

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

About Us

Ritchie Bros. Auctioneers Incorporated ("Ritchie Bros.", the "Company", "we", or "us") (NYSE & TSX: RBA) is one of the world's largest industrial auctioneers and used equipment distributors, selling \$0.9 billion of used equipment and other assets during the first quarter of 2017. Our expertise, global reach, market insight and trusted brand provide us with a unique position in the used equipment market. We primarily sell used equipment for our customers through live unreserved auctions at 45 auction sites worldwide, which are simulcast online to reach a global bidding audience. During 2013, we added to our sales channels by launching EquipmentOne, an online-only used equipment marketplace, in order to reach a broader customer base. These two complementary used equipment brand solutions provide different value propositions to equipment owners and allow us to meet the needs and preferences of a wide spectrum of equipment sellers. In the past two years, we have also added a private brokerage service (Ritchie Bros. Private Treaty) and an online listing service (Mascus).

Through our unreserved auctions, online marketplaces, and private brokerage services, we sell a broad range of used and unused equipment, including trucks and other 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, and other equipment owners (such as rental companies). Our customers participate in a variety of sectors, including heavy construction, transportation, agriculture, energy, and mining.

Our Gross Auction Proceeds¹ ("GAP") represents the total proceeds from all items sold at our auctions and online marketplaces. Our GAP was \$0.9 billion for the three months ended March 31, 2017, representing a 12% decrease from the same period in 2016. Approximately half of what we sold during the first quarter of 2017, transacted online; through either online simulcast auction participation, or through EquipmentOne. In the first quarter of 2017, of the \$0.9 billion of all items sold by us, \$428.8 million were sold to online buyers through these online solutions.

We operate worldwide with locations in more than 15 countries, including the United States, Canada, Australia, the United Arab Emirates, and the Netherlands, and employ more than 1,700 full time employees worldwide.

On May 15, 2012, we purchased AssetNation, an online marketplace and solutions provider for surplus and salvage assets based in the United States. Leveraging AssetNation's technology and e-commerce expertise, in early 2013 we commercially launched our new online marketplace, EquipmentOne.

On November 4, 2015, we acquired a 75% interest in Xcira LLC ("Xcira"), a proven leader in simulcast auction technology that provides a seamless customer experience for integrated on site and online auctions. Through this acquisition, we secured Xcira's bidding technology, which represents a significant and growing portion of all bidding conducted at our auctions.

On February 19, 2016, we acquired 100% of the equity interests in Mascus International Holding B.V. ("Mascus"). Mascus is an Amsterdam-based company that operates a global online listing service to advertise equipment and other assets for sale. Unlike other sales channels offered by Ritchie Bros., Mascus does not currently transact through its website. Sales facilitated through Mascus are conducted directly between the seller and buyer.

1 GAP is a measure of operational performance and not a measure of financial performance, liquidity, or revenue. It is not presented in our consolidated financial statements.

On July 12, 2016, we acquired the minority interest of Ritchie Bros. Financial Services (“RBFS”), providing us with full ownership of this growing business. RBFS provides loans to equipment purchasers, as a brokerage business, through several bank relationships. RBFS does not leverage our balance sheet for the loans it originates.

On August 1, 2016, we acquired Petrowsky Auctioneers (“Petrowsky”), a leading regional industrial auctioneer in the U.S. Northeast. Similar to Ritchie Bros. Auctioneers, Petrowsky offers live on site and simulcast live online auctions.

On August 29, 2016, we entered into an Agreement and Plan of Merger (the “Merger Agreement”) pursuant to which we agreed to acquire a 100% interest in IronPlanet Holdings, Inc. (“IronPlanet”). IronPlanet is a leading online industrial auctioneer and marketplace, with several complementary brands and solutions catering to the needs of equipment owners. The acquisition of IronPlanet (the “Merger”) is currently under regulatory review in the United States. We expect that the regulatory review process will be completed by the end of the second quarter of 2017. While the closing of the transaction is subject to regulatory review and customary closing conditions, assuming approval is provided at that time, we believe the Merger will likely close shortly thereafter.

On August 29, 2016, we entered into a Strategic Alliance and Remarketing Agreement (the “Alliance”) with IronPlanet, Inc. (“IronPlanet subsidiary”) and Caterpillar Inc. (“Caterpillar”). The Alliance is subject to, contingent upon, and will not be effective until consummation of the Merger.

On November 15, 2016, we acquired substantially all the assets of Kramer Auctions Ltd. and Kramer Auctions — Real Estate Division Inc. (together, “Kramer”), a Canadian agricultural auction company with strong customer relationships in central Canada. Operating for more than 65 years, Kramer operates in Saskatchewan, Alberta and Manitoba as a premier agricultural auctioneer, offering both on-the-farm and on site live auctions for customers selling equipment, livestock and real-estate in the agricultural sector.

Overview

The following discussion and analysis summarizes significant factors affecting our consolidated operating results and financial condition for the three months ended March 31, 2017 and 2016. This discussion and analysis contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those expressed or implied in any forward-looking statements as a result of various factors, including those set forth 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, 2016, which is available on our website at www.rbauction.com, on EDGAR at www.sec.gov, or on SEDAR at www.sedar.com.

This discussion and analysis should be read in conjunction with the “Cautionary Note Regarding Forward-Looking Statements” and the consolidated financial statements and the notes thereto included in “Part I, Item 1: Consolidated Financial Statements” of this Quarterly Report on Form 10-Q. The following discussion should also be read in conjunction with our Annual Report on Form 10-K for the year ended December 31, 2016. None of the information on our website, EDGAR, or SEDAR is incorporated by reference into this document by this or any other reference.

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

We make reference to various non-GAAP financial and performance 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.

Consolidated Highlights

Key first quarter 2017 financial results include:

- First quarter 2017 revenues decreased 6% over first quarter 2016, primarily due to lower auction volumes in Western Canada and fewer large dispersals
- Record first quarter Revenue Rate (as described below) of 13.84%, driven mostly by the performance of our underwritten contracts
- \$8.6 million of acquisition-related costs in the first quarter primarily due to regulatory review and integration planning for the Merger
- \$6.7 million of interest on the \$500.0 million of senior unsecured notes (the “Notes”) that we issued in December 2016, which are being held in escrow
- \$2.3 million current income tax expense recognized in the first quarter of 2017 related to an increase in uncertain tax positions
- Diluted earnings per share (“EPS”) attributable to stockholders of \$0.10 in the first quarter of 2017, a 63% decrease relative to diluted EPS attributable to stockholders of \$0.27 in the first quarter of 2016
- Net cash provided by operating activities during the first three months of 2017 of \$134.5 million, a 19% decrease over the first three months of 2016
- First quarter 2017 GAP of \$0.9 billion, a 12% decrease compared to first quarter 2016 GAP of \$1.0 billion

Strategy

The following discussion highlights the areas of focus of our 2017 strategic drivers, *Grow, Drive, and Optimize*:

GROW Revenues and Net Income

Our revenues are comprised of:

- commissions earned at our auctions where we act as an agent for consignors of equipment and other assets, as well as commissions on online marketplace sales; and
- fees earned in the process of conducting auctions through all our auction channels and from value-added service offerings, as well as subscription revenues from our listing and software services.

Commissions from sales at our auctions represent the percentage we earn on GAP. GAP represents the total proceeds from all items sold at our auctions and the GTV² of all items sold through our online marketplaces. GTV represents total proceeds from all items sold at our online marketplaces, as well as a buyer’s premium component applicable only to our online marketplace transactions. The majority of commissions are earned as a pre-negotiated fixed rate of the gross selling price. Other commissions are earned from underwritten commission contracts, when we guarantee a certain level of proceeds to a consignor or purchase inventory to be sold at auction. We believe that revenues are best understood by considering their relationship to GAP. We use Revenue Rate, which is calculated by dividing revenues by GAP, to determine the amount of GAP changes that flow through to our revenues.

We saw a decrease in revenues in the first quarter of 2017 compared to the first quarter of 2016, primarily due to a decrease in GAP over the same comparative period, which was partially offset by a record first quarter Revenue Rate in 2017. Changes in our Revenue Rate are driven by fluctuations in the commissions we charge on GAP and in our fee revenues, which are not directly linked to GAP. The increase in Revenue Rate in the first quarter of 2017 compared to the first quarter of 2016 was primarily the result of the performance of our underwritten contracts.

² We refer to GAP generated through EquipmentOne as GTV. As is the case with GAP, GTV is a measure of operational performance and not a measure of our financial performance, liquidity or revenue. GTV is not presented in our consolidated income statements.

On a U.S. dollar basis, the proportion of GAP earned in the United States (68% of total GAP) grew in the first quarter of 2017 compared to the first quarter of 2016 (58% of total GAP), which is consistent with our focus on driving geographic depth in our existing geographies. The proportion of revenues attributable to the United States also grew by 570 basis points (“bps”) in the first quarter of 2017 compared to the first quarter of 2016. Foreign currency exchange rates did not significantly impact our first quarter 2017 results.

