# Q3 2016 Earnings Review and Update

November 10, 2016

# Forward looking statements and non-GAAP measures

**Caution Regarding Forward-Looking Statements**

This presentation contains forward-looking statements and forward-looking information within the meaning of applicable U.S. and Canadian securities legislation (collectively, "forward-looking statements"), including, in particular, statements regarding the terms and potential benefits of the proposed transaction between Ritchie Bros. and IronPlanet, the terms and conditions of the proposed transaction, the expected timetable for completing the proposed transaction, benefits and synergies of the proposed transaction, future opportunities for the combined businesses of Ritchie Bros. and IronPlanet, future financial and operational results and any other statements regarding events or developments that Ritchie Bros. believes or anticipates will or may occur in the future. Forward-looking statements are statements that are not historical facts and are generally, although not always, identified by words such as "expect", "plan, "anticipate", "project", "target", "potential", "schedule", "forecast", "budget", "estimate", "intend" or "believe" and similar expressions or their negative connotations, or statements that events or conditions "will", "would", "may", "could", "should" or "might" occur. All such forward-looking statements are based on the opinions and estimates of management as of the date such statements are made. Forward-looking statements necessarily involve assumptions, risks and uncertainties, certain of which are beyond Ritchie Bros.'s control, including risks and uncertainties related to: general economic conditions and conditions affecting the industries in which Ritchie Bros., IronPlanet and Caterpillar operate; obtaining regulatory approvals in connection with the proposed transaction; each of Ritchie Bros.' and IronPlanet's ability to satisfy the merger agreement conditions and consummate the transaction on the anticipated timetable, or at all; Ritchie Bros.' ability to successfully integrate IronPlanet's operations and employees with Ritchie Bros.' existing business; the ability to realize anticipated growth, synergies and cost savings in the proposed transaction; the maintenance of important business relationships; the effects of the IronPlanet transaction on relationships with employees, customers, other business partners or governmental entities; transaction costs; deterioration of or instability in the economy, the markets we serve or the financial markets generally; as well as the risks and uncertainties set forth in Ritchie Bros.' Annual Report on Form 10-K for the year ended December 31, 2015, which is available on the SEC, SEDAR, and Ritchie Bros.' website. The foregoing list is not exhaustive of the factors that may affect Ritchie Bros.' forward-looking statements. There can be no assurance that forward-looking statements will prove to be accurate, and actual results may differ materially from those expressed in, or implied by, these forward-looking statements. Forward-looking statements are made as of the date of this presentation and Ritchie Bros. does not undertake any obligation to update the information contained herein unless required by applicable securities legislation. For the reasons set forth above, you should not place undue reliance on forward-looking statements.

**This presentation contains certain non-GAAP financial measures.** For a discussion of non-GAAP measures and the most directly comparable GAAP financial measures, see the Appendix to this presentation as well as our earnings release and our Form 10-Q interim report, which are available at: investor.ritchiebros.com. These non-GAAP financial measures are not measures of financial performance in accordance with GAAP and may exclude items that are significant in understand and assessing our financial condition and results. Therefore, these measures should not be considered in isolation or as alternatives to measures of profitability, liquidity or other performance under GAAP. These measures may not be comparable to similarly-titled measures used by other companies.

**This presentation also includes certain forward-looking non-GAAP financial measures.** We are unable to present a quantitative reconciliation of this forward-looking non-GAAP financial information because management cannot reliably predict all of the necessary components of such measures. Accordingly, investors are cautioned not to place undue reliance on this information.

All figures are in US dollars, unless otherwise noted.

# Update from Ravi Saligram

## Chief Executive Officer

RITCHIE BROS.™

# Q3 2016 financial summary – US GAAP

## Revenue grew 18%; supported by increased volumes and improved revenue rate of 12.9% (vs. 12.2 in Q3 2015)

- Impairment charges and acquisition-related costs negatively impacted our reported results

| | Q3 2016 Performance (US$ millions, except % and EPS) | Reported % Growth Versus Q3 2015 |
|---|---|---|
| GAP | $998.9 | 12% |
| Revenue | $128.9 | 18% |
| SG&A expenses | $69.0 | 19% |
| Acquisition-related costs | $4.7 | 100% |
| Operating Income | $2.3 | 92% |
| Operating Income Margin | 1.8% | -2440 bps |
| Net Diluted Loss Per share attributable to stockholders | $(0.05) | (126)% |
| Operating Free Cash Flow (12 month rolling) | $178.0 | (22)% |
| ROIC (12 month rolling) | 15.4% | -40 bps |

# Clarifying our Q3 2016 results

## US GAAP (REPORTED)

Includes full impact of E1 writedown and acquisition-related costs

**$(0.05)**
Diluted Loss per Share attributable to stockholders

**$2.3**
Million in Operating Income

**1.8%**
Operating Income margin

## ADJUSTED (NON-GAAP)

Excludes impact of E1 writedown; still includes impact of acquisition-related costs

**$0.20**
Diluted adjusted EPS attributable to stockholders

**$30.5**
Million in adjusted Operating Income

**23.7%**
Adjusted Operating Income margin

## COMPARABLE (NON-GAAP)

Excludes impact of both the E1 writedown and acquisition-related costs

**$0.24**
Diluted adjusted EPS attributable to stockholders, excluding acquisition-related costs

**$35.2**
Million in adjusted Operating Income, excluding acquisition-related costs

**27.3%**
Adjusted operating income margin, excluding acquisition-related costs

# Comparing Q3 2016 to Q3 2015 results

## US GAAP (REPORTED)

Includes full impact of E1 writedown and acquisition-related costs

**(126%)**
Diluted EPS attributable to stockholders

**(92%)**
Million in Operating Income

**(2440) bps**
Operating Income margin

## ADJUSTED (NON-GAAP)

Excludes impact of E1 writedown; still includes impact of acquisition-related costs

**5%**
Diluted adjusted EPS attributable to stockholders

**7%**
Million in adjusted Operating Income

**(250) bps**
Operating Income margin

## COMPARABLE (NON-GAAP)

Excludes impact of both the E1 writedown and acquisition-related costs

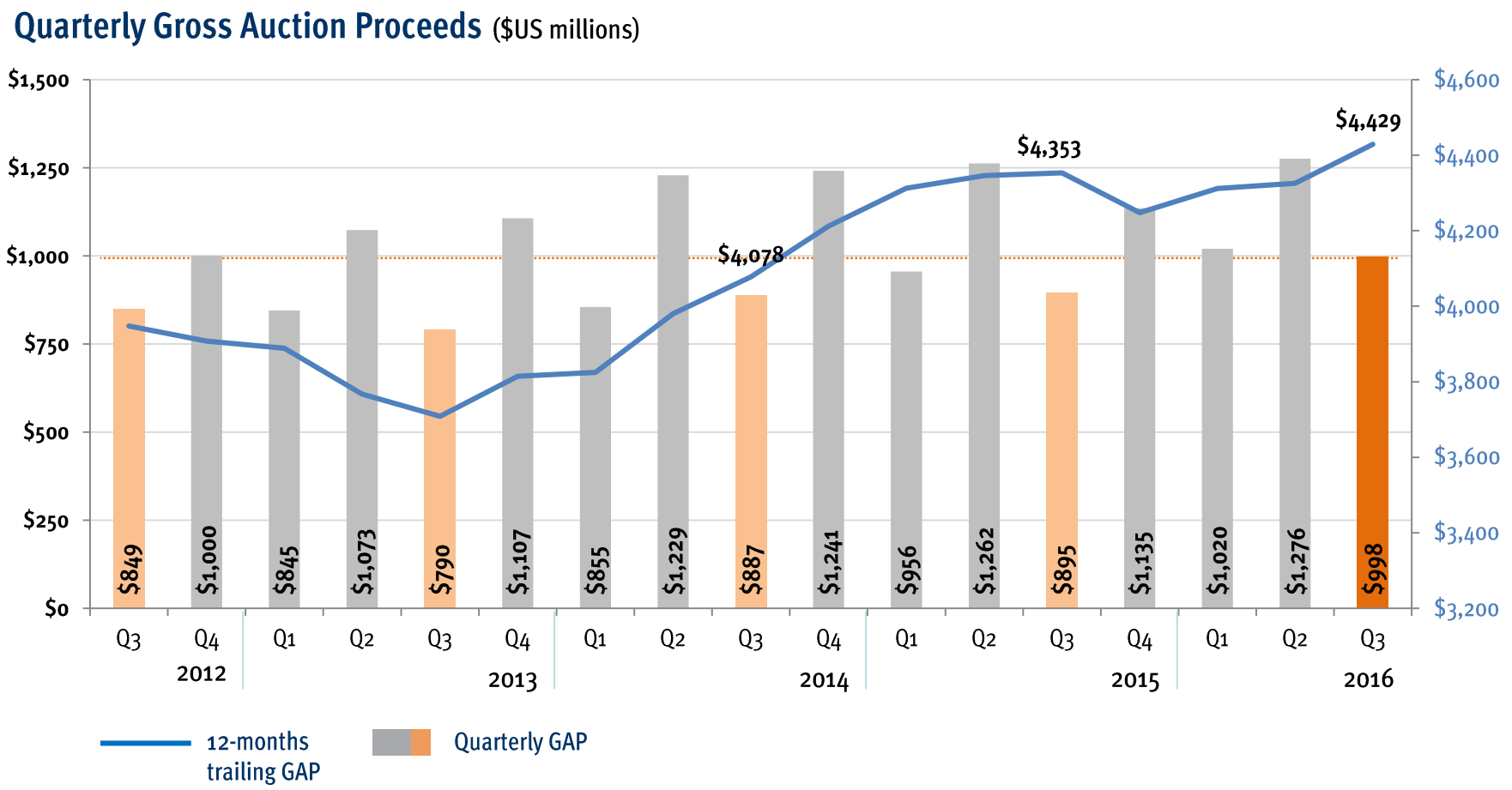
**26%**
Diluted adjusted EPS attributable to stockholders, excluding acquisition-related costs

**23%**
Million in adjusted Operating Income, excluding acquisition-related costs

**110 bps**
Adjusted operating income margin, excluding acquisition-related costs

# Quarterly gross auction proceeds (GAP)

## GAP grew 12% from Q3 2015
## New GAP record on 12-month trailing basis: $4.4 billion



# Equipment pricing impacts

## After a dip late in Q2, pricing has been consistent throughout Q3 and into October

### Construction assets met or exceeded our pricing expectations during the quarter

- On average, hydraulic excavators saw a 10% price increase from Q2 at US auctions (flat to down at Canadian auctions)
- Wheel loaders sold in the US saw mostly flat pricing; exception were 4-5 year old models that saw 10%+ increase since Q2

### Transportation assets continue to face pricing pressure

Glut of over-the-road trucks with mileage over 500k; plenty of choice for buyers in all used-truck sales streams

- Truck Tractors were down ~5% at US auctions on average, but newer models (less than 3 years) saw 10%+ declines from Q2

### Ag gear is performing well given recent commodity pricing

Mostly stable pricing, with Ag gear in the Canadian market performing the best of all regions

- Combines sold in Canada were up overall, with 4-5 year old models showing an 8% increase compared to Q2

### Large oil and gas asset dispersal at recent Columbus auction saw very strong price realization relative to similar assets in the last 12-18 months

