Q3 2019 EARNINGS REVIEW AND UPDATE



MOVE | BUILD | GROW

RITCHIE BROS.

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 US and Canadian securities legislation (collectively, "forward-looking statements"), including, in particular, statements regarding the benefits and synergies of the IronPlanet 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.' control, including risks and uncertainties related to: general economic conditions and conditions affecting the industries in which Ritchie Bros operates; Ritchie Bros.' ability to successfully integrate IronPlanet; the ability to realize anticipated growth, synergies and cost savings in the IronPlanet transaction; the maintenance of important business relationships; our ability to commercialize new platform solutions and offerings; 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, 2018, 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.

Conference Call Participants



Sharon Driscoll
Joint Interim Co-Chief Executive Officer
&
Chief Financial Officer



Karl Werner
Joint Interim Co-Chief Executive Officer
&
President, International

3Q 2019 Highlights

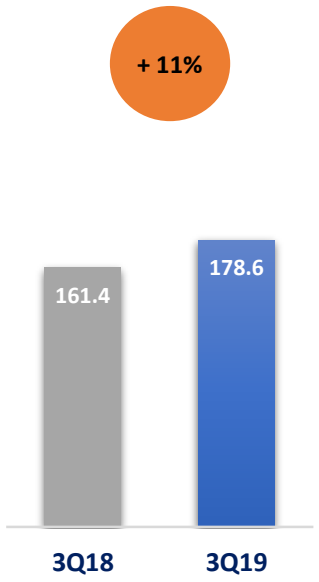
GROSS TRANSACTION VALUE (in billions)		TOTAL REVENUE (in millions)		ADJUSTED DILUTED EPS		YTD Cashflow from Operations (in millions)	
$1.1	+4.3%	$289.8	+18%	$0.23	+28%	$309	+218%
				+10% Reported			

- FX headwinds: on a constant currency basis, Gross Transaction Value +5%
- Live GTV -3% ; Online GTV accelerates +37%
- US Region posts double-digit GTV growth, 39% A&M revenue growth from strong performance across all channels
- Marketplace-E (MPE) delivers 56% GTV growth with GovPlanet GTV growth +120%
- RBFS revenues +29%; 31st consecutive quarter of double-digit revenue growth



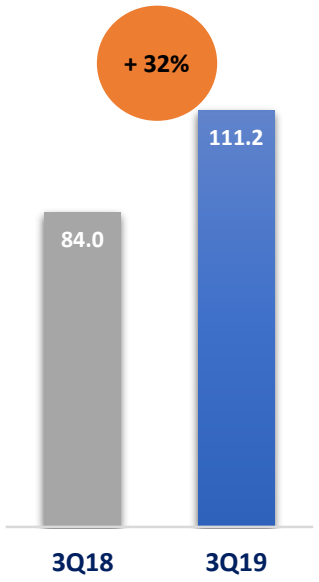
Consolidated Performance

SERVICE REVENUE



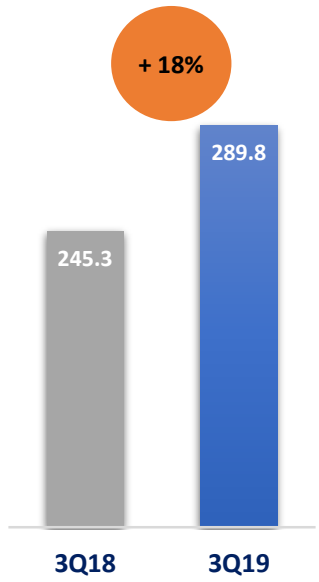
- 4% increase in commissions, 19% increase in fees
- Total service revenue as a % of total GTV 16.5% vs. 15.5% in 3Q18
- Other Segment revenue +6%; RBFS revenue +29%, Ancillary revenue flat

