Peaks in the trough

Second quarter results | 31 October 2011

Issued: 8 December 2011

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Overview

- Record H1 pre tax profit of £84m (2010 : £30m)
- Benefiting from trend to rental and market share gains
- Top line growth and efficiency savings have resulted in US Q2 EBITDA margins of 39% (2010 : 35%) and RoI of 17%* (2010 : 10%)
- Good execution of cyclical fleet investment strategy and operational improvements have maximised the opportunity
- Strong balance sheet – debt leverage reduced despite significant fleet investment
- Availability of $574m for ongoing investment
- Results already in line with previous records with cyclical recovery still to come
- Interim dividend raised by 7.5% to 1.0p per share
- We now anticipate a full year profit substantially ahead of our earlier expectations

* excluding goodwill

Ian Robson
Finance director

Q2 Group revenue and profit

(£m)	Q2 2010 As reported	Q2 2010 At 2011 rates	Q2 2011 Actual	change[1]
Revenue	**245**	**241**	**307**	+27%
– of which rental	*222*	*218*	*273*	*+25%*
Operating costs	(163)	(161)	(194)	+20%
EBITDA	**82**	**80**	**113**	+40%
Depreciation	(46)	(45)	(50)	+8%
Operating profit	**36**	**35**	**63**	+83%
Net interest	(18)	(17)	(12)	-24%
Profit before tax and amortisation	**18**	**18**	**51**	+186%
Earnings per share (p)	**2.3**	**2.3**	**6.4**	+185%
Margins				
– EBITDA	*33%*	*33%*	*37%*	
– Operating profit	*14%*	*14%*	*21%*	

[1] At constant exchange rates

[2] The results in the table above are the Group's underlying results and are stated before exceptionals, intangible amortisation and fair value remeasurements

H1 group revenue and profit

(£m)	H1 2010 As reported	H1 2010 At 2011 rates	H1 2011 Actual rates	change[1]
Revenue	**484**	**464**	**575**	+24%
– of which rental	*441*	*423*	*517*	*+22%*
Operating costs	(324)	(311)	(368)	+19%
EBITDA	**160**	**153**	**207**	+35%
Depreciation	(94)	(90)	(97)	+7%
Operating profit	**66**	**63**	**110**	+75%
Net interest	(36)	(35)	(26)	-26%
Profit before tax and amortisation	**30**	**28**	**84**	+197%
Earnings per share (p)	**3.9**	**3.6**	**10.7**	+196%
Margins				
– EBITDA	*33%*	*33%*	*36%*	
– Operating profit	*14%*	*13%*	*19%*	

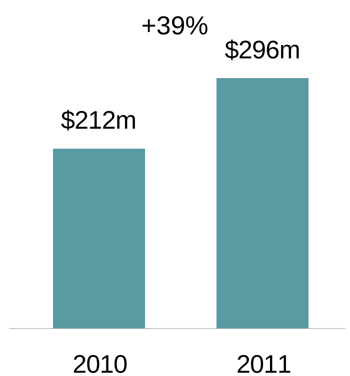
[1] At constant exchange rates

[2] The results in the table above are the Group's underlying results and are stated before exceptionals, intangible amortisation and fair value remeasurements

H1 divisional results – Sunbelt

Revenue

EBITDA



Margins: **35%** **38%**

	Revenue bridge	
	Change	**($m)**
2010 rental revenue		557
Change – Volume	*+12%*	68
– Yield	*+7%*	45
Empire		24
2011 rental revenue	*+25%*	**694**
Sales revenue		82
2011 total revenue	*+26%*	**776**

	EBITDA bridge	
	Change	**($m)**
2010 EBITDA		212
Rental revenue increase*	*+20%*	113
Operating cost increase	*+11%*	(37)
Increase in profit on sale of fixed assets		8
2011 EBITDA	*+39%*	**296**

*excluding Empire's largely "pass through" erection and dismantling labour billings

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H1 divisional results – A-Plant

Revenue

EBITDA

Margins: **30%** **28%**

	Revenue bridge	
	Change	**(£m)**
2010 rental revenue		77
Change – Volume	*+2%*	3
– Yield	*+6%*	4
Other		2
2011 rental revenue	*+11%*	**86**
Sales revenue		8
2011 total revenue	*+14%*	**94**

	EBITDA bridge	
	Change	**(£m)**
2010 EBITDA		24
Rental revenue increase*	*+11%*	7
Operating cost increase	*+13%*	(5)
2011 EBITDA	*+7%*	**26**

*excluding largely "pass through" re-rental revenue increase

Cash flow

Significant reinvestment in our rental fleet

(£m)	H1 2010	H1 2011	Change
EBITDA before exceptional items	160	207	+29%
Cash conversion ratio[1]	*89.5%*	*83.7%*	
Cash inflow from operations[2]	**143**	**173**	+21%
Payments for capital expenditure	(96)	(258)	+169%
Rental equipment and other disposal proceeds	22	39	+81%
	(74)	(219)	
Interest and tax paid	(37)	(27)	-27%
Exceptional costs paid	(2)	(2)	
Cash generated from/(used in) operations	**30**	**(75)**	**n/a**
Dividends paid	(10)	(10)	
Reduction/(increase) in net debt	**20**	**(85)**	

[1] The ratio of net cash inflow from operations to EBITDA [2] Before fleet changes and exceptionals

Net debt and leverage

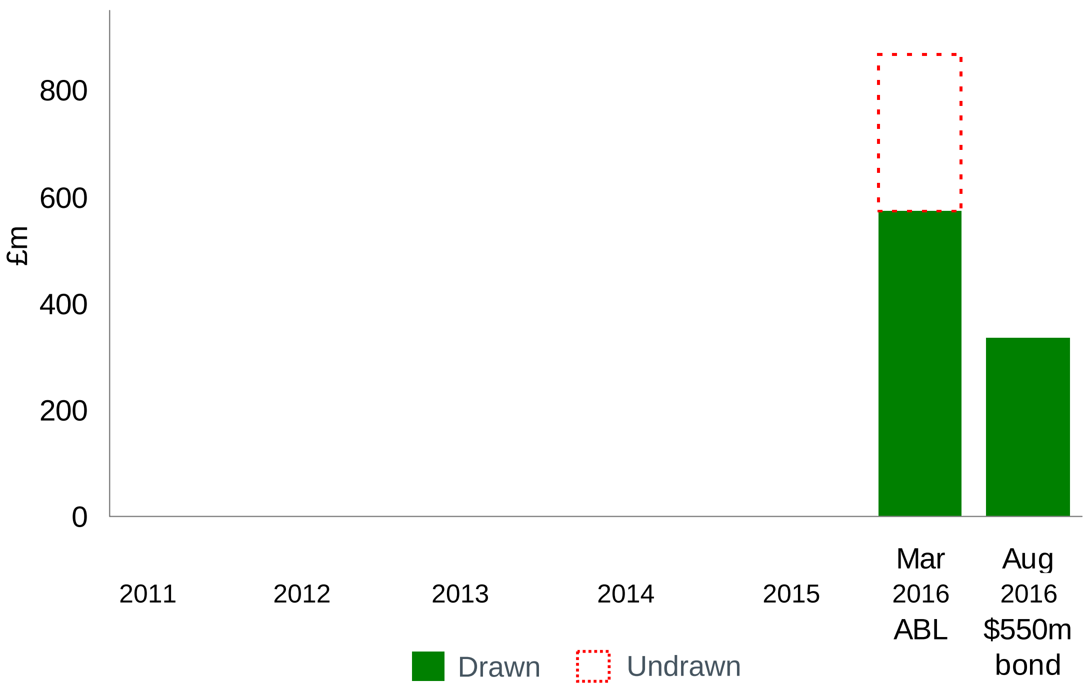
Net debt to EBITDA continues to reduce despite the high fleet investment

