

TO LEASE 2020 – ABSTRACT *2019/20 data*

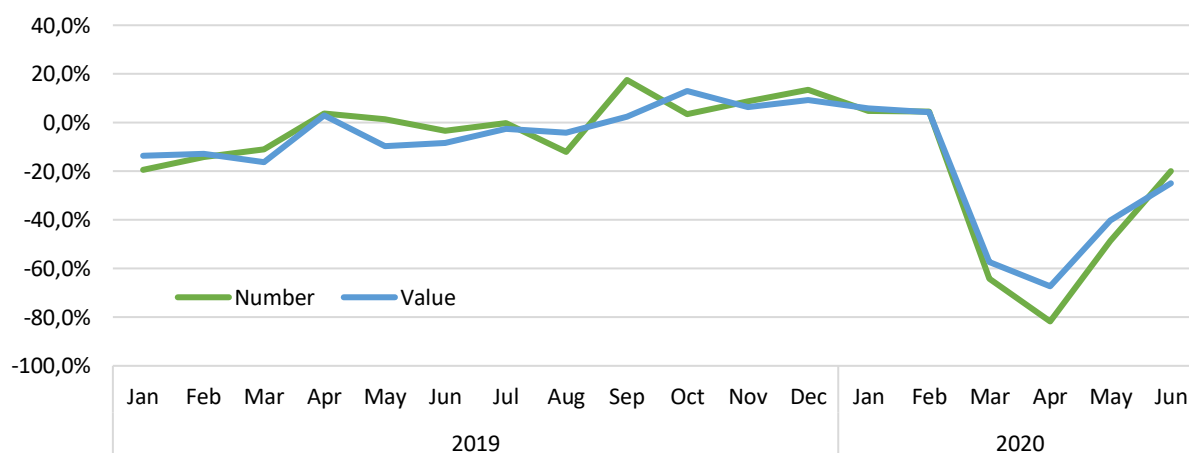


I numeri del leasing e del noleggio 2019-20

Italy - First quarter 2020

In early 2020, the leasing market was affected by the crisis caused by the Covid19 emergency with a strong decline in March and April **[Chart 1]**. Since May, in line with the global economic trend, also the lease market has begun to show signs of recovery linked to the progressive easing of the lockdown. The leasing and long-term rental market closed the first quarter of 2020 with about 239 thousand new leasing business worth 9.6 billion euros. Overall, the leasing market saw a drop of -37.2% in numbers and -32.5% in values; this result was affected by the drop recorded in the months of total business closure. Looking at the monthly absolute values, however, the volumes of contracts stipulated in June exceeded the levels of January.

Chart 1 - Monthly leasing market trend (number and value - % change over the same month of previous year)



Italy – Market review (2019)

Since 2018, the euro area has been undergoing a phase of progressive slowdown in economic growth in all major EU countries. Italy, in 2019, due to a domestic and international context of extreme uncertainty, experienced a period of weakness determined above all by the worsening of domestic demand, which was affected by a slowdown in investment growth.

Investments registered a positive trend in 2019. Gross fixed investments amounted to 322,681 million euros, up 2.4% in 2019 at current prices **[Table 1]**. There was an increase in all the sectors examined, with the best trend recorded in real estate, which grew by 3.6% in non-residential buildings and 3.4% in residential buildings. The dynamics of vehicles were also positive, showing an increase in investments of 3.5% compared to 2018.

Table 1 - Gross fixed investments in national accounts (values in million €)

Aggregates	At Current prices	% Change 2019/18 at current prices	% Change 2019/18 at constant prices
Machinery and equipment	97,210	1.0%	0.3%
Vehicles	25,184	3.5%	0.4%
Residential buildings	75,542	3.4%	3.1%
Non-residential buildings	69,140	3.6%	2.0%
Other investments	55,605	1.7%	0.8%
Gross fixed investments	322,681	2.4%	1.4%

Source: Istat (Italian national statistical institute), National Accounts

Table 2 shows the performance of the new leasing business in value and number for each segment. More than half of the contracts stipulated concerned the automotive sector, which showed a decrease in value of 5.9% compared to the previous year. This trend was mainly caused by the decrease observed in the Car Financial Leasing (-30.8%), which was not sufficiently offset by the increase in Car Operating Leasing/L.T.Renting (up by just over 9%) and Commercial Vehicle Financial Leasing (+9%).

