



LeasePlan

What's next?

Sale and Leaseback

Leasing and fleet management benefits in an instant

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Introduction

An immediate leap to a smarter business strategy

When you decide to adopt a leasing strategy for your business vehicles instead of owning them, you've taken the important first step towards mitigating your risk and reducing the cost of running a fleet of vehicles.

From here, you can choose to progressively switch from owning to leasing by replacing your vehicles one at a time, when they are due for replacing. Or you can get the benefits of leasing instantly with a sale and leaseback of your entire fleet.

With a sale and leaseback, you get to use the mobility assets your business needs. But you don't have to deal with the ongoing pitfalls of ownership.

Here are five key benefits that you should consider:

- 1 Reduced risk
- 2 Lower cost to finance
- 3 Cash flow improvements
- 4 Convenience
- 5 Flexibility

Before we get to those, let's consider what a sale and leaseback is.

What is Sale and Leaseback?

In a sale and leaseback agreement, you sell the assets to us and we lease them back to you for a specified duration. That duration will typically vary asset by asset to ensure that you're getting the maximum value out of the vehicle, without paying too much for things like maintenance.

The biggest advantage of a sale and leaseback is that it provides you an opportunity to release the capital that you have tied up in depreciating assets. Now you can put it to better use in the strategic assets that make your business tick.

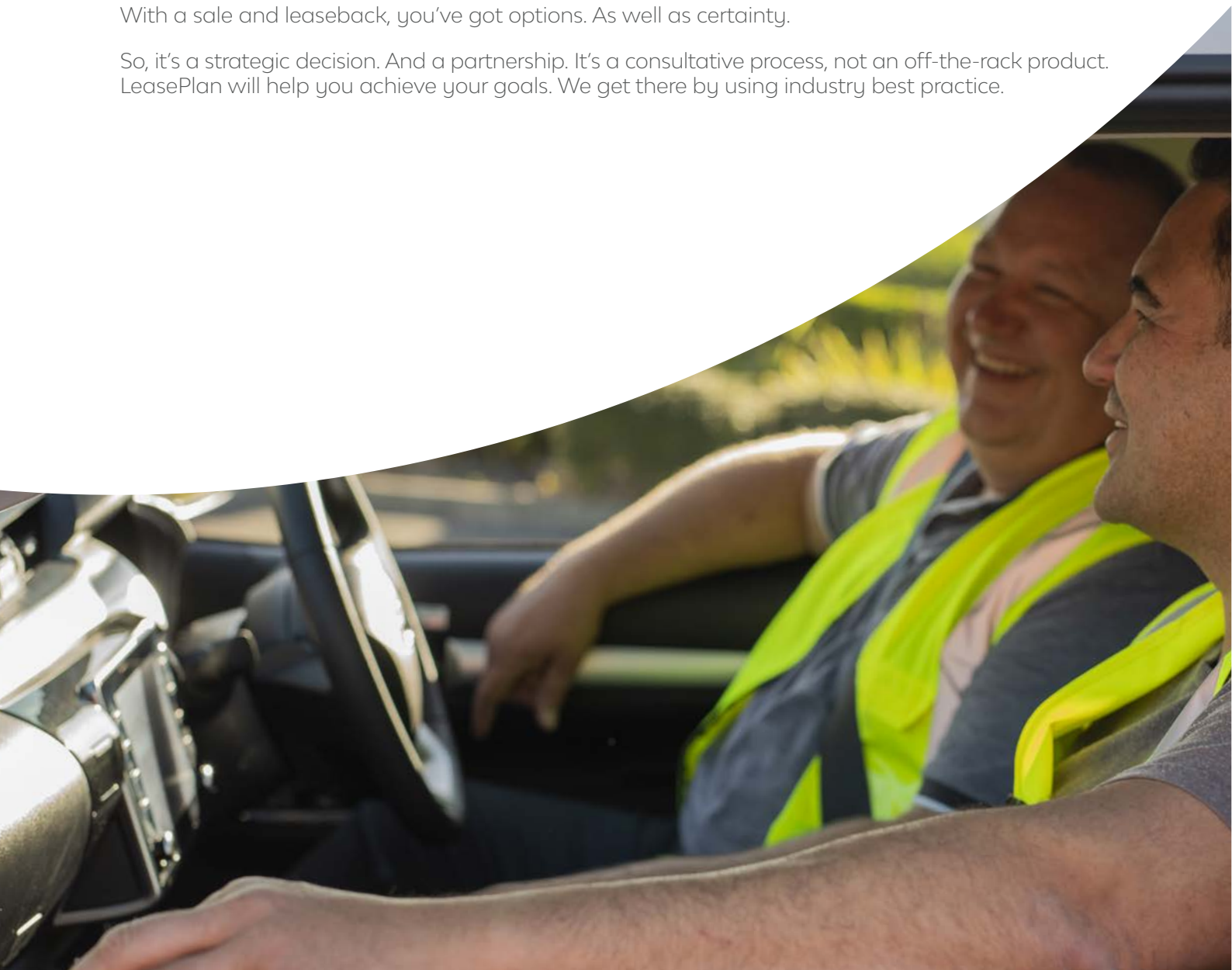
The decision to do a sale and leaseback is always a strategic one – they're big decisions that involve big dollars. LeasePlan has the experience and expertise to help you at every step.

