

FOR IMMEDIATE RELEASE

LEASEUROPE INDEX SEGMENT SURVEY: 2015 RESULTS

Brussels, 26 August 2016 – The Leaseurope Index is a unique survey that tracks key performance indicators of a sample of European lessors on a quarterly basis. The Segment Survey is an annual supplement to the quarterly Index, reporting on the financial ratios¹ broken down by four asset types; equipment, real estate, passenger cars and commercial vehicles. This 2015 survey is the fifth edition of the project.

Both weighted average ratios and median ratios are reported. The weighted average ratios are useful as they take into account the size of the firms, so that bigger firms contribute more to the final value than smaller firms, but they can be heavily influenced by extremely positive or negative values (outliers). The median ratio reports the value of the mid-point or 'typical' firm and therefore is not influenced by these outliers. However, it does not take into account the firm size, merely the number of firms. Taking into account both of these ratios should give a better picture of the market trends.

We present graphs showing the quarterly trends in 2015, followed by the annual trends from 2011 to 2015. The quarterly results are a lot more volatile than the annual figures, therefore the annual results are a more reliable indicator of changes in the relevant asset segment markets.

Please note that the results of the Segment Survey may not be directly comparable to the Leaseurope Index Quarterly Survey. Various assets that are included in the Quarterly Survey results and which do not fit into one of the four categories used in the Segment Survey, such as renewable energy or big ticket assets, may not be taken into account in the Segment Survey results. Various costs and incomes related to international co-ordination of the business may also not be included, as they can be difficult to allocate to different asset types. In some cases the company figures for each asset type are estimates. For instance, if financial indicators split by assets include a variety of products, then the portion attributable to leasing needed to be estimated. Equally, if asset splits were only available for the total automotive portfolio, then the split by passenger cars and commercial vehicles had to be estimated in some cases.

¹ The financial ratios reported are profitability, cost/income, cost of risk and return on assets. Return on equity is not reported as it is not possible to divide company equity by asset type.

2015 SEGMENT RESULTS

The following paragraphs provide a brief overview of the results of the survey, focussing on the median values of the indicators. The results of the 2015 Segment Survey show that the leasing industry has managed to build on its strong 2014 performance in 2015, managing in some indicators to chart its best performance since this survey began. Of the total outstanding portfolio reported, 40% is attributed to equipment, 26% to real estate, 28% to passenger cars and 6% to commercial vehicles.

Profitability

All asset classes reported improvements in profitability between 2014 and 2015, reaching their highest annual levels in five years, with the exception of real estate, where profitability fell. Commercial vehicles performed particularly well with a 28% increase in the index level. When looking at quarterly data, automotive and equipment assets experienced a slight deterioration of profitability over the course of 2015. The performance of real estate leasing was less volatile in 2015 than in 2014, although it ended the year in negative territory.

Cost/income

The picture for cost/income is mixed in 2015. Ratios for truck leasing sharply spiked between 2014 and 2015 to their highest level since the beginning of the survey, with ratios for equipment leasing also increasing in 2015. On the other hand, real estate and passenger cars saw decreasing cost income ratios during this period. Cost/income escalated over the course of 2015 for all asset classes except trucks, for which ratios jumped in the second half of the year.

Cost of risk

All asset classes saw a declining cost of risk between 2014 and 2015 apart from trucks, which increased by 10 basis points to 0.39% in 2015. For most asset classes, loan loss provisions appear to peak at the end of the year. Passenger cars and equipment were able to maintain a fairly stable and low cost of risk throughout the year at around 0.2% and 0.3%, respectively. Real estate leasing experienced a lot of volatility in cost of risk in 2015, reaching a maximum of almost 1% in the second quarter.

Return on assets

Developments in RoA were positive for automotive assets in 2015. It was an especially good year for passenger car leasing, which grew for another consecutive year reaching 1.8%, which is the highest RoA recorded in the survey. Equipment leasing remained fairly stable throughout 2015 while the return on real estate assets continued to struggle, almost reaching zero. While all assets saw a dip in RoA in Q4, values remained mostly stable over 2015 with the exception of real estate which experienced substantial volatility.

Please refer to the attached tables and graphs for more detailed information.

