3 September 2014

Unaudited results for the first quarter ended 31 July 2014

	2014 £m	2013 £m	Growth[1] %
Underlying results[2]			
Rental revenue	417.7	373.2	22%
EBITDA	209.9	176.7	30%
Operating profit	133.5	110.4	33%
Profit before taxation	120.4	99.5	33%
Earnings per share	15.3p	12.4p	36%
Statutory results			
Revenue	457.9	410.5	21%
Profit before taxation	117.5	97.4	33%
Earnings per share	14.9p	12.1p	36%

1 at constant exchange rates
2 before intangible amortisation

Highlights

- Group rental revenue up 22%[1]
- Record Q1 pre-tax profit[2] of £120m, up 33% at constant exchange rates
- Group EBITDA margin improves to 46% (2013: 43%)
- £284m of capital invested in the business (2013: £279m) and full year guidance increased
- Group RoI of 19% (2013: 17%)
- Net debt to EBITDA leverage[1] of 1.9 times (2013: 2.0 times)

Ashtead's chief executive, Geoff Drabble, commented:

"We are pleased to report another strong quarter as we continue to capitalise on recovering markets and take further market share in both Sunbelt and A-Plant. Sunbelt delivered 22% rental revenue growth and A-Plant 19% which, together with a focus on operational efficiency, helped to deliver record underlying pre-tax profits of £120m.

We invested £284m in capital expenditure and a further £32m on bolt-on acquisitions in the quarter as we continue our strategy focussed on organic growth supplemented by bolt-on acquisitions. Given the momentum evident in the business, we are increasing our full year guidance for capital expenditure to a range of £825m to £875m. While we continue to invest heavily in the business, our strong margins allow us to do this while maintaining our leverage discipline.

As a result of this strong performance, and with a strong balance sheet to support future growth, we now anticipate a full year result ahead of our previous expectations."

Contacts:

Geoff Drabble	Chief executive	+44 (0)20 7726 9700
Suzanne Wood	Finance director	
Brian Hudspith	Maitland	+44 (0)20 7379 5151

Geoff Drabble and Suzanne Wood will hold a conference call for equity analysts at 9.30am on Wednesday, 3 September 2014. Dial in details for this call have already been distributed but any analyst not having received them should contact the Company's PR advisors, Maitland (Astrid Wright) on 020 7379 5151. The call will be webcast live via the Company's website at www.ashtead-group.com and there will also be a replay available via the website from shortly after the call concludes. There will, as usual, also be a separate call for bondholders at 4.00pm UK time (11.00am EST).

Analysts and bondholders have already been invited to participate in the analyst call and conference call for bondholders but any eligible person not having received dial-in details should contact the Company's PR advisers, Maitland (Astrid Wright) at +44 (0)20 7379 5151.

Forward looking statements

This announcement contains forward looking statements. These have been made by the directors in good faith using information available up to the date on which they approved this report. The directors can give no assurance that these expectations will prove to be correct. Due to the inherent uncertainties, including both business and economic risk factors underlying such forward looking statements, actual results may differ materially from those expressed or implied by these forward looking statements. Except as required by law or regulation, the directors undertake no obligation to update any forward looking statements whether as a result of new information, future events or otherwise.

Trading results

	Revenue 2014	Revenue 2013	EBITDA 2014	EBITDA 2013	Operating profit 2014	Operating profit 2013
Sunbelt in $m	638.4	526.3	311.1	243.0	206.9	160.7
Sunbelt in £m	376.7	343.9	183.6	158.7	122.1	104.9
A-Plant	81.2	66.6	28.6	20.4	13.7	7.9
Group central costs	-	-	(2.3)	(2.4)	(2.3)	(2.4)
	457.9	410.5	209.9	176.7	133.5	110.4
Net financing costs					(13.1)	(10.9)
Profit before tax and amortisation					**120.4**	**99.5**
Amortisation					(2.9)	(2.1)
Profit before taxation					117.5	97.4
Taxation					(42.8)	(36.7)
Profit attributable to equity holders of the Company					74.7	60.7
Margins						
Sunbelt			*48.7%*	*46.2%*	*32.4%*	*30.5%*
A-Plant			*35.3%*	*30.5%*	*16.9%*	*11.8%*
Group			*45.8%*	*43.0%*	*29.2%*	*26.9%*

Group revenue increased 12% to £458m in the quarter (2013: £411m) with strong growth in both businesses. This revenue growth, combined with ongoing operational efficiency, generated record underlying profit before tax of £120m (2013: £99m).

Over the course of the last year we have completed 13 acquisitions in the US which, together with greenfields, have added 58 locations across a range of market sectors with different characteristics. This, combined with same-store growth, does impact a number of our metrics in the short term and to aid the understanding of our performance, we have included the following breakdown of year on year revenue growth for the quarter:

		$m
2013 rental only revenue		371
Same stores (in existence at 1 May 2013)	+17%	61
Bolt-ons and greenfields since 1 May 2013	+7%	27
2014 rental only revenue	+24%	459
Ancillary revenue	+18%	127
2014 rental revenue	+22%	586
Sales revenue		52
2014 total revenue		638

Our end markets are clearly now at the early stages of recovery and are up circa 8% year on year. Our ability to capitalise on this opportunity is evidenced by our same-store growth of 17% as we continue to take further market share. In addition, bolt-ons and greenfields have contributed a further 7% growth as we execute our long-term structural growth strategy of expanding our geographic footprint and our specialty businesses.