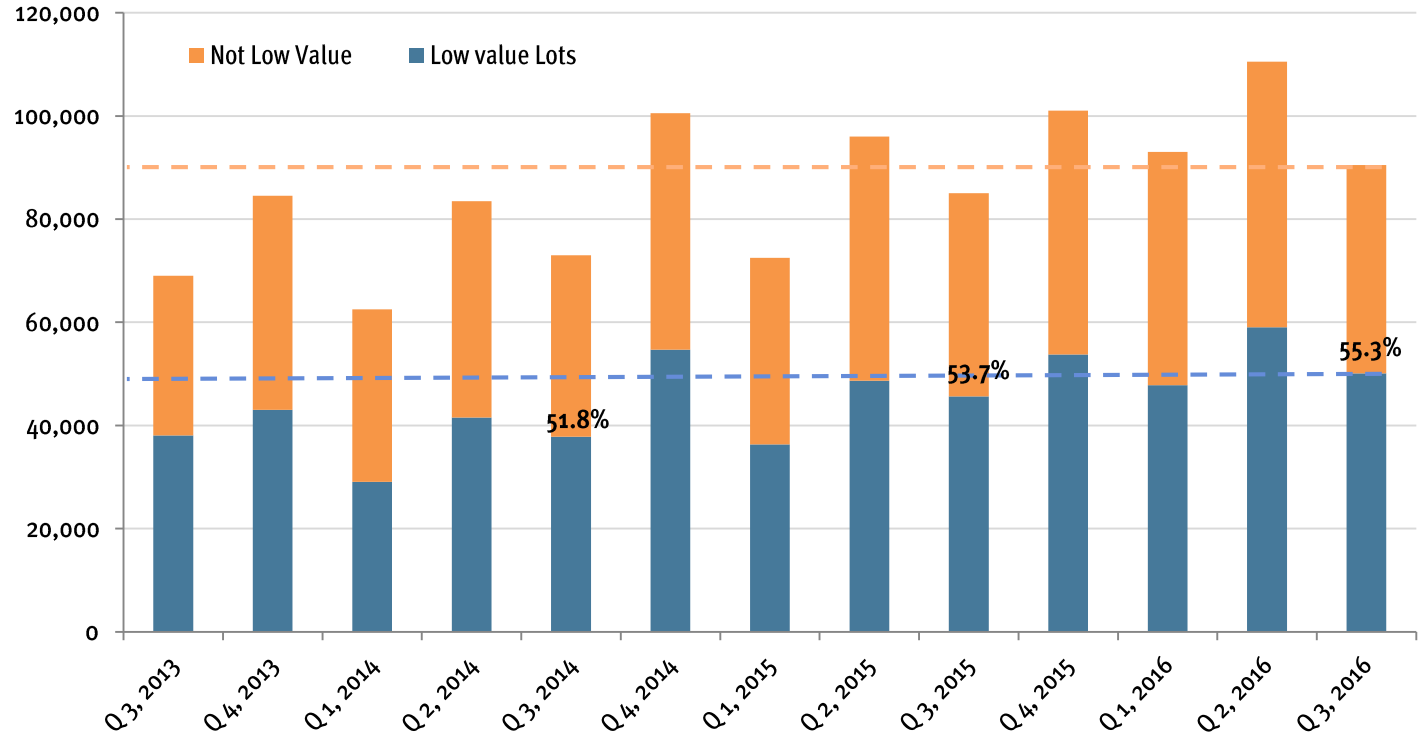
- Pricing likely supported by size and sector-specific focus of this auction
- Dispersal of one large 100-yr old company anchored this sale

# RBA Core Auction volumes continue to grow

## Similar to past two quarters, lower value lots were a larger proportion of lots sold during Q3 2016, relative to the same quarter last year

- This trend is due in part to lower overall pricing relative to year-ago periods and growth of Timed Auction Lots

**Proportion of low value lots[1]**
(less than $2500 in local currency)

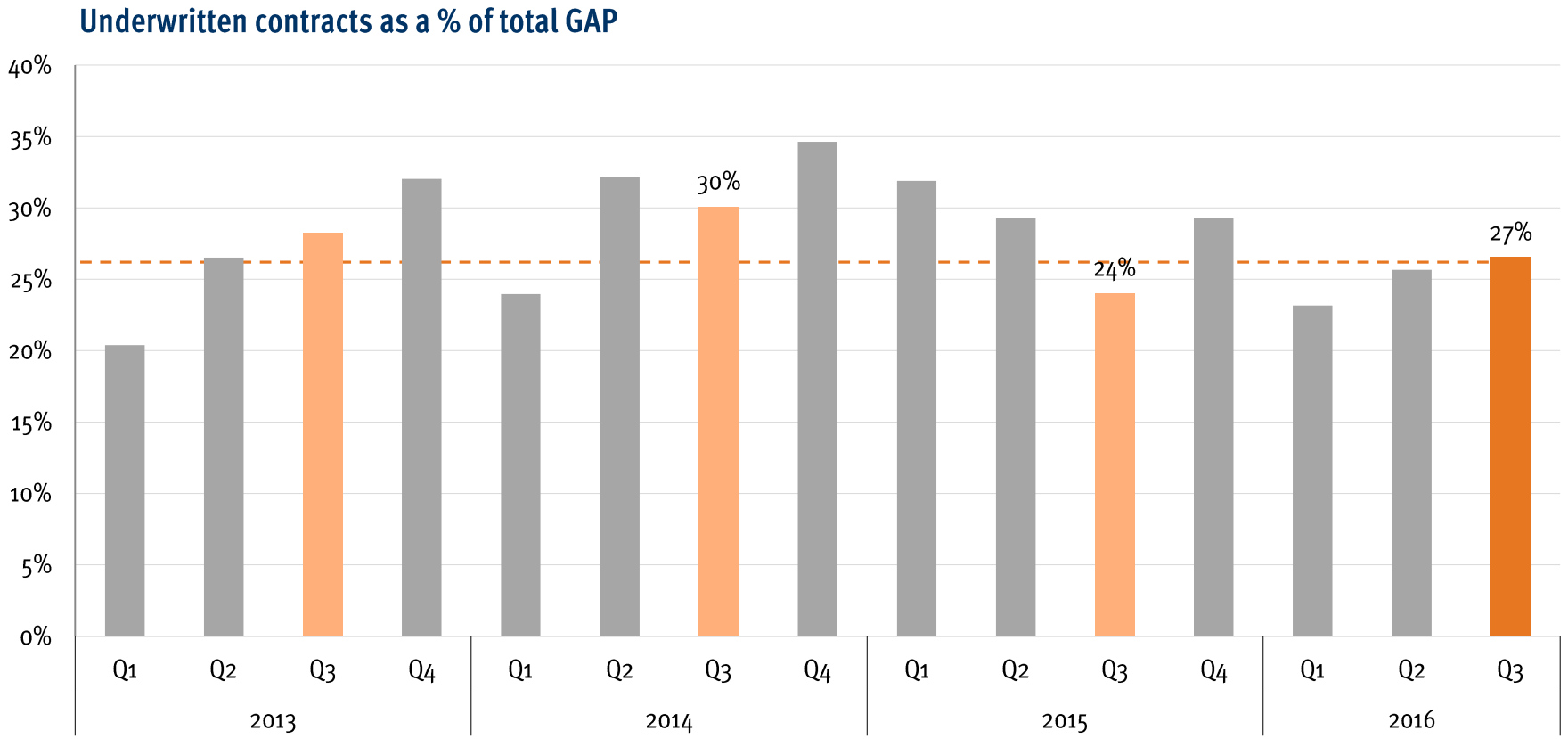



[1] Data is for Industrial auctions only.

# Underwritten business performed well in Q3

## Underwritten revenue rate improved 101 bps relative to Q3 2015

- Strong performance of our September Columbus, Ohio sale supported underwritten rate strength, and underwritten GAP volume



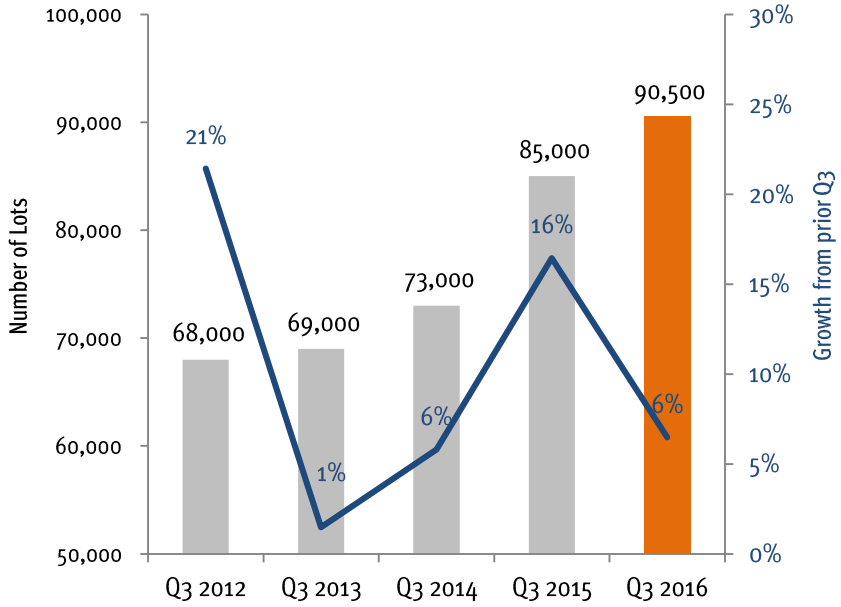
# Light Construction customer sector provided most lot growth in Q3

## Auction volumes increased 6% to a Q3 record of 90,500 lots during Q3 2016[1]

Lots consigned by customers in the Light construction, Agriculture and Utilities sectors drove most of the Lot growth during the third quarter.

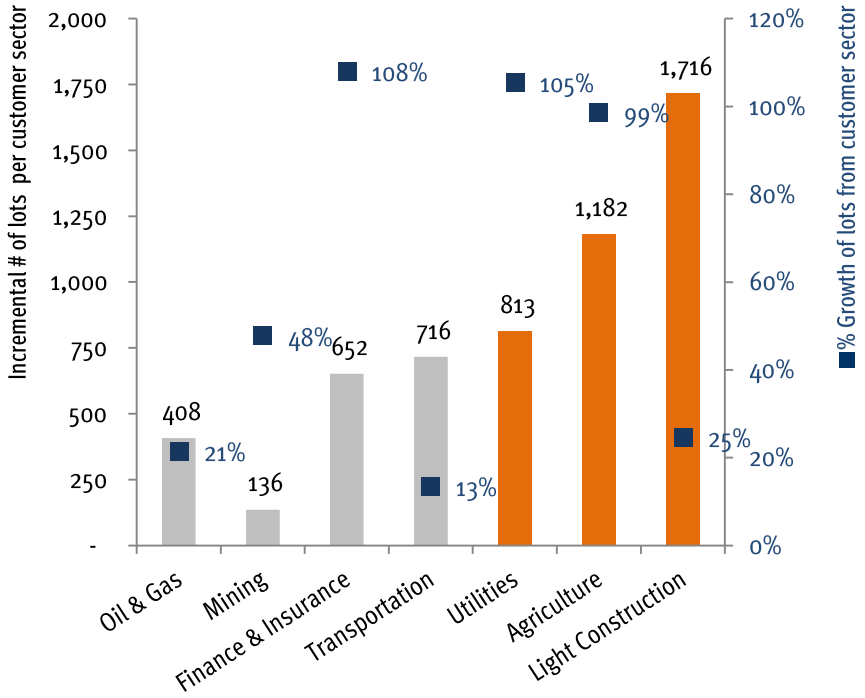
### Q3 Auction volumes (Lot count)[1]

Total lots sold per quarter




### Q3 2016 Incremental Lots per Customer sector

Lot growth per customer (seller) sector, compared to Q3 2015[2]



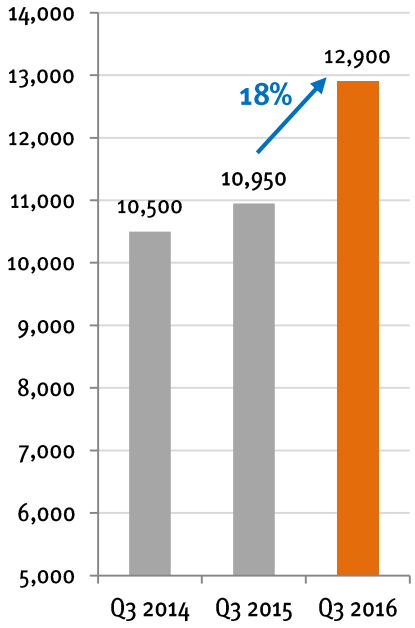

[1] Data is for Industrial auctions only.
[2] Selected customer sectors. Does not include all sectors equipment came from

# Strong auction operational performance

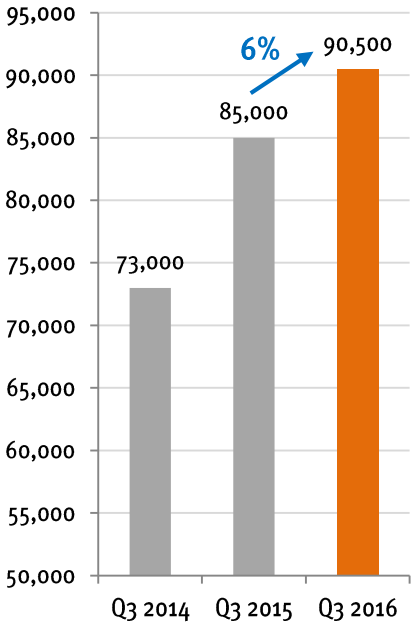
## Another quarter of record consignors, lot volumes, bidders and buyers [1]

