



**Intesco
Research
Group**

RUSSIAN MARKET OF LEASING



MOSCOW 2011

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INFORMATION ABOUT INTESCO RESEARCH GROUP COMPANY

METHODS OF RESEARCH

Subject of research:

MARKET OF LEASING

Goal of research:

EVALUATION OF MARKET AND FORECAST OF ITS DEVELOPMENT FOR 2011-2015.

Regions of research:

RUSSIA AND REGIONS OF RF

Main blocks of research:

VOLUME OF RUSSIAN MARKET OF LEASING
SEGMENTATION OF RUSSIAN MARKET OF LEASING
LARGEST PLAYERS ON THE RUSSIAN MARKET OF LEASING
CERTAIN PRODUCTS SEGMENTS
TRENDS ON THE RUSSIAN MARKET OF LEASING
CONSUMER BEHAVIOR OF CLIENTS
FORECAST OF DEVELOPMENT OF THE LEASING MARKET FOR 2011-2015.

Market segmentation:

BY REGIONS OF RUSSIA
BY FEDERAL DISTRICTS OF RUSSIA
BY EQUIPMENT SEGMENTS
BY LARGEST ENTERPRISES

Information sources used:

Federal State Statistics Service
Ministry of economic development
Federal Customs Service

Federal Tax Service
Field experts' evaluations
Reports of retail sales
Materials of the main field players
Professional associations data
Field printed and electronic publications

The research presents 20 schedules, 19 diagrams and 36 tables.

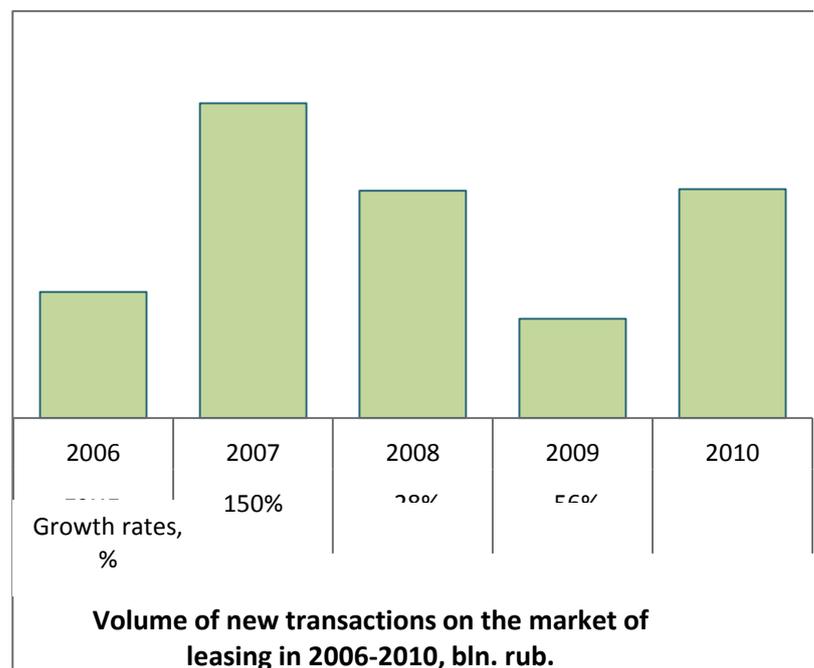
EXTRACTS FROM RESEARCH

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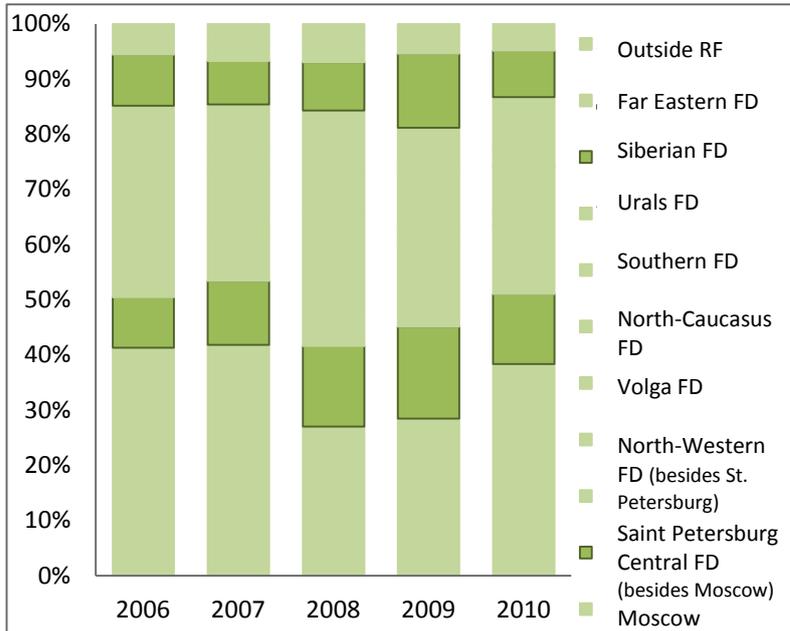
VOLUME OF RUSSIAN MARKET OF LEASING

