Ashtead group

16 June 2015

Audited results for the year and unaudited results for the fourth quarter ended 30 April 2015

	Fourth quarter			Year		
	2015	2014	Growth[1]	2015	2014	Growth[1]
	£m	£m	%	£m	£m	%
Underlying results[2]						
Rental revenue	479.1	355.7	24%	1,837.6	1,475.3	24%
EBITDA	227.9	153.7	35%	908.4	685.1	32%
Operating profit	129.5	82.6	41%	556.9	409.2	36%
Profit before taxation	110.2	69.4	42%	489.6	362.1	35%
Earnings per share	14.2p	9.8p	29%	62.6p	46.6p	34%
Statutory results						
Revenue	538.7	384.9	29%	2,038.9	1,634.7	24%
Profit before taxation	104.7	70.8	32%	473.8	356.5	33%
Earnings per share	13.4p	10.3p	17%	60.5p	46.1p	31%

[1] at constant exchange rates
[2] before intangible amortisation

Highlights

- Group rental revenue up 24%[1]
- Record Group pre-tax profit[2] of £490m, up 35% at constant exchange rates
- £1bn invested in the rental fleet (2014: £657m)
- £236m spent on bolt-on acquisitions (2014: £103m)
- Net debt to EBITDA leverage[1] of 1.8 times (2014: 1.8 times)
- Group RoI of 19% (2014: 19%)
- Proposed final dividend of 12.25p, making 15.25p for the full year, up 33% (2014: 11.5p)

Ashtead's chief executive, Geoff Drabble, commented:

"2014/15 was another very successful year for Ashtead. The consistent execution of our well-established strategy focused on organic growth supplemented by bolt-on acquisitions has delivered both excellent financial results and significantly enhanced our geographic footprint and the breadth of the markets we serve.

Our financial performance speaks for itself with Sunbelt and A-Plant achieving rental revenue growth of 25% and 19% respectively. Underlying Group pre-tax profit rose 35% to £490m and we generated a strong return on investment of 19%.

We invested £1bn in the rental fleet and £236m on bolt-on acquisitions during the year. We expect to again invest around £1bn in capital expenditure in the coming year and we will continue to open greenfield locations and make bolt-on acquisitions to further broaden our market exposure. This growth will, as always, be undertaken responsibly and we will maintain our leverage at, or below, two times EBITDA.

Our markets continue to provide both structural and cyclical opportunity. The business model established over recent years has a track record of exploiting these opportunities and we are supported by a strong balance sheet. Therefore the Board looks forward to the medium term with confidence."

oo—o0o—oo

Contacts:

Name	Role	Telephone
Geoff Drabble	Chief executive	+44 (0)20 7726 9700
Suzanne Wood	Finance director	
Will Shaw	Director of Investor Relations	
Becky Mitchell	Maitland	+44 (0)20 7379 5151
Tom Eckersley	Maitland	

Geoff Drabble and Suzanne Wood will hold a meeting for equity analysts to discuss the results and outlook at 9.30am on Tuesday, 16 June 2015 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 shortly after the meeting concludes. A copy of this announcement and the slide presentation used for the meeting will also be available 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 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		EBITDA		Operating profit	
	2015	2014	2015	2014	2015	2014
Sunbelt in $m	2,742.3	2,188.5	1,293.2	987.6	832.6	631.1
Sunbelt in £m	1,715.9	1,366.2	809.2	616.5	520.9	394.0
A-Plant	323.0	268.5	109.5	78.6	46.3	25.2
Group central costs	-	-	(10.3)	(10.0)	(10.3)	(10.0)
	2,038.9	1,634.7	908.4	685.1	556.9	409.2
Net financing costs					(67.3)	(47.1)
Profit before exceptionals, amortisation and tax					**489.6**	**362.1**
Exceptional items					-	4.2
Amortisation					(15.8)	(9.8)
Profit before taxation					473.8	356.5
Taxation					(170.4)	(125.3)
Profit attributable to equity holders of the Company					303.4	231.2
Margins						
Sunbelt			*47.2%*	*45.1%*	*30.4%*	*28.8%*
A-Plant			*33.9%*	*29.3%*	*14.3%*	*9.4%*
Group			*44.6%*	*41.9%*	*27.3%*	*25.0%*

Group revenue for the year increased 25% to £2,039m (2014: £1,635m) with strong growth in both Sunbelt and A-Plant. This revenue growth, combined with ongoing operational efficiency, generated record underlying profit before tax of £490m (2014: £362m).

The Group's growth is driven by strong same-store growth supplemented by greenfield openings and bolt-on acquisitions. In the US this growth is across a range of market sectors. The dynamics of same store growth and that through greenfields and bolt-ons are different, which is impacting a number of Sunbelt's metrics in the short term. To aid the understanding of our performance, we have analysed Sunbelt's year on year revenue growth as follows:

		$m
2014 rental only revenue		1,530
Same stores (in existence at 1 May 2013)	17%	247
Bolt-ons and greenfields since 1 May 2013	10%	158
2015 rental only revenue	27%	1,935
Ancillary revenue	22%	540
2015 rental revenue	25%	2,475
Sales revenue		267
2015 total revenue		2,742

We continue to capitalise on the opportunity presented by our markets which were up circa 7% last year and are forecast to grow around 8% this year. Our same-store growth of 17% demonstrates that we continue to take market share as we grow at more than double the market rate. In addition, bolt-ons and greenfields have contributed another 10% growth as we execute our long-term structural growth strategy of expanding our geographic footprint and our specialty businesses. Our specialty businesses accounted for 25% of Sunbelt's revenue in 2014/15.

Total rental only revenue growth of 27% can be broken down to a 24% increase in fleet on rent and a net 2% improvement in yield. The improved yield reflects the combination of good rate growth, the drag of greenfield and bolt-on activity as we capitalise on market opportunities and the negative impact of mix which we highlighted in previous quarters. Average physical utilisation for the year was 70% (2014: 71%).

