UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended March 31, 2018

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from _____ to _____

Commission file number: 001-13425

Ritchie Bros. Auctioneers Incorporated

(Exact Name of Registrant as Specified in its Charter)

Canada	**N/A**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
9500 Glenlyon Parkway **Burnaby, British Columbia, Canada**	**V5J 0C6**
(Address of Principal Executive Offices)	(Zip Code)

(778) 331-5500
(Registrant's Telephone Number, including Area Code)

Indicate by checkmark whether the registrant (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 229.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒
Accelerated filer ☐
Non-accelerated filer ☐ (Do not check if a smaller reporting company)
Smaller reporting company ☐
Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act):
Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practical date: 107,769,787 common shares, without par value, outstanding as of May 9, 2018.

RITCHIE BROS. AUCTIONEERS INCORPORATED
FORM 10-Q
For the quarter ended March 31, 2018

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PART I – FINANCIAL INFORMATION

ITEM 1: CONSOLIDATED FINANCIAL STATEMENTS

Condensed Consolidated Income Statements
(Expressed in thousands of United States dollars, except share and per share data)
(Unaudited)

Three months ended March 31,	2018	2017
Revenues:		
Service revenues	$ 176,016	$ 123,379
Revenue from inventory sales	84,162	76,048
Total revenues	260,178	199,427
Operating expenses:		
Costs of services	36,657	24,340
Cost of inventory sold	75,791	63,401
Selling, general and administrative expenses	97,470	70,575
Acquisition-related costs	1,633	8,627
Depreciation and amortization expenses	16,191	10,338
Gain on disposition of property, plant and equipment	(345)	(721)
Foreign exchange gain	(92)	(730)
Total operating expenses	227,305	175,830
Operating income	32,873	23,597
Interest expense	(11,310)	(8,133)
Other income, net	913	2,284
Income before income taxes	22,476	17,748
Income tax expense (recovery):		
Current income tax expense	4,004	7,488
Deferred income tax expense (recovery)	1,265	(173)
Income tax expense	5,269	7,315
Net income	$ 17,207	$ 10,433
Net income attributable to:		
Stockholders	$ 17,138	$ 10,377
Non-controlling interests	69	56
Net income	$ 17,207	$ 10,433
Earnings per share attributable to stockholders:		
Basic	$ 0.16	$ 0.10
Diluted	$ 0.16	$ 0.10
Weighted average number of shares outstanding:		
Basic	107,355,381	106,851,595
Diluted	108,643,897	107,788,949

See accompanying notes to the condensed consolidated financial statements.

Condensed Consolidated Statements of Comprehensive Income
(Expressed in thousands of United States dollars)
(Unaudited)

Three months ended March 31,	2018	2017
Net income	$ 17,207	$ 10,433
Other comprehensive income, net of income tax:		
Foreign currency translation adjustment	4,907	7,440
Total comprehensive income	$ 22,114	$ 17,873
Total comprehensive income attributable to:		
Stockholders	22,033	17,813
Non-controlling interests	81	60
	$ 22,114	$ 17,873

See accompanying notes to the condensed consolidated financial statements.

Condensed Consolidated Balance Sheets
(Expressed in thousands of United States dollars, except share data)
(Unaudited)

	March 31, 2018	December 31, 2017
Assets		
Cash and cash equivalents	$ 278,944	$ 267,910
Restricted cash	62,414	63,206
Trade and other receivables	182,157	92,105
Inventory	34,350	38,238
Other current assets	30,657	27,026
Assets held for sale	251	584
Income taxes receivable	17,515	19,418
Total current assets	606,288	508,487
Property, plant and equipment	522,871	526,581
Equity-accounted investments	6,915	7,408
Other non-current assets	26,807	24,146
Intangible assets	259,052	261,094
Goodwill	674,097	670,922
Deferred tax assets	19,934	18,674
Total assets	$ 2,115,964	$ 2,017,312
Liabilities and Equity		
Auction proceeds payable	$ 303,416	$ 199,245
Trade and other payables	170,777	164,553
Income taxes payable	2,021	732
Short-term debt	5,861	7,018
Current portion of long-term debt	9,264	16,907
Total current liabilities	491,339	388,455
Long-term debt	771,030	795,985
Other non-current liabilities	44,857	46,773
Deferred tax liabilities	34,712	32,334
Total liabilities	1,341,938	1,263,547
Contingencies		
Contingently redeemable performance share units	16,576	9,014
Stockholders' equity:		
Share capital:		
Common stock; no par value, unlimited shares authorized, issued and outstanding shares: 107,471,895 (December 31, 2017: 107,269,783)	144,387	138,582
Additional paid-in capital	44,327	41,005
Retained earnings	601,205	602,609
Accumulated other comprehensive loss	(37,619)	(42,514)
Stockholders' equity	752,300	739,682
Non-controlling interest	5,150	5,069
Total shareholders' equity	757,450	744,751
Total liabilities and equity	$ 2,115,964	$ 2,017,312

See accompanying notes to the condensed consolidated financial statements.

Condensed Consolidated Statements of Changes in Equity
(Expressed in thousands of United States dollars, except where noted)
(Unaudited)

	Attributable to stockholders							Contingently redeemable performance share units ("PSUs")
	Common stock		Additional paid-In capital ("APIC")	Retained earnings	Accumulated other comprehensive income (loss)	Non-controlling interest ("NCI")	Total equity	
	Number of shares	Amount						
Balance, December 31, 2017	107,269,783	$138,582	$ 41,005	$602,609	$ (42,514)	$ 5,069	$744,751	$ 9,014
Net income	-	-	-	17,138	-	69	17,207	-
Other comprehensive income	-	-	-	-	4,895	12	4,907	-
	-	-	-	17,138	4,895	81	22,114	-
Stock option exercises	202,112	5,805	(1,492)	-	-	-	4,313	-
Stock option compensation expense	-	-	2,343	-	-	-	2,343	-
Modification of PSUs	-	-	703	(134)	-	-	569	6,132
Equity-classified PSU expense	-	-	1,678	-	-	-	1,678	1,357
Equity-classified PSU dividend equivalents	-	-	90	(200)	-	-	(110)	110
Change in fair value of contingently redeemable PSUs	-	-	-	37	-	-	37	(37)
Cash dividends paid	-	-	-	(18,245)	-	-	(18,245)	-
Balance, March 31, 2018	107,471,895	$144,387	$ 44,327	$601,205	$ (37,619)	$ 5,150	$757,450	$ 16,576

See accompanying notes to the condensed consolidated financial statements.

Condensed Consolidated Statements of Cash Flows
(Expressed in thousands of United States dollars)
(Unaudited)

Three months ended March 31,	2018	2017
Cash provided by (used in):		
Operating activities:		
Net income	$ 17,207	$ 10,433
Adjustments for items not affecting cash:		
Depreciation and amortization expenses	16,191	10,338
Stock option compensation expense	2,343	1,311
Equity-classified PSU expense	3,035	1,012
Amortization of debt issuance costs	1,066	445
Other, net	2,131	(1,042)
Net changes in operating assets and liabilities	25,265	112,045
Net cash provided by operating activities	67,238	134,542
Investing activities:		
Property, plant and equipment additions	(2,564)	(1,863)
Intangible asset additions	(7,034)	(5,664)
Proceeds on disposition of property, plant and equipment	1,066	1,505
Other, net	(4,674)	-
Net cash used in investing activities	(13,206)	(6,022)
Financing activities:		
Dividends paid to stockholders	(18,245)	(18,160)
Dividends paid to NCI	-	(41)
Issuances of share capital	4,313	3,412
Proceeds from short-term debt	308	1,219
Repayment of short-term debt	(1,754)	(1,009)
Repayment of long-term debt	(29,237)	-
Repayment of finance lease obligations	(802)	(438)
Other, net	-	(48)
Net cash used in financing activities	(45,417)	(15,065)
Effect of changes in foreign currency rates on cash, cash equivalents, and restricted cash	1,627	3,336
Increase	10,242	116,791
Beginning of period	331,116	758,089
Cash, cash equivalents, and restricted cash, end of period	$ 341,358	$ 874,880

See accompanying notes to the condensed consolidated financial statements.

1. Summary of significant accounting policies

Ritchie Bros. Auctioneers Incorporated and its subsidiaries (collectively referred to as the "Company") provide global asset management and disposition services, offering customers end-to-end solutions for buying and selling used industrial equipment and other durable assets through its live unreserved auctions, online reserved and unreserved marketplaces, listing services, and private brokerage services. Ritchie Bros. Auctioneers Incorporated is a company incorporated in Canada under the Canada Business Corporations Act, whose shares are publicly traded on the Toronto Stock Exchange ("TSX") and the New York Stock Exchange ("NYSE").

(a) Basis of preparation

These unaudited condensed consolidated interim financial statements have been prepared in accordance with United States generally accepted accounting principles ("US GAAP"). They include the accounts of Ritchie Bros. Auctioneers Incorporated and its subsidiaries from their respective dates of formation or acquisition. All significant intercompany balances and transactions have been eliminated.

Certain information and footnote disclosure required by US GAAP for complete annual financial statements have been omitted and, therefore, these unaudited condensed consolidated interim financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2017, included in the Company's Annual Report on Form 10-K, filed with the Securities and Exchange Commission ("SEC"). In the opinion of management, these unaudited condensed consolidated interim financial statements reflect all adjustments, consisting of normal recurring adjustments, which are necessary to present fairly, in all material respects, the Company's consolidated financial position, results of operations, cash flows and changes in equity for the interim periods presented. The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

(b) Revenue recognition

Effective January 1, 2018, the Company adopted ASU 2014-09, Revenue from Contracts with Customers (Topic 606) using the full retrospective method, which included restating prior years for comparative amounts. This new accounting policy resulted in a change in the financial statement presentation only on the income statement, as described in Note 1(i) New and amended accounting standards in this Quarterly Report on Form 10-Q.

Revenues are comprised of:

- Service revenues, including the following:

  i. Revenue from auction and marketplace ("A&M") activities, including commissions earned at our live and online auctions where we act as an agent for consignors of equipment and other assets, and various auction-related fees, including listing and buyer transaction fees; and

  ii. Other services revenues, including revenues from listing services, refurbishment, logistical services, financing, appraisal fees and other ancillary service fees; and

- Revenue from inventory sales

The Company recognizes revenue when control of the promised goods or services is transferred to our customers, or upon completion of the performance obligation, in an amount that reflects the consideration we expect to be entitled to in exchange for those good or services. A performance obligation is a promise in a contract to transfer a distinct good or service to the customer. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. For live event-based auctions or online auctions, revenue is recognized when the auction sale is complete and the Company has determined that the sale proceeds are collectible. Revenue is measured at the fair value of the consideration received or receivable and is shown net of value-added tax and duties.

1. Summary of significant accounting policies (continued)

(b) Revenue recognition (continued)

Service revenues

Commissions from sales at the Company's auctions represent the percentage earned by the Company on the gross proceeds from equipment and other assets sold at auction. The majority of the Company's commissions are earned as a pre-negotiated fixed rate of the gross selling price. Other commissions from sales at the Company's auctions are earned from underwritten commission contracts, when the Company guarantees a certain level of proceeds to a consignor.

The Company accepts equipment and other assets on consignment stimulating buyer interest through professional marketing techniques, and matches sellers (also known as consignors) to buyers through the auction or private sale process. Prior to offering an item for sale on its online marketplaces, the Company also performs inspections.

Following the sale of the item, the Company invoices the buyer for the purchase price of the asset, taxes, and, if applicable, the buyer transaction fee, collects payment from the buyer, and remits the proceeds, net of the seller commissions, applicable taxes, and applicable fees. Commissions are calculated as a percentage of the hammer price of the property sold at auction. Fees are also charged to sellers for listing and inspecting equipment. Other revenues earned in the process of conducting the Company's auctions include administrative, documentation, and advertising fees.

On the fall of the auctioneer's hammer, the highest bidder becomes legally obligated to pay the full purchase price, which is the hammer price of the property purchased and the seller is legally obligated to relinquish the property in exchange for the hammer price less any seller's commissions. Commission and fee revenues are recognized on the date of the auction sale upon the fall of the auctioneer's hammer.

Under the standard terms and conditions of its auction sales, the Company is not obligated to pay a consignor for property that has not been paid for by the buyer, provided the property has not been released to the buyer. If the buyer defaults on its payment obligation, also referred to as a collapsed sale, the sale is cancelled in the period in which the determination is made, and the property is returned to the consignor or placed in a later event-based or online auction. Historically cancelled sales have not been material.

Online marketplace commission revenue is reduced by a provision for disputes, which is an estimate of disputed items that are expected to be settled at a cost to the Company, related to settlements of discrepancies under the Company's equipment condition certification program. The equipment condition certification refers to a written inspection report provided to potential buyers that reflects the condition of a specific piece of equipment offered for sale, and includes ratings, comments, and photographs of the equipment following inspection by one of the Company's equipment inspectors. The equipment condition certification provides that a buyer may file a written dispute claim during an eligible dispute period for consideration and resolution at the sole determination of the Company if the purchased equipment is not substantially in the condition represented in the inspection report. Typically disputes under the equipment condition certification program are settled with minor repairs or additional services, such as washing or detailing the item; the estimated costs of such items or services are included in the provision for disputes.

Commission revenues are recorded net of commissions owed to third parties, which are principally the result of situations when the commission is shared with a consignor or with the counterparty in an auction guarantee risk and reward sharing arrangement. Additionally, in certain situations, commissions are shared with third parties who introduce the Company to consignors who sell property at auction.

1. Summary of significant accounting policies (continued)

(b) Revenue recognition (continued)

Underwritten commission contracts can take the form of guarantee contracts. Guarantee contracts typically include a pre-negotiated percentage of the guaranteed gross proceeds plus a percentage of proceeds in excess of the guaranteed amount. If actual auction proceeds are less than the guaranteed amount, commission is reduced; if proceeds are sufficiently lower, the Company can incur a loss on the sale. Losses, if any, resulting from guarantee contracts are recorded in the period in which the relevant auction is completed. If a loss relating to a guarantee contract held at the period end to be sold after the period end is known or is probable and estimable at the financial statement reporting date, the loss is accrued in the financial statements for that period. The Company's exposure from these guarantee contracts fluctuates over time.

Other services revenue also includes fees for refurbishment, logistical services, financing, appraisal fees and other ancillary service fees. Fees are recognized in the period in which the service is provided to the customer.

Revenue on inventory sales

Underwritten commission contracts can take the form of inventory contracts. Revenues related to inventory contracts are recognized in the period in which the sale is completed, title to the property passes to the purchaser and the Company has fulfilled any other obligations that may be relevant to the transaction. In its role as auctioneer, the Company auctions its inventory to equipment buyers through the auction process. Following the sale of the item, the Company invoices the buyer for the purchase price of the asset, taxes, and, if applicable, the buyer transaction fee, and collects payment from the buyer.

On the fall of the auctioneer's hammer, the highest bidder becomes legally obligated to pay the full purchase price, which is the hammer price of the property purchased. Title to the property is transferred in exchange for the hammer price, and if applicable, the buyer transaction fee plus applicable taxes.

(c) Cost of services

Costs of services are comprised of expenses incurred in direct relation to conducting auctions ("direct expenses"), earning online marketplace revenues, and earning other fee revenues. Direct expenses include direct labour, buildings and facilities charges, and travel, advertising and promotion costs.

Costs of services incurred to earn online marketplace revenues in addition to the costs listed above also include inspection costs. Inspections are generally performed at the seller's physical location. The cost of inspections includes payroll costs and related benefits for the Company's employees that perform and manage field inspection services, the related inspection report preparation and quality assurance costs, fees paid to contractors who perform field inspections, related travel and incidental costs for the Company's inspection service organization, and office and occupancy costs for its inspection services personnel. Costs of earning online marketplace revenues also include costs for the Company's customer support, online marketplace operations, logistics, title and lien investigation functions, and lease and operations costs related to the Company's third-party data centers at which its websites are hosted.

Costs of services incurred in earning other fee revenues include direct labour (including commissions on sales), software maintenance fees, and materials. Costs of services exclude depreciation and amortization expenses.

(d) Cost of inventory sold

Cost of inventory sold represents the purchase price of assets sold for the Company's own account and is determined using a specific identification basis.

1. Summary of significant accounting policies (continued)

(e) Share-based payments

The Company classifies a share-based payment award as an equity or liability payment based on the substantive terms of the award and any related arrangement.

Equity-classified share-based payments

The Company has three stock option compensation plans that provide for the award of stock options to selected employees, directors and officers of the Company. The cost of options granted is measured at the fair value of the underlying option at the grant date using the Black-Scholes option pricing model. The Company also has a senior executive PSU plan and an employee PSU plan that provides for the award of PSUs to certain senior executives and employees, respectively, of the Company. The Company has the option to settle certain share unit awards in cash or shares and expects to settle them in shares. The cost of PSUs granted is measured at the fair value of the underlying PSUs at the grant date using a binomial model.

This fair value of awards expected to vest under these plans is expensed over the respective remaining service period of the individual awards, on an accelerated recognition basis, with the corresponding increase to APIC recorded in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in earnings, such that the consolidated expense reflects the revised estimate, with a corresponding adjustment to equity.

Any consideration paid on exercise of the stock options is credited to the common shares. Dividend equivalents on the equity-classified PSUs are recognized as a reduction to retained earnings over the service period.

PSUs awarded under the senior executive and employee PSU plans (described in note 17) are contingently redeemable in cash in the event of death of the participant. The contingently redeemable portion of the senior executive and employee PSU awards, which represents the amount that would be redeemable based on the conditions at the date of grant, to the extent attributable to prior service, is recognized as temporary equity. The balance reported in temporary equity increases on the same basis as the related compensation expense over the service period of the award, with any excess of the temporary equity value over the amount recognized in compensation expense charged against retained earnings. In the event it becomes probable an award is going to become eligible for redemption by the holder, the award would be reclassified to a liability award.

Liability-classified share-based payments

The Company maintains other share unit compensation plans that vest over a period of up to five years after grant. Under those plans, the Company is either required or expects to settle vested awards on a cash basis or by providing cash to acquire shares on the open market on the employee's behalf, where the settlement amount is determined using the volume weighted average price of the Company's common shares for the twenty days prior to the vesting date or, in the case of deferred share unit ("DSU") recipients, following cessation of service on the Board of Directors.

These awards are classified as liability awards, measured at fair value at the date of grant and re-measured at fair value at each reporting date up to and including the settlement date. The determination of the fair value of the share units under these plans is described in note 17. The fair value of the awards is expensed over the respective vesting period of the individual awards with recognition of a corresponding liability. Changes in fair value after vesting are recognized through compensation expense. Compensation expense reflects estimates of the number of instruments expected to vest.

1. Summary of significant accounting policies (continued)

(e) Share-based payments

Liability-classified share-based payments (continued)

The impact of forfeitures and fair value revisions, if any, are recognized in earnings such that the cumulative expense reflects the revisions, with a corresponding adjustment to the settlement liability. Liability-classified share unit liabilities due within 12 months of the reporting date are presented in trade and other payables while settlements due beyond 12 months of the reporting date are presented in non-current liabilities.

(f) Inventories

Inventory consists of equipment and other assets purchased for resale in an upcoming live on site auction or online marketplace event. The Company purchases inventory for resale through a competitive process where the consignor has determined this to be the preferred method of disposition through the auction process. In addition, certain jurisdictions require auctioneers to hold title to assets and facilitate title transfer on sale. Inventory is valued at the lower of cost and net realizable value where net realizable value represents the expected sale price upon disposition less make-ready costs and the costs of disposal and transportation. The significant elements of cost include the acquisition price of the inventory and make-ready costs to prepare the inventory for sale that are not selling expenses. Write-downs to the carrying value of inventory are recorded in cost of inventory sold on the consolidated income statement.

(g) Impairment of long-lived and indefinite-lived assets

Long-lived assets, comprised of property, plant and equipment and intangible assets subject to amortization, are assessed for impairment whenever events or circumstances indicate that their carrying value may not be recoverable. For the purpose of impairment testing, long-lived assets are grouped and tested for recoverability at the lowest level that generates independent cash flows. An impairment loss is recognized when the carrying value of the assets or asset groups is greater than the future projected undiscounted cash flows. The impairment loss is calculated as the excess of the carrying value over the fair value of the asset or asset group. Fair value is based on valuation techniques or third-party appraisals. Significant estimates and judgments are applied in determining these cash flows and fair values.

Indefinite-lived intangible assets are tested annually for impairment as of December 31, and between annual tests if indicators of potential impairment exist. The Company has the option of performing a qualitative assessment to first determine whether the quantitative impairment test is necessary. This involves an assessment of qualitative factors to determine the existence of events or circumstances that would indicate whether it is more likely than not that the carrying amount of the indefinite-lived intangible asset is less than its fair value. If the qualitative assessment indicates it is not more likely than not that the carrying amount is less than its fair value, a quantitative impairment test is not required. Where a quantitative impairment test is required, the procedure is to compare the indefinite-lived intangible asset's fair value with its carrying amount. An impairment loss is recognized as the difference between the indefinite-lived intangible asset's carrying amount and its fair value.

1. Summary of significant accounting policies (continued)

(h) Goodwill

Goodwill represents the excess of the purchase price of an acquired enterprise over the fair value assigned to the assets acquired and liabilities assumed in a business combination.

Goodwill is not amortized, but it is tested annually for impairment at the reporting unit level as of December 31 and between annual tests if indicators of potential impairment exist. The Company has the option of performing a qualitative assessment of a reporting unit to first determine whether the quantitative impairment test is necessary. This involves an assessment of qualitative factors to determine the existence of events or circumstances that would indicate whether it is more likely than not that the carrying amount of the reporting unit to which goodwill belongs is less than its fair value. If the qualitative assessment indicates it is not more likely than not that the reporting unit's carrying amount is less than its fair value, a quantitative impairment test is not required.

If a quantitative impairment test is required, the procedure is to identify potential impairment by comparing the reporting unit's fair value with its carrying amount, including goodwill. The reporting unit's fair value is determined using various valuation approaches and techniques that involve assumptions based on what the Company believes a hypothetical marketplace participant would use in estimating fair value on the measurement date. An impairment loss is recognized as the difference between the reporting unit's carrying amount and its fair value. If the difference between the reporting unit's carrying amount and fair value is greater than the amount of goodwill allocated to the reporting unit, the impairment loss is restricted by the amount of the goodwill allocated to the reporting unit.

(i) New and amended accounting standards

(i) Effective January 1, 2018, the Company adopted ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The Company implemented the new standard using a full retrospective method, in order to provide more useful comparative information to financial statement users.

The primary impact of the adoption of ASU 2014-09 is the change in the presentation of revenue from inventory, ancillary service, and logistical services contracts on a gross basis as a principal versus net as an agent. This is due to the new standard requiring an entity to determine whether the entity controls the specified good or service before transfer to the customer, with the entity being principal in these transactions. Prior to adopting ASU 2014-09, an entity evaluated indicators to determine if it was a principal or agent. As the Company determined that it controls the inventory and provision of ancillary and logistical services before transfer to its customers, the Company concluded that it was acting as a principal rather than an agent. As a result of adoption of the new accounting standard there was no impact on the timing of recognition of revenue, operating income, net income, or on the consolidated balance sheet or consolidated statement of cash flows.

Presenting revenue from inventory sale on a gross basis as a principal selling a tangible product versus net as an agent providing a service significantly changes the face of the Company's consolidated income statement in two primary ways:

1) Prior to the adoption of ASU 2014-09, all revenue from inventory sales were presented net of costs within service revenues on the income statement. With the adoption of ASU 2014-09, the Company has presented separately revenue from inventory sales and service revenue and accordingly service revenues excludes revenue from inventory sales and cost of inventory sold. Those amounts are now presented gross as separate line items on the face of the consolidated income statement; and

2) Ancillary and logistical service revenues are presented within service revenues, now on a gross basis, with the related costs of services presented separately within costs of services.

1. Summary of significant accounting policies (continued)

(i) New and amended accounting standards (continued)

Impact to reported results

The new presentation based on ASU 2014-09 results in an increase the amount of revenue reported but there is no change in the operating income compared to the prior presentation:

Three months ended March 31, 2017

Consolidated income statement line item	As reported	New Revenue Standard Adjustment	Consolidated income statement line item	As Adjusted
		$ 76,048	Revenue from inventory sales	$ 76,048
Revenues	$ 124,499	(1,120)	Service revenues	123,379
		74,928	Total revenues	199,427
		(63,401)	Cost of inventory sold	(63,401)
Costs of services	(12,813)	(11,527)	Costs of services	(24,340)
	$ 111,686	$ -		$ 111,686

(ii) In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*. ASU 2016-15 identifies how certain cash receipts and cash payments are presented and classified in the statement of cash flows. The standard is effective for fiscal years and interim periods beginning after December 15, 2017. The amendments are applied retrospectively on the amendment date. The Company expects the adoption of ASU 2016-15 will result in the $1,302,000 Mascus contingent consideration paid in the second quarter of 2017 to be reclassified from operating to investing cash flows.

(j) Recent accounting standards not yet adopted

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which 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. For short-term leases, defined as those with a term of 12 months or less, the lessee is permitted to make an accounting policy election not to recognize the lease assets and liabilities, and instead recognize the lease expense generally on a straight-line basis over the lease term. The accounting treatment under this election is consistent with current operating lease accounting. No extensive amendments were made to lessor accounting, but amendments of note include changes to the definition of initial direct costs and accounting for collectability uncertainties in a lease.