(£m)	Oct 2010	Oct 2011
Net debt at 30 April	**829**	**776**
Translation impact	(37)	26
Opening debt at closing exchange rates	**792**	**802**
Change from cash flows	(20)	85
Non-cash movements	5	2
Net debt at period end	**777**	**889**
Comprising:		
First lien senior secured bank debt	350	573
Second lien secured notes	492	336
Finance lease obligations	3	3
Cash in hand	(68)	(23)
Total net debt	**777**	**889**
Net debt to EBITDA leverage (x)	**2.9**	**2.7**

Interest

Floating rate:	63%
Fixed rate:	37%

Robust debt structure with substantial capacity to fund further growth



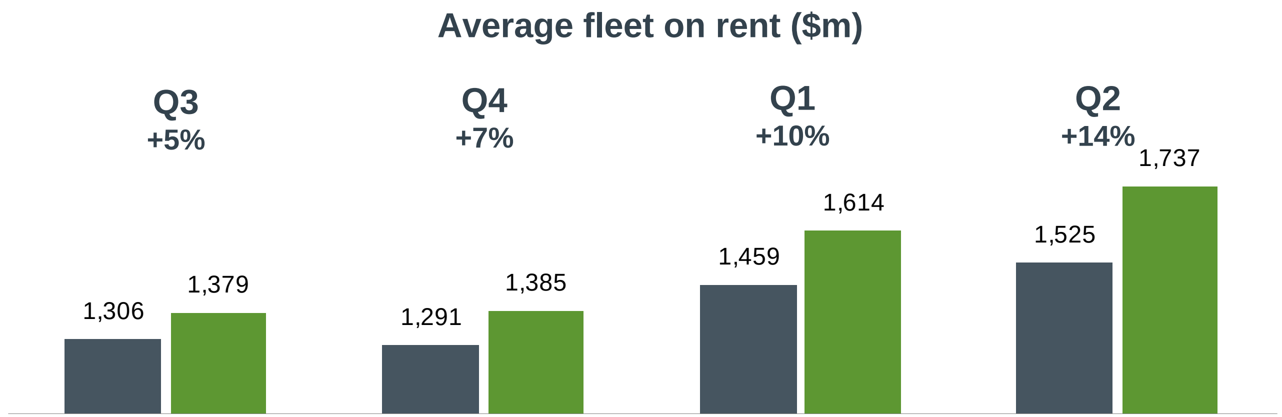
- 4.6 year average remaining commitment
- No amortisation
- No financial monitoring covenants
  - whilst availability exceeds $168m (Oct 2011 : $574m)
- Weighted average cost of debt:

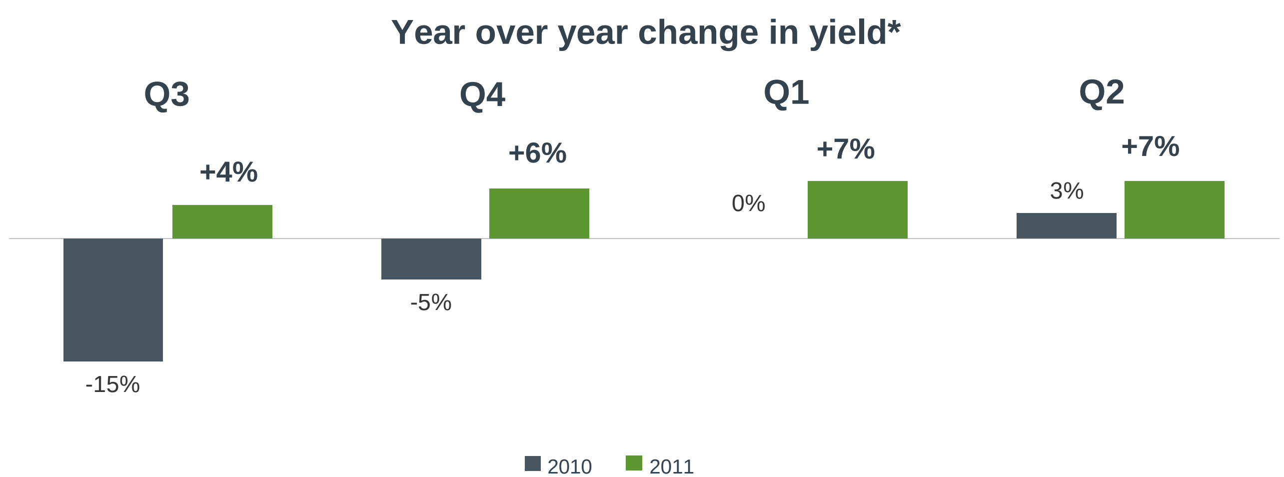
ABL: LIBOR + 225bp	2.50%
Senior secured notes	9.00%
Amortisation of deferred financing costs	0.30%
Weighted average interest cost	**5.30%**

Geoff Drabble
Chief executive

Sunbelt – revenue drivers

More of the same but volume growth particularly notable



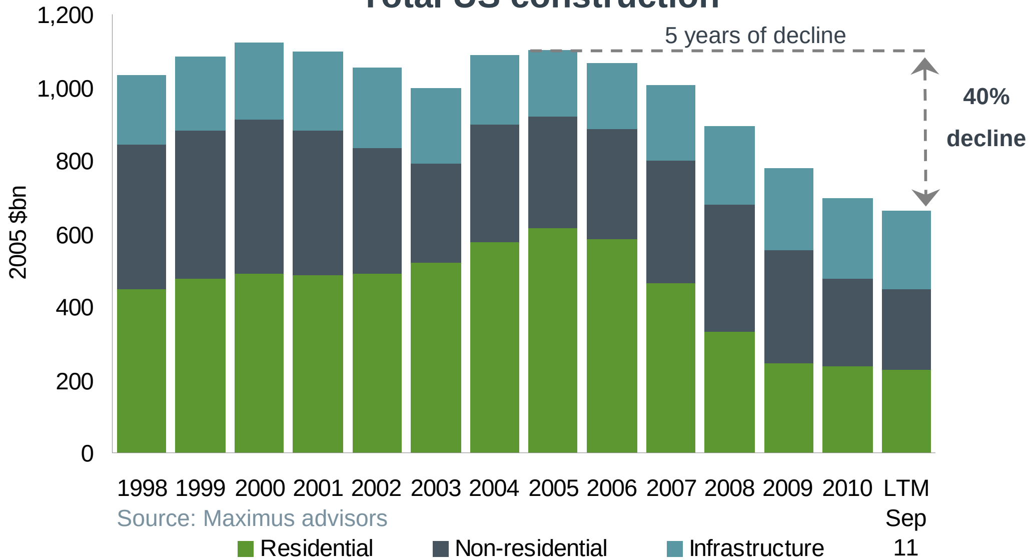


* Yield excludes Empire's largely "pass through" erection and dismantling billings

End market is not driving extra volume

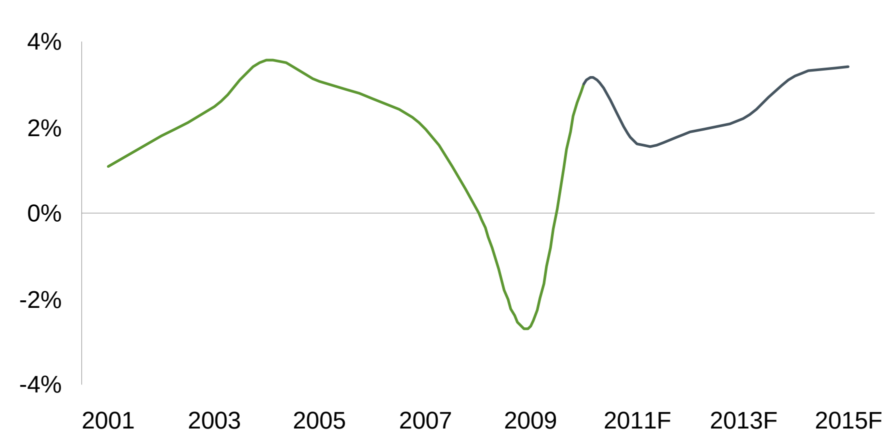
Outlook is for the market to remain broadly flat

