



Leasing - A view from the inside!

Peter Hollinshead

15/07/2015



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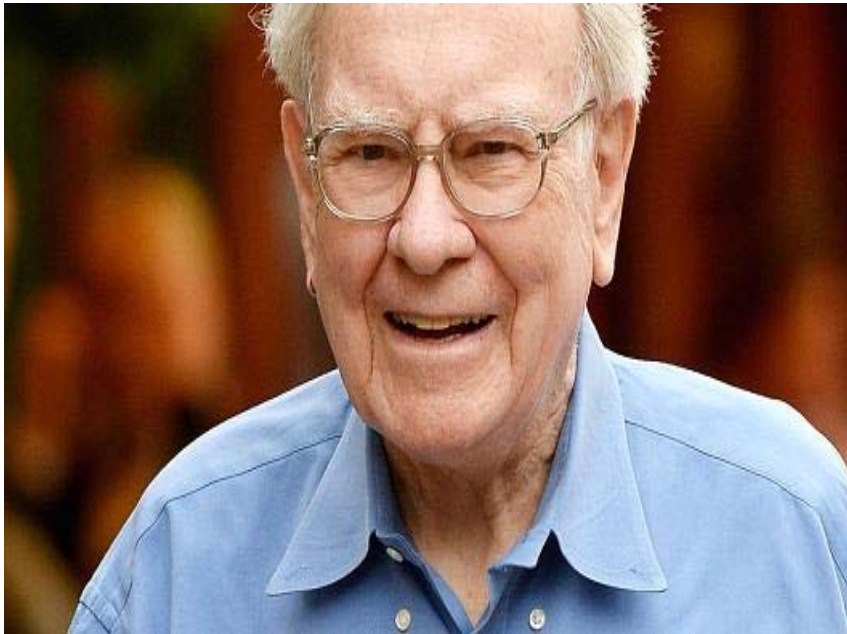


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My Boss' s Advice



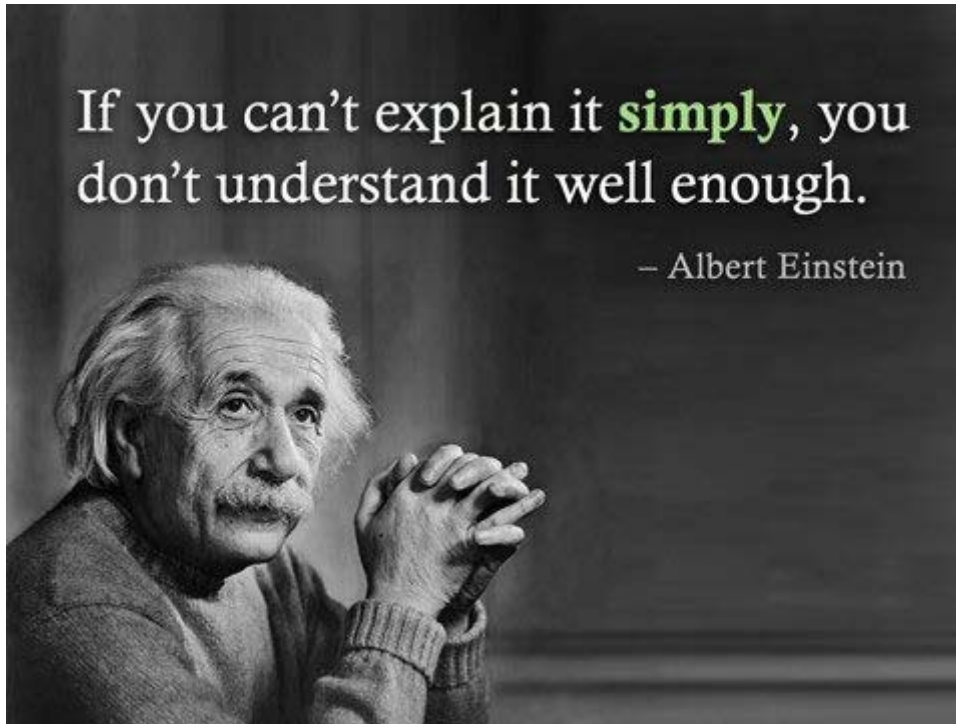
- *I try to buy stock in businesses that are so wonderful that an idiot can run them. Because sooner or later, one will. -Warren Buffett*

My Test for Today



If you can't explain it **simply**, you don't understand it well enough.

