

IPAF POWERED ACCESS RENTAL MARKET REPORT 2020 GLOBAL REPORT

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**THE EUROPEAN
ASSOCIATION
AWARDS 2018**

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Best Provision of Industry
Information and Intelligence

IPAF has been working with DuckerFrontier to create these exclusive industry reports since 2009

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FOREWORD

IPAF POWERED ACCESS
RENTAL MARKET REPORT
2020 – EUROPE

About IPAF

- The International Powered Access Federation (IPAF) promotes the safe and effective use of powered access equipment worldwide. IPAF is a non-profit member organisation that represents the interests of rental companies, manufacturers, distributors, users and training companies. It was set up in 1983 and celebrated its 35th anniversary in 2018.
- The IPAF training programme for platform operators is certified by TÜV as conforming to ISO 18878. Around 170,000 people are trained each year through a worldwide network of more than 750 IPAF-approved training centres and 1,400 members in over 70 countries. 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

Additional copies of this report can be ordered at www.ipaf.org/reports or from your nearest IPAF office.

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About DuckerFrontier

- DuckerFrontier provides unrivalled market research and executive advisory services based on decades of experience supporting the strategic decisions of more than 700 companies. Client executives benefit from the firm's broad expertise and geographic reach, robust cloud-based technology platforms, expanded insight into customer behavior, and award-winning data and analyst insights spanning the B2B, healthcare, consumer, and private equity industries.
- DuckerFrontier has been working with IPAF to create these exclusive industry reports since 2009, making this the 11th anniversary of our award-winning collaboration.
- DuckerFrontier benefits from solid industry experience and a highly international team with the ability to approach and study global markets at a local level:
 - Product and industry expertise: experience in the MEWP and equipment rental markets through several projects covering 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 US, Europe and Asia, DuckerFrontier prides itself on the fact that all fieldwork is completed in the respondent's native language by in-house consultants.
 - Methodological expertise: on-going involvement in strategic consulting within areas such as market sizing and segmentation, distribution structure, competitive positioning, voice of the customer or market opportunity and new product entry assessments for a variety of products within the global construction and transportation industries amongst others.
 - Quality charter: DuckerFrontier works to the guidelines of the ESOMAR ethics standards.
- More information on DuckerFrontier can be found at www.duckerfrontier.com

This report was produced by DuckerFrontier in Europe, in cooperation with its US office.

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This study assesses the Mobile Elevating Work Platform (MEWP) rental market for Europe and the US over a 12-year period.

- The study covers the time period 2008-2021, with particular focus on 2019.
- Main objectives:
 - 2019 MEWP rental market value and fleet size.
 - Trends and dynamics (2008-2021).
 - Operational indicators (investment, age of fleet, application).
 - In addition to the primary market value and fleet-size objective, fleet mix is included to ensure that the value is anchored in reality. Moreover, fleet information is typically more readily available than rental revenue. This has allowed for cross-checks, revenue-per-unit ratios and the optimisation of secondary sources.
 - Estimated size of the 2019 MEWP rental fleet worldwide, with a breakdown by region and by machine type (including the estimated share of vehicle mounted platforms held by rental companies owning self-propelled fleets).
- The current study does not examine rental company profitability.
- All interviews were conducted in September and October 2020, which has allowed for primary data collection on the full previous year, and latest update regarding the impact of Covid-19 on MEWP rental markets thus providing for more specifically targeted and up-to-date information than would have been available from any statistical sources.

Products and countries.

- The present study focuses on powered access equipment, i.e. mobile elevating work platforms (MEWPs). It includes the full range (all sizes and types) of powered access equipment except mast climbing work platforms (MCWPs) and hoists.
- Included are powered access equipment, all booms, scissor lifts and vertical masts:
 - Both articulated and straight telescopic booms.
 - Self-propelled as well as push-around, towable and vehicle-mounted.
- Excluded are: low-level equipment (<3m high), telescopic material handlers, forklifts, cranes, MCWPs, hoists and equipment owned by non-rental companies.
- The European part of the study comprises the following ten countries:
 - Denmark (DK)
 - Finland (FI)
 - France (FR)
 - Germany (DE)
 - Italy (IT)
 - Netherlands (NL)
 - Norway (NO)
 - Spain (ES)
 - Sweden (SE)
 - United Kingdom (UK)

These represent 85% of the European* market in value.



* Defined as 28 EU countries + Norway + Switzerland + Macedonia

Target companies and respondents.

- The main source of information for this study is primary research through telephone interviews. Organisations interviewed for this study include rental companies and other industry experts:
 - Rental companies:
 - Specialist MEWP rental companies, where MEWPs account for more than 50% of total rental revenue.
 - Generalist rental companies, where MEWP rental revenue accounts for 50% or less of total rental revenue.
 - National rental associations;
 - Manufacturers;
 - Industry experts.
- Secondary data was also gathered to validate major market trends identified.
- Only persons with input in machine selection or management were qualified as respondents. Reoccurring respondent job functions were Managing Director, Sales Director, Technical Director, Purchasing Manager, Fleet Manager and Operations Manager.
- DuckerFrontier and IPAF would like to thank all industry representatives interviewed, without whose kind assistance it would not have been possible to conduct this research.
- IPAF and DuckerFrontier would also like to thank Murray Pollok, Managing Editor of *International Rental News*, for his contributions and commentary on the current rental market.

Definitions of terms used.

- MEWP rental revenue:
 - Includes for example machine rental rates, machine repair, support (e.g. fuel services), transportation/delivery, training, insurance, operator charges.
 - Used equipment sales are excluded from the MEWP rental revenues reported.
- Specialists vs Generalists:
 - For specialists: MEWPs account for more than 50% of total rental revenue.
 - Generalists: MEWPs account for 50% or less of total rental revenue.
- Cross-Hire:
 - Rental by one rental company from another rental company (excluded from final results).
- Utilisation rate:
 - Physical number of machines out on hire as percentage of total number in fleet at any given time.
- Retention period:
 - Average time during which rental companies typically keep their powered access equipment.
- Rental rate:
 - Corresponds more to net prices than list prices. Directly linked to the rental revenue.
 - The euro amount that the customer agrees to pay for possession and use of a machine.

Currency exchange rates used.

- Exchange rates:
 - The currency exchange rates used for countries outside the eurozone are as below (average annual 2019 exchange rates). 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.

| | Currency Unit | Converter to Euro |
|---------|---------------|-------------------|
| UK | £ 1 | 1.098 |
| Denmark | DKK 1 | 0.134 |
| Norway | NOK 1 | 0.092 |
| Sweden | SEK 1 | 0.096 |
| US | US\$ 1 | 0.851 |

| | Currency Unit | Converter to Euro | Converter to USD |
|-----|---------------|-------------------|------------------|
| RDC | ¥ 1 | 0.126 | 0.148 |

EXECUTIVE SUMMARY

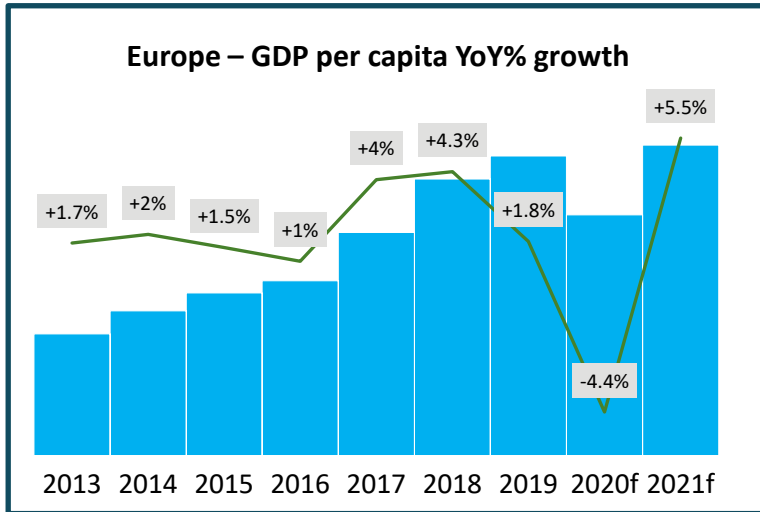
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RENTAL MARKET REPORT
2020

EXECUTIVE SUMMARY – EUROPE

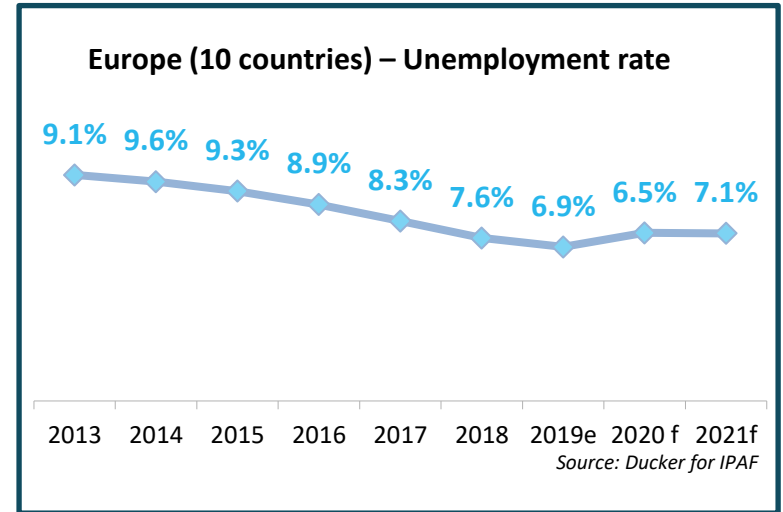


All macro-economic indicators highlight the impact that the coronavirus pandemic is having on European markets. Neither construction nor employment rates are expected to recover to 2019 levels until at least the end of 2021.

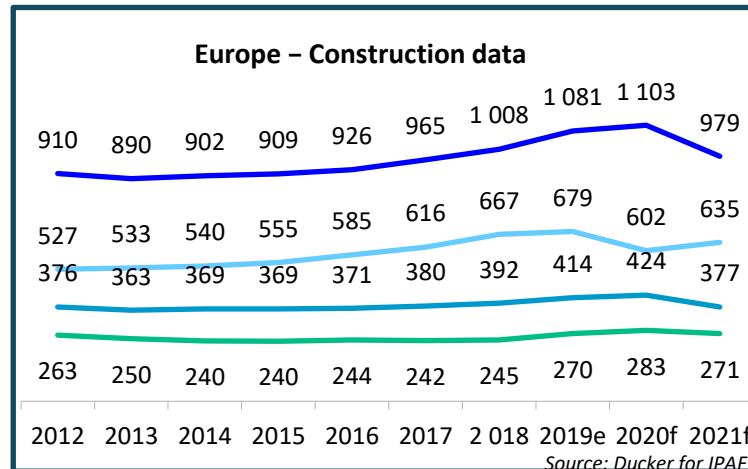
Compound Annual Growth Rate (CAGR) 19-21 = 0.41%



Source: FrontierView – October 2020



Source: FrontierView – October 2020



Construction pipeline (billions euros) based on Euroconstruct Aug. 2020 figures.

Compound Annual Growth Rate (CAGR) (2019-2021)

- Residential construction: -4.37%
- Non-res. constr. : -3.27%
- Total construction : -3.69%

EXECUTIVE SUMMARY – EUROPE



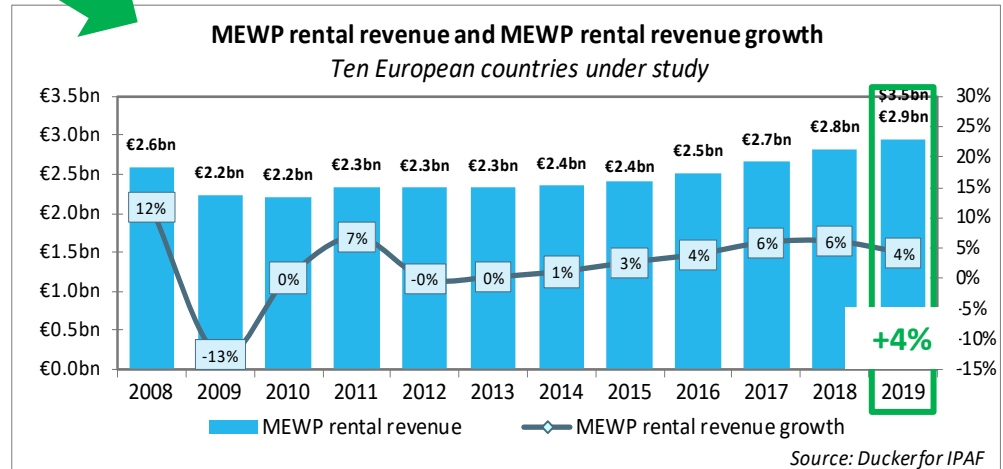
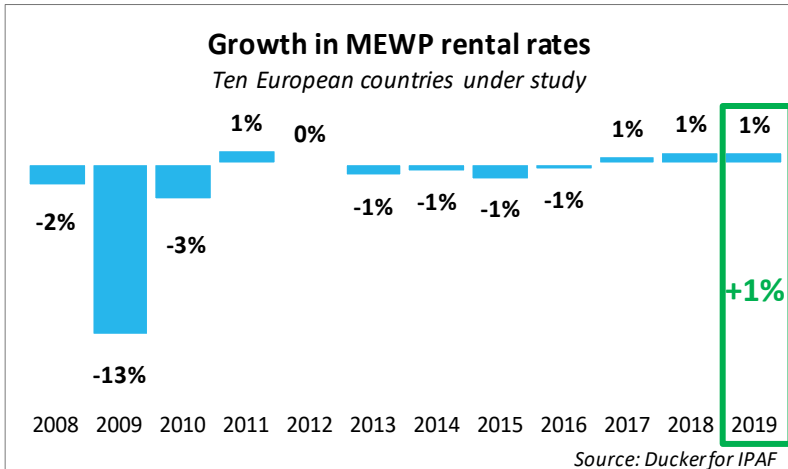
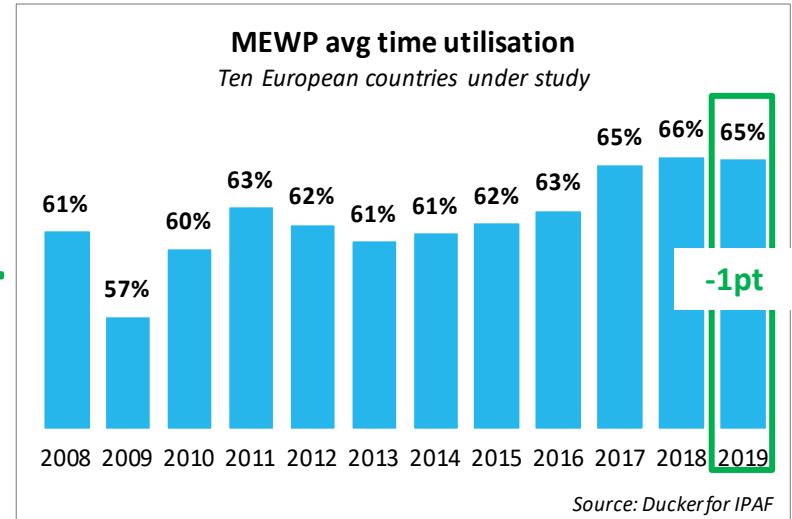
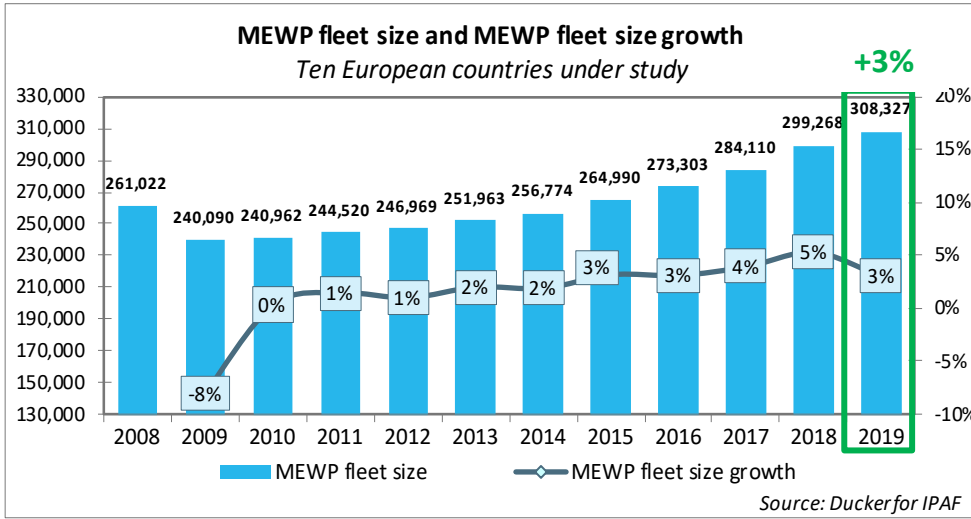
An overview of the MEWP rental market situation as at end 2019.

- In 2019, the European MEWP rental market entered its fifth year of growth, confirming the dynamic trend identified over previous years.
- In 2019, the European MEWP rental market revenue was worth around €2.9Bn (\$3.42Bn). The market grew in 2019 (4%) though the pace of growth was more moderate than in previous years. Market growth was driven by a good level of activity, and thus demand, in both construction and non-construction sectors.
- Rental companies expanded fleets (3% growth rate) and total number of units went beyond 300,000 units (308,327), while average utilisation rate stabilised or even decreased slightly (down by 1 percentage point – to stand at 65%).
- As in 2018, rental companies managed to increase average rental rates (1% European average; 2% in Spain, the Netherlands and Norway).
- The level of investment reached a plateau as MEWP rental companies reported their intention to limit further fleet expansion, while continuing to renew equipment and invest in greener power trains.
- In 2019, MEWP rental companies reported obfuscated outlooks and the level of uncertainty was growing, driven by difficulties in predicting and evaluating the impact of Brexit and ongoing trade dispute between the US and China. As a result, MEWP rental companies have started adopting a more cautious attitude, limiting their levels of investment and pausing fleet expansion plans.
- These preliminary signs of caution were negligible in comparison with the unanticipated and highly disruptive impact of the coronavirus pandemic, which put a halt to MEWP rental activities for three months in many countries depending on the length and severity of national lockdowns. First estimates report a decrease in MEWP rental revenue of around 10%, while MEWP rental companies have put a hold on further investment, focusing instead on maintaining or even downsizing their fleets in order to restore utilisation rate (which in most countries under study fell to or below 50% in 2020). At the time of publishing, uncertainty as to 2021 outlook prevails as a second wave of the pandemic is currently impacting many parts of Europe.

EXECUTIVE SUMMARY – EUROPE



The European market experienced slower growth in 2019 (3%) than in 2018, driven by an increase of fleet size, which in turn suppressed or even slightly reduced average utilisation rate. Rental rates maintained annual growth of 1%.



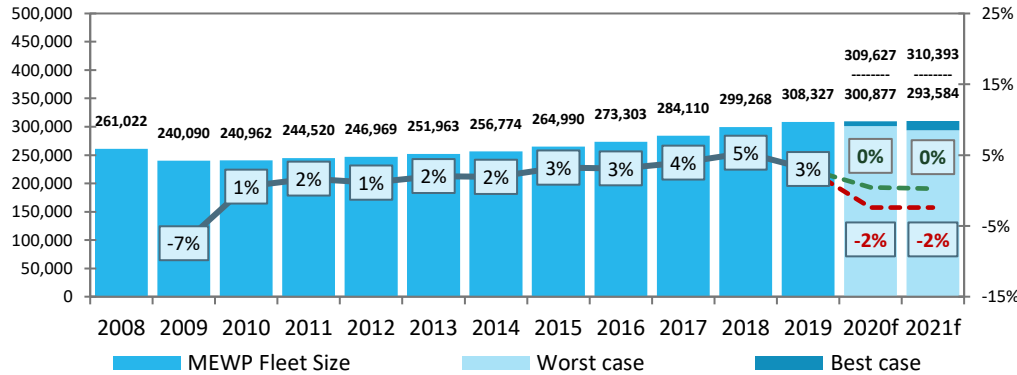
EXECUTIVE SUMMARY – EUROPE



Across 2020, rental revenue is expected to fall significantly. All indicators are in the red, especially time utilisation, which is set to fall by 6-12 percentage points. Companies hope they will stabilise in 2021, but uncertainty prevails.

MEWP fleet size and MEWP fleet size growth

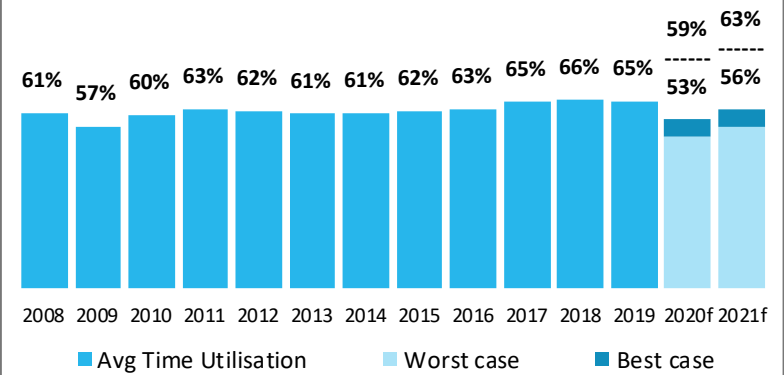
Ten European countries under study



Source: Ducker for IPAF

MEWP avg time utilisation

Ten European countries under study

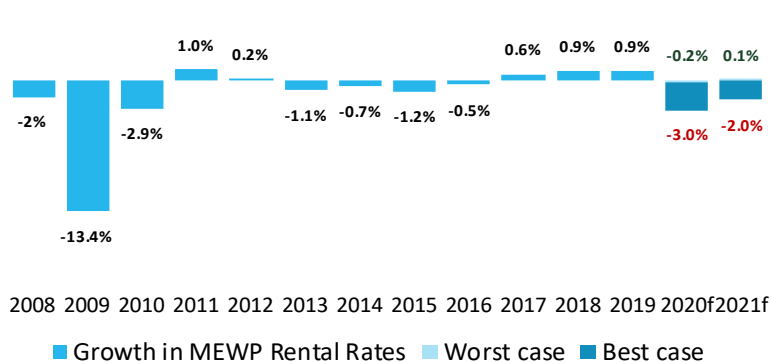


Source: Ducker for IPAF



Growth in MEWP rental rates

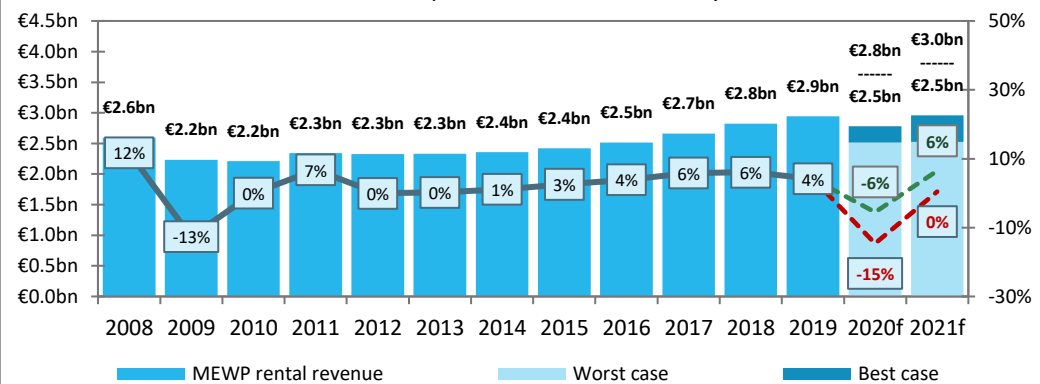
Ten European countries under study



Source: Ducker for IPAF

MEWP rental revenue and MEWP rental revenue growth

Ten European countries under study

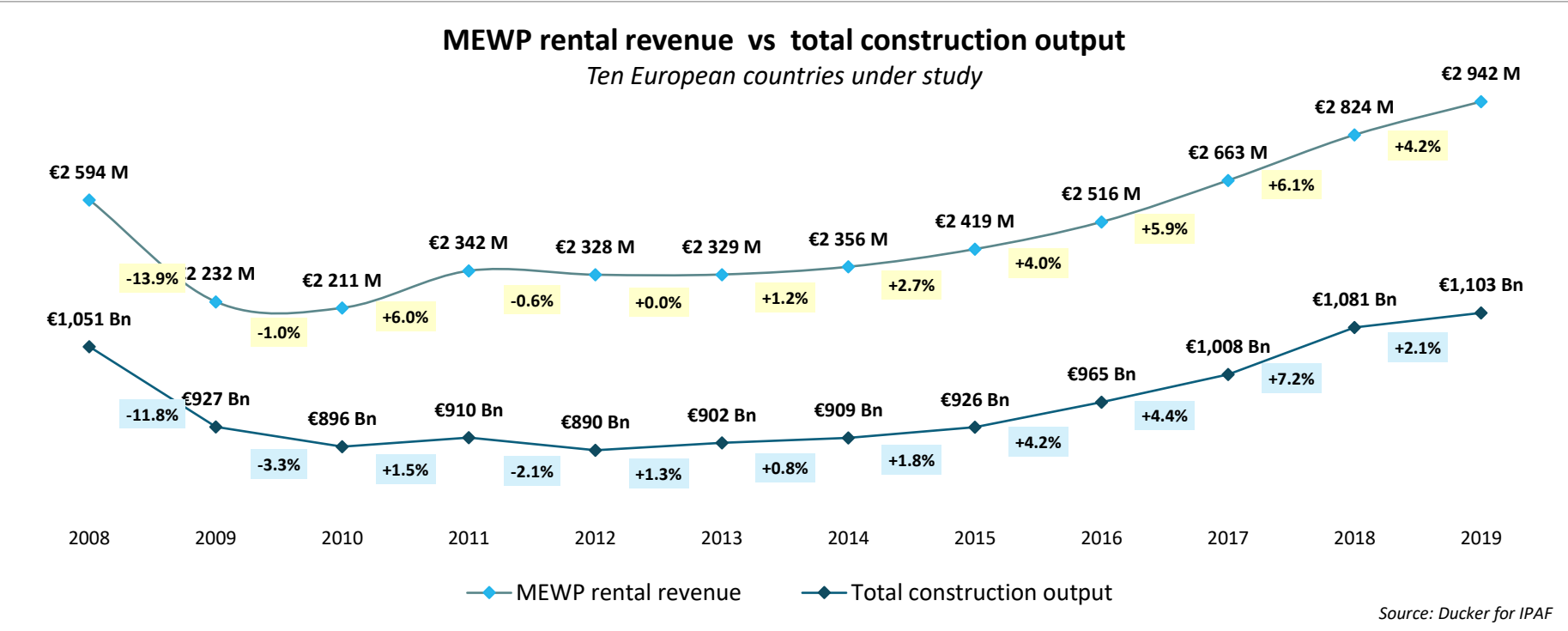


Source: Ducker for IPAF

EXECUTIVE SUMMARY – EUROPE



The MEWP rental market correlates closely with construction, which acts as a key driver to market development. In 2019, overall construction output grew by 2.1%; MEWP rental revenue growth was double this at 4.2%.

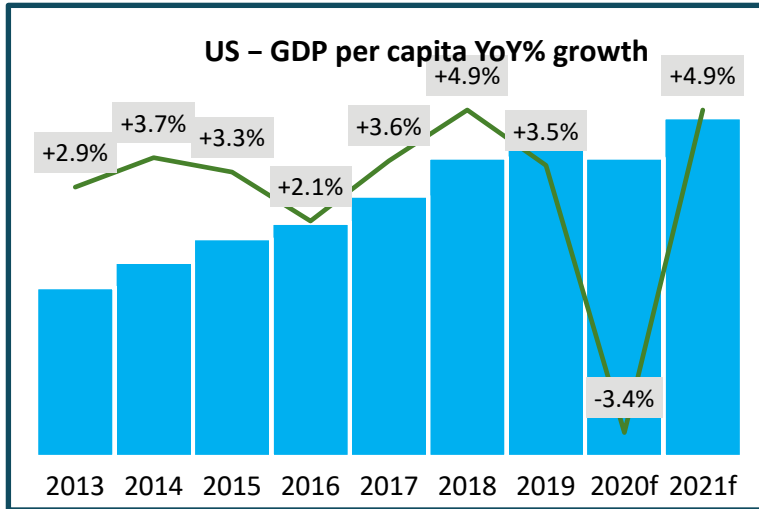


EXECUTIVE SUMMARY – USA

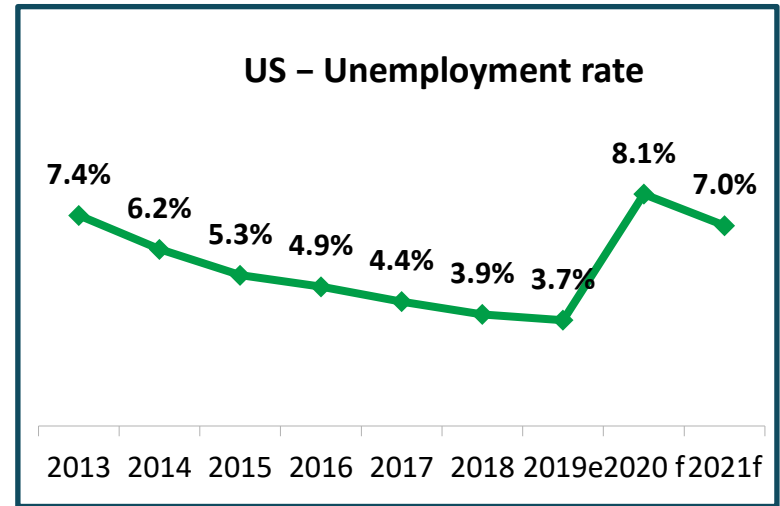


Similar to Europe, the impact of the pandemic has been pronounced on all main macro-indicators. Rises in unemployment and reduced construction activity show this impact is expected to continue in 2021

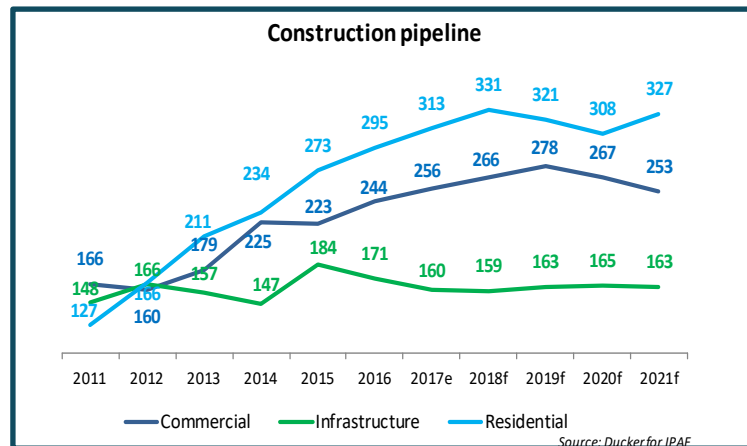
Compound Annual Growth Rate (CAGR) 19-21 = 0.33%



Source: FrontierView – October 2020.



Source: Ducker for IPAF



Source: FMI Construction Outlook. Millions of current dollars. 3rd quarter 2020 forecasts.

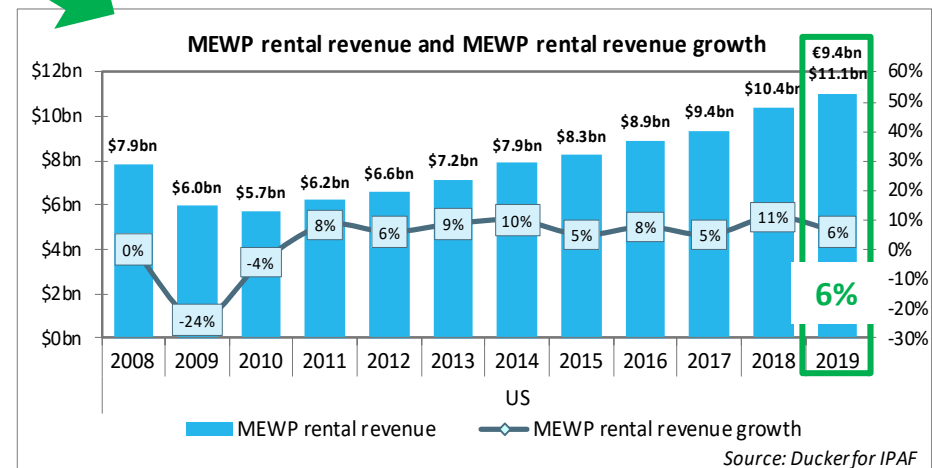
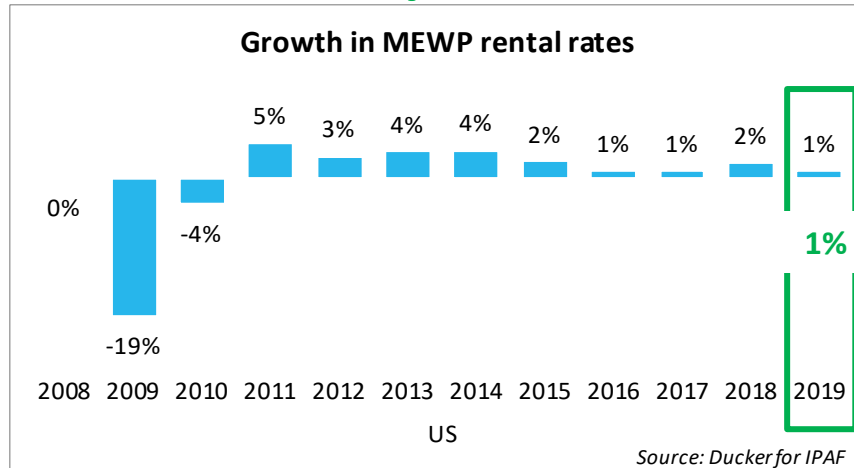
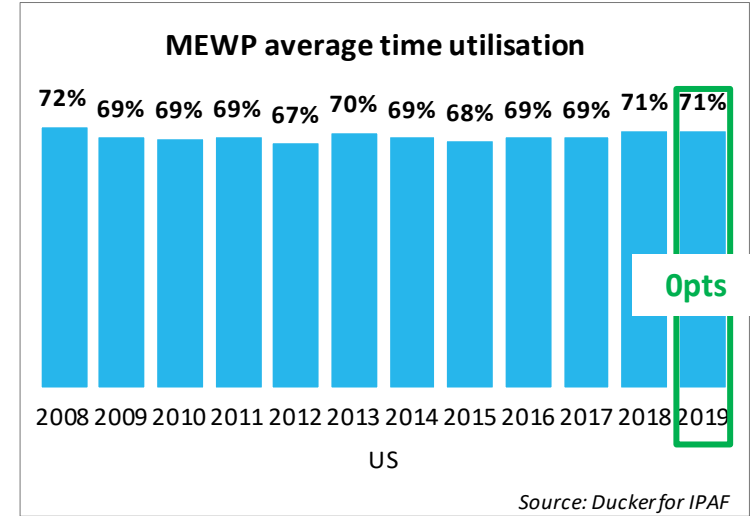
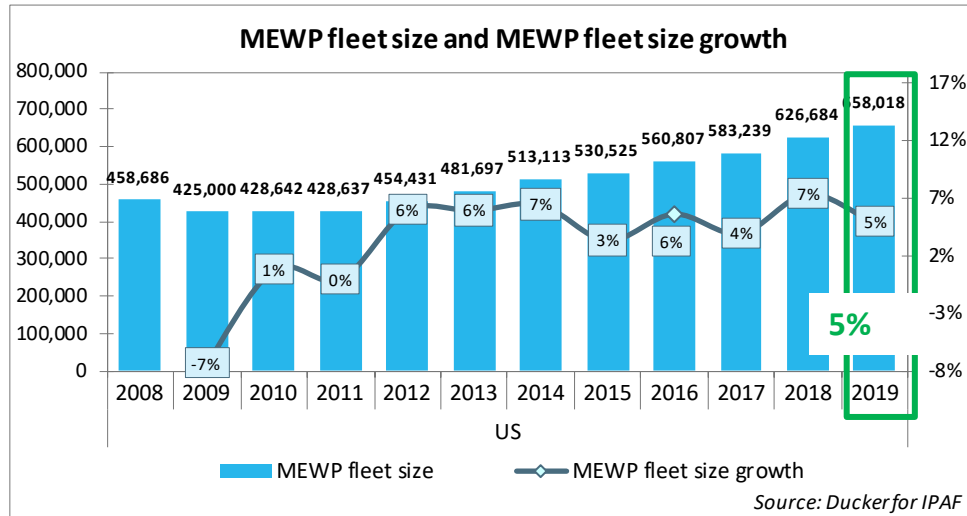
MEWP rental market situation at end 2019.

- The MEWP rental market continued to develop in 2019, growing by 6%, although at a more moderate pace than in 2018, when double-digit growth was reported. Total market value exceeded \$11bn (\$11.1bn-€9.4bn), encouraged by growth in the construction sector and overall favourable economic conditions.
- The total number of MEWPs in the rental fleet was around 660,000 units in 2019, a rise of 5% on the figure as at the end of 2018. Typical MEWP fleet mix remain stable, with scissors dominating the market.
- MEWP rental companies' revenue increase was driven mainly by fleet expansion, but also by some increase in rental rates (1%). The increase in fleet size saw the average utilisation rate remain unchanged.
- In 2019, steady but slowing market growth highlighted first signs of caution linked to a potential recession happening in 2020, in addition to uncertain electoral outcomes.
- As it did in Europe, the pandemic hit the US market hard, leading to a revenue drop close to 10%, while MEWP rental companies tried to limit the impact on their utilisation rate by de-fleeting. Although Q3 of 2020 saw an overall market improvement, outlooks for 2021 remained dependent on the outcome of presidential elections and on effective control and suppression of the coronavirus pandemic.

EXECUTIVE SUMMARY – USA



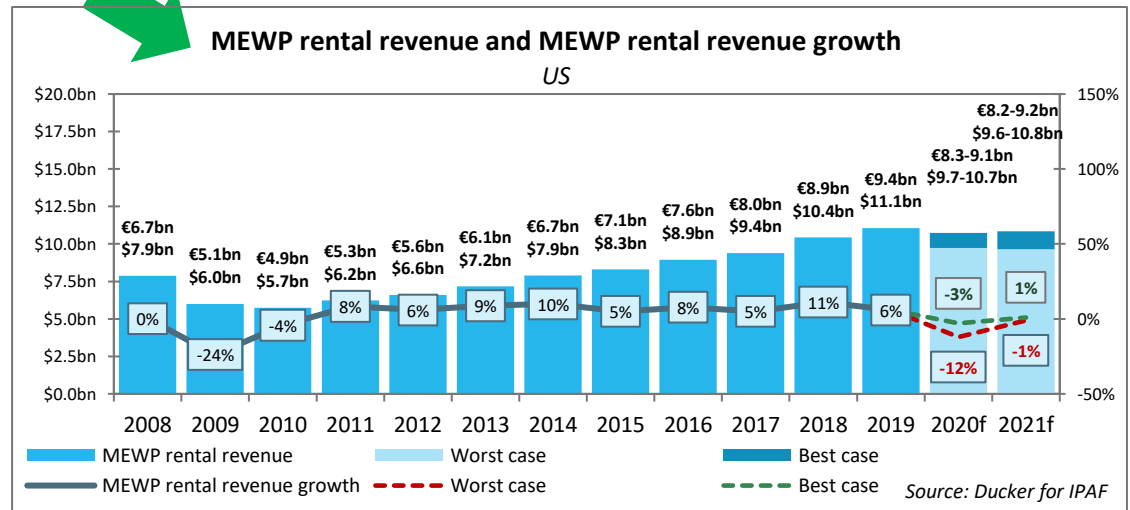
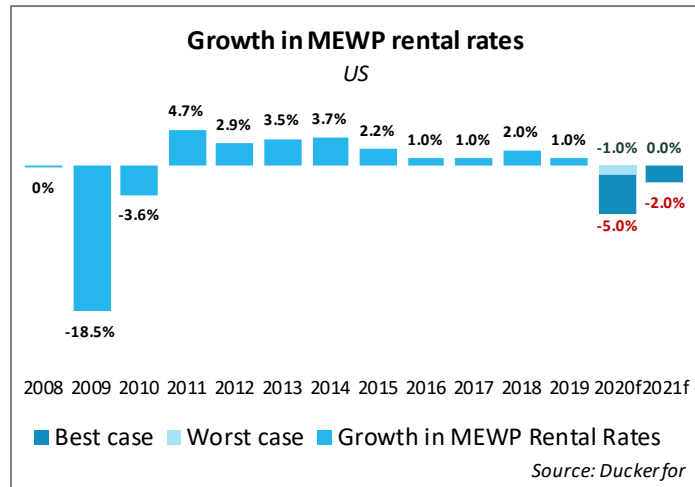
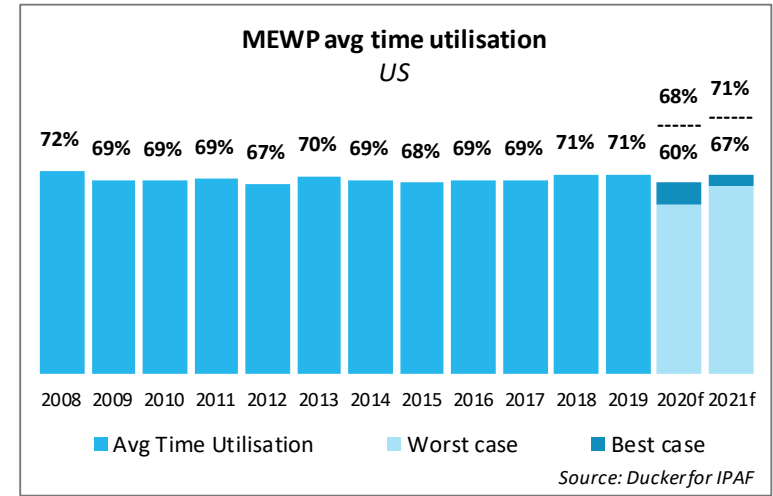
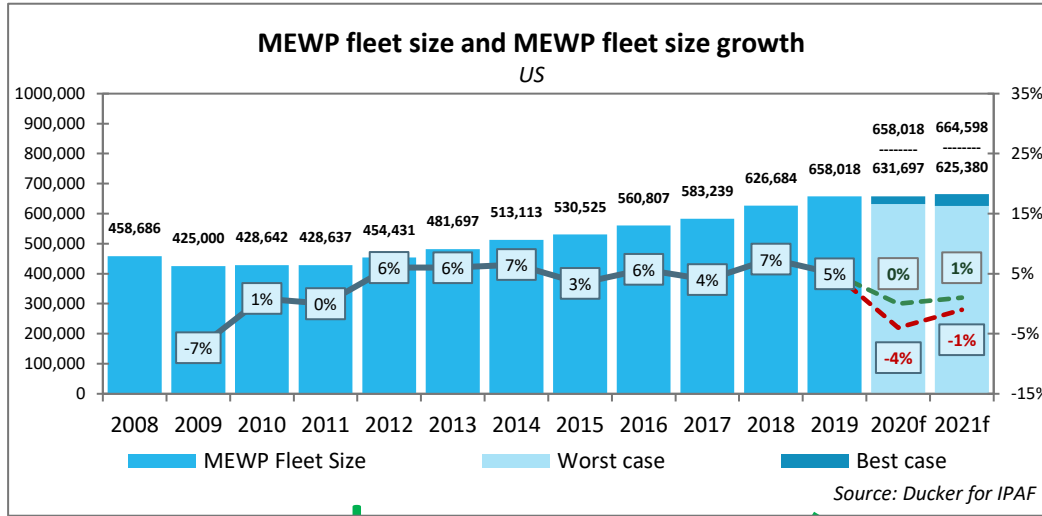
As forecast in last year's report, market growth was strong but slowed in 2019. Increases in fleet size were the main drivers of this revenue increase although this meant the already relatively high utilisation rate seemed to flatten off.



EXECUTIVE SUMMARY – USA



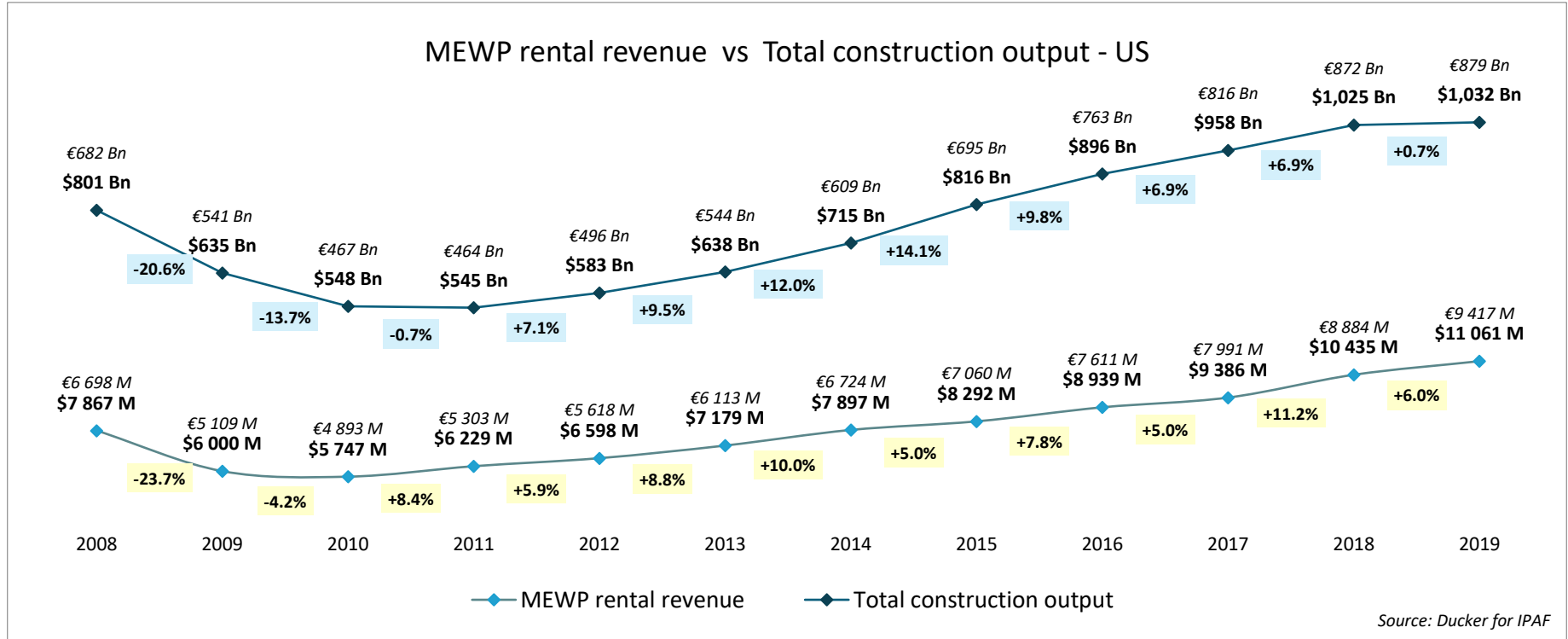
All main market indicators are down in 2020. Outlooks remain uncertain and the speed and sustainability of market recovery may depend on the outcome of the US Presidential elections and an effective vaccine against COVID-19.



EXECUTIVE SUMMARY – USA



The US MEWP rental market has evolved broadly in line with the wider construction sector, with MEWP rental tracking construction output. In the past few years, MEWP rental has consistently outstripped construction growth.



EXECUTIVE SUMMARY – EUROPE VS USA

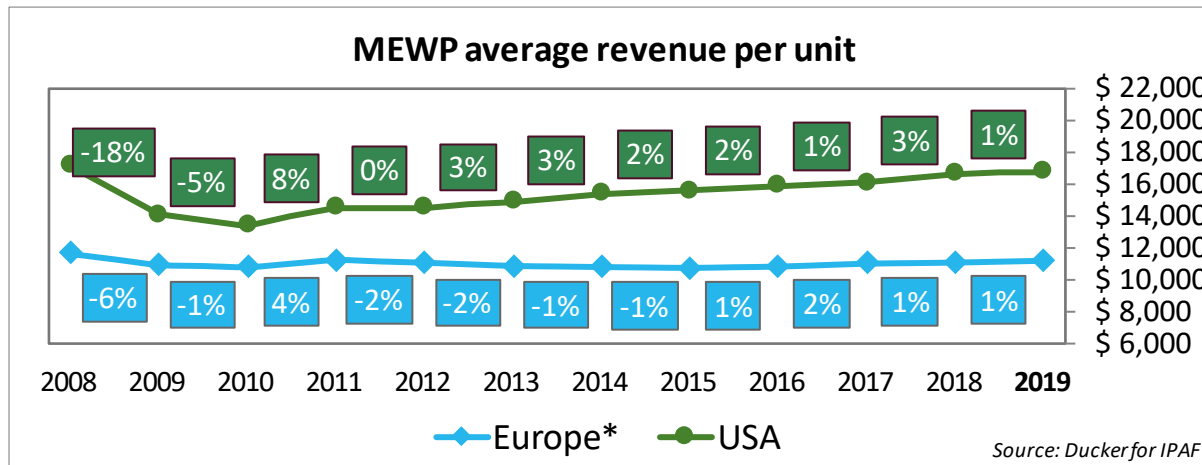


Both the European and US markets experienced growth in 2019, though both grew at a more moderate pace than in 2018. Revenue per unit growth aligned in 2019 for the US and Europe but outlook beyond 2020 was less positive.

| Region | 2019 revenue growth | 2019 revenue | 2019 fleet size growth | 2019 fleet size | Utilisation rate growth | Rental rate growth |
|---------|---------------------|-------------------|------------------------|-----------------|-------------------------|--------------------|
| Europe* | + 4.2% | €2.9 / \$3.42 Bn | + 3% | 308,327 | + 0 pt | + 1% |
| USA | +3.7% | \$11.0 / €9.32 Bn | + 5% | 658,018 | + 0 pt | + 1% |

Exchange rate \$1 = €0.85

- The US MEWP rental market grew for the seventh year in a row, while the trend for growth has begun more recently in Europe and remains relatively stable. Relative uncertainty is expected to slow growth in both markets from 2019 onwards.
- Average revenue per unit also grew at a faster pace in the US than in Europe in 2018: However both regions are expected to experience comparable growth in average revenue per unit in 2019.



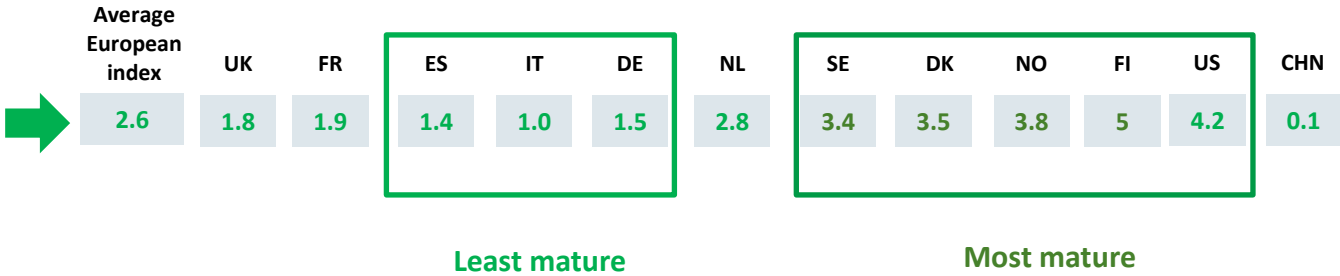
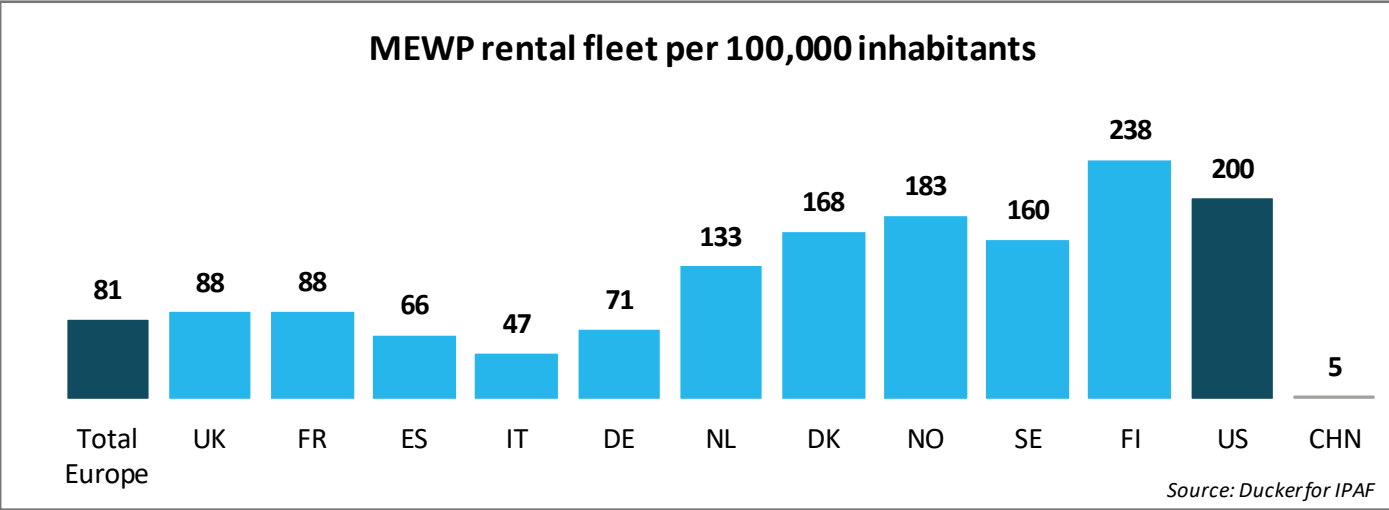
*Ten countries under study – representing approx. 85% of the entire European market revenue.

EXECUTIVE SUMMARY – EUROPE VS USA



In 2019, the MEWP market penetration index of each country under study changed very little. Nordic countries show the highest penetration index; southern European countries and Germany show the lowest.

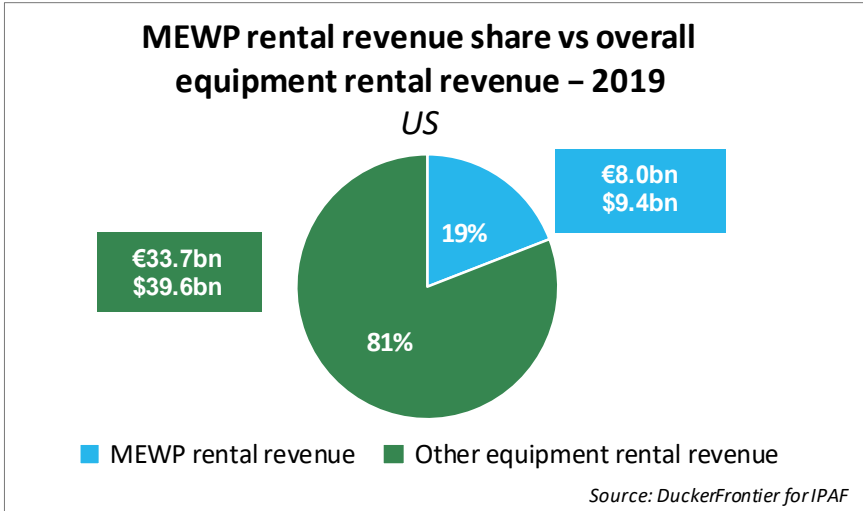
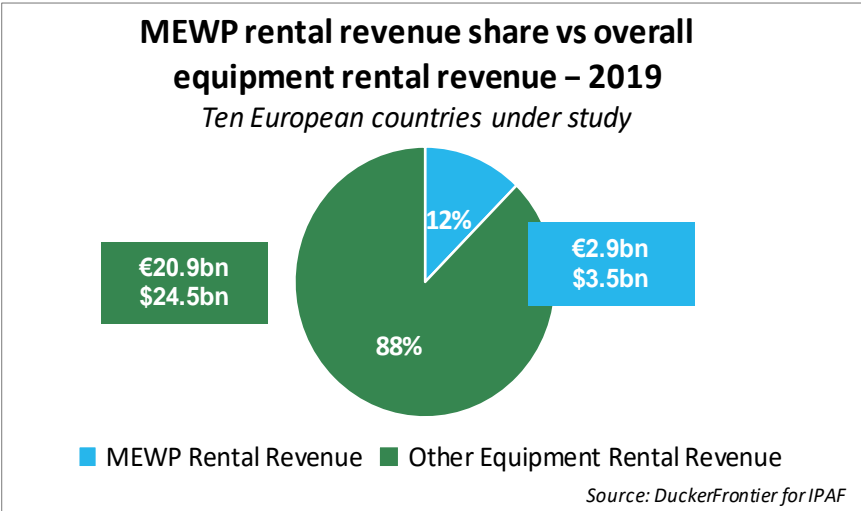
Market penetration is calculated using the following ratio: MEWP rental fleet vs population by country.



EXECUTIVE SUMMARY – EUROPE VS USA



As in previous years, MEWP rental penetration of the total rental market is significantly greater in the US than in Europe, standing at close to 20%. It is more limited in Europe, around 12% on average (*source ERA*).



ERA overall equipment rental revenue includes:

1. General plant
2. Tools & general equipment
3. Access
4. Power generation & temperature Control
5. Accommodation & fencing
6. Industrial machinery
7. Crane

ARA overall equipment rental revenue includes:

1. Party & event
2. General tools
3. Construction & industrial equipment

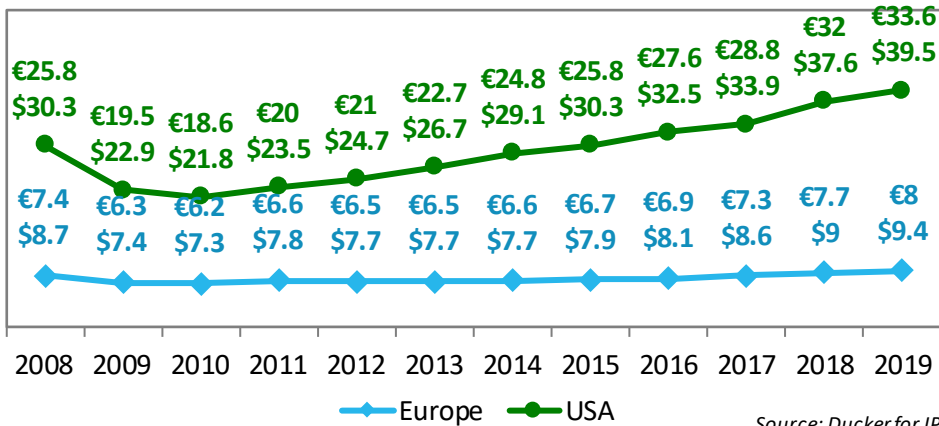
Exchange rate: \$1 = €0.851

EXECUTIVE SUMMARY – EUROPE VS USA



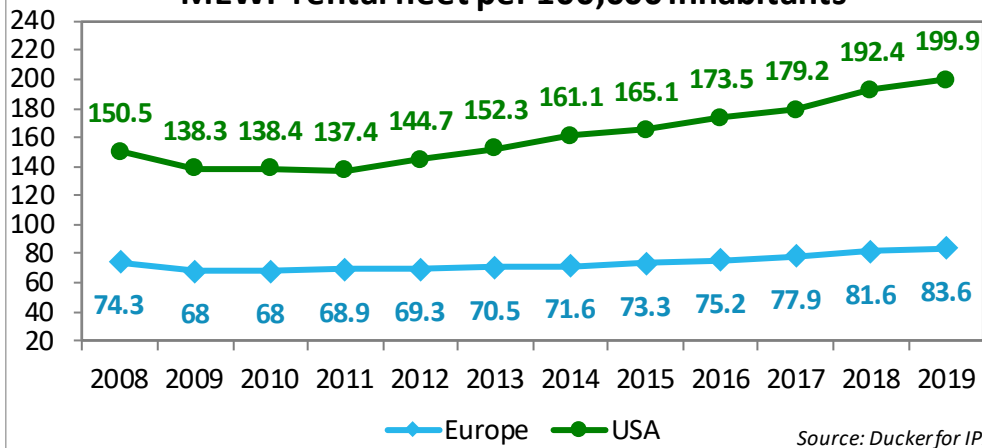
MEWP rental revenue per inhabitant and MEWP rental fleet, measured by units per 100,000 of population, continue to grow. These indicators show how mature and saturated the market is, and indicate prospects for future growth.

MEWP rental revenue per inhabitant



- Despite the MEWP market generally being more mature and more saturated in the US than in Europe, both measures grew more quickly in the US than in the European countries under study.

MEWP rental fleet per 100,000 inhabitants



EUROPE INFORMATION

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2020

EXECUTIVE SUMMARY – EUROPE

Apart from the UK and Finland, where growth was flat, MEWP rental market revenue grew from 1% in Sweden to 7% in Germany and the Netherlands. Steady growth is linked to overall positive economic outlook for the market.

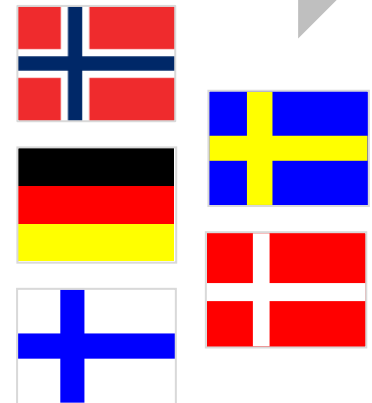
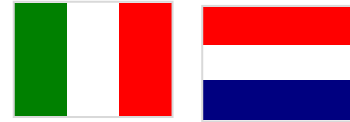
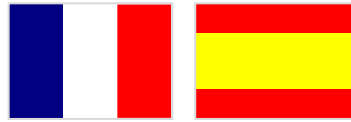
| Region | Market Situation 2019 | GDP | Overall construction | MEWP Rental Market | Key Indicator |
|------------------------|--|------|----------------------|--------------------|---|
| UK | Moderate growth. Limited outlooks. | ↑ 3% | ↑ 2% | ↑ 0% | Stable fleet size and rental rates. Slight utilisation rate growth. |
| Denmark | Favourable construction demand. | ↑ 3% | ↑ 9% | ↑ 3% | Stable utilisation rates. Rental rates and fleet increase. |
| Norway | Stable economy and positive construction outlooks. | ↑ 0% | ↑ 2% | ↑ 2% | Rental rates increase and fleet expansion. |
| Sweden | Moderate growth. Limited outlooks. | ↑ 3% | ↓ -2% | ↑ 1% | Slight fleet expansion. |
| Finland | Moderate growth. Limited outlooks. | ↑ 3% | ↑ 0% | ↑ 0% | Fleet expansion and utilisation rate reduction. |
| Italy | Growing market fuelled by increased demand. | ↑ 2% | ↑ 2% | ↑ 5% | All indicators positive. |
| France | Moderate market growth. More moderate growth outlooks. | ↑ 3% | ↑ 1% | ↑ 5% | Rental rates increase and fleet expansion. |
| Netherlands | Rapidly growing market fuelled by increased demand. | ↑ 4% | ↑ 3% | ↑ 7% | Rental rates increase and fleet expansion. |
| Germany | Strong market growth. More moderate growth outlooks. | ↑ 3% | ↑ 1% | ↑ 7% | Rental rates increase and fleet expansion. |
| Spain | Strong growth confirmed, and positive outlooks. | ↑ 4% | ↑ 5% | ↑ 5% | Rental rates increase and fleet expansion. |
| Europe (Ten countries) | Confirmed growing demand. Uncertain outlooks. | ↑ 2% | ↑ 2% | ↑ 4% | Fleet expansion Improvement of rental rates |

European MEWP rental markets have been impacted by the coronavirus pandemic, with severity depending on previous underlying economic strengths and existing growth trends specific to MEWP rental markets in each country.

- Each country saw impacts on MEWP rental markets and revenues depending on the severity of the disease, national government responses, conditions and length of lockdowns etc.
- The UK was the most hard-hit in terms of the impact on MEWP rental revenue, with Nordic countries and Germany being least impacted.

**Strongest impact on
MEWP rental revenue**

**Least impact on MEWP
rental revenue**



A large, dark teal diagonal shape that starts from the top-left corner and extends towards the bottom-right corner, creating a split background of dark teal and white.

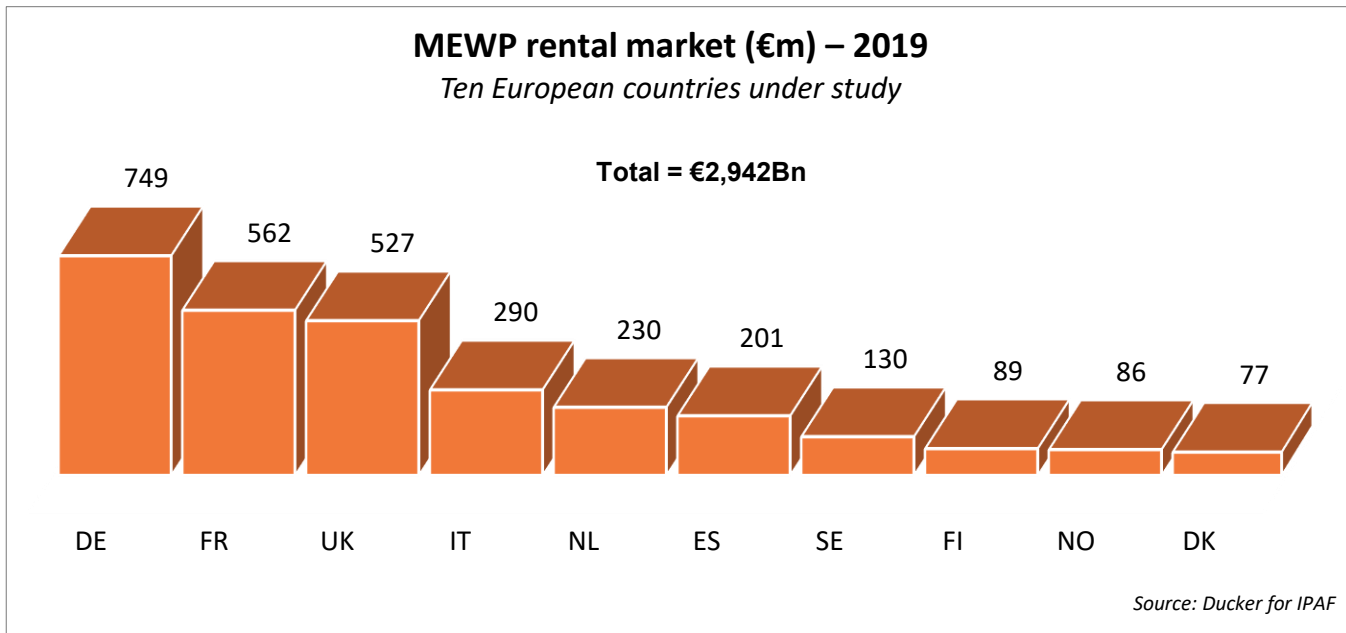
MARKET SIZE 2008-2020

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RENTAL MARKET REPORT
2020 – EUROPE**

MARKET SIZE 2019 – RENTAL MARKET VALUE

Three markets dominate the European MEWP rental market. Germany, the UK and France account for 62% of the revenue generated by MEWP rental activity in the ten countries under study.

