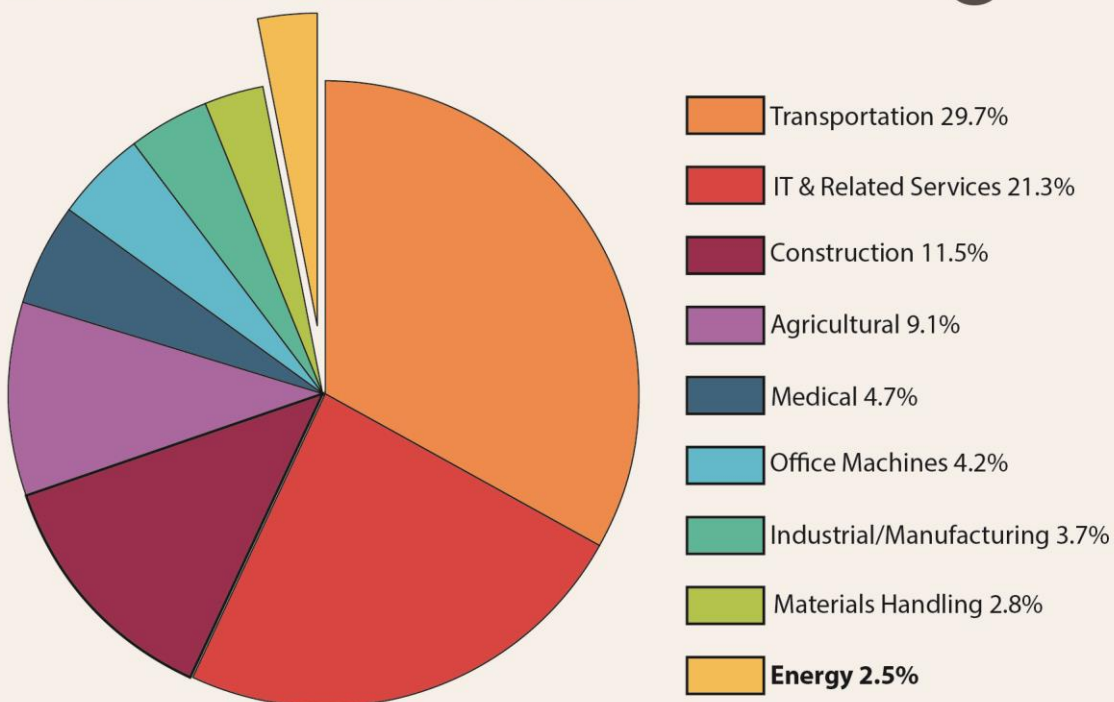


Fact Sheet: Equipment Finance in the Oil & Gas Industry

EQUIPMENT FINANCE IN THE ENERGY INDUSTRY

Energy equipment represented 2.5% of equipment financing new business volume in the United States in 2015, down from 2.2% in 2014.



Source: 2016 Survey of Equipment Finance Activity.
Learn how the equipment finance industry equips the energy industry for success:
www.EquipmentFinanceAdvantage.org/Abt/facts.cfm

The Equipment Leasing and Finance Association's (ELFA) [2016 Survey of Equipment Finance Activity](#) reports that in 2015, as end-users of equipment finance:

- The mining/oil & gas extraction industry represented 3.5% of new business volume reported by ELFA member companies, down slightly from 3.7% in 2014.
- The pipeline industry represented 0.3% of new business volume reported by ELFA member companies, down from 0.4% reported in 2014.

- Mining/oil & gas extraction equipment represented 0.2% of new business volume reported by ELFA member companies, down from 0.5% in 2014.

According to the Equipment Leasing & Finance Foundation's [Q3 2016 Equipment Leasing & Finance U.S. Economic Outlook](#):

- Investment in mining and oilfield machinery decreased at a 42.4% annualized rate in Q1 2016, and in July 2016 was down 42.6% year over year.
- Mining and oilfield machinery investment growth will likely remain negative over the second half of 2016.

According to the [2016 "What's Hot, What's Not"](#) Equipment Leasing Trends Survey released by the Independent Equipment Company, an Alta Group Company, in cooperation with ELFA to measure industry perceptions of equipment types:

- Equipment finance executives' preference for oil/gas/energy equipment ranked last in popularity among 14 equipment types, after ranking second two years ago.
- The ranking seems to reflect widespread, intense pessimism in the oil industry due to the worldwide plunge in oil prices.
- This has negatively affected the values of oil/gas production and exploration equipment, and operating cash flows.

According to MarketResearch.com:

- The U.S. oil and gas field equipment manufacturing industry includes about 600 companies with combined annual revenue of about \$25 billion.
- About 30% of U.S. production of oil and gas field equipment is exported.
- The 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.

According to U.S. Energy Information Administration's [Annual Energy Outlook 2015](#):

- U.S. crude oil and dry natural gas production levels have increased rapidly in recent years.
- From 2008 to 2013, crude oil production grew from 5.0 million barrels per day (bbl/d) to 7.4 million bbl/d, and annual dry natural gas production grew from 20.2 trillion cubic feet (Tcf) to 24.3 Tcf.
- The share of total U.S. energy production from crude oil and lease condensate is expected to rise from 19% in 2013 to 25% in 2040.
- Dry natural gas production is expected to remain the largest contributor to total U.S. energy production through 2040; in 2013, dry natural gas accounted for 30% of total U.S. energy production.

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 580 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 types of finance products, 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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