– Albert Einstein



How a leasing works



- Purchase v Lease
- Cash, overdraft, HP, Conditional Sale, Lease Purchase.
- Finance Lease, Operating Lease.

Buying Power



- Leasing company Manufacturer terms – Level Playing Fields!
- Customer special Terms – Sole supply commitment!
- Dealer Discounts – Volume counts!
- Dealer labour and parts discounts – Volume and ability to direct business gets results!



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Residual Values



- Create a residual value
- Manufacturer
- Manufacturers model replacement cycle
- Mileage
- Period
- Use
- Economy



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Maintenance

- Set a budget
- Planned maintenance
- Unplanned maintenance (inc breakdowns)
- Road Fund Licence
- Tyres
- Maintenance provision for unspent element of the monthly rental



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Funding



- Capital
- Market funds
- Basket of Swap rates - all fixed rate



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Tax

- Capital Allowances
- Cars and commercial vehicles
- Elaborate company structure – 12 month end companies not unusual!



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Management Information



- Monthly Review of MI to identify under and over budget vehicles
- Annual review to determine maintenance adequacy
- Annual review to check future residual value assumptions



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Impairment Reviews



- 6 monthly reviews of maintenance and residual values
- Add to or release from provision
- No surprises!



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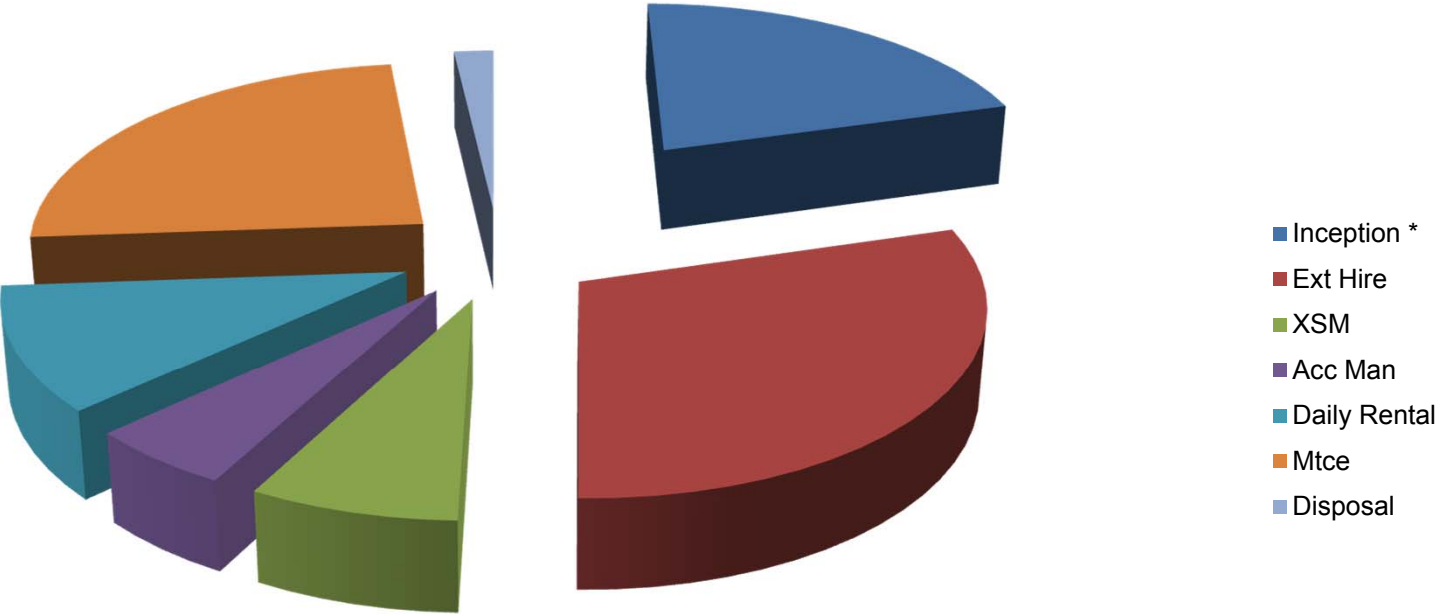
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Profit