The most accurate characteristic when evaluating the leasing market would be the number of new deals, concluded during the calendar period – it allows to understand, how effective was the activity of leasing companies and how fast their portfolios are developing.

Volume of leasing market in 2006-2010 was changing noticeably. If until 2007 there was active growth by ***-***% annually, then after the financial crisis the volume of market reduced significantly, having decreased in 2009 to *** bln. rubles, after that, in 2010, there was a new peak of growth up to the level of 2008. In 2010 the volume of market exceeded *** bln. rubles.



In 2006-2010 more than a half of deals accounted for Moscow, St. Petersburg, Central and North-Western Federal Districts. Share of Moscow and the Central FD only in 2008 was less than 10% of market (10%).



Regional dynamics of the leasing market structure in 2006-2010, %

Besides the metropolitan regions, the noticeable shares in the total volume of leasing deals were made up by the deals in Volga (10-15%) and Siberian (10-15%) Federal Districts.

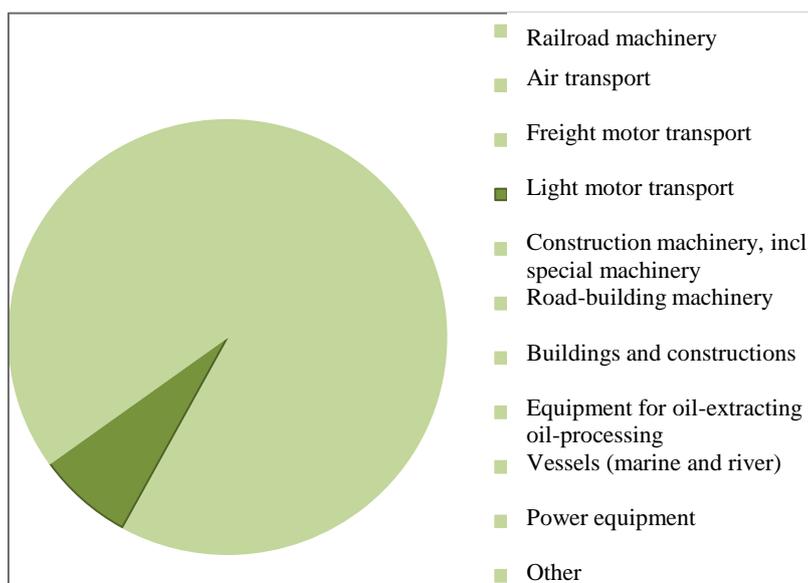
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SEGMENTS OF MARKET

In 2010 the largest market share on concluded deals accounted for the segments of railroad machinery (***%), air transport (***%), freight transport (***%) and light motor (***%) vehicles, also construction (***%) and road-building machinery (***%), real estate (***%).

Almost a half of volume increase of new leasing contracts in 2010 accounted for railroad machinery (*** bln. rub.). Significant, although not as remarkable, growth was observed in the segments of freight transport

(*** bln.rub.), air transport (*** bln.rub.) vehicles and also light motor vehicles (*** bln.rub.). In the other segments the total growth of deals did not exceed *** bln.rub.



Structure of the Russian leasing by segments in money terms of new deals in 2010, %

Railroad machinery had regularly high share in the total volume of leasing deals – starting from 2008, it had over 25% of total volume of deals, in 2010 its share of contracts made up 39%.

