

The Equipment Report

 US Edition

February
2018

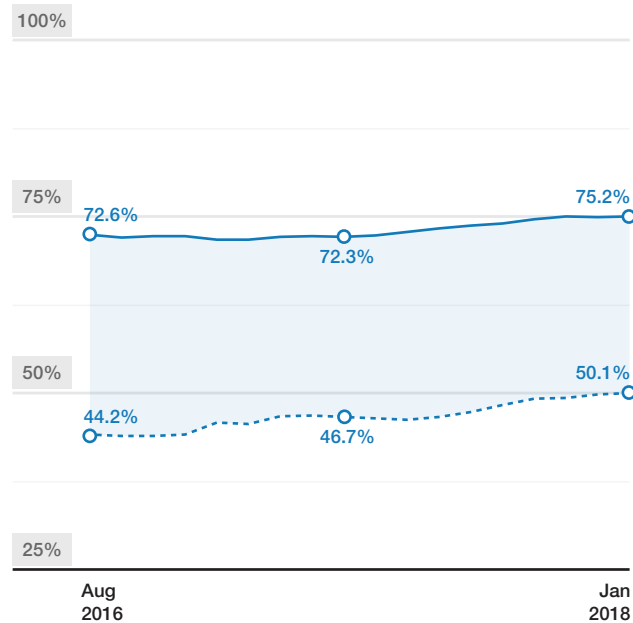


Summary

FMV

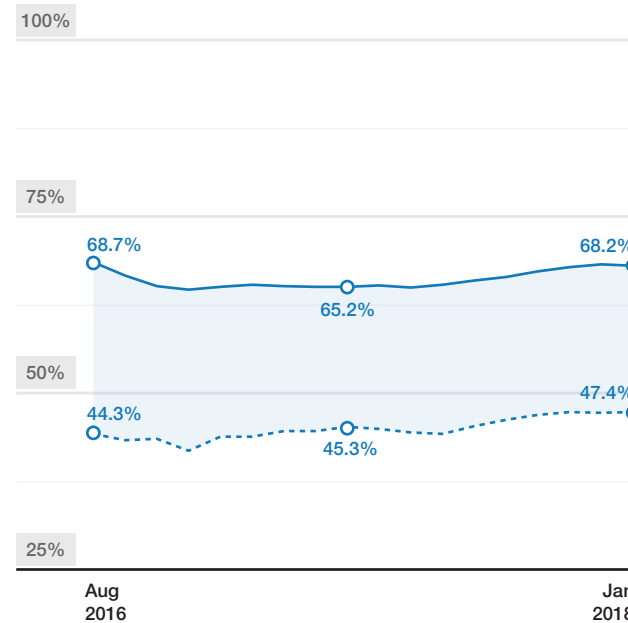
FLV

General Construction Equipment



Both retail and auction values have displayed a moderate but sustained growth trajectory over the entire period.

Heavy Earthmoving Equipment



In early 2017 values flattened from prior fluctuations, this was followed by a period of moderate growth through the end of the year. Auction values have shown moderate growth with some modest declines dispersed within.

Market Update

Used equipment values for general construction and heavy earthmoving equipment have demonstrated steady improvement and continue to achieve near-peak performance across both categories of equipment.

In early 2016, market values dropped driven by: a stronger US dollar, weaker international markets, and an increased supply of used equipment from slowing oil and gas markets. In contrast, 2017 showed sustained growth in used equipment values across both the auction and retail channels, driven in part by improved expectations for infrastructure spending.

Since the middle of 2016, general construction equipment has recovered to peak levels within the most recent eighteen month period. This improvement has primarily been driven by Telehandlers which have shown material improvement across both the retail and auction channels. Heavy earthmoving equipment has similarly recovered since mid-2016, with retail recovery levels back near the eighteen-month high and auction values trending at peak recovery levels.

Although still early in the year, the preliminary indications for 2018 are showing a continuation of the positive trends observed throughout most of 2017. Thus far auction markets are indicating a sustained level of demand, which is supported by recent reports from publicly-reporting equipment manufacturers stating improved backlogs and increased lead times on account of robust demand for equipment.

Please see the Appendix page for value definitions, index methodology, and index constituents.

