



## Q3 2015 Earnings Review and Update

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November 6, 2015

RBA  
LISTED  
NYSE



# Forward looking statements

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**This presentation contains forward-looking statements.**

Forward-looking statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions. Actual results may differ materially from those expressed herein. Additional information concerning factors that could affect the Company's actual results is included in the Company's filings with securities regulators. The Company undertakes no obligation to update publicly any forward-looking statements except as required by securities legislation.

All figures are in US dollars, unless otherwise noted.

While rounding may occur in performance numbers for presentation purposes, percent change figures are calculated using full, unrounded numbers.











# Update from Ravi Saligram

Chief Executive Officer

# Q3 2015 financial highlights

**Strong growth compared to Q3 2014, both on a constant currency (organic) basis and a reported basis**

Foreign exchange had an impact on some operating lines

	Reported - % Growth		Organic - % Growth	
	Versus Q3 2014		Versus Q3 2014	
GAP		1%		9%
Revenue		7%		16%
Operating Income		47%		51%
Diluted Adjusted EPS (Q3 2014 adjusting items)		41%		n/a
Diluted EPS		118%		n/a
Operating Free Cash Flow (12 month rolling)		75%		n/a
RONA (12 month rolling, excluding term loan reclass)		826 bps		n/a

# Q3 2015 auction highlights

## Fort Worth, Texas: July 22 – 23, 2015

- US\$53+ million of GAP
- New site record for number of lots sold (4,250+ lots)

## Houston, Texas: August 26 – 27, 2015

- US\$45+ million of GAP
- US\$24+ million sold to buyers outside of Texas (53% of sales)

## Dubai, UAE: September 8 – 9, 2015

- US\$42+ million of GAP

## Edmonton, Alberta: September 9 – 11, 2015

- CA\$101+ million of GAP (US\$76+ million) **LARGEST SEPT. AUCTION EVER**
- 17% sold to buyers from the US  
**LARGEST % OF US BUYER PARTICIPATION IN EDMONTON EVER**
- 80% sold to buyers in Canada
- 7,300+ lots sold; 9,850+ registered bidders



# Q3 2015 auction highlights (cont.)

## Donington Park, UK: July 14, 2015

- £10+ million (US\$17+ million) of GAP **LARGEST SALE EVER HELD AT THIS AUCTION SITE**

## Polotitlan, Mexico: September 11, 2015

- US\$19+ million of GAP **LARGEST THIRD QUARTER AUCTION IN MEXICO IN RBA HISTORY**

## Fort Worth, Texas: September 23 – 24, 2015

- US\$70+ million of GAP **LARGEST TEXAS AUCTION EVER**
- Approx. 70% sold to buyers outside of Texas
- 3,775+ lots sold

## St. Aubin sur Gaillon, France: September 29, 2015

- €13+ million (US\$15 million) of GAP **LARGEST THIRD QUARTER AUCTION IN FRANCE**
- Also set new third quarter records for number of bidders and lots at the auction site

## Salt Lake City, Utah: September 29 – 30, 2015

- 3,650+ lots sold from offsite location on Day 2, demonstrating strength of our logistical capabilities

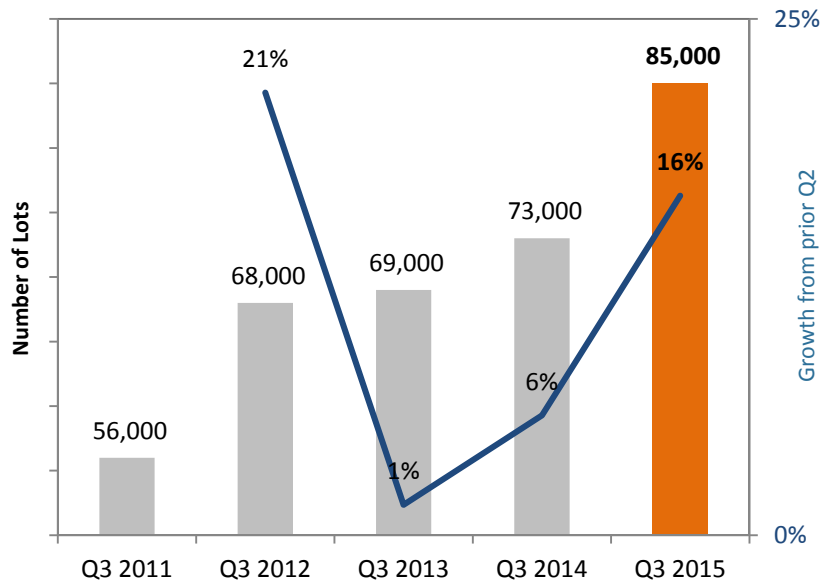


# Q3 auction volume increase driven by construction

**16% increase in auction volume (lots sold) compared to Q3 last year;  
Increase largely due to more assets from customers in the heavy construction sector**

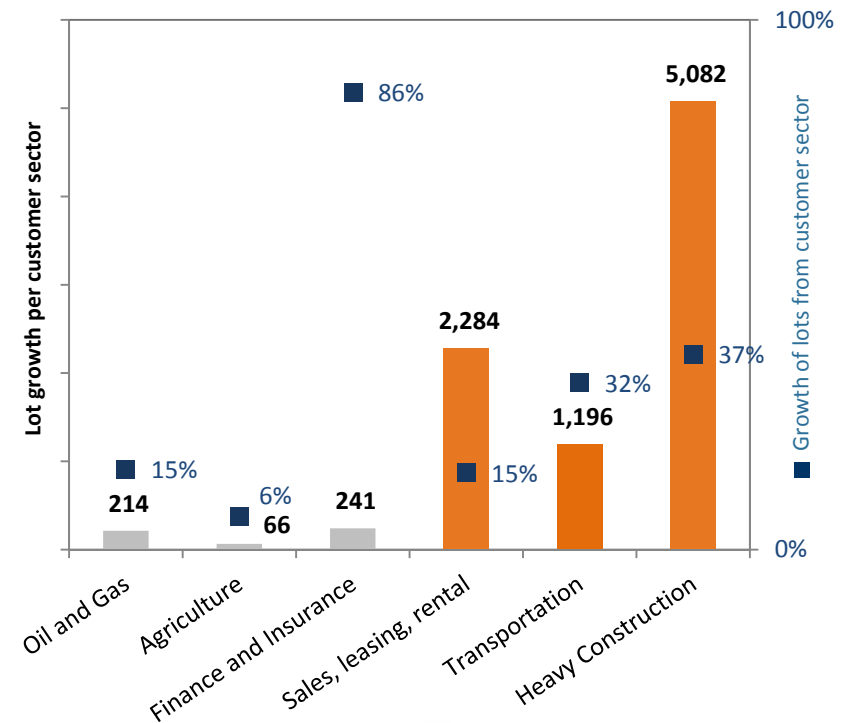
## Q3 Auction volumes (Lot count)

Total lots sold per quarter



## Q3 2015 Incremental Lots per Customer sector

Lot growth per customer (seller) sector, compared to Q3 2014<sup>1</sup>



# Average GAP per lot

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## Average GAP per lot declined 13% in Q3 2015 compared to Q3 2014

- Due largely to FX translation of GAP (caused 8.4% decline in Avg. GAP per lot);
- Also an increase in the proportion of small value lots sold due to complete dispersals

## Due to pricing and fee structures, RBA generates a higher revenue rate on the sale of small value items

- 24% increase in small value lots (less than \$2500); generate a 10% buyers premium
- 20% increase in lots sold under \$40,000; items under \$38,000 generate higher proportion of fee revenue