We are committed to pursuing growth initiatives that will further enhance our sector reach, drive geographic depth, meet a broader set of customer needs, and add scale to our operations. These growth initiatives include:

- Grow our international business with the promotion of Karl Werner, effective April 1, 2017, to President, International to oversee all regions outside of North America and Latin America
- Continue to build our Private Treaty capability
- Grow our agricultural sector by:
 - Holding our first on-the-farm auctions in the United States
 - Integrating our Kramer acquisition, which includes continuing to hold bison (livestock) sales
- Expand the volume of EquipmentOne’s Enterprise Software Solution (“ESS”)
- Provide customers with a single view across our multichannel offerings to enhance their experience
- Prepare for the planned integration of IronPlanet

DRIVE Efficiencies and Effectiveness

In the first three months of 2017, we successfully launched another ‘quick win’ project that was a collaborative effort between our operations, finance, and information technology personnel. The result was further integration of our operation and finance systems with respect to processing of invoices, enabling us to deliver an improved customer experience. The project qualified as a ‘quick win’ due to the minimal capital expenditure that was required, the short implementation timeframe, and the fact that it drove significant efficiencies in our post-sale processes.

During the first quarter of 2017, we continued evaluating the returns generated at each of our permanent and regional auction sites we operate to ensure each site and related site capital investments are generating returns that meet predetermined targets. Initial procedures were undertaken in the first three months of 2017 to terminate the lease of the auction site in Panama, as well as explore the sale of our auction site land and buildings in Japan.

We continued to be diligent in our valuation of equipment and approach towards entering into underwritten commission contracts during the first quarter of 2017, especially in sectors that continue to experience pressure, including oil and gas and transportation.

We plan to continue to take advantage of opportunities to improve the overall effectiveness of our organization by enhancing sales productivity, modernizing and integrating our legacy information technology systems, and optimizing business processes. With respect to sales productivity, we are driving for:

- Improved tools to track opportunities and pipeline
- Improved lead generation
- Improved sales management reporting to assist with performance management
- Execution of our ‘CLAW’ strategy as it pertains to customers: *Convert, Loyalty, Acquire, and Win-back*
- Territory optimization

OPTIMIZE our Balance Sheet

We paid dividends during the first quarter of 2017, returning \$18.2 million to stockholders as we executed on our capital allocation strategy. We also managed our net capital spending such that it remains well below our target of 10% of our revenues on a trailing 12-month basis. We calculate the GAAP measure, net capital spending, directly from consolidated statement of cash flows by adding property, plant and equipment additions to intangible asset additions, and subtracting proceeds on disposition of property, plant and equipment.

Used Equipment Market Update

Supply volume

During the first quarter of 2017, we experienced used equipment market supply volume pressure, particularly in the United States and Western Canada. High levels of construction activity in the United States resulted in owners holding onto their equipment, various dealers being understock, and rental business volumes reaching peak levels. Likewise, commodity price improvements lead to fewer dispersals of oil and gas assets in Western Canada. We believe these supply volume constraints contributed to our decrease in GAP and volume of underwritten commission contracts in the first quarter of 2017 compared to the first quarter of 2016.

Pricing

Overall, we saw improvement in used equipment market pricing during the first quarter of 2017; a continuation of the marginal improvement that we first observed at the end of the third quarter of 2016. This pricing performance varied among asset sectors and geographies.

Construction assets continued to perform well during the first quarter of 2017, with late model equipment experiencing the most pricing improvement, representative of the tightening equipment supply in North America. Transportation assets rebounded slightly from 2016, with lower mileage truck tractors experiencing the most lift. Agricultural equipment experienced some pricing weakness in the United States during the first quarter of 2017. However, in Canada, agricultural tractors experienced some meaningful pricing improvement. We believe the difference in used agricultural equipment pricing between Canada and the United States is due mostly to the types of machinery used in farming practices, the kinds of crops being harvested, and the depreciating Canadian dollar relative to the value of the U.S. dollar, which new equipment is often priced at. Some oil and gas equipment experienced price improvement for the first time in many quarters, indicating that oil and gas equipment pricing may have bottomed in the second half of 2016.

Regionally, North America continued to be our strongest geographical region for equipment values the first quarter of 2017, responding most favorably to changes in commodity pricing and the overall economic environment. Australia responded favorably to the commodity price improvement that occurred in the latter half of 2016 and continued into the first quarter of 2017, experiencing some uplift in the value of assets tied to commodities.

We also continued to see an improvement in the overall age of equipment coming to market relative to recent years; a trend that we believe results from the increase in original equipment manufacturer production that began in 2010 and is generating more transactions in the current used equipment marketplace, as well as creating larger pools of used equipment for future transactions. We continue to closely monitor new equipment production models, dealer and rental sales performance, and pricing actions in light of pressures in the broader industrial equipment sector.

Results of Operations

Financial overview	Three months ended March 31,		
	2017	2016	Change 2017 over 2016
(in U.S.\$000's, except EPS)			
Revenues	\$ 124,499	\$ 131,945	(6%)
Costs of services, excluding depreciation and amortization	12,813	15,313	(16%)
Selling, general and administrative expenses	70,575	67,110	5%
Acquisition-related costs	8,627	1,197	621%
Depreciation and amortization expenses	10,338	10,080	3%
Gain on disposal of property, plant and equipment	(721)	(246)	193%
Foreign exchange gain	(730)	(683)	7%
Operating income	23,597	39,174	(40%)
Operating income margin	19.0%	29.7%	-1070 bps
Other income (expense)	(5,849)	352	(1762%)
Income tax expense	7,315	9,532	(23%)
Net income attributable to stockholders	10,377	29,406	(65%)
Diluted EPS attributable to stockholders	\$ 0.10	\$ 0.27	(63%)
Effective tax rate	41.2%	24.1%	1710 bps
GAP	\$ 899,410	\$ 1,019,922	(12%)
Revenue Rate	13.84%	12.94%	90 bps

Gross Auction Proceeds

GAP was \$0.9 billion for the three months ended March 31, 2017, a 12% decrease over the first quarter of 2016. Included in our first quarter 2016 GAP is \$38.6 million of GTV from our online marketplaces, which represents a 63% increase over GTV of \$23.7 million in the first quarter of 2016. First quarter 2017 GTV includes \$10.6 million of assets that transacted on a dealer-to-dealer basis on EquipmentOne's online marketplaces primarily due to the launch of EquipmentOne's ESS in April 2016. Revenues earned on these dealer-to-dealer transactions were \$0.2 million in the first quarter of 2017.

The decrease in GAP is primarily due to a decrease in the number of core auction lots in the first quarter of 2017 compared to the first quarter of 2016, as well as changes in our auction calendar. The total number of lots at industrial and agricultural auctions decreased 8% to 89,100 in the first quarter of 2017 from 97,200 in the first quarter of 2016. In addition, core auction GAP decreased 6% on a per-lot basis to \$9,700 in the first quarter of 2017 from \$10,300 in the first quarter of 2016. With respect to auction calendar changes, we held the largest-ever auction in Grande Prairie, Canada, in the first quarter of 2016 that generated more than \$46.0 million (62.0 million Canadian dollars) of GAP, with no similar auction on the calendar in the first quarter of 2017.

GAP, on a U.S. dollar basis, decreased in Canada – and most significantly in Western Canada – in the first quarter of 2017 compared to the first quarter of 2016, primarily due to the aforementioned auction calendar changes and pressure on used equipment market supply volume. Although GAP grew in the United States in the first quarter of 2017 compared to the first quarter of 2016, this growth was further offset by reductions in GAP in Europe and the rest of the world over the same comparative period. Foreign exchange rates did not have a significant impact on GAP in the first quarter of 2017.

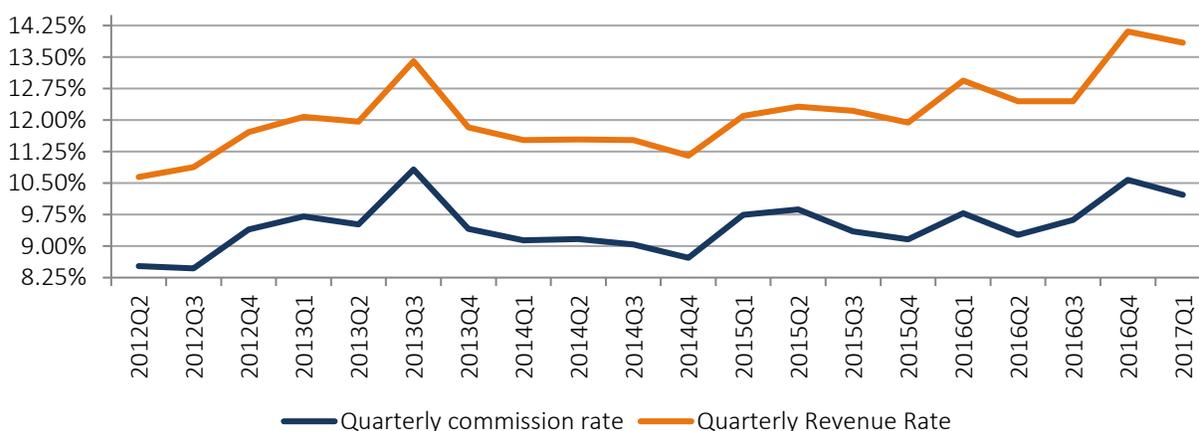
During the first quarter of 2017, we continued to actively pursue the use of underwritten commission contracts from a strategic perspective, entering into such contracts only when the risk/reward profile of the terms were agreeable. The volume of underwritten commission contracts decreased to 14% of our GAP in the first quarter of 2017 from 23% in the first quarter of 2016, primarily due to the pressure on used equipment market supply volume. The tight supply of used equipment resulted in less opportunity for us to pursue underwritten commission contracts. Straight commission contracts continue to account for the majority of our GAP.