ASU 2016-02 is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018, with early adoption permitted. Both lessees and lessors must apply ASU 2016-02 using a “modified retrospective transition”, which reflects the new guidance from the beginning of the earliest period presented in the financial statements. However, lessees and lessors can elect to apply certain practical expedients on transition.

Management continues to perform a detailed inventory and analysis of all the Company’s leases, of which there are approximately 480 operating and 115 finance leases for which the Company is a lessee at the reporting date. The most significant operating leases in terms of the amount of rental charges and duration of the contract are for various auction sites and offices located in North America, Europe, the Middle East, and Asia. However, in terms of the number of leases, the majority consist of leases for computer, automotive, and yard equipment.

1. Summary of significant accounting policies (continued)

(j) Recent accounting standards not yet adopted (continued)

The Company continues to evaluate the new guidance to determine the impact it will have on its consolidated financial statements. Under the expectation that the majority, if not all, of the operating leases will be brought onto the Company's balance sheet on adoption of ASU 2016-02, management is currently investigating the functionality within the Company's financial system to automate the lease accounting process and is evaluating alternative software solutions to facilitate adoption.

The adoption of ASU 2016-02 is expected to add complexity to the accounting for leases, as well as require extensive system and process changes to manage the large number of operating leases that the Company anticipates will be brought onto its balance sheet. As a result, management has determined that the Company will not early adopt ASU 2016-02, and will continue to evaluate the elections available to the Company involving the application of practical expedients on transition.

2. Significant judgments, estimates and assumptions

The preparation of financial statements in conformity with US GAAP requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Future differences arising between actual results and the judgments, estimates and assumptions made by the Company at the reporting date, or future changes to estimates and assumptions, could necessitate adjustments to the underlying reported amounts of assets, liabilities, revenues and expenses in future reporting periods.

Judgments, estimates and underlying assumptions are evaluated on an ongoing basis by management, and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstance and such changes are reflected in the assumptions when they occur. Significant items subject to estimates include purchase price allocations, the carrying amounts of goodwill, the useful lives of long-lived assets, share based compensation, deferred income taxes, reserves for tax uncertainties, and other contingencies.

3. Seasonality

The Company's operations are both seasonal and event driven. Revenues tend to be the highest during the second and fourth calendar quarters. The Company generally conducts more live, on site auctions during these quarters than during the first and third calendar quarters. Late December through mid-February and mid-July through August are traditionally less active periods. Online volumes are similarly affected as supply of used equipment is lower in the third quarter as it is actively being used and not available for sale.

4. Segment information

The Company's principal business activity is the management and disposition of used industrial equipment and other durable assets. The Company's operations are comprised of one reportable segment and other business activities that are not reportable as follows:

- Auctions and Marketplaces – This is the Company's only reportable segment, which consists of the Company's live on site auctions, its online auctions and marketplaces, and its brokerage service;

- Other includes the results of Ritchie Bros. Financial Services ("RBFS"), Mascus online services, and the results from various value-added services and make-ready activities, including the Company's equipment refurbishment services, Asset Appraisal Services, and Ritchie Bros. Logistical Services.

	Three months ended March 31, 2018		
	A&M	Other	Consolidated
Service revenues	$ 148,405	$ 27,611	$ 176,016
Revenue from inventory sales	84,162	-	84,162
Total revenues	232,567	27,611	260,178
Costs of services	21,448	15,209	36,657
Cost of inventory sold	75,791	-	75,791
Selling, general and administrative expenses ("SG&A")	93,002	4,468	97,470
Segment profit	$ 42,326	$ 7,934	$ 50,260
Acquisition-related costs			1,633
D&A expenses			16,191
Gain on disposition of property, plant and equipment ("PPE")			(345)
Foreign exchange gain			(92)
Operating income			$ 32,873
Interest expense			(11,310)
Other income, net			913
Income tax expense			(5,269)
Net income			$ 17,207

4. Segment information (continued)

	Three months ended March 31, 2017		
	A&M	Other	Consolidated
Service revenues	$ 103,030	$ 20,349	$ 123,379
Revenue from inventory sales	76,048	-	76,048
Total revenues	179,078	20,349	199,427
Costs of services	12,587	11,753	24,340
Cost of inventory sold	63,401	-	63,401
SG&A expenses	67,111	3,464	70,575
Segment profit	$ 35,979	$ 5,132	$ 41,111
Acquisition-related costs			8,627
D&A expenses			10,338
Gain on disposition of PPE			(721)
Foreign exchange gain			(730)
Operating income			$ 23,597
Interest expense			(8,133)
Other income, net			2,284
Income tax expense			(7,315)
Net income			$ 10,433

The Company‘s geographic breakdown of total revenue is as follows:

	United States	Canada	Europe	Other	Consolidated
Total revenues for the three months ended:					
March 31, 2018	$ 135,563	$ 65,809	$ 34,574	$ 24,232	$ 260,178
March 31, 2017	112,083	41,492	18,267	27,585	199,427

5. Total revenues

Three months ended March 31,	2018	2017
Service revenues:		
Commissions	$ 101,294	$ 79,297
Fees	74,722	44,082
	176,016	123,379
Revenue from inventory sales	84,162	76,048
Total revenues	$ 260,178	$ 199,427

6. Operating expenses

Costs of services

Three months ended March 31,	2018	2017
Ancillary and logistical service expenses	$ 14,580	$ 11,527
Employee compensation expenses	9,019	5,476
Buildings, facilities and technology expenses	2,627	1,546
Travel, advertising and promotion expenses	6,808	4,656
Other costs of services	3,623	1,135
	$ 36,657	$ 24,340

SG&A expenses

Three months ended March 31,	2018	2017
Employee compensation expenses	$ 63,293	$ 44,455
Buildings, facilities and technology expenses	15,273	12,270
Travel, advertising and promotion expenses	9,719	6,586
Professional fees	4,267	3,100
Other SG&A expenses	4,918	4,164
	$ 97,470	$ 70,575

Acquisition-related costs

Three months ended March 31,	2018	2017
IronPlanet: (note 19)	$ 639	$ 7,691
Other acquisitions:		
Continuing employment costs	968	864
Other acquisition-related costs	26	72
	$ 1,633	$ 8,627

Depreciation and amortization expenses

Three months ended March 31,	2018	2017
Depreciation expense	$ 6,916	$ 6,792
Amortization expense	9,275	3,546
	$ 16,191	$ 10,338

7. Income taxes

At the end of each interim period, the Company estimates the effective tax rate expected to be applicable for the full fiscal year. The estimate reflects, among other items, management's best estimate of operating results. It does not include the estimated impact of foreign exchange rates or unusual and/or infrequent items, which may cause significant variations in the customary relationship between income tax expense and income before income taxes.

For the three months ended March 31, 2018, income tax expense was $5,269,000, compared to an income tax expense of $7,315,000 for the same period in 2017. Our effective tax rate was 23% in the first quarter of 2018, compared to 41% in the first quarter of 2017. The effective tax rate decreased in the first quarter of 2018 compared to the first quarter of 2017 primarily due to a greater proportion of income taxed in jurisdictions with lower tax rates and partially offset by our estimated Base Erosion Anti-Abuse Tax ("BEAT"). Additionally, in 2017 a $2,290,000 expense relating to an increase in uncertain tax positions was recognized and an increase in annual non-deductible acquisition costs was estimated.

Recent Tax Legislation

On December 22, 2017 H.R. 1, originally known as the Tax Cuts and Jobs Act, (the "Tax Act") was enacted. The Tax Act makes broad and complex changes to the U.S. tax code that impacted our quarter ended March 31, 2018, including, but not limited to, (1) reducing the U.S. federal corporate tax rate from 35% to 21% effective January 1, 2018 and (2) imposing BEAT - a tax on certain deductible payments from our U.S. subsidiary to any of its foreign-related parties.

On December 22, 2017, Staff Accounting Bulletin No. 118 ("SAB 118") was issued to address the application of U.S. GAAP in situations when a registrant does not have the necessary information available, prepared, or analyzed (including computations) in reasonable detail to complete the accounting for certain income tax effects of the Tax Act. For the three months ended March 31, 2018, we have not made any adjustments to the provisional amounts recorded at December 31, 2017. Additional work is still necessary for a more detailed analysis of our deferred tax assets and liabilities, our historical foreign earnings subject to the one-time transition tax, and potential correlative adjustments. Any subsequent adjustment to these amounts will be recorded to tax expense in the corresponding quarter of 2018 when the analysis is complete.

8. Earnings per share attributable to stockholders

Basic earnings per share ("EPS") attributable to stockholders was calculated by dividing the net income attributable to stockholders by the weighted average ("WA") number of common shares outstanding. Diluted EPS attributable to stockholders was calculated by dividing the net income attributable to stockholders after giving effect to outstanding dilutive stock options and PSUs by the WA number of shares outstanding adjusted for all dilutive securities.

Three months ended March 31, 2018	Net income attributable to stockholders	WA number of shares	Per share amount
Basic	17,138	107,355,381	$ 0.16
Effect of dilutive securities:			
Share units	-	358,087	-
Stock options	-	930,429	-
Diluted	17,138	108,643,897	$ 0.16

8. Earnings per share attributable to stockholders (continued)

Three months ended March 31, 2017	Net income attributable to stockholders	WA number of shares	Per share amount
Basic	10,377	106,851,595	$ 0.10
Effect of dilutive securities:			
Share units	27	263,557	-
Stock options	-	673,797	-
Diluted	10,404	107,788,949	$ 0.10

In respect of PSUs awarded, performance and market conditions, depending on their outcome at the end of the contingency period, can reduce the number of vested awards to nil or to a maximum of 200% of the number of outstanding PSUs. For the three months ended March 31, 2018, 13,528 share units to purchase common shares were outstanding but excluded from the calculation of diluted EPS attributable to stockholders as they were anti-dilutive (2017: nil). For the three months ended March 31, 2018, stock options to purchase 1,619,141 common shares were outstanding but excluded from the calculation of diluted EPS attributable to stockholders as they were anti-dilutive (2017: nil).

9. Supplemental cash flow information

Three months ended March 31,	2018	2017
Trade and other receivables	$ (90,077)	$ (58,839)
Inventory	3,090	7,813
Advances against auction contracts	(223)	(1,806)
Prepaid expenses and deposits	(3,443)	4,010
Income taxes receivable	1,903	(1,910)
Auction proceeds payable	103,390	178,655
Trade and other payables	8,202	(11,402)
Income taxes payable	920	(4,052)
Share unit liabilities	1,192	(408)
Other	311	(16)
Net changes in operating assets and liabilities	$ 25,265	$ 112,045

Three months ended March 31,	2018	2017
Interest paid, net of interest capitalized	$ 16,877	$ 903
Interest received	392	956
Net income taxes paid	1,265	14,756
Non-cash transactions:		
Non-cash purchase of property, plant and equipment under capital lease	573	207

9. Supplemental cash flow information (continued)

	March 31, 2018	December 31, 2017
Cash and cash equivalents	$ 278,944	$ 267,910
Restricted cash	62,414	63,206
Cash, cash equivalents, and restricted cash	$ 341,358	$ 331,116

10. Fair value measurement

All assets and liabilities for which fair value is measured or disclosed in the condensed consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement or disclosure:

- Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at measurement date;
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Unobservable inputs for the asset or liability.

		March 31, 2018		December 31, 2017	
	Category	Carrying amount	Fair value	Carrying amount	Fair value
Fair values disclosed, recurring:					
Cash and cash equivalents	Level 1	$ 278,944	$ 278,944	$ 267,910	$ 267,910
Restricted cash	Level 1	62,414	62,414	63,206	63,206
Short-term debt (note 14)	Level 2	5,861	5,861	7,018	7,018
Long-term debt (note 14)					
Senior unsecured notes	Level 1	487,782	498,125	487,339	520,000
Term loans	Level 2	292,512	296,026	325,553	329,687

The carrying value of the Company‘s cash and cash equivalents, restricted cash, trade and other receivables, advances against auction contracts, auction proceeds payable, trade and other payables, short term debt, and revolving loans approximate their fair values due to their short terms to maturity. The carrying value of the term loans, before deduction of deferred debt issue costs, approximates its fair value as the interest rates on the loans were short-term in nature. The fair value of the senior unsecured notes is determined by reference to a quoted market price.

11. Other current assets

	March 31, 2018	December 31, 2017
Advances against auction contracts	$ 7,569	$ 7,336
Prepaid expenses and deposits	23,088	19,690
	$ 30,657	$ 27,026

12. Other non-current assets

Included in other non-current assets is a tax receivable amount of $13,419,000 (December 31, 2017: $12,851,000)

13. Goodwill

Balance, December 31, 2017	$ 670,922
Additions	3,242
Foreign exchange movement	(67)
Balance, March 31, 2018	$ 674,097

14. Debt

	Carrying amount	
	March 31, 2018	**December 31, 2017**
Short-term debt	$ 5,861	$ 7,018
Long-term debt:		
Term Loans (previously referred to as Delayed draw term loans):		
Denominated in Canadian dollars, secured, bearing interest at a weighted average rate of 4.014%, due in monthly installments of interest only and quarterly installments of principal, maturing in October 2021	178,335	185,143
Denominated in United States dollars, secured, bearing interest at a weighted average rate of 4.064%, due in weekly installments of interest only and quarterly installments of principal, maturing in October 2021	117,691	144,544
Less: unamortized debt issue costs	(3,514)	(4,134)
Senior unsecured notes:		
Bearing interest at 5.375% due in semi-annual installments, with the full amount of principal due in January 2025	500,000	500,000
Less: unamortized debt issue costs	(12,218)	(12,661)
Total Long-term debt	780,294	812,892
Total debt	$ 786,155	$ 819,910
Long-term debt:		
Current portion	$ 9,264	$ 16,907
Non-current portion	771,030	795,985
Total Long-term debt	$ 780,294	$ 812,892

Short-term debt at March 31, 2018 is comprised of drawings in different currencies on the Company's committed revolving credit facilities and have a weighted average interest rate of 2.9% (December 31, 2017: 2.7%).

During the quarter, the company made voluntary prepayments totalling $25,000,000 on the term loan denominated in United States dollars. Prepayments are applied against future scheduled mandatory payments. The amount available pursuant to the term loan facility was only available to finance the acquisition of IronPlanet and will not be available for other corporate purposes upon repayment of amounts borrowed under that facility.

14. Debt (continued)

As at March 31, 2018, the Company had available committed revolving credit facilities aggregating $655,600,000 of which $651,761,000 is available until October 27, 2021.

15. Other non-current liabilities

	March 31, 2018	December 31, 2017
Tax payable	$ 26,698	$ 25,958
Finance lease obligation - non-current	7,130	7,875
Share unit liabilities	-	2,865
Other non-current liabilities	11,029	10,075
	$ 44,857	$ 46,773

16. Equity and dividends

Share capital

Preferred stock

Unlimited number of senior preferred shares, without par value, issuable in series.
Unlimited number of junior preferred shares, without par value, issuable in series.
All issued shares are fully paid. No preferred shares have been issued.

Dividends

Declared and paid

The Company declared and paid the following dividends during the three months ended March 31, 2018 and 2017:

	Declaration date	Dividend per share	Record date	Total dividends	Payment date
Fourth quarter 2017	January 26, 2018	$ 0.1700	February 16, 2018	$ 18,246	March 9, 2018
Fourth quarter 2016	January 23, 2017	$ 0.1700	February 10, 2017	$ 18,160	March 3, 2017

Declared and undistributed

Subsequent to March 31, 2018, the Company's Board of Directors declared a quarterly dividend of $0.17 cents per common share, payable on June 20, 2018 to stockholders of record on May 30, 2018. This dividend payable has not been recognized as a liability in the financial statements. The payment of this dividend will not have any tax consequences for the Company.

16. Equity and dividends (continued)

Foreign currency translation reserve

Foreign currency translation adjustments include intra-entity foreign currency transactions that are of a long-term investment nature, which generated net gains of $2,138,000 for the three months ended March 31, 2018 (2017: net gains of $3,667,000).

17. Share-based payments

Share-based payments consist of the following compensation costs:

Three months ended March 31,	2018	2017
Stock option compensation expense:		
SG&A expenses	$ 2,148	$ 1,311
Acquisition-related costs	195	-
Share unit expense (recovery):		
Equity-classified share units	3,035	1,012
Liability-classified share units	1,599	(407)
Employee share purchase plan - employer contributions	537	436
	$ 7,514	$ 2,352

Share unit expense (recovery) and employer contributions to the employee share purchase plan are recognized in SG&A expenses.

Stock option plan

Stock option activity for the three months ended March 31, 2018 is presented below:

	Common shares under option	WA exercise price	WA remaining contractual life (in years)	Aggregate intrinsic value
Outstanding, December 31, 2017	4,459,744	$ 24.29	7.5	$ 17,649
Granted	889,169	32.16		
Exercised	(202,112)	21.34		$ 2,215
Forfeited	(19,662)	22.25		
Outstanding, March 31, 2018	5,127,139	$ 25.78	7.7	$ 30,313
Exercisable, March 31, 2018	2,675,935	$ 24.13	6.7	$ 19,839

The fair value of the stock option grants is estimated on the date of the grant using the Black-Scholes option pricing model. The weighted average grant date fair value of options granted during the three months ended March 31, 2018 was $7.67.

17. Share-based payments (continued)

Stock option plan (continued)

The significant assumptions used to estimate the fair value of stock options granted during the three months ended March 31, 2018 and 2017 are presented in the following table on a weighted average basis:

Three months ended March 31,	2018	2017
Risk free interest rate	2.7%	2.1%
Expected dividend yield	2.11%	2.05%
Expected lives of the stock options	5 years	5 years
Expected volatility	28.1%	27.9%

As at March 31, 2018, the unrecognized stock-based compensation cost related to the non-vested stock options was $10,976,000 which is expected to be recognized over a weighted average period of 2.5 years.

Share unit plans

Share unit activity for the three months ended March 31, 2018 is presented below:

	Equity-classified awards				Liability-classified awards					
	PSUs		RSUs		PSUs		RSUs		DSUs	
	Number	WA grant date fair value	Number	WA grant date fair value	Number	WA grant date fair value	Number	WA grant date fair value	Number	WA grant date fair value
Outstanding, December 31, 2017	434,248	$ 27.83	125,152	$ 26.93	259,241	$ 26.38	4,666	$ 26.42	93,487	$ 26.32
Granted	223,484	31.37	88,120	31.98	-	-	25	32.26	5,475	32.05
Transferred to (from) equity awards on modification	257,659	31.30	-	-	(257,659)	26.38	-	-	-	-
Forfeited	(15,519)	31.28	-	-	(1,582)	26.45	-	-	-	-
Outstanding, March 31, 2018 (1)	899,872	$ 30.87	213,272	$ 29.02	-	$ -	4,691	$ 26.45	98,962	$ 26.64

(1) Included in this total are 184,329 equity-classified PSUs that were vested but not settled at March 31, 2018. These vested share units had WA grant date fair values of $31.99 respectively.

As at March 31, 2018, the unrecognized share unit expense related to equity-classified PSUs was $13,656,668 which is expected to be recognized over a weighted average period of 2.2 years. The unrecognized share unit expense related to equity-classified RSUs was $5,696,935, which is expected to be recognized over a weighted average period of 2.8 years. The unrecognized share unit expense related to liability-classified RSUs was $30,024, which is expected to be recognized over a weighted average period of 0.6 years. There is no unrecognized share unit expense related to liability-classified DSUs as they vest immediately upon grant.

Senior executive and employee PSU plans

The Company grants PSUs under a senior executive PSU plan and an employee PSU plan (the “PSU Plans”). Under the PSU Plans, the number of PSUs that vest is conditional upon specified market, service, and performance vesting conditions being met. The PSU Plans allow the Company to choose whether to settle the awards in cash or in shares. With respect to settling in shares, the Company has the option to either (i) arrange for the purchase shares on the open market on the employee’s behalf based on the cash value that otherwise would be delivered, or (ii) to issue a number of shares equal to the number of units that vest.

17. Share-based payments (continued)

Share unit plans (continued)

Senior executive and employee PSU plans (continued)

On March 1, 2018, the Company modified the market and performance vesting conditions for the PSUs. Concurrently, the employee PSU plan were reclassified to equity awards, based on the Company's settlement intentions. The weighted average fair value of the PSU awards outstanding on the modification date was $31.35. The incremental compensation recognized as a result of the vesting condition modification was $1,400,000. The share unit liability related to the employee PSUs, representing the portion of the fair value attributable to past service, was $6,701,000, which was reclassified to equity on that date. No incremental compensation was recognized as a result of the employee PSU settlement modification. Because the employee PSUs are contingently redeemable in cash in the event of death of the participant, on the modification date, the Company reclassified $6,132,000 to temporary equity, representing the portion of the contingent redemption amount of the PSUs as if redeemable on March 1, 2018, to the extent attributable to prior service.

The fair value of the equity-classified PSUs is estimated on modification date and on the date of grant using a binomial model. The significant assumptions used to estimate the fair value of the equity-classified PSUs during the three months ended March 31, 2018 and 2017 are presented in the following table on a weighted average basis:

Three months ended March 31,	2018	2017
Risk free interest rate	1.9%	1.4%
Expected dividend yield	2.09%	1.92%
Expected lives of the PSUs	3 years	3 years
Expected volatility	31.1%	28.2%
Average expected volatility of comparable companies	34.1%	37.0%

18. Contingencies

Legal and other claims

The Company is subject to legal and other claims that arise in the ordinary course of its business. Management does not believe that the results of these claims will have a material effect on the Company's consolidated balance sheet or consolidated income statement.

Guarantee contracts

In the normal course of business, the Company will in certain situations guarantee to a consignor a minimum level of proceeds in connection with the sale at auction of that consignor's equipment.

At March 31, 2018, there were $103,315,000 of assets guaranteed under contract, of which 87% is expected to be sold prior to the end of June 30, 2018, with the remainder to be sold prior to December 31, 2018 (December 31, 2017: $30,948,000 of which 27% is expected to be sold prior to the end of March 31, 2018 with the remainder to be sold by December 31, 2018).

The outstanding guarantee amounts are undiscounted and before estimated proceeds from sale at auction.

19. Business combinations

IronPlanet acquisition

On May 31, 2017 (the "IronPlanet Acquisition Date"), the Company acquired 100% of the issued and outstanding shares of IronPlanet for a total fair value consideration of $776,474,000. As at the acquisition date, cash consideration of $772,706,000, of which approximately $35,000,000 was placed in escrow, was paid to the former shareholders, vested option holders and warrant holders of IronPlanet. In addition to the cash consideration, non-cash consideration of $2,330,000 was issued attributable to the assumption of outstanding IronPlanet options, $1,771,000 was paid in cash and placed in escrow, related to customary closing adjustments, and $333,000 was related to settlement of intercompany payable transactions. Funds placed in escrow of $36,771,000 were released in March 2018.

A summary of the net cash flows and purchase price are detailed below:

	May 31, 2017
Cash consideration paid to former equity holders	$ 723,810
Settlement of IronPlanet's debt	36,313
Settlement of IronPlanet's transaction costs	12,583
Cash consideration paid on closing	772,706
Cash consideration paid related to closing adjustments	1,771
Less: cash and cash equivalents acquired	(95,626)
Less: restricted cash acquired	(3,000)
Acquisition of IronPlanet, net of cash acquired	$ 675,851
Cash consideration paid on closing	$ 772,706
Replacement stock option awards attributable to pre- combination services	4,926
Stock option compensation expense from accelerated vesting of awards attributable to post-combination services	(2,596)
Cash consideration paid relating to closing adjustments	1,771
Settlement of pre-existing intercompany balances	(333)
Purchase price	$ 776,474

IronPlanet is a leading online marketplace for selling and buying used equipment and other durable assets and an innovative participant in the multi–billion dollar used equipment market. The acquisition expands the breadth and depth of equipment disposition and management solutions the Company can offer its customers.

The acquisition was accounted for in accordance with ASC 805, *Business Combinations*. The assets acquired and liabilities assumed were recorded at their estimated fair values at the IronPlanet Acquisition Date. Goodwill of $568,137,000 was calculated as the fair value of consideration over the estimated fair value of the net assets acquired.

19. Business combinations (continued)

IronPlanet provisional purchase price allocation

	May 31, 2017
Purchase price	$ 776,474
Assets acquired:	
Cash and cash equivalents	$ 95,626
Restricted cash	3,000
Trade and other receivables	13,021
Inventory	600
Advances against auction contracts	4,623
Prepaid expenses and deposits	1,645
Income taxes receivable	55
Property, plant and equipment	2,381
Other non-current assets	2,551
Deferred tax assets	1,497
Intangible assets ~	188,000
Liabilities assumed:	
Auction proceeds payable	63,616
Trade and other payables	14,511
Deferred tax liabilities	26,535
Fair value of identifiable net assets acquired	208,337
Goodwill acquired on acquisition	$ 568,137

~ Intangible assets consist of indefinite-lived trade names and trademarks, customer relationships with estimated useful lives of ranging from six to 13 years, and a technology platform with an estimated useful life of seven years.

The amounts included in the IronPlanet provisional purchase price allocation are preliminary in nature and are subject to adjustment as additional information is obtained about the facts and circumstances that existed as of the IronPlanet Acquisition Date. The final determination of the fair values of certain assets and liabilities will be completed within the measurement period of up to one year from the IronPlanet Acquisition Date, and is dependent upon finalization of income tax liabilities. Adjustments to the preliminary values during the measurement period will be recorded in the operating results of the reporting period in which the adjustments are determined. Changes to the amounts recorded as assets and liabilities will result in a corresponding adjustment to goodwill.