- Market values grew in all countries under study in 2019.
- Overall construction growth drove positive trends in the MEWP market in 2019.
- The French market, which has now exceeded the UK by value, continued widening the gap.
- While positive economic conditions led the French MEWP rental market to develop in 2019, the UK experienced a degree of uncertainty linked to Brexit.

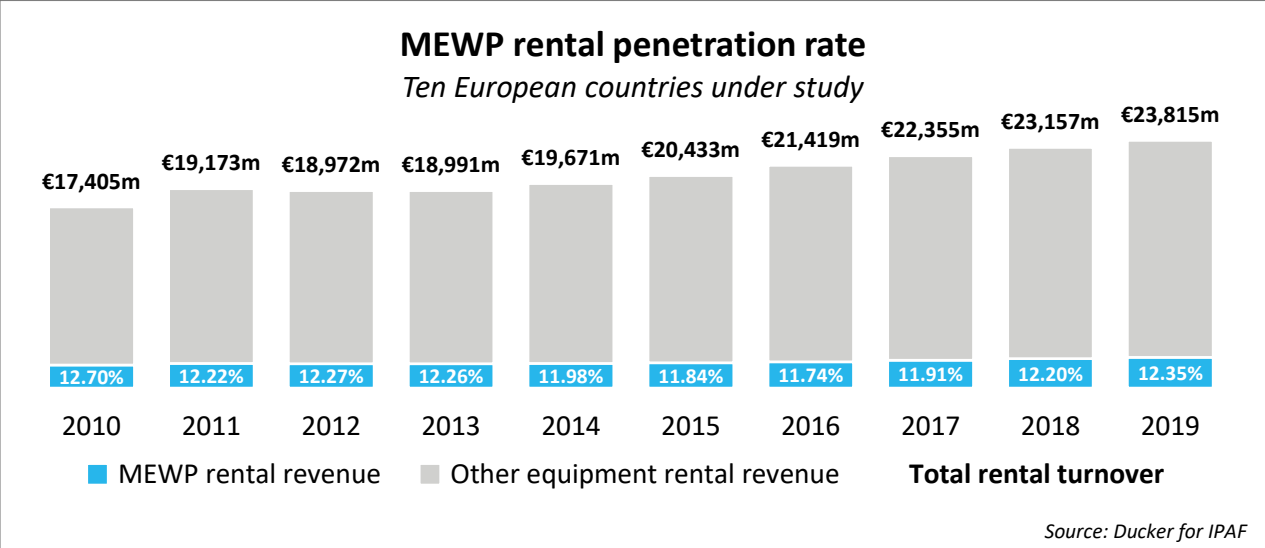


* Defined as 28 EU countries, Norway, Switzerland, Slovenia and North Macedonia

MARKET SIZE 2019 – MEWP RENTAL PENETRATION



The MEWP rental penetration rate continued to grow in 2019, accounting for 12.35% of overall plant equipment rental revenue. This is the highest level of market penetration recorded since 2010.



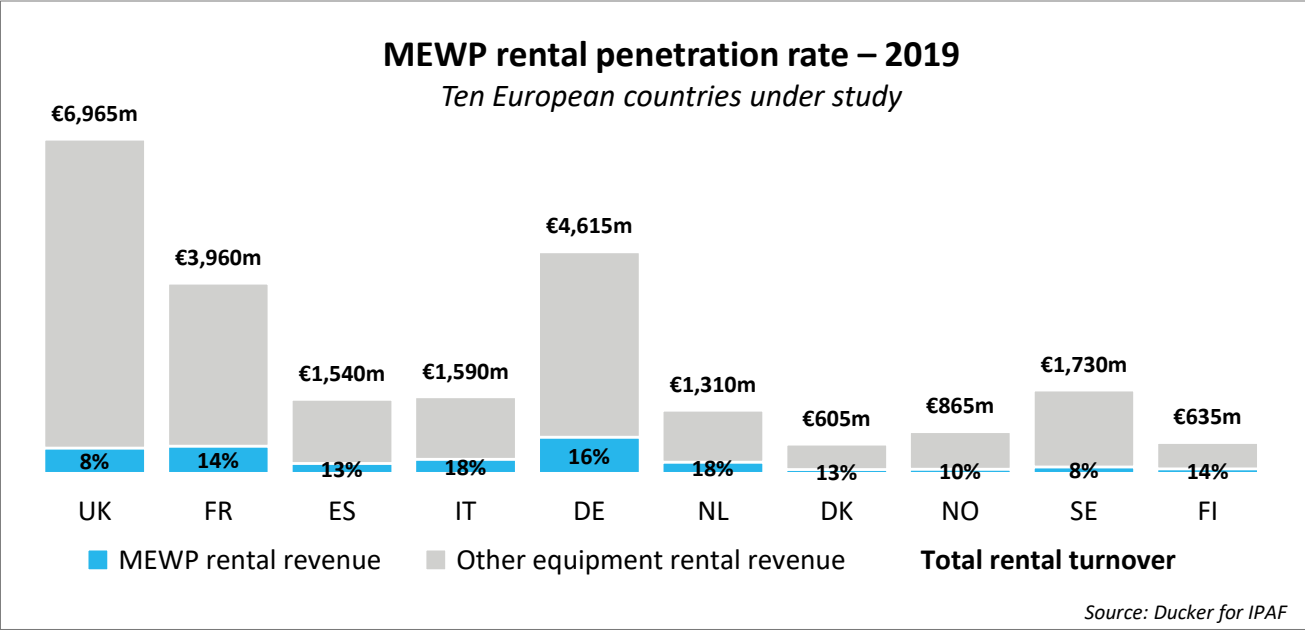
Source for total rental turnover: ERA 2020 Report

MARKET SIZE 2019 – MEWP RENTAL PENETRATION



Significant differences can be identified between the ten European countries under study when it comes to MEWP rental penetration, which is highest in the Netherlands and Italy (18%) and lowest in the UK and Sweden (8%).

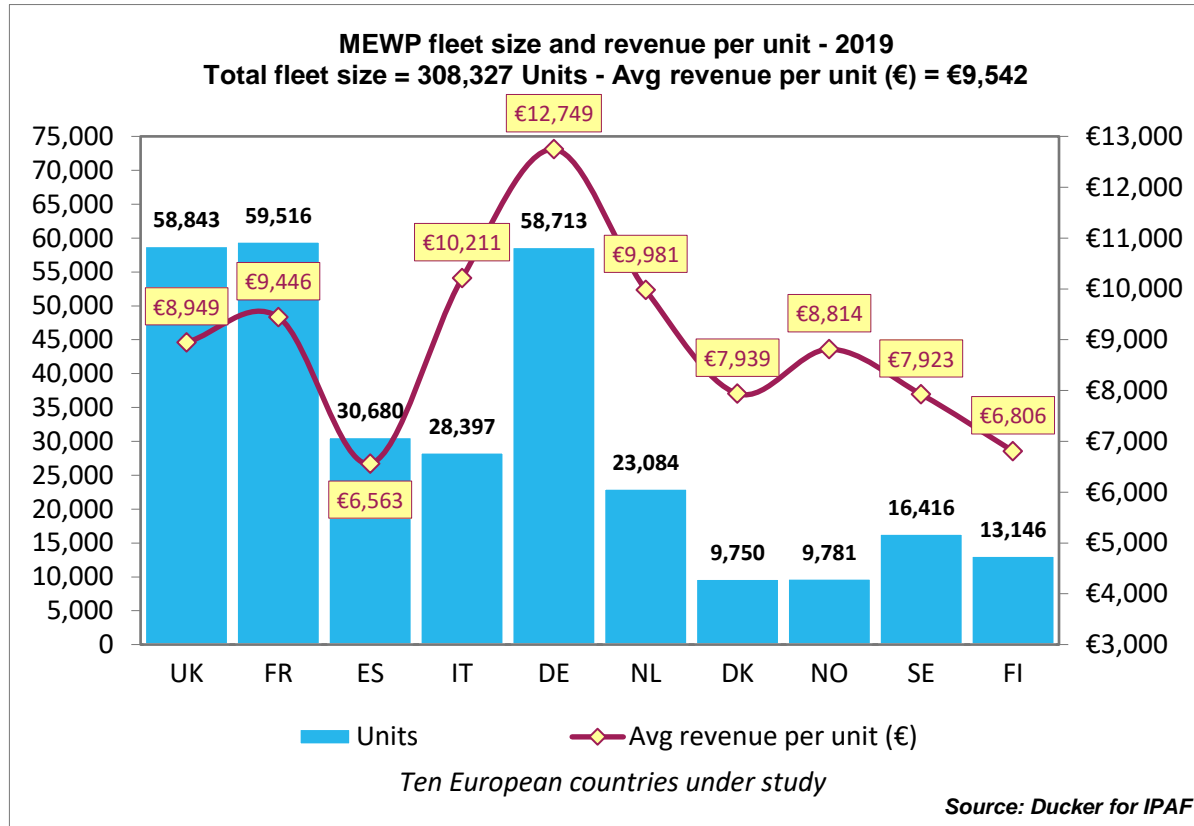
- Highest rental rates were recorded in the Netherlands, Italy and Germany.
- The lowest rates were encountered in the UK and Sweden.
- There were no major changes in penetration levels between 2018 and 2019.



Source for total rental turnover: ERA 2020 Report.

MARKET SIZE 2019 – MARKET SIZE IN UNITS

MEWP fleet size is estimated at approximately 308,000 units in the ten European countries under study. Overall the European* fleet size is estimated at approximately 381,000 units as at the end of 2019.



End-of-year data

- In 2019, the total MEWP fleet size exceeded 300,000 units, to stand at close to 310,000 units.
- Total 2019 average revenue per unit increased across Europe and reached €9,542 as at end of 2019.
- The UK has traditionally had the largest fleet size in the ten European countries under study. However, in 2019, France's fleet size exceeded that of the UK, while Germany's fleet size is also now close to that of the UK.
- Germany commands the highest revenue per unit, followed by Italy.
- Average revenue remains lower in Spain, though it grew strongly in 2019.
- As in previous years, average MEWP rental revenue per unit is below the European average in all of the four Nordic countries under study.

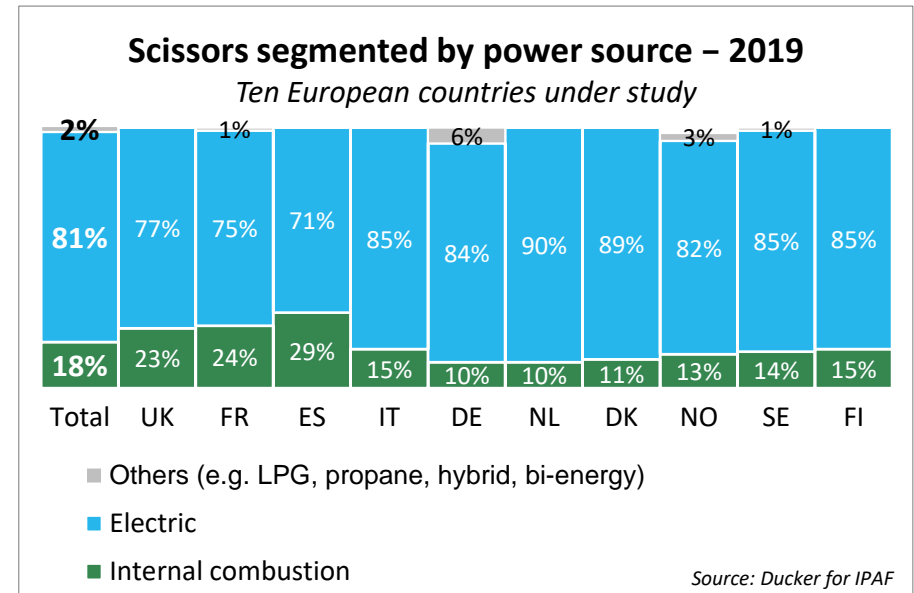
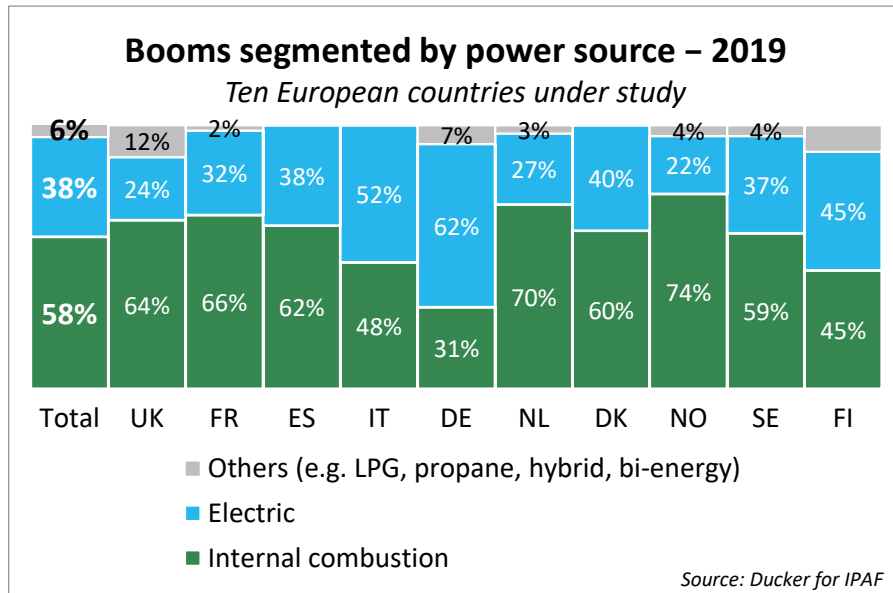
* Defined as 28 EU countries, Norway, Switzerland, Slovenia and North Macedonia

MARKET SIZE 2019 – POWER SOURCES



The trend towards green power sources continues to evolve slowly. Though electric powered scissors are widely adopted across the ten countries under study, market share of electric booms varies significantly between countries.

- As forecasted in last year’s report, the share of hybrid booms is progressing, albeit slowly. This is probably because electric booms still have some limitations (linked to limited battery capacity for outdoor works, or capability in terms of outreach).
- Covid-19’s impact on the overall switch towards green power sources is limited: MEWP rental companies are factoring in long-term shift to continue adopting more electric and hybrid equipment, ideally as part of organic fleet renewal.
- A reduction of investment in 2020 and 2021 is expected to slow the progress, as would increased overheads or taxation changes, such as the proposed end to the rebate on red diesel in the UK, though this has been delayed until 2022 owing to the pandemic.



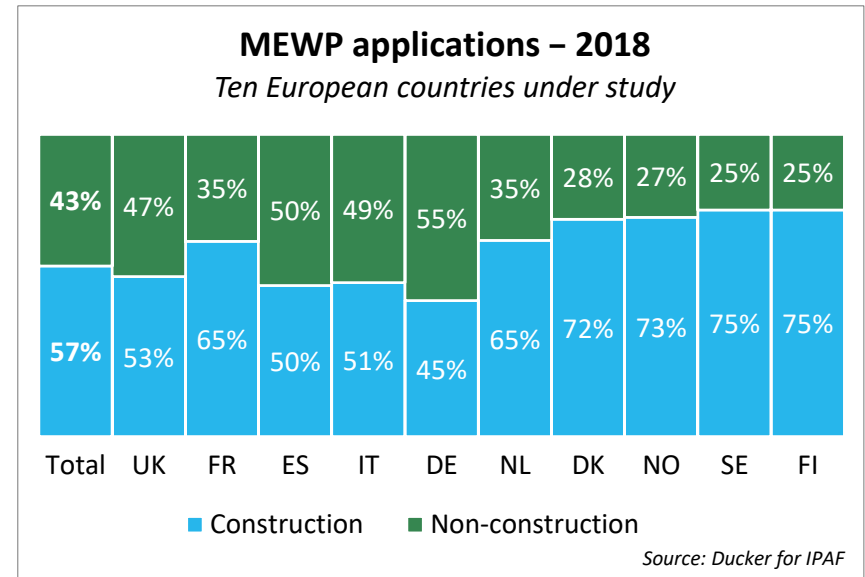
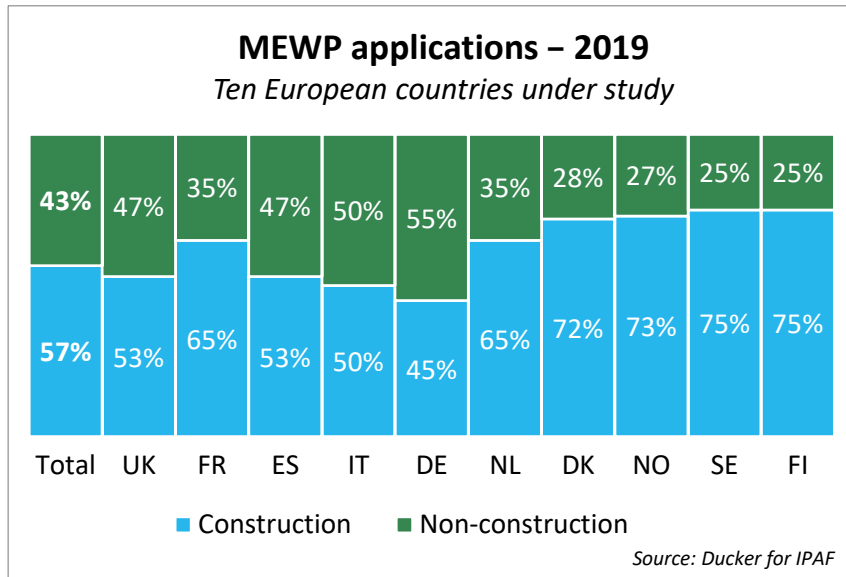
Percentage of fleet powered by electric vs internal combustion.

MARKET SIZE 2019 – APPLICATIONS



End-use sectors of MEWP rental remained largely unchanged at the end of 2019. As in previous years, construction is the predominant end-use, with on average 43% of MEWP applications being construction.

- All non-construction applications combined is equal to 57% of total end-use sectors in the ten European countries under study.
- Germany remains the country where the share of non-construction applications as proportion of the market is highest (55%).
- Construction still accounts for the majority of end uses in the Nordic countries, at around three-quarters of total applications.



Non-construction includes property and infrastructure maintenance, cleaning, utilities, events.

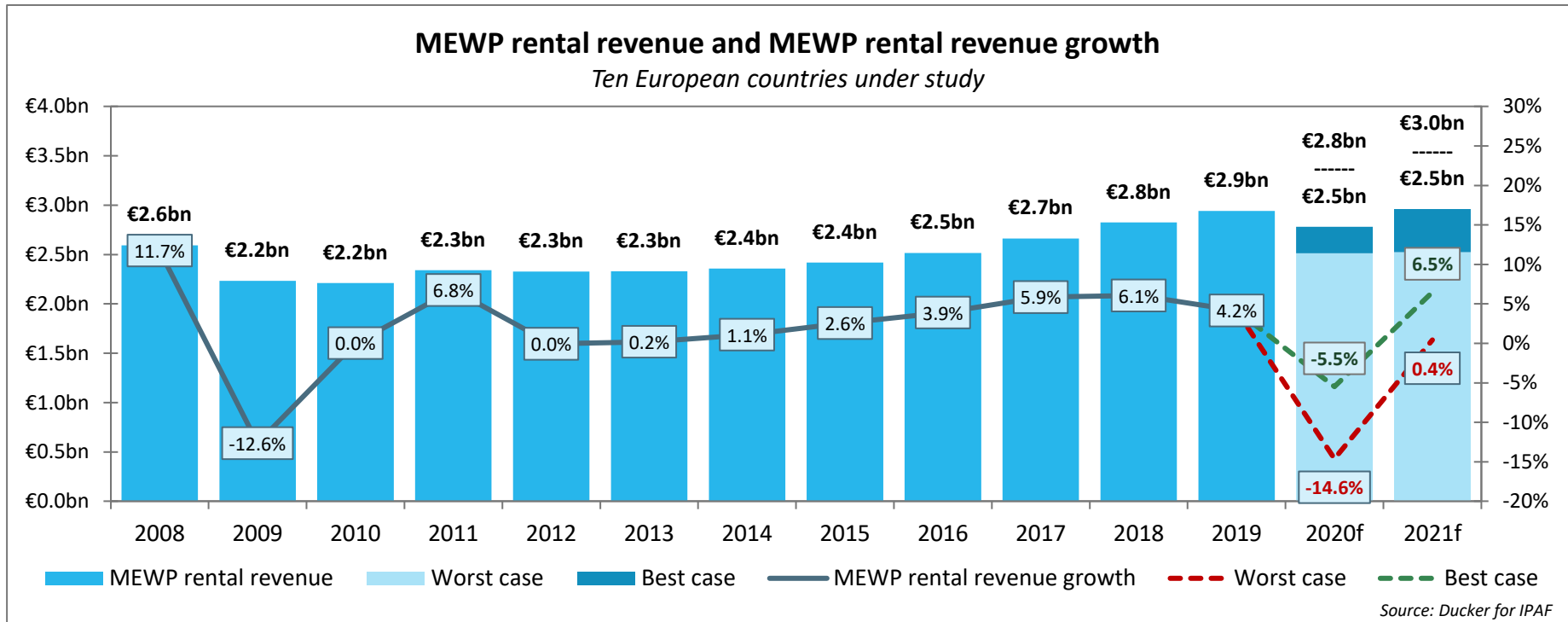
Construction includes new-build and renovation work, across commercial, residential and infrastructure projects.

MARKET DYNAMICS 2008-2020

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RENTAL MARKET REPORT
2020 – EUROPE

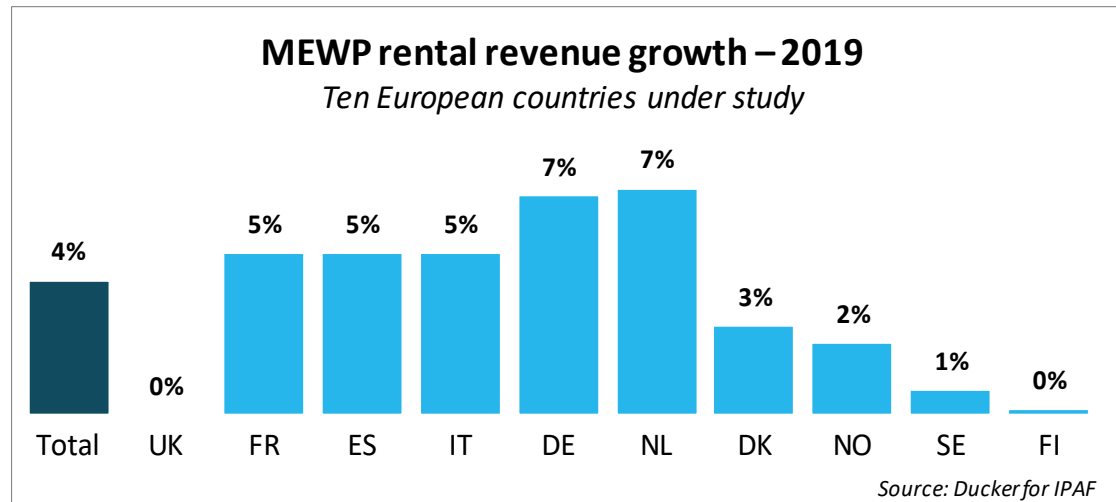
Total market revenue kept growing in 2019, at a steady pace. The pace of growth began to slow under the influence of various factors, including uncertainty around Brexit, a UK General Election and an anticipated eurozone recession.

- Knock-on effects of a trade war between China and the US started to impact larger European industries.
- In 2020, the coronavirus pandemic broke and impacted European markets to varying degrees, depending on previous market dynamism, length and strictness of lockdown measures put in place in various countries.
- Ducker developed best and worst-case scenarios to evaluate the unexpected impact of Covid-19 on MEWP rental markets: 2020 worst-case scenario sees revenue down by 14.6%, while the best case sees revenue fall by 5.5%.
- 2021: The impact of any second wave had yet to be measured on European markets at the time of compiling this report. Considering this, MEWP rental companies were hoping for a slow but steady market recovery in 2021.



Strongest revenue growth was reported in Germany and the Netherlands. MEWP rental revenue growth was significant as well in France, Spain and Italy. Growth remained limited in the Nordic countries and the UK.

- In Nordic countries (<5% growth), MEWP rental companies had difficulties increasing rental rates.
- Contrary to past years and perhaps owing to uncertainty around a General Election and Brexit, UK market growth slowed (1% revenue growth).

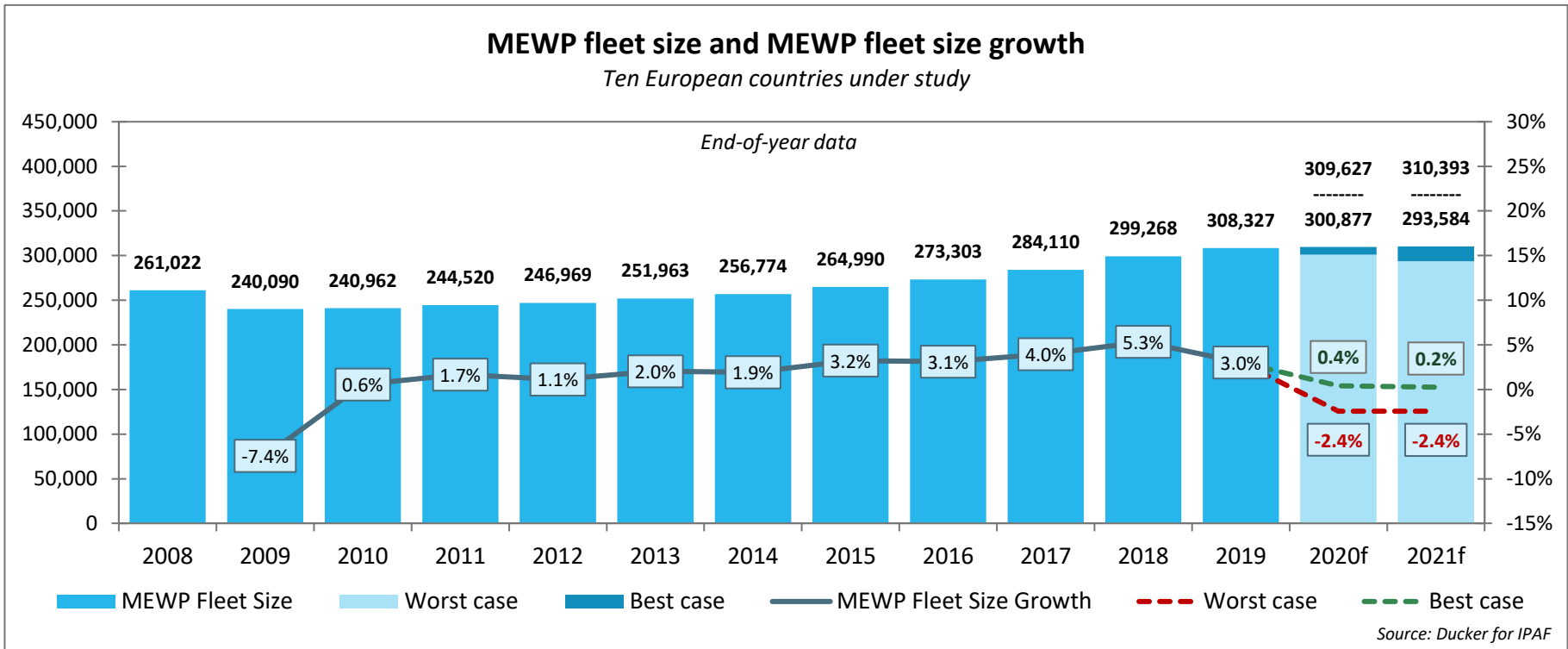


MARKET DYNAMICS 2008-2021 – MARKET SIZE IN UNITS



In 2019, the total European fleet exceeded 300,000 units. Fleet size is unlikely to increase in the next year or more, owing to the effects of the pandemic, MEWP rental companies halted all investment in 2020 – and likely into 2021.

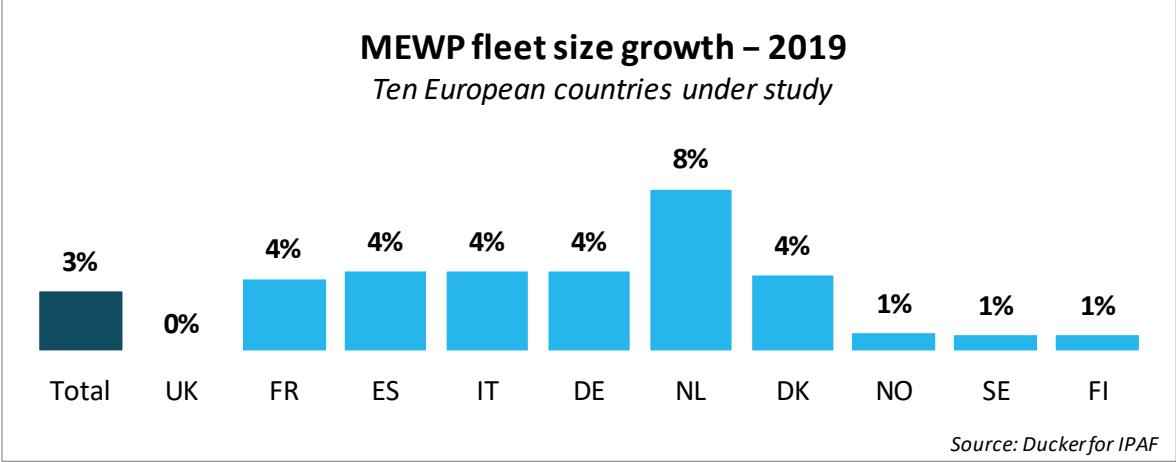
- The only ongoing investment was in pre-planned fleet renewals, with little or nothing invested in fleet expansion.
- In some European countries, MEWP rental companies started down-sizing their fleet in order to limit the impact of lockdowns on utilisation rate and avoid unnecessary depot and maintenance costs. As a result, fleet size is expected to decrease in 2020 and 2021.



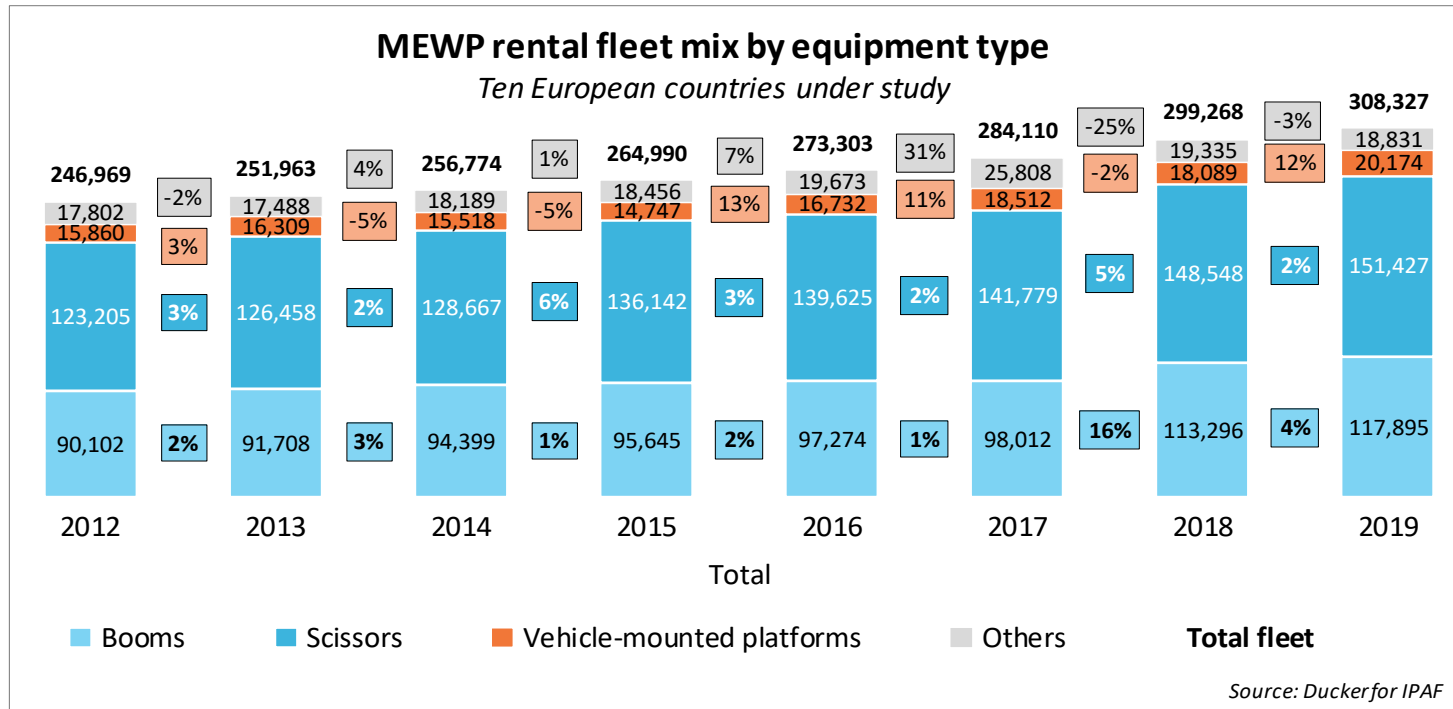
Included are all booms, scissor lifts and vertical masts. Low-level access equipment (<3m high), telescopic material handlers, forklifts, cranes and MCWPs are excluded

Fleet size grew in almost all European countries under study, though at a more moderate pace than in 2018. In 2019, MEWP rental companies started to exhibit signs of caution due to a potential eurozone recession in 2020.

- The UK was the only country where fleet size did not grow in 2019.
- For the second year in a row, the Netherlands reported the strongest fleet growth rates (>5%).



Fleets expanded in almost all the European countries under study, with all equipment categories being increased broadly equally. Scissors remain the dominant MEWP type in typical European MEWP rental fleets.



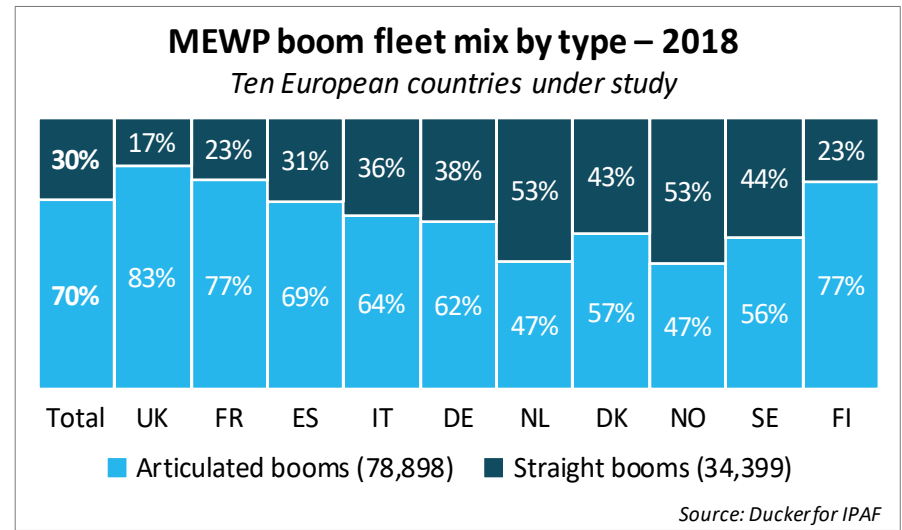
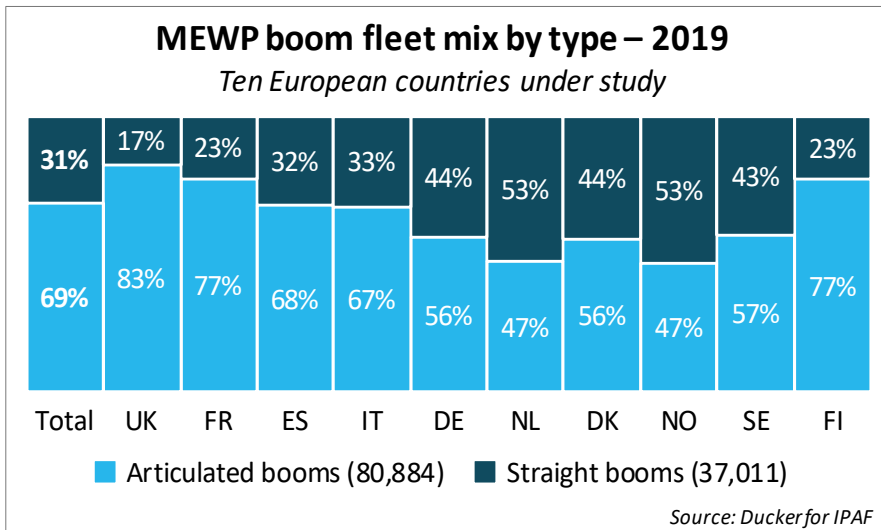
% unit growth, eg boom fleet increased by 4% from 2018 to 2019.

Others include: Vertical lifts, vertical masts, push-around, trailer mounted/towable.

Included are all booms, scissor lifts and vertical masts. Low-level access equipment (<3m high), telescopic material handlers, forklifts, cranes and MCWPs are excluded.

The ratio of articulated to straight booms continued to slightly shift in favour of straight booms in 2019, thanks in large part to their capability of reaching greater heights than articulated booms, which are however more versatile.

- The dynamics identified in 2018 continued to drive the increase of straight booms within the total European boom fleet.
- Straight booms usually allow the operator to reach greater heights and an increase of this type of MEWP was common to most rental companies' fleet expansion strategy.
- Articulated booms remained the dominant category and they continue to make up around 80% of boom fleets in the UK, France and Finland.
- Straight booms are more common in Norway and the Netherlands, making up just over half of boom fleets in each case (53%).



End-of-year data

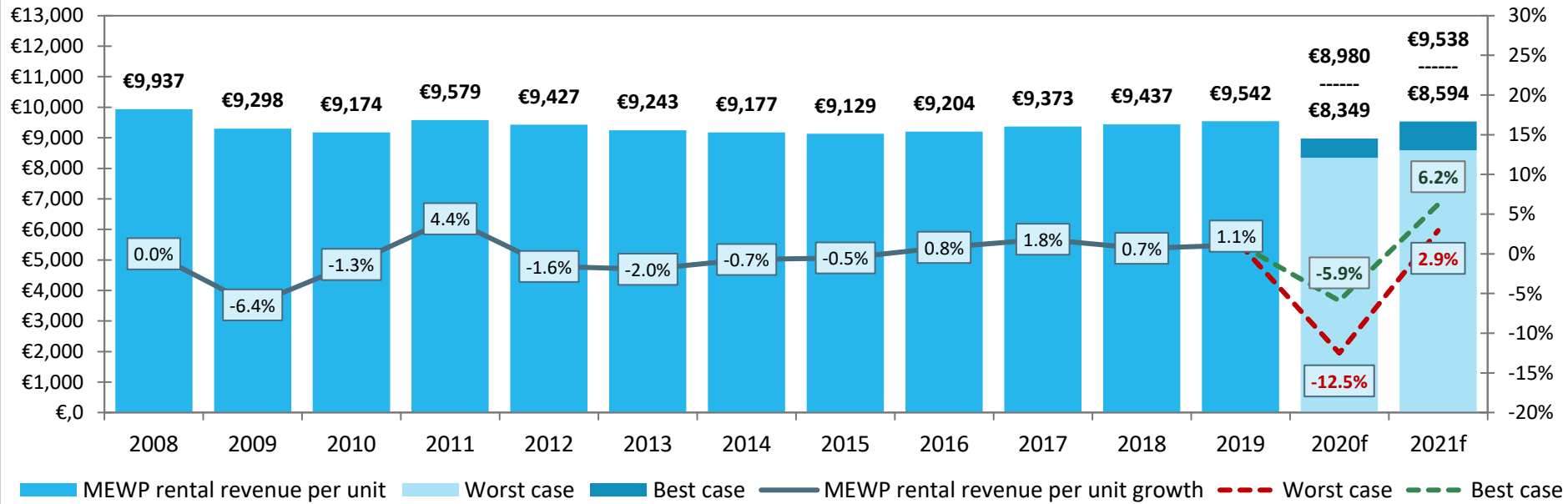
MARKET DYNAMICS 2008-2021 – REVENUE PER UNIT



Average revenue per unit continued to rise in 2019, to exceed €9,500 in Europe. In 2020, this is expected to fall below €9,000. Revenues fell in most countries under study, regardless of the strategy companies adopted around fleet size.

- In 2021, MEWP rental revenue is expected to stabilise or even increase slightly.
- Total European fleet size is expected to fall for the second year in a row, as investment remains on hold.
- These factors are expected to favour an increase in MEWP rental revenue over the next 18 months at least.

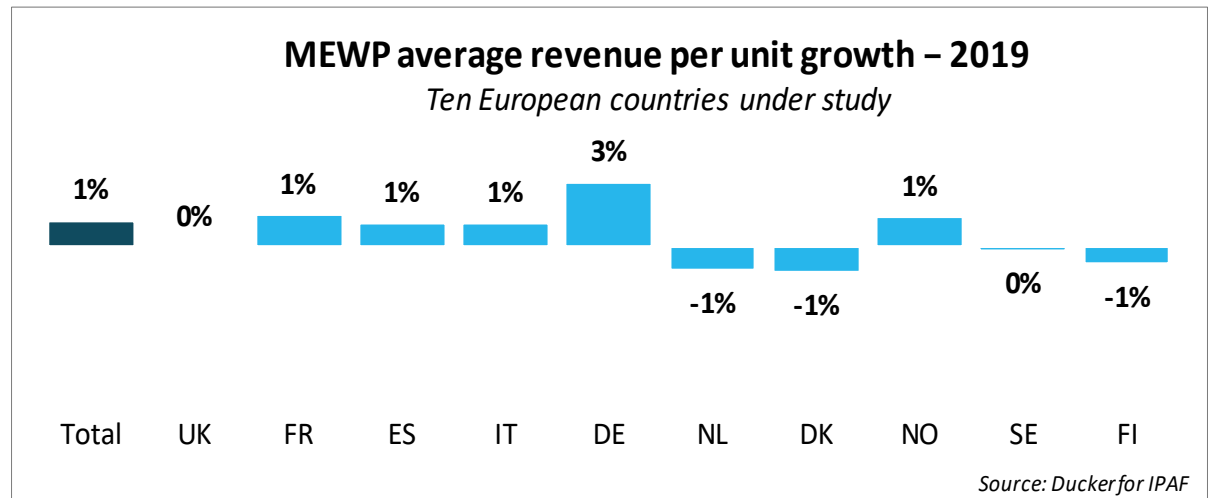
MEWP average revenue per unit and average revenue per unit growth
Ten European countries under study



Source: Ducker for IPAF

Average rental revenue varied significantly between the ten European countries under study. The most significant growth was reported in Germany (3%). Average revenue per unit grew in France, Spain, Italy and Norway.

- Average revenue per unit growth differed from one country to another. While it grew in countries such as Germany, Spain and Italy, it was flat or decreased in all the Nordic countries and in the UK, where companies held or decreased their rental rates.



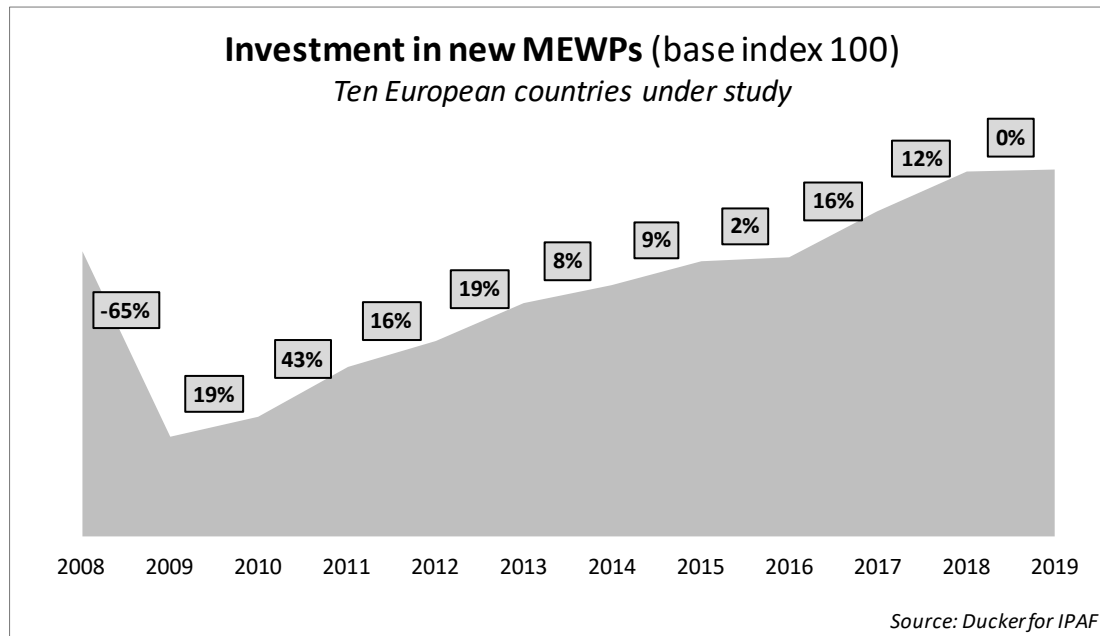
A large, dark teal diagonal shape that starts from the top-left corner and extends towards the bottom-right corner, creating a split background of dark teal and white.

INVESTMENT 2008-2020

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RENTAL MARKET REPORT
2020 – EUROPE**

As forecast in last year's report, total investment in equipment purchases increased significantly in 2019. Investment stabilised and levelled off in Europe and is expected to be limited to fleet renewal in 2020-21.

- In 2019, investment reach a plateau after a decade of steady growth.
- MEWP rental companies' investment were oriented in one of two ways, in addition to replacing older equipment with new:
 - Increasing fleet size to gain more market share or meet specific rental demand.
 - Investing in greener technologies such as electric or hybrid-powered machines.
- In 2019, MEWP rental companies started adopting more cautious approach, especially in countries with high uncertainty regarding economic outlook.
- Although it is hard to define a precise figure yet, the drop in investment in 2020 is expected to be significant, as most rental companies interviewed reported halting investment and not expecting to invest further in fleet expansion in 2021.



A large, dark teal diagonal shape that starts from the top-left corner and extends towards the bottom-right corner, creating a split background.

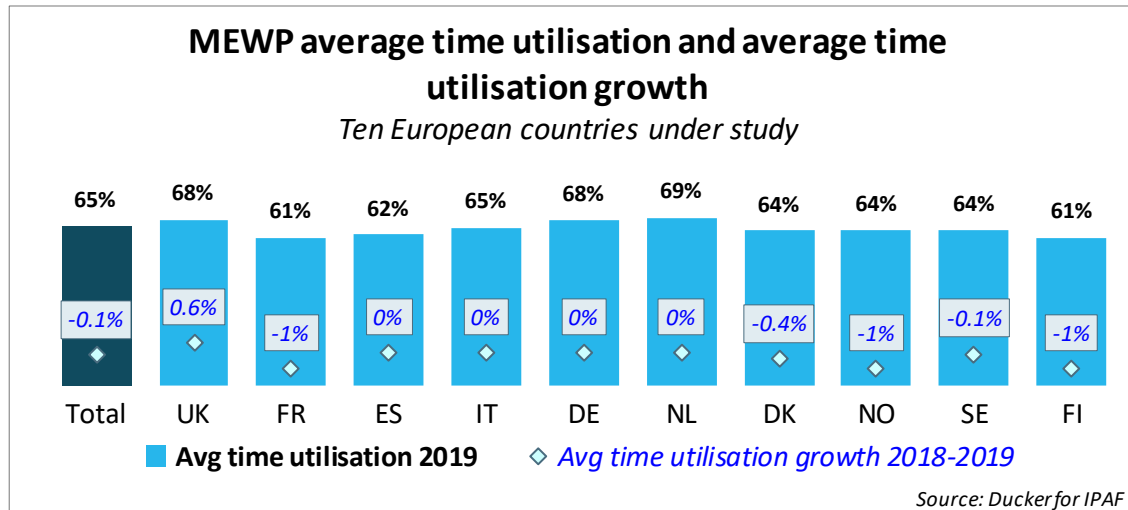
OPERATIONAL ASPECTS 2008-2021

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2020 – EUROPE**

OPERATIONAL ASPECTS – TIME UTILISATION RATES



In 2019, MEWP utilisation rates remained the same as in previous years, at around 65%; this hasn't varied in each country under study since 2018. Owing to the significant impact of the pandemic, the rate fell close to 50% in 2020.



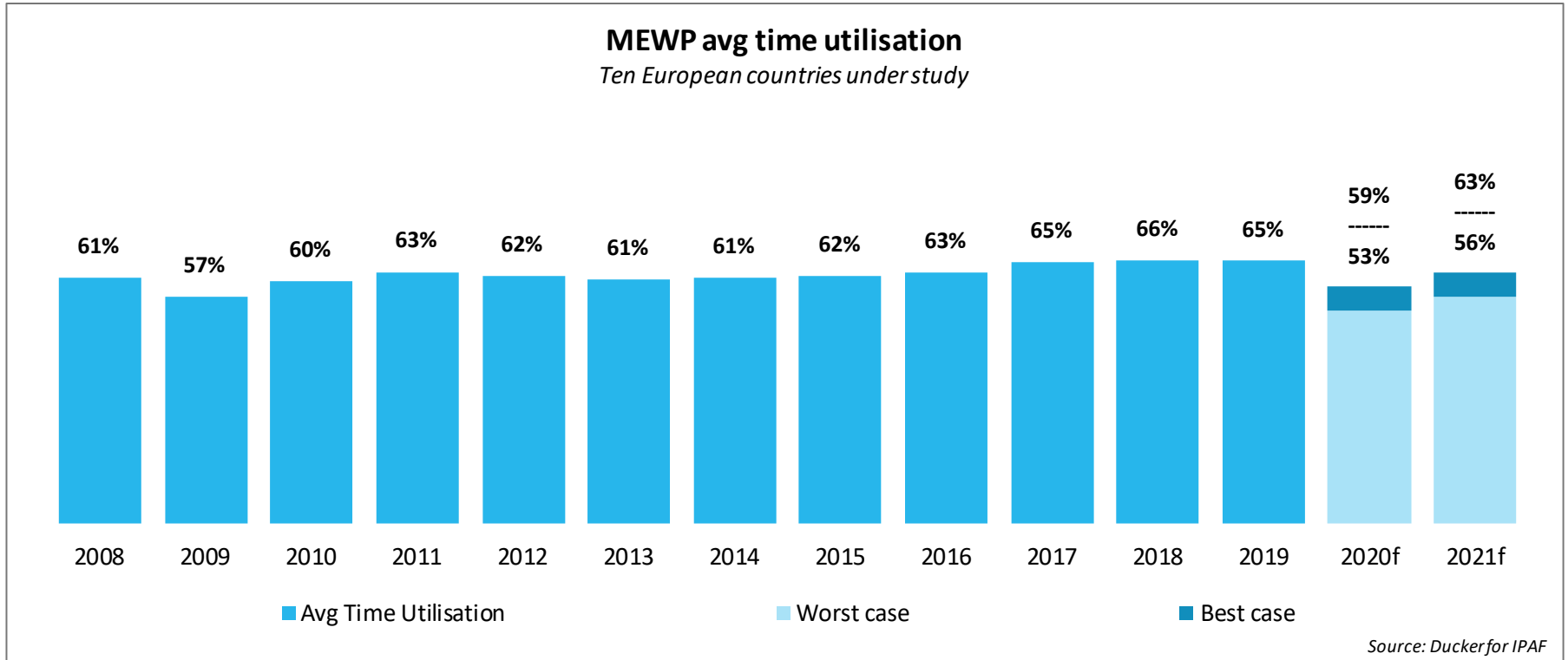
- A time utilisation rate of around 65% is preferred by MEWP rental companies, as it delivers a good return on investment across the fleet while allowing time to perform maintenance tasks, inspections etc in between rental periods.
- In 2020 owing to the pandemic this figure will have fallen significantly.

OPERATIONAL ASPECTS – TIME UTILISATION RATES



Utilisation rate in 2019 remained close to, or slightly below 2018 levels. Fleet expansion saw it fall back slightly in some countries. In 2020, the utilisation rate has been impacted by lockdown measures and overall slump in demand.

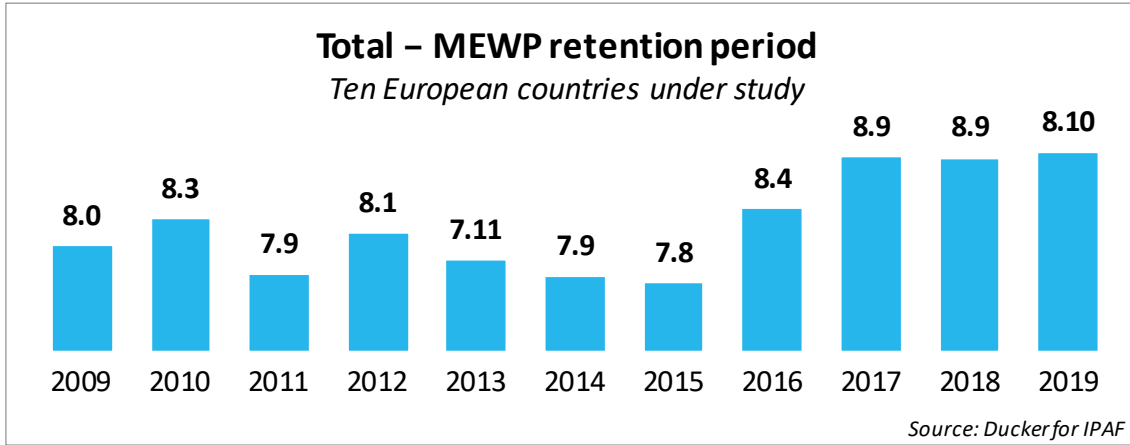
- While some companies tried to avoid too sharp a fall in utilisation rates by downsizing their fleet, others chose to maintain fleet size at the expense of utilisation rate.
- Even if it starts growing again under the effect of fleet size reduction and activity recovery during Q3 and Q4, average European MEWP utilisation rate is not expected to reach its 2019 level in 2020 or 2021.



OPERATIONAL ASPECTS – AVERAGE RETENTION PERIOD

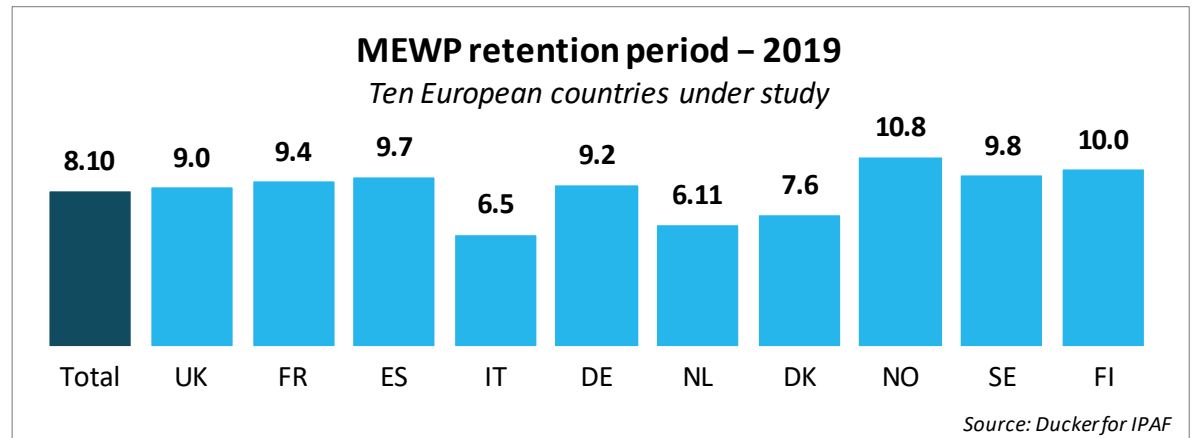


Average European MEWP retention period remained increased by around one month in 2019. As in previous years, average retention period is longest in Norway and Finland, at slightly over ten years, and shortest in Italy (6.5 years).



- Average retention period is longest in some Nordic countries (Norway and Finland), where it is slightly more than ten years.

8.9 = 8 years and 11 months

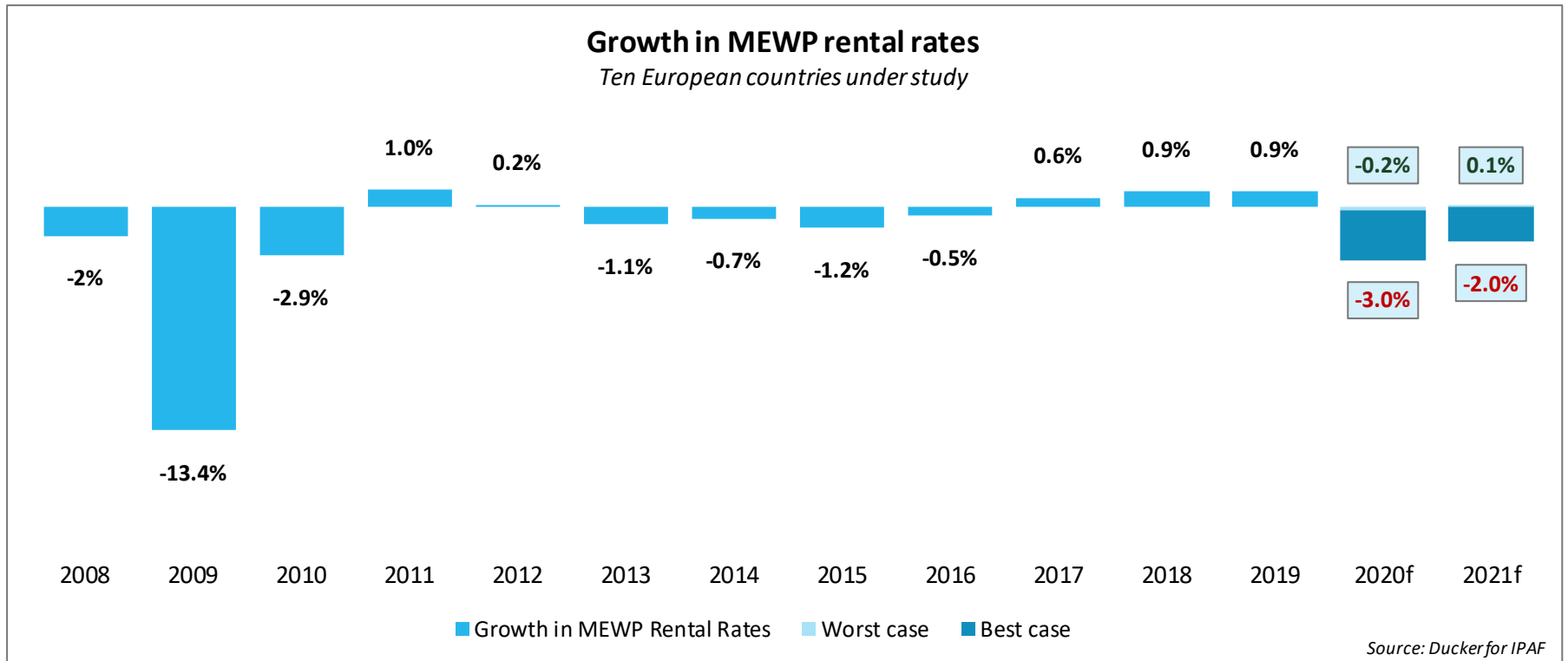


- Average retention period is the shortest in Italy and the Netherlands, where machines are replaced every seven years or less.

OPERATIONAL ASPECTS – RENTAL RATES

In 2019, MEWP rental companies managed to maintain or slightly increase rental rates. Rental rates have never recovered from big falls in 2009 and 2010, as rental companies seem keen to shield customers from sharp price rises.

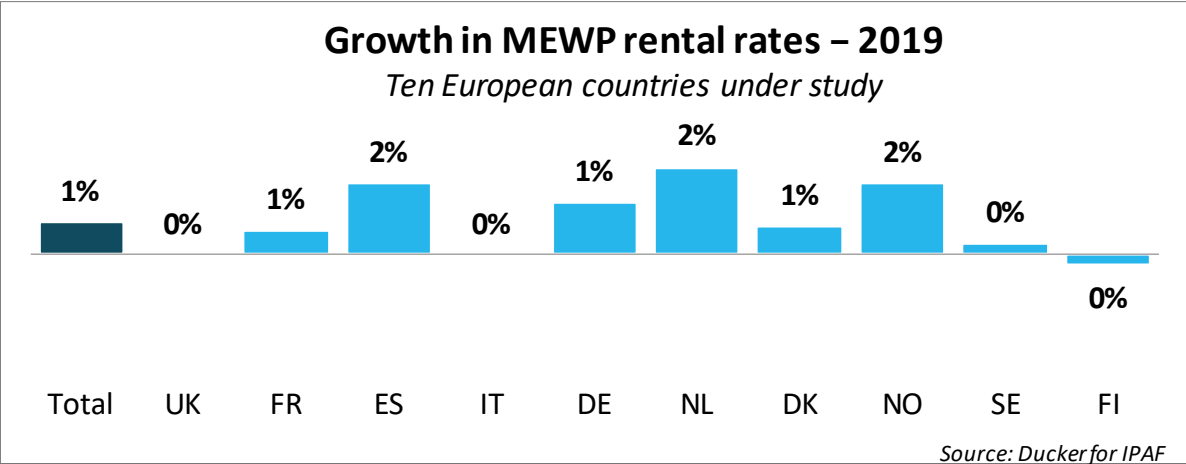
- MEWP rental rates are expected to decrease across 2020 and in 2021 as supply continues to exceed demand.
- MEWP rental companies might try to compensate by charging for services such as sanitisation of machines or might recommend that customers hire additional MEWPs to accommodate social distancing in the platform and to avoid sharing of MEWPs across multiple operators in round-the-clock shifts, as happened frequently pre-pandemic.



OPERATIONAL ASPECTS – RENTAL RATES



Several countries benefited from favourable market conditions to report an increase in average rental rates. Spain, the Netherlands and Norway saw rates rise by 2%, while France, Germany and Denmark saw rates rising by 1%.



- MEWP rental rates stagnated in the UK, Italy, and Sweden and fell slightly in Finland, under the effect of increased competition.

MARKET TRENDS AND DRIVERS

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RENTAL MARKET REPORT
2020 – EUROPE

While of course being a challenge in terms of suppressed revenues and planning investment strategy, the coronavirus pandemic has not limited, and in some cases is even hastening, moves towards clean, green and digital technologies.

Greener equipment

- The coronavirus pandemic led MEWP rental companies to reduce their amount of investment in new equipment purchases.
- Nevertheless, and despite their sometimes higher price, green power sources are still a focus for MEWP rental companies and investment in fleet renewal and saw most fleets pivoting towards electric equipment and hybrid machines.
- As a result, though the pandemic is potentially slowing down this trend, it is not anticipated to completely derail the longer term shift towards greener power sources.

Safety in times of Covid-19

- Safety is already the prime market driver behind MEWP rental, and the pandemic has brought an additional dimension with end users needing to adequately plan to manage transmission risk and abide by physical distancing measures.
- MEWP rental companies have implemented use of hand sanitisers, limiting the number of people per work task and ensuring they maintain physical distance, wear masks, and disinfect hands and equipment before and after use.
- The implementation of these measures is not under question while the threat from the virus remains significant, and so far has not had a major detrimental impact on companies' operational or performance metrics.

Digitalisation trends

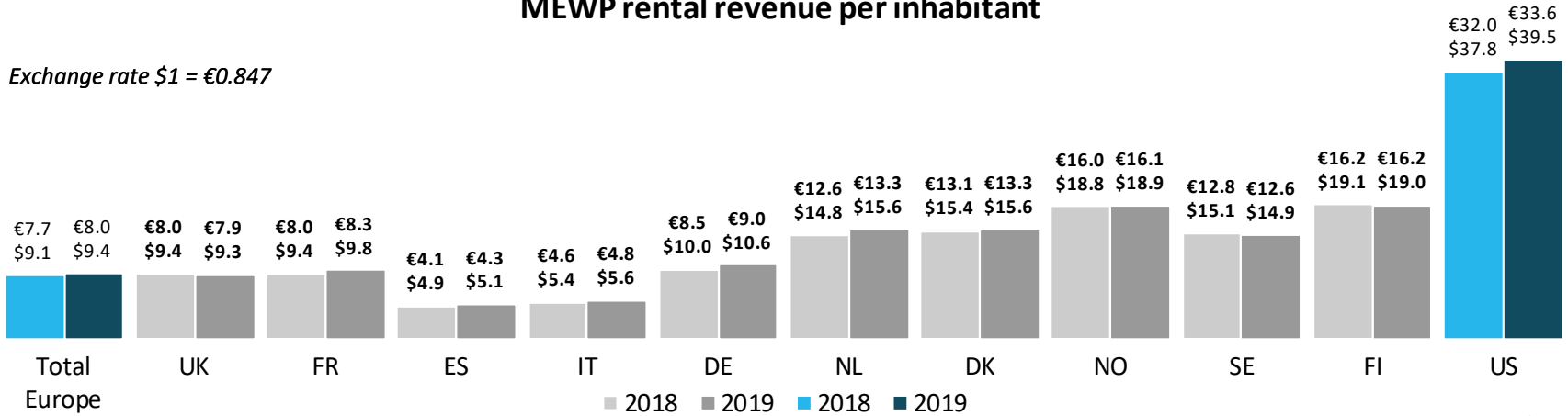
- The pandemic has acted as an accelerant and also contributed to changing mentalities and a broader acceptance of digital technologies, in a sector where human contact remains highly valued. Several aspects of this broader effect were reported:
 - Internal employee management within MEWP rental companies looking to implement sensible social distancing measures and precautions, such as working from home, online meetings and less business travel.
 - Regular processes and client-facing consultation, including extended usage of augmented reality, allowing rental customers to view and select the machine, 360-degree remote and online operator and manager trainings, and innovations such as the development of apps and a shift to more online ordering.
 - Remote equipment follow-up, involving telematics, remote management of maintenance and logging of hours.
- These mitigations have been accelerated by the pandemic and are likely to be maintained even after it is over.