Fig 1: Index of Median Profitability by asset type, 2015

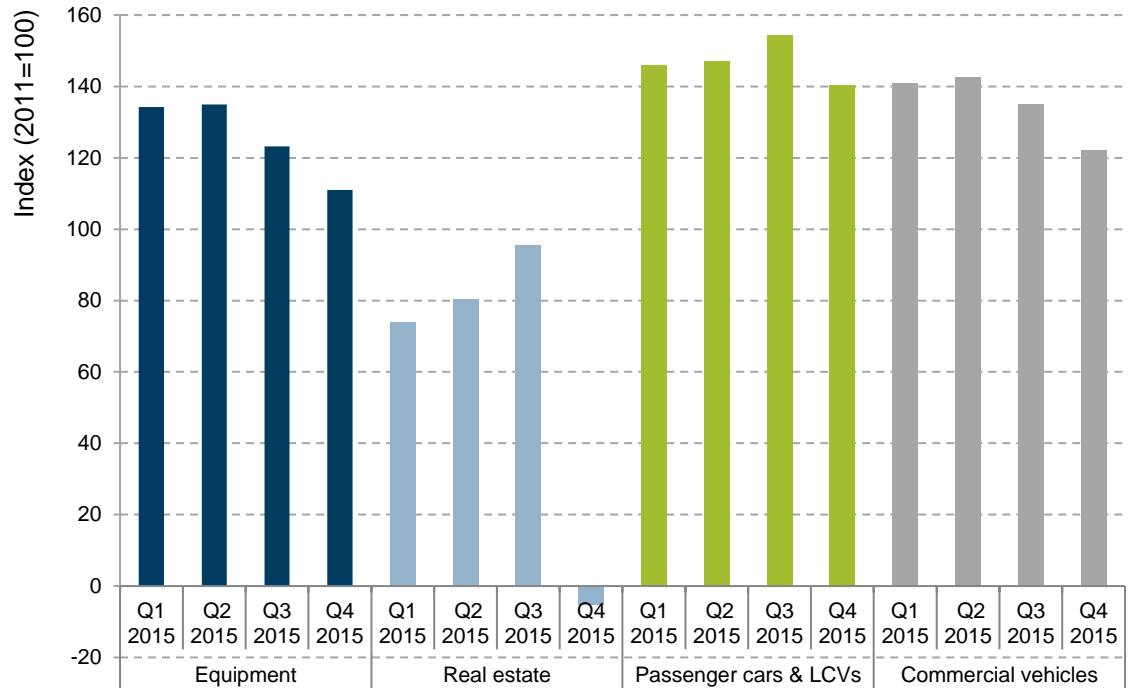


Fig. 2: Median Cost/Income Ratio by asset type, 2015

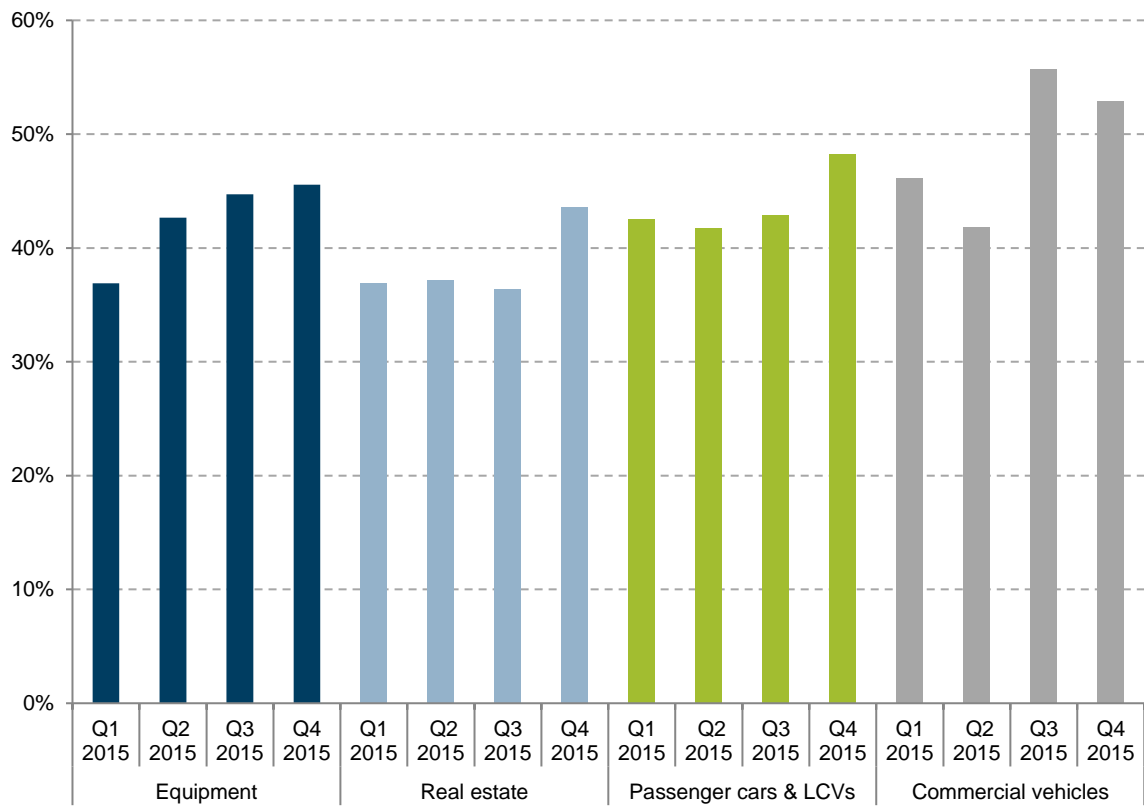


Fig. 3: Median Cost of Risk Ratio by asset type, 2015

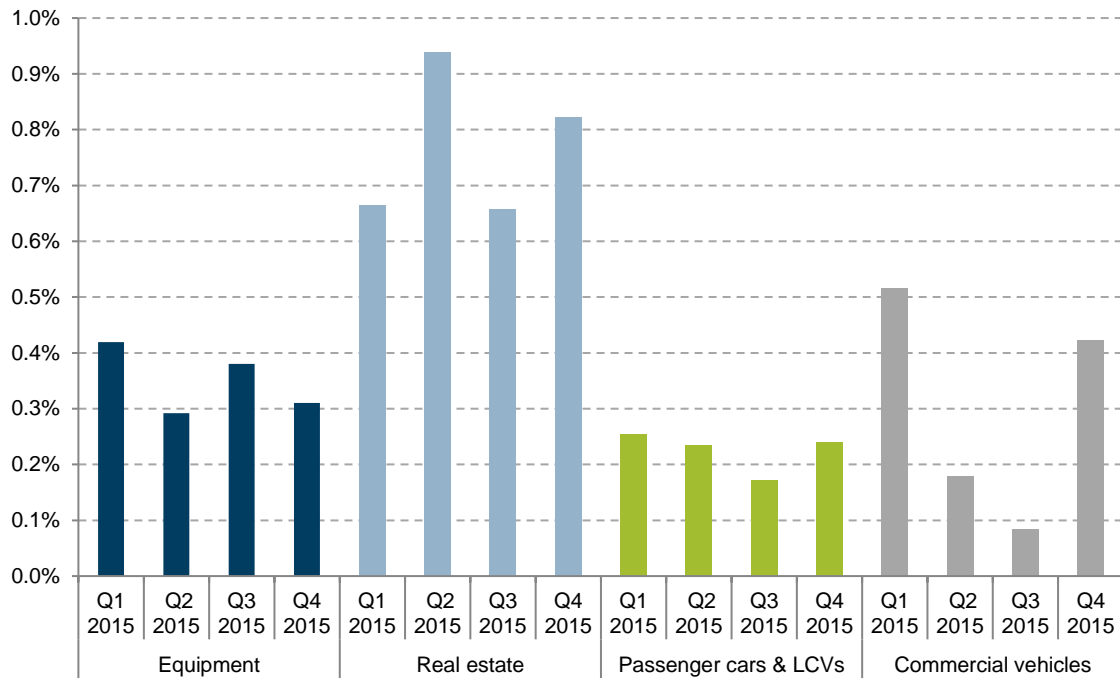


Fig. 4: Median Return on Assets Ratio by asset type, 2015

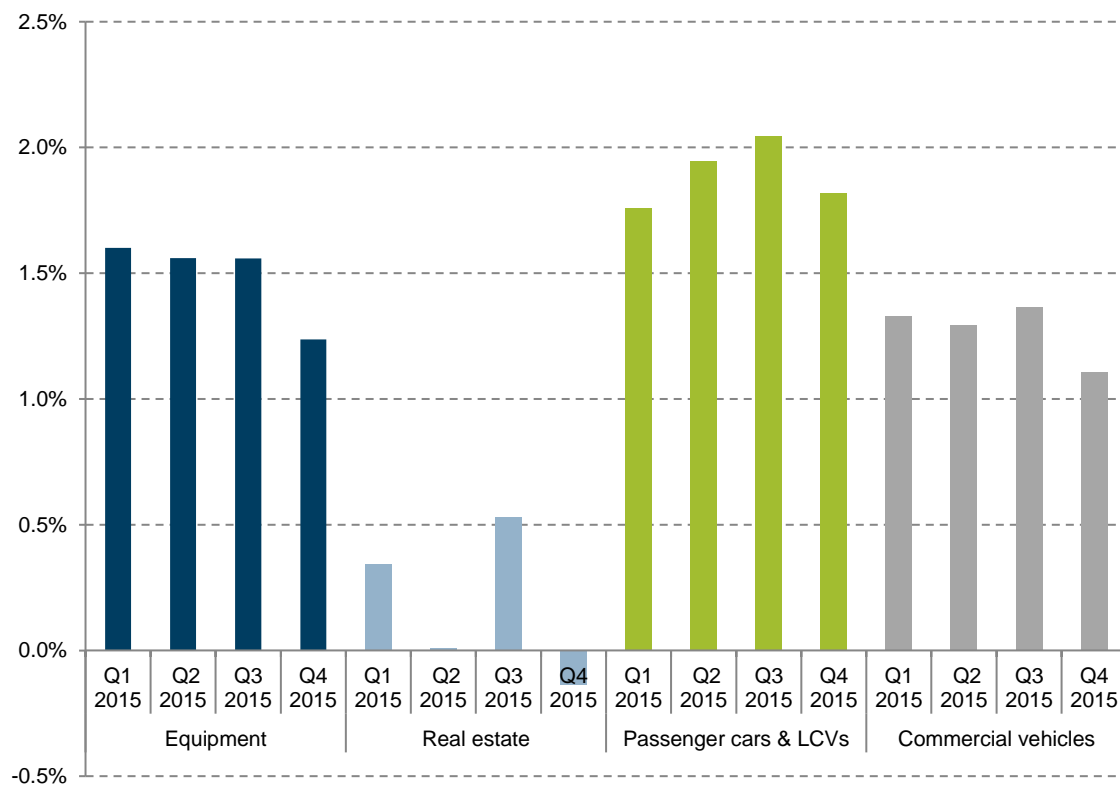


Fig 5: Index of Median Profitability by asset type

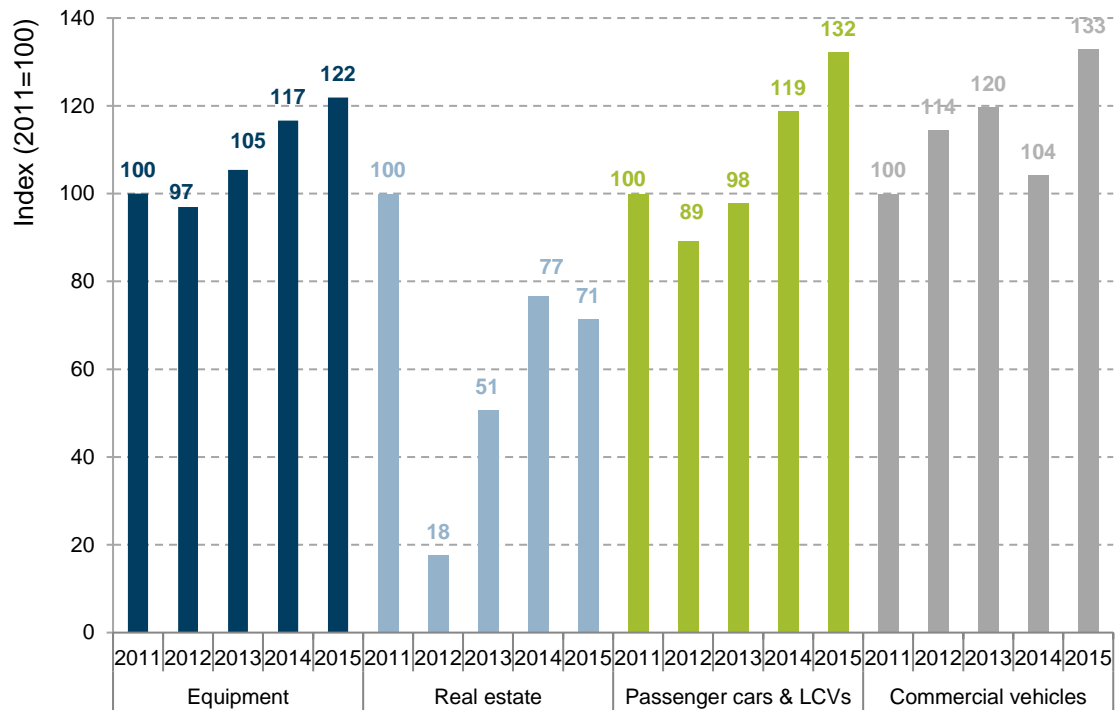


Fig. 6: Median Cost/Income Ratio by asset type, 2011 - 2015

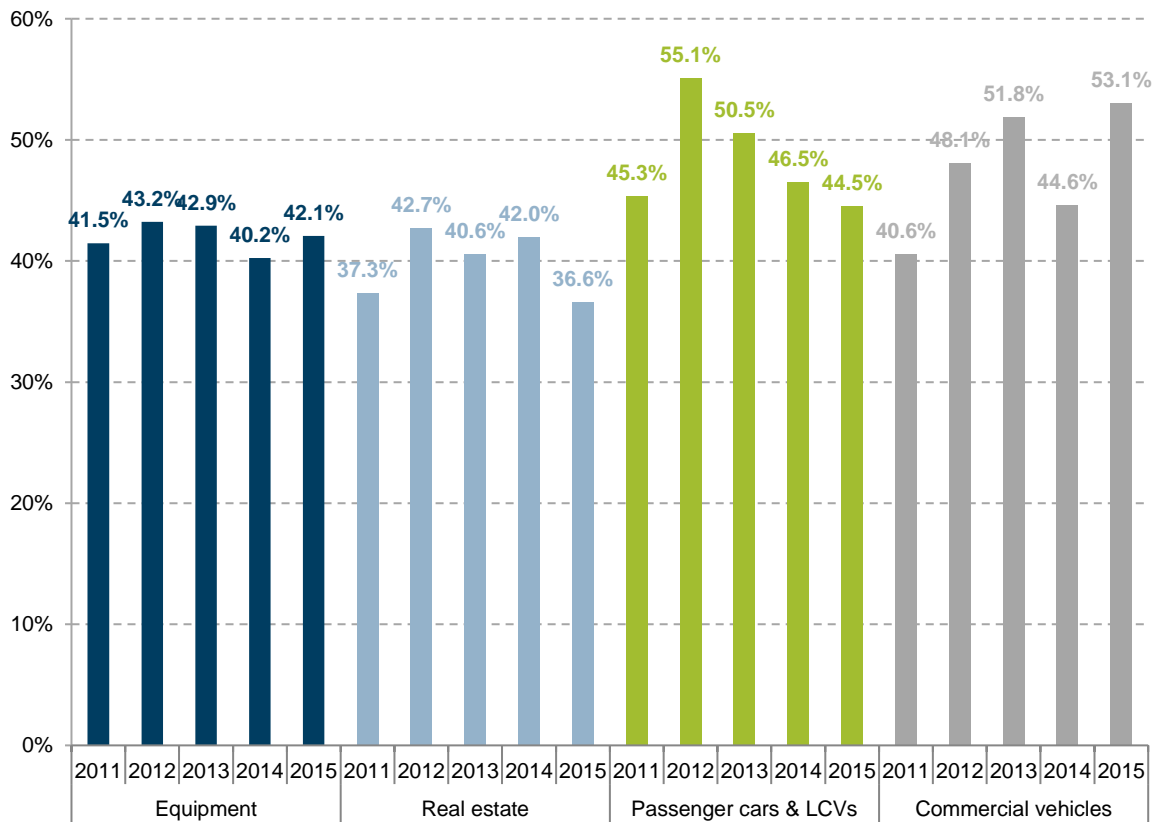


Fig. 7: Median Cost of Risk Ratio by asset type, 2011 - 2015

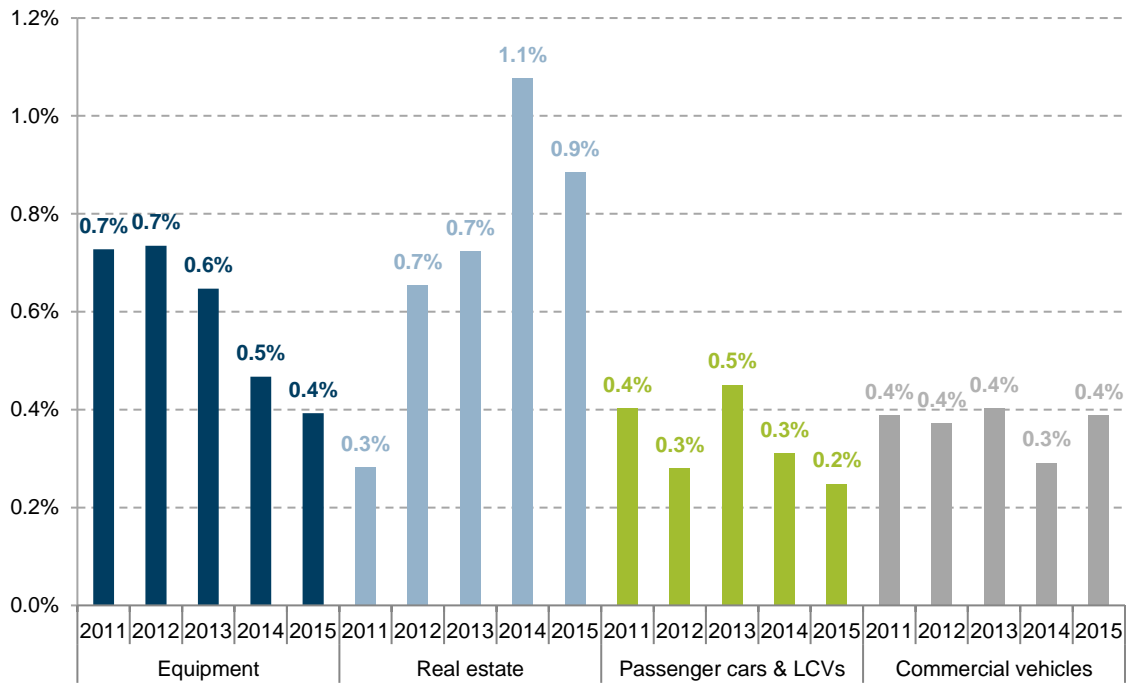


Fig. 8: Median Return on Assets Ratio by asset type, 2011 - 2015

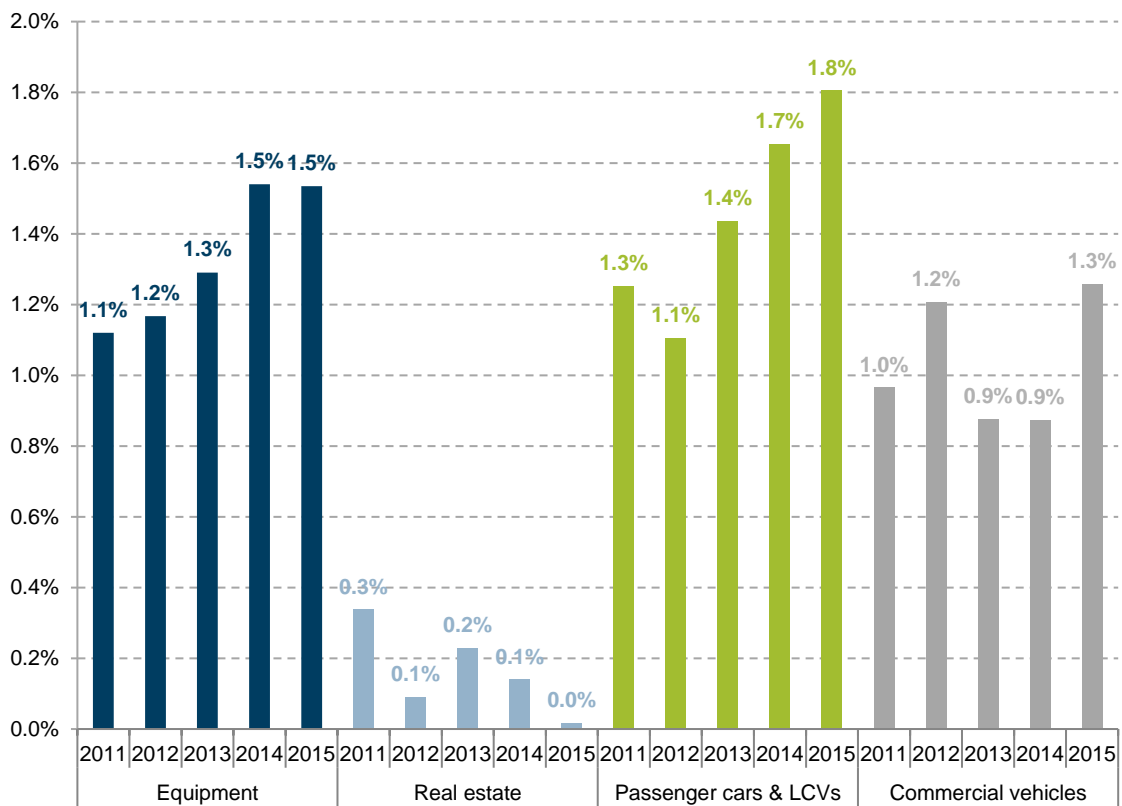


Table 1: Median Ratios² - Equipment

Median Ratios	2015					2014
