ahead of the economy (particularly for those lesser performing countries).

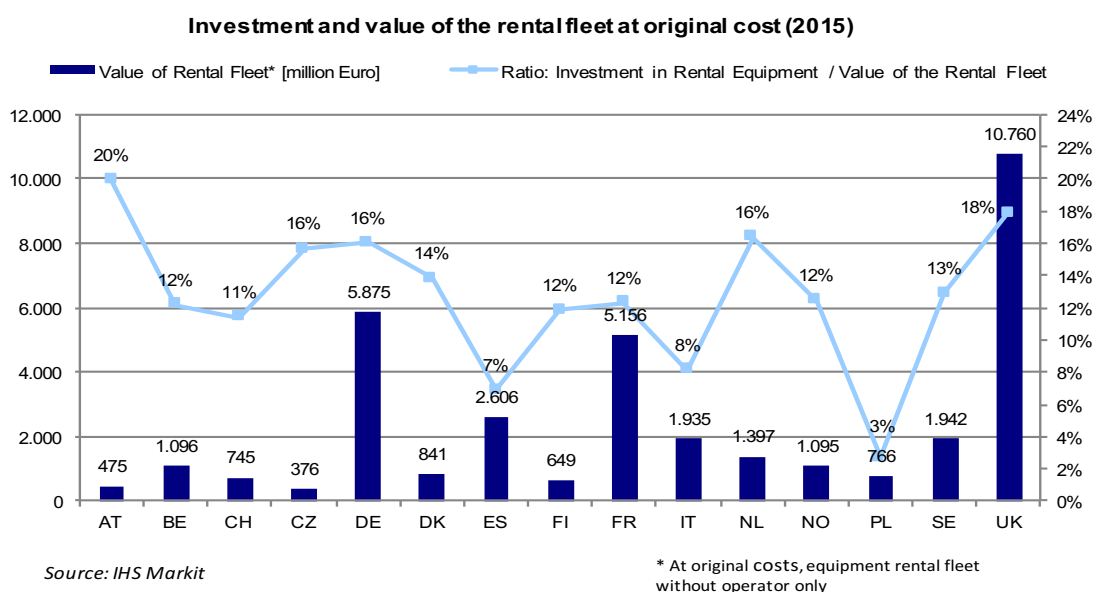


Source: IHS Markit

4.5 Investments and Rental Fleet Size

In 2015, the rental industry of the 15 countries under investigation increased investment in rental equipment by 2.8% compared with 2014.

National rental markets' investment across Europe remains quite heterogeneous: no countries with strong growth (more than 10%), the highest growth is in Spain (8%). At the same time, Finland and Norway were the only two countries to reduce their investment, by 0.4% and 0.7%, respectively.



The buoyancy of fleet investment can be best considered by comparing expenditure on new equipment as a percentage of the original purchase cost of the rental fleet (investment ratio). The investment ratio in 2015 was the highest in Austria at 20%, followed by United Kingdom, Czech Republic, Germany, Netherlands, Denmark, Sweden, Norway, France, Finland, Belgium, and Switzerland. In these countries, the

fleet investment exceeded 10% of the rental fleet cost. The lowest level of investment ratio was seen in Poland at 3% (NB: see growth in investment for Poland above).

In 2015, the rental fleet at original cost increased on average by 2.8%. It particularly increased in the Czech Republic (up 19.6%), the Netherlands (up 5.6%), and Spain (up 5.5%), the only three countries with growth of more than 5%. It decreased in France and Italy (0.2% and 0.9%, respectively).

4.6 Competitive Environment

The fierce competition experienced in the European equipment rental industry has continued in almost all countries.

To respond, many companies all over Europe are looking for optimisation. To increase the efficiency of the re-sale activity for instance, some have invested in a dedicated site for sales of second-hand machines. All machines dedicated to being sold are sent there first, assessed, and fixed before being sold outside Europe or to Eastern Europe. To define their strategies, others are increasingly making use of big data as a tool in their customer service operations, e.g., when forecasting equipment needs or rental demand.

The fierce competition and the consequential pressure on rental prices is an issue shared by the whole industry, and key players in many of the countries researched believe that pre-2008 rental prices (the last “golden age”) will probably not be repeated in the near future. To fight against this drop in rental prices, many players see their biggest challenge as transforming the industry from renting to a full-service industry. These players have enhanced their service offers by promoting additional services, some which were previously offered such as transportation, and others that are new such as waste management on construction sites.

Here, many players also look for more maturity within the industry and a deeper assessment of the “cost of doing business”, as an important number of small rental companies lack the knowledge to properly evaluate all the costs that go into a rental price.

In almost all of the European countries, rental players have developed their investment programmes to facilitate organisation and make process change more agile. These include the development of a rental services application to allow construction machines to be rented directly via a smartphone or tablet computer with the objective of being closer to their customers or

online marketplaces for renting machines from an alliance of rental companies.

Even in a growing market, the complex economic environment in some countries – especially in Italy, Spain, or Poland – and the financial health of contractor companies have caused concern. Extension of payment terms to 2017 has once again put pressure on the business health of some rental players in some countries.



2015	AU	BE	CH ^{****}	CZ ^{****}	DE	DK	ES	FI	FR	IT
Total Turnover [million Euro]	304	667	435	189	3.783	452	1.392	456	3.561	1.083
Rental Companies *	167	646	383	132	3.012	450	1.319	432	3.373	566
Other Comp. Providing Rental Services (only rental)	137	21	52	57	771	2	73	24	187	517
Investment in Rental Equipment * [million Euro]	94	134	85	59	941	116	180	77	634	157
Value of Rental Fleet ** [million Euro]	475	1.096	745	376	5.875	841	2.606	649	5.156	1.935
Ratio: Investment in Rental Equipment / Value of the Rental	20%	12%	11%	16%	16%	14%	7%	12%	12%	8%
GDP [billion Euro]	310	403	611	157	2.789	249	1.072	187	2.095	1.546
GDP Penetration	1,0‰	1,7‰	0,7‰	1,2‰	1,4‰	1,8‰	1,3‰	2,4‰	1,7‰	0,7‰
Total Construction Output [million Euro]	40.539	60.530	64.871	27.174	236.981	27.877	188.681	28.259	223.566	139.431
Construction Industry Penetration	0,7%	1,1%	0,7%	0,7%	1,6%	1,6%	0,7%	1,6%	1,6%	0,8%
Country Population [million]	9	11	8	11	81	6	46	6	64	60
Country Population Penetration [Euro per person]	36	59	53	18	47	80	30	83	55	18
2015 year-on-year percent change										
Turnover	2,3%	2,0%	1,2%	9,9%	1,4%	2,4%	4,2%	2,5%	-0,1%	-0,6%
Investment	0,0%	2,1%	1,2%	7,0%	1,5%	2,1%	8,0%	-0,4%	1,7%	1,9%
Rental Fleet	3,5%	3,6%	2,2%	19,6%	2,2%	4,2%	5,5%	3,2%	-0,2%	-0,9%
Exchange rate 2015, aop*** [Euro/ LCU]	--	--	0,94	0,04	--	0,13	--	--	--	--

* Equipment rental without operator only

** At original cost, equipment rental fleet without operator only

*** average of period

**** The forecasting methodology has been adapted to the fact that EUROSTAT provides information at a higher sectorial level.

Key figures on the European construction equipment rental industry for 2015

2015	NL	NO	PL	SE	UK	Total / Average 15 countries	Remaining EU28 + EFTA	Total / Average
Total Turnover [million Euro]	930	831	358	1.420	7.698	23.559	727	24.286
Rental Companies *	856	621	355	1.398	7.427	21.137	n.a.	n.a.
Other Comp. Providing Rental Services (only rental)	74	210	4	22	271	2.422	n.a.	n.a.
Investment in Rental Equipment* [million Euro]	228	136	21	251	1.923	5.035	n.a.	n.a.
Value of Rental Fleet ** [million Euro]	1.397	1.095	766	1.942	10.760	35.714	n.a.	n.a.
Ratio: Investment in Rental Equipment / Value of the Rental	16%	12%	3%	13%	18%	14%	n.a.	n.a.
GDP [billion Euro]	656	357	400	445	2.526	13.802	1.060	14.863
GDP Penetration	1,4%	2,3%	0,9%	3,2%	3,0%	1,7%	0,7%	1,6%
Total Construction Output [million Euro]	77.488	45.948	72.063	39.950	302.416	1.575.775	88.996	1.664.771
Construction Industry Penetration	1,2%	1,8%	0,5%	3,6%	2,5%	1,5%	0,8%	1,5%
Country Population [million]	17	5	39	10	65	436	83	519
Country Population Penetration [Euro per person]	55	160	9	145	119	54	9	47
2015 year-on-year percent change								
Turnover	3,5%	1,1%	2,8%	3,4%	2,8%	2,0%	n.a.	n.a.
Investment	5,8%	-0,7%	4,5%	4,3%	3,5%	2,8%	n.a.	n.a.
Rental Fleet	5,6%	1,6%	4,4%	4,0%	3,4%	2,8%	n.a.	n.a.
Exchange rate 2015, aop*** [Euro/ LCU]	--	0,11	0,24	0,11	1,38			

* Equipment rental without operator only

** At original cost, equipment rental fleet without operator only

***average of period

**** The forecasting methodology has been adapted to the fact that EUROSTAT provides information at a higher sectorial level.

5

COUNTRY OVERVIEW

Austria (AU)

With the exception of a drop in 2014, the Austrian equipment rental market is experiencing one of the strongest and more continuous growth rates of the European markets. Rental revenue is forecast to grow in 2016 and 2017 by 3.8% and 1.5%, respectively, above the forecasts produced in 2015.

With a share of rental revenue stemming from demand in the construction sector estimated to average 70%, the rental industry remains strongly linked to the construction sector. The Austrian equipment rental market is characterised by the high level of fragmentation

of the market: more than 80% of rental industry turnover is generated by firms with fewer than 50 employees, mainly small independent companies. The market is also characterised by the cohabitation between international companies operating in Austria and national rental players having a strong and very local customer base.

The consequence of this is an intense competition putting downward pressure on price. After hitting their lowest level in 2014 with the entry strategies of new players, rental rates have started to increase and show a very modest upwards

trend; however, rental turnover growth has been mostly driven by volume growth with typical generalist rental players' average utilisation going up.

Along with the pressure on prices, there is pressure on investments with customers pushing for new equipment and new technologies; therefore, pushing rental companies to keep investment levels relatively high compared with the rest of Europe. Regarding the structure of the market, it has not evolved much in the last year; however, the tension is real and a concentration is expected in the future.

Austria (AU), euro	Actual		Estimates		Forecast	
	2013	2014	2015	2016	2017	2018
Total turnover [million EUR]	324	297	304	315	320	330
- Rental companies (without operator)	178	163	167	173	176	182
- Other companies providing rental services (only rental)	146	134	137	142	144	149
Number of rental companies (without operator)	330	335	n.a.	n.a.		
Number of employed persons by rental companies (without operator)	1.170	1.230	n.a.	n.a.		
Investments in rental equipment [million EUR]	95	95	95	95		
Value of rental fleet at all companies [million EUR] (without operator)	525	460	475	500		
Ratio: Investments in rental equipment/value of the rental fleet	18%	21%	20%	19%		
Penetration rates						
GDP [billion EUR]	305	307	310	315	319	324
GDP penetration rate	1.1‰	1.0‰	1.0‰	1.0‰	1.0‰	1.0‰
Total construction output [million EUR]	41.760	41.182	40.539	41.222	42.051	42.775
Construction industry penetration rate	0.8%	0.7%	0.7%	0.8%	0.8%	0.8%
Country population [million]	8	9	9	9	9	9
Country population penetration rate [EUR per person]	38	35	36	37	37	38

Source: IHS Markit and Official Statistics data

COUNTRY
OVERVIEW

AUSTRIA

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THE CZECH REPUBLIC

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FINLAND

FRANCE

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NORWAY

POLAND

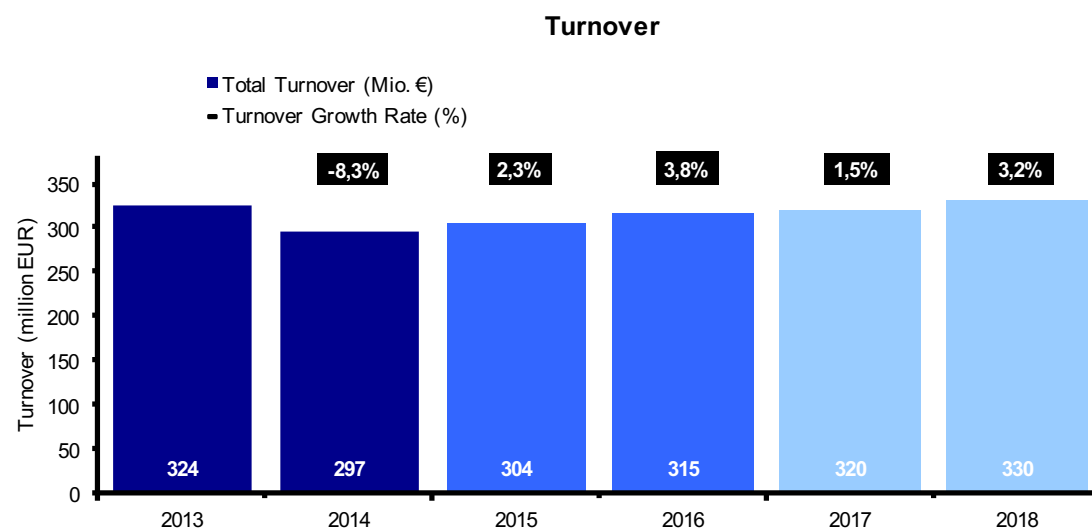
SPAIN

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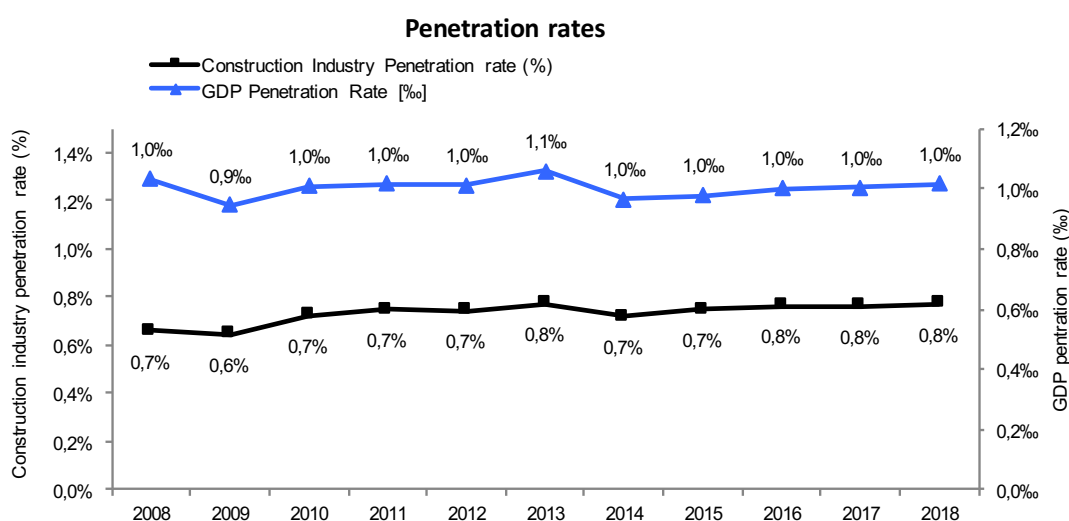
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UNITED KINGDOM

a. Review of key indicators

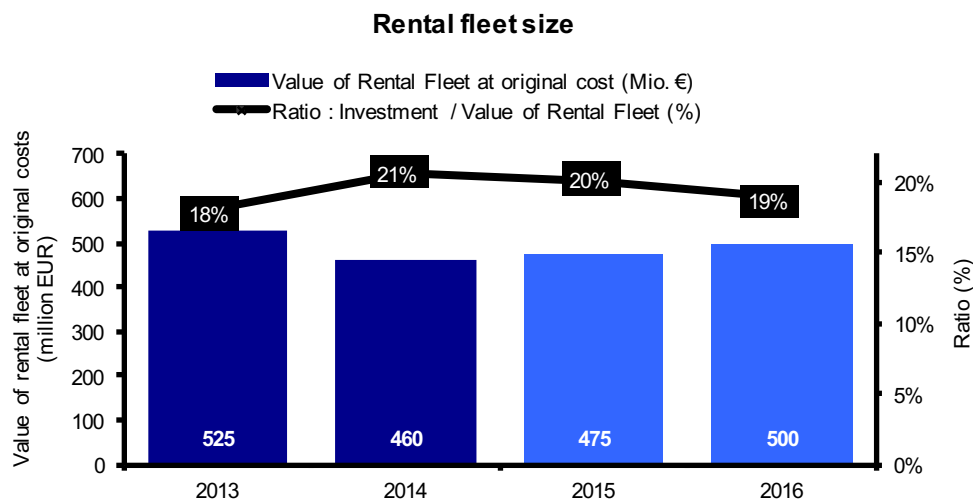


Source: IHS Markit



Source: IHS Markit



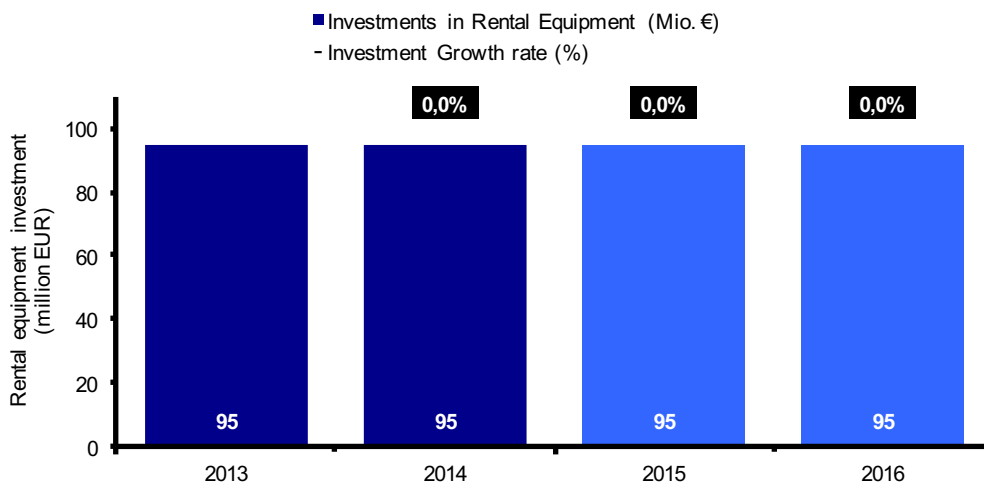


Source: IHS Markit

In line with the investment trend, fleet size reached EUR500 million in 2016 (at original cost) thanks to investment replacing old equipment and increasing equipment with high utilisation rates.

It is estimated that the average fleet age in 2016 is 4 to 5 years.

Investment in rental equipment of rental companies (without operator)



Source: IHS Markit

After a cut in fleet investments in 2013, rental companies have stabilised investment levels, but not to the levels of 2011–12.

COUNTRY
OVERVIEW

AUSTRIA

BELGIUM

THE CZECH REPUBLIC

DENMARK

FINLAND

FRANCE

GERMANY

ITALY

NETHERLANDS

NORWAY

POLAND

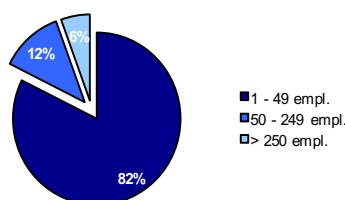
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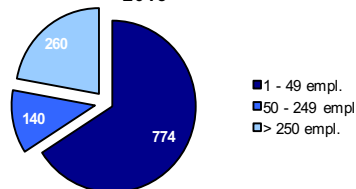
UNITED KINGDOM

Turnover of Rental Companies 2013



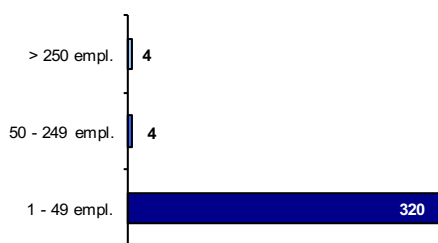
Source: IHS Markit

Persons Employed by Rental Companies 2013



Source: IHS Markit

Number of rental companies by employees size group in 2013



Source: IHS Markit

b. Economic and construction context for the equipment rental industry

MACROECONOMIC OVERVIEW

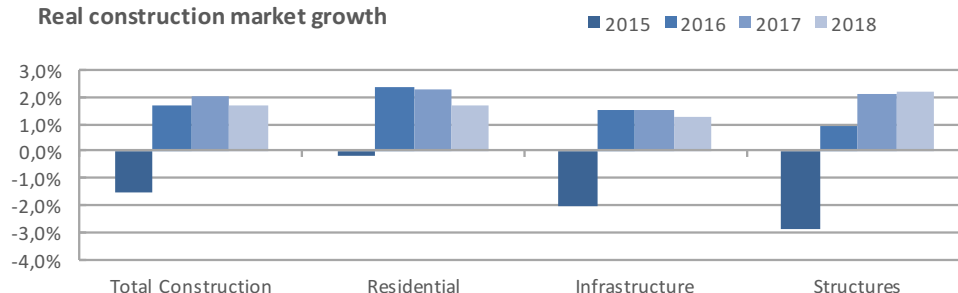
Encouraged by the improving Eurozone economy, the Austrian economic recovery is gaining increasing momentum, with its first-quarter GDP in 2016 growing at the fastest pace since 2011. The still-low oil prices should keep consumers' purchasing power high, while the extremely low interest-rate environment will help support investment. However, downside risks, such as the geopolitical conflict in Ukraine, slowdown in China, and the migrant crisis, will remain a drag. Moreover, the height-

ened global economic uncertainties will also likely weigh on the economic performance in the near term. Overall, IHS currently forecasts the year-average real GDP to edge up from 0.8% y/y in 2015 to 1.5% y/y in 2016 and to 1.4% y/y in 2017.

CONSTRUCTION OVERVIEW

The domestic economic demand picture in Austria improved even further in first-quarter 2016, supporting residential construction. Meanwhile, a EUR1-billion investment in the extension and upgrading of the road network beginning in 2016 should boost infrastructure construction.

Real construction market growth



Belgium (BE)

For quite some years, the rental turnover in Belgium has continuously grown along with the improvement of the whole economy. Rental revenue is forecast to grow in 2016 and 2017 by 2.4% and 0.9%, respectively.

With a share of rental revenue stemming from demand in the construction sector estimated to average 65%, the Belgium market is fairly balanced; however, it is useful to note that this share differs between the Wallonia and Flanders regions. In effect, the Belgian market is characterised by the regional split between Wallonia, where generalist rental companies mostly focus on the construction sector, and Flanders, where specialised companies are much more oriented towards

the non-construction sector.

The Belgian equipment rental market is also characterised by the high level of fragmentation of the market, with almost 75% of the rental industry turnover generated by firms with fewer than 50 employees, mainly small independent companies. This directly impacts prices and after hitting their lowest level in 2010, rental rates started to increase slowly and have showed a very moderate upwards trend since then, but remain at a low level. Rental customers are maintaining pressure on the negotiations, pushing rental companies to look then for productivity gains (new technologies, process, or organisations, etc.). Once again, the growth of the rental turnover needs to be attrib-

uted to growth in rental volumes mostly. With continued pressure on price, investment is focused on equipment with high utilisation or on replacement of a relatively old fleet that is increasing maintenance costs and failure risks.

The structure of the Belgian market has not evolved in recent years, with the exception of the entry of a few international rental companies by organic growth or by acquisition. However, this seems to be too marginal to talk about as a real trend.

Belgium (BE), euro	Actual		Estimates		Forecast	
	2013	2014	2015	2016	2017	2018
Total turnover [million EUR]	623	654	667	683	689	703
- Rental companies (without operator)	603	633	646	662	668	681
- Other companies providing rental services (only rental)	20	21	21	22	22	22
Number of rental companies (without operator)	385	450	n.a.	n.a.		
Number of employed persons by rental companies (without operator)	2.690	2.450	n.a.	n.a.		
Investments in rental equipment [million EUR]	115	130	135	140		
Value of rental fleet at all companies [million EUR] (without operator)	975	1.060	1.100	1.140		
Ratio: Investments in rental equipment/value of the rental fleet	12%	12%	12%	12%		
Penetration rates						
GDP [billion EUR]	393	398	403	409	414	420
GDP penetration rate	1.6‰	1.6‰	1.7‰	1.7‰	1.7‰	1.7‰
Total construction output [million EUR]	60.178	59.953	60.530	61.176	62.244	63.113
Construction industry penetration rate	1.0%	1.1%	1.1%	1.1%	1.1%	1.1%
Country population [million]	11	11	11	11	11	12
Country population penetration rate [EUR per person]	56	58	59	60	60	61

Source: IHS Markit and Official Statistics data

COUNTRY
OVERVIEW

AUSTRIA

BELGIUM

THE CZECH REPUBLIC

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FINLAND

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GERMANY

ITALY

NETHERLANDS

NORWAY

POLAND

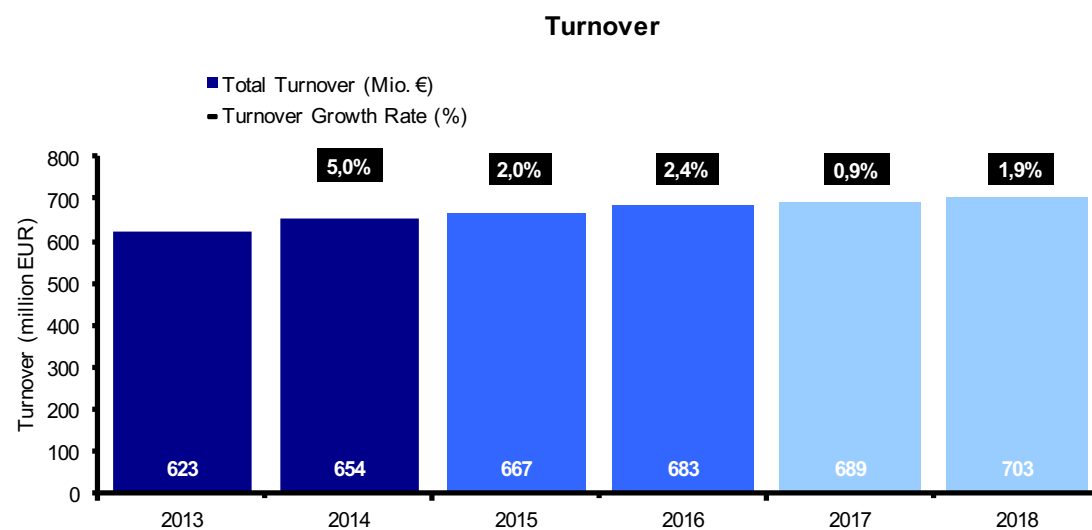
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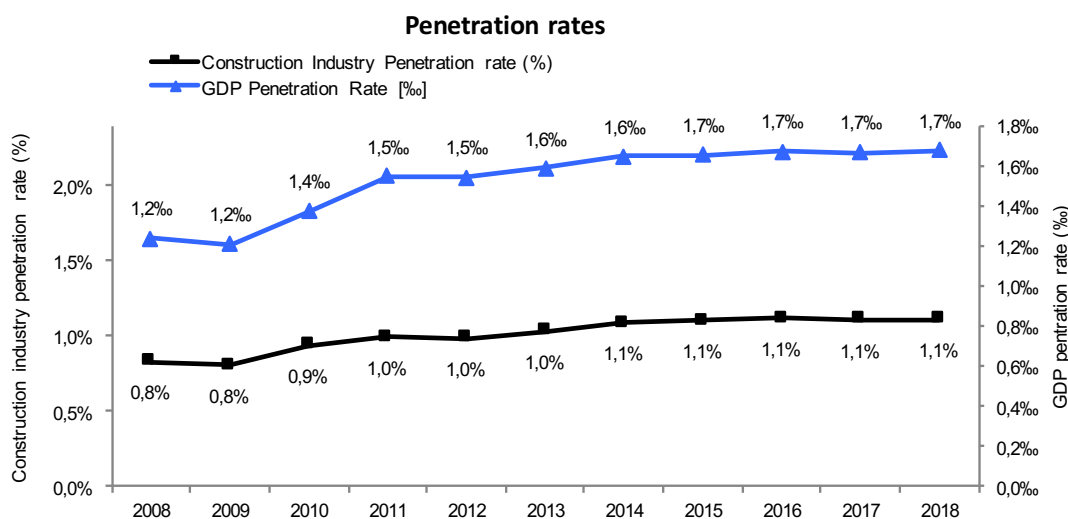
SWITZERLAND

UNITED KINGDOM

a. Review of key indicators



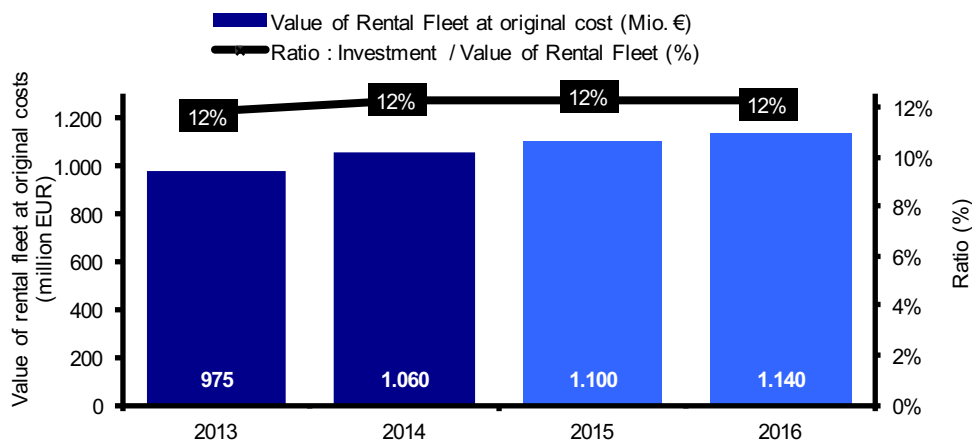
Source: IHS Markit



Source: IHS Markit



Rental fleet size

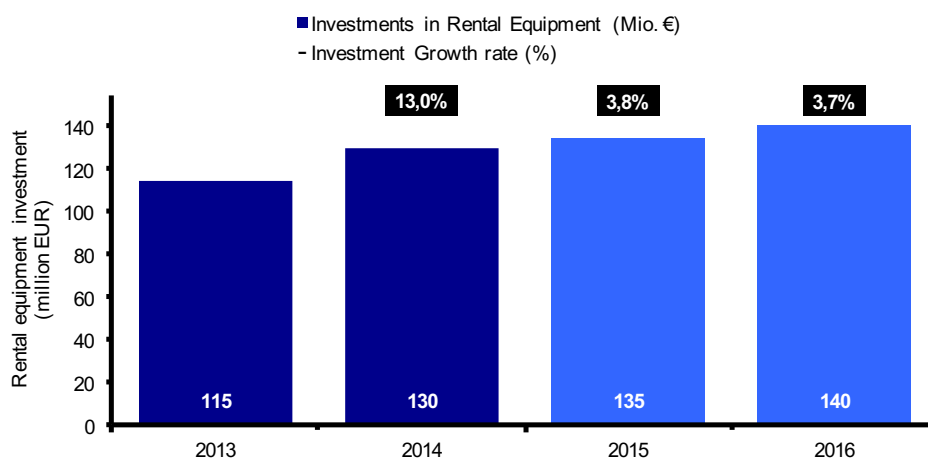


Source: IHS Markit

In line with the investment evolution, fleet size reached EUR1.140 million in 2016 (at original cost) with investments replacing particularly old equipment and/or equipment with high utilisation rates.

