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PRESS RELEASE

## LEASEUROPE INDEX SEGMENT SURVEY: 2023 RESULTS

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**Brussels, 11 September 2024** – 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 ratios<sup>1</sup> broken down by four asset types; equipment, real estate, passenger cars and commercial vehicles. This 2023 survey is the thirteenth 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 annual trends from 2019 to 2023, followed by the quarterly trends in 2023. 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.*

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<sup>1</sup> 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.

## **2023 SEGMENT RESULTS**

The following paragraphs provide a brief overview of the results of the survey, focusing on the median values of the indicators. The results of the 2023 Segment Survey show mixed picture in the performance of different KPIs among major asset categories in 2023. Of the total outstanding portfolio reported in 2023, 44% is attributed to equipment, 40% to passenger cars, 9% to real estate and 7% to commercial vehicles.

### ***Profitability***

Real estate and commercial vehicles saw improvements in profitability ratios in 2023 compared to 2022, while equipment and passenger cars experienced a decline. Commercial vehicles were the top performers, followed closely by real estate and passenger cars. On a quarterly basis, most asset types, including real estate and automotive assets, peaked in profitability during the second quarter of 2023, whereas equipment reached its highest profitability in the third quarter.

### ***Cost/income***

Automotive assets saw a slight escalation in cost/income ratios, rising to circa 44% in 2023. However, equipment and real estate improved between 2022 and 2023, with their cost/income ratios dropping from 54% to 47% and from 46% to 44%, respectively. When looking at quarterly performance, the ratio for equipment and commercial vehicles peaked in the second quarter of 2023 at 50 and 44%, respectively. Real estate and passenger cars reached their highest cost/income levels in the fourth quarter, both at 44%.

### ***Cost of risk***

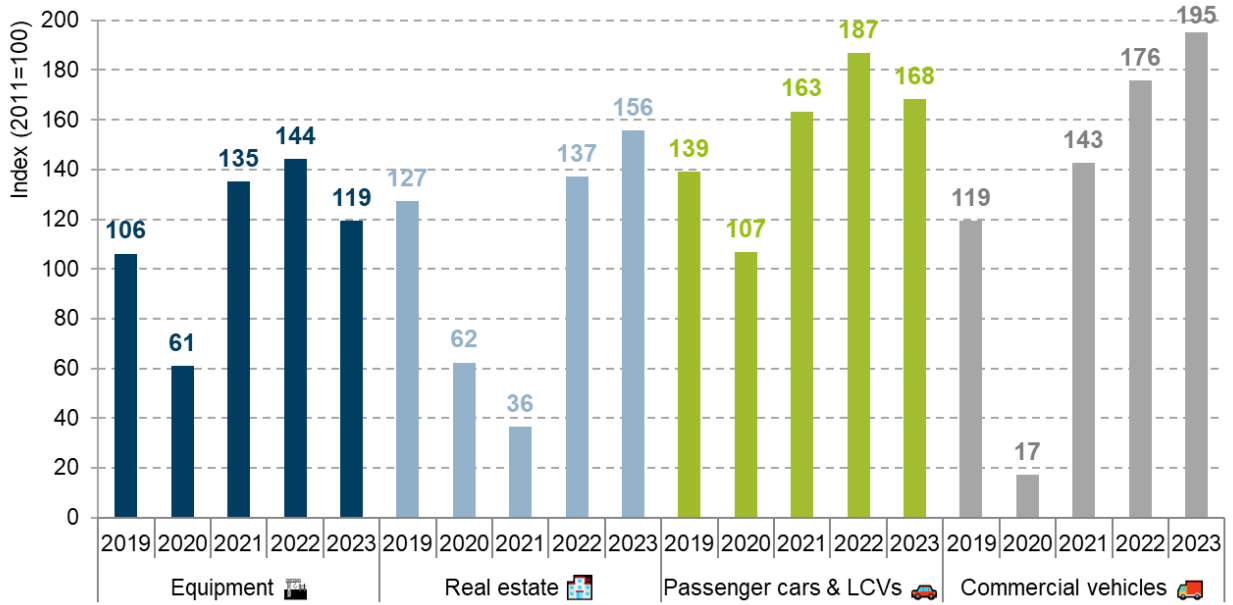
Among major asset types, only equipment experienced a deterioration in the cost of risk ratio in 2023, rising to 0.21% from 0.16% in 2022. The ratio for passenger cars remained stable at 0.18%, while commercial vehicles saw a significant improvement, with the cost of risk ratio dropping to 0.01% during the same period. In the case of real estate, the negative cost of risk ratio reflected the release of credit loss provisions and the write-off of loans by the 'typical' companies in the sample. Overall, the cost of risk ratios for all asset types peaked in the fourth quarter of 2023

