

State of the Association/ State of the Industry

II Leasing Encounter

June 8, 2018

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U.S. Top 10 Equipment Acquisition Trends



Top 10 Equipment Acquisition Trends



Investment

Equipment and software investment will experience robust growth of 8.5% in 2018.

U.S. Labor Market Improves

The U.S. labor market has mostly healed since the deep recession of 2008-09. Further employment gains will drive up wage inflation in coming months.

U.S. Unemployment Rate

Percent, SA



Sources: Macrobond Financial

Top 10 Equipment Acquisition Trends



Financing

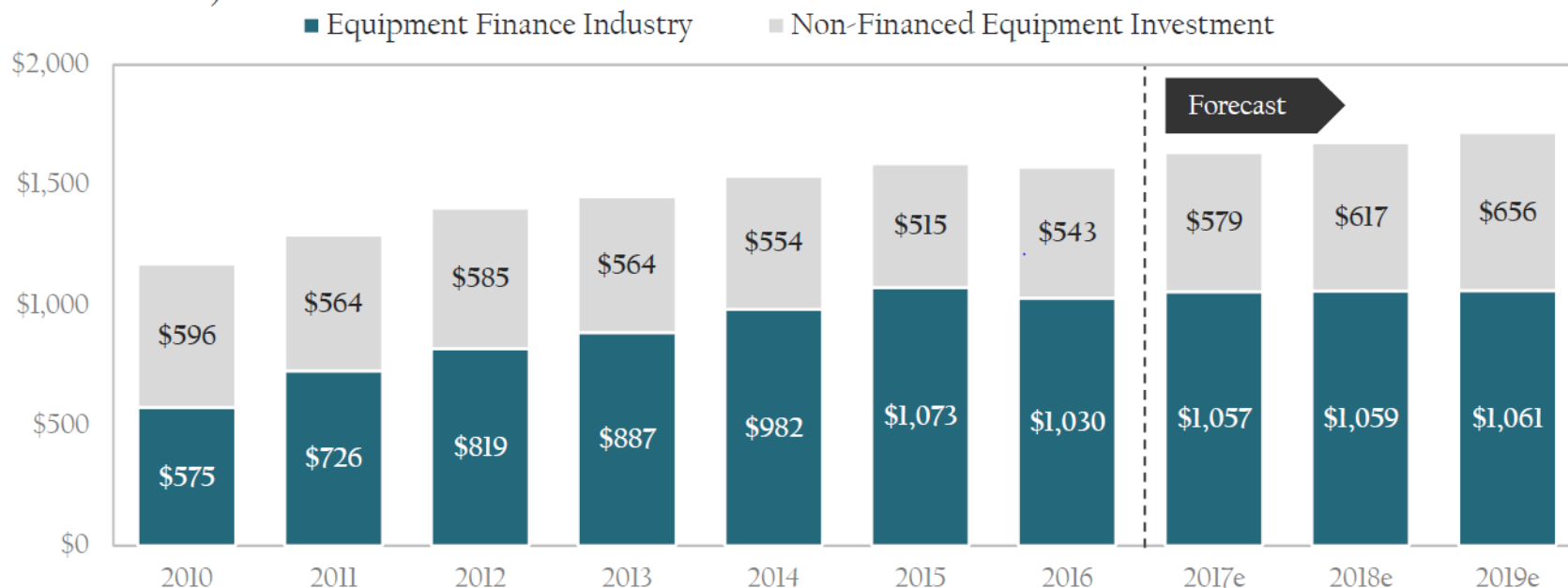
Equipment financing will grow, with nearly 8 in 10 businesses financing equipment.