MARKET TRENDS AND DRIVERS

MEWP rental revenue per inhabitant and MEWP rental fleet size per 100,000 inhabitants. We can see that the European market is much less mature than the US market; while revenue grew slightly last year, fleet size fell slightly.

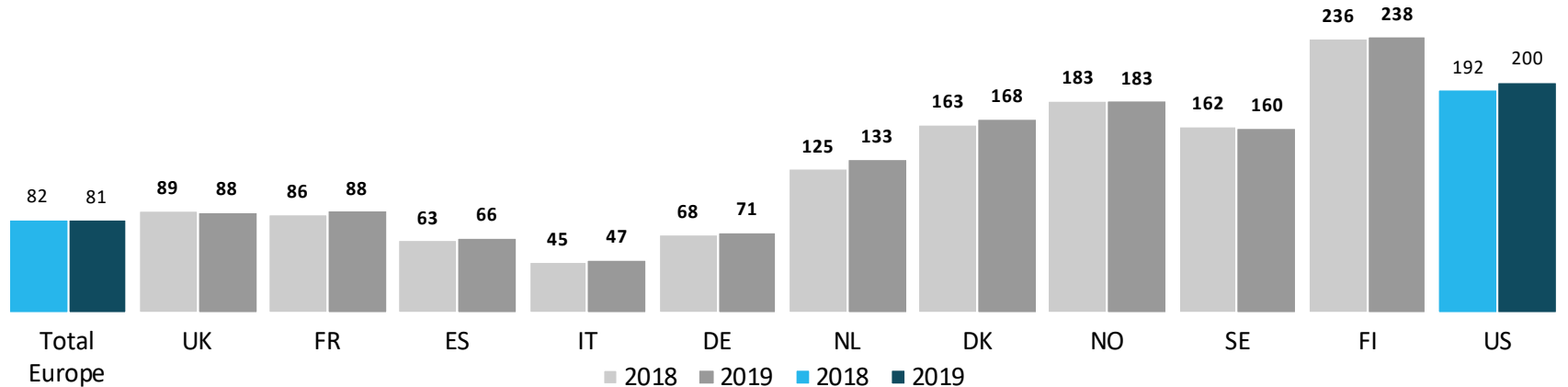
MEWP rental revenue per inhabitant

Exchange rate \$1 = €0.847



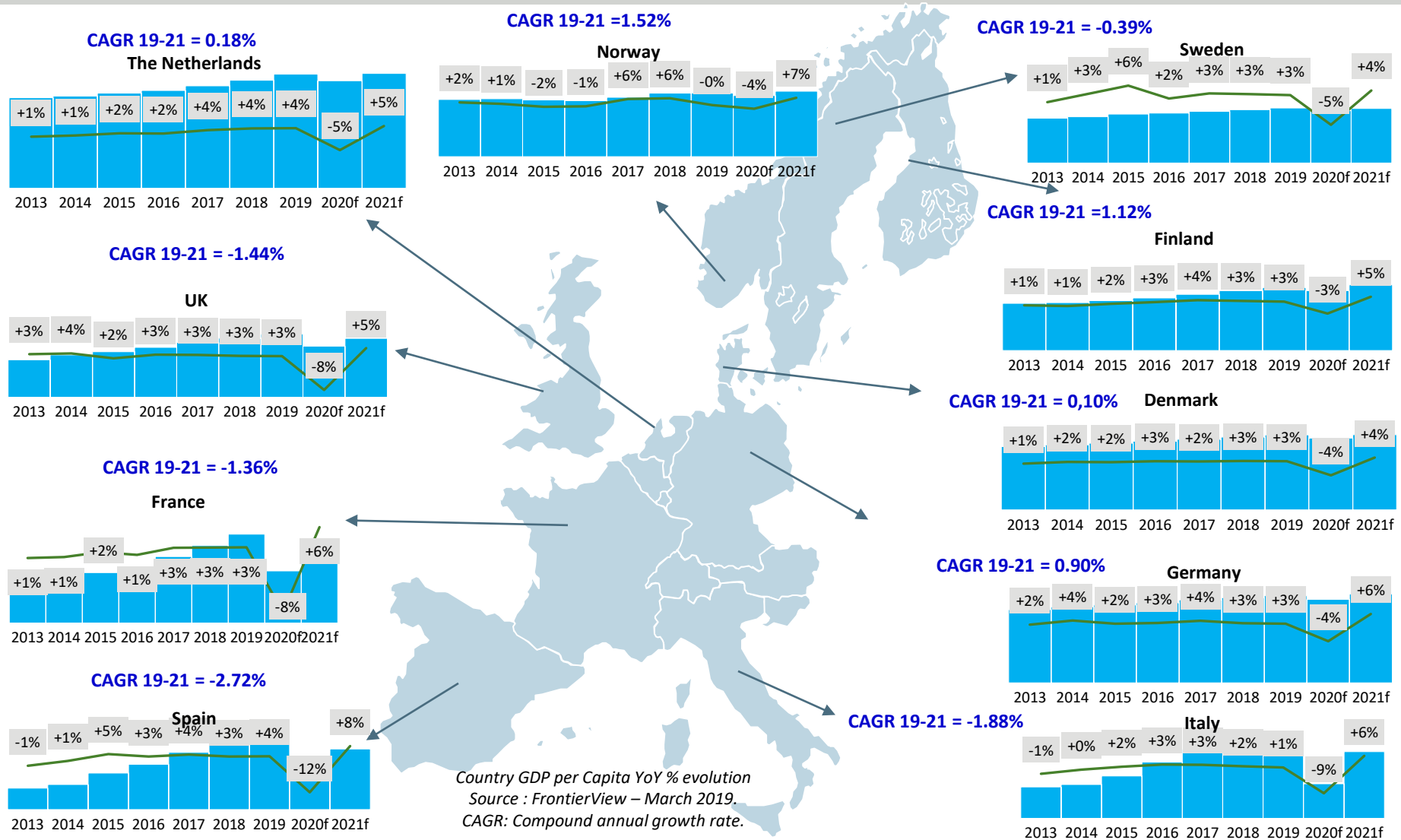
Source: Ducker for IPAF

MEWP rental fleet per 100,000 inhabitants



Source: Ducker for IPAF

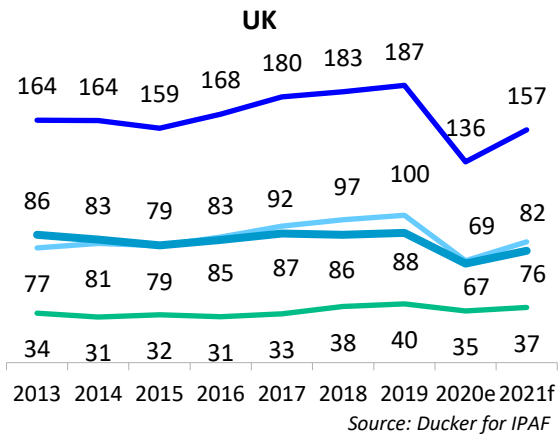
MARKET TRENDS AND DRIVERS – GDP PER CAPITA



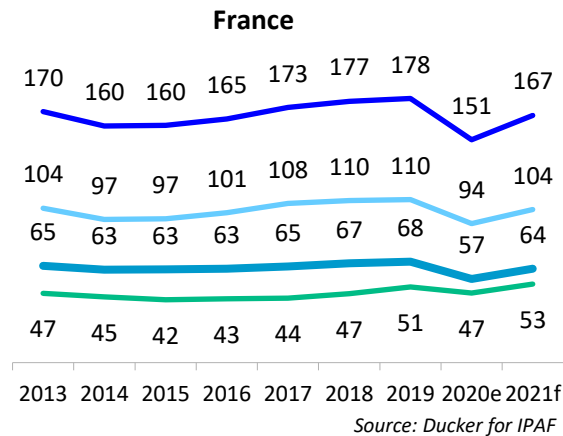
MARKET TRENDS AND DRIVERS

The pandemic has impacted construction in different ways: While the UK and France is showing tick-shaped trends, Germany appears one of the least impacted countries under study with a CAGR fall of less than 1% at time of writing.

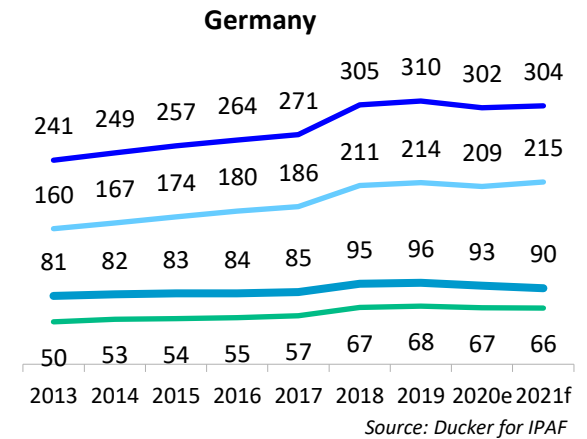
CAGR 19-21 = -8.37%



CAGR 19-21 = -3.21%



CAGR 19-21 = -0.92%



Construction pipeline (billions euros) based on Euroconstruct 2020 figures.

CAGR: Compound annual growth rate

- Residential construction
- Non-residential construction
- Total construction
- Civil engineering / Major infrastructure

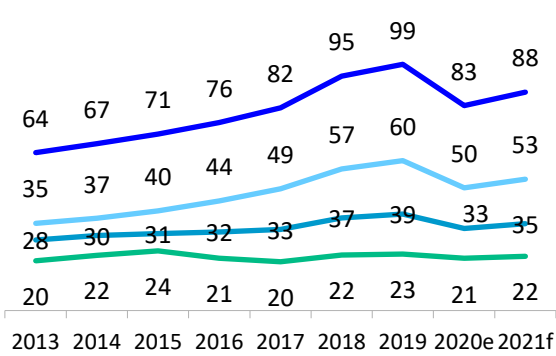
MARKET TRENDS AND DRIVERS



Construction in the Netherlands is expected to fall sharply, though it wasn't the most hard-hit country in the pandemic. Spain and Italy endured strict lockdowns, but expect construction activity to steadily recover in 2021.

CAGR 19-21 = -5.84%

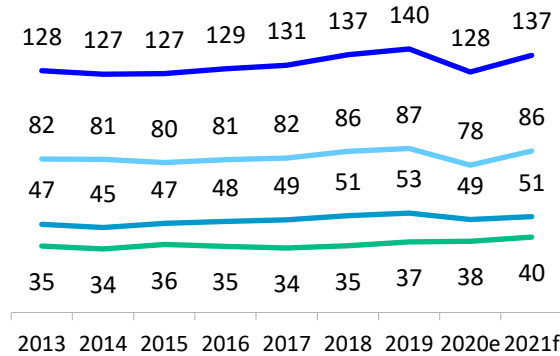
Spain



Source: Ducker for IPAF

CAGR 19-21 = -1.22%

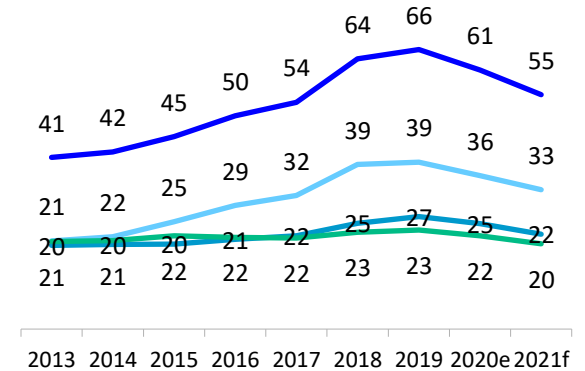
Italy



Source: Ducker for IPAF

CAGR 19-21 = -8.41%

The Netherlands



Source: Ducker for IPAF

Construction pipeline (billions euros) based on Euroconstruct 2020 figures.

CAGR: Compound annual growth rate

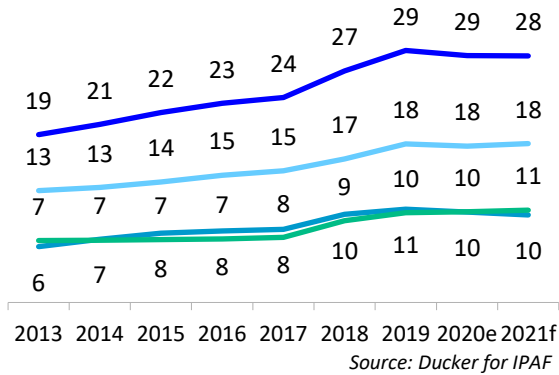
- Residential construction
- Non-residential construction
- Total construction
- Civil engineering / Major infrastructure

MARKET TRENDS AND DRIVERS

Construction outlook in the four Nordic countries was largely negative, with 2019-2021 forecasted CAGR ranging from -1.10% in Denmark to -4.70% in Sweden.

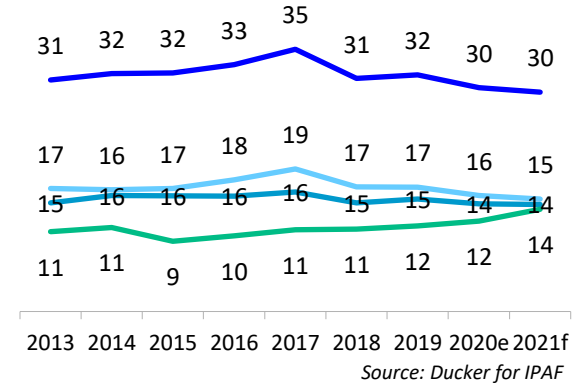
CAGR 19-21 = -1.10%

Denmark



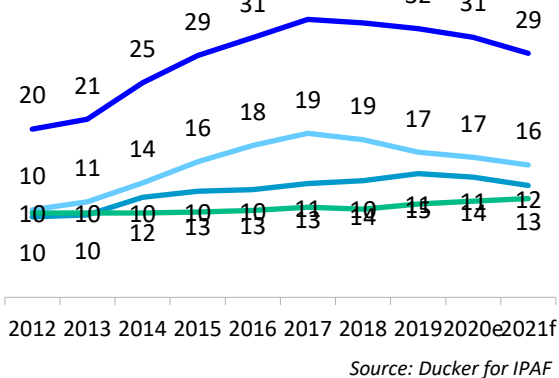
CAGR 19-21 = -3.70%

Norway



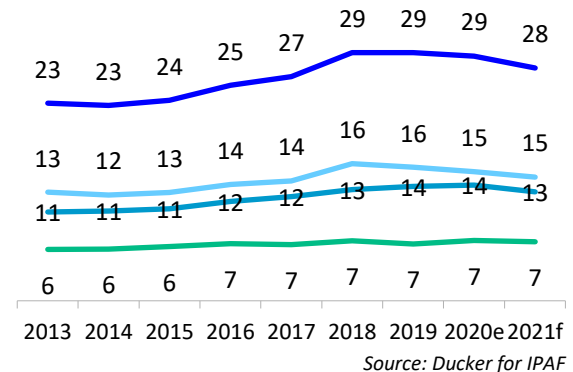
CAGR 19-21 = -4.70%

Sweden



CAGR 19-21 = -3.13%

Finland



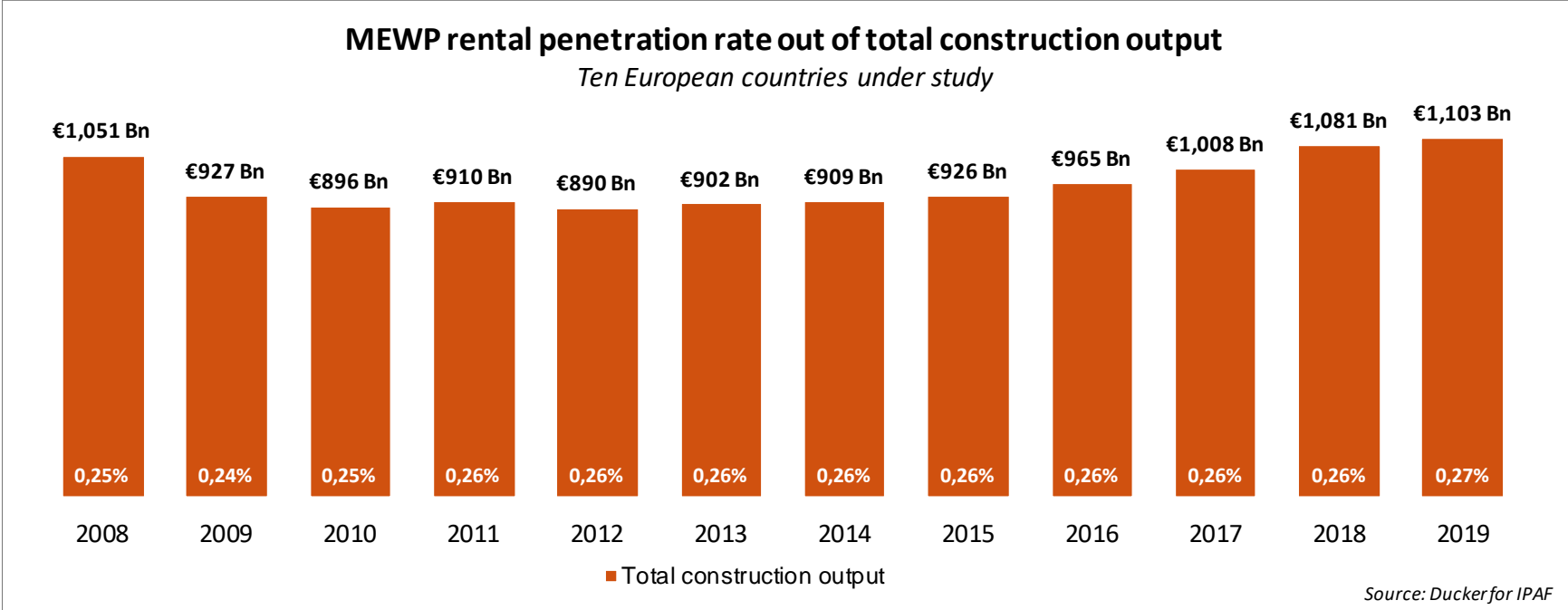
CAGR: Compound annual growth rate

Construction pipeline (billions euros) based on Euroconstruct 2020 figures.

MARKET TRENDS AND DRIVERS



European MEWP rental revenue as a proportion of the total construction market value is increasing incrementally each year.



Construction pipeline in billions of Euros, based on Euroconstruct 2020.

APPENDIX TO EUROPE

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2020 – EUROPE

The ten European countries under study.

Ten countries under study

- France
- Germany
- Italy
- Netherlands
- Denmark
- Sweden
- Norway
- Finland
- Spain
- UK

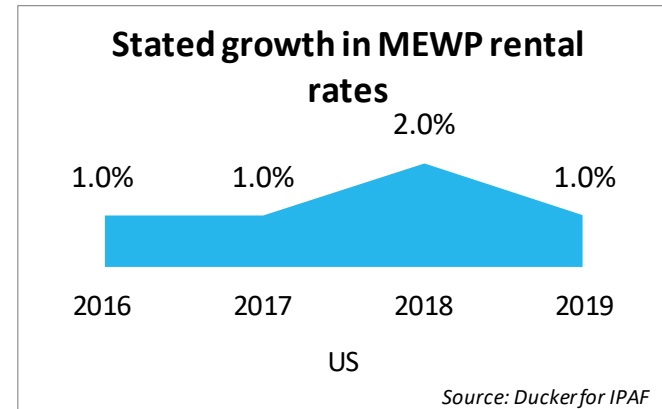
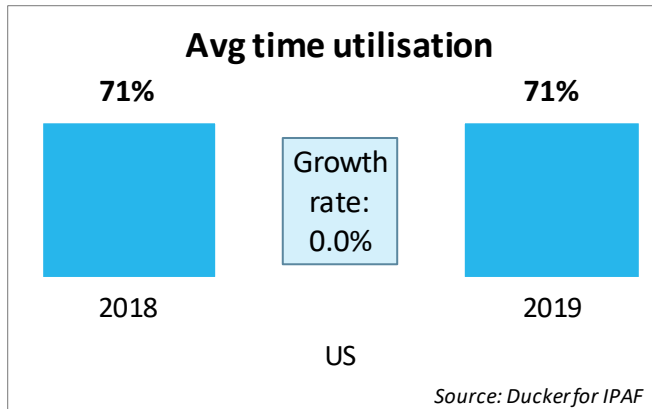
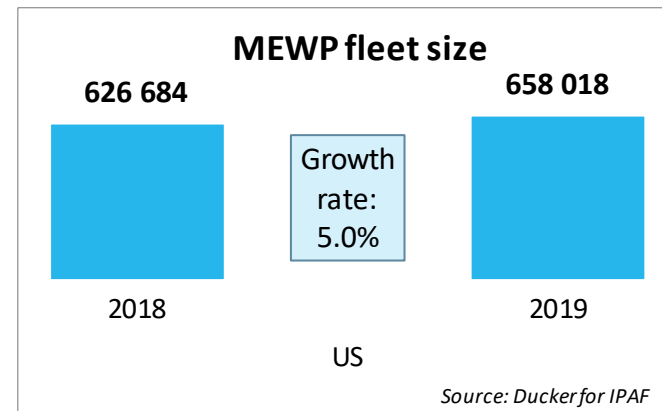
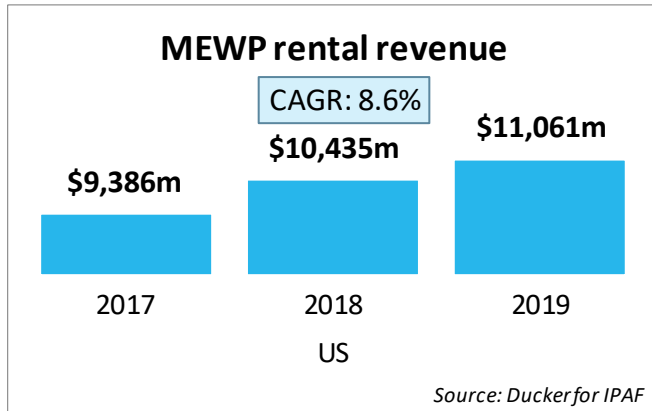
Total European market

- Austria
- Belgium
- Bosnia
- Bulgaria
- Croatia
- Cyprus
- Czech Republic
- Estonia
- Greece
- Hungary
- Ireland
- Latvia
- Lithuania
- Luxembourg
- North Macedonia
- Malta
- Poland
- Portugal
- Romania
- Slovak Republic
- Slovenia
- Switzerland

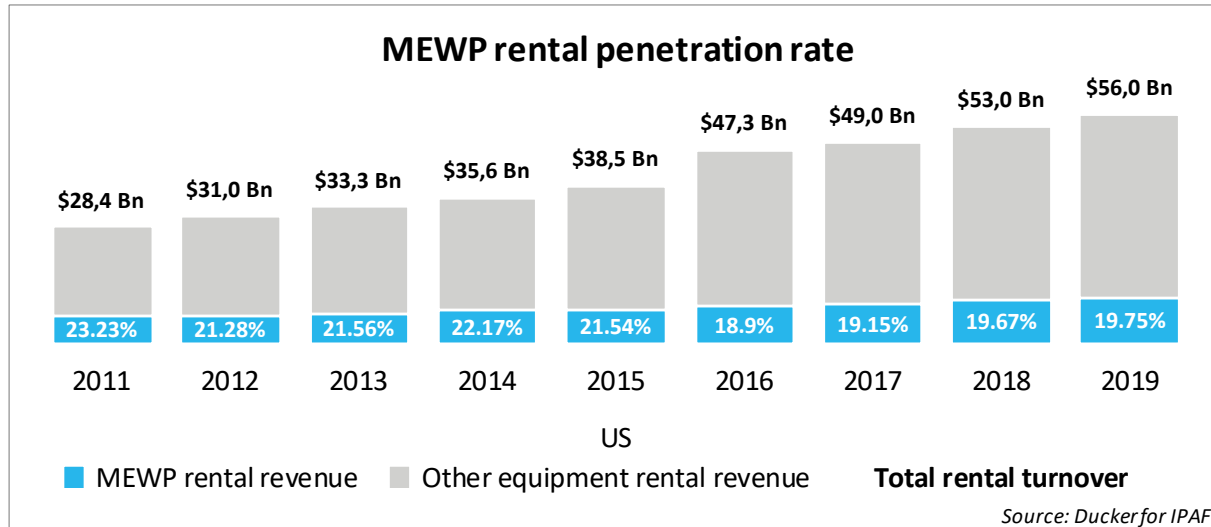
USA INFORMATION

IPAF POWERED ACCESS
RENTAL MARKET REPORT
2020

For the ninth year in a row, 2019 was a positive one for the MEWP rental market in the US. Revenue growth, fleet expansion and renewal and high utilisation rates were all reported. A slowdown was in evidence as 2020 loomed.



MEWP rental penetration has increased incrementally year-on-year in the US since 2011. While the increase slowed in 2019 it seems that saturation may still be some way off even in the world's largest MEWP rental market.



ARA overall equipment rental revenue includes:

1. Party & Event
2. General tool
3. Construction & Industrial Equipment

Exchange rate:

\$1 = €0.851

ARA: American Rental Association

ERA: European Rental Association

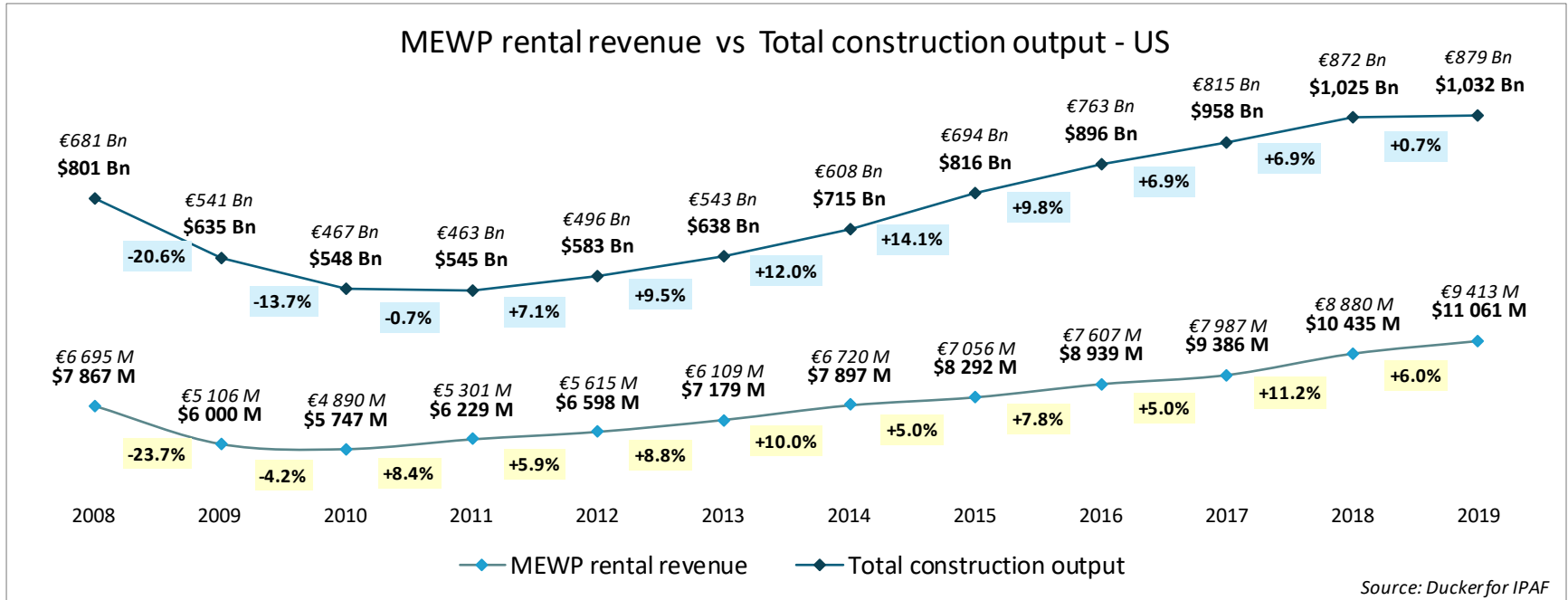
ERA overall equipment rental revenue includes:

1. General Plant
2. Tools & General Equipment
3. Access
4. Power generation & Temperature Control
5. Accommodation & Fencing
6. Industrial Machinery
7. Crane

US – MEWP RENTAL REVENUE AND CONSTRUCTION



As with most countries under study, the MEWP rental market is pegged to overall construction activity, although in the past two years MEWP rental revenue rises comfortably outstripped construction output growth in the US.



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MARKET SIZE AND DYNAMICS 2008-2020

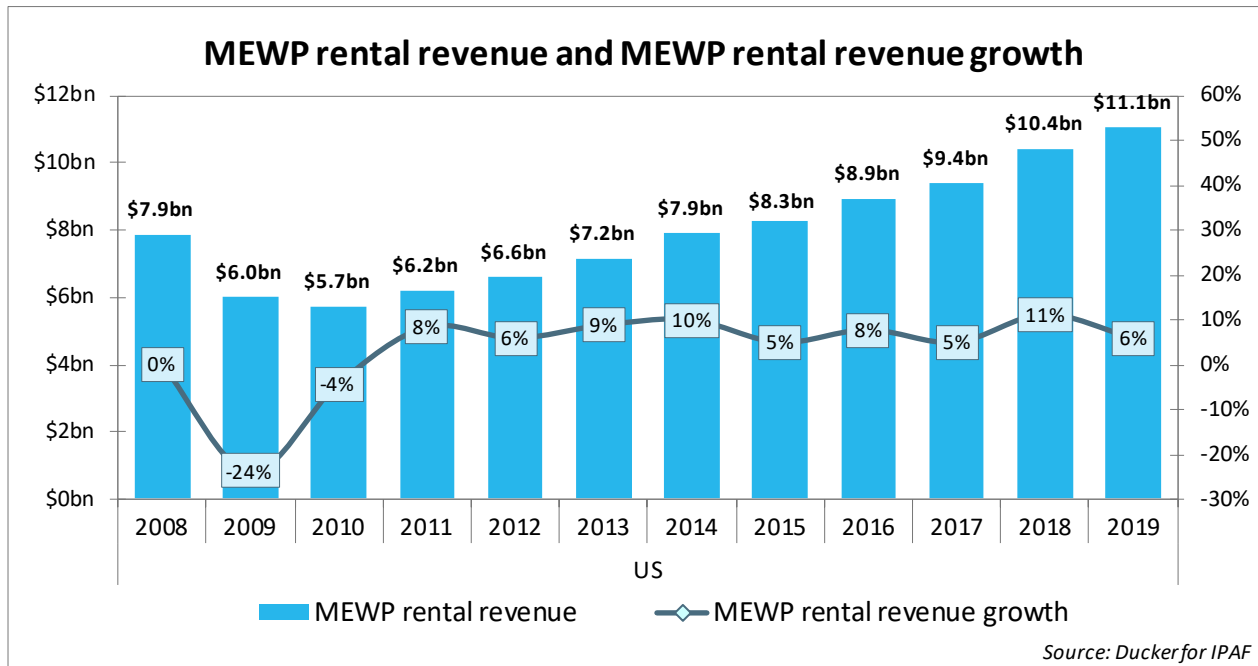
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MARKET SIZE & DYNAMICS – MARKET VALUE GROWTH



In 2019, MEWP rental revenue kept growing, though fears of a recession and uncertainty linked to the US elections in 2020 gave rise to the first signs of a slow-down. Covid-19 impacted the US market very heavily during Q2 of 2020.

- During Q3 and Q4 2020, signs of progressive recovery are expected.
- The impact on MEWP rental revenue could be as much as -9%, depending on companies' size and location.
- The market is unlikely to regain 2019 levels for at least two years.
- Best-case scenario for MEWP rental revenue growth in 2021 is around +1%, with a worst-case scenario of around -1%.



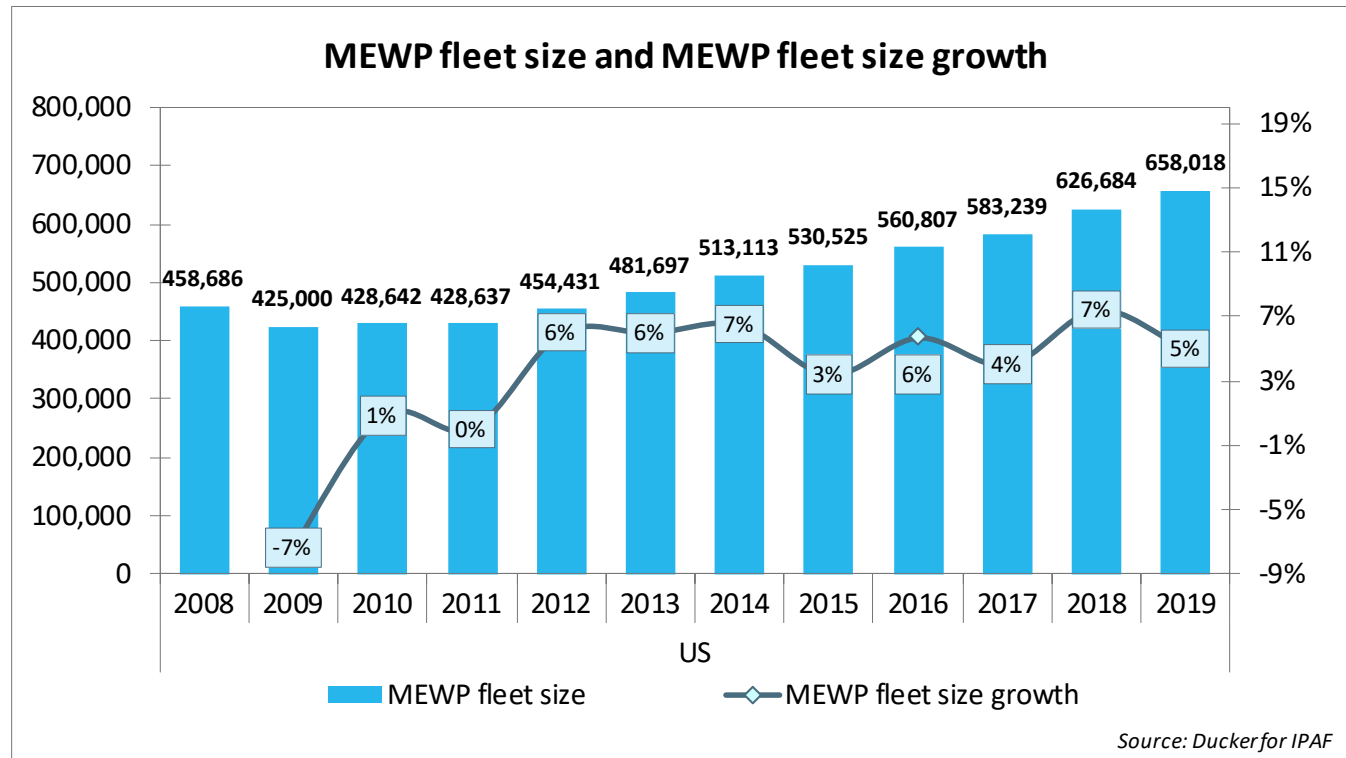
End-of-year data

MARKET SIZE & DYNAMICS – MARKET SIZE IN UNITS



In 2019, MEWP rental companies continued expanding fleets for a ninth year in a row, though the pace of growth did slow. When Covid-19 impacted the market, rental companies chose to maintain utilisation rate by reducing fleets.

- Construction contractors started acquiring second-hand equipment being sold off by MEWP rental companies.
- MEWP rental companies intend to focus solely on fleet renewal in 2021.
- As they restore utilisation rates comparable to pre-pandemic levels, rental companies are likely to start increasing fleet size again.



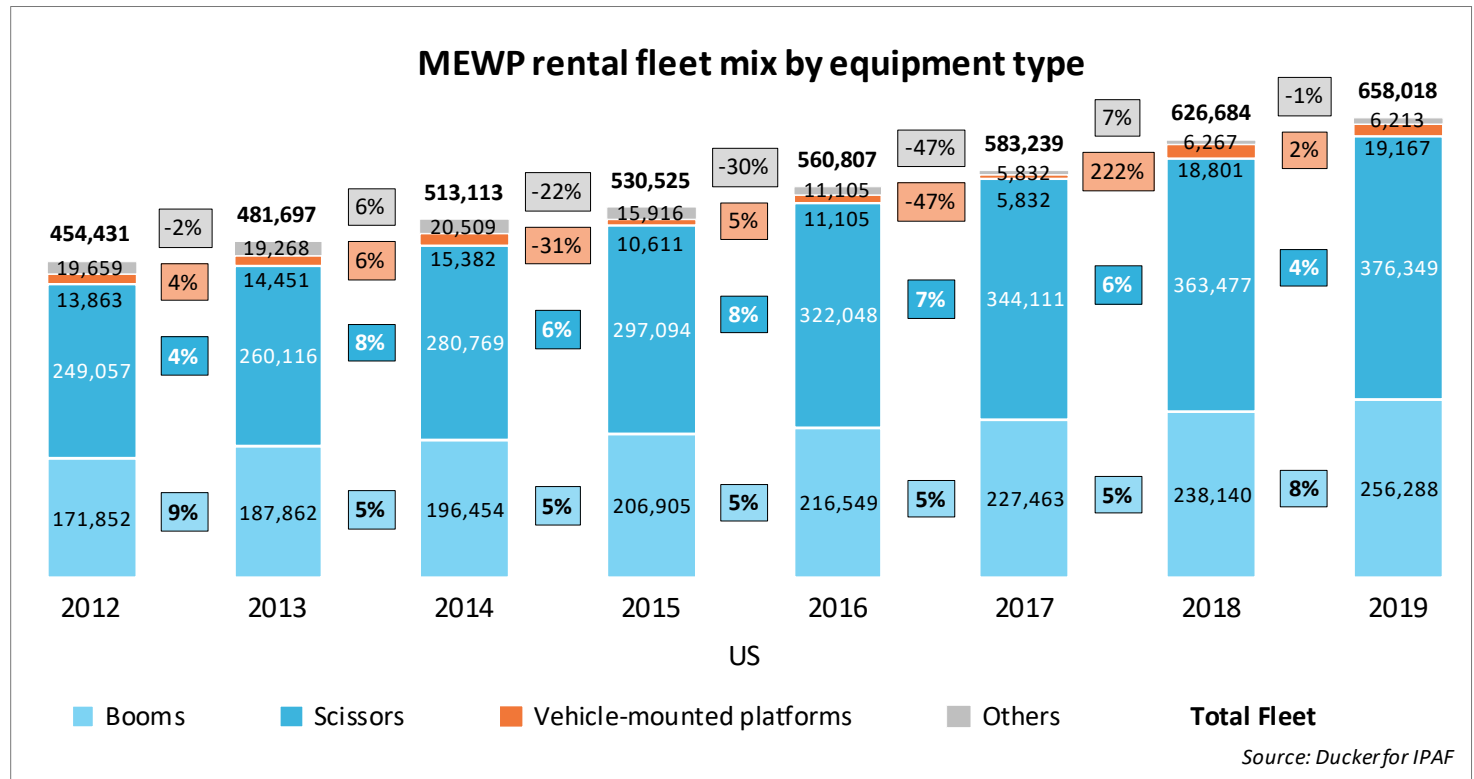
Included are all booms, scissor lifts and vertical masts. Low-level access equipment (<3m high), telescopic material handlers, forklifts, cranes and MCWPs are excluded.

MARKET SIZE & DYNAMICS – MARKET SIZE IN UNITS



There is no evident impact from Covid-19 on fleet mix and the 3:2 ratio of scissors to booms persists in US fleets. Scissors are dominant, though in 2019 firms increased boom fleets by 8% as opposed to a 4% expansion in scissors.

- Together, booms and scissors account for the vast majority of US fleets at >95% of the total MEWP fleet.



Included are all booms, scissor lifts and vertical masts. Low-level access equipment (<3m high), telescopic material handlers, forklifts, cranes and MCWPs are excluded.

+5% % unit growth, eg booms increased by 5% from 2018 to 2019

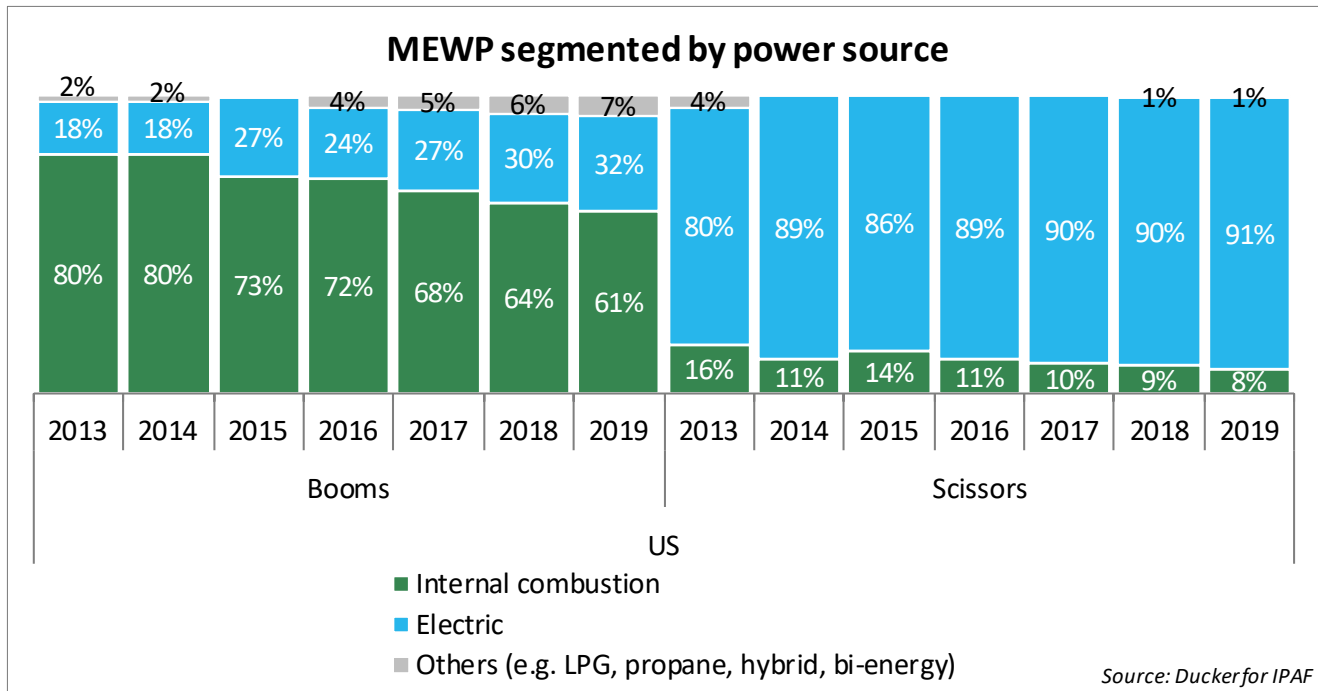
“Others” include vertical lifts, vertical masts, push-around, trailer mounted/towable

MARKET SIZE & DYNAMICS – POWER SOURCES



As in most other countries under study, in the US there is a clear and progressive evolution towards greener power sources in MEWP fleets, increasingly favouring all-electric machines over hybrid MEWPs.

- The trend towards cleaner MEWPs with green power sources is confirmed as long-term and underpinned by improving technology, affordability, flexibility of end-use and demand from the market. As such it is not expected to be impacted significantly by the coronavirus pandemic, as most US MEWP rental companies are achieving the transition through organic fleet renewal.

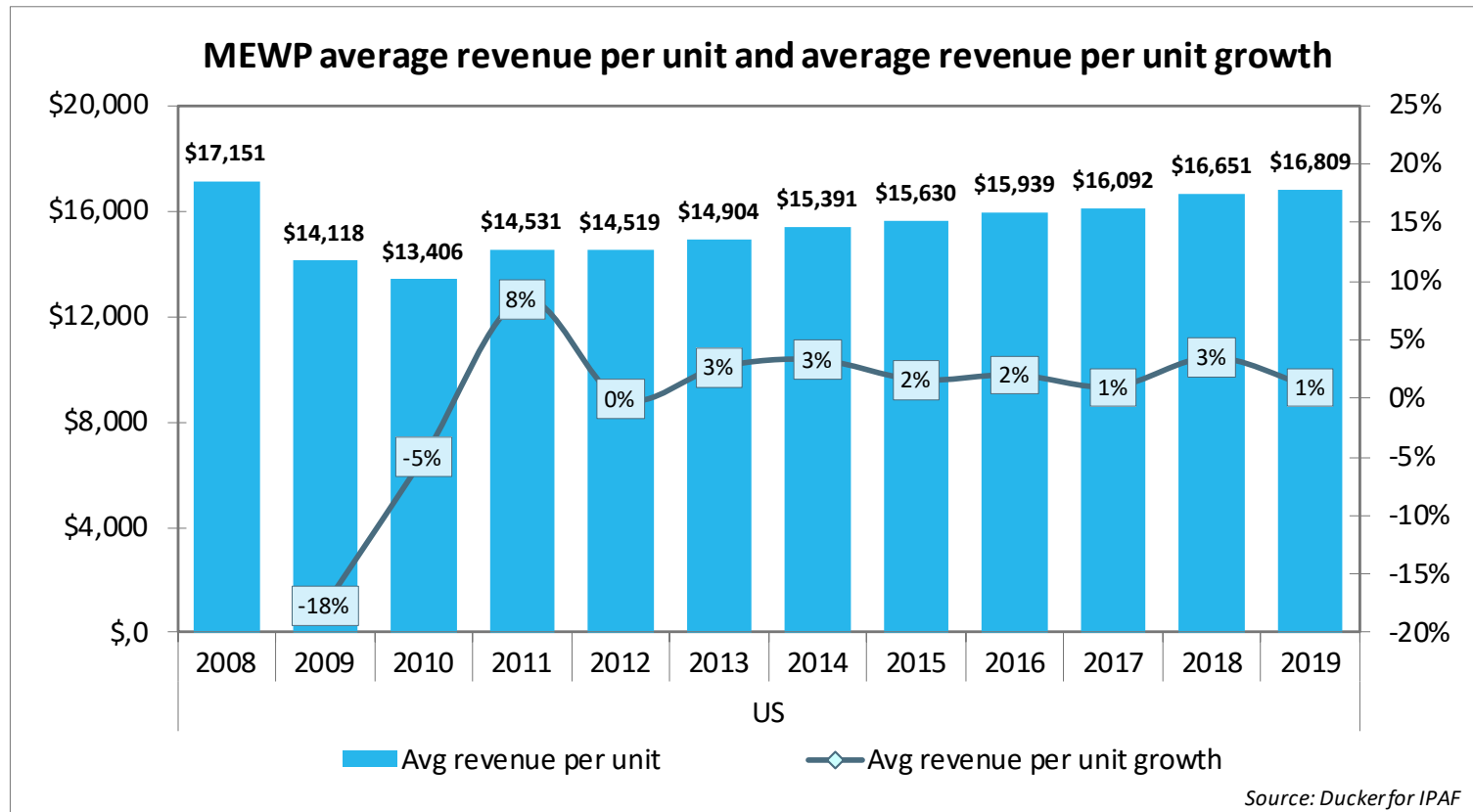


Percentage of fleet powered by electric vs diesel engine.

MARKET SIZE & DYNAMICS – REVENUE PER UNIT



In 2019 average rental revenue per MEWP unit kept increasing, confirming a seven-year growth trend. In 2020, revenue per unit is expected to fall despite fleet-reduction initiatives put in place by many US rental companies.

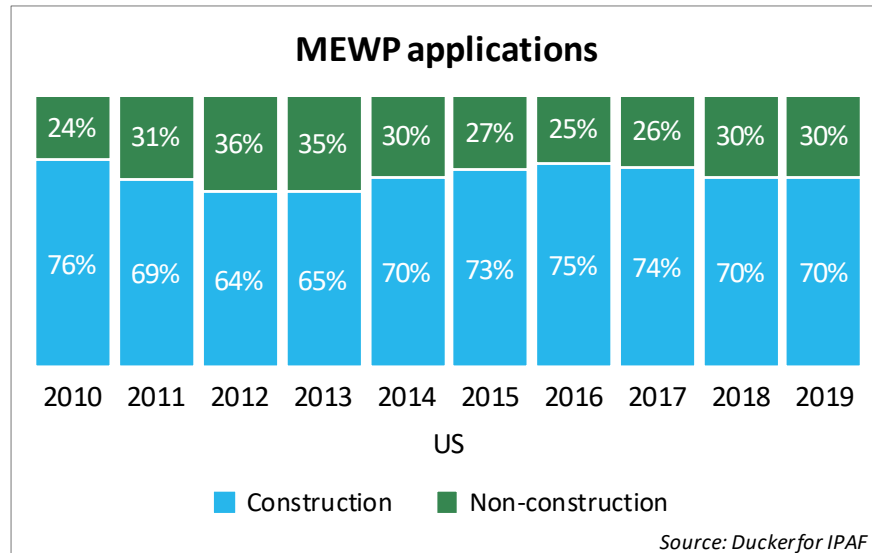


MARKET SIZE & DYNAMICS – APPLICATIONS



In 2019, the MEWP market was a fairly stable 70% construction vs 30% non-construction applications. The split is expected to change temporarily in 2020 reverting to 75% construction to 25% non-construction split of 2015-17.

- During the pandemic, construction was considered an essential business in the US and remained fairly active, while many non-construction activities (sports and entertainment, for instance) were effectively shut down.



Share of rental revenues

Non-construction includes industry, maintenance, cleaning, utilities, events.

Construction includes new build and renovation; including residential, commercial, retail and industrial.

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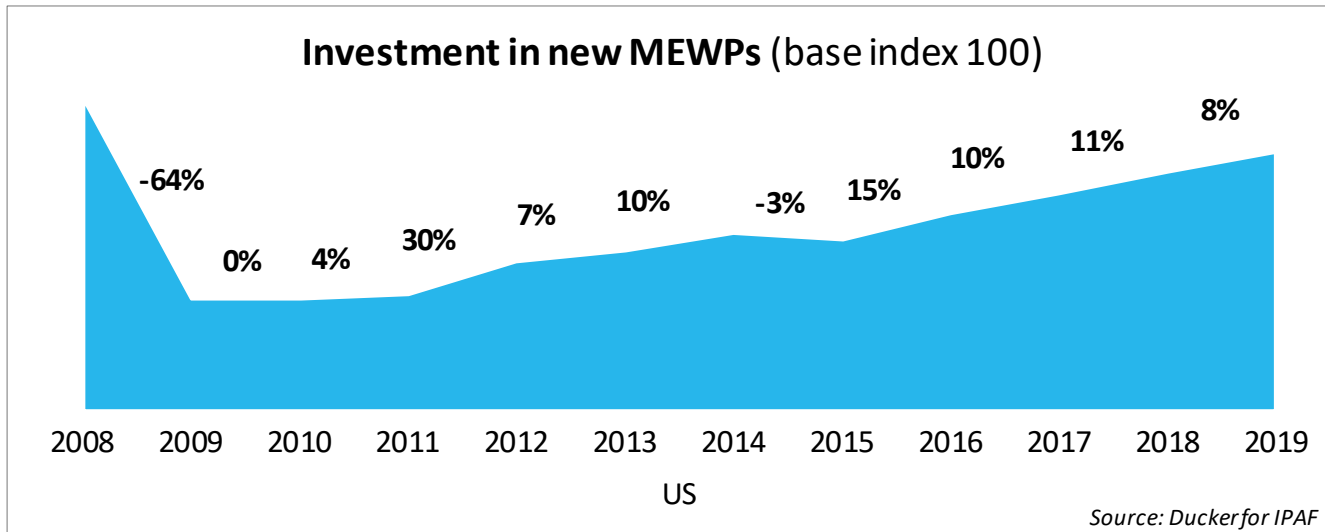
INVESTMENT 2008-2020

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2020 – USA**

INVESTMENT

In 2019, levels of investment started to decrease as a result of a more cautious fleet expansion and a stronger focus solely on fleet renewal. In 2020, MEWP rental companies reduced investment while focusing on preserving cash.

- Since larger companies cut off their capital expenditure and fleet expansion, many OEMs selling equipment into the US market have been discounting prices, which benefited any companies who chose to buck the trend of fleet-size reduction or who went through with major fleet renewal purchases to take advantage of savings or bulk discounts.



A large, dark teal diagonal shape that starts from the top-left corner and extends towards the bottom-right corner, creating a split background of dark teal and white.

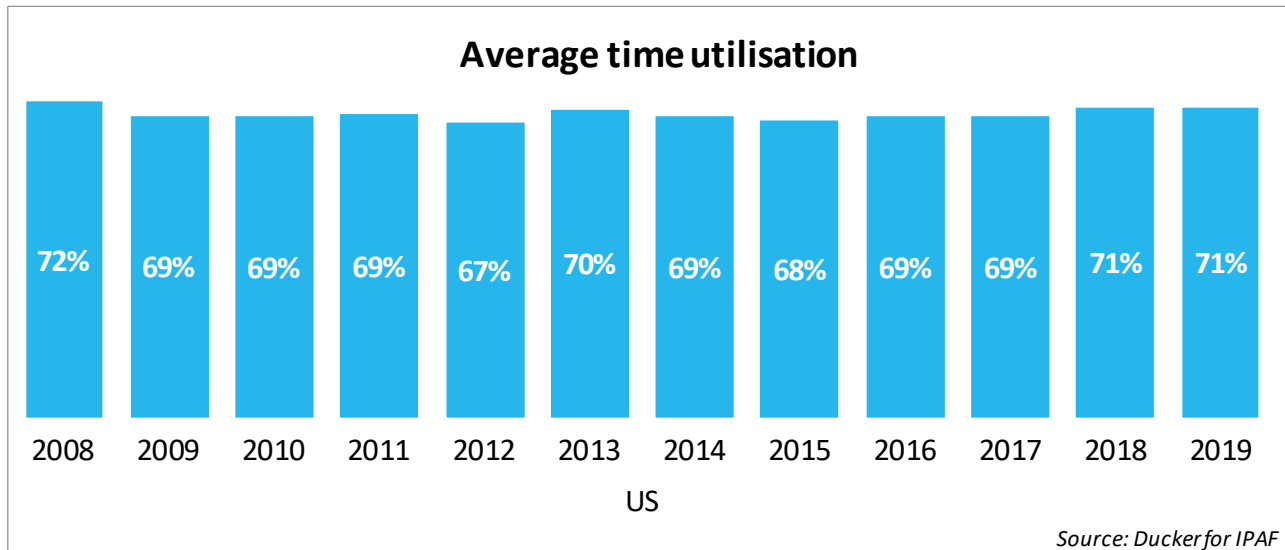
OPERATIONAL ASPECTS 2008-2020

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OPERATIONAL ASPECTS – TIME UTILISATION RATES



- In 2019, US MEWP rental companies were able to maintain a stable average utilisation rate. At around 70%, this is typically higher than most European rental companies, which typically prefer a utilisation rate of around 65-66%.
- In 2020, it is expected that overall utilisation rate will fall, with an especially sharp fall recorded during Q2 2020.
- Most MEWP rental companies plan to halt fleet expansion or even decrease fleet size in order to regain a higher utilisation rate in 2021 before resuming investment in fleet expansion in 2022.

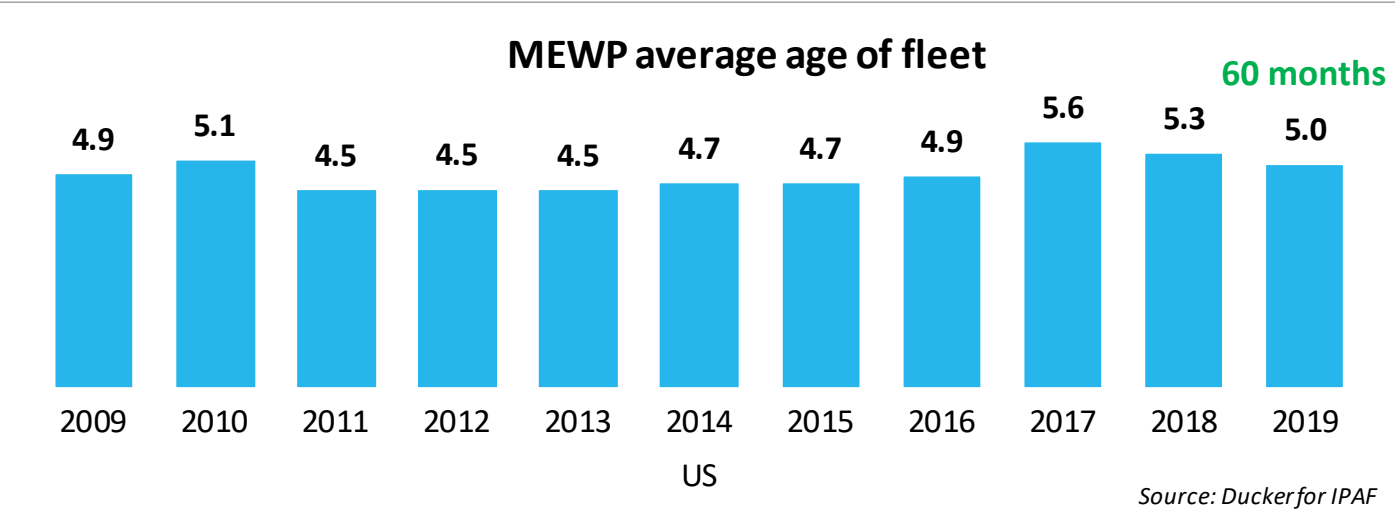


OPERATIONAL ASPECTS – AGE OF FLEET



US rental companies vigorously pursue regular fleet renewal strategies, ensuring that an average MEWP in a US rental fleet is retained for five years before being sold and replaced with a new machine, much less than in Europe.

- Fleets are typically renewed on a five-yearly cycle in the US, as against the country in Europe with the shortest retention rate, Italy, at 6.5 years.

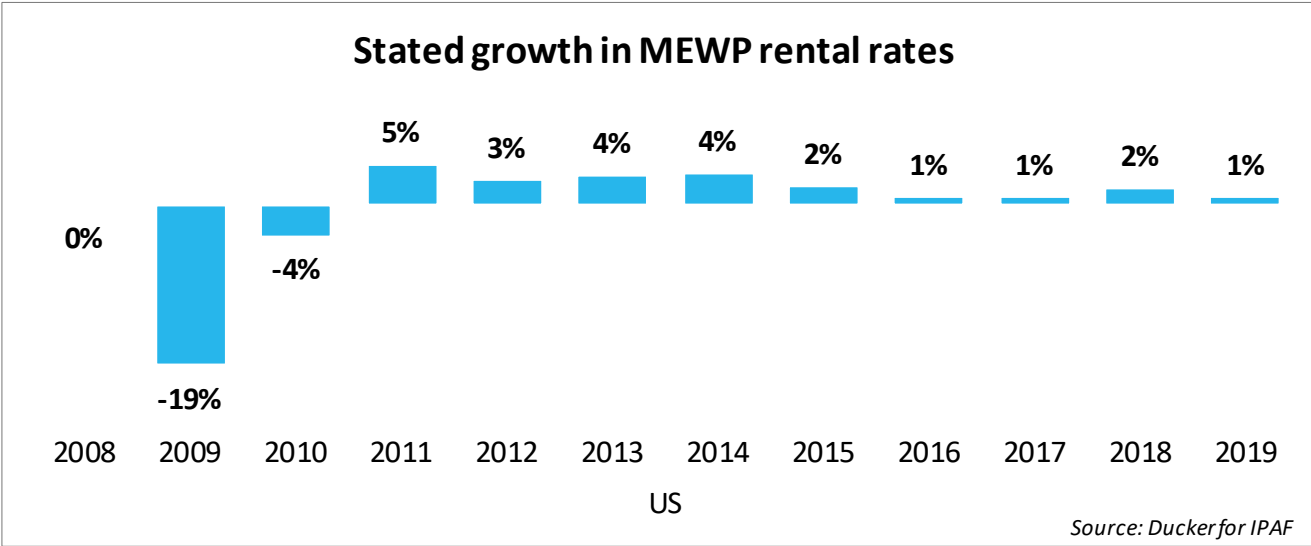


5.0 = 5 years and 0 months

OPERATIONAL ASPECTS – RENTAL RATES



In 2019, competition between rental companies and an uncertain economic outlook saw rental rates close to stagnation. In 2020, rental companies reported reducing their rental rates with the hope they will stabilise in 2021.



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FROM THE
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2020 – USA**

A PERSPECTIVE FROM THE MANAGING EDITOR OF *INTERNATIONAL RENTAL NEWS*, MURRAY POLLOK



- There are some stark numbers that highlight the impact of Covid-19 on the US construction market. The sector lost 1.1 million jobs between February and April 2020, and some 60% of respondents to a survey by US construction body AGC reported cancelled projects, while less than three in ten reported that work levels had returned to normal.
- This backdrop had an enormous impact on the rental sector, and access equipment sales. JLG's sales for the three months to 30 June were down 60%, while Terex-Genie reported a 52% decline in the same period. In both cases, North America makes up a big share of sales. The same two companies reported year-on-year third quarter 2020 reductions of between 30 and 40%, showing that although sales were recovering, they will still be hit very hard.
- Even so, the results from the largest publicly listed rental companies suggest the US has fared better than the worst impacted European markets.
- Both United Rentals and H&E Equipment reported second-quarter revenues down 16%, while Sunbelt Rentals – for a slightly later period ending 31 July – reported a 7% decrease. United's guidance for the full year sees revenues down by between 10% and 14%.
- A good source of data on the general equipment rental market in North America is the American Rental Association (ARA). The organisation's forecast for US construction and industrial rental revenues sees volumes in 2020 falling about 15% from the 2019 high of \$39.0 billion. That would see it reduce to \$33.4 billion.
- The ARA says that with a better economic performance in Q3, the forecast could improve. However, the ARA also says it does not believe revenues will exceed 2019 levels until 2023. That would imply average annual growth rates over the next three years in the 5% to 6% range.

A PERSPECTIVE FROM THE MANAGING EDITOR OF *INTERNATIONAL RENTAL NEWS*, MURRAY POLLOK



- Of course, a lot will depend on Federal government plans to stimulate the economy – discussions were underway in the senate in advance of the US elections on 3 November. A major programme of public investment, were it to happen, would have a positive impact on the rental sector.
- Of course, in addition to the direct effects of the pandemic, the knock-on impact on oil and gas prices has reduced investment levels. That is a sector that has provided significant work for rental companies.
- And yet the rental sector continues to attract investors, including some big names. The Home Depot, the \$110-billion-revenue DIY and home improvement store, has long been involved in rental but is now engaged on a further expansion of rental locations and an upward shift in the sizes of equipment it will stock. That will include self-propelled booms up to 80 feet in outreach, as well as some rough-terrain scissor lifts. That takes it into the territory occupied by the pure equipment rental players.
- Meanwhile, part tech company, part rental business EquipmentShare said in October 2020 that it was on course for revenues in the \$1 billion range for 2021 – a remarkable record of growth. The company is creating what it calls a new digital ecosystem for the construction market with the aim of increasing productivity. Its expansion plans are ambitious to say the least.
- There was also a resumption of M&A activity in North America, with Canadian rental business Cooper Equipment buying Herc Rentals' Canadian business, while in July REIC (Rental Equipment Investment Corp) bought the rental business of Idaho-based Draco Equipment and followed that in October 2020 by adding Construction Heaters. It evidently takes more than a recession and a pandemic to sideline mergers and acquisitions activity in the US rental sector.

MARKET TRENDS AND DRIVERS

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Like in all the other countries under study, the Covid-19 pandemic forced MEWP rental companies in the US to re-evaluate their customer-facing strategies, implementing new safety measures and hastening uptake of digitalisation.

Implementation of new risk-management rules

- MEWP rental companies have implemented a number of new protocols allowing them to cope with social-distancing constraints while maintaining equipment rental services.
- The main rules implemented by all include:
 - Employees wearing face coverings and washing hands regularly;
 - Systematic equipment cleaning and decontamination when MEWPs are back from job site; the same process applies to operators in charge of handling or delivering the machine.
- Though these measures represent additional time spent taking care of machines, it doesn't seem to have impacted companies' efficiency metrics significantly.
- Local lockdowns, quarantine or furlough schemes that limited employees' weekly working hours are reported as having had a more significant impact on companies' operations.

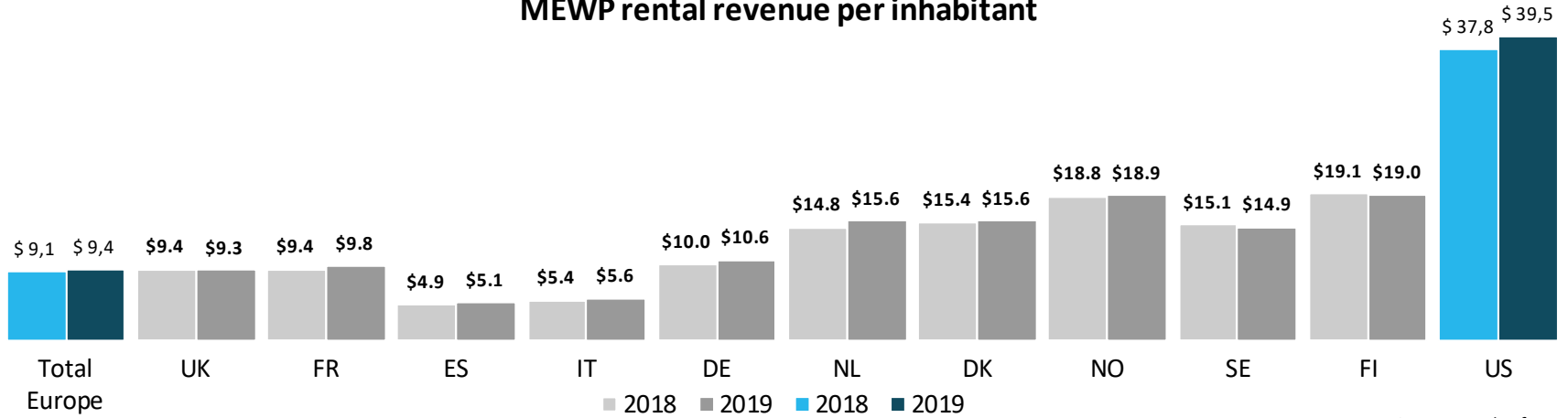
Covid-19 as a driver for digitalisation?

