Ashtead Group plc

Growth and diversification

Analyst and Investor meeting | 21 April 2016

Growing complexity of the business needs to be considered when looking at key metrics

Factors to consider

- General Tool and Specialty mix
- Mature stores vs new stores
- Key account work
- Replacement fleet spend

What are our Specialty businesses?

US

Pump & Power

Climate Control

Scaffolding

Industrial Services

Oil & Gas

Floor solutions

UK

Trakway and barriers

Lifting

Traffic management

Specialist utilities

Climate Control

Accommodation

Why do we like Specialty businesses?

- Low rental penetration creates opportunity for long term structural growth
- Consistent returns – typically less cyclical
- Lower capital requirement – High Added Value
- Deepens relationship with customers
- Provide significant cross selling opportunity

General Tool vs Specialty mix

Sunbelt

Total rental revenue	2011	2012	2013	2014	2015	2016 EST.	CAGR
General Tool	82%	80%	78%	78%	76%	78%	20%
Specialty	18%	20%	22%	22%	24%	22%	28%
	100%	100%	100%	100%	100%	100%	22%
Oil & Gas as a % of Specialty	0%	0%	5%	14%	21%	9%	

- We have made good progress in our objective of increasing Specialty businesses as a proportion of the business
- Obvious correction for Oil & Gas
- Broader mix within General Tool is also important
  - (60 : 40 – Construction : Non-construction)

Very different dynamics in each element of the business

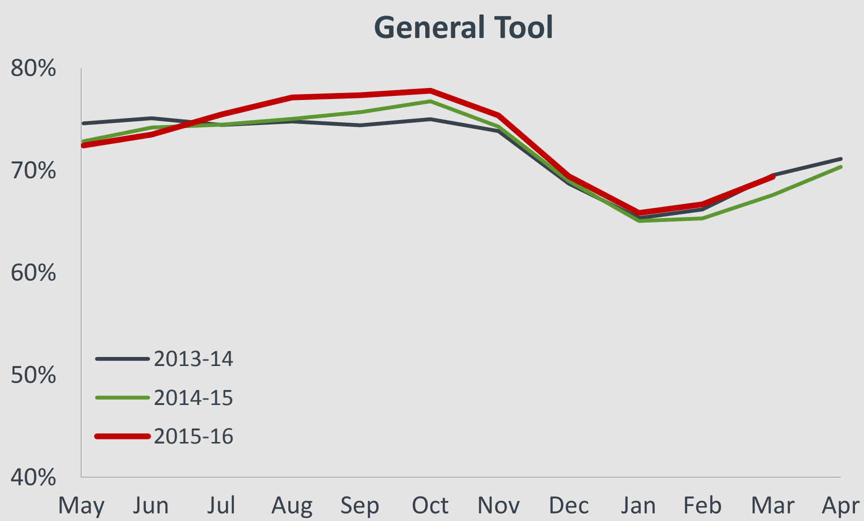
Total company metrics can now hide important trends

