

ANNUAL REPORT 2007

**rb RITCHIE BROS.**  
Auctioneers



A man wearing an orange long-sleeved shirt and an orange baseball cap is seen from behind, with his right arm raised and fist clenched. He is in a crowd of people, some of whom are visible in the background. The background includes a sign that says "Keep Your C..." and "Auction...".

# 2007

In 2007, Ritchie Bros. Auctioneers conducted 183 unreserved industrial auctions and 177 unreserved agricultural auctions around the world.

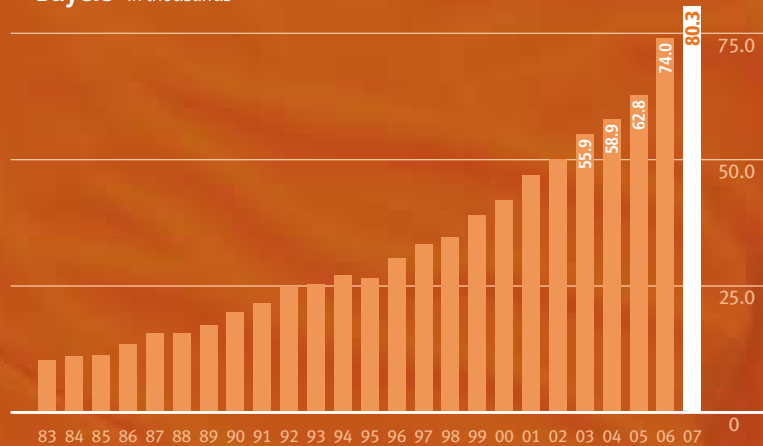
We currently have over 110 offices in 27 countries, including 38 auction sites.

We auction a wide range of construction, transportation, agricultural, mining, forestry, petroleum, material handling, marine and real estate assets on behalf of our consignors. Every Ritchie Bros. auction is completely unreserved, meaning there are no minimum bids and no reserve prices on any item. Every item sells to the highest bidder on auction day, regardless of price.

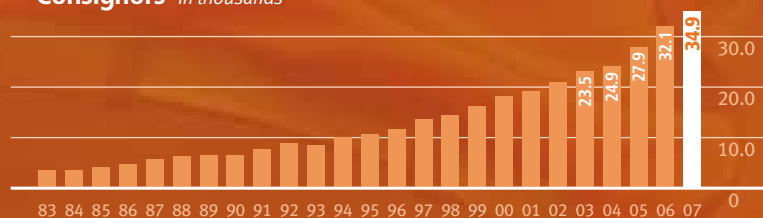
**Gross Auction Proceeds** *in billions of US dollars*



**Buyers** *in thousands*



**Consignors** *in thousands*



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In this annual report, all dollar amounts are stated in United States dollars unless a different currency is indicated.

Gross auction proceeds ("GAP") represent the total proceeds from all items sold at our auctions. Our definition of gross auction proceeds may differ from those used by other participants in our industry. Gross auction proceeds is an important measure we use in comparing and assessing our operating performance. It is not a measure of our financial performance, liquidity or revenue and is not presented in our consolidated financial statements. Auction revenues is the most directly comparable measure in our Statement of Operations and represents the revenues we earn in the course of conducting our auctions. Auction Revenues are primarily comprised of the commissions earned on straight commission and gross guarantee contracts, plus the net profit or loss on the sale of lots purchased and sold by the Company as principal.

Forward-looking statements: The discussion in this Annual Report includes forward-looking statements, which involve risks and uncertainties as to possible future outcomes. Readers should refer to the discussion concerning forward-looking statements and risk factors included in our Management's Discussion and Analysis of Financial Condition and Results of Operations for the year ended December 31, 2007, which is included in the Financial Information section of this Annual Report.





**“Treat your customers like your friends and they will  
always be your customers.”**

– Dave Ritchie, co-founder of Ritchie Bros. Auctioneers.

Ritchie Bros. was founded in 1958 on two basic principles: every auction should be strictly unreserved and every customer should be treated fairly. We believe that our commitment to these principles has been the driving force behind our phenomenal growth over the past 50 years. Today we are proud to be known as the world’s largest industrial auctioneer, generating gross auction proceeds of \$3.19 billion in 2007.

But we are even prouder of the reputation we have earned among our customers: a reputation for honesty, for fairness and for always doing the right thing. Dave Ritchie taught us the importance of taking care of our customers and we follow his example to this day.

We strive to give every customer the time and respect they deserve, whether they are buying a single piece of equipment or selling an entire fleet. We strive to offer the best possible service by continuing to expand our global network of offices and auction facilities – adding new permanent auction sites in Denver, Colorado; Columbus, Ohio; and Regina, Saskatchewan in 2007 alone. And we strive to find better ways of meeting the evolving needs of our customers and delivering value by investing in new and improved services, business processes, and our people.

We sold more than 261,000 lots for almost 35,000 companies and individuals at our auctions in 2007. Although we sell more used trucks and equipment than any other company in the world, we recognize that it’s the value we offer and the relationships we build that keep our customers coming back year after year.

Over the past 50 years, Ritchie Bros. has developed a unique business model: using unreserved public auctions to create a global marketplace for our customers. There is no other company in the world that does what we do, or that does it as well. We are larger than our next 40 auction competitors combined – a level of success that we have achieved by remembering that our business is about people and relationships, not equipment.

As Dave Ritchie was fond of saying: “Take care of your customers and the business will take care of itself.”

## TO OUR FELLOW SHAREHOLDERS

All of us who work at Ritchie Bros. are very lucky. At some point along each of our career paths, we ran into, tripped over, or maybe even did business with some of the people already working as part of this unique team – and something clicked within us, something that encouraged us to make Ritchie Bros. our home. We are lucky to be part of this dynamic company and to be the keepers, nurturers and cultivators of the vision formed 50 years ago by Dave, Ken and John Ritchie. The essence of that vision was, and still is, quite simple: to create value for our customers. We do this by using unreserved auctions to create a fair, open, honest and global marketplace where bidders and sellers can come together.

Today, when we take a breath, step back and look into the future, we see ourselves becoming the world's largest marketplace for commercial and industrial assets. That may sound like a lofty goal, but it's very much in our long-term sights. And we are not intimidated by it. In fact, it charges us up. We are the proud custodians of a highly scalable and efficient business model with 50 years of reputation and history behind us. We are expanding successfully all over the world, and yet we continue to serve just a tiny share of a large and extremely fragmented market. The opportunity in front of us is massive. No wonder we feel lucky.

One of the keys to our success is having a team that is comprised of employees who share a fundamental desire to deliver great customer service. We believe that our future growth and expansion are directly dependent on our ability to continue to create value for our customers. We refuse to take our customers for granted – we are always looking for new and better ways to deliver value to them and help them manage their assets and fleets of equipment. The results of a recent customer survey confirmed to us that we are on the right track; they also revealed some tremendous insights about our future. In addition to hearing that our customers find real value in our service, enjoy working with us, and recommend us to their friends, we learned that for every dollar worth of trucks and equipment that our customers sell at our auctions, they sell another two dollars worth on their own or through other channels. This information has delivered a very clear message to all of us, especially our team of Territory Managers. That message is simple: by helping our existing customers fully understand our value proposition and by serving them even better than we already do, we could theoretically triple our business. Of course it's not quite that simple – we don't actually expect to get 100% of the business from every one of our customers. But it sure gives us a good reason to listen to what our customers are telling us they want and need. We have great opportunities to grow our business by focusing on those equipment owners who already work with us, and even greater opportunities by developing relationships with all the others who do not yet know who we are.

Our focus on customer service has helped us become the world's largest industrial auction company. Our team is comprised of 950 employees working out of more than 110 offices, including 38 auction sites, in 27 countries. During 2007, we sold over 261,000 lots for nearly 35,000 consignors. We held 183 unreserved industrial auctions, attracting over 254,000 bidder registrations. As the charts and graphs in this report show, all these numbers have been increasing.

Our unreserved public auctions provide transparent and efficient access to the global used equipment market. Our business model is perhaps best compared to a stock market. If someone wants to buy or sell stock in a company, they don't place an ad in the newspaper and then wait for the phone to ring. They go to the stock market where all the buyers and sellers are already gathered. Over the past 50 years, we have built an equivalent marketplace for used trucks and equipment, enabling us to efficiently deliver fair market value to buyers and sellers all over the world. As a result, an ever-increasing number of equipment owners are choosing to buy and sell at our auctions, much as early stock traders migrated to the first stock markets.