Total US construction



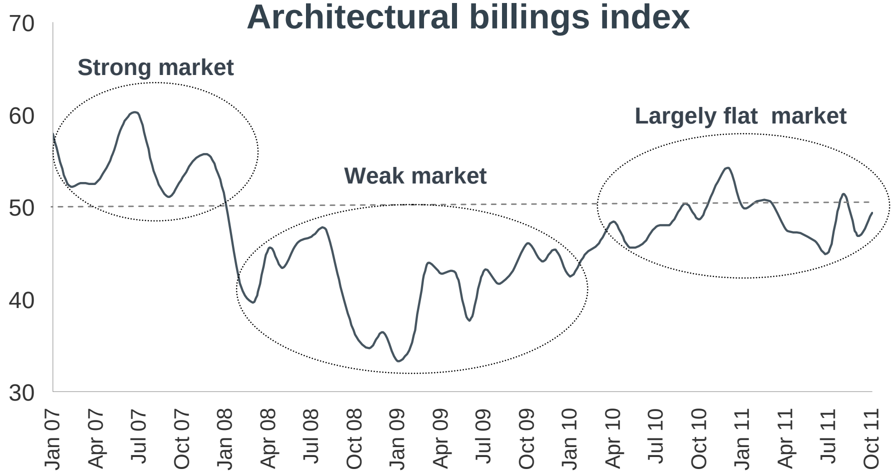
Source: Maximus advisors

US GDP growth



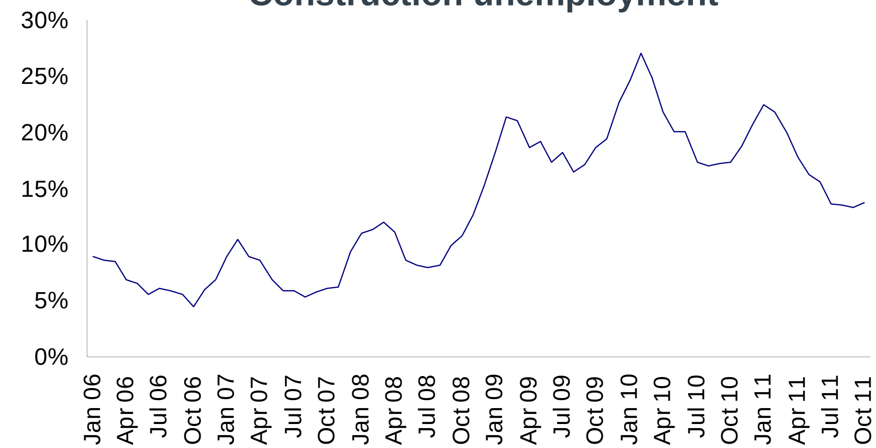
Source: IHS Global Insight

Architectural billings index



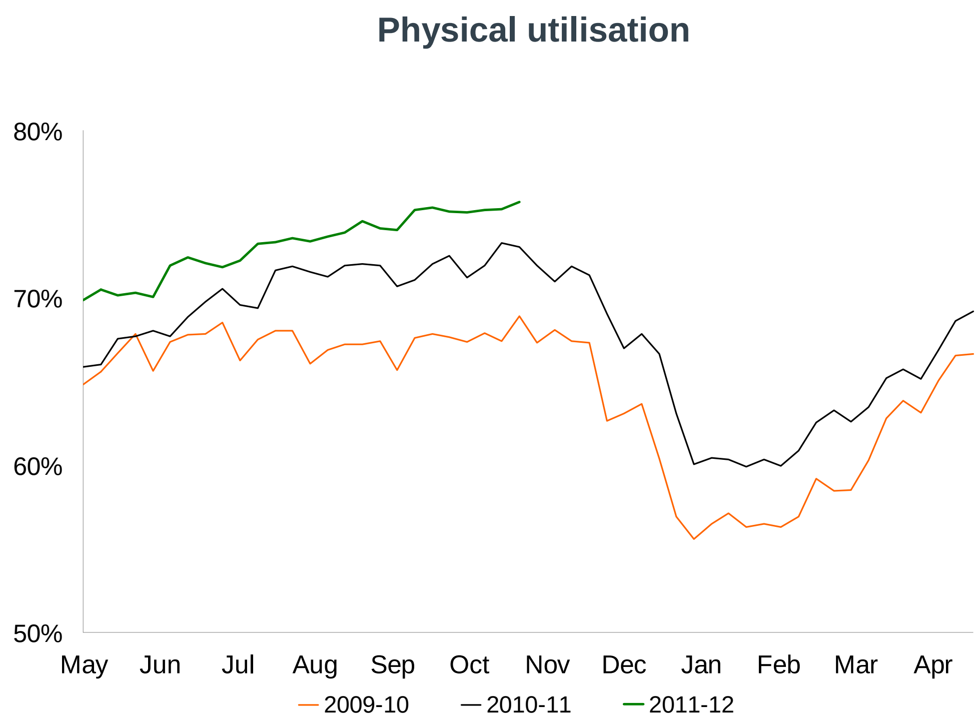
Source: American Institute of Architects

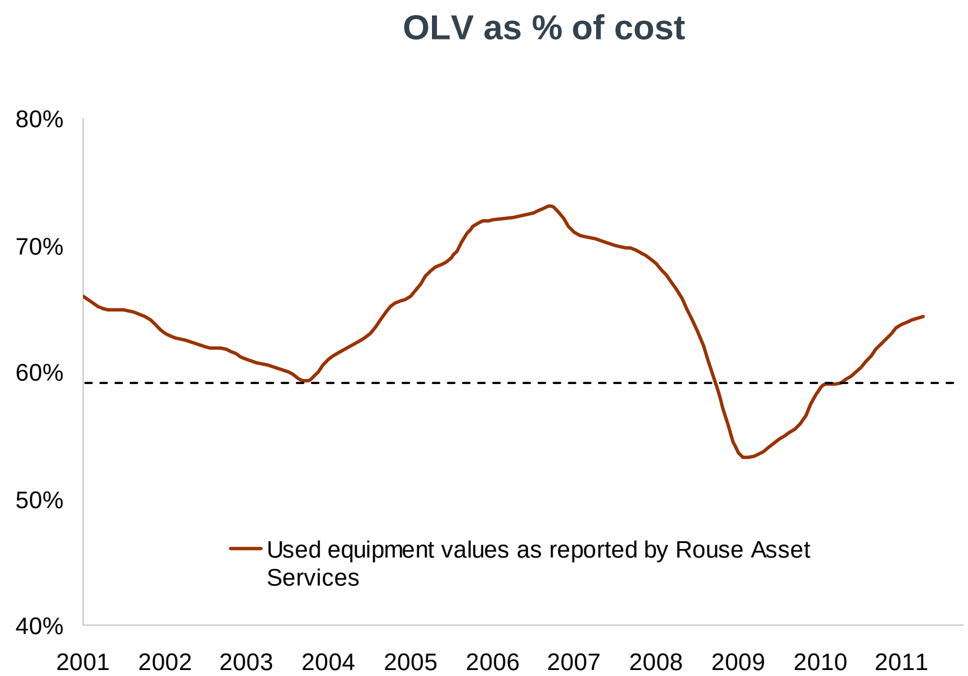
Construction unemployment



Source: Bureau of Labor Statistics

Strong physical utilisation and second hand pricing suggest a continued shortage of quality equipment



