

# ERA Convention 2011

*“Growth Again”*

## TRENDS IN THE EUROPEAN RENTAL MARKET

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INTERNATIONAL  
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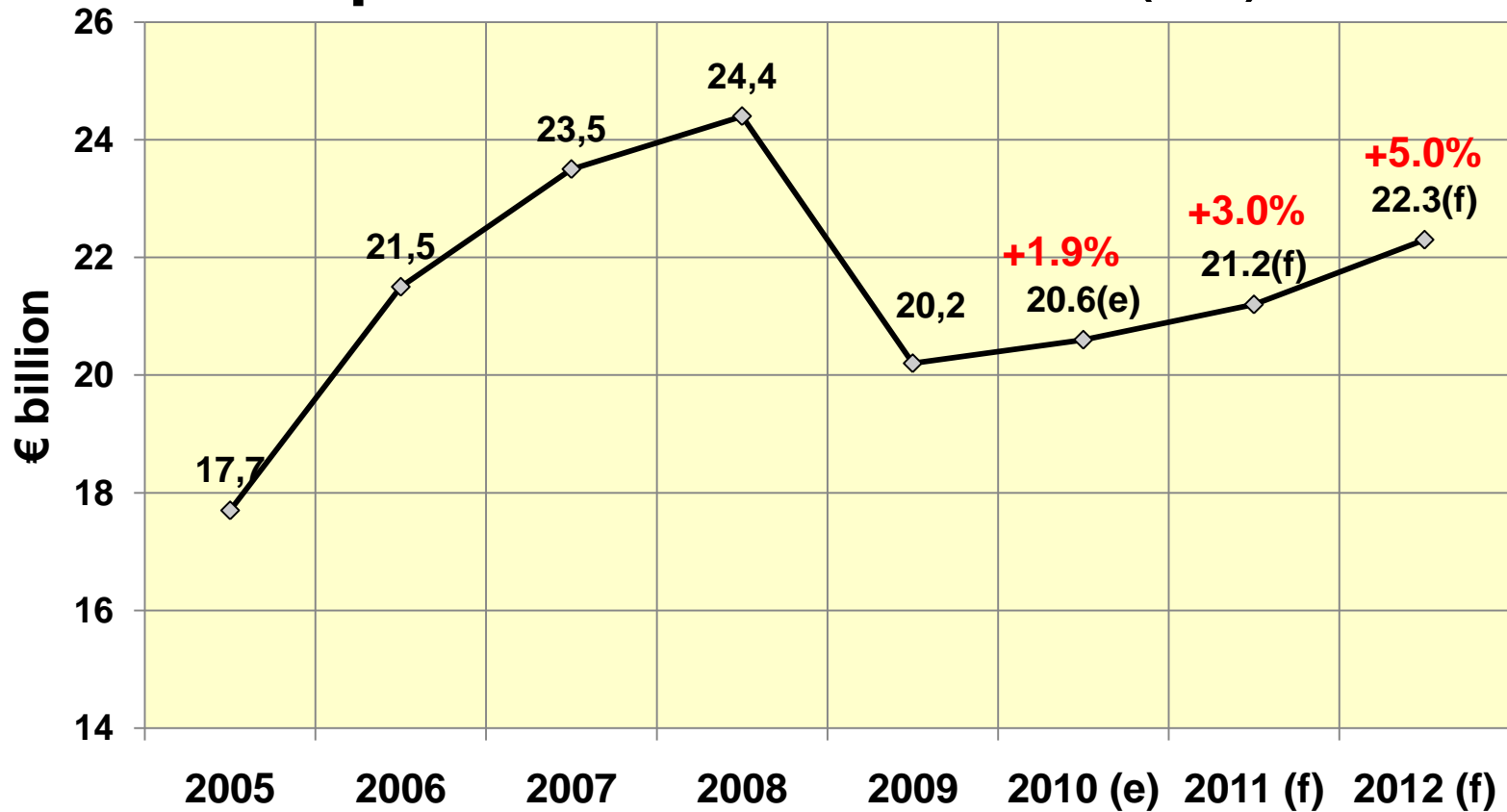
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## Introduction

- ❑ Current market/forecasts
- ❑ Re-investment
- ❑ Impact of last three years
- ❑ Strategies/Operating Models
- ❑ Important current trends
- ❑ Key questions for the future

