

The Equipment Report

 US Edition

January **2019**

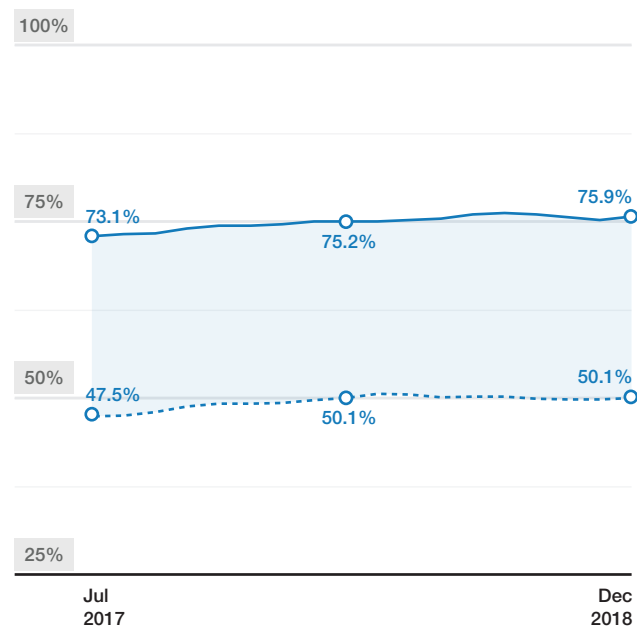


Summary

FMV

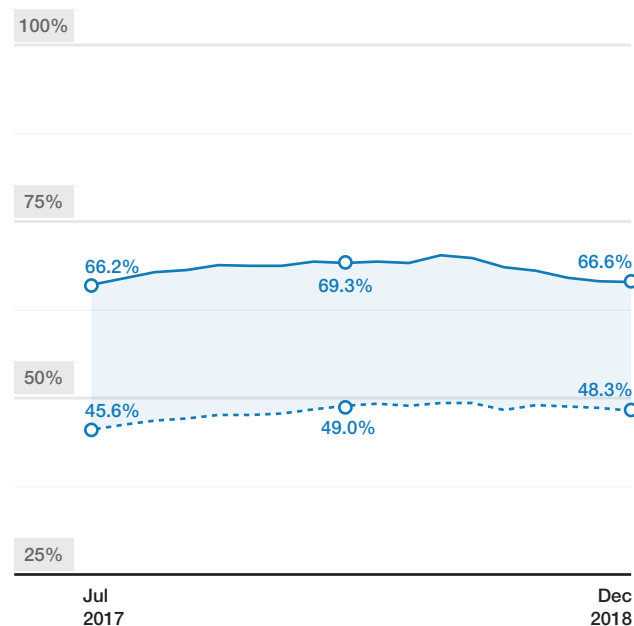
FLV

General Construction Equipment



Both channels have flattened over the past few months.

Heavy Earthmoving Equipment



Retail and auction values demonstrated moderate growth from 2017 through mid-2018. In the past few months Retail value recovery has fluctuated downward in the secondary markets while Auction has flattened in recent months.

Market Update

Starting in mid-2018 values have been fairly flat for General Construction Equipment, in comparison, Heavy Earthmoving Equipment has been on a downward trend through the end of the year, notably on the FMV (Retail) channel.

2017 values showed sustained growth in used equipment values across both the auction and retail channels as compared to the lower market values observed in early 2016. This growth has continued into late 2018, driven by improved expectations for infrastructure spending and growing economic strength.

Since the market dropped in mid-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, but has recently shown softness across both channels.

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

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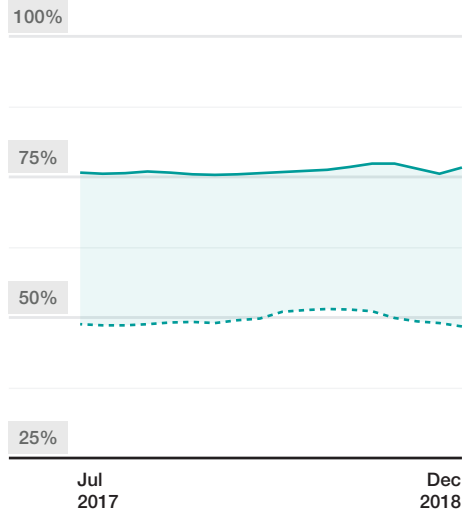
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General Construction Equipment