- Behavioural not contractual
- Associated Services
- Risk

Profit Segmentation



- Inception *
- Ext Hire
- XSM
- Acc Man
- Daily Rental
- Mtce
- Disposal



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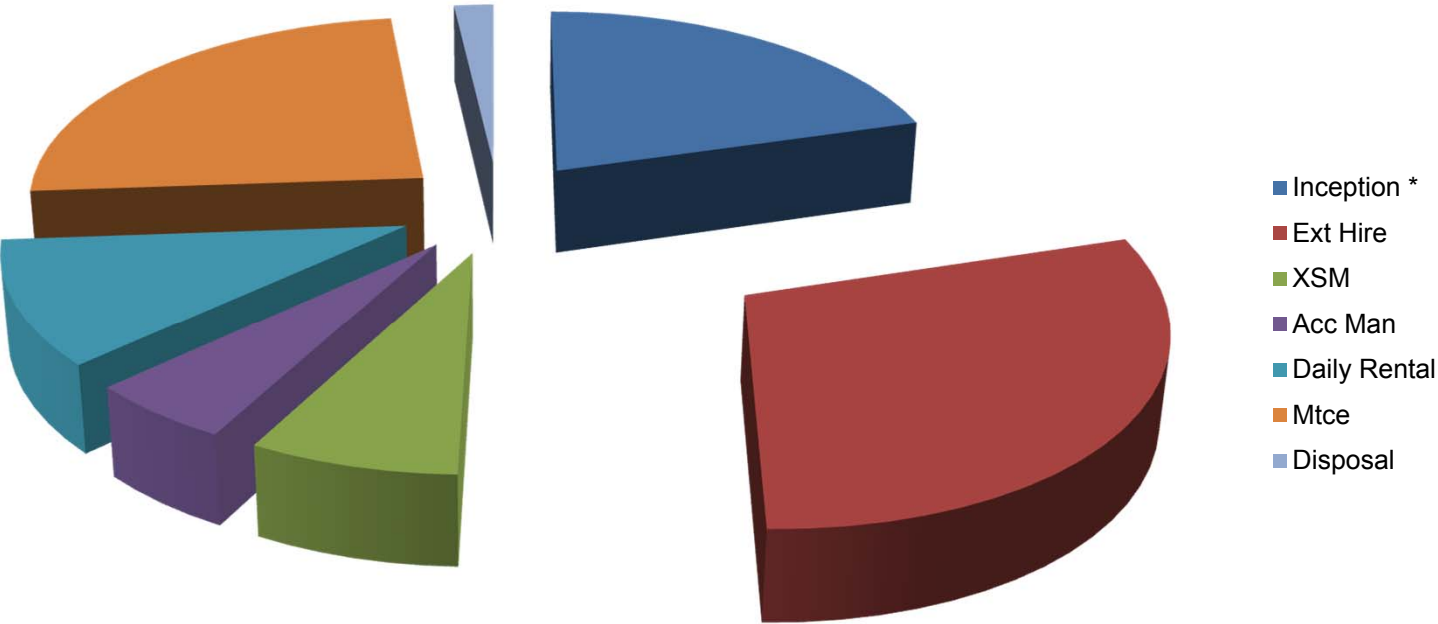


