14 June 2016

Audited results for the year and unaudited results for the fourth quarter ended 30 April 2016

	Fourth quarter			Year		
	2016	2015	Growth[1]	2016	2015	Growth[1]
	£m	£m	%	£m	£m	%
Underlying results[2]						
Rental revenue	584.8	479.1	16%	2,260.3	1,837.6	17%
EBITDA	308.4	227.9	29%	1,177.6	908.4	23%
Operating profit	185.5	129.5	36%	728.2	556.9	23%
Profit before taxation	163.5	110.2	42%	645.3	489.6	24%
Earnings per share	22.0p	14.2p	47%	85.1p	62.6p	28%
Statutory results						
Revenue	666.0	538.7	18%	2,545.7	2,038.9	19%
Profit before taxation	151.3	104.7	38%	616.7	473.8	24%
Earnings per share	20.4p	13.4p	44%	81.3p	60.5p	27%

1 at constant exchange rates
2 before exceptionals and intangible amortisation

Highlights

- Group rental revenue up 17%[1]
- Group EBITA margins up to 29% (2015: 27%)
- Group pre-tax profit[2] of £645m, up 24% at constant exchange rates
- £1.2bn of capital invested in the business (2015: £1.1bn)
- Group RoI of 19% (2015: 19%)
- Net debt to EBITDA leverage[1] of 1.7 times (2015: 1.8 times)
- Proposed final dividend of 18.5p, making 22.5p for the full year, up 48% (2015: 15.25p)
- Commencing a share buy-back of up to £200m in 2016/17

Ashtead's chief executive, Geoff Drabble, commented:

"2015/16 was another very successful year for Ashtead with Group rental revenue increasing 17% and underlying pre-tax profit up 24% to £645m at constant exchange rates.

We continue to deliver on our well-established strategy of organic growth, supplemented by bolt-on acquisitions. We have broadened both our geographic footprint and the markets we serve and the benefits of this diversification are evident, both in our financial performance and our market share gains.

Particularly encouraging is the continued improvement in our margins, with Group EBITDA margins now a record 46%. These strong margins, together with the natural moderation of our replacement fleet expenditure, mean we are entering a phase where we anticipate both good earnings growth and significant free cash flow generation. We therefore have the flexibility to continue both to invest in our long-term structural growth opportunity and enhance returns to shareholders. As a consequence, we have announced today both a proposed 48% increase in our full year dividend to 22.5p and a share buyback of up to £200m. As always, we will continue to grow responsibly and will operate within our 1.5 to 2.0 times net debt to EBITDA range.

We have seen a good seasonal upward trend in fleet on rent throughout the Spring which has continued into the new financial year. Our end markets remain strong, the structural drivers are still in place and we have a strong balance sheet which allows us to execute our plans responsibly. As a consequence, the Board continues to look to the medium term with confidence."

Contacts:

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 9.00am on Tuesday, 14 June 2016 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 call will also be available for download on the Company's website. The usual conference call for bondholders will begin at 3.30pm (10.30am 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 2016	Revenue 2015	EBITDA 2016	EBITDA 2015	Operating profit 2016	Operating profit 2015
Sunbelt in $m	3,276.6	2,742.3	1,583.7	1,293.2	1,013.7	832.6
Sunbelt in £m	2,180.9	1,715.9	1,054.1	809.2	674.7	520.9
A-Plant	364.8	323.0	137.0	109.5	67.0	46.3
Group central costs	-	-	(13.5)	(10.3)	(13.5)	(10.3)
	2,545.7	2,038.9	1,177.6	908.4	728.2	556.9
Net financing costs					(82.9)	(67.3)
Profit before exceptional items, amortisation and tax					**645.3**	**489.6**
Exceptional items					(6.2)	-
Amortisation					(22.4)	(15.8)
Profit before taxation					616.7	473.8
Taxation					(209.1)	(170.4)
Profit attributable to equity holders of the Company					407.6	303.4
Margins						
Sunbelt			*48.3%*	*47.2%*	*30.9%*	*30.4%*
A-Plant			*37.5%*	*33.9%*	*18.4%*	*14.3%*
Group			*46.3%*	*44.6%*	*28.6%*	*27.3%*

Group revenue for the year increased 25% to £2,546m (2015: £2,039m) with strong growth in both Sunbelt and A-Plant. This revenue growth, combined with ongoing operational efficiency and strong drop through, generated underlying profit before tax of £645m (2015: £490m).

The Group's strategy remains unchanged with growth being driven by strong same-store growth supplemented by greenfield openings and bolt-on acquisitions. The principal driver of the Group's performance is Sunbelt where rental revenue growth continues to benefit from cyclical and structural trends. Sunbelt's revenue growth can be explained as follows:

		$m
2015 rental only revenue		1,935
Same-stores (in existence at 1 May 2014)	+12%	212
Bolt-ons and greenfields since 1 May 2014	+7%	157
2016 rental only revenue	+19%	2,304
Ancillary revenue	+15%	620
2016 rental revenue	+18%	2,924
Sales revenue		353
2016 total revenue		3,277

The mix of our revenue growth demonstrates the successful execution of our long-term structural growth strategy. We continue to capitalise on the opportunity presented by our markets with same-store growth of 12%, as we take market share and grow more rapidly than the market. Our markets were up circa 6% in the US during the year and are forecast to grow again this year. In addition, bolt-ons and greenfields have contributed another 7% growth as we expand our geographic footprint and our specialty businesses. During the year our focus has been on greenfields with 58 opened compared with 31 last year. In addition, we spent $81m (2015: $365m) on bolt-on acquisitions in the US and Canada, which added a further 10 locations.

Total rental only revenue growth was 19% in strong end markets, despite the slow-down in oil and gas markets. This growth was driven by increased fleet on rent.

Average physical utilisation for the year was 70% (2015: 70%). Sunbelt's total revenue, including new and used equipment, merchandise and consumable sales, increased 19% to $3,277m (2015: $2,742m) as it sold more used equipment than last year. The higher level of used equipment sales reflects higher replacement capital expenditure and a response to the downturn in oil and gas markets. This offsets relatively lower growth in ancillary revenue, principally due to lower fuel prices.