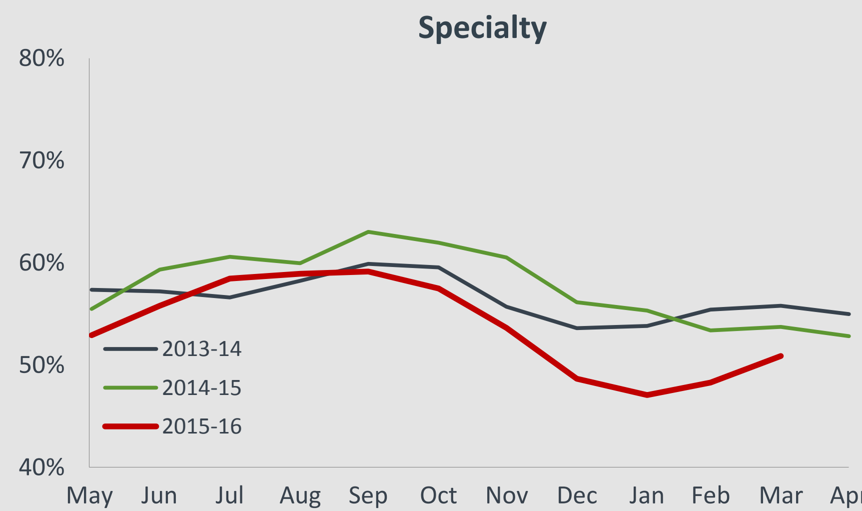
Sunbelt

Dollar utilisation (%)	2011	2012	2013	2014	2015	2016 EST.
General Tool	47	53	55	56	54	54
Specialty	84	85	89	89	86	76

Physical utilisation (%)	2011	2012	2013	2014	2015	2016 EST.
General Tool	68	72	72	72	72	73
Specialty	52	51	56	56	57	54

Physical utilisation





Different margin characteristics but similar RoI due to lower capital intensity

Specialty far more consistent through the cycle

Sunbelt

EBITA margins

	2011	2012	2013	2014	2015	2016 EST.
General Tool	19%	25%	32%	36%	38%	38%
Specialty	22%	19%	24%	25%	28%	25%

RoI

	2011	2012	2013	2014	2015	2016 EST.
General Tool	14%	21%	26%	27%	26%	25%
Specialty	24%	21%	27%	26%	27%	24%

Note: EBITA – store level operating profit excluding central costs
RoI – calculated using store net operating assets

Overall returns also impacted short term by new locations in the US

However good progress in both categories with significant upside

Stores older than 3 years*

	YoY revenue growth	EBITA %	RoI
2015	14%	37%	29%
2016	14%	38%	29%

* excludes Oil & Gas

- Growth in mature stores 2 times the market growth
- Relative growth to major peers greater due to market exposure

Stores younger than 3 years*

	YoY revenue growth	EBITA %	RoI
2015	301%	27%	16%
2016	138%	30%	17%

	EBITA %	RoI
Year 1 stores	19%	8%
Year 2 stores	29%	19%
Year 3 stores	36%	21%

Ashtead group

Oil & Gas has obviously been the biggest short term drag on returns

Now only 1% of our business

	YoY revenue growth	EBITA %	RoI
2015	+15%	44%	30%
2016	-40%	4%	2%

- Obviously this has been a drag
- Overall performance, given this drag, very impressive and reason for further encouragement as we reset to normal trend lines

As we have grown we have naturally increased key account work

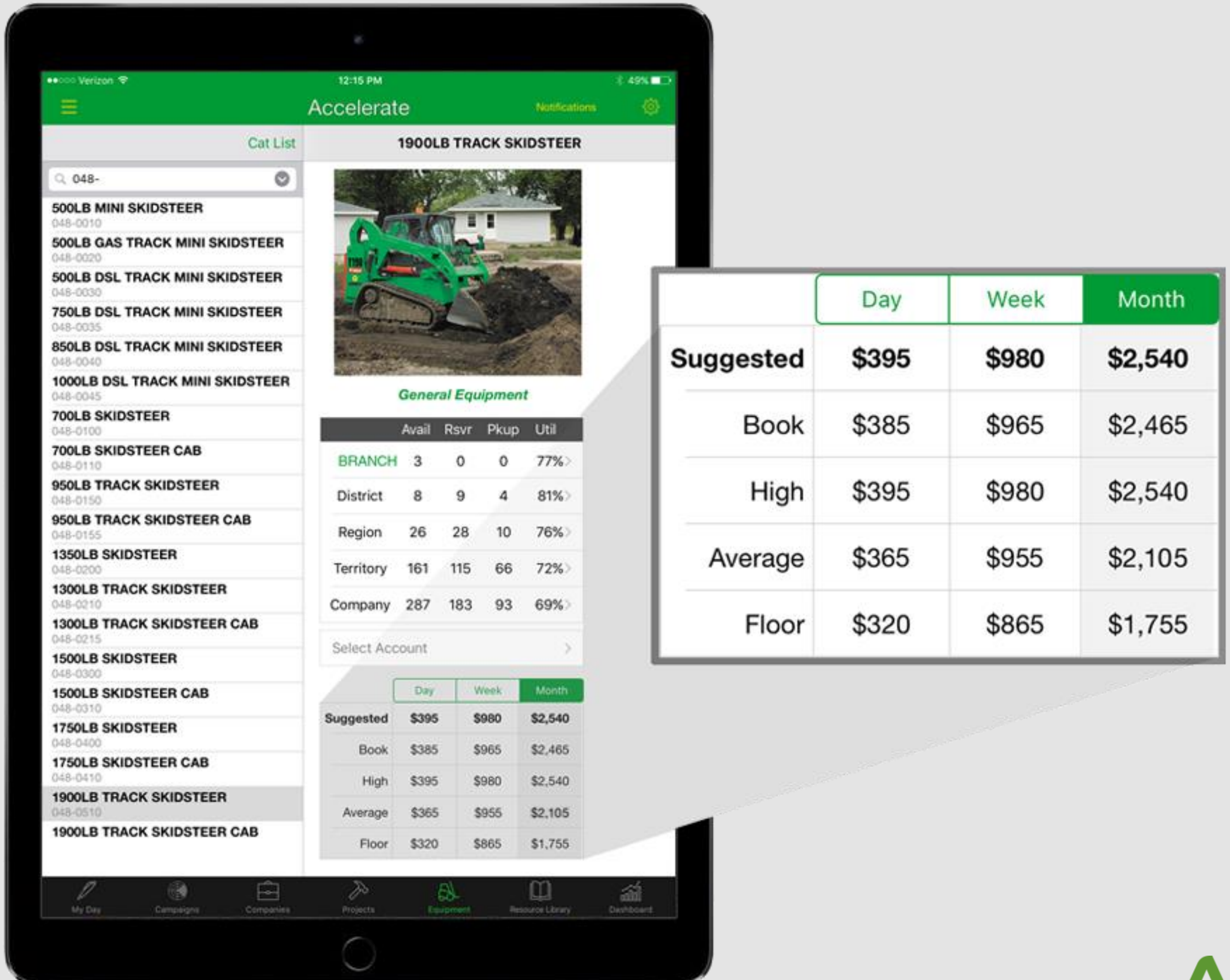
Strategy is unchanged but a unique opportunity in recent years

Sunbelt

	2011	2012	2013	2014	2015	2016 EST.
Managed accounts as a % of total accounts	4	4	4	4	4	4
% of total rental revenue	26	27	30	31	34	34

- Market growth since 2011 - 8% CAGR
- Small to mid-sized contractors - 19% CAGR - significant market share gains
- Managed account growth - 29% CAGR - we are a more viable option and the market created a unique opportunity

The key to success is dynamic pricing



However there are compensating metrics in managed account work

- Physical utilisation – record year this year in G.T. at 73% with further potential available
- Transactional cost – Consistently high drop through despite growth. Same-store year to date drop through 63%

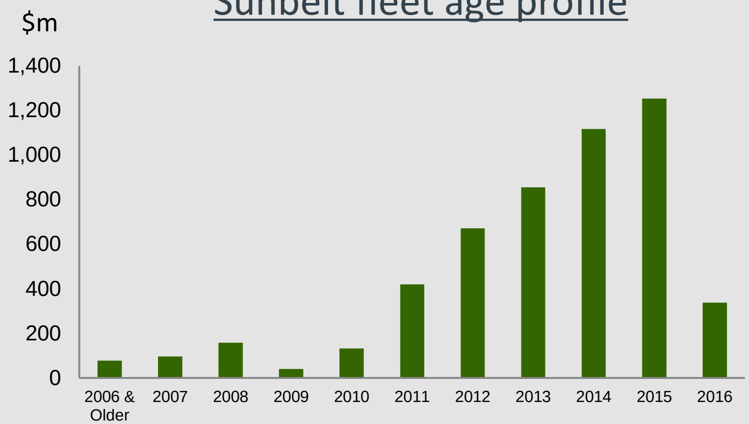
So what is important is margin trends not only yield trends

