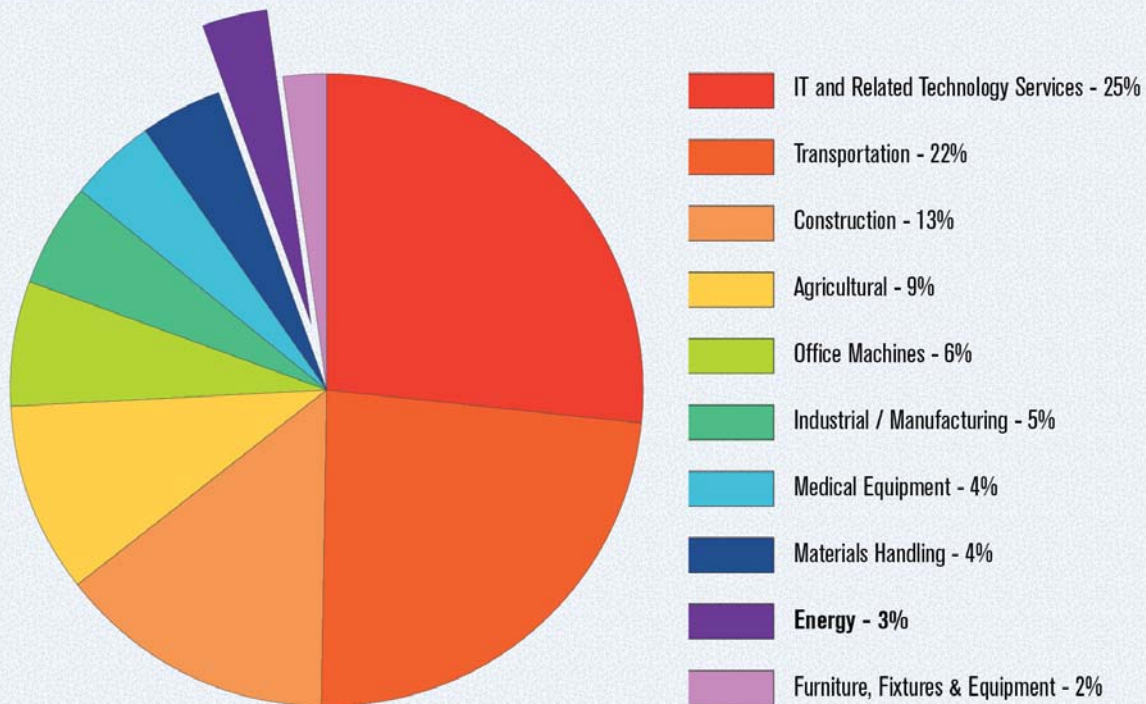


Fact Sheet: Equipment Finance in the Oil & Gas Industry

EQUIPMENT FINANCE IN THE ENERGY INDUSTRY



Energy equipment represents 3% of equipment financing new business volume in the United States.



Source: 2018 Survey of Equipment Finance Activity.

Learn how the equipment finance industry equips your business for success at www.EquipmentFinanceAdvantage.org/Abt/facts.cfm

Equipment Financing Volume

The Equipment Leasing and Finance Association's (ELFA) [2018 Survey of Equipment Finance Activity](#) reports that in 2017:

- The mining/oil, gas extraction and pipeline industries represented 1.5% of new business volume reported by ELFA member companies, up from 1.4% in 2016.
- Mining/oil & gas extraction (including natural gas/fracking) equipment represented 0.2% of new business volume reported by ELFA member companies, unchanged from 2016.

The Equipment Leasing & Finance Foundation's [U.S. Equipment Finance Market Study: 2016-2017](#) reported that in 2015:

- 78% of respondents in a survey of businesses used at least one form of financing when acquiring equipment.
- This is an increase from 72% of respondents from the 2012 Foundation market study, and represents an increase in the overall propensity to finance.
- 68% of the total value of equipment and software acquired was financed, a significant increase from the previous estimate of 55% forecast in the 2012 Foundation market study.

According to the "[What's Hot, What's Not 2018](#)" Equipment Leasing Trends Report authored by Carl Chrappa of The Alta Group LLC, based on a survey of ELFA members to measure industry perceptions of equipment types:

- Oil/gas/energy equipment ranked 10th in portfolio preference among equipment finance executives surveyed, up from 14th place last year.
- The ranking seems to reflect a bit of a turn due to slow improvement in the price of oil and rising output.
- This has greatly affected the values of oil/gas production and exploration equipment, and operating cash flows.

Investment

According to the Equipment Leasing & Finance Foundation's [Q3 2018 Equipment Leasing & Finance U.S. Economic Outlook](#):

- Investment in mining and oilfield machinery decreased at a 36% annualized rate in Q1 2018, and in July 2018 was up 6.9% year over year.
- Mining and oilfield machinery investment growth may strengthen through the second half of 2018.

Equipment Market

According to [First Research](#):

- The U.S. oil and gas field equipment manufacturing industry includes about 600 companies with combined annual revenue of about \$13 billion.
- About 20% of U.S. production of oil and gas field equipment is exported.
- The global oil and gas field equipment and services market is forecast to grow about 6% per year between 2015 and 2020.
- Leading demand drivers include deepwater drilling, production from shale gas reserves in the U.S. and China, and increased drilling and exploration activities in the Middle East and Africa.

Industry Outlook

According to U.S. Energy Information Administration's [Short-Term Energy Outlook](#) from August 2018:

- U.S. crude oil production is forecast to average 10.7 million barrels per day (b/d) in 2018, up from 9.4 million b/d in 2017, and average 11.7 million b/d in 2019.
- U.S. dry natural gas production is forecast to average 81.1 billion cubic feet per day (Bcf/d) in 2018, a 7.5 Bcf/d increase from the 2017 level.

- Natural gas production in 2019 is forecast to increase to 84.1 Bcf/d in 2019.

About ELFA

The Equipment Leasing and Finance Association (ELFA) is the trade association that represents companies in the \$1 trillion equipment finance sector, which includes financial services companies and manufacturers engaged in financing capital goods. ELFA members are the driving force behind the growth in the commercial equipment finance market and contribute to capital formation in the U.S. and abroad. Its 575 members include independent and captive leasing and finance companies, banks, financial services corporations, broker/packageers and investment banks, as well as manufacturers and service providers. For more information, please visit www.elfaonline.org. Follow ELFA on Twitter @ELFAonline.

ELFA is the premier source for statistics and analyses concerning the equipment finance sector. Please visit www.elfaonline.org/Data/ for additional information.

ELFA believes that information and education about available options regarding investment in equipment are important to all businesses. ELFA offers resources, including a loan/lease comparison, a glossary of terms, an analysis to help determine suitable financing options, videos and topical bylined articles available for reprint free of charge, at www.EquipmentFinanceAdvantage.org

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