Revenues and Revenue Rate

(in U.S. \$000's)	Three months ended March 31,		
	Better/(Worse)		
	2017	2016	2017 over 2016
United States	\$ 77,659	\$ 74,768	4%
Canada	25,545	32,247	(21%)
Europe	12,663	11,543	10%
Other	8,632	13,387	(36%)
Revenues	\$ 124,499	\$ 131,945	(6%)

Our commission rate and overall Revenue Rate are presented in the graph below:

Quarterly commission rate and Revenue Rate five-year history



The distribution of our revenues across the geographic regions in which we operate was as follows, where the geographic location of revenues corresponds to the location in which the sale occurred, or in the case of online sales, where the company earning the revenues is incorporated:

Revenue distribution	Canada	Outside of Canada	United States	Europe	Other
Three months ended March 31, 2017	21%	79%	62%	10%	7%
Three months ended March 31, 2016	24%	76%	57%	9%	10%

Revenues decreased 6% in the first quarter of 2017 compared to the first quarter of 2016, primarily due to lower auction volumes and GAP, and partially offset by a stronger Revenue Rate. Included in first quarter 2017 revenues were \$4.6 million of revenues from EquipmentOne, which represents a 37% increase over EquipmentOne revenues of \$3.3 million in the first quarter of 2016.

Our Revenue Rate increased 90 bps to 13.84% in the first quarter of 2017 compared to 12.94% in the first quarter of 2016. This increase is primarily due to the performance of our underwritten contracts combined with an increase in fee revenue, which is not directly linked to GAP.

Our first quarter 2017 overall average commission rate was 10.22%, compared to 9.78% in the first quarter of 2016. This increase is primarily due to the performance of our underwritten business. Our underwritten contract commission rates increased during the three months ended March 31, 2017 compared to the same period in 2016. Partially offsetting the impact of this rate increase was the underwritten contract volume decrease in the first quarter of 2017 compared to the first quarter of 2016.

Our fee revenue earned in the first quarter of 2017 represented 3.62% of GAP compared to 3.15% of GAP in the first quarter of 2016. The increase was primarily due to an increase in financing and other fees resulting from the improved performance of our value-added service offerings, partially offset by a decrease resulting from the mix of equipment sold at our auctions. Financing fees from RBFS increased 34% to \$3.3 million in the first quarter of 2017 from \$2.5 million in the first quarter of 2016. Mascus contributed \$2.2 million of subscription, license, and other fee revenues in the first three months of 2017 compared to \$1.3 million in the period from acquisition to March 31, 2016.

Revenue grew in the United States and Europe during the three months ended March 31, 2017 compared to the same period in 2016, primarily due to increases in GAP in the United States and a strong Revenue Rate in Europe. Comparatively, revenues in Canada and the rest of the world decreased in the first quarter of 2017 compared to the first quarter of 2016, primarily due to the decreases in GAP in those regions. Foreign exchange rates did not have a significant impact on revenues in the first quarter of 2017.

Costs of services

Costs of services are comprised of expenses incurred in direct relation to conducting auctions, earning online marketplace revenues, and earning other fee revenues. Costs incurred in direct relation to conducting our auctions include labour, buildings, facilities and technology expenses, and travel, advertising and promotion expenses. Typically, agricultural auctions and auctions located in frontier regions are costlier than auctions held at our permanent and regional auction sites as they do not benefit from economies of scale and frequency.

Costs of services incurred to earn online marketplace revenues include inventory management, referral, inspection, sampling, and appraisal fees. Costs of services incurred in earning other fee revenues include labour, commissions on sales, software maintenance fees, and materials.

Costs of services decreased \$2.5 million or 16% in the first quarter of 2017 compared to the first quarter of 2016. Costs of services related to our Core Auction reportable segment were \$12.0 million, or 1.40% of Core Auction GAP (which is total GAP excluding EquipmentOne's GTV), in the first quarter of 2017 compared to \$14.8 million, or 1.48% of Core Auction GAP, in the first quarter of 2016. This decrease is primarily due to an increase in our Private Treaty business. There are less costs required to generate revenue from this business as compared to the costs of conducting a traditional auction.

During the first quarter of 2017, 90% of our GAP was attributable to auctions held at our permanent and regional auction sites, including those located in frontier regions, compared to 93% in the first quarter of 2016. We held 61 auctions in the first quarter of 2017, compared to 51 in the first quarter of 2016. The proportion of GAP earned at those sites decreased over the same comparative period.

Selling, general and administrative expenses

Selling, general and administrative (“SG&A”) expenses by nature are presented below:

(in U.S. \$000's)	Three months ended March 31,		% Change
	2017	2016	2017 over 2016
Employee compensation	\$ 44,455	\$ 44,011	1%
Buildings, facilities and technology	12,270	11,236	9%
Travel, advertising and promotion	6,586	5,530	19%
Professional fees	3,100	2,766	12%
Other SG&A expenses	4,164	3,567	17%
	\$ 70,575	\$ 67,110	5%

Our SG&A expenses increased \$3.5 million, or 5%, in the first quarter of 2017 compared to the first quarter of 2016. Foreign exchange rates did not have a significant impact on SG&A expenses in the first quarter of 2017.

Employee compensation expenses increased \$0.4 million in the first quarter of 2017 compared to the first quarter of 2016. The primary driver of the increase in employee compensation was a 6% net growth of our headcount (excluding Xcira and Mascus), largely offset by a \$1.5 million and \$0.7 million decrease in incentive compensation and share unit expense, respectively.

The decrease in incentive compensation in the first quarter of 2017 compared to the first quarter of 2016 was primarily due to our strong financial performance in the first three months of 2016. The decrease in share-based payment expenses over the same comparative period was primarily due to a \$2.1 million mark-to-market fair value decrease in our liability-classified share units, which was driven by the performance of our common share price over the previous reporting period. Our share price closed at \$32.90 per common share on March 31, 2017, a decrease from the \$34.00 per common share on December 31, 2016. Comparatively, our share price closed at \$27.08 per common share on March 31, 2016, an increase from the \$24.11 per common share on December 31, 2015. This share unit expense decrease was partially offset by a \$1.0 million increase in share unit expense related to the accretion of equity-classified share units, which were modified from liability-classified share units in May 2016.

Buildings, facilities and technology costs increased \$1.0 million in the first quarter of 2017 compared to the first quarter of 2016. This increase was primarily due to higher technology costs, including software license fees, that were associated with maintenance of our servers and networks and development of a new disaster recovery data centre. The increase is also attributable to the auction site leases that we assumed as part of the Petrowsky and Kramer acquisitions, various rent and utility cost increases, particularly in the United States, as well as more computer equipment leases in the first quarter of 2017.

Travel, advertising and promotion increased \$1.1 million in the first quarter of 2017 compared to the first quarter of 2016. This increase was primarily due to higher rental costs resulting from the replacement of our aged and retired company vehicles with new vehicles under operating leases. The increase is also attributable to more digital campaign advertising and greater participation in tradeshows and conferences in the first quarter of 2017 compared to the first quarter of 2016.

Other SG&A increased \$0.6 million in the first quarter of 2017 compared to the first quarter of 2016, primarily due to bank commitment fee increases resulting from our fourth quarter 2016 debt restructuring, which increased our total credit facilities from \$0.6 billion at March 31, 2016 to \$1.0 billion at March 31, 2017.

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 Merger – 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, as well as travel and securities filing fees.

First quarter 2017 acquisition-related costs consisted of \$7.7 million associated with the Merger and primarily related to the regulatory approval process and integration planning.

Gain on disposal of property, plant and equipment

Gains on disposal of property, plant and equipment primarily consisted of a \$0.6 million gain on the sale of excess land in Orlando, United States, that was realized in the first quarter of 2017.

Operating income

Operating income decreased \$15.6 million, or 40% to \$23.6 million in the first quarter of 2017 compared to \$39.2 million in the first quarter of 2016. This decrease is primarily due to the decrease in revenues combined with the increase in acquisition-related costs and SG&A expenses during the first quarter of 2017 compared to the first quarter of 2016.