A-Plant continues to perform well and delivered rental only revenue of £264m, up 11% on the prior year (2015: £238m), in markets which remain competitive. This reflects fleet on rent up 10% with yield up 1% year-on-year. A-Plant's total revenue increased 13% to £365m (2015: £323m).

We continue to focus on operational efficiency and driving improving margins. In Sunbelt, 60% of revenue growth dropped through to EBITDA in the year. The strength of our mature stores' incremental margin is reflected in the fact that this was achieved despite the drag effect of greenfield openings, acquisitions and the challenging oil and gas sector. Excluding oil and gas, stores open for more than one year saw 67% of revenue growth drop through to EBITDA. Despite the effect of increased lower margin used equipment sales, the EBITDA margin increased to 48% (2015: 47%). Excluding used equipment sales, EBITDA margins improved to 50% (2015: 49%). This contributed to an operating profit of $1,014m (2015: $833m). Strong drop-through of 84% drove improvement in A-Plant's EBITDA margin to 38% (2015: 34%) and operating profit rose to £67m (2015: £46m). As a result, Group underlying operating profit increased 31% to £728m (2015: £557m).

Net financing costs increased to £83m (2015: £67m), reflecting the higher average debt during the period and the full year impact of the $500m senior secured notes issued in September 2014.

Group profit before exceptional items, amortisation of intangibles and taxation was £645m (2015: £490m). After a tax charge of 34% (2015: 36%) of the underlying pre-tax profit, underlying earnings per share increased 36% to 85.1p (2015: 62.6p).

The exceptional items relate to the impairment of acquired customer lists within our Oil & Gas business (£12m), reflecting our expectation that revenue from these customers will be significantly lower than initially anticipated when the businesses were acquired due to the fall in the oil price and its impact on the oil and gas industry, and the release of a provision for contingent consideration on acquisitions which we no longer expect to be payable (£6m).

After a net exceptional charge of £6m (2015: nil) and amortisation of £22m (2015: £16m), statutory profit before tax was £617m (2015: £474m). After a tax charge of 34% (2015: 36%), basic earnings per share were 81.3p (2015: 60.5p). The cash tax charge for 2015/16 was 4%. Following the announcement in 2015 of a continuation of accelerated tax depreciation by the US government, brought forward tax losses will not be utilised until 2016/17 when we expect to become a more significant cash tax payer in the US.

Capital expenditure and acquisitions

Capital expenditure for the year was £1,240m gross and £1,040m net of disposal proceeds (2015: £1,063m gross and £942m net). As a result of this investment, the Group's rental fleet at 30 April 2016 at cost was £4.5bn. Our average fleet age is now 25 months (2015: 26 months).

We spent £65m (2015: £236m) on 12 bolt-on acquisitions during the period as we continue to both expand our footprint and diversify into specialty markets.

We are now entering a very different phase of replacement expenditure as we lap our low capital expenditure years of 2009, 2010 and 2011 and therefore our replacement spend will be much lower in 2016/17 than in recent years. However, we continue to expect strong growth capital expenditure generating double digit fleet growth. Our operating model, and short delivery lead times, allow us to flex our capital spend quickly. Reflecting our desire to be watchful of broader economic trends before finalising our Q3 and Q4 2016/17 spend, we have a broad range for 2016/17 capital expenditure of £0.7bn to £1bn.

Return on Investment[1]

Sunbelt's pre-tax return on investment (excluding goodwill and intangible assets) in the 12 months to 30 April 2016 was 24% (2015: 26%). This remains well ahead of the Group's pre-tax weighted average cost of capital although it has been affected in the short term by our investment in greenfields and bolt-on acquisitions and our young fleet age. In the UK, return on investment (excluding goodwill and intangible assets) was 15% (2015: 13%). For the Group as a whole, return on investment (including goodwill and intangible assets) was 19% (2015: 19%).

Cash flow and net debt

As expected, debt increased during the year as we invested in the fleet and made a number of bolt-on acquisitions. In addition, weaker sterling increased reported debt by £82m in the year.

Net debt at 30 April 2016 was £2,002m (2015: £1,687m) while, reflecting our strong earnings growth, the ratio of net debt to EBITDA reduced to 1.7 times (2015: 1.8 times) on a constant currency basis. This is in the middle of the Group's target range for net debt to EBITDA of 1.5 to 2 times, broadly where we expect to remain. This range of leverage is appropriate for the business given our strong EBITDA margins, young fleet age and strong asset base. We believe that these levels of leverage are prudent and provide the Group with a high degree of flexibility and security.

The Group's debt package is well structured and flexible, enabling us to optimise the opportunity presented by end market conditions. The Group's debt facilities are committed for an average of six years. At 30 April 2016, availability under the senior secured debt facility was $1,126m, with an additional $1,796m of suppressed availability - substantially above the $260m 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 18.5p per share (2015: 12.25p) making 22.5p for the year (2015: 15.25p), an increase of 48%. If approved at the forthcoming Annual General Meeting, the final dividend will be paid on 9 September 2016 to shareholders on the register on 12 August 2016.

[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.

Capital allocation

The Group remains disciplined in its approach to allocation of capital with the overriding objective being to enhance shareholder value. Our capital allocation framework prioritises:

- same-store fleet growth;
- greenfield openings;
- bolt-on acquisitions; and
- a progressive dividend with consideration to both profitability and cash generation that is sustainable through the cycle.

Additionally, we are now considering further returns to shareholders, balancing capital efficiency and security with financial flexibility in a cyclical business and an assessment of whether it would be accretive to shareholder value. In this regard, we have reviewed our medium term plans which take account of investment in the business, growth prospects, cash generation, net debt and leverage.

Balancing these factors, we are commencing a share buyback programme of up to £200m in 2016/17, for which we will seek continued shareholder approval at the Annual General Meeting. Additional capital returns to shareholders will be kept under regular review reflecting the factors set out above.