\$1 Trillion Sector Well-Positioned for the Future

Many Signs Point to Strong Business Confidence and Increased Investment as Key Sectors Rebound

Equipment Finance Industry Size

(in billions of dollars)



Source: Equipment Leasing & Finance Foundation 2017 State of the Equipment Finance Industry Report, Keybridge LLC

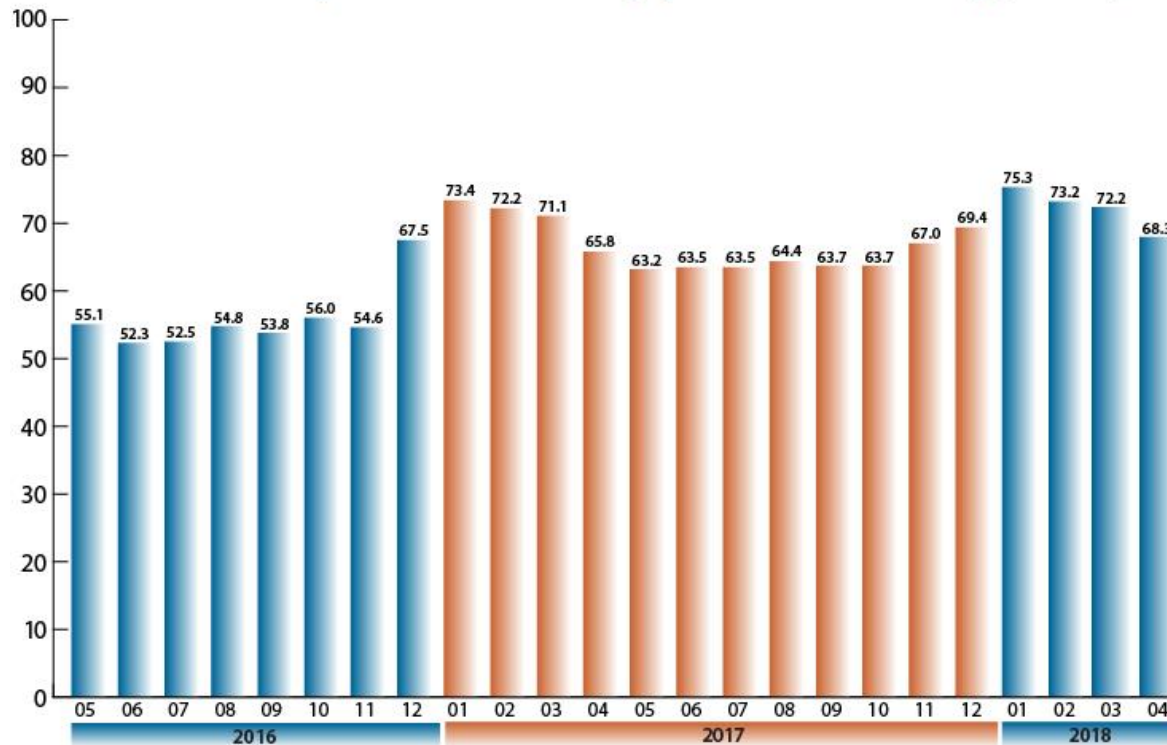
Monthly Confidence Index



Designed to collect leadership data, the Foundation's **Monthly Confidence Index** reports a qualitative assessment of both the prevailing business conditions and expectations for the future as reported by key executives from the \$1 trillion equipment finance sector.