Primarily for the same reasons noted above, operating income margin, which is our operating income divided by revenues, decreased 1070 bps to 19.0% in the first quarter of 2017 compared to 29.7% in the first quarter of 2016.

Foreign exchange rates did not have a significant impact on operating income in the first quarter of 2017.

Other income (expense)

Other income (expense) is comprised of the following:

(in U.S. \$000's)	Three months ended March 31,		% Change 2017 over 2016
	2017	2016	
Interest income	\$ 955	\$ 498	92%
Interest expense	(8,133)	(1,363)	497%
Equity income (loss)	(53)	519	(110%)
Other, net	1,382	698	98%
Other income (expense)	\$ (5,849)	\$ 352	(1762%)

The increase in interest expense in the first quarter of 2017 compared to the first quarter of 2016 is primarily due to \$6.7 million of interest on the Notes, which bear interest at a rate of 5.375% per annum and are being held in escrow. Refer to "Liquidity and Capital Resources" below for a more detailed discussion of the Notes.

\$0.4 million of the increase in 'other, net' in the first quarter of 2017 compared to the first quarter of 2016 is due to changes in the fair value of contingent consideration associated with our Petrowsky and Kramer acquisitions, as well as our acquisition of the non-controlling interests in RBFS.

Income tax expense and effective tax rate

At the end of each interim period, we make our best estimate of the effective tax rate expected to be applicable for the full fiscal year. The estimate reflects, among other items, our 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, 2017, income tax expense was \$7.3 million, compared to an income tax expense of \$9.5 million for the same period in 2016. Our effective tax rate was 41.2% in the first quarter of 2017, compared to 24.1% in the first quarter of 2016. The effective tax rate increased in the first quarter of 2017 compared to the first quarter of 2016 primarily due to a \$2.3 million expense related to an increase in uncertain tax positions and a greater estimate of annual non-deductible acquisition costs. We increased our uncertain tax position in the first quarter of 2017 due to an unfavourable outcome of a tax dispute in one of our European operating jurisdictions. This additional income tax expense has been presented as an adjusting item and excluded from our adjusted results, where applicable.

Net income

Net income attributable to stockholders decreased \$19.0 million, or 65%, to \$10.4 million in the first quarter of 2017 compared to \$29.4 million in the first quarter of 2016. This decrease is primarily due to the decrease in revenues combined with the increase in acquisition-related costs, SG&A expenses, and interest expense, and partially offset by the decrease in income tax expense during the first quarter of 2017 compared to the first quarter of 2016. Adjusted net income attributable to stockholders³ (non-GAAP measure) decreased \$16.7 million, or 57%, to \$12.7 million in the first quarter of 2017 from \$29.4 million in the first quarter of 2016.

Primarily for the same reasons noted above, net income decreased \$19.6 million, or 65%, to \$10.4 million in the first quarter of 2017 from \$30.0 million in the first quarter of 2016. Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization (“EBITDA”)⁴ (non-GAAP measure) decreased \$15.2 million, or 30%, to \$35.3 million in the first quarter of 2017 from \$50.5 million in the first quarter of 2016.

Primarily for the same reasons noted above, net income margin, which is our net income divided by our revenues, decreased 1430 bps to 8.4% in the first quarter of 2017 from 22.7% in the first quarter of 2016. Adjusted EBITDA margin⁵ (non-GAAP measure) decreased 1000 bps to 28.3% in the first quarter of 2017 from 38.3% in the first quarter of 2016.

Debt at March 31, 2017 represented 8.4 times net income as at and for the 12 months ended March 31, 2017. This compares to debt at March 31, 2016, which represented 1.0 times net income as at and for the 12 months ended March 31, 2016. The increase in this debt/net income multiplier is primarily due to a net increase in long-term debt from March 31, 2016 to March 31, 2017, combined with a decrease in net income for the 12 months ended March 31, 2017 compared to the 12 months ended March 31, 2016, as discussed above.

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- 3 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.
 - 4 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 was also an element of the performance criteria for certain performance share units that we granted our employees and officers in 2013 and 2014. 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.
 - 5 Adjusted EBITDA margin 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 margin presents adjusted EBITDA (non-GAAP measure) as a multiple of revenues. Adjusted EBITDA margin is reconciled to the most directly comparable GAAP measures in our consolidated financial statements under “Non-GAAP Measures” below.

The increase in debt is primarily due to the issuance of the Notes for a principal amount of \$500.0 million in December 2016, which are held in escrow in preparation for completion of the Merger. Adjusted debt/adjusted EBITDA⁶ (non-GAAP measure) was 0.6 as at and for the 12 months ended March 31, 2017 compared to 0.7 as at and for the 12 months ended March 31, 2016.

Diluted EPS

Diluted EPS attributable to stockholders decreased 63% to \$0.10 per share in the first quarter of 2017 from \$0.27 per share in the first quarter of 2016. This decrease is primarily due to the decrease in net income attributable to stockholders, combined with a 695,624 increase in the weighted average number of dilutive shares outstanding over the same comparative period. The increase in the weighted average number of dilutive shares is primarily due to the modification of certain share units from liability-classified to equity-classified in May 2016. Diluted adjusted EPS attributable to stockholders⁷ (non-GAAP measure) decreased 56% to \$0.12 per share in the first quarter of 2017 from \$0.27 per share in the first quarter of 2016.

Foreign exchange loss and effect of exchange rate movement on income statement components

We conduct operations around the world in a number of different currencies, but our presentation currency is the U.S. dollar. In the first three months of 2017, approximately 35% of our revenues and 56% of our operating expenses were denominated in currencies other than the U.S. dollar, compared to 38% and 54%, respectively in the first three months of 2016.

Transactional impact of foreign exchange rates

We recognized \$0.7 million of transactional foreign exchange gains in the first three months of 2017 and 2016. Foreign exchange losses and gains are primarily the result of settlement of foreign-denominated monetary assets and liabilities.

Translational impact of foreign exchange rates

Since late 2014, there has been significant weakening of the Canadian dollar and the Euro relative to the U.S. dollar. This weakening of the Canadian dollar and Euro has affected our reported operating income when non-U.S. dollar amounts were translated into U.S. dollars for financial statement reporting purposes.

Constant Currency amounts and Translational FX Impact are non-GAAP financial measures. We calculate our Constant Currency amounts by applying prior period foreign exchange rates to current period transactional currency amounts. We define Translational FX Impact as the amounts we report under GAAP, less Constant Currency amounts.

6 Our balance sheet scorecard includes the performance metric, adjusted debt/adjusted EBITDA, which is a non-GAAP financial measure. We believe that comparing adjusted debt/adjusted EBITDA on a trailing 12-month basis for different financial periods provides useful information about the performance of our operations, and in particular, it is an indicator of the amount of time it would take for 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 debt/adjusted EBITDA by dividing adjusted debt (non-GAAP measure) by adjusted EBITDA (non-GAAP measure). Adjusted debt (non-GAAP measure) is calculated as debt as reported in our consolidated financial statements reduced by long-term debt held in escrow. Adjusted debt/adjusted EBITDA is reconciled to the most directly comparable GAAP measures in our consolidated financial statements under "Non-GAAP Measures" below. In prior periods, we calculated this metric as debt divided by adjusted EBITDA and called it "debt/adjusted EBITDA (non-GAAP measure)". In the fourth quarter of 2016, we changed the title, definition, and calculation of this non-GAAP measure as a result of the issue of the Notes, which are currently held in escrow and not currently accessible by us and, therefore, not contributing to the generation of net income. There was no impact on previously reported results of this metric since we have not historically been subject to our debt being held in escrow. We believe that by adjusting debt to remove funds we do not have access to, we are more accurately measuring our ability to fund liquidity. We anticipate reverting back to the original title, definition, and calculation of this metric when we no longer have debt in escrow.

7 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) 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.

We believe that presenting Constant Currency amounts and Translational FX Impact, and comparing Constant Currency amounts to prior period results, provides useful information regarding the potential effect of changes in foreign exchange rates on our performance and the growth or decline in our operating income by eliminating the financial impact of items we do not consider to be part of our normal operating results.