Current trading and outlook

We have seen a good seasonal upward trend in fleet on rent throughout the Spring which has continued into the new financial year. Our end markets remain strong, the structural drivers are still in place and we have a strong balance sheet which allows us to execute our plans responsibly. As a consequence, the Board continues to look 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 2016. 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
13 June 2016"

CONSOLIDATED INCOME STATEMENT FOR THE THREE MONTHS ENDED 30 APRIL 2016

	2016			2015		
	Before exceptional items and amortisation £m	Exceptional items and amortisation £m	Total £m	Before amortisation £m	Amortisation £m	Total £m
Fourth quarter - unaudited						
Revenue						
Rental revenue	584.8	-	584.8	479.1	-	479.1
Sale of new equipment, merchandise and consumables	26.1	-	26.1	22.3	-	22.3
Sale of used rental equipment	55.1	-	55.1	37.3	-	37.3
	666.0	-	666.0	538.7	-	538.7
Operating costs						
Staff costs	(161.3)	-	(161.3)	(135.4)	-	(135.4)
Used rental equipment sold	(38.5)	-	(38.5)	(28.7)	-	(28.7)
Other operating costs	(157.8)	5.8	(152.0)	(146.7)	-	(146.7)
	(357.6)	5.8	(351.8)	(310.8)	-	(310.8)
EBITDA*	308.4	5.8	314.2	227.9	-	227.9
Depreciation	(122.9)	-	(122.9)	(98.4)	-	(98.4)
Amortisation of intangibles	-	(6.0)	(6.0)	-	(5.5)	(5.5)
Impairment of intangibles	-	(12.0)	(12.0)	-	-	-
Operating profit	185.5	(12.2)	173.3	129.5	(5.5)	124.0
Interest expense	(22.0)	-	(22.0)	(19.3)	-	(19.3)
Profit on ordinary activities before taxation	163.5	(12.2)	151.3	110.2	(5.5)	104.7
Taxation	(53.4)	4.3	(49.1)	(39.0)	1.8	(37.2)
Profit attributable to equity holders of the Company	110.1	(7.9)	102.2	71.2	(3.7)	67.5
Basic earnings per share	22.0p	(1.6p)	20.4p	14.2p	(0.8p)	13.4p
Diluted earnings per share	21.8p	(1.5p)	20.3p	14.1p	(0.7p)	13.4p

* 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 2016

	2016			2015		
	Before exceptional items and amortisation	Exceptional items and amortisation	Total	Before amortisation	Amortisation	Total
	£m	£m	£m	£m	£m	£m
Year to 30 April 2016 - audited						
Revenue						
Rental revenue	2,260.3	-	2,260.3	1,837.6	-	1,837.6
Sale of new equipment, merchandise and consumables	94.2	-	94.2	88.2	-	88.2
Sale of used rental equipment	191.2	-	191.2	113.1	-	113.1
	2,545.7	-	2,545.7	2,038.9	-	2,038.9
Operating costs						
Staff costs	(593.6)	-	(593.6)	(486.3)	-	(486.3)
Used rental equipment sold	(143.8)	-	(143.8)	(86.3)	-	(86.3)
Other operating costs	(630.7)	5.8	(624.9)	(557.9)	-	(557.9)
	(1,368.1)	5.8	(1,362.3)	(1,130.5)	-	(1,130.5)
EBITDA*	1,177.6	5.8	1,183.4	908.4	-	908.4
Depreciation	(449.4)	-	(449.4)	(351.5)	-	(351.5)
Amortisation of intangibles	-	(22.4)	(22.4)	-	(15.8)	(15.8)
Impairment of intangibles	-	(12.0)	(12.0)	-	-	-
Operating profit	728.2	(28.6)	699.6	556.9	(15.8)	541.1
Investment income	0.1	-	0.1	0.2	-	0.2
Interest expense	(83.0)	-	(83.0)	(67.5)	-	(67.5)
Profit on ordinary activities before taxation	645.3	(28.6)	616.7	489.6	(15.8)	473.8
Taxation	(218.7)	9.6	(209.1)	(175.5)	5.1	(170.4)
Profit attributable to equity holders of the Company	426.6	(19.0)	407.6	314.1	(10.7)	303.4
Basic earnings per share	85.1p	(3.8p)	81.3p	62.6p	(2.1p)	60.5p
Diluted earnings per share	84.7p	(3.7p)	81.0p	62.2p	(2.1p)	60.1p

* 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	
	2016	2015	2016	2015
	£m	£m	£m	£m
Profit attributable to equity holders of the Company for the period	102.2	67.5	407.6	303.4
Items that will not be reclassified to profit or loss:				
Remeasurement of the defined benefit pension plan	(0.6)	(3.1)	(0.6)	(3.1)
Tax on defined benefit pension plan	0.1	0.6	0.1	0.6
	(0.5)	(2.5)	(0.5)	(2.5)
Items that may be reclassified subsequently to profit or loss:				
Foreign currency translation differences	(30.7)	(16.8)	49.7	58.9
Total comprehensive income for the period	71.0	48.2	456.8	359.8

CONSOLIDATED BALANCE SHEET AT 30 APRIL 2016

	Audited 2016 £m	2015 £m
Current assets		
Inventories	41.3	23.9
Trade and other receivables	455.7	377.5
Current tax asset	7.5	26.2
Cash and cash equivalents	13.0	10.5
	517.5	438.1
Non-current assets		
Property, plant and equipment		
- rental equipment	3,246.9	2,534.2
- other assets	341.9	276.9
	3,588.8	2,811.1
Goodwill	556.7	516.2
Other intangible assets	83.8	92.7
Net defined benefit pension plan asset	2.2	3.1
	4,231.5	3,423.1
Total assets	4,749.0	3,861.2
Current liabilities		
Trade and other payables	480.5	491.7
Current tax liability	3.6	6.2
Debt due within one year	2.5	2.0
Provisions	28.9	18.4
	515.5	518.3
Non-current liabilities		
Debt due after more than one year	2,012.2	1,695.6
Provisions	17.6	31.3
Deferred tax liabilities	723.3	504.5
	2,753.1	2,231.4
Total liabilities	3,268.6	2,749.7
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
Own shares held by the Company	(33.1)	(33.1)
Own shares held through the ESOT	(16.2)	(15.5)
Cumulative foreign exchange translation differences	88.4	38.7
Retained reserves	1,381.5	970.9
Equity attributable to equity holders of the Company	1,480.4	1,111.5
Total liabilities and equity	4,749.0	3,861.2

