

The Equipment Report

 US Edition

September **2018**

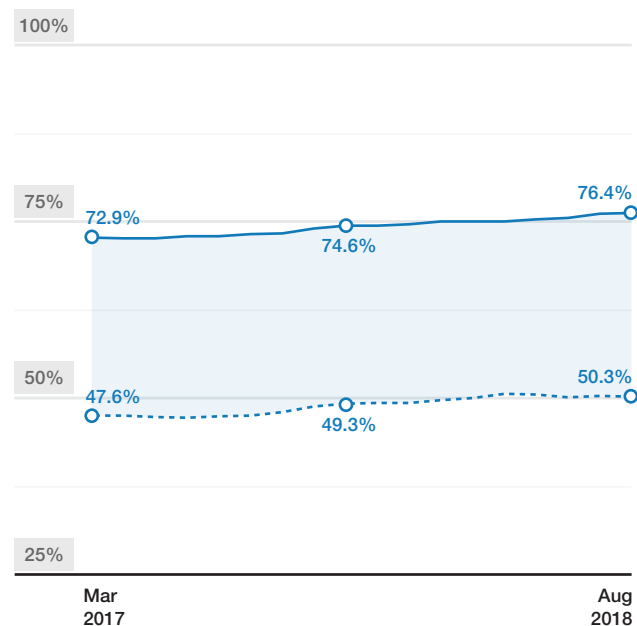


Summary

FMV

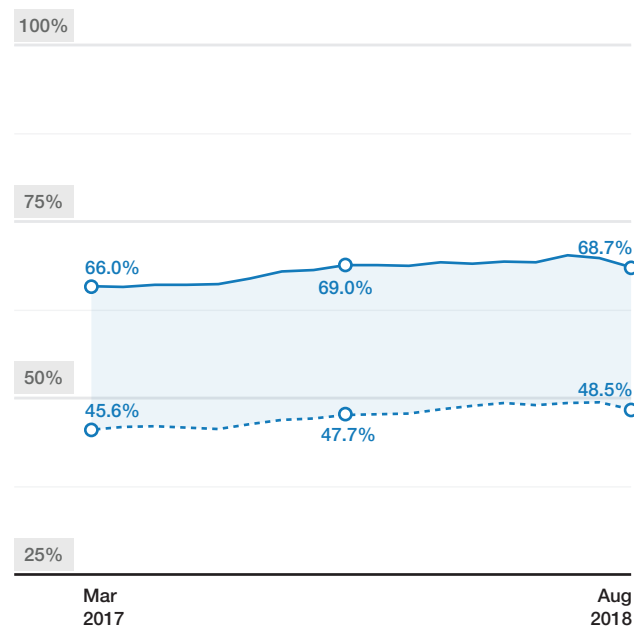
FLV

General Construction Equipment



Retail values are showing marginal growth while auction values are fairly flat after a prolonged growth period. Both channels have shown consistent growth over the time period.

Heavy Earthmoving Equipment



Retail and auction values demonstrated moderate growth from 2017 through mid-2018. In the past couple months both Retail and Auction have demonstrated reduced value recovery in the secondary markets.

Market Update

Retail and Auction used equipment values for heavy earthmoving equipment have showed softness over the past couple months. This has been driven primarily by performance of the Dozers and Wheel Loaders. In comparison, general construction equipment has sustained moderate growth in the retail market and stability in the auction market.

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, with both retail and auction values trending at peak recovery levels.

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

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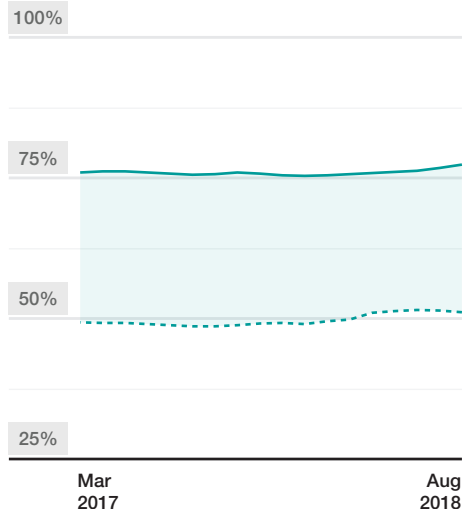
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General Construction Equipment