It is estimated that the average fleet age has stabilized to 6 years in 2016.

Investment in rental equipment of rental companies (without operator)



Source: IHS Markit

After a severe cut in fleet investments in 2013, rental companies have started to re-invest in 2014–15. However, owing to difficult credit conditions and the uncertain business environment, we are still a long way from the investment levels of 2011–12.

COUNTRY
OVERVIEW

AUSTRIA

BELGIUM

THE CZECH REPUBLIC

DENMARK

FINLAND

FRANCE

GERMANY

ITALY

NETHERLANDS

NORWAY

POLAND

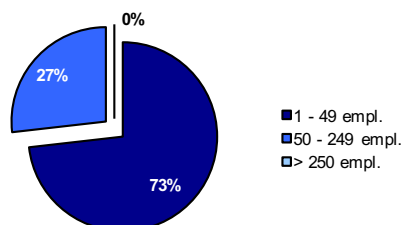
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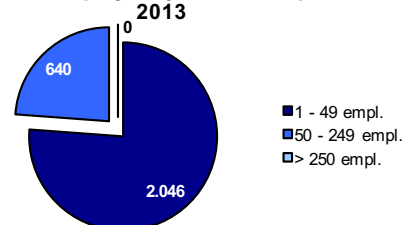
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Turnover of Rental Companies 2013



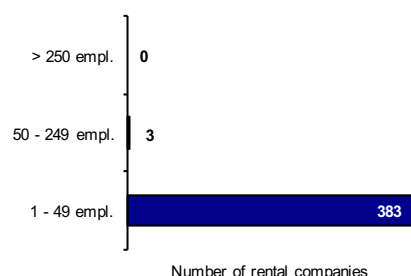
Source: IHS Markit

Persons Employed by Rental Companies



Source: IHS Markit

Number of rental companies by employees size group in 2013



Source: IHS Markit

b. Economic and Construction Context for the Equipment Rental Industry

MACROECONOMIC OVERVIEW

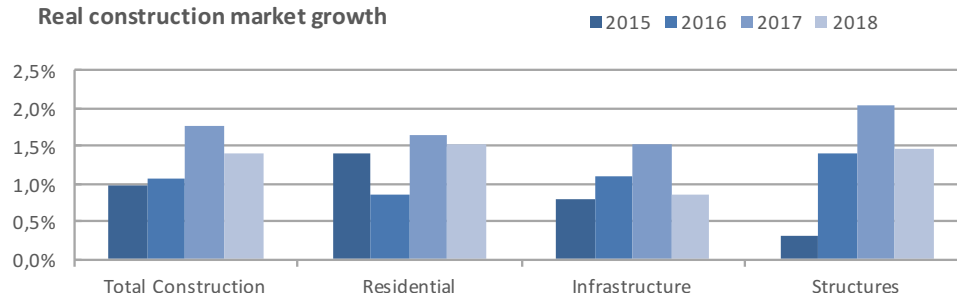
The first-quarter headline GDP suggested that the Belgian economy is on a recovery track, although at a slow pace. Meanwhile, the Belgian business confidence index also posted the first expansion since 2011 in June 2016. The Belgian economic activity is expected to continue gradually recovering through the second half of 2016. Yet, the downside risks, namely the lingering turbulence in the Eurozone and the relatively high levels of unemployment and public debt, remain, limiting

the speed of economic recovery. We expect the GDP will grow by 1.2% y/y in 2016 and 1.1% y/y in 2017.

CONSTRUCTION OVERVIEW

In 2014, real total construction spending in Belgium fell 0.5% y/y, with total construction spending expected to post a 0.7% y/y gain in 2015, followed by an increase of 1.5% y/y in 2016. This sluggish performance is due to a weaker outlook for non-residential structures.

Real construction market growth



The Czech Republic (CZ)

Rental revenue is forecast to grow in 2016 and 2017 by 0.6% and 4.5%, respectively. With rental demand still estimated to be streamed at 75% from the construction sector, the rental industry remains strongly linked to the construction sector, but also benefits from the development of the overall economy. The Czech equipment rental market is characterised by the high level of fragmentation of the market: an important portion of rental industry turnover is generated by firms with fewer than 50 employees, mainly small independent companies.

- Eurostat not publishing any data on companies it is however impossible to provide robust information on the company split.

The market is also characterised by the cohabitation between international companies and national rental players having a strong and very local customer base. This situation is driving continued strong pressure on rental rates. In addition, the lowest-bidder culture in the country is increasing the pressure. The consequence for the rental industry is that even with a dynamic market, prices remain low, and volume is

the only real driver for growth. The slow payment by customers also continues to be a real problem. As a result, even with this dynamic market, investments are increasing slowly and we can expect some issues in the near future with a fleet that is too old.

With this relatively good economic environment, we could start to see a slow consolidation process, but no major changes have been made to date.

Czech Republic (CZ), local currency	Actual		Estimates		Forecast	
	2013	2014	2015	2016	2017	2018
Total turnover [million CZK]	4.614	4.693	5.157	5.187	5.420	5.681
- Rental companies (without operator)	3.230	3.285	3.610	3.631	3.794	3.977
- Other companies providing rental services (only rental)	1.384	1.408	1.547	1.556	1.626	1.704
Number of rental companies (without operator)	375	370	n.a.	n.a.		
Number of employed persons by rental companies (without operator)	1.130	1.130	n.a.	n.a.		
Investments in rental equipment [million CZK]	1.300	1.500	1.610	1.610		
Value of rental fleet at all companies [million CZK] (without operator)	8.440	8.570	10.200	10.400		
Ratio: Investments in rental equipment/value of the rental fleet	15%	18%	16%	15%		
Penetration rates						
GDP [billion CZK]	3.980	4.088	4.277	4.383	4.502	4.618
GDP penetration rate	1.2‰	1.1‰	1.2‰	1.2‰	1.2‰	1.2‰
Total construction output [million CZK]	656.511	678.803	741.166	724.780	744.254	764.666
Construction industry penetration rate	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%
Country population [million]	11	11	11	11	11	11
Country population penetration rate [CZK per person]	439	446	489	491	512	535

Source: IHS Markit and Official Statistics data

Note: The forecast methodology has been adapted to the fact that EUROSTAT provides information for Czech Republic at a higher sectorial level.

COUNTRY
OVERVIEW

AUSTRIA

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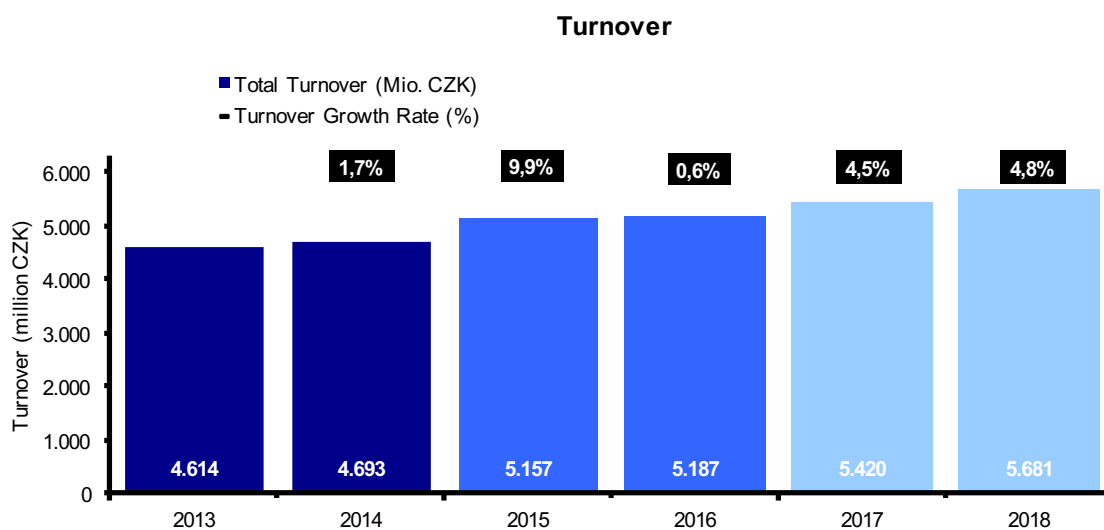
SPAIN

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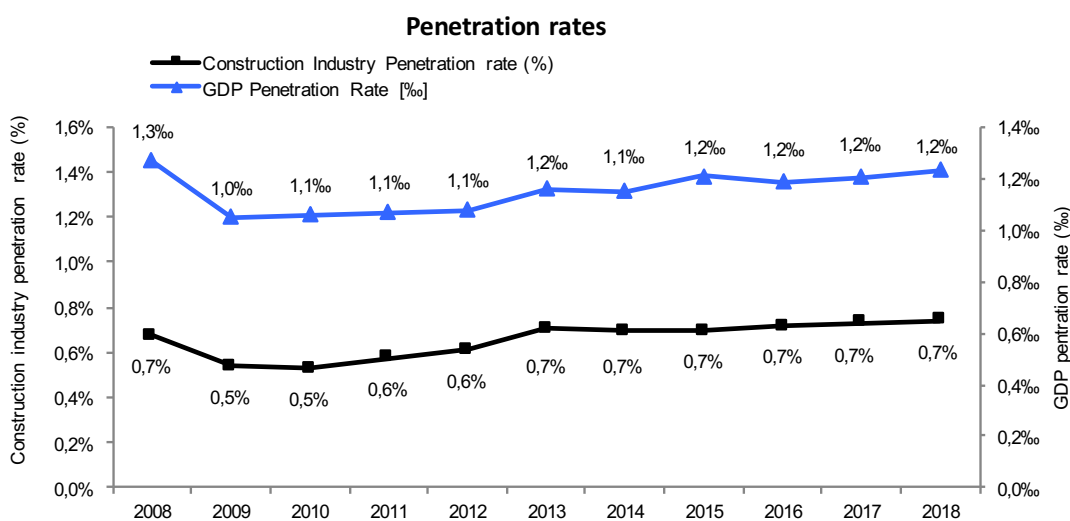
SWITZERLAND

UNITED KINGDOM

a. Review of key indicators



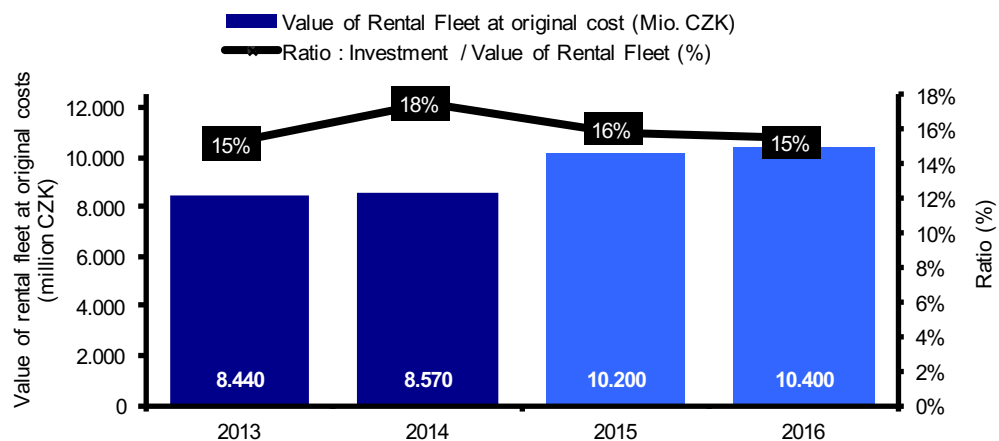
Source: IHS Markit



Source: IHS Markit

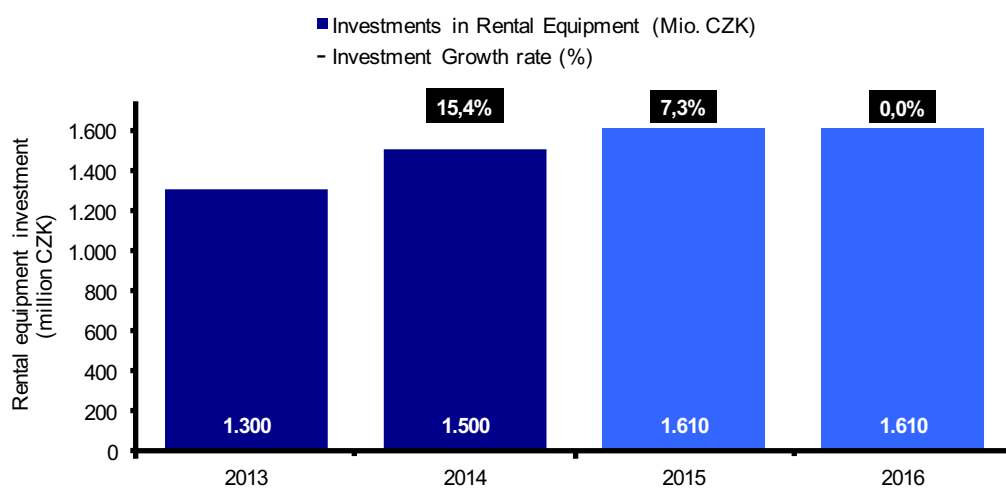


Rental fleet size



Source: IHS Markit

Investment in rental equipment of rental companies (without operator)



Source: IHS Markit

COUNTRY
OVERVIEW

AUSTRIA

BELGIUM

THE CZECH REPUBLIC

DENMARK

FINLAND

FRANCE

GERMANY

ITALY

NETHERLANDS

NORWAY

POLAND

SPAIN

SWEDEN

SWITZERLAND

UNITED KINGDOM

✴ There is no data available concerning company size classes for the Czech Republic.

b. Economic and Construction Context for the Equipment Rental Industry

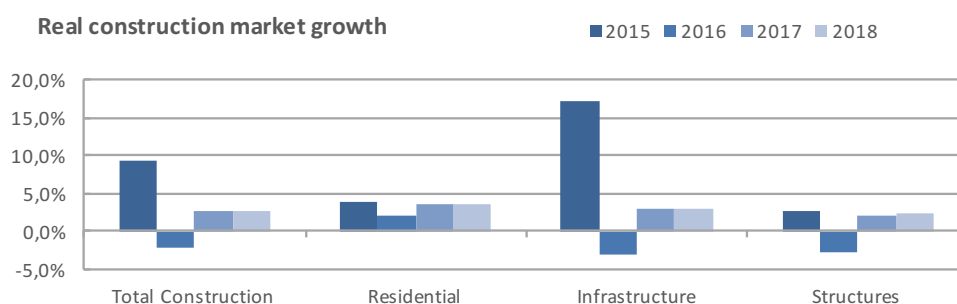
MACROECONOMIC OVERVIEW

Following the strong year-average growth of 4.3% y/y in 2015, the Czech Republic's 2016 first-quarter GDP moderated to 3.1% y/y. Despite the elevated external risks, the near-term outlook remains favourable. In particular, the recent high-frequency headline data such as industrial output, external trade, and retail sales in May also showed resilient growth. However, given the high dependency on external demand, the falling EU transfers and the slowdown in emerging markets such as China will likely weigh on the

overall Czech economy. Therefore, a slight deceleration in economic growth in 2016 is anticipated. In our latest forecast, GDP growth is expected to stand at 2.5% y/y in 2016 and 2.7% y/y in 2017.

CONSTRUCTION OVERVIEW

Construction output declined in the first five months of 2016, suggesting the sector is struggling from the faltering investment demand after a notable expansion in 2015.



Denmark (DK)

For several years, the rental turnover in Denmark has been continuously growing along with the improvement of the whole economy. Rental revenue is forecast to grow in 2016 and 2017 by 2.5% and 2.2%, respectively, in line with the forecast produced in 2015.

With rental demand still estimated to be streamed at 70% from the construction sector, the rental industry remains strongly linked to the construction sector, but also benefits from the development of the overall economy. The Danish equipment rental market is characterised by a strong fragmentation of the market with 80% of the rental industry

turnover generated by firms with fewer than 50 employees, mainly small independent companies.

The ongoing pressure on rental rates, probably driven by the high competition between the numerous players, is still causing some difficulties. The growth in rental revenue is driven by a growth in volume with time utilisation going up for most of the players. The industry is even experimenting from time to time with bottleneck periods on specific products or geographies. Note that along with the confidence, investments are going up, at least for the biggest players. Investments are also driven by new

entrants and a slow but ongoing consolidation, as well as new entities investing to gain market share. There was no significant merger and acquisition activity, so respective market shares remain the same.

Denmark (DK), local currency	Actual		Estimates		Forecast	
	2013	2014	2015	2016	2017	2018
Total turnover [million DKK]	3.168	3.293	3.371	3.454	3.530	3.631
- Rental companies (without operator)	3.153	3.278	3.356	3.439	3.514	3.614
- Other companies providing rental services (only rental)	14	15	15	16	16	16
Number of rental companies (without operator)	310	335	n.a.	n.a.		
Number of employed persons by rental companies (without operator)	2.480	2.680	n.a.	n.a.		
Investments in rental equipment [million DKK]	810	850	870	890		
Value of rental fleet at all companies [million DKK] (without operator)	5.630	6.020	6.270	6.550		
Ratio: Investments in rental equipment/value of the rental fleet	14%	14%	14%	14%		
Penetration rates						
GDP [billion DKK]	1.814	1.836	1.855	1.879	1.913	1.935
GDP penetration rate	1.7‰	1.8‰	1.8‰	1.8‰	1.8‰	1.9‰
Total construction output [million DKK]	192.591	199.276	208.024	212.774	217.549	222.057
Construction industry penetration rate	1.6%	1.7%	1.6%	1.6%	1.6%	1.6%
Country population [million]	6	6	6	6	6	6
Country population penetration rate [DKK per person]	563	583	595	607	618	633

Source: IHS Markit and Official Statistics data

COUNTRY
OVERVIEW

AUSTRIA

BELGIUM

THE CZECH REPUBLIC

DENMARK

FINLAND

FRANCE

GERMANY

ITALY

NETHERLANDS

NORWAY

POLAND

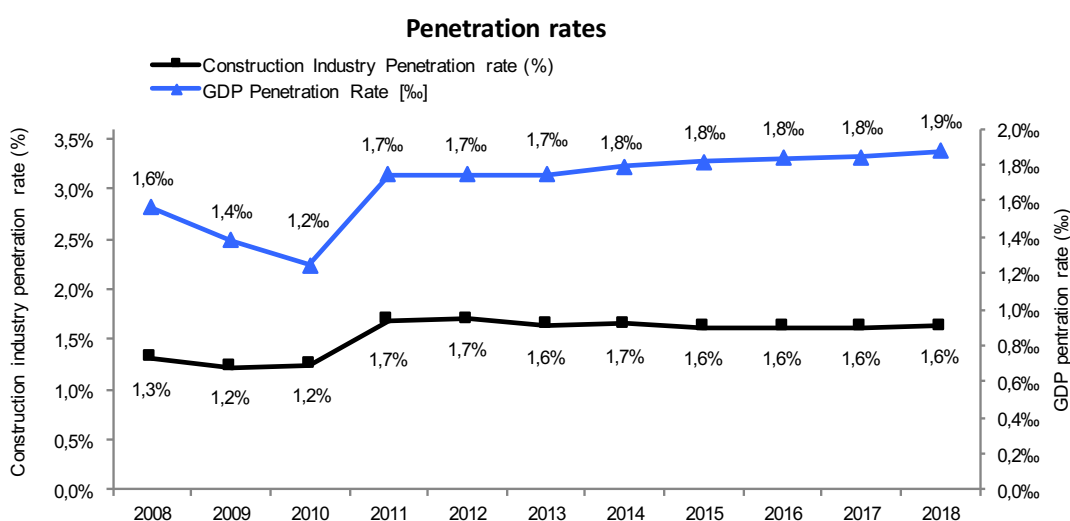
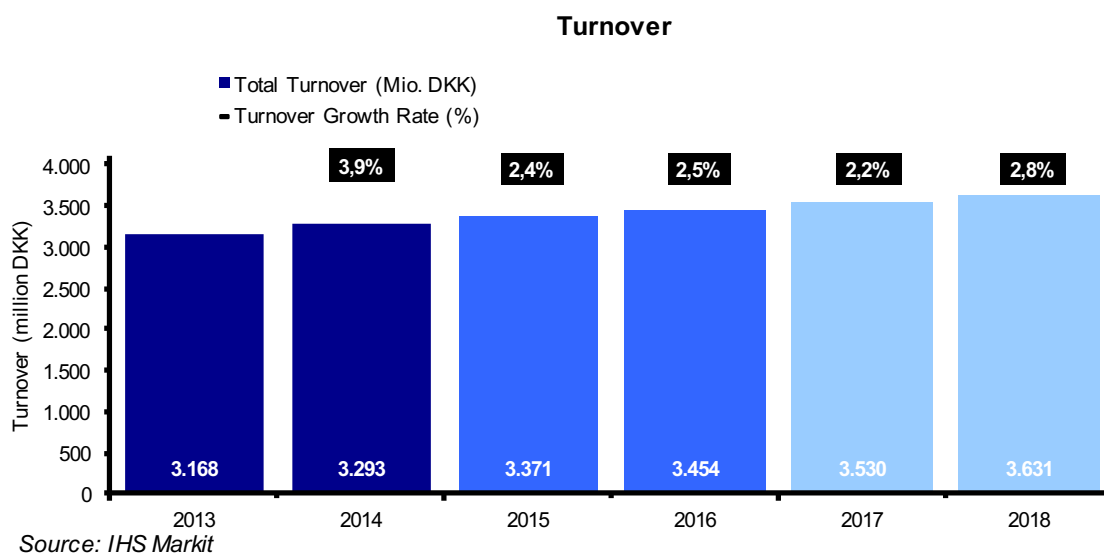
SPAIN

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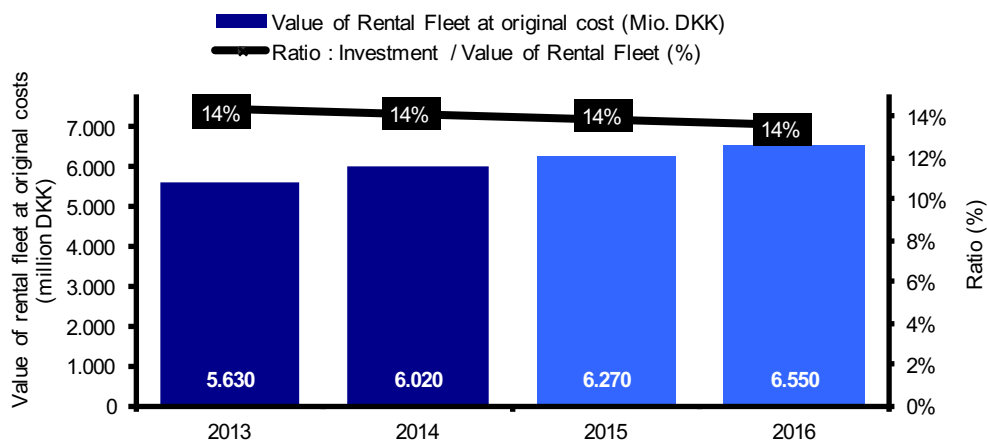
SWITZERLAND

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a. Review of key indicators



Rental fleet size



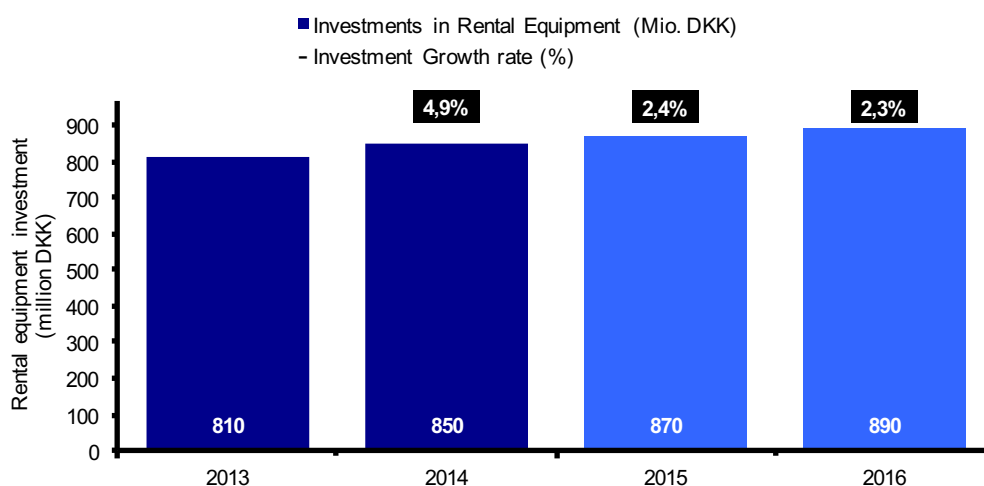
Source: IHS Markit

Fleet size reached EUR863 million in 2016 (at original cost).

With investment levels above replacement rates, we believe that the Danish rental fleet has increased in value through the past 4 years.

The average lifespan of rental equipment is between 5 and 6 years.

Investment in rental equipment of rental companies (without operator)



Source: IHS Markit

In the last four years, investment levels have been increasing and decreasing following market sentiment and optimism.

COUNTRY
OVERVIEW

AUSTRIA

BELGIUM

THE CZECH REPUBLIC

DENMARK

FINLAND

FRANCE

GERMANY

ITALY

NETHERLANDS

NORWAY

POLAND

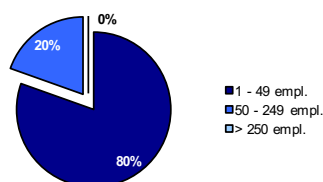
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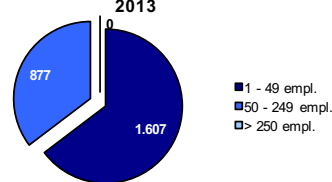
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Turnover of Rental Companies 2013



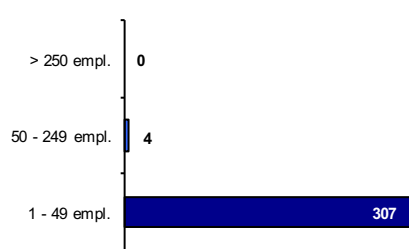
Source: IHS Markit

Persons Employed by Rental Companies 2013



Source: IHS Markit

Number of rental companies by employees size group in 2013



Source: IHS Markit

b. Economic and Construction Context for the Equipment Rental Industry

MACROECONOMIC OVERVIEW

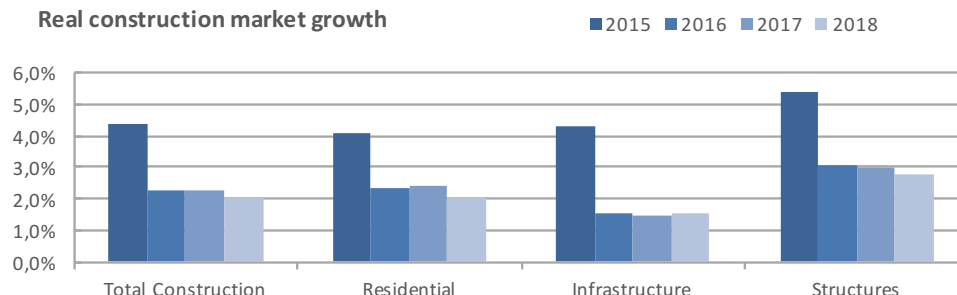
With the first-quarter GDP in 2016 estimated to edge up by 0.3% y/y, the Danish economy appears to have had a good start of 2016, following the last two disappointing quarters in 2015. The recovery was due to an uptick in industrial production and construction. On the downside, tighter lending, weak labour conditions, and declining house prices will limit private consumption in the near term, despite some fiscal stimulus from the government. Overall, we currently expect the

year-average GDP will expand by 1.2% y/y in 2016 and 1.6% y/y in 2017.