## Return to growth (slowly)

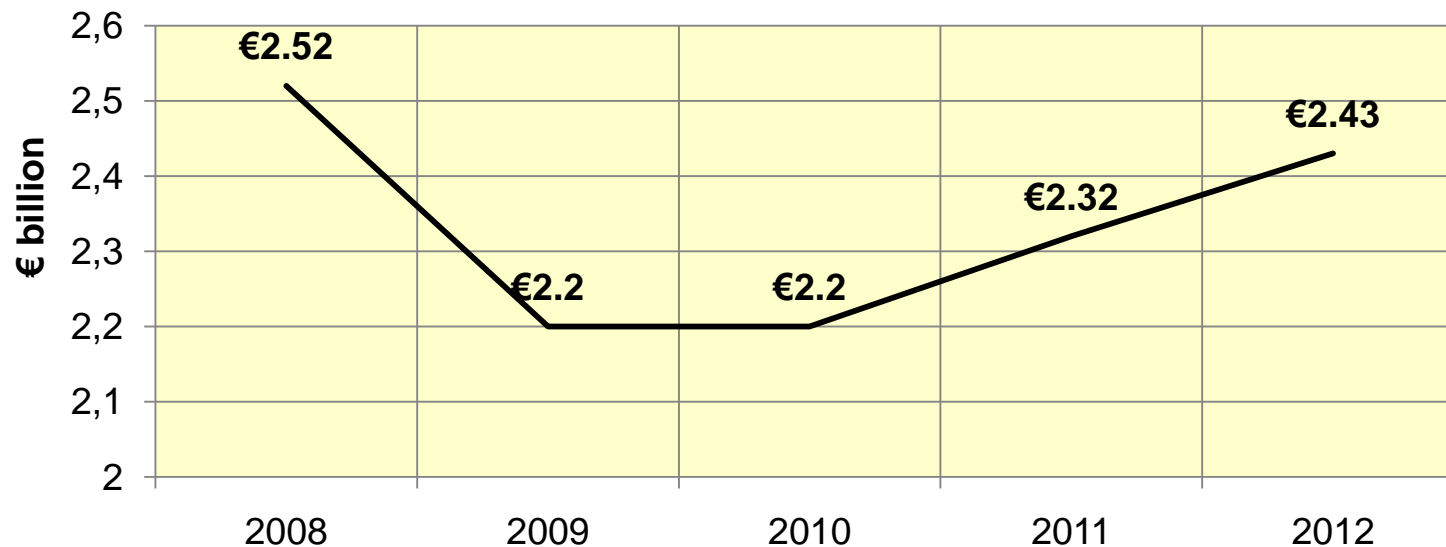
### European Rental Revenues (€bn)





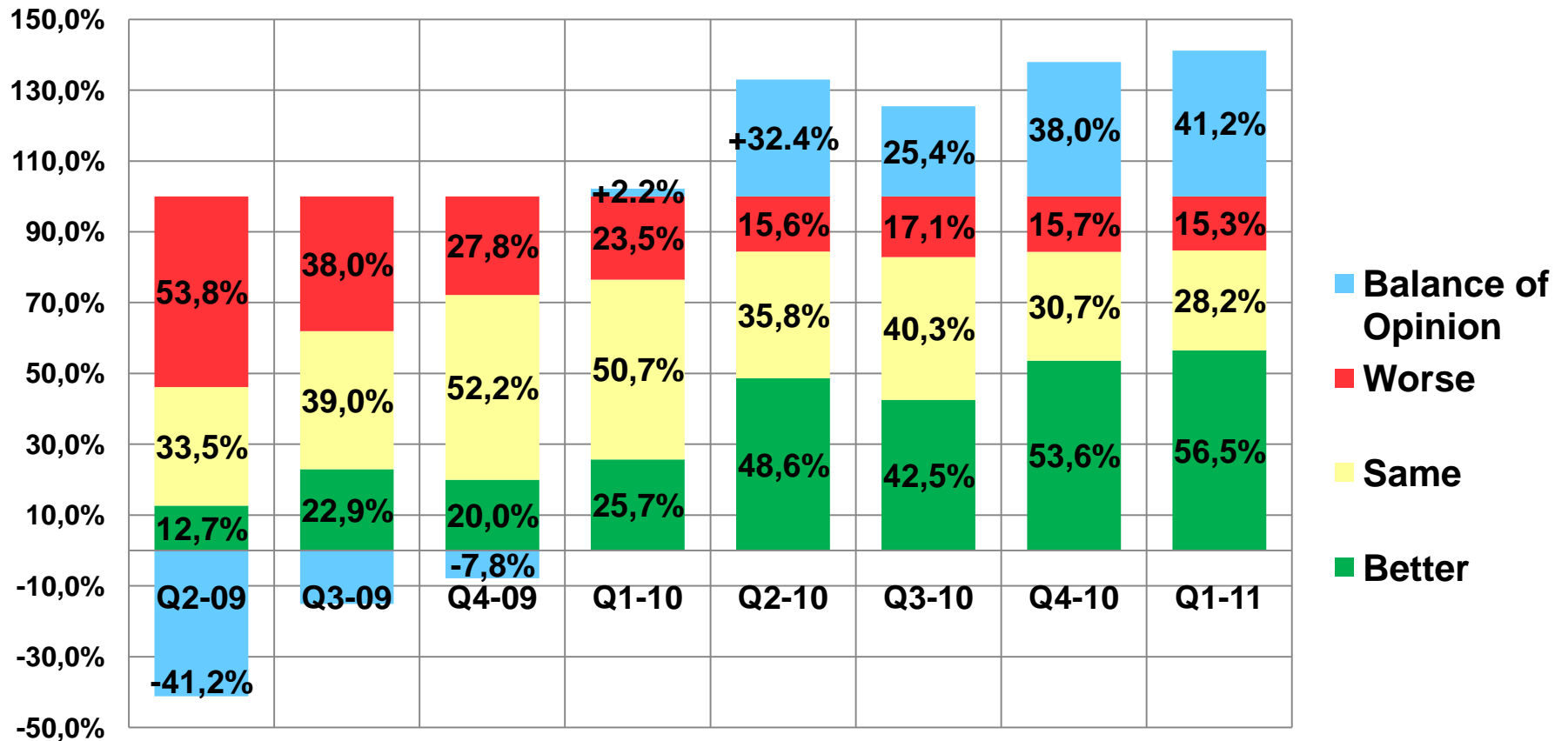
## Return to growth (slowly)

