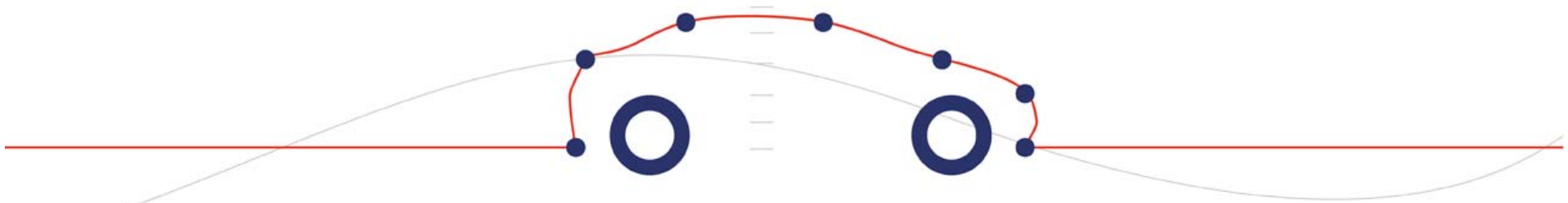




**Quarter 3, 2017**



**Quarterly Leasing Survey**

## Key results quarter 3 2017

- BVRLA business fleet leasing sector including contract hire and finance lease for both cars and vans is 1,338,000, 1% down on the previous quarter.
- Total car leasing fleet (all leasing types) was unchanged compared to the previous quarter, with core risk products including contract hire and finance falling by 1%. Growth in Personal Contract Hire has reduced from 7% in Q2 2017 compared to the previous quarter to 3% in Q3 2017.
- The LCV market continues to grow quarter on quarter but the pace of growth has slowed to around 1% growth quarter on quarter.
- More members reported on the average age of their car and LCV fleets (data collected for the first time last quarter). This led to an adjustment in the average age of car to 24 months; and the average age of LCV is 29 months.
- The average fleet emissions of new cars added to the BVRLA fleet reduced very slightly to 111.6g/km. UK government's average fleet emissions for the quarter have not yet been published.
- The proportion of low emissions (formerly VED bands A, B and C) continues to rise, all other bands remained the same or fell, except band D and F which rose very slightly.
- The proportion of petrol cars added to the fleet increased by 4.8% compared to the previous quarter, replacing diesel which declined by 4.5%.
- Members confidence about the economy and the fleet leasing sector remains negative, but unchanged compared to the previous quarter. Members remain positive about fleet growth, but have become progressively less positive each quarter since Q4 2016. Members remain concerned about used car values, but have become progressively less negative since Q4 2015.



# BVRLA Fleet Leasing Sector

(contract hire and finance lease only, cars and vans)

Total BVRLA business fleet leasing sector for cars and LCVs has reduced from 1,350,000 to 1,338,000 due to two successive quarters in which car risk fleet has contracted by 1% compared to the previous quarter. Overall fleet size is still growing year on year with continued (but slowing) growth in the number of LCVs.

	(000's)	(000's)	(000's)	Market growth YoY		
	TOTAL	CARS	LCVS	TOTAL	CARS	LCVS
Q3 '17	1,338	964	374	2.5%	-0.3%	10.3%
Q2 '17	1,350	979	371	7.6%	2.4%	14.9%
Q1 '17	1,345	987	358	6.5%	3.6%	15.3%
Q4 '16	1,335	985	350	6.6%	3.6%	16.2%
Q3 '16	1,306	967	339	5.0%	2.2%	13.8%
Q2 '16	1,255	936	319	4.6%	2.1%	12.4%
Q1 '16	1,239	933	306	4.7%	2.1%	13.4%
Q4 '15	1,228	931	297			
Q3 '15	1,220	927	293			
Q2 '15	1,201	917	284			

\*This figure is business fleet leasing – i.e. contract hire and finance lease only, calculated from BVRLA membership figures at Q3 2016, and subsequently adjusted by percentage growth from a sample group plus actuals where available. Actual figures are available for c.70% of the total fleet. The sample group contains data on larger fleets with smaller fleets assumed to grow at a similar rate. It excludes contract purchase, personal contracts, fleet management and Motability vehicles. Market growth is further adjusted to reflect a change in the sample group from Q3 2016.