### ***Return on assets***

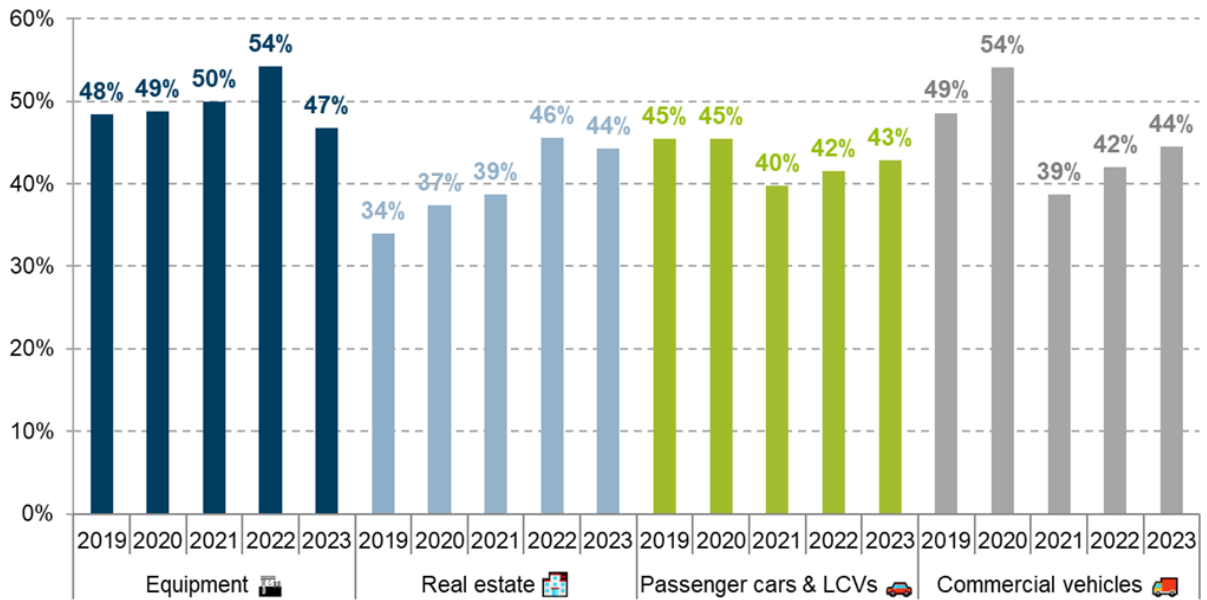
Developments in return on assets (RoA) were positive for all asset categories in 2023, especially commercial vehicles seeing the largest increase of 0.8 percentage points to reach the highest level at 2.1%, followed by passenger cars at 2.0%. RoA of equipment stood at 1.6%, while real estate recorded 1.0%. Regarding quarterly level, RoA performed stronger across all four asset categories in the first half of 2023 compared to the second half.

