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universalhandlers



Rental TURKEY

European Rental Evolution

The mistakes we made – so that you don't have to!

ORGANISED BY



INTERNATIONAL
rental

Rental NEWS TÜRKİYE

PARTNER ASSOCIATIONS



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SUPPORTING ASSOCIATIONS



Kevin Appleton

- CEO, Lavendon Group (aerial equipment rental): 2002-2012
- Non Executive Director, Ramirent (general equipment rental): 2013-now
- Non Executive Chairman, Horizon Platforms (aerial equipment rental): 2014-now
- Founding Director, European Rental Association: 2006-2012
- Contributor International Rental News: 2012-now

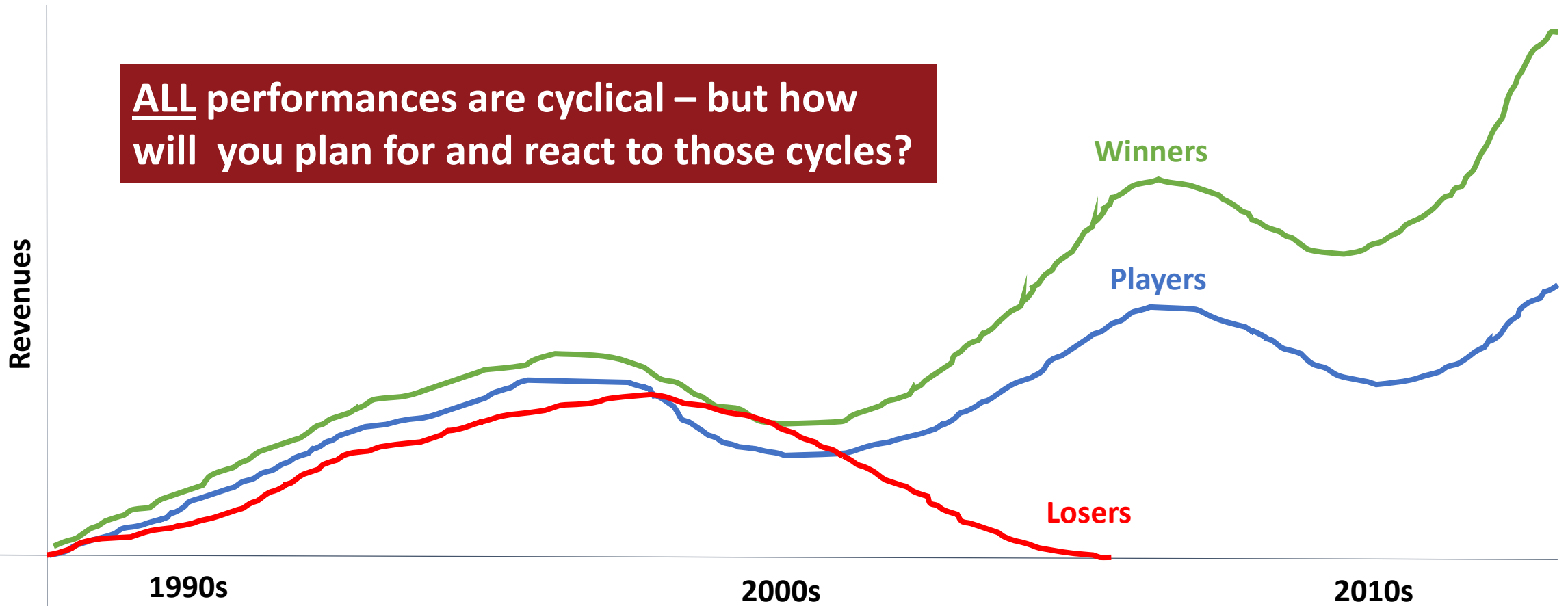


What we won't talk about (explicitly)