Goodwill

The main drivers generating goodwill are the anticipated synergies from (1) the Company's auction expertise and transactional capabilities to IronPlanet's existing customer base, (2) IronPlanet providing existing technology to the Company's current customer base, and (3) future growth from international expansion and new Caterpillar dealers. Other factors generating goodwill include the acquisition of IronPlanet's assembled work force and their associated technical expertise.

Acquisition-related costs

Expenses totalling $639,000 for legal fees, stock option compensation expense, and other acquisition-related costs are included in the consolidated income statement for the three months ended March 31, 2018 (2017: $7,691,000).

ITEM 2: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Cautionary Note Regarding Forward-Looking Statements

Forward-looking statements may appear throughout this report, including the following section "Management's Discussion and Analysis of Financial Condition and Results of Operations". Forward-looking statements are typically identified by such words as "aim", "anticipate", "believe", "could", "continue", "estimate", "expect", "intend", "may", "ongoing", "plan", "potential", "predict", "will", "should", "would", "could", "likely", "generally", "future", "long-term", or the negative of these terms, and similar expressions intended to identify forward-looking statements. Forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties that may cause actual results to differ materially.

While we have not described all potential risks related to our business and owning our common shares, the important factors discussed in "Part II, Item 1A: Risk Factors" of this Quarterly Report on Form 10-Q and in "Part I, Item 1A: Risk Factors" of our Annual Report on Form 10-K for the year ended December 31, 2017, which is available on our website at *www.rbauction.com*, on EDGAR at *www.sec.gov*, or on SEDAR at *www.sedar.com*, are among those that we consider may affect our performance materially or could cause our actual financial and operational results to differ significantly from our expectations. Except as required by applicable securities law and regulations of relevant securities exchanges, we do not intend to update publicly any forward-looking statements, even if our expectations have been affected by new information, future events or other developments.

We prepare our consolidated financial statements in accordance with United States generally accepted accounting principles ("US GAAP"). Except for Gross Transaction Value ("GTV")[1], which is a measure of operational performance and not a measure of financial performance, liquidity, or revenue, the amounts discussed below are based on our consolidated financial statements. Unless indicated otherwise, all tabular dollar amounts, including related footnotes, presented below are expressed in thousands of United States ("U.S.") dollars.

We make reference to various non-GAAP financial measures throughout this discussion and analysis. These measures do not have a standardized meaning, and are therefore unlikely to be comparable to similar measures presented by other companies.

Overview

Ritchie Bros. Auctioneers Incorporated ("Ritchie Bros.", the "Company", "we", or "us") (NYSE & TSX: RBA) is a world leader in asset management and disposition of used industrial equipment and other durable assets, selling $1.2 billion of used equipment and other assets during the first quarter of 2018. Our expertise, unprecedented global reach, market insight, and trusted portfolio of brands provide us with a unique position in the used equipment market. We primarily sell used equipment for our customers through live, unreserved auctions worldwide including in the United States, Canada, Australia, the United Arab Emirates, and the Netherlands, which are simulcast online to reach a global bidding audience.

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[1] GTV represents total proceeds from all items sold at our live on site auctions and online marketplaces. GTV is not a measure of financial performance, liquidity, or revenue, and is not presented in our consolidated financial statements.

On May 31, 2017, we acquired IronPlanet Holdings, Inc. ("IronPlanet"), a leading online marketplace for heavy equipment and other durable assets for $776.5 million (the "Acquisition"). IronPlanet's complementary used equipment brand solutions, together with Marketplace-E, our online marketplace that supports reserved pricing, provide different value propositions to equipment owners and allow us to meet the needs and preferences of a wide spectrum of equipment sellers and buyers. Upon the consummation of the Acquisition on May 31, 2017, we formed an alliance with Caterpillar Inc. ("Caterpillar"), pursuant to a Strategic Alliance and Remarketing Agreement (the "Alliance"). Under the Alliance, we became Caterpillar's preferred global partner for live on site and online auctions for used Caterpillar equipment.

In the past three years, we have also added a private brokerage service (Ritchie Bros. Private Treaty) and an online listing service (Mascus).

Through our unreserved live on site auctions, online marketplaces, and private brokerage services, we sell a broad range of used and unused equipment, including earthmoving equipment, truck trailers, government surplus, oil and gas equipment and other industrial assets. Construction and heavy machinery comprise the majority of the equipment sold through our multiple brand solutions. Customers selling equipment through our sales channels include end-users (such as construction companies), equipment dealers, original equipment manufacturers, and other equipment owners (such as rental companies and government bodies). Our customers participate in a variety of sectors, including heavy construction, transportation, agriculture, energy, and mining.

Service Offerings

As part of our Auction and Marketplace ("A&M") solutions, we offer our equipment seller and buyer customers multiple distinct, complementary, multi-channel brand solutions that address the range of their needs. Our global customer base has a variety of transaction options, breadth of services, and the widest selection of used equipment available to them. The tables below illustrate the various channels and brand solutions available under our A&M segment, as well as our other services.

A&M segment

Channels	Brand Solutions	Description of Offering
Live On Site Auctions	RITCHIE BROS.	■ Live unreserved on site with live simulcast online auctions
	CAT	■ Event-based sales of used construction and heavy equipment held in the Caterpillar dealer geographies
	KRUSE ENERGY AUCTIONEERS	■ Event-based sales of used energy equipment
Online Auctions and Marketplaces	IRON PLANET	■ Online marketplace for selling and buying used equipment
	Marketplace e	■ Online marketplace offering multiple price and timing options
	GOV PLANET	■ Online marketplace for the sale of government and military assets
	TRUCK PLANET	■ Online truck and trailer marketplace
Brokerage Service	PRIVATE TREATY	■ Confidential, negotiated sales

Contract options

As part of our A&M business, we offer sellers several contract options to meet their individual needs and sale objectives, which include:

- Straight commission contracts, where the consignor receives the gross proceeds from the sale less a pre-negotiated commission rate;
- Guarantee contracts, where the consignor receives a guaranteed minimum amount plus an additional amount if proceeds exceed a specified level; and
- Inventory contracts, where we purchase, take custody, and hold used equipment and other assets before they are resold in the ordinary course of business.

We refer to guarantee and inventory contracts as underwritten contracts.

We also provide a wide array of value-added services to make the process of selling and buying equipment convenient for our customers, including repair and refurbishment services, financial services through Ritchie Bros. Financial Services ("RBFS"), logistical services, and appraisals.

Revenue Accounting Policy Change

Effective January 1, 2018, we adopted ASU 2014-09 *Revenue from Contracts with Customers ("Topic 606")*. Revenues on inventory sales and ancillary and logistical services are presented **gross of the related expenses rather than net.** Accordingly, in addition to total revenues, we have added a new metric to our disclosures called agency proceeds[2] (non-GAAP measure), which presents revenues as previously reported and is calculated as total revenues under Topic 606 less the cost of inventory sold and ancillary and logistical service expenses.

The following table presents total revenues and agency proceeds (non-GAAP measure) results for the first quarter of 2018 and 2017, as well as reconciles those two measures:

(in U.S. $000's)	**Three months ended March 31,**	
	2018	**2017**
Total revenues	$ 260,178	$ 199,427
Less: cost of inventory sold	(75,791)	(63,401)
Less: ancillary and logistical service expenses	(14,580)	(11,527)
Agency proceeds (non-GAAP measure)	$ 169,807	$ 124,499

[2] Our balance sheet scorecard includes the non-GAAP measure performance metric, agency proceeds. Agency proceeds is also an element of the performance criteria for certain annual short-term incentive awards we grant to our employees and officers. We calculate agency proceeds by subtracting the cost of inventory sold and ancillary and logistical service expenses from total revenues.

Performance Highlights

Net income attributable to stockholders of $17.1 million improved 65% compared to $10.4 million for the same quarter in 2017. Diluted earnings per share ("EPS") attributable to stockholders increased 60% to $0.16 versus $0.10 in the first quarter of 2017. Other key first quarter highlights included:

Consolidated results:

- Total revenues, as presented under the new revenue standard, were $260.2 million; a 30% increase over the first quarter of 2017
- Total Company agency proceeds (non-GAAP measure) of $169.8 million increased 36% from $124.5 million in the first quarter of 2017
- Cash provided by operating activities of $67.2 million
- Repayment of $29.2 million of long-term debt in the first quarter of 2018
- Declared a quarterly dividend of $0.17 per common share

A&M segment results:

- GTV of $1.2 billion increased 29% from $0.9 billion in the first quarter of 2017
- Total revenues of $232.6 million increased 30% from $179.1 million in the first quarter of 2017
- A&M agency proceeds[3] (non-GAAP measure) of $156.8 million increased 36% from $115.7 million in the first quarter of 2017
- A&M revenue rate[4] improved 10 basis points ("bps") over the first quarter of 2017; and A&M agency proceeds rate[5] (non-GAAP measure) improved 60 bps over the first quarter of 2017

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[3] A&M agency proceeds is a non-GAAP financial measure that provides useful information about the performance of our A&M contracts for different financial periods. A&M agency proceeds is calculated as A&M total revenues less cost of inventory sold and is reconciled to the most directly comparable GAAP measures in our consolidated financial statements under "Segment Performance" below.

[4] We believe A&M segment total revenues are best understood by considering their relationship to GTV. The metric we use to measure that performance is A&M revenue rate, which is calculated as A&M total revenues divided by GTV.

[5] A&M agency proceeds rate is a non-GAAP financial measure that provides useful information about the performance of our operations by comparing the margins we earn on our contracts for different financial periods. A&M agency proceeds rate is calculated by dividing A&M agency proceeds (non-GAAP measure) by GTV. A&M agency proceeds rate is reconciled to the most directly comparable GAAP measures in our consolidated financial statements under "Segment Performance" below.

Results of Operations

Financial overview	Three months ended March 31,			
			$ Change	% Change
(in U.S. $000's, except EPS)	2018	2017	2018 over 2017	2018 over 2017
Service revenues	$ 176,016	$ 123,379	$ 52,637	43%
Revenue from inventory sales	84,162	76,048	8,114	11%
Total revenues	260,178	199,427	60,751	30%
Costs of services	36,657	24,340	12,317	51%
Cost of inventory sold	75,791	63,401	12,390	20%
Selling, general and administrative expenses	97,470	70,575	26,895	38%
Acquisition-related costs	1,633	8,627	(6,994)	(81)%
Depreciation and amortization expenses	16,191	10,338	5,853	57%
Gain on disposal of property, plant and equipment	(345)	(721)	376	(52)%
Foreign exchange gain	(92)	(730)	638	(87)%
Operating income	32,873	23,597	9,276	39%
Operating income margin	12.6%	11.8%	n/a	80 bps
Interest expense	(11,310)	(8,133)	(3,177)	39%
Other income, net	913	2,284	(1,371)	(60)%
Income tax expense	5,269	7,315	(2,046)	(28)%
Net income attributable to stockholders	17,138	10,377	6,761	65%
Diluted earnings per share attributable to stockholders	$ 0.16	$ 0.10	$ 0.06	60%
Effective tax rate	23%	41%	n/a	-1800 bps
GTV	$ 1,160,712	$ 899,410	$ 261,302	29%
Agency proceeds (non-GAAP measure)	169,807	124,499	45,308	36%

Consolidated Results

Total revenues

Total revenues are comprised of:

- Service revenues, including the following:
  - Revenue from A&M activities, including commissions earned at our live and online auctions where we act as an agent for consignors of equipment and other assets, and various auction-related fees, including listing and buyer transaction fees; and
  - Other services revenues, including revenues from refurbishment, logistical services, financing, appraisal fees and other ancillary service fees.
- Revenue from inventory sales

Total revenues increased $60.8 million, or 30%, in the first quarter of 2018 compared to the first quarter of 2017, primarily due to the Acquisition, an increase in the volume of inventory contracts in Canada and Europe, an increase in service revenues from our live on site auctions, and the partial harmonization of our transaction fees. Foreign exchange had a positive impact on total revenues in the first quarter of 2018.

Geographic analysis

The distribution of our revenues is determined by the location in which the sale occurred, or in the case of online sales, where the legal entity earning the revenues is incorporated. The following table presents our total revenues on a geographic basis:

(in U.S. $000's)	United States	Canada	Europe	Other	Consolidated
Total revenues for the three months ended March 31, 2018	$ 135,563	$ 65,809	$ 34,574	$ 24,232	$ 260,178
Proportion of consolidated amount	53%	25%	13%	9%	100%
Total revenues for the three months ended March 31, 2017	$ 112,083	$ 41,492	$ 18,267	$ 27,585	$ 199,427
Proportion of consolidated amount	56%	21%	9%	14%	100%
Change 2018 over 2017:					
$ change	$ 23,480	$ 24,317	$ 16,307	$ (3,353)	$ 60,751
% change	21%	59%	89%	(12)%	30%

The increase in total revenues in Canada and Europe in the first quarter of 2018 compared to the first quarter of 2017 was primarily due to an increase in revenue from inventory sales over the same comparative period. The increase in total revenues in the United States was primarily due to the Acquisition, partially offset by a decrease in revenue from inventory sales over the comparative period. The decrease in total revenues from other regions was primarily due to a decrease in revenue from inventory sales in the first quarter of 2018 compared to the first quarter of 2017.

Costs of services

Costs of services are comprised of expenses incurred in direct relation to conducting auctions ("direct expenses"), earning online marketplace revenues, and earning other fee revenues. Direct expenses include direct labour, buildings and facilities charges, and travel, advertising and promotion costs.

Costs of services increased $12.4 million or 51% in the first quarter of 2018 compared to the first quarter of 2017, primarily due to the Acquisition and the costs associated with the inspection and appraisal activities that support our online channels. The increase is also due to an increase in GTV at our live on site auctions over the comparative period and the growth of our ancillary business.

Cost of inventory sold

Cost of inventory sold consists of the initial purchase price of equipment and other assets purchased for resale. Cost of inventory sold increased $12.4 million, or 20%, in the first quarter of 2018 compared to the first quarter of 2017, primarily due to higher volume of inventory contracts.

Selling, general and administrative ("SG&A") expenses

SG&A expenses increased $26.9 million, or 38%, during the first quarter of 2018 compared to the first quarter of 2017, primarily due to the Acquisition, investment in talent to support new businesses and initiatives, and $4.6 million of share unit expenses in the first quarter of 2018 compared to $0.6 million in the first quarter of 2017. Foreign exchange had a negative impact on SG&A expenses in the first quarter of 2018.

The Acquisition drove increases in our employee compensation, audit fees, tax and legal consulting fees, and technology support costs. Our headcount[6], including RBFS and Mascus but excluding Xcira, increased 26% over March 31, 2017, primarily due to the Acquisition and continued growth in the teams that support in our value-added services.

Of the $4.0 million increase in our share unit expenses in the first quarter of 2018 compared to the first quarter of 2017, $2.4 million related to mark-to-market costs driven by growth in our share price over the comparative period. In addition, the March 1, 2018 modification of certain performance factors related to our share units resulted in an incremental compensation cost of $1.4 million.

Acquisition-related costs

Acquisition-related costs consist of operating expenses directly incurred as part of a business combination, due diligence and integration planning – including those related to the Acquisition – and continuing employment costs that are recognized separately from our business combinations. Business combination, due diligence, and integration operating expenses include advisory, legal, accounting, valuation, and other professional or consulting fees, and travel and securities filing fees.

Acquisition-related costs decreased $7.0 million, or 81%, in the first quarter of 2018 compared to the first quarter of 2017 primarily due to costs associated with the Acquisition, which totaled $7.7 million in the first quarter of 2017 versus $0.6 million in the first quarter of 2018.

Operating income

Operating income of $32.9 million increased $9.3 million or 39%, in the first quarter of 2018, compared to the first quarter of 2017. This increase was driven by higher total revenues and lower acquisition costs, partially offset by higher costs of services and SG&A expenses. Foreign exchange did not have a significant impact on operating income in the first quarter of 2018. As there were no adjusting items during the first quarter of 2018 or the first quarter of 2017, adjusted operating income[7] (non-GAAP measure) results were the same as operating income results.

Operating income margin, which is our operating income divided by revenues, increased 80 bps to 12.6% in the first quarter of 2018 compared to 11.8% in the first quarter of 2017. This increase is primarily due to the increase in operating income exceeding the increase in total revenues. Agency proceeds adjusted operating income rate[8] (non-GAAP measure) increased to 19.4% in the first quarter of 2018 compared to 19.0% in the first quarter of 2017.

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6 In our Annual Report on Form 10-K for the year ended December 31, 2017, our total headcount excluding Mascus and Xcira employees should have been 2,119 instead of 2,165 as 46 Mascus employees were inadvertently included in the figure reported.

7 Adjusted operating income is a non-GAAP measure. We use income statement and balance sheet performance scorecards to align our operations with our strategic priorities. We concentrate on a limited number of metrics to ensure focus and to facilitate quarterly performance discussions. Our income statement scorecard includes the performance metric, adjusted operating income. We believe that comparing adjusted operating income for different financial periods provides useful information about the growth or decline of operating income for the relevant financial period. We calculate adjusted operating income by eliminating from operating income the pre-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, severance, retention, gains/losses on sale of certain property, plant and equipment, impairment losses, and certain other items, which we refer to as 'adjusting items'. Adjusted operating income is reconciled to the most directly comparable GAAP measures in our consolidated financial statements under "Non-GAAP Measures" below.

8 Our income statement scorecard includes the performance metric, agency proceeds adjusted operating income rate, which is a non-GAAP measure. We believe that comparing agency proceeds adjusted operating income rate for different financial periods provides useful information about the growth or decline of our operating income for the relevant financial period. We calculate agency proceeds adjusted operating income rate by dividing adjusted operating income (non-GAAP measure) by agency proceeds (non-GAAP measure). Agency proceeds adjusted operating income rate is reconciled to the most directly comparable GAAP measures in our consolidated financial statements under "Non-GAAP Measures" below.

Interest expense

Interest expense of $11.3 million increased $3.2 million or 39% in the first quarter of 2018, compared to the first quarter of 2017. This increase is primarily due to the additional indebtedness we incurred in 2016 to finance the Acquisition and an increase in short-term interest over the comparative period. As of March 31, 2018, our long-term debt was $780.3 million compared to $596.4 million as of March 31, 2017.

Income tax expense and effective tax rate

For the three months ended March 31, 2018, income tax expense was $5.3 million, compared to an income tax expense of $7.3 million for the same period in 2017. Our effective tax rate was 23% in the first quarter of 2018, compared to 41% in the first quarter of 2017. The effective tax rate decreased in the first quarter of 2018 compared to the first quarter of 2017 primarily due to a greater proportion of income taxed in jurisdictions with lower tax rates and partially offset by our estimated Base Erosion Anti-Abuse Tax ("BEAT"). Additionally, in 2017 a $2.3 million expense relating to an increase in uncertain tax positions was recognized and greater annual non-deductible acquisitions costs were estimated.

On December 22, 2017 H.R. 1, originally known as the Tax Cuts and Jobs Act, (the "Tax Act") was enacted. The Tax Act makes broad and complex changes to the U.S. tax code that impacted our quarter ended March 31, 2018, including, but not limited to, (1) reducing the U.S. federal corporate tax rate from 35% to 21% effective January 1, 2018 and (2) imposing BEAT - a tax on certain deductible payments from our U.S. subsidiary to any of its foreign-related parties.

On December 22, 2017, Staff Accounting Bulletin No. 118 ("SAB 118") was issued to address the application of U.S. GAAP in situations when a registrant does not have the necessary information available, prepared, or analyzed (including computations) in reasonable detail to complete the accounting for certain income tax effects of the Tax Act. For the three months ended March 31, 2018, we have not made any adjustments to the provisional amounts recorded at December 31, 2017. Additional work is still necessary for a more detailed analysis of our deferred tax assets and liabilities, our historical foreign earnings subject to the one-time transition tax, and potential correlative adjustments. Any subsequent adjustment to these amounts will be recorded to tax expense in the corresponding quarter of 2018 when the analysis is complete.

At the end of each interim period, we estimate the effective tax rate expected to be applicable for the full fiscal year. The estimate reflects, among other items, management's best estimate of operating results. It does not include the estimated impact of foreign exchange rates or unusual and/or infrequent items, which may cause significant variations in the customary relationship between income tax expense and income before income taxes.

Net income

Net income attributable to stockholders increased $6.8 million, or 65%, in the first quarter of 2018 compared to the first quarter of 2017. This increase was primarily due to stronger operating income and was partially offset by a higher interest expense. Adjusted net income attributable to stockholders[9] (non-GAAP measure) increased $4.5 million, or 35%, to $17.1 million in the first quarter of 2018 from $12.7 million in the first quarter of 2017.

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[9] Adjusted net income attributable to stockholders is a non-GAAP financial measure. We believe that comparing adjusted net income attributable to stockholders for different financial periods 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. Adjusted net income attributable to stockholders represents net income attributable to stockholders excluding the effects of adjusting items and is reconciled to the most directly comparable GAAP measures in our consolidated financial statements under "Non-GAAP Measures" below.

Similarly, net income increased $6.8 million or 65% to $17.2 million in the first quarter of 2018 from $10.4 million in the first quarter of 2017. Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA")[10] (non-GAAP measure) increased $14.3 million, or 41%, to $49.6 million in the first quarter of 2018 from $35.3 million in the first quarter of 2017.

Net income margin increased 140 bps to 6.6% in the first quarter of 2018 from 5.2% in the first quarter of 2017. Agency proceeds adjusted EBITDA rate[11] (non-GAAP measure) increased 90 bps to 29.2% in the first quarter of 2018 from 28.3% in the first quarter of 2017, as revenue growth outpaced expense growth.

Debt at March 31, 2018, represented 9.6 times net income as at and for the 12 months ended March 31, 2018. This compares to debt at March 31, 2017, which represented 8.4 times net income as at and for the 12 months ended March 31, 2017. The increase in this debt/net income multiplier was primarily due to higher debt balances in the first quarter of 2018 versus the first quarter of 2017, partially offset by higher net income over the comparative period. The increase in debt was primarily due to funding for the Acquisition. Adjusted net debt/adjusted EBITDA[12] (non-GAAP measure) was 2.5 times as at and for the 12 months ended March 31, 2018 compared to -0.6 times as at and for the 12 months ended March 31, 2017.

Diluted EPS

Diluted EPS attributable to stockholders increased 60% to $0.16 in the first quarter of 2018 from $0.10 in the first quarter of 2017. This increase is primarily due to the increase in net income attributable to stockholders. Diluted adjusted EPS attributable to stockholders[13] (non-GAAP measure) increased 33% to $0.16 in the first quarter of 2018 from $0.12 in the first quarter of 2017.

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[10] Adjusted EBITDA is a non-GAAP financial measure that we believe provides useful information about the growth or decline of our net income when compared between different financial periods. Adjusted EBITDA is calculated by adding back depreciation and amortization expenses, interest expense, and current income tax expense, and subtracting interest income and deferred income tax recovery from net income excluding the pre-tax effects of adjusting items. Adjusted EBITDA is reconciled to the most directly comparable GAAP measures in our consolidated financial statements under "Non-GAAP Measures" below.

[11] Agency proceeds adjusted EBITDA rate is a non-GAAP financial measure that we believe provides useful information about the growth or decline of our net income when compared between different financial periods. Agency proceeds adjusted EBITDA rate presents adjusted EBITDA (non-GAAP measure) as a multiple of agency proceeds (non-GAAP measure). Agency proceeds adjusted EBITDA rate is reconciled to the most directly comparable GAAP measures in our consolidated financial statements under "Non-GAAP Measures" below.

[12] Adjusted net debt/adjusted EBITDA is a non-GAAP financial measure. We believe that comparing adjusted net debt/adjusted EBIDTA 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 discussed further below under "Liquidity and Capital Resources". We calculate adjusted net debt/adjusted EBITDA by dividing adjusted net debt (non-GAAP measure) by adjusted EBITDA (non-GAAP measure). Adjusted net debt (non-GAAP measure) is calculated by subtracting cash and cash equivalents and long-term debt held in escrow from debt. Adjusted net debt/adjusted EBITDA is reconciled to the most directly comparable GAAP measures in our consolidated financial statements under "Non-GAAP Measures" below.

[13] Diluted adjusted EPS attributable to stockholders is a non-GAAP financial measure. We believe that comparing diluted adjusted EPS attributable to stockholders for different financial periods provides useful information about the growth or decline of our diluted EPS 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 is calculated by dividing adjusted net income attributable to stockholders (non-GAAP measure), net of the effect of dilutive securities, by the weighted average number of dilutive shares outstanding. Diluted adjusted EPS attributable to stockholders is reconciled to the most directly comparable GAAP measures in our consolidated financial statements under "Non-GAAP Measures" below.

Segment Performance

Auctions and Marketplaces segment

(in U.S. $000's)	Three months ended March 31,			
			$ Change	% Change
	2018	2017	2018 over 2017	2018 over 2017
Service revenues	$ 148,405	$ 103,030	$ 45,375	44%
Revenue from inventory sales	84,162	76,048	8,114	11%
Total revenues	232,567	179,078	53,489	30%
Costs of services	21,448	12,587	8,861	70%
Cost of inventory sold	75,791	63,401	12,390	20%
SG&A expenses	93,002	67,111	25,891	39%
A&M profit	$ 42,326	$ 35,979	$ 6,347	18%

Gross Transaction Value

We believe that revenues are best understood by considering their relationship with GTV. The following table presents GTV by channel:

(in U.S. $000's)	Three months ended March 31,					
	2018		2017		$ Change	% Change
	Total GTV	% of total	Total GTV	% of total	2018 over 2017	2018 over 2017
Live on site auctions	$ 974,026	84%	$ 860,806	96%	$ 113,220	13%
Online marketplaces including featured [(1)] and other [(2)]	186,686	16%	38,604	4%	148,082	384%
GTV	$ 1,160,712	100%	$ 899,410	100%	$ 261,302	29%

(1) This represents GTV from IronPlanet's Weekly Featured Auction, which operates under an unreserved auction model.
(2) This includes GTV from Marketplace-E and, before that, EquipmentOne.