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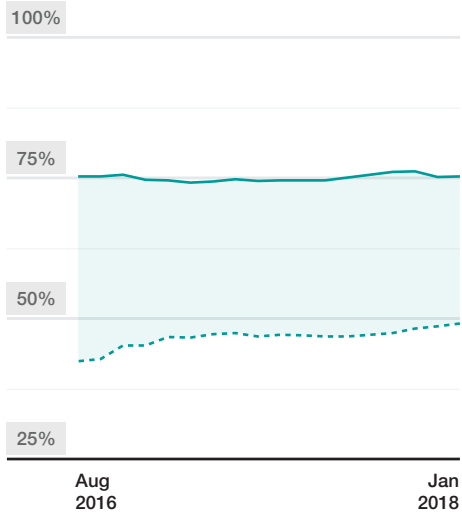
Table of Contents

General Construction Equipment	4
Heavy Construction Equipment	5
Other Equipment	6
Auction Results	7
Appendix	8
Closing	9

General Construction Equipment

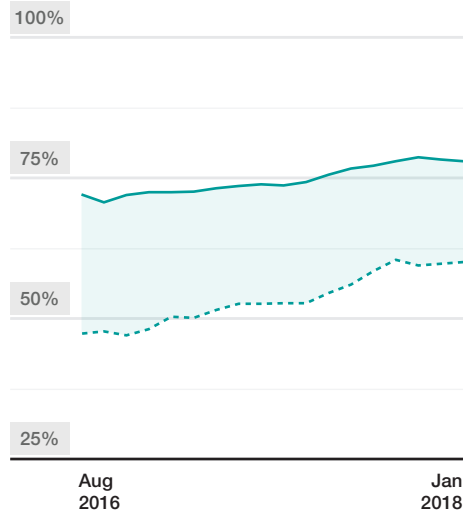
FMV Index FLV Index

Aerial



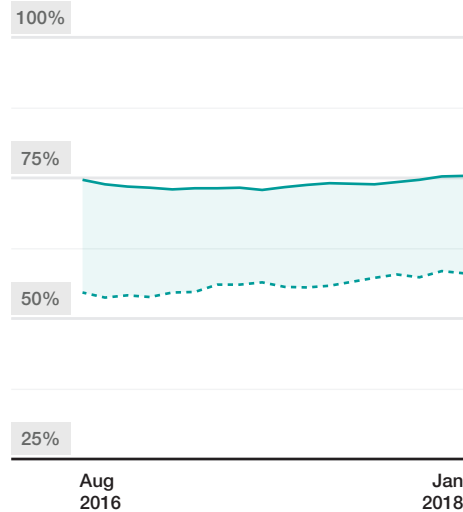
Retail values have stayed flat over this period, while auction values are showing upward movement after a fairly flat market period.

Telehandlers



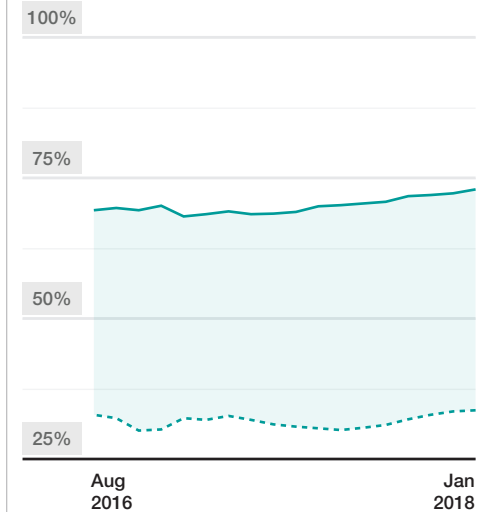
Both retail and auction values have leveled over the past couple months after a prolonged strengthening pattern over the last eighteen months.

Light and Medium Earthmoving



Retail values have remained relatively flat over the recent period whereas auction values have shown some modest improvement in the recent 18-month period.

Support



Retail values have trended slightly up over the past eight months, while auction values saw a decline followed by a resurgence over the same period.

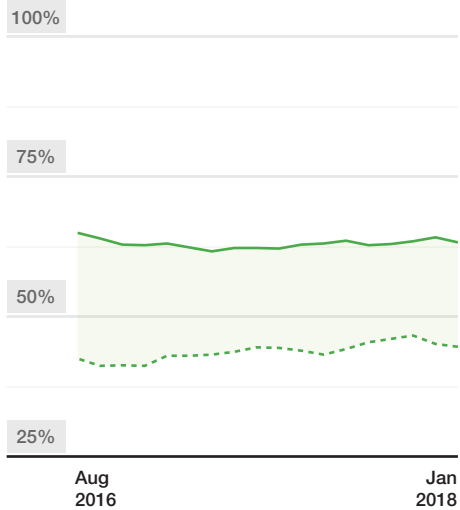
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Heavy Earthmoving Equipment

