

The logo for EDA (Equipment Finance Activity) is displayed in white, bold, italicized capital letters on a green rectangular background.

BY RANDALL-REILLY

Equipment Finance Activity

NAELB Western Regional Meeting

November 14, 2015

Anaheim, California

Presented By:

Mark McClanahan

Industry Manager, Finance & Capital Markets

Moderator:

Steve Crane

BSB Leasing

2014 Overview

- State of the Equipment Finance Industry
 - Continued Growth: “Cautious Optimism”
 - Equipment Finance industry is slightly outpacing real GDP
 - New Business Volume (NBV) slowed for third consecutive year at 6.7%
 - NBV still above 10 year growth rate of 4.4%

- State of the Equipment Finance Industry
 - Solid Financials / Record Portfolio Performance:
 - Profitability was stable in 2014
 - Operating profits increase slightly to 36.2%
 - Razor thin margins and lower spreads
 - Delinquencies, charge-offs & non-accruals remained relatively low

- State of the Equipment Finance Industry
 - Intense Competition: “Hypercompetitive”
 - Banks maintain largest market share at 55% but decreased in 2014
 - Captives have 31% market share but decreased the most
 - Independents have 14% market share
 - Independents outpaced Banks and Captives for the second straight year

- State of the Equipment Finance Industry
 - Improved Productivity:
 - NBV per sales employee increased by 4%
 - % Employees engaged in Sales/Originations:
 - 26.3% for Banks
 - 17.6% for Captives
 - 28.8% for Independents
 - 23.8% industry average

Institute for Supply Management

- **October Manufacturing Report**
 - Overall economy grew for the 77th consecutive month
 - Manufacturing sector expanded in October for the 34th consecutive month
 - New Orders and Production Growing
 - Supplier Deliveries Slowing
 - Employment and Inventories Contracting

- **October Manufacturing Report**
 - **7 manufacturing industries are growing**
 - Printing & Related Support Activities
 - Furniture & Related Products
 - Miscellaneous Manufacturing
 - Food, Beverage & Tobacco Products
 - Chemical Products
 - Paper Products
 - Fabricated Metal Products

- October Manufacturing Report
 - 9 manufacturing industry are contracting
 - Apparel, Leather & Allied products
 - Primary Metals
 - Petroleum & Coal products
 - Plastics & Rubber Products
 - Electrical Equipment
 - Appliances & Components
 - Transportation Equipment
 - Wood Products
 - Computer & Electronics

- October Manufacturing Report

- What respondents are saying:

- “Demand remains steady with 3% top line unit growth. Sales are flat due to currency and cost changes.”*

- (Paper Products)*

- “Currency exchange is having a large impact on business results.”*

- (Chemical Products)*

- “Energy market continues to struggle. Effects are beginning to bleed into other areas.”*

- (Computer & Electronic Products)*

- October Manufacturing Report

- What respondents are saying, cont.

- “Business is improving. We still need young machinists to replace those retiring.”*

- (Fabricated Metal Products)*

- “Business is picking-up in general.”*

- (Transportation Equipment)*

- “Some level of slowing, but activity is acceptable.”*

- (Machinery)*

- “Customer backlogs are increasing...”*

- (Plastics & Rubber Products)*

- October Manufacturing Report

- What respondents are saying, cont.

“Sales demand becoming more consistent... Outlook more positive than negative.”

(Electrical Equipment, Appliances & Components)

“Wood products market is sluggish with prices varying up/down depending on size and grade.”

(Wood Products)

EDA's UCC Database

- **Uniform Commercial Code Filings**
 - Secretary of State
 - 6+ million UCC filings per year
 - Daily, weekly, bi-weekly & monthly
 - Electronic & paper-based UCC filings

- Our focus is on equipment-based filings
 - 8 primary categories
 - 500+ equipment types
 - 5.0+ million debtors
 - 25+ million transactions
 - 7 filing types
 - 5,000+ units uploaded daily

- Review collateral section for equipment types:
 - Agriculture
 - Construction
 - Lift Trucks
 - Logging
 - Machine Tools
 - Printing & Packaging
 - Trucks & Trailers
 - Woodworking
- Standardize & convert into 4 digit equipment code