### Access Rental Revenues - Europe (IPAF, Ducker Research)



# Return of confidence (mostly)

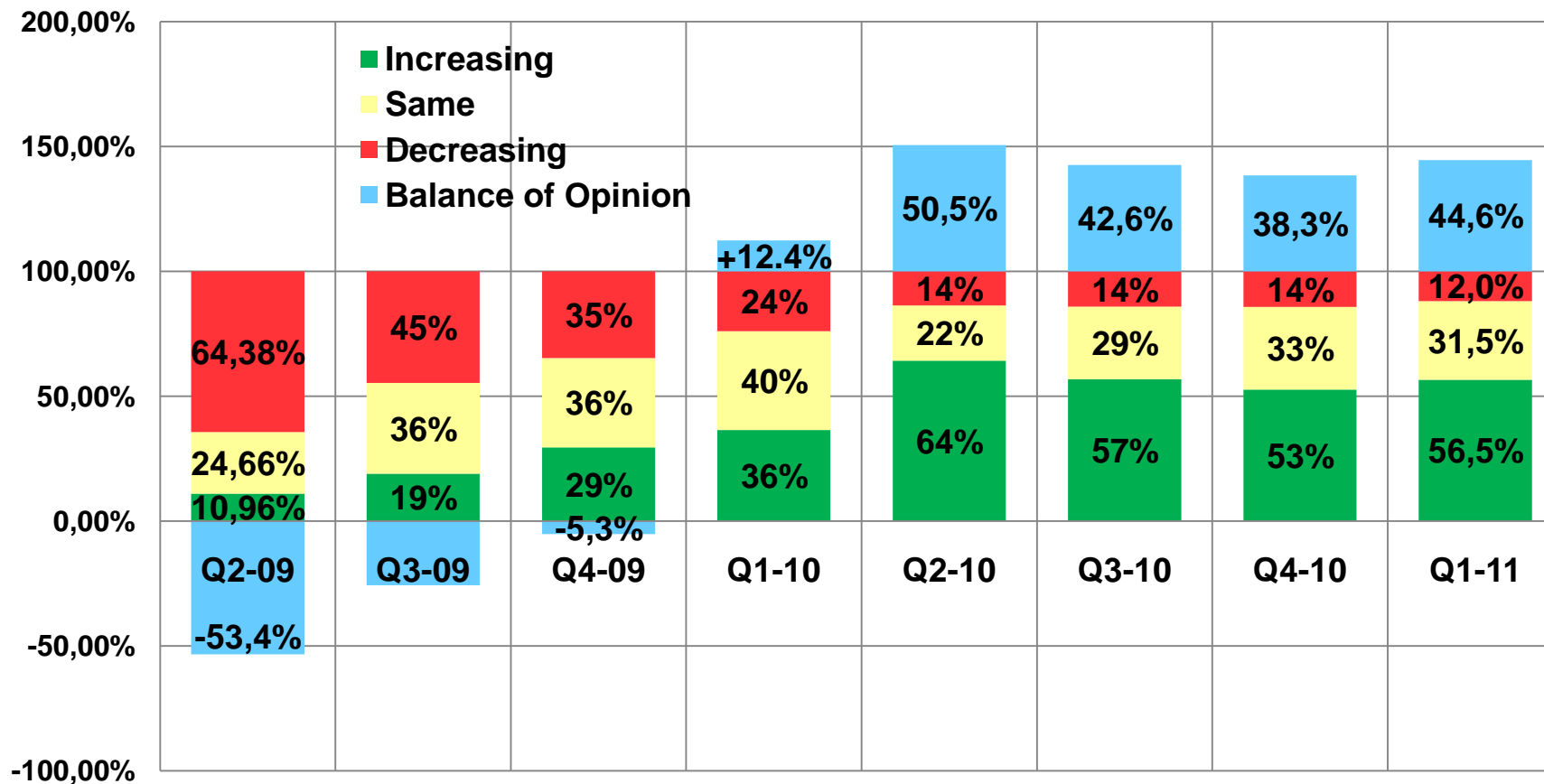