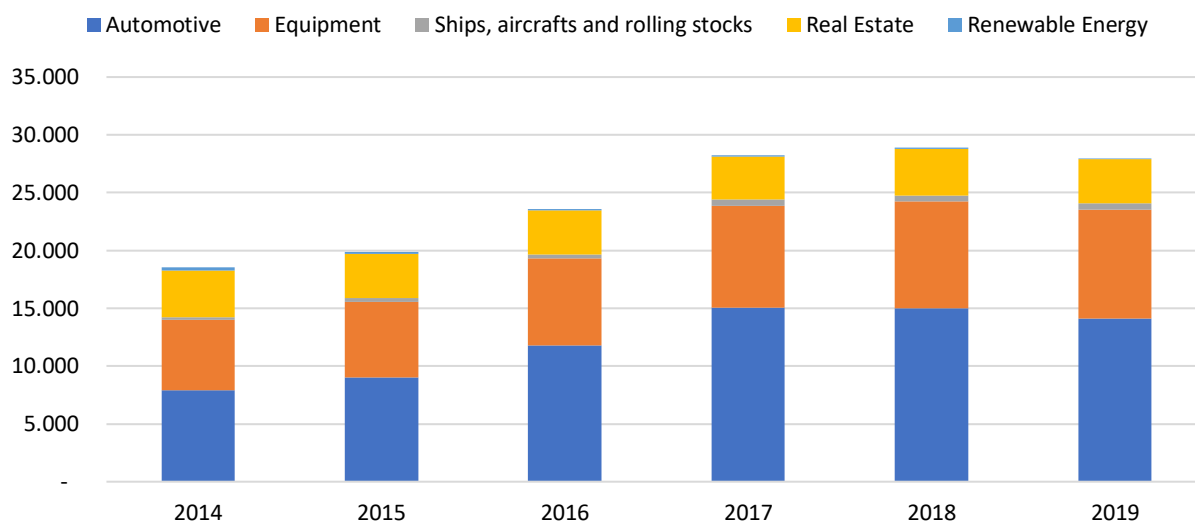
Table 2 – New leasing business (values in million €)

	2019		2018		% Change	
	Number	Value	Number	Value	Number	Value
Car Financial Leasing*	94,374	3,281,073	130,223	4,741,456	-27.53%	-30.80%
Car Operating L./LT Renting*	277,499	6,589,222	259,581	6,043,919	6.90%	9.02%
Commercial vehicle Fin. Leasing*	41,150	1,389,389	38,866	1,274,884	5.88%	8.98%
Commercial vehicle Op.L./LT Renting*	37,132	741,618	37,445	767,430	-0.84%	-3.36%
Industrial vehicle Leasing	21,208	2,130,568	22,180	2,192,619	-4.38%	-2.83%
AUTOMOTIVE	471,363	14,131,870	488,295	15,020,308	-3.47%	-5.91%
Equipment Financial Leasing	102,536	7,717,531	101,337	7,657,602	1.18%	0.78%
Equipment Operating Leasing	119,195	1,667,299	115,098	1,543,987	3.56%	7.99%
EQUIPMENT	221,731	9,384,830	216,435	9,201,589	2.45%	1.99%
SHIPS, AIRCRAFTS AND ROLLING STOCKS	362	578,844	435	515,670	-16.78%	12.25%
Real estate	3,134	2,038,630	3,636	2,411,548	-13.81%	-15.46%
Real estate under construction	873	1,766,630	922	1,662,595	-5.31%	6.26%
REAL ESTATE	4,007	3,805,260	4,558	4,074,143	-12.09%	-6.60%
RENEWABLE ENERGY	108	40,912	134	83,561	-19.40%	-51.04%
TOTAL	697,571	27,941,716	709,857	28,895,271	-1.73%	-3.30%