In 2010 the share of the majority of other types of machines experienced certain reduction due to the outrunning growth of the railroad machinery share. It is worth being mentioned that, however, in the largest segments the reduction did not refer to freight aviation transport, construction and road-building machines.

Despite the fastest growth, the share of Volga FD in 2007-2010 reduced by ***% due to the relatively fast growth rate of Urals FD.

Table. Volume of new contracts by segments of machines in 2008-2010, mln. rub.

	2007	2008	2009
All segments	***	***	***
Railroad machinery	***	***	***

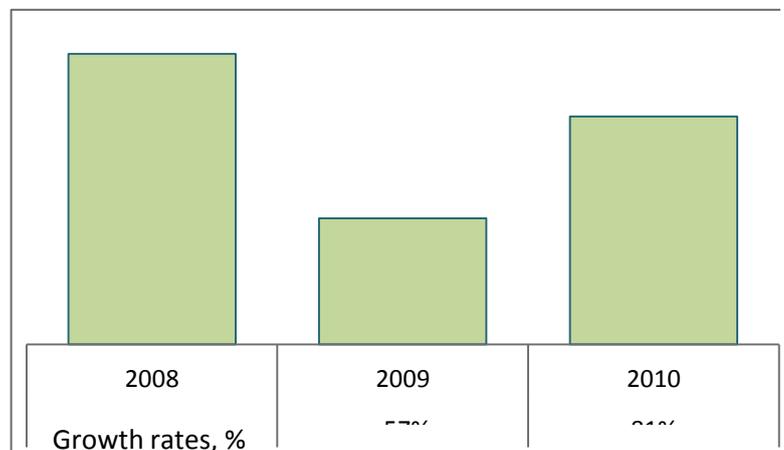
Air transport	***	***	***
Freight transport	***	***	***
Light motor vehicles	***	***	***
Construction machines	***	***	***
Road-building machines	***	***	***
Buildings and constructions	***	***	***
Equipment for oil production and processing	***	***	***
Ships (sea and river)	***	***	***
Power-generating equipment	***	***	***
Other	***	***	***

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4.5. Leasing of light motor vehicles

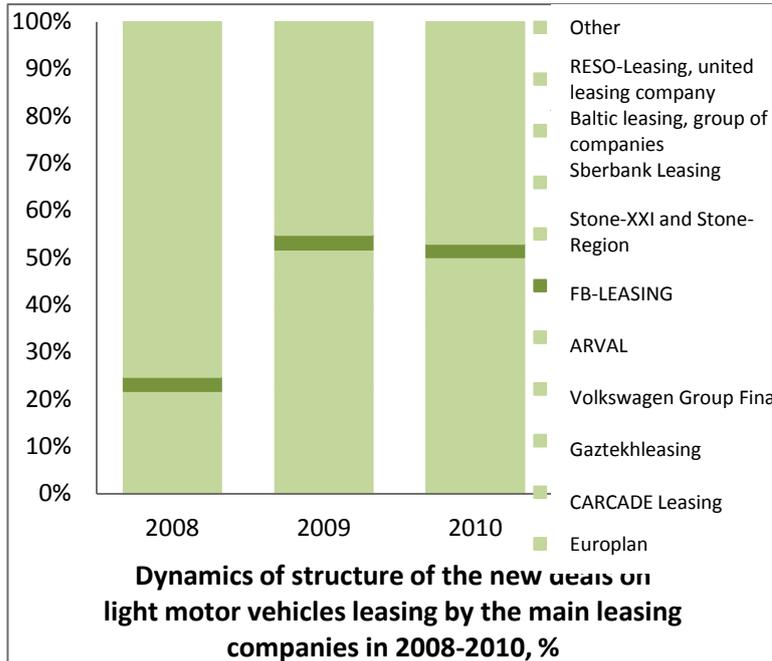
Until 2008 the segment of leasing of light motor vehicles was noticeably behind the leasing of freight transport. However, as a result of the financial crisis in 2008-2009 the reduction of the segment turned out to be a lot less significant, which resulted in the fact that the shares of the segments were equal. In 2010 the Russian leasing companies concluded contracts for the amount of *** bln. rub.

In 2010, the largest leasing company in the segment was the «Europlan» company – it has increased its share in the segment by 9 percentage points in 2008-2010. Another noticeable player was the «CARCADE leasing» company that accounted for about ***%



Dynamics of volume of concluded leasing deals on light motor vehicles in RF in 2008-2010, mln. rub.

of the market in the same year. Cars leasing sector is one of the few sectors where the majority of leading positions refer to the companies mainly directed at one segment of equipment.