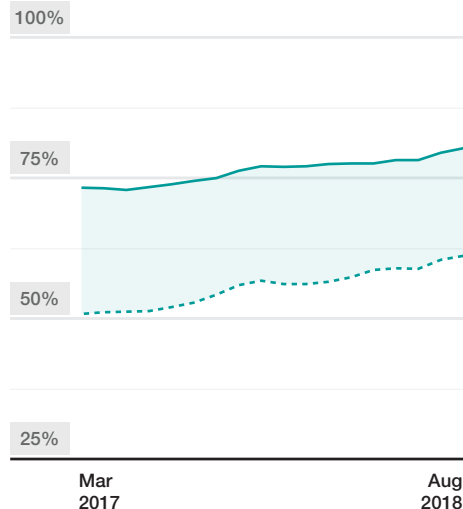
FMV Index FLV Index

Aerial



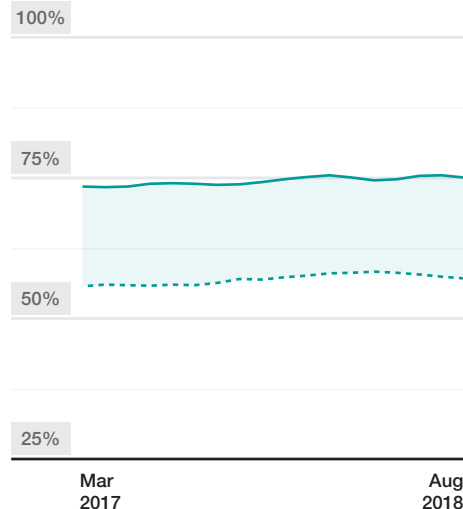
Retail values have shown improvement through mid- 2018 after an extended flat period. Auction values have flattened after a sustained growth period.

Telehandlers



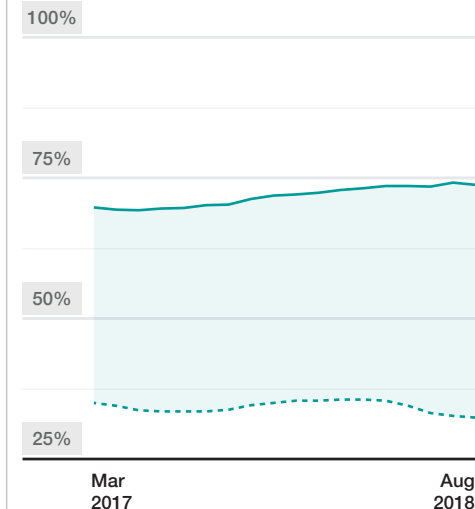
Both retail values and auction values have had a prolonged growth trajectory with intermittent flat periods.

Light and Medium Earthmoving



Retail and auction values have shown an overall upward trajectory, however, the most recent months are slightly down across both channels.

Support



Retail values have trended up over the past year but have recently flattened, while auction values continue to dip after a flattened period.

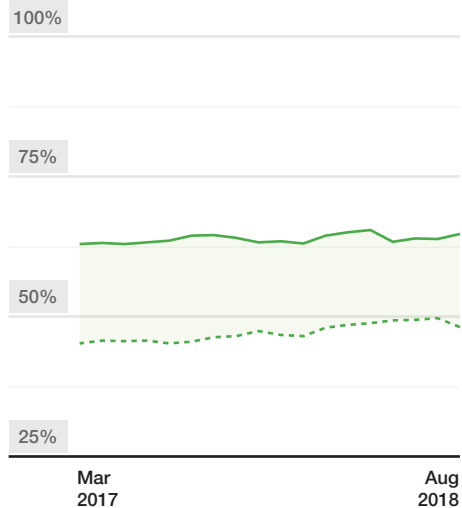
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Heavy Earthmoving Equipment