Demonstrates the operational strength of our core business

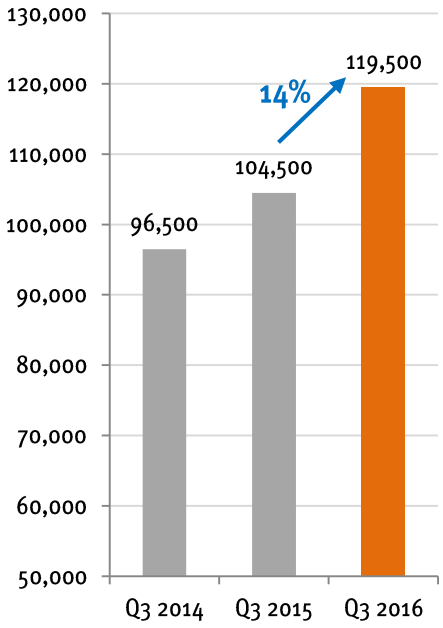
### Consignors



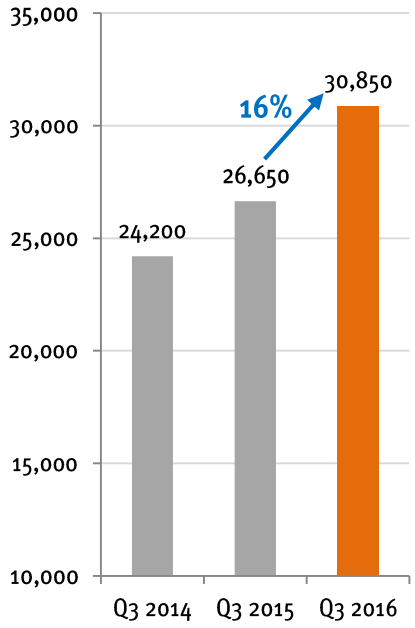

### Lots




### Registered bidders




### Buyers




[1] Data is for Industrial auctions only.

# Q3 2016 auction highlights

**Toronto, Ontario – Sept. 28-29, 2016**
CA$39+ million of GAP (US$30+ million)
LARGEST EVER ONTARIO AUCTION

**Columbus, Ohio – Sept. 28-29, 2016**
US$76+ million of GAP
LARGEST 2-DAY AUCTION EVER HELD IN U.S.
US$61 MILLION SOLD ON DAY ONE – LARGEST SINGLE AUCTION DAY EVER IN U.S.

**Fort Worth, Texas – Sept. 21-22, 2016**
US$54+ million of GAP

**Edmonton, Alberta – Sept. 7-9, 2016**
CA$82+ million of GAP (US$63+ million)
87% SOLD TO CANADIANS; INCL. 53% SOLD TO ALBERTANS

**Houston, Texas – Aug. 24-25, 2016**
US$53+ million of GAP

**Tipton, California – Aug. 17, 2016**
US$21+ million of GAP
LARGEST TIPTON AUCTION EVER HELD

**Lethbridge, Alberta – July 21-22, 2016**
CA$24+ million of GAP (US$18+ million)
LARGEST LETHBRIDGE AUCTION EVER HELD

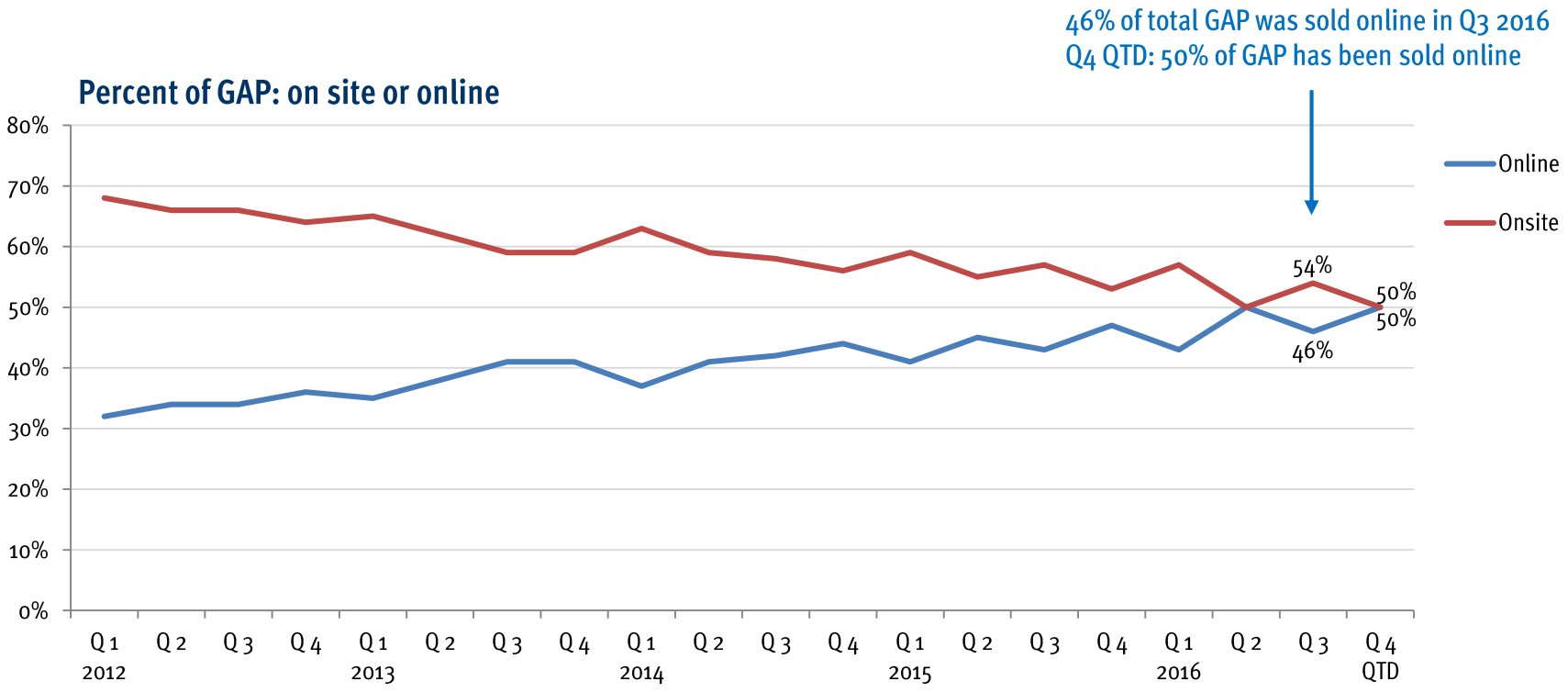





# Online bidding continues to be an important option for buyers

## Online & on site transactions continue to converge

- During Q3 2016, 46% of GAP was transacted through online bidding or E1
- Q4 QTD sales indicate half of GAP has sold online
- 47% of buyers during Q3 2016 purchased their assets through online transactions




*Industrial auction data

# Detailed operating performance of "Other" sales channels

## EquipmentOne and Mascus reported as "Other" business segment

Both are considered to be online only service models, to facilitate the sale of equipment

- Segment produced $6.1 million of revenue in Q3 2016
- Both businesses operated EBITDA positive (before E1 impairment loss)
- Depreciation and Amortization from continued product investments has impacted E1 results

| Performance metric | EquipmentOne – Q3 2016 | Mascus – Q3 2016 |
|---|---|---|
| GTV | $42.1 million | Not applicable |
| Revenue Rate (Revenue/GTV) | 9.7% | 100% (all fee-based revenue, not associated GAP) |
| Revenue | $4.1 million | $2.0 million |
| Cost of Services | $0.4 million | $0.2 million |
| SG&A expenses | $3.5 million | $1.5 million |

# We remain strongly committed to EquipmentOne's success

## Sales engagement at unprecedented levels

- Listings volume up strong double digits YOY through 3Q
- GTV up 39% in 3Q; 28% YTD

## Product development momentum

- In Q3, added a new bidding engine, improvements in user experience, better personalization and merchandising
- Improvements in ESS software (Enterprise Sales Solutions) and new implementations

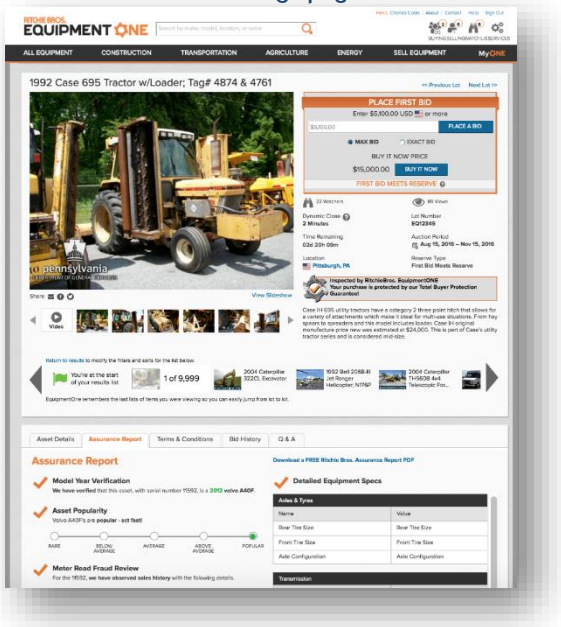
## Selling tools for TM launched in Q3

- Completed project to unify separate selling processes and systems on salesforce.com, making it much easier for TMs to list, manage and sell on E1 using the same tools they use for core auctions
- Launched multichannel sell sheets to the field sales force in 3Q

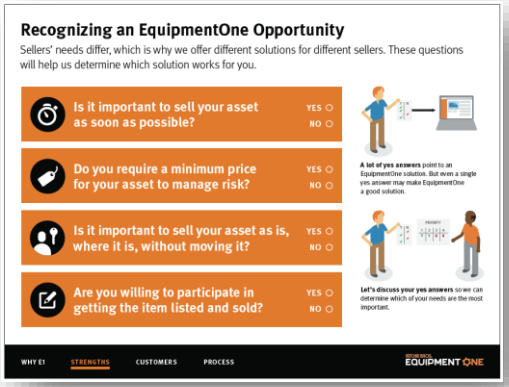
## Buy-side activity

- Added advancements in digital marketing and investment in buyer outreach to grow the buyer base
- Bidding activity has markedly increased, with new user signups up over 30% and sessions with a bid up over 50% YOY through 3Q

