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INTERNATIONAL rental NEWS

A KHL Group Publication
Volume 13 Issue 6
September-October 2013

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Official magazine of the ERA
European Rental Association

ALSO INSIDE: RENTAL PRICING STRATEGIES & KEVIN APPLETON COLUMN

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INTERNATIONAL rental NEWS
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Volume 13 Issue 6

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comment

Alternative views

The interviews we conduct for the annual World Rental Report always throw up some interesting features of the rental market; things that perhaps confound or surprise.

This year, it was Brazilian rental company Estaf telling us that World Cup and Olympic related projects made up less than 5% of its business – dispelling the impression that these mega-events are singlehandedly fuelling Brazil's infrastructure sector.

In India, it was Vivek Soni of Indian rental company Gemini describing how the company has its own version of fleet telematics, comprising a call centre that makes daily telephone contact with operators, mechanics and clients to check the whereabouts and workload of its machines.

And in the UK, where there has been little but economic gloom for the past five years, we hear of a rental company, One Call Hire, investing heavily and managing to grow in a construction market that is still facing severe challenges.

If there was a theme to this year's report, apart from surprises, it is that equipment rental is tending to grow even in the headwinds of economic uncertainty, perhaps even *helped* by those headwinds. That is certainly the view of senior rental managers in markets as diverse as the US and India.

Elsewhere this month we have a Chinese theme. Having visited four Chinese aerial platform manufacturers over the summer we report on their continued investment in production capacity and their views on the Chinese rental market. We also talk to Sany – one of the giants of Chinese construction equipment – about its plans to expand excavator sales outside of China.

We also alert you to another interesting column from Kevin Appleton, who argues that viewing your business like a football team, with a defence, midfield and attack, can help you manage your priorities.

If it is management advice you are after then we recommend that you attend the International Rental Conference in Beijing on 14 October. A long way to go for many of our readers, I know, but worth the trip when you can also take in a visit to the massive BICES show at the same time. See page 29 for details.

Enjoy the issue, surprises included.

Murray Pollok
Editor, *International Rental News*

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REGULARS

FEATURES

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Readers can also register to receive the digital issues of all magazines in the KHL portfolio at: www.khl.com/irn.

■ See page 8 for more on khl.com.

...outside

See page 44 for our feature on Chinese AWP manufacturers, including Sinoboom, whose boom production line is pictured on this month's cover.

DIARY DATES

2013

EUROPLATFORM 2013
3 October. Istanbul, Turkey
www.europlatform.info

INTERNATIONAL RENTAL CONFERENCE
14 October. Beijing, China
www.khl.com/irc

BICES
15-18 October. Beijing, China
www.e-bices.org

SAIE
16-19 October. Bologna, Italy
www.saie.bolognafiere.it/it/

THE SHOWMAN'S SHOW
23-24 October. Newbury, UK
www.showmans-directory.co.uk

ICEF
International Construction Economic Forum
20-22 November, Amsterdam, NL
www.khl.com/events

2014

INTERMAT MIDDLE EAST 2014
14-16 January. Abu Dhabi
www.intermatme.com

THE RENTAL SHOW
9-12 February. Orlando
www.therentalshow.com

CONEXPO-CON/AGG
4-8 March. Las Vegas, US
www.conexpoconagg.com

INTERNATIONAL RENTAL EXHIBITION (IRE)
24-26 June. Amsterdam, NL
www.ireshow.com

APEX
24-26 June. Amsterdam, NL.
www.apexshow.com

Portakabin scales up in mainland Europe

Portakabin has acquired Oecon Mobilraum GmbH, a manufacturer and distributor of modular buildings in Germany, as part of its strategy to expand its mainland European business. The price was not disclosed.

Oecon has been building and renting portable accommodation units for more than 20 years and is located in Bartholomä, east of Stuttgart in southern Germany. It sells in Germany and Austria from six locations.

The acquisition gives Portakabin a significant inroad into Germany to add to its existing sales and rental operations in France, Belgium and the Netherlands.


Oecon's headquarters in Bartholomä, southern Germany.

Portakabin said Oecon would complement the current European operations and give routes to the German market for its modular buildings in the office, healthcare and education sectors.

Derek Carter, chief executive of Portakabin Group, said plans for the future included further investment in the rental fleet and more rental locations in Germany; "The addition of Oecon to our French, Belgian and Dutch businesses will expand our European footprint and capability considerably and provide Oecon with the opportunity to grow within the German market and in new market sectors.

Joachim Full, managing director of Oecon, said the financial strength and private ownership of Portakabin would ensure long term investment and security for the company and its employees; "We look forward to working with Portakabin as we expand Oecon and the influence of Portakabin within the German modular market".

Coates sees mining fall

Coates Hire in Australia posted a 4% decrease in its revenues for the year to 30 June following a softer final six months of the year, which saw a decline in mining related activity in the country, particularly in NewSouth Wales.

The results released by Seven Group, which owns 45% of Coates along with other major shareholder Carlyle, show that revenues were A$1241 million (€831 million), with EBIT profits (before interest and tax) down 15% at A$279.2 million (€187 million).

Don Voelte, the managing director and CEO of Seven, said Coates had been impacted by a softening in demand in the second half of the financial year; "Coates Hire has responded by implementing a number of restructuring initiatives."

Seven is also the 100% owner of pump, power and lighting tower manufacturer Allight Sykes, where sales were down 26% to A$155.8 million (€104 million) for the year, again because of a slowdown in the mining sector. The business is now engaged on "some major restructuring and property consolidation initiatives."

Coates Hire has meanwhile acquired the general rentals business assets of Force Group in Townsville, Queensland and Darwin, Northern Territory.

The deal means Force Group has exited the general rental business to focus on aerial platform rental, under the name Force Access, where it is second only to Coates with a fleet of more than 4500 units.

Tablet version of *IRN* now available

IRN can now be read as a tablet version, with free downloads available in both Apple or Android formats for use on a wide range of portable devices.

The free tablet version can be downloaded through the Pocketmags app – adding this app to either Apple or Android tablet devices allows the magazines to be downloaded.

The tablet editions can also be downloaded directly from the Pocketmags website – www.pocketmags.com – to these and other devices such as Kindle Fire and Blackberry Playbook, as well as on PCs and Macs. Just search pocketmags.com for *International Rental News.*

Hilti said the new fifth generation of its 7kg class combihammers have improved productivity, durability and operator comfort. The TE 70 AVR follows on from four previous generations of 7kg combihammers – the TE 72, TE 76 and two versions of the TE 70 – and offers increased performance, with 11.5 J of impact energy compared to 10.5 J on the previous model. Operator comfort is improved, with the use of AVR (active vibration control) cutting triaxial vibration from 22 m/s^2 to 10 m/s^2. The weight of the unit rises from 7.9 kg to 8.3 kg. Also being launched is a new, second generation version of the TE 80, which can be fitted with the AVR system for reduced vibration, now at 7.5 m/s^2. Read more at www.khl.com.

■ Netherlands-based Boels Rental has ordered 20 portable dust suppression units from Italian manufacturer DF Ecology. Boels invested in the machines after seeing them at this year's Bauma exhibition. The rental company reports demand from customers for dust suppression on construction sites, both large and small, to improve the quality of the air for site workers and nearby public. Weighing 77 kg, the DF Smart produces a fine mist of water through a series of high-pressure jets blown by a powerful fan. DF Ecology said the unit "is ideally suited for contractors working with dust producing equipment, such as disc cutters, wall chasers and similar machines".

■ The third International Rental Exhibition (IRE) - taking place next year in Amsterdam on 24-26 June alongside the ERA convention and the APEX aerial platform show - is starting to attract important exhibitors, with companies including Yanmar, Hilti, Kaeser, Thwaites and TowerLight among those having booked stands. In addition to the exhibition and ERA convention, the European Rental Awards gala dinner will be held on 25 June. For details on the show visit www.ireshow.com

Ramirent exits Hungary to focus on 'core' Baltic area

Ramirent is to sell its Hungarian rental business to private equity company Danube SCA Sicar for an undisclosed price. The operation is forecast to have sales of €7 million this year and employs 83 people at 13 locations.

The announcement came as Ramirent reported flat like-for-like revenues in the second quarter, with pre-tax profits down 23.7% to €15.2 million.

Ramirent's CEO, Magnus Rosén, said the sale of the Hungarian business was in line with the strategy "to strengthen its strategic focus on higher growth opportunities in Ramirent's core markets in the Baltic Sea region." The company told *IRN* it had no plans at the moment to sell its Czech or Slovakian operations.

The company made a greenfield entry into Hungary in 2003, supplemented by two acquisitions. Hungary is one of four countries in Ramirent's Europe East territory, along with Poland, Slovakia and Czech Republic.

Ramirent's sales in the second quarter of the year were €160.8 million, down 5.3% on the previous year, although only 0.7% down after accounting for the transfer of the Russian and Ukraine businesses to the Cramo JV company Fortrent.

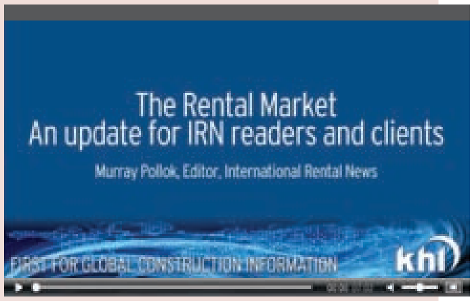
Ramirent said the Nordic market remained at a fairly good level, with the exception of Finland, where activity has weakened compared to the previous year. In Europe Central market conditions remained weak and the company is downscaling the operation to fit the level of demand. Demand in Europe East - comprising the three Baltic States – was stable.

Meanwhile, Ramirent has outsourcing its 35 scaffolding erection workers in Finland to Barona, an employment agency. It will now source all its scaffolding erectors from Barona.

Rental market update video

IRN has published a rental market update video providing readers with the latest forecasts and market data on the worldwide rental market.

The six minute video presentation, by *IRN* Editor Murray Pollok, brings together the latest data and forecasts from the European Rental Association (ERA) and the American Rental Association (ARA), as well as material from *International Rental News*.



The video can be found at www.khl.com/videozone

In addition to market forecasts for 2013 and 2014 from both the ERA and ARA, the video offers information on capital expenditure plans by rental companies.

IRN Rental Share Index

COMPANY		SHARE PRICES Start date 11/1/06	Previous mth 10/7/13	Current mth 6/8/13	% change
Acces Industrie (France)	**€**	0.47	2.10	2.02	-3.8%
Aggreko (UK)	**£**	2.75	18.10	15.98	-11.7%
Ashtead Group (UK/US)	**UK£**	1.83	6.85	6.55	-4.4%
Boom Logistics (Australia)	**A$**	3.70	0.12	0.14	+16.7%
Cramo (Fin)	**€**	13.0	9.02	12.53	+38.9%
GAM SA (Spain)	**€**	8.00	0.36	0.42	+16.7%
GL events (France)	**€**	29.96	16.80	16.91	+0.6%
H&E Equipment	**US$**	-	23.05	24.53	+6.4%
Kanamoto	**Yen**	-	2203	2359	+7.1%
Lavendon (UK)	**UK£**	2.20	1.60	1.83	+14.4%
Mobile Mini (US)	**US$**	46.2	32.98	30.80	-6.6%
Ramirent (Finland)	**€**	23.43	6.79	8.70	+28.1%
Speedy Hire (UK)	**UK£**	8.32	0.63	0.58	-7.9%
United Rentals (US)	**US$**	24.9	51.81	56.9	+9.8%
***IRN* INDEX**		**100.0**	**218.3**	**216.3**	**-0.9%**

Note: The index is based on aggregate changes in market values of the companies in the list. The initial index value of 100 is based on values on 11 January 2006.

News from khl.com

MANUFACTURERS

■ Manitou Group saw a 12% decline in revenue for the first half of 2013, compared to the same period in 2012. Net profits stood at €1 million, compared to €21 million the previous year. But there was positive news in net debt, which dropped significantly from €147 million in the first half of 2012 to €56 million.

■ Caterpillar revised its outlook for 2013 after reporting a drop in revenues and net profit for the second quarter thanks to declining dealer inventories. Revenues fell to US$14.6 billion for the three months to the end of June, down from $17.4 million a year ago. Net profit slipped to $960 million, compared to $1.7 billion in 2012 second quarter of.

■ Volvo CE's Chinese joint venture company, Shandong Lingong Construction Machinery (SDLG), has opened its first production facility outside China. Manufacturing has started at its excavator factory in Brazil – a US$10 million assembly hall within the Volvo CE facility in Pederneiras, São Paulo. SDLG offers a competitively priced alternative to Volvo-branded machines.

■ Haulotte Group reported a 1.5% increase in revenues to €187.2 million for the first half of 2013 and operating profits were €17.7 million, including one-off gains of €10.6 million largely comprising an €8.5 million profit on the sale of the UK Platforms rental business in the UK in late June. Net profits were €11.9 million.

■ Wacker Neuson reported a 5% year-on-year increase in revenues for the first six months of 2013 to €586.1 million, but net profit fell nearly 20% to €24.9 million. The company said strong second quarter results were offset by a weaker first quarter.

■ Revenues at CNH Construction fell 6% in the second quarter of the year to US$939 million, compared to the same period last year. The division's operating profit was down to $12 million, from $17 million.

RENTAL ROUND-UP

■ Ashtead Group, which owns US-based Sunbelt Rentals and A-Plant in the UK, continued its climb with record first quarter pre-tax profits of £99 million, up 59% on the same period last year. Group revenue increased 26% to £411 million in the quarter, which ended 31 July. Sunbelt was the main driver of group performance, with revenues growing by 25% to US$479 million, thanks to a 17% increase in average fleet on rent and 6% improvement in yield. A-Plant delivered rental revenue growth of 35% to £61 million, with growth of 12% excluding acquisitions, mainly reflecting more fleet on rent.

■ Cramo said the uncertain market conditions meant that it was unable to give guidance on its full year sales although it forecast that EBITA profits for the year were likely to improve. The company's second quarter saw pre-tax profits rise 64.7% to €10.1 million on broadly flat revenues of €160.1 million. Its fastest growing territory was Germany, which saw a 12.2% increase in revenues to €20.5 million after a slow first quarter.

■ Vp plc has expanded its Groundforce trenching and shoring division by acquiring Mr Cropper Ltd, a company that rents pile cropping machines. The price was £4.6 million (€5.5 million).

■ United Rentals has opened three new power and climate control locations to add to its specialist rentals business. The company aims to open a total of 18 specialty locations this year.

■ Sergio Kariya, managing director of Mills Estruturas e Serviços de Engenharia's rental divison, said the access equipment sector in Brazil will grow for the next 10 years, despite a more difficult economic situation. He told *Access International* magazine that such was the need for powered access equipment in Brazil, where Mills is based, that big rental companies would continue to invest.

MARKETS

■ The global construction equipment market will see average annual growth of 6% between 2012 and 2017, according to a new report from market research company The Freedonia Group. This will see the value of the sector rise from US$142 billion in 2012 to $189 billion in 2017.

■ US exports of construction equipment were down 21% in the first half of the year, according to the US-based Association of Equipment Manufacturers (AEM). The value of machines shipped stood at US$10.8 billion to the end of June this year, compared to $13.7 billion for the first six months of 2012. Exports to Central America saw a 15% increase, but all other regions of the world experienced double-digit declines. Sales to Europe were down 20% to $1.4 billion, Asia was down 24% to $1.2 billion and South America dropped 13% to $1.9 billion.

■ Some RUB664 billion (€15.1 billion) is expected to be spent in Russia over the next five years in preparation for the 2018 FIFA football World Cup. This money will come from federal and regional government as well as through private investors, according to a report from research company PMR.

■ A forecast from the UK's Construction Products Association (CPA) has pointed to recovery in the construction industry starting in 2014 and continuing through 2015 and beyond. The latest figures predicted construction output growth of 2.2% in 2014 and 4.5% in 2015.

■ Longer versions of these stories, plus hundreds of others, can be found at **www.khl.com** The site has dedicated sector pages for Rental, Construction, Access, Cranes and Demolition.

Rental information from *IRN*

In addition to the published magazine, *IRN* provides rental news and information in a variety of formats:

Digital magazine

IRN can be read in digital format either as a downloadable PDF document or read online with easy-to-use page turning technology. The latter version also allows readers to highlight and print out selected stories or e-mail items to contacts.
To receive the digital version free of charge register at: www.khl.com/subscriptions/free-digital/

Online news

KHL's team of 10 journalists in Europe, North America and South America are constantly uploading stories to KHL.com. The site has dedicated pages for Rental, Construction, Access, Cranes and Demolition.