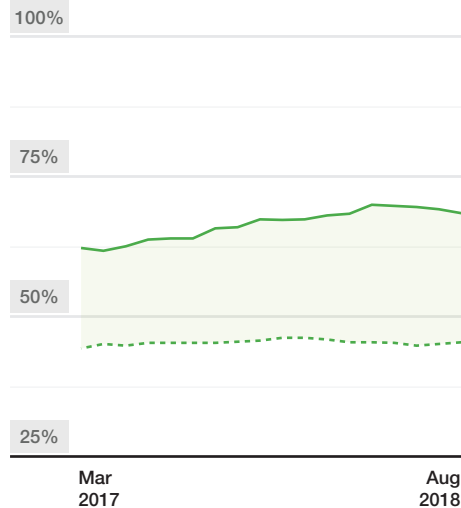
FMV Index ————— FLV Index - - - - -

Excavators



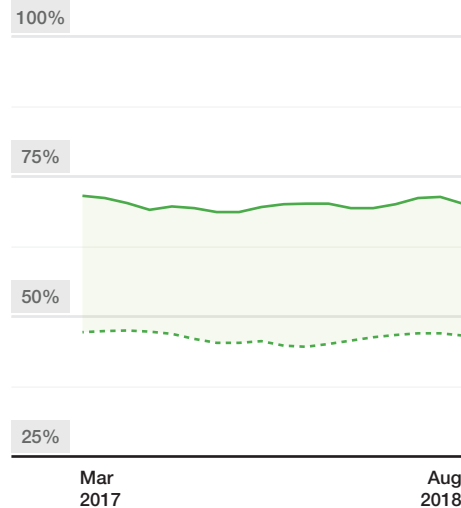
Retail values have had a stretch of period over period fluctuations, most recently showing upward movement. Auction values have slipped in the most recent month.

Dozers



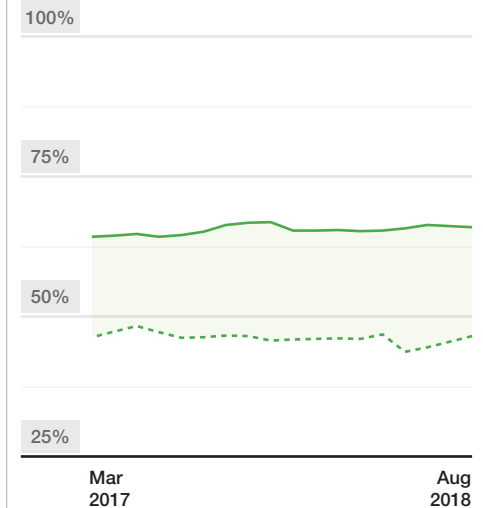
Retail values have had a stretch of period over period declines, while auction values continue to be fairly flat.

Wheel Loaders



Both retail and auction values are slightly down after sporadic up and down movements.

Articulated Trucks



Retail values have been flat for the past few months, while auction values improved after slipping for a period.

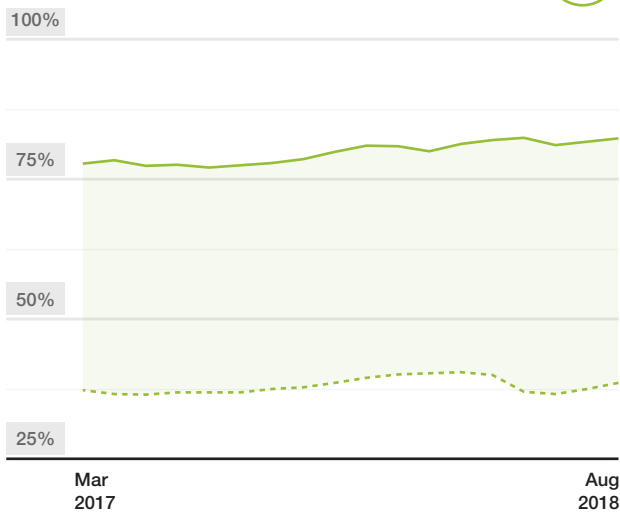
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Other Equipment

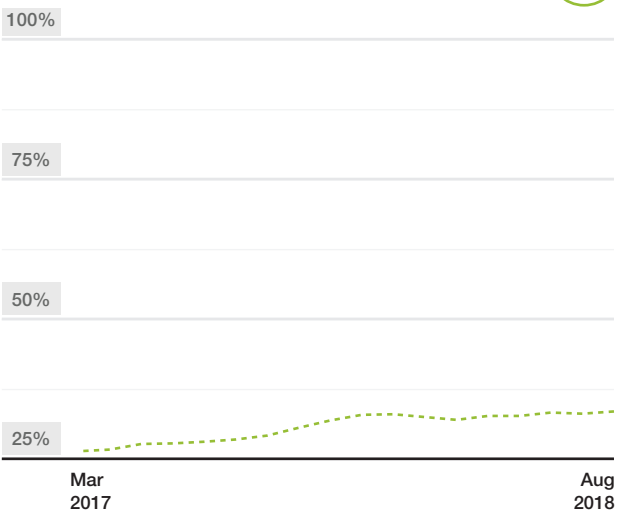
FMV Index
FLV Index

Forklift Trucks



Retail and auction values are up after fluctuating up and down over the last few months.