We'll help you assess and agree which vehicles to lease and which ones might make sense to continue to own. We'll advise you on the optimum lease terms for the vehicles, and we'll provide you with a comprehensive replacement plan that shows you the cashflow benefits to your organisation.

A sale and leaseback gives you the flexibility not only to release precious capital that is tied up in your vehicles, but also when and how. Let's say you want to achieve a specific profit target for a quarter-end result or at EOFY. We can work with you towards those key milestones. Or you might want to split up the sale across different quarters or year-ends. Or use up your capital budget this year to purchase assets and do a sale and leaseback over subsequent years, so you don't face a "use it or lose it" situation. You've now got that flexibility at your disposal.

With a sale and leaseback, you've got options. As well as certainty.

So, it's a strategic decision. And a partnership. It's a consultative process, not an off-the-rack product. LeasePlan will help you achieve your goals. We get there by using industry best practice.



Let's break down the benefits

Now that you understand what a sale and leaseback is, let's recap on why you're doing it – to enjoy the benefits that leasing will provide.

Reduced risk

Because you no longer own the assets, you're eliminating asset risk, or the risk that they're not worth as much as you had them on your books for when they get to the end of their life. Let's say you buy a car for \$50,000 and over four years depreciate it to \$15,000. If you only manage to sell that car for \$12,000 your business will suffer a \$3,000 loss. For one car! Multiplied by the number of cars in your fleet and you can see that's a risk you don't want.

As well as asset risk, leasing can also eliminate risks around the associated costs of running your fleet – things like maintenance, tyres, roadside assistance – by including these costs into the fixed lease payment and transferring the risk to LeasePlan.

Finally, leasing reduces operational risk. Choosing the safest, fit-for-purpose vehicles that are cost effective throughout their life is challenging. Tackling maintenance, tyres, keeping on top of registrations and repairs, unplanned downtime, roadside assistance and making sure you're getting the best price for all those services and selling the vehicle at the end for as much as possible? That's a lot to ask and reducing these operational risks is easy by trusting LeasePlan, an organisation that manages around 1.9 million vehicles in over 30 countries.

When you own your vehicles, you take on all the risk. Or you can get rid of that risk by leasing. Simply hand the risk to us and we hand you the keys.

If you'd like to learn more about how many different types of risk you can eliminate, we've wrapped it all up in a whitepaper titled '[Lower your financial risks](#)'. And learn to enjoy less stress. [You'll find it here.](#)

Lower cost to finance

The reason that leasing is more cost-effective is that the amount your business is financing is lower.

When you buy a vehicle outright, you are financing 100% of the purchase price either by borrowing or using your own cash. With a leasing model, you're only financing a portion of the vehicle based on your usage. If you take that reduction and multiply it across your entire fleet, you'll be making some substantial savings.