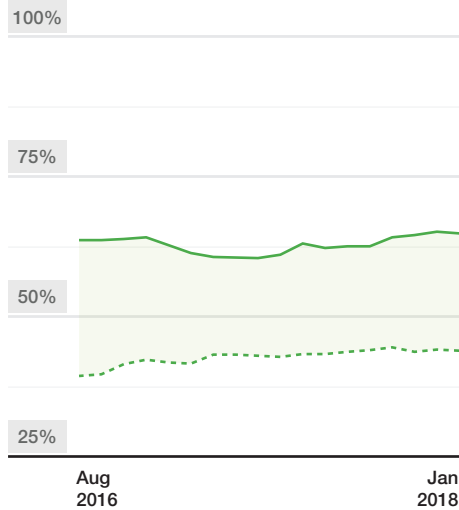
FMV Index ■ FLV Index - - - - -

Excavators



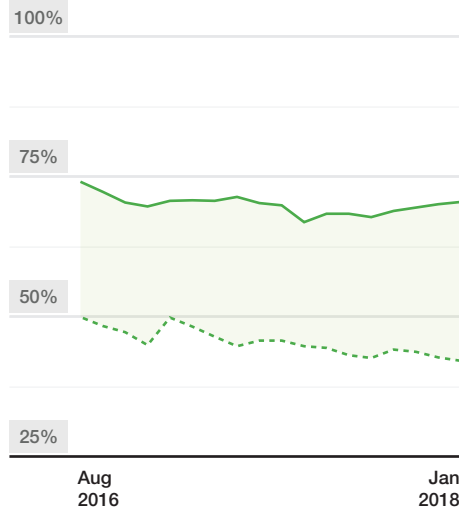
Retail values have been flat with some month over month fluctuations, while auction values dipped slightly in the past few months after a period of sustained growth.

Dozers



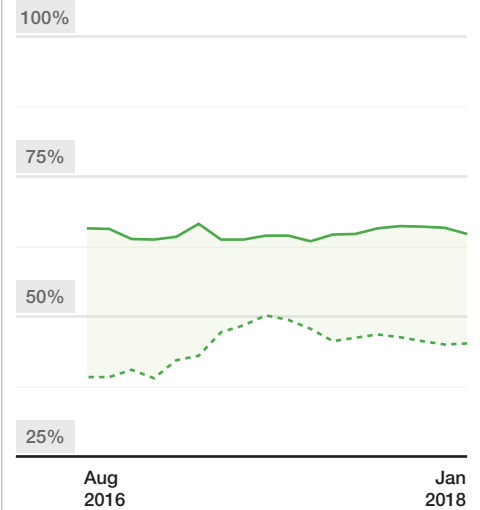
Retail values have shown a recent uptick after a slightly depressed period, while auction values have been relatively flat.

Wheel Loaders



Both retail values and auction values have shown sporadic movements with the most recent being an improvement for retail and decline in auction.

Articulated Trucks



Retail values are flat to slightly down after trending up for a few months, while auction values have been flat after declining at the beginning of 2017.

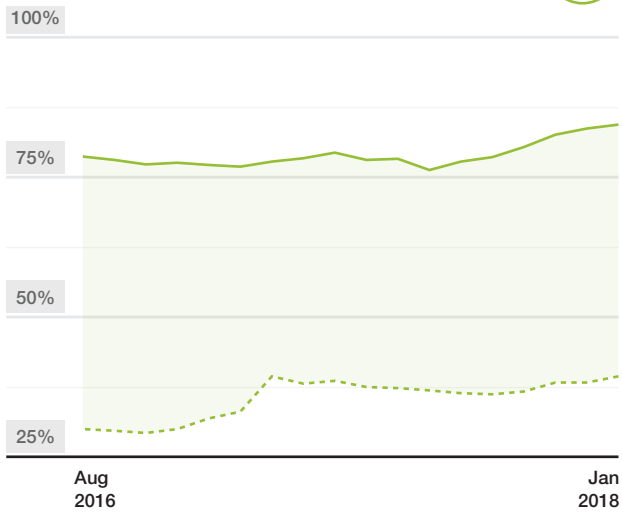
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Other Equipment