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Profit Segmentation



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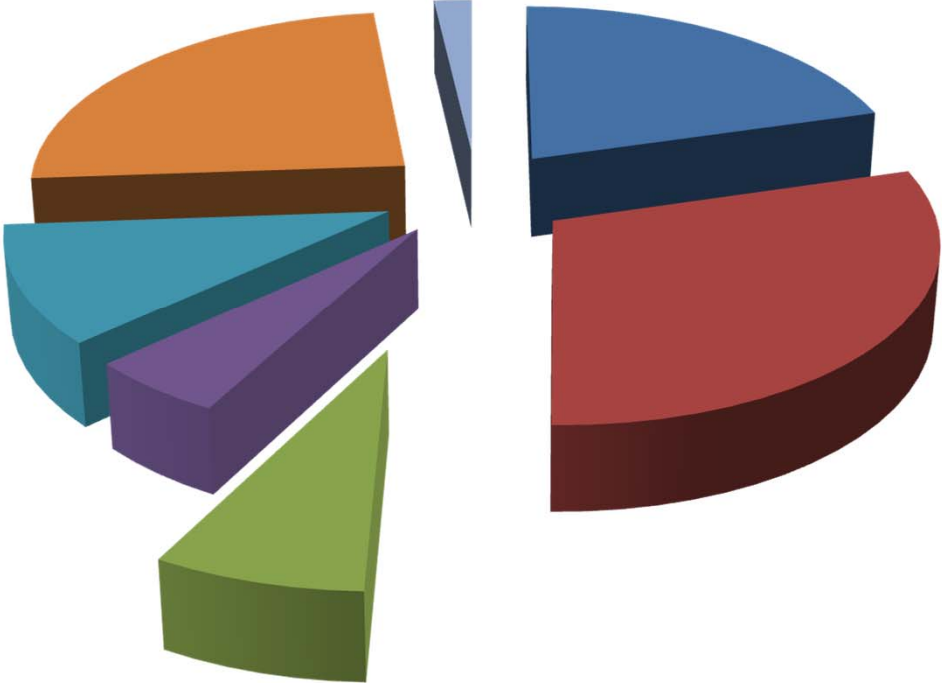


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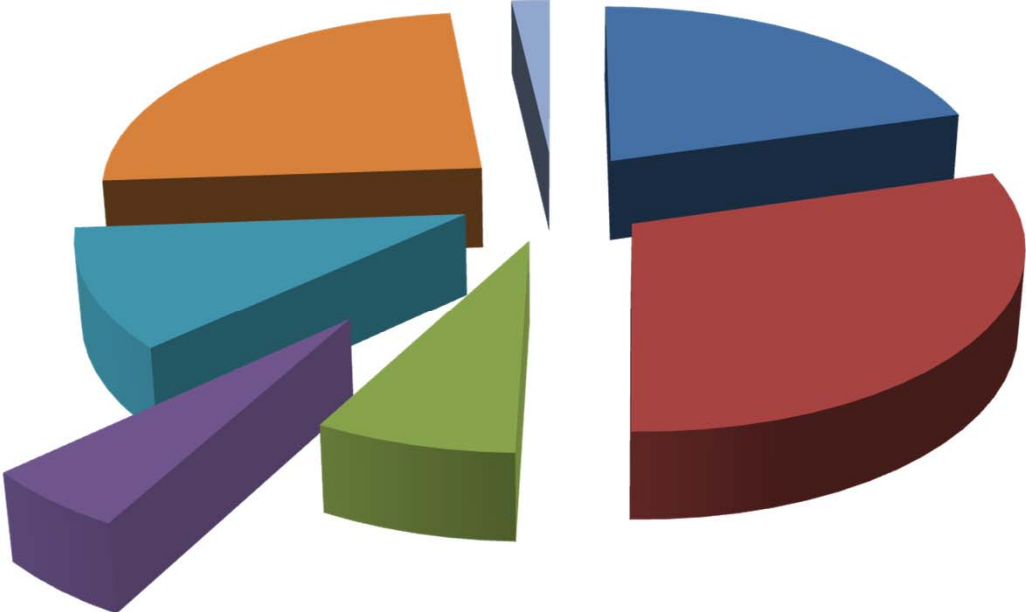


