

ERA Convention 2012

“Changing Rental”

CHANGE IN FINANCING

Peter Englev and Ola Mellberg

De Lage Landen



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Market circumstances and reality

Drivers for change

- Capital requirements / Basel III
- Government regulations due to bail-outs
- Funding costs & liquidity limitations
- Technological changes



Finance companies' strategies

- Focus on core & profitable business
 - Home market and/or selective countries
 - Core sectors / not exotic assets
 - Existing and selective new clients
- Profitability vs scale
- Risk and Reward
- Partnership / value-add vs commoditisation



Impact for rental companies

- Higher cost of borrowing
- Less flexibility
- Tougher credit underwriting
- Less choice
- Greater scrutinisation and auditing

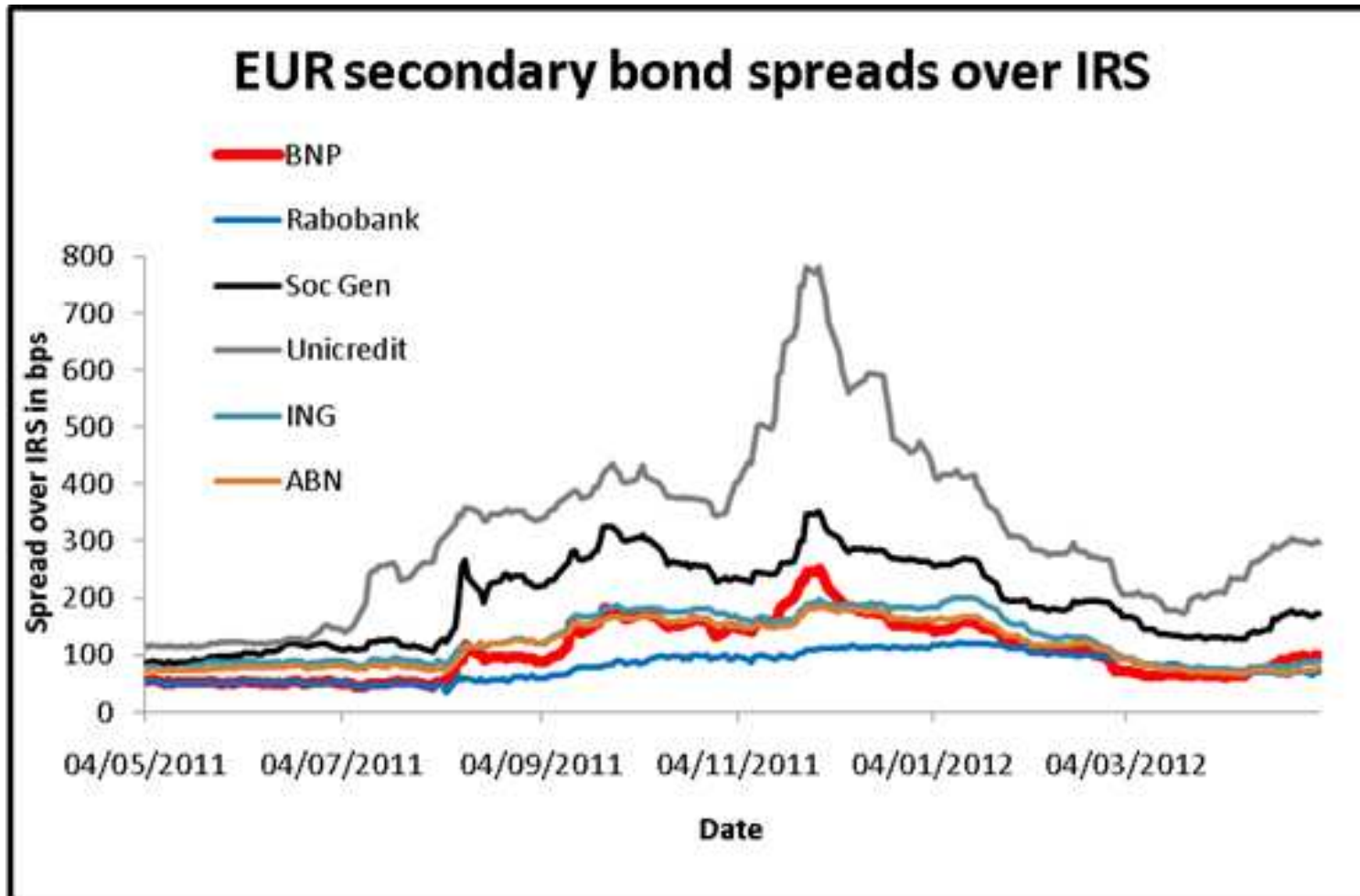


Finance companies' tactics

- Sales force reduction
- Low touch approach for flow business
- More restrictive underwriting criteria
- Withdrawal from sectors
- Portfolios / entities for sale
- Country closures



Market circumstances and reality





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Finance choices

Local Banks

International
Finance
Companies

Captives

De Lage Landen post crisis

- Working with partnership-oriented OEMs and customers
- Financing high-quality equipment
- Risk-based pricing and approach
- Behavioural underwriting
- Deal profitability v.s. lending margin
- Total solution sale
- Finance products innovation
- Asset life cycle management
- Global remarketing capabilities



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Optimal value proposition

