

TRANSPORTATION ✦ CONSTRUCTION ✦ INDUSTRIAL ✦ MATERIALS ✦ FINANCIAL

# The IPAF Powered Access Rental Report 2009

## Europe

**Final Report**  
**April 2010**

**Prepared for:**  
The International Powered Access Federation



**Prepared by:**  
Ducker Worldwide



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## I. Introduction

### 1 Presentations

#### 1.1 IPAF

The International Powered Access Federation (IPAF) promotes the safe and effective use of powered access equipment worldwide. IPAF is a non-profit members' organisation representing the interests of rental companies, manufacturers, distributors, users and training companies. It was formed in 1983 and celebrated its 25th anniversary in 2008.

The IPAF training programme for access platform operators is certified by TÜV as conforming to ISO 18878. More than 80,000 operators are trained each year through a worldwide network of more than 400 IPAF-approved training centres. Successful trainees are awarded the PAL Card (Powered Access Licence), the most widely held and recognised proof of training for platform operators.

Membership of IPAF is open to users of platforms, manufacturers, distributors, rental and training companies. Members enjoy access to practical information and a growing portfolio of member services. They also have the chance to influence the legislation and regulations that govern platform use. More information can be found at [www.ipaf.org](http://www.ipaf.org).

#### 1.2 IPAF Contact Information

Additional copies of this report can be ordered at [www.ipaf.org](http://www.ipaf.org) or from your nearest IPAF office.

IPAF has also published the IPAF United States Powered Access Rental Report 2009 – details are available at [www.ipaf.org](http://www.ipaf.org) or from your nearest IPAF office listed below.

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### 1.3 Ducker

Ducker Worldwide is a primary research-led industrial market research and consulting company, dedicated exclusively to ad hoc business-to-business research and in particular specialises in the construction equipment and materials markets both in Europe and the USA.

Ducker benefits from extensive industry experience and a highly international team capable of surveying global markets at a local level:

- Product and industry expertise: experience in the MEWP and equipment rental markets through various projects completed within access equipment and other types of construction machinery at all levels of the value chain including rental as well as distribution and contracting
- International approach applied locally: with a team of permanent native consultants working out of offices that reach across the USA, Europe and Asia, Ducker prides itself on the fact that all fieldwork is completed in the respondent's native language by in-house consultants and by Ducker's internal multi-lingual call-centre based in the Paris office
- Methodological expertise: on-going involvement in strategic consulting within areas such as market sizing and segmentation, distribution structure, competitive positioning, customer satisfaction or market opportunity and new product entry assessments for a variety of products within the global construction and transportation industries amongst others
- Quality charter: Ducker Worldwide is certified ISO 9001 and works to the guidelines of the ESOMAR ethics standard

More information on Ducker can be found at [www.duckereurope.com](http://www.duckereurope.com).

### 1.4 Ducker Contact Information

This report was produced by Ducker Worldwide's European head office.

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## 2 Foreword

### 2.1 Comparability with Previous IPAF Reports

This report, together with its American counterpart, pursues the groundbreaking initiative first taken by IPAF in 2009 to produce an annual assessment of the powered access equipment rental industry in Europe and in the USA. The information contained in these industry reports is not available through any official statistics or other secondary data, nor have any comparable publications been available in the past.

In 2010, IPAF's objective is to build on its experience and to take the assessment a step further by increasingly anchoring the study in ad hoc primary research, allowing also for additional detail. Ducker's reports this year do not, therefore, set out to reproduce exactly the same study as those published a year before, but strive to provide more information whilst improving the level of relevance and reliability.

As a consequence, the historic market estimates for 2007-2008 in the current report differ from those published one year ago and should be considered as the more up-to-date revised version.

## 3 Scope & Definitions

### 3.1 Products

The present study focuses on powered access equipment, i.e. mobile elevating work platforms (MEWPs), also called aerial work platforms (AWPs). It includes the full range (all sizes and types) of powered access equipment except mast climbers.

Included are powered people lifts: all booms, scissor lifts and vertical masts

- Both articulating and straight telescopic booms
- Self-propelled as well as vehicle-mounted, push-around, trailer-mounted/towable

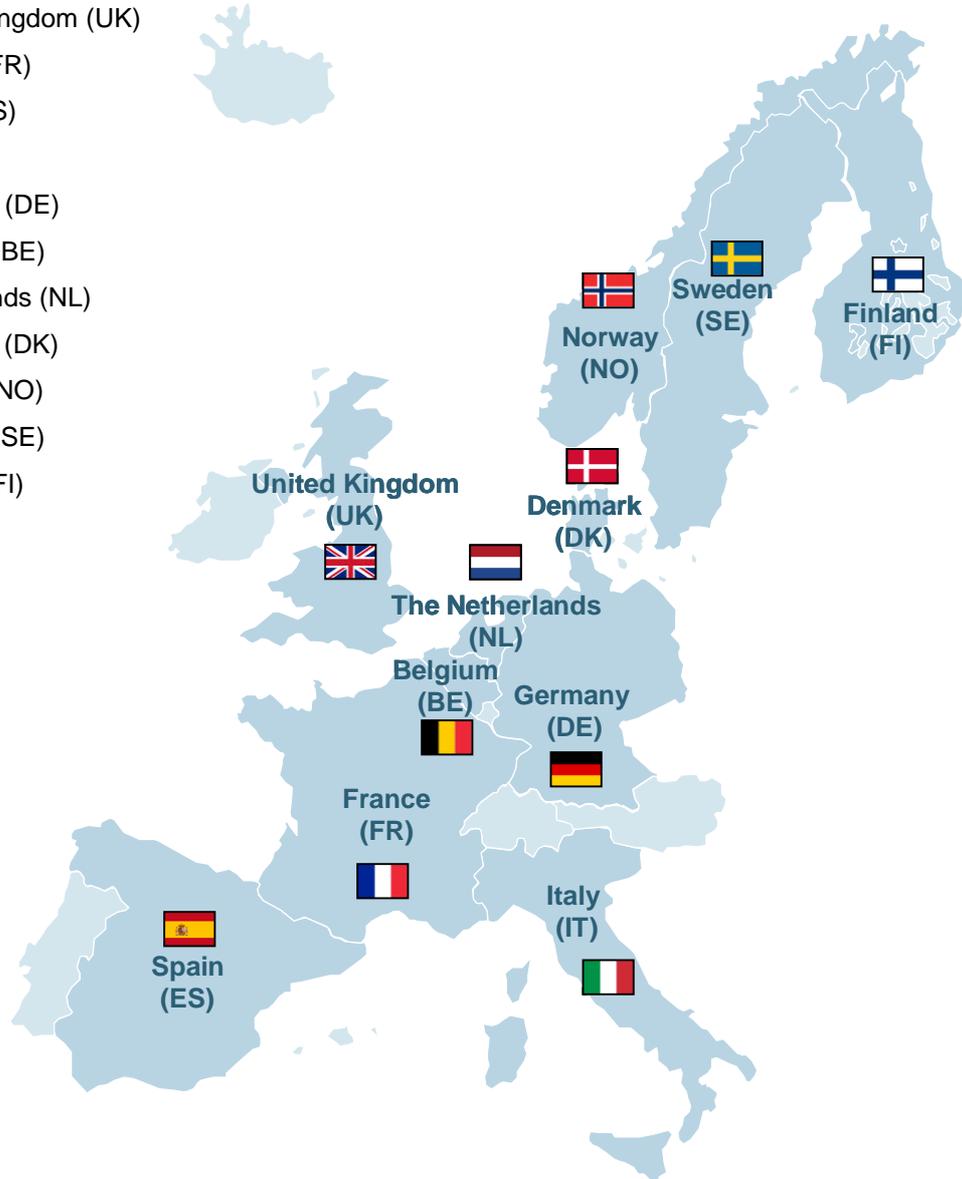
Excluded: telescopic material handlers, forklifts, cranes, mast climbers

Product segmentation has not been part of this year's objectives due to the complexity involved. However differences by product type have been taken into account qualitatively when available and relevant, so as to reflect for example, variations in fleet mix between countries.

### 3.2 Countries

The European part of the study comprises of the following eleven countries:

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



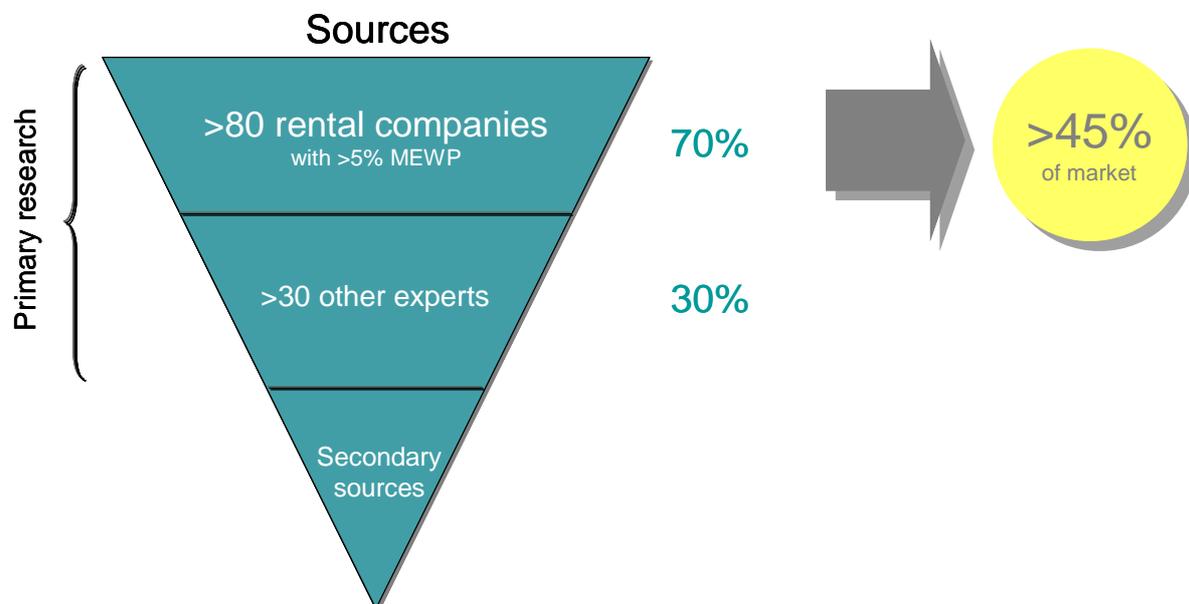
### 3.3 Target Companies

The main source of information for this study is primary research. Organisations interviewed include rental companies followed by other industry experts:

- Specialist MEWP rental companies
- General equipment rental companies also offering MEWP rental (if at least 5% of revenues). In this report, these companies are also referred to as generalist
- MEWP manufacturers
- Rental industry associations
- Trade magazines

Only companies to whom rental represented at least 5% of total revenues were interviewed. Similarly, general rental companies were only included if MEWPs represented at least 5% of rental revenues.

Rental company interviews have been the primary basis for a quantitative analysis, whilst interviews with manufacturers, associations and magazines have provided further qualitative insight.



Interviews were conducted with rental companies, manufacturers and other industry experts. The rental companies interviewed are estimated to represent approximately 46% of the total MEWP rental industry in the countries within the study area.

Rental companies comprise of both specialist (62%) and general (38%), small (50%) and large (50%). Interviews represent a mix of company types in each country. Overall, they were segmented by country, specialisation or size as follows:

- Specialisation:
  - o Specialists: MEWP >50% of rental revenue
  - o General: MEWP ≤50% of rental revenue
- Size:
  - o Large: MEWP rental revenue ≥ median of MEWP rental revenue of all 11 countries
  - o Small: MEWP rental revenue < median of MEWP rental revenue of all 11 countries
  - o The median is approx. €6.5 million

### 3.4 Respondents

Only persons with input in machine selection or management were qualified as respondents. Recurrent respondent job functions were Managing Director and MEWP Product Manager, but also included Sales Director, Technical Director, Purchasing Manager, Fleet Manager and Operations Manager.

Ducker and IPAF would like to take this opportunity to thank all industry representatives interviewed, without whose kind assistance it would not have been possible to conduct this research.

### 3.5 Rental Revenue

Rental revenue has been defined as comprising of rental rates as well as all rental-related services such as the following:

- Rental rates
- Machine repair
- Support (e.g. fuel services)
- Transportation/delivery
- Training
- Insurance
- Operator charges

Rental revenue in this report excludes:

- Cross-hire (machines rented from other companies)
- Resale of used equipment

No separation is established in this report between revenue from rentals versus services, but examples show that services may typically represent around 10-25% of revenues. Amongst the services that represent the highest value overall are transportation and training.

### 3.6 Objectives

The study assesses the MEWP rental market value over a five-year period. A separate report is available from IPAF covering the US market.

Main objectives by country:

- 2009 MEWP rental market value
- Trends and dynamics (2007–2011)
- Operational indicators (investment, fleet age, inventory, construction vs. non-construction)

Main add-ons to the 2008 survey:

- MEWP fleet size
- Segmentation specialist/general, small/large
- Non-construction applications
- Time utilisation rate, selling age, divestments, evolution of rental rates

In addition to the primary market value objective, fleet size has been included to ensure that the value is anchored in reality. Moreover, fleet information is typically more available than rental revenue. This has allowed for cross-checks, revenue-per-unit ratios and the optimisation of secondary sources.

The current study does not examine rental company profitability.

### 3.7 Time Period

The study covers the period between 2007 and 2011, with particular focus on 2009 followed by 2008 and 2010.

Conducting all interviews in the first quarter of 2010 has allowed primary data collection on the full previous year, providing more specifically targeted and up-to-date information than would have been available from any statistical sources.

In addition, the beginning of 2010 had already provided the industry with an indication of the year to come. However, it is important to note that the forecasts for 2010 and 2011 reflect the market's perception around February/March 2010 when the interviews were being completed, a perception that in some instances has already been seen to change by the end of the first quarter. Therefore, this report cannot reflect the changes that may have taken place prior to its publication date but after the completion of fieldwork.

2009 is not representative of other years due to the strong economic downturn. However it is an interesting period to capture both previous and emerging trends, providing for a particularly changing market over the time period studied.

### 3.8 Exchange Rates

The currency exchange rates used for countries outside the Euro zone are the 2009 average rate. The same rate has been used throughout the time period in order to eliminate variation in growth rates due to exchange rates rather than to the actual MEWP rental market.

	<b>Currency Unit</b>	<b>Converter to Euro</b>
UK	£ 1	1,12234
Denmark	DKK 1	0,13428
Norway	NOK 1	0,11442
Sweden	SEK 1	0,09418

## II. Market Size 2009

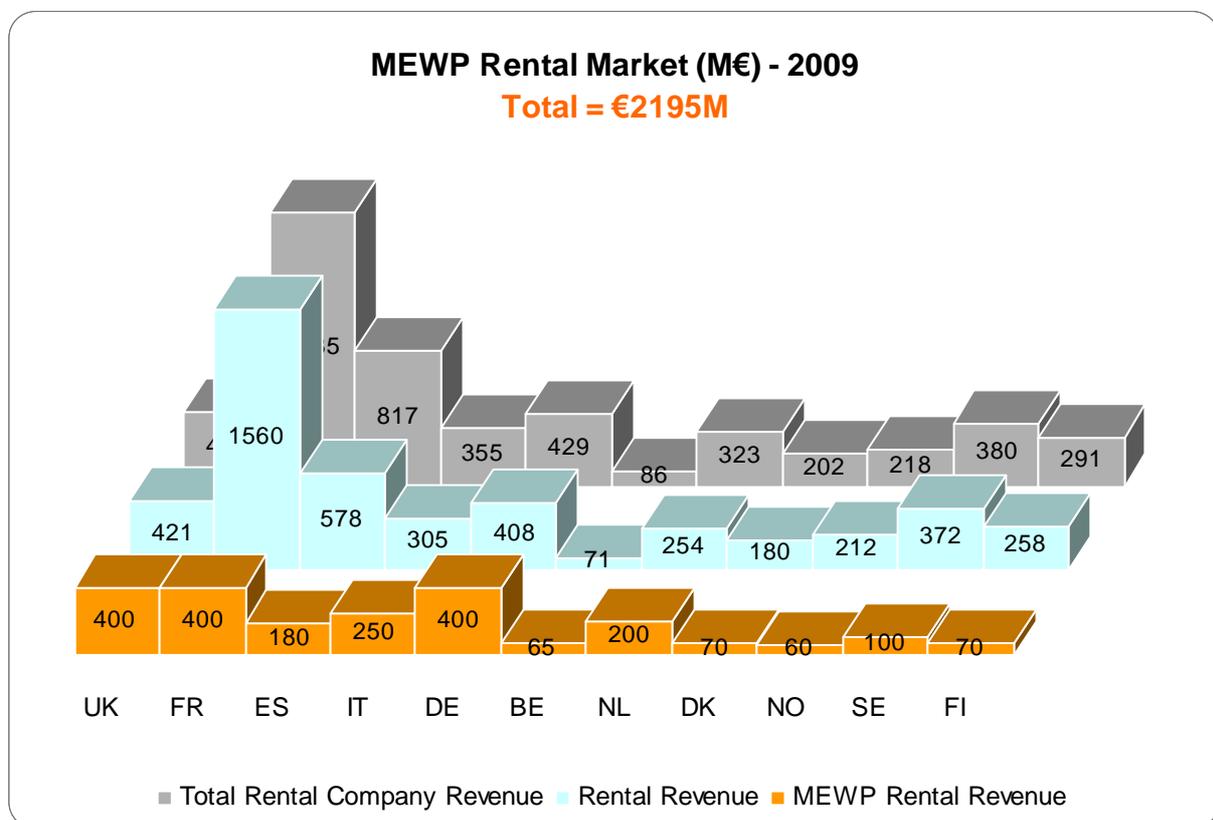
### 1 Market Value

#### 1.1 Market Value in Target Countries

The total MEWP rental market value in 2009 in the eleven European countries surveyed is estimated at approximately €2.2bn. The figure represents around 85% of the total European market (defined as the 27 EU countries plus Norway), which would attain a rental market value of approximately €2.6bn. The figure represents about 50% of the corresponding more mature market in the USA which is described in a separate report.

This is significantly less than the market size estimation in the IPAF Rental Report from 2008, partly due to a strong decline in the market and partly due to a reassessment of the 2008 market size.

The leading market in terms of maturity and volume remains the UK, but in terms of value it is now equalled by France and Germany. The Spanish market has declined to the extent that it has now been overtaken by Italy and by the Netherlands.



Source: Ducker Worldwide for IPAF

**Excluding companies that do not rent MEWPs.** Total company revenue and rental revenue only reflect the target population of rental companies to whom rental represents a minimum. 5% of revenues and MEWP minimum. 5% of those rental revenues.

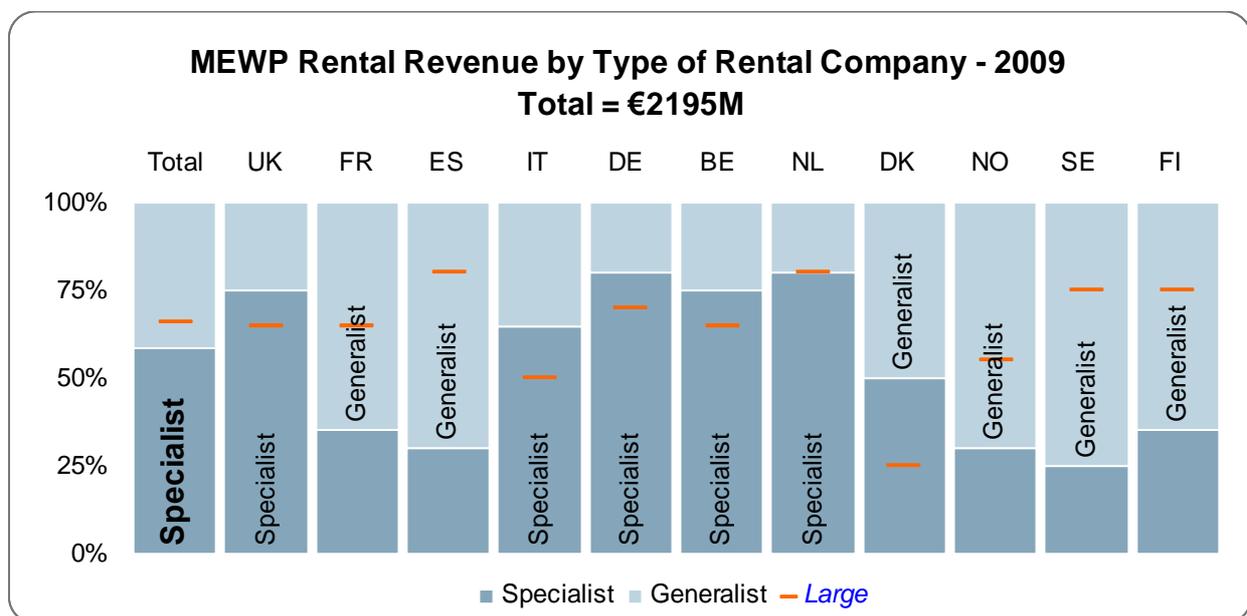
	Total	UK	FR	ES	IT	DE	BE	NL	DK	NO	SE	FI
<b>Rental Out of Total Co. Revenue</b>	89%	95%	95%	71%	86%	95%	83%	79%	89%	97%	98%	91%
<b>MEWP Out of Total Rental Revenue</b>	48%	95%	26%	31%	82%	98%	91%	79%	39%	28%	27%	27%
<b>MEWP Rental Out of Co. Revenue</b>	42%	90%	24%	22%	71%	93%	76%	62%	35%	28%	26%	25%

Within the target population, i.e. with rental companies that actually have MEWPs in their fleet, MEWPs represent on average almost half (48%) of rental revenues.

This share may show some change in 2009 over 2007 to 2008, depending on the decline in MEWPs compared to other construction equipment rental. For example in Italy and France, MEWP rental is generally seen to have declined rather less than other construction equipment rental. This however is not necessarily the case in Spain, Germany or the Nordic countries.

## 1.2 Company Specialisation & Size

Naturally the percentage of MEWPs within rental revenues is particularly high in countries dominated by specialist rental companies such as the UK, Italy, Germany and Benelux, but lower in markets dominated by general rental companies such as France, Spain and the Nordic countries. In Europe as a whole, specialist MEWP rental companies tend to dominate, more so than in the USA, which is dominated by large general rental companies.



Source: Ducker Worldwide for IPAF

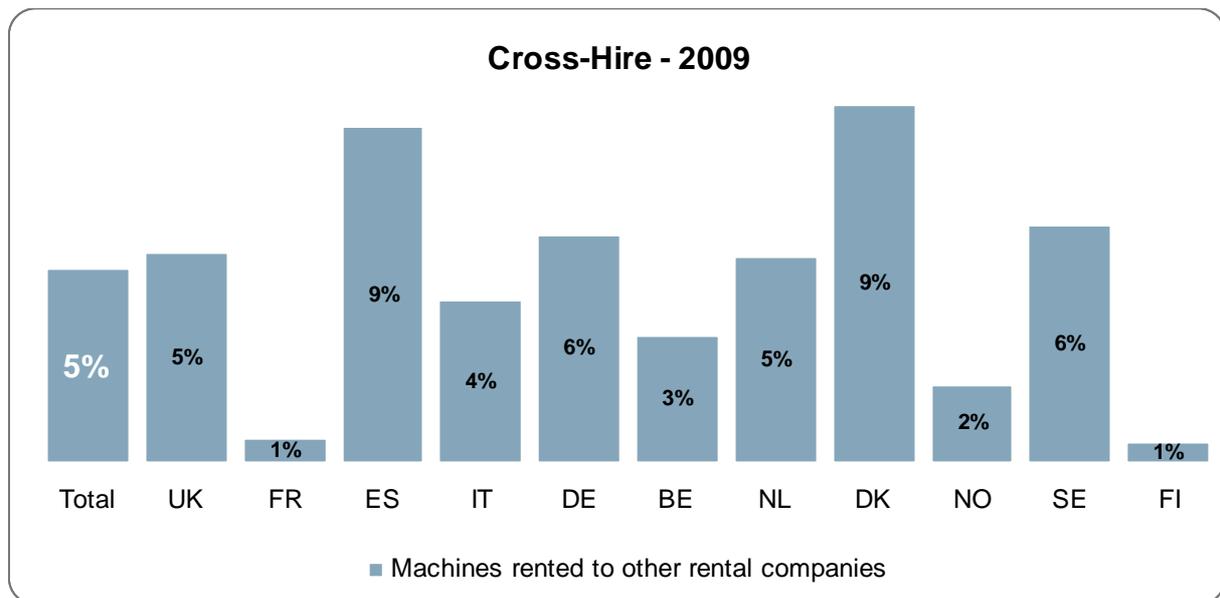
### Definitions:

- Specialists: MEWP >50% of rental revenue
- Generalists: MEWP ≤50% of rental revenue
- Large: MEWP rental revenue ≥ median of all 11 countries (approx. €6.5M)
- Small: MEWP rental revenue < median of all 11 countries

The European MEWP rental companies that are defined as 'Large' hold a majority market share in the rental market in most countries. (Only in Denmark do most companies remain 'Small' on an international scale. The Belgian leaders are also only slightly above the international median.)

However, despite some limited European rental market consolidation and cross-border rental, MEWP rental markets remain fragmented with comparatively few multi-national or even national players compared to the high number of small, local single-depot rental operations. This may partly be due to the difficulty of MEWP transportation (space requirements, risk of damage) and variations in the type of equipment demanded by each country, in addition to the usual cultural barriers that differentiate Europe from the USA.

### 1.3 Cross-Hire



*Source: Ducker Worldwide for IPAF*

*The stated percentage corresponding to machines rented from other rental companies has been deducted from each company's MEWP rental revenues case by case.*

Cross-hire, i.e. rental by one rental company from another, only represents around 5% of the MEWP rental market and no more than 10% in any given country. It is favoured to some extent by partnership organisations regrouping several small rental companies such as in the UK or in Germany, and by the existence of a high number of small local rental companies (such as in Spain and Denmark compared to say France or Finland).

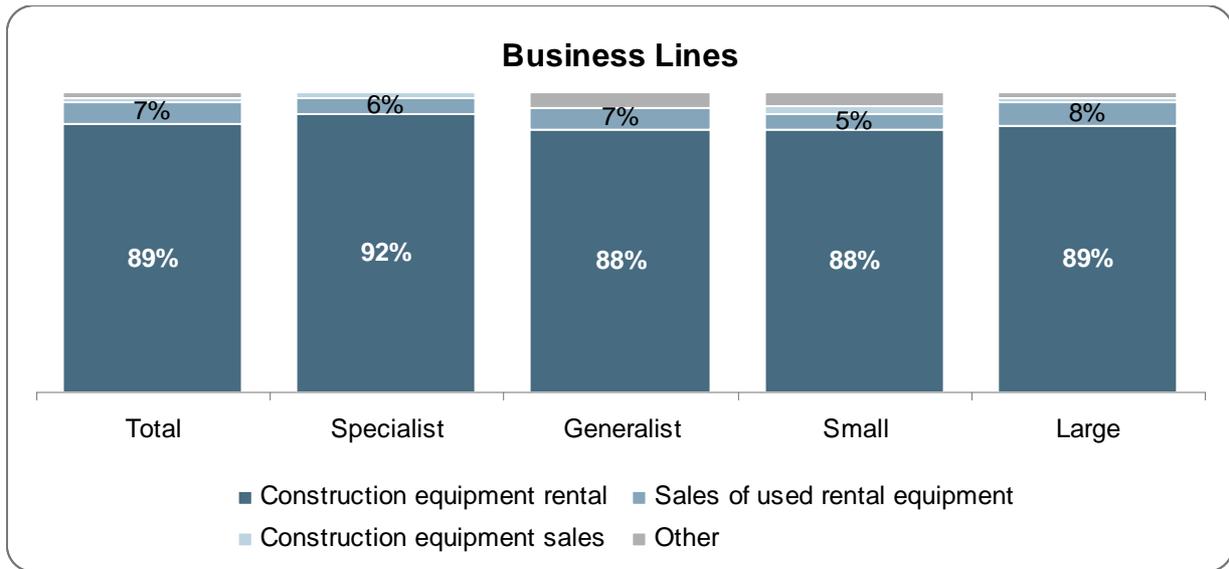
Alternatively, cross-hire is the basis of the business model for some rental companies, but these have not been targeted in the present study. None of the companies surveyed indicate a share of MEWP rental to or from other rental companies that exceeds 30% of revenues.

However, despite less investment in new machines, the current oversupply situation means the need for cross-hire is likely to be at its minimum. Indeed some rental companies report that cross-hire has reduced even more between 2009 and early 2010.

### 1.4 Activities Outside MEWP Rental

Companies with MEWPs representing less than 5% of rental revenues (and/or equipment rental less than 5% of total revenues) fall outside the target for this assessment. Their importance is difficult to quantify, but is believed to account for less than 10% of the total MEWP rental market. This may also include equipment dealerships, construction groups with large in-house equipment divisions and other companies offering rental as a secondary activity. However they would typically represent a smaller share in access equipment than in some other areas of construction equipment.

Within the target population of MEWP rental companies, construction equipment rental (incl. MEWPs) invariably represents the vast majority (around 90%) of total company revenues. With general or small rental companies this share is slightly lower in favour of "other" ancillary activities (such as non-rental-related services, other rentals, assembly or production etc.), but the difference is negligible. Sales of used rental equipment (all equipment types) represent a small minority (around 7%), showing equally limited variation by segment. Used equipment sales are excluded from the MEWP rental revenues reported.



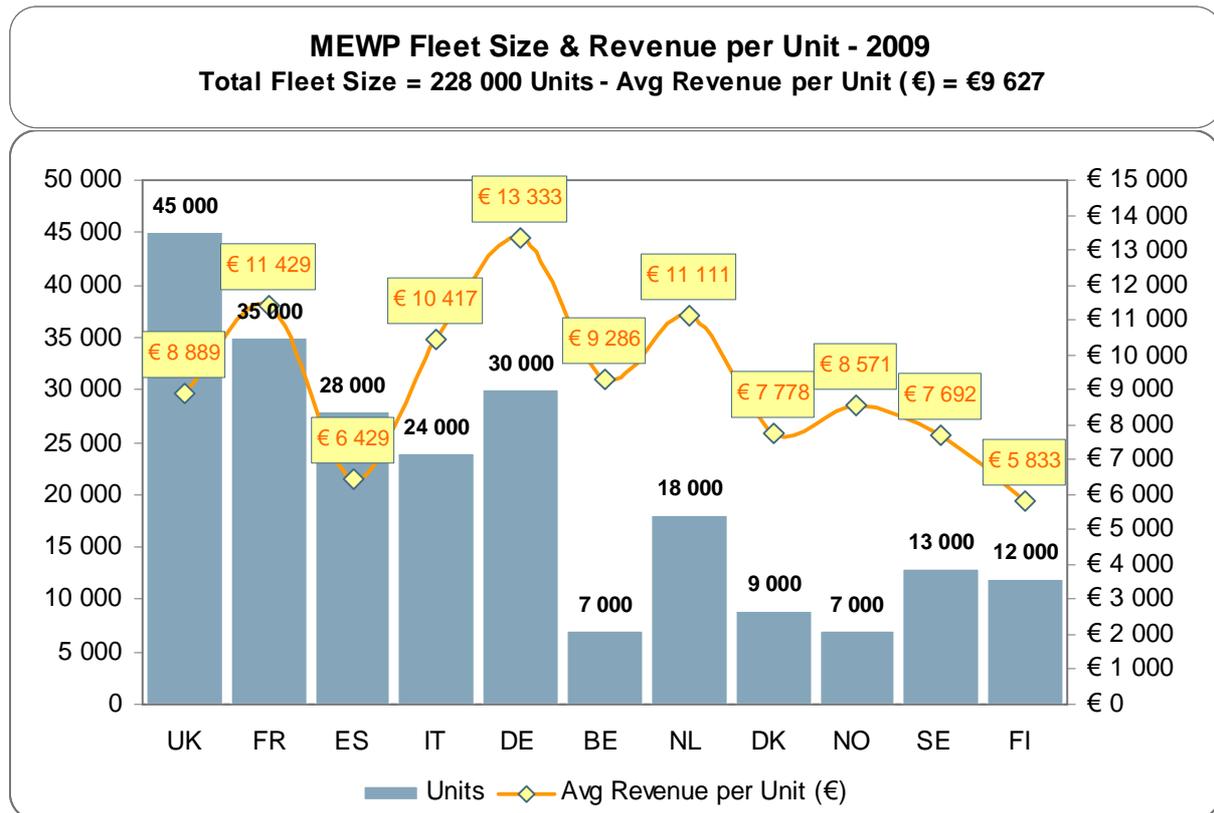
Source: Ducker Worldwide for IPAF

## 2 Market Size in Units

### 2.1 Market Volume & Revenue per Unit in Target Countries

The total number of MEWPs in rental fleets in the eleven European countries in this study is estimated at approximately 230 000 machines in 2009.

The largest market in volume remains the UK, followed by France. Germany, whilst on par with France in terms of value, ranks third in volume but obtains the highest revenue per unit out of all the European target countries.



Source: Ducker Worldwide for IPAF

The European market is very competitive, with the average revenue per unit generally lower than in the USA.

The average revenue per MEWP can still vary significantly between countries, due to differences in fleet mix and in rental rates.

- Thus countries with a high proportion of large, specialist equipment such as truck-mounts, big booms and/or high-end specifications (such as Germany, Netherlands, Italy) have been able to maintain higher revenue per unit
- Countries with a majority of small, less specialist equipment such as scissor lifts and/or greater price pressure (including the UK, Spain, Nordic countries) show significantly lower income per machine

## 2.2 Product Types

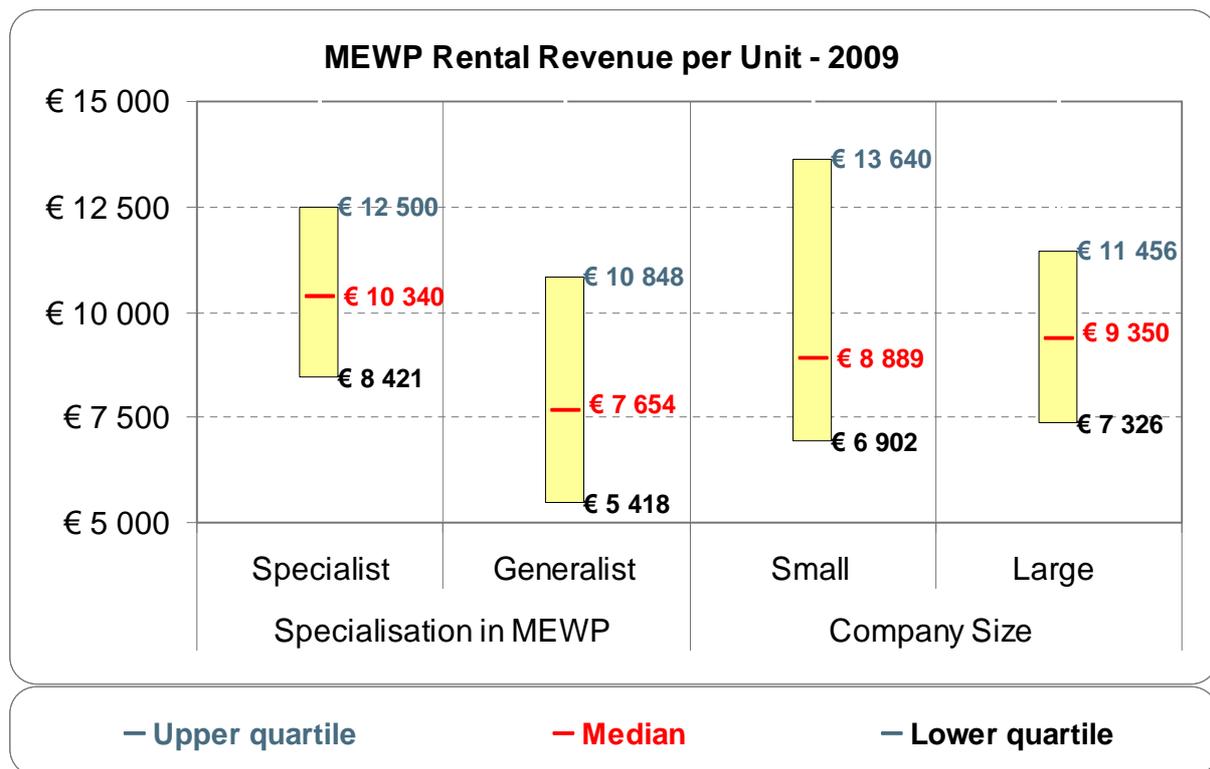
The current report does not comprise of an actual product segmentation, but self-propelled platforms (diesel and electrical) are estimated to represent a clear majority overall, and are particularly dominant in France, Spain, the UK and Sweden. The main exception to this is Italy, where truck-mounts are traditionally far more common than in the rest of Europe which is reflected in the number of Italian manufacturers of this equipment. Similarly, trailer-mounts have historically a strong position in Finland and Germany which is linked to national manufacturers.. Other, somewhat less frequent MEWP types include van-mounted booms and push-around scissors notably in the UK, as well as some crawler track-mounts which are required due to accessibility and ground conditions.

Differences in product type are more significant between countries than between the rental and the retail sector.

## 2.3 Revenue per Unit by Company Type

Unlike the USA, specialist MEWP rental companies in Europe record higher average revenue per platform than general rental companies offering MEWP rental. Generally this reflects the fleet mix, with many European specialists offering more high-value niche products than the average general rental company. Overall, but less so in 2009, it would also be due to higher utilisation rates amongst specialists.

No major differences can be seen in the average unit revenue obtained by the small versus large rental companies. Variations in revenue per unit are, however, more significant between small companies than between large ones, given the greater fragmentation of small companies which are very different from each other in terms of size, location, business model etc.



Source: Ducker Worldwide for IPAF

Non-weighted responses within sample, not necessarily representative of total market

Definitions:

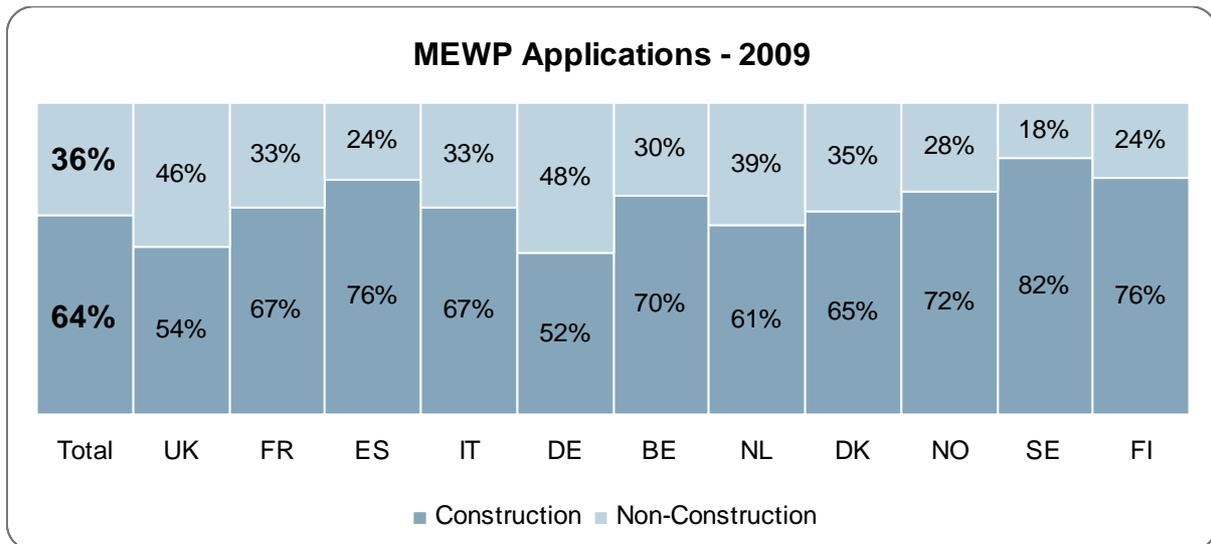
- Median: splits the population in two (50% of answers are below, 50% above)
- Upper and lower quartile: 50% of all answers fall within this range

### 3 Applications

#### 3.1 Construction vs. Non-Construction

Construction represents the majority of MEWP applications everywhere in Europe. On average, about two thirds of MEWP rental revenues are generated from construction work. However, differences exist by country, with the share of construction ranging from more than 50% to more than 80%. This could be, roughly speaking, nearly ten percentage points less than one year ago, due to slowdown of the construction industry.

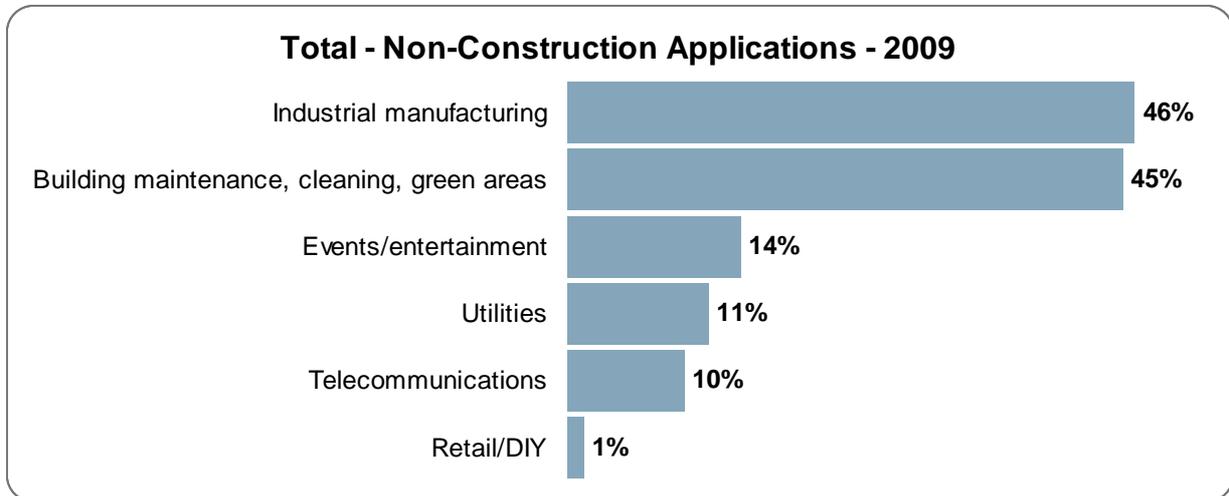
In most countries, the slowdown in construction has been a deciding factor for rental companies to turn increasingly towards the service sector. That is the case despite the lower utilisation rates provided by maintenance applications, and the fact that they are proportionately more costly as they mobilise more staff and equipment for shorter contract durations.



Source: Ducker Worldwide for IPAF

### 3.2 Non-Construction Applications

The most frequent non-construction applications are industrial manufacturing, and building maintenance, cleaning and green areas. The trend towards increased MEWP rental in non-construction applications may also be shown by the fact that industrial customers, typically owner-users, now frequently represent a majority of non-construction rental revenue (50-80%) with general rental companies in particular.



*Source: Ducker Worldwide for IPAF*

*Weighted result indicating how frequently each sector constitutes one of the main non-construction applications; not a direct indication of the share of rental revenues represented by that sector*

### III. Market Dynamics 2007-2011

#### 1 Market Value Growth

In 2009, the European rental market – including MEWP rental – suffered a steep decline compared to the boom years 2007-2008. Despite the decline that started in Europe in the second half of 2008, MEWP rental still recorded an excellent result that year, topping the 2007 results, at least in revenue terms, in the eleven European countries surveyed. In 2009, however, the total market value dropped back to a similar level as in 2007, the result of a 13% decline in value over 2008.

A much more severe decline could have been expected, but unlike in the USA, this overall result reflects a very heterogeneous situation in Europe between countries and segments, some of which have declined less than others.

Markets most negatively affected include Spain, the UK and the Nordic countries, where construction, as the biggest driver, collapsed or fell dramatically. Less affected was Italy with its segment of small rental companies actually growing, as well as Germany and the Netherlands which recorded a less severe drop in market value that year. Stability has been maintained in these countries by the number of small companies and the types of products, notably truck-mounts and other high-value, large, specialist equipment. In addition, Germany in particular has benefited from more stable construction activity (the cycle being different from other countries due to the reunification of Western and Eastern Germany).

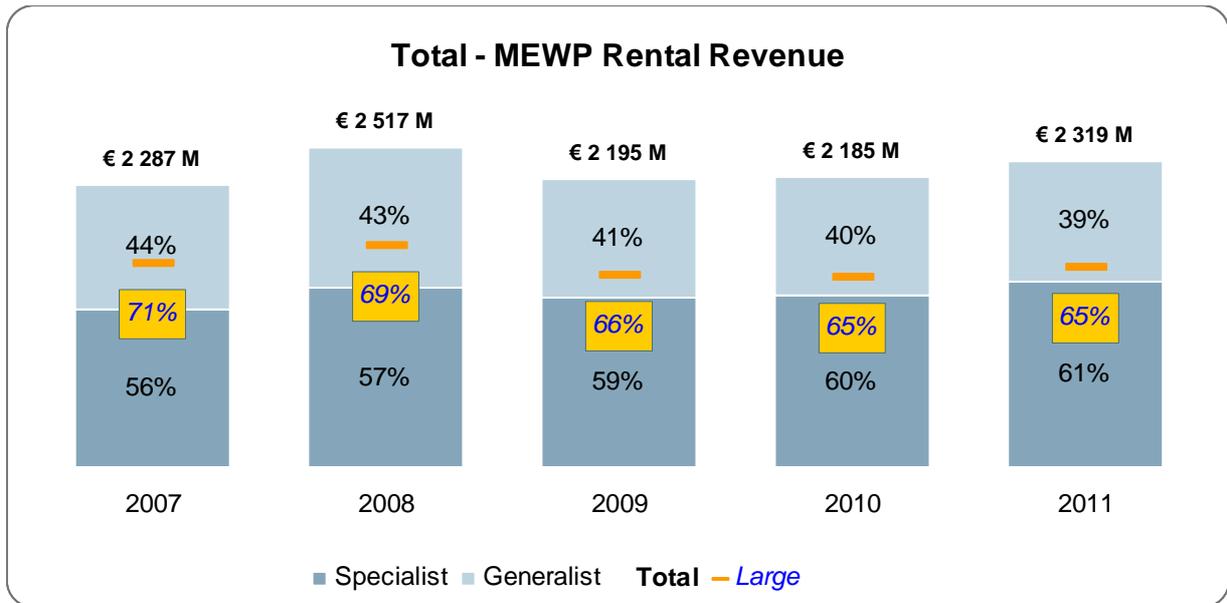
- “The economic crisis really hasn’t had any consequences. Maybe the number of rentals has decreased, but I don’t think it had a very strong effect. I think that at the end of 2010 we should see some improvement” (manufacturer, IT)

In Europe, specialists will recover more quickly than general rental companies. – contrary to what is expected in the USA – gradually increasing their cumulated market share between 2007 and 2011. General rental companies have sometimes found themselves needing to compensate for their losses in MEWP rental by other means, allowing them to be more profitable on an overall company level but not on MEWP rental. Small rental companies rely on fewer large, costly construction projects than large players. They remain more local, closer to their client base and insist on service and reactivity, whilst serving specific or new applications. Comparatively speaking, individual players have been able to benefit from the situation. Many of the smaller rental companies in particular, but also a few large companies have managed to expand and gain market share. Even when facing a decrease in rental rates, several companies managed to maintain positive growth in terms of their total MEWP rental revenue, compensating for the decline via new non-construction applications, changes in fleet mix or additional services.

- “Our company is not so affected by the crisis, because we have found our segment” (Norway)

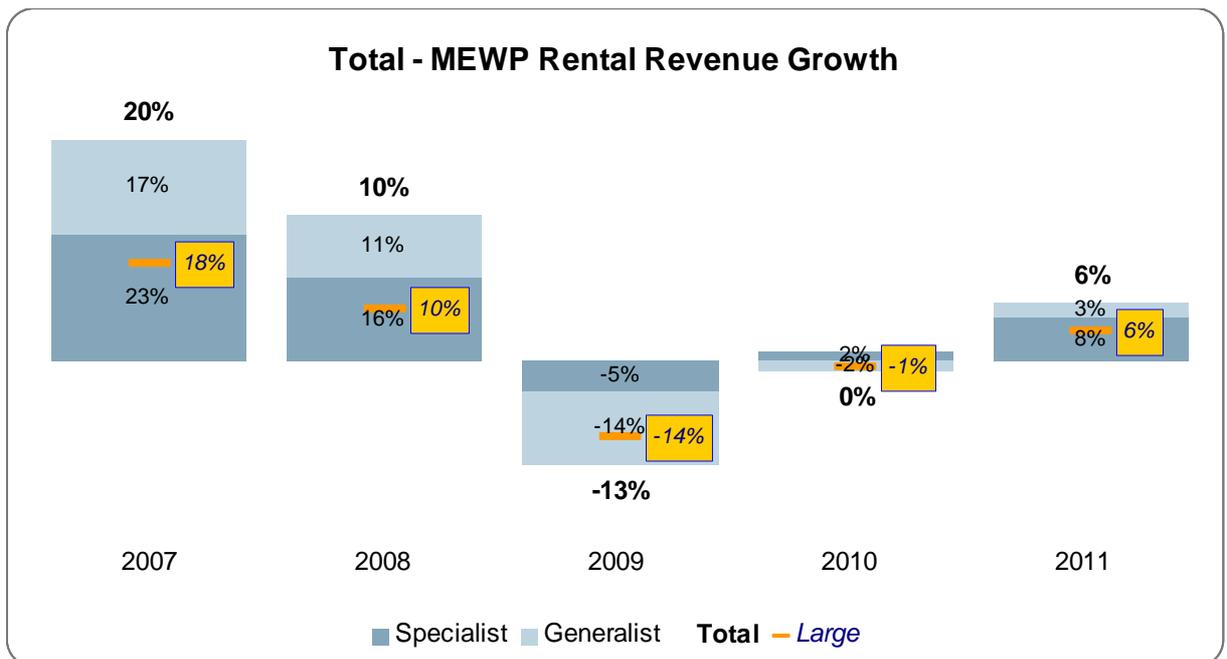
Compared to the USA and between countries within Europe, less maturity and therefore further growth potential in both the MEWP market and the rental market have contributed to holding back the decline.

The impact of the downturn in Europe appears less durable than in the USA, where the decline will have lasted over a longer period of time. The market outlook as evaluated around February 2010 shows that 2010 is expected to be flat, with a rebound as of 2011. 2008 levels will not be reached again before 2012. The bad weather conditions throughout the first quarter of 2010 may however have cast a shadow on these comparatively positive 2010 predictions, which is why these early-year forecasts should be taken with particular caution and viewed as a probable best-case scenario.