We had another record-breaking year in 2007. Our annual gross auction proceeds were \$3.19 billion, just over double our gross auction proceeds of four years ago. From December 31, 2003 to December 31, 2007, our stock price rose 230% indicating that our shareholders (a group that includes many customers and well over half of our employees) have also enjoyed their relationship with Ritchie Bros. At December 31, 2007, our market capitalization was over \$2.8 billion. But more important than these numbers





are the incredible people we not only hired but also groomed and promoted in recent years. Our financial results have been great, but they are simply the end result of the efforts made by the dedicated men and women on our team – and we hired, trained and promoted some great ones in 2007.

Despite all the records and success we've enjoyed, we still believe that we are just beginning to scratch the surface. Without question, our growth in recent years has outstripped our expectations, yet we still have massive growth opportunities in front of us. And while we are continually taking steps to position ourselves for future growth, we are planning for sustainable long-term growth and not the sort of rapid growth we have been experiencing recently. Not surprisingly, we are often asked, "Why don't you try to grow faster?" The answer draws on the basics of our business. Ours remains a relationship business, meaning that our growth is limited by our capacity to develop relationships with customers. We build these relationships in many ways, including online via our industry-leading website at [rbauction.com](http://rbauction.com), over the phone when customers are dealing with our customer service group, and, most importantly, the old-fashioned way – face to face. Our customer relationships are multi-dimensional and deep, which is why it takes time to develop them. With this in mind, our strategies are geared towards our dual goals of maintaining and enhancing our corporate culture and growing our earnings per share at an average annual rate of 15% while generating a reasonable return on capital. We are cautious about chasing faster growth that could dilute our high level of customer service and make it more challenging for us to maintain and enhance our corporate culture. And we have no intention of taking that risk.

We group our growth strategies into three categories. We believe that our success has come and will continue to come from moving forward simultaneously on all three fronts.

**People** – building the team that will be able to achieve our goals

**Places** – adding the capacity to handle our anticipated future volume of business

**Processes** – developing and continually refining business processes that are efficient, consistent and scalable

It's not fancy, but neither are we. Our key initiatives include the continual expansion of our international network of auction sites (we plan to add or replace an average of two or three per year for the foreseeable future) and hiring and training new members of our sales team. We are also increasing our use of technology to create efficiency throughout our business. Wherever we have processes that aren't efficient, consistent and scalable, we are changing them. We achieved sales of over \$3 billion in 2007 but we have our sights firmly set on \$10 billion and beyond. We are taking steps today to ensure that we are in a position to handle this business.

We run a very lean operation and enjoy excellent operating leverage and high margins. As we continue building our foundation for future growth by investing in new auction sites, process improvements, and frontier markets, our operating leverage (which we measure by looking at General & Administrative expenses as a percentage of Gross Auction Proceeds) will no doubt fluctuate. Over the long term we expect it to trend lower, but our main focus is on delivering earnings per share growth of 15% per year on average. Most of this EPS growth will be driven by Gross Auction Proceeds growth. We expect our operating leverage to improve over time, but probably not every year.

Industry analysts believe that the annual worldwide transaction value of used equipment (of the types we have traditionally sold) is in the range of \$100 billion; our internal estimates of this highly fragmented market are even higher. We sell more used trucks and equipment than any other organization in the world and yet, using these industry estimates, our market share is only about 3%. For the next several years, we expect most of our growth to come from the United States and Western Europe. We are in the fortunate position of not being dependent on more challenging markets for our growth; however, we are carefully expanding and investing in markets such as India, China, Eastern Europe and South America.

Our approach to these emerging markets mirrors the approach we took to the internet when it was the “next big thing.” We spent considerable time studying the available technology and our customers’ needs and only when we were satisfied that we could deliver an online offering that met our standards of customer service did we launch our real-time internet bidding service. In 2007, bidders using rbauctionBid-Live were buyer or runner-up on 27% of all lots offered online and their total online purchases exceeded \$600 million. We will no doubt be holding auctions in most if not all of India, China, Eastern Europe and South America in the future, but not until we can deliver the same quality of experience and value that our customers have come to expect from us. By the way, selling \$600 million to online bidders sounds great, but we still sold about \$2.5 billion to people who attended our auctions in person – that is still the preferred option for most buyers of used trucks and equipment.

2008 promises to be an exciting year for Ritchie Bros. The supply of used equipment has been loosening somewhat in the United States but has remained tight in Europe and many other markets. As a result, we saw an increasing amount of equipment at our United States auctions selling to overseas buyers in late 2007. Many economists are calling for a material economic slowdown in the United States, and possibly other economies. Over the past 50 years, we have demonstrated our ability to grow our business at all points in the economic cycle. A softening economy brings more equipment to market but in our experience, as the supply of used equipment increases, the resale values do not decline as much as one might expect. During periods of uncertainty, many equipment owners shift their buying preferences from new equipment to good quality used equipment, which has the effect of increasing the demand for the equipment at our auctions. We can only sell what’s for sale so we will be watching the economy closely, making sure we are positioned to help buyers and sellers of equipment who need access to the global marketplace. What makes this potential downturn particularly interesting for us is the fact that our global reach is significantly greater today than it was during previous economic downturns. We are able to offer a unique and very compelling service to equipment owners who want access to the global marketplace rather than simply buying and selling in their local market. Equipment owners look to us to help them transcend local market conditions, especially during downturns.

Our management team and Board of Directors continue to believe that the best way to use the cash generated by our operations is to reinvest it in the business to the extent that we have quality opportunities. After capital expenditures have been funded, it continues to be our plan to return excess funds to our shareholders. To date this has been done via regular quarterly cash dividends. We were successful in investing over \$100 million in 2007 and hope to invest as much if not more in 2008. Even with these expenditure plans, we are still able to pay very healthy dividends. In 2007, we distributed \$31.3 million, or 41% of our after-tax earnings, to our shareholders. Since we initiated our dividend policy in 2003, we have distributed over \$95 million to our shareholders by way of dividends.

2007 was a great year for Ritchie Bros., and as we mentioned earlier, we could not have accomplished such amazing results without the unparalleled contributions of all the men and women on the Ritchie Bros. team. Our heartfelt thanks go to each of them for their commitment to conducting the best auctions in the world and to providing the best possible customer service. Thanks to the energy, dedication and passion of this team, we are getting closer to our ultimate goal of becoming the world’s largest marketplace for commercial and industrial assets. Thanks are also due to our shareholders for their confidence and ongoing support, and to the ever-increasing number of equipment owners who are choosing to participate in our unreserved public auctions. We are lucky to be part of a team full of bright, hard-working, positive attitude people that is creating value for great customers, expanding all over the world, and generating excellent returns for our shareholders. OK, enough of this. We’ve got work to do!



Charles E. Croft  
Chairman



Peter J. Blake  
Chief Executive Officer



### Ritchie Bros. Core Values

1. We do what is right.
2. We maintain the highest level of business integrity.
3. We build and maintain strong and enduring customer relationships.
4. We never lose track of the basics.
5. We face our issues immediately and are solution oriented.
6. We have a hunger and passion for the deal.
7. We are nimble and opportunistic.
8. We have fun.



1. Steve Simpson  
Senior Vice-President – Western United States
2. Vic Pospiech  
Senior Vice-President – Administration and Human Resources
3. Randy Wall  
Past President; retired in 2008
4. Kevin Tink  
Senior Vice-President – Canada and Agriculture
5. Peter Blake  
Chief Executive Officer
6. Guylain Turgeon  
Senior Vice-President, Managing Director – Europe, Middle East and Asia
7. Rob Whitsit  
Senior Vice-President – National Accounts, Transportation and Real Estate
8. Rob Mackay  
President
9. Bob Armstrong  
Chief Operating Officer and Chief Financial Officer
10. Nick Nicholson  
Senior Vice President – Central United States, Mexico and South America
11. Curt Hinkelman  
Senior Vice-President – Eastern United States







## CREATING A GLOBAL MARKETPLACE FOR OUR CUSTOMERS

More than 1,400 lots from approximately 190 consignors were sold in a typical Ritchie Bros. unreserved industrial auction in 2007, generating gross auction proceeds in excess of \$16 million and attracting nearly 1,400 bidders from around the world. The majority of those customers registered to bid in person at the auction site, while 25 percent registered to bid online using our real-time internet bidding service, [rbauctionBid-Live](#).


