17 June 2014

Audited results for the year and unaudited results for the fourth quarter ended 30 April 2014

	Fourth quarter			Year		
	2014	2013[1]	Growth[2]	2014	2013[1]	Growth[2]
	£m	£m	%	£m	£m	%
Underlying results[3]						
Rental revenue	355.7	306.8	24%	1,475.3	1,206.4	24%
EBITDA	153.7	122.4	36%	685.1	519.0	34%
Operating profit	82.6	62.6	45%	409.2	290.0	43%
Profit before taxation	69.4	51.9	48%	362.1	245.4	50%
Earnings per share	9.8p	7.0p	55%	46.6p	31.4p	51%
Statutory results						
Revenue	384.9	347.6	19%	1,634.7	1,361.9	22%
Profit before taxation	70.8	50.0	56%	356.5	214.2	69%
Earnings per share	10.3p	6.8p	68%	46.1p	27.6p	71%

1 prior year figures restated for the adoption of IAS 19 'Employee Benefits' (revised) (see explanatory note below)
2 at constant exchange rates
3 before exceptionals, intangible amortisation and fair value remeasurements

Highlights

- Group rental revenue up 24%[2]
- Record Group pre-tax profit[3] of £362m, up 50% at constant exchange rates
- Group EBITDA margin[3] improves to 42% (2013: 38%)
- £741m of capital invested in the business (2013: £580m)
- Group RoI of 19% (2013: 16%)
- Net debt to EBITDA leverage[2] of 1.8 times (2013: 1.9 times)
- Proposed final dividend of 9.25p making 11.5p for the year (2013: 7.5p)

Explanatory note

Prior year figures have been restated following the adoption of the revised IAS 19 'Employee Benefits'. Adoption of the revised standard has decreased the Group's reported operating profit and has increased net financing costs. The net effect is to reduce profit before taxation by £1.3m for the year ended 30 April 2013. See note 1 for further information.

Ashtead's chief executive, Geoff Drabble, commented:

"2013/14 was a very successful year for the Group, enabling us to deliver record twelve month underlying pre-tax profits of £362m, up 50% from the prior year. It is particularly pleasing that we achieved this growth whilst also delivering on our long-stated commitments of return on investment progression, now 19% for the Group, and maintaining debt leverage below 2 times EBITDA.

Our performance reflects the benefits of the consistent execution of our strategy focussed largely on organic growth, supplemented by greenfield openings and bolt-on acquisitions. We invested £741m in our rental fleet and a further £103m on acquisitions during the year. We anticipate growing our fleet in the coming year in the low to mid teens percent range and will continue to open greenfields and make bolt-ons to further grow our market share and profitability. Current planning suggests around 50 new locations in the new financial year, another measured step towards our medium term objective of 600 locations.

With both divisions performing well and beginning to enjoy recovering markets, we are well positioned for further growth and the Board looks forward to the medium term with continued confidence."

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Contacts:

Geoff Drabble	Chief executive	+44 (0)20 7726 9700
Suzanne Wood	Finance director	
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Geoff Drabble and Suzanne Wood will hold a meeting for equity analysts to discuss the results and outlook at 9.30am on Tuesday, 17 June at The London Stock Exchange, 10 Paternoster Square, London, EC4M 7LS. The meeting will be webcast live via the Company's website at www.ashtead-group.com and a replay will also be available via the website from shortly after the meeting concludes. A copy of this announcement and the slide presentation used for the meeting will also be available for download on the Company's website. The usual conference call for bondholders will begin at 3pm (10am EST).

Analysts and bondholders have already been invited to participate in the analyst meeting 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 (restated)	Operating profit 2014	Operating profit 2013 (restated)
Sunbelt in $m	2,188.5	1,819.9	987.6	741.4	631.1	452.5
Sunbelt in £m	1,366.2	1,155.8	616.5	470.9	394.0	287.4
A-Plant	268.5	206.1	78.6	57.3	25.2	11.9
Group central costs	-	-	(10.0)	(9.2)	(10.0)	(9.3)
	1,634.7	1,361.9	685.1	519.0	409.2	290.0
Net financing costs					(47.1)	(44.6)
Profit before tax, exceptionals, remeasurements and amortisation					**362.1**	**245.4**
Exceptional items					4.2	(18.0)
Fair value remeasurements					-	(7.4)
Amortisation					(9.8)	(5.8)
Profit before taxation					356.5	214.2
Taxation					(125.3)	(76.4)
Profit attributable to equity holders of the Company					231.2	137.8
Margins						
Sunbelt			*45.1%*	*40.7%*	*28.8%*	*24.9%*
A-Plant			*29.3%*	*27.8%*	*9.4%*	*5.8%*
Group			*41.9%*	*38.1%*	*25.0%*	*21.3%*

Group revenue for the year increased 20% to £1,635m (2013: £1,362m) with strong growth in both businesses. This revenue growth, combined with ongoing operational efficiency, generated record underlying profit before tax of £362m (2013 restated: £245m).

In Sunbelt, rental revenue grew 23% to $1,973m (2013: $1,611m), driven by a 17% increase in fleet on rent and 4% improvement in yield. Sunbelt has continued to take market share with the rental market as a whole growing 6% in 2013, as estimated by IHS Global Insight. This has been achieved through the excellent execution of a clear and consistent strategy by the Sunbelt team, focussing on a balance between same store growth, greenfield expansion and bolt-on acquisitions. Sunbelt's total revenue, including new and used equipment, merchandise and consumable sales, grew 20% to $2,189m (2013: $1,820m).

A-Plant continues to perform well and, with the acquisition of Eve Trakway ('Eve'), delivered rental revenue of £244m, up 33% on the prior year (2013: £183m). This reflects 21% more fleet on rent and a 9% improvement in yield. Yield has benefitted from an improved product mix over the period, including Eve's events work. Rental revenue growth excluding Eve was 19%, reflecting 10% more fleet on rent and a 9% yield improvement.

Sunbelt's strong revenue growth resulted in a record EBITDA margin of 45% (2013: 41%) as 65% of revenue growth dropped through to EBITDA. This contributed to an operating profit of $631m (2013: $453m). A-Plant's EBITDA margin improved to 29% (2013: 28%) and operating profit more than doubled to £25m (2013: £12m). As a result, Group operating profit increased 41% to £409m (2013 restated: £290m).

Net financing costs increased slightly to £47m (2013: £45m), reflecting higher average debt during the year and the additional $400m senior secured notes issued in December, partially offset by the lower margin on our senior debt facility following the August amendment.

Group profit before exceptional items, amortisation of intangibles and taxation was £362m (2013 restated: £245m). After a tax charge of 36% (2013: 36%) of the underlying pre-tax profit, underlying earnings per share increased 48% to 46.6p (2013 restated: 31.4p). The cash tax charge remained low at 3% due to the utilisation of tax losses brought forward and the capital intensive nature of the business. However, cash tax payments will increase in 2014/15 as we utilise the brought forward tax losses during the year and we expect the cash tax rate to be in the mid teens in 2014/15.

The exceptional income of £4m relates to the release of part of the provision for deferred consideration related to the Eve acquisition, which was payable depending on the achievement of increased earnings targets. £7m was provided in full on acquisition, based on an expectation that the targets would be achieved in full. They were achieved partially, resulting in an additional cash payment of £3m.