A-Plant continues to perform well as it executes on its strategy to broaden its markets and delivered rental only revenue of £238m, up 21% on the prior year (2014: £197m). This reflects 13% more fleet on rent and a 7% improvement in yield. Yield has benefitted from an improved pricing environment and the diversification of the product line. Total rental revenue increased 19% to £289m (2014: £244m).

Sunbelt's strong revenue growth and focus on operational efficiency is driving improving margins resulting in an EBITDA margin of 47% (2014: 45%) as 58% of revenue growth dropped through to EBITDA. Drop through reflects the drag effect of greenfield openings and acquisitions. Stores open for more than one year saw 67% of revenue growth drop through to EBITDA. This contributed to an operating profit up 32% at $833m (2014: $631m). A-Plant's EBITDA margin improved to 34% (2014: 29%) and operating profit rose to £46m (2014: £25m), with drop through of 56%. As a result, Group underlying operating profit increased 36% to £557m (2014: £409m).

Net financing costs increased to £67m (2014: £47m), reflecting the higher average debt during the period and the higher cost of the additional $400m of senior secured notes issued in December 2013 and the $500m senior secured notes issued in September 2014.

Group profit before amortisation of intangibles and taxation was £490m (2014: £362m). After a tax charge of 36% (2014: 36%) of the underlying pre-tax profit, underlying earnings per share increased 34% to 62.6p (2014: 46.6p). Following the introduction of accelerated tax depreciation by the US government for 2014, we do not become a significant cash tax payer in the US until 2015/16. As a result, the cash tax charge for the year was 4%.

Statutory profit before tax was £474m (2014: £357m) and basic earnings per share were 60.5p (2014: 46.1p).

Capital expenditure and acquisitions

Capital expenditure for the year was £1,063m gross and £942m net of disposal proceeds (2014: £741m gross and £642m net). Investment in the Group's rental fleet was £979m, resulting in a fleet cost at 30 April 2015 of £3.6bn. Our average fleet age is now 26 months (2014: 28 months).

We spent £236m (2014: £103m) on 21 bolt-on acquisitions during the period as we continue to both expand our footprint and our specialty businesses. The long-term objective of this strategy is to ensure we are not too dependent on any one market. The benefits of this have been demonstrated in recent months when oil and gas markets have suffered.

Our current expectation for 2015/16 is that the percentage growth in our rental fleet will be in the mid teens with capital expenditure around £1bn. 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 2016.

Return on Investment[1]

Sunbelt's pre-tax return on investment (excluding goodwill and intangible assets) in the 12 months to 30 April 2015 was 26% (2014: 26%), 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 13% (2014: 9%), which is now ahead of the Group's cost of capital. For the Group as a whole, returns (including goodwill and intangible assets) are 19% (2014: 19%).

[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 year as we invested in the fleet, made an increased number of bolt-on acquisitions and due to increased working capital to support the growth in the business.

Net debt at 30 April 2015 was £1,687m (2014: £1,149m) while, reflecting our strong earnings growth, the ratio of net debt to EBITDA remained constant at 1.8 times (2014: 1.8 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. Following the issue of the $500m 5.625% senior secured notes due in 2024, the Group's debt facilities are committed for an average of six years. At 30 April 2015, ABL excess availability was $756m, with an additional $1,741m of suppressed availability - substantially above the $200m level at which the Group's entire debt package is covenant free.

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 12.25p per share (2014: 9.25p) making 15.25p for the year (2014: 11.5p). If approved at the forthcoming Annual General Meeting, the final dividend will be paid on 4 September 2015 to shareholders on the register on 14 August 2015.

Current trading and outlook

Our strong performance continued in May. Our markets continue to provide both structural and cyclical opportunity. The business model established over recent years has a track record of exploiting these opportunities and we are supported by a strong balance sheet. Therefore the Board looks forward to the medium term with 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 2015. 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
15 June 2015"

CONSOLIDATED INCOME STATEMENT FOR THE THREE MONTHS ENDED 30 APRIL 2015

	2015			2014		
	Before amortisation	Amortisation	Total	Before exceptional items and amortisation	Exceptional items and amortisation	Total
	£m	£m	£m	£m	£m	£m
Fourth quarter - unaudited						
Revenue						
Rental revenue	479.1	-	479.1	355.7	-	355.7
Sale of new equipment, merchandise and consumables	22.3	-	22.3	14.7	-	14.7
Sale of used rental equipment	37.3	-	37.3	14.5	-	14.5
	538.7	-	538.7	384.9	-	384.9
Operating costs						
Staff costs	(135.4)	-	(135.4)	(99.5)	-	(99.5)
Used rental equipment sold	(28.7)	-	(28.7)	(12.5)	-	(12.5)
Other operating costs	(146.7)	-	(146.7)	(119.2)	4.2	(115.0)
	(310.8)	-	(310.8)	(231.2)	4.2	(227.0)
EBITDA*	227.9	-	227.9	153.7	4.2	157.9
Depreciation	(98.4)	-	(98.4)	(71.1)	-	(71.1)
Amortisation of intangibles	-	(5.5)	(5.5)	-	(2.8)	(2.8)
Operating profit	129.5	(5.5)	124.0	82.6	1.4	84.0
Interest expense	(19.3)	-	(19.3)	(13.2)	-	(13.2)
Profit on ordinary activities before taxation	110.2	(5.5)	104.7	69.4	1.4	70.8
Taxation	(39.0)	1.8	(37.2)	(20.1)	1.0	(19.1)
Profit attributable to equity holders of the Company	71.2	(3.7)	67.5	49.3	2.4	51.7
Basic earnings per share	14.2p	(0.8p)	13.4p	9.8p	0.5p	10.3p
Diluted earnings per share	14.1p	(0.7p)	13.4p	9.8p	0.4p	10.2p