INVENTORY REVENUE



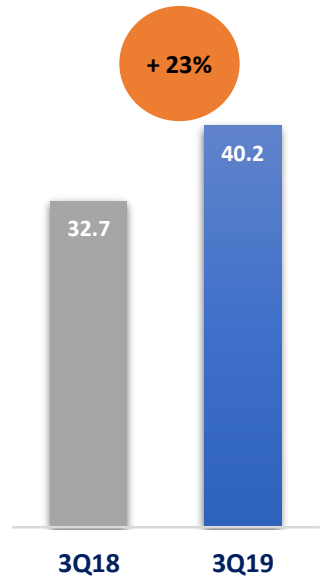
- Total inventory sales revenue as a % of total GTV (mix) 10.3% vs. 8.1% in 2Q18
- Inventory sales revenue +32% from higher revenue in US, GovPlanet

TOTAL REVENUE



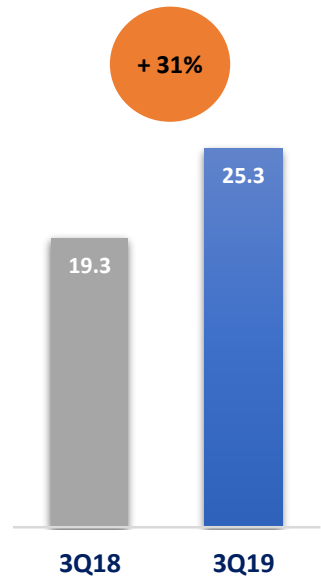
- Increase driven by both 32% higher inventory revenue and 11% growth in service revenue

ADJUSTED OPERATING INCOME



- Reported operating income growth 29%
- Service revenue growth 11% vs. SG&A growth 6%
- 3Q18 adjusted for $1.5m acquisition related [severance] costs

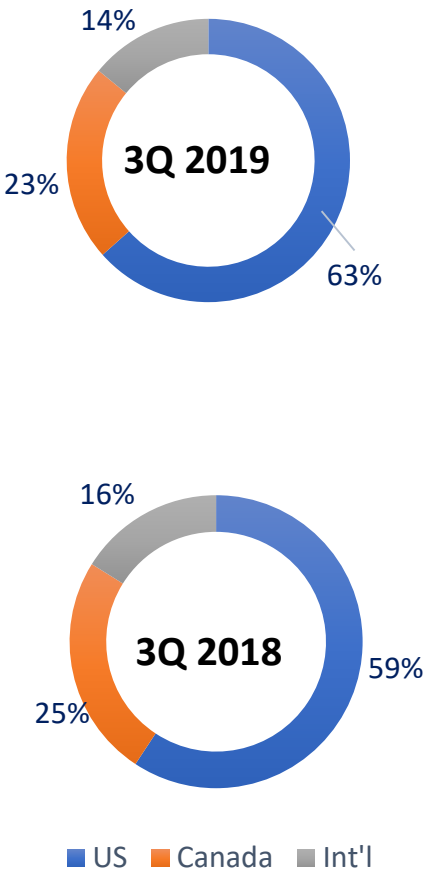
ADJUSTED NET INCOME



- Reported net income growth 9%
- 4% lower interest expense
- 3Q18 adjusted for $1.5m acquisition related costs, $4.9m gain

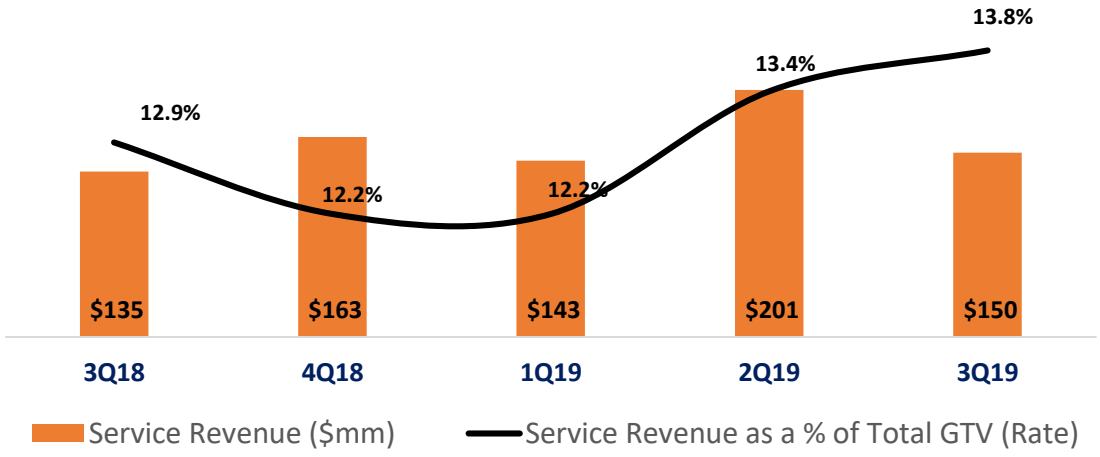
Auctions & Marketplaces - Service Revenue