Cashflow

If your business owns a crystal ball and it is in excellent working order, then you can afford to ignore this section. For anyone else, here's the reality.

When it comes to cashflow, organisations go through cycles. Sometimes you've got capital, sometimes not. It can be unpredictable. What if you need to add another vehicle, or worse, replace a whole bunch of vehicles all at once? At \$40k to \$50k each, you're looking at a lot of capital, all at once! If you don't have the capital, you'll delay. But then the fleet gets older, you miss out on safety improvements, your maintenance costs increase, and the resale value of your cars sinks.

As you've already worked out, leasing is smarter. You can smooth out the bumps in the money management road because you have that lovely little thing called certainty. You know all the finance and operating costs and they come around regularly, so you can budget for them. Unforeseen costs or unscheduled repairs? Not your responsibility. They're ours.

Far simpler. No crystal ball required.

Convenience

Under a sale and leaseback agreement, you have an end-to-end solution because we work together across all aspects of your fleet – from making recommendations, to procuring the assets, managing them over the lease period and disposing of them at the end – all the way through, you've got that extra level of convenience.

The big advantage? You've eliminated a lot of the admin work which means you can focus on what's important to your business.

Flexibility

Just like leasing, under a sale and leaseback you have the flexibility to choose the terms and the usage that match your business needs. You can nominate the kilometres you anticipate, and the length of time you'll need the vehicle. And you can change if you need.

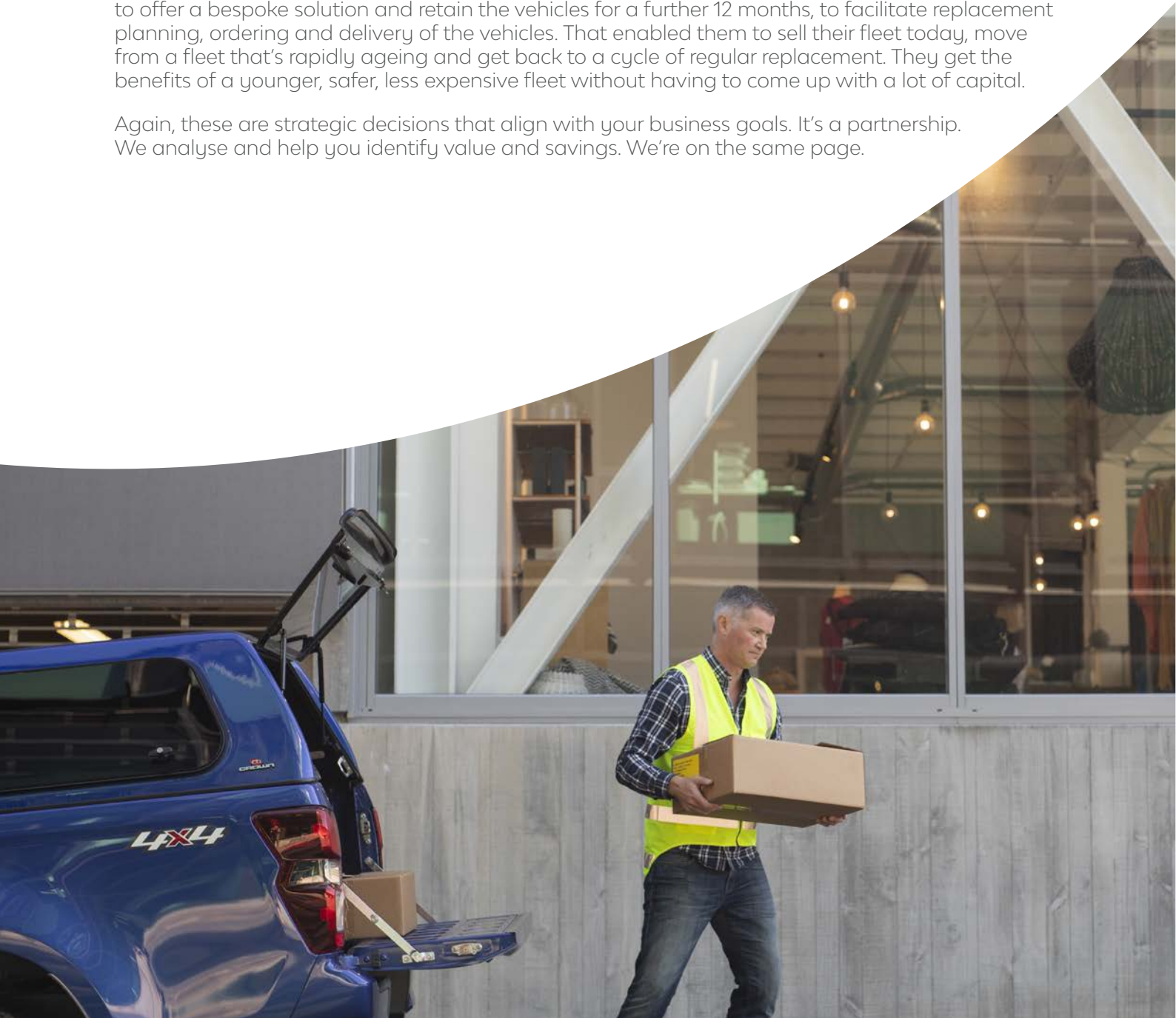
Let's say you've got a specific project or a policy that says you're going to run an asset for four years or 150,000 kilometres. With a sale and leaseback, you can do that. And you can update the lease terms when your business needs change.