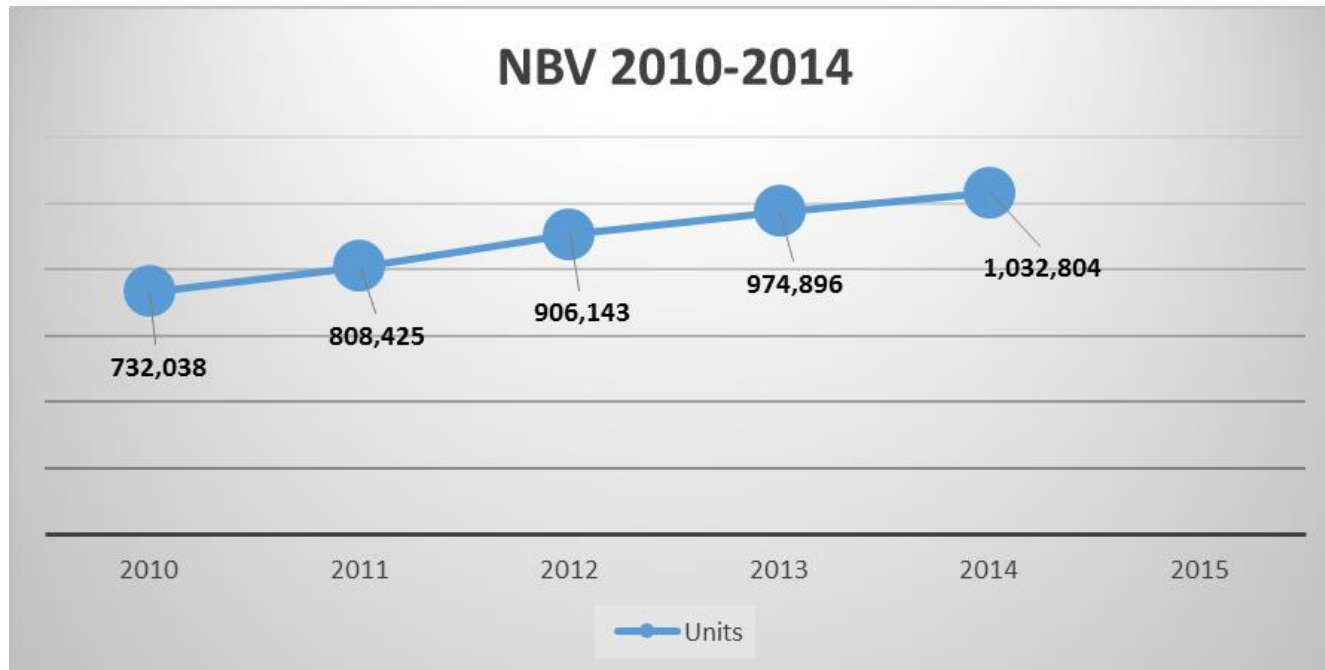
The image shows a UCC Financing Statement form. A white box highlights the collateral section, which lists the following items:

