



The Voice of Leasing and Automotive Rental in Europe

The European Leasing Market Directions into 2020 : Looking ahead to challenges and opportunities

Leon Dhaene
Director General , Leaseurope

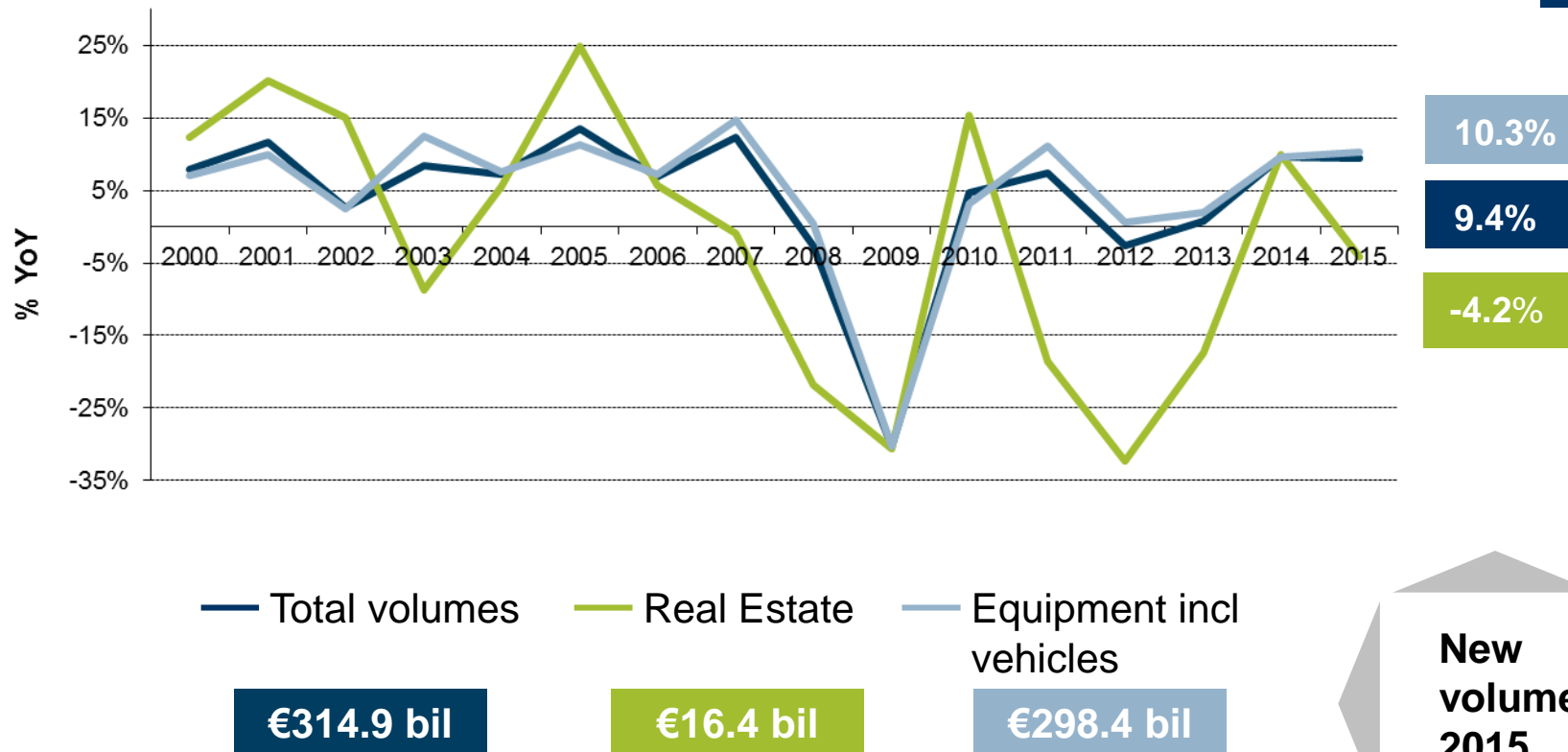
Mátraháza, Hungary | 10 November 2016

- Current state of play : 10 conclusions today
- From here to 2020 : our agenda the coming years
- Directions into 2020 :
 - Challenges ahead
 - 5 opportunities to look for

1. Annual growth around 10% since 2014

**Total outstandings:
(2014 vs 2015)**

3.2%



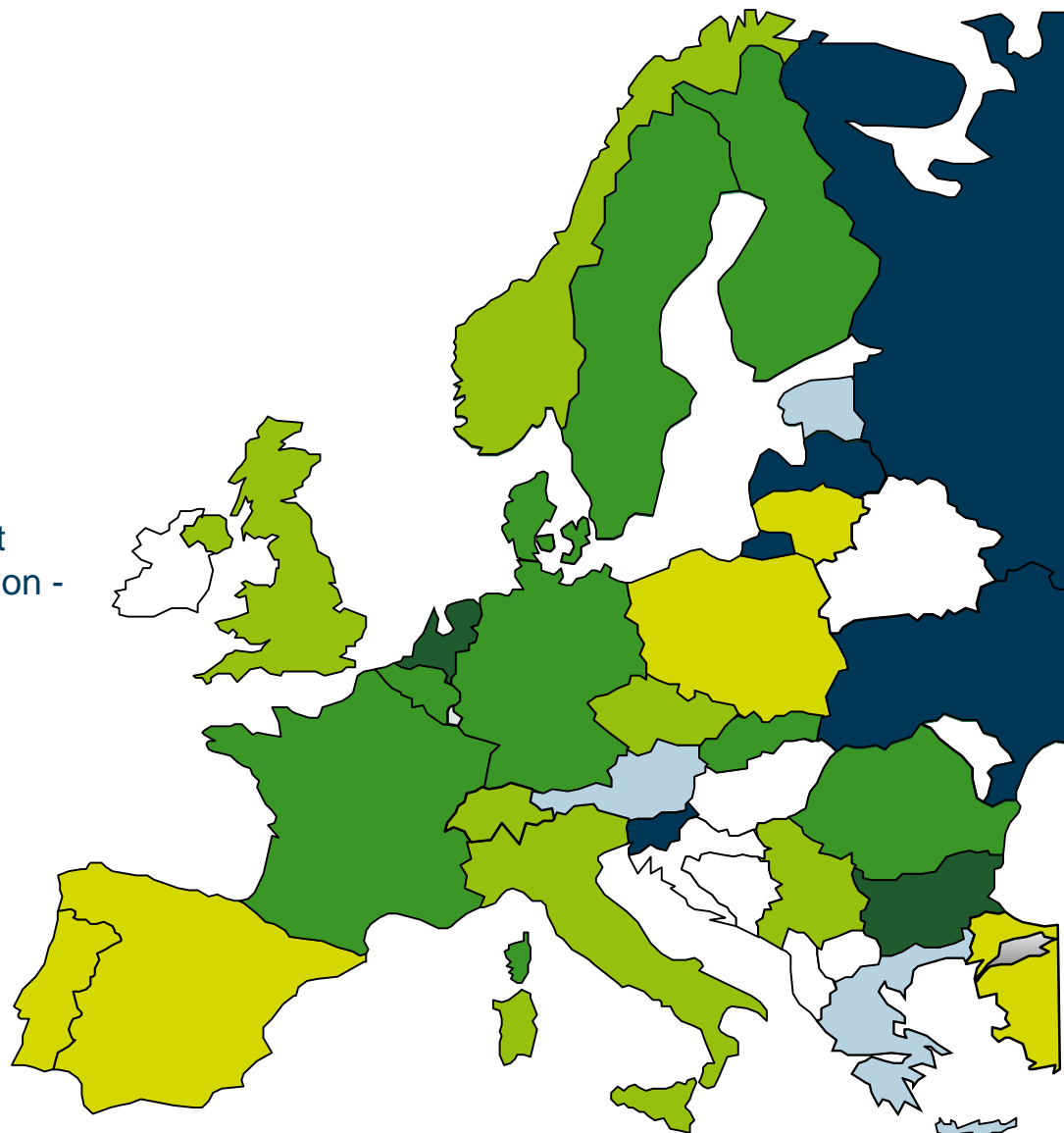
Growth rates are calculated based on a homogenous sample of members reporting from year to year & are adjusted for exchange rate fluctuations 2007 onwards
Source: Leaseurope Annual Surveys

