

For Immediate Release

Record-breaking growth for European leasing in 2005

BRUSSELS – March 30, 2006 – Latest data collected by Leaseurope, the European Federation of Leasing Company Associations, reveal that the European leasing business broke several records last year.

With the annual survey of its 30 member leasing associations, Leaseurope estimates that new leasing contracts worth just above 270 billion euros were concluded during 2005, making the European leasing market the largest in the world. This figure exceeds forecasts made by the Federation and represents an increase of almost 14% compared to 2004, revealing that the leasing sector has outperformed the rest of the European economy on average. In comparison, investment levels in the EU25 increased by only 5.1% compared to 2004¹. Additionally, the stock of leased assets in the hands of the European leasing companies represented by Leaseurope's national associations amounted to over 600 billion euros at the end of 2005.

Several factors are behind this impressive double digit growth. Firstly, the European market has seen substantial increases in the real estate leasing sector over the past year, with Italy being the largest market in this fast-developing business. In fact, Leaseurope estimates that this segment will have progressed by around 25% in 2005. On the equipment leasing side, growth is expected to average above 16%. The financing of road transport vehicles in particular is set to contribute to its success, with growth forecasted at 18%.

Together with these trends is the ongoing development of Central and Eastern European (CEE) markets. Some of these markets are beginning to display certain characteristics traditionally associated with more developed markets, such as the switch from car and truck focused leasing to the leasing of varied asset types. Nevertheless, it is clear that business prospects remain extremely promising in CEE countries with many opportunities for further expansion. Moreover, Leaseurope's representation continued eastwards in 2005, with 4 new national associations in the CEE becoming members of the Federation, yet another indication of the success of leasing as a source of finance in these countries.

However, the most important difference compared to the previous year's figures lies with the mature European markets. As Leaseurope's Chairman, Jean-Marc Mignerey explains: "While growth was sluggish for a majority of these markets in 2004, it picked up considerably in 2005. Not only have the larger markets such as France, Germany and, to a somewhat lesser extent, the UK, progressed a great deal compared to 2004, a number of the smaller developed markets are also back to levels that have not been seen for some years." Indeed, the dynamic Nordic markets achieved increases in their new leasing production akin to those obtained in CEE countries and Italian leasing remained strong, fueled by the expanding real estate sector.

¹ The growth rate of investments in the EU25 is measured as the difference between gross fixed capital formation at the end of 2005 compared to 2004 and expressed in current prices. Figures for gross fixed capital formation are taken from Eurostat.

The last time the European leasing business witnessed such levels of performance was in 1998, when growth rates reached around 14.5%. The constant, positive expansion of leasing since then, along with the outstanding increase in 2005, demonstrate that leasing continues to be a popular means of finance in both mature and emerging European markets. The preference for leasing, compared to traditional bank loans for instance, lies with the fact that a lease contract allows the lessee to finance 100% of the value of the asset. The upshot is that the lessee does not have to provide costly additional collateral or guarantees because the leased asset acts as collateral. Another advantage is that leasing allows companies to use equipment that they may not wish to purchase and to control their budgets. A further characteristic of leasing is its customer base. While leases can be granted to a wide range of clients, it is a particularly accessible (and in some cases the only) source of finance for SMEs who play a key role in stimulating European growth.

With European leasing having had such a successful year, Mr. Mignerey comments that “double digit growth is the best proof of the positive role leasing plays in the economy”. “The next challenge facing the industry will be to sustain the pace set in 2005. The good news is that barometers of European lessor’s confidence show that expectations for the first quarter of 2006 are higher than they have been for a year – the outlook for the year ahead is promising and I believe we are on the right track”, he concludes.

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Leaseurope, the European Federation of Leasing Company Associations is the umbrella body that represents the leasing industry in Europe. Its membership consists of 30 National Associations. The countries represented are: Austria, Belgium, Bosnia-Herzegovina, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Luxembourg, Morocco, the Netherlands, Norway, Poland, Portugal, Romania, Russia, Serbia-Montenegro, Slovakia, Slovenia, Spain, Sweden, Switzerland and the United Kingdom.

Leaseurope’s Chairman, Jean-Marc Mignerey, is currently Chief Executive Officer of SG Equipment Finance.

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