**Quarterly Leasing Survey**

## Trends by contract type, cars

Declining pace of growth since Q4 2016 has continued into Q3 with 0% growth quarter on quarter and slower growth year on year (6% down from 12% in Q4 2016).

% Growth year on year	2016 Q1	2016 Q2	2016 Q3	2016 Q4	2017 Q1	2017 Q2	2017 Q3
<b>TOTAL</b>	<b>9%</b>	<b>10%</b>	<b>10%</b>	<b>12%</b>	<b>11%</b>	<b>8%</b>	<b>6%</b>
Fleet Leasing*	2%	3%	3%	4%	4%	2%	0%
PCH	53%	55%	49%	47%	42%	36%	28%
Rest	15%	16%	19%	25%	17%	9%	9%
% growth quarter on quarter	2016 Q1	2016 Q2	2016 Q3	2016 Q4	2017 Q1	2017 Q2	2017 Q3
<b>TOTAL</b>	<b>2%</b>	<b>3%</b>	<b>3%</b>	<b>4%</b>	<b>1%</b>	<b>0%</b>	<b>0%</b>
Fleet Leasing*	0%	1%	1%	2%	0%	-1%	-1%
PCH	12%	11%	8%	10%	8%	7%	3%
Rest	6%	5%	5%	8%	-1%	-2%	4%

\*non-captive finance BVRLA members only included in sample group. Fleet leasing includes contract hire and finance lease only



## Other leasing fleet size measures

### Total SMMT new fleet registrations CARS

Vehicle Type	Sales Type Group	Detailed Sales Type Description	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017
CARS	BUSINESS	DIPLOMATIC/CONSULAR	0	0	1	2	0
CARS	BUSINESS	BUSINESS: OTHER	28,375	19,317	32,422	19,489	26,067
CARS	BUSINESS	BUSINESS: LEASING/CONTRACT HIRE	2,447	1,582	2,313	1,327	1,803
CARS	FLEET	DEALER VEHICLE	58,144	37,682	56,903	45,679	54,683
CARS	FLEET	FLEET: OTHER	46,976	34,782	53,898	33,847	40,226
CARS	FLEET	FLEET: LEASING/CONTRACT HIRE	111,565	99,709	116,072	92,934	98,833
CARS	FLEET	FLEET: DEMONSTRATOR	95	152	153	184	304
CARS	FLEET	FLEET: MOTABILITY	61,100	53,430	56,997	56,167	57,048
CARS	FLEET	FLEET: RENTAL	58,639	43,853	81,143	72,564	49,056
			<b>367,341</b>	<b>290,507</b>	<b>399,402</b>	<b>322,220</b>	<b>328,020</b>