Service Revenue Mix by Region



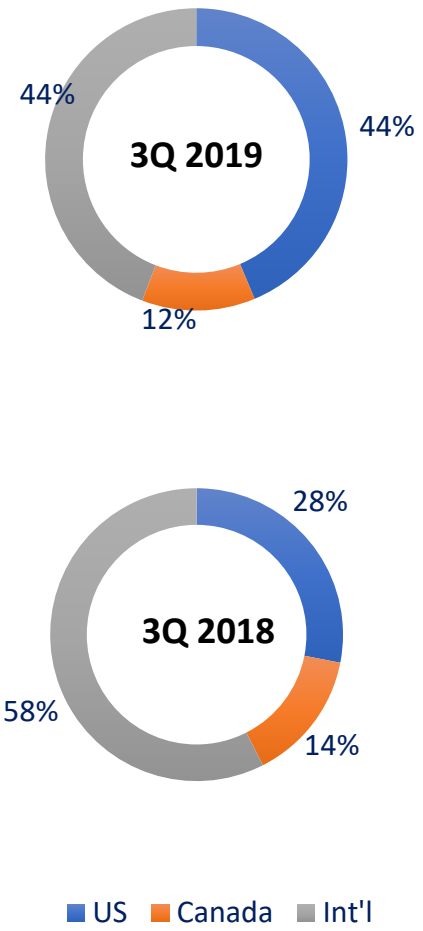
- Service revenue increase of 12% driven by both strong guarantee rate performance and higher fee revenue from fee harmonization and GTV growth
  - US Service revenue +19%
  - Canada Service revenue +2%
  - International Service revenue -3%

A&M SERVICE REVENUE

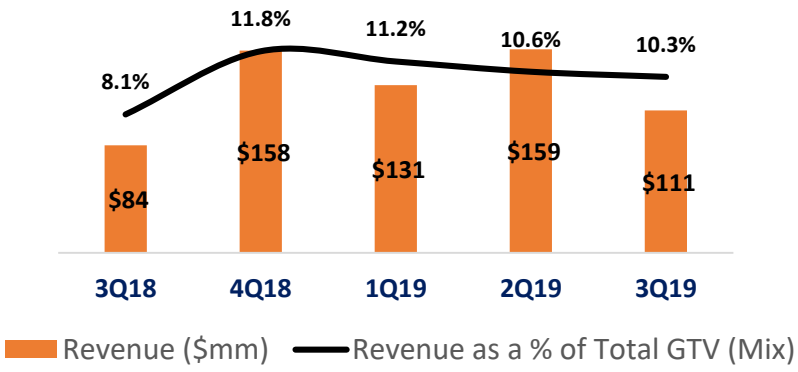


Auctions & Marketplaces – Inventory Sales Revenue

Inventory Sales Revenue mix by region

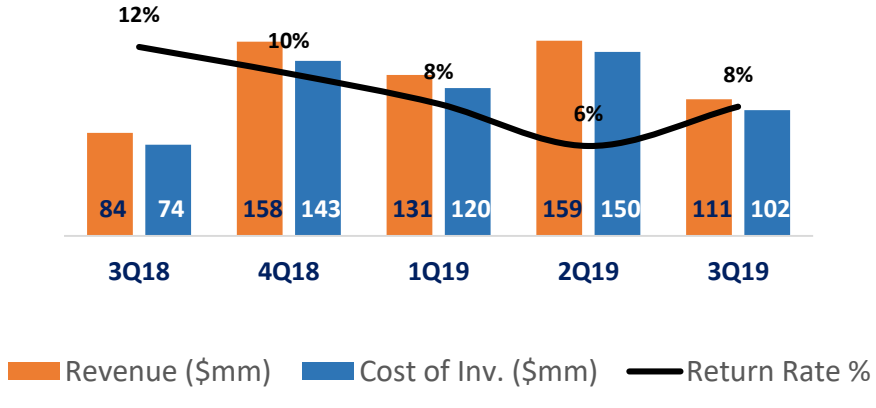


A&M INVENTORY SALES REVENUE



- Inventory sales revenue increased 32% primarily due to an increase in volume of inventory sales contracts in the US region and GovPlanet