	Median 2015 full year	Median Q4 2015	Median Q3 2015	Median Q2 2015	Median Q1 2015	Median 2014 full year
Profitability (2011=100) - Index of the median of all companies' pre-tax profit as a % of total operating income	122	111	123	135	134	117
Cost/Income (%) - median of all companies' operating expenses as a % of operating income	44.4%	45.6%	44.7%	42.7%	36.9%	42.6%
Cost of Risk (%)* - median of all companies' loan loss provision (annualised) as a percentage of average portfolio over the period	0.4%	0.3%	0.4%	0.3%	0.4%	0.5%
Return on Assets (%)* - median of all companies' net profit before tax (annualised) as a percentage of average portfolio over the period	1.5%	1.2%	1.6%	1.6%	1.6%	1.5%

Table 2: Median Ratios - Real Estate

Median Ratios	2015					2014
	Median 2015 full year	Median Q4 2015	Median Q3 2015	Median Q2 2015	Median Q1 2015	Median 2014 full year
Profitability (2011=100) - Index of the median of all companies' pre-tax profit as a % of total operating income	71	-5	95	80	74	77
Cost/Income (%) - median of all companies' operating expenses as a % of operating income	36.6%	43.5%	36.4%	37.2%	36.9%	42.0%
Cost of Risk (%)* - median of all companies' loan loss provision (annualised) as a percentage of average portfolio over the period	0.9%	0.8%	0.7%	0.9%	0.7%	1.1%
Return on Assets (%)* - median of all companies' net profit before tax (annualised) as a percentage of average portfolio over the period	0.0%	-0.1%	0.5%	0.0%	0.3%	0.1%

* denotes that the quarterly numerator (either loan loss provision or net profit) has been annualised in order to calculate the relevant ratio for each individual quarter.

² The median ratio shows the value at which half of the companies lie below this value and half lie above this value. It represents the 'typical' firm in the sample and is not as heavily influenced by outliers (extreme results) as the weighted average.