## Other leasing fleet size measures

### Total SMMT new fleet registrations LCVs

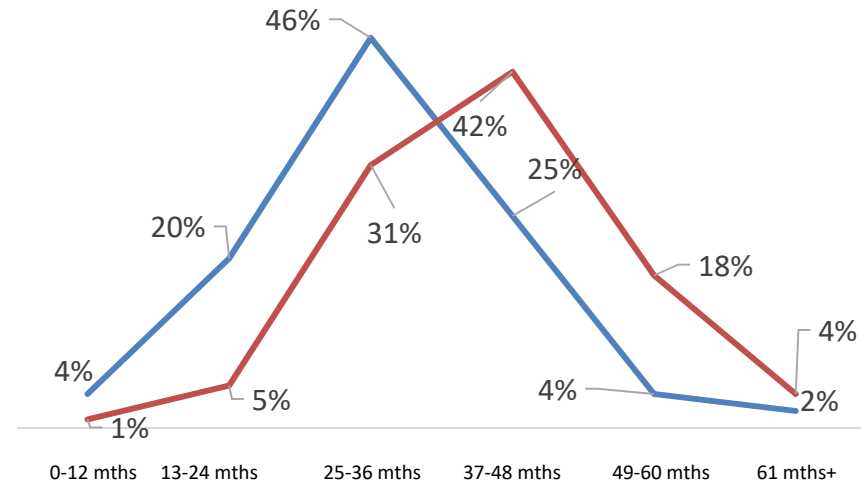
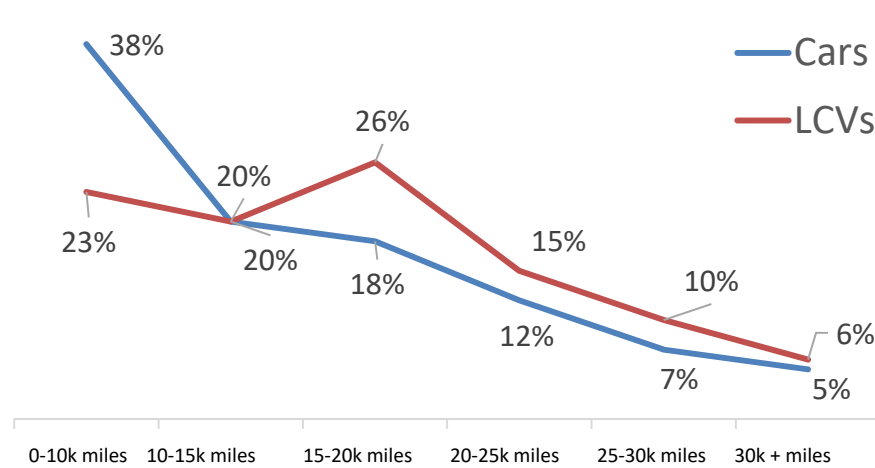
Vehicle Type	Sales Type Group	Detailed Sales Type Description	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017
LCVS	BUSINESS	BUSINESS: OTHER	13,461	9,554	14,855	12,959	14,466
LCVS	BUSINESS	BUSINESS: LEASING/CONTRACT HIRE	334	364	594	526	619
LCVS	FLEET	DEALER VEHICLE	4,597	2,593	5,081	3,682	4,652
LCVS	FLEET	FLEET: OTHER	37,042	35,257	37,084	31,391	33,253
LCVS	FLEET	FLEET: LEASING/CONTRACT HIRE	19,996	17,329	20,455	17,302	19,788
LCVS	FLEET	FLEET: DEMONSTRATOR	6	11	13	31	9
LCVS	FLEET	FLEET: MOTABILITY	147	119	76	68	117
LCVS	FLEET	FLEET: RENTAL	16,831	13,475	12,119	13,715	16,738
			92,414	78,702	90,277	79,674	89,462



## Contract duration and average annual contract mileage for total fleet - cars and LCVs Q2 2017

- 7 out of 10 Car & LCV contracts under 20K miles
- Mean contract mileage per annum for cars 15k miles and LCVs 17k miles

- Mean contract duration – cars: 3 years
- Mean contract duration – LCVs: 4 years
- No material changes

