

# 2012 Investor Day

December 12, 2012



**Liquidation.com**

**Government  
Liquidation**

**GovDeals**

**Liquidity  
Services Inc.**

**Network  
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**JACOBS  
TRADING  
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**GoIndustry  
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This presentation contains forward-looking statements. All forward-looking statements speak only as of the date of this presentation. Except as required by applicable law, we do not intend to publicly update or revise any forward-looking statements. These forward-looking statements are only predictions and are not guarantees of performance. These statements are based on our management's beliefs and assumptions, which in turn are based on currently available information. The outcome of the events described in these forward-looking statements is subject to known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to differ materially from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. Many of these factors are beyond our ability to control or predict. You can identify forward-looking statements by terminology such as "may," "will," "should," "could," "would," "expects," "intends," "plans," "anticipates," "believes," "estimates," "predicts," "potential," "continues" or the negative of these terms or other comparable terminology. These statements include, among others, statements regarding our expected business outlook, anticipated financial and operating results, our business strategy and means to implement the strategy, our objectives, the amount and timing of capital expenditures, the likelihood of our success in expanding our business, financial plans, budgets, working capital needs and sources of liquidity.

Potential investors should carefully review in its entirety our filings with the Securities and Exchange Commission from time to time. You should be aware that the occurrence of the events described in the "Risk Factors" section and elsewhere in our periodic reports could harm our business, prospects, operating results, and financial condition.

The financial information provided herein includes the Company's discontinued operations for its UK business which was closed effective September 30, 2011.

10:00 am

## Welcome

10:05 am –  
12:45 pm

## Presentations

- *Overview and Growth Strategy* – Bill Angrick, Chairman and CEO
- *Retail Supply Chain* – Cayce Roy, President, Retail Supply Chain Group
- *Capital Assets* – Tom Burton, President, Capital Assets Group
- *State and Municipal Government* – Jim Rallo, CFO
- *Marketplace Product Roadmap* – Ben Hanna, VP, Marketing Strategy & Communications

1:15 –  
2:00 pm

## Commercial Warehouse Tour

2:00 –  
2:30 pm

## Question and Answer Session

2012 Investor Day:

# Overview & Growth Strategy

Bill Angrick, Chairman & CEO



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**Reflections on Our Journey**

**Our Value Proposition**

**Capturing Our Market**

## Reflections on Our Journey

Our Value Proposition

Capturing Our Market

# Proven, Experienced Leadership Team

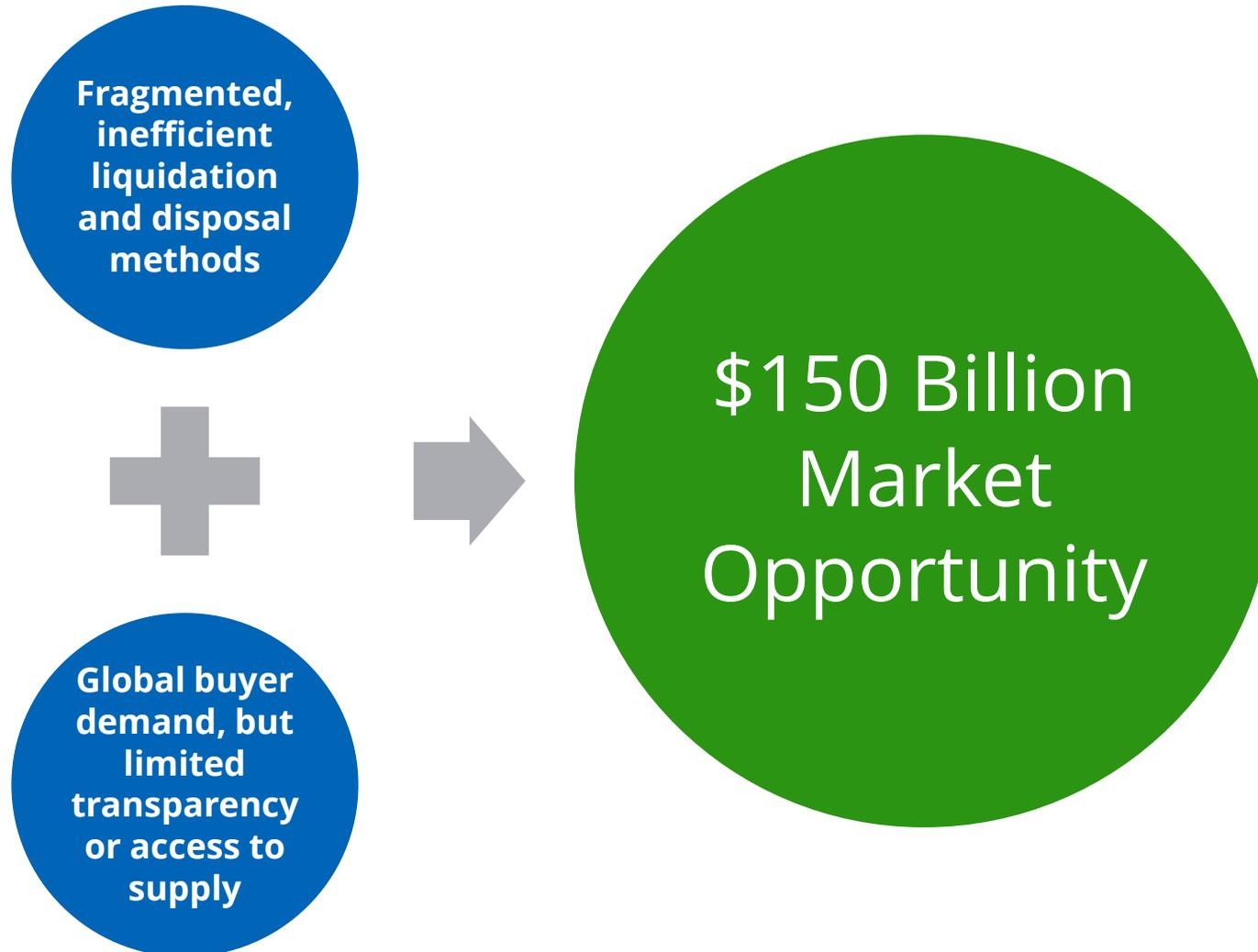
Liquidity Services' proven executive team brings the knowledge and expertise to grow our business

<b>Bill Angrick</b>	Co-Founder, Chairman & CEO
<b>Jim Rallo</b>	CFO & Treasurer
<b>Cayce Roy</b>	President, Retail Supply Chain Group
<b>Tom Burton</b>	President, Capital Assets Group
<b>Ben Hanna</b>	VP, Marketing Strategy & Communications
<b>Holger Schwarz</b>	EVP, EMEA & APAC
<b>Mike Lutz</b>	VP, Human Resources
<b>James Williams</b>	General Counsel



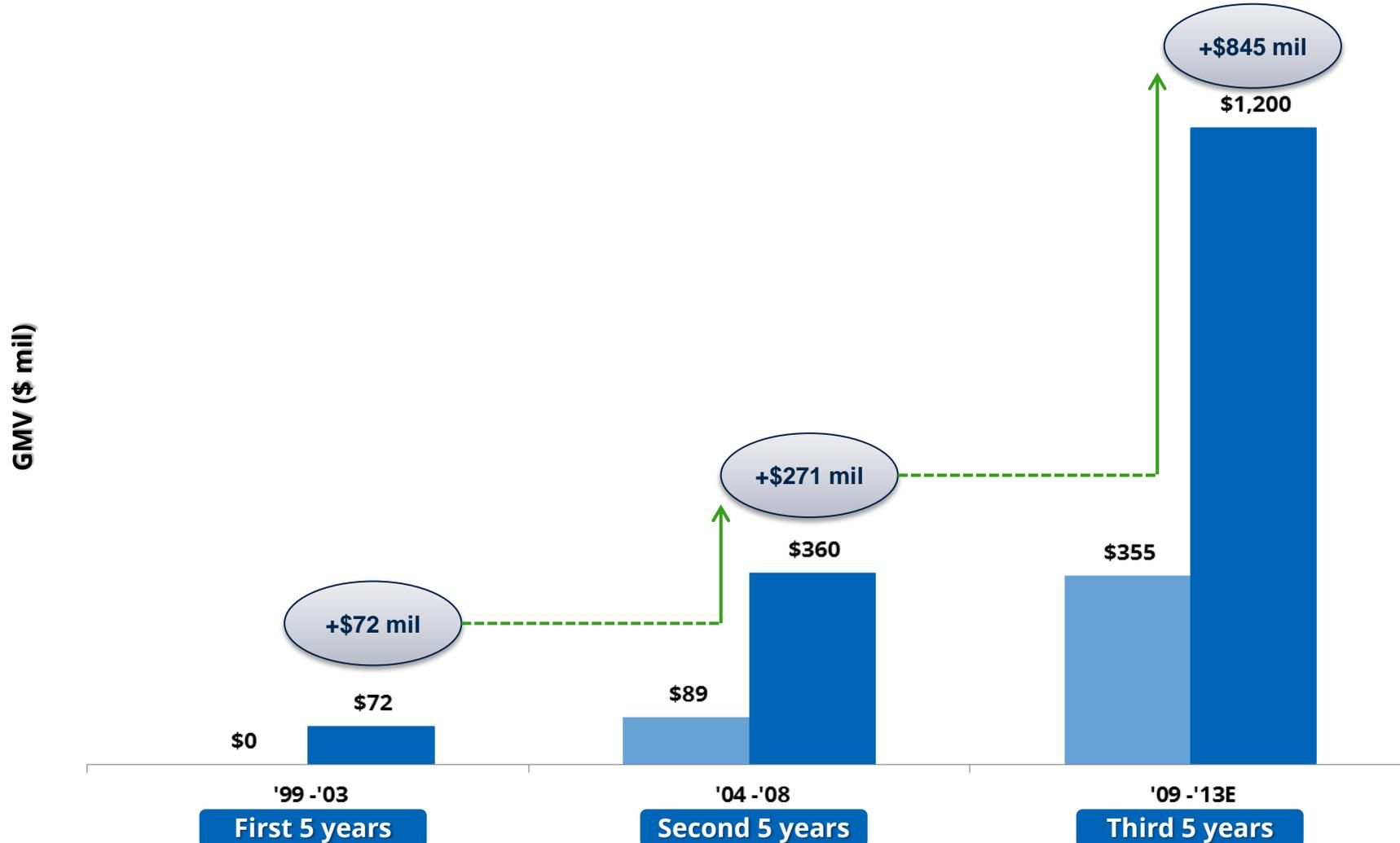
**Provide clients and buying customers  
the world's most transparent, innovative and effective  
online marketplaces and integrated services  
for surplus assets.**

