



EUROPEAN
RENTAL
ASSOCIATION



The European Equipment Rental Industry 2011 Report



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Foreword

Dear ERA member, dear reader,

The ERA is releasing its 2011 Report, showing that rental without operators in Europe in 2010 amounted to a total turnover of 19.3 billion Euros, representing an average decrease of 2.5% over 2009.

The estimate for 2011 is showing an average increase of 5.5% over 2010 at 20.3 billion Euros and this trend continues in 2012 and 2013 although at a slower pace.

In 2010, like in 2011, there are large disparities among countries and detailed analysis is provided for each country in the report. A new country has been added this year to the report, Poland, which brings to 12 the number of countries analysed.

As in the previous report, the comparability of data across the 12 countries is ensured by referring to official statistical figures, as far as is possible.

The ERA, mindful of its role as prime source of industry market information and insight, has incorporated, for the first time in this report, the new NACE Rev. 2 classification of economic activities.

This explains the delay in the publication of this report for six months as this offers the benefit of one more year of official statistics.

Publishing later in the year has also meant that we are offering a slightly longer forecast horizon than in previous reports

Thus, for 2008 and for future periods, industry figures will be published on this new basis facilitating more accurate rental industry market sizing.

This has resulted in some changes in the market sizes published in previous reports for several countries since certain companies, previously classified under “renting of construction equipment”, have now been reclassified to other codes which more accurately describe their primary activity.

A particular effort has been made to ensure that all appropriate rental actors are included.

In addition this report leverages detailed company information from the comprehensive Amadeus database complementing official statistics and assisting, for instance, the estimation of rental revenue generated by other (non-rental) companies providing equipment rental as a secondary business.

There are still plenty of areas and issues where we can improve and we are committed to doing so with your continued support.

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

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1. Introduction

1.1 The European Rental Association (ERA)

The European Rental Association was created in 2006 to represent national rental associations and equipment rental companies in Europe. Today our membership includes over 4,600 rental companies, either directly or through 15 national rental associations. ERA is active through its working groups in the fields of Promotion, Safety and Sustainability, Statistics, Equipment Technology and Theft, General Rental Conditions. On June 7-9 2011, ERA has been organising, in partnership with KHL and IPI the IRE, the International Rental Exhibition, which is held every three years together with the annual ERA convention. The next ERA convention is scheduled in Oslo on May 15-16, 2012.

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

1.2 IHS

IHS is the leading information company with comprehensive content, insight and expertise in pivotal areas shaping today's global business landscape: energy, economics, geopolitical risk, sustainability and supply chain management. Businesses and governments around the world use our products and solutions to make faster and more confident decisions. IHS employs 5,200 people in more than 30 countries, speaking 50 languages.

IHS serves 80 percent of the Global Fortune 500 as well as businesses and governments in 180 countries and provides comprehensive content, software, expert analysis and forecasts. The information solutions we provide help customers navigate risk, gain clarity around complex issues, develop targeted strategies and ultimately make better business decisions.

1.3 Purpose of the Study

IHS and the ERA have together strived to develop the reference source for intelligence concerning the European equipment rental market; this study provides an update of the "The European Equipment Rental Industry 2009 Report", published in 2010. Building a solid data foundation concerning the rental market is a long-term process; this report is a further step towards the goal of establishing comprehensive market intelligence allowing the development of market trends and international comparisons based on a common methodology. Both the methodology and the contents of the report are evolving over time and there are some changes of the statistical basis for the calculation of the market size of the equipment rental market (without operator) in Europe, which are explained in the foreword as well as in the methodological overview provided in chapter 3 of the report. The geographical scope of the detailed analysis has been widened as Poland has been incorporated in the report for the first time as a twelfth country. In addition, an estimate on the market size and penetration rates for all EU-27+EFTA countries is provided.

1.4 ERA/ IHS Expert interviews

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

2. Executive Summary

- Starting with this year's edition, the statistical basis for the estimation of the European rental markets is the newly established NACE classification Rev. 2. The new classification means that there is a structural break in the historical data on the Equipment Rental Industry. In consequence, the reported market size of the rental market from 2008 onwards in this report, which is based on official statistics, cannot be directly compared to those figures from previous reports. However, the usage of the new classification will be the solid ground for all upcoming reports in the future.
- After the strongest economic downturn for decades had hit the rental markets in Europe in late 2008, for many markets rental revenues started to recover around mid-year 2010, when an increasing demand and consolidated rental fleet sizes resulted in higher utilisation rates of the rental equipment.
- However, the development in Europe was heterogeneous. A surprisingly strong and early economic recovery took place in Germany, where rental companies reported an excellent performance throughout the first three quarters of 2011. Especially in the Nordic countries, with the exception of Denmark, as well as in most of the countries in the heart of Europe like France, Poland and the Benelux, rental demand has increased substantially since the crisis bottomed out in summer 2010. Spain, the United Kingdom and Denmark, on the other hand, have been the worst hit rental markets in the crisis and continue to operate far from the revenue levels of 2008. While the recovery in Denmark and the United Kingdom started later and was less substantial than, for instance, in Germany, the Spanish rental markets remains depressed and is not expected to recover in the near future.
- The short-term economic outlook is dominated by a common perception of market actors that the ongoing Euro crisis, caused by high public budget deficits and debt levels in Greece and Ireland but also involving Portugal, Spain and, most recently, Italy, might lead to another economic contraction, which might start as early as summer 2012. Thus, rental companies remain, despite the strong current increase of demand in some countries, cautious with respect to their investment strategy. Another reason preventing a stronger rebound of the rental equipment fleet are strong increases of delivery times for many types of equipment, since the supply chain of equipment manufacturers had suffered substantially by the crisis as well as by the impacts of the Fukushima disaster in Japan.
- Apart from the risks stemming from a difficult economic and political context, there are indications that rental penetration rates will further increase in the long-term. The rental concept has gained attractiveness in a context in which even financially healthy companies remain cautious in their investment policy. Other companies simply lack the credit for large fleet investments and will have to rely on the rental channel. Also, the trend of contractors outsourcing the management of their entire equipment fleet is continuing. With the strong increase of rental demand in central Europe, there was upturn of M&A activities in the year 2011, with some major acquisitions in France and Germany.

The key results of the study can be summarized as:

- The revenue estimates for rental companies as a primary business without operators as well as for other companies providing rental services have been revised for several countries because of the introduction of the new NACE classification of economic activities (for rental companies) and the availability of more detailed information on other companies providing rental services from the European company database Amadeus.
- In 2010, the total size of the European equipment rental market (without operators) was €19.2 billion. The twelve countries covered in the study represent revenue of €17.9 billion.
- After the strong decrease of rental revenues in 2009, rental decreased another 2.5 percent in 2010 and is expected to show a solid growth of 5.5 percent in 2011.

- The development of rental markets in 2010 was not uniform. While some countries like Germany, Poland and the Nordic countries (except Denmark) achieved moderate growth, other markets remained flat. Spain and Denmark remained the countries with the most severe market conditions and with revenue losses above 15 percent. Rental turnover in the United Kingdom stabilized somewhat at -3.4 percent.
- The strongest rental markets in 2011 are Sweden, Finland, Norway, Germany and Poland with estimated growth of above 10 percent (Poland: 30 percent).
- Significant improvements of rental rates did take place in some countries in the first half of 2011, while the pricing environment in other countries allowed only very modest increases.
- After average Construction Industry Penetration in Europe peaked in 2008, it decreased throughout the years 2009 and 2010 and is estimated to have recovered slightly in 2011.
- Construction Industry Penetration is highest in Sweden (4.2 percent) and in the United Kingdom (2.7 percent). These countries can be regarded as featuring the most mature rental markets in Europe.
- In 2010, the strongest investments in new equipment have been made in Sweden, the Netherlands and Germany with an investment ratio as a percentage of equipment value at original cost of 10 percent and above, followed by Norway and Italy. A special situation could be observed in Poland with a strong inflow of used equipment.
- Average Fleet Age increased in all countries because of low investments into new equipment in 2009 and 2010. Among all countries considered, Germany features the youngest fleet, with an average fleet age estimated around 3 years.
- Overall investment levels in 2011 are estimated to have increased substantially across Europe.
- With the exception of Spain, all rental markets had already bottomed out by the end of 2010 and started to recover or to grow on a faster speed in 2011. The strongest growth in 2011 is estimated to take place in Poland, followed by Germany and Scandinavia. The Spanish equipment rental market is not forecasted to bottom out before the end of 2012.
- Increasing inflationary pressure fuels expectations about the possibility of at least a slight increase of rental rates throughout 2012 and 2013.
- Because of the difficulty of predicting how the Euro crisis and the political situation will evolve, there are some downside risks to our forecasts.

3. Methodological Overview

3.1 Key Concepts

For the following twelve European countries the respective national equipment rental markets are covered in detail, providing results for market sizes, penetration rates and forecasts until 2013. For the first time, Poland has been included in the analysis.

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

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

Market Sizing results cover the period 2008-2011. Forecasts of rental turnover are provided for the years 2012 and 2013. Three different concepts have been applied, depending on the availability of data. Throughout the report, a colour code has been assigned for each concept in order to facilitate the understanding of the underlying data basis for each year:

Years	Concept	Colour Code
2008-2009	Actual data based on official statistics	dark blue
2010-2011	Estimates based on interviews and field research	lighter blue
2012-2013	Forecast Values based on IHS Global Insight driver forecasts	light blue

Definition of Rental Turnover

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

Country Results are presented in Local Currency

Detailed results per country in chapter 5 of the report are presented in local currency. The figures in the European overview of results for the year 2010 presented in chapter 4 are expressed in Euro. While the transfer from local currency to Euro is done by applying the average exchange rate of 2010, the European growth rates presented are calculated at constant currency and thus represent market developments without exchange rate effects.

3.2 Consistency of Approach

Introduction of NACE Classification Rev.2

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

The new codes enable better comparability of data for the rental business, since Eurostat now publishes comparable information on some of the indicators for most of the countries.

However, the new classification means that there is a structural break in the historical data on the Equipment Rental Industry. Some companies formerly classified in the “old” NACE code 71.32 have now been reclassified, together with companies renting other kinds of equipment, into two new codes, 77.32 (which most resembles the “old” 71.32 code) and 77.39.

In consequence, the reported market size of the rental market from 2008 onwards in this report, which is based on official statistics, cannot be directly compared to those figures from previous reports. But the usage of the new classification will be the solid ground for all upcoming reports in the future.

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 2010 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 in eight of the countries. Since this analysis has leveraged a wealth of new data, our estimations of the rental revenue yielded by those activities have changed significantly for some countries.

The introduction of the new NACE classification however has resulted in certain countries' statistics availability falling behind the usual schedule, because of the comprehensive effort required to effect such a fundamental change as the introduction of a new classification represents. For these countries market sizing is based upon our estimates of the new code definitions.

In summary, the data basis for this report now allows for estimations of the rental market size to be more precise and more comparable than before.

3.3 Equipment Rental Market Indicators

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

Indicator	Time Period	Breakout per company size class*
Market Sizing		
Rental Turnover (rental & other companies providing rental services)	2008-2013	yes (2008)
Investments in Rental Equipment	2008-2011	-
Value of the Rental Fleet (<i>at original costs</i>)	2008-2011	-
Number of Rental Companies (<i>without operator</i>)	2008	yes (2008)
Number of Other Companies Providing Rental Services	2008	-
Persons Employed	2008	yes (2008)
No. of Rental Depots	2008	-
Penetration Rates		
Construction Industry Penetration	2008-2013	-
Country Population Penetration	2008-2013	-
*3 classes: 1-49, 50-249, >250 employees		

For the time period 2008-2009 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 2010 and 2011 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, taking into account the following major types of source information:

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

3.4 Key Data Sources

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

Key Data Sources
Eurostat and National Statistical Agencies
AMADEUS company database for Europe
Set of 14 structured interviews with rental industry experts in nine countries
IHS Global Construction Outlook, IHS World Economic Service
Field data from additional web-research, industry newsletters and association reports

3.5 Forecast and Penetration Rates

A common forecast approach was applied for the rental turnover outlook for 2012 and 2013. Based on the estimation of rental demand elasticity with respect to construction output per segment (residential, non-residential structures, infrastructure), GDP and Industrial Production, the IHS forecasts for these drivers have been applied to predict the development of rental volumes over 2012-2013¹. 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.

Two penetration rates have been calculated and forecasted for each country for 2006-2013:

- Construction Industry Penetration
- Country Population Penetration

$$\begin{array}{c}
 \text{Construction Industry Penetration} \\
 = \\
 \frac{\text{Rental Turnover (country, year)}}{\text{Total Output of the Construction Sector (country, year)}}
 \end{array}$$

$$\begin{array}{c}
 \text{Construction Population Penetration} \\
 = \\
 \frac{\text{Rental Turnover (country, year)}}{\text{Number of Inhabitants (country, year)}}
 \end{array}$$

¹ Weights applied for each driver: Construction 70% , GDP 20%, Industrial Production 10%

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”. The introduction of the revised NACE classification in official statistics has however caused a structural break in the data, since some companies of the rental market have been re-classified into other codes. While a particular effort has been made to ensure that all major rental companies are included in the analysis nonetheless, market size estimations have changed to some degree for most countries and absolute figures cannot be directly compared with the figures from the previous reports.
- Detailed market size estimates are presented for twelve European countries for the years 2008-2011 in local currency. In addition, an estimate in Euro is presented for the size of the total equipment rental market in the EU-27 and EFTA countries for 2010.
- For each of the twelve countries under investigation, forecasts of rental turnover are provided for 2012 and 2013.

4.2 Market Size

- In the EU-27 and EFTA countries, equipment rental companies and other companies providing rental services generated a total rental turnover (as defined in chapter 3.1) of € 19.2 billion in 2010, a decrease of 2.5% compared to 2009.
- For 2011, total rental turnover in Europe is estimated to increase by 5.5 percent.
- For the majority of countries, rental demand bottomed out around midyear 2010.
- The development of rental markets in 2010 was not uniform. While some countries like Germany, Poland and the Nordic countries (except Denmark) achieved moderate growth, other markets remained flat.
- Currently, the strongest rental markets are in Sweden, Finland, Norway, Germany and Poland.
- In 2010, Spain and Denmark remain the countries with the most severe market conditions and with revenue losses above 15 percent. Rental turnover in the United Kingdom stabilized somewhat at -3.4 percent and is expected to grow by 3 percent in 2011.
- The equipment rental market size in Poland is estimated at € 365 million for 2010 and € 466 million in 2011.
- Based on 2008 statistics and for the 12 countries covered under the study, the structure of the European equipment rental industry (without operators) is as follows:
 - # of rental companies (without operators): 13,000
 - # of employed persons in rental companies (without operators): 112,000
 - # of depots of rental companies (without operators): 21,100

Key figures on the European Construction Equipment Rental Industry for 2010

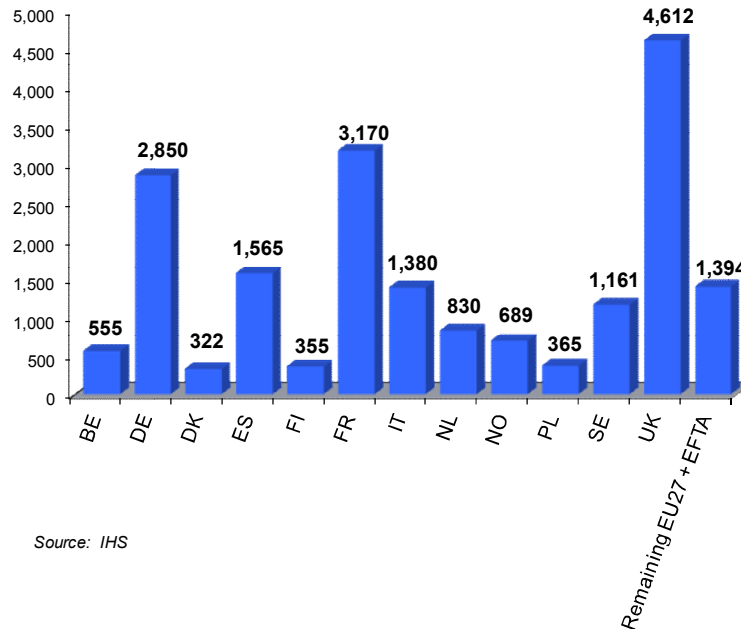
2010	BE	DE	DK	ES	FI	FR	IT	NL	NO	PL	SE	UK	Total / Average 12 countries	Remaining EU27 + EFTA	Total / Average
Total Turnover [million Euro]	555	2.850	322	1.565	355	3.170	1.380	830	689	365	1.161	4.612	17.854	1.394	19.248
Rental Companies *	535	2.270	321	1.480	335	3.010	595	765	515	361	1.143	4.442	15.773	N/A	N/A
Other Comp. Providing Rental Services (only rental)	20	580	1	85	20	160	785	65	174	4	18	169	2.081	N/A	N/A
Investment in Rental Equipment * [million Euro]	65	480	26	120	50	335	220	135	85	20	201	542	2.280	N/A	N/A
Value of Rental Fleet ** [million Euro]	895	4.730	822	3.340	630	5.200	2.500	1.260	1.022	810	1.710	7.614	30.532	N/A	N/A
Ratio: Investment in Rental Equipment / Value of the Rental Fleet	7%	10%	3%	4%	8%	6%	9%	11%	8%	2%	12%	7%	7%	N/A	N/A
Total Construction Output [million Euro]	29.383	271.384	22.800	126.620	28.422	210.995	186.082	73.755	41.775	52.138	27.503	171.153	1.242.011	243.973	1.485.983
Construction Industry Penetration	1,90%	1,05%	1,40%	1,25%	1,25%	1,50%	0,75%	1,15%	1,65%	0,70%	4,20%	2,70%	1,45%	0,55%	1,30%
Country Population [million]	10,70	81,76	5,48	47,19	5,36	62,95	60,55	16,65	4,88	38,28	9,38	62,25	405	107,46	513
Country Population Penetration [Euro per person]	52	35	59	33	66	50	23	50	141	10	124	74	44	13	38
2010 year-on-year percent change															
Turnover	-0,1%	2,4%	-16,0%	-17,0%	7,1%	-0,3%	-4,2%	-6,0%	6,9%	3,3%	5,3%	-3,4%	-2,5%	N/A	N/A
Investment	87,2%	13,6%	25,5%	-25,4%	0,0%	81,1%	7,7%	67,9%	62,7%	14,3%	60,2%	9,6%	23,3%	N/A	N/A
Rental Fleet	0,3%	1,4%	-7,3%	-7,7%	1,6%	-4,6%	-1,2%	-3,1%	2,5%	14,3%	6,3%	-6,9%	-2,9%	N/A	N/A
Exchange rate 2010, aop*** [Euro/ LCU]	-	-	0,134	-	-	-	-	-	0,125	0,251	0,105	1,166			

* Equipment rental without operator only

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

***average of period

Total turnover 2010 [million Euro]

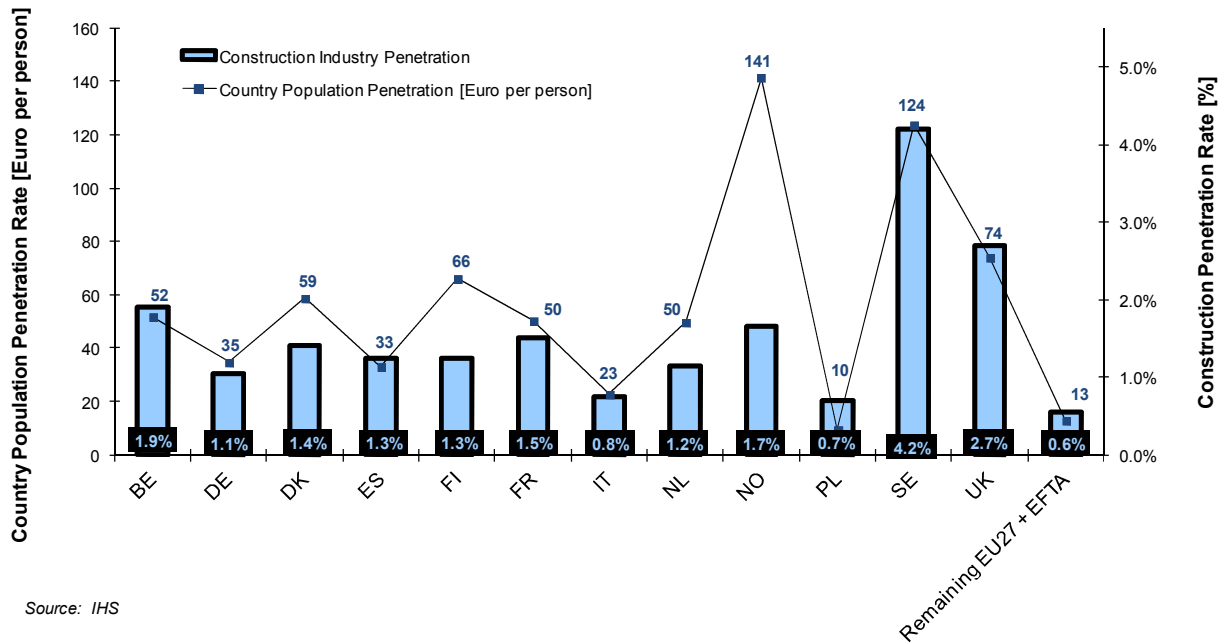


Source: IHS

4.3 Competitive Environment

- The degree of competition continued to increase in 2010. As a consequence rental rates continued to decline in most countries until mid-year 2010.
- Significant improvements of rental rates did take place in some countries in the first half of 2011, while the pricing environment in other countries allowed only very modest increases.
- Because of high legacy investment in this equipment type and persisting overcapacities, rental rates for mobile elevating work platforms are still suffering the most from the economic crisis and the crisis in building construction like in Spain and the United Kingdom.
- In some countries there are doubts about the financial health of contractor companies
- M&A activities regained momentum in 2011 in Germany, France and the Nordic countries.

Penetration Rates (2010)

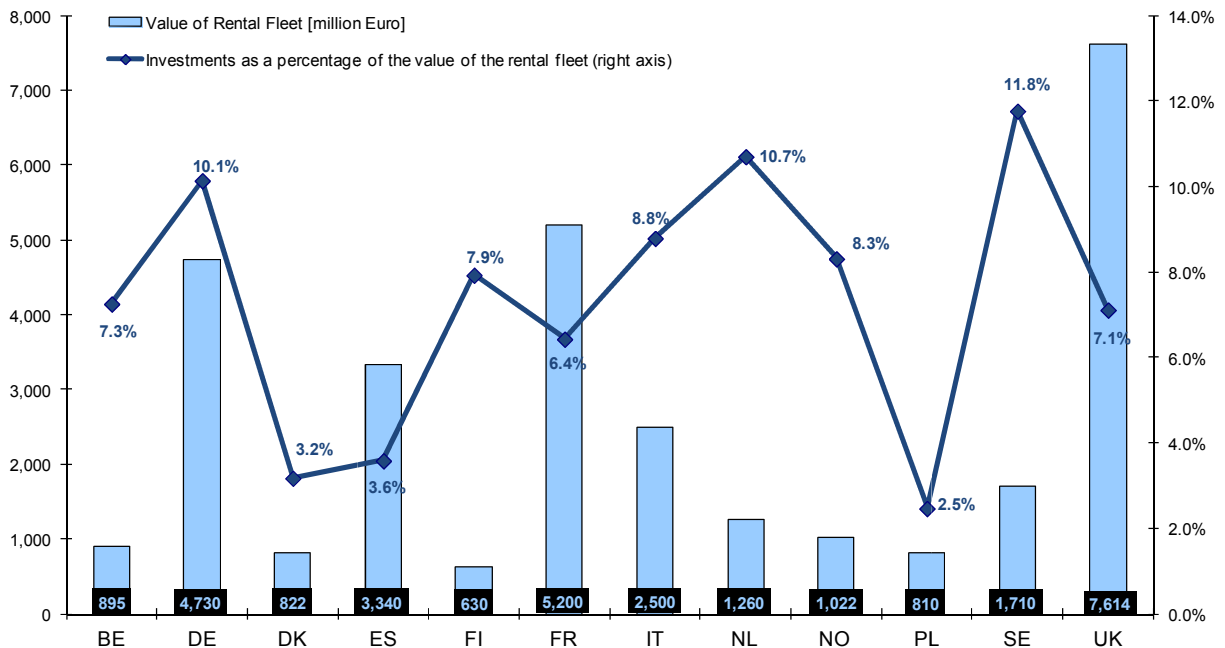


Source: IHS

4.4 Penetration Rates

- While construction Industry Penetration in 2010 increased slightly in Sweden, Norway, Finland and Germany, it declined to varying degrees in all other countries and averaged less than 1.45 percent in the 12 countries investigated.
- After average Construction Industry Penetration in Europe peaked in 2008, it decreased throughout the years 2009 and 2010 and is estimated to have recovered only slightly in 2011.
- Construction Industry Penetration is highest in Sweden (4.2 percent) and in the United Kingdom (2.7 percent). These countries can be regarded as featuring the most mature rental markets in Europe.
- Country Population Penetration is highest in Norway, since Construction Output per capita in Norway is significantly higher than in all other countries. It is followed by Sweden, the United Kingdom and Finland.
- Poland (10 € per person) still features the lowest rental turnover per capita in 2010, followed by Italy (23 € per person), Spain (33 € per person) and Germany (35 € per person).
- In the long-term it is expected that the crisis will add to the previously existing trend towards increasing rental penetration rates as construction companies outsource their equipment fleets to large rental actors, especially in the Nordic countries and the United Kingdom where this development can be observed.

