# Leaseurope Index Segment Survey
## 2023

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# LEASEUROPE INDEX SEGMENT RESULTS: 2023

## *About the Segment Survey*

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[1] 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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[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.

### 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**
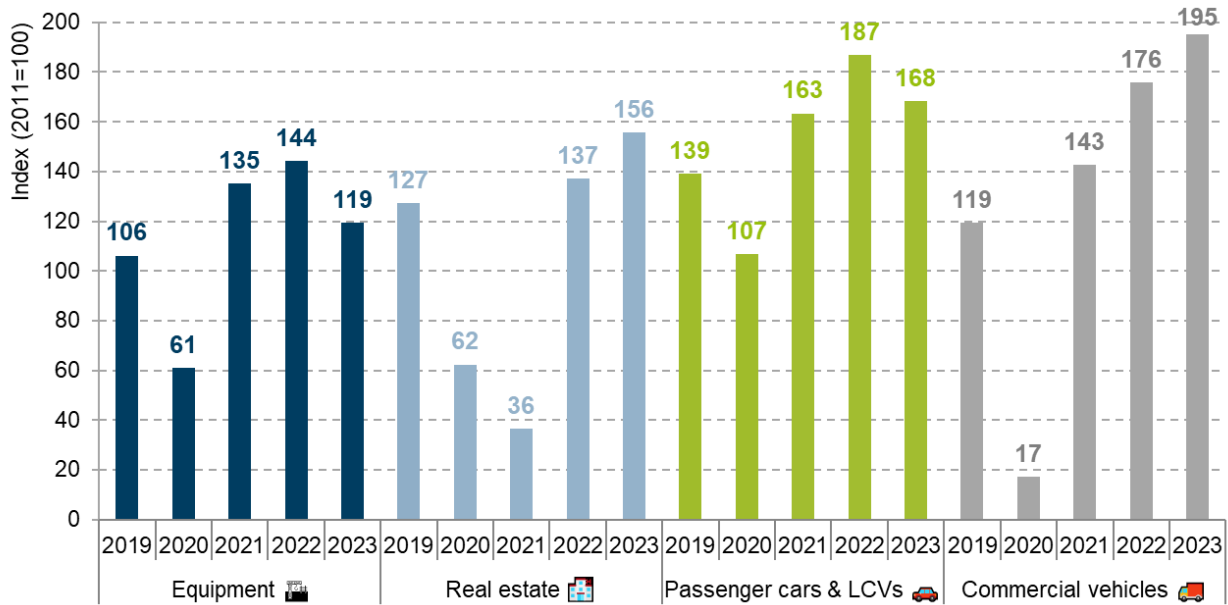

**Fig. 2: Median Cost/Income Ratio by asset type, 2019 - 2023**
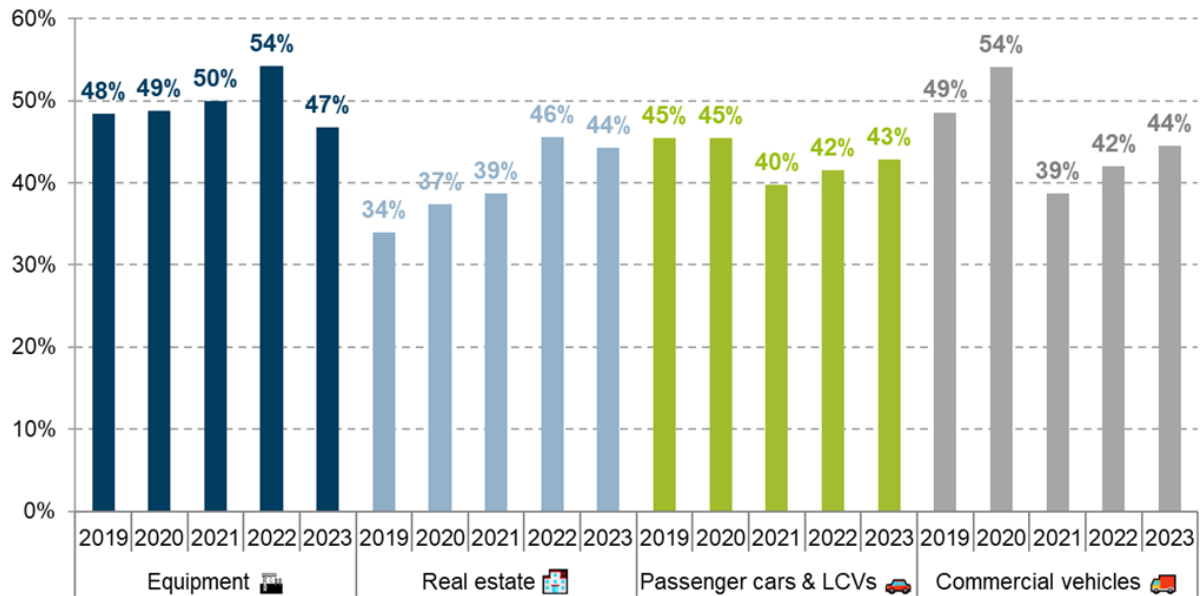
![Leaseurope logo]

