

Brazilian leasing industry: prepared for the recovery consolidation

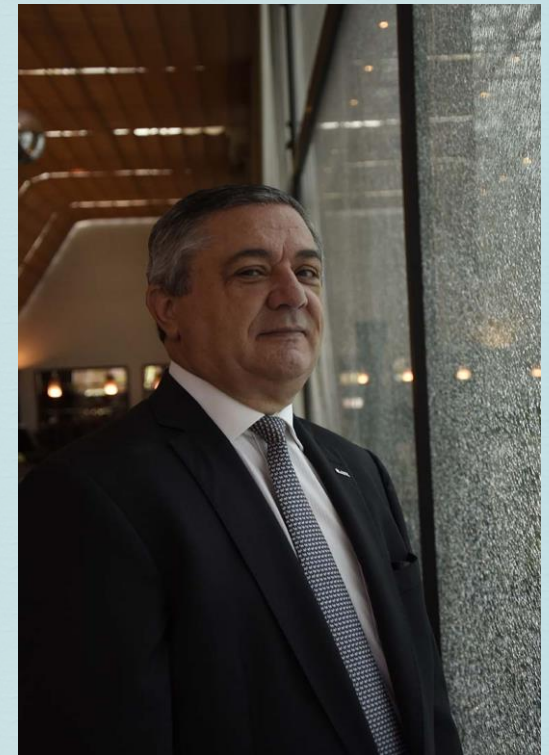
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The financial crisis and the political uncertainties of the last years in Brazil were a test for the institutional order. We left that process matured and institutionally stronger, determined in combating the corruption and, thereby, to establish solid foundations for the growth recovery.. The signs are clear.

Once more the private sector is having more active participation in the investment process. Capital goods production – an indicator that foresees growth recovery – keeps the high indexes since January, 2016. Entrepreneurs' trust is increasingly high, another indicative that the worst was far behind resulting, thus, in positive results in the internal consumption. The Gross Domestic Product (GDP) shrank 3.8% in 2015. The Central Bank of Brazil calculates a decrease between 3% e 3.5% of the GDP for 2016, with a better forecast in the last quarter of the year.

Political uncertainties and the change in government were important for the consolidation of the Brazilian democratic institutions and the positive expectations. Once this political transition has ended, the country will be favorable to enter in a phase of sustainable economic growth. The economical authorities will regain the trust that the country is able to perform the necessary improvements.



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As stated by the Brazilian newspaper "Folha S. Paulo" in May, 2016, Mark Mobius, president of Templeton Emerging Markets Group, one of the top management companies of global investments said "no country did like Brazil in combat corruption. Therefore, the potential of growth of the Brazilian economy is one of the largest of the world".

The leasing market, that was getting ready to start growing again after having done many important achievements in the regulatory field, was resented – an example of other economic activities - the adverse situation occurred in Brazil. The leasing sector ended the year of 2015 holding 0.30% in GDP. It is appropriate to notice that the holding was 1.48% in 2011.

The actual value of the portfolio (*Valor Presente da Carteira - VPC*) in December, 2015 was BRL 17.865 billion, a 20.87% reduction before December, 2014. The goods more leased were machines and equipment, corresponding to 40.89% of the portfolio total; vehicles and similar - 32.59%; aircrafts - 11.80%; and other types of goods - 14.72% of the portfolio.

For the leasing market, that celebrate 45 years in 2015, the search of a more solid and coherent legal and tax structure is one of the ways for boosting businesses. At ABEL, we are working for a tax balanced model, so that the companies feel safe to unlock investments and to retake the productive investments. Aiming at legal improving, ABEL is actively participating of the discussion and forwarding of proposals for the implantation of the International Financial Reporting Standards (IFRS) in Brazil. The adoption of new accounting practices will give more transparency to the information and it will contribute to the reduction of the investors risk.

The economy strengthening and a regulatory framework that puts the leasing activity as competitive credit option are conditions that will allow the country to recover its main role in the global economy.

We believe that the country is ready to react and enter in a new cycle of economic expansion. Now, the country is institutionally matured, and leasing, whilst used as a strategic promotion tool to the investments in production, can help it to get back.

