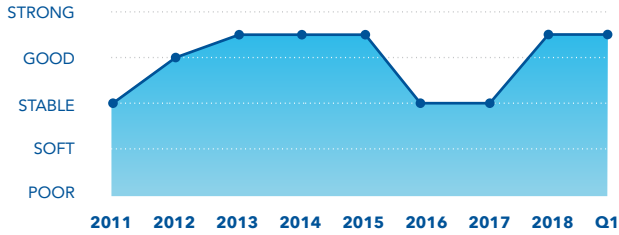


USED EQUIPMENT RECOVERY TRENDS

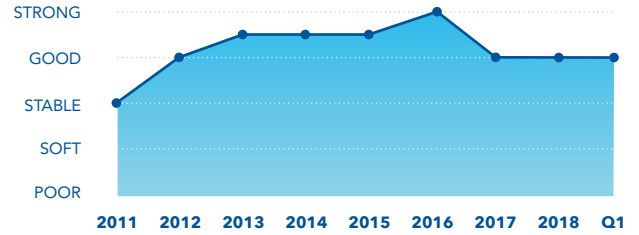
Q1 2019

Publishes May 2019

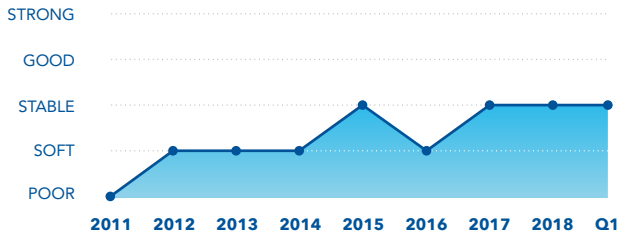
METALWORKING



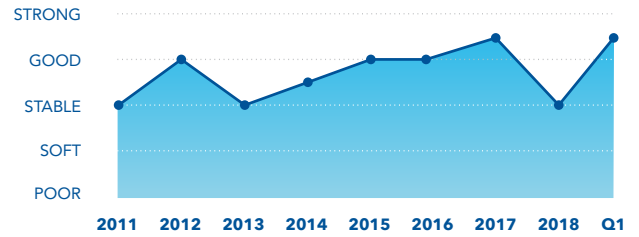
PLASTICS



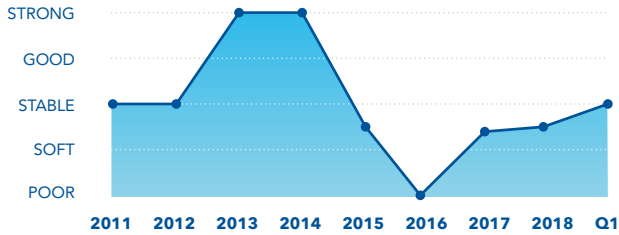
FORESTRY



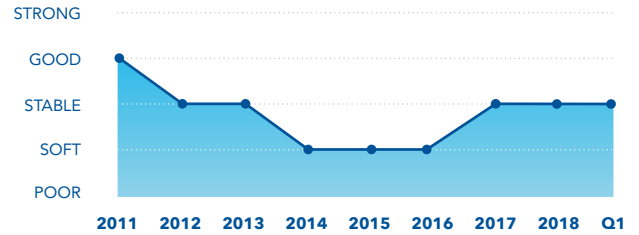
TRANSPORTATION



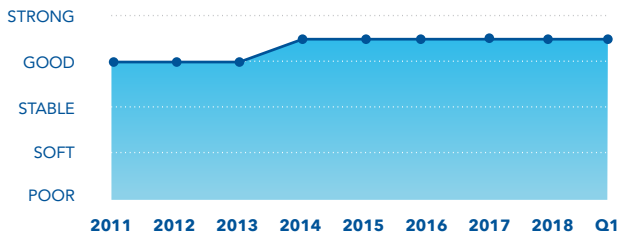
OIL & GAS



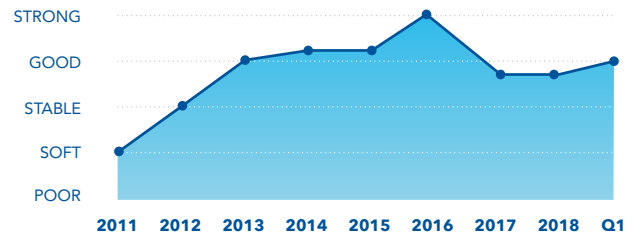
PRINTING



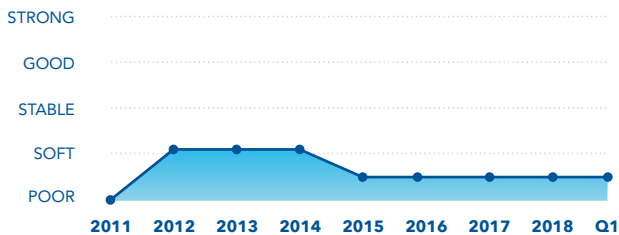
FOOD & BEVERAGE



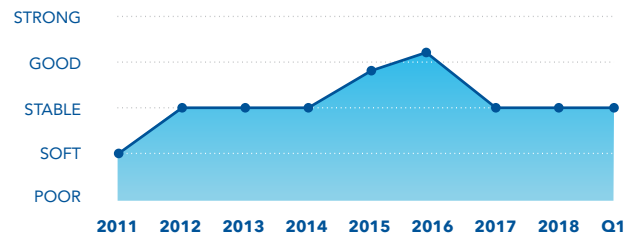
CONSTRUCTION



PULP & PAPER



TECHNOLOGY



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.