(*) Source: Assilea processing on UNRAE data

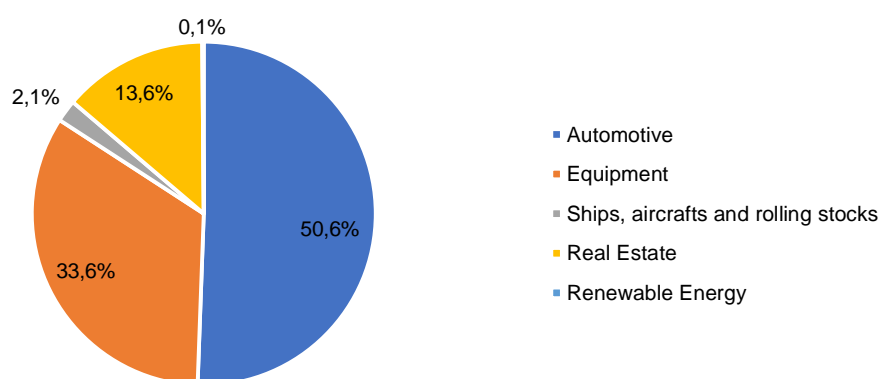
In 2019, leasing and long-term rental sector consolidated the volumes of the past years, and closed at 27.9 billion euros with a decrease of 3.3% compared to 2018. Five years of uninterrupted growth, however, brought the market to 63% higher volumes than in 2014 [**Chart 2**]. In 2019, there was an increase in the long-term rental, equipment operating leasing, real estate under construction and ships, aircrafts and rolling stocks leasing sectors.

Chart 2 - Leasing contract trends (values in million €)



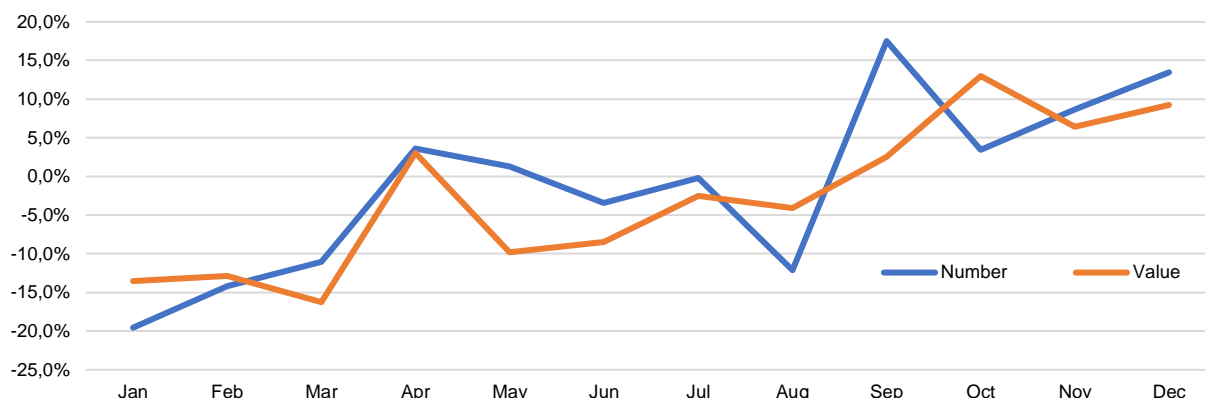
An analysis of the share of each sector in the value of the new leasing business [**Chart 3**] shows that, as in the previous year, the automotive sector accounted for half of the new leasing business contracts in 2019 (50.6%). Then we find the equipment sector, which slightly increased its share in 2019, representing more than one-third of the total new contracts (33.6%). The real estate sector, on the other hand, saw its share of the total decrease by 0.3 percentage points (13.6%).

Chart 3- Breakdown of leasing contracts by sector in 2019 (value of new contracts)



The dynamics of new leasing business improved during the year. The temporary suspension of the "Nuova Sabatini" loans and the non-renewal of the "Superamortisation" led to a reduction in the new leasing contracts in the first months of the year [**Chart 4**]. The reintroduction of the 'Nuova Sabatini' and the "Superamortisation" led to a slight recovery in the spring. The restart of car registrations from September led to a resumption of new leasing business, with an average increase of more than 8% in the last four months.

Chart 4 – Monthly leasing market trend (number and value - % change over the same month of previous year)



The incidence of leasing on gross fixed-investments increased in 2019, while the penetration rate of new leasing business on GDP was slightly lower than last year, but still stood at 1.6% [Table 3].