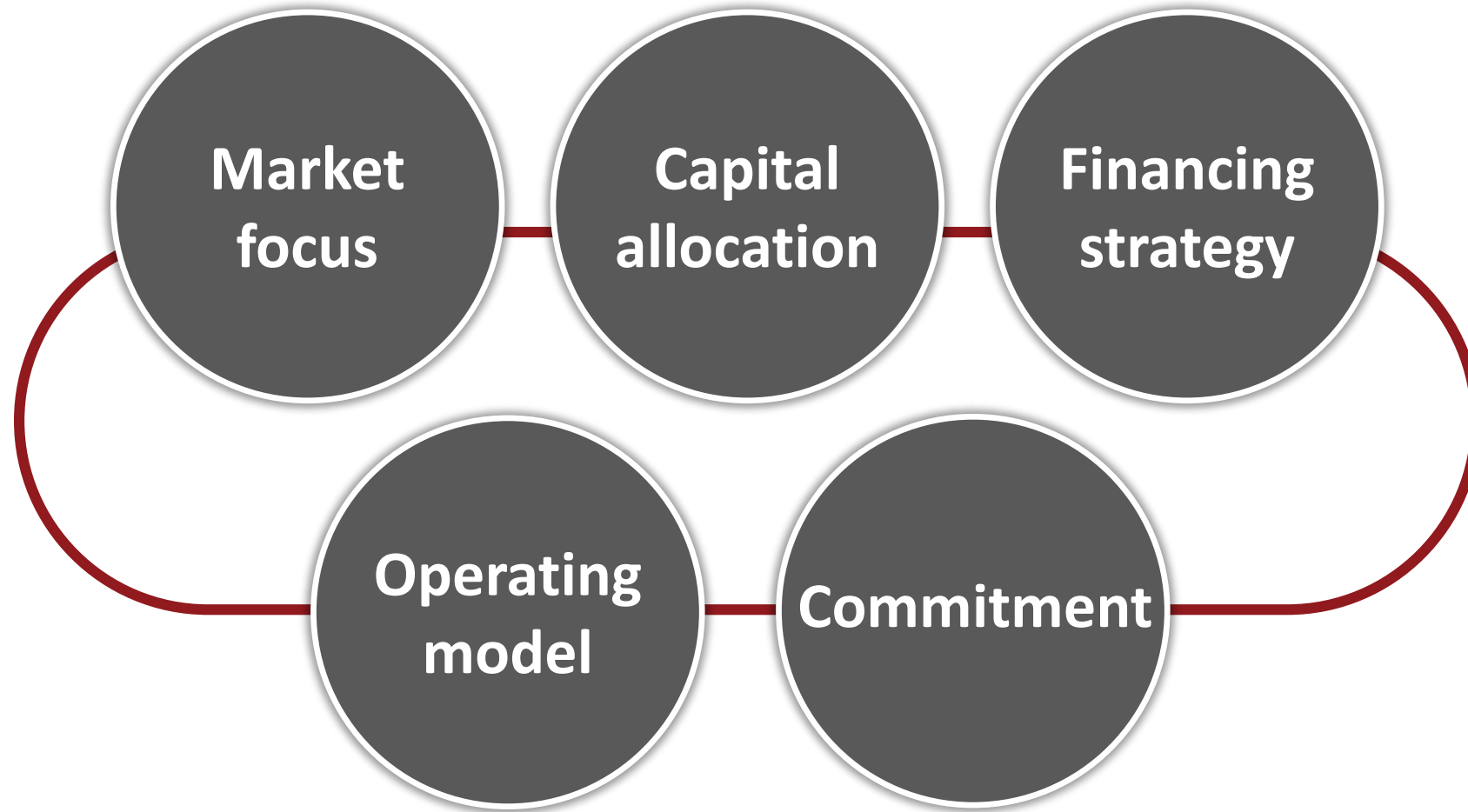
- Basic financial disciplines
- Operational performance measurement
- People selection and development
- Business attitude and culture

The European rental market – outcomes

ALL performances are cyclical – but how will you plan for and react to those cycles?



Key determinants of success



Market focus – who rents what and why?

ACTIVITY

- Shop fitting
- Warehouse fit-out
- Infrastructure
- Power generation projects
- Permanent buildings – schools,

hospitals, hotels

- Commercial construction
- Residential construction
- ????
- Warehouse Fit-Outs

CUSTOMER TYPES

- National/major players
- Regional operators
- Government
- Local/small businesses

Capital allocation – what fleet do you want?

Acquisition



Utilisation



Rental rate



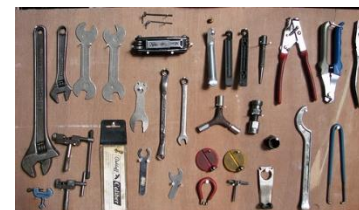
Rental life



Lifetime Rental Revenues



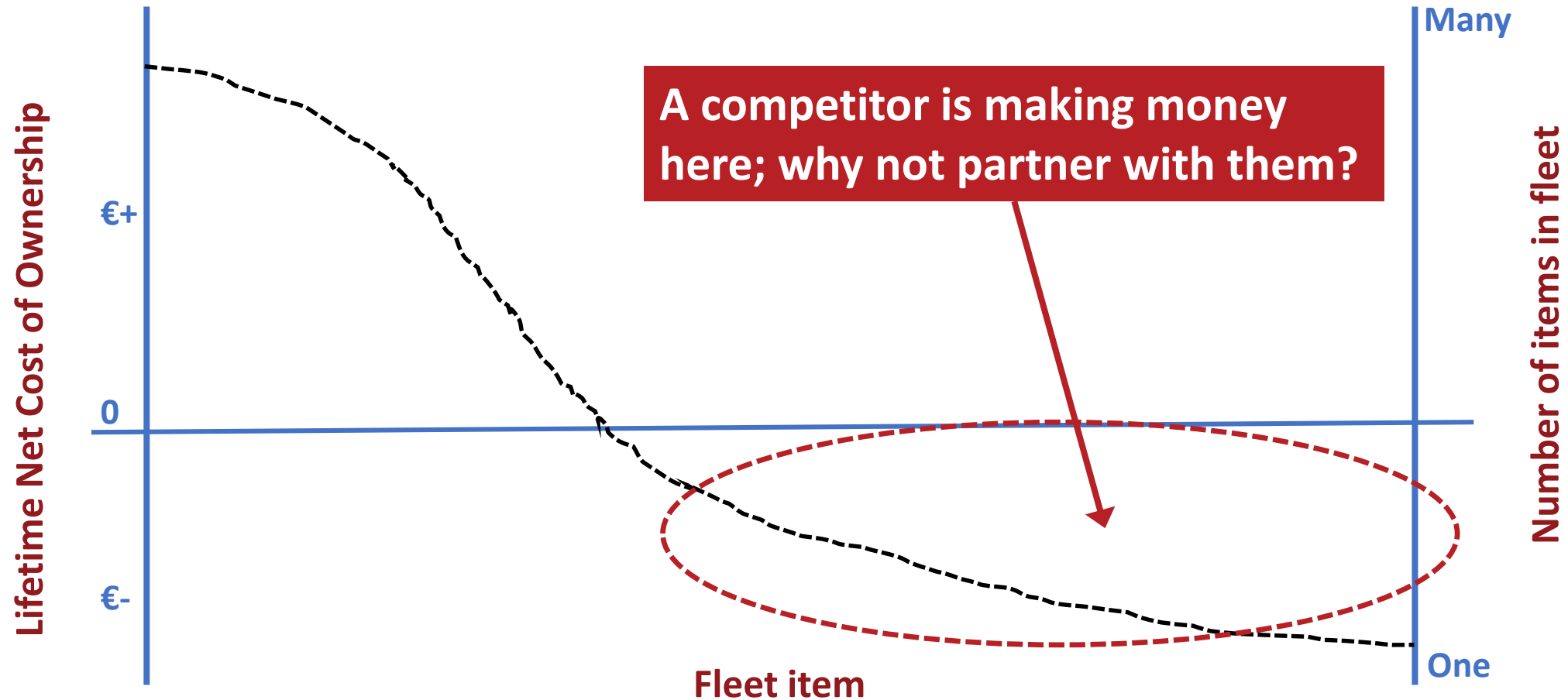
Lifetime Net Costs of Transport, Repair & Maintenance



Disposal



Capital allocation - beware the tail of waste!



Financing strategy – don't get caught

- Typically 15% to 45% of rental companies' costs are made up of (non-cash) depreciation
- Additionally (some) manufacturers use extended credit to drive sales
- Rental businesses can absorb 15%-30% revenue declines and still service debt if they are sensible
- Key messages
 - Set a self-discipline on debt: EBITDA ratio (<4: 1)
 - Be rigorous in reducing investment in tough times
 - Ensure debt covenants are not linked to profit and, ideally, use covenant-free debt

Operating model – freedom in a framework

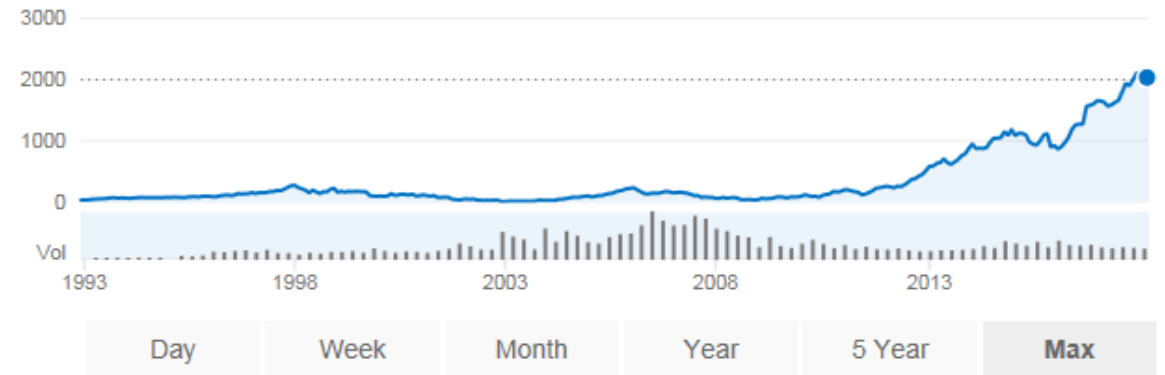
- Control the critical
 - Pricing frameworks
 - Clear visibility of individual fleet item usage
 - Depot roles and responsibilities template
 - Performance standards – profit, service, safety
- Allow freedom in:
 - Specific pricing decisions
 - Development of local customers

Commitment – a good example

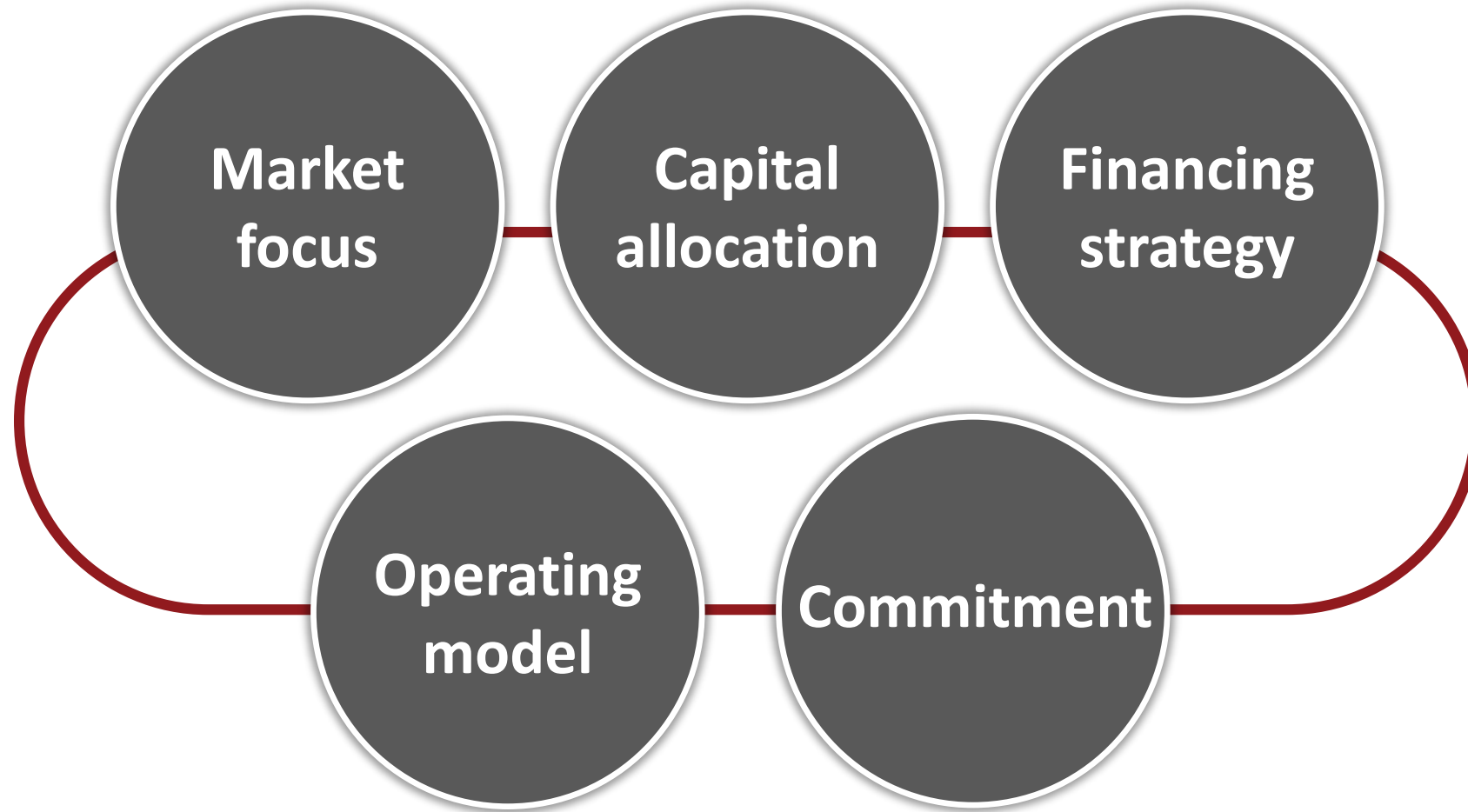
- Ashtead share price has increased 300x since its low point in 2003
- At that stage the investment market had “given up” on the company
- It has stuck to its plan and developed around the key success factors
- Many investors struggle to understand the rental business and become risk averse

Ashtead Group PLC
London: AHT · 6 March, 07:52 BST

2,029.00 ▲ 30.50 (1.53%)



Key determinants of success - reminder



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Thank you

Questions?

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