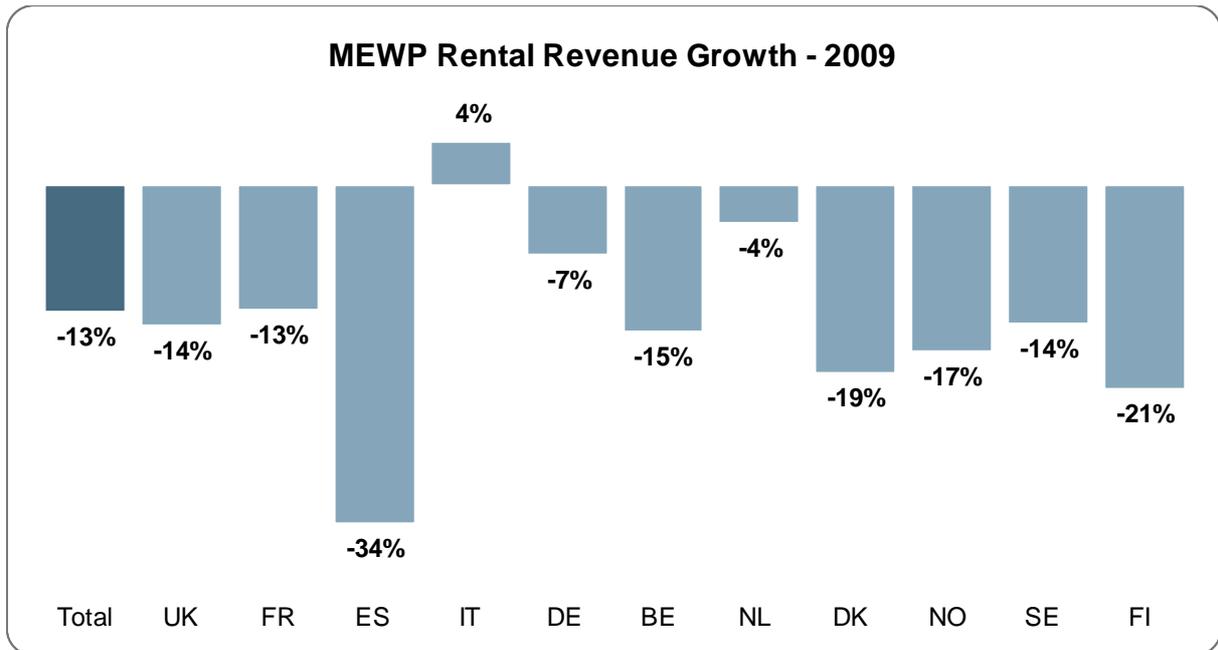


Source: Ducker Worldwide for IPAF

As reported by companies in accordance with their accounting practices, not adjusted for differences in dates regarding the beginning or end of the financial year



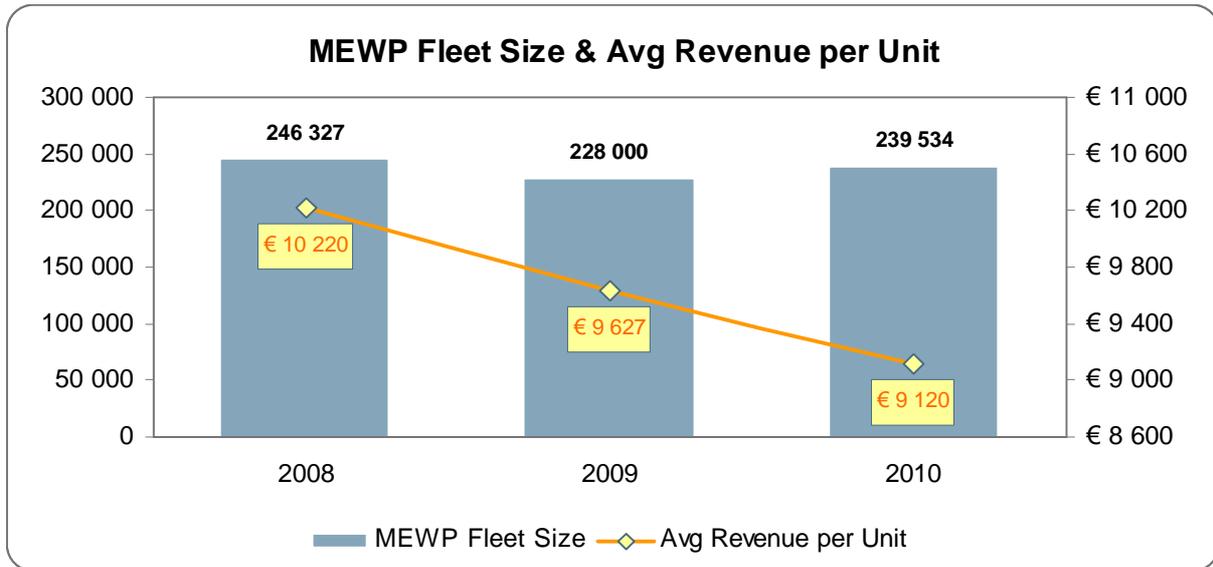
Source: Ducker Worldwide for IPAF



*Source: Ducker Worldwide for IPAF*

Spain, the UK, Belgium and the Nordic countries as well as large rental companies in general suffered the most from the downturn in 2009. Spain declined by far the most, due to the general situation in the construction market. Nordic countries remain relatively similar, due to common market players and cross-border relationships ironing out some of the differences.

2 Market Size Growth in Units



Source: Ducker Worldwide for IPAF

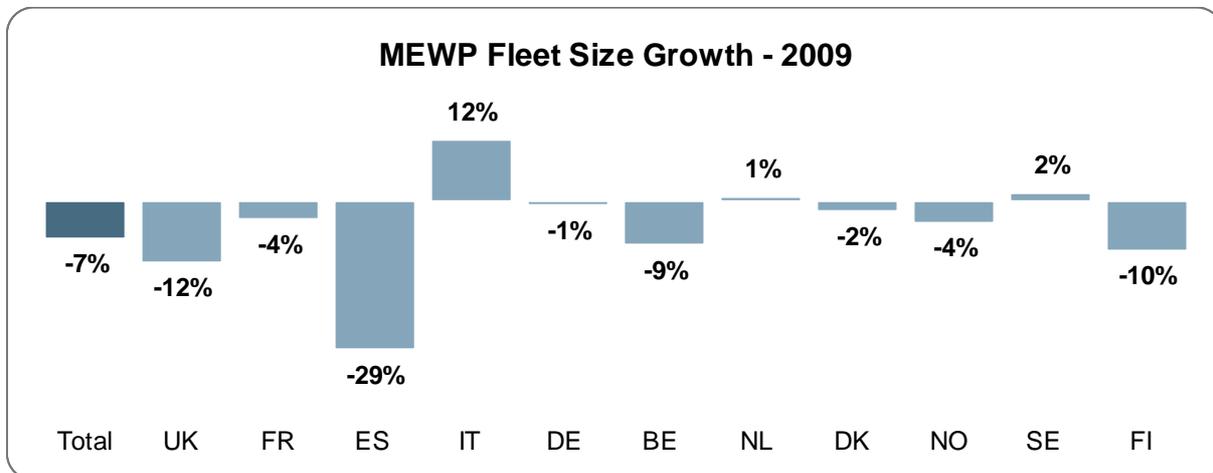
The European MEWP rental fleet size between 2008 and 2010 – unlike that in the USA – remains relatively stable. Heavily reducing fleet size is not a common tool to counter the decline in revenue per unit.

The overall fleet in the European countries under study is estimated to have decreased by about 7% or less than 20 000 units between 2008 and 2009. Fleet size declined the most in Spain and the UK particularly in the general rental companies, but it increased among small rental companies.

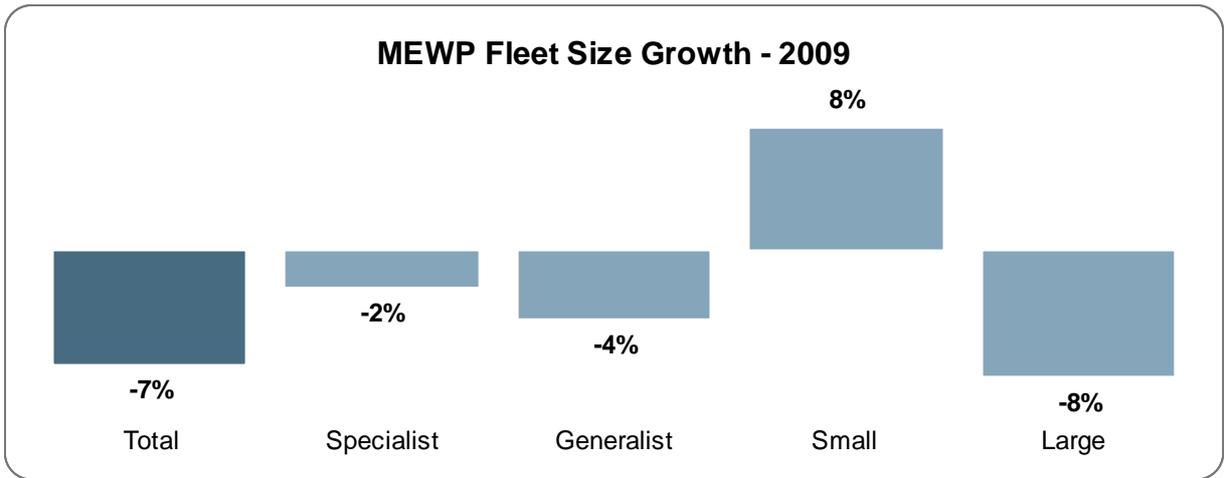
The relatively limited reduction in fleet size is linked amongst other factors to the fact that the European market is not as mature and not as homogenous as in the USA, but shows continued growth in demand in the medium term and significant variation between players. As a result, as we shall see below, overall de-fleeting was not as extensive when the market declined, but capacity was “put aside” for the end of the downturn, which in Europe was expected sooner rather than later.

As for revenues per unit, they show a continued decrease between 2008 and 2010, linked in part to the relatively stable fleet size but more importantly to lowered rental rates.

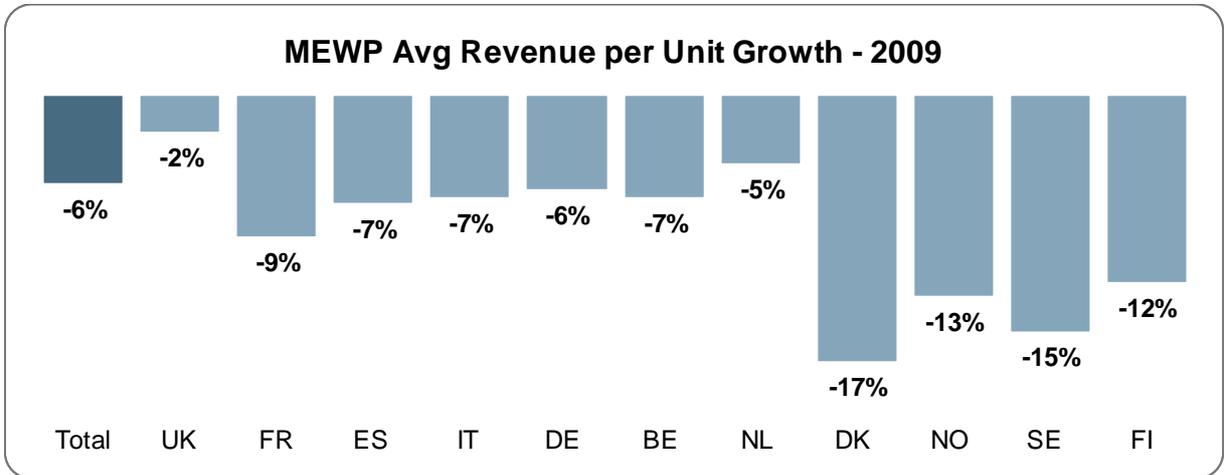
The decrease in revenue per unit remains, however, smaller than in the USA, where rental rates decreased dramatically despite heavier fleet downsizing than in Europe. This explains why the European fleet size remains so stable and it goes to show that the need for any supplementary downsizing in Europe is questionable, as it would not necessarily help increase profitability.



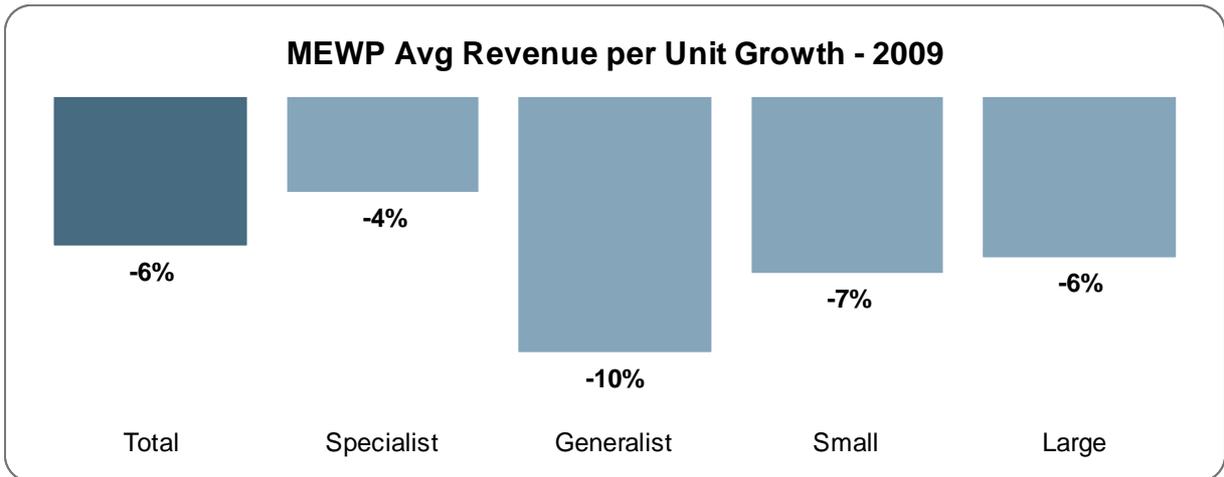
Source: Ducker Worldwide for IPAF



Source: Ducker Worldwide for IPAF



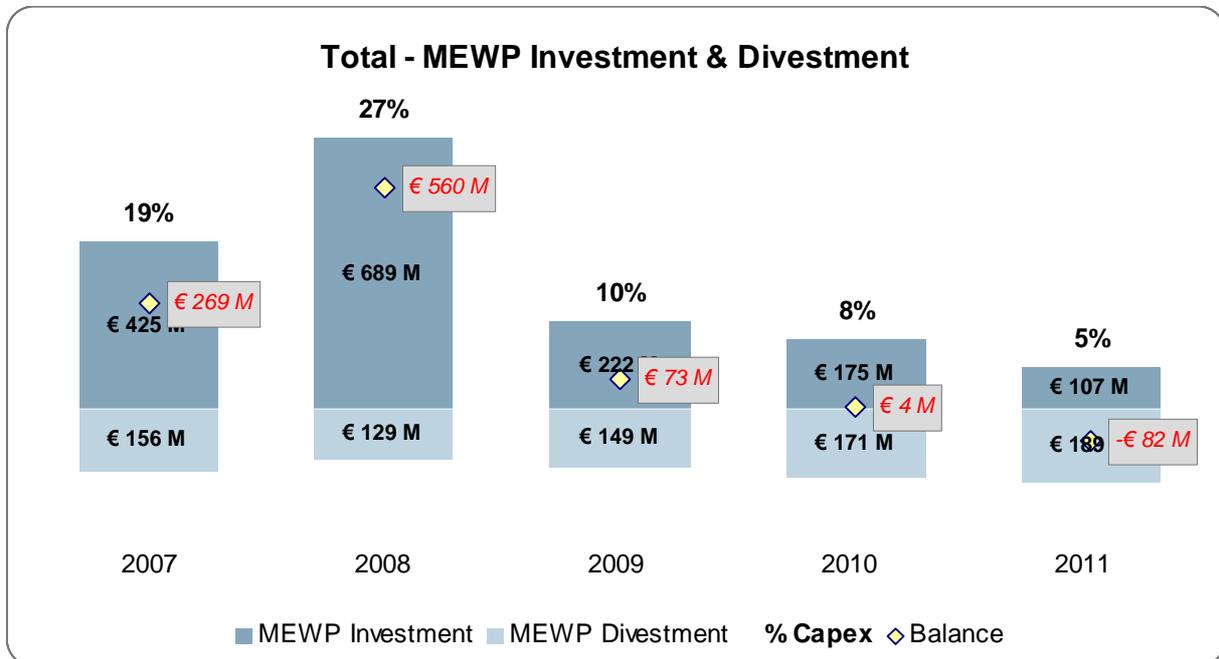
Source: Ducker Worldwide for IPAF



Source: Ducker Worldwide for IPAF

#### IV. Investments & Divestments 2007-2011

##### 1 Investments vs. Divestments



*Source: Ducker Worldwide for IPAF*

Since 2007, normal replacement patterns in MEWP rental companies have seen major shifts in one direction or the other.

In the boom years 2007 and 2008 in particular, investments were clearly superior to divestments. To meet the ever-increasing demand, rental companies grew their fleets. This resulted in a vast amount of excess stock at the end of 2008, as demand suddenly declined.

In 2009, the balance between investments and divestments shifted significantly towards a “plus/minus zero” situation, as many units were sold without being replaced. The balance is most negative in Spain, where the replenishment of stocks was at its highest in late 2008.

- “In Spain, huge numbers of machines were bought just before the crisis. German rental companies have been more careful” (expert, Germany)

Whilst divestments increased slightly above the value of the previous year, they have however not been as extensive as might have been expected; instead, the difference in balance was made primarily by investments, which declined heavily.

- “Sales penetration is very cyclical. Whereas the share of sales to end-users is rather stable the share of rental companies can vary from 70% to almost nothing. A small decrease in rental revenues drives a huge decrease in investment” (association)

Nevertheless, interviews indicate that the balance still remained slightly positive in 2009, but is expected to fall close to zero as of 2010, as investments should further drop in value terms. This is due to the fact that even within the rental sector and despite its reactivity, there is a time lag between the decline of revenue and the impact it has on investment, which is planned for far ahead.

Thus the relatively positive result in 2009 is achieved partly thanks to orders that had already been placed in 2008 before the extent of the upcoming decline had become apparent, orders that especially smaller rental companies were forced to honour and a few larger ones chose to maintain. Also during 2009 some orders had to be placed to replace some of the large amount of equipment acquired during the earlier boom years.

For small companies in particular, any investment in particularly expensive equipment in 2009 which was driven by high revenue levels and cash flow in previous years, is also likely to have reduced regular replacements and therefore, divestments that same year. Replacements have been put on hold for the following year.

With a large number of major players divesting, some companies – both end-users and rental companies – have seized the opportunity to acquire comparatively young, used equipment at attractive prices. At the same time, reducing fleet size is limited by the lack of opportunities to sell used equipment at a reasonable price and rental companies, unwilling to divest “at all costs”, are forced to keep their units.

Thus small companies and specialists show a more positive balance between investments and divestments than the large or general rental companies. In percentage terms, small and specialist rental companies actually show the highest CAPEX in the market.

- “The artisan businesses continue to invest, since they have made provisions and are in need of the machines. [...] Investments will not decrease to zero, since there is still need for replacements; these have decreased too, but not to the same extent as new investment” (expert, Germany)

In Europe like in the USA, large rental and general rental companies divested the most also in percentage terms for two reasons. Small companies and specialists had less reason to do so, since their revenues declined less, but in addition, it is much more difficult, especially for small companies, to decrease fleet size while maintaining an adequate product range. As we shall see, this is also one reason that reducing fleet size has been used less than lowering rental rates as a means of countering the slowdown in activity.

- “It is a characteristic of small companies not to reduce fleet size during difficult times. They die standing” (expert)

Moreover, even the impact of a high number of unit sales on divestment value is necessarily more limited than with investments, given the far lower unit value, especially in a flooded second-hand market.

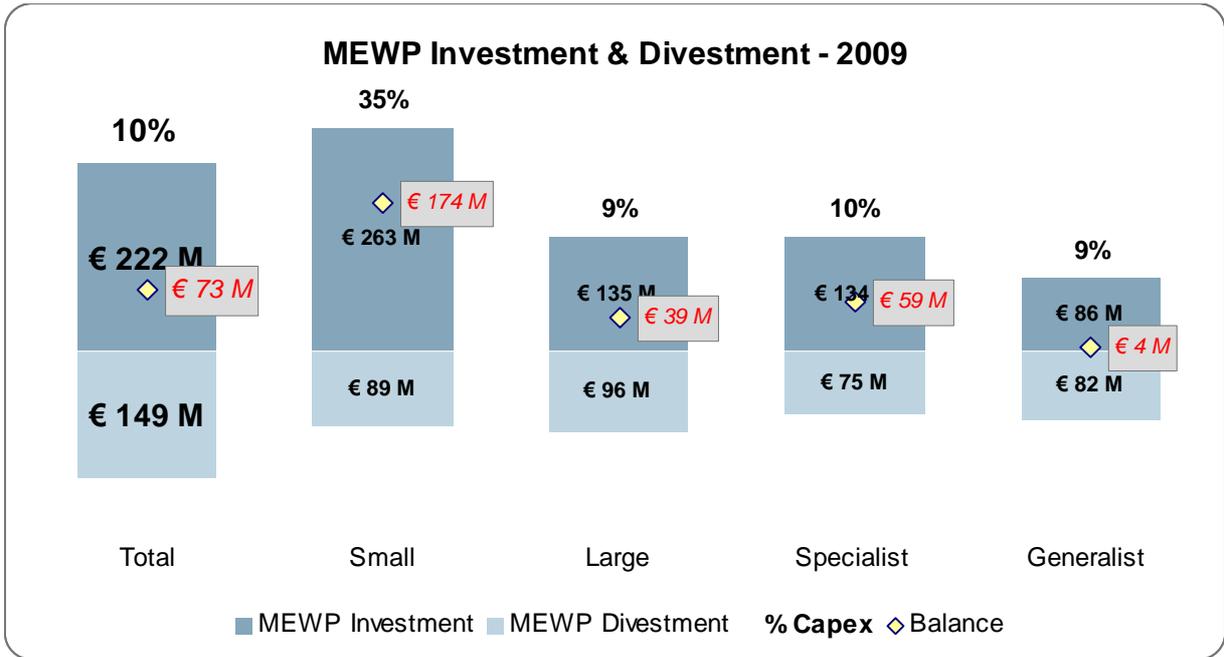
Despite a fleet decrease in 2009, the balance also remains positive in value terms because reducing fleet size seems to have largely concerned the small, low-value commodity equipment (which features excessive stock levels in most countries studied, therefore is frequently accompanied by low utilisation levels) but is off-set by purchases of a few expensive niche machines (thanks to provisions made over previous successful years and the greater demand for such products in the market). Thus specialists show a decrease in fleet size despite their high CAPEX, having purchased limited volumes of high-value equipment but sold large volumes of lower-value equipment.

With rental companies in Europe expecting fleet size to start increasing again as early as 2010 – yet still being cautious and predicting ever-lower investment value – investments made will mostly be in small, low-value equipment. In a market otherwise showing signs of increasing specialisation, this can only be to support the more successful rental companies’ expansion strategies (incl. increased proximity) and because there will be a high proportion of acquisitions represented by second-hand equipment.

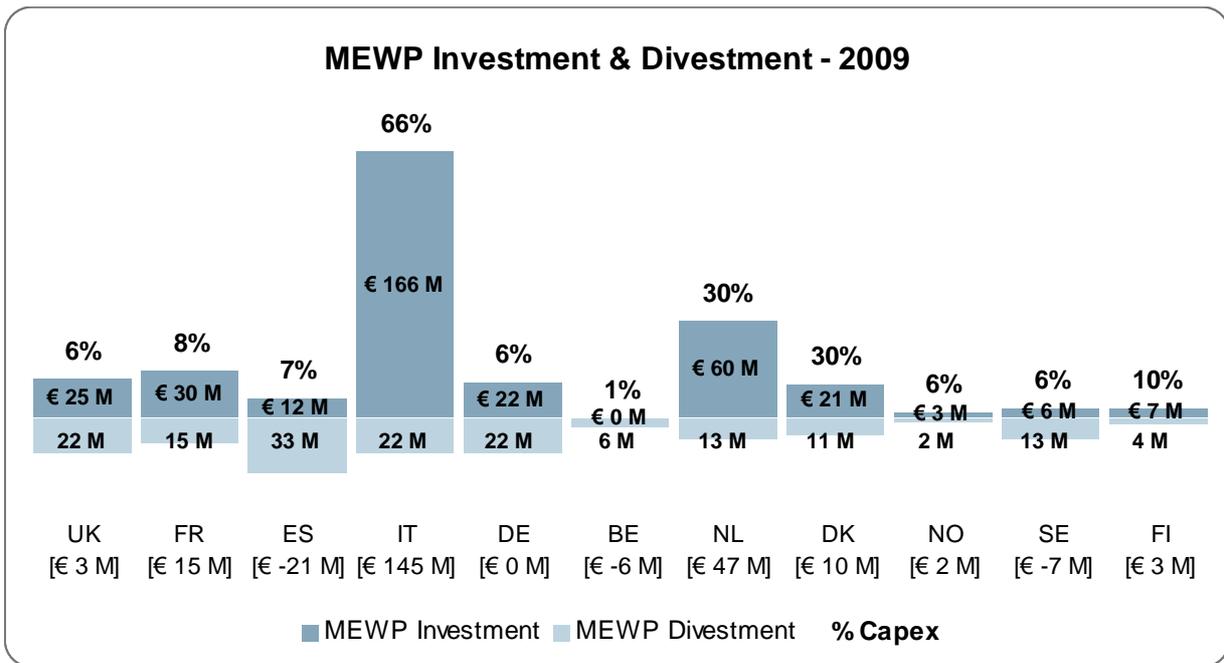
Thus the equipment with the highest rotation is indeed the low-value equipment. In addition to having a lower selling age it appears to be the most sold in 2009, and is also the main type of equipment that companies can still afford to purchase when growth slowly returns.

Divestment will continue to increase all the way through to 2011, showing the difficulties associated with reducing fleet size, especially when markets are not yet fully mature and very fragmented. Recuperation of losses from 2009 will be slow, as indicated also by the continued unwillingness or incapacity to invest ahead of time before liquidity has been reacquired.

Often, however, investments may have been made at the expense of profitability. Return on investment has slowed down and although profitability is not specifically examined within the scope of this report, it would appear to be the principal area affected.



Source: Ducker Worldwide for IPAF



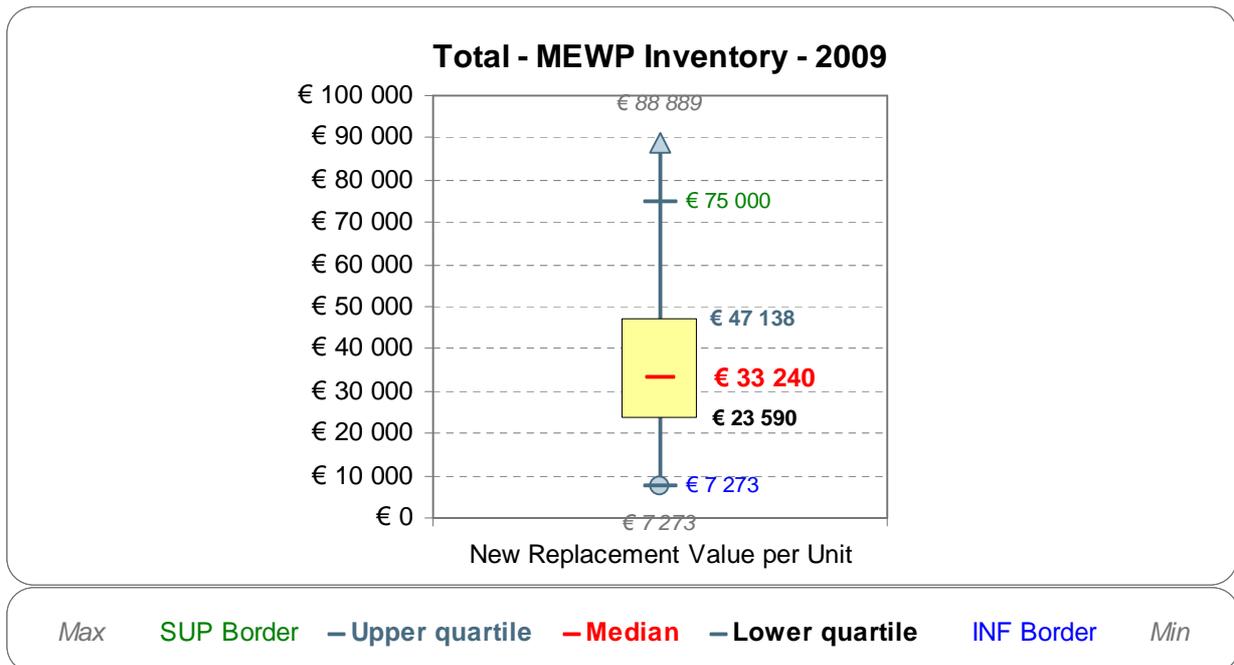
[€xxx] Balance

Source: Ducker Worldwide for IPAF

## 2 Rental Inventory

In the European countries studied, the typical value per unit in MEWP rental fleets is around €33 000, if the unit was replaced by a new, like-for-like machine. Depending on the type of products owned by the rental company in question, the average replacement value varies greatly, but most frequently it ranges from about €24 000 to €47 000.

Specialist MEWP rental companies tend to own significantly higher-value equipment than general rental companies (median around €40 000 vs. €24 000 respectively). Large companies also own slightly higher-value units than small ones, but variations in average value are greater with the small companies.



Source: Ducker Worldwide for IPAF

*Non-weighted responses within sample, not necessarily representative of total market  
Definitions: please refer to chapter II 2.3 (p. 17)*

The total value of the 2009 MEWP inventory (existing machines in stock) with rental companies in the European countries studied is estimated to be around €7.5bn, in terms of replacement value at the price of new equipment.

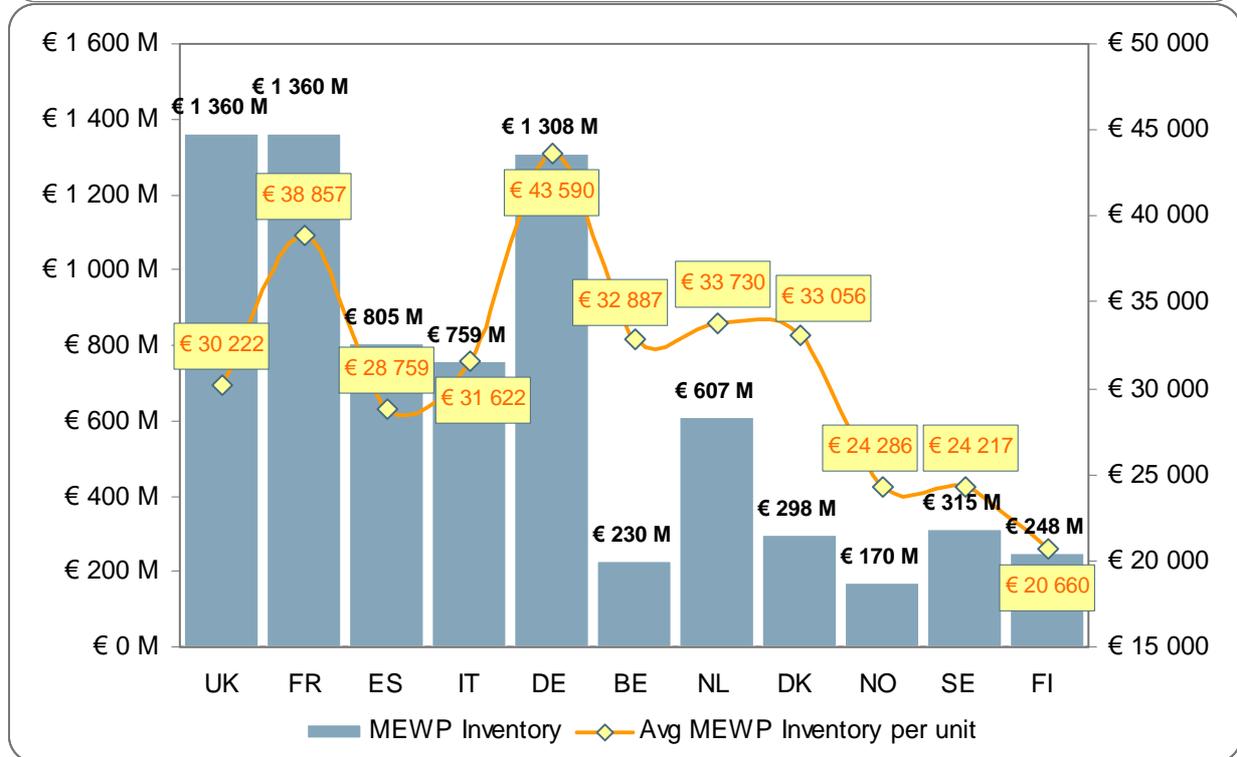
Inventory value as an indicator was challenging to collect and analyse as accounting practices vary and companies refer to different definitions (written-down value, acquisition cost, replacement value at price of new or current market value).

- “I don’t even want to think about what our machines are worth today, as prices have gone down so much” (rental company, Germany)

The analysis of the inventory value estimate for 2009 leads to the conclusion that MEWP rental companies have experienced a declining return on investment on their equipment. On average, four years of pure rental revenues (excluding services) are required to cover the total equipment inventory value whereas three years would be more typical.

European rental companies seem less well positioned (lower profits) than their counterparts in the USA, as they record very similar rental revenue per unit but superior inventory value per unit.

**Total MEWP Inventory (New replacement value) - 2009 : €7371M**  
**Avg MEWP Inventory per unit : €32329**

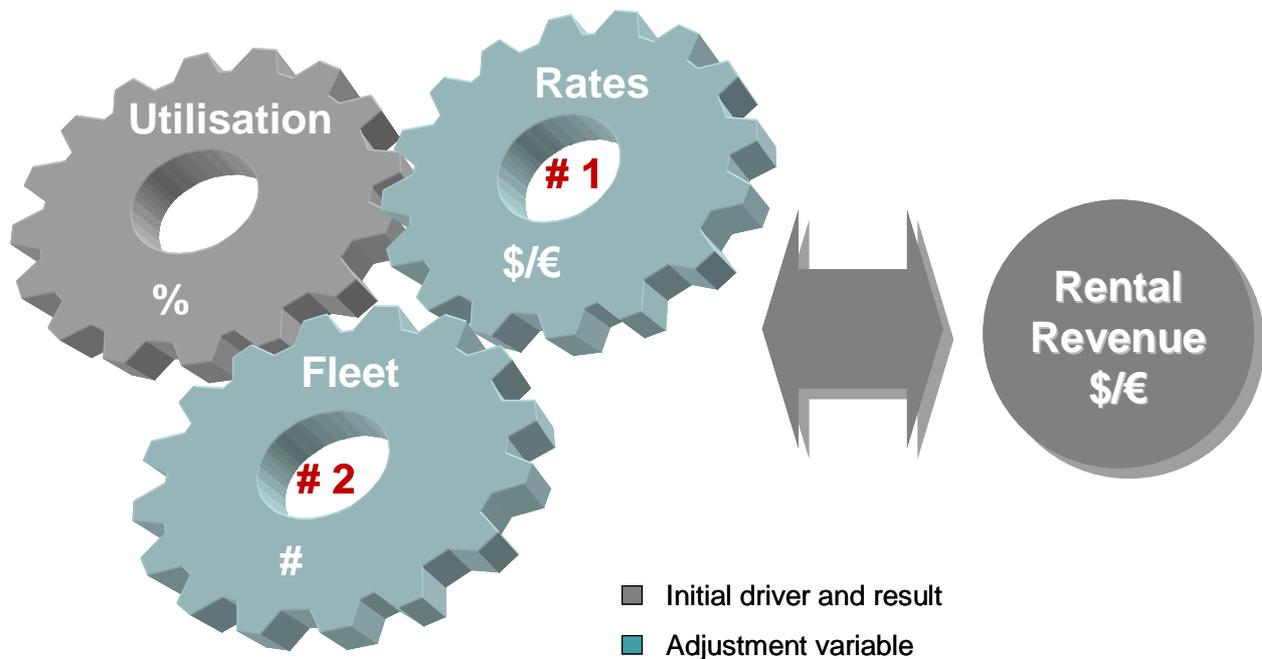


Source: Ducker Worldwide for IPAF

Inventory values inclusive of any units on long-term lease from manufacturers but excluding cross-hire

## V. Operational Aspects 2008-2010

### 1 Market Variables



Source: Ducker Worldwide for IPAF

Rental revenues are the result of three main areas, namely equipment time utilisation rate, rental rates and fleet size/mix. Rental rates and fleet build-up are the two strategies that rental companies can choose to vary in order to influence utilisation and thereby, revenues.

Both rates and fleet were used in reaction to the economic crisis in both Europe and the USA. However, while many companies refer to reducing fleet size as a hot topic, it is in fact the rental rates that came out as the major factor, especially in Europe.

Europe is highly competitive as a market and shows slightly lower average value per unit than the USA. At the same time, Europe has more room for growth because it is less mature, which means rental companies are generally increasing their fleets in the medium term. Europe is also less homogenous as a market than the USA, with some of the players growing despite the crisis. In short, the market is moving. Moreover, as the decline in revenue in Europe has been less severe than in the USA, many companies have not felt the necessity to reduce fleet size as intensely, a more difficult step to take on a large scale than to temporarily reduce the level of net prices. Europe also has a large number of smaller and more specialist companies, who simply do not have the volume of machines to be able to downsize (often owning only one unit per type) yet who must (to some extent) drop prices in line with others in order to remain competitive. Thus price reductions have a tendency to affect more or less the entire market, whereas with fleet downsizing the situation is reversed. Not only does the downsizing carried out by some companies allow for others not to follow, but it may actually incite them not to (the reduced capacity of one provider potentially increasing demand for those who maintained theirs) and may even provide them with the opportunity to acquire supplementary units at a good price.

Therefore, the market has seen more of a decline in rental rates than it has seen massive fleet downsizing: a relatively high number of machines have still been on offer and at exceptionally low rates. Together, these two factors have kept utilisation from declining even more dramatically. Rental revenues have decreased, particularly due to lower income per machine, but the decline in demand has been partly held back by attractive prices and high availability of a wide selection of products.

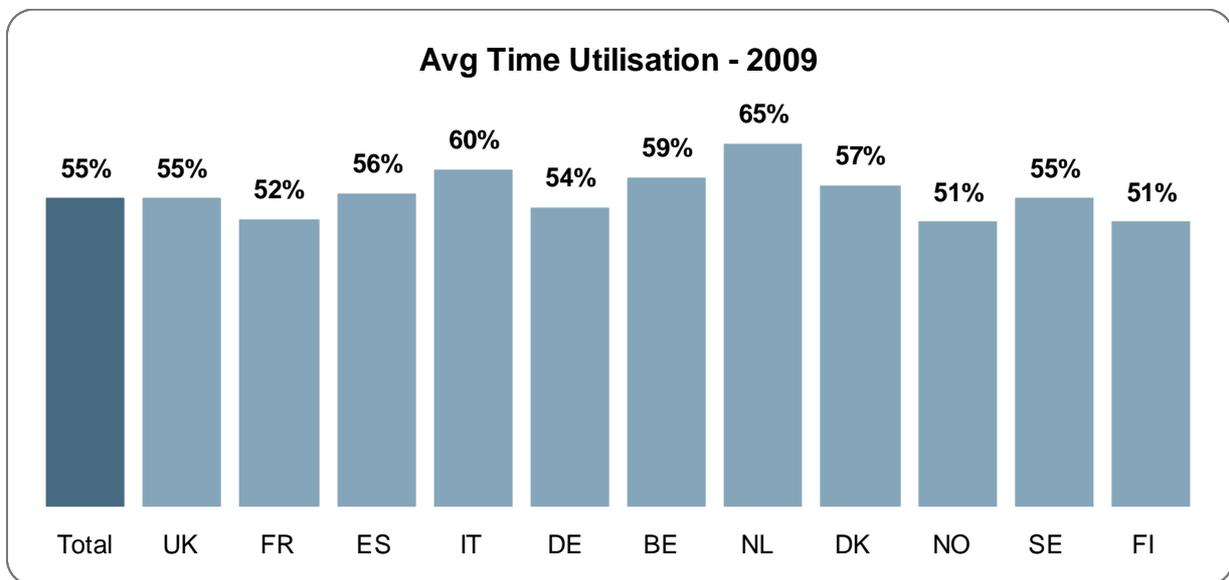
## 2 Utilisation Rate

Time utilisation has been included in this year's study as an important indicator, being the result of decreased demand versus fleet management (adapting fleet size and mix) and price policy.

The overall average utilisation of MEWPs in the European countries under study was down to 55% in 2009. Variations in the utilisation rate are significant between individual companies, as well as between product types and seasons with examples ranging from about 40% to 80%, but average annual results across the fleet do remain comparatively similar between countries.

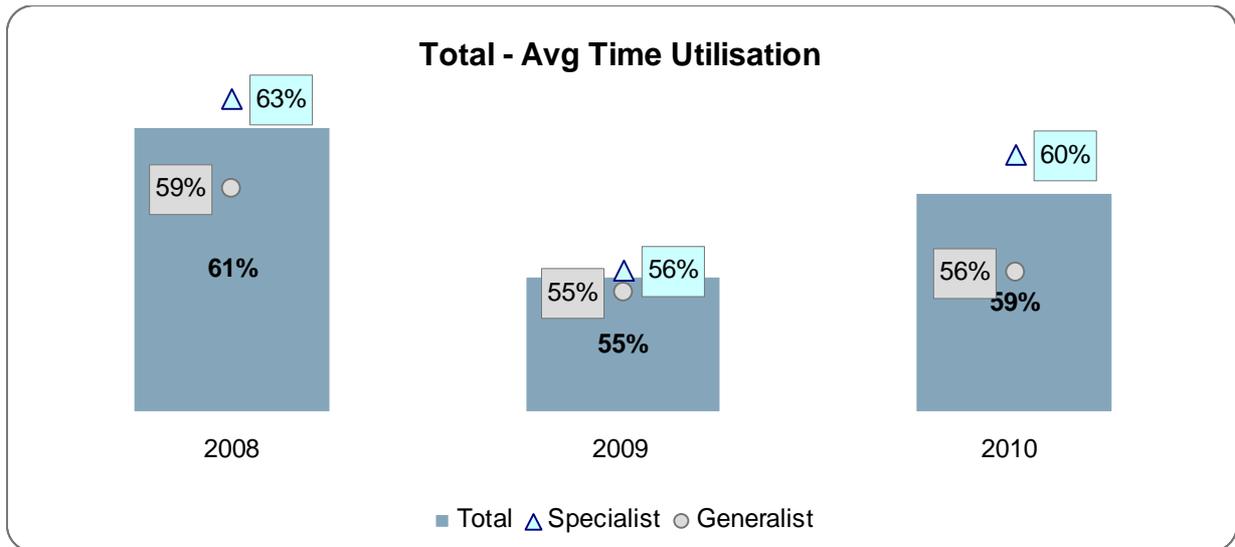
One difference resides in the result that utilisation rates are normally lower with general rental companies than with MEWP specialists. As a consequence, in 2009 they also tended to be relatively low in most of the countries dominated by general rental companies, in particular France, Norway and Finland. However, interestingly the economic situation in 2009 has levelled out this difference between company types.

Utilisation is higher in construction applications, representing longer contracts than building maintenance or cleaning work. Similarly the absence of large projects contributes to reducing the need for supplementary, rented equipment.

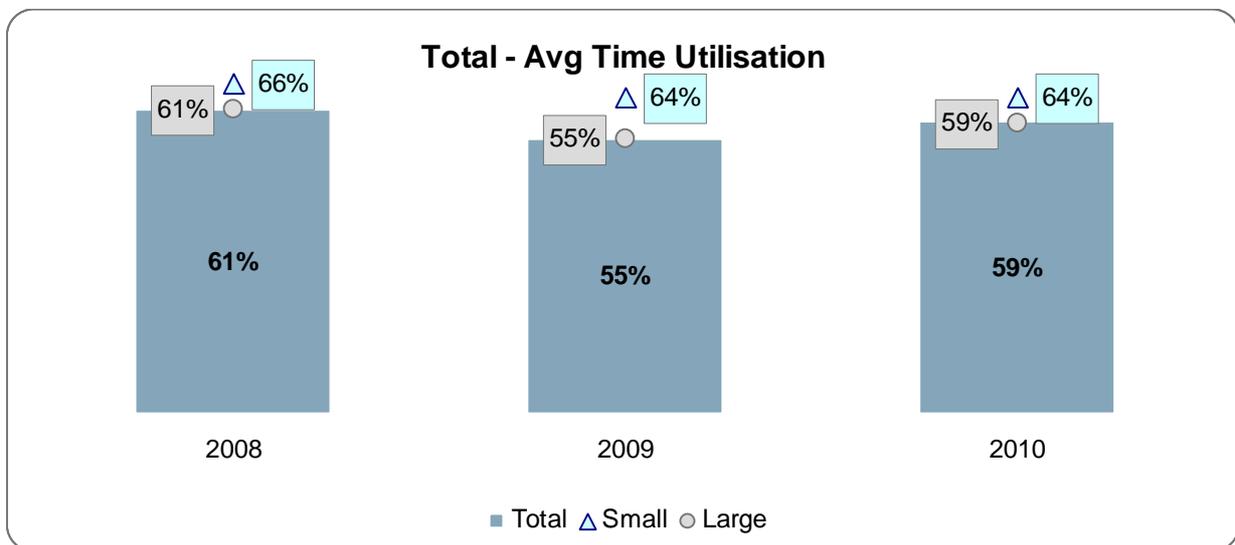


*Source: Ducker Worldwide for IPAF*

*Utilisation rates indicated as calculated per country, non-adjusted by number of working days. Time utilisation has been defined as the physical number of machines out on hire as a percentage of the total number of units included in the fleet at any given time*



Source: Ducker Worldwide for IPAF



Source: Ducker Worldwide for IPAF

Although company size does not influence the decline in revenue per unit, in terms of utilisation small companies show a relatively similar result to specialists, large ones similar to general rental companies.

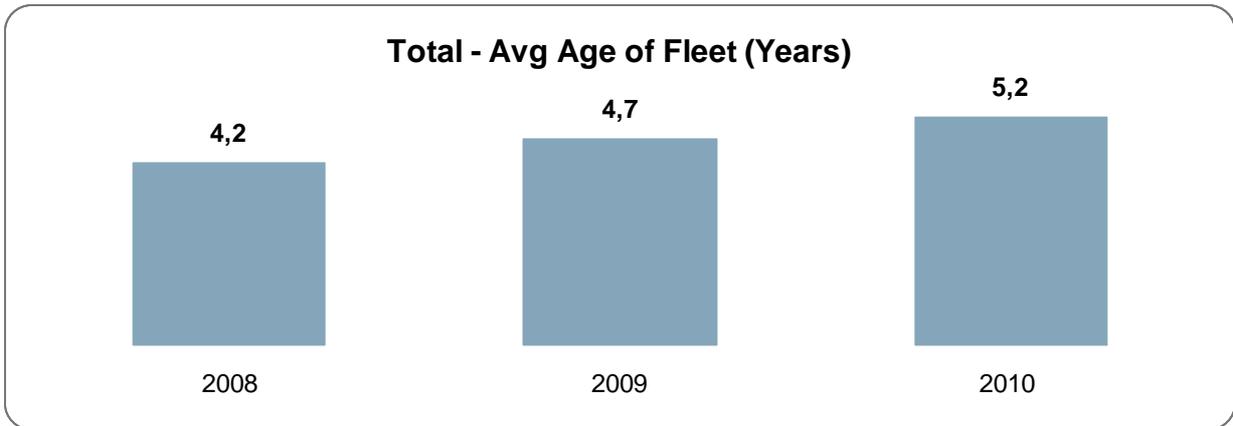
### 3 Fleet Age

With the effect of the economic downturn, MEWP fleets are aging. The average age in the European countries studied is already nearing five years and is expected to have gained a full year between 2008 and 2010, due to much reduced investment versus limited fleet size reduction.

The change in average age is to some extent ironed out by the fact that the economic downturn has a double effect:

- On the one hand, the reduced ROI and unwillingness to invest in new units pushes companies to keep the existing equipment longer, as long as they have use for it. (In addition, the need for cash flow in 2009-2010 could even incite some of the less cash-rich rental companies to divest almost new equipment)
- On the other hand, companies that do not replace divested old equipment are at the same time achieving an immediate reduction in their average fleet age. Hence, in countries where

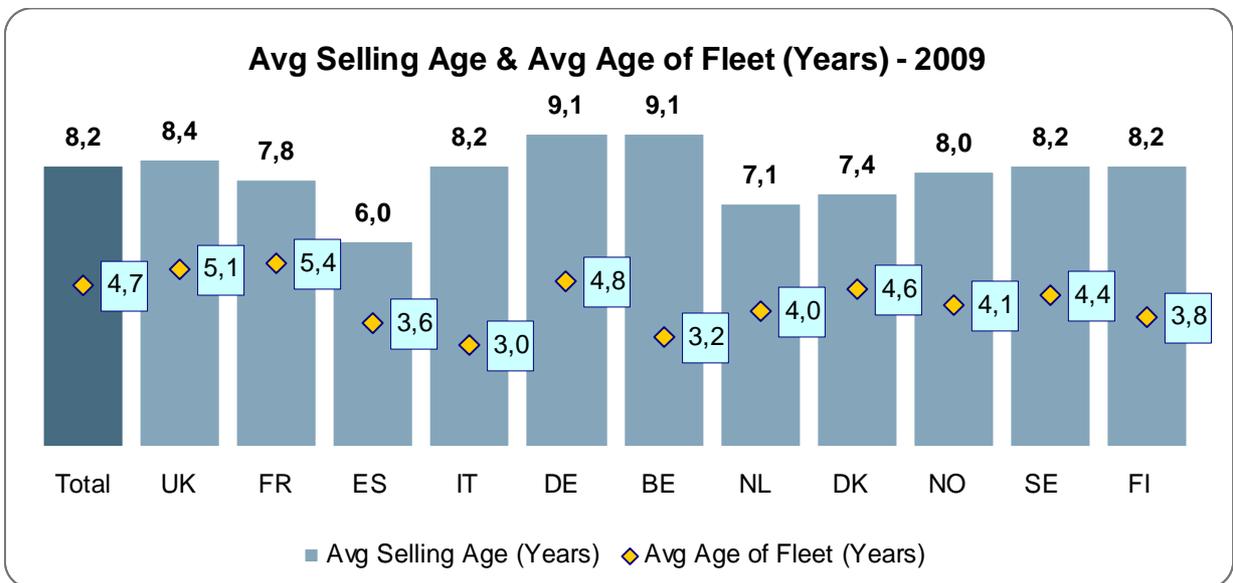
CAPEX levels in 2009 are low (as well as the balance between investments and divestments), as is the case in most Nordic countries, the fleet is found to be younger in 2009 than in 2008



Source: Ducker Worldwide for IPAF

In line with the increased average fleet age at 4.7 years, the average selling age for MEWPs in the European markets studied now exceeds eight years.

Large rental companies generally report that they keep their MEWPs for between 5 and 7 years. This may be true for the smaller equipment representing the majority of fleets, but does not necessarily take into account the full importance in the market of large specialist products. Naturally, retention periods differ significantly by MEWP product type: where small scissor lifts are often sold after 3 to 4 years, large truck-mounts can easily be kept for up to ten years and small companies may keep them even longer.