The development of light motor vehicles leasing segment is much influenced by the same factors that influence the segment of freight transport, which makes the med-term of stability very doubtful. It is worth being mentioned, however, that the segment of light motor vehicles is marked by comparatively high degree of stability – larger number of contracts provided lesser cost and comparatively larger

number of customers “spread out” the demand for the majority of potential lessees. So it is expected that in the nearest future the segment will retain its share in the general volume of leasing market.

Besides, from 2011 the limitation allowing to lease only business-purpose equipment was removed, and it began to be possible to lease certain types of consumer goods. Demand for leasing of light motor vehicles may result in noticeable growth of the volume and share of segment of the market of leasing.

CHAPTER 6**TRENDS ON THE RUSSIAN
MARKET OF LEASING***Companies' specialization*

Leasing companies, in fact, fulfill two functions: aggregating the capital for subsequent transferring it to the lessees (crediting functions) and management of property owned by the company and leased (managing functions).

As opposed to the companies, providing only loan services, the leasing companies have to directly interact with the subject of leasing and in the majority of contracts they bear the responsibility for its condition. The companies either arrange their own departments responsible for the quality control of the leased objects and, if necessary, their maintenance or transfer these functions to subcontractors.

The degree of such embarrassment by the leased object is different in various segments of equipment – one of the most exemplary in this respect is the leasing of light motor vehicles. Many leasing companies, specializing in this segment, in the end come up to arranging their own technical service, which is engaged in the observance of condition of cars and their maintenance.

Such specialization of companies, being based not only on the specialists' knowledge and their awareness of certain segments of leased objects, but also on the organizational structure of the companies themselves, education of hired specialists, in the majority of small companies results in the orientation to one certain segment, with which the company operates successfully and it becomes impossible to carry out an effective expansion into other segments.

CHAPTER 7**FORECAST OF DEVELOPMENT
OF THE RUSSIAN LEASING
MARKET FOR 2011-2015**

Forecasts of the leasing market development, given by domestic analytical agencies and market participants, in the majority of cases differed much with the actual market development, although they reflected the trend of its development in general. So, for example, in 2008 and 2010 the participants of the market expected the gradual increase of demand with an average rate of ***-***%. In fact, the growth amounted to ***% and ***% respectively. On the other hand, in 2004 and 2007, when the market growth was also expected within *** percent, the actual increase of the new contracts volume turned out to be insignificant. At the end of 2010 the participants of the market expected the market to grow by ***-***% during 2011. As per the results of activities of certain leasing companies in the first six months of 2011, their growth made up over ***%.

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It should be pointed out that the majority of domestic evaluations of the leasing market development, as far as one can judge, are based on the previous dynamics of the Russian market. Meanwhile, the international comparisons allow to evaluate the realistic capacity of market and apt dynamics of its development.

...

Global market of leasing in 1991-2009 was growing at the average annual growth rate of **%, and before the crisis period of 2008-2009, the growth rate was equal to **%. In the world's economy there were similar problems as in Russia – deferred payments, lack of liquidity and high investment risks. These factors lead to the reduction of leasing market by **% during 2008-2009.

Besides, in the dynamics of the market development one may notice certain waves of accelerated market growth, resulting in its certain subsequent reduction. At that, in 2006-2007 instead of the regular insignificant reduction there was a sharp growth – and the same sharp decrease in 2008-2009.

It should also be noted that on the Russian market of leasing the dynamics was similar – in 2007-2008 the number of new contracts in absolute terms was larger than in any other previous year. The Russian market of leasing differed from the global market noticeably in 2000-es only in a higher “trying to catch up” development as compared to the world’s average level.

The second important factor that needs to be taken into account is the share of leasing in the country’s GDP.

