



Constructions de haut niveau



Tower Cranes Value Chain

Philippe Cohet - May 28, 2015 - London

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- Few words on Arcomet / Matebat
- Value chain model: Manufacturing, Product Life management, Lifting
- History and Evolution of industry structure
- Current situation of the value creation in Europe
- Comparison with other equipment value chain
- Future: opportunities and threats
- Strategic options for industry players
- Conclusions





Constructions de haut niveau

- 32 years experience
- Sales: 70 M€
- Fleet: 1000 units
- 200 people
- 12 operations bases
- Operations in France
- POTAIN dealer

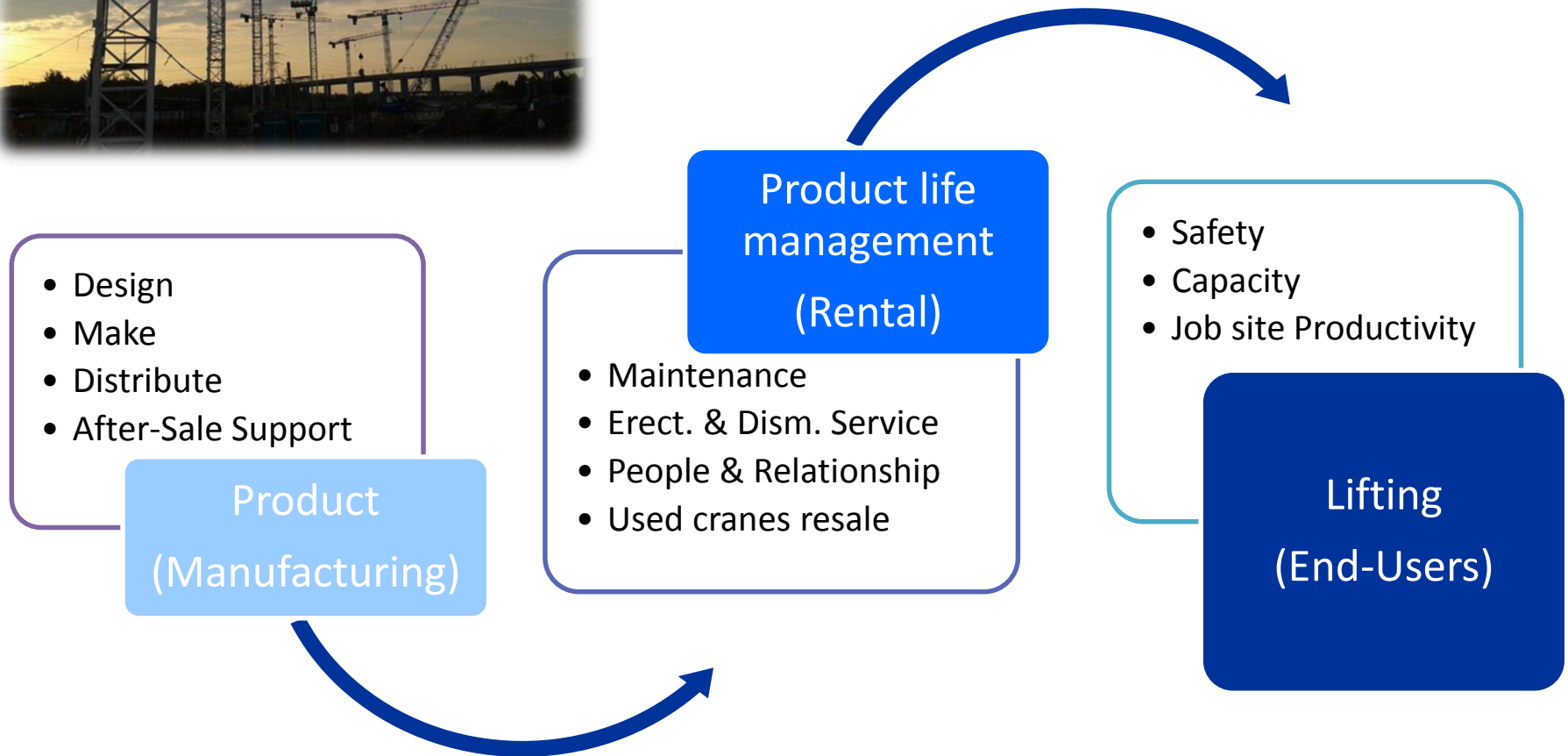


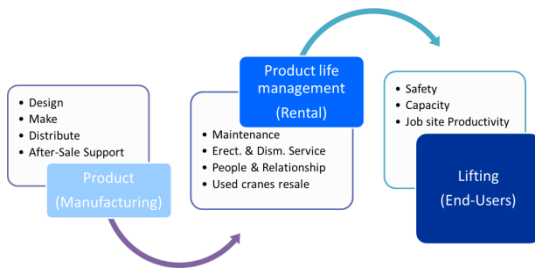
- 59 years experience
- Sales: 65 M€
- Fleet: 1000 units
- 200 people
- 8 operations bases
- Operations in Benelux, Germany, Asia and US
- Manufacturer of Self-Erectors



Value Chain simplified model

- 3 groups of industry players around the product
- Different value drivers along the chain





Industry most recent Evolution

Manufacturing:

- More advanced and controlled designs
- Costs and Reliability changes
- Components Standardization
- Globalization

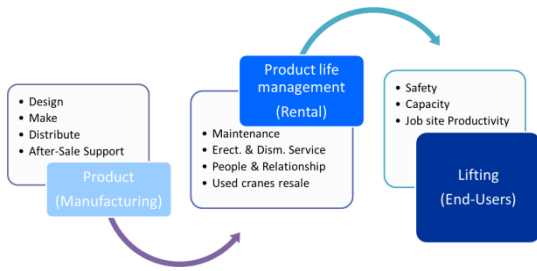
End-Users:

- Regulations
- Job diversity
- Productivity challenges
- Outsourcing

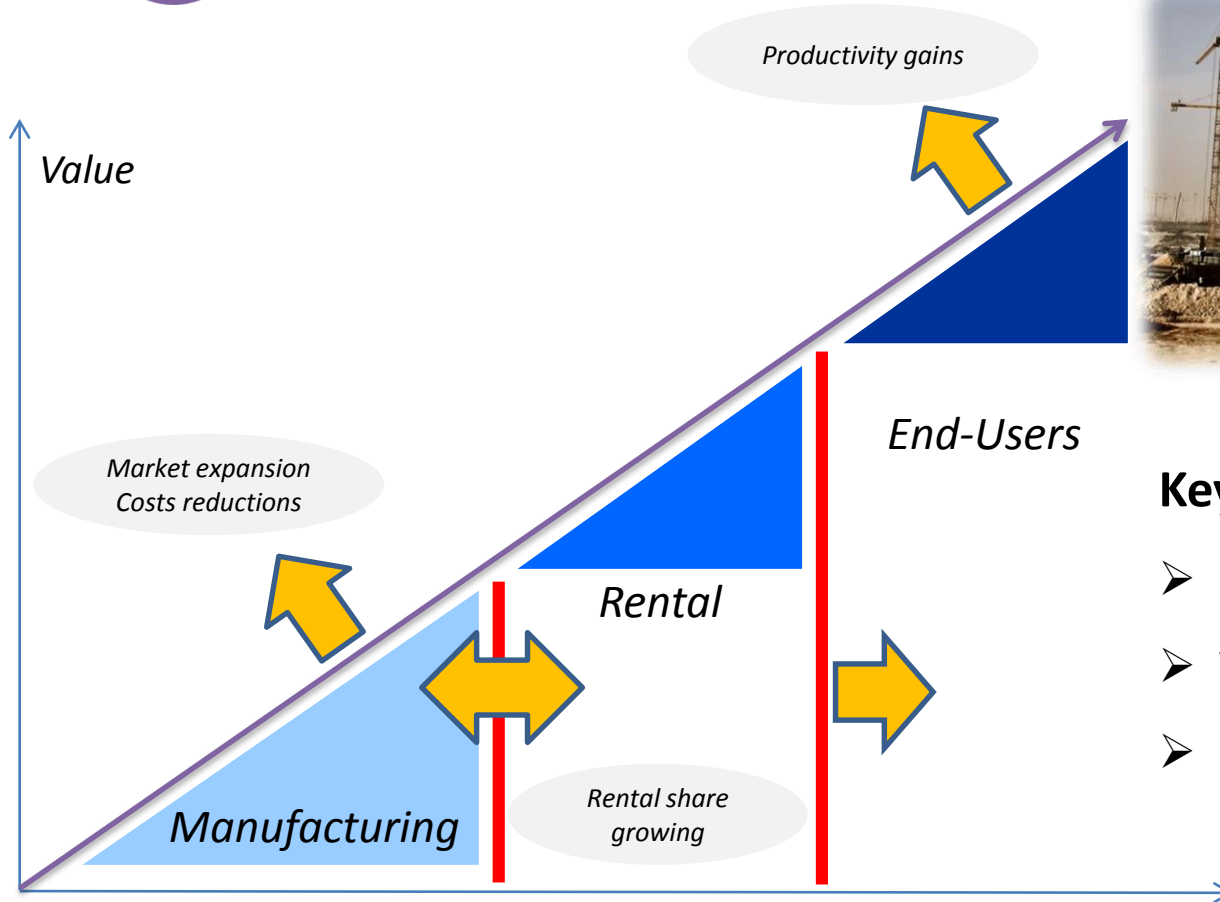
Rental

- Fleet management
- Preventive maintenance
- Service and People development
- Financing