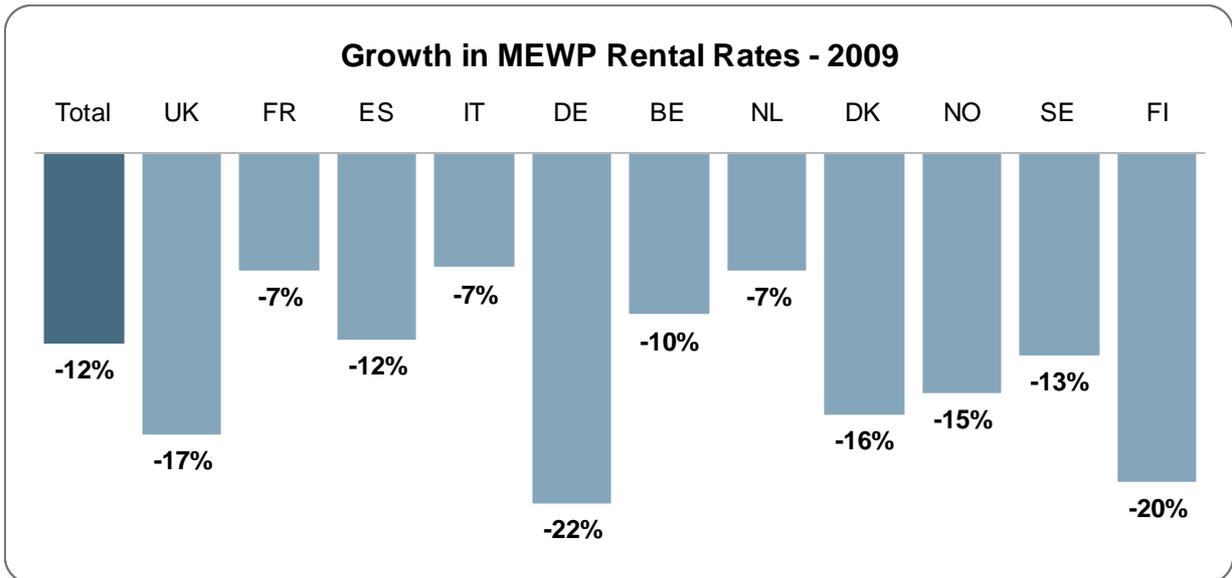
Source: Ducker Worldwide for IPAF

The lowest selling age is currently in Spain because of the exceptionally heavy market decline. Retention is long in Germany, due to well maintained high-spec machines and relatively long in Italy due to the large share of truck-mounts. Also the Nordic countries are known for good maintenance, although they are dominated by large general rental companies which are well organised for easy procurement and resale (or transfer abroad).

#### 4 Rental Rates

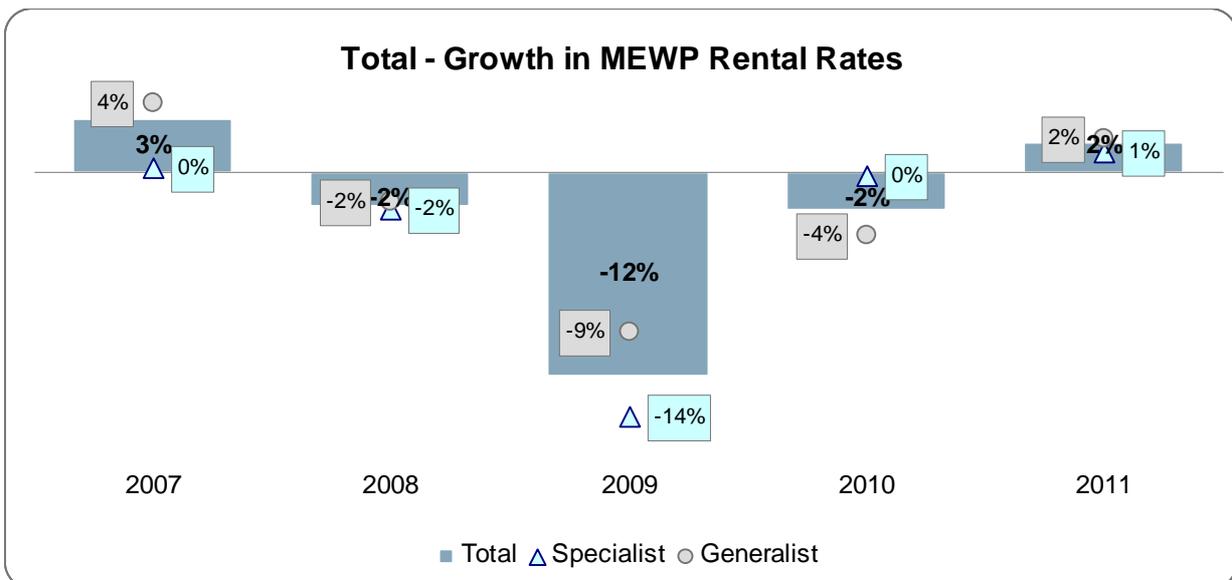
A large part of the decline in MEWP rental revenue was accounted for by a drop in rental prices, affecting all of the countries. Cheaper rates were adopted by the industry to help increase utilisation and to some extent that has shown positive results, actually allowing for growth in the activity of some companies even in particularly difficult economic environments like in the UK.

In 2009, rates have been lowered the most in Germany, the UK and the Nordic countries, especially Finland. In Spain, the decline in rates started with an exceptional -8% in 2008, thereby somewhat limiting the further decline in 2009.

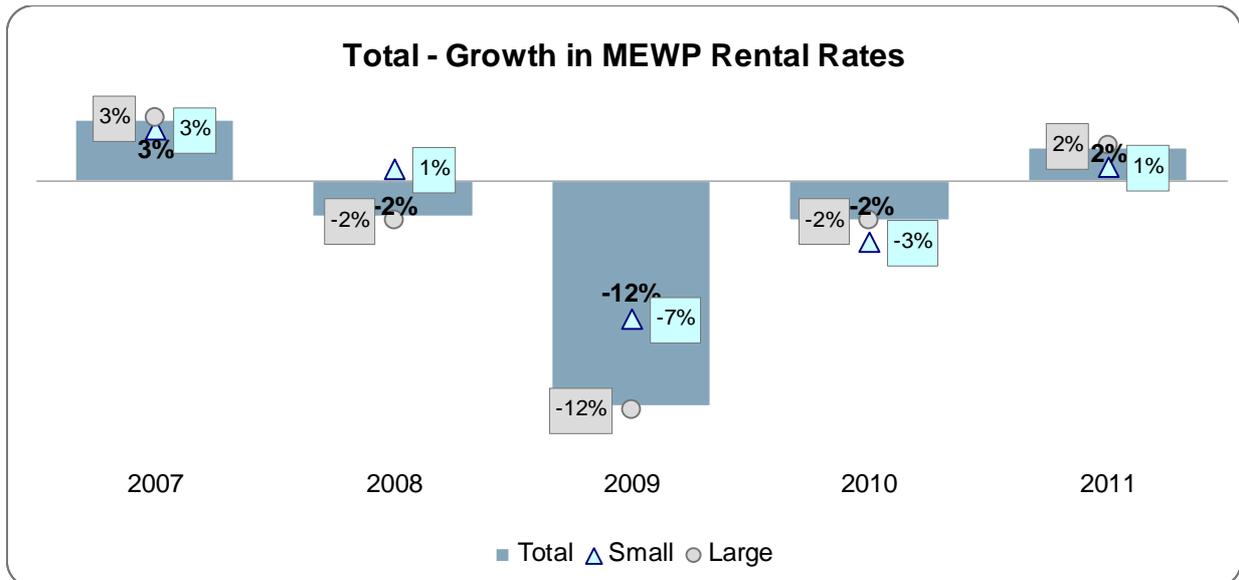


Source: Ducker Worldwide for IPAF

**Like-for-like comparison** of rates for any given type of equipment, excluding possible changes in fleet mix and services; therefore not necessarily reflecting changes in average rate or in overall rental revenue



Source: Ducker Worldwide for IPAF



Although it reached its lowest level during 2009, the decline in rental rates has been recognised as a somewhat longer-term trend that started in 2008. Even in the previous years, rental rates had been under pressure from an increase in available equipment. The trend is also expected to continue in 2010, although to a lesser degree but rental companies hope for a slight catch-up in 2011.

In Europe, contrary to the USA, specialist MEWP rental companies have dropped their rates more than general rental companies.

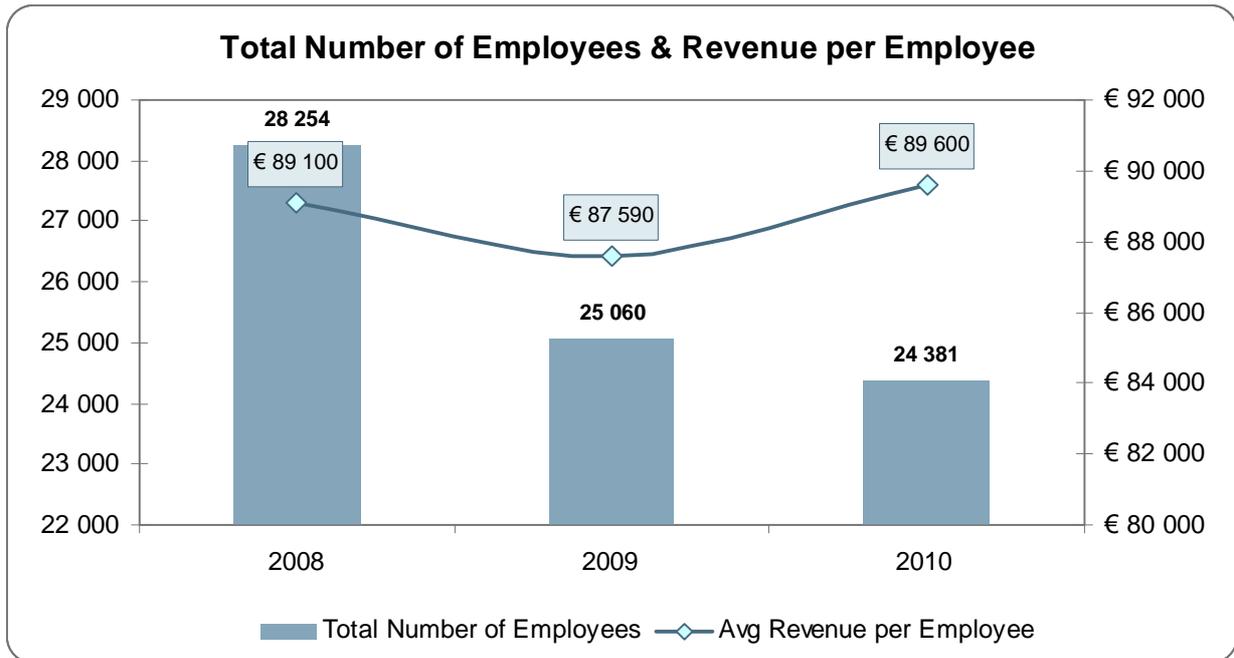
Small companies show a similar result to general rental companies, with rates that decline less, and large ones similar to specialists, which have reduced their rates more.

## 5 Employees

The total number of employees working in the MEWP rental market in the eleven European countries studied is estimated at approximately 25 000.

General rental companies represent a high proportion of this, as well as large rental companies. Large employer markets include the UK and France, due to the fleet size and, in the case of France, also the predominance of general rental companies..

The average revenue per employee appears higher with specialist rental companies than with general rental companies, but more similar between small and large companies.



*Source: Ducker Worldwide for IPAF*

## VI. Market Maturity, Trends & Drivers

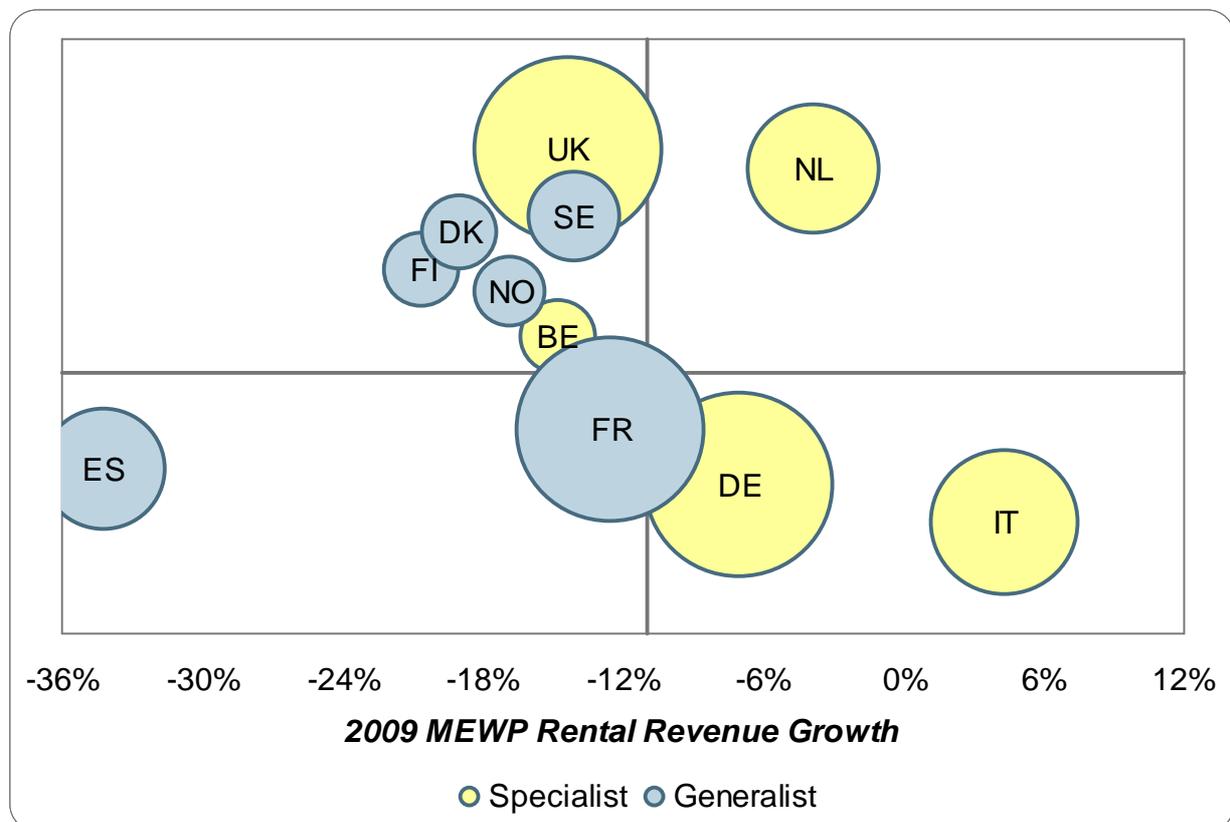
### 2 Market Maturity

Compared to the USA, the European MEWP rental market is still in the process of maturing in terms of knowledge, use of MEWPs and the importance of the rental channel. Overall, the European countries studied are a more fragmented specialist MEWP rental market than the USA, which is dominated by large general rental companies and twice as consolidated. Europe is however much more diversified, with significant differences between countries as concerns: fleet mix, price levels or indeed the state of the construction industry and, accordingly, the impact on MEWP rental. It shows some more affected segments (Spain, general rental companies) and some less affected (Germany, Italy, specialists investing in niche equipment).

The chart below gives an overview of the European target countries based on their maturity level and on their 2009 MEWP rental revenue growth, the average being the European average.

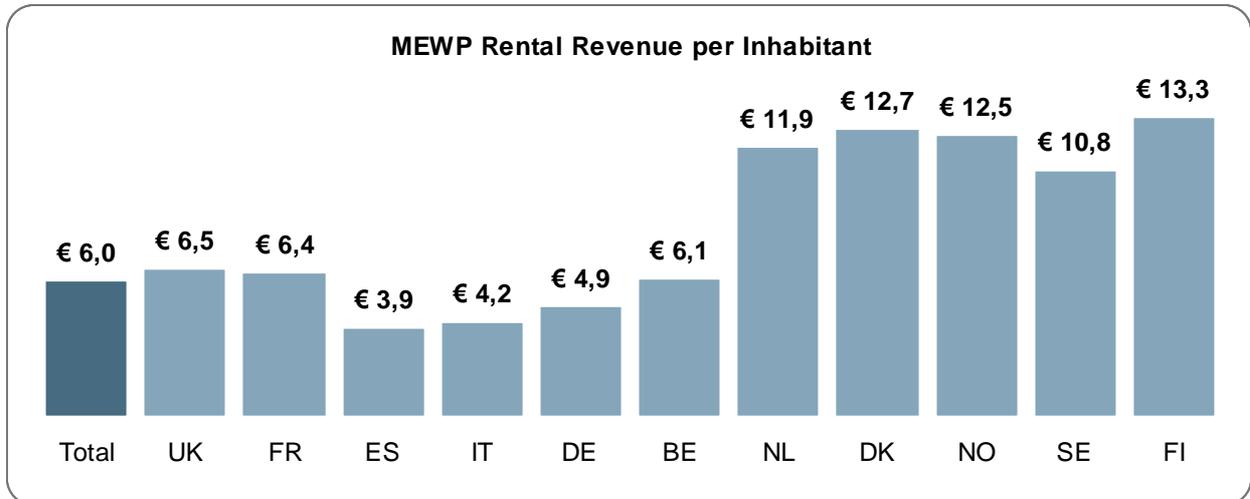
In general the markets dominated by specialist MEWP rental companies (Italy, Germany and the Netherlands) have been less affected by the crisis in 2009. The decline in the Netherlands, albeit a mature market, has also been limited by the large proportion of high-value machines in the fleets. With a more diversified MEWP equipment range specialists have been able to serve a higher number of MEWP market segments, whilst general rental companies have relied more on the standard range for a number of applications (calling when necessary on other revenue streams to compensate for their most affected business units).

Spain is in a league of its own due to the market bubble created during the construction boom. The market in the UK has seen a significant decline, although still far less than in Spain, and is a specialist market with a great diversity of results between players. The Nordic countries all show a similar trend, dominated by large general rental companies, which often suffered the same fate as general rental companies in Spain and in France.



Source: Ducker Worldwide for IPAF

## 2.1 Country Population Penetration



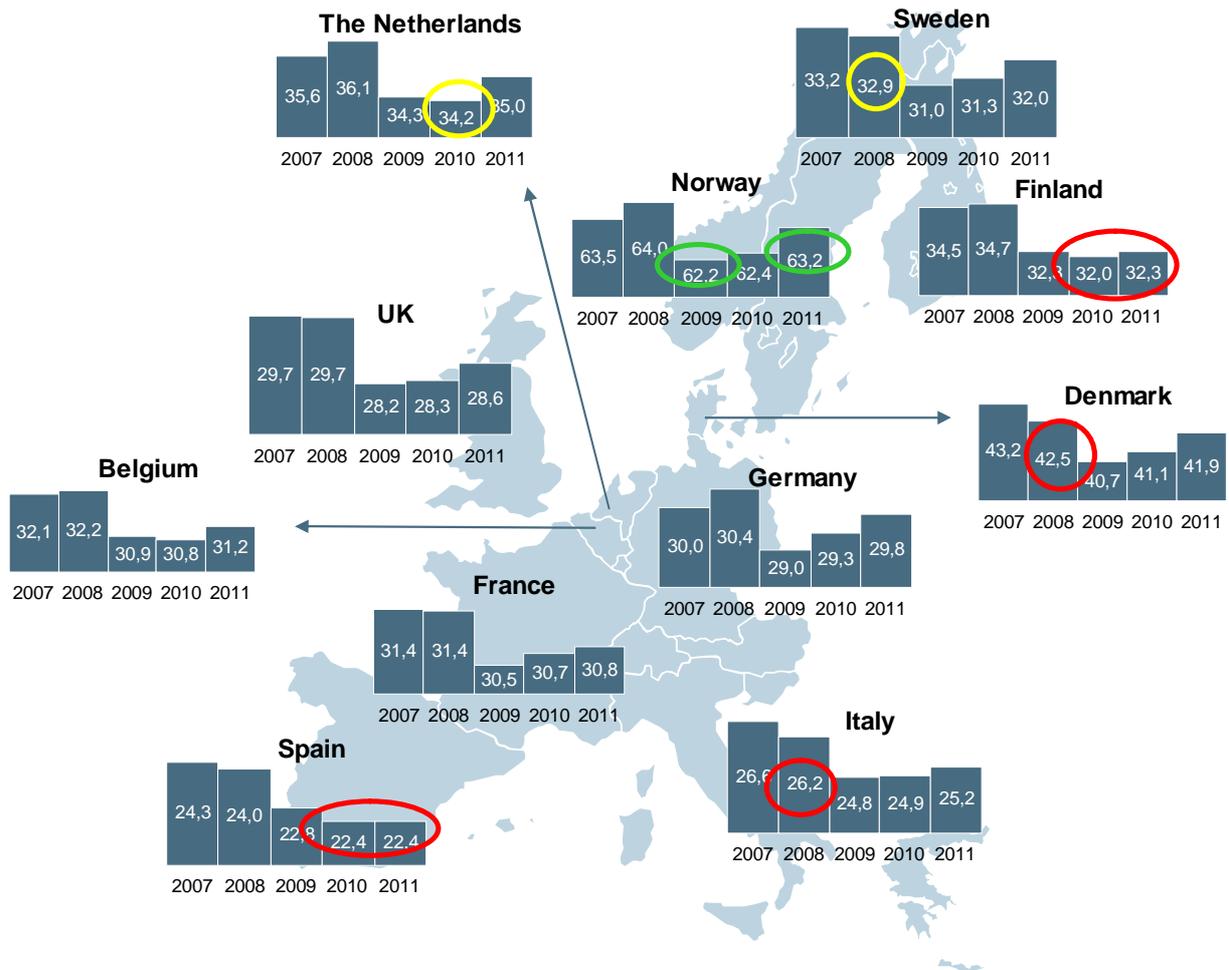
Source: Ducker Worldwide for IPAF

With the exception of the Belgian market which is somewhat less mature, the countries with the smallest populations are proportionally the largest MEWP rental markets in terms of number of units as well as in value. Thus the Nordic countries and the Netherlands show the highest ratio of rental revenue per inhabitant.

### 3 Drivers

#### 3.1 GDP per Capita

The gross domestic product is included below as the basic indicator of the overall economic environment per country. In each of the geographic markets under study, GDP suffered a steep decline in 2009. However, MEWP rental does not necessarily follow GDP as closely as it follows certain construction markets.



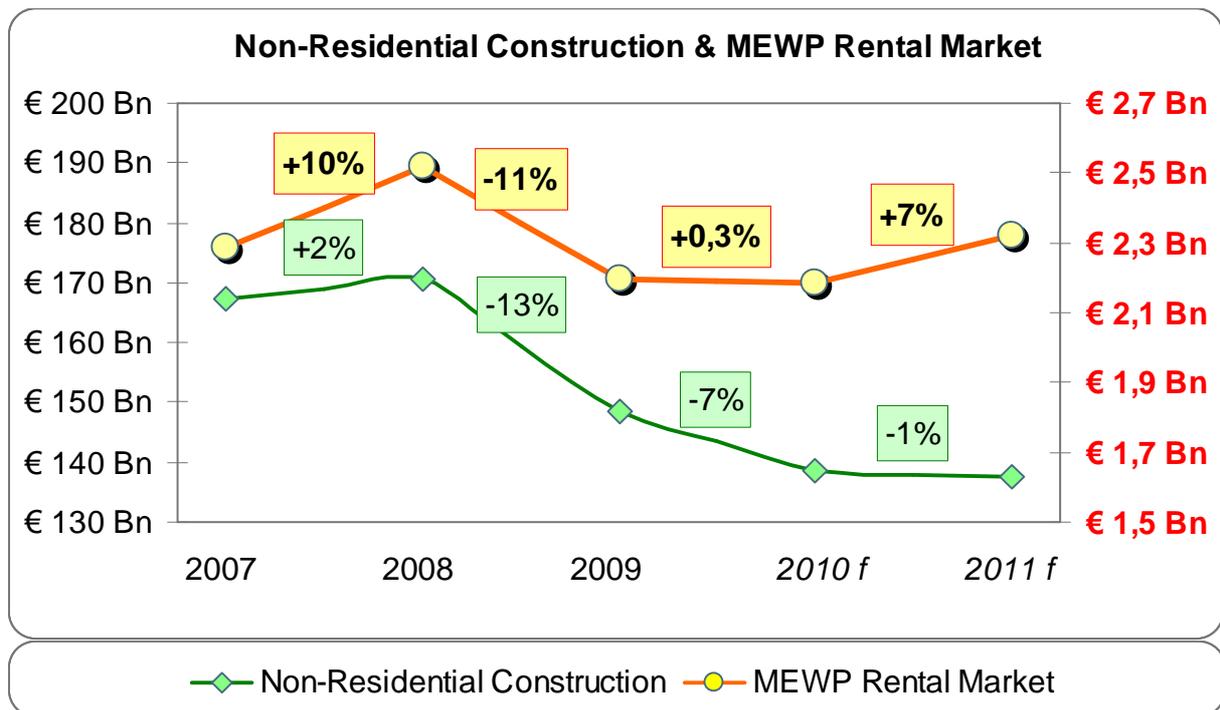
Thousand Euro at 2008 prices. Source: Ducker Worldwide for IPAF based on Euroconstruct 2009

### 3.2 Construction

The most important driver of the MEWP rental market after the search for improved productivity and safety is the construction industry. This brings the direct influence of the overall economy (GDP) to the MEWP sector.

- “Everything depends on how the construction business is developing; it has a direct impact on rental companies and how much work or how many customers we have” (small specialist, Norway)

The various construction segments are not of equal importance, but the most significant is non-residential construction – in particular commercial and industrial buildings and to some extent offices. Collective housing is found to have a slight influence, yet very low in comparison, similarly to the remaining non-residential segments.



Source: Ducker Worldwide for IPAF  
New non-residential construction put in place based on Euroconstruct 2009

The MEWP rental market mostly follows a similar growth trend to non-residential construction. In particular in 2009, the decline in MEWP rental revenues in the European countries examined was equally as strong as the decline in non-residential construction.

On average, the MEWP rental market expects a quicker stabilisation and return to revenue growth. Nevertheless, since non-residential construction prospects are still gloomy in Europe, this may be holding the MEWP rental market back slightly, contrary to the situation in the USA.

For more detailed construction statistics, please refer to the appendix.

## 4 Outlook

### 4.1 Axes of Development

Against a backdrop of continued pressure on rates and forced consolidation, the most common strategy amongst rental companies is to increase the variety and quality of products and services on offer. It would also seem that service may take on an increasingly significant role in the slow economic environment, with for example, small companies maintaining higher revenues thanks to maximised service levels.

<b>Superior service</b>	<ul style="list-style-type: none"> <li>▪ Flexibility, availability, proximity, operator rental</li> <li>▪ <i>The small companies are friends with their customers and ensure maximum service. Relationships are key (FR)</i></li> </ul>
<b>New applications</b>	<ul style="list-style-type: none"> <li>▪ Public sector (infrastructure), industrial, maintenance, events</li> <li>▪ <i>Some of the governmental investments will result in more MEWP rental (DK)</i></li> </ul>
<b>Fleet specialisation</b>	<ul style="list-style-type: none"> <li>▪ High-reach niche products for special applications</li> <li>▪ <i>The rental market will only grow for big booms, whereas smaller platforms will become increasingly affordable for end-users (IT)</i></li> </ul>
<b>Higher specifications</b>	<ul style="list-style-type: none"> <li>▪ 4WD, four-wheel steer, GPS, etc.</li> <li>▪ <i>The higher specs for 40ft and 60ft booms have become standard (UK)</i></li> </ul>
<b>Reinforced safety</b>	<ul style="list-style-type: none"> <li>▪ High-quality new products &amp; maintenance, training</li> <li>▪ <i>To decrease costs, savings will be made where they should not be, increasing the risk for accidents (DE)</i></li> </ul>

Source: Ducker Worldwide for IPAF

## VII. Country Summaries



### 1 United Kingdom

#### 1.1 Industry Structure

Although the UK market has 4500 rental companies, less than 500 rent MEWPs. The MEWP rental market is perceived as quite consolidated and controlled by large companies: the top 5 national companies represent about 50% of the MEWP rental market in value. The UK has 75% specialised MEWP rental companies including the leading ones. While leading rental companies have grown through acquisitions and mergers, some younger companies have flourished over the past three years and continued to expand even in 2009.

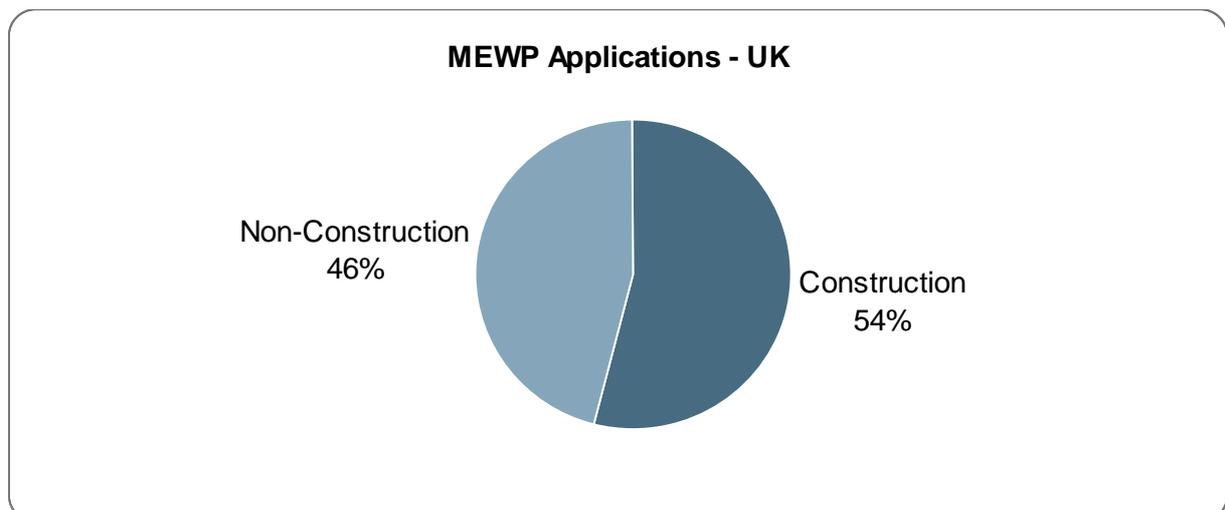
#### 1.2 Applications & Drivers

##### 1.2.1 Applications

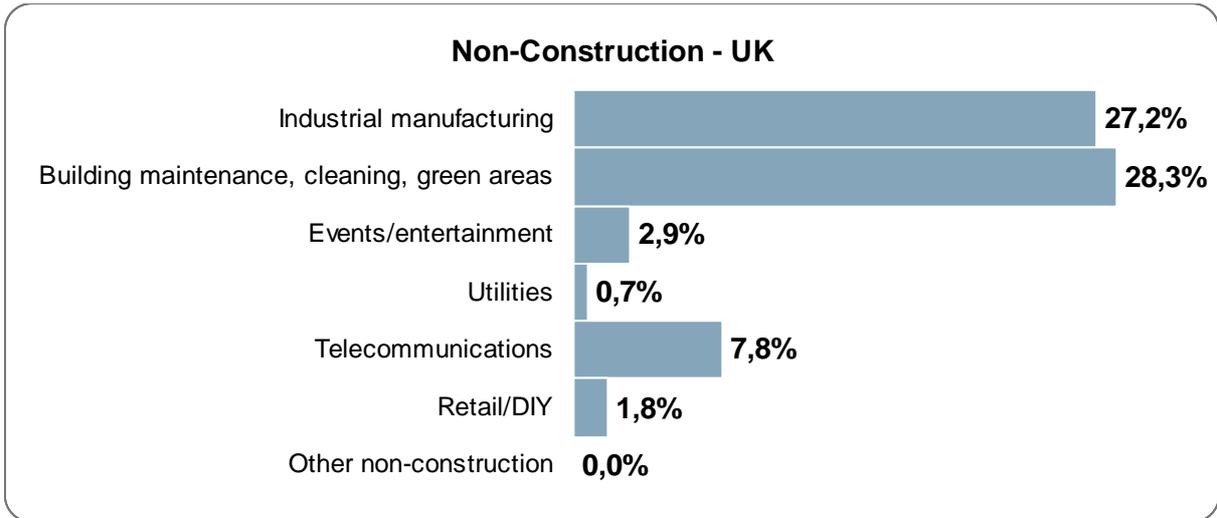
The construction industry drives the majority of the revenues in the UK MEWP rental industry and has experienced a steady decline since 2007. It is expected to stabilise in 2010 and pick up slightly in 2011. Many large construction projects were put on hold in 2009 (Heathrow terminal, Queens building) and are likely to resume in 2010. The Olympic Park currently represents the largest construction site in Europe. The civil engineering market presents a more stable situation, with a slight increase in 2010 and 2011.

Some smaller or younger rental companies have dedicated most of their rental activities to non-construction applications and were therefore hit less hard by the crisis, some even recording a growth in MEWP rental revenues in 2009.

The vast majority of non-construction-related applications concern industrial manufacturing, building maintenance (electricity, HVAC) or cleaning, retail and events.



Source: Ducker Worldwide for IPAF



Source: Ducker Worldwide for IPAF

#### 1.2.2 Drivers

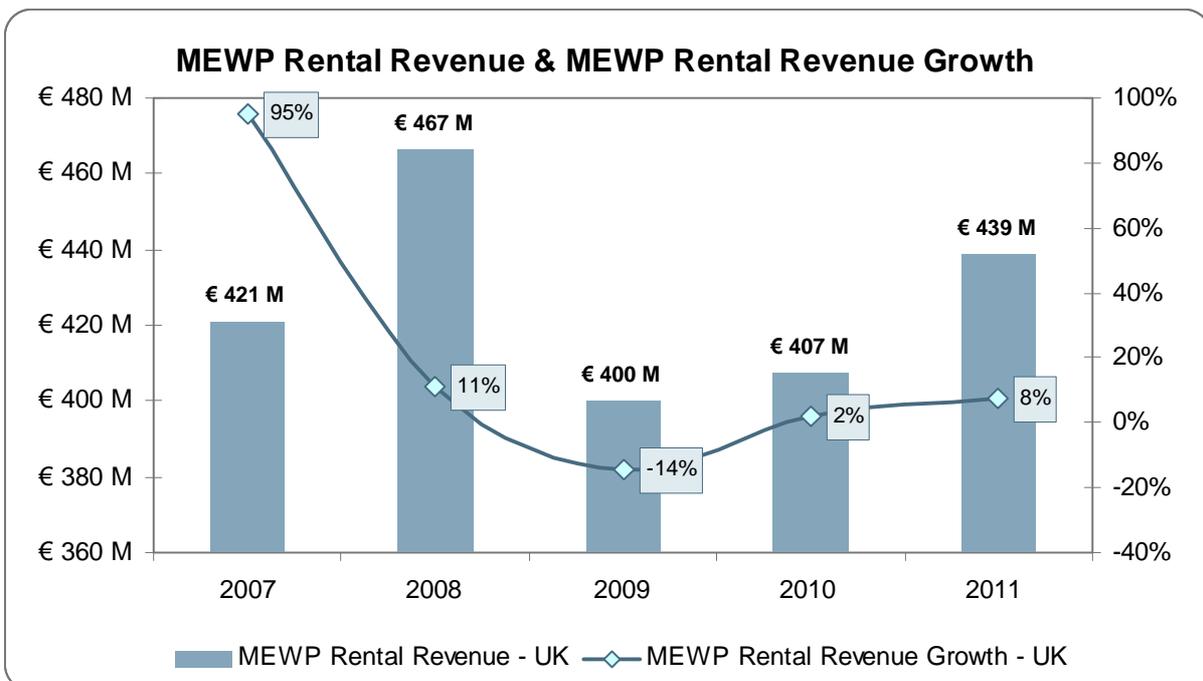
Complying with safety regulations is a key driver.

Some respondents criticised the lax attitude of banks prior to the crisis in granting loans to financially fragile rental companies, companies that have since contributed to rental rate dumping practices in order to survive.

#### 1.3 Market Size & Dynamics

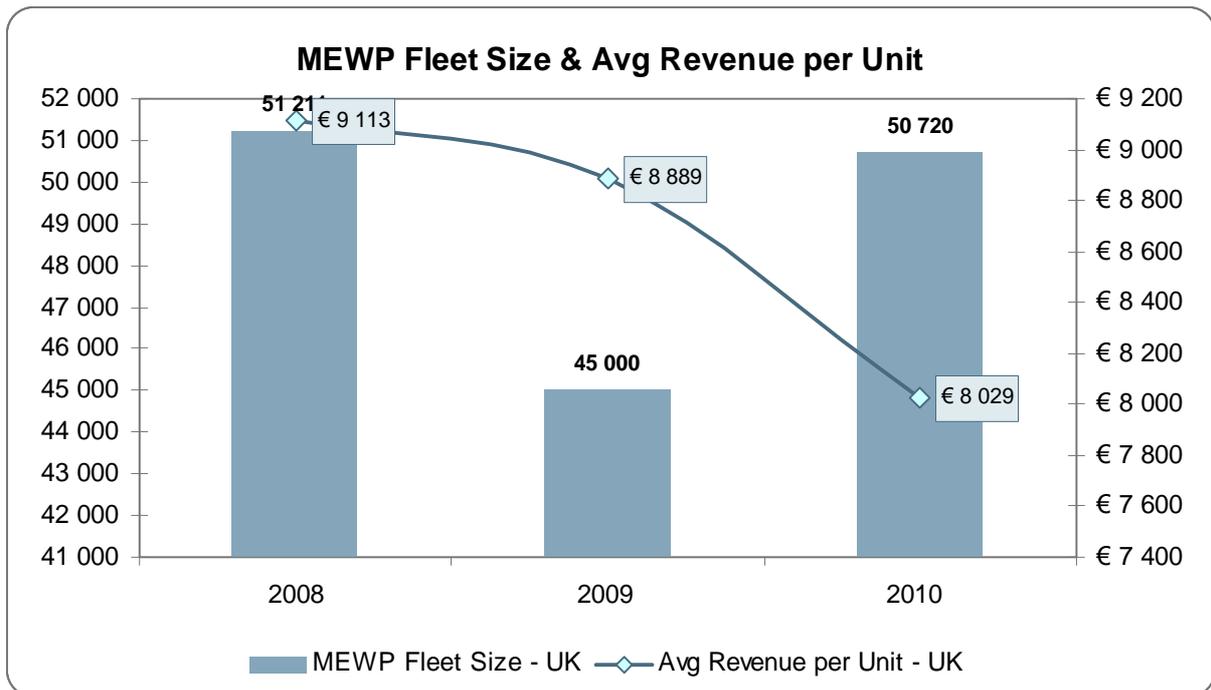
The UK market declined significantly in 2009, although not as heavily as might have been expected, due to extreme variation in results between companies. Moreover, in the mature UK market, the existence of a high proportion of long-term rental contracts brings stability.

2007 rental revenue levels will not be reached before 2012 according to the most optimistic views, 2015 according to the more conservative ones.



Source: Ducker Worldwide for IPAF

2010-2011 forecasts: probable maximum (values as estimated by the industry around Feb 2010)



*Source: Ducker Worldwide for IPAF*

As a mature, professional MEWP rental market, the UK quickly countered the loss in revenue by reducing fleet size. Although that kept the revenue per unit from declining too severely, there was nevertheless a decrease in rental rates. Fleet size expectations for 2010 appear excessively positive and if they are verified, rental revenue increases expected will not be high enough to prevent the revenue by unit from declining much further.

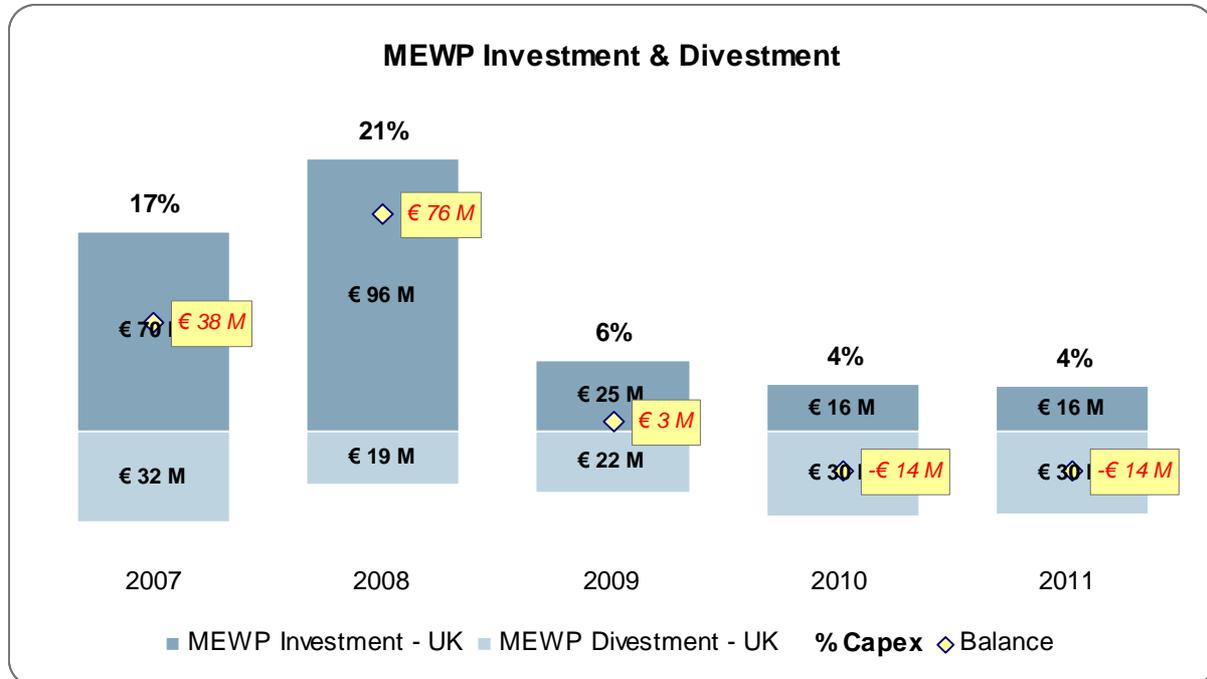
The value of the MEWP rental market in the UK is comparatively low in view of the number of units. This is partly due to price pressure, but largely also to fleet mix. The mature UK market features a high proportion of small, comparatively inexpensive equipment such as small scissor lifts and push-around lifts are increasingly popular.

The UK market is characterised by longer-term rental contracts than continental Europe. This explains higher utilisation rates and more competitive rental rates. Some UK rental companies report keener price competition (e.g. -20%) in Northern England than Southern England, although a majority of the access equipment is believed to be used 30-40 miles around London (hot spot).

Respondents also note the increased popularity of small scissor lifts, driven by health and safety regulations in particular. The UK frequently uses small machines indoors, even in residential build.

## 1.4 Investments & Divestments

The total value of MEWP investments by rental companies in the UK declined heavily in 2009, but the balance between investment and divestment remained positive due for example to smaller companies still buying and orders decided upon the year before. Divestments are expected to increase as of 2010.



*Source: Ducker Worldwide for IPAF*

## 1.5 Demand Development

### 1.5.1 Rental Market Maturity

The UK is clearly the most mature rental market in Europe, followed by the Nordics and Benelux.

### 1.5.2 MEWP Maturity

The UK market is a mature market for MEWPs. Higher-spec booms have become standard. However leading national rental companies still advocate the need to communicate that MEWPs are recommended equipment because they reduce risk and increase safety.

- "The industry way of thinking needs to be changed"

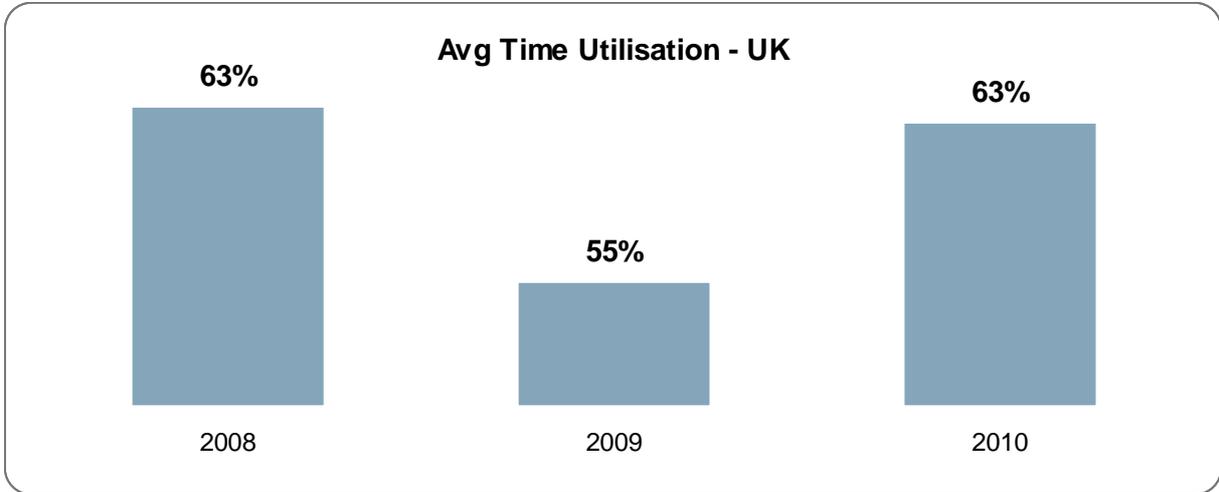
### 1.5.3 Outlook

Rental companies will adopt various approaches to decrease the impact of the economic situation:

- Spreading out the MEWP fleet across a larger number of depots (instead of maintaining specialised depots)
- Development of rental activities into non-construction related segments
- Redefining the fleet mix with an increased focus on push-arounds

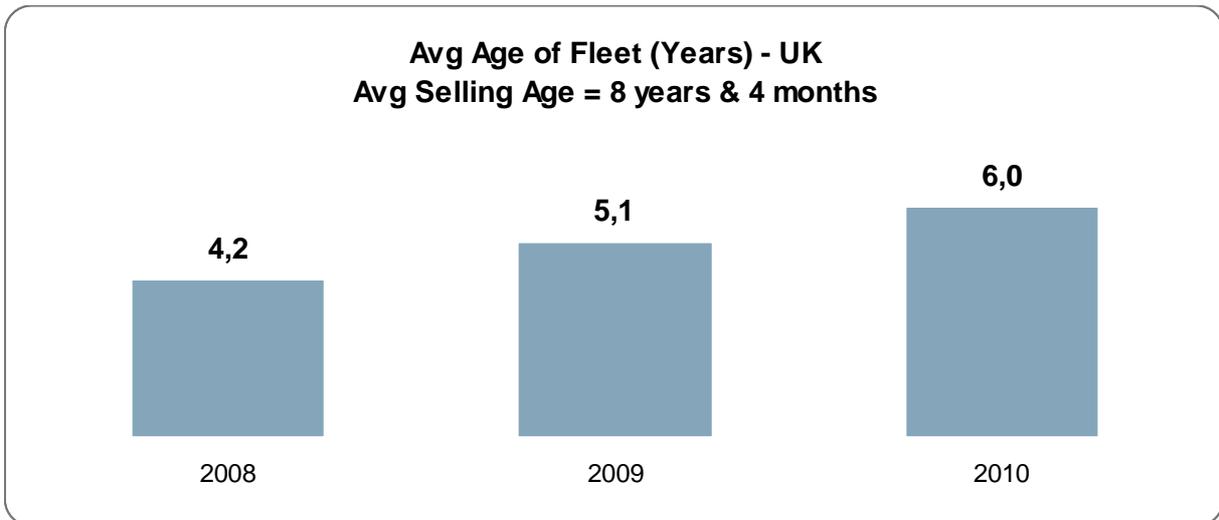
1.6 Operational Aspects

1.6.1 Utilisation Rate



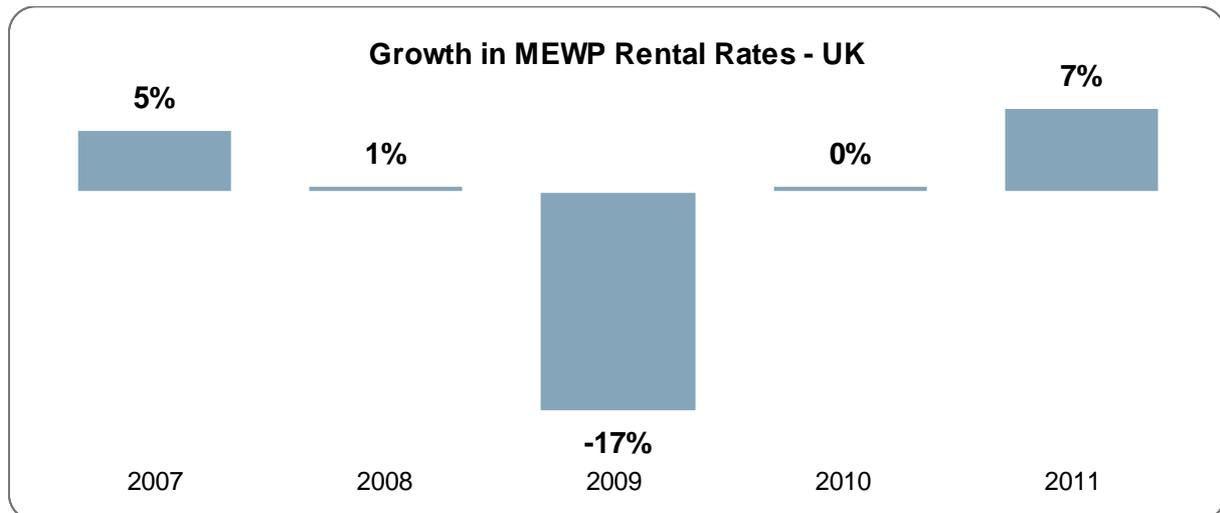
Source: Ducker Worldwide for IPAF

1.6.2 Fleet Age



Source: Ducker Worldwide for IPAF

### 1.6.3 Rental Rates



Source: Ducker Worldwide for IPAF

### 1.6.4 Cross-Hire

Cross-hire represents between 5 and 10%. It is mostly practiced by smaller rental companies between each other in less well served regions (e.g. Midlands) or within partnership groups (one existing and another recently created). Cross-rental also occurs from larger companies to smaller rental companies or sometimes even to larger ones for specific equipment (e.g. larger booms, spiders, larger scissor lifts). Some efforts exist to further develop cross-rental, considered as a source of profit.

### 1.6.5 Trade-Ins

Trade-ins are common in association with new equipment purchases. However, since many rental companies did not invest in 2009, trade-ins were replaced by auction sales.



## 2 France

### 2.1 Industry Structure

Around 1000 rental companies operate in France and 25-30% of them have their own MEWP fleet (a few more rent MEWP equipment on a case-by-case basis from larger rental companies).

A major difference compared to most other large European markets is the predominance of general rental companies in the MEWP sector – they represent approximately 65% of the MEWP rental market in value. Their profile varies from very large national and international companies to many local single depot operations. The MEWP specialist companies are mostly medium-sized to large companies with regional to national coverage. Nevertheless, the market is perceived as fragmented, with the top five to six national companies representing about 50% of the MEWP rental market in value.

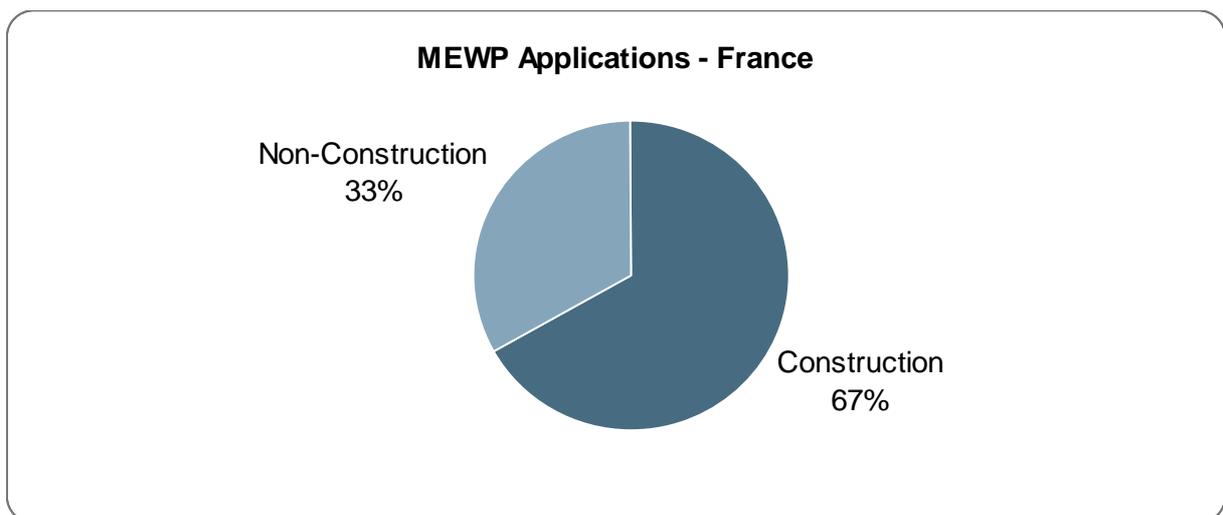
The market is experiencing a slow trend towards consolidation, limited by the importance of strong brand recognition locally and a network of local depots.

