

FOR IMMEDIATE RELEASE

New Report Demonstrates Leasing is Crucial Source of Finance for SMEs

Brussels, 29 November 2011 - Leaseurope, the trade association representing the European leasing and automotive rental industries, has released a report¹ on the use of leasing amongst European SMEs², undertaken by leading economic consultancy Oxford Economics. The report is based on a survey conducted in July 2011 on the use of leasing amongst European SMEs. Just under 3,000 SMEs were interviewed across 9 industrial sectors and in 8 countries (Germany, France, UK, Italy, Spain, Netherlands, Poland and Sweden), which together account for 83% of total EU economic output and 78% of the European leasing market.

The report finds that leasing was used by more European SMEs than any individual form of bank lending. Of the SMEs surveyed, 40% used leasing in 2010 and this figure is expected to increase to 43% in 2011. In 2010, 16.7% of total SME investment was financed by leasing, a figure which is expected to grow to 18.6% in 2011. This compares to a leasing penetration rate of 12.9% in 2010 for businesses of all sizes in the same countries, which means that European SMEs use leasing to finance a greater portion of their investment than larger businesses.

According to the report, European lessees invested 57% more in their businesses on average than non-users of leasing. Small lessees in particular may invest more than non-users because they are taking advantage of one of the few external financing options available to firms of that size. Leasing is also shown in the report to be a more rapidly available form of finance for young firms, with a 25% take-up rate for SMEs less than 2 years old and a 50% for firms between 2 and 5 years old.

When the SME companies surveyed were asked what advantages of leasing are most important to them, a very wide variety of benefit categories were valued highly. Leasing is also used to finance an extremely broad range of asset types, thus providing a valuable form of support for a broad scope of businesses, whatever their asset needs may be.

Amongst the reasons that leasing is so popular with European SMEs is the fact that leasing provides the possibility to finance up to 100% of the purchase price of an asset, without having to offer any supplementary guarantees or collateral. Lessees can also better manage their working capital by spreading payments over the life of the asset and leasing enables them to use equipment without having to worry about considerations linked to ownership, such as second hand asset values or the disposal of the asset when it is no longer required.

SMEs account for 67% of total employment in the EU-27 and accounted for a greater portion of economic growth than large firms over the period 2002-2008³. Therefore, it is vital to ensure that SMEs, the motor of the European economy, can finance investment in productive assets.

¹ The report received generous support from **Linedata**, a global solutions provider dedicated to the investment management and lending & asset finance community by providing innovative and tailored mission-critical software and services.

² This acronym refers to "Small and Medium sized Enterprise" and for the purposes of this report incorporates micro firms too.

³ Latest available data. Source: European Commission's Annual SME Performance Review 2010.

In the report, projections for GDP growth based on a greater uptake of leasing under various scenarios show a potential impact on growth rates of between 10 to 15 basis points per annum for the 8 countries sampled. Set against the Eurozone's long term trend growth rate of approximately 2% per annum, this boost is significant and would add an extra 0.9% to 1.5% to the level of GDP by 2020.

Tanguy van de Werve, Director General of Leaseurope said that: "This report has been a research priority at Leaseurope for a long time now. The topic of leasing to SMEs is important to the industry because Europe's small businesses are our key client segment. However, to date there has been a lack of information on the topic at European level. No longer. Leaseurope has filled this gap with a unique, added-value service to its membership base and can now provide evidence that leasing is a crucial form of finance for SMEs to all those with an interest in the sphere of SME access to finance."

Jukka Salonen, Chairman of the Leaseurope Board and CEO of Nordea Finance commented: "The current focus on the role SMEs play in stimulating investment and economic growth in Europe means that there is potential for European policymakers to place greater emphasis on the support leasing can provide to SMEs. This report demonstrates that leasing is a vital source of investment financing for SMEs and that promotion of this market would ensure that European SMEs can invest and expand more in the future. Given the current economic climate, leasing clearly has an important role to play in helping European SMEs and, in turn the European economy, on the path to full recovery."

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NOTES FOR THE EDITORS:

How to Obtain the Report

To access the report please visit the SME page on Leaseurope's website:

<http://www.leaseurope.org/index.php?page=smes>.

About Leaseurope

As a Federation, Leaseurope brings together 45 associations throughout Europe representing either the leasing, long term and/or short term automotive rental industries. The scope of products covered by Leaseurope's members range from hire purchase and finance leases to operating leases of all asset types (automotive, equipment and real estate) and also includes the rental of cars, vans and trucks. It is estimated that Leaseurope represents approximately 96% of the European leasing market.

Media Contacts

For further information, please contact:

Anne Valette
Head of Communications
+32 2 778 05 65
a.valette@leaseurope.org

Jurgita Bucyte
Adviser, Economic & Financial Affairs
+32 2 778 05 63
j.bucyte@leaseurope.org