Truck Tractors



Auction values are flat to slightly up, continuing a steady growth pattern.

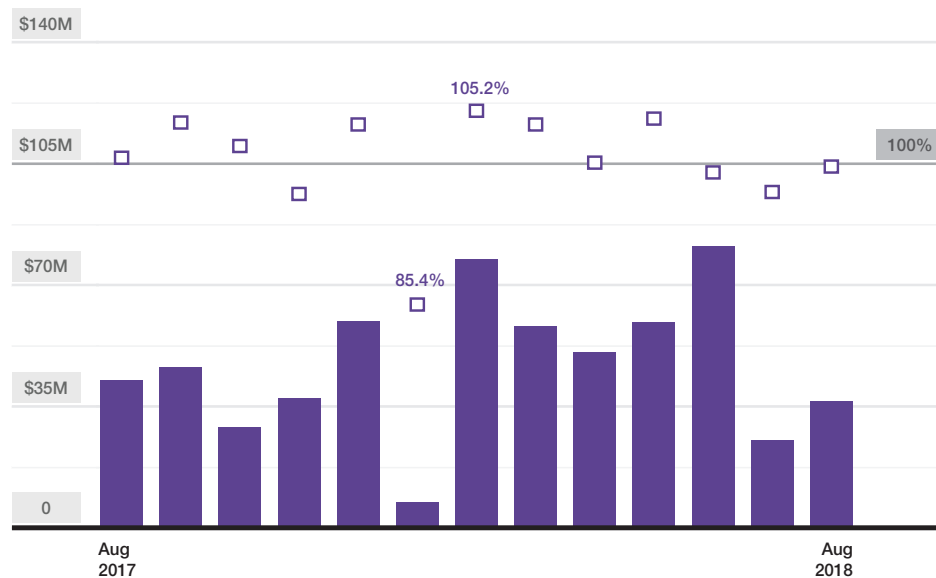
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Auction Results

Auction Proceeds
FLV Recovery

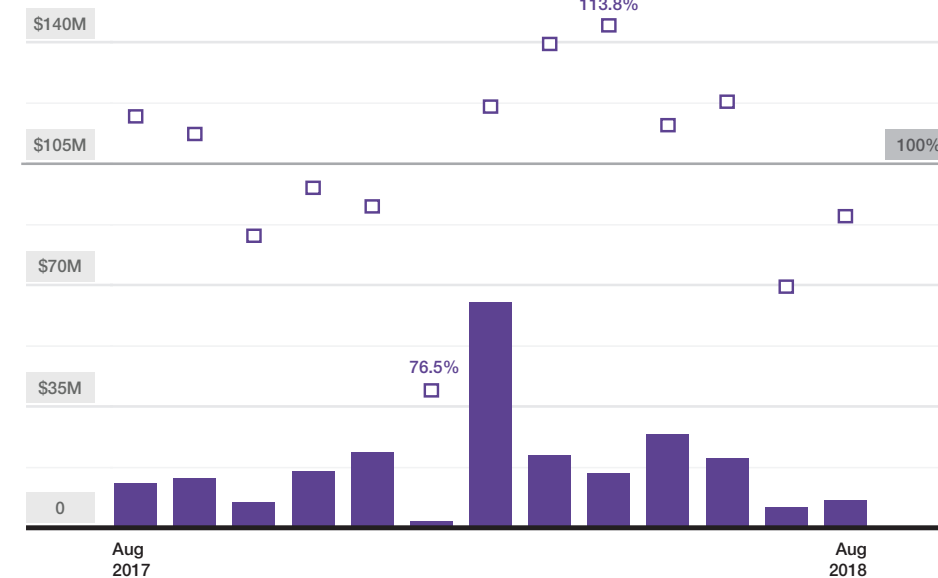
General Construction Equipment Results



Auction values are stable and have been fairly flat over the past few months. Overall volume is relatively low and down year over year.

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

Heavy Earthmoving Equipment Results



Auction values for Heavy Earthmoving Equipment underperformed the preceding month's published values and have shown weakness after a few strong months. Volume is up slightly month over month, however, has been overall relatively low over the past couple months.

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 \$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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