



EUROPEAN LEASING BAROMETER (ELB)

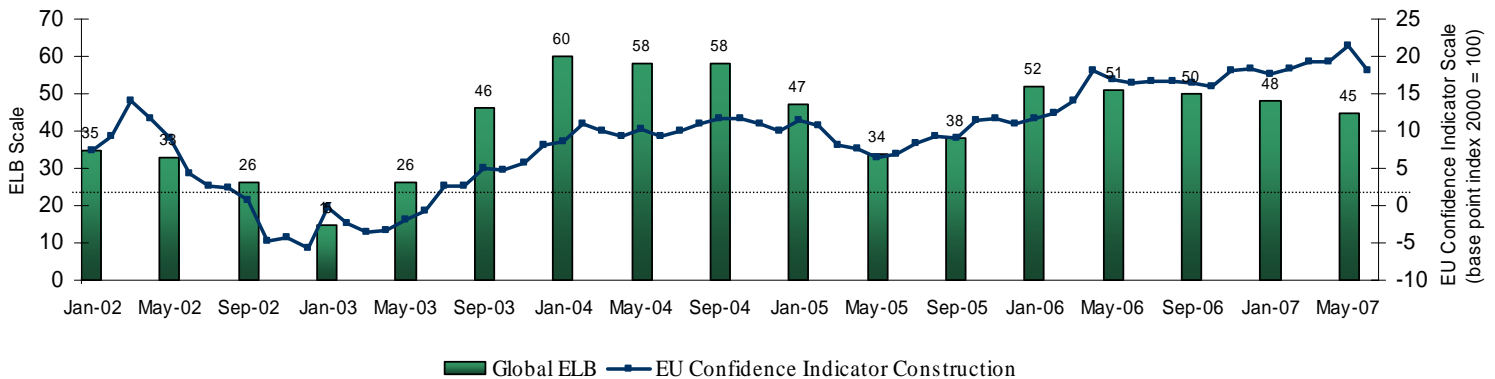
17TH EDITION – MAY/JUNE 2007

The European Leasing Barometer (ELB) is a confidence indicator of European leasing professionals, measuring their expectations in the coming three months in relation to the state of the general economy, the leasing sector and their own business. The survey is conducted three times a year in cooperation with the member companies of the leasing associations covered by Leaseurope.

Over 170¹ leasing professionals from 27 European countries (both EU and non-EU) took part in this 17th edition of the ELB survey which reveals that confidence levels of European lessors fell by just over 6% to reach 45 ELB points. While the decrease is relatively small, the confidence indicator has been on a path of slow decline since January last year, having lost some 13% during the past 18 months.

The evolution of the ELB since its creation in January 2002 is show in Graph 1 below.

Graph 1: The ELB - Comparison with EU Commission's Confidence Indicator



Graph 1 also compares the ELB with a construct based on the well-known EU Commission's Service Confidence Indicator². This reference indicator measures business climate expectations for the services industry throughout the EU and has been fairly flat for the past year, with the exception of a drop at the end of the time period shown. This

¹ 177 European lessors took part in the 17th ELB.

² For purposes of consistency with the ELB, the EC's *Services Confidence Indicator* has been limited to an arithmetic average of its **forward** looking components, i.e. 'Assessment of Business Climate', 'Evolution of Demand expected in the months ahead', and 'Evolution of Employment expected in the months ahead'. The indicator covers sectors such as financial services, renting, transport and the real estate business. The full survey report is available at:

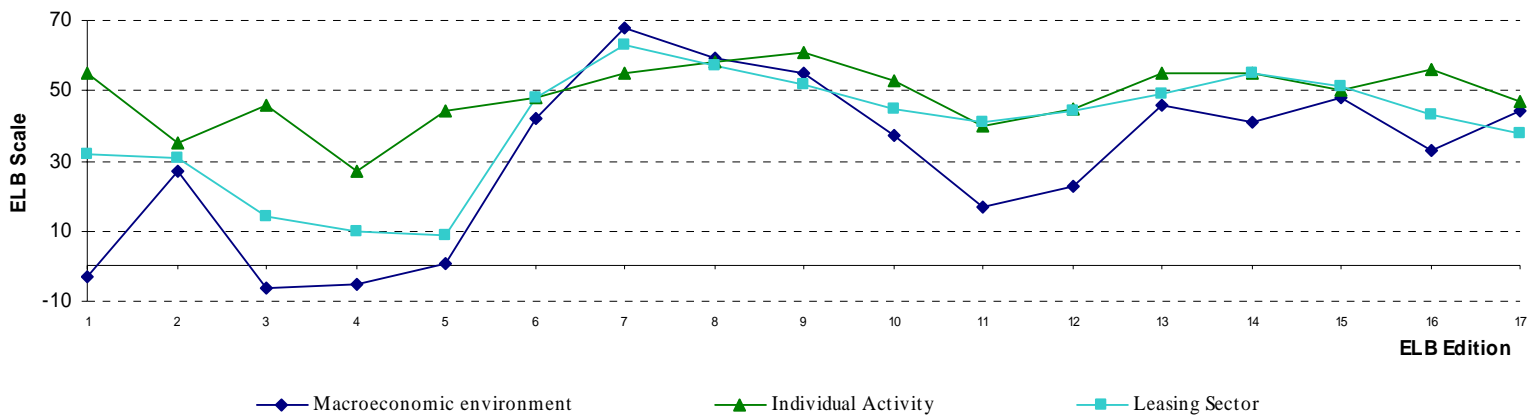
http://europa.eu.int/comm/economy_finance/indicators/businessandconsumersurveys_en.htm