Statutory profit before tax was £357m (2013 restated: £214m) and basic earnings per share were 46.1p (2013 restated: 27.6p).

Capital expenditure

Capital expenditure for the year was £741m gross and £642m net of disposal proceeds (2013: £580m gross and £477m net). As a result of this investment, the Group's rental fleet at 30 April 2014 at cost was £2.6bn with an average age of 28 months (2013: 32 months).

Sunbelt's fleet size at 30 April was $3.6bn. This larger fleet supported strong fleet on rent growth of 17% year on year. Average twelve month physical utilisation was 71% (2013: 71%).

Our preliminary capital expenditure plan for 2014/15 is for spend at a similar level to this year which should result in percentage growth in our fleet in the low to mid teens. This level of expenditure is consistent with our strategy at this stage in the cycle of investing in organic growth, opening greenfield sites and continuing to reduce our leverage. As always, our capital expenditure plans remain flexible depending on market conditions and currently, our principal focus is on fleet deliveries through the first quarter of fiscal 2015.

Return on Investment[1]

Sunbelt's pre-tax return on investment (excluding goodwill and intangible assets) in the 12 months to 30 April 2014 continued to improve to 26.4% (2013: 24.7%), 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 9.2% (2013 restated: 4.9%). For the Group as a whole, returns (including goodwill and intangible assets) are 18.6% (2013: 16.2%).

Cash flow and net debt

As expected, debt increased during the year as we invested in the fleet, made a number of bolt-on acquisitions and increased working capital to support higher activity levels. The net free cash outflow was only £51m (cash from operations less net capital expenditure, interest and and tax) with capital expenditure of 2.7 times depreciation being substantially funded from cash flow. In addition, £103m was spent on acquisitions, while dividends totalled £41m.

Reflecting our strong earnings growth, the ratio of net debt to EBITDA reduced to 1.8 times (2013: 1.9 times) on a constant currency basis, while net debt was £1,149m (2013: £1,014m), including an £88m exchange translation benefit.

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 30 April 2014, ABL availability was $916m, with an additional $770m of suppressed availability - substantially above the $200m level at which the Group's entire debt package is covenant free.

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

Dividends

In accordance with our progressive dividend policy, with consideration to both profitability and cash generation at a level that is sustainable across the cycle, the Board is recommending a final dividend of 9.25p per share (2013: 6.0p) making 11.5p for the year (2013: 7.5p). If approved at the forthcoming Annual General Meeting, the final dividend will be paid on 5 September 2014 to shareholders on the register on 15 August 2014.

Current trading and outlook

Our strong performance continued in May. With both divisions performing well and beginning to enjoy recovering markets, we are well positioned for further growth and the Board looks forward to the medium term with continued confidence.

Directors' responsibility statement on the annual report

The responsibility statement below has been prepared in connection with the Company's Annual Report & Accounts for the year ended 30 April 2014. Certain parts thereof are not included in this announcement.

"We confirm to the best of our knowledge:

a) the consolidated financial statements, prepared in accordance with IFRS as issued by the International Accounting Standards Board and IFRS as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Group;

b) the Strategic Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces; and

c) the Annual Report and financial statements, taken as a whole, are fair, balanced and understandable and provide information necessary for shareholders to assess the Group's performance, business model and strategy.

By order of the Board

Eric Watkins
Company secretary
16 June 2014"

CONSOLIDATED INCOME STATEMENT FOR THE THREE MONTHS ENDED 30 APRIL 2014

	2014			2013		
	Before exceptional items and amortisation £m	Exceptional items and amortisation £m	Total £m	Before amortisation £m (restated)	Amortisation £m	Total £m (restated)
Fourth quarter - unaudited						
Revenue						
Rental revenue	355.7	-	355.7	306.8	-	306.8
Sale of new equipment, merchandise and consumables	14.7	-	14.7	17.4	-	17.4
Sale of used rental equipment	14.5	-	14.5	23.4	-	23.4
	384.9	-	384.9	347.6	-	347.6
Operating costs						
Staff costs	(99.5)	-	(99.5)	(96.3)	-	(96.3)
Used rental equipment sold	(12.5)	-	(12.5)	(19.4)	-	(19.4)
Other operating costs	(119.2)	4.2	(115.0)	(109.5)	-	(109.5)
	(231.2)	4.2	(227.0)	(225.2)	-	(225.2)
EBITDA*	153.7	4.2	157.9	122.4	-	122.4
Depreciation	(71.1)	-	(71.1)	(59.8)	-	(59.8)
Amortisation of intangibles	-	(2.8)	(2.8)	-	(1.9)	(1.9)
Operating profit	82.6	1.4	84.0	62.6	(1.9)	60.7
Investment income	-	-	-	0.1	-	0.1
Interest expense	(13.2)	-	(13.2)	(10.8)	-	(10.8)
Profit on ordinary activities before taxation	69.4	1.4	70.8	51.9	(1.9)	50.0
Taxation	(20.1)	1.0	(19.1)	(16.9)	0.7	(16.2)
Profit attributable to equity holders of the Company	49.3	2.4	51.7	35.0	(1.2)	33.8
Basic earnings per share	9.8p	0.5p	10.3p	7.0p	(0.2p)	6.8p
Diluted earnings per share	9.8p	0.4p	10.2p	6.8p	(0.2p)	6.6p

* 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 Fourth Quarter, Balance Sheet and Cash Flow accompanying these condensed consolidated financial statements.

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 30 APRIL 2014

	2014			2013		
	Before exceptional items and amortisation £m	Exceptional items and amortisation £m	Total £m	Before exceptional items, amortisation and remeasurements £m (restated)	Exceptional items, amortisation and remeasurements £m	Total £m (restated)
Year to 30 April 2014 - audited						
Revenue						
Rental revenue	1,475.3	-	1,475.3	1,206.4	-	1,206.4
Sale of new equipment, merchandise and consumables	68.1	-	68.1	60.3	-	60.3
Sale of used rental equipment	91.3	-	91.3	95.2	-	95.2
	1,634.7	-	1,634.7	1,361.9	-	1,361.9
Operating costs						
Staff costs	(417.3)	-	(417.3)	(365.8)	-	(365.8)
Used rental equipment sold	(73.4)	-	(73.4)	(80.9)	-	(80.9)
Other operating costs	(458.9)	4.2	(454.7)	(396.2)	-	(396.2)
	(949.6)	4.2	(945.4)	(842.9)	-	(842.9)
EBITDA*	685.1	4.2	689.3	519.0	-	519.0
Depreciation	(275.9)	-	(275.9)	(229.0)	-	(229.0)
Amortisation of intangibles	-	(9.8)	(9.8)	-	(5.8)	(5.8)
Operating profit	409.2	(5.6)	403.6	290.0	(5.8)	284.2
Investment income	-	-	-	0.2	-	0.2
Interest expense	(47.1)	-	(47.1)	(44.8)	(25.4)	(70.2)
Profit on ordinary activities before taxation	362.1	(5.6)	356.5	245.4	(31.2)	214.2
Taxation	(128.6)	3.3	(125.3)	(88.3)	11.9	(76.4)
Profit attributable to equity holders of the Company	233.5	(2.3)	231.2	157.1	(19.3)	137.8
Basic earnings per share	46.6p	(0.5p)	46.1p	31.4p	(3.8p)	27.6p
Diluted earnings per share	46.3p	(0.5p)	45.8p	30.9p	(3.8p)	27.1p