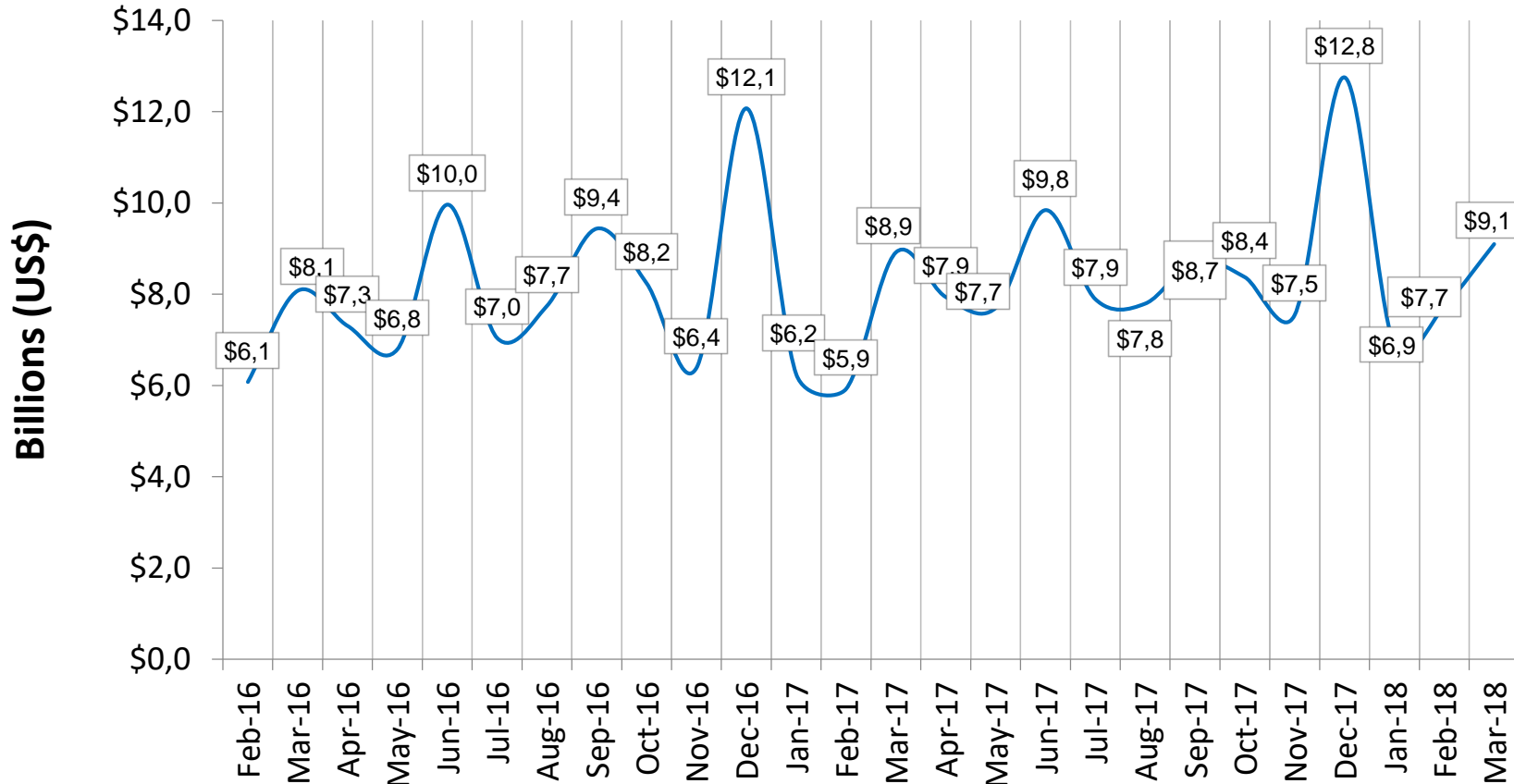


24-Month Monthly Confidence Index - Equipment Finance Industry (MCI-EFI)