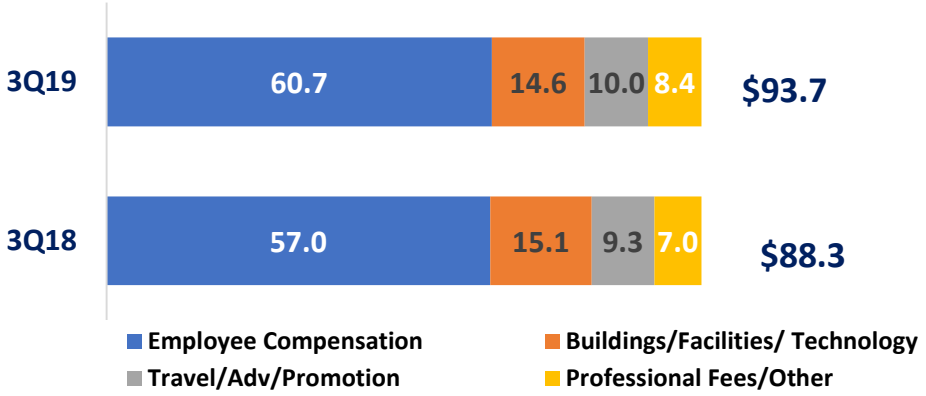
REVENUE / COST / RETURN RATE



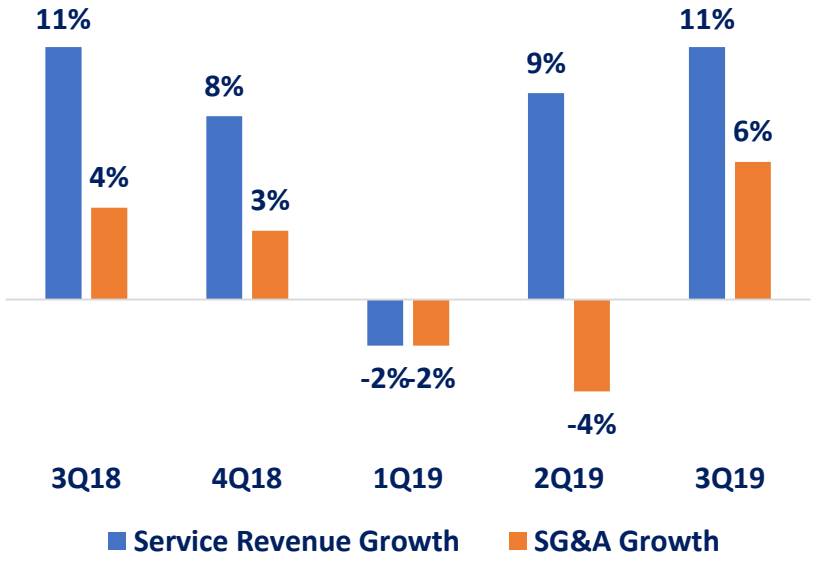
- 3Q19 Inventory rate performance sequentially improved by ~250 basis points

SG&A Expenses

3Q19 vs 3Q18



Service Revenue Growth vs SG&A Growth



SG&A expenses increased 6% to $93.7 million primarily due to higher incentive compensation expenses, on-going incremental GovPlanet costs, partially offset by the positive impact of foreign exchange fluctuations

Balance Sheet & Liquidity Metrics

2019 Balance sheet and liquidity metrics (all unadjusted unless otherwise noted)

TTM Operating Free Cash Flow (non-GAAP)

3Q19	3Q18
$334M	$107M

Capex Spend

2019 Capex Range
$35M to $40M[1] YTD SPEND $25M

Adjusted Net Debt/ Adjusted EBITDA (non-GAAP)