# Equipment pricing has remained off from Q1 peak

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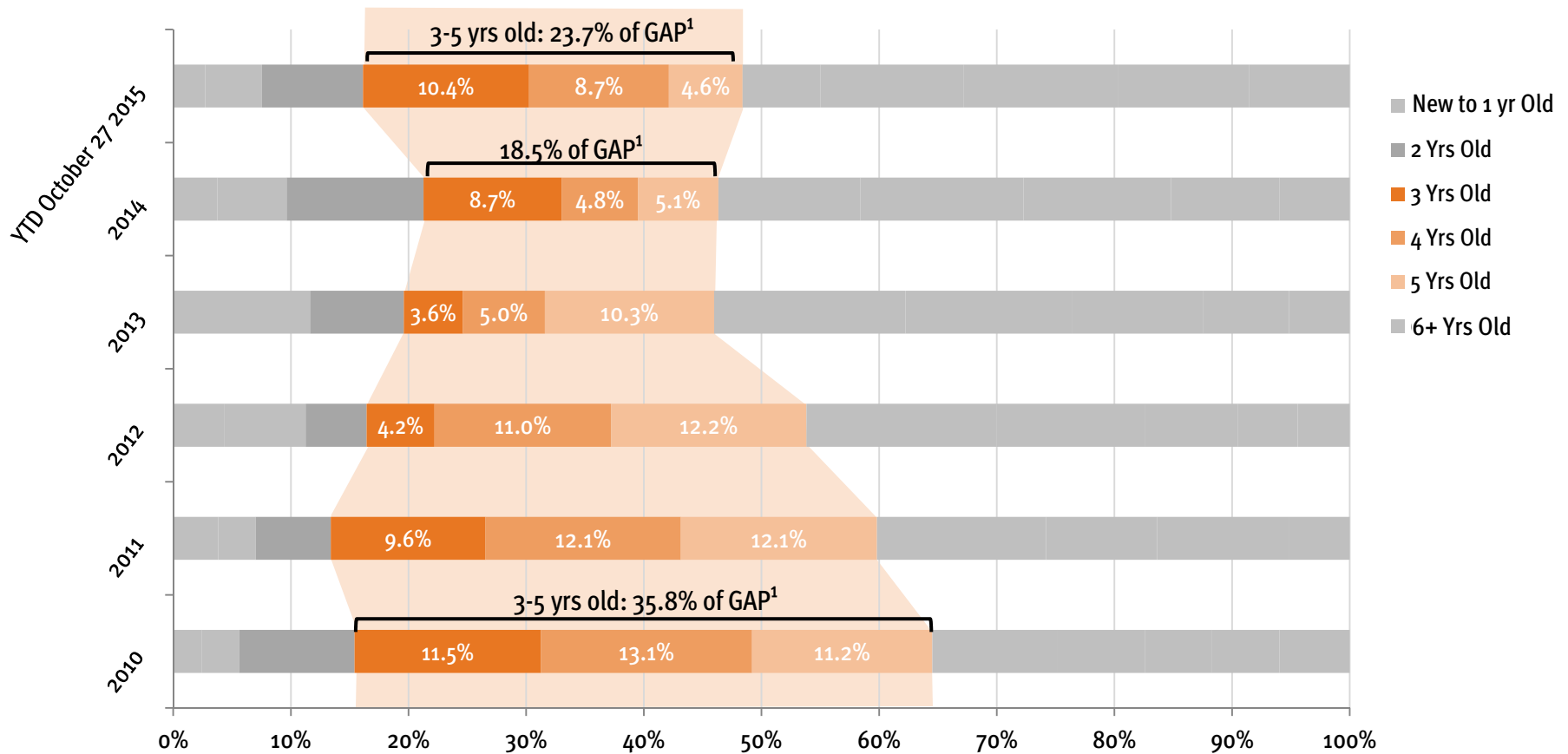
**Pricing trends are asset/sector dependent;**

**Some categories/regions performing far better than others**

- Forestry equipment: Late model and low hour, has shown strong demand from both regional & national buyers in Canada and the US
- Oil & Gas specific equipment: Assets directly related to oil & gas such as tank trucks, bed trucks and specialty assets continue on same erosion factor as witnessed throughout Q2
  - Pricing down ~10% to 25% from end of Q2
- Some heavy construction assets have shown small pricing declines
- Other assets such as motor graders and wheel loaders have seen erratic market pricing, differing with the quarter/region.
  - Lower hour units still continue to perform well in most areas >5,000 hours

# 2015: Age of equipment continues to trend better

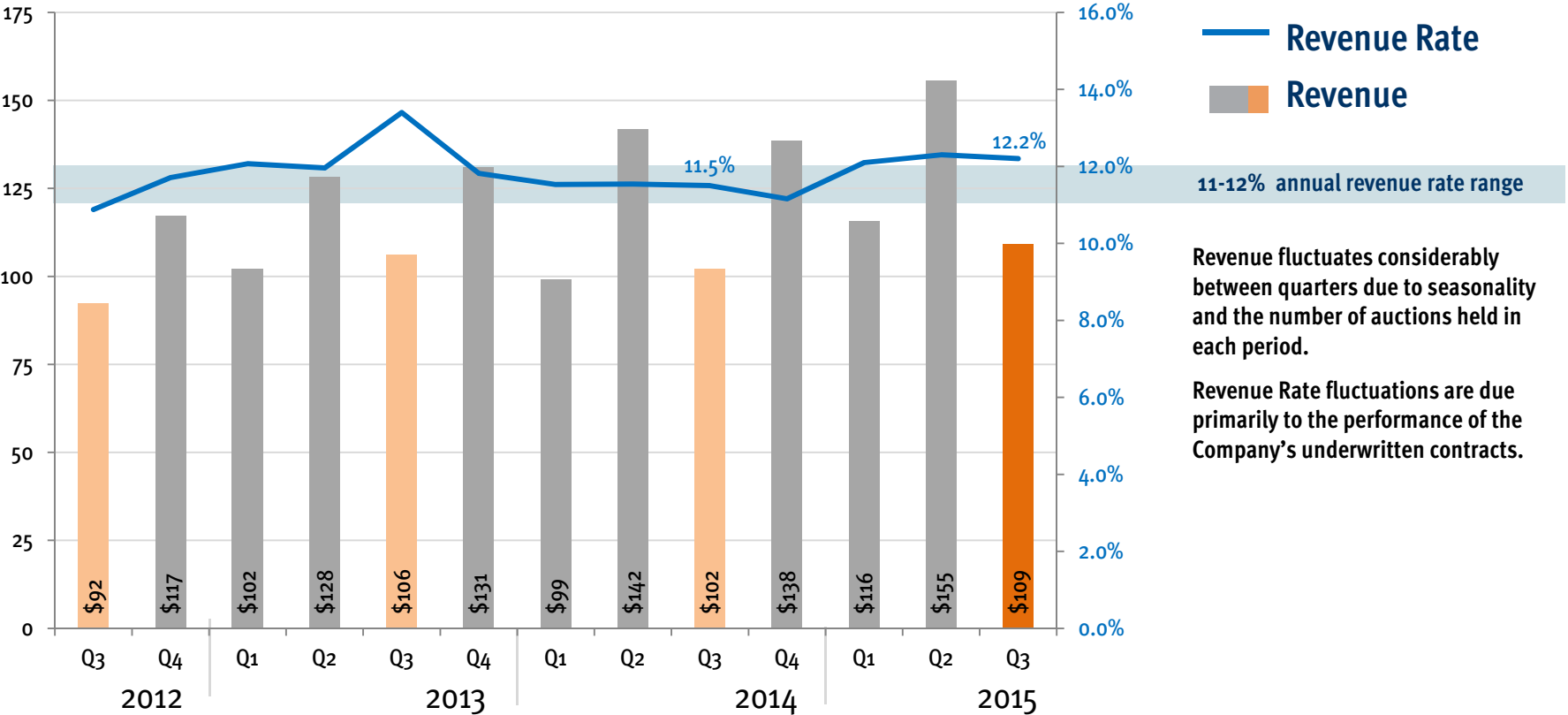
Age of Equipment sold at Ritchie Bros. Auctions<sup>1</sup>



<sup>1</sup> Industrial auctions only. Excludes equipment over 10+ years and equipment with unknown ages.

# Record quarterly revenue achieved in Q3 2015

Quarterly revenue & revenue rate (\$US millions)



Revenue fluctuates considerably between quarters due to seasonality and the number of auctions held in each period.