CONSTRUCTION OVERVIEW

Investment for building and construction registered a notable 1.5% q/q growth during the first three months of 2016. Meanwhile, the latest forward-looking indicators for construction also suggest that the recovery in residential building will continue during 2016.

Real construction market growth



Finland (FI)

After years of contraction or sluggish growth in 2012–13, rental turnover in Finland has started to recover. Rental revenue is forecast to grow in 2016 and 2017 by a strong 3.3% and 2.6%, respectively, even if the forecasts have been reduced a little owing to the overall economy not being as dynamic as expected. The share of rental demand from the construction sector in Finland is estimated at 70%, although it seems that non-construction share is growing and could reach 35% in the near future.

The Finnish equipment market is characterised by a high degree of concentration with the two large rental players, each with more than 250 employees, accounting for more than 50% of the total

revenues of the rental industry. Together with a few rental companies with between 50 and 250 employees, these large- and medium-sized companies generate more than 75% of total industry revenue.

The Finnish equipment market is also characterised by two additional features: an activity concentrated upon the Helsinki region, and an activity concentrated upon the summer season.

Since 2014, rental prices have stopped falling, and are only now starting to slowly pick up. Rental revenue growth has returned and is still driven by volumes, even increasing with the seasonality of the business.

Along with the confidence and new entrants, investments are going up

and are expected to follow this path during 2017.

Market structure has been stable for years; however, 2016 has seen the signs of new entrants as well as increasing tension with the development of in-house rental departments within some major construction companies.

Finland (FI), euro	Actual		Estimates		Forecast	
	2013	2014	2015	2016	2017	2018
Total turnover [million EUR]	445	444	456	471	483	493
- Rental companies (without operator)	422	421	432	446	458	468
- Other companies providing rental services (only rental)	23	23	24	24	25	26
Number of rental companies (without operator)	160	155	n.a.	n.a.		
Number of employed persons by rental companies (without operator)	2,120	2,110	n.a.	n.a.		
Investments in rental equipment [million EUR]	75	75	75	80		
Value of rental fleet at all companies [million EUR] (without operator)	630	630	650	675		
Ratio: Investments in rental equipment/value of the rental fleet	12%	12%	12%	12%		
Penetration rates						
GDP [billion EUR]	188	186	187	188	190	193
GDP penetration rate	2.4‰	2.4‰	2.4‰	2.5‰	2.5‰	2.6‰
Total construction output [million EUR]	26,652	26,802	28,259	28,981	29,684	30,312
Construction industry penetration rate	1.7%	1.7%	1.6%	1.6%	1.6%	1.6%
Country population [million]	5	5	6	6	6	6
Country population penetration rate [EUR per person]	82	81	83	85	87	89

Source: IHS Markit and Official Statistics data

COUNTRY
OVERVIEW

AUSTRIA

BELGIUM

THE CZECH REPUBLIC

DENMARK

FINLAND

FRANCE

GERMANY

ITALY

NETHERLANDS

NORWAY

POLAND

SPAIN

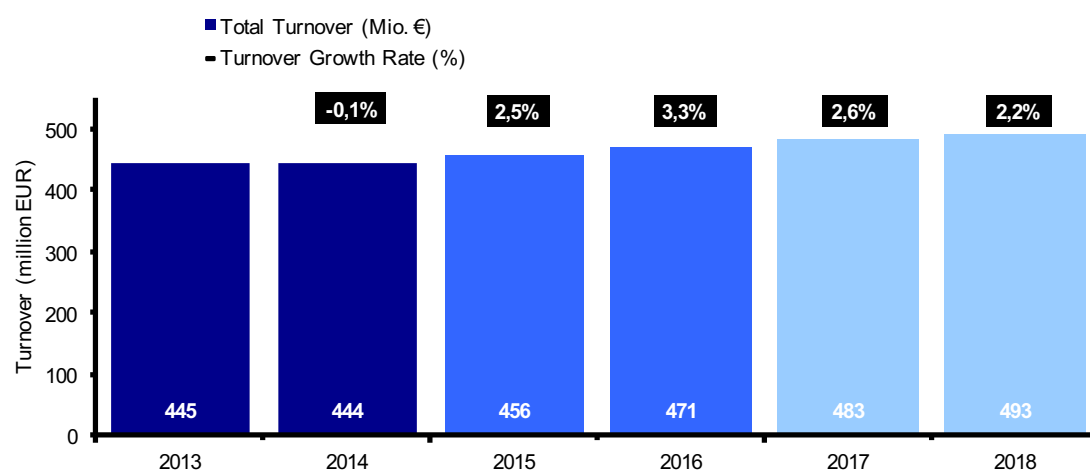
SWEDEN

SWITZERLAND

UNITED KINGDOM

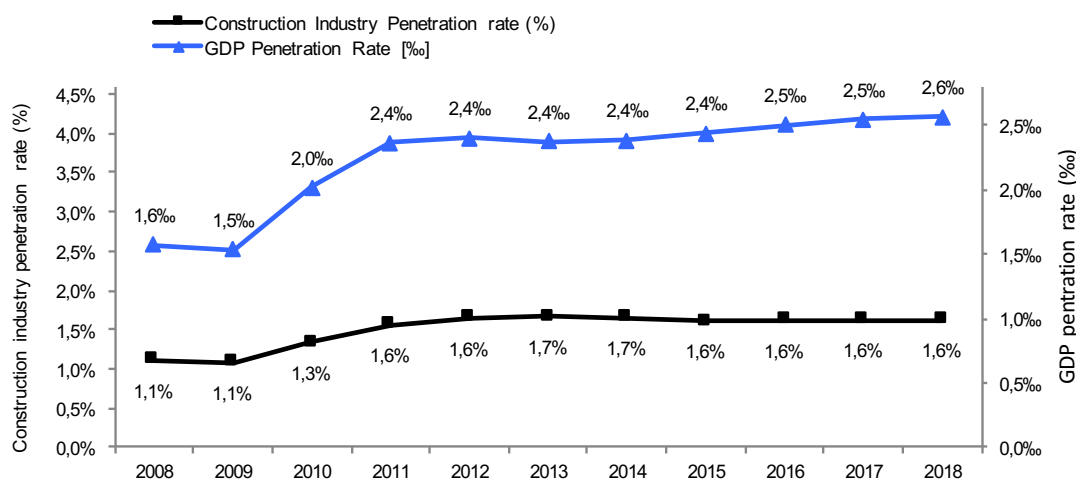
a. Review of key indicators

Turnover



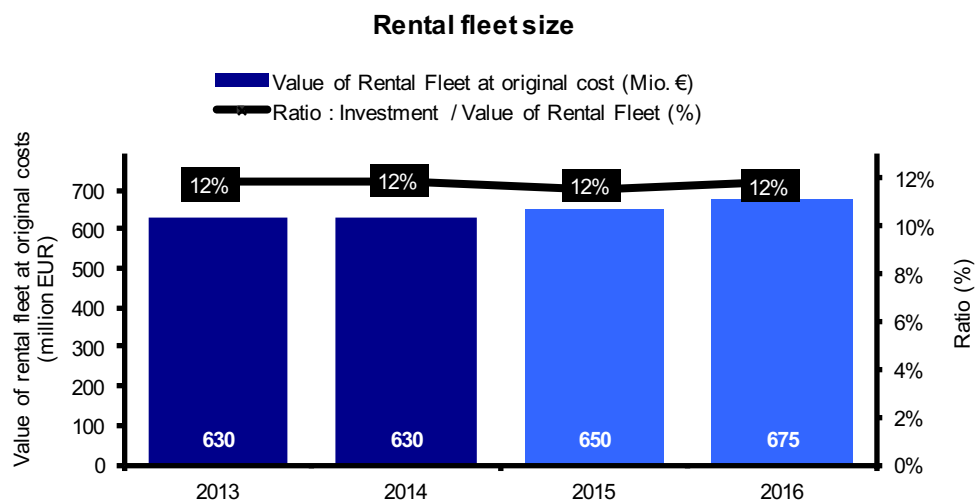
Source: IHS Markit

Penetration rates



Source: IHS Markit

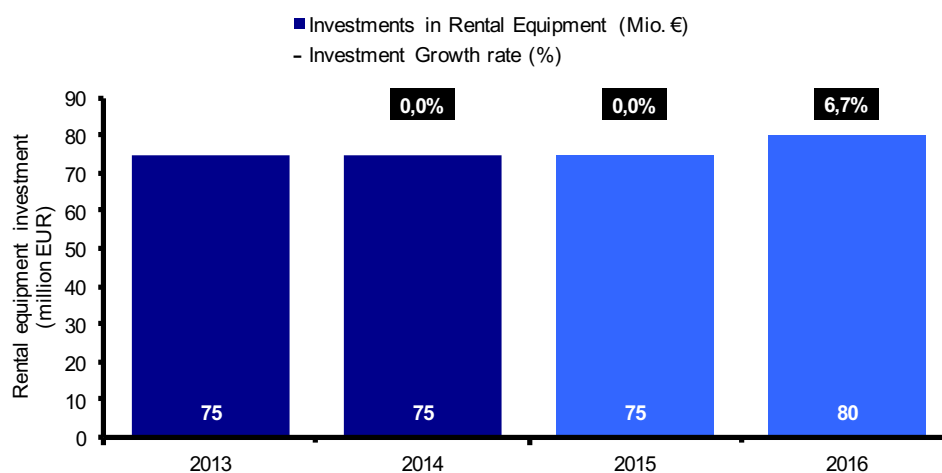




Source: IHS Markit

Rental fleet size is believed to have increased marginally in 2016 as modest investment levels since 2012 have mainly been for replacing old equipment. Rental companies continue at best to maintain an average fleet age of 6–7 years.

Investment in rental equipment of rental companies (without operator)



Source: IHS Markit

Since 2012, rental companies have been forced to limit their fleet investments significantly. Since then, investment has remained almost flat, reflecting the difficult economic environment and the strategy of some players to look abroad for growth.

COUNTRY
OVERVIEW

AUSTRIA

BELGIUM

THE CZECH REPUBLIC

DENMARK

FINLAND

FRANCE

GERMANY

ITALY

NETHERLANDS

NORWAY

POLAND

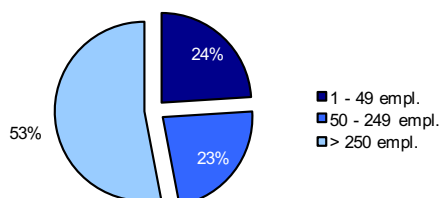
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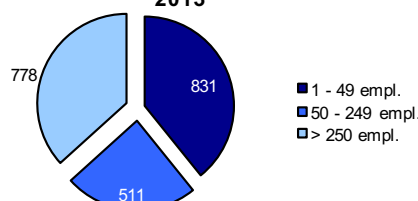
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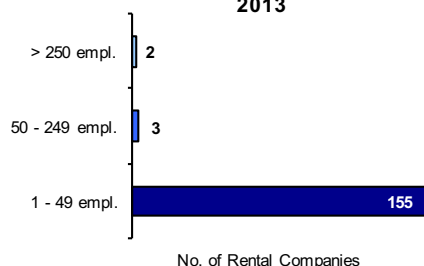
Turnover of Rental Companies 2013



Source: IHS Markit

Persons Employed by Rental Companies
2013

Source: IHS Markit

Number of Rental Companies by employees size group
2013

Source: IHS Markit

b. Economic and Construction Context for the Equipment Rental Industry

MACROECONOMIC OVERVIEW

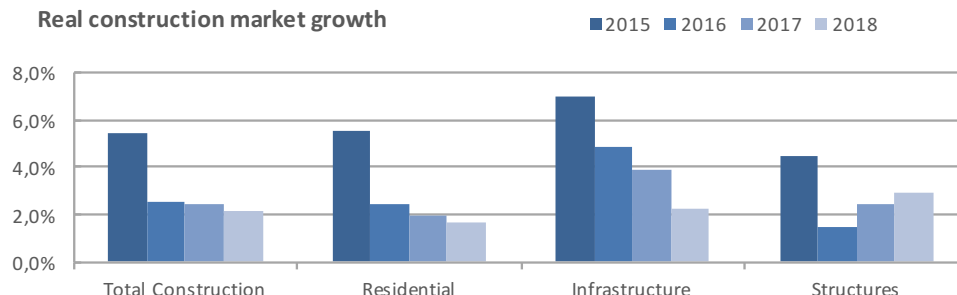
Despite the Finnish first-quarter 2016 GDP showing a burgeoning recovery (up by 1.5% y/y), the upward path will be full of risks because the downturn is not only cyclical but also structural, making the recovery more fragile. In particular, the key industries of paper and telecommunications are struggling with severe competitiveness problems. External risks, stemmed from the Brexit vote and the Russian downturn will continue to weigh on the economic performance. Overall, we

expect the Finnish GDP will gain 0.7% y/y in 2016 and 0.9% y/y in 2017.

CONSTRUCTION OVERVIEW

The outlook for construction investment seems rather solid with several major infrastructure projects in the civil engineering field, a new nuclear power plant, and some pulp mill projects brightening the outlook. Meanwhile, residential as well as structure construction should also strengthen through 2016.

Real construction market growth



France (FR)

The rental industry is expected to grow at 1.9% in 2016 and 1.1% in 2017. The construction sector share in rental demand in France is estimated at 70%, making construction sector growth essential for the well-being of the rental industry. However, as with other European markets, the non-construction share is growing and rental players are starting to change their investments to modify their client mix. The French market is characterised by a market relatively concentrated with the two main players accounting for an important share of the market. However, a large gap now exists between the top-two companies and the others. Also of interest for this market is the strong regional disparity con-

cerning the construction equipment rental activity.

After a slight recovery since 2010, price pressures are once again affecting rental turnover and this is expected to continue for the near future, pushing companies to increase their efficiency and financial monitoring. Rental utilisation is going up and is clearly driving the growth. Along with the confidence, investments are increasing in the same time to renew equipment as well as to modify product mix to address new end markets (investments in equipment, but also in dedicated marketing and people resources).

Market consolidation has continued to be observed in the French market for big and midsize rental

companies that have continued to increase their market share while smaller rental companies have concentrated their activities around local customers.

France (FR), euro	Actual		Estimates		Forecast	
	2013	2014	2015	2016	2017	2018
Total turnover [million EUR]	3.506	3.564	3.561	3.627	3.667	3.747
- Rental companies (without operator)	3.321	3.377	3.373	3.436	3.474	3.550
- Other companies providing rental services (only rental)	185	188	187	191	193	197
Number of rental companies (without operator)	870	1.000	n.a.	n.a.		
Number of employed persons by rental companies (without operator)	18.300	16.800	n.a.	n.a.		
Investments in rental equipment [million EUR]	630	625	635	645		
Value of rental fleet at all companies [million EUR] (without operator)	5.040	5.160	5.160	5.300		
Ratio: Investments in rental equipment/value of the rental fleet	13%	12%	12%	12%		
Penetration rates						
GDP [billion EUR]	2.056	2.070	2.095	2.121	2.134	2.162
GDP penetration rate	1.7‰	1.7‰	1.7‰	1.7‰	1.7‰	1.7‰
Total construction output [million EUR]	231.907	230.319	223.566	224.901	227.720	231.326
Construction industry penetration rate	1.5%	1.5%	1.6%	1.6%	1.6%	1.6%
Country population [million]	64	64	64	65	65	65
Country population penetration rate [EUR per person]	55	56	55	56	56	57

Source: IHS Markit and Official Statistics data

COUNTRY
OVERVIEW

AUSTRIA

BELGIUM

THE CZECH REPUBLIC

DENMARK

FINLAND

FRANCE

GERMANY

ITALY

NETHERLANDS

NORWAY

POLAND

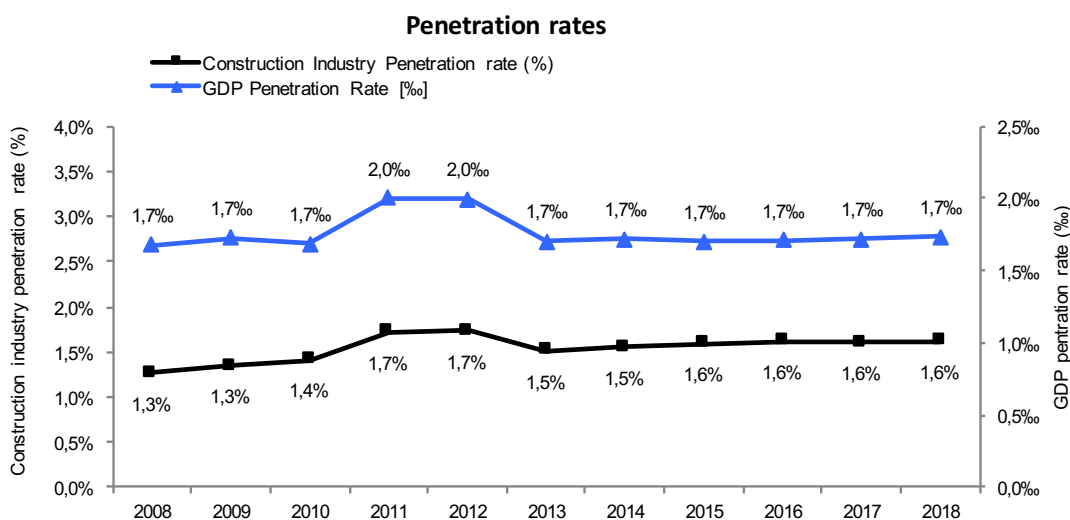
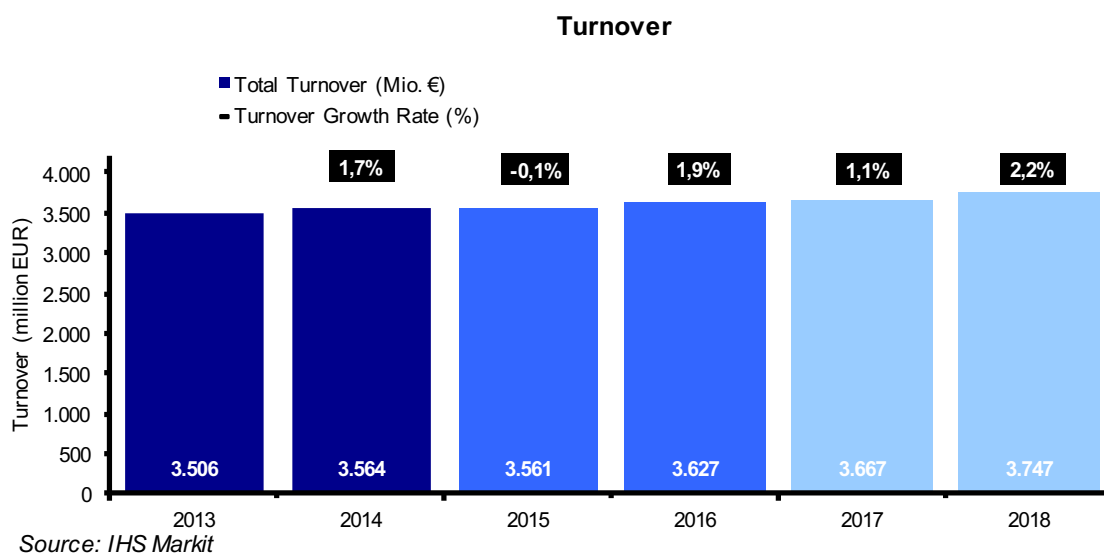
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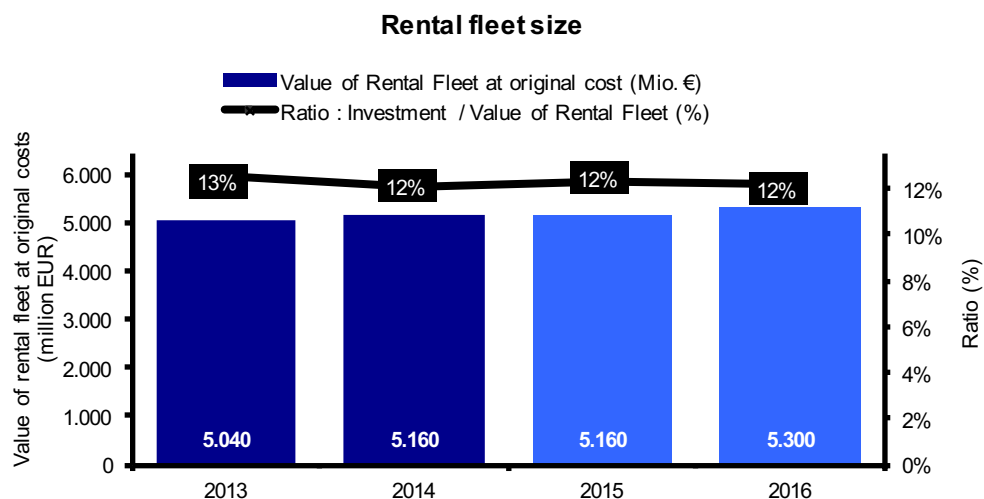
SWEDEN

SWITZERLAND

UNITED KINGDOM

a. Review of key indicators

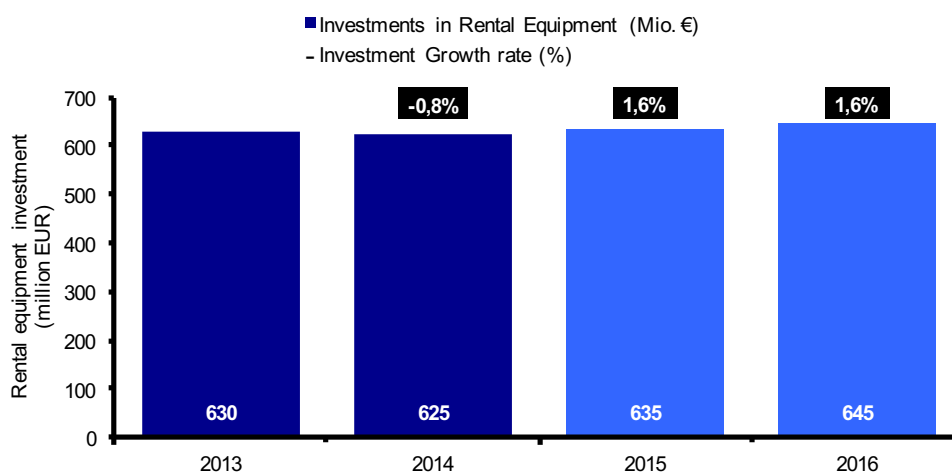




Source: IHS Markit

It is anticipated that rental fleet size will increase slightly in 2016 to EUR5.3 billion after years of moderate investment levels that failed to maintain fleet value.

Investment in rental equipment of rental companies (without operator)



Source: IHS Markit

In 2016, investment remained flat owing to difficult credit conditions and the uncertain business environment.

Overall, the age of the fleet is estimated to be 6 years in 2016.

COUNTRY
OVERVIEW

AUSTRIA

BELGIUM

THE CZECH REPUBLIC

DENMARK

FINLAND

FRANCE

GERMANY

ITALY

NETHERLANDS

NORWAY

POLAND

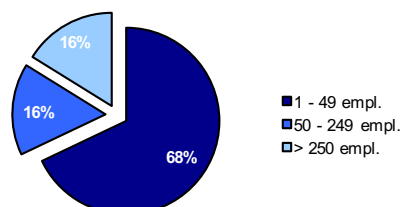
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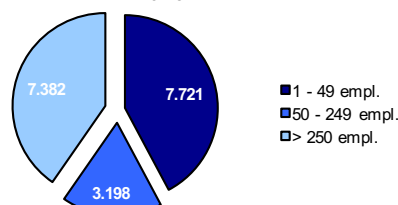
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UNITED KINGDOM

Turnover of Rental Companies 2013

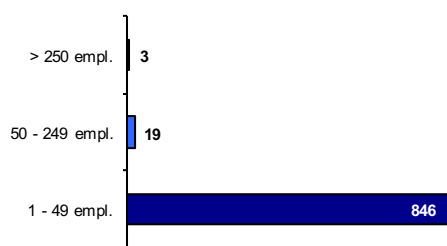


Source: IHS Markit

Persons Employed by Rental Companies
2013

Source: IHS Markit

Number of rental companies by employees size group in 2013



Source: IHS Markit

b. Economic and Construction Context for the Equipment Rental Industry

MACROECONOMIC OVERVIEW

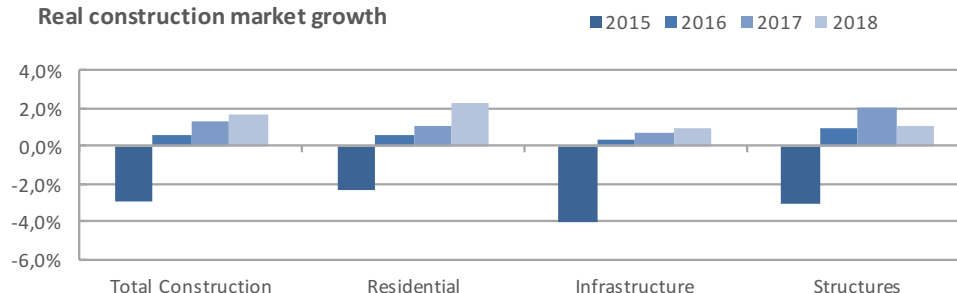
The French GDP grew by 1.4% y/y during the first quarter of 2016 on improved private consumption and firms' profit margins. The introduction of labour reforms will help provide some flexibility to the labour market. However, the midterm economic outlook remains challenging given the relatively tight fiscal policy, high unemployment rate, and structural barriers to growth. In addition, the Brexit vote is likely to dampen the French economy through weaker export demand and uncertainty of the future prospect of the

European Union. The GDP growth is anticipated to increase by 1.4% y/y in 2016 and 0.6% y/y in 2017.

CONSTRUCTION OVERVIEW

The structure investment by business should continue to recover gradually in the short term, supported by improving credit conditions. On the other hand, total consumer spending is likely to moderate markedly during the second quarter of 2016, putting downward pressure on residential construction

Real construction market growth



Germany (DE)

After a 2014 that was not as dynamic as expected, the German rental industry is again getting traction with growth of 3.9% in 2016 and 1.5% in 2017. The construction sector's share in rental demand in Germany is estimated at 70%, making construction-sector growth essential for the well-being of the rental industry. Like in Sweden, the influx of immigrants boosted the residential segment. The German equipment rental market is characterised by two main features: On the one hand, the cohabitation of local companies operating in strong competition with national rental players, and on the other, the not classically high rental market participation by distributors who seem to constantly gain importance.

The fierce competition between these players is putting real pressure on rental prices with very few product categories spared. In 2016, the pressure on price is again high; however, prices are expected to increase (in 2016 or 2017) and to add a new pillar to the growth of the industry so far driven only by volumes. This high-intensity competition is also driving investments up, creating a market where rental companies have to keep a high level of investments in equipment and innovations to stay appealing to clients. To look for new growth, rental companies strive to reduce their dependence upon the construction sector by diversifying their portfolio. The German market structure has been evolving recently with

merger and acquisition activities driving a concentration of the industry. This trend is likely to continue with (relatively easy) access to cash and a number of unclear succession issues in family-owned businesses resulting in a number of opportunities.