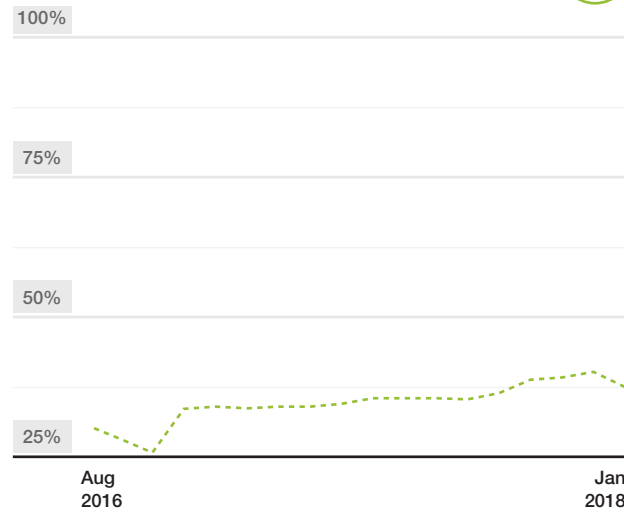
FMV Index ■ FLV Index - - -

Forklift Trucks



Retail values are up over the past five months, while auction values performed strongly in recent months after a steady period of modest decline.

Truck Tractors



Auction values have trended up over the period with a modest decline in recent months.

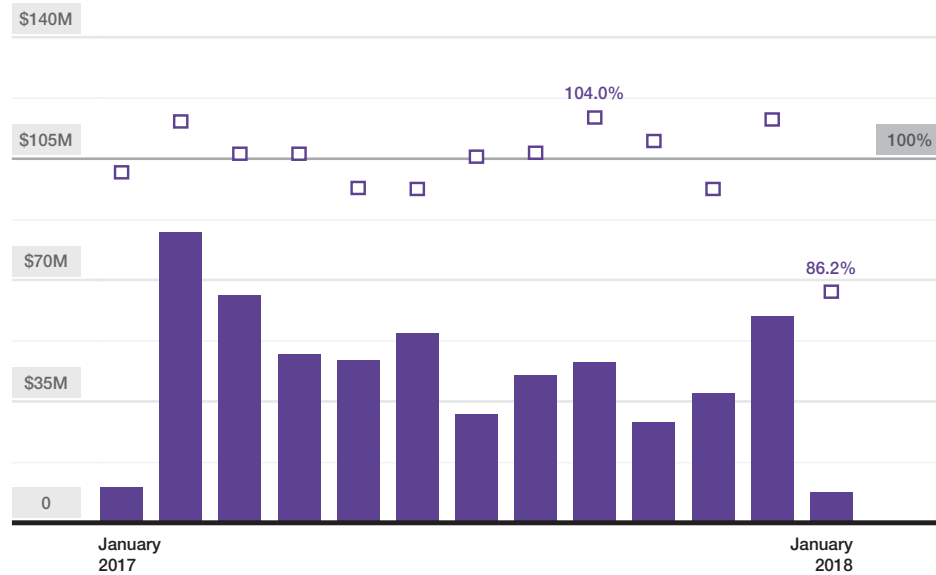
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Auction Results

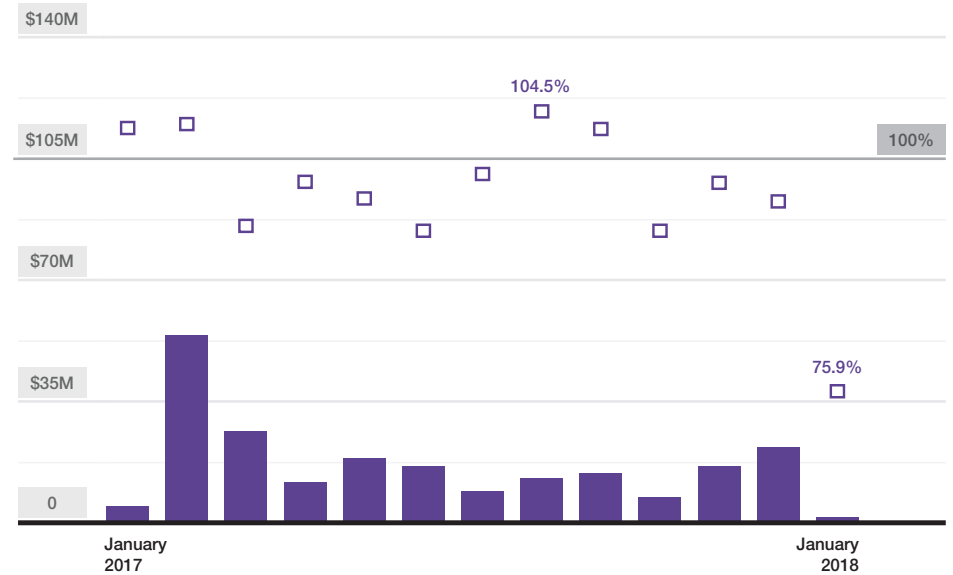
Auction Proceeds █ FLV Recovery □

General Construction Equipment Results



Auction values have broadly surpassed the prior month's results in the recent several months. January's auction values underperformed the prior month's results, in what is typically the lowest-volume month of the year.

Heavy Earthmoving Equipment Results



Auction values for Heavy Earthmoving Equipment have underperformed the prior month's results for the past few months. The underperformance in January was notable, though in the lowest-volume month of the year.

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Appendix

Glossary

Fair Market Value (“FMV”): A professional opinion of the estimated most probable price expressed in terms of currency to be realized for property in an exchange between a willing buyer and a willing seller, with equity to both, neither being under any compulsion to buy or sell, and both parties fully aware of all relevant facts as of the effective date of the report. Additionally, this value is not discounted for assembling, cleaning, security, advertising, brokerage, or other disposal costs, if any.

Forced Liquidation Value (“FLV” or “AUCTION”): The estimated gross amount expressed in terms of money that the Equipment will typically realize at a properly conducted public auction when the seller is compelled to sell as of a specific date within a 60 to 90 day period. This amount does not account for Equipment make ready costs or transportation of the Equipment to the auction site. All Equipment to be sold piecemeal, “as is where is” with the purchaser being responsible for removal of the assets at purchaser’s own risk and expense.

Value Index: Each monthly data point in any given value index represents the average recovery, as a percentage of cost, for ten different model years of equipment ranging from new to nine years old, with each year weighted equally.

Chart Constituents: Each chart represents a composite value index that is equally weighted amongst its respective constituents.

FLV Recovery: The FLV recovery represents the aggregate performance of individual auction sales in any given month measured against the prevailing Rouse FLVs at the time of the sale. For example, an auction sale that took place in the month of July would be compared to the Rouse FLV for the same make-model-year equipment that was effective as of June 30th.

Equipment Index

Chart	Constituents
General Construction Equipment	Aerial Telehandlers Light/Medium Earthmoving Support
Heavy Earthmoving Equipment	75,000-99,999 Lb Excavators 180-359 HP Crawler Dozers 190-309 HP Wheel Loaders Articulated Trucks Motor Graders
Aerial	Telescopic Booms Articulating Booms Scissor Lifts
Telehandlers	Telehandlers
Light/Medium Earthmoving	Backhoe Loaders 0-114 HP Dozers 9,500-44,999 Lb Excavators Skid Steer Loaders 0-109 HP Wheel Loaders Track Loaders
Support	Air Compressors Generators HVAC Lighting Equipment
Excavators	75,000-99,999 Lb Excavators
Dozers	180-359 HP Crawler Dozers
Wheel Loaders	190-309 HP Wheel Loaders
Articulated Trucks	Articulated Trucks
Forklift Trucks	Forklift Trucks
Truck Tractors	Truck Tractors

Closing

About Rouse

Rouse is the construction equipment industry's leading information services company. We deliver the most accurate and reliable information in the rental and construction industries. Our powerful suite of services includes valuations, used equipment sales support and rental metrics benchmarking. Rouse Services provides the knowledge you need to make more informed business decisions.

Rouse Appraisals

Rouse Appraisals provides rental companies, construction equipment dealers, and their investors and lenders with the most accurate appraisals and equipment valuation information available. On an annual basis, Rouse Appraisals values approximately \$40 billion of equipment, tracks more than 30,000 unique make / models, and analyzes nearly \$10 billion of retail, auction, and trade-in sales of used equipment.

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Rouse Sales

Rouse Sales helps rental companies and fleet owners optimize their used equipment selling programs. Rouse offers web and mobile solutions for the key components of an effective used equipment sales program, including current Retail and Auction equipment values, customized listings websites, and sales force enablement and quoting tools. Rouse clients sell more than \$2B of used equipment each year using the Rouse Sales platform.

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Rouse Analytics

Rouse Analytics collects nightly information on over \$18 billion in rental invoices per year and over \$43 billion of fleet from more than 100 participating rental companies and dealers and uses this information to provide them with comparisons of their pricing and other key performance metrics to industry benchmarks at a local market level. Metrics used in the Rental Metrics Benchmark Service are calculated according to the American Rental Association's Rental Market Metrics™ standards.

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