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 APRIL 2016

	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 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
Profit for the year	-	-	-	-	-	-	-	407.6	407.6
Other comprehensive income:									
Foreign currency translation differences	-	-	-	-	-	-	49.7	-	49.7
Remeasurement of the defined benefit pension plan	-	-	-	-	-	-	-	(0.6)	(0.6)
Tax on defined benefit pension plan	-	-	-	-	-	-	-	0.1	0.1
Total comprehensive income for the year	-	-	-	-	-	-	49.7	407.1	456.8
Dividends paid	-	-	-	-	-	-	-	(81.5)	(81.5)
Own shares purchased by the ESOT	-	-	-	-	-	(12.0)	-	-	(12.0)
Share-based payments	-	-	-	-	-	11.3	-	(6.6)	4.7
Tax on share-based payments	-	-	-	-	-	-	-	0.9	0.9
Transfer of non-distributable reserve	-	-	-	(90.7)	-	-	-	90.7	-
At 30 April 2016	55.3	3.6	0.9	-	(33.1)	(16.2)	88.4	1,381.5	1,480.4

The non-distributable reserve related to the reserve created on the cancellation of the then share premium account in August 2005. This reserve became distributable in August 2015 and has been transferred to distributable reserves.

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 APRIL 2016

	Audited	
	2016	2015
	£m	£m
Cash flows from operating activities		
Cash generated from operations before exceptional items and changes in rental equipment	1,070.6	841.4
Exceptional operating costs paid	-	(0.5)
Payments for rental property, plant and equipment	(1,124.7)	(858.1)
Proceeds from disposal of rental property, plant and equipment	172.1	95.4
Cash generated from operations	118.0	78.2
Financing costs paid (net)	(79.4)	(63.4)
Tax paid (net)	(5.3)	(32.0)
Net cash generated from/(used in) operating activities	33.3	(17.2)
Cash flows from investing activities		
Acquisition of businesses	(68.4)	(241.5)
Payments for non-rental property, plant and equipment	(109.5)	(78.7)
Proceeds from disposal of non-rental property, plant and equipment	8.2	7.5
Net cash used in investing activities	(169.7)	(312.7)
Cash flows from financing activities		
Drawdown of loans	570.2	842.5
Redemption of loans	(336.5)	(420.4)
Capital element of finance lease payments	(1.5)	(2.9)
Dividends paid	(81.5)	(61.4)
Purchase of own shares by the ESOT	(12.0)	(20.3)
Net cash from financing activities	138.7	337.5
Increase in cash and cash equivalents	2.3	7.6
Opening cash and cash equivalents	10.5	2.8
Effect of exchange rate difference	0.2	0.1
Closing cash and cash equivalents	13.0	10.5

Reconciliation of net cash flows to net debt

	2016	2015
Increase in cash in the period	(2.3)	(7.6)
Increase in debt through cash flow	232.2	419.2
Change in net debt from cash flows	229.9	411.6
Debt acquired	0.3	-
Exchange differences	81.7	121.8
Non-cash movements:		
- deferred costs of debt raising	1.8	1.5
- capital element of new finance leases	0.9	3.6
Increase in net debt in the period	314.6	538.5
Net debt at 1 May	1,687.1	1,148.6
Net debt at 30 April	2,001.7	1,687.1

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. The condensed consolidated financial statements as at, and for the year ended, 30 April 2016 comprise the Company and its subsidiaries ('the Group').

2. Basis of preparation

The financial statements for the year ended 30 April 2016 were approved by the directors on 13 June 2016. This preliminary announcement of the results for the year ended 30 April 2016 contains information derived from the forthcoming 2015/16 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 2015 have been filed with the Registrar of Companies. The statutory accounts for the year ended 30 April 2016 will be delivered to the Registrar of Companies and made available on the Group's website at www.ashtead-group.com in July 2016. 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 2016 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:

	2016	2015
Average for the three months ended 30 April	1.43	1.51
Average for the year ended 30 April	1.50	1.60
At 30 April	1.47	1.54

3. Segmental analysis

	Revenue	Operating profit before amortisation	Exceptional items and amortisation	Operating profit
	£m	£m	£m	£m
Three months to 30 April				
2016				
Sunbelt	565.1	170.0	(11.0)	159.0
A-Plant	100.9	20.0	(1.2)	18.8
Corporate costs	-	(4.5)	-	(4.5)
	666.0	185.5	(12.2)	173.3
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
Year to 30 April				
2016				
Sunbelt	2,180.9	674.7	(23.7)	651.0
A-Plant	364.8	67.0	(4.9)	62.1
Corporate costs	-	(13.5)	-	(13.5)
	2,545.7	728.2	(28.6)	699.6
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

	Segment assets	Cash	Taxation assets	Total assets
	£m	£m	£m	£m
At 30 April 2016				
Sunbelt	4,117.9	-	-	4,117.9
A-Plant	610.1	-	-	610.1
Corporate items	0.5	13.0	7.5	21.0
	4,728.5	13.0	7.5	4,749.0
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

Sunbelt includes Sunbelt Rentals of Canada Inc..