Germany (DE), euro	Actual		Estimates		Forecast	
	2013	2014	2015	2016	2017	2018
Total turnover [million EUR]	3.497	3.729	3.783	3.929	3.988	4.083
- Rental companies (without operator)	2.784	2.969	3.012	3.128	3.175	3.251
- Other companies providing rental services (only rental)	713	760	771	801	813	832
Number of rental companies (without operator)	3.550	4.420	n.a.	n.a.		
Number of employed persons by rental companies (without operator)	17.700	18.700	n.a.	n.a.		
Investments in rental equipment [million EUR]	795	925	940	955		
Value of rental fleet at all companies [million EUR] (without operator)	5.230	5.750	5.870	6.220		
Ratio: Investments in rental equipment/value of the rental fleet	15%	16%	16%	15%		
Penetration rates						
GDP [billion EUR]	2.705	2.748	2.789	2.839	2.887	2.934
GDP penetration rate	1.3‰	1.4‰	1.4‰	1.4‰	1.4‰	1.4‰
Total construction output [million EUR]	232.216	238.456	236.981	249.709	260.432	266.605
Construction industry penetration rate	1.5%	1.6%	1.6%	1.6%	1.5%	1.5%
Country population [million]	81	81	81	81	81	81
Country population penetration rate [EUR per person]	43	46	47	49	49	51

Source: IHS Markit and Official Statistics data

COUNTRY
OVERVIEW

AUSTRIA

BELGIUM

THE CZECH REPUBLIC

DENMARK

FINLAND

FRANCE

GERMANY

ITALY

NETHERLANDS

NORWAY

POLAND

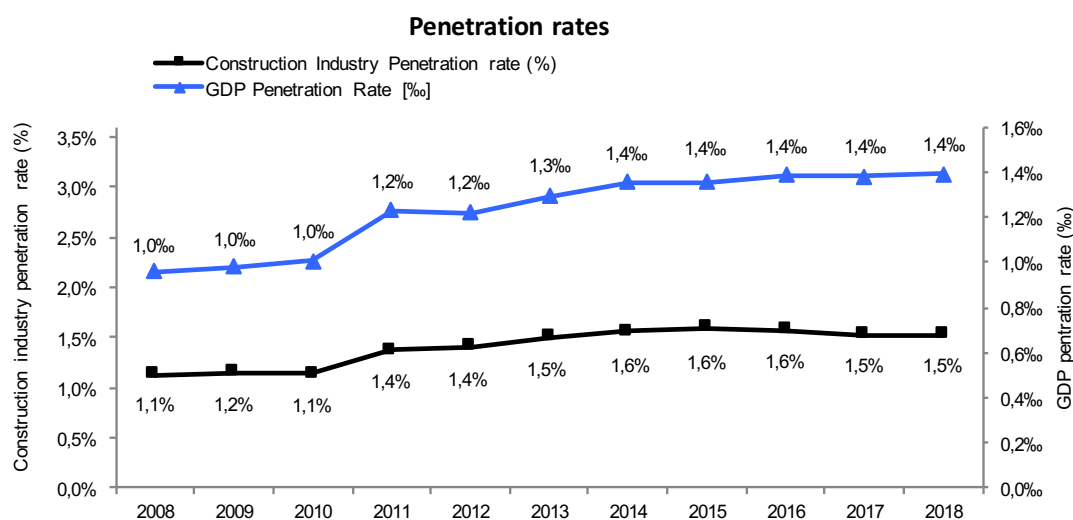
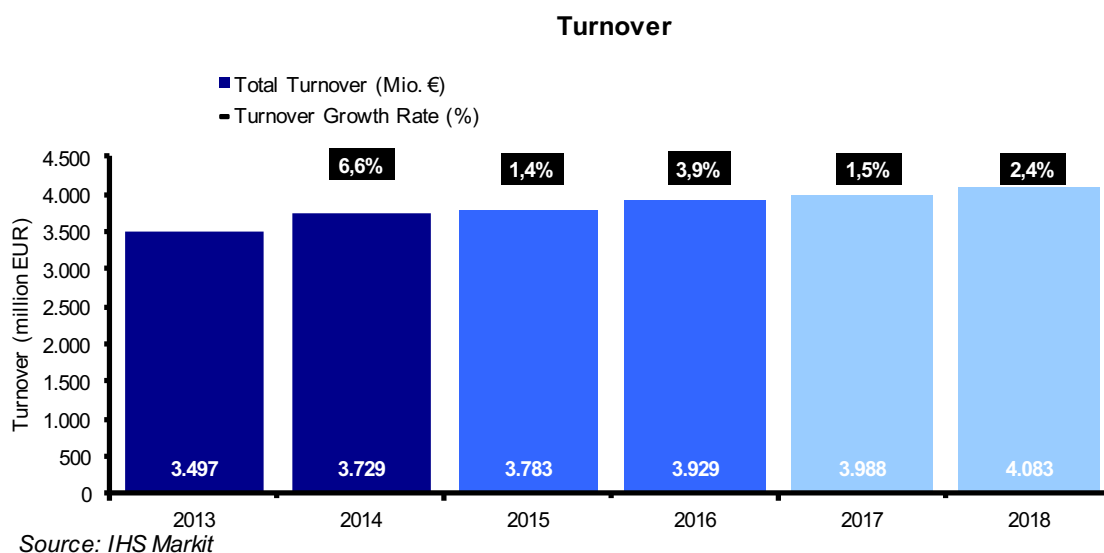
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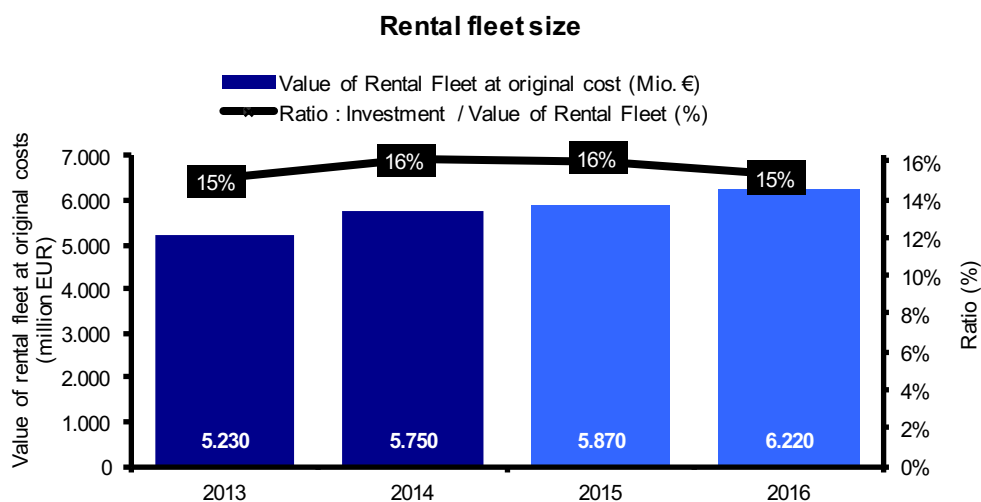
SWEDEN

SWITZERLAND

UNITED KINGDOM

a. Review of key indicators



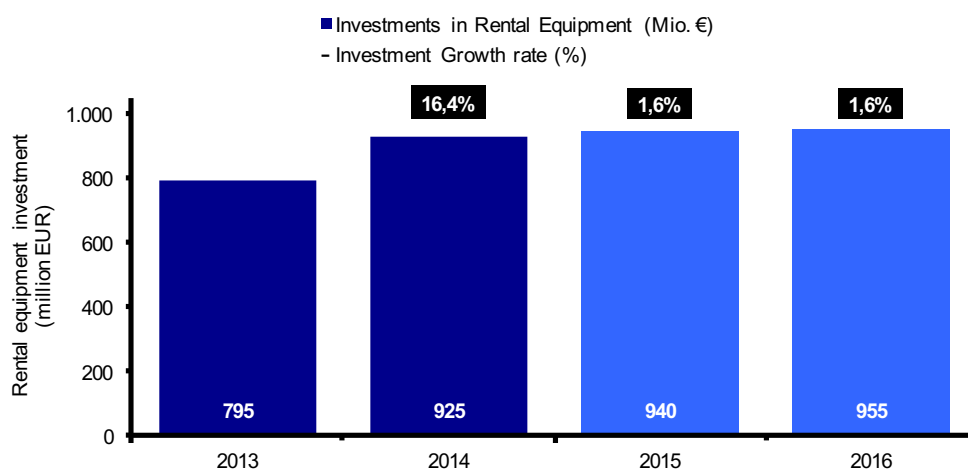


Source: IHS Markit

In line with the strong investment into the relatively young equipment fleet (young in comparison with the European average), we estimate the rental fleet to have grown in 2016.

The average age of the German rental fleet remains among the lowest in Europe, estimated to average 3.5 years in 2016.

Investment in rental equipment of rental companies (without operator)



Source: IHS Markit

In 2016, rental fleet investment has remained strong, increasing in part by the weight of distributors in this market and by a solid commercial assessment of the maintenance costs of older equipment.

COUNTRY
OVERVIEW

AUSTRIA

BELGIUM

THE CZECH REPUBLIC

DENMARK

FINLAND

FRANCE

GERMANY

ITALY

NETHERLANDS

NORWAY

POLAND

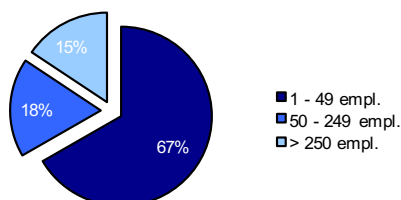
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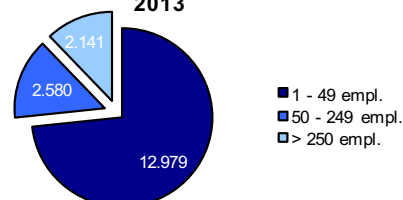
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UNITED KINGDOM

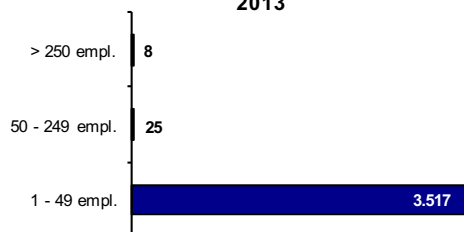
Turnover of Rental Companies 2013



Source: IHS Markit

Persons Employed by Rental Companies
2013

Source: IHS Markit

Number of Rental Companies by employees size group
2013

Source: IHS Markit

b. Economic and Construction Context for the Equipment Rental Industry

MACROECONOMIC OVERVIEW

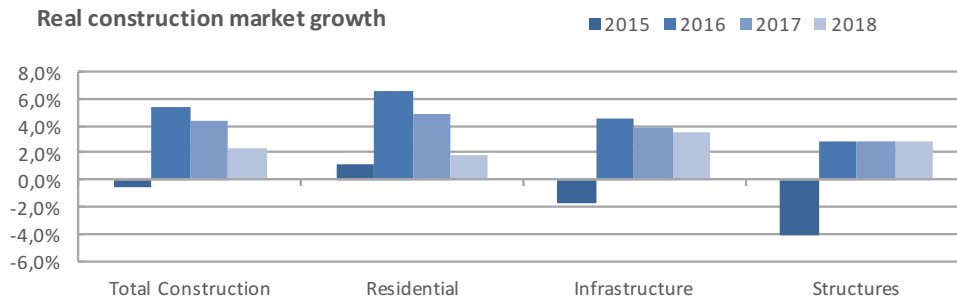
The German economy remains on a solid recovery path and is even accelerating modestly in 2016. The risk focus has shifted from the Greek debt crisis to emerging-market woes, ramifications of the refugee crisis, the elevated threat of Islamist terrorism, and the Brexit vote. On the positive side, economic growth will be supported by the extremely soft monetary policy and increasingly looser fiscal policy. We anticipate the German

economy will grow by 1.6% y/y in 2016 and 1.4% y/y in 2017.

CONSTRUCTION OVERVIEW

Residential construction has been driving the total growth as a result of the rising monthly building permits for housing since November 2015. Furthermore, the weaker euro stance post-Brexit should also provide partial support to non-residential construction growth.

Real construction market growth



Italy (IT)

After years of contraction or sluggish growth, rental turnover in Italy has started to recover, driven in particular by companies in northern Italy that benefitted from works related to Expo Milan. Rental turnover is forecast to evolve positively, with rental revenue going up by 2.6% in 2016 and 0.9% in 2017.

The share of rental demand from the construction sector in Italy is estimated at 70%; therefore, there is a high dependence upon the construction sector and a high correlation with the construction sector's health. The Italian equipment rental market, like Germany and Austria, is characterised by the important role of equipment dealers and other companies providing rental services, which are

estimated to generate almost 50% of the rental revenue. The market is also characterised by its high level of fragmentation, with no rental companies with more than 250 employees.

In the context of fragmentation, the pressure on rental rates has continued; however, some rental companies have managed to increase rates for some equipment. In addition, real growth in volume terms, although slow, is leading the growth of the market.

Rental companies are investing; however, it will take some time to completely recover from the crisis and reduce the average age (and costs) of the fleet.

With this better economic environment, we could be expecting in the

near future a slow consolidation process (medium-sized companies taking over small players and small players disappearing), but even if the trend seems to be there, no major change have been made.

The financial health of contractor companies is still cause for concern. The question of the extension of payment terms has once again in 2016 put a very high pressure on business recovery.

Italy (IT), euro	Actual		Estimates		Forecast	
	2013	2014	2015	2016	2017	2018
Total turnover [million EUR]	1.108	1.090	1.083	1.112	1.121	1.148
- Rental companies (without operator)	580	570	566	581	586	600
- Other companies providing rental Services (only rental)	529	520	517	530	535	548
Number of rental companies (without operator)	1.710	1.640	n.a.	n.a.		
Number of employed persons by rental companies (without operator)	8.030	7.920	n.a.	n.a.		
Investments in rental equipment [million EUR]	130	155	155	160		
Value of rental fleet at all companies [million EUR] (without operator)	2.000	1.950	1.930	2.010		
Ratio: Investments in rental equipment/value of the rental fleet	7%	8%	8%	8%		
Penetration rates						
GDP [billion EUR]	1.541	1.537	1.546	1.557	1.563	1.576
GDP Penetration Rate	0.7‰	0.7‰	0.7‰	0.7‰	0.7‰	0.7‰
Total construction output [million EUR]	150.944	140.505	139.431	141.227	142.848	144.884
Construction industry penetration rate	0.7%	0.8%	0.8%	0.8%	0.8%	0.8%
Country population [million]	60	60	60	60	60	60
Country population penetration rate [EUR per person]	19	18	18	19	19	19

Source: IHS Markit and Official Statistics data

COUNTRY
OVERVIEW

AUSTRIA

BELGIUM

THE CZECH REPUBLIC

DENMARK

FINLAND

FRANCE

GERMANY

ITALY

NETHERLANDS

NORWAY

POLAND

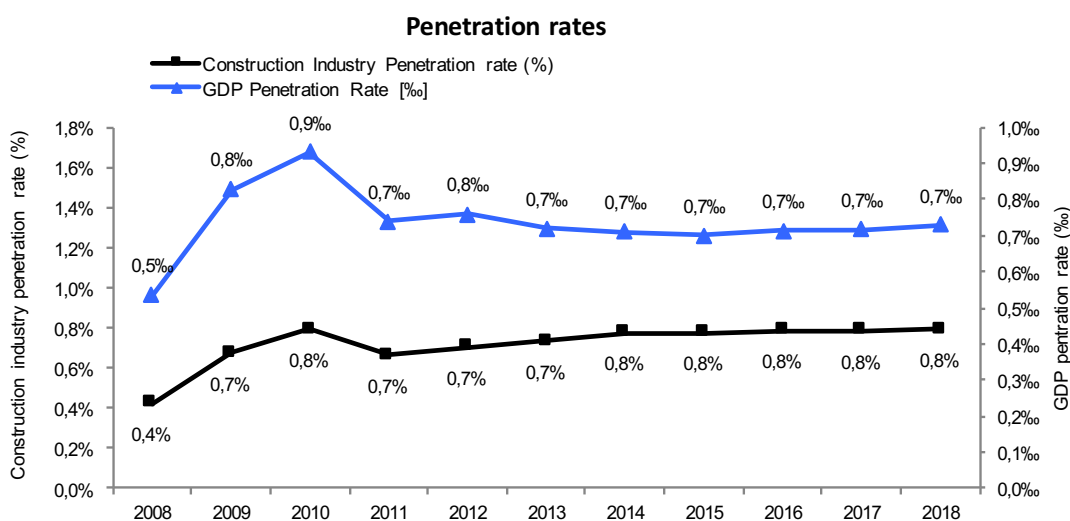
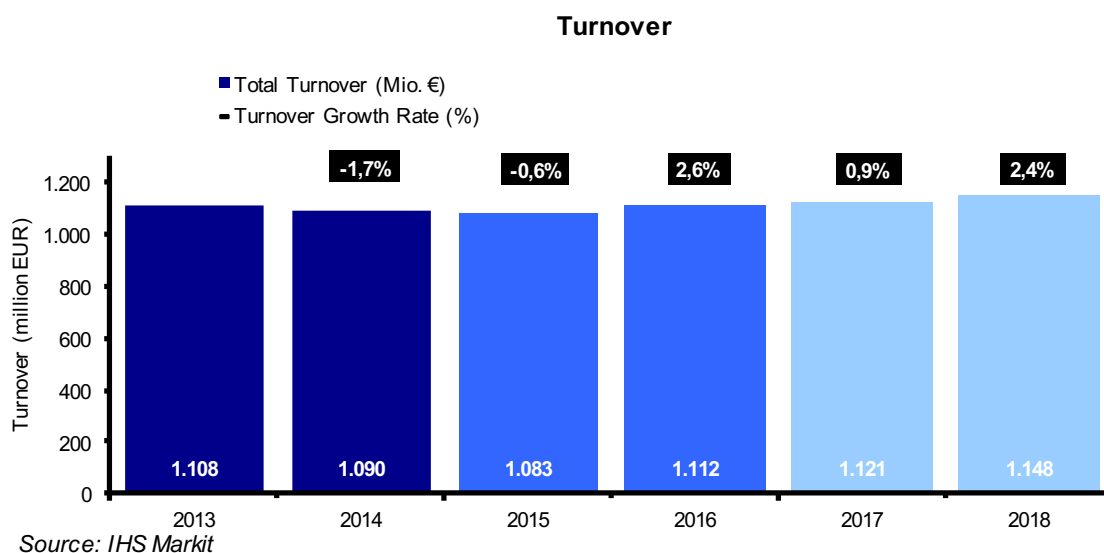
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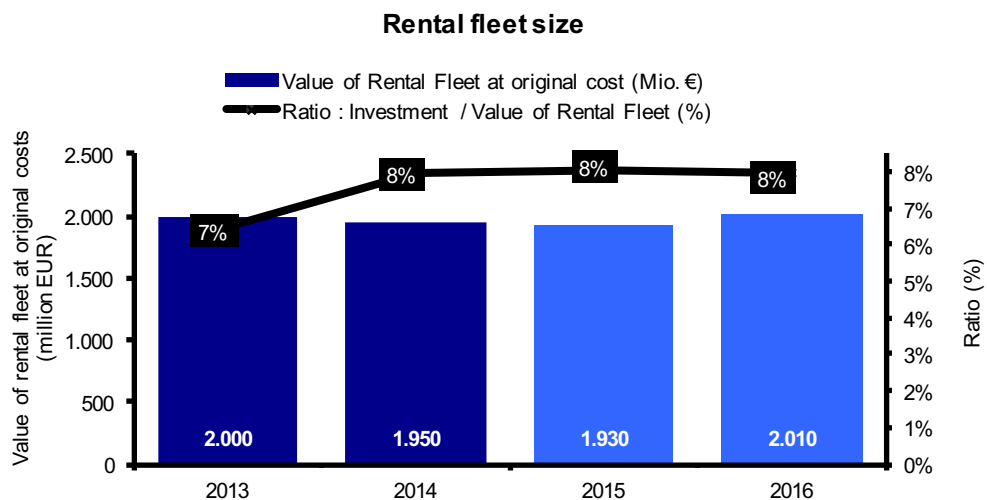
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SWITZERLAND

UNITED KINGDOM

a. Review of key indicators

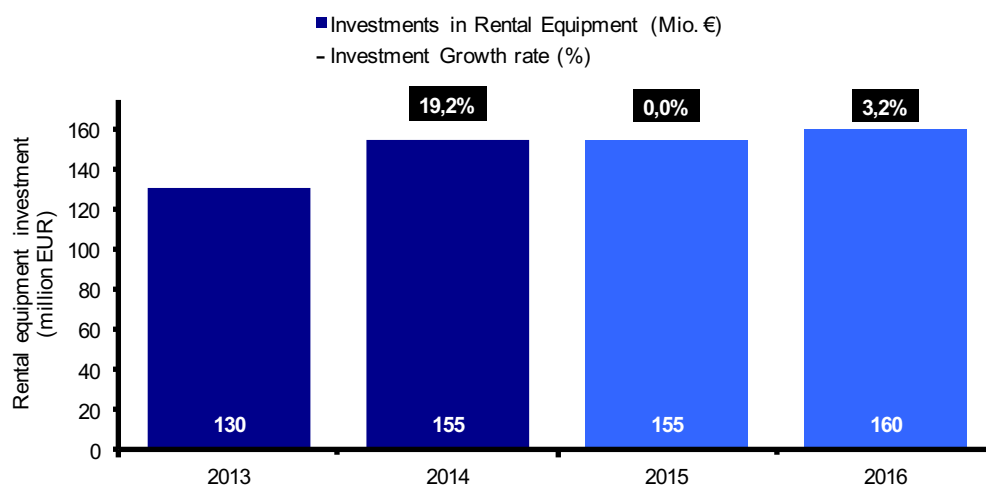




Source: IHS Markit

In line with investment, the overall size of the rental fleet is going up, but still fails to reach the 2012 levels as operators are limiting investment to essential replacement.

Investment in rental equipment of rental companies (without operator)



Source: IHS Markit

After real investment increases in 2014, capital expenditure has remained stable. Investment has been concentrated on specific equipment (with high utilisation) and, more particularly, to replace old equipment with equipment that has a higher utilisation potential.

COUNTRY
OVERVIEW

AUSTRIA

BELGIUM

THE CZECH REPUBLIC

DENMARK

FINLAND

FRANCE

GERMANY

ITALY

NETHERLANDS

NORWAY

POLAND

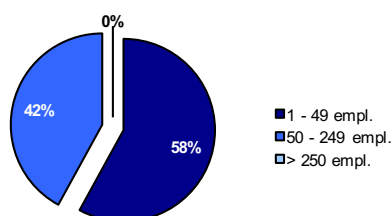
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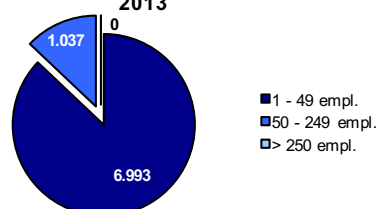
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UNITED KINGDOM

Turnover of rental companies 2013

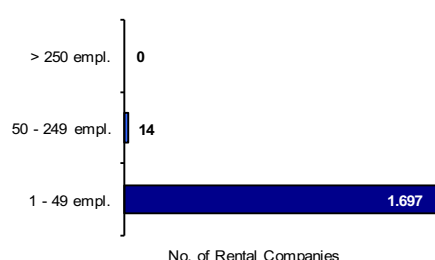


Source: IHS Markit

Persons employed by rental companies
2013

Source: IHS Markit

Number of Rental Companies by employees size group 2013



Source: IHS Markit

b. Economic and Construction Context for the Equipment Rental Industry

MACROECONOMIC OVERVIEW

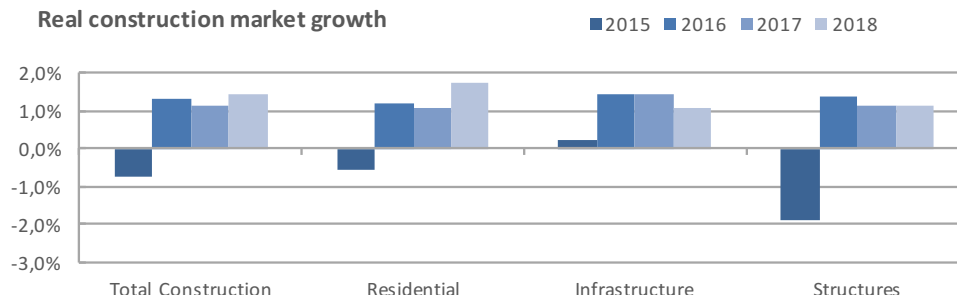
Italy departed a recession at the beginning of 2015, and a gradual recovery is still underway, supported by the sharp fall of commodities prices, low interest rates, and a round of household and business tax cuts. During the first three months of 2016, the Italian economy grew by 0.3% q/q, driven by healthier consumer spending. Yet, the recovery momentum will likely be dampened by the fallout of the Brexit vote, affecting consumer spending and business investment intentions,

alongside damage to trade flows across the European Union. Overall, in our latest forecast, Italian GDP is expected to edge up by 0.8% y/y in 2016 and 0.5% y/y in 2017.

CONSTRUCTION OVERVIEW

The unfavourable housing prices and uneven mortgage credit channels will remain a drag on the residential construction sub-sector, limiting the total construction growth.

Real construction market growth



The Netherlands (NL)

Rental turnover in the Netherlands has started to recover somewhat since 2013. Rental revenue is forecast to increase in 2016 and 2017, growing by a solid 3.7% and 3.2%, respectively, above the forecasts produced in 2015.

Rental demand stems from construction, which is still estimated to represent 70% of the rental market. However, efforts are being made by the industry to decrease this dependency, and we can anticipate the share of non-construction demand growing in the near future.

The Dutch equipment rental market is characterised by a market that became more internationally

oriented over the past years with large- and medium-sized companies going outside their borders to find growth opportunities rather than face lower demand and relative over-capacity in the Netherlands. With a better economic environment, they keep operating outside their borders.

The Dutch market is also relatively concentrated with companies of less than 50 employees accounting for less than 35% of the total market. These two aspects create a fairly competitive market, and since 2011, rental rates have recovered from the strong decreases experienced in previous years; however, price pres-

sure remains, even with the rental utilisation going up and driving the growth of the rental industry. This situation should change in the coming years with an expected increase of the rental price.

Rental players have invested in responding to customer demand and targeting non-construction segments. New investments have also been driven by an assessment of the cost and effectiveness of a fleet considered as too old.

Regarding the structure of the Dutch market, a slow concentration is on the move, even if there are no major movements on the merger and acquisition side.