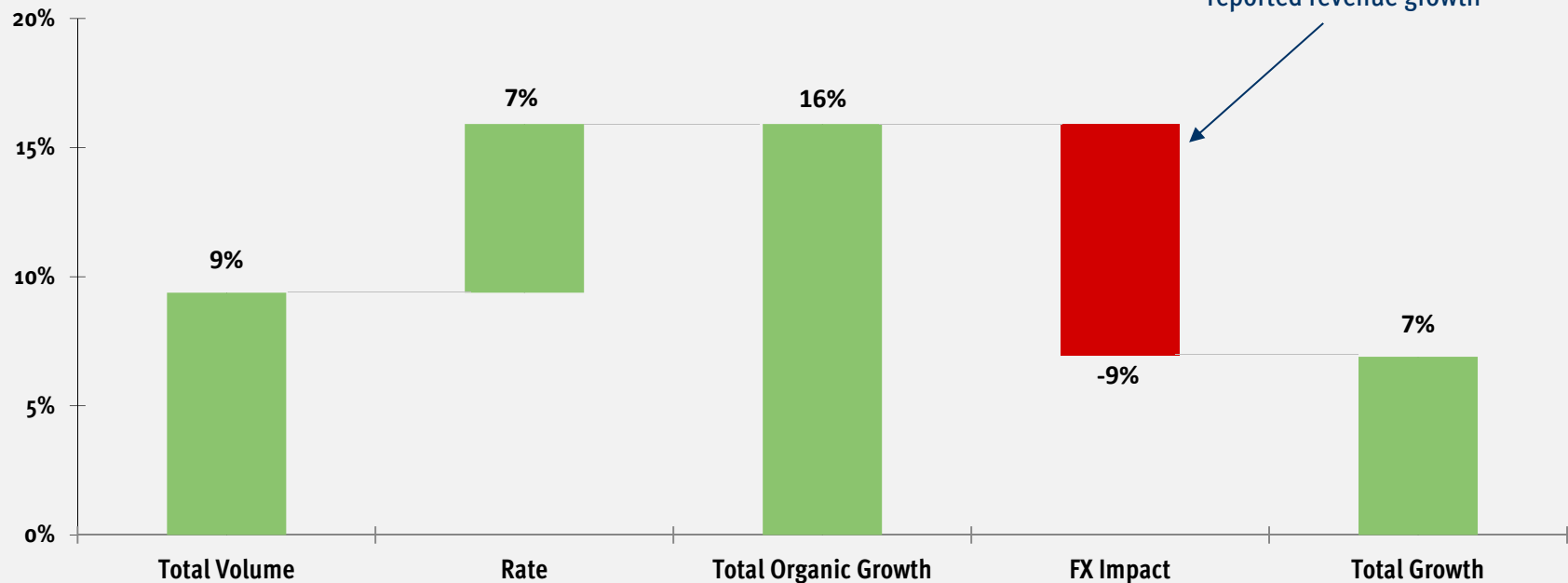
Revenue Rate fluctuations are due primarily to the performance of the Company's underwritten contracts.

# Revenue growth bolstered from both volume and rate

~56% of the organic revenue growth was driven by increases in auction volumes  
~44% was driven by revenue rate improvement

## Breakdown of revenue growth, % attributable to item

Q3 2015 revenue compared to Q3 2014 revenue



# Using our underwritten business is a strategic tool

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## **Proactively encourage use of underwritten deals to drive revenues**

- Focus on packages that act as magnets to fill the auction
- Making smart decisions about when and how to use underwritten deals; not chasing uneconomical deals
- Balance sheet strength is unmatched

## **Underwritten revenue rate is showing resilience; Continued YoY improvement in third quarter of 2015**

## **Disciplined approach to underwritten business is resulting in more consistent performance**

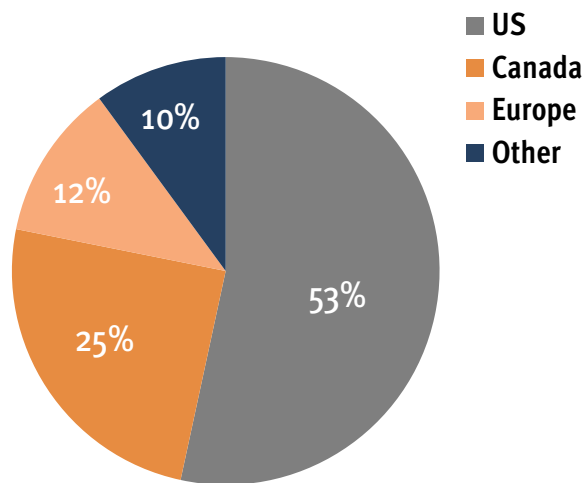
- Strategic use of the strength of our balance sheet allows us to pursue larger underwritten transactions when good opportunities arise
- Smaller transactions are receiving more scrutiny
- Not a vehicle to 'buy' GAP

# Strong revenue growth from Canada and US

Strong revenue growth in the US and Canada in local currency;  
FX translation muted reported growth in Canada and Europe.

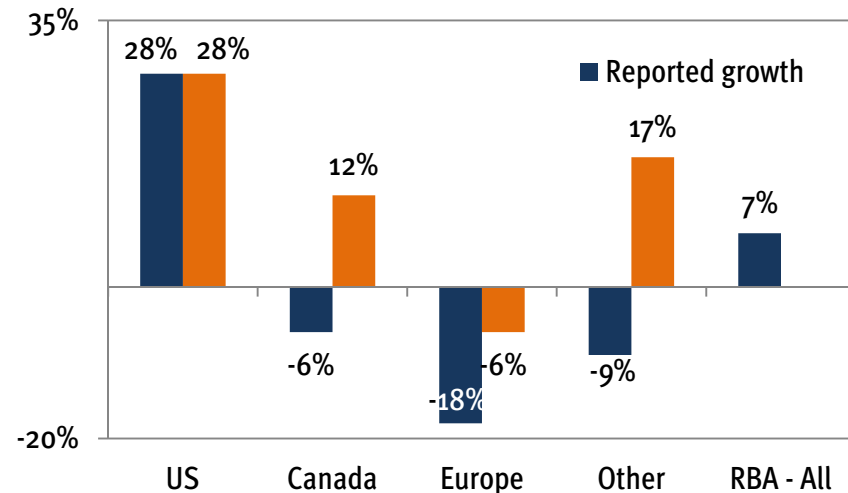
## Geographic breakdown of Q3 revenue

\$US revenue



## Q3 Revenue growth rates

\$US reported growth; local currency



# Q3 2015 earnings increased 40% from Q3 2014

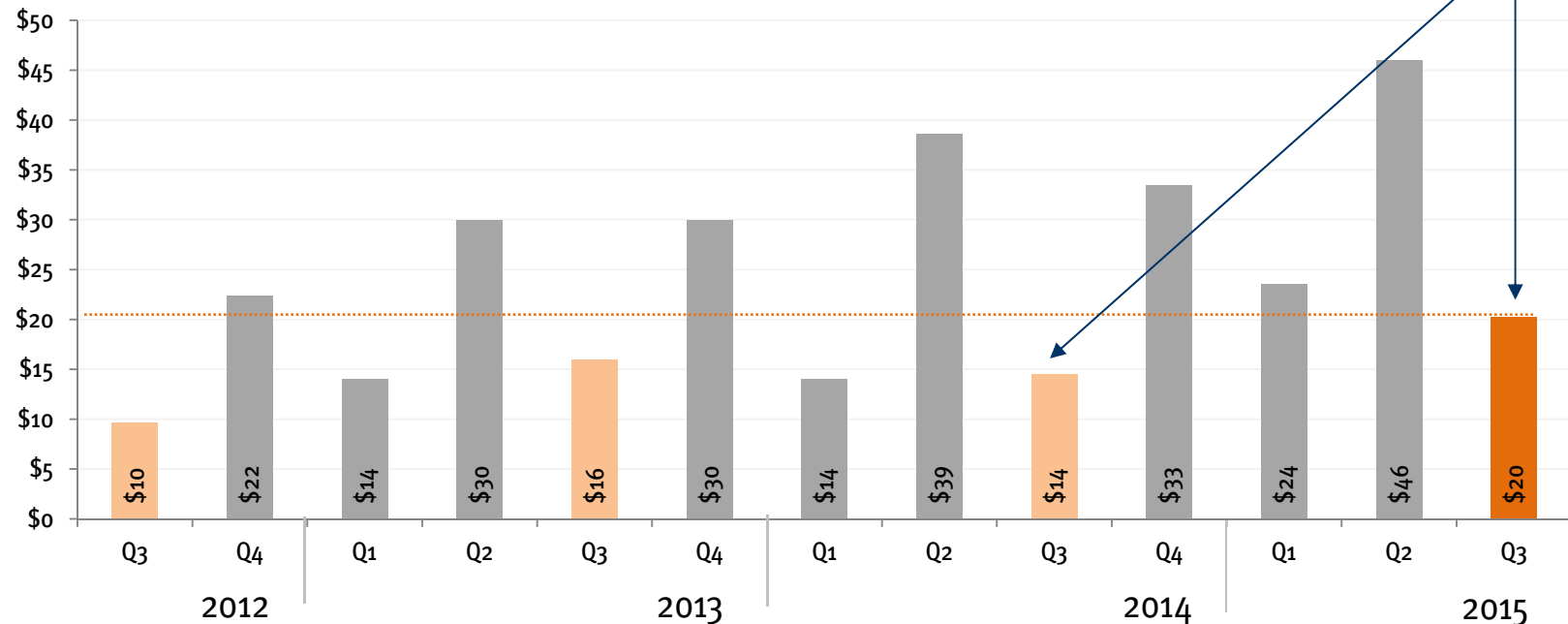
Record quarterly earnings driven by auction volumes, strong revenue rate, and revenues growth exceeding expense growth