The following tables present our Constant Currency results and Translational FX Impact for the three months ended March 31, 2017 and 2016, as well as reconcile those metrics to first three months of 2017, 2016, and 2015 revenues, costs of services, SG&A expenses, acquisition-related costs, depreciation and amortization expenses, gain on disposition of property, plant and equipment, foreign exchange gain, and operating income, which are the most directly comparable GAAP measures in our consolidated financial statements:

(in U.S. \$000's)	Three months ended March 31,				2017 over 2016		Constant	
	2017			2016 as reported	reported change		Currency change	
	As reported	Translational FX Impact	Constant Currency		\$	%	\$	%
GAP	\$ 899,410	\$ 6,204	\$ 905,614	\$ 1,019,922	\$ (120,512)	(12%)	\$ (114,308)	(11%)
Revenues	124,499	876	125,375	\$ 131,945	\$ (7,446)	(6%)	\$ (6,570)	(5%)
Costs of services, excluding								
depreciation and amortization	12,813	110	12,923	15,313	(2,500)	(16%)	(2,390)	(16%)
SG&A expenses	70,575	(402)	70,173	67,110	3,465	5%	3,063	5%
Acquisition-related costs	8,627	-	8,627	1,197	7,430	621%	7,430	621%
Depreciation and amortization								
expenses	10,338	(204)	10,134	10,080	258	3%	54	1%
Gain on disposition of property,								
plant and equipment	(721)	(1)	(722)	(246)	(475)	193%	(476)	193%
Foreign exchange gain	(730)	(24)	(754)	(683)	(47)	7%	(71)	10%
Operating income	\$ 23,597	\$ 1,397	\$ 24,994	\$ 39,174	\$ (15,577)	(40%)	\$ (14,180)	(36%)

(in U.S. \$000's)	Three months ended March 31,				2016 over 2015		Constant	
	2016			2015 as reported	reported change		Currency change	
	As reported	Translational FX Impact	Constant Currency		\$	%	\$	%
GAP	\$ 1,019,922	\$ 21,508	\$ 1,041,430	\$ 955,561	\$ 64,361	7%	\$ 85,869	9%
Revenues	131,945	2,951	134,896	\$ 115,618	\$ 16,327	14%	\$ 19,278	17%
Costs of services, excluding								
depreciation and amortization	15,313	240	15,553	11,609	3,704	32%	3,944	34%
SG&A expenses	67,110	2,713	69,823	63,155	3,955	6%	6,668	11%
Acquisition-related costs	1,197	-	1,197	601	596	99%	596	99%
Depreciation and amortization								
expenses	10,080	495	10,575	10,616	(536)	(5%)	(41)	-
Gain on disposition of property,								
plant and equipment	(246)	(3)	(249)	(175)	(71)	41%	(74)	42%
Foreign exchange gain	(683)	(9)	(692)	(3,207)	2,524	(79%)	2,515	(78%)
Operating income	\$ 39,174	\$ (485)	\$ 38,689	\$ 33,019	\$ 6,155	19%	\$ 5,670	17%

U.S. dollar exchange rate comparison

Value of one U.S. dollar	Three months ended March 31,		
			% Change
	2017	2016	2017 over 2016
Period-end exchange rate			
Canadian dollar	\$ 1.3319	\$ 1.3005	2%
Euro	0.9385	0.8787	7%
Average exchange rate			
Canadian dollar	\$ 1.3230	\$ 1.3748	(4%)
Euro	0.9383	0.9071	3%

Operations Update

The majority of our business continues to be generated by our core auction operations. During the first three months of 2017, we conducted 41 unreserved industrial auctions at locations in North America, Central America, Europe, the Middle East, Australia, New Zealand, and Asia, compared to 42 during the first three months of 2016. We also held 20 unreserved agricultural auctions in the first three months of 2017, compared to nine in the first three months of 2016.

Our key industrial auction metrics⁸ are shown below:

	Three months ended March 31,		% Change
	2017	2016	2017 over 2016
Bidder registrations	114,500	125,500	(9%)
Consignments	11,350	11,300	-
Buyers	29,150	31,750	(8%)
Lots	84,000	93,000	(10%)

We saw decreases in almost all key industrial auction metrics in the first three months of 2017 compared to the first three months of 2016, primarily due to changes in our auction calendar. In particular, we held the largest-ever auction in Grande Prairie, Canada, in the first quarter of 2016 that generated more than \$46.0 million (62.0 million Canadian dollars) of GAP, with no similar auction on the calendar in the first quarter of 2017.

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

	12 months ended March 31,		
			Change
	2017	2016	2017 over 2016
GAP	\$ 16.4 million	\$ 16.9 million	\$ -0.5 million
Bidder registrations	2,319	2,282	2%
Consignors	231	217	6%
Lots	1,680	1,624	3%

⁸ 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 increases in our average industrial auction results for the 12 months ended March 31, 2017 compared to the 12 months ended March 31, 2016 primarily due to our focused efforts on growing the business combined with the performance of the used equipment market, which improved marginally late in the third quarter and into the fourth quarter of 2016.

Website metrics⁹

The Ritchie Bros. website (www.rbauction.com) is a gateway to our online bidding system that allows bidders to participate in our auctions over the internet and showcases upcoming auctions and equipment to be sold. This online bidding service gives our auction customers the choice of how they want to do business with us and access to both live and online auction participation. In July 2016, we launched our mobile bidding app to allow bidders to access our website for online bidding through their mobile devices.

Internet bidders comprised 65% of the total bidder registrations at our industrial auctions in the first three months of 2017, compared to 61% in the first three months of 2016. This increase in the level of internet bidders continues to demonstrate our ability to drive multichannel participation at our auctions.

Our EquipmentOne websites www.equipmentone.com, www.salvagesale.com, www.salvagesale.uk.com, and www.mexico.assetnation.com provide access to our online marketplaces. Our website, www.mascus.com, provides access to our online listing service.

Traffic across all our websites remained consistent between the first quarter of 2016 and the first quarter of 2017. We believe this metric, like our key industrial auction metrics, was impacted by our largest-ever Grande Prairie, Canada, auction being held in the first quarter of 2016. In comparison, our mobile phone device sessions represented 37% of total website traffic in the first quarter of 2017, an increase from 31% in the first quarter of 2016. We believe this increase is primarily due to the adoption of our mobile app and the continued increase in the use of mobile devices to connect to our online solutions.

Online bidding and equipment marketplace purchase metrics

We continue to see an increase in the use and popularity of both our online bidding system and our online equipment marketplace. During the first three months of 2017, we attracted record first quarter online bidder registrations and sold approximately \$428.8 million of equipment, trucks and other assets to online auction bidders and EquipmentOne customers. This represents a 4% decrease over the \$448.8 million of assets sold online in the first three months of 2016.

Productivity

We measure Sales Force Productivity as trailing 12-month core auction GAP per Revenue Producer¹⁰. It is an operational statistic that we believe provides a gauge of the effectiveness of Revenue Producers in increasing our GAP, and ultimately our net income. Sales Force Productivity decreased to \$11.5 million per Revenue Producer in the first quarter of 2017 from \$12.1 million per Revenue Producer in the first quarter of 2016. The decrease was primarily due to a 3% GAP decrease during the 12 months ended March 31, 2017 compared to the 12 months ended March 31, 2016, combined with a 2% increase in the number of Revenue Producers between March 31, 2016 and March 31, 2017. The decrease in GAP was primarily due to a decrease in the number of lots sold, as well as a decline in the average value per lot over the comparative period.

⁹ None of the information in our websites is incorporated by reference into this document by this or any other reference.

¹⁰ Revenue Producers is a term used to describe our revenue-producing sales personnel. This definition is comprised of Regional Sales Managers and Territory Managers.

Our headcount statistics, which exclude Xcira and Mascus employees, as at the end of each period are presented below:

	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015
Total full-time employees	1,659	1,649	1,641	1,600	1,559	1,522	1,513	1,515
Regional Sales Managers	52	51	50	45	49	46	48	46
Territory Managers	301	301	304	304	296	296	307	307
Revenue Producers	353	352	354	349	345	342	355	353
Trainee Territory Managers	20	23	22	28	26	31	26	24
Other sales personnel	107	109	110	103	99	95	88	87
Sales personnel	480	484	486	480	470	468	469	464

Total headcount (excluding Xcira and Mascus employees) increased by net 10 between December 31, 2016 and March 31, 2017. The number of administrative and operational personnel increased by net 14, which included net nine and net eight through our acquisitions of Petrowsky and Kramer, respectively, as well as net four from RBFS¹¹ to support the growth of that business.

Xcira had a total headcount of 59 full time employees at March 31, 2017, which has increased by net seven since December 31, 2016. Mascus had a total headcount of 47 at March 31, 2017, a decrease of net two since December 31, 2016.

Outstanding Share Data

We are a public company and our common shares are listed under the symbol “RBA” on the New York Stock Exchange (“NYSE”) and the Toronto Stock Exchange (“TSX”). On May 2, 2017, we had 106,985,954 common shares issued and outstanding, 681,471 share units awarded under our senior executive and employee performance share unit (“PSU”) plans, and stock options outstanding to purchase a total of 3,951,786 common shares. No preferred shares have been issued or are outstanding. The outstanding stock options had a weighted average exercise price of \$25.55 per share and a weighted average remaining term of 7.7 years. In respect of PSUs awarded under the senior executive and employee PSU plans, 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. Certain of our PSUs have been cash-settled, whereas others may be settled, at our discretion, in either cash or equity. Equity settlements can be, at our discretion, through either the issuance of shares or by open market purchases of shares.