- Covid-19 forced MEWP rental companies to adopt new technologies, with the main example being the extensive usage of remote meetings and customer consultation.
- Prior to the pandemic, MEWP rental companies were already reporting strategic projects around the integration of more digitalised processes within their operations.
- The pandemic acted as an accelerator of these initiatives, for instance in increased use of telematics for remote equipment tracking, adoption of total control platforms and other control indicators and sensors to assist in intelligent fleet management.
- While some development budgets have been cut, MEWP rental companies report they will maintain expenditure allocated to investment in digitalisation initiatives post-pandemic.

MARKET TRENDS AND DRIVERS

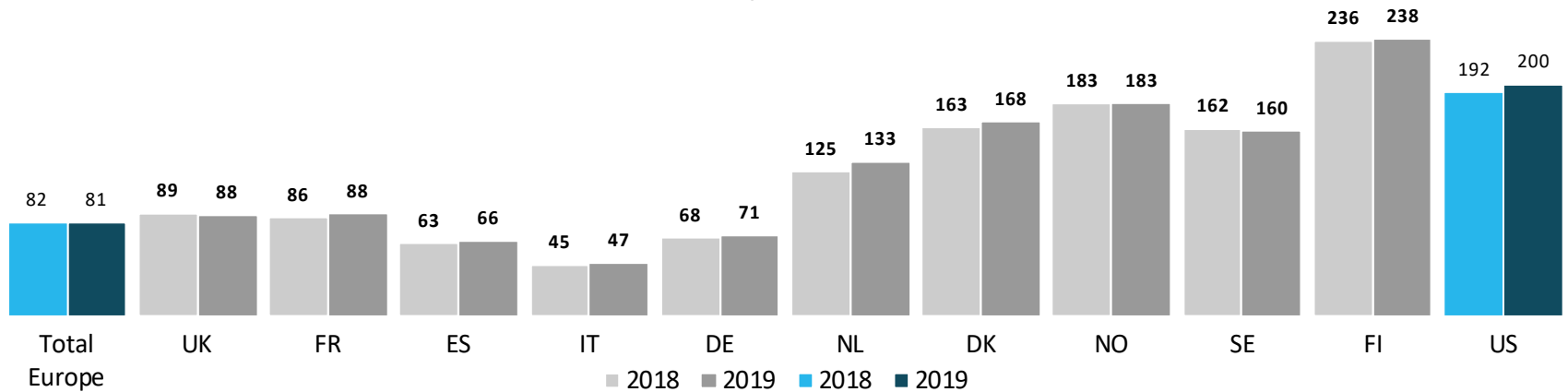
MEWP rental revenue per inhabitant and MEWP rental fleet size per 100,000 inhabitants shows how the market in the US is more mature than in Europe but continuing to develop year on year, demonstrating it is far from saturated.

MEWP rental revenue per inhabitant



Source: Ducker for IPAF

MEWP rental fleet per 100,000 inhabitants



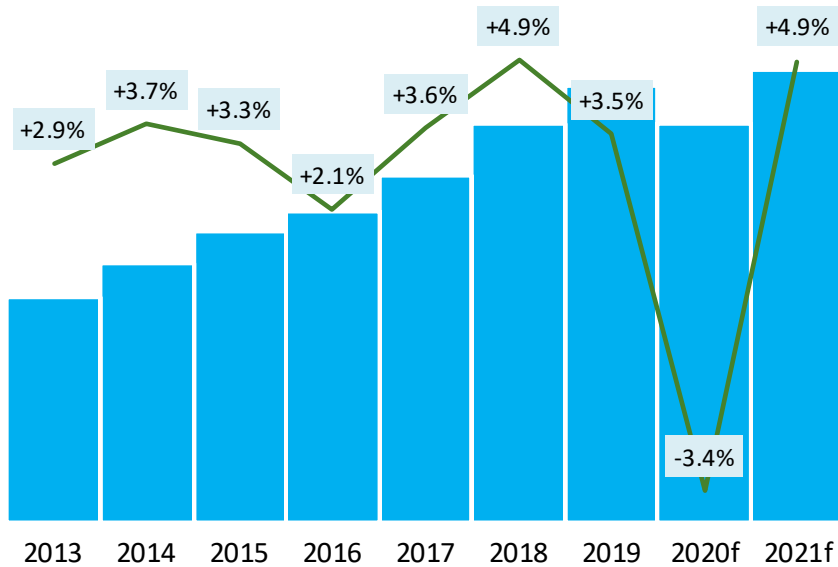
Source: Ducker for IPAF

MARKET TRENDS AND DRIVERS

There has been a noticeable impact on the main macro-economic indicators caused by the Covid-19 pandemic, leading to a marked fall in GDP per capita and a sudden rise in unemployment. Both are projected to recover in 2021.

Compound Annual Growth Rate CAGR (2019-2021): 0.33%

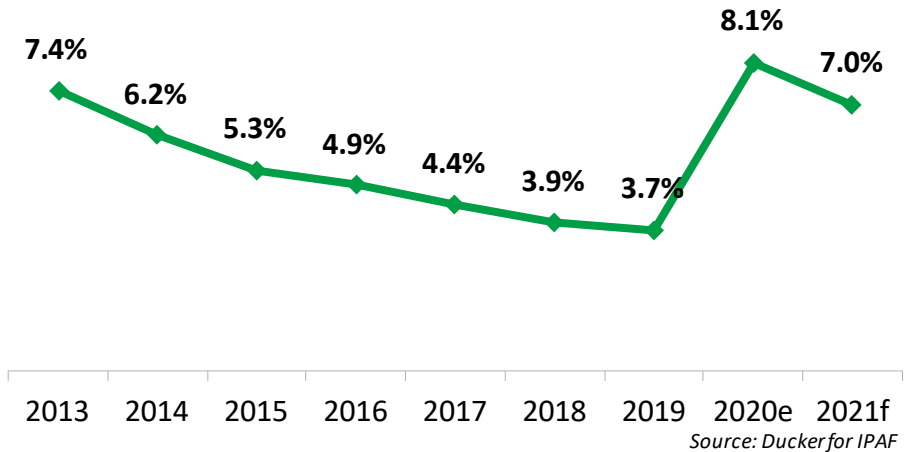
US – GDP per capita YoY% growth



US GDP per Capita YoY % evolution

Source: FrontierView – Oct. 2020

US – Unemployment rate

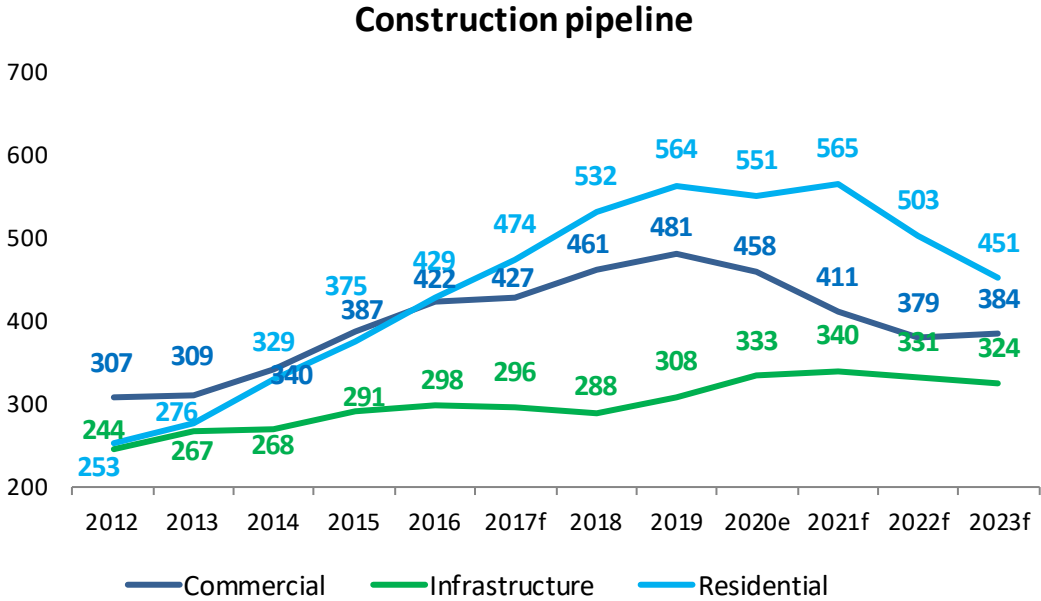


Source: FrontierView, Oct. 2020

MARKET TRENDS AND DRIVERS



In addition to a spike in unemployment and fall in GDP, it's forecast that Covid-19 will have a medium-term negative impact on US construction pipeline across the board, which is not predicted to regain pre-2019 levels even by 2023.



Source: Duckerfor IPAF

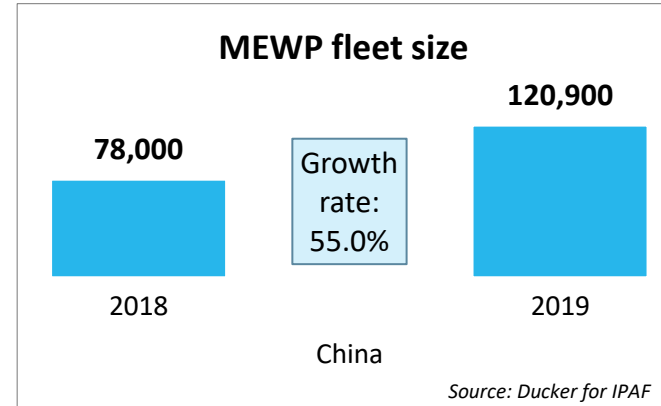
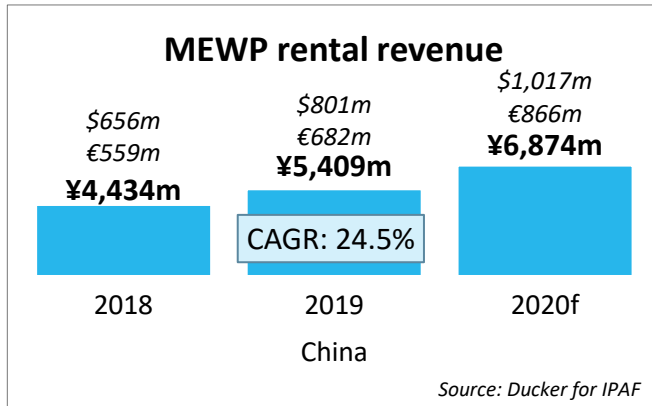
Source: FMI Construction Outlook.
Millions of current dollars.
3rd quarter 2020 forecasts.

CHINA FOCUS

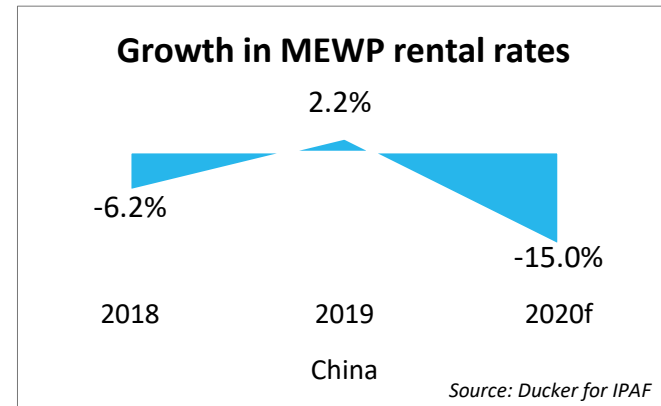
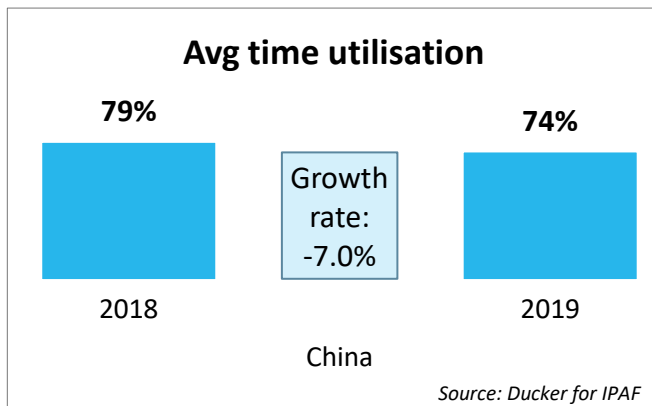
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CHINA – KEY FINDINGS

China's MEWP rental market is undergoing a strong expansion phase. While the MEWP rental revenue and fleet size are increasing significantly, internal competition and the pandemic are impacting on utilisation and rental rates.

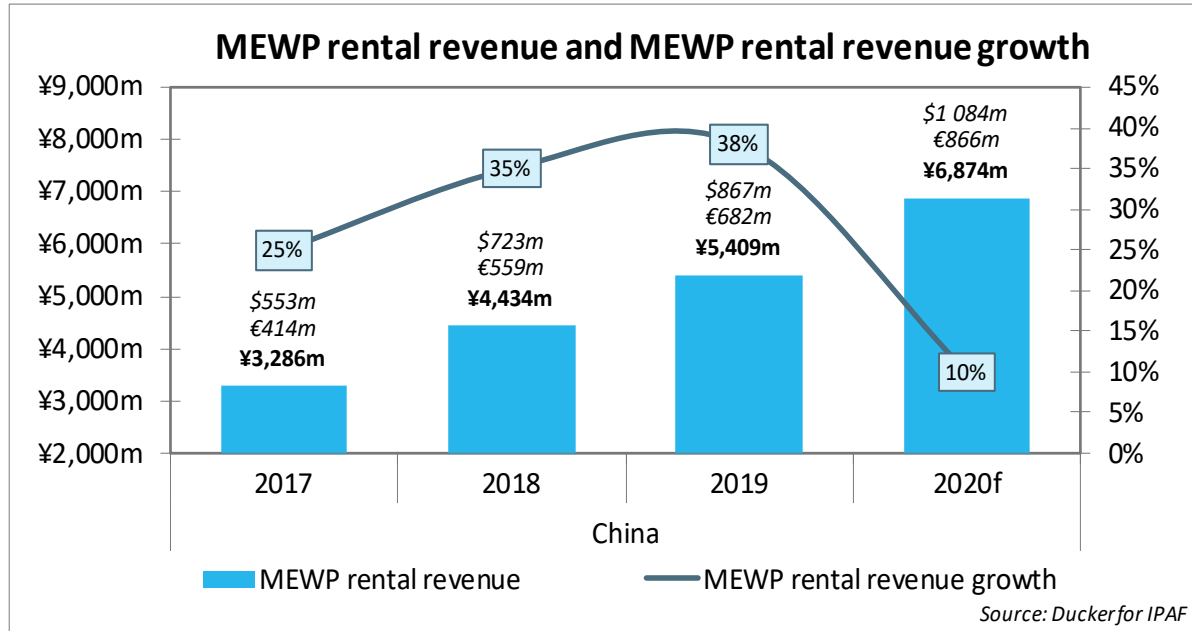


- The Chinese MEWP rental market is still developing, currently undergoing a strong expansion phase regarding both MEWP rental revenue and fleet size.
- Covid-19 did have an impact on market development in 2020, and temporarily slowed what is otherwise extremely rapid growth.



CHINA – RENTAL MARKET VALUE AND GROWTH

China's MEWP rental market kept developing at a rapid pace in 2019. The long-term rapid expansion trend is still firmly on course despite the temporary disruption brought by the coronavirus pandemic.



Exchange rate ¥1 = €0,132

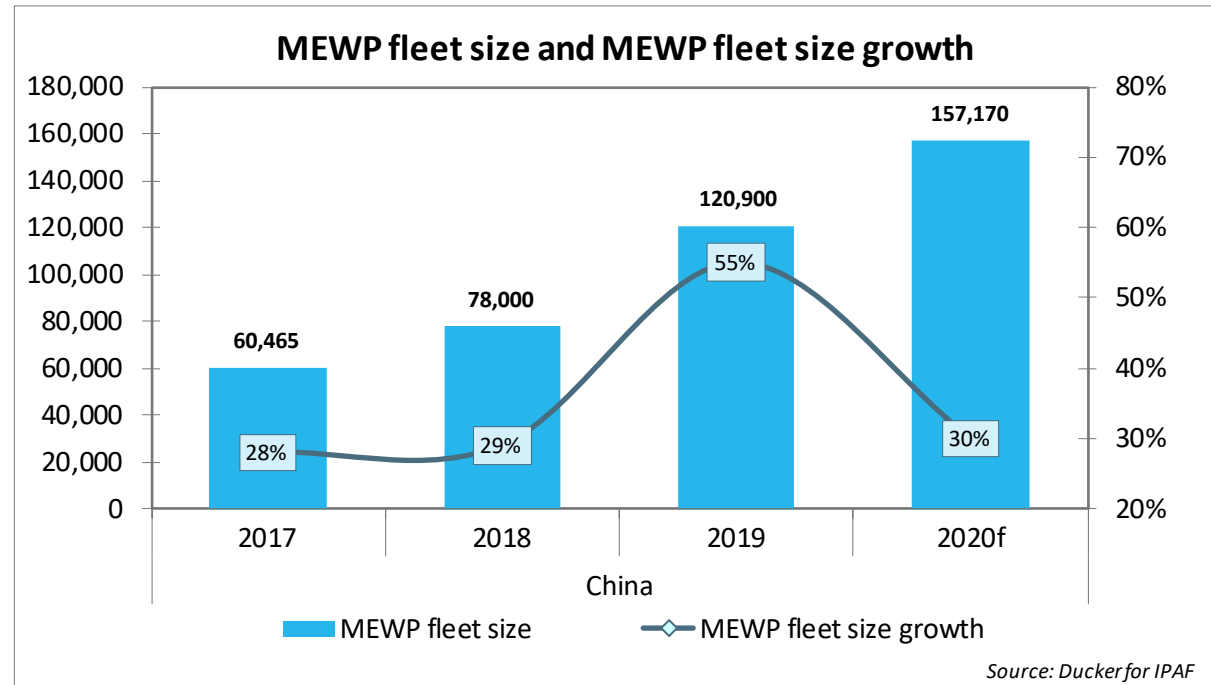
- In 2019, the Chinese MEWP rental market value was \$853 million, or €802 million.
- 2019 was a boom year for China's MEWP rental businesses, with the strongest growth in MEWP rental value reported over the past five years (around 38%).
- The market keeps expanding, new companies entering the market and all players are expanding their fleet in order to meet growing demand.
- While approximately 800 companies were reported in 2018, the total number of MEWP rental companies in 2019 reached almost 1,400.
- Covid-19 impacted the Chinese market, though to a different degree than in the US or Europe: Stimulus spending coupled with strong growth dynamics led to a slowdown in market expansion in 2020.

CHINA – MARKET SIZE IN UNITS



MEWP rental fleets expanded at dramatic pace in 2019, exceeding a total of 120,000 units. Though the growth rate was affected by Covid-19, the total MEWP rental fleet size is still expected to exceed 150,000 by the end of 2020.

- As forecast in last year's report, new players entering the market and existing rental companies continued to add units to China's total MEWP rental fleet.
- Companies such as Huatie entered the market in 2019 and directly added another 8,000 units to the Chinese MEWP rental fleet.
- In addition, existing major MEWP rental players added around 5,000 units to their fleet. Numbers now typically total 15,000 units.
- MEWP penetration also increased, as MEWPs took market share from scaffolding in construction and maintenance applications.
- Owing largely to the negative impact of Covid-19, MEWP rental companies are revising their fleet expansion plans, however the total fleet size is still expected to continue expanding steadily through 2020 and beyond.

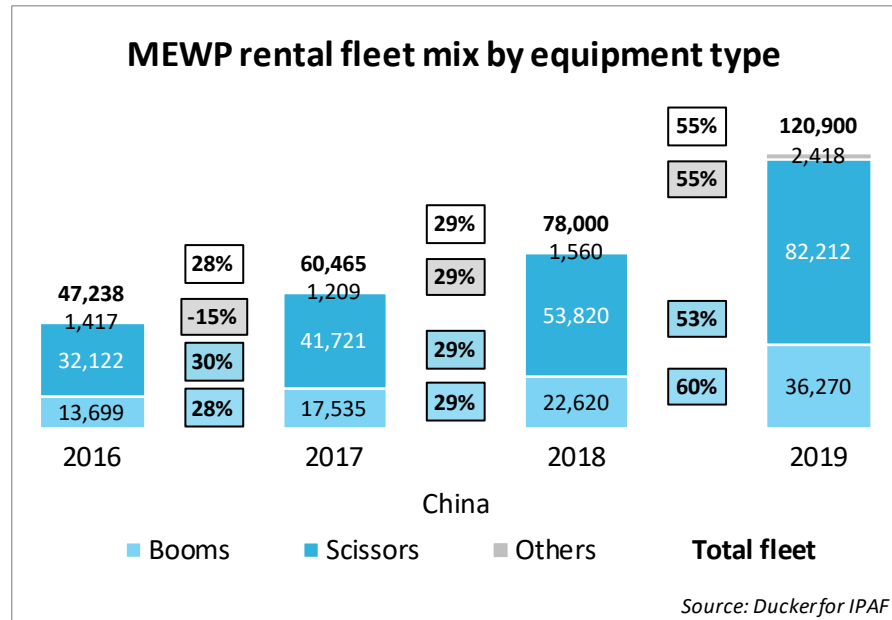


Included are all booms, scissor lifts and vertical masts. Low-level access equipment (<3m high), telescopic material handlers, forklifts, cranes and MCWPs are excluded.

CHINA – MARKET SIZE IN UNITS

The ratio of scissors to booms remains close to 70:30, but the boom category is expected to grow more quickly in coming years, leading to a more even balance. Chinese manufacturers increasingly feature in MEWP rental fleets.

- Self-propelled scissors and booms account for the majority of the Chinese MEWP rental fleet.
- Though scissors are predominant in typical Chinese rental fleets, the boom category could develop faster in the future under the influence of several factors such as:
 - A better affordability than previously: More accessible equipment manufactured locally. For instance, some Dingli models are reported to be ~RMB 50,000 to 80,000 cheaper than their equivalent foreign competition model for satisfactory quality.
 - Good revenue generated from the rental of booms.



Included are all booms, scissor lifts and vertical masts. Low-level access equipment (<3m high), telescopic material handlers, forklifts, cranes and MCWPs are excluded.

+X%

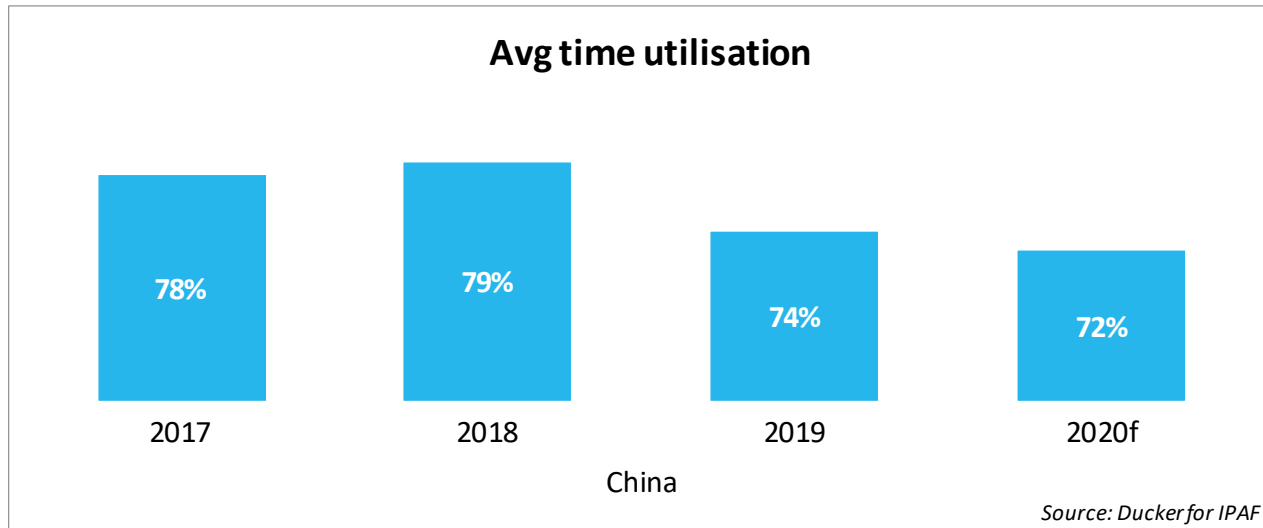
% unit growth, eg booms fleet increased by 78% from 2018 to 2019

Others include: Vertical lifts, vertical masts, push-around, trailer mounted/towable.

CHINA – UTILISATION RATES

Average utilisation rate in China was close to 74% in 2019, higher than most European or US firms. It is expected to fall under the medium-term impact of Covid-19. Rising competition, forcing companies to adjust their rental rates.

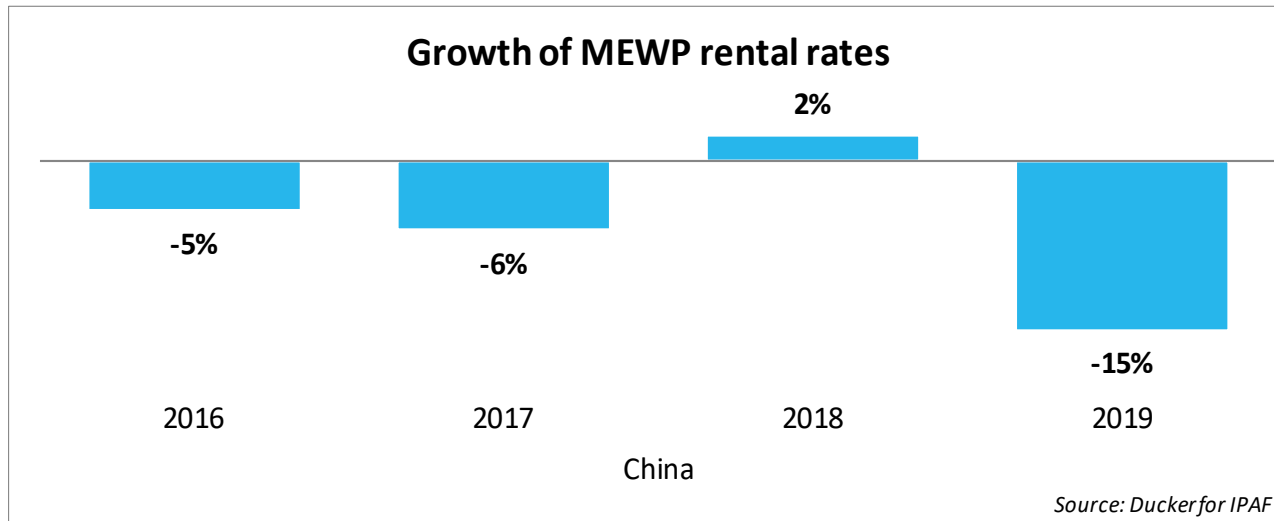
- Though demand for MEWP rental continues to rise, their utilisation rate is expected to stabilise or progressively decline in the coming years as more companies enter the market and the overall MEWP rental fleet keeps growing.
- Utilisation rate tends to differ depending on a MEWP rental company's size:
 - Major MEWP rental companies maintained an average utilisation rate above 75% in 2019, while smaller MEWP rental companies saw their utilisation rate fall below 70% under the influence of fierce competition and adjustments in rental rates.
- Covid-19 impacted utilisation rate significantly (<50% reported during Q1 2020) as some construction projects were put on hold.



Definition: Physical number of machines out on hire as % of total number in fleet at any given time.

Increasing competition between a growing number of MEWP rental companies is impacting the rental rates, which are expected to continue slowly decreasing as competition intensifies and the market matures.

- With the steady growth of the Chinese MEWP rental market and the constant arrival of new players (between 500 and 600 new MEWP rental companies were reported entering the market in 2019), leading MEWP rental companies try to ensure they remain competitive by reducing their rental rates.
- Leading companies in the market reportedly significantly reduced rental rates during the second half of 2019 (-15%) in order to gain or grow market share and force other market players to do so as well to maintain their own competitive edge.
- As competition keeps on intensifying in coming years, MEWP rental rates are expected to continue falling in China.



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2020 – CHINA**

A PERSPECTIVE FROM THE MANAGING EDITOR OF *INTERNATIONAL RENTAL NEWS*, MURRAY POLLOK



- At the time of writing in mid-October it was reported that China’s economy was rebounding quickly and could even see overall growth of 2% for the year 2020. By Chinese standards that is low, but in the context of Covid-19 is remarkable.
- That rapid recovery, which is partly explained by China’s very early experience of the pandemic, is reflected also in the construction equipment sector, where government stimulus efforts are forecast to increase sales of machines this year by 14%, according to Off-Highway Research. The contrast with the rest of the world could not be greater, with a 27% reduction forecast by the same consultant, taking sales to the lowest level since 2010.
- The access industry has its own dynamic, of course. As we know, China’s access market has taken off in the past seven or eight years. Its rental fleet is now in the 110,000 to 150,000 units level, which makes it one of the largest access rental markets in the world.
- There are forecasts that the fleet will exceed half a million units within five years – which will make it a market approaching the size of all of Europe or North America. It took these markets 40 years to reach that scale – China could do it in ten or 15.
- That has led to growing pains, with reports of rental prices under pressure and lower sales levels this year. Our understanding is that a lot of Chinese rental companies – with the exception of a few major players with deeper financial pockets – are being much more cautious on fleet investment now.
- Even so, the fact that China represents an enormous potential market, and the explosion of rental, has given Chinese OEMs a boost. It would also suggest that it will give these manufacturers a relative advantage over those who are more reliant on faltering major western markets.

A PERSPECTIVE FROM THE MANAGING EDITOR OF *INTERNATIONAL RENTAL NEWS*



- I think the message would be that Chinese manufacturers – who are already making strategic investments in European and US manufacturers – are likely to play a bigger role internationally going forward.
- Within China, the access market is on course to continue to expand, even if this year will see a blip on the upward curve. Why? Because there are many sectors for access equipment to penetrate beyond construction; because rental companies are opening new depots and promoting access to new customers; and because the country remains an immature access market in comparison to Europe or North America.
- There is also the marketing role of some of China’s largest OEMs, companies like XCMG, Zoomlion and Liugong, whose investment in aerial platform production and sales will help further promote the concept of powered access in China.
- China remains an exceptional case in the access industry, to the extent that even a global pandemic cannot stop it in its tracks.

COUNTRY REPORT – FRANCE

IPAF Powered Access Rental Market Report 2020 – Europe

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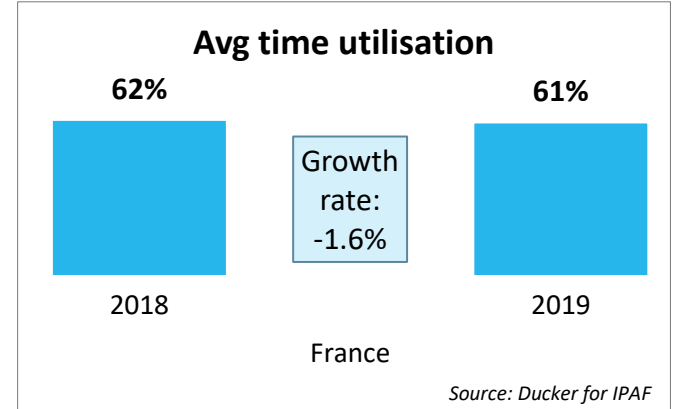
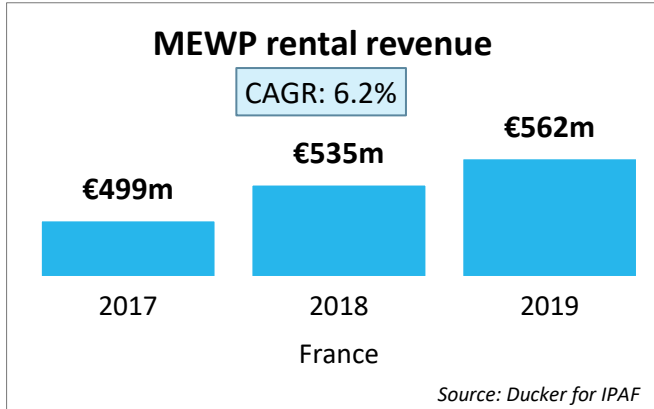
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FRANCE – KEY FINDINGS 2019

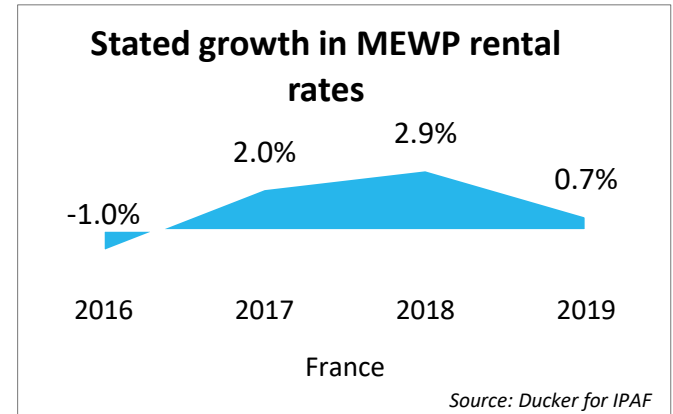
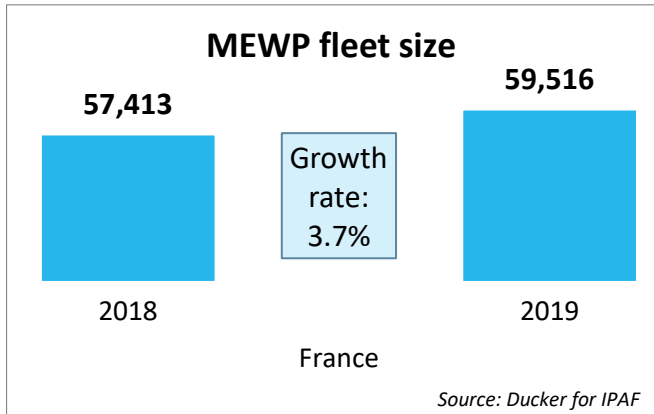


Rental revenue in France grew by 5% in 2019. Rental rates remained stable and the average fleet size grew by 3.7%. Average utilisation rate fell slightly by around 1%, powered largely by fleet expansion.

CAGR: Compound annual growth rate



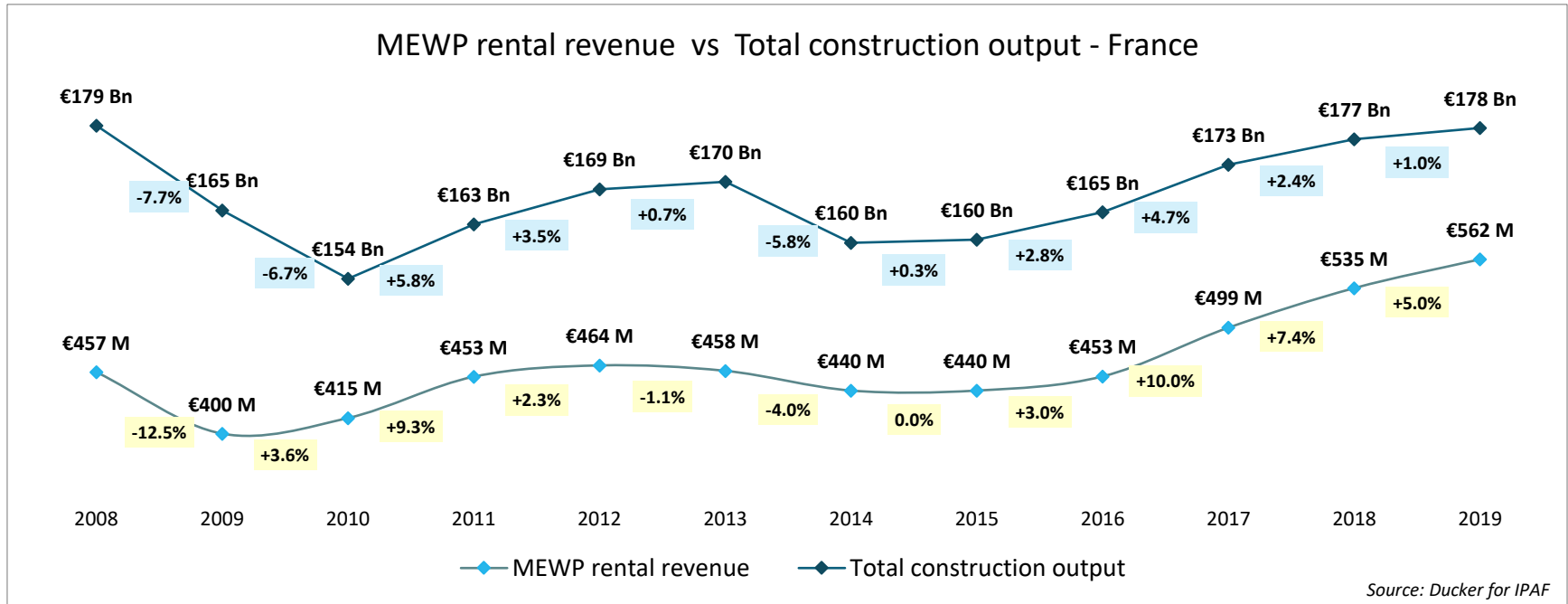
- Compound annual growth of rental revenue was 6.2%, having risen steadily from just under €500m in 2017 to €562 in 2019.
- Utilisation fell slightly to around 61%, driven largely by yearly fleet size growth of 3.7%. Rental rates rose by less than 1%.



FRANCE – MEWP RENTAL REVENUE AND CONSTRUCTION



As in most countries, the health of the overall MEWP market in France is linked to construction output. In 2019, construction output increased by 1%. MEWP rental market revenue outstripped this fivefold.

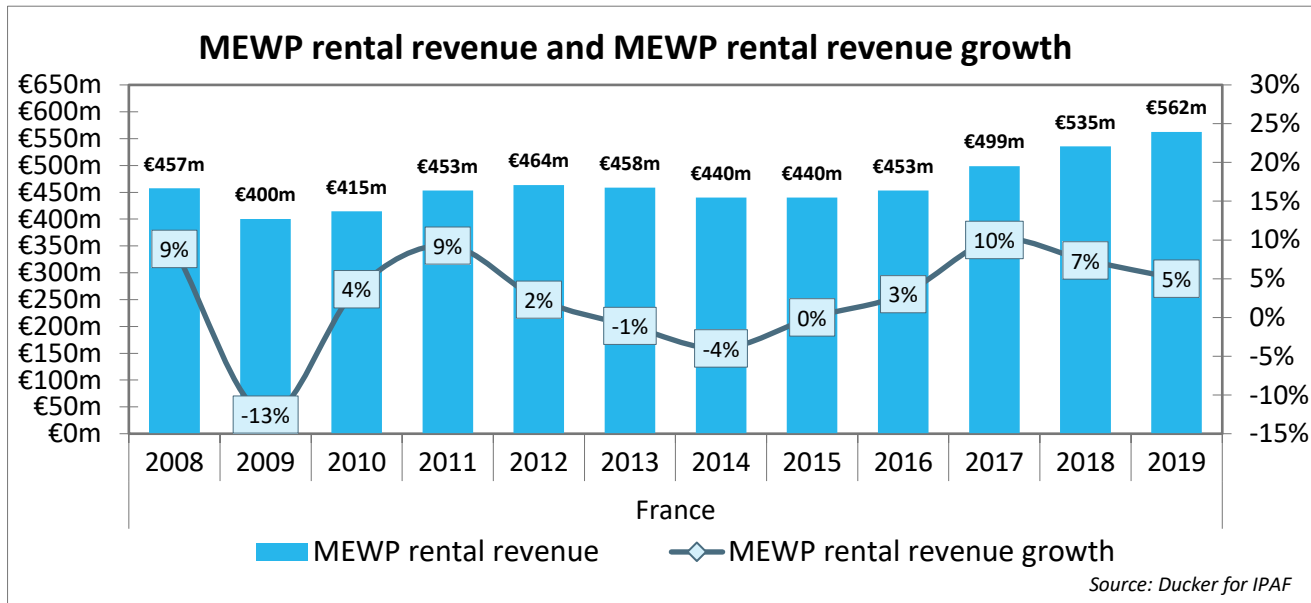


- When MEWP rental revenue outstrips construction output by a significant amount, as is the case in France (5% growth in MEWP rental revenue vs 1% growth in construction), it can be a sign that the MEWPs are seeing increasing application in construction and/or that MEWP rental is diversified, and therefore benefitting from economic uplift not just in traditional applications such as construction but also in other sectors such as agriculture, tree-care, manufacturing, events or logistics.

FRANCE – RENTAL MARKET VALUE AND GROWTH

In 2020, the coronavirus lockdown put a stop to all but essential construction output for three months, while non-construction activity also suffered. Rental revenue is expected to fall by up to 12% across the year.

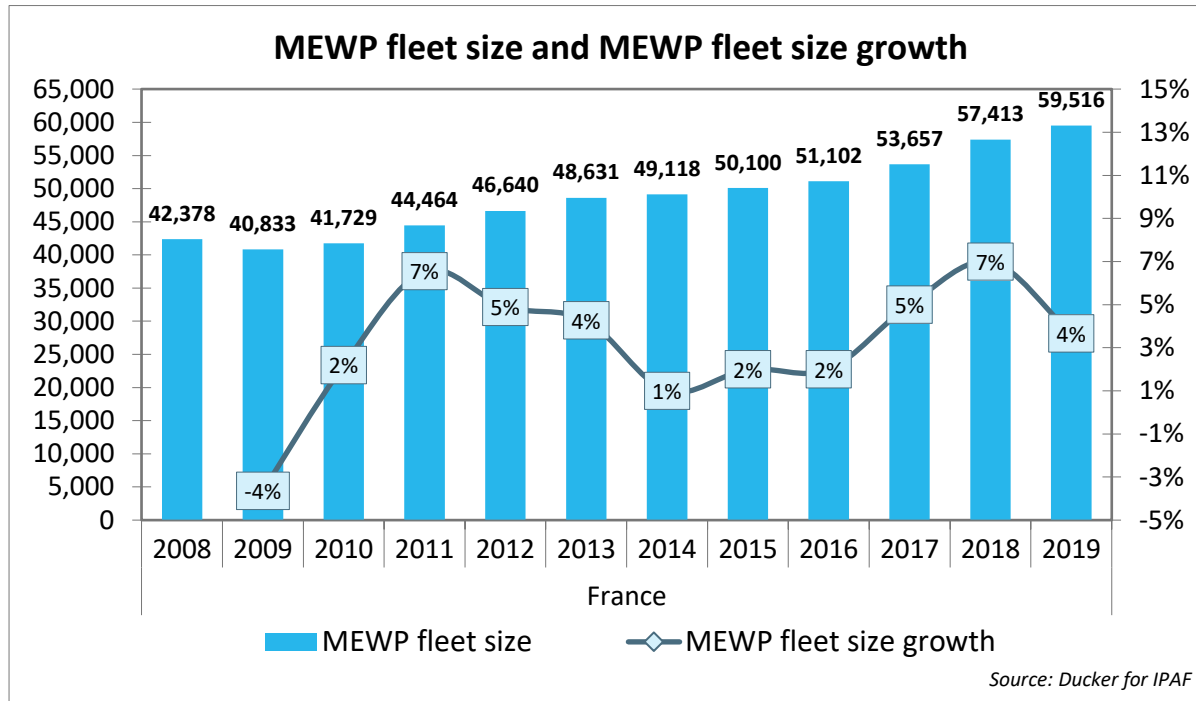
- In 2020, the coronavirus lockdown put a freeze on construction for three months and led to major falls in overall economic output. Though the outlook for 2021 is more positive, it is unclear when a return to 2019 levels are likely to be achieved.



FRANCE – MARKET SIZE IN UNITS

Rental companies continued fleet expansion in 2019, powering overall growth of around 4% (slowing slightly from previous years). This continued in the early months of 2020, stopping abruptly owing to the pandemic.

- While orders were abruptly halted in February and March, overall the total French MEWP rental fleet size remains stable, with no sudden or significant moves to reduce fleet size after several years of sustained growth.
- Fleet size is expected to remain stable in 2021. Rental companies might drastically reduce investment and put on hold plans to expand fleet size until such time as activity returns to or exceeds pre-pandemic levels before resuming investment in new machines.
- It is possible that social distancing requirements, construction catch-up and risks associated with operating the same machine across multiple work shifts might counterbalance drop off in demand over the short to medium term.



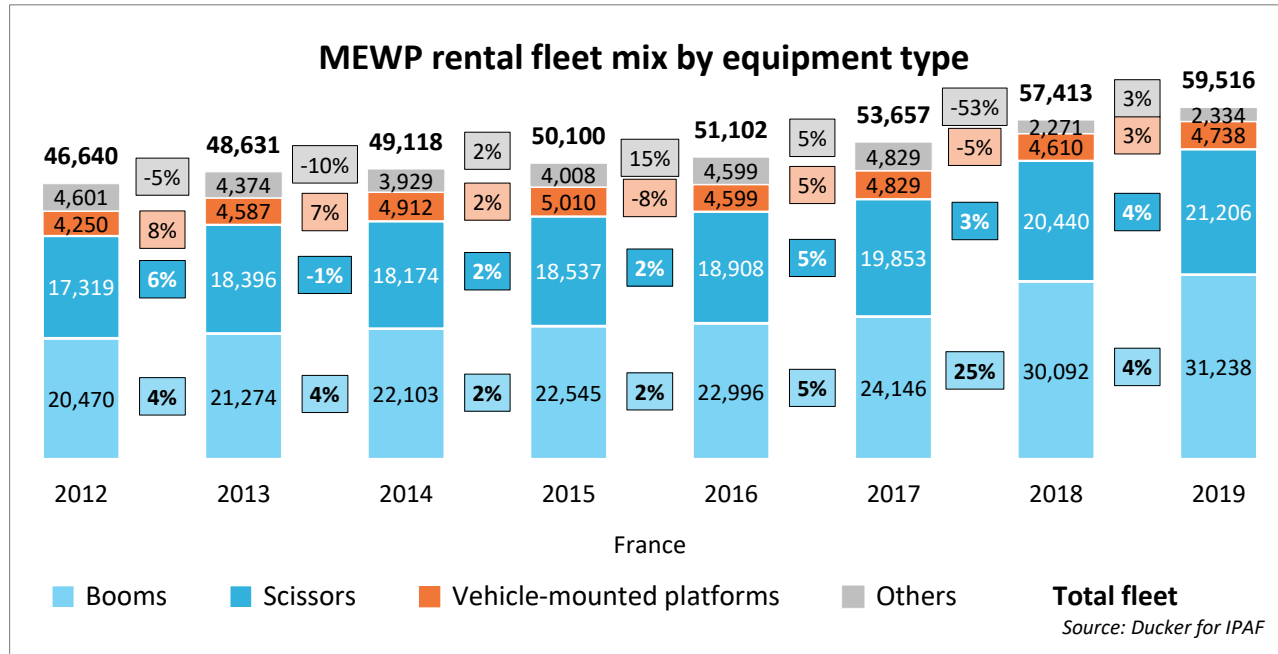
Included are all booms, scissor lifts and vertical masts. Low-level access equipment (<3m high), telescopic material handlers, forklifts, cranes and MCWPs are excluded.

FRANCE – MARKET SIZE IN UNITS



Throughout 2019, fleets expanded across the board, with a fairly equal expansion in each category of machine type. With fleet size expected to remain the same throughout 2020 into 2021, overall fleet mix is not expected to change.

- The pandemic is unlikely to have a direct impact on fleet mix. If there is a sustained drop in construction output, coupled with a diversification of MEWP rental into other sectors, such as manufacturing and logistics, which are typically indoors, the balance between booms and scissors might start to shift to reflect this.



Included are all booms, scissor lifts and vertical masts. Low-level access equipment (<3m high), telescopic material handlers, forklifts, cranes and MCWPs are excluded.

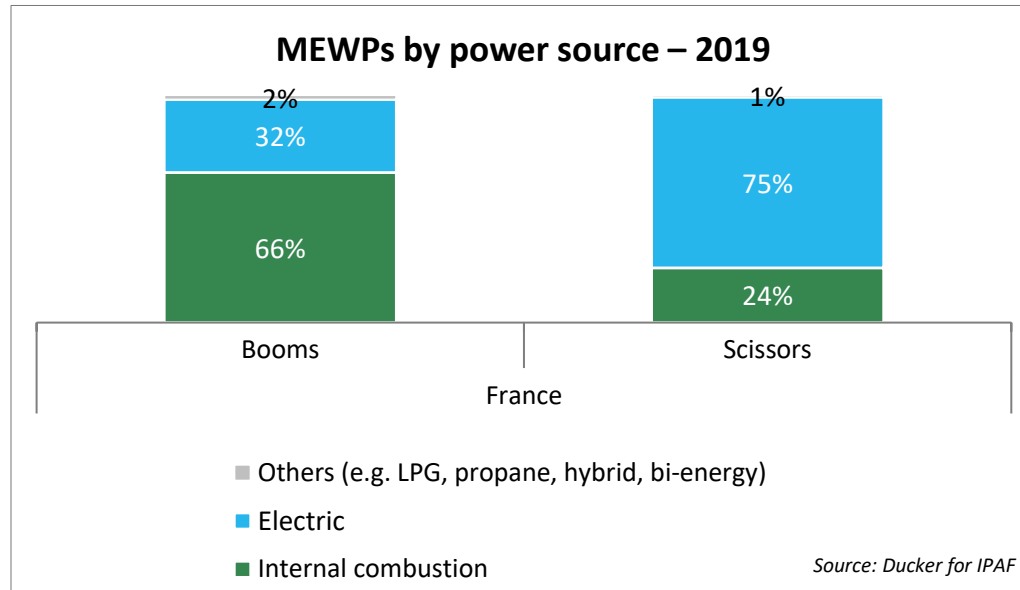
+4%

% unit growth, eg booms increased by 4% from 2018 to 2019

“Others” include vertical lifts, vertical masts, push-around, trailer mounted/towable

The trend towards electrification continued in 2019, at a steady rather than rapid pace, indicating that machines are being replaced organically as part of the natural fleet replenishment process.

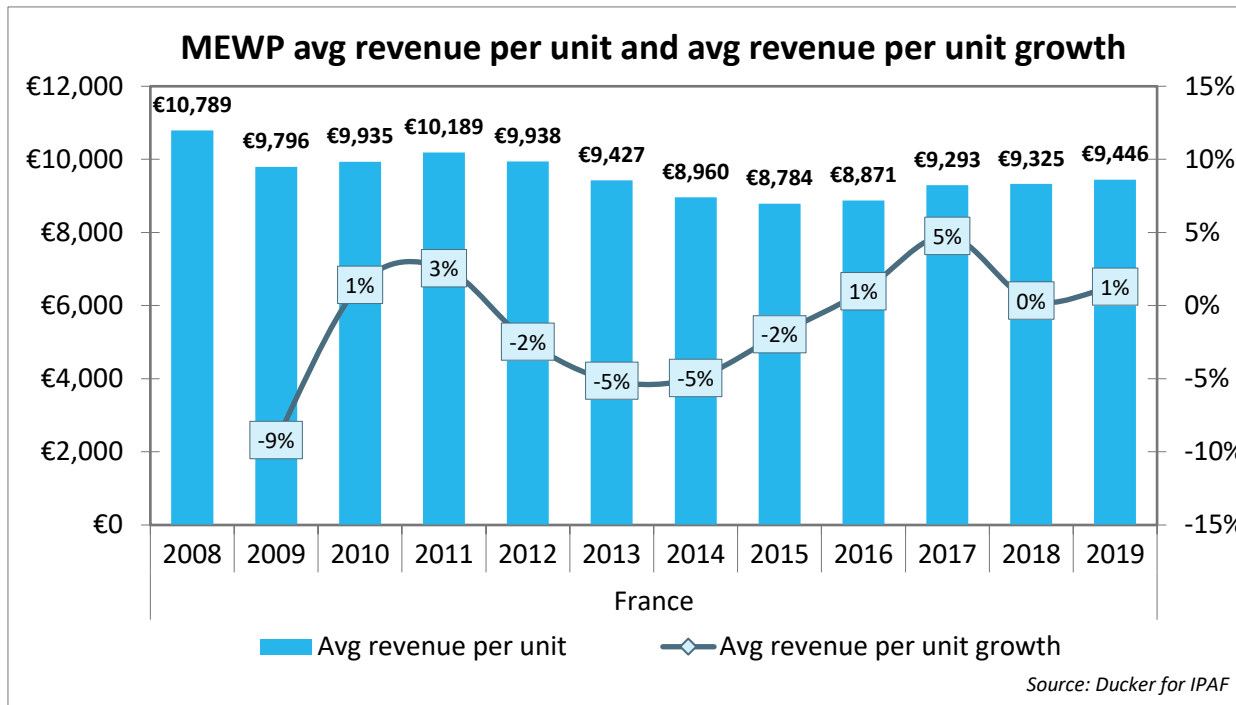
- The number of diesel-powered scissor lifts remains high among the French MEWP rental fleet compared to other countries, indicating that scissors are more prevalent in outdoor applications than in countries where booms are typically preferred.
- The shift to fully electric machines seems to have been put on hold, perhaps because fleet renewal as a whole has been paused.
- Hybrid machines are still proving popular among rental companies, because they offer flexibility, high utilisation and can straddle changes in demand from the end user.



FRANCE – REVENUE PER UNIT

Across 2019, revenue growth was greater than fleet size growth, which means average revenue per unit also grew year-on-year. This is symptomatic of companies preferring to invest cautiously in line with demand.

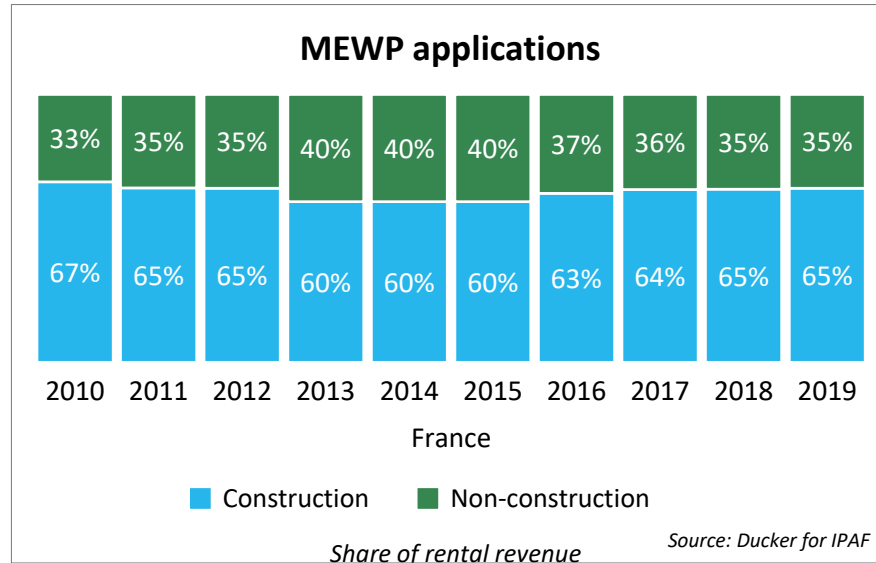
- As fleet sizes have not been reduced, across 2020 it is likely that average revenue per unit will drop, owing in large part to falls in overall revenue owing to the lockdown and subsequent reduced economic output.



Included are all booms, scissor lifts and vertical masts. Low-level access equipment (<3m high), telescopic material handlers, forklifts, cranes and MCWPs are excluded.

Across 2019 both construction and non-construction sectors helped drive revenue growth, though the relative balance between the two did not shift. This means end-use of MEWPs has increased across sectors equally.

- In 2020 and beyond if there is a sustained downturn in construction output, it may be the balance of two-thirds construction use to one-third non-construction will shift significantly.
- In 2020 it is likely logistics, processing, utilities, agriculture and essential maintenance may have maintained pre-pandemic levels of activity or even grown, while construction and manufacturing might have fallen. It remains to be seen whether construction and non-construction sectors will be hit roughly equally by the pandemic, and what the recovery might look like.

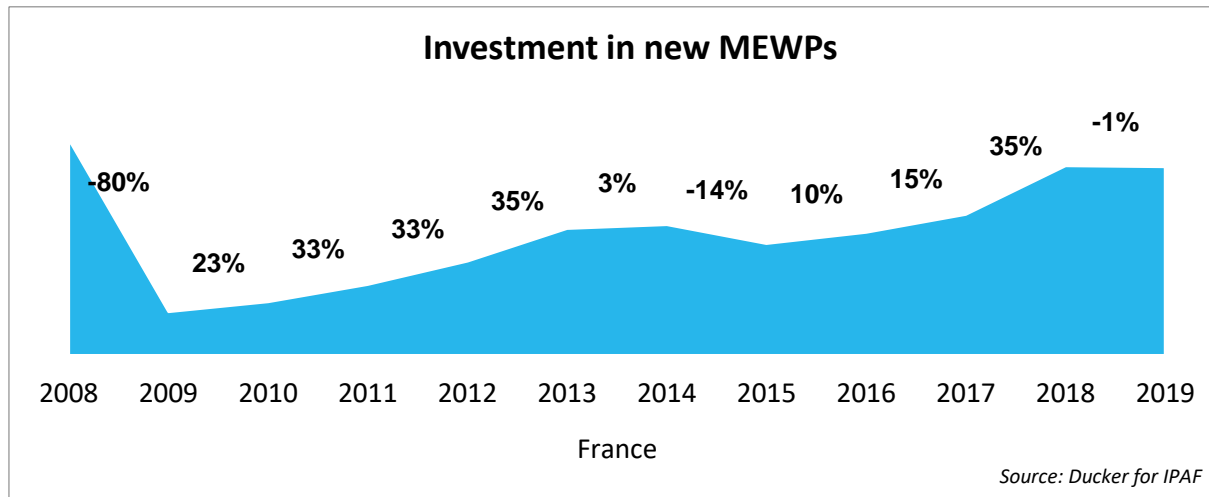


Non-construction includes industry, maintenance, cleaning, utilities, events.

Construction includes new-build and renovation across residential, commercial, retail and industrial.

Investment fell slightly in 2019 on the previous year, but remained high compared to the years to 2015, since when investment has risen steadily. In 2020 investment was halted at least until activity returns to pre-pandemic levels.

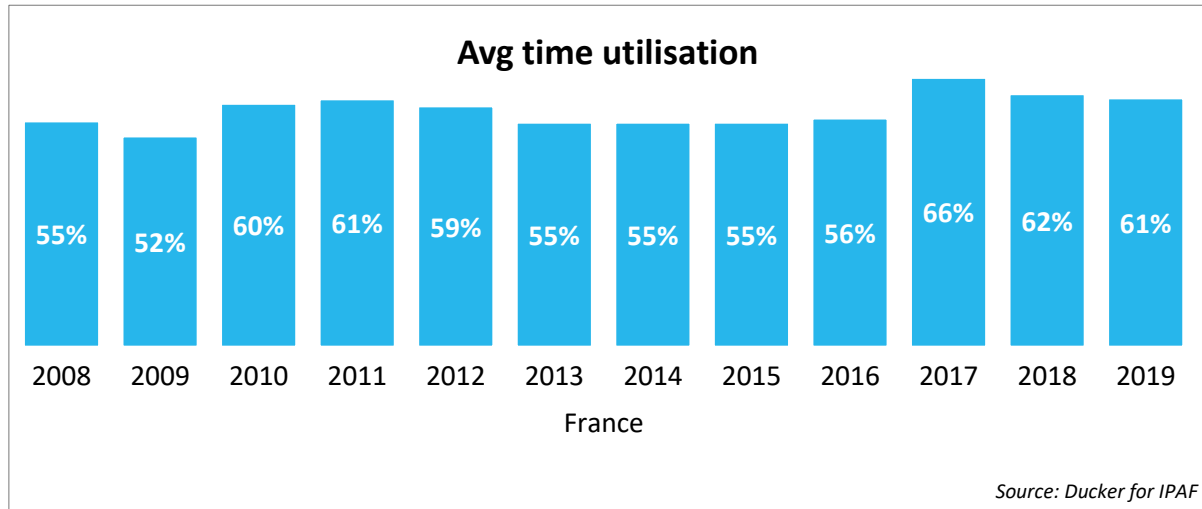
- Overall, investment is expected to fall by at least 50% in 2020, and decreases may even exceed this.
- Most companies have restricted investment strictly to essential fleet renewal.
- Companies will continue with this strategy to maintain readiness to invest heavily if the market recovers well in 2022 and beyond.



FRANCE – UTILISATION RATES

Due to the fleet expansion, average utilisation rate fell slightly by 1% in 2019. In 2020 there was, unsurprisingly, a significant drop in utilisation, as France went into lockdown and whole sections of the economy ground to a halt.

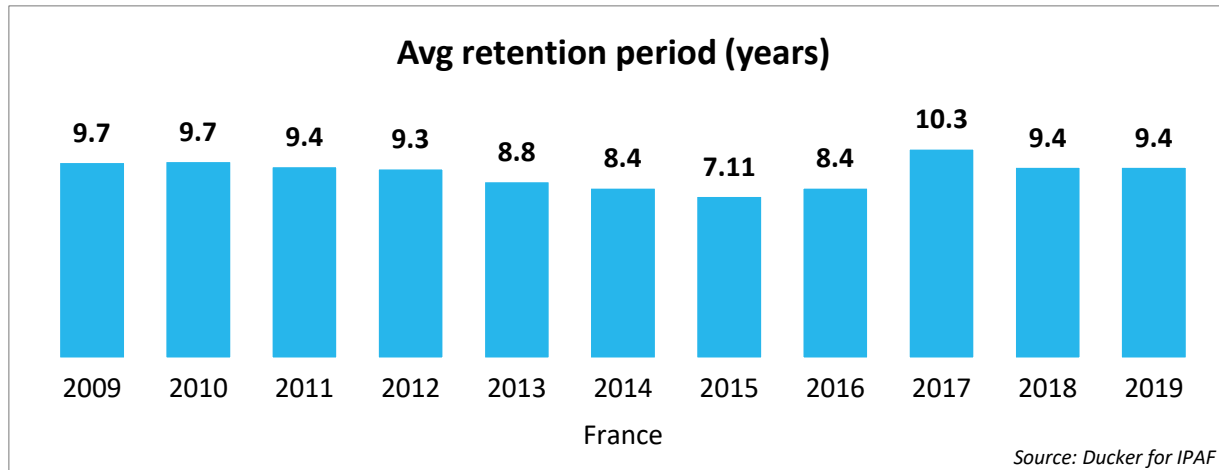
- Unlike in some other countries, French MEWP rental companies did not try to reduce the size of their fleet.
- Since the easing of France's lockdown, utilisation rates have remained well below 2019 levels.
- Over the year as a whole, average utilisation rate is expected to be below 50%, widely considered to be a baseline for profitability.
- Optimism abounds that utilisation will recover, though some fear this will not recover to 2019 levels until 2022 at the earliest.



Definition: Physical number of machines out on hire as % of total number in fleet at any given time.

The average period for which MEWP rental companies retain a MEWP did not change in 2018 or 2019. It may be that, depending on the impact of the coronavirus pandemic, firms opt to hold off on replacing machines for slightly longer.

- Some rental companies look to sell their machines before end of life to avoid higher maintenance costs for older equipment.
- On the other hand, demand for used equipment is falling; there is virtually no market for second-hand equipment in most European countries under study.
- Electric scissors and higher outreach booms are typically retained the longest, owing to their versatility and cost of replacing them.



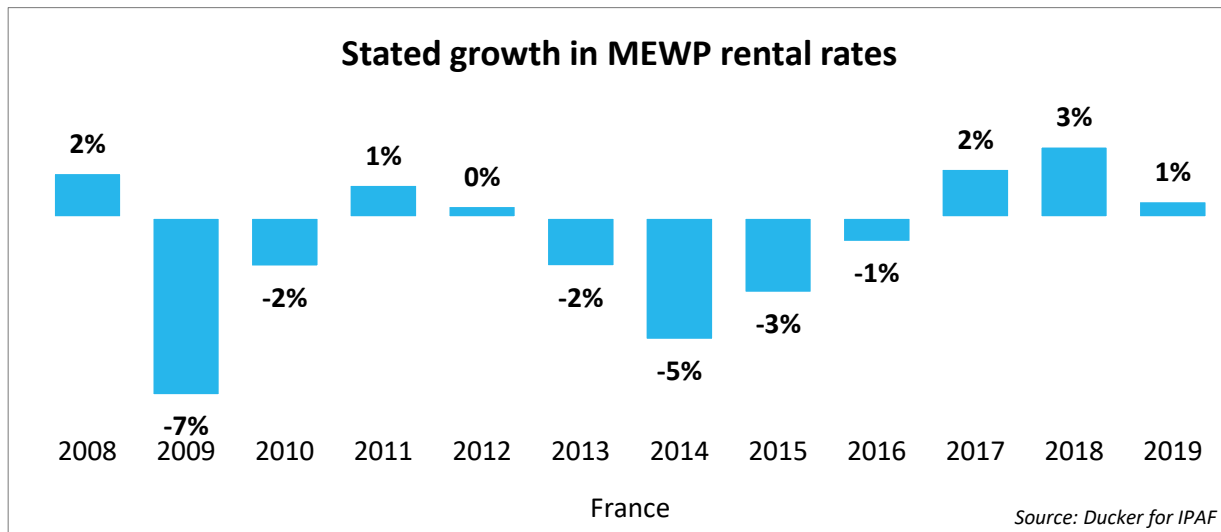
9.4 = 9 years and 4.8 months

Definition: Period of time that a machine is kept in fleet = selling age if acquired new

FRANCE – RENTAL RATES

In 2019 rental rates stabilised, rising just 1% on 2018, following two years of growth at 2-3%. Fleet size has been stable, increasing in line with demand. Rental companies will try to at least maintain rental rates in 2020.

- There is still a great deal of uncertainty looking to 2021 and beyond, but companies hope they will be able to maintain rental rates stable level as far as possible as they maintain fleet size and markets recover to 2019 levels post-pandemic.