### 2.2 Applications & Drivers

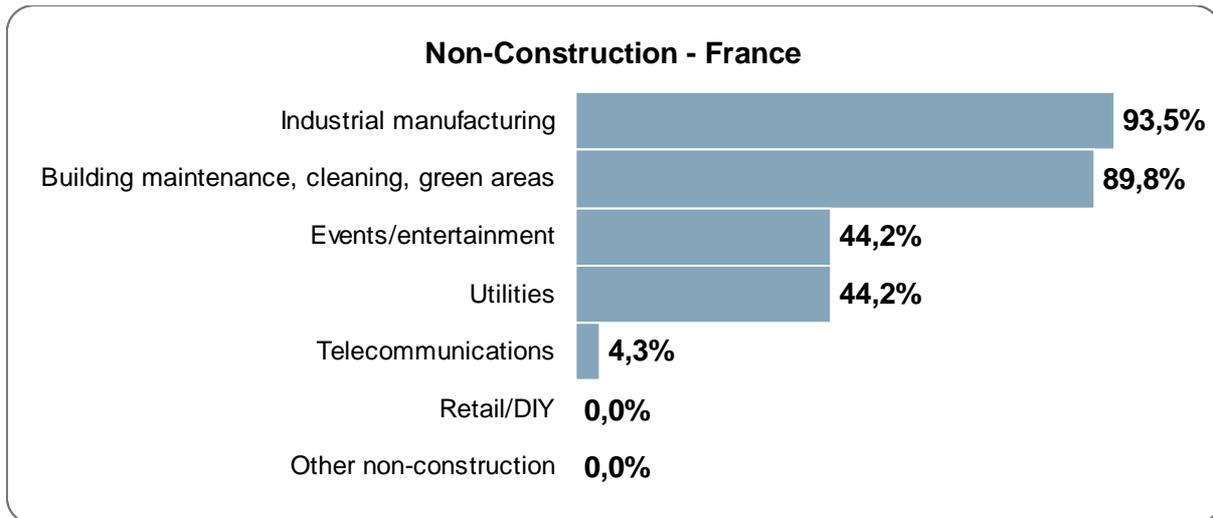
#### 2.2.1 Applications

The construction of industrial buildings and offices drives the majority of the revenues in the French MEWP rental industry. Industrial building construction has fallen sharply since the end of 2008 and the drop will continue in 2010 albeit at a lower pace. Office construction also experienced a sharp decline in 2009 and will continue to do so in 2010. The slowdown in construction encourages rental companies to turn to the service sector.

The share of non-construction applications has increased over the last five years thanks to the push strategy of manufacturers to develop self-propelled vertical masts, particularly suited to industrial applications. In times of economic hardship, industrial companies prefer rental over new investment. Rental companies appreciate the limited competition and the trend towards longer-term contracts in the industrial sector. The other major non-construction sector is building maintenance (electricity, HVAC) and services, e.g. window or facade cleaning and green area management. New segments are also starting to rent MEWPs, such as local authorities and event management.



Source: Ducker Worldwide for IPAF



Source: Ducker Worldwide for IPAF

### 2.2.2 Drivers

Safety regulations are not expected to be changed, but are expected to be better implemented and respected, which will drive long-term demand for MEWPs. Moreover, France remains a young MEWP market and still requires a large amount of end-user training.

Interest rates are relatively attractive, but banks display a cautious attitude towards the rental sector and limit access to loans.

### 2.3 Market Size & Dynamics

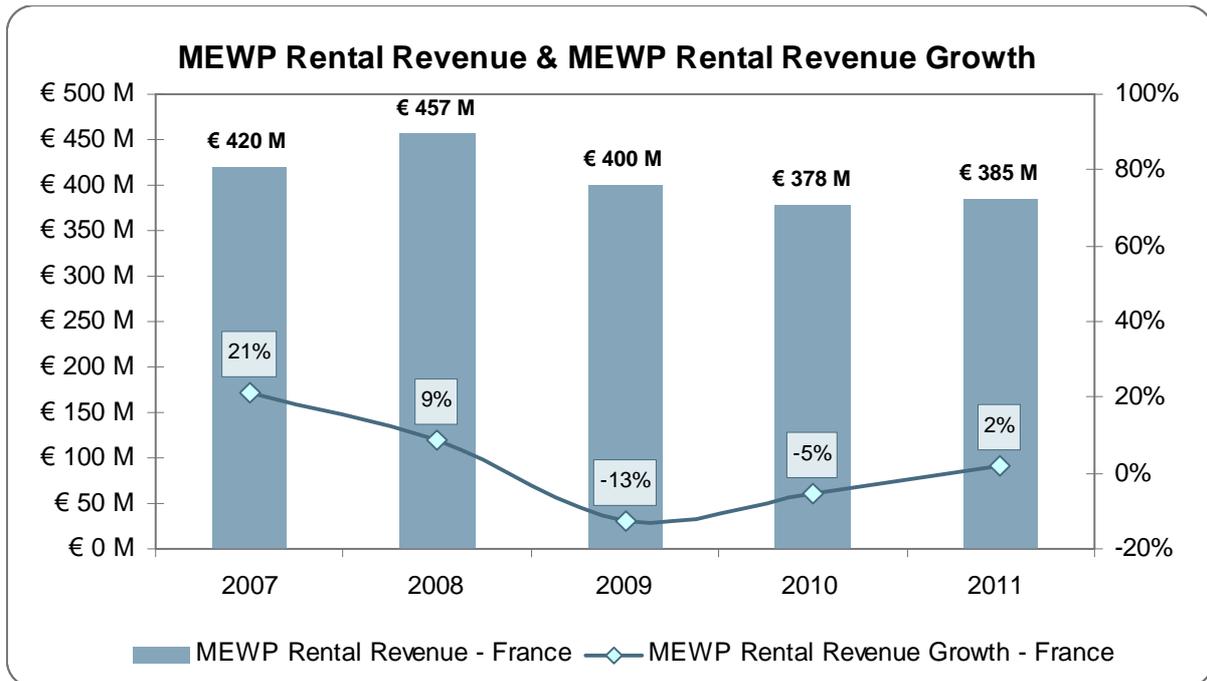
- "In France, rental revenues are driven simultaneously at roughly 50% by the volume of activity and 50% by rental rates" (association)

The French MEWP rental market experienced major growth in 2007 and a further increase in value in 2008, the latter underpinned by a slight price increase. In 2009 there was a significant downturn which was accompanied by a decrease in price as well as in time utilisation.

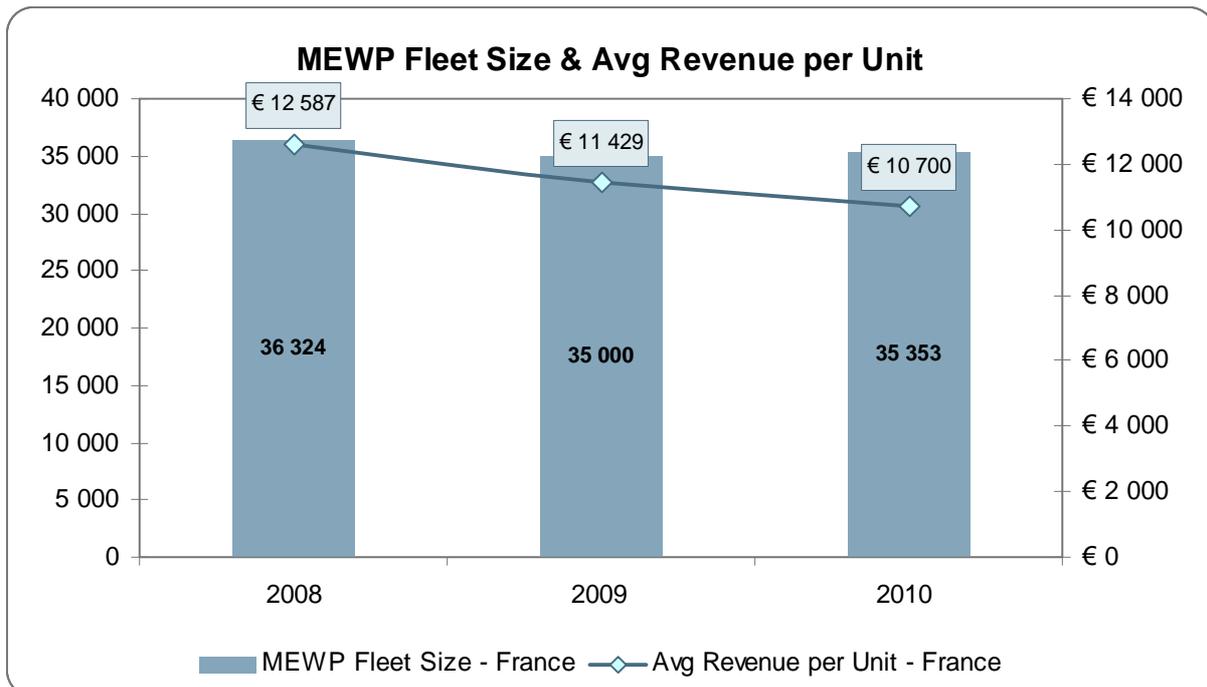
The decline was nevertheless average compared to some other European countries under study. France was less hit by the economic downturn than the UK or Spain and suffered much fewer bankruptcies, in line with a lesser impact on the bank system.

The crisis is not expected to completely loosen its grip in 2010. The growth in rental revenues as of 2011 will first derive from an increase in rental volume (therefore utilisation rates) commencing in 2010, but rental rates will still be under pressure and will not increase significantly before 2012.

- "We expect the recovery to start at the beginning of 2011, but we will need three years to be able to increase our rental rates and come back to the 2007 revenue level" (large general rental company)



Source: Ducker Worldwide for IPAF  
2010-2011 forecasts: probable maximum (values as estimated by the industry around Feb 2010)



Source: Ducker Worldwide for IPAF

Overall the MEWP fleet size in France is now relatively stable, but pressure on prices is strong (France is in an average position compared to more price-pressured countries like Spain, the UK or higher-end countries like Germany). Revenue per unit is average compared to other countries, but declining. The French rental companies reduced their fleet in 2009 in a limited manner, expecting to maintain it or increase it very slightly again in 2010. However, in conjunction with continuously low rental rates and only a slight increase achieved in utilisation, the average revenue per unit is still expected to decline in 2010.

There are limited differences between equipment owned by rental companies versus end-users, due to reasonably high market maturity.

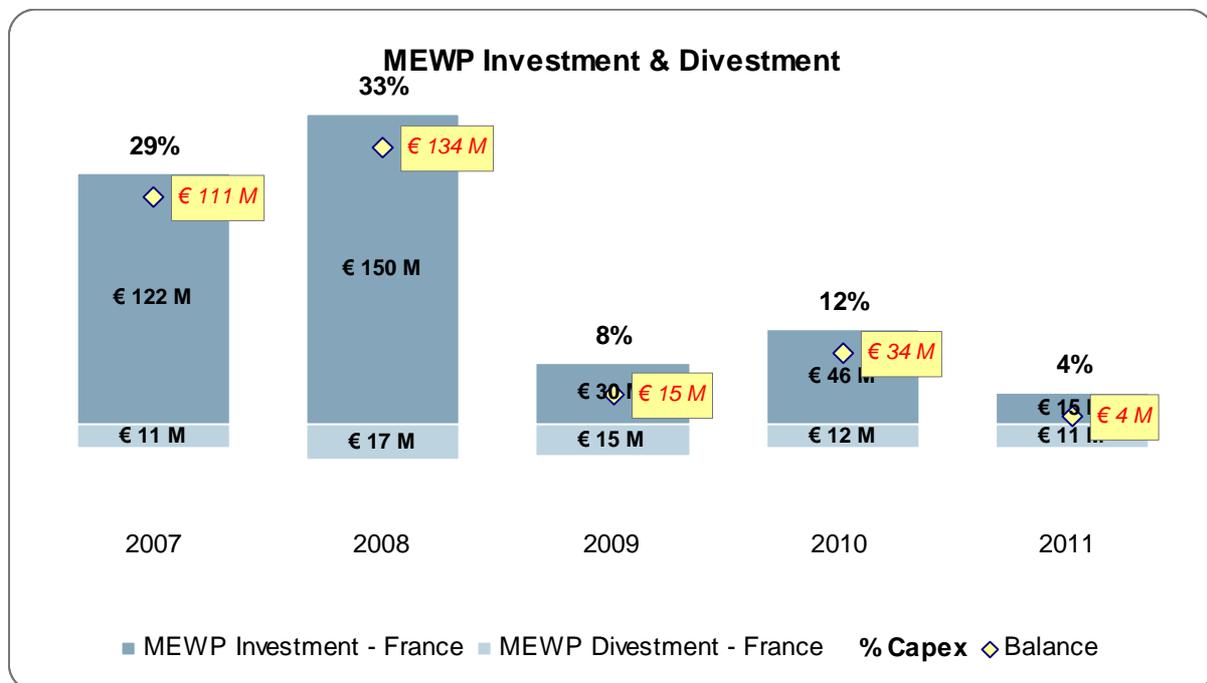
## 2.4 Investments & Divestments

France has seen a huge drop in investment value (much more than in units), which reached a peak in 2008 and shows a very limited level throughout 2009-2011.

- “At the beginning of the crisis in September 2008, the largest rental companies cancelled their planned investments, but others were not hit for the whole year and were able to start 2009 with a reasonably full order book. Early 2010 however, unlike 2009, very few projects started and the only ones to invest were regional rental companies with fleets of 30 to 250” (manufacturer)

Although the situation varied between companies, divestments show little change in the overall French market and represent a very stable proportion of the income over the years. With investments down, replacements become more limited.

No major investments are planned for the moment. MEWP manufacturers expect rental companies’ investment plans to resume at the end of 2010 and sales to become effective in 2011; however, direct rental company interviews reveal that due to investments postponed in 2009 and thanks to a somewhat more positive outlook, a very slight increase in investment is expected to begin in 2010.



Source: Ducker Worldwide for IPAF

## 2.5 Demand Development

### 2.5.1 Rental Market Maturity

The French rental market is still maturing, but in the process of becoming one of Europe’s more developed markets. When the demand for MEWPs first appeared on a larger scale, it immediately involved rental and today as much as 80% of MEWPs are sold into the rental channel in France. Rental activities are driven by an increasingly environmentally friendly positioning (“equipment used when needed”) and a less paternalist way of managing companies (less tendency to own).

Thanks to the drive of the larger national rental companies, the rental market has displayed increased professionalism and rigour in its business practices (e.g. clearer and more systematic invoicing), customer management and fleet maintenance. Nevertheless, competition is intensifying and the recession is said to have caused some rental companies to show lax practices in terms of safety certification and maintenance for the sake of yield generation – a factor that could however at the same time push others to seek differentiation via increased safety measures.

### 2.5.2 MEWP Maturity

Given a demand for MEWPs that intensified in 2000 with the arrival of regulations regarding work at height, the French market is still comparatively young. The penetration of MEWPs versus other solutions like ladders is therefore expected to slightly increase to reach its maximum level over the next ten years. However, scaffolding is not perceived to be in direct competition with MEWPs: these two solutions are used in very different time and space requirements and only a very limited share of the demand can be addressed by both solutions.

### 2.5.3 Outlook

A long-term trend is the extension of rental contract durations, mirroring the more mature UK market. Moreover, fleet management is expected to become more sophisticated and professional.

The recession is seen to have a short-term impact on the service offer in that small local companies seek to counter the decrease in demand by improving their services instead of sharply lowering prices. On the other hand, some larger rental companies have tried to limit services to be able to increase price competitiveness.

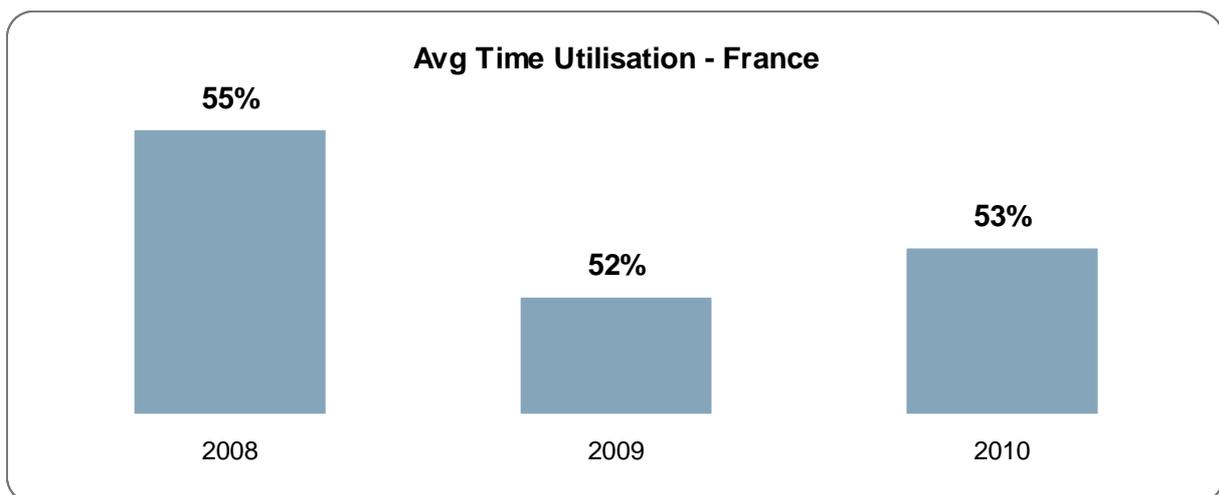
## 2.6 Operational Aspects

### 2.6.1 Utilisation Rate

Time utilisation declined in 2009 to begin a slow rehabilitation in 2010. The reduction in utilisation was however limited by rental rate decreases (only in some cases by divestment).

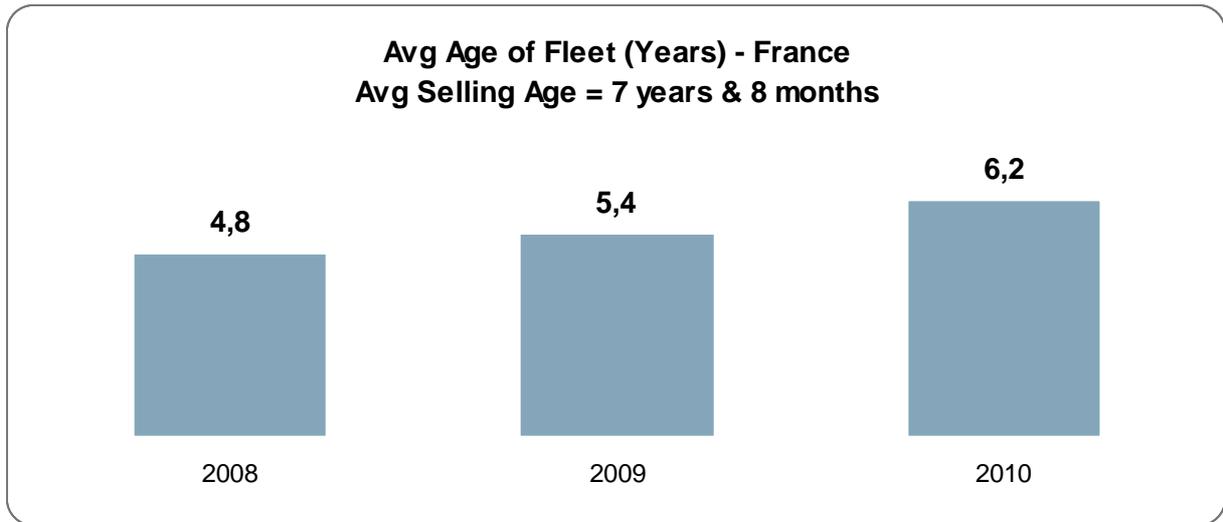
At the same time, the fleet age has seen a progressive increase throughout the period due to the decline in investment. France had a young fleet in 2008 as a result of heavy investments, but it was forced to age in 2009 and is expected to continue to do so in 2010.

Thus, instead of as little as 3 to 4 years in the good years up to 2007, average fleet age reached around five years in 2008, attaining seven years or more for larger machines, while the average selling age was almost up to eight years.



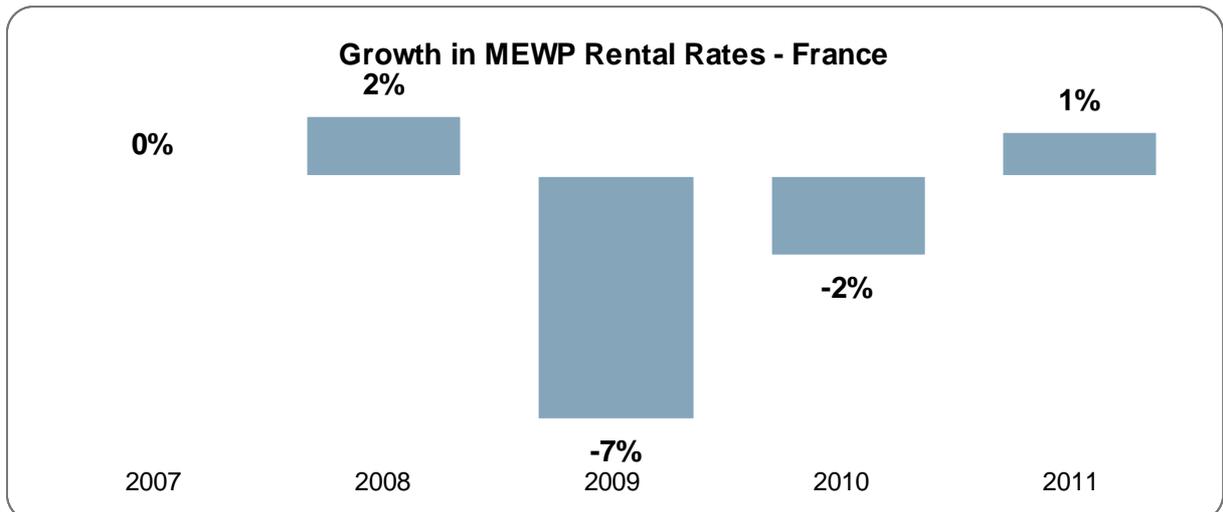
Source: Ducker Worldwide for IPAF

### 2.6.2 Fleet Age



Source: Ducker Worldwide for IPAF

### 2.6.3 Rental Rates



Source: Ducker Worldwide for IPAF

A large part of the decline in MEWP rental revenue was accounted for by a drop in prices which contributed to a decline in revenue per unit. Reduction in fleet size was negligible and rental rates were the primary strategy. The French market is characterised by the presence of large national main contractors that maintain strong price pressure on rental companies. Cheaper rates were adopted by the industry to help increase utilisation and to some extent that has shown positive results.

The drop in prices has not necessarily affected all companies equally but has been held back to some extent by smaller players able to differentiate on proximity and service.

- "Small companies that work within a 35-50km radius maintain higher prices, because they are friends with all their clients and ensure maximum availability and service. Relationships are key. On the other hand, some large rental companies are reducing their services" (manufacturer)

### 2.6.4 Cross-Hire

Cross-hire in France represents less than the average at around 5%: the spirit of competition between rental companies does not favour this practice, which remains occasional.



### 3 Spain

#### 3.1 Industry Structure

Out of a total of 1400 rental companies, Spain is estimated to have 300 companies offering MEWP rental. These can be split into four different sizes:

- 1) Two very large general rental companies, dominate the national market
- 2) 6 to 7 companies with more than 500 units, mostly specialists, with activities in two or three regions and together representing up to one third of the market
- 3) A large number (approx. 100) of small to mid-sized local players (with 10-500 units), who may also be directly involved in construction activity
- 4) A large number of one-man operations with 10 machines or less but whose main source of income is other than rental. They may represent 5% of the total national fleet, but are not the focus of this study

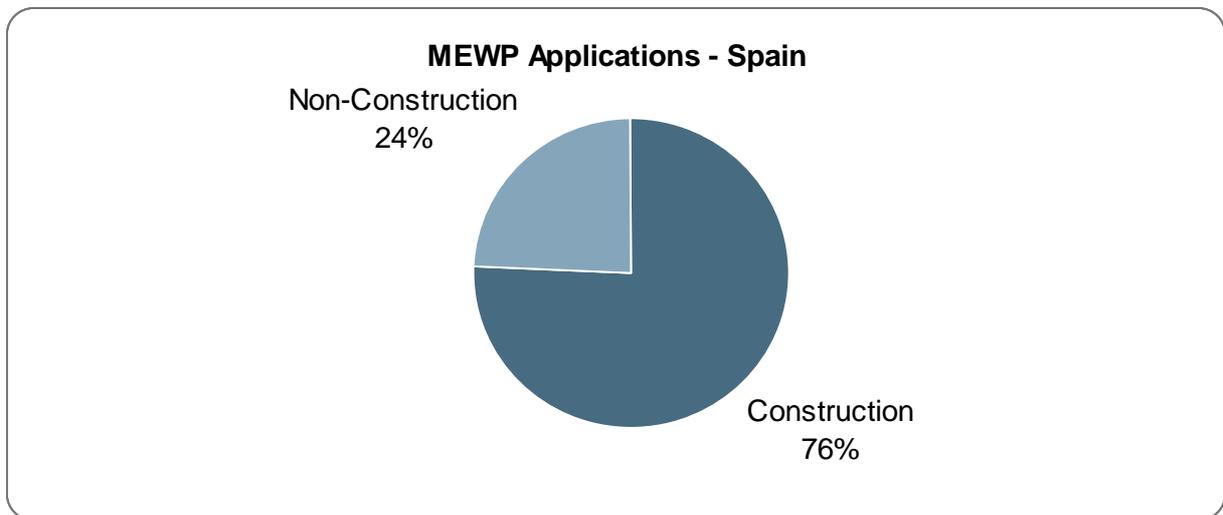
The number of access rental companies is decreasing slightly in Spain and is expected to further decrease at a faster pace during the coming years. Particularly some general rental companies are reducing MEWP rental as it is no longer profitable for them. Nevertheless, small companies with a variety of activities seem to be more flexible when facing difficulties than large specialist companies, some of whom are expected to disappear in the near future. Around 10 of the 15 major rental companies in Spain are currently in bankruptcy proceedings.

The Spanish market is highly regional and most agree that in this period of economic crisis, the market tends to concentrate on the main regions:

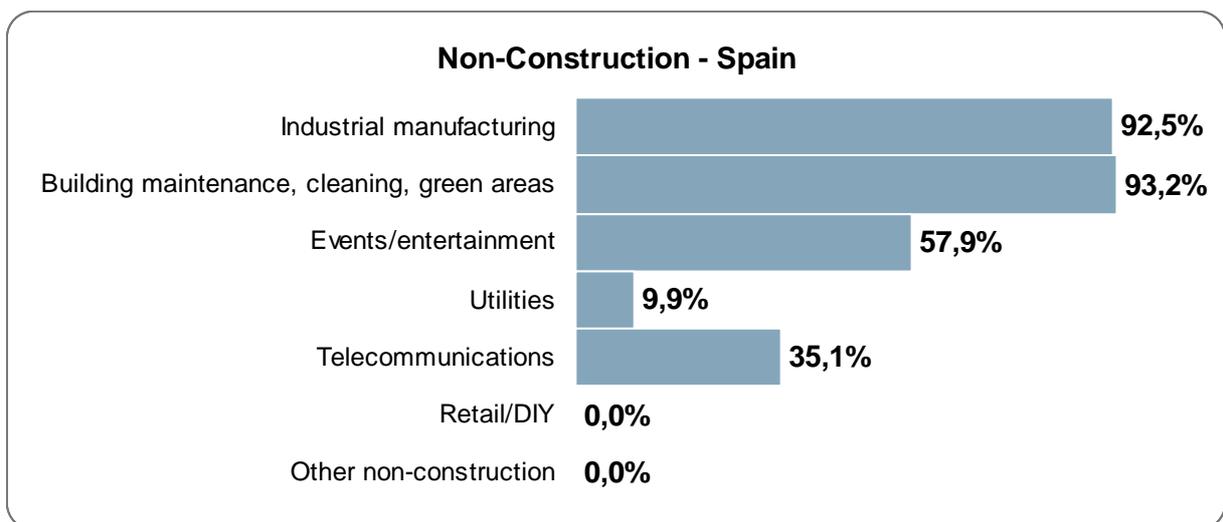
- 1) The most important region for access equipment rental is Catalonia (an estimated 30% of the total national fleet) which is strong in both construction and non-construction applications and has the majority of the MEWP rental companies, including the market leaders
- 2) Madrid and Valencia are also significant, but mainly relative to residential construction and to a lesser extent, to heavy infrastructure activity
- 3) Andalusia is the fourth most important region (driven by massive residential activity) and Aragon the fifth (boosted by the Expo 2008)

### 3.2 Applications & Drivers

#### 3.2.1 Applications



Source: Ducker Worldwide for IPAF



Source: Ducker Worldwide for IPAF

Rental activity was still closely linked to decreasing construction activity in 2009, but less so than in 2008 with non-construction gaining market share. Contract duration has reduced over the last two years (as of mid-2008). Relative to industrial or other non-construction applications, there are now more short-term contracts of no more than one week.

Although non-construction applications have increased in Spain (more than 75% construction in 2009, against 85% in 2008) these applications have not compensated for the loss of value in construction activities. Clearly, the industry has to work hard to increase the new access equipment applications (like gardening, events, lighting, etc.) rarely before seen in Spain. Large rental companies have allocated some new commercial resources aimed at enlarging the customer base in these areas, but they consider it highly improbable that it will bring new commercial results during the coming years.

#### 3.2.2 Drivers

Commercial and office construction (and to a lesser extent industrial warehouse construction) has been the market driver for access equipment for many years, although some equipment has been used in residential construction and infrastructure projects (less specialised applications). These are the construction sectors suffering the sharpest decrease in activity, directly affecting MEWP rental.

Commercial and industrial construction experienced similar downturns during 2009. Both sectors faced critical moments last year in a severe decline in the value of new commercial buildings (-11%) and industrial warehouses (-12%). This reflected a rapid increase of unemployment and a strong decrease to record low levels of the manufacturing output index, respectively. Forecasts show little improvement for either sector in 2010. In these worsening conditions, new office construction has followed a slightly better path (-3% in value), reflecting the fact that the service sector is and will be in better shape than others.

The biggest hit has been taken by residential construction where Spain achieved a historic record level of -55% of new residential buildings in 2009 and with 1.3 million houses for sale, the outlook for this segment is still gloomy.

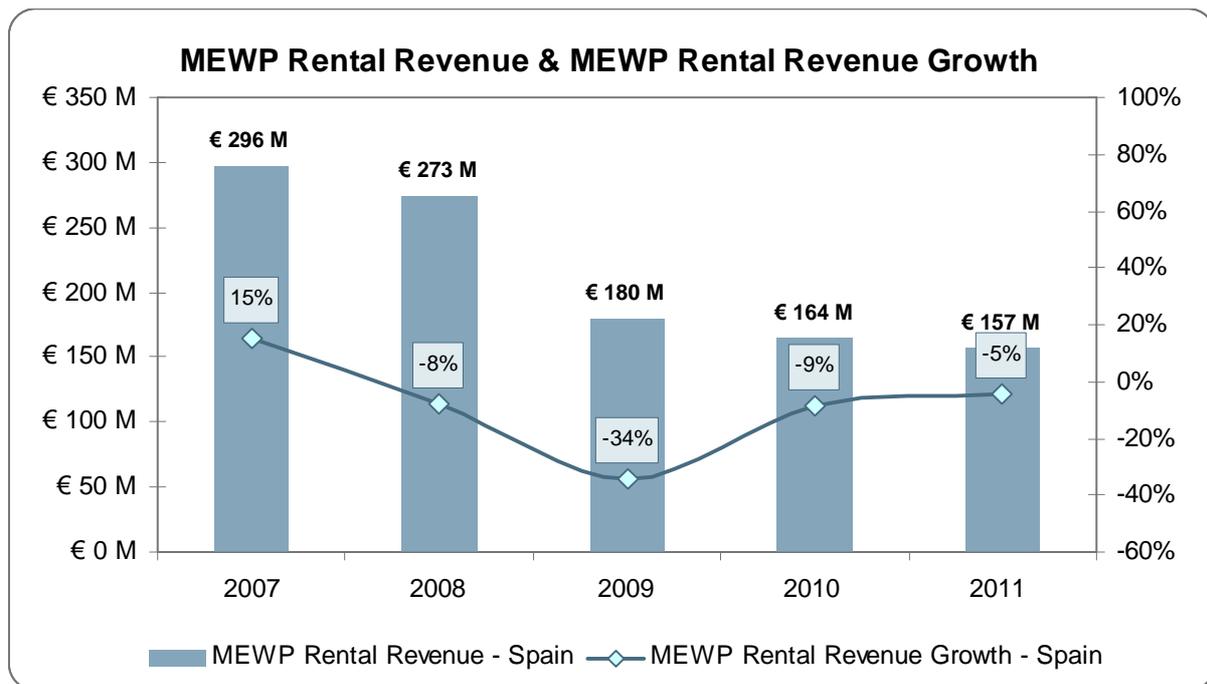
Infrastructure/civil engineering, traditionally less of a driver for MEWPs, is the main construction sector to have fared less badly in 2009: railway, telecommunications and energy actually remained positive and road and other civil works only fell in 2010. Overall, the outlook for infrastructure segments remains positive, mainly thanks to the government's infrastructure plan to reactivate the economy.

Professionalism and "a true specialist approach" combined with MEWP know-how and the ability to properly support and advise the customer is very often quoted as the main market driver for the future. Given the abrupt levelling off between supply and demand that the Spanish market is going to experience, remaining companies will fight to offer a more specialised and better quality of service with more customer training and education.

The access equipment market is still a relatively young market in Spain (the first platforms only entered the market on a large scale 15 years ago) and not withstanding its rapid growth, the level of end-user equipment knowledge remains very low.

A traditional driver of the Spanish market in the past – the ease of obtaining credit – is now being pointed out by many as the main cause of market decline. Companies had access to quick and substantial loans to finance their growth (sometimes unsustainable) during the construction boom, often with a grace period of 1 to 2 years. Banks have very abruptly cut this source of money and many rental companies are now in bankruptcy proceedings for failing to pay creditors. Credit is thus very unlikely to be a market driver for access equipment in any near future.

### 3.3 Market Size & Dynamics



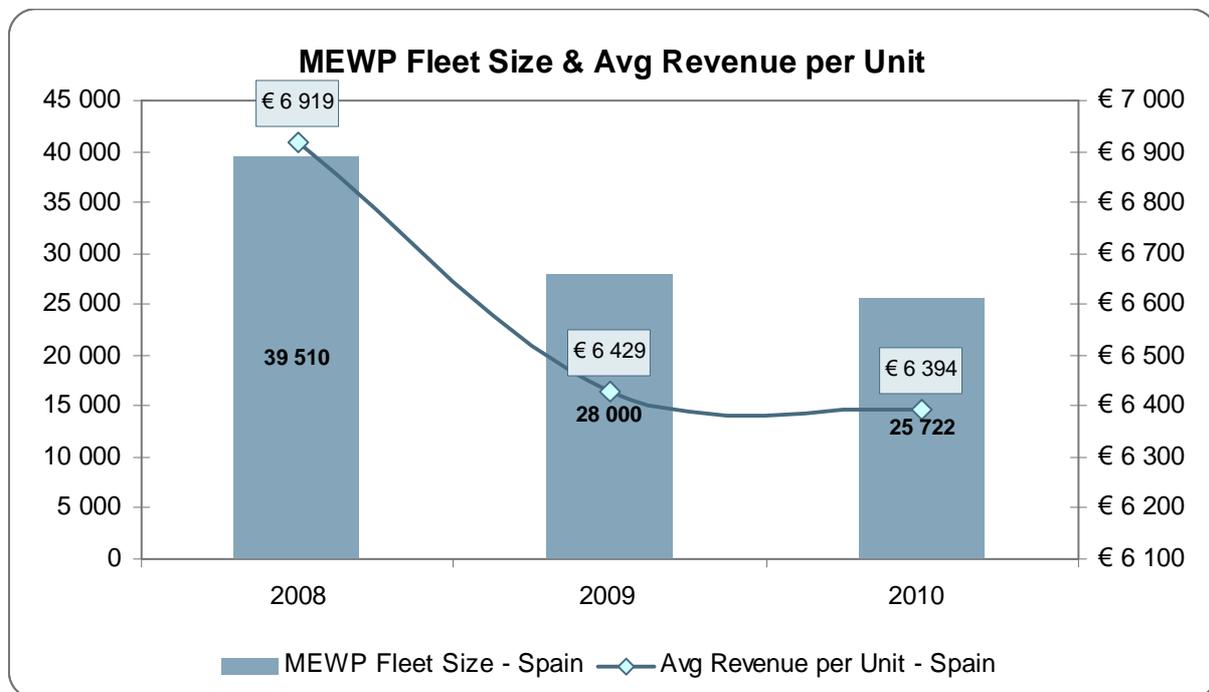
Source: Ducker Worldwide for IPAF

The MEWP rental market in Spain grew rapidly along with the construction boom between 2004 and 2007, however the bubble burst and the market started to decline in 2008, particularly when compared to other European countries. The decline in 2009 was by far the most dramatic among all of the countries under study and is set to continue throughout 2010 and 2011.

Demand for access equipment will decrease at a lower rate during 2010. Many Spanish companies believe that “the worst is behind us”, although the market will continue to deteriorate in 2010. Due to the construction bubble, the MEWP rental market will have a longer and more painful recovery in Spain than in other European countries. 2011 will still be a year of transition with little to no growth, although some structural reorganisation by the companies (staff reductions, massive fleet reductions etc.) will begin to pay off. 2012 is expected to be the year of real recovery, but no one believes in a return to the value or volume seen in 2007.

The Spanish market has been driven much more by volume than value. Extremely low prices were recorded during the last few years due to fierce competition. Deteriorating profitability has led to the realisation that a change will be necessary in the coming years.

In terms of fleet structure, it is estimated that the Spanish market comprises of a large number of scissors, but that around two thirds of the rental revenue is derived from booms.

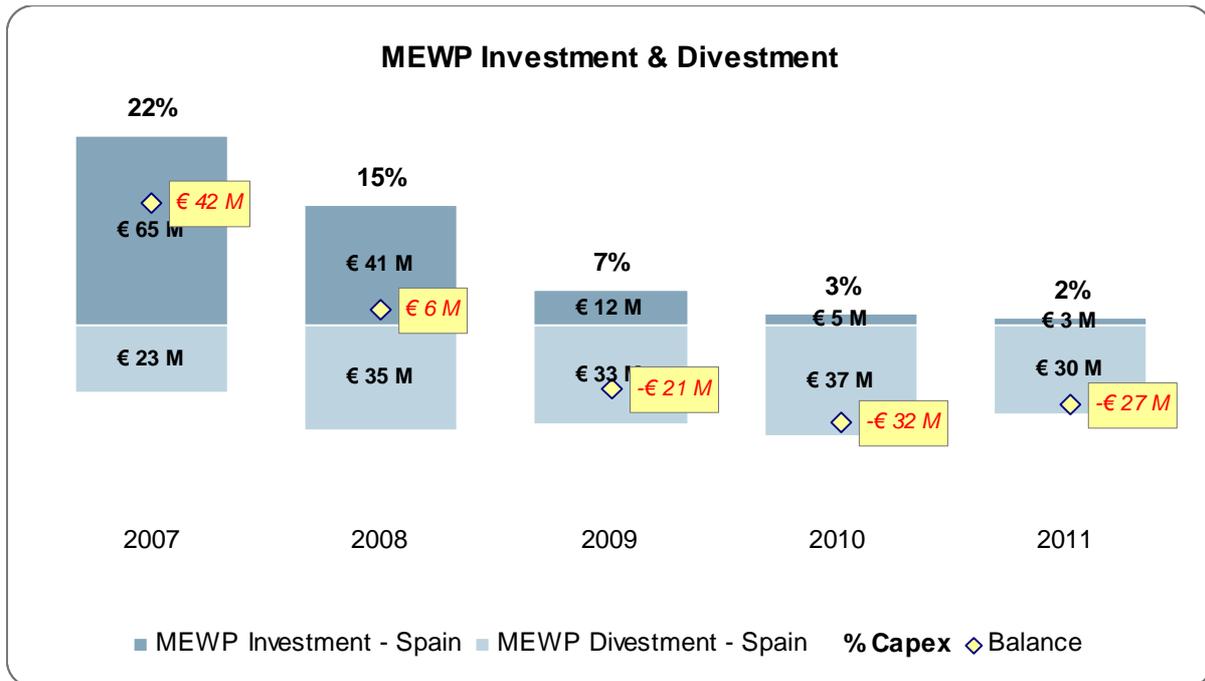


Source: Ducker Worldwide for IPAF

### 3.4 Investments & Divestments

Faced with the decline in revenue, Spanish MEWP rental companies reduced their investments. At the same time, they maintained a high level of divestment, higher than in many other countries. This trend began in 2008 due to an early economic downturn (preceded by a period of high investment as seen in 2007 which had led to excess stock).

Spain has an outlet for used machines in South America where the availability of manuals, decals etc. in the appropriate language is an advantage.



*Source: Ducker Worldwide for IPAF*

### 3.5 Demand Development

#### 3.5.1 Rental Market Maturity

The Spanish rental market is considered to have grown significantly during the construction boom, also increasing the penetration of rental over retail. Close to 90% of MEWPs in Spain are now sold through the rental channel. This figure remained relatively stable over 2008 and 2009 when the overall market declined. The Spanish construction market favours this long-term trend toward rental, since construction activity in the country is irregular and construction companies can avoid investing in large machinery, preferring to keep it a variable cost.

#### 3.5.2 MEWP Maturity

Nevertheless, Spain is still considered to have a lower level of maturity than other large European markets. Although the number of units has been reaching market saturation over the last few years the growth has been very sudden. The low level of knowledge of the end-user, the slow business practices between parties and the low penetration of MEWPs in non-construction applications all indicate that Spain has not reached a level of maturity comparable to the most developed European MEWP rental markets.

#### 3.5.3 Outlook

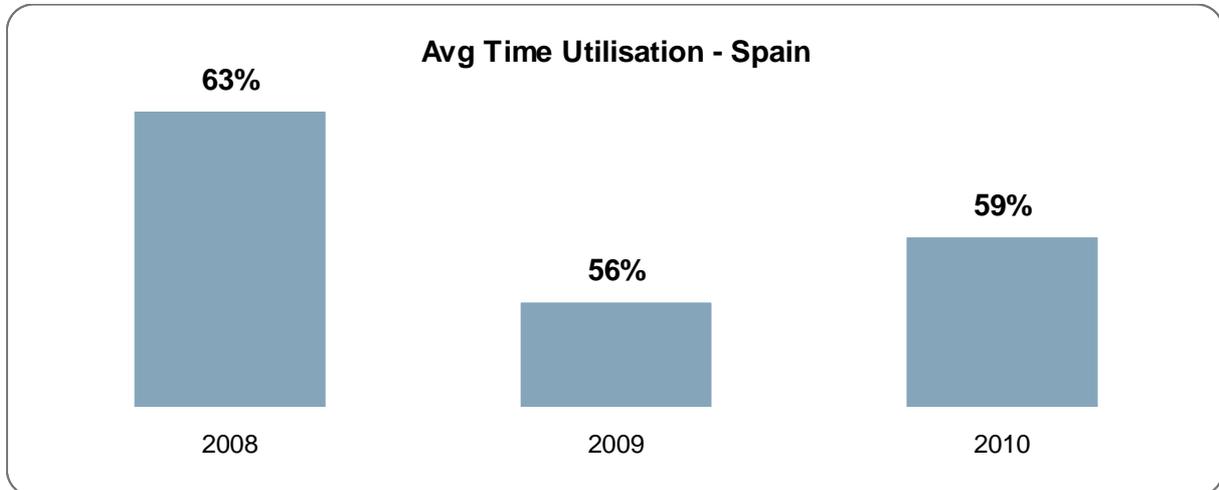
The MEWP rental market in Spain is suffering an abrupt adjustment to a significantly reduced demand. The number of companies and depots has decreased sharply in 2009 and will continue to do so (albeit at a lower pace) in 2010.

Market leaders who will continue to work with large construction companies (ACS, Ferrovial, FCC etc.) are expected to survive despite weakened profitability (EBIT). Small companies with very few machines and a flexible structure are also likely to maintain their business. Mid-sized players however will undoubtedly suffer and some will very likely disappear.

New applications outside the construction business will continue to be developed, increasing the level of maturity of the Spanish market and its professionalism. With the levelling between supply and demand, prices will return to normal levels, boosting the profitability of remaining companies, especially those willing to invest in new machines meeting customer demands (e.g. cost-effective and environmentally friendly electric machines). All of this is however very unlikely to happen before second half of 2011 or the beginning of 2012.

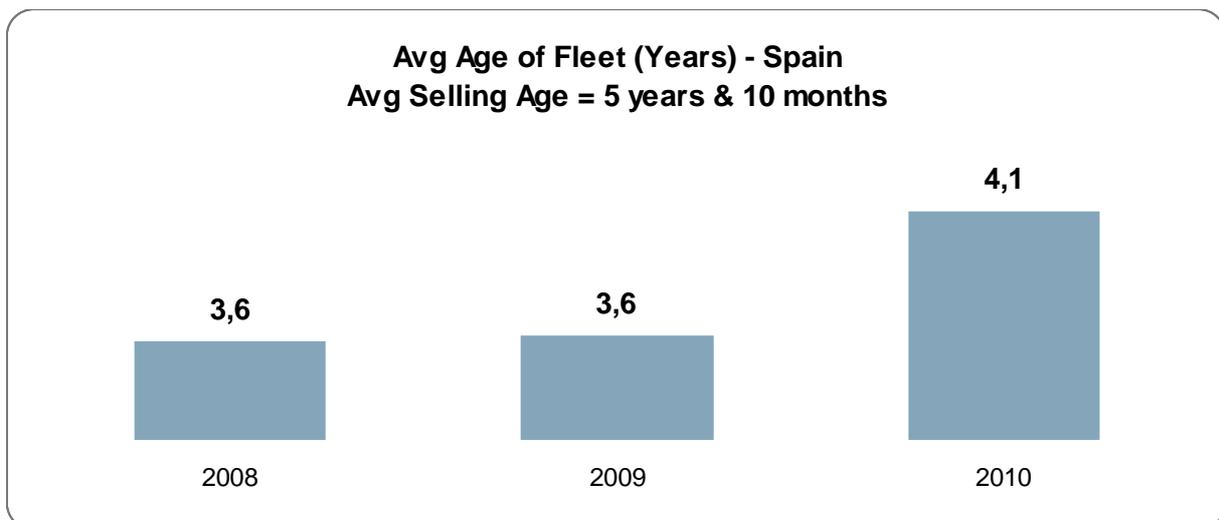
### 3.6 Operational Aspects

#### 3.6.1 Utilisation Rate



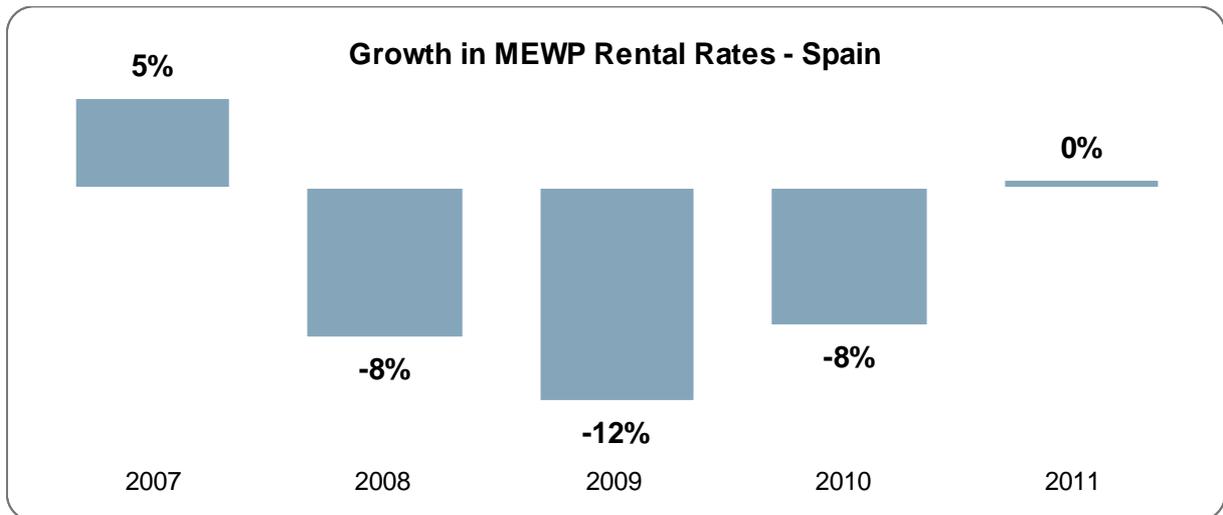
Source: Ducker Worldwide for IPAF

#### 3.6.2 Fleet Age



Source: Ducker Worldwide for IPAF

### 3.6.3 Rental Rates



Source: Ducker Worldwide for IPAF

Spain has suffered a significant decline in rental prices over the last two years. The decline is expected to continue in 2010, although market players realise that a change must be brought about. This leads to an extremely wide price structure in the current market: a few companies have already reported early 2010 to have increased their average rates between 25 and 30%, which contrasts with the most severely hit companies which may offer special rates as low as €3/day for the first day of rental. Greater streamlining may be expected towards 2011, when rates should stabilise again.

### 3.6.4 Cross-Hire

Cross-hire is considered to represent less than 10% of the market. Fierce competition between rental companies and price-sensitive users does not favour this practice.

### 3.6.5 Trade-Ins

Due to a dramatic decrease in capital expenditure in 2009 and the proliferation of new outlets for used equipment (such as auctions), the impact of trade-ins on the total market is minimal. Trade-ins are not typically accounted for as revenue, but as a mere discount off purchase prices (typically around 5%, although OEMs' evaluation of used machinery value is highly variable and largely linked to the number of machines involved in the operation).



## 4 Italy

### 4.1 Industry Structure

Italy is a very fragmented MEWP rental market with hundreds of companies, many of them very small (less than 10-15 units) and specialised. Although the leading companies are well established, the top four only represent around 40% of the total market value. Like in Spain, few players have national coverage and the market is very regional or even local. As in Germany, small players work within a region or even a province and local equipment distributors may also have a rental operation. Moreover, although excluded from the scope of this study, Italy has a “black rental market” of end-users such as façade cleaning companies which also offer MEWP rental.

There is no clear trend towards consolidation. On the contrary, the number of small, local players is reported to be growing further. Nevertheless, some of the small players will have ceased trading before the end of the economic crisis. The survivors will be those that have managed to grow their market share and can respond to a switch from price pressure to demands on availability. They will continue to be faced with competition from many new small companies. Coverage and indeed demand depend also on the type of product. Small equipment is used more locally whilst the market for large platforms (especially more than 70m) is necessarily more national or even international. This reflects the high investment required which also tends to limit its ownership to larger companies.

### 4.2 Applications & Drivers

#### 4.2.1 Applications

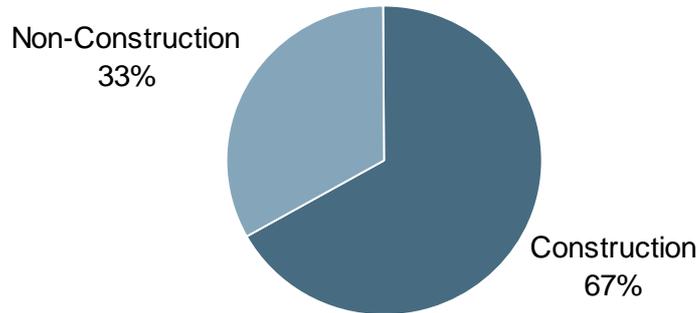
Construction applications represent around two thirds of MEWP rental revenue in Italy, but as in most other countries, the construction sector has seen a slowdown in activity. Public works, namely large-scale infrastructure projects financed by the government, are seen as a major driver even for MEWPs, especially in the current situation, whilst business from small construction companies has fallen.