Tax rate relatively consistent with adjusted Q3 2014 rate

40% growth from adjusted net earnings in year ago quarter

## Quarterly Adjusted Net Earnings<sup>1</sup>

(\$US millions)



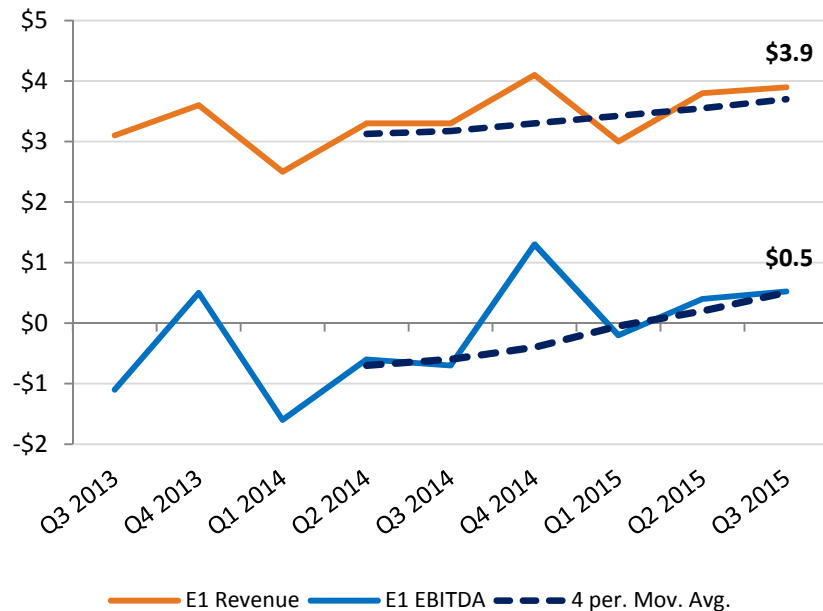
# EquipmentOne – Continuing to show improvement

**E1 achieved 18% revenue growth compared to Q3 last year**

EBITDA growth continues on a 4-quarter trailing basis

**EquipmentOne Revenue and EBITDA**

(\$US millions)



**EquipmentOne Revenue and EBITDA**

(\$US millions)

	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015
<b>Revenue</b>					
4 quarter average	\$ 3.2	\$ 3.3	\$ 3.4	\$ 3.6	\$ 3.7
Trailing 12 months	\$ 12.7	\$ 13.2	\$ 13.7	\$ 14.2	\$ 14.8
<b>EBITDA</b>					
4 quarter average	\$ (0.6)	\$ (0.4)	\$ (0.0)	\$ 0.2	\$ 0.5
Trailing 12 months	\$ (2.4)	\$ (1.6)	\$ (0.2)	\$ 0.8	\$ 2.0



# Q3 EquipmentOne updates

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## Operational Results:

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- Gross Transaction Value (GTV) from E1 in Q3 2015 up 31% from Q3 last year
  - GTV of \$118.8 million twelve months trailing Sept. 30, 2015;
    - up 23% from same period last year
- Website traffic up 21% in Q3 2015 (average monthly user, three months trailing Sept. 30, compared to Q3 2014)

## Recent Initiatives:

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US sales team training  
now complete

- All US teams have now been trained on go-to-market approaches for EquipmentOne
- Continuing to reinforce dual solution sales behavior

Website enhancements  
generating results

- Average length of time spent on the site per visit up 13% since January; number of mobile visits up 47%

# Ritchie Bros. Financial Services

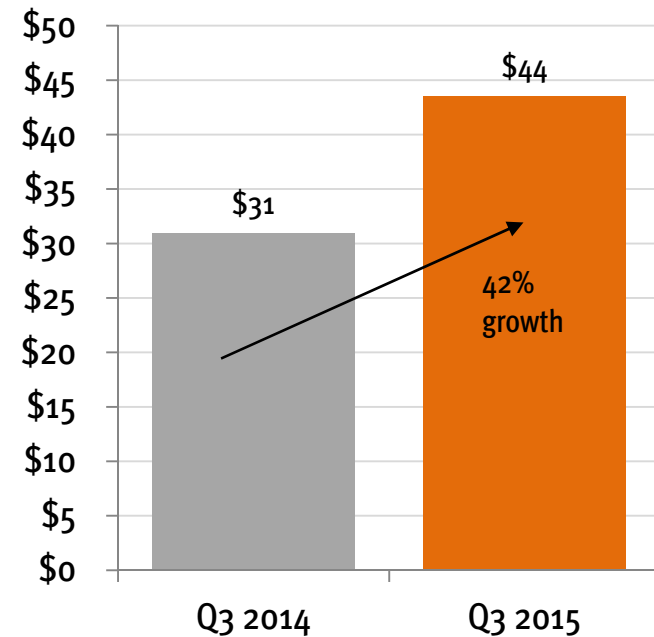
LOANS • LEASING • STRUCTURED FINANCE • DEALER SOLUTIONS

RBFS has as extended their suite of services to now include unsecured Working Capital Loans to US Customers

- A rapidly growing market in the US
- Allows customers to obtain an unsecured loan to use for non-equipment purchases, such as marketing, repairs and maintenance etc.

## RBFS funded loans

(\$US millions)



# Investment in Xcira; acquiring majority stake

## A strategically important acquisition;

## Allows RBA to build upon our existing online bidding technology

- Xcira provides market leading online auction software solutions to auction companies
- Ritchie Bros. has been an anchor customer of Xcira for 14+ years
- The business will continue to operate with the Xcira brand, under the existing leadership team
- Financial terms: US\$12.4 million for a 75% equity stake
  - Related to this acquisition, we are also obligated to pay an additional amount not exceeding \$4.7 million over a three-year period upon achievement of certain conditions
- Expected to be marginally accretive to RBA's performance immediately
- Performance of Xcira will be fully consolidated into RBA's financial reports, with minority interest noted

## Ritchie Bros. group of companies:



# Xcira caters to a diverse, global customer base

**During 2014, Xcira's live online bidding technology, OnLine Ringman, was used in more 23,750 auction events**

Through these events, more than:

- 4 million items were offered for sale to online bidders through OnLine Ringman representing more than \$61.7 Billion in sales
- 7.7 million bids from online bidders were accepted by the auctioneer
- 745,000 items were sold to online bidders
- 660,000 items had the online bidder as the runner up bidder
- \$6.7 billion of sales occurred as online purchases

**During 2014, OnLine Ringman was used in the following sector events:**

Wholesale whole car  
Construction  
Industrial  
Collectibles  
Fine Art  
Auto  
Auto Salvage  
Livestock  
Real Estate  
Other

**During 2014, Auction Events in 26 countries used OnLine Ringman, including:**

Australia, Canada, China, France, Finland, Hong Kong, Ireland, India, Japan, Mexico, Panama, Spain, Switzerland, the UK, the USA and the United Arab Emirates.