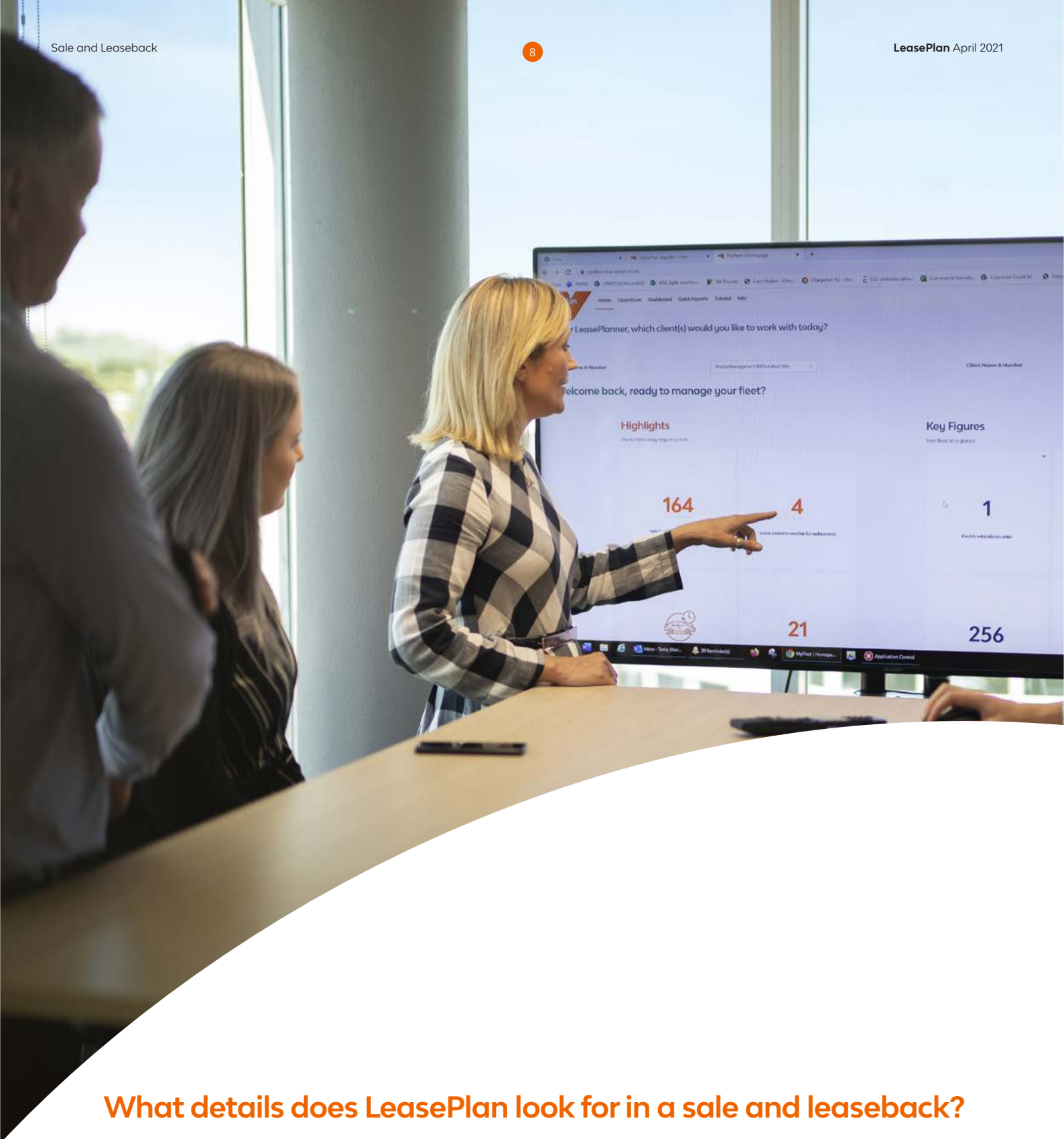
At the end of the lease, you've also got flexibility. You could decide to keep leasing the asset and run it month-to-month. You could formally extend the agreement and get a discount on the rental. You could decide to replace the asset, return it to us and get a new one. Or you could offer to buy it.

