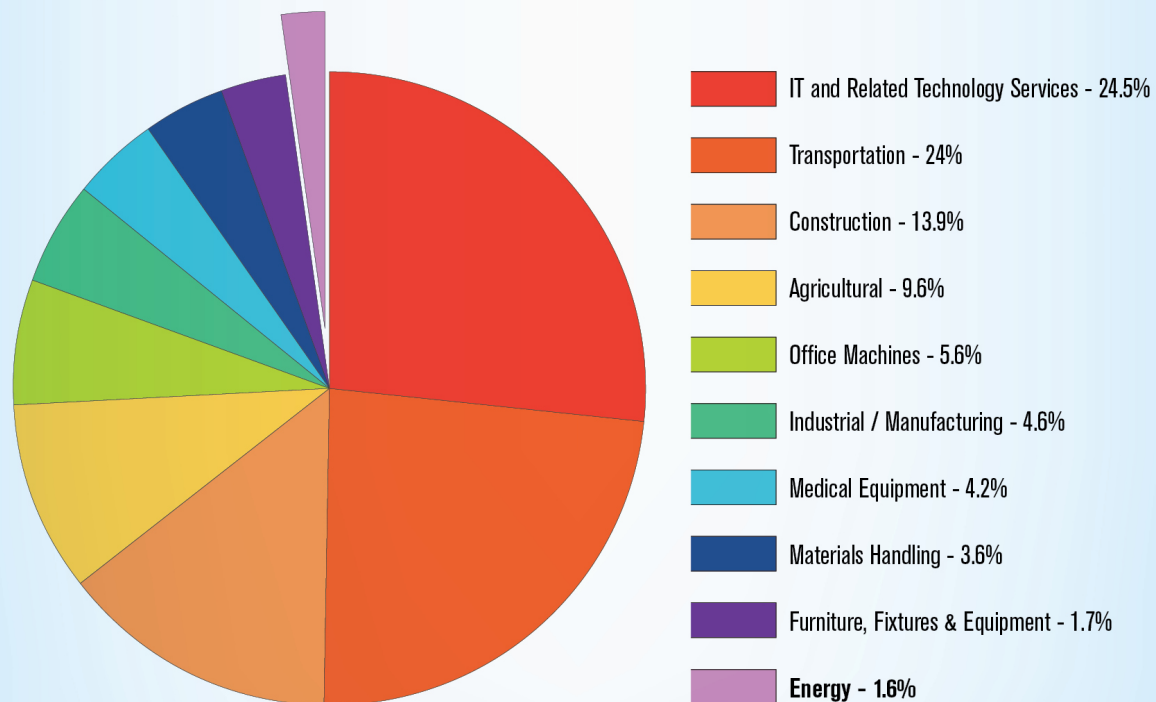


Fact Sheet: Equipment Finance in the Oil & Gas Industry

EQUIPMENT FINANCE IN THE ENERGY INDUSTRY



Energy equipment represents 1.6% 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:

- The mining/oil and gas extraction industries represented 1.4% of new business volume reported by ELFA member companies, down from 1.5% in 2017.
- The pipeline industry represented 0.1% of new business volume reported by ELFA member companies, unchanged from 2017.
- Mining/oil & gas extraction (including natural gas/fracking) equipment represented 0.2% of new business volume reported by ELFA member companies, unchanged from 2017.

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 2019.”](#) based on a survey of ELFA members to measure industry perceptions of equipment types:

- Oil/gas/energy equipment ranked 14th in portfolio preference among equipment finance executives surveyed, down from 10th place last year.
- The ranking seems to reflect the current state of the oil and gas market in the U.S., with oil prices increasing for most of 2018 then plunging 40% in Q4.
- 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 2019 Equipment Leasing & Finance U.S. Economic Outlook](#):

- Investment in mining and oilfield machinery decreased at a 13% annualized rate in Q1 2019, and in July 2018 was down 8.2% year over year.
- Mining and oilfield machinery investment growth is likely to remain steady through the end of 2019.

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 2019:

- U.S. crude oil production is forecast to average 12.3 million barrels per day (b/d) in 2019, and average 13.3 million b/d in 2020, both of which would be record levels.
- U.S. dry natural gas production is forecast to average 91 billion cubic feet per day (Bcf/d) in 2019, a 7.6 Bcf/d increase from 2018.
- In 2020, natural gas production is forecast to average 92.5 Bcf/d.

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. 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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