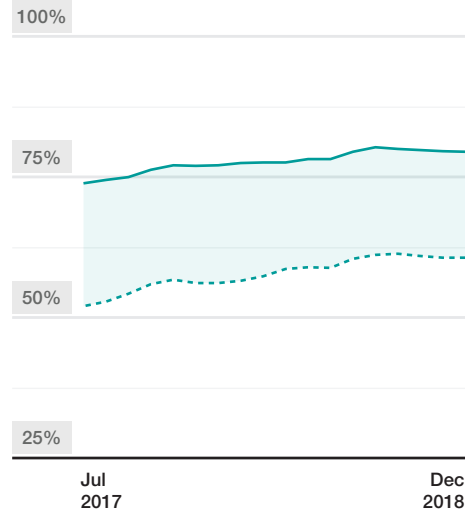
FMV Index FLV Index

Aerial



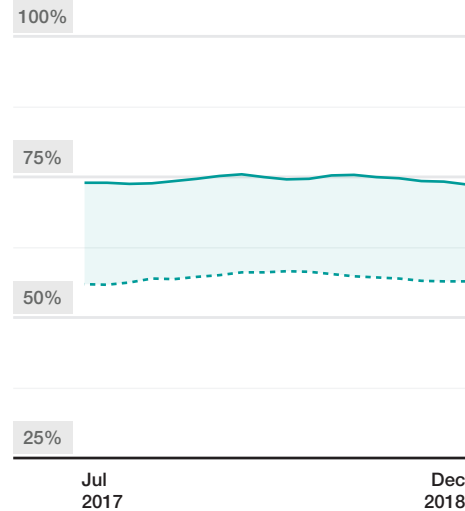
Retail has seen a slight uptick at the end of 2018 and auction values have shown softness after a prolonged period of moderate growth.

Telehandlers



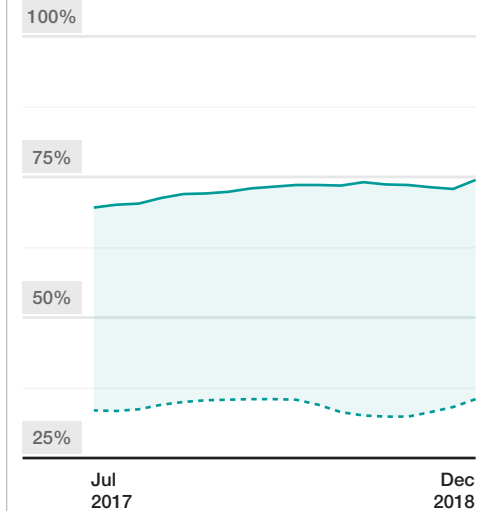
Both retail values and auction values are flat after a prolonged growth period.

Light and Medium Earthmoving



Retail and auction values have shown an flatness with minor fluctuations, however, the most recent months are down across both channels.

Support



Retail values have ticked up after a year of softness, while auction values show steady improvement after a brief dip.

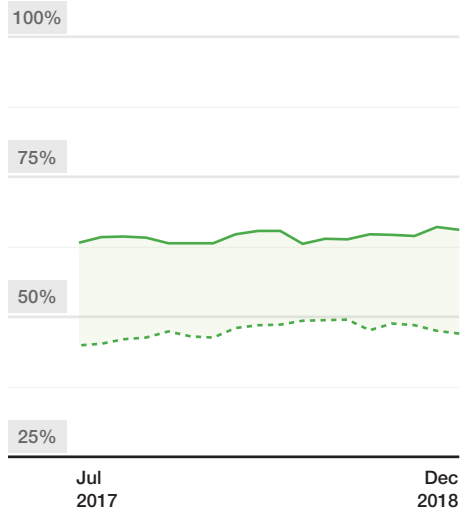
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Heavy Earthmoving Equipment