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FROM THE
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***IPAF POWERED ACCESS
RENTAL MARKET REPORT
2020 – FRANCE***

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- It's too early to say how the pandemic will impact the French rental market over the longer term, but at the time of writing it seemed clear that the mass construction stoppage seen at the height of the pandemic in March 2020 would not be repeated during the second lockdown in late autumn.
- That will have come as an enormous relief to the beleaguered rental sector, which suffered greatly during March, April and May. One survey reported that as many as half of rental businesses in France closed depots and 4% were said to be considering permanent closures.
- In regard to France's two largest rental companies, the impact was dramatic: Loxam kept open just 10% of its network at the peak of lockdown, and Kiloutou began a progressive reopening of its locations in early April following a total closure in March.
- One key figure tells the story: Loxam's generalist business in France saw a 33% decline in the second quarter of the year, and there was an almost identical fall at its specialist businesses in the country.
- It is clear from the European Rental Association (ERA) estimates that France was one of the worst hit countries. ERA was estimating the reduction in rental revenues in 2020 to be around 14% – one of the highest declines in Europe – with a forecast positive 8% rebound in 2021 not enough to get close even to 2019 levels of activity.
- France is one of the more mature rental industries in Europe, and the pandemic came at a time when its two market leaders were reinforcing their positions. In the case of Loxam, it was busy integrating Ramirent, while Kiloutou had continued with its selective acquisitions in markets such as Germany and Italy.
- The Ramirent deal, however, propels Loxam into a different sphere, with annual revenues exceeding €2 billion. You could argue that Europe now has its first, genuine, pan-European generalist rental company.

A PERSPECTIVE FROM THE MANAGING EDITOR OF *INTERNATIONAL RENTAL NEWS*, MURRAY POLLOK



- Of course, viewing everything through the prism of the pandemic, while understandable in the current context, does not tell the full story of a market. France remains home to a number of large rental companies, including Groupe Salti, a generalist company, and Acces Industrie, the access and telehandler specialist – both with annual revenues in the €100 million region.
- And both are growing. The arrival of new private-equity owners at Acces Industrie in February 2020 suggests a faster rate of expansion than in the past. Paris-based Equistone Partners now has a majority shareholding in the business and it said the goal was to accelerate the growth of the business organically and through acquisitions, alongside the existing management team led by Eric Lacombe and Pascal Meynard.
- Meanwhile, before the pandemic Riwal had been expanding its operation in France by opening a third location to serve the Paris-Île de France area. It now has 11 locations throughout the country.
- Looking at the longer term, it is likely that Covid-19 will do more than have a temporary hit on revenues for rental companies. Businesses in France have been pushed towards different operating models, with more of an emphasis on remote ordering of rentals and customer collections of equipment at dedicated pick-up zones.
- That will not always suit the access sector, but it is an example of a new method of working that may well outlive the pandemic. For rental companies, what really matters now is that customers return, whether in person or “remotely”.

APPENDIX

IPAF POWERED ACCESS RENTAL MARKET REPORT 2020 – FRANCE

FRANCE – CONSTRUCTION STATISTICS

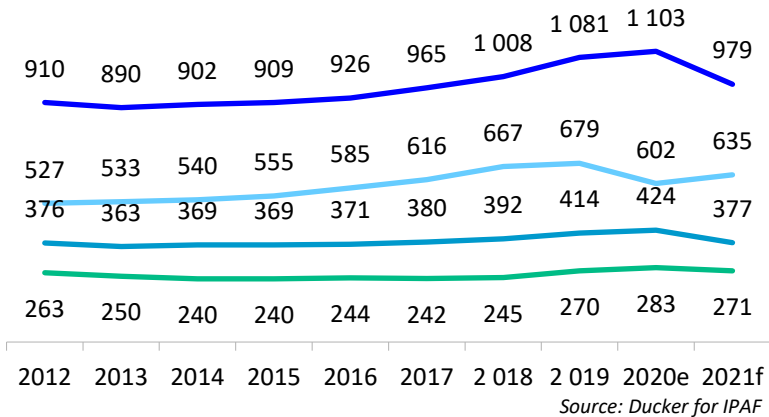
Best estimates have France's GDP around 1.5% down on 2019 figures owing to the effect of the coronavirus pandemic. Construction output is expected to fall by more than 3% over the same period.

CAGR 19-21 = -3.69%

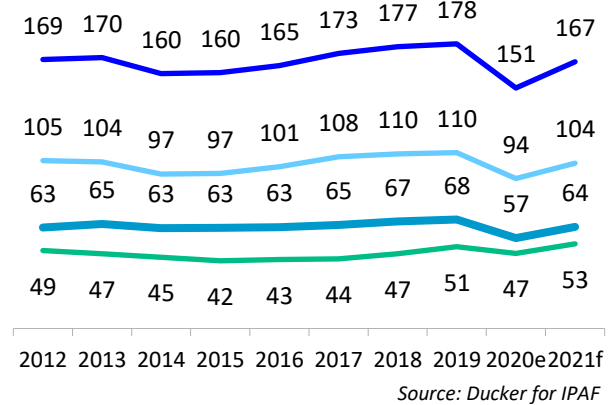
CAGR: Compound annual growth rate

CAGR 19-21 = -3.21%

Europe – Construction data

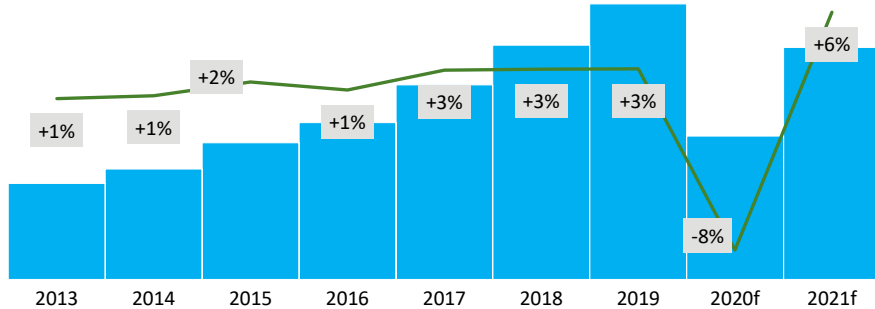


France



France

CAGR 19-21 = -1.36%



- Residential construction
- Non-residential construction
- Total construction
- Civil engineering / Major infrastructure

France GDP per Capita YoY % evolution Source: IMF – October 2020.

Construction pipeline (billions euros) based on Euroconstruct August 2020 figures.

COUNTRY REPORT – GERMANY

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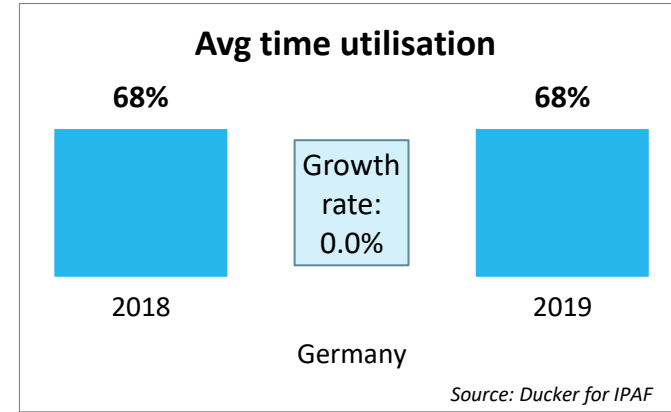
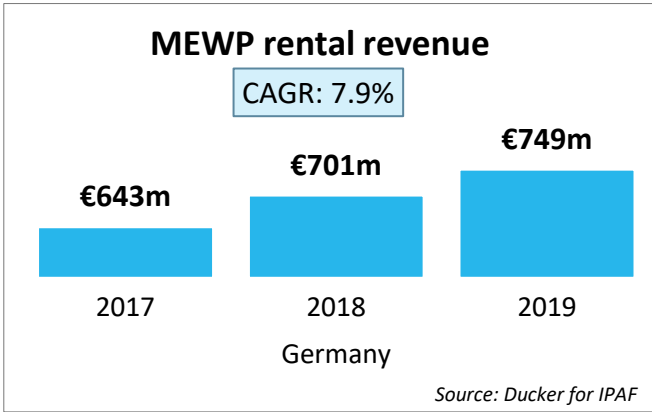


**THE EUROPEAN
ASSOCIATION
AWARDS 2018**

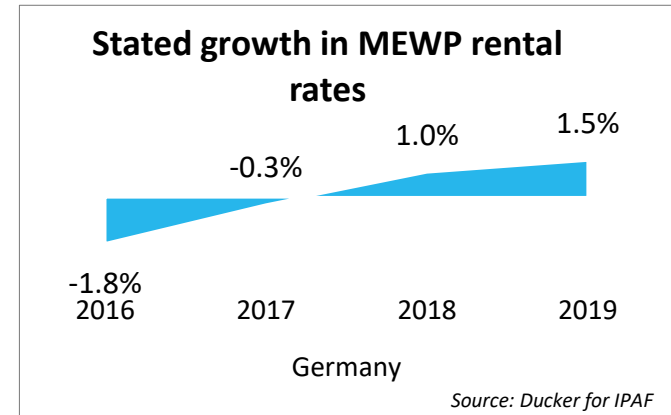
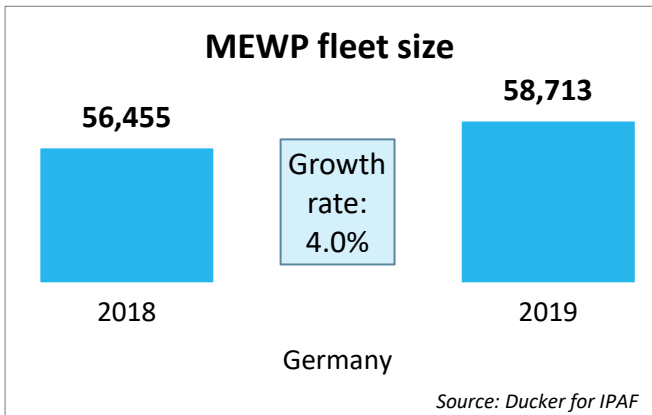
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MEWP rental revenue grew by 6.8% in 2019. Rental companies expanded their MEWP fleet size by 4% and raised rental rates by 1.5%. Germany continued to benefit from overall favourable economic conditions.



CAGR: Compound annual growth rate

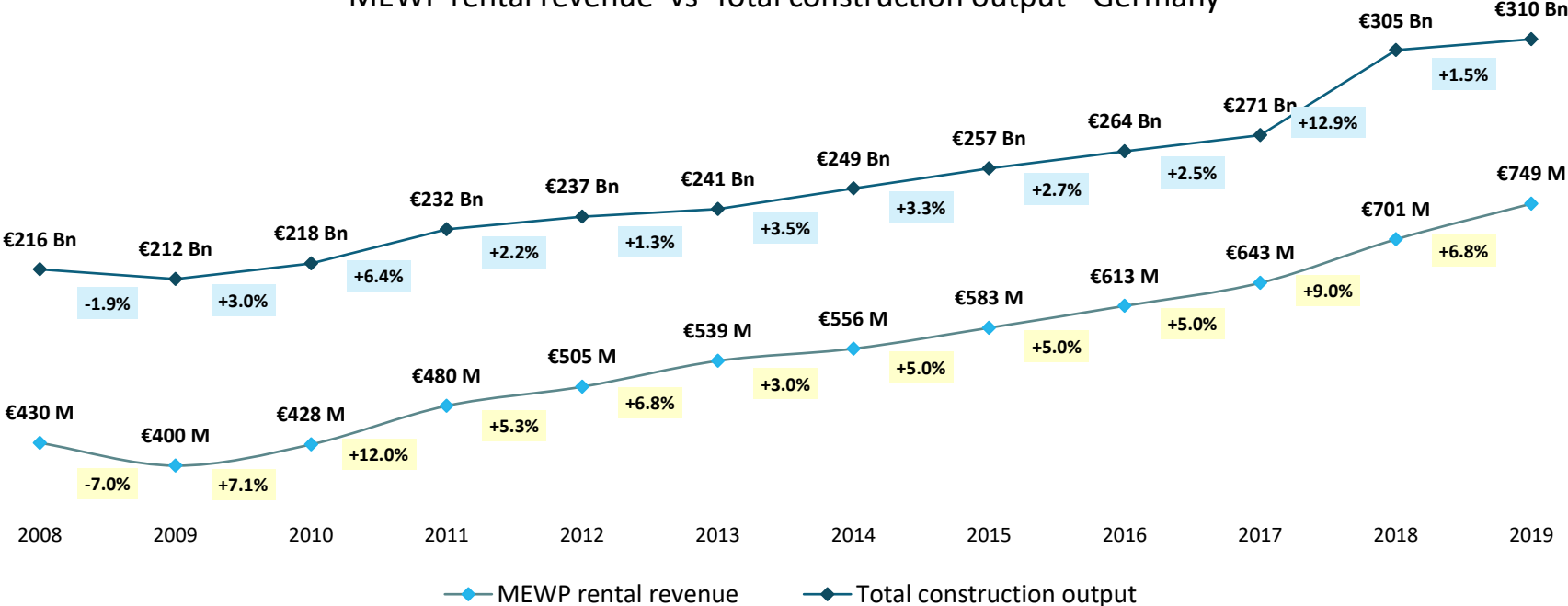


GERMANY – MEWP RENTAL REVENUE AND CONSTRUCTION



The overall German MEWP market is linked to construction output, though as in other countries outstripped growth in the sector in 2019. Construction output increased by 1.5% and MEWP market revenue grew by nearly 7% last year.

MEWP rental revenue vs Total construction output - Germany

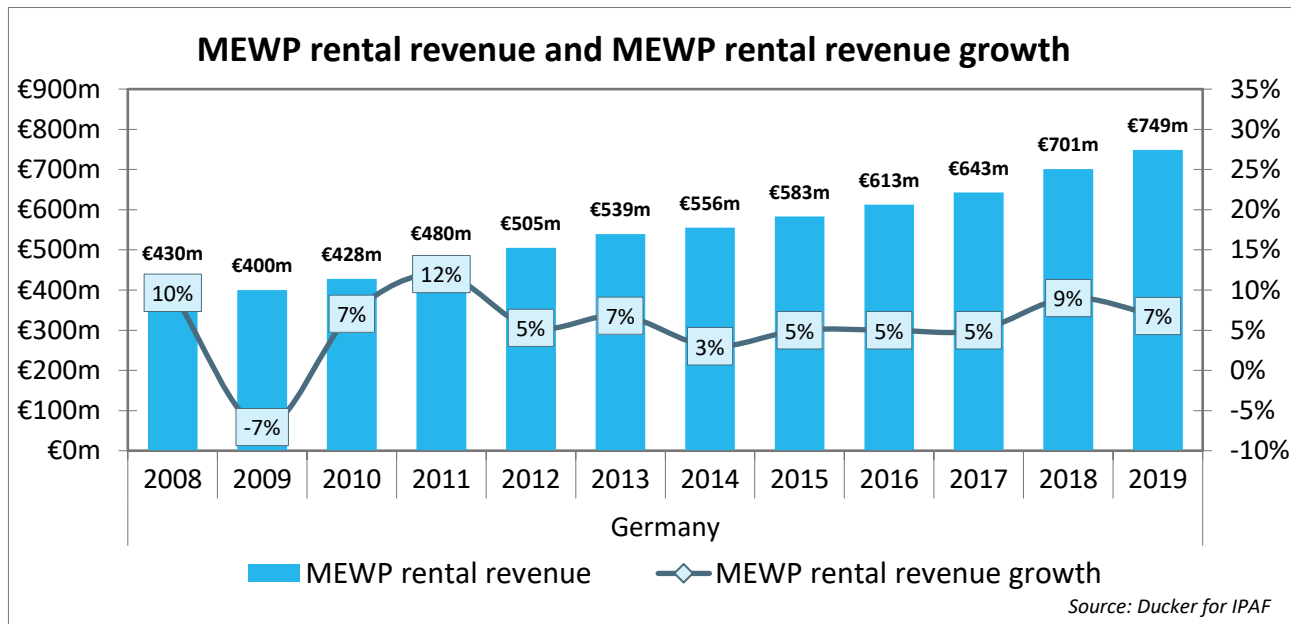


Source: Ducker for IPAF

GERMANY – RENTAL MARKET VALUE AND GROWTH

In 2019 the German market reported growth of almost 7%, with rental companies showing signs of optimism, but in 2020 the market shrank during lockdown, and has recovered very slowly during second part of year.

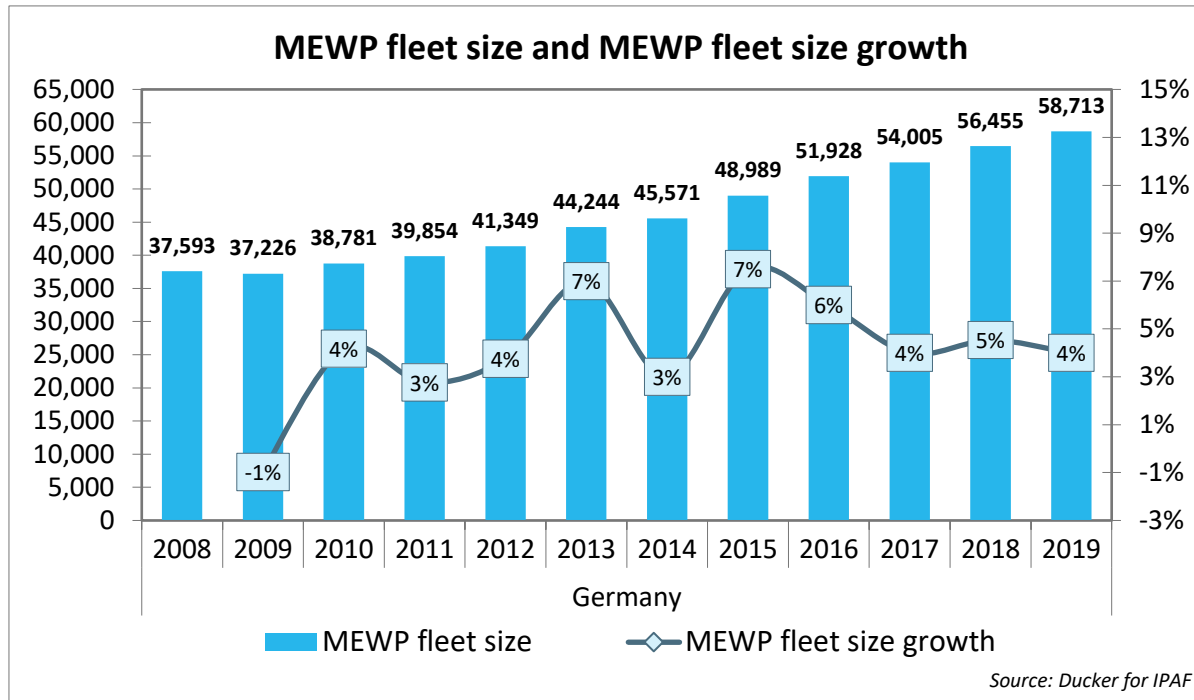
- Overall rental revenue growth is expected to fall by 5%. A relatively quick return to activity after lockdown in Germany has allowed to reduce the impact of the crisis in both construction and non-construction end sectors.
- Germany is one of the ten European countries under study where the impact of Covid-19 pandemic is expected to be moderate rather than hugely negative, though the severity of the Europe-wide second wave of the disease could still change all that.
- There is optimism about 2021, as rental companies consider they might well reach 2019 revenues again by the end of 2021.



GERMANY – MARKET SIZE IN UNITS

In 2019 there was clear evidence of growing fleet size, with a total expansion of 4%. In 2020 German MEWP rental companies took some time to react to the Covid-19 situation and did not immediately begin to reduce fleet size.

- A slight overall reduction in fleet size is expected for 2020, as some rental companies have decided not to keep idle machines in the depot and have moved them on.
- 2021: Companies are expected to continue to tailor their fleet to maintain utilisation rate and avoid a fall in rental rates.



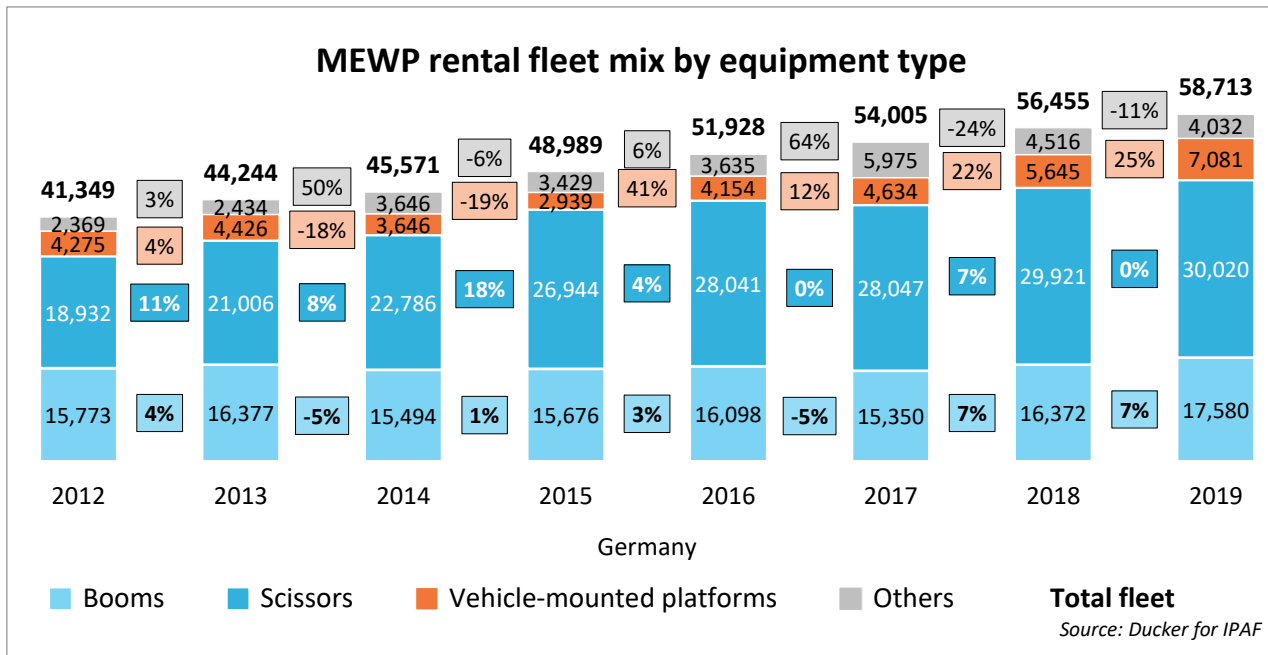
Included are all booms, scissor lifts and vertical masts. Low-level access equipment (<3m high), telescopic material handlers, forklifts, cranes and MCWPs are excluded.

GERMANY – MARKET SIZE IN UNITS



Truck-mounted MEWPs experienced the most significant growth in 2019, while the German scissor fleet remained largely unchanged. Demand for truck-mounted machines seemed to hold up well despite the Covid-19 pandemic.

- Demand for rented truck-mount machines has been maintained in 2020 owing in large part to their application in telecoms, municipal and infrastructure inspection and maintenance, which largely continued as before despite the Covid-19 pandemic.
- Covid-19 is not expected to have any significant impact on the German MEWP rental fleet mix.



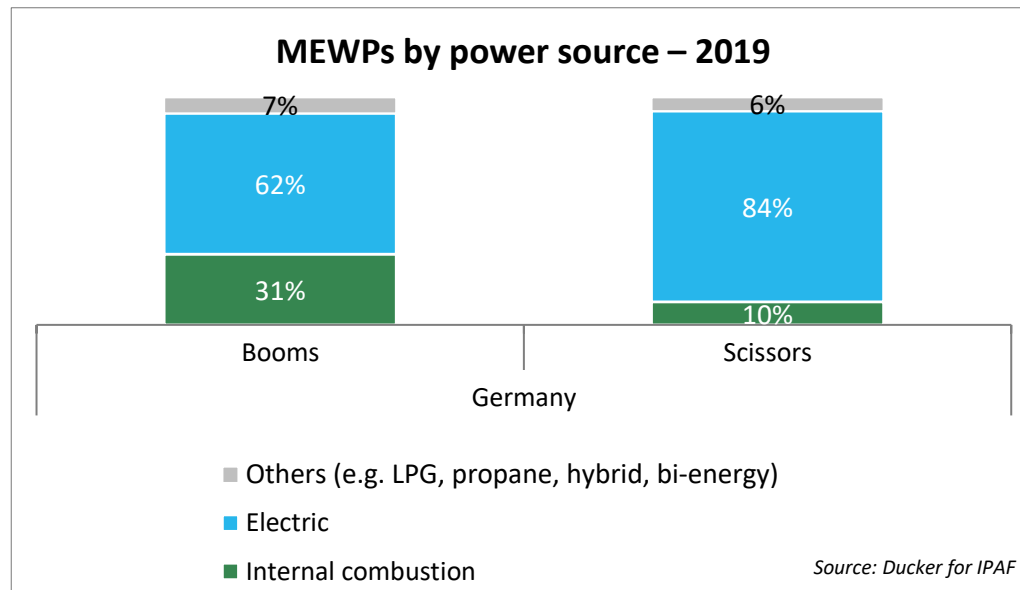
Included are all booms, scissor lifts and vertical masts. Low-level access equipment (<3m high), telescopic material handlers, forklifts, cranes and MCWPs are excluded.

+7% % unit growth, eg booms increased by 7% from 2018 to 2019

“Others” include vertical lifts, vertical masts, push-around, trailer mounted/towable

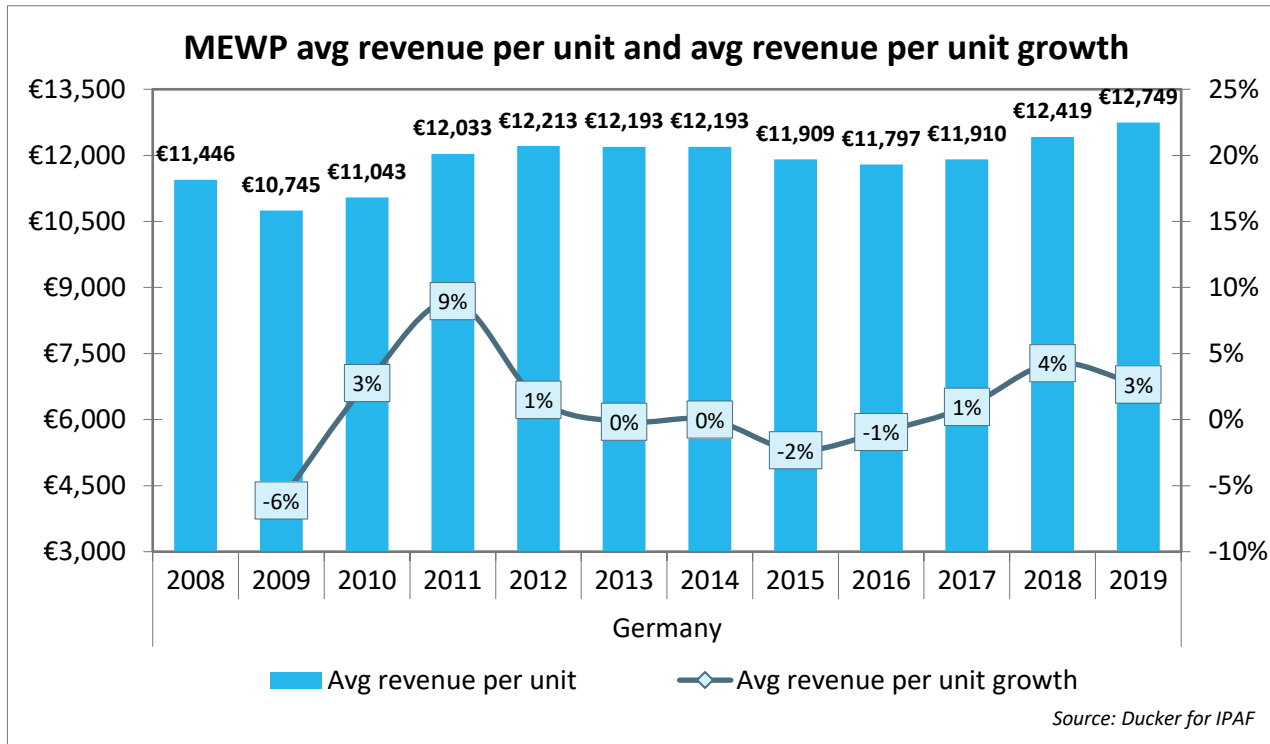
German rental companies continue their transition towards greener power sources. By MEWP category, electric power sources gained share to reach almost two-thirds of the total boom fleet and almost 85% of the scissors fleet.

- Across 2020 and beyond it is expected the trend towards all-electric fleets will continue, as rental companies replace older diesel units with new electric-powered MEWPs.
- Adoption of hybrid machines is expected to continue, though at a lower rate as these are gradually superseded by electric-powered machines.
- Hybrids can be heavier, cost more and have limitations to their applications than electric-only MEWPs, which are becoming more capable and affordable all the time.
- Electric MEWPs are more versatile in that they can be used indoors or on ultra-low-emissions worksites. They do of course need to be charged up on site, and safe disposal/recycling of used batteries is also currently a barrier to widescale adoption.



GERMANY – REVENUE PER UNIT

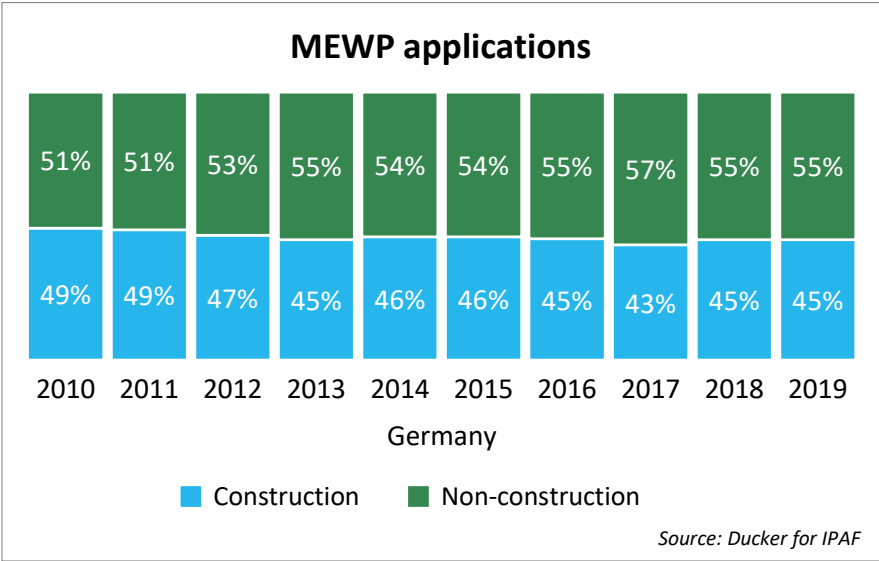
In 2019, the average revenue per unit grew by 3%; revenue growth was stronger than fleet size growth. Average rental revenue per unit is highest in Germany out of all the European countries under study.



Included are all booms, scissor lifts and vertical masts. Low-level access equipment (<3m high), telescopic material handlers, forklifts, cranes and MCWPs are excluded.

In 2019, the German MEWP rental market was oriented more towards non-construction users than construction applications. Both were equally impacted by the pandemic, so the 55:45 split is not expected to change in 2020.

- Within the non-construction sector, the most badly hit end-sub-sectors were entertainment, events and the automotive industry.

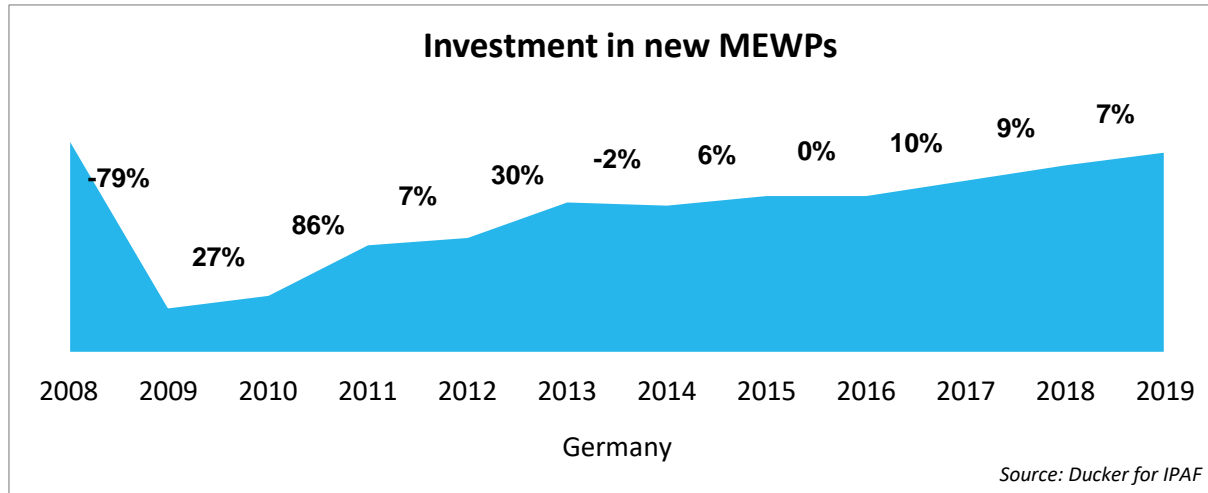


Share of rental revenue

Non-construction includes industry, maintenance, cleaning, utilities, events.
Construction includes new-build and renovation across residential, commercial, retail and industrial.

Investment increased slightly year-on-year in 2019: confirming a decade-long trend. MEWP rental companies continued to expand their fleets, though across 2020 as a whole it is expected that investment will fall by at least 30%.

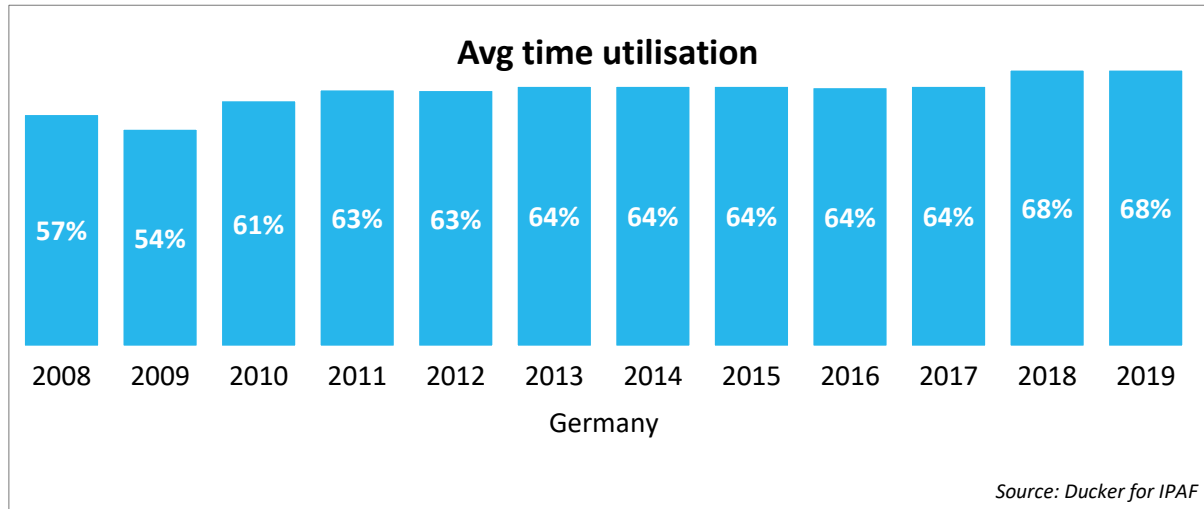
- In 2020-21 it is expected investment will be maintained solely for fleet renewal or possibly replacement of older, diesel-powered MEWPs with new electric or hybrid machines.
- There is uncertainty about 2021 and beyond. Depending on the post-pandemic recovery and the return of market confidence, MEWP rental companies might be ready to invest and grow fleet size again. Most will not invest again until the market stabilises.



GERMANY – UTILISATION RATES

Growth in fleet size 2019 allowed rental companies to keep their utilisation rate stable, as fleets grew in line with demand and increased market penetration. The Covid-19 lockdown had a major impact on 2020 utilisation rates.

- In the second half of 2020, utilisation recovered but not enough to return to 2019 levels. In 2020 as a whole, utilisation rate is predicted to be 62% (-6% compared to 2019).
- Companies who rent to smaller end-users tend to have a lower utilisation rate, but also experienced a lower fall during 2020.
- Due to the planned reduction of their fleet size, some rental companies believe that the utilisation rate will rise again in 2021 to reach almost the same level as 2019.



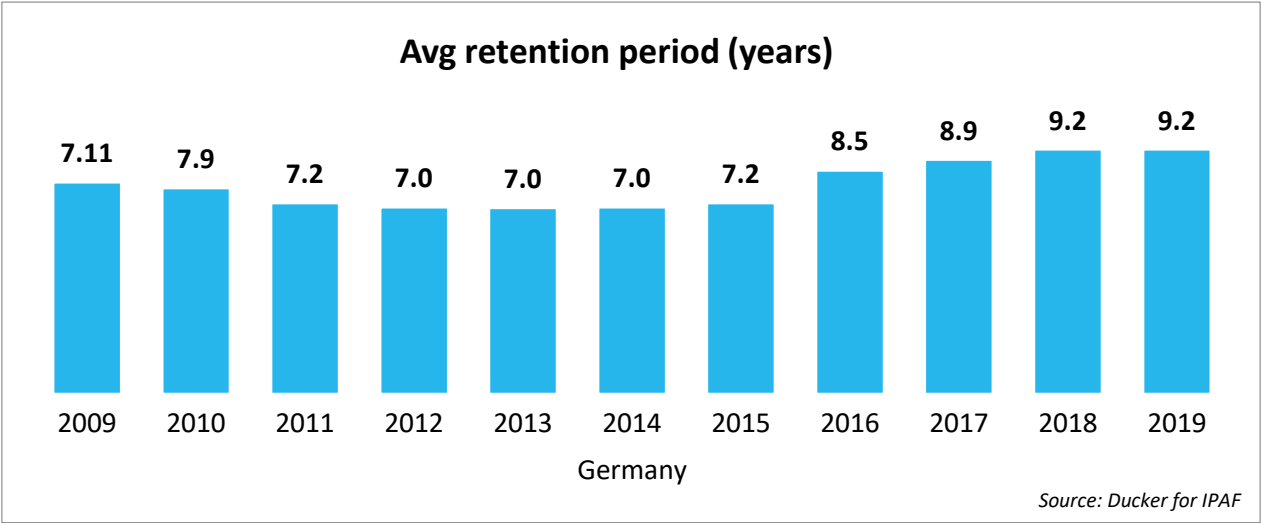
Definition: Physical number of machines out on hire as % of total number in fleet at any given time.

GERMANY – RETENTION PERIOD



Average retention period remained unchanged in 2019 from 2018, at 9.2 years. In 2020 it is expected to remain unchanged, though larger booms might be kept longer because of the high cost of buying a new machine.

- Some older, less versatile or smaller machines might be discarded sooner than they would have been otherwise if rental companies decide to reduce fleet size in order to maintain rental and utilisation rates during the post-pandemic recovery period.



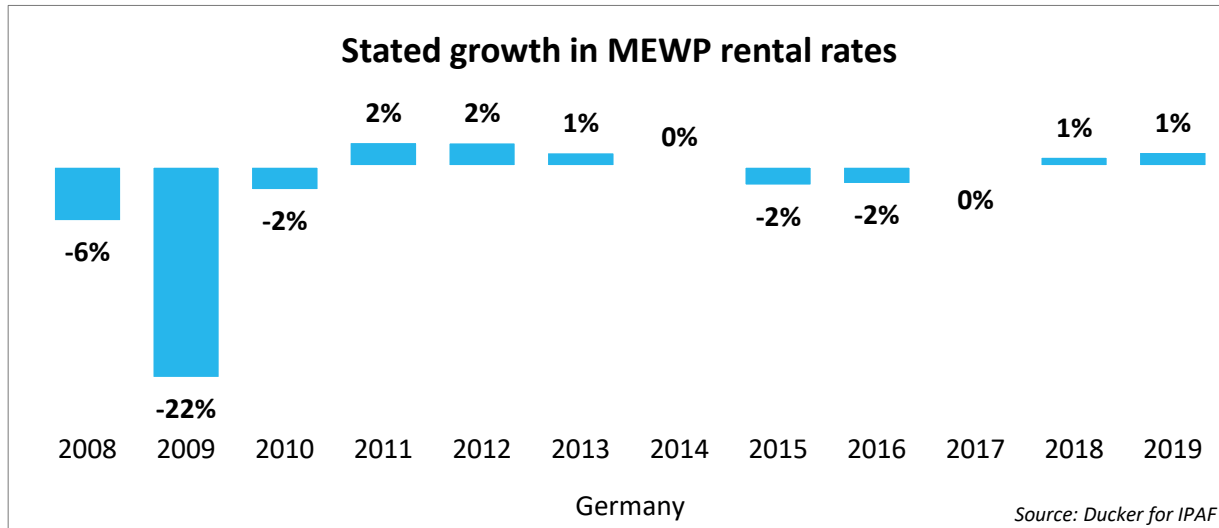
9.2 = 9 years and 2.4 months

Definition: Period of time that a machine is kept in fleet = selling age if acquired new

GERMANY – RENTAL RATES

High demand has seen incremental rental rate increases in the past two years. In 2020, rates are expected to be unchanged as a whole, even if some rental companies reported a drop during the peak of the pandemic.

- As rental rates haven't dropped dramatically, even at the height of the pandemic, and demand is recovering well, rental companies expect they will manage to maintain rental rates in 2021.
- The main impact on reduced revenues reported in 2020 is expected to be down to reduced utilisation and total hire time of MEWP rental fleets.



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- Germany's reputation for economic strength and stability is unlikely to be greatly dented by the pandemic. In contrast to neighbours such as Austria, where there was a rapid and severe negative impact on construction activity – with Strabag, for example, closing all its sites – Germany's construction trade associations welcomed government decisions that all construction work should continue.
- That was reflected in positive comments from the country's largest rental company, Zeppelin Rental, which reported normal business activity throughout the pandemic, albeit at the lower end of the expected range. It saw decent levels of demand for construction equipment and it was its industrial and events equipment – such as forklifts – that were most severely impacted.
- Like many rental companies, Zeppelin saw an increase in online ordering of equipment. Zeppelin's first quarter of 2020 had been very strong, so that will also have helped the business ride out the pandemic.
- That view was backed up by estimates and forecasts from the European Rental Association (ERA) in early September, which projected a relatively modest decline in total rental revenues of just 4.8% in 2020 followed by a forecast 5.7% positive bounce in 2021. It was the only market where ERA was anticipating 2021 growth that would exceed the fall-off in 2020.
- In fact, Germany's rental sector was in reasonable health going into 2020. The ERA reported that Europe's rental industry grew by 4.1% in 2019, and that Germany was one of the best performing markets, growing at an even higher rate.
- That is backed up by survey data from BBI, the German association for sales and rental of construction equipment and access. It reported that sales of access equipment grew by 5% in 2019, with rental activity in access growing by around 5%, led by diesel booms, with diesel scissors and truck mounted platforms at lower levels of growth.
- The organisation reported, unsurprisingly, that its members were forecasting a fall in sales this year because of the pandemic.

A PERSPECTIVE FROM THE MANAGING EDITOR OF *INTERNATIONAL RENTAL NEWS*, MURRAY POLLOK



- The strength of Germany's access market continued to make it a target for investment and acquisition by some of Europe's major rental players. French rental giant Kiloutou, for example, continued its investment in Germany with the acquisition of Frankfurt-headquartered rental company Wiesecker, announced just before the pandemic hit.
- That deal added 2,500 machines to its German fleet, including around 650 MEWPs, and followed on from its acquisition of Werner Middeke Arbeitsbühnenvermietung in November 2019. Kiloutou is now a major player in Germany's access market.
- And, of course, Boels's acquisition of Cramo brought with it Cramo's German rental operations, operating from more than 40 depots. That network is now being integrated with Boels's already extensive German rental business.
- The past 12 to 18 months have also seen some landmarks – both positive and negative. Hubert Palfinger, a giant of the crane industry, passed away in January 2020, while HKL, one of Germany's largest rental companies, celebrated its 50th birthday in 2020.
- Kay Städing, the company's CEO, painted a positive picture of the business, even in the midst of the pandemic, with plans to open five new locations during the year.
- His company's experience of the pandemic paints a more positive picture than his peers elsewhere in the world: "Fortunately, as a company dealing mainly with commercial customers, we were not hit as hard by the cuts. However, we did have to organise and learn a lot... We will try to make use of the opportunities this challenge presents to us."
- In that respect, he could be talking for the entire industry.

APPENDIX

IPAF POWERED ACCESS RENTAL MARKET REPORT 2020 – GERMANY

GERMANY – CONSTRUCTION STATISTICS

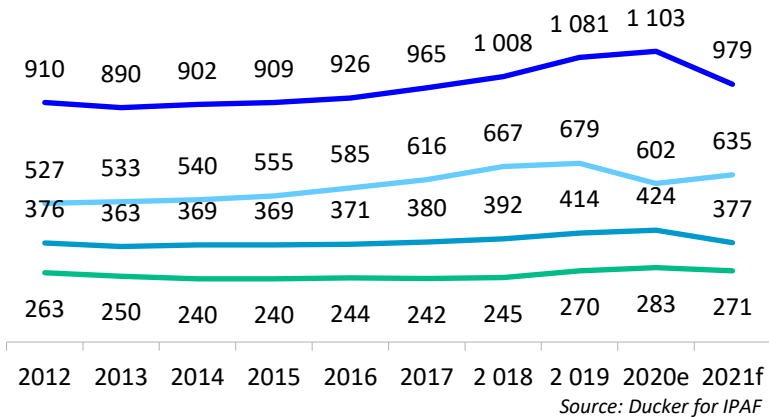
The construction sector is expected to take some time to return to 2019 levels and is therefore anticipated to have a negative compound annual growth rate (CAGR) in 2020 and 2021, not returning to positive growth before 2022.

CAGR 19-21 = -3.69%

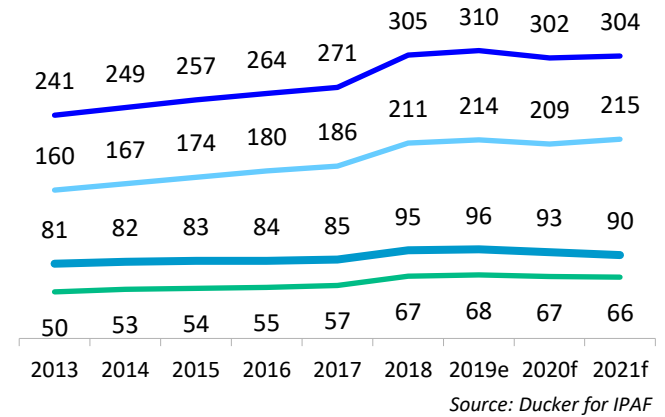
CAGR: Compound annual growth rate

CAGR 19-21 = -0.92%

Europe – Construction data

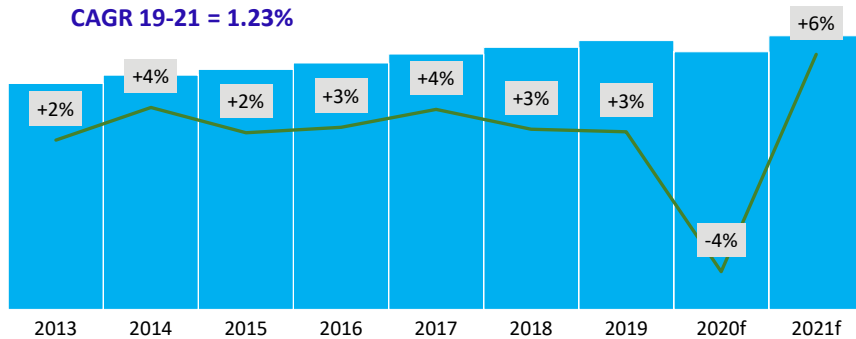


Germany



Germany

CAGR 19-21 = 1.23%



- Residential construction
- Non-residential construction
- Total construction
- Civil engineering / Major infrastructure

Germany GDP per Capita YoY % evolution Source: IMF – October 2020.

Construction pipeline (billions euros) based on Euroconstruct August 2020 figures.

COUNTRY REPORT – ITALY

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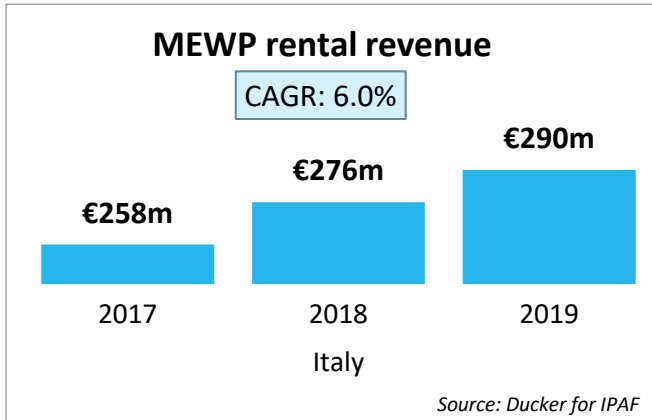
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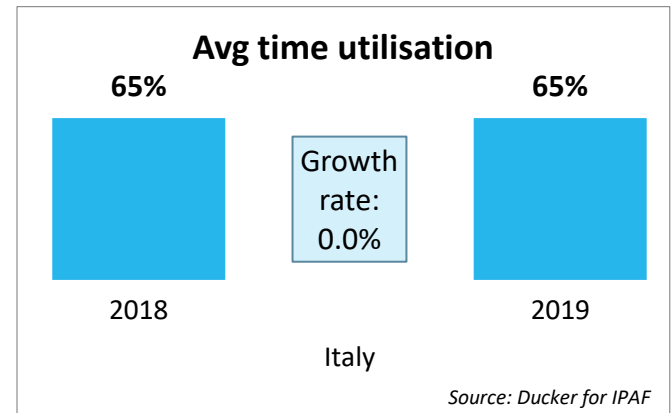
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ITALY – KEY FINDINGS 2019

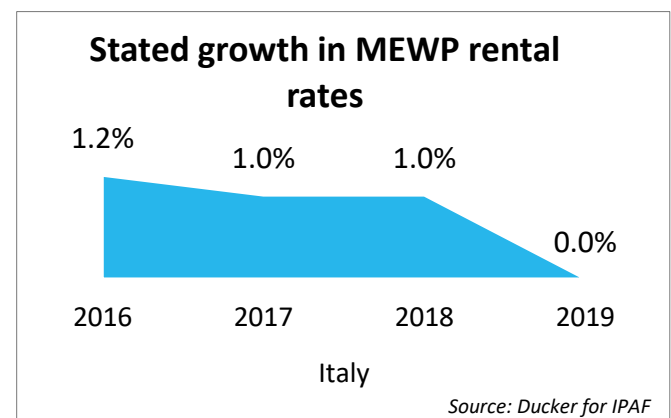
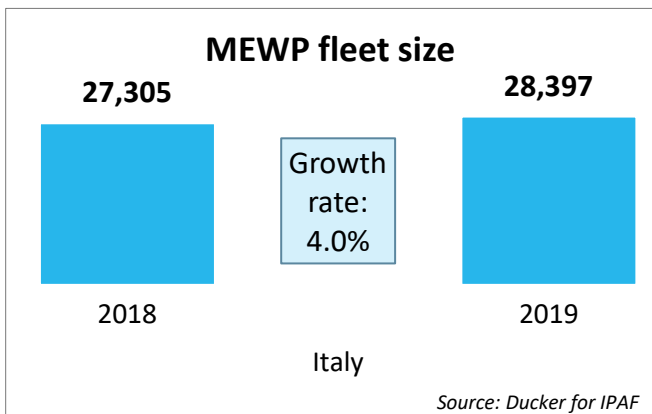
As forecast in last year's report, 2019 turned out to be another good year for the Italian MEWP rental market. Market growth was fuelled by increased demand, leading to fleet expansion, while utilisation and rental rates stabilised.



CAGR: Compound annual growth rate



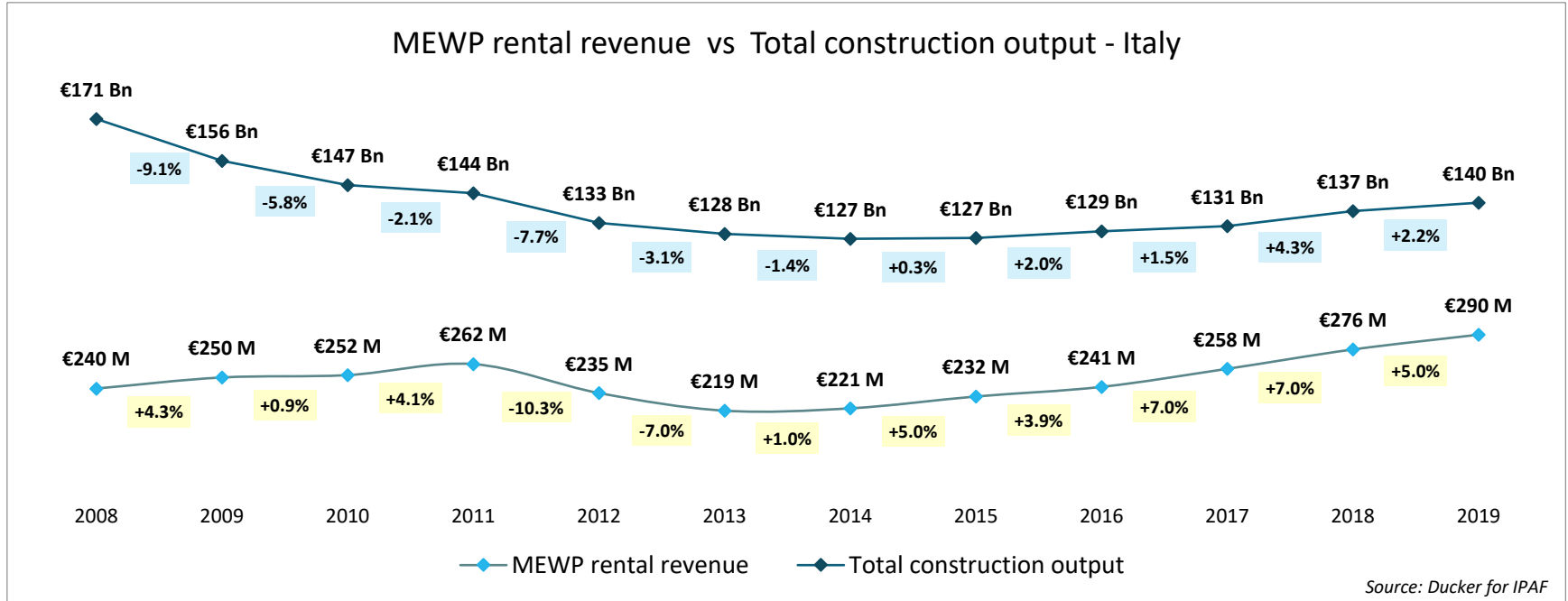
- Outlooks for 2020-21 are understandably less than positive, following the scale and shock of the human and economic cost of the coronavirus pandemic in Italy, the strict three-month lockdown and the ongoing uncertainty deriving from the crisis.



ITALY – MEWP RENTAL REVENUE AND CONSTRUCTION



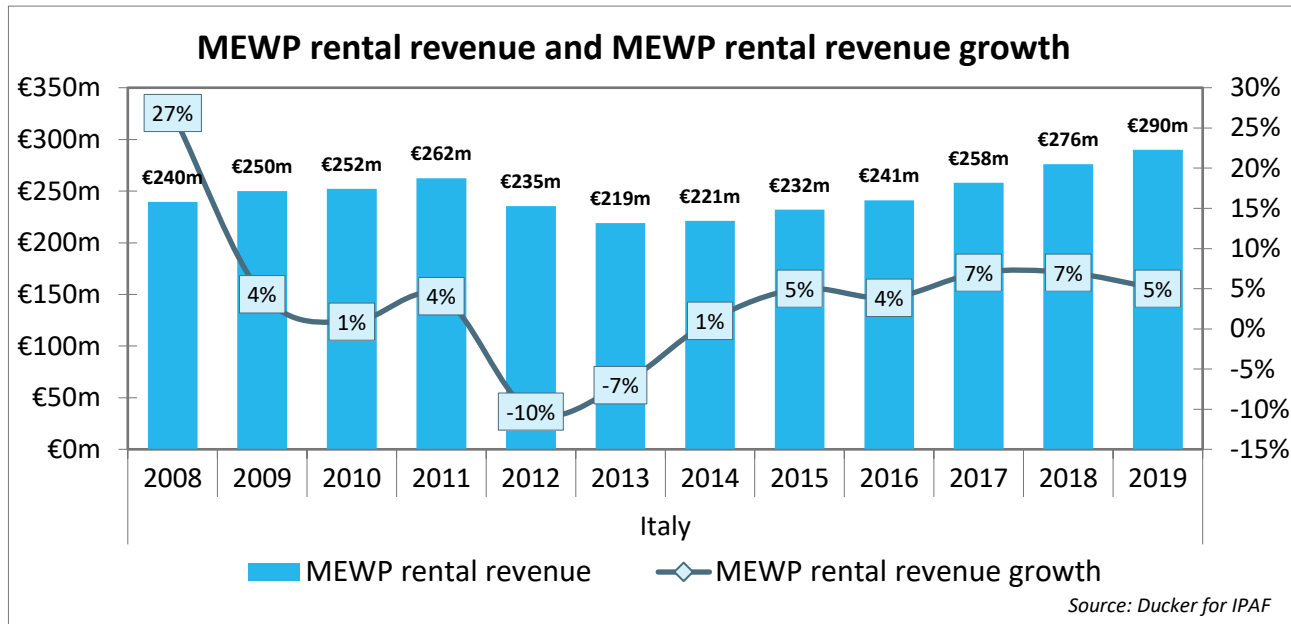
Some correlation is seen between MEWP rental and construction output in Italy. MEWPs are well used in municipal or non-construction work in Italy, insulating MEWP rental to a degree against fluctuations in construction output.



ITALY – RENTAL MARKET VALUE AND GROWTH

2019 saw revenue growth of 5%, slowing on previous years. MEWP rental revenue hit its highest level post-2008. The 2020 lockdown will have had a negative impact on rental market value and could see revenues fall by around 10%.

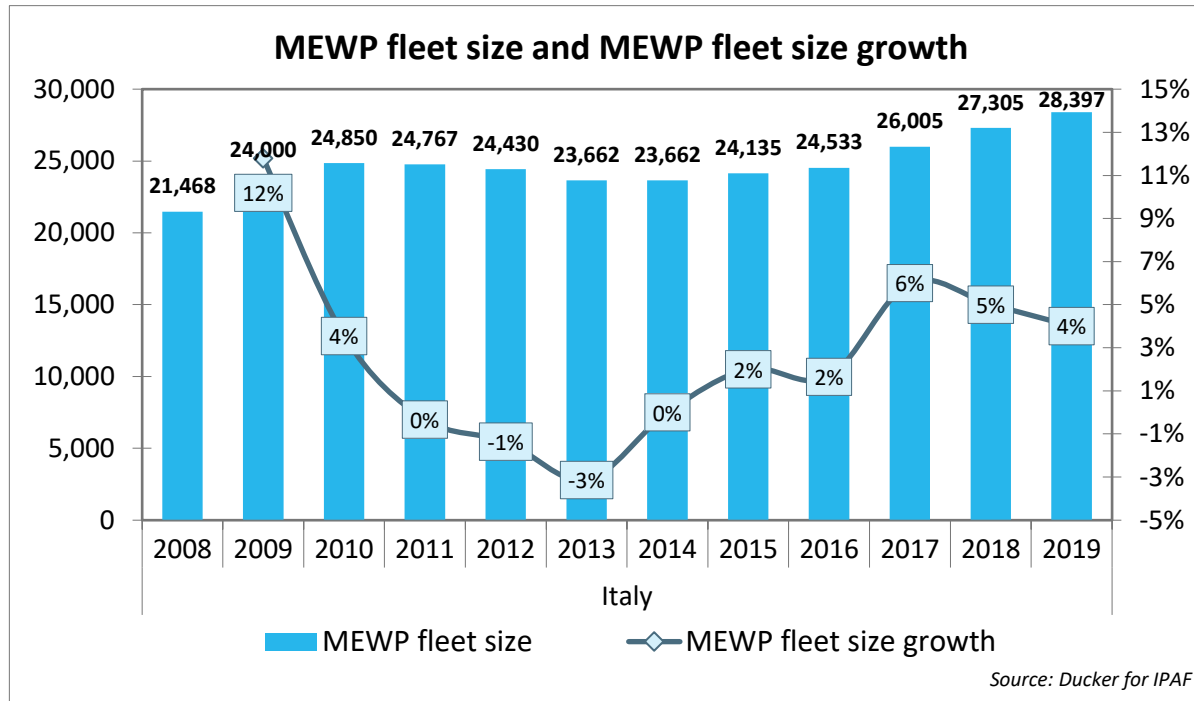
- Some companies reported having lost the equivalent of two months of revenue in 2020.
- Though MEWP rental companies are confident they can return to sustained growth in revenue again, caution remains regarding future projects or major fleet expansion/development until at least 2022.



ITALY – MARKET SIZE IN UNITS

Italian fleet size continued to grow by around 4% in 2019, to exceed 28,000 units. Italian MEWP rental companies have not scaled down fleets in 2020 and plan to maintain a stable fleet size in 2021, allowing for limited renewals.

- Most rental companies interviewed said they intend to continue with their current fleet strategy, while focusing a limited amount of investment on equipment renewal and diversifying in line with any changes in market demand.



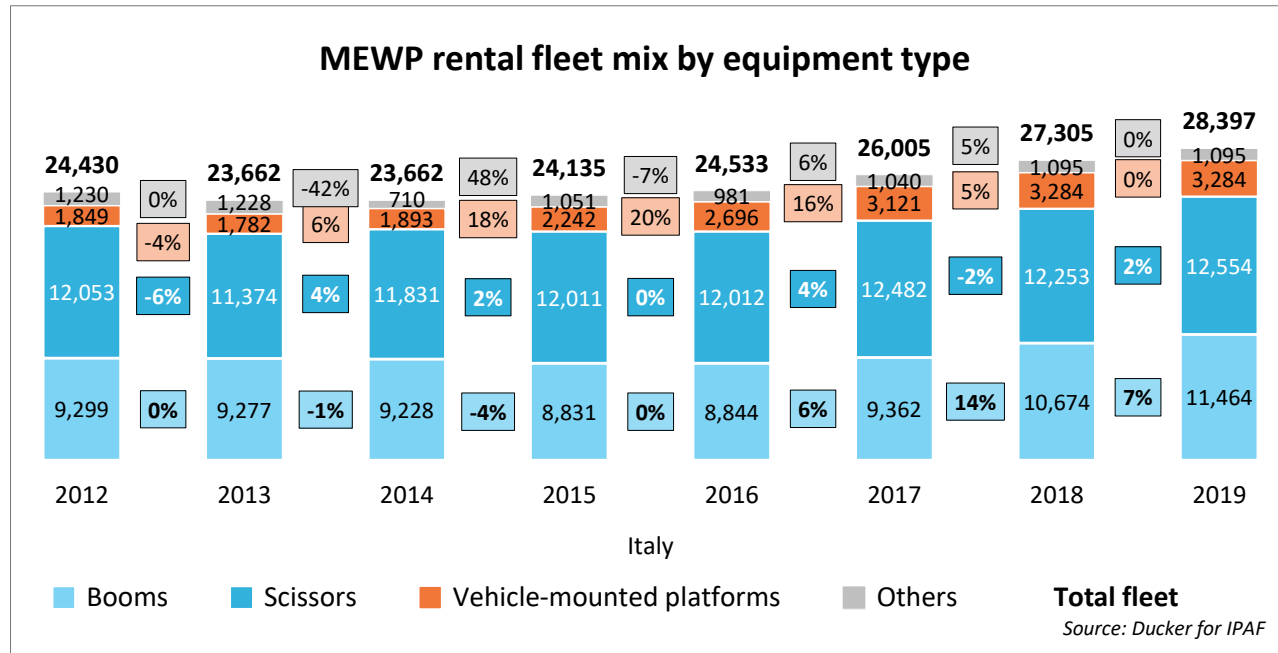
Included are all booms, scissor lifts and vertical masts. Low-level access equipment (<3m high), telescopic material handlers, forklifts, cranes and MCWPs are excluded.

ITALY – MARKET SIZE IN UNITS



All main equipment categories benefited equally from fleet increase in 2019, and 2020 is anticipated to show that fleet size remains unchanged overall from 2019. Therefore limited change in typical fleet mix is expected in Italy.

- MEWP rental companies are expected to maintain a hold-steady approach in 2021, so do not expect to significantly change their fleet mix in the short-to-medium term.



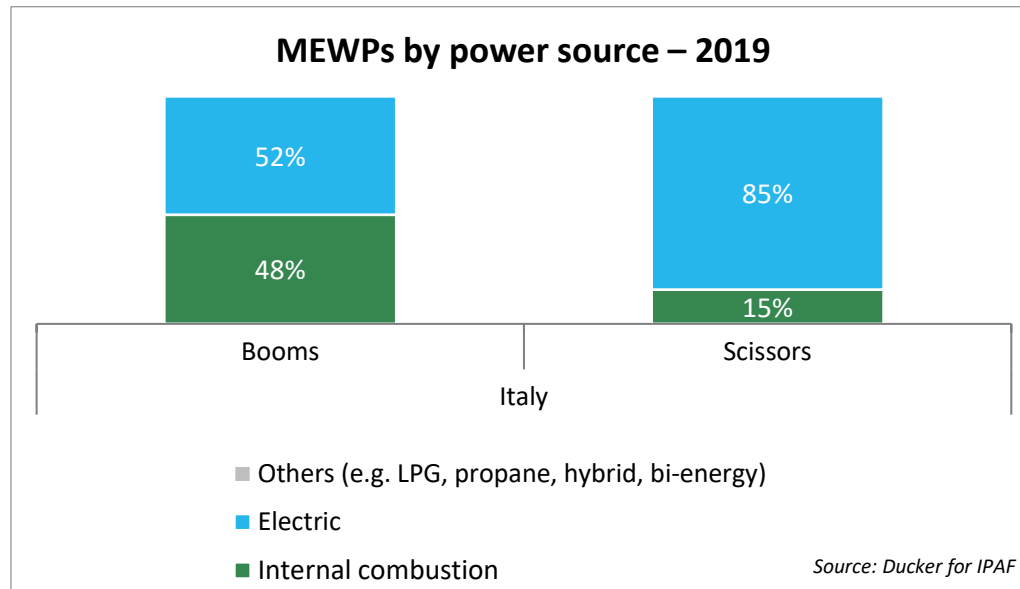
Included are all booms, scissor lifts and vertical masts. Low-level access equipment (<3m high), telescopic material handlers, forklifts, cranes and MCWPs are excluded.