Netherlands (NL), euro	Actual		Estimates		Forecast	
	2013	2014	2015	2016	2017	2018
Total turnover [million EUR]	848	899	930	965	995	1.041
- Rental companies (without operator)	780	827	856	887	915	957
- Other companies providing rental services (only rental)	68	72	74	77	80	83
Number of rental companies (without operator)	575	580	n.a.	n.a.		
Number of employed persons by rental companies (without operator)	5.790	5.570	n.a.	n.a.		
Investments in rental equipment [million EUR]	145	215	230	235		
Value of rental fleet at all companies [million EUR] (without operator)	1.210	1.320	1.400	1.480		
Ratio: Investments in rental equipment/value of the rental fleet	12%	16%	16%	16%		
Penetration rates						
GDP [billion EUR]	634	643	656	663	672	683
GDP penetration rate	1.3‰	1.4‰	1.4‰	1.5‰	1.5‰	1.5‰
Total construction output [million EUR]	69.633	71.954	77.488	81.432	83.692	85.366
Construction industry penetration rate	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%
Country population [million]	17	17	17	17	17	17
Country population penetration rate [EUR per person]	50	53	55	57	58	61

Source: IHS Markit and Official Statistics data

COUNTRY
OVERVIEW

AUSTRIA

BELGIUM

THE CZECH REPUBLIC

DENMARK

FINLAND

FRANCE

GERMANY

ITALY

NETHERLANDS

NORWAY

POLAND

SPAIN

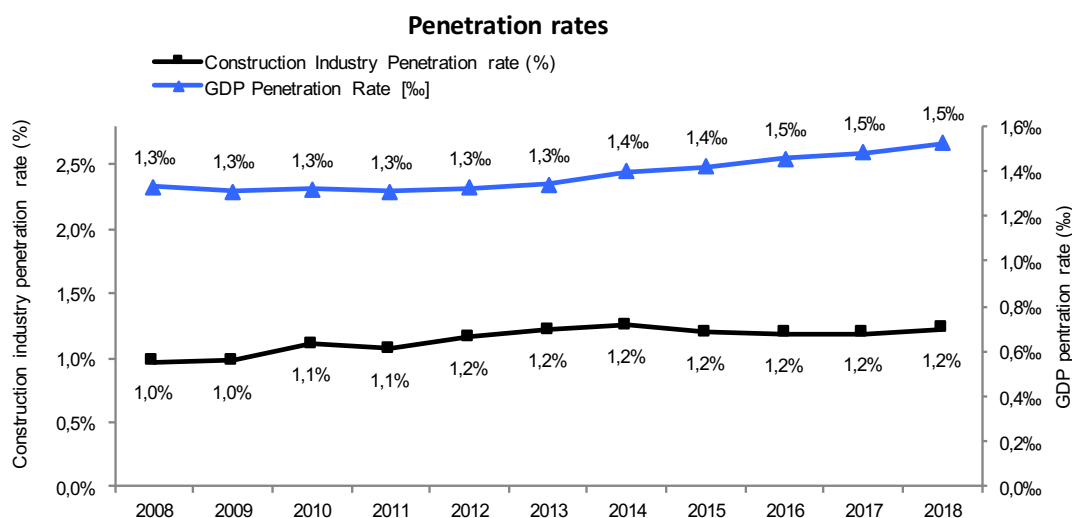
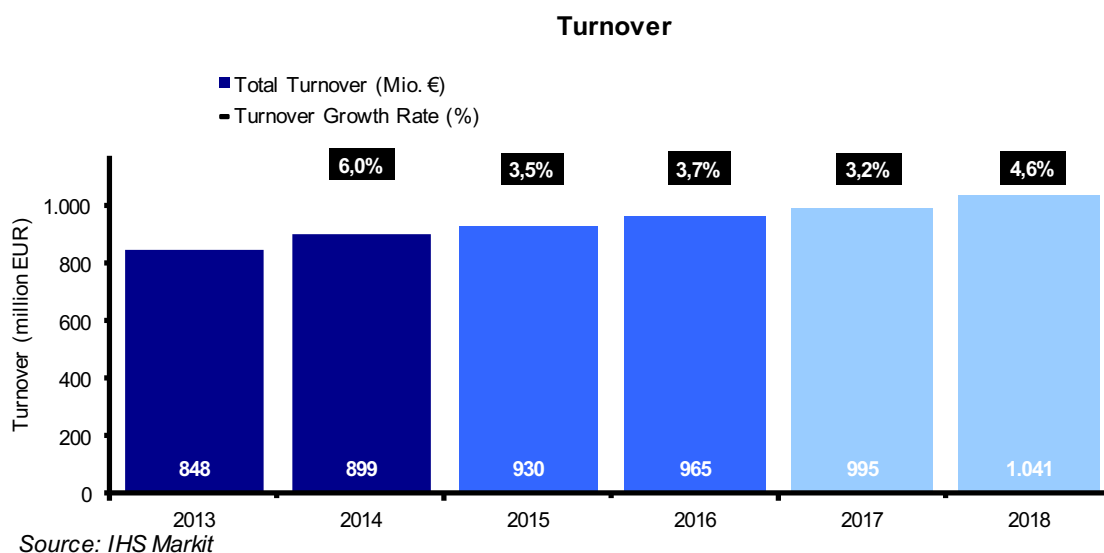
SWEDEN

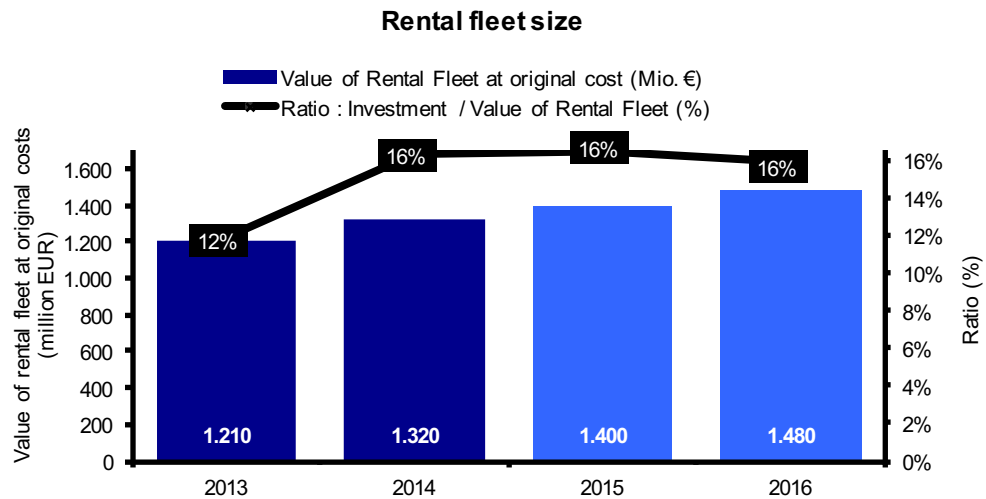
SWITZERLAND

UNITED KINGDOM



a. Review of key indicators



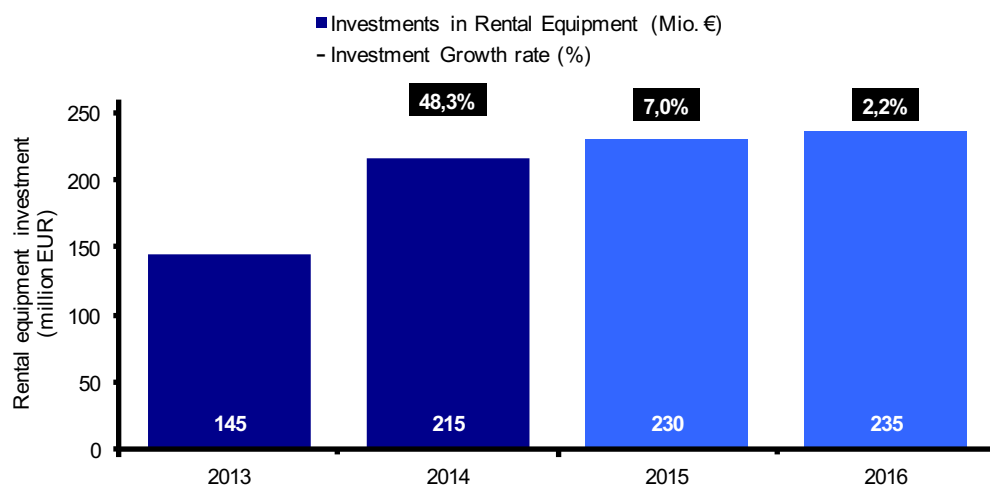


Source: IHS Markit

After a real drop in 2012, investment is picking up in 2015, driven by requests from new customers for new types of equipment and by an assessment of the cost effectiveness of older equipment.

The average fleet age is estimated at 5 to 6 years.

Investment in rental equipment of rental companies (without operator)



Source: IHS Markit

Capital expenditure has predominately served to replace old machines, particularly those with a high rental utilisation potential.

COUNTRY
OVERVIEW

AUSTRIA

BELGIUM

THE CZECH REPUBLIC

DENMARK

FINLAND

FRANCE

GERMANY

ITALY

NETHERLANDS

NORWAY

POLAND

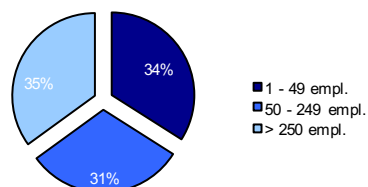
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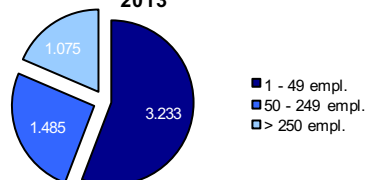
UNITED KINGDOM

Turnover of Rental Companies 2013



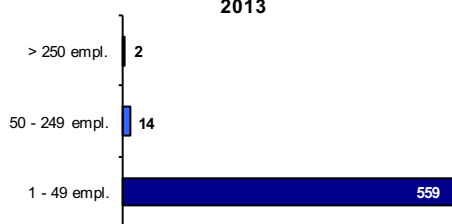
Source: IHS Markit

Persons Employed by Rental Companies 2013



Source: IHS Markit

Number of Rental Companies by employees size group 2013



Source: IHS Markit

b. Economic and Construction Context for the Equipment Rental Industry

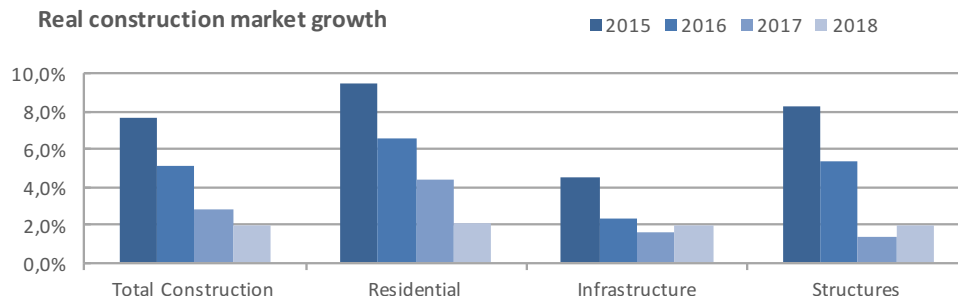
MACROECONOMIC OVERVIEW

The Dutch economy has shown resilience with its first-quarter 2016 GDP gaining 1.0% y/y, marking the eighth consecutive month of growth. The better-than-expected expansion was driven by stronger private consumption and international trade. We expect the Dutch recovery will continue through the rest of 2016, but at slow pace because of the heightened global economic uncertainties across the Eurozone resulting from the Brexit vote. Overall, the GDP is anticipated to grow 1.1% y/y in 2016 and 1.3% y/y in 2017.

CONSTRUCTION OVERVIEW

The housing market attracted a higher level of investment during the first quarter of 2016, with the construction sector experiencing great growth of 5.8% y/y. Nevertheless, the growth of housing prices reached an eight-year high of 4.3% y/y in March 2016, which raises the concern of over-heating and excessive household leverage. Meanwhile, industrial production and manufacturing output remain relatively strong in the first quarter, fuelling non-residential construction.

Real construction market growth



Norway (NO)

After years of ups and down, rental turnover in Norway has started to recover; we believe the rental industry will grow 0.6% in 2016 and 2.1% in 2017, below what was expected in 2015.

In effect, the share of rental demand from the construction sector in Norway is estimated at 60%, a diversified situation, which, in the Norwegian case, is a weakness due to the oil-price evolution.

The Norwegian equipment rental market is characterised by this high dependency on oil, adversely affected by the low oil price. The West Coast, in particular, has been strongly impacted.

It is also a market characterised by its balanced organization, with

each of the 3 company sizes accounting for an almost similar share of the total market.

Until 2013, rental companies did not feel the same pressure for efficiency seen in other countries, but this is not the case anymore and in the context of low price pressure, companies are introducing more efficiency in their processes. After some years of low investments, rental fleet is becoming too old, increasing maintenance costs as well as operational costs. It will take some time to completely recover from the crisis.

There is not much ongoing merger and acquisition activity in the Norwegian marketplace.

Norway (NO), local currency	Actual		Estimates		Forecast	
	2013	2014	2015	2016	2017	2018
Total turnover [million NOK]	7.387	7.357	7.436	7.481	7.635	7.903
- Rental companies (without operator)	5.522	5.499	5.558	5.592	5.707	5.907
- Other companies providing rental services (only rental)	1.865	1.858	1.878	1.889	1.928	1.996
Number of rental companies (without operator)	300	315	n.a.	n.a.		
Number of employed persons by rental companies (without operator)	2.430	2.470	n.a.	n.a.		
Investments in rental equipment [million NOK]	1.300	1.230	1.220	1.210		
Value of rental fleet at all companies [million NOK] (without operator)	9.700	9.640	9.790	9.880		
Ratio: Investments in rental equipment/value of the rental fleet	13%	13%	12%	12%		
Penetration rates						
GDP [billion NOK]	3.071	3.139	3.192	3.215	3.238	3.274
GDP penetration rate	2.4‰	2.3‰	2.3‰	2.3‰	2.4‰	2.4‰
Total construction output [million NOK]	390.197	407.529	410.917	419.161	429.804	441.119
Construction industry penetration rate	1.9%	1.8%	1.8%	1.8%	1.8%	1.8%
Country population [million]	5	5	5	5	5	5
Country population penetration rate [NOK per person]	1.465	1.445	1.427	1.419	1.432	1.467

Source: IHS Markit and Official Statistics data

COUNTRY
OVERVIEW

AUSTRIA

BELGIUM

THE CZECH REPUBLIC

DENMARK

FINLAND

FRANCE

GERMANY

ITALY

NETHERLANDS

NORWAY

POLAND

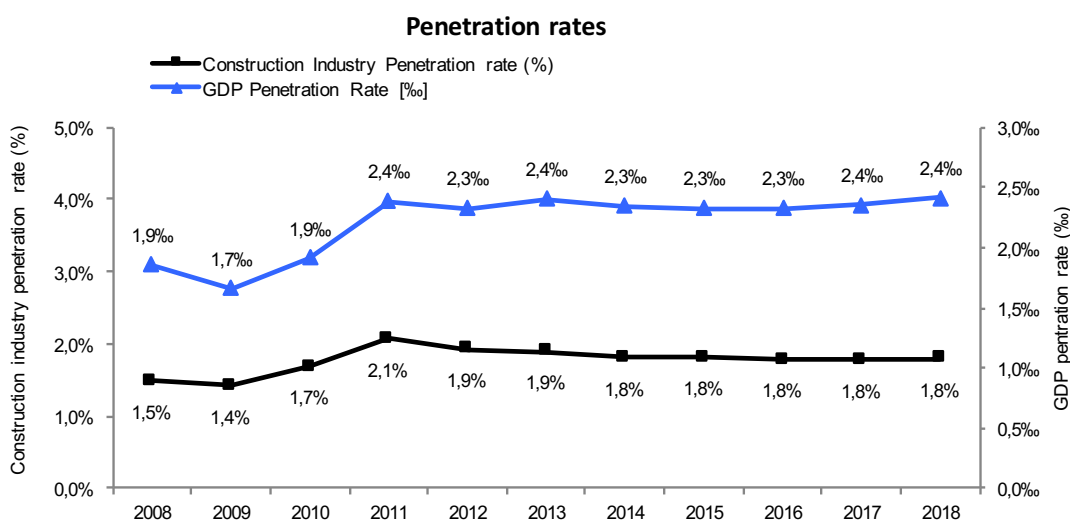
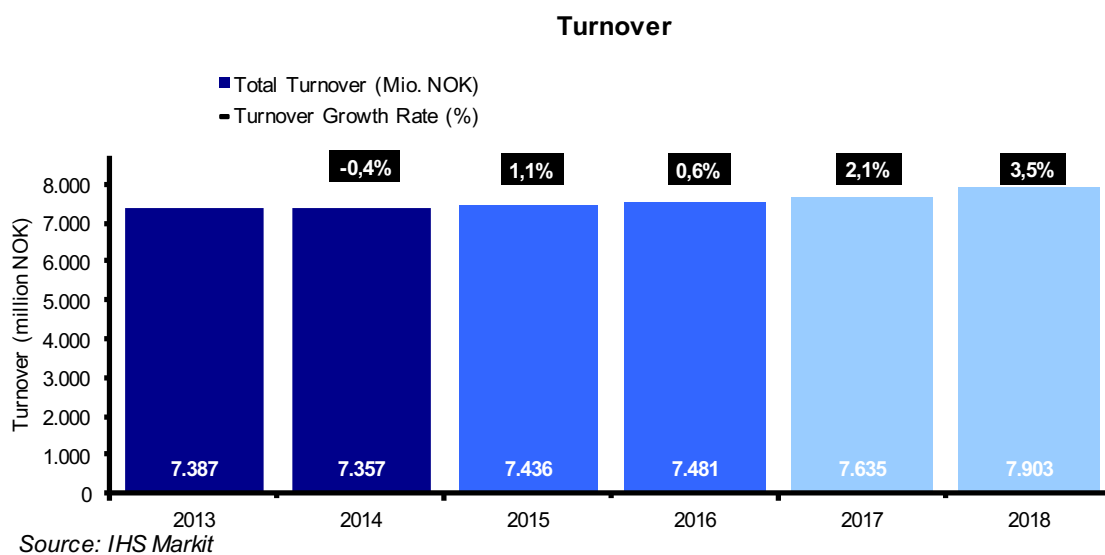
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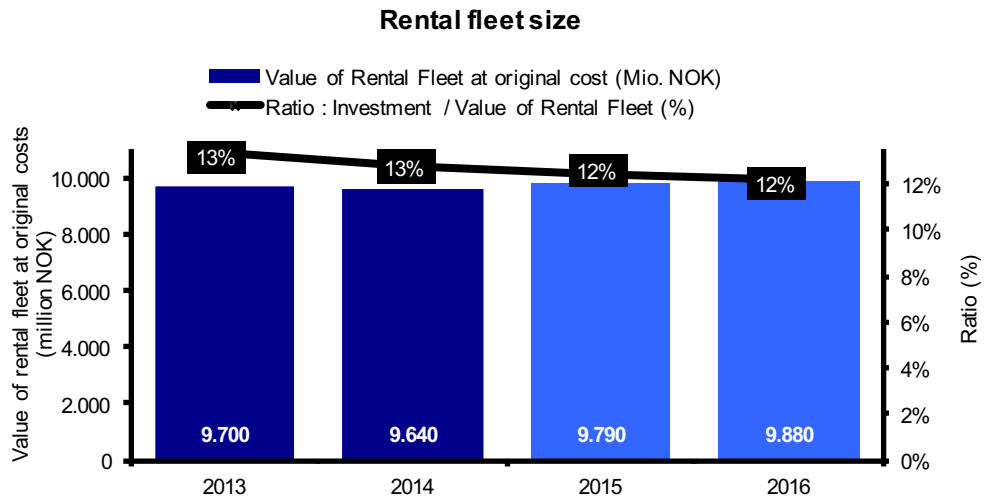
SWEDEN

SWITZERLAND

UNITED KINGDOM

a. Review of key indicators



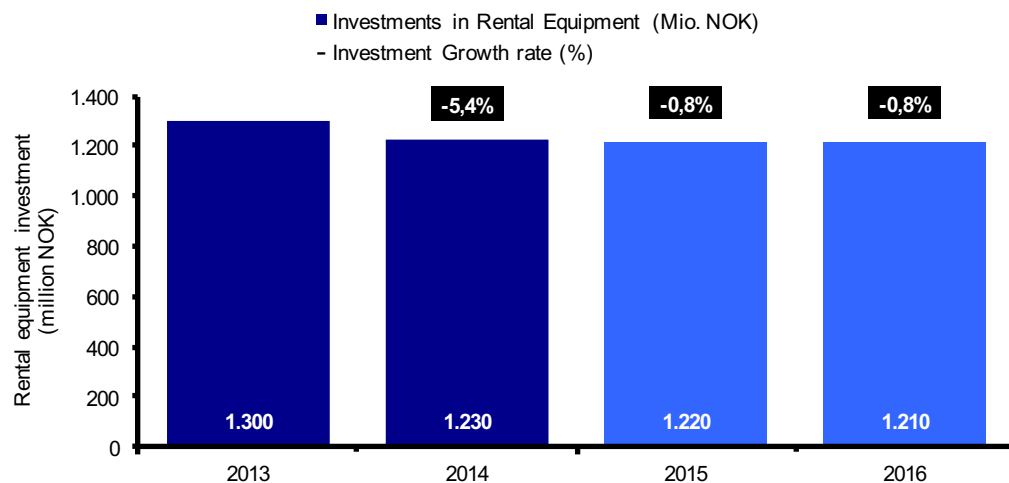


Source: IHS Markit

Fleet size reached EUR1,060 million in 2016 (at original cost) rates.

Rental equipment fleet value is likely to decrease in 2015 with the average fleet age estimated to be stable at 5 years thanks to moderate levels of investment in recent years.

Investment in rental equipment of rental companies (without operator)



Source: IHS Markit

Investment in rental equipment in 2015 will contract a little; over-investments in some product categories in the past are driving rental players to be cautious about their investment decisions.

COUNTRY
OVERVIEW

AUSTRIA

BELGIUM

THE CZECH REPUBLIC

DENMARK

FINLAND

FRANCE

GERMANY

ITALY

NETHERLANDS

NORWAY

POLAND

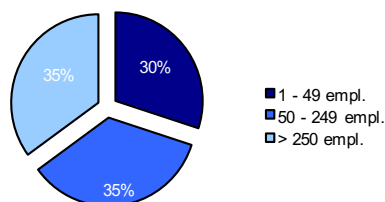
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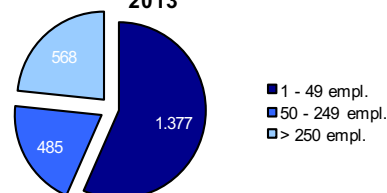
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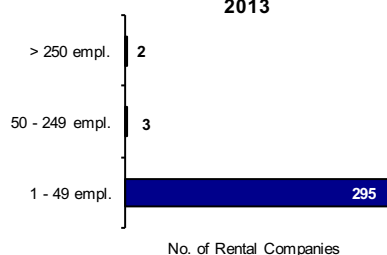
Turnover of Rental Companies 2013



Source: IHS Markit

Persons Employed by Rental Companies
2013

Source: IHS Markit

Number of Rental Companies by employees size group
2013

Source: IHS Markit

b. Economic and Construction Context for the Equipment Rental Industry

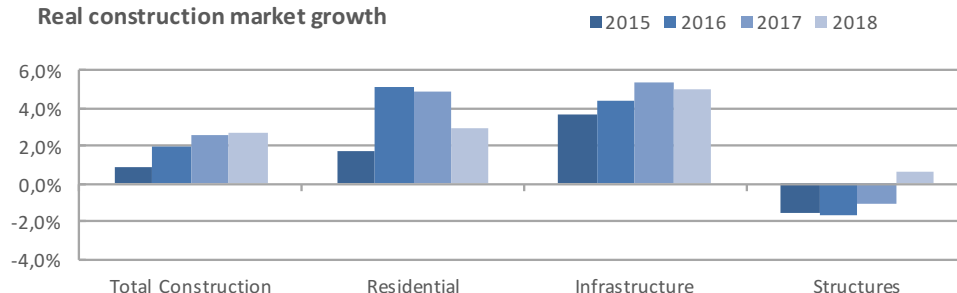
MACROECONOMIC OVERVIEW

Despite stronger-than-expected GDP growth during the first quarter in 2016, the Norwegian economy still faces major challenges. In particular, the still-low global oil prices will remain a drag on the petroleum investment and oil supplying industries, while the fallout of the Brexit vote will add an additional uncertainty to the global economy. On the other hand, the buoyant housing market also risks a hard landing, and a sharp fall in housing prices could trigger a series of spill-over effects, further limiting economic growth. Real GDP growth is expected to stand steadily at 0.7% y/y in 2016 and 2017.

CONSTRUCTION OVERVIEW

While the recent purchasing managers' surveys showed that the overall index measuring manufacturing activity continued to shrink in the first four months of 2016, the latest business survey data also suggested a bumpy road for mainland non-residential structure investment. On the positive side, the government is expected to ramp up spending on infrastructure projects in 2016 to help the mainland economy being buffeted by the slump in offshore investment.

Real construction market growth



Poland (PL)

Rental turnover in Poland has started to recover somewhat since 2013. Our forecast for rental revenue is that it will increase in 2016 and 2017 by 1.9% and 1.5%, respectively, possibly a little below industry expectations. The equipment rental market in Poland is still largely dependent on the health of the construction sector, with other customer segments playing only a minor role. The rental demand stemming from construction is estimated at 80%, albeit a little lower than before (formerly 90%), but still very significant.

The Polish equipment rental market is characterised by the availability of cheap used construction equipment, which has supported the entry of new players on the market (low market entry barriers) and has

led to strong price pressures, along with a real fleet over-capacity. The market is also driven by individual rental providers (rental with operator).

Also specific to this market its fragmentation with companies of less than 50 employees accounting for more than 60% of the total market. This situation is driving a continued strong pressure on rental rates, which is reinforced by the lowest-bidder culture in the country. The consequence for the rental industry is that even with a dynamic market, prices remain low, and volume is the only real driver for growth.

Investments are getting back to a normal level thanks to renewed confidence and an improved situation since 2014. Investments were

important at the beginning of the year, and with sales sitting slightly below expectations, they have been reduced.

No further consolidation is expected in a market stable since 2014.

Rental companies are focusing on maintaining financial liquidity, so there is a strong emphasis upon cash flows. In this context, the slow payment of customers continues to be a real problem.

Poland (PL), local currency	Actual		Estimates		Forecast	
	2013	2014	2015	2016	2017	2018
Total turnover [million PLN]	1.481	1.459	1.499	1.528	1.551	1.597
- Rental companies (without operator)	1.467	1.445	1.485	1.513	1.535	1.581
- Other companies providing rental services (only rental)	14	14	15	15	15	16
Number of rental companies (without operator)	1.270	1.360	n.a.	n.a.		
Number of employed persons by rental companies (without operator)	6.120	6.670	n.a.	n.a.		
Investments in rental equipment [million PLN]	65	85	85	85		
Value of rental fleet at all companies [million PLN] (without operator)	3.140	3.070	3.200	3.300		
Ratio: Investments in rental equipment/value of the rental fleet	2%	3%	3%	3%		
Penetration rates						
GDP [billion PLN]	1.561	1.613	1.671	1.727	1.784	1.840
GDP penetration rate	0.9‰	0.9‰	0.9‰	0.9‰	0.9‰	0.9‰
Total construction output [million PLN]	287.056	298.856	301.403	303.674	310.173	315.696
Construction industry penetration rate	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
Country population [million]	39	39	39	39	39	39
Country population penetration rate [PLN per person]	38	38	39	40	40	41

Source: IHS Markit and Official Statistics data

COUNTRY
OVERVIEW

AUSTRIA

BELGIUM

THE CZECH REPUBLIC

DENMARK

FINLAND

FRANCE

GERMANY

ITALY

NETHERLANDS

NORWAY

POLAND

SPAIN

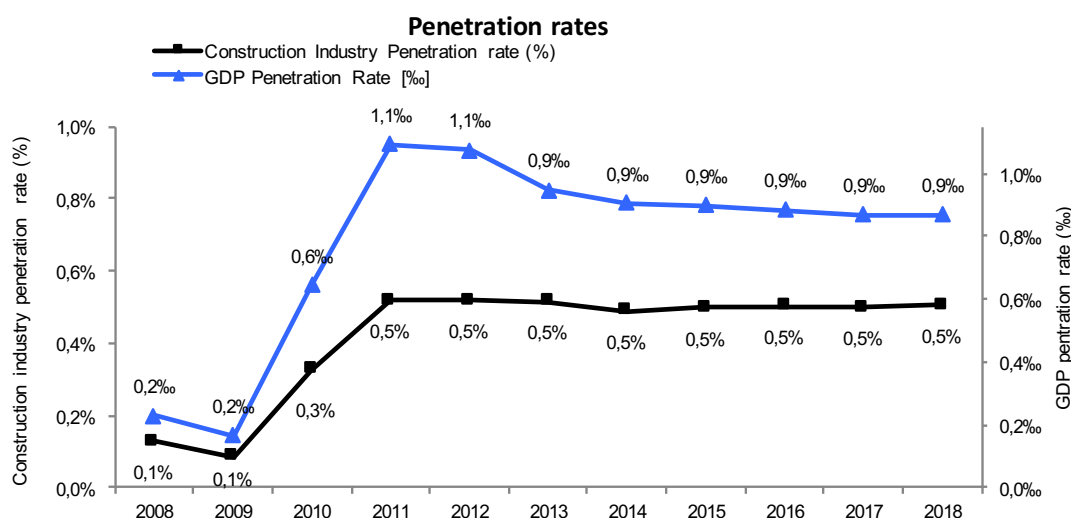
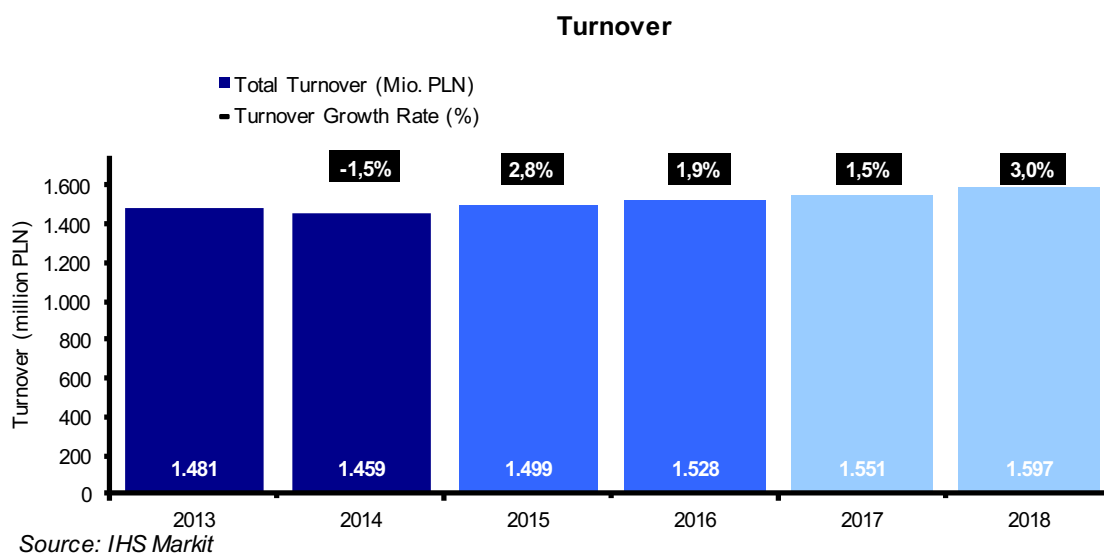
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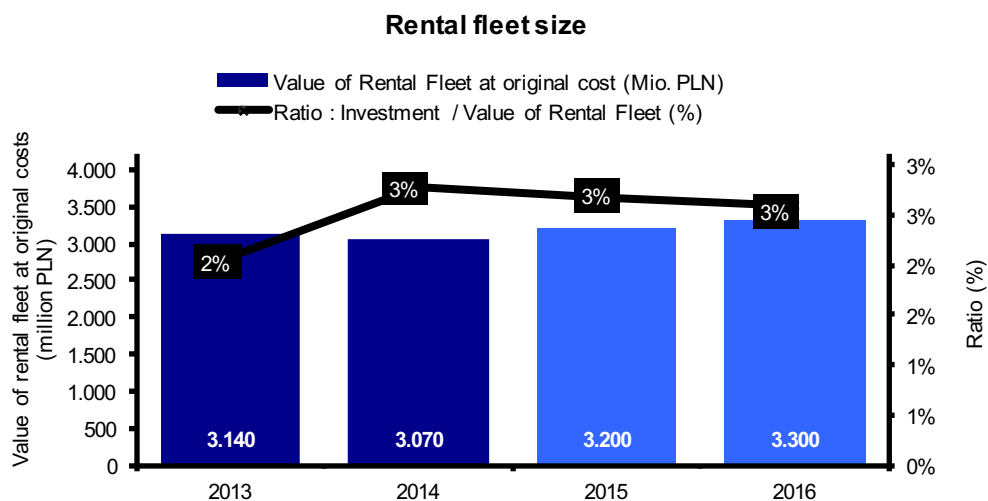
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a. Review of key indicators



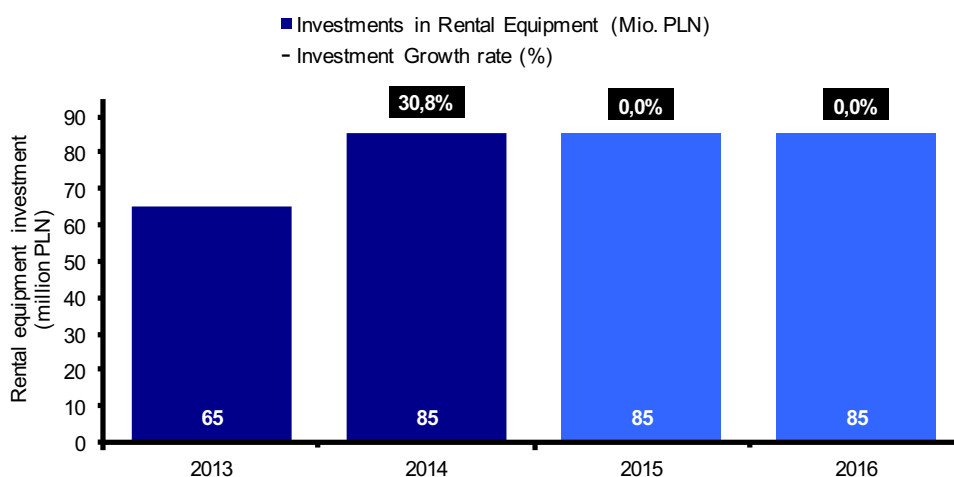


Source: IHS Markit

Fleet size reached EUR764 million in 2016 (at original cost) rates.