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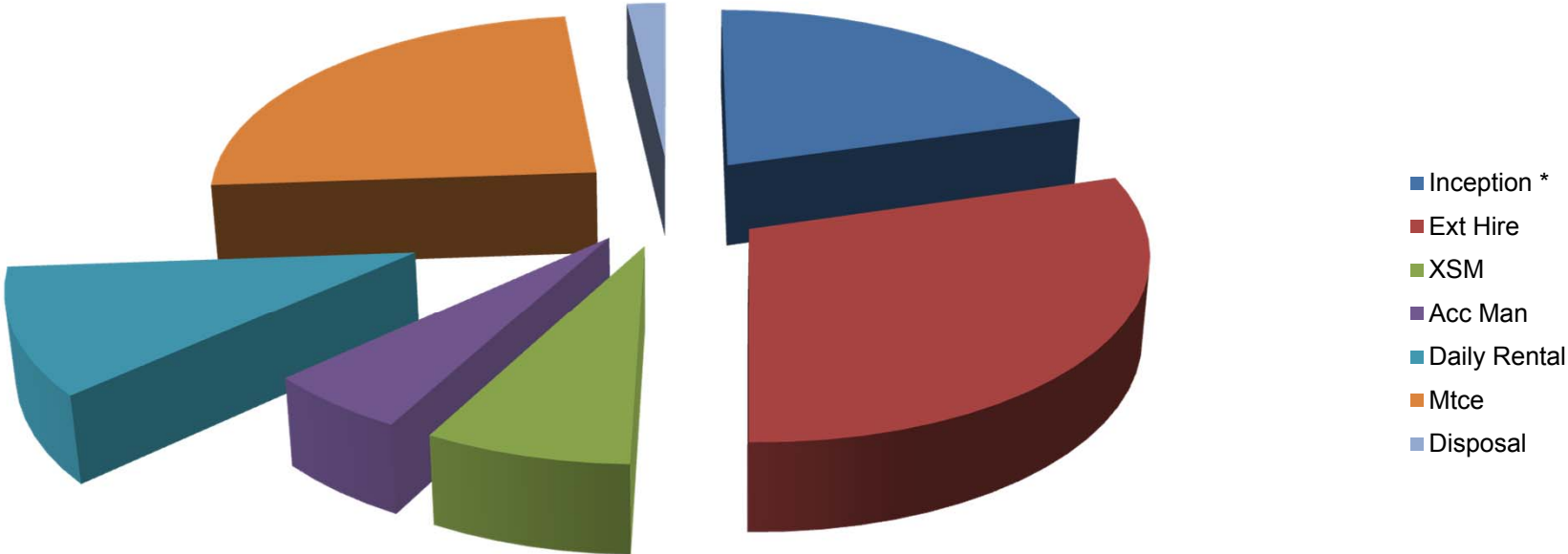


