INVESTOR CENTER RESEARCH

RB Global (RBA) Investment Analysis Report

December 29, 2025

Contents

Executive Summary

The market is effectively assigning no value to IAA's ability to regain salvage auction market share under RB Global ownership. IAA's market share losses over the past decade have largely been attributed to a perceived structural disadvantage in its real estate footprint, but our analysis suggests this explanation is incorrect. On the dimensions that matter most to insurers, including capacity, geographic coverage, and proximity to accident locations, IAA's yard network is comparable to, and in some cases better than, Copart's. We believe prior share losses were driven by operational mismanagement rather than a structural limitation of the business. Since the acquisition by RB Global, execution has improved materially, most notably in Tow Compliance, the most critical service metric for insurers, which has increased from 89 percent to 99.5 percent. These operational gains are already translating into tangible results, including three consecutive quarters of market share recovery and the recapture of Erie Insurance from Copart. If IAA returns to a more balanced market structure by 2030, salvage volumes could grow at high single digit to low double digit rates annually. Given the highly attractive unit economics of the salvage auction model, this incremental volume should convert to earnings at attractive margins. Under this scenario, IAA alone can drive double digit EPS growth for RB Global through the end of the decade, with additional upside from a recovery in the legacy Ritchie Bros equipment auction business as construction markets normalize. In our base case, we expect RB Global to compound earnings at a 10 to 15 percent annual rate, with mid to high teens growth in a bull case. At a forward multiple of roughly 24x earnings for a high-quality business services franchise, we view the risk reward as compelling.

Thesis Point #1

IAA's market share recovery opportunity is credible and not reflected in the current valuation

From 2017 through 2024, IAA steadily lost market share to Copart in the U.S. salvage auto auction industry, with the competitive landscape shifting from an approximately equal split to Copart controlling roughly 70 percent of industry volumes. The prevailing market explanation for this divergence has been that Copart's superior real estate footprint enabled structurally better operational performance, leaving IAA at a permanent disadvantage.

Our analysis challenges this narrative. We evaluated the real estate networks of Copart and IAA across the three criteria described by insurers as most important in selecting a salvage auction provider: yard capacity, geographic coverage, and proximity to accident locations. While Copart's yards are larger on average, IAA's overall geographic coverage is comparable and, in some cases, superior, with broader coverage across the top 250 U.S. MSAs. In addition, a proximity analysis using 450 real-world accident addresses showed that Copart's yards are not consistently closer to accident sites, and in many instances IAA maintains a modest proximity advantage. Based on this work, we do not believe Copart's real estate footprint represents a structural competitive advantage over IAA.

We therefore attribute IAA's historical market share losses to operational underperformance rather than an inherent weakness in the business model. Importantly, there is already evidence that this dynamic is reversing following the acquisition by RB Global. Management has disclosed meaningful improvements across several operating KPIs, most notably Tow Compliance, which measures the percentage of vehicles collected and delivered to yards within insurer-required timeframes. Industry feedback suggests Tow Compliance is the most critical service metric in the salvage auction process, as delays can impose outsized costs on insurers and degrade the policyholder experience. Since the acquisition, IAA has improved Tow Compliance from approximately 89 percent to 99.5 percent. These operational gains are beginning to translate into tangible share recovery, including three consecutive quarters of market share gains and the recapture of Erie Insurance, the twelfth-largest U.S. auto insurer, from Copart. If IAA returns to a more balanced market structure by 2030, which implies roughly 250 basis points of annual share gains, we estimate IAA volumes could grow at 8 to 11 percent annually depending on underlying industry growth.

IAA Volume Growth Forecast

	2026	2027	2028	2029	2030
Industry Units	6,963,141	7,172,036	7,387,197	7,608,813	7,837,077
YoY Growth	3%	3%	3%	3%	3%
Copart Units	4,205,737	4,145,437	4,077,733	4,002,235	3,918,538
Market Share	60%	58%	55%	53%	50%
YoY Growth	-1%	-1%	-2%	-2%	-2%
IAA Units	2,757,404	3,026,599	3,309,464	3,606,577	3,918,538
Market Share	40%	42%	45%	47%	50%
YoY Growth	10%	10%	9%	9%	9%

Thesis Point #2

Volume growth at IAA should flow to the bottom line at highly attractive incremental margins

The salvage auto auction industry benefits from structurally attractive unit economics. The vast majority of vehicles are sold on a consignment basis, meaning the auction provider bears no inventory risk and does not tie up material working capital. In addition, a significant portion of the cost structure is fixed, including real estate, yard infrastructure, and core operating systems, allowing incremental volumes to scale efficiently as utilization increases.

From a pricing perspective, salvage disposal represents a relatively small component of an auto insurer's overall claims cost, but one that is operationally and reputationally critical. Combined with the industry's highly consolidated structure, where Copart and IAA collectively control nearly the entire market, this dynamic supports disciplined pricing and durable fee structures on both the buyer and seller sides of the marketplace.

As a result, incremental volume flows through at attractive margins. Based on our unit economics analysis, a vehicle sold for $4,000 on the IAA platform generates approximately $955 of revenue, with estimated margins ranging from 63 percent to 74 percent. Importantly, this profitability requires little incremental capital, as the consignment model and largely fixed cost base allow additional volume to be absorbed with minimal reinvestment.