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

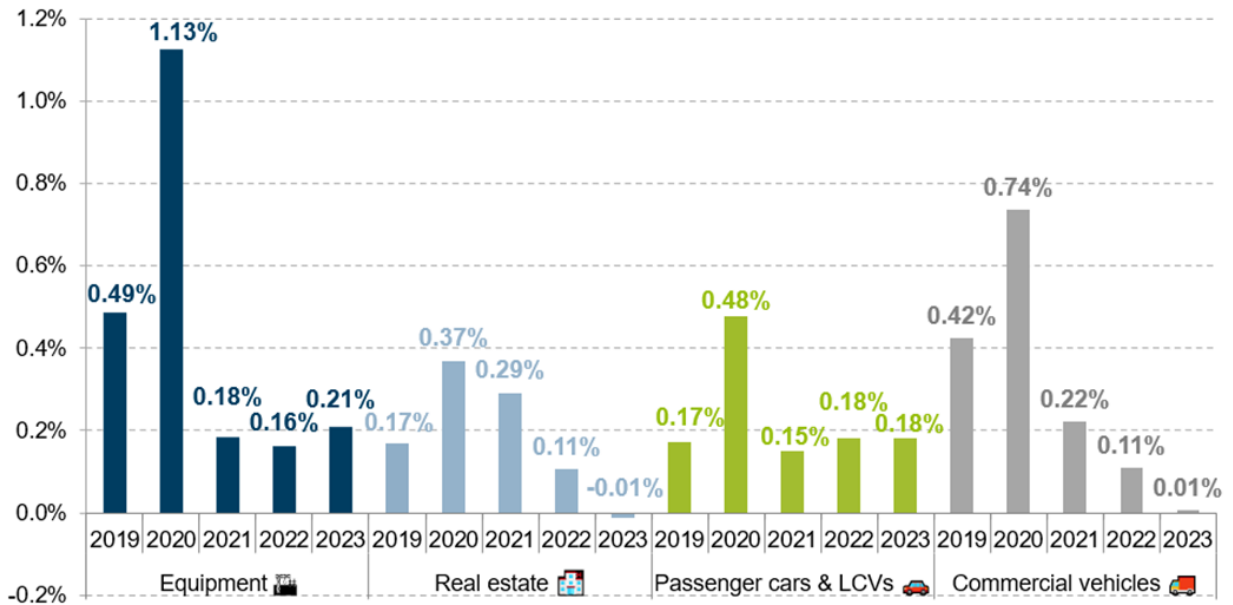
**Fig. 1: Index of Median Profitability Ratio by asset type, 2019 - 2023**



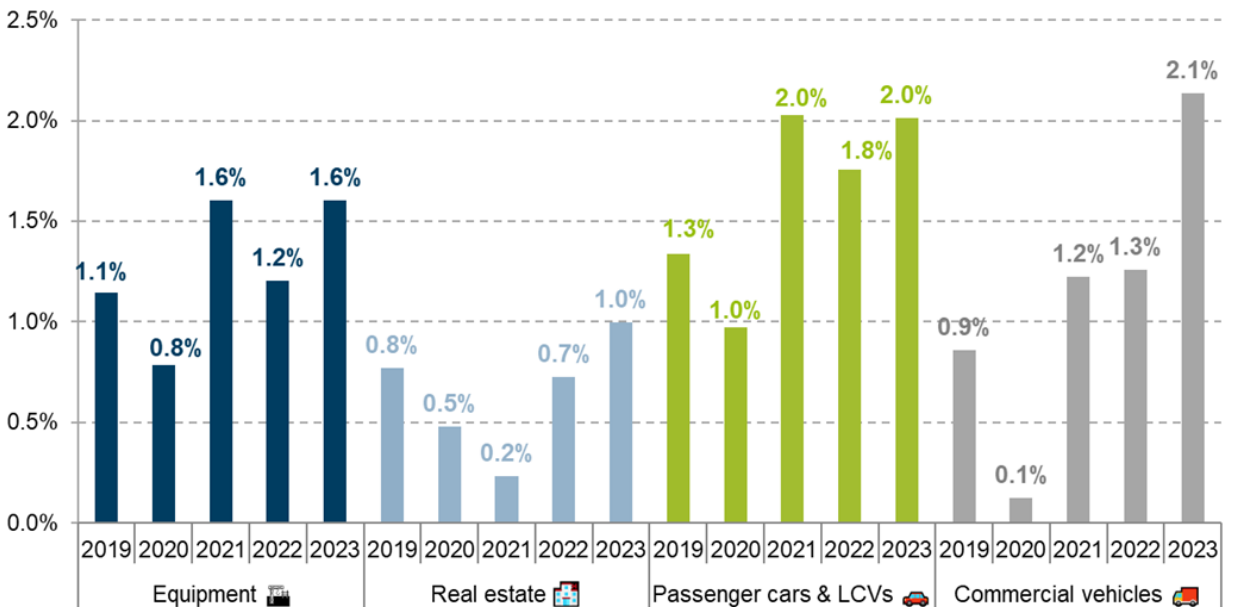
**Fig. 2: Median Cost/Income Ratio by asset type, 2019 - 2023**