Weekly newsletters

Readers can subscribe to our weekly rental newsletter, compiling all the previous week's most important Rental, Access and Construction stories. It is free to register at: www.khl.com/enewsletter/
IRN also produces the weekly *ERARentalNewsletter* for members of the European Rental Association (ERA).

rental newsletter

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SJ63 AJ ARTICULATING BOOM

21.2 m working height and a horizontal reach of 12.19 m

Combining a working height of 21.2 m, a horizontal reach of 12.19 m, and an up and over clearance of 8.38 m, Skyjack's SJ63 AJ is designed for versatility. Superior positive traction and terrainability is provided by the axle based 4WD used in many of Skyjack's product designs, which accounts for a proven low maintenance, rugged and reliable drive train. 360 degree turret rotation and zero tail swing allow for flexible operation in tight locations.

The 63AJ features a unique open center knuckle riser design for improved visibility, compact dimensions, and below grade reach capabilities. Dual lifting cylinders provide superior comfort and stability, while also maintaining true vertical rise which prevents drifting forward or backwards.

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Hilti. Outperform. Outlast.

Team rental

One way of approaching performance metrics is to view your business as a football team, with an attack, midfield and defence. Kevin Appleton **explains the approach.**

"How's business?" It's a commonly asked question and one that many of us find hard to give a serious or complete answer to. As a consequence most of us tend to resort to one of three words – "great", "okay" or "tough" – and avoid the in depth analysis of all of the moving parts. I suspect that most of us have our profit and loss account in mind when we answer the question and our response can be broadly interpreted as "ahead", "at" or "behind" our budget or expectations.

In sporting terms this is the same as being asked "how was the match?" and replying "we lost 2-0". The answer is factually correct, but it gives little indication of the longer-term prospects for your team; are they moving in the right direction or getting worse? Does the defence need improving or is an injured striker's return the key to improvement? This is where performance metrics come in; because while a team cannot survive a long run of poor results, neither should a couple of lucky wins convince the coach or supporters that all is well.

The concept of measuring performance in rental has many similarities with the way you might assess the performance of a sports team. I have always found it helpful to think about the business as a set of linked functions, together with a backroom team. In rental (indeed in most businesses) we need to think about finding and winning customers (attack), sourcing and supplying equipment (midfield) and dealing with errors (defence). We also need to buy, develop and sell players (HR) and ensure they stay in good shape (reporting and analysis).

To feed the business we want to know how many potential customers we 'know' and how many are actively trading with us. It is also then helpful to 'bucket' those customers into their purchase frequency. A customer who is spending regularly has a greater lifetime value than a one-off customer, but there may be customers amongst the 'one-offs' who can be turned into regular customers. If an increasing proportion of your business is coming from 'one-off' transactions you are building a potentially unstable business. Getting to a view of relative customer profitability (usually a blend of volume of transactions and level of price) is also really useful in making better decisions on which customers to prioritise.

Once customers are attracted to the business we need to know how efficiently and effectively we are serving them. How quickly do we answer the 'phone/how many calls are missed?' How often can we fulfil the customer request? Do we deliver on time (to customer's request)? Do we uplift equipment promptly after off-hire? How many invoices are queried or credited?

If things do go wrong how do we deal with them? How quickly do we respond to equipment breakdowns/requests for exchange? What is our experience of workplace injuries and what causes them? How many customer complaints are received and how quickly and satisfactorily do we resolve them?

Staff turnover rates

Our HR backroom team should be measuring and managing the average length of service of our 'players'. How many leave each year? How many fit the description of 'ideal' for the role we want them to play? Are salary/package levels appropriate for the level we are playing at?

Our business reporting teams should be telling us about each of the areas of performance we have identified as key. Additionally they should be telling us which tactics work best (e.g. which type of equipment has the best relationship between reliability, cost and sales and which branches or regions are producing the best outcomes, so that best practice can be identified and spread).

These are all really just examples, and pretty generic and superficial, but the basic point is to view your business like a high performance sports team and coach them for better behaviours and tactics.

Whatever you do, don't just look at the result of the last game and judge yourself by that alone. Being a champion is always about wanting to win the next game, not about dwelling on the result of the previous one. **IRN**

> **"While a team cannot survive a long run of poor results, neither should a couple of lucky wins convince the coach or supporters that all is well."**

KEVIN APPLETON is a non-executive director of Ramirent and former chief executive of Lavendon Group. To comment on Kevin's articles, please e-mail: IRNfeedback@khl.com

Track record

Sany Heavy Industry aims to rapidly increase export sales of its hydraulic excavators. Murray Pollok **met the company's Dacheng Zhu at the company's Shanghai production plant.**

Sany's Dacheng Zhu, deputy general manager of Sany Heavy Machinery and general manager of its overseas marketing company, stands next to a prototype Sany SY16E excavator at the company's Shanghai manufacturing facility.

Of all the Chinese manufacturers hoping to become a genuinely global player in construction equipment Sany Heavy Industry is perhaps the leading contender to succeed.

Already with extensive international sales and manufacturing operations – including production centres in India, Germany, Brazil and the US - the company has also been quick to strike deals with western manufacturers: last year it acquired Putzmeister of Germany, the concrete pump specialist, and in the same year it signed a joint venture with Swiss truck loader crane manufacturer Palfinger.

Sales outside China approached the 20% mark in 2012, double the norm for the company, reflecting both the recent downturn in its massive domestic market and the acquisition of Putzmeister, which boosted overseas sales. The longer term aim, however, is for exports to represent closer to a third of sales or more within five to ten years.

Already it is already massive business - total revenues last year were around RMB 45 billion (€5.6 billion), with concrete machinery representing more than half of that – but if its export target is to be achieved Sany will need a wider acceptance of its products among rental companies worldwide, particularly its excavators and road machinery (graders, compaction machines, asphalt plant). The excavator product line is the company's second most important after concrete machinery, accounting for just over 20% of sales. (Sany also makes mobile and crawler cranes, and these have become a strong export product.)

China slowdown impact

This export push has become even more important with the onset of the Chinese slowdown, which saw Sany Heavy Industry's sales fall by 8% last year and its domestic excavator shipments down 22% (although that compares favourably to the 37% decline for China's excavator market as a whole).

Although with enormous resources, Sany's approach to the export market, and rental customers, is cautious and realistic.

Dacheng Zhu, deputy general manager of Sany Heavy Machinery – the division that makes excavators and piling equipment -and general manager of its overseas marketing company, tells *IRN* that Sany understands that selling to rental

Sany Excavator's Lingang Industrial Park in Shanghai, opened last year, has a total area of 10.7 million square feet and 5.9 million square feet of manufacturing space. The factory produces excavators in the 20 to 30 t size range.

companies in Europe and North America will not happen overnight, with the company having to establish sales channels as well as machines designed for these markets. In the mini excavator sector, for example, he mentions the need to have zero- and short-tail models as well as a range of attachments.

The company already has a wide line-up of excavators in its portfolio, with machines starting at 5.5 t and going up the very large mining units rated at 195 t. However, it has just four units certified for western Europe and North America - 7.5 t, 13.5 t, 21.5 t and 23.5 t machines – and it has no sub-5.5 t models at all.

That is about the change, however, with Sany developing 1.6 t and 3.5 t minis as part of its strategy to become a full line excavator manufacturer. The company hopes to have the two small models ready for launch at next year's Conexpo-Con/Agg show in Las Vegas.

"You've got to have a full portfolio over there [in export markets], otherwise you can't compete with the Cats and Komatsus", says Mr Dacheng, "If we have the products, we can start to learn about the rental market."

Research & development

Sany has research and development teams in China, North America and Europe helping to develop the new products. Indeed, the company is distinctive in China in spending heavily on research and development: it invested the equivalent of more than 5% of total revenues in R&D last year and the heavy machinery division's research department employs more than 1000 people.

The export goal for the excavator business is even more ambitious for the company than for its other products, because China currently represents around 90% of its excavator sales, despite the downturn. Many of the machines that are exported end up in Asia Pacific, Africa, India, Eastern Europe and Latin America, with sales to western Europe and North America still at very low levels.

If the product line needs some work, the company is gradually ramping up its excavator manufacturing footprint. In addition to its two (massive) facilities in China, Sany has been making excavators at a plant in Pune, India, for three years and more recently started assembling some models at its Peachtree, Georgia facility in the US, and also in Brazil, where it also has plans to develop a 'localised' 20 t unit, possibly as early as next year.

The SY215c-9 excavator, pictured at Sany's manufacturing facility in Shanghai. The new c-9 series, introduced this year, offers an 8% increase in production capacity and 10% decrease in fuel consumption over the previous series.

Of more immediate concern, however, is China's slowing market. Mr Dacheng says; "Sany is not facing serious cash flow problems. Of course, the sales volume has dropped, but profitability is still there."

The company can't do much about a slowdown in its home market, but it has considerable scope to expand elsewhere in the world. And it is important to note that Sany has a track record of rapid growth: it produced its first tracked excavator in 2000 and by 2008 was Chinese market leader with annual production of more than 13000 units. **IRN**

How the rental market looks to you depends on where you are standing: Murray Pollok **takes the temperature of the rental industry around the world, with interviews and reports from nine countries in five continents.**

Hot and cold

Worldwide Rental Revenues in 2012

EUROPE	Rental revenue
UK	€5.1 bn
France	€3.8 bn
Germany	€3.2 bn
Italy	€1.4 bn
Spain	€1.3 bn
Sweden	€1.4 bn
Norway	€0.87 bn
Netherlands	€0.8 bn
Belgium	€0.55 bn
Poland	€0.46 bn
Finland	€0.48 bn
Denmark	€0.4 bn
Other EU-27/EFTA	€2.0 bn
SUB-TOTAL	**€22.0 bn**
Russia	€0.8 bn
TOTAL	**€22.8 bn**

Note: Figures are from the European Rental Association (ERA) and exclude operated plant and party/events. Russian figures from consultancy RusRental.

NORTH AMERICA	Total
USA	US$31.3 bn
Canada	US$4.5 bn
TOTAL	**US$35.8 bn**

Source: American Rental Association (ERA)

REST OF THE WORLD	
Japan	€10.6 bn (Y1380 bn)
Australia/New Zealand	~€2.8 bn (A$4.2 billion)
Latin America	~€1.0-1.5 bn
Asia Pacific	<€750 m
Africa	<€450 m
Middle East	-€350-450 m
India	€300-400 m
TOTAL (Est)	~€15-18 bn

Source: Japanese estimate based on growth of 15% in 2012 (from Japanese govt sources), Indian estimate from rental company GEAR, others estimated by *IRN*.

Numbers only tell you so much, especially when the numbers themselves are of variable quality and often measuring different things. That's the 'health warning' on the industry statistics that we present on this page for 2012, because the basis for measurement remains different in different parts of the world. To give just two examples, there is no operated plant or cranes in the ERA figures for Europe, and party and events are included for ARA's North American numbers.

Our estimates for the rest of the world, meanwhile, are just that: estimates, given to provide a guide but not to be taken as the final word.

The overall story that emerges from last year and this will be no surprise to readers: sluggish Europe (with its bright spots), advancing North America (but for how long?), and a Japanese rental market still in overdrive to rebuild after the 2011 disaster (and, as Nishio Rent All tells us, also engaged on a major effort to inspect the rest of Japan's infrastructure).

Australia and South Africa, reliant on mining and natural resources, both find themselves in less than booming rental markets, while India's developing rental sector – and one quite different from that in the west - expands as rental becomes a real alternative to ownership in a slowing construction sector. In Brazil, while the economy shows signs of strain, rental continues to grow.

On the following pages we have interviews and reports from nine countries, talking to senior executives at companies as diverse as Nishio in Japan, TVH in Benelux and Germany, Once Call Hire in the UK, Compact Power Equipment Rental in the US, Gemini Equipment and Rentals in India, Madisa of Mexico, Estaf Equipamentos in Brazil and Goscor Hi-Reach in South Africa.

As we see, every market has its challenges, and even challenging markets have their positives. We start with the United States.

USA

One rental company in the US that exemplifies the current expansive mood of the North American rental market is Compact Power Equipment Rental (CPER), the business that rents towable, mid-sized equipment at Home Depot stores throughout North America.

From having around 100 rental sites at Home Depot stores a few years ago, and 280 at the start of 2012, it now has equipment at 907 Home Depot locations, including Canada.

Roger Braswell, the company's CEO, tells *IRN* that the aim is to have CPER operations at all the 1200 Home Depot stores in North America by the end ➡

Roger Braswell, CEO of Compact Power Equipment Rentals

JAPAN

There is no escaping the fact that the rebuilding and clean-up following the 2011 earthquake and tsunami still dominate the Japanese rental market, and not just because of the direct works required.

"The current level of rental demand in Japan is good", says a spokesman for Nishio Rent All Co Ltd, one of the giants of Japan's large rental sector, "And, for the future, demand is expected to continue to be active [because of the] full scale reconstruction in the areas where earthquake and tsunami attacked, [but] also in other areas, such as the nationwide inspection of public infrastructure such as bridges and tunnels, and also fire-prevention and disaster-prevention jobs are increasing, which will result in increased rental demand." Depending on which government statistics you use, the Japanese rental sector grew by between 13% and 16% in 2012.

The reconstruction continues to be challenging and will take years to complete; "Rental demand is large due to the reconstruction jobs and decontamination work. Various reconstruction jobs will continued at least to the year 2018, if we base it on the reconstruction work plans developed by municipal offices of those areas."

For Nishio, and its major competitors like Aktio, Nikken and Kanamoto, there are other challenges, one being the prospect of a changed dynamic for used equipment sales. "In the past, used excavators and wheel loaders, which are the main equipment in construction equipment rental, have been exported to other Asian countries after rental use in Japan.

"By use of this rental equipment cycle, rental companies managed to make the rental business workable, by adding the profit coming from sales of used equipment. [However], construction equipment to be produced from November 2013 should meet Japanese exhaust emission control regulations equivalent to Tier 4, and will use higher purity, light diesel fuel.

"The specifications of this equipment will not be suitable for other Asian market where lower grade diesel fuel is used, and the [traditional] rental equipment cycle may not be maintained. As a result, a change in the rental industry is foreseen, and the industry will need to cope with this change." A look at how it buys its equipment is one possible solution.

A Nishio Rent All branch in Japan. The company hopes to grow its rental business in South East Asia.

Nishio's wider strategy is to continue to internationalise its business, a process begun as long ago as 1992 when it established a rental business in Malaysia. Since then it has opened up new businesses in Thailand and Singapore.

"We started our rental operations by servicing major Japanese general contractors, and then, gradually expanded to service local construction companies", says the spokesman, "We are going to increase the types of equipment we offer for rental, and aim to expand the business in these companies".

More recently the company established a local corporation in Vietnam in April last year and then in Hong Kong in October.

"For the overseas market, we will concentrate on expansion of business in these countries [Malaysia, Thailand, Singapore, Vietnam and Hong Kong]." An intermediate target of Yen10 billion (€75 million) has been set for revenues outside Japan.

Nishio Rent All says new engine emission regulations will complicate the Japanese rental model, which places a large emphasis on exporting used machines to Asia.

Compact Power Equipment Rentals stocks towable equipment, like this Boxer tool carrier, at more than 900 Home Depot stores in North America.

of 2014, except at those locations that don't have sufficient space.

The CPER story is partly that of a strategy that was well planned and executed, and partly one of good timing. Having successfully tested the rental of trailer towable equipment - such as the Boxer range of mini tool carriers - at a number of Home Depot locations, the company has been repeating the model throughout the Home Depot network, equipping each store with a start up fleet of between five and 10 machines, with the largest operations having around 30 units. These fleets now stock Kubota and Terex mini excavators, Toro trenchers and stump grinders and Altec chippers, alongside the core Boxer range of mini tool carriers.

The good timing comes in with the recession, and Roger Braswell's firm belief that the slowdown pushed the focus from ownership of equipment towards rental; "It was underway before the recession, but the recession has underscored the value of rental. I'm convinced that has happened."

He adds that the economic troubles "caused a good number of companies to fail and out of these came start-up companies, created by former owners and employees, and these start-ups recognise the need to conserve capital."

The growth of CPER in Home Depot – which will see significant investment for another five years as the fleets are expanded at each location – also reflects a broadening of the customer base for rental; "Quite often our customers were going to do a job by hand, then they see our equipment and decide to rent something", says Mr Braswell, "We have broadened the market and brought new people to rental."

Read the Compact Power story and you start to better understand the confident growth predictions for the US rental market being made by the American Rental Association (ARA).

He acknowledges some surprise that the plan and the forecasts for the business have been so close to the reality. "I started selling equipment to Home Depot in 2001 and servicing it in 2002, so I was very close to what happened at store level, at customer level. We could see the need for what we were doing", he tells *IRN*, "To be able to execute on your idea - I'm thankful as a business partner and as an entrepreneur to have had that opportunity."