+7% % unit growth, eg booms increased by 7% from 2018 to 2019

“Others” include vertical lifts, vertical masts, push-around, trailer mounted/towable

The general trend is towards equipment with clean power sources across European markets, and this continued in Italy in 2019. For larger booms there is a trend towards hybrid over diesel or electric-powered machines

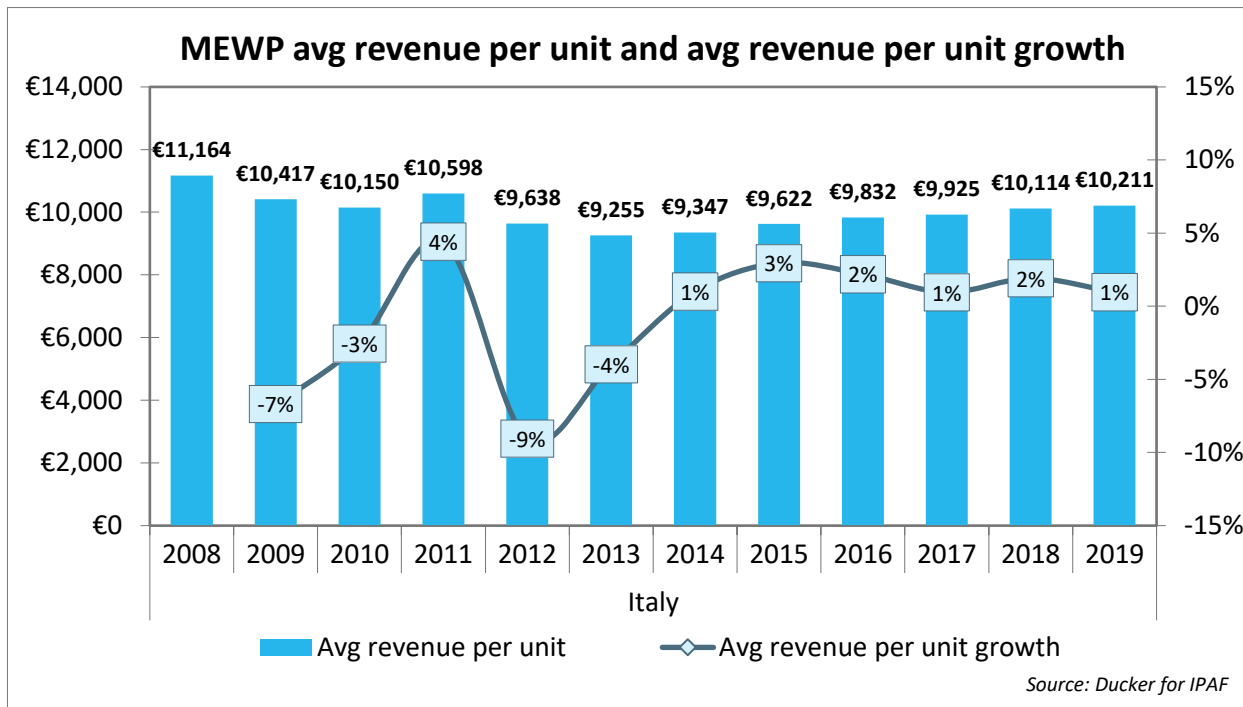
- The technology behind electric MEWPs does carry some limitations such as battery durability, time between charges and capability restrictions in terms of maximum load rating and outreach.
- Electric machines are versatile and in demand for use indoor and in ultra-low emissions zones but may not be suitable for all off-site applications owing to their need to be plugged in to recharge, usually overnight.
- Hybrid and diesel machines are still in demand for certain applications, including infrastructure maintenance, major off-grid construction and rural applications.



ITALY – REVENUE PER UNIT

In 2019 revenue per unit continued to grow, sustaining a six-year trend to exceed 2010 levels. However, 2020 expectations are for average revenue per unit to fall as fleet size remains static while overall rental revenue declines.

- It is still too early to say if and when rental revenue per unit might return to sustained growth post-pandemic, or whether it can regain or exceed 2008 levels in the next few years.
- Rental companies remain relatively positive, compared to other European countries such as Spain or UK.

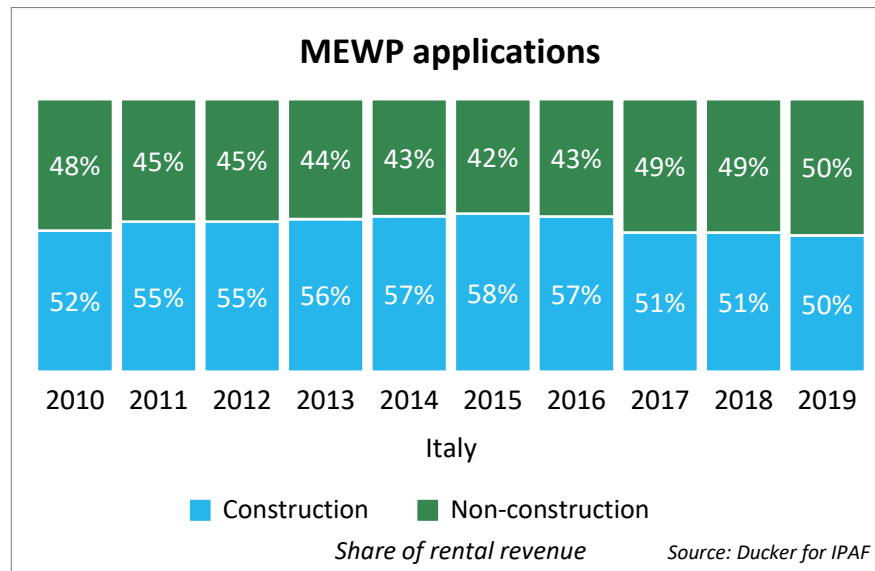


Included are all booms, scissor lifts and vertical masts. Low-level access equipment (<3m high), telescopic material handlers, forklifts, cranes and MCWPs are excluded.

ITALY – APPLICATIONS

In 2019, Italy's MEWP rental players continued diversifying in line with changing demand. The split between construction and non-construction end-sectors was 50-50. Non-construction applications remain highly profitable.

- Both construction and non-construction sectors categories suffered equally during the worst of the pandemic in 2020 and so the split is expected to remain at or close to 50-50 in 2020-21.
- This balanced approach to the market may assist MEWP rental companies in Italy in returning to growth in the medium term.

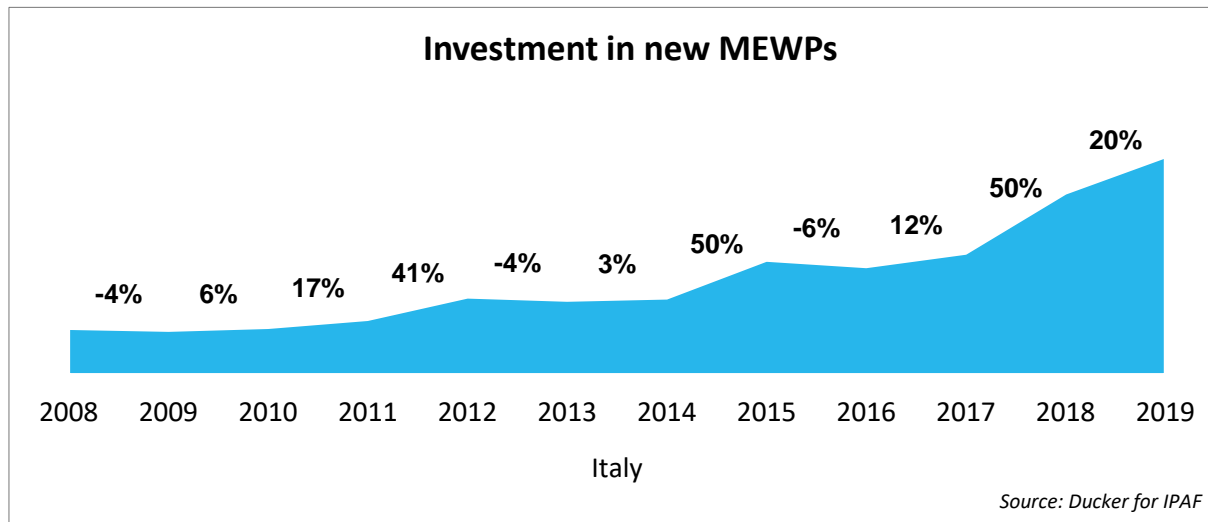


Non-construction includes industry, maintenance, cleaning, utilities, events.

Construction includes new build and renovation; including residential, commercial, retail and industrial.

MEWP rental companies remained optimistic in 2019, continuing to invest in new equipment and fleet expansion. In 2020 investment is expected to fall significantly. As in other countries, companies are cutting back on expenditure.

- Only a limited amount of investment is planned for 2020-21, mainly dedicated to renewing the oldest equipment in the fleet.
- Companies reported no further plans for investment until market confidence returns.

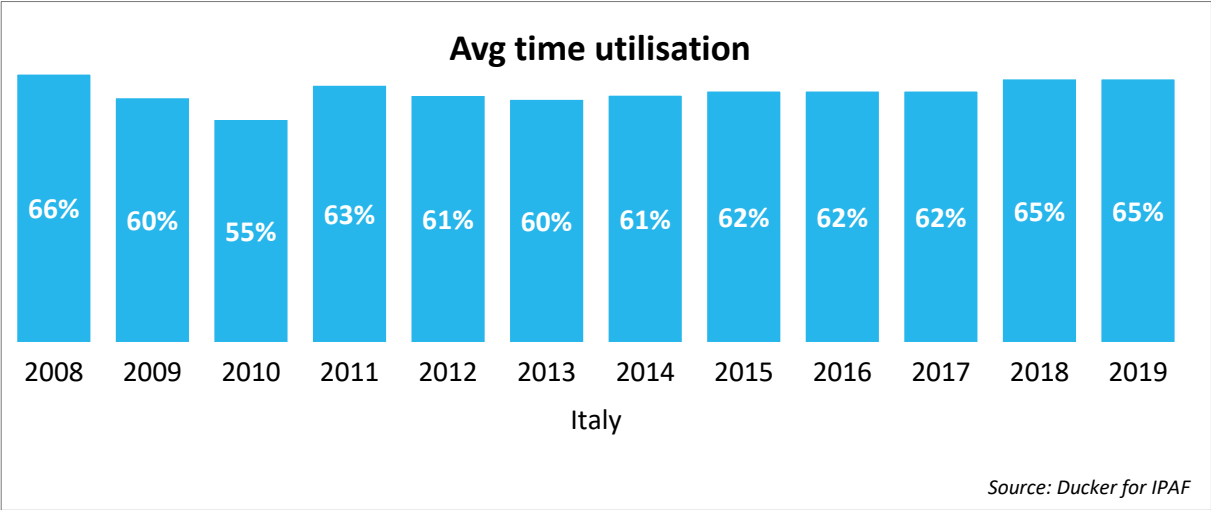


ITALY – UTILISATION RATES



Utilisation rates remained unchanged since 2018: this means fleet growth was largely inline with growing customer demand. Over 2020 as whole, utilisation rates are expected to fall owing to Italy’s strict three-month lockdown.

- As rental companies do not plan to scale back their MEWP fleets, average utilisation rate is not expected to return to pre-pandemic levels until at least 2022.

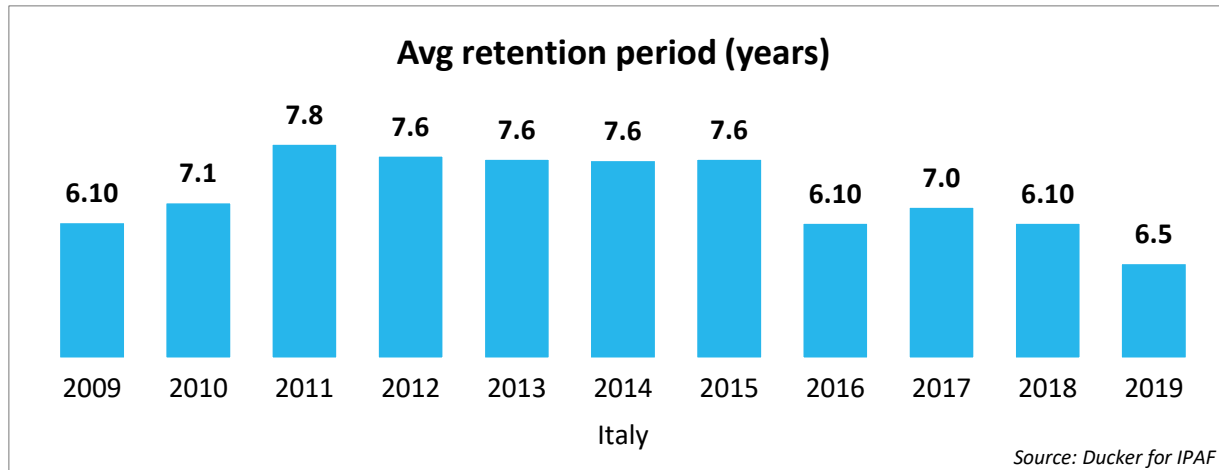


Definition: Physical number of machines out on hire as % of total number in fleet at any given time.

ITALY – RETENTION PERIOD

Companies continued renewing their fleet in 2019 resulting in a slight decrease of average retention period. Retention period is likely to increase again in 2020: MEWPs have been used less, so extending their useful life.

- Italy already has the shortest retention period of all the countries under study in Europe, so significant savings could be had if rental companies limit fleet renewal in 2020-21 to reflect lower than usual utilisation experienced in 2020 with its three-month lockdown.
- Organic renewal will continue to take place and possibly average retention could increase again from 2022 onwards.

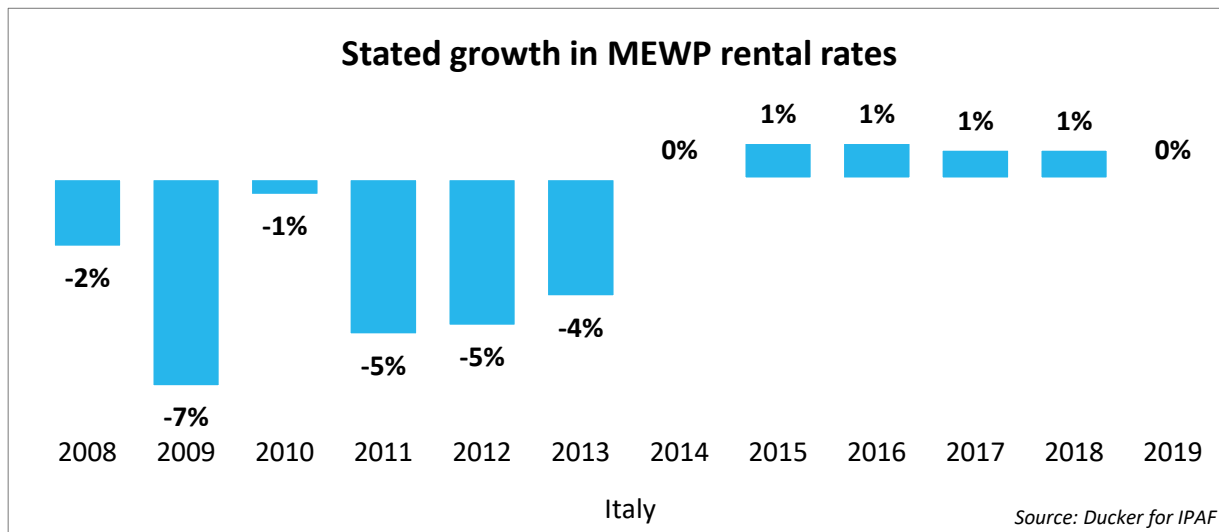


6.5 = 6 years and 6 months

Definition: Period of time that a machine is kept in fleet = selling age if acquired new

The Italian MEWP market is highly competitive, which has led to little or no progressive growth in rental rates since 2014. In the best-case scenario for 2020 rental rates will not change; in the worst-case, rates will fall by up to 2%.

- MEWP rental companies have been able to maintain rates through the pandemic by offering their customers additional services, such as professional sanitisation of machines, or increasing the number of machines on hire to maintain social distancing in the MEWP platform and reduce the number of operators using each piece of equipment.



**A PERSPECTIVE
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2020 – ITALY***

A PERSPECTIVE FROM THE MANAGING EDITOR OF *INTERNATIONAL RENTAL NEWS*, MURRAY POLLOK



- It may be that Italy's rental industry will prove to be more resilient through the pandemic than many other European countries, even though the country has been particularly hard-hit by the pandemic.
- Assonolo, Italy's rental association, certainly believes that to be the case, arguing that the structure of the rental market – with many small and mid-sized rental companies, including distributors with in-house rental operations – will act in its favour.
- Marco Prosperi, Director of the association, has even suggested that the impact on rental revenues in 2020 could be relatively modest – between a contraction of 5% to 1% growth. That contrasts with a much more pessimistic 12.3% reduction estimated for Italy across 2020 by the European Rental Association (ERA).
- The ERA is forecasting a +7% rebound in 2021, while Prosperi is more cautious about prospects for 2021: “We do not know what policies the Italian Government will adopt using European funds.”
- The difference between the figures offered by the two associations reflects what is being measured – ie not comparing like with like – and a key point is that Assonolo was expecting rental growth of between 10% and 15% this year before the pandemic hit. In that sense the 12% drop would have been realised.
- Assonolo says its small company members were able to respond flexibly and quickly to the crisis, while its larger rental company members – although seeing a larger potential reduction – were continuing to make investments in their fleets and depots.
- Speaking in September, Prosperi said: “Given how we were six months ago, we can say that the current market is in good health with positive numbers and interesting short-term forecasts.” There are few European rental markets that can say the same.

A PERSPECTIVE FROM THE MANAGING EDITOR OF *INTERNATIONAL RENTAL NEWS*, MURRAY POLLOK



- Still, it is clear that there was growth in Italy’s market before March 2020, and some significant merger and acquisition activity. Most notable was Kiloutou’s continued move into the country, with the addition in November 2019 of Sticar, a rental company in Northern Italy with a fleet of 850 MEWPs and 475 forklifts across nine locations.
- The deal strengthens Kiloutou’s operations in Italy following its acquisitions of Cofiloc in 2017 and Elevo in 2017. It now has 20 rental locations and 220 employees in Italy, renting a total of 5,000 machines. The company described Italy as a “high-potential” market.
- It used to be said that Italy was alone in Europe in not attracting the attentions of the region’s larger rental companies. That is no longer true, with Loxam, Kiloutou and Boels all now active in the country.
- The notion that Italy was emerging well from the pandemic, at least from the perspective of equipment rental, was reinforced by the news over the summer of 2020 that a new online rental platform called easyNoleggio – which translates as easyToolHire – has been launched in Italy, following the launch in February 2020 of easyEventHire.
- It is part of the well-known easyGroup of brands, which includes easyJet, and is backed by investment from the group and Sir Stelios Haji-loannou, the founder of easyJet.
- While investment in the rental sector is to be welcomed, the ‘easy’ brand of low-cost air travel may not be a business model that is welcomed by the equipment rental industry. ‘Easy’ yes; ‘low-cost’ or ‘cut-corner’, definitely not.

APPENDIX

IPAF POWERED ACCESS RENTAL MARKET REPORT 2020 – ITALY

ITALY – CONSTRUCTION STATISTICS

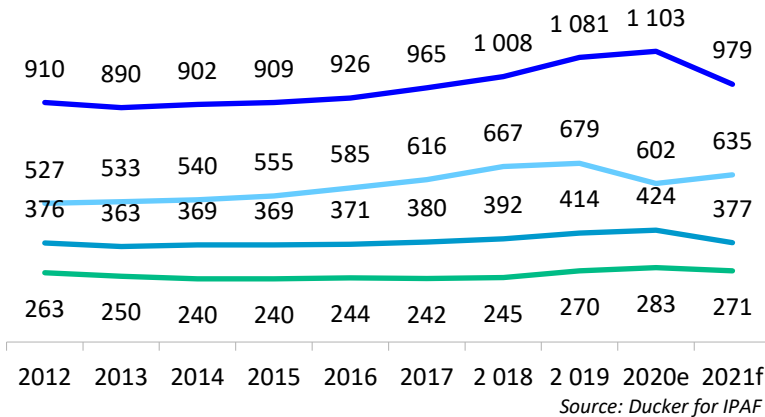
A V-shaped recovery is expected in Italy with regards both construction and GDP per capita. Before the pandemic impacted the market, all indicators were showing positive growth and led to a good level of optimism in the market.

CAGR 19-21 = -3.69%

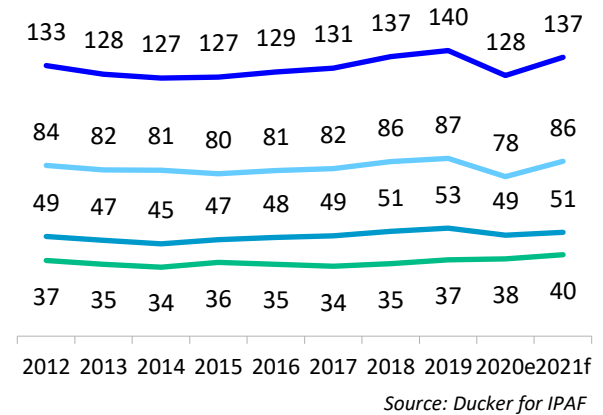
CAGR: Compound annual growth rate

CAGR 19-21 = -1.22%

Europe – Construction data

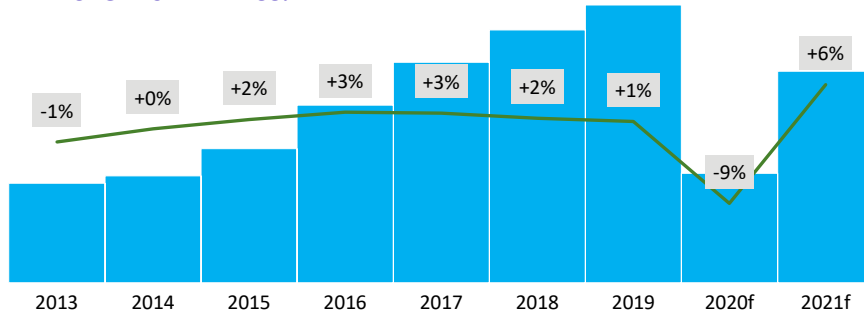


Italy



Italy

CAGR 19-21 = -1.88%



- Residential construction
- Non-residential construction
- Total construction
- Civil engineering / Major infrastructure

Italy GDP per Capita YoY % evolution Source: IMF – October 2020.

Construction pipeline (billions euros) based on Euroconstruct August 2020 figures.

COUNTRY REPORT – THE NETHERLANDS

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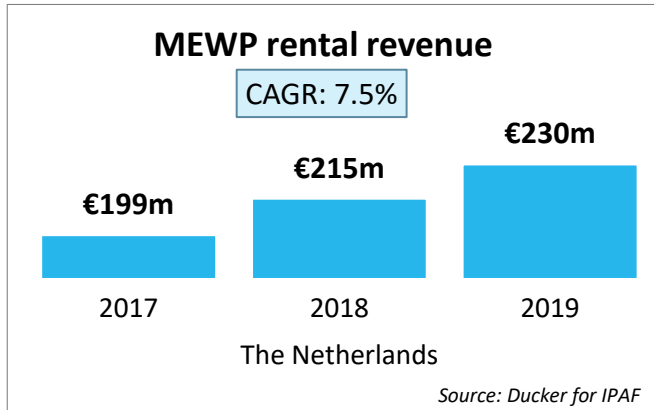
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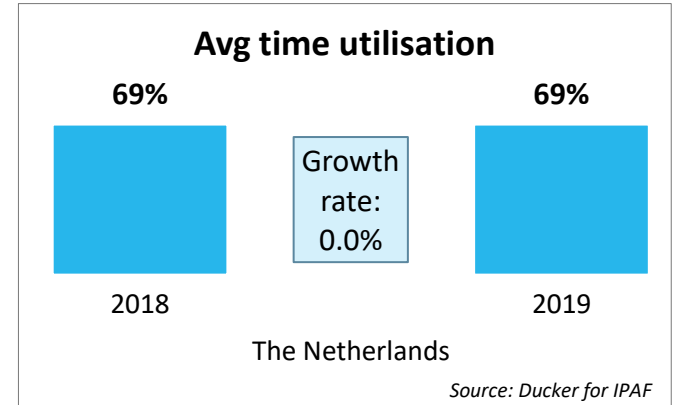
THE NETHERLANDS – KEY FINDINGS 2019



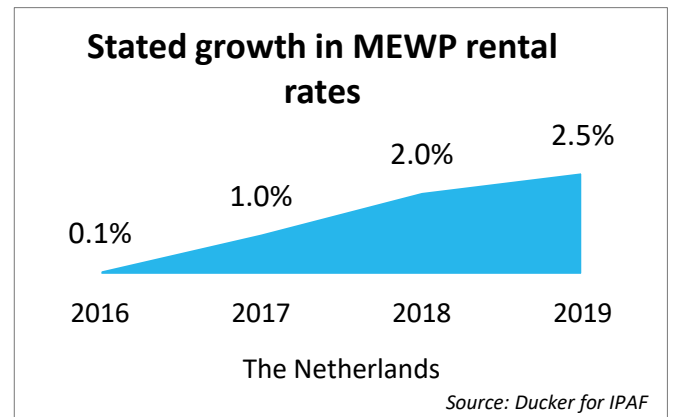
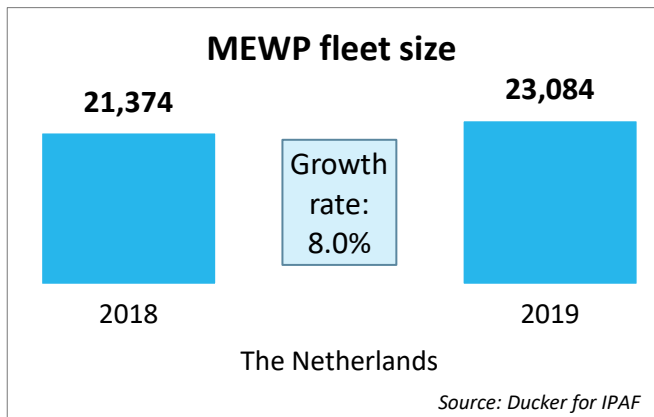
MEWP rental revenue in the Netherlands grew 7% between 2018 and 2019. With a stable average utilisation rate of just under 70%, MEWP fleet size grew by 8% and rental rates went up by 2.5% compared to 2018.



CAGR: Compound annual growth rate



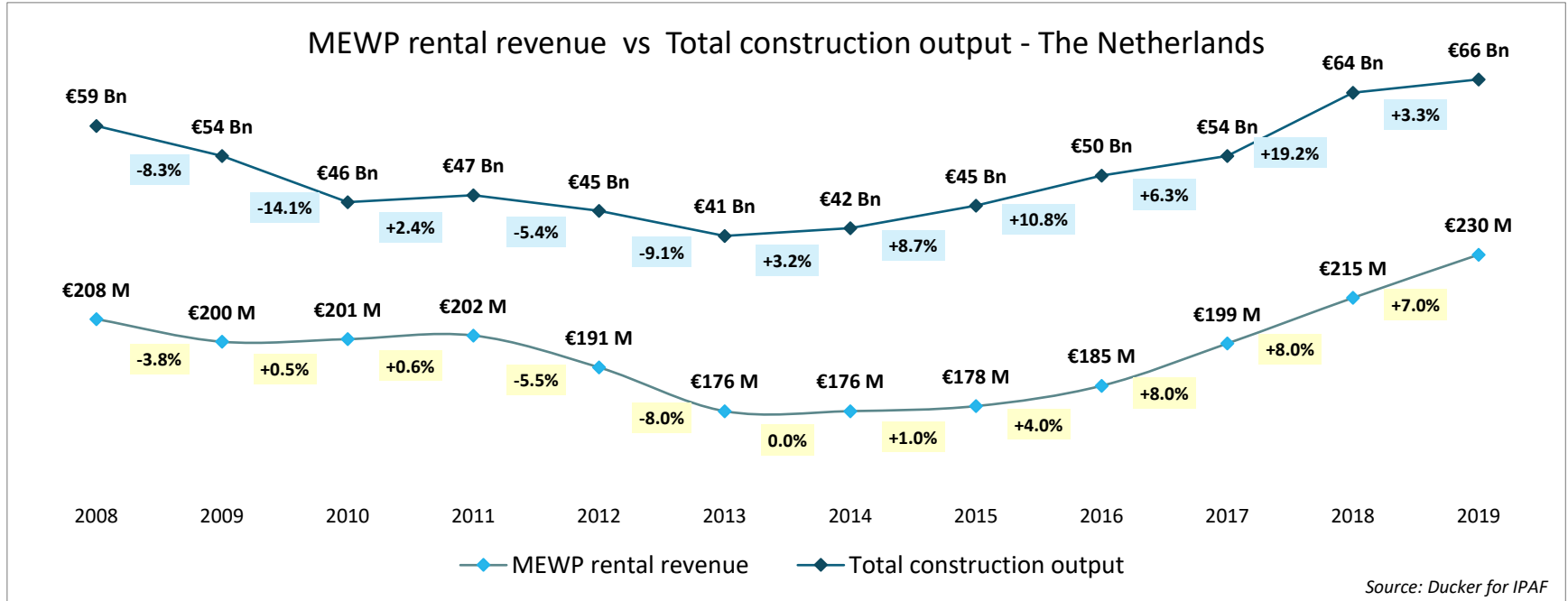
- A very strong performance for the Dutch MEWP rental market year-on-year across 2019, outperforming most other European countries under study in almost every key market indicator.
- The impact of the Covid-19 pandemic is expected to put the brakes on this strong growth, though estimates vary as to the extent of the hit that the market will sustain, and how long-lasting any negative effects may be.



THE NETHERLANDS – RENTAL REVENUE & CONSTRUCTION

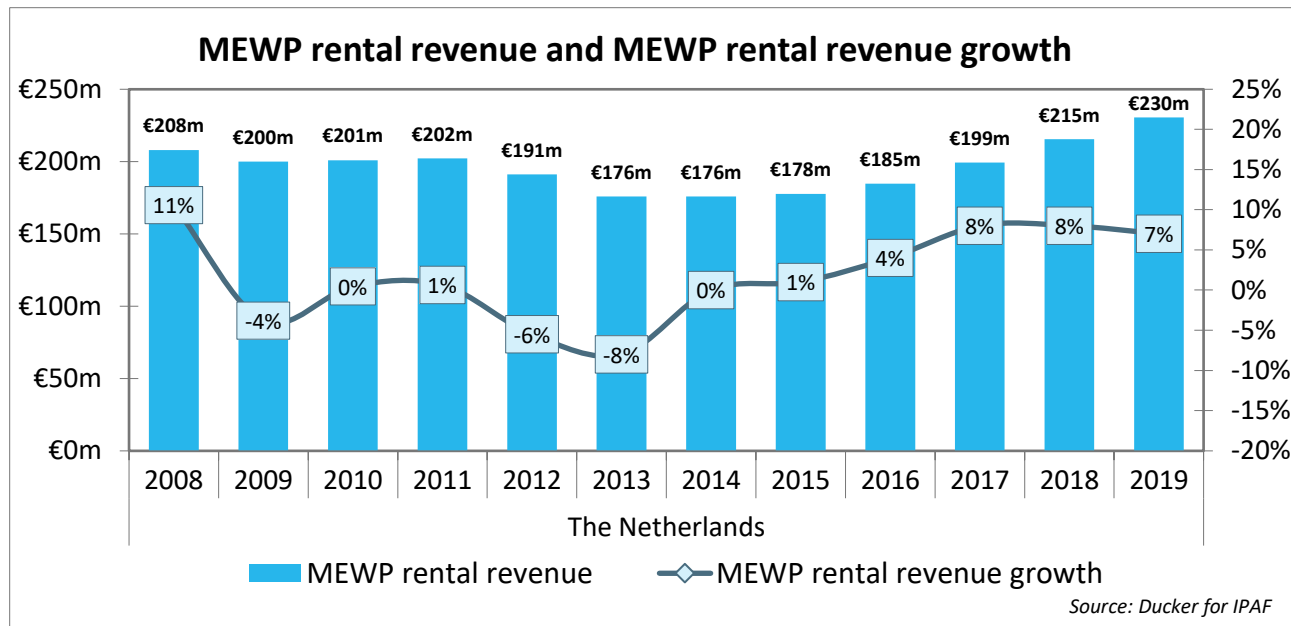


A steady increase in construction output (3.3% growth across 2019) helped to drive even more dynamic activity in MEWP rental revenue, with a reported 7% increase in total revenue in the Netherlands as at year-end 2019.



Strong market size growth (+7%) fuelled by a relatively strong economy and a number of major construction projects. Non-construction uses such as events increased as well and helped to boost the overall rental market value in 2019.

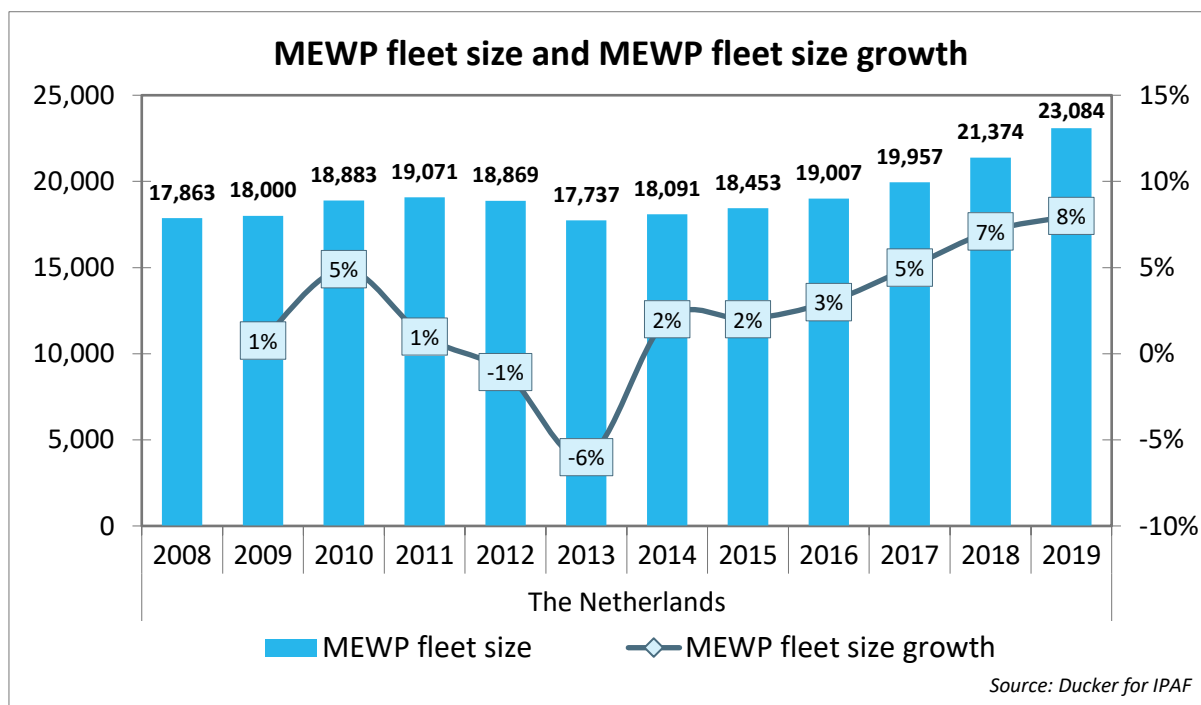
- As in all other European countries under study, this dynamic growth took a hit when activity all but ceased during lockdown, but companies see activity growing during the second part of the year. By the end of 2020, MEWP rental revenue is expected to fall 5%.
- There is a deal of uncertainty linked to how the badly market remains impacted end of 2020 by the second wave of the virus in Europe. 2019 revenue levels are unlikely to be reached again before 2022, as outlooks for 2021 remain pessimistic.



THE NETHERLANDS – MARKET SIZE IN UNITS

Fleet size has grown in line with increasing demand. In 2019, an 8% increase in fleet size was reported. MEWP fleet size was expected to continue growing, and some rental companies had ordered new machines for 2020 during late 2019.

- During the first two months of 2020, many rental companies received new machines. Most if not all cancelled orders wherever possible to place a hold on fleet expansion when the extent and impact of the Covid-19 pandemic started to become clear.
- Some companies managed to jettison older MEWPs, meaning on average fleet size remained static across 2020 as a whole.
- There will be little or no investment in fleet expansion in 2021; only machines already ordered or necessary replacements for obsolete or costly older MEWPs are likely to be purchased.
- Some companies will continue to scale back their fleet in order to shore up utilisation rate; total fleet size may fall 2-5% in 2021.



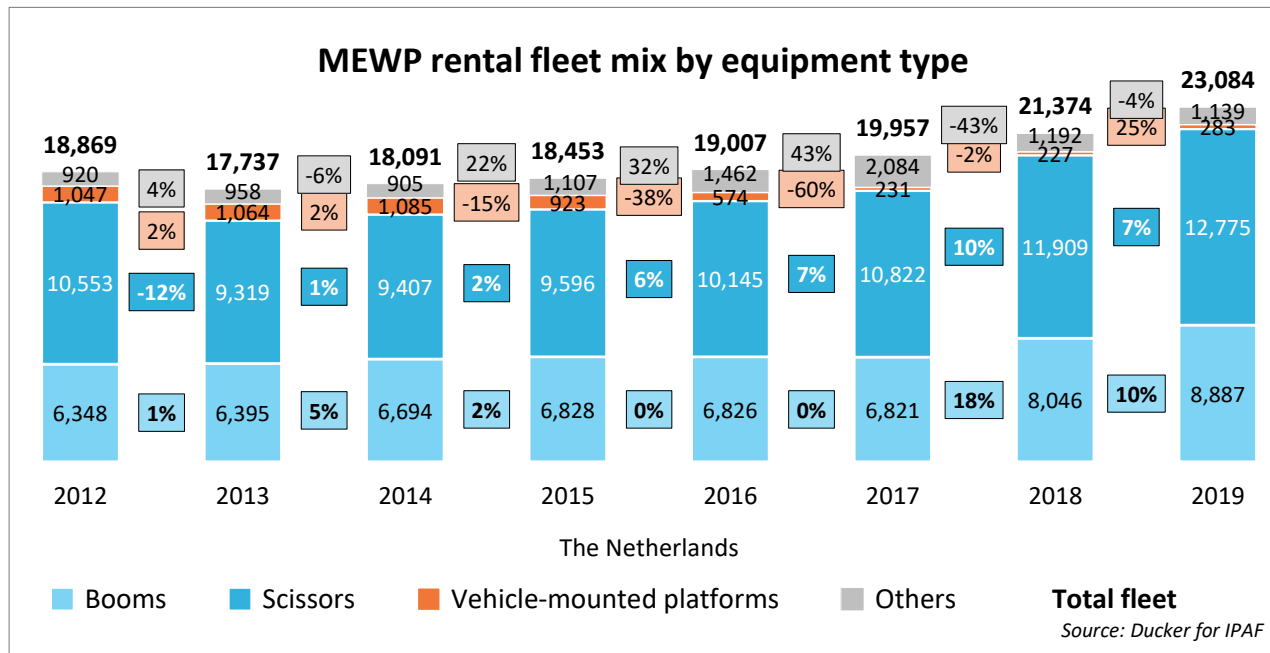
Included are all booms, scissor lifts and vertical masts. Low-level access equipment (<3m high), telescopic material handlers, forklifts, cranes and MCWPs are excluded.

THE NETHERLANDS – MARKET SIZE IN UNITS



Scissors growth was driven by increasing non-construction applications, including oil and gas, data centre maintenance and events. The boom fleet grew by 10%, driven by strong growth in construction output.

- Owing to the brake applied at the beginning of 2020 in terms of fleet expansion or evolution, no change is expected regarding fleet mix in the Netherlands.
- If rental companies do scale back their fleets, they will likely start with diesel powered booms and will sell and ship the machines to other countries, in East Europe or further afield, to Africa and the Middle East. Scissors will more likely be retained, as they are more versatile and typically have a better utilisation rate



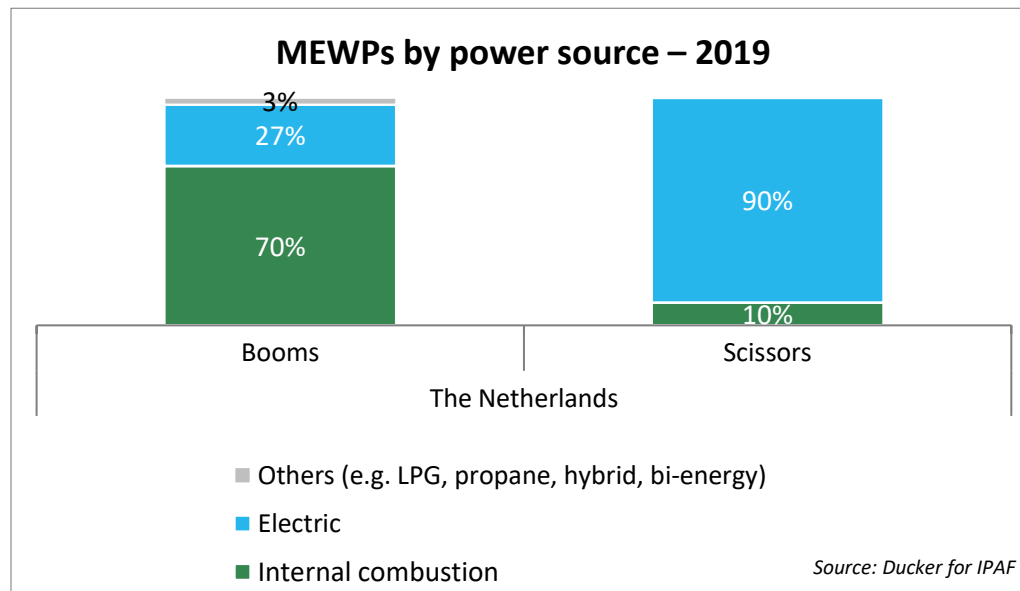
Included are all booms, scissor lifts and vertical masts. Low-level access equipment (<3m high), telescopic material handlers, forklifts, cranes and MCWPs are excluded.

+10% % unit growth, eg booms increased by 10% from 2018 to 2019

"Others" include vertical lifts, vertical masts, push-around, trailer mounted/towable

Owing to previously being fined for non-compliance by the Netherlands Government, EU emissions regulations are being strictly enforced in the Netherlands, which has led to an accelerated shift towards electric-powered MEWPs.

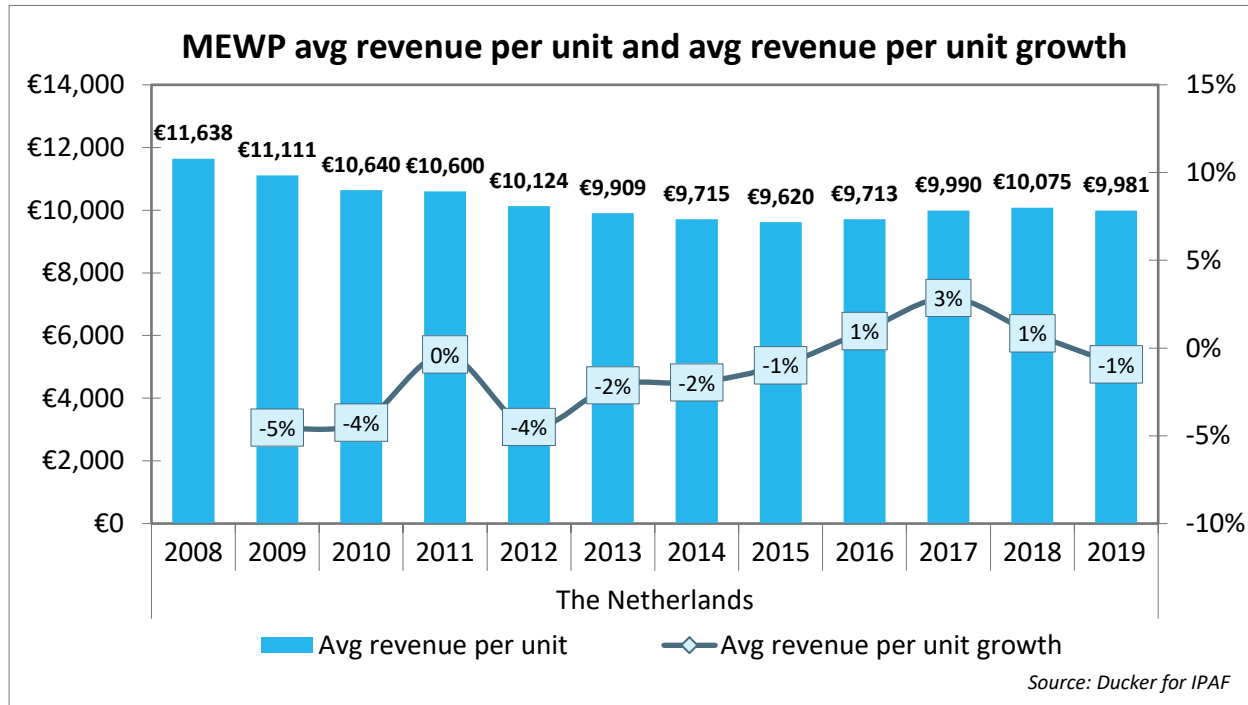
- The Government is also offering financial incentives to progress the transition, leading to a steadily increasing proportion of electric MEWPs in the fleet. The Dutch scissors fleet is 90% electric already, but diesel booms still have a sizeable presence in the total MEWP rental fleet, as greener equivalents remain both expensive and limited in capability terms of outreach and operating load.
- The trend towards electric-powered MEWPs is expected to continue, driven by proactive fleet development and organic renewals, though possibly at a lower pace than before the Covid-19 pandemic.
- 2021 may see a more significant halt on investment in new machines, which will serve to slow this steady transition to electric or hybrid MEWPs in the Netherlands rental fleet.



THE NETHERLANDS – REVENUE PER UNIT

As the fleet size has increased significantly, revenue per machine dropped by around 1% in 2019. It is expected to keep dropping as total revenues for 2020 fall and the fleet size remains approximately the same as in 2019.

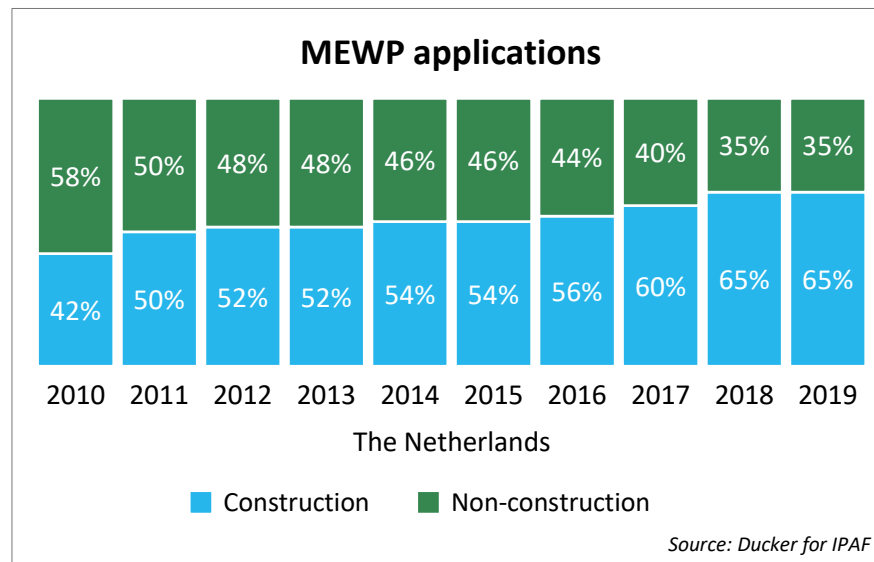
- Compared to 2020, average revenue per unit might grow again, as MEWP rental companies expect total revenue to stabilise or even return to growth, while total fleet size is expected to be reduced.



Included are all booms, scissor lifts and vertical masts. Low-level access equipment (<3m high), telescopic material handlers, forklifts, cranes and MCWPs are excluded.

Both construction (65%) and non-construction (35%) sectors reported dynamic activity in 2019 and both construction and non-construction were broadly impacted the same by the coronavirus pandemic; the ratio is unlikely to change.

- Netherlands rental companies don't expect a major change in the 35:65 split in non-construction and construction applications any time soon, as market activity is expected to remain flat next year and a period of consolidation is forecast.



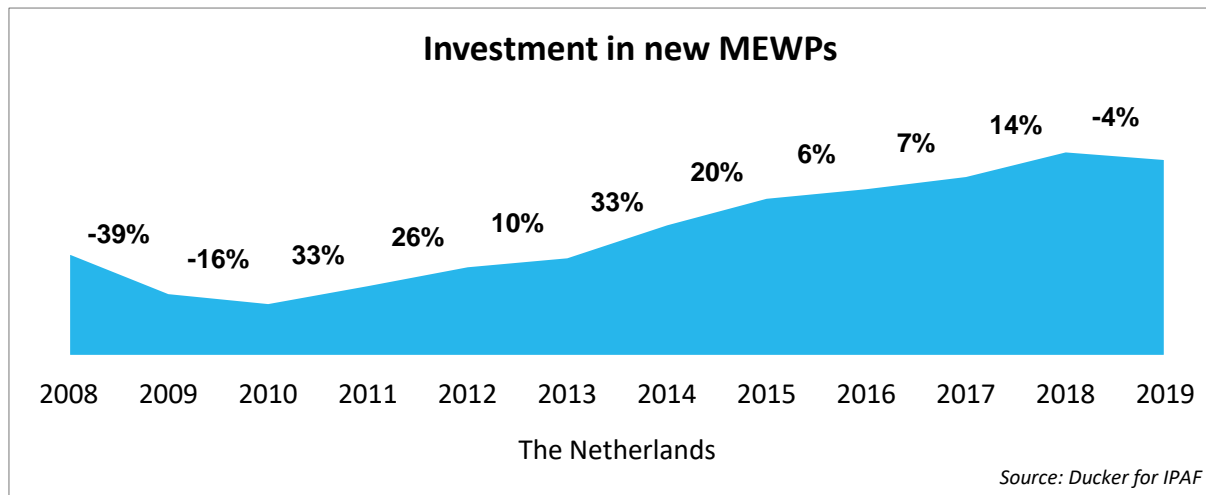
Share of rental revenue

Non-construction includes industrial, maintenance, cleaning, utilities, events.

Construction includes new-build and renovation across residential, commercial, retail and industrial.

Progressively increasing investment slowed in 2019, with a slight fall (-4%) against near-double-digit growth reported the previous nine years dating back to 2010. This sharp decrease in investment levels continued throughout 2020.

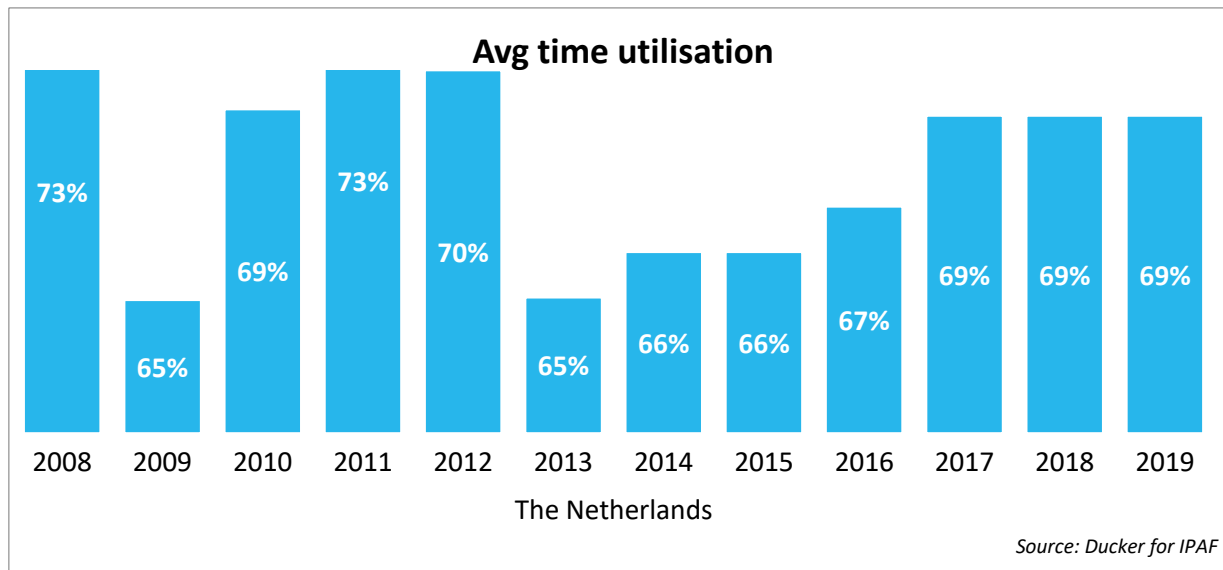
- In the first half of 2020, many rental companies cancelled orders of new machines as the Covid-19 pandemic unfolded. Investments are expected to drop by 30%.
- Throughout 2021 investment is expected to be maintained at the absolute minimum, to allow rental companies to preserve cash until activity and confidence recovers to something approaching 2019 levels.



THE NETHERLANDS – UTILISATION RATES

Utilisation rate was stable in 2019 (69%) as rental companies expanded fleet size in line with increasing demand. Across 2020, an overall drop of 8% in utilisation rate is expected owing to the impact of the coronavirus pandemic.

- Activity is expected to remain flat across 2021, so the only way to effectively raise average utilisation rate and get close to 69% again will be to progressively scale back rental fleets to remove the oldest and least versatile machines, which are likely to be sold overseas owing to the strong incentives from the Netherlands Government to pivot towards greener, cleaner power sources.



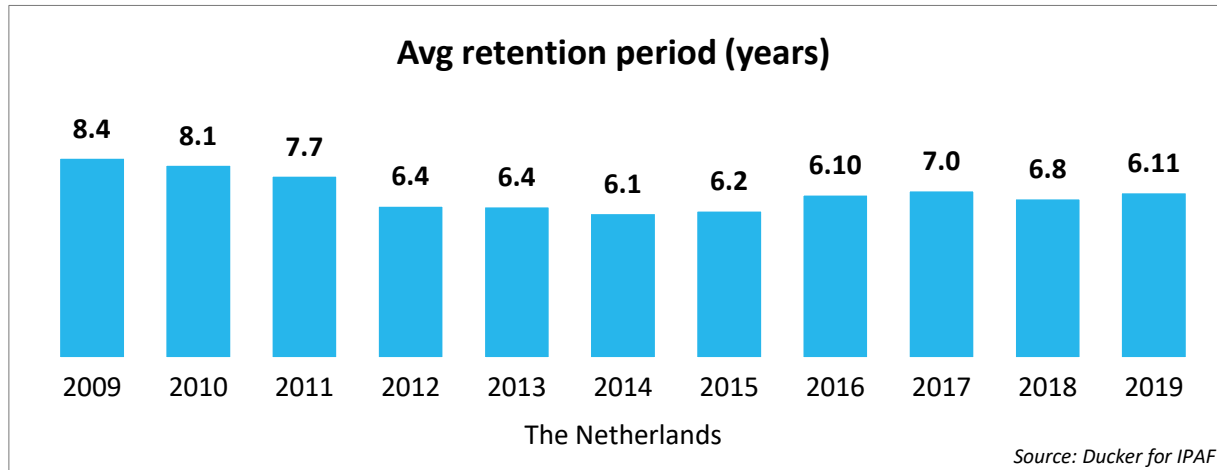
Definition: Physical number of machines out on hire as % of total number in fleet at any given time.

THE NETHERLANDS – RETENTION PERIOD



Retention period increased slightly in 2019 by 0.3 years, and in 2020, it might continue to increase as Netherlands MEWP rental companies placed even investment in planned fleet renewal on hold.

- Any significant proactive moves to reduce fleet sizes in 2021 and beyond may see the average retention period decrease again, to at least compensate for any increase in average retention period experienced across 2020.



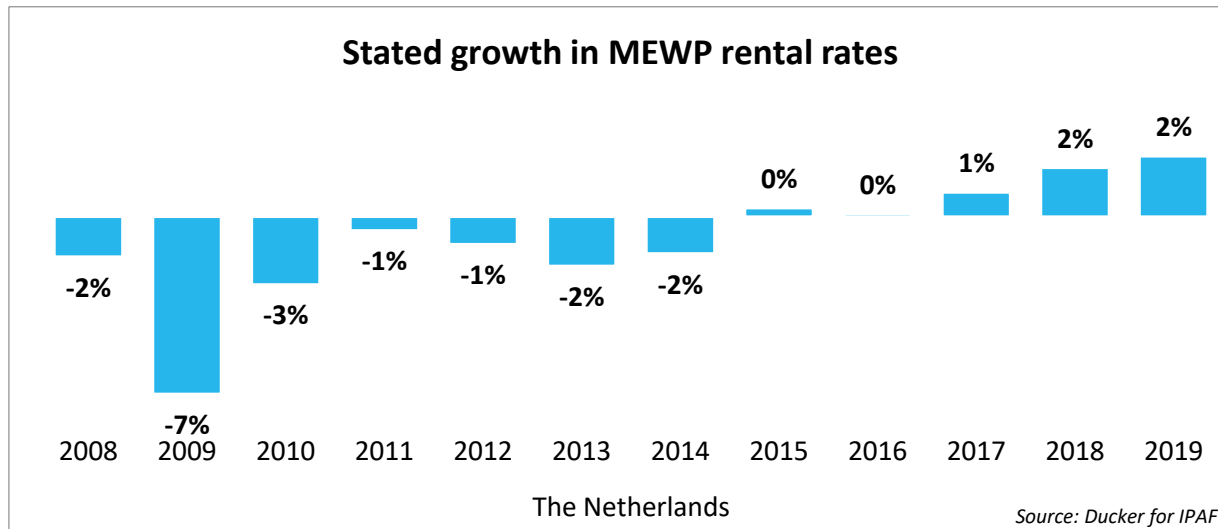
6.11 = 6 years and 1.32 months

Definition: Period of time that a machine is kept in fleet = selling age if acquired new

THE NETHERLANDS – RENTAL RATES

Thanks to strong demand and a utilisation rate of around 70%, rental companies increased rates to generate additional rental revenue in 2019. However in 2020 rates are likely to fall by 1-3% overall.

- In 2020 rental companies tried to maintain rental rates, but are not optimistic of their chances to avoid a fall of up to 3%.
- Stronger downward pressure on rates is expected in 2021 owing to falling demand and strong market competition, leading rental companies predict there might be further slight reductions in rental rates.



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A PERSPECTIVE FROM THE MANAGING EDITOR OF *INTERNATIONAL RENTAL NEWS*, MURRAY POLLOK



- During the past 18 months and throughout the pandemic, the Netherlands reinforced its position as both a hotbed of European rental activity and entrepôt for access OEMs targeting the European market.
- For the country's largest player, Boels Rental, the past 12 months was notable for the completion of its acquisition of Nordic rental giant Cramo, making Boels a member of that small European club of rental companies with annual revenues of more than €1 billion.
- The deal was widely viewed as a direct response to Loxam's acquisition of Ramirent the year before, and one that was essential for Boels to realise its ambitious growth plans.
- For Pierre Boels, the CEO of the company, the deal will have benefits beyond those of scale and diversification: "Cramo is very good at doing large projects, and Boels is very good at catering for smaller contractors and having a wider range of products and customers. If we could learn from each other, that could make it a great company."
- The Netherlands has other dynamic rental players, of course, with Riwal, Peinemann and Collé Rental & Sales among them. Collé has been extending its presence in Germany, and now has at least eight locations in the country, while Riwal signed a cooperation agreement with industrial forklift specialist Jungheinrich, with each renting the other's machines.
- With that positive outlook comes a lively mergers and acquisitions environment, though it was the proposed majority acquisition of GAM Alquiler by private-equity business Halekulani SL in January that was the big news of the past 18 months. That deal would see GAM unburdened of bank debts and would be the start of a fresh chapter for the business.
- For Dutch rental companies, however, it was the response of the government and the construction industry to Covid-19 that was the key issue during 2020, and in that regard they were among those fortunate to have a construction sector that largely stayed open during the peak of the first wave of the pandemic.

A PERSPECTIVE FROM THE MANAGING EDITOR OF *INTERNATIONAL RENTAL NEWS, MURRAY POLLOK*



- That is reflected in estimates and forecasts for the rental market made by the European Rental Association (ERA), which in September 2020 estimated the decline in the market for the year at around 5%, which is a lot lower than for France, Spain and the UK, and also considerably lower than its neighbour Belgium, where a different approach to the pandemic was taken. The forecast rebound growth rate for 2021 is 3.8%, which will leave the Netherlands market in a better position than many others in the region.
- The past 18 months have also seen the Netherlands strengthen its position as the HQ of choice for foreign manufacturers, with Sinoboom and LGMG among those in recent years to have established European bases in the country.
- For those companies it is not only logistical or local tax considerations that determined the choice, but the presence of a vibrant local rental market and a strong culture of access equipment. Covid-19 is having a major impact on the access industry, but that's one thing it won't change.

APPENDIX

IPAF POWERED ACCESS RENTAL MARKET REPORT 2020 – THE NETHERLANDS

THE NETHERLANDS – CONSTRUCTION STATISTICS



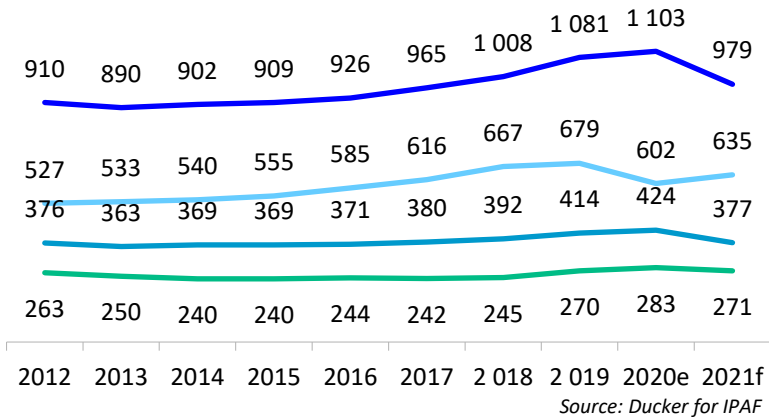
The constructions sector kept growing strongly in 2019 but has taken a hit due to Covid-19. It is expected to drop significantly in both 2020 and 2021, for an overall 2019-2021 compound annual growth rate (CAGR) of -8.15%

CAGR 19-21 = -3.69%

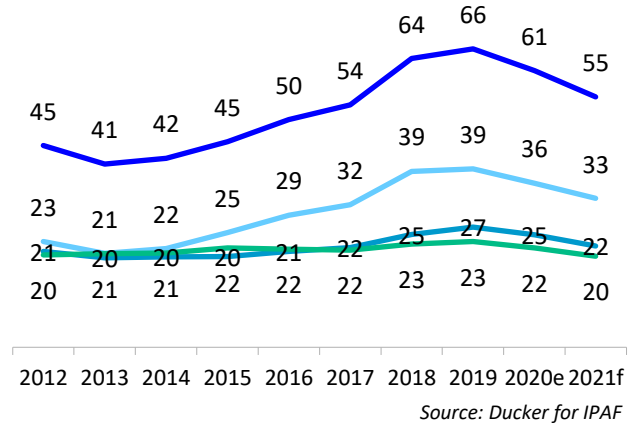
CAGR: Compound annual growth rate

CAGR 19-21 = -8.15%

Europe – Construction data

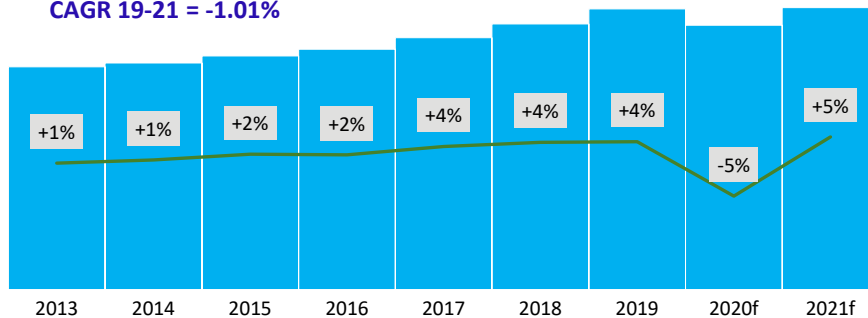


The Netherlands



The Netherlands

CAGR 19-21 = -1.01%



- Residential construction
- Non-residential construction
- Total construction
- Civil engineering / Major infrastructure

The Netherlands GDP per Capita YoY % evolution Source: IMF – October 2020.

Construction pipeline (billions euros) based on Euroconstruct August 2020 figures.