* 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.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited Three months to 30 April		Audited Year to 30 April	
	2014 £m	2013 £m (restated)	2014 £m	2013 £m (restated)
Profit attributable to equity holders of the Company for the period	51.7	33.8	231.2	137.8
Items that will not be reclassified to profit or loss:				
Remeasurement of the defined benefit pension plan	5.3	(4.7)	5.3	(3.8)
Tax on defined benefit pension plan	(1.0)	1.1	(1.0)	0.9
	4.3	(3.6)	4.3	(2.9)
Items that may be reclassified subsequently to profit or loss:				
Foreign currency translation differences	(14.3)	6.3	(41.3)	14.0
Total comprehensive income for the period	41.7	36.5	194.2	148.9

CONSOLIDATED BALANCE SHEET AT 30 APRIL 2014

	Audited 2014	2013
	£m	£m
Current assets		
Inventories	18.5	16.7
Trade and other receivables	259.8	218.6
Current tax asset	9.9	0.8
Cash and cash equivalents	2.8	20.3
	291.0	256.4
Non-current assets		
Property, plant and equipment		
- rental equipment	1,716.3	1,407.8
- other assets	212.8	176.8
	1,929.1	1,584.6
Goodwill	400.4	397.3
Other intangible assets	45.8	32.6
Deferred tax asset	-	1.3
Net defined benefit pension plan asset	6.1	0.4
	2,381.4	2,016.2
Total assets	2,672.4	2,272.6
Current liabilities		
Trade and other payables	345.8	296.1
Current tax liability	5.8	3.8
Debt due within one year	2.2	2.2
Provisions	15.0	11.9
	368.8	314.0
Non-current liabilities		
Debt due after more than one year	1,149.2	1,032.2
Provisions	20.3	24.9
Deferred tax liabilities	309.7	219.0
	1,479.2	1,276.1
Total liabilities	1,848.0	1,590.1
Equity		
Share capital	55.3	55.3
Share premium account	3.6	3.6
Capital redemption reserve	0.9	0.9
Non-distributable reserve	90.7	90.7
Own shares held by the Company	(33.1)	(33.1)
Own shares held through the ESOT	(11.8)	(7.4)
Cumulative foreign exchange translation differences	(20.2)	21.1
Retained reserves	739.0	551.4
Equity attributable to equity holders of the Company	824.4	682.5
Total liabilities and equity	2,672.4	2,272.6

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 APRIL 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 (restated)	Total £m (restated)
At 1 May 2012	55.3	3.6	0.9	90.7	(33.1)	(6.2)	7.1	436.4	554.7
Profit for the year	-	-	-	-	-	-	-	137.8	137.8
Other comprehensive income:									
Foreign currency translation differences	-	-	-	-	-	-	14.0	-	14.0
Remeasurement of the defined benefit pension plan	-	-	-	-	-	-	-	(3.8)	(3.8)
Tax on defined benefit pension plan	-	-	-	-	-	-	-	0.9	0.9
Total comprehensive income for the year	-	-	-	-	-	-	14.0	134,9	148.9
Dividends paid	-	-	-	-	-	-	-	(20.0)	(20.0)
Own shares purchased by the ESOT	-	-	-	-	-	(10.2)	-	-	(10.2)
Share-based payments	-	-	-	-	-	9.0	-	(6.3)	2.7
Tax on share-based payments	-	-	-	-	-	-	-	6.4	6.4
At 30 April 2013	55.3	3.6	0.9	90.7	(33.1)	(7.4)	21.1	551.4	682.5
Profit for the year	-	-	-	-	-	-	-	231.2	231.2
Other comprehensive income:									
Foreign currency translation differences	-	-	-	-	-	-	(41.3)	-	(41.3)
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	-	-	-	-	-	-	(41.3)	235.5	194.2
Dividends paid	-	-	-	-	-	-	-	(41.3)	(41.3)
Own shares purchased by the ESOT	-	-	-	-	-	(22.4)	-	-	(22.4)
Share-based payments	-	-	-	-	-	18.0	-	(14.6)	3.4
Tax on share-based payments	-	-	-	-	-	-	-	8.0	8.0
At 30 April 2014	55.3	3.6	0.9	90.7	(33.1)	(11.8)	(20.2)	739.0	824.4

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 APRIL 2014

	Audited	
	2014	2013
	£m	£m
Cash flows from operating activities		
Cash generated from operations before exceptional items and changes in rental equipment	645.5	501.3
Exceptional operating costs paid	(2.2)	(2.4)
Payments for rental property, plant and equipment	(655.2)	(524.2)
Proceeds from disposal of rental property, plant and equipment	90.4	87.6
Cash generated from operations	78.5	62.3
Financing costs paid (net)	(40.5)	(41.5)
Exceptional financing costs paid	-	(13.4)
Tax paid (net)	(14.9)	(6.8)
Net cash from operating activities	23.1	0.6
Cash flows from investing activities		
Acquisition of businesses	(103.3)	(33.8)
Payments for non-rental property, plant and equipment	(85.3)	(57.3)
Proceeds from disposal of non-rental property, plant and equipment	11.5	7.9
Payments for purchase of intangible assets	-	(1.0)
Net cash used in investing activities	(177.1)	(84.2)
Cash flows from financing activities		
Drawdown of loans	578.7	614.1
Redemption of loans	(377.7)	(502.5)
Capital element of finance lease payments	(0.7)	(1.0)
Purchase of own shares by the ESOT	(22.4)	(10.2)
Dividends paid	(41.3)	(20.0)
Net cash from financing activities	136.6	80.4
Decrease in cash and cash equivalents	(17.4)	(3.2)
Opening cash and cash equivalents	20.3	23.4
Effect of exchange rate difference	(0.1)	0.1
Closing cash and cash equivalents	2.8	20.3

Reconciliation of net debt

	2014	2013
Decrease in cash in the period	17.4	3.2
Increase in debt through cash flow	200.3	110.6
Change in net debt from cash flows	217.7	113.8
Exchange differences	(87.7)	39.0
Debt acquired	1.4	-
Non-cash movements:		
- deferred costs of debt raising	2.0	6.7
- capital element of new finance leases	1.1	0.3
Increase in net debt in the period	134.5	159.8
Net debt at 1 May	1,014.1	854.3
Net debt at 30 April	1,148.6	1,014.1

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation

The financial statements for the year ended 30 April 2014 were approved by the directors on 16 June 2014. This preliminary announcement of the results for the year ended 30 April 2014 contains information derived from the forthcoming 2013/14 Annual Report & Accounts and does not contain sufficient information to comply with International Financial Reporting Standards (IFRS) and does not constitute the statutory accounts for the purposes of section 435 of the Companies Act 2006. The 2012/13 Annual Report & Accounts has been delivered to the Registrar of Companies. The 2013/14 Annual Report & Accounts will be delivered to the Registrar of Companies and made available on the Group's website at www.ashtead-group.com in July 2014. The auditor's reports in respect of both years are unqualified, do not include a reference to any matter by way of emphasis without qualifying the report and do not contain a statement under section 498(2) or (3) of the Companies Act 2006.