Total rental only revenue growth of 24% can be broken down to a 21% increase in fleet on rent and a net 2% improvement in yield. The overall yield improvement reflects good rate growth and the drag of the greenfield and bolt-on activity as well as mix. We have seen an increase in longer term rentals in the period which does have a short term adverse impact on yield. However, more positively, this does reflect the effect of a number of new major account wins, a trend we expect to continue, and the nature of the work in the early stages of what appears to be a strong non-residential recovery.

A-Plant continues to perform well and delivered total rental revenue of £72m, up 19% on the prior year (2013: £61m). This reflects 9% more fleet on rent and a 9% improvement in yield. Yield has benefitted from an improved pricing environment and the diversification of the product line.

Sunbelt's strong revenue growth resulted in a record first quarter EBITDA margin of 49% (2013: 46%) as 60% of revenue growth dropped through to EBITDA. Drop through reflects the impact of greenfield openings and acquisitions. Excluding this effect, approximately 65% of revenue growth dropped through to EBITDA. This contributed to an operating profit of $207m (2013: $161m). A-Plant's EBITDA margin improved to 35% (2013: 31%) and operating profit rose to £14m (2013: £8m). As a result, Group operating profit increased 21% to £133m (2013: £110m).

Net financing costs increased to £13m (2013: £11m), reflecting the higher average debt during the period and the additional $400m senior secured notes issued in December, partially offset by the lower margin on our senior debt facility.

Group profit before amortisation of intangibles and taxation was £120m (2013: £99m). After a tax charge of 36% (2013: 38%) of the underlying pre-tax profit, underlying earnings per share increased 23% to 15.3p (2013: 12.4p). The cash tax charge increased to 17% following the utilisation of brought forward tax losses during the year.

Statutory profit before tax was £118m (2013: £97m) and basic earnings per share were 14.9p (2013: 12.1p).

Capital expenditure and acquisitions

Capital expenditure for the quarter was £284m gross and £264m net of disposal proceeds (2013: £279m gross and £257m net). As a result of this investment, the Group's rental fleet at 31 July 2014 at cost was £2.8bn with an average age of 26 months (2013: 29 months).

Sunbelt's fleet size at 31 July was $3.9bn. This larger fleet supported strong fleet on rent growth of 21% year on year. Average first quarter physical utilisation was 72% (2013: 73%).

We spent £32m (2013: £40m) on three acquisitions in the quarter, including £25m on Metrolift, a Chicago-based aerial business. Immediately following the quarter end, we completed the acquisition of Lone Star Rentals, an energy-related rental and service company, for £21m.

With the strong demand in both our end markets and an ongoing greenfield opening programme, we are increasing our full year capital expenditure guidance to around £825m to £875m. However, we will continue to monitor market conditions and adjust our plans appropriately.

Return on Investment[1]

Sunbelt's pre-tax return on investment (excluding goodwill and intangible assets) in the 12 months to 31 July 2014 was 26% (2013: 25%), well ahead of the Group's pre-tax weighted average cost of capital. In the UK, return on investment (excluding goodwill and intangible assets) improved to 11% (2013: 7%). For the Group as a whole, returns (including goodwill and intangible assets) are 19% (2013: 17%).

[1] Underlying operating profit divided by the sum of net tangible and intangible fixed assets, plus net working capital but excluding net debt and deferred tax.

Cash flow and net debt

As expected, debt increased during the quarter as we invested in the fleet, made a number of bolt-on acquisitions and experienced the usual seasonal increase in working capital.

Net debt at 31 July 2014 was £1,300m (2013: £1,187m) while, reflecting our strong earnings growth, the ratio of net debt to EBITDA reduced to 1.9 times (2013: 2.0 times) on a constant currency basis.

The Group's debt package remains well structured and flexible, enabling us to take advantage of prevailing end market conditions. The Group's debt facilities are committed for an average of six years. At 31 July 2014, ABL availability was $717m, with an additional $1,059m of suppressed availability - substantially above the $200m level at which the Group's entire debt package is covenant free.

Current trading and outlook

Our strong performance continued in August. With both divisions performing well we now anticipate a full year result ahead of our previous expectations.

