Riwal's CEO Pedro Torres **shares his vision of the access rental market and the challenges we face in getting there.**

Rental projections

What marks Riwal out from many other rental companies is its commitment to remaining an access equipment rental specialist, despite its size and global presence.

With around 20,000 units in its international fleet, the Netherlands' based firm is also committed to developing the access sector in emerging markets, helped by its 60 depot locations in 14 countries throughout Europe, the Middle East, along with Kazakhstan and India.

Forging growth in emerging access nations is no easy task and takes knowhow as well as a long-term view. Such pressures in less mature nations coexist with a possibly even greater level of uncertainty in the already mature markets, thanks to a "perfect storm", as Riwal's CEO Pedro Torres puts it of supply chain constraints, inflation and interest rate rises and scarcity of employees, wrapped up with the problems associated with the war in Ukraine.

While ongoing conditions in Europe are difficult to predict, there has been a significant bounce back by the rental market since the end of the Covid pandemic, with continued growth forecasted this year, even if it is likely to be a little bit lower than previously expected.

As Torres says, in 2022 Europe returned to normal in financial terms with a €3 billion turnover in the rental sector. Riwal's revenue grew by 13% to €315 million that year, compared to 2021. And indicators show the market will remain positive in 2023.

Tackling uncertainty

On the subject of fleet investment, the view is also positive, although, again, clouded by economic turmoil. Torres comments, "If we look at replacement value, we have been growing the fleet by around 40% in the last five years, including the pandemic period."

The company is in the midst of its strategic plan, which means little information about its capital expenditure can be shared now, except to say, "The plan is to grow in the next year. We are going faster and speeding up the process, but we have to work around these uncertainties when planning the fleet, which is not an easy task."

Providing an example of the dynamic situation, Torres adds, "In June 2022 I was not very optimistic about the rest of the year, then we had a really strong Q3 and Q4, so it's really difficult to predict and this is the major challenge."

These economic fluctuations make decisions on capital investments difficult. "If you buy too much, you have a lot of pressure on your time utilisation. If you don't buy enough you have to sub rent, which affects your margins very much."

Therefore, visibility of the rental market is far from clear, says Torres, with projects in the medium term suffering continuous delays and sometimes cancellation. And, while the overall rental sector is reporting a buoyant environment, the IMF forecasts growth of just 0.6% across the Eurozone this year, which is lower than any other region in the world. "We reach the conclusion that we cannot control these circumstances, so we have to be flexible. Anything can happen."

Although supply chain-related issues have improved in recent months, leading to more acceptable lead times, the market has fundamentally changed, says Torres. "You can get products much faster now but you still have to make quick decisions. This is a new way of operating rentals; you cannot plan in advance for many years because everything is changing so fast."

As the supply chain has been a major factor, so too has the increasing availability of products from the OEMs that have appeared on the international market, notably from China.

Strong partners

As a longstanding and renowned JLG distributor in a number of its key markets, Riwal also has a large number of the manufacturer's products in its fleet.

"As a partner, JLG has always been and will always be our first choice," says Torres, adding, "But we also have to be open to other alternatives. We have to look to the new suppliers since the market is very competitive and we have to increase margins.

"We have to look for new products that bring good economic conditions and technology, and maybe faster delivery times,

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"There is a new way of operating rentals; you cannot plan in advance for many years because everything is changing so fast."

PEDRO TORRES, CEO, Riwal.

Riwal's Denmark-based IPAF training centre.

but again, we will remain with JLG as our main supplier for the years to come."

Adding to the hurdles for modern rental companies is the shortage of skilled labour, which has the potential to become the leading challenge to the market in the near future.

Torres comments, "In Northern Europe particularly it is very difficult to find technicians and even more difficult to find really good technicians.

"I do not think it will improve in the future and could get even worse. We have to do our homework and be an attractive employer."

Riwal is actively working to create an even better environment for current and future employees. "We have many initiatives in training and a lot of sustainability targets and we are constantly measuring and improving employee satisfaction. With clear actions and a wide variety of events and initiatives, we aim to improve health and wellbeing and increase diversity and engagement."

Global opportunities

Returning to the clear positives in the market. MEWP rental on a global level is on an upward trajectory and will continue to be. This has a lot to do with the fact that penetration into existing and new markets is set to keep increasing.

"If we look at our own markets at Riwal, we have many countries with low penetration and there is abundant opportunity to grow in them.

"One huge market I foresee for us in the years to come is India. India will develop its rental services over the coming years, as China did five years ago and it will become one of the economic centres of the world, along with the US, China and Europe.

"We are already the market leader in India and we are really looking forward to the market coming on really strongly."

To take that growth forward, Riwal will focus on the most modern of technological offerings. The company invests in continuous improvement of its own digital services, such as the MyRiwal app and its Customer Portal, and develops new initiatives based on customer interviews and NP surveys.

"Digitalisation is really helping us provide an improved service to our customers.

"One important thing is that we have one single ERP system for all our countries - we spent a few years rolling it out and it took a lot of energy, but we are now starting to see many benefits, like good reporting, benchmarking of KPIs and efficiencies in many areas of the company."

Another important benchmark by which companies are increasingly being judged is their efforts to enhance in-house sustainability programmes. Riwal sees the issue as fundamental to the future of the organisation and as such is concentrating on seven of the United Nations' 17 Sustainable Development Goals (SDG). Those being: good health and wellbeing, quality education, clean water and sanitation, affordable and clean energy, decent work and economic growth, sustainable cities and communities, and responsible consumption and production.

Manlift India opens a new yard this year.

Financial benefits

Riwal is also working with international sustainability rating company called EcoVadis, which provides a score to companies based on their sustainable policies and achievements, out of a maximum 100 points. As Torres explains the company has dramatically improved its rating, which now stands at 62 points (Silver level).

Torres' aim is to reach Platinum level by 2025, which is only awarded to a company with 75 points, or more. Currently, just one percent of companies have reached this level.

A good rating also allows companies to take out larger sustainability linked loans. For example, Riwal's total credit facility is linked to this: based on four indicators measuring sustainability, the bank increases or decreases the interest rate.

One area that fits into a sustainable future MEWP market is the use of zero emission equipment. While increasing the number of electric units in the market is in everyone's interest, says Torres, the reality is not simple.

"Certainly, in Northern Europe, everyone is focusing on sustainability. But there are a couple of very important issues.

"The charging of electric equipment on site is very problematic - it is difficult for all the rental companies at the moment. We constantly look for ways to scale successful local sustainable projects, such as the possible deployment in all our countries of the off-grid solar-powered charging stations already used in the Netherlands."

Nevertheless, there are great opportunities for a forward-thinking rental companies. "The plan is to keep scaling our operations in large countries with a small market penetration.

"There is a good trend in the UAE and Qatar, as well as India and the latter is where we intend to invest heavily."

Torres adds. "We are analysing a couple of new countries and in terms of acquisitions and start looking for that potential in a few of the countries we are working in now." AI