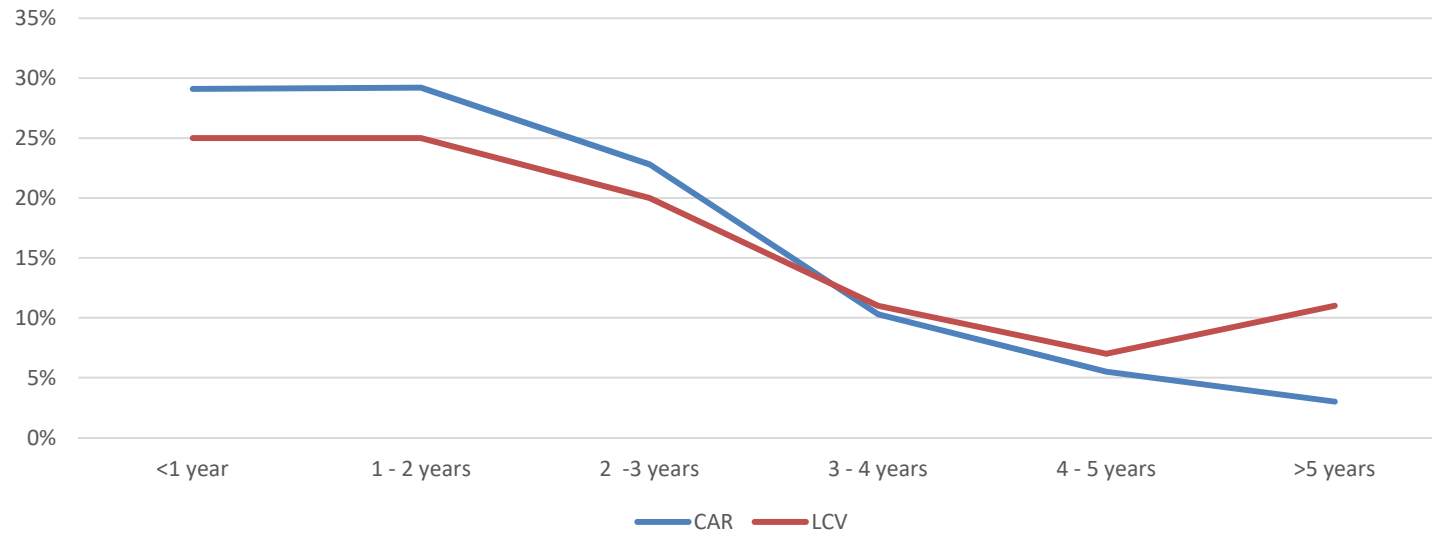


Mileage per annum

Contract duration

## Age profile of fleet – cars and LCVs

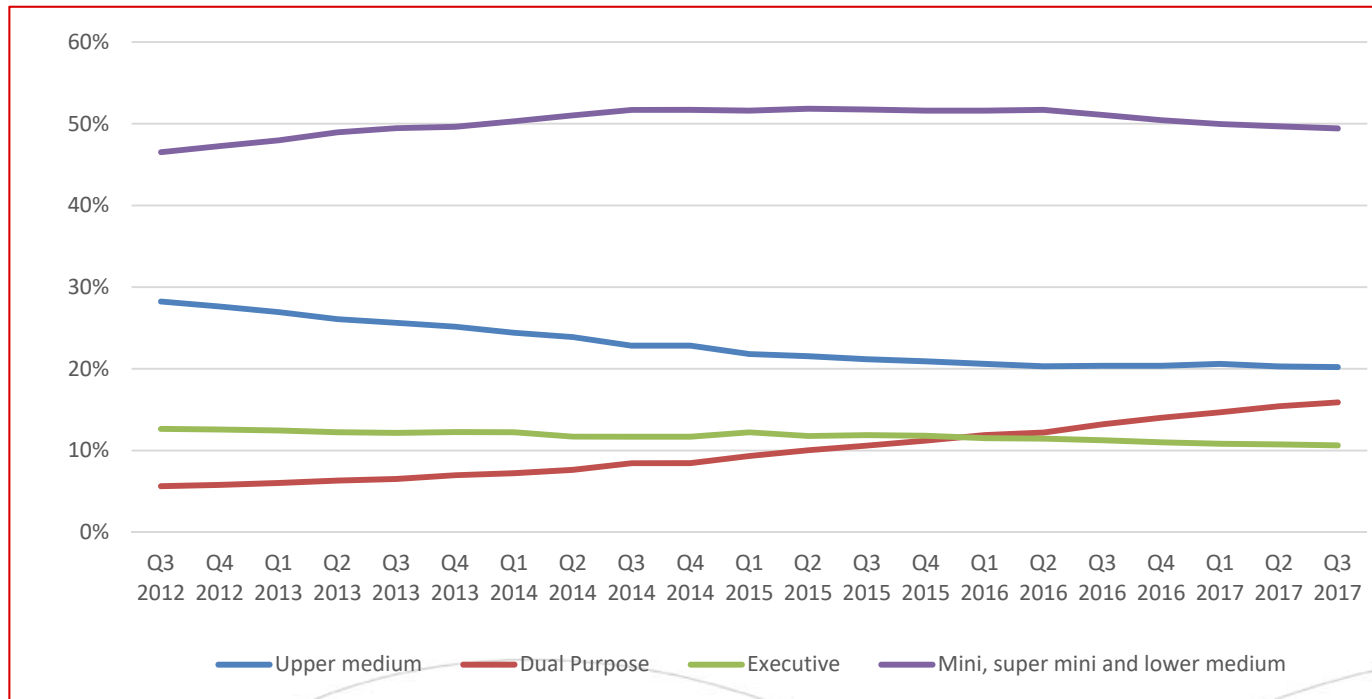
Average age of cars is 24 months; average age of LCVs is 29 months