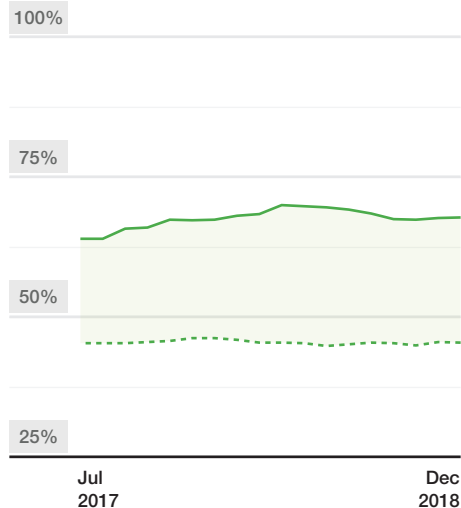
FMV Index FLV Index

Excavators



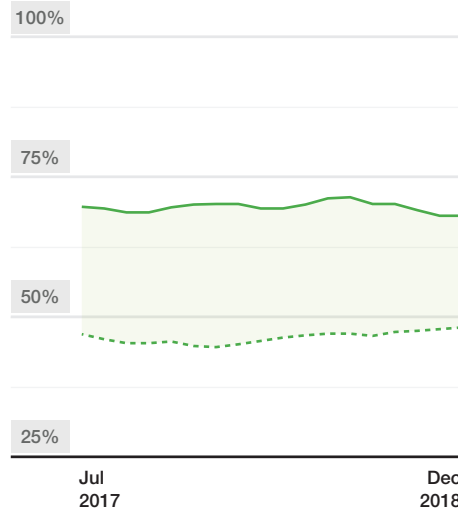
Both retail and auction values have had a stretch of period over period fluctuations with the most recent being down for retail and auction.

Dozers



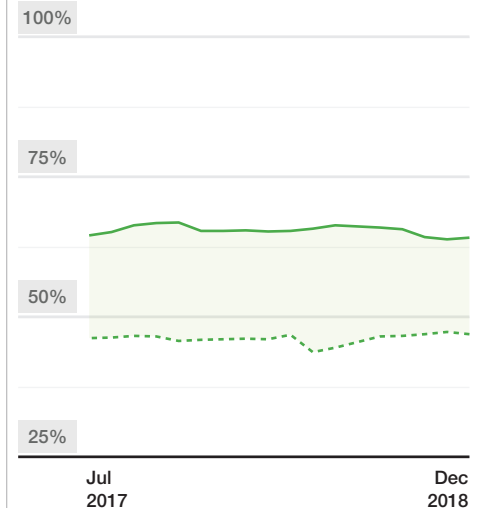
Retail and auction values are flat over the recent market period.

Wheel Loaders



Retail values have shown weakness over the recent period and auction values are slightly up after sporadic up and down movements.

Articulated Trucks



Retail and auction values have flattened.

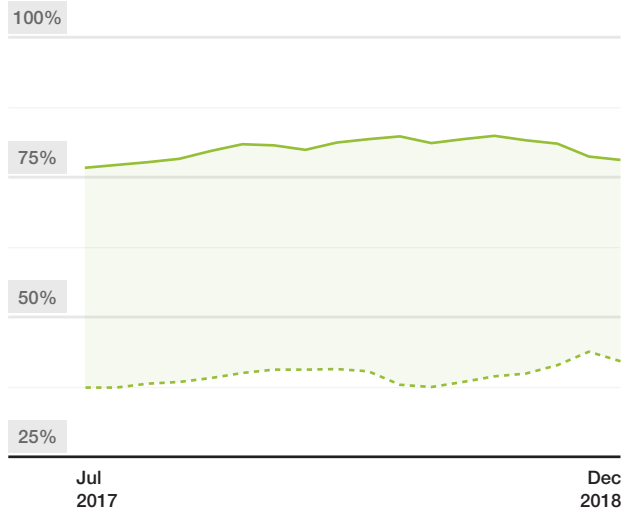
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Other Equipment

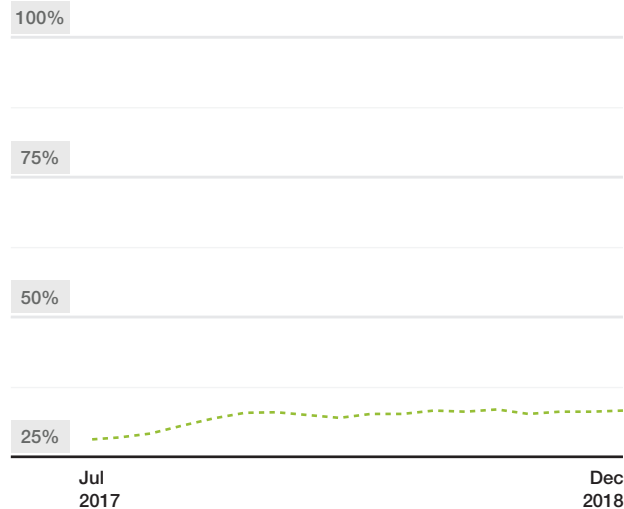
FMV Index FLV Index

Forklift Trucks



Retail and auction values are down slightly after periods of growth.

Truck Tractors



Auction values are flat to slightly up.