COUNTRY REPORT – THE NORDICS

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**THE EUROPEAN
ASSOCIATION
AWARDS 2018**

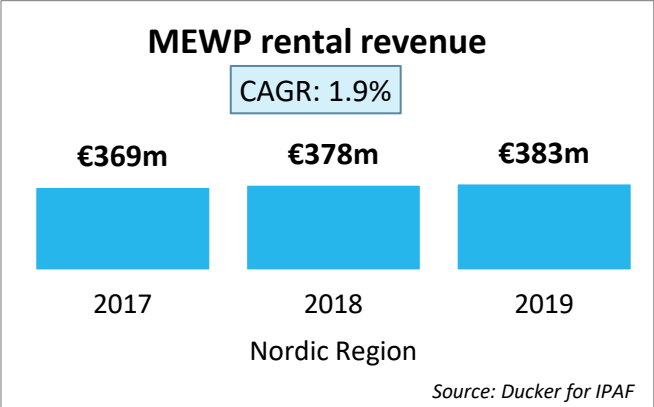
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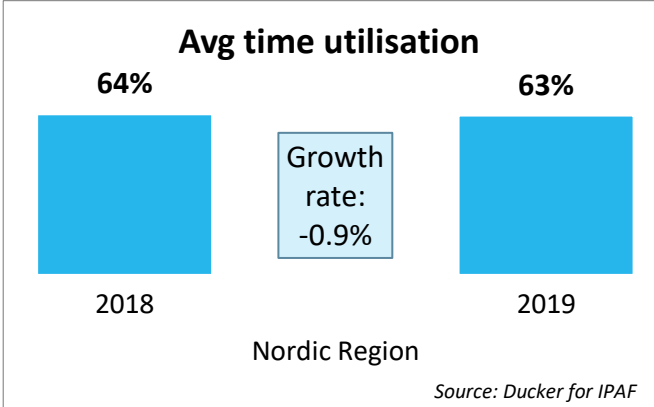
THE NORDICS – KEY FINDINGS 2019



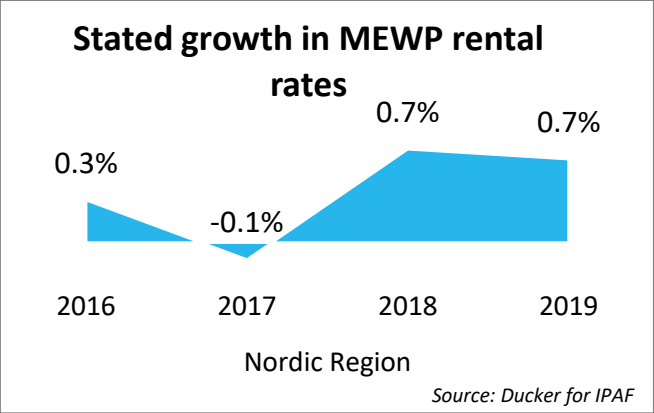
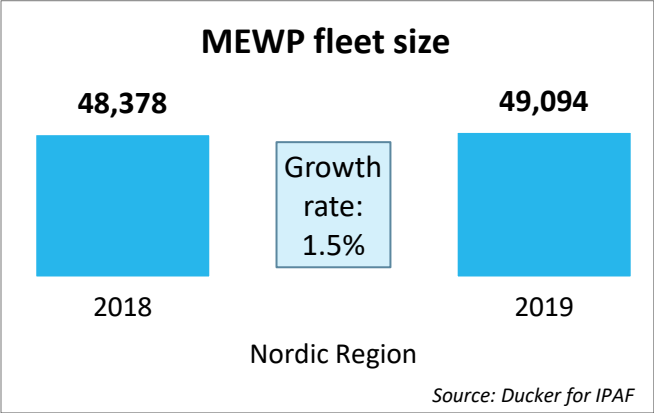
MEWP rental revenue of the Nordic region grew by 1.4% in 2019, owing to a slight increase in both MEWP fleet size (1.5%) and rental rates (0.7%). Utilisation rate has been impacted by the growth of fleet size and fell by 1%.



CAGR: Compound annual growth rate



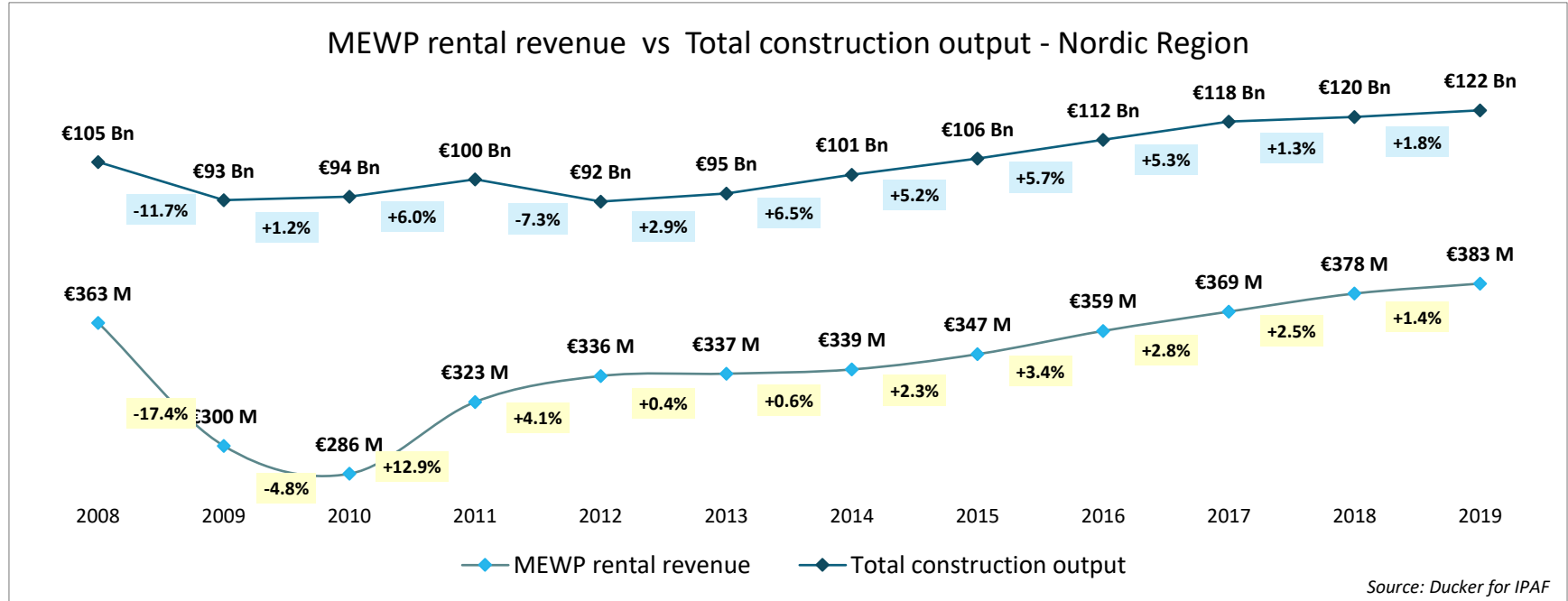
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THE NORDICS – MEWP RENTAL REVENUE & CONSTRUCTION

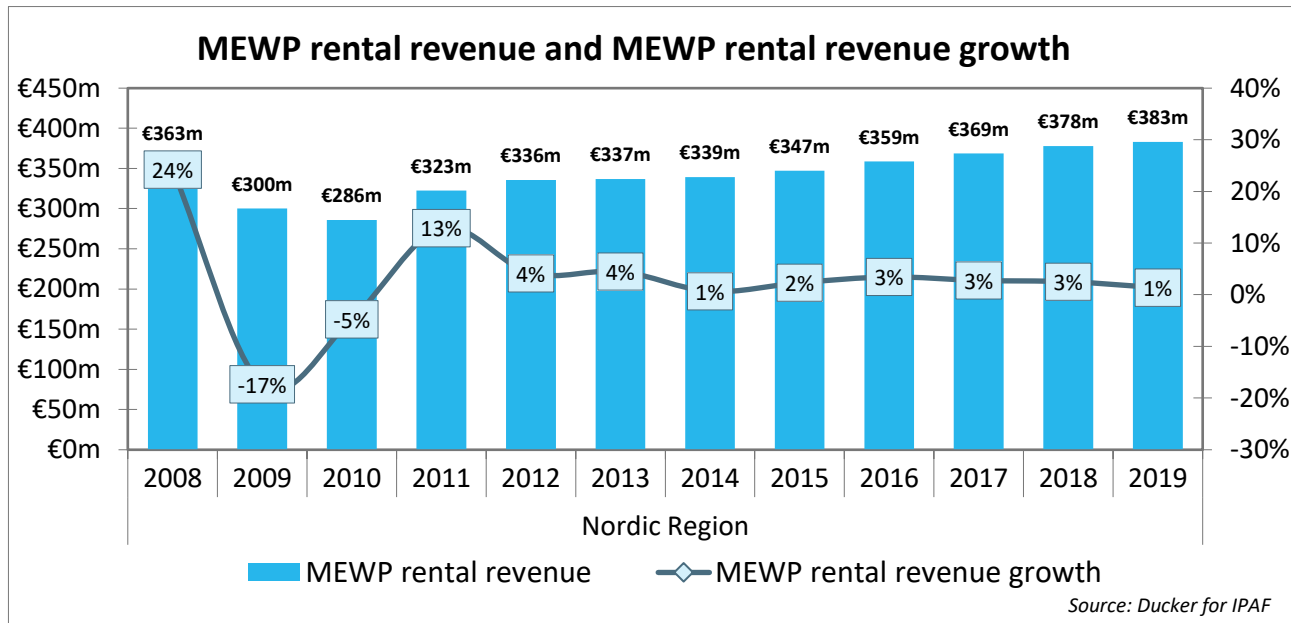


Total construction output growth of 1.4% in 2019 was one of the key drivers behind rising MEWP rental revenue, which increased by 1.8% in 2019.



Overall rental revenue grew by 1% in the Nordics in 2019. In Denmark and Norway, increased construction output led to revenue growth close to 3%, whereas in Sweden it was nearer 1%. In Finland, high competition led to 0% growth.

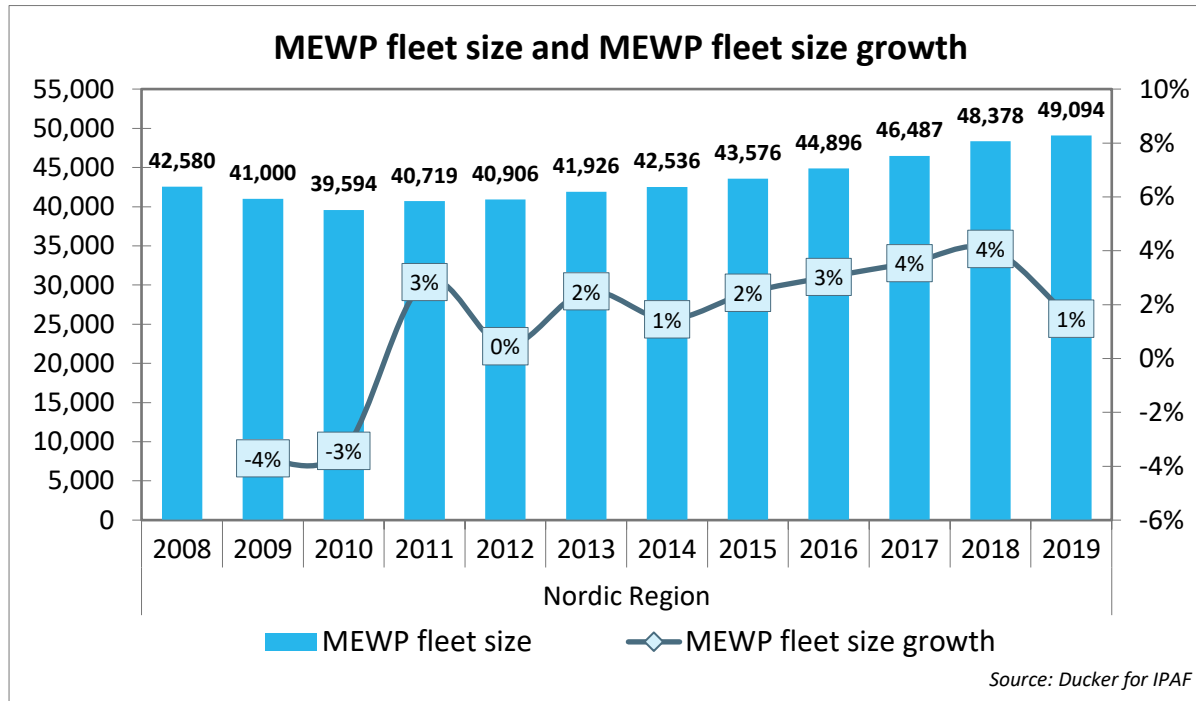
- In Denmark, Norway and Finland, where there were partial lockdowns because of the Covid-19, rental revenue is expected to decrease in 2020. Finland was the worst hit, with an expected downturn of 3%. In Sweden, where there was no hard lockdown, continued activity helped sustain minimal growth of 1%.
- In Sweden, rental companies hope to maintain revenue rates, but there is uncertainty due to the global situation that might yet have a negative impact on its economy. In Denmark and Norway, depending on the speed of the bounce-back, revenue might return to 2019 levels quickly, or maintain a downward trajectory if the second wave of Covid-19 continues into the early months of 2021.



THE NORDICS – MARKET SIZE IN UNITS

Denmark fleet grew more than the other countries (4%) in 2019; the combined rate across the Nordics slowed to 1%. In 2020, Sweden’s fleet size will remain unchanged; Denmark, Norway and Finland expect fleets to shrink slightly.

- Unless there is an unexpectedly rapid return to pre-Covid-19 levels of activity across the Nordic countries, rental companies there are expected to freeze or even shrink fleets to ensure that average utilisation rates remain at the preferred level
- MEWP rental companies are expected to pause investment and limit maintenance costs by jettisoning older machines wherever possible.

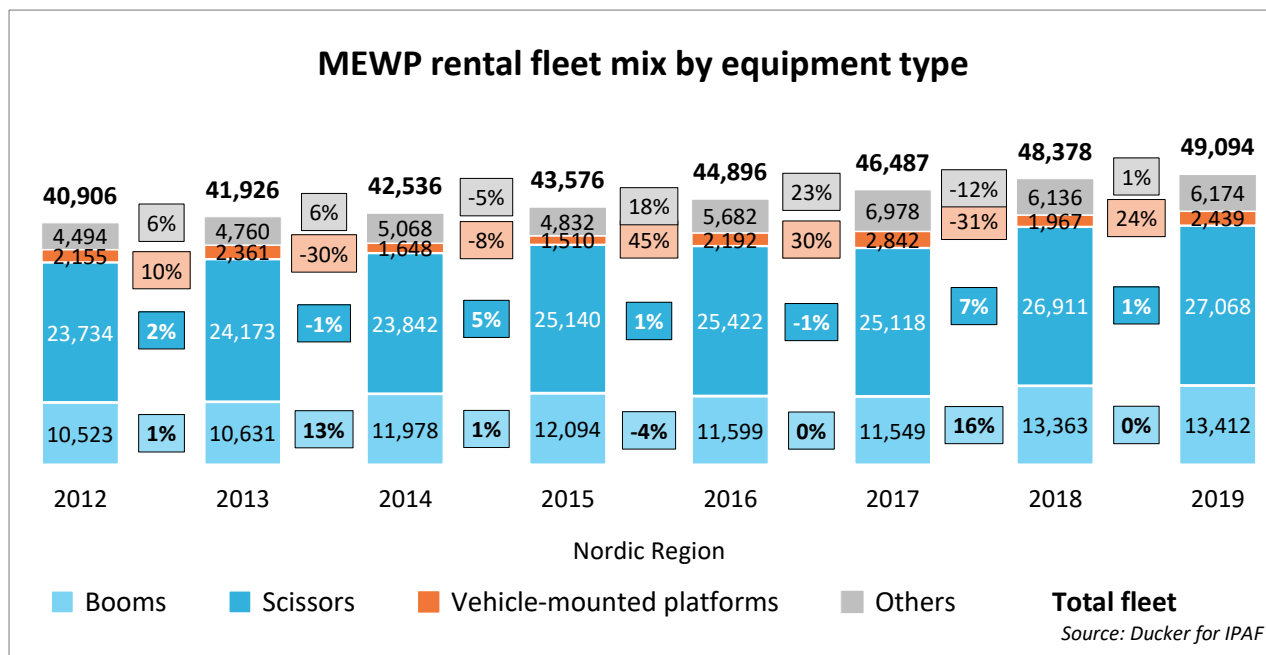


Included are all booms, scissor lifts and vertical masts. Low-level access equipment (<3m high), telescopic material handlers, forklifts, cranes and MCWPs are excluded.

THE NORDICS – MARKET SIZE IN UNITS

The mix of MEWP types hasn't changed much from one year to the next, and fleet size remains stable. There has been a notable growth in vehicle-mounted platforms in Denmark, where they are used in telecoms maintenance.

- There won't be any notable change in fleet mix, as fleet size is expected to stay the same or even be slightly reduced.
- In Denmark and Norway, scissors have a higher utilisation rate, but this doesn't have a huge effect on fleet mix.
- If, in a worst-case scenario, fleet size decreases in 2021, older diesel booms are most likely to be jettisoned as their utilisation rate tends to be lower than scissors, which are more versatile and therefore have a higher utilisation rates.



Included are all booms, scissor lifts and vertical masts. Low-level access equipment (<3m high), telescopic material handlers, forklifts, cranes and MCWPs are excluded.

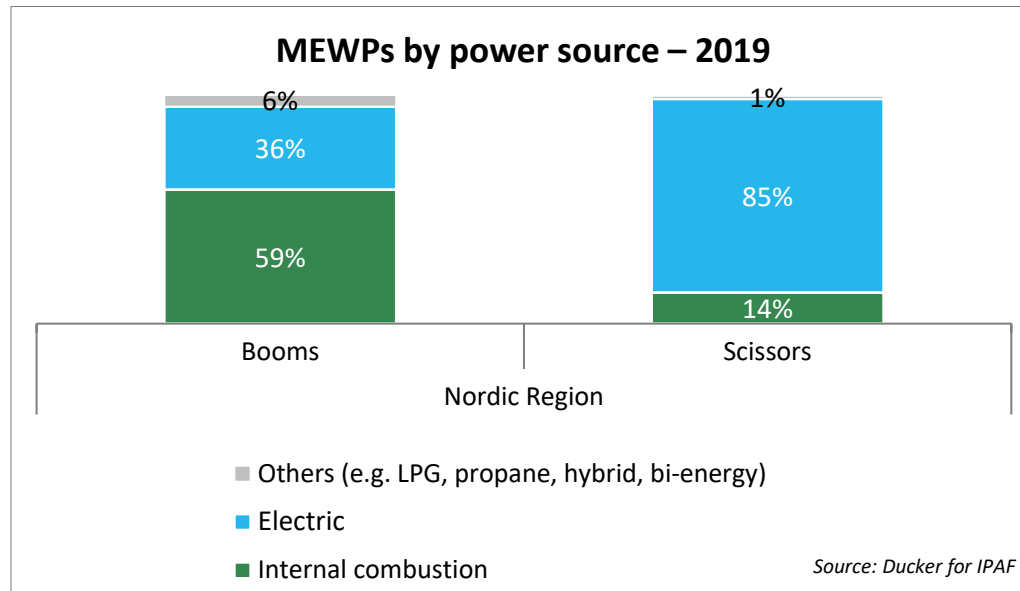
+0% % unit growth, eg booms increased by 0% from 2018 to 2019

"Others" include vertical lifts, vertical masts, push-around, trailer mounted/towable

THE NORDICS – POWER SOURCES

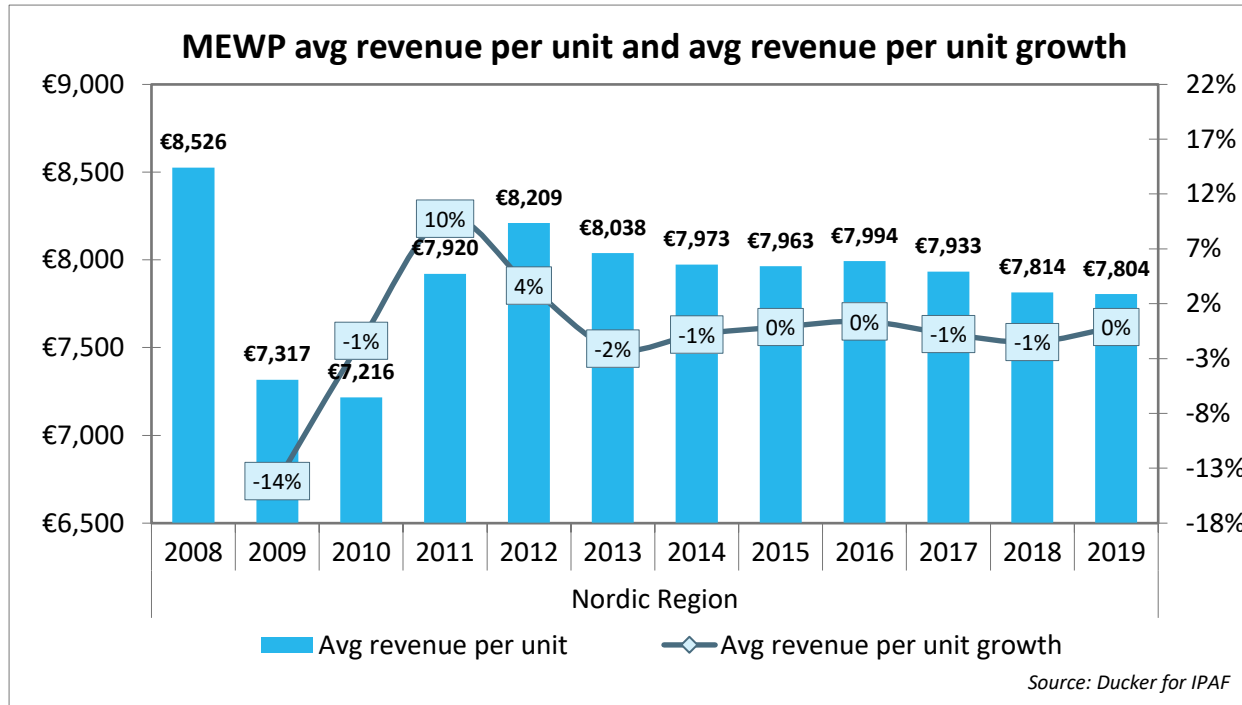
Nordic countries have been ‘early adopters’ of hybrid or electric equipment but wholesale transition has plateaued since 2017. Government regulation fuelled a shift to almost 90% electric scissors in Denmark (85% overall).

- The share of electric booms is higher in Sweden, Finland and Denmark (close to 40%) than in other European countries. The only exception is Norway, where the transition to electric booms has been slower – only 22% of booms were electric as at end 2019.
- The current situation regards the pandemic has also slowed the electrification trend, as there are fewer new machines being bought, but it likely won’t have too much impact on the longer-term transition towards all-electric and hybrid boom fleets.



THE NORDICS – REVENUE PER UNIT

As both revenue and fleet size grew at the same pace, average revenue per unit remained unchanged in 2019. It is expected to decrease in 2020, due to the significant reduction in overall revenue in Norway, Denmark and Finland.

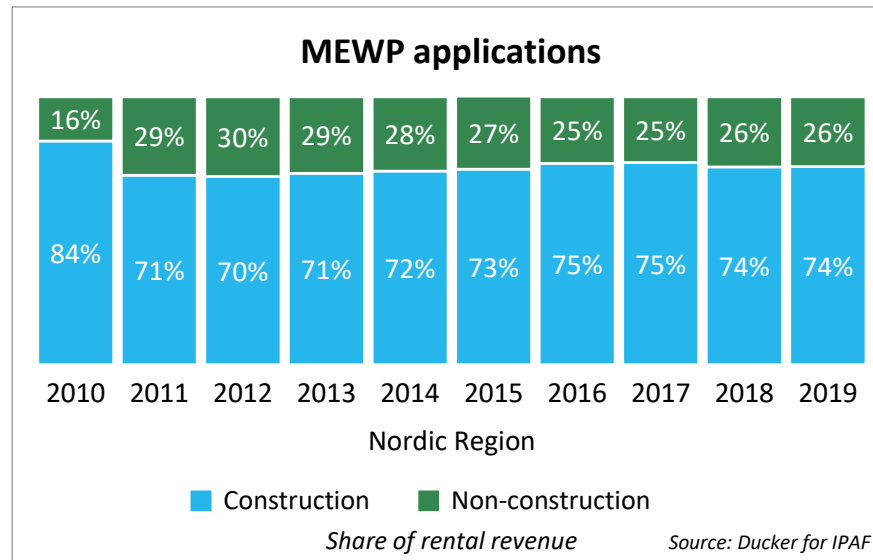


Included are all booms, scissor lifts and vertical masts. Low-level access equipment (<3m high), telescopic material handlers, forklifts, cranes and MCWPs are excluded.

THE NORDICS – APPLICATIONS

In all four countries, construction represents approximately three quarters of overall MEWP rental end-use. The split between construction and non-construction remained unchanged from 2018 to 2019.

- Within construction, pipeline has been restricted by the impact of the pandemic, but there is still a healthy amount of renovation and repair activity, and heavy industries continue to support a healthy slice of the overall MEWP rental market.

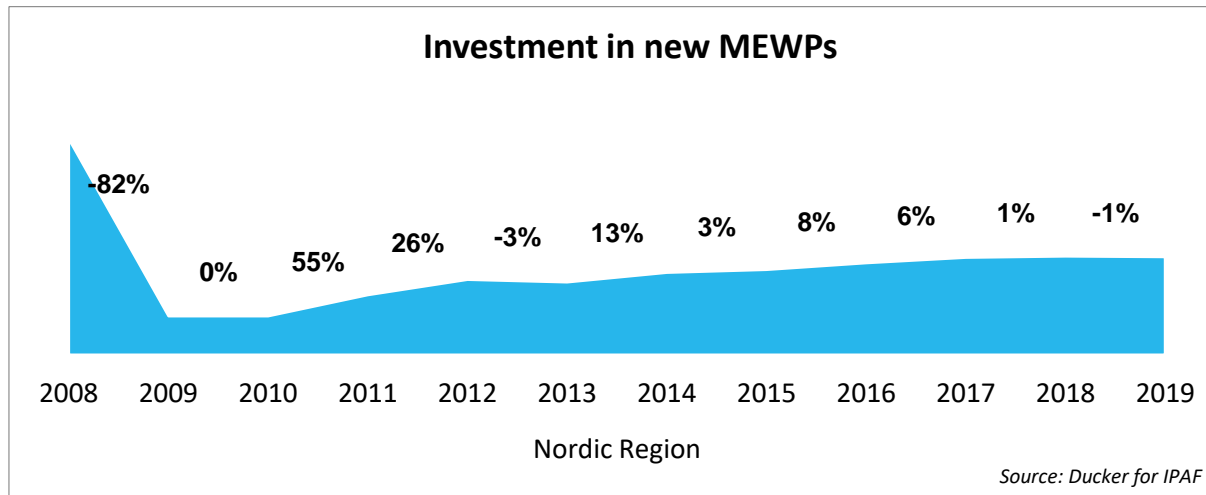


Non-construction includes industry, maintenance, cleaning, utilities, events.

Construction includes new-build and renovation across residential, commercial, retail and industrial.

- Investment levelled off in the Nordic regions: In Norway, investment decreased by 7% compared to 2018, as rental companies put a halt on fleet expansion. Investment is expected to decrease by at least 8% in the region in 2020.

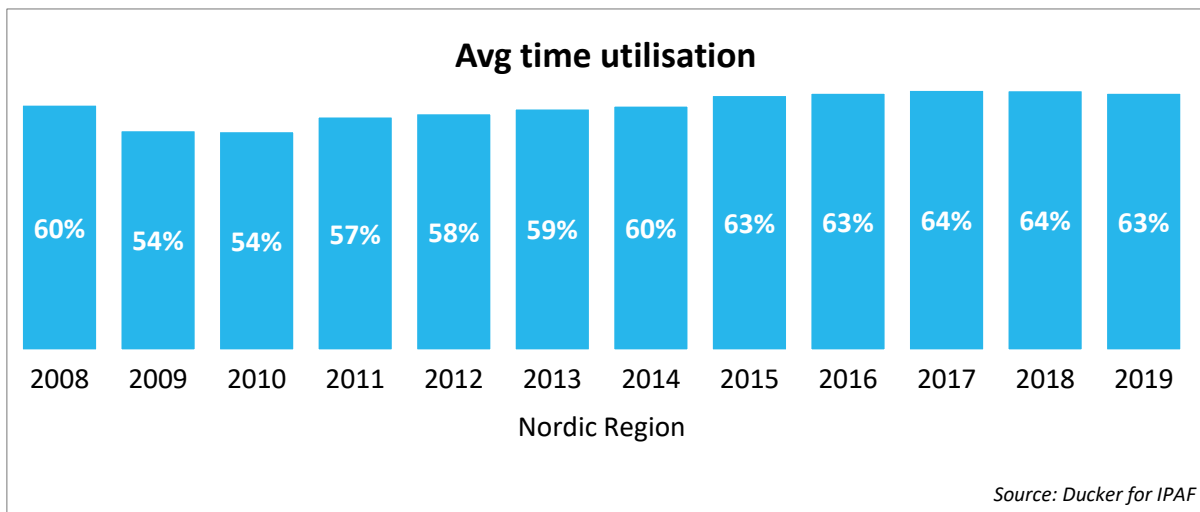
- Rental companies have largely stopped fleet size growth. Sweden may prove the exception, where investment levels are expected to remain broadly the same as in previous years.
- Companies will try to avoid major investment in 2021 and keep their activity level within the scope of their current fleet.
- There is little expectation of a major uptick in demand across the region as a whole any time before 2022.



THE NORDICS – UTILISATION RATES

With the slight augmentation of fleet size in 2019, average utilisation rate fell by 1%. In Sweden and Denmark utilisation rate was maintained, but in Norway and Finland it slightly decreased, which led to the overall regional fall.

- With a partial national lockdown in three out of the four countries, utilisation rate has dropped by 4%. Static utilisation rates in Sweden compensate declines in Denmark, Finland and Norway of between 6% and 7%.
- In Finland, rental companies don't see any major cause for optimism about 2021 and are expecting a continued fall in utilisation rate. In Denmark and Norway, there might be an increase if there is no second lockdown, with the possibility to recover close to the 63% utilisation rate reported in 2019.

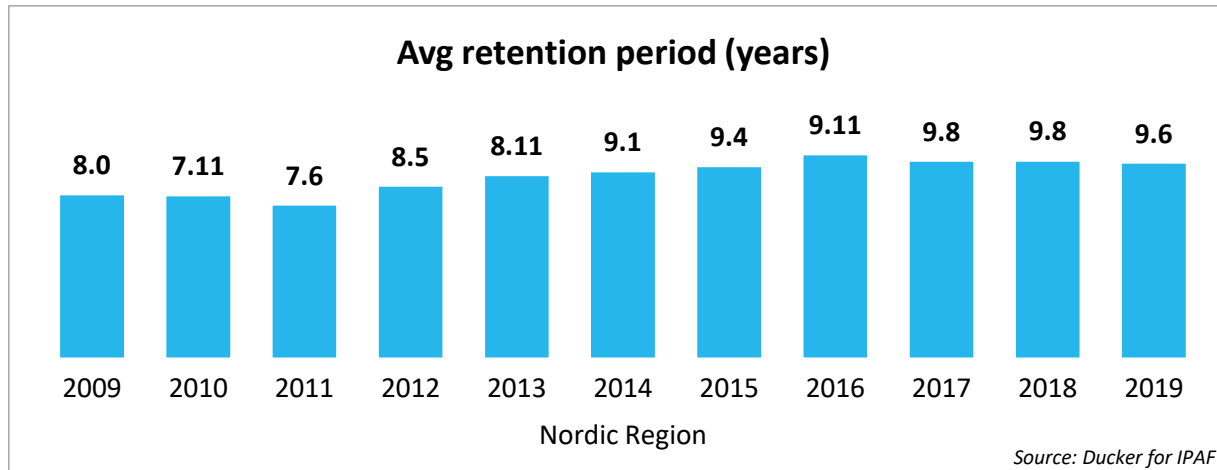


Definition: Physical number of machines out on hire as % of total number in fleet at any given time.

THE NORDICS – RETENTION PERIOD

Average retention period slightly decreased by two months in 2019, linked to the replacement of older machines with cleaner more efficient units, as rental companies tried to maintain a fresh, versatile fleet of modern MEWPs.

- Rental companies planned to keep some machines longer than they usually would to avoid investing in replacement and preserve cash on the back of impacts from the Covid-19 pandemic.
- In 2021, there may be concerted efforts to reduce fleet size by getting rid of older machines, which may help to balance out average retention period over the two years.



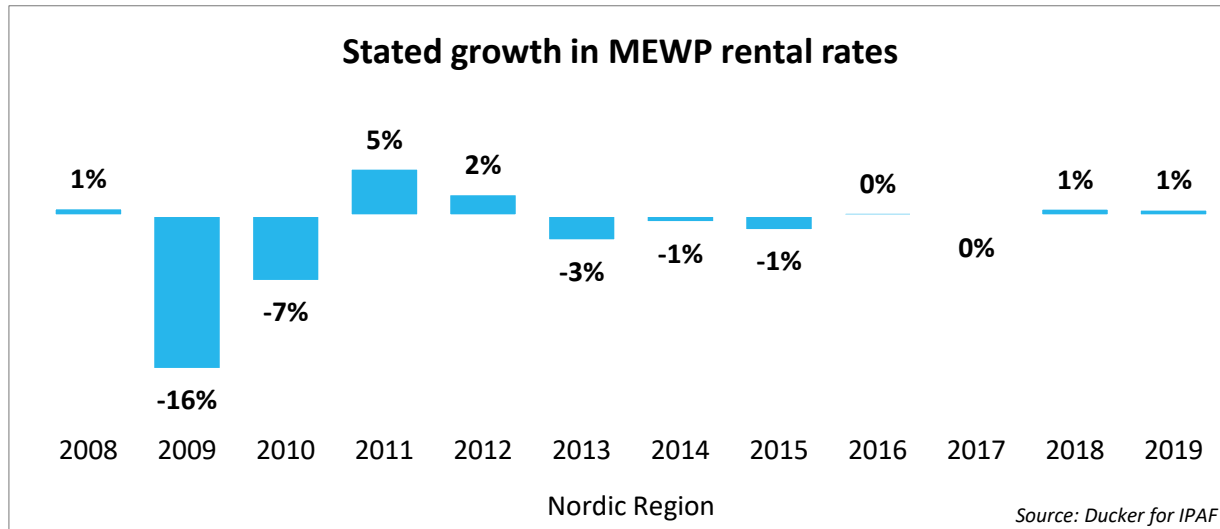
9.6 = 9 years and 7.2 months

Definition: Period of time that a machine is kept in fleet = selling age if acquired new

THE NORDICS – RENTAL RATES

Rental rates increased by less than 1% in 2019 in the Nordic regions. In Finland, price pressure led to a slight decrease, while in Norway, rental rates rose by 2%. In Sweden and Denmark, prices rose increasing slowly.

- Rental companies tried to maintain rental rates to avoid any drastic falls in revenue.
- The steepest fall was in Finland (-3%), whereas in Sweden rates remained flat.
- Rental companies are more worried about 2021, as they are not sure they will be able to keep rental rates at pre-Covid-19 levels if there is no bounce-back demand before the end of the year. Many ongoing long-term projects will be completed, and uncertainty surrounds on the pipeline of new projects.



**A PERSPECTIVE
FROM THE
MANAGING EDITOR
OF *INTERNATIONAL
RENTAL NEWS***

***IPAF POWERED ACCESS
RENTAL MARKET REPORT
2020 – THE NORDICS***

A PERSPECTIVE FROM THE MANAGING EDITOR OF *INTERNATIONAL RENTAL NEWS*, MURRAY POLLOK



- The past 18 months have seen ownership of the Nordic region's two largest companies, Ramirent and Cramo, shift to France and the Netherlands respectively, through acquisitions by Loxam in 2019 and Boels in 2020.
- That means both companies are now part of major rental groups that both have track records of growth and success. There will no doubt be some regret that ultimate decision-making for the two largest players has left the region, and at a time when both companies may have looked better placed to tailor their strategies and ride the pandemic storm than their peers in countries such as France, Spain and the UK.
- Better placed because, as has been well documented, the Nordic regions – and Sweden in particular – have fared better in the pandemic from an economic perspective. As an example, Ramirent managed to limit its rental decline in the three months to 30 June to just 9%.
- Construction activity was largely maintained and that has been reflected in much better estimates for rental falls in all four countries this year, comparatively speaking. That means less than 5.5% reductions in rental activity for all four countries, as estimated by the European Rental Association (ERA). In the case of Sweden, where government lockdown measures were the least severe in all of Europe, the estimated reduction is just 4.2%.
- That also means less of a rebound in 2021, with the ERA forecasting around 3% growth for Denmark and Finland, and in the 1% to 1.5% range in Norway and Sweden.
- The region may have lost local control of Cramo and Ramirent – even if the brands are being retained – but there are still big names in the sector and some who are expanding aggressively.

A PERSPECTIVE FROM THE MANAGING EDITOR OF *INTERNATIONAL RENTAL NEWS, MURRAY POLLOK*



- Finland's Renta Group moved into Norway in March 2019 and in April this year expanded again with new openings in Poland. With revenues of €192 million in 2019 it is now almost a top 20 rental company in Europe – among generalist renters it is now firmly in the top 15.
- Denmark's GSV is also a fast-growing business and is now among the Nordic region's top three independents, alongside Renta and Lambertsson Sverige. In Sweden, Lambertsson added new depots in Sundsvall, Umeå, Luleå and Sälen.
- Further strengthening the notion that the Nordic countries are enjoying a more 'normal' year than their counterparts elsewhere in Europe was provided by news items announcing a significant MEWP order in March from Danish rental company Lohke Materieludlejning. The company opened a new store in Østre Gjesingvej in February 2020 and announced later in the year that it was to open a new depot in Aarhus, Jutland.
- Of course, there is no "normal" now. According to the IMF, GDP will decline in the Nordic region this year – its forecast in October was for shrinkages in the range of 3% to 5% – and the organisation is expecting modest rebounds of around 3.5% for all four countries. Most would take that now, but the future is still very uncertain.

APPENDIX

IPAF POWERED ACCESS RENTAL MARKET REPORT 2020 – THE NORDICS

SWEDEN – CONSTRUCTION STATISTICS



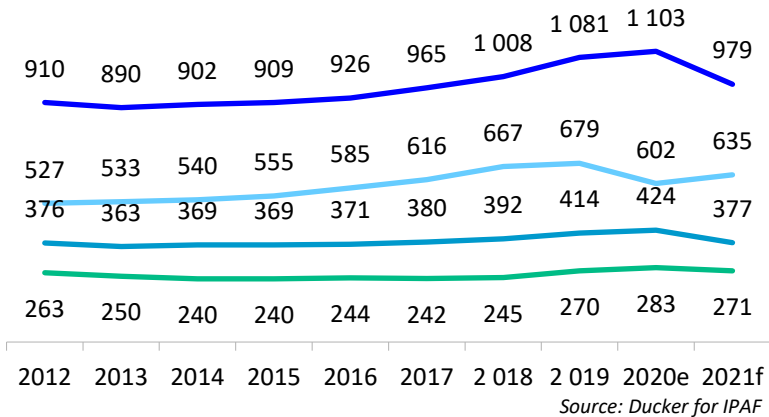
GDP per capita drop of 2020 in Sweden will be followed by predicted 4% growth in 2021, for an overall compound annual growth rate (CAGR) of -0.39%, significantly better than the other three countries in the Nordic region.

CAGR 19-21 = -3.69%

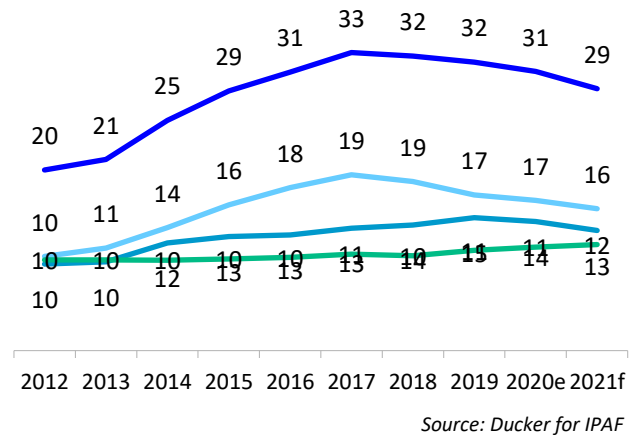
CAGR: Compound annual growth rate

CAGR 19-21 = -4.7%

Europe – Construction data

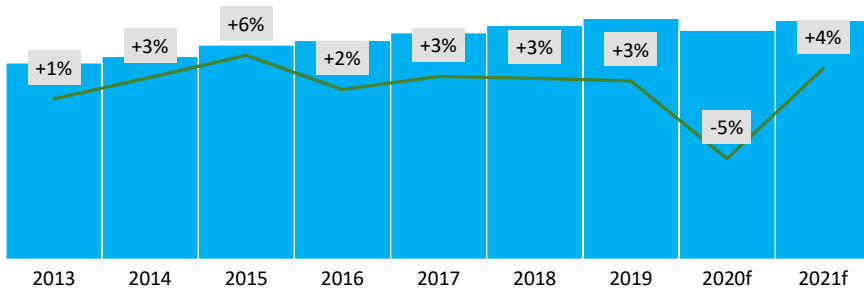


Sweden



Sweden

CAGR 19-21 = -0.39%



- Residential construction
- Non-residential construction
- Total construction
- Civil engineering / Major infrastructure

Sweden GDP per Capita YoY % evolution Source: IMF – October 2020.

Construction pipeline (billions euros) based on Euroconstruct August 2020 figures.

NORWAY – CONSTRUCTION STATISTICS



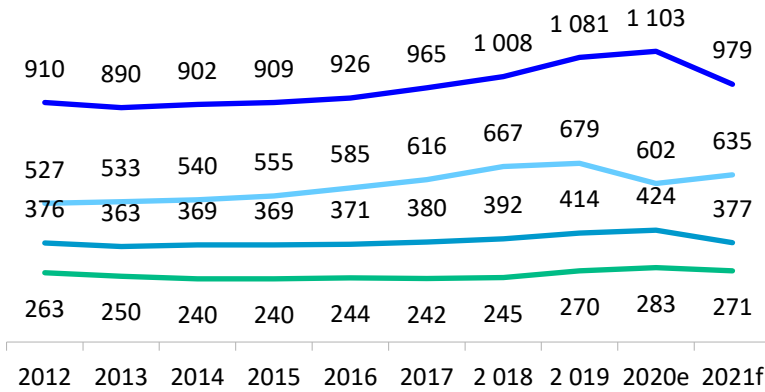
Norway's GDP per capita is expected to experience an overall decrease of 4% in 2020 and to grow again in 2021 by 7%, for an overall CAGR of 1.52% across the two-year period.

CAGR 19-21 = -3.69%

CAGR: Compound annual growth rate

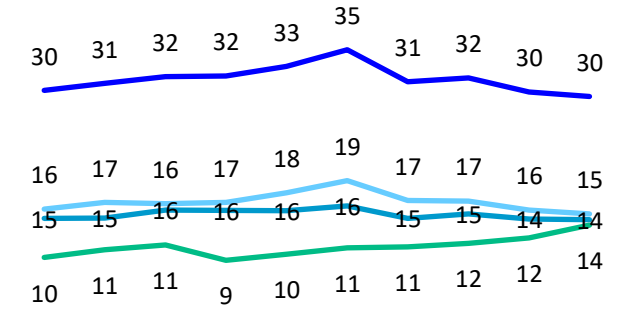
CAGR 19-21 = -3.70%

Europe – Construction data



Source: Ducker for IPAF

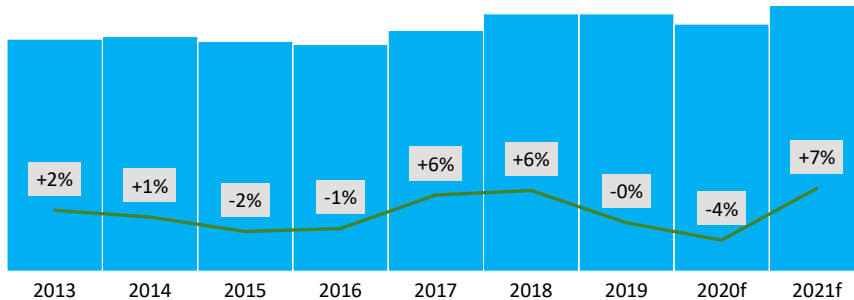
Norway



Source: Ducker for IPAF

Norway

CAGR 19-21 = 1.52%



- Residential construction
- Non-residential construction
- Total construction
- Civil engineering / Major infrastructure

Norway GDP per Capita YoY % evolution Source: IMF – October 2020.

Construction pipeline (billions euros) based on Euroconstruct August 2020 figures.

FINLAND – CONSTRUCTION STATISTICS



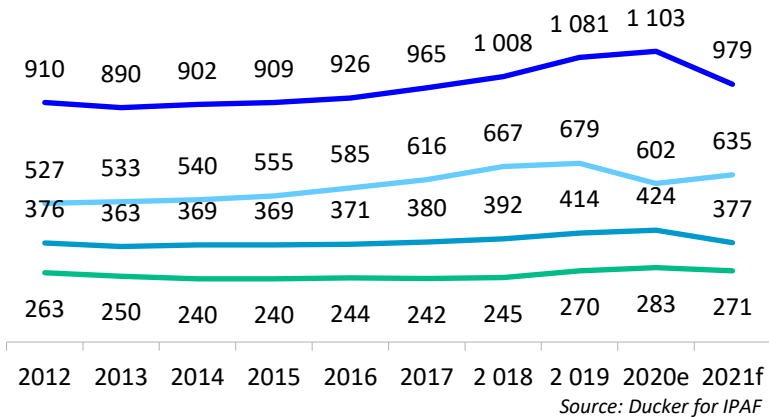
Finland's GDP will decrease by 3% in 2020 and grow again in 2021 by 5%, for an overall CAGR of 1.12%.
On the other hand, the CAGR for construction output is expected to decrease by 3.13% between 2019 and 2021

CAGR 19-21 = -3.69%

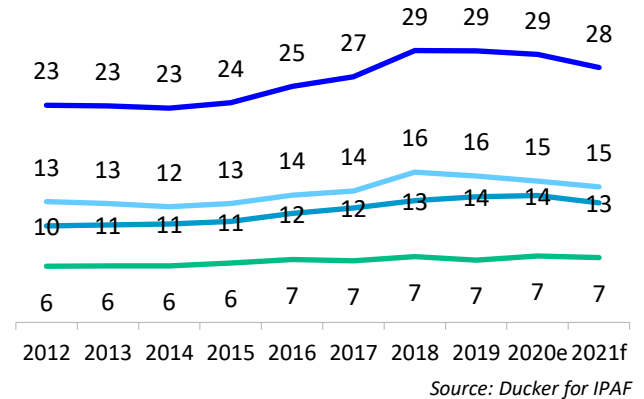
CAGR: Compound annual growth rate

CAGR 19-21 = -3.13%

Europe – Construction data

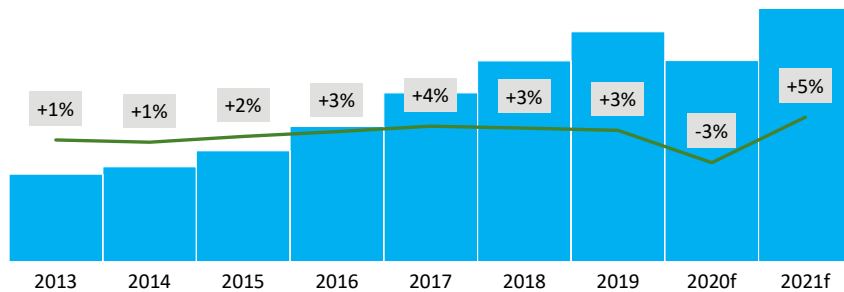


Finland



Finland

CAGR 19-21 = 1.12%



- Residential construction
- Non-residential construction
- Total construction
- Civil engineering / Major infrastructure

Finland GDP per Capita YoY % evolution Source: IMF – October 2020.

Construction pipeline (billions euros) based on Euroconstruct August 2020 figures.

DENMARK – CONSTRUCTION STATISTICS



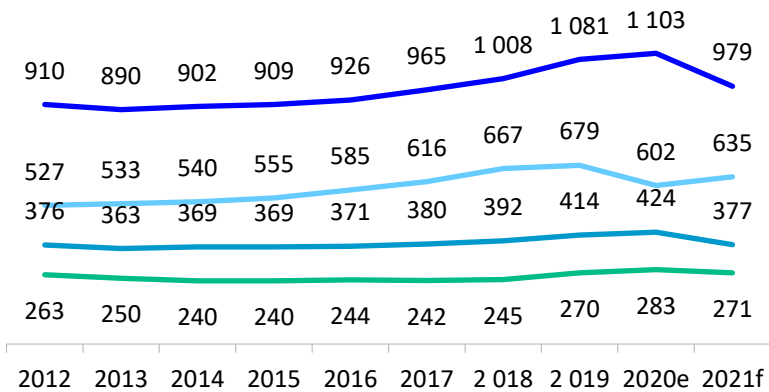
Denmark GDP will decrease by 4% in 2020 and grow again in 2021 by 4%, for an overall CAGR of 0.1%.
On the other hand, the CAGR for construction output is expected to decrease by 1.1% between 2019 and 2021.

CAGR 19-21 = -3.69%

CAGR: Compound annual growth rate

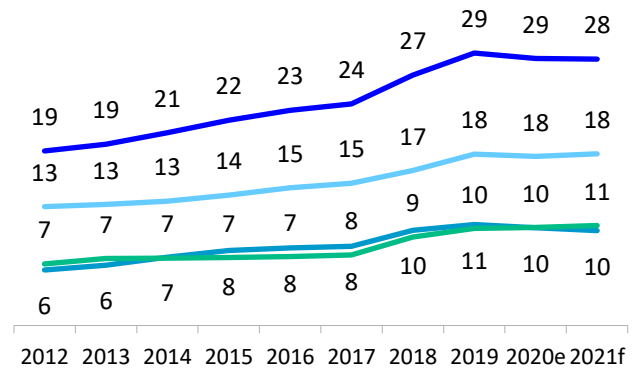
CAGR 19-21 = -1.10%

Europe – Construction data



Source: Ducker for IPAF

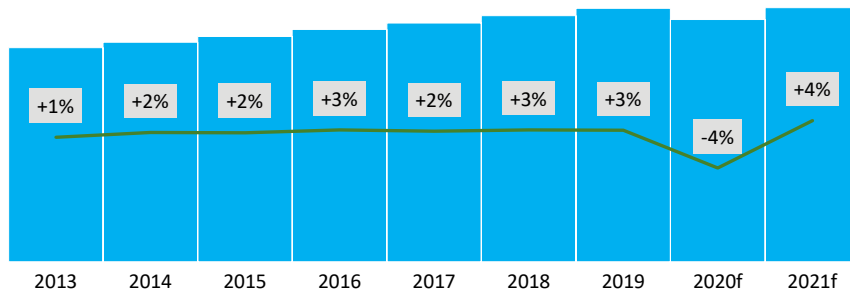
Denmark



Source: Ducker for IPAF

Denmark

CAGR 19-21 = 0.10%



- Residential construction
- Non-residential construction
- Total construction
- Civil engineering / Major infrastructure

Denmark GDP per Capita YoY % evolution Source: IMF – October 2020.

Construction pipeline (billions euros) based on Euroconstruct August 2020 figures.

COUNTRY REPORT – SPAIN

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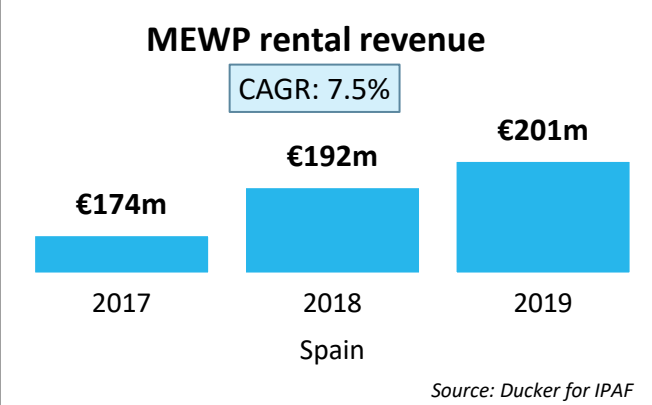
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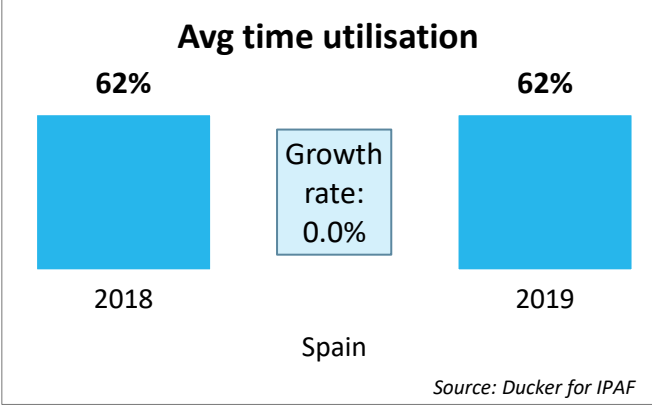
SPAIN – KEY FINDINGS 2019



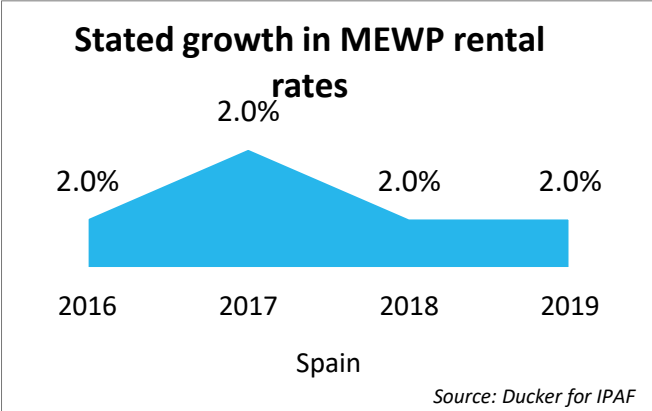
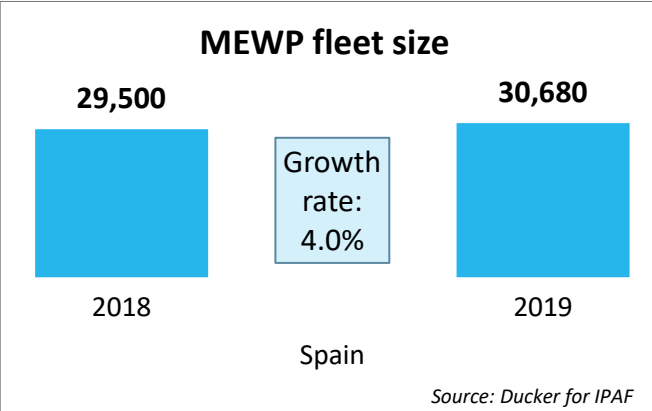
As forecast in last year’s report, the Spanish MEWP rental market continued to grow in 2019, driven by an increase in both fleet size and rental rates. However, uncertainty in an election year led to an overall slow-down in growth.



CAGR: Compound annual growth rate



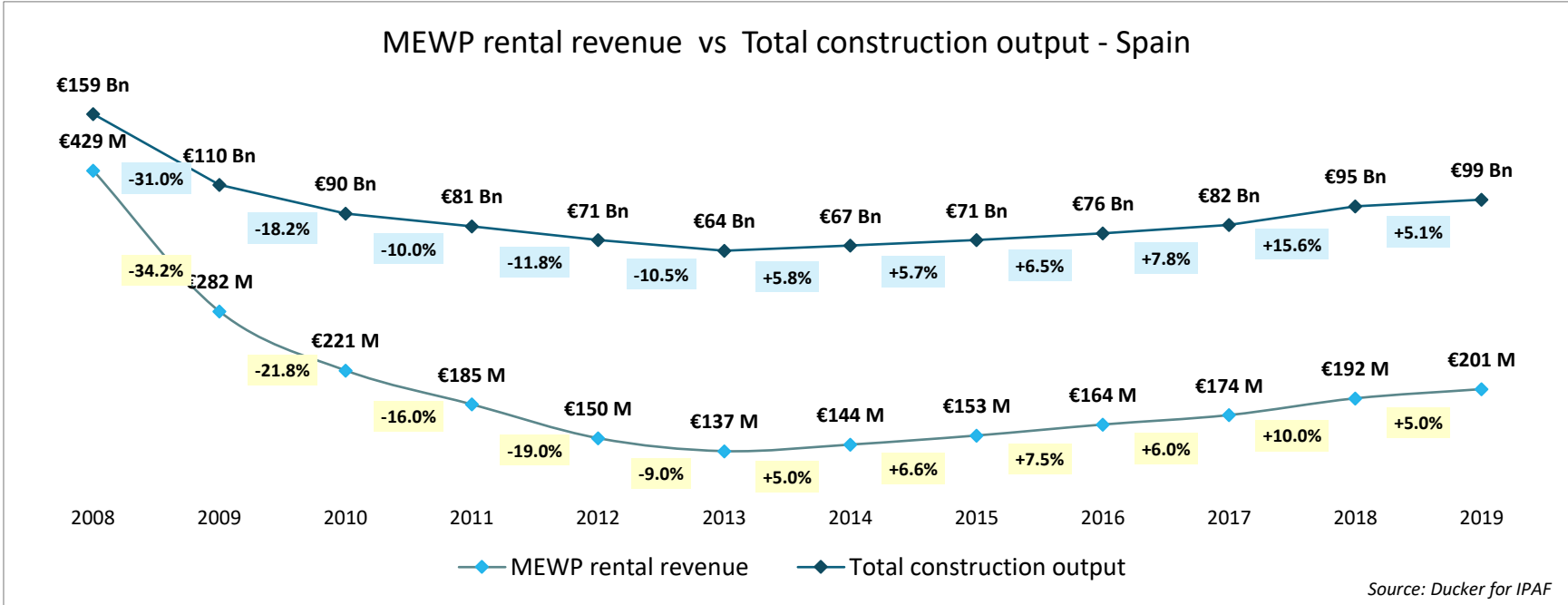
- Spain was one of the worst-hit among the ten European countries under study by the coronavirus pandemic – significant revenue decrease is expected across 2020, likely to be in double digits, while the outlook for 2021 and beyond remain highly uncertain.



SPAIN – MEWP RENTAL REVENUE AND CONSTRUCTION



There is a strong correlation between the MEWP rental revenue and the total construction output in the Spanish market. Since 2014 construction output has driven increases in MEWP rental revenue, continuing to year-end 2019.

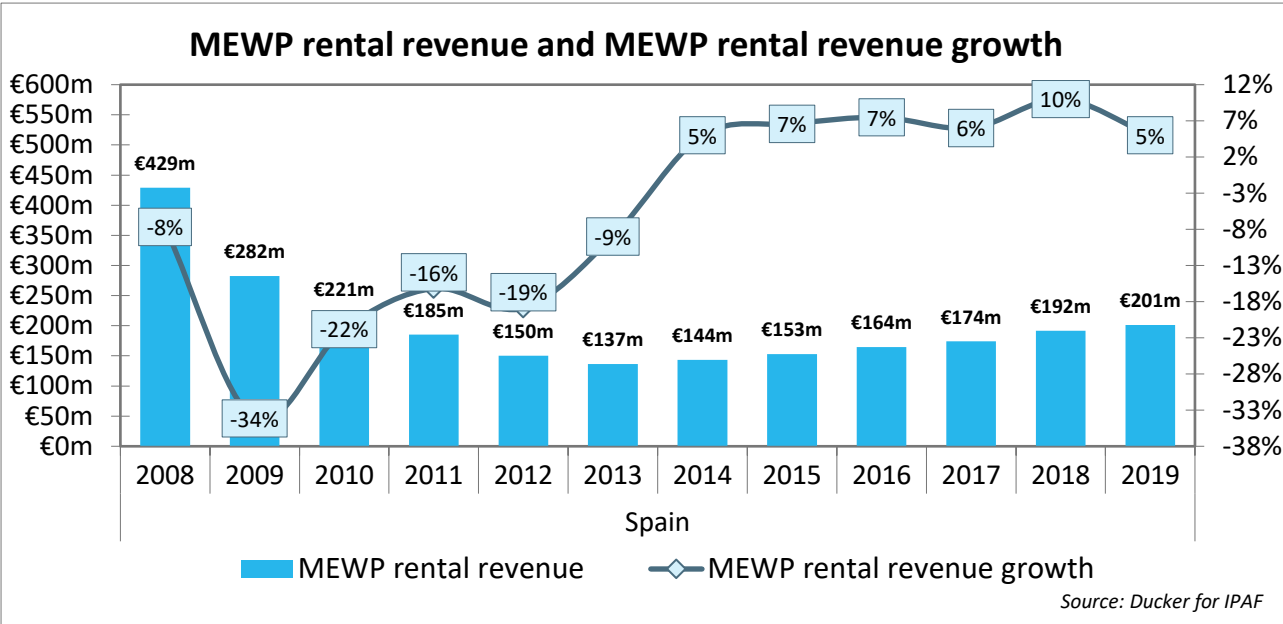


SPAIN – RENTAL MARKET VALUE AND GROWTH



In 2019 the Spanish MEWP rental revenue growth slowed and fell back to levels last seen in the nascent recovery during 2014. Spanish MEWP rental revenue reached €201 million in 2019, still less than half the 2008 figure.

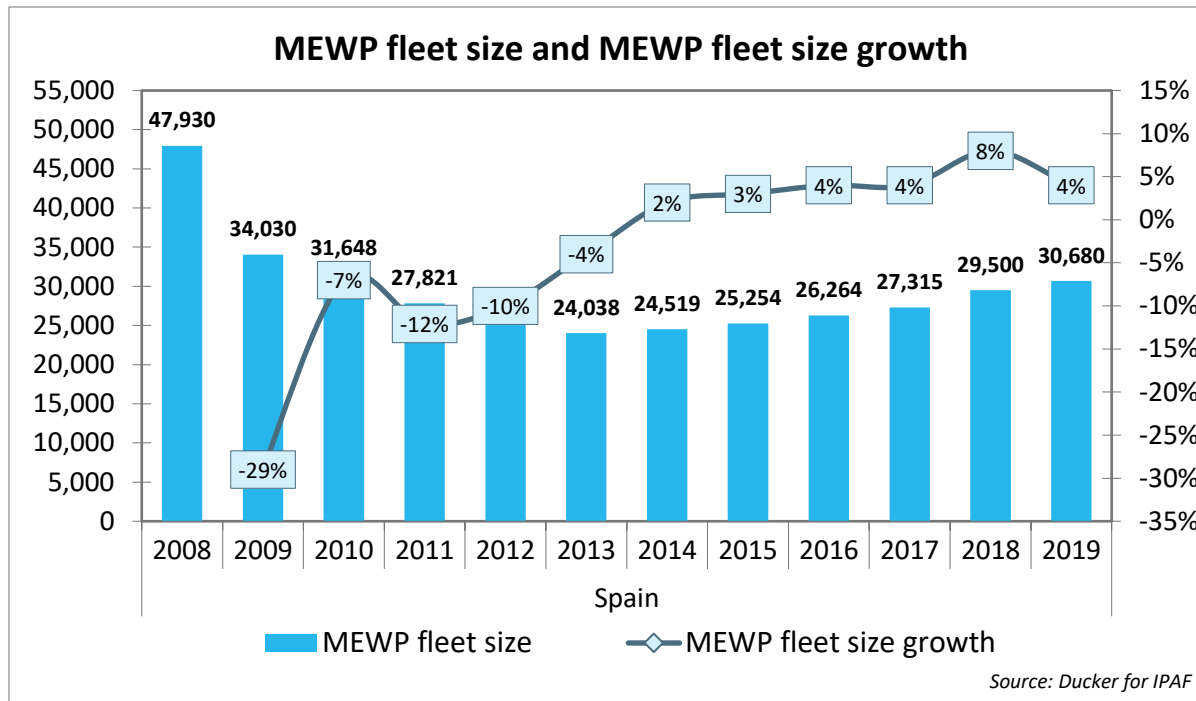
- While it is still too early to know the full impact of Covid-19, years of steady recovery in MEWP rental revenue are expected to end as sustained growth turns into a significant fall – and a pessimistic outlook persists.



SPAIN – MARKET SIZE IN UNITS

The pace of fleet expansion slowed considerably in 2019. In 2020 total fleet size is expected to flatline as companies pause investment owing to Covid-19. It seems unlikely that fleet size will exceed pre-2009 levels any time soon.

- The outlook for 2021 remains unclear: Though not part of planned strategies, MEWP rental companies might scale back their fleets at least moderately if activity doesn't recover quickly in the final months of 2020 and early part of 2021.



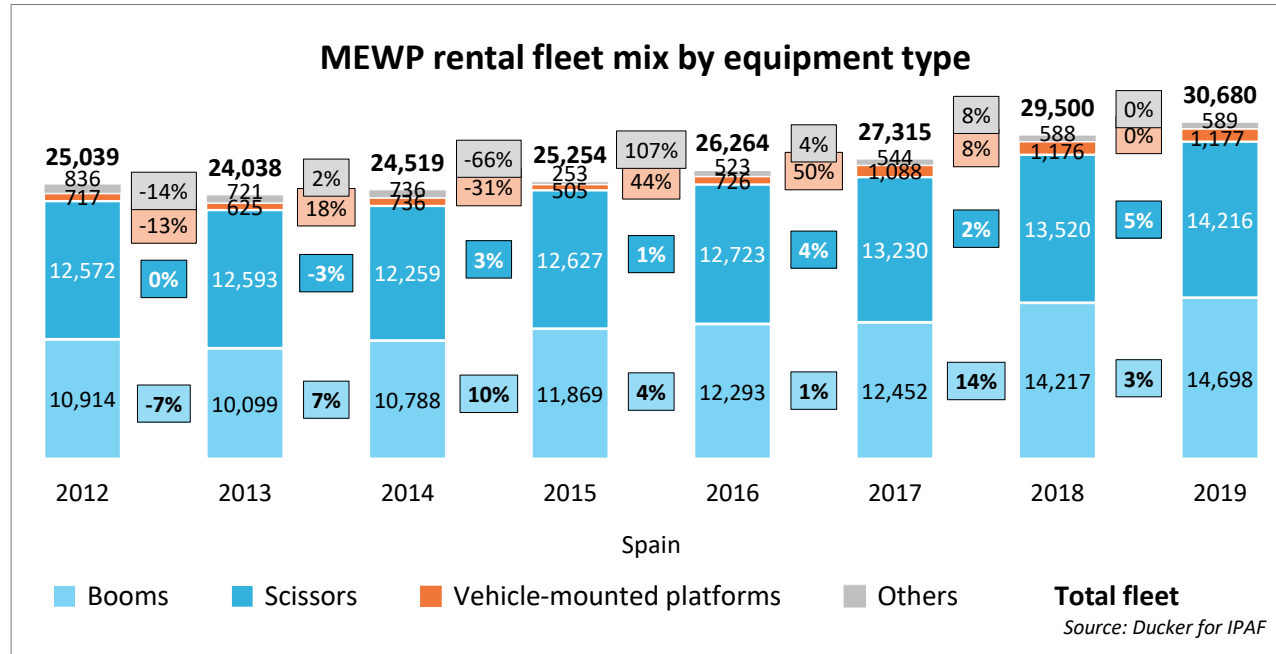
Included are all booms, scissor lifts and vertical masts. Low-level access equipment (<3m high), telescopic material handlers, forklifts, cranes and MCWPs are excluded.