4. The FINANCING STATEMENT covers the following collateral:

- 2 TOSHIBA 2500 COPIERS S/N SCBJ731576 & SCBJ731505
- 1 TOSHIBA 282 COPIERS S/N SCUT734399

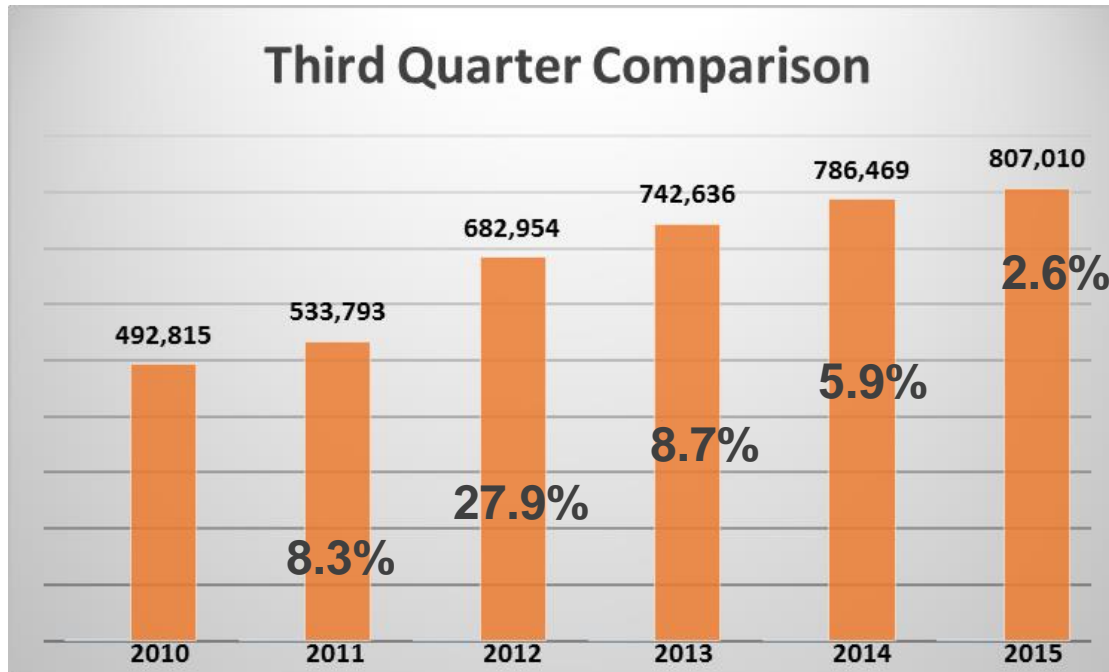
The form also includes fields for the creditor (JACOBI & LEVY), the debtor (JACOBI & LEVY), and the collateral description (TOSHIBA COPIERS).

- 5 Year Compounded Annual Growth Rate (CAGR) = 7.13%



Based on # Equipment Units, New or Used, Lease or Loan Filing Types

- YTD growth in 2015 Q3 is positive but slower than 2014 Q3

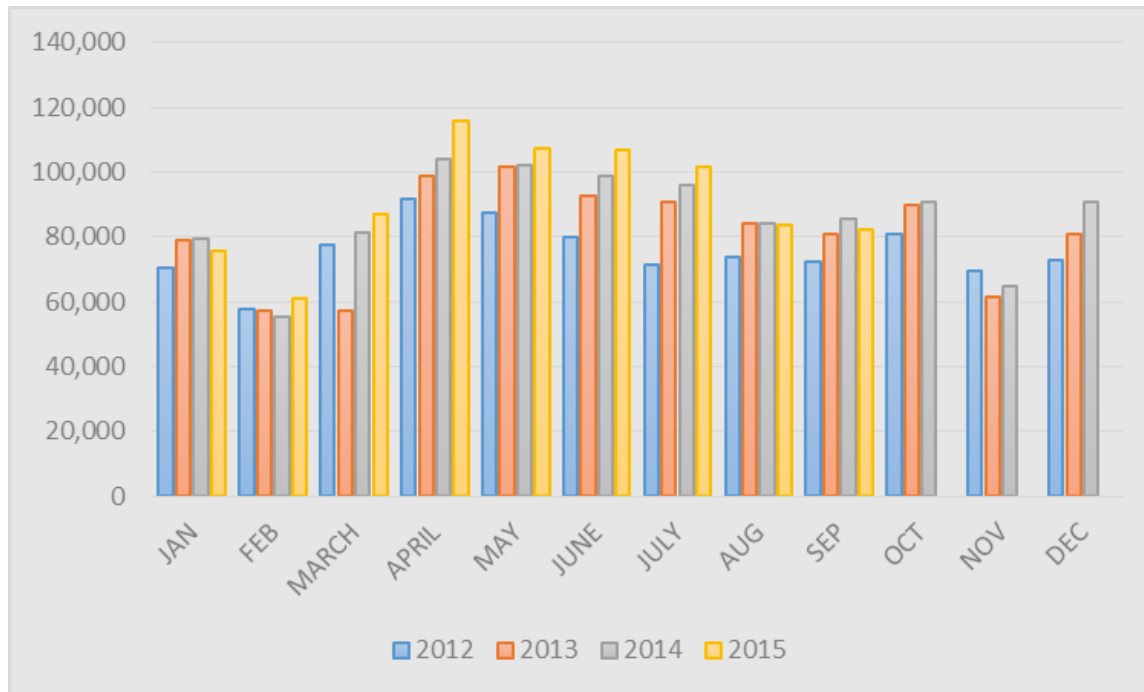


Year	Units	Growth
2010	492,815	NA
2011	533,793	8.3%
2012	682,954	27.9%
2013	742,636	8.7%
2014	786,469	5.9%
2015	807,010	2.6%