More than 60 percent of the gross auction proceeds at our 2007 auctions came from buyers living outside the region in which the auction was held. In addition, more than 85 percent of the buyers at our auctions were end users (such as contractors), rather than resellers. Of particular interest, over 20% of the gross auction proceeds at our US auctions came from international buyers, a meaningfully higher proportion than in 2006.

By attracting a large and international crowd of competitive bidders to our auctions, most of them seeking to purchase equipment for their own use, we are able to create a global retail marketplace for our customers. By choosing to sell at an unreserved Ritchie Bros. auction, our consignors are able to achieve global fair market value for their assets, regardless of their local market conditions.

### The Used Equipment Market

The worldwide market for used industrial equipment is massive and highly fragmented. Approximately \$1 trillion worth of used industrial equipment is believed to be in circulation worldwide, with approximately \$100 billion worth changing hands each year. Even though we are the largest participant in this industry, selling more used industrial equipment than any other organization in the world, our market share is only about three percent – giving us significant opportunities for future growth.

Less than 10 percent of the world's industrial equipment is bought and sold by auction. Most is sold privately by owners who put "for sale" signs on their machines or place ads on the internet or in magazines and other trade publications, then negotiate directly with any interested parties. Other equipment is traded through dealers or brokers. These traditional methods of selling equipment have two main drawbacks: sellers have an indefinite wait for buyers, and they have a limited audience of (primarily local) potential buyers to draw from.



**“It’s a good system  
and we’re happy with the service —  
that’s why we keep on coming back.**

We feel Ritchie Bros. auctions get us the best price for our equipment; it’s the most predictable method for selling and the timing of the sales is known, which has real value to us. The prices are better because Ritchie Bros. attracts buyers from around the world.”

**Mark McKenzie**

President, Ranger Excavating — Austin, Texas, USA





ORLANDO, FLORIDA, USA

The large numbers of people around the world who buy and sell equipment outside the auction channel represent the greatest growth opportunity for Ritchie Bros. By introducing these people to our unreserved public auctions, and showing them how we can expose their assets to the broadest audience of potential buyers and help them sell for global fair market value, we believe we can increase our market share significantly. We have been doing this with great success so far and plan to continue on this path. Selling equipment at an unreserved auction is an efficient and effective alternative to traditional methods – but it's an option that many equipment users are unaware exists.

People decide to sell equipment for a range of reasons, including fleet realignments, financial pressures, mergers and acquisitions, inventory reductions, lease returns, project completions, economic uncertainty, regulatory changes, market cycles and even retirements. Whenever and wherever these factors come in to play, Ritchie Bros. has customers to serve, which means that our business volume and our ability to grow are not directly tied to economic cycles.

As our business has matured we have remained focused on steadily increasing our share of the global equipment market by attracting customers who would traditionally use less efficient channels to buy and sell equipment. Our approach is simple: hire and retain the best employees, give them the tools and training they need to be successful, develop strong and enduring relationships with new and existing customers, and then help those customers access the global marketplace by conducting strictly unreserved, totally transparent auctions.

The proliferation of information on the internet has dramatically increased the transparency of the equipment after-market. Today, both buyers and sellers of equipment have equal and ample access to information about global supply and demand, as well as historic selling prices. Equipment users are more savvy than ever before and, as our record-breaking 2007 results attest, more inclined to choose the most inherently fair and transparent channel for buying and selling equipment: a Ritchie Bros. unreserved auction.





BRISBANE, QUEENSLAND, AUSTRALIA





## The Ritchie Bros. Customer

Every year, Ritchie Bros. helps thousands of customers with their equipment buying and selling needs. During 2007, there were 254,000 bidder registrations at our auctions and 35,000 consignments of equipment. Our customers are a diverse group, and all of them have unique needs and priorities. They are buyers and sellers. They are multinational corporations that routinely turn over hundreds of equipment items at auctions around the world and small family-run businesses that sell just a few items at their local auction site. They are owner-operators looking to purchase a single truck and large companies needing to buy an entire fleet of equipment for a major construction project.

We sometimes conduct complete dispersal auctions when customers choose to retire, but more often than not, we help customers maintain an efficient fleet size year round by selling their idle equipment as and when it becomes available. We work with both end users of equipment and dealers, as well as finance companies and banks, rental companies and manufacturers. Our customers work in many sectors of the economy including the construction, transportation, material handling, mining, forestry, petroleum, marine, real estate, and agricultural industries.

Each year, as we continue to grow and conduct auctions in new locations, we introduce thousands of new customers around the world to our unreserved public auctions.

Most customers start their relationship with Ritchie Bros. by attending and bidding at an auction close to where they live. Once they become successful bidders and realize how easy and efficient it is to buy at our auctions, they will often start participating in other Ritchie Bros. auctions, either travelling to the auction sites or bidding over the internet, to find the right piece of equipment for their needs. In our experience, many of those buyers eventually become consignors.

In the past five years, almost one-third of our consignors also bought equipment at our auctions. Our customers don't view our auctions as either "the place to buy" or "the place to sell"; they see our auctions as an efficient marketplace for both buying and selling equipment.

A large part of our success stems from the fact that our unreserved auctions create value for both buyers and sellers. We conduct regularly scheduled auctions at our 38 auction sites around the world, as well as many offsite auctions. Interested buyers are attracted by the large selection of equipment we typically offer and the fact that the bidding process is fair and transparent: if they are the highest bidder on auction day, they become the owner of a new piece of equipment that can be put to work the very next day.

At the same time, sellers value the certainty of our auction schedule, the knowledge that their assets will be sold on a certain day, and our ability to attract a worldwide audience of potential buyers for their equipment. Our ability to provide services that create value for all of our customers – whether they are buyers or sellers – is the reason we see an ever-increasing number of truck and equipment owners choosing to switch from their traditional methods and instead buy and sell their equipment at our unreserved public auctions.

## “We like the way Ritchie Bros. conducts its auctions.”

‘Unreserved’ lets people realize they have a chance at purchasing something. It allows them to know that somebody's going to buy that equipment and everyone has a fair chance. As a consignor at a Ritchie Bros. auction, I can honestly say that an unreserved auction doesn't scare me. Ritchie Bros. attracts the buyers and as a consignor you know it's going to sell on auction day for global market value.”

**James Dennis**

Director of Fleet Operations, Sunbelt Rentals — Fort Mill, South Carolina, USA









MOERDIJK, THE NETHERLANDS

**“Ritchie Bros. did an excellent job preparing, marketing and selling our pipeline equipment.”**

The internet bidding brought a lot of people to the bidding arena and I met several people at the auction from India, the Middle East, Mexico, as well as several states and provinces. The buyers got equipment they can take straight to work and we were able to take some older, underutilized equipment and roll it into new equipment, and generate tax savings through a Like-Kind Exchange at the same time.”

**Christopher Leines**

President and CEO, Minnesota Limited Inc. — Rogers, Minnesota, USA





## The Ritchie Bros. Auction Process

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### Step 1 Getting to know the owner and his equipment

The auction process generally begins when an equipment owner meets with one of our Territory Managers. We get to know the owner's needs and, if necessary, we appraise his equipment. A typical appraisal team includes people from the local area, one or more of our valuation specialists and, if necessary, people with specialized expertise in the particular equipment field.

### Step 2 Drafting the auction contract

Next we meet with the owner and work out the details of their auction contract. Straight commission contracts are our most common type of business, but we offer a range of flexible solutions for our customers. We then draft a contract tailored to the consignor's individual needs and sale objectives.

### Step 3 Getting the equipment ready for the auction

Once the equipment arrives at the auction site we coordinate any cleaning, repair work or painting that's needed to get the equipment ready for auction. When we see an opportunity to add value in excess of the costs of refurbishing, we'll recommend doing the work. Most of our permanent auction sites have environmentally certified on-site refurbishing facilities.

### Step 4 Marketing the equipment to the world

We undertake an extensive marketing campaign for each and every auction. We mail, on average, over 50,000 full-color auction brochures to a targeted selection of customers from our extensive database. We post equipment photos and details on our high-traffic web site, which receives thousands of unique visitors daily. We advertise in trade magazines and newspapers and on radio and generate additional media coverage through strategic public relations campaigns. We promote the items in our auctions and the auction itself, ensuring exposure to the widest possible audience of potential buyers.