2014/2013

9.5%



 Members not reporting & non-members

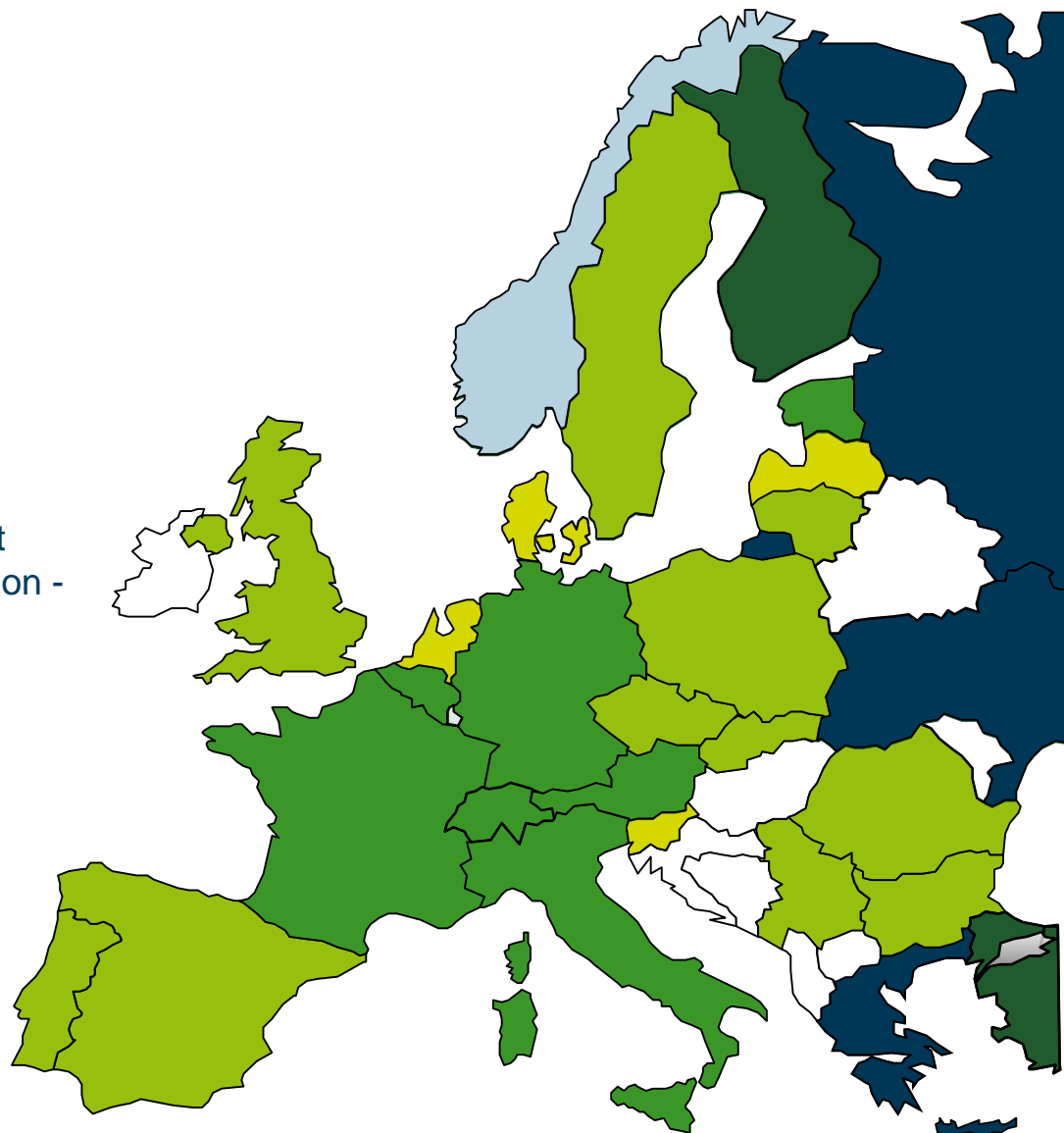


2015/2014

9.4%




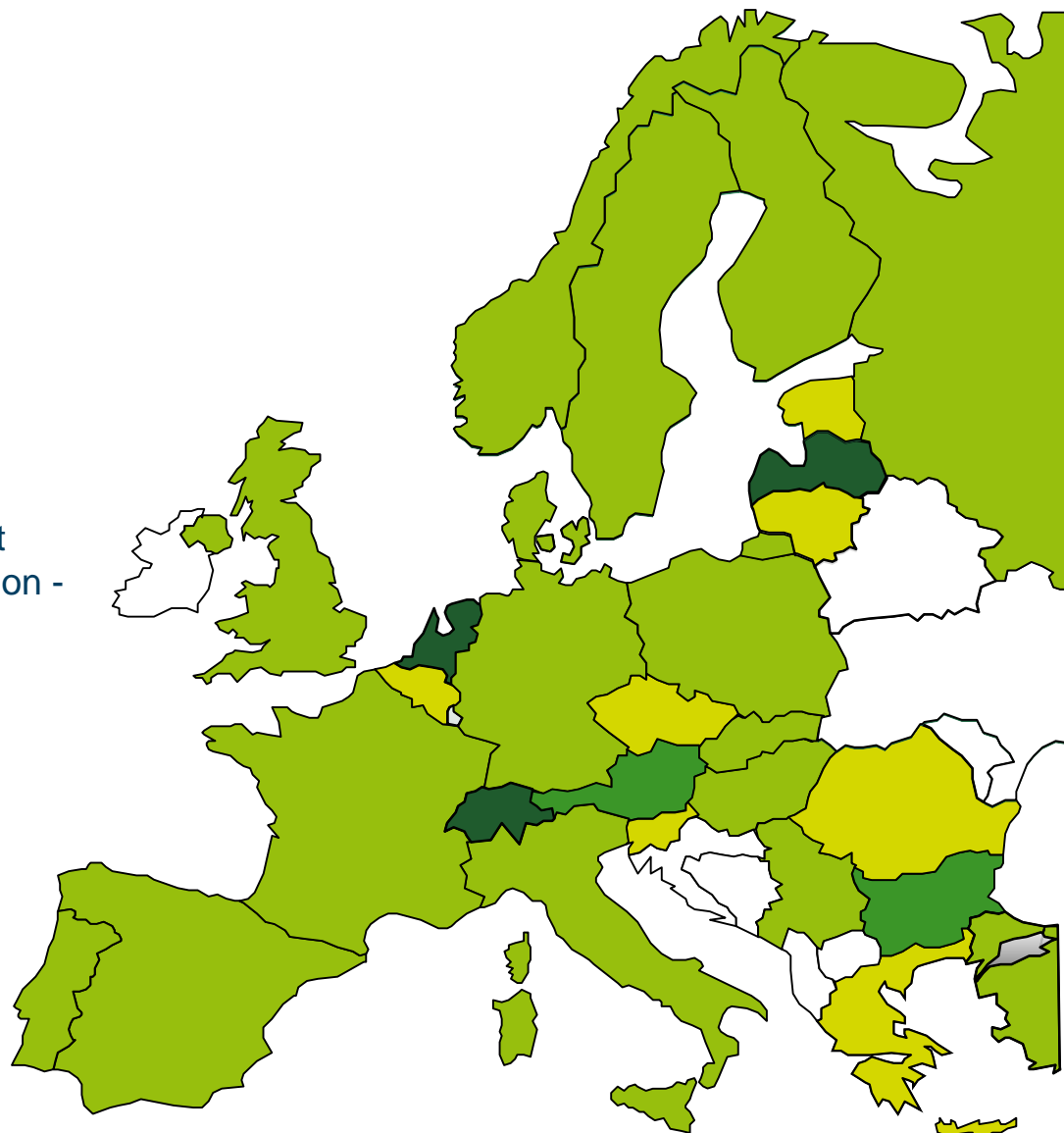
 Members not reporting & non-members



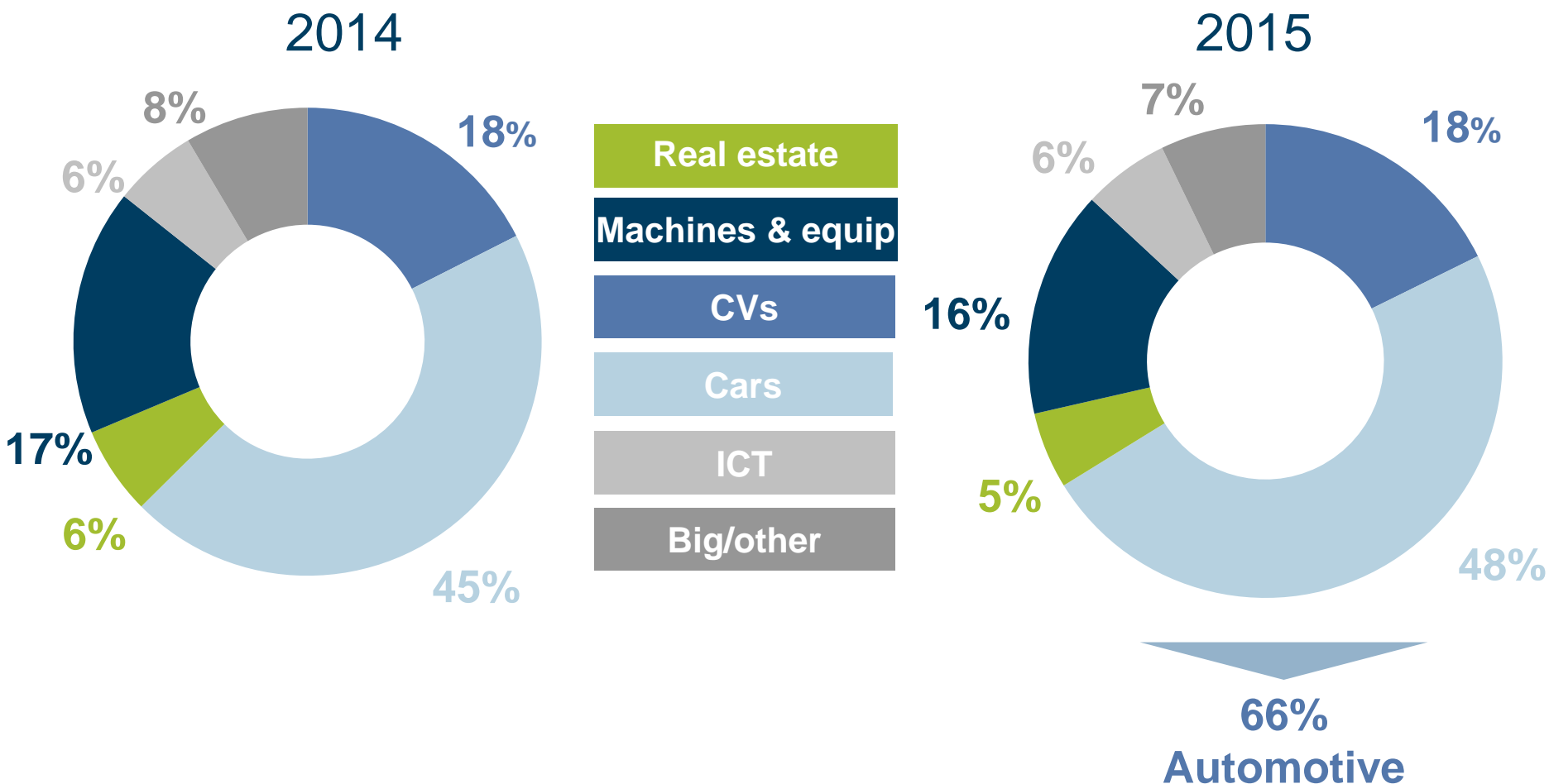
H1 2016/2015
13.2%



 Members not reporting & non-members

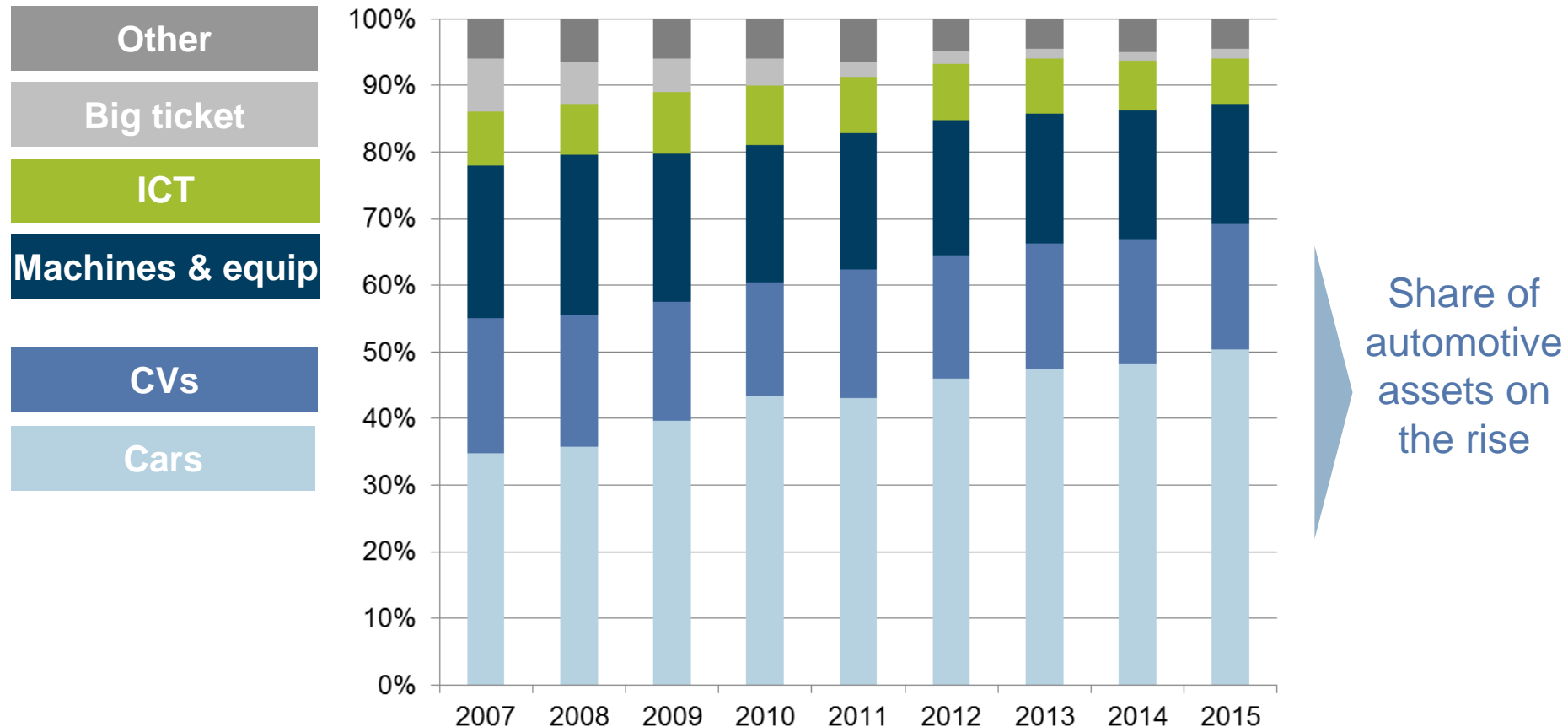


2. Automotive is driving growth - Real estate is more volatile

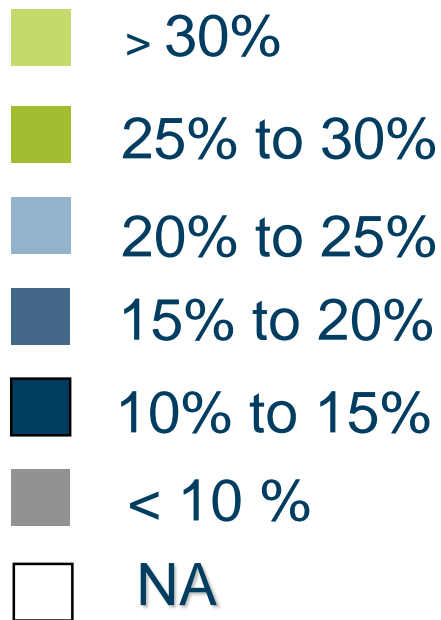


3. Services element become differentiating factor

- Private lease is taking market share from consumer credit
- Older fleet is a stimulus to change (Baltics, Bulgaria, Hungary...)
- Younger customer base has a different look at the car park (see : Spotification)



