

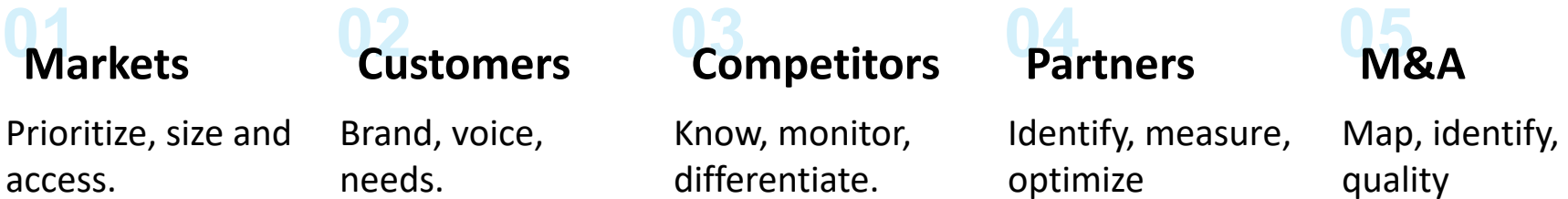
# The French MEWP Rental Market in a global uncertain macro-economic environment

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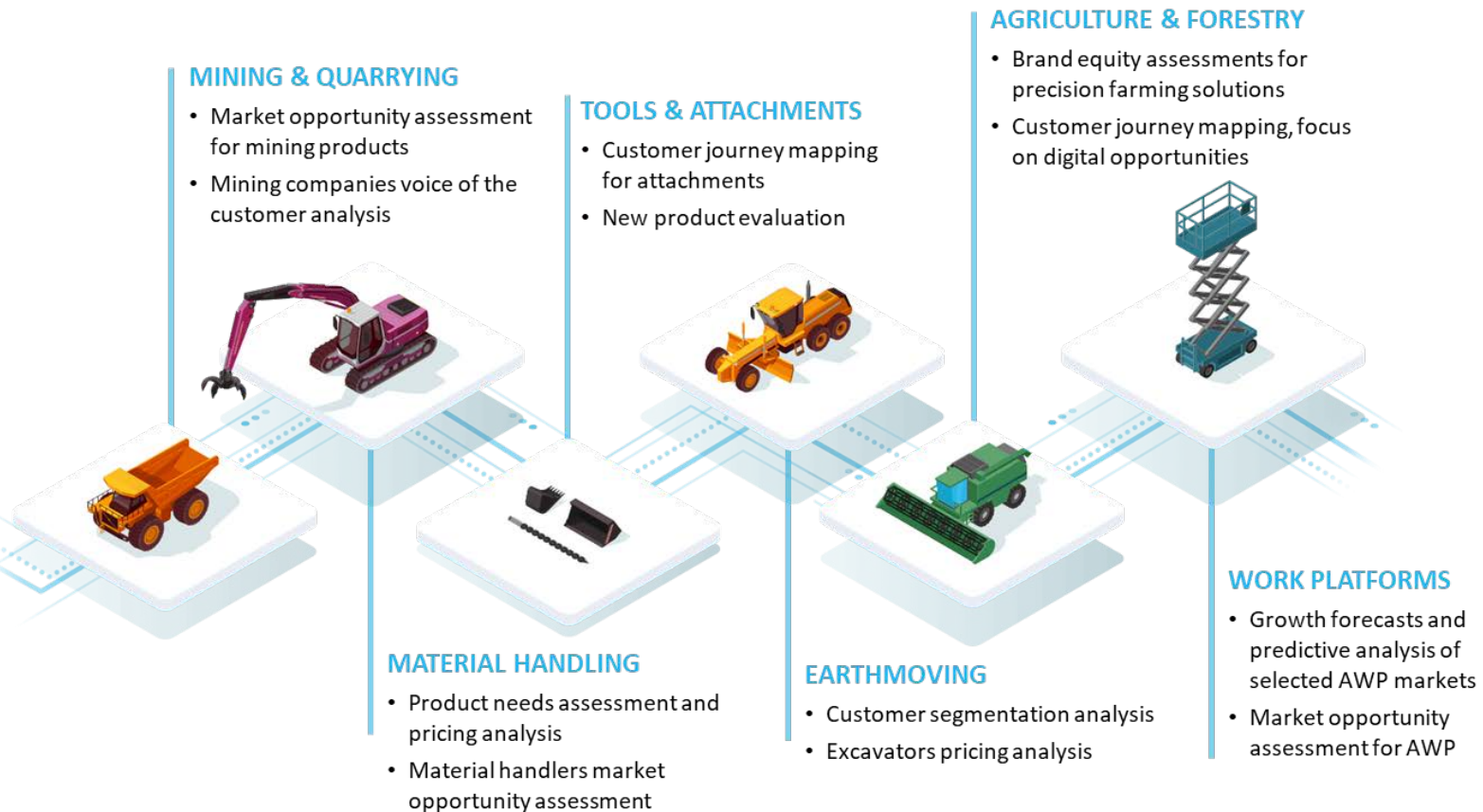