CONSOLIDATED INCOME STATEMENT FOR THE THREE MONTHS ENDED 31 JULY 2014

	2014			2013		
	Before amortisation £m	Amortisation £m	Total £m	Before amortisation £m	Amortisation £m	Total £m
Revenue						
Rental revenue	417.7	-	417.7	373.2	-	373.2
Sale of new equipment, merchandise and consumables	21.7	-	21.7	17.7	-	17.7
Sale of used rental equipment	18.5	-	18.5	19.6	-	19.6
	457.9	-	457.9	410.5	-	410.5
Operating costs						
Staff costs	(107.1)	-	(107.1)	(103.6)	-	(103.6)
Used rental equipment sold	(14.5)	-	(14.5)	(16.2)	-	(16.2)
Other operating costs	(126.4)	-	(126.4)	(114.0)	-	(114.0)
	(248.0)	-	(248.0)	(233.8)	-	(233.8)
EBITDA*	209.9	-	209.9	176.7	-	176.7
Depreciation	(76.4)	-	(76.4)	(66.3)	-	(66.3)
Amortisation of intangibles	-	(2.9)	(2.9)	-	(2.1)	(2.1)
Operating profit	133.5	(2.9)	130.6	110.4	(2.1)	108.3
Investment income	0.1	-	0.1	-	-	-
Interest expense	(13.2)	-	(13.2)	(10.9)	-	(10.9)
Profit on ordinary activities before taxation	120.4	(2.9)	117.5	99.5	(2.1)	97.4
Taxation	(43.7)	0.9	(42.8)	(37.4)	0.7	(36.7)
Profit attributable to equity holders of the Company	76.7	(2.0)	74.7	62.1	(1.4)	60.7
Basic earnings per share	15.3p	(0.4p)	14.9p	12.4p	(0.3p)	12.1p
Diluted earnings per share	15.2p	(0.4p)	14.8p	12.3p	(0.3p)	12.0p

* EBITDA is presented here as an additional performance measure as it is commonly used by investors and lenders.

All revenue and profit for the period is generated from continuing operations.

Details of principal risks and uncertainties are given in the Review of Balance Sheet and Cash Flow accompanying these condensed consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE THREE MONTHS ENDED 31 JULY 2014

	2014 £m	2013 £m
Profit attributable to equity holders of the Company for the period	74.7	60.7
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation differences	0.3	11.4
Total comprehensive income for the period	75.0	72.1

CONSOLIDATED BALANCE SHEET AT 31 JULY 2014

	Unaudited 31 July 2014	Unaudited 31 July 2013	Audited 30 April 2014
	£m	£m	£m
Current assets			
Inventories	21.8	19.1	18.5
Trade and other receivables	302.1	267.0	259.8
Current tax asset	9.3	0.8	9.9
Cash and cash equivalents	4.5	3.9	2.8
	337.7	290.8	291.0
Non-current assets			
Property, plant and equipment			
- rental equipment	1,912.4	1,641.3	1,716.3
- other assets	229.0	195.0	212.8
	2,141.4	1,836.3	1,929.1
Goodwill	406.4	418.7	400.4
Other intangible assets	46.9	44.5	45.8
Deferred tax asset	-	1.4	-
Net defined benefit pension plan asset	6.1	0.4	6.1
	2,600.8	2,301.3	2,381.4
Total assets	2,938.5	2,592.1	2,672.4
Current liabilities			
Trade and other payables	369.7	359.4	345.8
Current tax liability	20.2	8.3	5.8
Debt due within one year	2.1	2.0	2.2
Provisions	13.0	23.6	15.0
	405.0	393.3	368.8
Non-current liabilities			
Debt due after more than one year	1,301.9	1,188.9	1,149.2
Provisions	17.7	20.6	20.3
Deferred tax liabilities	336.0	260.7	309.7
	1,656.6	1,470.2	1,479.2
Total liabilities	2,060.6	1,863.5	1,848.0
Equity			
Share capital	55.3	55.3	55.3
Share premium account	3.6	3.6	3.6
Capital redemption reserve	0.9	0.9	0.9
Non-distributable reserve	90.7	90.7	90.7
Own shares held by the Company	(33.1)	(33.1)	(33.1)
Own shares held through the ESOT	(15.8)	(12.6)	(11.8)
Cumulative foreign exchange translation differences	(19.9)	32.5	(20.2)
Retained reserves	796.2	591.3	739.0
Equity attributable to equity holders of the Company	877.9	728.6	824.4
Total liabilities and equity	2,938.5	2,592.1	2,672.4

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 31 JULY 2014

	Share capital £m	Share premium account £m	Capital redemption reserve £m	Non-distributable reserve £m	Own shares held by the Company £m	Own shares held through the ESOT £m	Cumulative foreign exchange translation differences £m	Retained reserves £m	Total £m
At 1 May 2013	55.3	3.6	0.9	90.7	(33.1)	(7.4)	21.1	551.4	682.5
Profit for the period	-	-	-	-	-	-	-	60.7	60.7
Other comprehensive income:									
Foreign currency translation differences	-	-	-	-	-	-	11.4	-	11.4
Total comprehensive income for the period	-	-	-	-	-	-	11.4	60.7	72.1
Own shares purchased by the ESOT	-	-	-	-	-	(22.2)	-	-	(22.2)
Share-based payments	-	-	-	-	-	17.0	-	(16.3)	0.7
Tax on share-based payments	-	-	-	-	-	-	-	(4.5)	(4.5)
At 31 July 2013	55.3	3.6	0.9	90.7	(33.1)	(12.6)	32.5	591.3	728.6
Profit for the year	-	-	-	-	-	-	-	170.5	170.5
Other comprehensive income:									
Foreign currency translation differences	-	-	-	-	-	-	(52.7)	-	(52.7)
Remeasurement of the defined benefit pension plan	-	-	-	-	-	-	-	5.3	5.3
Tax on defined benefit pension plan	-	-	-	-	-	-	-	(1.0)	(1.0)
Total comprehensive income for the year	-	-	-	-	-	-	(52.7)	174.8	122.1
Dividends paid	-	-	-	-	-	-	-	(41.3)	(41.3)
Own shares purchased by the ESOT	-	-	-	-	-	(0.2)	-	-	(0.2)
Share-based payments	-	-	-	-	-	1.0	-	1.7	2.7
Tax on share-based payments	-	-	-	-	-	-	-	12.5	12.5
At 30 April 2014	55.3	3.6	0.9	90.7	(33.1)	(11.8)	(20.2)	739.0	824.4
Profit for the period	-	-	-	-	-	-	-	74.7	74.7
Other comprehensive income:									
Foreign currency translation differences	-	-	-	-	-	-	0.3	-	0.3
Total comprehensive income for the year	-	-	-	-	-	-	0.3	74.7	75.0
Own shares purchased by the ESOT	-		-	-	-	(19.7)	-	-	(19.7)
Share-based payments	-	-	-	-	-	15.7	-	(14.8)	0.9
Tax on share-based payments	-	-	-	-	-	-	-	(2.7)	(2.7)
At 31 July 2014	55.3	3.6	0.9	90.7	(33.1)	(15.8)	(19.9)	796.2	877.9