## Europe: conditions at end of March





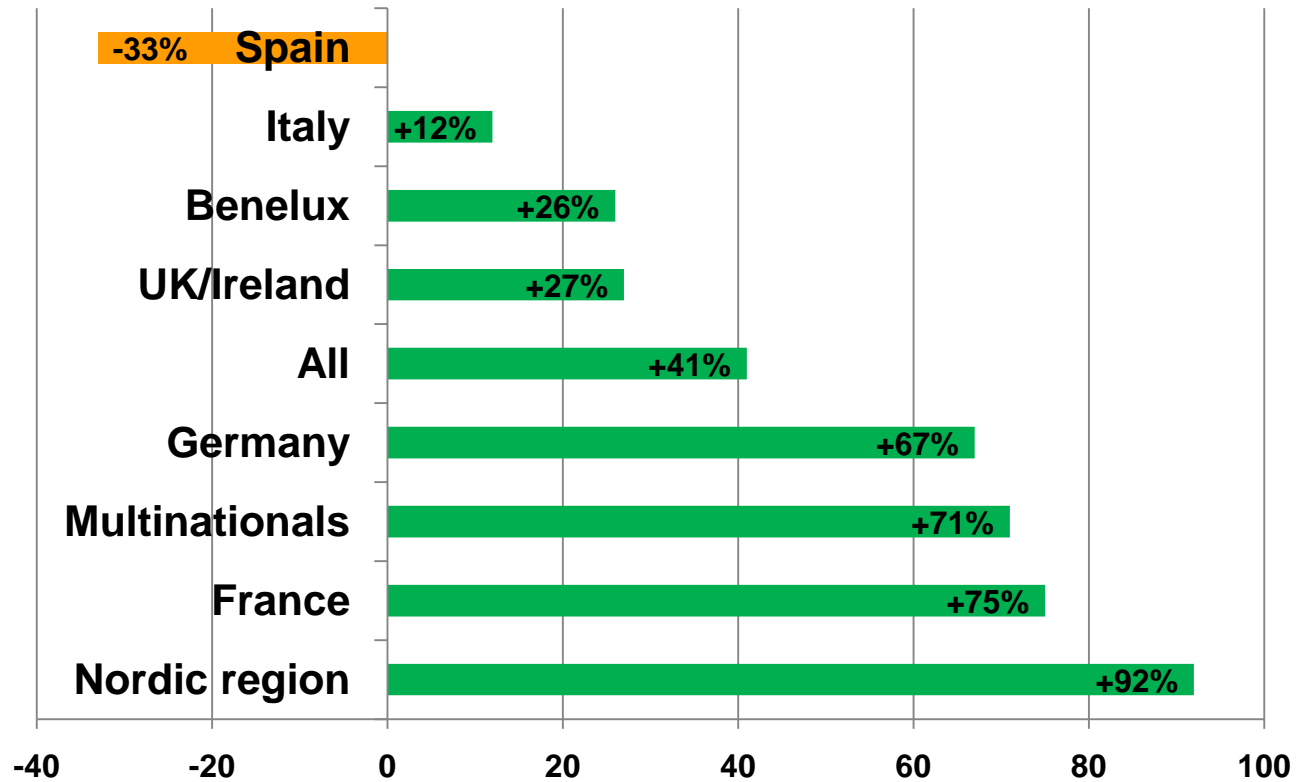
## Return of confidence (mostly)