# Huge Opportunity to Transform an Industry

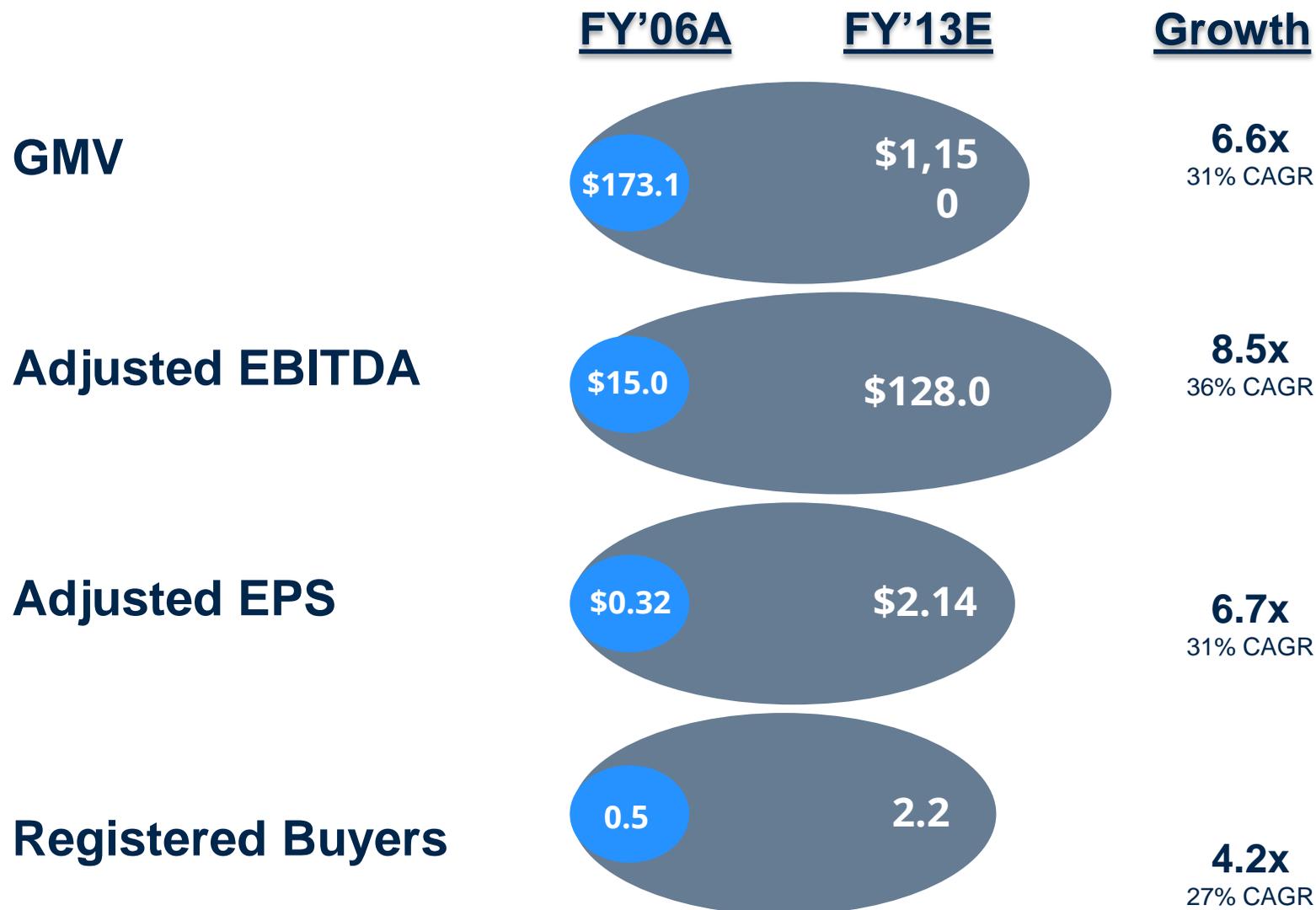


# Liquidity Services has Driven Step-Function Growth

Strong growth is result of building trust and awareness

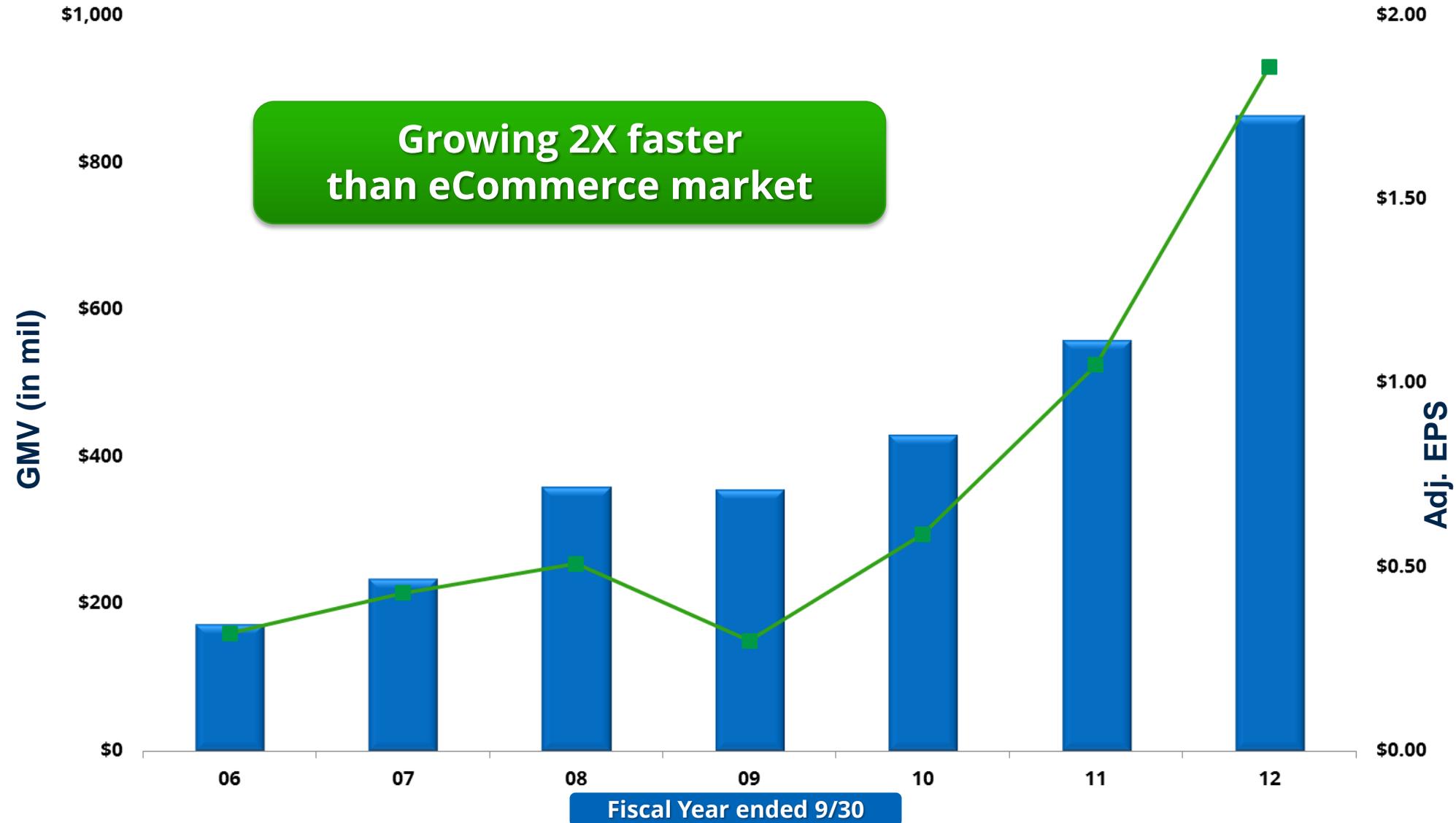


# Proven Execution as a Public Company\*

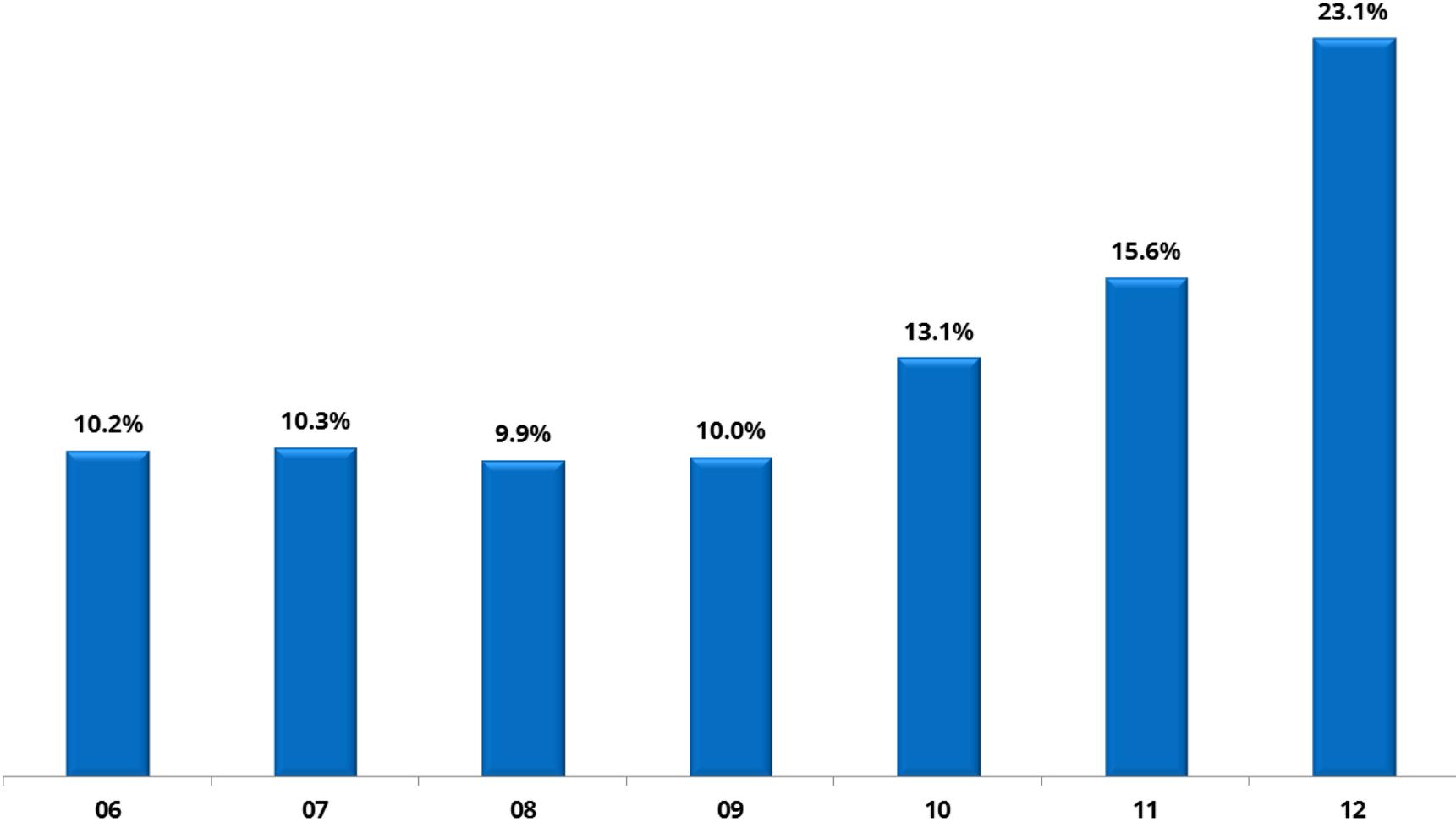


\*All numbers in millions.

# Consistent Growth & Profitability



## Adj. EBITDA as % GAAP Revenue

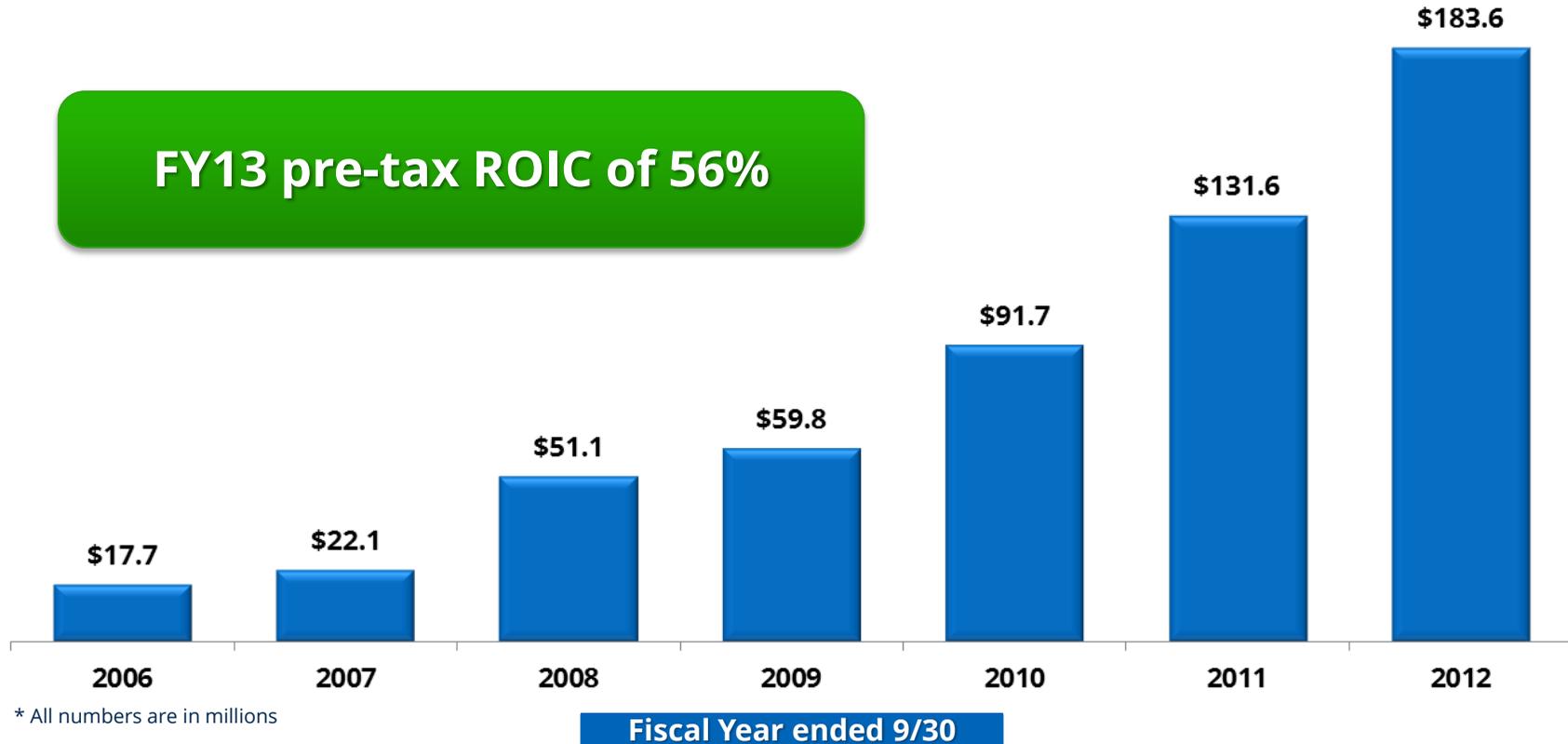


Fiscal Year ended 9/30

# Strong Operations Create High ROIC

## Cumulative Net Cash from Operations\*

FY13 pre-tax ROIC of 56%



## High Returns on Invested Capital

Cumulative invested capital\*\* of \$230 million

\*\* Excludes Net Cash from Operations

**Reflections on Our Journey**

**Our Value Proposition**

**Capturing Our Market**

# The Leading Online Marketplace for Surplus

Liquidity Services' unmatched scale, services and track record continue to drive growth and network effects.



**Liquidity Services Inc.**



## SELLERS

- ✓ Global reach → more bidders → higher price
- ✓ Flexible, compliant turnkey solutions
- ✓ Protect brand reputation and channels
- ✓ Efficient logistics= higher net recovery

## BUYERS

- ✓ Depth and breadth of supply
- ✓ Market fairness and transparency
- ✓ Secure settlement / trust
- ✓ Cost-efficient process



# Unique Strengths Create Competitive Advantage



**World's Largest  
Buyer Base for  
Surplus Assets**



**Global Market Data  
Across Key  
Industries**



**Unique, Turn-Key  
Service Offering**



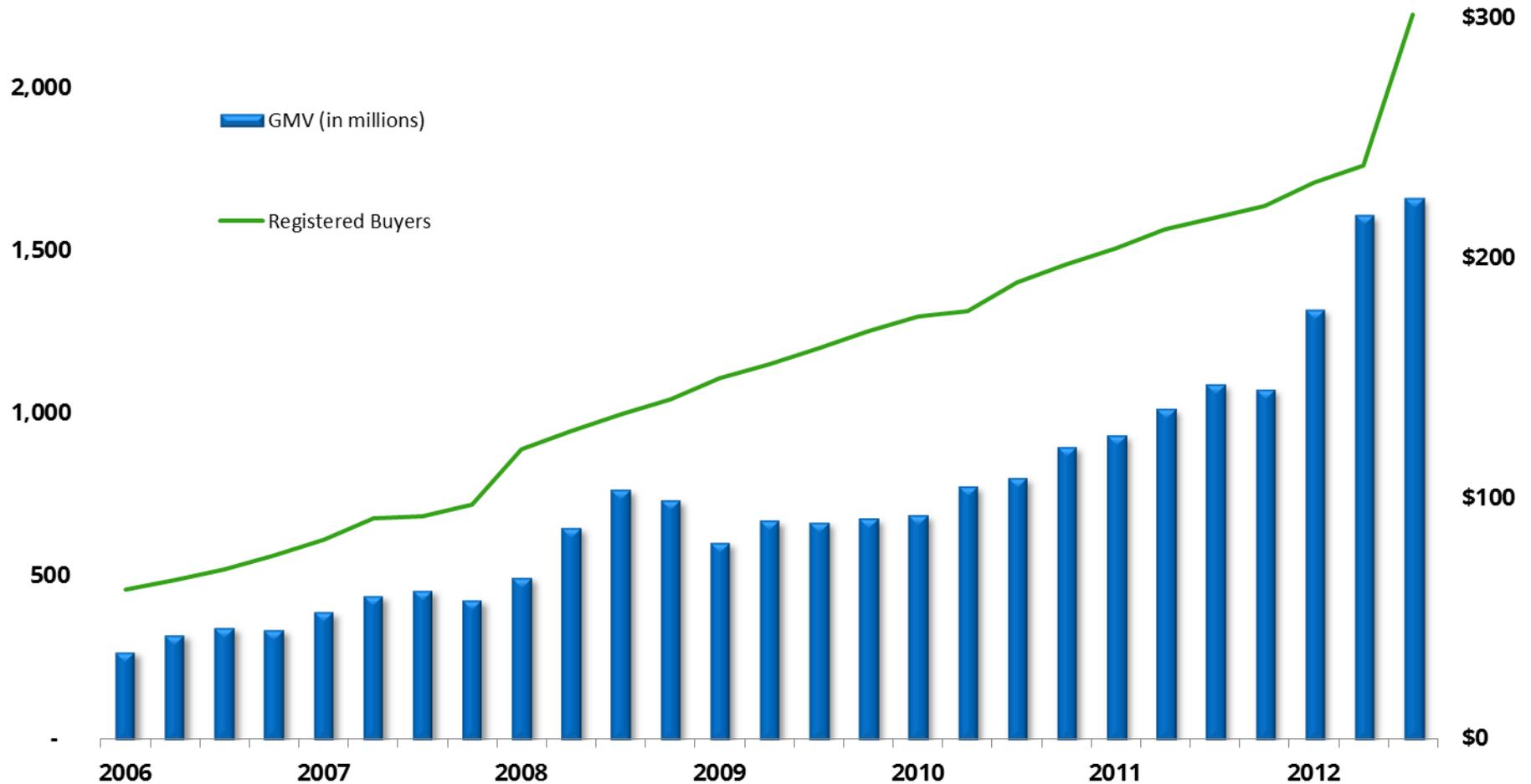
**Strong Execution**



**Ability to Scale**

# Largest, Global Buyer Base for Surplus Assets

41.6% CAGR in buyer base enabling strong top line growth



# Delivering High Buyer Customer Value

## Buyer Demand Drivers:

## Liquidity Services Delivers:

Online Sourcing

Access to Large Supply

Frugality

Low Cost Fulfillment

Trust and Reliability

Online Transparency

Aggregation of Supply

Value Based Goods

Efficient Logistics

Secure Settlement

Auction Title	Condition	Seller	Qty	Lot Price	Bids	Location	End Time
2 New 7 inch GPS Navigation System Video, Pictures, MP3 MP4 Windows CE...	New	TabletHeaven	2	\$150.00	0	California	Today 07:20 PM
3 White Apple iPhone 4 16GB for Verizon Refurbed as New	Refurbished	Discount-Electr...	3	\$895.00	0	Tennessee	Today 07:25 PM
Dynex Keyboard, Insignia Clock Radio, Bose Sounddock System & More	Salvage	liquidationresa...	82	\$186.00	11	New Jersey	Today 07:30 PM
New Phones, iPad Accessories, Video Recorders - MSRP \$1,699	New	tshaff	107	\$205.00	12	Georgia	Today 07:30 PM
LeapFrog LeapPad2, Rocketfish 24ft, Schoshe, etc - MSRP \$1,597.67	Used	modafel	25	\$100.00	1	California	Today 07:35 PM
Sony Portable DVD Player, Kipsch Headphones Samsung 3D Glasses & ...	Salvage	r2rstores	232	\$120.00	3	Maryland	Today 07:35 PM
ZOpid HT-ZLM25 Interactive Fun & Learning Game Mat - Lot Of 40 - New	New	tmc786	40	\$100.00	0	New York	Today 07:35 PM
Canon Powershot, AT&T HP Veer, Fuji Finepix, TomTom GPS & More...	Salvage	techexcess	14	\$240.00	15	New Jersey	Today 07:40 PM

# Key Strengths of Our Buyer Base

**Size and Geographic  
Diversity**

**Large Volume, Recurring  
Demand**

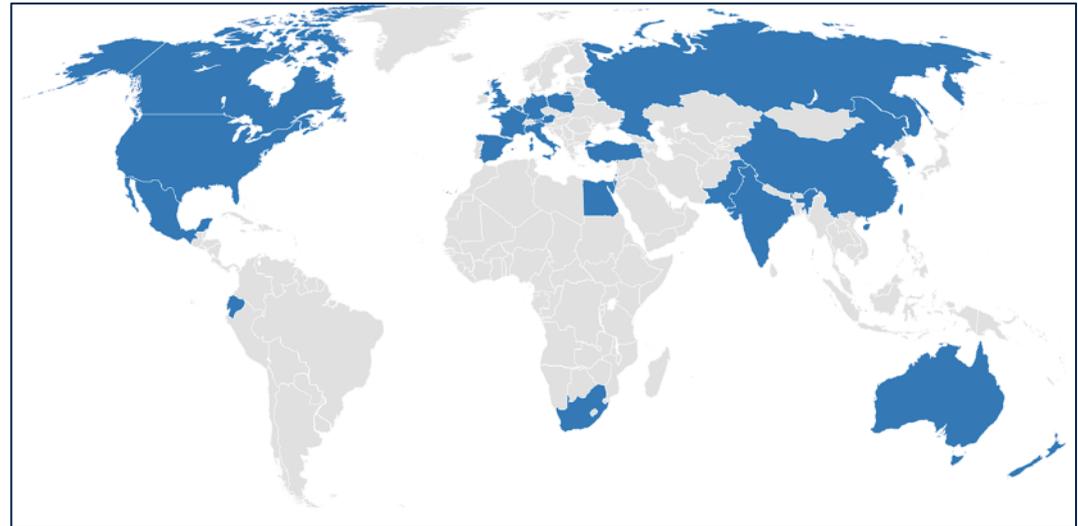
**Address All Product  
Conditions & Regulatory  
Constraints**

**“As-Is, Where-Is”  
All Cash Buyers**

**Global Buyers in over 200 countries and territories**

## **BioPharma Exchange Sale #368**

- **2,391 Total Bids**
- **413 Registrants**
- **Bidders from**
  - **33 Countries**
  - **36 U.S. States**
- **\$311,214 Asset Sale**