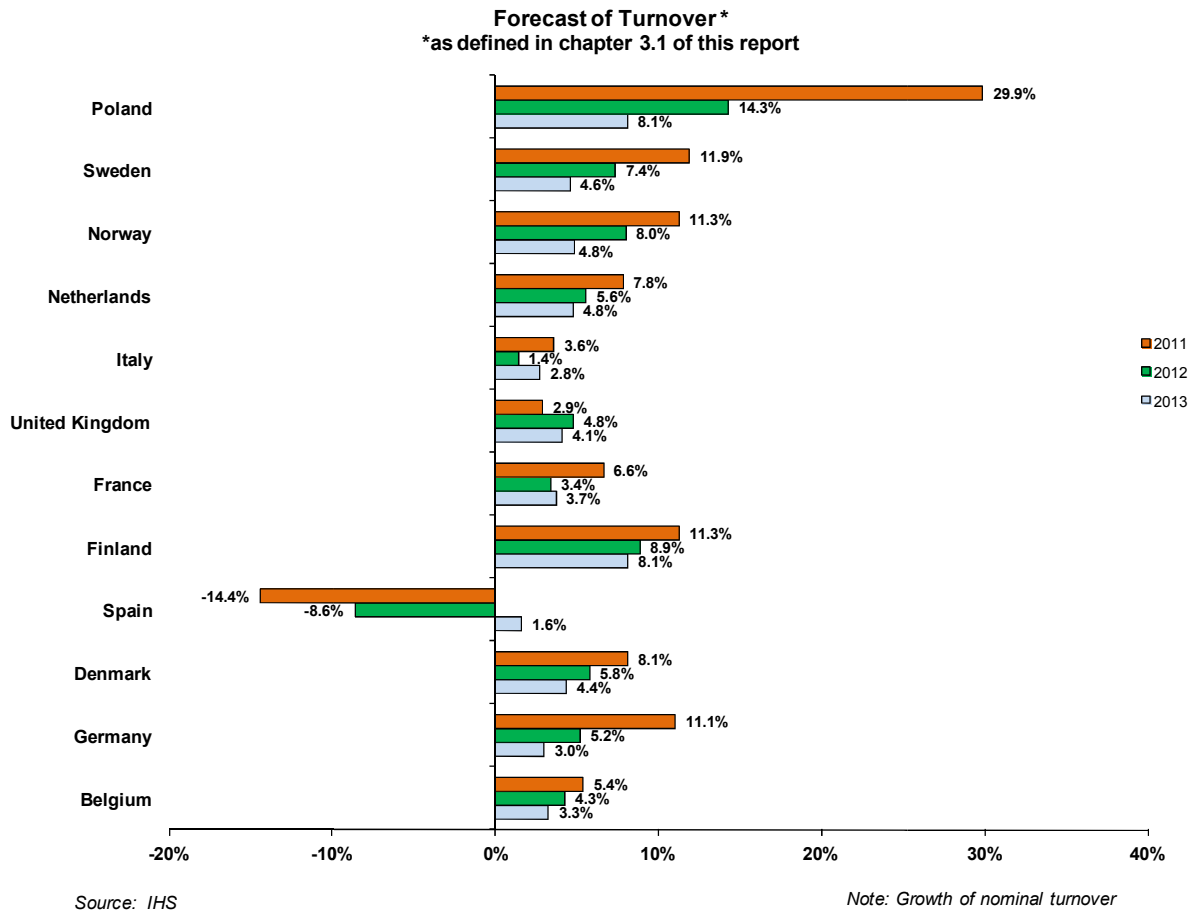
Investment and Value of the Rental Fleet at original cost (2010)



Source: IHS

4.5 Investments and Rental Fleet Size

- After the dramatic decline of investments into the rental fleet throughout Europe in 2009, investment levels in 2010 have been mixed. Fleet investment activity can be best compared by calculating the level of expenditures for new equipment as a percentage of the original purchase value of the rental fleet (investment ratio).
- In 2010, the strongest investments in new equipment were have been made in Sweden, the Netherlands and Germany where investment ratios were with an investment ratio of 10 percent and above, followed by Norway and Italy. A special situation could be observed in Poland, where large amounts of used equipment were transferred by large rental companies. Not surprisingly, fleet investments in 2010 were lowest in Denmark and Spain.
- With the notable exception Spain, overall investment levels in 2011 are estimated to have increased substantially across Europe. The biggest percentage increase took place in Poland, followed by Sweden and Norway.
- The size of the rental fleet 2010 decreased most significantly in Spain (-7.7 percent), Denmark (-7.3 percent) and the United Kingdom (-6.9 percent).
- Average Fleet Age increased in all countries because of low investments into new equipment in 2009 and 2010. In addition, limited incentives and opportunities to sell off used equipment because of low market prices and weak demand caused many rental companies to follow a strategy of maintaining and aging their equipment fleet.
- Among all countries considered, Germany features the youngest fleet, with an average fleet age estimated around 3 years.
- Average fleet age is highest in Nordic countries, caused by the equipment mix more related to building construction, in particular accommodation and concrete related equipment, with a longer operating life.



4.6 Forecast

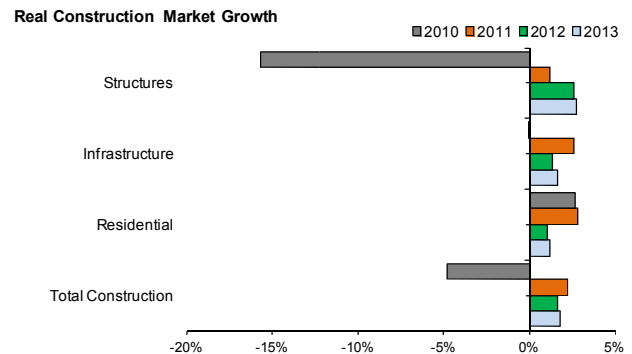
- With the exception of Spain, all rental markets had already bottomed until the end of 2010 and started to recover or to grow on a faster speed in 2011.
- The strongest growth in 2011 is estimated to take place in Poland, followed by Germany and Scandinavia.
- The Spanish equipment rental market is not forecasted to bottom out before the end of 2012.
- Apart from Spain, the outlook for construction equipment rental is most cloudy for Italy. While the Italian rental market is still expected to grow in revenues, there are also significant downside risks to the forecast.
- While rental revenues are forecasted to increase to some extent in the United Kingdom throughout 2012 and 2013, they do so from a strongly decreased base level. In addition, the recent development of the macroeconomic environment creates some downside risks for the British rental market.
- The nominal forecasts of rental revenue development presented in the graph are driven by a combination of the developments of rental volumes and rental rates.
- Increasing inflationary pressure fuels expectations about the possibility of at least a slight increase of rental rates throughout 2012 and 2013.

5. Country Overview

5.1 Belgium (BE)

1. Economic and Construction Context for the Equipment Rental Industry

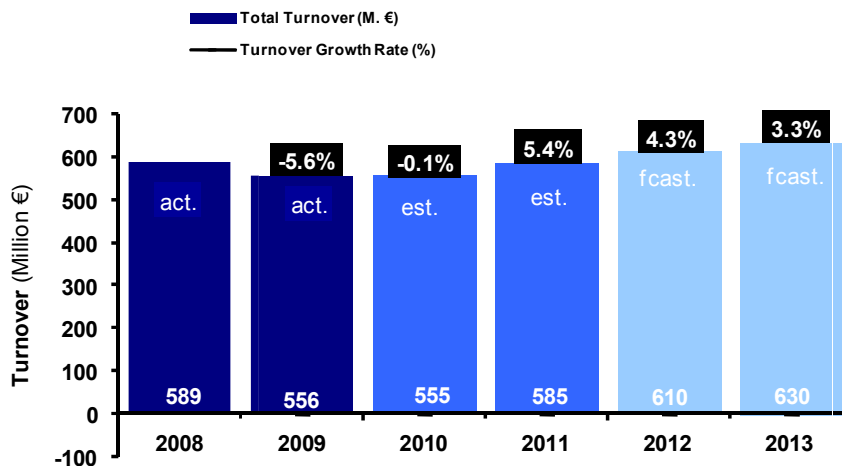
- Belgium is facing stalemate for its elections, which were held in June 2010.
- Belgian GDP expanded by 2% in 2010 on a year-on-year (y/y) basis and is expected to reach 2.5% in 2011. A slower rate is forecasted for 2012 and 2013, 1% and 1.8% respectively.
- Labour costs will remain high, and investors must take into account the powerful role of organized labour. The legal environment is attractive for investors.
- **Residential Construction:** The residential segment of construction is the largest component of total construction. In 2010, residential construction accounted for approximately 46% of total construction spending. The residential construction market bounced back in 2010 with real residential construction increasing 2.7%. The positive trend to recovery will continue but at more moderate rates, 2.8% y/y in 2011, 1% in 2012 and 1.2% 2013.
- **Infrastructure:** Infrastructure construction accounted in 2010 for approximately 23% of total construction spending. The stimulus funds combined with anticipated improvement in the general economy insured a stable situation in 2010 (0% y/y). Infrastructure construction will experience an estimated 2.6% growth in 2011 before returning to more modest increases in 2012 and 2013 of 1.3% and respectively 1.6%.
- **Non-Residential Structures:** Non-residential construction accounted in 2010 for approximately 31% of total construction spending. Y/y spending has dropped a staggering 15.6% in 2010. A steady growth is forecasted for the 2011 – 2013 period: 1.2% in 2011, 2.6% in 2012 and 2.7% in 2013.



2. Detailed Results per Country

Turnover*

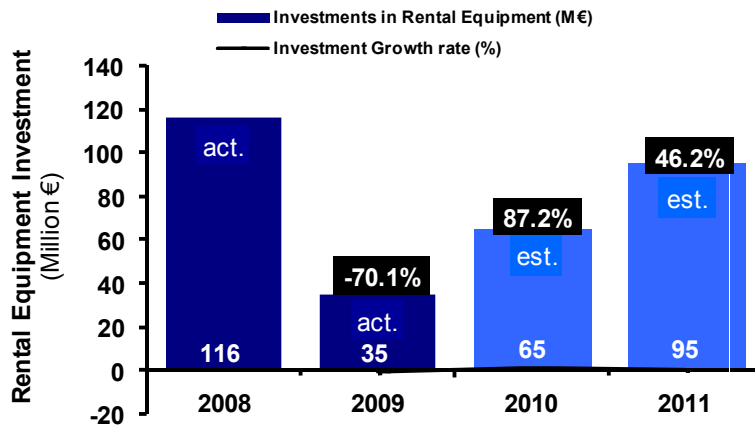
* as defined in chapter 3.1 of this report



Source: IHS

- After investments fell by more than 50 percent in the context of the economic crisis in 2009, they started to recover in mid 2010 and are estimated to account for 10 percent of the value of the rental fleet in 2011.

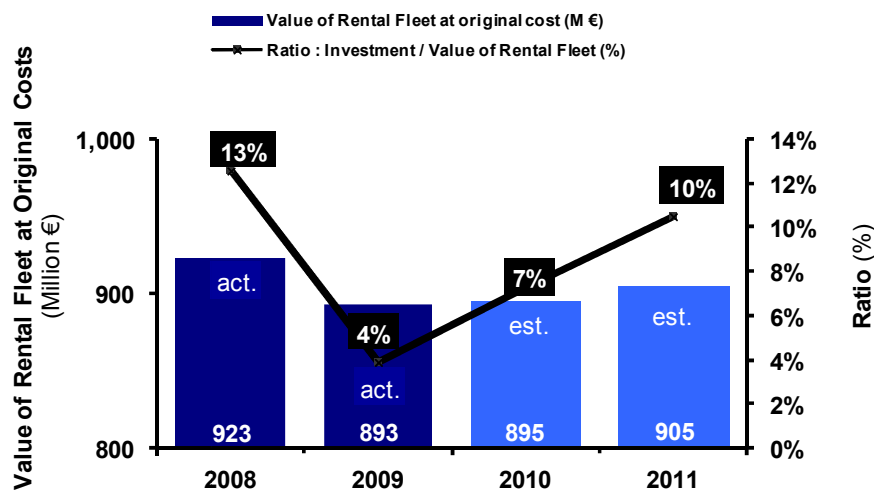
Investment in Rental Equipment of Rental Companies (without operator)



Source: IHS

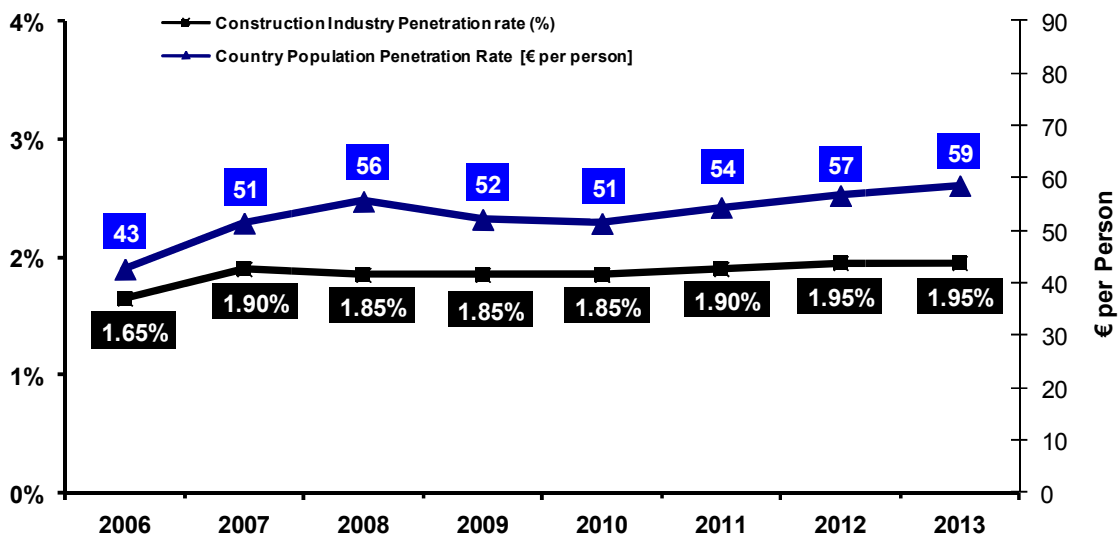
- The reduction of the rental fleet size by de-fleeting activities of rental companies in the crisis year 2009 was modest. In 2011, the fleet size started to increase again but will not yet recover completely from the previous reductions.
- Average fleet age across all equipment types is estimated to have increased by 12 months since 2008 to reach 4.5 years in 2011

Rental Fleet Size



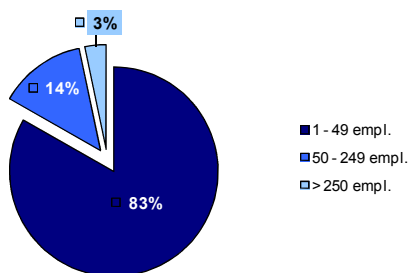
Source: IHS

Penetration Rates



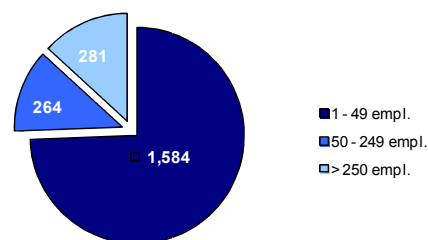
Source: IHS

Turnover of Rental Companies 2008



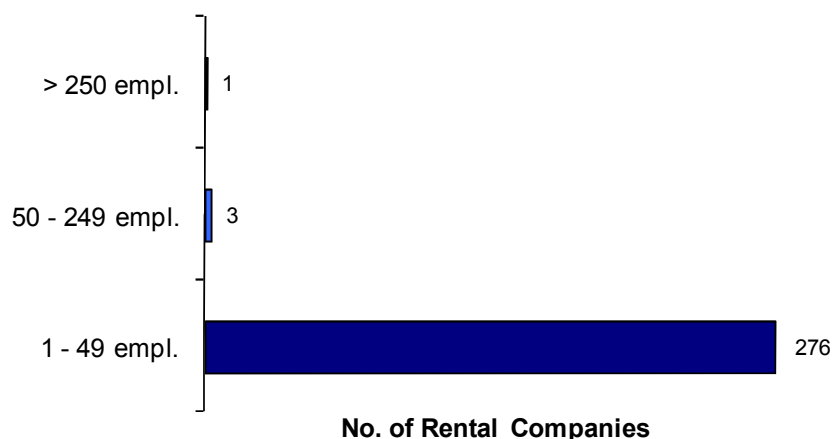
Source: IHS

Persons Employed by Rental Companies 2008



Source: IHS

Number of Rental Companies by employees size group 2008



Source: IHS

- The Belgian equipment rental market is more fragmented than in most other Western European countries. More than 80 percent of the turnover of rental companies is generated by firms with fewer than fifty employees.
- After remaining stable in the first half of 2009, rental demand and tariff levels showed weakness in the second semester, resulting in an overall decrease of turnover of almost 10 percent in 2009. After hitting the bottom line in the second quarter of 2010, rental rates started to increase again in the second half of 2010 and showed a clear upward trend in the first half of 2011. Time utilisation increased moderately in 2010 and more strongly in the first half of 2011
- As a consequence of the still weak construction activity in 2010 rental turnover bottomed out in 2010. In line with the stronger economy and an increase of construction industry penetration, rental turnover will grow by an estimated 5.4 percent in 2011.
- Rental revenues are forecasted to continue to grow in 2012 and 2013, albeit with decreasing speed. Rental penetration is expected to increase moderately.

BELGIUM (BE), EURO	Actual		Estimates		Forecast	
	2008	2009	2010	2011	2012	2013
Market Size						
Total turnover [million €]	589	556	555	585	610	630
Rental Companies (without operator)	569	538	535	565	590	610
Other Comp. Providing Rental Services (only rental)	20	18	20	20	20	20
# Rental Companies (without operator)	280	n.a.	n.a.	n.a.		
# Other Comp. providing rental services	108	n.a.	n.a.	n.a.		
# Employed Persons of Rental Companies (without operator)	2,129	n.a.	n.a.	n.a.		
# Depots of Rental Companies (without operator)	625	n.a.	n.a.	n.a.		
Investments in Rental Equipment [million €] (without operator)	116	35	65	95		
Value of Rental Fleet at all companies [million €] (without operator)	923	893	895	905		
Ratio: Investments in Rental Equipment / Value of the Rental Fleet	13%	4%	7%	10%		
Penetration Rates						
Total Construction Output [million €]	31,528	30,296	29,383	30,561	31,500	32,500
Construction Industry Penetration Rate	1.85%	1.85%	1.90%	1.90%	1.95%	1.95%
Country Population [million]	10.59	10.65	10.70	10.71	10.72	10.73
Country Population Penetration Rate [€ per person]	56	52	52	55	57	59

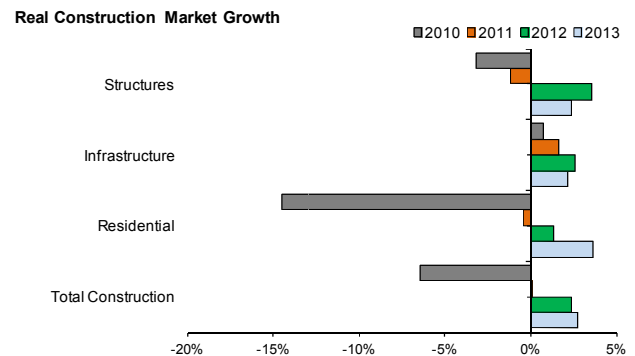
Source : IHS

With the new NACE code, the available statistical information on primary rental companies for Belgium is now substantially better than before. For the first time we have comparable statistics for Belgium rather than having to rely on extractions from Belgian agencies. With the help of the Amadeus we were now also able to more accurately identify “other companies providing rental services”, their size, and their main line of business: this has resulted in a substantial downward revision of the rental revenue of “Other companies”.

5.2 Denmark (DK)

1. Economic and Construction Context for the Equipment Rental Industry

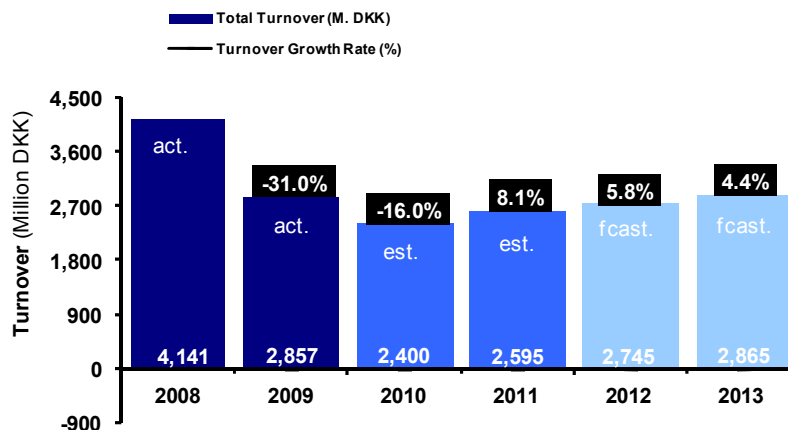
- The Danish economy returned to growth in 2010 reaching an increase of 1.8%. IHS forecasts a slower GDP growth during the period 2011-2013, with an average rate of 1.4%.
- High and rising labour costs coupled with a strong currency are hurting Denmark's currently strong competitive position.
- **Construction Stimulus:** In 2010, the Danish government announced a stimulus package in an effort to put Denmark into the top-10 wealthiest nations by 2020. The country will take on a wide variety of projects designed to increase the national GDP.
- **Residential Construction:** Residential construction is the largest component of total construction in Denmark. In 2010, residential construction spending accounted for 37% of total construction. Spending on residential construction fell by 14.5% y/y in 2010 and is expected to decline again in 2011 by 0.4%. On a positive note, 2012 and 2013 will push towards a recovery. Denmark is expected to have an increase of 1.3% in 2012 and 3.7% in 2013 in residential construction.
- **Infrastructure:** Infrastructure construction spending followed closely residential spending in 2010 with 36% of total spending. The y/y growth in infrastructure spending was 0.7% in 2010. The increase in infrastructure construction is expected to be 1.6% y/y in 2011 and forecasted to reach 2.6% in 2012 and 2.1% in 2013.
- **Non-Residential Structures:** Non-residential construction was 27% of total construction spending in 2010. Spending for non-residential structures in Denmark was hit again in 2010, experiencing a decline of 3.2%. The non-residential structures sector is expected to decrease by 1.2% in 2011 and to rebound during 2012 and 2013 at a rate of 3.6% and 2.4%, respectively.



2. Detailed Results per Country

Turnover*

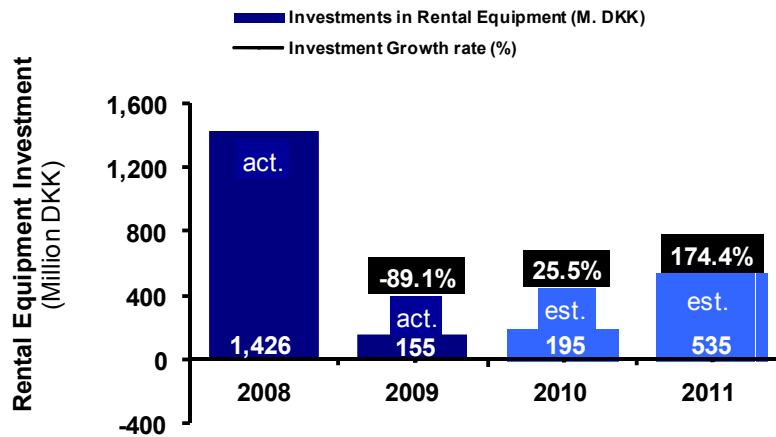
*as defined in chapter 3.1 of this report



Source: IHS

- After cutting their investments almost completely in 2009, expenditure into the rental fleet remained at a low level and increased only very slightly during 2010. While investment increased more substantially during 2011 to an expected 9 percent of the original value of the rental fleet, they are still far behind the record levels encountered in the year 2008.