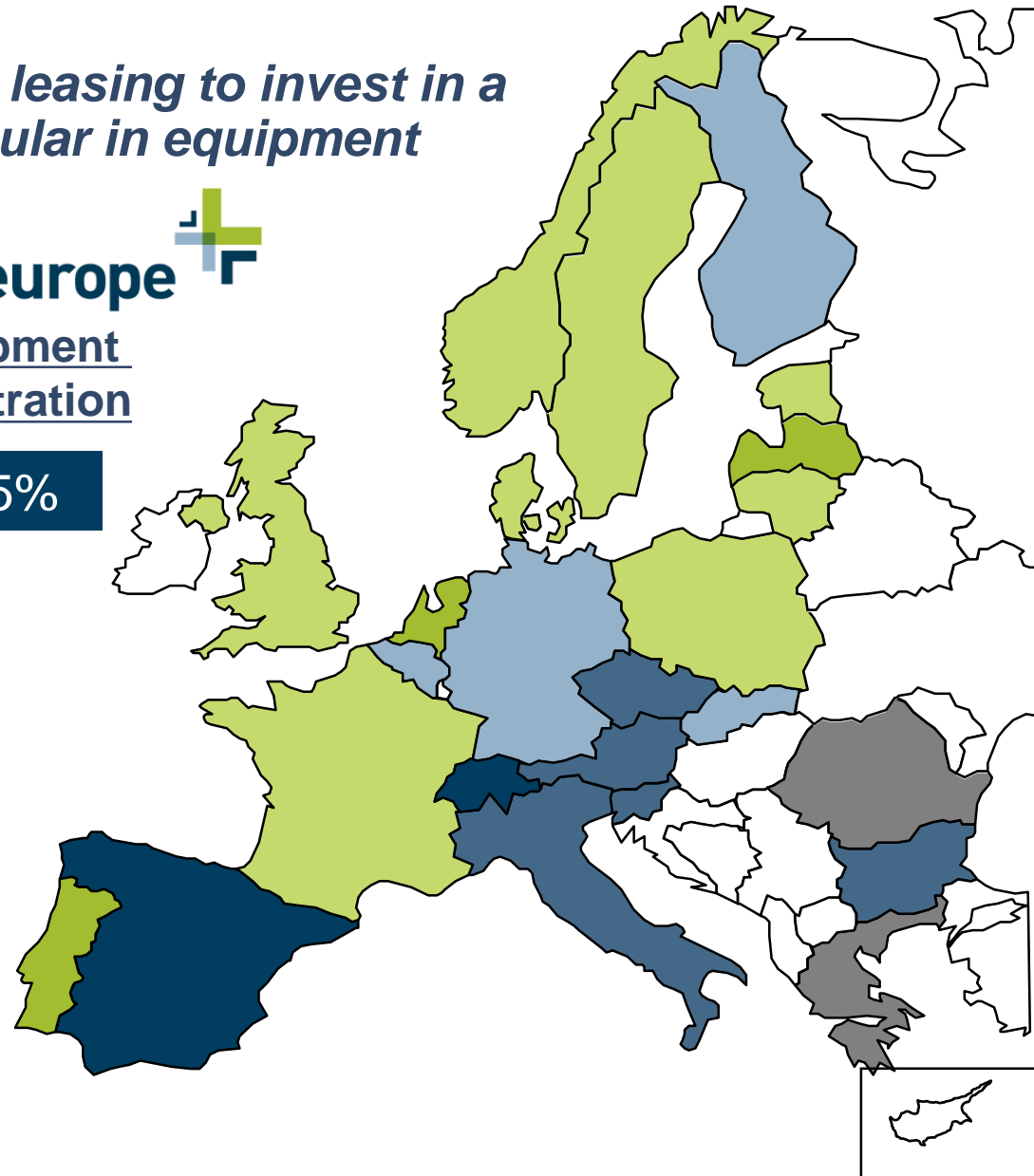
4. Businesses are keen to use leasing to invest in a wide range of assets, in particular in equipment investment



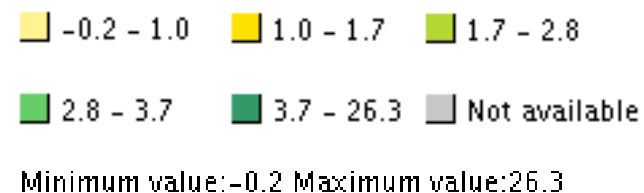
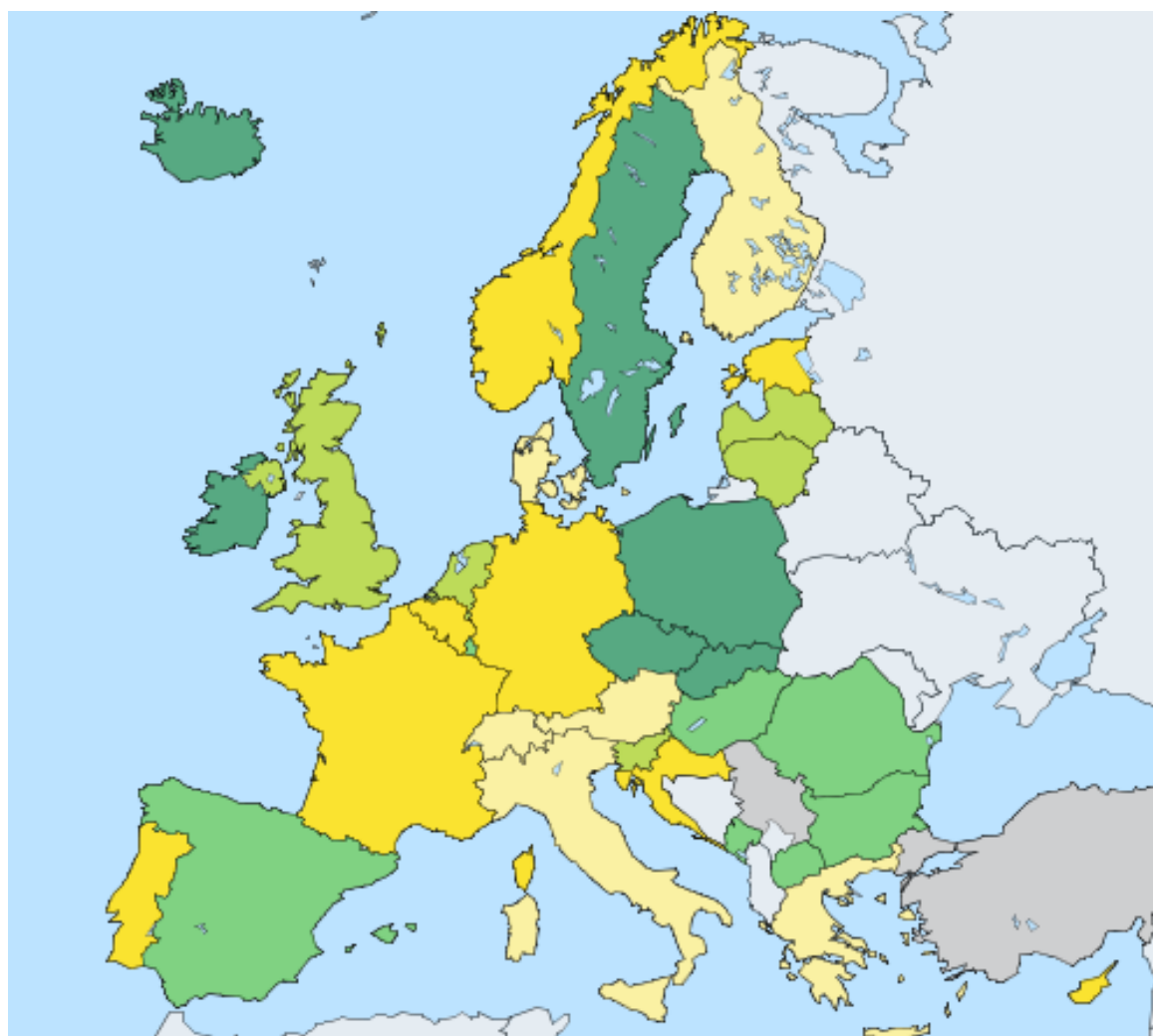
Leaseurope 