Share repurchase program

Our normal course issuer bid (“NCIB”) that was approved by the TSX on March 1, 2016 expired on March 2, 2017 and was not renewed. No share purchases were made pursuant to the NCIB, or by any other means, during the three months ended March 31, 2017. We allowed our NCIB to expire and did not repurchase any shares in the first quarter of 2017 in order to conserve cash. We expect that after the Merger our debt levels will be higher than desired and, as such, we have reprioritized our capital management strategy to utilize cash to repay debt.

11 RBFS account managers generate financing fee revenue but do not produce GAP. As such, they are excluded from our definition of Revenue Producers and the measurement of Sales Force Productivity, which is based on core auction GAP.

Liquidity and Capital Resources

Working capital

(in U.S. \$000's)		March 31, 2017	December 31, 2016	% Change
Cash and cash equivalents	\$	236,894	\$ 207,867	14%
Current restricted cash	\$	137,986	\$ 50,222	175%
Current assets	\$	546,033	\$ 377,998	44%
Current liabilities		419,623	252,834	66%
Working capital	\$	126,410	\$ 125,164	1%

We believe that working capital is a more meaningful measure of our liquidity than cash alone. Our working capital increased during the three months ended March 31, 2017, primarily due to net income generated during the period, and partially offset by the payment of dividends of \$18.2 million.

Cash flows

(in U.S. \$000's)	Three months ended March 31,		% Change
	2017	2016	2017 over 2016
Cash provided by (used in):			
Operating activities	\$ 134,542	\$ 165,675	(19%)
Investing activities	(6,022)	(33,316)	(82%)
Financing activities	(15,065)	(25,710)	(41%)
Effect of changes in foreign currency rates	3,336	12,123	(72%)
Net increase in cash, cash equivalents, and restricted cash	\$ 116,791	\$ 118,772	(2%)

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 net 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 decreased \$31.1 million, or 19%, during the first three months of 2017 compared to the first three months of 2016. This decrease is primarily due to the decrease in net income and changes in certain of our operating assets and liabilities, including inventory, over the same comparative period. Cash provided by operating activities decreased \$70.2 million, or 32%, during the 12 months ended March 31, 2017 compared to the 12 months ended March 31, 2016, primarily due to a \$70.5 million decrease in net income over the same comparative period. Net capital spending increased \$15.8 million, or 108%, during the 12 months ended March 31, 2017 compared to the 12 months ended March 31, 2016, primarily due to a \$9.4 million increase in intangible asset additions combined with a \$9.3 million decrease in proceeds on disposition of property, plant and equipment over the same comparative period.

The increase in intangible asset additions period-over-period is primarily due to the capitalization of costs to assets under development. Significant software development projects during the 12 months ended March 31, 2017 include those related to computer system transformation, customer experience and process improvements, website enhancement, adaptation of our website to mobile devices including creation of a mobile bidding app, Xcira's next-generation auction bidding platforms, enhanced wifi access at many of our auction sites, and disaster recovery preparedness. The decrease in proceeds on disposition of property, plant and equipment period-over-period is primarily due to the \$8.4 million gain on sale of excess land in Edmonton, Canada in the fourth quarter of 2015.

The decrease in net income combined with the increase in net capital spending resulted in a decrease in operating free cash flow (“OFCF”)¹² (non-GAAP measure) of \$86.0 million, or 43%, to \$116.0 million during the 12 months ended March 31, 2017 from \$202.0 million during the 12 months ended March 31, 2016.

Investing activities

Net cash used in investing activities decreased \$27.3 million, or 82%, during the first three months of 2017 compared to the first three months of 2016. This decrease is primarily due to the acquisition of Mascus for \$27.8 million in the first quarter of 2016.

CAPEX Intensity presents net capital spending as a percentage of revenue. 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.

(in U.S. \$ millions)	12 months ended March 31,			Change 2017 over 2016
	2017		2016	
Property, plant and equipment additions	\$ 18.3	\$	21.2	(14%)
Intangible asset additions	19.5		10.1	93%
Proceeds on disposition of property plant and equipment	(7.4)		(16.7)	(56%)
Net capital spending	\$ 30.4	\$	14.6	108%
Revenues	\$ 558.9	\$	532.2	5%
CAPEX intensity	5.4%		2.7%	270 bps

CAPEX Intensity for the 12 months ended March 31, 2017 increased compared to CAPEX Intensity for the 12 months ended March 31, 2016, primarily due to the fact that the net capital spending increase of 108% exceeded the revenue increase of 5% period-over-period.

Financing activities

Net cash used in financing activities decreased \$10.6 million, or 41%, in the first three months of 2017 compared to the first three months of 2016. This decrease was primarily due to share repurchases of \$36.7 million in the first quarter of 2016, and partially offset by a decrease in proceeds from short-term debt of \$29.0 million during the three months ended March 31, 2017 compared to the three months ended March 31, 2016.

We declared and paid regular cash dividends of \$0.16 per common share for the quarter ended March 31, 2016, and we declared and paid regular cash dividends of \$0.17 per common share for the quarters ended June 30, 2016, September 30, 2016, and December 31, 2016. We have declared, but not yet paid, a dividend of \$0.17 per common share for the quarter ended March 31, 2017.

Total dividend payments during the three months ended March 31, 2017 were \$18.2 million to stockholders and \$40.8 thousand to non-controlling interests. This compares to total dividend payments of \$17.2 million to stockholders and \$2.3 million to non-controlling interests during the three months ended March 31, 2016. All dividends we pay are “eligible dividends” for Canadian income tax purposes unless indicated otherwise.

¹² OFCF is 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.

Our dividend payout ratio, which we calculate as dividends paid to stockholders divided by net income attributable to stockholders, increased 5140 bps to 98.2% for the 12 months ended March 31, 2017 from 46.8% for the 12 months ended March 31, 2016. This increase is primarily the result of the increase in our dividends paid to stockholders combined with the decrease in net income attributable to stockholders over the same comparative period. Our adjusted dividend payout ratio¹³ (non-GAAP measure) increased 1470 bps to 67.1% for the 12 months ended March 31, 2017 from 52.4% for the 12 months ended March 31, 2016.

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 1170 bps to 7.0% during the 12 months ended March 31, 2017 from 18.7% during the 12 months ended March 31, 2016. This decrease is primarily due to a \$276.1 million, or a 36%, increase in average invested capital period-over-period, which was primarily the result of the issuance of the Notes in the fourth quarter of 2016. Also contributing to the decrease in return on average invested capital over this comparative period was a \$69.0 million, or 49%, decrease in net income attributable to stockholders. Return on invested capital ("ROIC")¹⁴ (non-GAAP measure) decreased 640 bps to 10.3% during the 12 months ended March 31, 2017 from 16.7% during the 12 months ended 2016. ROIC excluding escrowed debt¹⁵ (non-GAAP measure) decreased 310 bps to 13.6% during the 12 months ended March 31, 2017 from 16.7% during the 12 months ended March 31, 2016.

Debt and credit facilities

At March 31, 2017, our short-term debt of \$24.6 million consisted of borrowings under our committed revolving credit facilities and had a weighted average annual interest rate of 2.2%. This compares to current borrowings of \$23.9 million as at December 31, 2016 with a weighted average annual interest rate of 2.2%.

As at March 31, 2017, we had a total of \$596.4 million long-term debt with a weighted average annual interest rate of 4.9%. This compares to long-term debt of \$595.7 million as at December 31, 2016 with a weighted average annual interest rate of 4.9%.

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- 13 Adjusted dividend payout ratio is 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.
- 14 ROIC 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. Our balance sheet scorecard includes the performance metric ROIC. ROIC was also an element of the performance criteria for certain PSUs that we granted our employees and officers in 2013 and 2014. We calculate ROIC as net income attributable to stockholders excluding the effects of adjusting items divided by average invested capital. Average invested capital is a GAAP measure calculated as the average long-term debt (including current and non-current portions) and stockholders' equity over a trailing 12-month period. ROIC is reconciled to the most directly comparable GAAP measures in our consolidated financial statements under "Non-GAAP Measures" below.
- 15 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 the Notes, which are currently held in escrow. While the Notes are in escrow and not accessible by us, they are 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.

Future scheduled interest payments over the next five years relating to our long-term debt outstanding at March 31, 2017 were as follows:

(in U.S. \$000's)	Scheduled interest payments					
	In 2017	In 2018	In 2019	In 2020	In 2021	Thereafter
On long-term debt	\$ 13,018	\$ 23,703	\$ 29,302	\$ 29,302	\$ 28,872	\$ 94,063

Syndicated credit facility

On October 27, 2016, we closed the new five-year credit agreement (the "Credit Agreement") with a syndicate of lenders, including Bank of America, N.A. ("BofA") and Royal Bank of Canada, that provides us with:

- 1) Multicurrency revolving facilities of up to \$675.0 million (the "Multicurrency Facilities");
- 2) A delayed-draw term loan facility of up to \$325.0 million (the "Delayed-Draw Facility" and together with the Multicurrency Facilities, the "New Facilities"); and
- 3) At our election and subject to certain conditions, including receipt of related commitments, incremental term loan facilities and/or increases to the Multicurrency Facilities in an aggregate amount of up to \$50 million.

