



## Is Ritchie Bros Stock Worth Buying in 2023?

### Description

Over the last year, we've seen the stock market sell off as a result of surging inflation, rapidly rising interest rates and, of course, the increasing likelihood of a recession materializing. For most companies, a recession will have a negative impact on business. However, some stocks, like **Ritchie Bros Auctioneers** ([TSX:RBA](#)), could actually see a positive impact from a slowing economy.

Recessions often happen, at least in part, due to a slowdown in consumption. That's why the impact on so many stocks will be negative.

Some businesses, however, can thrive in a recession or, at the very least, be only minimally impacted, and these have been some of the hottest stocks over the last year.

For example, Ritchie Bros is up roughly 20% over the last year. After all, the stock is a leader in the disposition of industrial equipment that serves multiple industries.

So, it makes sense that a recession, particularly a mild recession which many are hoping for, could have a positive impact on its business. As the economy slows down, more companies could be looking to sell off equipment, especially if these businesses believe demand for their goods will slow down along with the economy.

On the flip side, many buyers could be looking to buy used equipment rather than newer, more expensive equipment to help minimize their expenses and risk in such an uncertain economic environment.

Therefore, as uncertainty continues to persist in the stock market and economy, Ritchie Bros is certainly one of the top stocks to have on your radar today.

## Ritchie Bros stock has a tonne of potential both in 2023 and beyond

Although a recession could actually be positive for Ritchie Bros, investors should only consider buying

the stock if they plan to own it for the [long haul](#) through many phases of the market cycle. After all, a recession may only last a year, so how Ritchie Bros can continue growing after the fact is a major consideration.

With that being said, Ritchie Bros stock has been impressive for some time. It's constantly expanding its business and now operates in 12 countries around the world, serving a variety of sectors, including heavy construction, agriculture, energy, mining, and transportation.

This has led to significant and consistent growth for Ritchie Bros stock. For example, in the last 12 years, only one year has Ritchie Bros failed to increase its sales year over year. In addition, over the last decade, Ritchie Bros has seen its net income increase from less than \$80 million to more than \$300 million.

That's led to investors earning a total return of more than 370% over that stretch, or a compounded annual growth rate of 16.8%.

And now, with the stock in the midst of acquiring **IAA**, which would expand its business into the auction of salvaged vehicles, Ritchie Bros has even more potential for long-term growth. Furthermore, Ritchie Bros believes that the acquisition could also contribute to significant cost savings.

## Is RBA stock worth buying today?

Although Ritchie Bros has significant potential to perform well both in the short and long term, whether the stock is worth buying today depends heavily on its valuation. After all, the stock is trading less than 10% off its all-time high.

However, even after the stock's rally in the last few months, it still looks like an attractive investment considering it currently trades at a forward [enterprise value](#) (EV) to earnings before interest, taxes, depreciation, and amortization (EBITDA) ratio of 16 times, which is below its three-year average of 17.9 times.

In addition, the stock's current forward [price-to-earnings](#) ratio of 25.9 times is also below its three-year average of 30.8 times.

Therefore, while Ritchie Bros doesn't trade unbelievably cheap, it is discounted compared to historical values. And considering the potential the stock has to grow both its sales and earnings in the short and long term, it's certainly one of the top stocks to consider buying today.

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