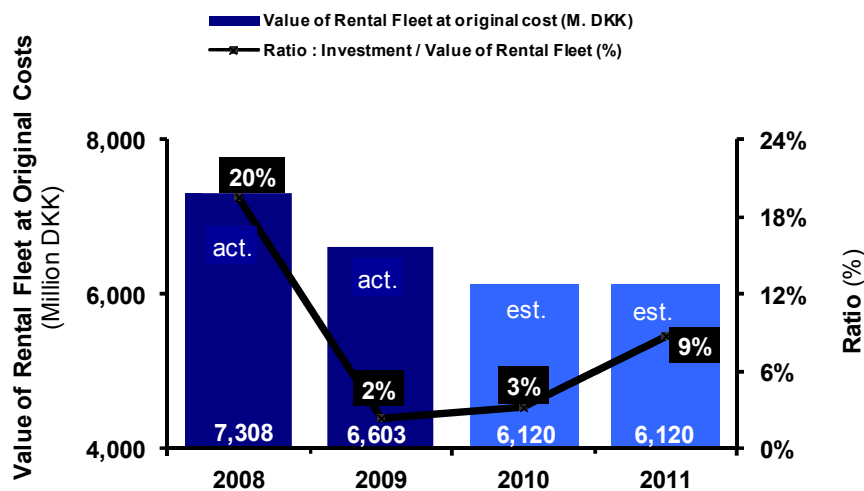
Investment in Rental Equipment of Rental Companies (without operator)



Source: IHS

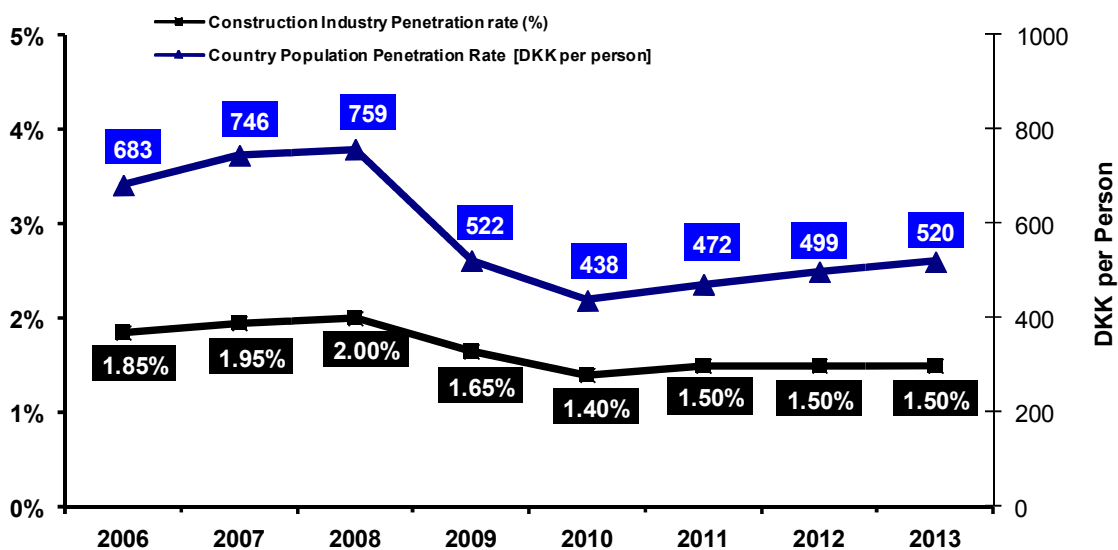
- With prices for used equipment being very low during the recession, companies could adapt their fleets to the reduced demand only slowly and had to age their fleet. It is estimated that the rental fleet size reduced by some 16 percent by 2011 compared to 2008.

Rental Fleet Size



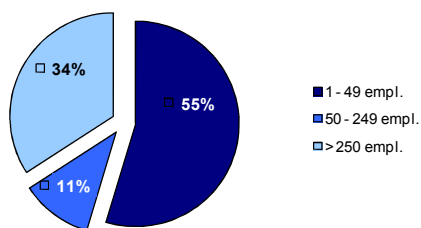
Source: IHS

Penetration Rates



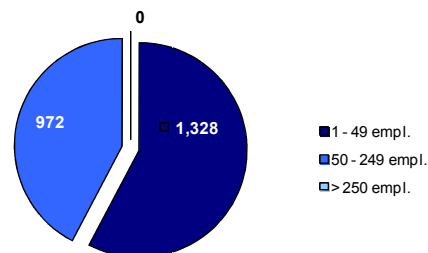
Source: IHS

Turnover of Rental Companies 2008



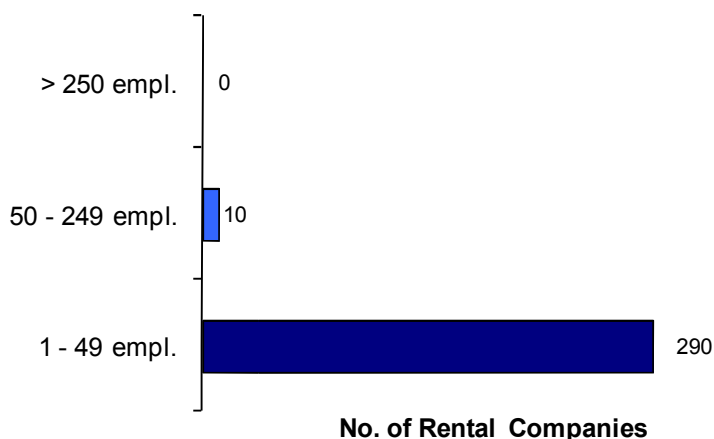
Source: IHS

Persons Employed by Rental Companies 2008



Source: IHS

Number of Rental Companies by employees size group 2008



Source: IHS

- While there are some large rental actors active on the Danish market, no Danish rental company has more than 250 employees. However, some ten companies with more than 50 employees generate about 40 percent of the overall turnover from equipment rental without operator
- Among the Nordic countries, Denmark has experienced the longest downturn on the construction industry and consequently features the most difficult pricing environment among the Scandinavian countries.
- Rental companies in Denmark encountered depressed market conditions throughout the year 2009 when rental revenues decreased by some 30 percent. A substantial slump of rental demand in combination with fleet overcapacities because of large investments in rental equipment in previous years caused a strong decline of time utilisation rates and a tremendous drop of rental rates.
- The market bottomed out in late 2010 and after the consolidation of the market and in line with slightly recovering rental rates we estimate a moderate growth of rental turnover by 8 percent for the year 2011.
- Rental demand remained weak during most of 2010 and rental tariffs continued to be under pressure. As a result, rental revenues shrank by a further estimated 16 percent in 2010. There was also a further reduction of rental revenues.

DENMARK (DK), LOCAL CURRENCY!	Actual		Estimates		Forecast	
	2008	2009	2010	2011	2012	2013
Market Size						
Total turnover [million DKK]	4,141	2,857	2,400	2,595	2,745	2,865
Rental Companies (without operator)	4,120	2,843	2,390	2,580	2,730	2,850
Other Comp. Providing Rental Services (only rental)	21	15	10	15	15	15
# Rental Companies (without operator)	300	n.a.	n.a.	n.a.		
# Other Comp. providing rental services	26	n.a.	n.a.	n.a.		
# Employed Persons of Rental Companies (without operator)	2,300	n.a.	n.a.	n.a.		
# Depots of Rental Companies (without operator)	550	n.a.	n.a.	n.a.		
Investments in Rental Equipment [million DKK] (without operator)	1,426	155	195	535		
Value of Rental Fleet at all companies [million DKK] (without operator)	7,308	6,603	6,120	6,120		
Ratio: Investments in Rental Equipment / Value of the Rental Fleet	20%	2%	3%	9%		
Penetration Rates						
Total Construction Output [million DKK]	205,328	175,503	169,777	173,071	180,800	189,300
Construction Industry Penetration Rate	2.00%	1.65%	1.40%	1.50%	1.50%	1.50%
Country Population [million]	5.46	5.47	5.48	5.49	5.50	5.51
Country Population Penetration Rate [DKK per person]	759	522	438	473	499	520

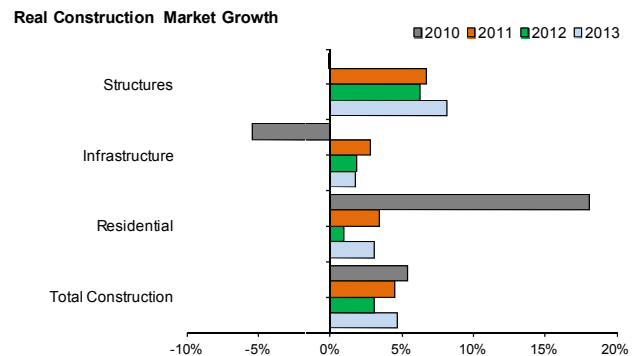
Source : IHS

With the availability of new statistics it became clear that there is a substantial set of the very small companies reporting to NACE code 77.32 that have no employee at all. In line with this information we estimate now the total number of rental companies in Denmark to average 300 firms.

5.3 Finland (FI)

1. Economic and Construction Context for the Equipment Rental Industry

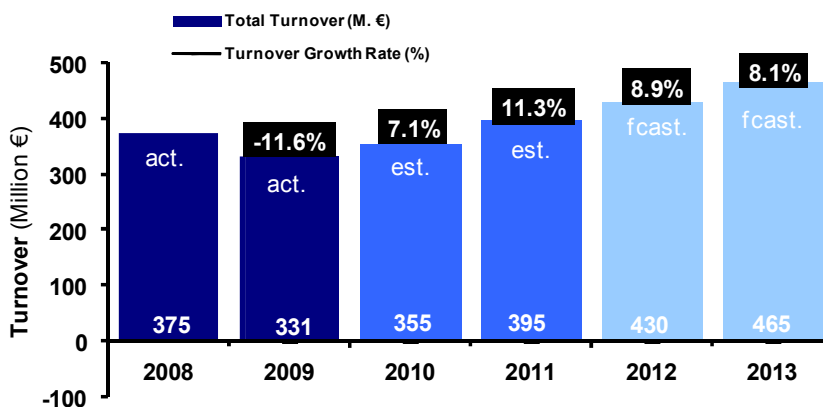
- Finland's economy was hit hard by the global recession but has begun to bounce back rather quickly. The Finnish GDP experienced an increase of 3.6% year-on-year (y/y) in 2010 and is expected to increase by 3.4% in 2011, 2% in 2012 and 2.4% in 2013.
- The most significant obstacles posed to foreign direct investment are the excessive price of labour and the high level of non-wage costs that employers are obliged to pay.
- **Residential Construction:** Residential construction spending, which accounted for 41.7% of total construction in 2010, grew by 18.1% for the year, gaining back all the ground that was lost in 2009. Residential construction spending growth in 2011 is expected to be 3.5%. Residential construction is forecasted to slowdown during the following years: 1% in 2012 and 3.1% in 2013.
- **Infrastructure:** Infrastructure spending fell for a second straight year in 2010 by 5.4% y/y. This sector has seen a lowering of investment as a result of the recession and austerity measures that were put in place to bring down the country's debt load. Infrastructure spending will begin to grow again starting with 2011; a 2.8% growth is expected in 2011. Infrastructure construction is expected to grow by 1.8% in 2012 and 2013.
- **Non-Residential Structures:** Non-residential structures construction took a dramatic turn for the worse in 2009. The level of spending remained the same in 2010 (0% y/y). Spending on non-residential structures will pick up in 2011, improving by 6.8%. Looking ahead, structures construction is poised to grow by 6.3% in 2012 and will see even stronger growth in 2013 (8.1%).



2. Detailed Results per Country

Turnover*

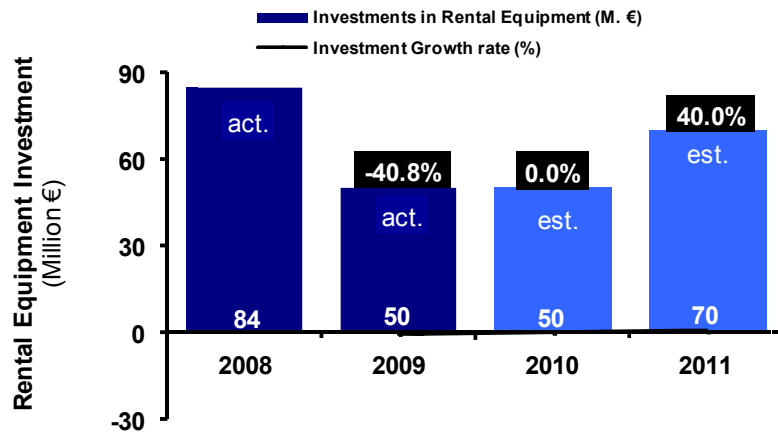
*as defined in chapter 3.1 of this report



Source: IHS

- After companies were forced to cut their fleet investments by almost 40 percent in 2009, they remained at a low level in 2010. In the context of the improved business environment, investments in the rental fleet increased significantly by estimated 40 percent in 2011 to average some 11 percent of the original value of the rental fleet.

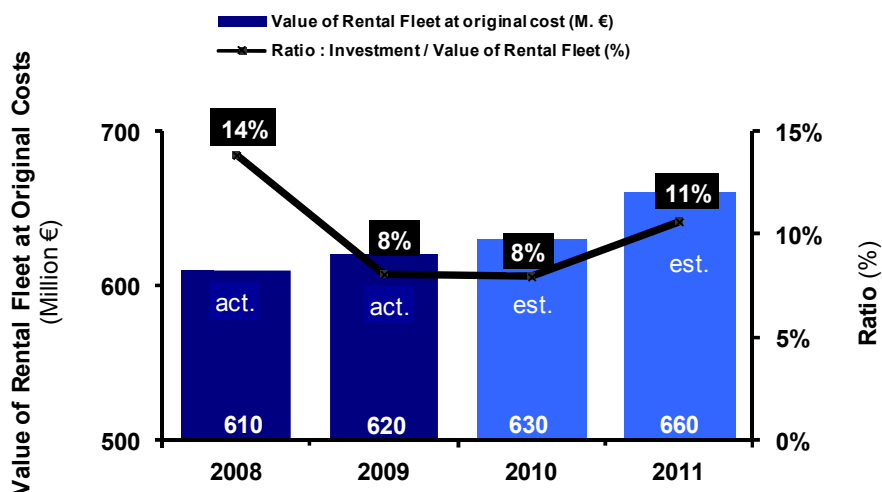
Investment in Rental Equipment of Rental Companies (without operator)



Source: IHS

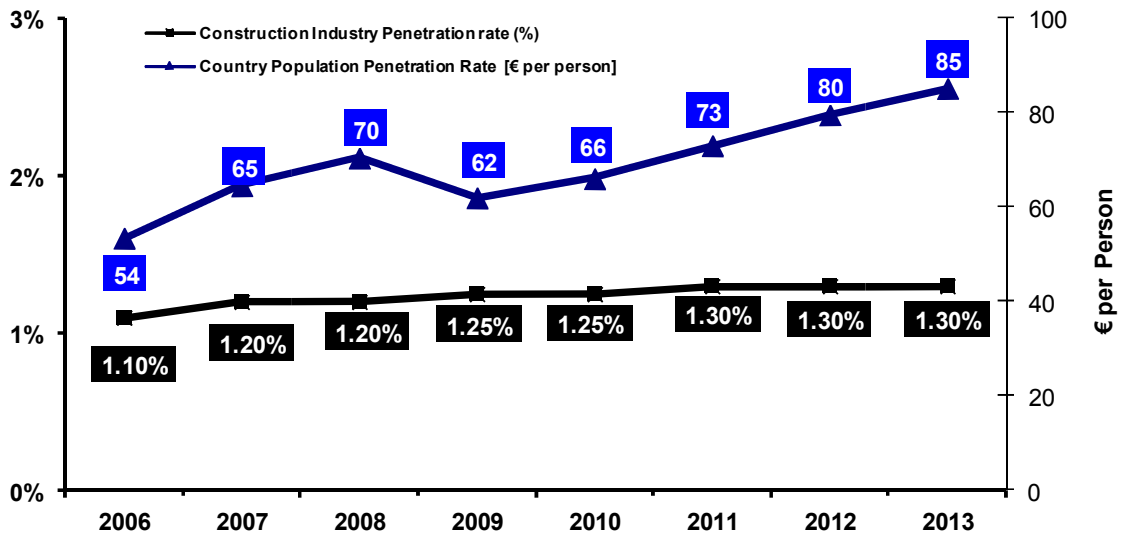
- Companies slightly aged their fleet in 2009 and 2010, while there was a slight decrease in average fleet age in 2011. It is estimated that the average fleet age has increased by 6 months since 2008 to reach an average age of about 5.8 years in 2011.
- The size of the rental fleet continued to increase slightly in 2009 and 2010, and more substantially in 2011.

Rental Fleet Size



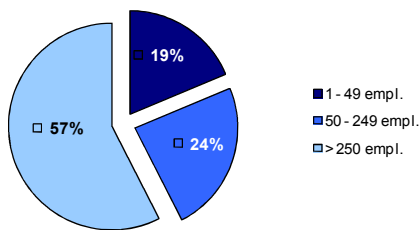
Source: IHS

Penetration Rates



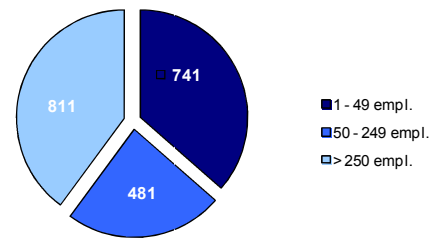
Source: IHS

Turnover of Rental Companies 2008



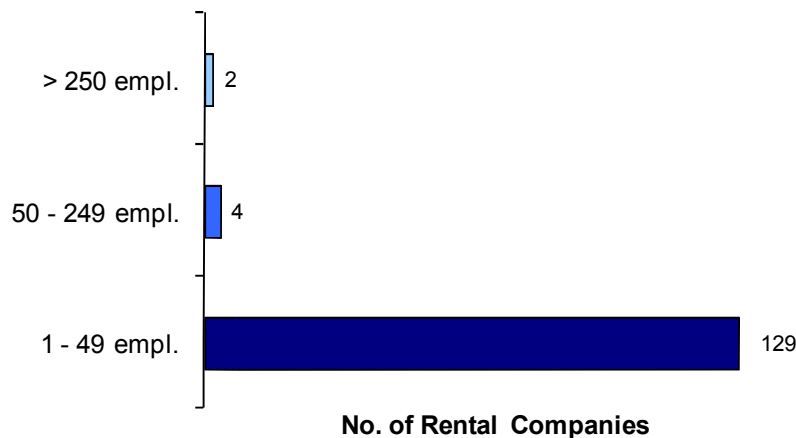
Source: IHS

Persons Employed by Rental Companies 2008



Source: IHS

Number of Rental Companies by employees size group 2008



Source: IHS

- The two large actors dominating the Finnish rental market generate over 50 percent of the turnover of rental companies in Finland.
- Since the Finnish market bottomed out in early 2010, higher levels of utilisation and an improving pricing environment led to an increase of rental turnover and profitability.
- While demand from infrastructure construction was important during the crisis years, the key drivers for rental growth are currently commercial and residential construction.
- The turning point of the rental market in Finland occurred in summer 2010. Since then, rental volumes, time utilisation and rental tariffs have increased moderately. Time utilisation has increased more strongly stronger than rental rates.
- Finland has a strong rental market for accommodation modules, which remained less impacted by the downturn and served as an element of stabilisation for the rental business.
- We expect the strong growth trend of the Finnish rental market to remain basically intact. Rental demand is forecasted to continue increasing quite strongly until the year 2013, albeit with slightly decreasing growth rates of 9.3 and 7.3 percent respectively.
- Since the rental concept in Finland is becoming more and more popular and in line with a trend of construction companies to outsource their fleets to rental companies, construction industry penetration has been keeping to increase throughout the years 2009 to 2011 from 1.20 to almost 1.30 percent in 2011. It is expected that penetration will continue to increase moderately in the near future.

FINLAND (FI), EURO	Actual		Estimates		Forecast	
	2008	2009	2010	2011	2012	2013
Market Size						
Total turnover [million €]	375	331	355	395	430	465
Rental Companies (without operator)	345	311	335	370	405	435
Other Comp. Providing Rental Services (only rental)	30	20	20	25	25	30
# Rental Companies (without operator)	135	n.a.	n.a.	n.a.		
# Other Comp. providing rental services	n.a.	n.a.	n.a.	n.a.		
# Employed Persons of Rental Companies (without operator)	2,033	n.a.	n.a.	n.a.		
# Depots of Rental Companies (without operator)	416	n.a.	n.a.	n.a.		
Investments in Rental Equipment [million €] (without operator)	84	50	50	70		
Value of Rental Fleet at all companies [million €] (without operator)	610	620	630	660		
Ratio: Investments in Rental Equipment / Value of the Rental Fleet	14%	8%	8%	11%		
Penetration Rates						
Total Construction Output [million €]	31,345	26,871	28,422	30,724	32,700	35,000
Construction Industry Penetration Rate	1.20%	1.25%	1.25%	1.30%	1.30%	1.35%
Country Population [million]	5.32	5.34	5.36	5.38	5.40	5.42
Country Population Penetration Rate [€ per person]	70	62	66	73	80	86

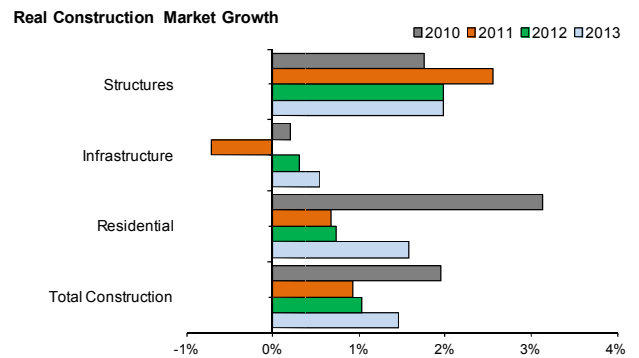
Source : IHS

On the basis of new statistical information, that some of the very small companies in the rental industry entering the official statistics have actually no employees, we have reduced our estimation for the total number of rental companies in Finland to 135 companies.

5.4 France (FR)

1. Economic and Construction Context for the Equipment Rental Industry

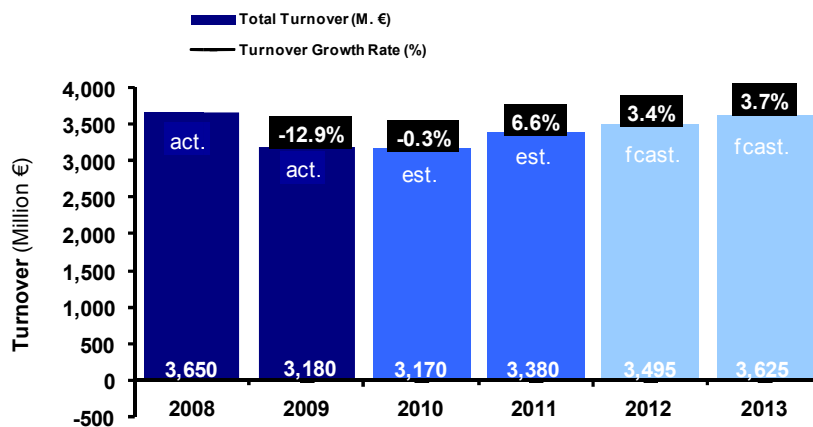
- French GDP has increased by 1.4% year-on-year (y/y) in 2010 and is forecasted to increase by 1.7% in 2011, 1.3% in 2012 and 2.1% in 2013.
- France has the second largest construction economy in Europe, following Germany.
- A still fragile labour market, tight credit conditions, and in particular the need to reduce the large fiscal deficit will limit economic growth going forward.
- **Residential Construction:** Residential construction is the largest component of total construction in France. In 2010, residential spending accounted for 43% of the total construction spending. The residential segment turned around with a posted gain of 3.1% y/y in 2010. Going forward, growth will be more subdued: 0.7% for 2011 and 2012 and 1.6% for 2013.
- **Infrastructure:** In 2010, infrastructure represented 25% of France's total construction spending. France has the largest infrastructure construction segment in Western Europe. During the recession, stimulus funds were able to prevent infrastructure construction from dipping into negative territory. In 2010, infrastructure spending increased 0.2%. However, as stimulus funds dry up, infrastructure in 2011 will be hurt, with an anticipated 0.7% decline in spending. In the medium term, infrastructure construction is estimated to increase 0.3% in 2012 and 0.5% in 2013.
- **Non-Residential Structures:** In 2010, non-residential structures' share was 32% of the total construction spending. Non-residential structure spending in France experienced a slight increase of 1.8% y/y growth in 2010 and is expected to continue to increase at a slow pace: 2.6% in 2011, 2% for 2012 and 2013.



2. Detailed Results per Country

Turnover*

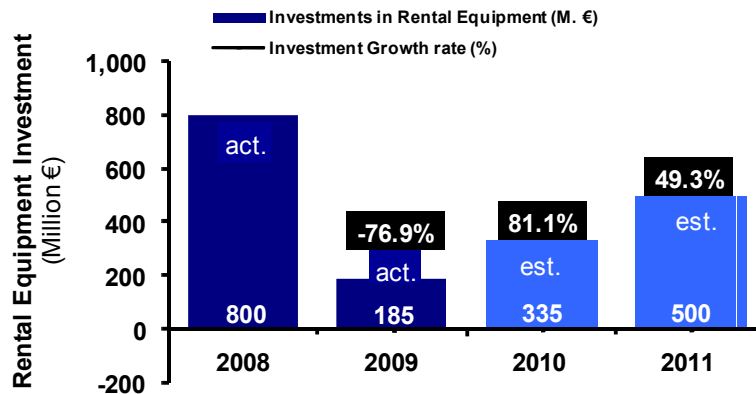
*as defined in chapter 3.1 of this report



Source: IHS

- After investments into the rental fleet dropped strongly to only € 185 million in 2009, there was a slight recovery to € 335 million in 2010, mostly because companies were catching up on replacing old equipment. A stronger increase in investment has been prevented by limited supply from the manufacturers and longer delivery times.

