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Europlatform 2011

The fifth Europlatform conference held in Maastricht, on the eve of Apex obviously hoped to encourage show-goers to arrive early and attend. Unfortunately few did – a surprise given the strong line-up of speakers and topics. Mark Darwin was there.....

As an experienced conference-goer, I was very interested in this year's Europlatform speakers. On paper they offered a diverse range of experience and backgrounds covering a wide range of topics from raising investment capital to acquisitions, to sales and equipment management and generating sustainable returns. Subjects that anyone in the industry would have found it at least thought provoking. And while a few speakers lapsed into some 'corporate self-promotion', there was a lot of useful information primarily aimed at rental companies of which there were unfortunately few in the audience.

Alexandre Saubot of Haulotte, kicked off the conference, in an obviously joyful mood opening with 'it's the first time in my 10 years at Haulotte that I have been sponsored by my main competitors' (Genie and JLG were co sponsors). He was happy to add comic quips about the industry, the French and even Haulotte during his 'managing the growth cycle' presentation. He asked 'are we heading into another bad economic cycle?' answering that he doesn't

think so, but full recovery may take a while. Anticipating the economy is a problem which even specialists get horribly wrong. "Everyone knows this is a cyclical business and you have to anticipate the timing of the cycles. In 14 of the past 15 years Haulotte had to manage through either massive growth or massive recessions. We do learn however! Manufacturers were actually very quick at reducing over-production this recession. Whether we are heading into trouble – no-one knows? As Einstein said – things will not change if we keep on doing the same thing."

Next speaker – **Bruce Williams, managing director of Oshkosh Capital /JLG** financial services – talked about financing growth. After the Oshkosh PR spiel he said that banks and financial institutions are under pressure to be transparent about the risks they have on their books, but confirmed that there is still a healthy interest in the 'risky' aerial platform industry from financial providers, even if the conditions for doing business have changed over the past few years.

Peter Davis, technical manager with Australian rental company **Coates Hire**, outlined the 10 year



Alexander Saubot giving the keynote speech

fleet inspections that Australia requires. He explained how the rule worked in practice and the implications for fleet management. "Historically, platforms have been included with cranes the major 10 year inspection, was brought in because of the general poor condition and lack of maintenance in the crane rental industry."

He explained that the cost of extensive rebuilds after 10 years is significant with large booms costing as much as \$30,000 or more for inspection, repair and repaint. Companies, he said, have to decide whether to keep or dispose of the equipment (either scrap or export). A discussion over lunch indicated that there was little appetite to introduce such rules in Europe.

Kevin Appleton, former CEO of Lavendon talked about generating sustainable returns from access rental. He discussed how investment is influenced by a changing world. He argued that before 2008, western rental company strategies were built on the assumption of cheap debt, the likelihood of 'being bought out' and a strong economy. Post 2008, everything has changed - businesses are harder to sell, shareholders want certainty of returns and there is doubt over the economic future.

"We have stolen from the past and borrowed from the future and now is the time to pay," he said. Returns on capital employed are average at best – about four to five percentage points from being attractive. Smaller business will have to be run longer growing methodically and sustainably, while larger business could grow through sustainable organic growth or attractively priced acquisitions. He also thought that the average fleet ages would increase two to three years

because there is no pricing advantage for younger equipment. And his final thought -

'Only when the tide goes out do you discover who has been swimming naked' – Warren Buffet.

Next was an interesting talk by **Maeg Videau, director financing and M&A at Loxam** about successful acquisitions. He said that 90 percent of all potential acquisitions fail – 50% at the initial stages - and that the average time for an acquisition, from first interest to completion was between three and five years. He also said that Loxam never acquires distressed business!

Chris Wraith, newly appointed **IPAF technical officer** raised many good points about adding larger more specialist access equipment to standard fleets with their additional risk and management requirements. In his usual down to earth style, he outlined how these risks can be minimised through good management procedures.

The final speaker of the day was **Charles Miller of CL Miller Consulting** previously with Sunbelt Rental who shared his experiences and expertise on the evolution of the rental sales force, pricing, sales compensation programmes and sales effectiveness.

A panel including Saubot, Appleton and Miller along with Wayne Lawson IPAF president and Pierre Boels of Boels Verhuur wrapped up the day answering questions from the audience.

In all, an interesting and informative conference but attended by too few – perhaps a sign of the times? Next year's event will be held on September 20th in Edinburgh, Scotland.



(L-R) Lawson, Saubot, Appleton, Miller and Boels