Non-construction applications typically include industrial manufacturing. Particular growth sectors include new environmental technologies such as the maintenance of windmills, a profitable high-value application for large truck-mounts rented with operators. Also spider lifts are targeted particularly at renovation and maintenance inside buildings (e.g. church ceilings).

MEWP rental (as well as cranes) is seen to have declined less than other construction equipment such as earthmoving machinery which is more linked to the construction market. Truck-mounted MEWPs are performing particularly well, due to their frequent use in non-construction applications.

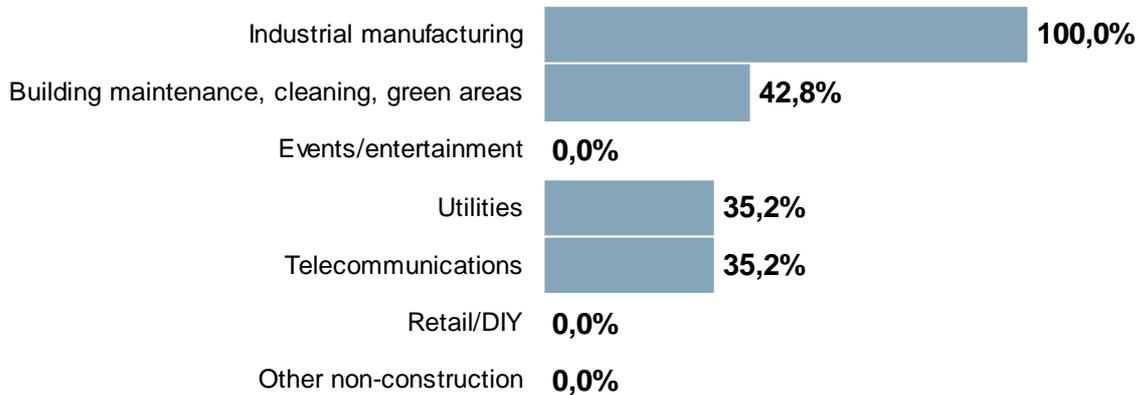
- “Self-propelled equipment has suffered from the crisis because it’s linked in particular to typical applications in construction, a sector that suffers the most at every downturn. Truck-mounts on the other hand are used mainly for all sorts of maintenance and crisis or no crisis, the maintenance continues to be done” (manufacturer)

### MEWP Applications - Italy



Source: Ducker Worldwide for IPAF

### Non-Construction - Italy



Source: Ducker Worldwide for IPAF

#### 4.2.2 Drivers

Against current price competition, the industry is expected to focus on improved safety supported by recent legislation (Testo unico sulla sicurezza, effective in 2009). Additional MEWP advantages include speed (no assembly) and versatility. Overall, increased market awareness is seen to be driving the use of MEWPs over traditional methods.

- "I think awareness of questions relative to safety is the only growth driver" (manufacturer)

Other legislation is however identified as a barrier to rental. As of late 2009, the Tremonti law provides financial support to end-users investing in new equipment. This may contribute to limiting rental company investment and there is a fear that it will even lead to current rental customers returning to purchasing.

For the moment, end-users are seen to show low awareness of MEWPs compared to rental companies. Educating the market will be part of the maturing process. Italian end-users are still perceived as very price-sensitive and showing limited interest in (or indeed knowledge about) equipment quality, characteristics and functions.

### 4.3 Market Size & Dynamics

In the growth period leading up to 2008, the Italian MEWP rental market gained more than 40% in value in only a couple of years. 2009 brought a slowdown, but not a decline. MEWP rental in Italy (overall and particularly truck-mounts) performed rather better than other more mature construction equipment rental. The fact that the Italian market fared better than others has also reoriented some Italian manufacturers' sales towards their home market, to an extent where the share of sales going into Italy has in some cases practically doubled.

- "The majority of MEWP rental companies have maintained their revenue, some have even grown, or at most their revenues have declined by 5-10%" (expert)
- "In 2009, the Italian market has been our most active market, increasing by around 25%. Truck-mounts are not affected by the crisis and even on self-propelled equipment there's not really been a big influence" (manufacturer)

However, even though some companies are displaying up to 5-10% revenue growth, they do feel the slowdown, in the shape of slower growth and reduced profitability.

Also the market fragmentation – including the number of small companies serving local needs – has helped maintain growth. Moreover, truck-mounted platforms have resisted the slowdown even better than smaller self-propelled equipment.

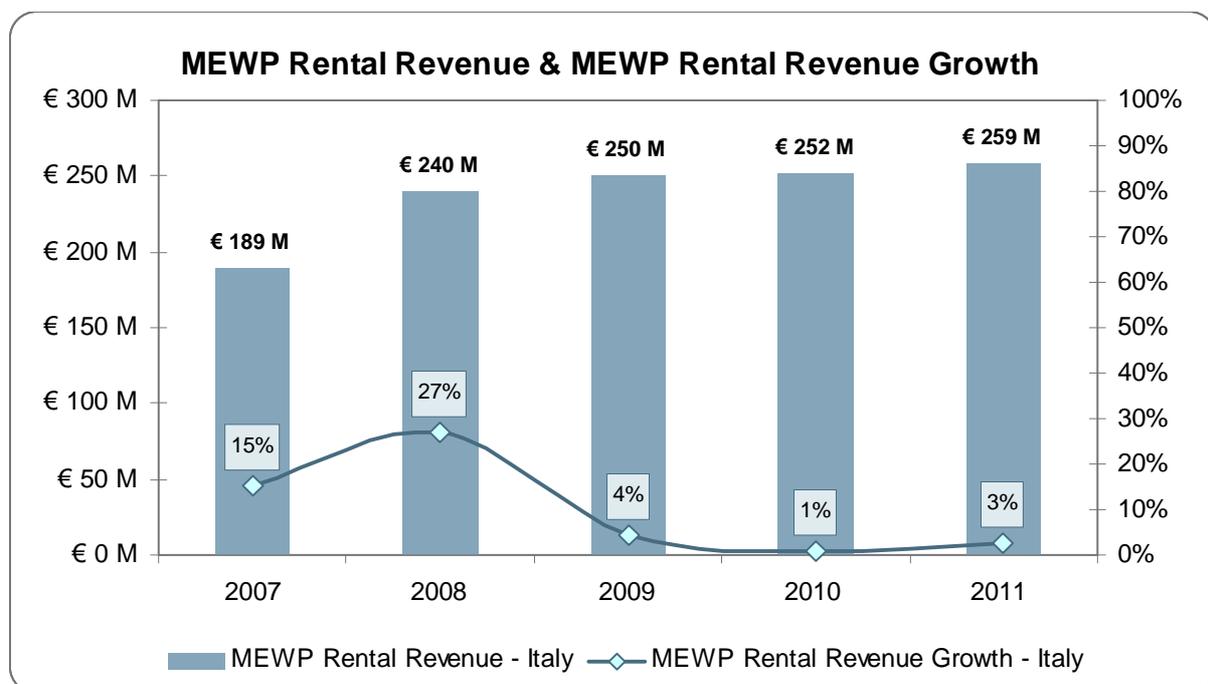
- "If mid-sized to large platforms haven't grown even more, it's only because the rental companies didn't have enough specialised operators to meet the demand" (expert)

2010 and 2011 are expected to grow at very moderate levels. The return to more significant growth is not expected until 2012.

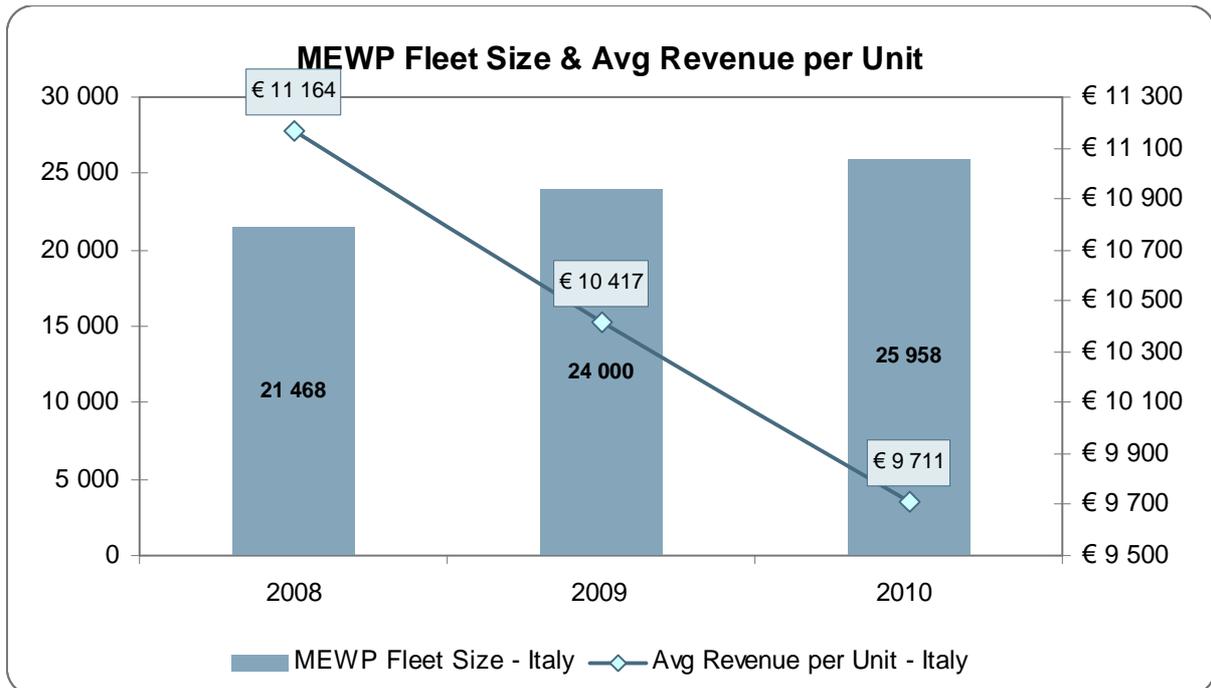
- "It's difficult to predict. At the end of 2009, we thought that 2010 would grow by 0-5%, but in Jan 2010 our activity has slowed down a lot and we can't analyse it yet, we don't yet know whether it's a trend that will continue for several months" (large specialist)

Characteristics (fleet mix, regional variation)

The north has the majority of the market (more than 60% in terms of number of units), especially the Lombardy region around Milan.



Source: Ducker Worldwide for IPAF



*Source: Ducker Worldwide for IPAF*

Fleets continued to grow even in 2009, as investments did not decline significantly until 2010.

Revenue per unit clearly reduced, but is expected to climb back to previous levels and higher in 2010, thanks to a stabilisation in rental rates (accompanying a very slight increase in utilisation, but an even smaller increase when measured against a larger fleet size).

The average rental revenue per MEWP unit is relatively high due to the historically strong presence of truck-mounted platforms manufactured by several Italian companies and representing up to around half of the national fleet against a minority in other countries more oriented towards self-propelled equipment. In addition to mixed fleets, many small to mid-sized rental companies specialise exclusively in truck-mounts. In line with this, equipment owned by rental companies tends also to be larger, more high-end and thus of higher average value compared to end-user fleets.

- "In Italy, the majority of platforms over 50 metres are still bought by rental companies. End-users don't have enough experience yet to judge a platform. Rental companies look more at quality because when buying, they already think about the resale value" (manufacturer)

#### 4.4 Investments & Divestments

The Italian market has experienced an investment boom over the past 4 to 5 years. Also 2008 was an excellent year that raised expectations. Consequently, investments in 2009 had not yet adapted to the new market situation. CAPEX was until 2009 high in Italy compared to other countries with numerous companies investing in growing their fleet to meet increasing demand in this growth market. Even with a slowdown in activity, some of the rental companies did not modify their investment patterns. A majority of purchases nevertheless are machine replacements.

- "We've continued making small investments, even increasing the number of machines, but after careful thought" (small specialist)
- "In Italy in particular the economic crisis has been offset by state financing for companies to renovate their fleets: therefore both users and rental companies have continued buying. There hasn't been any real decline" (manufacturer)

Low cash flow has recurrently been seen to begin with customers before affecting rental companies, whether small or large, specialist or general.

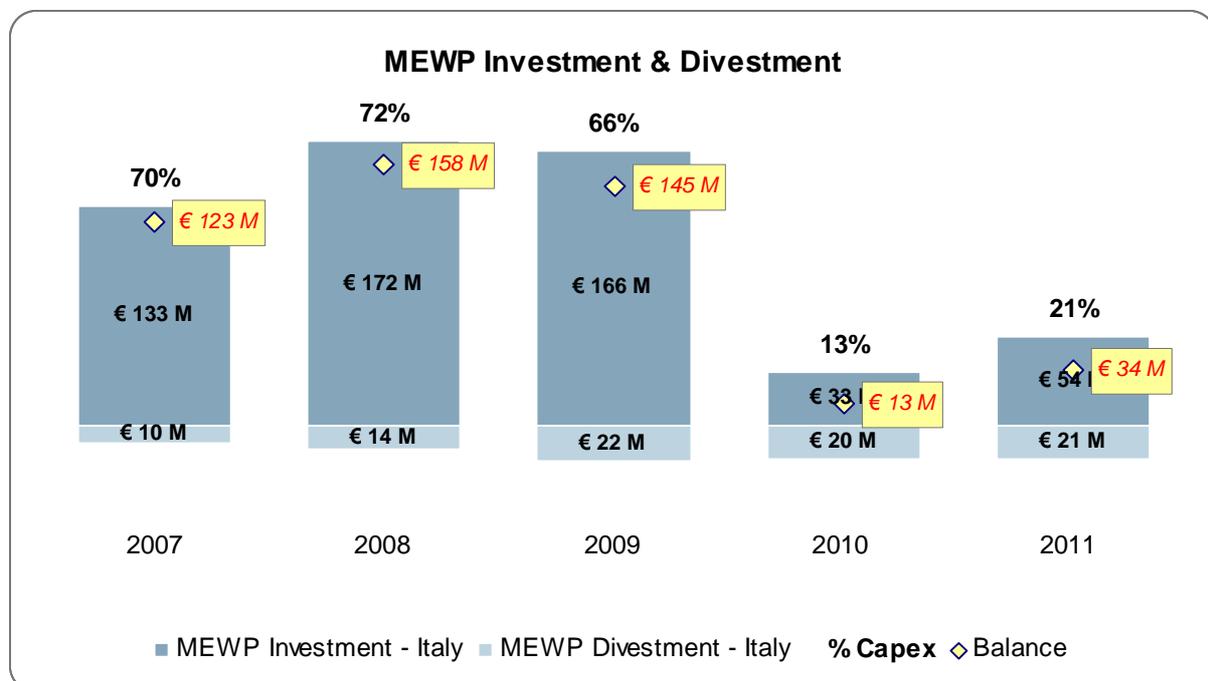
- “The crisis hasn’t affected our investments. The only real consequence concerns customers’ payments: we’ve had to negotiate a lot with them to find arrangements” (small specialist)
- “The crisis hasn’t really affected demand, but customers have taken longer to pay their bills” (small general rental company)

However, part of the investments cover second-hand purchases, when financially strong rental companies have been able to purchase equipment divested by others.

The drop in investments in 2010 is not only a reaction to the economic slowdown, but also a consequence of the large-scale investments made over previous years. Moreover, this coincides with the Tremonti law introduced at the end of 2009, which encourages end-user investment and therefore makes rental companies even more cautious (cf. above).

The rebound is expected to grow progressively between 2011 and 2012.

Divestments gradually increased over the past few years due to higher investments and hence more replacements, especially in 2009 with the economic downturn bringing reduced utilisation and a greater need for cash flow. Similarly, with the current heavy decline in investment, divestments are now expected to stay at the same level in 2010 and 2011.



*Source: Ducker Worldwide for IPAF*

## 4.5 Demand Development

### 4.5.1 Rental Market Maturity

Around 60% (50-70%) of MEWP sales go to the rental channel. This is significantly less than in the other European markets. Despite their cost, there are more owned truck-mounted platforms. With self-propelled equipment, rental represents between 60 and 70% of sales.

The penetration of rental in the MEWP market is seen as having been relatively significant from the start (albeit lower than in more mature countries) due to the fact that the Italian MEWP market is relatively young in comparison with other countries and other rental products, which meant that it experienced an accelerated start. Although manufacturers do not see or expect the importance of the rental channel to grow from the level established in 2006, rental companies themselves believe that the greatest increase still lies ahead. The overall figure is expected to be around fifteen points higher within approximately three years (although some consider that the process is cyclical and/or that rental penetration will come to a halt after 70% as they feel that the market is already beginning to show signs of saturation).

In particular, further growth potential overall and specifically in rental is identified for very large MEWPs that involve high investment, whilst smaller equipment may more easily be acquired also by end-users. Nevertheless, others consider the low level of investment by end-users as a characteristic of a market not yet mature. Further maturity may therefore also bring a levelling between product types owned by rental companies compared to end-users.

#### 4.5.2 MEWP Maturity

The Italian market is possibly the least mature of the European MEWP rental markets being studied and has therefore continued growing despite the economically unfavourable conditions in 2009. It will also expand further in the years to come, thanks to higher awareness and stricter regulations.

A special mention must be made however of truck-mounted platforms, a much older product especially in the Italian market than self-propelled platforms but nevertheless resistant to the economic downturn although for different reasons.

Scaffolding is still more widely used in Italy than in the other countries studied, due to a combination of factors that may include habit, accessibility or space requirements, comparatively affordable labour and construction industry fragmentation. However, there are signs that for short projects (up to three weeks), scaffolding is increasingly being replaced by MEWPs.

Other access systems however are limited once heights exceed a few metres. More improvised solutions like cranes equipped with platforms cannot be ignored but are believed to be declining in favour of MEWPs, which are safer and more convenient to work with.

#### 4.5.3 Outlook

Despite the comparative strength of the MEWP sector as opposed to other construction equipment, some rental companies seek to improve their reduced profitability by widening their product and service offer.

The importance of proximity is also on the increase.

Market growth could also be boosted by more innovative products, possibly developed through greater cooperation between rental companies and MEWP manufacturers.

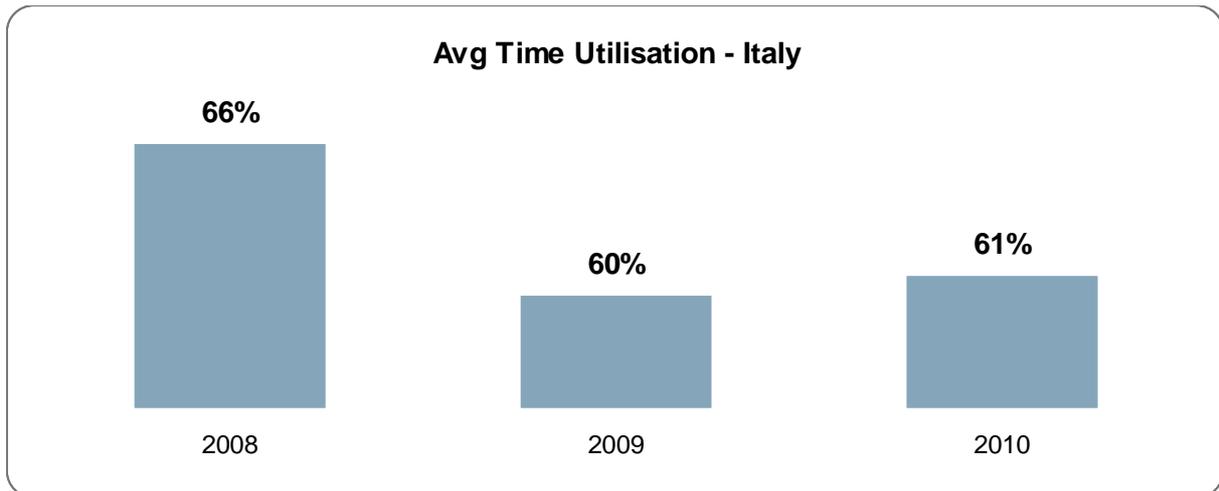
### 4.6 Operational Aspects

#### 4.6.1 Utilisation Rate

Time utilisation did decline significantly in 2009, with a limited positive improvement expected in 2010.

Even in the Italian climate, utilisation varies significantly between seasons (e.g. 60% in winter against 80% in summer), with the annual average closer to the winter utilisation level. The exceptionally cold winter of 2009-2010 has reinforced the decline.

- "I don't know whether the reduction is linked to the crisis or rather to the weather conditions" (small specialist)



*Source: Ducker Worldwide for IPAF*

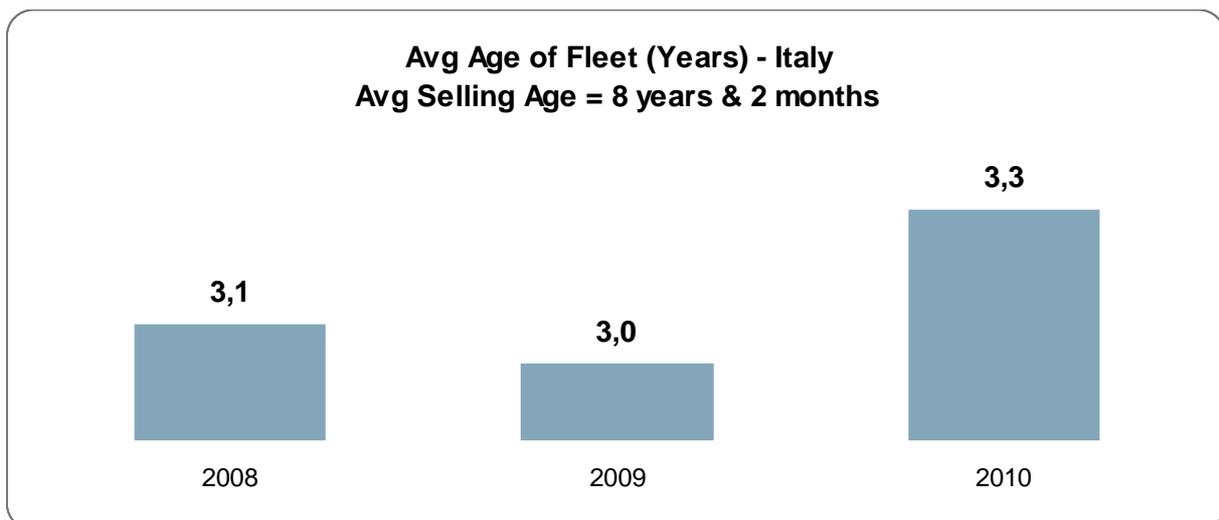
MEWP rental contracts are mostly short-term, commonly less than 3 months, but with a typical contract duration closer to a week. Long-term rental contracts with purchase options exist (typically three or five years) but are rare.

Rental with an operator is normally short-term (e.g. 3-7 days), whereas the duration of rental without an operator is more variable (e.g. between two weeks and 1-2 months).

The impact of the crisis on contract duration has been limited, but variable between companies:

- "There's been a reduction in the number of rentals, but this has not affected the contract length; it's just that clients who previously rented twice now rent only once" (small specialist)
- "The crisis has affected the contract duration, not so much the number of rentals. Previously rentals were mainly per week or sometimes per month, but today more than half are per day" (small general rental company)

#### 4.6.2 Fleet Age



*Source: Ducker Worldwide for IPAF*

The selling age is frequently 5 to 7 years, but ranges up to ten years, giving an average of around eight years. Retention may be shorter with some companies whose business model involves instantly selling their machines at a premium price at the end of a finance lease. With increased market maturity, a shorter retention period is expected in the medium term.

Machines rented with an operator, such as large truck-mounts, can be kept longer (often up to ten years) due to more careful operation, against eight years for truck-mounts rented without a driver.

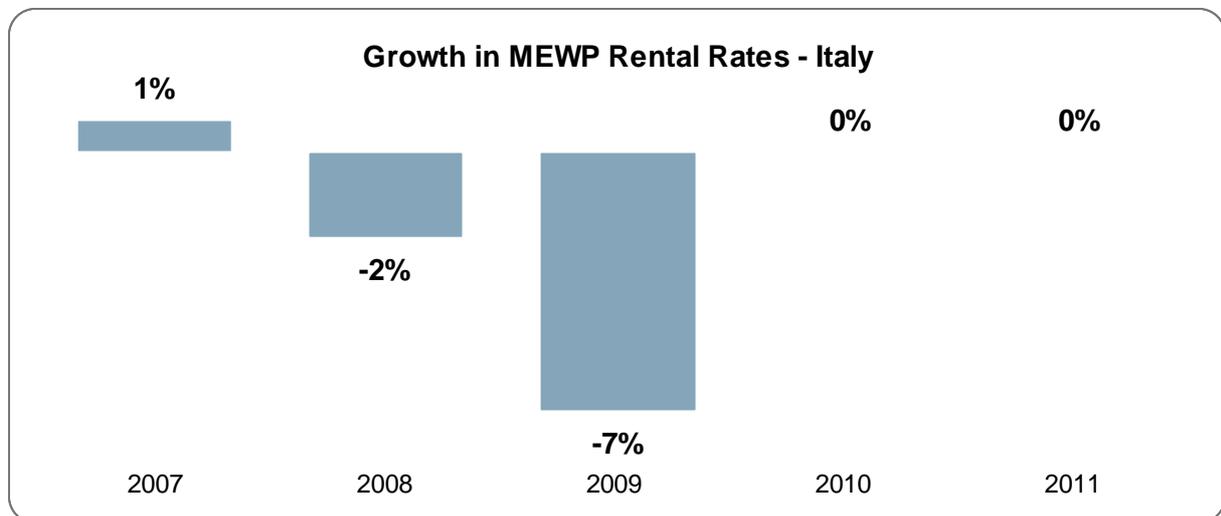
The average age is generally 3 to 4 years, lower with some of the major players and this has decreased during the investment boom over the past years. The continued investment followed by an increase in divestments saw a temporary further reduction in fleet age in 2009, but this should return to the 2008 level and above in 2010, possibly to decrease again in the medium term.

Even at stable CAPEX, the average age may vary significantly at small companies, as one large acquisition may lead to the non-renewal of other, less costly equipment.

Self-propelled MEWPs are likely to be younger than truck-mounts, due to shorter retention as well as a more recent market. Moreover, on truck-mounts often the truck is replaced but the platform kept.

Some major industry players would like to see a longer-term trend to reduce the share of income represented by used machine divestments, in favour of the share represented by rental revenue. If that were the case, it would coincide with a trend towards an increase in fleet age.

#### 4.6.3 Rental Rates



Source: Ducker Worldwide for IPAF

With the exception of the period of economic slowdown, rental rates in Italy are largely stable. Looking further back, apart from the odd company or product, rates have not increased since 2006, a development also identified as a long-term trend towards a lower price level in comparative terms. At the beginning of the crisis, rates did decline overall, but with many companies they still remained stable even in 2009. The high proportion of truck-mounts in Italy has partly held back the decline, the more specialist equipment being less subject to price competition.

The lack of rental rate growth prior to the crisis has been linked to a rapid increase in fleet size and some consider that even the Italian market suffers from oversupply. Nevertheless, low market maturity previously allowed for the maintaining of rates (rather than an outright decrease) and a return to stability is expected for at least another two years.

#### 4.6.4 Cross-Hire

Cross-hire today in Italy is, at most, similar to the average 5% in the European countries under study. New regulations are considered to make cross-hire slightly more complicated. Nevertheless, some would like to see increased cooperation between companies to share resources and indeed the fragmentation of the Italian market, combining a large number of small rental companies each strong in their own niche (in terms of products and geography) would appear to provide a favourable basis for the further development of cross-hire, similar to the situation in Germany.

#### 4.6.5 Trade-Ins

Trade-ins are considered important, especially as a means of predicting resale value when making purchase decisions.

Fleet renewal in Italy is a sensitive issue – especially for some smaller rental companies – to the extent that they fear the involuntary conversion of potential rental customers into owner-users, a fact that could be seen as a part driver of trade-ins rather than direct sales.

#### 4.6.6 Employees

Despite the reduced level of revenue per employee, the increase in fleet size in Italy calls for additional personnel, notably mechanics and operators of truck-mounted equipment.



## 5 Germany

### 5.1 Industry Structure

Despite strong market leaders, the German market is extremely fragmented with more than 1000 companies active in MEWP rental, most of which are small family firms.

- 1) The three main national dedicated MEWP rental companies do not represent more than around one third of the market
- 2) They are followed by numerous companies with fleet sizes of around 500-1000 machines which serve regional markets
- 3) At the other extreme there are a multitude of small family businesses scattered around the country which serve specialised local business needs. Some of these have regrouped in the two national partnership organisations that represent in total around half of the market

Other than such partnerships, no major developments indicate a rapid consolidation of the industry. Despite some company acquisitions, organic growth seems to prevail.

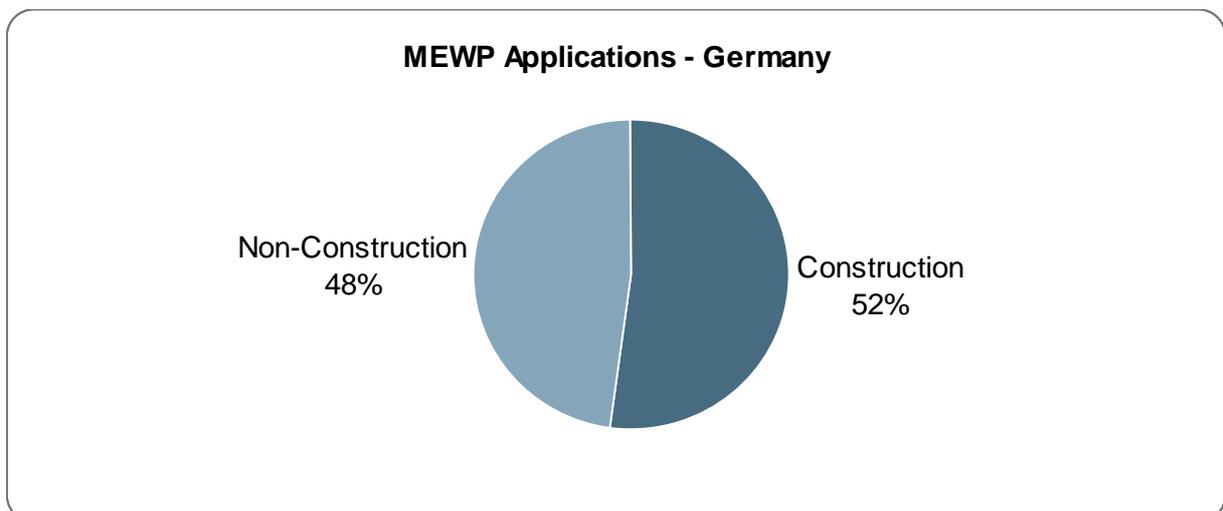
The German MEWP rental market is dominated by specialists which initially launched the market, some of the leading players having first started out as end-users. Also local equipment distributors play a relatively important role in the German rental market.

### 5.2 Applications & Drivers

#### 5.2.1 Applications

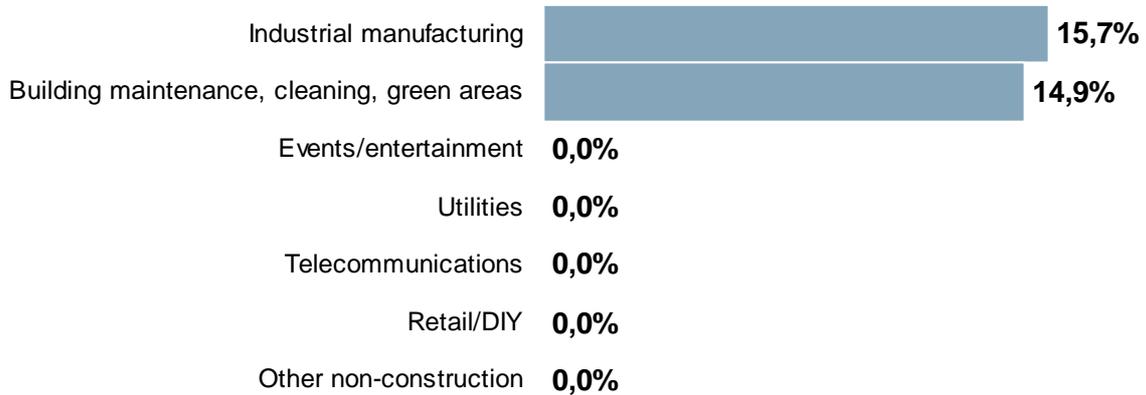
The construction industry generates just over half of the revenues in the German MEWP rental market. Compared to other countries, this client segment has been the least affected by the economic crisis in 2009, with building projects still ongoing or being started through the economic stimulus packages released by the German government for building renovation and heavy construction. Craftsmen of all professions involved in new building construction and renovation are cited as an important MEWP customer group which has benefited from public building renovation projects.

Industrial clients such as in the automotive industry have considerably reduced their MEWP rental with a decrease in production and a decrease in maintenance/servicing needs. Contrary to other countries, Germany therefore does not show any increase in non-construction applications which are already significant and might otherwise have further supported the demand for MEWPs.



Source: Ducker Worldwide for IPAF

### Non-Construction - Germany



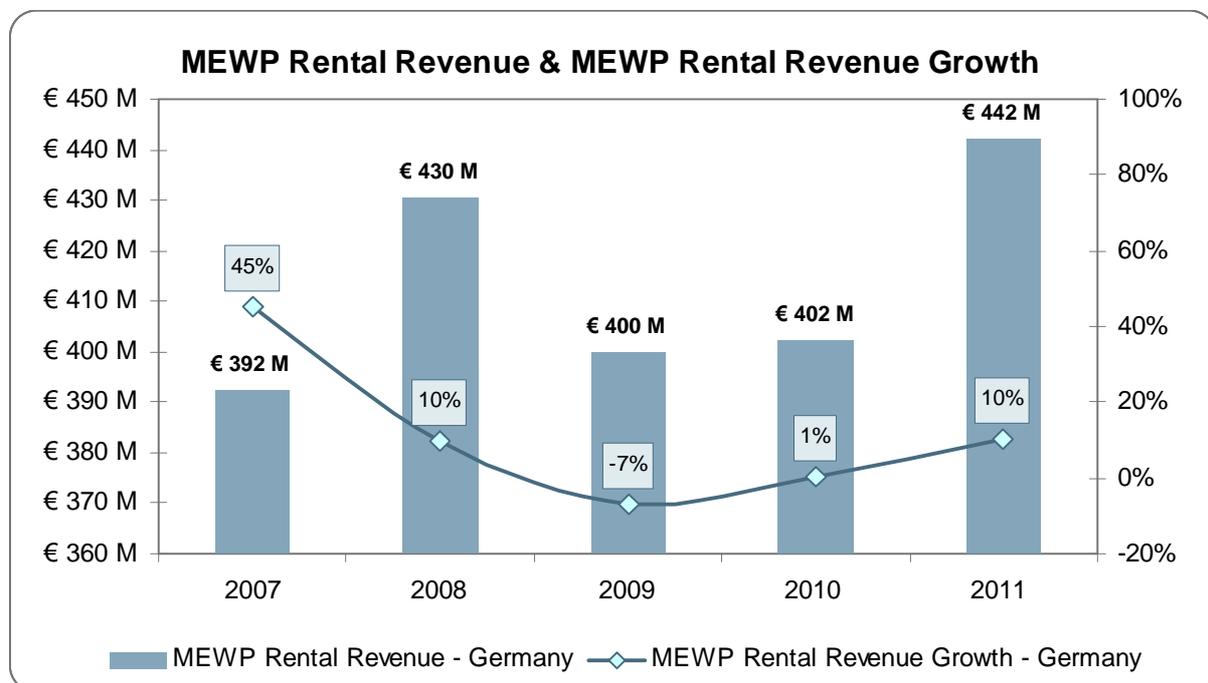
Source: Ducker Worldwide for IPAF

#### 5.2.2 Drivers

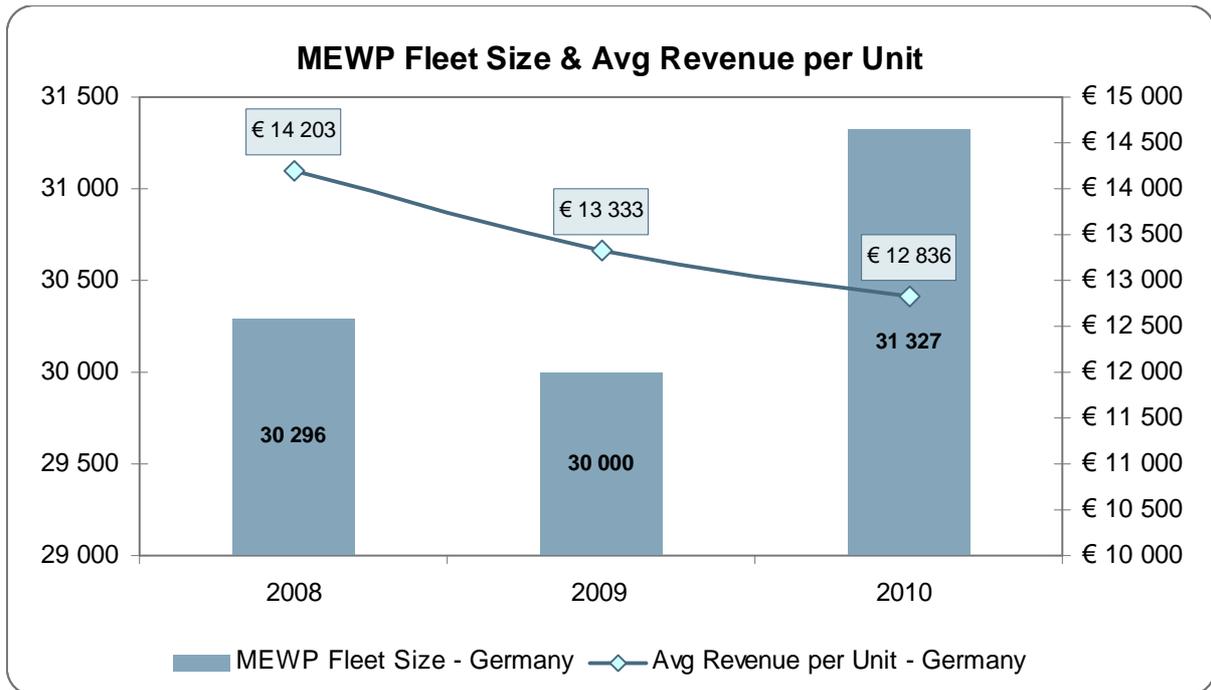
Despite the continuous growth of the MEWP rental fleet in Germany, there is still potential in a range of different applications. Rental companies who are already looking to develop greater variety in their rental fleets will need to target new end-user segments to further benefit from the market potential.

- “The driving factors for growth are that the sector is more innovative and thinks of new markets” (other expert)

#### 5.3 Market Size & Dynamics



Source: Ducker Worldwide for IPAF



*Source: Ducker Worldwide for IPAF*

Differences in equipment owned by rental companies versus end-users are seen to be limited. In both of these segments, the German market is characterised by large, sophisticated “full-spec” equipment, including a significant share of truck-mounts and also trailer-mounted platforms.

## 5.4 Investments & Divestments

In 2009, the cut in investments has been hefty, particularly among the larger players in the market.

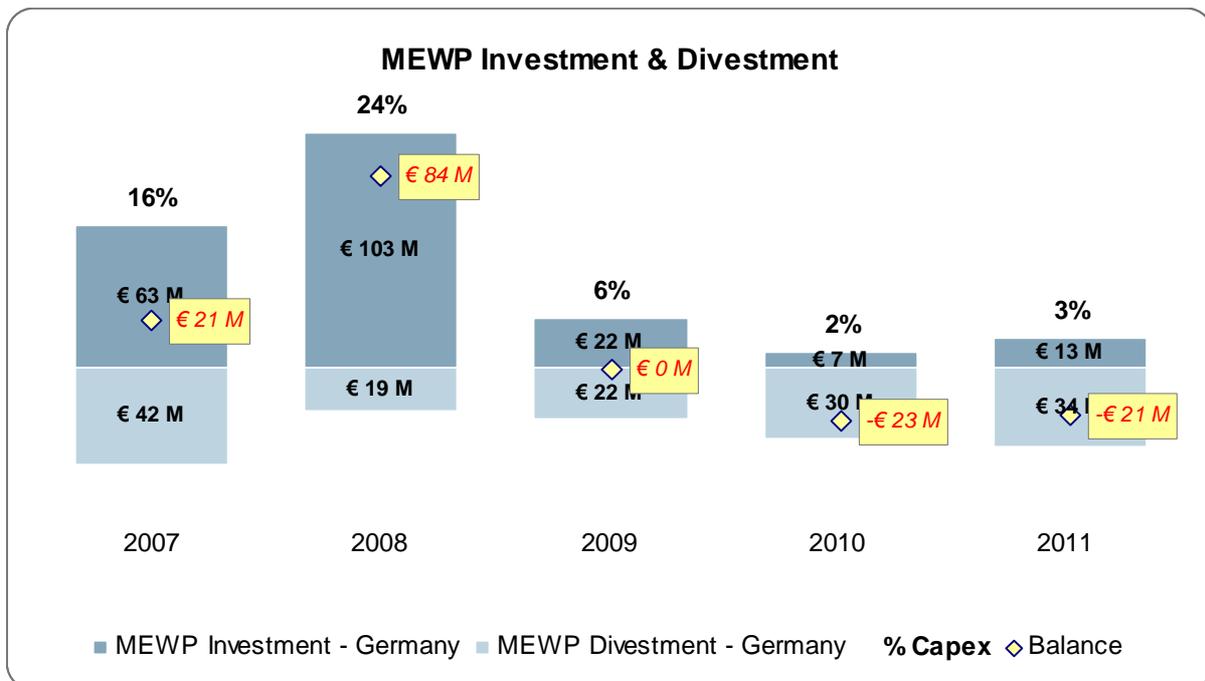
- “We have to differentiate between large clients which have bought nothing or a minimal amount, and the smaller clients to whom the decrease was not that dramatic” (manufacturer)

As in other markets, the decreased demand for used equipment has not allowed for major reductions in the German rental fleets.

- “In 2009, it was relatively difficult to sell machines since the prices on the used machinery market were too low. A lot of machines which should have been sold have not been sold” (expert)

Upcoming investment activity will, albeit at a low level, be targeting more specialised machinery.

- “I believe that in particular the investment in these “bread and butter machines” will be low since there are huge volumes of these in the market” (expert)
- “On long-term projects, MEWPs of around 40m are getting more interesting” (manufacturer)
- “The market has been trying to move away from standard machines which they cannot rent anymore since they have too many of them. They are looking for other machines to offer something different to their clients” (large generalist)



Source: Ducker Worldwide for IPAF

## 5.5 Demand Development

### 5.5.1 Rental Market Maturity

Rental as opposed to ownership is still in the process of developing. Around 70% of MEWP sales are estimated to go to the rental sector, “far behind” the UK or Sweden. The German market is characterised by a large number of artisans owning their equipment and more subcontracting.

### 5.5.2 MEWP Maturity

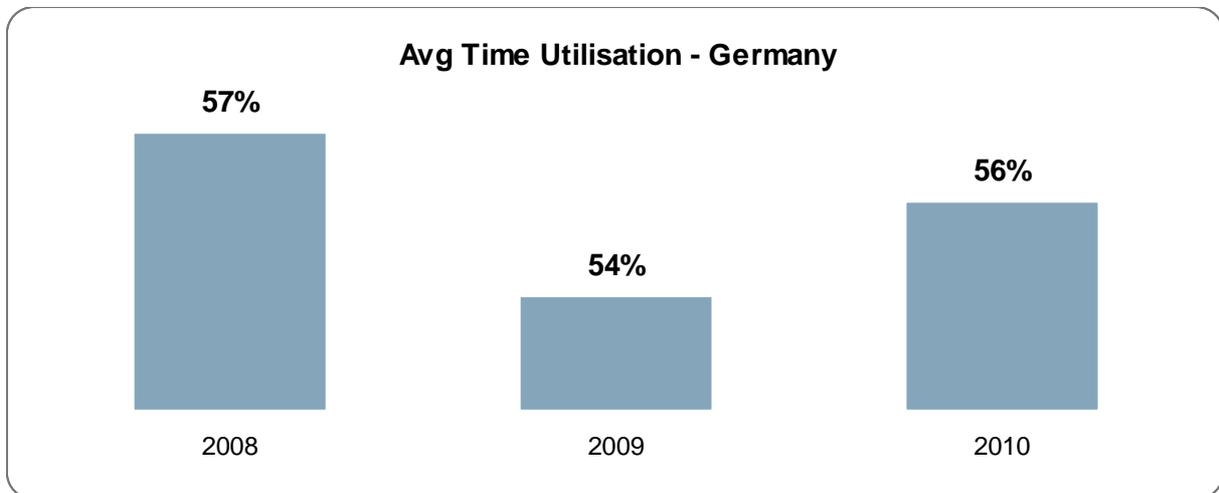
Like Italy, Germany is among the less mature markets covered by the study and considered to have significant additional potential in MEWP rental, with a number of users still preferring scaffolding in construction projects. "Germany is a tower crane and scaffolding country."

## 5.6 Operational Aspects

### 5.6.1 Utilisation Rate

Electric machines used in the inside of the building have been affected most heavily by the crisis, explaining a decrease in overall utilisation rates.

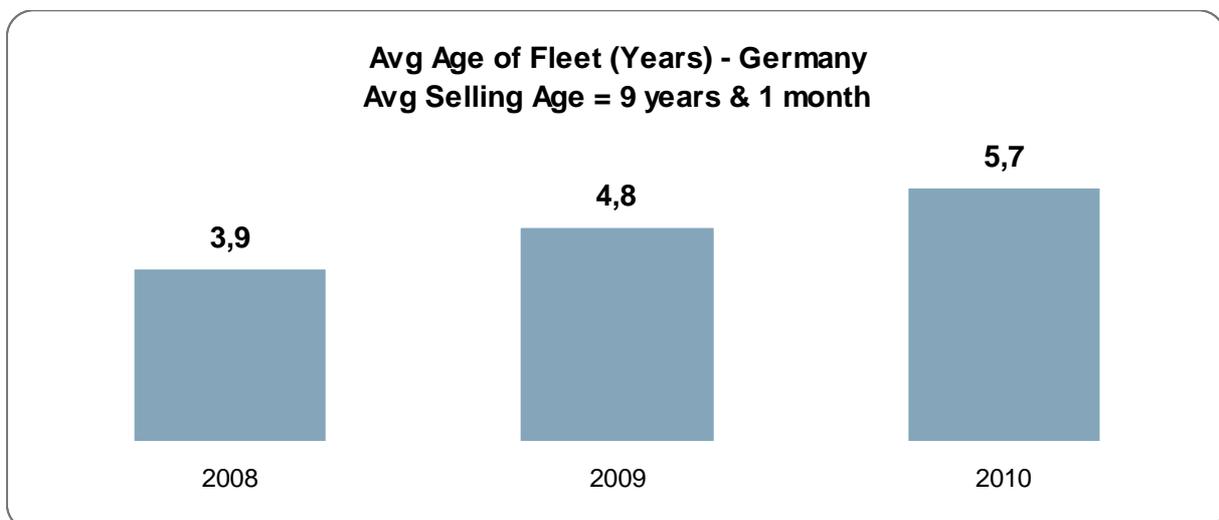
- "In 2009, money has been available for tree-cutting and cleaning tasks in the municipal area and the truck mounted platforms have not been as affected as much as the MEWPs for industrial applications" (manufacturer)
- "The small artisans altogether as the most important client have done OK" (large specialist)



Source: Ducker Worldwide for IPAF

### 5.6.2 Fleet Age

- "The large companies have just let their fleet grow older by one year and have stopped replacement investments. The medium-sized companies took longer to react" (expert)



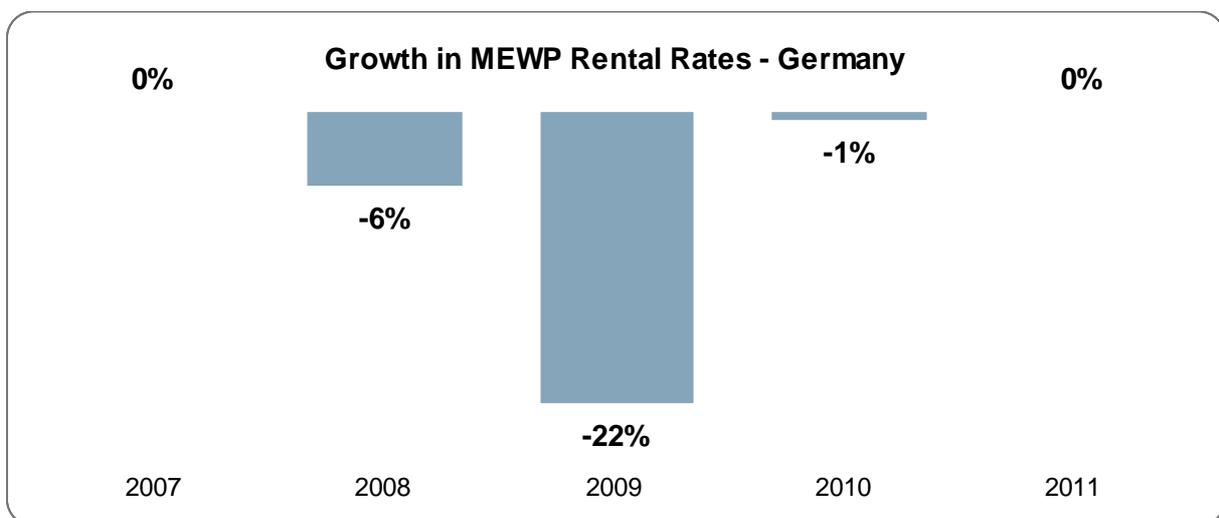
Source: Ducker Worldwide for IPAF

### 5.6.3 Rental Rates

The decline in rental rates in Germany has been surprisingly strong in 2009. However, it is more limited in time than in some other countries and is expected to cease even faster than it started.

The urge to have the machines out with the customer and to create financial liquidity has forced German rental companies to decrease rental rates considerably. The lower maturity of the MEWP rental market in Germany has attracted more companies into the market together with fleet growth of existing players, leading to the first signs of saturation for some equipment types. With rental companies trying to push utilisation, standard machines have faced further decreases in their rental rates in 2009.

- "Rental rates for MEWPs which have lower usage rates such as scissor lifts and telescopic lifts have seen decrease of up to 45%, whereas machines which are often rented with an operator have seen less decrease" (large specialist)



Source: Ducker Worldwide for IPAF

### 5.6.4 Cross-Hire

The large German partnership organisations allow their smaller regional members to serve their clients on a national scale. In the total market, cross-hire represents a minor share, close to the European average.

- "Cross-hire mainly concerns short-term rental. If the client is looking to rent long-term elsewhere, their existing rental provider will transport the machine to the desired location" (large specialist)



## 6 Belgium

### 6.1 Industry Structure

Belgium shows average consolidation compared to other European countries. The top-four Belgian players share approximately 65% of the MEWP rental market. These leaders are specialist MEWP rental companies, whereas the remaining 35% consist mostly of small general rental companies, some with between 100 and 200 machines but many owning only 5-15 units. The development model of small local companies is usually to start out as a specialist in the MEWP business and then opportunistically diversify the product range into other access or construction equipment and become a general rental company.