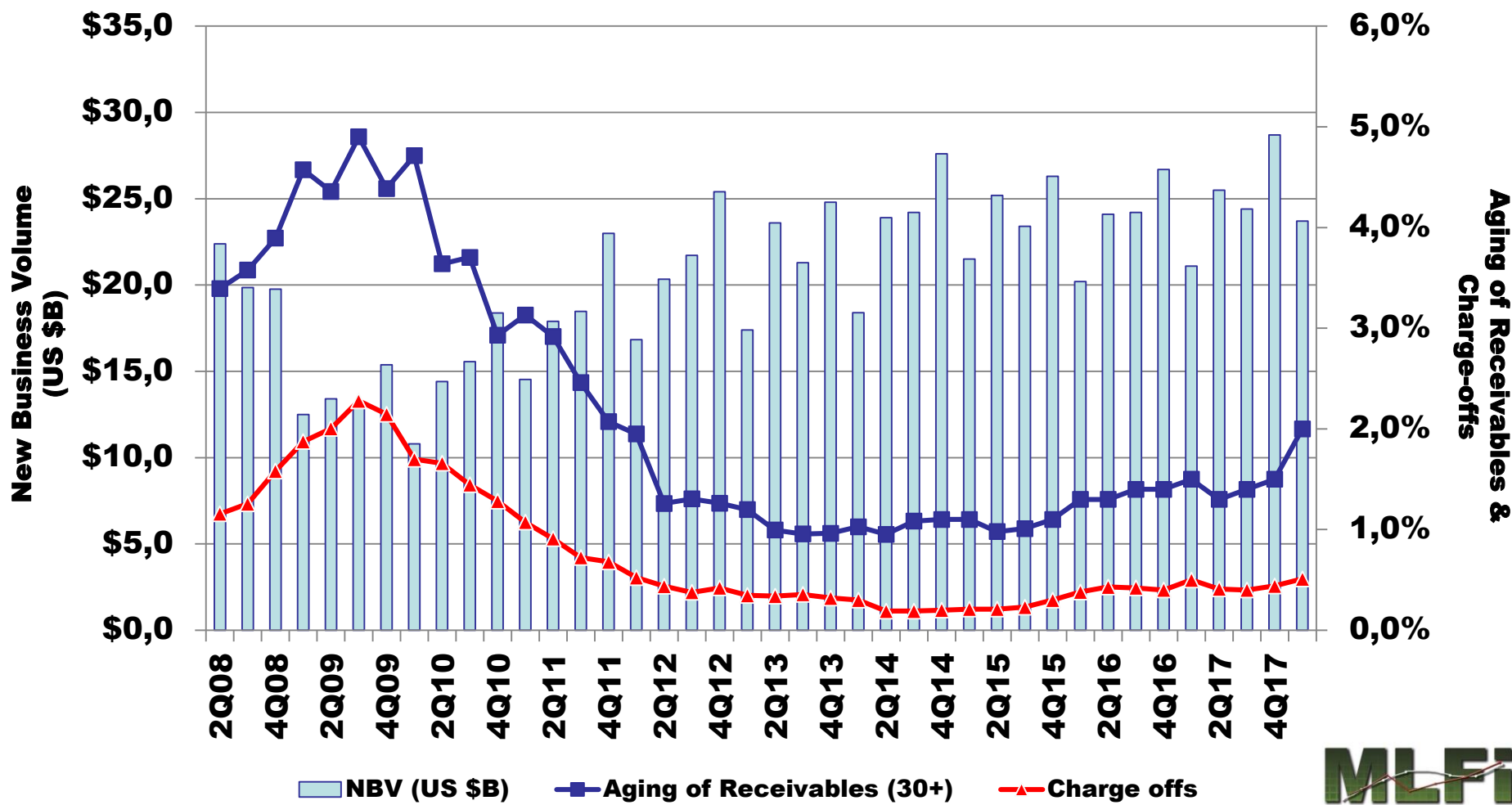
MLFI-25 New Business Volume (Year-Over-Year Comparison)

MLFI Cumulative YTD* Comparison (2017/2018): 2017*: \$21.1 (\$B) 2018*: \$23.7 (\$B) % chg*: +12.3



* YTD NBV numbers will not match the numbers from the chart due to rounding

New Business Volume and Credit Quality



Top 10 Equipment Acquisition Trends



Tax Reform

Long-awaited corporate tax cuts will help unleash pent-up demand by businesses for new equipment.

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Interest Rates

A rising interest rate environment won't deter investment in most equipment, but businesses will keep informed on Fed rate hikes.

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Technology

Technological advances in equipment will attract businesses looking to improve efficiencies and profitability.

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Equipment

Investments in key verticals will remain steady or strengthen, including agriculture, aircraft, construction, industrial, trucks and computers.

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Accounting

Businesses will ramp up efforts to comply with new accounting rules for their leased equipment.