Going forward, Mr Braswell shares wider concerns about the impact of the withdrawal of Federal 'quantitative easing' support for the US economy. He supports its phased withdrawal, and hopes it won't have too big an impact; "My hope is that we won't see brakes put on the economy. It may not continue to expand, but I'm hopeful we won't see a return to the conditions of 2008 and 2009." ■ ➡


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20	6 litres	15.9 kg	504 litres / 1,335.6 kg	£388.08
30	7 litres	18.55 kg	588 litres / 1,558.2 kg	£452.76
50	10 litres	26.5 kg	840 litres / 2,226 kg	£646.80
70	12 litres	31.8 kg	1008 litres / 2,671.2 kg	£776.16
100	20 litres	45.05 kg	1428 litres / 3,784.2 kg	£1,099.56

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SOUTH AFRICA

"The South Africa economy is a bit patchy", says George Landsberg, managing director of Goscor Hi-Reach, a South African distributor of aerial platforms and telehandlers that also has sister company that rents platforms, "Our economy tracks Europe less than the US, so we are going through some of the pain that you find in Europe as well."

One important element of that economic picture is a devaluation of the Rand against the US Dollar, which is making it more expensive for South African rental companies to import US made products, which is significant in an access market where the two biggest suppliers, Terex AWP and JLG, are US-based.

"There has been quite an increase in import costs for rental companies – the bulk of equipment is imported", he says. Goscor Hi-Reach, which is part of the well-established Goscor Group, is dealer for Terex AWP's Genie machines.

Mr Landsberg says there are particular parts of the rental industry under strain, such as the earthmoving sector, where work on two major power projects –the R100 billion (€7.4 billion) Medupi Power Station in Limpopo province and the R150 billion (€11 billion) Kusile Power Station in Mpumalanga – is now scaling down.

"Rental companies involved in the civil works were very busy, up to a point, but now it's very quiet", he says, "For people in the small plant business, they are doing OK, but not great."

Construction of the new Medupi power station brought lots of work for rental companies in South Africa.

Performing a little better is the aerial platform sector, says Mr Landsberg; "Overall we're not in a purple patch for rental, but the eastern Cape is picking up nicely, and aerial rentals to the two power plants is doing OK." Work at the Medupi and Kusile sites will continue for three or four years.

In the Northern Cape, meanwhile, Mr Landsberg highlights the growth of the solar and wind energy sectors. However, South Africa has still to see a significant investment in large truck mounted aerial platforms to help construct and maintain the turbines, although "that will change", he says.

George Landsberg, managing director of Goscor Hi-Reach.

The mining market has long been an important one for South Africa, but Mr Landsberg says that sector is "very quiet, and it is normally an industry where you get a lot of work. Platinum and gold prices have come down, imports are expensive, and we're not seeing any new mines being developed, if anything there has been some mothballing of sites."

Goscor's own aerials rental business is still managing to expand, with a fleet of 400 machines assembled in little over 20 months and three locations in Durban, Cape Town and Gauteng (the province that includes both Johannesburg and Pretoria).

"It's really now starting to grow", says Mr Landsberg, who founded Johnson Access in South Africa before selling it and moving into the Goscor group, "we're adding around 20 units a month."

There are still relatively few major access rental fleets in South Africa, but Mr Landsberg has seen the arrival of a number of small players with small fleets, often starting with used equipment. "In time the dynamic will change, but in the short term it is putting pressure on pricing." ■

BENELUX/CENTRAL EUROPE

Andries Schouten has a good view of the Benelux and central European rental market by virtue of his position as managing director of HDW Nederland and Gunco, two sales and rental businesses within TVH Rental Equipment, the rental business of Belgian parts specialist TVH, which also now includes Mateco in Germany.

Gunco rents aerial platforms throughout the Benelux and is sales dealer for JLG in Belgium and Luxembourg, while HDW sells a wide range of aerial platform and telehandlers in 17 European countries, including the Benelux region and eastern Europe (and represents Terex AWP/Genie in the Netherlands and eastern Europe).

Mr Schouten says his feeling is that Belgium is currently doing slightly better than the Netherlands; "From May last year is slowed down in the Netherlands. Now 2013 is at the same level – it's not good. There aren't many new projects, and when there are, everybody jumps on them." One consequence has been lower rental prices in the Netherlands compared to Belgium, where there are fewer big rental players in the access market.

He says Gunco benefits from being able to sell used machines as well as rent, and also from the strength of its parent company TVH; "If we were only dong rental, then we could be struggling. That has always been part of the strategy."

Mr Schouten is, however, encouraged by a general feeling in the market "that we have reached the bottom and are slowly going up. For the next one and a half years it will still be a challenging market – because the market dropped the prices, and it will take a long time to get the prices back up."

HDW's sales and leasing activities in eastern Europe are an important part of its business, and here Mr Schouten offers a summary picture; "the Czech Republic is doing OK for us, Poland is also doing OK, with good utilisation, but with seriously lower prices than two or three years ago. Poland peaked in 2011 and at the start of 2012, and it's rather stable now.

"Romania and Hungary went very well when they joined the EU, but the market is still very, very slow. It's a huge struggle – prices are low, payment behaviour is terrible, and it is a difficult place to rent, with long distances to travel and poor road conditions."

Of Germany, where TVH owns Mateco, Mr Schouten is more upbeat; "In general it's a lot more positive than most European countries – still quite positive growth." There was a slow start to the year – which was weather impacted - but now has returned to a better level.

In terms of investment in the fleet this year, Mr Schouten says that around €50 million will be spent on the Gunco, HDW and Mateco fleets, of which around 90% will be for replacement. Markets that will see their fleets growing will include Poland, Hungary, Belgium and Romania, while the group's operations in the Netherlands and Germany will operate stable fleet sizes.

UK

Although with a downbeat economy – only recently out of recession – and a badly impacted construction sector, there are rental companies in the UK still investing and reporting improving market conditions.

London-based One Call Hire, for example, has continued to spend heavily on its 'high quality rentals' strategy. John Fitzpatrick, chairman and shareholder of the family-owned firm, tells *IRN* that the £34-36 million investment on fleet this year is so that it can continue to supply "the best machines on the market. It's like when you renting from Hertz or Sixt, you want a new car.

"The contractor wants to work with high quality equipment – it looks professional – and they want their own decals on it. It's about health and safety and the perception of the client. The client and the contractor want a professional job. You can't have five year old equipment on site."

The typical annual investment by the company – which only rents equipment without operators - has been around £15-20 million, targeted at maintaining a young fleet, with the average age of its excavators above 8t at around 8 months.

Low-emission models are also a key part of the strategy, with all of the company's 20 t excavators now Stage IIIB, and all 13 t units to be so by the end of the year. Mr Fitzpatrick says the sales argument is £100/week fuel savings; "Contractors are beginning to listen to that. It's getting to the right people at the top, that's the only problem."

The company was impacted by the recession, but Mr Fitzpatrick says that since the Olympics in London last year the market in the southern half of the UK, particularly the south east, where One Call is strong, has steadily improved. "Last year was a dip for us – down around 8% - however, post Olympics, from October 2012 it has steadily increased. It has bounced back, and we foresee that there will be a gradual increase over the next 18 months." Company revenues could reach around £17.5-18 million this year.

The huge Crossrail project in London is helping the company, but also the upsurge in the housebuilding sector; "that will go on before tapering off in 2016, but 2014 and 2015 are still to come. We're confident about the market in the next 16 months, and I suspect that we will outperform the general market."

However, the success of One Call Hire, a company so dependent on the southern half of the country, also points to another feature of the UK market, the north-south divide, with the south east of the country and London faring better than the rest. This is reflected also in trends in equipment use. For example, Mr Fitzpatrick says the use of Stage IIIB machines and the argument about lower emissions is "totally irrelevant from the Midlands upwards."

The UK rental market is definitely seeing improving conditions, but not to the same extent everywhere.■

In the UK, One call Hire is making a point of buying Stage IIIB excavators for its hire fleet.

London-based One Call Hire says having a young fleet is central to its strategy.

Germany's Zeppelin Rental generated revenues of almost €20 million in July, a record for the business, and says the order backload for construction work in the country would lead to increased demand in the coming months. "Construction order books are well filled", said Zeppelin Rental sales director Peter Schrader, "At more than €27 billion the construction industry has the highest backlog since 1999. This is currently leading to a significant increase in demand and will have a positive impact in the coming months on the rental." Zeppelin will add 500 construction machines and 400 new aerial platforms to its fleet this year, and has plans to open five new branches during the year.

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Estaf rents aerial platforms, power and scaffolding. This is its head office depot in Pernambuco.

Gustavo Lima, CEO of Estaf Equipamentos, one of Brazil's biggest rental companies.

BRAZIL

If there is a common assumption that it is World Cup and Olympic projects that dominate the workloads of Brazil's contractors and rental companies, then that view is quickly dispelled by Estaf Equipamentos, one of the country's top five rental companies.

Gustavo Lima, Estaf CEO, tells *IRN* that less that 5% of its R$55 million (€17.1 million) annual revenues are World Cup or Olympics related; "World Cup and Olympic projects are the tip of the iceberg for infrastructure in Brazil."

Continued investment in infrastructure, housing and commercial buildings like shopping malls - around 75-80 malls are currently under construction in Brazil – have helped the rental market grow by 15-20% annually over the past few years. Can that level of growth be sustained?

"Right now, we're not sure about that", says Mr Lima, "Brazil has some problems. I'm not confident in terms of 2013 and 2014, and it's an election year [next year], so we are not sure about government plans."

Still, the overall growth prospects and investment plans for Brazil convince Esaf that rental – and its three chosen sectors of scaffolding/formwork, aerial platforms and power rental – offer good prospects in the longer term.

The company, based in the coastal town of Olinda, north of Recife in Pernambuco province, received inward investment from private equity firm Rio Bravo in early 2011, and has since invested R$100 million (€31 million) in its fleet, including this year, with spending next year likely to be around R$30 million (€10 million). Estaf says it has invested more →

Caterpillar machine's in Madisa's rental fleet working in Puebla, Mexico.

MEXICO

A recent slowing of Mexico's economy – GDP growth this year is likely to be under 2% following good years in 2011 and 2012 – is leading to a cooling off in the rental sector.

"It's a difficult market", says Alfonso Gutiérrez, rental sales manager at Madisa, the largest Caterpillar dealer in Mexico, "We have two kinds of clients, those that want good products, and those that want a low price. Competitors use old equipment. At least the bigger contractors are informed about products, and that's where we make our business."

The company operates a large rental fleet run from around 40 of Madisa's 51 locations around Mexico, with its two major rental locations at Mexico City and Monterrey. Something like half of the 3000 unit, US$160 million fleet comprises Caterpillar machines (from mini excavators up to massive 777 trucks), but in the last few years it has also added other products including compressors, lighting towers, generators, forklifts, portable accommodation and cranes.

Mr Gutiérrez says its main customer base is Mexico's major contractors – the best payers – followed by companies in the mining sector and then the steel industry. Competitors in the Mexican market include OEM dealers who are renting – such as John Deere and JCB dealers – as well as regional independents.

Madisa continues to invest in its fleet, having added Cat machines, aerial platforms and temporary accommodation to its fleet earlier this year. These three product groups are currently the key investment areas for Madisa's rental fleet.

However, Mr Gutiérrez reiterates that Mexico is not enjoying a golden period; "At the moment it is a very difficult time to invest", he says, "The government takes a long time to pay contractors, and the contractors then take time to pay us. It's a difficult situation."

Around half of Madisa's fleet is Cat equipment, but it also rents lighting towers, aerial platforms and power.

in the last three years than it did in the previous 35.

The aerial platform fleet will continue to be established as a national business, while the scaffolding and power generation operations will be focused in the north east of Brazil, close to its base. Power will eventually be expanded nationally, but Estaf want to consolidate its knowledge of this product before expanding, having only entered the power market in 2010. Its fleet of 350 generators are sourced from Caterpillar, Atlas Copco and Stemac, a Brazilian manufacturer.

The investment from Rio Bravo has also allowed the company to expand its footprint, with eight current locations spread around Brazil and plans for another four within the next 12 months.

The aerials business – with a fleet of 1000 machines by the end of the year - is now a major focus, and takes up the lion's share of fleet investment.

Despite the heavy investment in aerials by Brazilian companies - including Mills and Solaris - Mr Lima does not see yet see evidence of oversupply; "Even with the growing fleet in Brazil, the rental price is still about the same."

Estaf's strategy is to develop a professional approach to rental, with one aspect of this the decision to buy only new equipment – primarily JLG and Genie. It operates large branches, typically with 200-300 machines, and Mr Lima says the aim is to differentiate themselves from the competition by focusing on good after sales service.

He agrees with Mills' predictions of a doubling of the access rental fleet by 2020 – which would take the fleet to close to 50-60000 units. "Yes. When you compare Brazil to Europe, it is doable", says Mr Lima.

The Estaf strategy is to focus on its three specialist products, with no current plans to add cranes or move into the general equipment market. And, of course, it is aware of the interest that rental companies outside Brazil have in its market. The message from Mr Lima is clear; "We are open to discuss joint ventures or partnerships with other companies." **IRN**

The Arena da Baixada stadium, Curitiba, has been expanded for next year's World Cup.

INDIA

Vivek Soni, co-CEO and CFO of Gemini Equipment and Rentals (GEAR).

By some estimates the Indian equipment rental market is growing at a compound annual growth rate of 40%, but to suggest it is simply a fast-growing version of the European or North American markets would be a mistake, says Vivek Soni, the co-CEO and CFO of Mumbai-based Gemini Equipment And Rentals (GEAR), one of India's largest pure rental companies.

Mr Soni, a chartered accounted with a background in finance, has been at the helm of GEAR for almost four years – a period in which the business has tripled in size – and he tells *IRN* that the Indian rental market is huge, but remains dominated by small, poorly organised players; "The barriers to entry are very low – anyone with 20-30 million Rupees can buy a machine and live off the rentals. 60 to 70% of all equipment in India is sold to people with net worth of less than $150000. There is very little organised rental."

In this environment, GEAR's strategy has been to focus on specialist areas, largely avoiding the overcrowded earthmoving sector, typified by the omnipresent JCB backhoe loader. That means concreting equipment (mobile placing booms, transit mixers and concrete pumps), road building machines, tower cranes, construction hoists and mast climbing work platforms. The company also created in 2011 a division that imports, sells and rents forklifts, including the Still brand.

"Now, earthmoving equipment represents the low single digits on percentage of the fleet", he says, "There's not much money in earthmoving." In contrast, concreting equipment and vertical equipment such as hoists and cranes now represent 55-60% of the business.

"The real kick start will come after elections next year. From a rental point of view it's a great time to be in the business, with everybody wanting to rent rather than buy."

Operating in India brings with it challenges, such as a federal structure that imposes a dense bureaucracy and a wide variety of tax regimes. To cope, GEAR operates seven regional offices and a further 150 customer sites where machines, operators, mechanics and spare parts are placed. Its fleet comprises around 600 units and it has 1800 employees. Reducing the logistical burden for contractors is seen as a major selling point for rental, says Mr Soni.

Logistics may be difficult, but GEAR – which is backed by two private equity investment firms, Cycladic Capital and its majority owner Berggruen Holdings - manages to track the location and status of its fleet daily, not by telematics – cell phone networks are not widespread enough – but by having a network of contacts (operators, site supervisors, clients) who are called daily by its call centre. All machines are rented with an operator.

Mr Soni says there are several market dynamics that favour the development of rental. India's bigger contractors, who traditionally preferred owning their equipment, have faced a slowdown in the construction market and seen their equipment lie idle; "Now they see the attractions of rental. And now capital is short, so they would rather use it on their business than in a depreciating asset."

In addition, there is a trend for India's larger contractors to outsource more site work to small and mid-sized contractors who are unable to access capital to buy equipment, so look instead to rental.

In the current slowdown, however, GEAR has targeted business with the 50 largest contractors in India, because Mr Soni says these companies are weathering the downturn better than the smaller players.

"Construction is currently going through a slight rough patch, largely because of government policy", he says, "The sector will pick up slowly – in one or two years construction will be back on track. The real kick start will come after elections next year. From a rental point of view it's a great time to be in the business, with everybody wanting to rent rather than buy."

GEAR has so far resisted the allure of the aerial platform market, where European players including Riwal and Lavendon have now established Indian footholds. Mr Soni says returns in the sector remain "sub-optimal, with lots of used assets. You can't break even with new equipment. Legislation to deal with health and safety and working at height has still not been rolled out in the construction sector. It will happen, and then access equipment will be an easy bolt-on." More interesting to Mr Soni are different sectors, such as the rental of healthcare equipment, a market that GEAR is poised to enter.

So GEAR is ready for the upturn, and resisting the urge to import the western approach to rental, instead creating an Indian variant that suits the market.

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IRC Conference

WHERE:
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WHEN
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(The day before the BICES construction equipment exhibition.)

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International Rental Conference

The International Rental Conference in Beijing, China on 14 October will see top executives from some of the world's most famous rental companies and manufacturers provide expert advice.

INTERNATIONAL rental CONFERENCE CHINA
14 October 2013 Beijing

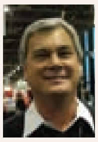
The programme for the first International Rental Conference is rich, with influential speakers from China, Europe and North America combining to offer delegates expert views on how the rental market will evolve, and the opportunities offered by China.

The audience will hear from Hertz on its experience of establishing a rental business in China over the past five years; from Volvo Rents on how equipment manufacturers are playing a key role in developing rental in new markets around the world; from United Rentals on how rental has to be considered as a service business; and from Loxam on the different models that rental assumes as it becomes a mature industry.

Recent additions to the programme include David Phillips, founder and owner of Off-Highway Research, who will give an authoritative overview of the global construction equipment market as well as an update on the very particular situation in today's Chinese market.

Three Chinese rental entrepreneurs also contribute →

Participants



■ JOHN BUREAU has spent 25 years developing and implementing information technology solutions for the equipment rental sector. Before becoming the general manager of rental software company Wynne Systems, he held many IT-related positions for US Rentals and United Rentals.

■ CHAI ZHAO YI founded Shanghai Pangyuan Construction Equipment Rental in 2001, and it is now the largest rental company in China, with depots covering most of the major cities in China. Mr Chai says his company may soon establish a rental business in South East Asia and his ambition is for Pangyuan to helpm develop the rental concept in China and to become one of the rental market leaders worldwide.

■ GÉRARD DÉPREZ has been the CEO of Loxam since 1986. In that time he has grown the business to be the largest rental company in Europe operating in 11 countries. Mr Déprez was instrumental in creating the European Rental Association and was its first president, holding that post between June 2006 and May 2013.

■ JAY EARLY is vice president for Europe, Middle East, Africa and China at Hertz Equipment Rental Corp (HERC). Jay has spent 21 years with HERC,

starting as a sales coordinator and working through the ranks in a variety of roles, including field sales, branch manager and area manager.

■ MICHAEL KNEELAND is president and CEO of United Rentals, the world's largest equipment rental company, and has more than 33 years experience in the equipment rental industry. He joined United as a district manager in 1998 and was appointed CEO in June 2007.

■ BUD HOWARD has more than 30 years of experience of the equipment rental market. He joined Hertz Equipment Rental Corp (HERC) in 1982, rising to become vice president of sales, and then moved to RSC Equipment Rental, where he was senior vice president of sales and marketing. He joined Volvo in 2000, initially working for Volvo Rents in North America before assuming his current role as Director Global Rental.

■ DAVID PHILLIPS is managing director, founder and owner of Off-Highway Research, the London-based consultancy that specialises in the research and analysis of international construction equipment markets. Off-Highway Research has offices in London, New Delhi and Beijing.

■ NICK SOWDEN, president, Snorkel Asia & director of supply chain, Snorkel, joined the aerial platform manufacturer in March 2008 and became part of

the company's global management board in 2011. He has responsibility for enhancing the Snorkel distributor network, along with developing sales, after-market and manufacturing operations.

■ WANG LI CHUN is the chairman and founder of Xuzhou G&L. Before setting up the company in 2002 he worked for many years at XCMG, one of the major Chinese construction equipment manufacturers. In 2010 he established Xuzhou's equipment rental business.

■ TIM WHITEMAN joined IPAF in January 2004 and as managing director and CEO has led the organisation in its mission to promote the safe use of aerial work platforms worldwide. Under his stewardship the organisation has expanded internationally and now has representative offices in Europe, North America, South America and Asia. Before joining IPAF Mr Whiteman worked in publishing, as a founding editor of *Access International* and later as founder of Vertikal Press.

■ YUAN ZHENG is chairman and founder of Guangzhou Hailin Rental and has more than 20 years' experience in tower crane rental in China. Guangzhou Hailin was established in 2001 and is a key player in China's rental sector, with offices in 13 cities in South, North East, Central, and West China.

BICES 2013

Over 120000 visitors are expected to attend the 12th bi-annual BICES construction equipment exhibition, which takes place from 15 to 18 October at the Jiu Hua International Exhibition Center in Beijing, *writes Helen Wright.*

The show will cover a record 210000 m2 of exhibition space – up from 195000 m2 in 2011 - but a lot has changed since the last time the event took place. The Chinese market has slowed down - sales of construction equipment fell by 34% last year.

Despite the current trough in the market, the scale of this year's BICES show is greater than ever, with 1500 exhibitors registered to attend, compared to 1030 in 2011.

EXHIBITION DETAILS
DATE: October 15-18, 2013
OPENING TIME:
October 15-17: 9:00-17:00
October 18: 9:00-16:00
VENUE: Jiu Hua International Exhibition Center, Xiaotangshan, Changping District, Beijing 102211.
ORGANISERS:
China Construction Machinery Association
China Construction Machinery Co., Ltd
China Council for the promotion of International Trade Machinery Sub-Council
www.e-bices.org

to the event: Chai Zhao Yi of Shanghai Pangyuan Construction Equipment Rental looks at the crane rental sector; Wang Li Chun from Xuzhou G&L Construction Equipment Rental Co considers his own experience of establishing a general rentals company in China; and Yuan Zheng, chairman and founder of Guangzhou Hailin Rental, takes part in the rental round-table, looking at the role tower crane rental companies could play in the market.

The aerial platform rental sector is important to the development of rental in China, and we have several speakers who are experts in this area. Tim Whiteman, IPAF CEO, who is discussing safety regulations with the Chinese authorities, and Nick Sowden of manufacturer Snorkel, who will ask if there is an 'Asian model' for the growth of access rental.

John Bureau of Wynne System in the US meanwhile provides expert advice on the role that IT and software now plays in rental businesses.

The event, which is staged the day before the BICES construction exhibition in Beijing, will be opened by Mr Jia Li Cai, managing director of the Machinery Management & Rental Division of the China Construction Industry Association (CCIA).

The full programme is printed below. For more information, and to book online, visit www.khl.com. ■

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Conference programme

MORNING SESSION

08:00 – 09:00
Registration, networking and morning coffee

09.00 – 09:30
OPENING REMARKS:
Conference Chairman: **Murray Pollok**, Editor, *International Rental News*

WELCOME: **Jia Li Cai**, Managing Director, Machinery Management & Rental Division of the China Construction Industry Association (CCIA)

09:30 – 10:00
KEYNOTE SPEAKER:
Michael Kneeland, CEO, United Rentals, USA
Customers come first: building a rental business

10:00 – 10:30
David Phillips, Managing Director, Off-Highway Research, UK
The Global Construction Equipment Market

10:30 – 10:40 Q&A Session

10:40 – 11:10 Morning coffee

11:10 – 11:40
Bud Howard, Global Rental Director, Volvo Rents, US
Emerging rental markets and the role of OEMs

11:40 – 12:10
Chai Zhao Yi, Managing Director, Shanghai Pangyuan Construction Equipment Rental
Crane Rental Trends in China

12:10 – 12:40
Nick Sowden, President Snorkel Asia/Global Supply Chain Director, Snorkel Lifts
Access rental in Asia; a road map for China?

12:40 – 13:00 Q&A Session

13:00 – 14:00 Lunch

AFTERNOON SESSION

14:00 – 14:30
Gérard Déprez, CEO, Loxam, France
From emerging rental market to a mature industry

14:30 – 15:00
Wang Li Chun, chairman & founder, Xuzhou G&L Construction Equipment Rental Co., Ltd.
Promoting the Rental Concept in China

15.00 – 15:30
John Bureau, General Manager, Wynne Systems
Using IT to improve rental efficiency

15:30 – 15:40 Q&A Session

15:40 – 16:10 Afternoon tea

FINAL SESSION:

15:45 – 16:15
Jay Early, Vice-President Europe, Middle East and China, Hertz Equipment Rental Co (HERC)
Opportunities in the Chinese rental market

16:15 – 16:50
ROUND-TABLE SESSION
General discussion on rental trends in Asia
Tim Whiteman (CEO, IPAF)
Jay Early (Hertz Equipment Rental Co)
Yuan Zheng (Chairman, Guangzhou Hailin)
One other participant to be announced

16:50 – 17:45
Questions followed by closing remarks and a networking drinks reception.


CONEXPO-CON/AGG
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Heads up

IRN **reports on new pumps and other news from companies including SPP, Xylem, Pioneer Pumps, Eekels, Andrews Sykes, Gorman-Rupp, Grindex and Atlas Copco Portable Energy.**

Pioneer says rental strategy paying off

Pioneer Pump's investment in its UK pump rental fleet – now numbering 200 units - is starting to provide opportunities outside the UK, with rental contracts undertaken in Europe and further afield.

In the Netherlands, Eekels Pompen BV recently cross rented several high pressure pumpsets for refinery work at Rotterdam's Europort. Pioneer 250SH and 150CX pumpsets with spark arrestors and mechanical shutdown equipment were able to halve the previous cycle time on crude oil tank testing undertaken on some of the world's largest tank farms.

There are additional rental projects upcoming involving high pressure and high flow pumpsets in Eastern Europe and West Africa. Pioneer says these applications tend to be seasonal, short and high flow, which would not have favoured a pump sale solution.

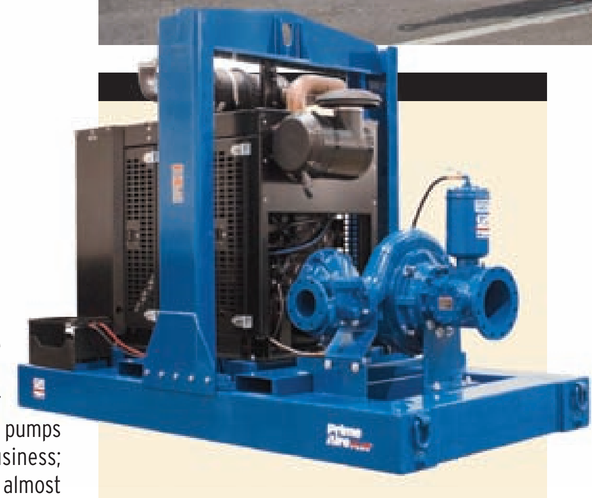
Tom Nicholson, managing director of Pioneer's rental company, said he has been "staggered" by the demand for its pumps and its turnkey services; "Companies are renting 18" pipework and hose in the same manner as they are smaller high pressure pumps, which proves there is real demand for a more specialist supplier in the European market.

"It does not matter to us whether this equipment is needed in Ghana, Kuwait or Stanlow, the fact that we have the kit, it performs and people focussed on service with the backing of a strong investor, we have managed to make real inroads into the markets."

Simon Ruffles, managing director of Pioneer Pump in the UK, said the demand for its rental pumps was not having an impact on its sales business; "Our group sales including rental will be up almost threefold in 2013 with both sales and rental growing strongly and we fully expect this to continue in 2014.

"We have launched six new pumpsets already in the first seven months of this year and we will have a further five by the year end including a new pumpset capable of flows close to 40000 gallons every minute, again a high performance pump previously unseen on the European markets."

A Pioneer 150CM high pressure pumpset working at the Welsh Slate Penrhyn Quarry.



Gorman-Rupp's Prime Aire Plus priming-assisted pumps are available in sizes up to 8" (200 mm) discharge sizes and for flows up to 1124 m3/hr (4950 gpm) and heads to 145 m (475 ft). Suitable for both clear liquids and with large solids, the Prime Aire Plus units are available with the latest EPA Tier 4 compliant engines – a John Deere engine in this case – or electric motors.

Grindex updates sludge and drainage pumps

Swedish pump manufacturer Grindex has launched "next generation" versions of its Minex, Minette, Minor, Major, Master and Matador drainage pumps and the Salvador, Senior and Sandy sludge pumps.

Grindex says the changes improve pumping performance and reduce maintenance and spare part needs. For example, the pumps have a new seal design with a robust metal housing that improves heat transfer and sealing function for a longer life, and the pumps also have fewer parts, which reduces the risk of leakage and speeds up maintenance.

The Minor, Major, Senior and Sandy have new lifting eyelets for hooks and the dry running performance has been improved thanks to more and better air valves, and larger oil volume.

Features that improve robustness include new wear resistant impellers for the Minex and Minette drainage pumps, a wear resistant coating of polyurethane for all sludge pumps and a polyurethane-option for the Minor to Matador drainage pumps.

A further safeguard measure is the SMART motor protection system, which cuts the power if the temperature gets too high or if it loses a phase.

Grindex technical engineer, Jonas Bladh, says; "Many of the changes in this latest generation of pumps are based on conversations with our customers and field engineers. We've listened to what they have to say, and where an improvement could be made we've made it".

SPP Autoprime pumps ready for delivery.

Selwood expands high-head range

Selwood said it is "bringing low emission engines to the high head pump market" with the introduction of its H200 pump, powered by a Stage III/Tier 4 Interim Volvo D16 engine.

The engine uses a diesel particulate filter (DPF) and a diesel oxidation catalyst (DOC) in combination with selective catalytic reduction (SCR) to meet the emissions regulations.

The H200, with a pumping capacity of more than 950 m³/hr, joins the already launched H100 and H150 units in the new high head range. The latter is a heavy duty automatic self priming pump designed for high head applications, with flow rates up to 460 m³/h, total heads of 124 m and solids handling of 38 mm.

The company has also introduced the new High Head range into its own rental fleet, with £0.85 million worth of open and super silent pumps ranging from the H80 to the H150 ordered. This is in addition to the £3 million already invested this year on other ranges of pumps as Selwood continues to enhance its fleet.

SPP develops hybrid Autoprime Q200 unit

SPP Pumps is developing a version of its Q200 Autoprime pump that will allow it to be transformed from its normal general purpose configuration into a solids handling unit for sewage and other applications.

Duncan Jackson, manager of SPP's Autoprime business unit, tells *IRN*; "We want a pump where we can swap out the impeller, the wear plate and suction tee and go from a general purpose duties to a true sewage handling capacity."

The UK-based company - which is owned by India's Kirloskar group - is currently building a demonstration unit that will be taken around its dealers in Europe and Australia to gauge reaction. That demo unit should be ready by September or October, with a full commercial version available as soon the pump has been "double, double checked", says Mr Jackson.

The modification process has been made easy for any general rental company; "Any fitter could do it, it's a piece of cake", he says, "You just need to take off two covers - there's no need to strip out the whole unit." The most likely scenario is for a customer to hold mainly general purpose versions of the Q200 pumps with several Q200S solid handling kits in stock.

The company is also developing the range of options offered on the pumps, with a GPS tracking system the latest development. This will provide users with SMS text messaging for issues including low fuel, low oil pressure or high water alarm (on the auto stop-start units).

Meanwhile, the company continues to develop its international sales business. In recent years it has been successful in selling to customers in Australia, including Kennards Hire and Coates Hire. Since 2011 it has established a dealership agreement with Weir Minerals Multiflo, which has taken a quantity of the Q series Autoprime 100M and 150M pumps. These are supplied as 'pods', five to a 20 ft shipping container, which Weir then mounts on trailers in Australia.

Flygt BIBO makes a comeback

The product highlights for Xylem Inc this year has been the relaunch of the Flygt BIBO range of submersible pumps.

"A lot of customers asked us to bring back the BIBO", says Andrew Jones, Xylem Inc vice president and dewatering business unit leader, speaking to *IRN* earlier this year, "It's been an iconic pump since the 1960s – the de facto mining pump."

If the brand is old, Xylem has updated the pump for the 21st century, with the new range incorporating the manufacturer's DuraSpin hydraulic system to help provide wear resistance. Other changes include the use of a new plug-in seal, improved dry-running and the use of a single impeller-adjustment screw.

Also back is the distinctive bell-shape of the original BIBOs. "In some mines they like the robustness of it; a heavy duty unit for handling by a forklift", says Mr Jones, "It has that 'presence' that is important for mines."

The new range will comprise four models, the 2830, 2840, 2860 and 2870, capable of handling flows of up to 100 l/s (1600G/min), heads up to 80 m (300 ft) and solids up to 12 mm in diameter. The pumps will be available with power ranges from 3.7 to 18 kW.

The company also has its Godwin range of diesel driven pumps and new here is a vacuum-primed unit targeted at low cost, low head applications for 4 in and 6 in units. The pumps will be ideal for well pointing systems on construction sites.

The pump will be made at Xylem's Quenington facility in the UK, where many of the Godwin wet ends are produced. "That facility serves the world", says Mr Jones, "The US buys the canopy and engine locally, but the engineering, the wet-ends, the know-how, is there. It figures highly in our plans and we are looking to expand."

Xylem has plans to assemble the Godwin pumps elsewhere, with China the target location in 2015. "It's not a low cost play", says Mr Jones, "It's about market penetration. We've done some local assembly in Brazil – last year – and some assembly in Australia." Acquisitions also remain a possibility - in recent months, for example, it acquired Pollman Pumpen in Germany.

➡

Netherlands based Eekels Pompen was called in at short notice over the Whit Sunday weekend in May to replace a broken lock pump at Péronnes-lez-Antoing in the Belgian province of Henegouwen. Receiving the call on Friday evening, Eekels was able to respond quickly and over the weekend installed a temporary, 10000 m³/hr capacity pumping system. The system pumped water over a length of 100 m and at a pumping head of 13-16 m. The first of several Hidrostal F10K pumps used for the project left Eekel's headquarters in Barendrecht on the Friday and the entire installation was in place for four weeks.

Atlas Copco seeks diesel driven pumps

Atlas Copco Portable Energy is ambitious for its pump business, with plans to add diesel driven pumps to its existing submersible range either through a joint venture or an acquisition.

The diesel driven pumps are seen by the company as essential for the North American market. "In Europe, it is 80% submersibles and 20% engine driven", says Abet Cantuba, product marketing manager pumps at Atlas Copco Portable Energy, "It's just the opposite in North America. So we are putting our focus on developing a range of diesel driven pumps."

He says Atlas Copco is already a global player in the other portable energy products - including compressors and generators. "The best way to do it is to complement organic product development by looking at acquisitions and collaborations. It could be both." Mr Abet says that if things go to schedule then the company could have diesel pumps within 12 months, possibly sooner.

The focus initially will be automatic self-priming models in the low to medium pressure range, with 4, 6 and 8 in units, with larger high head units also required for quarry and sewer bypass markets. "If we can find a company that has everything, that will be ideal. If not, we will do it in steps."

Mr Cantuba says getting access to distribution networks will be an added benefit of an acquisition.

The company also continues to expand its range of submersible pumps, the WEDA range.

The latest addition is a 0.4 kW sludge/trash pump to complete its small range, with other 2 and 3 kW as well as 5 kW, 10 kW and 15 kW pumps to follow over the next few years.

However, it is the addition of diesel pumps that will transform the business; "We are ambitious for the pumps business, dedicating lots of resources to it", says Mr Cantuba, "Within three to five years we want to be a major player in on-site dewatering."

The new WEDA 04S sludge pump.

Abet Cantuba, Atlas Copco Portable Energy.

Sykes Pumps in the UK continues to expand its submersible pump rental fleet. Stewart Owen, marketing manager at Andrew Sykes, says the company has made "considerable investments" into its submersibles fleet with a corresponding increase in business; "We are now better equipped for anticipating and responding to customers' needs for all their pumping requirements." Sykes says its new submersibles are being well received, with "superior rag handling performance [and providing customers with]...an opportunity to trial a cost effective and efficient alternative to other pump manufacturers." Sykes says its rental offering extends to control, instrumentation and telemetry monitoring equipment for pumps.

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CONFERENCE TOPICS

- Building a general rental business in China
- Aerial work platform rentals: the big opportunity
- Power rentals in Asia
- Crane rental developments
- Rental software: efficiency through clever IT
- Role of OEM's in the rental industry

SUPPORTING THE EVENT

The event has the official support of the Machinery Management & Rental Division of the China Construction Industry Association (CCIA). The Machinery Management & Rental Division represents the interests of equipment fleet owners in China and its membership includes 600 rental companies. The conference will be opened by the division's managing director, Mr Jia Li Cai.

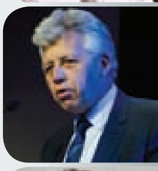
INTERNATIONAL SPEAKERS

Michael Kneeland
(Keynote Speaker)
United Rentals, USA

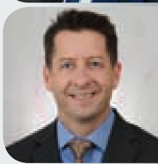
John Bureau
General Manager, Wynne Systems

Jia Li Cai (Opening address)
MD, Machinery Management & Rental Division of the China Construction Industry Association (CCIA).

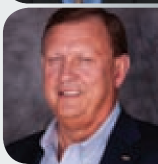
Wang Li Chun
Chairman & founder, Xuzhou G&L Construction Equipment Rental Co., Ltd



Gérard Déprez
CEO, Loxam, France

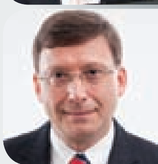


Jay Early
Vice-President Europe, Middle East and China, Hertz Equipment Rental Co (HERC)



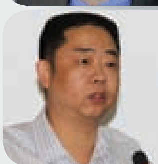
Bud Howard
Global Rental Director,
Volvo Rents, USA

David Phillips
Managing Director,
Off-Highway Research



Nick Sowden
President, Snorkel Asia and Global Supply Chain Director

Tim Whiteman
CEO, IPAF



Chai Zhao Yi
MD, Shanghai Pangyuan Construction Equipment Rental

Mr Yuan Zheng
Chairman, Guangzhou Hailin

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Cat dealer Ferryros in Peru, Guatemala and El Salvador manages a fleet of 3900 machines, including around 600 units in its own rental fleet, through Product Link. The electronic data is combined with other monitoring elements, such as fluid analysis and field inspections, and delivered to clients by a contact centre, helping them manage their fleets and preventing unexpected failures.

Start transmitting

Momentum is growing for the use of telematics systems in the rental industry. How long before it becomes a standard part of every rental companies' fleet management procedures? IRN **reports.**

Telematics is coming your way whether you like it or not. After all, you are using GPS machines in your car, probably, and in your phone, perhaps, so it would be almost perverse to resist the use of tracking systems in equipment that is in most cases is considerably more valuable.

The manufacturers are pushing it for several reasons. First, it's a genuinely useful service that they can offer their customers. Second, the technology allows them to track machines in the field and anticipate (and generate) after sales service business, including replacement of parts. Third, knowledge of how machines are being used helps them design future machines, identify problems and understand the behaviour of end users.

For rental companies, of course, knowledge of where machines are, how they are operating, and when they might be moving when they shouldn't be, is part and parcel of the fleet management function. Modern telematics just allow rental companies to do that task much more accurately than before and, of course, in real time.

Many manufacturers are offering telematics systems to their customers, and several have started to do so recently. Wacker Neuson, Case, Hyundai (in 2010), New Holland, Manitou and Doosan Infracore with its Vision GPS system are among those who have recently added telematics to their product offerings. (Doosan Infracore also announced a telematics link-up with Orbcomm as *IRN* was going to press.)

New Holland Construction, for example, is now offering its FleetForce system in two versions, each with a three year subscription: a 'Basic' subscription is available for the compact line and offers key-on, motion detection and GPS tracking, while for the heavy line there is the 'Advanced' package, which integrates with the machine through its CAN-bus data system to track an extensive list of operating data.

Massimiliano Sala, New Holland's telematics product manager for Europe, highlights the value of the system to rental companies in providing machine performance data; "you can show the customer the rental machine's actual fuel consumption and give him the average so he can compare it to other models he is considering renting."

Hyundai's Hi-Mate is standard equipment on all its wheeled loaders and excavators with an operating weight of 14 t or over. It can be used over the entire lifetime of a machine, and use of the system is free for the first two years of ownership.

Hyundai says rental fleets will appreciate in particular the alerts for maintenance requirements, with the system monitoring scheduled intervals for exchange of filters for fuel, hydraulic oil and air intake.

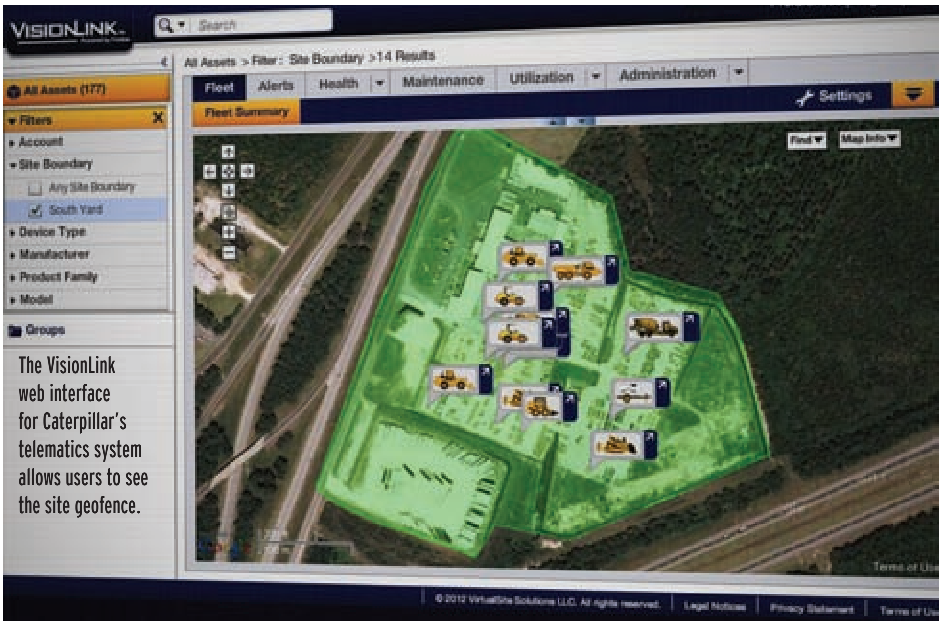
Customers can sign up for one, three or five year contracts for Doosan's Vision GPS telematics system.

SiteWatch from Case

The new Case system, SiteWatch - like New Hollands' FleetForce - offers two options, Basic for backhoe loaders, compact tracked loaders, skid steer loaders and midi excavators, reporting every two hours, and Advanced, which is supplied with dozers, wheeled loaders, crawler and wheeled excavators, and sends data every 10 minutes. Both subscription packages have a three-year durations, with extensions available through the dealer spare parts channel.

SiteWatch will be available as an option on some models directly from the factory, or customers can order it as a dealer-installed accessory, with specific kits available for various model ranges.

It is worth noting that Case is also offering a ➡



The VisionLink web interface for Caterpillar's telematics system allows users to see the site geofence.

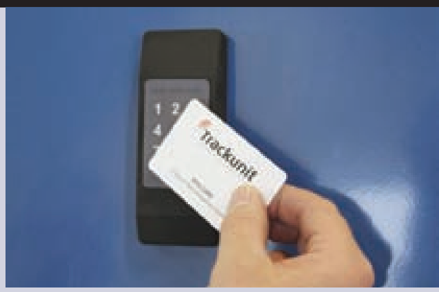
Universal SiteWatch kit that can be used with any brand of machine, allowing rental customers with mixed fleets to run a single fleet management system.

Other manufacturers are already some way down the road in terms of their telematic offerings. JCB's well-established LiveLink system, for example, is now fitted as standard on 80% of its products sold across Europe. Its 3CX and 4CX backhoe loaders, side-engined Loadall telescopic handlers and tracked and wheeled excavators are all fitted with LiveLink, as are wheeled loaders above 8 t operating weight.

JCB also offers a scaled down version, LiveLink Lite, for use on machines that don't have it fitted as standard, for example, on mini/midi excavators, compaction equipment and other smaller machines. As with the Case system, JCB says the system can be fitted to other brands of machine (or retrofitted to old JCB models.)

There is no separate cost for LiveLink and there are no different 'levels of service', says JCB; "Once you purchase a JCB machine with LiveLink fitted as standard, you have complete access to all its features. LiveLink costs are built into the machine. So the customer effectively does not pay anything extra for the solution."

One box solution



Danish asset tracking specialist Trackunit is launching a new 'single box' asset management and access control system that can be operated both by an RFID card or PIN code. It's the first PIN code solutions offered by the company.

The 401 SmartID brings together access control features and a GSM/GPS fleet management system in a single box. It allows the operator access to the machine by entering a unique PIN code or with a personal identification card. If personal identification cards are preferred, it is possible to use existing company access cards

"The combination of PIN code identification and card identification in one, single solution is an innovation in the field of access control," says Jesper Rom Knudsen, head of direct sales at Trackunit. "It gives our customers the opportunity to choose the exact user identification solution that matches their company and their need for flexibility."

One key benefit of the PIN functionality, says a company spokesman, is that "it really adds flexibility and eliminates the need for a physical card. This makes it super quick for rental companies to send PIN-codes via SMS to unlock machines at remote locations." New users can be created easily and the system can handle an indefinite number of PIN codes.

"By offering easy PIN code access, Trackunit 401 SmartID paves the way for new business opportunities for rental companies, for example in connection with large building or infrastructural projects," he says.

"Rental companies can set up unstaffed and remote-controlled depots keeping a stock of machines at large job sites and rent out equipment at very short notice. If a contractor suddenly needs a certain machine, the rental company can remotely add a new user and text a PIN code that gives immediate access to the machine in question."

UK contractor and plant hirer J Devine Group recently bought three JCB JS130 excavators, all fitted with the LiveLink telematics fleet management system. Plant manager Tim Brackley says; "With the click of a mouse I can send reports to the board of directors who can assess the latest status and ensure our investment is being maximised."

JCB says that in its experience, it is large and medium sized rental companies that have been the greatest users of the system so far; "they are using the system as a full fleet management tool that links into their existing IT systems and can be used to improve maintenance and customer support.

"For those with operated fleets and the larger construction companies, benefits include the understanding machine usage, fuel management and monitoring of CO2. This is an increasing requirement/need."

The manufacturer says that for smaller companies and owner operators, the benefits are more about increased security and better support links to dealers; "They can concentrate on running their business and leave support to dealers knowing that the dealer has greater visibility of usage and understands what support the customer needs."

JCB also makes the point that, with the introduction of the latest Stage IIIB/Tier 4 Interim engines in many machines, increased electronic technology has made additional telematic functions possible. "These include fuel economy data, including which working mode the machine is operating in. This allows managers to assess individual operators, checking for extending idle time or poor use of eco modes during general operation."

Ambrose approval

One JCB customer, Richard Sykes, managing director of Ambrose Plant Hire in the UK, backs this up; "Increasingly, the customers we work with look for hirers to provide more than just basic machines.

"With demanding service level agreements it is essentially a fleet management and total support solution that is required – ensuring the best equipment is continually available at peak performance - exactly where and when the customer demands it." It means that Ambrose can track its

The Hi-Mate system from Hyundai is standard on all wheeled loaders and excavators with an operating weight of 14 t or over.

assets, monitor their performance to minimise downtime and present customers with a professional service.

Another 'old hand' when it comes to machine tracking is Caterpillar, with its Product Link offering, which is factory-integrated for construction products above 20 t, including motor graders, wheel loaders, tracked loaders, excavators (tracked and wheeled), articulated and rigid Trucks. For smaller construction products and for paving products, Cat's distribution centres can fit it as an option.

Product Link offers an option for satellite or cellular network coverage based on regional requirements, with cellular network tending to be used for city and suburban areas, and low-earth-orbiting satellites for rural or isolated job sites.

A free three-year subscription is offered with models fitted with factory-integrated units, and dealers certified to undertake condition monitoring activities can offer an extended free subscription with service agreements. The system can be retrofitted to older Cat models, with machines manufactured within the last 10 years typically having the electronics that allow the use of all the system's features.

Caterpillar says that, from a rental perspective, "Take-up of the system is growing, particularly in North America and South America, with Europe as well as Africa and the Middle East experiencing similar trends."

It reports that rental companies are keen to know the machine's utilisation with working time, its location, and the geo-fencing and alerts functionality. "A rental company has the option to 'Share the View' of the rented equipment with their end-customer. This feature can be configured for a specific duration."

The asset operation feature "allows rental companies to accurately charge their customers based on machine usage. Some rental companies will also use it to see if the machine is being returned with a full fuel tank. It speeds up the billing process as reports are available for the whole fleet."

One rental operation using the system is One Call Rentals, part of Cat dealer Cleveland Brothers, which operates Cat Rental Stories in Western Pennsylvania and Northern West Virginia, US, renting Caterpillar compact equipment and allied equipment such as air compressors and aerial lifts.

"Within a few months of integrating Cat Product Link data into our rental processes, we are already realising the benefits", says Pete Quinn, One Call Rentals operations manager, "Locating machines and knowing when they are due for maintenance were the basic expectations we had for how this data would help our operation.

"Other benefits quickly surfaced as well Being able to verify machine usage has become part of our approval process prior to issuing any credit memos related to down time or call-off disputes and has already saved us significant dollars. The frequency of these requests has declined as a result as well."

Repairs solved quickly

Mr Quinn says the system is also helping its field service dispatchers, who are able to review VisionLink – the web interface to Product Link – for both machine location and active fault codes before sending out technicians; "Customers have been appreciative that repairs are completed in one trip more often than in the past."

This kind of example illustrates the point about telematics. Some rental companies may resist what they see as the added complications or costs, but when their customers start noticing the benefits, then they may not have much choice. **IRN**

China

Murray Pollok visited four Chinese aerial platform manufacturers in early August to get an update on their activities and to discuss the Chinese rental market.

This 2.1 m platform height scissor has been designed for a European retail customer.

DINGLI

The biggest of the Chinese AWP manufacturers, Dingli continues to invest in its manufacturing capacity with a third production facility now under construction.

That factory, not far from Dingli's current head office, will become its headquarters and assembly facility when it is completed in the middle of next year (*IRN* visited the new plant under construction and it is clear that that timescale is realistic).

The 150000 m^2 facility, which will give Dingli at least double its current production capacity, will allow it to rent its existing factories 1 and 2 to its main seven sub-suppliers.

Dingli is also preparing for a significant event in its evolution, with a flotation on the Shenzhen Stock Exchange now on the cards. The official process was due to begin in August and Shenzhen was chosen because it is favoured for IPOs of small and medium sized companies (Shanghai for bigger concerns).

Mr Xu Shugen, Dingli's CEO, says a flotation, would raise the company's profile in China, provide it with growth funds, and give it easier access to resources such as government owned land.

With the IPO looming, Mr Xu was unwilling to say too much about the company's current business. He said the slowdown in China had not had a major impact because 70% of its sales were exported – to markets like Australia, Russia, India and Brazil – and that total sales last year had risen by 15%.

The company was happier to discuss some of its newest 'small' products, two of which reflect the company's background in warehouse and logistics equipment, and a third that sees it go head to head with a major western manufacturer in the 'Toucan' niche segment.

A combined 500 kg capacity forklift and stock picker, destined for a large US retailer.

In the warehouse sector, there is a new combined forklift and stockpicker, with a maximum platform height of 3.5 m and separate forks with carrying capacity of 500 kg. This unit has been designed for a very large US retailer.

The other warehouse unit is a smaller, 2.1 m platform height stockpicker for a European retail client.

Finally, Dingli is bringing its own 'Toucan'-type platform to the market, competing head on with JLG Industries, who acquired the Toucan range many years ago. Dingli says the difference with its model, which will have a working height in the 11.5 to 12.0 m range – will be an automatic pothole protection system.

In its main access product range, coming soon – perhaps before the end of this year - will be a range of 12 to 16 m battery powered articulated booms, filling a gap in its range.

Dingli's new 'Toucan'-type platform under development.

MANTALL

If Dingli and Sinoboom are the two leading Chinese AWP manufacturers, Mantall aspires to be at the same level, and is starting to get close.

Only established in 2005 – things happen fast in China – the company moved in 2009 to a small facility in Qidong, a coastal city not far north of Shanghai, and last year relocated to a new, 73300 m^2 factory in the city, employing 200 staff. The new facility is conveniently located for port facilities and also to serve the Chinese rental heartland.

Mr Lee Shen, Mantall's president, says production last year was less than 2000 units, although in the Chinese style he has aims for 3600-6000 unit production within three to five years. A third assembly line is currently being built at the facility. Around 35-40% of its products are exported, mainly to Eastern Europe, South East Asia and the Middle East. Selling in Western Europe and North America remain medium or longer term projects.

Mantall's product line encompasses both booms and scissor lifts, with its early products developed in conjunction with Beijing access rental company XYZ, although the two are now separate businesses. Its range includes scissors from 8 m to 14 m - with an 18 m rough terrain model now under development (see photo) – and 20 to 42 m booms.

Mr Lee says Mantall aims to develop four new models every year, and employs 20 staff in its research and development department. He acknowledges that there is still a gap between the

This is an 18 m rough terrain scissor being developed by Mantall. It will be powered by a Kubota engine.

update

Lee Shen, president of Mantall, pictured at the company's head office in Qidong, Jiangsu Province.

western AWP manufacturers and some Chinese products and says Mantall and others will need to work hard to catch up.

That 'gap' relates to global sales coverage and product ranges, although Mr Lee says the quality gap is ever reducing; "In the future I believe that improving productivity will be important; volumes will be important to get costs down."

He says the price difference between Chinese and western manufacturers is lessening; "This is not a serious factor now", he tells *IRN*, "I welcome the foreign manufacturers: if there are only one or two manufacturers it will not help the market become mature. We are not scared of competition. I feel very confident about competing with the big brands in China, even if we are not well known outside China."

New products on the horizon include new 8 m and smaller scissors, including push-around and self-propelled with working heights of 3 m and 5 m. Its smallest boom is a 20 m unit, but Mr Lee says smaller booms are not a priority – more likely are new versions of its existing models, making them more cost effective.

Mantall made less than 2000 machines last year, but is hoping to more than double that within three to five years.

Mr Lee says, for example, that there will be two versions of its booms, 'economy' version using locally produced components for China (such as Yuchai engines), and one higher-specification machine for export markets (using Cummins, for example).

Like the other Chinese manufacturers Mantall is hoping for continued growth of the domestic rental market. "I believe rental will be a necessary trend for the future...In foreign countries 85-90% of sales are to rental, but it's different [less] in China."

Around 60% of Mantall's Chinese sales go to rental, although that is buoyed by its still close relationship with XYZ.

SINOBOOM

Sinoboom moved into its new factory in Changsha in April and although annual production capacity will eventually be 3000 scissor lifts and 2000 booms, that level of activity was clearly some way off when *IRN* visited in August.

Still, the facility is enormous – 70000 m² of space is currently being used and the total site amounts to 200000 m² – and will become larger yet when the second phase of construction starts in around two year's time.

Mrs Su Hong Xia, the co-owner and founder of the company, and Sinoboom's 'public face' internationally, tells *IRN* that the new facility, apart from increasing production volumes, has allowed it to take on more work internally, with work previously outsourced – such as fabrication of scissor arms and booms – now being done in-house. A paint booth is currently under construction and will be operable in a few months time.

Mrs Su Hong Xia, co-owner and founder of Sinoboom.

Mrs Su says the slowdown in China's economy has had an impact on the market, but nothing like that in the general construction equipment sector, where sales levels have fallen dramatically this year. She points out that aerial platform sales are still modest in China and that there is still a growth trajectory.

In fact, she says last year's sales split of 65% export and 35% domestic will be nearer 55%/45% this year because of its growth in China. Mrs Su is expecting company revenues to increase by as much as 40% this year to around RMB200-250 million (€25-30 million).

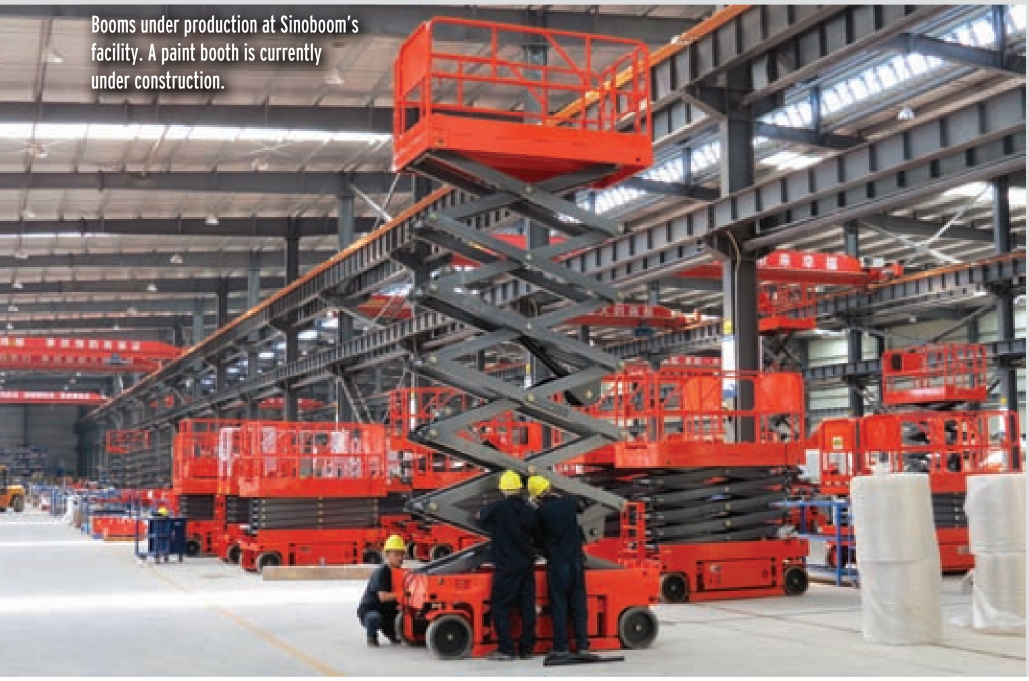
She says rental in China is the principal driver for growth, helped by some major manufacturing projects, including a consumer electronics factory for Samsung in Xian and automotive plants such as a VW factory in Changsha, Sinoboom's home city.

Mrs Su says that up to 500 aerial platforms are already being used on the Samsung factory and that could double or treble. She expects around 200 units to be needed for the VW plant in Changsha later this year or early next year, and says she personally has met VW project managers to discuss the use of access equipment on the project.

With exports still incredibly important for the company, Mrs Su says Sinoboom's priorities remain Latin America, Eastern Europe, the Middle East and South East Asia. It has recently appointed new dealers including one in Turkey, Uygunlar in Istanbul, and now also has 'GOST' certification for Russia.

The main markets in western Europe and North America are also interesting the company and it will attend the APEX show in Amsterdam next summer and is thinking about attending Conexpo-Con/Agg in Las Vegas next March.

In terms of products, the company is launching new versions of its 6, 8, 10 and 12 m electric scissors, featuring electric drive motors and longer duty cycles, as well as a number of self-propelled mini scissors, including one 4 m working height unit.



Booms under production at Sinoboom's facility. A paint booth is currently under construction.

RUNSHARE

In Runshare you see a manufacturer that is still forging its identity. Established in 2007, and run by Jun Zu, a former crane designer with Zoomlion, the company is another of China's suppliers based in Changsha, Hunan province, home to Sany, Zoomlion, Sunward, Sinoboom and others.

The company has a modest, 3000 m² production facility and production methods and technology are still a level below those of its main Chinese competitors.

However, Mr Jun has his sights set on a larger facility in Yueyang, 30 minutes by high-speed train north of Changsha, which will be a 78000 m² facility and ready later this year. Located on the banks of the Yangtze River, the RMB200 million (€25 million) factory – funded by shareholders and bank loans - will have good shipping links to Shanghai and onwards.

Currently with sales of around RMB75 million (€9 million) and production capacity at the current factory of around RMB100 million (€12.5 million), he says the new facility will boost capacity by five to 10 times.

Runshare started business producing telescopic booms for China's shipyards, but now has a much wider range of products.


Runshare's general manager, Jun Zu, at the company's main production centre in Changsha, China.


Runshare is about to move from its current 3000 m^2 facility - pictured here - to a new location in Yueyang, north of Changsha.

Runshare began life as a self-propelled boom specialist, making straight telescopic units for the shipyards of China, a market segment that has since seen a significant fall.

Subsequently, it has broadened its customer base to include rental companies in China. It has also added scissor lifts and is now making articulated booms for the first time. The range includes 6 - 12 m electric scissors, 13 - 16 m diesel scissors, 16 - 45 m telescopic booms, and 12 – 24 m articulated models. The massive 45 m telescopic boom was added to the range last year. Although a very wide product range, few of the models are produced in substantial volumes.

Having largely completed its boom range, the company is now adding truck mounted platforms to its range with 16 m and 20 m platform height models, the former a telescopic and the latter an articulated model. The 16 unit is mounted on a Chinese-made JMC truck, with Runshare agreeing a cooperation deal with the truck supplier.

Mr Jun tells *IRN* than the present small production space has really been about designing new products. With a range now available, the new factory will allow the company to focus on increasing volumes.

The company was quick to see export opportunities – exporting its first booms to Peru in 2009 – and now there is a rough 50/50 split between domestic sales and shipments outside of China.

Mr Jun shares the widely held view that China will one day be a larger rental and access market, but for the moment he points to low labour rates and the ingrained habit of using scaffolding as the main obstacles to use of powered access equipment.

"I'm very confident about the future development of the market – labour costs will increase and the government is paying more attention to safety", he says.

Runshare is a company to watch. If the move to the new facility goes to plan, then Sinoboom, Mantall and Dingli could have a significant domestic competitor on their hands.

Adding value

European Rental Association is reorganising to stay on top of members' priorities, including some changes to the specialist committees.

A new Board of Directors of the European Rental Association (ERA) was elected in June 2013, composed largely of leaders of major rental players from all over Europe:

- Vesa Koivula, CEO of Cramo (Finland), ERA President
- Hervé Rebollo , Secretary General of DLR (French Rental Association)
- Pierre Boels, CEO of Boels Rental (Netherlands)
- Chris Davies, CEO of HSS (United Kingdom)
- Marzia Giusto, CEO of Nacanco (Italy)
- Magnus Rosén, CEO of Ramirent (Finland)
- Peter Schrader, Managing Director of Zeppelin Rental (Germany)

Immediately after its election, the new board defined its priorities for the association for the years to come, many of which were derived from the conclusions of a membership survey carried out by the association in early 2013.

To ensure the structure of the association is in line with the activities to be carried out, the ERA will have five committees in the future, building on the good work achieved in some of them and creating some new ones.

ERA's new board was elected in June.

National Rental Associations Committee

This new Committee will be chaired by Kevin Minton (CPA) and will be composed of the representatives from national rental associations that are members of the ERA. It will be a platform to allow exchanges on all issues of interest to rental associations. In terms of content it will focus notably on health and safety related matters.

Equipment Technology Committee

This Committee has been in existence since 2010 and is primarily composed of fleet managers of rental companies and of representatives of equipment manufacturers.

It is working to tackle issues where manufacturers and rental companies can find solutions together, such as reducing damages to equipment and ensuring equipment design takes into account the requirements of rental operations.

It will continue its activities under the chairmanship of Martin Holmgren of Cramo.

Sustainability Committee

In line with priorities expressed by members, this committee will be revived, with the aim of promoting the environmental benefits of rental and for developing tools to help rental companies respond to requests from customers/align practices in the industry where relevant.

Statistics Committee

The Committee will continue its current activities as planned, namely developing the annual European Equipment Rental Industry reports. The next report will be released in October and will provide an in-depth analysis of the UK market, including a number of specific product groups. Other countries will follow over the years.

Promotion Committee

Promotion is one of the main priorities for ERA members. This Committee will thus focus its activities on advocating the benefits of the rental concept.

It will for that purpose continue to develop tools largely used by the association's members, such as the 'Rent vs Buy Calculator'. It will also seek to provide food for thought to members, notably by looking into the potential of development of equipment rental in some non-traditional markets (outside the construction sector).

Building on past successes, the ERA will also continue providing the central networking opportunity for Europe's rental industry and its supply chain.

The association's 2014 Convention will take place from 24 to 26 June alongside the next International Rental Exhibition (IRE) and APEX in Amsterdam.

On 25 June 2014, the European Rental Awards organized jointly by the ERA and *International Rental News* will take place, to recognice professionalism and innovation in the industry. Registration to the event and the full programme will be made available in the course of January 2014.

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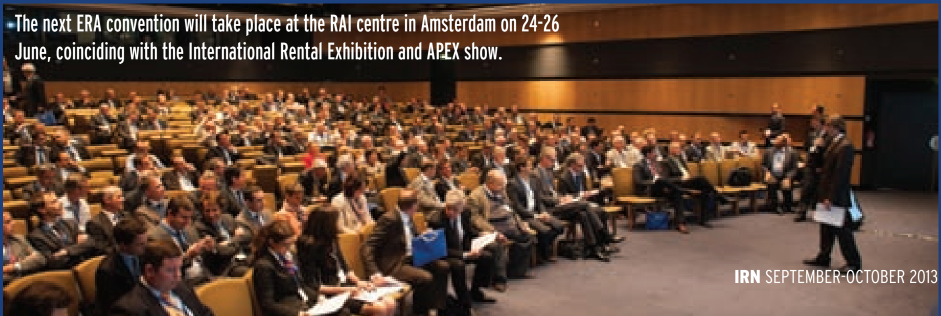

The next ERA convention will take place at the RAI centre in Amsterdam on 24-26 June, coinciding with the International Rental Exhibition and APEX show.

The payback period is much shorter for small tools. Pictured is a Husqvarna concrete cutter.

Pricing

Jeff Eisenberg **looks at some of the techniques that rental companies can use to influence rental prices, and how pricing issues vary depending on the maturity of a rental market.**

How important are rental rates and rental pricing? They affect returns, investment decisions, decisions to enter or exit markets, decisions on moving assets. How are they measured, apples with apples? And what can rental companies do to raise rental prices that have come down due to competition?

The two most common ways to measure rental rates are to compare them with the cost of the asset being rented, on a 'payback period' or the 'financial utilisation' method.

Starting with the payback method, the rental rate is compared to the asset cost, to answer the question 'how long would it take in rental rate to pay for the asset's cost?' Another, more specific, question is 'at the expected utilisation of x% for that asset, how long would it take to pay for its cost?' This last term might be called 'payback net of (expected) utilisation'.

THE AUTHOR

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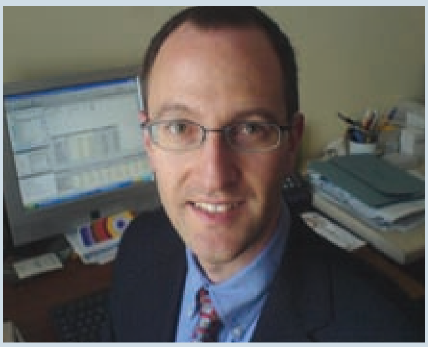


Unlike for accounting terms, there is no GAAP (generally accepted accounting principles) definition for most rental measurements, so caution is needed.

Payback period

An oversimplified example is comparing the rental price of a car rented from an airport for €35 per day and comparing it to a purchase price of €15000. The payback period in this case would be €15000 / €35 = 428 days. Or, the payback on 70% utilization would be €15000 / (€35 x 70%) = 612 days.

(Some rental company owner will see this example and say 'Hey, that's more than I get per day for a scissor lift/excavator/generator with similar cost! Let's sell our equipment and get into car rental!' Clearly this is not the whole picture.)

Of course there are specialist niches within each category that have higher rental pricing. If the niche is hard enough for competitors to enter, perhaps because of high service requirements, then the rates can stay higher.

Of course there are specialist niches within each category that have higher rental pricing. If the niche is hard enough for competitors to enter, perhaps because of high service requirements, then the rates can stay higher.

The assets with the lowest rental rates and the least risk are residential properties in safe countries with low inflation. German residential apartments are typically rented for 7 or 8% of their cost, but the owner can enjoy the increase in property price. So, a €200000 apartment would rent for €1167 per month, which equates to 7% financial utilisation (12 x €1167 = €14000) for the investor; plus, hopefully, it goes up in value. This utilisation rate is called yield in the real estate industry.

Financial utilisation

Financial utilisation (or Dollar utilisation in the US) is essentially the inverse of payback period, and is typically measured for one year. Since it is usually net of utilisation, both rental price and utilisation are being measured. In our car example, €35 for a car rented 70% of 365 days equals €8942.50 revenue for the year, or 59.6% financial utilisation for the year.

Again, with this formula one has to watch apples and apples. In car rental, part of the insurance is optional, part may not be. Is this part of the rental rate? How about a mandatory cleaning charge or

Typical asset rental payback periods for established markets are:

Small tools, electronics, catering equipment:	3 to 12 months
Medium construction equipment:	1 to 5 years
Large equipment and cranes:	3 to 10 years
Cars and vans:	1 to 2 years (short term rental) 3 to 5 years for long term operating lease
Trucks / tractor units:	2 to 5+ years
Residential apartments:	10 to 20 years

discipline

A Nationwide Platforms boom. The typical payback period for mid-sized equipment is from one to five years.

airport concession fee? Re-fueling charge sold at a huge profit?

The Ratchet effect

In economics, much is made of the 'ratchet effect' by which prices and wages tend to rise in an inflationary manner, but not fall, like the ratchet in a tool box which turns one way and not the other.

In the rental industry, we seem to have to have the opposite. In markets with multiple rental company competitors, especially where they have similar equipment, oversupply can lead to steady rate declines. Rates are often hard to get back up even when demand again exceeds supply.

Discounting and 'Last machine in the yard' argument

The incremental sale argument can be tempting. If a rental company has enough business to cover its fixed overheads, then renting the 'one more machine' contributes immensely to profit, even at a discount. After all, goes the logic, the rent for the depot is only paid once, so that even if you have to give a discount, the last rental is extremely profitable, on an incremental basis.

The problem with this argument is lack of discipline. Everyone's incremental sale is someone else's core business. Where the rental companies and their sales managers have run out of features and benefits then only the thing left to discuss is discount, rather than having the discipline to leave the machines standing in the yard waiting for better pricing.

This discipline is so very hard to keep in rental companies. If the short term revenue target is more important than keeping the rental rates high for the long term, then competitive discounting will continue. Only rarely do enough of the industry players show the willingness to leave equipment in the yard rather than take the discounts for the short term revenue.

Discounting in the rental industry recalls Abraham Maslow's law of the hammer, where 'if all you have is a hammer everything looks like a nail'.

Renting equipment to customers who already understand the features and benefits, and where most competitors have acceptable service and quality, pushes customers to ask for discounts and sales managers to give ever larger discounts, even for decreasing volumes.

How low can rental rates go?

In competitive markets where there is no shortage of equipment, it seems logical that the lowest rental price cannot go below the unit's depreciation and interest costs (or maybe the monthly finance payment), to have any hope of making any small contribution to overheads.

However, certainly since the 2008 crisis began, there are 'zombie companies' that are not paying for their equipment (or servicing their debt) that are just renting to recover the variable cost, which is usually transport, repairs and fuel. Often, truly desperate companies are just trying to make enough revenue to keep the lights on and the employees paid.

If walking dead or zombie rental companies - which are not and have no prospect of paying for their equipment - are dominant in a market, then it's time to look for another market (or at least another market segment).

The problem with so many zombie rental companies post 2008 is that their creditors have not forced them to restructure or liquidate, which eventually will help rebalance supply and demand.

In the US Great Depression of the 1920s and 30s, one collapsing retail store famously said "we lose money on every sale but make it up on volume". That might be true also of some of the zombie rental companies, particularly in Southern Europe.

What can rental companies do to raise rental rates?

Remember, rental companies operate with relatively narrow net profits, post 2008 crisis. United Rentals, made a net profit of $75 million on revenues of $4.12 billion, which is 1.82%. That means a 3% change in rental rates up or down can change everything; most of that rental rate change goes straight to the bottom line. On a scissor lift that rents for €30 per day, 3% is less than €1.

So how do you raise rates? There are numerous techniques, including:

- Raise rental prices, explain this professionally to customers, hope the competitors follow;
- Charge for weekends, out of hours coverage;
- Charge premium rates for shorter rentals; the UK tool hire companies are particularly good at this;
- Delivery charge recovery – try to make a profit; it is incredible that delivery charges for 7 tonnes of equipment can be less than a taxi ride for the same distance;
- Equipment cleaning charges;
- Environmental charges;
- Damage recovery – many rental companies never get paid adequately for repairs, paint sprayed on machines, etc.
- Insurance – sometimes the rental associations can help here, more later;
- And many more.

Rental companies with international operations can seek out the best rates for their equipment. This is a JCB backhoe working in Dubai, UAE.

Keep in mind that as rental companies try to raise rates that were unsustainably low, the customers will see that they are going to get a worse deal than before. How come the customer has to pay more for less? This is as true with charging for extras.

The customer's own business may be under extreme pressure, and paying more for renting the same equipment compared to last year will not help them one bit. But if the rental company can use new ideas, or becomes more efficient, that's another story.

As the airlines have taught us, there is a balance between the annoyance factor of extra charges, especially new charges, and the extra revenue they generate. A customer's bureaucratic purchasing department can delay payments on invoices that →

As the airlines have taught us, there is a balance between the annoyance factor of extra charges, especially new charges, and the extra revenue they generate. A customer's bureaucratic purchasing department can delay payments on invoices that have unexpected or unwanted charges, hurting rental company cash flow.

An aging ABG paver in the fleet of a Chinese rental company.

The incremental sale argument can be tempting. If a rental company has enough business to cover its fixed overheads, then renting the 'one more machine' contributes immensely to profit, even at a discount...The problem with this argument is lack of discipline.

have unexpected or unwanted charges, hurting rental company cash flow.

Quality rental companies can simply raise prices and tell their customers about their new investments in equipment, but this can be challenging where demand and supply are not in balance.

In new markets, how are rental rates set?

The customer or user of the asset, vehicle, or even property, will do several calculations, perhaps subconsciously, in a rent versus buy, or a rent versus other alternatives analysis.

If you fly to a country where there is no car rental, then you make arrangements with the people you are visiting to pick you up with their car. In that analysis, no rent, no buy, was considered.

Or, you take a taxi; a rented asset with labour included. Indeed in India, there is very little short term self-drive market for car rental for foreigners; but there the driver can cost less per day than the fuel.

Why rent an excavator, where in many countries you can just have a contractor dig the hole for you? Then you have rented a service rather than an asset.

The further you go into developing countries, the more construction companies have their own equipment. This means that someone, perhaps subconsciously, carried out a rent versus buy analysis. If there is no rental industry in a developing market, then whoever has the investment capacity, often the construction company, will simply buy everything they need, or rent it in another country and move it. This means that rental pricing is more international than ever.

A large rental asset such as a crane may rent for similar rental rates in other countries, plus transport and other costs to get the job done, plus a relatively transparent premium.

In a developing market, medium sized equipment may attract a rental payback of one year, where in an oversupplied Western European market would see two or three year payback, so the young market prices may be twice as high as the old market. The old market was getting those rental prices too, not that many years ago.

Expensive or scarce money for investment keeps supply restrained and rental prices stay high.

How can rental associations help raise rental rates?

In most countries, rental associations work within legal rules which prohibit price-fixing by their members. Minimum pricing is usually not allowed, although 'recommended pricing' is sometimes permissible, if rarely useful.

Rental associations in some countries, however, have introduced mandatory insurance and environmental recovery charges. But even in countries where the rental associations do make attempts to raise prices, I have never seen it work long term. There is usually too much disconnect between the board members of rental companies who attend rental association meetings, and the salespeople and rental managers who negotiate daily rental pricing, and usually have monthly revenue targets to hit.

In summary, rental rates for mature markets depend on competition, and the discipline of the people negotiating the rental rates. If supply and demand is out of balance then rental companies have to be willing to live with lower utilisation, or find new markets for the equipment; something that is especially difficult for the 'zombies'.

Part of this discipline in raising the rates can be in charges and fees, but there is a balance between the benefits and the annoyance they cause to customers and the difficulties in negotiating them.

In new markets, rental rates can be set for a higher return, but if these are too high, the customer will find another way to get equipment. **IRN**

Charging for delivery of equipment is important. Pictured is a Wacker Neuson excavator.

Annata is an Icelandic company marketing globally a version of Microsoft Dynamcs AX targeted at companies in the equipment distribution and rental sectors. *IRN* spoke to director Birgir Ragnarsson**.**

Some Volvo Construction Equipment dealers in Europe are using Annata's Dynamics IDMS ERP system.

The right vocabulary

Like many, Annata is a software company that has moved into rental as a response to changes in the market.

With its roots in Iceland and operating as a certified Microsoft Dynamics AX partner, the company has traditionally been strong in Iceland and Nordic markets for automotive and distribution software.

However Birgir Ragnarsson, one of the company's three senior directors – alongside CEO Johann Jonsson and fellow director Björn Gunnar Karlsson – tells *IRN* that the focus on rental was given a push following the financial crash when some of its customers started to expand rental activities as their traditional sales business shrank.

That, and the need to expand beyond its domestic market, led the company to establish itself worldwide, offering an ERP system tailored to mid- and large-sized companies engaged in the entire supply chain for product distribition, spanning importing, sales/distribution, servicing and rental.

Around 40% of its business is in the automotive sector – a Dollar Thrifty franchise in Iceland was an early rental customer – with a similar proportion in the distribution and rental of construction machinery.

Big name customers

Its customers now include Volvo Construction Equipment in Europe – some of its independent and company owned dealers are using the system - and Speedy Hire in the UK. The latter shows that Annata's solution is finding customers who are pure rental players and not just distributors with an element of rental in their business.

Mr Ragnarsson, based in Kuala Lumpur, Malaysia and with responsibility for Annata's business in Asia Pacific, says that the breadth of applications of its Annata Dynamics IDMS system is one of the reasons for its international growth; "Rental is only one part of what we can do – import, dealership, service companies, rental fleets.

"Sometimes individual companies focus on one part of the value chain, or it's a dealer with a workshop, or you have companies doing the whole thing. We have functionality for all processes, not just one part.

"That model [integrated supply chain] is one you see in some markets, like Scandinavia. We found that it wasn't just Scandinavia using that vertical integration, but also South America and Asia Pacific. It is a common model in some smaller markets."

The company is also now targeting customers in major western European markets – the Speedy contract being a good example.

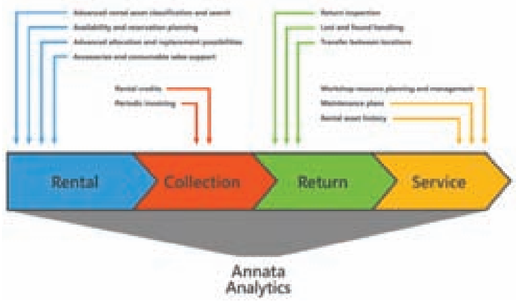
Annata retains its Icelandic flavour by locating its development centre there, but now also has implementation offices in Sweden, the UK and Denmark, plus a regional office in Malaysia.

The implementation offices support its resellers, of whom there are now around 30-35 worldwide. One of these is Ardent Solutions in Birmingham, UK, which is involved in implementing the Speedy solution.

Annata aims to grow, with the next priority a regional office in North America, where there are currently three resellers. He says the US office could be up and running within a year, and acknowledges that North America will be a challenge.

Again, the target will be mid to large sized companies; "We're not targeting mom and pops", he says, "We do have some small clients, but we would not recommend Dynamics AX as a platform for small companies."

"We focus on equipment and automotive, including rental", says Mr Ragnarsson, "So we know the processes, we know the vocabulary." **IRN**



The rental solution within Annata's software includes an analytics package.

A reseller

Ardent Solutions in the UK is one of Annata's resellers. Based in Birmingham and founded in 1996 it became a Microsoft partner in 2004, and then one of Microsoft's AX partners in 2009.

The company is now focuses on implementing Annata's version of the Microsoft AX solution for the equipment industry, targeting the automotive, construction equipment and agricultural equipment sectors,

Roger Fleury, a director at Ardent, says the Annata solution has 40-50000 users worldwide, but had been under-represented in the UK; "which is why we started focusing on it."

He says the type of system marketed by Annata – one developed for a particular vertical, in this case equipment distribution and rental – is part of a wider trend towards vertical ERP solutions, exploiting the massive investments made by Microsoft into the Dynamics AX platform, but tailoring it to specific industries.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2 October 2013
Pera Palace Hotel (starting 19.00)
www.europlatform.info

REGISTRATION
Fee per delegate (excluding 18% Turkish VAT)
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A superb line-up at this year's Europlatform conference – being held in Istanbul on Thursday 3 October – see senior executives from Boels Rental, Riwal, NES Rentals and others take to the stage.

The annual Europlatform conference for access rental professionals has established itself as an essential event in the rental industry. Now in its seventh year – and organised by IPAF and *Access International* magazine – this year's event has the theme 'Thinking Outside the Basket' and takes place in one of Europe's fastest growing economies, Turkey.

The speaker line-up is notable, with Pierre Boels, CEO of Boels Rental, as Keynote Speaker. Mr Boels will describe Boels' experiences and strategy for entering new markets.

Andy Studdert, CEO at NES Rentals in the US, will look at how the latest technology can help drive pricing, productivity and safety, while Søren Rosenkrands, COO of Riwal, will address the topical issue of the rental management of very large self–propelled booms.

Speakers from Turkey, who will address the potential of the market, include Mustafa Bilgin, general manager of Turkey-based rental company Instanbul Vinc; Faruk Aksoy, secretary general at IMDER; Hasan Ellialtioglu of JLG dealer Karyer Ticaret (Karyer-Tatmak); and Serkan Acar, general manager of Acarlar Makine.

Chris Wraith, IPAF's technical officer, will address the issue of regulations and safety measures associated with working from outside the basket.

