

KEY EQUIPMENT FINANCE

Growing force in equipment leasing

Bruce Nelson talks to Margaret Waldren about diversification



In a further strengthening of its European management team, Key Equipment Finance (KEF) appointed Bruce Nelson as regional director of the UK and Ireland in February 2006. In addition to growing the company's core technology asset business, Nelson's remit includes leading a strategy of diversification into "hard asset" markets.

This appointment represents an important strategic move for KEF. Nelson's experience of managing asset finance businesses coupled with his knowledge of a diverse range of industry sectors position him to make a significant contribution to the broadening of KEF's portfolio into new vertical sectors as part of the company's growth strategy in Europe.

In the US, KEF is very active in both technology leasing and a range of other asset classes that include transportation, industrial, construction and healthcare – areas where the company has not fully deployed resources in Europe. In Europe, KEF has been assessing other asset class opportunities for the past two years or so, with a view to extending the US strategy overseas. Now, with Nelson on board, the analysis and theory are translating into action for the UK and Ireland.

Nelson explained that KEF has started to write business in the transportation and commercial vehicle sectors following the engagement of key people with relevant experience in consultancy services. KEF is building a portfolio in these sectors on the back of an encouraging start.

KEF plans to develop its relationship with other vendors such as Kodak and

envisages excellent partnership opportunities as well as using Kodak to expand its footprint and highlight its expertise in the printing sector. Production engineering is another of various sectors on KEF's radar.

Nelson stressed the importance of a measured approach to launching into new sectors. "Key Equipment Finance needs to be both a serious player and a serious partner to achieve its aspirations." In order to expand the business, KEF is now fine-tuning its human resources strategy. Whilst it has identified several market opportunities, the business approach is largely dependent on having the right personnel in place.

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BRUCE NELSON

Although much of Nelson's focus has been on the UK, he is carefully assessing the potential in Ireland and evaluating what development resource is needed.

Reporting to European managing director Alun Richards, at KEF's UK headquarters in Ascot, Nelson has more than 20 years' experience in the asset finance industry. During the last five, he has focused, in particular, on successfully developing aviation, brokerage and farming vertical markets. Most recently, he was divisional managing director at Hitachi Capital Business Finance. He took on this role in August 2004, having integrated the company with Industrial Equipment Finance, where he had been managing director since 1994.

Nelson is positive about KEF's growth potential in an uncertain environment overall, particularly with regard to changes in accounting/tax regulations and other external factors which are challenging the industry. Although there

is business growth, the confidence level could be higher and the industry is in wait and see mode, eyeing developments both at home and internationally.

KEF globally manages a \$12.6 billion equipment portfolio, of which Europe contributes \$575 million, with annual originations of approximately \$5.7 billion (Europe \$305 million). In Europe, KEF has enjoyed a year-on-year growth rate of more than 50 per cent over the last two financial years.



In addition to focusing on vendor relationships, KEF also concentrates on establishing new partnerships that help generate additional volume of business. For example, it has formed successful alliances with banks like UBS Leasing, one of Switzerland's leading financial companies, and other financing institutions looking to provide equipment leasing to their customers.

In these cases, the financing institution generally either wishes to sell its leasing portfolio while retaining its customers or to attract leasing customers without having to manage its own leasing bases. Both approaches represent a positive endorsement of KEF's expertise in equipment leasing, giving it access to the vendor's customers and the residual risk while providing the requisite knowledge and experience. This frees up the vendor partner to concentrate on its core business.