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Customer Focus

Financing options and services for equipment acquisitions will be more innovative and customer driven.

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Trade Impacts

Trade issues will pose headwinds affecting global demand for U.S. business exports.

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Wild Cards

Various factors, from interest rate increases to the results of the U.S. mid-term elections, could factor into equipment acquisition decisions.

U.S. Equipment Leasing & Loan Markets

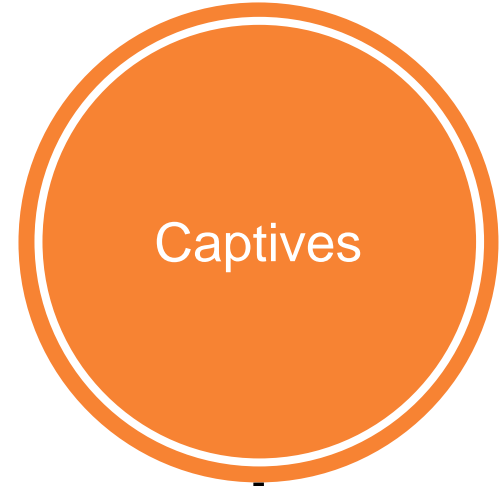
Structure



NON-
REGULATED

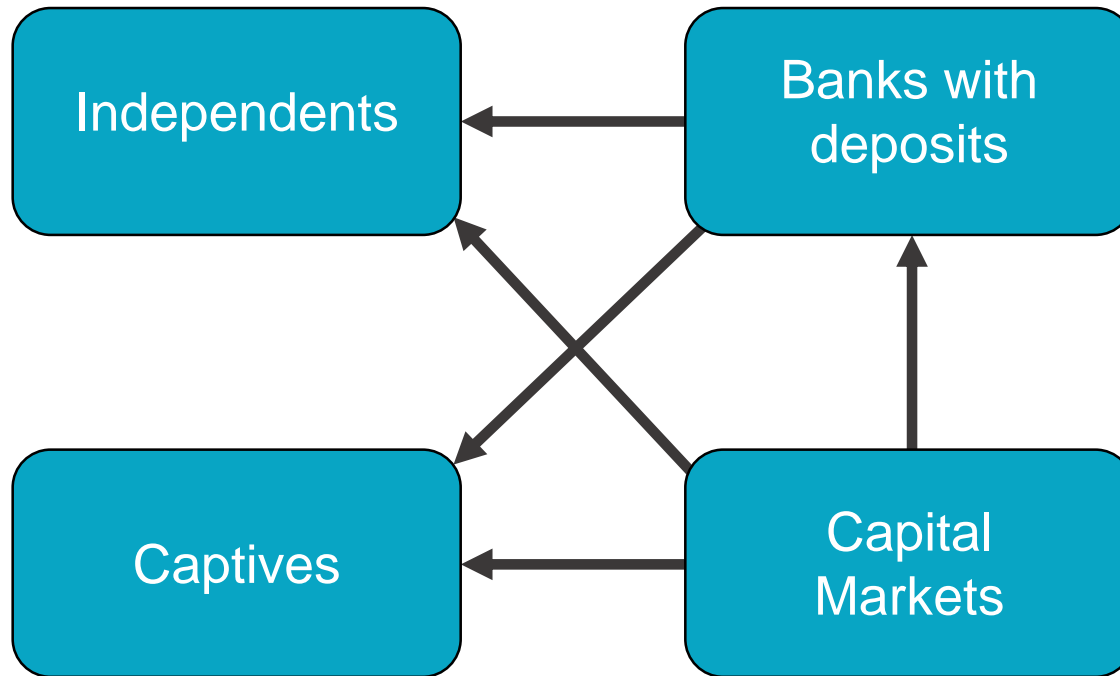


REGULATED



NON-
REGULATED

Funding



Banks

THE PAST

THE PAST:

A variety of structures for owning a leasing enterprise

TODAY:

The way to structure and why



REGULATIONS
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For Discussion:

**U.S.
Banking
Environment
Focus**