### Step 5 Searching the equipment for liens

To ensure that our customers can bid with confidence, we will give the buyer a full refund if we aren't able to deliver clear title. Our search department identifies and arranges for the release of all liens and encumbrances so buyers are assured of acquiring good and marketable title to items purchased at our auctions.

### Step 6 Setting up the auction yard

We display and sell almost all of the equipment in our auctions right onsite at our auction facilities. We organize the equipment in logical groupings in the auction yard so prospective buyers can easily inspect, test and compare similar pieces and we have knowledgeable staff on hand to answer our customers' questions.

### Step 7 Conducting the auction

On auction day, our auctioneers, bid catchers, yard staff, internet services team and customer service staff conduct what we believe are the most professional auctions in the world. Our unreserved auctions are fast paced, efficient and exciting – and we do everything possible to ensure our bidding customers have a positive auction experience. We even arrange for finance company representatives, customs brokers, transportation companies, caterers and other service providers to be present at the auction site.

### Step 8 Taking care of business

After the auction is finished, we collect the proceeds from the buyers, including all relevant sales taxes (which we administer and remit to proper authorities); coordinate the release of the equipment to its new owners; and disburse the proceeds, along with detailed settlement statements, to the consignors.

## WHY BUYERS CHOOSE RITCHIE BROS.

We appreciate the fact that there are a number of places that buyers can go to acquire equipment, yet an increasing number are choosing to buy equipment at our unreserved public auctions. Why?

➔ **Level playing field.** Every Ritchie Bros. auction is open and transparent. While some auctioneers permit consignors to bid on their own items, or will bid on the equipment themselves in order to influence prices, we strictly prohibit all forms of artificial price manipulation. Consignors are not allowed to bid on their own equipment, either directly or through agents, and we take a zero-tolerance approach when enforcing this policy. Our commitment to this principle ensures that every Ritchie Bros. auction is open and fair and that bidders are able to compete on an equal basis, knowing that the final sale price is the item's true global market value – not a price set by the seller or the auctioneer.

➔ **Lien-free equipment.** Our title search department works to resolve ownership issues before the equipment is sold. We commit considerable resources to identifying and coordinating the release of liens so that bidders can be confident that the equipment they are buying is lien-free. If we can't deliver clear title, the buyer receives a full refund of the purchase price.

➔ **Comprehensive selection.** Our auctions look like an industrial equipment supermarket: we offer an extremely broad range of assets from many different manufacturers all at one location. An equipment buyer can inspect and purchase in one day what may have taken weeks if the equipment was being sold by a number of vendors in various regions, or by an auctioneer that didn't provide a central marshalling point for the equipment. This efficient one-stop approach helps our customers minimize the time they spend away from their job sites. In addition, most of our auction sites are strategically located close to airports, major highways and services such as hotels and restaurants, making it easy for bidders from outside the region to participate.

➔ **The ability to inspect, test and compare.** All of the equipment in our auctions is displayed in our auction yards in an organized manner prior to the auction. Since everything is sold "as is, where is," we encourage interested buyers to visit the auction site to test and inspect the equipment before it sells on auction day. Customers are able to efficiently view similar items to determine the condition and value of the equipment before placing any bids. Marshalling the equipment at our auction yards and allowing our customers to "kick the tires" are valuable features of our auctions.

➔ **An easy registration process.** All of our auctions are organized in the same fashion, no matter where in the world they are taking place, making it easy for our customers to register and participate. Registration is free and open to the public.

➔ **No buyers' premiums.** Other than a fee for buyers who use our rbauctionBid-Live internet bidding service and an administrative fee charged on the sale of low value lots, Ritchie Bros. does not charge buyers' premiums. At our auctions, the price you bid is the price you pay.

➔ **Internet bidding.** Customers who can't be at the auction site on sale day can place a proxy bid or, better yet, participate online using our internet bidding service, rbauctionBid-Live. Qualified bidders can hear the auctioneer, follow the bid and ask numbers and see the item being sold – all live and in real time over the internet. Bidding is as easy as clicking the bid button, which continuously updates to reflect the auctioneer's current ask price.

**"Being able to inspect and test the equipment before the auction is really important to me. You've got to know what you're buying before you bid."**

Dale Dubinsky  
Owner, Pioneer Truck Lines Ltd. — Edmonton, Alberta, Canada







## What is unreserved?

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Ritchie Bros. conducts strictly unreserved auctions. “Unreserved” means that there are no minimum bids and no reserve prices. Every item sells to the highest bidder on auction day, regardless of price. At Ritchie Bros. auctions, consignors and their agents are also forbidden, by contract, from bidding on, buying back or in any way artificially manipulating the price of the assets they are selling at our auctions.

Our commitment to the unreserved auction process is one of our most significant competitive advantages. We have never wavered from this standard because we believe that auctions should be open and transparent and that our customers deserve to be treated fairly. In our view, the only auction that lives up to this standard is a truly unreserved auction. It’s what our customers rely on and have come to expect at every auction we hold around the world.

## CASE STUDY:

### Faced with a shortage of equipment locally, Punj Lloyd turned to Ritchie Bros.' worldwide auctions...

Headquartered in New Delhi, Punj Lloyd Limited is India's second-largest engineering construction firm, with operations in Asia, the Middle East, Eastern Europe and Africa. As Punj Lloyd's President of Plant and Equipment, Sandeep Garg is responsible for ensuring that the company has the right equipment to support its global operations – which entails purchasing millions of dollars of equipment each year. For most of Sandeep's 17-years with Punj Lloyd, the company relied on two sources for its equipment needs: manufacturers and dealers.

"India's used equipment market is not mature," explains Sandeep. "The construction and infrastructure industry is booming, so people aren't selling their equipment – they're using it. That makes it very difficult to find good quality, used equipment in India."

Sandeep was accustomed to sourcing used equipment from outside India, but did not attend his first Ritchie Bros. auction until 2003.

"I had never considered buying equipment at an auction before," says Sandeep. "I attended a few Ritchie Bros. auctions as an observer. I wanted to understand the bidding process and to ensure that the operations were transparent,

with no insider bids. I wanted to make sure that it was a real market scenario, with the price being set by legitimate bidders. Only then did I register to bid."

Sandeep placed his first bid in 2003 at a Ritchie Bros. auction in Dubai, and has since purchased millions of dollars of equipment at Ritchie Bros. auctions around the world. He now attends three or four auctions per year, most often in the Middle East and Europe. What keeps him coming back? The fairness of the bidding and buying process, and the knowledge that he can find the equipment he is looking for – and put it straight to work.

"Ritchie Bros. auctions are amazing," he says. "The selection of equipment is incredible, the pace of the auction is fast, and the whole process is very fair and efficient. I know what equipment is being sold, I can inspect it before the auction and, if I am the successful bidder, the equipment is available right away. That is of critical importance to a construction company like Punj Lloyd. If Ritchie Bros. has the specific equipment we need, I would certainly buy through them rather than from a dealer or another auction company."

Although Sandeep is willing to travel a long way to participate in an unreserved Ritchie Bros. auction, he is pleased that the Company has opened a sales office in India – with the aim of conducting its first auction in India in the near future.

"India's construction industry is growing at a fast rate, and there is a great need for good quality used equipment," Sandeep says. "India needs a service like Ritchie Bros."



**"The selection of equipment is incredible, the pace of the auction is fast, and the whole process is very fair and efficient."**

**Sandeep Garg**

President, Plant and Equipment, Punj Lloyd Limited — New Delhi, India

## WHY SELLERS CHOOSE RITCHIE BROS.

Consignors choose Ritchie Bros. because they realize we can get them higher net proceeds on the sale of their assets than they would be able to achieve by selling through any other channel. How do we do that?

➡ **A global marketplace.** With our well-established global network of offices and customers, we are uniquely positioned to help sellers reach an international audience of potential buyers. Our auctions attract bidders from around the world with, on average, more than 60 percent of our sales going to buyers from outside the region in which the auction is held. Our consignors are able to expose their assets to a much broader audience than they could otherwise reach, enabling them to achieve global fair market value for their items – regardless of local market conditions.