Table 3: Median Ratios – Passenger Cars & LCVs

Median Ratios	2015					2014
	Median 2015 full year	Median Q4 2015	Median Q3 2015	Median Q2 2015	Median Q1 2015	Median 2014 full year
Profitability (2011=100) - Index of the median of all companies' pre-tax profit as a % of total operating income	132	140	154	147	146	119
Cost/Income (%) - median of all companies' operating expenses as a % of operating income	44.5%	48.2%	42.9%	41.7%	42.5%	46.5%
Cost of Risk (%)* - median of all companies' loan loss provision (annualised) as a percentage of average portfolio over the period	0.2%	0.2%	0.2%	0.2%	0.3%	0.3%
Return on Assets (%)* - median of all companies' net profit before tax (annualised) as a percentage of average portfolio over the period	1.8%	1.8%	2.0%	1.9%	1.8%	1.7%

Table 4: Median Ratios – Commercial Vehicles

Median Ratios	2015					2014
	Median 2015 full year	Median Q4 2015	Median Q3 2015	Median Q2 2015	Median Q1 2015	Median 2014 full year
Profitability (2011=100) - Index of the median of all companies' pre-tax profit as a % of total operating income	133	122	135	143	141	104
Cost/Income (%) - median of all companies' operating expenses as a % of operating income	53.1%	52.9%	55.7%	41.8%	46.1%	44.6%
Cost of Risk (%)* - median of all companies' loan loss provision (annualised) as a percentage of average portfolio over the period	0.4%	0.4%	0.1%	0.2%	0.5%	0.3%
Return on Assets (%)* - median of all companies' net profit before tax (annualised) as a percentage of average portfolio over the period	1.3%	1.1%	1.4%	1.3%	1.3%	0.9%

* denotes that the quarterly numerator (either loan loss provision or net profit) has been annualised in order to calculate the relevant ratio for each individual quarter.