Equipment
penetration

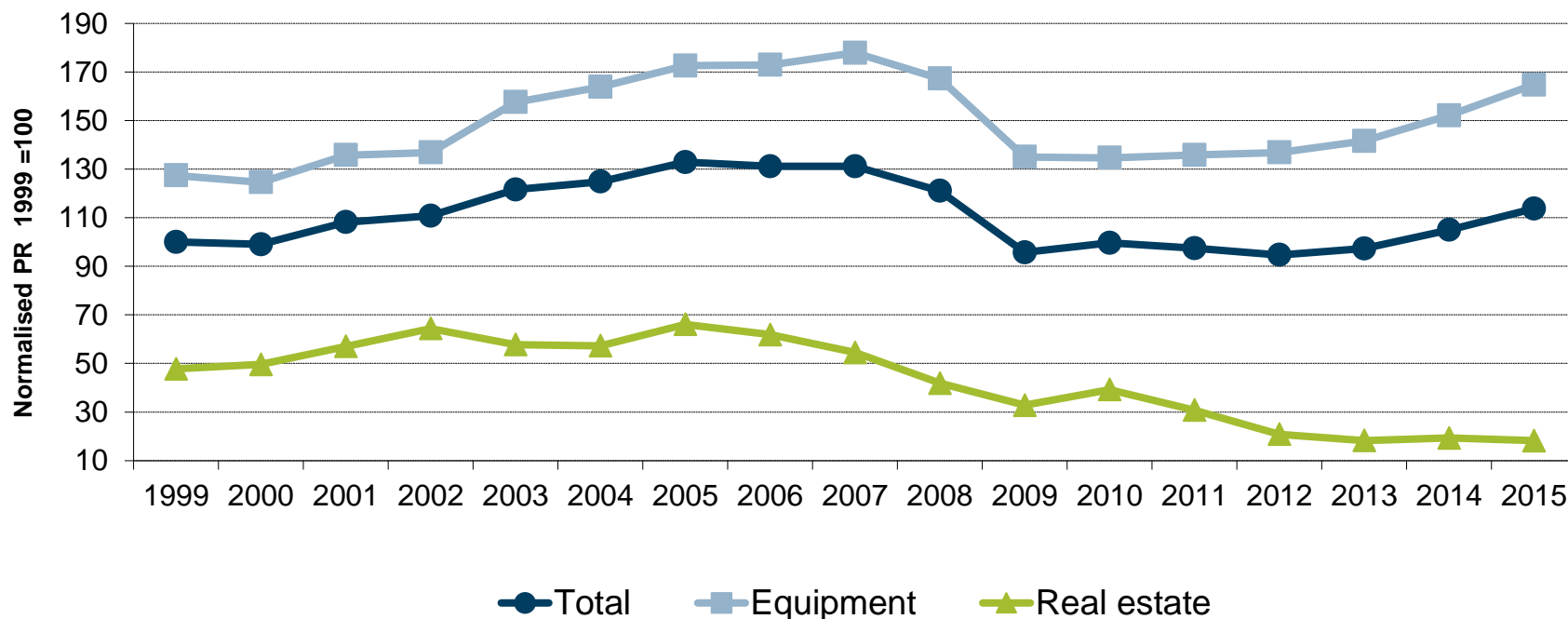
25%



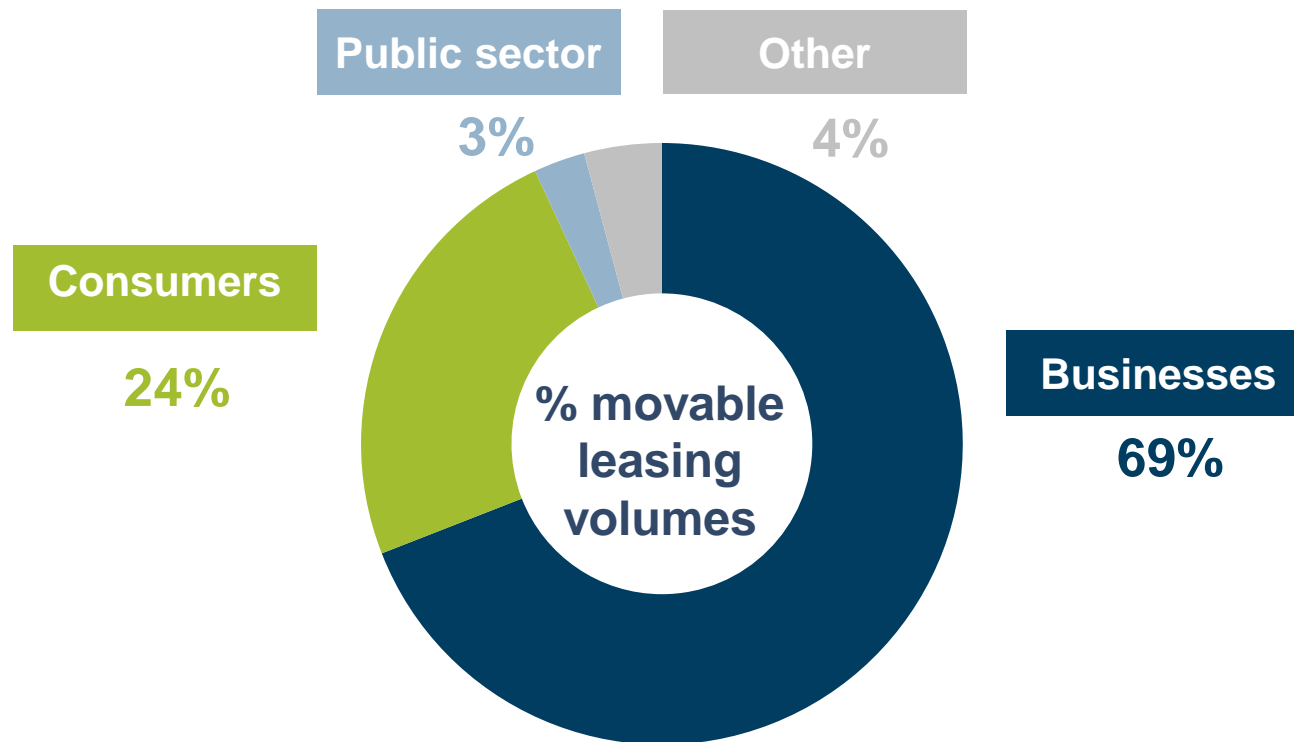
5. Leasing is supporting the real economy in times of crisis and minimal growth of GDP



6. Leasing volumes and penetration are getting back to pre-crisis levels; except for real estate



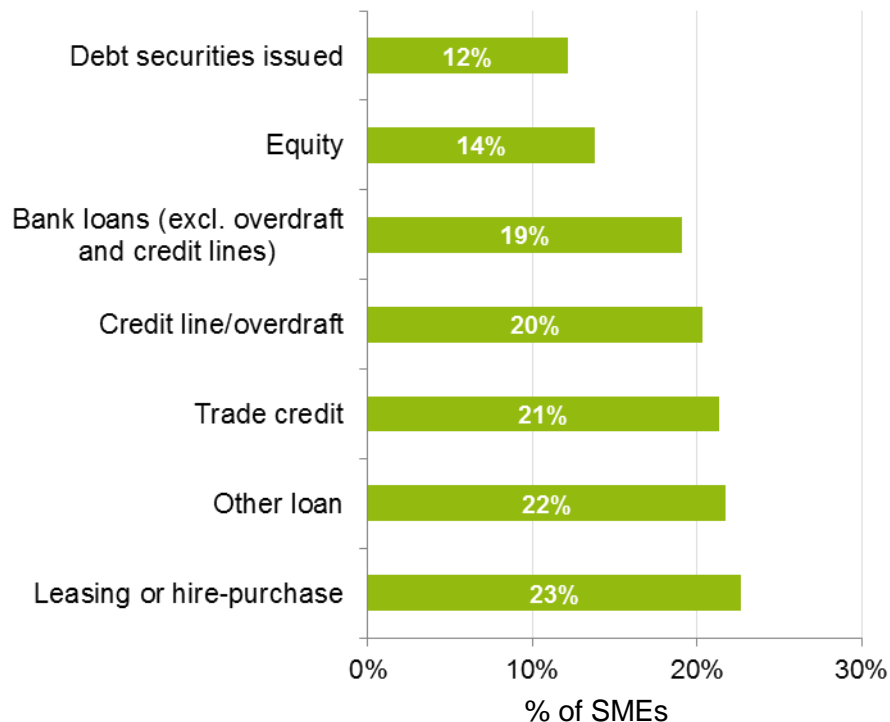
7. Consumer and SME leasing are gradually taking a larger share of total volume



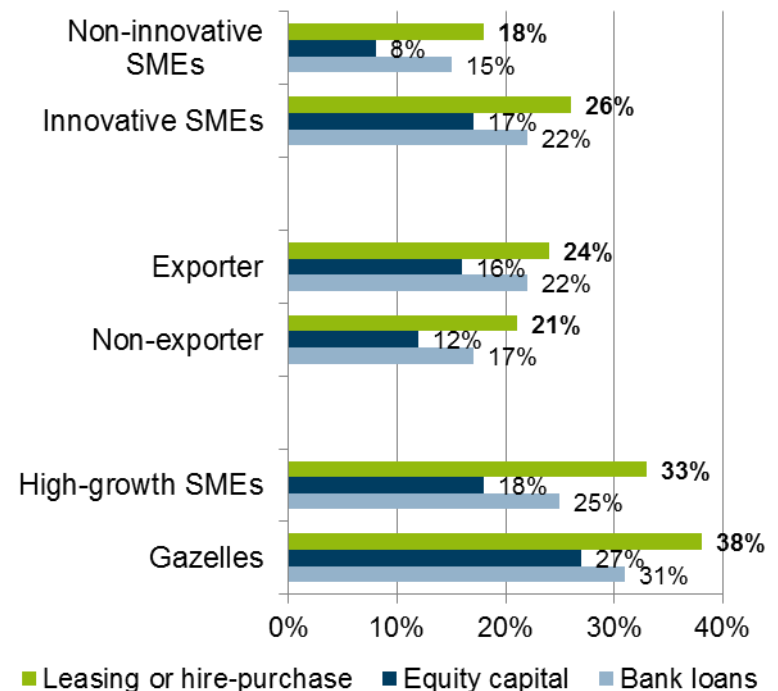
8. SME with higher leasing penetration are the drivers for creating new jobs :