Overall, GTV increased $261.3 million, or 29%, in the first quarter of 2018 compared to the first quarter of 2017. This increase was primarily due to the Acquisition, the mix of equipment that came to market during the first quarter of 2018, and the strength of our Orlando auction in the first quarter of 2018 compared to first quarter of 2017. The increase was partially offset by the continuing equipment supply constraints, as well as the reduction in the number of live on site auctions and sale days over the comparative period.

The total number of industrial and agricultural lots sold at our live on site auctions decreased 7% to 83,300 lots in the first quarter of 2018 compared to 89,100 lots in first quarter of 2017. The decrease was primarily due to a reduction in number of industrial and agricultural live on site auctions from 61 in the first quarter of 2017 to 52 in the first quarter of 2018, as well as three fewer sales days over the same comparative period.

GTV generated at our live on site auctions increased 19% on a per-lot basis to $11,500 in the first quarter of 2018 compared to $9,700 in the first quarter of 2017. This increase was primarily due to a change in the mix of equipment at our auctions.

We saw strong price performance in construction assets in Canada, Europe, and Asia, as well as in vocational trucks in Canada. The effects of this price strengthening were partially offset by a softening of supply of various other types of equipment, including agricultural equipment in Canada and trailers and transport trucks in the United States.

We offer our customers the opportunity to use underwritten commission contracts to serve their disposition strategy needs, entering into such contracts where the risk/reward profile of the terms are agreeable. The volume of underwritten commission contracts decreased to 13% of our GTV in the first quarter of 2018 from 14% in the first quarter of 2017.

Seasonality

Our operations are both seasonal and event-driven. Total revenues and GTV generated by our A&M segment tend to be the highest during the second and fourth calendar quarters. We generally conduct more live on site auctions during these quarters than during the first and third calendar quarters. Late December through mid-February and mid-July through August are traditionally less active periods. Online volumes are similarly affected as supply of used equipment is lower in the third quarter as it is actively being used and not available for sale.

Total revenues

A&M total revenues by geographical region are presented below:

(in U.S. $000's)	**Three months ended March 31,**			
			$ Change	**% Change**
	2018	**2017**	**2018 over 2017**	**2018 over 2017**
United States	$ 122,704	$ 102,002	$ 20,702	20%
Canada	58,887	36,887	22,000	60%
International	50,976	40,189	10,787	27%
A&M total revenues	$ 232,567	$ 179,078	$ 53,489	30%

The increase in A&M total revenues in the first quarter of 2018 compared to the first quarter of 2017 was primarily due to the regional differences discussed below, an increase in equipment pricing, and the partial harmonization of our fees:

- United States – 20% increase primarily due to the Acquisition, as well as the increase in GTV that was driven by an increase in our service revenues from the Orlando auction in the first quarter of 2018. The increase was partially offset by a decrease in the volume of inventory contracts over the same comparative period.
- Canada – 60% increase primarily due to an increase in the volume of our inventory contracts, as well as an increase GTV that drove an increase in our service revenues from our live on site auctions.
- International – 27% increase primarily due to an increase in the volume of our inventory contracts, as well as an increase in service revenues.

As A&M total revenues are generated from transactional asset disposition services, we believe that these revenues are best understood by considering their relationship to GTV. The metric we use to measure that performance is A&M revenue rate, which is calculated as A&M total revenues divided by GTV.

A&M revenue rate was 20.0% and 19.9% for the three months ended March 31, 2018 and 2017, respectively. This marginal increase was primarily due to the growth in A&M total revenues outpacing the growth in GTV over the comparative period. A&M agency proceeds rate (non-GAAP measure) was 13.5% and 12.9% for the three months ended March 31, 2018 and 2017, respectively.

The following tables presents our agency proceeds (non-GAAP measure) and A&M agency proceeds rate (non-GAAP measure) results for the current quarter and each quarter over the last two years, as well as reconciles those metrics to A&M total revenues and A&M revenue rate, which are the most comparable GAAP measures in, or calculated from, our consolidated income statements:

(in U.S. $000's)	**Q1 2018**	**Q4 2017**	**Q3 2017**	**Q2 2017**	**Q1 2017**
A&M total revenues	$ 232,567	$ 262,628	$ 202,718	$ 226,372	$ 179,078
Less: cost of inventory sold	(75,791)	(98,895)	(72,476)	(71,726)	(63,401)
A&M agency proceeds (non-GAAP measure)	156,776	163,733	130,242	154,646	115,677
GTV	$ 1,160,712	$ 1,294,932	$ 1,019,322	$ 1,254,318	$ 899,410
A&M revenue rate	20.0%	20.3%	19.9%	18.0%	19.9%
A&M agency proceeds rate (non-GAAP measure)	13.5%	12.6%	12.8%	12.3%	12.9%

(in U.S. $000's)	**Q4 2016**	**Q3 2016**	**Q2 2016**	**Q1 2016**
A&M total revenues	$ 273,582	$ 280,961	$ 253,436	$ 237,195
Less: cost of inventory sold	(136,984)	(159,850)	(104,978)	(111,536)
A&M agency proceeds (non-GAAP measure)	136,598	121,111	148,458	125,659
GTV	$ 1,040,352	$ 998,859	$ 1,275,682	$ 1,019,922
A&M revenue rate	26.3%	28.1%	19.9%	23.3%
A&M agency proceeds rate (non-GAAP measure)	13.1%	12.1%	11.6%	12.3%

Costs of services

Segment costs of services by nature are presented below:

(in U.S. $000's)	**Three months ended March 31,**			
			$ Change	**% Change**
	2018	**2017**	**2018 over 2017**	**2018 over 2017**
Employee compensation	$ 8,941	$ 5,413	$ 3,528	65%
Buildings, facilities and technology	2,435	1,383	1,052	76%
Travel, advertising and promotion	6,505	4,656	1,849	40%
Other costs of services	3,567	1,135	2,432	214%
A&M costs of services	$ 21,448	$ 12,587	$ 8,861	70%

The increase in A&M costs of services in the first quarter of 2018 compared to the first quarter of 2017 was primarily due to the Acquisition and the costs associated with the inspection activities that support our online channels. The increase is also due to the increase in our live on site auctions GTV over the comparative period.

Cost of inventory sold

Cost of inventory sold increased $12.4 million, or 20%, in the first quarter of 2018 compared to the first quarter of 2017, primarily due to higher volume of inventory contracts.

SG&A expenses

Segment SG&A expenses, which include our corporate head office support costs, are presented by nature below:

(in U.S. $000's)	Three months ended March 31,			
			$ Change	% Change
	2018	2017	2018 over 2017	2018 over 2017
Employee compensation	$ 60,233	$ 42,149	$ 18,084	43%
Buildings, facilities and technology	14,759	11,901	2,858	24%
Travel, advertising and promotion	9,238	6,125	3,113	51%
Professional fees	3,963	2,862	1,101	38%
Other SG&A expenses	4,809	4,074	735	18%
A&M SG&A expenses	$ 93,002	$ 67,111	$ 25,891	39%

The increase in A&M SG&A expenses in the first quarter of 2018 compared to the first quarter of 2017 was primarily due to the Acquisition, our investment in talent, and higher share unit expenses, as discussed above. Foreign exchange had a negative impact on A&M SG&A expenses in the first quarter of 2018.

Productivity

The majority of our business continues to be generated by our A&M segment operations. Sales Force Productivity within this segment is an operational statistic that we believe provides a gauge of the effectiveness of our Revenue Producers in increasing our GTV. Revenue Producers[14] is a term used to describe our revenue-producing sales personnel. This definition is comprised of Regional Sales Managers and Territorial Managers.

Historically, we measured Sales Force Productivity as trailing 12-month GTV divided by the number of Revenue Producers at the reporting date. As a result of the timing and impact of the Acquisition on both GTV and the number of Revenue Producers, we updated our Sales Force Productivity measure calculations as at and for the 12-month periods ended March 31, 2018 and March 31, 2017.

Our updated Sales Force Productivity measure calculation as at and for the 12-month period ended March 31, 2018 is the sum of the following two amounts:

- GTV for the two months, pre-Acquisition, ended May 31, 2017, divided by the average number of Revenue Producers over the same two-month period; and
- GTV for the ten months, post-Acquisition, ended March 31, 2018, divided by the average number of Revenue Producers over the same ten-month period.

Under the revised calculation, our Sales Force Productivity as at and for the trailing 12-month period ended March 31, 2018 was $11.3 million per Revenue Producer, which was a decrease of $0.8 million per Revenue Producer compared to the 12-month period ended March 31, 2017. We believe the decrease is due to a combination of factors, including:

- The acquisition of Revenue Producers from IronPlanet that had a lower Sales Force Productivity than Ritchie Bros. sales personnel, pre-Acquisition. IronPlanet's Sales Force Productivity was $7.6 million per Revenue Producer for the 12-month trailing period ended May 31, 2017.
- The constrained supply of used equipment in 2017. As discussed above, the mix of equipment negatively impacted GTV in the first quarter of 2018.

[14] In our Annual Report on Form 10-K for the year ended December 31, 2017, the number of Revenue Producers should have been 431 instead of 455 as 24 Mascus sales personnel (seven Regional Sales Managers and 17 Territory Managers) were inadvertently included in the figure reported. Consequently, the Sales Force Productivity reported for the year ended December 31, 2017 should have been $11.2 million per Revenue Producer instead of $11.0 million per Revenue Producer.

The effect of the factors noted above in decreasing Sales Force Productivity were partially offset by strong price performance in construction assets in Canada, Europe, and Asia, as well as in vocational trucks in Canada.

Industrial live on site auction metrics

During the first quarter of 2018, we conducted 35 unreserved industrial live on site auctions at locations in North America, Europe, the Middle East, Australia, and Asia, compared to 41 during the first quarter of 2017.

Our key industrial live on site auction metrics[15] are shown below:

	Three months ended March 31,		
			% Change
	2018	2017	2018 over 2017
Bidder registrations	119,000	114,500	4%
Consignments	10,750	11,350	(5)%
Buyers	29,000	29,150	(1)%
Lots	81,000	84,000	(4)%

We saw decreases in all key industrial live on site auction metrics in the first quarter of 2018 compared to the first quarter of 2017, except for the number of bidder registrations. The decreases were primarily due to fewer auctions and sale days resulting from our North American site closures announced in 2017, auction calendar changes that shifted regularly scheduled first quarter auctions into the second quarter of 2018, and the effects of the continuing equipment supply shortage.

The increase in bidder registrations over the comparative period was the result of some new registration initiatives, which included providing certain IronPlanet customers with reciprocity for bidding at our live on site auctions through the creation of online bidding accounts, and providing 'watchlist' customers with weekly reminders of when items they are interested in are being sold through one of our channels.

Although our auctions vary in size, our average industrial live on site auction results on a trailing 12-month basis are described in the following table:

	12 months ended March 31,		
			Change
	2018	2017	2018 over 2017
GTV	$ 15.9 million	$ 16.4 million	$ -0.5 million
Bidder registrations	2,405	2,319	4%
Consignors	233	231	1%
Lots	1,576	1,680	(6)%

[15] For a breakdown of these key industrial auction metrics by month, please refer to our website at *www.rbauction.com*. None of the information in our website is incorporated by reference into this document by this or any other reference.

We saw a decrease in the average GTV per industrial auction for the 12 months ended March 31, 2018 compared the 12 months ended March 31, 2017. We believe the decrease was primarily driven by constrained supply of used equipment, particularly in 2017, the impact on the mix and age of equipment that came to market, and our lower Sales Force Productivity over the comparative period.

Online bidding

Internet bidders comprised 69% of the total bidder registrations at our live on site auctions in the first three months of 2018 compared to 66% in the first three months of 2017. This increase in the level of internet bidders continues to demonstrate our ability to drive multi-channel participation at our auctions. Across all channels, 56% of total GTV was purchased by online bidders in the first quarter of 2018 compared to 50% in the first quarter of 2017.

Website metrics[16]

Our website at *www.rbauction.com* provides customers with the ability to bid electronically at our live on site auctions IronPlanet websites *www.ironplanet.com*, *www.govplanet.com*, and *www.truckplanet.com*, provide access to our online marketplaces. Traffic across all our websites increased 37% in the first quarter of 2018 compared to the first quarter of 2017 due to the Acquisition. Including the addition of IronPlanet, the number of average monthly users in the first quarter of 2018 increased 6% on a comparative basis.

Other services

(in U.S. $000's)	**Three months ended March 31,**			
			$ Change	**% Change**
	2018	**2017**	**2018 over 2017**	**2018 over 2017**
Service revenues	$ 27,611	$ 20,349	$ 7,262	36%
Costs of services	15,209	11,753	3,456	29%
SG&A expenses	4,468	3,464	1,004	29%
Other services profit	$ 7,934	$ 5,132	$ 2,802	55%

Service revenues from other services grew $7.3 million, or 36%, in the first quarter of 2018 compared to the first quarter of 2017. This increase was primarily due to:

- A $3.5 million, or 24%, increase in ancillary and logistical services revenue;
- An additional $1.7 million in Asset Appraisal Services revenue due to the Acquisition;
- A $1.4 million, or 43%, increase in RBFS revenue to $4.7 million in the first quarter of 2018 from $3.3 million in the first quarter of 2017; and
- A $0.7 million, or 30%, increase in Mascus revenue to $2.8 million in the first quarter of 2018 from $2.2 million in the first quarter of 2017.

Funded volume, which represents the amount of lending brokered by RBFS, increased 53% from $62.2 million in the first quarter of 2017 to $95.0 million in the first quarter of 2018. RBFS operating profit increased $0.7 million or 47% over the same comparative period to $2.2 million from $1.5 million.

[16] None of the information in our websites is incorporated by reference into this document by this or any other reference.

Liquidity and Capital Resources

Working capital

(in U.S. $000's)	March 31, 2018	December 31, 2017	$ Change	% Change
Cash and cash equivalents	$ 278,944	$ 267,910	$ 11,034	4%
Current restricted cash	$ 62,414	$ 63,206	$ (792)	(1)%
Current assets	$ 606,288	$ 508,487	$ 97,801	19%
Current liabilities	491,339	388,455	102,884	26%
Working capital	$ 114,949	$ 120,032	$ (5,083)	(4)%

We believe that working capital is a more meaningful measure of our liquidity than cash alone. Our working capital decreased during the three months ended March 31, 2018, primarily due to the payment of dividends of $18.2 million and voluntary prepayments totalling $25.0 million on the term loan denominated in United States dollars. This decrease was partially offset by the increase in operating income over the comparative period.

Cash flows

(in U.S. $000's)	Three months ended March 31,			
			$ Change	% Change
	2018	2017	2018 over 2017	2018 over 2017
Cash provided by (used in):				
Operating activities	$ 67,238	$ 134,542	$ (67,304)	(50)%
Investing activities	(13,206)	(6,022)	(7,184)	119%
Financing activities	(45,417)	(15,065)	(30,352)	201%
Effect of changes in foreign currency rates	1,627	3,336	(1,709)	(51)%
Net increase in cash, cash equivalents, and restricted cash	$ 10,242	$ 116,791	$ (106,549)	(91)%

Operating activities

Cash provided by operating activities can fluctuate significantly from period to period due to factors such as differences in the timing, size, and number of auctions during the period, the volume of our underwritten contracts, the timing of the receipt of auction proceeds from buyers and of the payment of amounts due to consignors, as well as the location of the auction with respect to restrictions on the use of cash generated therein.

Cash provided by operating activities in the first quarter of 2018 of $67.2 million was comprised of $17.2 million of net income, $24.8 million of non-cash expenses, and $25.3 million of cash generated by changes in operating assets and liabilities. Cash provided by operating activities in the first quarter of 2017 of $134.5 million was comprised of $10.4 million in net income, $12.1 million in non-cash expenses, and $112.0 million of cash generated by changes in operating assets and liabilities.

Net income in the first quarter of 2018 increased compared to the first quarter of 2017 due to stronger operating income, partially offset by a higher interest expense. Non-cash expenses increased over the comparative period primarily due to higher amortization expenses driven by the increase in intangible assets as a result of the Acquisition.

The decrease in cash generated by changes in operating assets and liabilities over the comparative period was primarily due to more auction proceeds payable being settled in the United States in the first quarter of 2018 compared to the first quarter of 2017. This change was driven by increases in GTV, the number of auctions, and the number of sale days leading up to the first quarter of 2018 compared to the first quarter of 2017.

Investing activities

Net cash used in investing activities increased $7.2 million during the first quarter of 2018 compared to the first quarter of 2017. This increase is primarily due to our acquisition of Leake Auction Company, an Oklahoma-based collector car auctioneer, which was announced on January 16, 2018.

CAPEX intensity presents net capital spending, which excludes acquisition investments, as a percentage of total revenues. We believe that comparing CAPEX intensity on a trailing 12-month basis for different financial periods provides useful information as to the amount of capital expenditure that we require to generate revenues.

CAPEX intensity for the 12 months ended March 31, 2018 increased 80 bps compared to CAPEX intensity for the 12 months of 2017, primarily due to the net capital spending increase of 22% exceeding the total revenues decrease of 4% over the comparative period. The net capital spending increase was primarily due to an increase in the capitalization of costs of intangible assets under development. Significant software development projects over the 12-month period ended March 31, 2018 included systems integration following the Acquisition and other acquisitions, as well as enhanced functionality for our online marketplace sales channel.

The following table presents CAPEX intensity and agency proceeds CAPEX rate[17] (non-GAAP measure) results for the trailing 12-month periods ended March 31, 2018 and 2017, as well as reconciled those metrics to property, plant and equipment additions, intangible asset additions, proceeds on disposition of property, plant and equipment, and total revenues, which are the most directly comparable GAAP measures in, or calculated from, our consolidated financial statements.

(in U.S. $ millions)	**12 months ended March 31,**		
			Change
	2018	**2017**	**2018 over 2017**
Property, plant and equipment additions	$ 11.5	$ 18.3	(37)%
Intangible asset additions	30.0	19.5	54%
Proceeds on disposition of property plant and equipment	(4.5)	(7.4)	(39)%
Net capital spending	$ 37.0	$ 30.4	22%
Total revenues	1,031.9	1,070.9	(4)%
Less: cost of inventory sold	(318.9)	(465.2)	(31)%
Less: ancillary and logistical service expenses	(57.2)	(46.7)	22%
Agency proceeds (non-GAAP measure)	$ 655.8	$ 559.0	17%
CAPEX intensity	3.6%	2.8%	80 bps
Agency proceeds CAPEX rate (non-GAAP measure)	5.6%	5.4%	20 bps

[17] Agency proceeds CAPEX rate is a non-GAAP financial measure that we believe, when compared on a trailing 12-month basis to different financial periods provides useful information as to the amount of capital expenditure that we require to generate revenues. It is not a measure of liquidity. We calculate agency proceeds CAPEX rate by dividing net capital spending by agency proceeds (non-GAAP measure).

The decrease in cash provided by operating activities combined with the increase in net capital spending resulted in a decrease in operating free cash flow ("OFCF")[18] (non-GAAP measure) of $74.0 million, or 64%, to $42.0 million in the 12 months ended March 31, 2018 from $116.0 million in the 12 months ended March 31, 2017, as this now includes three full quarters post-Acquisition.

Financing activities

Net cash used by financing activities increased $30.4 million in the first three months of 2018 compared to the first three months of 2017. This increase was primarily due to voluntary prepayments totalling $25.0 million on the term loan, as well as higher scheduled long-term debt payments.

Dividend information

We declared and paid a regular cash dividend of $0.17 per common share for the quarters ended March 31, 2017, June 30, 2017, September 30, 2017, and December 31, 2017. We have declared, but not yet paid, a dividend of $0.17 per common share for the quarter ended March 31, 2018.

Total dividend payments during the three months ended March 31, 2018 and 2017 were $18.2 million to stockholders. All dividends that we pay are "eligible dividends" for Canadian income tax purposes unless indicated otherwise.

Our dividend payout ratio, which we calculate as dividends paid to stockholders divided by net income attributable to stockholders, decreased to 89.0% for the 12 months ended March 31, 2018 from 98.2% for the 12 months ended March 31, 2017. This decrease is primarily due to the increase in net income attributable to stockholders over the comparative period. Our adjusted dividend payout ratio[19] (non-GAAP measure) increased to 79.0% for the 12 months ended March 31, 2018 from 67.1% for the 12 months ended March 31, 2017.

Return on average invested capital

Our return on average invested capital is calculated as net income attributable to stockholders divided by our average invested capital. We calculate average invested capital over a trailing 12-month period by adding the average long-term debt over that period to the average stockholders' equity over that period.

Return on average invested capital decreased 120 bps to 5.8% for the 12-month period ending March 31, 2018 from 7.0% for the 12-month period ending March 31, 2017. This decrease is primarily due to a $376.9 million, or 36%, increase in average invested capital over the comparative period, which was driven by the Acquisition and the associated debt, and partially offset by an increase in net income attributable to stockholders.

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[18] OFCF is a non-GAAP financial measure that we believe, 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 the performance metric, OFCF. OFCF is also an element of the performance criteria for certain annual short-term incentive awards we grant to our employees and officers. We calculate OFCF by subtracting net capital spending from cash provided by operating activities. OFCF is reconciled to the most directly comparable GAAP measures in our consolidated financial statements under "Non-GAAP Measures" below.

[19] Adjusted dividend payout ratio is a non-GAAP financial measure. We believe that comparing the adjusted dividend payout ratio for different financial periods provides useful information about how well our net income supports our dividend payments. Adjusted dividend payout ratio is calculated by dividing dividends paid to stockholders by adjusted net income attributable to stockholders (non-GAAP measure). Adjusted dividend payout ratio is reconciled to the most directly comparable GAAP measures in our consolidated financial statements under "Non-GAAP Measures" below.

Return on invested capital ("ROIC") excluding escrowed debt[20] (non-GAAP measure) decreased 710 bps to 6.5% during the 12 months ended March 31, 2018 compared to 13.6% for the 12 months period ending March 31, 2017.

Debt and credit facilities

At March 31, 2018, our short-term debt of $5.9 million consisted of borrowings under our committed revolving credit facilities and had a weighted average annual interest rate of 2.9%. This compares to current borrowings of $7.0 million at December 31, 2017 with a weighted average annual interest rate of 2.7%.

As at March 31, 2018, we had a total of $780.3 million long-term debt with a weighted average annual interest rate of 4.9%. This compares to long-term debt of $812.9 million as at December 31, 2017 with a weighted average annual interest rate of 4.8%.

Our five-year credit agreement with a syndicate of lenders (the "Credit Agreement") allows prepayment of term loans in whole or in part at par. The Credit Agreement provided us with a term loan facility of up to $325.0 million (the "Term Loan Facility"). During the first quarter of 2018, we made voluntary prepayments of the term loan denominated in United States dollars totalling $25.0 million. These prepayments were applied to our next scheduled payments. The amount available pursuant to the Term Loan Facility was only available to finance the acquisition of IronPlanet and will not be available for other corporate purposes upon repayment of amounts borrowed under that facility.

As at March 31, 2018, we had available $646.8 million under our committed revolving credit facilities, pursuant to the Credit Agreement, which is available until October 27, 2021.

Future scheduled principal and interest payments (assuming no changes in short-term rates from current levels) over the next five years relating to our long-term debt outstanding at March 31, 2018 are as follows:

(in U.S. $000's)	**Scheduled payments by due period**					
	In 2018	**In 2019**	**In 2020**	**In 2021**	**In 2022**	**Thereafter**
On long-term debt:						
Principal	$ 6,948	$ 13,896	$ 25,032	$ 250,150	$ -	$ 500,000
Interest	22,608	38,745	38,024	35,107	26,875	67,188

Other credit facilities

As at March 31, 2018, we also had $10.0 million in credit facilities in certain foreign jurisdictions. Of these, $5.0 million were in a committed, revolving credit facility that was renewed on May 2, 2018 and now expires on October 27, 2021. The remaining $5.0 million was a demand facility that has no maturity date. As at March 31, 2018, we had available $8.8 million pursuant to these facilities.

[20] ROIC excluding escrowed debt is a non-GAAP financial measure that we believe, by comparing on a trailing 12-month basis for different financial periods provides useful information about the after-tax return generated by our investments by removing the impact of the issue of our senior secured notes ("Notes"), which were held in escrow at March 31, 2017. While the Notes were in escrow and not accessible by us, they were not contributing to the generation of net income. We believe that by adjusting debt to remove funds we do not have access to, we are providing more accurate information about the after-tax return generated by our investments. We calculate ROIC excluding escrowed debt as adjusted net income attributable to stockholders (non-GAAP measure) divided by adjusted average invested capital (non-GAAP measure). We calculate adjusted average invested capital (non-GAAP measure) as the adjusted average long-term debt (non-GAAP measure) and average stockholders' equity over a trailing 12-month period. We calculate adjusted average long-term debt (non-GAAP measure) as the average of adjusted opening long-term debt (non-GAAP measure) and adjusted ending long-term debt (non-GAAP measure). Adjusted opening long-term debt (non-GAAP measure) and adjusted ending long-term debt (non-GAAP measure) are calculated as opening or ending long-term debt, as applicable, as reported in our consolidated financial statements reduced by long-term debt held in escrow. ROIC excluding escrowed debt is reconciled to the most directly comparable GAAP measures in our consolidated financial statements under "Non-GAAP Measures" below.