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. Operating costs and other income

	2016			2015		
	Before exceptional items and amortisation £m	Exceptional items and amortisation £m	Total £m	Before amortisation £m	Amortisation £m	Total £m
Three months to 30 April						
Staff costs:						
Salaries	147.0	-	147.0	122.8	-	122.8
Social security costs	11.8	-	11.8	10.3	-	10.3
Other pension costs	2.5	-	2.5	2.3	-	2.3
	161.3	-	161.3	135.4	-	135.4
Used rental equipment sold	38.5	-	38.5	28.7	-	28.7
Other operating costs:						
Vehicle costs	31.3	-	31.3	29.4	-	29.4
Spares, consumables & external repairs	28.1	-	28.1	28.8	-	28.8
Facility costs	20.0	-	20.0	16.5	-	16.5
Other external charges	78.4	(5.8)	72.6	72.0	-	72.0
	157.8	(5.8)	152.0	146.7	-	146.7
Depreciation and amortisation:						
Depreciation	122.9	-	122.9	98.4	-	98.4
Amortisation of intangibles	-	6.0	6.0	-	5.5	5.5
Impairment of intangibles	-	12.0	12.0	-	-	-
	122.9	18.0	140.9	98.4	5.5	103.9
	480.5	12.2	492.7	409.2	5.5	414.7
Year to 30 April						
Staff costs:						
Salaries	541.4	-	541.4	441.8	-	441.8
Social security costs	42.3	-	42.3	36.0	-	36.0
Other pension costs	9.9	-	9.9	8.5	-	8.5
	593.6	-	593.6	486.3	-	486.3
Used rental equipment sold	143.8	-	143.8	86.3	-	86.3
Other operating costs:						
Vehicle costs	131.5	-	131.5	117.8	-	117.8
Spares, consumables & external repairs	118.6	-	118.6	102.7	-	102.7
Facility costs	73.9	-	73.9	58.9	-	58.9
Other external charges	306.7	(5.8)	300.9	278.5	-	278.5
	630.7	(5.8)	624.9	557.9	-	557.9
Depreciation and amortisation:						
Depreciation	449.4	-	449.4	351.5	-	351.5
Amortisation of intangibles	-	22.4	22.4	-	15.8	15.8
Impairment of intangibles	-	12.0	12.0	-	-	-
	449.4	34.4	483.8	351.5	15.8	367.3
	1,817.5	28.6	1,846.1	1,482.0	15.8	1,497.8

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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	
	2016	2015	2016	2015
	£m	£m	£m	£m
Impairment of intangibles	12.0	-	12.0	-
Release of provision for contingent consideration	(5.8)	-	(5.8)	-
Amortisation of intangibles	6.0	5.5	22.4	15.8
	12.2	5.5	28.6	15.8
Taxation	(4.3)	(1.8)	(9.6)	(5.1)
	7.9	3.7	19.0	10.7

The £12m impairment of intangibles relates to acquired customer lists within our Oil & Gas business. The impairment reflects our expectation that revenue from these customers will be much lower than anticipated when the businesses were acquired due to the fall in the oil price and its impact on the oil and gas industry. The £6m release of contingent consideration relates to a provision for contingent consideration on acquisitions, which was payable depending on revenue targets. These were expected to be achieved in full. Where this is no longer the case, the excess provision has been released. Both these exceptional items are non-cash.

6. Net financing costs

	Three months to 30 April		Year to 30 April	
	2016	2015	2016	2015
	£m	£m	£m	£m
Investment income:				
Net interest on the net defined benefit asset	-	-	(0.1)	(0.2)
Interest expense:				
Bank interest payable	6.0	4.4	22.1	17.5
Interest payable on second priority senior secured notes	15.2	14.1	57.7	47.5
Interest payable on finance leases	-	-	0.3	0.2
Non-cash unwind of discount on provisions	0.3	0.3	1.1	0.8
Amortisation of deferred debt raising costs	0.5	0.5	1.8	1.5
Total interest expense	22.0	19.3	83.0	67.5
Net financing costs	22.0	19.3	82.9	67.3

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

7. Taxation

The tax charge for the year has been computed using a tax rate of 39% in North America (2015: 39%) and 20% in the UK (2015: 21%). The blended rate for the Group as a whole is 34% (2015: 36%).

The tax charge of £218.7m (2015: £175.5m) on the underlying profit before taxation of £645.3m (2015: £489.6m) can be explained as follows:

	Year to 30 April	
	2016	2015
	£m	£m
Current tax		
- current tax on income for the year	22.2	19.5
- adjustments to prior year	0.6	(0.3)
	22.8	19.2
Deferred tax		
- origination and reversal of temporary differences	195.6	156.3
- adjustments to prior year	0.3	-
	195.9	156.3
Tax on underlying activities	218.7	175.5
Comprising:		
- UK	17.5	17.3
- North America	201.2	158.2
	218.7	175.5

In addition, the tax credit of £9.6m (2015: £5.1m) on exceptional items and amortisation of £28.6m (2015: £15.8m) consists of a deferred tax credit of £1.0m relating to the UK (2015: £1.0m) and £8.6m (2015: £4.1m) relating to North America.

8. Earnings per share

Basic and diluted earnings per share for the three and twelve months ended 30 April 2016 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	
		2016	2015	2016	2015
Profit for the financial period (£m)		102.2	67.5	407.6	303.4
Weighted average number of shares (m)	- basic	501.5	501.4	501.5	501.4
	- diluted	503.0	504.1	503.4	504.6
Basic earnings per share		20.4p	13.4p	81.3p	60.5p
Diluted earnings per share		20.3p	13.4p	81.0p	60.1p

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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	
	2016	2015	2016	2015
Basic earnings per share	20.4p	13.4p	81.3p	60.5p
Exceptional items and amortisation of intangibles	2.4p	1.1p	5.7p	3.1p
Tax on exceptional items and amortisation	(0.8p)	(0.3p)	(1.9p)	(1.0p)
Underlying earnings per share	22.0p	14.2p	85.1p	62.6p

9. Dividends

During the year, a final dividend in respect of the year ended 30 April 2015 of 12.25p (2014: 9.25p) per share and an interim dividend for the year ended 30 April 2016 of 4.0p (2015: 3.0p) per share were paid to shareholders costing £81.5m (2015: £61.4m).