### Europe: Time Utilisation Trend



## Return of confidence (mostly)

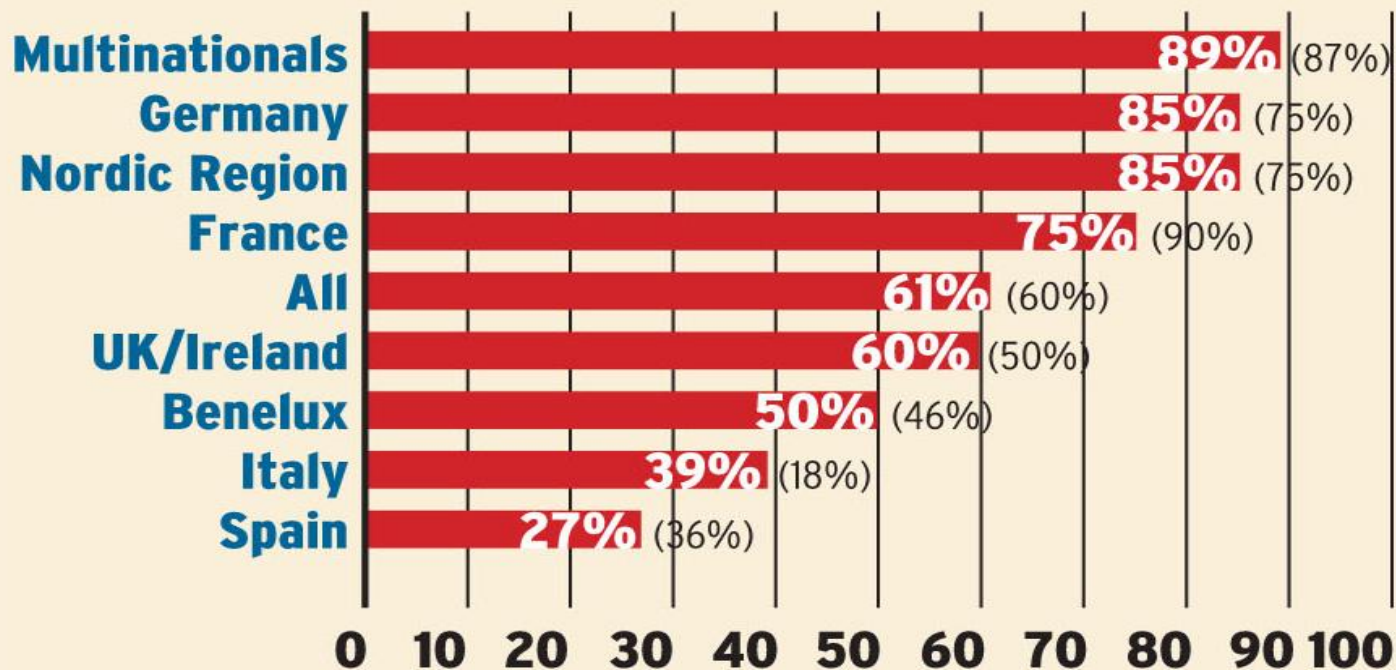
### Balance of opinion - Current Conditions (End of March 2011)



## Return of confidence (mostly)

### PERCENTAGE REPORTING Q1 2011 GROWTH VS Q1 2010

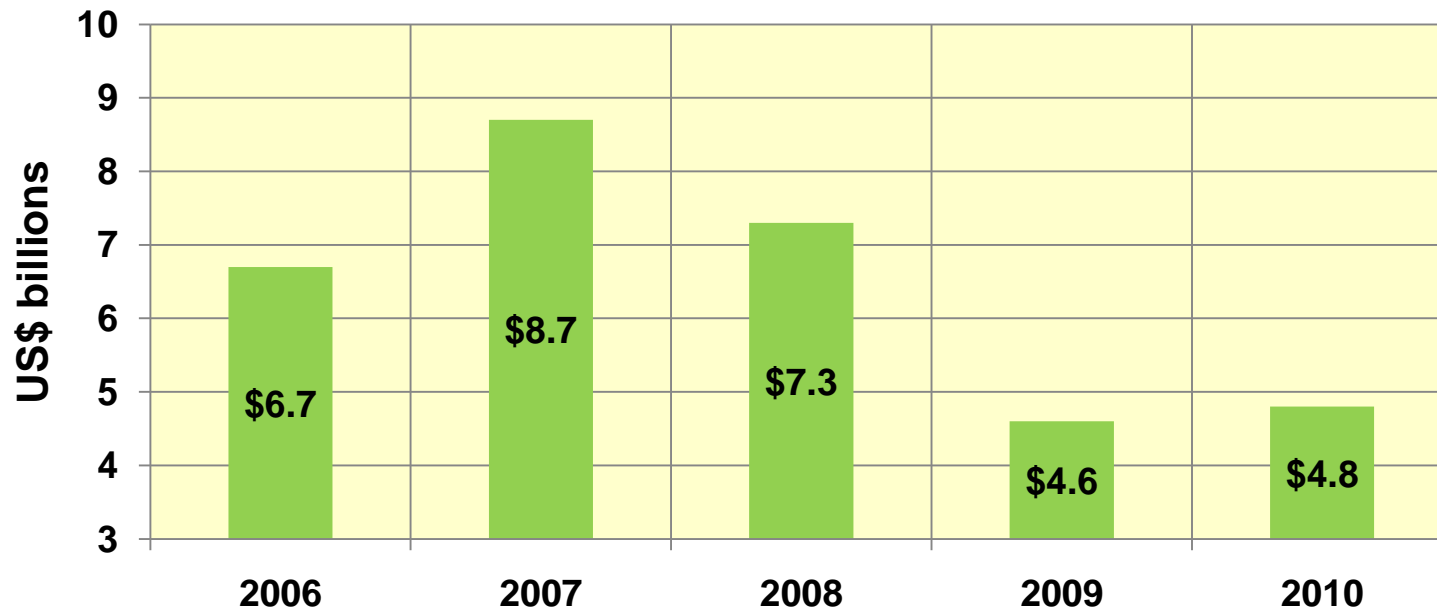
(previous quarter results in brackets)