The observation of the penetration rate of the contract on investments by sector shows an increase compared to the previous year in all sectors [Table 4]. The vehicles sector, on the other hand, shows a reduction even if it shows the highest value (29.3%) also in 2019. In detail, the leasing penetration of real estate investments in 2019 rose to 2.5%. The Equipment new leasing business, compared to the Istat investments in machinery and equipment, shows an increase of 0.1 p.p. compared to the previous year and a higher increase compared to 2015 of 1.9 p.p..

Table 3 - Leasing penetration rate (values in million €)

	2017	2018	2019
GDP	1.738.399	1.765.867	1.787.309
Leasing	28.231	28.895	27.942
% Penetration rate	1,62%	1,64%	1,56%

Table 4 - Leasing penetration rate on gross fixed investments, by sector (% value)

	2015	2016	2017	2018	2019
Public and private non-residential buildings *	2,2%	2,4%	2,4%	2,3%	2,5%
Private non-residential buildings *	4,2%	4,3%	4,1%	3,8%	3,9%
Machinery and equipment	7,8%	8,6%	9,6%	9,6%	9,7%
Vehicles**	29,9%	35,2%	35,7%	35,8%	29,3%

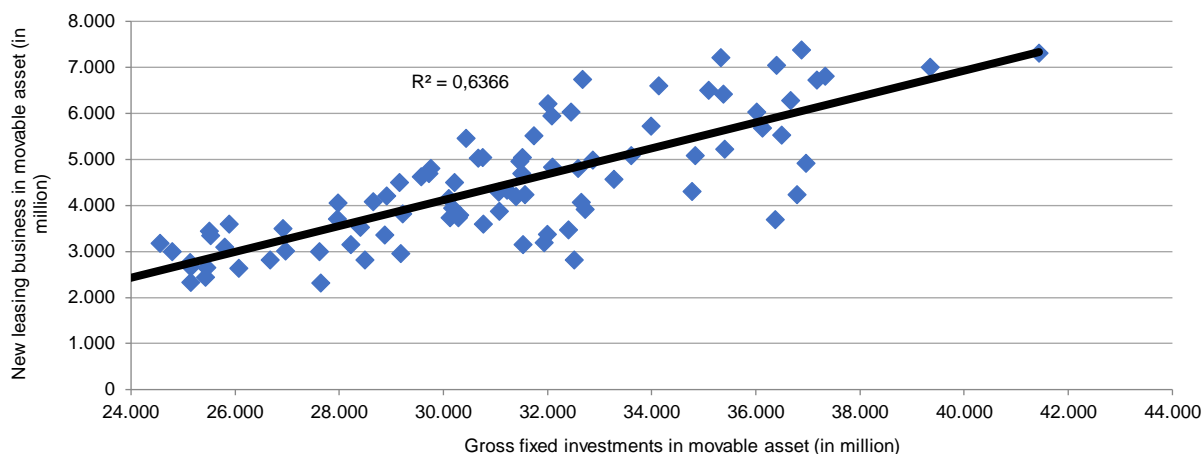
(*) calculated only on new business volumes of buildings to be constructed or under construction

(**) except pleasure boat and automotive renting

Source: Istat data processed by Assilea

Chart 5 shows the correlation between the historical series of quarterly trend changes in investments and leasing financing. Despite the stability in some areas of the investment penetration rate of leasing, there is a strong link between these two variables.

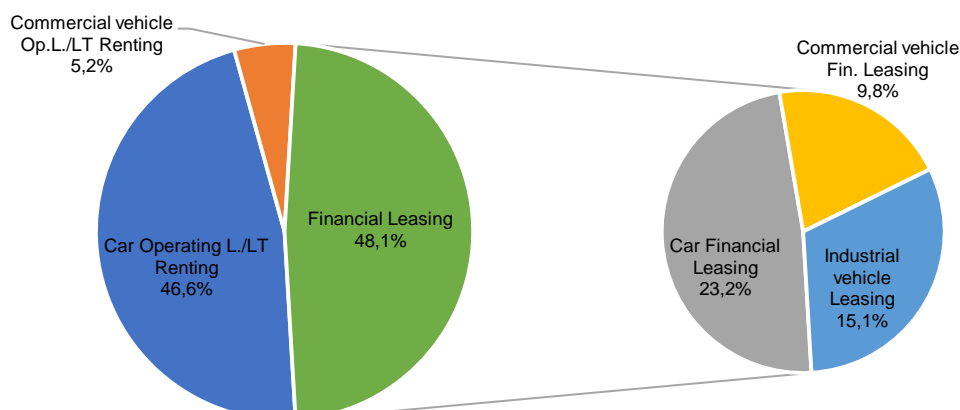
Chart 5 – Linear regression between new leasing business in movable asset and gross fixed investments in movable asset (values in million €)