Debt covenants

We were in compliance with all financial and other covenants applicable to our credit facilities at March 31, 2018.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements that have or are reasonably likely to have a current or future material effect on our financial condition, changes in financial condition, revenues or expenses, financial performance, liquidity, capital expenditures or capital resources.

Critical Accounting Policies, Judgements, Estimates and Assumptions

Aside from the adoption of Topic 606, discussed below, there were no material changes in our critical accounting policies, judgements, estimates and assumptions from those disclosed in the following our Annual Report on Form 10-K for the year ended December 31, 2017, or in the notes to our consolidated financial statements included in "Part I, Item 1: Consolidated Financial Statements" in this Quarterly Report on Form 10-Q.

Effective January 1, 2018, we adopted Topic 606 using the full retrospective method. The primary impact of the adoption of Topic 606 is the change in the presentation of revenue earned from inventory sales and ancillary and logistical services. These revenues are presented **gross of the related expenses rather than net.** There was **no impact on the timing of revenues recognized, amount of operating income or net income, or on the consolidated balance sheet or consolidated statements of cash flows** due to the adoption of Topic 606.

The following table presents our first quarter 2018 results and illustrates the impact on our historical reported results of retrospectively adopting Topic 606:

(in U.S. $000's)	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Service revenues	$ 176,016	$ 182,351	$ 145,938	$ 172,749	$ 123,379
Revenue from inventory sales	84,162	109,399	81,463	79,864	76,048
Total revenues	260,178	291,750	227,401	252,613	199,427
Costs of services	36,657	39,096	33,461	36,292	24,340
Cost of inventory sold	75,791	98,895	72,476	71,726	63,401

The following table reconciles revenues as previously reported to total revenues under Topic 606:

	Prior to January 1, 2018	New Revenue Standard Adjustments		On and after January 1, 2018
(in U.S. $000's)	Revenues as previously reported (a)	Cost of inventory sold[1] (b)	Ancillary and logistical service expenses[2] (c)	Total revenues under the new standard (a)+(b)+(c)=(d)
Quarter ended:				
December 31, 2017	$ 178,785	$ 98,895	$ 14,070	$ 291,750
September 30, 2017	141,047	72,476	13,878	227,401
June 30, 2017	166,186	71,726	14,701	252,613
March 31, 2017	124,499	63,401	11,527	199,427
Full year 2017	$ 610,517	$ 306,498	$ 54,176	$ 971,191

The following table reconciles costs of services as previously reported to costs of services under Topic 606:

(in U.S. $000's)	Prior to January 1, 2018	New Revenue Standard Adjustments	On and after January 1, 2018
	Costs of services (a)	Ancillary and logistical service expenses[2] (b)	Costs of services under the new standard (a) + (b) = (c)
Quarter ended:			
December 31, 2017	$ 25,026	$ 14,070	$ 39,096
September 30, 2017	19,583	13,878	33,461
June 30, 2017	21,591	14,701	36,292
March 31, 2017	12,813	11,527	24,340
Full year 2017	$ 79,013	$ 54,176	$ 133,189

1) These amounts were historically disclosed under the Consolidated Financial Statement note entitled "Revenue" and are now presented on the face of our consolidated income statements. Second and third quarter 2017 amounts were restated in the fourth quarter of 2017 to conform with current presentation of certain government contracts.

2) Ancillary and logistical service expenses are now reported within costs of services under the Consolidated Financial Statement note entitled "Operating Expenses".

As noted above, we introduced the new performance metric, agency proceeds (non-GAAP measure), in response to the adoption of Topic 606. The following table presents our agency proceeds (non-GAAP measure) results for the current quarter and each quarter in 2017, as well as reconciles this measure to total revenues, which is the most directly comparable GAAP measure in our consolidated income statements:

(in U.S. $000's)	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Total revenues	$ 260,178	$ 291,750	$ 227,401	$ 252,613	$ 199,427
Less: cost of inventory sold	(75,791)	(98,895)	(72,476)	(71,726)	(63,401)
Less: ancillary and logistical service expenses	(14,580)	(14,070)	(13,878)	(14,701)	(11,527)
Agency proceeds (non-GAAP measure)	$ 169,807	$ 178,785	$ 141,047	$ 166,186	$ 124,499

Non-GAAP Measures

We reference various non-GAAP measures throughout this Quarterly Report on Form 10-Q. These measures do not have a standardized meaning and are, therefore, unlikely to be comparable to similar measures presented by other companies. The presentation of this financial information, which is not prepared under any comprehensive set of accounting rules or principles, is not intended to be considered in isolation of, or as a substitute for, the financial information prepared and presented in accordance with generally accepted accounting principles.

The following table presents our agency proceeds (non-GAAP measure) and agency proceeds adjusted operating income rate (non-GAAP measure) results for the three months ended March 31, 2018 and 2017, as well as reconciles those metrics to total revenues and operating income margin, which are the most directly comparable GAAP measures in, or calculated from, our consolidated income statements:

(in U.S. $000's)	**Three months ended March 31,**		
			Change
	2018	**2017**	**2018 over 2017**
Operating income	$ 32,873	$ 23,597	39%
Total revenues	260,178	199,427	30%
Less: cost of inventory sold	(75,791)	(63,401)	20%
Less: ancillary and logistical service expenses	(14,580)	(11,527)	26%
Agency proceeds (non-GAAP measure)	$ 169,807	$ 124,499	36%
Operating income margin	12.6%	11.8%	80 bps
Agency proceeds adjusted operating income rate (non-GAAP measure)	19.4%	19.0%	40 bps

There were no adjusting items for the three months ended March 31, 2018 and 2017.

The following table presents our adjusted net income attributable to stockholders (non-GAAP measure) and diluted adjusted EPS attributable to stockholders (non-GAAP measure) results for the three months ended March 31, 2018, and 2017, as well as reconciles those metrics 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:

(in U.S. $000's, except share and per share data)	**Three months ended March 31,**		
			Change
	2018	**2017**	**2018 over 2017**
Net income attributable to stockholders	$ 17,138	$ 10,377	65%
Current income tax adjusting item:			
Change in uncertain tax provision	-	2,290	(100)%
Adjusted net income attributable to stockholders (non-GAAP measure)	$ 17,138	$ 12,667	35%
Effect of dilutive securities	$ -	$ 27	(100)%
Weighted average number of dilutive shares outstanding	108,643,897	107,788,949	1%
Diluted EPS attributable to stockholders	$ 0.16	$ 0.10	60%
Diluted adjusted EPS attributable to stockholders (non-GAAP measure)	$ 0.16	$ 0.12	33%

There were no adjusting items for the three months ended March 31, 2018.

The adjusting item for the three months ended March 31, 2017 was a $2.3 million (or $0.02 per diluted share) charge related to the change in uncertain tax provisions.

The following table presents our adjusted EBITDA (non-GAAP measure) and agency proceeds adjusted EBITDA rate (non-GAAP measure) results for the three months ended March 31, 2018 and 2017, as well as reconciles those metrics to net income and net income margin, which are the most directly comparable GAAP measures in, or calculated from, our consolidated income statements:

(in U.S. $000's)	**Three months ended March 31,**		
			Change
	2018	**2017**	**2018 over 2017**
Net income	$ 17,207	$ 10,433	65%
Add: depreciation and amortization expenses	16,191	10,338	57%
Add: interest expense	11,310	8,133	39%
Less: interest income	(392)	(955)	(59)%
Add: income tax expense	5,269	7,315	(28)%
Adjusted EBITDA (non-GAAP measure)	49,585	35,264	41%
Total revenues	260,178	199,427	30%
Less: cost of inventory sold	(75,791)	(63,401)	20%
Less: ancillary and logistical service expenses	(14,580)	(11,527)	26%
Agency proceeds (non-GAAP measure)	$ 169,807	$ 124,499	36%
Net income margin	6.6%	5.2%	140 bps
Agency proceeds adjusted EBITDA rate (non-GAAP measure)	29.2%	28.3%	90 bps

There were no adjusting items for the three months ended March 31, 2018 and 2017.

The following table presents our adjusted net debt/adjusted EBITDA (non-GAAP measures) results as at and for the 12 months ended March 31, 2018 and 2017, as well as reconciles that metric to debt, cash and cash equivalents, 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 March 31,**		
			Change
	2018	**2017**	**2018 over 2017**
Short-term debt	$ 5.9	$ 24.6	(76)%
Long-term debt	780.3	596.4	31%
Debt	786.2	621.0	27%
Less: cash and cash equivalents	(278.9)	(236.9)	18%
Less: long-term debt in escrow	-	(495.9)	(100)%
Adjusted net debt (non-GAAP measure)	507.3	(111.8)	554%
Net income	$ 82.1	$ 74.0	11%
Add: depreciation and amortization expenses	58.6	41.1	43%
Add: interest expense	41.5	12.3	237%
Less: interest income	(2.6)	(2.3)	13%
Add: income tax expense	-	34.7	(100)%
Pre-tax adjusting items:			
Accelerated vesting of assumed options	4.8	-	100%
Acquisition and finance structure advisory	9.1	-	100%
Severance and retention	3.6	-	100%
Impairment loss	8.9	28.2	(68)%
Debt extinguishment costs	-	6.8	(100)%
Adjusted EBITDA (non-GAAP measure)	$ 206.0	$ 194.8	6%
Debt/net income	9.6x	8.4x	14%
Adjusted net debt/adjusted EBITDA (non-GAAP measure)	2.5x	-0.6x	517%

The adjusting items for the 12 months ended March 31, 2018 were:

- $4.8 million ($4.8 million after tax, or $0.04 per diluted share) of stock option compensation expense related to the accelerated vesting of certain IronPlanet stock options assumed as part of the Acquisition
- $9.1 million ($6.6 million after tax, or $0.06 per diluted share) of acquisition and finance structure advisory costs
- $3.6 million ($2.5 million after tax, or $0.02 per diluted share) of severance and retention costs in a corporate reorganization that followed the Acquisition
- $8.9 million ($6.6 million after tax, or $0.06 per diluted share) impairment loss recognized on various technology assets

The adjusting items for the 12 months ended March 31, 2017 were:

- $28.2 million ($26.4 million after tax, or $0.25 per diluted share) impairment loss on the EquipmentOne reporting unit goodwill and customer relationships
- $6.8 million ($5.0 million after tax, or $0.05 per diluted share) charge related to the early termination of pre-existing debt

The following table presents our A&M agency proceeds (non-GAAP measure) and A&M agency proceeds rate (non-GAAP measure) results for the three months ended March 31, 2018, and 2017, as well as reconciles those metrics to A&M total revenues and A&M revenue rate, which are the most directly comparable GAAP measures in, or calculated from, our consolidated financial statements:

(in U.S. $000's)	**Three months ended March 31,**		
	2018	**2017**	**Change 2018 over 2017**
A&M total revenues	$ 232,567	$ 179,078	30%
Less: cost of inventory sold	(75,791)	(63,401)	20%
A&M agency proceeds (non-GAAP measure)	$ 156,776	$ 115,677	36%
GTV	1,160,712	899,410	29%
A&M revenue rate	20.0%	19.9%	10 bps
A&M agency proceeds rate (non-GAAP measure)	13.5%	12.9%	60 bps

The following table presents our OFCF (non-GAAP measure) results on a trailing 12-month basis ended March 31, 2018 and 2017, as well as reconciles that metric to cash provided by operating activities and net capital spending, which are the most directly comparable GAAP measures in, or calculated from, our consolidated statements of cash flows:

(in U.S. $ millions)	**12 months ended March 31,**		
	2018	**2017**	**Change 2018 over 2017**
Cash provided by operating activities	$ 79.0	$ 146.4	(46)%
Property, plant and equipment additions	11.5	18.3	(37)%
Intangible asset additions	30.0	19.5	54%
Proceeds on disposition of property plant and equipment	(4.5)	(7.4)	(39)%
Net capital spending	$ 37.0	$ 30.4	22%
OFCF (non-GAAP measure)	$ 42.0	$ 116.0	(64)%

The following table presents our adjusted net income attributable to stockholders (non-GAAP measure) and adjusted dividend payout ratio (non-GAAP measure) on a trailing 12-month basis ended March 31, 2018 and March 31, 2017, and reconciles those metrics to net income attributable to stockholders, and dividend payout ratio, which are the most directly comparable GAAP measures in, or calculated from, our consolidated financial statements:

(in U.S. $ millions)	**12 months ended March 31,**		
	2018	**2017**	**Change 2018 over 2017**
Dividends paid to stockholders	$ 72.8	$ 71.5	2%
Net income attributable to stockholders	$ 81.8	$ 72.8	12%
Pre-tax adjusting items:			
Accelerated vesting of assumed options	4.8	-	100%
Acquisition and finance structure advisory	9.1	-	100%
Severance and retention	3.6	-	100%
Impairment loss	8.9	28.2	(68)%
Debt extinguishment costs	-	6.8	(100)%
Current income tax effect of adjusting items:			
Acquisition and finance structure advisory	(2.4)	-	100%
Severance and retention	(0.7)	-	100%
Debt extinguishment costs	-	(1.8)	(100)%
Deferred income tax effect of adjusting items:			
Severance and retention	(0.4)	-	100%
Impairment loss	(2.4)	(1.8)	33%
Current income tax adjusting item:			
Change in uncertain tax provision	-	2.3	(100)%
Deferred tax adjusting item:			
Remeasurement of deferred taxes	(10.1)	-	100%
Adjusted net income attributable to stockholders (non-GAAP measure)	$ 92.1	$ 106.5	(14)%
Dividend payout ratio	89.0%	98.2%	-920 bps
Adjusted dividend payout ratio (non-GAAP measure)	79.0%	67.1%	1190 bps

The adjusting items for the 12 months ended March 31, 2018 were:

- $4.8 million ($4.8 million after tax, or $0.04 per diluted share) of stock option compensation expense related to the accelerated vesting of certain IronPlanet stock options assumed as part of the Acquisition
- $9.1 million ($6.6 million after tax, or $0.06 per diluted share) of acquisition and finance structure advisory costs
- $3.6 million ($2.5 million after tax, or $0.02 per diluted share) of severance and retention costs in a corporate reorganization that followed the Acquisition
- $8.9 million ($6.6 million after tax, or $0.06 per diluted share) impairment loss recognized on various technology assets
- $10.1 million (or $0.10 per diluted share) benefit on remeasurement of deferred taxes due to the TCJA

The adjusting items for the 12 months ended March 31, 2017 were:

- $28.2 million ($26.4 million after tax, or $0.25 per diluted share) impairment loss on the EquipmentOne reporting unit goodwill and customer relationships
- $6.8 million ($5.0 million after tax, or $0.05 per diluted share) charge related to the early termination of pre-existing debt
- $2.3 million (or $0.02 per diluted share) charge related to the change in uncertain tax provisions

The table on the following page presents our ROIC excluding escrowed debt (non-GAAP measure) results as at and for the 12-month period ended March 31, 2018 and 2017, 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)	As at and for the 12 months ended March 31,		
	2018	2017	Change 2018 over 2017
Net income attributable to stockholders	$ 81.8	$ 72.8	12%
Pre-tax adjusting items:			
Accelerated vesting of assumed options	4.8	-	100%
Acquisition and finance structure advisory	9.1	-	100%
Severance and retention	3.6	-	100%
Impairment loss	8.9	28.2	(68)%
Debt extinguishment costs	-	6.8	(100)%
Current income tax effect of adjusting items:			
Acquisition and finance structure advisory	(2.4)	-	100%
Severance and retention	(0.7)	-	100%
Debt extinguishment costs	-	(1.8)	(100)%
Deferred income tax effect of adjusting items:			
Severance and retention	(0.4)	-	100%
Impairment loss	(2.4)	(1.8)	33%
Current income tax adjusting item:			
Change in uncertain tax provision	-	2.3	(100)%
Deferred tax adjusting item:			
Remeasurement of deferred taxes	(10.1)	-	100%
Adjusted net income attributable to stockholders (non-GAAP measure)	$ 92.1	$ 106.5	(14)%
Opening long-term debt	$ 596.4	$ 102.3	483%
Ending long-term debt	780.3	596.4	31%
Less: long-term debt in escrow	-	(495.9)	(100)%
Adjusted ending long-term debt (non-GAAP measure)	780.3	100.5	676%
Average long-term debt	$ 688.4	$ 349.4	97%
Adjusted average long-term debt (non-GAAP measure)	688.4	101.4	579%
Opening stockholders' equity	$ 691.4	$ 676.5	2%
Ending stockholders' equity	752.3	691.4	9%
Average stockholders' equity	721.9	684.0	6%
Average invested capital	$ 1,410.3	$ 1,033.4	36%
Adjusted average invested capital (non-GAAP measure)	1,410.3	785.4	80%
Return on average invested capital[1]	5.8%	7.0%	-120 bps
ROIC excluding escrowed debt (non-GAAP measure)[2]	6.5%	13.6%	-710 bps

(1) Calculated as net income attributable to stockholders divided by average invested capital.
(2) Calculated as adjusted net income attributable to stockholders (non-GAAP measure) divided by adjusted average invested capital (non-GAAP measure).

The adjusting items for the 12 months ended March 31, 2018 were:

- $4.8 million ($4.8 million after tax, or $0.04 per diluted share) of stock option compensation expense related to the accelerated vesting of certain IronPlanet stock options assumed as part of the Acquisition
- $9.1 million ($6.6 million after tax, or $0.06 per diluted share) of acquisition and finance structure advisory costs
- $3.6 million ($2.5 million after tax, or $0.02 per diluted share) of severance and retention costs in a corporate reorganization that followed the Acquisition
- $8.9 million ($6.6 million after tax, or $0.06 per diluted share) impairment loss recognized on various technology assets
- $10.1 million (or $0.10 per diluted share) benefit on remeasurement of deferred taxes due to the TCJA

The adjusting items for the 12 months ended March 31, 2017 were:

- $6.8 million ($5.0 million after tax, or $0.05 per diluted share) charge related to the early termination of pre-existing debt
- $28.2 million ($26.4 million after tax, or $0.25 per diluted share) impairment loss on EquipmentOne reporting unit goodwill and customer relationships
- $2.3 million (or $0.02 per diluted share) charge related to the change in uncertain tax provisions

ITEM 3: QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes to our market risk during the three months ended March 31, 2018 from those disclosed in our Annual Report on Form 10-K for the year ended December 31, 2017, which is available on our website at *www.rbauction.com*, on EDGAR at *www.sec.gov*, or on SEDAR at *www.sedar.com*.

ITEM 4: CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Management of the Company, including the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), have evaluated the effectiveness of the Company's disclosure controls and procedures as at March 31, 2018. The term "disclosure controls and procedures" means controls and other procedures established by the Company that are designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the Company's management, including its CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure.

Based upon their evaluation of the Company's disclosure controls and procedures, the CEO and the CFO concluded that the disclosure controls are effective to provide reasonable assurance that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is accumulated and communicated to management, including the CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure and are effective to provide reasonable assurance that such information is recorded, processed, summarized and reported within the time periods specified by the SEC's rules and forms.

The Company closed the IronPlanet Acquisition on May 31, 2017, and IronPlanet's total assets and total revenues constituted 40% and 13%, respectively, of the Company's consolidated total assets and revenues as shown on our consolidated financial statements as of and for the period ended March 31, 2018. As the Acquisition occurred in the second quarter of 2017, we excluded the internal control over financial reporting of IronPlanet from the scope of our assessment of the effectiveness of the Company's disclosure controls and procedures. This exclusion is in accordance with the general guidance issued by the Staff of the Securities and Exchange Commission that an assessment of a recently-acquired business may be omitted from our scope in the year of acquisition, if specified conditions are satisfied.

The Company, including its CEO and CFO, does not expect that its internal controls and procedures will prevent or detect all error and all fraud. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

Changes in Internal Control over Financial Reporting

Management, with the participation of the CEO and CFO, concluded that there were no changes in the Company's internal control over financial reporting during the quarter ended March 31, 2018 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1: LEGAL PROCEEDINGS

We have no material legal proceedings pending, other than ordinary routine litigation incidental to the business, and we do not know of any material proceedings contemplated by governmental authorities.

ITEM 1A: RISK FACTORS

Our business is subject to a number of risks and uncertainties, and our past performance is no guarantee of our performance in future periods. In addition to the other information set forth in this Quarterly Report on Form 10-Q, you should carefully consider the risks and uncertainties discussed in "Part I, Item 1A: Risk Factors" of our Annual Report on Form 10-K for the year ended December 31, 2017, which is available on our website at *www.rbauction.com*, on EDGAR at *www.sec.gov*, or on SEDAR at *www.sedar.com*, before purchasing our common shares. Our business could also be affected by additional risks not currently known to us or that we currently deem to be immaterial. If any of the risks actually occur, our business, financial condition and results of operations could materially suffer. As a result, the trading price of our common shares could decline, and you may lose all or part of your investment.

There were no material changes in risk factors during the three months ended March 31, 2018.

ITEM 2: UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3: DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4: MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5: OTHER INFORMATION

None.

ITEM 6: EXHIBITS

Exhibits

The exhibits listed in below are filed as part of this Quarterly Report on Form 10-Q and incorporated herein by reference.

Exhibit Number	Document
10.1	Amended Executive Nonqualified Excess Plan Adoption
10.2	Employment Agreement between Ritchie Bros. Auctioneers (America) Inc. and Kieran Holm, dated March 29, 2017.
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as amended
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as amended
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

RITCHIE BROS. AUCTIONEERS INCORPORATED

Dated: May 10, 2018

By: */s/ Ravichandra K. Saligram*
Ravichandra K. Saligram
Chief Executive Officer

Dated: May 10, 2018

By: */s/ Sharon R. Driscoll*
Sharon R. Driscoll
Chief Financial Officer

EXHIBIT 10.1

NOTE: Execution of this Adoption Agreement creates a legal liability of the Employer with significant tax consequences to the Employer and Participants. Principal Life Insurance Company disclaims all liability for the legal and tax consequences which result from the elections made by the Employer in this Adoption Agreement.

Principal Life Insurance Company, Raleigh, NC 27612
A member of the Principal Financial Group®

THE EXECUTIVE NONQUALIFIED EXCESS PLAN

ADOPTION AGREEMENT

THIS AGREEMENT is the adoption by **Ritchie Bros. Auctioneers (America) Inc.** (the "Company") of the Executive Nonqualified Excess Plan ("Plan").

WITNESSETH:

WHEREAS, the Company desires to adopt the Plan as an unfunded, nonqualified deferred compensation plan; and

WHEREAS, the provisions of the Plan are intended to comply with the requirements of Section 409A of the Code and the regulations thereunder and shall apply to amounts subject to section 409A; and

WHEREAS, the Company has been advised by Principal Life Insurance Company to obtain legal and tax advice from its professional advisors before adopting the Plan,

NOW, THEREFORE, the Company hereby adopts the Plan in accordance with the terms and conditions set forth in this Adoption Agreement:

ARTICLE I

Terms used in this Adoption Agreement shall have the same meaning as in the Plan, unless some other meaning is expressly herein set forth. The Employer hereby represents and warrants that the Plan has been adopted by the Employer upon proper authorization and the Employer hereby elects to adopt the Plan for the benefit of its Participants as referred to in the Plan. By the execution of this Adoption Agreement, the Employer hereby agrees to be bound by the terms of the Plan.

ARTICLE II

The Employer hereby makes the following designations or elections for the purpose of the Plan:

2.6 Committee: The duties of the Committee set forth in the Plan shall be satisfied by:

__ (a) Company.

XX (b) The administrative committee appointed by the Board to serve at the pleasure of the Board.

__ (c) Board.

__ (d) Other (specify): _____.

2.8 Compensation: The "Compensation" of a Participant shall mean all of a Participant's:

XX (a) Base salary.

XX (b) Service Bonus.

XX Service Bonus earned from 1/1 – 12/31, paid on or around first quarter of the following Plan Year.

__ Service Bonus earned each calendar quarter, paid on or around the following calendar quarter.

__ Service Bonus with no defined earnings period (e.g.: a "spot bonus").

XX (c) Performance-Based Compensation earned in a period of 12 months or more.

XX Performance Based Bonus earned from 1/1 – 12/31, paid on or around first quarter the following Plan Year and whose elections must be made no later than 6/30 of the Plan Year it is earned.

__ Performance Based Bonus earned from _____, paid on or around _____ the following Plan Year and whose elections must be made no later than _____ of the Plan Year it is earned.

__ (d) Commissions.

__ (e) Compensation received as an Independent Contractor reportable on Form 1099.

__ (f) Other: _____.

2.9 Crediting Date: The Deferred Compensation Account of a Participant shall be credited as follows:

Participant Deferral Credits at the time designated below:

XX (a) On any business day as specified by the Employer.

__ (b) Each pay day as reported by the Employer.

__ (c) The last business day of each payroll period during the Plan Year.

Employer Credits at the time designated below:

XX (a) On any business day as specified by the Employer.

2.13 Effective Date:

__ (a) This is a newly-established Plan, and the Effective Date of the Plan is _____.

XX (b) This is an amendment of a plan named **Ritchie Bros. Auctioneers (America) Inc. Deferred Compensation Plan** dated **July 10, 2014** and governing all contributions to the plan through **December 07, 2017**. The Effective Date of this amended Plan is **December 08, 2017**.

2.20 Normal Retirement Age: The Normal Retirement Age of a Participant shall be:

XX (a) Age **55**.

__ (b) The later of age ___ or the _____ anniversary of the participation commencement date. The participation commencement date is the first day of the first Plan Year in which the Participant commenced participation in the Plan.