General Used Equipment Market

We are seeing significant decline in value in CNC, plastics and stamping equipment pre 2010. Pre 2000 can almost be relegated to secondary dealer or even scrap market. It is also becoming more difficult to find buyers for large capacity heavy industry CNC metalworking equipment even if later model, but if we are able to find the buyers, values are stable.

The majority of late model equipment is values are holding. We are seeing Increased interest from buyers seeking to acquire "turnkey opportunities". Not necessarily buying a book of business or infrastructure, but equipment and RE in place with access to qualified experienced employees. Job market is a real factor in today's economy.

Transportation

2018 was a historically strong year for freight and used Class 8 truck sales throughout North America. A slight drop in 2019 from the previous year's performance has come as expected. However, the commercial transportation world in general maintains a positive outlook for the calendar year. Freight volume thus far has been flat to slightly down as predicted. Truck manufacturers maintain that key economic indicators remain positive through 2019, with contraction not expected until 2020. Technological changes as well as improvements in truck efficiency continue to drive the Class 8 market. Automatic transmissions are now fully commonplace amongst freight operators. Vocational units of all variety are experiencing very strong resale results in all regions of the country.

Construction Equipment

The construction industry at large has been in a steady boom in lock step with the decade long streak of economic growth the US has experienced. Heavy equipment manufacturers almost completely shut down assembly lines outside of a few key product offerings during the recession. Since then, managing production to avoid market saturation has been the example of self-control from heavy equipment manufacturers in the North American market. Incremental housing growth, a glaring need for constant infrastructural improvements, and energy pipeline projects have contributed to growth. Construction experiences similar challenges to transportation on the subject of obtaining and retaining talent in the workforce. It is the primary concern for most business owners in their short term outlook. When it comes to the used heavy equipment market, all metrics point to an optimistic outlook on increased rentals and purchases amongst dealerships, rental houses of all sizes, and operators. There are expectations for a somewhat softer market in 2020 without the ability to point any one defining factor that will lead to the softer market most are expecting to arrive.

Plastics Equipment

Older injection molders are not faring well in the market as evidenced by several auctions recently. We have been informing our clients that as we head towards 2020, the pre-2000 injection molders would be losing their value. Nineties vintage machines at recent auctions have fared poorly with early nineties machines getting bids in the low thousands - if they get any bids or are purchased at all. The prices have been reflective of the machines being purchased for parts or for scrap. This can be disconcerting for owners who missed the window to sell their equipment and are now looking at machinery that doesn't have much value.

CNC Metalworking Equipment

The used CNC equipment market has continued to improve over the year, especially for late-model equipment. However, OEMs have been offering big discounts on their machines which can make purchasing a new asset rather attractive compared to buying used. Recent auctions sales have shown stronger values for newer equipment, but older equipment continues to struggle. The market place for CNC machines older than 10-years is very limited and values are very depressed.

Steel Service

The market for used steel service equipment is currently performing very well. Dealers are reporting steady inquiries from end-users. At the moment, late-model quality equipment is selling very well and liquidation from dealers' warehouses. As with many other industries, the market for older equipment is a bit flat. It is becoming increasingly difficult to find buyers willing to pay top dollar for older equipment. According to used equipment dealers in this industry, the big processors are busy and are all looking to purchase new machinery, while some smaller end users are doing very well and others not. This all could be due to the volatility from current White House policies and tariffs. The equipment at Central Steel and Wire is all very marketable and would likely attract a large and broad audience if brought to liquidation.

Saw Mills

Currently used equipment dealers are reporting strong interest and demand for late model equipment, with a good order backlog, though resale prices are lower for older machinery.

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Used Equipment - Recovery Values Business Sectors		RECOVERY TREND	POOR	SOFT	STABLE	GOOD	STRONG
Metalworking							
Stamping		○					
Fabricating		○					
CNC Machining		▲					
Forging		○					
Die Casting		▼					
Foundry		○					
Coil Steel Processing		○					
Tube / Roll Forming		○					
Wire & Cable		○					
Scrap Processing		▼					
Plastics							
Injection Molding / Blow Molding		▲					
Extrusion / Blown Film		○					
Thermoforming / Compression Molding		○					
Rubber Molding & Compounding							
Forestry							
Converting		○					
Corrugated Paper		○					
Pulp & Paper		○					
Printing & Bindery		○					
Woodworking							
Food Processing							
Chemical Processing							
Packaging							
High Tech							
Circuit Board		○					
Chip Production		○					
Test & Measurement		○					
Video / Audio / Cd Production		○					
Textiles							
Carpet		○					
Fabric		○					
Construction							
Mining							
Oil & Gas							
Transportation (Trucks, Trailers, Automobiles)		○					
Material Handling							

○ No Change ▲ Increasing ▼ Declining

- 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.