In 2019, the automotive sector recorded a drop in both numbers (-3.5%) and values (-5.9%). Commercial vehicle Financial Leasing showed the best dynamics, with new registrations growing at close to 9%. However, the overall result of the car "leasing" sector was negatively affected by the significant drop in finance lease financing to rental companies, which brought the entire segment down to around -30%.

The breakdown of car leasing and long-term rental in the different segments shows that long-term rental accounts for 46.6% of the total, with a strongly growing weight, compared to a contraction in car leasing, which accounts for 23.2% of the sector. The shares of financing to other types of vehicles, which together account for about 30% of the business, are stable [Chart 6].

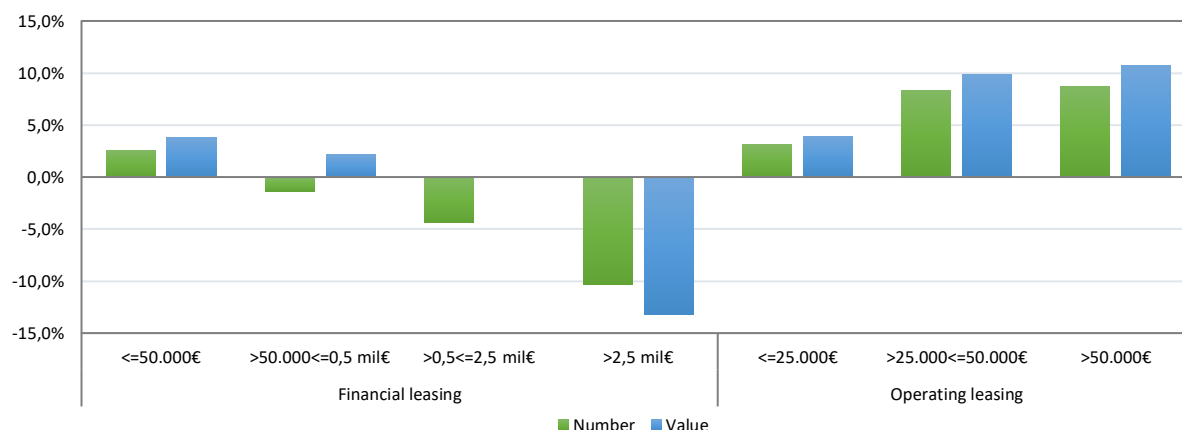
Chart 6 – Automotive leasing and renting new business breakdown by segment in 2019 (value of new contracts)



In 2019, instrumental leasing recorded 221,731 contracts worth 9.4 billion euros, with a total increase of 2.5% in number and 2.0% in value. The most significant growth is shown by the instrumental operating leasing which, compared to last year, recorded +8.0% in value for a volume of € 1.67 million. In particular, the best dynamics can be observed for the range above €

