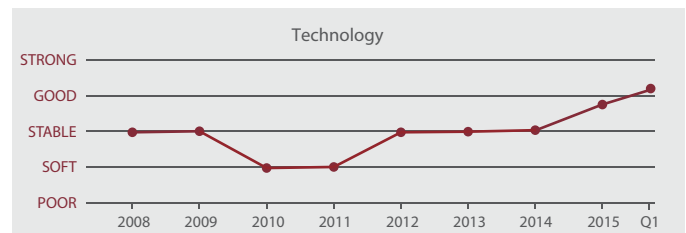
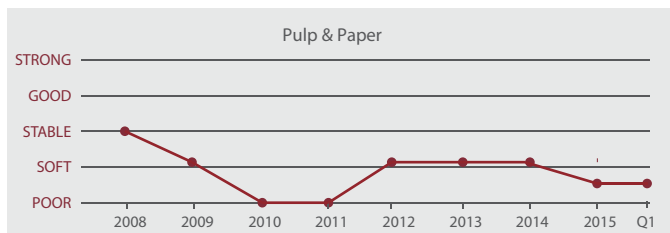
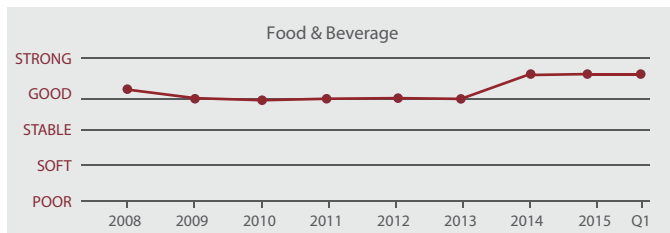
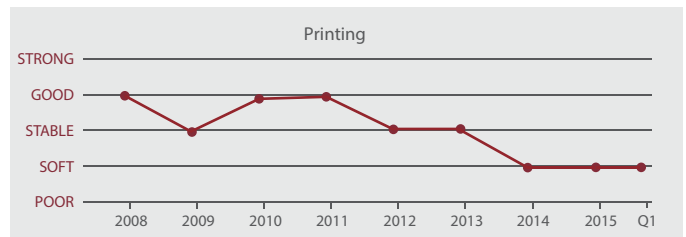
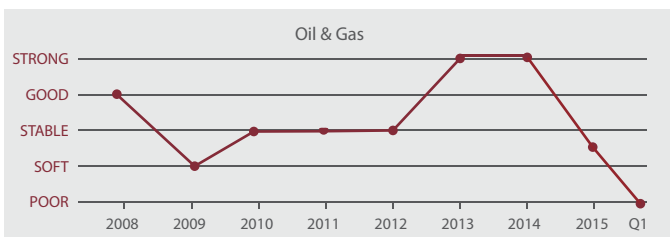
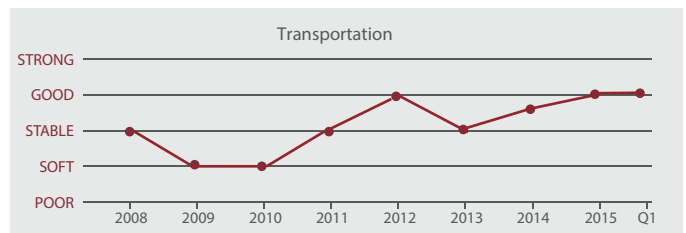
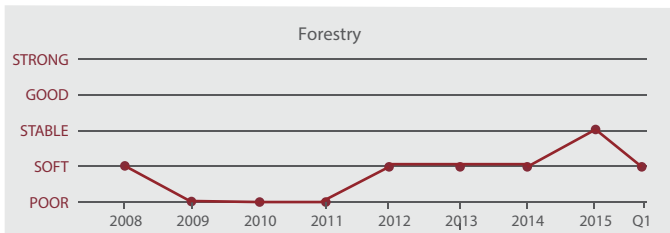
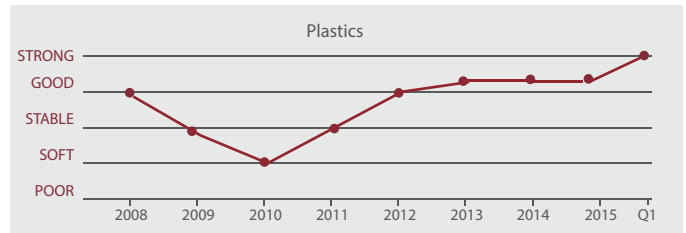
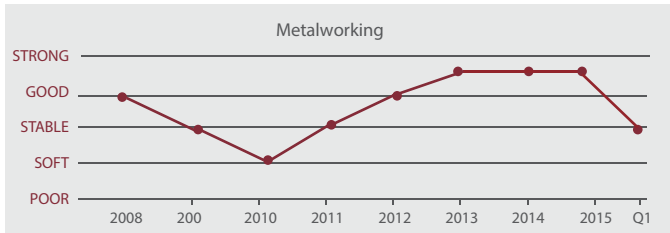