New listings page




Multi-channel sell sheet example

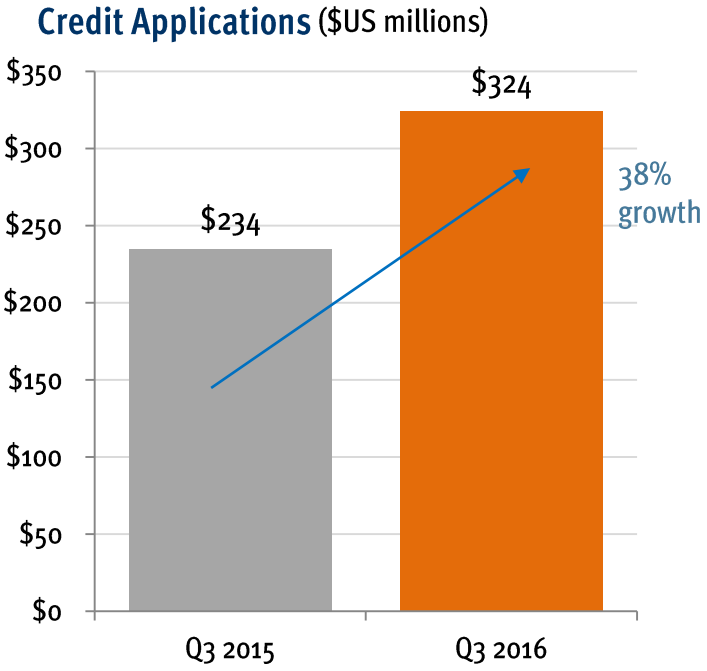


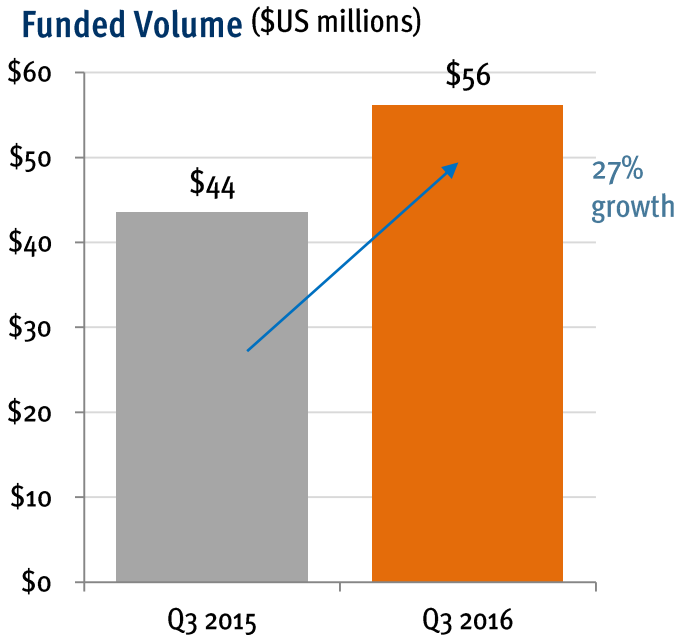
# Ritchie Bros. Financial Services

## Acquired remaining 49% interest in RBFS on July 12, 2016

- Shareholders began receiving the full benefit of RBFS earnings during Q3 2016

## RBFS contributed $0.01 to diluted EPS attributable to shareholder during the quarter



# Q3 2016 Performance

Sharon Driscoll, Chief Financial Officer

RITCHIE BROS.™

# Reconciliation of Q3 US GAAP, Adjusted and Comparable figures

| **Q3 2016**<br>($US Millions except for EPS, %) | US GAAP | Adjusted (Non-GAAP) | Comparable (Non-GAAP) |
|---|---|---|---|
| Revenues | $128.9 | $128.9 | $128.9 |
| Costs of services, excluding Depreciation & Amortization | 14.8 | 14.8 | 14.8 |
| Selling, general and administrative expenses | 69.0 | 69.0 | 69.0 |
| Acquisition-related costs | 4.7 | 4.7 | (excluded) |
| Depreciation & Amortization | 10.2 | 10.2 | 10.2 |
| Gain on disposal of property, plant and equipment | (0.6) | (0.6) | (0.6) |
| Impairment loss | 28.2 | (excluded) | (excluded) |
| Foreign exchange loss | 0.3 | 0.3 | 0.3 |
| Operating Income | 2.3 | 30.5 | 35.2 |
| Other Income (expenses) | (0.1) | (0.1) | (0.1) |
| Income tax recovery from impairment of intangible assets | (1.8) | (excluded) | (excluded) |
| Income tax expense | 7.2 | 9.0 | 9.0 |
| Net Income (Loss) attributable to stockholders | $(5.1) | $21.3 | $26.0 |
| Diluted Earnings (Loss) Per Share attributable to stockholders | $(0.05) | $0.20 | $0.24 |
| Effective tax rate | 329.4%% | 29.5% | 25.6% |

# Income statement summary – Q3 2016

## Comparable results exhibit strong operating results, outside of quarterly "noise"

### Q3 2016 Income statement summary

| *3 months trailing* ($US Millions except for EPS, %) | September 30, 2016 | September 30, 2015 | *Better / (Worse)* |
|---|---|---|---|
| GAP | $998.9 | $894.5 | *12%* |
| Revenues | $128.9 | $109.3 | *18%* |
| Revenue Rate | 12.90% | 12.22% | *68 bps* |
| Operating Income | $2.3 | $28.6 | *(92)%* |
| Adjusted Operating Income (Non-GAAP) | $30.5 | $28.6 | *7%* |
| Comparable Operating Income (Non-GAAP) | $35.2 | $28.6 | *23%* |
| Operating Income Margin | 1.8% | 26.2% | *(2440) bps* |
| Adjusted operating income margin (Non-GAAP) | 23.7% | 26.2% | *(250) bps* |
| Comparable operating income margin (Non-GAAP) | 27.3% | 26.2% | *110 bps* |
| EBITDA | $12.9 | $39.7 | *(68)%* |
| Adjusted EBITDA (Non-GAAP) | $41.2 | $39.7 | *4%* |
| Comparable EBITDA (Non-GAAP) | $45.9 | $39.7 | *16%* |
| Diluted Earnings (Loss) per share attributable to stockholders | $(0.05) | $0.19 | *(126)%* |
| Adjusted Diluted EPS attributable to stockholders (Non-GAAP) | $0.20 | $0.19 | *5%* |
| Comparable diluted EPS attributable to stockholders (Non-GAAP) | $0.24 | $0.19 | *26%* |

# Volume & rate increases contributed to revenue growth

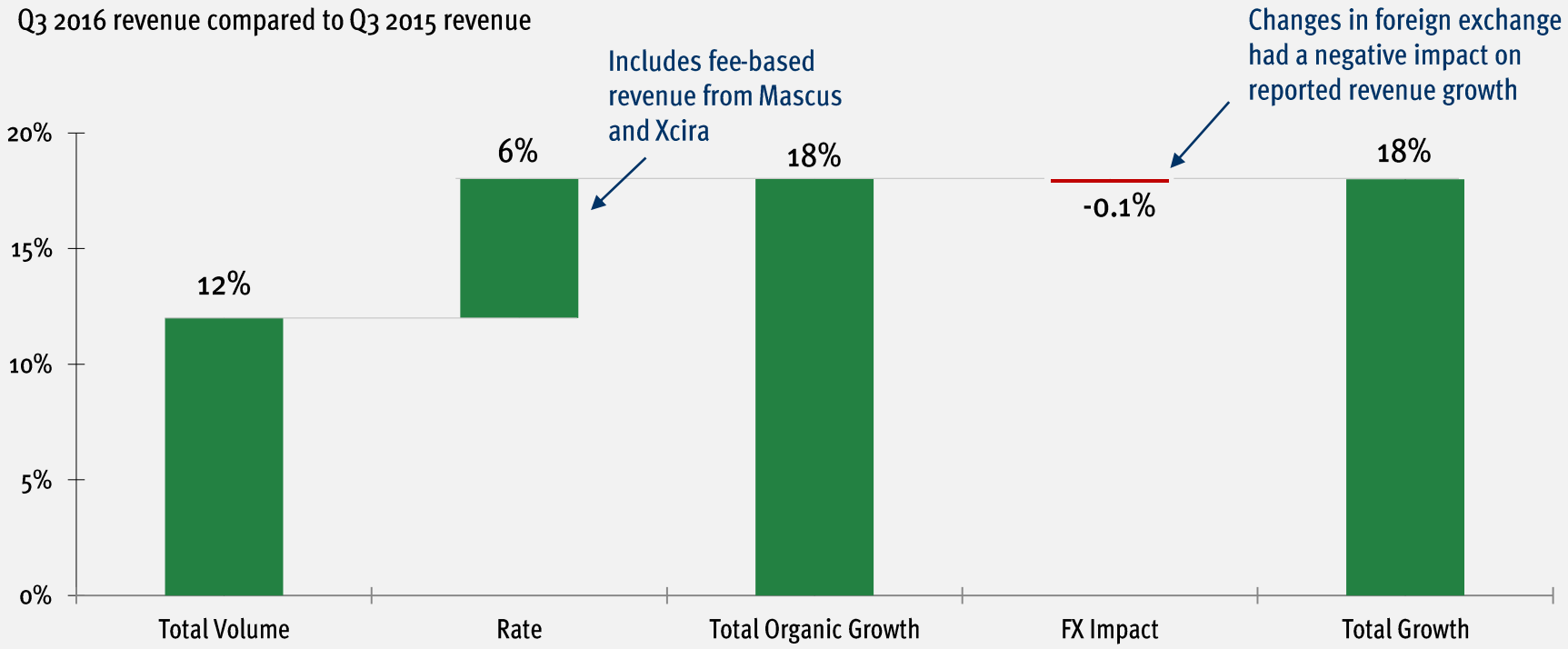
## Volume increases generated 2/3 of revenue growth; rate improvement 1/3

## For first time in a long time, FX changes in FX had very little impact on our results

Still impacts YTD results given earlier FX swings

### Breakdown of revenue growth/decline, % attributable to item

Q3 2016 revenue compared to Q3 2015 revenue

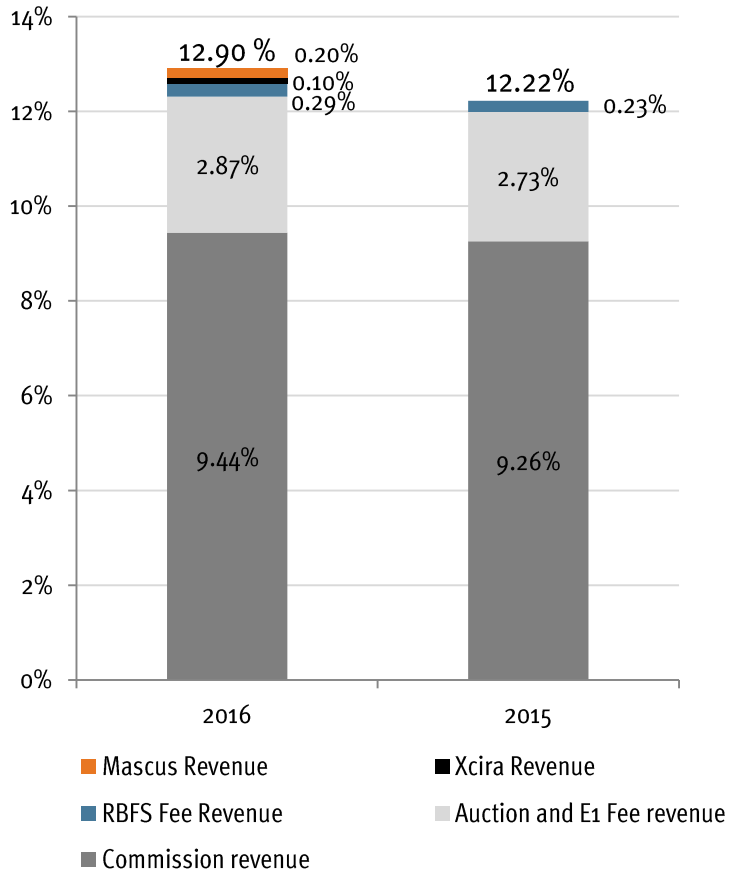


# Revenue rate strength from both commission and fee improvement

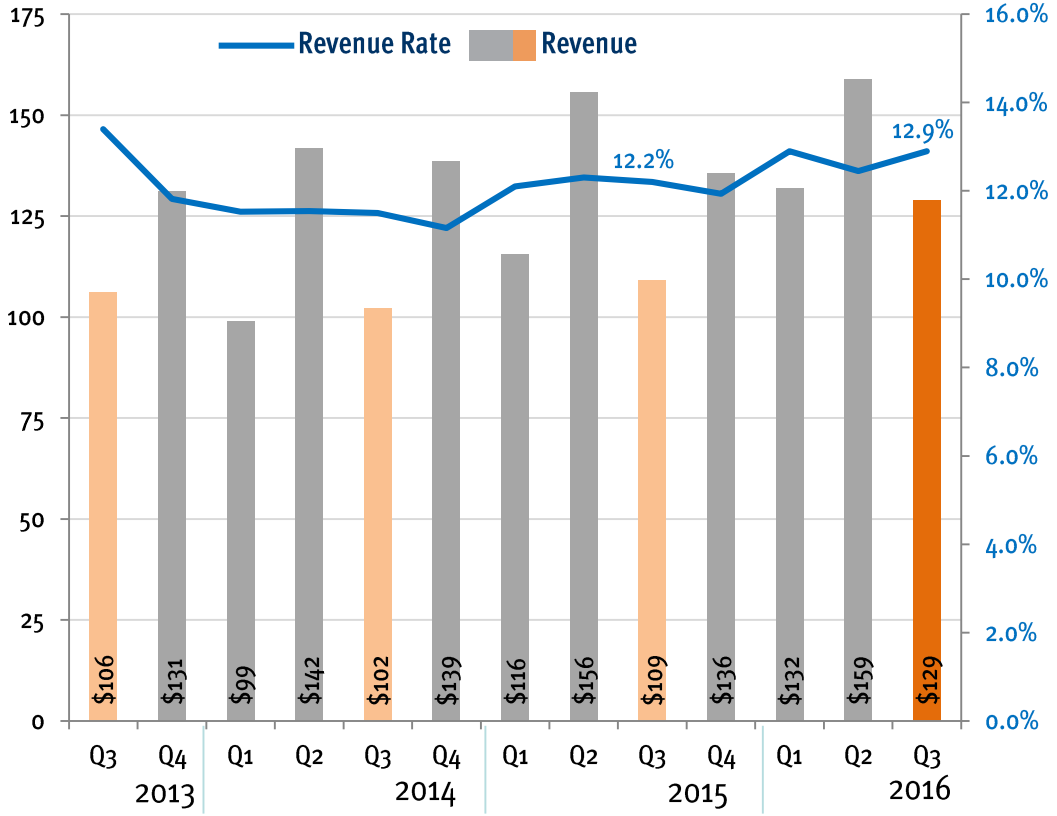
## Revenue rate was 68 bps higher than same quarter last year