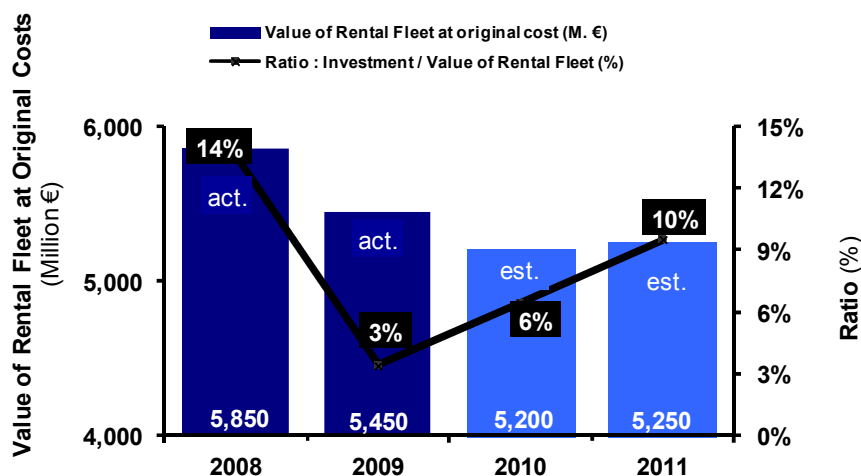
Investment in Rental Equipment of Rental Companies (without operator)



Source: IHS

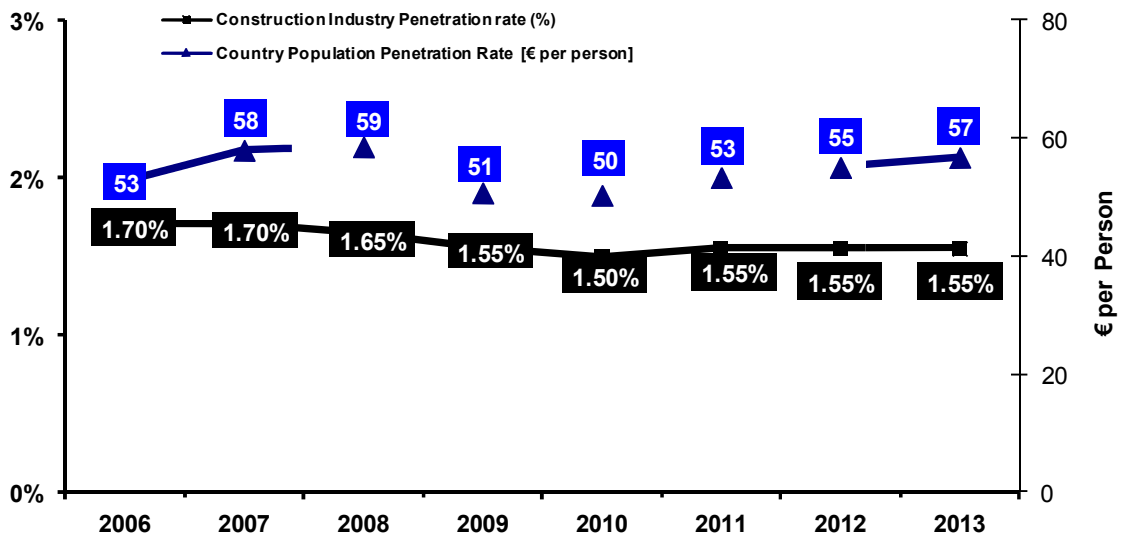
- After having decreased in 2009 (-6.8%) and 2010 (-4.6%) the size of the rental fleet may slightly increase in 2011. Investments in 2010 are estimated to average some 10 percent of the total fleet.
- As a side effect of selling and cutting in investment, average fleet age is estimated to have increased by 6 months in 2009 to an overall average of 5 years until the beginning of 2011. This means an estimated increase of 13 months since the summer of 2008.

Rental Fleet Size



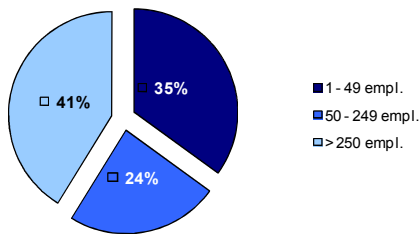
Source: IHS

Penetration Rates



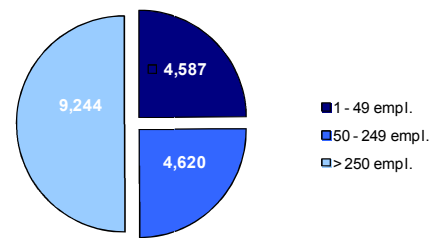
Source: IHS

Turnover of Rental Companies 2008



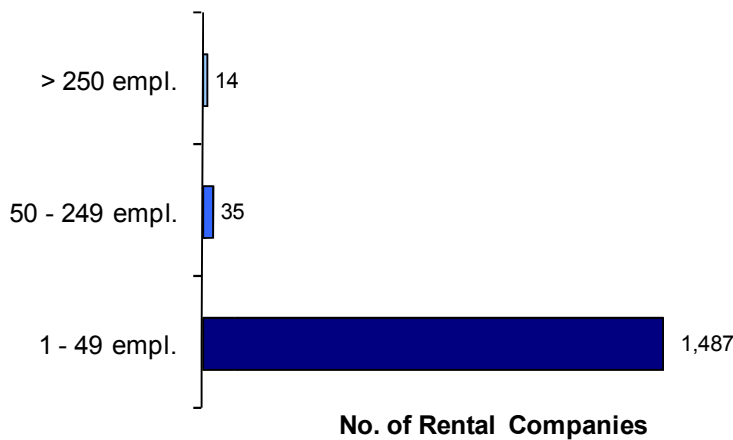
Source: IHS

Persons Employed by Rental Companies 2008



Source: IHS

Number of Rental Companies by employees size group 2008



Source: IHS

- After M&A activities had stopped during the crisis, the recent acquisition of Locarest by Loxam and the planned takeover of BM Location by Kilton have led to an increase in concentration of the French equipment rental market in 2011.
- After the crisis years, the French rental market showed a strong upward trend in the first three quarters of 2011. However, the business environment has started to deteriorate recently as rental customers are experiencing increasing financial difficulties.
- After rental demand in 2010 remained at 2009 levels it is estimated to increase in 2011 by 6.5 percent, leading to a total market size of some € 3.4 billion.
- In contrast to the German or the Italian market, dealers and other companies providing rental services play a less important role in France with estimated revenue of € 170 million in 2011.
- After strong decrease in rental rates and time utilisation, financial utilisation reached its lowest point in 2009. Both operational indicators started to increase in the second half of 2010. In 2011 the recovery of rates and utilisation gained additional speed.
- After a decline to 1.50 percent in 2010, construction industry penetration recovered to some 1.55 percent in 2011.
- Despite the clouding of the overall economic horizon in autumn 2011, we still expect that rental revenues will increase in 2012 and 2013 because of the continuing slight increase in real demand and higher average price levels. However, it has to be noted that the Euro crisis causes increasing downside risks to the forecast.

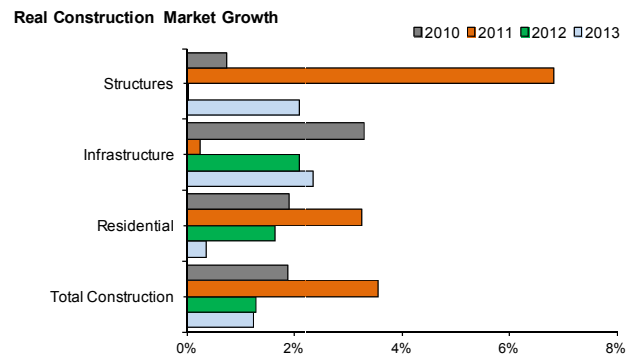
FRANCE (FR), EURO	Actual		Estimates		Forecast	
	2008	2009	2010	2011	2012	2013
Market Size						
Total turnover [million €]	3,650	3,180	3,170	3,380	3,495	3,625
Rental Companies (without operator)	3,440	3,000	3,010	3,210	3,320	3,440
Other Comp. Providing Rental Services (only rental)	210	180	160	170	175	185
# Rental Companies (without operator)	1,536	n.a.	n.a.	n.a.		
# Other Comp. providing rental services	n.a.	n.a.	n.a.	n.a.		
# Employed Persons of Rental Companies (without operator)	18,451	n.a.	n.a.	n.a.		
# Depots of Rental Companies (without operator)	2,643	n.a.	n.a.	n.a.		
Investments in Rental Equipment [million €] (without operator)	800	185	335	500		
Value of Rental Fleet at all companies [million €] (without operator)	5,850	5,450	5,200	5,250		
Ratio: Investments in Rental Equipment / Value of the Rental Fleet	14%	3%	6%	10%		
Penetration Rates						
Total Construction Output [million €]	222,590	205,291	210,995	216,776	223,200	231,100
Construction Industry Penetration Rate	1.65%	1.55%	1.50%	1.55%	1.55%	1.55%
Country Population [million]	62.28	62.61	62.95	63.27	63.54	63.79
Country Population Penetration Rate [€ per person]	59	51	50	53	55	57

Source : IHS

5.5 Germany (DE)

1. Economic and Construction Context for the Equipment Rental Industry

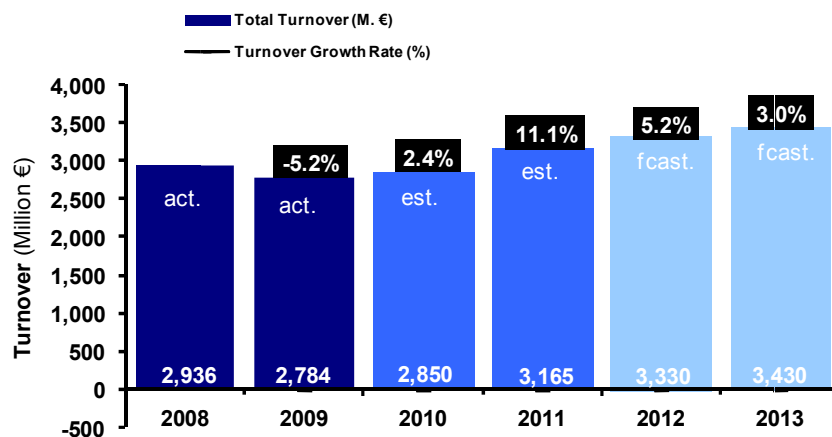
- Economic recovery will remain robust despite external risks. The main risks to the recovery are related to the ongoing Euro-zone debt crisis as well as global inflationary pressures.
- GDP has increased by 3.5% year-on-year (y/y) in 2010 and it will continue to grow at a slower pace in the future: 3% in 2011, 1.4% in 2012 and 1.8% in 2013.
- The chief deterrent to foreign investment in Germany is the high cost of labour. The government has taken steps to try to lower non-wage labour costs.
- **Construction stimulus:** A stimulus was introduced in 2009 that supported the construction industry for much of 2009 and 2010. The 10-billion-euro package made investments in construction of schools, hospitals, and infrastructure.
- **Residential:** The residential construction segment in Germany is the largest in Western Europe. Residential construction accounted for 53% of total construction spending in 2010. The segment increased 1.9% in 2010 and is expected to experience another 3.2% increase in 2011. Growth will start to slow in the medium term: 1.7% in 2012 and 0.4% in 2013.
- **Infrastructure:** Infrastructure represented 22% of total German construction spending in 2010. Even though infrastructure construction has experienced an increase of 3.3% y/y in 2010, the year 2011 experienced a weak increase of 0.2%. The medium-term outlook for infrastructure construction is forecasted to expand in 2012 and 2013 at a growth rate of 2.1% and 2.3% respectively.
- **Non-Residential Structures:** Non-residential structures represented 25% of total construction spending in 2010. The non-residential structures segment struggled in 2009, followed by a slow increase of 0.8% in 2010. The segment is expected to recover in 2011 posting 6.8% y/y growth. This will moderate over the next two years: 0% in 2012 and 2.1% in 2013.



2. Detailed Results per Country

Turnover*

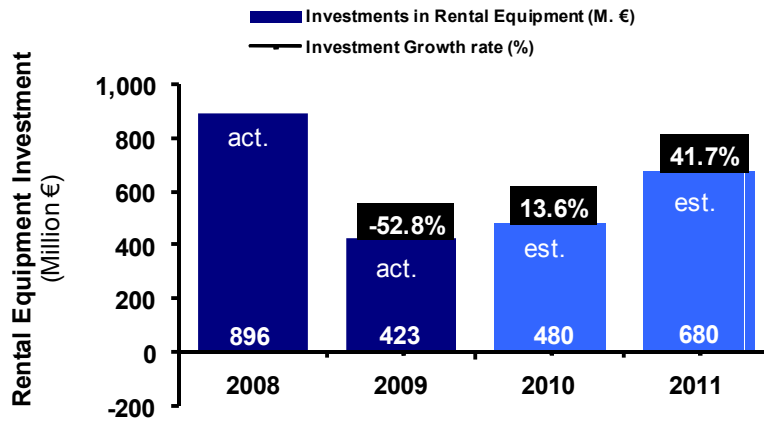
*as defined in chapter 3.1 of this report



Source: IHS

- After the strong decrease in fleet investments in 2009, capital expenditure increased slightly in 2010 and, in an overall strong business environment, substantially during the year 2011. Capital expenditure is expected to increase by more than 40 percent in 2011 to a level of some 14 percent of the original values of the rental fleet.

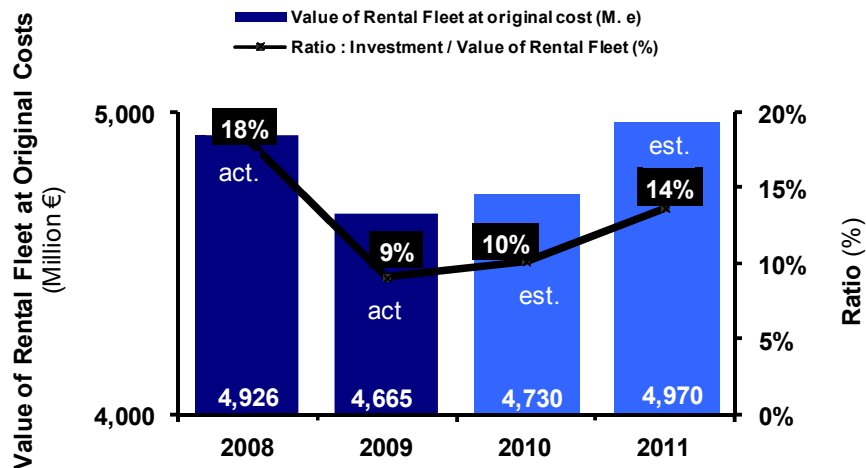
Investment in Rental Equipment of Rental Companies (without operator)



Source: IHS

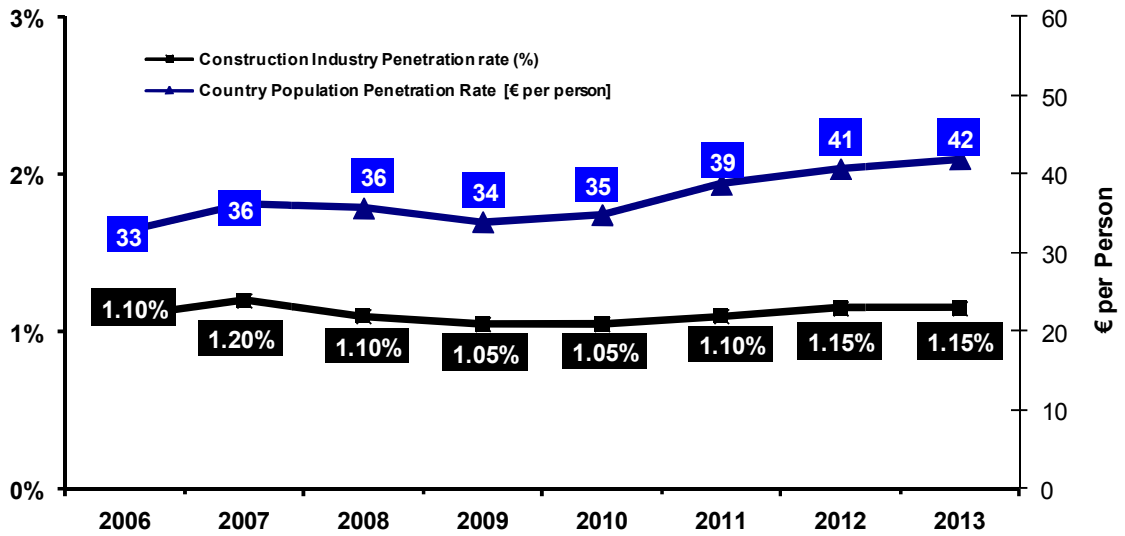
- In line with substantial investments into new equipment, the total size of the rental fleet is expected to reach 2008 levels by the end of 2011.
- The average age of the German rental fleet is still among the lowest in Europe. It is estimated to have increased by 4 months since 2008 to average 3.2 years in 2011

Rental Fleet Size



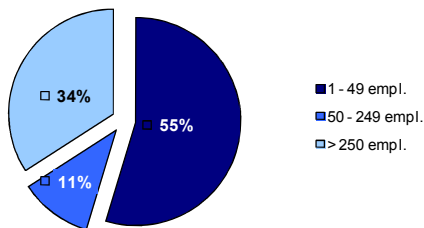
Source: IHS

Penetration Rates



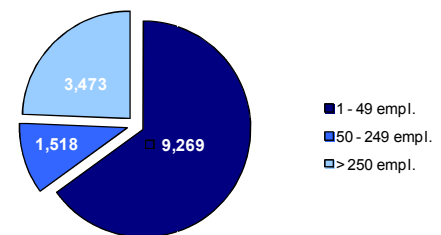
Source: IHS

Turnover of Rental Companies 2008



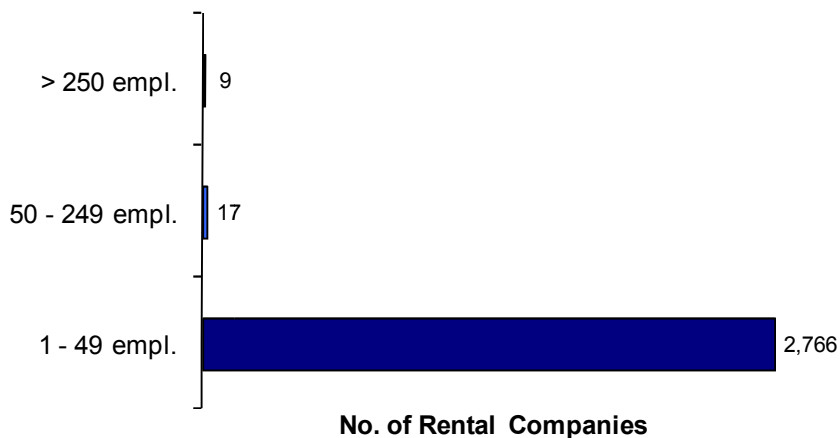
Source: IHS

Persons Employed by Rental Companies 2008



Source: IHS

Number of Rental Companies by employees size group 2008



Source: IHS

- Compared to countries like France, the German rental market is very regional in nature. Despite of the presence of several large rental actors in the country, small rental companies with less than 50 employees still account for some 55 percent of rental turnover.
- Equipment dealers play an important role in the German equipment rental market. Estimations combining information from the comprehensive Amadeus database with expert knowledge on the market show that other companies providing rental services generate rental revenue of some € 600 million. Dealers are able to react in a flexible manner to industry needs by increasing their rental activity and offering flexible rental contracts to construction companies.
- The recovery of the German equipment rental market started strongly in 2010, earlier than expected in last year's report. A strong market environment led to a strong upturn of rental revenues of some 11 percent in the year 2011. Overall, the German rental market is currently among the strongest in Europe with significant potential for future growth.
- Because of the high level of competition, rental rates in Germany have remained at a relatively low level until 2010. Rates have started to recover since mid 2010 with some substantial increases in the beginning of 2011.
- While the speed of growth is decreasing, we forecast the rental market to remain strong through most of 2012, with an increase of revenues of some 5 percent. For 2013 we expect a growth of 3 percent.
- The worsened macroeconomic outlook because of the Euro crisis has not yet hit the German market. Stable construction and consumer markets and adjusted rental fleets together resulted in a strong increase of time utilisation in 2011. However, rental companies remain cautious about the longer-term development.
- After a slight drop in 2009, construction industry penetration started to increase again in the second half of 2010.

Germany (DE), EURO	Actual		Estimates		Forecast	
	2008	2009	2010	2011	2012	2013
Market Size						
Total turnover [million €]	2,936	2,784	2,850	3,165	3,330	3,430
Rental Companies (without operator)	2,307	2,216	2,270	2,520	2,650	2,730
Other Comp. Providing Rental Services (only rental)	629	567	580	645	680	700
# Rental Companies (without operator)	2,792	n.a.	n.a.	n.a.		
# Other Comp. providing rental services	1,568	n.a.	n.a.	n.a.		
# Employed Persons of Rental Companies (without operator)	14,260	n.a.	n.a.	n.a.		
# Depots of Rental Companies (without operator)	3,170	n.a.	n.a.	n.a.		
Investments in Rental Equipment [million €] (without operator)	896	423	480	680		
Value of Rental Fleet at all companies [million €] (without operator)	4,926	4,665	4,730	4,970		
Ratio: Investments in Rental Equipment / Value of the Rental Fleet	18%	9%	10%	14%		
Penetration Rates						
Total Construction Output [million €]	264,102	264,782	271,384	283,798	291,800	299,700
Construction Industry Penetration Rate	1.10%	1.05%	1.05%	1.10%	1.15%	1.15%
Country Population [million]	82.12	81.88	81.76	81.74	81.73	81.63
Country Population Penetration Rate [€ per person]	36	34	35	39	41	42

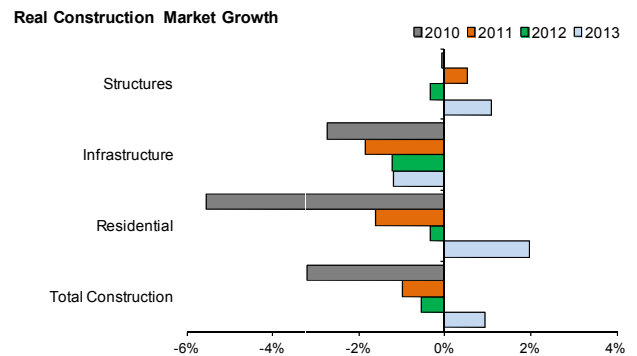
Source : IHS

The statistical basis for historical market figures on the equipment rental industry without operator (NACE 77.32) in Germany is the publication "Strukturerhebung im Dienstleistungsbereich" of the German Statistical Agency, which is based on a structured sample of companies in Germany. The new classification means a reduction of the estimated turnover of rental companies in 2008.

5.6 Italy (IT)

1. Economic and Construction Context for the Equipment Rental Industry

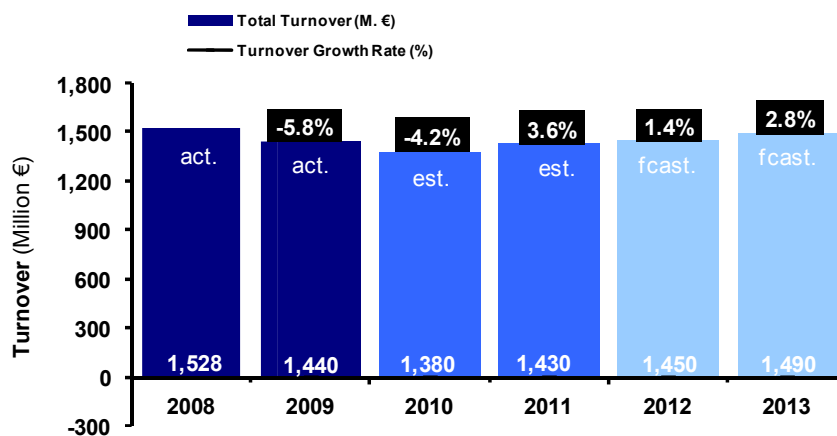
- Economic growth slowed again in 2010, partly because of lower levels of government spending and a considerable drag from net exports. GDP increased by 1.3% year-on-year (y/y) in 2010 and it will increase at a rate under 1% during the 2011-2013.
- The labour market is inflexible and needs further reform. The country's powerful trade unions often flex their muscles and threaten industrial action in response to any attempt to push through structural changes to the labour market or privatisations.
- **Residential Construction:** The residential sector is the largest segment of Italy's total construction market. In 2010, residential spending accounted for 44% of all construction spending. The residential construction market in Italy has been weak for several years with a decline of 5.5% in 2010. Italian residential construction will continue to decrease over the following years by 1.6% in 2011 and 0.3% in 2012; an increase of 2% is expected in 2013.
- **Infrastructure:** In 2010, infrastructure accounted for 24% of all construction spending. After a 2.7% decrease in 2010, the infrastructure segment will decrease by 1.8% in 2011, and 1.2% in 2012 and 2013.
- **Non-Residential Structures:** In 2010, non-residential accounted for 32% of all construction spending. After a decrease of 0.1% y/y in 2010, the structures sector will experience an anaemic recovery of 0.5% in 2011. A new decrease of 0.3% is forecasted in 2012 and an increase of 1.1% in 2013. Leading the spending growth over this period will be the institutional sector.