We have caught up with replacement expenditure

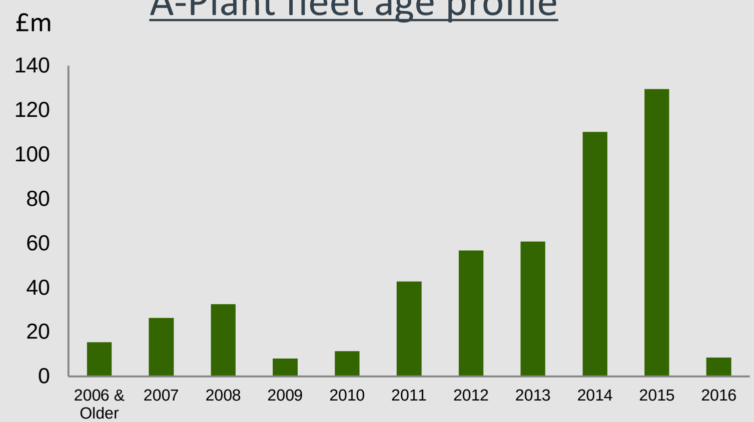
Our fleet age is young due to the growth

(£m)	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Rental fleet spend												
- replacement	303	231	263	229	202	55	207	169	182	137	93	64
- growth	676	426	258	197	-	-	-	126	74	65	27	-
	979	**657**	**521**	**426**	**202**	**55**	**207**	**295**	**256**	**202**	**120**	**64**
Non-rental fleet	84	84	59	50	23	8	31	36	34	18	6	8
	1,063	**741**	**580**	**476**	**225**	**63**	**238**	**331**	**290**	**220**	**126**	**72**

Sunbelt fleet age profile



A-Plant fleet age profile



Strong fleet growth planned for 2016/17

		2014	2015	Q3 2016 forecast	2017 outlook	Anticipated volume growth (%)
Sunbelt ($m)						
rental fleet	- replacement	308	395	540	175 - 250	
	- growth	655	873	860	600 - 900	Double digit growth
non-rental fleet		119	100	100	100	
		1,082	1,368	1,500	875 - 1,250	
A-Plant (£m)						
rental fleet	- replacement	49	46	90	40 - 60	
	- growth	37	108	50	40 - 60	Mid to high single digit growth
non-rental fleet		13	19	20	20	
		99	173	160	100 - 140	
Group (£m)						
Capex forecast * (gross)		741	1,063	1,200	700 - 1,000	
Disposal proceeds		(99)	(121)	(200)	(60 - 80)	
Capex forecast * (net)		642	942	1,000	640 - 920	

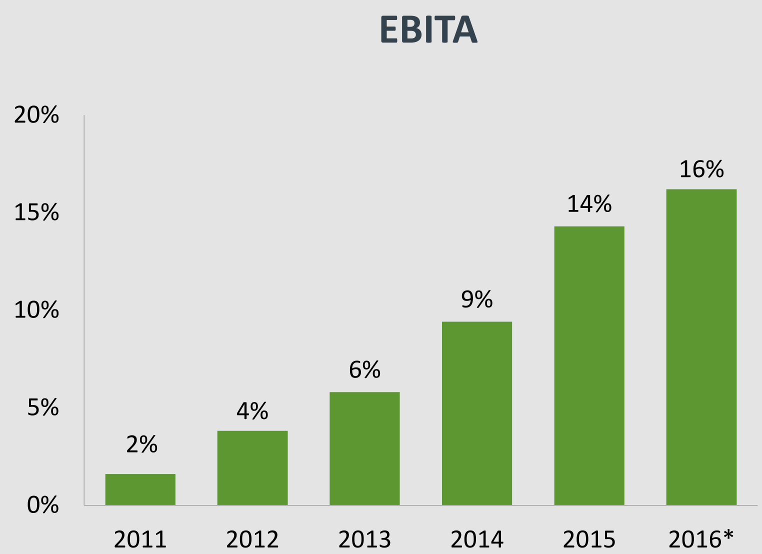
** Forecast and outlook at £1:$1.45*

Why is replacement expenditure important for returns?

