

19th November 2009

PRESS RELEASE

LAVENDON GROUP PLC

Interim Management Statement

Lavendon Group plc (the "Group"), Europe's market leader in the rental of powered access equipment, today issues the following interim management statement for the period to 18 November 2009:-

Trading in Europe since the half year has shown some tentative signs of stabilising, albeit at business levels which are significantly below those of last year. We continue to experience good growth in the Group's Middle East operations.

Group revenues, excluding equipment sales, for the ten months ended 31 October 2009 have declined by 11% compared with the same period last year. On a constant currency basis, these revenues have reduced by 17%.

The Group remains strongly cash generative, and this has enabled further progress to be made in reducing net debt levels since the half year to £267 million, after an adverse foreign exchange movement of £9 million since the half year. This has been achieved through tight control over costs and capital expenditure and through the disposal of surplus assets, the latter action both generating cash and helping align our rental fleet with current demand levels. So far during 2009, we have sold some 1,468 units from the rental fleet, generating £7.8 million in cash.

UK

Our UK business continues to experience a difficult trading environment, with the usual seasonal volume uplift since the half-year being less pronounced than in previous years. The commercial and industrial construction sectors face particularly challenging conditions, with work on new major construction projects not fully offsetting project completions. Demand for the Group's equipment on a major project in East London is yet to reach the anticipated peak level, and growth in this area offers some scope to offset a further decline in major construction project activities as we move through 2010.

Revenues from our non-construction customer base (now constituting over 60% of our UK business, due to the rapid decline of the construction sector) have shown some signs of a slowing rate of year-on-year decline since the half-year, bolstered by the effect of the acquisition and integration of the trade and assets of EPL Access during August.

Revenues for the first ten months declined by 22%, with a like-for-like revenue decline, after making adjustments for the acquisition of The Platform Company completed in April 2008, estimated at around 28%. The impact of this revenue decline is being mitigated in part by the cost reduction actions taken earlier in the year, and we will continue to keep the UK's cost base under review.

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Germany

Euro revenues for our German business in the first ten months have declined by 13%, with the rate of year on year decline slowing marginally since the half year. In sterling terms, revenues have declined by 2%. Whilst demand levels remain subdued and downward pressures on hire rates continue, the level of equipment over-supply is not as extreme in Germany as it is in the UK market. Against this background, the business has continued to review its cost base and has taken action throughout the year to restructure in light of prevailing market conditions, enabling the business to improve operating margins in the second half.

France and Belgium

Conditions in the powered access rental market for both France and Belgium show some signs of improvement after a very quiet summer holiday period, with the decline in revenues narrowing against last year. In the first ten months, combined Euro revenues declined by 19% compared to the same period last year. In sterling terms, revenues have reduced by 9%.

Spain

Spain remains an extremely difficult market, with weak activity levels and considerable pricing pressure caused by a significant over supply of equipment in the market place. The outlook for the relevant sectors of the Spanish construction market remains extremely poor. Our Spanish business has marginally reduced its rate of year on year Euro revenue decline to 41% for the ten months ended 31 October 2009. In sterling terms, revenues have reduced by 33%.

Middle East

Revenues in the region for the ten months have grown by 20% in local currencies and by 45% on translation to sterling. Our business continues to grow strongly in the region, despite the wider economic issues, and is underpinned by long-term substantial projects across the region, which provide a relatively predictable rental revenue stream. Nonetheless we have seen, particularly in Saudi Arabia, several delays in new project starts. This has had the effect of slowing our expected rate of growth in the short-term and, due to investment in fleet and infrastructure in anticipation of this growth, operating margins have reduced slightly, but remain very healthy. Recent signs suggest that the project pipeline is moving once more and we anticipate a marked pick-up in demand as we move into 2010.

Summary and Outlook

The decline in the European economic climate, since the fourth quarter of 2008, has been severe, with this deterioration being particularly evident in the performance of the construction-related element of our customer base in the UK and Spain. Major construction project delays are still occurring and the recovery in our business outside of construction is strongly dependent on a more general recovery in business confidence.

Our Middle East business has continued to perform well, despite some delays in new project starts in parts of the region. Our strategic position in this region and the relative scale of our operation means we are very well positioned to benefit from the significant infrastructure investment planned for the region during 2010 and beyond.

Against this background, our focus will remain on cash generation and debt reduction. Accordingly, we will continue to limit capital expenditure, generate cash from the disposal of excess fleet and pay close attention to our cost base.

Overall, we expect the Group to deliver a trading result for the year at the lower end of our expectations, and to have made solid progress in reducing our net debt level. Whilst we are anticipating market conditions will remain challenging in 2010 and future demand levels will continue to be unpredictable, the Board remains confident in the Group's strategy and its ability to benefit disproportionately from the eventual market upturn.

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