3Q19	3Q18
1.4X	2.2X

TTM Return On Invested Capital (non-GAAP)

3Q19	3Q18
8.6%	7.1%

1. Original FY19 Capex guide was $45 million to $55 million.

Auction Highlights

Live Industrial & Agricultural Auctions



- -3% Live Industrial Auction decline primarily due to agricultural and energy sector performance
- 58% of live industrial auctions posted year-on-year growth comps
- Edmonton Auction, US$76 million 27% growth
- 13 Fewer Agricultural auctions, 1 additional industrial auction compared to 3Q18. Grande Prairie auction moving from 4Q18 to 3Q19, Toronto auction moving from 3Q18 to 4Q19

Online Marketplaces



- 37% Online Marketplaces GTV growth led by MPE, GOV growth
- Across all channels, 67% of total GTV was purchased by online buyers in Q3 vs. 60% in Q3 last year
- 42% growth of new buyers on IronPlanet
- Marketplace-E bids up +34%; buyers up +25%
- GovPlanet bids up +386%; items listed +340%; buyers +96%

Marketplace-E (MPE)

Over $500 million GTV transacted since inception



- MPE has allowed RB to engage with new customers and penetrate new markets through a unique reserved platform
- Greater share of wallet - many MPE sellers prefer a reserved model
- MPE gives DIY sellers more control over equipment pricing, timing of disposition; and buyer
- Buyers have access to equipment on their terms, without having to wait for a specific event

Q4 Focus

1. Continued focus on sales execution
2. Advancing our key growth drivers
3. Leadership through the transition
4. Providing exceptional service to our customers
5. Continued expense management & cash flow focus

Takeaways from Q3

Execution of our multichannel strategy is showing positive results

1 Strong Financial Performance
+5% GTV[1] / +18% Tot.Rev / +23% Adj. OI / +28% Adjusted EPS

2 Online GTV Acceleration
+37% Growth

3 Strong US Region Performance
Double-digit GTV growth / 39% A&M Total Revenue Growth

4 Strong Balance Sheet / Cash Flow
Operating Free Cash Flow +214%
Adjusted Net Debt to Adjusted EBITDA of 1.4x

1. GTV represented on a constant currency basis above; reported GTV growth was 4.3%

Q&A
Members of the RBA Management Team

Appendix

3Q19 and 4Q19 – Auction Calendar Notes

3Q19 Live Auction Notes (Total Auctions = Live Industrial + Agriculture)

	3Q19	3Q18	+/-
Total Live Auctions	**56**	**68**	**-12**
Non Recurring 2018 Auctions			
Estevan, SK		1	-1
Auctions moved to 2Q19 from 3Q18			
Kansas City		1	-1
Lethbridge		1	-1
Moerdijk		1	-1
Auctions moved to 4Q19 from 3Q18			
Las Vegas	1		1
Toronto		1	-1
Auctions moving from 4Q18 to 3Q19			
Grande Prairie	1		1
New 3Q19 auctions			
Montreal	1		1
Charleston	1		1
Other	2		2
Fewer Ag Auctions		13	-13
	6	18	-12

4Q19 Provisional Live Auction Notes

	4Q19	4Q18	+/-
Industrial auctions	54	53	1
Ag Auctions	28	23	6
	83	76	7

These are provisional auction calendar notes and are subject to change

Appendix – Non GAAP Reconciliations

Adjusted Net Debt* and Adjusted Net Debt/Adjusted EBITDA* Reconciliation

We believe that comparing adjusted net debt/adjusted EBITDA* on a trailing 12-month basis for different financial periods provides useful information about the performance of our operations as an indicator of the amount of time it would take us to settle both our short and long-term debt. We do not consider this to be a measure of our liquidity, which is our ability to settle only short-term obligations, but rather a measure of how well we fund liquidity. Measures of liquidity are noted under "Liquidity and Capital Resources".

The following table reconciles adjusted net debt* to debt, adjusted EBITDA* to net income, and adjusted net debt*/ adjusted EBITDA* to debt/ net income respectively, which are the most directly comparable GAAP measures in, or calculated from, our consolidated financial statements.