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Crane Summary

Crane Market Conditions

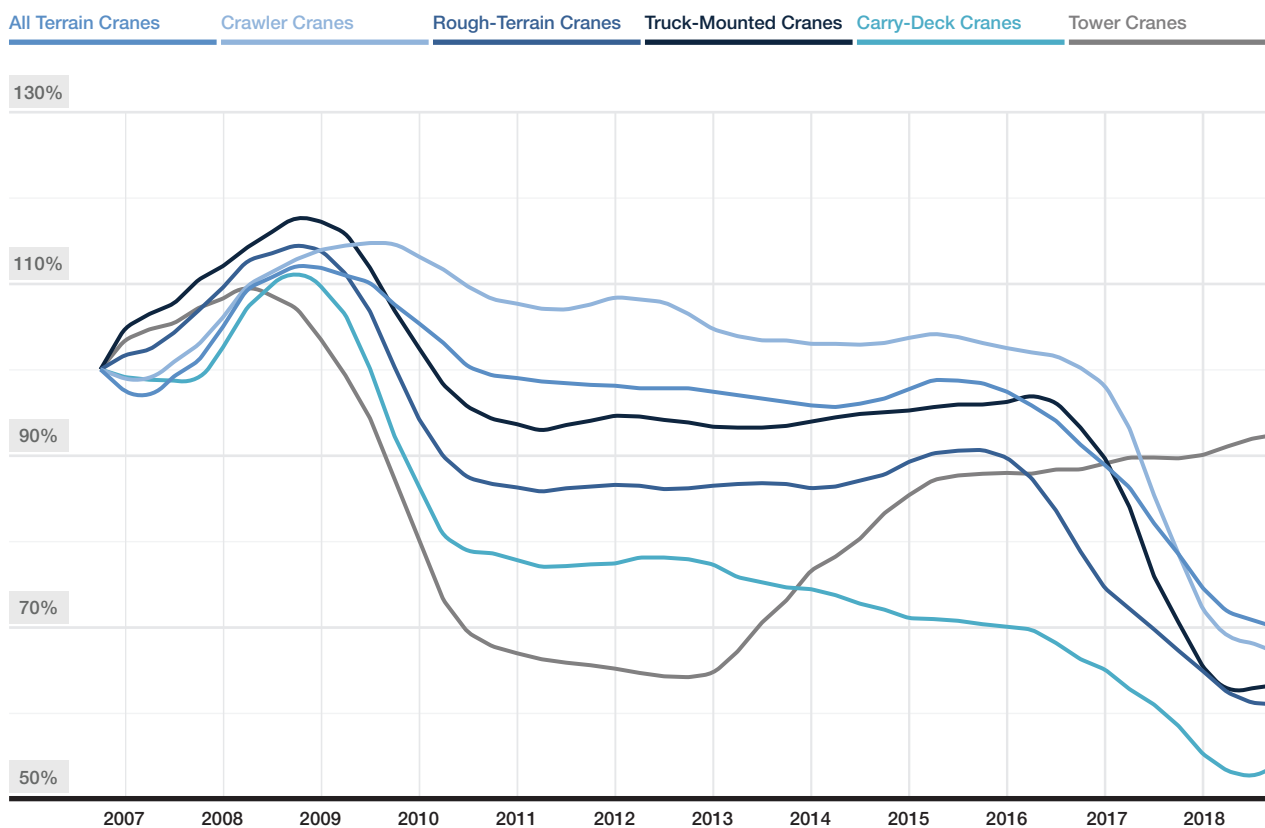
Oil price declines throughout 2014 and 2015 resulted in a substantial and prolonged downward shift in utilization and rental rate achievement for crane rental companies driven by a sharp decline in oil and gas project work. Rouse did not observe material downward pressure on equipment values for mobile cranes until 2016, and this trend accelerated throughout 2017 with weaker price achievement in the secondary markets.

Near the end of 2017 and through early 2018, crane values began to show signs of stabilization. As the year progressed, most mobile crane categories appear to have bottomed in value, while crawler cranes continue to show signs of softness in the used market.

In Q4, crane rental companies have reported healthy utilization figures, with all-terrain, crawler, and truck-mounted cranes performing relatively well. Rough-terrain crane utilization has declined slightly. Domestic crane manufacturers have continued to report on supply chain headwinds, which has impacted their ability to meet demand at effective margins. Looking to 2019, the recent uncertainty in oil and gas markets may have downstream effects in the crane market, and Rouse will continue to assess its impact in terms of used equipment values.