Thanks to co-financing schemes of the European Union and investments in used equipment, particularly during the last three years, we estimate fleet value in 2015 will reach PLN3.200 billion.

Investment in rental equipment of rental companies (without operator)



Source: IHS Markit

After a drop in 2013, investment gone up in 2014 and remained stable since.

COUNTRY
OVERVIEW

AUSTRIA

BELGIUM

THE CZECH REPUBLIC

DENMARK

FINLAND

FRANCE

GERMANY

ITALY

NETHERLANDS

NORWAY

POLAND

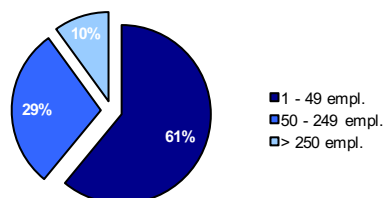
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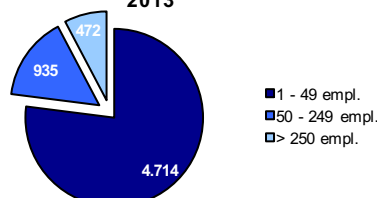
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Turnover of Rental Companies 2013

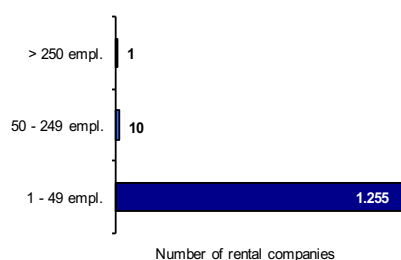


Source: IHS Markit

Persons Employed by Rental Companies
2013

Source: IHS Markit

Number of rental companies by employees size group in 2013



Source: IHS Markit

b. Economic and Construction Context for the Equipment Rental Industry

MACROECONOMIC OVERVIEW

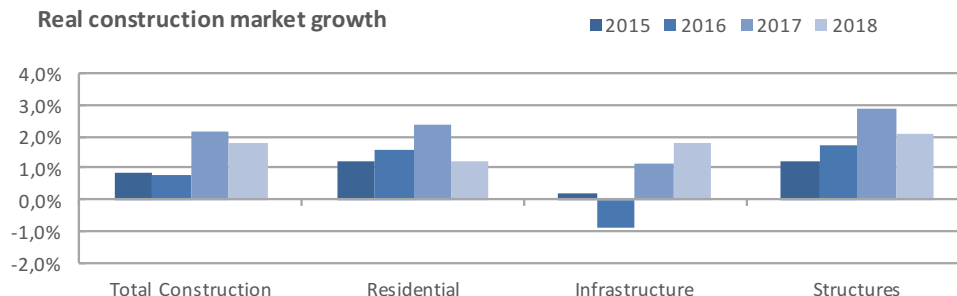
The Polish economy, in particular the domestic demand, continues to benefit in 2016 from record-low interests rates, fiscal loosening, deflation, and an improving labour market. On the downside, economic weakness on the European stage will have hurt Poland, and risks are rising following the Brexit vote and the slowdown in China. Against this backdrop, GDP growth slowed to 3.0% y/y during the first quarter of 2016. IHS expects a slight acceleration of growth through the rest of the year, with its year-average GDP

growth reaching 3.4% y/y in 2016 and 3.1% y/y in 2017.

CONSTRUCTION OVERVIEW

The GDP production data indicated that construction was the only major sector to record a decline in value added during the first three months in 2016, and this sector is expected to remain weak in the short run because of lower inflows of EU funds, affecting business sentiment and infrastructure spending.

Real construction market growth



Spain (ES)

The lack of political leadership in many cities and the country has hurt many investment projects by creating uncertainty. As a result, 2016 has not been as good as expected. However, rental revenues are forecast to grow throughout 2016 and 2017 by a solid 3.8% and 5.1%, respectively.

The construction sector represents 75% of rental demand in Spain, a percentage that has increased recently following the pickup of the construction sector.

The Spanish equipment rental market is characterised by a clear regional split, northeast and southwest, with the overall economy, as well as the rental activity of the northeast regions, doing better

than the southwest regions.

Another characteristic of the Spanish market is its high fragmentation, with more than 70% of the rental industry turnover generated by firms with fewer than 50 employees, mainly small independent companies. The clear fleet over-capacity (even if large- and medium-sized rental players have continued to re-organise their activity and to diminish their excess fleet in the last few years) is putting very high pressure on rental prices. With over-capacity and a low rental price culture, it is not easy to invest; however, the fleet is getting older, increasing maintenance costs and rental quality. However, with the economic environment doing better, small

merger and acquisition activity and a creeping consolidation are on the move with the hope of a brighter future. Spanish rental companies are still facing long payment periods, especially when working with the country's largest contractors, despite legislation that stipulates a 60-day period.

Spain (ES), euro	Actual		Estimates		Forecast	
	2013	2014	2015	2016	2017	2018
Total turnover [million EUR]	1.291	1.336	1.392	1.445	1.519	1.605
- Rental companies (without operator)	1.223	1.265	1.319	1.369	1.439	1.521
- Other companies providing rental services (only rental)	68	70	73	76	80	85
Number of rental companies (without operator)	1.210	1.220	n.a.	n.a.		
Number of employed persons by rental companies (without operator)	4.550	4.390	n.a.	n.a.		
Investments in rental equipment [million EUR]	140	165	180	185		
Value of rental fleet at all companies [million EUR] (without operator)	2.360	2.470	2.610	2.730		
Ratio: Investments in rental equipment/value of the rental fleet	6%	7%	7%	7%		
Penetration rates						
GDP [billion EUR]	1.025	1.039	1.072	1.103	1.122	1.143
GDP penetration rate	1.3‰	1.3‰	1.3‰	1.3‰	1.4‰	1.4‰
Total construction output [million EUR]	182.411	179.899	188.681	195.539	202.036	208.421
Construction industry penetration rate	0.7%	0.7%	0.7%	0.7%	0.8%	0.8%
Country population [million]	46	46	46	46	46	46
Country population penetration rate [EUR per person]	28	29	30	31	33	35

Source: IHS Markit and Official Statistics data

COUNTRY
OVERVIEW

AUSTRIA

BELGIUM

THE CZECH REPUBLIC

DENMARK

FINLAND

FRANCE

GERMANY

ITALY

NETHERLANDS

NORWAY

POLAND

SPAIN

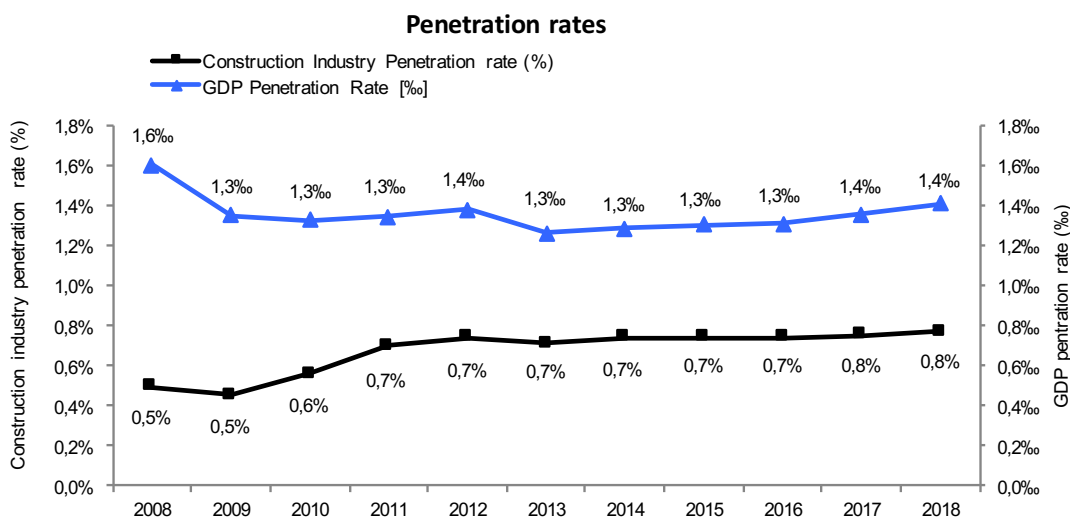
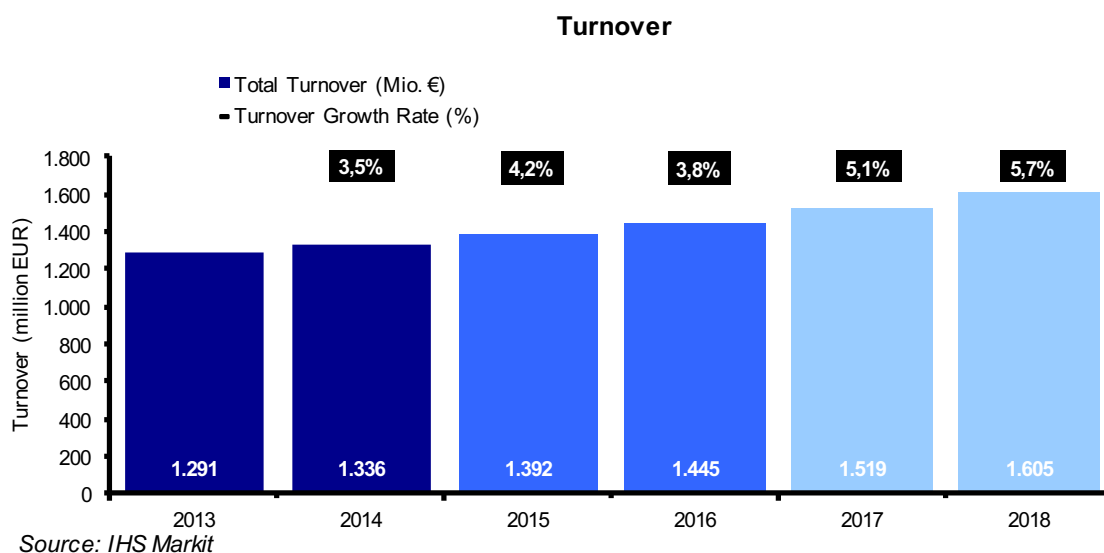
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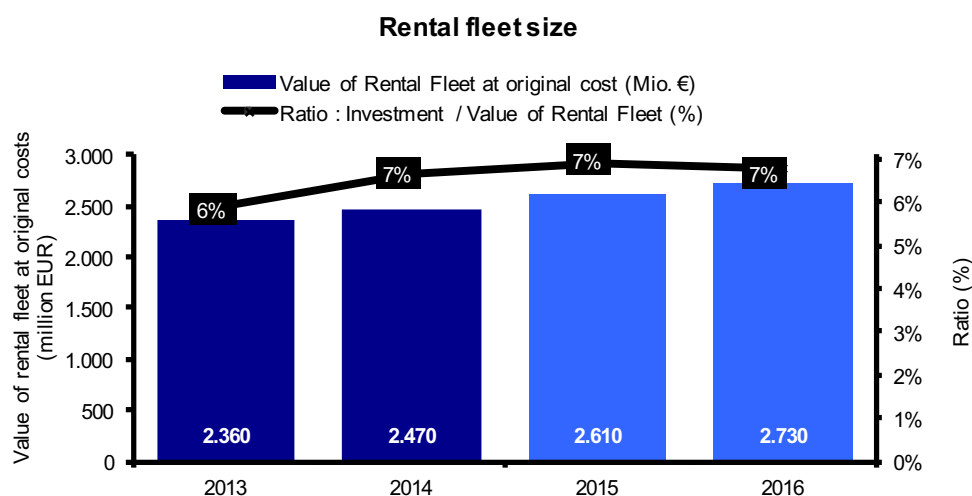
SWITZERLAND

UNITED KINGDOM



a. Review of key indicators

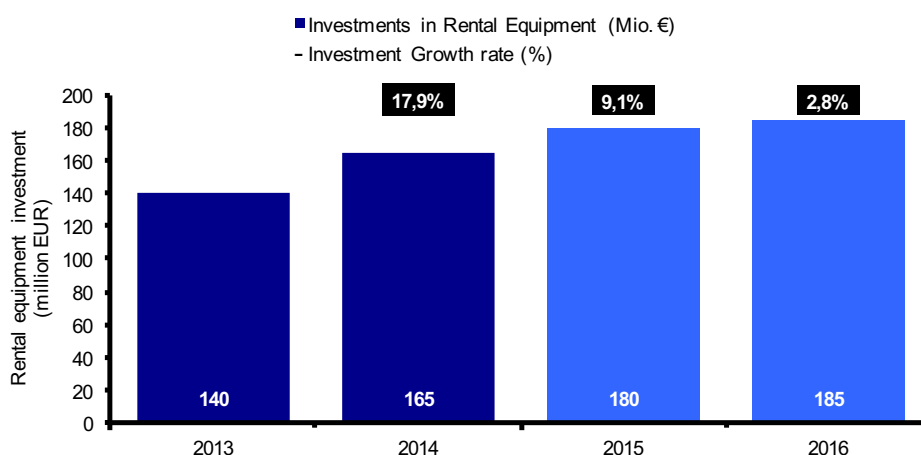




Source: IHS Markit

Operators are still concentrating on essential replacement investments and selling much of their equipment to other markets or transferring equipment within group or to other countries. Rental companies continue, at best, to maintain a stable average fleet age of about 7–8 years.

Investment in rental equipment of rental companies (without operator)



Source: IHS Markit

After years of low investment, with the Spanish market unattractive for investors, capital expenditure has grown significantly in 2016. Investments were concentrated on specific equipment types and the replacement of old equipment.

COUNTRY
OVERVIEW

AUSTRIA

BELGIUM

THE CZECH REPUBLIC

DENMARK

FINLAND

FRANCE

GERMANY

ITALY

NETHERLANDS

NORWAY

POLAND

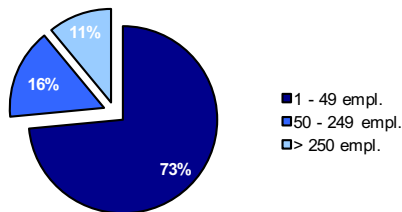
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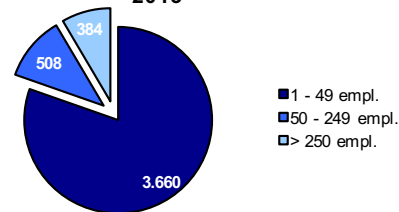
SWITZERLAND

UNITED KINGDOM

Turnover of Rental Companies 2013

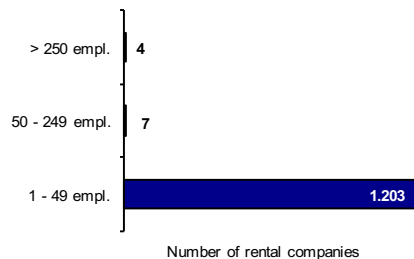


Source: IHS Markit

Persons Employed by Rental Companies
2013

Source: IHS Markit

Number of rental companies by employees size group in 2013



Source: IHS Markit

b. Economic and Construction Context for the Equipment Rental Industry

MACROECONOMIC OVERVIEW

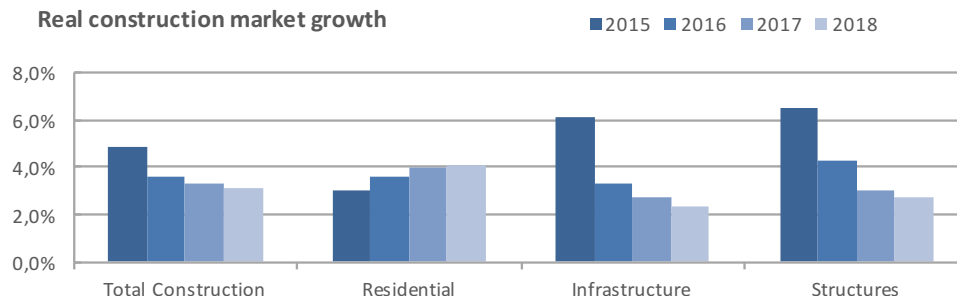
The Spanish household real income continued to climb during the first quarter of 2016 on the back of sharp employment growth, driving first-quarter GDP up by 2.1% y/y. While Spain is enjoying notably healthier sovereign financing conditions with the sharp fall in borrowing costs, the recovery faces a wider spectrum of obstacles and is expected to slow even more notably in 2017 as a result of the fallout of the Brexit vote and confused domestic political scene. Another concern is that the recovery will be accompanied by net job creation dominated by the use of temporary

contracts, making a less sustained development in consumer and housing markets. The year-average GDP is anticipated to grow by 2.9% y/y in 2016 and 1.6% in 2017.

CONSTRUCTION OVERVIEW

Demand for residential housing will be brighter in 2016 as it will be better aligned with changing demographics, particularly a rising number of single-person households. Meanwhile, infrastructure spending is being elevated by the goal to extend the high-speed rail network.

Real construction market growth



Sweden (SE)

The Swedish economy and equipment rental market have been among the first to recover from the crisis. Although since then, rental revenue growth has been a little disappointing. Rental revenue is forecast to grow in 2016 and 2017 by 4.1% and 1.3%, respectively, above forecasts produced in 2015.

Construction-sector rental demand is estimated at 70%, up from 65% and, as in Germany, the influx of immigrants boosted the residential segment. The Swedish market is fairly concentrated with rental companies with more than 250 employees generating almost 50% of total industry revenue. The development of rental rates has been disappointing in the past few years, but it seems to have increased in 2016,

even if there is still pressure. This is the result of strong efforts made to get costs under control and to operate more efficiently.

In this competitive market, the investment level remains quite high as it is used to reduce the average age of the fleet. Driven by the action of the major players increasing their market shares, we can indicate a new trend of concentration to more merger and acquisition activities in the future. Sustainability and ecological considerations are still important in the rental market as contractors ask for eco-solutions and focus on fuel and energy efficiency. Rental firms are now strongly investing in eco-friendly, energy-saving equipment.

Sweden (SE), local currency	Actual		Estimates		Forecast	
	2013	2014	2015	2016	2017	2018
Total turnover [million SEK]	12.592	12.851	13.282	13.822	14.004	14.396
- Rental companies (without operator)	12.399	12.655	13.079	13.611	13.790	14.176
- Other companies providing rental services (only rental)	192	196	203	211	214	220
Number of rental companies (without operator)	460	n.a.	n.a.	n.a.		
Number of employed persons by rental companies (without operator)	4.980	5.050	n.a.	n.a.		
Investments in rental equipment [million SEK]	2.130	2.250	2.340	2.450		
Value of rental fleet at all companies [million SEK] (without operator)	17.000	17.500	18.200	19.000		
Ratio: Investments in rental equipment/value of the rental fleet	13%	13%	13%	13%		
Penetration rates						
GDP [billion SEK]	3.909	4.002	4.158	4.280	4.345	4.437
GDP penetration rate	3.2‰	3.2‰	3.2‰	3.2‰	3.2‰	3.2‰
Total construction output [million SEK]	307.296	342.635	373.664	395.749	411.489	422.203
Construction industry penetration rate	4.1%	3.8%	3.6%	3.5%	3.4%	3.4%
Country population [million]	10	10	10	10	10	10
Country population penetration rate [SEK per person]	1.308	1.324	1.358	1.403	1.412	1.441

Source: IHS Markit and Official Statistics data

COUNTRY
OVERVIEW

AUSTRIA

BELGIUM

THE CZECH REPUBLIC

DENMARK

FINLAND

FRANCE

GERMANY

ITALY

NETHERLANDS

NORWAY

POLAND

SPAIN

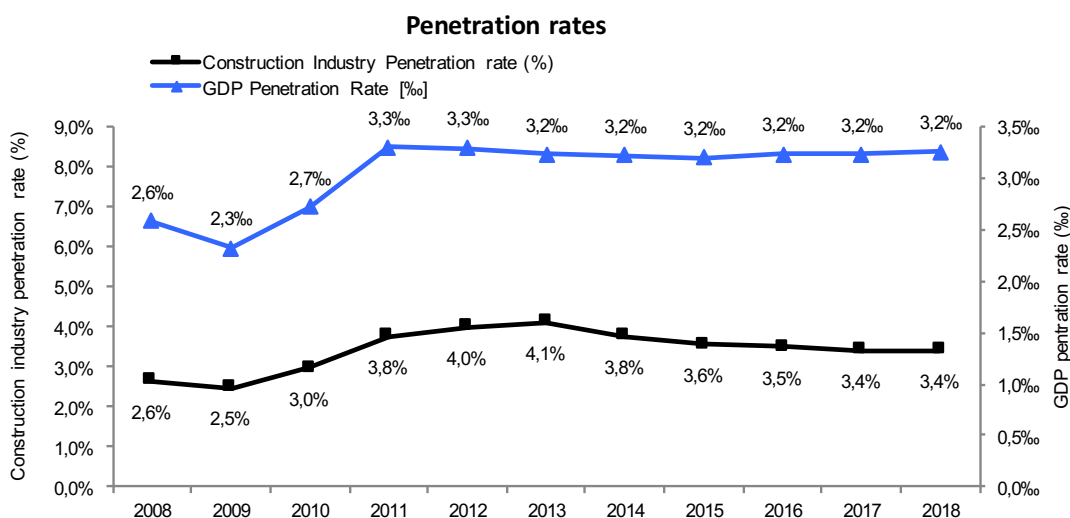
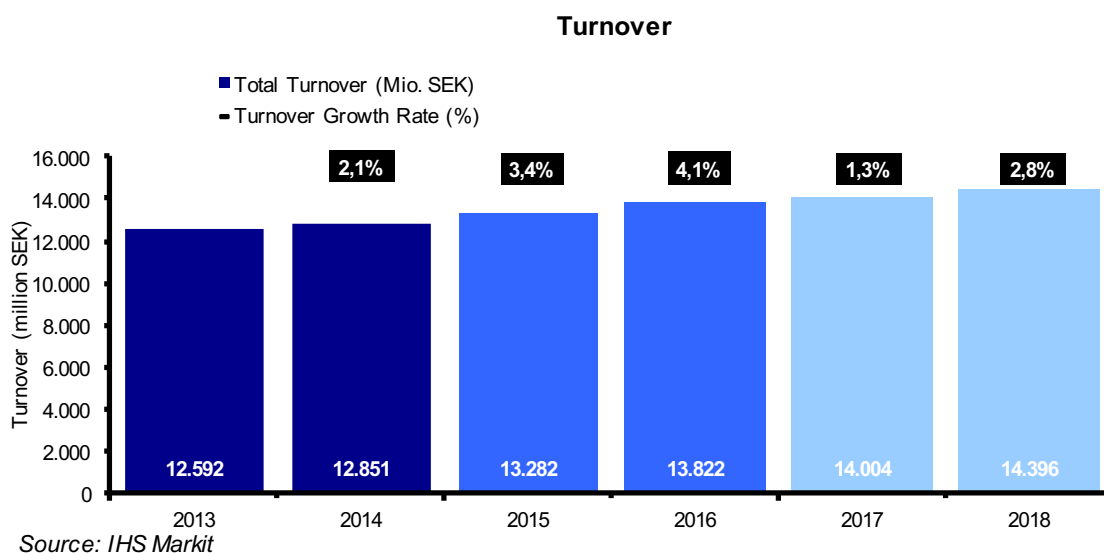
SWEDEN

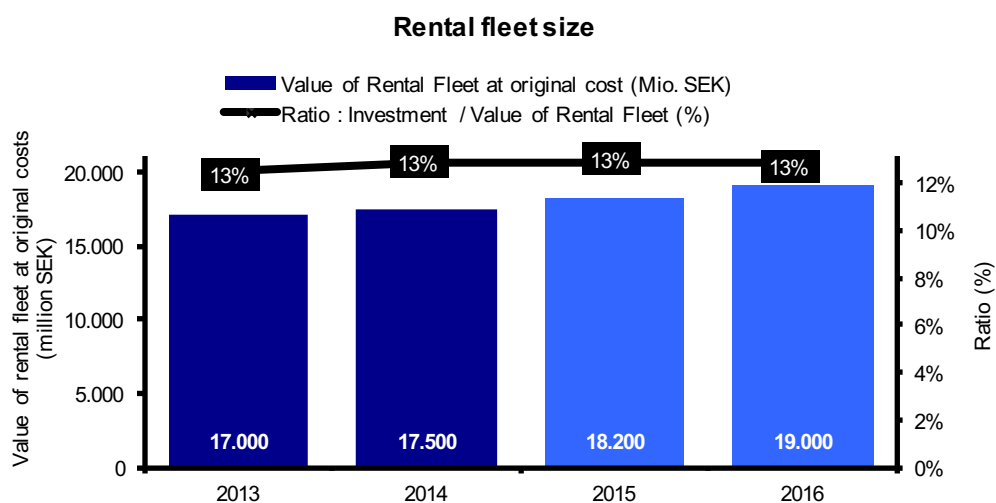
SWITZERLAND

UNITED KINGDOM



a. Review of key indicators



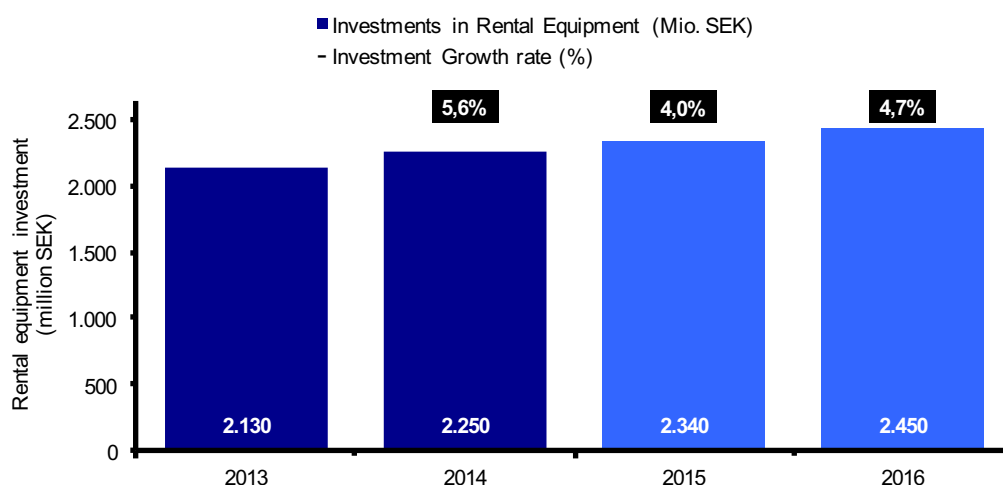


Source: IHS Markit

Fleet size reached EUR2,042 million in 2016 (at original cost) rates.

