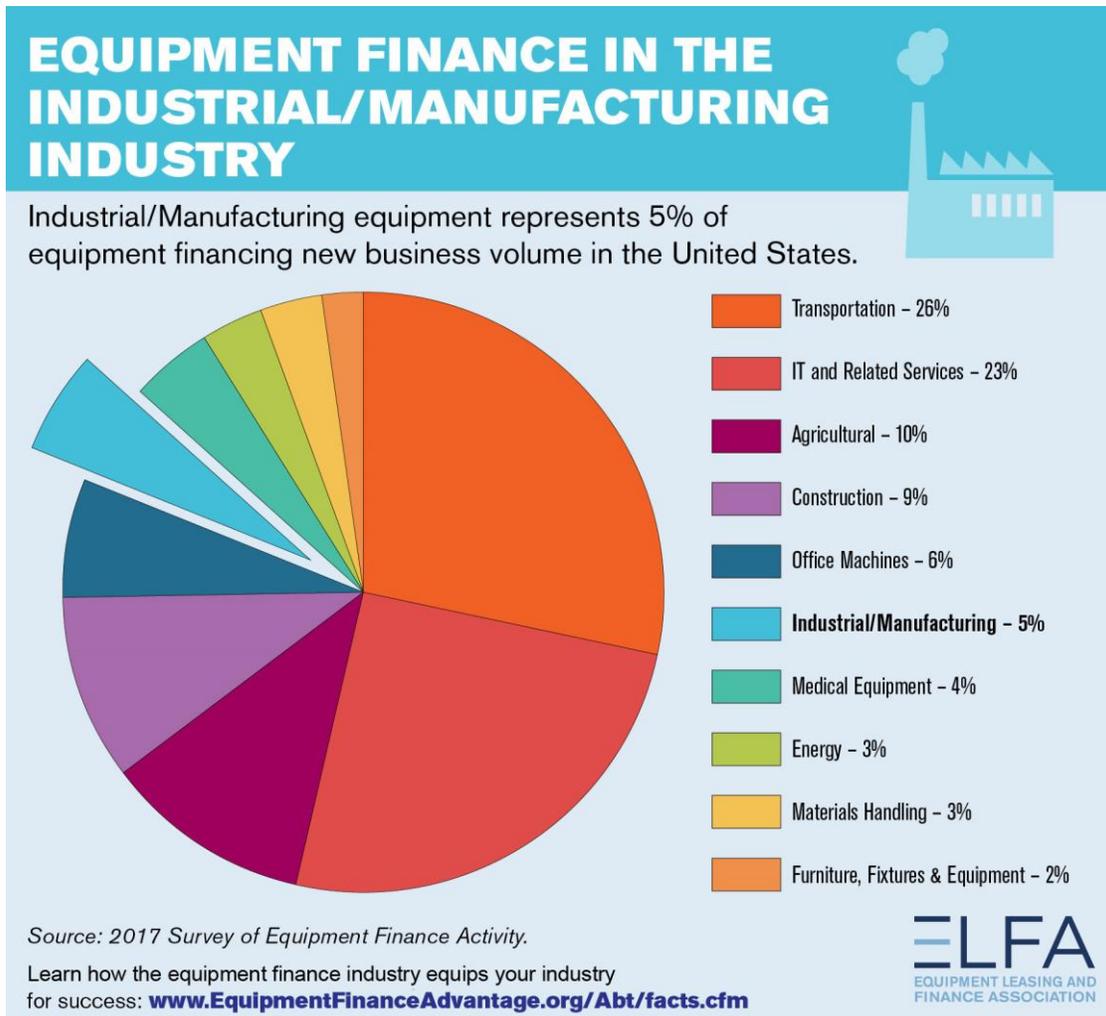


Fact Sheet: Equipment Finance in the Industrial and Manufacturing Industry



Equipment Financing Volume

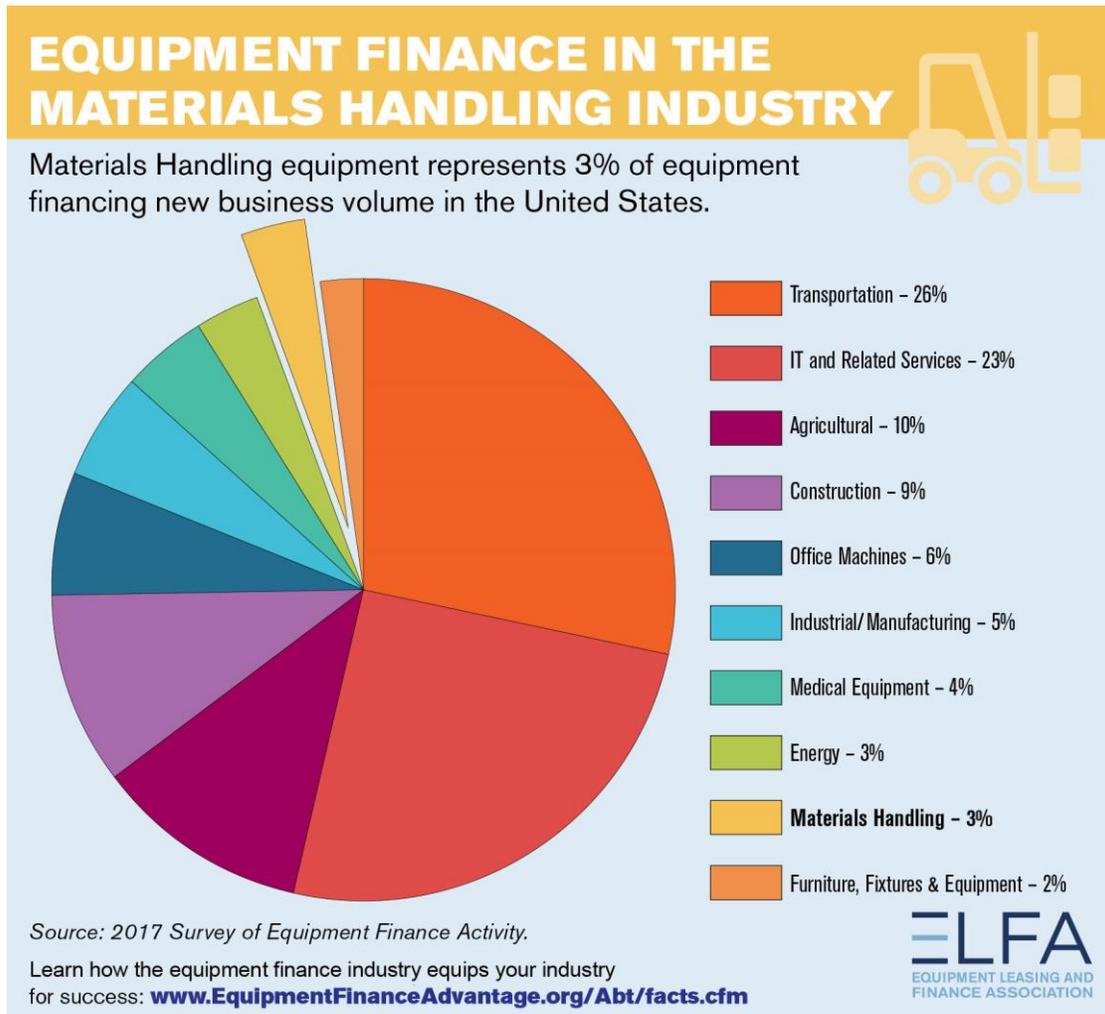
According to the Equipment Leasing and Finance Association's (ELFA) [2017 Survey of Equipment Finance Activity](#), in 2016 industrial & manufacturing equipment represented 5.1% of new business volume reported by ELFA member companies, an increase from 4.3% in 2015.