__ (c) Other: _____.

2.23 Participating Employer(s): As of the Effective Date, the following Participating Employer(s) are parties to the Plan:

Name of Employer	EIN
Ritchie Bros. Auctioneers (America) Inc	**91-1830835**
AssetNation Inc.	**94-3345105**

2.26 Plan: The name of the Plan is

Ritchie Bros. Auctioneers (America) Inc. Deferred Compensation Plan.

2.28 Plan Year: The Plan Year shall end each year on the last day of the month of **December**.

2.30 Seniority Date: The date on which a Participant has:

XX (a) Attained age **55**.

__ (b) Completed __ Years of Service from First Date of Service.

__ (c) Attained age __ and completed __ Years of Service from First Date of Service.

__ (d) Not applicable – distribution elections for Separation from Service are not based on Seniority Date.

4.1 Participant Deferral Credits: Subject to the limitations in Section 4.1 of the Plan, a Participant may elect to have his Compensation (as selected in Section 2.8 of this Adoption Agreement) deferred within the annual limits below by the following percentage or amount as designated in writing to the Committee:

XX (a) Base salary:

minimum deferral: _____%

maximum deferral: **50** %

XX (b) Service Bonus:

XX Service Bonus

minimum deferral: _____%

maximum deferral: **100** %

XX (c) Performance-Based Compensation:

XX Performance Based Bonus

minimum deferral: _____%

maximum deferral: **100** %

__ (d) Commissions:

minimum deferral: _____%

maximum deferral: _____%

__ (e) Form 1099 Compensation:

minimum deferral: _____%

maximum deferral: _____%

__ (f) Other:

minimum deferral: _____%

maximum deferral: _____%

__ (g) Participant deferrals not allowed.

4.1.2 Participant Deferral Credits and Employer Credits – Election Period: Participant elections regarding Participant Deferral Credits and Employer Credits shall be subject to the following effective periods (one must be selected):

__ (a) Evergreen election. An election made by the Participant shall continue in effect for subsequent years until modified by the Participant as permitted in Section 4.1 and Section 4.2. (This option is not permitted if source year accounts are elected in Section 4.3)

XX (b) Non-Evergreen election. Any election made by the Participant shall only remain in effect for the current election period and will then expire. An election for each subsequent year will be required as permitted in Sections 4.1 and 4.2.

4.2 Employer Credits: Employer Credits will be made in the following manner:

XX (a) **Employer Discretionary Credits**: The Employer may make discretionary credits to the Deferred Compensation Account of each Active Participant in an amount determined as follows:

XX (i) An amount determined each Plan Year by the Employer.

__ (ii) Other: _____.

__ (b) **Other Employer Credits**: The Employer may make other credits to the Deferred Compensation Account of each Active Participant in an amount determined as follows:

__ (i) An amount determined each Plan Year by the Employer.

__ (ii) Other: _____.

__ (c) Employer Credits not allowed.

4.3 Deferred Compensation Account: The Participant is permitted to establish the following accounts:

XX (a) Non-source year account(s). Deferred Compensation Account(s) will not be established on a source year basis:

XX (i) A Participant may establish only one account to be distributed upon Separation from Service. One set of payment options for that account is allowed as permitted in Section 7.1. Additional In-Service or Education accounts may be established as permitted in Section 5.4.

__ (ii) A Participant may establish multiple accounts to be distributed upon Separation from Service. Each account may have one set of payment options as permitted in Section 7.1 Additional In-Service or Education accounts may be established as permitted in Section 5.4. If this multiple account option is elected, the Participant will also be required to elect Separation from Service payment options for each In- Service or Education account established.

__ (b) Source year account(s): Annual Deferred Compensation Account(s) will be established each year in which Participant Deferral Credits or Employer Credits are credited to the Participant. Only one account may be established each year for distribution upon Separation from Service. One set of payment options for that account is allowed as permitted in Section 7.1. Additional In-Service or Education accounts may be established for each source year as permitted in Section 5.4. If this option is selected, Evergreen elections as described in Section 4.1.2 are not permitted.

5.2 Disability of a Participant:

XX (a) A Participant's becoming Disabled shall be a Qualifying Distribution Event and the Deferred Compensation Account shall be paid by the Employer as provided in Section 7.1.

__ (b) A Participant becoming Disabled shall not be a Qualifying Distribution Event.

5.3 Death of a Participant: If the Participant dies while in Service, the Employer shall pay a benefit to the Beneficiary in an amount equal to the vested balance in the Deferred Compensation Account of the Participant determined as of the date payments to the Beneficiary commence, plus:

__ (a) An amount to be determined by the Committee.

XX (b) No additional benefits.

5.4 In-Service or Education Distributions: In-Service and Education Accounts are permitted under the Plan:

XX (a) In-Service Accounts are allowed with respect to:
__ Participant Deferral Credits only.
__ Employer Credits only.
XX Participant Deferral and Employer Credits.

In-service distributions may be made in the following manner:
XX Single lump sum payment.
__ Annual installments over a term certain not to exceed ___ years.

Education Accounts are allowed with respect to:
__ Participant Deferral Credits only.
__ Employer Credits only.
XX Participant Deferral and Employer Credits.

Education Accounts distributions may be made in the following manner:
XX Single lump sum payment.
__ Annual installments over a term certain not to exceed ___ years.

If applicable, amounts not vested at the time payments due under this Section cease will be:
__ Forfeited.
XX Distributed at Separation from Service if vested at that time.

__ (b) No In-Service or Education Distributions permitted.

5.5 Change in Control Event:

XX (a) Participants may elect upon initial enrollment to have accounts distributed upon a Change in Control Event.

__ (b) A Change in Control shall not be a Qualifying Distribution Event.

5.6 Unforeseeable Emergency Event:

XX (a) Participants may apply to have accounts distributed upon an Unforeseeable Emergency event.

__ (b) An Unforeseeable Emergency shall not be a Qualifying Distribution Event.

6. Vesting: An Active Participant shall be fully vested in the Employer Credits made to the Deferred Compensation Account upon the first to occur of the following events:

__ (a) Normal Retirement Age.

__ (b) Death.

__ (c) Disability.

__ (d) Change in Control Event.

XX (e) Satisfaction of the vesting requirement as specified below:

XX **Employer Discretionary Credits:**

XX (i) Immediate 100% vesting.

__ (ii) 100% vesting after __ Years of Service.

__ (iii) 100% vesting at age __.

__ (iv)

Number of Years of Service		Vested Percentage
Less than	1	_____%
	1	_____%
	2	_____%
	3	_____%
	4	_____%
	5	_____%
	6	_____%
	7	_____%
	8	_____%
	9	_____%
	10 or more	_____%

For this purpose, Years of Service of a Participant shall be calculated from the date designated below:

__ (1) First day of Service.

__ (2) Effective date of Plan participation.

__ (3) Each Crediting Date. Under this option (3), each Employer Credit shall vest based on the Years of Service of a Participant from the Crediting Date on which each Employer Discretionary Credit is made to his or her Deferred Compensation Account.

__ **Other Employer Credits:**

__ (i) Immediate 100% vesting.

__ (ii) 100% vesting after __ Years of Service.

__ (iii) 100% vesting at age __.

__ (iv)

Number of Years of Service		Vested Percentage
Less than	1	_____%
	1	_____%
	2	_____%
	3	_____%
	4	_____%
	5	_____%
	6	_____%
	7	_____%
	8	_____%
	9	_____%
	10 or more	_____%

For this purpose, Years of Service of a Participant shall be calculated from the date designated below:

__ (1) First day of Service.

__ (2) Effective date of Plan participation.

__ (3) Each Crediting Date. Under this option (3), each Employer Credit shall vest based on the Years of Service of a Participant from the Crediting Date on which each Employer Discretionary Credit is made to his or her Deferred Compensation Account.

7.1 Payment Options: Any benefit payable under the Plan upon a permitted Qualifying Distribution Event may be made to the Participant or his Beneficiary (as applicable) in any of the following payment forms, as selected by the Participant in the Participation Agreement:

(a) Separation from Service (Seniority Date is Not Applicable)

__ (i) A lump sum.

__ (ii) Annual installments over a term certain as elected by the Participant not to exceed **5** years.

(b) Separation from Service prior to Seniority Date (If Applicable)

XX (i) A lump sum.

XX (ii) Annual installments over a term certain as elected by the Participant not to exceed **5** years.

(c) Separation from Service on or After Seniority Date (If Applicable)

XX (i) A lump sum.

XX (ii) Annual installments over a term certain as elected by the Participant not to exceed **15** years.

__ (iii) Not Applicable.

(d) Separation from Service Upon a Change in Control Event

XX (i) A lump sum.

(e) Death

XX (i) A lump sum.

__ (ii) Annual installments over a term certain as elected by the Participant not to exceed ___ years.

(f) Disability

XX (i) A lump sum.

__ (ii) Annual installments over a term certain as elected by the Participant not to exceed __ years.

__ (iii) Not applicable.

If applicable, amounts not vested at the time payments due under this Section cease will be:

__ Forfeited.

__ Distributed at Separation from Service if vested at that time.

(g) Change in Control Event

XX (i) A lump sum.

__ (ii) Not applicable.

If applicable, amounts not vested at the time payments due under this Section cease will be:

__ Forfeited.
__ Distributed at Separation from Service if vested at that time.

7.4 De Minimis Amounts.

__ (a) Notwithstanding any payment election made by the Participant, the vested balance in all Deferred Compensation Account (s) of the Participant will be distributed in a single lump sum payment at the time designated under the Plan if at the time of a permitted Qualifying Distribution Event that is either a Separation from Service, death, Disability (if applicable) or Change in Control Event (if applicable) the vested balance does not exceed $ _____. In addition, the Employer may distribute a Participant's vested balance in all Deferred Compensation Account(s) of the Participant at any time if the balance does not exceed the limit in Section 402(g)(1)(B) of the Code and results in the termination of the Participant's entire interest in the Plan.

XX (b) There shall be no pre-determined de minimis amount under the Plan; however, the Employer may distribute a Participant's vested balance at any time if the balance does not exceed the limit in Section 402(g)(1)(B) of the Code and results in the termination of the Participant's entire interest in the Plan.

10.1 Contractual Liability: Liability for payments under the Plan shall be the responsibility of the:

XX (a) Company.

__ (b) Employer or Participating Employer who employed the Participant when amounts were deferred.

14. Amendment and Termination of Plan: Notwithstanding any provision in this Adoption Agreement or the Plan to the contrary, Section _____of the Plan shall be amended to read as provided in attached Exhibit _____.

XX There are no amendments to the Plan.

17.8 Construction: The provisions of the Plan shall be construed and enforced according to the laws of the State of **Washington**, except to the extent that such laws are superseded by ERISA and the applicable provisions of the Code.

IN WITNESS WHEREOF, this Agreement has been executed as of the day and year stated below.

Ritchie Bros. Auctioneers (America) Inc
Name of Employer

By: _____
Authorized Person
Date: _____

The Plan is adopted by the following Participating Employers:

AssetNation Inc.
Name of Employer

By: _____
Authorized Person
Date: _____

EXHIBIT 10.2

EMPLOYMENT AGREEMENT

Between:

KIERAN HOLM

(the "Executive")

And:

RITCHIE BROS. AUCTIONEERS (AMERICA) INC.,
a corporation incorporated under the laws of the State of Washington

(the "Employer")

WHEREAS:

A. The Employer is in the business of facilitating the exchange, buying, selling and auctioneering of industrial equipment; and

B. The Employer and the Executive wish to enter into an employment relationship on the terms and conditions as described in this Agreement;

NOW THEREFORE THIS AGREEMENT WITNESSES THAT in consideration of the mutual covenants and agreements herein contained, and for other good and valuable consideration, the sufficiency of which is hereby acknowledged by both parties, the Employer and the Executive agree as follows:

1. EMPLOYMENT

a. The Employer agrees to employ the Executive pursuant to the terms and conditions described in this Agreement, including the appendices to this Agreement, and the Executive hereby accepts and agrees to such employment. Unless otherwise defined, the defined terms in this Agreement will have the same meaning in the appendices hereto.

b. The Executive will be employed in the position of **SVP, Operational Excellence & Efficiencies,** and such other duties and responsibilities consistent with his position as may be assigned by the Employer from time to time. The Executive will be based out of the Chicago area.

c. The Executive's employment under this Agreement is conditional on the Executive obtaining authorization and documentation to legally work in the United States ("**Work Authorization**") within 4 months after execution of this Agreement. It is a condition of the Executive's continued employment that the Executive maintain the necessary work authorization to work in the United States throughout the duration of the Executive's employment. The parties agree to work together on a best efforts basis to obtain from the appropriate U.S. governmental authorities, and maintain, such Work Authorization. During the period after the Commencement Date but prior to issuance of the Work Authorization, the Executive shall provide services under this Agreement from Canada.Within 2 weeks of issuance of the Work Authorization the Executive shall relocate to Chicago.

If the Executive is unable to obtain the Work Authorization within 4 months after execution of this Agreement, or if the Executive is subsequently unable to renew the Work Authorization, the Employer will offer the Executive employment in Canada, subject to a revised Canadian employment agreement containing substantially the same terms as this Agreement.

d. The Executive's employment with the Employer will commence on April 1, 2017 (the "**Commencement Date**"), and the Executive's employment hereunder will continue for an indefinite period of time until terminated in accordance with the terms of this Agreement or applicable law (the "**Term**").

e. During the Term, the Executive will at all times:

i. well and faithfully serve the Employer, and act honestly and in good faith in the best interests of the Employer;

ii. devote all of the Executive's business time, attention and abilities, and provide his best efforts, expertise, skills and talents, to the business of the Employer, except as provided in Section 2(b);

iii. adhere to all generally applicable written policies of the Employer, and obey and observe to the best of the Executive's abilities all lawful orders and directives, whether verbal or written, of the Board;

iv. act lawfully and professionally, and exercise the degree of care, diligence and skill that an executive employee would exercise in comparable circumstances; and

v. to the best of the Executive's abilities perform the duties and exercise the responsibilities required of the Executive under this Agreement.

2. PRIOR COMMITMENTS AND OUTSIDE ACTIVITIES

a. The Executive represents and warrants to the Employer that the Executive has no existing common law, contractual or statutory obligations to his former employer or to any other person that will conflict with the Executive's duties and responsibilities under this Agreement.

b. During the term of this Agreement, the Executive will not be engaged directly or indirectly in any outside business activities, whether for profit or not-for-profit, as principal, partner, director, officer, active shareholder, advisor, employee or otherwise, without first having obtained the written permission of the Employer. Subject to any conflict and the needs of the Employer, the Employer consents to a maximum of one public and one private board appointment.

3. POLICIES

a. The Executive agrees to comply with all generally applicable written policies applying to the Employer's staff that may reasonably be issued by the Employer from time to time. The Executive agrees that the introduction, amendment and administration of such generally applicable written policies are within the sole discretion of the Employer. If the Employer introduces, amends or deletes such generally applicable written policies, such introduction, deletion or amendment will not constitute a constructive dismissal or breach of this Agreement. If there is a direct conflict between this Agreement and any such policy, this Agreement will prevail to the extent of the inconsistency.

4. COMPENSATION

a. Upon the Commencement Date, and continuing during the Term, the Executive will earn the following annual compensation, less applicable statutory and regular payroll deductions and withholdings:

Compensation Element	$US
Annual Base Salary	**$245,000** (the "**Base Salary**")
Annual Short-Term Incentive	**50% of Base Salary at Target** (the "**STI Bonus**") (0% - 200% of Base Salary based on actual performance)
Annual Long-Term Incentive Grant	**Targeted at 80% of Base Salary** (the "**LTI Grant**")

b. The structure of the STI Bonus and LTI Grant will be consistent with those granted to the Employer's other executives, and is subject to amendments from time to time by the Employer. Currently, LTI grants for executives are provided as follows:

i. 50% in stock options, with a ten-year term, vesting in equal one-third parts after the first, second and third anniversaries of the grant date;

ii. 50% in performance share units, vesting on the third anniversary of the grant date based on meeting pre-established performance criteria, with the number of share units that ultimately vest ranging from 0% to 200% of target based on actual performance.

c. The specific terms and conditions for the LTI Grant (including but not limited to the provisions upon termination of employment) will be based on the relevant plan documents and may be subject to amendments from time to time by the Employer. As an exception, notwithstanding provisions to the contrary in the plan documents, any accelerated vesting upon a Change of Control will require both a Change of Control and the termination of employment without Cause or for Good Reason (i.e. acceleration will require a double-trigger).

d. Notwithstanding any other provisions in this Agreement to the contrary, the Executive will be subject to any clawback/recoupment policy of the Employer in effect from time-to-time, allowing the recovery of incentive compensation previously paid or payable to the Executive in cases of misconduct or material financial restatement, whether pursuant to the requirements of Dodd-Frank Wall Street Reform and the *Consumer Protection Act*, the listing requirements of any national securities exchange on which common stock of the Employer is listed, or otherwise.

e. In the event of a restatement of the financial results of Ritchie Bros. Auctioneers Incorporated ("RBA Pubco") (other than due to a change in applicable accounting rules or interpretations), the Board of Directors of RBA Pubco (the "Board") shall determine whether any performance-based compensation (pursuant to both short-term and long-term incentive compensation plans) paid or awarded to the Executive during the three years preceding such restatement (the "Awarded Compensation"), would have been a lower amount had it been calculated based on such restated financial statement (such lower amount being referred to herein as the "Adjusted Compensation"). If the Board determines that the Awarded Compensation exceeds the Adjusted Compensation, then the Board may demand from the Executive the recovery of any excess of the Awarded Compensation over the Adjusted Compensation, and the Executive shall immediately forfeit and/or repay, as applicable, any such amount.

5. BENEFITS

a. The Executive will be eligible to participate in the Employer's US group benefit plans, subject to the terms and conditions of said plans and the applicable policies of the Employer and applicable benefits providers. Subject to the Executive's eligibility, such benefits will include, without limitation, United States medical coverage satisfying the minimum essential coverage requirements under the United States *Patient Protection and Affordable Care Act*, short-term and long-term disability coverage, and term life insurance.

b. The liability of the Employer with respect to the Executive's employment benefits is limited to the premiums or portions of the premiums the Employer regularly pays on behalf of the Executive in connection with said employee benefits. The Executive agrees that the Employer is not, and will not be deemed to be, the insurer and, for greater certainty, the Employer will not be liable for any decision of a third-party benefits provider or insurer, including any decision to deny coverage or any other decision that affects the Executive's benefits or insurance.

c. The Executive shall be entitled to reimbursement of reasonable relocation costs related to his relocation to the US, in accordance with the Employer's standard policy for executives. The Executive shall also be entitled to receive, payable upon completion of the Executives relocation to Chicago, a relocation allowance equal to one month's base salary.

d. The Employer will reimburse the Executive for up to $10,000 in 2017, and up to $5,000 per annum in 2018 and thereafter, for expenses related to professional advice concerning tax planning and compliance.

e. The Executive will be provided with a car allowance of $ 2,000 monthly, in accordance with the Employer's standard car allowance program and practice in place at this time.

6. EXPENSES

a. The Employer will reimburse the Executive, in accordance with the Employer's policies, for all authorized travel and other out-of-pocket expenses actually and properly incurred by the Executive in the course of carrying out the Executive's duties and responsibilities under this Agreement.

7. HOURS OF WORK AND OVERTIME

a. Given the management nature of the Executive's position, the Executive is required to work additional hours from time to time, and is not eligible for overtime pay. The Executive acknowledges and agrees that the compensation provided under this Agreement represents full compensation for all of the Executive's working hours and services, including overtime.

8. VACATION

a. The Executive will earn, as work is performed and for use within twelve (12) months from the time it is earned, up to four (4) weeks (or twenty (20) business days) of paid vacation per annum, pro-rated for any partial year of employment, based on a calendar year method of accrual.

b. The Executive will take his vacation subject to business needs, and in accordance with the Employer's vacation policy in effect from time to time.

9. INDEMNITY AND CHANGE OF CONTROL

a. In consideration of the Executive's employment by the Employer, the Executive and the Employer hereby agree to enter into and execute contemporaneously with this Agreement:

i. the indemnity agreement in **Appendix** "**A**" to this Agreement (the "**Indemnity Agreement**"); and

ii. the change of control agreement in **Appendix** "**B**" to this Agreement (the "**Change of Control Agreement**").

10. TERMINATION OF EMPLOYMENT

a. Termination for cause: The Employer may terminate the Executive's employment at any time for Cause, without notice or any payment in lieu thereof. In this Agreement, "Cause" means:

i. the Executive's charge by a prosecutor or conviction of a criminal offence that (1) involves moral turpitude, or (2) may have the effect of materially injuring the reputation, business or business relationships of the Employer;

ii. theft, fraud, embezzlement, dishonesty, misappropriation of property, information or other assets, breach of fiduciary duty or breach of duty of loyalty, by the Executive in connection with Executive's employment with the Company;

iii. the Executive's intentional violation of the Company's lawful policies, rules or regulations;

iv. the Executive's intentional refusal to carry out or follow lawful instructions or assignments commensurate with the Executive's position(s) with the Company;

v. the Executive's willful dereliction of the duties commensurate with the Executive's position(s) with the Company assigned to the Executive;

vi. the Executive's intentional misconduct in connection with working for the Company, that materially harms the Company or its reputation; or

vii. any act, omission, or behaviour of the Executive that constitutes cause for dismissal at common law.

Notwithstanding the foregoing, with respect to the circumstances described in Sections 10.a.iv through vii above, the Employer may terminate the Executive for Cause only if the Employer provides written notice to the Executive of the circumstances giving rise to the basis for termination and the Executive fails to cure within thirty (30) days after receipt of such notice.

In the event of termination for Cause, all unvested stock options granted to the Executive pursuant to the terms of the Employer's Stock Option Plan (the "Option Plan") will immediately be void on the date the Employer notifies the Executive of such termination. The Executive will have 30 days from the date of termination to exercise any options which have vested prior to the date of termination, subject to the terms and conditions of the Option Plan and the applicable individual option agreements.

In the event of termination for Cause, the rights of the Executive with respect to any performance share units ("PSUs") granted pursuant to the Employer's Performance Share Unit Plan (the "PSU Plan"), and pursuant to any and all PSU grant agreements, will be governed pursuant to the PSU Plan.

b. Termination for Good Reason: The Executive may terminate his employment with the Employer for Good Reason by delivery of written notice to the Employer within the sixty (60) day period commencing upon the occurrence of Good Reason including the basis for such Good Reason (with such termination effective thirty (30) days after such written notice is delivered to the Employer and only in the event that the Employer fails or is unable to cure such Good Reason within such thirty (30) day period). In the event of a termination of the Executive's employment for Good Reason, the Executive will receive pay and benefits as if terminated by the Employer without Cause under Section 11 c., below. In this Agreement, "**Good Reason**" means a material adverse change by the Employer, without the Executive's consent, to the Executive's position, authority, duties, responsibilities, Base Salary or the potential incentive bonus the Executive is eligible to earn, but does not include (1) a change across the board affecting similar executives in a similar fashion, or (2) an isolated or inadvertent action which is remedied by the Employer promptly after receipt of written notice thereof given by the Executive.

c. Termination without Cause: The Employer may terminate the Executive's employment at any time, without Cause by providing the Executive with the following:

(1) Twelve (12) months' Base Salary plus twelve (12) months' at-target STI Bonus

(2) continuation of all applicable PSU held by the Executive in accordance with the applicable PSU grant agreements, and the terms and conditions of the PSU Plan;

(3) immediate accelerated vesting of all unvested stock options, with the Executive having 90 days from the date of termination to exercise such options, subject to the terms and conditions of the Option Plan and the applicable individual option agreements; and

(4) continued extended health and dental benefits coverage at active employee rates until the earlier of the first anniversary of the termination of the Executive's employment or the date on which the Executive begins new full-time employment, or paying for such period of time the Employer's share of the costs of such benefits.

d. Resignation: The Executive may terminate his employment with the Employer at any time by providing the Employer with two (2) months' notice in writing to that effect. If the Executive provides the Employer with written notice under this Section, the Employer may waive such notice, in whole or in part, in which case the Employer will pay the Executive the Base Salary only for the amount of time remaining in that notice period and the Executive's employment will terminate on the earlier date specified by the Employer without any further compensation.

In the event of termination by the Executive as provided in this section, all unvested stock options, held by the Executive will immediately be void on the termination date of the Executive's employment, with the Executive having 90 days from said date to exercise any vested stock options held by the Executive. The rights of the Executive with respect to any PSUs will be as set forth in the PSU Plan with respect to termination by the Executive.

e. Retirement: In the event of the Executive's retirement, as defined by the Employer's policies, all unvested stock options, will continue to vest according to their initial grant schedules and will remain exercisable up to the earlier of the original grant expiry date and the third anniversary of the date of retirement.