➡ **Access to end users.** More than 85 percent of the buyers at our auctions in 2007 were end users, as compared to wholesale buyers or resellers. We are able to generate higher prices at our auctions because most of these bidders are motivated to buy: they need specific equipment for specific uses, and in many cases want to purchase a certain item today, and put it to work tomorrow.

➡ **A worldwide auction network.** With regularly scheduled auctions at 38 auction sites worldwide, plus numerous offsite sales, sellers are able to put their equipment in Ritchie Bros. auctions around the globe at a time and location that is convenient for them. In addition, consignors operating in more than one market enjoy the convenience of dealing with one company for all of their equipment disposition needs. Many customers have national contracts with us, allowing them to take full advantage of our network of auction sites.

➡ **Flexibility.** We structure the auction contract to suit the seller's needs. Whether the seller has a few items or an entire fleet, we are flexible and will work with them to provide a service that meets their specific requirements.

➡ **International marketing expertise.** We provide the broad exposure needed to sell our consignors' equipment to the world. For every industrial auction, we mail an average of over 50,000 full-color auction brochures to a strategic selection of customers from our proprietary database of over 450,000 potential bidders worldwide. We also leverage a wide range of marketing channels to make sure that potential buyers around the world and across various industries are aware of our auctions. Exposing the equipment to the largest possible audience allows us to deliver the best possible prices.

➡ **rbaction.com exposure.** With over 183,000 unique visitors each week during busy auction periods in 2007, rbaction.com is one of the highest traffic web sites in the equipment world and provides unparalleled exposure for our consignors' equipment.

➡ **Refurbishing expertise.** With 50 years of experience, we are able to offer refurbishing recommendations to our customers to enhance the resale value of their equipment and help them get the best dollar on auction day. And if refurbishing work is necessary, we have environmentally certified refurbishing facilities at most of our permanent auction sites around the world to take care of it. At our February 2007 auction in Orlando, close to 2,000 equipment items were detailed and/or painted ahead of the auction.

➡ **Peace of mind.** We make the entire process hassle-free for the seller. We take care of all the details, including storing the equipment in our secure yards before the sale. We handle questions from interested bidders, we take care of the marketing and the title searches, and we set up the auction yard so bidders can inspect, test and compare equipment. We handle all the collections, coordinate necessary sales taxes and pay out the net proceeds. We take care of the entire auction process so that our consignors can concentrate on their business.

➡ **A reliable business partner.** Ritchie Bros. is listed on both the New York Stock Exchange and the Toronto Stock Exchange, has a strong balance sheet and a history of 50 years in the auction business. Our customers are always treated fairly and they know we have the financial strength to live up to our commitments.





**“We use Ritchie Bros.’  
refurbishing services  
for body repair, glass, tires and painting.**

We have 90 per cent of our equipment painted before it goes in the auction. It’s very important to me. It definitely helps us get better prices at the auctions, and I couldn’t do it better or cheaper myself.”

**Clay Jones**

Equipment Manager, Austin Bridge & Road — Irving, Texas, USA



STETTLE, ALBERTA, CANADA

## CASE STUDY:

**When Don Laing retired, he wanted to sell the real estate and machinery from his farm equipment business quickly and fairly – so he chose a Ritchie Bros.’ unreserved auction.**

The name Don Laing is as familiar to farmers in western Canada as it is to travelers on the road between Calgary and Edmonton.

The former farmer started Don Laing Tractor & Used Parts Ranch in Ponoka – on Alberta’s busiest highway – with his wife Inger and two sons in the late 1970s. “I always had a love of machinery,” he says. Over the years their business grew, attracting customers from across the western provinces and employing 28 people at one time.

“We worked hard,” says Don. “Our whole family put in long hours for years. We enjoyed a good run, but we were tired. After 30 years, we decided it was time to retire.”

Decades of success had enabled Don Laing Tractor to accumulate millions of dollars in assets: not only farming equipment and shop inventory, but also the company’s high-profile 45-acre commercial/industrial property.

“We never even entertained trying to sell the property through a real estate agent, or to sell down the inventory piecemeal,” says Don. “The first thing we decided was to sell by unreserved auction. We wanted everything cleaned up and done within two or three days.”

Don contacted Ritchie Bros. “When it comes to selling by auction, I would only go unreserved, and the king of the unreserved auction is Ritchie Bros.,” he says. “They have the greatest access to the buying public, so you’re going to get more money for your equipment or property than you possibly could anywhere else. With an unreserved auction, you have the confidence of potential buyers. They know that everything will be sold, no matter what the price is.”

Ritchie Bros. conducted the retirement dispersal in two phases. Thousands of farm equipment items, forklifts, trucks, trailers and inventoried equipment parts were sold during a two-day unreserved auction at the Don Laing Tractor property in Ponoka, attracting more than 2,000 bidders from all over North America. The property itself was sold during an unreserved auction at the Ritchie Bros. Edmonton site.

“We were very happy with the results of both auctions,” Don says. But there were other benefits, including the speed and ease of the dispersal. “It was very emotional after I’d decided to sell, because that was the end,” says Don. “But after we signed with Ritchie Bros., everything was taken care of and a ton of weight was lifted off my shoulders. It was a relief.”

Retired life turned out to be a little too quiet for the Laings, so they soon embarked on a new business venture: Don Laing Trailers. “We’re thoroughly enjoying ourselves,” laughs Don.



**“When it comes to selling by auction, I would only go unreserved, and the king of the unreserved auction is Ritchie Bros. ...you’re going to get more money for your equipment or property than you possibly could anywhere else.”**

**Don Laing**

Owner, Don Laing Trailers — Ponoka, Alberta, Canada

## ONLINE BIDDING: rbauctionBid-Live

**We introduced live online bidding in 2002 for the convenience of our customers. We wanted to give them the ability to participate in our auctions live and in real time, even if they couldn't make it to the auction site on auction day.**

In 2007 the rbauctionBid-Live internet service enabled more than 12,700 customers from 79 countries to purchase over \$600 million worth of trucks, equipment and other assets – an increase of more than 36 percent over 2006. More than 78,000 customers from 170 countries have now registered and received approval to use rbauctionBid-Live. While internet bidders represented approximately 25 percent of the total registered bidders at Ritchie Bros. industrial auctions in 2007, the majority of our customers still like to come to our auctions in person.

The rbauctionBid-Live service benefits sellers as much as bidders, enabling them to reach an expanded audience of potential buyers. The real-time service creates an environment in which internet bidders and live bidders compete against each other on a level playing field. In 2007, internet bidders were the buyer or runner-up bidder on 27 percent of the items offered online at our auctions. Since launching the service in 2002, we have sold over \$1.7 billion of assets online.

One of the main reasons we have had such success with rbauctionBid-Live is that our customers know they can trust us to treat them fairly. When an internet bidder hears the auctioneer say, "I have \$100,000; internet you'll need to be \$110,000," they know that he does in fact have a bid of \$100,000 in the crowd. And when the crowd at the auction site hears the auctioneer say, "Now I have \$110,000 on the internet," they know that he does.

A portrait of Eilat Lev, a man with short dark hair, wearing a dark suit, white shirt, and patterned tie. He is standing with his hands in his pockets against a plain white background.

### **"I use rbauctionBid-Live to bid at auctions all over the world."**

The Ritchie Bros. internet bidding service is very convenient. There are so many auctions now, all over the world, and I can't be at all of them. Being able to sit at home or in my office and bid live on a machine being sold in an auction 1,000 or 5,000 miles away – it's incredible. I was one of the first people to use rbauctionBid-Live when it was introduced in 2002 and since then I've bought millions of dollars worth of equipment using the service. It's very reliable and easy to use, but it will never replace the experience of being physically at the auction and bidding in person."

**Eilat Lev**

President, International Tractor Co., Inc. — Ardsley, New York, USA

## rbauction.com

The Ritchie Bros. web site has become a valuable source of information for equipment owners around the world. They can see the current market value of trucks, equipment and other assets based on the results of past Ritchie Bros. auctions. They can also search for equipment in our upcoming auctions around the world and use rbauctionView and rbauctionBid-Live during our auctions. During busy auction periods in 2007, more than 183,000 visitors used rbauction.com each week conducting an average of more than 489,000 equipment searches and looking up more than 60,000 past auction results.