In addition, the directors are proposing a final dividend in respect of the year ended 30 April 2016 of 18.5p (2015: 12.25p) per share which will absorb £93m of shareholders' funds, based on the 502m shares qualifying for dividend at 13 June 2016. Subject to approval by shareholders, it will be paid on 9 September 2016 to shareholders who are on the register of members on 12 August 2016.

10. Property, plant and equipment

	2016		2015	
Net book value	Rental equipment £m	Total £m	Rental equipment £m	Total £m
At 1 May	2,534.2	2,811.1	1,716.3	1,929.1
Exchange difference	99.4	109.2	137.6	153.2
Reclassifications	(1.7)	-	(0.9)	-
Additions	1,126.6	1,240.0	979.1	1,063.1
Acquisitions	27.4	29.4	97.4	108.9
Disposals	(145.3)	(151.5)	(85.8)	(91.7)
Depreciation	(393.7)	(449.4)	(309.5)	(351.5)
At 30 April	3,246.9	3,588.8	2,534.2	2,811.1

11. Borrowings

	30 April 2016 £m	30 April 2015 £m
Current		
Finance lease obligations	2.5	2.0
Non-current		
First priority senior secured bank debt	1,055.2	782.7
Finance lease obligations	2.9	3.3
6.5% second priority senior secured notes, due 2022	618.2	589.8
5.625% second priority senior secured notes, due 2024	335.9	319.8
	2,012.2	1,695.6

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

11. Borrowings (continued)

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, $2.6bn is committed until July 2020. The $900m 6.5% senior secured notes mature in July 2022, whilst the $500m 5.625% senior secured 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 4%. The terms of the $900m and $500m senior secured notes are such that financial performance covenants are only measured at the time new debt is raised.

There is one financial performance covenant under the first priority senior bank facility. That is, the 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.

This covenant does not apply when availability exceeds $260m. At 30 April 2016, availability under the senior secured bank facility was $1,126m ($756m at 30 April 2015), with an additional $1,796m of suppressed availability, meaning that the covenant was not measured at 30 April 2016 and is unlikely to be measured in forthcoming quarters.

As a matter of good practice, we calculate the covenant ratio each quarter. At 30 April 2016, as a result of the significant investment in our rental fleet, the fixed charge ratio, as expected, did not meet the covenant requirement. The fact the fixed charge ratio is below 1.0 times does not cause concern given the strong availability and management's ability to flex capital expenditure downwards at short notice. Accordingly, the condensed consolidated financial statements are prepared on a going concern basis.

Fair value of financial instruments

At 30 April 2016, 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 £627m at 30 April 2016 (£599m at 30 April 2015), while the fair value was £661m (£646m at 30 April 2015). The carrying value of the second priority senior secured notes due 2024, excluding deferred debt raising costs, was £341m at 30 April 2016 (£325m at 30 April 2015) while the fair value was £353m (£342m at 30 April 2015). The fair value of the second priority senior secured notes has been calculated using quoted market prices at 30 April 2016.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

12. Share capital

Ordinary shares of 10p each:

	2016 Number	2015 Number	2016 £m	2015 £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 2016, 50m (2015: 50m) shares were held by the Company and a further 1.8m (2015: 1.9m) shares were held by the Company's Employee Share Ownership Trust.

13. Notes to the cash flow statement

a) Cash flow from operating activities

	Year to 30 April 2016 £m	2015 £m
Operating profit before exceptional items and amortisation	728.2	556.9
Depreciation	449.4	351.5
EBITDA before exceptional items	1,177.6	908.4
Profit on disposal of rental equipment	(47.4)	(26.8)
Profit on disposal of other property, plant and equipment	(1.4)	(1.2)
Increase in inventories	(15.1)	(2.0)
Increase in trade and other receivables	(36.8)	(58.5)
(Decrease)/increase in trade and other payables	(10.9)	17.7
Exchange differences	(0.1)	(0.2)
Other non-cash movements	4.7	4.0
Cash generated from operations before exceptional items and changes in rental equipment	1,070.6	841.4

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 2015 £m	Exchange movement £m	Cash flow £m	Debt acquired £m	Non-cash movements £m	30 April 2016 £m
Cash	(10.5)	(0.2)	(2.3)	-	-	(13.0)
Debt due within one year	2.0	-	(0.6)	0.1	1.0	2.5
Debt due after one year	1,695.6	81.9	232.8	0.2	1.7	2,012.2
Total net debt	1,687.1	81.7	229.9	0.3	2.7	2,001.7

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.

13. Notes to the cash flow statement (continued)

c) Acquisitions

	Year to 30 April 2016 £m	2015 £m
Cash consideration paid:		
- acquisitions in the period	64.9	236.0
- contingent consideration	3.5	5.5
	68.4	241.5

During the year, 12 acquisitions were made for a total cash consideration of £65m (2015: £236m), after taking account of net cash acquired of £0.9m. Further details are provided in note 14.

Contingent consideration of £3m (2015: £5m) was paid related to prior year acquisitions.

14. Acquisitions

During the year, the following acquisitions were completed:

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.

ii) On 28 August 2015 Sunbelt acquired the business and assets of Dover Rent-All, Inc. ('Dover') for an initial cash consideration of £1m ($2m). Dover is a general equipment business in Delaware.

iii) On 1 October 2015 Sunbelt acquired the business and assets of Pinnacle Rentals, Ltd. and Pinnacle Tool & Supply, Ltd. (together 'Pinnacle') for an aggregate consideration of £16m ($24m). Pinnacle is an industrial equipment business in Texas.

iv) On 2 October 2015 A-Plant acquired the entire issued share capital of Fraluk Limited ('Fraluk') for an initial cash consideration of £1m, with contingent consideration of up to £1m payable over the next two years. Fraluk is a climate control business.

v) On 9 October 2015 Sunbelt acquired the business and assets of 1139623 Alberta Ltd., trading as The Rental Store ('The Rental Store'), for £0.5m (C$1.1m). The Rental Store is a general equipment rental business in Alberta, Canada.