4 states unreported for September, 2015

– NBV Units by Month: 2012 to 2015

- Peaks in April through October



4 states unreported for September, 2015

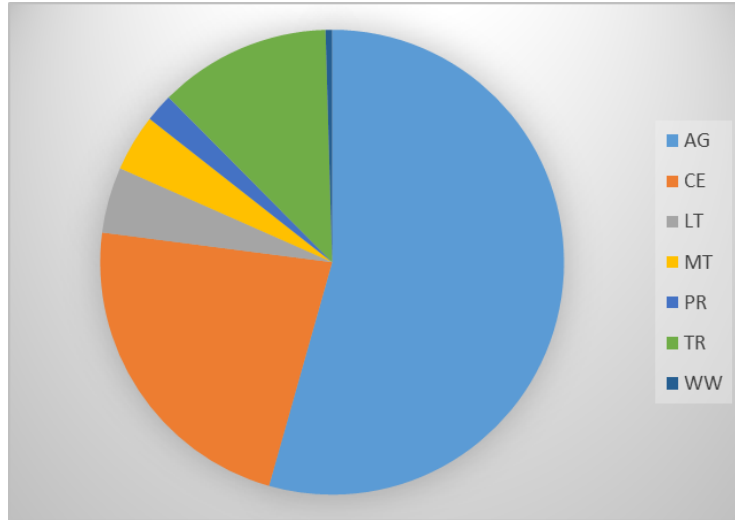
– NBV Unit Change by Month



- Gains in 2015 were strong in April but have slowed down

	UNIT CHANGE BY MONTH											
	JAN	FEB	MARCH	APRIL	MAY	JUNE	JULY	AUG	SEP	OCT	NOV	DEC
2012												
2013	8,207	-578	-20,307	7,301	14,001	13,081	19,556	9,958	8,463	8,896	-7,780	7,955
2014	317	-2,174	23,783	5,199	587	5,753	5,140	147	5,081	1,024	3,410	9,641
2015	-3,734	5,803	5,684	11,717	5,157	8,194	5,826	-400	3,434			

– Percent Mix & Growth by Equipment Type



- Ag Eqt is largest but % mix is declining
- Trucking & Construction Eqt is growing fastest
- Lift Trucks & Machine Tools is softening
- Printing Eqt is lowest

	AG	CE	LT	MT	PR	TR	WW	ANNUAL
2014	559,223	232,906	47,000	40,741	20,247	123,352	4,670	1,030,153
2014 Pct Mix	54%	23%	5%	4%	2%	12%	0.5%	100%
5 Yr - CAGR	5.5%	10.6%	3.0%	7.3%	0.7%	11.6%	6.9%	
2014 vs 2013	-2.1%	10.9%	-5.7%	-0.2%	-17.0%	30.8%	0.7%	

– NBV for Used Equipment Filings

- % has dropped slightly but still healthy

YEAR	UNITS	TOTAL	PCT
2012	397,939	906,143	43.9%
2013	411,644	974,896	42.2%
2014	402,525	1,032,804	39.0%

– NBV 2014 versus 2013 by Census Regions



- Midwest -3.6%
- West +6.5%
- South +7.8%
- Northeast +6.7%

– NBV 2014 versus 2013 for Western Region

- YTD 2015 Q3 indicates downward shift in 7 states



STATE	2013	2014	PCT CHG	2014q3	2015q3	PCT CHG
AK	2,519	3,046	20.9%	2,303	2,616	13.6%
AZ	7,363	10,772	46.3%	8,413	6,005	-28.6%
CA	40,483	42,085	4.0%	30,593	34,293	12.1%
CO	14,473	15,460	6.8%	12,169	11,410	-6.2%
HI	962	1,178	22.5%	887	1,035	16.7%
ID	9,050	9,253	2.2%	7,136	6,991	-2.0%
MT	8,715	8,639	-0.9%	6,886	6,853	-0.5%
ND	14,210	12,540	-11.8%	9,682	7,813	-19.3%
NM	3,361	4,166	24.0%	3,261	2,712	-16.8%
OR	9,577	10,079	5.2%	7,864	8,565	8.9%
UT	6,371	6,369	0.0%	4,674	5,468	17.0%
WA	12,440	13,175	5.9%	9,929	9,664	-2.7%
WY	3,434	4,888	42.3%	3,471	3,758	8.3%