## Asset Sales Channels & Methods

Biopharma



Electronics  
Manufacturing



Energy



Industrial  
Equipment



Retail and CPG  
Inventory



Technology



Transportation



*Online  
Auctions*

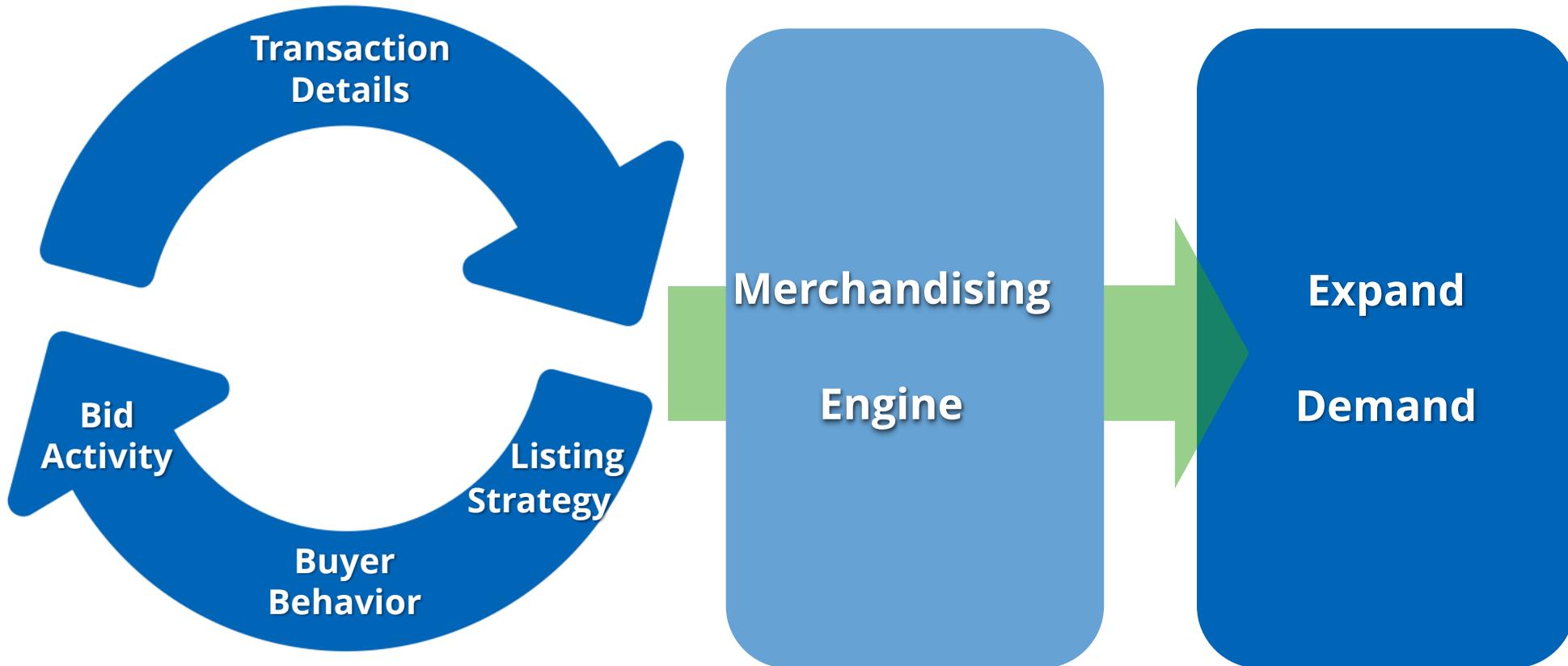
*Online  
Industry  
Exchanges*

*Online  
Direct  
Sales*

## Unique Domain Expertise

- \$3.3 billion GMV in over 3 million completed transactions
- 337 million consumer goods items sold
  - 500,000+ unique items
  - New, used, salvage condition
  - Unique rules by OEM and Retailer
- Over 2 million capital assets sold
  - 242,000+ aerospace assets
  - 50,000+ energy assets
  - 204,000+ healthcare biopharma assets
  - 235,000+ transportation assets
- Over 2 billion lbs. of scrap material sold
- 3 million equipment valuation records
- Export control and data security rules
- Lotting and merchandising strategies

**Proprietary Data + Superior Insight = Growth**



# Comprehensive Service Offering Fulfills Clients' Complete Needs

## Surplus Asset Management

Returns Management

Return-to-Vendor (RTV) Programs

Inventory Assurance Programs

Surplus Asset Management Platform

## Asset Discovery & Valuation

Asset Cataloging

Equipment Inspection

Appraisal Services

Pre-Sale Valuation

## Asset Recovery Planning

Brand & Channel Protection

Intellectual Property Protection

Support for 'Green' Initiatives

Multi-Channel Sales Strategy

Lotting & Merchandising Strategy

Asset Marketing Plan

Asset Recovery Project Management

## Surplus Asset Redeployment & Disposition Prep

Internal Redeployment

Asset Removal

Off-Site Storage

Debranding / Delabeling

Removal of Sensitive Information

Light Refurbishment

Scrap Metals Testing

## Surplus Asset Disposition

Online Auctions

Live Auctions with Webcast & Online Bidding

Negotiated Sales

Surplus Asset Marketing

E-Waste & Recycling Programs

Scrap Material Sales

Dedicated Customer Service Team

Buyer Qualification & Controls

Payment Processing & Reconciliation

Documentation

Export Services

Transaction Reporting

# Global Coverage Supports F1000 Client Needs

**137 Locations**

**40 Countries**



## Liquidity Services is the safe and trusted provider of choice

### Leading provider to world's largest organizations

- Execution of complex, large scale client programs
- Serving 139 Fortune 1000 clients
- Exclusivity with DoD and 5,000 agency clients

### High Customer Value

- 20%+ increase in net recovery value
- Expertise and market data for thousands of asset types
- Risk mitigation and compliance management services

### Strong Customer Loyalty

- Three DoD contract wins and exercise of all renewals
- Significant expansion with F1000 commercial clients
- Buyer annual growth rate of 41.6% over past 10 years

### Partner in Sustainability

- Two billion pounds of scrap material sold
- Innovative programs for disposal of scrap/salvage assets
- AssetZone mgt system used by >7K global F500 users

**Reflections on Our Journey**

**Our Value Proposition**

**Capturing Our Market**

# Liquidity Services Still in Early Days

We address multiple, large markets still in early stages of online adoption

## Retail Supply Chain

Liquidation.com



\$50 Bil GMV

<2% Share

## Capital Assets

Network  
INTERNATIONAL



\$100 Bil GMV

<2% Share

## Public Sector

Government  
Liquidation  
GovDeals



\$3 Bil GMV

11% Share

# Macro Trends Expanding Our Opportunity

## Product Innovation



- More SKUs
- Shorter Product Life Cycles
- Need for Speed

## eCommerce Growth



- Higher Return Rates
- Higher Transportation Costs
- Complexity

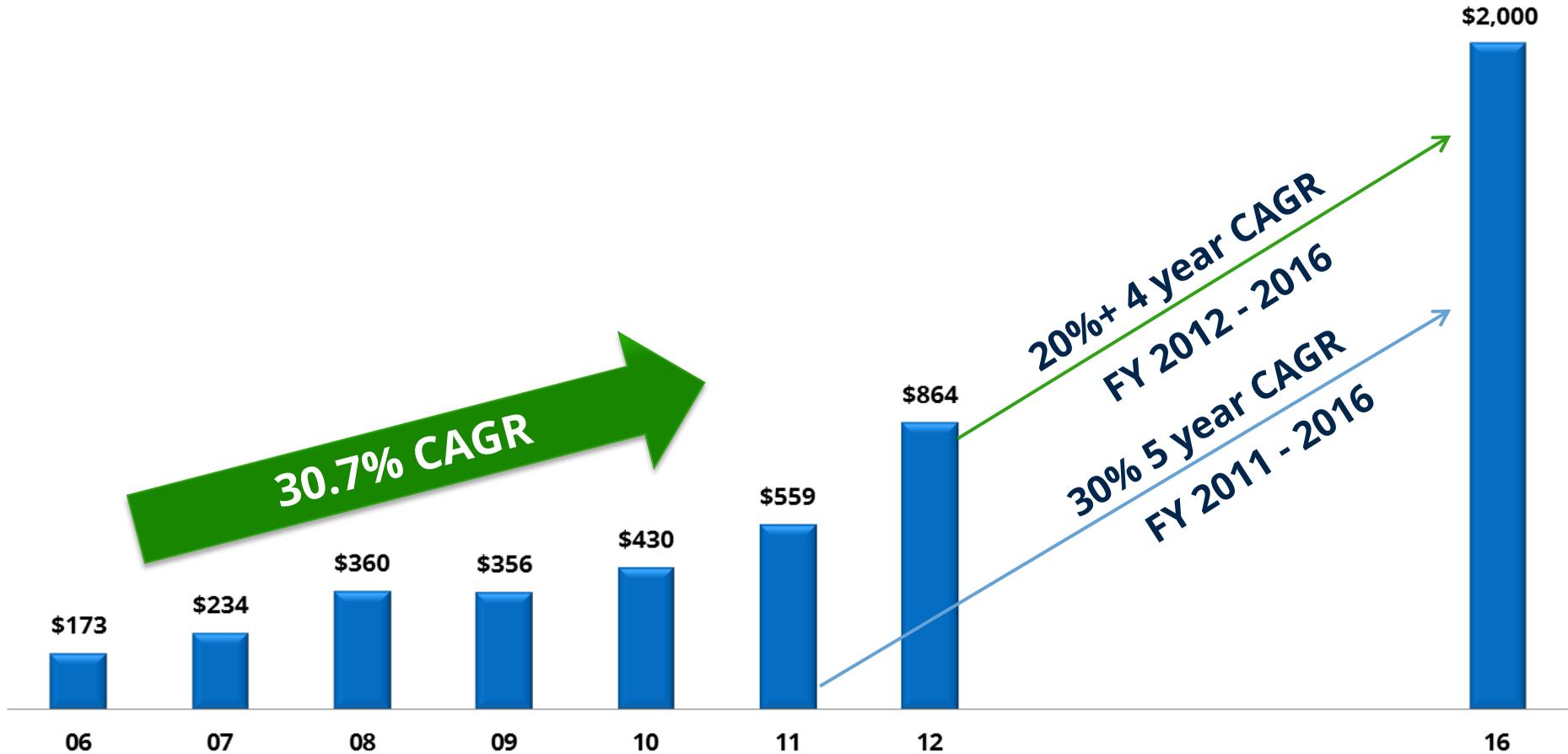
## Sustainability



- Focus on “Zero Waste”
- Need for Transparency
- Need for Compliance

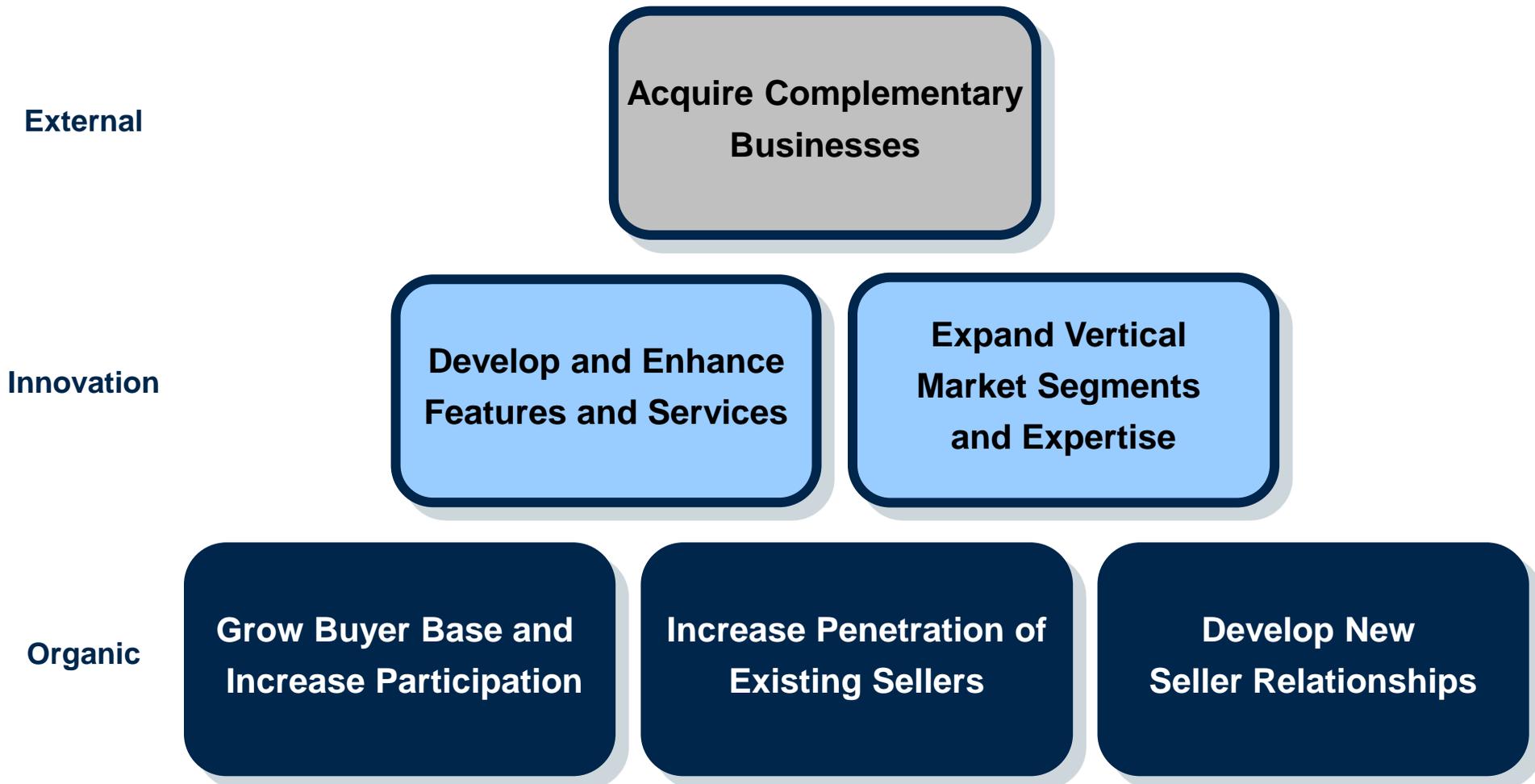
# An Attractive Growth Opportunity

Targeting \$2.0 billion in GMV by Fiscal Year 2016



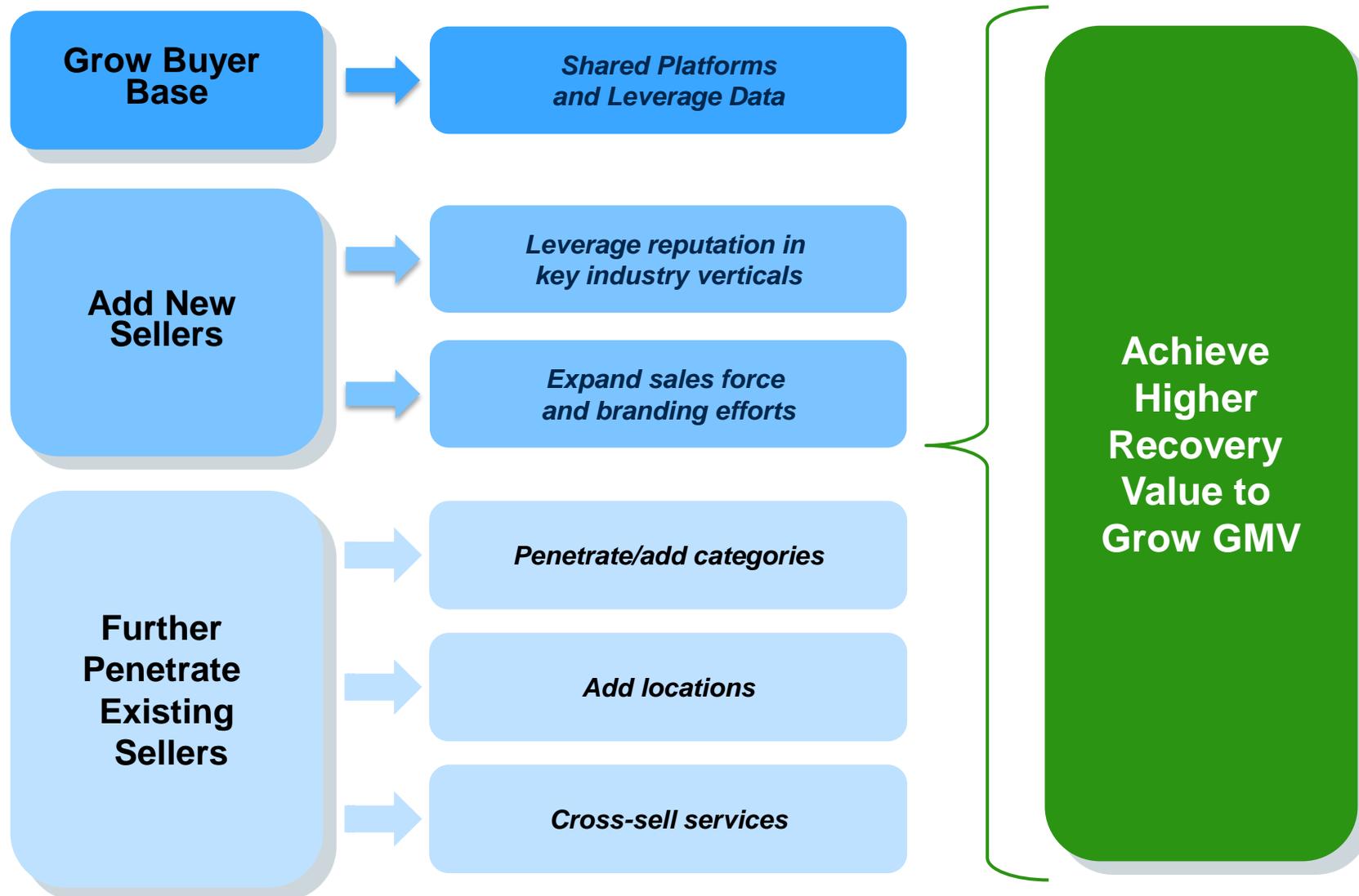
We increased long term growth target by \$500 million just one year into plan

# How Will We Get There?



**Consistent execution of growth strategy delivers long term shareholder value.**

# Multiple Levers to Drive Organic Growth



# Significant Expansion Potential with Existing Clients

## Retailers



## Retail OEM's



## Government



## Energy



## Transportation



## Technology



## Healthcare & BioPharma



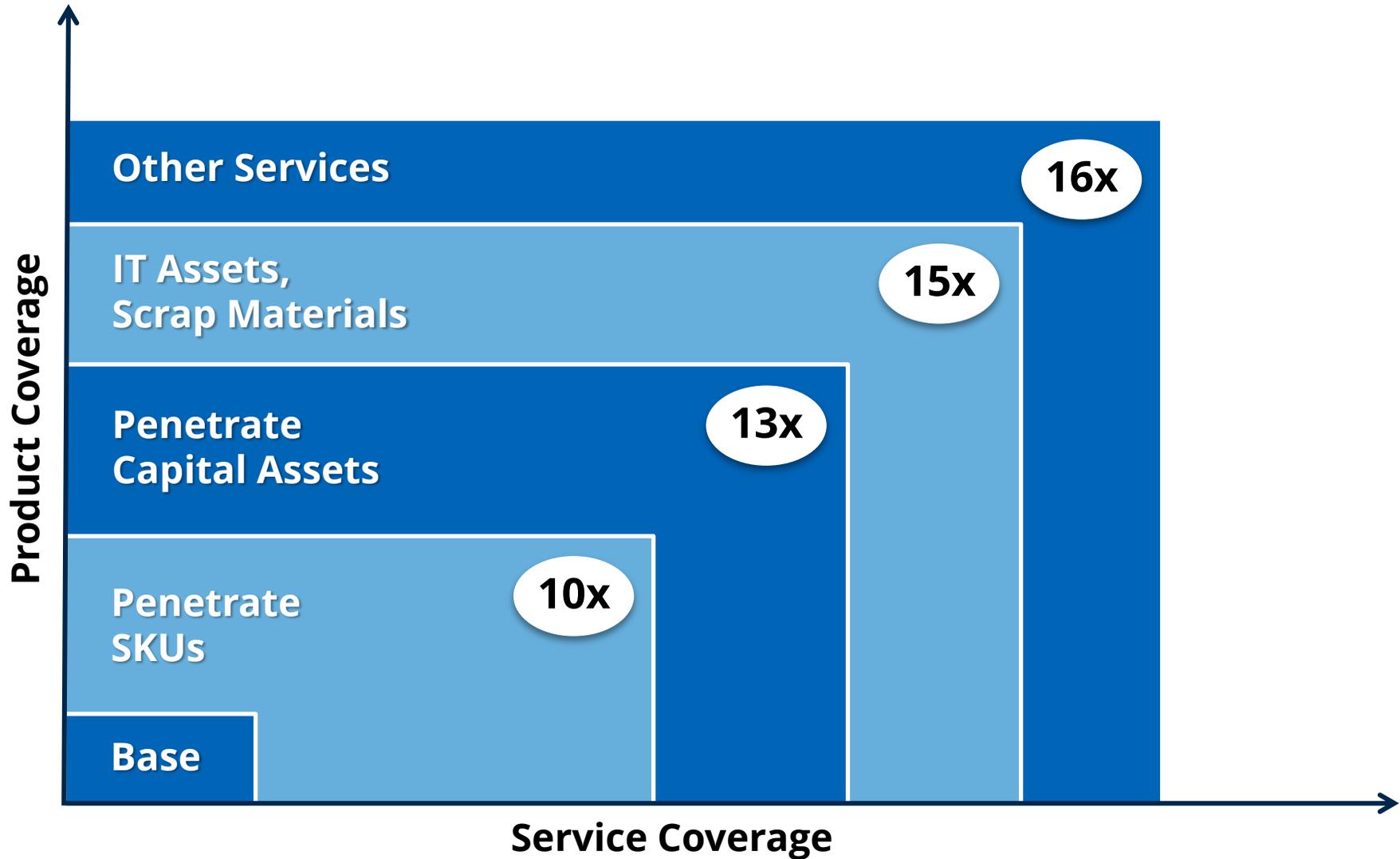
## Industrial



## Asset-Based Lenders

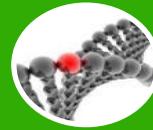


# Significant Expansion Potential with Existing Clients



# Vertical Expansion Opportunity in Major Sectors

- **Deep base of vertically-focused buyers drives global competition for offered assets**
- **Supply from anchor clients attracts additional seller and buyer participation**
- **Continuous growth driven by vertical trade marketing and organic search results**
- **Macros trends fuel acceleration of online sales and discovery of our marketplaces**



## BioPharma

Biotech, DNA/Life Sciences, Pharmaceutical, & Medical Equipment



## Consumer Packaged Goods

Apparel, Consumer Electronics, Health & Beauty, Housewares, Jewelry & Accessories, Tools



## Electronics Manufacturing

Test & Measurement, Semiconductor, Disk Drive, PCB, & SMT/ Assembly Equipment



## Energy

Oil & gas, petrochemical and power plant equipment



## I.T.

I.T., Network Computing, & General Office Support Equipment



## Metalworking & Machinery

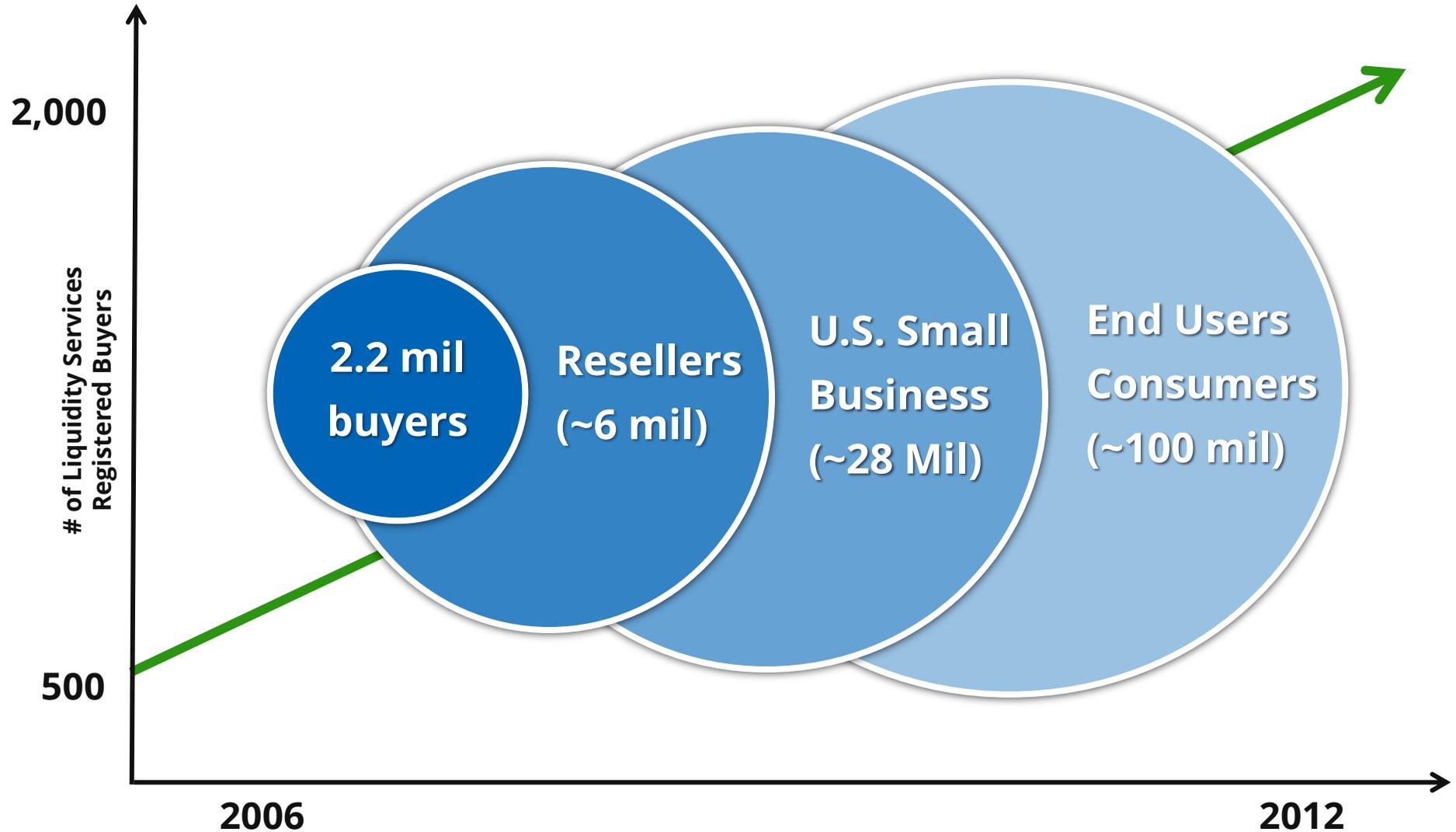
Heavy & Light Industrial Manufacturing, Power Generation, & General Metalworking Equipment



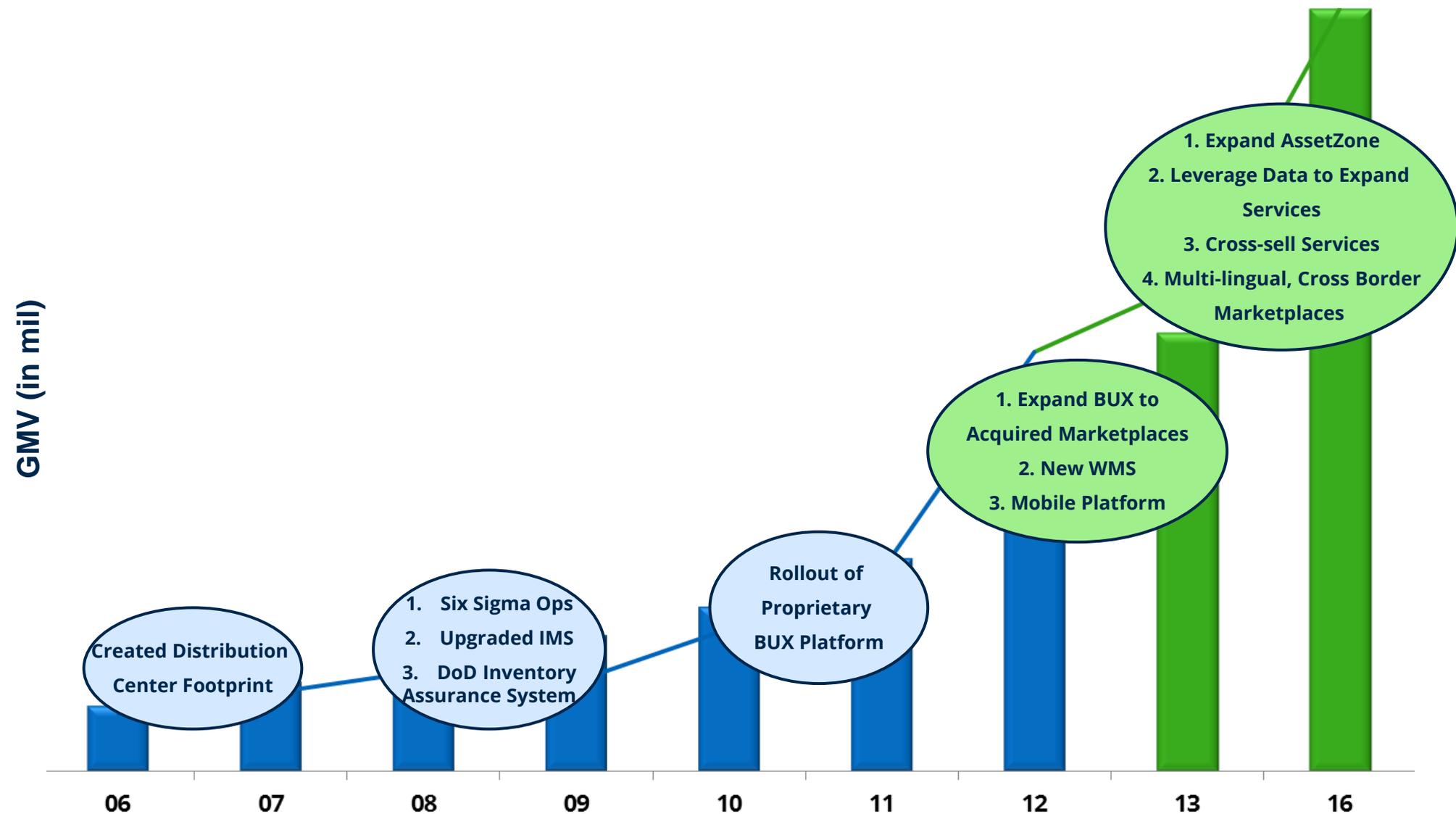
## Transportation

Commercial Fleet (Heavy & Light), Aviation, Mining Construction, & Material Handling Equipment

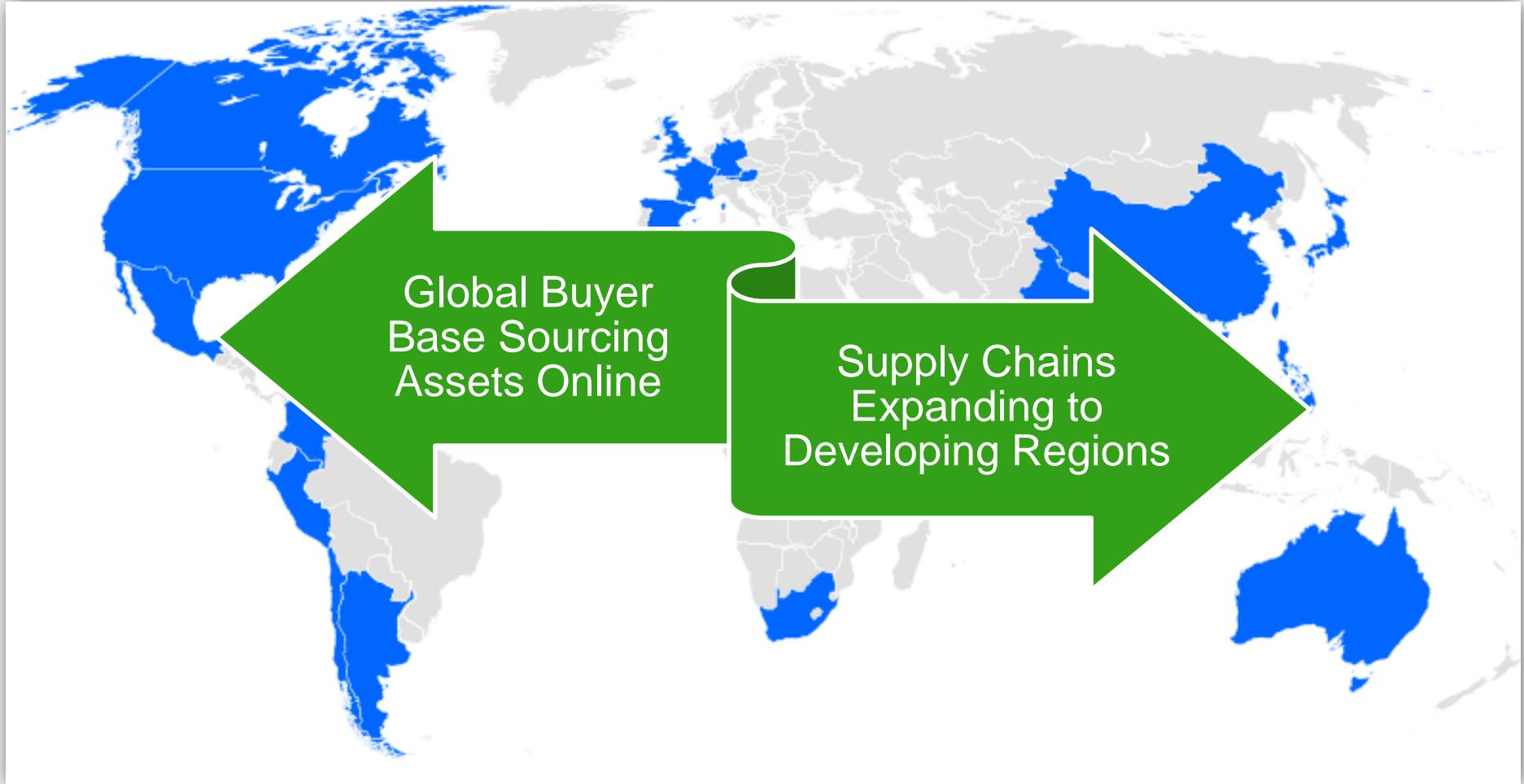
# Low Buyer Penetration Fuels Additional Growth



# Continued Innovation Drives Top & Bottom Line Growth



# Geographic Expansion Provides Upside to Forecast



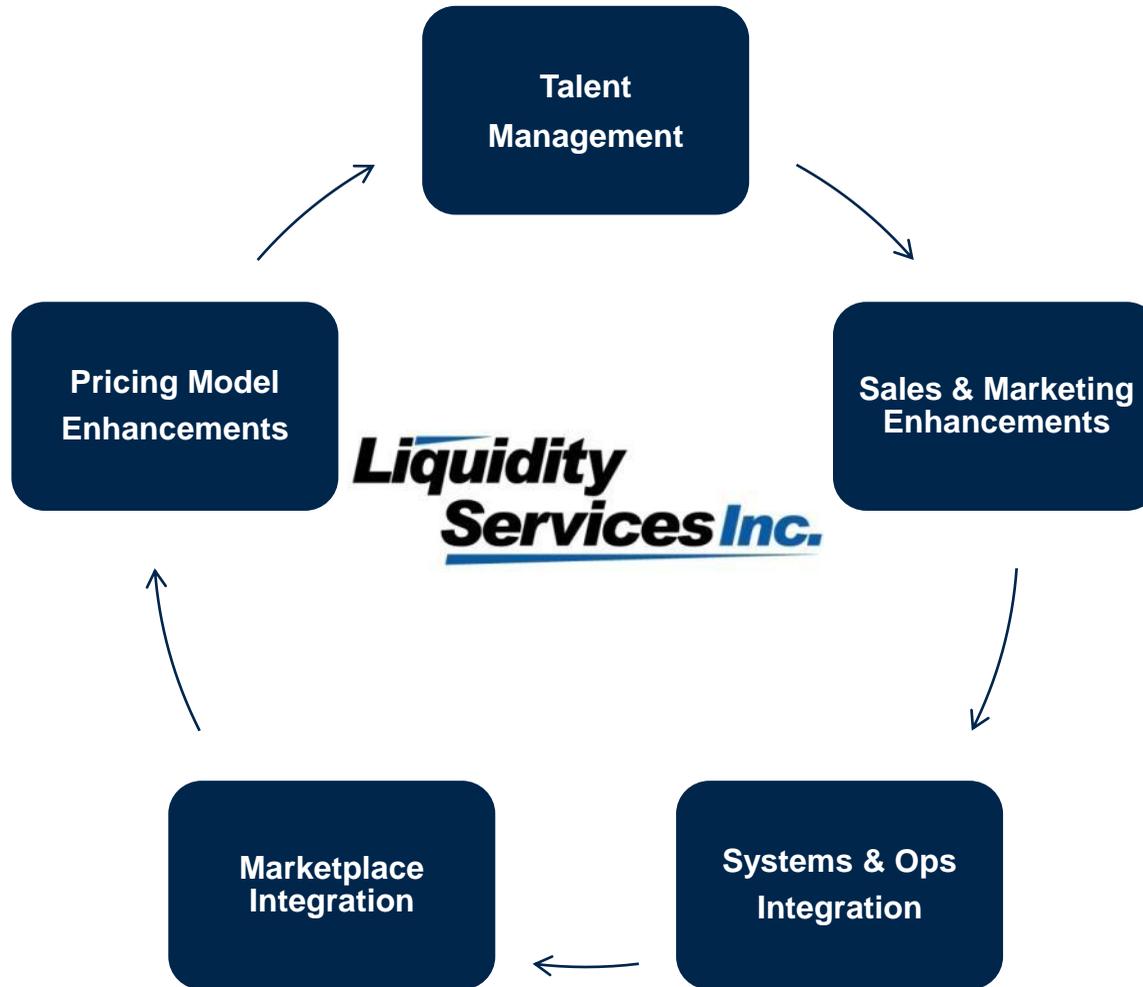
**Global Network of Buyers and Sellers Supports Global Expansion**

# Liquidity Services Strong M&A Track Record

Acquisitions have grown 20% or better fueled by our expertise and resources

	Jan 2008	June 2010	June 2011	Oct 2011	Sept 2012	Nov 2012
<b>Acquisition</b>						<b>NESA</b>
<b>Consideration Paid</b>	\$10 million all cash	\$15 million all cash transaction (including earn-out)	\$9 million all cash	\$140 million asset purchase plus up to \$30 million earn-out	\$11 million, net asset purchase	\$18 million plus earn-out
<b>Expands Supply</b>						
<b>Expands Buyers</b>						
<b>Cross-Selling Synergies</b>						
<b>Geographic Expansion</b>						
<b>Adds New Capabilities</b>						

Integration process focused on long term growth and scalability



## **Summary:**

# **Huge Opportunity to Transform an Industry**

- **Inefficient, Fragmented Market Ripe for Consolidation**
- **Macro Tail Winds Support Growth Opportunity**
- **Compelling Customer Value Proposition**
- **Extensive Base of Buyers and Sellers with a Network Effect**
- **Strong Track Record of Operational Execution**
- **Key Competitive Advantages**

2012 Investor Day:

# Retail Supply Chain

Cayce Roy, President, Retail Supply Chain Group



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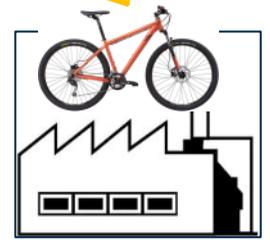
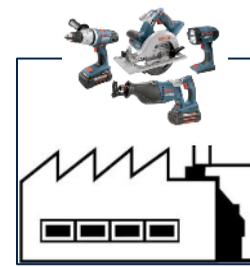
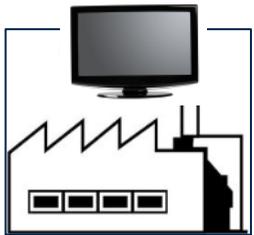
# Traditional Industry Process Inefficient & Fragmented

## Retailers



### Pain Points:

- Multiple RTV & Liquidation Agreements
- Redundant Handling
- High Transportation & Operational Costs
- Loss of Brand / Channel Control
- Lost Recovery Value



## OEM Suppliers

# We are Re-engineering the Reverse Supply Chain

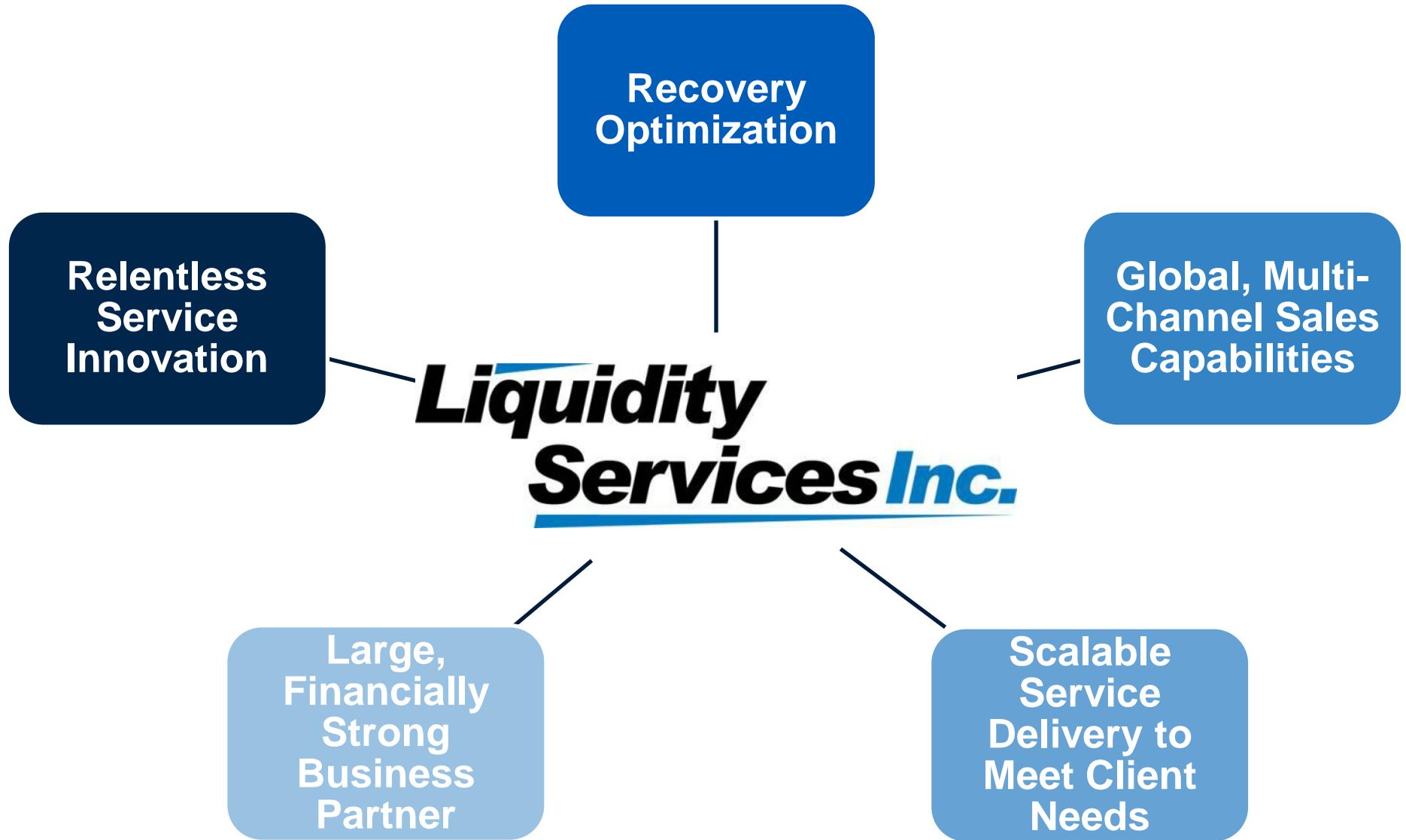


# Liquidity Services' Game Changing Role

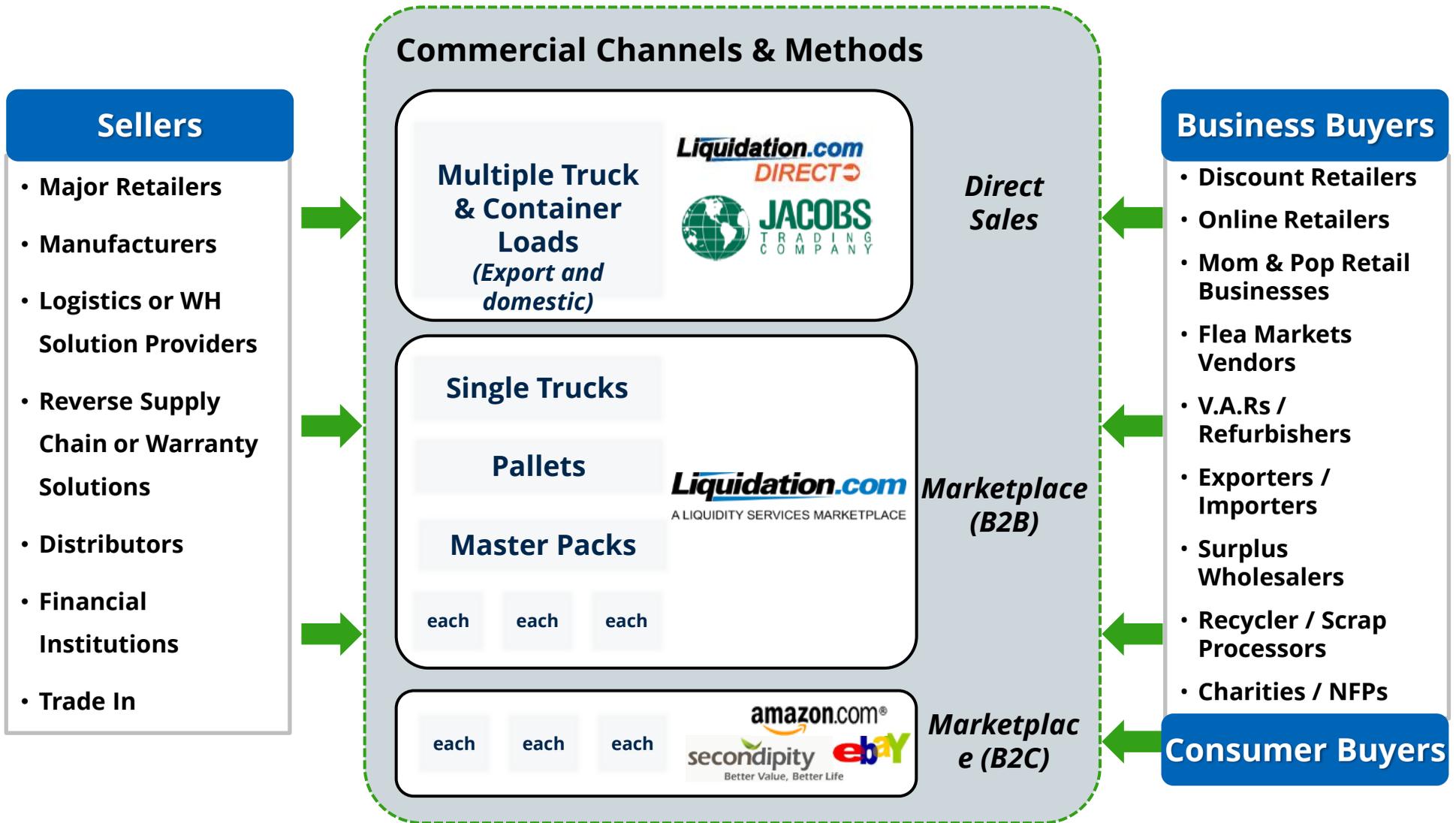
## We support retailers and manufacturers by:

- Providing world class, transparent services with the scale and talent to handle all volumes
- Leveraging technology and market data to re-engineer the reverse supply chain to drive higher net recovery
- Leader in supporting sustainability
- Leader in “Re-commerce” initiatives
- Protecting manufacturer and retailer brands/channels
- Driving innovation in the RTV process





# Multi-Channel Optimization for Surplus Assets: Retail Supply Chain Perspective





 *Warehouse Locations*

 *Lot / Yard Locations*

## Logistics Services

- 7 U.S. Warehouse locations totaling 1.7 million square feet
- 5 U.S. Lot/Yard Locations totaling 62 acres
- Negotiated rates with leading national carriers
- Buyer pick-up services
- Full menu of seller services

**Liquidity Services provides integrated logistics services to meet buyer and seller needs**

# Innovation to Support Market Leadership

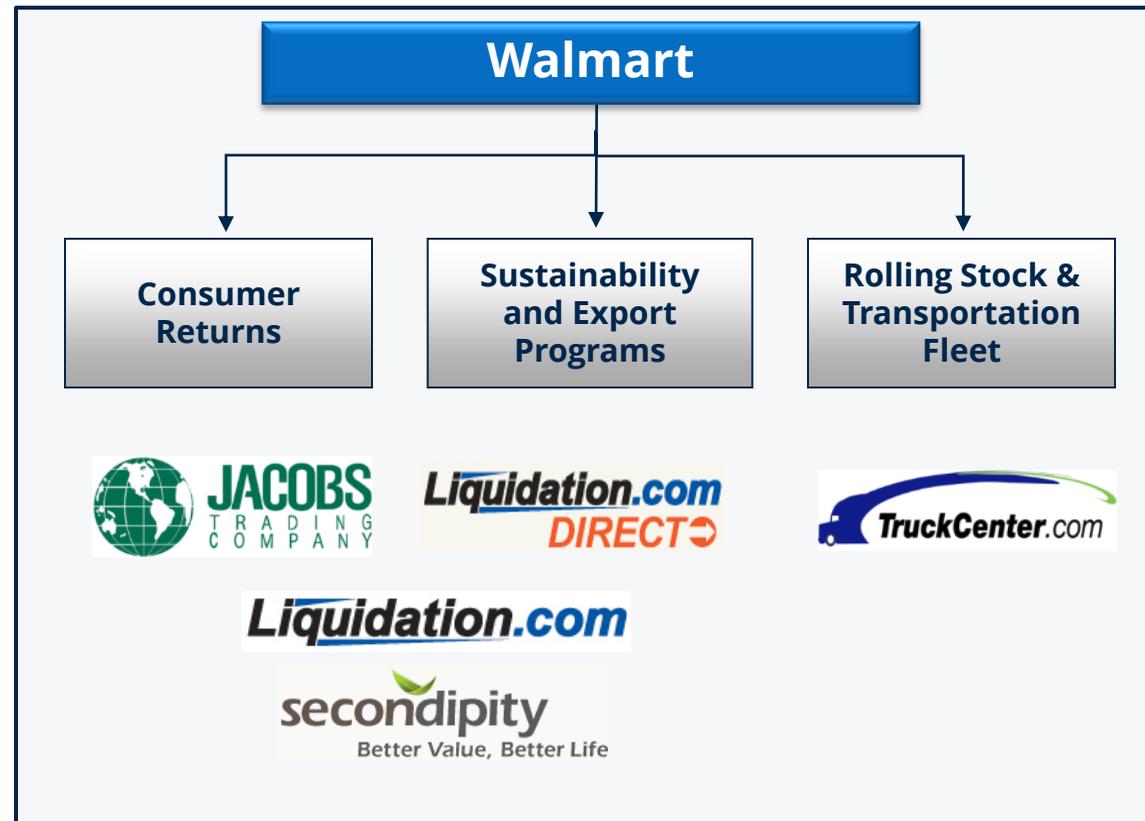
**Our strategy & priorities advance the industry while improving results**

Enablers Game Changing Role	Technology Roadmap	Team Development	Multi-Channel Capabilities & Buyer Growth	M&A Integration & Growth	Channel Partnerships	Expand Client Services
	1. World Class Service and Scale	✓	✓	✓	✓	✓
2. Use IT/Market Data to Re-engineer Supply Chain	✓	✓	✓			✓
3. Leader in Sustainability		✓		✓		✓
4. Leader in Re-Commerce	✓	✓	✓	✓	✓	✓
5. Leader in Brand and Channel Control		✓	✓	✓	✓	✓
6. Innovation in RTV Space	✓		✓			✓

Unique full services offering & credibility are perfect match for large retailers

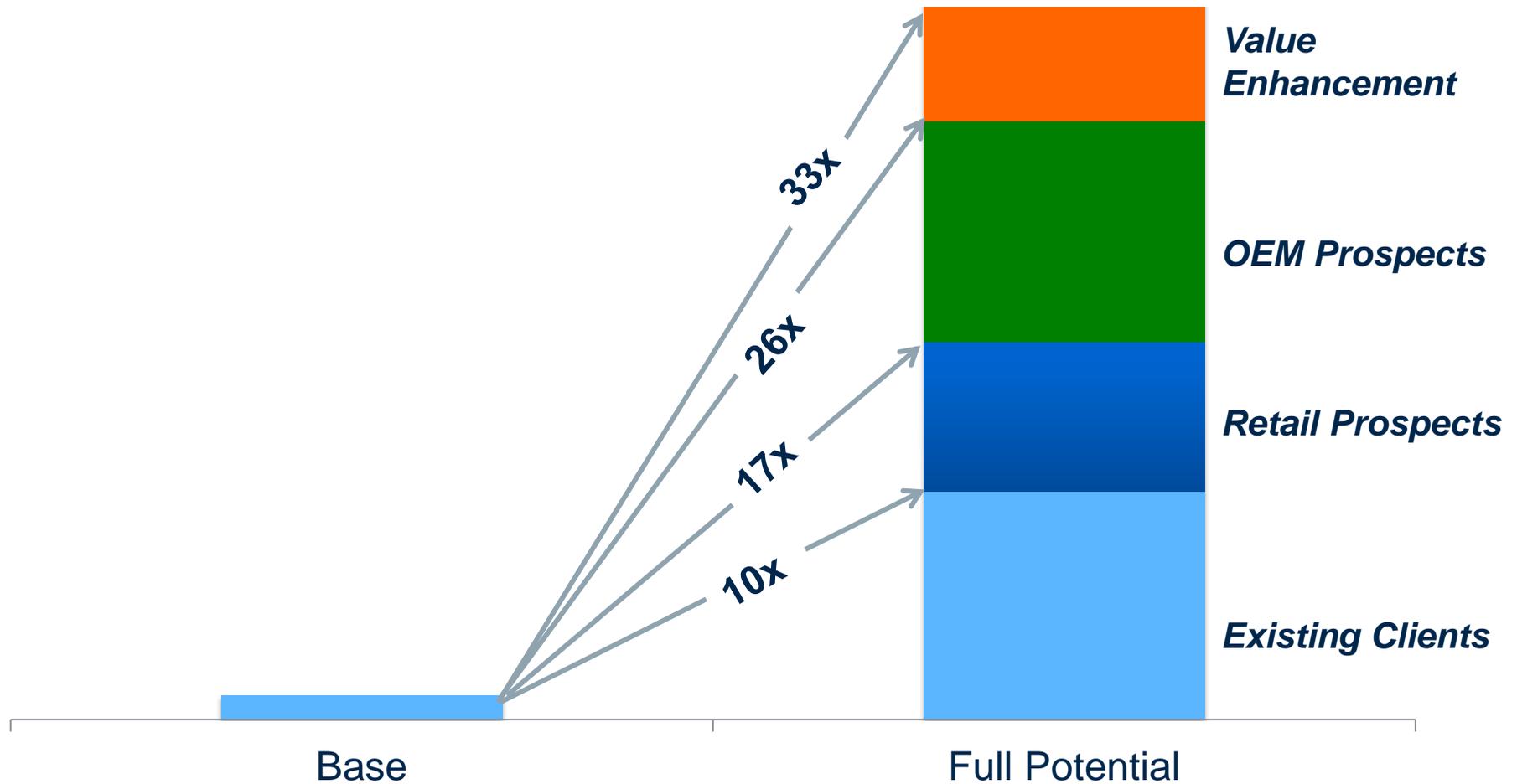
## Full Service Solution

- Value recovery for the full range of consumer products:
  - General merchandise
  - Seasonal items
  - Apparel
  - Consumer electronics
  - Fixture and equipment
- Expertise in protecting client channels/brands
- Turn key logistics support
- Support client's strategy as a leader in environmental sustainability programs



# Large Retail Supply Chain Growth Opportunity

## Annual GMV



2012 Investor Day:

# Capital Assets

Tom Burton, President, Capital Assets Group



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## **Capital Assets Overview**

**Services for the U.S. Department of Defense**

**GoIndustry DoveBid Acquisition**

## Capital Assets Overview

Services for the U.S. Department of Defense

GoIndustry DoveBid Acquisition

# What are “Capital Assets”?



- \$5,000+ new
- Production machinery and related parts / attachments
- Operating assets
- Multiple owners over the lifetime of the asset
- Regional or global trade (subject to restrictions)
- Experienced business buyer base with deep product knowledge

# Leading Capital Assets Marketplaces

**Government  
Liquidation**

A LIQUIDITY SERVICES MARKETPLACE

 **GoIndustry  
DoveBid**

A LIQUIDITY SERVICES MARKETPLACE

**Network**  
**INTERNATIONAL**

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A LIQUIDITY SERVICES MARKETPLACE

# Large, Global Enterprises Have Unique Surplus Asset Management & Disposition Needs

## Have

*Large volume of surplus assets*

*Extremely broad range of surplus product types*

*Complex restrictions on asset disposition*

*Hundreds of facilities worldwide*

## Want

Sell anything at anytime from anywhere

Efficiently achieve highest net return

Keep control

Transparent process across all locations

## LSI Delivers

**Global reach + high volume marketplaces**

**2.2 million buyers worldwide across 1000's of product types**

**Well developed process & experienced workforce**

**Consistent service delivery & reporting**

# Case Study



**GoIndustry  
DoveBid**  
A LIQUIDITY SERVICES MARKETPLACE

Learn How to Sell Your Surplus Assets via our Equipment Exchange Program

Sign in or Register  
Select language  
Help Bid manager

You are here: Home > Auctions > Hewlett Packard - Sale #53

Find assets or events  Search

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**Hewlett Packard - Sale #53 (HEWL0723)**

**Online Auction, Lots closing from: 11 Sep 2012 12:00 PM EDT**

Surplus assets due to continuing operations of Hewlett Packard

Online Auction of Laptops, Desktops, Servers; Artwork; Office Furnishings, Test & Measurement, IT, Plant Support & Facilities, Electrical, Peripherals & Data Processing, Material Handling & Facility, Manufacturing Equipment, A/V and Cafeteria Equipment, Fitness Equipment, SMT Manufacturing Test Equipment

**Featuring:**

**Houston, Texas:**

- Pitney Bowes 8 Series Mail Processing System
- HP Workstations
- (3500+) HP Laptops
- HP Laptop Docking Stations
- (4) Chatsworth Racks
- (10) HP Video Projectors
- (5-4) Vidyo Teleconferencing Equipment
- (3) Sony Color HD Cameras
- (6) Konftel Conferencing telephone equipment
- Clarke Floor Scrubber
- Cisco 6506 Catalyst

**Corvallis, Oregon:**

- Pulster PLS311 Fully Automated Single Sided Hot Laminator
- Duplo DC645 Slitter/Cutter/Creaser
- Nagel Foldnak40 Booklet maker
- Lasso Wizer EBM-2.1 Paper Drill

**Fremont, California:**

- Skyline Trade Show Booth, 10X10, 10X20 and 20X20

**Alpharetta, Georgia:**

- Spirent SX/14 Data Link Simulator

**Plano, Texas:**

- 200+ Pieces Executive Office Furniture

**Roseville, California:**

- Densifier, Polystyrene

**San Diego, California:**

- Kady Mill Model 20T

**Fort Collins, Colorado:**

- Craftsman Tool Chest

**Des Moines, Iowa:**

- Forklifts, LP and Electric, Standup and sit-down



Sign up for event

View lot catalogue

Ask a question

Event Information

Location: Various locations in USA  
Started: 10 Sep 2012 4:00 AM EDT  
Lots closing from: 11 Sep 2012 12:00 PM EDT  
Closing Type: **Sequential**

Contact Details

Contact: Tim McWilliams  
Country: United States  
Telephone: +1 281-518-9521  
Email: [Tim.mcwilliams@hp.com](mailto:Tim.mcwilliams@hp.com)

**Des Moines, Iowa:**

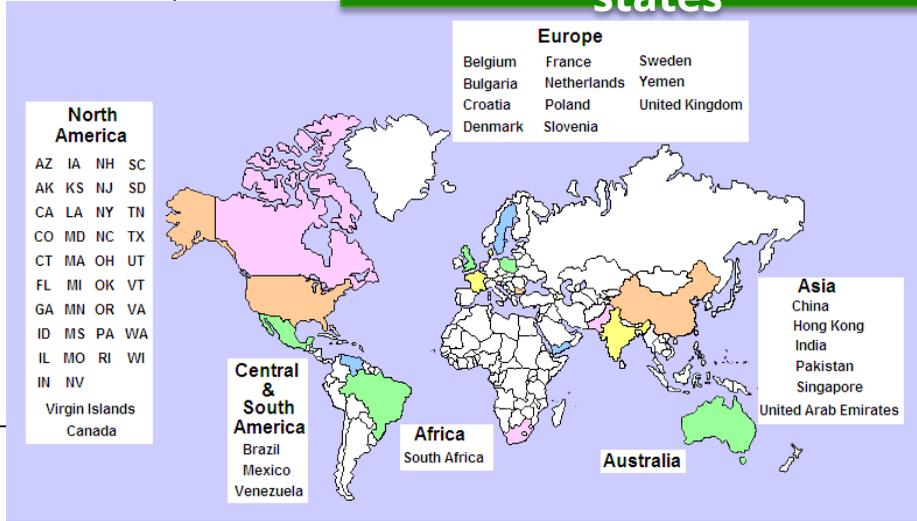
- Forklifts, LP and Electric, Standup and sit-down



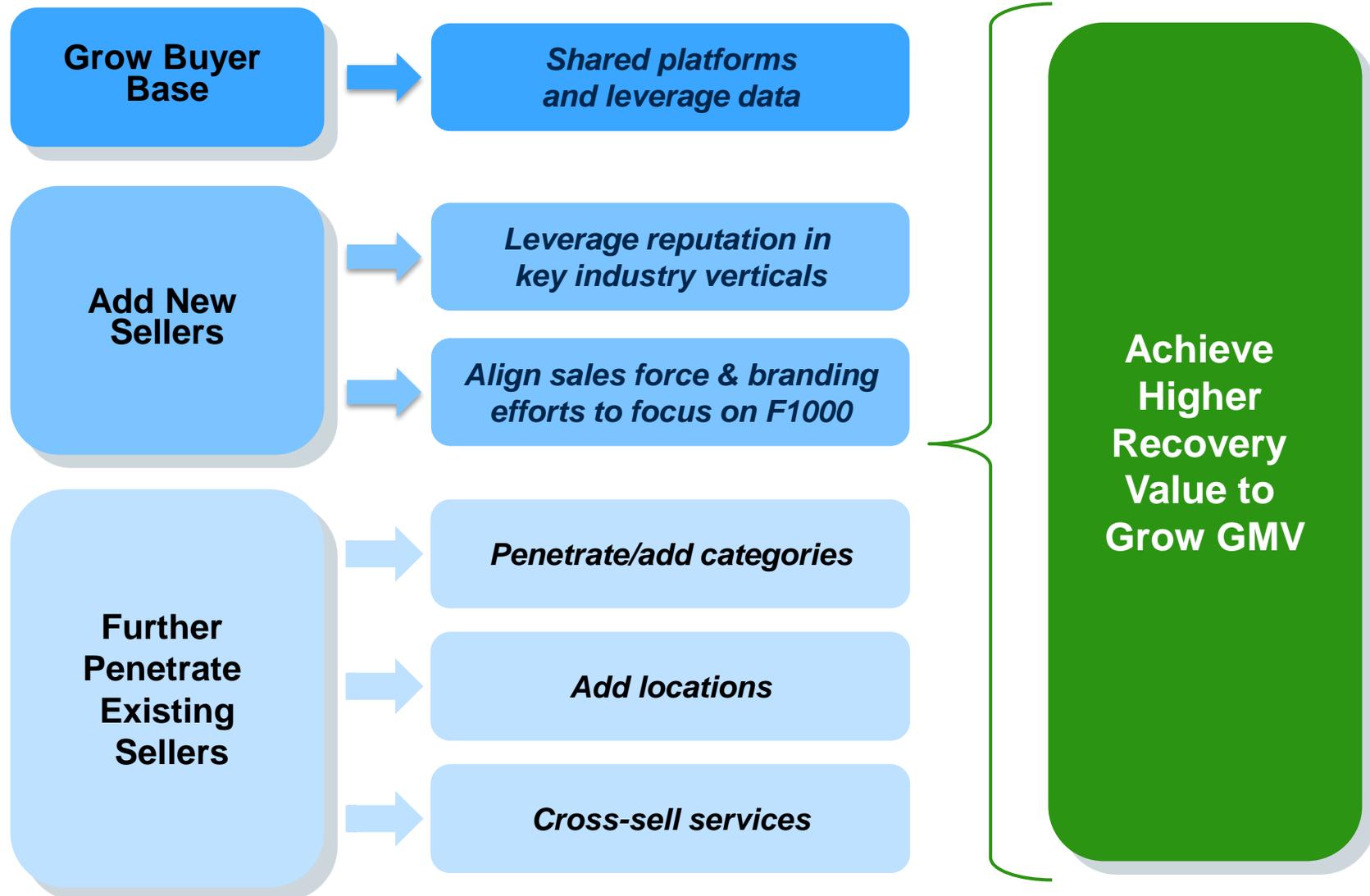
View more images (30)

<b>Event Page Views</b>	<b>19,690</b>
<b>Event Registrants</b>	<b>505</b>
<b>Total Bids</b>	<b>7,807</b>
<b>Gross Asset Sales</b>	<b>\$770217</b>

Bidders from 24 countries and 39 US states



# Capital Assets Growth Strategy



# Capital Assets Integration Priorities

Buyer-  
Facing

Seller-  
Facing

Financial  
Operations

HR

Operations  
& Customer  
Support

## Capital Assets Overview

**Services for the U.S. Department of Defense**

**GoIndustry DoveBid Acquisition**

# 11 Years Experience Solving Surplus & Scrap Disposition Challenges for the DoD

- **In 2001, awarded largest government surplus sales contract in history**
  - Conduct all surplus sales for Defense Logistics Agency Disposition Services (DLA, a DoD Agency)
- **Proprietary inventory assurance system**
- **Audited & accepted by DoD, IG & GAO**
- **Saved the DoD millions of dollars in labor and other costs associated with the sale of surplus asset**
  - Hundreds of FTEs saved for the DLA
- **Broad, proprietary buyer database**
  - Significant buyer restrictions, EUC FDA



**4 Time Award Winner**  
**Defense Logistics Agency  
Vendor Excellence**

# Deliver Service & Required Controls Across 375 DoD Facilities



# Unique Challenges with DoD Surplus & Scrap Disposition

## Control

Complex restrictions on what items may be sold where and to whom – with no room for error

## Speed

Must remove assets quickly based on client needs



## High Net Return

Sale proceeds fund additional DoD purchases, plus direct cost savings for DLA

## Product Breadth

Thousands of product types, from military vehicles to medical equipment, in all conditions

## Capital Assets Overview

Services for the U.S. Department of Defense

**GoIndustry DoveBid Acquisition**

**Deal enhances the #1 online marketplace for surplus capital assets**



- **Expands size and depth of buyer base, client roster, sales team, and marketing capabilities**
- **Strengthens Liquidity Services' position in existing markets**
  - Aerospace, industrial equipment, transportation & scrap metal
- **Adds new "inside the building" markets**
  - BioPharma, consumer packaged goods, semiconductor and electronics
- **Leverages Liquidity Services' field operations capabilities**
- **Captures new supply from existing and new accounts**
- **Enterprise-level surplus asset management platform (AssetZone®)**

# Broaden Global Service Offering

## Surplus Asset Management

Returns Management

Return-to-Vendor (RTV) Programs

Inventory Assurance Programs

Surplus Asset Management Platform

## Asset Discovery & Valuation

Asset Cataloging

Equipment Inspection

Appraisal Services

Pre-Sale Valuation

## Asset Recovery Planning

Brand & Channel Protection

Intellectual Property Protection

Support for 'Green' Initiatives

Multi-Channel Sales Strategy

Lotting & Merchandising Strategy

Asset Marketing Plan

Asset Recovery Project Management

## Surplus Asset Redeployment & Disposition Prep

Internal Redeployment

Asset Removal

Off-Site Storage

Debranding / Delabeling

Removal of Sensitive Information

Light Refurbishment

Scrap Metals Testing

## Surplus Asset Disposition

Online Auctions

Live Auctions with Webcast & Online Bidding

Negotiated Sales

Surplus Asset Marketing

E-Waste & Recycling Programs

Scrap Material Sales

Dedicated Customer Service Team

Buyer Qualification & Controls

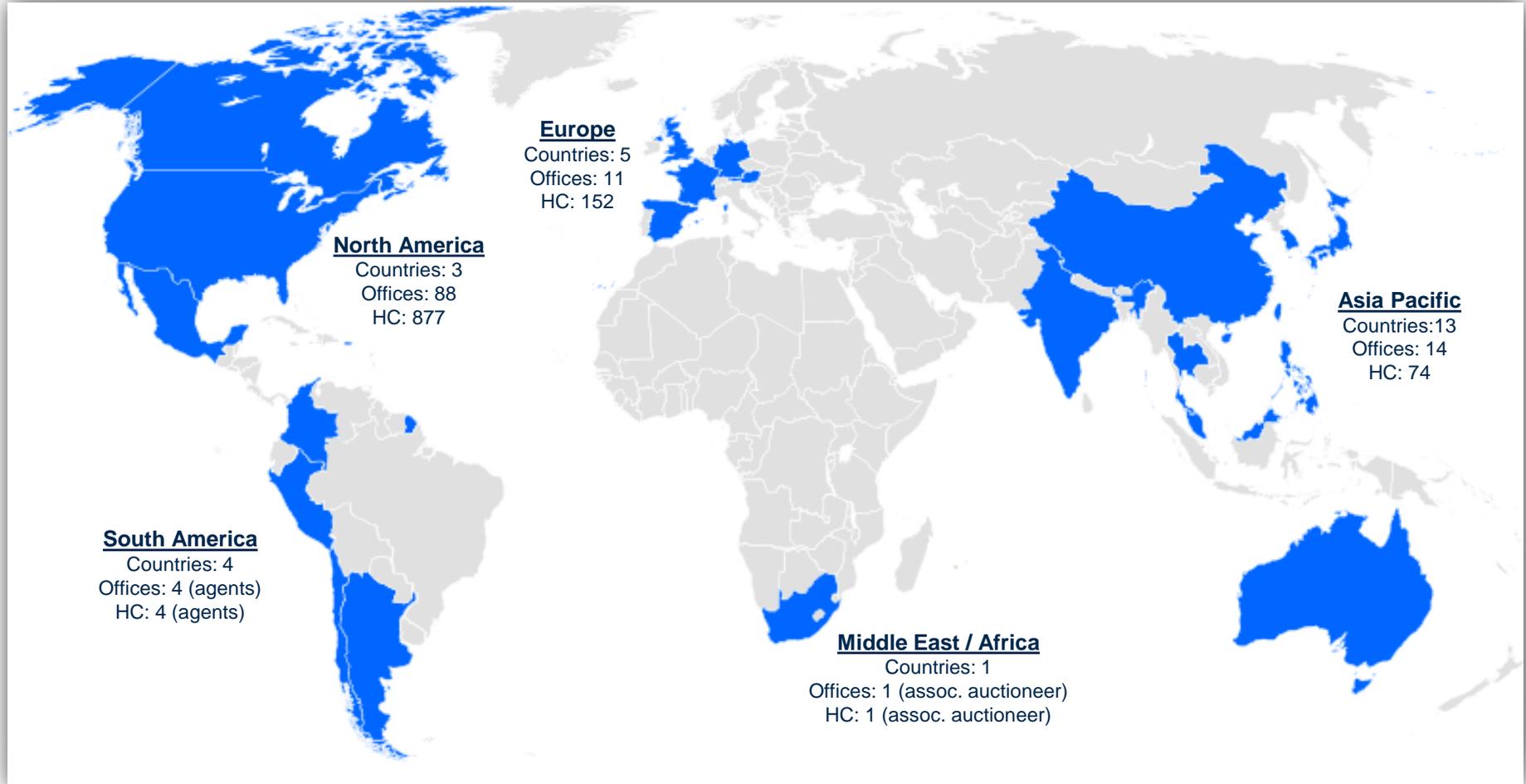
Payment Processing & Reconciliation

Documentation

Export Services

Transaction Reporting

## After Acquisition



- Limited overlap with existing buyer base
- *Example* – GovLiquidation vs. GoIndustry DoveBid
  - Registered Buyers: 3%
  - Bidders: 6%
  - Buyers: 7%

# AssetZone Surplus Asset Management Platform

The screenshot displays the AssetZone platform interface. At the top, there's a navigation bar with 'Home', 'Asset Intelligence Center', 'Hold', 'Value', 'Redeploy', 'Sell', 'Source', 'About', and 'My Account'. Below this, the 'Asset Intelligence Center' is prominent, showing a dashboard with five categories: 'Hold' (39 Assets, 26 Actions required, 0 Suggestions), 'Value' (7 Assets, 7 Actions required, 0 Suggestions), 'Redeploy' (14 Assets, 18 Actions required, 0 Suggestions), 'Sell' (7 Assets, 19 Actions required, 14 Suggestions), and 'Source' (20 Warrants, 11 Suggestions). Each category has 'Add', 'View', and 'Manage' buttons. To the left, there are sections for 'Latest News', 'Congratulations', and 'Win Money For Your Favourite Charity'. To the right, there's a 'Welcome' section with a video placeholder, 'Featured Availability' with items like 'Barcode Scan...', 'Analyser Cell', and 'Flour Stand...', 'Featured Request' with 'Autoclave' and 'Centrifuge', and 'Your AssetZone Package' showing 'AssetZone v3.0' and 'Advanced Settlements'.

Delivers the capabilities, transparency and flexibility necessary for large, global enterprises to maximize the value of their under-utilized and surplus assets.

- Asset Lifecycle Management
- Workflow dashboard (Hold, Value, Redeploy, Sell and Source)
- Asset Intelligence Center
- Request services (e.g., valuation)
- Real-time reporting
- Catalog assets & ownership records
- User management capabilities with full audit trail

Used in over 1,000 client locations worldwide

7,500+ users

## Benefits for Sellers

- **Enterprise wide visibility into under-utilized and surplus assets**
- **Multiple disposition channels**
- **Easy access to supporting services**
- **Flexible reporting capabilities**
- **Detailed access control with full audit trail**
- **Seamless integration with client business systems via API**

## Benefits for LSI

- **Deliver unique, “sticky” value to clients across the full surplus asset management & disposition process**
- **Train clients on a single, evolving platform**
- **Ability to rapidly roll-out unique tools & capabilities across all F1000 clients**

# Key Investments We're Making in GoIndustry DoveBid

Buyer-  
Facing

Seller-  
Facing

Financial  
Operations

HR

Operations  
& Customer  
Support

2012 Investor Day:

# State & Municipal Government

Jim Rallo, CFO



**Liquidation.com**

**Government  
Liquidation**

**GovDeals**

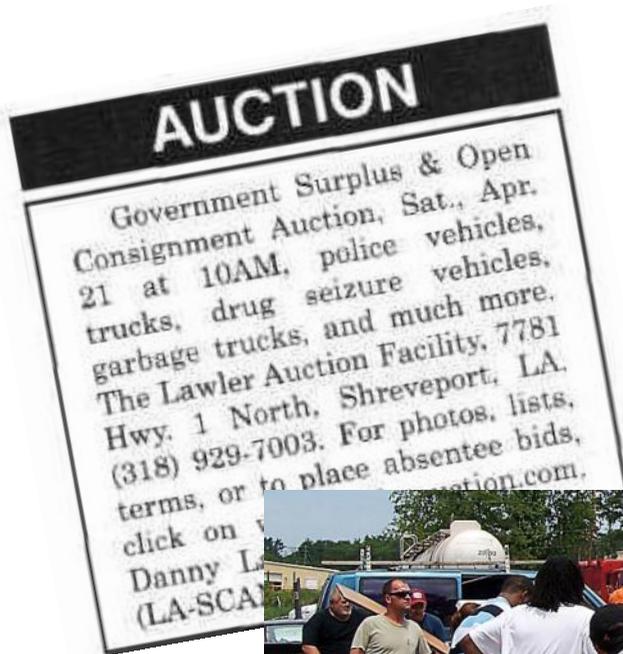
**Liquidity  
Services Inc.**

**Network  
INTERNATIONAL**

**JACOBS  
TRADING  
COMPANY**

**GoIndustry  
DoveBid**

**TruckCenter.com**



- Limited buyer base
- Set-up costs
- Slow sales cycle
- Lack of controls
- Poor financial recovery

# Leading Marketplace for Government Surplus



**2003 Bell 407 (Damaged)**  
Palm Beach County Sheriff Office, FL  
Selling Price: **\$488,000**



**1967 75' Snorkel Fire Truck**  
City of Dover, OH  
Selling Price: **\$6,877**

**GovDeals<sup>®</sup>**

**2001 Sterling Bridge Inspection Unit**  
State of South Dakota  
Selling Price: **\$252,000**



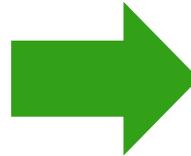
**2008 CAT D8R Dozer**  
Three Rivers Solid Waste Authority, SC  
Selling Price: **\$149,000**



## Our model is redefining the municipal surplus market

### Industry Context

- Budgetary pressures
- Limited space and resources
- Interest in transparency and citizen access
- Sustainability goals
- Reliance on local auctioneers to sell assets in live events
- Industry lacks national player with broad asset expertise



### Liquidity Services' Solution

- Online model drives efficiency & transparency
- Largest network of agency sellers and buyers
- Proven ability to sell assets in every major category, including:
  - Vehicles, helicopters, planes, construction equipment, IT assets and scrap metal
- Network effects create greater scale and satisfaction for both buyers and sellers

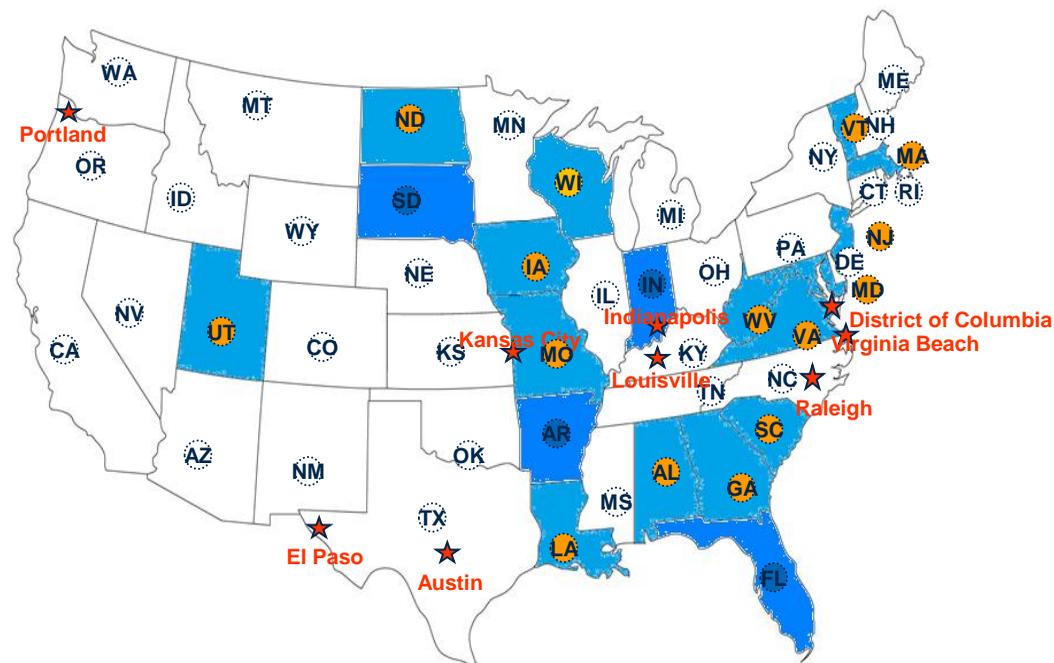
## #1 position in online surplus sales for local governments

- **GovDeals.com marketplace has over 5,000 clients:**

- 9 of the 50 largest cities
- 19 of the 50 state agencies
- \$460 million in cumulative GMV since FY'08

- **Growing roster of clients across full spectrum of public sector agencies, including:**

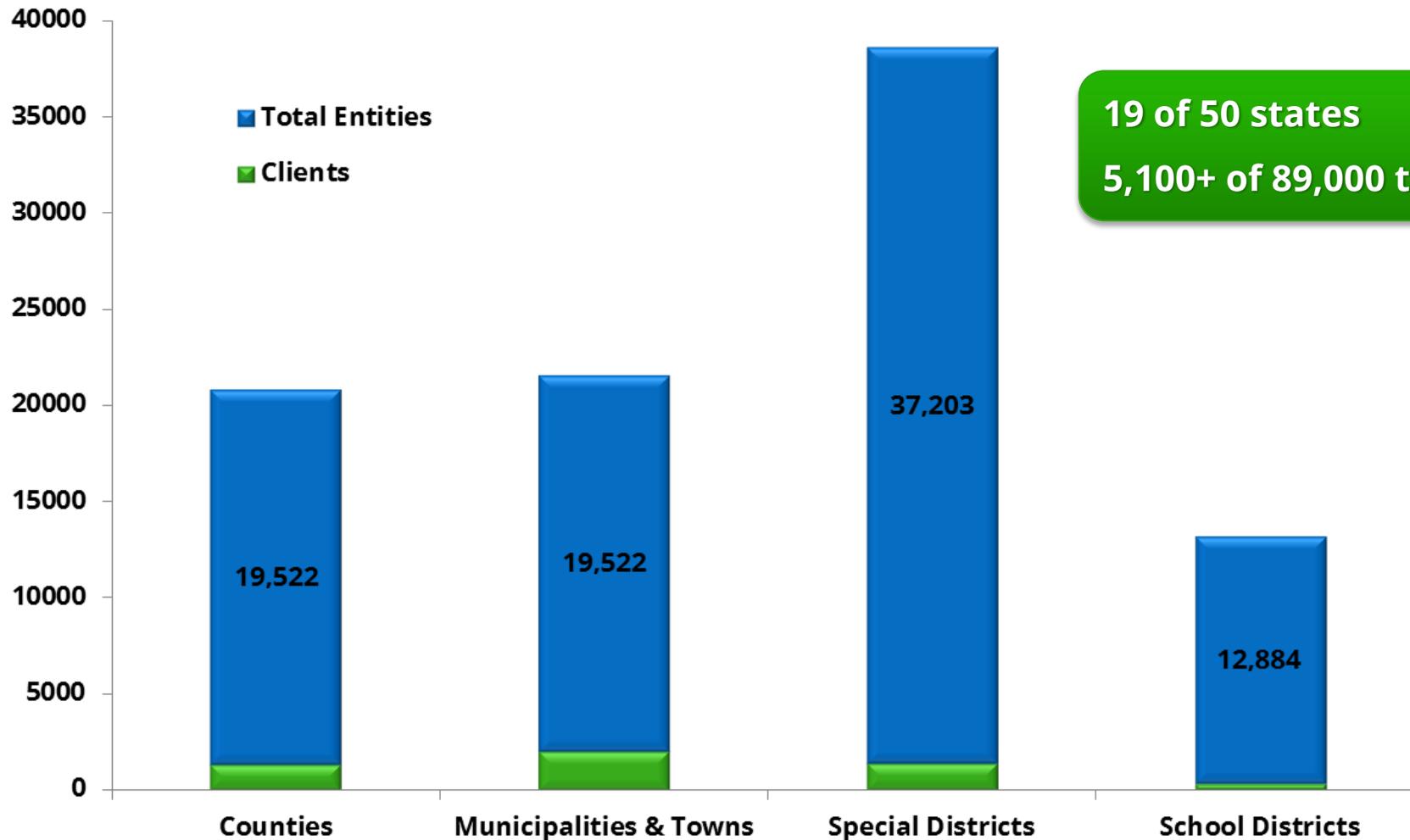
- Fire & Police
- Transportation
- Utilities
- School Boards
- Airport Authorities
- General Services



**Over 900 new government sellers added in FY'12**

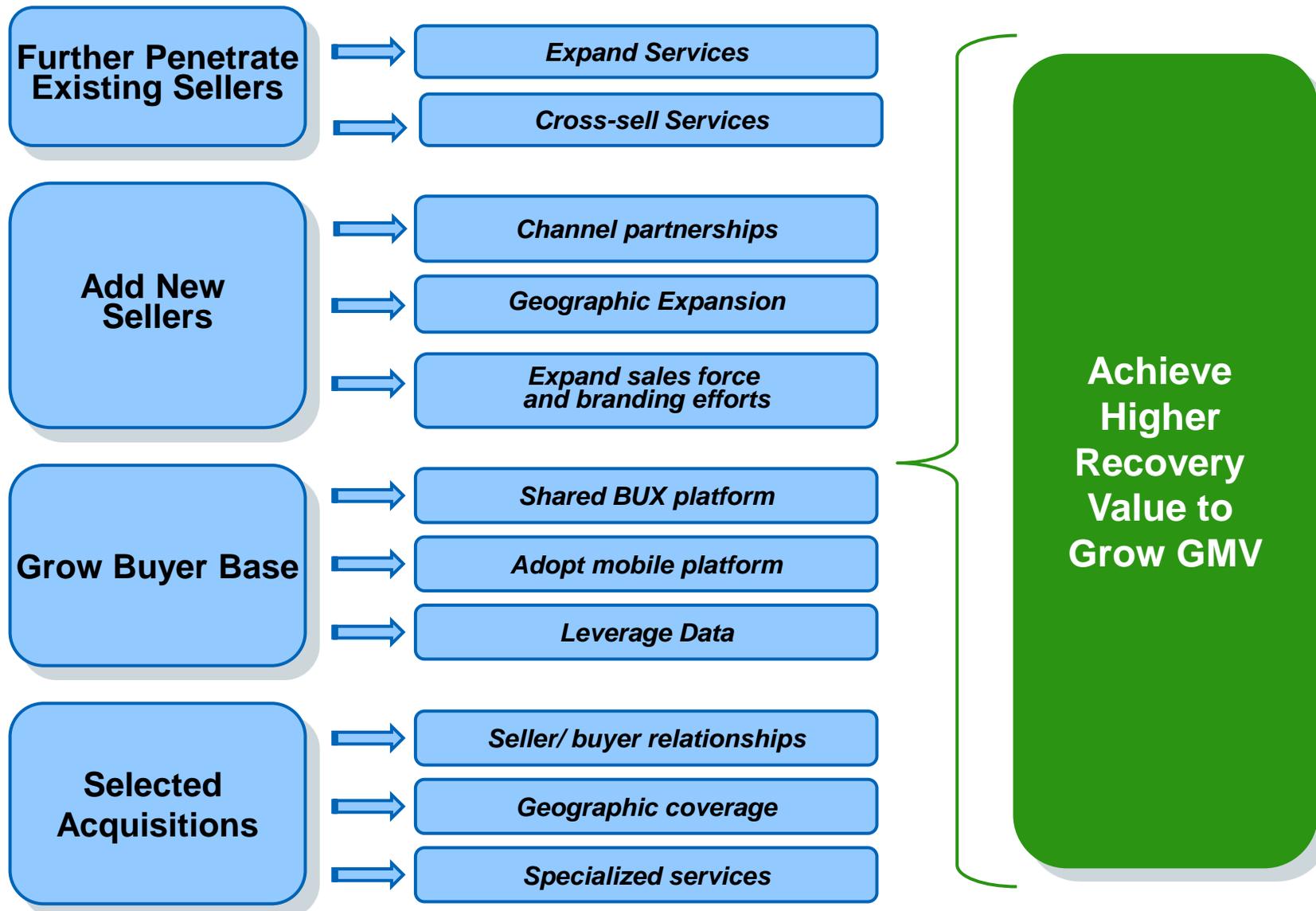
# Large Growth Opportunity in U.S. Municipal Market

Very modest target market penetration of 6%



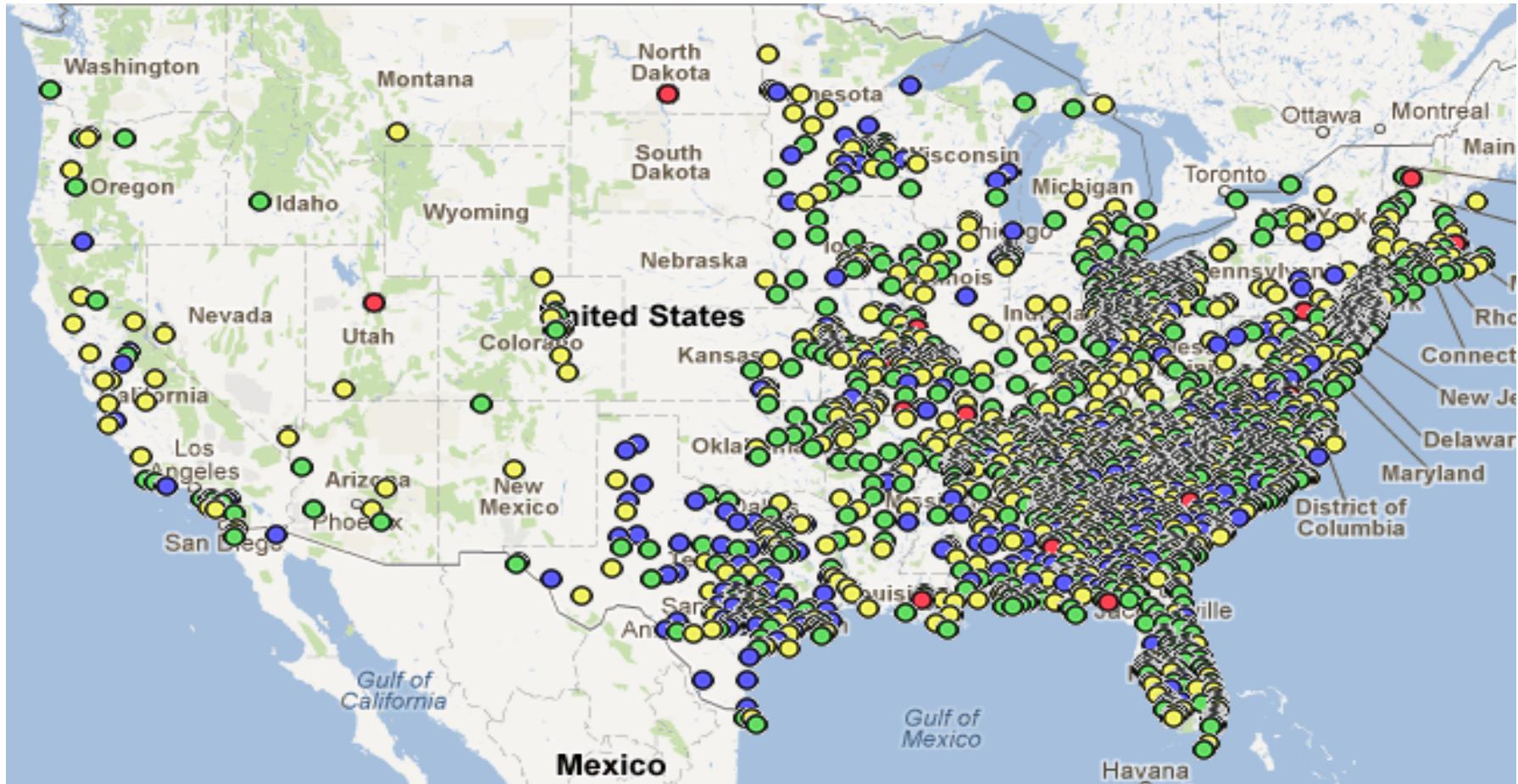
19 of 50 states  
5,100+ of 89,000 total agencies

# Multiple Levers to Drive Growth



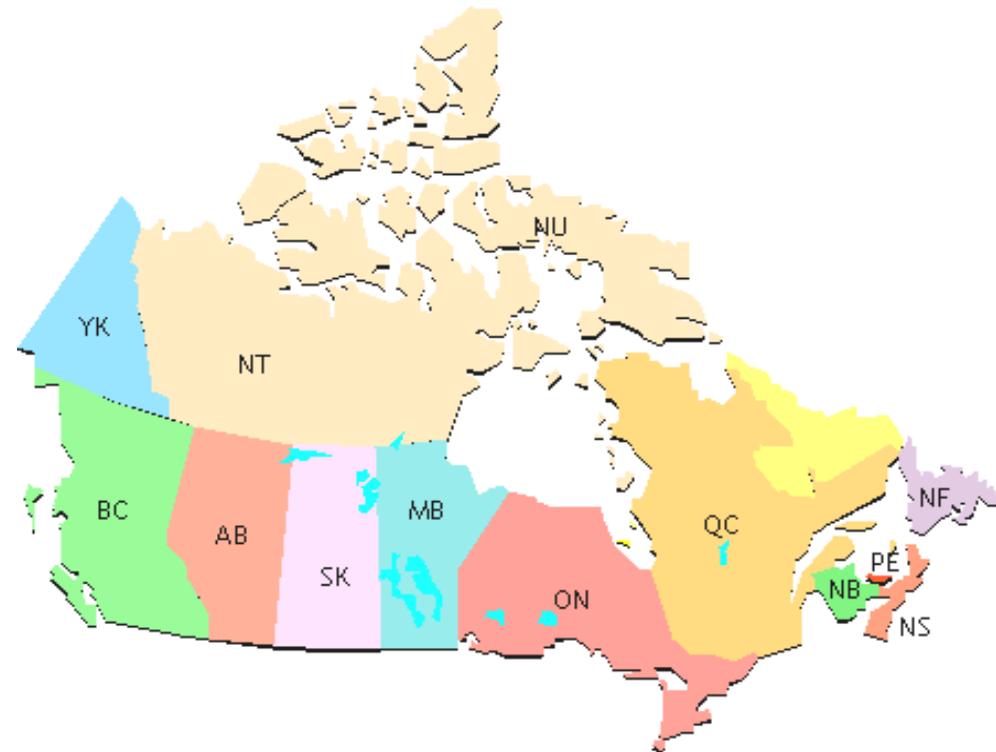
# Significant Untapped Growth in U.S.