vi) On 28 October 2015 A-Plant acquired the entire issued share capital of G.B. Access Limited ('G.B. Access') for an initial cash consideration of £6m, with contingent consideration of up to £2m payable over the next year. G.B. Access is a specialist provider of lifting solutions.

vii) On 1 December 2015 A-Plant acquired the business and assets of Euremica Limited ('Euremica') for £0.8m. Euremica is a specialist test instrumentation service provider.

viii) On 1 December 2015 Sunbelt acquired certain business and assets of 303567 Saskatchewan Ltd, trading as Handy Rental Centre ('Handy'), for £6m (C$13m). Handy is a general equipment rental business in Saskatchewan, Canada.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

14. Acquisitions (continued)

ix) On 31 December 2015 Sunbelt acquired the entire issued share capital of Okotoks Rentals Ltd ('Okotoks') for an initial cash consideration of £16m (C$34m), with contingent consideration of up to £1m (C$2m) payable over the next two years. Okotoks is a general equipment rental business in Alberta, Canada.

x) On 7 January 2016 Sunbelt acquired the business and assets of Richardson Equipment Rentals, Inc. ('Richardson') for £6m ($9m). Richardson is a general equipment rental business in California.

xi) On 18 January 2016 A-Plant acquired certain business and assets of Rapid Climate Control Limited ('Rapid') for £3m. Rapid is a climate control business.

xii) On 1 April 2016 Sunbelt acquired the business and assets of Equipco, LLC ('Equipco') for £7m ($10m). Equipco is a general equipment rental business in Louisiana.

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

	Fair value to Group £m
Net assets acquired	
Trade and other receivables	8.2
Inventory	0.6
Property, plant and equipment	
- rental equipment	27.4
- other assets	2.0
Creditors	(1.9)
Debt	(0.3)
Current tax	(0.8)
Deferred tax	(2.8)
Intangible assets (non-compete agreements and customer relationships)	21.5
	53.9
Consideration:	
- cash paid (net of cash acquired)	65.5
- contingent consideration payable in cash	4.8
	70.3
Goodwill	16.4

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. £9m of the goodwill is expected to be deductible for income tax purposes.

The fair value of trade receivables at acquisition was £8m. The gross contractual amount for trade receivables due was £9m, net of a £1m provision for debts which may not be collected.

14. Acquisitions (continued)

Due to the operational integration of acquired businesses with Sunbelt and A-Plant post acquisition, in particular due to 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.

The revenue and operating profit of these acquisitions from 1 May 2015 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. Commitments

A-Plant has entered into an agreement to acquire the whole of the issued share capital of Lion Trackhire Limited ('Lion') for £38m. The agreement was entered into in April 2016 and closing is subject to certain conditions precedent. Lion is a specialist provider of temporary access solutions to the events and industrial sectors.

17. Events after the balance sheet date

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

(i) On 2 May 2016 Sunbelt acquired the business and assets of I & L Rentals, LLC ('I & L') for a cash consideration of £46m ($67m). I & L is a general equipment rental business in Hawaii.

(ii) On 20 May 2016 Sunbelt acquired the business and assets of LoadBanks of America ('LBA'), a division of Austin Welder & Generator Services, Inc. for a cash consideration of £4m ($6m). LBA provides testing solutions for power systems.

(iii) On 20 May 2016 A-Plant acquired the entire issued share capital of Mather & Stuart Limited ('Mather & Stuart') for a cash consideration of £7m. Mather & Stuart is a temporary power rental business.

(iv) On 6 June 2016 Sunbelt acquired the business and assets of Portable Rental Solutions, Inc. and One Source Cooling, LLC (collectively 'PRS') for a cash consideration of £7m ($10m). PRS is a temporary heating and cooling business in Texas.

The initial accounting for these acquisitions is incomplete. Had the acquisitions taken place on 1 May 2015, 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	
	2016	2015	2016	2015	2016	2015
Sunbelt in $m	808.6	694.8	393.4	309.9	242.8	185.7
Sunbelt in £m	565.1	458.1	274.8	205.1	170.0	123.5
A-Plant	100.9	80.6	38.1	25.4	20.0	8.6
Group central costs	-	-	(4.5)	(2.6)	(4.5)	(2.6)
	666.0	538.7	308.4	227.9	185.5	129.5
Net financing costs					(22.0)	(19.3)
Profit before exceptional items, amortisation and tax					**163.5**	**110.2**
Exceptional items					(6.2)	-
Amortisation					(6.0)	(5.5)
Profit before taxation					151.3	104.7
Margins						
Sunbelt			*48.7%*	*44.6%*	*30.0%*	*26.7%*
A-Plant			*37.8%*	*31.4%*	*19.9%*	*10.6%*
Group			*46.3%*	*42.3%*	*27.9%*	*24.0%*

Group revenue increased 24% to £666m in the fourth quarter (2015: £539m) with strong growth in both businesses. This revenue growth, combined with continued focus on operational efficiency, generated underlying profit before tax of £163m (2015: £110m).

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
2015 rental only revenue		479
Same-stores (in existence at 1 February 2015)	+11%	50
Bolt-ons and greenfields since 1 February 2015	+6%	30
2016 rental only revenue	+17%	559
Ancillary revenue	+19%	159
2016 rental revenue	+17%	718
Sales revenue		91
2016 total revenue		809

Our same-store growth of 11% is well in excess of the rental market as we continue to take market share. In addition, bolt-ons and greenfields have contributed a further 6% 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 17% was driven by a 19% increase in fleet on rent and a 2% decline in yield, reflecting the negative impact of oil and gas year over year.

A-Plant continues to perform well and delivered rental only revenue up 15% at £70m (2015: £61m) in the quarter. This reflects increased fleet on rent and yield 2% higher year over year. Total rental revenue increased 11% to £83m (2015: £74m).

Group operating profit increased 43% to £186m (2015: £130m). Net financing costs increased to £22m (2015: £19m) reflecting the higher level of debt in the period. As a result, Group profit before exceptional items, amortisation and taxation was £163m (2015: £110m). After net exceptional items of £6m and amortisation of £6m, the statutory profit before taxation was £151m (2015: £105m).

