



## PRESS RELEASE

### Leasing business 10 percent up in first half of 2019

#### Vehicle leasing drives growth | Machinery segment weakens

**Berlin, 24th July 2019 – In the first half of the year, German leasing companies recorded an increase of ten percent in new equipment-leasing business compared with the same period in 2018. “The sector has thus continued to build on the record results achieved in recent years,” commented Horst Fittler, managing director of the Bundesverband Deutscher Leasing-Unternehmen (the German Leasing Association), when the BDL released its most recent half-yearly figures. The main engine for this growth has been vehicle leasing. The first half-year saw a thirteen percent increase in new business acquired through the leasing of passenger cars.**

According to the Federal Motor Transport Authority, car registrations were up by 3.3 percent from January to June. Leasing companies profited handsomely from this development, as can be seen from the 9 percent increase in the number of vehicles leased. This rate of growth was significantly up on the already impressive figures for the preceding year. “This remarkable increase is in part the consequence of the deferral in demand created by the EU’s introduction of Worldwide Harmonised Light Vehicle Test Procedure (WLTP) legislation in 2017,” explained the BDL’s managing director. “But it is also the case that leasing in itself – and, in particular, vehicle leasing – has become a more attractive option than ever for companies.” Fittler sees the inherent flexibility of leasing and the complementary services that leasing companies offer in the form of, for example, maintenance, inspection and accident-claims management services as the main reasons why so many companies opt for vehicle leasing.

Developments in the IT sector have been no less positive, with new IT business in the first six months of 2019 increasing by 12 percent. “An outstanding result, given the state of flux of that market segment. We have seen a steady erosion in the price of hardware, and this has been accompanied by a trend of migration to the cloud,” commented Fittler. New business from Intangible Assets, which covers software, patents and trademarks, was also up (by 12 percent). However, growth in the Medical Technology and Commercial Vehicles segments in the first half of the year (9 percent and 7 percent, respectively) was somewhat below average.

“Leasing delivers solutions to many of the challenges of the present day,” said the managing director of the BDL. “Shorter innovation cycles, environmentally friendly mobility solutions and the digital transformation we are living through are all necessitating enormous levels of investment. Leasing companies are particularly well-placed to help their customers make these investments.” No other provider of financing services can match our industry’s market expertise or our competence in the assessment of investment objects. These, says Fittler, are the secrets of the leasing sector’s success.

#### Leasing of machinery in the doldrums

In contrast with the market segments mentioned above, demand for leased machinery fell by 6 percent in the first half of the year. This reflects the current state of the mechanical engineering industry in Germany. According to the industry’s trade association (the VDMA), there was a 9 percent drop in the value of orders placed in the first five months of the year. The VDMA has revised its prognosis for 2019 downwards, and is now predicting a fall in production of 2 percent for the year. The reasons for this are, on the one hand, geopolitical upheavals such as Brexit, the trade dispute between the USA and China, the persistent threat of US protectionism, and the budgetary situation



in Italy, and, on the other, structural changes in the automobile industry, and the uncertainties surrounding climatic change and how to protect the environment. “Uncertainty is poison for investments,” commented Fittler. He then went on to reiterate his oft-repeated plea to the political parties: “Politicians must create a more investment-friendly climate in Germany. They need to reduce bureaucracy, improve the country’s infrastructure and introduce fiscal legislation, so that Germany can once again compete successfully on the international stage.”