Auction commissions and fees (incl. E1) both improved; New business channels also continue to supplement revenue rate

### Q3 2016 Revenue Rate components




### Quarterly revenue & Revenue Rate ($US millions)



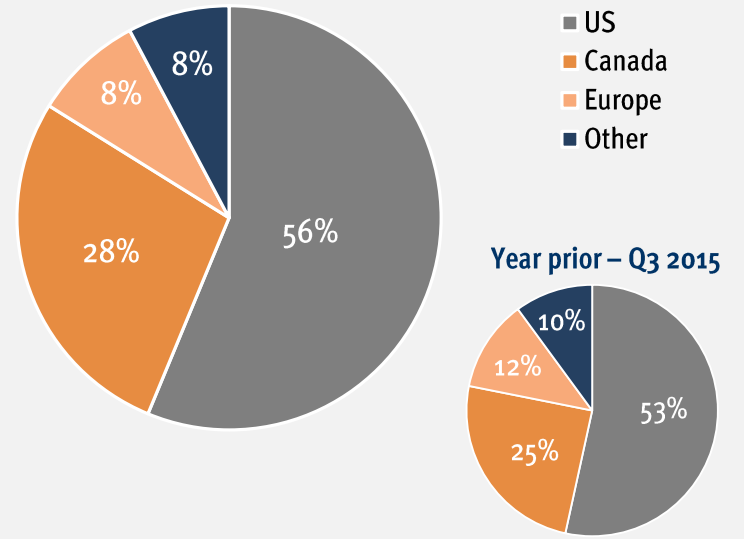
# US was a major driver of revenue growth during the quarter

## US growth benefited from significantly larger auction in Columbus, Ohio this year

Canadian revenue growth and proportion was positively influenced by auction timing differences (Montreal auction at end of September was attributed to Q4 last year)

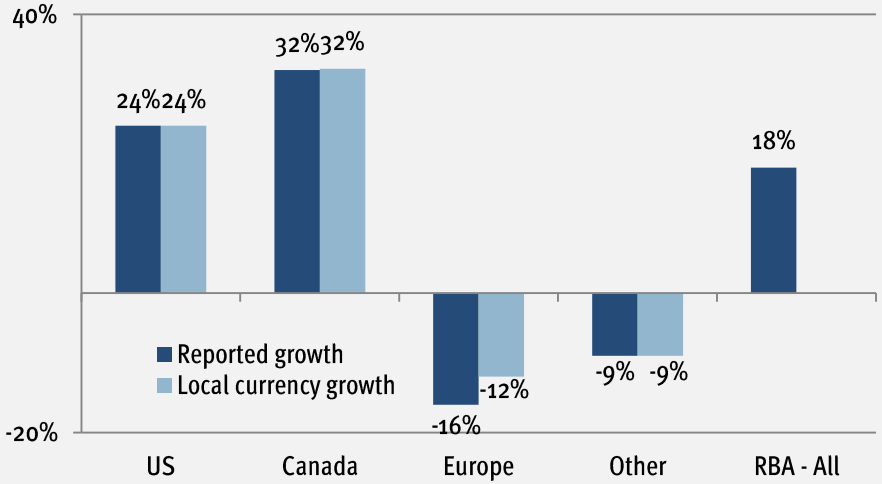
### Geographic breakdown of Q3 revenue

$US revenue




### Q3 Core auction[1] revenue growth rates

$US growth; local currency (Core auction does not include E1, Mascus)



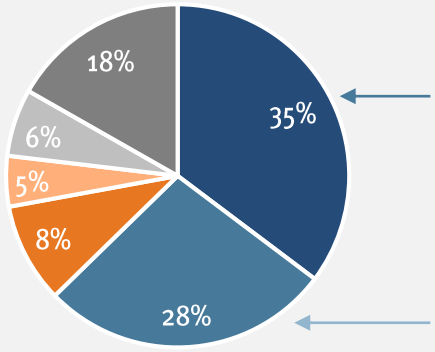

[1] Core includes Xcira, RBFS, and ancillary service revenues.

# Higher SG&A relative to comparable quarter last year

## SG&A expenses grew due to new business lines, new executive roles, ancillary services

- Employee comp expenses (personnel, bonuses and share-based payments) increased as a result of an 8% increase in headcount and $2.8 million increase of share-based payments (mostly mark-to-market due to higher stock price).
- New businesses (Xcira, Mascus, Petrowsky) contributed $3.0 million of costs that were not on our platform in Q3 2015

### Percent of total $10.8 mil SG&A increase




8% increase in headcount

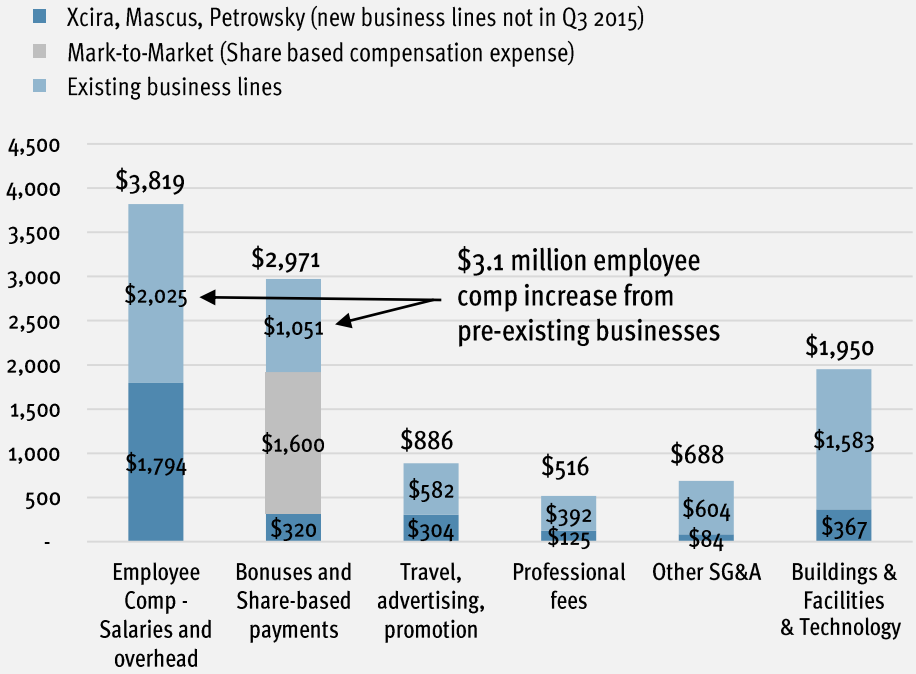
2 C-level executives hired since Q3 2015

$1.8 mil associated with new business lines

Incl. $1.6 mil Mark-to-market (due to stock price appreciate relative to Q3 last year)

- Employee Comp - Salaries and overhead
- Bonuses and Share-based payments
- Travel, advertising, promotion
- Professional fees
- Other SG&A
- Buildings & Facilities & Technology

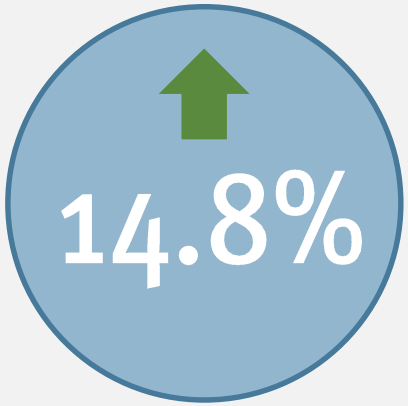
### SG&A Increase:
### New business lines as proportion of total increase



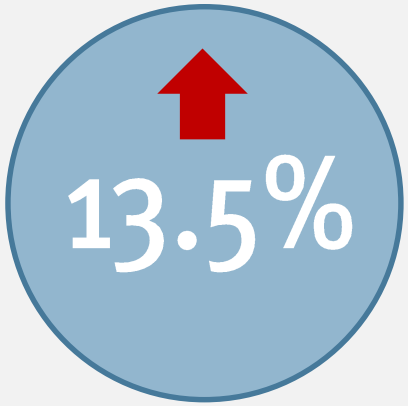
# SG&A of pre-existing businesses growing slower than Revenue

**Revenue of pre-existing business lines (Ritchie Bros. Auctioneers, EquipmentOne, RBFS) grew 14.8% compared to Q3 2015**

- Reported SG&A included $3.0 million of SG&A due to new business lines
- $1.6 million of SG&A due to mark-to-market adjustments for share-based comp




Revenue growth excl. new business lines




SG&A growth excl. new business lines




SG&A growth excl. new business lines AND mark-to-market share based comp expense

# EquipmentOne impairment charges

## Recent performance triggered an impairment test

$23.5 million of impairment charge related to Goodwill

$4.7 million (pre-tax) impairment charge related to other Intangible Assets (customer relationships)

Growth in revenue and other KPIs has been restored in 2015 and 2016, but has not met growth targets.

Growth has been gradual; has not met 20% growth for 2016, as required to avoid impairment

| Charge | US$ mil |
|---|---|
| Goodwill impairment | $23.5 |
| Intangible asset impairment (pre-tax) | $4.7 |
| Intangible asset impairment tax recovery | ($1.8) |
| Impairment impact on reported results | $26.4 |

## We remain committed to EquipmentOne's success

**Believe there is even further growth potential for EquipmentOne following our acquisition of IronPlanet**

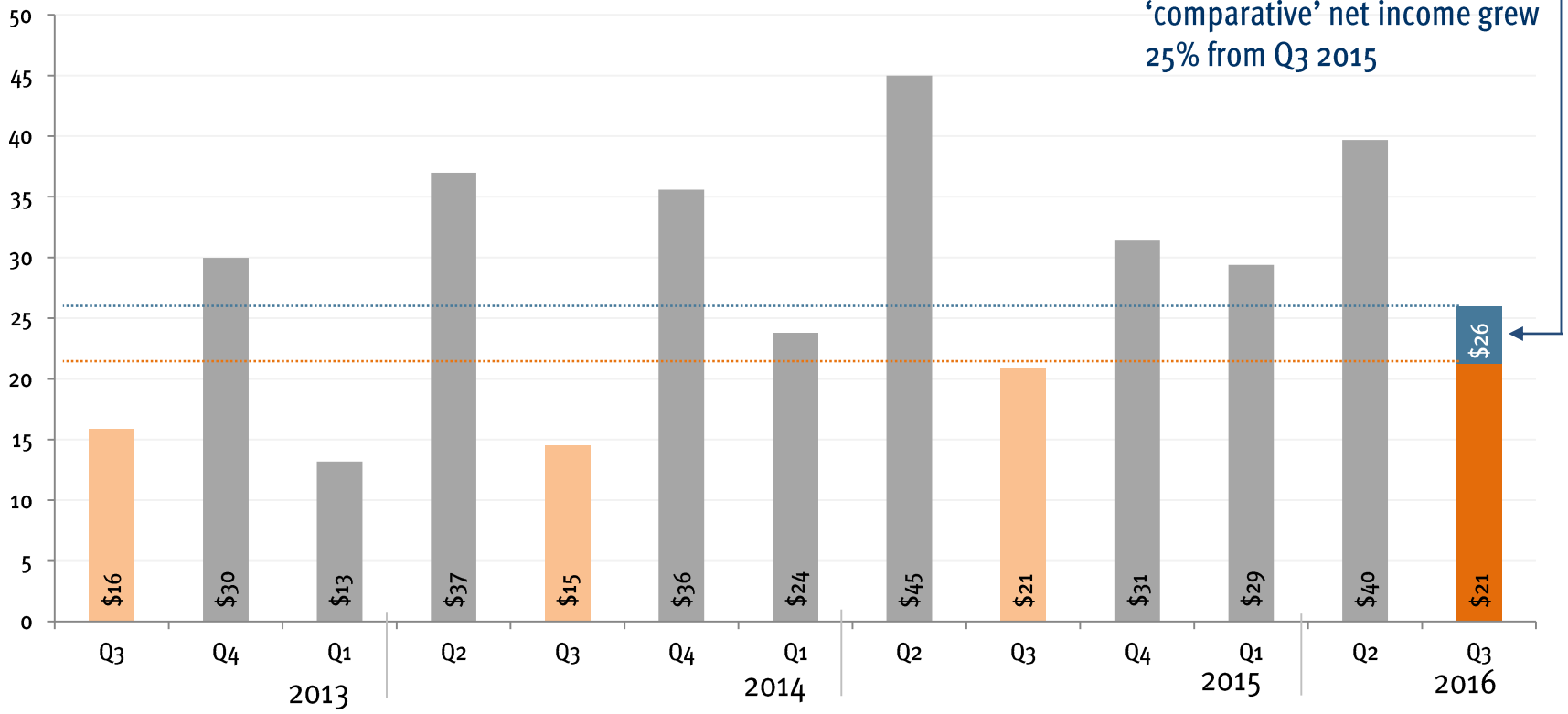
# Q3 adjusted net income impacted by acquisition-related costs

## Q3 2016 adjusted net income improved 2% relative to Q3 2015

**Excluding impairment charges AND acquisition related costs, 'comparative' net income grew 25%**

### Quarterly Adjusted Net Income attributable to Stockholders[1]

($US millions)




Adding back $4.7 million of costs associated with M&A activity, 'comparative' net income grew 25% from Q3 2015

[1] Earnings attributable to Ritchie Bros. Incorporated. Excludes minority interest of Ritchie Bros. Financial Services and Xcira.