# Importance of our online bidding platform

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**\$1.3 billion of assets sold to online buyers at Ritchie Bros. during the first nine months of 2015**

**132,000+ assets were sold to online bidders at Ritchie Bros. auction in the first nine months of 2015**

**Q3 2015 YTD stats:**

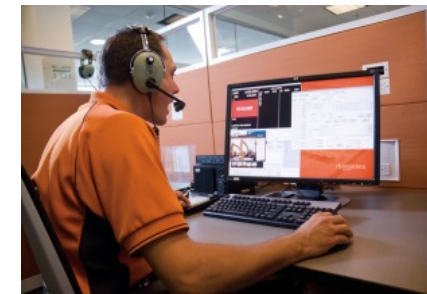
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43% of GAP is from sales to online bidders

- 59% of GAP had a winning or runner-up bidder from our online bidding platform. (US\$1.8+ billion of GAP)

46% of lots sold are sold to online buyers

- Online bidders were the winning or runner-up bidder on 61% of lots sold



# Introducing Ritchie Bros. Private Treaty

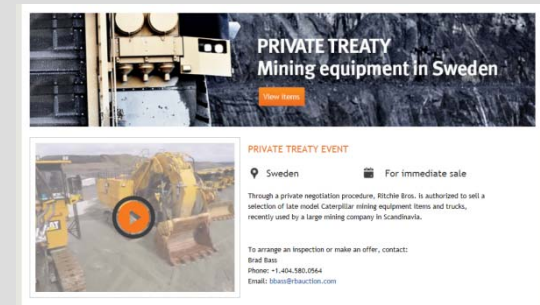
## Ritchie Bros. Private Treaty



- Softly launched during the third quarter of 2015
- A new sales channel that caters to the needs of equipment owners with unique selling needs that cannot be met by the unreserved auction model
- Facilitate private negotiated sales between sellers and qualified buyers around the world
- Leverages Ritchie Bros.' vast customer network, detailed used equipment sales and supply data, and market demand intelligence
- Primarily straight commission or fee-model; Revenue from these transactions will be recognized as and when items are sold and sales commissions are received
- Will be used very selectively with a focus on higher-value deals

## Currently marketing a package from Sweden

- Specialized mining equipment, best marketed to a targeted group of potential buyers



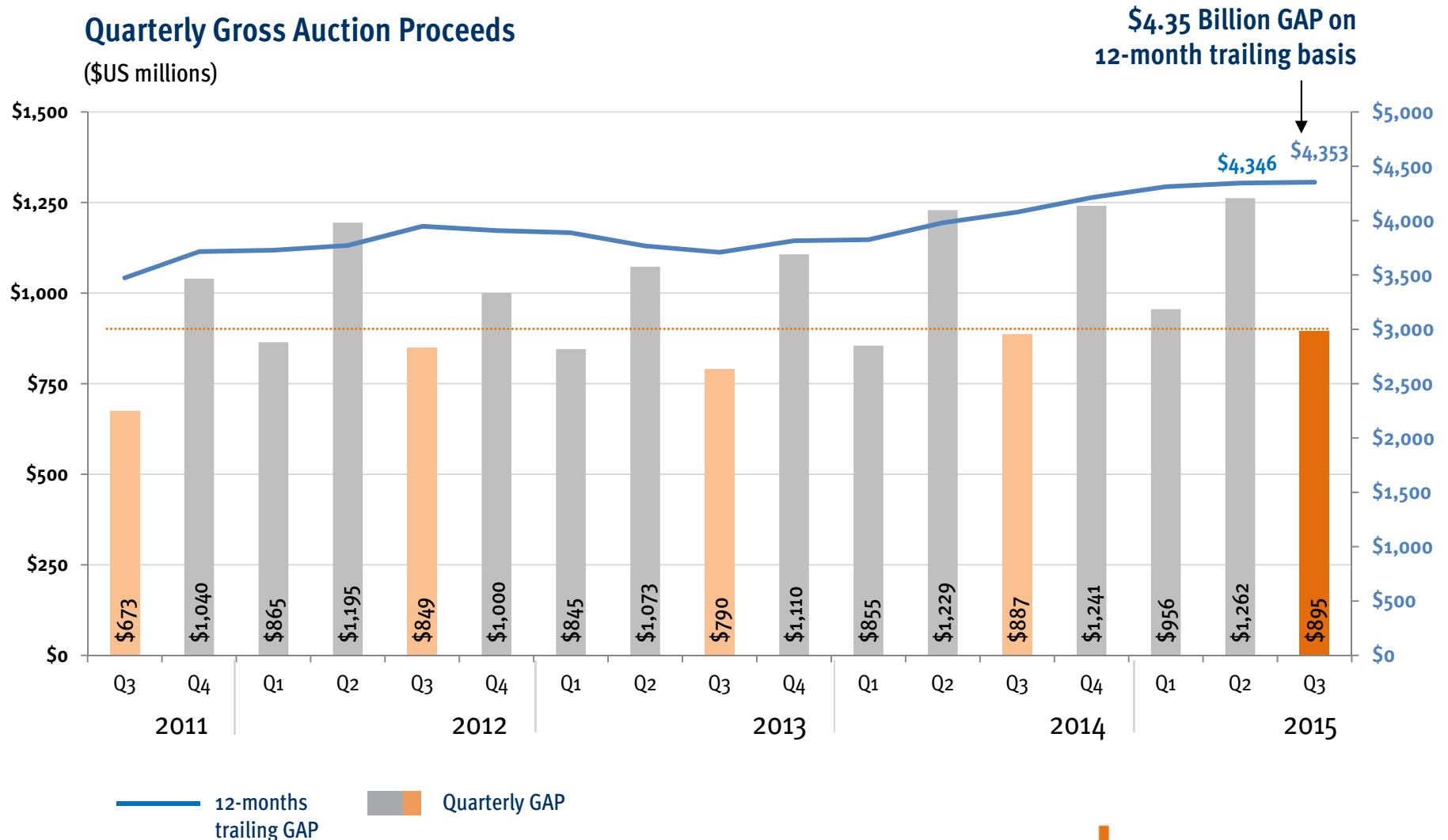
# Q3 2015 Performance

Sharon Driscoll, Chief Financial Officer

# Record Q3 and 12-month trailing

## Quarterly Gross Auction Proceeds

(\$US millions)