- The use of leasing grows with the size of the firm
- Leasing is the source of finance with largest proportion of SMEs signalling an increased need for it
- The same holds true across SMEs of various characteristics, especially for innovative, exporting, high-growth firms and gazelles

SMEs reporting an increased need in various forms of finance in the past six months (April to September 2015) in the EU-28



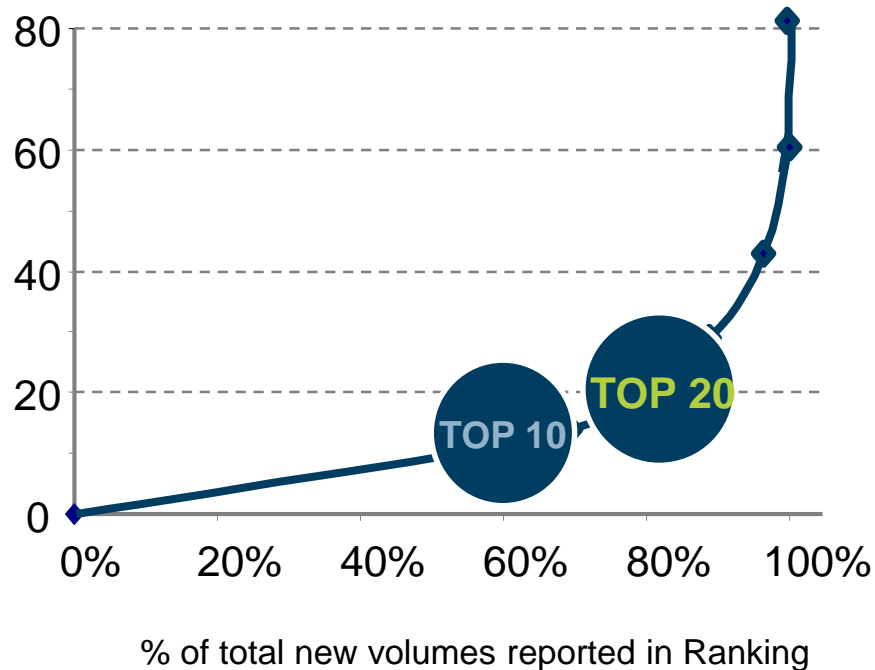
SMEs reporting an increased need for external financing in the past six months (April to September 2015) in the EU-28, by firm characteristics



9. Market concentration remains stable

Trends:

- *Likelihood of new entrants is moderate*
- *M&A activity expected to slow down*



**All firms
in Ranking**

All new
volumes
reported

150 bil €

TOP 20

% of all new
volumes reported

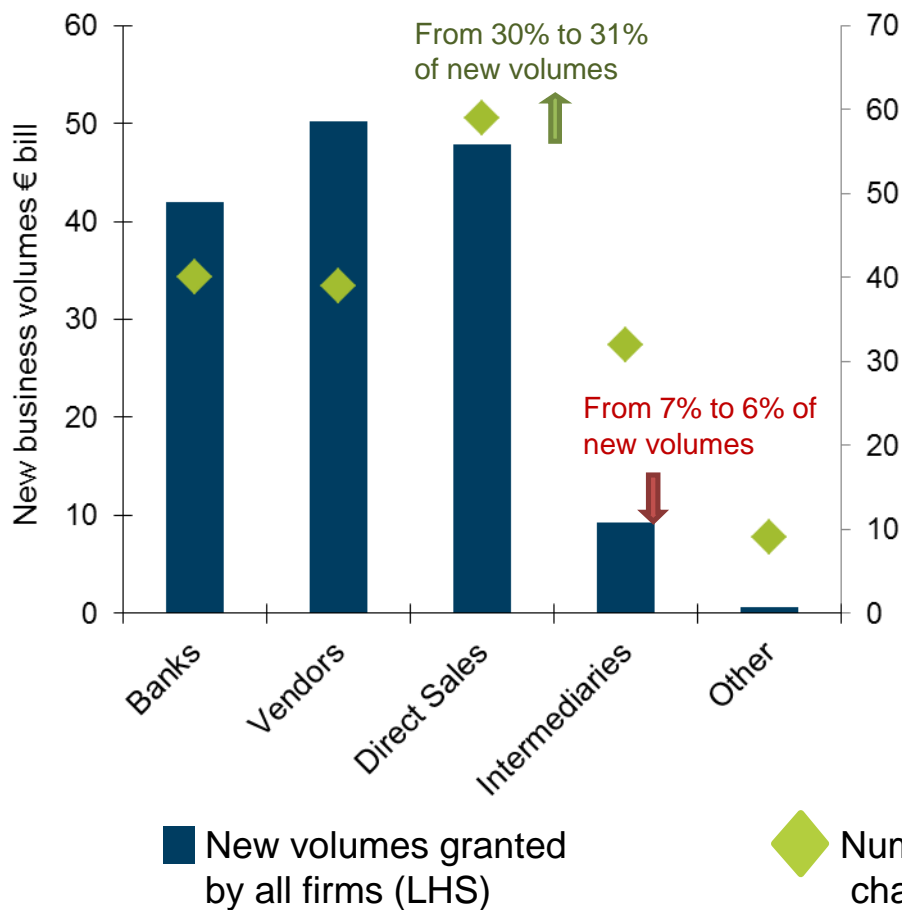
79%

TOP 10

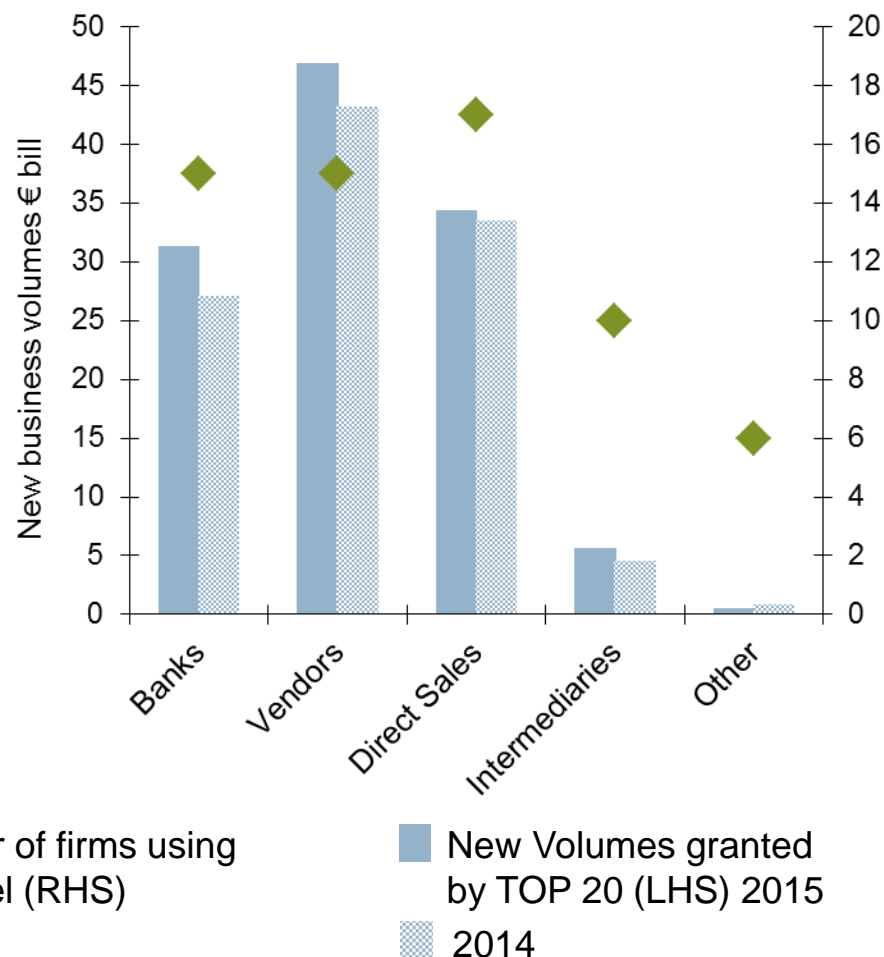
% of all new
volumes
reported

62%

All firms



TOP 20 firms



Top 10 players

- Value of total new contracts within Europe in 2015 (€ thousands)