* 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 2015

	2015			2014		
	Before amortisation	Amortisation	Total	Before exceptional items and amortisation	Exceptional items and amortisation	Total
	£m	£m	£m	£m	£m	£m
Year to 30 April 2015 - audited						
Revenue						
Rental revenue	1,837.6	-	1,837.6	1,475.3	-	1,475.3
Sale of new equipment, merchandise and consumables	88.2	-	88.2	68.1	-	68.1
Sale of used rental equipment	113.1	-	113.1	91.3	-	91.3
	2,038.9	-	2,038.9	1,634.7	-	1,634.7
Operating costs						
Staff costs	(486.3)	-	(486.3)	(417.3)	-	(417.3)
Used rental equipment sold	(86.3)	-	(86.3)	(73.4)	-	(73.4)
Other operating costs	(557.9)	-	(557.9)	(458.9)	4.2	(454.7)
	(1,130.5)	-	(1,130.5)	(949.6)	4.2	(945.4)
EBITDA*	908.4	-	908.4	685.1	4.2	689.3
Depreciation	(351.5)	-	(351.5)	(275.9)	-	(275.9)
Amortisation of intangibles	-	(15.8)	(15.8)	-	(9.8)	(9.8)
Operating profit	556.9	(15.8)	541.1	409.2	(5.6)	403.6
Investment income	0.2	-	0.2	-	-	-
Interest expense	(67.5)	-	(67.5)	(47.1)	-	(47.1)
Profit on ordinary activities before taxation	489.6	(15.8)	473.8	362.1	(5.6)	356.5
Taxation	(175.5)	5.1	(170.4)	(128.6)	3.3	(125.3)
Profit attributable to equity holders of the Company	314.1	(10.7)	303.4	233.5	(2.3)	231.2
Basic earnings per share	62.6p	(2.1p)	60.5p	46.6p	(0.5p)	46.1p
Diluted earnings per share	62.2p	(2.1p)	60.1p	46.3p	(0.5p)	45.8p

* 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	
	2015	2014	2015	2014
	£m	£m	£m	£m
Profit attributable to equity holders of the Company for the period	67.5	51.7	303.4	231.2
Items that will not be reclassified to profit or loss:				
Remeasurement of the defined benefit pension plan	(3.1)	5.3	(3.1)	5.3
Tax on defined benefit pension plan	0.6	(1.0)	0.6	(1.0)
	(2.5)	4.3	(2.5)	4.3
Items that may be reclassified subsequently to profit or loss:				
Foreign currency translation differences	(16.8)	(14.3)	58.9	(41.3)
Total comprehensive income for the period	48.2	41.7	359.8	194.2

CONSOLIDATED BALANCE SHEET AT 30 APRIL 2015

	Audited	
	2015	2014
	£m	£m
Current assets		
Inventories	23.9	18.5
Trade and other receivables	377.5	259.8
Current tax asset	26.2	9.9
Cash and cash equivalents	10.5	2.8
	438.1	291.0
Non-current assets		
Property, plant and equipment		
- rental equipment	2,534.2	1,716.3
- other assets	276.9	212.8
	2,811.1	1,929.1
Goodwill	516.2	400.4
Other intangible assets	92.7	45.8
Net defined benefit pension plan asset	3.1	6.1
	3,423.1	2,381.4
Total assets	3,861.2	2,672.4
Current liabilities		
Trade and other payables	491.7	345.8
Current tax liability	6.2	5.8
Debt due within one year	2.0	2.2
Provisions	18.4	15.0
	518.3	368.8
Non-current liabilities		
Debt due after more than one year	1,695.6	1,149.2
Provisions	31.3	20.3
Deferred tax liabilities	504.5	309.7
	2,231.4	1,479.2
Total liabilities	2,749.7	1,848.0
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	(15.5)	(11.8)
Cumulative foreign exchange translation differences	38.7	(20.2)
Retained reserves	970.9	739.0
Equity attributable to equity holders of the Company	1,111.5	824.4
Total liabilities and equity	3,861.2	2,672.4

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 APRIL 2015

	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 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
Profit for the year	-	-	-	-	-	-	-	303.4	303.4
Other comprehensive income:									
Foreign currency translation differences	-	-	-	-	-	-	58.9	-	58.9
Remeasurement of the defined benefit pension plan	-	-	-	-	-	-	-	(3.1)	(3.1)
Tax on defined benefit pension plan	-	-	-	-	-	-	-	0.6	0.6
Total comprehensive income for the year	-	-	-	-	-	-	58.9	300.9	359.8
Dividends paid	-	-	-	-	-	-	-	(61.4)	(61.4)
Own shares purchased by the ESOT	-	-	-	-	-	(20.3)	-	-	(20.3)
Share-based payments	-	-	-	-	-	16.6	-	(12.6)	4.0
Tax on share-based payments	-	-	-	-	-	-	-	5.0	5.0
At 30 April 2015	55.3	3.6	0.9	90.7	(33.1)	(15.5)	38.7	970.9	1,111.5

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 APRIL 2015

	Audited	
	2015	2014
	£m	£m
Cash flows from operating activities		
Cash generated from operations before exceptional items and changes in rental equipment	841.4	645.5
Exceptional operating costs paid	(0.5)	(2.2)
Payments for rental property, plant and equipment	(858.1)	(655.2)
Proceeds from disposal of rental property, plant and equipment	95.4	90.4
Cash generated from operations	78.2	78.5
Financing costs paid (net)	(63.4)	(40.5)
Tax paid (net)	(32.0)	(14.9)
Net cash (used in)/generated from operating activities	(17.2)	23.1
Cash flows from investing activities		
Acquisition of businesses	(241.5)	(103.3)
Payments for non-rental property, plant and equipment	(78.7)	(85.3)
Proceeds from disposal of non-rental property, plant and equipment	7.5	11.5
Net cash used in investing activities	(312.7)	(177.1)
Cash flows from financing activities		
Drawdown of loans	842.5	578.7
Redemption of loans	(420.4)	(377.7)
Capital element of finance lease payments	(2.9)	(0.7)
Dividends paid	(61.4)	(41.3)
Purchase of own shares by the ESOT	(20.3)	(22.4)
Net cash from financing activities	337.5	136.6
Increase/(decrease) in cash and cash equivalents	7.6	(17.4)
Opening cash and cash equivalents	2.8	20.3
Effect of exchange rate difference	0.1	(0.1)
Closing cash and cash equivalents	10.5	2.8

Reconciliation of net cash flows to net debt

	2015	2014
(Increase)/decrease in cash in the period	(7.6)	17.4
Increase in debt through cash flow	419.2	200.3
Change in net debt from cash flows	411.6	217.7
Exchange differences	121.8	(87.7)
Debt acquired	-	1.4
Non-cash movements:		
- deferred costs of debt raising	1.5	2.0
- capital element of new finance leases	3.6	1.1
Increase in net debt in the period	538.5	134.5
Net debt at 1 May	1,148.6	1,014.1
Net debt at 30 April	1,687.1	1,148.6

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. General information

Ashtead Group plc ('the Company') is a company incorporated and domiciled in England and Wales and listed on the London Stock Exchange.

