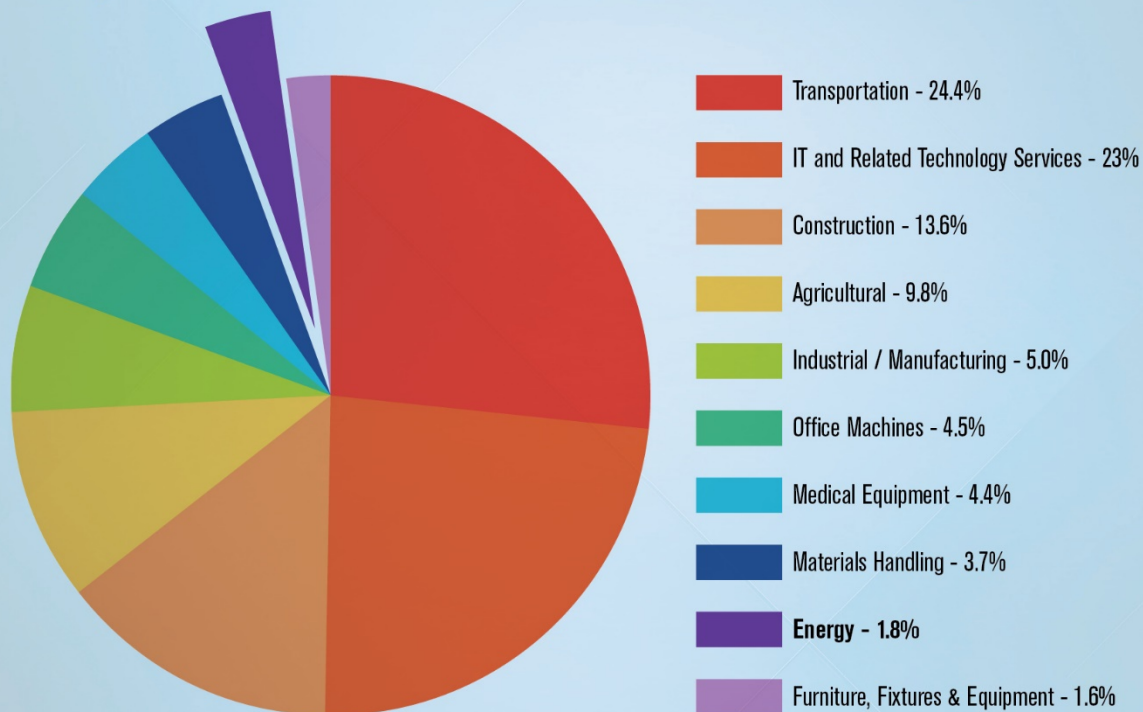


## Fact Sheet: Equipment Finance in the Oil & Gas Industry

### EQUIPMENT FINANCE IN THE ENERGY INDUSTRY



Energy equipment represents 1.8% of equipment financing new business volume in the United States.



Source: 2020 Survey of Equipment Finance Activity.

Learn how the equipment finance industry equips your business for success at [www.EquipmentFinanceAdvantage.org](http://www.EquipmentFinanceAdvantage.org)

### Equipment Financing Volume

According to the Equipment Leasing and Finance Association's (ELFA) [2020 Survey of Equipment Finance Activity](#), in 2019:

- The mining/oil and gas extraction industries represented 1.5% of new business volume reported by ELFA member companies, up from 1.4% in 2018.
- Mining/oil & gas extraction (including natural gas/fracking) equipment represented 0.3% of new business volume reported by ELFA member companies, up from 0.2% in 2018.

\*The SEFA does not reveal the impact of the COVID-19 pandemic on the equipment finance industry as it focuses on data from fiscal year 2019.

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.

According to "[What's Hot, What's Not: Equipment Market Forecast 2020](#)," based on a survey of ELFA members to measure industry perceptions of equipment types:

- Oil/gas/energy equipment ranked 14<sup>th</sup> in portfolio preference among equipment finance executives surveyed, unchanged from the previous year.
- The ranking seems to reflect the current state of the oil and gas market in the U.S., with oil prices' range bound for most of the year.
- This has affected the values of oil/gas production and exploration equipment, and operating cash flows.

## **Investment**

According to the [Foundation-Keybridge Equipment & Software Investment Momentum Monitor](#):

- Investment in mining and oilfield machinery decreased at a 45% annualized rate in Q2 2020, and in August 2020 was down 8.6% year over year.
- Mining and oilfield machinery investment growth is likely to decline sharply through the end of 2020.

## **Equipment Market**

According to First Research:

- The U.S. oil and gas field equipment manufacturing industry includes about 685 companies with combined annual revenue of about \$12 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 4% per year through 2026, reaching a value of about \$330 billion.
- 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 2020:

- Reduced economic activity related to the COVID-19 pandemic has caused changes in energy demand and supply patterns in 2020.
- U.S. crude oil production is forecast to average 11.3 million barrels per day (b/d) in 2020, and average 11.1 million b/d in 2021, down from 12.2 million b/d in 2019.

- U.S. dry natural gas production is forecast to average 88.7 billion cubic feet per day (Bcf/d) in 2020.
- In 2021, natural gas production is forecast to average 84.0 Bcf/d. Production is expected to begin rising in Q2 2021 in response to higher natural gas and crude oil prices.

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### **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/packagegers and investment banks, as well as manufacturers and service providers. For more information, please visit [www.elfaonline.org](http://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/](http://www.elfaonline.org/Data/) for additional information.

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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](http://www.EquipmentFinanceAdvantage.org)

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