PSUs will continue to vest and be paid in accordance with the original grant schedule applicable thereto.

f. Termination Without Cause or Good Reason Following Change of Control: In the event of Termination without Cause or for Good Reason within one (1) year of a change of control of the Employer, the Executive will have the rights set forth in the Change of Control Agreement attached as **Appendix "B"** hereto.

g. Deductions and withholdings: All payments under this Section are subject to applicable statutory and regular payroll deductions and withholdings in the US as applicable.

h. Terms of Payment upon Termination: Upon termination of the Executive's employment, for any reason:

i. Subject to Section 10 d. and except as limited by Section 10 h. (ii), the Employer will pay the Executive all earned and unpaid Base Salary, earned and unpaid vacation pay, and a prorated STI Bonus, up to and including the Executive's last day of active employment with the Employer (the "**Termination Date**"), with such payment to be made within five (5) business days of the Termination Date.

ii. In the event of resignation by the Executive or termination of the Executive's employment for Cause, no STI Bonus will be payable to the Executive; and

iii. On the Termination Date, the Executive will immediately deliver to the Employer all files, computer disks, Confidential Information, information and documents pertaining to the Employer's Business, and all other property of the Employer that is in the Executive's possession or control, without making or retaining any copy, duplication or reproduction of such files, computer disks, Confidential Information, information or documents without the Employer's express written consent.

i. Other than as expressly provided herein, the Executive will not be entitled to receive any further pay or compensation, severance pay, notice, payment in lieu of notice, incentives, bonuses, benefits, rights and damages of any kind. The Executive acknowledges and agrees that, in the event of a payment under Section 10b. or Section 10 c. of this Agreement, the Executive will not be entitled to any other payment in connection with the termination of the Executive's employment.

j. Notwithstanding the foregoing, in the event of a termination without Cause or termination for Good Reason, the Employer will not be required to pay any Base Salary or STI Bonus to the Executive beyond that earned by the Executive up to and including the Termination Date, unless the Executive signs within sixty (60) days of the Termination Date and does not revoke a full and general release (the "Release") of any and all claims that the Executive has against the Employer or its affiliates and such entities' past and then current officers, directors, owners, managers, members, agents and employees relating to all matters, in form and substance satisfactory to the Employer, provided, however, that the payment shall not occur prior to the effective date of the Release, provided further that if the maximum period during which Executive can consider and revoke the release begins in one calendar year and ends in another calendar year, then such payment shall not be made until the first payroll date occurring after the later of (A) the last day of the calendar year in which such period begins, and (B) the date on which the Release becomes effective.

k. Notwithstanding any changes in the terms and conditions of the Executive's employment which may occur in the future, including any changes in position, duties or compensation, the termination provisions in this Agreement will continue to be in effect for the duration of the Executive employment with the Employer unless otherwise amended in writing and signed by the Employer.

l. Agreement authorizing payroll deductions: If, on the date the employment relationship ends, regardless of the reason, the Executive owes the Employer any money (whether pursuant to an advance, overpayment, debt, error in payment, or any other reason), the Executive hereby authorizes the Employer to deduct any such debt amount from the Executive's salary, severance or any other payment due to the Executive. Any remaining debt will be immediately payable to the Employer and the Executive agrees to satisfy such debt within 14 days of the Termination Date or any demand for repayment.

11. SHARE OWNERSHIP REQUIREMENTS

a. The Executive will be subject to the Employer's share ownership guideline policy, as amended from time to time.

12. CONFIDENTIAL INFORMATION

a. In this Agreement "Confidential Information" means information proprietary to the Employer that is not publically known or available, including but not limited to personnel information, customer information, supplier information, contractor information, pricing information, financial information, marketing information, business opportunities, technology, research and development, manufacturing and information relating to intellectual property, owned, licensed, or used by the Employer or in which the Employer otherwise has an interest, and includes Confidential Information created by the Executive in the course of his employment, jointly or alone. The Executive acknowledges that the Confidential Information is the exclusive property of the Employer.

b. The Executive agrees at all times during the Term and after the Term, to hold the Confidential Information in strictest confidence and not to disclose it to any person or entity without written authorization from the Employer and the Executive agrees not to copy or remove it from the Employer's premises except in pursuit of the Employer's business, or to use or attempt to use it for any purpose other than the performance of the Executive's duties on behalf of the Employer.

c. The Executive agrees, at all times during and after the Term, not use or take advantage of the Confidential Information for creating, maintaining or marketing, or aiding in the creation, maintenance, marketing or selling, of any products and/or services which are competitive with the products and services of the Employer.

d. Upon the request of the Employer, and in any event upon the termination of the Executive's employment with the Employer, the Executive will immediately return to the Employer all materials, including all copies in whatever form containing the Confidential Information which are within the Executive's possession or control.

13. INVENTIONS

a. In this Agreement, "Invention" means any invention, improvement, method, process, advertisement, concept, system, apparatus, design or computer program or software, system or database.

b. The Executive acknowledges and agrees that every Invention which the Executive may, at any time during the terms of his employment with the Employer or its affiliates, make, devise or conceive, individually or jointly with others, whether during the Employer's business hours or otherwise, and which relates in any manner to the Employer's business will belong to, and be the exclusive property of the Employer, and the Executive will make full and prompt disclosure to the Employer of every such Invention. The Executive hereby irrevocably waives all moral rights that the Executive may have in every such Invention.

c. The Executive undertakes to, and hereby does, assign to the Employer, or its nominee, every such Invention and to execute all assignments or other instruments and to do any other things necessary and proper to confirm the Employer's right and title in and to every such Invention. The Executive further undertakes to perform all proper acts within his power necessary or desired by the Employer to obtain letters patent in the name of the Employer and at the Employer's expense for every such Invention in whatever countries the Employer may desire, without payment by the Employer to the Executive of any royalty, license fee, price or additional compensation.

d. The Executive acknowledges that all original works of authorship which are made by the Executive (solely or jointly with others) within the scope of the Executive's employment and which are protectable by copyright are "works made for hire," pursuant to United States Copyright Act (17 U.S.C., Section 101).

14. NON-SOLICITATION

a. The Executive acknowledges that in the course of the Executive's employment with the Employer the Executive will develop close relationships with the Employer's clients, customers and employees, and that the Employer's goodwill depends on the development and maintenance of such relationships. The Executive acknowledges that the preservation of the Employer's goodwill and the protection of its relationships with its customers and employees are proprietary rights that the Employer is entitled to protect.

b. The Executive will not during the Applicable Period, whether individually or in partnership or jointly or in conjunction with any person or persons, as principal, agent, shareholder, director, officer, employee or in any other manner whatsoever:

   i. solicit any client or customer of the Employer with whom the Executive dealt during the twelve (12) months immediately prior to the termination of the Executive's employment with the Employer (however caused) for the purposes of (a) causing or trying to cause such client or customer to cease doing business with the Employer or to reduce such business with the Employer by diverting it elsewhere or (b) providing products or services that are the same as or competitive with the business of the Employer in the area of facilitating the exchange of industrial equipment, provided, for greater clarity, that such limitation shall not restrict the Executive from the general exchange of industrial equipment as part of the normal business operations of a future employer where such employer is not engaged in the exchange of industrial equipment by way of auctions or online equipment exchange platforms similar to those operated by the Employer; or

   ii. seek in any way to solicit, engage, persuade or entice, or attempt to solicit, engage, persuade or entice any employee of the Employer, to leave his or her employment with the Employer,

The "**Applicable Period**" means a period of twelve (12) months following termination, regardless of the reason for such termination or the party effecting it.

15. NON-COMPETITION

a. The Executive agrees that, without the prior written consent of the Employer, the Executive will not, directly or indirectly, in a capacity similar to that of the Executive with the Employer, carry on, be engaged in, be concerned with or interested in, perform services for, or be employed in a business which is the same as or competitive with the business of the Employer in the area of facilitating the exchange of industrial equipment, or in the area of the buying, selling or auctioning of industrial equipment, either individually or in partnership or jointly or in conjunction with any person as principal, agent, employee, officer or shareholder. The foregoing restriction will be in effect for a period of twelve (12) months following the termination of the Executive's employment, regardless of the reason for such termination or the party effecting it, within the geographical area of Canada and the United States.

16. REMEDIES FOR BREACH OF RESTRICTIVE COVENANTS

a. The Executive acknowledges that the restrictions contained in Sections 10 h. iii., 12, 13, 14, and 15 of this Agreement are, in view of the nature of the Employer's business, reasonable and necessary in order to protect the legitimate interests of the Employer and that any violation of those Sections would result in irreparable injuries and harm to the Employer, and that damages alone would be an inadequate remedy.

b. The Executive hereby agrees that the Employer will be entitled to the remedies of injunction, specific performance and other equitable relief to prevent a breach or recurrence of a breach of this Agreement and that the Employer will be entitled to its reasonable legal costs and expenses, including but not limited to its attorneys' fees, incurred in properly enforcing a provision of this Agreement.

c. Nothing contained herein will be construed as a waiver of any of the rights that the Employer may have for damages or otherwise.

d. The Executive and the Employer expressly agree that the provisions of Sections 10 h. iii., 12, 13, 14, 15, and 22 of this Agreement will survive the termination of the Executive's employment for any reason.

17. GOVERNING LAW

a. This Agreement will be governed by the laws of the State of Washington.

18. SEVERABILITY

a. All sections, paragraphs and covenants contained in this Agreement are severable, and in the event that any of them will be held to be invalid, unenforceable or void by a court of a competent jurisdiction, such sections, paragraphs or covenants will be severed and the remainder of this Agreement will remain in full force and effect.

19. ENTIRE AGREEMENT

a. This Agreement, including the Appendices, and any other documents referenced herein, contains the complete agreement concerning the Executive's employment by the Employer and will, as of the date it is executed, supersede any and all other employment agreements between the parties.

b. The parties agree that there are no other contracts or agreements between them, and that neither of them has made any representations, including but not limited to negligent misrepresentations, to the other except such representations as are specifically set forth in this Agreement, and that any statements or representations that may previously have been made by either of them to the other have not been relied on in connection with the execution of this Agreement and are of no effect.

c. No waiver, amendment or modification of this Agreement or any covenant, condition or restriction herein contained will be valid unless executed in writing by the party to be charged therewith, with the exception of those modifications expressly permitted within this Agreement. Should the parties agree to waive, amend or modify any provision of this Agreement, such waiver, amendment or modification will not affect the enforceability of any other provision of this Agreement. Notwithstanding the foregoing, the Employer may unilaterally amend the provisions of Section 10 c. relating to provision of certain health benefits following termination of employment to the extent the Employer deems necessary to avoid the imposition of excise taxes, penalties or similar charges on the Employer or any of its Affiliates, including, without limitation, under Section 4980D of the U.S. Internal Revenue Code.

20. CONSIDERATION

a. The parties acknowledge and agree that this Agreement has been executed by each of them in consideration of the mutual premises and covenants contained in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which is acknowledged. The parties hereby waive any and all defenses relating to an alleged failure or lack of consideration in connection with this Agreement.

21. INTERPRETATION

a. Headings are included in this Agreement for convenience of reference only and do not form part of this Agreement.

22. DISPUTE RESOLUTION

In the event of a dispute arising out of or in connection with this Agreement, or in respect of any legal relationship associated with it or from it, which does not involve the Employer seeking a court injunction or other injunctive or equitable relief to protect its business, confidential information or intellectual property, that dispute will be resolved in strict confidence as follows:

a. Amicable Negotiation – The parties agree that, both during and after the performance of their responsibilities under this Agreement, each of them will make *bona fide* efforts to resolve any disputes arising between them via amicable negotiations;

b. Arbitration – If the parties have been unable to resolve a dispute for more than 90 days, or such other period agreed to in writing by the parties, either party may refer the dispute for final and binding arbitration by providing written notice to the other party. If the parties cannot agree on an arbitrator within thirty (30) days of receipt of the notice to arbitrate, then either party may make application to the American Arbitration Association (the **"AAA"**) to appoint one. The arbitration will be held in Chicago, Illinois, in accordance with the AAA's rules, as applicable, and each party will bear its own costs, including one-half share of the arbitrator's fees.

23. ENUREMENT

a. The provisions of this Agreement will enure to the benefit of and be binding upon the parties, their heirs, executors, personal legal representatives and permitted assigns, and related companies.

b. This Agreement may be assigned by the Employer in its discretion, in which case the assignee shall become the Employer for purposes of this Agreement. This Agreement will not be assigned by the Executive.

24. EFFECT OF SECTION 409A

a. Payments and benefits provided under or referenced in this Agreement are intended to be designed in such a manner that they are either exempt from the application of, or comply with, the requirements of, Section 409A of the U.S. Internal Revenue Code and the regulations issued thereunder (collectively, as in effect from time to time, "Section 409A") and shall be construed, administered and interpreted in accordance with such intention. If, as of the date of the Executive's termination, the Executive is a "specified employee" within the meaning of Section 409A, then to the extent necessary to comply with Section 409A and to avoid the imposition of taxes and/or penalties under Section 409A, payment to the Executive of any amount or benefit under this Agreement or any other Employer plan, program or agreement that constitutes "nonqualified deferred compensation" under Section 409A and which under the terms of this Agreement or any other Employer plan, program or arrangement would otherwise be payable as a result of and within six (6) months following such termination shall be delayed, as provided under current regulatory requirements under Section 409A, until the earlier of (i) five (5) days after the Employer receives notification of the Executive's death or (ii) the first business day of the seventh month following the date of the Executive's termination.

b. Any payment or benefit under this Agreement or any other Employer plan, program or agreement that is payable upon a termination of the Executive's employment shall only be paid or provided to the Executive upon a "separation from service" within the meaning of Section 409A. If the Executive or the Employer determine that any payment, benefit, distribution, deferral election, or any other action or arrangement contemplated by the provisions of this Agreement or any other Employer plan, program or agreement would, if undertaken or implemented, cause the Executive to become subject to taxes and/or penalties under Section 409A, then such payment, benefit, distribution, deferral election or other action or arrangement shall not be given effect to the extent it causes such result and the related provisions of this Agreement or other Employer plan, program or agreement will be deemed modified in order to provide the Executive with the intended economic benefit and comply with the requirements of Section 409A.

c. Each payment made under this Agreement shall be treated as a separate payment and the right to a series of installment payments under this Agreement shall be treated as a right to a series of separate and distinct payments.

d. With regard to any provision in this Agreement that provides for reimbursement of expenses or in-kind benefits, except for any expense, reimbursement or in-kind benefit provided pursuant to this Agreement that does not constitute a "deferral of compensation," within the meaning of Section 409A, (i) the amount of expenses eligible for reimbursement, or in-kind benefits provided, during any calendar year shall not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other calendar year, (ii) such payments shall be made on or before the last day of the calendar year following the calendar year in which the expense was incurred, and (iii) the right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit.

Dated this 29th day of March, 2017.

Signed, Sealed and Delivered by **KIERAN HOLM** in the presence of:	)	
/s/ Hiroko Kishi Name	)	/s/ Kieran Holm **KIERAN HOLM**
Minato-ku, Akasaka 1-11-40 #1901 Address	)	
Tokyo, Japan	)	
Homemaker Occupation	)	

RITCHIE BROS. AUCTIONEERS (AMERICA) INC.

Per: /s/Darren Watt
Authorized Signatory

APPENDIX "A"

INDEMNITY AGREEMENT

THIS AGREEMENT executed on the 29th day of March, 2017.

BETWEEN:

RITCHIE BROS. AUCTIONEERS INCORPORATED, a corporation amalgamated under the laws of Canada and having an office at 9500 Glenlyon Parkway, Burnaby, British Columbia, V5J 0C6

(the "Corporation")

AND:

KIERAN HOLM

(the "Indemnified Party")

WHEREAS:

A. The Indemnified Party:

(a) is or has been a director or officer of the Corporation, or

(b) acts or has acted, at the Corporation's request, as a director or officer of, or in a similar capacity for, an Interested Corporation (as defined herein);

B. The Corporation acknowledges that the Indemnified Party, by virtue of his acting as a director or officer of the Corporation or the Interested Corporation and in exercising business judgment, making decisions and taking actions in furtherance of the business and affairs of any such corporation or entity may attract personal liability;

C. The Indemnified Party has agreed to serve or to continue to serve as a director or officer of the Corporation or the Interested Corporation subject to the Corporation providing him with an indemnity against certain liabilities and expenses and, in order to induce the Indemnified Party to serve and to continue to so serve, the Corporation has agreed to provide the indemnity herein;

D. The Corporation considers it desirable and in the best interests of the Corporation to enter into this Agreement to set out the circumstances and manner in which the Indemnified Party may be indemnified in respect of certain liabilities and expenses which the Indemnified Party may incur or sustain as a result of the Indemnified Party so acting as a director or officer; and

E. The By-Laws of the Corporation contemplate that the Indemnified Party may be so indemnified.

THEREFORE THIS AGREEMENT WITNESSES that in consideration of the Indemnified Party so agreeing to act and the mutual premises, promises and conditions herein (the receipt and sufficiency of which is acknowledged by the Corporation), the parties agree as follows:

ARTICLE 1
DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Agreement unless there is something in the subject matter or context inconsistent therewith, the following capitalized words will have the following meanings:

(a) "CBCA" means the *Canada Business Corporations Act* as amended or re-enacted.

(b) "Claim" means any action, cause of action, suit, complaint, proceeding, arbitration, judgment, award, assessment, order, investigation, enquiry or hearing howsoever arising and whether arising in law, equity or under statute, rule or regulation or ordinance of any governmental or administrative body.

(c) "Interested Corporation" means any subsidiary of the Corporation or any other corporation, society, partnership, association, syndicate, joint venture or trust, whether incorporated or unincorporated, in which the Corporation is, was or may at any time become a shareholder, creditor, member, partner or other stakeholder.

1.2 Interpretation

For the purposes of this Agreement, except as otherwise provided:

(a) "this Agreement" means this Indemnity Agreement as it may from time to time be supplemented or amended and in effect;

(b) all references in this Agreement to "Articles", "Sections" and other subdivisions are to the designated Articles, Sections and other subdivisions of this Agreement;

(c) the words "herein", "hereof", "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section or other subdivision;

(d) the headings are for convenience only and are not intended to interpret, define or limit the scope, extent or intent of this Agreement or any provision hereof;

(e) the singular of any term includes the plural, and vice versa, the use of any term is equally applicable to any gender and, where applicable, a body corporate, the word "or" is not exclusive and the word "including" is not limiting whether or not non-limiting language (such as "without limitation" or "but not limited to" or words of similar import) is used with reference thereto;

(f) where the time for doing an act falls or expires on a day other than a business day, the time for doing such act is extended to the next day which is a business day; and

(g) any reference to a statute is a reference to the applicable statute and to any regulations made pursuant thereto and includes all amendments made thereto and in force from time to time and any statute or regulation that has the effect of supplementing or superseding such statute or regulation.

ARTICLE 2
INDEMNITY

2.1 Indemnities

(a) *General Indemnity* - Except as otherwise provided herein, the Corporation agrees to indemnify and save the Indemnified Party harmless, to the fullest extent permitted by law, including but not limited to that permitted under the CBCA, as the same exists on the date hereof or may hereafter be amended (but, in the case of such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than permitted prior to such amendment) from and against any and all costs, charges, expenses, fees, losses, damages or liabilities (including legal or other professional fees), without limitation, and whether incurred alone or jointly with others, which the Indemnified Party may suffer, sustain, incur or be required to pay and which arise out of or in respect of any Claim which may be brought, commenced, made, prosecuted or threatened against the Indemnified Party, the Corporation, the Interested Corporation or any of the directors or officers of the Corporation or by reason of his acting or having acted as a director or officer of the Corporation or Interested Corporation and any act, deed, matter or thing done, made or permitted by the Indemnified Party or which the Indemnified Party failed or omitted to do arising out of, or in connection with the affairs of the Corporation or Interested Corporation or the exercise by the Indemnified Party of the powers or the performance of the Indemnified Party's duties as a director or officer of the Corporation or the Interested Corporation including, without limitation, any and all costs, charges, expenses, fees, losses, damages or liabilities which the Indemnified Party may suffer, sustain or reasonably incur or be required to pay in connection with investigating, initiating, defending, appealing, preparing for, providing evidence in, instructing and receiving the advice of counsel or other professional advisor or otherwise, or any amount paid to settle any Claim or satisfy any judgment, fine or penalty, provided, however, that the indemnity provided for in this Section 2.1 will only be available if:

(i) the Indemnified Party acted honestly and in good faith with a view to the best interests of the Corporation or the Interested Corporation, as the case may be; and

(ii) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, the Indemnified Party had reasonable grounds for believing that his conduct was lawful.

(b) *Indemnity in Derivative Claims etc*. - in respect of any action by or on behalf of the Corporation or the Interested Corporation to procure a judgment in its favour against the Indemnified Party, in respect of which the Indemnified Party is made a party by reason of the Indemnified Party acting or having acted as a director or officer of or otherwise associated with the Corporation or the Interested Corporation, the Corporation will, with the approval of a court of competent jurisdiction, indemnify and save the Indemnified Party harmless against all costs, charges and expenses reasonably incurred by the Indemnified Party in connection with such action to the same extent as provided or in Section 2.1 provided the Indemnified Party fulfils the conditions set out in Section 2.1(a)(i) and 2.1(a)(ii) above.

(c) *Indemnity as of Right* - notwithstanding anything herein, the Corporation will indemnify and save the Indemnified Party harmless in respect of all costs, charges and expenses reasonably incurred by him in connection with the defence of any civil, criminal, administrative or investigative action or proceeding to which the Indemnified Party is subject because of his acting or having acted as a director or officer of or otherwise associated with the Corporation or the Interested Corporation, if the Indemnified Party:

(i) was not judged by a court of competent jurisdiction to have committed any fault or omitted to do anything that the individual ought to have done; and

(ii) fulfils the conditions set out in Section 2.1(a)(i) and 2.1(a)(ii) above.

(d) *Incidental Expenses* - except to the extent such costs, charges, expenses, fees or liabilities are paid by an Interested Corporation, the Corporation will pay or reimburse the Indemnified Party for reasonable travel, lodging or accommodation costs, charges or expenses paid or incurred by or on behalf of the Indemnified Party in carrying out his duties as a director or officer of the Corporation or the Interested Corporation, whether or not incurred in connection with any Claim.

2.2 Specific Indemnity for Statutory Obligations

Without limiting the generality of Section 2.1 hereof, the Corporation agrees, to the extent permitted by law, that the indemnities provided herein will include all costs, charges, expenses, fees, fines, penalties, losses, damages or liabilities arising by operation of statute, rule, regulation or ordinance and incurred by or imposed upon the Indemnified Party in relation to the affairs of the Corporation or the Interested Corporation by reason of the Indemnified Party acting or having acted as a director or officer thereof, including but not limited to, any statutory obligations or liabilities that may arise to creditors, employees, suppliers, contractors, subcontractors, or any government or agency or division of any government, whether federal, provincial, state, regional or municipal.

2.3 Taxation

Without limiting the generality of Section 2.1 hereof, the Corporation agrees that the payment of any indemnity to or reimbursement of the Indemnified Party hereunder will include any amount which the Indemnified Party may be required to pay on account of applicable income, goods or services or other taxes or levies arising out of the payment of such indemnity or reimbursement such that the amount received by or paid on behalf of the Indemnified Party, after payment of any such taxes or other levies, is equal to the amount required to pay and fully indemnify the Indemnified Party for such costs, charges, expenses, fees, losses, damages or liabilities, provided however that any amount required to be paid with respect to such taxes or other levies will be payable by the Corporation only upon the Indemnified Party remitting or being required to remit any amount payable on account of such taxes or other levies.

2.4 Partial Indemnification

If the Indemnified Party is determined to be entitled under any provision of this Agreement to indemnification by the Corporation for some or a portion of the costs, charges, expenses, fees, losses, damages or liabilities incurred in respect of any Claim but not for the total amount thereof, the Corporation will nevertheless indemnify the Indemnified Party for the portion thereof to which the Indemnified Party is determined to be so entitled.

2.5 Exclusions to Indemnity

The Corporation will not be obligated under this Agreement to indemnify or reimburse the Indemnified Party:

(a) in respect to which the Indemnified Party may not be relieved of liability under the CBCA or otherwise at law; or

(b) to the extent that Section 16 of the U.S. *Securities Exchange Act* of 1934 is applicable to the Corporation, for expenses or the payment of profits arising from the purchase and sale by the Indemnified Party of securities in violation of Section 16(b) of the U.S. *Securities Exchange Act* of 1934, as amended, or any similar successor statute; or

(c) with respect to any Claims initiated or brought voluntarily by the Indemnified Party without the written agreement of the Corporation, except with respect to any Claims brought to establish or enforce a right under this Agreement or any other statute, regulation, rule or law.

ARTICLE 3
CLAIMS AND PROCEEDINGS WHICH MAY GIVE RISE TO INDEMNITY

3.1 Notices of the Proceedings

The Indemnified Party will give notice, in writing, to the Corporation forthwith upon the Indemnified Party being served with any statement of claim, writ, notice of motion, indictment, subpoena, investigation order or other document commencing, threatening or continuing any Claim involving the Corporation or the Interested Corporation or the Indemnified Party which may give rise to a claim for indemnification under this Agreement, and the Corporation agrees to notify the Indemnified Party, in writing, forthwith upon it or any Interested Corporation being served with any statement of claim, writ, notice of motion, indictment, subpoena, investigation order or other document commencing or continuing any Claim involving the Indemnified Party. Failure by the Indemnified Party to so notify the Corporation of any Claim will not relieve the Corporation from liability hereunder except to the extent that the failure materially prejudices the Corporation or Interested Corporation.

3.2 Subrogation

Promptly after receiving notice of any Claim or threatened Claim from the Indemnified Party, the Corporation may, and upon the written request of the Indemnified Party will, promptly assume conduct of the defence thereof and retain counsel on behalf of the Indemnified Party who is reasonably satisfactory to the Indemnified Party, to represent the Indemnified Party in respect of the Claim. If the Corporation assumes conduct of the defence on behalf of the Indemnified Party, the Indemnified Party hereby consents to the conduct thereof and of any action taken by the Corporation, in good faith, in connection therewith and the Indemnified Party will fully cooperate in such defence including, without limitation, the provision of documents, attending examinations for discovery, making affidavits, meeting with counsel, testifying and divulging to the Corporation all information reasonably required to defend or prosecute the Claim.