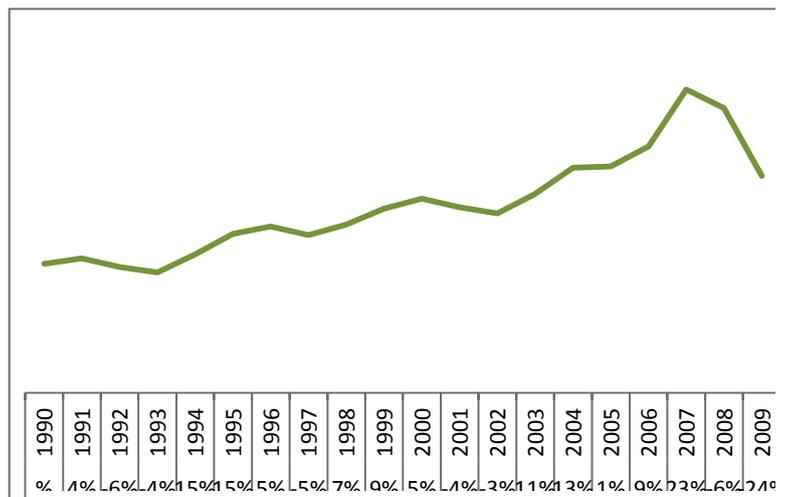
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So the share of ***% from the GDP volume appears to be a natural limit of the leasing market development in the majority of steady-state economies, at that, the slower the rates of the national economy development, obviously, the smaller this share would be.

According to evaluation of the World Bank, GDP of RF by 2015 shall double in the nominal (non-normalized for inflation) terms twice and exceed *** tln. USD (or about *** tln. rub.). In 2010 the leasing market had about ***% of the volume of the Russian GDP in money terms. So, if the current share is retained in the GDP, by 2015 the leasing market shall increase in *** in nominal terms.

However, according to evaluation of Intesco Research Group analysts, the market has the potential for development also in the GDP share. Higher rates of economic development, as compared to the majority of western countries, various programs for development of different fields, developed by the Ministry of Industry and Trade of the Russian Federation, mean comparatively large share of investments into the production as compared to GDP. According to the opinion of Intesco Research Group analysts, the leasing market may grow up to ***% of GDP by 2015, after that it shall become stable.

In physical terms it may lead to *** growth of the leasing market in physical terms – in this case by 2015 it will exceed *** bln.rub. Annual growth rate of the market shall make up



Dynamics of the global market of leasing by number of new transactions in 1990-2009, bln USD.

about ***%. At the level of about *** bln.rub. it is possible that the market growth shall become stable and it will turn into developed (in the cross-point of the curves on the Schedule).

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INFORMATION ABOUT INTESCO RESEARCH GROUP COMPANY

INFORMATION ABOUT INTESCO RESEARCH GROUP COMPANY

INTESCO RESEARCH GROUP is the analytical group, having its principal directions of activity in development of high-quality business plans, feasibility studies and marketing researches of both Russia's and regional markets of RF. We provide our clients with up-to-date and accurate information, professional recommendations for conducting business.

All works of **INTESCO RESEARCH GROUP** are based on the proven research and development methods. When conducting marketing researches and developing the business plans the group applies the worldwide accepted methods of investments efficiency evaluation and they are based on the Russian and international quality standards.

Analysts of **INTESCO RESEARCH GROUP** are the graduates of the leading Moscow institutions of higher education (Moscow State University, Moscow Institute of Physics and Technology, Russian academy of economics named after Plekhanov, Higher School of Economics, State University of Economics and Finance) and have deep knowledge in marketing, methods of marketing research arrangement, investment projects efficiency evaluation, preparing the analytical reports and business-forecasting.

Professional approach and service, high-quality specialists, deep knowledge of various markets, broad design experience and constant improvement allow the **INTESCO RESEARCH GROUP** to provide the high-quality service to all the clients.

Information from our reports is published in the largest Russian newspapers and magazines: "Vedomosti", "Kommersant-Dengi", "Rossiyskaya gazeta", "Forbes", "Russian Food Market", "FoodService", "MAXIM", "Partner: myasopererabotka", "Moe delo. Magazin", "Odnako", "Khlebopekarnoe proizvodstvo", "Producty i Pribyl", "Konditerskaya sfera/khlebopechenie", "Tsenovik", "RBK daily", "Unipack.Ru", etc.

OUR CLIENTS



**PURPOSE OF OUR COMPANY IS TO ENSURE THE SUCCESSFUL
IMPLEMENTATION OF BUSINESS PROJECTS OF OUR CLIENTS**

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