2. Basis of preparation

The financial statements for the year ended 30 April 2015 were approved by the directors on 15 June 2015. This preliminary announcement of the results for the year ended 30 April 2015 contains information derived from the forthcoming 2014/15 Annual Report & Accounts and does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The statutory accounts for the year ended 30 April 2014 have been filed with the Registrar of Companies. The statutory accounts for the year ended 30 April 2015 will be delivered to the Registrar of Companies and made available on the Group's website at www.ashtead-group.com in July 2015. The auditor's report in respect of both years is unqualified, did not include a reference to any matter by way of emphasis and did 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 2015 have been prepared in accordance with relevant IFRS and the accounting policies set out in the Group's Annual Report and Accounts for the year ended 30 April 2015. There are no new IFRS or IFRIC Interpretations that are effective for the first time this financial year which have a material impact on the Group.

The financial statements have been prepared on the going concern basis. The Group's internal budgets and forecasts of future performance, available financing facilities and facility headroom (see note 11), provide a reasonable expectation that the Group has adequate resources to continue in operation for the foreseeable future and consequently the going concern basis continues to be appropriate in preparing the financial statements.

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

	2015	2014
Average for the three months ended 30 April	1.51	1.66
Average for the year ended 30 April	1.60	1.60
At 30 April	1.54	1.69

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. Segmental analysis

	Revenue	Operating profit before amortisation	Exceptional items and amortisation	Operating profit
	£m	£m	£m	£m
Three months to 30 April				
2015				
Sunbelt	458.1	123.5	(4.3)	119.2
A-Plant	80.6	8.6	(1.2)	7.4
Corporate costs	-	(2.6)	-	(2.6)
	538.7	129.5	(5.5)	124.0
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
Year to 30 April				
2015				
Sunbelt	1,715.9	520.9	(11.2)	509.7
A-Plant	323.0	46.3	(4.6)	41.7
Corporate costs	-	(10.3)	-	(10.3)
	2,038.9	556.9	(15.8)	541.1
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

	Segment assets	Cash	Taxation assets	Total assets
	£m	£m	£m	£m
At 30 April 2015				
Sunbelt	3,309.7	-	-	3,309.7
A-Plant	514.7	-	-	514.7
Corporate items	0.1	10.5	26.2	36.8
	3,824.5	10.5	26.2	3,861.2
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

Sunbelt includes Sunbelt Rentals of Canada Inc..

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. Operating costs and other income

	2015			2014		
	Before amortisation	Amortisation	Total	Before exceptional items and amortisation	Exceptional items and amortisation	Total
	£m	£m	£m	£m	£m	£m
Three months to 30 April						
Staff costs:						
Salaries	122.8	-	122.8	89.6	-	89.6
Social security costs	10.3	-	10.3	8.2	-	8.2
Other pension costs	2.3	-	2.3	1.7	-	1.7
	135.4	-	135.4	99.5	-	99.5
Used rental equipment sold	28.7	-	28.7	12.5	-	12.5
Other operating costs:						
Vehicle costs	29.4	-	29.4	25.5	-	25.5
Spares, consumables & external repairs	28.8	-	28.8	23.6	-	23.6
Facility costs	16.5	-	16.5	12.9	-	12.9
Other external charges	72.0	-	72.0	57.2	(4.2)	53.0
	146.7	-	146.7	119.2	(4.2)	115.0
Depreciation and amortisation:						
Depreciation	98.4	-	98.4	71.1	-	71.1
Amortisation of intangibles	-	5.5	5.5	-	2.8	2.8
	98.4	5.5	103.9	71.1	2.8	73.9
	409.2	5.5	414.7	302.3	(1.4)	300.9
Year to 30 April						
Staff costs:						
Salaries	441.8	-	441.8	380.4	-	380.4
Social security costs	36.0	-	36.0	29.7	-	29.7
Other pension costs	8.5	-	8.5	7.2	-	7.2
	486.3	-	486.3	417.3	-	417.3
Used rental equipment sold	86.3	-	86.3	73.4	-	73.4
Other operating costs:						
Vehicle costs	117.8	-	117.8	105.9	-	105.9
Spares, consumables & external repairs	102.7	-	102.7	83.4	-	83.4
Facility costs	58.9	-	58.9	50.4	-	50.4
Other external charges	278.5	-	278.5	219.2	(4.2)	215.0
	557.9	-	557.9	458.9	(4.2)	454.7
Depreciation and amortisation:						
Depreciation	351.5	-	351.5	275.9	-	275.9
Amortisation of intangibles	-	15.8	15.8	-	9.8	9.8
	351.5	15.8	367.3	275.9	9.8	285.7
	1,482.0	15.8	1,497.8	1,497.7	5.6	1,231.1

5. Exceptional items and amortisation

Exceptional items are those items of financial performance that are material and non-recurring in nature. 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 profit and earnings per share are stated before exceptional items and amortisation of intangibles.

	Three months to 30 April		Year to 30 April	
	2015	2014	2015	2014
	£m	£m	£m	£m
Release of contingent consideration provision	-	(4.2)	-	(4.2)
Amortisation of intangibles	5.5	2.8	15.8	9.8
	5.5	(1.4)	15.8	5.6
Taxation	(1.8)	(1.0)	(5.1)	(3.3)
	3.7	(2.4)	10.7	2.3

The £4m release of contingent consideration in the prior year relates to a provision for contingent consideration on the acquisition of Eve Trakway Limited which was payable, depending on increased earnings targets. £7m was provided in full on acquisition. The targets were achieved partially and the over-provision was released.