– Top 25 Fastest Growing States in 2014

REGION	STATE	2014	2015	PCT CH	2014c	2015c	PCT CH
WEST	AZ	7,363	10,772	46.3%	8,413	6,005	-28.6%
SOUTH	DC	236	338	43.2%	234	497	112.4%
WEST	WY	3,434	4,888	42.3%	3,471	3,758	8.3%
WEST	NM	3,361	4,166	24.0%	3,261	2,712	-16.8%
WEST	HI	962	1,178	22.5%	887	1,035	16.7%
WEST	AK	2,519	3,046	20.9%	2,303	2,616	13.6%
NORTHEAST	RI	1,615	1,865	15.5%	1,109	1,107	-0.2%
SOUTH	MS	24,855	28,331	14.0%	21,499	24,997	16.3%
SOUTH	AL	25,461	28,688	12.7%	22,082	23,250	5.3%
SOUTH	VA	17,945	20,102	12.0%	15,870	15,208	-4.2%
SOUTH	TX	97,199	108,700	11.8%	82,505	87,727	6.3%
SOUTH	FL	31,881	34,996	9.8%	25,297	32,781	29.6%
NORTHEAST	NY	28,601	31,290	9.4%	24,083	23,630	-1.9%
MIDWEST	WI	27,683	30,095	8.7%	22,794	22,951	0.7%
SOUTH	DE	2,559	2,778	8.6%	2,053	2,145	4.5%
NORTHEAST	PA	27,544	29,886	8.5%	22,383	22,170	-1.0%
SOUTH	SC	14,229	15,381	8.1%	11,930	12,911	8.2%
SOUTH	MD	9,314	10,005	7.4%	7,117	7,814	9.8%
WEST	CO	14,473	15,460	6.8%	12,169	11,410	-6.2%
SOUTH	OK	29,984	32,020	6.8%	25,287	26,148	3.4%
SOUTH	TN	26,440	28,214	6.7%	21,991	22,570	2.6%
NORTHEAST	CT	6,731	7,174	6.6%	5,455	4,661	-14.6%
NORTHEAST	NJ	13,021	13,834	6.2%	9,502	11,600	22.1%
WEST	WA	12,440	13,175	5.9%	9,929	9,664	-2.7%
SOUTH	AR	30,679	32,476	5.9%	24,921	27,658	11.0%

Note that many of the Top 25 States in 2014 are losing ground in 2015

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← NAELB - RESEAR

56,147 Prospects

82,387 Units

Summary | **Prospects** | Brand | Model | Equipment

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⚙️

Date Range* +

Location +

Equipment* +

Filing Status +

Lender +

Prospects powered by D&B® +

Match +

Fleet Size +

Sales Territory +

Save ▼ OR Cancel

Company
I T S EQT Lsg. & Maint. LLC
A B F Freight Sys. Inc.
Wal Mart Trans. LLC
2nd City Trans. Lsg. LLC
M & W Hot Oil Inc.
Engineered Well Svc. Intl. LLC
A M F TX Holdings LLC
Novitex Ent. Solutions Inc.
Walkill CSD
Success Lsg. Inc.
G R EQT Lsg. Inc.
Celadon Trking Svc. Inc.
Svc. Lines Inc.
Quality Carriers Inc.
Meijer Logistics LLC

T J Aerospace Inc.

50 Units

All My Data

11 Units

Search Results

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Contacts
Map

BUYER ID: G870188

CONTACT:

ADDRESS: 7471 Anaconda Ave
Garden Grove, CA 92841

COUNTY: Orange

PHONE: (714) 891-3564

SIC: 3728 - Aircraft Parts And Equipment Nec

LAST ACTIVITY: 9/22/2015 (Active)

CREDIT RISK: Medium

EMPLOYEES: 23 (Est.)

ANNUAL SALES: \$2,800,000 (Est.)