# Balance sheet and liquidity metrics – Q3 2016

## Q3 2016 Balance sheet and liquidity metrics (All unadjusted unless otherwise noted)

| *12 months trailing* ($US Millions except for percent figures) | September 30, 2016 | September 30, 2015 | *Better / (Worse)* |
|---|---|---|---|
| Operating Free Cash Flow | $178.0 | $229.4 | (22)% |
| Working Capital | $131.6 | 140.1 | (6)% |
| Working Capital Intensity | -12.6% | -18.8% | (620) bps |
| Capex Intensity | 4.2% | 4.2% | No change |
| ROIC (Return on Invested Capital) | 15.4% | 15.8% | -40 bps |
| RONA (Return on Net Assets) | 21.1% | 27.0% | (590) bps |
| *RONA excluding term loan reclassification* | 21.1% | 24.6% | (360) bps |
| Debt / Adjusted EBITDA | 0.7x | 0.5x | (0.2)x |

**Net cash provided by operating activities during F9M of 2016 of $163.4 million, a 3% increase from same period last year**

# Completed $1 billion of new credit facilities in October

## Syndicate of 14 banks have collectively provided:

- US$675 million multi-currency revolving credit facility to support operating cash flow needs and higher business volumes
- US$325 million delayed-draw term loan to fund portion of previously announced acquisition of IronPlanet

## New debt syndicate replaces prior private bi-lateral credit facilities and private notes; Provides increased flexibility to Company

## Terms:

- Credit facilities will remain unsecured until the closing of the IronPlanet acquisition
- At time of closing, the Facilities will become secured by assets of Ritchie Bros. and certain of its subsidiaries
- Facilities expected to become unsecured again, once we meet specified credit ratings or leverage ratio condition

## We intend to pay down debt levels following the close of the IronPlanet transaction with expected cash flows

- Ritchie Bros. consistently generates free cash flows in excess of net income

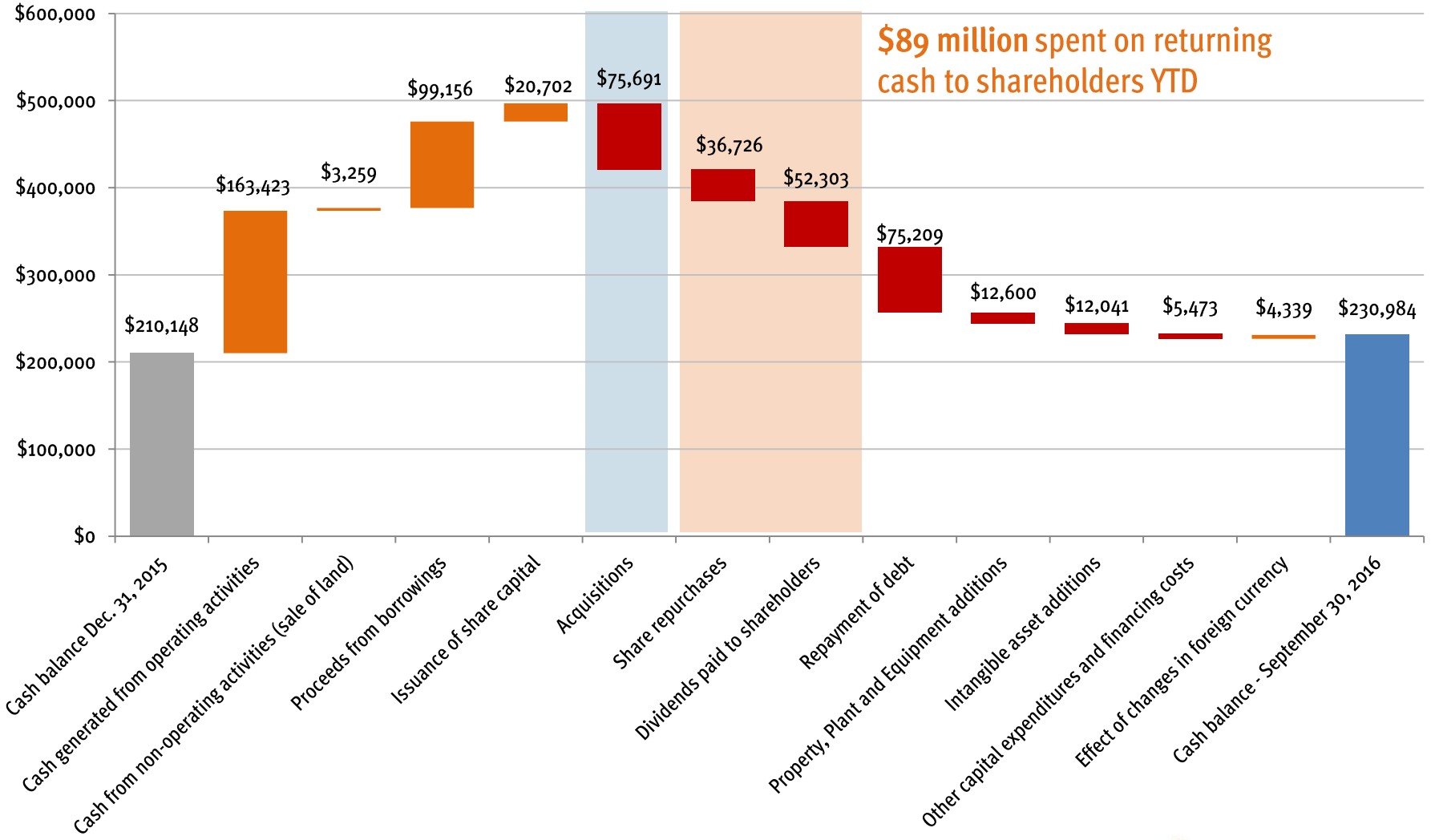
**Intend to issue bonds to fund remaining portion of debt, subject to debt market conditions**

# Allocating cash to growth initiatives & shareholder returns

**Use of Cash – First 9 Months of 2016** (US$ mil)

**$76 million** spent on growth initiatives YTD

**$89 million** spent on returning cash to shareholders YTD



# Capital allocation priorities – before/after IP acquisition

**BEFORE IRONPLANET ACQUISITION ANNOUNCEMENT**

| | 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 |

**AFTER IRONPLANET ACQUISITION CLOSES**

| PRIORITY | DISCUSSION |
|---|---|
| Grow dividends with earnings | Highly valued return of cash to shareholders |
| Pay down portion of short-term debt | Intention is to lower net debt-to-EBITDA ratio to 2.5X rapidly |
| Acquisitions | Pipeline of interesting opportunities still exists. RB is a growth company |
| Share buy-backs | 1. Temporarily hold off on share repurchases to offset dilution from management stock options<br>2. Growth initiatives are a higher priority at this time |
| Pay down long-term debt | Only if better economic returns are not available |

(1) Priorities for cash utilization after operating CAPEX needs have been met.

# Final Comments

Ravi Saligram, Chief Executive Officer

# YTD 2016 financial highlights (First 9 months)

## YTD results demonstrate solid GAP and Revenue growth

Operating income and EPS were negatively impacted by E1 impairment, Acquisition-related costs and lower margins
Foreign exchange impacted YTD results (mostly during H1)

| | Reported - % Growth Versus F9M 2015 | Constant Currency - % Growth Versus F9M 2015 |
|---|---|---|
| GAP | 6% | 8% |
| Revenue | 10% | 12% |
| Operating Income | (24)% | (23)% |
| Diluted EPS attributable to stockholders | (28)% | n/a |
| Diluted Adjusted EPS attributable to stockholders (Non-GAAP) | 1% | n/a |
| Operating Free Cash Flow (12 month rolling) | (22)% | n/a |
| ROIC (12 month rolling) | (40) bps | n/a |

# Clarifying our YTD (Sept. 30) 2016 results

## US GAAP (REPORTED)

Includes full impact of E1 writedown and acquisition-related costs

**(28%)**
Diluted EPS attributable to stockholders

**(24%)**
Million in Operating Income

**(1000) bps**
Operating Income margin

## ADJUSTED (NON-GAAP)

Excludes impact of E1 writedown; still includes impact of acquisition-related costs

**1%**
Diluted adjusted EPS attributable to stockholders

**(1%)**
Million in adjusted Operating Income

**(330) bps**
Operating Income margin

## COMPARABLE (NON-GAAP)

Excludes impact of both the E1 writedown and acquisition-related costs

**7%**
Diluted adjusted EPS attributable to stockholders, excluding acquisition-related costs

**3%**
Million in adjusted Operating Income, excluding acquisition-related costs

**(220) bps**
Adjusted operating income margin, excluding acquisition-related costs

# October GAP impacted by auction timing

## Auction timing impacted Oct. GAP results

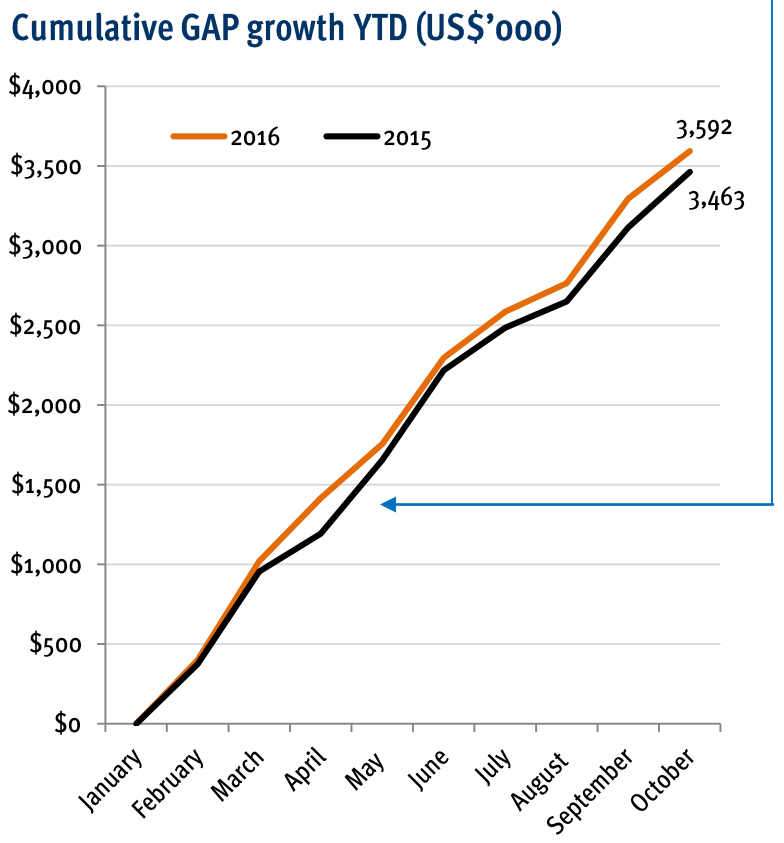
- October GAP declined 15% relative to Oct. last year
- Montreal and Columbus auctions occurred in Sept. this year (rather than in Oct. last year)
- Approx. $53 mil of GAP was generated from these two sites in October last year
- Comparable Orlando auction this year occurs in November (rather than in Oct. in 2015)

## YTD GAP increased 4%

- FX swings did impact reported GAP vs. constant currency GAP earlier in the year
- YTD GAP increased 5% on a constant currency basis