Rouse Crane OLV Index

By Crane Type



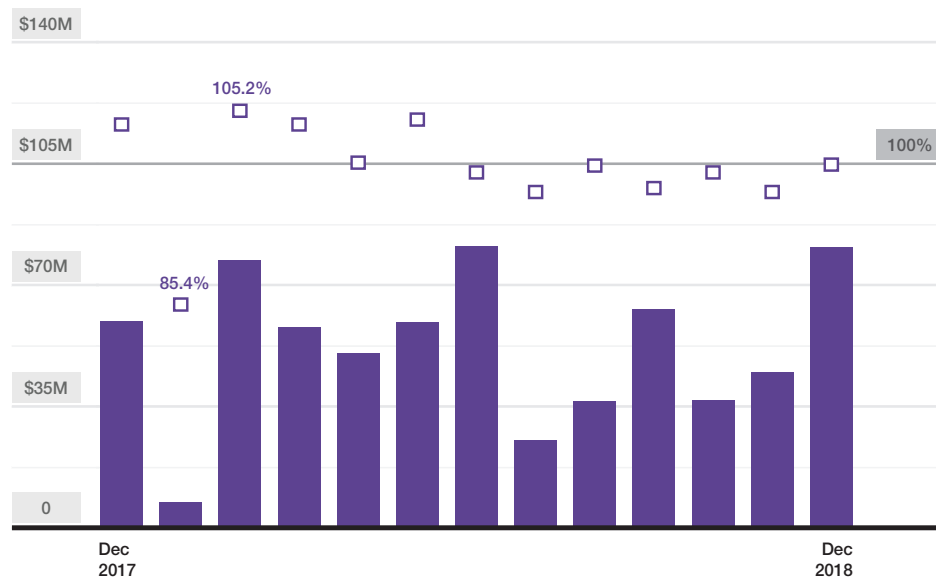
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Auction Results

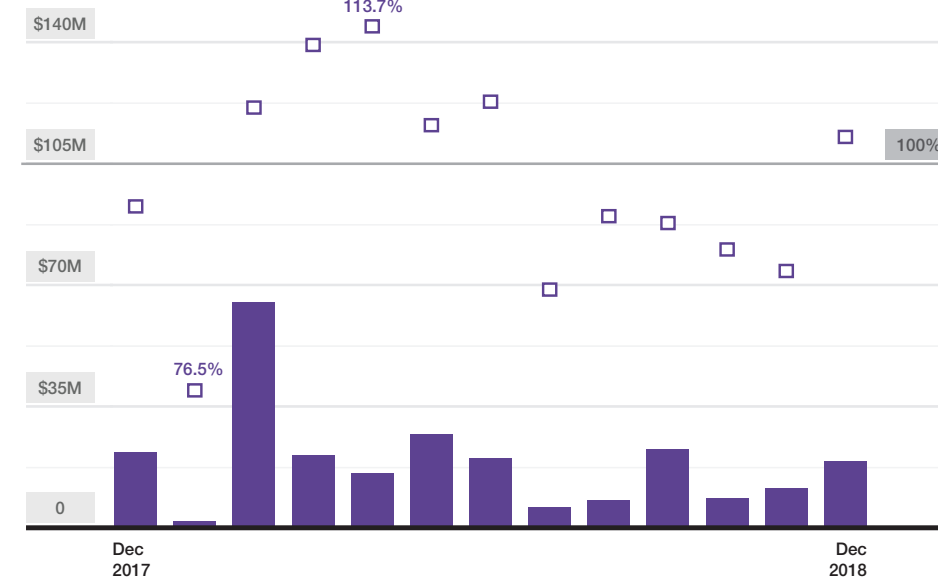
Auction Proceeds
FLV Recovery

General Construction Equipment Results



December auction results showed increased volume and stable performance month over month. Year over year, general construction volume was slightly up.

Heavy Earthmoving Equipment Results



December auction results showed an increase in monthly volume and strong performance. Year over year, heavy earthmoving volume was slightly down.

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

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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
Aerial	Telescopic Booms Articulating Booms Scissor Lifts
Telehandlers	Telehandlers
Light/Medium Earthmoving	Backhoe Loaders 0-179 HP Dozers 0-74,999 Lb Excavators Skid Steer Loaders 0-189 HP Wheel Loaders Track Loaders
Support	Air Compressors Generators HVAC Lighting Equipment
Heavy Earthmoving Equipment	75,000+ Lb Excavators 180+ HP Crawler Dozers 190+ HP Wheel Loaders Articulated Trucks Motor Graders
Excavators	75,000+ Lb Excavators
Dozers	180+ HP Crawler Dozers
Wheel Loaders	190+ 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 \$20 billion in rental invoices per year and over \$50 billion of fleet from more than 150 participating rental companies and dealers and uses this information to provide them with comparisons of their rental rates, utilization and other key performance metrics to industry benchmarks at a local market level. Metrics used are calculated according to the American Rental Association's Rental Market Metrics™ standards.

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