In line with the development of investment in the rental fleet, the size of the rental fleet increased up to 2015 and is forecast to remain constant in 2016.

Large rental actors are continuing to monitor the market seeking to avoid over-capacity and retain cost efficiency. Because of the focus on investment for fleet renewal/replacement, we estimate that the average fleet age remains constant at 5 to 6 years in 2016.



Source: IHS Markit

With positive market sentiment, at least at the beginning of the year, investment activity has regained strength since 2014

COUNTRY
OVERVIEW

AUSTRIA

BELGIUM

THE CZECH REPUBLIC

DENMARK

FINLAND

FRANCE

GERMANY

ITALY

NETHERLANDS

NORWAY

POLAND

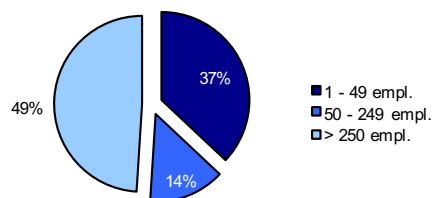
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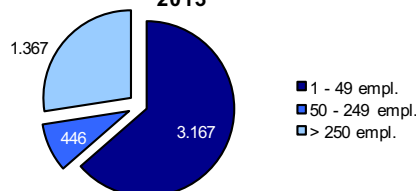
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Turnover of Rental Companies 2013



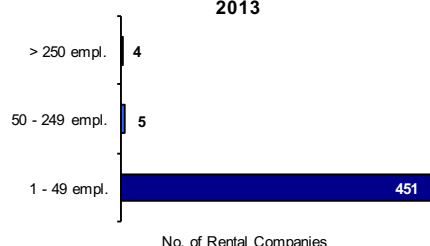
Source: IHS Markit

Persons Employed by Rental Companies 2013



Source: IHS Markit

Number of Rental Companies by employees size group 2013



Source: IHS Markit

b. Economic and Construction Context for the Equipment Rental Industry

MACROECONOMIC OVERVIEW

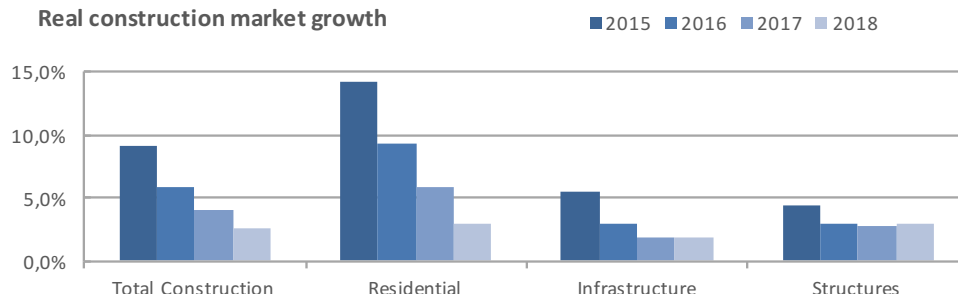
Sweden will likely remain one of the strongest growth performers across the European Union. The outlook stays solid, encouraged by a supportive policy backdrop and still helpful external factors. During the first three months of 2016, the Swedish economy grew 4.2% y/y thanks to the strong private consumption and fixed investment. Despite the optimistic short-term projections, prevailing geographical tensions and growing problems in several key emerging markets could limit the growth of the Swedish economy,

particularly for the exports sector. Overall, we expect real GDP will increase 3.1% y/y in 2016 and 1.8% y/y in 2017.

CONSTRUCTION OVERVIEW

Real household disposable income remains steady, which has been elevated by the past tax cuts and historically low interest rates, driving the growth of the residential construction. Infrastructure investment, meanwhile, will be supported by Sweden's solid public finances position.

Real construction market growth



Switzerland (CH)

Rental revenue is forecast to increase in 2016 by 0.9% before posting 1.7% growth in 2017 in line with the development of the overall economy.

The share of rental revenue stemming from demand from the construction sector is estimated at 70%, suggesting that the rental industry remains strongly linked to the construction sector.

The Swiss market is made up from three regional markets based upon language (French, German, and Italian speaking) with most rental players being regional rather than national. Along with this language specificity, the Swiss equipment rental market is characterised by its high level of fragmentation of the

market. Rental companies of less than 50 employees generate almost 90% of the overall turnover.

This intense competition puts an intense pressure on prices. Having hit their lowest level in the last few years, rental rates have started to stabilise, but rental revenue growth is expected to come from volume not price. In some geographies or regarding some product groups, there are even prices going down due to aggressive strategies.

With pressure on prices, it is difficult for rental companies to keep investment at the same level. That said, the important role of distributors is affecting the market, pushing rental companies to maintain at a relatively high level.

The structure of the market has not evolved after the entry of foreign companies during the past few years. The fragmentation of the market between the three main geographies and the low level of profitability of the rental companies suggests we will not see major changes in the coming years.

Switzerland (CH), local currency	Actual		Estimates		Forecast	
	2013	2014	2015	2016	2017	2018
Total turnover [million CHF]	451	459	464	468	476	491
- Rental companies (without operator)	397	404	408	412	419	432
- Other companies providing rental services (only rental)	54	55	56	56	57	59
Number of rental companies (without operator)	130	135	n.a.	n.a.		
Number of employed persons by rental companies (without operator)	1.370	1.460	n.a.	n.a.		
Investments in rental equipment [million CHF]	65	90	90	90		
Value of rental fleet at all companies [million CHF] (without operator)	755	780	795	810		
Ratio: Investments in rental equipment/value of the rental fleet	9%	12%	11%	11%		
Penetration rates						
GDP [billion CHF]	635	647	653	659	668	678
GDP penetration rate	0.7‰	0.7‰	0.7‰	0.7‰	0.7‰	0.7‰
Total construction output [million CHF]	69.354	69.979	69.240	69.881	71.124	72.108
Construction industry penetration rate	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%
Country population [million]	8	8	8	8	8	8
Country population penetration rate [CHF per person]	56	56	56	56	57	58

Source: IHS Markit and Official Statistics data

Note: The forecasting methodology has been adapted to the fact that EUROSTAT provides information for Switzerland at a higher sectorial level.

COUNTRY
OVERVIEW

AUSTRIA

BELGIUM

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FINLAND

FRANCE

GERMANY

ITALY

NETHERLANDS

NORWAY

POLAND

SPAIN

SWEDEN

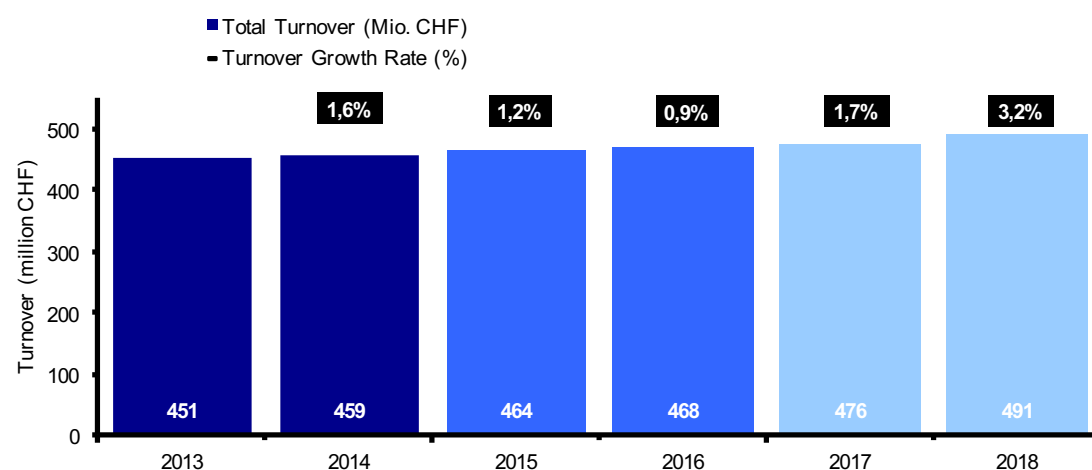
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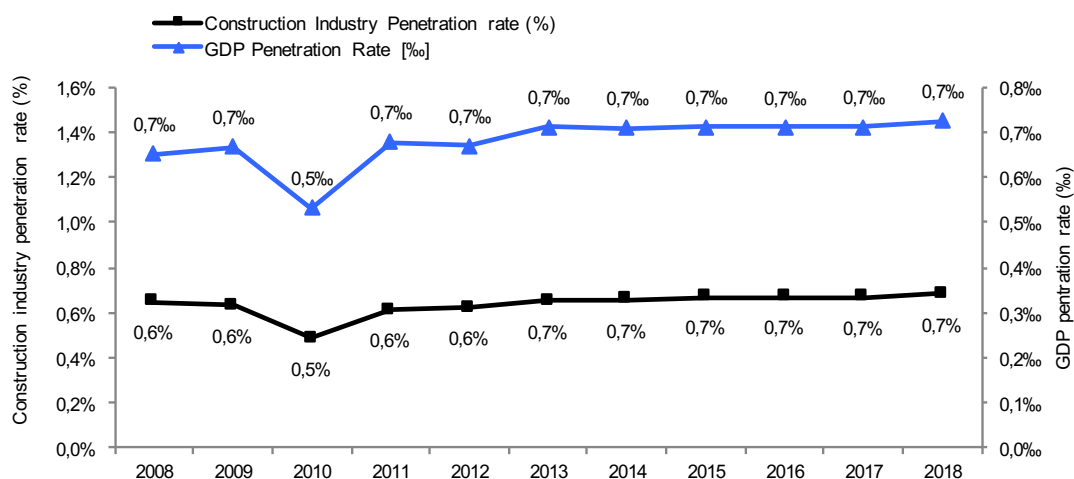
a. Review of key indicators

Turnover

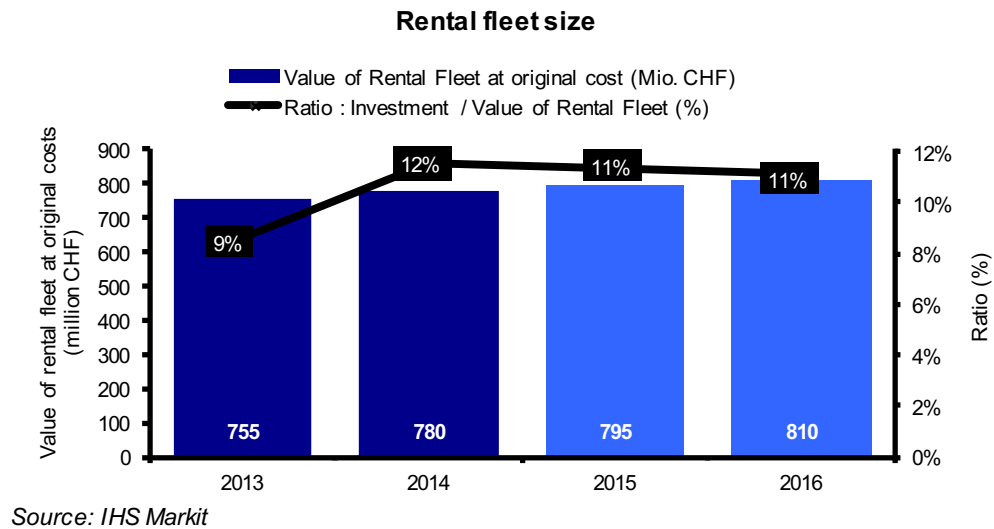


Source: IHS Markit

Penetration rates

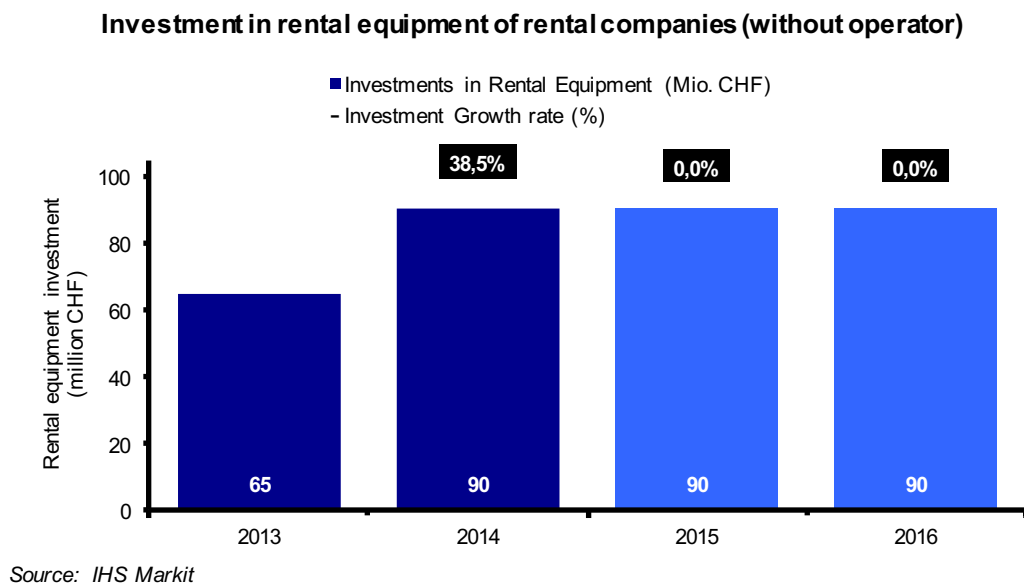


Source: IHS Markit



Fleet size reached EUR751 million in 2016 (at original cost) rates.

It is estimated that the average fleet age has increased to between 5 to 6 years in 2016.



Fleet investments have maintained constant investment levels.

COUNTRY
OVERVIEW

AUSTRIA

BELGIUM

THE CZECH REPUBLIC

DENMARK

FINLAND

FRANCE

GERMANY

ITALY

NETHERLANDS

NORWAY

POLAND

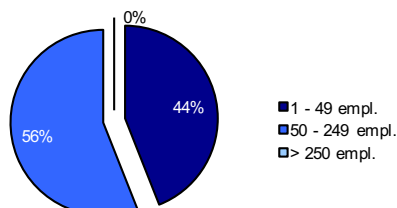
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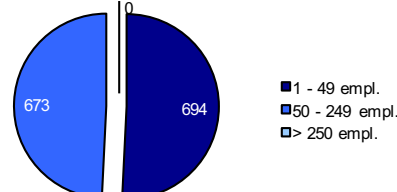
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Turnover of rental companies 2013

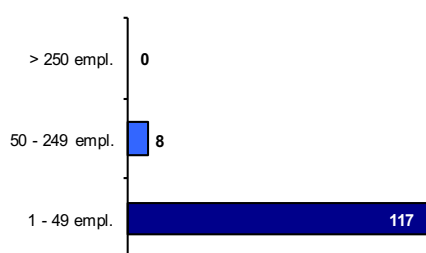


Source: IHS Markit

Persons employed by rental companies
2013

Source: IHS Markit

Number of rental companies by employees size group 2013



Source: IHS Markit

b. Economic and Construction Context for the Equipment Rental Industry

MACROECONOMIC OVERVIEW

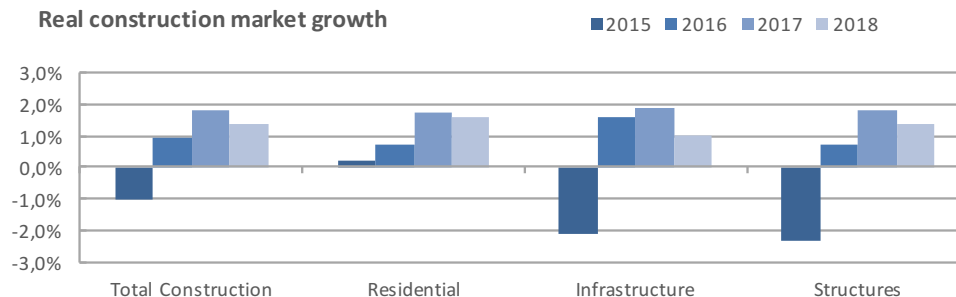
Switzerland remains politically stable and possesses one of the world's most robust economies. Despite its ongoing restraint imposed by its over-valued currency, the first-quarter 2016 GDP recorded 0.7% y/y growth. While domestic demand will remain the main pillar of growth as it is less affected by adverse foreign-exchange development, the recovery of net exports during the first quarter of 2016 suggested that the Swiss economy is coping better than had been feared a year ago following the decision to abandon the Swiss franc cap versus the euro in early 2015. IHS

anticipates the real GDP will edge up 1.0% y/y in 2016 and 1.2% y/y in 2017.

CONSTRUCTION OVERVIEW

Residential construction investment has been constrained by the efforts of the central bank and the government to subdue mortgage growth and thus prevent an over-heating housing market, notably by activating the so-called "countercyclical capital buffer". Infrastructure construction, on the other hand, should benefit from the favourable public finances position of Switzerland.

Real construction market growth



United Kingdom (UK)

The UK equipment rental market has been amongst the first to recover from the crisis and saw strong growth through 2012. Rental turnover increased 2.8% in 2016 and is expected to grow 1.9% in 2017. Political uncertainty has put industry growth on hold; the unknown effects of the Brexit vote have created a downwards revision compared with the 2015 forecast.

The split of rental demand between construction and non-construction is estimated at 60% to 40%, the share of non-construction demand in the United Kingdom being one of the most important in Europe.

The UK market is relatively concentrated. The largest rental players,

each with more than 250 employees, and the rental companies with between 50 and 250 employees together account for more than 50% of total industry revenue.

Large rental companies are reacting to the increasing pressure on rental prices by streamlining fleets and focusing on utilisation rates of core rental products. They are also reorganising depot networks to realise operational efficiency, service quality, and control of logistic costs.

Time utilisation has increased in recent years and is at high levels overall thanks to improved logistics and planning. However, rental rates are not growing; at best, they have kept pace with inflation. Small- and

medium-sized companies are relatively aggressive on prices.

There is no significant merger and acquisition activity as respective market shares remain the same.

The digitalisation of the construction equipment rental activity is considered as key not only to address new clients but also to retain existing customers. Therefore, rental companies are investing and allocating resources to innovative projects.

United Kingdom (UK), local currency	Actual		Estimates		Forecast	
	2013	2014	2015	2016	2017	2018
Total turnover [million GBP]	5.438	5.432	5.585	5.739	5.847	6.026
- Rental companies (without operator)	5.246	5.241	5.389	5.537	5.641	5.814
- Other companies providing rental services (only rental)	192	191	197	202	206	212
Number of rental companies (without operator)	3.850	3.900	n.a.	n.a.		
Number of employed persons by rental companies (without operator)	42.000	49.300	n.a.	n.a.		
Investments in rental equipment [million GBP]	1.130	1.350	1.400	1.390		
Value of rental fleet at all companies [million GBP] (without operator)	7.560	7.550	7.810	8.070		
Ratio: Investments in rental equipment/value of the rental fleet	15%	18%	18%	17%		
Penetration rates						
GDP [billion GBP]	1.740	1.793	1.833	1.863	1.867	1.890
GDP penetration rate	3.1‰	3.0‰	3.0‰	3.1‰	3.1‰	3.2‰
Total construction output [million GBP]	197.375	212.273	219.435	224.471	221.995	221.733
Construction industry penetration rate	2.8%	2.6%	2.5%	2.6%	2.6%	2.7%
Country population [million]	64	64	65	65	66	66
Country population penetration rate [GBP per person]	85	84	86	88	89	91

Source: IHS Markit and Official Statistics data

COUNTRY
OVERVIEW

AUSTRIA

BELGIUM

THE CZECH REPUBLIC

DENMARK

FINLAND

FRANCE

GERMANY

ITALY

NETHERLANDS

NORWAY

POLAND

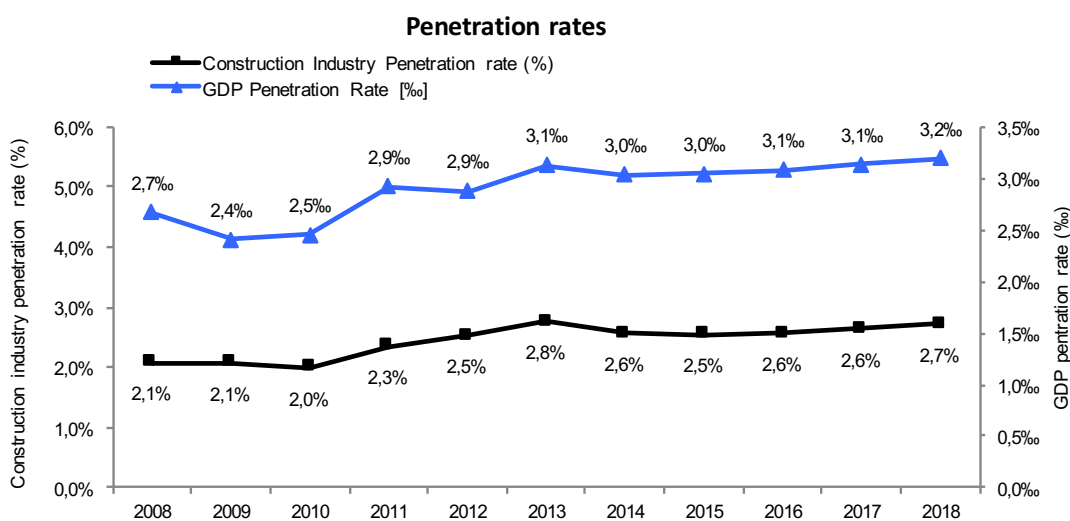
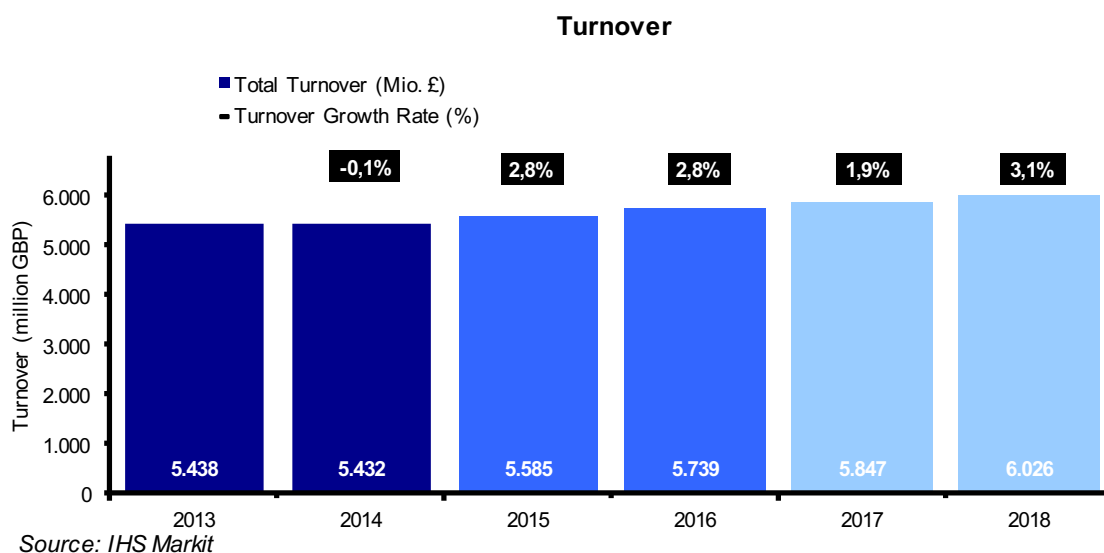
SPAIN

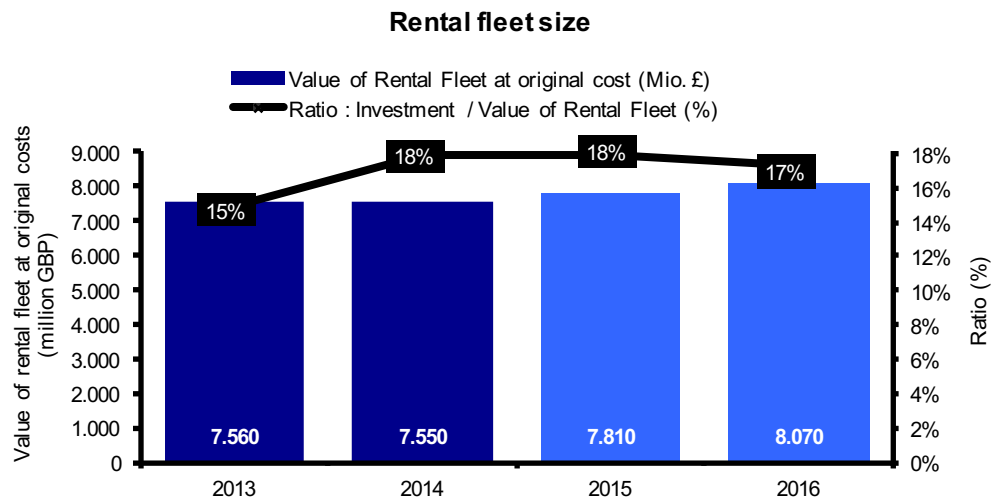
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UNITED KINGDOM

a. Review of key indicators





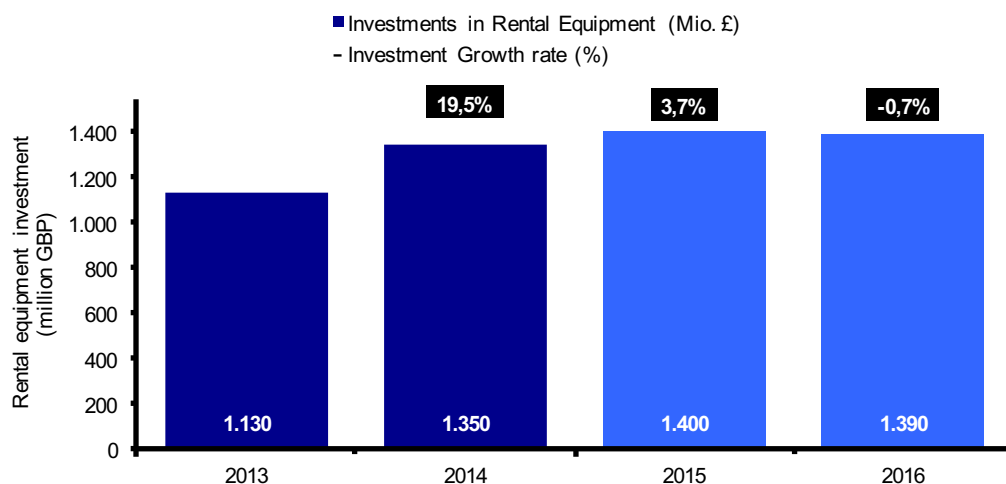
Source: IHS Markit

The United Kingdom has the second-highest construction penetration in Europe at 3.1%.

Fleet size reached EUR9,929 million in 2016 (at original cost) rates.

The size of the rental fleet increased substantially in 2016 (3.3%) to a value of GBP8.07 billion (at original cost).

Investment in rental equipment of rental companies (without operator)



Source: IHS Markit

The average fleet age is estimated to be slightly above 4 years in 2016.

COUNTRY
OVERVIEW

AUSTRIA

BELGIUM

THE CZECH REPUBLIC

DENMARK

FINLAND

FRANCE

GERMANY

ITALY

NETHERLANDS

NORWAY

POLAND

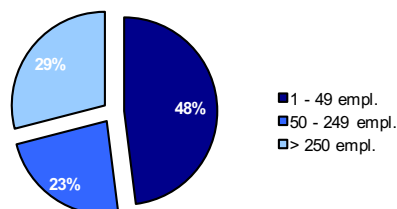
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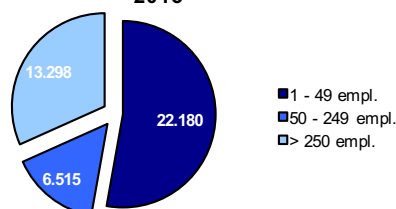
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UNITED KINGDOM

Turnover of Rental Companies 2013

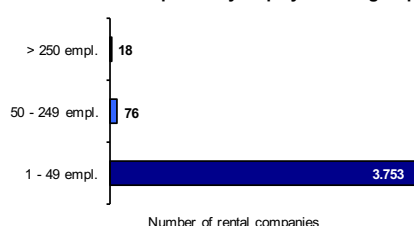


Source: IHS Markit

Persons Employed by Rental Companies
2013

Source: IHS Markit

Number of rental companies by employees size group 2013



Source: IHS Markit

b. Economic and Construction Context for the Equipment Rental Industry

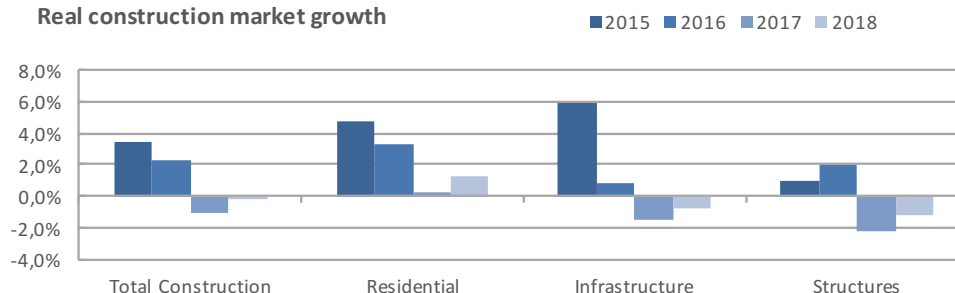
MACROECONOMIC OVERVIEW

Following the 23 June 2016 referendum vote for the United Kingdom to leave the European Union, major economic and political uncertainty will persist for some time, weighing down on business and household confidence and behaviour, and thereby dampening corporate investment, employment, and consumer spending. Weaker asset markets and tighter credit conditions are anticipated to further hamper UK growth, while the housing market could suffer a marked downturn. In our latest forecast, IHS expects the economy to expand 1.0% y/y in 2016 and 1.2% y/y in 2017.