3.3 Separate Counsel

In connection with any Claim in respect of which the Indemnified Party may be entitled to be indemnified hereunder, the Indemnified Party will have the right to employ separate counsel of the Indemnified Party's choosing and to participate in the defence thereof but the fees and disbursements of such counsel will be at the expense of the Indemnified Party (for which the Indemnified Party will not be entitled to claim from the Corporation) unless:

(a) the Indemnified Party reasonably determines that there are legal defences available to the Indemnified Party that are different from or in addition to those available to the Corporation or the Interested Corporation, as the case may be, or that a conflict of interest exists which makes representation by counsel chosen by the Corporation not advisable;

(b) the Corporation has not assumed the defence of the Claim and employed counsel therefor reasonably satisfactory to the Indemnified Party within a reasonable period of time after receiving notice thereof; or

(c) employment of such other counsel has been authorized by the Corporation;

in which event the reasonable fees and disbursements of such counsel will be paid by the Corporation, subject to the terms hereof.

3.4 No Presumption as to Absence of Good Faith

Unless a court of competent jurisdiction otherwise has held or decided that the Indemnified Party is not entitled to be indemnified hereunder, in full or in part, the determination of any Claim by judgment, order, settlement or conviction, or upon a plea of *nolo contendere* or its equivalent, will not, of itself, create any presumption for the purposes of this Agreement that the Indemnified Party is not entitled to indemnity hereunder.

3.5 Settlement of Claim

No admission of liability and no settlement of any Claim in a manner adverse to the Indemnified Party will be made without the consent of the Indemnified Party, such consent not to be unreasonably withheld. No admission of liability will be made by the Indemnified Party without the consent of the Corporation and the Corporation will not be liable for any settlement of any Claim made without its consent, such consent not to be unreasonably withheld.

ARTICLE 4
INDEMNITY PAYMENTS, ADVANCES AND INSURANCE

4.1 Court Approvals

If the payment of an indemnity hereunder requires the approval of a court under the provisions of the *Canada Business Corporations Act* or otherwise, either of the Corporation or, failing the Corporation, the Indemnified Party may apply to a court of competent jurisdiction for an order approving the indemnity of the Indemnified Party pursuant to this Agreement.

4.2 Advances

(a) If the Board of Directors of the Corporation has determined, in good faith and based on the representations made to it by the Indemnified Party, that the Indemnified Party is or may to be entitled to indemnity hereunder in respect of any Claim, the Corporation will, at the request of the Indemnified Party, either pay such amount to or on behalf of the Indemnified Party by way of indemnity or, if the Board of Directors is unwilling to pay or is unable to determine if it is entitled to pay that amount by way of indemnity, then the Corporation will advance to the Indemnified Party sufficient funds, or arrange to pay on behalf of or reimburse the Indemnified Party any costs, charges, expenses, retainers or legal fees incurred or paid by the Indemnified Party in respect to such Claim.

(b) Any advance made by the Corporation under Section 4.2(a) will be treated as a loan to the Indemnified Party, pending approval by the Board of Directors of the payment thereof as an indemnity and advanced to or for the benefit of the Indemnified Party on such terms and conditions as the Board of Directors may prescribe which may include interest, the provision of security or a guarantee or indemnity therefor. Notwithstanding the generality of the foregoing, the terms of any such advance will provide that in the event it is ultimately determined by a court of competent jurisdiction that the Indemnified Party is not entitled to be indemnified in respect of any amount for which an advance was made, or that the Indemnified Party is not entitled to be indemnified for the full amount advanced, or the Indemnified Party has received insurance or other compensation or reimbursement payments from any insurer or third party in respect of the same subject matter, such advance, or the appropriate portion thereof, will be repaid to the Corporation, on demand.

4.3 Other Rights and Remedies Unaffected

The indemnification and payment provided in this Agreement will not derogate from or exclude and will incorporate any other rights to which the Indemnified Party may be entitled under any provision of the CBCA or otherwise at law, the Articles or By-Laws of the Corporation, the constating documents of any Interested Corporation, any applicable policy of insurance, guarantee or third-party indemnity, any vote of shareholders of the Corporation, or otherwise, both as to matters arising out of his capacity as a director or officer of the Corporation, an Interested Corporation, or as to matters arising out of any other capacity in which the Indemnified Party may act for or on behalf of or be associated with the Corporation or the Interested Corporation.

4.4 Insurance

The Corporation will, to the extent permitted by law, purchase and maintain, or cause to be purchased and maintained, for so long as the Indemnified Party remains a director or officer of the Corporation or the Interested Corporation, and for a period of six (6) years thereafter, insurance for the benefit of the Indemnified Party (or a rider, extension or modification of such policy to extend the time within which a Claim would be required to be reported by the Indemnified Party under such policy after the Indemnified Party has ceased to be a director or officer) on terms no less favourable than the maximum coverage in place while the Indemnified Party served as a director or officer of the Corporation or as the Corporation maintains in existence for its then serving directors and officers and provided such insurance or additional coverage is available on commercially reasonable terms and premiums therefor.

4.5 Notification of Transactions

The Corporation will immediately notify the Indemnified Party upon the Corporation entering into or resolving to carry out any arrangement, amalgamation, winding-up or any other transaction or series of transactions which may result in the Corporation ceasing to exist as a legal entity or substantially impairing its ability to fulfill its obligations hereunder and, in any event, will give written notice not less than 21 days prior to the date on which such transaction or series of transactions are expected to be carried out or completed.

4.6 Arrangements to Satisfy Obligations Hereunder

The Corporation will not carry out or complete any transaction contemplated by Section 4.5, unless and until the Corporation has made adequate arrangements, satisfactory to the Indemnified Party, acting reasonably, to fulfill its obligations hereunder, which arrangements may include, without limitation, the assumption of any liability hereunder by any successor to the assets or business of the Company or the prepayment of any premium for any insurance contemplated in Section 4.4.

4.7 Payments or Compensation from Third Parties

The Indemnified Party, before claiming indemnification or reimbursement under this Agreement, will use reasonable efforts to make claims under any applicable insurance policy or arrangements maintained or made available by the Corporation or the Interested Corporation in respect of the relevant matter. If the Indemnified Party receives any payment under any insurance policy or other arrangements maintained or made available by the Corporation or the Interested Corporation in respect of any costs, charges, expenses, fees, damages or liabilities which have been paid to or on behalf of the Indemnified Party by the Corporation pursuant to indemnification under this Agreement, the Indemnified Party will pay back to the Corporation an amount equal to the amount so paid to or on behalf of the Indemnified Party by the Corporation.

ARTICLE 5
GENERAL

5.1 Company and Indemnified Party to Cooperate

The Corporation and the Indemnified Party will, from time to time, provide such information and cooperate with the other, as the other may reasonably request, in respect of all matters hereunder.

5.2 Effective Time

This Agreement will be deemed to have effect as and from the first date upon which the Indemnified Party was appointed or elected as a director or officer of the Corporation or the Interested Corporation, notwithstanding the date of actual execution of this Agreement by the parties hereto.

5.3 Extensions, Modifications

This Agreement is absolute and unconditional and the obligations of the Corporation will not be affected, discharged, impaired, mitigated or released by the extension of time, indulgence or modification which the Indemnified Party may extend or make with any person regarding any Claim against the Indemnified Party or in respect of any liability incurred by the Indemnified Party in acting as a director or officer of the Corporation or an Interested Corporation.

5.4 Insolvency

The liability of the Corporation under this Agreement will not be affected, discharged, impaired, mitigated or released by reason of the discharge or release of the Indemnified Party in any bankruptcy, insolvency, receivership or other similar proceeding of creditors.

5.5 Multiple Proceedings

No action or proceeding brought or instituted under this Agreement and no recovery pursuant thereto will be a bar or defence to any further action or proceeding which may be brought under this Agreement.

5.6 Modification

No modification of this Agreement will be valid unless the same is in writing and signed by the Corporation and the Indemnified Party.

5.7 Termination

The obligations of the Corporation will not terminate or be released upon the Indemnified Party ceasing to act as a director or officer of the Corporation or the Interested Corporation at any time or times unless, in acting as a director or officer of an Interested Corporation, the Indemnified Party is no longer doing so at the request or on behalf of the Corporation. Except as otherwise provided, the Corporation's obligations hereunder may be terminated or released only by a written instrument executed by the Indemnified Party.

5.8 Notices

Any notice to be given by one party to the other will be sufficient if delivered by hand, deposited in any post office in Canada, registered, postage prepaid, or sent by means of electronic transmission (in which case any message so transmitted will be immediately confirmed in writing and mailed as provided above), addressed, as the case may be:

(a) To the Corporation:

9500 Glenlyon Parkway
Burnaby, British Columbia
V5J 0C6

Attention: Corporate Secretary
Facsimile: (778) 331-5501

(b) To the Indemnified Party:

Kieran Holm

_____
Address

_____

_____

_____
E-mail

or at such other address of which notice is given by the parties pursuant to the provisions of this section. Such notice will be deemed to have been received when delivered, if delivered, and if mailed, on the fifth business day (exclusive of Saturdays, Sundays and statutory holidays) after the date of mailing.

Any notice sent by means of electronic transmission will be deemed to have been given and received on the day it is transmitted, provided that if such day is not a business day then the notice will be deemed to have been given and received on the next business day following. In case of an interruption of the postal service, all notices or other communications will be delivered or sent by means of electronic transmission as provided above, except that it will not be necessary to confirm in writing and mail any notice electronically transmitted.

5.9 Governing Law

This Agreement will be governed by and construed in accordance with the laws of the Province of British Columbia and all disputes arising under this Agreement will be referred to and the parties hereto irrevocably attorn to the jurisdiction of the courts of British Columbia.

5.10 Further Assurances

The Corporation and the Indemnified Party agree that they will do all such further acts, deeds or things and execute and deliver all such further documents or instruments as may be necessary or advisable for the purpose of assuring and conferring on the Indemnified Party the rights hereby created or intended, and of giving effect to and carrying out the intention or facilitating the performance of the terms of this Agreement or to evidence any loan or advance made pursuant to Section 4.2 hereof.

5.11 Invalid Terms Severable

If any term, clause or provision of this Agreement will be held to be invalid or contrary to law, the validity of any other term, clause or provision will not be affected and such invalid term, clause or provision will be considered severable and the remaining provisions of this Agreement valid and enforceable to the fullest extent permitted by law.

5.12 Binding Effect

All of the agreements, conditions and terms of this Agreement will extend to and be binding upon the Corporation and its successors and assigns and will enure to the benefit of and may be enforced by the Indemnified Party and his heirs, executors, administrators and other legal representatives, successors and assigns. This Agreement amends, modifies and supersedes any previous agreements between the parties hereto relating to the subject matters hereof.

5.13 Independent Legal Advice

The Indemnified Party acknowledges having been advised to obtain independent legal advice with respect to entering into this Agreement, has obtained such independent legal advice or has expressly determined not to seek such advice, and that is entering into this Agreement with full knowledge of the contents hereof, of the Indemnified Party's own free will and with full capacity and authority to do so.

5.14 Extension of Agreement to Additional Interested Corporation

This Agreement will be deemed to extend and apply, without any further act on behalf of the Corporation or the Indemnified Party, or amendment hereto, to any corporation, society, partnership, association, syndicate, joint venture or trust which may at any time become an Interested Corporation (but, for greater certainty, not with respect to Other Entities) and the Indemnified Party will be deemed to have acted or be acting at the Corporation's or an Interested Corporation's request upon his being first appointed or elected as a director or officer of an Interested Corporation if then serving as a director or officer of the Corporation.

IN WITNESS WHEREOF the Corporation and the Indemnified Party have hereunto set their hands and seals as of the day and year first above written.

THE CORPORATE SEAL OF **RITCHIE BROS. AUCTIONEERS INCORPORATED** was hereunto affixed in the presence of:	)	C/S
By: /s/Darren Watt Name: Darren J. Watt Title: Corporate Secretary	)	
Signed, Sealed and Delivered by **KIERAN HOLM** in the presence of:	)	
/s/ Hiroko Kishi Name	)	/s/ Kieran Holm **KIERAN HOLM**
Minato-ku, Akasaka 1-11-40 #1901 Address	)	
Tokyo, Japan	)	
Homemaker Occupation	)	

APPENDIX "B"

CHANGE OF CONTROL AGREEMENT

THIS AGREEMENT executed on the ___ day of March, 2017.

BETWEEN:

RITCHIE BROS. AUCTIONEERS (AMERICA) INC.,
a corporation incorporated under the laws of the State of Washington, and having an office at 4000Pine Lake Road, Lincoln, Nebraska 68516

(the "**Company**")

AND:

KIERAN HOLM

(the "**Executive**")

WITNESSES THAT WHEREAS:

A. The Executive is an executive of the Company and the Parent Company (as defined below) and is considered by the Board of Directors of the Parent Company (the "Board") to be a vital employee with special skills and abilities, and will be well-versed in knowledge of the Company's business and the industry in which it is engaged;

B. The Board recognizes that it is essential and in the best interests of the Company and its shareholders that the Company retain and encourage the Executive's continuing service and dedication to his office and employment without distraction caused by the uncertainties, risks and potentially disturbing circumstances that could arise from a possible change in control of the Parent Company;

C. The Board further believes that it is in the best interests of the Company and its shareholders, in the event of a change of control of the Parent Company, to maintain the cohesiveness of the Company's senior management team so as to ensure a successful transition, maximize shareholder value and maintain the performance of the Company;

D. The Board further believes that the service of the Executive to the Company requires that the Executive receive fair treatment in the event of a change in control of the Parent Company; and

E. In order to induce the Executive to remain in the employ of the Company notwithstanding a possible change of control, the Company has agreed to provide to the Executive certain benefits in the event of a change of control.

NOW THEREFORE in consideration of the premises and the covenants herein contained on the part of the parties hereto and in consideration of the Executive continuing in office and in the employment of the Company, the Company and the Executive hereby covenant and agree as follows:

1. Definitions

In this Agreement,

(a) "Agreement" means this agreement as amended or supplemented in writing from time to time;

(b) "Annual Base Salary" means the annual salary payable to the Executive by the Company from time to time, but excludes any bonuses and any director's fees paid to the Executive by the Company;

(c) "STI Bonus" means the annual at target short-term incentive bonus the Executive is eligible to earn under the Employment Agreement, in accordance with the short-term incentive bonus plan;

(d) "Change of Control" means:

(i) a Person, or group of Persons acting jointly or in concert, acquiring or accumulating beneficial ownership of more than 50% of the Voting Shares of the Parent Company;

(ii) a Person, or Group of Persons acting jointly or in concert, holding at least 25% of the Voting Shares of the Parent Company and being able to change the composition of the Board of Directors by having the Person's, or Group of Persons', nominees elected as a majority of the Board of Directors of the Parent Company;

(iii) the arm's length sale, transfer, liquidation or other disposition of all or substantially all of the assets of the Parent Company, over a period of one year or less, in any manner whatsoever and whether in one transaction or in a series of transactions or by plan of arrangement; or

(iv) a reorganization, merger or consolidation or sale or other disposition of substantially all the assets of the Company (a "Business Combination"), unless following such Business Combination the Parent Company beneficially owns all or substantially all of the Company's assets either directly or through one or more subsidiaries.

(e) "Date of Termination" means the date when the Executive ceases to actively provide services to the Company, or the date when the Company instructs him to stop reporting to work;

(f) "Employment Agreement" means the employment agreement between the Company and the Executive dated March __, 2017;

(g) "Good Reason" means either:

(i) Good Reason as defined in the Employment Agreement; or

(ii) the failure of the Company to obtain from a successor to all or substantially all of the business or assets of the Parent Company, the successor's agreement to continue to employ the Executive on substantially similar terms and conditions as contained in the Employment Agreement;

(h) "Cause" has the meaning defined in the Employment Agreement.

(i) "Parent Company" means Ritchie Bros. Auctioneers Incorporated.

(j) "Person" includes an individual, partnership, association, body corporate, trustee, executor, administrator, legal representative and any national, provincial, state or municipal government; and

(k) "Voting Shares" means any securities of the Parent Company ordinarily carrying the right to vote at elections for directors of the Board, provided that if any such security at any time carries the right to cast more than one vote for the election of directors, such security will, when and so long as it carries such right, be considered for the purposes of this Agreement to constitute and be such number of securities of the Parent Company as is equal to the number of votes for the election of directors that may be cast by its holder.

2. **Amendment and Restatement** – This Agreement amends and restates that certain Change of Control Agreement between the Company and the Executive originally attached as Appendix "B" to the Employment Agreement, with immediate effect as of the date of execution hereof.

3. **Scope of Agreement**

(a) The parties intend that this Agreement set out certain of their respective rights and obligations in certain circumstances upon or after Change of Control as set out in this Agreement.

(b) This Agreement does not purport to provide for any other terms of the Executive's employment with the Company or to contain the parties' respective rights and obligations on the termination of the Executive's employment with the Company in circumstances other than those upon or after Change of Control as set out in this Agreement.

(c) Where there is any conflict between this Agreement and (i) the Employment Agreement, or (ii) a Company plan or policy relating to compensation or executive programs, the terms of this Agreement will prevail.

4. **Compensation Upon or After Change of Control**

(a) If the Executive's employment with the Company is terminated (i) by the Company without Cause upon a Change of Control or within two years following a Change of Control; or (ii) by the Executive for Good Reason upon a Change of Control or within one (1) year following a Change of Control:

(i) the Company will pay to the Executive a lump sum cash amount equal to the aggregate of:

A. one and one-half (1.5) times Base Salary;

B. one and one-half (1.5) times at-target STI Bonus;

C. one and one-half (1.5) times the annual premium cost that would be incurred by the Company to continue to provide to the Executive all health, dental and life insurance benefits provided to the Executive immediately before the Date of Termination;

D. the earned and unpaid Base Salary and vacation pay to the Date of Termination; and

E. an amount calculated by dividing by 365 the Executive's target bonus under the STI Bonus for the fiscal year in which the Date of Termination occurs, and multiplying that number by the number of days completed in the fiscal year as of the Date of Termination.

(ii) the Executive will continue to have all rights under the Stock Option Plan of the Company adopted by the Board as of July 31, 1997 and amended and re-stated as of April 13, 2007 (the "Option Plan"), and under option agreements entered into in accordance with the Option Plan, with respect to options granted on or before the Date of Termination (including any options granted upon the commencement of employment as part of any sign-on grant), as if the Executive's employment had been terminated by the Company without cause; and

(iii) the Executive will continue to have all rights held by the Executive pursuant to the Company's Performance Share Unit Plan (the "PSU Plan") and Restricted Share Unit Plan (the "RSU Plan"), and under any and all grant agreements representing performance share units and restricted share units granted under the PSU Plan and RSU Plan, respectively, granted on or before the Change of Control.

(b) All amounts payable pursuant to this section 4 are subject to required statutory deductions and withholdings.

(c) No such payment pursuant to this Section 4 shall be made unless the Executive signs within sixty (60) days of the Termination Date and does not revoke a full and general release (the "Release") of any and all claims that the Executive has against the Company or its affiliates and such entities' past and then current officers, directors, owners, managers, members, agents and employees relating to all matters, in form and substance satisfactory to the Company, provided, however, that the payment shall not occur prior to the effective date of the Release, provided further that if the maximum period during which Executive can consider and revoke the release begins in one calendar year and ends in another calendar year, then such payment shall not be made until the first payroll date occurring after the later of (A) the last day of the calendar year in which such period begins, and (B) the date on which the Release becomes effective.

5. <u>Binding on Successors</u>

(a) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Company, by agreement in favour of the Executive and in form and substance satisfactory to the Executive, to expressly assume and agree to perform all the obligations of the Company under this Agreement that would be required to be observed or performed by the Company pursuant to section 4. As used in this Agreement, "Company" means the Company and any successor to its business or assets as aforesaid which executes and delivers the agreement provided for in this section or which otherwise becomes bound by all the terms and provisions of this Agreement by operation of law.

(b) This Agreement will enure to the benefit of and be enforceable by the Executive's successors and legal representatives but otherwise it is not assignable by the Executive.

6. No Obligation to Mitigate; No Other Agreement

(a) The Executive is not required to mitigate the amount of any payment or benefit provided for in this Agreement, or any damages resulting from a failure of the Company to make any such payment or to provide any such benefit, by seeking other employment, taking early retirement, or otherwise, nor, except as expressly provided in this Agreement, will the amount of any payment provided for in this Agreement be reduced by any compensation earned by the Executive as a result of taking early retirement, employment by another employer after termination or otherwise.

(b) The Executive represents and warrants to the Company that the Executive has no agreement or understanding with the Company in respect of the subject matters of this Agreement, except as set out in this Agreement.

7. Exhaustive Compensation

The Executive agrees with and acknowledges to the Company that the compensation provided for under section 4 of this Agreement is all the compensation payable by the Company to the Executive in relation to a Change of Control, or his termination from employment upon or subsequent to a Change of Control, under the circumstances provided for in this Agreement. The Executive further agrees and acknowledges that in the event of payment under section 4 of this Agreement, he will not be entitled to any termination payment under the Employment Agreement.

8. Amendment and Waiver

No amendment or waiver of this Agreement will be binding unless executed in writing by the parties to be bound by this Agreement.

9. Choice of Law

This Agreement will be governed and interpreted in accordance with the laws of the State of Washington, which will be the proper law hereof.

10. Severability

If any section, subsection or other part of this Agreement is held by a court of competent jurisdiction to be invalid or unenforceable, such invalid or unenforceable section, subsection or part will be severable and severed from this Agreement, and the remainder of this Agreement will not be affected thereby but remain in full force and effect.

11. Notices

Any notice or other communication required or permitted to be given hereunder must be in writing and given by facsimile or other means of electronic communication, or by hand-delivery, as hereinafter provided. Any such notice or other communication, if sent by facsimile or other means of electronic communication or by hand delivery, will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this section. Notices and other communications will be addressed as follows:

(a) if to the Executive:

Kieran Holm
_____
_____

(b) if to the Company:

9500 Glenlyon Parkway
Burnaby, British Columbia V5J 0C6
Attention: Corporate Secretary
Facsimile: (778) 331-5501

12. Copy of Agreement

The Executive hereby acknowledges receipt of a copy of this Agreement executed by the Company.

13. Effect of Section 409A

Payments and benefits provided under or referenced in this Agreement are intended to be designed in such a manner that they are either exempt from the application of, or comply with, the requirements of, Section 409A of the U.S. Internal Revenue Code and the regulations issued thereunder (collectively, as in effect from time to time, "Section 409A") and shall be construed, administered and interpreted in accordance with such intention. If, as of the date of the Executive's termination, the Executive is a "specified employee" within the meaning of Section 409A, then to the extent necessary to comply with Section 409A and to avoid the imposition of taxes and/or penalties under Section 409A, payment to the Executive of any amount or benefit under this Agreement or any other Employer plan, program or agreement that constitutes "nonqualified deferred compensation" under Section 409A and which under the terms of this Agreement or any other Employer plan, program or arrangement would otherwise be payable as a result of and within six (6) months following such termination shall be delayed, as provided under current regulatory requirements under Section 409A, until the earlier of (i) five (5) days after the Employer receives notification of the Executive's death or (ii) the first business day of the seventh month following the date of the Executive's termination.

Any payment or benefit under this Agreement that is payable upon a termination of the Executive's employment shall only be paid or provided to the Executive upon a "separation from service" within the meaning of Section 409A. If the Executive or the Company determine that any payment, benefit, distribution, deferral election, or any other action or arrangement contemplated by the provisions of this Agreement would, if undertaken or implemented, cause the Executive to become subject to taxes and/or penalties under Section 409A, then such payment, benefit, distribution, deferral election or other action or arrangement shall not be given effect to the extent it causes such result and the related provisions of this Agreement will be deemed modified in order to provide the Executive with the intended economic benefit and comply with the requirements of Section 409A.

To the extent necessary to cause payments under this Agreement to be exempt from, or comply with, Section 409A, the term Change of Control shall mean a "change in control event" within the meaning of Section 409A

RITCHIE BROS. AUCTIONEERS (AMERICA) INC.

By: _____

Name: _____

SIGNED, SEALED AND DELIVERED by **KIERAN HOLM** in the presence of:	)	
_____ Signature	)	**KIERAN HOLM**
_____ Print Name	)	
_____ Address	)	
_____ Occupation	)	

EXHIBIT 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO RULE 13a-14(a) OF THE
SECURITIES EXCHANGE ACT OF 1934

I, Ravichandra K. Saligram, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Ritchie Bros. Auctioneers Incorporated;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15 (f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2018

/s/ Ravichandra K. Saligram

Ravichandra K. Saligram
Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO RULE 13a-14(a) OF THE
SECURITIES EXCHANGE ACT OF 1934

I, Sharon R. Driscoll, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Ritchie Bros. Auctioneers Incorporated;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15 (f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2018

/s/ Sharon R. Driscoll

Sharon R. Driscoll
Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. §1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Ritchie Bros. Auctioneers Incorporated (the "Company") on Form 10-Q for the period ended March 31, 2018, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Ravichandra K. Saligram, Chief Executive Officer, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 10, 2018

/s/ Ravichandra K. Saligram

Ravichandra K. Saligram
Chief Executive Officer

EXHIBIT 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. §1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Ritchie Bros. Auctioneers Incorporated (the "Company") on Form 10-Q for the period ended March 31, 2018, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Sharon R. Driscoll, Chief Financial Officer, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 10, 2018

/s/ Sharon R. Driscoll

Sharon R. Driscoll
Chief Financial Officer