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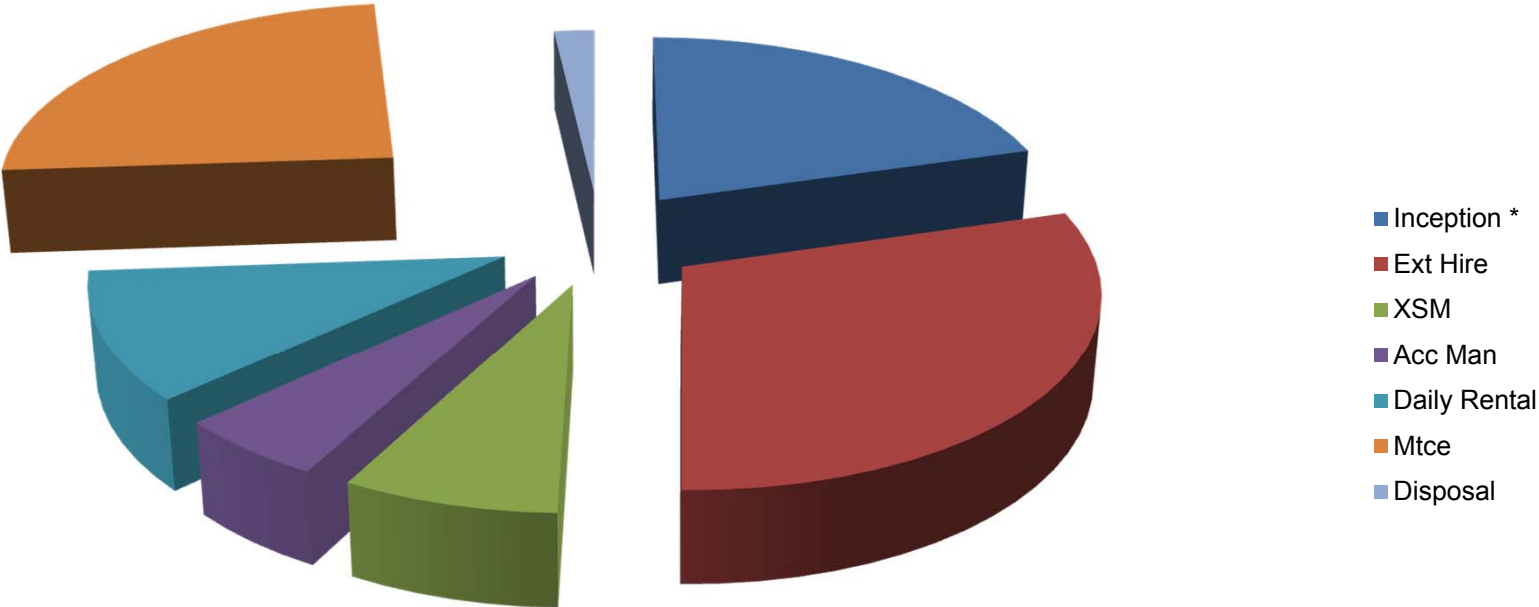


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Profit Segmentation



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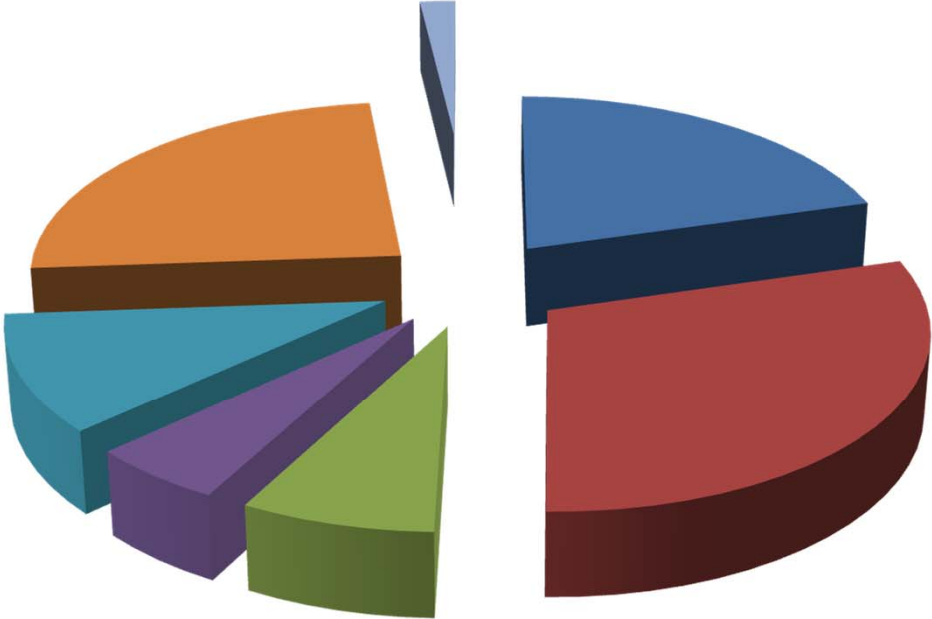


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Thank you



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