USED EQUIPMENT RECOVERY TRENDS



This report is a 12-week snapshot of the current used equipment market compiled by Hilco. The information comes from Hilco Industrial auction and liquidation results, information provided by our vast used dealer network and market research compiled by our staff.

Used Equipment Industry Highlights

- **Oil & Gas** - Large quantities of idled equipment, low utilization and uncertainty in the industry has seen equipment values drop 50-70% in the last 24 months, depending on the asset class. More general support equipment (trucks, trailers, yellow iron) are still fairly stable, but it is a subset that should be closely monitored as more companies go through the liquidation/sales process.

Fifty-one North American oil-and-gas producers have already filed for bankruptcy since the start of 2015, cases totaling \$17.4 billion in cumulative debt, according to law firm Haynes and Boone LLP. That trails the number from September 2008 to December 2009 during the global financial crisis, when there were 62 filings, but is expected to grow: About 175 companies are at high risk of not being able to meet loan covenants, according to Deloitte LLP. – WSJ 3-26-16

- **Metals:**

- **CNC** – New CNC Machinery Dealers are offering large discounts on new equipment. Due to the Yen vs. US Dollar exchange rate, new US distributors purchased large inventories from their parent companies in Japan and this is allowing them to offer these discounts. This has had an adverse effect on the used equipment market.

At the recent industry forum, major used equipment dealers noted the used CNC machine tool market is down 25-35% from a year ago.

- **Scrap Processing** – Commodity metal prices have caused used equipment prices in this space to plummet 50% in the last 12 months. Major consolidations, mothballed plants, and liquidations have depressed this market to record lows.

- **Steel Service/Coil Steel Processing** – Similar to the scrap industry, commodity metal prices have caused used equipment prices in this space to plummet. While not as much as the scrap space, the loss of value is significant.

- **Plastics** - The used equipment market has been strong the past year. New manufacturers are catching up to demand and production of injection molders reached a near pre-recession high of 3500 units. Some predictions have that number reaching 4000 in 2016. Injection molding had its peak in the used market in 2013-2014. Demand for used injection machines is still very strong with auction prices remaining high in the last few months. Late model machines remain in favor while machines in the mid to early 90's have started to lose their value substantially. Used machinery dealers are beginning to wean their inventories of equipment older than 2000. Mid tonnage and large tonnage machines are still in demand as the auto market is strong and the demand for household durable goods continues to thrive. The lower price of resins has allowed several manufacturers to be more profitable which may lend strength to the market.

- **Mining & Coal** – Over the last 5 years, the industry has lost 94% of its market value in North America. 4 out of 5 of the largest coal companies are operating in Chapter 11. The universe of potential purchasers of assets in this space is shrinking at record rates.

- **Transportation** - In order to meet the continued demands of the recovering economy, experts within the trucking industry expect the number of truckloads moved by carriers around the country to increase in 2016. According to the American Trucking Associations (ATA), 81 percent of the total revenue seen in the shipping sector was the result of activity by trucking companies. Steady increases are expected with revenues swelling by 66 percent by 2022. Expect to see more trucking companies launch expansions in the form of an increase in their truck fleet and/or the addition of new trucks. Many of these new trucks will be the Class 8 trucks as projections expect their numbers to increase to 3.98 million by 2026 from 3.56 million in 2015. More trucking industry capital will be poured into recruiting high-quality drivers to meet the demands that the next year will put on these companies. While there is already some of this happening among those carriers that have the resources to do so now, experts predict this trend to continue. The number of acquisitions and mergers will ramp up as company executives remain optimistic about what 2016 holds for them. – *Road Scholar Transport 2/2016 Values in this space have been stable to positive.*

Over 50 upcoming machinery & equipment sales scheduled for Q2 2016 in over 15 countries