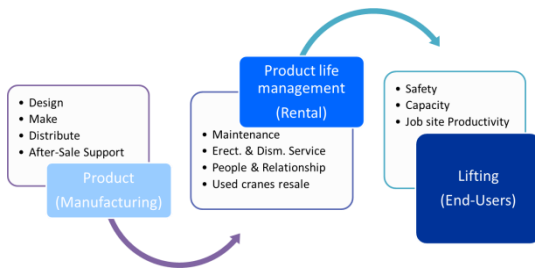


Value change forces



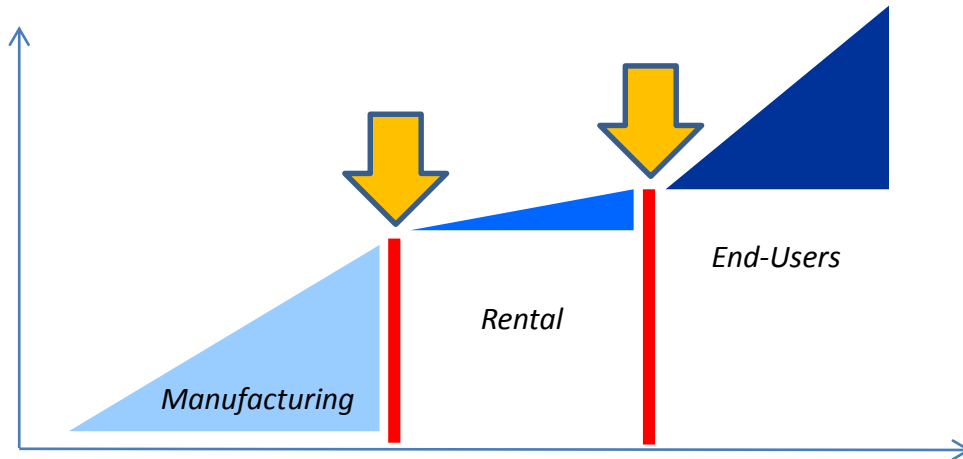
Key Success Factors:

- Manage Market Cycles
- Very Long product life (20 y+)
- High entry barriers

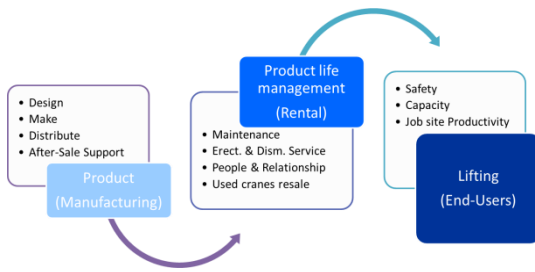


Current situation in Europe

- Slow recovery of the construction market
- Still overcapacity in few countries
- Intense competition destroying prices
- Limited financing: aging fleets



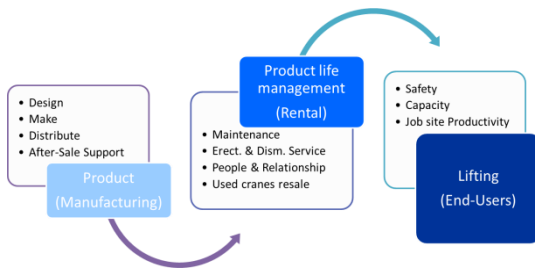
- Service and people make the difference
- Few rental players merged or disappeared
- Market rebound provide opportunities



Comparison with other Equipment

- “Rent vs. Buy” price rate is the lowest !
- Life duration is the longest
- Assets management is better secured
- User quality expectations remain higher
- Service requires “Specialists”
- Industry is less “structured”





Future: Opportunities and Threats

Manufacturing:

- O: Innovation, further costs reduction
- T: low cost competition

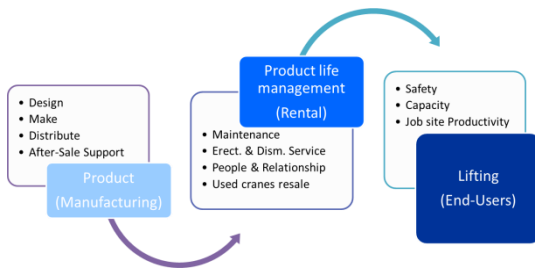
Rental

- O: Service expansion, Regulations
- T: Lack of financing



End-Users:

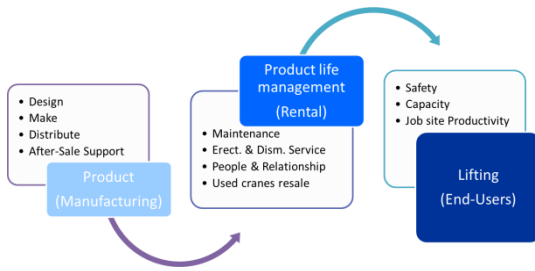
- O: Better service from bigger players
- T: Quality decrease



Strategic Options

- Industry **further consolidation** seems necessary, especially in Europe
 - to deliver higher value to stakeholders
 - to support fleets renewal
 - to attract and develop talents
 - to secure quality product & service to end-users
- It could be achieved
 - by mergers and acquisitions ?
 - by combining manufacturing & rental ?
 - by developing stronger partnerships, along value chain ?





Conclusion

Tower Crane is a great product that drives passion, team work and pride.

Tower Cranes business has been severely hit by the last 8 years crisis.

Working together, we must now “restore the prestige” of our industry



Thank you for your attention