Unit Economics Analysis	
Vehicle Price	$4,000
Seller Fees	
Per Vehicle Fee	$150
Buyer Fees	
Buyer Fee	$600
Gate Fee	$95
Virtual Bid Fee	$110
Total Revenue	**$955**
Take Rate	24%
Estimated Expenses	
High	$350
Low	$250
EBIT Estimates	
High Expenses Scenario	$605
% margin	**63%**
Low Expenses Scenario	$705
% margin	**74%**

Using our unit economics analysis of the salvage auto auction business, we estimate the earnings impact to RB Global under a scenario in which IAA's market share returns to a 50/50 split by 2030. In our modeling we assume no buyer fee increases for the remainder of the decade, despite a historical pattern of fee increases every 18 to 24 months, no incremental margin improvement from cost reduction or operational "self-help" initiatives, and no contribution from share repurchases.

Under these assumptions, and assuming industry volumes grow at 3 percent annually, representing a deceleration from historical mid-single-digit growth, the IAA business alone would be sufficient to drive greater than 10 percent annual EPS growth for RB Global through the end of the decade. If industry volumes instead grow in line with historical norms at approximately 5 percent annually, IAA's contribution would support mid-teens annual EPS growth over the same period.

3% Industry Volume Growth Assumption	2026	2027	2028	2029	2030
IAA Unit Growth	256,081	269,195	282,865	297,113	311,961
Average Vehicle ASP	3,782	3,877	3,974	4,073	4,175
YoY Growth	2.5%	2.5%	2.5%	2.5%	2.5%
Revenue Per Unit	$946	$969	$993	$1,018	$1,044
Take Rate	25%	25%	25%	25%	25%
Revenue Growth ($)	$242,140,926	$260,904,259	$281,007,114	$302,540,531	$325,601,536
Pre-Tax Profit	$108,963,417	$117,406,916	$126,453,201	$136,143,239	$146,520,691
% incremental margin	45%	45%	45%	45%	45%
Net Income	$82,812,197	$89,229,256	$96,104,433	$103,468,862	$111,355,725
Tax Rate	24%	24%	24%	24%	24%
EPS Impact	$0.44	$0.48	$0.51	$0.55	$0.60
Relative to 2025E EPS	11.3%	12.1%	13.1%	14.1%	15.2%

5% Industry Volume Growth Assumption	2026	2027	2028	2029	2030
IAA Unit Growth	309,623	334,332	360,738	388,949	419,078
Average Vehicle ASP	3,782	3,877	3,974	4,073	4,175
YoY Growth	2.5%	2.5%	2.5%	2.5%	2.5%
Revenue Per Unit	$946	$969	$993	$1,018	$1,044
Take Rate	25%	25%	25%	25%	25%
Revenue Growth ($)	$292,768,068	$324,035,282	$358,368,574	$396,053,732	$437,402,300
Pre-Tax Profit	$131,745,630	$145,815,877	$161,265,858	$178,224,180	$196,831,035
% incremental margin	45%	45%	45%	45%	45%
Net Income	$100,126,679	$110,820,066	$122,562,052	$135,450,376	$149,591,587
Tax Rate	24%	24%	24%	24%	24%
EPS Impact	$0.54	$0.59	$0.66	$0.72	$0.80
Relative to 2025E EPS	13.6%	15.1%	16.7%	18.4%	20.4%

Thesis Point #3

The legacy Ritchie Bros auction business remains a high-quality franchise, temporarily constrained by macro conditions

While our differentiated thesis is centered on the IAA business, the legacy Ritchie Bros used equipment auction franchise remains a high-quality asset. Now reported within the Commercial, Construction, and Transportation segment, it is the world's largest marketplace for used equipment and benefits from a durable competitive position built over multiple decades. Current results, however, are being held back by a construction market that is in a period of transition rather than a clear downturn or recovery. This environment has reduced equipment turnover and weighed on auction volumes.

At the same time, a meaningful pricing gap has developed between new and used construction equipment. Demand for new equipment has been supported by large contractors serving relatively resilient end markets such as data centers and infrastructure, allowing new equipment pricing to remain firm. In contrast, demand for used equipment is more closely tied to small and mid-sized contractors that are exposed to interest rate sensitive projects, where activity has softened. As a result, used equipment values have declined, further dampening secondary market volumes.

We view this dynamic as cyclical rather than structural. Once the current period of uncertainty resolves, auction volumes should recover through one of two paths. In a downturn scenario, volumes would be supported by forced liquidations and asset sales as operators raise liquidity. Alternatively, if construction activity improves, the pricing gap between new and used equipment should narrow as demand from smaller contractors normalizes, driving higher equipment turnover and improved auction volumes.

RB Global Background

RB Global was created through Ritchie Bros Auctioneers' acquisition of IAA, announced in late 2022. The transaction combined Ritchie's global construction and transportation equipment auction platform with IAA's U.S. salvage vehicle auction business. The deal was met with significant shareholder opposition at the time, with several large investors publicly questioning the strategic rationale, leverage profile, and near-term dilution, arguing that heavy equipment auctions and vehicle salvage had limited operational or customer overlap. Critics also pointed to IAA's recent operational challenges, including sustained market share losses to its primary competitor and the disclosure of the loss of a major customer, which contributed to a sharp decline in IAA's share price.

The disagreement escalated into a highly publicized proxy contest, with both ISS and Glass Lewis recommending that shareholders vote against the transaction. Despite this opposition, Ritchie secured shareholder approval, completed the acquisition in March 2023, and subsequently rebranded the combined company as RB Global.

Business Overview

RB Global is a global marketplace and auction services provider operating two distinct platforms: 1) Commercial, Construction, and Transportation auctions and marketplaces, and 2) Salvage auto auctions.

1. **Commercial, Construction, and Transportation (CC&T):** This segment comprises RB Global's legacy heavy equipment and industrial asset auction and marketplace businesses. At its core is Ritchie Bros, the company's flagship brand and the world's largest industrial auctioneer. Ritchie Bros conducts large-scale live onsite auctions alongside fully online and hybrid formats. Founded in 1958, the business scaled steadily over several decades, building a global buyer network, a portfolio of permanent auction sites, and long-standing relationships with large fleet operators that are difficult to replicate. Over time, RB Global expanded beyond its traditional live auction model by developing and acquiring complementary digital marketplaces, including IronPlanet, Marketplace-E, and GovPlanet.

2. **Salvage auto auction (IAA):** RB Global entered the salvage auto auction market through its $6.6 billion acquisition of IAA in 2023. IAA operates a two-sided marketplace for salvage vehicles, connecting sellers, primarily auto insurance companies, with a global buyer base that includes dismantlers, repair shops, exporters, and used vehicle dealers. The salvage auto auction industry is a duopoly, with Copart and IAA collectively controlling the vast majority of market volumes. Prior to the acquisition, IAA experienced operational challenges that led to sustained market share losses and a shift from an approximately equal market split to a roughly 70/30 advantage in favor of Copart. Since the acquisition by RB Global, operational performance at IAA has improved, and the company has begun to make progress in recapturing market share.

Deep Dive on CC&T Segment (How CC&T Auctions Work)

Supply for the auction marketplace is generated through sellers consigning equipment such as construction machinery, trucks, and industrial assets to upcoming sales. These sellers include contractors, rental companies, dealers, fleet operators, and asset owners exiting projects. Ritchie Bros works with sellers to determine the appropriate auction format and location, and in many cases the equipment is transported to one of the company's permanent auction sites, where it can be inspected by prospective buyers ahead of the sale.

Once consigned, assets are cataloged, photographed, and described in detail, with specifications and condition information published online well in advance of the auction. Following the sale, Ritchie Bros manages payment collection, title transfer, and logistics coordination, facilitating a seamless transaction for both buyers and sellers.

(Equipment stored in a Ritchie Bros yard prior to being sold at auction)

The value proposition of a Ritchie Bros auction is straightforward from the buyer's perspective. Buyers gain access to a broad, global inventory of heavy equipment, trucks, and industrial assets, enabling sourcing across asset classes, vintages, and geographies within a single marketplace. By aggregating supply from thousands of sellers, the platform allows buyers to efficiently compare similar equipment and identify assets that meet specific operational or budget requirements. Importantly, Ritchie Bros operates as a neutral intermediary rather than a dealer or principal, which reinforces trust in the transaction. Detailed listings, thorough inspections, and transparent disclosure of equipment condition provide buyers with confidence that assets are represented accurately, reducing uncertainty and the risk of post-purchase surprises.

The value proposition for sellers is less immediately intuitive but equally compelling. A core benefit is certainty of sale. Most Ritchie Bros auctions are unreserved, meaning assets are guaranteed to sell on auction day, eliminating the risk of prolonged inventory holding or failed transactions. This enables sellers to convert equipment into cash quickly, reduce carrying costs, and redeploy capital with confidence. The predictable timing of auctions also supports fleet refresh cycles, project wind-downs, and balance sheet management. Over time, Ritchie Bros has become a critical clearing mechanism for the equipment industry, providing a reliable outlet for used assets, establishing transparent market prices, and facilitating the efficient circulation of capital. In addition, Ritchie Bros simplifies what would otherwise be a complex and resource-intensive process by managing marketing, buyer outreach, inspections, transaction administration, and settlement. For many sellers, particularly large fleets or multi-asset dispositions, this full-service model materially reduces operational burden.

Another way to frame the role Ritchie Bros plays in the construction equipment ecosystem is to compare it to TJ Maxx in retail. Both Ritchie Bros and TJ Maxx function as efficient clearinghouses for excess, aged, or non-core inventory, matching motivated sellers with a large, price-sensitive buyer base. Just as off-price retailers allow brands and retailers to monetize surplus apparel without disrupting primary sales channels, Ritchie Bros enables contractors, rental companies, and dealers to convert unwanted or hard-to-place equipment into cash quickly and with a high degree of certainty, often through unreserved auctions.

For example, a Caterpillar dealer may use Ritchie Bros to dispose of trade-ins that do not meet local demand or CAT Certified Used standards, much like a global apparel brand may rely on TJ Max to clear excess inventory outside of its core retail footprint. In both models, scale and access to a broad buyer audience are critical. Sellers benefit from faster inventory turnover and reduced carrying costs, while buyers gain access to a wide selection of assets at market-clearing prices.

Unit Economics of a Ritchie Bros Auction

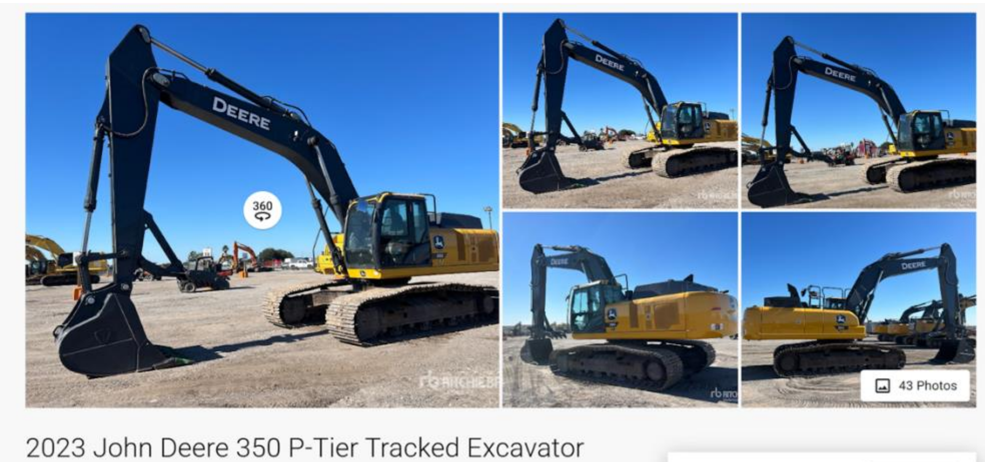
To understand both the earnings leverage in the Commercial, Construction, and Transportation segment as volumes recover and why growth in operating income should outpace growth in service revenue, it is helpful to examine the unit economics of a typical Ritchie Bros auction transaction. The example below illustrates a hypothetical excavator sold for $60,000 on the Ritchie Bros platform.

Revenue from this transaction is generated across three primary components: seller fees, buyer fees, and other services.

1. **Seller fees:** Seller fees represent the consignment fee paid by the equipment owner in exchange for Ritchie Bros facilitating the sale, including marketing, access to a global buyer base, price discovery, and certainty of execution. While the headline seller fee is generally advertised at approximately 10 percent of the final hammer price, large and repeat sellers typically receive volume-based discounts reflecting their scale, predictability of supply, and importance to auction density. As a result, realized seller fees are meaningfully lower than the headline rate, with management disclosures implying an average effective seller fee of roughly 8 percent.

2. **Buyer fees:** Buyer fees are paid by the winning bidder and reflect the cost of accessing Ritchie Bros' marketplace and completing the transaction. These fees are generally charged as a percentage of the final hammer price, with a headline rate of approximately 5 percent. Unlike seller fees, which vary based on volume and relationship dynamics, buyer fees are relatively standardized given the broad and fragmented nature of the buyer base.

3. **Other services:** In addition to seller and buyer fees, Ritchie Bros generates incremental revenue from optional ancillary services such as transportation, refurbishment, storage, enhanced inspection reports, and financing. For simplicity, these services are excluded from the unit economics example, but they can represent approximately 1 to 2 percent of total transaction value.



(Screenshot of an actual Ritchie Bros listing of an excavator)

Unit Economics Analysis	
Equipment Purchase Price	$60,000
Seller Fee	**$4,800**
% of purchase price	8%
Buyer Fee	**$3,000**
% of purchase price	5%
Total Revenue	**$7,800**
take rate %	13%
Expenses	
Yard and Asset Handling Costs	$500
Inspection Report	$400
Sales Commision	$500
Bad Debt Allowance	$250
Total Expenses	**$1,650**
Profit	**$6,150**
% margin	**79%**

How the Salvage Automotive Auction Industry Works

IAA operates a two-sided marketplace for salvage vehicles, connecting sellers, primarily auto insurance companies, with a global buyer base that includes dismantlers, repair shops, exporters, and used vehicle dealers.

When an insurer determines that repairing a damaged vehicle is no longer economical, the vehicle is declared a total loss. At that point, the insurer must dispose of the asset in a way that maximizes recovery value while also delivering a timely and seamless experience for the policyholder. IAA facilitates this process end to end. The company arranges towing and transportation of the vehicle to one of its storage yards, photographs and catalogs the vehicle, and then lists it for sale through a real-time online auction. For the vast majority of transactions, IAA operates under a consignment model, meaning it does not take ownership of the vehicle or assume inventory risk prior to sale.

(Salvage vehicle stored in IAA yard prior to being sold)

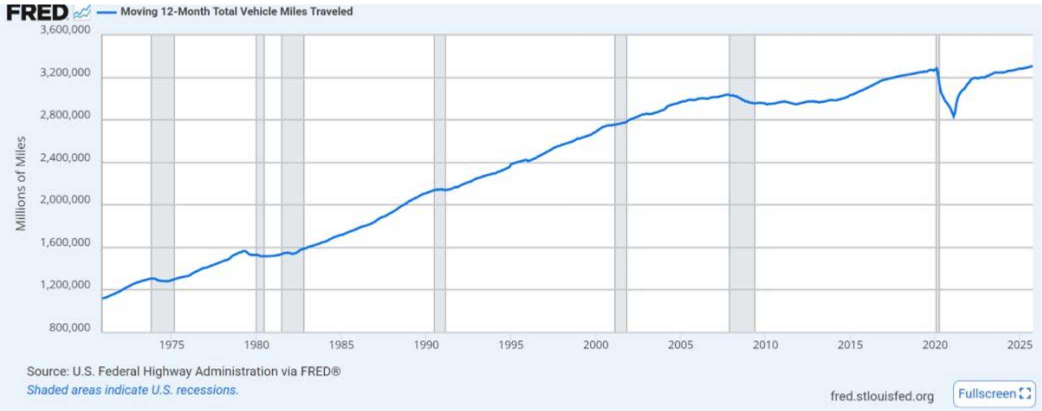
Auto insurers rely on salvage auction providers such as IAA because they offer a fast, reliable, and scalable solution for disposing of total-loss vehicles and recovering cash. These platforms simplify what would otherwise be a complex operational process by managing towing, storage, documentation, and compliance, while providing insurers with predictable timing and outcomes. By exposing vehicles to a broad, global buyer base, salvage auctions typically generate higher recovery values than local sales or bilateral negotiations. Just as importantly, they allow insurers to remain focused on claims management rather than the logistics of handling physical assets. Over time, this has positioned salvage auction providers as critical infrastructure within the auto insurance ecosystem rather than commoditized service vendors.

From the buyer's perspective, platforms such as Copart and IAA provide access to a large, continuously refreshed pool of vehicles that would be difficult to source consistently through alternative channels. Buyers can efficiently browse inventory across geographies and damage profiles in a single marketplace, whether they are dismantlers sourcing parts, rebuilders seeking repairable vehicles, or exporters serving international markets. Standardized inspections, photography, and disclosures improve transparency and enable buyers to assess condition with greater confidence. In addition, Copart and IAA operate as neutral intermediaries rather than principals, reinforcing trust that vehicles are represented consistently and priced through open, competitive auctions rather than negotiated transactions.

Drivers of Salvage Vehicle Business

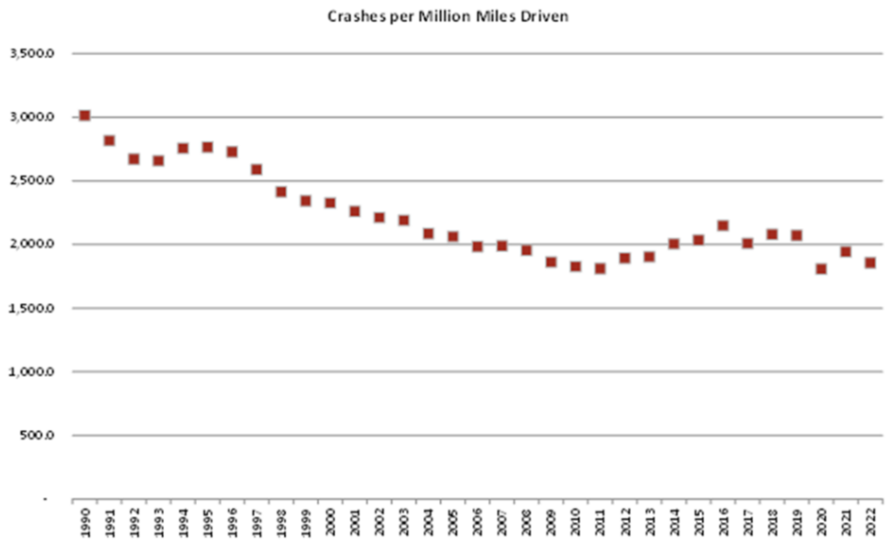
The salvage auto auction industry is driven by three primary demand factors: miles driven, collision frequency, and total loss rates.

Miles driven is the most intuitive driver, as higher vehicle usage increases the likelihood of accidents. Over the long term, U.S. vehicle miles traveled has grown at an average annual rate of approximately 1 to 2 percent, supported by population growth and increased vehicle utilization. In the near term, however, miles driven can fluctuate due to macroeconomic conditions such as employment levels and fuel prices. The U.S. Department of Transportation projects vehicle miles traveled to grow at roughly a 1 percent compound annual rate through 2050. While changes in miles driven can influence salvage volumes over shorter periods, we view its long-term impact as modest relative to the more structural drivers of collision frequency and total loss rates.



Accident frequency is the second key driver of demand for the salvage auction industry and measures the number of crashes per million vehicle miles traveled. Over the long term, accident frequency has declined structurally as advances in vehicle safety and roadway design have reduced crash rates. However, this downward trend largely stalled beginning around 2011, as the benefits of incremental safety improvements were offset by the rise in distracted driving associated with widespread smartphone adoption.

With smartphone penetration in the U.S. now mature and regulatory enforcement against distracted driving increasing at the state level, accident frequency is widely expected to resume a gradual downward trajectory over time. While this dynamic may modestly pressure salvage volumes over the long run, we view its impact as incremental relative to the more powerful offsetting effect of rising total loss rates.

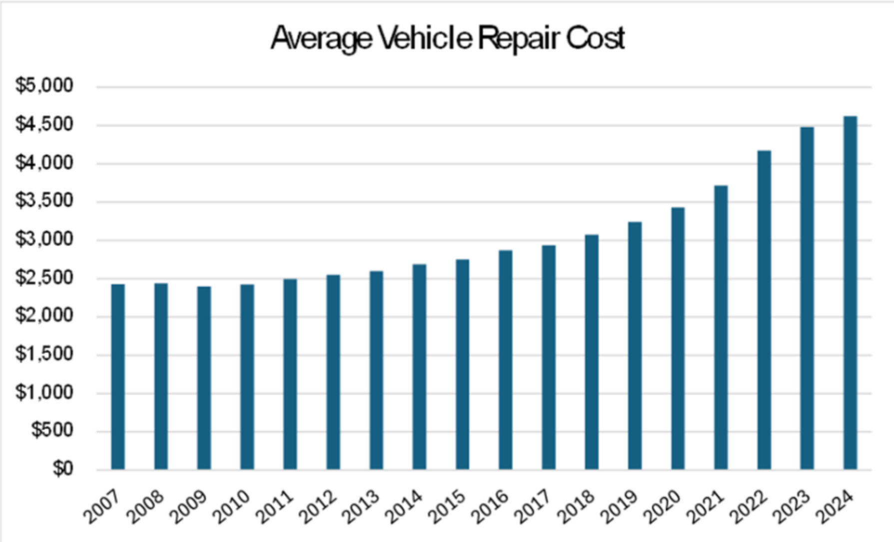


Total loss rates measure the percentage of damaged vehicles that insurers determine are uneconomical to repair. When a vehicle is involved in an accident, insurers evaluate whether it is more cost-effective to repair the vehicle or declare it a total loss. In practice, a vehicle is typically written off when the estimated cost of repairs plus the expected salvage recovery exceeds the vehicle's pre-accident market value. The total loss ratio is calculated as the number of vehicles classified as total losses divided by the total number of insured claims.

Over the long term, rising total loss rates are being driven by two primary forces: steadily increasing vehicle repair costs and higher salvage recovery values supported by an expanding and increasingly global buyer base. Repair costs have risen materially as vehicles have become more technologically complex and as the availability of skilled automotive labor has tightened. Modern vehicles are now equipped with advanced driver-assistance systems, sensors, cameras, and embedded electronics that are often integrated into areas of the vehicle that are highly susceptible to damage, even in relatively minor collisions. As a result, repairs that were once straightforward and inexpensive now require significantly more parts, specialized labor, and diagnostic work.

Industry data indicates that average repair severity has increased meaningfully over time, with repairs requiring a greater number of components and more labor hours to complete. For example, a repair that historically involved replacing a bumper or body panel may now also require sensor replacement, recalibration of safety systems, diagnostic scans, and software resets. These additional steps extend repair timelines and materially increase total repair costs for insurers. Longer repair durations also drive higher ancillary expenses, particularly rental car costs, which continue to rise as vehicles remain in repair facilities for extended periods.

At the same time, salvage recovery values have increased as the salvage auction ecosystem has evolved into a highly liquid, global marketplace. A broader buyer base, including dismantlers, rebuilders, and international exporters, has improved price discovery and increased demand for damaged vehicles across a wider range of conditions. Higher expected salvage proceeds raise the economic threshold at which insurers choose to declare a vehicle a total loss rather than pursue costly repairs. Together, rising repair severity and improving salvage economics have structurally increased total loss rates, supporting long-term growth in salvage auction volumes even as accident frequency gradually declines.



Insurance companies are increasingly declaring vehicles total losses not only because repair costs have risen, but also because the salvage auto auction industry, led by Copart and IAA, has evolved into a highly liquid, global marketplace that makes salvage disposal more economically attractive. Historically, vehicles with borderline repair economics, often referred to as constructive total losses, were more likely to be repaired and returned to service in the United States. In many cases, insurers accepted longer repair timelines and higher costs because salvage channels were fragmented, less transparent, and offered lower recovery values.

Today, the industry's digital auction platforms connect insurers to a broad and diverse global buyer base, including dismantlers, rebuilders, and international buyers willing to purchase drivable but damaged vehicles for repair and resale in lower-cost markets. This expanded pool of demand has materially improved price discovery and increased salvage recovery values across a wide range of vehicle conditions. As salvage proceeds have risen, the economic calculus for insurers has shifted. Higher expected recovery values narrow the gap between repairing and salvaging a vehicle, making total loss decisions more financially compelling even when physical damage is relatively limited.

In addition to the direct economic benefit, declaring a vehicle a total loss often allows insurers to resolve claims more quickly and with greater certainty. Repairing complex modern vehicles can involve extended shop times, parts shortages, and multiple points of friction for policyholders, all of which increase costs and elevate customer dissatisfaction. By contrast, routing vehicles through the salvage auction process enables insurers to settle claims faster, reduce rental car expenses, and avoid the customer experience challenges associated with prolonged repair cycles. As a result, an increasing number of structurally sound but economically inefficient-to-repair vehicles are being directed into the salvage auction channel, structurally supporting higher total loss rates and sustained volume growth for the industry.

Unit Economics of a Salvage Vehicle Sold at an IAA Auction

In this section, we examine the unit economics of a vehicle sold on the IAA platform by breaking down revenue sources, variable costs, and resulting profitability across a range of vehicle price points.

Revenue model: The vast majority of vehicles sold on the IAA platform are transacted under a consignment model, meaning IAA does not take ownership of the vehicle and therefore does not assume inventory risk. Instead, IAA acts as an intermediary, earning fees from both sellers, primarily insurance companies, and buyers.

Seller fees: We estimate that approximately 15 to 20 percent of the total revenue generated on a typical transaction is derived from fees charged to the seller. These fees are generally structured as flat service fees per vehicle rather than a percentage of the ultimate auction price. Given the concentrated nature of the U.S. auto insurance industry, it is not surprising that seller fees represent a relatively modest share of total transaction revenue. Typical seller fees are in the range of $125 to $150 per vehicle, though salvage auction providers have historically used pricing incentives and contractual concessions to retain or capture volume, particularly with larger national insurers.

Buyer fees: Buyer fees account for the majority of transaction revenue, representing approximately 80 to 85 percent of the total revenue IAA generates per vehicle. These fees consist of a combination of fixed charges and variable fees that scale with the final sale price of the vehicle. Both IAA and Copart publicly disclose their buyer fee schedules. On the IAA platform, buyer fees fall into three primary categories: a variable buyer fee tied to the hammer price, a fixed gate fee, currently $95 per vehicle, and a fixed virtual bid fee, currently $110 per vehicle.

Based on these fee structures, take rates vary meaningfully by vehicle value. For example, Copart's estimated take rate is approximately 37 percent on a $2,000 vehicle, declining to roughly 24 percent on a $4,000 vehicle and approximately 18 percent on a $6,000 vehicle, reflecting the tiered nature of buyer fees.

Unit Economics Analysis

Vehicle Price	$2,000	Vehicle Price	$4,000	Vehicle Price	$6,000
Seller Fees		**Seller Fees**		**Seller Fees**	
Per Vehicle Fee	$150	Per Vehicle Fee	$150	Per Vehicle Fee	$150
Buyer Fees		**Buyer Fees**		**Buyer Fees**	
Buyer Fee	$390	Buyer Fee	$600	Buyer Fee	$700
Gate Fee	$95	Gate Fee	$95	Gate Fee	$95
Virtual Bid Fee	$110	Virtual Bid Fee	$110	Virtual Bid Fee	$110
Total Revenue	**$745**	**Total Revenue**	**$955**	**Total Revenue**	**$1,055**
Take Rate	37%	Take Rate	24%	Take Rate	18%

The Role of Buyer Fee Increases

Both IAA and Copart have raised buyer fees meaningfully over the past decade. The two companies charge identical buyer fee schedules, which are publicly disclosed, and have historically implemented fee increases in close succession. To illustrate the importance of buyer fee increases to industry profitability, we compare the current buyer fee schedule with historical levels using a 2017 Copart fee schedule as a reference point.

These fee increases should not be viewed simply as inflation pass-through. While higher vehicle values naturally increase fee revenue due to the tiered structure of buyer fees, the increases over time reflect the industry's ability to exercise pricing power on the demand side of the marketplace. Buyer fee growth has therefore been a distinct and incremental driver of revenue and margin expansion beyond the impact of rising vehicle prices.

For example, on a $4,000 vehicle, buyer fees as a percentage of the purchase price have increased from approximately 13 percent in 2017 to roughly 20 percent in 2025. This pricing power has been supported by the highly consolidated structure of the salvage auction industry and the fragmented nature of the buyer base. That said, there are practical limits to buyer fee expansion. Buyers are typically commercial operators who explicitly incorporate fees into their acquisition economics. If buyer fees rise too aggressively, buyers will adjust bids downward, which would reduce net proceeds to sellers and potentially create friction with insurers. Despite these constraints, we expect buyer fees to continue to trend upward over time, and we view future buyer fee increases as a potential catalyst within our investment horizon.

Buyer Fee Growth

Buyer Fees	**2017**	**2025**
Buyer Fee (Variable)	$400	$600
Gate Fee	$59	$95
Virtual Bid Fee	$79	$110
Total	**$538**	**$805**
% of vehicle cost	13%	20%

Expenses

Relative to the revenue side of the model, where buyer fee schedules are publicly available, estimating expenses requires a greater degree of assumption. To reflect this uncertainty, we model both high and low expense scenarios in our analysis. Operating costs for a vehicle sold through the IAA platform can be grouped into three primary variable categories: towing, labor, and miscellaneous costs, including title processing, yard maintenance, and related services. Among these categories, towing represents the largest variable cost incurred per vehicle, as it reflects the expense of transporting the vehicle from the accident location to an IAA storage yard.

Expenses Analysis	
Expenses (High)	
Towing	200
Labor	100
Miscellaneous	50
Total	**350**
Expenses (Low)	
Towing	150
Labor	60
Miscellaneous	40
Total	**250**

Putting it All Together

In summary, the salvage auto auction industry exhibits highly attractive unit economics. Based on our analysis, a vehicle sold for $4,000 on the IAA platform generates approximately $955 of revenue, with estimated margins in the range of 63 to 74 percent. Importantly, this profitability requires little, if any, incremental capital, reflecting the consignment-based nature of IAA's business model and its largely fixed cost structure.

Unit Economics Analysis	
Vehicle Price	$4,000
Seller Fees	
Per Vehicle Fee	$150
Buyer Fees	
Buyer Fee	$600
Gate Fee	$95
Virtual Bid Fee	$110
Total Revenue	**$955**
Take Rate	24%
Estimated Expenses	
High	$350
Low	$250
EBIT Estimates	
High Expenses Scenario	$605
% margin	**63%**
Low Expenses Scenario	$705
% margin	**74%**

Risks

Autonomous Vehicles

The adoption of autonomous and advanced driver-assistance technologies introduces a longer-term uncertainty for the salvage auto auction industry. As vehicle autonomy improves, accident frequency is expected to decline, which could reduce the number of vehicles entering the salvage channel over time. However, this potential headwind is partially offset by the increasing severity and cost of repairs when accidents do occur.

Modern vehicles integrate advanced driver-assistance systems, sensors, cameras, and software into areas that are highly susceptible to damage even in relatively minor collisions. As a result, repair costs continue to rise, increasing the likelihood that insurers declare vehicles total losses. This dynamic supports higher total loss rates, defined as the percentage of accidents that result in a total loss. In addition, a growing share of total losses are likely to be classified as constructive total losses, where vehicles are written off for economic reasons despite limited physical damage. These vehicles are typically more attractive to international buyers and tend to generate higher auction proceeds, which could support higher average selling prices over time.

State Farm and/or Progressive Losing Market Share

IAA's market share with State Farm, the largest U.S. auto insurer, and Progressive, the second largest, is materially higher than its share with the broader insurance market. As a result, any loss of market share by these carriers would likely pressure IAA's relative position versus Copart. In addition, GEICO, the third largest U.S. auto insurer and a historically Copart-aligned customer, has ceded market share in recent years and is actively focused on regaining volume. If GEICO were to pursue growth through more aggressive pricing and capture share from State Farm or Progressive, this dynamic would be negative for IAA.

That said, a meaningful portion of IAA's historical market share losses stemmed from GEICO's strategic shift away from IAA toward Copart over the past decade. To the extent IAA is able to recapture even a portion of GEICO's salvage volumes, this would represent a meaningful opportunity to narrow the market share gap between IAA and Copart and partially offset the risk associated with insurer mix shifts.

Copart Becoming More Aggressive on Pricing

Copart could choose to defend or expand its salvage volumes by offering more aggressive pricing or service economics to large national insurers. In a downside scenario, such actions could slow IAA's pace of share recovery or lead to broader pricing concessions across the industry. However, we view sustained price competition as unlikely. Aggressive discounting would risk impairing industry economics and Copart's own margin profile, particularly given the structurally attractive profitability of the salvage auction model.

It is also important to note that the majority of transaction revenue in the salvage auto auction industry is derived from buyer fees rather than seller fees. We estimate that approximately 85 percent of the revenue generated per vehicle accrues from buyer-side fees. Given the duopolistic market structure and the degree of consolidation between Copart and IAA, any structural pressure on seller pricing would likely be offset over time through continued increases in buyer fees, mitigating the impact on overall industry economics.

Valuation

At a forward P/E multiple of approximately 24x, we view RB Global's valuation as attractive for a high-quality, defensive business that we believe can compound earnings at double-digit rates annually in the base case and at mid to high teens in a bull case. Over the past decade, RB Global has traded at an average forward P/E of roughly 27x. Notably, this period includes 4Q 2022 through 2024, when the shares traded in the low 20s as investors reacted negatively to the announced acquisition of IAA.

Prior to RB Global announcing the IAA acquisition in November 2022, the stock frequently traded at materially higher valuation levels, with forward P/E multiples commonly in the 28x to 34x range. If either our base or bull case scenarios materialize, we believe the company's earnings profile and perceived risk should improve, creating the potential for multiple expansion back toward historical levels.

Conclusion

RB Global represents a business whose underlying earnings power is not yet fully reflected in its current market valuation. The market continues to anchor to the challenges IAA faced prior to the acquisition, rather than the operational reality that has emerged since. The evidence now points to a business with a credible path to sustained volume recovery, supported by a real estate footprint that meets insurer needs and a material improvement in execution that has already translated into concrete market share gains. These developments argue that IAA's competitive position is strengthening rather than eroding, and that the company is positioned to participate meaningfully in the long-term growth of the salvage auction industry.

At the same time, the legacy Ritchie Bros franchise remains a durable and strategically important asset that is temporarily constrained by macro conditions rather than a structural impairment. This segment has proven over several cycles that volumes recover as market dynamics normalize, whether through increased liquidity needs in downturns or improved turnover in periods of economic expansion. As this environment stabilizes, the earnings contribution from the construction and transportation businesses should improve, reinforcing RB Global's role as an essential marketplace within both equipment and salvage ecosystems.

Taken together, these elements create a compelling investment case. IAA's accelerating operational improvement and path to share recovery provide a clear and tangible source of earnings growth through the end of the decade. The legacy auction business offers additional upside as construction markets move past their current period of uncertainty. With a forward valuation below historical averages for a business of this quality, the risk reward skews favorably. If RB Global executes on even a portion of the opportunities outlined in this analysis, the company should be capable of compounding earnings at a rate well above what is implied by the current share price, with the potential for both earnings growth and multiple re-rating to drive meaningful shareholder value creation.

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