Table 5: Weighted Average Ratios³ - Equipment

Weighted Average Ratios	2015					2014
	Average 2015 full year	Average Q4 2015	Average Q3 2015	Average Q2 2015	Average Q1 2015	Average 2014 full year
Profitability (2011=100) - Index of the average of all companies' pre-tax profit as a % of total operating income	129	122	131	138	119	104
Cost/Income (%) - average of all companies' operating expenses as a % of operating income	48.3%	50.3%	49.6%	46.6%	47.5%	46.4%
Cost of Risk (%)* - average of all companies' loan loss provision (annualised) as a percentage of average portfolio over the period	0.4%	0.4%	0.4%	0.4%	0.6%	0.7%
Return on Assets (%)* - average of all companies' net profit before tax (annualised) as a percentage of average portfolio over the period	1.4%	1.4%	1.5%	1.6%	1.3%	1.1%

Table 6: Weighted Average Ratios - Real Estate

Weighted Average Ratios	2015					2014
	Average 2015 full year	Average Q4 2015	Average Q3 2015	Average Q2 2015	Average Q1 2015	Average 2014 full year
Profitability (2011=100) - Index of the average of all companies' pre-tax profit as a % of total operating income	-23	-311	35	3	34	-267
Cost/Income (%) - average of all companies' operating expenses as a % of operating income	36.8%	39.6%	39.9%	37.4%	39.5%	36.9%
Cost of Risk (%)* - average of all companies' loan loss provision (annualised) as a percentage of average portfolio over the period	1.1%	1.8%	0.9%	1.0%	0.9%	1.3%
Return on Assets (%)* - average of all companies' net profit before tax (annualised) as a percentage of average portfolio over the period	-0.1%	-0.8%	0.1%	0.0%	0.1%	-0.7%

* denotes that the quarterly numerator (either loan loss provision or net profit) has been annualised in order to calculate the relevant ratio for each individual quarter.

³ Leaseurope calculates weighted average ratios based on the data provided by participating companies. The profitability and cost/income ratios are weighted by new business volumes over the relevant period. For example, each company's individual profitability ratio is weighted by its new business over the quarter to arrive at the weighted average ratio shown in the table. The cost of risk, RoA and RoE ratios are weighted by the average portfolio over the relevant period.

Table 7: Weighted Average Ratios – Passenger Cars & LCVs

Weighted Average Ratios	2015					2014
	Average 2015 full year	Average Q4 2015	Average Q3 2015	Average Q2 2015	Average Q1 2015	Average 2014 full year
Profitability (2011=100) - Index of the average of all companies' pre-tax profit as a % of total operating income	128.5	126.9	147.2	148.4	145.0	128.5
Cost/Income (%) - average of all companies' operating expenses as a % of operating income	47.3%	52.3%	46.0%	45.2%	45.6%	48.6%
Cost of Risk (%)* - average of all companies' loan loss provision (annualised) as a percentage of average portfolio over the period	0.2%	0.2%	0.2%	0.2%	0.2%	0.3%
Return on Assets (%)* - average of all companies' net profit before tax (annualised) as a percentage of average portfolio over the period	3.8%	3.1%	3.7%	3.8%	3.6%	3.2%

Table 8: Weighted Average Ratios – Commercial Vehicles

Weighted Average Ratios	2015					2014
	Average 2015 full year	Average Q4 2015	Average Q3 2015	Average Q2 2015	Average Q1 2015	Average 2014 full year
Profitability (2011=100) - Index of the average of all companies' pre-tax profit as a % of total operating income	109	79	119	126	108	83
Cost/Income (%) - average of all companies' operating expenses as a % of operating income	46.6%	47.3%	47.5%	45.5%	45.4%	43.9%
Cost of Risk (%)* - average of all companies' loan loss provision (annualised) as a percentage of average portfolio over the period	0.3%	0.5%	0.2%	0.2%	0.4%	0.4%
Return on Assets (%)* - average of all companies' net profit before tax (annualised) as a percentage of average portfolio over the period	1.6%	1.2%	1.7%	1.8%	1.5%	1.3%

* denotes that the quarterly numerator (either loan loss provision or net profit) has been annualised in order to calculate the relevant ratio for each individual quarter.

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About Leaseurope

As a Federation, Leaseurope brings together 47 associations throughout Europe representing either the leasing, long term and/or short term automotive rental industries. The scope of products covered by Leaseurope members ranges 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 93% of the European leasing market. Find out more at www.leaseurope.org.

Leaseurope's mission is to effectively represent the European industry with a united voice vis-à-vis European and international policymakers, be the catalyst for European-level research in the field of leasing and automotive rental and provide leasing companies in Europe with the platforms they need to meet their peers from other countries. In particular, thanks to Leaseurope's **Research Programme**, Leaseurope ensures that the leasing industry is provided with up-to-date and comprehensive market data, research studies and publications on the trends and developments of the leasing and automotive rental industry. More information on the Leaseurope Research Programme [here](#).