## AUCTION SITES:



EDMONTON, ALBERTA CANADA



SACRAMENTO, CALIFORNIA USA



FORT WORTH, TEXAS USA



ORLANDO, FLORIDA USA

- Canada**
- Vancouver, BC ①
  - Prince George, BC ②
  - Grande Prairie, AB ③
  - Edmonton, AB ④
  - Saskatoon, SK ⑤
  - Regina, SK ⑥
  - Toronto, ON ⑦
  - Montréal, QC ⑧
  - Truro, NS ⑨

- USA**
- Olympia, WA ⑩
  - Sacramento, CA ⑪
  - Los Angeles, CA ⑫
  - Las Vegas, NV ⑬
  - Phoenix, AZ ⑭
  - Albuquerque, NM ⑮
  - Denver, CO ⑯
  - Fort Worth, TX ⑰
  - Houston, TX ⑱
  - Kansas City, MO ⑲
  - Buxton, ND ⑳
  - Minneapolis, MN ㉑
  - Chicago, IL ㉒
  - Nashville, TN ㉓
  - Atlanta, GA ㉔
  - Columbus, OH ㉕
  - Statesville, NC ㉖
  - Orlando, FL ㉗
  - North East, MD ㉘
  - Hartford, CT ㉙

- Mexico**
- Toluca ㉚
- Europe**
- Moerdijk, The Netherlands ㉛
  - Paris, France ㉜
  - Caorso, Italy ㉝
  - Sagunto, Spain ㉞
- Middle East**
- Dubai, UAE ㉟
- South East Asia**
- Singapore ㊱
- Australia**
- Brisbane, QLD ㊲
  - Melbourne, VIC ㊳





## EVOLUTION OF AN AUCTION SITE

**Our business revolves around our customers. The business decisions we make on a day-to-day basis are made for the benefit of our customers around the world.**

When we choose a new location for an auction facility, we always do it with the needs of our customers in mind. Do we have an established customer base in the market? Is the location close to transportation routes? Will this location be more convenient for our customers in the region? Is there easy access to airports, hotels and other services?

One of our primary reasons for becoming a public company in 1998 was to raise the capital we needed to grow our network of auction sites. Since that time we have added or replaced 27 auction sites, and now have a total of 38 worldwide – enabling us to provide better service to our customers around the globe. We have another three facilities scheduled to open in 2008 and expect to continue to add or replace two or three sites per year going forward.

Whether we are taking our first steps into New Delhi, Moscow, Saskatoon or Columbus we typically take the same proven approach to the development of a new auction site:

1. Get to know customers from a new region when they travel to our auctions.
2. Send a Territory Manager into the new region to assess the market opportunity.
3. Open a sales office in the new region to introduce ourselves to potential customers.
4. Help consignors in the new region to sell equipment at our closest auction sites.
5. Conduct an auction at a temporary location in the new region.
6. After a number of successful sales have been held in the region, open a regional auction unit, often on leased land with modest auction and administrative facilities and minimal capital invested.
7. After a high rate of success and many auction sales at a regional auction unit, buy land; construct full-service auction, administration and refurbishing facilities; and establish a permanent auction site.



## 2007: ANOTHER RECORD YEAR

**2007 was a record-breaking year in a number of ways. Our auctions generated gross auction proceeds of \$3.19 billion, 17 percent higher than the previous year. We conducted more unreserved auctions in one year than ever before (more than 350 industrial and agricultural auctions).**

We held our largest auction ever in Orlando, Florida in February 2007, with gross auction proceeds of \$172 million. More than 5,800 registered bidders from 63 countries, all 50 U.S. states and every Canadian province and territory registered to bid on close to 6,500 truck and equipment items at the five-day public auction. Close to 85 percent of purchases went to buyers from outside the state of Florida; 30 percent went to buyers from outside the United States.

We also conducted our largest-ever Canadian auction in Edmonton, Alberta on May 30 — June 1, 2007, with gross auction proceeds exceeding CA\$61 million. This auction also broke the company record for the most consignors in one auction (more than 700).

We held our largest Australian auction ever in Brisbane in September 2007, with gross auction proceeds of more than AU\$36 million. Our May 2007 Singapore auction and our December 2007 Italy auction were our largest auctions ever conducted in those countries.

With an ever-increasing number of equipment owners choosing to sell their equipment in our auctions, we were able to hold record-breaking auctions at many of our other sites, including: Atlanta, GA; Buxton, ND; Columbus, OH; Denver, CO; Fort Worth, TX; Hartford, CT; Kansas City, MO; Montreal, QC; Nashville, TN; North East, MD; Sacramento, CA; and Saskatoon, SK.

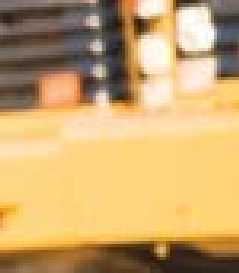


**“The simple way to dispose of your iron,  
when you’re spread out from coast to coast,  
is one consistent process.**”

You need someone who can handle all types of iron, everything from a trailer to a compressor to a load of fuel tanks to excavators. Who can do that from coast to coast? Well, Ritchie Bros. To me, selling unreserved is what makes Ritchie Bros. a great success. That commitment, and the great selection of equipment, brings in the buyers. Selling through Ritchie Bros. is the easiest, simplest way of extracting maximum value from your assets.”

**Tom Kramer**

President and CEO, Canadian Utility Construction Corp. — Surrey, British Columbia, Canada



## 2007 Customer Experience Survey

To augment our ongoing customer research, in June 2007 we engaged an independent research firm to conduct a major Customer Experience Survey. The survey was distributed to tens of thousands of our customers around the world. Here are some of the highlights.

### Percentage of respondents who were either “Satisfied” or “Very Satisfied” in these areas

<i>Satisfied or Very Satisfied</i>	
Overall level of satisfaction with Ritchie Bros.	89%
Level of satisfaction with our auction services and facilities	88%
Level of satisfaction with our web site – rbauction.com	87%
Level of satisfaction with their Ritchie Bros. Territory Manager	80%

### Percentage of respondents that recommended Ritchie Bros. to a friend or colleague

Within the last year	88%
More than a year ago	85%

### Percentage of respondents that would “Likely” or “Very Likely” recommend Ritchie Bros. to a friend or colleague in the future (recognized as a key loyalty indicator)

Likely/very likely to recommend in future	90%
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### Percentage of respondents who rated Ritchie Bros. either “Better” or “Much Better” than our competitors in these areas

<i>Better or Much Better</i>	
Professionalism	80%
Dependability	74%
Expertise	73%
Integrity	73%
Trustworthiness	73%
Customer Service	71%

63% of respondents plan to maintain their level of business with Ritchie Bros., while an additional 32% plan to increase the amount of business they do with us.

Respondents indicated that they attend, on average, 3.4 Ritchie Bros. auctions per year. Over 40% attend four or more auctions per year.

More than 60% of the survey respondents indicated that they register to bid at our auctions using our internet bidding service, rbauctionBid-Live. Those respondents indicated that they participate online in an average of 3.4 auctions per year, with almost half of them registering to bid online in four or more auctions per year.

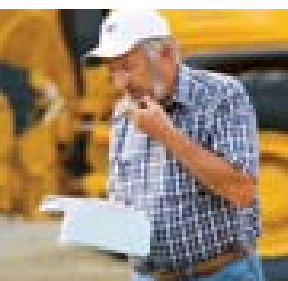
## 2007: Other accomplishments

Our team grew to 943 employees in 2007, including a sales force of 265 people, which represents growth of 15% and 8%, respectively. We continued to enhance our recruiting and training programs, and the positive effect of these initiatives was demonstrated in part by our sales force productivity, which increased to over \$12 million per revenue producer in 2007, from \$11 million for 2006.

We also continued to expand our network of auction facilities in 2007:

- ➔ In April we opened our new Denver, Colorado and Columbus, Ohio permanent auction sites with record-breaking auctions. The Denver facility replaced our existing permanent auction site in that region, while our new Columbus facility was our first permanent auction site in the state of Ohio;
- ➔ We officially opened our Saskatoon, Saskatchewan permanent auction site in July with what we believe to be Canada's largest-ever agricultural auction. We also added a new permanent auction site focused on agricultural auctions near Regina, Saskatchewan;
- ➔ We established a regional auction unit and started building a new permanent auction site near Paris, France (due to open in 2008);
- ➔ We started building a new permanent auction site in Kansas City, Missouri (due to open in 2008), and replacement permanent auction sites in Houston, Texas (due to open in 2008) and in Minneapolis, Minnesota (due to open in 2009);
- ➔ We purchased land in Grande Prairie, Alberta on which we intend to build a replacement permanent auction site for our existing facility in that region; land in London, Ontario on which we intend to build a new permanent auction site focused primarily on agricultural auctions; and land near Mexico City, Mexico on which we intend to build a new permanent auction site to replace our existing regional auction unit in that area; and,
- ➔ We opened a new regional auction unit in Hartford, Connecticut.