## Trailing 12 months GAP $4.4 billion

Auction timing difference will cause month-to-month volatility



# Fourth quarter considerations

## Macro environment is uncertain

- Difficult to predict reaction to yesterday's election results over the short-term
- Oil and gas dislocation appears to be slowing down (eg. Edmonton, Texas)
- Europe, Middle East continue to be soft
- Mexico impacted by sharp currency decline

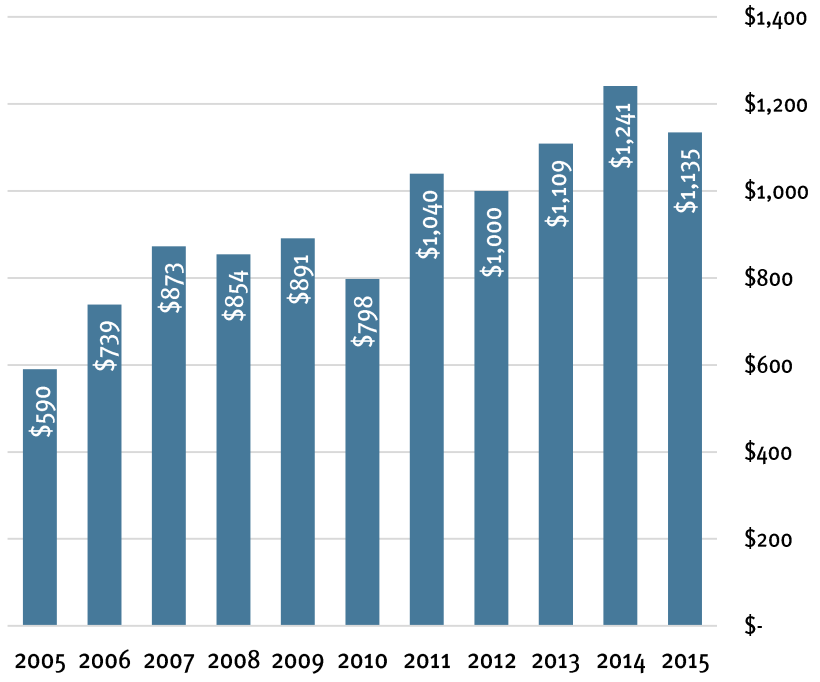
## Q4 negatively impacted by auction timing

- Two auctions moved into Q3

## Other considerations

- Additional acquisition-related costs for integration planning and legal work for IronPlanet transaction
- Penalty for terminating private note early of $7 million
- Easy bonus accrual comp given adjustment in Q4 2015
- Reminder - Q4 2015 also had:
  - $8.4 million of revenue related to the sale of excess Edmonton land
  - $7.9 million of tax savings generated by tax loss utilization

## Q4 GAP in recent years (US$000)




**Longer term optimism regarding President Elects' commitment to rebuilding infrastructure in the US**

# Execution of M&A activities is driving diversification strategy

## We have delivered on our previously stated M&A strategies

- Need to digest recent acquisitions
- Only reviewing bolt-on opportunities now to increase presence in certain regions/sectors

**PREVIOUSLY STATED M&A STRATEGIES BEING PURSUED, AND RELATED ACQUISITION ACTIVITY:**

| 1 | 2 | 3 |
|---|---|---|
| **Bolt-on acquisitions** that can grow our auction volumes and scale<br>• Small to medium size businesses<br>• Often family owned, private companies | Acquisitions that **enhance our sales channels and customer solutions**<br>• Often technology based<br>• Partner with high growth businesses/ potential disrupters | **Needle-moving acquisitions** that could significantly grow our business<br>• Could require debt financing<br>• Could expand our sector &/or geographic exposure |
| Petrowsky Auctioneers Inc. | MASCUS; Xcira Relentless Optimization; machinio.com (Minority interest); RITCHIE BROS. Financial Services | IRON PLANET (Announced) |

# Update on IronPlanet acquisition

## US regulatory review is in process

Our transaction was allocated to the Department of Justice for review

Contingent on DoJ approval, earliest transaction could possibly close is January 2017. Quite possible their review process could take longer

Integration Management Office established with members from both companies; integration planning process well underway

Financing to close the transaction is in place

More specific details of IronPlanet's historical and recent performance will be available at the time the acquisition closes

## IronPlanet performance updates:

### Achieved September records, as recently disclosed:

- During September they sold 9,890 items for more than $99 million in GMV
- Held 23 auctions in 30 days

### In October, IronPlanet held its second Cat Auctions Services auction in the UK, partnering with Finning

- Occurred on October 18, 2016

# Q&A

Ravi Saligram, Chief Executive Officer
Sharon Driscoll, Chief Financial Officer
Jim Barr, Group President
Terry Dolan, President – US and Latin America
Randy Wall, President – Canada

RITCHIE BROS.™

# Appendix

IronPlanet acquisition information
Age of equipment sold
Reconciliation of Non-GAAP measures

## Non- GAAP Measures

The following tables reconcile non-GAAP measures referred to in this presentation to the most directly comparable GAAP measure reflected in the Company's financial statements

RITCHIE BROS.™

# The Ritchie Bros. family of brands (post IronPlanet transaction)

## Ritchie Bros. will offer five main sales channels to equipment owners

Business units are supported through Ritchie Bros. ownership of Xcira (online auction technology provider) and Ritchie Bros. Financial Services (financial solutions partner for equipment buyers).

RITCHIE BROS.™

*75% ownership* → Xcira (Relentless Optimization)

Integrated technology platform

*100% ownership* → RITCHIE BROS. Financial Services

Financial intermediary capitalizing on captive customer base to provide an alternative source of capital

- RITCHIE BROS. Auctioneers® — AUCTION SERVICES CAT — Integrated onsite/online auction network[1]
- IRON PLANET — Online marketplace and online auction
- RITCHIE BROS. EQUIPMENT ONE — Online marketplace
- MASCUS — Online listing service
- PRIVATE TREATY, A Ritchie Bros. Solution — Brokerage channel for highly specialized assets

[1] Includes Petrowsky Auctioneers and Kruse Energy Auctions: Petrowsky Auctioneers Inc., KRUSE ENERGY™

# Ritchie Bros. to buy IronPlanet: next logical step of diversification

## Strategy enhances customer choice

### IronPlanet® is a trusted online auction/marketplace brand for transacting heavy equipment and other durable assets, with GMV[1] of $956 TTM[2] (June 30, 2016)

- Multiple formats, core being weekly unreserved auctions
- Focus on construction sector
- Through their core model, equipment consignors do not have to move equipment
- Have a world-class inspection system ('IronClad® Assurance equipment inspection certification')

### Complementary brand to RB, makes combination attractive

- IronPlanet is at an inflection point – growing rapidly, albeit from a smaller base
  - Caterpillar relationship has been a key growth catalyst
- Provides access to a different type of customer
  - Complementary customer bases
  - Buyer base is more tech savvy
  - Recent growth driven by corporate accounts, OEM dealers and OEMs, and new sectors
- Strong, customer friendly technology platform
  - Tracks and enables the entire transaction life cycle
  - Scalable; technology drives the entire process
- Expands penetration into largely untapped sectors, such as Government surplus and Oil & Gas
- Combined company can accelerate international expansion
  - RB scale and infrastructure with IronPlanet's model can appeal to customers in regions such as Germany, Japan and China

IRONPLANET BRANDS:

IRON PLANET

AUCTION SERVICES CAT

TRUCKPLANET

GOVPLANET

KRUSE ENERGY

(1) Gross Merchandise Value – total value of assets sold through IronPlanet sales channels.
(2) Trailing 12 months June 30, 2016

# Summary of transaction terms

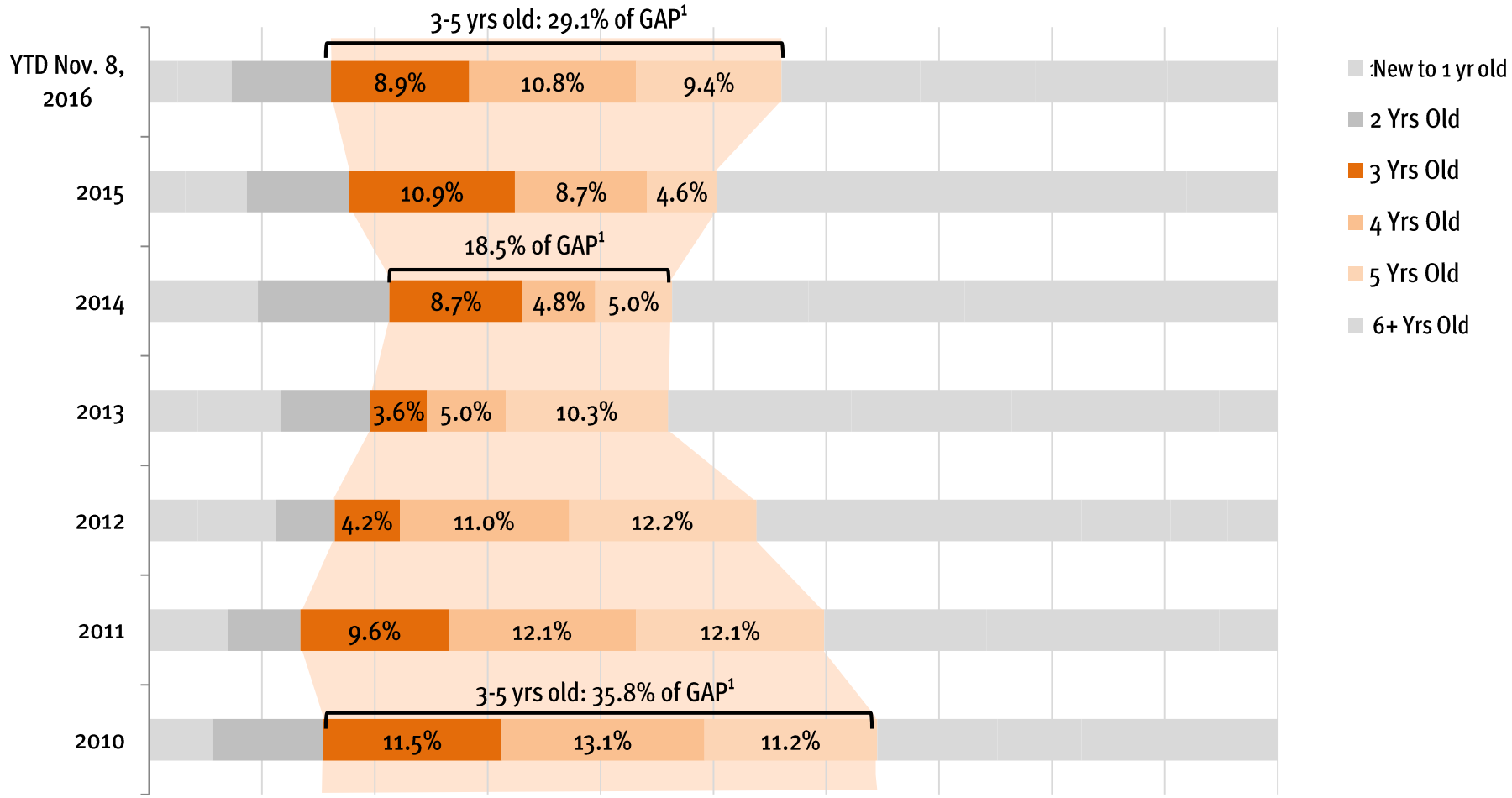
## Ritchie Bros. has entered into an agreement to acquire 100% of IronPlanet

| | |
|---|---|
| CONSIDERATION | • ~US$758.5 million cash transaction[1]<br>• 13.0X multiple of 2017E EBITDA[2] |
| EXPECTED FINANCIAL BENEFITS | • The transaction is expected to be earnings accretive within the first year [3]<br>• Annual cost synergies of ~$20 million, expected to be achieved by 2018<br>• NPV of tax synergies of ~$100 million<br>• Similar operating leverage model as Ritchie Bros.<br>• Similar cash flow characteristics to Ritchie Bros. |
| GROWTH IMPLICATIONS | • RB's revenue growth target[4] revised upward to high single to low teens (% growth) post transaction<br>• RB's EPS growth target[4] revised upward to low teens to high teens (% growth) |
| FINANCING | • Fully committed financing in place<br>• Expect to replace committed facility with mix of pre-payable debt and long-term debt<br>• Utilizes strength of Ritchie Bros. balance sheet<br>• After final financing in place, expect <3.0x net to adjusted EBITDA ratio on closing (with a target of returning to 2.5x) |
| CLOSING | • Expect closing during or before H1 2017<br>• Transaction is subject to customary closing conditions, including regulatory clearances |

(1) Consists of US$740 million in cash plus approximately $18.5 million assumption of unvested equity interests, subject to standard closing adjustments
(2) Inclusive of $100 million NPV of tax synergies and $20 million in run-rate cost synergies. Based on current tax environment
(3) Transaction is expected to be accretive to earnings within the first year, excluding acquisition related costs
(4) Growth implications is part of our new evergreen model post transaction; does not represent annual guidance
Provided to help with modeling an average annual basis over a 5 to 7 year period

# Age of equipment sold improving from past years

## Age of Equipment sold at Ritchie Bros. Auctions[1]




[1] Industrial auctions only. Excludes equipment over 10+ years and equipment with unknown ages.