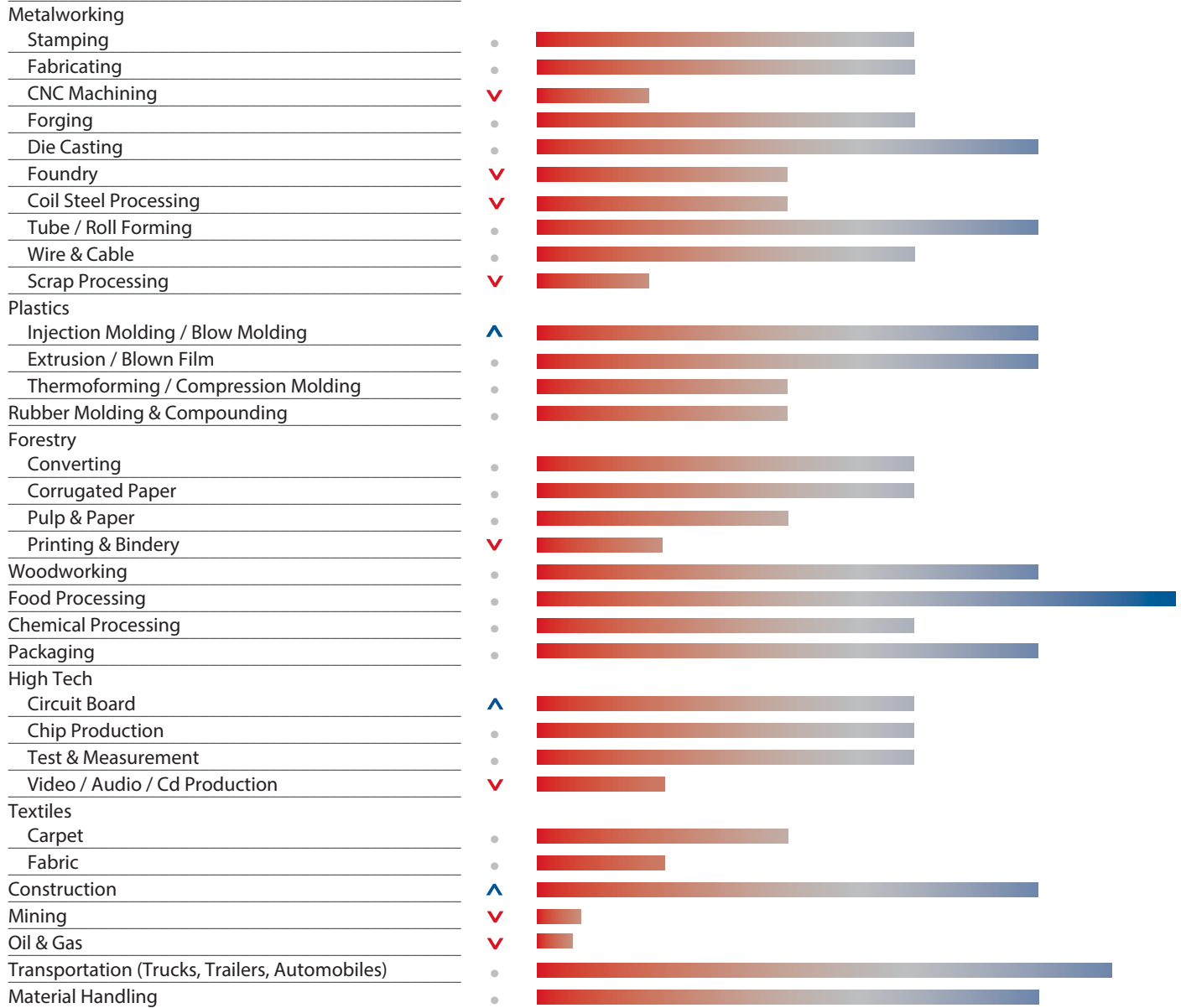
Visit: <http://www.hilcoind.com>

Used Equipment - Recovery Values

POOR SOFT STABLE GOOD STRONG

Business Sectors

Recovery Trend: ▼ Declining ● No Change ▲ Increasing



THE COLOR KEY

- Strong** ● Assets that are recovering well above normal due to market needs and lack of availability.
- Good** ● Assets that have seen an increase in value due to increased market demands.
- Stable** ● Assets that are generally recovering on the used market at a steady rate, only negatively affected by normal depreciation.
- Soft** ● Assets that have shown a softening in value but not a dramatic decline.
- Poor** ● Assets with deeply depressed values due to either industry problems, over supply issues or technological changes.

This is a snapshot in time and we encourage you to get on our distribution list so you may appreciate the trends it reveals in different asset class values. As always, please feel free to call myself or your relationship manager with any specific questions when looking at a transaction.