Early in 2008 we opened a new regional auction unit in Las Vegas, Nevada, bringing our network to 38 auction sites.



## Managing Risk

Three-quarters of our business is relatively risk-free because it is conducted on a straight commission basis. We were at-risk on approximately one-quarter of our business in 2007, which is in line with our typical business mix in recent years. In these situations we underwrote the auction contracts to meet the specific needs of our customers, by either providing a guarantee of minimum sale proceeds or buying the assets outright.

We mitigate our risk when entering into underwritten contracts by building a risk premium into our commission rate and by following a rigorous appraisal process that draws on our extensive field experience and our proprietary database of equipment sales prices. We also use our

knowledge of major equipment deals around the world to form a view of the pipeline of equipment coming to market and to anticipate any potential supply/demand imbalances. We are the largest participant in the global used truck and equipment markets, so we have a unique view of the activity in these markets.

Our limited exposure to changes in equipment values further mitigates the risk on our underwritten business. The time from signing a contract to the date of the auction is typically only 30 to 45 days, and truck and equipment prices tend not to be as volatile as prices in stock and commodity markets over such short periods of time.

## IMPROVING OUR BUSINESS PROCESSES

We are constantly looking at ways to improve our business to benefit buyers and sellers of trucks, equipment and other assets. We believe this is one of the reasons why the number of buyers and sellers that we help each year is consistently growing – we are able to provide a service that is second to none in quality and value.

We are continually refining our operating procedures and business processes to make our business more productive. In 2004 we started our Mission 2007, or Mo7, initiative, with the goal of designing and implementing more efficient, consistent and scalable processes to help us to achieve our growth objectives.

When we started the project we did not realize how successful it would be, or how it would transform the way we think about our business. We have made significant progress on our original goals, but our Mo7 initiative has now evolved into a continuous improvement mindset that pervades our entire organization. We do not intend to stop focusing on ways to do things better, and although we will stop talking about Mo7 as a stand-alone project, we will continue to roll out initiatives designed to help us achieve our growth objectives.

2007 was a big year on the systems and process improvement front. We implemented a number of core modules of an Oracle enterprise resource planning system that has become the backbone of our business systems. We also started developing our custom-built Ritchie Bros. Operating System (rbOS), which will handle the more unique aspects of our business, including auction site management. And we have implemented a number of new processes, including improved auction scheduling and reporting procedures, new training programs, new incentive compensation initiatives, new auction site policies and procedures, and new reporting structures. Late in 2007 we piloted our new electronic auction clerking system and expect to complete a full implementation in 2008. This will result in significant efficiencies at our auctions and improved customer service. Other examples of process improvement initiatives include: accepting credit cards at all of our auctions in North America and Europe; developing hybrid auction models, including simulcasts of auctions and bidding audiences in remote locations; and our new registration trailer (see next page).

If we are to achieve our growth objectives, we believe we will need to continue to look for ways to do things better. As a result, we look forward to continuing to unveil new initiatives well into the future.



**“As a seller, I want to know  
that I’m getting true market value  
for my property and equipment.**

Ritchie Bros. attracts a global audience. Their marketing and advertising bring in the buyers from outside the local market. If I’d used a local auction company, I don’t think I would have achieved the same results. With Ritchie Bros., everything is first class. They are very professional, and the customer is taken care of. I am very pleased with my decision to use Ritchie Bros. to retire a portion of my business. There is great value in the ability to sell a substantial amount of assets and the real estate associated with those assets all in one organized setting in just three days time.”

Randy Hill  
President and CEO, Advanced Trailer & Equipment — Tye, Texas, USA





## NEW REGISTRATION TRAILER:

In 2007, Ritchie Bros. unveiled a new 53-foot portable registration trailer that comes with everything needed to conduct an offsite auction. The trailer was designed to make our customers feel like they are at one of our permanent auction sites. It has built-in registration counters and workstations, printers, a copier, phone system and its own generator. The design of the trailer facilitates traffic flow and improves the overall customer experience.





## THE FUTURE OF RITCHIE BROS.

The mission of Ritchie Bros. is simple: to be the world's largest marketplace for commercial and industrial assets. We believe that our focus on using unreserved auctions to create a global marketplace will help us to achieve this mission. Our strategies for accomplishing this mission are underpinned by two core goals: to maintain and enhance our corporate culture and to grow our earnings per share at a manageable pace while maintaining a reasonable return on invested capital. In short, we are committed to delivering value to our customers, employees and shareholders.

Our growth strategy has three dimensions and has remained essentially unchanged throughout the history of our company. We will continue to pursue sustainable growth with a consistently high level of customer service, rather than target aggressive growth and risk eroding the strong customer relationships and high level of customer service we provide, which we believe differentiate us from our competitors.

### 1. Our people

One of our key strategies is to build the team that will help us achieve our goals. We are committed to recruiting, rewarding, developing and retaining the right people on our sales force and our administrative support teams. We look for bright, hard-working individuals with positive attitudes, and then give them the tools and training they need to be effective and productive. Because we operate a relationship-based business and our Territory Managers are the main point of contact with our customer, our ability to attract, train and retain capable new members for our sales team has a significant influence on our rate of growth.

This component of our strategy also includes active succession planning and leadership development, with a focus on promoting from within the Company. We are committed to providing our employees with a great workplace and opportunities to grow with the Company and become future leaders of our global team.

### 2. Our places

We intend to continue to expand our presence in existing markets and enter new markets, and to expand our international network of auction sites to handle the expected growth in our business.

Although we expect that most of our growth over the next five years will come from expanding our business and increasing our penetration in regions where we already have a presence, such as the United States and Western Europe, we anticipate that emerging markets in developing countries will be important in the longer term, so we are developing sales teams and building relationships in several frontier markets.

## “We’re not nervous about selling unreserved

because when you have thousands of people at the auction, from all over the world, you know that the price you get is the best price in the market. The more people you invite, the better the prices. That’s why we sell with Ritchie Bros.”

**Jess Alcala**

Manager of Investment Recovery, Hydro Québec — Montréal, Québec, Canada



We plan to expand our international network of auction sites, opening an average of two to three sites per year. Our shorter-term focus for this expansion is the United States and Western Europe. In addition, we intend to continue holding offsite auctions in new regions to expand the scope of our operations.

We also aim to increase our market share in our core markets of construction, transportation and agricultural equipment, and to sell more assets in categories that are complementary to these core markets such as mining, forestry, petroleum, and real estate.

### 3. Our processes

We are committed to developing and continually refining the processes and systems that we use to conduct our business, and we expect that this continuous improvement process will allow us to maintain (or even improve) our already strong margins. We believe that our Mo7 strategic initiative is helping us to develop business processes and systems that are efficient, consistent and scalable, and is encouraging a continuous improvement mindset in the Company. We also intend to use technology to facilitate our growth and enhance the quality and service level of our auctions.

We believe that these three components work together: our people help us to achieve our goals, our places give us the capacity to handle growth, and our processes help to facilitate the efficient growth of our business.





SASKATOON, SASKATCHEWAN, CANADA

## BOARD OF DIRECTORS



Robert Murdoch – Beverley Briscoe – Eric Patel – Peter Blake – Charles Croft – Russell Cmolik – Edward Pitoniak

### Charles Croft — Chairman

Chuck Croft has a diverse business background, having been involved in several businesses and industries, including the drilling industry. He was appointed to the Ritchie Bros. Board in 1998 and became Chairman effective November 30, 2006. Mr. Croft is a member of the Nominating and Corporate Governance Committee. Mr. Croft does not intend to stand for re-election at the Company's Annual Meeting of Shareholders in 2008. A new Chairman will be appointed following the Annual Meeting.

### Peter Blake

Peter Blake joined Ritchie Bros. in 1991, having worked previously with predecessor firms of PriceWaterhouseCoopers and KPMG. Mr. Blake is a Chartered Accountant and started with the Company as Controller. He was appointed Vice President, Finance in 1994, and in 1997 he was appointed Chief Financial Officer and was elected to the Board. In 2002 Mr. Blake was appointed Senior Vice President and became CEO effective November 2004.