## Return to Investment (gradually)

### Revenues of Top 20 Access Manufacturers (US\$ billion)

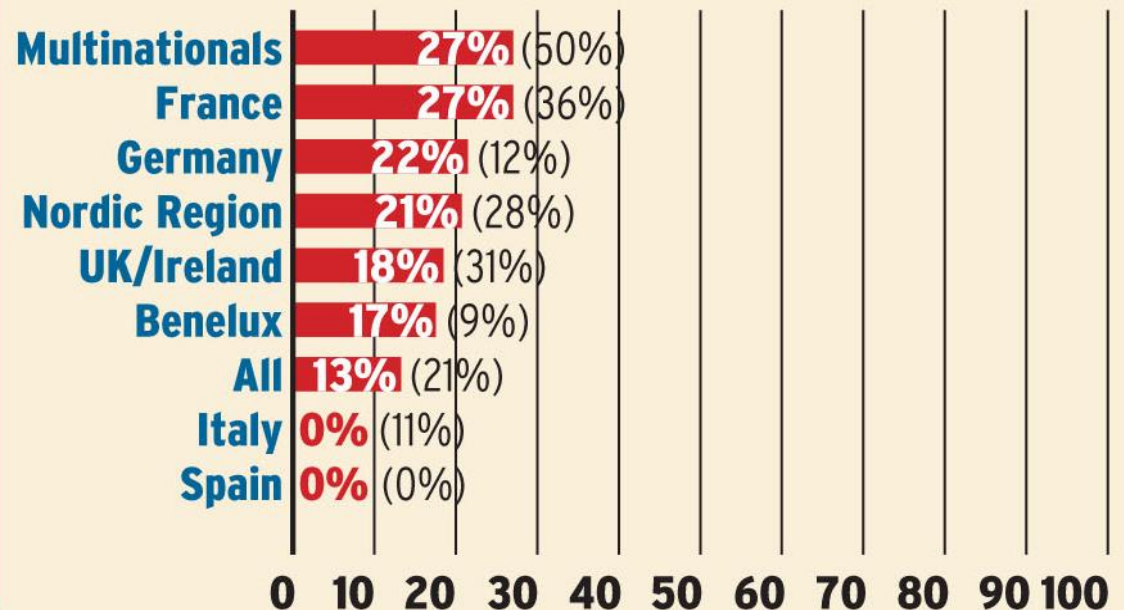


## Return to Investment (gradually)

- Increase in expenditure will be **modest** this year, and in some markets, like Spain and Ireland, also in 2012.
- Will accelerate from 2012 onwards. Eg. for aerial platforms, IPAF/Ducker forecast €290m capital expenditure in 2010 rising to €535m in 2012.