The results for the year ended and quarter ended 30 April 2014 have been prepared in accordance with relevant IFRS and the accounting policies set out in the Group's Annual Report & Accounts for the year ended 30 April 2014.

The following revised and amended standards are mandatory for the first time for the financial year beginning 1 May 2013:

- IAS 19, 'Employee Benefits' was revised in June 2011. The impact on the Group was to replace the interest expense and expected return on plan assets with a 'net interest' amount, which is calculated by applying a discount rate to the net defined benefit pension plan asset or liability. The effect of this is to reduce the asset returns recognised in the income statement.

  As required under the revised standard, comparative figures have been restated. For the year ended 30 April 2013, operating costs were £0.3m higher, net financing costs were £1.0m higher and profit before tax was £1.3m lower than reported previously.

  Adoption of IAS 19 (revised) has had no impact on the Group's consolidated balance sheet and consolidated cash flow statement.

- Amendment to IAS 1, 'Presentation of financial statements' regarding the presentation of other items of other comprehensive income. The amendment increased the required level of disclosure within the statement of comprehensive income.

  The impact of this amendment has been to analyse items within the consolidated statement of comprehensive income between items that will not be reclassified to profit or loss and items that may be reclassified subsequently to profit or loss in accordance with the respective IFRS standard to which the item relates.

  The amendments have been applied retrospectively, and hence the presentation of items of comprehensive income have been restated to reflect the change. Other than the above-mentioned presentation changes, the application of the amendments to IAS 1 do not result in any impact on profit or comprehensive income.

The financial statements have been prepared on the going concern basis. After reviewing the Group's annual budget, plans and financing arrangements, the directors consider that the Group has adequate resources to continue in operation for the foreseeable future and consequently that it is appropriate to adopt the going concern basis in preparing the financial statements.

The figures for the fourth quarter are unaudited.

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

	2014	2013
Average for the quarter ended 30 April	1.66	1.53
Average for the year ended 30 April	1.60	1.57
At 30 April	1.69	1.56

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2. Segmental analysis

	Revenue	Operating profit before exceptional items and amortisation	Exceptional items and amortisation	Operating profit
	£m	£m	£m	£m
Three months to 30 April				
2014				
Sunbelt	318.0	81.7	(1.6)	80.1
A-Plant	66.9	3.8	3.0	6.8
Corporate costs	-	(2.9)	-	(2.9)
	384.9	82.6	1.4	84.0
2013 (restated)				
Sunbelt	294.9	62.4	(1.4)	61.0
A-Plant	52.7	3.0	(0.5)	2.5
Corporate costs	-	(2.8)	-	(2.8)
	347.6	62.6	(1.9)	60.7
Year to 30 April				
2014				
Sunbelt	1,366.2	394.0	(5.7)	388.3
A-Plant	268.5	25.2	0.1	25.3
Corporate costs	-	(10.0)	-	(10.0)
	1,634.7	409.2	(5.6)	403.6
2013 (restated)				
Sunbelt	1,155.8	287.4	(3.9)	283.5
A-Plant	206.1	11.9	(1.9)	10.0
Corporate costs	-	(9.3)	-	(9.3)
	1,361.9	290.0	(5.8)	284.2

	Segment assets	Cash	Taxation assets	Total assets
	£m	£m	£m	£m
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
At 30 April 2013				
Sunbelt	1,943.5	-	-	1,943.5
A-Plant	306.5	-	-	306.5
Corporate items	0.2	20.3	2.1	22.6
	2,250.2	20.3	2.1	2,272.6

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. Operating costs and other income

	2014			2013		
	Before exceptional items and amortisation £m	Exceptional items and amortisation £m	Total £m	Before amortisation £m (restated)	Amortisation £m	Total £m (restated)
Three months to 30 April						
Staff costs:						
Salaries	89.6	-	89.6	87.2	-	87.2
Social security costs	8.2	-	8.2	7.7	-	7.7
Other pension costs	1.7	-	1.7	1.4	-	1.4
	99.5	-	99.5	96.3	-	96.3
Used rental equipment sold	12.5	-	12.5	19.4	-	19.4
Other operating costs:						
Vehicle costs	25.5	-	25.5	23.8	-	23.8
Spares, consumables & external repairs	23.6	-	23.6	19.8	-	19.8
Facility costs	12.9	-	12.9	12.9	-	12.9
Other external charges	57.2	(4.2)	53.0	53.0	-	53.0
	119.2	(4.2)	115.0	109.5	-	109.5
Depreciation and amortisation:						
Depreciation	71.1	-	71.1	59.8	-	59.8
Amortisation of intangibles	-	2.8	2.8	-	1.9	1.9
	71.1	2.8	73.9	59.8	1.9	61.7
	302.3	(1.4)	300.9	285.0	1.9	286.9
Year to 30 April						
Staff costs:						
Salaries	380.4	-	380.4	333.4	-	333.4
Social security costs	29.7	-	29.7	26.3	-	26.3
Other pension costs	7.2	-	7.2	6.1	-	6.1
	417.3	-	417.3	365.8	-	365.8
Used rental equipment sold	73.4	-	73.4	80.9	-	80.9
Other operating costs:						
Vehicle costs	105.9	-	105.9	92.8	-	92.8
Spares, consumables & external repairs	83.4	-	83.4	70.1	-	70.1
Facility costs	50.4	-	50.4	47.3	-	47.3
Other external charges	219.2	(4.2)	215.0	186.0	-	186.0
	458.9	(4.2)	454.7	396.2	-	396.2
Depreciation and amortisation:						
Depreciation	275.9	-	275.9	229.0	-	229.0
Amortisation of intangibles	-	9.8	9.8	-	5.8	5.8
	275.9	9.8	285.7	229.0	5.8	234.8
	1,225.5	5.6	1,231.1	1,071.9	5.8	1,077.7

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. Exceptional items, fair value remeasurements and amortisation

Exceptional items are those items of financial performance that are material and non-recurring in nature. Fair value remeasurements relate to embedded call options in the Group's old $550m 9.0% senior secured notes. Amortisation relates to the periodic write-off of intangible assets. The Group believes these items should be disclosed separately within the consolidated income statement to assist in the understanding of the financial performance of the Group. Underlying revenue, profit and earnings per share are stated before exceptional items, fair value remeasurements and amortisation of intangibles.

	Three months to 30 April		Year to 30 April	
	2014	2013	2014	2013
	£m	£m	£m	£m
Release of deferred consideration provision	(4.2)	-	(4.2)	-
Write-off of deferred financing costs	-	-	-	4.6
Early redemption fee	-	-	-	10.6
Call period interest	-	-	-	2.8
Fair value remeasurements	-	-	-	7.4
Amortisation of intangibles	2.8	1.9	9.8	5.8
	(1.4)	1.9	5.6	31.2
Taxation	(1.0)	(0.7)	(3.3)	(11.9)
	(2.4)	1.2	2.3	19.3

The £4m release of deferred consideration relates to a provision for deferred consideration on the acquisition of Eve which was payable depending on increased earnings targets. £7m was provided in full on acquisition, based on an expectation that the targets would be achieved in full. The targets were achieved partially and the over-provision has been released.

The prior year write-off of deferred financing costs consists of the unamortised balance of the costs relating to the $550m 9.0% senior secured notes redeemed in July 2012. In addition, an early redemption fee of £11m was paid to redeem the notes prior to their scheduled maturity. The call period interest represents the interest charge on the $550m notes for the period from the issue of the new $500m notes to the date the $550m notes were redeemed. The prior year fair value remeasurements relate to the change in fair value of the embedded call options in the old $550m 9.0% senior secured notes.

The items detailed in the table above are presented in the income statement as follows:

	Three months to 30 April		Year to 30 April	
	2014	2013	2014	2013
	£m	£m	£m	£m
Other operating costs	(4.2)	-	(4.2)	-
Amortisation of intangibles	2.8	1.9	9.8	5.8
Charged in arriving at operating profit	(1.4)	1.9	5.6	5.8
Interest expense	-	-	-	25.4
Charged in arriving at profit before taxation	(1.4)	1.9	5.6	31.2
Taxation	(1.0)	(0.7)	(3.3)	(11.9)
	(2.4)	1.2	2.3	19.3

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

5. Net financing costs

	Three months to 30 April		Year to 30 April	
	2014	2013	2014	2013
	£m	£m (restated)	£m	£m (restated)
Investment income:				
Net interest on the net defined benefit asset	-	(0.1)	-	(0.2)
Interest expense:				
Bank interest payable	3.8	4.6	18.4	18.0
Interest payable on second priority senior secured notes	8.9	5.3	26.3	22.8
Interest payable on finance leases	0.1	-	0.2	0.2
Other interest payable	-	-	-	0.4
Non-cash unwind of discount on provisions	0.1	0.4	0.4	1.3
Amortisation of deferred costs of debt raising	0.3	0.5	1.8	2.1
Total interest expense	13.2	10.8	47.1	44.8
Net financing costs before exceptional items and remeasurements	13.2	10.7	47.1	44.6
Exceptional items	-	-	-	18.0
Fair value remeasurements	-	-	-	7.4
Net financing costs	13.2	10.7	47.1	70.0

6. Taxation

The tax charge for the period has been computed using an estimated effective rate for the year of 39% in the US (2013: 39%) and 26% in the UK (2013: 24%). The blended effective rate for the Group as a whole is 36% (2013: 36%).

The tax charge of £128.6m (2013 restated: £88.3m) on the underlying pre-tax profit of £362.1m (2013 restated: £245.4m) can be explained as follows:

	Year to 30 April	
	2014	2013
	£m	£m (restated)
Current tax		
- current tax on income for the period	16.8	12.0
- adjustments to prior year	(7.7)	(0.6)
	9.1	11.4
Deferred tax		
- origination and reversal of temporary differences	117.2	77.4
- adjustments to prior year	4.6	(0.5)
- adjustments due to change in UK and US corporate tax rate	(2.3)	-
	119.5	76.9
Tax on underlying activities	128.6	88.3
Comprising:		
- UK tax	13.3	10.5
- US tax	115.3	77.8
	128.6	88.3

In addition, the tax credit of £3.3m (2013: £11.9m) on exceptional items (including amortisation of intangibles and fair value remeasurements) of £5.6m (2013: £31.2m) consists of a deferred tax credit of £1.1m relating to the UK (2013: £0.5m) and £2.2m (2013: £11.4m) relating to the US.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

7. Earnings per share

Basic and diluted earnings per share for the three and twelve months ended 30 April 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 30 April		Year to 30 April	
		2014	2013 (restated)	2014	2013 (restated)
Profit for the financial period (£m)		51.7	33.8	231.2	137.8
Weighted average number of shares (m)	- basic	501.2	500.6	501.1	500.1
	- diluted	505.1	507.3	504.8	507.6
Basic earnings per share		10.3p	6.8p	46.1p	27.6p
Diluted earnings per share		10.2p	6.6p	45.8p	27.1p

Underlying earnings per share (defined in any period as the earnings before exceptional items, fair value remeasurements and 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 30 April		Year to 30 April	
	2014	2013 (restated)	2014	2013 (restated)
Basic earnings per share	10.3p	6.8p	46.1p	27.6p
Exceptional items, fair value remeasurements and amortisation of intangibles	(0.3p)	0.4p	1.1p	6.2p
Tax on exceptional items, remeasurements and amortisation	(0.2p)	(0.2p)	(0.6p)	(2.4p)
Underlying earnings per share	9.8p	7.0p	46.6p	31.4p

8. Dividends

During the year, a final dividend in respect of the year ended 30 April 2013 of 6.0p (2012: 2.5p) per share and an interim dividend for the year ended 30 April 2014 of 2.25p (2013: 1.5p) per share were paid to shareholders costing £41.3m (2013: £20.0m).

9. Property, plant and equipment

	2014		2013	
	Rental equipment	Total	Rental equipment	Total
Net book value	£m	£m	£m	£m
At 1 May	1,407.8	1,584.6	1,118.4	1,263.4
Exchange difference	(85.9)	(95.2)	38.4	42.5
Reclassifications	(0.7)	-	(1.2)	-
Additions	657.0	740.6	521.0	580.4
Acquisitions	50.3	52.7	10.9	12.1
Disposals	(68.8)	(77.7)	(78.4)	(84.8)
Depreciation	(243.4)	(275.9)	(201.3)	(229.0)
At 30 April	1,716.3	1,929.1	1,407.8	1,584.6

10. 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 30 April 2014, 50m (2013: 50m) shares were held by the Company and a further 2.1m (2013: 2.8m) shares were held by the Company's Employee Share Ownership Trust.

11. Notes to the cash flow statement

	Year to 30 April	
	2014	2013
	£m	£m (restated)
a) Cash flow from operating activities		
Operating profit before exceptional items and amortisation	409.2	290.0
Depreciation	275.9	229.0
EBITDA before exceptional items	685.1	519.0
Profit on disposal of rental equipment	(17.9)	(14.3)
Profit on disposal of other property, plant and equipment	(2.8)	(1.5)
Increase in inventories	(2.7)	(2.4)
Increase in trade and other receivables	(46.3)	(25.4)
Increase in trade and other payables	26.7	23.0
Exchange differences	-	0.2
Other non-cash movements	3.4	2.7
Cash generated from operations before exceptional items and changes in rental equipment	645.5	501.3

11. Notes to the cash flow statement (continued)

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 2013	Exchange movement	Cash flow	Debt acquired	Non-cash movements	30 April 2014
	£m	£m	£m	£m	£m	£m
Cash	(20.3)	0.1	17.4	-	-	(2.8)
Debt due within one year	2.2	-	(1.3)	0.6	0.7	2.2
Debt due after one year	1,032.2	(87.8)	201.6	0.8	2.4	1,149.2
Total net debt	1,014.1	(87.7)	217.7	1.4	3.1	1,148.6

Details of the Group's cash and debt are given in the Review of Fourth Quarter, Balance Sheet and Cash Flow accompanying these condensed consolidated financial statements.

c) Acquisitions

	Year to 30 April 2014	2013
	£m	£m
Cash consideration paid	103.3	33.8

During the year, 12 acquisitions were made for a total cash consideration of £103m (2013: £34m), after taking account of net cash acquired of £2.4m. Further details are provided in note 12.