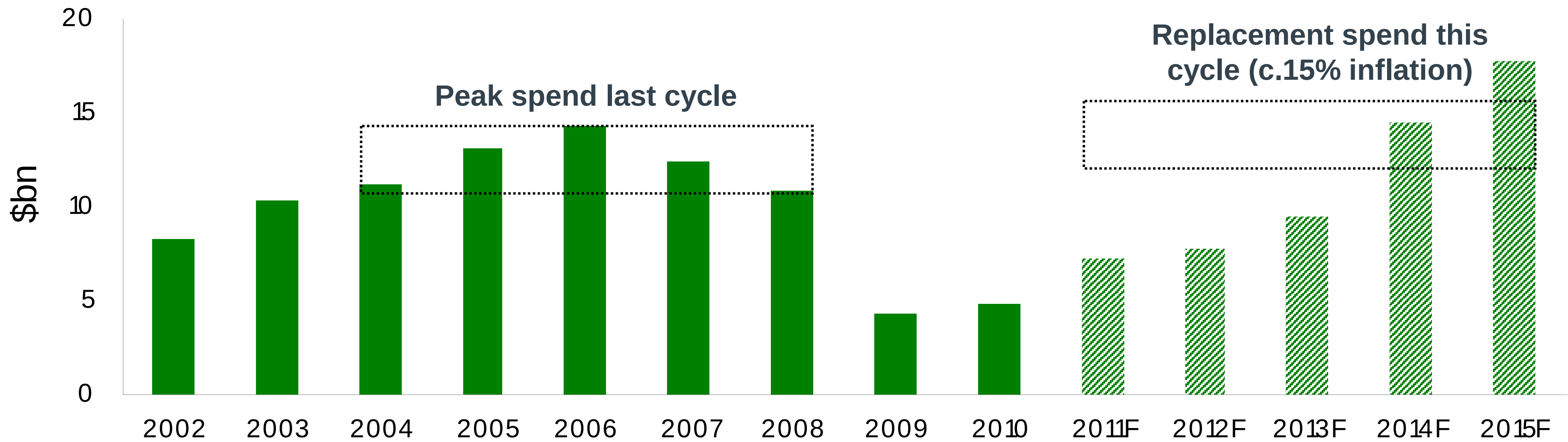


Historically high utilisation despite 8% H1 fleet growth

Under investment by smaller competitors and customers will continue to provide opportunity

Peak spend years now reaching end of useful economic life

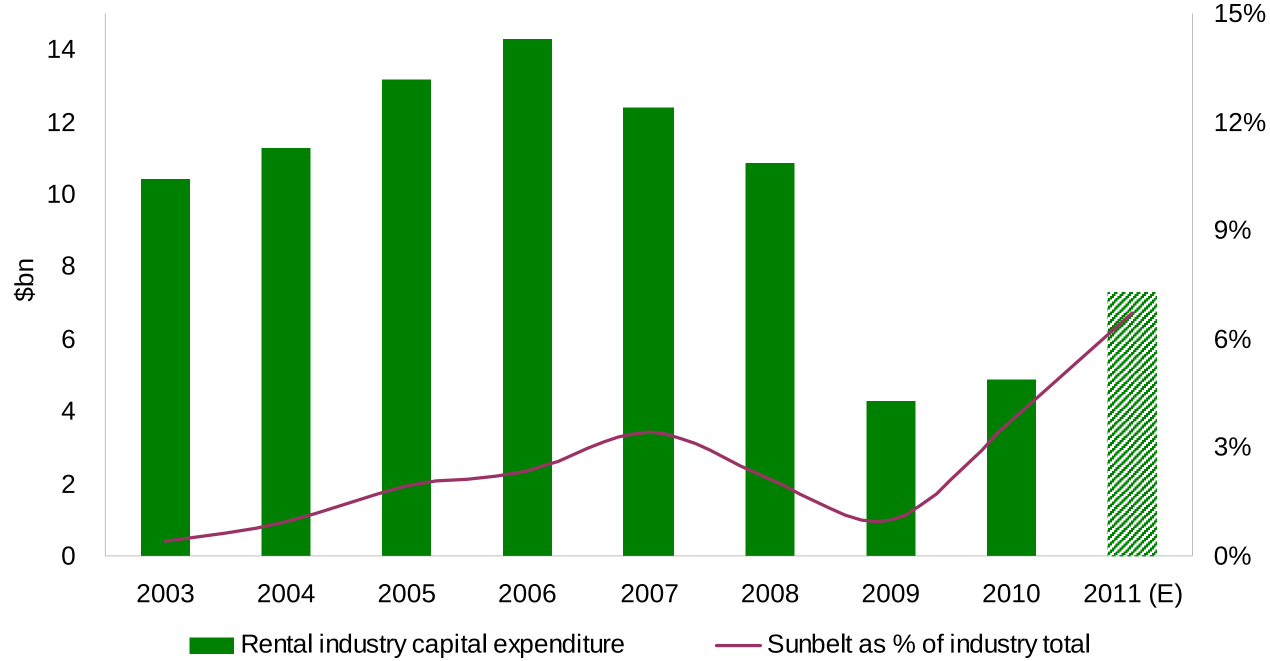
Rental industry fleet investment



Source: IHS Global Insight

- **Data not available for contractors but spend profile will be the same!**
- Lack of finance and uncertain demand are still restricting reinvestment by others
- Manufacturers supply chain issues will create additional opportunities

Our investment strategy has created a clear opportunity to achieve significant market share gains



Source: IHS Global Insight, Management information

- Other benefits of our early spend are:
  - facilitated better rental rates
  - better pricing for equipment
  - more proactive fleet management
  - coordinated disposal plan generates best returns

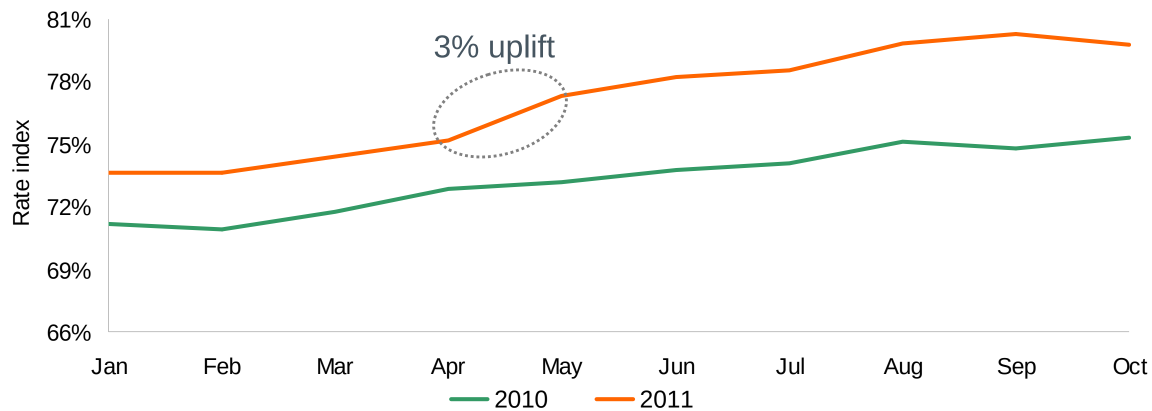
Cyclical fleet investment strategy has been executed well

Again made commitments to secure early season opportunities

Phased capital expenditure

	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Total
FY 9/10	34										
FY 10/11		70	65	44	143						322
FY 11/12						239	125	61	95		520
FY 12/13										250	TBD

Sequential rate achievement



Strong margin progression due to ongoing efficiency improvement

- Continue to benefit from sustainable restructuring
  - – record fleet on rent in Q2
  - – headcount down 23% from previous peak
- Capital investment over the next three years will generate further annual savings due to long term initiatives started with the NationsRent acquisition
  - – transportation efficiencies $10m
  - – whole life costing $15m
- Pricing tools starting to make a difference
  - – real benefit is as utilisation rises