DUCKERFRONTIER

# DuckerFrontier: B-to-B, industrial-focus consulting company



## Heavy Equipment Coverage

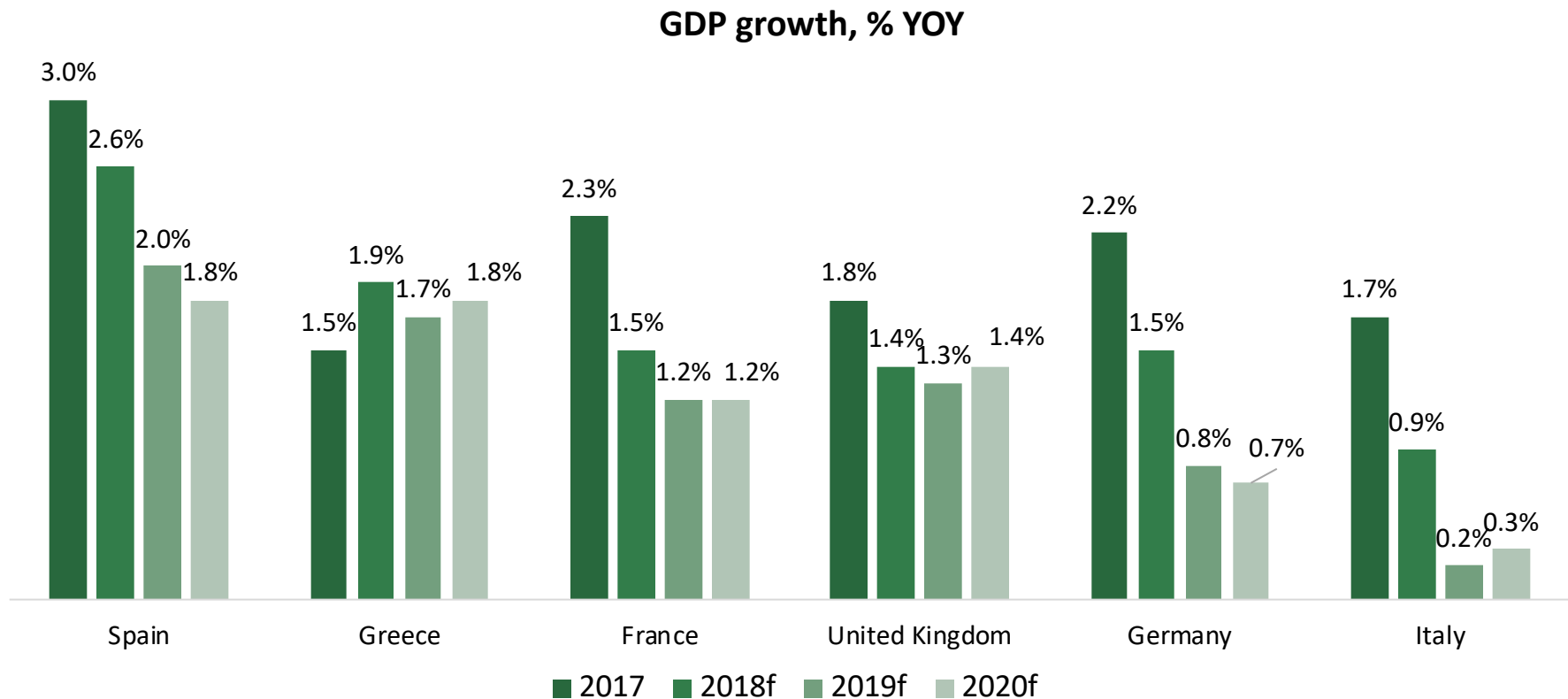


# Macro-trends

# Western Europe: Past its peak



- Western European economies growth will remain stable in 2020, being significantly less dynamic than in 2017 and 2018.

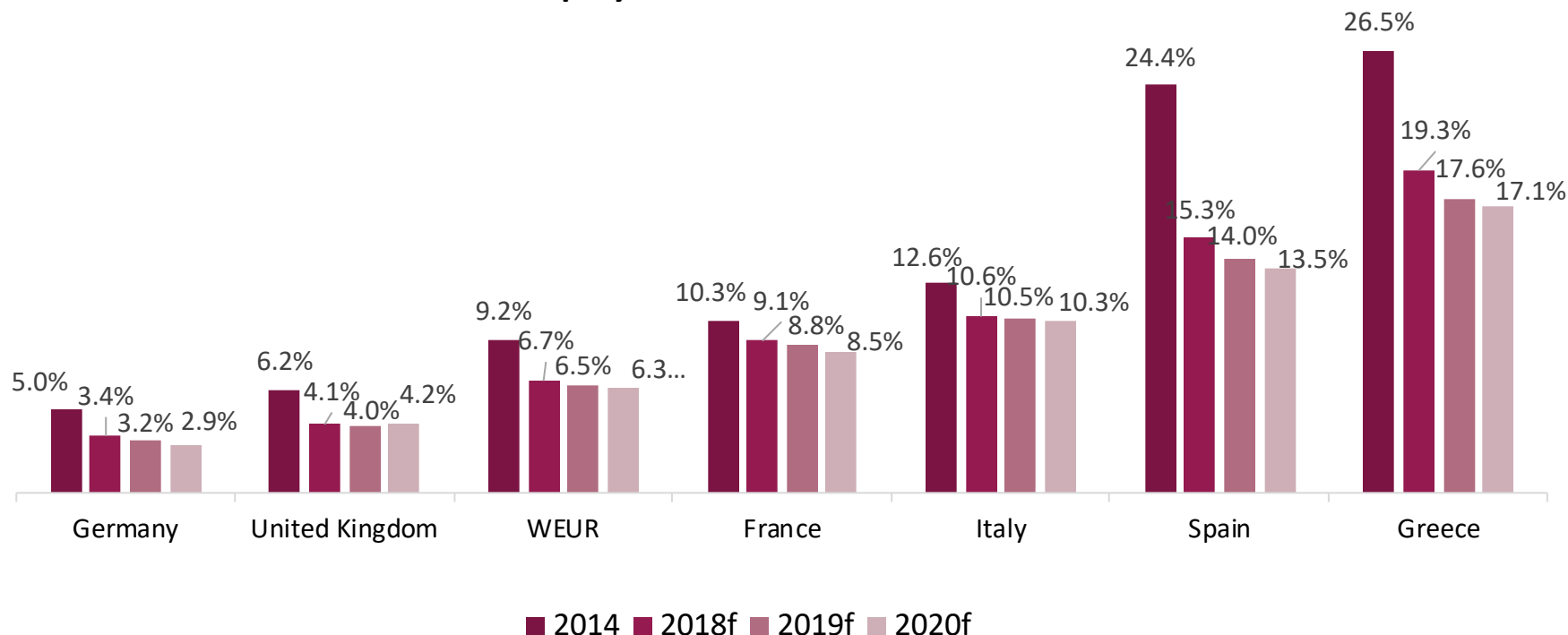


# Western Europe: Drop in unemployment to decelerate



- Unemployment will continue to decline, but the pace of its decline will slow due to the slack in manufacturing and only slightly slower services.

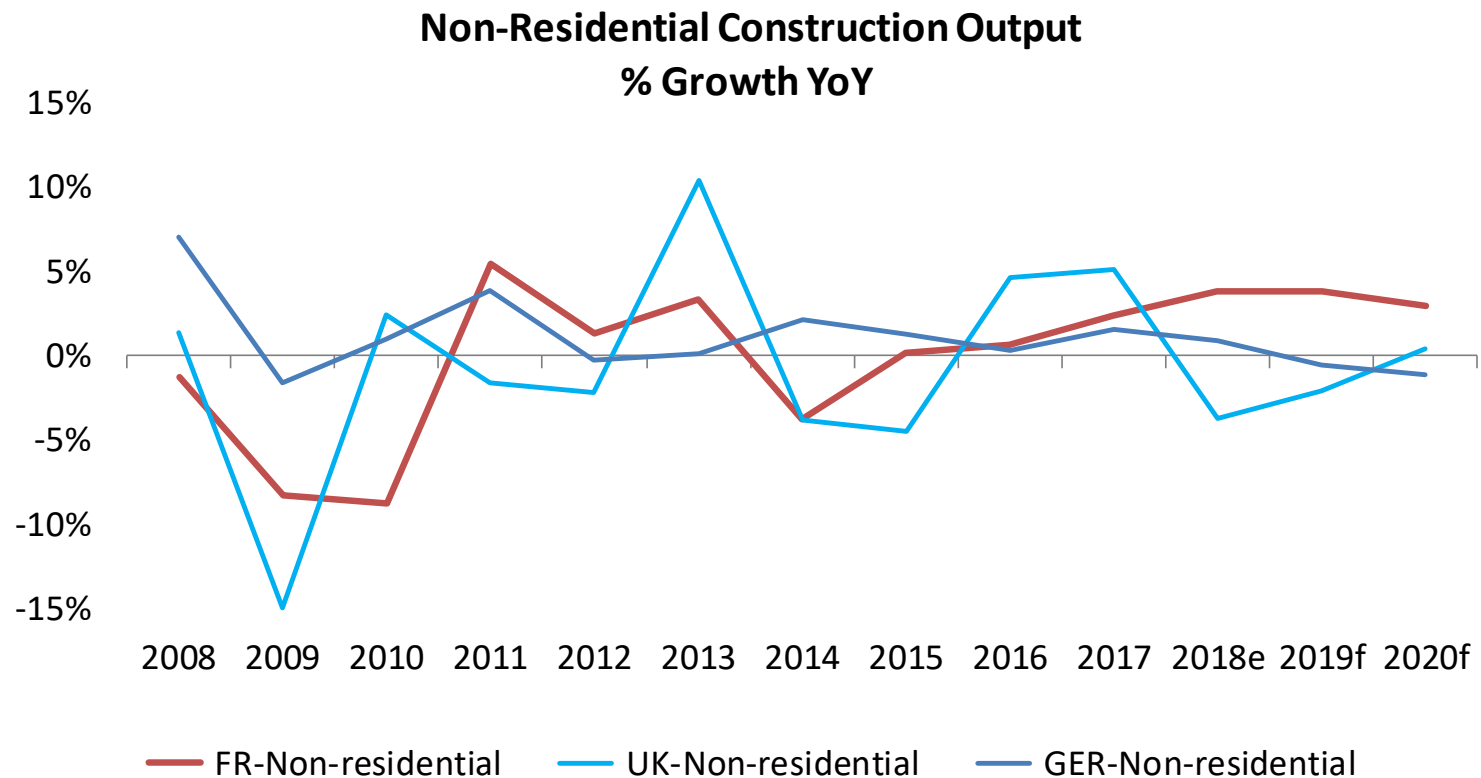
Unemployment, % of Active Labor Force



# Western Europe: The French non-residential construction will outperform its peers



- Despite a slow down of the residential market, French non-residential construction should remain more dynamic than in other countries.



# Brexit: Uncertainty remains elevated



- DuckerFrontier maintains the likelihood of an **Extension of Article 50 to 60%**
- After the extension (likely 6 months: 3+3), we expect either “Norway Plus” agreement or a Brexit reverse (either via new elections and/or 2<sup>nd</sup> referendum)

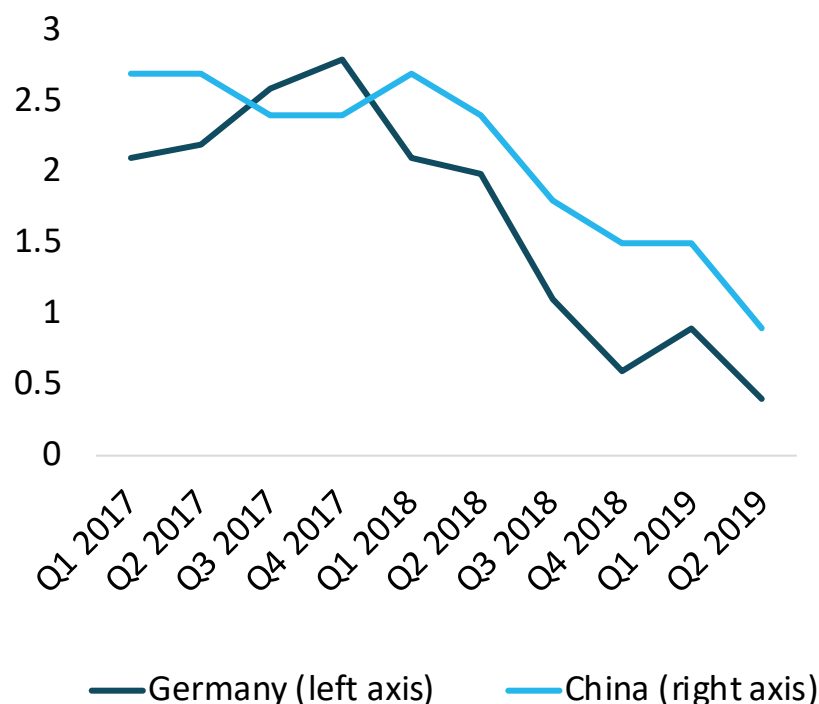
	<b>SHORT-TERM SCENARIO 1:</b> <b>Hard Brexit</b> (World Trade Organization [WTO])	<b>SHORT-TERM SCENARIO 2:</b> <b>Transition to a free trade agreement</b> (FTA) Theresa May’s deal	<b>SHORT-TERM SCENARIO 3:</b> <b>Extension of Article 50</b> (before OR after snap elections)
Scenario description	<ul style="list-style-type: none"> <li>• Conservatives pursue Brexit at any price and are unwilling to extend negotiations with the EU.</li> </ul>	<ul style="list-style-type: none"> <li>• The new PM manages to pass the Withdrawal Agreement with the support of Conservative MPs to avoid new elections and/or a Labor-led no-confidence motion</li> </ul>	<ul style="list-style-type: none"> <li>• The EU seems reluctant to reopen Withdrawal Agreement negotiations.</li> <li>• The new PM announces snap elections and the extension of Article 50 in tandem.</li> <li>• The EU parliament extends Article 50 to avoid a cliff-edge scenario.</li> </ul>
Signposts to monitor	<ul style="list-style-type: none"> <li>○ Hardline UK-EU statements</li> <li>○ Hardliners increase pressure for Hard Brexit.</li> <li>○ Hardliners appointed to key government positions</li> <li>○ Government investment in border systems</li> </ul>	<ul style="list-style-type: none"> <li>○ The Conservatives signal a swift intention to support the Withdrawal Agreement.</li> <li>○ Hardliners maintain pressure for Hard Brexit.</li> </ul>	<ul style="list-style-type: none"> <li>○ EU-UK statements that they would welcome an extension of Article 50 for a legitimate reason.</li> </ul>
	<b>Likelihood: Medium (30%)</b>	<b>Likelihood: Low (10%)</b>	<b>Likelihood: Medium (60%)</b>

# Global trade tensions

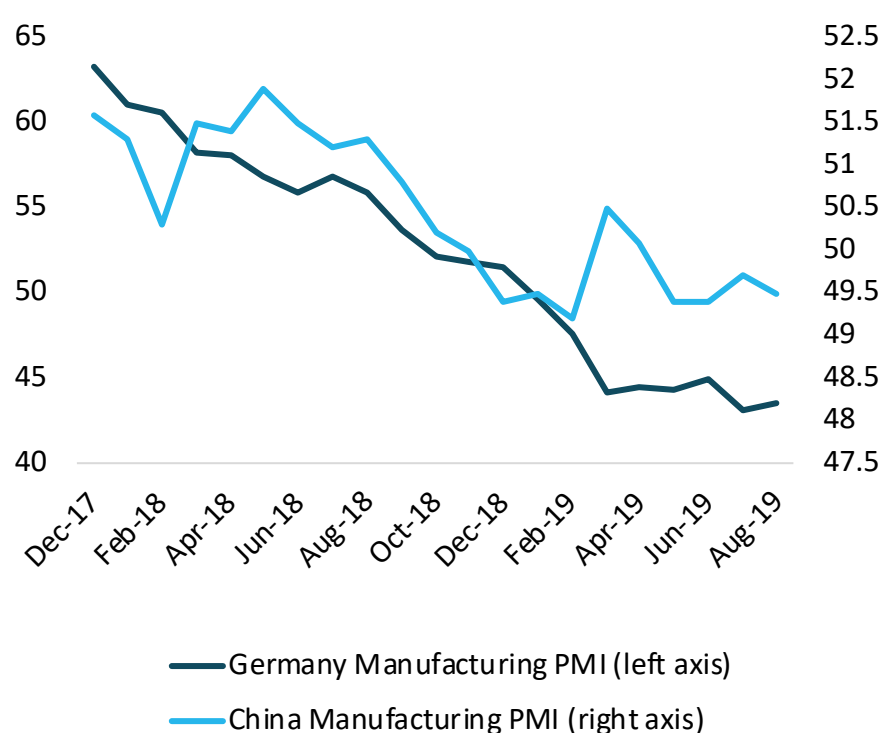


## A slowdown in China creates ripple effects for the German and eurozone economy

*Gross domestic product, Real % YOY*



## Slower demand for eurozone exports from China is linked with weaker eurozone manufacturing





# European mega trends



## SUSTAINABILITY / ENVIRONMENTAL CONCERNS

- Reduced consumptions, emissions, noise in cities
- Circular economy, material recycling
- Health issues (indoor air, etc.)
- People safety

## DEMOGRAPHIC EVOLUTION

- Stabilisation of population growth
- Urbanisation combined with higher prices => increasing high-rise buildings
- Shortage of skilled labor force => attracting and retaining is key
- Growing importance of “people care” – safety concerns, comfort, ease of operation

## DIGITIZATION AND SERVICES

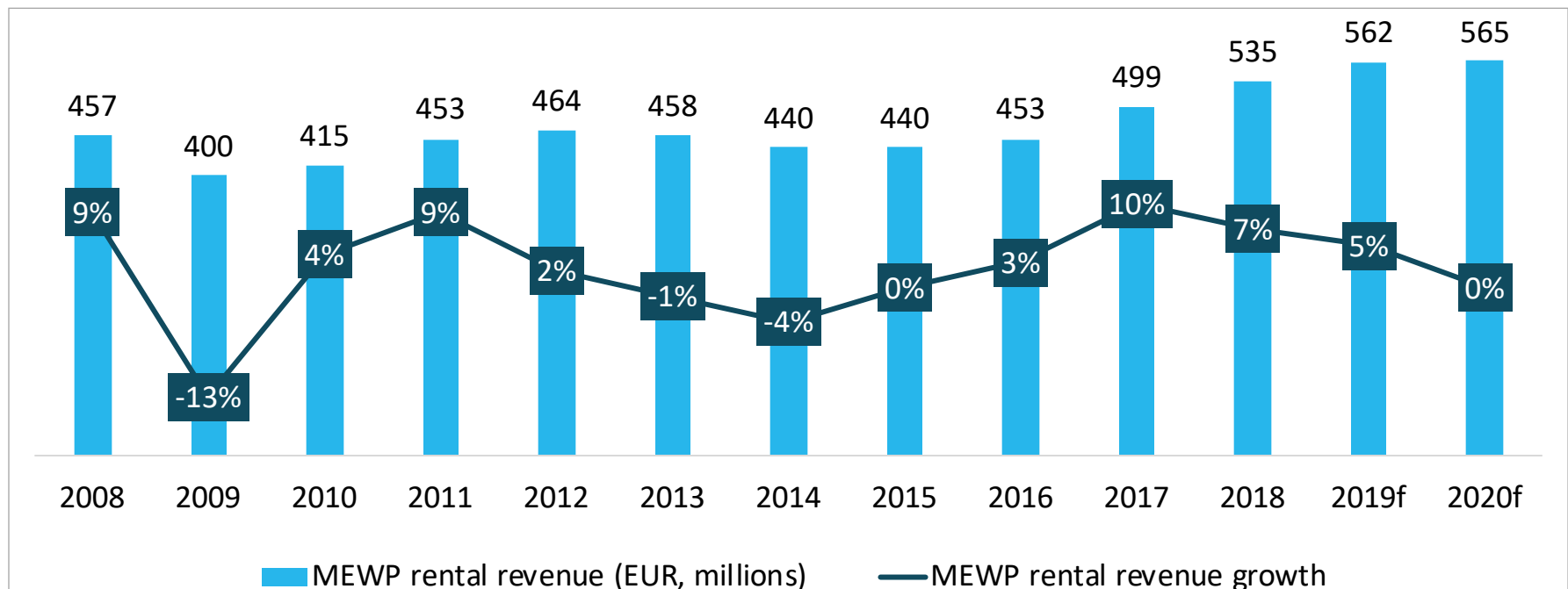
- Optimized equipment usage leading to higher efficiency
- Seamless customer / user experience from ordering to using to returning
- From product offer to solution provider
- New ecosystems are built

# The French MEWP Market

# France: MEWP rental revenue value and growth



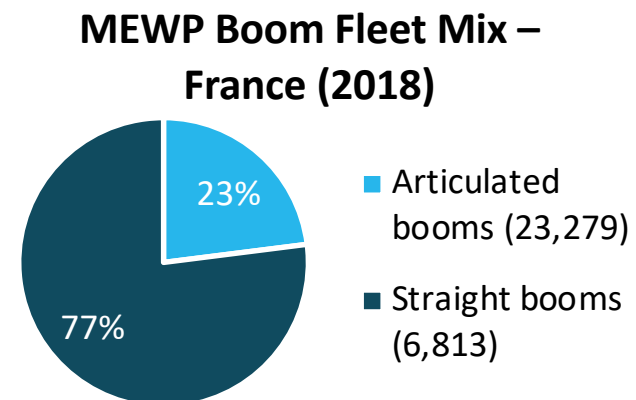
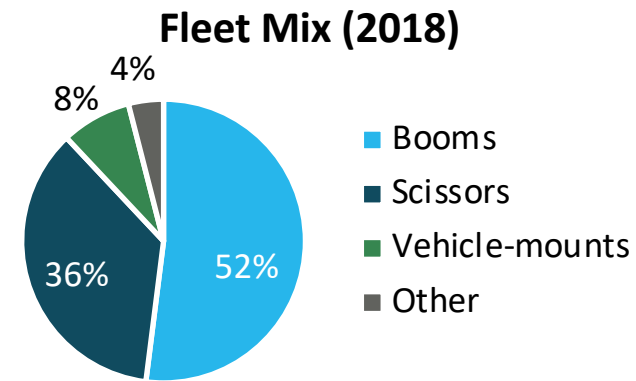
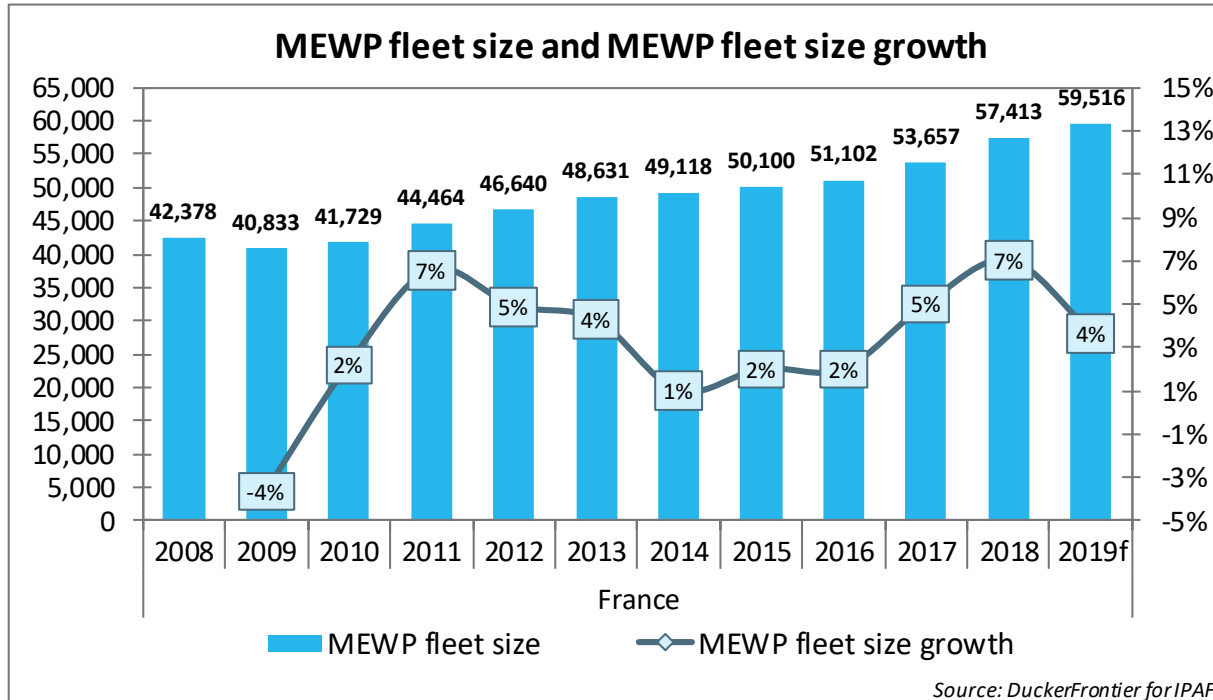
- After a bright year 2018, the French market will continue to show growth in 2019, though at a slightly more limited pace.
- Rental companies show cautiousness for 2020, when overall construction is expected to slow down.



# France: MEWP rental fleet size in units



- Strong investments were made by rental companies to expand fleet in 2018.
- 2019 should follow a similar trend, though at a more moderate pace.



Note: Included are powered access lifts: All booms, scissor lifts and vertical masts

Excluded: Low-level access equipment (<3m high), telescopic material handlers, forklifts, cranes, MCWPs

# France: Key fleet management indicators

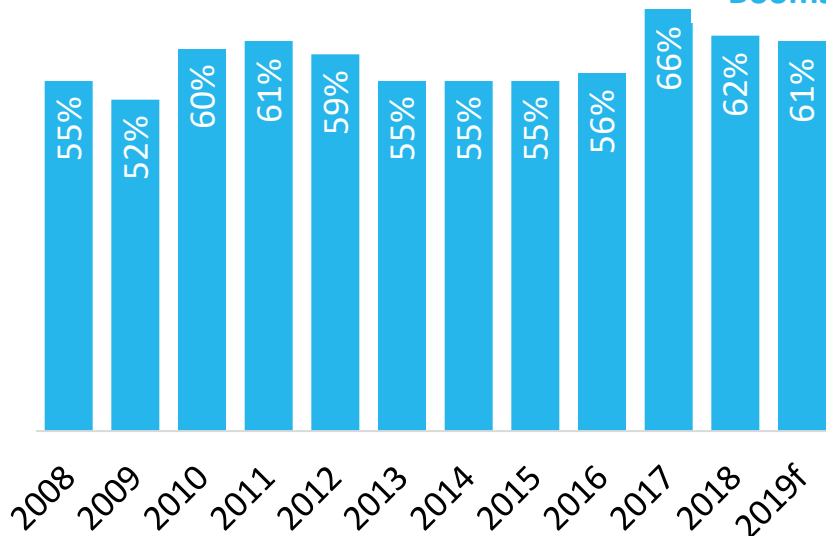


- After a sharp increase in 2017, the utilisation rate decreased in 2018 while fleet expansion enabled the market to better meet rising MEWP rental demand.

## Avg. time utilization – France

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

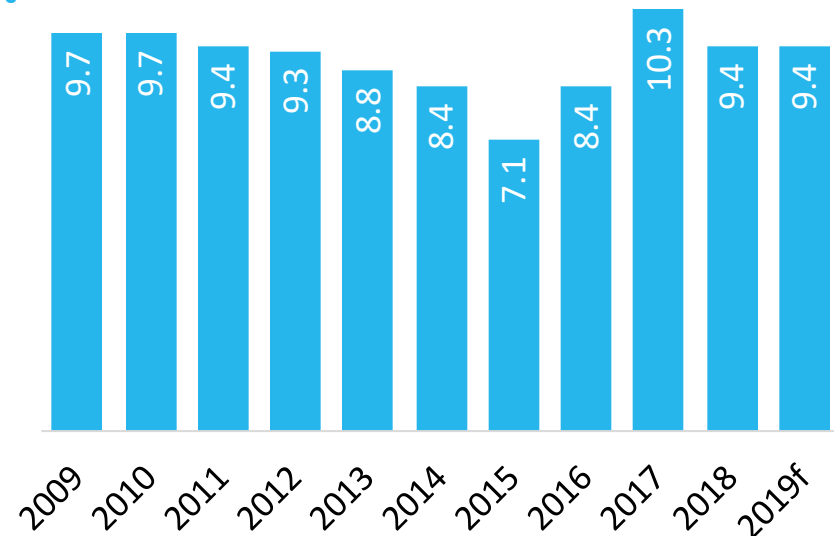
Scissors: 63%  
Booms: 61%



Source DuckerFrontier for IPAF

## Avg. retention period (years) – France

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



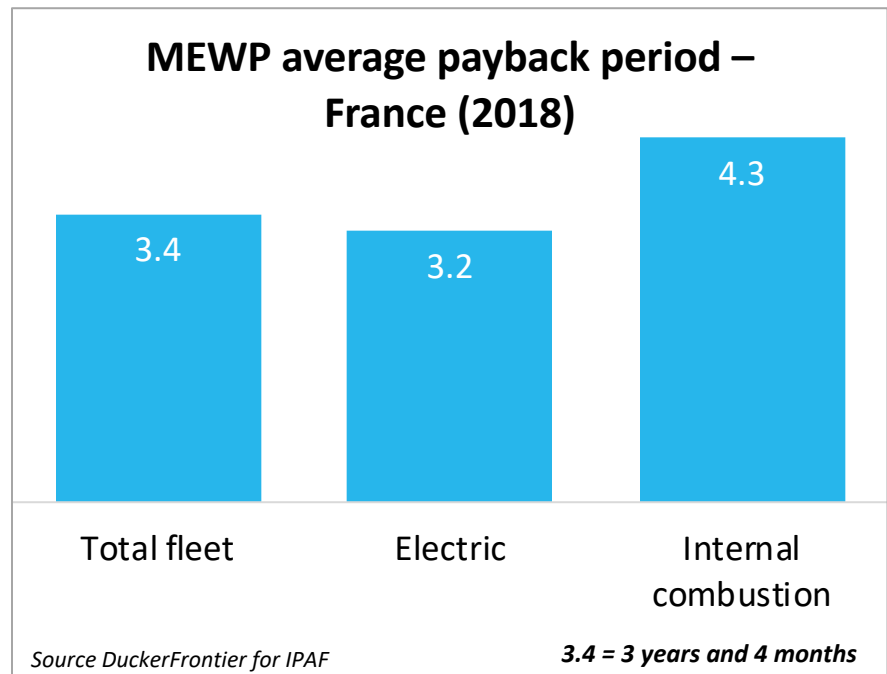
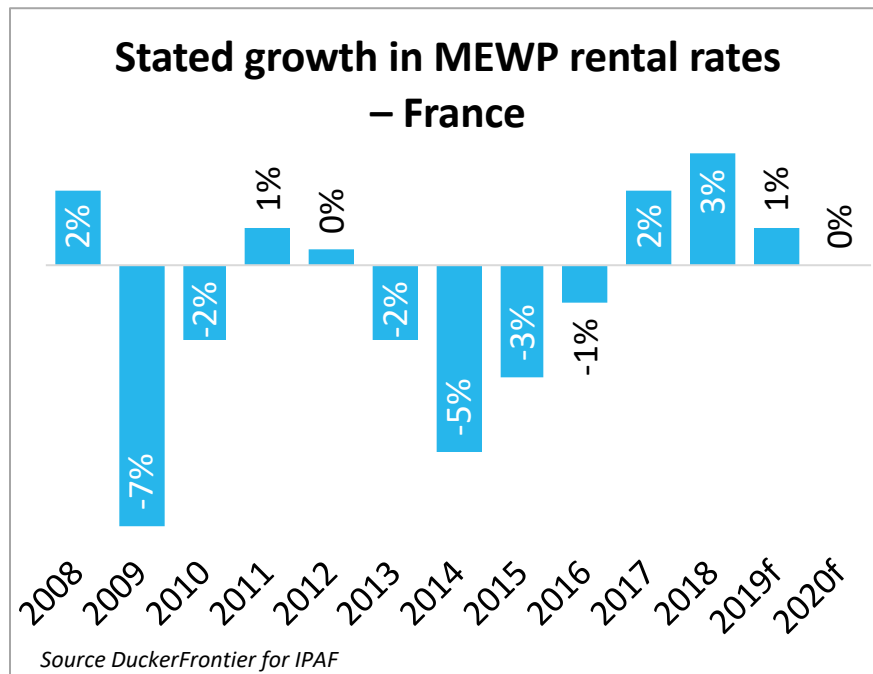
Source DuckerFrontier for IPAF

9.4 = 9 years and 4 months

# France: Rental rates and Payback period



- Supported by dynamic market demand, rental companies were able to increase rental rates significantly in 2018, to continue catching up from precedent recession years.
- However, rate increases are expected to slow down, driven by strong competition from large generalist rental companies, in a more sluggish economic environment



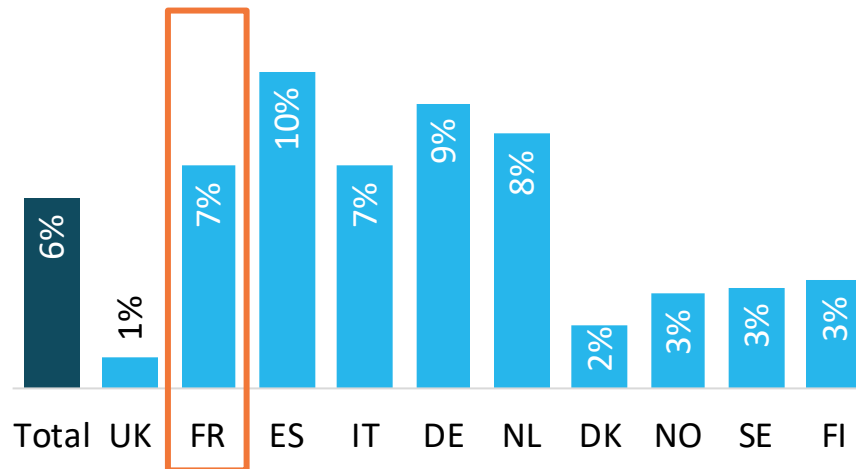
# France vs. Europe



- France is among the second-tier of growing MEWP markets in Europe. Growth was positive in all European countries.
- However, market profitability is threatened by intense competition and rental rate pressure in several markets, especially the UK and the Nordics.

## MEWP rental revenue growth (2018)

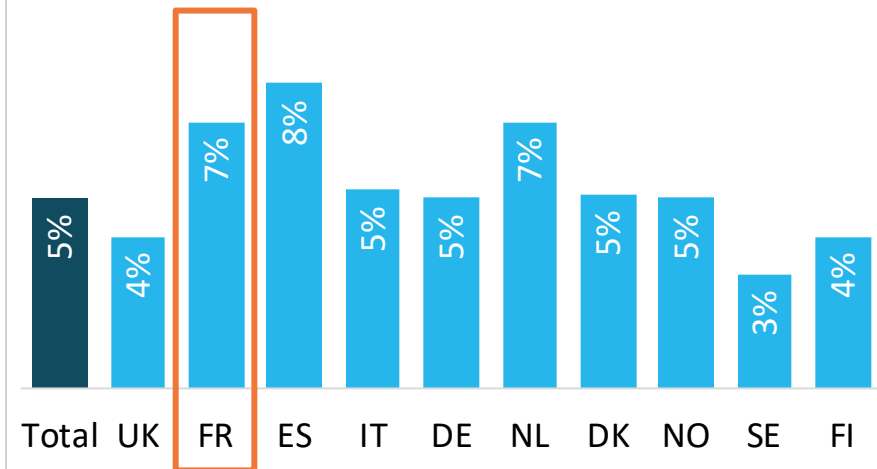
*Ten European countries under study*



Source DuckerFrontier for IPAF

## MEWP fleet size growth (2018)

*Ten European countries under study*



Source DuckerFrontier for IPAF

# To conclude....



1. Strong 2018 year for the MEWP market driven by overall rate increase and fleet expansion
  - ...but, growth slow down is observed in 2019
  - ....and 2020 remains uncertain due to economical tensions:
    - Possible non-residential construction slow down
    - Overall macro-economic uncertainties linked to Brexit first, and US / China trade war
2. Companies should prepare for the possible slow down:
  - **Refine market prioritization**, accounting for exposure and resilience to external shocks
  - **Segment customers** rigorously and focus on priority ones
  - **Adjust your value proposition** to reflect shifting customer perceptions, needs, and preferences



# THANK YOU

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