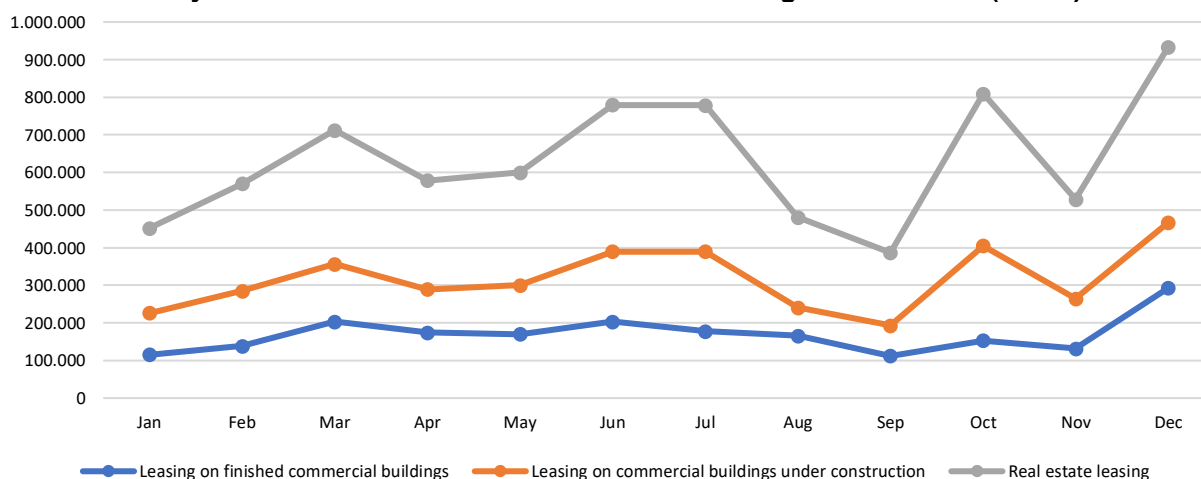
50,000 with +10.7% in value and +8.7% in number. This is followed by the range between €20,000 and €50,000, with growth of 9.9% in volumes and 8.3% in numbers [Chart 7].

Chart 7 - Percentage annual change in the equipment sector - by amount segment



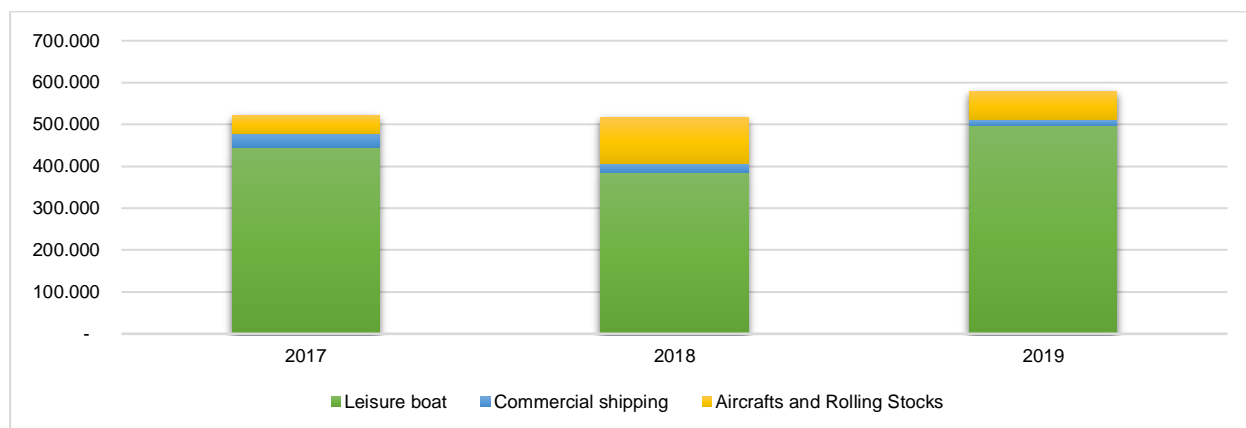
After last year's growth, real estate leasing in 2019 is again showing a contraction in numbers (-12.1%) and volumes (-6.6%). In particular, the real estate leasing under construction in the range of over 2.5 million euros is the only sub-sector that shows a positive change (+20.4% in amounts and +12.7% in numbers) recording 204 contracts for a value of 1,229 million euros. The increase in the value of this band drives the growth of the total sub-segment under construction which, with a +6.3%, shows, in the last months of the year, a trend characterized by positive increases in October and December and negative in September and November [Chart 8].

Chart 8- Monthly values of new contracts for real estate leasing sector in 2019 ('000 €)



The ships, aircrafts and rolling stocks new leasing business in 2019 grew by 12.2% in amounts and decreased by -17.0% in numbers. Looking at the values, the leisure boat sub-sector showed the most significant change with an increase of 29.3% compared to last year [Chart 9].

Chart 9- Ships, Aircrafts and Rolling stocks leasing contracts ('000 €)



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