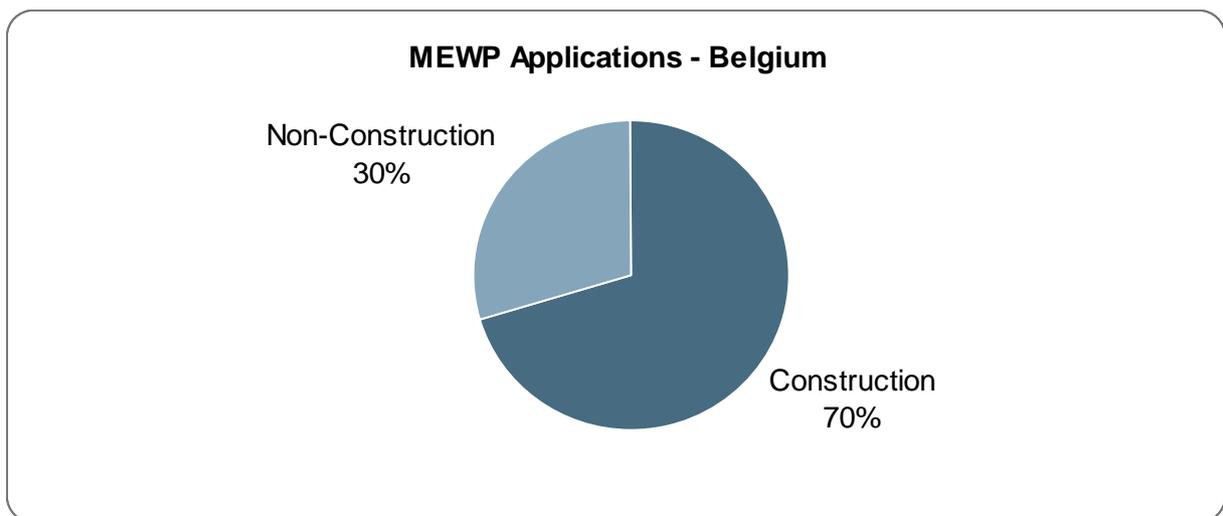
Due to the smaller market size compared to the top European markets, the large companies in Belgium remain more mid-sized than large on when measured on an international scale. Apart from one, most rental companies – including the major players – are family-owned.

Despite crisis, there is no identified trend of consolidation in Belgium and the number of rental companies is perceived to be stable.

### 6.2 Applications & Drivers

#### 6.2.1 Applications

In the past, the Belgian market used to be driven by 80% construction applications against 20% non-construction. This breakdown has recently moved towards at least 30% in non-construction applications for three main reasons. The industrial segment is less competitive than construction, machines are subject to more damage in the building sector and rental companies realised it was too risky to be dependent on one sector and on a limited number of clients. The main non-construction application is seen as building maintenance, cleaning and green areas.



Source: Ducker Worldwide for IPAF

#### 6.2.2 Drivers

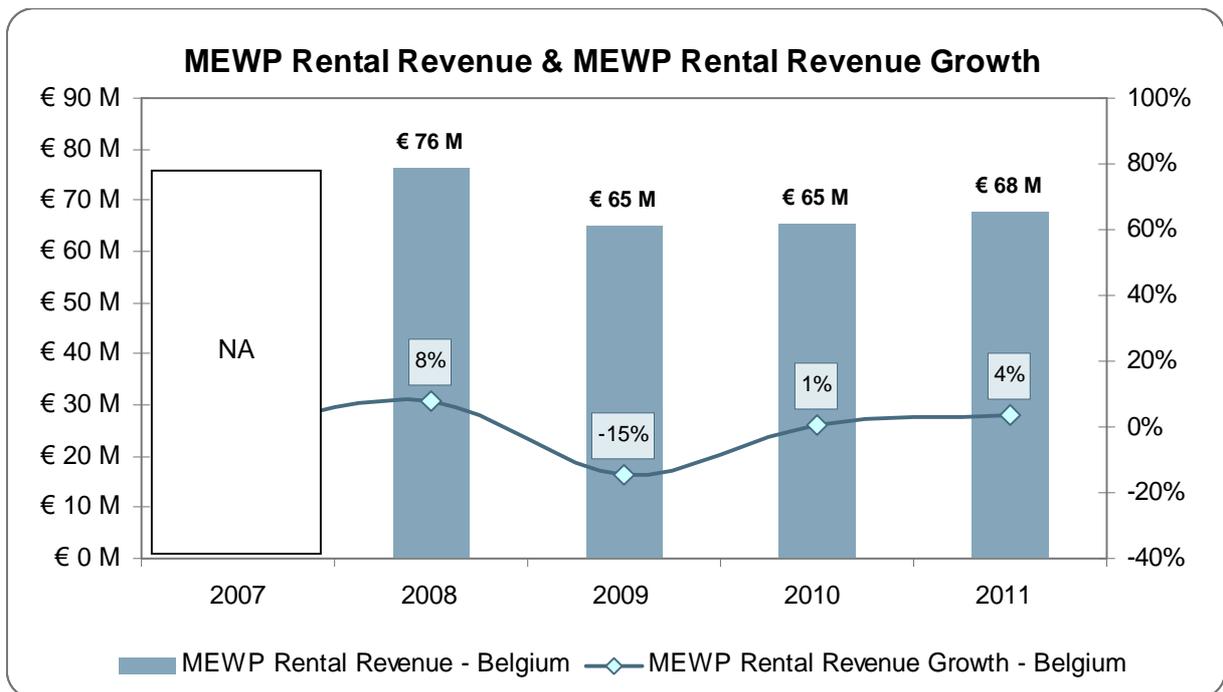
The attitude of the banks in Belgium directly drives construction more than it does MEWP rental. Banks directly influence MEWP demand (i.e. during the crisis, banks stopped credits for new construction projects), but they did not prevent rental companies from investing or urge them to divest even in a period of recession.

### 6.3 Market Size & Dynamics

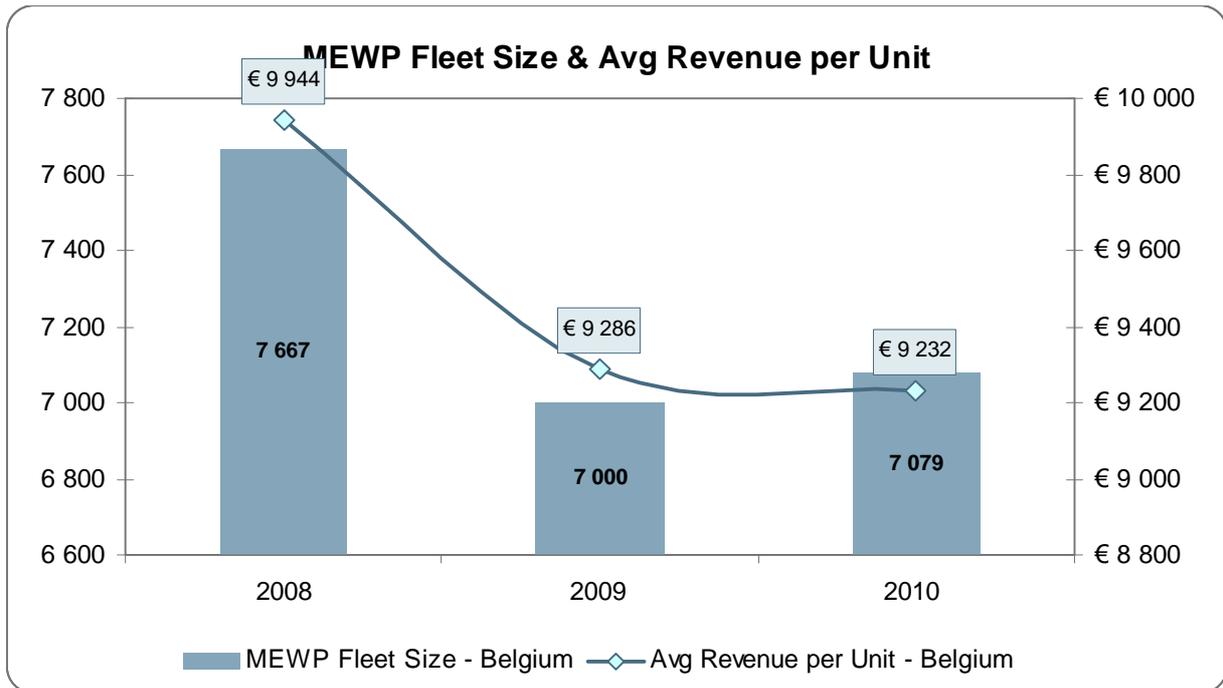
In Belgium, the demand for MEWPs experienced a peak in 2008, mirroring the construction boom. In 2009 the market then dramatically decreased (-15%) because of the global recession.

The national MEWP fleet is estimated to have reached 7000 units in 2009. Scissor lifts account for approximately half of the fleet, followed by articulated booms and, to a lesser extent, telescopic booms. The number of truck-mounts is not as high as in some other European countries.

Demand in 2010 is viewed as largely flat. Some believe demand for access equipment may increase in volume, whereas prices will remain stable or drop; therefore the Belgian MEWP market value is expected to grow progressively. Prices will not return to 2008 levels for another 2 or 3 years. Market players wait for the “big months” (from September to November) to better evaluate the pace of recovery.



Source: Ducker Worldwide for IPAF

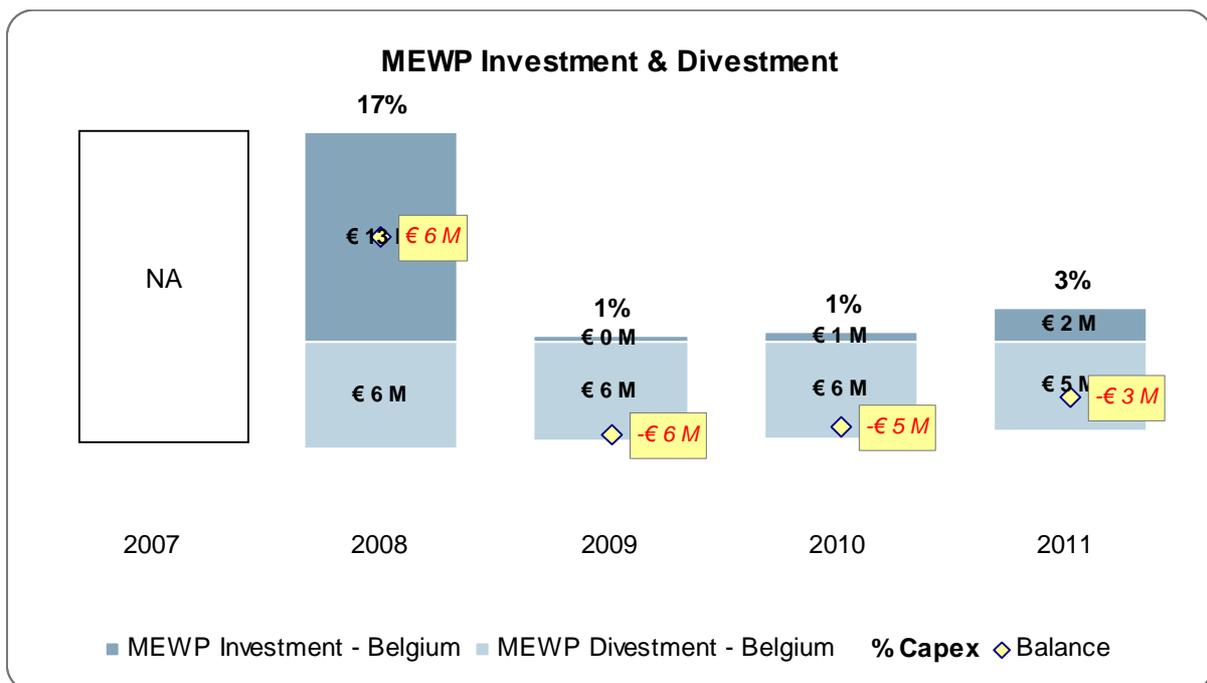


Source: Ducker Worldwide for IPAF

The revenue per MEWP unit in Belgium is close to the average level in the European countries studied and slightly above the level in the UK. Revenue per unit declined in 2009 but is expected to remain stable in 2010 thanks to a new upturn in time utilisation.

#### 6.4 Investments & Divestments

Despite the economic downturn, the Belgian MEWP rental fleet did not decline quite as much as might have been anticipated in 2009: investments stopped but divestments remained stable. One reason is the fleet management at family-owned companies which prefer to keep machines rather than selling them off at exceptionally low prices.



Source: Ducker Worldwide for IPAF

## 6.5 Demand Development

### 6.5.1 Rental Market Maturity

Approximately 80% of MEWP sales are estimated to go to the rental sector, similar to or not far behind the situation in the Netherlands as far as rental penetration is concerned.

Rental is still managed as a family business.

### 6.5.2 MEWP Maturity

The market sees some further room for growth, as several companies believe that Belgium is at 80% maturity level of the US market.

### 6.5.3 Outlook

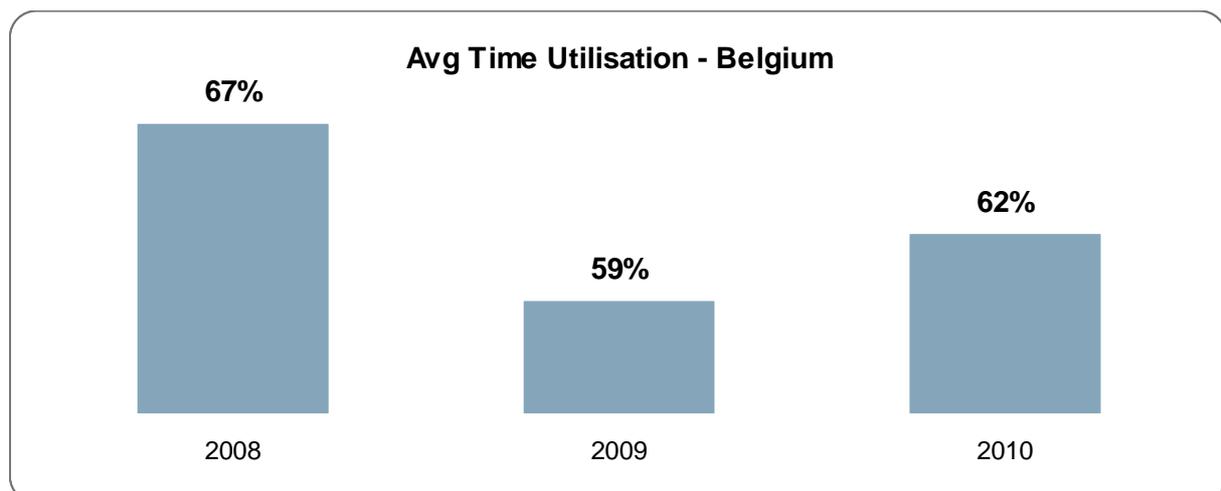
Rental companies are currently considering increasing their service offer to increase customer loyalty – end-users appear to become more demanding over time. Rental companies are also taking an innovative approach regarding their product mix such as developing MEWP & telescopic handler packages.

## 6.6 Operational Aspects

### 6.6.1 Utilisation Rate

Depending on Belgian rental companies' strategy, a low utilisation rate will be associated with high prices, high utilisation with more competitive prices. Although leading and most professional companies typically choose and succeed with the second solution, utilisation dropped significantly in 2009 before prices could be adjusted. However with continued price decreases, a slight improvement in utilisation is now expected in 2010.

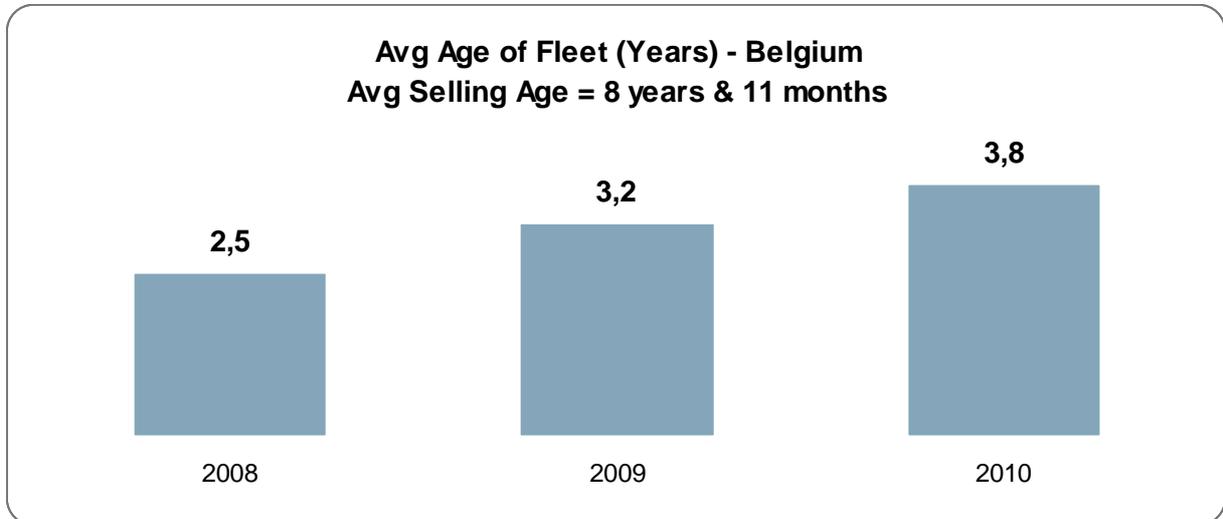
A vast majority of MEWP rental contracts do not exceed ten days (now down to for example 7-8 days); others mostly last between ten days and one year and only a couple of percent exceed one year. The financial crisis has decreased the contract duration, followed it would seem by the hard winter of 2010.



Source: Ducker Worldwide for IPAF

### 6.6.2 Fleet Age

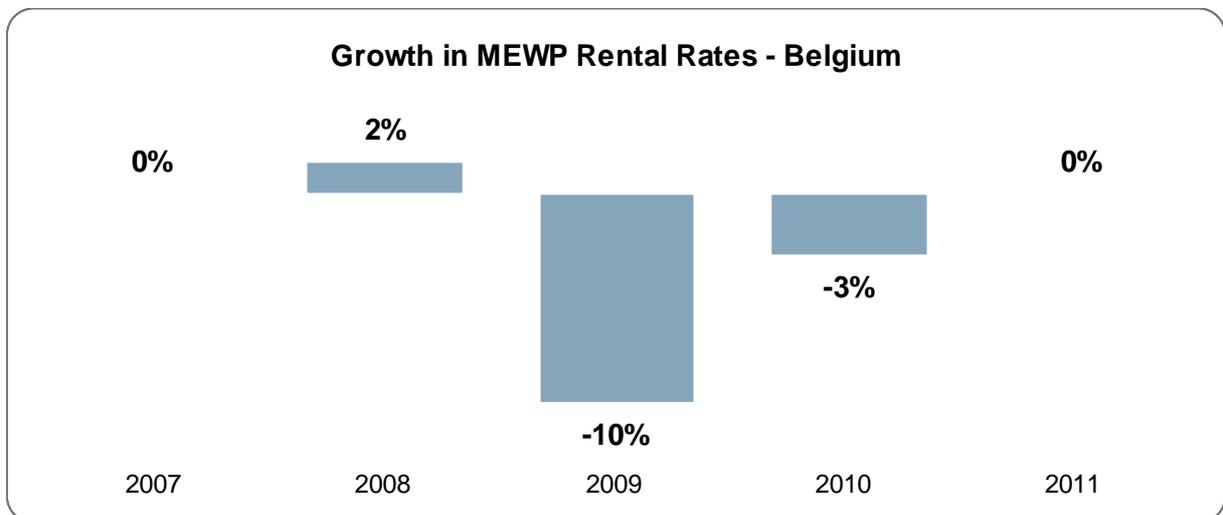
With an almost complete halt in investments, the average age of the Belgian MEWP rental fleet is expected to steadily increase between 2008 and 2010.



Source: Ducker Worldwide for IPAF

### 6.6.3 Rental Rates

Although list prices have not changed significantly since 2004-2005, net prices decreased by 10% in 2009 and continue to decrease in 2010, due to the recession and the weather conditions (very few building projects started in Belgium in early 2010).



Source: Ducker Worldwide for IPAF

### 6.6.4 Cross-Hire

Cross-hire appears to be marginal in Belgium and below the average of European countries studied. Like other countries, competition between rental companies and price-sensitive users do not favour this practice.



## 7 Netherlands

### 7.1 Industry Structure

The top five players share about two thirds of the Dutch MEWP rental market. In the Netherlands, large MEWP rental specialists dominate the market and typically cover the whole country, unlike in geographically larger, more fragmented markets.

The number of rental companies is perceived to be stable. A leading company recently took over a medium-sized MEWP rental firm, whereas new small companies have been identified to start up MEWP rental businesses. Competition is perceived to be growing.

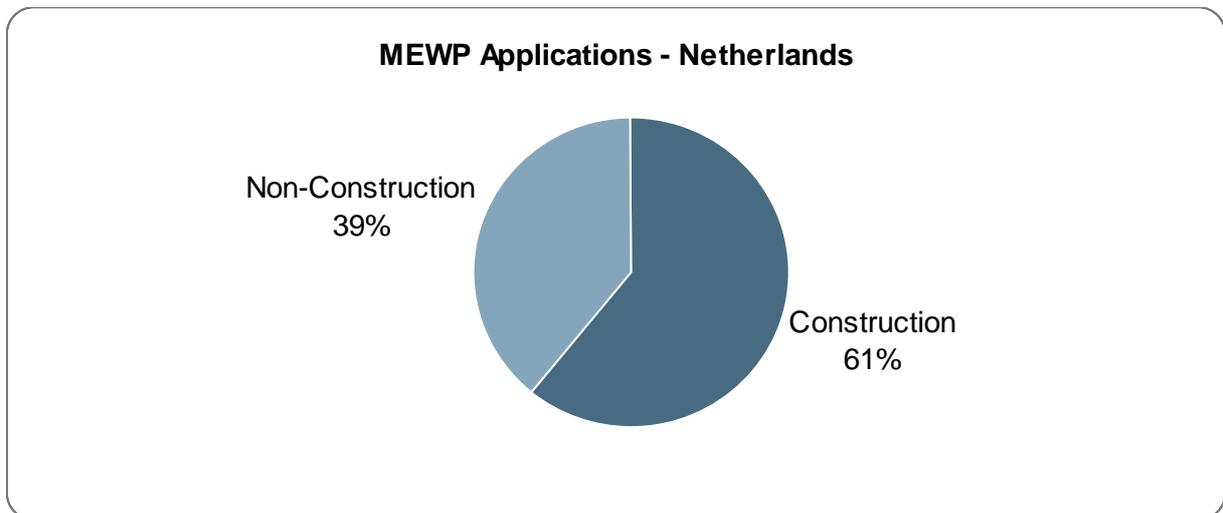
- "There are more players on the market" (small specialist)

### 7.2 Applications & Drivers

#### 7.2.1 Applications

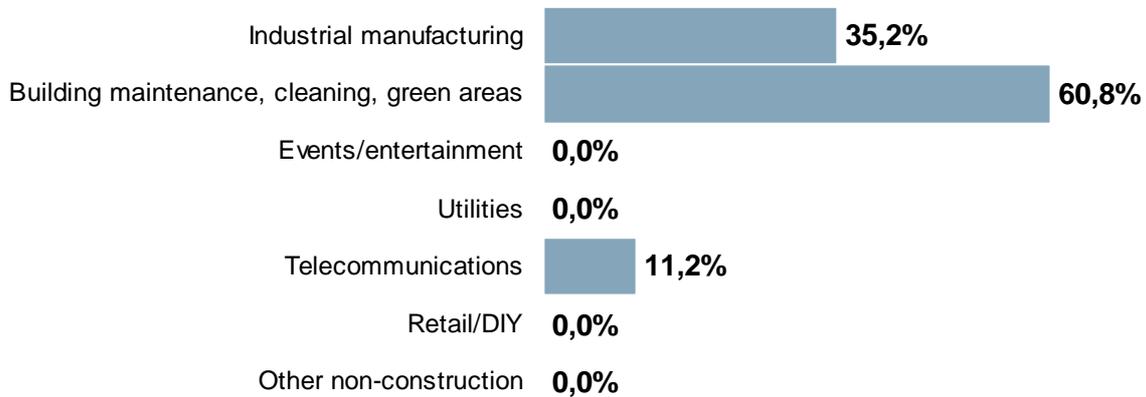
The Netherlands belongs to the top four European countries showing a high penetration of MEWPs in non-construction applications. Dutch rental companies are in the process of increasing their business in non-construction sectors such as industry, building maintenance/cleaning, utilities, telecommunications and electricity work (scissor lifts mainly).

- "The non-construction segment is very consistent" (large specialist)



Source: Ducker Worldwide for IPAF

### Non-Construction - Netherlands



Source: Ducker Worldwide for IPAF

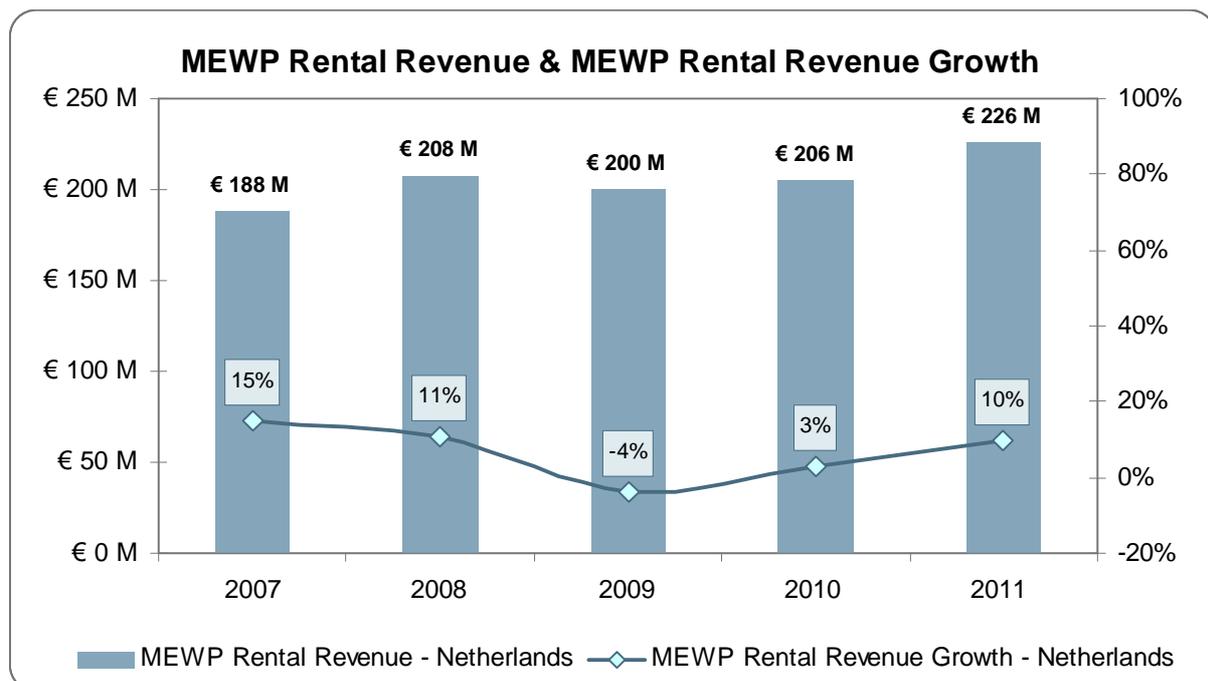
### 7.3 Market Size & Dynamics

Despite a decline due to the economic crisis, the Dutch market resisted better than most other European countries in 2009. Revenues decreased by less than 5% despite a somewhat stronger decrease in rental rates.

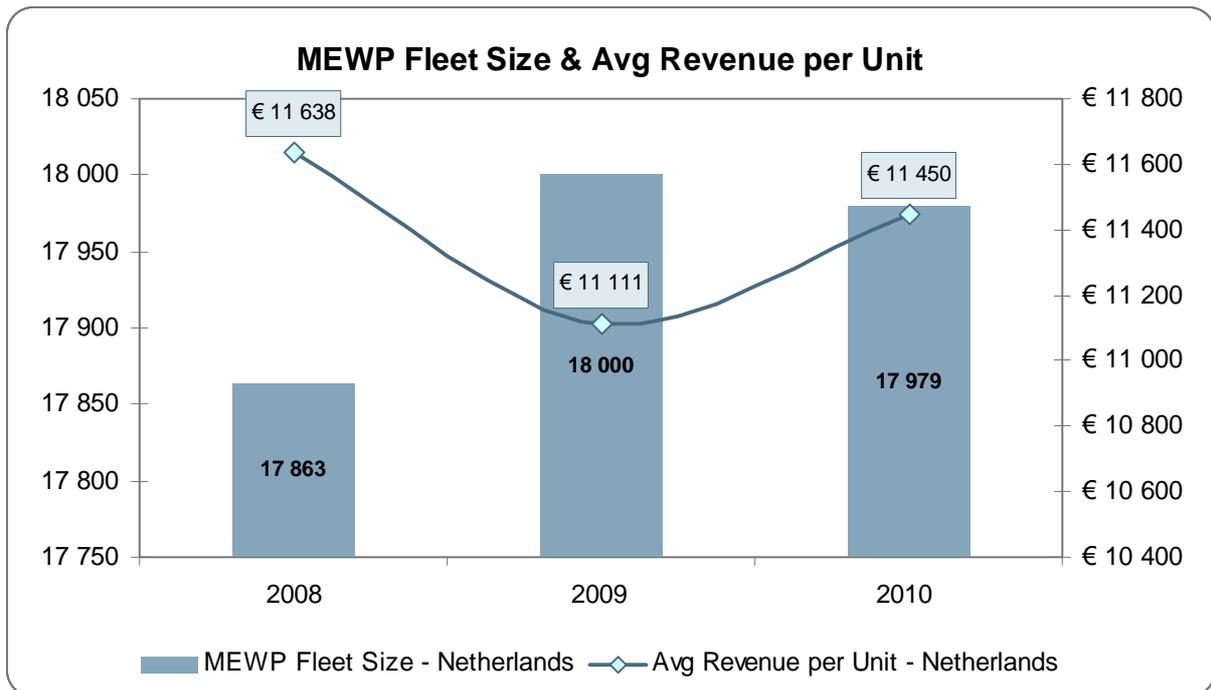
Already a mature market, MEWP rental in the Netherlands did not grow as much in 2007-2008 as in some other European countries (notably Spain). In 2009, it therefore did not fall as far.

Dutch MEWP demand is typically driven by large specialist machines, thus maintaining a relatively high market value. In addition the demand for smaller machines in 2009 is seen to have increased – seemingly the Netherlands is not yet suffering from oversupply of small equipment as in many other countries, thanks to their use in non-construction applications, partly holding back the decrease in market value.

This trend is expected to continue in 2010, when at the very beginning of the year, companies dared to hope for a slightly positive balance again, to be improved in 2011. Some have later come to fear a backlash of the crisis, affecting the Dutch market with a time lag compared to other markets. Although this was not the general expectation in early 2010, particular caution should therefore apply.



Source: Ducker Worldwide for IPAF



*Source: Ducker Worldwide for IPAF*

Given the maturity of the Dutch market, the national rental fleet is rather stable in number. Moreover, some investments made between 2008 and 2009 meant that the fleet did not decline in 2009. In line however with a decrease in time utilisation, the average revenue per unit decreased.

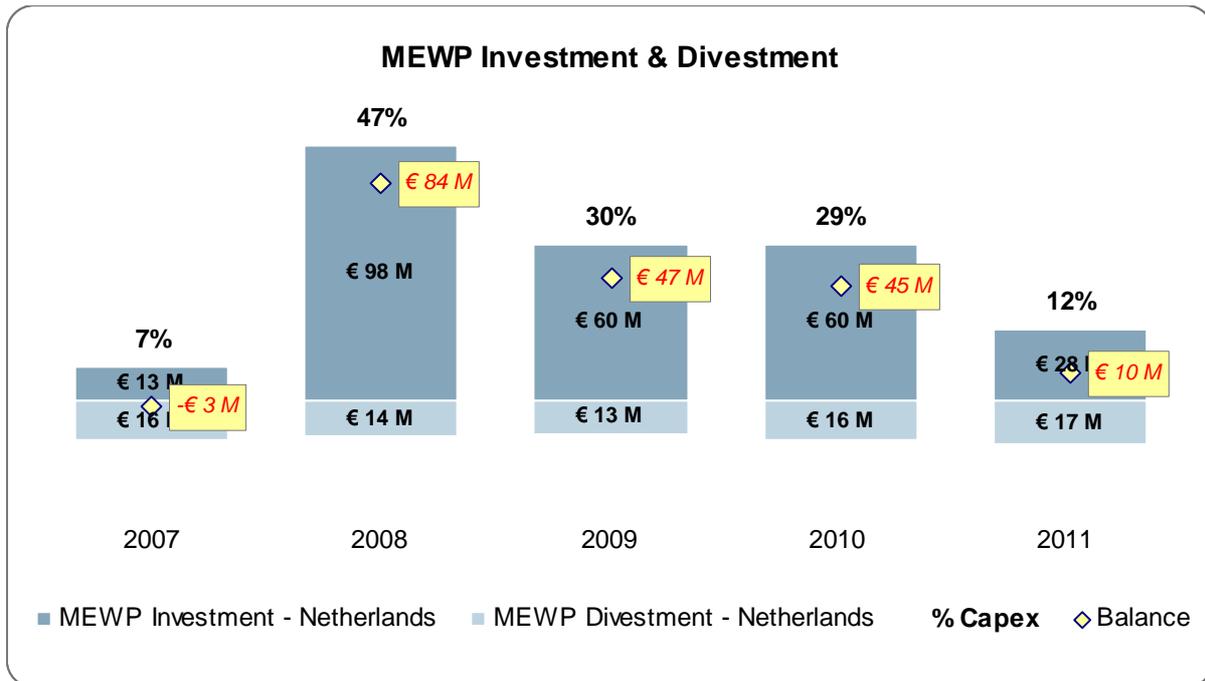
In comparison with other European fleets, the Dutch rental fleet is characterised by a particularly high share of large and sophisticated specialist machines, which explain the high revenue per unit even in a poor year. However, scissor lifts still represent a large share in the Netherlands like elsewhere and are particularly favoured today in some non-construction applications.

#### 7.4 Investments & Divestments

Dutch MEWP rental companies (together with Italian companies) show among the highest levels of CAPEX within the European countries. A factor behind this may be the tendency to invest in large and expensive machines in addition to new investment in small machines.

Investment in 2008 was boosted by a good year in 2007 and similarly the levels in 2009-2011 are lower due to the slowdown in activity. However, the high level of market maturity and consolidation has a large impact on the national market of company-specific investment cycles.

Divestment remained largely stable in 2009 but is expected to increase slightly in 2010 and 2011. Price competition in the second-hand market may also limit divestments.



Source: Ducker Worldwide for IPAF

## 7.5 Demand Development

### 7.5.1 Rental Market Maturity

Approximately 80% of MEWP sales are estimated to go to the rental sector, a figure similar to that in Belgium.

### 7.5.2 MEWP Maturity

Together with the UK and followed by the Nordic countries, the Netherlands is one of Europe's most mature MEWP markets, not far behind the USA.

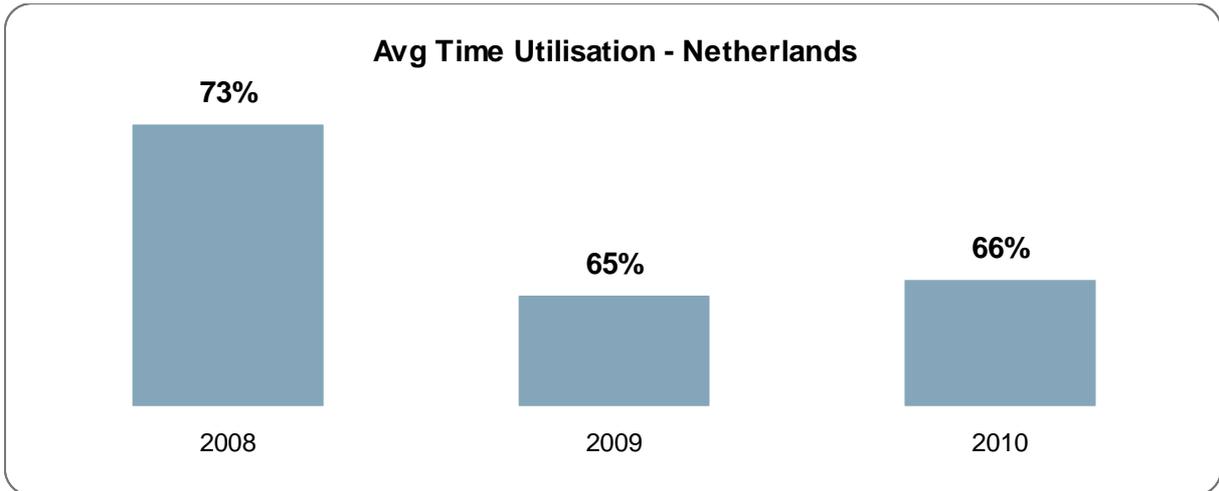
### 7.5.3 Outlook

Proximity with customers is perceived by rental companies to be key, especially after a recession period.

## 7.6 Operational Aspects

### 7.6.1 Utilisation Rate

Dutch MEWP rental companies have in general, the highest utilisation rates amongst all European countries in the study with an average of 73% in a good year. Even in an poor year utilisation reaches as much as 65%, still representing a significant decline. These base levels testify to market maturity as regards both demand and the level of professionalism of specialist MEWP rental companies in terms of fleet management. Current activity levels are relative also to the importance of non-construction applications.



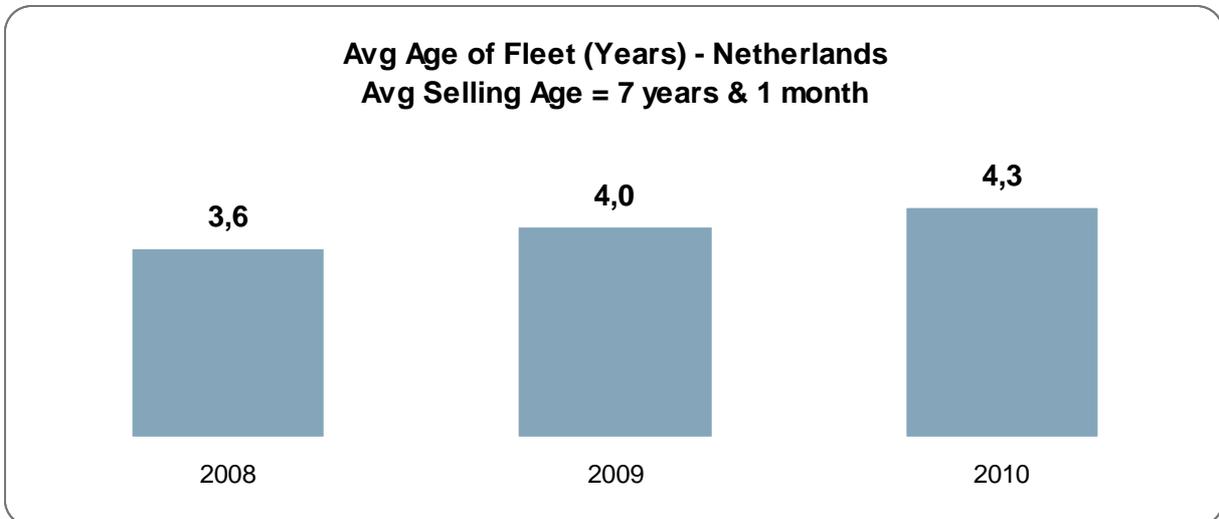
*Source: Ducker Worldwide for IPAF*

### 7.6.2 Fleet Age

For the same reasons of market maturity and professionalism, leading Dutch rental companies typically keep a young fleet and show a slightly lower selling age than a number of other European countries, even despite the high proportion of large specialist equipment in the national fleet, thus further accentuating a difference in fleet management.

- “We try to keep an average age of three years, so in the 4th, 5th and 6th we sell units to replace them; often they are sold in the 5th year and replaced in the 6th year” (large specialist)

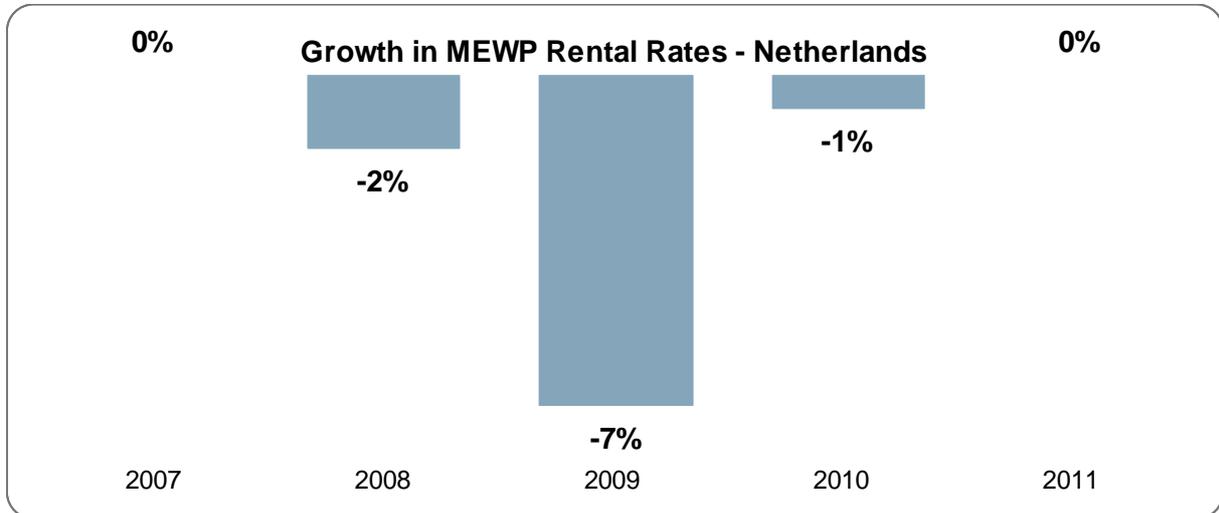
Nevertheless, with the reduced utilisation in 2009 and 2010, fleets are aging from about three years on average in 2008 to over four years in 2010.



*Source: Ducker Worldwide for IPAF*

### 7.6.3 Rental Rates

Rental rates have been under pressure as seen already in 2008 and dropped by 7% in 2009. The decline in rates is expected to slow down as of 2010, but no increase is seen over the entire time period studied.



Source: Ducker Worldwide for IPAF

### 7.6.4 Cross-Hire

Cross-hire is limited in the Netherlands and is not estimated to exceed the European average of 5% of the MEWP rental market.



## 8 Denmark

### 8.1 Industry Structure

The Danish MEWP rental market is ruled by 3 to 6 large rental companies, including several international leaders. It is not however as dominated by the Scandinavian top three players as the other Nordic countries.

The Danish market is characterised as fragmented with only three rental companies that can be called large on an international scale, with fleets close to 1000 MEWPs. They are followed by about four mid-sized players with fleets of more than 400 units. In addition, there are at least 50-60 (maybe more) small, local players renting out MEWP equipment. Although Denmark is smaller in area and population than the other Nordic countries studied, the fragmentation may also be favoured by the geographical structure which is divided over several islands.

It is expected that there will be more consolidation of companies as minor players exit the market, although this is not yet evident.

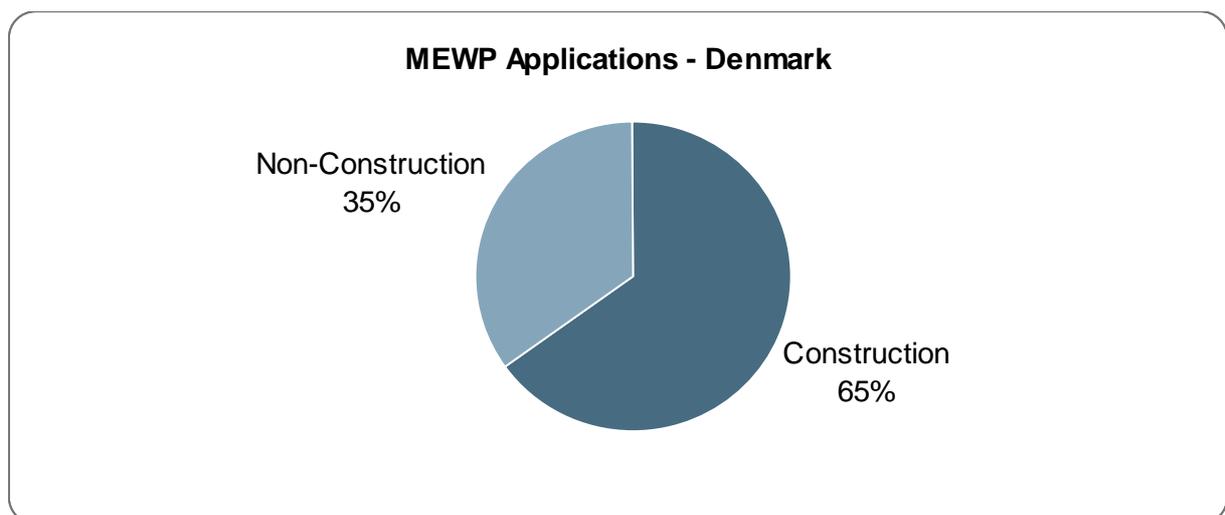
Unlike other European markets that are generally predominantly either specialist or dominated by general rental companies, Denmark has a good mix of company types.

### 8.2 Applications & Drivers

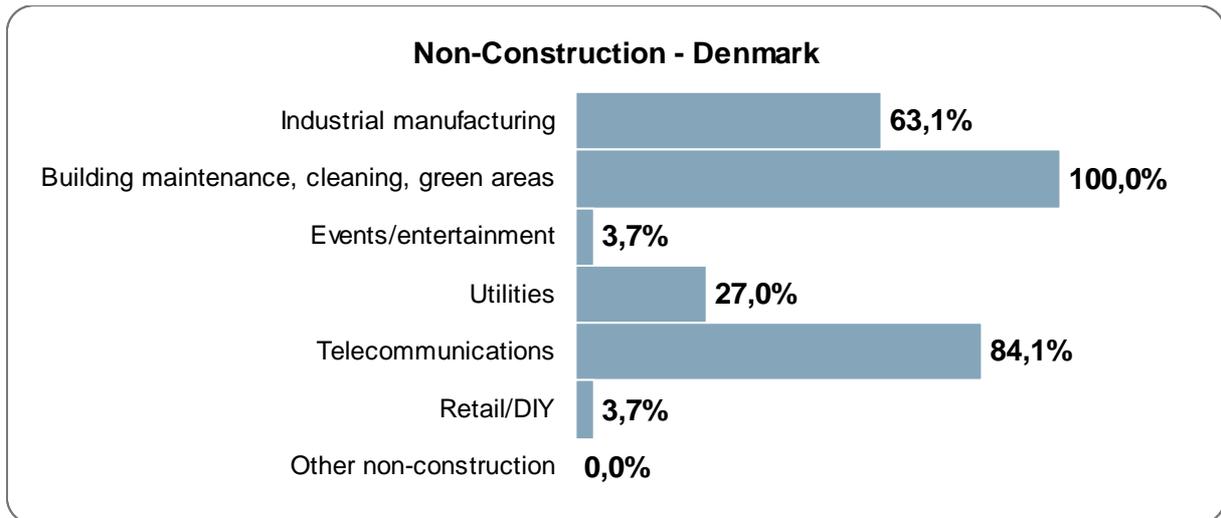
#### 8.2.1 Applications

The trend is to more and more customers in non-construction activities due to the downturn in the construction sector. Some of the large rental companies have switched their share of construction customers in 2007-2008 to non-construction in 2009-2010. "New construction" is the sector that has been severely hit by the financial crisis. As one respondent claims, "in the past, we focused heavily on construction companies (90%). This has dramatically changed now".

Non-construction sectors include the installation of mobile antennae (telecommunications), refurbishment of old buildings, roofs, building maintenance and window cleaning, different jobs such as tree-cutting, repair of lighting on motorways, breweries and work at pharmaceutical companies. Events/Entertainment is a very small sector.



Source: Ducker Worldwide for IPAF



*Source: Ducker Worldwide for IPAF*

### 8.2.2 Drivers

Health and safety regulations in Denmark are sure to maintain the need to continue using MEWP equipment.

Banks have tightened their conditions regarding credit as they were very “free” with credit in the past years.

### 8.3 Market Size & Dynamics

Items such as repairs and maintenance and transport/delivery represent about 7% of rental revenue. Some companies have also increased their sales of new and used equipment because the rental market is so bad at present.

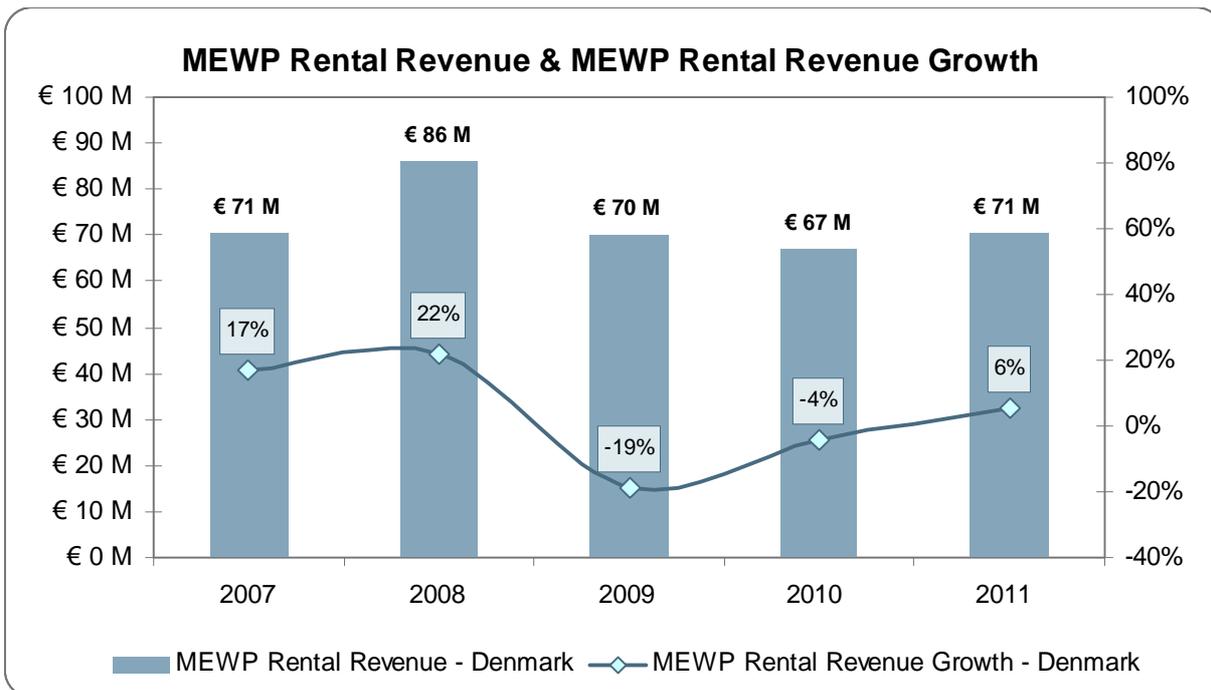
Companies intend to “swap” their fleet; getting rid of the “medium-sized booms and scissor lifts” as these are no longer in demand (construction) and buying specialist products.