## MVRIS segment trends

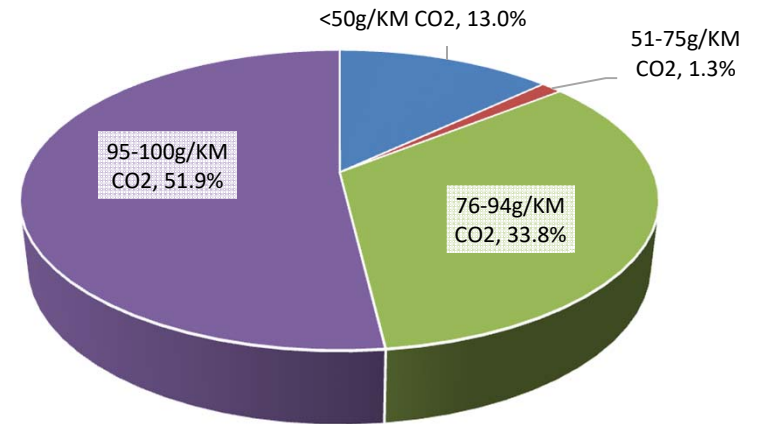
Around half of the fleet comprises super-mini, mini and lower medium. Dual purpose has consistently grown since 2012, with reductions in upper medium and other larger segments



# VED band profile\* - Total fleet per quarter

VED BAND	2015 Q4	2016 Q1	2016 Q2	2016 Q3	2016 Q4	2017 Q1	2017 Q2	2017 Q3
<b>BAND A</b>	23.4%	24.4%	26.2%	27.8%	28.2%	27.1%	27.3%	27.5%
Band A (<50g/KM CO2)	1.7%	1.9%	2.2%	2.4%	2.8%	3.1%	3.2%	3.6%
Band A (51-75g/KM CO2)	0.1%	0.1%	0.2%	0.7%	0.8%	0.3%	0.3%	0.4%
Band A (76-94g/KM CO2)	6.2%	6.4%	7.2%	8.6%	8.7%	7.7%	9.2%	9.3%
Band A (95-100g/KM CO2)	15.5%	16.0%	16.6%	16.1%	15.9%	16.1%	14.6%	14.3%
Band B (Up to 101g - 110g/KM CO2)	19.5%	20.2%	22.3%	22.0%	22.5%	23.0%	23.1%	23.1%
Band C (Up to 111 - 120g/KM CO2)	21.3%	20.8%	21.6%	21.1%	21.0%	21.5%	21.5%	21.4%
Band D (Up to 121g - 130g/KM CO2)	11.8%	11.7%	11.2%	11.0%	10.8%	11.0%	11.0%	11.2%
Band E (Up to 131g - 140g/KM CO2)	8.1%	7.8%	7.3%	7.1%	7.0%	6.9%	6.9%	6.9%
Band F (Up to 141g - 150g/KM CO2)	4.8%	4.6%	4.1%	3.9%	3.7%	3.6%	3.5%	3.6%
Band G (Up to 151g - 165g/KM CO2)	4.3%	4.2%	4.0%	4.0%	4.0%	3.9%	3.8%	3.7%
Band H (Up to 166g - 175g/KM CO2)	0.9%	0.9%	0.9%	0.9%	0.9%	0.8%	0.8%	0.8%
Band I (Up to 176g - 185g/KM CO2)	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	1.0%	1.0%
Band J (Up to 186g - 200g/KM CO2)	2.4%	2.3%	0.6%	0.5%	0.5%	0.5%	0.5%	0.4%
Band K (Up to 201g - 225g/KM CO2)	1.5%	1.5%	0.5%	0.5%	0.5%	0.5%	0.4%	0.4%
Band L (Up to 226g - 255g/KM CO2)	0.6%	0.6%	0.2%	0.1%	0.1%	0.1%	0.1%	0.1%
Band M (Over 255g/KM CO2)	0.2%	0.2%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%