We may use the proceeds from the Multicurrency Facilities to refinance certain existing indebtedness and for other general corporate purposes. Proceeds from the Delayed-Draw Facility can only be used to finance transactions contemplated by the Merger Agreement. The Multicurrency Facilities remain in place and outstanding even if the Merger Agreement is terminated and the Merger is not consummated.

The New Facilities will remain unsecured until the closing of the Merger, after which the New Facilities will be secured by various of our assets. The New Facilities may become unsecured again after the Merger is consummated, subject to Ritchie Bros. meeting specified credit rating or leverage ratio conditions. The New Facilities will mature five years after the closing date of the Credit Agreement. The Delayed-Draw Facility will amortize in equal quarterly installments in an annual amount of 5% for the first two years after the closing of the Merger, and 10% in the third through fifth years after the closing of the Merger, with the balance payable at maturity.

Borrowings under the Credit Agreement bear floating rates of interest, which, at our option, are based on either a base rate (or Canadian prime rate for certain Canadian dollar borrowings) or LIBOR (or such customary floating rate customarily used by BofA for currencies other than U.S. dollars). In either case, an applicable margin is added to the rate. The applicable margin ranges from 0.25% to 1.50% for base rate loans, and 1.25% to 2.50% for LIBOR (or the equivalent of such currency) loans, depending on our leverage ratio at the time of borrowing.

We must also pay quarterly in arrears a commitment fee equal to the daily amount of the unused commitments under the New Facilities multiplied by an applicable percentage per annum (which ranges from 0.25% to 0.50% depending on our leverage ratio).

We incurred debt issuance costs of \$6.4 million in connection with the Credit Agreement. At March 31, 2017, we had unamortized deferred debt issuance costs relating to the Credit Agreement of \$5.9 million.

Senior unsecured notes

On December 21, 2016, we completed the offering of the Notes for an aggregate principal amount of \$500.0 million. The Notes bear interest at a rate of 5.375% per annum and have a maturity date of due January 15, 2025. The Notes were offered only to qualified institutional buyers in reliance on Rule 144A under the Securities Act, and outside the United States, only to non-U.S. investors pursuant to Regulation S under the Securities Act. The Notes have not been registered under the Securities Act or any state securities laws and may not be offered or sold in the United States absent an effective registration statement or an applicable exemption from registration requirements or a transaction not subject to the registration requirements of the Securities Act or any state securities laws.

We will use the proceeds of the offering to finance the transactions contemplated by the Merger Agreement. Upon the closing of the offering, the gross proceeds from the offering together with certain additional amounts including prepaid interest were deposited in to an escrow account. The funds will be held in escrow until the completion of the transactions contemplated by the Merger Agreement. If the Merger is not consummated on or before October 31, 2017, or the Merger Agreement is terminated prior to such date, we will redeem all the outstanding Notes at a redemption price equal to 100% of the original offering price of the Notes, plus accrued and unpaid interest.

Until the release of the proceeds in the escrow account, the Notes will be secured by a first priority security interest in the escrow account. Upon the completion of the Merger, the Notes will be senior unsecured obligations. The Notes will be jointly and severally guaranteed on an unsecured, unsubordinated basis, subject to certain exceptions, by each of our subsidiaries, which guarantees the obligations under the Credit Agreement.

We incurred debt issuance costs of \$4.2 million in connection with the offering of the Notes. At March 31, 2017, we had unamortized deferred debt issuance costs relating to the Notes of \$4.1 million.

Other credit facilities

As at March 31, 2017, we also have \$12.0 million in committed, revolving credit facilities, in certain foreign jurisdictions, which expire on May 31, 2018.

Debt covenants

The Credit Agreement contains certain covenants that could limit the ability of the Company and certain of its subsidiaries to, among other things and subject to certain significant exceptions: (i) incur, assume or guarantee additional indebtedness; (ii) declare or pay dividends or make other distributions with respect to, or purchase or otherwise acquire or retire for value, equity interests; (iii) make loans, advances or other investments; (iv) incur liens; (v) sell or otherwise dispose of assets; and (vi) enter into transactions with affiliates. The Credit Agreement also provides for certain events of default, which, if any of them occurs, would permit or require the principal, premium, if any, interest and any other monetary obligations on all the then outstanding under the Credit Agreement to be declared immediately due and payable.

The Notes were issued pursuant to an indenture, dated December 21, 2016, with U.S. Bank National Association, as trustee (the "Indenture"). The Indenture contains covenants that limit our ability, and the ability of certain of our subsidiaries to, among other things and subject to certain significant exceptions: (i) incur, assume or guarantee additional indebtedness; (ii) declare or pay dividends or make other distributions with respect to, or purchase or otherwise acquire or retire for value, equity interests; (iii) make any principal payment on, or redeem or repurchase, subordinated debt; (iv) make loans, advances or other investments; (v) incur liens; (vi) sell or otherwise dispose of assets; and (vii) enter into transactions with affiliates. The Indenture also provides for certain events of default, which, if any of them occurs, would permit or require the principal, premium, if any, interest and any other monetary obligations on all the then outstanding Notes under the applicable indenture to be declared immediately due and payable.

We were in compliance with all financial and other covenants applicable to our credit facilities at March 31, 2017.

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, Judgments, Estimates and Assumptions

Aside from those discussed below, there were no material changes in our critical accounting policies, judgments, estimates and assumptions from those disclosed in our Annual Report on Form 10-K for the year ended December 31, 2016, which is available on our website at www.rbauction.com, on EDGAR at www.sec.gov, or on SEDAR at www.sedar.com, 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.

Recoverability of goodwill

We perform impairment tests on goodwill on an annual basis in accordance with US GAAP, or more frequently if events or changes in circumstances indicate that those assets might be impaired. Goodwill is tested for impairment at a reporting unit level, which is at the same level or one level below an operating segment.

On January 1, 2017, we early adopted ASU 2017-04, *Intangibles – Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment* (“ASU 2017-04”), which eliminates Step 2 from the goodwill impairment test. Under ASU 2017-04, we still have the option of performing a qualitative assessment of a reporting unit to first determine whether the quantitative impairment test is necessary. We exercise judgment in performing our qualitative assessment of whether indicators of impairment exist.

When we determine that an annual or interim quantitative impairment test is necessary, we now only perform one step in order to identify potential impairment, which is to compare 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 we believe 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 to the extent the difference does not exceed the total amount of goodwill allocated to the reporting unit.

We measure the fair value of our reporting units using a blended analysis of the earnings valuation approach, which employs a discounted cash flow valuation technique, and the market valuation approach, which employs a multiple of earnings valuation technique. We believe that using a blended valuation approach compensates for the inherent risks associated with each technique if used on a stand-alone basis. In applying these valuation approaches, management is required to make significant estimates and assumptions about the timing and amount of future cash flows, revenue growth rates, and discount rates, which requires a significant amount of judgment. Accordingly, actual results may differ from those used in the goodwill impairment test.

Changes in Accounting Policies

Aside from the early adoption of ASU 2017-04 (discussed above), there have been no changes in our significant accounting policies during the three months ended March 31, 2017.

Non-GAAP Measures

We make reference to 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 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, 2017 and 2016, as well as reconciles those metrics to net income attributable to stockholders, the weighted average number of dilutive shares outstanding, 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 2017 over 2016
	2017		2016	
Net income attributable to stockholders	\$ 10,377	\$	29,406	(65%)
Current income tax adjusting item:				
Change in uncertain tax provision	2,290		-	100%
Adjusted net income attributable to stockholders (non-GAAP measure)	\$ 12,667	\$	29,406	(57%)
Weighted average number of dilutive shares outstanding	107,788,949		107,159,010	1%
Diluted EPS attributable to stockholders	\$ 0.10	\$	0.27	(63%)
Diluted adjusted EPS attributable to stockholders (non-GAAP measure)	\$ 0.12	\$	0.27	(56%)

The first quarter 2017 adjusting item was a \$2.3 million (\$2.3 million before tax, or \$0.02 per diluted share) charge related to the change in uncertain tax provisions. There were no first quarter 2016 adjusting items.

The following table presents our adjusted EBITDA (non-GAAP measure) and adjusted EBITDA margin (non-GAAP measure) results for the three months ended March 31, 2017 and 2016, as well as reconciles those metrics to net income, revenues, 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 2017 over 2016
	2017		2016	
Net income	\$ 10,433	\$	29,994	(65%)
<i>Add:</i> depreciation and amortization expenses	10,338		10,080	3%
<i>Less:</i> interest income	(955)		(498)	92%
<i>Add:</i> interest expense	8,133		1,363	497%
<i>Add:</i> current income tax expense	7,488		10,009	(25%)
<i>Less:</i> deferred income tax recovery	(173)		(477)	(64%)
Adjusted EBITDA (non-GAAP measure)	35,264		50,471	(30%)
Revenues	\$ 124,499	\$	131,945	(6%)
Net income margin	8.4%		22.7%	-1430 bps
Adjusted EBITDA margin (non-GAAP measure)	28.3%		38.3%	-1000 bps

There were no adjusting items impacting income before income taxes in the first quarter of 2017 or 2016.

