

YOUR AUCTION GUIDE TO BUYING USED INDUSTRIAL MACHINERY



When manufacturers look to buy industrial equipment, they will look, primarily, at the two main options: buy new or buy used. Buying new would seem the obvious choice, however it isn't always practical because of the lead times associated with manufacturing such equipment

BE SECURE

- **Identify** the factors that need to be considered when searching for used equipment
- **Make** more informed decisions about the equipment you're buying
- **Plan** and prepare a framework for a more efficient bidding and buying process



PRE LOVED

NEW OR USED?

Your **timeline** and **budget** will determine the equipment you get access to. So, does my business need the replacement equipment to be brand new or can it be sourced from the secondary market?

RISK ASSESSMENT & METHOD STATEMENT

When you are reviewing the auction catalogue, keep an eye out for the terms '**Risk Assessment**' and '**Method Statement**'
If a Risk Assessment and Method Statement is required, it means that there is a significant risk associated with the removal of the asset



HOW MUCH DO YOU WANT TO PAY?

Get Strategic: Keep your bidding in check. It might be useful to make a note of what you think it is a **Good Price** (i.e. I'm under budget for that item), **Fair Price** (i.e. I've met my budget expectation), **Justified Price** (i.e. It's more than I really wanted to pay but based on its excellent condition it's a good investment)

PAY WHAT?

Buyer's Premium - This fee is paid to the auction house to cover administrative expenses. The buyer's premium is usually between 15% and 20%,
VAT - Will be included in the invoice but not as part of the advertised auction import and export compliance



DOES AGE MATTER?

Be sure to check the age of the machine
The seller should specify the age as part of the sales description, nevertheless be sure to also check for wear and tear, robustness and durability





What's an Auction?



Internet Auction: Live auction sale carried out from the website of an auction house. *More info: www.go-dove.com*

Sealed Bid: During a sealed bid auction, each bidder submits a single, irrevocable bid without knowledge of the other placed bids

Private Treaty: Sometimes called a negotiated sale. Buyers are instructed to contact the listed representative at the auction house to purchase the asset



BIDDING GLOSSARY

How you bid will depend on the type of auction. Once you place a bid, that bid cannot be recalled.

Check the auction T&C's as this may differ from one auction house to another.

There are mainly **10 different bidding jargon:**

- 1 Autobid:** You enter your maximum price when bidding, and the AutoBid tool will bid on your behalf, using only what it needs to keep you the 'winner' up to your maximum price entered.
- 2 Current Bid:** The present high bid. To become the current high bidder, you must advance the bidding by the next bid increment. $\text{Current Bid} + \text{Bid Increment} = \text{Next Allowable Bid}$.
- 3 Extended Time:** This occurs when a bid is placed within a specific time period of the auction closing, for example 5 minutes before its closing. When a bid is placed during this time, the auction is automatically extended by 5 minutes. This will continue until no bids are placed for the last 5 minutes of the online auction.
- 4 Incremental Bidding:** The amount by which the bidding is advanced. It is either set manually by the seller or is computer generated based on the current winning bid amount. $\text{Current Bid} + \text{Bid Increment} = \text{Next Allowable Bid}$.
- 5 Minimum Bid or Opening Bid:** The Minimum Bid is a price established by the seller below which the asset may not be bid upon.
- 6 Next Allowable Bid:** The lowest price you must bid to become the current highest bidder.
- 7 Proxy Bids:** Are intended only for bidders who cannot bid on the day of the sale. In this instance, you authorise the auctioneer to bid on your behalf up to your specified limit.
- 8 Reserve Price:** They are set by the seller, are optional, and act to protect the seller's financial interest in an asset.
- 9 Straight Bid:** It gives you a chance to place a definitive bid that will raise the price straight to the amount you entered, ignoring any incremental bidding.
- 10 Telephone Bids:** If you're unable to participate in the auction, you can speak to one of the auction team who will instruct the auctioneer to bid for you.

CONGRATS TO THE WINNER!!



Confirmation and payment: A formal email notification will be sent to confirm that you are the winner and the lot(s) you have won. An invoice will be sent separately and will include any associated surcharges such as the buyer's premium and VAT. Payment will be demanded in full and upfront

Remember: The seller will not release the item until full payment has been received. Auction Houses accept a wide variety of payment methods and most auctioneers accept online payments via credit card and PayPal

Collection and transportation: It will only take place when the seller has received full payment. Remember to check any and all compliance regulations if you are shipping the machinery across international borders