The implications of new engine emission regulationswill be the subject covered by Michael Rohmeder, manager of European key accounts at Ritch Bros Auctioneers. **IRN**

Programme

Wednesday 2 October

19.00 - 21.00
Networking Event

Thursday 3 October

08.15 - 09.00
Registration and Coffee

09.00 - 09.05
Introduction
■ *Tim Whiteman*, CEO, IPAF

09.05 - 09.40
***Keynote Address*:**
Succeeding in New Markets
■ *Pierre Boels*, CEO, Boels Rental

09.40 - 10.15
Turkey: Prospects for the Aerial Platform Market
■ *Mustafa Bilgin*, Owner, Istanbul Vinç

10.15 - 10.30
European Rental Market Update
■ *Murray Pollok*, Managing Editor, *Access International*

10.30 - 10.50
Coffee Break

10.50 - 11.25
Rental Management for Large Self-propelled Booms
■ *Søren Rosenkrands*, COO of Riwal

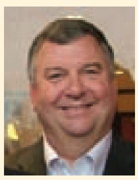
11.25 - 12.00
Impact of New Engine Regulations on Asset Values
■ *Michael Rohmeder*, Manager, European Key Accounts, Ritchie Bros

12.00 - 12.30
Working Outside the Basket: Key Considerations
■ *Chris Wraith*, IPAF Technical Officer

12.30 - 13.30
Lunch

13.30 - 14.00
Turkey: Overview of Construction and Access Equipment Markets
■ *Serkan Acar*, General Manager, Acarlar Makine
■ *Faruk Aksoy*, Secretary General of IMDER & ISDER

14.00 - 14.40
Panel Discussion
Participants:
■ *Pierre Boels*, Boels Rental
■ *Hasan Ellialtioglu*, Karyer Ticaret (Karyer-Tatmak)
■ *Steve Couling*, IPAF President and Managing Director, Versalift UK
■ *One other to be confirmed.*
(Chaired by *Murray Pollok*, Managing Editor, *Access International*)



14.40 - 15.25
Smart Technology: Driving Pricing, Productivity and Safety
■ *Andy Studdert*, CEO, NES Rentals

15.25 - 16.00
Coffee and Networking

Nooteboom launches AWP transporter

Trailer specialist Nooteboom launched a semi low-loader trailer for transporting aerial work platforms at the Matexo exhibition in Belgium in early September.

The 3-axle hydraulically steered semi low-loader comes as standard with a hydraulic height-adjustable floor, which enables fast and safe loading onto the gooseneck, says the company. Some 40 TUV-certified lashing points are fitted on the load surface so the load can be secured in almost any position.

The hydraulic folding ramps, the load surface and the hydraulic height-adjustable floor are equipped with a serrated and hot-dip galvanised steel grid for optimal grip. The Superwinch electric winch, with radio-controlled remote control, is designed to ensure loading and unloading is safe and easy, even in difficult situations.

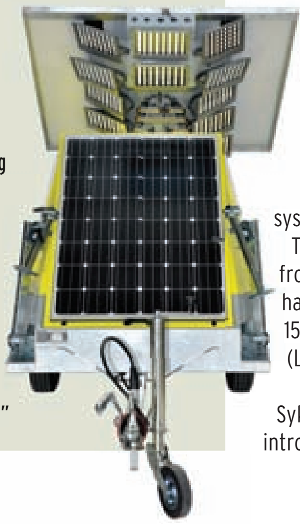
Nooteboom said the low dead weight meant a large payload was available, while the maximum steering angle of 45 degrees provides high maneuverability.

Versions of the trailer are also available for road construction machinery and bulldozers. These are available with multiple axles and extendible load floor, and with the steel grid on the load surface and the ramps replaced with a hardwood floor.

Kaeser and itrs UK dealer HPC used the Plantworx exhibition in May to launch this special combined compressor and generator, the M27G-PE. Of particular interest to the utility market – and rental companies – is the in-built 6.5 kVA generator as well as two 16 A and a single 32 A sockets for powering tools. Without power being drawn from the sockets the compressor will offer 1.9 m^3/min of air continuously. Kaeser also makes a M31 model in Germany which has a generator, but the demand in that market is for a higher air capacity, of 3.2 m^3/hr.

Portable tools manufacturer FEIN has introducing 20 new variants of drill/drivers, combi drills and impact machines to its range of cordless tools. The addition coincides with the company expanding its battery range, based on batteries with capacities of 4 Ah and 2 Ah with SafetyCell Technology, in 18 V and 14.4 V. The new range comprises five models and their variants, with the flagship tool being the ASCM18 QX, a 4-speed drill/driver using FEIN's brushless PowerDrive motor, which the company says is 30% more efficient than comparable DC motors. With a maximum torque of 90 Nm, the cordless drill/drivers can handle 10 x 400 mm screws without pre-drilling.

Netherlands lighting tower manufacturer Verdegro is this year introducing new versions of its solar powered towers, including a bigger LLTTXL trailer model (right) and the LLTC hoistable unit. The LLTTXL now has a 1200 W solar power loading capacity, more LED light output and a larger battery pack. The LLTC hoisting unit comes with a 500 W solar power loading system, or can be equipped with a hybrid generator. Verdegro told *IRN*; "These bigger capacity solar lighting units meet the challenge from diesel-guzzling light towers, and are currently used at mining sites."



Monster cooler from Andrews Sykes

Andrews Sykes has launched a 90 kW air conditioning unit - its highest capacity yet – that can cool areas of 2000 m^2, making it suited for temporary structures and marquees, film sets and outside broadcasts.

The HPAC90 unit, which the company has added to its rental fleets in the UK, the Netherlands, Belgium, Italy and the United Arab Emirates, uses heat pump technology that makes it equally suitable as a large volume space heater.

The company's previous largest mobile air conditioner was a split model delivering 17 kW of cooling, but the HPAC90 unit has been developed in response to customer demand for an ultra high capacity unit that can provide additional capacity during periods of extreme heat, or as a standalone unit when fixed systems are being maintained.

The unit can be positioned up to 50 m away from the area requiring cooling or heating and has a maximum air flow of 15000 m^3/hr. It weighs 1500 kg and measures 2280 by 2030 by 2450 mm (L x W x H).

Paul Wood, managing director of Andrews Sykes, said the HPAC90 followed the successful introduction of the PAC60 and a growing demand for larger units; "This arises from the increased cooling loads associated with workplace technology and increasing customer expectations in a wide variety of settings, especially temporary structures at events."

The company may develop a fuller range of high capacity units, depending on the reception for the HPAC90.

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Former Prime Minister of Spain

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OTHER SPEAKERS INCLUDE

Jules Janssen

Treasurer of European International Contractors and head of construction at Besix

Scott Hazelton

Director of the IHS Global Insight's construction and manufacturing industries practice

Miguel Jurado Fernández

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People news

from the world's rental industry

■ **Werner Scheepers** (pictured), director of plant hire at MCC Group in South Africa, was elected president of the country's Contractors Plant Hire Association (CPHA) in in May.

Mr Scheepers, who has worked at MCC for more than 15 years, will continue as director of the rental business. He will serve a two year term as president. CPHA was founded in 1970 to represent the interests of rental companies in South Africa and neighbouring countries.

■ **Clive Dix**, the long time director of SDMO's UK business, has moved to Spanish generator manufacturer Himoinsa as managing director of its UK company.

Mr Dix, who has 20 years experience in the rental, portable power and Industrial markets, will work alongside Himoinsa's sales manager **Steve Sutton** to increase the company's exposure to the UK rental market.

Himoinsa UK will be located at Crewe, Cheshire, and there are plans to stock more than 100 generators and lighting tower units ready for quick delivery throughout the UK.

Mr Dix said, "My first task will be to build upon the excellent work Steve has accomplished in bringing the Himoinsa brand to prominence in the UK and, in particular, to the hire and standby markets.

"This is an exciting challenge for me and Steve to appoint distributors that will help to make Himoinsa into a market leader in the UK, our first step will be to build the team, train our distributors so we are ready to do business before the year end."

Himoinsa has reserved space at the 2014 Executive Hire Show in the UK and has plans to exhibit a wide range of generating sets and lighting towers.

■ **Steve Brown** (left) has taken up the post of rental and used equipment division manager, Asia Pacific, at Caterpillar, based in Singapore.

Mr Brown has 20 years experience in the construction and rental industry, having worked with Prime Equipment, Sunbelt Rentals, NES Rentals, and, most recently, Ashtead Technology, where he was managing director for almost three years.

He worked with Caterpillar as rental market development manager between 2006 and 2010 before rejoining Cat in July this year to take up his new post.

■ **Jonathan Dawson** has been named senior director of sales – EAME at JLG Industries. His remit will include all key accounts and he will continue to lead the development of existing and new areas of business in emerging markets, such as Middle East, Russia, Turkey and central Eastern Europe. He will report to Karel Huijser, vice president and general manager JLG EAME.

In other changes at the company in Europe, **Etienne Bourcier** has been appointed director of EAME telehandlers, again reporting to Mr Huijser. He will be responsible for developing the strategic sales and service plan for telehandlers and lead telehandler sales under the Same Deutz-Fahr brand throughout the region.

One of JLG's most experiences salesmen in Europe, **Laurent Guillaux**, has meanwhile accepted the role of senior director of international sales with the sister company Oshkosh Fire and Emergency segment. He will report to **Salim Hawi**, vice president of international sales – Oshkosh Corporation, but will continue to be based in France.

Finally, **Roberto Marangoni**, general manager JLG Italia, will lead the French and Spanish SSO teams on an interim basis. He will continue to operate from the sales and service facility based in Milan, Italy.

"We are committed to increase the strength and cohesiveness of our local EAME team and provide the highest level of customer focus, efficiency and satisfaction," said Mr Huijser.

■ Mecalac CEO **Georg Sick** has announced his departure from the company after just over two years. The split is described as amicable and is said to be due to differences with executive chairman **Henri Marchetta**.

Mr Sick said in a statement, "I am leaving Groupe Mecalac S.A. as CEO and shareholder. Different views concerning the strategy of the company between Henri Marchetta and myself motivated my decision. We are terminating our partnership in friendship."

Mr Sick joined Mecalac as CEO in April 2011, following his departure as CEO of Wacker Neuson at the end of 2010. The move also saw him acquire 25% of privately-owned Mecalac's share capital. Mr Marchetta had previously held the joint role of chairman and CEO. The company said at the time the change coincided with a new phase of further international expansion and accelerated growth.

Mecalac confirmed Mr Marchetta would resume the role of CEO.

The company manufactures wheeled and crawler excavators, wheeled loaders and multi-function machines. It acquired German wheeled loader producer Ahlmann Baumaschinen in 2002 and has two manufacturing plants in France, one in Germany and one in Turkey.

Palfinger renews managers' contracts

The four members of Palfinger Group's management board have had their contracts renewed until the end of 2018. The resolution was passed by the company's supervisory board.

Herbert Ortner (second right above), chief executive officer, has been on the management board since 2003 and was appointed CEO in 2008. **Christoph Kaml** (second left) has acted as chief financial officer since 2009; **Wolfgang Pilz** (far left) has been chief marketing officer since 2003; and **Martin Zehnder** (far right) was appointed chief operating officer in 2008.

Alexander Doujak, chairman of the supervisory board, said the extended contracts followed a highly satisfactory period for Palfinger. "The management team is doing an excellent job and has successfully proved itself in implementing the group's long-term strategy as well as in making the necessary adjustments in connection with the economic situation. At the same time, we still have to reach the strategic corporate goals that we have defined for 2017."

The Palfinger Group aims to double its revenue to approximately €1.8 billion by 2017. "This is a very ambitious target that also requires good cooperation within the management board and with the supervisory board," said Mr Doujak. For this reason, the supervisory board has decided to renew the contracts of the members of the management board as of now".

■ Milton Keynes based lighting tower and dust suppression equipment manufacturer Tower Light UK Limited has appointed **Iain Curran** as national sales manager. He will work alongside the current UK marketing and sales team and report directly to the Tower Light UK managing director, Paul Hay.

Mr Curren previously spent 11 years with SMC, latterly as general manager of Morris Site Machinery's SMC division, responsible for lighting towers and diesel generators.

■ **Dr Gerald Karch** has been named CEO of German concrete equipment manufacturer Putzmeister. He will also sit on the board of parent company Sany, which is based in China.

Dr Karch succeeds **Norbert Scheuch**, who has left the company by mutual agreement after four years as CEO. Dr Karch joined Putzmeister at the end of 2008 and was appointed to the management board in early 2010. He previously held a series of management positions during a 14-year career at component manufacturer ZF. **IRN**

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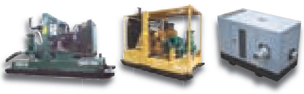

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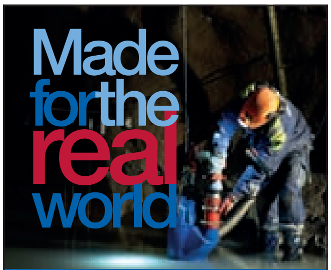

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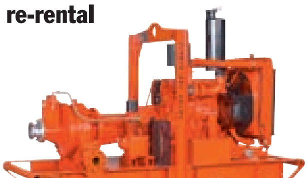

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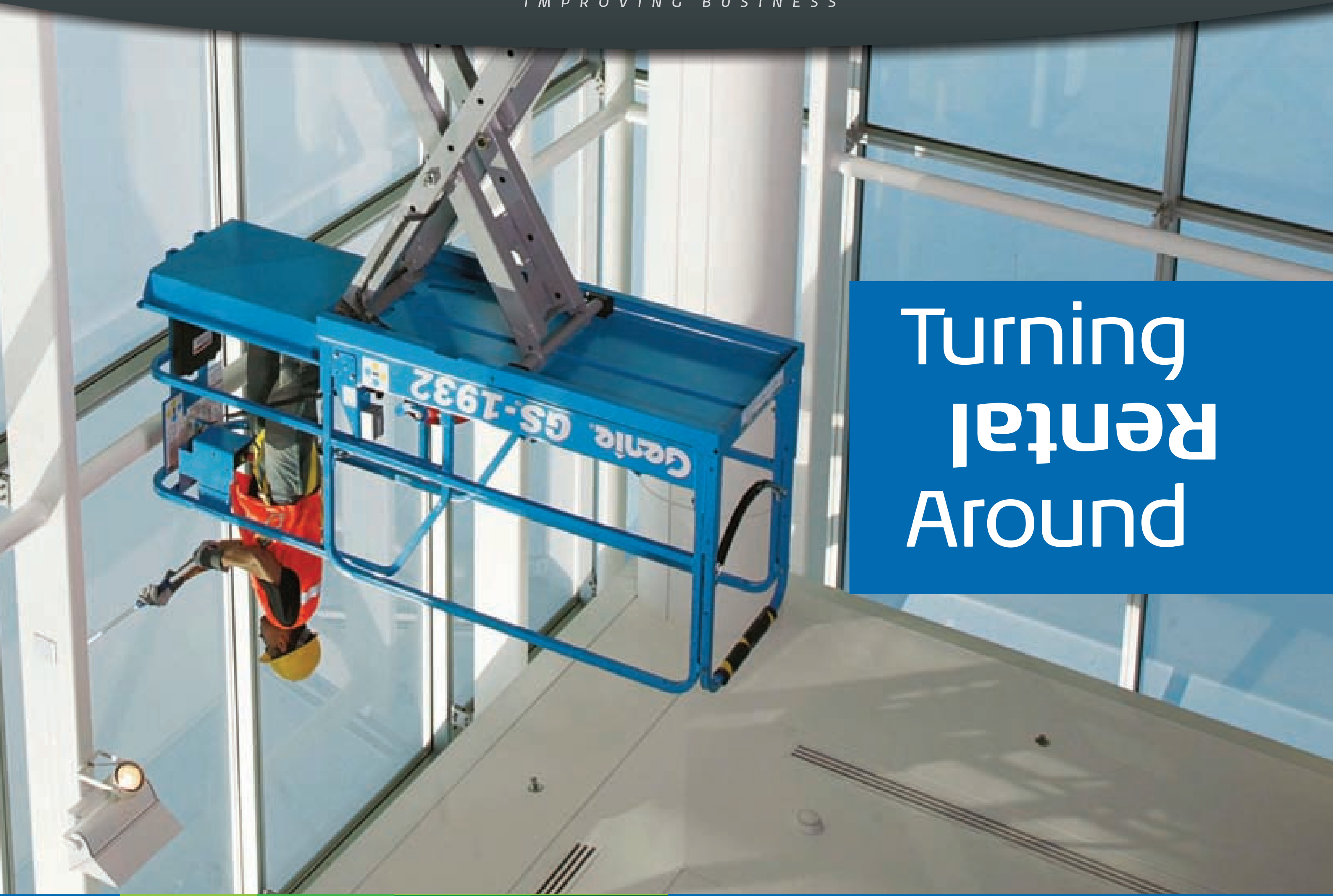

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