12. Acquisitions

During the year, the following acquisitions were completed:

i) On 10 May 2013, A-Plant acquired the entire issued share capital of Accession Group Limited ('Accession'), including its principal trading subsidiary Eve Trakway Limited ('Eve'), for an initial consideration of £28m with deferred consideration of up to £7m payable over the next year depending on profitability. Accession is a specialist rental provider of temporary access solutions to the events and industrial sectors.

ii) On 1 July 2013, A-Plant acquired the entire issued share capital of Plant and Site Services Holdings Limited, Plant and Site Services Limited, PSS Innovations Limited and P Moloney Plant & Site Services Ireland Limited (together 'PSS') for a cash consideration of £11m. PSS hires and sells specialist jointing equipment, tooling and consumables to utility companies and their contractors across the United Kingdom.

iii) On 12 July 2013, Sunbelt acquired the business and assets of Worth Supply Co., Inc. ('Worth') for a cash consideration of £0.7m ($1m). Worth is a general tool rental business.

iv) On 1 August 2013, Sunbelt acquired the business and assets of M.A.C. Leasing, LLC ('MAC') for a cash consideration of £5m ($8m). MAC specialises in the rental and service of heating equipment.

v) On 20 September 2013, Sunbelt acquired the business and assets of Contractors' Equipment Company ('CEC') for a cash consideration of £17m ($27m). CEC is a four location general tool rental business.

vi) On 1 November 2013, Sunbelt acquired the business and assets of Coffing-Eastman, Inc., trading as Shamrock Equipment Rental ('Shamrock'), for a cash consideration of £15m ($24m). Shamrock is a four location energy-related business, renting into the oil and gas industry.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

12. Acquisitions (continued)

vii) On 7 November 2013, Sunbelt acquired the business and assets of CG Power Rentals, Inc. (‘CG Power’) for a cash consideration of £3m ($5m). CG Power is a two location equipment rental company renting into the oil and gas industry.

viii) On 20 December 2013, A-Plant acquired the business and assets of Fairview Lifting Gear Services Limited and Fairview Design & Engineering Limited (together ‘Fairview’) for a cash consideration of £6m. Fairview specialises in the hire, sale and provision of lifting solutions.

ix) On 3 February 2014, Sunbelt acquired the business and assets of Winchester Rentals, L.L.C. (‘Winchester’), for an initial cash consideration of £3m ($4m) with deferred consideration of up to £0.2m payable over the next two years, depending on revenues meeting or exceeding certain thresholds. Winchester is a single location equipment rental business.

x) On 1 April 2014, Sunbelt acquired the entire issued share capital of ElecComm Power Services, Inc. (‘EPS’), for an initial cash consideration of £8m ($13m), with deferred consideration of up to £0.5m ($0.8m) payable over the next year, depending on EBITDA meeting or exceeding certain thresholds. EPS specialises in the rental and service of temporary power products.

xi) On 8 April 2014, Sunbelt acquired the business and assets of Clarkstown Equipment Co., Inc. (‘Clarkstown’) for a cash consideration of £0.6m ($0.8m). Clarkstown is a single location general tool rental business.

xii) On 14 April 2014, Sunbelt acquired the business and assets of On Site Energy Company, Inc. (‘On Site’) for a cash consideration of £8m ($13m). On Site specialises in the rental of power and climate control equipment.

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	12.9	12.2
Inventory	0.7	0.6
Property, plant and equipment		
- rental equipment	46.7	50.3
- other assets	2.5	2.4
Creditors	(7.3)	(7.5)
Debt	(1.4)	(1.4)
Current tax	(0.5)	(0.5)
Deferred tax	(1.1)	(4.0)
Intangible assets (brand name, non-compete agreements and customer relationships)	-	25.2
	52.5	77.3
Consideration:		
- cash paid (net of cash acquired)		103.3
- deferred consideration payable in cash		7.6
		110.9
Goodwill		33.6

12. 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. £14m of the goodwill is expected to be deductible for income tax purposes.

Trade receivables at acquisition were £12m at fair value, net of £0.4m provision for debts which may not be collected.

Deferred consideration of up to £7m was payable contingent on Accession meeting or exceeding certain earnings thresholds over the year post acquisition. These targets were met partially and deferred consideration of £3m was paid in May 2014.

Accession's revenue and operating profit in the period from the date of acquisition to 30 April 2014 were £25m and £3m respectively.

Apart from Accession, the contribution to revenue and operating profit from all other current period acquisitions from the date of acquisition to 30 April 2014 was not material.

13. Contingent liabilities

The Group is subject to periodic legal claims in the ordinary course of its business, none of which is expected to have a significant impact on the Group's financial position.

14. Events after the balance sheet date

Since the balance sheet date, Sunbelt has completed four acquisitions, as follows:

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 general tool 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 £3m ($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). NHL is a single location aerial work product rental business and CE is a two location general tool rental business.

The initial accounting for these acquisitions is incomplete. Had these acquisitions taken place on 1 May 2013 their contribution to revenue and operating profit would not have been material.

REVIEW OF FOURTH QUARTER, BALANCE SHEET AND CASH FLOW

Fourth quarter

	Revenue		EBITDA		Operating profit	
	2014	2013	2014	2013 (restated)	2014	2013 (restated)
Sunbelt in $m	530.4	451.9	232.4	169.9	136.9	94.9
Sunbelt in £m	318.0	294.9	139.1	111.3	81.7	62.4
A-Plant	66.9	52.7	17.5	13.8	3.8	3.0
Group central costs	-	-	(2.9)	(2.7)	(2.9)	(2.8)
	384.9	347.6	153.7	122.4	82.6	62.6
Net financing costs					(13.2)	(10.7)
Profit before tax, exceptional items and amortisation					**69.4**	**51.9**
Exceptional items					4.2	-
Amortisation					(2.8)	(1.9)
Profit before taxation					70.8	50.0
Margins						
Sunbelt			*43.8%*	*37.6%*	*25.8%*	*21.0%*
A-Plant			*26.2%*	*26.3%*	*5.7%*	*5.7%*
Group			*39.9%*	*35.2%*	*21.4%*	*18.0%*

Fourth quarter results continued the trends of recent quarters with Sunbelt's rental revenue growing 23% to $489m (2013: $398m). This comprised an 18% increase in fleet on rent and a 4% higher yield. In the UK, A-Plant's fourth quarter rental revenue grew by 32% to £62m (2013: £47m) including 18% growth in average fleet on rent, and an 11% improvement in yield. Rental revenue growth excluding Eve was 23%, reflecting 8% more fleet on rent and 15% yield improvement. The main driver of the yield improvement was a change in revenue mix with a small benefit from an improved pricing environment. We expect the mix benefit to be significantly lower in the coming year as the mix change is reflected fully in the comparatives.

Total revenue growth for the Group of 19% at constant rates included used equipment sales revenue of £15m (2013: £24m).

Group pre-tax profit before amortisation of intangibles grew to £69m from £52m. This reflected the operating profit growth and net financing costs of £13m (2013 restated: £11m). After £3m of intangible amortisation and £4m of exceptional income, the statutory profit before tax was £71m (2013: £50m).

Balance sheet

Fixed assets

Capital expenditure in the year totalled £741m (2013: £580m) with £657m invested in the rental fleet (2013: £521m). Expenditure on rental equipment was 89% 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	307.9	655.5	963.4	713.7
Sunbelt in £m	182.4	388.1	570.5	458.5
A-Plant	49.0	37.5	86.5	62.5
Total rental equipment	231.4	425.6	657.0	521.0
Delivery vehicles, property improvements & IT equipment			83.6	59.4
Total additions			740.6	580.4

US demand remained strong and, as a result, $655m of rental equipment capital expenditure was spent on growth while $308m 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 30 April 2014 was 28 months (2013: 32 months) on a net book value basis. Sunbelt's fleet had an average age of 27 months (2013: 30 months) while A-Plant's fleet had an average age of 37 months (2013: 40 months).