Investing to grow in Central, Southern and Western regions

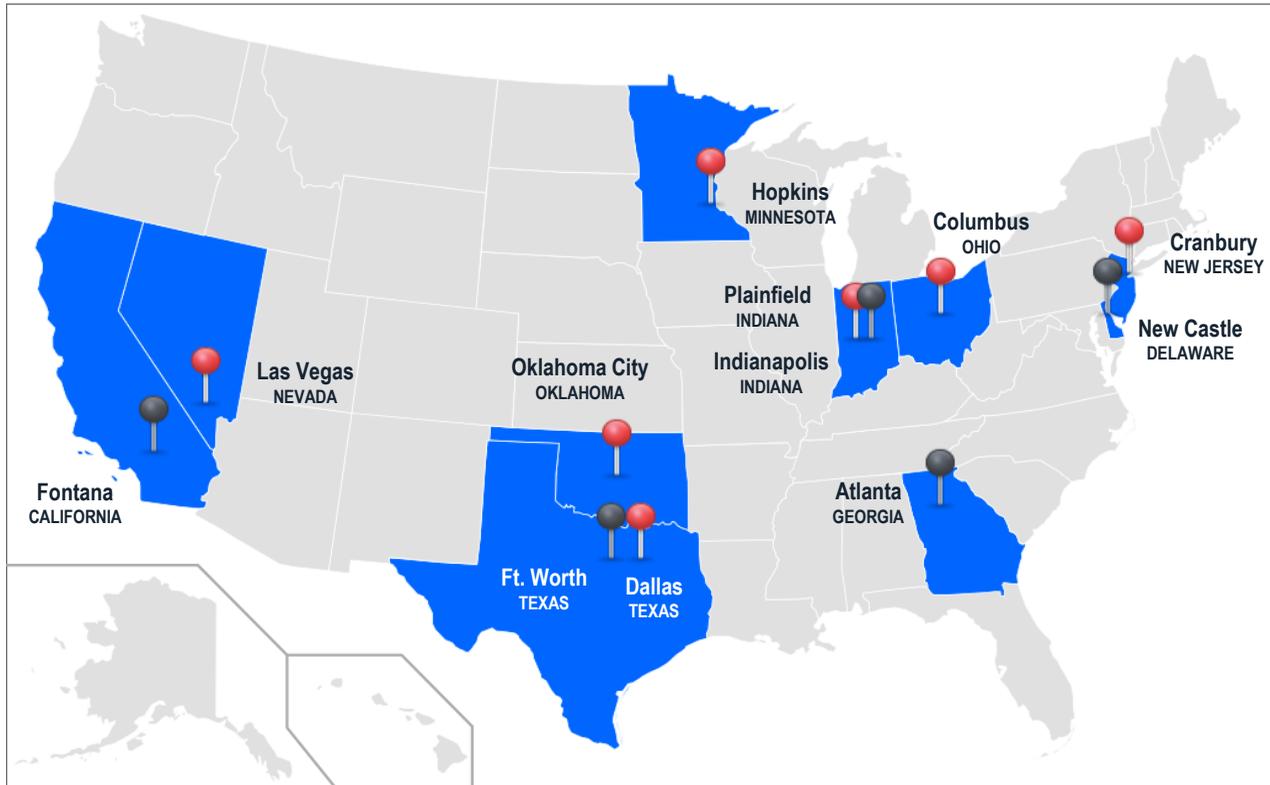


## Asset light model ideal for international expansion

- **Attractive market opportunity**
- **High concentration of assets along border with U.S.**
- **Low cost of entry**
- **Friendly regulatory environment**
- **Leverage current Canadian buyer base**
- **Ability to leverage existing U.S. cooperative contracts**



# Storage Network Drives Agency Efficiencies



 *Warehouse Locations*

 *Lot / Yard Locations*

## Value Added Services

- Use of LSI facilities reduces agency costs
- Full menu of seller services
- 7 U.S. Warehouse locations totaling 1.7 million square feet
- 5 U.S. Lot/Yard Locations totaling 62 acres
- Transportation management services

**Liquidity Services provides integrated logistics services to meet buyer and seller needs**

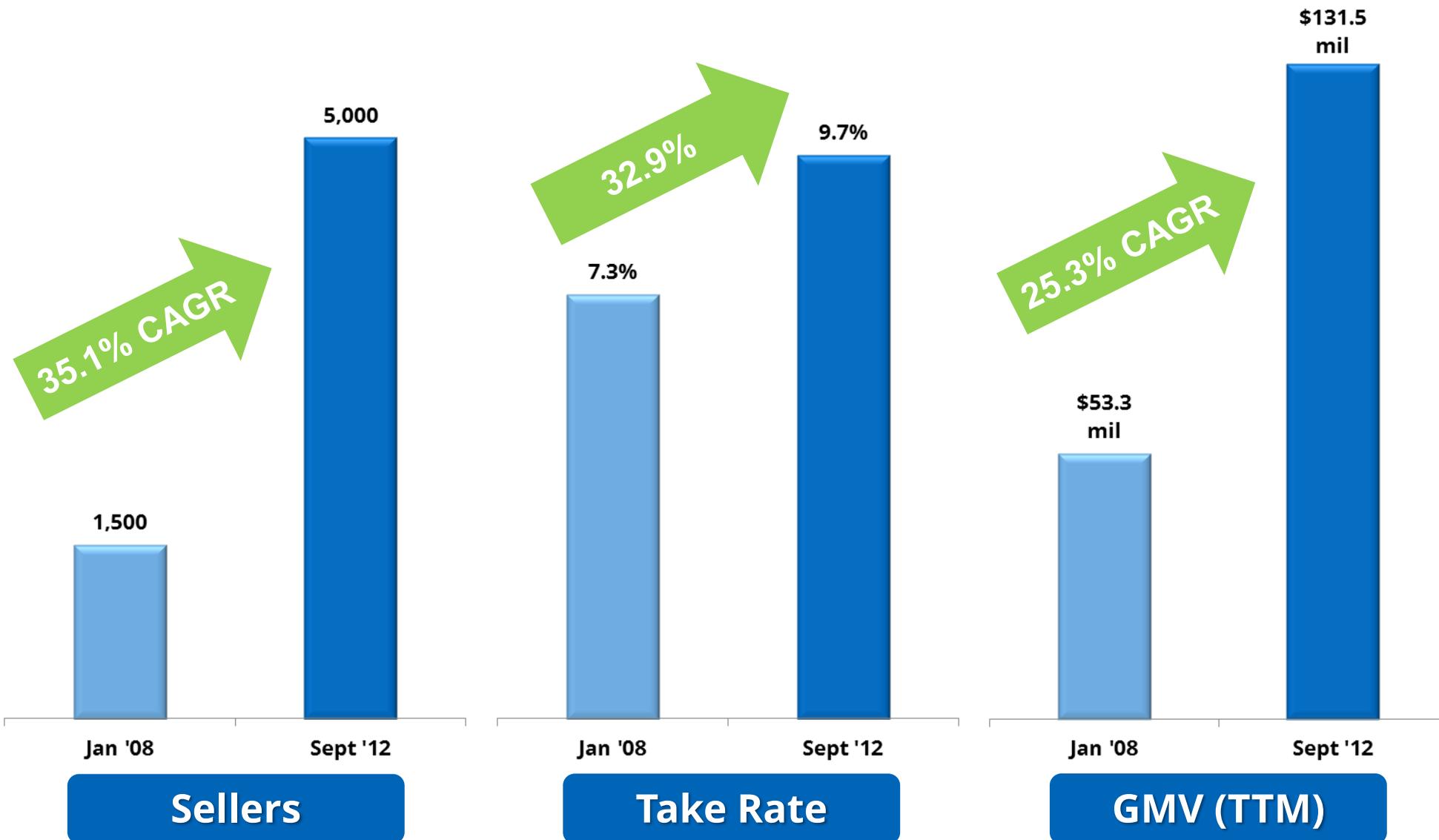
# Liquidity Services Case Study: State of Georgia



**Unique Auction Item:  
Magnolia and Crape Myrtle trees  
sold to buyer  
located over 400 miles  
from the sale site**

- **4,100+ items sold**
- **\$5+ million in GMV**
- **100,000+ bids**
- **Buyers in 27 states**
- **Highest Value Auction,  
\$227K of scrap metal**

# Proven Growth and Performance



2012 Investor Day:

# Marketplace Product Roadmap

Ben Hanna, VP, Marketing Strategy & Communication



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TRADING  
COMPANY**

**GoIndustry  
DoveBid**

**TruckCenter.com**

# Liquidity Services' Marketplaces Today

## Marketplace Vision

## Investing to Capitalize on Cross-Marketplace Network Effects

# Liquidity Services' Marketplaces Today

Marketplace Vision

Investing to Capitalize on  
Cross-Marketplace Network Effects

## World's Largest, Most Active B2B Surplus Marketplace

**47 million**  
Visits

**760 million**  
Page Views



**19 million**  
Unique Visitors\*\*

**433 million**  
Minutes on Site

\*Oct. 1, 2011 through Sept. 30, 2012; \*\* Additive across marketplace sites

# Each LSI Marketplace is an Industry Leader, But There are Clear Growth Opportunities

- 90% of buyer base is registered on only one LSI marketplace
- Visitors primarily experience each marketplace separately rather than as part of a whole
  - Separate buyer registration & accounts
  - Limited visibility into relevant listings across marketplaces
  - Different UI
  - Different site search experience
  - Largely independent customer support teams
  - And more....



# As a Result, Network Effects Primarily Occurring Within Marketplaces Today

## Liquidity Services' B2B Marketplaces



**Liquidity Services' Marketplaces Today**

**Marketplace Vision**

**Investing to Capitalize on  
Cross-Marketplace Network Effects**

# Liquidity Services' Marketplace Vision



**Liquidity Services Marketplaces Today**

**Marketplace Vision**

**Investing to Capitalize on Cross-Marketplace  
Network Effects**

# Achieving Our Marketplace Vision



# Moving Onto a Shared, Flexible Marketplace Platform

Shared LSI Marketplace Buyer User Experience

Liquidation.com



Government Liquidation



GoIndustry DoveBid



Network INTERNATIONAL



TruckCenter.com



GovDeals



# Cross-Promoting Auctions in Event Calendars

TruckCenter.com  
A LIQUIDITY SERVICES MARKETPLACE

Home | Sign In | My TruckCenter

Keyword Search  
Enter name, model or keyword Search

My TruckCenter ▾ Auctions ▾ Buy Now ▾ Consign/Sell ▾ About ▾ Contact ▾ Help ▾

Consolidated Events Calendar (Liquidity Services Inc. Capital Assets Group)

Marketplace	Details	Event Type	Starts	Ends
GoIndustry DoveBid	Optimum Coal Sale 2: Used Mining Equipment and Spares	Internet Auction	10/23/2012 04:00 PST	10/30/2012 04:00 PST
Network International Inc	Colombia Vehicle Auction	Internet Auction	Oct 24 2012 8:00AM	Oct 30 2012 5:00PM
Government Liquidation	Mechanical & Vehicular Tires, Parts & Components Equipment	Internet Auction	10/30/2012 00:00 EST	11/01/2012 17:00 EST

By clicking on this event you will be redirected to

**GoIndustry DoveBid**

A Liquidity Services Marketplace and global leader in surplus asset management, asset sales and valuations worldwide.

Cancel OK

A LIQUIDITY SERVICES MARKETPLACE



By clicking on this event you will be redirected to

**Network International**

A Liquidity Services Marketplace for surplus energy equipment for the oil and gas, petrochemical and mining industries

Cancel OK

A LIQUIDITY SERVICES MARKETPLACE



By clicking on this event you will be redirected to

**Government Liquidation**

A Liquidity Services Marketplace for the sale of surplus and scrap assets of the United States Department of Defense (DOD)

Cancel OK

A LIQUIDITY SERVICES MARKETPLACE



# Building Cross-Promotion into Marketplace Buyer Experience



Closed Listings



Within Search Results



Null Search Results

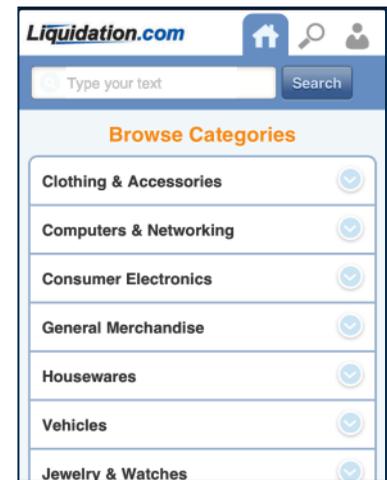
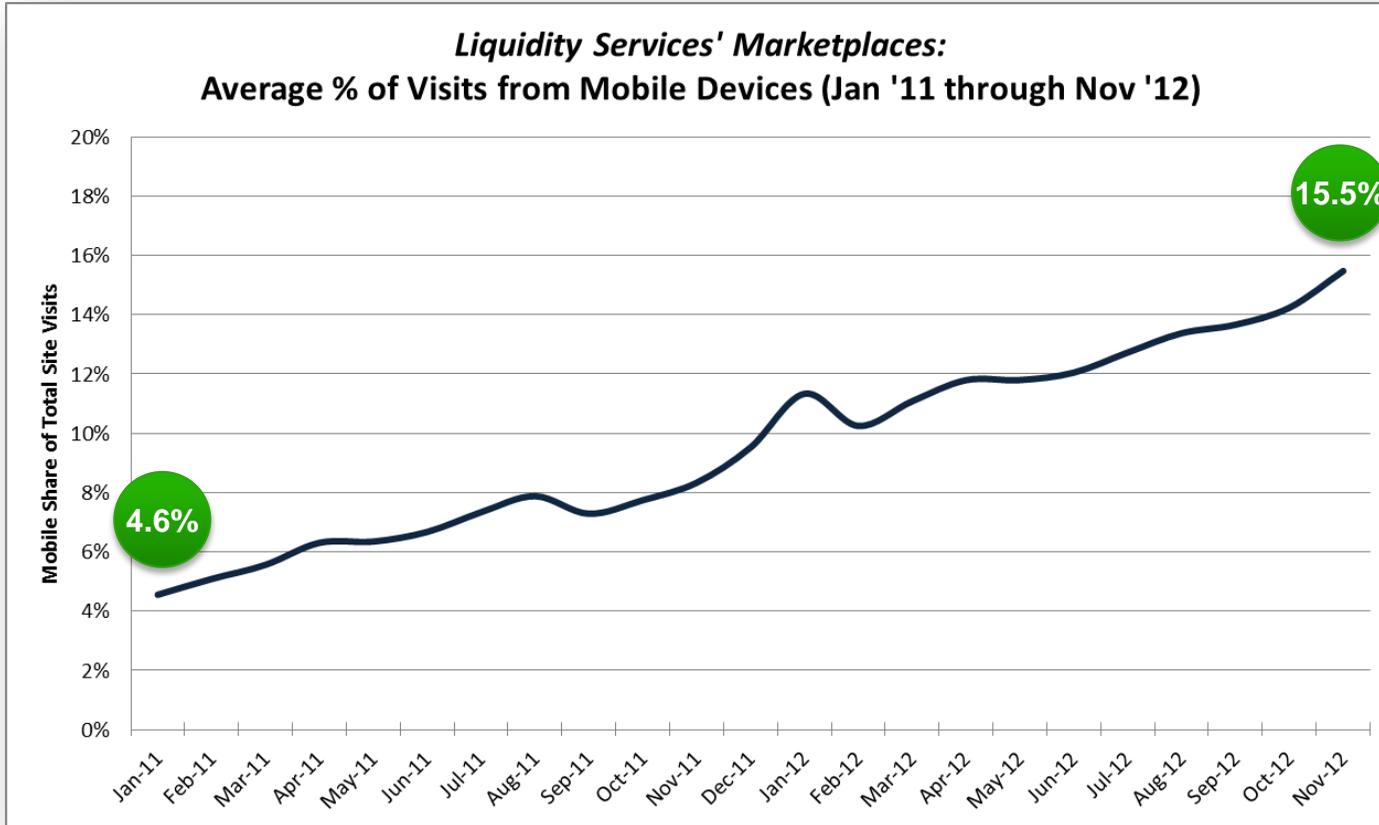


Category Landing Pages



Email Marketing to Registered Users

# Improving Marketplace Access for Visitors Using Mobile Devices



# Developing New Tools to Quickly Answer Core Questions Across All Asset Types



**What is it?**

**What condition is it in?**

**What is it worth?**

**What is the best sales channel to maximize net return?**

- We operate multiple, industry-leading B2B marketplaces
- Combined scale of these marketplaces is far larger than any niche competitor
  - 47 million visits in FY12
- We are investing in marketplace product development and supporting technologies to:
  - Capitalize on network effects across marketplaces
  - Improve value to buyers, sellers and investors