# Reconciliation of Non-GAAP Measures

The following tables present our adjusted operating income (non-GAAP measure) and adjusted operating income margin (non-GAAP measure) results for the three and nine months ended September 30, 2016 and 2015, as well as reconcile those metrics to operating income, revenues, and operating income margin, which are the most directly comparable GAAP measures in, or calculated from, our consolidated income statements:

| (in U.S. $ thousands) | Three months ended September 30, | | |
|---|---|---|---|
| | | | Change |
| | 2016 | 2015 | 2016 over 2015 |
| Operating income | $ 2,285 | $ 28,602 | (92%) |
| Pre-tax adjusting item: | | | |
| Impairment loss | 28,243 | - | 100% |
| Adjusted operating income (non-GAAP measure) | $ 30,528 | $ 28,602 | 7% |
| Revenues | $ 128,876 | $ 109,318 | 18% |
| Operating income margin | 1.8% | 26.2% | -2440 bps |
| Adjusted operating income margin (non-GAAP measure) | 23.7% | 26.2% | -250 bps |

| (in U.S. $ thousands) | Nine months ended September 30, | | |
|---|---|---|---|
| | | | Change |
| | 2016 | 2015 | 2016 over 2015 |
| Operating income | $ 95,094 | $ 124,416 | (24%) |
| Pre-tax adjusting item: | | | |
| Impairment loss | 28,243 | - | 100% |
| Adjusted operating income (non-GAAP measure) | $ 123,337 | $ 124,416 | (1%) |
| Revenues | $ 419,626 | $ 380,413 | 10% |
| Operating income margin | 22.7% | 32.7% | -1000 bps |
| Adjusted operating income margin (non-GAAP measure) | 29.4% | 32.7% | -330 bps |

# Reconciliation of Non-GAAP Measures

The following table presents our ROIC (non-GAAP measure) results on a trailing 12-month basis, and reconciles that metric to net income attributable to stockholders, long-term debt, stockholders' equity, and return on average invested capital, which are the most directly comparable GAAP measures in, or calculated from, our consolidated financial statements:

| (in U.S. $ millions) | For the 12 months ended September 30, | | |
|---|---|---|---|
| | | | Change |
| | 2016 | 2015 | 2016 over 2015 |
| Net income attributable to stockholders | $ 110.5 | $ 121.1 | (9%) |
| Pre-tax adjusting items: | | | |
| Management reorganization | - | 5.5 | (100%) |
| Gain on sale of excess property | (8.4) | - | (100%) |
| Impairment loss | 28.2 | - | 100% |
| Current income tax effect of adjusting items: | | | |
| Management reorganization | - | (1.3) | 100% |
| Gain on sale of excess property | 1.1 | - | 100% |
| Deferred income tax effect of adjusting items: | | | |
| Impairment loss | (1.8) | - | (100%) |
| Deferred tax adjusting item: | | | |
| Tax loss utilization | (7.9) | - | (100%) |
| Adjusted net; income attributable to stockholders (non-GAAP measure) | $ 121.8 | $ 125.3 | (3%) |
| Opening long-term debt | 100.6 | 113.9 | (12%) |
| Ending long-term debt | 101.6 | 100.6 | 1% |
| Average long-term debt | $ 101.1 | $ 107.3 | (6%) |
| Opening stockholders' equity | 686.3 | 688.3 | - |
| Ending stockholders' equity | 689.6 | 686.3 | - |
| Average stockholders' equity | $ 688.0 | $ 687.3 | - |
| Average invested capital | $ 789.1 | $ 794.6 | (1%) |
| Return on average invested capital | 14.0% | 15.2% | -124 bps |
| ROIC (non-GAAP measure) | 15.4% | 15.8% | -40 bps |

# Reconciliation of Non-GAAP Measures

| (in U.S. $ thousands, except share and per share data) | Nine months ended September 30, | | Change |
|---|---|---|---|
| | 2016 | 2015 | 2016 over 2015 |
| Net income attributable to stockholders | $ 63,979 | $ 89,685 | (29%) |
| Pre-tax adjusting item: | | | |
| Impairment loss | 28,243 | - | 100% |
| Deferred income tax effect of adjusting item: | | | |
| Impairment loss | (1,798) | - | (100%) |
| Adjusted net income attributable to stockholders (non-GAAP measure) | $ 90,424 | $ 89,685 | 1% |
| Weighted average number of dilutive shares outstanding | 107,221,390 | 107,433,359 | - |
| Diluted EPS attributable to stockholders | $ 0.60 | $ 0.83 | (28%) |
| Diluted adjusted EPS attributable to stockholders (non-GAAP measure) | $ 0.84 | $ 0.83 | 1% |

The adjusting item for the three and nine months ended September 30, 2016 was a $26.4 million ($28.2 million before tax, or $0.25 per diluted share) impairment loss on our EquipmentOne reporting unit goodwill and customer relationships recognized in the third quarter of 2016.

The following tables present our adjusted net income attributable to stockholders (non-GAAP measure) and diluted adjusted EPS attributable to stockholders (non-GAAP measure) results for the three and nine months ended September 30, 2016 and 2015, as well as reconcile those metrics to net income (loss) attributable to stockholders, the weighted average number of dilutive shares outstanding, and diluted EPS (loss per share) attributable to stockholders, which are the most directly comparable GAAP measures in our consolidated income statements:

| (in U.S. $ thousands, except share and per share data) | Three months ended September 30, | | Change |
|---|---|---|---|
| | 2016 | 2015 | 2016 over 2015 |
| Net income (loss) attributable to stockholders | $ (5,137) | $ 20,825 | (125%) |
| Pre-tax adjusting item: | | | |
| Impairment loss | 28,243 | - | 100% |
| Deferred income tax effect of adjusting item: | | | |
| Impairment loss | (1,798) | - | (100%) |
| Adjusted net income attributable to stockholders (non-GAAP measure) | $ 21,308 | $ 20,825 | 2% |
| Weighted average number of dilutive shares outstanding | 107,525,051 | 107,517,888 | - |
| Diluted EPS (loss per share) attributable to stockholders | $ (0.05) | $ 0.19 | (126%) |
| Diluted adjusted EPS attributable to stockholders (non-GAAP measure) | $ 0.20 | $ 0.19 | 5% |

# Reconciliation of Non-GAAP Measures

The following tables present our adjusted EBITDA (non-GAAP measure) and adjusted EBITDA margin (non-GAAP measure) results for the three and nine months ended September 30, 2016 and 2015, as well as reconcile those metrics to net income (loss), revenues, and net income margin, which are the most directly comparable GAAP measures in, or calculated from, our consolidated income statements:

| (in U.S. $ thousands) | Three months ended September 30, | | |
|---|---|---|---|
| | 2016 | 2015 | Change 2016 over 2015 |
| Net income (loss) | $ (5,000) | $ 21,247 | (124%) |
| *Add*: depreciation and amortization expenses | 10,196 | 10,017 | 2% |
| *Less*: interest income | (369) | (548) | (33%) |
| *Add*: interest expense | 934 | 1,239 | (25%) |
| *Add*: current income tax expense | 9,652 | 8,700 | 11% |
| *Less*: deferred income tax recovery | (2,472) | (934) | 165% |
| Pre-tax adjusting item: | | | |
| Impairment loss | 28,243 | - | 100% |
| Adjusted EBITDA (non-GAAP measure) | $ 41,184 | $ 39,721 | 4% |
| Revenues | $ 128,876 | $ 109,318 | 18% |
| Net income margin | -3.9% | 19.4% | -2330 bps |
| Adjusted EBITDA margin (non-GAAP measure) | 32.0% | 36.3% | -430 bps |

| (in U.S. $ thousands) | Nine months ended September 30, | | |
|---|---|---|---|
| | 2016 | 2015 | Change 2016 over 2015 |
| Net income | $ 65,585 | $ 91,203 | (28%) |
| *Add*: depreciation and amortization expenses | 30,560 | 31,402 | (3%) |
| *Less*: interest income | (1,354) | (2,075) | (35%) |
| *Add*: interest expense | 3,357 | 3,816 | (12%) |
| *Add*: current income tax expense | 35,767 | 38,778 | (8%) |
| *Less*: deferred income tax recovery | (5,838) | (4,167) | 40% |
| Pre-tax adjusting item: | | | |
| Impairment loss | 28,243 | - | 100% |
| Adjusted EBITDA | $ 156,320 | $ 158,957 | (2%) |
| Revenues | $ 419,626 | $ 380,413 | 10% |
| Net income margin | 15.6% | 24.0% | -840 bps |
| Adjusted EBITDA margin (non-GAAP measure) | 37.3% | 41.8% | -450 bps |

The adjusting item for the three and nine months ended September 30, 2016 was a $26.4 million ($28.2 million before tax, or $0.25 per diluted share) impairment loss on our EquipmentOne reporting unit goodwill and customer relationships recognized in the third quarter of 2016.

# Reconciliation of Non-GAAP Measures

The following table presents our debt/adjusted EBITDA (non-GAAP measures) results as at and for the 12 months ended September 30, 2016 and 2015, as well as reconciles that metric to debt, net income, and debt as a multiple of net income, which are the most directly comparable GAAP measures in, or calculated from, our consolidated financial statements:

| (in U.S. $ millions) | As at and for the 12 months ended September 30, | | |
|---|---|---|---|
| | | | Change |
| | 2016 | 2015 | 2016 over 2015 |
| Short-term debt | $ 39.0 | $ 9.7 | 302% |
| Long-term debt | 101.6 | 100.6 | 1% |
| Debt | $ 140.6 | $ 110.3 | 27% |
| Net income | $ 113.0 | $ 123.2 | (8%) |
| ***Add***: depreciation and amortization expenses | 41.2 | 43.0 | (4%) |
| ***Less***: interest income | (1.9) | (2.6) | (27%) |
| ***Add***: interest expense | 4.5 | 5.1 | (12%) |
| ***Add***: current income tax expense | 39.4 | 48.4 | (19%) |
| ***Less***: deferred income tax recovery | (6.2) | (3.3) | 88% |
| Pre-tax adjusting item: | | | |
| Management reorganization | - | 5.5 | (100%) |
| Gain on sale of excess property | (8.4) | - | (100%) |
| Impairment loss | 28.2 | - | 100% |
| Adjusted EBITDA | $ 209.8 | $ 219.3 | (4%) |
| Debt/net income | 1.2x | 0.9x | 33% |
| Debt/adjusted EBITDA (non-GAAP measure) | 0.7x | 0.5x | 40% |

# Reconciliation of Non-GAAP Measures

The following table presents our OFCF (non-GAAP measure) results on a trailing 12-month basis, and reconciles that metric to cash provided by operating activities and net capital spending, which are the most directly comparable GAAP measures in our consolidated statements of cash flows:

| (in U.S. $ millions) | For the 12 months ended September 30, | | |
|---|---|---|---|
| | | | Change |
| | 2016 | 2015 | 2016 over 2015 |
| Cash provided by operating activities | $ 201.4 | $ 251.0 | (20%) |
| Property, plant and equipment additions | 22.0 | 19.6 | 12% |
| Intangible asset additions | 16.6 | 7.5 | 121% |
| Proceeds on disposition of property plant and equipment | (15.2) | (5.5) | 176% |
| Net capital spending | $ 23.4 | $ 21.6 | 8% |
| OFCF (non-GAAP measure) | $ 178.0 | $ 229.4 | (22%) |

The following table presents our ROIC (non-GAAP measure) results on a trailing 12-month basis, and reconciles that metric to net income attributable to stockholders, long-term debt, stockholders' equity, and return on average invested capital, which are the most directly comparable GAAP measures in, or calculated from, our consolidated financial statements: