RB Global Inc. (RBA)

Updated February 26th, 2025 by Nikolaos Sismanis

Key Metrics

Current Price:	$101	**5 Year CAGR Estimate:**	6.0%	**Market Cap:**	$18.7 B
Fair Value Price:	$87	**5 Year Growth Estimate:**	8.0%	**Ex-Dividend Date:**	02/14/2025
% Fair Value:	116%	**5 Year Valuation Multiple Estimate:**	-2.9%	**Dividend Payment Date:**	03/03/2025
Dividend Yield:	1.1%	**5 Year Price Target**	$128	**Years Of Dividend Growth:**	19
Dividend Risk Score:	A	**Retirement Suitability Score:**	C	**Rating:**	Hold

Overview & Current Events

RB Global offers end-to-end solutions for buying and selling used heavy equipment, trucks, and other assets. RB's main selling channels include Ritchie Bros. Auctioneers, the world's largest industrial auctioneer featuring online bidding, IronPlanet, an online marketplace with weekly auctions, and IronClad Assurance, which offers equipment condition certification. The company has a market cap of $18.7 billion, generated $4.28 billion in revenues last year, and is based in Burnaby, Canada. Investors can trade its shares both on the TSX and NYSE. All figures in this report are in US dollars.

On February 18th, 2025, RB Global reported its Q4 and full-year 2024 results for the period ending December 31st, 2024. For the quarter, total revenue increased 10% year-over-year to $1.14 billion, driven by growth in service and inventory sales revenue. Service revenues rose 8% year-over-year to $875.5 million, benefiting from a higher average service revenue take rate and increased GTV. The service revenue take rate expanded by 110 basis points year-over-year to 21.3%, supported by a higher buyer fee rate structure and marketplace services growth.

Adjusted EPS increased by 16% to $0.95, reflecting strong operating income growth, a higher service revenue take rate, and improved inventory returns. For the year, adjusted EPS was $3.49. GAAP EPS was $2.01. Our adjusted EPS estimate for FY2025 stands at $3.78. That said, all figures in our tables reflect GAAP metrics.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	$1.27	$0.86	$0.70	$1.12	$1.37	$1.54	$1.36	$2.86	$1.04	$2.01	***$3.78***	***$5.55***
DPS	$0.62	$0.67	$0.68	$0.71	$0.78	$0.86	$0.97	$1.06	$1.08	$1.14	***$1.16***	***$1.70***
Shares[1]	107	107	107	108	109	109	110	111	167	184	***184***	***200***

Despite RB Global consistently growing revenues over the past decade, its GAAP EPS track record has been shaky. From 2015 to 2017, EPS declined from $1.27 to $0.70, a period marked by market softness in used equipment sales and the company's ongoing transition toward digital and online auction platforms. Competition was increasing, and RB Global was still in the early stages of expanding beyond traditional live auctions. Between 2018 and 2020, EPS bounced to as demand for used heavy equipment surged, driven by infrastructure projects and strong construction activity. RB also boosted its digital capabilities, increasing online participation in auctions and improving overall operational efficiency.

This momentum carried into 2021 and 2022, where a post-pandemic surge in demand, supply chain disruptions limiting new equipment availability, and record-high auction volumes helped EPS spike to $2.86. However, 2023 was a year of transition as RB Global completed its landmark $7 billion acquisition of IAA, a major player in automotive salvage and vehicle auctions. While this deal expanded RB Global's addressable market, integration costs and restructuring efforts led to an EPS drop to $1.04. By 2024, though the synergies from the acquisition began to take hold, helping EPS recover.

We believe RB will continue to increase its EPS at a CAGR of 8% from 2025's adjusted EPS base of $3.78, supported by continued synergy realization from the IAA acquisition, expanding digital and online auction capabilities, and increasing demand for used equipment and vehicle remarketing. We have set our dividend growth expected rate at 8% as well,

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[1] Share count is in millions.

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

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given that this rate can be backed by RB's underlining net income. RB Global has been growing its dividends annually without any exception since 2005, marking a 19-year dividend growth record.

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	30.6	25.0	25.8	43.7	31.2	42.5	51.4	20.0	---	36.9	***26.7***	***23.0***
Avg. Yld.	2.2%	2.2%	2.2%	2.0%	1.9%	1.9%	1.4%	1.8%	1.8%	1.5%	***1.1%***	***1.3%***

RB Global's valuation had been quite consistent prior to 2020, typically hovering from 25X to 30X earnings-per-share. Between 2020 and 2021, the stock's P/E skyrocketed. It currently hovers at 26.7 times our projected earnings, with earnings growth still catching up to the stock price. Despite retaining solid earnings growth prospects, we believe shares are overvalued here, and have priced in a 2.9% annual valuation headwind over next five years. Regarding the dividend, its yield of 1.1% might be low for the current interest rates environment. That said, RB's dividend growth potential and overall dividend growth track record are noteworthy.

Safety, Quality, Competitive Advantage, & Recession Resiliency

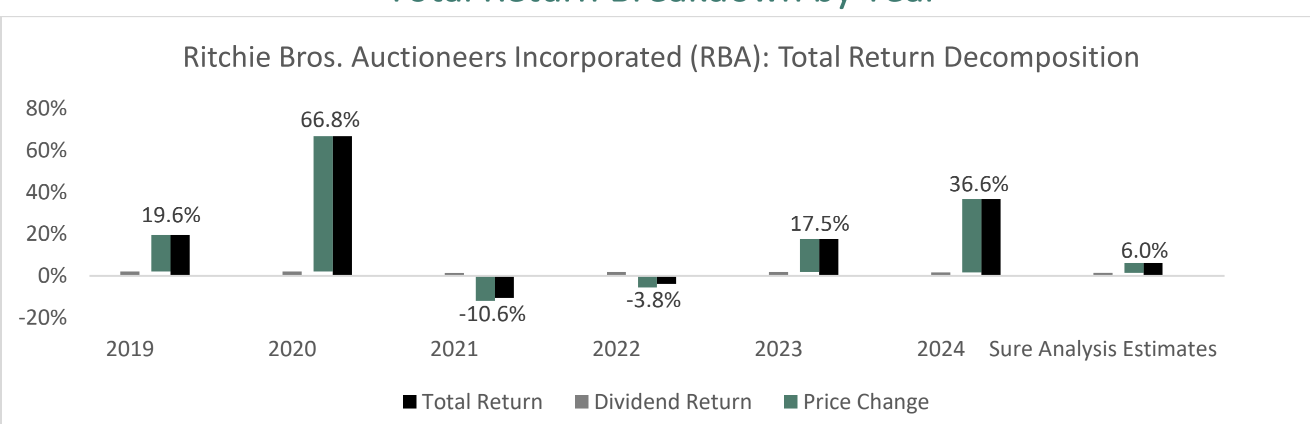
Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	49%	78%	97%	63%	57%	56%	71%	37%	104%	57%	***31%***	***31%***

RB Global's dividend coverage remains quite healthy. Despite the recent acceleration in dividend growth, the stock's payout ratio based on the company's expected FY2025 EPS is just around 31%. The company is the largest industrial-equipment auctioneer in the world, holding a significant competitive advantage due to its long-term expertise in the sector and the wide network effect of its online participants. Additionally, while its business model sounds sensitive to the industrial sector's cyclicality, the company is benefiting during such times as more equipment is brought forward to be auctioned (e.g., amid a company's liquidation), increasing its fees. During the Great Financial Crisis, for example, the company continued to enjoy revenue growth, despite the overall challenges in the economy. Hence, the company should remain resilient during a potential recession, enjoying robust cash flows.

Final Thoughts & Recommendation

RB Global has achieved great shareholder value creation over the years, both in terms of share price gains and a growing dividend. Last year's results were solid, with the IAA acquisition bearing fruits for both sales and earnings. We anticipate earnings growth this year as well. However, we believe shares are expensive. Therefore, we forecast annualized returns of 6.0% through 2030, to be driven by an 8% annual growth in earnings and an initial yield of 1.1%, partially offset by 2.9% annual valuation headwind. Thus, we now RB Global to a hold.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenue	481	516	1,127	971	1,170	1,319	1,377	1,417	1,734	3,680
Gross Profit	423	460	500	532	637	673	762	822	957	1,778
Gross Margin	88.0%	89.1%	44.4%	54.7%	54.4%	51.0%	55.3%	58.1%	55.2%	48.3%
SG&A Exp.	248	254	284	323	383	382	418	465	540	744
D&A Exp.	45	42	41	53	67	83	87	101	117	462
Operating Profit	130	163	176	156	187	220	269	270	320	683
Operating Margin	27.1%	31.7%	15.6%	16.0%	16.0%	16.7%	19.5%	19.1%	18.5%	18.6%
Net Profit	91	136	92	75	121	149	170	152	320	207
Net Margin	18.9%	26.4%	8.1%	7.7%	10.4%	11.3%	12.3%	10.7%	18.5%	5.6%
Free Cash Flow	110	166	141	108	101	292	215	274	391	198
Income Tax	36	38	37	2	31	42	66	152	86	76

Balance Sheet Metrics

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total Assets	1,122	1,120	1,600	2,017	2,052	2,229	2,352	3,593	2,864	12,040
Cash & Equivalents	140	210	208	268	238	360	279	326	494	576
Accounts Receivable	61	50	45	78	113	122	112	123	144	316
Inventories	43	58	28	38	113	65	86	102	103	167
Goodwill & Int. Ass.	128	138	170	932	917	906	1,142	1,298	1,271	7,451
Total Liabilities	430	413	908	1,273	1,217	1,322	1,339	2,522	1,574	7,010
Accounts Payable	47	38	39	78	93	73	76	86	78	139
Long-Term Debt	119	110	620	820	731	650	666	1,744	611	3,090
Shareholder's Equity	692	703	687	740	831	902	1,007	1,071	1,290	5,017
LTD/E Ratio	0.17	0.16	0.90	1.11	0.88	0.72	0.66	1.63	0.47	0.62

Profitability & Per Share Metrics

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Return on Assets	8.0%	12.2%	6.8%	4.1%	6.0%	7.0%	7.4%	5.1%	9.9%	2.8%
Return on Equity	13.1%	19.5%	13.2%	10.5%	15.5%	17.2%	17.8%	14.6%	27.1%	6.5%
ROIC	10.8%	16.7%	8.6%	5.2%	7.8%	9.5%	10.5%	6.8%	13.6%	4.1%
Shares Out.	107.3	107.1	106.6	107	108.1	108.5	110.3	111.4	111.9	168.2
Revenue/Share	4.47	4.80	10.49	8.98	10.70	12.01	12.49	12.72	15.50	21.88
FCF/Share	1.02	1.54	1.31	1.00	0.93	2.66	1.95	2.46	3.50	1.18

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.