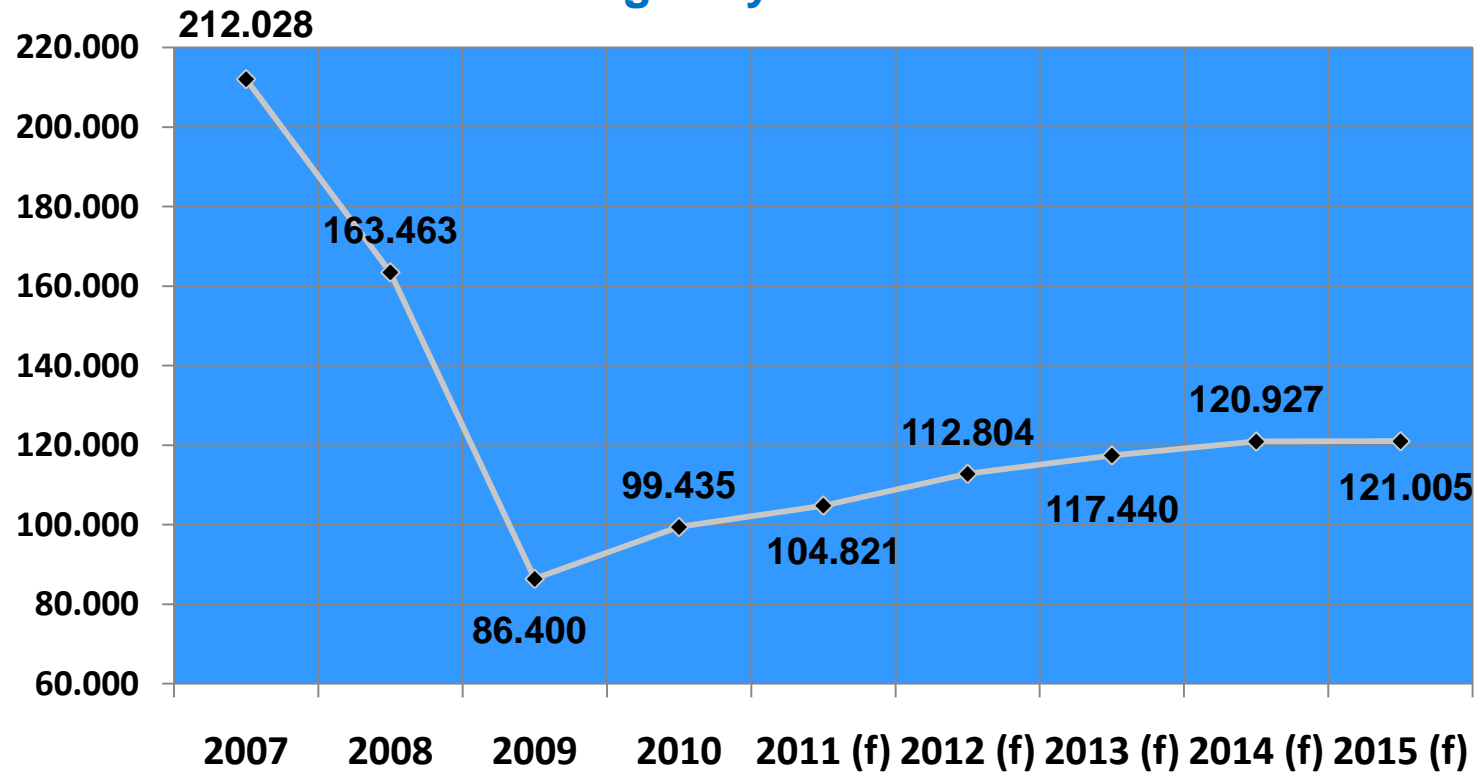
### PERCENTAGE INVESTING AT LEAST 25% MORE IN 2011 COMPARED TO 2010

(previous quarter results in brackets)



