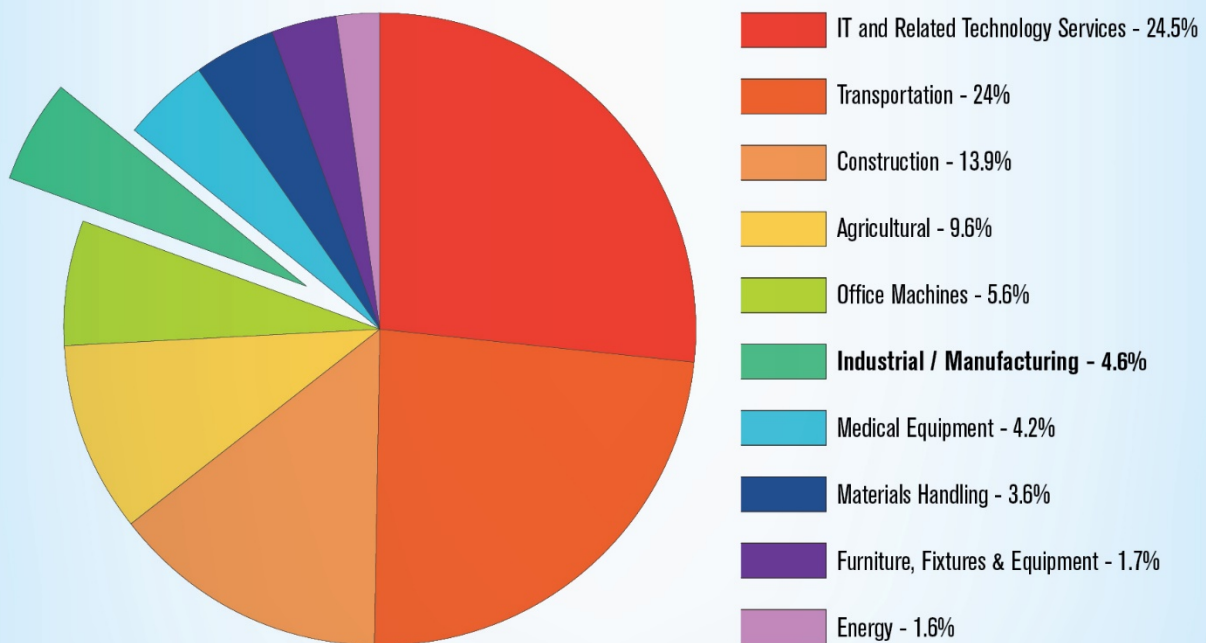


Fact Sheet: Equipment Finance in the Industrial and Manufacturing Industry

EQUIPMENT FINANCE IN THE INDUSTRIAL/MANUFACTURING INDUSTRY



Industrial/Manufacturing equipment represents 4.6% of equipment financing new business volume in the United States.



Source: 2019 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

According to the Equipment Leasing and Finance Association's (ELFA) [2019 Survey of Equipment Finance Activity](#), in 2018:

Industrial & manufacturing equipment represented 4.6% of new business volume reported by ELFA member companies, a decrease from 4.8% in 2017.

As end-users of equipment finance, the industrial & manufacturing industry represented 10.6% of new business volume reported by ELFA member companies, down from 11.1% in 2017. Of that:

- The metal & machinery industry represented 4.4% of new business volume reported by ELFA member companies, unchanged from 2017.
- Wood, paper, chemical & plastic industries represented 3.6% of new business volume reported by ELFA member companies, a decrease from 3.8% in 2017.
- Other industrial/manufacturing industries represented 2.6% of new business volume reported by ELFA member companies, down from 2.8% in 2017.

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

Equipment category	In 2018	In 2017
Materials handling	3.6 %	3.6%
Machine tools	2.5%	2.4%
Product & process control	1.3%	1.5%
Other industrial/manufacturing	0.4%	0.3%
Plastic extrusions	0.2%	0.2%
Water pollution & waste management treatment	0.1%	0.3%

The Equipment Leasing & Finance Foundation’s [2019 Equipment Leasing & Finance Industry Horizon Report](#) end-user survey, which focused on private sector investment, revealed that among businesses that acquired equipment and software in 2018:

- Nearly 8 in 10 (79%) used at least one form of financing to do so (i.e., lease, secure loan, or line of credit).
- Leasing was the most common financing method (used by 24%); 16% used lines of credit, 12% used secured loans and 3% used other forms of finance.

Investment

According to the Equipment Leasing & Finance Foundation’s [Q3 2019 Equipment Leasing & Finance U.S. Economic Outlook](#):

- Investment in materials handling equipment decreased by a 1.4% annualized rate in Q1 2019 and in July 2019 was up 1.8% year over year.
- Materials handling equipment investment growth is likely to weaken and may turn negative from Q3 to Q4 2019.
- Investment in all other industrial equipment increased at a 3.6% annualized rate in Q1 2019, and in July 2019 was up 2.3% year over year.
- All other industrial equipment investment growth is likely to weaken and may stall through the end of 2019.

Machine Tools Market

According to [“What’s Hot, What’s Not: Equipment Market Forecast 2019,”](#) based on a survey of ELFA members to measure industry perceptions of equipment types:

- Machine tools ranked 3rd in portfolio preference among equipment finance executives surveyed, down from 2nd place last year. This ranking is believed to be linked to demand from the strong transportation and allied industries.
- Preliminary data show sales in the primary market for metal cutting equipment increased by over 12% in 2018. This positive trend is not expected to continue at high levels

through 2019 due to softening economic conditions. For 2019 the automotive industry has announced year-over-year declines of more than 25% in spending.

- The secondary market for machine tools has been strong, buoyed for the past few years by a shortage of tools manufactured from 2008-2010. A dip in used pricing is expected in 2019 as the relatively plentiful 2011-2012 tools are entering the market.

Industry Performance

According to information from the [Association for Manufacturing Technology](#) (AMT), in May 2019:

- U.S. manufacturing technology orders decreased nearly 22% year over year and 13.5% year to date, and increased 7.3% month to month.

According to the [Institute for Supply Management](#), in July 2019:

- Economic activity in the manufacturing sector expanded for the 35th consecutive month and the overall economy grew for the 123th 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/package 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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