Present portfolio value - top 20 lessors in 2015

POSIÇÃO	EMPRESA	TOTAL(US\$m)	CONTRATOS	PORCENTAGEM %
1	Banco Itaucard S/A	776.592.890	149.827	16,83
2	Bradesco Leasing S/A Arrendamento Mercantil	767.172.155	27.573	16,62
3	Santander Leasing S.A. Arrendamento Mercantil	549.287.792	34.278	11,90
4	Banco IBM S/A	521.932.054	2.372	11,31
5	Safra Leasing S/A Arrendamento Mercantil	378.923.640	18.510	8,21
6	HP Financial Services Arrendamento Mercantil S/A	264.540.891	3.635	5,73
7	HSBC Bank Brasil S/A	245.755.178	5.399	5,32
8	SG Equipment Finance S.A. Arrendamento Mercantil	237.662.683	695	5,15
9	Cia. de Arrendamento Mercantil RCI Brasil	231.800.621	62.054	5,02
10	BB Leasing S/A Arrendamento Mercantil	124.641.376	4.328	2,70
11	Banco Commercial I.Trust do Brasil S/A	95.644.492	4.054	2,07
12	Alfa Arrendamento Mercantil S/A	68.380.881	1.466	1,48
13	Citibank Leasing S/A Arrendamento Mercantil	65.843.818	510	1,43
14	Leaseplan Arrendamento Mercantil S/A	56.708.012	699	1,23
15	Banco de Lage Landen Brasil S/A	33.017.485	629	0,72
16	Banco Toyota do Brasil S/A	30.972.539	2.790	0,67
17	Banco Rodobens S/A	30.664.149	541	0,66
18	Banco Volkswagen S/A	30.625.878	6.644	0,66
19	BIC Arrendamento Mercantil S/A	30.087.635	204	0,65
20	Banco Itauleasing S/A	28.872.515	485	0,63
Total		4.569.126.686	326.693	98,99
Total of the market		4.615.571.695	411.657	100,00
Source : Abel - Brazilian Association of Leasing Companies				

New investments - top 20 lessors in 2015

POSIÇÃO	EMPRESA	TOTAL(US\$m)	CONTRATOS	PORCENTAGEM %
1	Banco IBM S/A	374.948.794	768	15,42%
2	Safra Leasing S/A Arrendamento Mercantil	345.832.915	14.350	14,22%
3	Santander Leasing S/A Arrendamento Mercantil	329.493.176	3.431	13,55%
4	Banco Itaucard S/A	312.720.446	2.746	12,86%
5	Bradesco Leasing S/A Arrendamento Mercantil	275.591.790	3.495	11,34%
6	HP Financial Services Arrendamento Mercantil S/A	161.171.607	823	6,63%
7	SG Equipment Finance S.A. Arrendamento Mercantil	121.701.683	322	5,01%
8	HSBC Bank Brasil S/A	118.998.485	1.194	4,89%
9	Cia. de Arrendamento Mercantil RCI Brasil	113.057.062	12416	4,65%
10	BB Leasing S/A - Arrendamento Mercantil	64.317.617	1.295	2,65%
11	Banco Commercial I.Trust do Brasil S/A	55.939.841	1.033	2,30%
12	Citibank Leasing S/A Arrendamento Mercantil	44.767.090	166	1,84%
13	Alfa Arrendamento Mercantil S/A	38.941.779	480	1,60%
14	Banco Toyota do Brasil S/A	14.505.342	703	0,60%
15	Banco Volkswagen S/A	14.343.071	274	0,59%
16	Banco Itauleasing S/A	11.368.307	47	0,47%
17	Banco de Lage Landen Brasil S/A	11.264.080	63	0,46%
18	Banco Rodobens S/A	8.132.409	190	0,33%
19	Banco Bradesco Financiamentos S/A	7.407.390	306	0,30%
20	BIC Arrendamento Mercantil S/A	5.737.145	5	0,24%
Total		2.430.240.026	44.107	99,96%
Total of the market		2.431.277.426	44.135	100,00
Source: Abel - Brazilian Association of Leasing Companies				

Equipment leased 2008- 2015 US\$M

	2008	2009	2010	2011	2012	2013	2014	2015
Veículos e Afins	44.525	57.596	37.617	17.283	10.862	4.810	3.067	1.572
Máquinas e Equipamentos	4.470	6.195	6.858	6.310	5.869	5.275	3.407	1.972
Aeronaves	255	403	540	578	660	854	895	569
Equip. de Informática	475	1284	1.239	1.036	1.175	686	405	276
Instalações	68	88	110	89	72	51	69	40
Móveis e utensílios	77	101	110	89	67	58	56	29
Embarcações	31	46	56	58	53	61	75	46
Imóveis	47	69	270	59	84	40	28	21
Outros Bens	140	223	239	43	45	18	98	107
Total	50.088	66.005	47.039	25.545	18.887	11.853	8.100	4.632

Source: Abel - Brazilian Association of Leasing Companies

Collectible leases per sector 2008- 2015 US\$M

	2008	2009	2010	2011	2012	2013	2014	2015
Pessoas Físicas	37.847	46.321	36.408	20.007	9.779	4.855	1.949	684
Serviços	7.745	9.335	9.208	6.759	5.802	5.138	5.353	3.236
Comércio	4.069	4.094	3.398	2.043	1.740	1.237	1.065	593
Indústria	4.553	5.191	4.865	3.354	2.610	2.060	1.751	921
Governo	134	92	97	97	158	76	167	126
Outros	611	945	2.042	1.237	978	490	468	157
Total	54.959	65.978	56.018	33.497	21.067	13.856	10.753	5.717

Source: Abel - Brazilian Association of Leasing Companies