

The quest for optimization: have you considered sale and leaseback for your fleet?

13 October 2020 / Theme(s): All articles, Fleet Strategy



In challenging times, one may need to look at doing things a bit differently. This is particularly relevant when a different approach could help free up cash to reinvest in your business and lighten your balance sheet.

Sales and leaseback is an opportunity to let you concentrate on your core business, by reducing unnecessary headcount and costs associated to fleet management. Sounds tempting doesn't it? If that's the case and your company owns its own fleet, then sale and leaseback could be an option you might want to explore.

Optimizing by outsourcing

A sale and leaseback transaction is when a company decides to externalize a portion, or all, of its company fleet by selling the vehicles to a leasing provider. The provider then leases the vehicles back to the former owner for a fixed monthly amount. As a result, the leasing provider takes on the financial responsibility of the vehicles' ownership, as well as any risks associated with their maintenance and disposal. Outsourcing fleet ownership thus ensures that your company is protected from any fluctuations

in used car values and provides you with a set budget for each vehicle. In addition, it allows your company to remove or reduce the assets from your balance sheet. Fixed monthly leasing payments also shield you from any potential rise in interest rates.

At the end of the lease, the vehicles are returned to the leasing provider. No additional cost is accrued if the vehicles are returned in good condition according to the vehicle's age and mileage, and the mileage is in line with the leasing agreement.

In addition to transferring the financial responsibility of owning your fleet, we provide you with a full-

service leasing package for each vehicle which includes servicing, tires, maintenance and repairs. Additional services offering both driver convenience and fleet cost control can be added, such as fuel cards, insurance or accident management, door-to-door service, etc. Service fees are fixed and clearly defined aiming to protect your company from any additional unbudgeted costs which means that you no longer need to manage any hidden or unexpected charges in relation to the vehicle's maintenance. Also, our digital applications bring simplification in the interactions with your drivers from vehicle ordering to return.



Global reporting also brings better operational and financial visibility, particularly when it can be provided across all geographies where your fleet is present, and is often more detailed when compared with company-owned fleet reporting. This can in turn make your reporting obligations for IFRS16 simpler.

Our scale, coverage and purchasing power enable you to benefit from significant economies of scale, passing on the benefits through competitive leasing services.

Additional cost saving options can be achieved through reclaiming VAT and the possibility, if applicable, of deducting the monthly rental payments from your corporate income tax.

You remain in control

Deciding to sell and leaseback doesn't mean you lose control over your fleet, it simply means you delegate the responsibility of sourcing and managing the day-to-day operational needs of your fleet, within a set framework you define and manage, to concentrate on the strategic side of fleet management and avoid employing FTEs for non-core activities.

Our teams have put in place a dedicated process to facilitate this transition which includes a calculation methodology to outline the financial returns you can expect, as well as anticipated monthly payments, and is used across our Group.

At the end of the day, you remain at the helm of your fleet and determine the strategy that best suits your company. We're simply there to help support you the best way we can.

If you're interested in finding out how ALD Automotive can help you to switch to leasing solutions, contact our **Business Intelligence Consultancy Department:**

[Alix Truyens - consultancy@aldautomotive.com](mailto:consultancy@aldautomotive.com)