indicates that, similarly to the leasing industry, the European service sector as a whole has recently been less optimistic in the short-term future.

The global ELB shown above can be split into its three main components (illustrated in Graph 2 below), a brief analysis of which is useful as it reveals the underlying reasons to the fall in the overall ELB measure.

These three components are the level of confidence in the general economy of the respondent's home country (macroeconomic environment), the level of confidence in the European leasing industry (leasing sector) and lastly, the level of confidence in the respondent's own leasing company (individual activity).

Graph 2: ELB Breakdown into Components



In spite of a 33% rise in the macroeconomic environment element, the overall downturn in the June 2007 ELB is due to slumps in the other two components, with respondents' confidence levels in the leasing industry itself losing 11.6% compared to January 2007 to reach 38 ELB points and their expectations relating to the performance of their own companies declining by 16% to attain a level of 47 points.

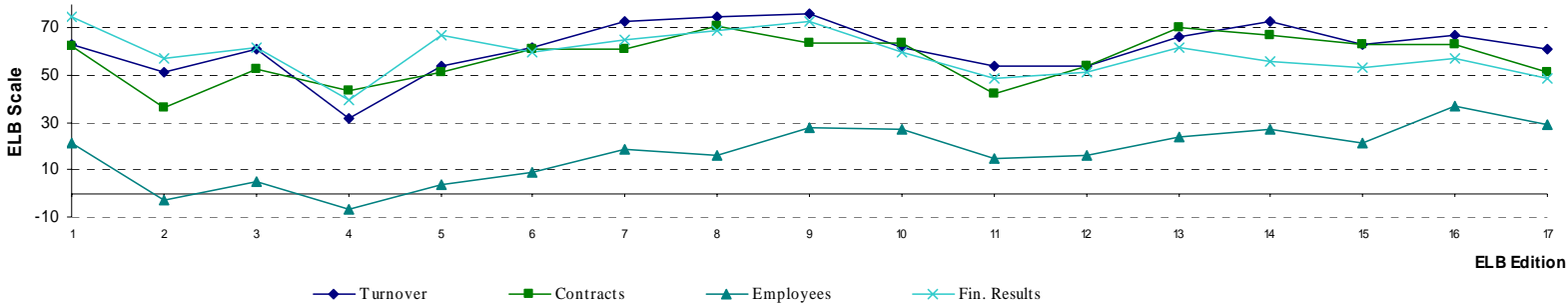
When examining Graph 2, another notable evolution is the continued fall of confidence in the European leasing industry, which has dropped from a high of 55 points in June last year, revealing that leasing professionals are somewhat more pessimistic about the sector's ability to maintain current performance levels than they have been in the past.

The substantial improvement of the macroeconomic component can be attributed to a more favourable outlook for the economies of the respondents' home countries in general, accompanied by an increase in expectations relating to the level of investments in these economies in particular. Indeed, in relation to the previous survey, confidence in investment levels rose from 35 to 49 ELB points in this edition, representing a 40% increase.

In contrast, confidence in the respondent's individual activities was down by 9 ELB points reaching a level of 47 points in the current survey. This can be attributed to decreases in all of the constitutive elements of this component as shown in Graph 3 below.