2. Detailed Results per Country

Turnover*

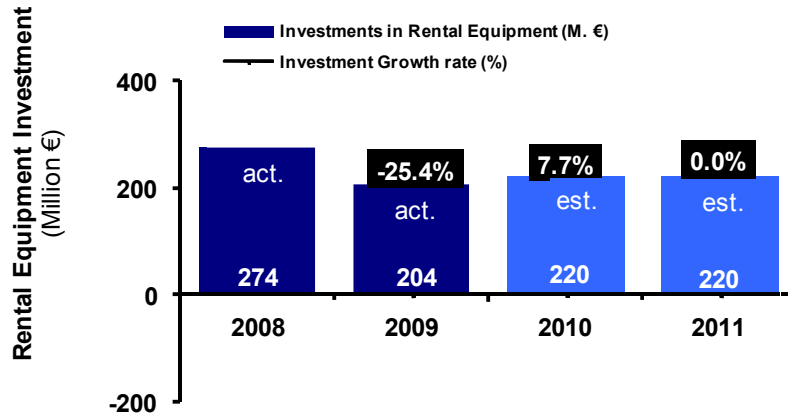
*as defined in chapter 3.1 of this report



Source: IHS

- After having declined by 25 percent in 2009, overall investments into the rental fleet increased by some 8 percent in 2010 and are estimated to have remained on that level over 2011. Investments of the large rental actors increased more strongly than the average.

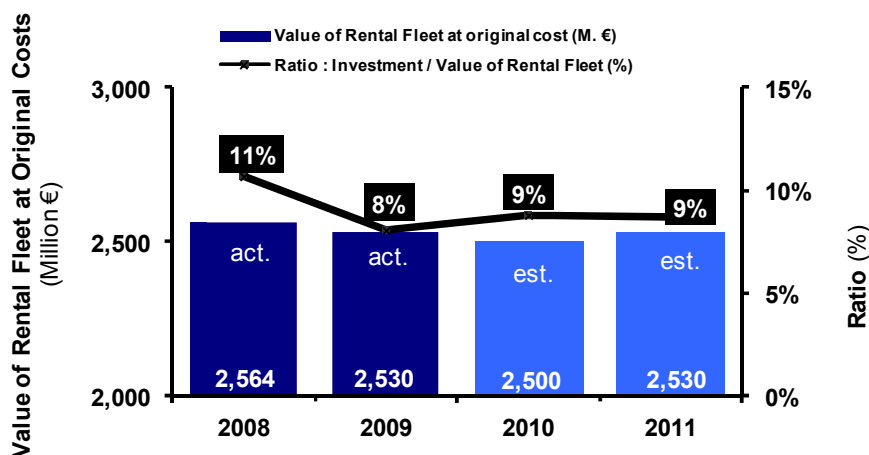
Investment in Rental Equipment of Rental Companies (without operator)



Source: IHS

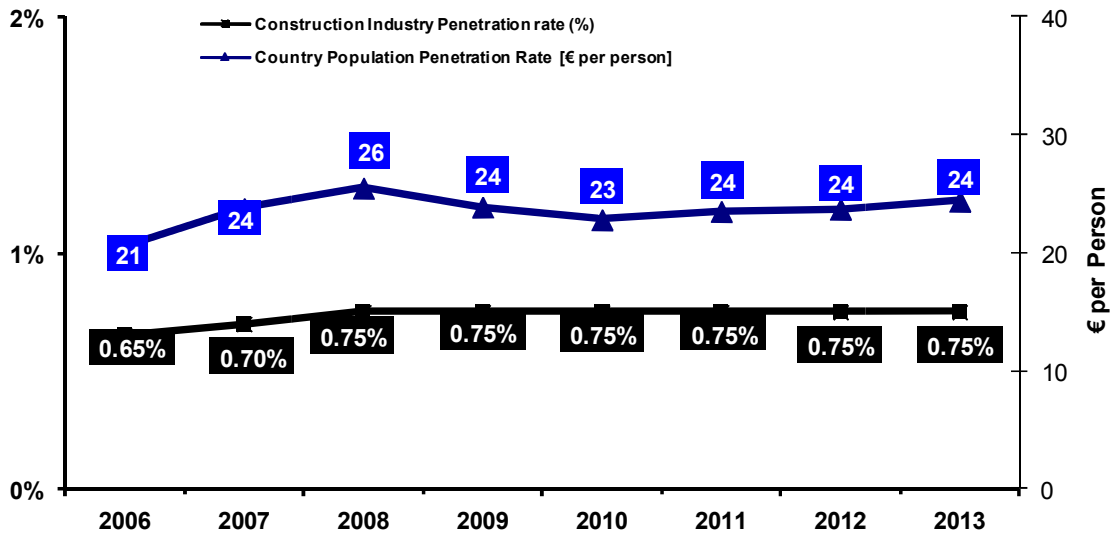
- The total size of the rental fleet has varied strongly since 2008. After a small decline in 2009 and 2010, our estimates show a slight increase over 2011. The level of investment is estimated at about 9 percent of the original value of the rental fleet.
- With moderate fleet investments but a stable size of the fleet came a steady increase of the average fleet age, which is estimated to have increased by 6 months per year since 2008 to reach 5.5 years in 2011.

Rental Fleet Size



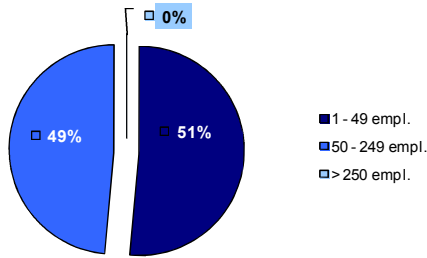
Source: IHS

Penetration Rates



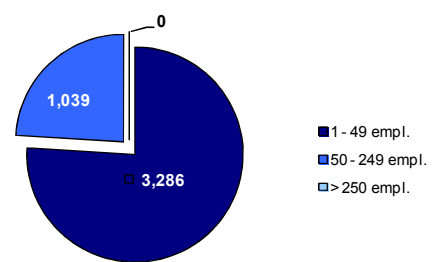
Source: IHS

Turnover of Rental Companies 2008



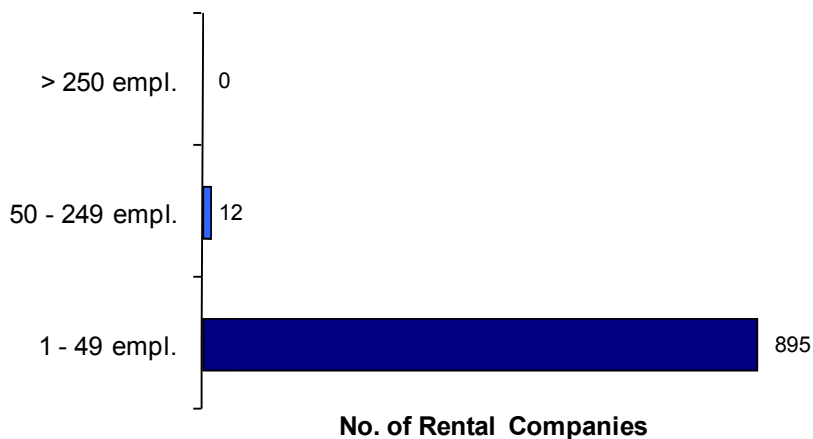
Source: IHS

Persons Employed by Rental Companies 2008



Source: IHS

Number of Rental Companies by employees size group 2008



Source: IHS

- Italy's rental market is very regional in nature. Local equipment dealers represent the majority of actors involved in equipment rental. While there are, according to the new official statistics, more than 900 companies registered as equipment rental companies, the majority of the actors involved consists of other companies providing rental services.
- Only some 12 larger pure rental companies with more than 50 employees operate on the Italian market, with 4 companies being the market leaders with locations throughout the country. Usually, these firms often feature a high level of specialisation on specific equipment types. These companies tried to increase their market share during the crisis year, while smaller companies struggled to survive, leading to a consolidation process in the market.
- Construction industry penetration in Italy is still low compared to many other European countries. The reduction of rental revenue in 2009 (- 6 percent) was thus more modest than in the European average, since the rental companies were able to extend their client basis even during the crisis.
- With rental rates dropping until late summer 2010, revenues continued to decline in 2010 by a further 4 percent. A slight increase of rental rates combined with moderately increasing rental demand in the beginning of 2011 led to an estimated recovery of rental turnover by 3.5 percent in 2011.
- Construction industry penetration has remained more or less stable at about 0.75 percent since the year 2008.
- Market sentiment has deteriorated since the first quarter of 2011. Caused by a sluggish construction sector, overall demand is forecasted to remain flat until 2013. Mainly due to slight increases of rental tariffs we forecast rental revenues to grow slightly by 1.4 percent in 2012 and 2.8 percent in 2013.

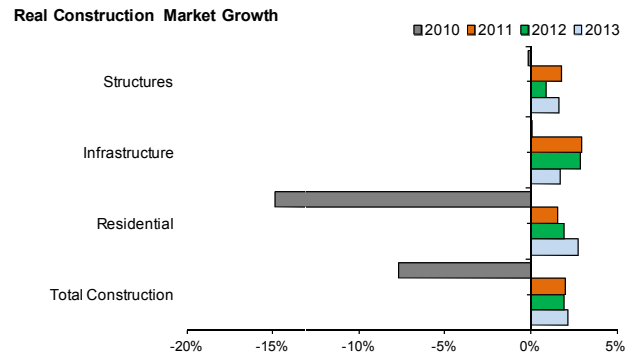
ITALY (IT), EURO	Actual		Estimates		Forecast	
	2008	2009	2010	2011	2012	2013
Market Size						
Total turnover [million €]	1,528	1,440	1,380	1,430	1,450	1,490
Rental Companies (without operator)	648	620	595	615	625	640
Other Comp. Providing Rental Services (only rental)	880	820	785	815	825	850
# Rental Companies (without operator)	907	n.a.	n.a.	n.a.		
# Other Comp. providing rental services	n.a.	n.a.	n.a.	n.a.		
# Employed Persons of Rental Companies (without operator)	4,325	n.a.	n.a.	n.a.		
# Depots of Rental Companies (without operator)	1,740	n.a.	n.a.	n.a.		
Investments in Rental Equipment [million €] (without operator)	274	204	220	220		
Value of Rental Fleet at all companies [million €] (without operator)	2,564	2,530	2,500	2,530		
Ratio: Investments in Rental Equipment / Value of the Rental Fleet	11%	8%	9%	9%		
Penetration Rates						
Total Construction Output [million €]	203,047	191,076	186,082	186,793	189,300	195,100
Construction Industry Penetration Rate	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%
Country Population [million]	59.89	60.25	60.55	60.79	60.96	61.09
Country Population Penetration Rate [€ per person]	26	24	23	24	24	24

Source : IHS

5.7 Netherlands (NL)

1. Economic and Construction Context for the Equipment Rental Industry

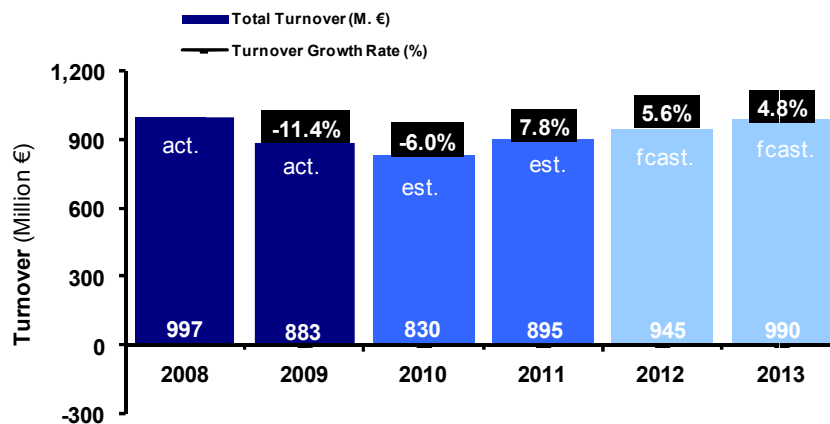
- The GDP has increased by 1.6% year-on-year (y/y) in 2010 and it will continue to grow at a slow pace: 1.8% in 2011, 1% in 2012 and 1.7% in 2013.
- Firms should be aware of the substantial rights accorded to employees under the country's labour law; however, these could be reformed in the near future.
- **Construction Stimulus:** The Dutch stimulus package announced in March 2009 included 6-billion euro to be spent over 2009 and 2010.
- **Residential Construction:** Residential construction is the largest component of total construction accounting for 42% of total spending. Residential construction spending contracted 14.9% y/y in 2010. A minor recovery is expected in 2011 with growth of 1.6%. Residential construction is expected to have higher growth in the medium term: 2% in 2012 and 2.7% in 2013.
- **Infrastructure:** Infrastructure represents 26% of total construction spending. As stimulus funds come to an end, growth will be scaled down. In 2010, the Netherlands experienced a 0.1% increase in infrastructure construction spending. For 2011-2013, the country can expect annual spending growth rates of 3% in 2011 and 2012, 1.7% in 2013.
- **Non-Residential Structures:** 32% of total construction spending went to non-residential structures in 2010. After a 0.2% decrease in 2010, the sector improved in 2011 with 1.8% y/y growth. Growth will be modest in 2012 (0.9%) and 2013 (1.6%). The strongest growth will be in office construction while industrial construction will have the slowest growth.



2. Detailed Results per Country

Turnover*

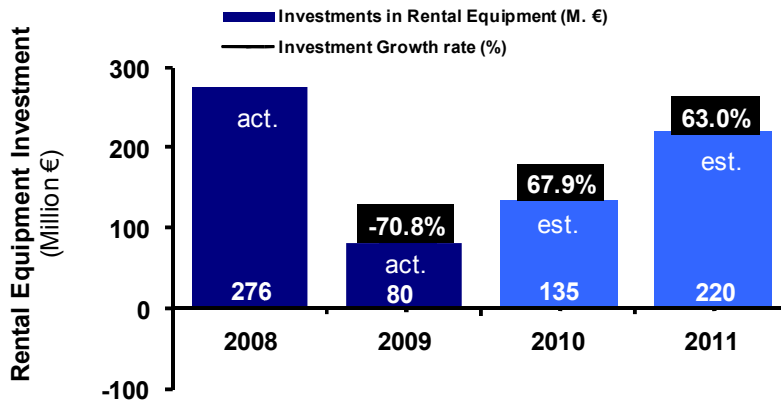
*as defined in chapter 3.1 of this report



Source: IHS

- Investments in rental slumped significantly by some 70 percent in 2009. Investments increased significantly over 2010 and 2011 to reach an estimated 17 percent of the original value of the rental fleet, close to the record levels of 2008.

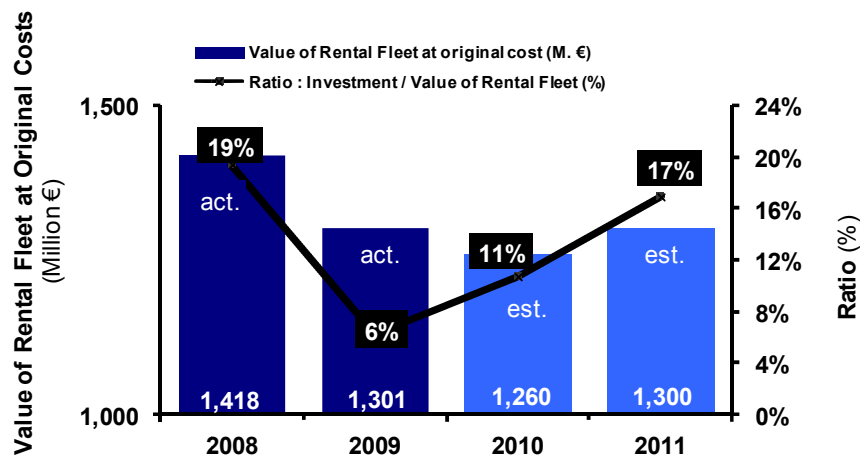
Investment in Rental Equipment of Rental Companies (without operator)



Source: IHS

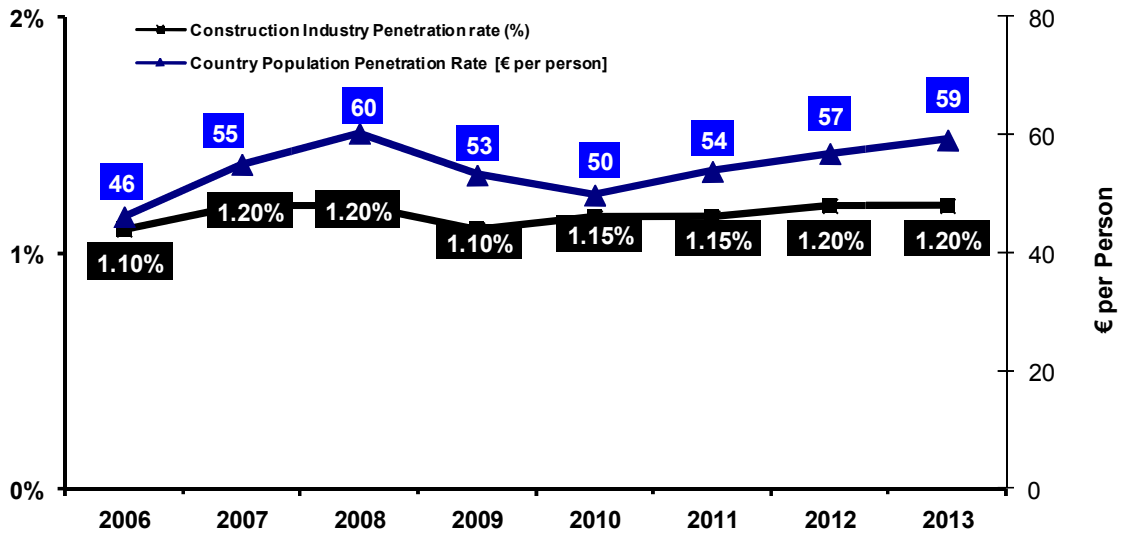
- Compared to the dramatic cut in investments, the size of the rental fleet decreased only moderately in 2009 and 2010 and started to increase again slightly over the year 2011.

Rental Fleet Size



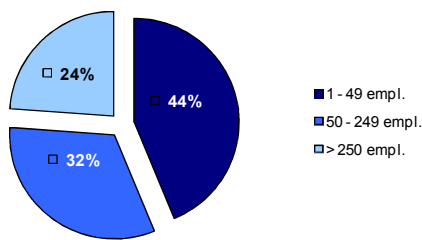
Source: IHS

Penetration Rates



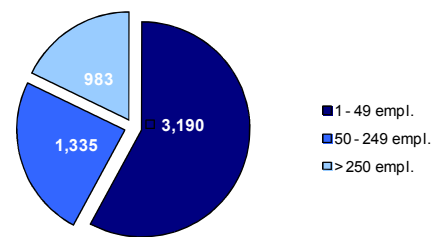
Source: IHS

Turnover of Rental Companies 2008



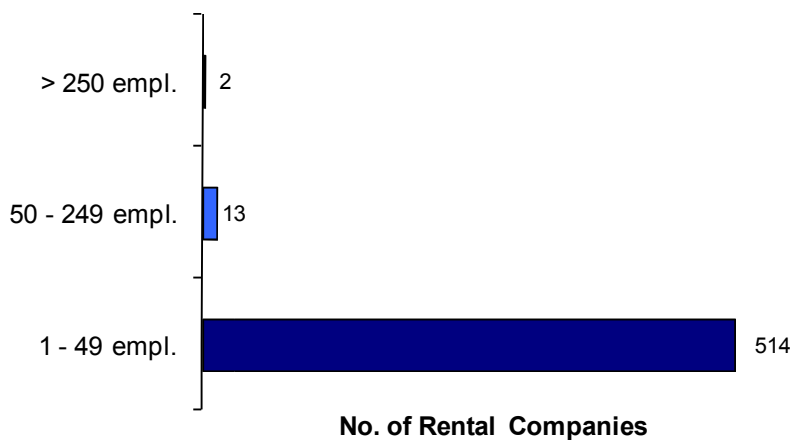
Source: IHS

Persons Employed by Rental Companies 2008



Source: IHS

Number of Rental Companies by employees size group 2008



Source: IHS

- In the Netherlands, there are fifteen rental companies with more than 50 employees active on the market. Together, these companies generate some 56 percent of the total revenue of rental companies. According to official statistics, there is a relatively large number of very small rental companies active on the market, which is higher than country experts estimate. However, most of them generate only small rental revenues.
- Based on more detailed information on companies providing rental services as a secondary business, we have revised our estimation of these revenues substantially downwards to average less than € 100 million.
- After rental revenues declined by some 10 percent in 2009, caused mainly by a strong reduction of volumes, revenues fell by a further estimated 6% in 2010. However, the latter decrease was this time due to the effects of the decreased average level of rental rates, while rental volumes remained fairly constant with an increasing business environment in the end of 2010. Recovering rental rates and the ongoing increase of rental demand should result in an estimated increase of rental turnover of 8 percent in 2011.
- In line with the development described above, time utilisation started to increase as early as mid 2010 and continued to increase significantly in the first half of 2011.
- The decline of rental revenue in 2010 was caused by low rates for mobile elevating work platforms and plant hire equipment while volumes and rates for tool hire were already increasing in 2010.
- Despite the crisis, some new rental depots have been established in 2009 and 2010.
- With overall volumes and rental rates still slightly increasing on average, rental revenue is forecasted to grow above 5 percent in 2012 and more than 4 percent in 2013.

NETHERLANDS (NL), EURO	Actual		Estimates		Forecast	
	2008	2009	2010	2011	2012	2013
Market Size						
Total turnover [million €]	997	883	830	895	945	990
Rental Companies (without operator)	898	812	765	825	870	910
Other Comp. Providing Rental Services (only rental)	99	71	65	70	75	80
# Rental Companies (without operator)	529	n.a.	n.a.	n.a.		
# Other Comp. providing rental services	328	n.a.	n.a.	n.a.		
# Employed Persons of Rental Companies (without operator)	5,508	n.a.	n.a.	n.a.		
# Depots of Rental Companies (without operator)	750	n.a.	n.a.	n.a.		
Investments in Rental Equipment [million €] (without operator)	276	80	135	220		
Value of Rental Fleet at all companies [million €] (without operator)	1,418	1,301	1,260	1,300		
Ratio: Investments in Rental Equipment / Value of the Rental Fleet	19%	6%	11%	17%		
Penetration Rates						
Total Construction Output [million €]	81,642	78,890	73,755	76,478	79,300	82,500
Construction Industry Penetration Rate	1.20%	1.10%	1.15%	1.15%	1.20%	1.20%
Country Population [million]	16.53	16.59	16.65	16.65	16.67	16.69
Country Population Penetration Rate [€ per person]	60	53	50	54	57	59

Source : IHS

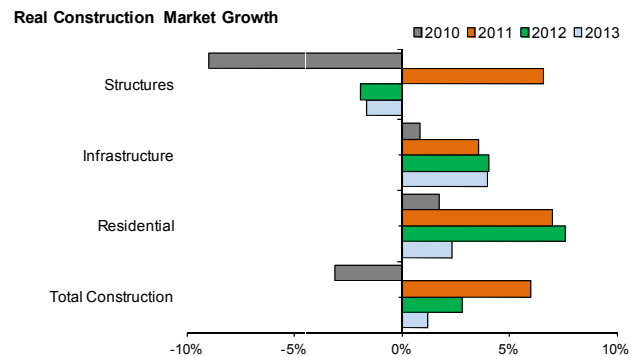
5.8 Norway (NO)

1. Economic and Construction Context for the Equipment Rental Industry

- The near-term outlook remains solid, but the recovery is expected to be less robust than previously anticipated. GDP is now projected to grow 1.3% year-on-year (y/y) in 2011 after an increase of 0.3% in 2010. A higher increase, but still moderate, is forecasted during 2012 (1.7%) and 2013 (2.1%).
- The very high cost of labour is offset by the high level of education of the workforce; nonetheless, this can be a disincentive for foreign investment together with the country's relatively high corporate tax rate.
- **Residential Construction:** Residential construction spending increased by 1.8% y/y in 2010 and the outlook is for continued improvements in this segment. IHS forecasts continuous growth: 7% in 2011, 7.6% in 2012 and 2.3% in 2013.
- **Infrastructure:** Infrastructure spending registered a modest increase of 0.9% in 2010 and the outlook for infrastructure construction spending is positive.

The infrastructure construction is expected to grow by 3.6% in 2011. Growth is forecasted for 2012 and 2013 also at respectively 4.1% and 4%.