- “In 2010, we need to change the equipment in our fleet (to change our specialisation, and buy more "niche" products)”

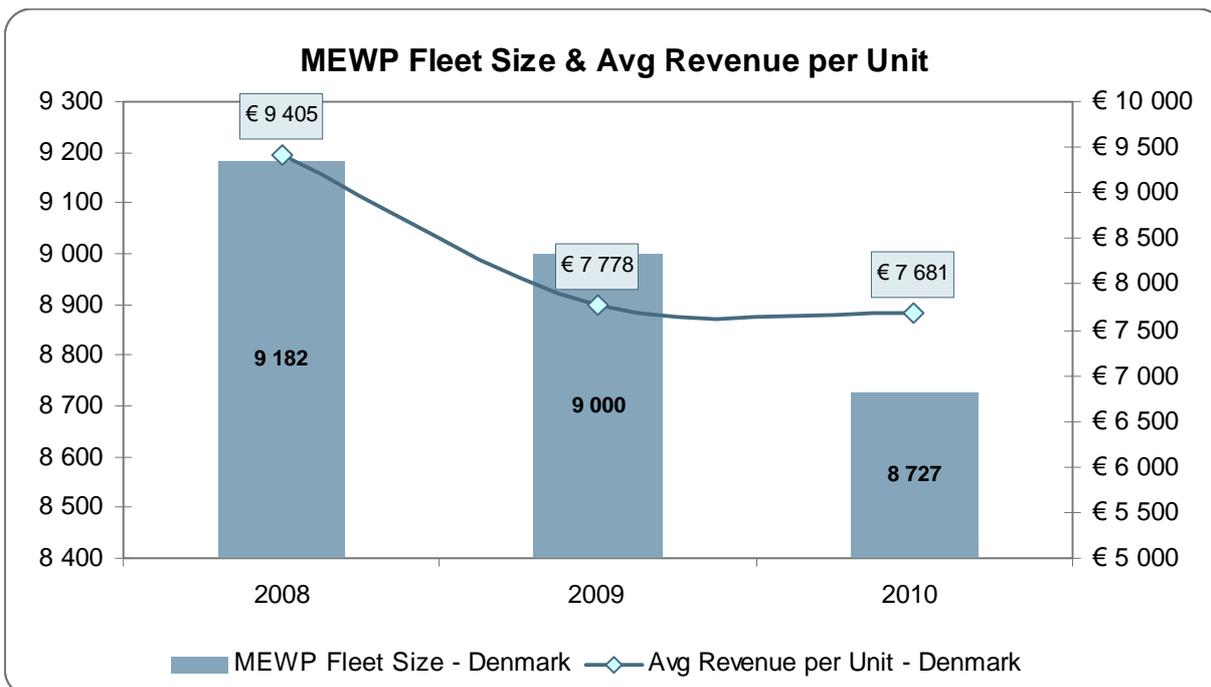
Telescopic handlers are often used as man-lifts in Denmark.

2006-2008 was a period with a great deal of new construction in Denmark (blocks of flats in Copenhagen, shopping centres, specialised buildings), leading to a great demand for MEWP equipment. Denmark had easier access to financing in the 1990s and between 2000-2008 and this also led to a large amount of activity in the construction industry (as opposed to e.g. Sweden).

- “Specialised equipment was less affected by the recession than 8 metre scissor lifts, for example. Everybody has the scissor lifts so the rates went down a lot”
- “As the construction business is in decline, the main focus of having a lot of medium-sized booms and scissor lifts has changed. These medium-sized machines are suffering. We are now focusing on spiders, big booms and big scissor lifts. The small scissor lifts are still popular even though there is heavy pressure on rates for these machines”



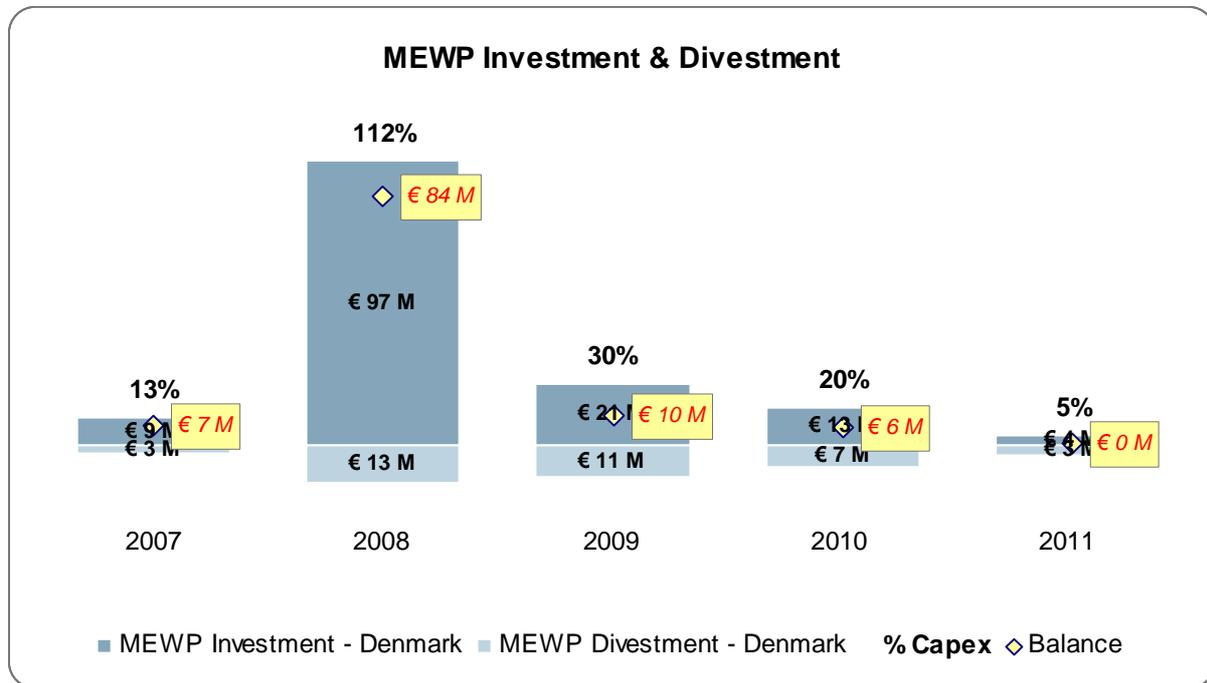
Source: Ducker Worldwide for IPAF



Source: Ducker Worldwide for IPAF

### 8.4 Investments & Divestments

CAPEX in Denmark reached record levels in 2008, leading to a strong decline in investments in 2009. The situation is not expected to improve in the near future, leading to a further decline in the fleet.



Source: Ducker Worldwide for IPAF

### 8.5 Demand Development

#### 8.5.1 Rental Market Maturity

Between 60 and 80% of MEWP equipment sales currently go to the rental sector. Despite this reasonably high penetration, many still consider Denmark a country that prefers to own rather than hire equipment.

#### 8.5.2 MEWP Maturity

The market for aerial platforms has increased since the 1990s. However, vast amounts of equipment were sold into Denmark around that time, which has since led to slower growth.

Nevertheless, the market will continue to grow, although some see them as complementing scaffolding. MEWPs will be used more in building renovation and industry applications such as wind power.

MEWP equipment is increasing in importance, taking over the function of scaffolding, which is both time- and labour-consuming.

The Danish market is one of the most mature in Europe with the use of truck-mounts considered quite common.

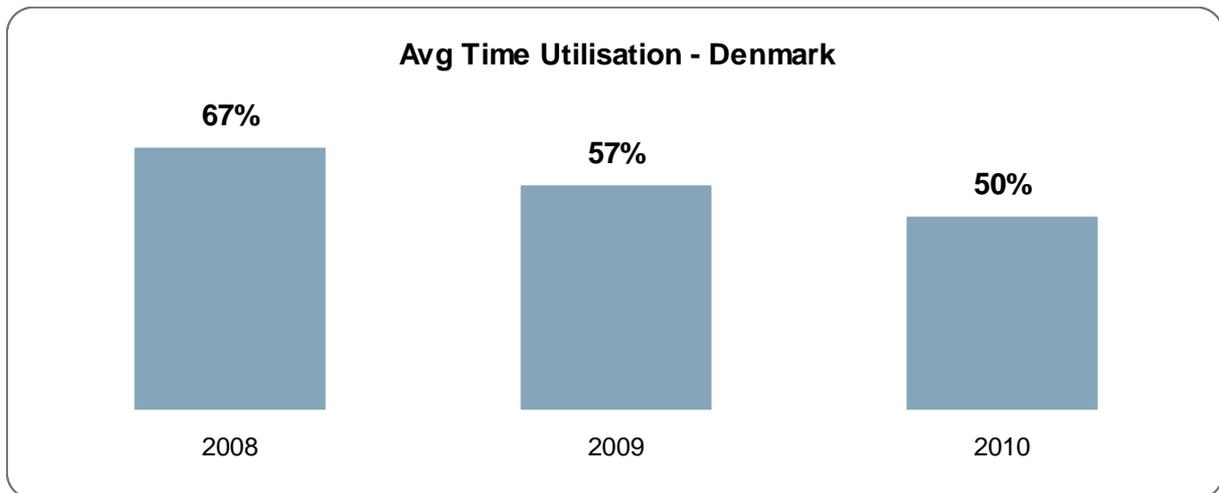
#### 8.5.3 Outlook

Some rental companies speak of opening new outlets in order to distribute their “unused” equipment to new locations.

## 8.6 Operational Aspects

### 8.6.1 Utilisation Rate

Utilisation rate is down in 2010 to about 60%, for some it is only at 20-22% at the beginning of 2010. However, as the first quarter is always difficult for this industry due to severe weather conditions, the first quarter of 2010 cannot be an indicator of how the rest of 2010 will proceed. In order to increase utilisation rates, companies are selling their equipment.



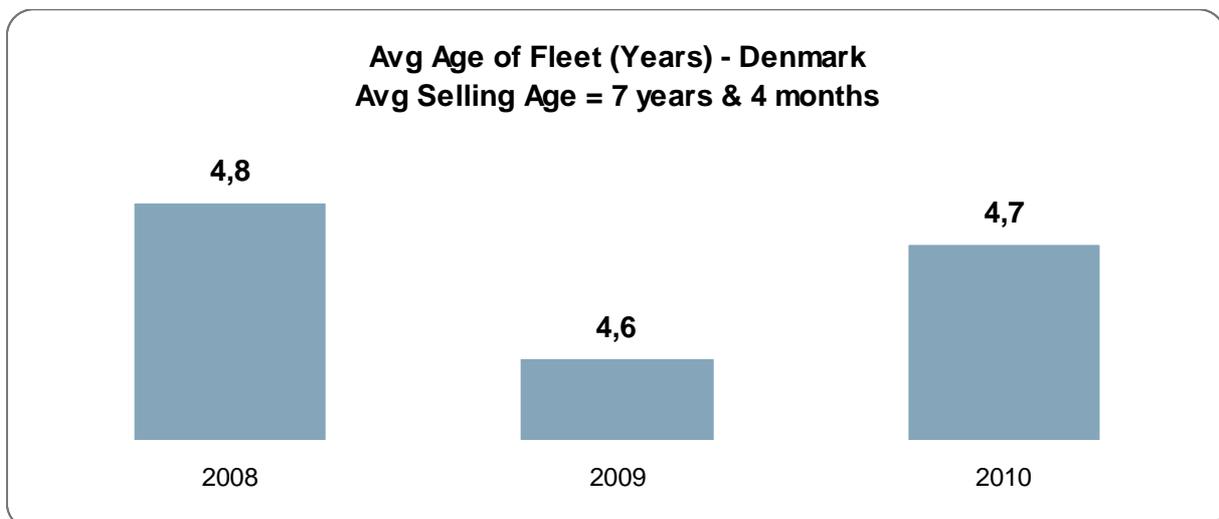
Source: Ducker Worldwide for IPAF

### 8.6.2 Fleet Age

In 2009, the average age was around 4.5 years. Equipment is generally sold at between 7 and 8 years.

The low selling age in Denmark compared to the other Nordic countries, in combination with a higher average age, is a consequence of a market situation where a high number of units were sold into the country a number of years ago (not only in 2008, which brought in a new wave) and the strong decline in 2009 has temporarily reduced the selling age, as well as the average age.

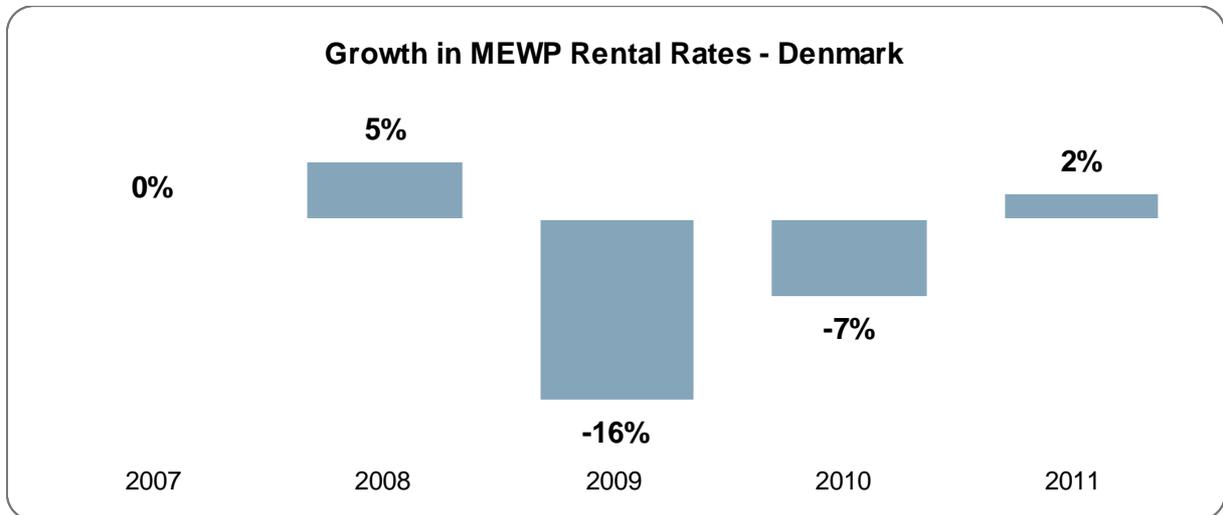
The average selling age will change now as there is pressure on rates and companies therefore need to keep the equipment for a longer life-span in order to get their ROI.



Source: Ducker Worldwide for IPAF

### 8.6.3 Rental Rates

Rental rates have faced a great deal of pressure in Denmark throughout 2009, decreasing by an average of 16% and sometimes falling as much as 30-40%. Among the Nordic countries, Denmark was the second most affected after Finland.



*Source: Ducker Worldwide for IPAF*

### 8.6.4 Cross-Hire

Cross-hire can range from about 4% to 15%. At the moment its importance is declining because of the market situation, but to a certain extent, it was quite common about two years ago when it represented more than 10% of the total revenue. It allowed more flexibility and cooperation between competitors and was favoured by a market with numerous small, local players.



## 9 Norway

### 9.1 Industry Structure

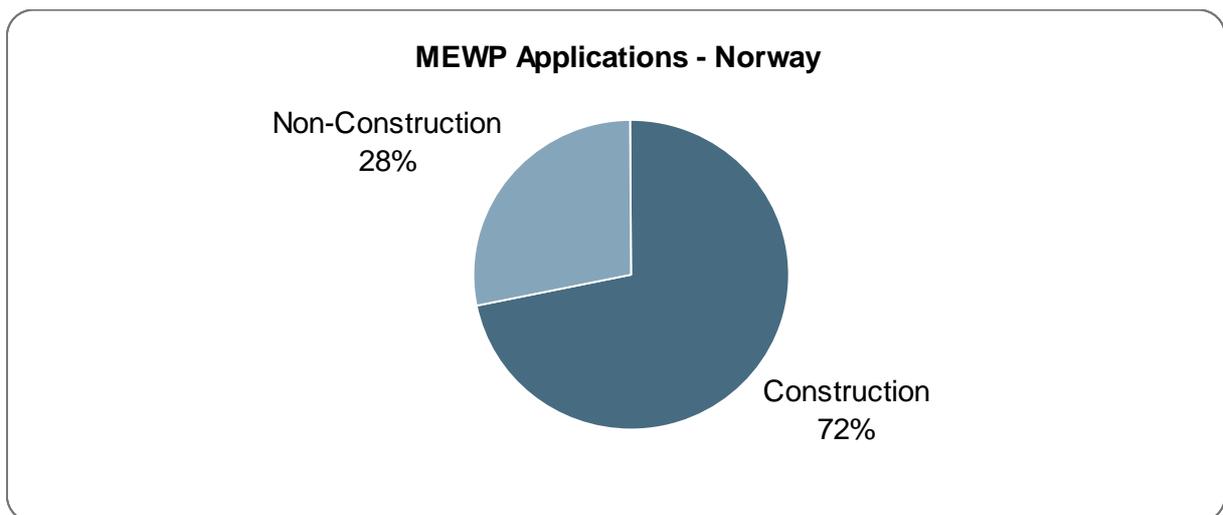
Norway shares several of its rental market leaders with the other Nordic countries, especially Finland and Sweden.

The top five Norwegian players have around 75% of the MEWP rental market. The two foremost leaders are the main companies with national coverage, whilst mid-sized and smaller players are more regional, albeit that even single-depot operations may deliver equipment across the country to meet demand.

The market holds many small specialists, although the share of general rental companies is high due to the relative strength of the largest players. It has been predicted however that due to current pressure and overcapacity, at least one of the slightly smaller rental companies might disappear from the market soon, leading to some slight reshuffling of market shares between the closest competitors.

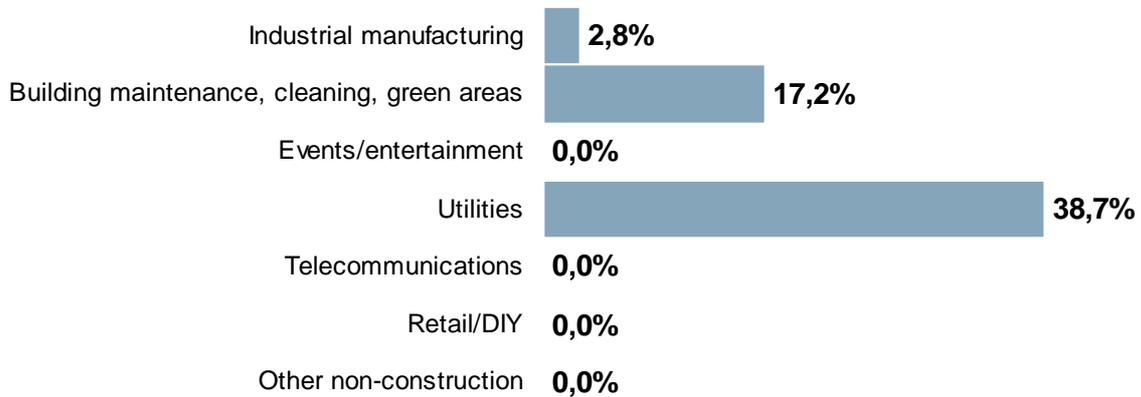
### 9.2 Applications & Drivers

#### 9.2.1 Applications



Source: Ducker Worldwide for IPAF

### Non-Construction - Norway

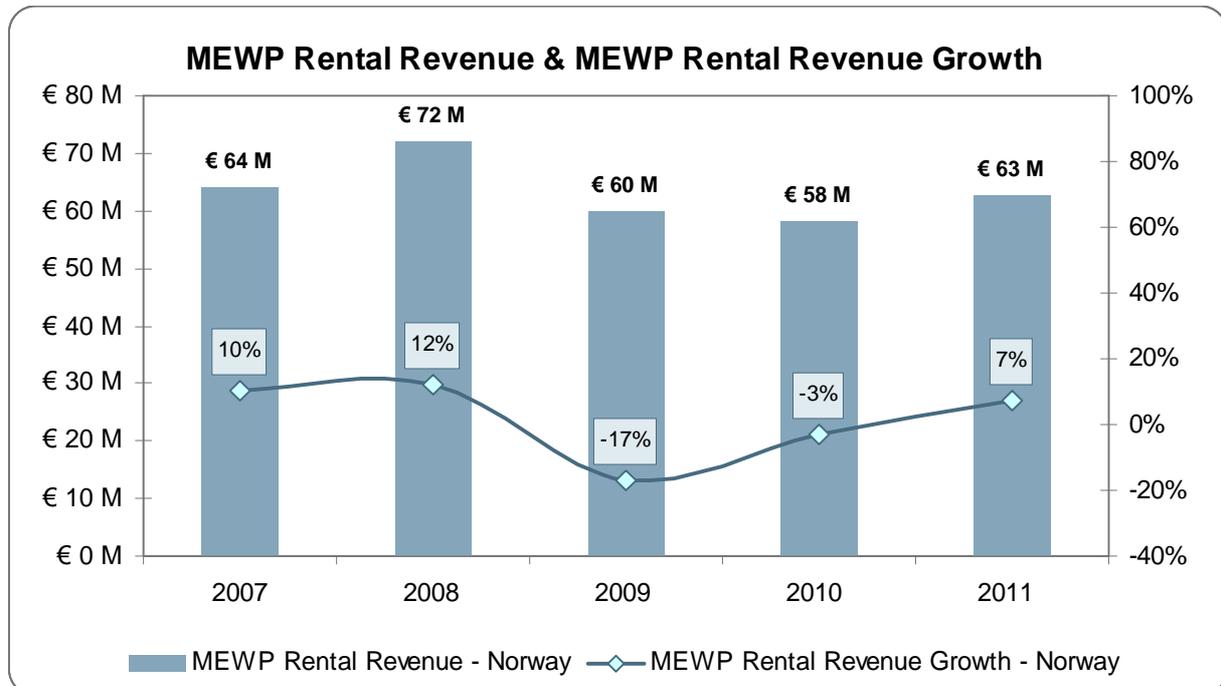


Source: Ducker Worldwide for IPAF

In 2009, the share of non-construction applications is believed to have increased in Norway, including in the rental business. Within new machine sales overall, they have even been said to represent a majority in 2009, unlike in 2008 (considering that non-construction users often purchase rather than rent).

Typically non-construction work in Norway is however very small-scale. The share of industrial manufacturing is very low in Norway compared to other European countries, especially as seen with several small Norwegian MEWP specialists. Instead, a large proportion of the non-construction work falls into the category of utilities or building maintenance, cleaning and green areas. A large share of the building maintenance etc. is with private individuals, albeit that the same segment also comprises of professional cleaning companies.

### 9.3 Market Size & Dynamics

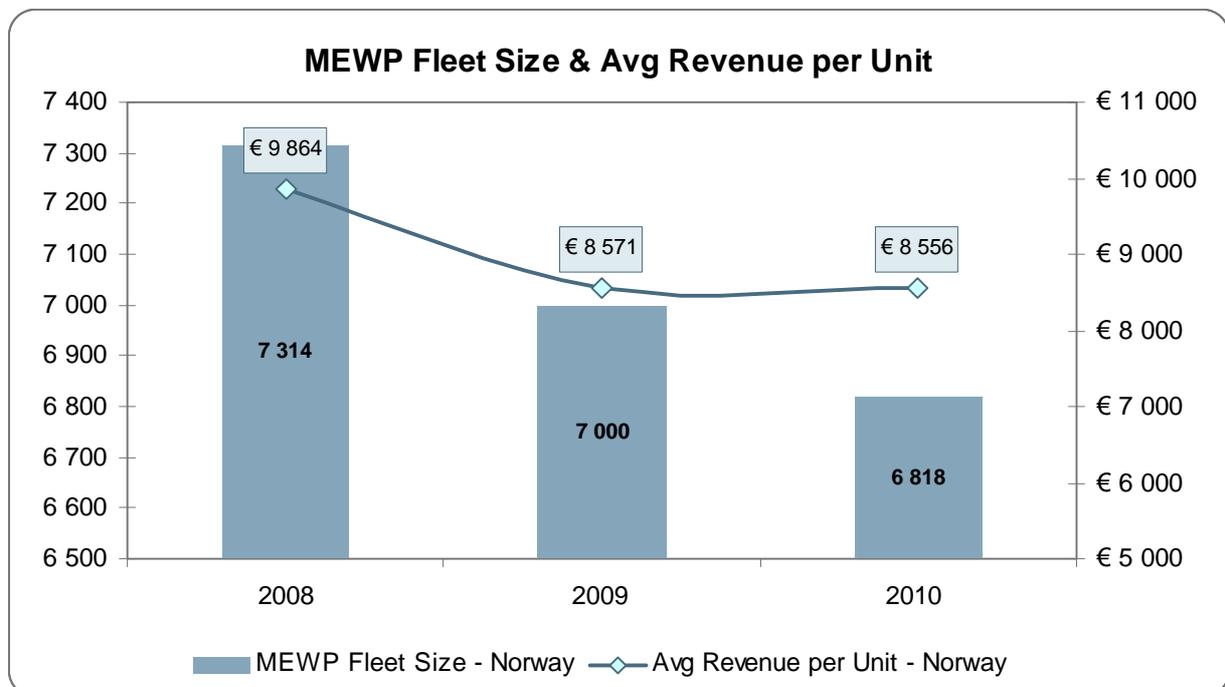


Source: Ducker Worldwide for IPAF

The MEWP rental market in Norway reached its peak in 2008, declining significantly in 2009 in line with other Nordic countries. A few expected the slowdown to have been partly held back by the high income levels and the economic microclimate created by Norway outside the EU, but direct rental company interviews do not support this view. Despite higher average revenues per unit (a premium over other countries maintained in 2009), the downward trend in Norway follows the Nordic pattern.

Moreover, as in Denmark, the outcome of 2010 is still expected to be slightly negative, but with a rebound in 2011. Although not expecting a return to the 2006-2008 levels, Norwegian MEWP rental companies remain relatively optimistic in a medium to long-term perspective. In Norway however it is especially the large general rental companies which expect a real recovery from 2012, whilst most small specialists do not dare to hope for a return to normal, certainly not in terms of investments, before 2013-2014.

- "In general the financial crises in the world pass. I'm waiting for better times as of 2010 – but it's probably going to take another three years before we make big investments to renew our machines" (small specialist)
- "It's difficult to believe that we could get back to as good numbers as in 2006/2007 in the near future, but I'm waiting for a bit better times during 2012" (large general rental company)
- "I don't believe we'll ever come back to the 2007/2008 numbers, but maybe we'll see notable growth as of 2013-2014" (small specialist)



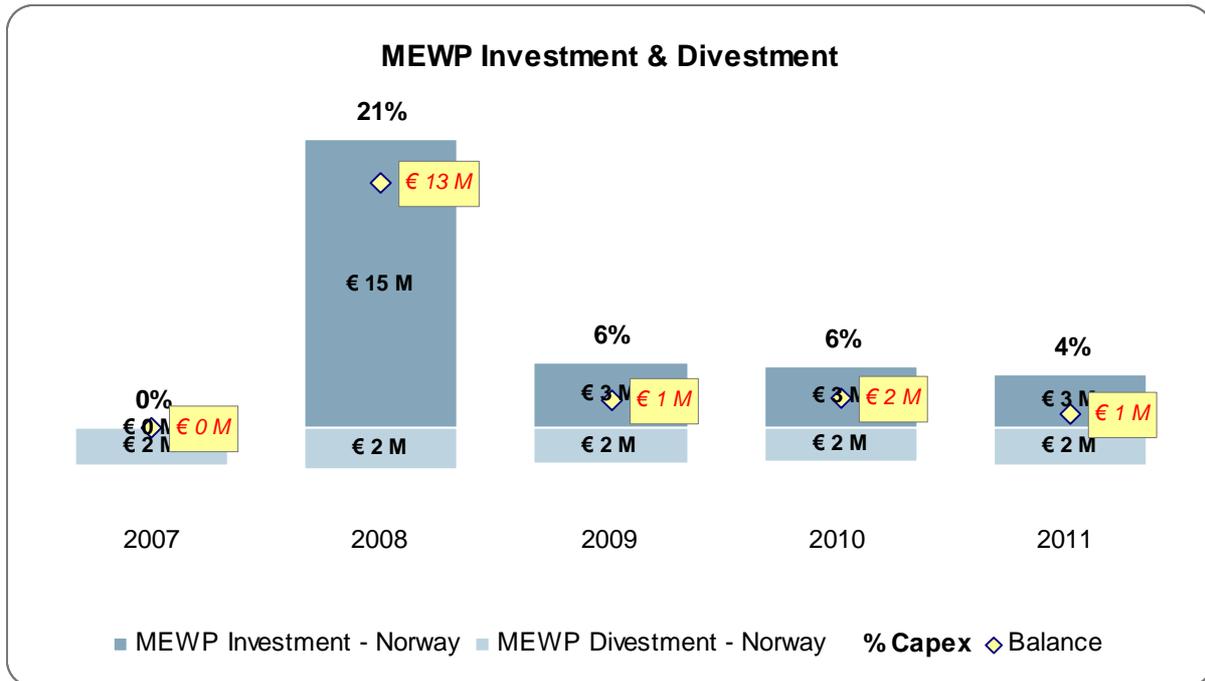
Source: Ducker Worldwide for IPAF

The Norwegian MEWP rental fleet is seen to decline slightly in size in 2009 and decline further in 2010, due more or less exclusively to a cut in investments (no increase in divestment value). Thanks to a less steep decline in rental rates and a slight pick-up in time utilisation, the revenue per unit, also in decline in 2009, should however stabilise in 2010.

Whilst the average revenue per unit is relatively low in the Nordic countries due amongst other factors to the fleet mix, it nevertheless remains higher in Norway than in Denmark, Sweden or Finland thanks to the Norwegian income and price levels (cf. GDP, pushed by oil income).

The Norwegian MEWP market comprises of a significant proportion of self-propelled equipment, including a large share of scissor lifts, followed by trailer-mounts amongst others.

## 9.4 Investments & Divestments



Source: Ducker Worldwide for IPAF

Current overcapacity and price pressure will not allow for renewed investment by Norwegian rental companies in the near future. Rather than a rebound in investments, recovery is expected in the form of a stabilisation of rental rates, accompanied in some cases by a progressive increase in market share for some of the smaller specialists that have not been much weakened by the crisis.

Divestment by Norwegian MEWP rental companies is limited and very constant despite the changes in the economic climate. This is largely due to the importance of Nordic rental groups and the transfer of used equipment between the countries belonging to each group instead of divestment directly by the Norwegian entities.

Similarly, investment is partly directed by group decisions, but more easily allocated to the specific country of destination.

Examples include new or next to new machines coming to Norway from Finland or from the Baltic countries and used machines transported from Norway to Sweden or Denmark, where they are either used further or sold.

## 9.4 Demand Development

### 9.4.1 Rental Market Maturity

As one of the Nordic markets, Norway is considered as relatively mature, although perhaps the least mature out of the four Nordic countries under study.

Approximately 70-80% of MEWP sales are estimated to go into the rental sector, not far behind the other Nordic countries as far as rental penetration is concerned. Nevertheless, rental companies still see some room for improvement in the frequency of rental.

- "In the coming years it could become more popular in Norway to rent instead of owning." (small specialist)

### 9.4.2 MEWP Maturity

The greater room for growth may however still lie in the use of powered access equipment. The Norwegian MEWP rental fleet is clearly smaller in unit terms than in Sweden or the other Nordic countries studied. This is only partly accounted for by the fact that Norway's population is slightly smaller than Finland or Denmark's, both of which show a higher number of units per capita.

- "I think the market still has potential to grow. Norway is around ten years behind Sweden in machine usage" (small specialist)

The lower penetration of MEWPs is partly due to a tradition of using more cranes. However, the situation is expected to change following a new law forbidding the use of cranes equipped with work platforms ("baskets").

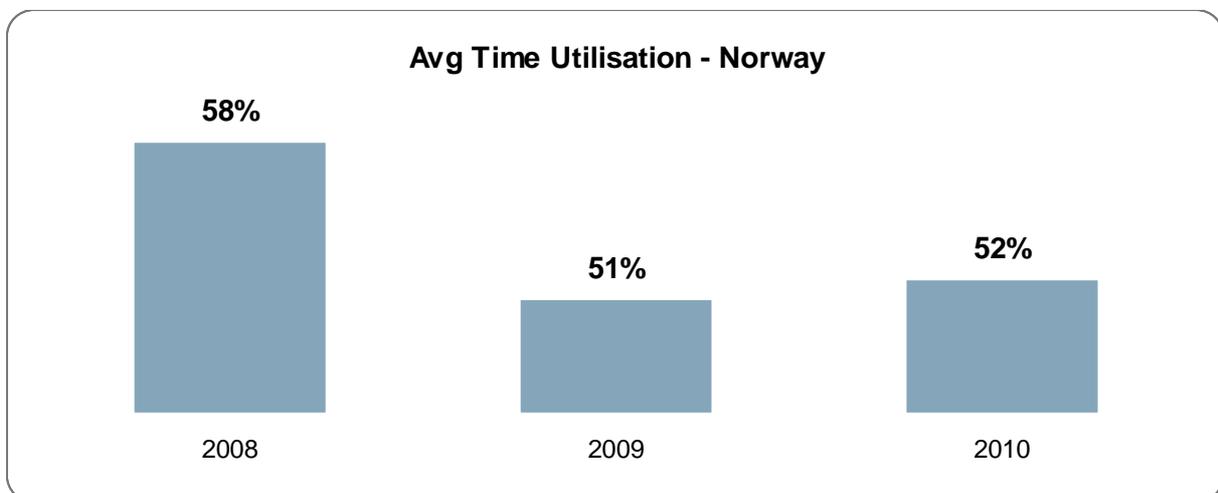
Moreover, given particularly challenging geographic conditions (long distances between north and south, difficult road conditions with height differences, tunnels and specific regulations), transportation is a key issue and may also have contributed to limiting the spread especially of some large and fragile MEWP equipment.

Nevertheless, the economic downturn in 2009 did take the Norwegian market a step closer to saturation, certainly revealing the limits of the current demand until activity levels increase.

- "I personally hope that the number is going to decrease, because there are too many lifts in the market at the moment" (large general rental company)
- "There is pressure and overcapacity in the lift rental market at the moment in Norway" (small specialist)

## 9.5 Operational Aspects

### 9.5.1 Utilisation Rate



*Source: Ducker Worldwide for IPAF*

Exceptionally high utilisation rates can still be found with small scissor lifts (in particular electric scissors), an indication that their stock levels are possibly not quite as high in Norway yet as in some larger markets.

- "Even if battery-driven lifts are numerous, their time utilisation in 2009 could have been up to 70-80%. Trailer-mounts were less popular at 45-50%" (large general rental company)
- "Time utilisation can be up to 80% for electric scissor lifts and high also for diesel scissors, against maybe 50% for booms and as low as 42% for some special lifts" (small specialist)
- "Big booms and small scissors have high time utilisation, unlike 12 metre battery scissors" (small specialist)

Utilisation rates vary greatly throughout the year depending on activity levels and seasonality, especially with smaller rental companies.

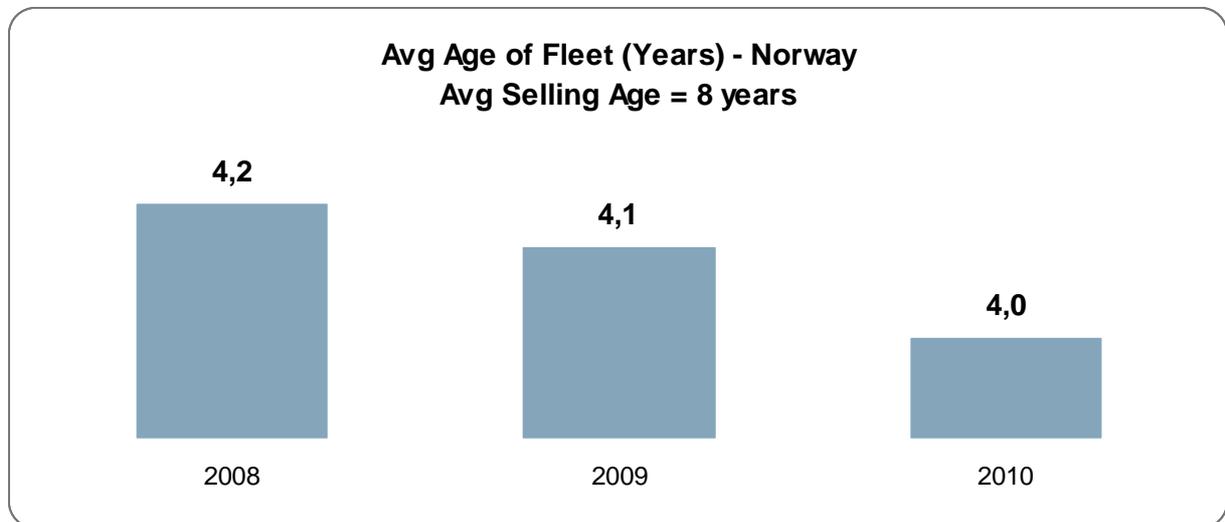
- “When there is a big project going on, time utilisation is very high, but straight after the project has finished, it is very, very low” (small specialist)

Summer generally sees higher activity levels than winter, especially for trailer-mounts, which are relatively common in the Nordic countries. However, equipment such as scissor lifts can be used indoors throughout the longer cold season, which contributes to their higher utilisation levels compared to equipment dedicated to outdoor use in the summer months.

- “Boom lifts have good utilisation throughout the year, whilst electric scissor lifts work well during winter. Special lifts have a bit lower utilisation” (small specialist)

Whilst all rental company types report terms that vary between one day and several (2-3) years, the average contract duration appears currently to be significantly closer to the lower end (e.g. around three weeks).

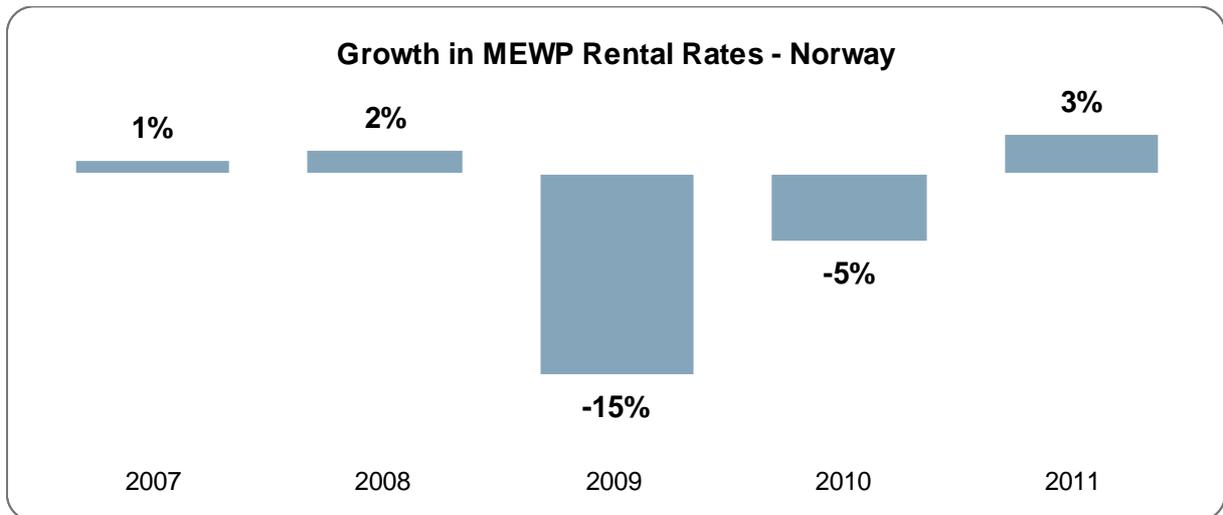
#### 9.5.2 Fleet Age



*Source: Ducker Worldwide for IPAF*

Also in Norway, the typical MEWP retention period is about 7-10 years, equating to a 10-15% annual replacement rate. The average age shows a drop in 2009 as in other Nordic countries and a slight tendency towards a new increase in 2010.

### 9.5.3 Rental Rates



*Source: Ducker Worldwide for IPAF*

MEWP rental rates in Norway were largely stable prior to 2009, when they suddenly declined, with a strong immediate effect on rental revenues.

- “Even if we had more work to do in 2009, the rental prices were lower, so the revenues weren’t that high” (small specialist)

2010 is not yet expected to reverse the trend, but the decline should cease at least between 2010 and 2011. As of 2011, the market hopes for a slight increase.

- “I’m not waiting for an increase in 2010 yet, but the prices can’t go down that much more” (small specialist)

### 9.5.4 Cross-Hire

Cross-hire today only represents a couple of percent in the Norwegian market. However, it is not reported to have decreased on an overall level, but to have been largely consolidated.

- “Cross-hire was more common with us before. Now there is a new player who rents lifts to rental companies and most of the rental companies use them nowadays.” (small specialist)



## 10 Sweden

### 10.1 Industry Structure

Sweden has a very high proportion of large rental companies and consolidated market leadership. The top five companies account for up to about 85% of the MEWP rental market value. Nevertheless, the remaining 15% or so include what is seen as the highest number of small family firms in the Nordic countries. Apart from the top two market leaders, other companies are already more regional, sometimes very strong in a given area but with less national coverage.

Further potential for consolidation is limited, but some observers believe that a large player will be out of business or acquired during 2010-2011.

A central geographical position and similar language allow for cross-border rental and have certainly facilitated the establishment by Sweden's leading rental companies of businesses in Norway and Denmark. Nordic cooperation including similar road regulations especially with Finland may also have favoured the establishment of the same groups in Sweden as in Finland.

Amongst the European countries studied, Sweden is estimated to have the lowest share of MEWP specialists (followed by Norway and Finland). Partly this predominance of general rental companies is considered to be due to distances covered (rental on a greater radius) and therefore the need for a wider selection of products able to handle a variety of applications.

Moreover, rental companies and fleets are a similar size as in many other countries and thereby proportionally larger if compared to the number of inhabitants.

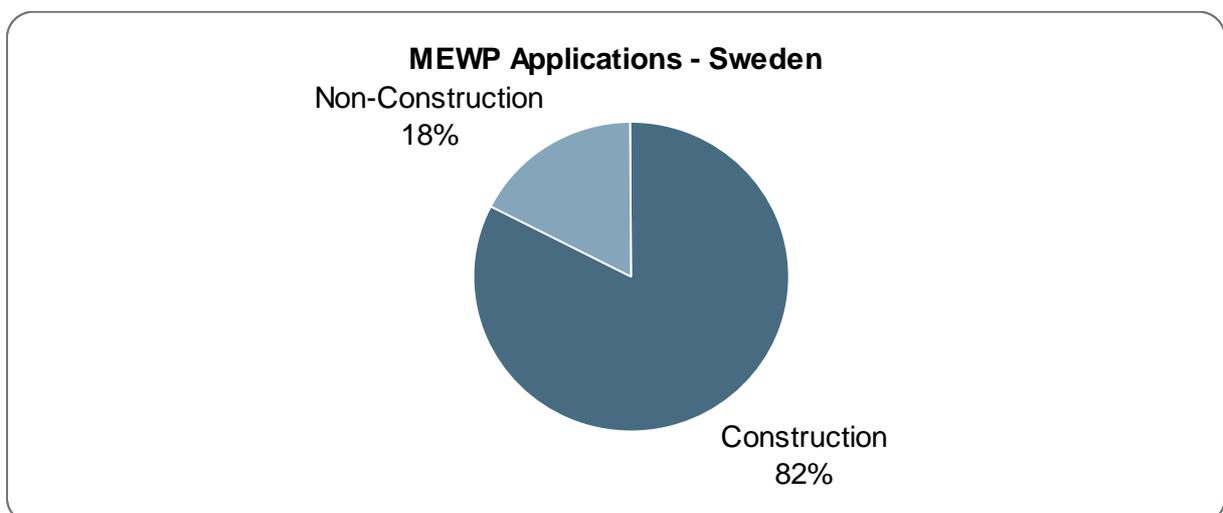
### 10.2 Applications & Drivers

#### 10.2.1 Applications

At around 80%, the share of construction-related work remains very high in the Swedish MEWP rental market.

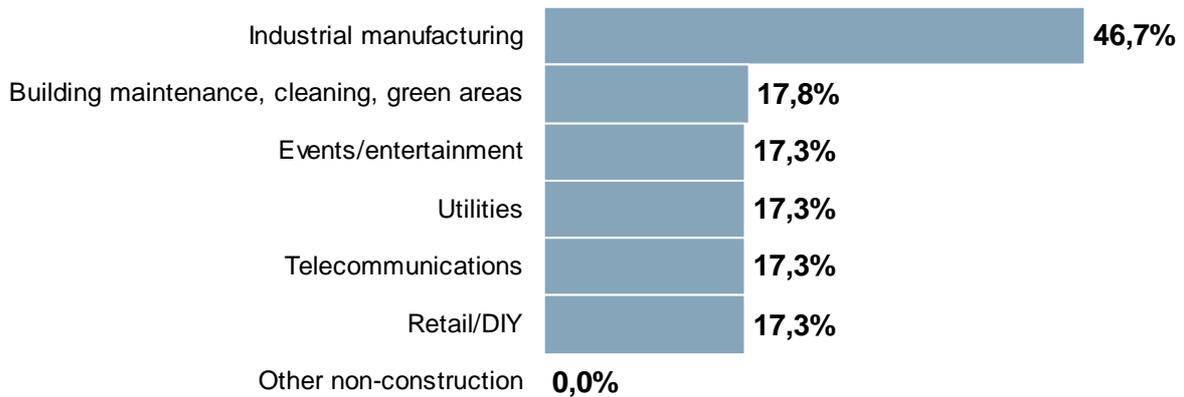
The so-called ROT deduction (a fiscal incentive) has had a slight positive effect on the building industry.

Major construction projects requiring MEWPs include the Stockholm National Arena being built in 2010.



Source: Ducker Worldwide for IPAF

### Non-Construction - Sweden



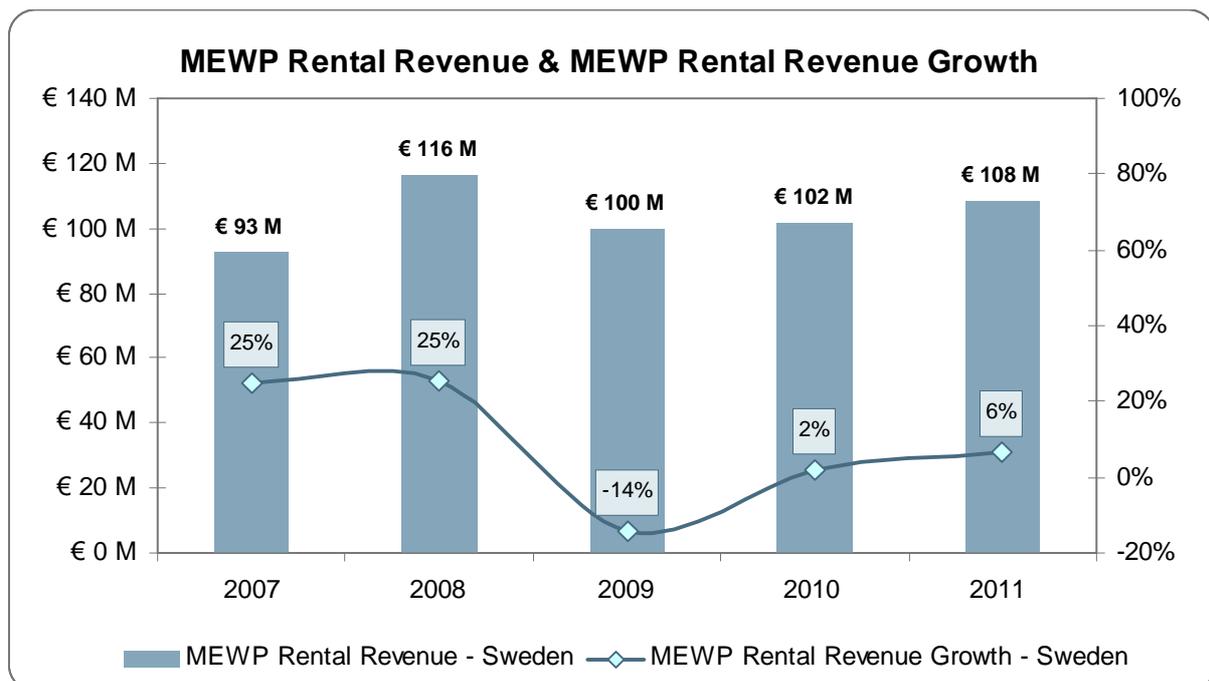
Source: Ducker Worldwide for IPAF

The single most important non-construction application is still industrial manufacturing, in frequency as well as in value, since rental companies who cover several non-construction areas sometimes report that it represents up to 80-90% of non-construction applications. Industrial manufacturing applications have however suffered from the crisis, as they have in Germany, due to reduced production of for example trucks, construction machinery or electric appliances. Also all other major non-construction applications are encountered, but to a lesser extent. However, in general even industrial work is made up of "small jobs" compared to the construction side, which keeps the total value on the non-construction sector low.

#### 10.2.2 Drivers

One growth driver is new laws on work safety, which exclude ladders from some applications. Bank loans are seen indirectly as a driver of construction activity as much as or more than a driver of rental company investment.

#### 10.3 Market Size & Dynamics



Source: Ducker Worldwide for IPAF

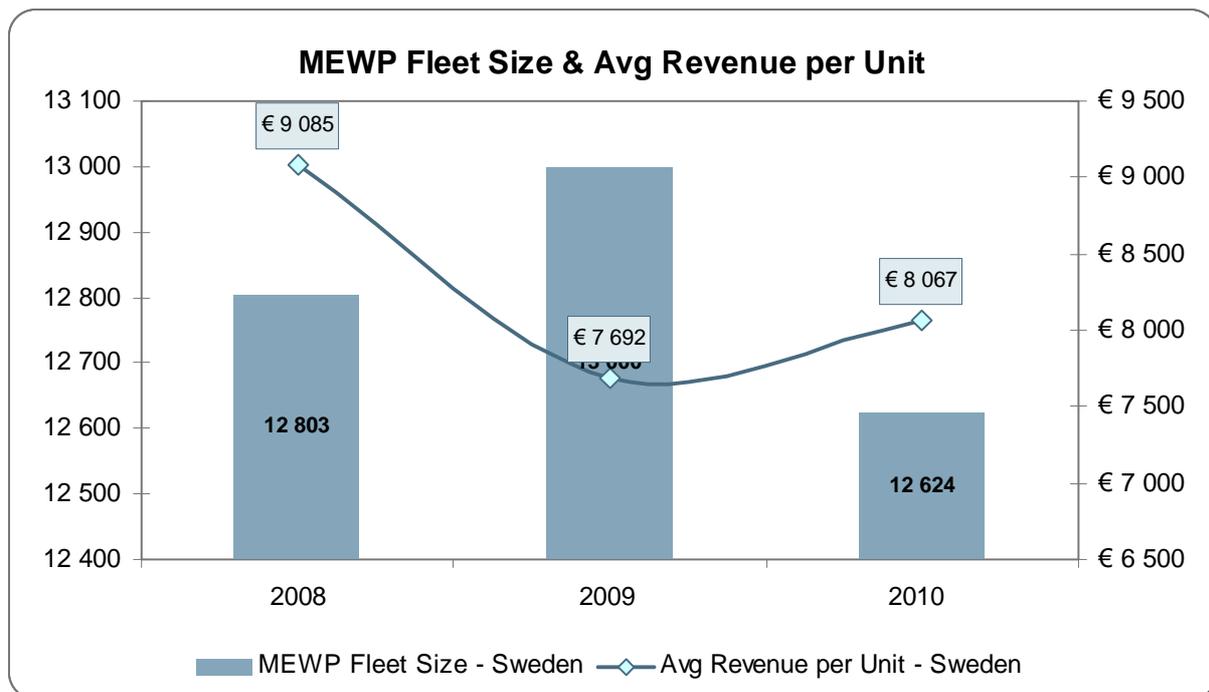
With a market that boomed in 2007-2008, the Swedish MEWP rental market saw a relatively significant decline in value in 2009, although less so than the other Nordic countries.

The growth in 2008 and decline in 2009 are slightly evened out by companies that delay their financial year to begin later than the calendar year. Although the beginning of 2008 was generally excellent across the industry, and since the downturn first made itself known in late 2008, that year was already negative overall to some who started their financial year very late, for example in May.