CONSOLIDATED CASH FLOW STATEMENT FOR THE THREE MONTHS ENDED 31 JULY 2014

	2014	2013
	£m	£m
Cash flows from operating activities		
Cash generated from operations before exceptional items and changes in rental equipment	144.9	117.9
Exceptional operating costs paid	(0.2)	(0.7)
Payments for rental property, plant and equipment	(222.5)	(179.1)
Proceeds from disposal of rental property, plant and equipment	14.8	19.0
Cash used in operations	(63.0)	(42.9)
Financing costs paid (net)	(21.3)	(15.6)
Tax paid (net)	(4.6)	(2.6)
Net cash used in operating activities	(88.9)	(61.1)
Cash flows from investing activities		
Acquisition of businesses	(37.6)	(39.5)
Payments for non-rental property, plant and equipment	(24.5)	(22.6)
Proceeds from disposal of non-rental property, plant and equipment	1.8	2.1
Net cash used in investing activities	(60.3)	(60.0)
Cash flows from financing activities		
Drawdown of loans	156.5	141.7
Redemption of loans	(5.0)	(14.3)
Capital element of finance lease payments	(0.6)	(0.5)
Purchase of own shares by the ESOT	-	(22.2)
Net cash from financing activities	150.9	104.7
Increase/(decrease) in cash and cash equivalents	1.7	(16.4)
Opening cash and cash equivalents	2.8	20.3
Closing cash and cash equivalents	4.5	3.9

Reconciliation of net debt

	2014	2013
(Increase)/decrease in cash in the period	(1.7)	16.4
Increase in debt through cash flow	150.9	126.9
Change in net debt from cash flows	149.2	143.3
Exchange differences	0.7	28.2
Non-cash movements:		
- deferred costs of debt raising	0.4	0.6
- capital element of new finance leases	0.6	0.8
Increase in net debt in the period	150.9	172.9
Net debt at 1 May	1,148.6	1,014.1
Net debt at 31 July	1,299.5	1,187.0

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. Basis of preparation

The condensed consolidated interim financial statements for the three months ended 31 July 2014 were approved by the directors on 2 September 2014. They have been prepared in accordance with relevant International Financial Reporting Standards ('IFRS') as adopted by the European Union and issued by the International Accounting Standards Board ('IASB') (including International Accounting Standard – 'IAS 34 Interim Financial Reporting') and the accounting policies set out in the Group's Annual Report and Accounts for the year ended 30 April 2014.

The condensed consolidated interim financial statements have been prepared on the going concern basis as described in the corporate governance report included in the 2014 Annual Report and Accounts. They are unaudited and do not constitute statutory accounts within the meaning of s434(3) of the Companies Act 2006.

The statutory accounts for the year ended 30 April 2014 were prepared in accordance with relevant IFRS and have been mailed to shareholders and filed with the Registrar of Companies. The auditor's report on those accounts was unqualified and did not include a reference to any matter by way of emphasis without qualifying the report and did not contain a statement under s498(2) or (3) of the Companies Act 2006.

The exchange rates used in respect of the US dollar are:

	2014	2013
Average for the quarter ended 31 July	1.69	1.53
At 31 July	1.69	1.52

2. Segmental analysis

	Revenue	Operating profit before amortisation	Amortisation	Operating profit
	£m	£m	£m	£m
Three months to 31 July				
2014				
Sunbelt	376.7	122.1	(1.8)	120.3
A-Plant	81.2	13.7	(1.1)	12.6
Corporate costs	-	(2.3)	-	(2.3)
	457.9	133.5	(2.9)	130.6
2013				
Sunbelt	343.9	104.9	(1.3)	103.6
A-Plant	66.6	7.9	(0.8)	7.1
Corporate costs	-	(2.4)	-	(2.4)
	410.5	110.4	(2.1)	108.3

	Segment assets	Cash	Taxation assets	Total assets
	£m	£m	£m	£m
At 31 July 2014				
Sunbelt	2,467.7	-	-	2,467.7
A-Plant	456.6	-	-	456.6
Corporate items	0.4	4.5	9.3	14.2
	2,924.7	4.5	9.3	2,938.5
At 30 April 2014				
Sunbelt	2,252.7	-	-	2,252.7
A-Plant	406.7	-	-	406.7
Corporate items	0.3	2.8	9.9	13.0
	2,659.7	2.8	9.9	2,672.4