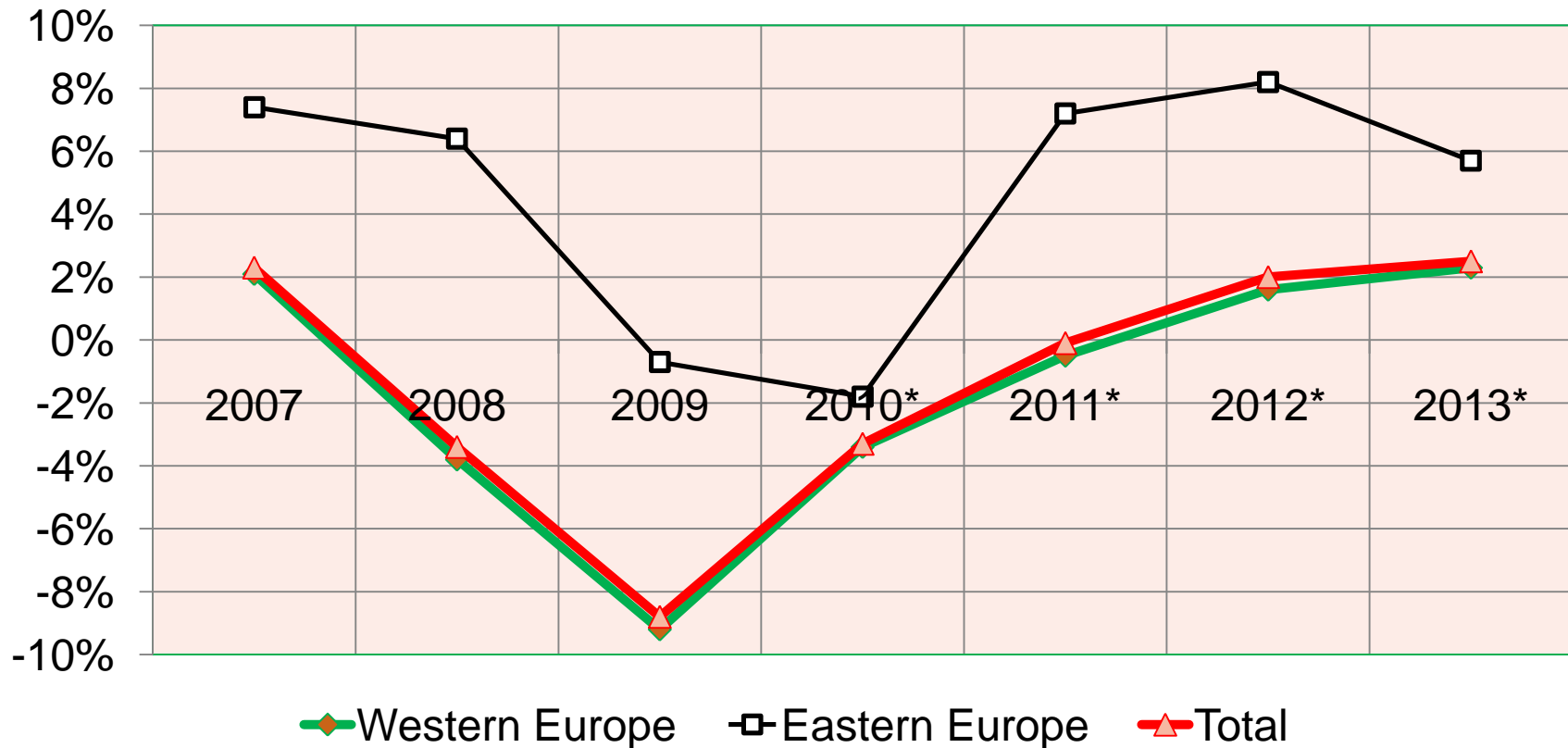
## Return to investment (gradually)

### Western Europe - Forecast sales Off-Highway Research



# Activity forecasts

## Construction Forecasts - Euroconstruct



## Impact of last three years?

- Rapid restructuring
  - Just one casualty in last year's European top 50 (Fastline)
- Adoption of 'thrifty' rental model (will it last?)
  - A major challenge for the industry
- Diversification
  - Non-construction (alliances, new product mix)
  - New markets

## Impact of last three years?

- Increased focus on benefits of outsourcing (especially when markets recover)
- Renters more creative in generating demand
- Forced re-think on core purpose (eg Cat Rental Stores, specialist divisions, etc)
- Concerns?
  - Older equipment/maintenance
  - Levels of service?

## Strategy/Operating Models

- Smaller or different depot networks (hub and spoke)
- Major accounts
  - increased focus on long term contracts
  - gives small/mid-sized companies more opportunities
- New contract arrangements
  - Relationships with 'ultimate' client

## Strategy/Operating Models

- Channels to market
  - online (European North/South divide)
  - 'white label'
  - DIY stores
- Low-cost start-ups (eg. using re-rentals)



## Important trends - Consolidation

- Mergers and acquisitions starting again
  - specialists getting larger (power, accommodation, aerals)
  - generalists taking opportunities
  - large companies in mature markets seeking areas where growth is possible
- In the US, the generalists grew by acquiring specialists, particularly in aerals. Same in Europe?

## Important trends - Technology

- Transparency for customers
- Pricing (pricing systems/use of smartphones)
- Asset tracking/logistics
- Tracking KPIs on major contracts
- Increasing efficiency/lower overheads

## Important trends – Sustainability

- Sustainability gaining importance
  - general trend (Michael Porter's 'shared value')
  - rental well placed to help clients meet objectives
  - cleaner, safer, more efficient equipment
  - consultancy services; making life easy for customers
- ISO14001 certification: big companies want their suppliers to have it.

## Questions for the future

- Increases in rental penetration...
- Convergence of rental models in Europe? Likely.
- Aerial platform opportunity
- Survival of specialists?
  - US experience suggests many will be acquired...
- Eastern Europe
- Sustainability: plays into hands of rental sector

Thank you

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