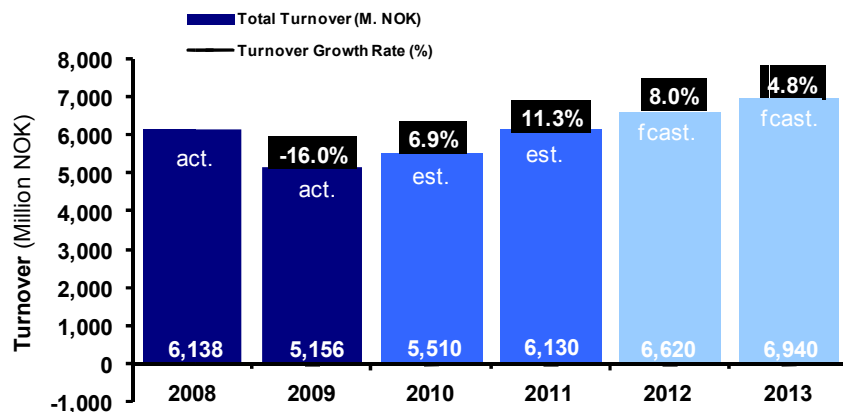
- **Non-Residential Structures:** Spending on non-residential structures construction fell for the second straight year in 2010, ending the year down 9% y/y. In 2011, growth of 6.6% is expected (strongest increase in the office and industrial segments). A decline of 1.9% in 2012 and 1.6% in 2013 is forecasted.



2. Detailed Results per Country

Turnover*

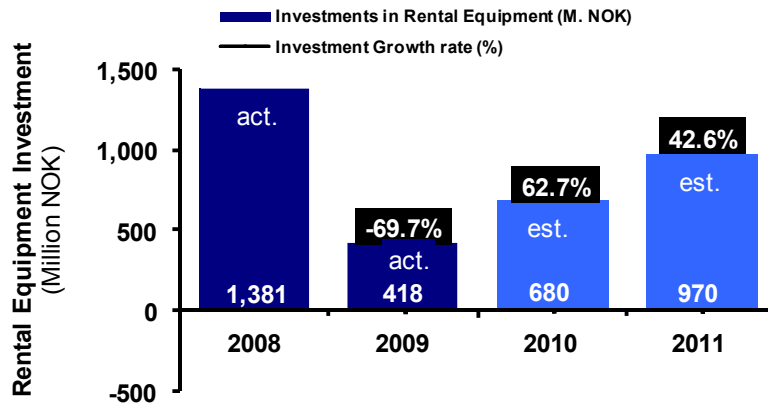
*as defined in chapter 3.1 of this report



Source: IHS

- After being cut substantially by some 70 percent in 2009, investments into the rental fleet have rebounded strongly in 2010 (+ 63 percent) and 2011 (+ 43 percent) to amount to some 11 percent of the original value of the rental fleet in 2011.

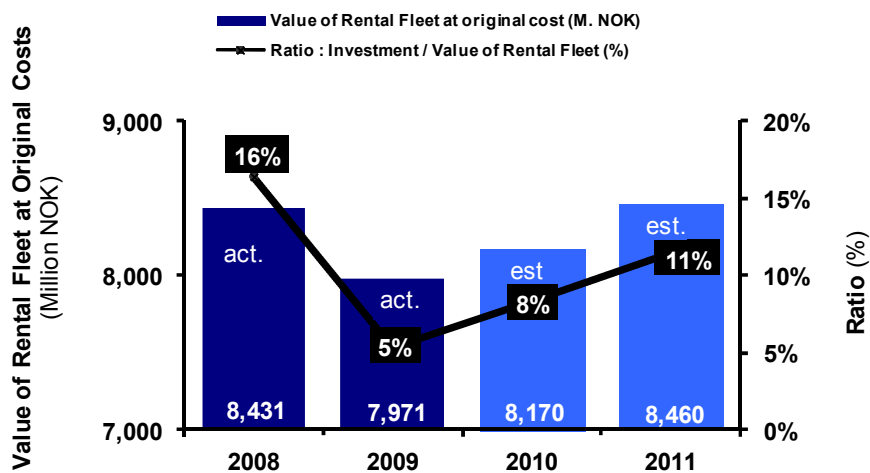
Investment in Rental Equipment of Rental Companies (without operator)



Source: IHS

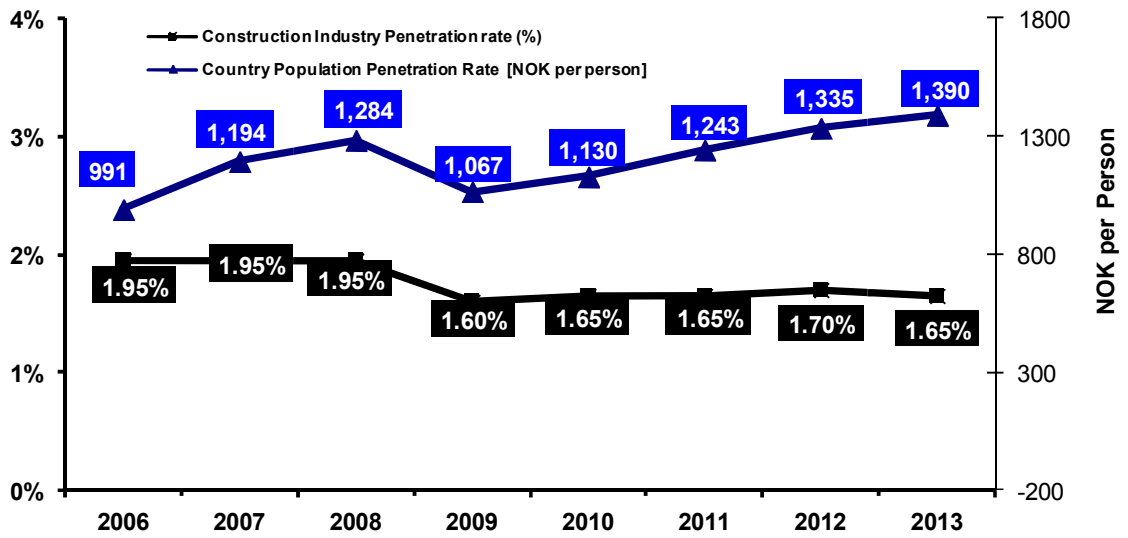
- Because of the difficulty in selling used equipment at reasonable prices during the crisis, rental companies aged their fleet until the beginning of 2010. As a consequence, the total size of the fleet declined only moderately by less than 6 percent in 2009. In line with strong fleet additions in the following years, the overall size of the rental fleet is estimated to reach the 2008 numbers at the end of 2011.
- Average fleet age in Norway has increased in 2009 and 2010, but slightly decreased in 2011. It is estimated that average fleet age in 2011 is slightly above 6 years.

Rental Fleet Size



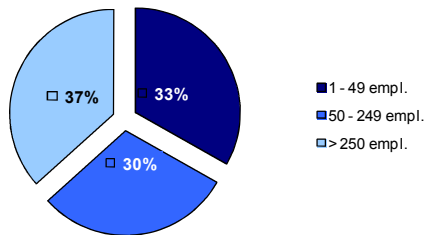
Source: IHS

Penetration Rates



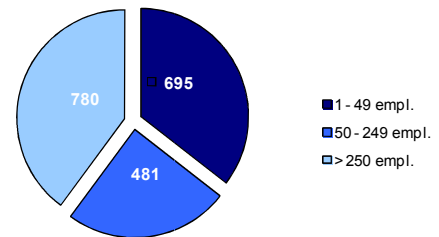
Source: IHS

Turnover of Rental Companies 2008



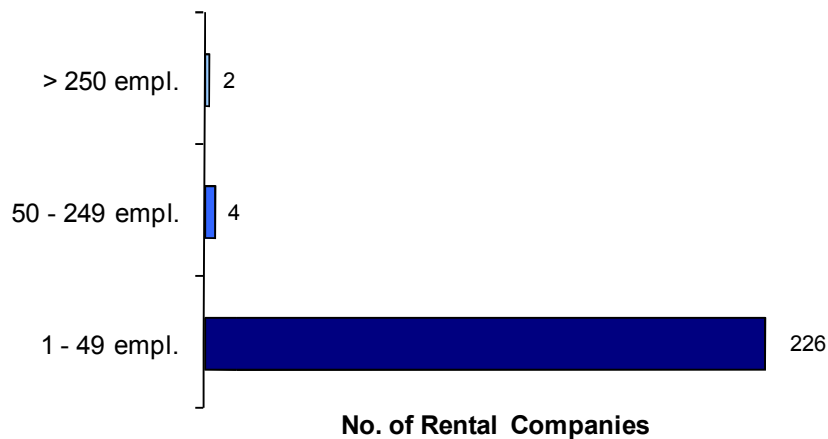
Source: IHS

Persons Employed by Rental Companies 2008



Source: IHS

Number of Rental Companies by employees size group 2008



Source: IHS

- While the Norwegian equipment rental market is less concentrated than for instance the market in the neighbouring country of Finland, the two largest rental actors still account for some 37 percent of the total revenues of all rental companies on the market
- The business cycle in Norway differs from the situation in Sweden and Finland: Norway has experienced a sharper decline of rental revenues in 2009 (-16 percent) than these neighbouring countries. However, the Norwegian market has performed much more strongly than the Danish one which was hit the worst among all Scandinavian countries.
- Since mid 2010 there was a strong recovery of rental demand which significantly increased time utilisation rates in the year to follow. In line with this development, rental rates began to significantly improve in 2011. As a consequence, rental revenues in Norway are estimated to have grown by 7 percent in 2010 and 11 percent in 2011.
- Like in most other countries, rental rates for mobile elevating work platforms have performed the poorest while price levels for accommodation modules, for instance, have remained relatively stable during the crisis years.
- Since the project pipeline of the rental companies is still strong, the outlook for rental growth until summer 2012 is clearly positive. Demand growth is forecasted to reduce after wards. However, rental rates are expected to continue to increase modestly until 2013. In summary, we forecast that total rental turnover in Norway will increase by 8 percent in 2012 and above 4.8 percent in 2013.
- Since rental growth will not continue to significantly outperform growth of construction activity in 2012 and 2013, construction industry penetration is expected to grow only modestly until 2013.

NORWAY (NO), LOCAL CURRENCY!	Actual		Estimates		Forecast	
	2008	2009	2010	2011	2012	2013
Market Size						
Total turnover [million NOK]	6,138	5,156	5,510	6,130	6,620	6,940
Rental Companies (without operator)	4,588	3,854	4,120	4,580	4,950	5,190
Other Comp. Providing Rental Services (only rental)	1,550	1,302	1,390	1,550	1,670	1,750
# Rental Companies (without operator)	232	n.a.	n.a.	n.a.		
# Other Comp. providing rental services	n.a.	n.a.	n.a.	n.a.		
# Employed Persons of Rental Companies (without operator)	1,956	n.a.	n.a.	n.a.		
# Depots of Rental Companies (without operator)	607	n.a.	n.a.	n.a.		
Investments in Rental Equipment [million NOK] (without operator)	1,381	418	680	970		
Value of Rental Fleet at all companies [million NOK] (without operator)	8,431	7,971	8,170	8,460		
Ratio: Investments in Rental Equipment / Value of the Rental Fleet	16%	5%	8%	11%		
Penetration Rates						
Total Construction Output [million NOK]	318,269	322,848	333,967	371,780	394,600	414,400
Construction Industry Penetration Rate	1.95%	1.60%	1.65%	1.65%	1.70%	1.65%
Country Population [million]	4.78	4.83	4.88	4.92	4.96	4.99
Country Population Penetration Rate [NOK per person]	1,284	1,067	1,128	1,245	1,335	1,390

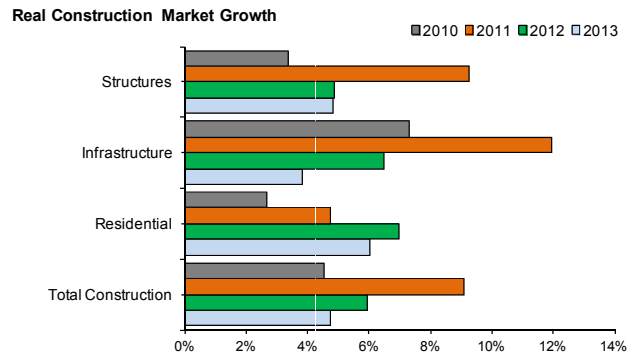
Source: IHS

On the basis of new statistical information, which shows that some of the very small companies in the rental industry entering the official statistics have actually no employees, we reduced our estimate of the total number of rental companies in Norway to 232 companies. The new estimate of the number of rental actors in Norway now relates well to the estimates of the Norwegian rental association (NRA).

5.9 Poland (PL)

1. Economic and Construction Context for the Equipment Rental Industry

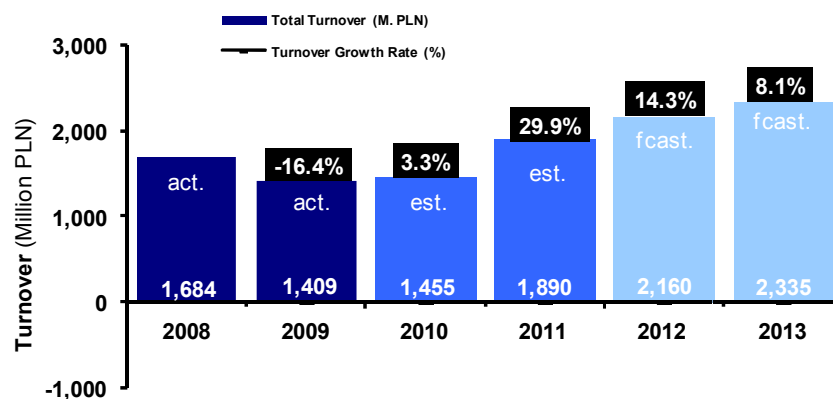
- The Polish economy remained solid during the global recession. The GDP grew by 3.8% year-on-year (y/y) in 2010 and it will continue to grow by around 4% during 2011-2013.
- The government's housing program "A Family's Own Home," set to conclude at the end of 2012, has been amended. The changes to the program allow for a reduction in the price of housing that can be bought using loans subsidized by the government. Other programs have been approved regarding the construction of roads and fast railways. A key challenge for the Polish government is to improve the country's infrastructure in the light of plans to co-host the European Football Championship with Ukraine in 2012.
- Poland's tax system is characterized by high taxation of labour income and high social security contributions for employees and employers.
- **Residential Construction:** Residential construction spending rose 2.7% in 2010. The outlook is for continued growth in spending, with an increase of 4.7% for 2011. For 2012 and 2013, the growth rate is forecasted at 7% and 6%, respectively.
- **Infrastructure:** Spending on infrastructure construction increased by 7.3% y/y in 2010. The infrastructure construction sector is following a growing trend: 12% in 2011, 6.5% in 2012 and 3.8% in 2013.
- **Non-Residential Structures:** Non-residential structures construction spending in Poland increased 3.4% in 2010. The outlook is positive in the medium term, with spending projected to increase 9.3% in 2011. For 2012 and 2013, an increase of 4.8% is forecasted.



2. Detailed Results per Country

Turnover*

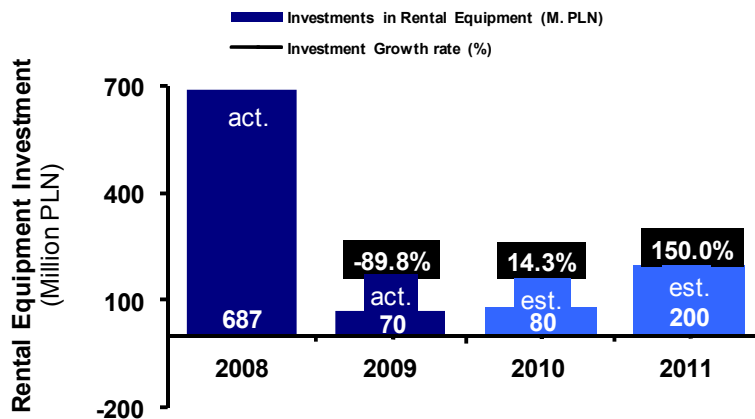
*as defined in chapter 3.1 of this report



Source: IHS

- After record levels with PLN 600 million or 25 percent of the original value of the rental fleet in 2009, investments into new equipment have been decreasing substantially in 2009 and remained at a low level in 2010. However, there has been a substantial inflow of used equipment from Western European countries into the Polish rental market. As a consequence, the value of the rental fleet has continued to increase to average some PLN 3.5 billion in the year 2011.

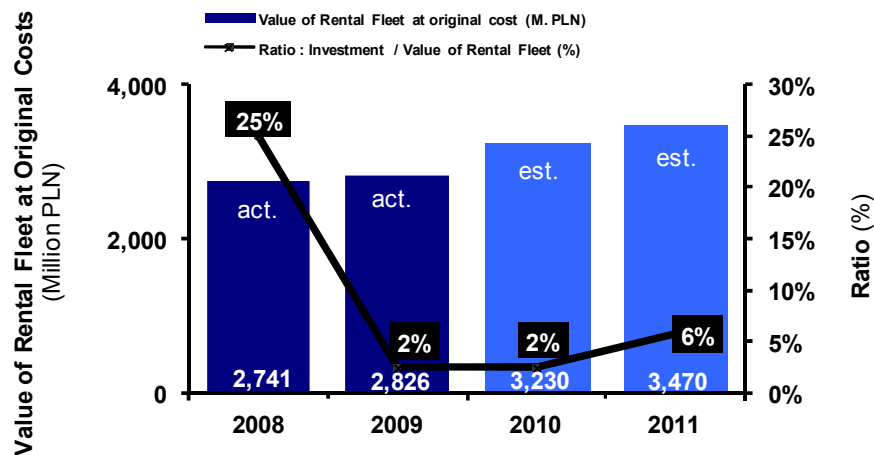
Investment in Rental Equipment of Rental Companies (without operator)



Source: IHS

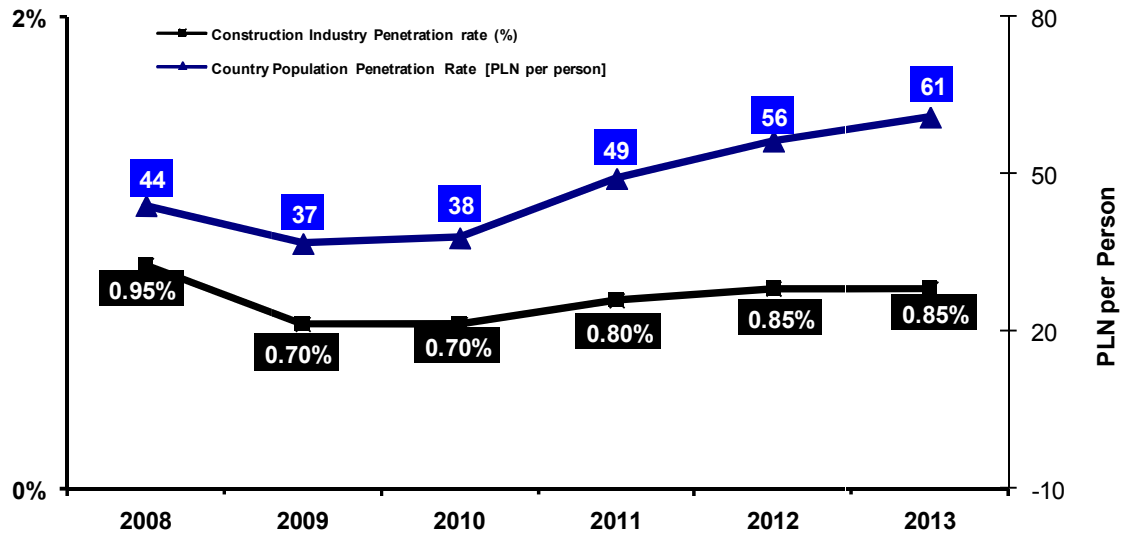
- The inflow of used equipment and the low level of investment into new machines have significantly increased the average age of the rental fleet, which was, compared to more mature rental markets in other European countries, relatively small in 2008. However, there are no reliable estimates on the absolute value of average fleet age available in Poland so far.

Rental Fleet Size



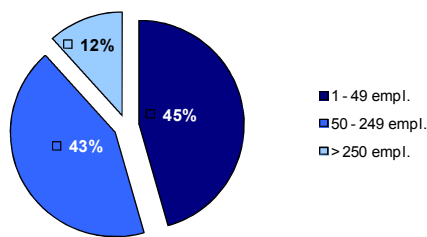
Source: IHS

Penetration Rates



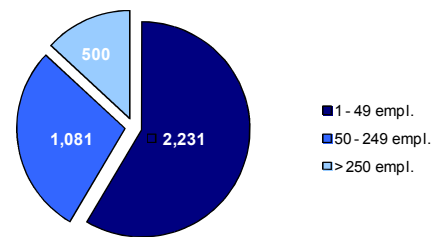
Source: IHS

Turnover of Rental Companies 2008



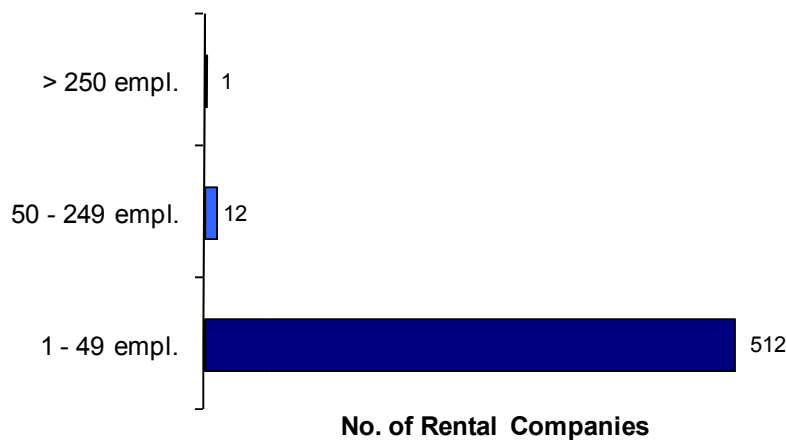
Source: IHS

Persons Employed by Rental Companies 2008



Source: IHS

Number of Rental Companies by employees size group 2008



Source: IHS

- Two large players dominate the still relatively young and dynamic equipment rental market in Poland. The largest players alone account for some 12% of total rental revenues.
- According to official statistics, there are more than 500 rental companies actively engaged in the market, the majority being small and very small companies. However, small companies account for only 46 percent of total rental revenues.
- While construction industry penetration in Poland is still well below 1 percent, the total size of the Polish equipment rental market is estimated to average no less than PLN 1.9 billion (€ 466 million) in the year 2011.
- After a strong year in 2008, rental revenues declined by some 16 percent in 2009 in the context of the economic crisis. The market bottomed out in mid 2010 and in 2011 a dynamic business environment led to a strong increase of rental revenues by estimated 30 percent.
- Rental demand from civil engineering projects was the key driver for the strong increase of turnover in 2011. However, growth of civil engineering will reduce significantly in 2012 and 2013.
- Construction industry penetration fell from 0.95 percent in 2008 to 0.70 percent in 2010, but has increased again substantially to almost 0.80 percent in 2011. It is expected to continue increasing to close to 0.85 percent until 2012.
- It is expected that increasing demand from other customer segments will partially compensate for reduced infrastructure growth and lead to a forecasted growth of rental market size of 14 percent and 8 percent in 2012 and 2013 respectively. However, the Euro crisis of autumn 2011 causes some downside risks, which are not reflected in the forecast.
- In spite of these downside risks, the still low rental penetration provides clear growth opportunities in all market segments.