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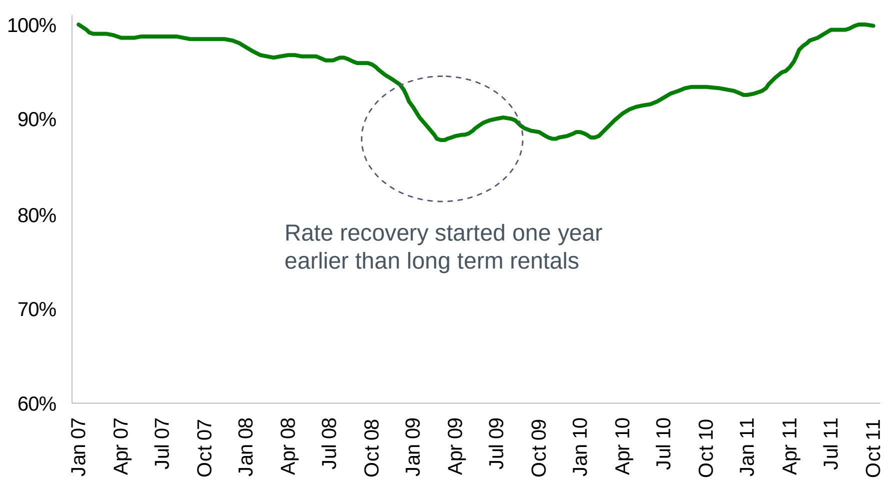
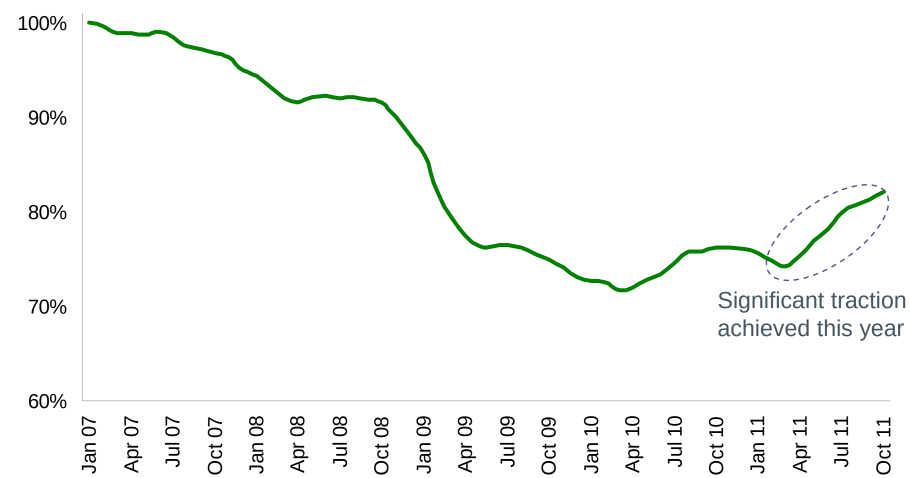
Better pricing analytics driving improved performance

Further benefit with cyclical recovery

Transactional rentals



Long term rentals

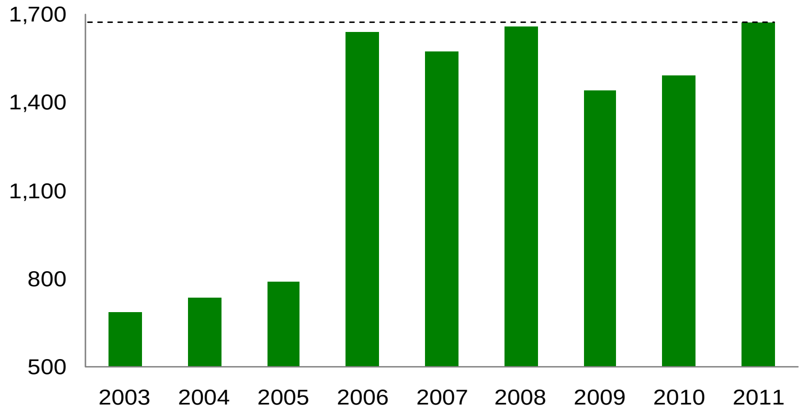


- transactional less price sensitive
- differentiating customers better
- over 50% of districts now have daily rates above previous peaks
- real upside potential as market recovers

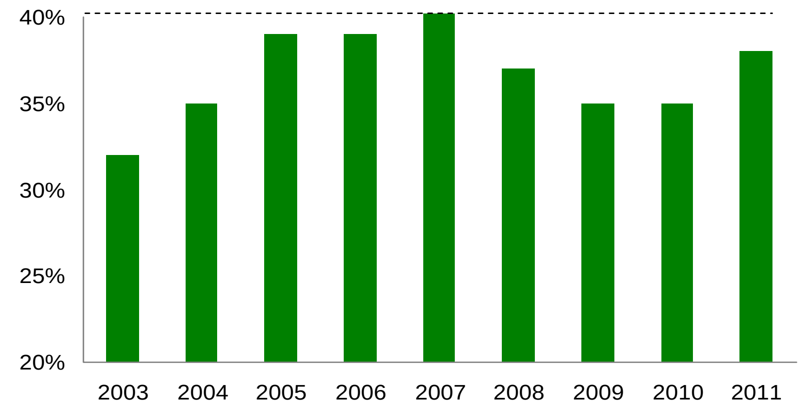
- market still tough for larger contractors
- need to be mindful of long term relationships but opportunities do exist
- need recovery to accelerate improvement

Historically strong performance and improving in weak end markets
Cyclical recovery only accelerates improvement

Fleet on rent ($m)

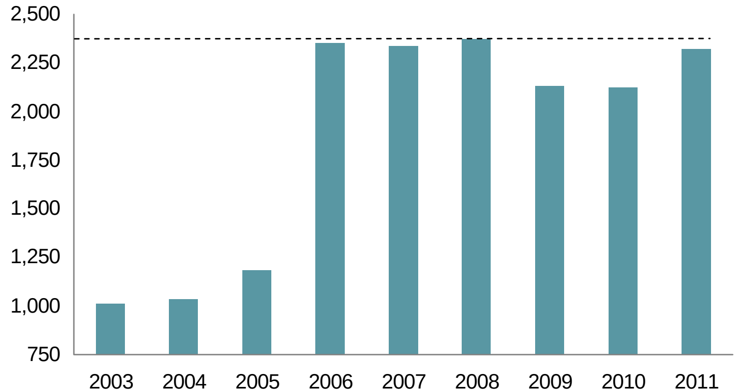


EBITDA margins

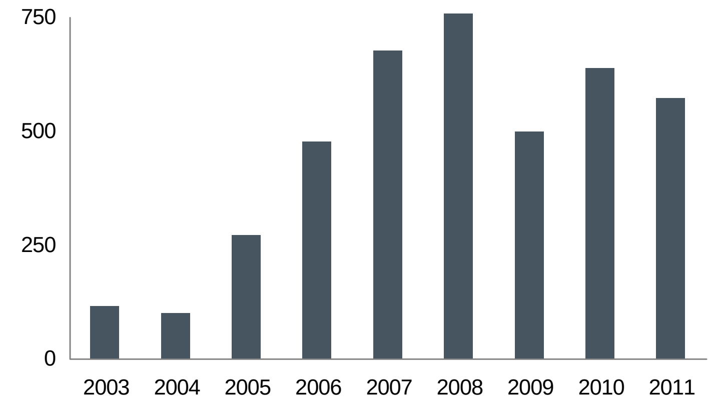


Fleet age (months)

Closing fleet size ($m)



ABL availability ($m)