SPAIN – MARKET SIZE IN UNITS



Since 2014 MEWP rental companies continued fleet expansion up to and including in 2019, exceeding 30,000 units. Overall, equipment mix remained stable as fleets grew, with a similar number of booms and scissors in a typical fleet.

- Little change is expected in 2020 and beyond as investment is halted and MEWP rental companies focus on rebuilding utilisation rates and renewing their existing fleets. Many in Spain remember how over-extended fleet size was when the downturn bit in 2009.



Included are all booms, scissor lifts and vertical masts. Low-level access equipment (<3m high), telescopic material handlers, forklifts, cranes and MCWPs are excluded.

+3% % unit growth, eg booms increased by 3% from 2018 to 2019

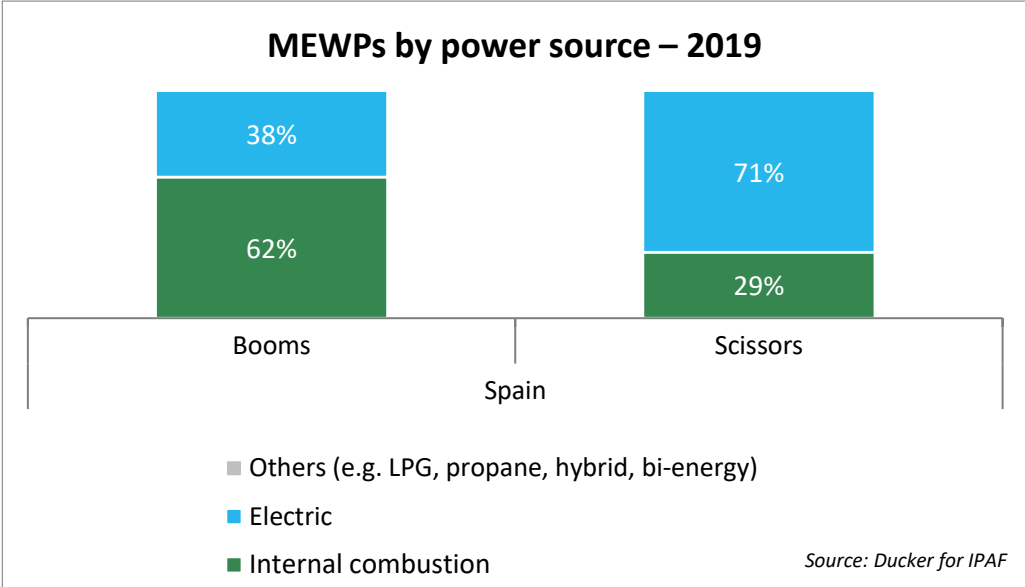
“Others” include vertical lifts, vertical masts, push-around, trailer mounted/towable

SPAIN – POWER SOURCES



Similar to other markets, Spanish MEWP rental fleets are evolving firmly towards greener power sources. Spanish MEWP rental companies are responding to customer demand, offering mainly electric scissors and diesel booms.

- In 2020 and beyond most rental companies are not considering major investment in their fleet owing to the Covid-19 pandemic; they therefore don't expect any significant change in terms of power source make-up, though organic fleet renewal will continue to see older machines replaced with greener electric or hybrid powered units where cost is not prohibitive.

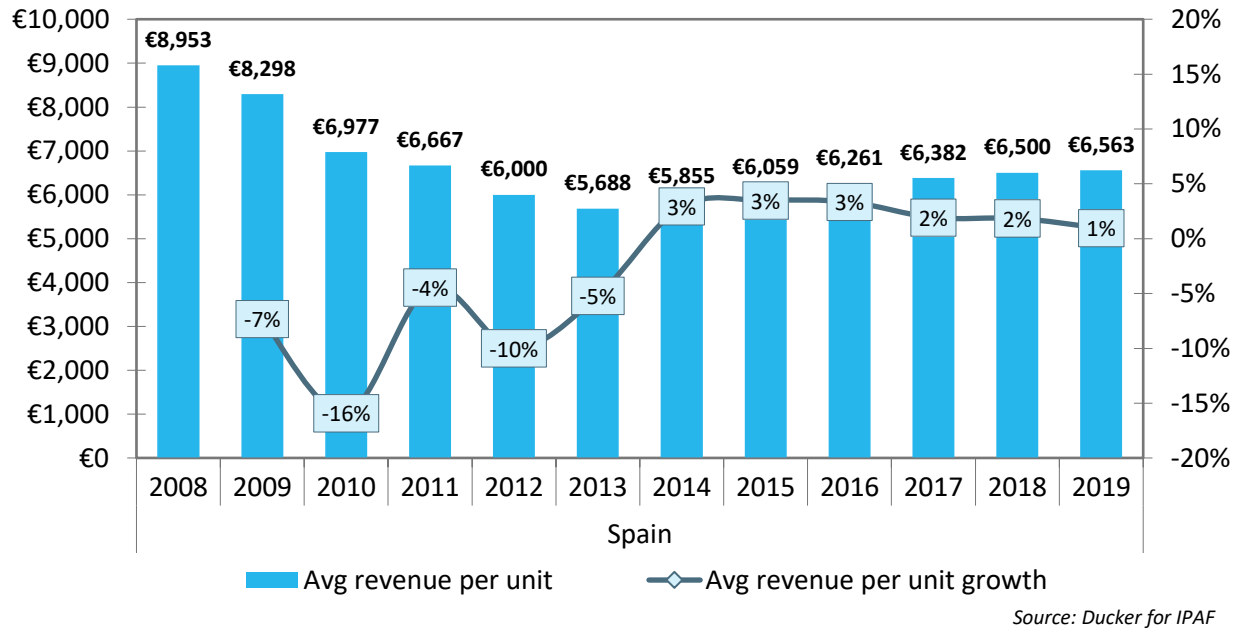


SPAIN – REVENUE PER UNIT

Revenue per unit has recovered well since 2014, increasing by 2-3% year-on-year, though this growth slowed to just a 1% increase in 2019, perhaps owing to uncertainty around the Spanish elections and a possible eurozone recession.

- It is still too early to say what the short to mid-term impact of Covid-19 on revenue per unit will be, but with overall revenue falling by double-digits it's likely to decrease unless there is significant scaling back of fleets or a dramatic rapid recovery in rental demand.

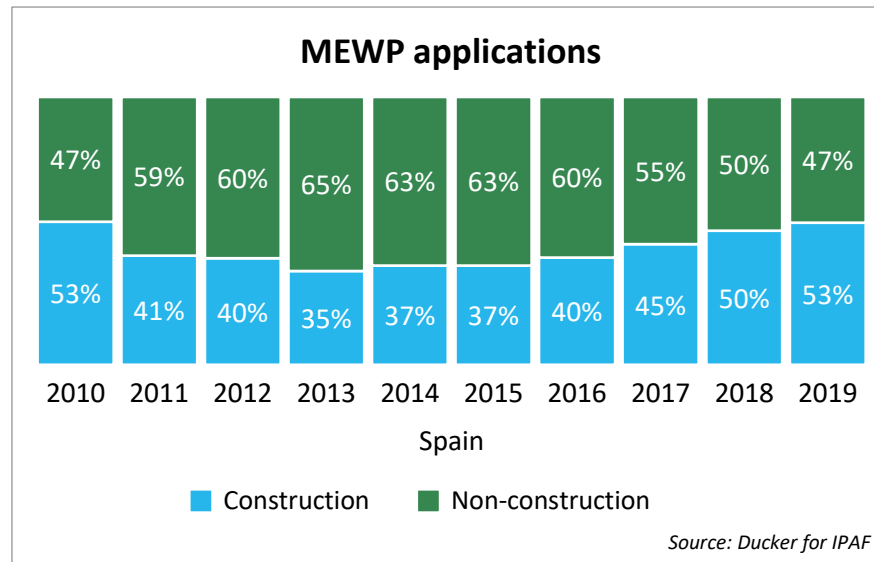
MEWP avg revenue per unit and avg revenue per unit growth



Included are all booms, scissor lifts and vertical masts. Low-level access equipment (<3m high), telescopic material handlers, forklifts, cranes and MCWPs are excluded.

As the steady recovery of the Spanish construction sector has continued, its share of the MEWP rental market has climbed above 50%. This is expected to change little in 2020 as the impacts of the coronavirus pandemic are felt.

- No major shift in the typical split of end-use applications is forecast, as both construction and non-construction suffered equally from the effects of Covid-19 in Spain.



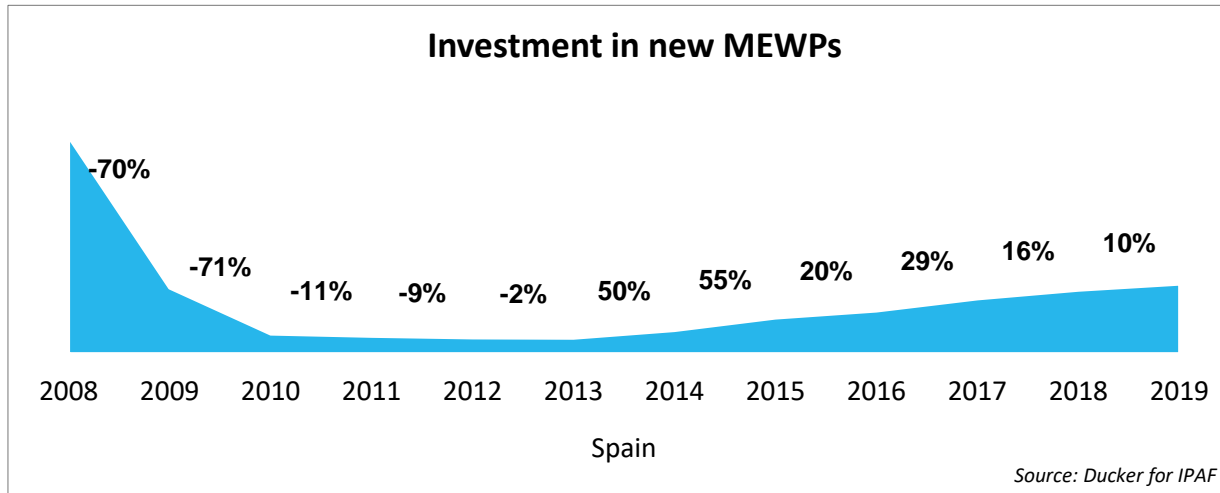
Share of rental revenue

Non-construction includes industry, maintenance, cleaning, utilities, events.

Construction includes new build and renovation; including residential, commercial, retail and industrial.

Though investment levels in 2018 were higher than 2019, companies did continue spending to grow and develop their fleets to meet changing market demand. Outlooks for 2021 and beyond remain rather less positive.

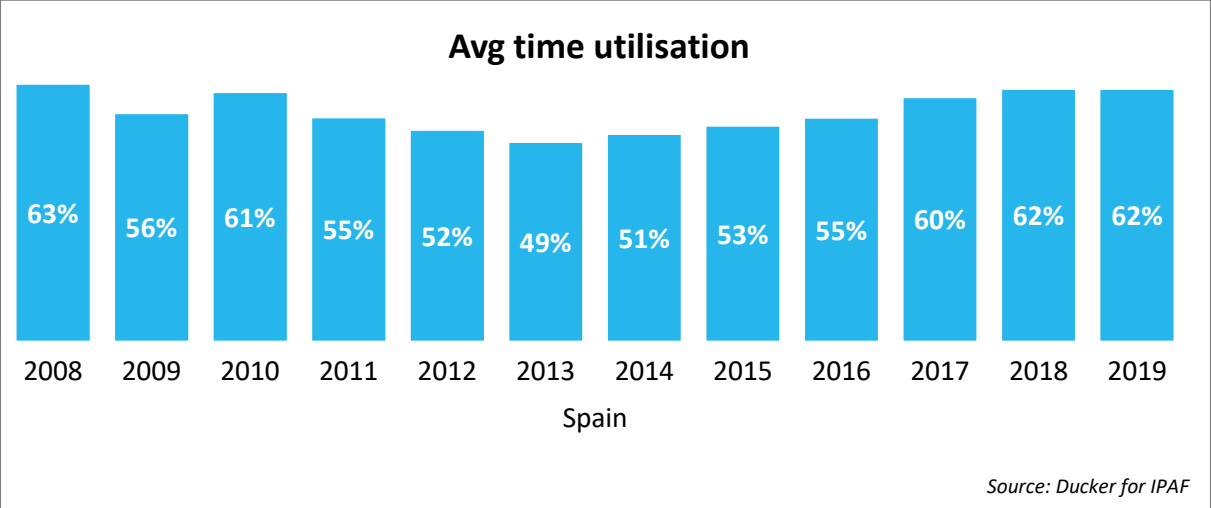
- In 2020 and 2021, owing largely to Covid-19, levels of investment will be significantly restricted as companies are planning to stabilise fleet expansion and focus purely on necessary equipment renewal.



SPAIN – UTILISATION RATES



Utilisation rates remained unchanged at 62% in 2018-2019. Owing to the strict three-month lockdown the Spanish Government imposed during the pandemic, utilisation rate is expected to decrease significantly to 55% or less.



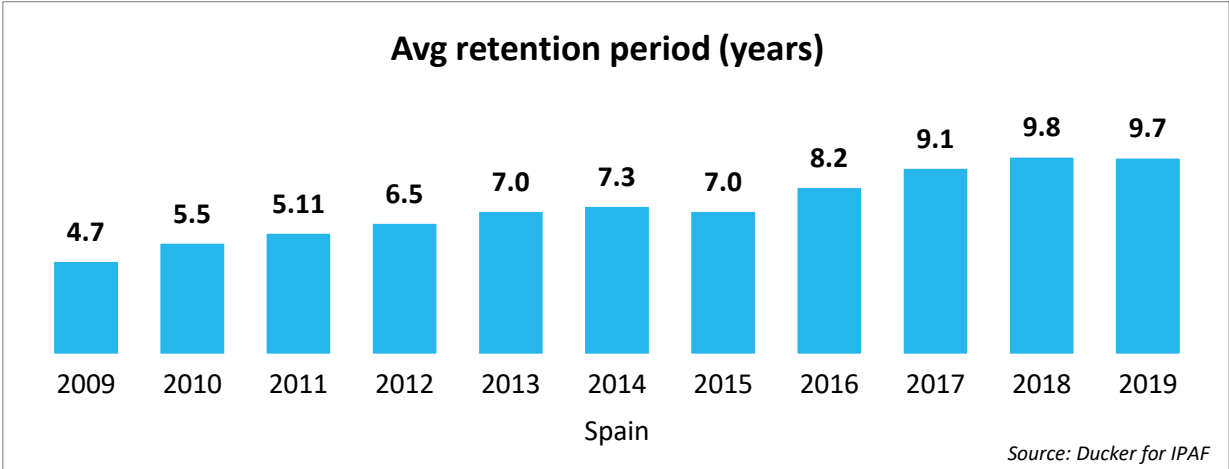
Definition: Number of machines on hire as % of total number in fleet at any given time.

SPAIN – RETENTION PERIOD



Retention period has remained almost unchanged in 2019 on 2018. Machines were being kept longer in the typical fleet, nearing almost ten years before renewal on average. This may increase in 2020-21 as investment is paused.

- In 2020, companies said they intend to keep the majority of units they hold in their fleet, limiting investment but not aggressively pursuing strategies to scale back their fleet either.
- This likely means many companies will hold off renewing fleets as well, which will see average retention period edge upwards again.

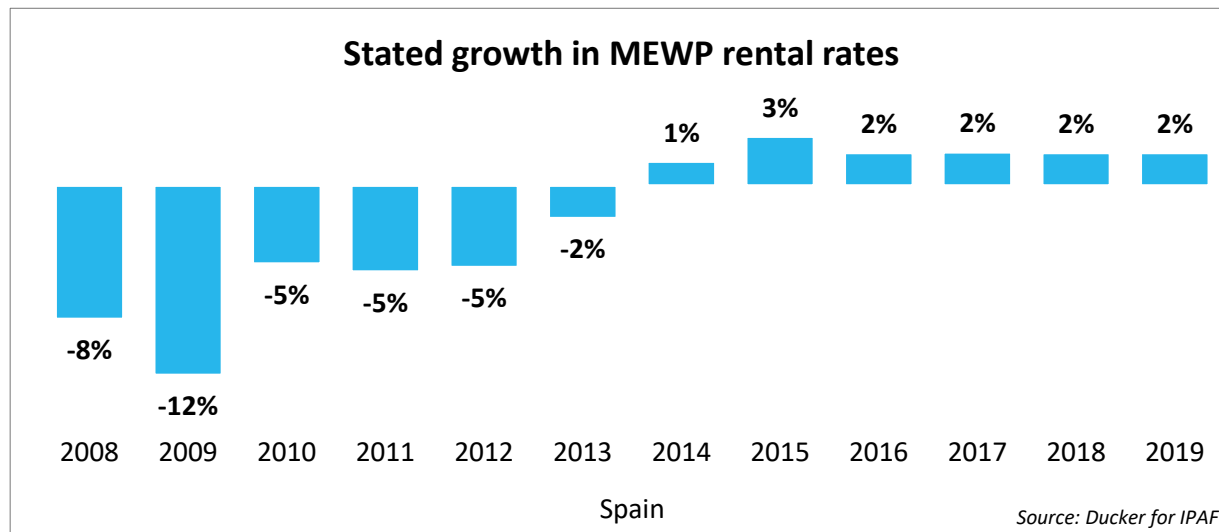


9.7 = 9 years and 8.4 months

Definition: Period of time that a machine is kept in fleet = selling age if acquired new

Once market recovery became established in 2014, MEWP rental companies experienced year-on-year increases in rental rates of 1-3% up to and including last year. The Covid-19 pandemic will almost certainly have ended this trend.

- Rental rates continued to rise to year-end 2019, increasing at a steady 2% each year since 2016.
- Owing to the pandemic, rental rates are expected to decrease slightly in 2020.
- In 2021 and beyond, Spanish MEWP rental companies hope rates can at least hold steady.



**A PERSPECTIVE
FROM THE
MANAGING EDITOR
OF *INTERNATIONAL
RENTAL NEWS***

***IPAF POWERED ACCESS
RENTAL MARKET REPORT
2020 – SPAIN***

A PERSPECTIVE FROM THE MANAGING EDITOR OF *INTERNATIONAL RENTAL NEWS*, MURRAY POLLOK



- There was a special cruelty to the impact of Covid-19 in Spain. The human cost has been the focus, of course, but the country's economy – and its rental industry – had been undergoing a sustained recovery following the tremendous challenges of the financial crisis it had borne the brunt of a decade or so ago. It was a case of getting back on your feet, only to be floored again.
- A report by ASEAMAC, the Spanish equipment rental association, showed that around 20% of respondents had seen their revenues fall by between 50 and 75% during the Covid-19 pandemic. More than 55% had to temporarily closed their businesses for at least two weeks.
- As in other European countries under study, there was a relatively speedy rebound from the worst of the Covid-19 situation, but the pandemic will still have a dramatic impact on overall rental revenues in 2020.
- In September, the European Rental Association (ERA) was estimating a 14% decline for the rental sector in Spain in 2020, and that is backed up by the latest financial results from GAM Alquiler, the country's largest rental company, which reported a 17.7% fall in sales for the first six months of the year.
- GAM's own experience of the period during the height of the lockdown is perhaps instructive, with the company reaching a low of 55% of 'normal' business activity. It was therefore positive news that by mid-October the company was reporting recovery to something like 90% of normal business levels.
- The sense that something like normality was returning – at least from a business standpoint – was reinforced by the news that the company had found the resources and confidence to complete the acquisition of Galman SL, a forklift and industrial equipment rental specialist in the North West of Spain.

A PERSPECTIVE FROM THE MANAGING EDITOR OF *INTERNATIONAL RENTAL NEWS*, MURRAY POLLOK



- The recovery in Spain's access market pre-Covid-19 had been made evident by the increased interest in the country from external investors and international competitors, including an entrance into the country by Ahern for Snorkel distribution; the agreement for Ausa to manufacture compact telehandlers for JLG; and the expansion of French manufacturer Klubb in the country.
- With that recovery seriously undermined by the pandemic, the question now is where the market will go to next? With a second wave of the pandemic very much underway at the time of writing, Spanish rental companies will be hoping that there is no mass closure of construction sites as happened in the first wave.
- For its part, the ERA was forecasting a rebound in of 5.2% in the total Spanish rental market in 2021. That will be welcome, of course, but will still leave the country significantly behind where it was in 2019. One can only hope that the recovery will be stronger than that predicted, and that Spain can resume sustained growth trends in 2022 and beyond.

APPENDIX

IPAF POWERED ACCESS RENTAL MARKET REPORT 2020 – SPAIN

SPAIN – CONSTRUCTION STATISTICS



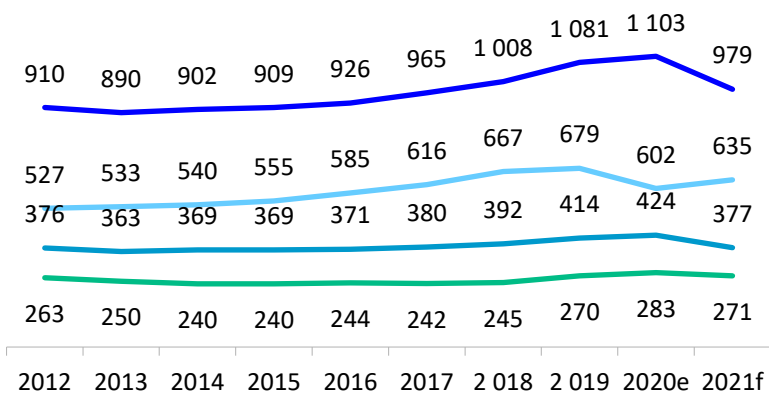
A significant decrease in both construction activity and GDP per capita are expected across 2020 as a whole. Though indicators are expected to return to strong growth from mid 2020, they aren't likely to quickly recover to 2019 levels.

CAGR 19-21 = -3.69%

CAGR: Compound annual growth rate

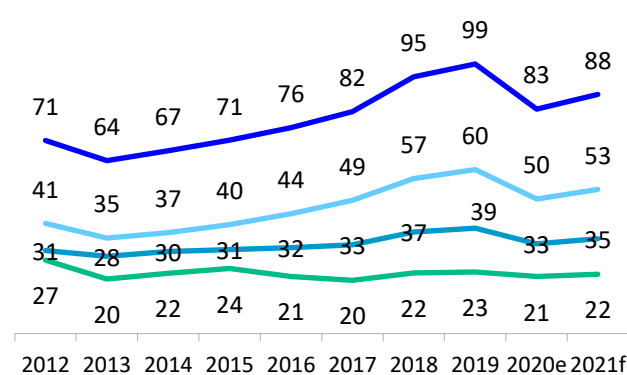
CAGR 19-21 = -5.84%

Europe – Construction data



Source: Ducker for IPAF

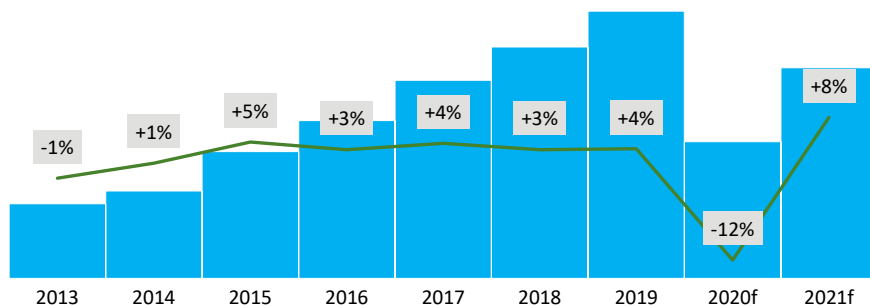
Spain



Source: Ducker for IPAF

Spain

CAGR 19-21 = -2.72%



- Residential construction
- Non-residential construction
- Total construction
- Civil engineering / Major infrastructure

Spain GDP per Capita YoY % evolution Source: IMF – October 2020.

Construction pipeline (billions euros) based on Euroconstruct August 2020 figures.

COUNTRY REPORT – UNITED KINGDOM

IPAF Powered Access Rental Market Report 2020 – Europe

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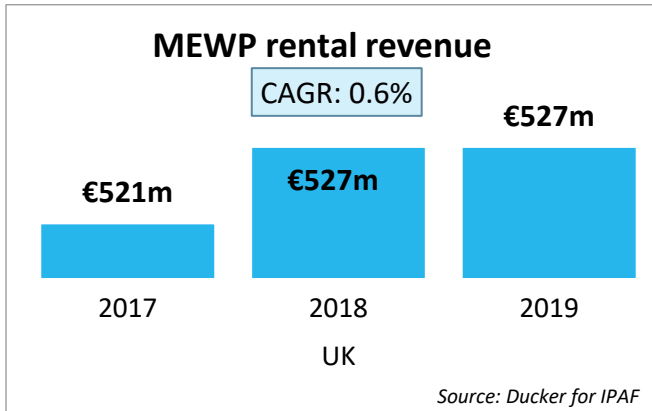


**THE EUROPEAN
ASSOCIATION
AWARDS 2018**

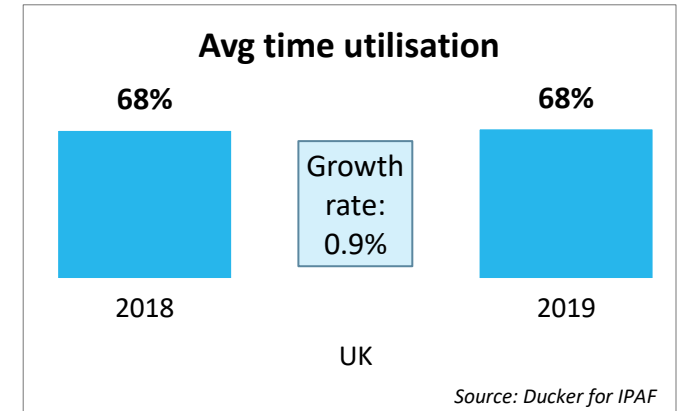
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IPAF has been working with DuckerFrontier to create these exclusive industry reports since 2009

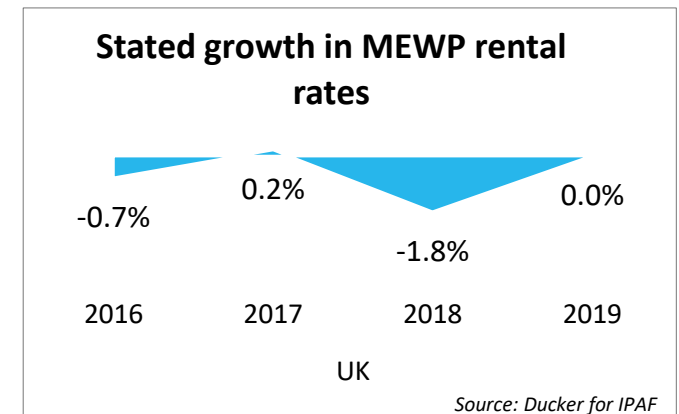
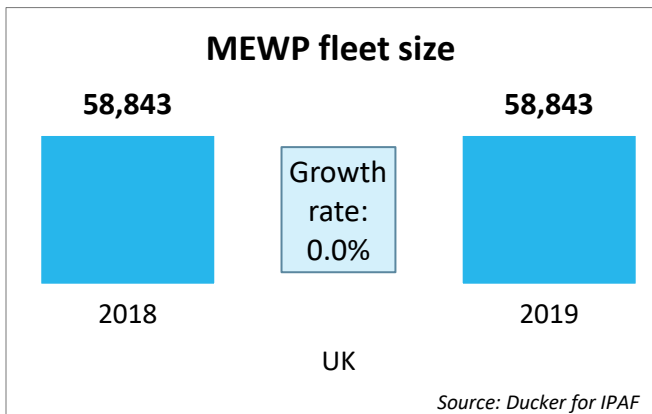
The UK MEWP rental market has remained rather stable between 2018 and 2019, impacted by uncertainties related to Brexit, Covid-19 and the continuation of these uncertainties are expected to have a negative impact on outlooks.



CAGR: Compound annual growth rate



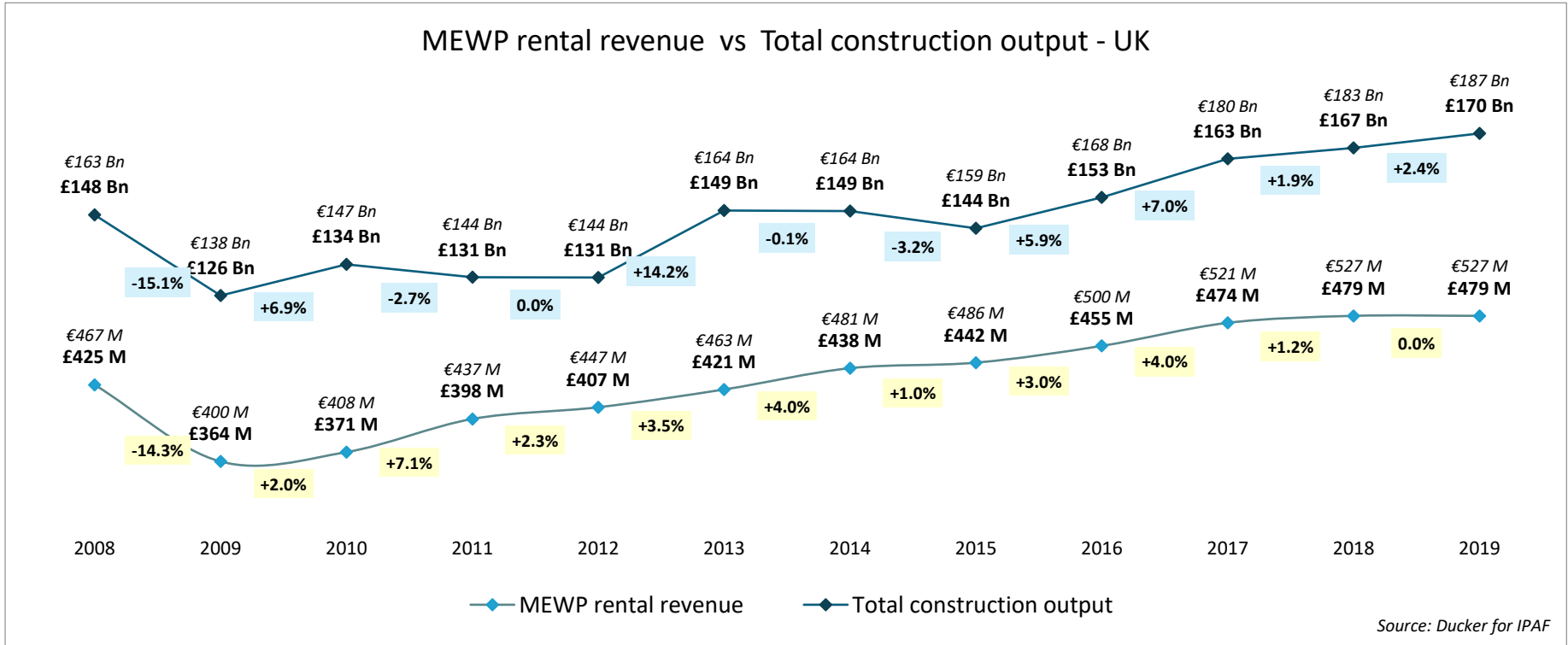
- The UK MEWP rental is probably the market that has been the most drastically hit by the Covid-19 pandemic out of all ten countries under study in Europe. This is partly because of the direct impact of UK-wide and devolved national lockdowns and restrictions, and partly due to underlying trends and dynamics that were already in place when the pandemic hit.



UNITED KINGDOM – RENTAL REVENUE & CONSTRUCTION



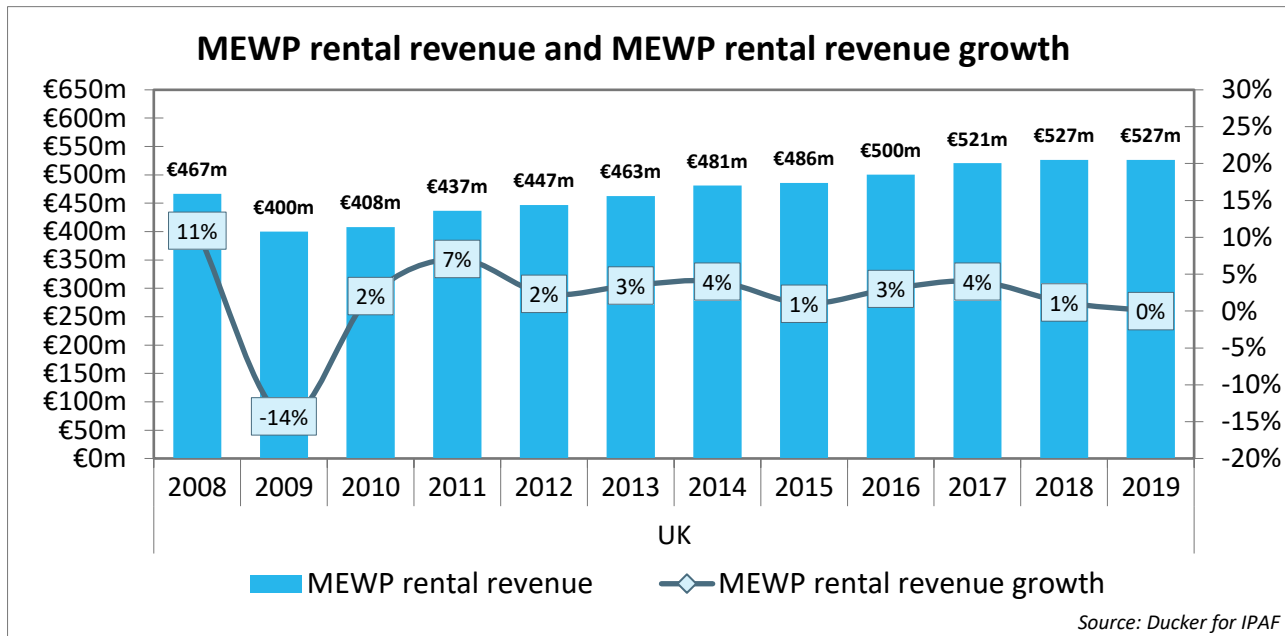
MEWP rental revenues do not directly correlate with growth in construction output in the UK.
 In 2019 total construction output grew by 2.4% compared to 2018 while MEWP rental revenue stagnated.



| Currency Unit | Converter to Euro |
|---------------|-------------------|
| £ 1 | 1,098 |

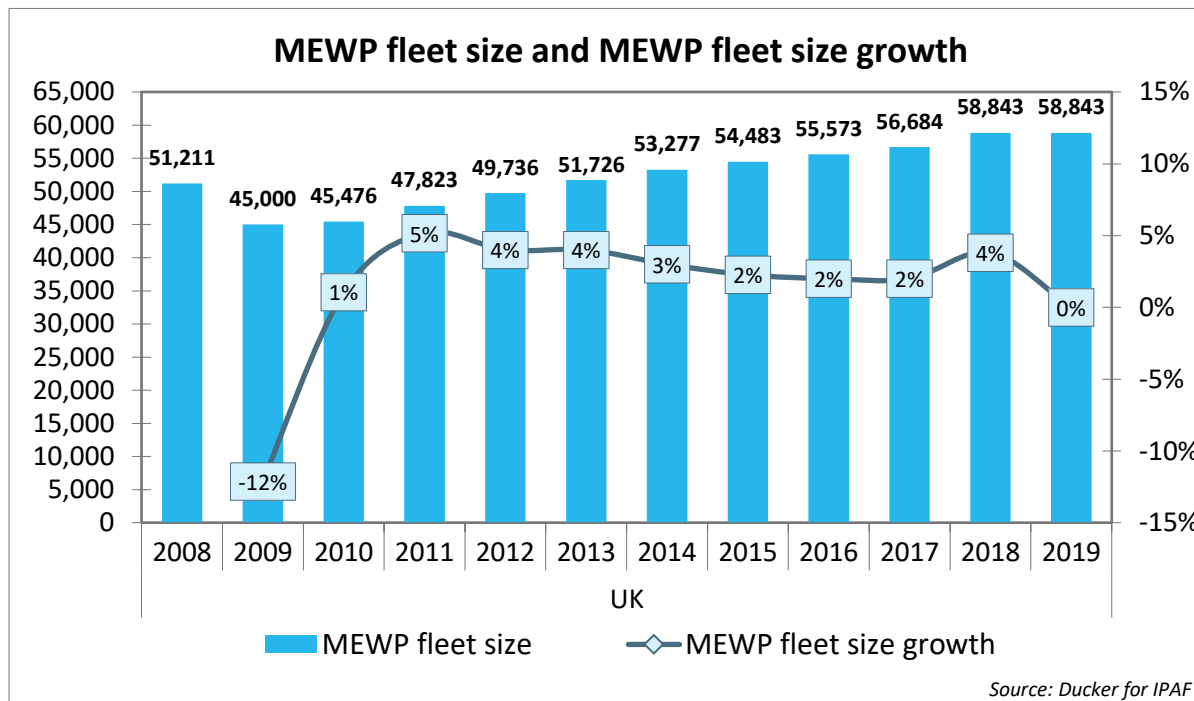
The UK MEWP rental market plateaued in 2019 as companies adopted a more cautious attitude owing to the ongoing uncertainties related to Brexit, among other factors. UK MEWP rental revenue remained at £527million in 2019.

- Owing to the Covid-19 pandemic the UK MEWP rental market is expecting negative growth for 2020, likely to be around -20% for the year as a whole.



UNITED KINGDOM – MARKET SIZE IN UNITS

- In 2019, MEWP rental companies focused mainly on fleet renewal and limited the previously regular fleet expansion, this decision was led by the uncertainty linked to Brexit.
- In 2020 and as a response to the Covid-19 pandemic, some UK MEWP rental companies have started to reduce the size of their fleets. The trend towards decreasing fleet size is likely to continue into 2021, until market demand begins to increase and utilisation rates return to something like pre-pandemic levels.



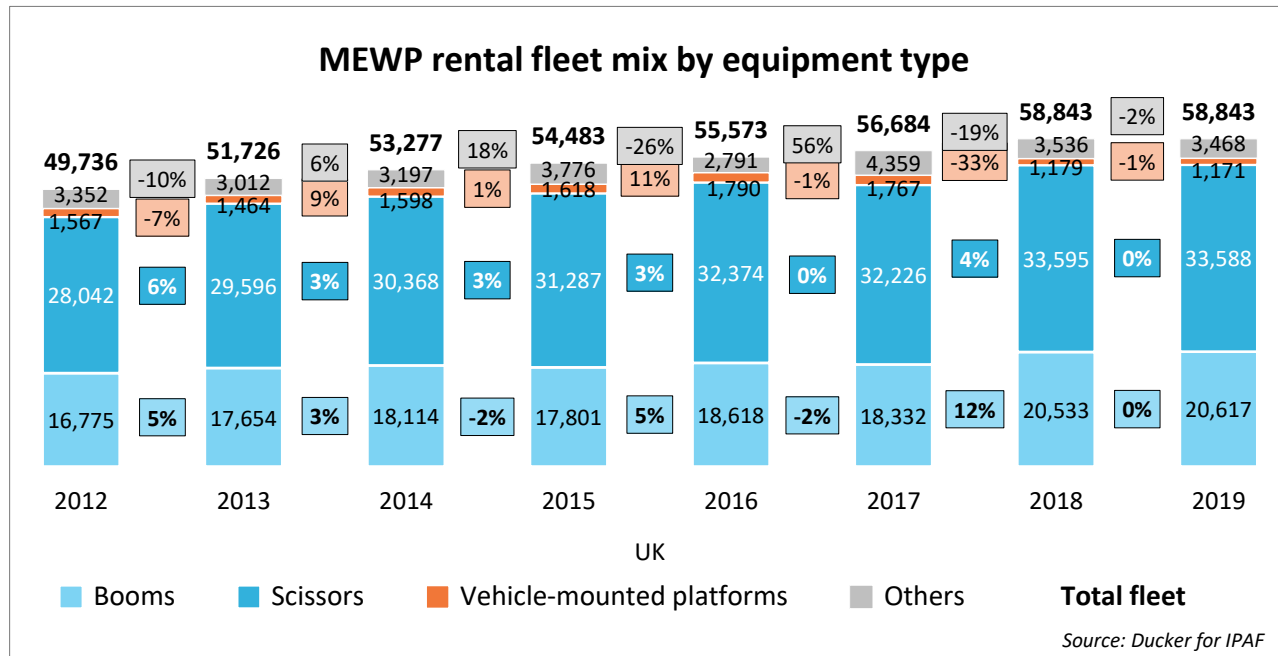
Included are all booms, scissor lifts and vertical masts. Low-level access equipment (<3m high), telescopic material handlers, forklifts, cranes and MCWPs are excluded.

UNITED KINGDOM – MARKET SIZE IN UNITS



There was no significant change in the mix of equipment type between 2018 and 2019 as companies limited planned investment and fleet size remained pretty much unchanged across the year, with fleet size possibly shrinking in 2020.

- An overall decrease in fleet size is expected in 2020 as companies are focusing on preserving rental rates and recovering utilisation.
- It is most likely that older diesel machines will be disposed of, and more versatile equipment and power sources retained.



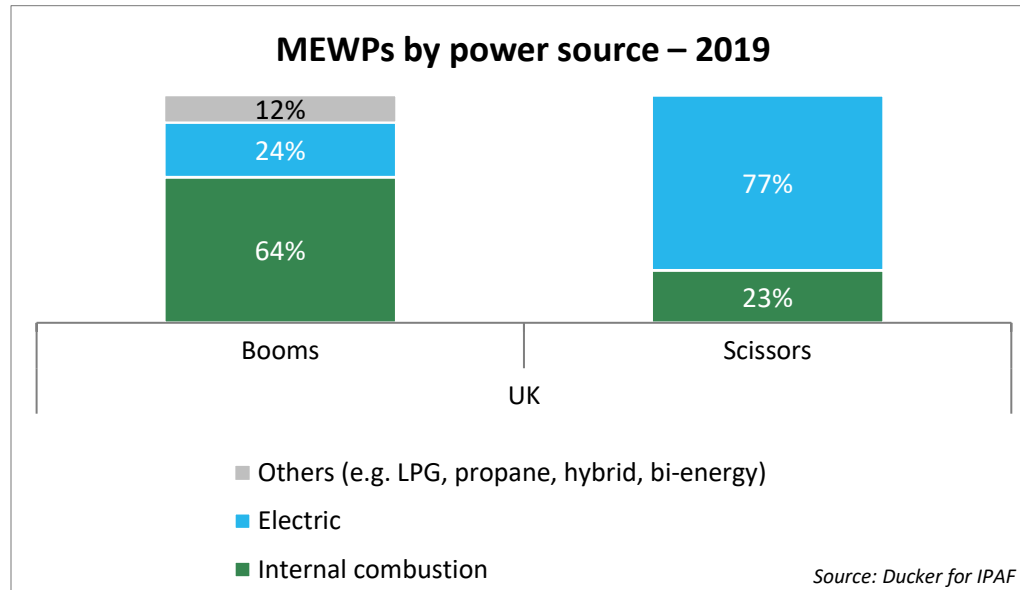
Included are all booms, scissor lifts and vertical masts. Low-level access equipment (<3m high), telescopic material handlers, forklifts, cranes and MCWPs are excluded.

+0% % unit growth, eg booms increased by 0% from 2018 to 2019

“Others” include vertical lifts, vertical masts, push-around, trailer mounted/towable

Though overall fleet size remains stable, the UK rental fleet continues to pivot towards greener power sources. The ratio of electric scissors is expected to increase as a share of the total MEWP rental fleet in the UK.

- Scissors are mainly used for internal work and a good answer to the increasing establishment of low emission areas.
- Hybrid booms are more likely to increase as a share of the total boom fleet in the UK as all-electric booms are not yet seen as being a direct substitute for diesel or hybrid-powered machines for off-grid sites where it is difficult to charge electric MEWPs overnight.

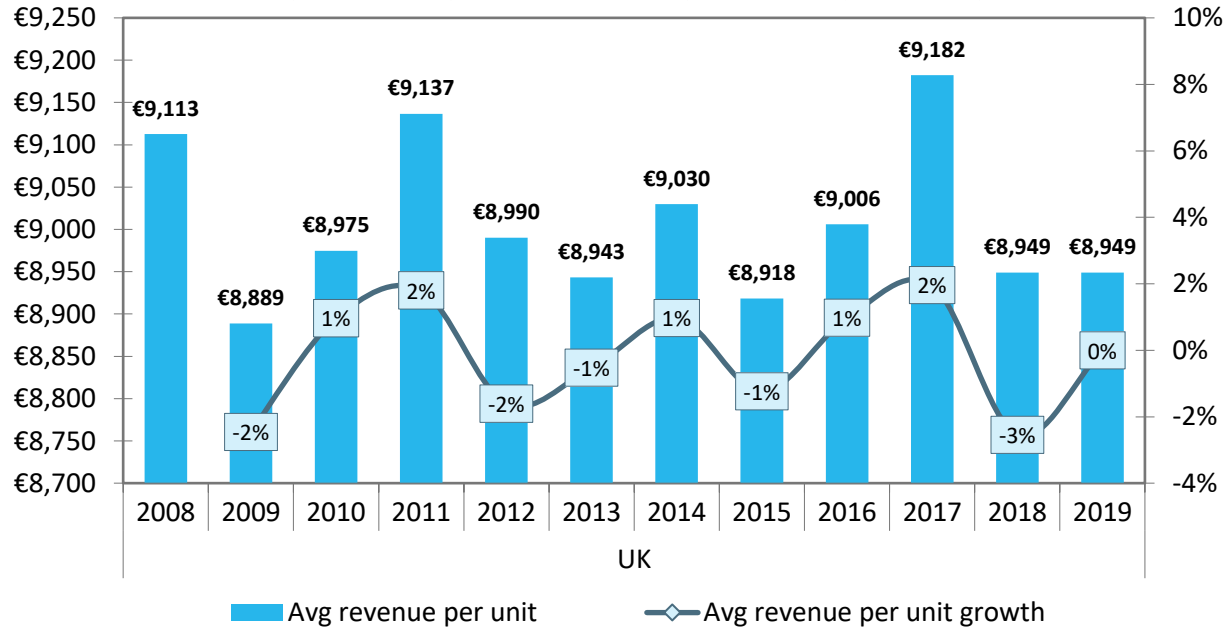


UNITED KINGDOM – REVENUE PER UNIT

MEWP rental companies in the UK reported that rental rates flatlined between 2018 and 2019 while fleet size and utilisation rate also plateaued, therefore average revenue per unit was unchanged year-on-year.

- In 2020 average revenue per unit is expected to decrease slightly, due to falling overall MEWP market rental revenue, which will not be compensated by an organic decrease in fleet size.

MEWP avg revenue per unit and avg revenue per unit growth

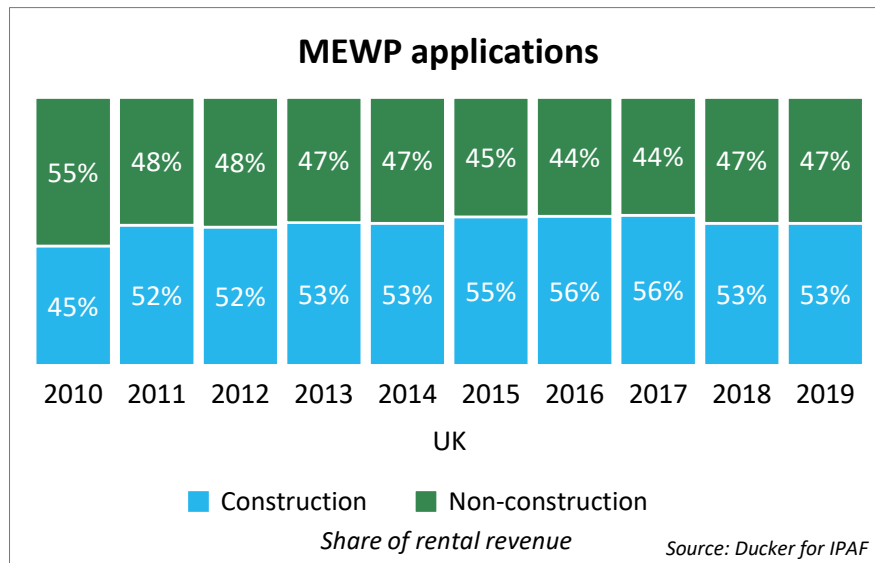


Included are all booms, scissor lifts and vertical masts. Low-level access equipment (<3m high), telescopic material handlers, forklifts, cranes and MCWPs are excluded.

Source: Ducker for IPAF

The split overall between construction and non-construction MEWP end-use has remained largely unchanged since 2018. The Covid-19 pandemic may see a slight increase in some non-construction applications through 2020.

- One sub-sector that has boomed in 2020 is logistics and warehousing, as consumers increasingly switch to shopping online, and supply chains deal with the demands of the Covid-19 pandemic and gear up to deal with changes to customs arrangements once the UK transition period for leaving the EU is up on 1 January 2021.
- This may have an impact on the overall split, unless government infrastructure spending and overseas investment in the UK ramps up considerably to boost the construction sector in the UK.



Non-construction includes industry, maintenance, cleaning, utilities, events.

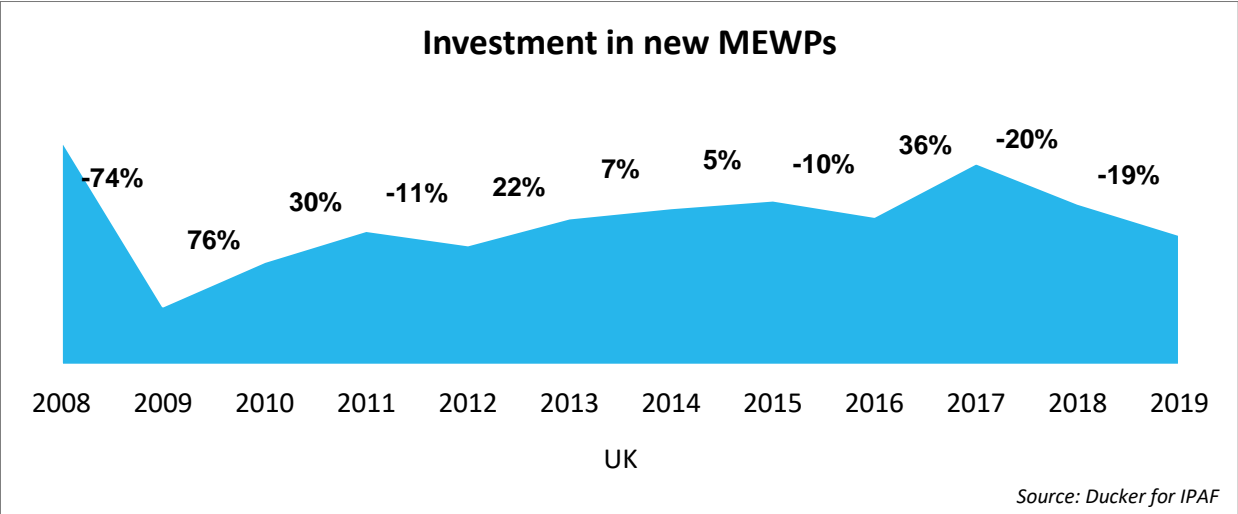
Construction includes new build and renovation; including residential, commercial, retail and industrial.

UNITED KINGDOM – INVESTMENT



In 2019 UK rental companies continued to adopt a cautious attitude towards investment due to the uncertainty around Brexit and a snap General Election in December. This trend is expected to continue in the face of Covid-19.

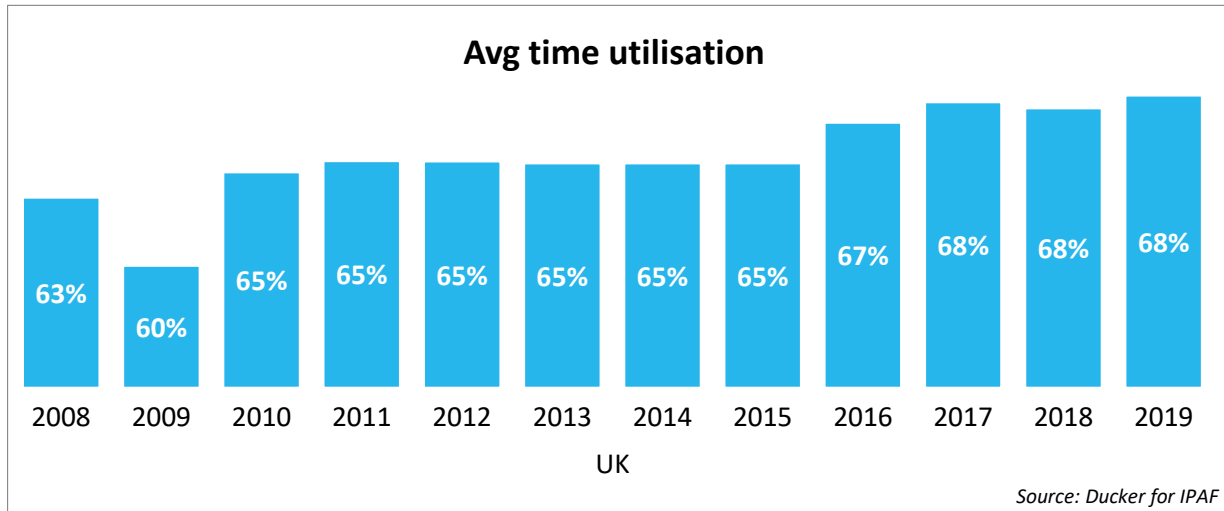
- Over the course of 2020 so far, UK MEWP rental companies reported almost no investment at all in new MEWPs, with a view to scaling back fleets to increase utilisation rates and protect revenues.



UNITED KINGDOM – UTILISATION RATES

Utilisation rates have been stable in the UK since 2017. This is expected to change in 2020, where the market over the year is anticipated to experience a fall in utilisation rate, owing largely to the three-month coronavirus lockdown.

- For 2020 as a whole, average utilisation rate is expected to fall by more than 10 percentage points, to below 60%.

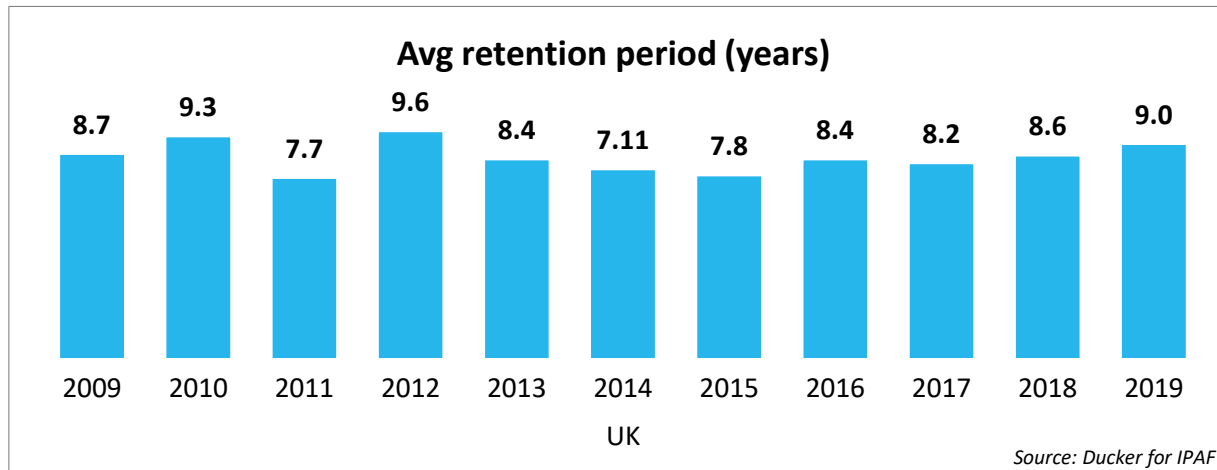


Definition: Physical number of machines on hire as % of total number in fleet at any given time.

UNITED KINGDOM – RETENTION PERIOD

As forecasted in 2018, average retention period has increased to stand at nine years at the end of 2019. It is difficult to predict what retention period will be in 2020-21: The full impact of the Covid-19 pandemic not yet being known.

- On the one hand, equipment may not be used as much, thus extending shelf-life for rental companies seeking to save money on replacing equipment in the face of falling revenue.
- On the other hand, companies seeking to scale back their fleet to restore utilisation rate and/or to replace older diesel-powered MEWPs with newer more versatile electric or hybrid machines may decrease average retention period in the UK market.



9.0 = 9 years and 0 months

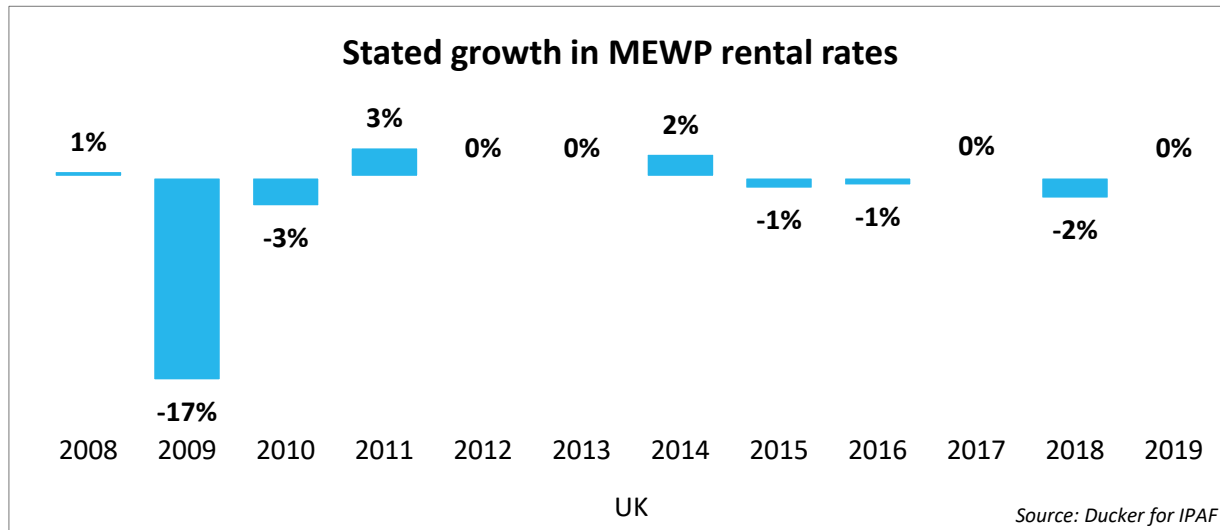
Definition: Period of time that a machine is kept in fleet = selling age if acquired new

UNITED KINGDOM – RENTAL RATES



Owing to uncertainty caused by Brexit, a snap election, followed immediately by the coronavirus pandemic, and the fact the UK is a mature, competitive MEWP rental market, there's perhaps little surprise rates are static or falling.

- An overall decrease of MEWP rental rates is expected in 2020, though MEWP rental companies have been able to increase the revenue they derive from additional services.
- Demand has risen from end-users during the pandemic for services such as delivery to remote location, professional sanitisation of machines, or even increasing the number of machines on hire to maintain social distancing in the MEWP platform and reduce the number of operators using each piece of equipment.



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- It goes without saying that government policy has a major impact on business, but Covid-19 has taken that to an unprecedented level. The forced closure of all but essential construction and building sites during the height of the pandemic in March and April had a devastating impact on the rental industry.
- The impact was immediate and dramatic. In the case of Speedy Hire, 50% of its workforce was placed on the government-backed furlough scheme, while Loxam highlighted its UK operation as one of its worst affected markets, suffering from a “prolonged lockdown”.
- While second-quarter revenues were down around a third for Loxam in France for the three months to 30 June, the equivalent figure for UK renters – according to a study by the European Rental Association (ERA) – was closer to 40%. The same survey found that the UK was the worst hit of all European markets. In response, UK rental companies were reported by ERA to be likely to cut 2020 capital expenditure by between 40% and 70%.
- Sites slowly opened up again as the lockdown relaxed in the summer, but even here it was a complicated picture, with rental companies in Scotland, for example, frustrated that the devolved administration in Edinburgh took a more cautious approach and enforced a longer shut-down than in England and Wales.
- Nevertheless, activity has recovered. In the case of Speedy Hire, it was reporting business levels close to 90% of normal by the start of September, though it had also closed 13 locations and reduced its workforce by 7% since the end of March.
- The longer-term impact of the pandemic was made clear when HSS Hire announced in October that it would be closing more than 125 of its depots – almost half its network. The business said it had been able to meet 90% of its normal demand with more than 140 of its locations closed.

A PERSPECTIVE FROM THE MANAGING EDITOR OF *INTERNATIONAL RENTAL NEWS*, MURRAY POLLOK



- If Covid-19 necessarily dominated the news (and continues to do so), there was still time for some ‘normal’ market activity to resume. Notable was the decision by Ashtead Group to rebrand its A-Plant business in the UK as Sunbelt Rentals, bringing it into line with its much larger US-based sister company. Andy Wright, the former Aggreko and Nationwide Platforms executive, became CEO, having joined the company as COO in early 2019.
- There was even some merger and acquisitions activity, with Aspire Platforms, based near Manchester, buying London Tower Services and LTS Powered Access Ltd, both part of the same company. Aspire has ambitions to create a national network of specialist access hire services.
- Such events could not disguise the reality of a deeply abnormal business environment, and one that showed few signs of stability as autumn advanced. At the time of writing in October, Covid-19 infection rates in the UK were rising and a second wave of the virus was widely anticipated.
- Few are expecting a business lockdown replicating the severity of March and April’s shutdown, with government policy being that it will try to maintain economic activity as far as possible, but neither is a rapid economic recovery expected.
- That certainly seems to be the conclusion reached by the ERA, which in September issued new forecasts for the UK market for 2020 and 2021. Looking at the entire UK rental market, and not just the access sector, the ERA expects 2020 revenues to be 16.3% lower than originally anticipated. More to the point, they are forecasting a 4.6% recovery in 2021, which, although a healthy number under normal circumstances, would mean a UK market next year still more than 10% smaller than in 2019.
- Never has there been a harsher business environment for rental companies, and we will likely be living with the consequences for years.

APPENDIX

IPAF POWERED ACCESS RENTAL MARKET REPORT 2020 – UNITED KINGDOM

UNITED KINGDOM – CONSTRUCTION STATISTICS



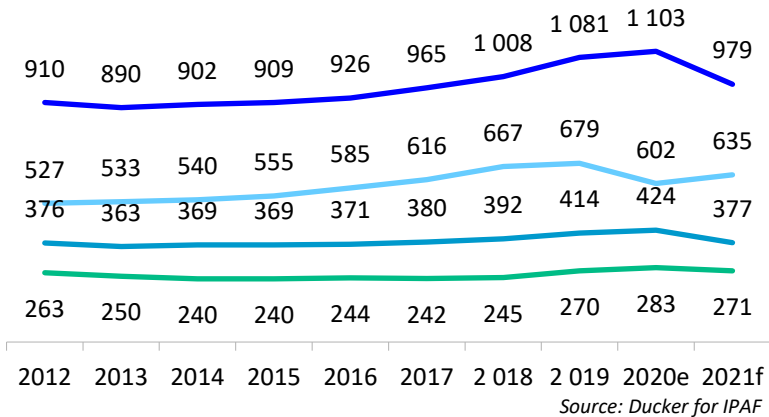
The decline in construction activity during the height of the coronavirus pandemic was greatest in the UK out of all the countries under study, leading to an anticipated overall GDP decrease in excess of 8% across the year as a whole.

CAGR 19-21 = -3.69%

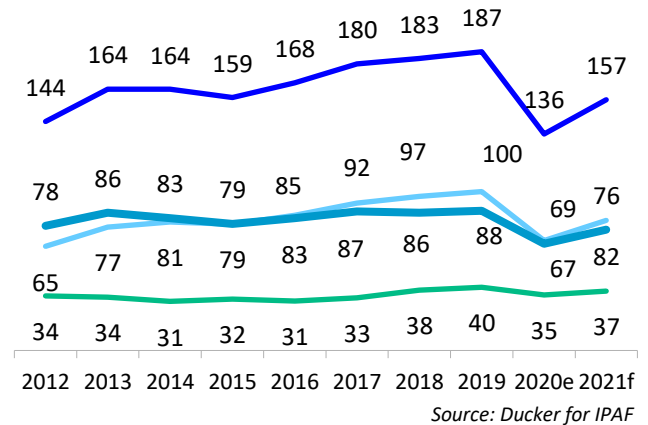
CAGR: Compound annual growth rate

CAGR 19-21 = -8.37%

Europe – Construction data



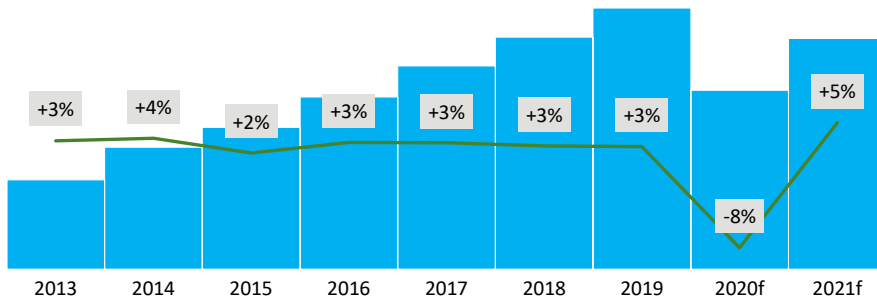
UK



- Residential construction
- Non-residential construction
- Total construction
- Civil engineering / Major infrastructure

CAGR 19-21 = -1.44%

UK



UK GDP per Capita YoY % evolution Source: IMF – October 2020.

Construction pipeline (billions euros) based on Euroconstruct August 2020 figures.



The International Powered Access Federation (IPAF) promotes the safe and effective use of powered access equipment worldwide in the widest sense – through providing technical advice and information; through influencing and interpreting legislation and standards; and through safety initiatives and training programmes.

IPAF is a not-for-profit organisation owned by its members, which include manufacturers, rental companies, distributors, contractors and users. IPAF members operate a majority of the MEWP rental fleet worldwide and manufacture about 85% of platforms on the market.

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