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

3. Operating costs and other income

	2014			2013		
	Before amortisation £m	Amortisation £m	Total £m	Before amortisation £m	Amortisation £m	Total £m
Three months to 31 July						
Staff costs:						
Salaries	97.3	-	97.3	94.6	-	94.6
Social security costs	7.8	-	7.8	7.1	-	7.1
Other pension costs	2.0	-	2.0	1.9	-	1.9
	107.1	-	107.1	103.6	-	103.6
Used rental equipment sold	14.5	-	14.5	16.2	-	16.2
Other operating costs:						
Vehicle costs	28.6	-	28.6	27.6	-	27.6
Spares, consumables & external repairs	23.9	-	23.9	19.0	-	19.0
Facility costs	13.1	-	13.1	12.2	-	12.2
Other external charges	60.8	-	60.8	55.2	-	55.2
	126.4	-	126.4	114.0	-	114.0
Depreciation and amortisation:						
Depreciation	76.4	-	76.4	66.3	-	66.3
Amortisation of intangibles	-	2.9	2.9	-	2.1	2.1
	76.4	2.9	79.3	66.3	2.1	68.4
	324.4	2.9	327.3	300.1	2.1	302.2

4. Amortisation

Amortisation relates to the periodic write-off of intangible assets. The Group believes this item should be disclosed separately within the consolidated income statement to assist in the understanding of the financial performance of the Group. Underlying profit and earnings per share are stated before amortisation of intangibles.

	Three months to 31 July	
	2014 £m	2013 £m
Amortisation of intangibles	2.9	2.1
	2.9	2.1
Taxation	(0.9)	(0.7)
	2.0	1.4

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

5. Net financing costs

	Three months to 31 July	
	2014	2013
	£m	£m
Investment income:		
Net interest on the net defined benefit asset	(0.1)	-
Interest expense:		
Bank interest payable	4.1	4.9
Interest payable on second priority senior secured notes	8.6	5.3
Interest payable on finance leases	0.1	0.1
Non-cash unwind of discount on provisions	0.1	-
Amortisation of deferred costs of debt raising	0.3	0.6
Total interest expense	13.2	10.9
Net financing costs	13.1	10.9

6. Taxation

The tax charge for the period has been computed using an estimated effective rate of 39% in the US (2013: 39%) and 22% in the UK (2013: 23%). The blended effective rate for the Group as a whole is 36% (2013: 38%).

The tax charge of £43.7m (2013: £37.4m) on the underlying pre-tax profit of £120.4m (2013: £99.5m) can be explained as follows:

	Three months to 31 July	
	2014	2013
	£m	£m
Current tax		
- current tax on income for the period	19.5	7.0
- adjustments to prior year	0.5	-
	20.0	7.0
Deferred tax		
- origination and reversal of temporary differences	23.8	29.3
- adjustments to prior year	(0.1)	1.1
	23.7	30.4
Tax on underlying activities	43.7	37.4
Comprising:		
- UK tax	4.3	3.3
- US tax	39.4	34.1
	43.7	37.4

In addition, the tax credit of £0.9m (2013: £0.7m) on amortisation of intangibles of £2.9m (2013: £2.1m) consists of a deferred tax credit of £0.2m relating to the UK (2013: £0.2m) and £0.7m (2013: £0.5m) relating to the US.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

7. Earnings per share

Basic and diluted earnings per share for the three months ended 31 July 2014 have been calculated based on the profit for the relevant period and the weighted average number of ordinary shares in issue during that period (excluding shares held by the Company and the ESOT over which dividends have been waived). Diluted earnings per share is computed using the result for the relevant period and the diluted number of shares (ignoring any potential issue of ordinary shares which would be anti-dilutive). These are calculated as follows:

		Three months to 31 July	
		2014	2013
Profit for the financial period (£m)		74.7	60.7
Weighted average number of shares (m)	- basic	501.2	500.7
	- diluted	505.8	506.6
Basic earnings per share		14.9p	12.1p
Diluted earnings per share		14.8p	12.0p

Underlying earnings per share (defined in any period as the earnings before amortisation of intangibles for that period divided by the weighted average number of shares in issue in that period) may be reconciled to the basic earnings per share as follows:

	Three months to 31 July	
	2014	2013
Basic earnings per share	14.9p	12.1p
Amortisation of intangibles	0.6p	0.4p
Tax on amortisation	(0.2p)	(0.1p)
Underlying earnings per share	15.3p	12.4p

8. Property, plant and equipment

	2014		2013	
	Rental equipment	Total	Rental equipment	Total
Net book value	£m	£m	£m	£m
At 1 May	1,716.3	1,929.1	1,407.8	1,584.6
Exchange difference	-	-	31.6	35.1
Reclassifications	(0.2)	-	(0.1)	-
Additions	258.5	283.6	255.1	278.8
Acquisitions	19.3	20.4	21.1	21.5
Disposals	(14.2)	(15.3)	(15.6)	(17.4)
Depreciation	(67.3)	(76.4)	(58.6)	(66.3)
At 31 July	1,912.4	2,141.4	1,641.3	1,836.3

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

9. Share capital

Ordinary shares of 10p each:

	2014 Number	2013 Number	2014 £m	2013 £m
Authorised	900,000,000	900,000,000	90.0	90.0
Allotted, called up and fully paid	553,325,554	553,325,554	55.3	55.3

At 31 July 2014, 50m (2013: 50m) shares were held by the Company and a further 2.0m (2013: 2.2m) shares were held by the Company's Employee Share Ownership Trust.