EXECUTIVE: Tien Dang

D-U-N-S® NUMBER: 801918330

NAICS: 333517 - Machine Tool Manufacturing

INDUSTRY: Manufacturing

YEAR STARTED: 2007

Brands

1. HAAS	23	54.8%
2. DMGMORISEIKI	10	23.8%
3. MORI-SEIKI	8	19.0%
4. DMG	1	2.4%

Equipment

1. VERT MACH CTR	35	83.3%
2. UNIV MACH CTR	3	7.1%
3. CNC LATHE(2A...	2	4.8%
4. HORZ MACH C...	2	4.8%

Lenders

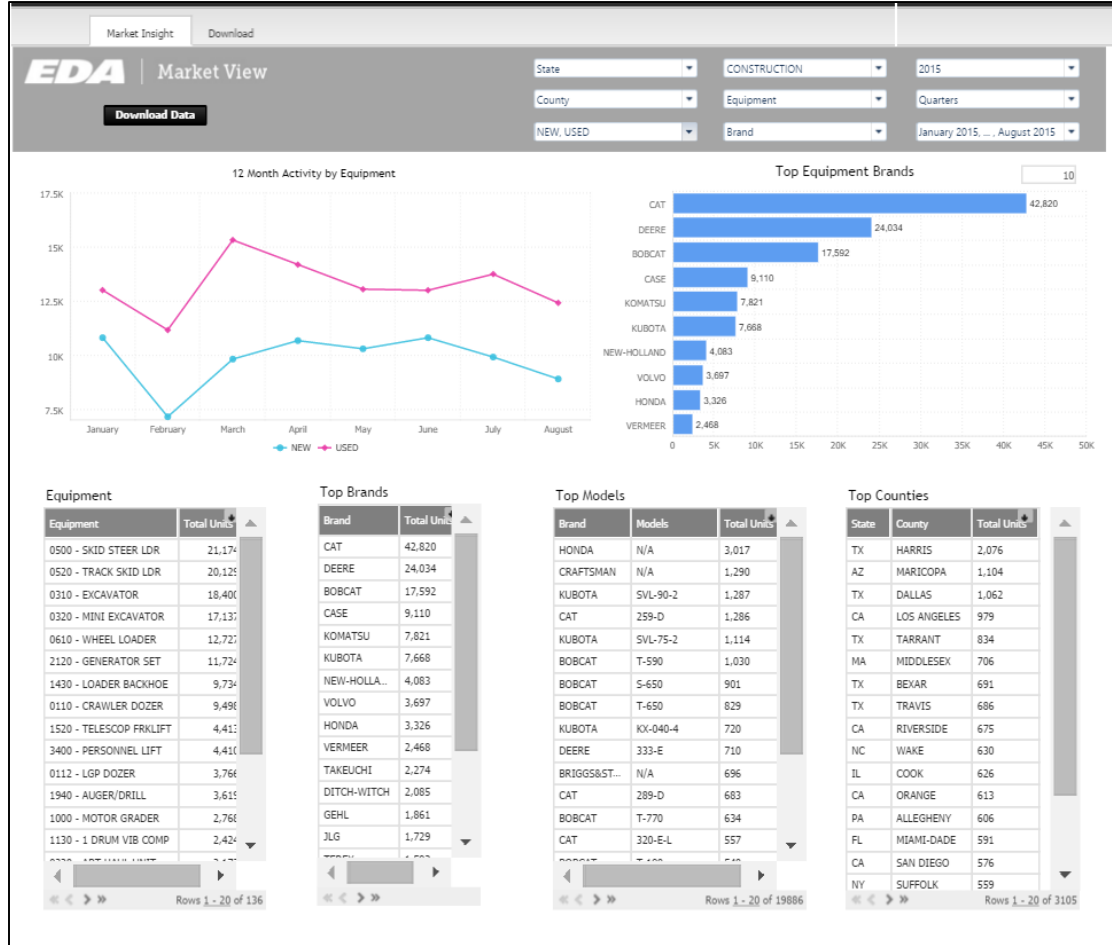
1. GLOBAL VANT...	15	35.7%
2. 1ST CHOICE B...	11	26.2%
3. C N C ASSC IN...	3	7.1%
4. MFR FIN SVC (...)	3	7.1%
5. COMMERCE N...	2	4.8%

New vs. Used

● N ● U

Financing Cycles: Last 36 months

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Thank You!