As end-users of equipment finance, the industrial & manufacturing industry represented 12.4% of new business volume reported by ELFA member companies, up from 12.2% in 2015. Of that:

- The metal & machinery industry represented 5.3% of new business volume reported by ELFA member companies, down from 5.8% in 2015.
- Wood, paper, chemical & plastic industries represented 4.2% of new business volume reported by ELFA member companies, an increase from 3.4% in 2015.
- Other industrial/manufacturing industries represented 2.9% of new business volume reported by ELFA member companies, down slightly from 3.0% in 2015.

Percentage of new business volume ELFA member companies financed by equipment type:

Equipment category	In 2016	In 2015
Materials handling	3.0 %	2.5%
Machine tools	2.2%	2.2%
Product & process control	1.3%	1.0%
Other industrial/manufacturing	1.0%	0.6%
Plastic extrusions	0.3%	0.3%
Water Pollution & Waste Management Treatment	0.2%	0.1%



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.

Investment

According to the Equipment Leasing & Finance Foundation's [Q3 2017 Equipment Leasing & Finance U.S. Economic Outlook](#):

- Investment in materials handling equipment rose by an 18% annualized rate in Q1 2017 and in July 2017 was up 7.6% year over year.
- Materials handling equipment investment growth will likely improve from Q3 to Q4 2017.
- Investment in all other industrial equipment increased at a 2.3% annualized rate in Q1 2017, and in July 2017 was up 2.9% year over year.
- All other industrial equipment investment should maintain a slow growth trajectory through the end of 2017.

Machine Tools Market

According to the [2017 "What's Hot, What's Not"](#) 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:

- Machine tools ranked third in portfolio preference among equipment finance executives surveyed. This ranking is due to the strong domestic automotive and allied industries, along with the now-improving oil exploration sector. This ranking is also believed to be linked to financing choices relative to smaller ticket size opportunities, and to 'one-off' deals, large vendor product line financings, or entire manufacturing plant fundings. In addition, low interest rates and accelerated depreciation have aided this segment.
- Sales in the primary market for metal cutting equipment decreased by 4.3% in 2016, although total consumption remains high. Sales for this sector are forecast to remain high in 2017.
- The secondary market for machine tools has weakened and prices are now being discounted in both the primary and secondary markets.

Industry Outlook

The January 2017 [PwC Manufacturing Barometer Business Outlook Report](#) found that:

- 60% of U.S. industrial manufacturers surveyed planned major new investments of capital during the next 12 months, up from 43% in Q2 2016 and up from 49% from the same period in 2016.
- Over the next 12 months, 98% of those surveyed plan to increase operational spending, with 67% planning for new product or service introductions, 59% for research and development, 42% for information technology, 33% for facilities expansion and 33% for business acquisitions.

According to information from the [Association for Manufacturing Technology](#) (AMT), in June 2017:

- U.S. manufacturing technology orders increased 10.2% year over year, 6.5% month to month, and 7.1% year to date.
- Solid growth in machine tool orders is expected through at least the end of 2017.

According to the [Institute for Supply Management](#), in July 2017:

- Economic activity in the manufacturing sector expanded for the eleventh consecutive month and the overall economy grew for the 98th consecutive month.

According to ELFA's Manufacturer & Vendor Resource Center:

- Equipment manufacturers and vendors have options available that can help them expand their markets and support the sale of their products by establishing a captive finance capability.
- ELFA's online Manufacturer & Vendor Resource Center contains strategic, legal, financial and operational issues manufacturers should consider when developing or enhancing their finance capability. It also has searchable databases to find financing partners and service providers, and 5 Reasons to Offer Financing to Your Customers. To learn more, visit www.elfaonline.org/directories/manufacturer-vendor-resource-center

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

Media Contact:

Amy Vogt, Vice President, Communications and Marketing, ELFA
202-238-3438
avogt@elfaonline.org