10. Notes to the cash flow statement

a) Cash flow from operating activities

	Three months to 31 July	
	2014 £m	2013 £m
Operating profit before amortisation	133.5	110.4
Depreciation	76.4	66.3
EBITDA before exceptional items	209.9	176.7
Profit on disposal of rental equipment	(4.0)	(3.4)
Profit on disposal of other property, plant and equipment	(0.6)	(0.7)
Increase in inventories	(3.1)	(1.5)
Increase in trade and other receivables	(36.9)	(34.6)
Decrease in trade and other payables	(21.5)	(19.4)
Exchange differences	0.2	0.1
Other non-cash movements	0.9	0.7
Cash generated from operations before exceptional items and changes in rental equipment	144.9	117.9

b) Analysis of net debt

Net debt consists of total borrowings less cash and cash equivalents. Borrowings exclude accrued interest. Foreign currency denominated balances are retranslated to pounds sterling at rates of exchange ruling at the balance sheet date.

	1 May 2014 £m	Exchange movement £m	Cash flow £m	Non-cash movements £m	31 July 2014 £m
Cash	(2.8)	-	(1.7)	-	(4.5)
Debt due within one year	2.2	-	(0.7)	0.6	2.1
Debt due after one year	1,149.2	0.7	151.6	0.4	1,301.9
Total net debt	1,148.6	0.7	149.2	1.0	1,299.5

Details of the Group's cash and debt are given in the Review of Balance Sheet and Cash flow accompanying these condensed consolidated interim financial statements.

10. Notes to the cash flow statement (continued)

c) Acquisitions

	Three months to 31 July 2014 £m	2013 £m
Cash consideration paid		
- acquisitions in the period	32.1	39.5
- deferred consideration	5.5	-
	37.6	39.5

During the period, four acquisitions were made for a total cash consideration of £32.1m (2013: £39.5m), after taking account of net cash acquired of £0.6m. Further details are provided in note 11. Payments for deferred consideration on acquisitions were also made of £5.5m (2013: £nil).

11. Acquisitions

During the period, the following acquisitions were completed:

i) On 1 May 2014, Sunbelt acquired the entire issued share capital of Metrolift, Inc. ('Metrolift') for a cash consideration of £25m ($42m). Metrolift is a Chicago-based aerial work platform rental business.

ii) On 19 May 2014, Sunbelt acquired the business and assets of Northeast Equipment and Supply LLC, trading as Superior Heating Solutions, ('Superior') for a cash consideration of £2m ($4m). Superior is a single location heating rental business.

iii) On 29 May 2014, Sunbelt acquired the business and assets of Nashville High Lift, LLC ('NHL') and Contractors Equipment, LLC ('CE') for an aggregate cash consideration of £5m ($8m). Deferred consideration of up to £0.3m ($0.5m) is payable on the NHL acquisition over the next two years, depending on revenue meeting or exceeding certain thresholds. NHL is a single location aerial work platform rental business and CE is a two location general tool rental business.

The following table sets out the book values of the identifiable assets and liabilities acquired and their fair value to the Group. The fair values have been determined provisionally at the balance sheet date.

	Acquirees' book value £m	Fair value to Group £m
Net assets acquired		
Trade and other receivables	1.9	1.9
Inventory	0.2	0.2
Property, plant and equipment		
- rental equipment	17.3	19.3
- other assets	1.1	1.1
Creditors	(0.2)	(0.2)
Intangible assets (non-compete agreements and customer relationships)	-	3.9
	20.3	26.2
Consideration:		
- cash paid (net of cash acquired)		32.1
- deferred consideration payable in cash		0.3
		32.4
Goodwill		6.2

11. Acquisitions (continued)

The goodwill arising can be attributed to the key management personnel and workforce of the acquired businesses and to the benefits the Group expects to derive from the acquisitions. £3m of the goodwill is expected to be deductible for income tax purposes.

The gross value and fair value of trade receivables at acquisition was £1.9m.

The contribution to revenue and operating profit from these acquisitions from the date of acquisition to 31 July 2014 was not material.

12. Contingent liabilities

There have been no significant changes in contingent liabilities from those reported in the financial statements for the year ended 30 April 2014.

13. Events after the balance sheet date

Since the balance sheet date, Sunbelt has completed one acquisition, as follows:

(i) On 1 August 2014, Sunbelt acquired the business and assets of Hebbronville Lone Star Rentals, LLC ('Lone Star') for a cash consideration of £21m ($36m). Lone Star is an eight location energy-related rental and service company.

The initial accounting for this acquisition is incomplete. Had this acquisition taken place on 1 May 2014 its contribution to revenue and operating profit would not have been material.