CONSTRUCTION OVERVIEW

As a result of the magnified UK and global economic uncertainties, growth of all sub-sectors in construction has been revised down following the Brexit vote. In particular, a likely marked downturn in housing market activity and prices could well add to the pressure on consumers and lead to a significant slowdown in residential construction. The non-residential construction sector is also undermined by increased caution among business investors.

Real construction market growth



6

SPECIAL REPORT: NORDIC COUNTRIES

6.1 Scope of the study

The main topics investigated included:



The validation of a classification of product by main categories.

The validation of a classification of end market/rental customers by main categories.

An estimate of typical rental generalist revenue broken down by product categories and by end market/rental customers' categories.

For the 2016 edition of the ERA report, we undertook dedicated research to investigate, in deeper detail, the structure of the equipment rental market in the Nordic countries. After the work done in 2015 with Germany and the years before with France and the United Kingdom, the objective was to validate the product and end-market classifications established through those studies, as well as provide additional information on the four Nordic markets.

ERA, the four national associations, and IHS Markit met to share data and intelligence and to plan consultation with key stakeholders from the rental industry. To develop a global vision of the industry and to facilitate the intelligence gathering and interpretation, we held a meeting with key representatives of the main rental companies operating in the Nordic countries.

The outcome from these consultations combined with a comprehensive evaluation of the data available from Eurostat is presented below.

Compared with the consistent methodology in the previous part of this report based on official statistics, IHS Markit has collected the information for this chapter by sending surveys to important market players in each of the Nordic countries. The aim was to gather more detailed information on the structure of these markets, which will provide better insights into their functioning and organisation. However, the response rates have been fairly low, especially for Finland and Norway. Although the results cannot be viewed as representative for the Nordic rental markets as a whole, the information provided still bears valuable insights that cannot be found elsewhere. The figures below provide anecdotal evidence for the Nordic countries' rental markets based on qualitative analysis centred on structured interviews.



6.2 Revenue breakdown by Product Categories

During the last three years, a three-level classification of rental product categories, groups, and sub-groups was constructed in consultation with industry stakeholders in the United Kingdom, France, and Germany. With the benefit of the Nordic countries study, a few further improvements have been proposed. The hierarchical classification now contains 9 product categories (Level 1), 33 product groups (Level 2), and 86 product sub-groups (Level 3).

Defining the Level 2 and 3 groups helps clarify what equipment types belong to the respective higher classification level. In the long term, we envisage collecting primary data down to Level 2, with Level 3 designed to help future data providers to assess product revenue by the respective product groups on Level 2, but so far the focus has been put on Level 1. In the table below, the complete classification of equipment types is given.

Classification of equipment types into product categories, groups and sub-groups

1	Construction machines	1.1	Earthmoving	1.1.1	Dump trucks
				1.1.2	Dumpers
				1.1.3	Excavators, < 15 t. / ≥ 15 t.
				1.1.4	Loaders, < 15 t. / ≥ 15 t.
				1.1.5	Lorry loaders
				1.1.6	Dozers
				1.1.7	Excavators attachments; < 15 t. / ≥ 15 t.
				1.1.8	Loaders attachments; < 15 t. / ≥ 15 t.
				1.1.9	Shoring Equipment (e.g. Trench boxes)
		1.2	Road-making equipment	1.2.1	Graders
				1.2.2	Compactors and rollers
				1.2.3	Vibratory plate compactors and tampers
				1.2.4	Pavers, hot boxes, trenchers, etc.
		1.3	Material handling	1.3.1	Forklifts, telehandlers
				1.3.2	Goods and vertical masts for hoists
				1.3.3	Other lift and shift equipment
		1.4	Pumping, crushing, and screening plant	1.4.1	Truck-mounted concrete mixers
				1.4.2	Crushing plant etc.
				1.4.3	Concrete pumps
				1.4.4	Other large or specialist pumps
				1.4.5	Other plant
2	Tools and general equipment	2.1	Portable pumps and plumbing	2.1.1	Plumbing and drainage
				2.1.2	Portable water pumps
		2.2	Drilling, breaking, cutting, grinding, and all other concrete tools	2.2.1	Diamond drilling and cutting
				2.2.2	Breakers (electric/petrol)
				2.2.3	Floor saws
				2.2.4	Masonry and concrete saws
				2.2.5	Other electrical and concrete tools
				2.2.6	Small portable concrete mixers
		2.3	Carpentry and woodwork	2.3.1	Saws (wood)
				2.3.2	Other carpentry and woodwork tools
		2.4	Cleaning and floor preparation	2.4.1	Cleaning and floor maintenance
				2.4.2	Surface preparation and sanding
		2.5	Gardening and landscaping	2.5.1	Electrical gardening and landscaping tools
				2.5.2	Other gardening and landscaping tools
		2.6	Other tools and equipment	2.6.1	Communications
				2.6.2	Cartridge and gas nailers
				2.6.3	Domestic and leisure
				2.6.4	Hydraulic tools and attachments
				2.6.5	Pressure washers
				2.6.6	Painting and spraying
				2.6.7	Pollution control
				2.6.8	Survey equipment

3	Access	3.1	Powered access	3.1.1	Static vertical (vertical personnel platforms - static)
				3.1.2	Static booms (self-propelled booms (outriggers), trailers/push-arounds, vehicle-mounted platforms)
				3.1.3	Mobile vertical (scissor lifts, vertical personnel platforms (mobile))
				3.1.4	Mobile boom (self-propelled booms)
		3.2	Scaffolds, access towers	3.2.1	Scaffolds
				3.2.2	Access towers
				3.2.3	Ladders
		3.3	Personnel lifts and elevators	3.3.1	Personnel lifts and elevators
		3.4	Mast climbing	3.4.1	Mast climbing
4	Power generation and temperature control	4.1	Generators	4.1.1	Generators
				4.1.2	Generators
		4.2	Compressors	4.2.1	Compressors
				4.2.2	Air tools
		4.3	Heating, cooling, and drying	4.3.1	Air conditioning
				4.3.2	Fans
				4.3.3	Dehumidifiers
				4.3.4	Heating
5	Accommodation and fencing	5.1	Accommodation and office containers	5.1.1	Accommodation and office containers
				5.1.2	Storage containers
		5.2	Toilets and showers	5.2.1	Toilets and showers
		5.3	Wooden/high-class modules	5.3.1	Wooden/high-class modules
		5.4	Other portable accommodation	5.4.1	Other portable accommodation
		6.1	Turbines and engines	6.1.1	Turbines and engines
				6.1.2	Turbines and engines
				6.1.3	Turbines and engines
				6.1.4	Turbines and engines
6	Industrial machinery	6.2	Mining and oilfield equipment	6.2.1	Mining and oilfield equipment
				6.2.2	Mining and oilfield equipment
		6.3	Other industrial machinery	6.3.1	Other industrial machinery
				6.3.2	Other industrial machinery
		6.4	Rail and other land-transport equipment	6.4.1	Railway
				6.4.2	Other large transport equipment
		7.1	Tower cranes	7.1.1	Tower cranes
				7.1.2	Tower cranes
				7.1.3	Tower cranes
				7.1.4	Tower cranes
7	Cranes	7.2	Mobile cranes	7.2.1	Mobile hydraulic cranes
				7.2.2	Lattice boom cranes
				7.2.3	Other crawler cranes
				7.2.4	Lorry-mounted cranes (excl. Lorry Loaders)
		7.3	Other cranes	7.3.1	Other cranes n.e.c.*
				7.3.2	Other cranes n.e.c.*
				7.3.3	Other cranes n.e.c.*
				7.3.4	Other cranes n.e.c.*
8	Transportation	8.1	Light commercial vehicles and lorries	8.1.1	Light commercial vehicles, < 3.5 t.
				8.1.2	Light commercial vehicles, > 3.5 t.
				8.1.3	Lorries
				8.1.4	Lorries
		8.2	Towing & Trailers	8.2.1	Towing
				8.2.2	Trailers
				8.2.3	Trailers
				8.2.4	Trailers
9	Construction site and traffic safety	9.1	Fencing and security	9.1.1	Fencing and security
		9.2	Traffic lights, signs, barriers, etc.	9.2.1	Traffic lights, signs, barriers, etc.

*n.e.c. = not elsewhere classified

For 2015, we provide estimates of revenue by product category for each of the Nordic countries. Based on the product classification, a number of the key rental players and rental experts have supplied information product categories. Combining this, as well as publicly available data on the rental markets, a first estimate of the rental revenue breakdown has been established for a "typical" rental generalist.

According to the estimates, construction machines account for the largest share in the Danish

market, which is almost 35%. In the Swedish market, accommodation and fencing, which consists of accommodation and office containers, toilets and showers, wooden/high-class modules and other portable accommodation, is the biggest category and accounts for more than 33% of market share in product market. Access is the largest category in both Finland and Norway, accounting for more than 32% of market share in both countries.

Market share of total revenue of equipment rental without operator revenue by main product categories in Denmark, Finland, Norway and Sweden in 2015

Product categories	Denmark(DK)	Finland (FI)	Norway(NO)	Sweden(SE)
1 - Construction machines	34.6%	10.8%	12.4%	10.1%
2 - Tools and general equipment	7.2%	15.6%	11.0%	25.6%
3 - Access	24.5%	32.4%	32.6%	17.7%
4 - Power generation and temperature control	3.8%	11.1%	12.9%	9.4%
5 - Accommodation and fencing	28.4%	27.4%	30.0%	33.2%
6 - Industrial machinery	0.7%	0.0%	0.0%	0.0%
7 - Cranes	0.0%	1.8%	0.3%	0.7%
8 - Transportation	0.5%	0.2%	0.2%	1.1%
9 - Construction site and traffic safety	0.5%	0.9%	0.5%	2.2%
Total	100%	100%	100%	100%

Source: IHS Markit

6.3 Revenue breakdown by end-market category

Similar to the product classification, a three-level classification scheme has been developed to identify the structure of revenue demand. The hierarchical classification contains 2 market categories (Level 1), 6 market groups (Level 2), and 15 market sub-groups (Level 3).

A further breakdown classification between new and renovation has been added for 2016.

The classification scheme is presented below.

Classification of rental clients into end-market categories, groups and sub-groups

Level 1	Level 2	Level 3
1 - Construction*	1.1 - Residential construction	1.1.1 Residential construction
	1.2 - Non-residential construction	1.2.1 Institutional (health, education, government, other)
		1.2.2 Commercial (retail, warehouses, service centres, hotels, leisure centres, etc.)
		1.2.3 Offices
		1.2.4 Industrial
	1.3 - Infrastructure construction	1.3.1 Transportation infrastructure
2 - Non-construction	2.1 - Services sector	1.3.2 Utilities (energy, water, sewage, communications, other)
		2.1.1 Facilities management, maintenance and cleaning
	2.2 - Consumer sector and other	2.1.2 Other services
		2.2.1 DIY (do-it-yourself)
		2.2.2 Party and events
		2.2.3 Other consumer
	2.3 - Industrial sector (excl. industrial construction)	2.1.1 Manufacturing
		2.1.2 Oil and gas
		2.1.3 Mining

**Note: Construction means all construction: i.e. new build and renovation*



Based on this classification the first estimates of the rental revenue breakdown by market categories in the four countries have been established. According to the estimates, rental demand from the construction sector in 2015 accounts for larger revenue in markets of Denmark, Finland, and Norway, only non-construction demand in Sweden is slightly larger. Looking at rental shares by market categories, it is interesting to note

that the construction-related rental revenues are mainly driven by non-residential construction in all four countries. However, this consistency does not apply to non-construction-related rental revenues. The services sector accounts for more revenue in the non-construction category in Denmark and Finland, while the industrial sector accounts for more in Norway and Sweden.

End-market categories	Denmark(DK)	Finland(FI)	Norway(NO)	Sweden(SE)
1 - Construction	64%	51%	66%	49%
2 - Non-construction	36%	49%	34%	51%
Total	100%	100%	100%	100%

Source: IHS Markit

Market share of equipment rental without operator revenue by main market categories in Denmark, Finland, Norway and Sweden in 2015

	End-market categories	Denmark(DK)	Finland(FI)	Norway(NO)	Sweden(SE)
Construction	1 - Residential construction new	10.8%	8.5%	11.4%	8.2%
	2 - Residential construction renovation	8.8%	6.2%	8.5%	6.0%
	3 - Non-residential construction new	23.5%	16.4%	20.4%	15.8%
	4 - Non-residential construction renovation	14.1%	12.0%	15.4%	11.5%
	5 - Infrastructure construction	7.0%	8.0%	9.9%	7.6%
Non-construction	6 - Services sector	24.3%	30.6%	13.1%	18.5%
	7 - Consumer sector and other	2.4%	2.4%	4.7%	8.9%
	8 - Industrial sector (excl. industrial construction)	9.3%	15.9%	16.5%	23.5%
	Total	100%	100%	100%	100%

Source: IHS Markit

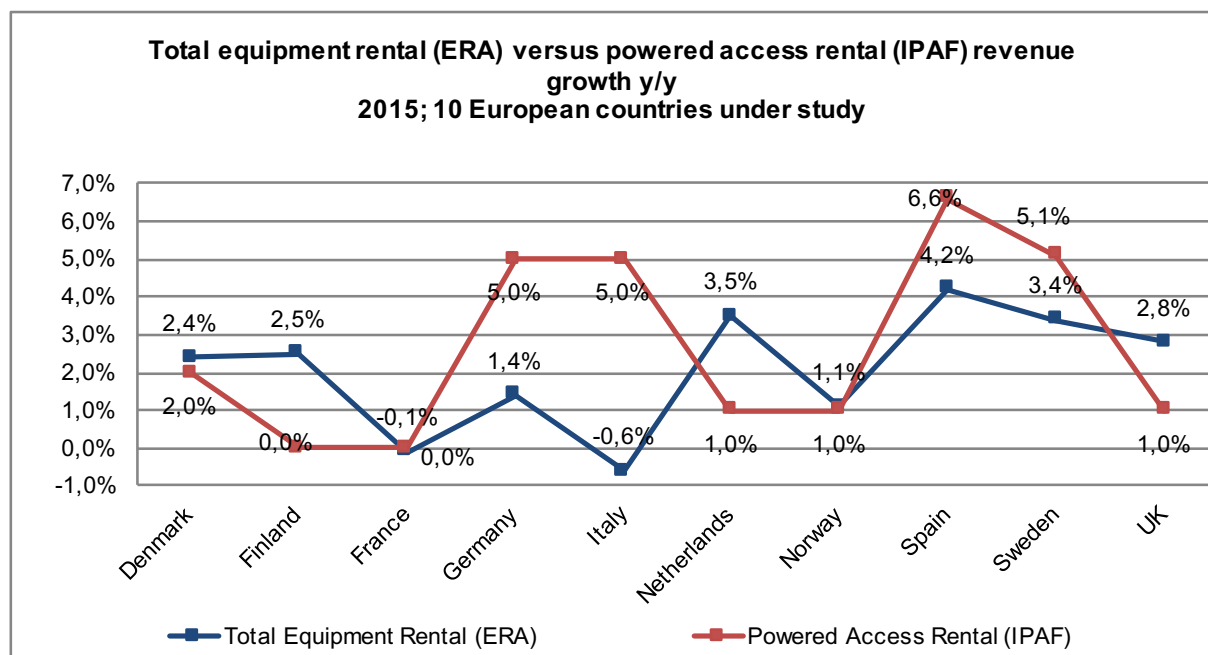


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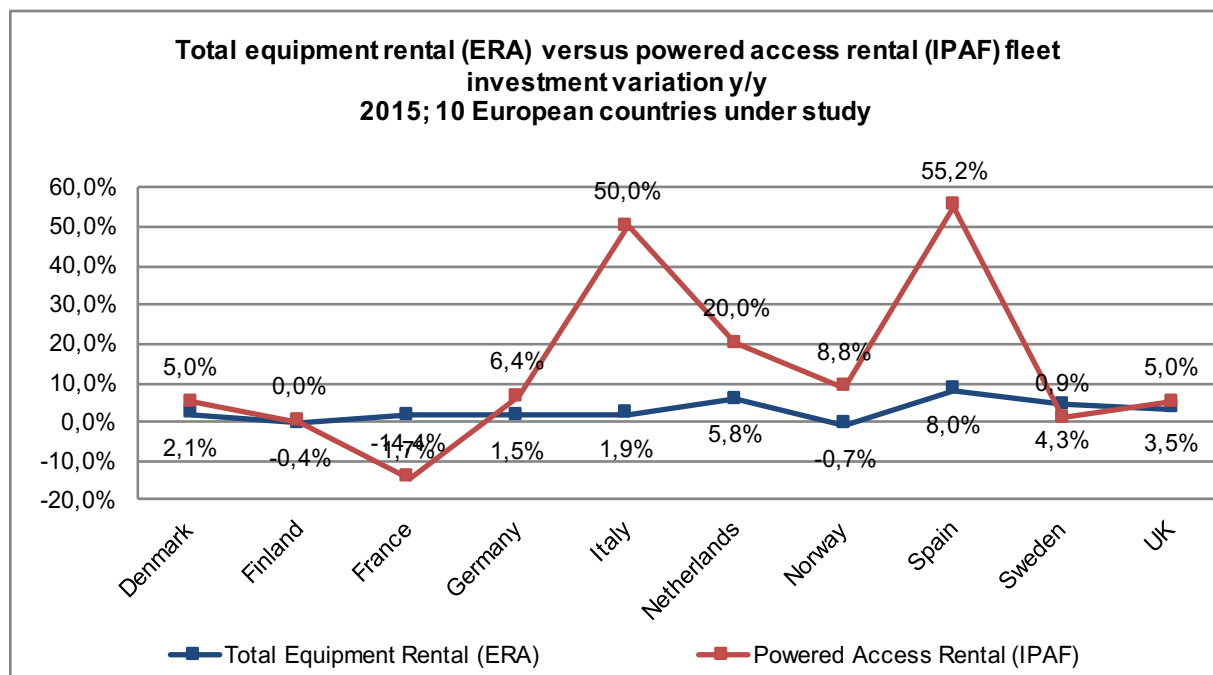
COMPARATIVE ANALYSIS -

TOTAL EQUIPMENT RENTAL (ERA) VERSUS POWERED ACCESS RENTAL (IPAF)

	Total Equipment Rental – ERA – 2015				Powered Access Rental – IPAF – 2015			
	Total rental revenues (million Euro)	Growth revenues year on year (on%)	Revenues from construction versus non-construction (on %)	Fleet investment variation year on year (on %)	MEWP rental revenues (million Euro)	Growth revenues year on year (on %)	Revenues from construction versus non-construction (on %)	Fleet investment variation year on year (on %)
Denmark	452	2.4%	70% - 30%	2.1%	71	2.0%	73% - 27%	5.0%
Finland	456	2.5%	70% - 30%	-0.4%	78	0.0%	66% - 34%	0.0%
France	3.561	-0.1%	70% - 30%	1.7%	440	0.0%	60% - 40%	-14.4%
Germany	3.783	1.4%	70% - 30%	1.5%	583	5.0%	46% - 54%	6.4%
Italy	1.083	-0.6%	70% - 30%	1.9%	232	5.0%	58% - 42%	50.0%
Netherlands	930	3.5%	70% - 30%	5.8%	178	1.0%	54% - 46%	20.0%
Norway	831	1.1%	60% - 40%	-0.7%	82	1.0%	71% - 29%	8.8%
Spain	1.392	4.2%	75% - 25%	8.0%	97	6.6%	37% - 63%	55.2%
Sweden	1.420	3.4%	70% - 30%	4.3%	116	5.1%	79% - 21%	0.9%
UK	7.698	2.8%	60% - 40%	3.5%	486	1.0%	55% - 45%	5.0%
Total 10 Countries	21.606	1.9%	65% - 35%	2.8%	2.364	2.6%	56% - 44%	9.1%



Source: IPAF & IHS Markit



Source: IPAF & IHS Markit

8

REPORT EXCERPTS FROM THE ARA

AMERICAN RENTAL ASSOCIATION,
SEPTEMBER 2016

8.1 Steady revenue growth from 2016 through 2020

The numbers in the forecast updated at the end of July are slightly modified compared with the ARA's quarterly forecast in late April, reflecting changes in the marketplace. The ARA now projects industry revenue to increase by 4.9% in 2016 to a record USD47.6 billion and to grow another 4.6% in 2017 to reach USD49.8 billion.

The new forecast for the first time extends the projections to 2020, showing steady revenue growth from 2016 through 2020 of between 4.6% and 5% each year.

Scott Hazelton, managing director at IHS, the economic forecasting firm that compiles data and analysis for the ARA Rental Market Monitor as part of a partnership with ARA and Rental Management, says economic growth in the first half in the United States has not been as strong as previously expected because of uncertain growth overseas and the increasing value of the dollar.

"This also has been exacerbated by uncertainty surrounding future policy direction from a muddled

presidential campaign season. However, construction remains strong, particularly in the residential sector, both new and home improvements. While non-residential growth is slowing, we remain on track for another year of solid gains and consumer spending also remains strong.

"The slight adjustment in the forecast growth reflects the weaker view for US energy and manufacturing, while the still strong growth reflects the fact that the economic and construction fundamentals remain positive," Hazelton said.

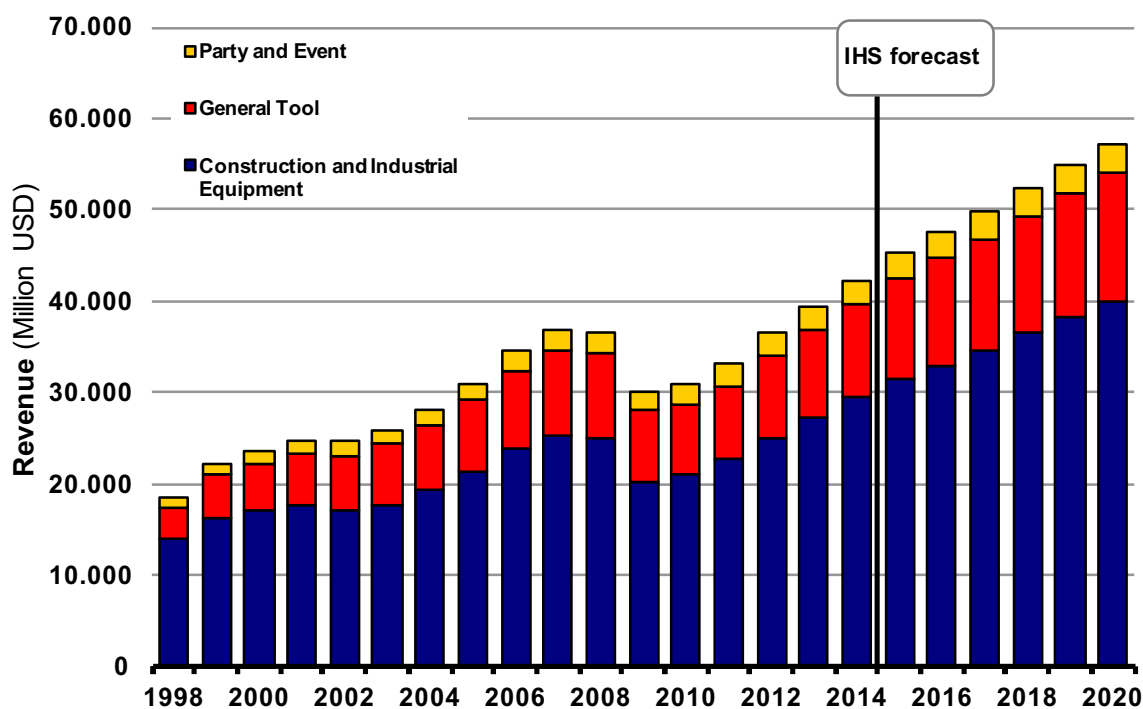
"While the forecast has been adjusted to reflect changing market conditions, equipment rental is growing at more than double the rate of GDP growth and that is a good sign for the industry," said John McClelland, ARA's vice president for government affairs and chief economist.

8.2 Adjustment from 2015 forecast

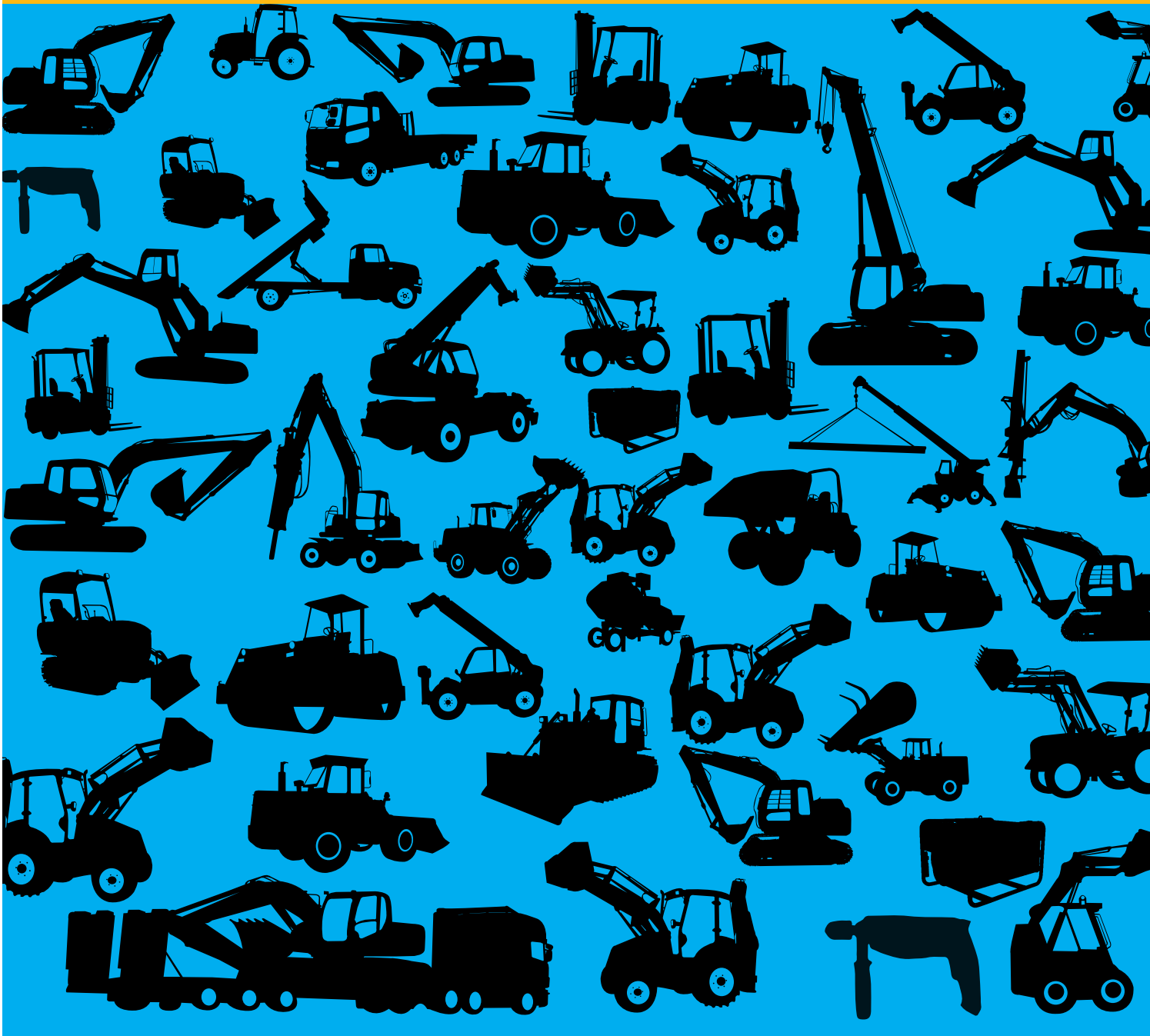
The numbers are slightly modified when compared with the 2015 forecast. The main reason for that is the complete 2012 US Economic Census detail that was released in late 2015 and incorporated into the new forecast.

The larger number likely reflects the continued adoption of rental over ownership of construction equipment, and also the heavy use of construction and industrial equipment rental in the shale oil boom that occurred in 2012 through late 2014.

Essentially, the 2012 Economic Census indicates that the rental industry is larger than anticipated. Given the higher 2012 number, the intervening years from the Economic Census of 2007 also had to be adjusted.



Source: ARA Rental Market Monitor, 2016



www.erarental.org