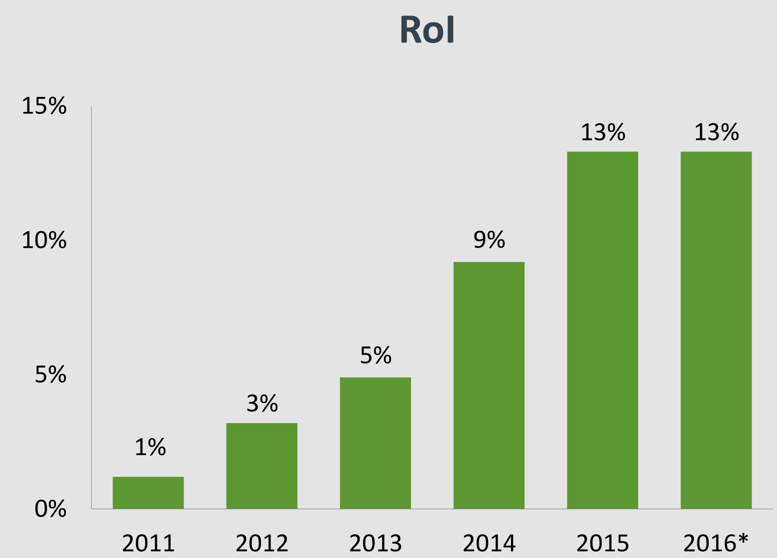
- High replacement expenditure = high imported inflation – particularly in the last two years with Tier 4
- The denominator of our RoI calculation is inflated due to our distorted fleet profile – “normal” profile with a more even distribution would result in RoI being circa 2% higher
- Significant optionality for bolt-on M+A/returns to shareholders given cash generation as replacement capex moderates

Similar trends and success at A-Plant

	2011	2012	2013	2014	2015	2016 EST.
General Tool	69%	69%	65%	59%	58%	56%
Specialty	31%	31%	35%	41%	42%	44%



** LTM as at 31 January 2016*



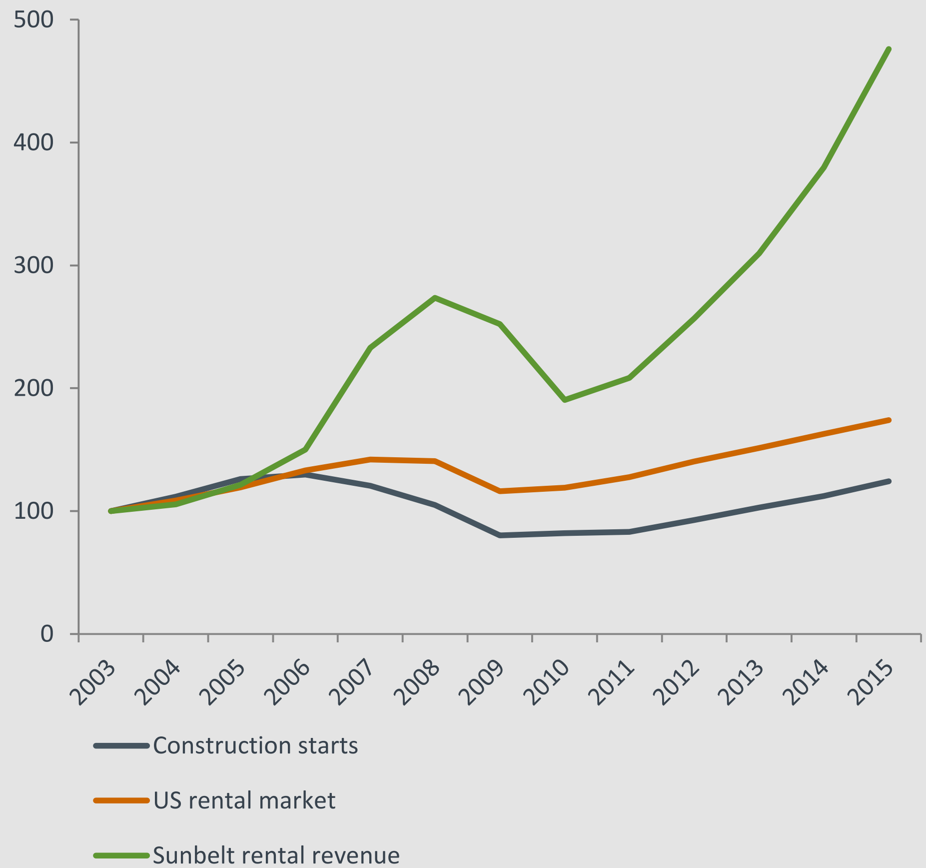
Anticipate multiple years of mid cycle opportunity generating further earnings growth and strong cash generation