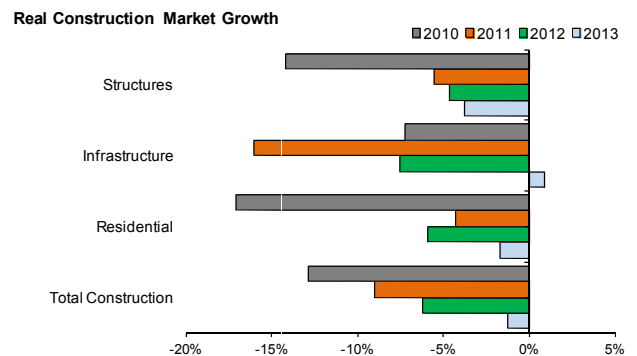
POLAND (PL), LOCAL CURRENCY!	Actual		Estimates		Forecast	
	2008	2009	2010	2011	2012	2013
Market Size						
Total turnover [million PLN]	1,684	1,409	1,455	1,890	2,160	2,335
Rental Companies (without operator)	1,671	1,395	1,440	1,870	2,140	2,310
Other Comp. Providing Rental Services (only rental)	14	14	15	20	20	25
# Rental Companies (without operator)	525	n.a.	n.a.	n.a.		
# Other Comp. providing rental services	6	n.a.	n.a.	n.a.		
# Employed Persons of Rental Companies (without operator)	3,812	n.a.	n.a.	n.a.		
# Depots of Rental Companies (without operator)	680	n.a.	n.a.	n.a.		
Investments in Rental Equipment [million PLN] (without operator)	687	70	80	200		
Value of Rental Fleet at all companies [million PLN] (without operator)	2,741	2,826	3,230	3,470		
Ratio: Investments in Rental Equipment / Value of the Rental Fleet	25%	2%	2%	6%		
Penetration Rates						
Total Construction Output [million PLN]	178,165	195,975	207,943	238,557	261,600	281,100
Construction Industry Penetration Rate	0.95%	0.70%	0.70%	0.80%	0.85%	0.85%
Country Population [million]	38.22	38.25	38.28	38.30	38.32	38.33
Country Population Penetration Rate [PLN per person]	44	37	38	49	56	61

Source : IHS

5.10 Spain (ES)

1. Economic and Construction Context for the Equipment Rental Industry

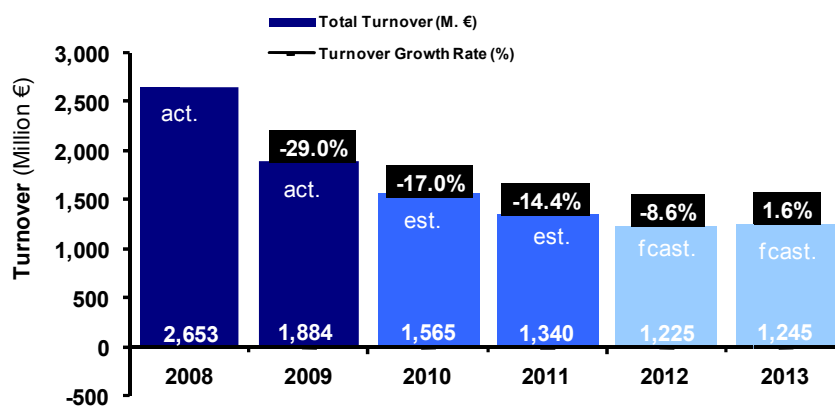
- A key concern is that the economy remains weak. In addition, latest data suggest that the economic malaise has spilled into 2011, highlighted by a further contraction in service sector activity and a renewed rise in unemployment.
- The Spanish GDP contracted again in 2010 by 0.2% before recovering moderately in 2011 (0.7%). The GDP will follow a modest growth path during 2012 and 2013 at less than 1%.
- **Construction Stimulus:** Stimulus funds have ended and the government has cancelled 199 rail and road projects.
- **Residential Construction:** Spanish residential construction will continue its decline during the following years. A large stock of unsold properties suggests that the construction sector will endure a prolonged recession but the demand for housing is expected to recover steadily. In 2010, residential construction decreased 17% year-on-year (y/y) and it will continue a downward path during the following years. IHS forecasts a decrease of 4.3% in 2011, 5.9% in 2012 and 1.7% in 2013.
- **Infrastructure:** The sector accounts for 41% of total construction and is expected to be weak in the coming years as stimulus funds come to an end. In 2010, infrastructure decreased 7.3%. The decline is expected to continue into 2011 and 2012. Infrastructure construction is expected to decrease by 16% in 2011 and 7.5% in 2012. A modest increase of 0.9% is forecasted for 2013.
- **Non-Residential Structures:** Non-residential structure spending has declined by 14.2% in 2010 and will continue to decline in 2011. After a strong decrease, the non-residential structure construction is expected to decrease 5.5% in 2011, 4.6% in 2011 and 3.7% in 2013.



2. Detailed Results per Country

Turnover*

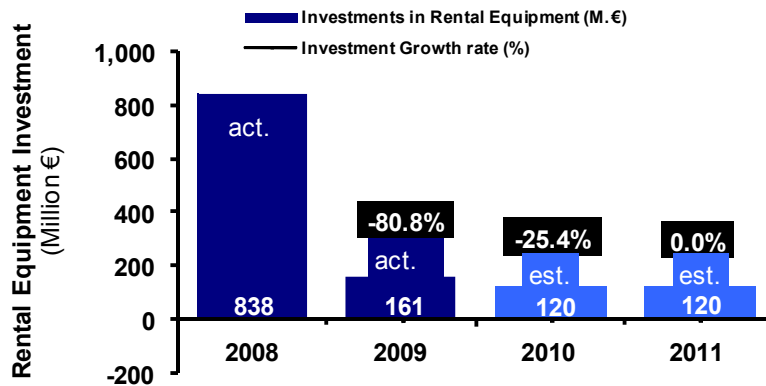
*as defined in chapter 3.1 of this report



Source: IHS

- The Spanish market was not able to recover from the collapse of rental demand in 2009 (-29 percent). Instead, rental turnover continued to decline at 2-digit rates throughout 2010 and 2011.
- As a consequence there has been very little investment into new equipment throughout 2009-2011 which remained at about 4 percent of the rental fleet size. These investments were focused on a few specific equipment types with a high utilisation rate.

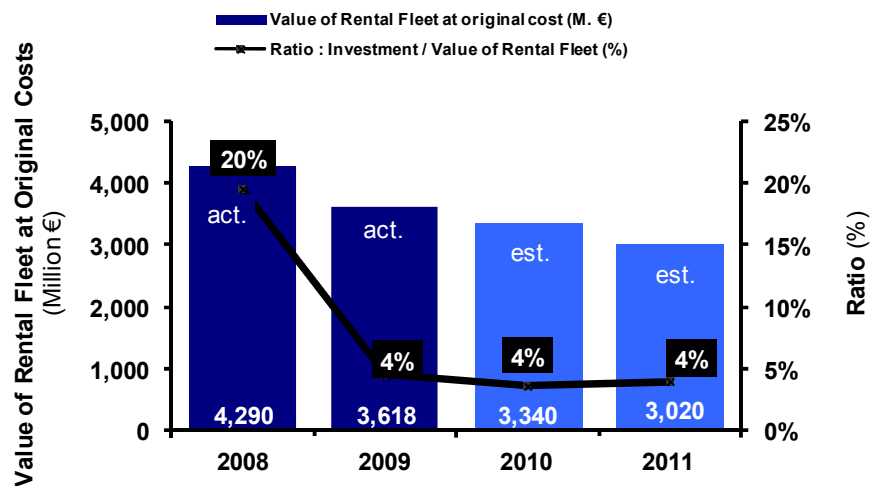
Investment in Rental Equipment of Rental Companies (without operator)



Source: IHS

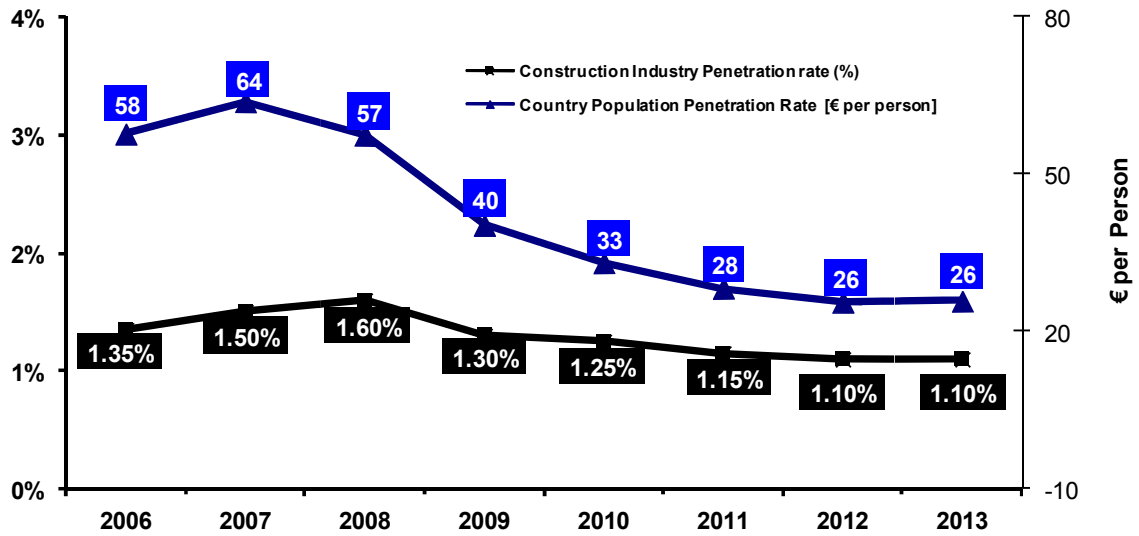
- The rental fleet in Spain itself was reduced constantly since 2009, since companies have sold much of their equipment to other markets or transferred equipment to establishments in other countries.
- In line with a low level of investment, average fleet age increased approximately 7 months per year to reach 5.5 years in 2011.

Rental Fleet Size



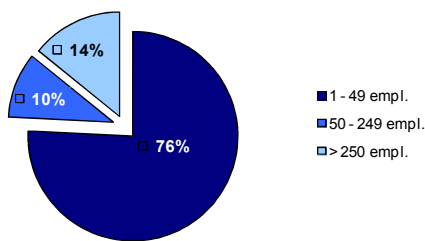
Source: IHS

Penetration Rates



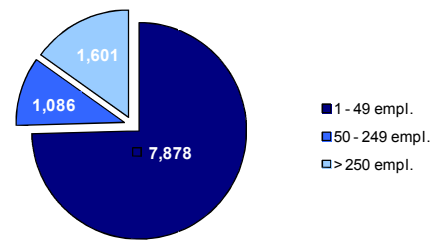
Source: IHS

Turnover of Rental Companies 2008



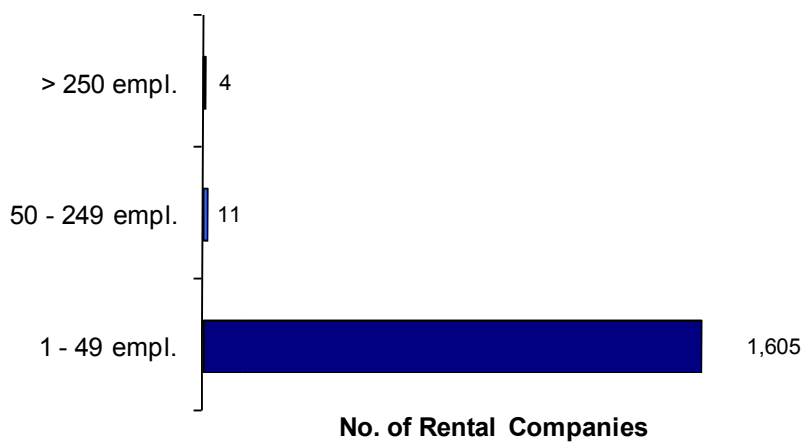
Source: IHS

Persons Employed by Rental Companies 2008



Source: IHS

Number of Rental Companies by employees size group 2008



Source: IHS

- Large national and international rental players continued to reduce their number of employees and to close depots in order to focus their activity on key regional markets. Some companies closed all their operations in Spain.
- The market for mobile elevating work platforms has shrunk most. But also the market for earthmoving equipment has become very difficult with low rental rates. Equipment not closely related to construction activities (e.g. generators) is in general performing better.
- Because of the substantial decrease of the fleet size, utilisation rates for some types of equipment have started to increase recently.
- While some large companies - despite a significant drop in company values - managed to maintain operational profitability and free cash-flow by reducing their structural and operational costs as well as by cutting investments, some small and medium companies will struggle to survive the crisis.
- Because of the long recession in Spain, many customers of rental companies are in chapter 11.
- Since the backlog of construction companies has further reduced in 2011, it is expected that the market will continue to decrease in 2012, but bottom out in the first half of 2013.
- All in all, the rental market performed substantially worse than the already shrinking construction sector. Construction industry penetration decreased from 1.6 percent in 2008 to 1.15 percent in 2011.

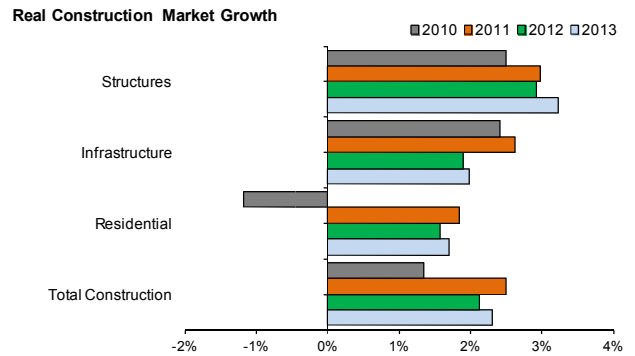
SPAIN (ES), EURO	Actual		Estimates		Forecast	
	2008	2009	2010	2011	2012	2013
Market Size						
Total turnover [million €]	2,653	1,884	1,565	1,340	1,225	1,245
Rental Companies (without operator)	2,550	1,785	1,480	1,270	1,160	1,180
Other Comp. Providing Rental Services (only rental)	103	99	85	70	65	65
# Rental Companies (without operator)	1,620	n.a.	n.a.	n.a.		
# Other Comp. providing rental services	466	n.a.	n.a.	n.a.		
# Employed Persons of Rental Companies (without operator)	10,565	n.a.	n.a.	n.a.		
# Depots of Rental Companies (without operator)	2,170	n.a.	n.a.	n.a.		
Investments in Rental Equipment [million €] (without operator)	838	161	120	120		
Value of Rental Fleet at all companies [million €] (without operator)	4,290	3,618	3,340	3,020		
Ratio: Investments in Rental Equipment / Value of the Rental Fleet	20%	4%	4%	4%		
Penetration Rates						
Total Construction Output [million €]	164,999	143,963	126,620	117,185	112,100	112,700
Construction Industry Penetration Rate	1.60%	1.30%	1.25%	1.15%	1.10%	1.10%
Country Population [million]	46.16	46.76	47.19	47.57	47.90	48.18
Country Population Penetration Rate [€ per person]	57	40	33	28	26	26

Source : IHS Global Insight

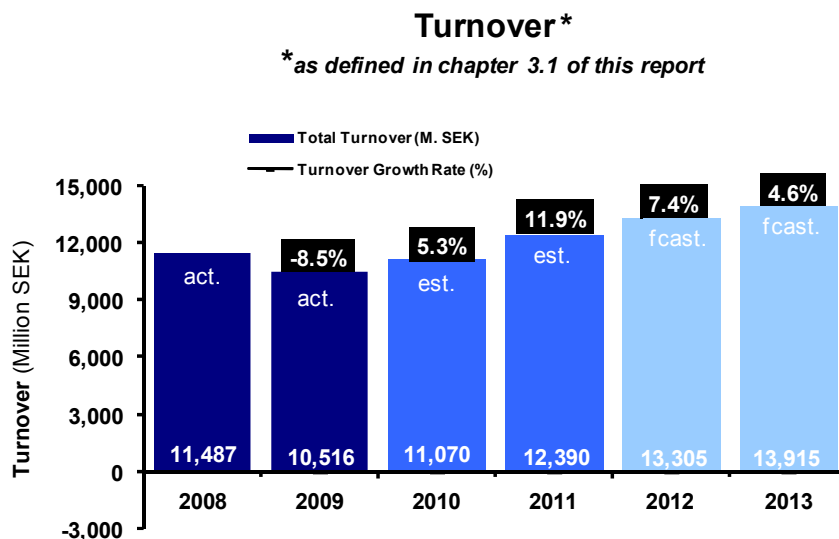
5.11 Sweden (SE)

1. Economic and Construction Context for the Equipment Rental Industry

- Since 2010, Sweden has started to recover. A 5.4% rise in GDP has been registered in 2010. GDP will continue to grow at a forecasted rate of 4.6% in 2011 and 3% in 2012-2013.
- High labour costs and the rigidity of labour law do pose an obstacle to foreign direct investment.
- **Construction Stimulus:** Encouraging infrastructure spending, the Swedish government announced in early 2010 that it plans to invest US\$ 66.8 billion over the subsequent 11 years in infrastructure projects.
- **Residential Construction:** Residential construction accounted for 29% of total construction in Sweden in 2010. Expenditures declined 1.2% y/y in 2010 but are expected to increase by 1.9% in 2011 as recovery in the residential market takes hold. Residential construction is forecasted to grow by 1.6% in 2012 and 1.7% in 2013.
- **Infrastructure:** Infrastructure construction spending in Sweden grew at a healthy 2.4% in 2010. Spending is forecasted to increase in 2011 by 2.6% and, at a slower pace, by 1.9% in 2012 and 2% in 2013.
- **Non-Residential Structures:** Non-residential structures spending expanded by 2.5% in 2010 and was the best performing construction component in 2010. The industrial segment was the strongest in 2010, followed by the office and commercial segments. Non-residential structures construction growth will continue into 2011, increasing by 3% for the year, and the years to follow (2.9% in 2012 and 3.2% in 2013).



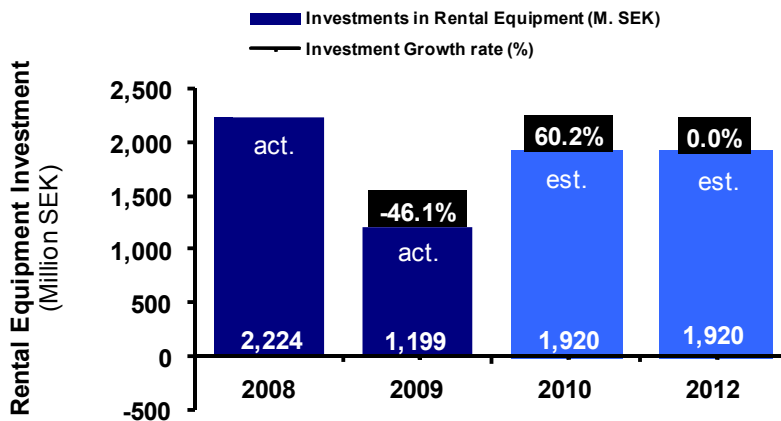
2. Detailed Results per Country



Source: IHS

- After rental companies cut their investments into their rental fleets by almost 50 percent during 2009 to some 8 percent of the original value of the rental fleet, they increased their capital expenditure substantially in 2010 (60 percent). Investments in 2011 are estimated to remain at the 2010 level.

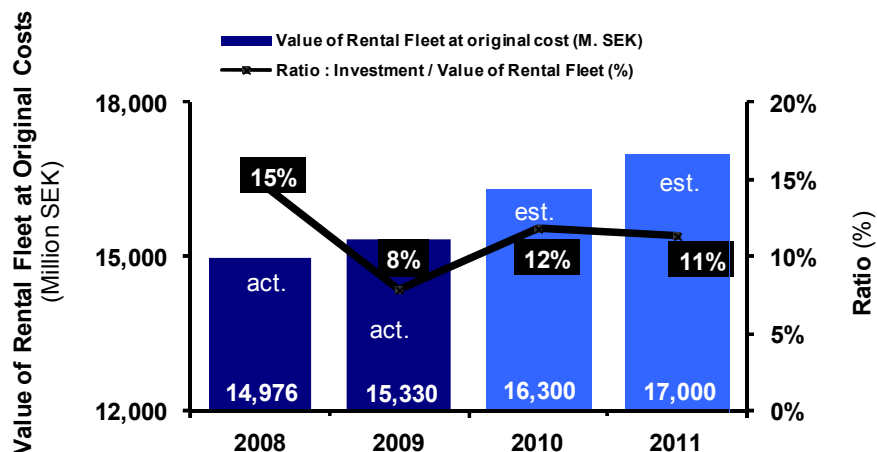
Investment in Rental Equipment of Rental Companies (without operator)



Source: IHS

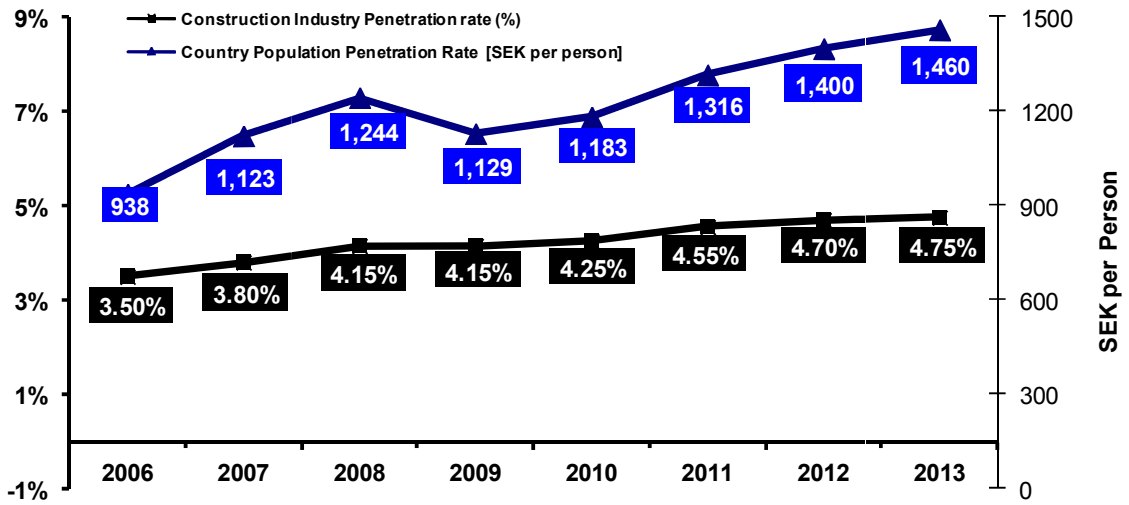
- Similar to the development in Finland and in strong contrast to Denmark, the rental fleet size in Sweden continued to increase throughout 2009 to 2011, albeit at reduced rates.
- As rental companies remained reluctant to sell used equipment at low prices during the crisis years, they started to age their equipment. As a consequence, the average fleet age increased by estimated 3-4 month per year to amount to some 6.5 years in 2011 in average.

Rental Fleet Size



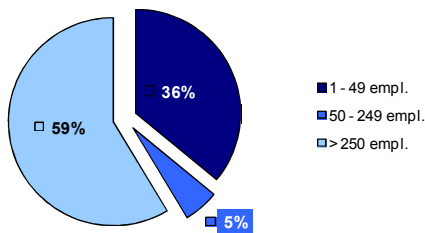
Source: IHS

Penetration Rates



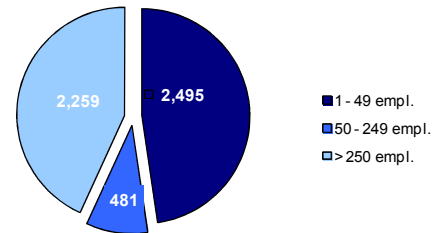
Source: IHS

Turnover of Rental Companies 2008



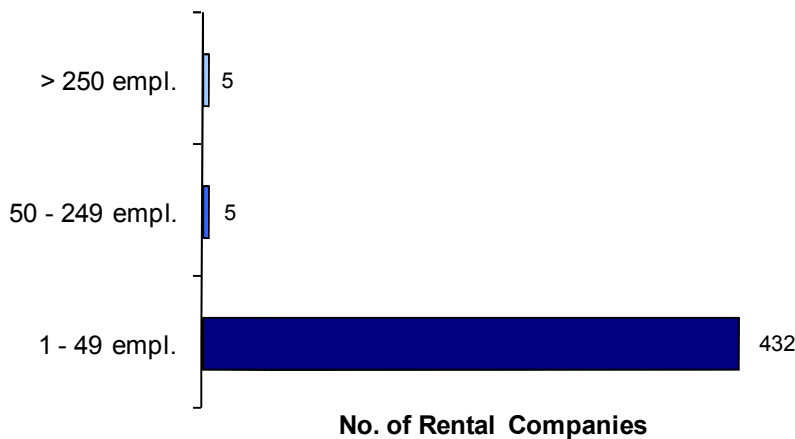
Source: IHS

Persons Employed by Rental Companies 2008



Source: IHS

Number of Rental Companies by employees size group 2008



Source: IHS

- The Swedish market is characterised by a set of five large rental actors with more than 250 employees, a relatively small number of medium-sized rental companies and some 440 small companies with less than 50 employees. The five largest rental actors alone generate about 60 percent of the total revenue of rental companies.
- Nonetheless our calculations indicate that the Swedish market features the highest construction industry penetration in Europe (2011: 4.6 percent). However, based on more detailed information from the European Amadeus database, we have reduced our estimate of the rental revenue generated by other companies providing rental services significantly.
- The decline of rental revenues in Sweden in 2009 was, at 8.5 percent, the most modest among all Scandinavian countries. After this slump, revenues recovered in the following years and are estimated to have grown by 5.5 percent in 2010 and 12 percent in 2011.
- The growth of rental revenues in 2010 and 2011 was accompanied by increasing time utilisation since mid 2010 and a moderate increase of rental rates following soon after. While rental rates have only increased very slightly over the whole of the year 2010, the estimated total increase in 2011 is 4 percent, most of which took place during the first two quarters.
- While rental rates continue to increase modestly and with an overall favourable business environment, rental revenue is forecasted to increase by 7.4 percent in 2012 and 4.6 percent in 2013.
- At the same time, construction industry penetration is forecasted to increase to above 4.7 percent in the year 2013

SWEDEN (SE), LOCAL CURRENCY!	Actual		Estimates		Forecast	
	2008	2009	2010	2011	2012	2013
Market Size						
Total turnover [million SEK]	11,487	10,516	11,070	12,390	13,305	13,915
Rental Companies (without operator)	11,286	10,356	10,900	12,200	13,100	13,700
Other Comp. Providing Rental Services (only rental)	201	160	170	190	205	215
# Rental Companies (without operator)	442	n.a.	n.a.	n.a.		
# Other Comp. providing rental services	226	n.a.	n.a.	n.a.		
# Employed Persons of Rental Companies (without operator)	5,235	n.a.	n.a.	n.a.		
# Depots of Rental Companies (without operator)	1,250	n.a.	n.a.	n.a.		
Investments in Rental Equipment [million SEK] (without operator)	2,224	1,199	1,920	1,920		
Value of Rental Fleet at all companies [million SEK] (without operator)	14,976	15,330	16,300	17,000		
Ratio: Investments in Rental Equipment / Value of the Rental Fleet	15%	8%	12%	11%		
Penetration Rates						
Total Construction Output [million SEK]	277,735	254,743	262,195	272,137	283,200	294,700
Construction Industry Penetration Rate	4.15%	4.15%	4.20%	4.55%	4.70%	4.70%
Country Population [million]	9.24	9.31	9.38	9.44	9.50	9.55
Country Population Penetration Rate [SEK per person]	1,244	1,129	1,180	1,312	1,401	1,458

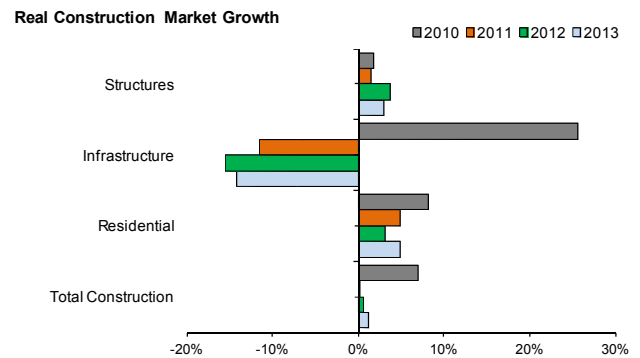
Source : IHS

New statistics have revealed that a substantial number of very small companies entering the official statistics based on rental NACE codes do not have any employees. As a consequence, we have reduced our estimate of active rental companies in Sweden to 442 firms.

