



The European Trade Association for Manufacturers' Finance Companies

EUROPEAN CAPTIVES FORUM REVIEW OF THE YEAR - 2015

The year 2015 and a look ahead:

The Captive Forum's Chairman, Nils Jaeger, President Volvo Financial Services EMEA, sees a very positive year accomplished in 2015, and a good year ahead for the Forum. "It seems we have found the right recipe for the Captives Forum, growing membership and increasingly strong participation speak for it. We see an increasing need for the Forum's function in providing an association which focuses on the challenges and opportunities manufacturers are facing in providing not only financial solutions for their clients. With the Forum the members have the opportunity to discuss changes to the finance sector, but more so, opportunities which are created through the all so often rapid change within the business of the mother, the manufacturer. Captive finance becomes here more and more instrumental to facilitate total solutions for the manufacturer, and of course to respond to changing customer behaviour. Be it by "pay per use" models, which we see as an evolution of the "total cost of ownership" concept or the integration of new services provided by the mother. A new generation of customers is observed, being more demanding and requiring more flexibility, it is here captive finance is and will be providing the solutions".

Dedicated to the Challenges Manufacturers Encounter

The Captives Forum continues to be the only European trade association dedicated to addressing the challenges that manufacturers face in the provision of financial support for their parent's customers and their dealer/distributor networks. Its members are all global companies and therefore the fact that they can belong to an association which operates across geographic borders is another unique element that the Forum offers members. Entering its ninth year, the Forum continues to hold quarterly meetings. Members take turns to host the day-long meetings and hence they move around a variety of European locations. A guest presenter is frequently invited to talk on a topic relevant to members. A range of other presentations are given by members, this inevitably leads into enthusiastic debate. Alan Leesmith, Secretary General of the Forum, said "The Forum, which started in 2007, continues to grow and now has 27 members. A key factor in the continued success of the Forum is the style of meeting; always held in boardroom style. It is this round table approach that encourages all members participating in debates and discussions." The Forum has strict Competition Compliance procedures and manual.

The Forum of Manufacturer's Sales Finance Companies Limited

Registered in England No. 6984004. Registered Office Bavelaw House, Copyhold Lane, Cuckfield, West Sussex, RH17 5EB



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February in Eindhoven – A Healthy Start to the Year

The February meeting was hosted by Annette Jung and Philips Capital at the factory and Customer Visitor Centre of Philips Healthcare. All meetings to a significant degree focus on looking at the major changes that members may expect to see in the future. The way business is changing, or may change in the future. What are the trends? This meeting looked even further ahead than normal and the Forum was very fortunate to hear from Néstor Coronado Palma, Director of the Circular Economy Program at Philips Healthcare. This extremely interesting presentation was not just looking at the topic from a Philips perspective, but the wider approach of how global manufacturers are working together and exchanging ideas on how to protect finite resources and move from a linear economy to a “circular economy”. Ensuring that sparse natural resources can be used in a manner which enables them to be used two, three or more times and not discarded. Manufacturers have been encouraging financiers to support this initiative.

Other topics at this meeting included a discussion on members' experiences and practices in dealing with “Off-lease Equipment”, with presentations from the perspective of technology and agricultural equipment, plus the differences that need to be catered for when selling direct or via the channel. This was followed by a round table discussion on the challenges of “Expanding into New Geographic Markets”. The final presentation was by Lindsay Town on “Non Traditional Sources of Funding for the Equipment Finance Business”.

May in Ditzingen – State of the art Lasers

In May the Forum returned to Germany and a record attendance was hosted by Hans-Joachim Dörr, Managing Director of Trumpf Financial Services, at the group's extensive manufacturing complex and headquarters. Hans-Joachim gave a presentation about Trumpf and why they had recently formed a bank to undertake their Financial Services business. Members then had the opportunity to see advanced laser technology in operation at the Trumpf Showroom and Exhibition Centre, as well as visit the corporate museum which provided an insight into broader future scientific developments. Two officials from the European Investment Bank in Luxembourg discuss the Bank's involvement in the German automotive and engineering industry, plus developments in Turkey from an EIB perspective. The meeting also spent a double session discussing what members saw as the biggest challenges facing them.

October in Dublin – Changing from using a 3rd party lessor to a Captive

October saw the Forum overnight beside the sea at Dun Laoghaire before meeting at Dell's European HQ hosted by courtesy of Cormac Costelloe, VP & GM of Dell Financial Services

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EMEA & APJ. Cormac presented the DFS business model, followed by his Director of Business Development who talked about the integration of the Finance Product into a Business. The most striking lesson learned was how the approach of the staff, who had moved across with the acquisition of the portfolio from a vendor lessor, changed when working directly for the equipment provider. Achievements and productivity radically improved under a different culture. The Chief Marketing Officer spoke about the different approach required to grow a captive. Finally the DFS CFO, Thomas Luttrell talked about the challenges and lessons learned from working on the Dell LBO.

Erik Deweerdt, Global Manager, Agfa Healthcare Finance, presented and then led a discussion on The Integration of Services. Patrick Jelly a discussion on increasing Regulations and their impact. Derek Soper reported on the Redefining of Leasing project.

December in London – The Future of the Industry

For December the Forum once again returned to London and the meeting was hosted by Lisa Marks and Stephenson Harwood, Solicitors. The theme for the meeting was “Changes that will impact on how we do business in future”. Partner Lisa Marks and some colleagues presented brief updates across a range of European legal topics on new laws, regulations and case law relevant to members, some specific to asset finance and some related to all businesses. Nick Gallop, Director of IAA-Advisory Ltd, presented the consolidated results of comparative performance assessments members had completed and demonstrated the manner in which the results can be used for efficiency and productivity improvements. Alan Leesmith, Secretary General of the Forum, presented on the key topics which had been attracting attention at the convention of the ELFA (the USA leasing association). His report focused particularly on future changes in the industry arising from technology, accounting changes and the possibility of disruptors entering the leasing industry. Derek Soper, Chairman IAA-Advisory spoke about the changing views of Regulators.

The meeting also agreed that the Captives Forum should make representation to the European Investment Bank regarding its Intermediated Loan Program.

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