The following table presents our adjusted debt/adjusted EBITDA (non-GAAP measures) results as at and for the 12 months ended March 31, 2017 and 2016, as well as reconciles that metric to debt, net income, and debt as a multiple of net income, which are the most directly comparable GAAP measures in, or calculated from, our consolidated financial statements:

(in U.S. \$ millions)	As at and for the 12 months ended March 31,			Change 2017 over 2016
	2017	2016		
Short-term debt	\$ 24.6	\$ 42.5		(42%)
Long-term debt	596.4	102.3		483%
Debt	621.0	144.8		329%
<i>Less:</i> long-term debt in escrow	(495.9)	-		(100%)
Adjusted debt (non-GAAP measure)	125.1	144.8		(14%)
Net income	\$ 74.0	\$ 144.5		(49%)
<i>Add:</i> depreciation and amortization expenses	41.1	41.5		(1%)
<i>Less:</i> interest income	(2.3)	(2.3)		-
<i>Add:</i> interest expense	12.3	5.1		141%
<i>Add:</i> current income tax expense	37.8	41.7		(9%)
<i>Less:</i> deferred income tax recovery	(3.1)	(3.8)		(18%)
Pre-tax adjusting items:				
Debt extinguishment costs	6.8	-		100%
Gain on sale of excess property	-	(8.4)		(100%)
Impairment loss	28.2	-		100%
Adjusted EBITDA	\$ 194.8	\$ 218.3		(11%)
Debt/net income	8.4x	1x		740%
Adjusted debt/adjusted EBITDA (non-GAAP measure)	0.6x	0.7x		(14%)

The deduction from long-term debt at March 31, 2017 of long-term debt held in escrow consists entirely of the Notes that have a principal value of \$500.0 million reduced by \$4.1 million of unamortized debt issue costs.

The adjusting items for the 12 months ended March 31, 2017 were a \$6.8 million (\$5.0 million after tax, or \$0.05 per diluted share) charge related to the early termination of pre-existing debt recognized in the fourth quarter of 2016, and a \$28.2 million (\$26.4 million after tax, or \$0.25 per diluted share) impairment loss on the Company's EquipmentOne reporting unit goodwill and customer relationships recognized in the third quarter of 2016.

The adjusting item for the 12 months ended March 31, 2016 was an \$8.4 million (\$7.3 million after tax, or \$0.07 per diluted share) gain on the sale of excess property in Edmonton, Canada, recognized in the fourth quarter of 2015.

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

(in U.S. \$ millions)	12 months ended March 31,			Change 2017 over 2016
	2017		2016	
Cash provided by operating activities	\$ 146.4	\$	216.6	(32%)
Property, plant and equipment additions	18.3		21.2	(14%)
Intangible asset additions	19.5		10.1	93%
Proceeds on disposition of property _ plant and equipment	(7.4)		(16.7)	(56%)
Net capital spending	\$ 30.4	\$	14.6	108%
OCFC (non-GAAP measure)	\$ 116.0	\$	202.0	(43%)

The following table presents our adjusted net income attributable to stockholders (non-GAAP measure) and adjusted dividend payout ratio (non-GAAP measure) results on a trailing 12-month basis, and reconciles those metrics to dividends paid to stockholders, 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,			Change 2017 over 2016
	2017	2016		
Dividends paid to stockholders	\$ 71.5	\$ 66.4		8%
Net income attributable to stockholders	\$ 72.8	\$ 141.8		(49%)
Pre-tax adjusting items:				
Debt extinguishment costs	6.8	-		100%
Gain on sale of excess property	-	(8.4)		(100%)
Impairment loss	28.2	-		100%
Current income tax effect of adjusting items:				
Debt extinguishment costs	(1.8)	-		100%
Gain on sale of excess property	-	1.1		(100%)
Deferred income tax effect of adjusting items:				
Impairment loss	(1.8)	-		100%
Current income tax adjusting item:				
Change in uncertain tax provision	2.3	-		100%
Deferred tax adjusting item:				
Tax loss utilization	-	(7.9)		(100%)
Adjusted net income attributable to stockholders (non-GAAP measure)	\$ 106.5	\$ 126.7		(16%)
Dividend payout ratio	98.2%	46.8%		5140 bps
Adjusted dividend payout ratio (non-GAAP measure)	67.1%	52.4%		1470 bps

The adjusting items for the 12 months ended March 31, 2017 were a \$2.3 million (\$2.3 million before tax, or \$0.02 per diluted share) charge related to the change in uncertain tax provisions recognized in the first quarter of 2017, a \$5.0 million (\$6.8 million before tax, or \$0.05 per diluted share) charge related to the early termination of pre-existing debt recognized in the fourth quarter of 2016, and a \$26.4 million (\$28.2 million before tax, or \$0.25 per diluted share) impairment loss on the Company's EquipmentOne reporting unit goodwill and customer relationships recognized in the third quarter of 2016.

The adjusting items for the 12 months ended March 31, 2016 were a \$7.3 million (\$8.4 million before tax, or \$0.07 per diluted share) gain on the sale of excess property in Edmonton, Canada, recognized in the fourth quarter of 2015, and \$7.9 million (\$7.9 million before tax, or \$0.07 per diluted share) of tax savings generated by tax loss utilization recognized in the fourth quarter of 2015.

The following table presents our ROIC (non-GAAP measure) and ROIC excluding escrowed debt (non-GAAP measure) results on a trailing 12-month basis, and reconciles those metrics 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. Adjusted opening long-term debt (non-GAAP measure) is not presented due to the lack of adjusting items during the relevant periods:

(in U.S. \$ millions)	As at and for the 12 months ended March 31,			Change 2017 over 2016
	2017	2016		
Net income attributable to stockholders	\$ 72.8	\$ 141.8		(49%)
Pre-tax adjusting items:				
Debt extinguishment costs	6.8	-		100%
Gain on sale of excess property	-	(8.4)		(100%)
Impairment loss	28.2	-		100%
Current income tax effect of adjusting items:				
Debt extinguishment costs	(1.8)	-		100%
Gain on sale of excess property	-	1.1		(100%)
Deferred income tax effect of adjusting items:				
Impairment loss	(1.8)	-		100%
Current income tax adjusting item:				
Change in uncertain tax provision	2.3	-		100%
Deferred tax adjusting item:				
Tax loss utilization	-	(7.9)		(100%)
Adjusted net income attributable to stockholders (non-GAAP measure)	\$ 106.5	\$ 126.7		(16%)
Opening long-term debt	\$ 102.3	\$ 104.1		(2%)
Ending long-term debt	596.4	102.3		483%
Less: long-term debt in escrow	(495.9)	-		(100%)
Adjusted ending long-term debt (non-GAAP measure)	100.5	102.3		(2%)
Average long-term debt	\$ 349.4	\$ 103.2		239%
Adjusted average long-term debt (non-GAAP measure)	101.4	103.2		(2%)
Opening stockholders' equity	\$ 676.5	\$ 631.6		7%
Ending stockholders' equity	691.4	676.5		2%
Average stockholders' equity	684.0	654.1		5%
Average invested capital	\$ 1,033.4	\$ 757.3		36%
Adjusted average invested capital (non-GAAP measure)	785.4	757.3		4%
Return on average invested capital ⁽¹⁾	7.0%	18.7%		-1170 bps
ROIC (non-GAAP measure) ⁽²⁾	10.3%	16.7%		-640 bps
ROIC excluding escrowed debt (non-GAAP measure) ⁽³⁾	13.6%	16.7%		-310 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 average invested capital.
- (3) 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, 2017 were a \$2.3 million (\$2.3 million before tax, or \$0.02 per diluted share) charge related to the change in uncertain tax provisions recognized in the first quarter of 2017, a \$5.0 million (\$6.8 million before tax, or \$0.05 per diluted share) charge related to the early termination of pre-existing debt recognized in the fourth quarter of 2016, and a \$26.4 million (\$28.2 million before tax, or \$0.25 per diluted share) impairment loss on the Company's EquipmentOne reporting unit goodwill and customer relationships recognized in the third quarter of 2016.

The adjusting items for the 12 months ended March 31, 2016 were a \$7.3 million (\$8.4 million before tax, or \$0.07 per diluted share) gain on the sale of excess property in Edmonton, Canada, recognized in the fourth quarter of 2015, and \$7.9 million (\$7.9 million before tax, or \$0.07 per diluted share) of tax savings generated by tax loss utilization recognized in the fourth quarter of 2015.

The deduction from ending long-term debt at March 31, 2017 of long-term debt held in escrow consists entirely of the Notes that have a principal value of \$500.0 million reduced by \$4.1 million of unamortized debt issue costs.