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



Equipment: 2019 0.49%, 2020 1.13%, 2021 0.18%, 2022 0.16%, 2023 0.21%
Real estate: 2019 0.17%, 2020 0.37%, 2021 0.29%, 2022 0.11%, 2023 -0.01%
Passenger cars & LCVs: 2019 0.17%, 2020 0.48%, 2021 0.15%, 2022 0.18%, 2023 0.18%
Commercial vehicles: 2019 0.42%, 2020 0.74%, 2021 0.22%, 2022 0.11%, 2023 0.01%

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



Equipment: 2019 1.1%, 2020 0.8%, 2021 1.6%, 2022 1.2%, 2023 1.6%
Real estate: 2019 0.8%, 2020 0.5%, 2021 0.2%, 2022 0.7%, 2023 1.0%
Passenger cars & LCVs: 2019 1.3%, 2020 1.0%, 2021 2.0%, 2022 1.8%, 2023 2.0%
Commercial vehicles: 2019 0.9%, 2020 0.1%, 2021 1.2%, 2022 1.3%, 2023 2.1%

**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**

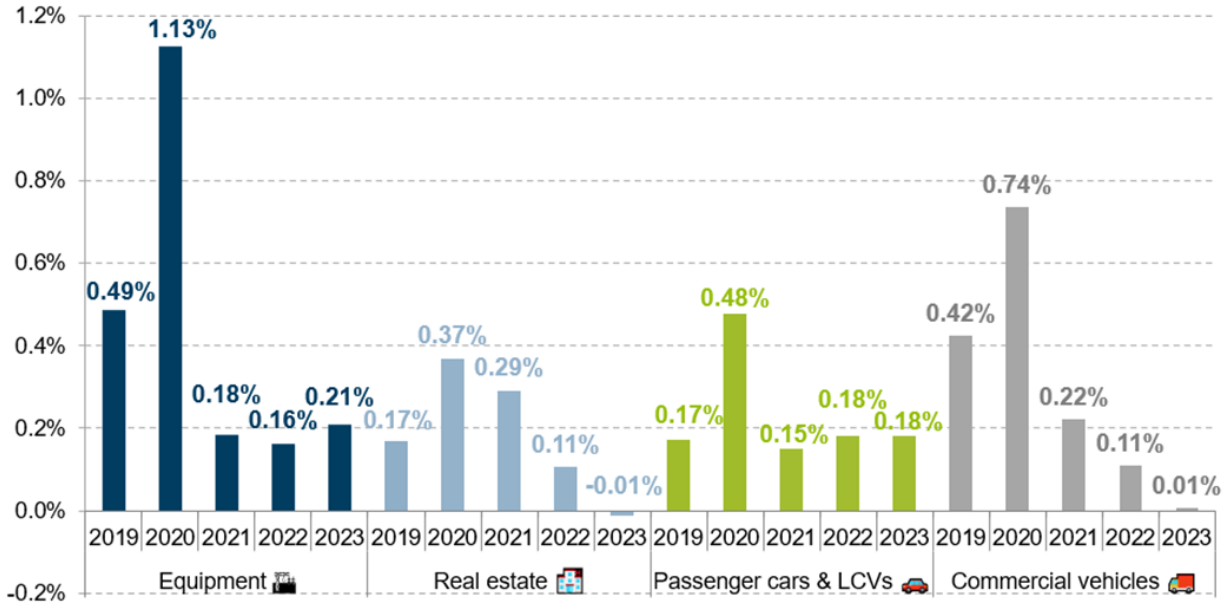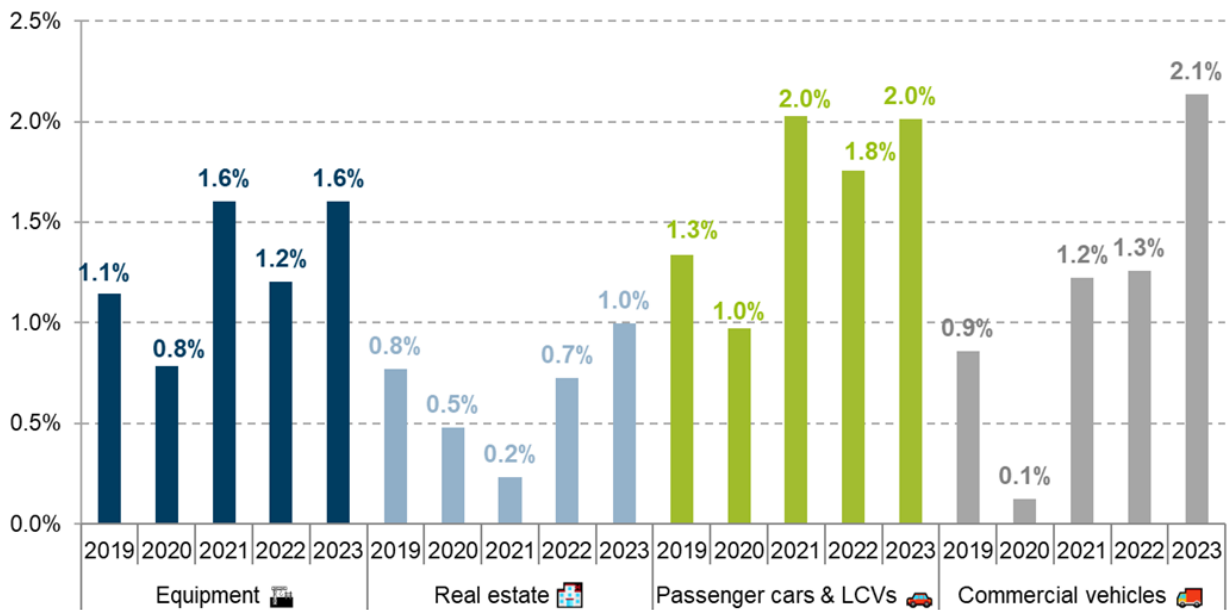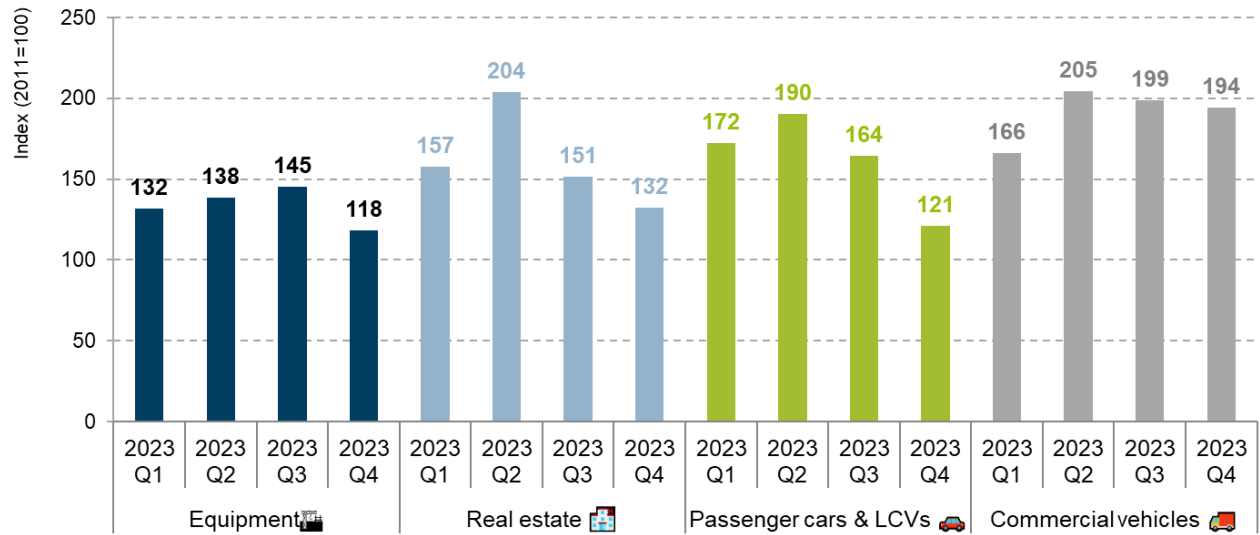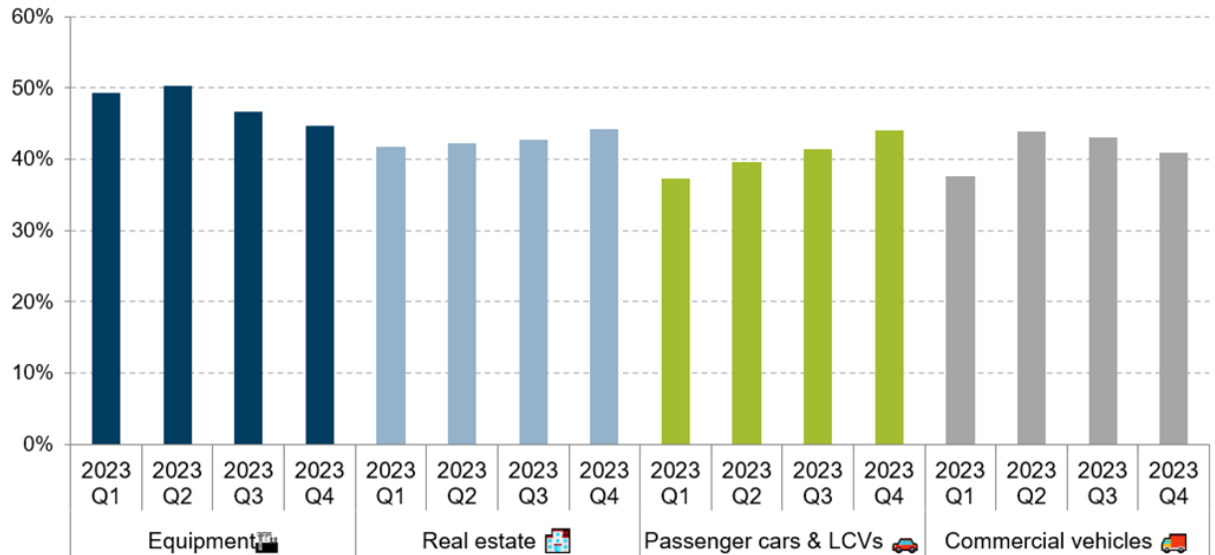**Fig. 7: Median Cost of Risk Ratio by asset type[2], Q1 – Q4 2023**
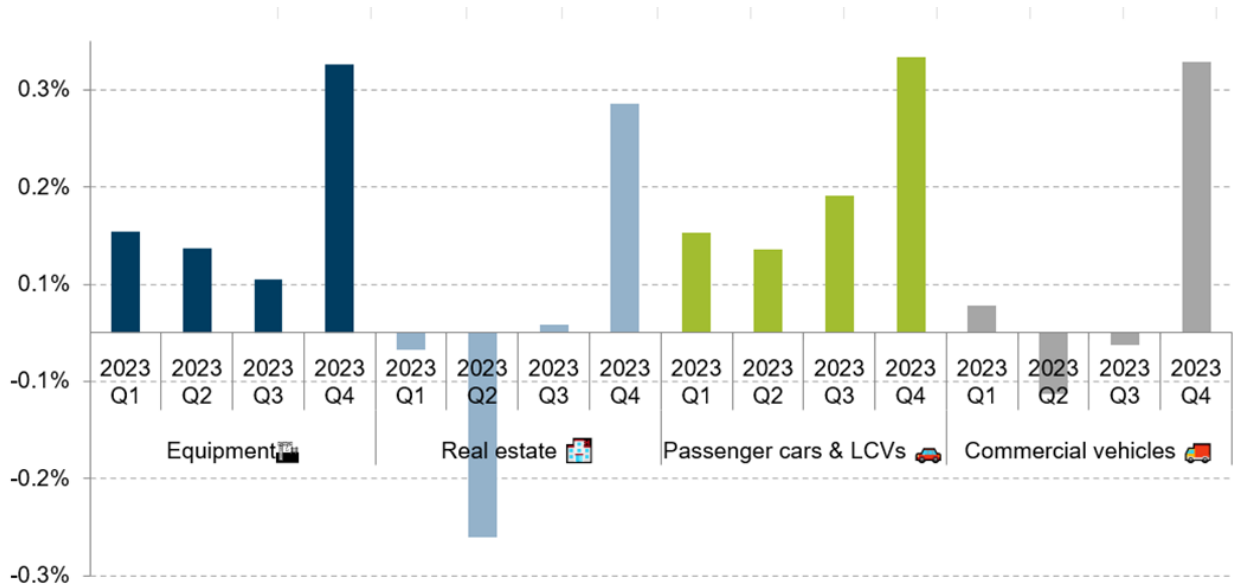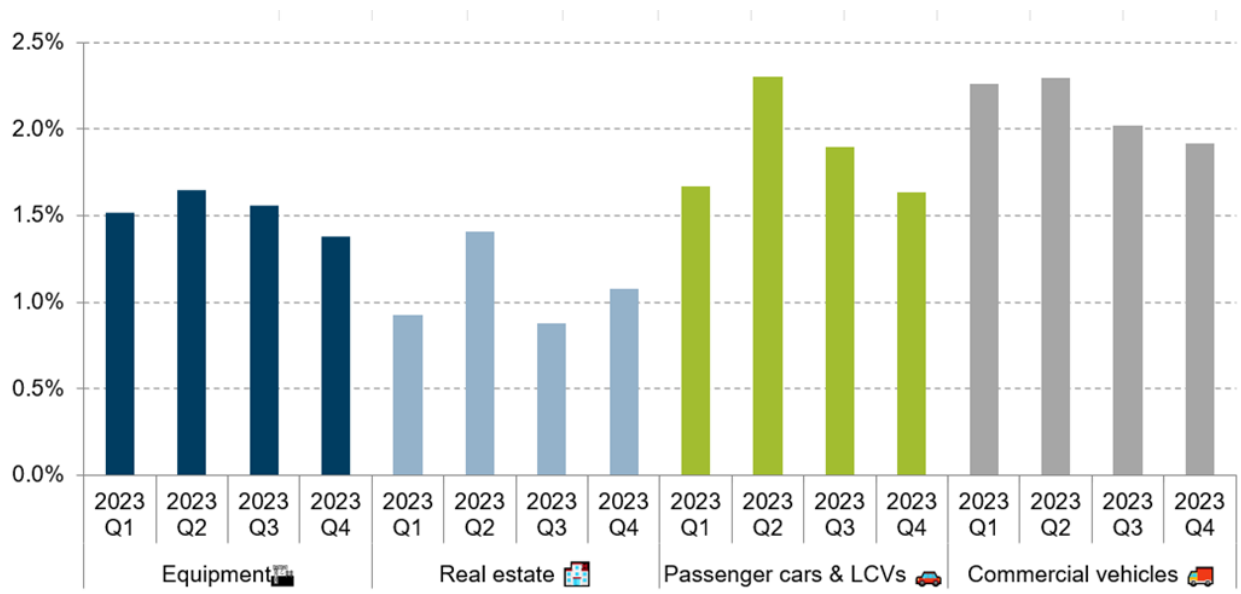