6. Net financing costs

	Three months to 30 April		Year to 30 April	
	2015	2014	2015	2014
	£m	£m	£m	£m
Investment income:				
Net interest on the net defined benefit asset	-	-	(0.2)	-
Interest expense:				
Bank interest payable	4.4	3.8	17.5	18.4
Interest payable on second priority senior secured notes	14.1	8.9	47.5	26.3
Interest payable on finance leases	-	0.1	0.2	0.2
Non-cash unwind of discount on provisions	0.3	0.1	0.8	0.4
Amortisation of deferred debt raising costs	0.5	0.3	1.5	1.8
Total interest expense	19.3	13.2	67.5	47.1
Net financing costs	19.3	13.2	67.3	47.1

7. Taxation

The tax charge for the period has been computed using an estimated effective rate for the year of 39% in North America (2014: 39%) and 21% in the UK (2014: 26%). The blended effective rate for the Group as a whole is 36% (2014: 36%).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

7. Taxation (continued)

The tax charge of £175.5m (2014: £128.6m) on the underlying pre-tax profit of £489.6m (2014: £362.1m) can be explained as follows:

	Year to 30 April	
	2015	2014
	£m	£m
Current tax		
- current tax on income for the period	19.5	16.8
- adjustments to prior year	(0.3)	(7.7)
	19.2	9.1
Deferred tax		
- origination and reversal of temporary differences	156.3	117.2
- adjustments to prior year	-	4.6
- adjustments due to change in UK and US corporate tax rate	-	(2.3)
	156.3	119.5
Tax on underlying activities	175.5	128.6
Comprising:		
- UK	17.3	13.3
- North America	158.2	115.3
	175.5	128.6

In addition, the tax credit of £5.1m (2014: £3.3m) on exceptional items (including amortisation of intangibles) of £15.8m (2014: £5.6m) consists of a deferred tax credit of £1.0m relating to the UK (2014: £1.1m) and £4.1m (2014: £2.2m) relating to North America.

8. Earnings per share

Basic and diluted earnings per share for the three and twelve months ended 30 April 2015 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	
		2015	2014	2015	2014
Profit for the financial period (£m)		67.5	51.7	303.4	231.2
Weighted average number of shares (m)	- basic	501.4	501.2	501.4	501.1
	- diluted	504.1	505.1	504.6	504.8
Basic earnings per share		13.4p	10.3p	60.5p	46.1p
Diluted earnings per share		13.4p	10.2p	60.1p	45.8p

8. Earnings per share (continued)

Underlying earnings per share (defined in any period as the earnings before exceptional items 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	
	2015	2014	2015	2014
Basic earnings per share	13.4p	10.3p	60.5p	46.1p
Exceptional items and amortisation of intangibles	1.1p	(0.3p)	3.1p	1.1p
Tax on exceptional items and amortisation	(0.3p)	(0.2p)	(1.0p)	(0.6p)
Underlying earnings per share	14.2p	9.8p	62.6p	46.6p

9. Dividends

During the year, a final dividend in respect of the year ended 30 April 2014 of 9.25p (2013: 6.0p) per share and an interim dividend for the year ended 30 April 2015 of 3.0p (2014: 2.25p) per share were paid to shareholders costing £61.4m (2014: £41.3m).

10. Property, plant and equipment

	2015		2014	
Net book value	Rental equipment £m	Total £m	Rental equipment £m	Total £m
At 1 May	1,716.3	1,929.1	1,407.8	1,584.6
Exchange differences	137.6	153.2	(85.9)	(95.2)
Reclassifications	(0.9)	-	(0.7)	-
Additions	979.1	1,063.1	657.0	740.6
Acquisitions	97.4	108.9	50.3	52.7
Disposals	(85.8)	(91.7)	(68.8)	(77.7)
Depreciation	(309.5)	(351.5)	(243.4)	(275.9)
At 30 April	2,534.2	2,811.1	1,716.3	1,929.1

11. Borrowings

	30 April 2015 £m	30 April 2014 £m
Current		
Finance lease obligations	2.0	2.2
Non-current		
First priority senior secured bank debt	782.7	609.5
Finance lease obligations	3.3	2.4
6.5% second priority senior secured notes, due 2022	589.8	537.3
5.625% second priority senior secured notes, due 2024	319.8	-
	1,695.6	1,149.2

The senior secured bank debt and the senior secured notes are secured by way of, respectively, first and second priority fixed and floating charges over substantially all the Group's property, plant and equipment, inventory and trade receivables.

Under the terms of our asset-based senior bank facility, \$2.0bn is committed until August 2018. The \$900m 6.5% senior secured notes mature in July 2022, whilst the \$500m 5.625% senior secured

11. Borrowings (continued)

notes mature in October 2024. 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 and the $500m 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 2015, excess availability under the bank facility was $756m ($916m at 30 April 2014), with an additional $1,741m of suppressed availability, meaning that covenants were not measured at 30 April 2015 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 2015, 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.

Fair value of financial instruments

At 30 April 2015, the Group had no derivative financial instruments.

With the exception of the Group's second priority senior secured notes, the carrying value of non-derivative financial assets and liabilities is considered to materially equate to their fair value.

The carrying value of the second priority senior secured notes due 2022, excluding deferred debt raising costs, was £599m at 30 April 2015 (£547m at 30 April 2014), while the fair value was £646m (£593m at 30 April 2014). The carrying value of the second priority senior secured notes due 2024, excluding deferred debt raising costs, was £325m at 30 April 2015 (£nil at 30 April 2014) while the fair value was £342m (£nil at 30 April 2014). The fair value of the second priority senior secured notes has been calculated using the quoted market prices at 30 April 2015.

12. Share capital

Ordinary shares of 10p each:

	2015 Number	2014 Number	2015 £m	2014 £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 2015, 50m (2014: 50m) shares were held by the Company and a further 1.9m (2014: 2.1m) shares were held by the Company's Employee Share Ownership Trust.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

13. Notes to the cash flow statement

	Year to 30 April	
	2015	2014
	£m	£m
a) Cash flow from operating activities		
Operating profit before exceptional items and amortisation	556.9	409.2
Depreciation	351.5	275.9
EBITDA before exceptional items	908.4	685.1
Profit on disposal of rental equipment	(26.8)	(17.9)
Profit on disposal of other property, plant and equipment	(1.2)	(2.8)
Increase in inventories	(2.0)	(2.7)
Increase in trade and other receivables	(58.5)	(46.3)
Increase in trade and other payables	17.7	26.7
Exchange differences	(0.2)	-
Other non-cash movements	4.0	3.4
Cash generated from operations before exceptional items and changes in rental equipment	841.4	645.5

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	Exchange movement	Cash flow	Non-cash movements	30 April 2015
	£m	£m	£m	£m	£m
Cash	(2.8)	(0.1)	(7.6)	-	(10.5)
Debt due within one year	2.2	-	(2.3)	2.1	2.0
Debt due after one year	1,149.2	121.9	421.5	3.0	1,695.6
Total net debt	1,148.6	121.8	411.6	5.1	1,687.1

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	
	2015	2014
	£m	£m
Cash consideration paid		
- acquisitions in the period (net of cash acquired)	236.0	103.3
- contingent consideration	5.5	-
	241.5	103.3

During the year, 21 acquisitions were made for a total cash consideration of £236m (2014: £103m), after taking account of net cash acquired of £0.8m. Further details are provided in note 14.

Payments for contingent consideration on prior year acquisitions were also made of £5m (2014: £nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

14. Acquisitions

During the year, 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 Pennsylvania-based 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). Contingent consideration of up to £0.3m ($0.5m) is payable over the next two years, depending on revenue meeting or exceeding certain thresholds. The business consisted of aerial work platform and general equipment locations in Tennessee.

iv) On 1 August 2014, Sunbelt acquired the business and assets of Hebbronville Lone Star Rentals, LLC ('Lone Star') for an initial cash consideration of £21m ($36m) with contingent consideration of up to £10m ($16m), payable over the next three years, depending on revenue meeting or exceeding certain thresholds. Lone Star is a Texas-based energy-related rental and service company.

v) On 1 September 2014, A-Plant acquired the business and assets of East Coast Construction Services (Hire) Limited ('ECCS') for a cash consideration of £0.7m. ECCS is a fusion and associated equipment rental and service company.

vi) On 5 September 2014, Sunbelt acquired the business and assets of ECM Energy Services, Inc. ('ECM') for a cash consideration of £19m ($31m). ECM is an energy-related equipment rental business.

vii) On 26 September 2014, Sunbelt acquired the business and assets of Ventura Rental, Inc. and Renegade Rental Center, Inc. (together 'Ventura') for a cash consideration of £13m ($21m). Ventura is a California-based general equipment business.

viii) On 2 October 2014, A-Plant acquired the business and assets in Scotland of Hy-Ram Engineering Company Limited ('Hy-Ram') for a cash consideration of £0.1m.

ix) On 16 October 2014, Sunbelt acquired the business and assets of Atlas Sales and Rentals, Inc. ('Atlas') for a cash consideration of £21m ($33m). Atlas specialises in permanent and temporary cooling and heating solutions and operates across the US.

x) On 16 October 2014, Sunbelt acquired the business and assets of Gustafson Enterprises, Inc., trading as General Rental Center, for a cash consideration of £0.1m ($0.2m). General Rental Center is a general equipment business in Florida.

xi) On 3 November 2014, we acquired the entire issued share capital of GWG Rentals, Ltd ('GWG') for an initial cash consideration of £16m (C$29m) with contingent consideration of up to £4m (C$7m) payable over the next three years depending on profitability meeting or exceeding certain thresholds. GWG is a six location equipment rental business based in Canada. GWG now constitutes Sunbelt Rentals of Canada Inc..

14. Acquisitions (continued)

xii) On 10 November 2014, Sunbelt acquired the business and assets of Select Equipment, Inc. and High Lakes Leasing, LLC (together 'Select') for a cash consideration of £9m ($14m). Select is based in Utah providing rental equipment to the oil and gas industry.

xiii) On 2 December 2014, A-Plant acquired the business and assets of Balfour Beatty Engineering Services Limited for a cash consideration of £0.5m.

xiv) On 15 December 2014, A-Plant acquired the entire issued share capital of Event Infrastructure and Branding Limited ('EIB') for a cash consideration of £2m. EIB provides fencing and barrier solutions to the sporting and events sector.

xv) On 2 January 2015, Sunbelt acquired the business and assets of DAB, Inc. and NCS Transportation, Inc. (together 'NCS') for a cash consideration of £28m ($43m). NCS is a general equipment business located in Nebraska.

xvi) On 2 February 2015, Sunbelt acquired the business and assets of Theros Equipment, Inc. ('Theros') for a cash consideration of £30m ($45m). Theros is a general equipment business based in Virginia.

xvii) On 6 February 2015, Sunbelt acquired the business and assets of Texas Gulf Rentals and Texas Gulf Refrigeration LP (together 'TGR') for a cash consideration of £31m ($48m), with contingent consideration of up to £7m ($10m), payable over the next three years, depending on revenue meeting or exceeding certain thresholds. The business is a power and industrial climate control equipment rental business based in Texas.

xviii) On 9 March 2015, Sunbelt acquired the business and assets of Rentalex of Michigan, Inc. ('Rentalex') for an initial cash consideration of £3m ($4m), with contingent consideration of £0.3m ($0.5m), payable over the next year, depending on profitability meeting or exceeding certain thresholds. Rentalex is a general equipment business in Michigan.

xix) On 10 March 2015, A-Plant acquired the entire issued share capital of Temporary Road and Access Company Limited ('TRAC') for a cash consideration of £3m. TRAC supplies temporary roadways and portable paths.