	As at and for the 12 months ended September 30,		
(in U.S. $millions)	2019	2018	% Change 2019 over 2018
Short-term debt	$ 5.8	$ 10.5	(45)%
Long-term debt	689.3	751.8	(8)%
Debt	695.1	762.3	(9)%
Less: cash and cash equivalents	(309.6)	(228.8)	35 %
Adjusted net debt*	385.5	533.5	(28)%
Net income	$ 133.0	$ 122.9	8 %
Add: depreciation and amortization expenses	69.1	65.1	6 %
Add: interest expense	42.8	43.7	(2)%
Less: interest income	(3.3)	(2.7)	22 %
Add: income tax expense	40.7	13.2	208 %
Pre-tax adjusting items:			
Severance and retention	—	3.7	(100)%
Gain on sale of equity accounted for investment	—	(4.9)	100 %
Adjusted EBITDA*	$ 282.3	$ 241.0	17 %
Debt/net income	5.2x	6.2x	(16)%
Adjusted net debt*/adjusted EBITDA*	1.4x	2.2x	(36)%

Appendix – Non GAAP Reconciliations

Operating Free Cash Flow* ("OFCF") Reconciliation

We believe OFCF*, when compared on a trailing 12-month basis to different financial periods provides an effective measure of the cash generated by our business and provides useful information regarding cash flows remaining for discretionary return to stockholders, mergers and acquisitions, or debt reduction. Our balance sheet scorecard includes OFCF* as a performance metric. OFCF* is also an element of the performance criteria for certain annual short-term and long-term incentive awards.

The following table reconciles OFCF* to cash provided by operating activities, which is the most directly comparable GAAP measure in, or calculated from, our consolidated statements of cash flows:

	12 months ended September 30,		
(in U.S. $millions)	2019	2018	% Change 2019 over 2018
Cash provided by operating activities	$ 356.2	$ 146.2	144 %
Property, plant and equipment additions	10.4	16.1	(35)%
Intangible asset additions	25.1	27.5	(9)%
Proceeds on disposition of property plant and equipment	(13.7)	(4.0)	243 %
Net capital spending	$ 21.8	$ 39.6	(45)%
OFCF*	$ 334.4	$ 106.6	214 %

(1) OFCF* is calculated by subtracting net capital spending from cash provided by operating activities.

Appendix – Non GAAP Reconciliations

Adjusted Net Income Attributable to Stockholders* and ROIC* Reconciliation

We believe that comparing ROIC on a trailing 12-month basis for different financial periods, provides useful information about the after-tax return generated by our investments.

The following table reconciles adjusted net income attributable to stockholders* and ROIC* to net income attributable to stockholders and return on average invested capital which are the most directly comparable GAAP measures in, or calculated from, our consolidated financial statements:

	As at and for the 12 months ended September 30,		
(in U.S. $millions)	2019	2018	% Change 2019 over 2018
Net income attributable to stockholders	$ 133.0	$ 122.7	8 %
Pre-tax adjusting items:			
Severance and retention	—	3.7	(100)%
Gain on sale of equity accounted for investment	—	(4.9)	100 %
Current income tax effect of adjusting items:			
Severance and retention	—	(0.6)	100 %
Deferred income tax effect of adjusting items:			
Severance and retention	—	(0.4)	100 %
Deferred tax adjusting item:			
Remeasurement of deferred taxes	—	(10.1)	100 %
Adjusted net income attributable to stockholders*	$ 133.0	$ 110.4	20 %
Opening long-term debt	$ 751.8	$ 817.9	(8)%
Ending long-term debt	689.3	751.8	(8)%
Average long-term debt	720.6	784.9	(8)%
Opening stockholders' equity	$ 815.5	$ 714.7	14 %
Ending stockholders' equity	838.2	815.5	3 %
Average stockholders' equity	826.9	765.1	8 %
Average invested capital	$ 1,547.5	$ 1,550.0	0 %
Return on average invested capital	8.6 %	7.9 %	70 bps
ROIC*	8.6 %	7.1 %	150 bps

(1) Please refer to page 44 for a summary of adjusting items during the trailing 12-months ended September 30, 2019 and September 30, 2018.