**Fig. 8: Median Return on Assets Ratio by asset type, Q1 – Q4 2023**



[2] Negative ratios reflect the releasing of credit loss provision during the period.

## Table 1: Median Ratios[3] - Equipment

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

## Table 2: Median Ratios - Real Estate

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

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[3] 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 |
| **Profitability (2011=100)** - Index of the median of all companies' pre-tax profit as a % of total operating income | **168** | 121 | 164 | 190 | 172 | **187** |
| **Cost/Income (%)** - median of all companies' operating expenses as a % of operating income | **42.8%** | 44.1% | 41.4% | 39.6% | 37.4% | **41.5%** |
| **Cost of Risk (%)\*** - median of all companies' loan loss provision (annualised) as a percentage of average portfolio over the period | **0.18%** | 0.28% | 0.14% | 0.09% | 0.10% | **0.18%** |
| **Return on Assets (%)\*** - median of all companies' net profit before tax (annualised) as a percentage of average portfolio over the period | **2.0%** | 1.6% | 1.9% | 2.3% | 1.7% | **1.8%** |

## Table 4: Median Ratios – Commercial Vehicles

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

## Table 5: Weighted Average Ratios[4] - Equipment

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

## Table 6: Weighted Average Ratios - Real Estate

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

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[4] 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 |
| **Profitability (2011=100)** - Index of the average of all companies' pre-tax profit as a % of total operating income | **168** | 133 | 166 | 183 | 170 | **177** |
| **Cost/Income (%)** - average of all companies' operating expenses as a % of operating income | **39.4%** | 47.9% | 41.7% | 37.5% | 37.5% | **38.6%** |
| **Cost of Risk (%)*** - average of all companies' loan loss provision (annualised) as a percentage of average portfolio over the period | **0.18%** | 0.24% | 0.13% | 0.12% | 0.14% | **0.17%** |
| **Return on Assets (%)*** - average of all companies' net profit before tax (annualised) as a percentage of average portfolio over the period | **4.4%** | 2.8% | 3.5% | 5.2% | 5.0% | **5.2%** |

## Table 8: Weighted Average Ratios – Commercial Vehicles

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

* 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.

## 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 Index:** 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 and all numbers are indexed to 2011 (2011=100).

**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.

### 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 EU27 + EFTA + other countries e.g. the United Kingdom, Turkey, Ukraine, 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 (IFRS16).

### 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** after the summer 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.