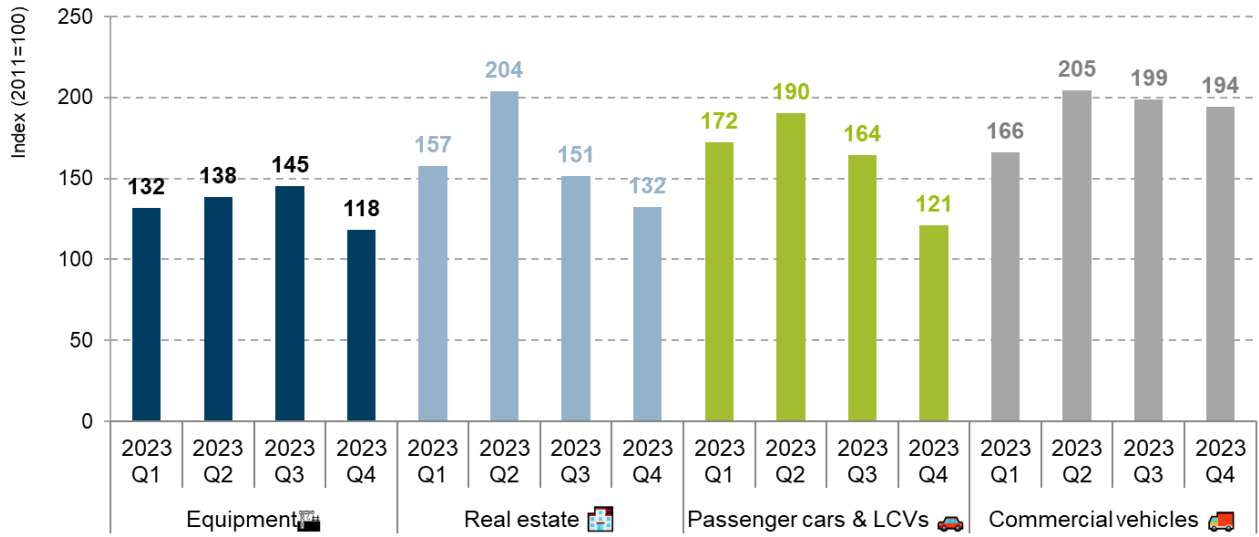
**Fig. 3: Median Cost of Risk Ratio by asset type, 2019 - 2023**



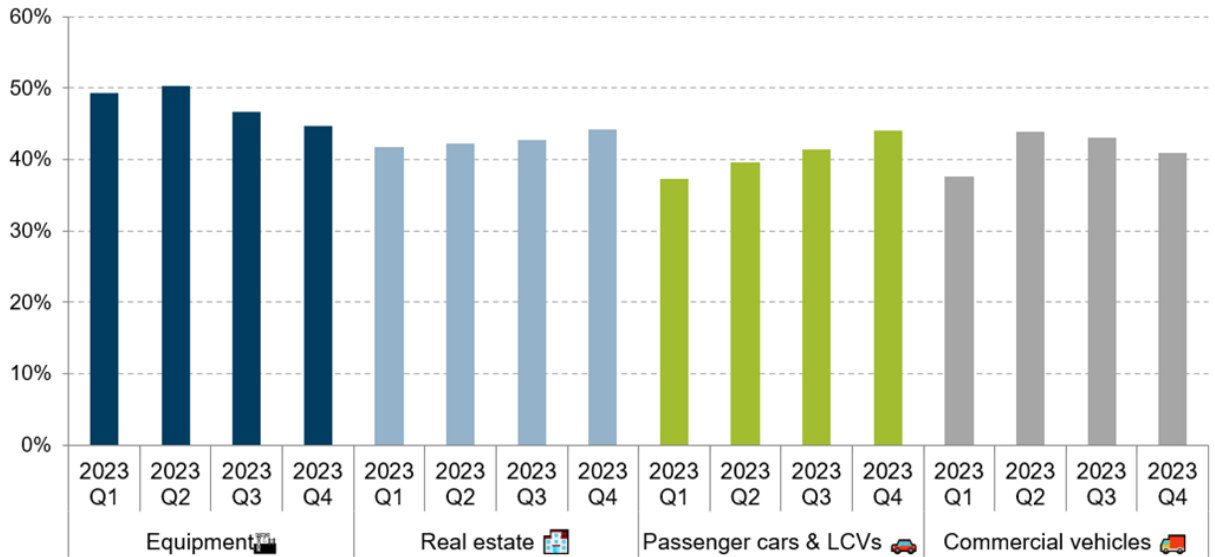
**Fig. 4: Median Return on Assets Ratio by asset type, 2019 - 2023**



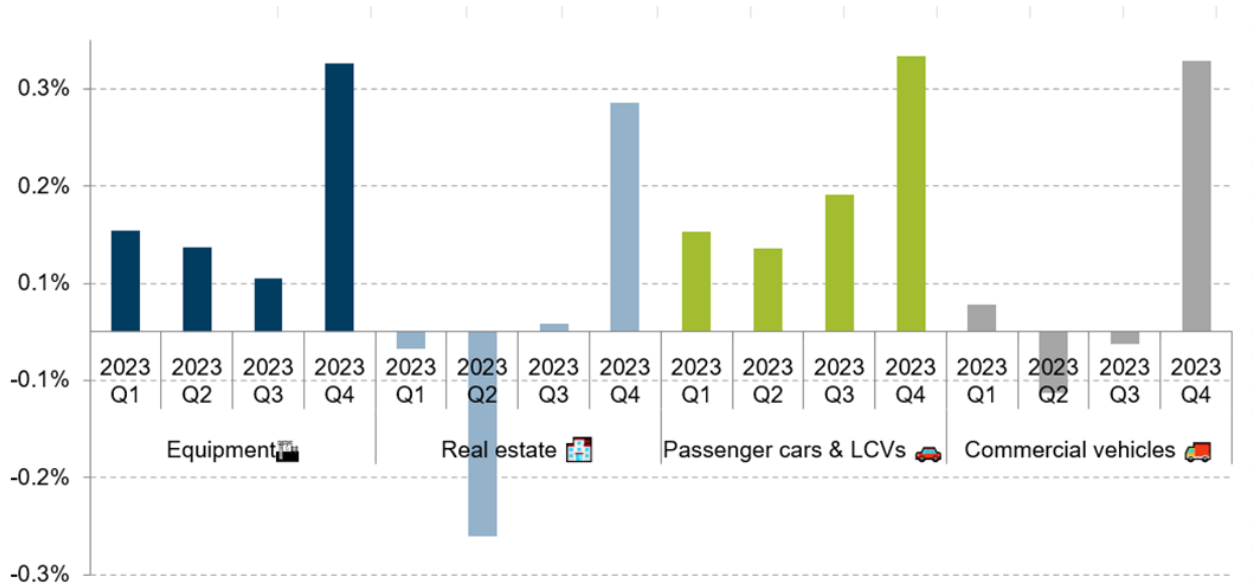
**Fig. 5: Index of Median Profitability Ratio by asset type, Q1 – Q4 2023**



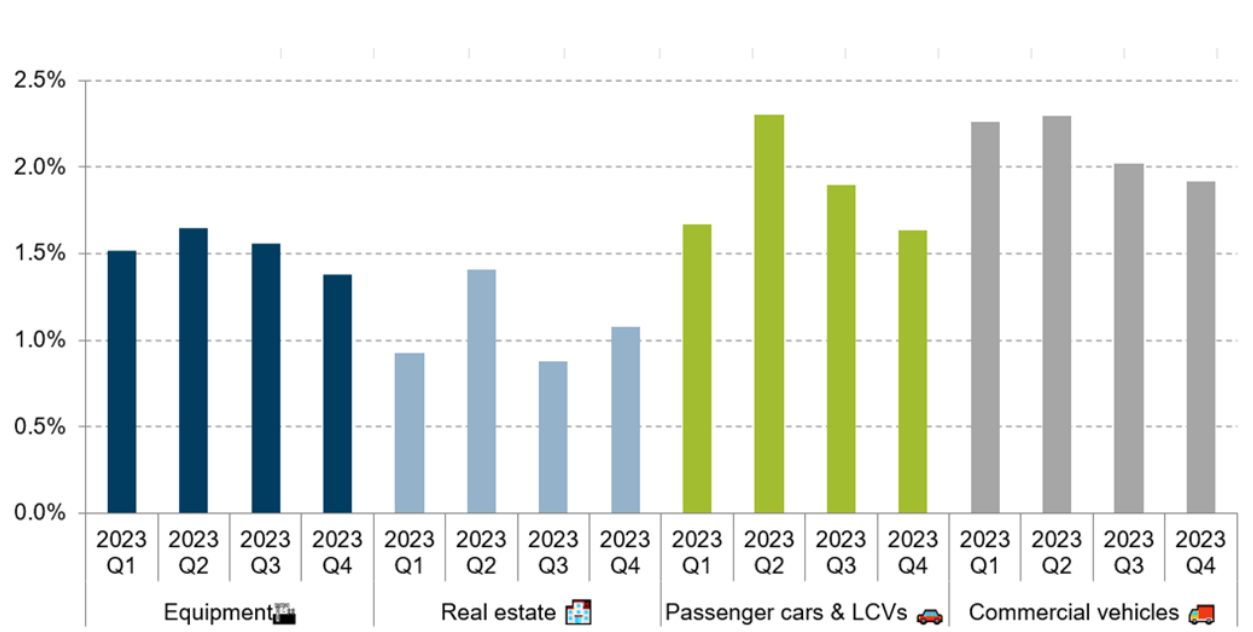
**Fig. 6: Median Cost/Income Ratio by asset type, Q1 – Q4 2023**



**Fig. 7: Median Cost of Risk Ratio by asset type, Q1 – Q4 2023**



**Fig. 8: Median Return on Assets Ratio by asset type, Q1 – Q4 2023**



**Table 1: Median Ratios<sup>2</sup> - Equipment**

Median Ratios	2023					2022
	Full year	Q4	Q3	Q2	Q1	Full year
<b>Profitability (2011=100)</b> - Index of the median of all companies' pre-tax profit as a % of total operating income	<b>119</b>	118	145	138	132	<b>144</b>
<b>Cost/Income (%)</b> - median of all companies' operating expenses as a % of operating income	<b>46.8%</b>	44.8%	46.6%	50.4%	49.4%	<b>54.2%</b>
<b>Cost of Risk (%)*</b> - median of all companies' loan loss provision (annualised) as a percentage of average portfolio over the period	<b>0.21%</b>	0.28%	0.06%	0.09%	0.10%	<b>0.16%</b>
<b>Return on Assets (%)*</b> - median of all companies' net profit before tax (annualised) as a percentage of average portfolio over the period	<b>1.6%</b>	1.4%	1.6%	1.6%	1.5%	<b>1.2%</b>

**Table 2: Median Ratios - Real Estate**

Median Ratios	2023					2022
	Full year	Q4	Q3	Q2	Q1	Full year
<b>Profitability (2011=100)</b> - Index of the median of all companies' pre-tax profit as a % of total operating income	<b>156</b>	132	151	204	157	<b>137</b>
<b>Cost/Income (%)</b> - median of all companies' operating expenses as a % of operating income	<b>44.3%</b>	44.2%	42.7%	42.3%	41.7%	<b>45.5%</b>
<b>Cost of Risk (%)*</b> - median of all companies' loan loss provision (annualised) as a percentage of average portfolio over the period	<b>-0.01%</b>	0.24%	0.01%	-0.21%	-0.02%	<b>0.11%</b>
<b>Return on Assets (%)*</b> - median of all companies' net profit before tax (annualised) as a percentage of average portfolio over the period	<b>1.0%</b>	1.1%	0.9%	1.4%	0.9%	<b>0.7%</b>

\* 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.

<sup>2</sup> 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	2023					2022
	Full year	Q4	Q3	Q2	Q1	Full year
<b>Profitability (2011=100)</b> - Index of the median of all companies' pre-tax profit as a % of total operating income	<b>168</b>	121	164	190	172	<b>187</b>
<b>Cost/Income (%)</b> - median of all companies' operating expenses as a % of operating income	<b>42.8%</b>	44.1%	41.4%	39.6%	37.4%	<b>41.5%</b>
<b>Cost of Risk (%)*</b> - median of all companies' loan loss provision (annualised) as a percentage of average portfolio over the period	<b>0.18%</b>	0.28%	0.14%	0.09%	0.10%	<b>0.18%</b>
<b>Return on Assets (%)*</b> - median of all companies' net profit before tax (annualised) as a percentage of average portfolio over the period	<b>2.0%</b>	1.6%	1.9%	2.3%	1.7%	<b>1.8%</b>

**Table 4: Median Ratios – Commercial Vehicles**

Median Ratios	2023					2022
	Full year	Q4	Q3	Q2	Q1	Full year
<b>Profitability (2011=100)</b> - Index of the median of all companies' pre-tax profit as a % of total operating income	<b>195</b>	194	199	205	166	<b>176</b>
<b>Cost/Income (%)</b> - median of all companies' operating expenses as a % of operating income	<b>44.5%</b>	40.9%	43.0%	44.0%	37.7%	<b>42.0%</b>
<b>Cost of Risk (%)*</b> - median of all companies' loan loss provision (annualised) as a percentage of average portfolio over the period	<b>0.01%</b>	0.28%	-0.01%	-0.06%	0.03%	<b>0.11%</b>
<b>Return on Assets (%)*</b> - median of all companies' net profit before tax (annualised) as a percentage of average portfolio over the period	<b>2.1%</b>	1.9%	2.0%	2.3%	2.3%	<b>1.3%</b>

\* 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 Ratios<sup>3</sup> - Equipment**

Weighted Average Ratios	2023					2022
	Full year	Q4	Q3	Q2	Q1	Full year
<b>Profitability (2011=100)</b> - Index of the average of all companies' pre-tax profit as a % of total operating income	<b>112</b>	103	107	124	97	<b>119</b>
<b>Cost/Income (%)</b> - average of all companies' operating expenses as a % of operating income	<b>54.6%</b>	51.5%	54.9%	54.8%	61.7%	<b>54.7%</b>
<b>Cost of Risk (%)*</b> - average of all companies' loan loss provision (annualised) as a percentage of average portfolio over the period	<b>0.24%</b>	0.39%	0.25%	0.13%	0.18%	<b>0.23%</b>
<b>Return on Assets (%)*</b> - average of all companies' net profit before tax (annualised) as a percentage of average portfolio over the period	<b>1.1%</b>	1.1%	1.1%	1.3%	1.1%	<b>1.1%</b>

**Table 6: Weighted Average Ratios - Real Estate**

Weighted Average Ratios	2023					2022
	Full year	Q4	Q3	Q2	Q1	Full year
<b>Profitability (2011=100)</b> - Index of the average of all companies' pre-tax profit as a % of total operating income	<b>235</b>	61	234	345	281	<b>220</b>
<b>Cost/Income (%)</b> - average of all companies' operating expenses as a % of operating income	<b>45.0%</b>	42.6%	41.8%	46.8%	52.7%	<b>46.2%</b>
<b>Cost of Risk (%)*</b> - average of all companies' loan loss provision (annualised) as a percentage of average portfolio over the period	<b>0.11%</b>	0.51%	0.18%	-0.20%	-0.03%	<b>0.15%</b>
<b>Return on Assets (%)*</b> - average of all companies' net profit before tax (annualised) as a percentage of average portfolio over the period	<b>1.0%</b>	0.8%	1.0%	1.3%	0.9%	<b>0.9%</b>

\* 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.

<sup>3</sup> 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 and RoA ratios are weighted by the average portfolio over the relevant period.

**Table 7: Weighted Average Ratios – Passenger Cars & LCVs**

Weighted Average Ratios	2023					2022
	Full year	Q4	Q3	Q2	Q1	Full year
<b>Profitability (2011=100)</b> - Index of the average of all companies' pre-tax profit as a % of total operating income	<b>168</b>	133	166	183	170	<b>177</b>
<b>Cost/Income (%)</b> - average of all companies' operating expenses as a % of operating income	<b>39.4%</b>	47.9%	41.7%	37.5%	37.5%	<b>38.6%</b>
<b>Cost of Risk (%)*</b> - average of all companies' loan loss provision (annualised) as a percentage of average portfolio over the period	<b>0.18%</b>	0.24%	0.13%	0.12%	0.14%	<b>0.17%</b>
<b>Return on Assets (%)*</b> - average of all companies' net profit before tax (annualised) as a percentage of average portfolio over the period	<b>4.4%</b>	2.8%	3.5%	5.2%	5.0%	<b>5.2%</b>

**Table 8: Weighted Average Ratios – Commercial Vehicles**

Weighted Average Ratios	2023					2022
	Full year	Q4	Q3	Q2	Q1	Full year
<b>Profitability (2011=100)</b> - Index of the average of all companies' pre-tax profit as a % of total operating income	<b>132</b>	113	132	133	142	<b>130</b>
<b>Cost/Income (%)</b> - average of all companies' operating expenses as a % of operating income	<b>46.3%</b>	44.4%	47.7%	54.7%	44.9%	<b>44.6%</b>
<b>Cost of Risk (%)*</b> - average of all companies' loan loss provision (annualised) as a percentage of average portfolio over the period	<b>0.08%</b>	0.29%	-0.01%	-0.06%	0.06%	<b>0.17%</b>
<b>Return on Assets (%)*</b> - average of all companies' net profit before tax (annualised) as a percentage of average portfolio over the period	<b>1.9%</b>	1.7%	2.1%	2.0%	2.5%	<b>1.5%</b>

\* 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's 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 90% of the European leasing market. For more information, please visit our website at [www.leaseurope.org](http://www.leaseurope.org).