REVIEW OF BALANCE SHEET AND CASH FLOW

Balance sheet

Fixed assets

Capital expenditure in the quarter totalled £284m (2013: £279m) with £259m invested in the rental fleet (2013: £255m). Expenditure on rental equipment was 91% of total capital expenditure with the balance relating to the delivery vehicle fleet, property improvements and IT equipment. Capital expenditure by division was:

	2014 Replacement	2014 Growth	2014 Total	2013 Total
Sunbelt in $m	64.2	283.0	347.2	334.4
Sunbelt in £m	38.1	167.6	205.7	220.5
A-Plant	7.5	45.3	52.8	34.6
Total rental equipment	45.6	212.9	258.5	255.1
Delivery vehicles, property improvements & IT equipment			25.1	23.7
Total additions			283.6	278.8

US demand remained strong and, as a result, $283m of rental equipment capital expenditure was spent on growth while $64m was invested in replacement of existing fleet. The growth proportion is estimated on the basis of the assumption that replacement capital expenditure in any period is equal to the original cost of equipment sold.

The average age of the Group's serialised rental equipment, which constitutes the substantial majority of our fleet, at 31 July 2014 was 26 months (2013: 29 months) on a net book value basis. Sunbelt's fleet had an average age of 25 months (2013: 27 months) while A-Plant's fleet had an average age of 32 months (2013: 36 months).

	Rental fleet at original cost				LTM	LTM
	31 July 2014	30 April 2014	LTM average	LTM rental revenue	dollar utilisation	physical utilisation
Sunbelt in $m	3,931	3,596	3,457	2,080	60%	70%
Sunbelt in £m	2,328	2,130	2,048	1,266	60%	70%
A-Plant	492	446	448	255	57%	72%
	2,820	2,576	2,496	1,521		

Dollar utilisation is defined as rental revenue divided by average fleet at original (or "first") cost and, measured over the last twelve months to 31 July 2014, was 60% at Sunbelt (2013: 61%) and 57% at A-Plant (2013: 52%). Physical utilisation is time based utilisation, which is calculated as the daily average of the original cost of equipment on rent as a percentage of the total value of equipment in the fleet at the measurement date. Measured over the last twelve months to 31 July 2014, average physical utilisation at Sunbelt was 70% (2013: 72%) and increased to 72% at A-Plant (2013: 70%). At Sunbelt, physical utilisation is measured for equipment with an original cost in excess of $7,500 which comprised approximately 89% of its serialised rental equipment at 31 July 2014.

Trade receivables

Receivable days at 31 July 2014 were 46 days (2013: 46 days). The bad debt charge for the quarter ended 31 July 2014 as a percentage of total turnover was 0.6% (2013: 0.7%). Trade receivables at 31 July 2014 of £260m (2013: £226m) are stated net of allowances for bad debts and credit notes of £18m (2013: £18m) with the allowance representing 6.6% (2013: 7.4%) of gross receivables.

Trade and other payables

Group payable days were 59 days in 2014 (2013: 70 days) with capital expenditure related payables, which have longer payment terms, totalling £191m (2013: £212m). Payment periods for purchases other than rental equipment vary between seven and 60 days and for rental equipment between 30 and 120 days.

Cash flow and net debt

	Three months to 31 July		LTM to 31 July	Year to 30 April
	2014	2013	2014	2014
	£m	£m	£m	£m
EBITDA before exceptional items	209.9	176.7	718.3	685.1
Cash inflow from operations before exceptional items and changes in rental equipment	144.9	117.9	672.5	645.5
*Cash conversion ratio**	*69.1%*	*66.7%*	*93.6%*	*94.2%*
Replacement rental capital expenditure	(64.4)	(73.7)	(240.3)	(249.6)
Payments for non-rental capital expenditure	(24.5)	(22.6)	(87.2)	(85.3)
Rental equipment disposal proceeds	14.8	19.0	86.2	90.4
Other property, plant and equipment disposal proceeds	1.8	2.1	11.2	11.5
Tax (net)	(4.6)	(2.6)	(16.9)	(14.9)
Financing costs	(21.3)	(15.6)	(46.2)	(40.5)
Cash inflow before growth capex and payment of exceptional costs	**46.7**	**24.5**	**379.3**	**357.1**
Growth rental capital expenditure	(158.1)	(105.4)	(458.3)	(405.6)
Exceptional costs	(0.2)	(0.7)	(1.7)	(2.2)
Total cash used in operations	**(111.6)**	**(81.6)**	**(80.7)**	**(50.7)**
Business acquisitions	(37.6)	(39.5)	(101.4)	(103.3)
Total cash absorbed	**(149.2)**	**(121.1)**	**(182.1)**	**(154.0)**
Dividends	-	-	(41.3)	(41.3)
Purchase of own shares by the ESOT	-	(22.2)	(0.2)	(22.4)
Increase in net debt	**(149.2)**	**(143.3)**	**(223.6)**	**(217.7)**

* Cash inflow from operations before exceptional items and changes in rental equipment as a percentage of EBITDA before exceptional items.

Cash inflow from operations before payment of exceptional costs and the net investment in the rental fleet increased by 23% to £145m. Reflecting a higher level of working capital due to higher activity levels, the first quarter cash conversion ratio was 69.1% (2013: 66.7%). As the year progresses, we anticipate that these seasonal impacts on working capital will substantially reverse.