xx) On 16 March 2015, Sunbelt acquired the business and assets of Wilson Rental Center, Inc. ('Wilson') for a cash consideration of £3m ($5m). Wilson is a general equipment business in Corning, New York.

xxi) On 27 April 2015, Sunbelt acquired the business and assets of Signature Systems Group, LLC ('Signature') for a cash consideration of £2m ($3m). Signature is a modular flooring rental business.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

14. Acquisitions (continued)

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	21.1	21.1
Inventory	1.6	1.6
Property, plant and equipment		
- rental equipment	90.5	97.4
- other assets	11.4	11.5
Creditors	(2.1)	(2.1)
Current tax	(0.7)	(0.7)
Deferred tax	(0.5)	(10.0)
Intangible assets (non-compete agreements and customer relationships)	-	59.1
	121.3	177.9
Consideration:		
- cash paid and due to be paid (net of cash acquired)		236.2
- contingent consideration payable in cash		18.4
		254.6
Goodwill		76.7

The goodwill arising can be attributed to the key management personnel and workforce of the acquired businesses and to the synergies and other benefits the Group expects to derive from the acquisitions. The synergies and other benefits include elimination of duplicate costs, improving utilisation of the acquired rental fleet, using the Group's financial strength to invest in the acquired business and drive improved returns through a semi-fixed cost base and the application of the Group's proprietary software to optimise revenue opportunities. £59m of the goodwill is expected to be deductible for income tax purposes.

The gross value and fair value of trade receivables at acquisition was £21m.

Due to the operational integration of the acquired businesses with Sunbelt and A-Plant since acquisition, in particular the merger of some stores, the movement of rental equipment between stores and investment in the rental fleet, it is not practical to report the revenue and profit of the acquired businesses post acquisition. On an annual basis they generate approximately £120m of revenue.

The revenue and operating profit of these acquisitions from 1 May 2014 to their date of acquisition was not material.

15. 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 material impact on the Group's financial position.

16. Events after the balance sheet date

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

i) On 29 May 2015, Sunbelt acquired the business and assets of C. Rowland Enterprises, Inc., trading as Air Systems Sales & Rentals, Inc. ('Air Systems'), for an initial cash consideration of £1m ($2m), with contingent consideration of up to £0.5m ($0.8m), payable over the next year, depending on revenue meeting or exceeding certain thresholds. Air Systems is a climate control business in Oregon.

The initial accounting for this acquisition is incomplete. Had the acquisition taken place on 1 May 2014, its 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	
	2015	2014	2015	2014	2015	2014
Sunbelt in $m	694.8	530.4	309.9	232.4	185.7	136.9
Sunbelt in £m	458.1	318.0	205.1	139.1	123.5	81.7
A-Plant	80.6	66.9	25.4	17.5	8.6	3.8
Group central costs	-	-	(2.6)	(2.9)	(2.6)	(2.9)
	538.7	384.9	227.9	153.7	129.5	82.6
Net financing costs					(19.3)	(13.2)
Profit before exceptionals, amortisation and tax					**110.2**	**69.4**
Exceptional items					-	4.2
Amortisation					(5.5)	(2.8)
Profit before taxation					104.7	70.8
Margins						
Sunbelt			*44.6%*	*43.8%*	*26.7%*	*25.8%*
A-Plant			*31.4%*	*26.2%*	*10.6%*	*5.7%*
Group			*42.3%*	*39.9%*	*24.0%*	*21.4%*

Group revenue increased 40% to £539m in the fourth quarter (2014: £385m) with strong growth in both businesses. This revenue growth, combined with ongoing operational efficiency, generated underlying profit before tax of £110m (2014: £69m).

As for the year, the Group's growth was driven by strong same store growth supplemented by greenfield openings and bolt-on acquisitions. Sunbelt's revenue growth for the quarter can be analysed as follows:

		$m
2014 rental only revenue		378
Same stores (in existence at 1 February 2014)	16%	60
Bolt-ons and greenfields since 1 February 2014	11%	41
2015 rental only revenue	27%	479
Ancillary revenue	21%	134
2015 rental revenue	25%	613
Sales revenue		82
2015 total revenue		695

Our same-store growth of 16% is double that of the rental market as we continue to take market share. In addition, bolt-ons and greenfields have contributed a further 11% 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 27% consists of a 26% increase in fleet on rent and a net 1% improvement in yield.

A-Plant continues to perform well and delivered rental only revenue up 24% at £61m (2014: £49m) in the quarter. This consisted of 15% more fleet on rent and a 6% improvement in yield. Total rental revenue increased 19% to £74m (2014: £62m).

Group operating profit increased 57% to £130m (2014: £83m). Net financing costs increased to £19m (2014: £13m) reflecting the higher level of debt in the period and a higher proportion of longer term fixed rate debt. As a result, Group profit before amortisation and taxation was £110m (2014: £69m). After £5m of intangible amortisation, the statutory profit before taxation was £105m (2014: £71m).

Balance sheet

Fixed assets

Capital expenditure in the year totalled £1,063m (2014: £741m) with £979m invested in the rental fleet (2014: £657m). Expenditure on rental equipment was 92% of total capital expenditure with the balance relating to the delivery vehicle fleet, property improvements and IT equipment. Capital expenditure by division was:

	2015			2014
	Replacement	Growth	Total	Total
Sunbelt in $m	394.7	873.7	1,268.4	963.4
Sunbelt in £m	256.9	568.4	825.3	570.5
A-Plant	46.2	107.6	153.8	86.5
Total rental equipment	303.1	676.0	979.1	657.0
Delivery vehicles, property improvements & IT equipment			84.0	83.6
Total additions			1,063.1	740.6

In a strong US rental market, $874m of rental equipment capital expenditure was spent on growth while $395m 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 2015 was 26 months (2014: 28 months) on a net book value basis. Sunbelt's fleet had an average age of 26 months (2014: 27 months) while A-Plant's fleet had an average age of 29 months (2014: 37 months).