5.12 United Kingdom (UK)

1. Economic and Construction Context for the Equipment Rental Industry

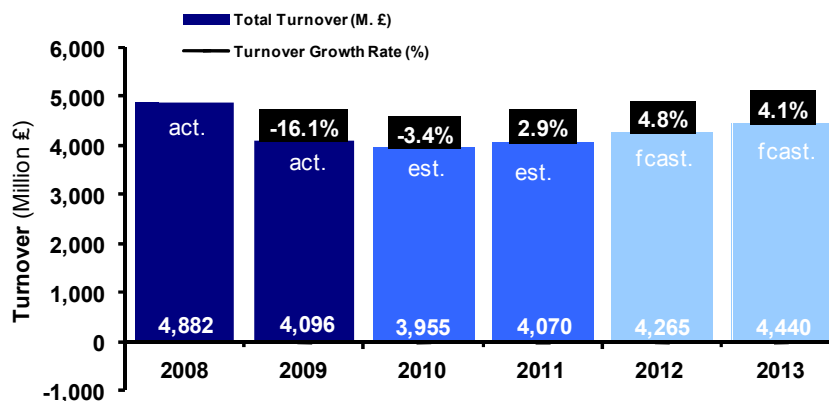
- GDP saw only limited growth in 2010 (1.4%) and is forecasted to grow steadily during 2011-2013 at 1% in 2011, 1.8% in 2012 and 2.3% in 2013.
- The U.K. government introduced the Public Land Initiative, which allows developers to build homes on public land. Builders do not have to pay for the land until after they have sold the properties, reducing upfront costs and risks.
- Since 2007, cuts have been made to the headline rates of personal income tax and corporation tax, while there has also been an increase in inheritance tax allowances.
- **Residential Construction:** Spending levels recovered in 2010 but are still well below the 2007 peak. Residential construction increased in 2010 for the first time in several years and momentum will be carried into 2011 (8.2% in 2010 and a forecasted 4.9% in 2011). Growth in the near term will be hampered by weak economic conditions, tighter lending standards, and gradually rising interest rates. The increase forecasted in 2012 and 2013 is 3.2% and 4.9% respectively.
- **Infrastructure:** Infrastructure construction increased 26% in 2010. Infrastructure spending will begin to decline in 2011 as projects related to the 2012 Olympic Games wrap up and the government pulls back spending to rein in deficits. During the following years, a negative trend is forecasted: 11.5% in 2011, 15.5% in 2012 and 14.2% in 2013.
- **Non-Residential Structures:** This segment accounts for nearly half of total construction in the UK. Spending increased in 2010, up 1.8%. The outlook for non-residential structures construction is positive. Non-residential structures are forecasted to increase 1.5% in 2011, 3.7% in 2012 and 2.9% in 2013.



2. Detailed Results per Country

Turnover*

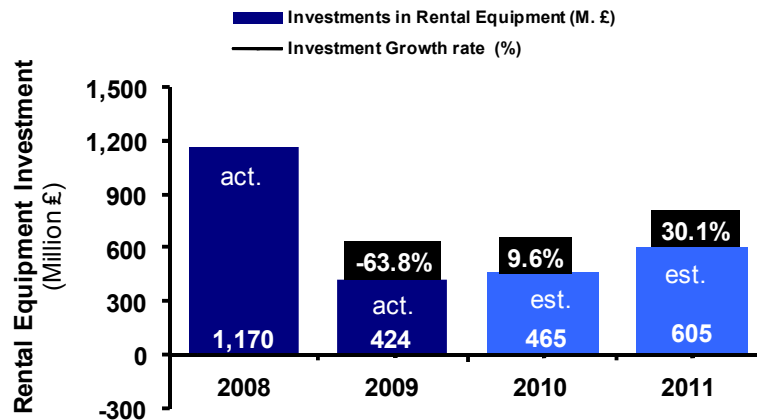
*as defined in chapter 3.1 of this report



Source: IHS

- In line with other cost-cutting activities, total investment into the rental fleet declined substantially by more than 60 percent in 2009. Investments remained subdued during 2010 with a moderate increase of some 10 percent over 2010. Replacement investments and attempts of some companies to gain market share led to further estimated increase of fleet investments of 30 percent in 2011.

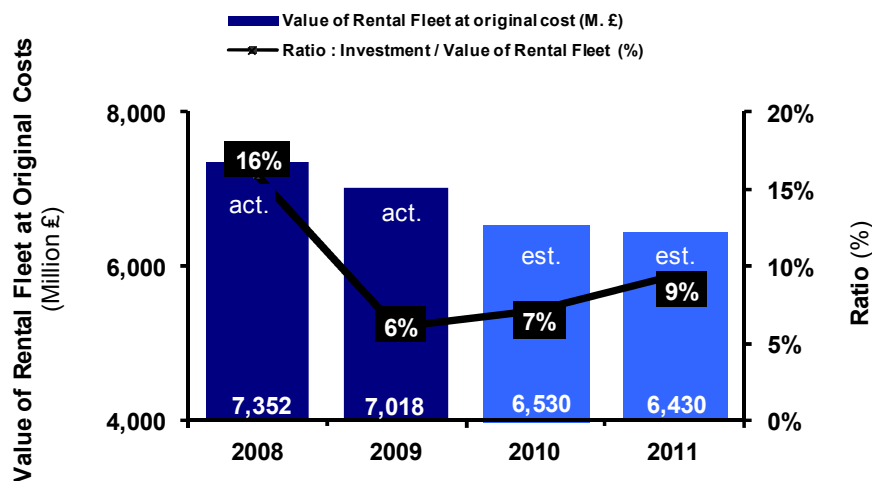
Investment in Rental Equipment of Rental Companies (without operator)



Source: IHS

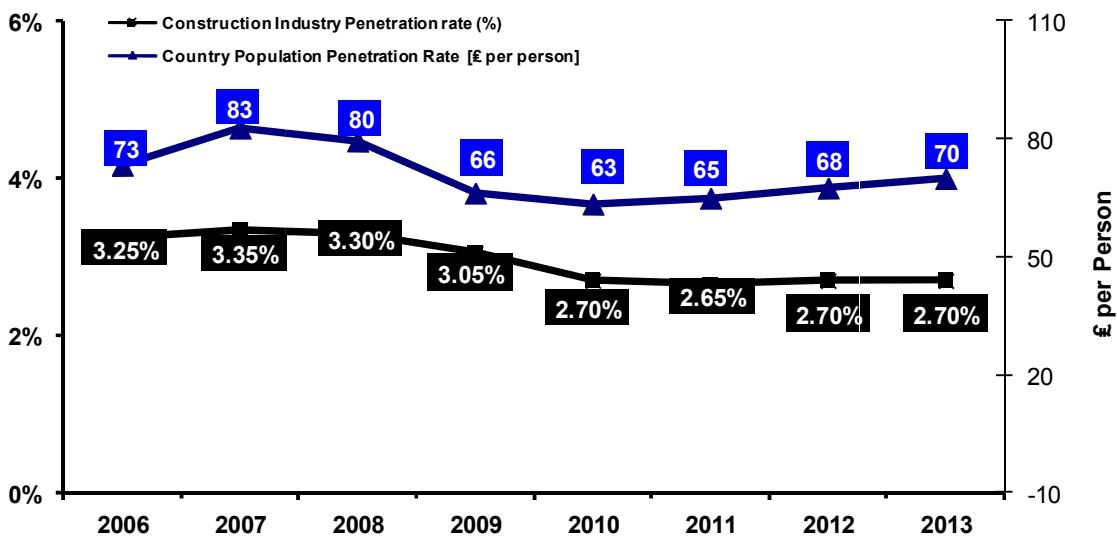
- Despite the recent moderate increases in capital expenditure, the overall size of the rental fleet continued to decline until 2011, albeit at a lower rate.
- Average fleet aged continuously increased during the British crisis years to average an estimated 4.3 years in 2011.

Rental Fleet Size



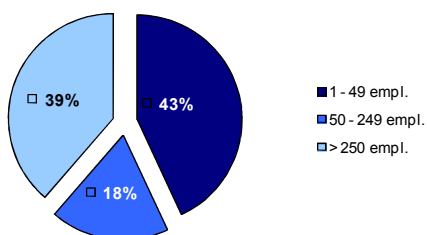
Source: IHS

Penetration Rates



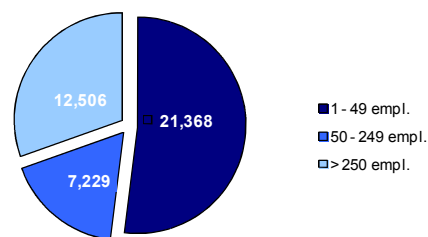
Source: IHS

Turnover of Rental Companies 2008



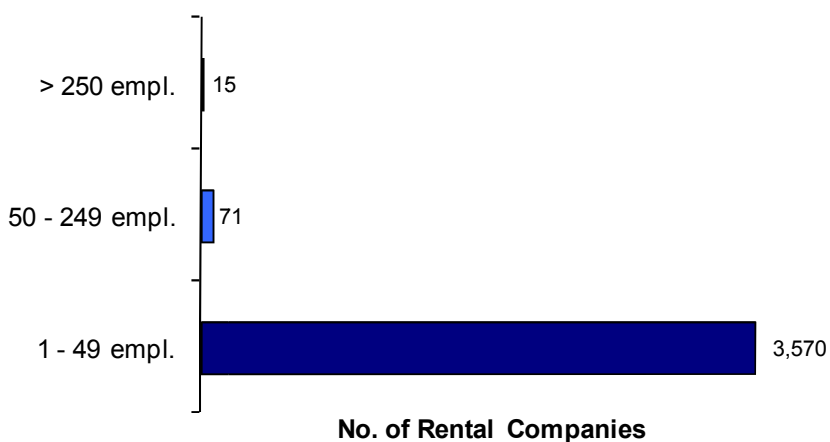
Source: IHS

Persons Employed by Rental Companies 2008



Source: IHS

Number of Rental Companies by employees size group 2008



Source: IHS

- While the rental market in the United Kingdom has the longest tradition in Europe, rental companies have been hit hard in the economic crisis, even harder than the declining construction industry itself.
- As a consequence, construction industry penetration decreased from 3.30 percent in 2008 to 2.65 percent in 2011. However, it is expected that rental penetration will increase modestly until 2013, since the reluctance of contractors to invest will favour the rental channel.
- After a sharp decrease of rental revenues by 16.5 percent in 2009, a modest further decrease of 3.5 percent took place over the year 2010. A very strong first quarter 2011 was followed by more moderate development in the following quarters. In total, we estimate that rental revenues will increase by 3 percent over 2011.
- Rental rates decreased strongly by more than 10 percent in average in 2009 and bottomed out in mid-2010. Caused by the strong performance of the market in the beginning of 2011, rates are estimated to increase by a total of some 5 percent in 2011.
- In order to cut costs, firms restructured by consolidating the number of rental depots and adapting employment to the reduced rental demand.
- Despite the difficult economic environment it is expected that the market has bottomed out in 2010. Based on the expectation that there will be an ongoing recovery of rental penetration and that inflationary pressures will lead to a further increase of rental rates we expect a modest growth of rental revenues of above 4 percent in 2012 and 2013 respectively.
- However, it has to be noted that there are clear downside risks to the forecast especially because of the potential effects of public spending cuts on the economy.

UNITED KINGDOM (UK), LOCAL CURRENCY!	Actual		Estimates		Forecast	
	2008	2009	2010	2011	2012	2013
Market Size						
Total turnover [million £]	4,882	4,096	3,955	4,070	4,265	4,440
Rental Companies (without operator)	4,719	3,947	3,810	3,920	4,110	4,280
Other Comp. Providing Rental Services (only rental)	163	149	145	150	155	160
# Rental Companies (without operator)	3,661	n.a.	n.a.	n.a.		
# Other Comp. providing rental services	227	n.a.	n.a.	n.a.		
# Employed Persons of Rental Companies (without operator)	41,103	n.a.	n.a.	n.a.		
# Depots of Rental Companies (without operator)	6,516	n.a.	n.a.	n.a.		
Investments in Rental Equipment [million £] (without operator)	1,170	424	465	605		
Value of Rental Fleet at all companies [million £] (without operator)	7,352	7,018	6,530	6,430		
Ratio: Investments in Rental Equipment / Value of the Rental Fleet	16%	6%	7%	9%		
Penetration Rates						
Total Construction Output [million £]	148,157	133,321	146,787	153,576	158,800	164,300
Construction Industry Penetration Rate	3.30%	3.05%	2.70%	2.65%	2.70%	2.70%
Country Population [million]	61.39	61.79	62.25	62.65	63.07	63.50
Country Population Penetration Rate [£ per person]	80	66	64	65	68	70

Source : IHS

In the UK, the code revision led to lower reported figures on rental turnover. These figures have been corrected by including an identified set of large rental companies that have been reclassified in to the market size estimation. In the new classification, the formerly large number of very small "owner-operator" companies has been reduced significantly. The new statistics show a more realistic picture of the number of small companies involved in rental. According to the newest official statistics on NACE code 77.32 we now estimate that the total number of rental companies in the United Kingdom amounts to some 3660 companies, of which 3570 small firms have fewer than 50 employees. In line with this downward correction we now estimate that about 41000 people are employed in the British equipment rental industry.

6. Rental Tracker

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

Before we look at some of the most recent results, it is useful to remind readers that the scope and aim of the survey is to measure quarterly changes in business sentiment over a range of indices.

Every quarter, IRN sends out an e-mail to its readers in Europe, in 5 languages, asking for their responses to a number of questions:

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

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

The survey is completed via an online survey at www.zoomerang.com. The first survey was launched in June 2009 to cover the second quarter of the year, and subsequent quarterly surveys have been completed so far. The survey for the third quarter of 2011 was launched in mid-September and some provisional results are included in this report.

The level of response to the survey has been encouraging with over 200 companies completing the survey in 2009. There was some evidence of a fall-off in response levels in 2010 and ERA and IRN have been working together to better promote the surveys and develop it into 5 national languages. Still, response levels have been sufficient to provide a valuable insight into business confidence.

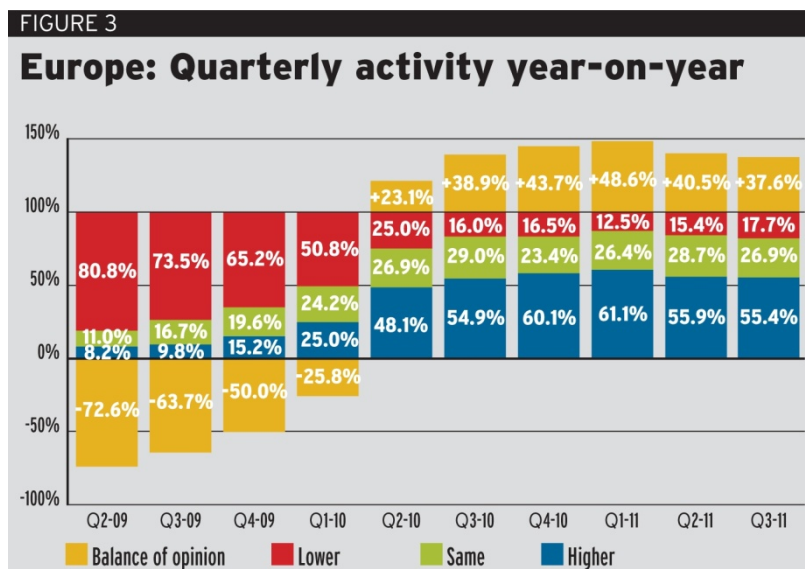
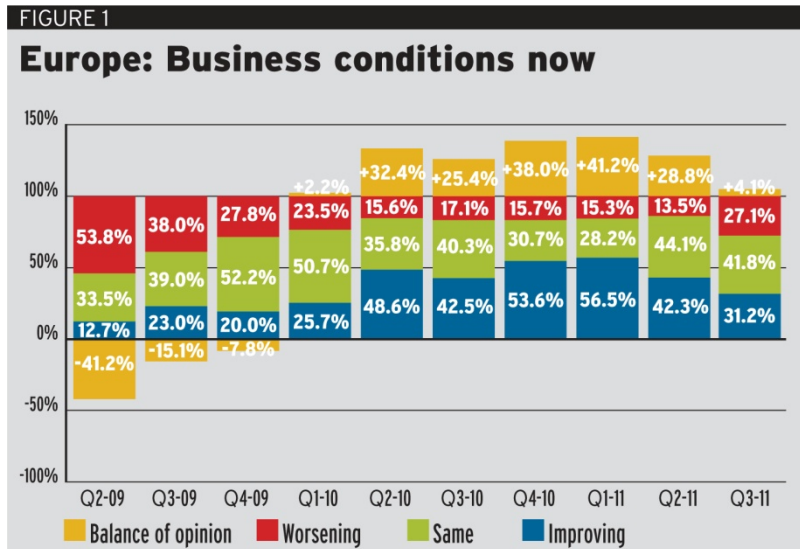
Survey Results Q3 - 2011

The ERA/IRN RentalTracker survey for the third quarter of 2011 shows an unsurprising fall in confidence levels across European rental businesses.

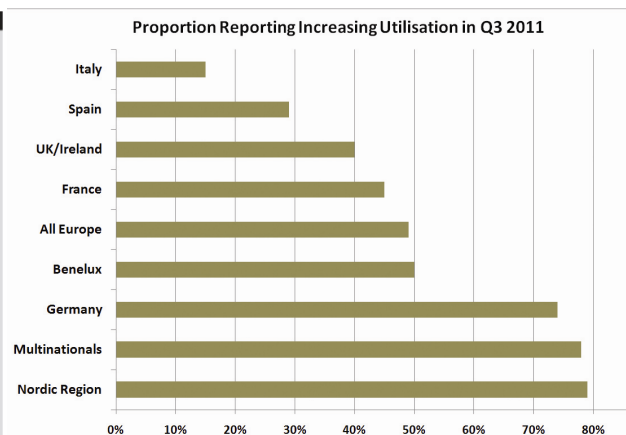
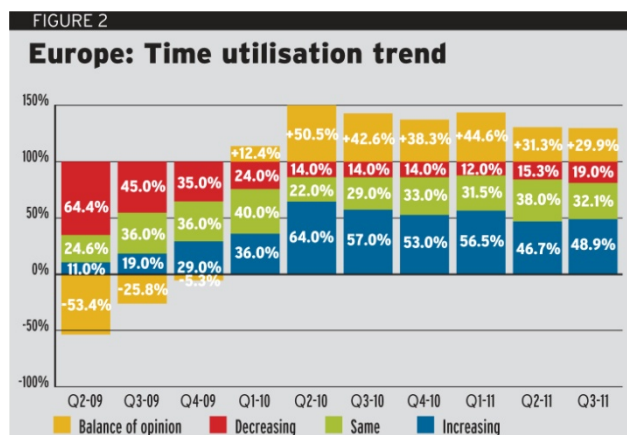
Data from more than 290 companies in Europe – surveyed at the end of September and start of October – shows that the proportion of businesses seeing improving conditions has fallen to 31.2%, compared to 42% at the end of the second quarter, while the number reporting worsening conditions has doubled to 27%.

This results in a small +4% positive balance of opinion on current business conditions, which is the lowest level of confidence since the first quarter of 2010. The previous five quarters had produced positive balances of opinion ranging from +41% (Q1 2011) to +25% (Q3 2010).

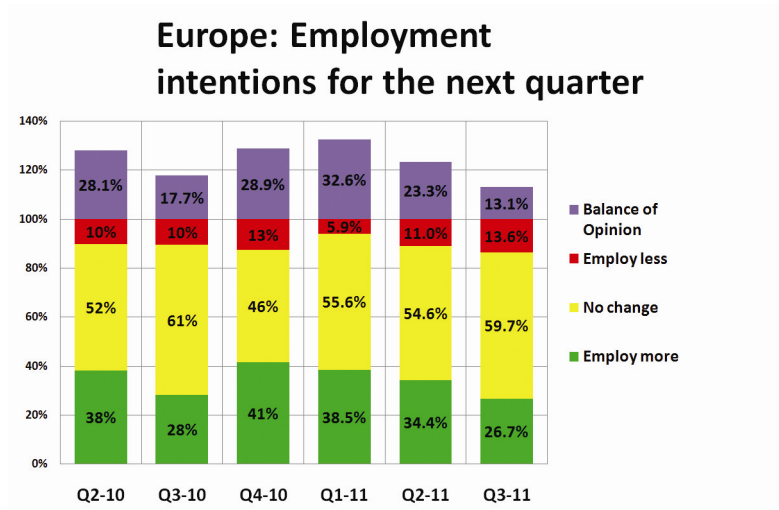
The dampening of confidence levels reflects wider concerns about Europe's economic prospects.



The one area where rental companies can take comfort is in the results for utilisation, which confirm that utilisation levels remain stable or continue to increase. Although the proportion reporting decreasing utilisation has increased from 15% to 19%, the number seeing increases rose to 49%, giving a positive balance of opinion of 30%, which is almost the same as the previous quarter.

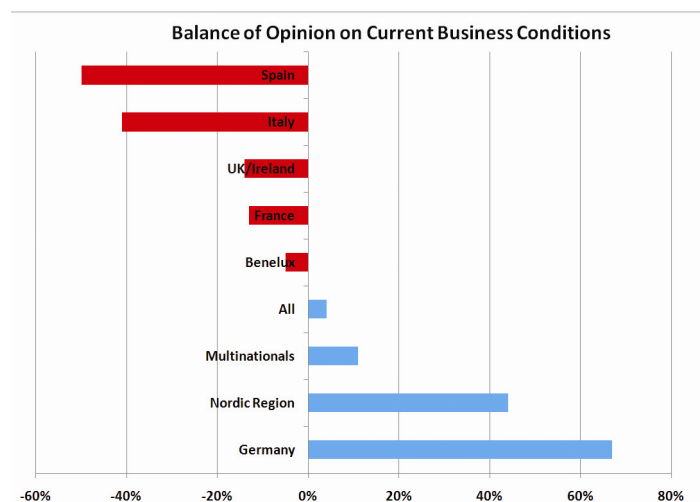


The concerns on business conditions are seen also in the recruitment plans at rental companies, with just 27% expecting to add workers in the final quarter of this year, which is the lowest level since we started measuring employment intentions in the second quarter of 2010.



Regionally, it is Nordic companies, Multinational firms and those in Germany and France who are reporting the best conditions and who are the most optimistic. Overall, less than a quarter of rental businesses are forecasting increases in business activity of more than 10% in a year from now.

Renters in Italy and Spain are the least optimistic, and the survey reveals a dramatic downwards trend in Italy. More than half the Italian respondents reported worsening business performance during the quarter and Italian companies are the least likely to increase fleet investment next year. Italian and Spanish companies are also the least likely to forecast business growth next year.



Investment Plans:

On average, European rental companies said they would invest the equivalent of 14% of the total value of their fleets (at original cost) in both 2012 and 2013 – after similar levels of spending this year.

The figures for Europe reflect continuity with the results from last year, when renters forecast investment of 13.8% in 2012.

If some were expecting spending to increase at a faster rate, then 14% at least represents a respectable rate of spending and certainly substantially more than in 2009 and 2010, where the figures were in the high single figures.

Within Europe it is difficult to provide detailed analysis, since there is not always sufficient data. However, it is possible to say that investment levels in the UK and Ireland will be generally lower than the European average, and even falling a little in 2012, while those in the Netherlands will be higher, at around the 16-19% range for 2012 and 2013.



Completing the survey

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

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

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



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