Total payments for capital expenditure (rental equipment and other PPE) in the first quarter were £247m (2013: £202m). Disposal proceeds received totalled £17m, giving net payments for capital expenditure of £230m in the quarter (2013: £181m). Financing costs paid totalled £21m (2013: £16m) while tax payments were £5m (2013: £3m). Financing costs paid differ from the charge in the income statement due to the timing of interest payments in the year and non-cash interest charges.

Accordingly, in the quarter the Group generated £47m (2013: £24m) of net cash before discretionary investments made to enlarge the size and hence earning capacity of its rental fleet and on acquisitions. After growth investment, payment of exceptional costs (closed property costs) and acquisitions, there was a net cash outflow of £149m (2013: £121m).

Net debt

	31 July 2014 £m	31 July 2013 £m	30 April 2014 £m
First priority senior secured bank debt	762.2	864.6	609.5
Finance lease obligations	4.6	3.0	4.6
6.5% second priority senior secured notes, due 2022	537.2	323.3	537.3
	1,304.0	1,190.9	1,151.4
Cash and cash equivalents	(4.5)	(3.9)	(2.8)
Total net debt	1,299.5	1,187.0	1,148.6

Net debt at 31 July 2014 was £1,300m with the increase since 30 April 2014 reflecting principally the net cash outflow set out above. The Group's EBITDA for the twelve months ended 31 July 2014 was £718m and the ratio of net debt to EBITDA was therefore 1.9 times at 31 July 2014 (2013: 2.0 times) on a constant currency basis and 1.8 times (2013: 2.1 times) on a reported basis.

Under the terms of our asset-based senior bank facility, $2.0bn is committed until August 2018, whilst the $900m senior secured notes mature in July 2022. Our debt facilities therefore remain committed for the long term, with an average of six years remaining. The weighted average interest cost of these facilities (including non-cash amortisation of deferred debt raising costs) is approximately 4%. The terms of the $900m senior secured notes are such that financial performance covenants are only measured at the time new debt is raised.

There are two financial performance covenants under the first priority senior bank facility:

- funded debt to LTM (last twelve months) EBITDA before exceptional items not to exceed 4.0 times; and
- a fixed charge ratio (comprising LTM EBITDA before exceptional items less LTM net capital expenditure paid in cash over the sum of scheduled debt repayments plus cash interest, cash tax payments and dividends paid in the last twelve months) which must be equal to or greater than 1.0 times.

These covenants do not apply when excess availability (the difference between the lower of the facility size and the borrowing base and facility utilisation) exceeds $200m. At 31 July 2014, excess availability under the bank facility was $717m ($916m at 30 April 2014), with an additional $1,059m of suppressed availability, meaning that covenants were not measured at 31 July 2014 and are unlikely to be measured in forthcoming quarters.

As a matter of good practice, we calculate the covenant ratios each quarter. At 31 July 2014, as a result of the significant investment in our rental fleet, the fixed charge ratio, as expected, did not meet the covenant requirement whilst the leverage ratio did so comfortably. The fact the fixed charge ratio is currently below 1.0 times does not cause concern given the strong availability and management's ability to flex capital expenditure downwards at short notice.

Principal risks and uncertainties

Risks and uncertainties in achieving the Group's objectives for the remainder of the financial year, together with assumptions, estimates, judgements and critical accounting policies used in preparing financial information remain unchanged from those detailed in the 2014 Annual Report and Accounts on pages 20 to 27. Our business is subject to significant fluctuations in performance from quarter to quarter as a result of seasonal effects. Commercial construction activity tends to increase in the summer and during extended periods of mild weather and to decrease in the winter and during extended periods of inclement weather. Furthermore, due to the incidence of public holidays in the US and the UK, there are more billing days in the first half of our financial year than the second half leading to our revenue normally being higher in the first half. On a quarterly basis, the second quarter is typically our strongest quarter, followed by the first and then the third and fourth quarters.

In addition, the current trading and outlook section of the interim statement provides commentary on market and economic conditions for the remainder of the year.

Fluctuations in the value of the US dollar with respect to the pound sterling have had, and may continue to have, a significant impact on our financial condition and results of operations as reported in pounds due to the majority of our assets, liabilities, revenues and costs being denominated in US dollars. The Group has arranged its financing such that, at 31 July 2014, 93% of its debt was denominated in US dollars so that there is a natural partial offset between its dollar-denominated net assets and earnings and its dollar-denominated debt and interest expense. At 31 July 2014, dollar-denominated debt represented approximately 66% of the value of dollar-denominated net assets (other than debt). Based on the current currency mix of our profits and on dollar debt levels, interest and exchange rates at 31 July 2014, a 1% change in the US dollar exchange rate would impact pre-tax profit by approximately £4m.

OPERATING STATISTICS

	Number of rental stores			Staff numbers		
	31 July		30 April	31 July		30 April
	2014	2013	2014	2014	2013	2014
Sunbelt	436	393	425	7,803	7,274	7,562
A-Plant	129	116	131	2,396	2,215	2,361
Corporate office	-	-	-	11	11	11
Group	565	509	556	10,210	9,500	9,934

Sunbelt's rental store number includes 30 Sunbelt at Lowes stores at 31 July 2014 (2013: 30).