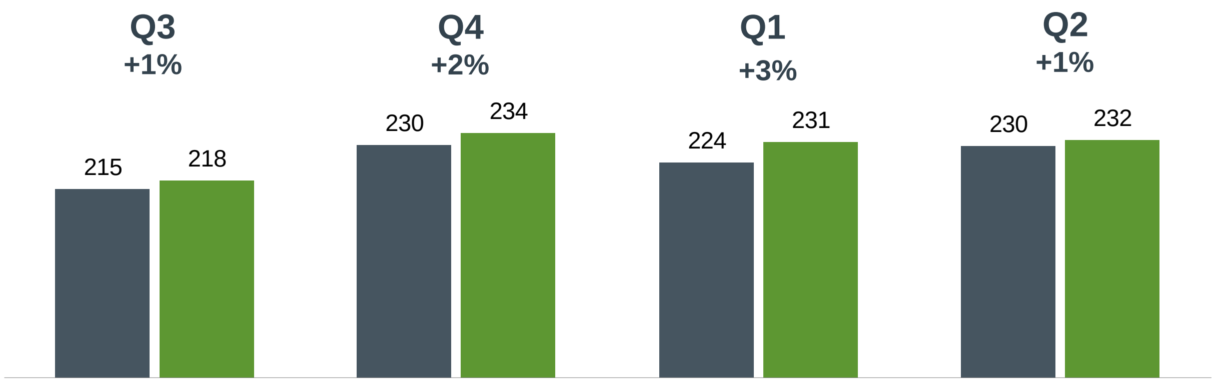


Note: all data is for the six months ended or as at 31 October

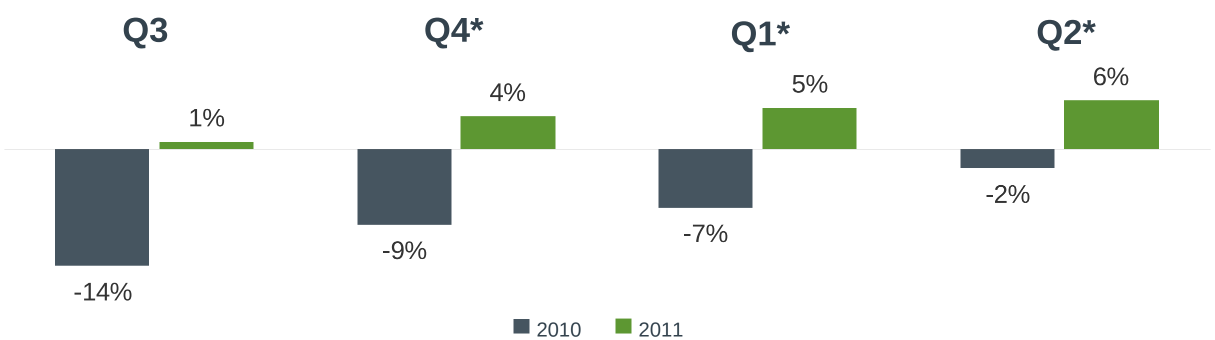
A-Plant – revenue drivers

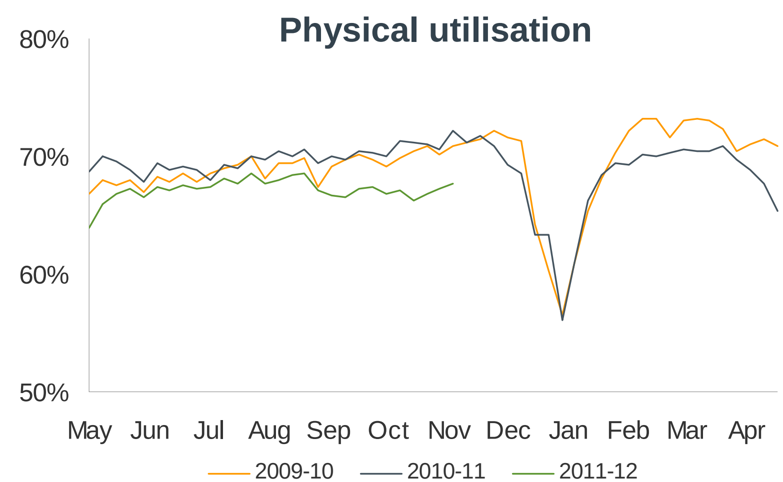
Improvement continued in Q2 - sacrificing volume for yield

Average fleet on rent (£m)



Year over year change in yield



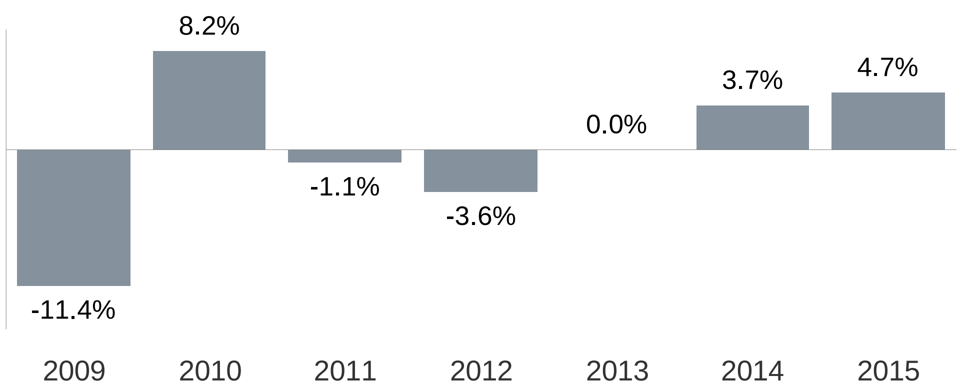


*Q4, Q1 and Q2 yield excludes increased level of re-rent revenue resulting from recent contract win

UK market

Uncertain outlook – still looks a long haul

Total UK construction output



Source: ONS, Construction Products Association (Autumn 2011)

Public and private growth rates

	2011	2012	2013
Public sector	-6.6%	-11.3%	-7.5%
Private sector	+2.2%	+0.7%	+3.6%
Total	-1.1%	-3.6%	0.0%

- public sector expected to decline to 30% of total
- construction output still expected to be 6% lower than pre-recession levels in 2015

Source: ONS, Construction Products Association (Autumn 2011)

- Outlook is uncertain. Mood of customer base also remains cautious. Pace of private sector "plugging the gap" unclear
- Will benefit from defleeting in the industry which is now greater than the US for the large rental companies
- We are positioned to perform relatively well and will continue to focus on our core markets

Summary

- The business clearly has a good momentum
- Benefiting from trend to rental and market share gains
- Results reflect strong execution of cyclical fleet investment strategy and operational improvement
- At a low point in construction markets we are at near record performance across a range of metrics and are improving
- We have the fleet size, infrastructure and importantly the debt structure to continue our strategy
- Therefore the longer term outlook is very positive as markets eventually recover
- In the short term, as we continue to benefit from current trends, we now anticipate a full year profit substantially ahead of our earlier expectations

Appendices

Relative performance

All major players benefitting from opportunities in the market

	Sunbelt		United Rentals		RSC	
	Q2	LTM	Q3	LTM	Q3	LTM
Rental revenue	367	1,221	604	2,059	361	1,235
Rental revenue growth	28%	21%	19%	15%	24%	21%
Change in volume	14%	9%	15%	14%	19%	18%
Change in yield	7%	8%	4%	1%	5%	3%
Change in rate as reported	n/a	n/a	8%	n/a	5%	n/a
EBITDA[1]	162	472	277	798	161	508
EBITDA margin	39%	34%	39%	32%	40%	35%
Operating profit	100	237	156	328	74	175
Operating profit %	24%	17%	22%	13%	18%	12%
Average fleet on rent[2]	1,737	1,528	3,100	2,721	1,897	1,673
$ utilisation[3]		55%		52%		50%
Debt leverage		2.7		3.6		4.4

1 Q2/Q3 includes gains on sale of used equipment of $5m, $15m and $12m for Sunbelt, United Rentals and RSC respectively

2 Calculated as physical utilisation multiplied by average fleet size

3 Rental revenue divided by average fleet size

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Annual percentage change in construction headcount by month