	Rental fleet at original cost			LTM rental	LTM dollar	LTM physical
	30 April 2014	30 April 2013	LTM average	revenue	utilisation	utilisation
Sunbelt in $m	3,596	2,868	3,255	1,973	61%	71%
Sunbelt in £m	2,130	1,843	1,927	1,231	61%	71%
A-Plant	446	369	432	244	56%	72%
	2,576	2,212	2,359	1,475		

Dollar utilisation is defined as rental revenue divided by average fleet at original (or "first") cost and, measured over the last twelve months to 30 April 2014, rose to 61% at Sunbelt (2013: 60%) and 56% at A-Plant (2013: 49%). 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 30 April 2014, average physical utilisation at Sunbelt remained constant at 71% and increased to 72% at A-Plant (2013: 69%). At Sunbelt, physical utilisation is measured for equipment with an original cost in excess of $7,500 which comprised approximately 89% of its fleet at 30 April 2014.

Trade receivables

Receivable days at 30 April were 47 days (2013: 44 days). The bad debt charge for the year ended 30 April 2014 as a percentage of total turnover was 0.6% (2013: 0.7%). Trade receivables at 30 April 2014 of £221m (2013: £185m) are stated net of allowances for bad debts and credit notes of £16m (2013: £16m) with the allowance representing 6.8% (2013: 7.8%) of gross receivables.

Trade and other payables

Group payable days were 63 days in 2014 (2013: 67 days) with capital expenditure related payables, which have longer payment terms, totalling £152m (2013: £130m). 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

	Year to 30 April 2014 £m	2013 £m (restated)
EBITDA before exceptional items	685.1	519.0
Cash inflow from operations before exceptional items and changes in rental equipment	645.5	501.3
*Cash conversion ratio**	*94.2%*	*96.6%*
Replacement rental capital expenditure	(249.6)	(270.6)
Payments for non-rental capital expenditure	(85.3)	(58.3)
Rental equipment disposal proceeds	90.4	87.6
Other property, plant and equipment disposal proceeds	11.5	7.9
Tax (net)	(14.9)	(6.8)
Financing costs	(40.5)	(41.5)
Cash inflow before growth capex and payment of exceptional costs	**357.1**	**219.6**
Growth rental capital expenditure	(405.6)	(253.6)
Exceptional costs	(2.2)	(15.8)
Total cash used in operations	**(50.7)**	**(49.8)**
Business acquisitions	(103.3)	(33.8)
Total cash absorbed	**(154.0)**	**(83.6)**
Dividends	(41.3)	(20.0)
Purchase of own shares by the ESOT	(22.4)	(10.2)
Increase in net debt	**(217.7)**	**(113.8)**

* 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 29% to £646m. Reflecting a higher level of working capital due to higher activity levels, the cash conversion ratio for the year was 94% (2013: 97%).

Total payments for capital expenditure (rental equipment and other PPE) during the year were £741m (2013: £583m). Disposal proceeds received totalled £102m, giving net payments for capital expenditure of £639m in the year (2013: £487m). Financing costs paid totalled £40m (2013: £42m) while tax payments were £15m (2013: £7m). 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 year the Group generated £357m (2013: £220m) 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 financing costs in the prior year) and acquisitions, there was a net cash outflow of £154m (2013: £84m).

Net debt

	2014 £m	2013 £m
First priority senior secured bank debt	609.5	716.7
Finance lease obligations	4.6	2.9
6.5% second priority senior secured notes, due 2022	537.3	314.8
	1,151.4	1,034.4
Cash and cash equivalents	(2.8)	(20.3)
Total net debt	1,148.6	1,014.1

Net debt at 30 April 2014 was £1,149m with the increase since 30 April 2013 reflecting principally the net cash outflow set out above, partially offset by £88m of currency translation benefit. The Group's EBITDA for the year ended 30 April 2014 was £685m and the ratio of net debt to EBITDA was therefore 1.8 times at 30 April 2014 (2013: 1.9 times) on a constant currency basis and 1.7 times (2013: 2.0 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 5%. 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 30 April 2014, excess availability under the bank facility was $916m ($667m at 30 April 2013), with an additional $770m of suppressed availability, meaning that covenants were not measured at 30 April 2014 and are unlikely to be measured in forthcoming quarters.

As a matter of good practice, we calculate the covenant ratios each quarter. At 30 April 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.

Financial risk management

The Group's trading and financing activities expose it to various financial risks that, if left unmanaged, could adversely impact on current or future earnings. Although not necessarily mutually exclusive, these financial risks are categorised separately according to their different generic risk characteristics and include market risk (foreign currency risk and interest rate risk), credit risk and liquidity risk.

Market risk

The Group's activities expose it primarily to interest rate and currency risk. Interest rate risk is monitored on a continuous basis and managed, where appropriate, through the use of interest rate swaps whereas the use of forward foreign exchange contracts to manage currency risk is considered on an individual non-trading transaction basis. The Group is not exposed to commodity price risk or equity price risk as defined in IFRS 7.

Interest rate risk

The Group has fixed and variable rate debt in issue with 47% of the drawn debt at a fixed rate as at 30 April 2014. The Group's accounting policy requires all borrowings to be held at amortised cost. As a result, the carrying value of fixed rate debt is unaffected by changes in credit conditions in the debt markets and there is therefore no exposure to fair value interest rate risk. The Group's debt that bears interest at a variable rate comprises all outstanding borrowings under the senior secured credit facility. The interest rates currently applicable to this variable rate debt are LIBOR as applicable to the currency borrowed (US dollars or pounds) plus 175bp.

The Group periodically utilises interest rate swap agreements to manage and mitigate its exposure to changes in interest rates. However, during the year ended and as at 30 April 2014, the Group had no such swap agreements outstanding. The Group may, at times, hold cash and cash equivalents, which earn interest at a variable rate.

Currency exchange risk

Currency exchange risk is limited to translation risk as there are no transactions in the ordinary course of business that take place between foreign entities. The Group's reporting currency is the pound sterling. However, a majority of our assets, liabilities, revenue and costs is denominated in US dollars. The Group has arranged its financing such that, at 30 April 2014, 94% 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 30 April 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 30 April 2014, a 1% change in the US dollar exchange rate would impact pre-tax profit by £3m.

The Group's exposure to exchange rate movements on trading transactions is relatively limited. All Group companies invoice revenue in their respective local currency and generally incur expense and purchase assets in their local currency. Consequently, the Group does not routinely hedge either forecast foreign exchange exposures or the impact of exchange rate movements on the translation of overseas profits into sterling. Where the Group does hedge, it maintains appropriate hedging documentation. Foreign exchange risk on significant non-trading transactions (e.g. acquisitions) is considered on an individual basis.