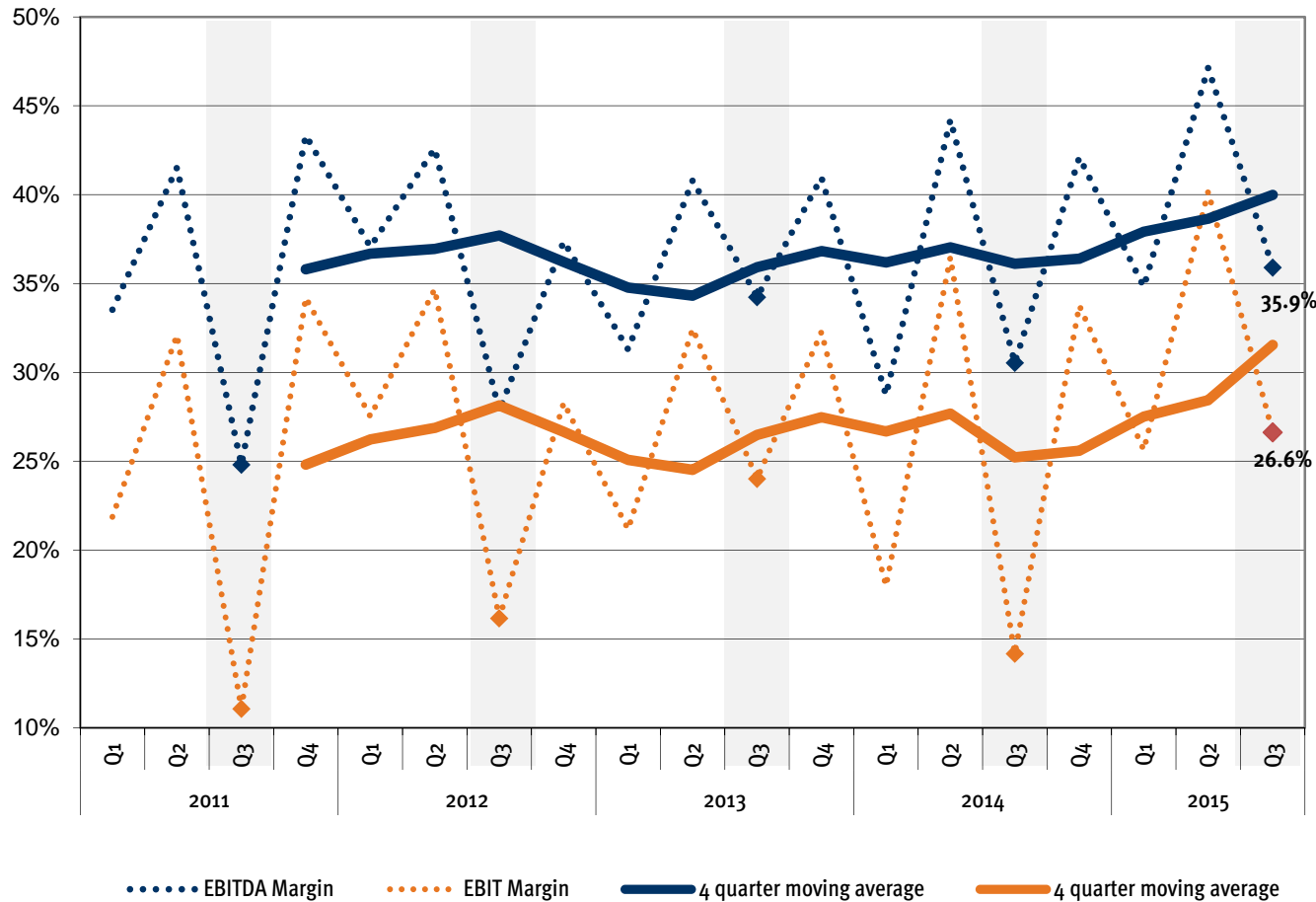
# Income statement scorecard – Q3 2015

## Q3 2015 Income statement scorecard

<i>3 months trailing</i> (\$US Millions except for EPS, %)	Sept. 30, 2015	Sept. 30, 2014	<i>Better / (Worse)</i>
GAP	\$894.5	\$886.9	1%
Revenues	\$109.3	\$102.2	7%
Revenue Rate	12.22%	11.53%	69 bps
Operating Income	\$29.1	\$19.8	47%
Operating Income Margin	26.6%	19.4%	724 bps
Diluted EPS	\$0.19	\$0.09	118%
Diluted Adjusted EPS	\$0.19	\$0.13	41%

# Continued margin improvement

Adjusted operating income (EBIT) and EBITDA margins



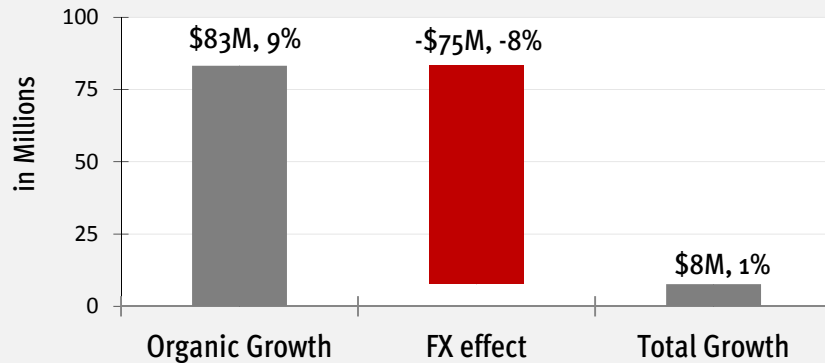
On a 4-quarter moving average, RBA achieved the highest margins in years.

Seasonality influences our volume of business, and therefore revenue, flow-through and margins.

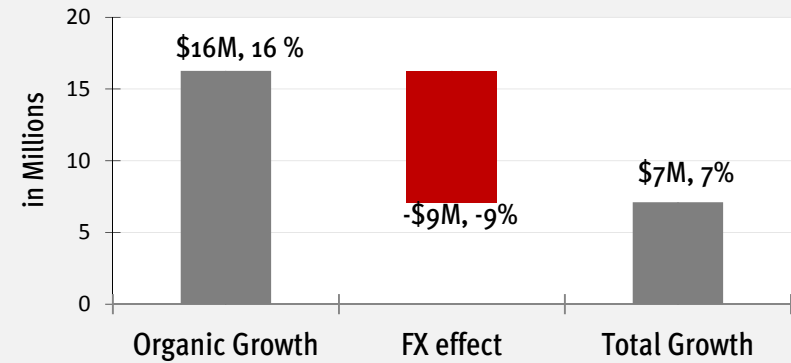
Our highest margins are always generated in our largest quarters (Q2 and Q4).