12-Month Percent Change

Series Id: CES2000000001
Seasonally Adjusted
Super Sector: Construction
Industry: Construction
NAICS Code: 23
Data Type: ALL EMPLOYEES, THOUSANDS

Download: .xls

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual
2001	1.1	1.6	0.7	0.7	1.2	0.9	0.8	0.5	0.1	-0.1	-0.5	-0.1	
2002	-0.7	-1.1	-1.6	-2.0	-2.4	-2.0	-2.3	-1.8	-1.6	-1.7	-1.0	-1.3	
2003	-1.0	-1.5	-1.5	-0.3	0.3	0.3	0.7	0.9	1.2	1.4	1.2	1.9	
2004	2.1	2.6	3.5	3.2	3.6	3.6	3.6	3.6	3.6	4.3	4.3	4.2	
2005	3.6	4.6	4.3	5.3	5.0	5.3	5.4	5.6	5.5	5.4	6.1	5.8	
2006	7.1	7.1	7.1	6.3	5.7	5.0	4.9	4.4	4.1	3.0	1.9	2.0	
2007	1.5	-0.6	0.2	-0.5	-0.5	-0.2	-0.7	-1.4	-1.9	-1.6	-1.7	-2.6	
2008	-3.2	-2.5	-4.0	-4.6	-5.1	-6.2	-6.6	-6.5	-7.0	-7.9	-9.6	-10.5	
2009	-12.3	-13.2	-15.0	-16.1	-16.2	-16.8	-17.2	-17.8	-17.9	-17.9	-16.5	-15.7	
2010	-14.8	-14.3	-11.8	-9.6	-9.3	-8.2	-7.2	-5.6	-4.6	-3.7	-3.3	-2.6	
2011	-1.9	-0.3	-0.5	-0.7	0.0	0.2	0.6	0.0	0.6	0.4(P)	0.3(P)		

P : preliminary

http://data.bls.gov/pdq/querytool.jsp?survey=ce

Ashtead group

Divisional performance – Q2

	Revenue			EBITDA			Profit		
	2010	2011	change	2010	2011	change	2010	2011	change
Sunbelt ($m)	317.7	414.7	+31%	111.7	161.6	+45%	54.8	99.6	+82%
Sunbelt (£m)	202.5	259.3	+28%	71.3	101.0	+42%	35.0	62.2	+77%
A-Plant	42.7	47.6	+11%	12.1	13.5	+11%	2.2	3.0	+38%
Group central costs	-	-		(1.6)	(1.8)	+6%	(1.7)	(1.8)	+6%
	245.2	**306.9**	+25%	**81.8**	**112.7**	+38%	**35.5**	**63.4**	+78%
Net financing costs							(17.4)	(12.8)	-26%
Profit before tax, remeasurements and amortisation							**18.1**	**50.6**	+179%
Fair value remeasurements and amortisation							(8.5)	(0.8)	
Profit before taxation							9.6	49.8	+417%
Taxation							(3.5)	(18.3)	
Profit after taxation							**6.1**	**31.5**	+420%

Divisional performance – LTM

	Revenue			EBITDA			Profit		
	2010	**2011**	**change**	**2010**	**2011**	**change**	**2010**	**2011**	**change**
Sunbelt ($m)	1,119.4	1,385.5	+24%	364.0	471.9	+30%	135.6	236.6	+74%
Sunbelt (£m)	721.0	862.6	+20%	235.0	293.1	+25%	88.1	146.7	+67%
A-Plant	160.7	177.1	+10%	42.7	44.8	+5%	2.9	3.8	+31%
Group central costs	-	-		(6.3)	(7.7)	+22%	(6.5)	(7.8)	+20%
	881.7	**1,039.7**	+18%	**271.4**	**330.2**	+22%	**84.5**	**142.7**	+69%
Net financing costs							(69.6)	(57.3)	-18%
Profit before tax, remeasurements and amortisation							**14.9**	**85.4**	+473%
Remeasurement and amortisation							(5.1)	(24.4)	
Profit before taxation							9.8	61.0	
Taxation							(3.5)	(23.1)	
Profit after taxation							**6.3**	**37.9**	