Credit risk

The Group's principal financial assets are cash and bank balances and trade and other receivables. The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

The Group has a large number of unrelated customers, serving almost 500,000 during the financial year, and does not have any significant credit exposure to any particular customer. Each business segment manages its own exposure to credit risk according to the economic circumstances and characteristics of the markets they serve. The Group believes that management of credit risk on a devolved basis enables it to assess and manage credit risk more effectively. However, broad principles of credit risk management practice are observed across the Group, such as the use of credit reference agencies and the maintenance of credit control functions.

Liquidity risk

Liquidity risk is the risk that the Group could experience difficulties in meeting its commitments to creditors as financial liabilities fall due for payment.

The Group generates significant free cash flow (defined as cash flow from operations less replacement capital expenditure net of proceeds of asset disposals, interest paid and tax paid). This free cash flow is available to the Group to invest in growth capital expenditure, acquisitions and dividend payments or to reduce debt.

In addition to the strong free cash flow from normal trading activities, additional liquidity is available through the Group's ABL facility. At 30 April 2014, excess availability under the $2.0bn facility was $916m (£543m).

Principal risks and uncertainties

The Group faces a number of risks and uncertainties in its day-to-day operations and it is management's role to mitigate and manage these risks. The Board has established a formal risk management process which has identified the following principal risks and uncertainties which could affect employees, operations, revenue, profits, cash flows and assets of the Group.

<u>Economic conditions</u>

Potential impact
In the longer term, there is a link between demand for our services and levels of economic activity. The construction industry, from which we earn the majority of our revenue, is cyclical and typically lags the general economic cycle by between 12 and 24 months.

Mitigation
- Prudent management through the different phases of the cycle.
- Flexibility in the business model.
- Capital structure and debt facilities arranged in recognition of the cyclical nature of our market and able to withstand market shocks.

Change
Our performance is currently ahead of the economic cycle and we therefore expect to see further upside as the economic recovery becomes more sustained. However, our longer term planning is focussed on the next downturn to ensure we have the financial firepower at the bottom of the cycle to achieve the next 'step-change' in business performance.

<u>Competition</u>

Potential impact
The already competitive market could become even more competitive and we could suffer increased competition from large national competitors or small companies operating at a local level resulting in reduced market share and lower revenue.

Mitigation
- Create commercial advantage by providing the highest level of service, consistently and at a price which offers value.
- Excel in the areas that provide barriers to entry to newcomers: industry-leading IT, experienced personnel and a broad network and equipment fleet.
- Regularly estimate and monitor our market share and track the performance of our competitors.

Change
Our competitive position continues to improve. We are growing faster than most of our larger competitors and the market, and continue to take market share from our smaller, less well financed competitors.

<u>Financing</u>

Potential impact
Debt facilities are only ever committed for a finite period of time and we need to plan to renew our facilities before they mature and guard against default. Our loan agreements also contain conditions (known as covenants) with which we must comply.

Mitigation
- Maintain conservative (below 2 times) net debt to EBITDA leverage which helps minimise our refinancing risk.
- Maintain long debt maturities.
- Use of asset-based senior facility means none of our debt contains quarterly financial covenants when availability under the facility exceeds $200m.

Change
We took the opportunity afforded by strong debt markets to increase our ABL facility to $2bn, reduce the interest rate grid and extend its maturity to 2018. In addition, we accessed the long-term fixed rate debt markets and added $400m to our 6.5% notes due 2022 at a yield to maturity of 5.6%. At 30 April 2014, our facilities were committed for an average of six years and availability under the ABL was $916m.

Business continuity

Potential impact
We are heavily dependent on technology for the smooth running of our business given the large number of both units of equipment we rent and our customers. A serious uncured failure in our point of sale IT platforms would have an immediate impact, rendering us unable to record and track our high volume, low transaction value operations.

Mitigation
- Robust and well-protected data centres with multiple data links to protect against the risk of failure.
- Detailed business recovery plans which are tested periodically.
- Separate near-live back-up data centres which are designed to be able to provide the necessary services in the event of a failure at the primary site.

Change
Our business continuity plans were reviewed, updated and tested during the year.

People

Potential impact
Retaining and attracting good people is key to delivering superior performance and customer service.

Excessive staff turnover is likely to impact on our ability to maintain the appropriate quality of service to our customers and would ultimately impact our financial performance adversely.

Mitigation
- Provide well-structured and competitive reward and benefit packages that ensure our ability to attract and retain the employees we need.
- Ensure that our staff have the right working environment and equipment to enable them to do the best job possible and maximise their satisfaction at work.
- Invest in training and career development opportunities for our people to support them in their careers.

Change
Our compensation and incentive programmes have continued to evolve to reflect market conditions and the economic environment. Staff turnover remains relatively low, based on historical levels.

We continue to invest in training and career development with nearly 300 courses offered across both businesses.

Health and safety

Potential impact
We need to comply with laws and regulations governing occupational health and safety matters. Furthermore, accidents could happen which might result in injury to an individual, claims against the Group and damage to our reputation.

Mitigation

- Maintain appropriate health and safety policies and procedures regarding the need to comply with laws and regulations and to reasonably guard our employees against the risk of injury.
- Induction and training programmes reinforce health and safety policies.
- Programmes to support our customers exercising their responsibility to their own workforces when using our equipment.

Change

The overall incident rate continued to decline in Sunbelt and A-Plant, although we saw a higher incidence of strains and sprains in A-Plant. This resulted in a reduced RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations) reportable rate of 0.45 (2013: 0.48) in Sunbelt but an increase to 0.52 in A-Plant (2013: 0.35).

<u>Compliance with laws and regulations</u>

Potential impact

Failure to comply with the frequently changing regulatory environment could result in reputational damage or financial penalty.

Mitigation

- Maintaining a legal function to oversee management of these risks and to achieve compliance with relevant legislation.
- Group-wide ethics policy and whistle-blowing arrangements.
- Evolving policies and practices to take account of changes in legal obligations.
- Training and induction programmes ensure our staff receive appropriate training and briefing on the relevant policies.

Change

We monitor regulatory and legislation changes to ensure our policies and practices reflect them and we comply with relevant legislation.

Our whistle-blowing arrangements are well established and the Company Secretary reported matters arising to the Audit Committee during the course of the year.

During the year over 1,100 people in Sunbelt and over 700 in A-Plant underwent induction training and additional training programmes were undertaken in safety.

<u>Environmental</u>

Potential impact

We need to comply with the numerous laws governing environmental protection matters. These laws regulate such issues as wastewater, stormwater, solid and hazardous wastes and materials, and air quality. Breaches potentially create hazards to our employees, damage to our reputation and expose the Group to, amongst other things, the cost of investigating and remediating contamination and also fines and penalties for non-compliance.

Mitigation

- Policies and procedures in place at all our stores regarding the need to adhere to local laws and regulations.
- Procurement policies reflect the need for the latest available emissions management and fuel efficiency tools in our fleet.
- Monitoring and reporting of carbon emissions.

Change

We continue to seek to reduce the environmental impact of our business and invest in technology to reduce the environmental impact on our customers' businesses. In 2013/14 we reduced our carbon emission intensity ratio to 121 (2013: 129) in Sunbelt and 101 (2013: 112) in A-Plant.

OPERATING STATISTICS

	Number of rental stores		Staff numbers	
	2014	2013	2014	2013
Sunbelt	425	388	7,562	7,140
A-Plant	131	106	2,361	1,934
Corporate office	-	-	11	11
Group	556	494	9,934	9,085

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