	Rental fleet at original cost			LTM rental	LTM dollar	LTM physical
	30 April 2015	30 April 2014	LTM average	revenue	utilisation	utilisation
Sunbelt in $m	4,733	3,596	4,183	2,475	59%	70%
Sunbelt in £m	3,079	2,130	2,722	1,549	59%	70%
A-Plant	559	446	513	289	56%	70%
	3,638	2,576	3,235	1,838		

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 2015, was 59% at Sunbelt (2014: 61%) and 56% at A-Plant (2014: 56%). 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 2015, average physical utilisation at Sunbelt was 70% (2014: 71%) and 70% at A-Plant (2014: 72%). At Sunbelt, physical utilisation is measured for equipment with an original cost in excess of $7,500 which comprised approximately 87% of its fleet at 30 April 2015.

Trade receivables

Receivable days at 30 April 2015 were 50 days (2014: 47 days). The bad debt charge for the year ended 30 April 2015 as a percentage of total turnover was 0.6% (2014: 0.6%). Trade receivables at 30 April 2015 of £326m (2014: £221m) are stated net of allowances for bad debts and credit notes of £21m (2014: £16m) with the allowance representing 6.1% (2014: 6.8%) of gross receivables.

Trade and other payables

Group payable days were 72 days in 2015 (2014: 63 days) with capital expenditure related payables, which have longer payment terms, totalling £261m (2014: £152m). 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	
	2015	2014
	£m	£m
EBITDA before exceptional items	908.4	685.1
Cash inflow from operations before exceptional items and changes in rental equipment	841.4	645.5
*Cash conversion ratio**	*92.6%*	*94.2%*
Replacement rental capital expenditure	(270.6)	(249.6)
Payments for non-rental capital expenditure	(78.7)	(85.3)
Rental equipment disposal proceeds	95.4	90.4
Other property, plant and equipment disposal proceeds	7.5	11.5
Tax paid (net)	(32.0)	(14.9)
Financing costs paid (net)	(63.4)	(40.5)
Cash inflow before growth capex and payment of exceptional costs	**499.6**	**357.1**
Growth rental capital expenditure	(587.5)	(405.6)
Exceptional operating costs paid	(0.5)	(2.2)
Total cash used in operations	**(88.4)**	**(50.7)**
Acquisition of businesses	(241.5)	(103.3)
Total cash absorbed	**(329.9)**	**(154.0)**
Dividends paid	(61.4)	(41.3)
Purchase of own shares by the ESOT	(20.3)	(22.4)
Increase in net debt	**(411.6)**	**(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 30% to £841m. Reflecting a higher level of working capital due to higher activity levels and the seasonality of the business, the cash conversion ratio for the year was 93% (2014: 94%).

Total payments for capital expenditure (rental equipment and other PPE) during the year were £937m (2014: £741m). Disposal proceeds received totalled £103m, giving net payments for capital expenditure of £834m in the year (2014: £639m). Financing costs paid totalled £63m (2014: £40m) while tax payments were £32m (2014: £15m). The increased tax payments reflected our expectation that brought forward tax losses would be utilised during the year. However, following the introduction of accelerated tax depreciation by the US government for 2014, these tax losses will not be utilised fully until 2015/16. Thus, the amounts related to US tax paid during 2014/15 will be reclaimed. Financing costs paid can differ from the charge in the income statement due to the timing of interest payments in the year and non-cash interest charges.

The Group generated £500m (2014: £357m) 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 £330m (2014: £154m).

Net debt

	2015 £m	2014 £m
First priority senior secured bank debt	782.7	609.5
Finance lease obligations	5.3	4.6
6.5% second priority senior secured notes, due 2022	589.8	537.3
5.625% second priority senior secured notes, due 2024	319.8	-
	1,697.6	1,151.4
Cash and cash equivalents	(10.5)	(2.8)
Total net debt	1,687.1	1,148.6

Net debt at 30 April 2015 was £1,687m with the increase since 30 April 2014 reflecting principally the net cash outflow of £412m (2014: £218m) and exchange rate fluctuations. The Group's EBITDA for the year ended 30 April 2015 was £908m and the ratio of net debt to EBITDA was 1.8 times at 30 April 2015 (2014: 1.8 times) on a constant currency basis and 1.9 times (2014: 1.7 times) on a reported basis.

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 54% of the drawn debt at a fixed rate as at 30 April 2015. 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 2015, 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 predominantly translation risk as there are no significant 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 2015, 96% 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 2015, dollar denominated debt represented approximately 68% 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 2015, a 1% change in the US dollar exchange rate would impact pre-tax profit by £5m.

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 over 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 2015, excess availability under the $2.0bn facility was $756m (£492m).

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.

Economic conditions

Potential impact
In the longer term, there is a link between demand for our services and levels of economic activity. The construction industry, which affects our business, 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 continues. However, our longer term planning is focused 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.
- Differentiation of service.
- 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. We have increased our market share to 7% in the US and it is 6% in the UK.

<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

At 30 April 2015, our facilities were committed for an average of six years, leverage remained at 1.8 times and availability under the ABL was $756m.

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 and updated during the year and our disaster recovery plans were tested.

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 has increased during the year as our well-trained, knowledgeable staff have become targets for our competitors.

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.
- Maintain appropriate insurance coverage.

Change
The overall incident rate continued to decrease in Sunbelt and A-Plant. In terms of reportable incidents, the RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations) reportable rate was unchanged at 0.45 (2014: 0.45) in Sunbelt but increased to 0.55 in A-Plant (2014: 0.52).

Environmental

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 2014/15 we reduced our carbon emission intensity ratio to 111 (2014: 121) in Sunbelt and 97 (2014: 103) in A-Plant.

OPERATING STATISTICS

	Number of rental stores		Staff numbers	
	2015	2014	2015	2014
Sunbelt	504	425	9,216	7,562
A-Plant	136	131	2,701	2,361
Corporate office	-	-	11	11
Group	640	556	11,928	9,934

Sunbelt's rental store number includes 30 Sunbelt at Lowes stores at 30 April 2015 (2014: 30).