# Impact of FX on our Q3 2015 performance

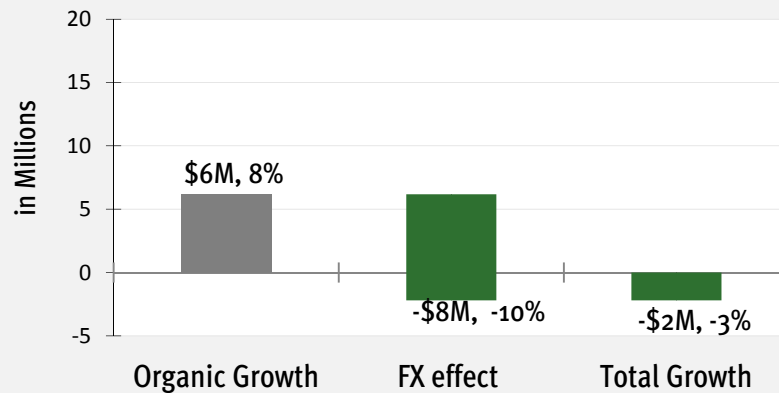
## GAP and FX



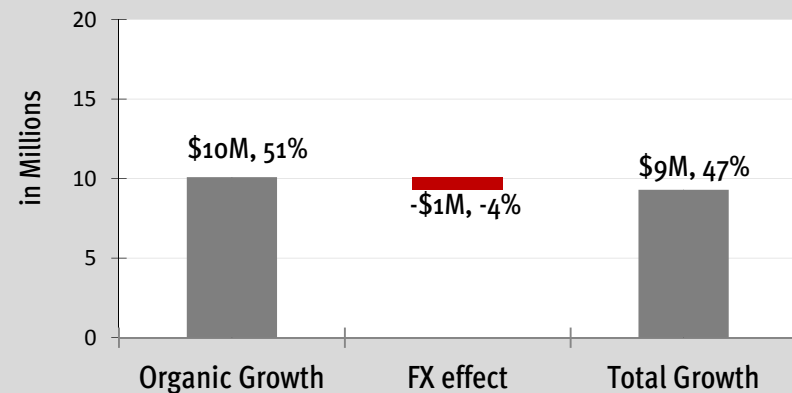
## Revenue and FX



## Expenses (DE, SG&A, D&A) and FX



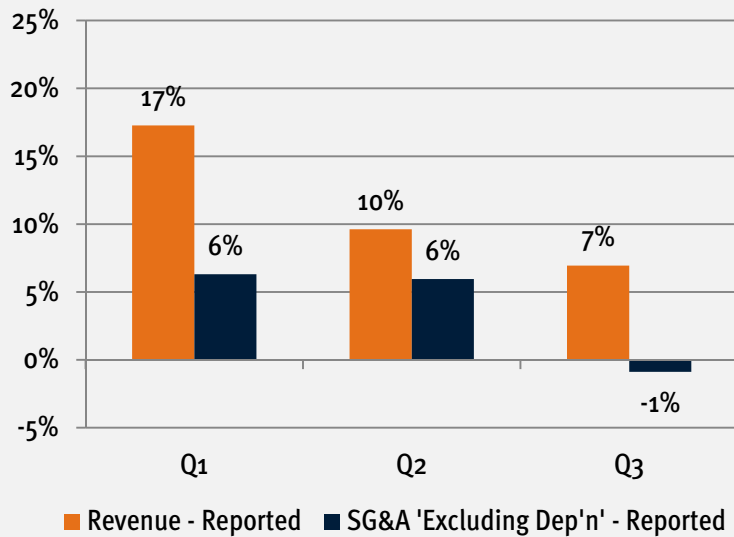
## Operating Profit and FX



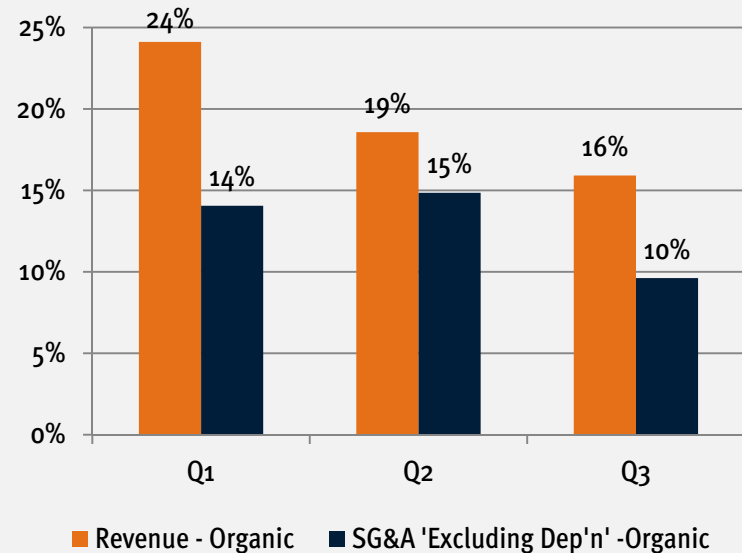
# Revenue growth outpaces SG&A growth

Committed to keeping expense growth lower than revenue growth;  
Promoting the operating leverage inherent in our business model

**2015 reported revenue and SG&A growth**  
(\$US millions, SG&A excluding depreciation and amortization)



**2015 Organic revenue and SG&A growth**  
(\$US millions, SG&A excluding depreciation and amortization)



# Balance sheet scorecard

## Q3 2015 Balance sheet scorecard

<i>12 months trailing</i> (US Millions except for percent figures)	Sept. 30, 2015	Sept. 30, 2014	<i>Better / (Worse)</i>
Operating free cash flow	\$250.6	\$142.8	75%
Working Capital Intensity	-18.8%	-7.1%	1166 bps
Capex Intensity	4.2%	4.6%	40 bps
RONA (Return on Net Assets)	26.5%	15.9%	1065 bps
<i>RONA excluding term loan reclassification</i>	24.1%	15.9%	826 bps
Debt / Adjusted EBITDA	0.5X	0.9X	0.4X

# Capital allocation priorities

Priority	Discussion	
1. Grow dividends with earnings	Highly valued return of cash to shareholders	✓
2. Hold fully-diluted shares flat	Offset dilution from management stock options through share buybacks	✓
3. Acquisitions	Accelerate top-line growth and leverage the model	✓
4. Share buy-backs	Growth initiatives are a higher priority at this time	
5. Pay down debt	Only if better economic returns are not available	

Consistently make use of cash on our balance sheet to facilitate underwritten transactions;  
The strength of our balance sheet is a competitive advantage.

# Final Comments

Ravi Saligram, Chief Executive Officer

# Sector exposure update

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Since 2005, the diversification of makes/types of equipment sold increased significantly:

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- Transportation equipment now contributes 18% (2015 YTD) of GAP, up from 15% in all of 2014
- Ag equipment continues to contribute 10% (2015 YTD) of GAP

Construction equipment still comprises the majority of what Ritchie Bros. sells

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- Construction equipment volume comes from a wide variety of makes, including: Bobcat, CAT, Case, Deere, Kobelco, Komatsu, New Holland, Volvo, + others
- In recent years over 85% of all CAT branded equipment consigned to RBA comes from *end users, finance companies and rental companies*
  - In these channels, CAT branded volume and GAP grew both in Q3 and YTD in aggregate



# Winning business by proving our value

## Ritchie Bros. works on behalf of equipment sellers; their interests are our key focus

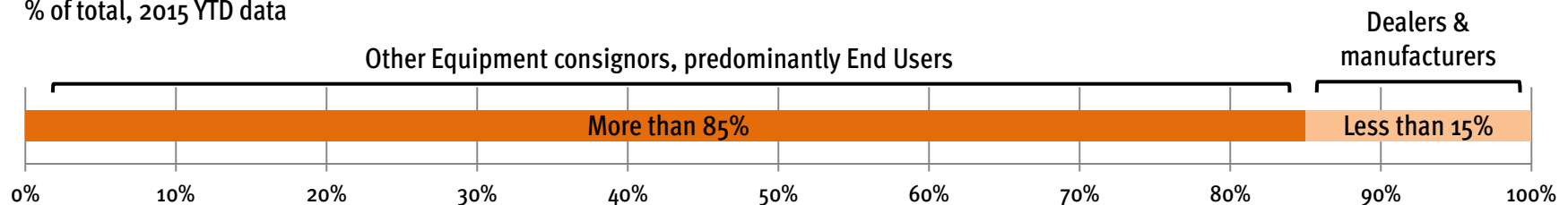
- Value our customers' privacy and trust
- Servicing the needs of equipment users/sellers is our core focus
- Customers like our independence

## Equipment from dealers/OEMs (of all makes/models) provide less than 15% of RBA GAP

- Includes dealers from the transportation and agricultural sectors
- While an important and valued customer segment, dealers and manufacturers generally turn to their internal sales forces to sell their product first

## GAP from customer segment

% of total, 2015 YTD data



# Edmonton success continues in Q4

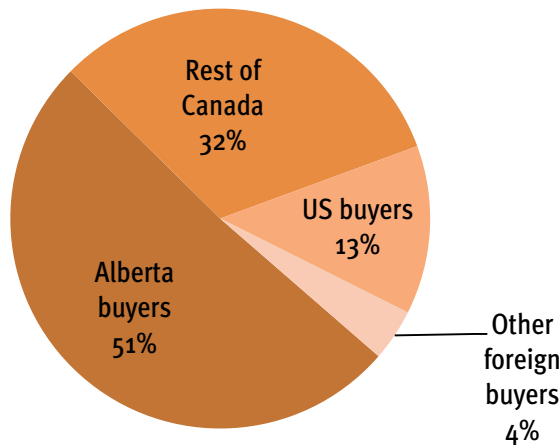
## Oct. 27 – 29 auction generated new Fourth quarter records

- CA\$137+ million (US\$104 million) of assets sold
- Largest Edmonton auction ever held during the Company's fourth quarter
- Attracted 10,300+ bidders, including 6,600+ online bidders

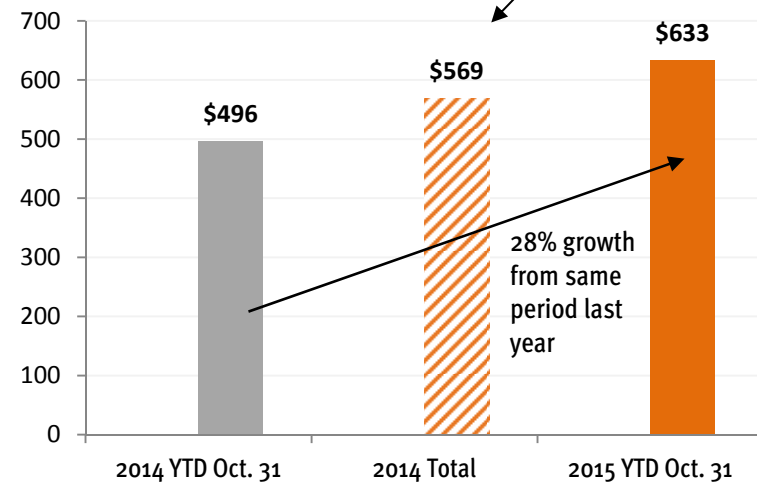
Our Edmonton auction site has sold CA\$633 million of equipment so far this year – already surpassing the prior site record for all of 2014.

