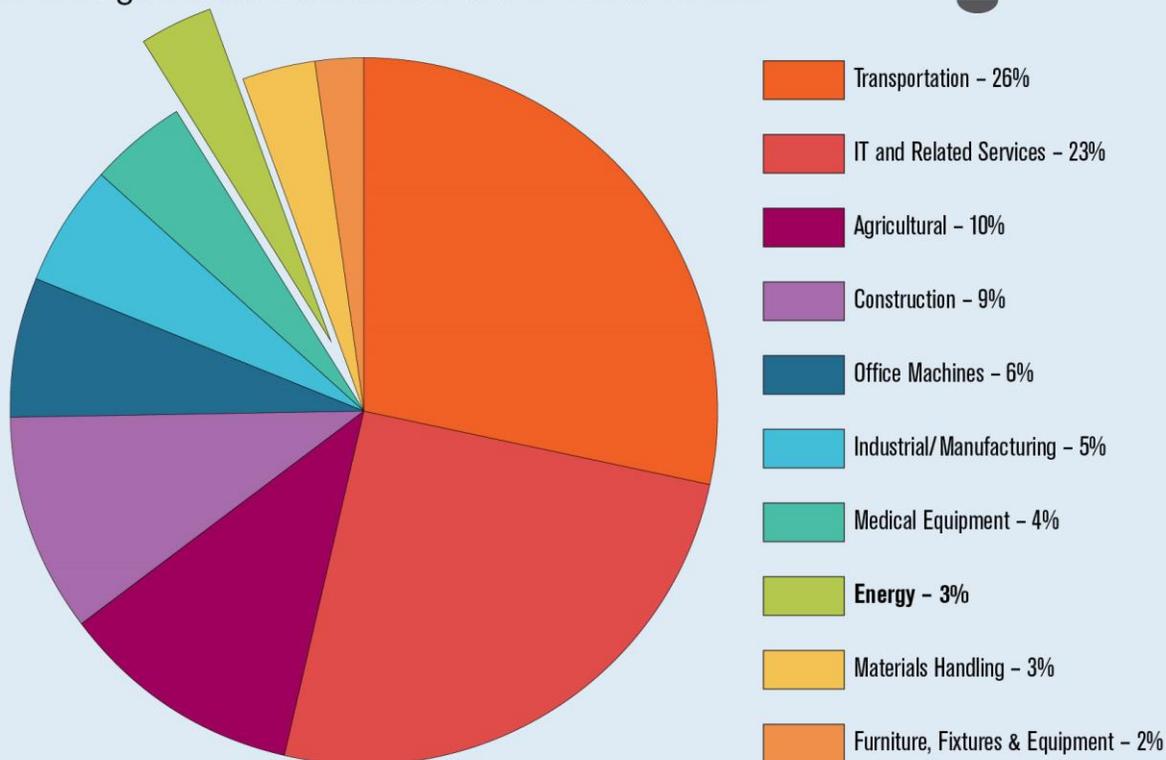


Fact Sheet: Equipment Finance in the Oil & Gas Industry

EQUIPMENT FINANCE IN THE ENERGY INDUSTRY



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



Source: 2017 Survey of Equipment Finance Activity.

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

Equipment Financing Volume

The Equipment Leasing and Finance Association's (ELFA) [2017 Survey of Equipment Finance Activity](#) reports that in 2016:

- The mining/oil, gas extraction and pipeline industries represented 1.3% of new business volume reported by ELFA member companies, down from 2.6% in 2015.
- Mining/oil & gas extraction (including natural gas/fracking) equipment represented 0.2% of new business volume reported by ELFA member companies, down from 0.3% in 2015.

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 [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:

- Equipment finance executives' preference for oil/gas/energy equipment ranked second to last in popularity among 14 equipment types, after ranking last the previous year.
- The ranking seems to reflect continued widespread pessimism for this sector due to the worldwide decline in oil prices and rising supplies.
- 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 [U.S. Equipment Finance Market Study: 2016-2017](#):

- Investment in mining and oilfield machinery increased at a 181% annualized rate in Q1 2017, and in July 2017 was down 12% year over year.
- Mining and oilfield machinery investment growth should continue a strong recovery through the second half of 2017.

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 \$15 billion.
- About 25% 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 2017:

- U.S. crude oil production averaged an estimated 8.9 million barrels per day (b/d) in 2016 and is forecast to average 9.3 million b/d in 2017.

- Crude oil production is forecast to average 9.9 million b/d in 2018, which would be the highest annual average production in U.S. history, surpassing the previous record of 9.6 million b/d set in 1970.
- U.S. dry natural gas production is forecast to average 73.5 billion cubic feet per day (Bcf/d) in 2017, a 1.2 Bcf/d increase from the 2016 level.
- Natural gas production in 2018 is forecast to be 3.9 Bcf/d above the 2017 level.

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/packagers 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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