There's even flexibility in what we pay you for the assets under a sale and leaseback. We generally price up the assets on a wholesale basis, but we can make adjustments if you have specific goals. You might have a profit goal in mind that you need to achieve, for example. Or some key milestone dates that you need to work towards. We're flexible and we'll work with you to make it happen.

Here's another example. We had a customer with a five-year policy and their fleet is now six years old. Technically, they should just offload them. However, with a sale and leaseback, we were able to offer a bespoke solution and retain the vehicles for a further 12 months, to facilitate replacement planning, ordering and delivery of the vehicles. That enabled them to sell their fleet today, move from a fleet that's rapidly ageing and get back to a cycle of regular replacement. They get the benefits of a younger, safer, less expensive fleet without having to come up with a lot of capital.

Again, these are strategic decisions that align with your business goals. It's a partnership. We analyse and help you identify value and savings. We're on the same page.





What details does LeasePlan look for in a sale and leaseback?

The more we know, the more we can help you.

To get started, we need to know the basics, such as confirmation that you own the assets, make and model identification, odometer reading, when this was taken, and the registration details.

But more importantly, we want to understand your strategic rationale and your decision process. What's motivating you? What are you trying to achieve? Who will be involved? What's your timeframe? We want to dive as deeply as possible into your business. Not just to do our due diligence, but to rigorously assemble the best possible package using LeasePlan's best practice methodology.

We like to do our homework so that your sale and leaseback gives you all the strategic benefits your business needs with no hassles.

When is a sale and leaseback right for you?

Any business that runs vehicles that are essential to the success of their business should regularly review their options for a sale and leaseback.

Have you lost expertise? Maybe the way you have historically managed your business vehicles does not stack up anymore.

Been a while since you reviewed? Maybe a fresh evaluation of the pros and cons of a sale and leaseback for your business will reveal hidden cashflow opportunities.

Strategic growth challenges? Focus your capital on growth, acquisition, and development - instead of depreciating assets.

A sale and leaseback is a strategic decision for business improvement - to be done with careful planning to suit your business, and with expert assistance.

You can kickstart your sale and leaseback investigations with [LeasePlan's handy calculator](#) that can show you how much capital you may be able to unlock. [You'll find it here.](#)

Then you can talk with one of our experts to assess the best options for you to make better use of that capital to achieve your business aims.

With LeasePlan, you can be ready for your future. Whatever your future might be.



The LeasePlan logo is displayed in white text against a background of overlapping orange and yellow geometric shapes. The word "LeasePlan" is written in a clean, sans-serif font, with "Lease" and "Plan" joined together.

LeasePlan

leaseplan.com.au