### Russell Cmolik

Russ Cmolik started with Ritchie Bros. in 1972 as Controller. He assumed additional responsibilities as the Company grew, including the role of Chief Financial Officer, and became President and Chief Operating Officer in 1991. Mr. Cmolik retired in 2002 but remains a Director of the Company, a position he has held since 1997. Mr. Cmolik is a Chartered Accountant and is currently Chair of the Compensation Committee. Mr Cmolik does not intend to stand for re-election at the Company's Annual Meeting of Shareholders in 2008.

### Beverley Briscoe

Bev Briscoe was appointed to the Ritchie Bros. Board in 2004. Ms. Briscoe has an extensive background working in industries complementary to the auction business and currently works as a business consultant and is President of Briscoe Management Ltd. Ms. Briscoe is a member of the boards of BC Rail Corporation, Goldcorp Inc. (TSX: "G") and Spectra Energy Income Fund (TSX: "SP.un"), as well as a director of several non-profit organizations, including the Boys and Girls Club of Greater Vancouver, Forum of Women Entrepreneurs and Coast Opportunities Fund. Ms. Briscoe holds a bachelor of commerce degree and is a Chartered Accountant (Fellow). Ms. Briscoe is currently Chair of the Audit Committee and a member of the Nominating & Corporate Governance Committee.

### Eric Patel

Eric Patel was first elected to the Ritchie Bros. Board in 2004. Mr. Patel has extensive business and financial experience, and is currently CFO of Paget Resources Corporation, a private mining company. Prior to that Mr. Patel acted as the CFO of Crystal Decisions, Inc., a privately held software company. Mr. Patel joined Crystal Decisions in 1999 after holding executive level positions, including that of CFO, with University Games, Inc., a privately held manufacturer of educational toys and games. Before 1997, Mr. Patel worked for Dreyer's Grand Ice Cream as Director of Strategy, for Marakon Associates strategy consultants and for Chemical Bank. Mr. Patel holds an MBA degree. Mr. Patel is currently a member of the Audit Committee and is Chair of the Nominating & Corporate Governance Committee.

### Robert Murdoch

Bob Murdoch was elected to the Company's Board in 2006. Mr. Murdoch spent his career with Lafarge Corporation and affiliates, retiring from the position of President and Chief Executive Officer in 1992. Mr. Murdoch was a member of the board of Lafarge, S.A. (NYSE: "LR"; Paris Stock Exchange (Eurolist): "LG") the Paris-based parent company of Lafarge Corporation, until 2005. Mr. Murdoch is a director of Lallemand Inc. and Timberwest Forest Corp. (TSX: "TWF.un"). Mr. Murdoch holds an LLB degree. Mr. Murdoch sits on the Compensation Committee.

### Edward Pitoniak

Ed Pitoniak was appointed to the Company's Board in 2006 and was appointed to the Audit Committee at the same time. He also sits on the Company's Compensation Committee. Mr. Pitoniak is President and CEO of bclMC Hospitality, a private hotel company. Prior to joining the predecessor firm of bclMC Hospitality Group in 2004 (Canadian Hotel Income Properties Real Estate Investment Trust – TSX: "HOT.un"), Mr. Pitoniak was a Senior Vice-President at Intrawest Corporation for eight years. Before Intrawest, Mr. Pitoniak spent nine years with Times Mirror Magazines, where he held both top editorial and advertising positions with Ski Magazine — specifically, editor-in-chief and advertising director. Mr. Pitoniak has a Bachelor of Arts degree.



## SHAREHOLDER INFORMATION

### Address

Ritchie Bros. Auctioneers Incorporated  
6500 River Road  
Richmond, BC  
Canada, V6X 4G5  
Telephone: 604.273.7564  
Canada (toll-free): 1.800.663.1739  
USA (toll-free): 1.800.663.8457  
Facsimile: 604.273.6873  
Website: www.rbauktion.com

### Board of Directors

Charles E. Croft	<i>Chairman</i>
Peter J. Blake	<i>Director &amp; Chief Executive Officer</i>
Beverley A. Briscoe	<i>Director</i>
C. Russell Cmolik	<i>Director</i>
Robert W. Murdoch	<i>Director</i>
Eric Patel	<i>Director</i>
Edward B. Pitoniak	<i>Director</i>

Shareholders wishing to speak to the Chairman should call 604.233.6153 or send an email to leaddirector@rbauktion.com.

### Management Advisory Committee

Peter J. Blake*	<i>Chief Executive Officer</i>
Robert S. Armstrong*	<i>Chief Operating Officer &amp; Chief Financial Officer</i>
Joseph P. Boyle	<i>VP – North East USA</i>
Stephen H. Branch	<i>VP – Marketing</i>
William A. Cooksley	<i>VP – Information Technology</i>
Scott L. Forke	<i>VP – Agriculture Division, USA</i>
Curtis C. Hinkelman*	<i>Senior VP – Eastern USA</i>
Robert K. Mackay*	<i>President</i>
Warwick N. Mackrell	<i>VP – Australia &amp; Asia</i>
David D. Nicholson*	<i>Senior VP – Central USA, Mexico &amp; South America</i>
Victor E. Pospiech*	<i>Senior VP – Administration &amp; Human Resources</i>
C. Denis Prevost	<i>VP – National Accounts</i>
J. Dean Siddle	<i>VP – Senior Valuation Analyst</i>
Steven C. Simpson*	<i>Senior VP – Western USA</i>
Kevin R. Tink*	<i>Senior VP – Canada &amp; Agricultural</i>
R. Clay Tippet	<i>VP – Internet Business</i>
Sylvain M. Touchette	<i>VP – Eastern Canada Division</i>
Guylain Turgeon*	<i>Senior VP – Managing Director Europe, Middle East &amp; Asia</i>
Karl W. Werner	<i>VP – Auction Operations</i>
Robert K. Whitsit *	<i>Senior VP – National Accounts, Transportation &amp; Real Estate</i>

\* Member of Executive Council

### Corporate Governance

Corporate governance information, including the Company's Report on Corporate Governance, which is included in the Company's Information Circular, is available on the Company's website at www.rbauktion.com.

### Investor Relations

Securities analysts, portfolio managers, investors and representatives of financial institutions seeking financial and operating information may contact:

Investor Relations Department  
Ritchie Bros. Auctioneers  
6500 River Road  
Richmond, BC  
Canada, V6X 4G5  
Telephone: 604.273.7564  
Canada (toll-free): 1.800.663.1739  
USA (toll-free): 1.800.663.8457  
Facsimile: 604.273.2405  
Email: ir@rbauktion.com

Copies of the Company's filings with the U.S. Securities & Exchange Commission and with Canadian securities commissions are available to shareholders and other interested parties on request or can be accessed directly on the internet at www.rbauktion.com.

### Annual Meeting

The annual meeting of the Company's shareholders will be held at 11am on Friday April 11, 2008 at the River Rock Resort, 8811 River Road, Richmond, BC V6X 3P8.

### Stock Exchanges

Ritchie Bros. Auctioneers Incorporated is listed on the New York Stock Exchange and the Toronto Stock Exchange and on both exchanges, trades under the symbol "RBA".

### Transfer Agent

Communications concerning transfer requirements, address changes and lost certificates should be directed to:

Computershare Trust Company of Canada  
510 Burrard Street  
2nd Floor  
Vancouver, British Columbia  
Canada, V6C 3B9  
Telephone: 604.661.0226  
Canada and USA (toll-free): 1.800.564.6253  
Facsimile: 604.661.9401  
Facsimile (toll-free): 1.800.249.7775  
Email: jenny.karim@computershare.com  
Self-service: www.computershare.com

Co-agent in the United States:  
Computershare Trust Company of New York  
New York, NY

### Auditors

KPMG LLP  
Vancouver, Canada

### Dividends

All dividends paid by Ritchie Bros. Auctioneers in 2007 and subsequent years will be eligible dividends, unless indicated otherwise in the Company's quarterly reports or by press release. New tax legislation in Canada means that Canadian resident individuals who receive eligible dividends in 2006 and subsequent years are entitled to an enhanced gross-up and dividend tax credit on such dividends.







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[www.rbauction.com](http://www.rbauction.com)