**Band A Analysis**



\*Vehicle Excise Duty for reporting period refers to arrangements in place prior to new arrangements described in the Finance Bill in April 2017. NB Many of the changes in the Finance Bill were subsequently withdrawn in order to ensure the speedy passage of the Bill through Parliament before it dissolved as a result of the announcement of a general election in June, proposed changes to the vehicle excise duty arrangement were retained.

## Profile of total car and LCVs by CO2 emissions

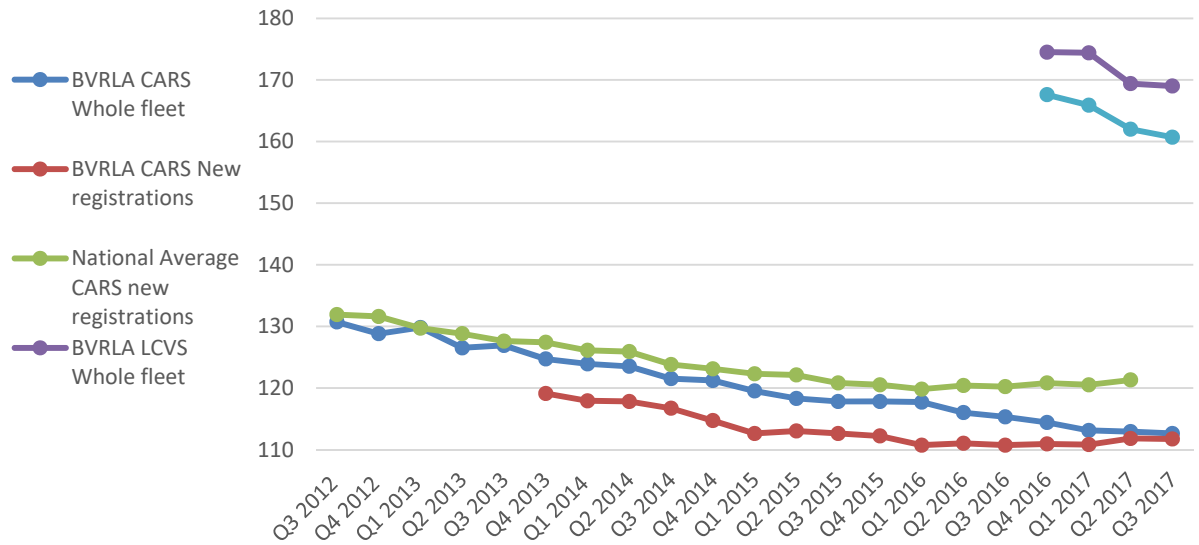
CO2 emissions for BVRLA fleet are 111.7g/km - a slight decrease from the previous quarter but up 1g/km year on year. This is largely accounted for by the increased percentage of Personal Contract Hire funded vehicles which have higher emissions.

Average emissions for total fleet (g/km)	BVRLA		National Average	BVRLA	
	CARS Whole fleet	CARS New registrations	CARS new registrations	LCVS Whole fleet	LCVS New registrations
Q4 2012	128.8		131.6		
Q1 2013	129.8		129.7		
Q2 2013	126.5		128.8		
Q3 2013	126.9		127.6		
Q4 2013	124.7	119.1	127.4		
Q1 2014	123.9	117.9	126.1		
Q2 2014	123.5	117.8	125.9		
Q3 2014	121.5	116.7	123.8		
Q4 2014	121.2	114.7	123.1		
Q1 2015	119.5	112.6	122.3		
Q2 2015	118.3	113.0	122.1		
Q3 2015	117.8	112.6	120.8		
Q4 2015	117.8	112.2	120.5		
Q1 2016	117.7	110.7	119.8		
Q2 2016	116.0	111.0	120.4		
Q3 2016	115.3	110.7	120.2		
Q4 2016	114.4	110.9	120.8	174.5	167.6
Q1 2017	113.1	110.8	120.5	174.5	165.9
Q2 2017	112.9	111.8	121.3	169.4	162.0
Q3 2017	112.6	111.7	NA	169.0	160.7