About the Leaseurope Index

Who conducts this survey?

Leaseurope conducts this survey. Individual companies report their figures for each indicator to Leaseurope, which aggregates the results on a confidential basis.

What is the purpose of this survey?

The purpose of the Leaseurope Index is to provide timely and regular information on the European leasing and automotive rental market. This is the only survey to report statistics on both volume of business and value creation metrics at European level.

What indicators are covered by the Leaseurope Index?

The survey tracks operating income, operating expenditure, loan loss provision, pre-tax profit, portfolio of leased assets and new business volumes for each quarter.

Definitions:

- 1) **Total operating income:** Net interest income + net fee and commission income + net insurance result + trading profit + other net income (including rental income net of depreciation on operating leases and profit on sales of assets linked to leasing activities)
- 2) **Total operating expenses:** includes inter alia staff costs, other administrative expenses, depreciation and amortisation
- 3) **Loan loss provision:** Net loan loss provision - write offs + recoveries over the period (including write-offs/recoveries of assets)
- 4) **Pre-tax profit:** Total operating income – costs – provisions
- 5) **Portfolio at end of period:** Total portfolio of leased assets including outstanding loans to customers and assets on operating lease at the end of each period (non-performing loans are included). The figures reflect the depreciated value of assets at the end of the period.
- 6) **New business volumes:** Total value of new contracts approved & signed by both sides (lessor and lessee) during the period during the reporting period, excluding VAT and finance charges

Based on the data provided in millions of euro by each company, Leaseurope calculates weighted average ratios, defined as follows:

Profitability ratio: weighted average of all companies' pre-tax profit as a % of total operating income. The weight used is the new business volume for the relevant period.

Cost / Income ratio: weighted average of all companies' operating expenses as a % of operating income. The weight used is the new business volume for the relevant period.

Cost of risk ratio: weighted average of all companies' loan loss provision (annualised) as a percentage of average portfolio over the period. The weight used is the average portfolio over the period. Average portfolio is calculated as the mean of the value of the portfolio of leased assets at the beginning and end of each period.

Return on assets ratio: weighted average of all companies' net profit (annualised) as a percentage of average portfolio over the period. The weight used is the average portfolio over the period. Average portfolio is calculated as the mean of the value of the portfolio of leased assets at the beginning and end of each period.

Which companies take part in the survey?

A sample of large European lessors contribute data for the Segment Survey. This sample is broadly representative of the European market in terms of geographic coverage and asset coverage. The sample represents a significant share of the total European leasing market. Please see the Leaseurope [2015 Ranking survey](#) for more information about European leasing companies in general.

How should the survey results be interpreted?

The survey tracks trends in key performance indicators at European level. The results are only presented in aggregate and no inferences can be made about any individual company's performance based on this aggregate data. Extreme care should be taken in comparing individual company performance with the Leaseurope Index, which spans a sample of lessors active in different geographic markets and sectors, and using various distribution channels.

Please note that the results of the Segment Survey may not be directly comparable to the Leaseurope Index Quarterly Survey. Various assets that are included in the Quarterly Survey results and which do not fit into one of the four categories used in the Segment Survey, such as renewable energy or big ticket assets, may not be taken into account in the Segment Survey results. Various costs and incomes related to international co-ordination of the business may also not be included, as they can be difficult to allocate to different asset types. In some cases the company figures for each asset type are estimates. For instance, if financial indicators split by assets include a variety of products, then the portion attributable to leasing needed to be estimated. Equally, if asset splits were only available for the total automotive portfolio, then the split by passenger cars and heavy commercial vehicles had to be estimated in some cases.

For this survey, Leaseurope aggregates self-declared information. While the Leaseurope Secretariat monitors the plausibility of the data, this is not audited data. As such, the Leaseurope Index should only be used for indicative purposes and care should be taken in interpreting the results. Although the sample is broadly representative, care should be taken in making inferences about market trends for the industry as a whole.

What is the geographic scope of this survey?

Consolidated figures are reported for the entire European activities of the participating companies. Europe is defined in the widest sense as EU28 + EFTA + other countries e.g. Turkey, Ukraine, Russia, Serbia, Croatia etc. Each company reports figures in euro regardless of which countries they operate in or which currencies they report in.

What is meant by "leasing"?

The term "leasing" is used in its broadest sense, covering hire purchase, finance and operating leasing which includes long term rental. Leasing is defined according to International Financial Reporting Standards (IAS17).

When will the next Leaseurope Index Segment results be released?

The segment survey is conducted on an annual basis. For future editions of this survey, Leaseurope aims to publish the results on the [Leaseurope Index website](#) during April each year.

Disclaimer

Please note that the information contained in the Leaseurope Index is of a general nature. Nobody should act upon such information without first seeking appropriate professional advice and after a thorough examination of a particular situation. Neither Leaseurope nor participating companies can be held responsible or liable for any losses or damages of any kind arising out of or in connection with the use of the information contained in the Leaseurope Index.