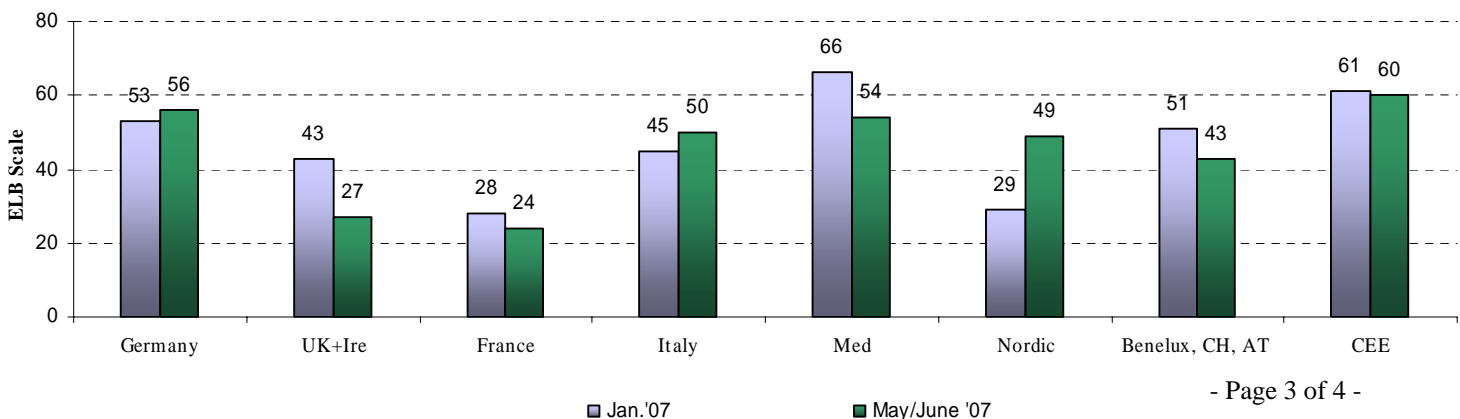
The outlook for leasing firms' employee numbers remained the lowest component at 29 ELB points and was also the component to undergo the largest decrease, falling by nearly 22% compared to the previous survey. The highest individual component of the survey was the individual companies' turnover element, which reached 61 points but nevertheless fell by almost 9% in relation to the 16th edition.

Graph 3: Individual Activity

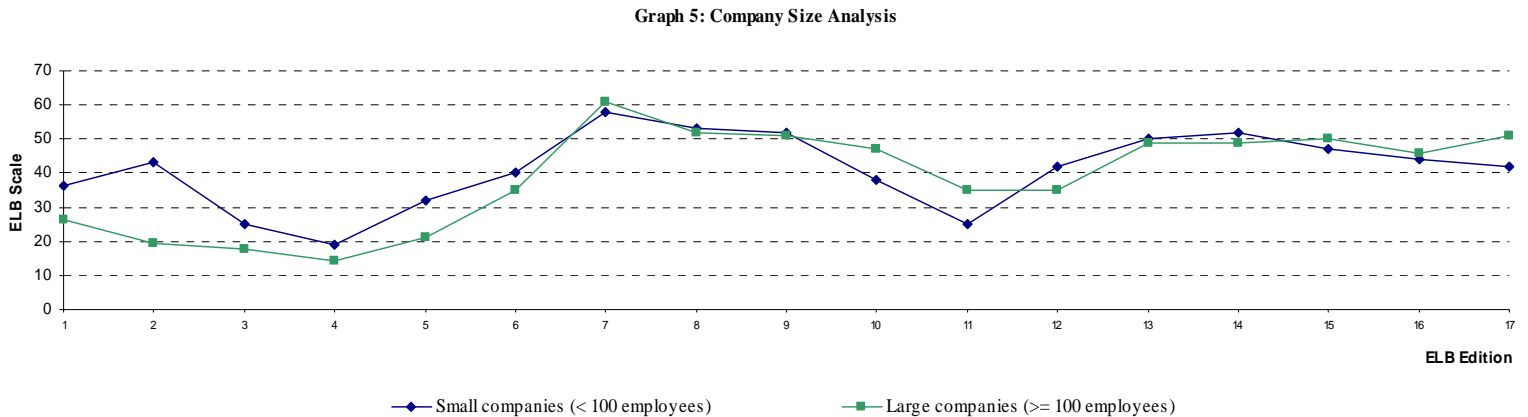


Expectations of leasing professionals varied quite substantially depending on the country they operate in as shown in the following graph (Graph 4). With a ELB level of 60 points, the cluster of Central and Eastern European countries was the most confident region, with France being the most pessimistic country at 24 ELB points. The sentiment within the various European markets also evolved in different directions, with the UK and Ireland cluster's ELB measure losing 37% compared to the January edition, while the Nordic cluster picked up considerably, gaining nearly 70% in their ELB, bringing this region up to its traditional past levels of confidence.

Graph 4: Cluster Comparison



Analysis of the ELB according to the size of the respondent's company (see Graph 5) shows that after having evolved for the most part in parallel for more than a year, larger leasing companies' expectations shot up in comparison to those of smaller firms in the current edition. Smaller firms, defined as companies with less than 100 employees, were less confident by 21% in relation to their bigger counterparts. Companies active in the car leasing sector were somewhat more optimistic than those involved in automotive leasing, a reversal of the situation in the previous survey.



Leaseurope would like to thank those numerous European leasing companies who took part in this 17th edition of the ELB and wished to encourage all European leasing, including automotive long term rental firms to take part in the future.

The next ELB survey will be launched in September 2007. Those wishing to take part can access the questionnaire available at that time at the following address:

http://www.leaseurope.org/elb2005/Lease_Form.asp

Previous editions of the ELB survey as well as a description of the methodology used can be found on Leaseurope's website at:

<http://www.leaseurope.org>