# Profile of cars and LCVs by CO2 emissions

CO2 emissions for BVRLA fleet are 111.7g/km - a slight decrease from the previous quarter but up 1g/km year on year. The **year on year** increase is largely accounted for by the increased percentage of Personal Contract Hire funded vehicles which have higher emissions.



Comparison of CO2 emissions Contract hire versus personal contract hire in BVRLA fleet*	
Contract hire	111.0 g/km
Personal contract hire	120.0 g/km

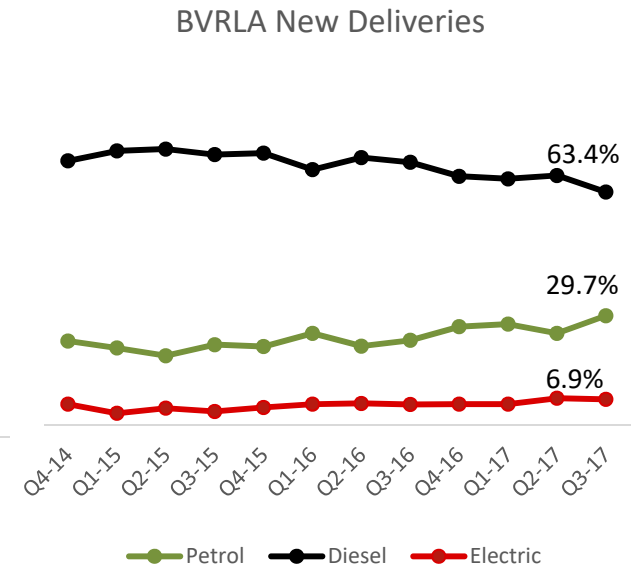
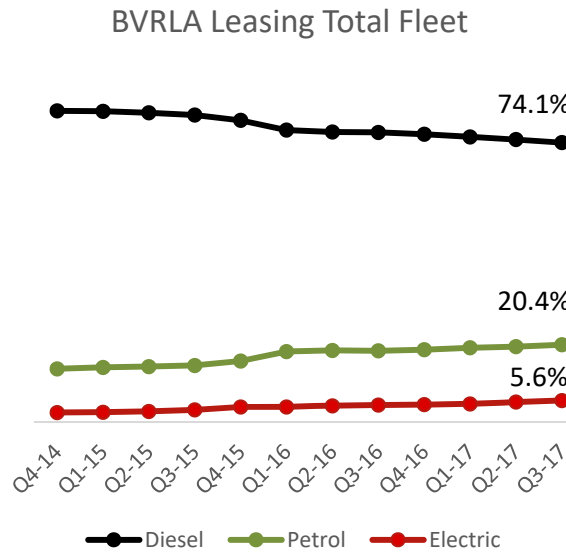
\* Early findings from an analysis of emissions by finance type. Sample size is currently small.