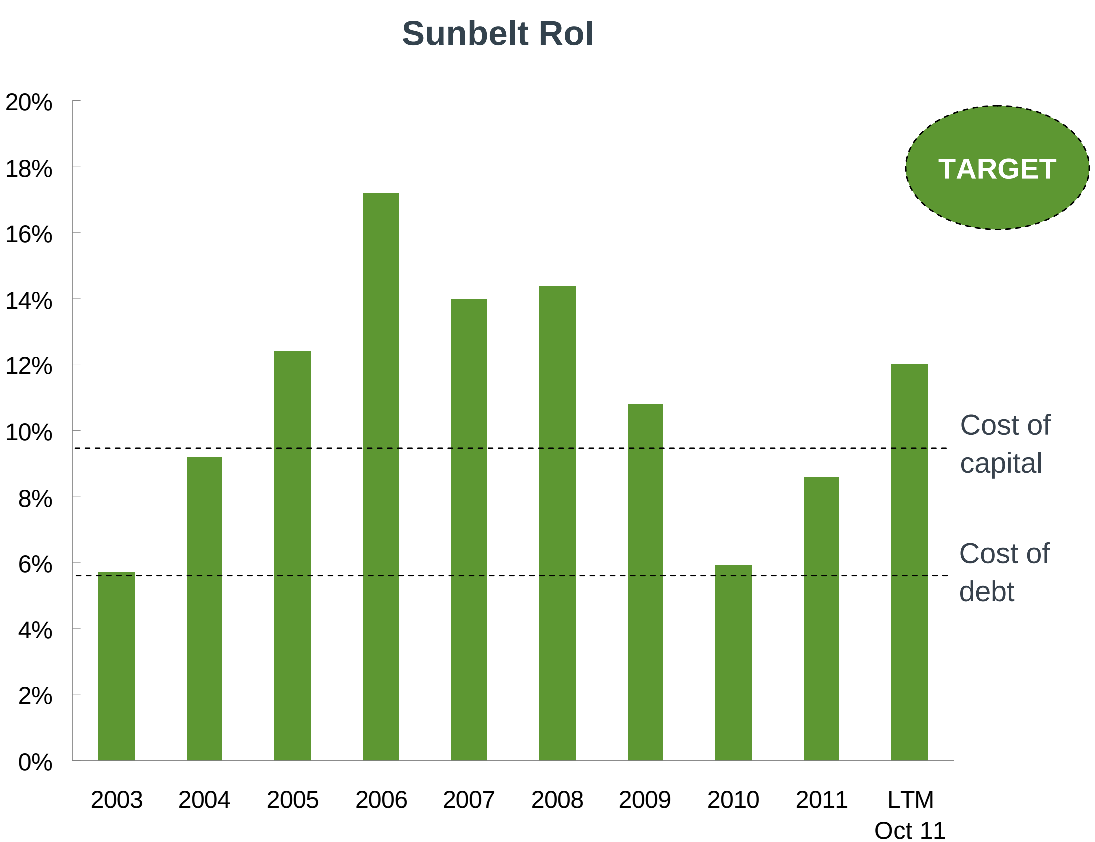
Cash flow funds organic fleet growth

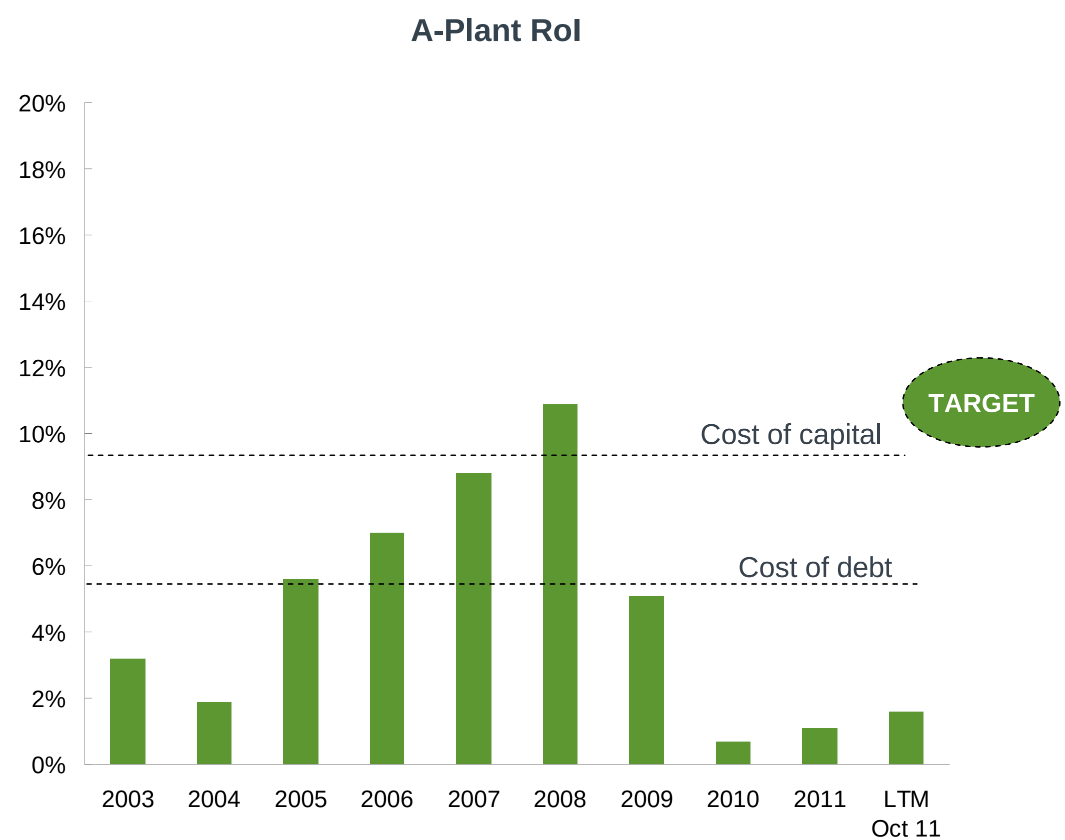
(£m)	2003	2004	2005	2006	2007	2008	2009	2010	2011	LTM Oct 11
EBITDA before exceptional items	**150**	**147**	**170**	**225**	**310**	**380**	**359**	**255**	**284**	**330**
EBITDA margin	*28%*	*29%*	*32%*	*35%*	*35%*	*38%*	*33%*	*30%*	*30%*	*32%*
Cash inflow from operations before fleet changes and exceptionals	**157**	**140**	**165**	**215**	**319**	**356**	**374**	**266**	**280**	**309**
Cash conversion ratio	*105%*	*95%*	*97%*	*96%*	*97%*	*94%*	*104%*	*104%*	*99%*	*94%*
Maintenance capital expenditure	(89)	(83)	(101)	(167)	(245)	(231)	(236)	(43)	(203)	(277)
Disposal proceeds	29	32	36	50	78	93	92	31	60	77
Interest and tax	(40)	(33)	(31)	(41)	(69)	(83)	(64)	(54)	(71)	(61)
Growth capital expenditure	(18)	-	(10)	(63)	(63)	(120)	-	-	-	(87)
Dividends paid	(9)	-	-	(2)	(7)	(10)	(13)	(13)	(15)	(15)
Cash available to fund debt paydown or M&A	**30**	**56**	**59**	**(8)**	**13**	**5**	**153**	**187**	**51**	**(54)**

- Healthy EBITDA margins ensure significant top line cash generation throughout the cycle
- Cash from operations funds organic growth investment, tax, interest and dividends
- Historically, debt has only increased at times of large scale M&A

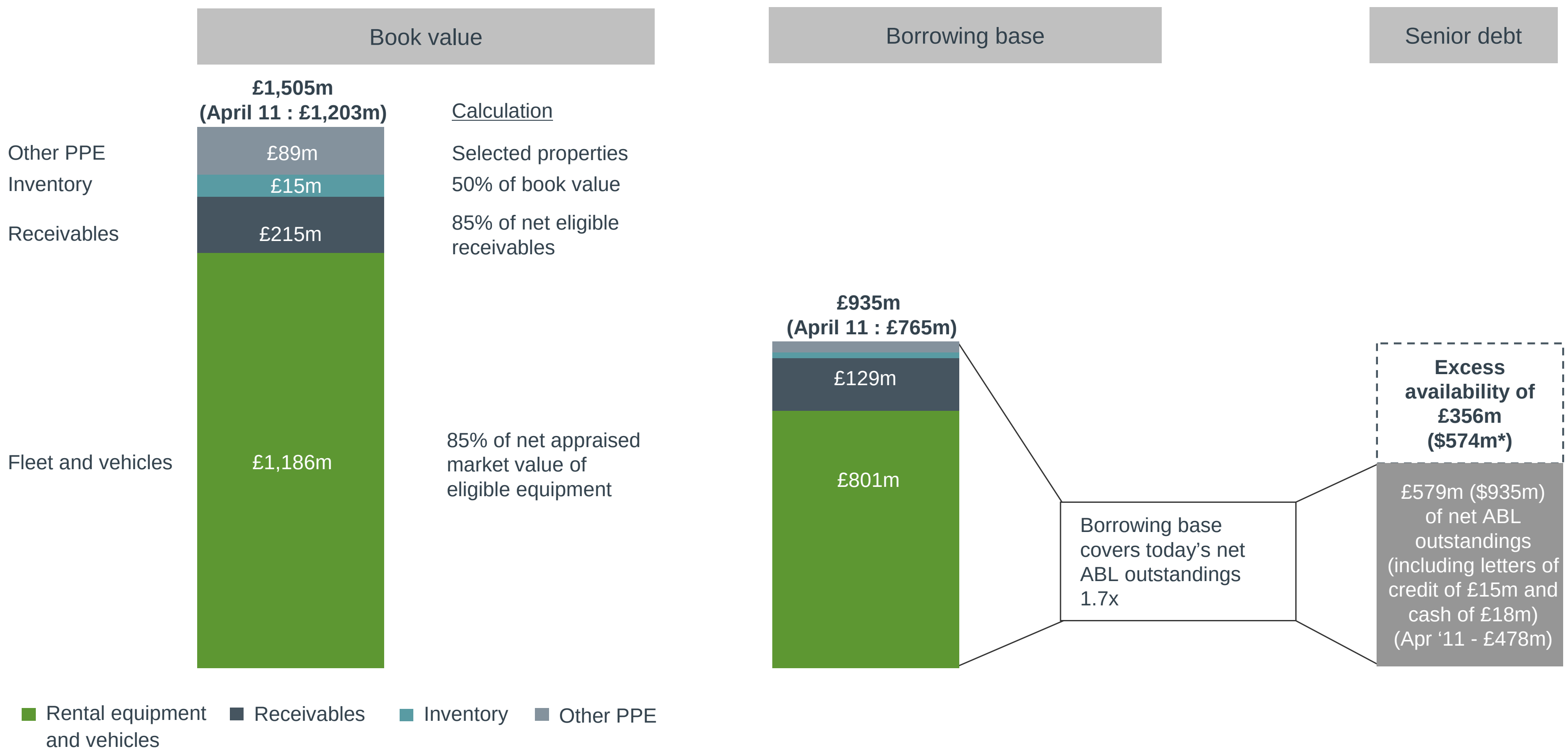
Good early progression in RoI in US

A-Plant continues to improve but long way to acceptable returns





$574m of availability at 31 October 2011 (April 11: $479m)



- Borrowing base reflects July 2011 asset values which were around 10% below the Spring 2007 peak but 22% above the Autumn 2009 trough

•Including suppressed availability of $109m