- The business is broader and more complex which will bring higher returns and greater stability but does lead to varying metrics
- Despite headwinds from the number of greenfields and Oil & Gas, our performance is very encouraging in both mature and newer locations
- As a consequence, as we get back to normal trend lines, great potential for further improvement in both margins and returns

Appendices

This is a long term structural story

Being delivered with significantly higher returns and lower leverage



Source: Dodge Data & Analytics (March 2016), IHS Global Insight (February 2016)

- We are 4 times the size we were in 2005 while the construction market is broadly flat over the same period
- Since 2005 we have grown 6 times the rate of the rental market

Further market update

The pattern of US construction starts ($bn)	2010	2011	2012	2013	2014	2015	2016
Total construction	**435.3**	**441.3**	**492.6**	**546.0**	**597.1**	**659.7**	**690.4**
	+2%	+1%	+12%	+11%	+9%	+10%	+5%
Single family housing	**100.0**	**97.3**	**125.8**	**159.2**	**163.8**	**185.1**	**215.6**
	+6%	-3%	+29%	+27%	+3%	+13%	+16%
Multifamily housing	**22.1**	**29.7**	**40.6**	**51.6**	**68.3**	**82.7**	**87.5**
	+23%	+34%	+37%	+27%	+32%	+21%	+6%
Commercial buildings	**42.2**	**48.3**	**55.1**	**67.4**	**82.1**	**85.9**	**94.8**
	-11%	+15%	+14%	+22%	+22%	+5%	+10%
Institutional buildings	**112.2**	**100.3**	**91.8**	**92.0**	**103.9**	**103.1**	**114.5**
	0%	-11%	-8%	0%	+13%	-1%	+11%
Manufacturing buildings	**9.5**	**17.3**	**13.1**	**19.0**	**35.4**	**23.0**	**21.8**
	-2%	+82%	-25%	+45%	+87%	-35%	-5%
Public works	**120.7**	**106.9**	**112.3**	**126.9**	**120.5**	**121.9**	**125.1**
	-2%	-11%	+5%	+13%	-5%	+1%	+3%
Electric utilities/gas plants	**28.7**	**41.5**	**53.8**	**29.9**	**23.2**	**58.0**	**31.0**
	+36%	+45%	+30%	-44%	-22%	+150%	-47%

Source: Dodge Data & Analytics (March 2016)

Fundamentals strong

Starts excluding gas + electric plants

2014	2015	2016
11%	5%	10%

Residential	Million units
Peak for single family	1.6
Peak for multi family	0.6
	2.2
2016 forecast	
Single family	0.8
Multi family	0.5
	1.3

Commercial buildings	Billion sq ft
Peaked at	1.1
2010 bottom	0.3
2016 forecast	0.7