## Buyers from Oct. 27 – 30 Edmonton Auction

Location of winning bidder



## Edmonton site GAP (Canadian dollars, millions)



# Strong growth in foundational geographies

## Core sites in Alberta and Texas continue to demonstrate meaningful growth in 2015

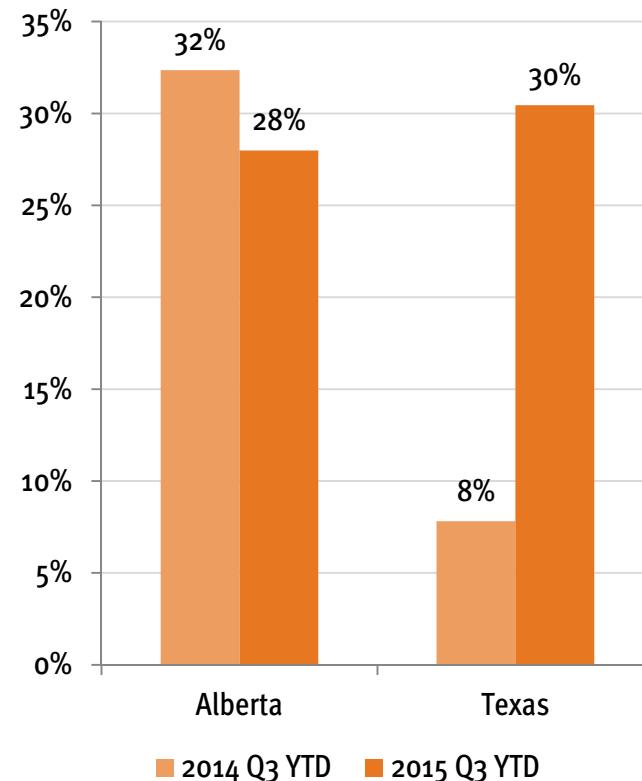
- Alberta and Texas represent foundational growth platforms
- Growth in these regions has been driven from many sectors
- Edmonton has had exemplary growth the last two years
- Texas growth has seen tremendous improvement

## Pleased with GAP growth achieved in the United States, which has been over 15% YTD

- Other States have been sending more equipment to our Texas based auctions in 2015, supplementing the GAP growth for Texas

### Regional GAP growth

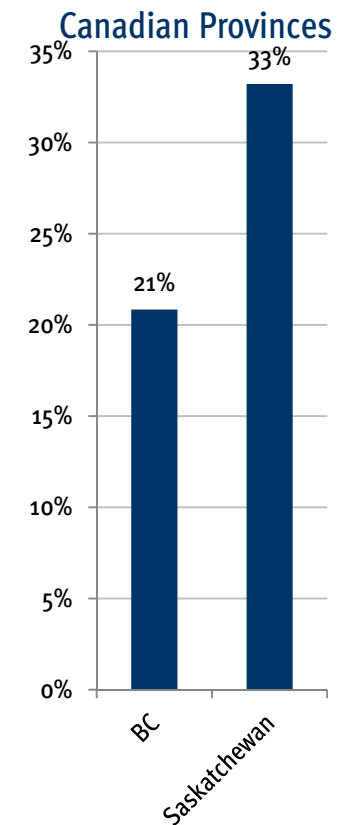
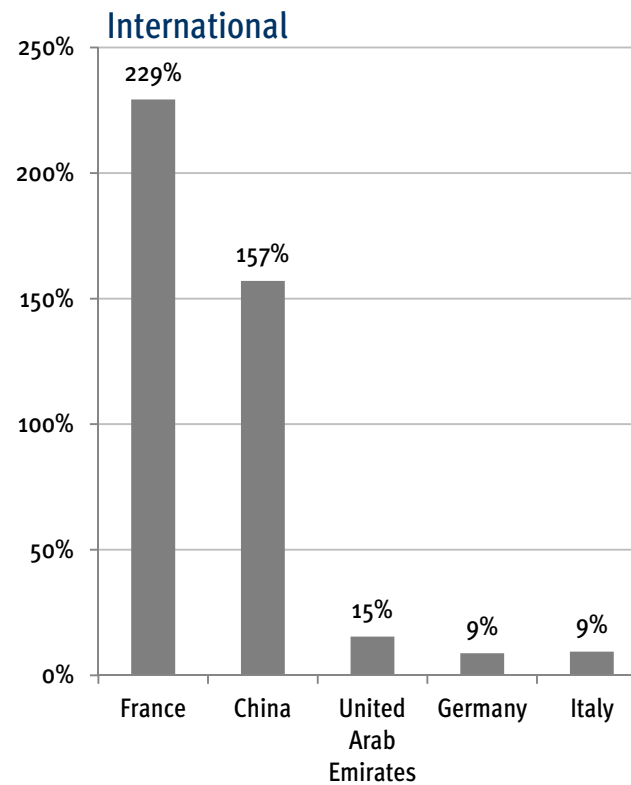
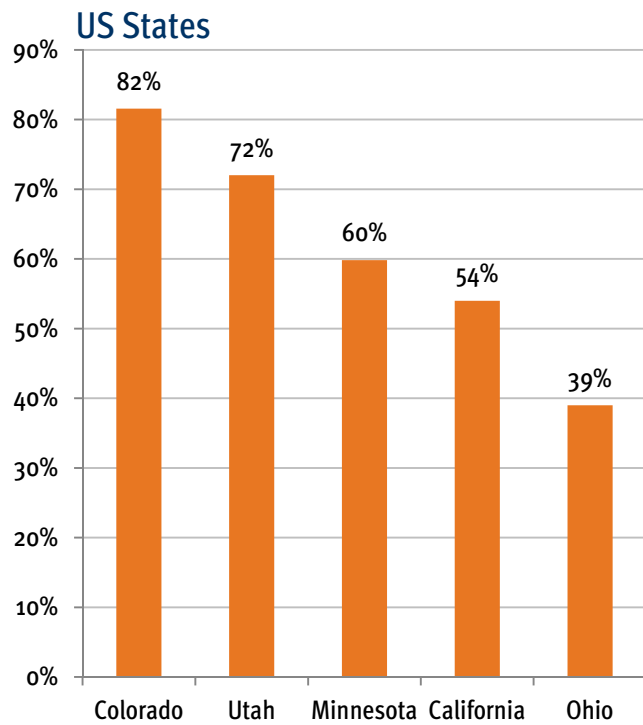
(Local currency, Q3 2015 YTD growth vs. YTD 2014, Industrial auctions only)



# Growth in other geographies

Continue to be pleased with the GAP growth we're experiencing in many regions

Select Regional GAP growth (Local currency, Q3 2015 YTD growth compared to YTD 2014)



# 2015 YTD financial highlights

Performance in first nine months of the year demonstrates our commitment to execution and our agility in leveraging market opportunities

Foreign exchange remains a headwind

	Reported - % Growth Versus First 9 months, 2014		Organic - % Growth Versus First 9 months, 2014	
GAP	↑	5%	↑	12%
Revenue	↑	11%	↑	19%
Operating Income	↑	36%	↑	43%
Diluted Adjusted EPS	↑	34%		n/a
Operating Free Cash Flow (12 month rolling)	↑	75%		n/a
RONA (12 month rolling)	↑	1065bps		n/a
<i>RONA excluding effects of term loan reclassification</i>	↑	826bps		n/a

# Macro environment

Ravi Saligram, Chief Executive Officer

# Q&A

Ravi Saligram, Chief Executive Officer

Sharon Driscoll, Chief Financial Officer

Rob McLeod, Chief Business Development Officer

Jim Barr, Group President

Terry Dolan, President – US and Latin America

Randy Wall, President – Canada

# RBA evergreen financial model

Performance Metric	Avg. Annual Growth Targets
• GAP Growth (%)	High Single Digit to Low Double Digits
• Revenue Growth (%) <sup>(1)</sup>	Mid Single Digit to High Single Digit
• SG&A Growth (%)	Will grow slower than revenues
• Operating Income Margin (& EBITDA Margin)	50 bps +
• EPS Growth (%) <sup>(2)</sup>	High Single Digit to Low Double Digits
• Net Capex Intensity <sup>(3)</sup>	<10%
• OFCF <sup>(4)</sup> % of Net Earnings	>100%
• RONA <sup>(5)</sup> Increase	50 bps +
• Dividend Payout Ratio	55% to 60%
• Net Debt / EBITDA	<2.5X

**Above model reflects our aspiration on how the model should work in the next 5 to 7 years**

(1) Includes Tuck In and Bolt On acquisitions

(2) Variances may occur in certain years based on tax rate that is influenced by geographic revenue mix

(3) Net Capital Spending as % of Revenue

(4) Operating Free Cash Flow

(5) Return on Net Assets