Sweden has also benefited from exchange rate variations; like in Denmark and Norway, the decline in local currency has been lesser than in Euro.

Unlike in Denmark and Norway, the market in 2010 is already on average expected to show timid new growth, followed in 2011 and further reinforced from 2012-13.

- "I'm optimistic about 2011 because I think the building sector will start to recover, leading to clearly positive growth maybe from the end of 2011 or the beginning of 2012" (large)
- "Even if at the moment the situation is rather bad, there has to be a change – there always is. Our company has a goal to increase our business (rentals, fleet etc.) with 50% over the following ten years" (small specialist)
- "The trend is upwards, even if it's going to happen slowly" (large)



Source: Ducker Worldwide for IPAF

Although no major changes in fleet size can be seen between 2008 and 2010, 2009 shows a slight increase from the growth that took place in 2007-2008 with deliveries of late 2008 orders in 2009 leading to replenished fleets just before the downturn. There is a time lag before the slight reduction in fleet sizes – which might not have taken place until late in 2009 but becomes apparent from the 2010 fleet size figure. In association with a stabilisation of rental rates and despite lower utilisation, the revenue per unit should therefore rise slightly in 2010.

The strong earlier growth would also have allowed for the creation or growth of many small companies, just in time for the newcomers to create a viable basis before 2009-2010, envisaged in their context as a status quo rather than a return to near-zero levels.

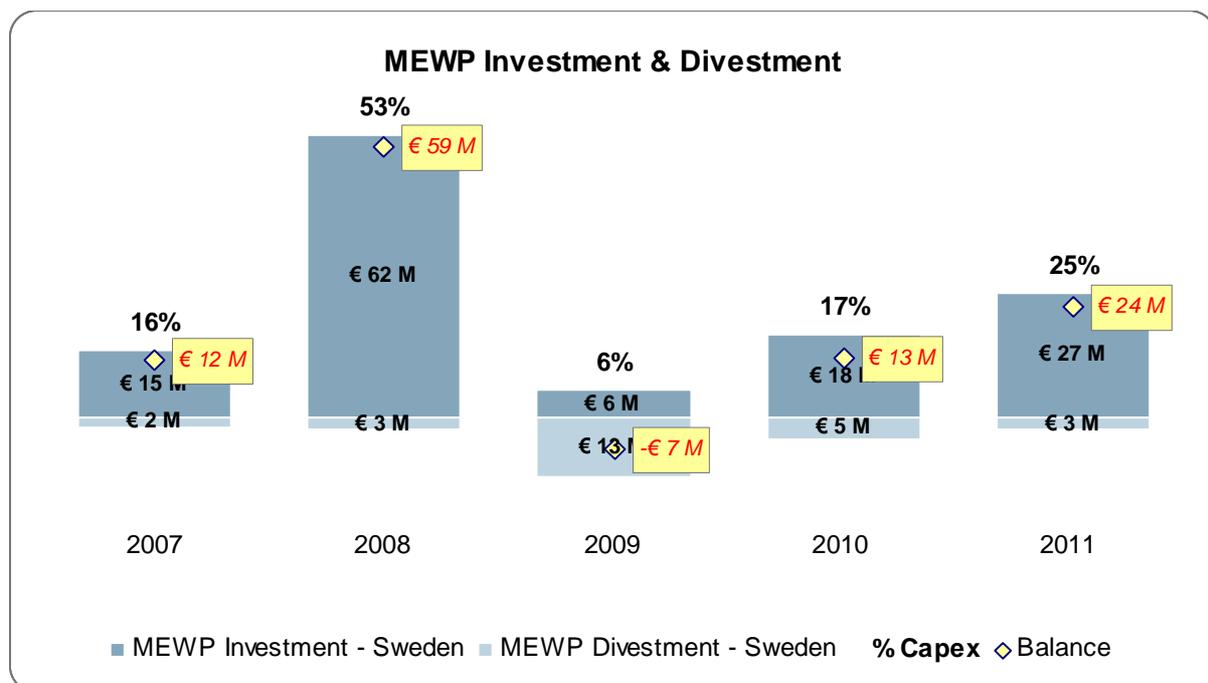
- "We bought many new machines in late 2007 and 2008 and now have a good mix, so from now on the number will stay at the same level and we'll just exchange some of the old ones every now and then" (small specialist)

Sweden, similar to the Nordic countries overall, has somewhat lower revenue per MEWP unit than the average in the European countries in the study. This is partly due to a high proportion of self-propelled equipment, notably electric scissor lifts, representing as much as half of the total fleet or more. In Sweden and in the Nordic countries in general, smaller MEWPs are also in demand overall, due to lesser urbanisation than in many Central European countries and buildings of lower height. Between the Nordic countries, Sweden as the most mature is however estimated to have the widest product range.

#### 10.4 Investments & Divestments

Further to the growth in rental revenue in 2007-2008, investment shot up in 2008, only to fall well below the 2007 level the following year. Divestments increased in 2009 but the situation should see a gradual return in 2010 (investments) to 2011 (divestments).

- "New MEWP investment has come to a complete halt, starting maybe six months ago. 2008 was an extreme year with huge investments and high rental rates; it's going to take a while before that happens again" (Association)



Source: Ducker Worldwide for IPAF

#### 10.5 Demand Development

##### 10.5.1 Rental Market Maturity

Rental in Sweden has been seen to gain share from retail and continues to do so. However the country is already a very mature market for both rental and MEWPs, similarly to or not far behind the UK and the USA, with 80-90% of MEWP sales going to the rental channel.

- "In Scandinavia, the understanding is 'why would I purchase a machine if I don't need it every day'" (expert, Germany)

### 10.5.2 MEWP Maturity

Among the Nordic countries, Sweden is the leader in terms of MEWP penetration and the most developed market. A vast amount of self-propelled platforms were sold into the country some years ago and many consider that these still keep the market slightly saturated.

From early adoption of mast climbers with local manufacturing, the step to hydraulic platforms may have been facilitated and moreover favoured by labour shortages in rural areas.

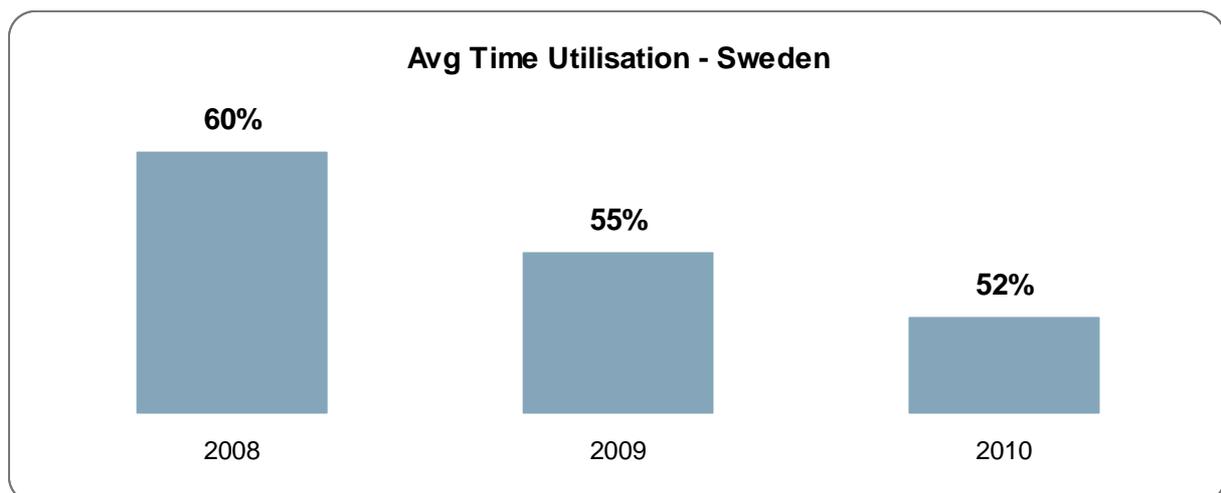
- "I think Sweden is one of the countries with the most lifts compared to the size of the country. The market has exploded after 2000 – but I don't think it can grow that much anymore from today's numbers" (large rental company)

### 10.5.3 Outlook

Part of the market identifies some further room for growth, as several companies locally believe that Sweden has not yet quite attained the level of maturity of the European leaders. Also in volume terms, some feel that the market started off slowly and did not reach high fleet volumes until recently – leading to a situation where some of the equipment is still relatively new.

## 10.6 Operational Aspects

### 10.6.1 Utilisation Rate



*Source: Ducker Worldwide for IPAF*

MEWP utilisation levels declined in Sweden in 2009 and are expected to fall somewhat lower still in 2010. The levels are comparatively low in comparison with European countries featuring a higher proportion of specialist MEWP rental companies.

The oversupply of small equipment is clearly reflected in the variation of utilisation rates by product:

- "If you have a big boom lift in Sweden there are people who want to rent it, but scissor lifts there are plenty of, almost too much" (small specialist)
- "You could say that the smaller the lift, the lower the time utilisation" (small specialist)

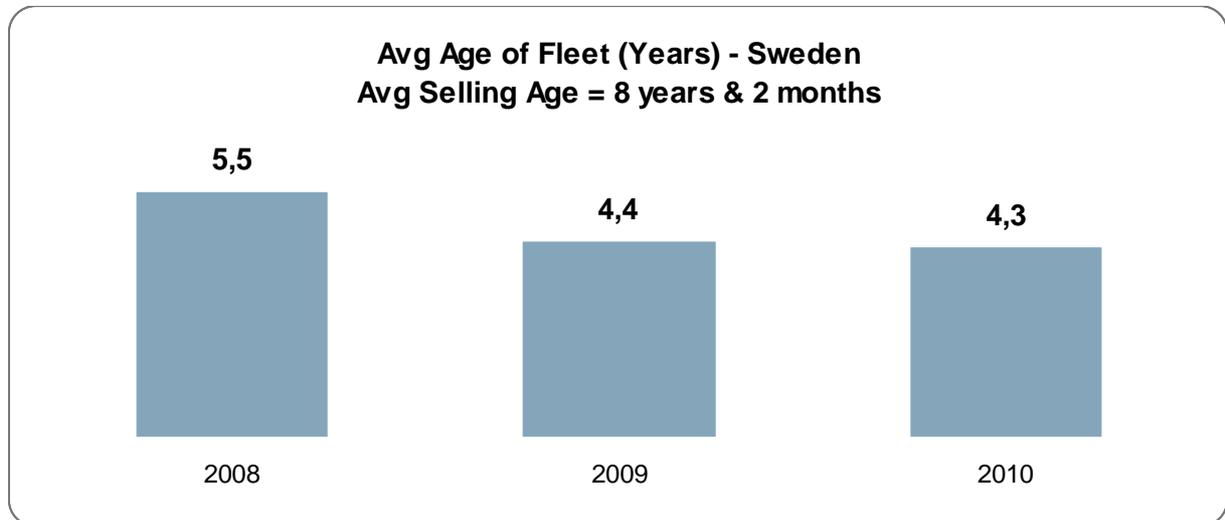
The decline in utilisation of some equipment normally used in industrial manufacturing has been partly held back by the transfer of such units to craftsmanship applications.

Truck-mounted platforms are fewer in Sweden than in Italy or Germany and their use is different.

Utilisation in 2009 was seen to vary not only by product but by region, with clearly the highest rate in the mid-regions of Sweden and the lowest in the south with the north performing just slightly better.

Contract durations appear to be predominantly very short. Some of those who follow this factor as an indicator report an average of less than 4 days. However, terms vary heavily, “from a couple of hours to several years” (small specialist).

### 10.6.2 Fleet Age



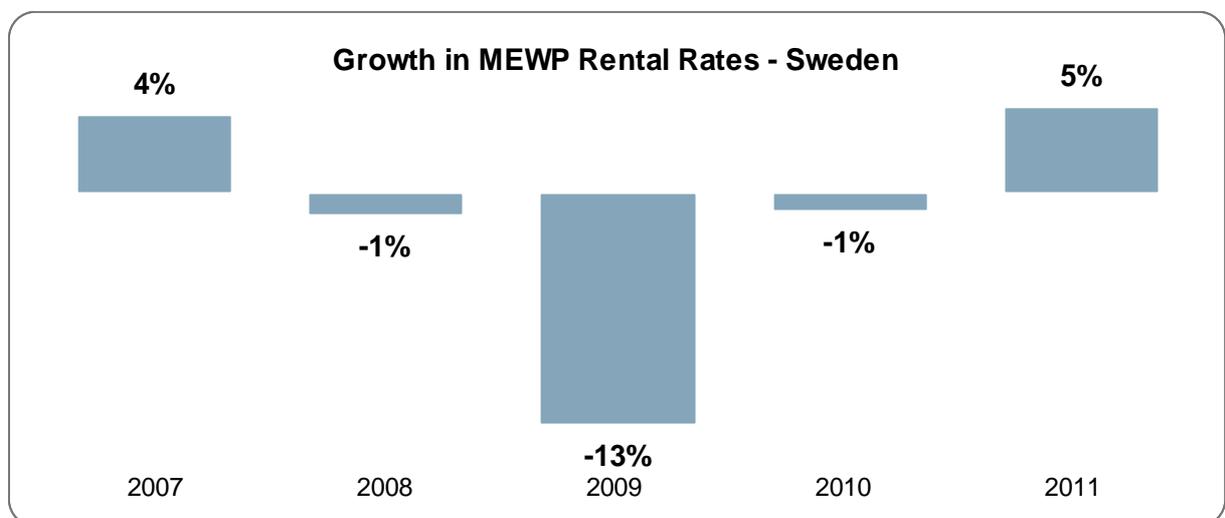
Source: Ducker Worldwide for IPAF

The Swedish MEWP rental market shows an average selling age of around eight years (10-15% replacement rate), typically varying from seven to ten years. Even so, the high number of scissor lifts in the national fleet is reflected in the overall average selling age, as the retention of booms is longer still.

- “The typical selling age in our company is 12 years – for scissors 10-12 years, for booms 15-20 years” (small specialist)

However, the average age of fleets declined in 2009, as a result of large orders placed the year before. It should remain low, as significant divestments were made in 2009 and investments are expected to increase again in 2010.

### 10.6.3 Rental Rates



Source: Ducker Worldwide for IPAF

The Swedish market saw increased competition and rental rates are identified as the foremost way of gaining in competitiveness. Thus the decline in price levels in 2009 was practically as significant as the overall decline in revenues. (The simultaneous decline in utilisation derived from the slight increase in fleet size, as well as from possible modifications in fleet mix or in the service offer which would not be accounted for in the declared evolution of like-for-like rental rates.)

- "In 2012 I would guess +12%. In the 1980s you could get twice as much from renting a machine compared with today and costs (e.g. salaries) were lower as well" (large company)

With the exception of 2008-2010 however, rental prices in Sweden show a slight increase, unlike many other countries where the long-term trend is more stable i.e. less positive.

#### 10.6.4 Cross-Hire

Cross-hire in Sweden represents just slightly more than the average in the European countries studied, favoured by the existence of a high number of small family-owned businesses and the large geographical distances.

#### 10.6.5 Trade-Ins

Trade-ins are significant in Sweden, representing up to 99% of divestments with some large players.



## 11 Finland

### 11.1 Industry Structure

The Finnish MEWP rental market is dominated by three large, mainly general rental companies, which have expanded across the Nordic countries as well as the Baltic countries, Eastern Europe and/or Russia.

Outside the top-three, rental companies are more regional or local and more often specialised. Together, the top 5 companies offering MEWP rental are estimated to represent at least 80% of the market value. There may be a maximum of 200 companies in Finland offering MEWP rental.

### 11.2 Drivers & Applications

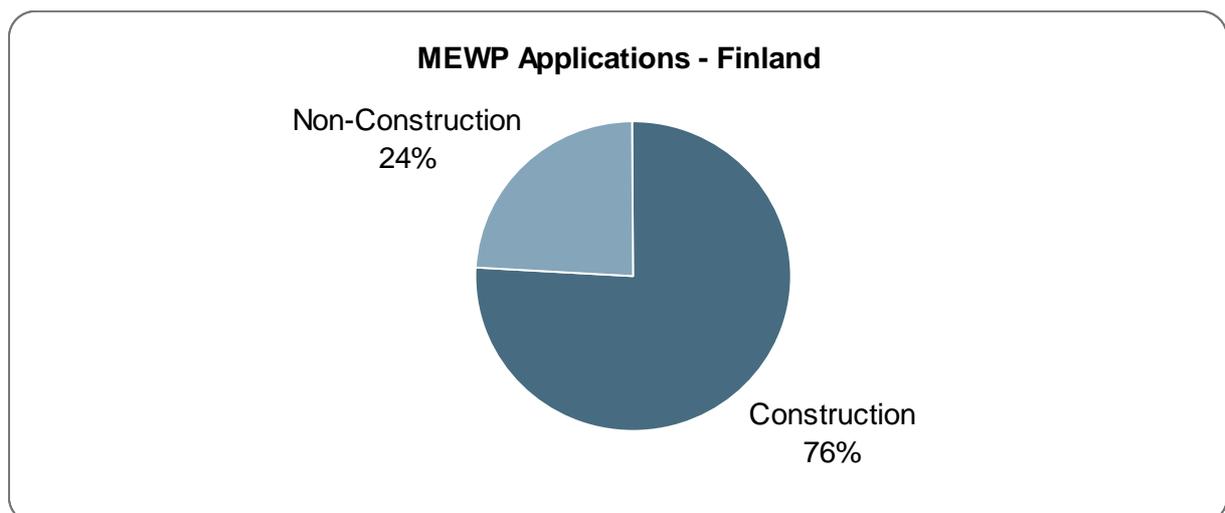
#### 11.2.1 Applications

Although construction work still represents the majority, industrial applications are also significant in Finland. A considerable proportion of the construction work is industrial buildings.

The main non-construction applications are in the production industry which accounts for around 50%. Examples of sectors include forestry (including saw mills), paper manufacturing, metal industry, shipyards (in Turku, Uusikaupunki etc.), and increasingly windmills (including complete windmills and turbine manufacturing) and power plants. Present are also maintenance, servicing and repair, but traditionally to a much lesser extent than manufacturing.

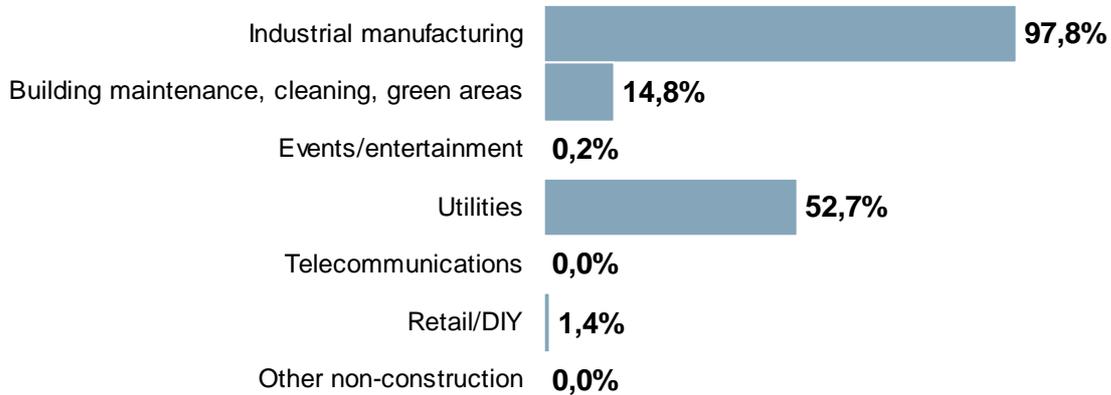
The split between applications varies a little year on year, especially with small rental companies, depending on major projects in the region (e.g. a large factory). One large building project can make a good year for one entire depot.

As elsewhere, MEWP rental companies try to orient themselves more towards industry-related applications; however, predominantly they are involved with new industrial investments (rather than maintenance) which still partly fall within the construction sector. Nevertheless, new industrial investments have been low in Finland recently, reducing the share of construction in favour of maintenance.



Source: Ducker Worldwide for IPAF

### Non-Construction - Finland



Source: Ducker Worldwide for IPAF

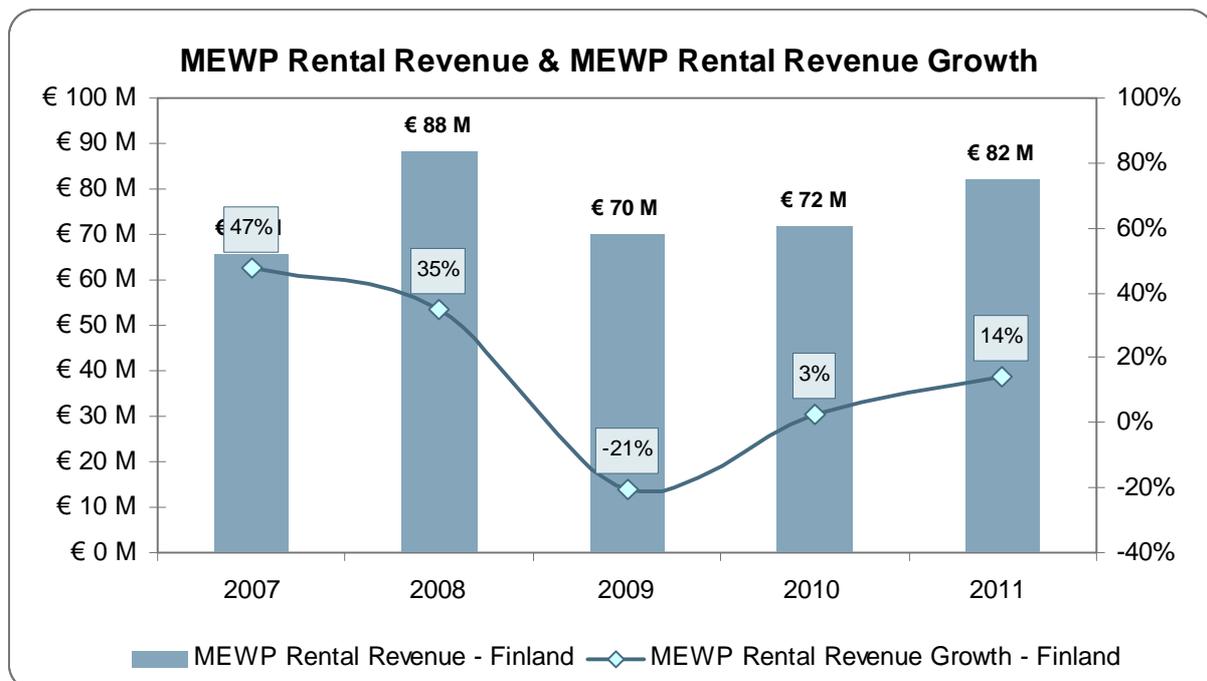
#### 11.2.2 Drivers

GDP per capita in Finland still grew in 2008, but suffered a strong decline in 2009 like in all other countries in the study. The economy may however take longer to pick up again, as unlike in the other Nordic countries surveyed, 2010 and 2011 are forecast to bring limited growth, with 2010 actually expected to remain slightly below the 2009 level.

In the construction market, both commercial and industrial build were forecast to start a steep decline as of 2009 and only expected to stabilise in 2011.

Industrial investment would be an important growth driver, but has been low and an increase is not expected until 2011 at the earliest.

#### 11.3 Market Size & Dynamics



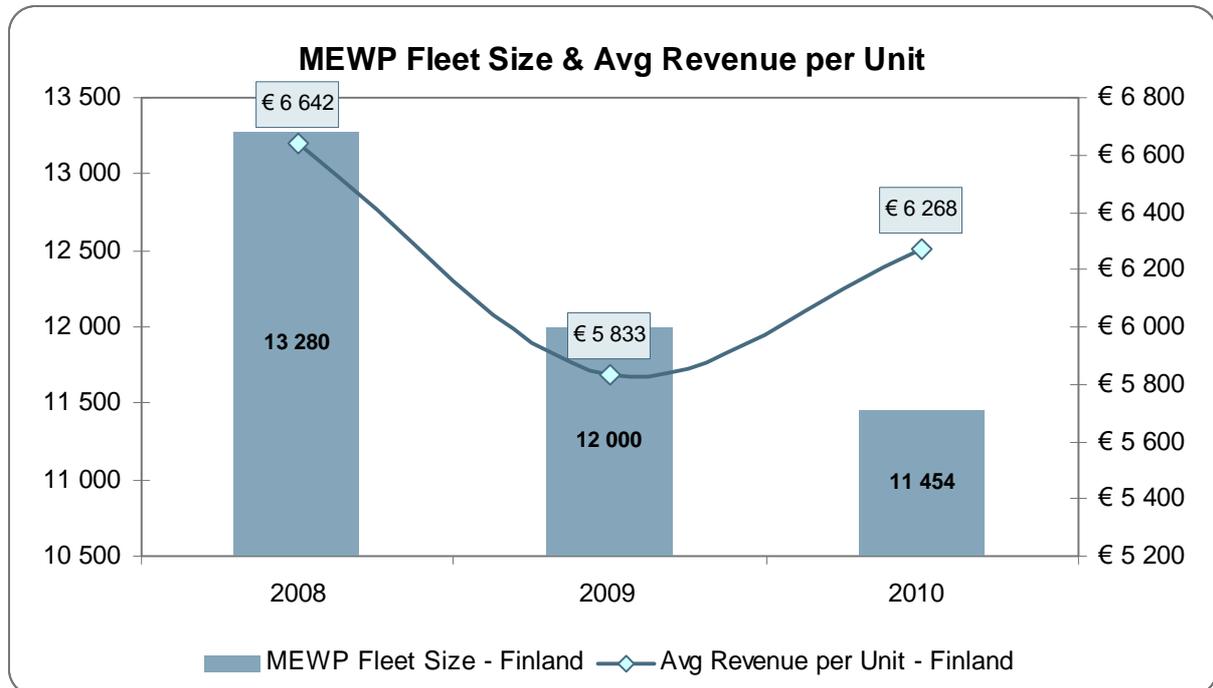
Source: Ducker Worldwide for IPAF

The Finnish MEWP rental market enjoyed massive growth in 2007-2008, followed by a decline more significant than the average in the European countries studied and slightly more significant also than in the other Nordic countries.

As the only one of the Nordic countries within the Euro monetary zone, Finland has suffered slightly more from the economic downturn than its neighbours, not benefiting from exchange rate variations.

The low peak in 2009 is however expected to be of relatively short duration. Despite the extent of the decline especially in Finland, the end of 2010 is already expected to bring the first signs of growth, as in Sweden, but this time a growth that should clearly increase in 2011-2012.

- "The construction business has declined, not collapsed" (association). Although it is not doing well at the moment, it is believed that "during 2011 the situation could go upwards in stages"
- "I believe that we could come back to the 2007-2008 numbers, but it's going to take at least three to five years" (rental company)



Source: Ducker Worldwide for IPAF

Finland shows a comparatively high number of MEWP units in the rental fleets. In line with this, MEWP rental revenue per unit in Finland reached a very low level compared to other countries, even lower than in the other Nordic countries. This is partly explained by the importance of small products such as electric scissor lifts and partly by the competitive situation between large rental market leaders and international headquarter locations potentially centralising units that have not been dispatched to their other countries of activity.

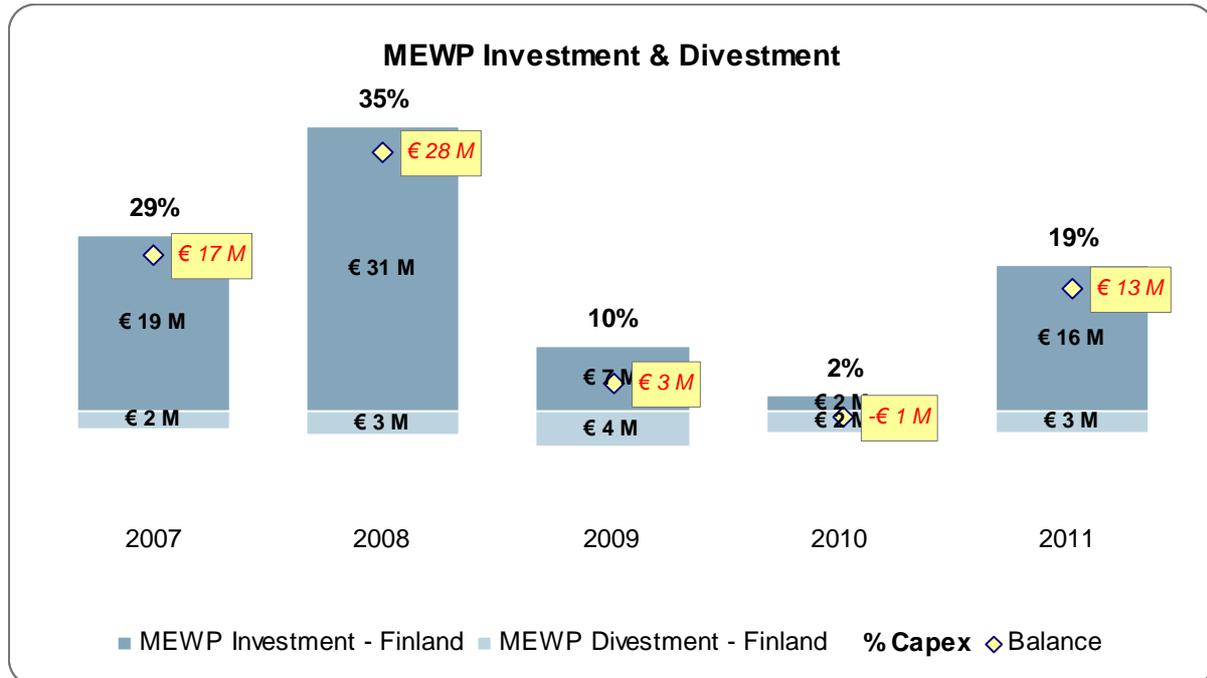
The climate and construction habits impose a clear distinction between indoor and outdoor equipment. The possibilities of using small machines designed for indoor use in outdoor construction work are limited by the cold in winter and by the fact that services and surfacing (piping, asphalt etc.) are not laid until after the building construction phase, unlike elsewhere in Western/Central Europe or America.

Despite high overall utilisation of electric machines in the Nordic countries, most rented booms are still believed to be diesel-driven. This is due to the fact that rental penetration is low on electric machines but very high on diesel booms.

### 11.4 Investments & Divestments

Investment levels were high during the boom years 2007-2008, but declined in 2009 (at the same time as the market saw a very slight increase in divestments). In 2010, investments are expected to decrease further, but the stabilisation or increase in revenues that year should provide the confidence for a rebound in investment in 2011.

Used equipment can be transferred by leading rental companies to Baltic countries amongst others within the scope of their rental activities.



Source: Ducker Worldwide for IPAF

### 11.5 Demand Development

#### 11.5.1 Rental Market Maturity

70-90% of MEWP sales overall are estimated to go to the rental channel, however with some variation by equipment type (cf. above).

MEWPs first appeared in Finland in the 1980s and were pioneered by a Finnish manufacturer of trailer-mounts. At the time, machine rental was unusual. As demand for MEWPs grew in the early 1990s, rental companies were unable to meet the demand quickly enough, leading to a more significant share of owner-users than would otherwise have been the case.

Further potential for increasing the rental penetration is still believed to exist, as ownership remains frequent in both some construction and non-construction applications.

- Despite significant demand for booms in industry, most factories own their equipment. Non-construction applications remain less frequent than construction, but industry is the most important sector and despite the current slowdown, it will hopefully increase
- Out of 30 000 construction companies, 85-90% are small companies (0-1 employees) that frequently own their equipment. They may not represent the majority of the construction market value, but amount to a sizeable cumulated share.

### 11.5.2 MEWP Maturity

Similarly to other Nordic markets, the Finnish MEWP market is comparatively mature, slightly behind the Swedish and Danish market and more or less on par with Norway.

Manufacturer presence is linked with significant volumes. In addition, the high number of MEWPs in the rental market in particular may also be partly explained by the presence of large international rental company headquarters.

### 11.5.3 Outlook

Despite relative market maturity, both MEWP use and rental are expected to continue growing.

The trend towards ever stricter safety regulations over the past few years is expected to continue. "That is the only growth driver in our business" – in addition to increased productivity.

Rental is also seen as a process of professionalising the MEWP sector. Looking at the overall national fleet, rental provides for higher utilisation and is therefore environmentally friendlier than if each user owns multiple units.

## 11.6 Operational Aspects

### 11.6.1 Utilisation Rate

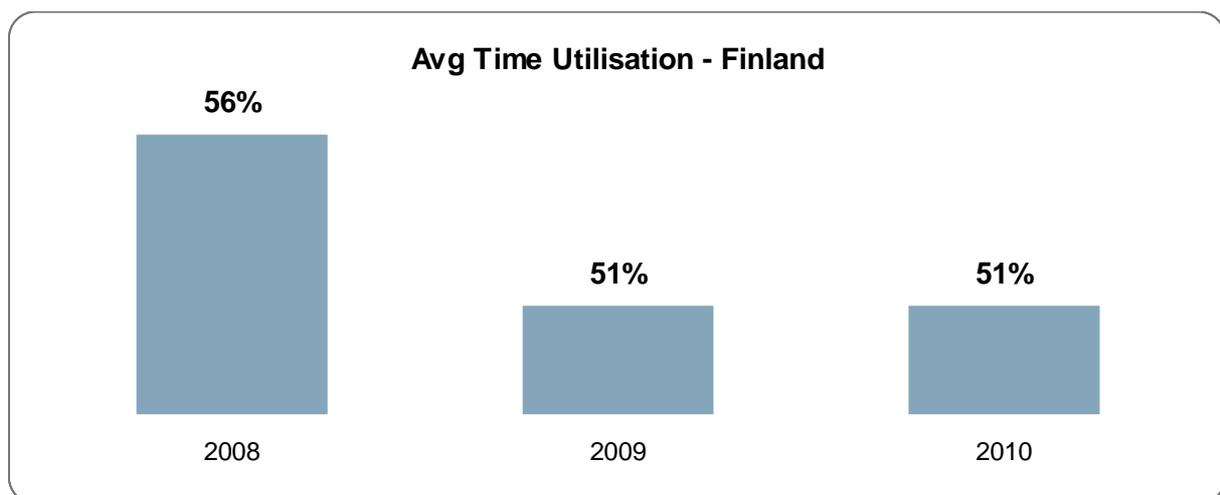
Finland has a clear overcapacity of battery-driven scissor lifts, which experienced low demand in 2009, lower than self-propelled booms.

Utilisation varies from around 30/40% to more than 60/70% depending on the product type: 30-50% on scissors (especially small battery-driven); maybe 60% on self-propelled booms (e.g. 14-16metres). Utilisation is also lower on trailer-mounts and is seasonal in use.

Some report the lowest utilisation occurred in early 2010 (less than 50%), but are aiming for an improvement during 2010 (up to 50-55%).

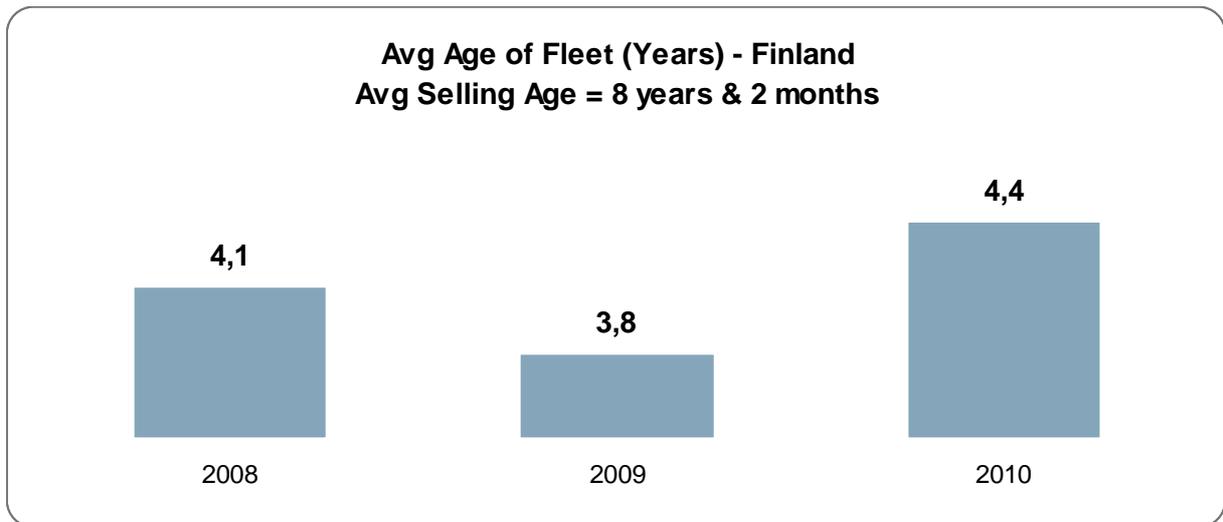
The market has gone from a shortage of supply to overcapacity. A typical rental period for MEWP varies from around 8 days to 1.5 months. Contract duration is significantly shorter than in 2007-2008.

- "During the good years, users could keep the machines longer even if they didn't use them all the time because they didn't want to risk not getting a machine when they needed one"



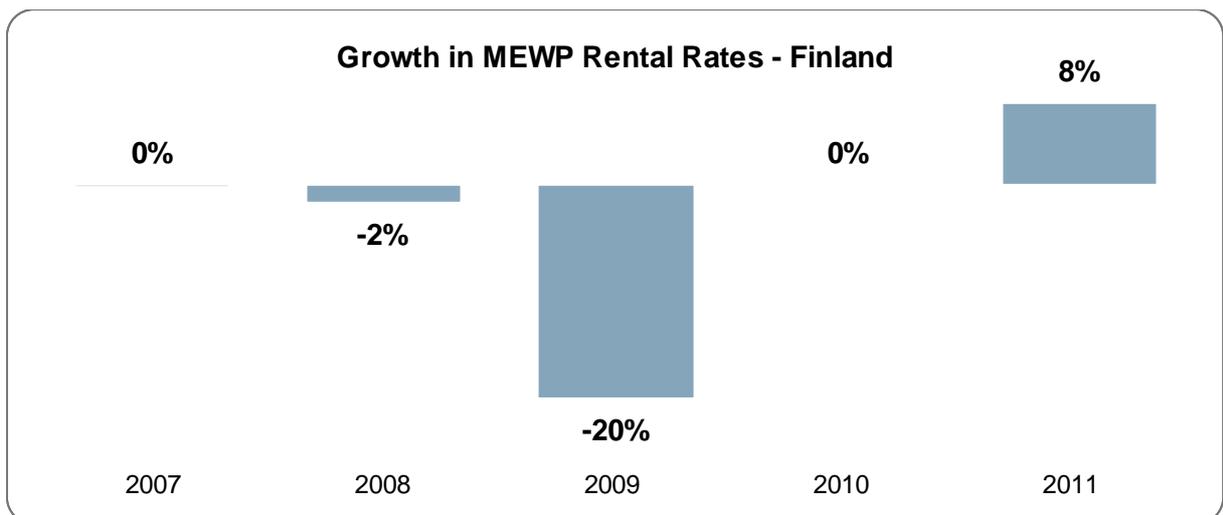
Source: Ducker Worldwide for IPAF

### 11.6.2 Fleet Age



Source: Ducker Worldwide for IPAF

### 11.6.3 Rental Rates



Source: Ducker Worldwide for IPAF

Rental rates started declining at the end of 2008. Due to the small market size, a lowering of prices is quickly reflected across the market. The competition on rental rates is perceived as unhealthy.

- "It feels like companies have competed so much on prices that they can't go much lower anymore"

The drop in rates has been particularly significant concerning small scissor lifts, due to overcapacity.

Some large rental companies are holding up thanks to Eastern European operations, although the extent of the decline in this region in relation to Finland varies from one company to another, depending on the exact country and the product mix. In Eastern Europe the awareness and the use of MEWPs has increased, increasing also rental rates and the number of customers.

#### 11.6.4 Cross-Hire

Cross-hire is minimal.

- “The companies try to survive using their own lifts for as long as possible without getting help from other rental companies” (association)

#### 11.6.5 Trade-Ins

To some extent, equipment sales from the market leaders are limited by their presence in Eastern Europe. Transferring equipment within the group allows for greater reactivity than sales. Other players are smaller and therefore more stable.

## VIII. Appendix

### 1 Methodology

#### 1.1 Main Method & Approach

As mentioned in the introduction, the present study constitutes a reassessment of the MEWP rental market as presented in the rental market reports published by IPAF last year, but using a different methodology. This year, the vast majority of the data has been derived from primary research (interviews with rental industry players), verified and adjusted by other expert interviews and by a more limited amount of secondary information.

The objective and the approach have not been to base the figures on those contained in the previous report, but to conduct an entirely independent market assessment, providing a new angle and a new market vision, either validating or challenging the previous results as necessary.

#### 1.2 Overall Key Estimates

Key rental figures are estimated country by country, independently of last year's report, based on several factors such as the following:

- Qualitative in-depth interviews with major rental companies and other market experts
- Quantitative interviews with rental companies both small and large, specialist and general
- OEM interviews on equipment sales (confronted with average selling age) and market trends
- Existing secondary information and complementary interviews (magazines, associations and others: fleets, revenue, number and size of MEWP rental companies etc.)
- Market share analysis (crossing direct respondent estimates of leading players' market shares with actual revenue and/or fleet information)
- Comparisons between data points and between countries and segments to ensure coherence
- Validation of preliminary, intermediary and final estimates with industry experts

#### 1.3 Weighting

In order to produce averages overall or by segment that reflect as far as possible the true market situation rather than the sample of companies interviewed, all individual answers have been weighted by three factors, namely company size and the size of the segment that the company is part of:

- Company size (MEWP rental revenue in 2009) – in order to give more weight to the larger companies within the sample that each represent a big part of the total market
- Market fragmentation (the cumulated market share of the small versus large companies) – in order not to crush the opinion of small companies, but to recall that one small company speaks also for many other small ones in the market
- Specialisation (the cumulated market share of the general rental companies versus MEWP specialists) – in order to consider also whether, in each national market, the more representative company type are the general rental companies or the MEWP specialists

#### 1.4 Calculation of Market Indicators

Wherever possible and relevant, all monetary values collected (e.g. investment and divestment) are calculated as a percentage of MEWP rental revenues (excluding used equipment and cross-hire) respondent per respondent, year by year. Based on these results, a weighted average percentage is calculated (cf. Weighting) per year and segment and applied to the estimated overall market size for that same year and segment in order to ensure maximum coherence and comparability between data points.

### 1.5 Missing Values

In case of interviews otherwise well completed but missing information on a necessary data point, the value has been estimated based on the average within the specific segment in question and/or adjusted based on secondary information and estimates derived from the interview or from other interviews in order to ensure maximum market representation.

In the absence of a numerical answer regarding the future evolution (regarding revenue, investment, divestment or utilisation), the respondent was asked to state whether the trend would be stable, increasing or declining. In order for these answers also to be part of the calculation, they have been converted into numerical values in the same manner as described above.

- Stable: 0% change
- Increasing or declining: average increase or decrease reported within the segment in question

### 1.6 Segmentation & Statistical Relevance

The number of interviews conducted allow for full statistical relevance of results on an overall European level, as well as for the specialist and general rental segment overall and the small and large company segment overall. Country-specific results provide good relevance, especially thanks to a complex weighting of results (cf. Weighting), but should nevertheless be considered as indicative.

Cross-segmentations (e.g. "large German specialists") have not been made, nor would the industry structure in each country allow for it, due to the low existing number of large companies.

### 1.7 Cross-Checks

Responses have been analysed both interview by interview (horizontally) and segment by segment (vertically) to ensure coherence within each interview and between interviews.

Data points have been compared to each other where relevant and ratios have been developed (e.g. share of used equipment sales, investment versus divestment and fleet evolution, inventory versus rental revenues etc.) in order to maximise coherence and understand variations.

### 1.8 Conclusion

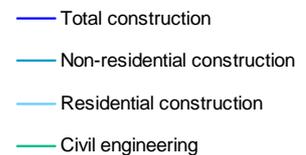
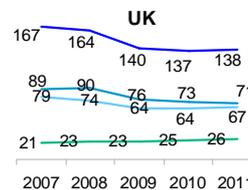
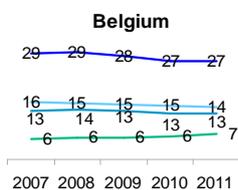
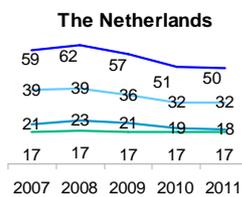
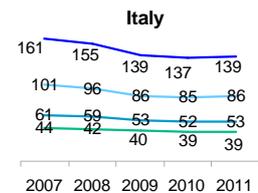
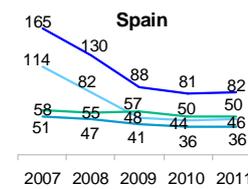
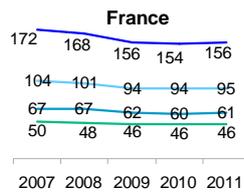
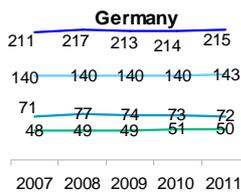
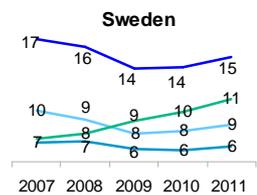
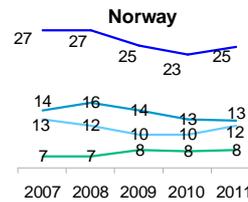
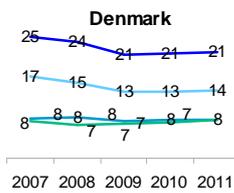
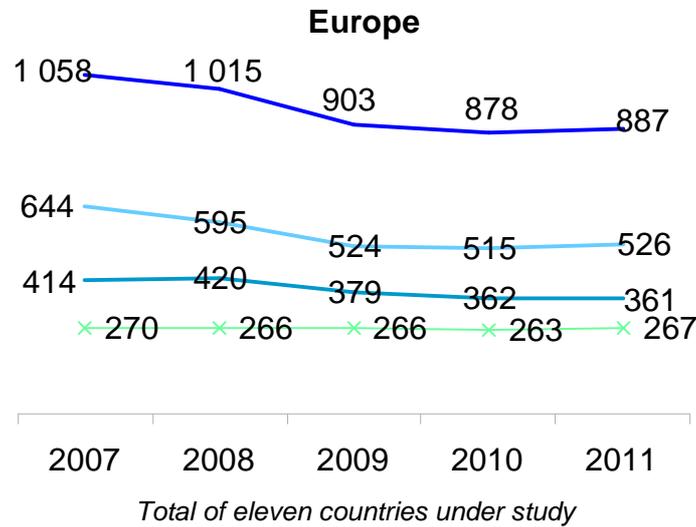
Clearly implausible answers have been rectified where possible or otherwise excluded and the statistical analysis has been revised as often as required, but actual results stemming from the industry have not been modified. Surprising or seemingly incoherent trends may therefore persist.

When possible, they have been commented upon and explained in the text, based on qualitative feedback from interviews and Ducker's industry experience. However, the intention throughout has been not to temper with the findings but to provide an opportunity for the industry to express itself.

Regarding forecasts in particular, it is however necessary to note that in the changing market that we are seeing at this specific moment in time more than ever, the situation is constantly being re-evaluated and perceptions may already have changed even between the time of information collection and the publication of this report. The report provides however a snapshot of the industry as it was at the beginning of 2010 and will hopefully serve as a basis for each reader to develop his or her own up-to-date forecasts.

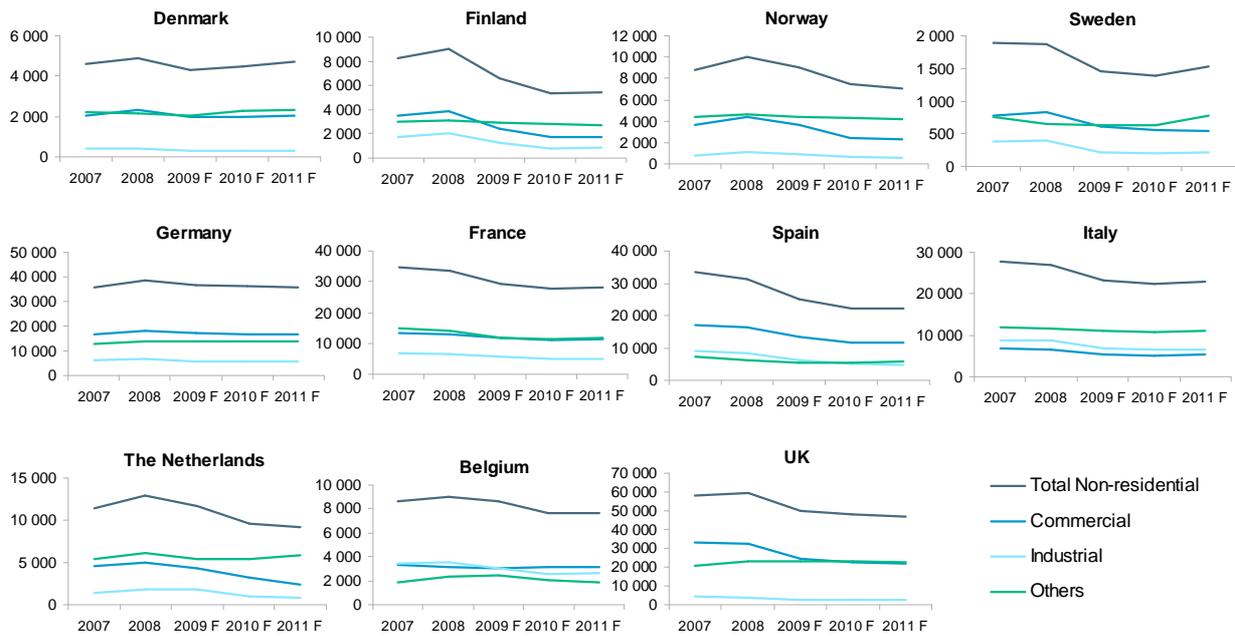
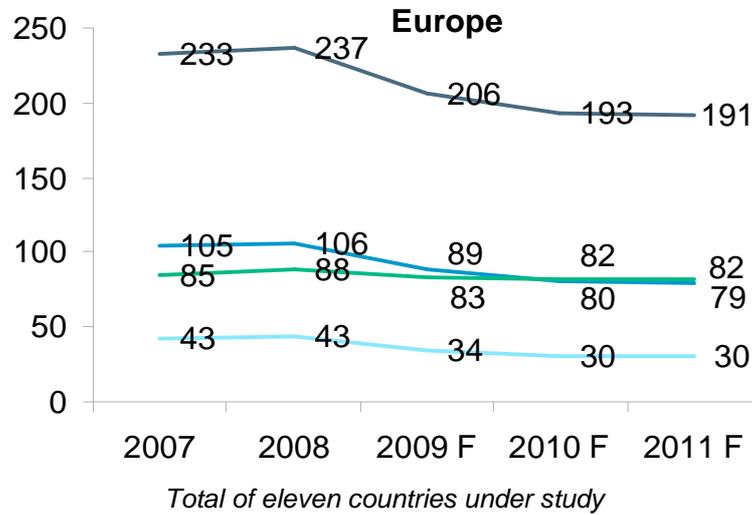
## 2 Construction Statistics

### 2.1 Total Construction



*Total construction (new & renovation), thousand million Euro at 2009 prices  
Source: Ducker Worldwide for IPAF based on Euroconstruct 2009*

## 2.2 New Non-Residential Construction



New non-residential construction by type of building, million Euro at 2008 prices  
 Source: Ducker Worldwide for IPAF based on Euroconstruct 2009

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*This concludes our report. Thank you.*

*You may contact one of the research team members at +33 146 99 59 60 or visit our website at [www.duckereurope.com](http://www.duckereurope.com) or [www.ducker.com](http://www.ducker.com)*

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