(2) Return on average invested capital is calculated as net income attributable to stockholders divided by average invested capital. We calculate average invested capital as the average long-term debt and average stockholders' equity over a trailing 12-month period.

(3) ROIC* is calculated as adjusted net income attributable to stockholders* divided by average invested capital.

(4) The adoption of Leases (Topic 842) requires lessees to recognize almost all leases, including operating leases, on the balance sheet through a right-of-use asset and a corresponding lease liability. The lease liability is not included in the calculation of debt.

Appendix – Non GAAP Reconciliations

Adjusted Operating Income* Reconciliation

Adjusting operating income* eliminates the financial impact of adjusting items which are significant non-recurring items that we do not consider to be part of our normal operating results, such as acquisition-related costs, management reorganization costs, and certain other items, which we refer to as 'adjusting items'.

The following table reconciles adjusted operating income to operating income, which is the most directly comparable GAAP measure in our consolidated income statements.

	Three months ended September 30,			Nine months ended September 30,		
(in U.S. $000's)	2019	2018	% Change 2019 over 2018	2019	2018	% Change 2019 over 2018
Operating income	$ 40,160	$ 31,194	29 %	$ 151,718	$ 128,862	18 %
Pre-tax adjusting items:						
Severance and retention	—	1,501	(100)%	—	1,501	(100)%
Adjusted operating income*	$ 40,160	$ 32,695	23 %	$ 151,718	$ 130,363	16 %

(1) Please refer to page 44 for a summary of adjusting items during the three and nine months ended September 30, 2019 and September 30, 2018.

(2) Adjusted operating income* represents operating income excluding the effects of adjusting items.

Appendix – Non GAAP Reconciliations

Adjusted Net Income Attributable to Stockholders* and Diluted Adjusted EPS Attributable to Stockholders* Reconciliation

We believe that adjusted net income attributable to stockholders* provides useful information about the growth or decline of our net income attributable to stockholders for the relevant financial period and eliminates the financial impact of adjusting items we do not consider to be part of our normal operating results. Diluted Adjusted EPS attributable to stockholders* eliminates the financial impact of adjusting items which are after-tax effects of significant non-recurring items that we do not consider to be part of our normal operating results, such as acquisition-related costs, management reorganization costs, and certain other items, which we refer to as 'adjusting items'.

The following table reconciles adjusted net income attributable to stockholders* and diluted adjusted EPS attributable to stockholders* to net income attributable to stockholders and diluted EPS attributable to stockholders, which are the most directly comparable GAAP measures in our consolidated income statements.

	Three months ended September 30,			Nine months ended September 30,		
(in U.S. $000's, except share and per share data)	2019	2018	% Change 2019 over 2018	2019	2018	% Change 2019 over 2018
Net income attributable to stockholders	$ 25,266	$ 23,138	9 %	$ 97,466	$ 85,993	13 %
Pre-tax adjusting items:						
Severance and retention	—	1,501	(100)%	—	1,501	(100)%
Gain on sale of equity accounted for investment	—	(4,935)	100 %	—	(4,935)	100 %
Current income tax effect of adjusting items:						
Severance and retention	—	(376)	100 %	—	(376)	100 %
Adjusted net income attributable to stockholders*	$ 25,266	$ 19,328	31 %	$ 97,466	$ 82,183	19 %
Weighted average number of dilutive shares outstanding	109,381,173	109,887,194	0 %	109,634,195	109,133,378	0 %
Diluted earnings per share attributable to stockholders	$ 0.23	$ 0.21	10 %	$ 0.89	$ 0.79	13 %
Diluted adjusted EPS attributable to Stockholders*	$ 0.23	$ 0.18	28 %	$ 0.89	$ 0.75	19 %

(1) Please refer to page 44 for a summary of adjusting items during the three and nine months ended September 30, 2019 and September 30, 2018.

(2) Adjusted net income attributable to stockholders* represents net income attributable to stockholders excluding the effects of adjusting items.

(3) Diluted adjusted EPS attributable to stockholders* is calculated by dividing adjusted net income attributable to stockholders*, net of the effect of dilutive securities, by the weighted average number of dilutive shares outstanding.