<i>Name</i>	<i>Country</i>	<i>EU Countries</i>	<i>Value 2015</i>	<i>Value 2014</i>
1 Société Générale Equipment Finance (incl. ALD) *	France	35	15,933,068	-
2 BNP Paribas Leasing Solutions (incl. Arval)*	France	-	15,110,634	-
3 Volkswagen Leasing GmbH	Germany	3	13,937,752	12,205,747
4 De Lage Landen International B.V. *	Netherlands	21	10,922,637	10,036,511
5 Deutsche Leasing *	Germany	19	7,717,500	7,436,400
6 UniCredit Leasing S.p.A.	Italy	16	6,905,568	6,701,884
7 LeasePlan Coporation N.V. *	Netherlands	24	6,254,306	4,775,378
8 Alphabet International *	Germany	13	5,883,300	4,940,500
9 Nordea Finance	Sweden	7	5,126,875	4,987,973
10 Crédit Agricole Leasing & Factoring *	France	4	4,716,843	4,221,734

*These companies also have operations outside Europe

* No data for Hungary

Top 20 players

- Value of total new contracts within Europe in 2015 (€ thousands)

<i>Name</i>	<i>Country</i>	<i>EU Countries</i>	<i>Value 2015</i>	<i>Value 2014</i>
11 CM-CIC BAIL	France	7	3,813,410	3,577,095
12 RCI Banque *	France	16	3,653,845	2,901,783
13 DNB Finans	Norway	3	3,266,025	3,076,198
14 ING Lease *	Netherlands	8	2,873,090	-
15 NATIXIS LEASE	France	3	2,870,000	-
16 Siemens Financial Services GmbH *	Germany	11	2,380,992	-
17 Raifeisen Leasing *	Austria	20	2,178,905	2,210,641
18 Porsche Bank AG *	Austria	13	1,854,136	1,697,890
19 ABN AMRO Lease N.V.	Netherlands	3	1,797,975	1,477,985
20 LBBW Leasing *	Germany	1	1,611,009	-

*These companies also have operations outside Europe

* No data for Hungary

Leasx LEASEUROPE INDEX

Survey of European leasing and rental firms

- Quarterly data from 2010; it's **now 22nd edition**
- 23 participating leasing companies
- Press releases for each quarter include a short commentary on the results from the CEO of a participating company

 **MEDIOCREDITO ITALIANO**


 **BNP PARIBAS**
LEASING SOLUTIONS


 **ARVAL**
BNP PARIBAS GROUP

 **dL** financial solutions
partner

 **ABN·AMRO** Lease

 **CRÉDIT AGRICOLE**
LEASING & FACTORING



 **UniCredit**
Leasing

 **UBI** Leasing

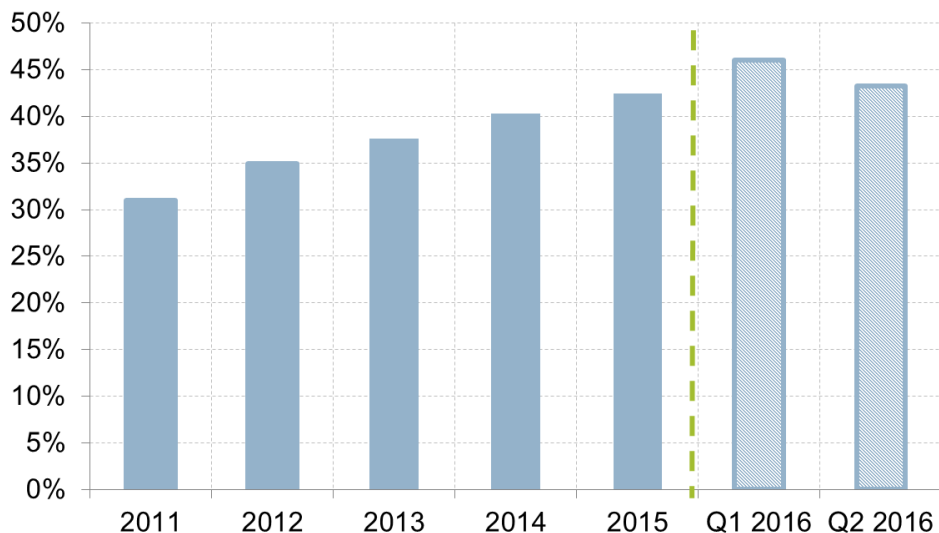
 **ALD**
Automotive

 **Iccrea**  **Banca Impresa**

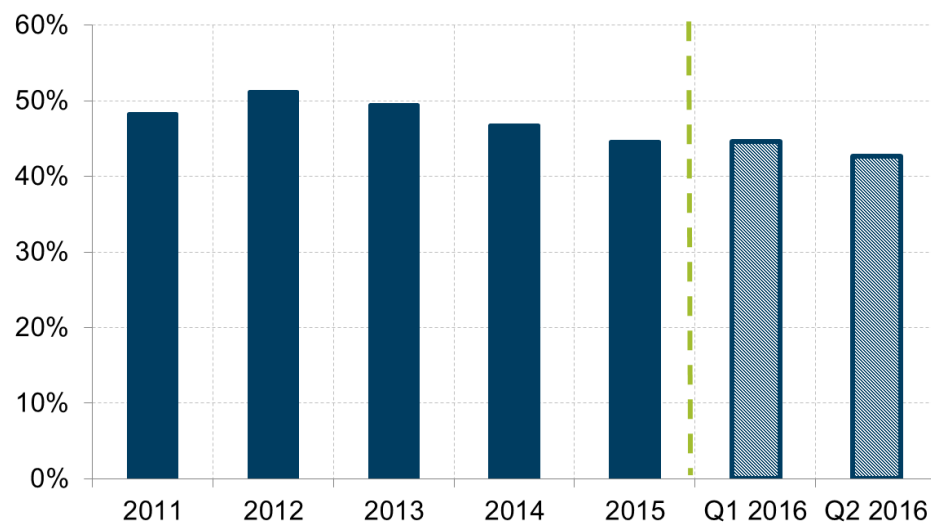
 **SOCIÉTÉ GÉNÉRALE**
Equipment Finance

10. Leasing is a growing sector and also an economic healthy one...

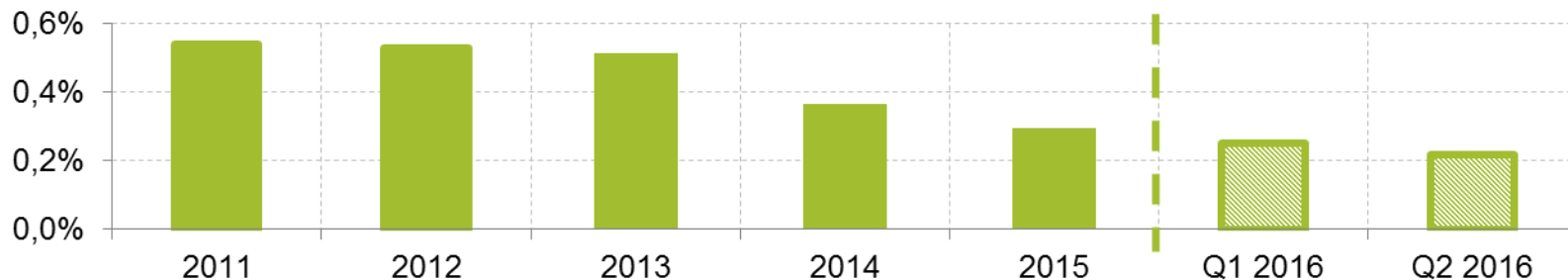
Profitability ratio



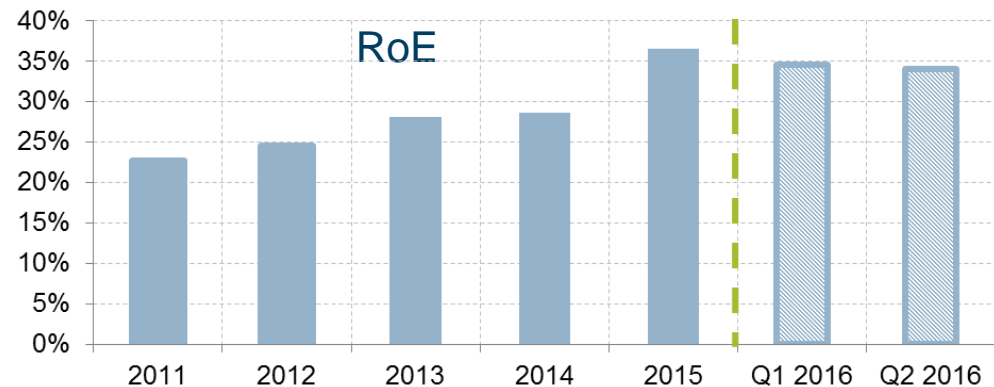
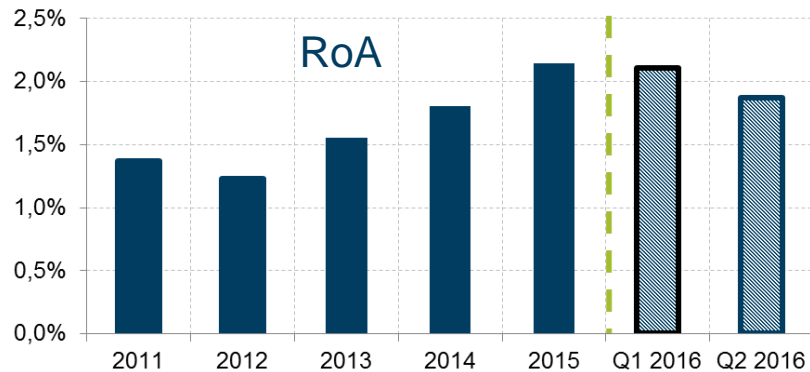
Cost / income ratio



