



Municipal leasing and rental – attractive alternatives for the waste disposal sector

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Excellent response from the municipal sector

Having long been widespread practice in industry, leasing and rental are finding increasing acceptance in the municipal sector, in the form of municipal leasing from MAN Solutions. The tasks facing a municipal service are challenging and wide-ranging. In order to meet these challenges, it is vital to have the most modern, efficient and low-maintenance technology. At the same time, strained budgets are hindering public as well as private waste disposal operators from making the investments so needed to carry out these statutorily prescribed services. MAN Finance offers leasing and financing services for the waste disposal sector, tailored to the operator's model and requirements.

MAN Truck & Bus
Dachauer Straße 667
80995 Munich

**Head of
Media Relations**
Dominique Nadelhofer

Tel.: +49 89 1580-2001
Dominique.Nadelhofer@man.eu
www.man.eu/presse

Municipal leasing for the public sector

For decades, purchasing has been the classic form of procurement for publicly-owned disposal services. This was primarily the case for local authorities at town, city and regional level and at their own businesses or in waste water and waste management associations in which they hold controlling rights. Considering their room for financial manoeuvre, an increasing number of municipalities are interested in alternative procurement options. Municipal leasing is ideal in this case for financing public investments. While loan or hire-purchase agreements are still possible in principle, they are generally subject to the same requirements as public borrowing. Leasing is a financing model that has been established in trade and industry for many years now. MAN Finance offers leasing agreements with terms suited to specific sectors, adapted to the long useful lives of public utility vehicles. Terms of up to 96 months are possible. During the term of the agreement, municipalities pay cost rentals that are fixed over the long term on the basis of the pay-as-you-use principle. Afterwards, the vehicles are returned without problem to MAN. This gives the operator the option to rotate new vehicles with continually up-to-date technology in service.

MAN Group is a leading European industrial player in the transport engineering sector, generating annual revenue of some € 15.7 bn (2013). MAN is a supplier of trucks, buses, diesel engines, turbo-machinery and special transmissions and has around 53,500 employees worldwide. MAN business units all figure amongst the leaders in their given markets.



Financing models for private customers

Financing models from MAN Finance are also available for companies operating in the waste disposal industry. The company initially has to decide whether it wants to become the owner or the user of the vehicle. If it wishes to own the vehicle, it can choose between hire purchase and classic loan finance with varying terms. In both these variants, ownership of the vehicle automatically passes to the company on payment of the final instalment. A higher final instalment can be arranged in order to keep down the monthly instalments. During this period, the company activates the vehicle on its books and writes it off. The VAT owing is a transitory item which the company compensates by means of input tax deduction. With transfer of ownership at the end of the financing period, the company is not only able to continue using the vehicle; it also has the opportunity of selling it at a price above the carrying amount on its balance sheet and thus increasing its hidden reserves.

If a privately owned waste disposal company is interested in only using the vehicle, the kilometre-leasing financing model is the way to go. Here, the company only pays for the use of its modern and efficient MAN vehicle during the term of the agreement. At the end of the agreed period of use, the vehicle is returned to MAN. The company is not involved in selling the vehicle or with the associated risks of the used vehicle market. Leasing instalments are operating expenses that are immediately tax-deductible and the vehicle does not appear on the lessee's balance sheet.

The range of services offered by MAN Finance is complemented by MAN PremiumCover insurance for commercial vehicles, as well as by MAN Truck & Bus object/mileage-dependent service packages for maintenance and repair.

Complete flexibility thanks to public utility vehicle rental

MAN Rental's municipal vehicles feature semi-trailer tractors with tipper hydraulics and set-down and roll-off skip loaders. In addition, MAN Rental also has a cooperation agreement with municipal vehicle specialists, BFS. The range covers refuse collection vehicles for household and industrial waste in the form of rear, front and side loaders as well as road sweepers and winter service vehicles. Suitable vehicles are available at over 55 MAN Rental depots across Germany, even at short notice, regardless of whether a workshop replacement vehicle, or a short-term or long-term rental is required.



There are many arguments in favour of vehicle rental. In refuse collection, short contract terms often fail to provide companies with the security they need to build up fleets over the long term using their own resources. Alternatively, the vehicles are required seasonally to deal with tasks connected with winter services or road cleaning. Even though the vehicles are not in use for the remainder of the year, heavy costs can be accrued. Vehicle rental is the classic solution for compensating for vehicle downtimes and workshop stops or for expanding a fleet for an additional order at short notice.

Together with the speed at which vehicles are available and the high degree of flexibility in terms of vehicle deployment, rental also scores highly in facilitating calculable fixed costs, improving liquidity, relieving the company of loss-of-value risk and making the very latest technology immediately available.