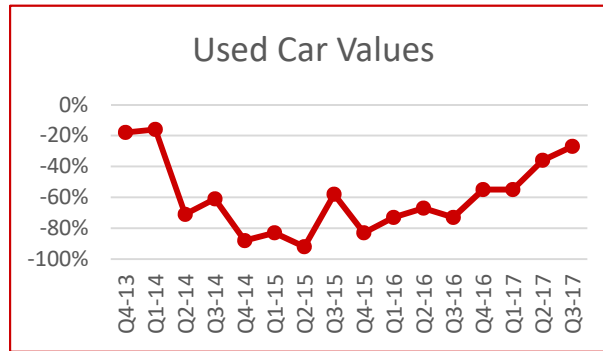
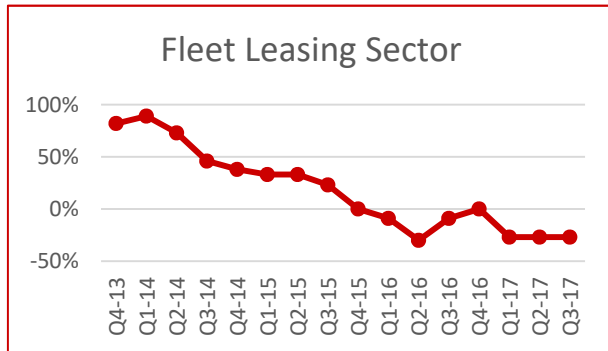
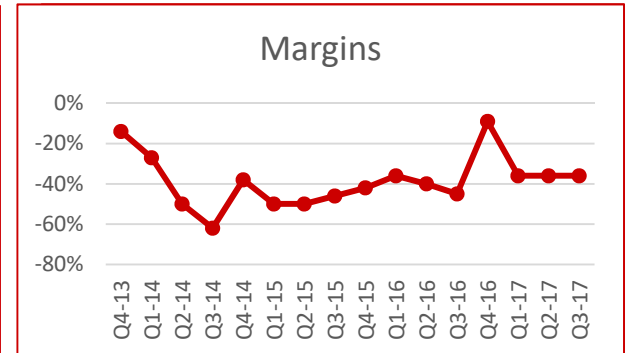
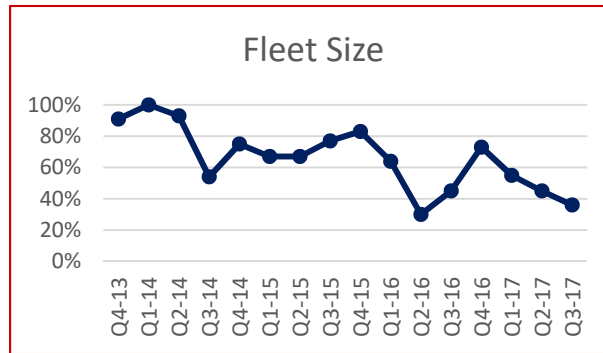
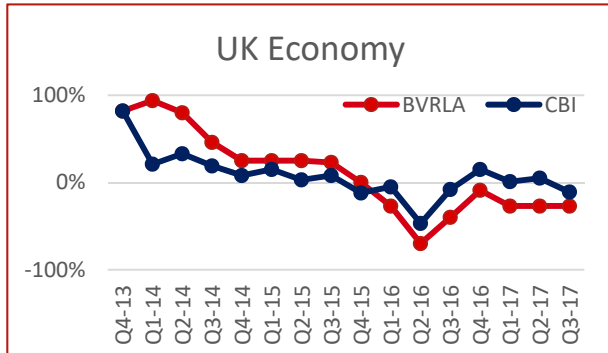
## Profile of total car fleet fuel type

Observed trends continue: decline of proportion of diesel cars in fleet replaced largely by petrol and some electric/hybrids

CAR – FUEL TYPE Q2 2017	TOTAL*	NEW*
PETROL	20.4%	29.7%
DIESEL	74.1%	63.4%
PURE ELEC	0.2%	0.2%
PETROL ELEC	2.0%	2.1%
DIESEL ELEC	0.3%	0.1%
PLUG IN HYBRID	3.1%	4.5%



# Business Confidence Indicators



- On balance members continue to feel that the UK economy and the fleet leasing sector is likely to deteriorate over the next six months.
- Members have become progressively less optimistic about fleet sizes since Q4 2016.
- However members have become less pessimistic about used car values since the start of 2016.
- On balance members continue to feel pessimistic about margins.

Confidence measures take the form of improve/stay the same/ diminish in relation to the next six months compared to current. Confidence is reported "on balance" ie the percentage quoted is the difference between the percentage of respondents who took the view and the percentage who held the opposing view. CBI confidence index taken c. one month after end of quarter.