Cost of risk ratio

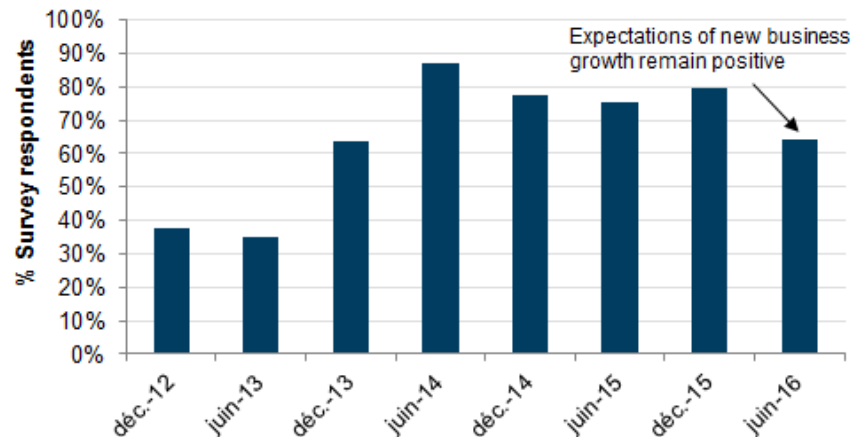


- 10.1 Operational cost / income around 40% and stable**
- 10.2 Cost of risk down from 0.4% to 0.3%**
- 10.3 Increased profitability**
- 10.4 Growing volumes**
- 10.5 Equal win-win for leasing sector and its customers**

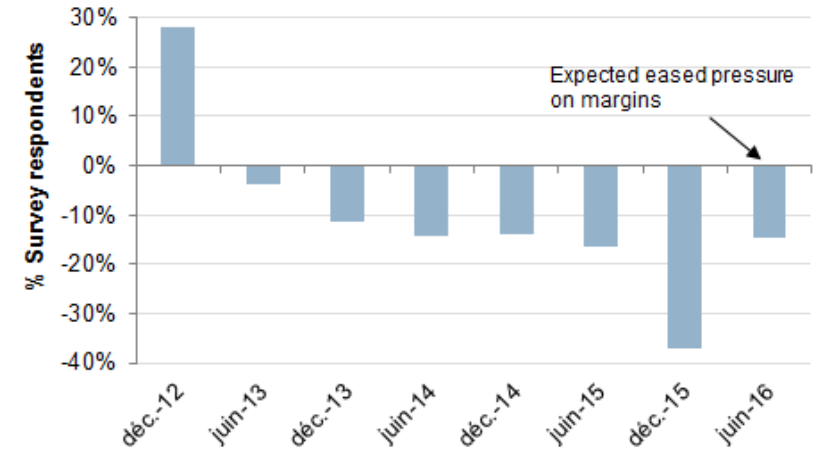


10.6 Moderate optimism for the near future despite modest economic growth and political uncertainty

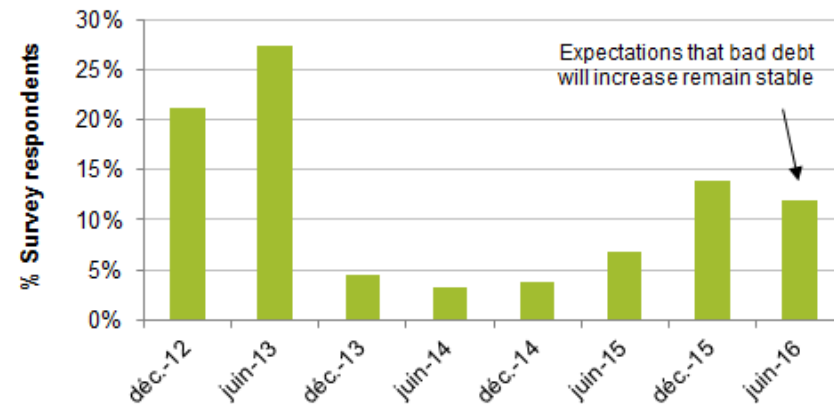
New Business Volumes



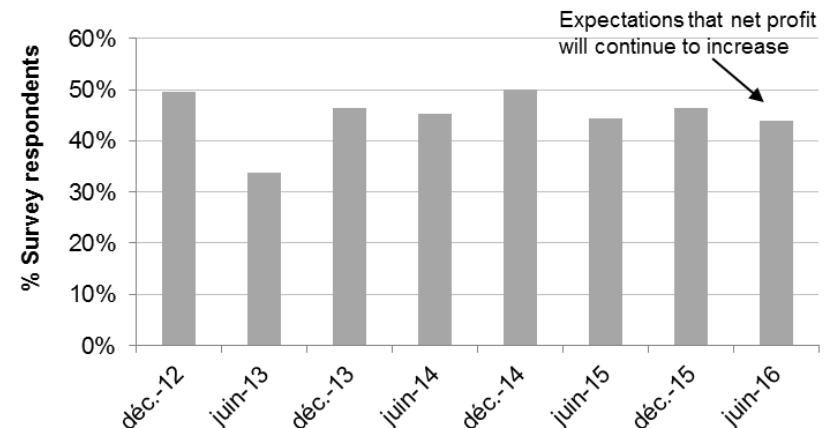
Margins



Bad Debt



Net Profit



Balance between respondents expressing positive and negative opinions of the outlook over the next six months

Source: Leaseurope/Invigors Business Confidence Survey June 2016

Our agenda the coming years...

- ✓ The new international lease accounting standard **IFRS 16** underway
- ✓ Leasing as a key part of a more **sustainable economic model**
(circular economy, changing consumer behaviour...)
- ✓ **Technological evolution** at the forefront of innovative financing solutions (big data, IT, fraud, manufacturing...)
- ✓ Advantages and/or limitations of **funding opportunities**
- ✓ Changing **competitive landscape** (merger & acquisitions, new entrants...)

Challenges ahead ⁽¹⁾

- Challenges in economic drive
 - Reduced / zero growth
 - Stimulating consumption?
 - Employment
- Challenges in the economic tissue
 - New business models (überfication)
 - Making versus delivering
 - Owning versus using
- Challenges in digitalisation
 - Man versus machine
 - Social tensions

Challenges ahead (2)

- Challenges in security

- Corporate security
- Personal security
- Data
- Fraud

- Challenges in the ways of doing business

- Ethical standards: trust marks, transparency & moderate profits
- Business responsibility: environment & social involvement

5 Opportunities to look out for

- ✓ Digitalisation : never think a small idea cannot harm a big business (Kodak as the example of a traditional company who invented the digital camera, but did put in in the fridge to protect its film roll business)
- ✓ Uberfication (Uber the “taxi” portal) : optimise assets and time
- ✓ Spotification (Spotify as the “music” portal) : ownership versus user experience
- ✓ Amazonification (See Amazon and Kindle) : customer is looking for a digital experience
- ✓ Robotisation (Robomow as competitor to traditional grass mowers like Briggs & Stratton or Honda) :
man versus machine = disrupting the social tissue centered around work and issue between haves and have-nots

Combined example in mobility : car sharing and autonomous driving as expressions of Spotification (ownership) and Uberfication (optimisation and save time)



Leaseurope's Research programme helps us further support and develop the Federation's activities by:

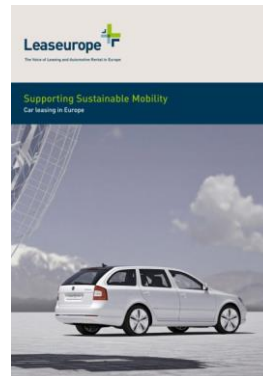
- > Showing policymakers that our industry is an important contributor to sustainable European economic growth
- > Highlighting the unique advantages of leasing and rental to end-user clients
- > Demonstrating to manufacturers and clients that leasing products have the potential to boost their sales and profitability and
- > Promoting the added value of leasing for investors.

Research, publications & leaflets



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Leon Dhaene
Director General , Leaseurope

Mátraháza, Hungary | 10 November 2016