Balance sheet

Fixed assets

Capital expenditure in the year totalled £1,240m (2015: £1,063m) with £1,127m invested in the rental fleet (2015: £979m). Expenditure on rental equipment was 91% of total capital expenditure with the balance relating to the delivery vehicle fleet, property improvements and IT equipment. Capital expenditure by division was:

		2016		2015
	Replacement	Growth	Total	Total
Sunbelt in $m	571.7	871.0	1,442.7	1,268.4
Sunbelt in £m	390.3	594.5	984.8	825.3
A-Plant	95.2	46.6	141.8	153.8
Total rental equipment	485.5	641.1	1,126.6	979.1
Delivery vehicles, property improvements & IT equipment			113.4	84.0
Total additions			1,240.0	1,063.1

In a strong North American rental market, $871m of rental equipment capital expenditure was spent on growth while $572m 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 2016 was 25 months (2015: 26 months) on a net book value basis. Sunbelt's fleet had an average age of 25 months (2015: 26 months) while A-Plant's fleet had an average age of 27 months (2015: 29 months).

	Rental fleet at original cost			LTM rental	LTM dollar	LTM physical
	30 April 2016	30 April 2015	LTM average	revenue	utilisation	utilisation
Sunbelt in $m	5,663	4,733	5,205	2,924	56%	70%
Sunbelt in £m	3,866	3,079	3,553	1,946	56%	70%
A-Plant	615	559	600	314	52%	68%
	4,481	3,638	4,153	2,260		

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 2016, was 56% at Sunbelt (2015: 59%) and 52% at A-Plant (2015: 56%). The reduction in Sunbelt reflects the drag effect of greenfield openings and acquisitions and the increased cost of fleet, while in A-Plant it is due to lower physical utilisation principally. 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 2016, average physical utilisation at Sunbelt was 70% (2015: 70%) and 68% at A-Plant (2015: 70%). At Sunbelt, physical utilisation is measured for equipment with an original cost in excess of $7,500 which comprised approximately 85% of its fleet at 30 April 2016.

Trade receivables

Receivable days at 30 April 2016 were 49 days (2015: 50 days). The bad debt charge for the year ended 30 April 2016 as a percentage of total turnover was 0.7% (2015: 0.6%). Trade receivables at 30 April 2016 of £395m (2015: £326m) are stated net of allowances for bad debts and credit notes of £27m (2015: £21m) with the allowance representing 6.4% (2015: 6.1%) of gross receivables.

Trade and other payables

Group payable days were 59 days in 2016 (2015: 72 days) with capital expenditure related payables, which have longer payment terms, totalling £247m (2015: £261m). 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 2016 £m	2015 £m
EBITDA before exceptional items	1,177.6	908.4
Cash inflow from operations before exceptional items and changes in rental equipment	1,070.6	841.4
*Cash conversion ratio**	*90.9%*	*92.6%*
Replacement rental capital expenditure	(452.6)	(270.6)
Payments for non-rental capital expenditure	(109.5)	(78.7)
Rental equipment disposal proceeds	172.1	95.4
Other property, plant and equipment disposal proceeds	8.2	7.5
Tax (net)	(5.3)	(32.0)
Financing costs	(79.4)	(63.4)
Cash inflow before growth capex and payment of exceptional costs	**604.1**	**499.6**
Growth rental capital expenditure	(672.1)	(587.5)
Exceptional costs	-	(0.5)
Total cash used in operations	**(68.0)**	**(88.4)**
Business acquisitions	(68.4)	(241.5)
Total cash absorbed	**(136.4)**	**(329.9)**
Dividends	(81.5)	(61.4)
Purchase of own shares by the ESOT	(12.0)	(20.3)
Increase in net debt due to cash flow	**(229.9)**	**(411.6)**

* 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 27% to £1,071m. The cash conversion ratio for the year of 91% (2015: 93%) reflects a higher level of working capital due to the growth in the business. The reduction from the prior year is due principally to the higher level of gains on disposal this year.

Total payments for capital expenditure (rental equipment and other PPE) during the year were £1,234m (2015: £937m). Disposal proceeds received totalled £180m (2015: £103m), giving net payments for capital expenditure of £1,054m in the year (2015: £834m). Financing costs paid totalled £79m (2015: £63m) while tax payments were £5m (2015: £32m). Tax payments are stated net of a refund of tax paid in 2014/15, as a result of the US government introducing accelerated tax depreciation in 2014 after we had made payments on account for 2014/15. Following the announcement in 2015 that accelerated tax depreciation will continue, brought forward tax losses will not be utilised until 2016/17 when we expect to become a more significant cash tax payer in the US. Financing costs paid typically differ from the charge in the income statement due to the timing of interest payments in the year and non-cash interest charges.

Accordingly, the Group generated £604m (2015: £500m) 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 and acquisitions, there was a net cash outflow of £136m (2015: £330m).

Net debt

	2016 £m	2015 £m
First priority senior secured bank debt	1,055.2	782.7
Finance lease obligations	5.4	5.3
6.5% second priority senior secured notes, due 2022	618.2	589.8
5.625% second priority senior secured notes, due 2024	335.9	319.8
	2,014.7	1,697.6
Cash and cash equivalents	(13.0)	(10.5)
Total net debt	2,001.7	1,687.1

Net debt at 30 April 2016 was £2,002m with the increase since 30 April 2015 reflecting principally the net cash outflow set out above and by £82m due to weaker sterling. The Group's EBITDA for the year ended 30 April 2016 was £1,178m and the ratio of net debt to EBITDA was 1.7 times at 30 April 2016 (2015: 1.8 times) on a constant currency basis and 1.7 times (2015: 1.9 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 48% of the drawn debt at a fixed rate as at 30 April 2016. 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 plus 150bp.

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 2016, 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 2016, 91% of its debt was denominated in US (and Canadian) 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 2016, dollar denominated debt represented approximately 62% 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 2016, a 1% change in the US dollar exchange rate would impact pre-tax profit by £6m.

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 570,000 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, dividend payments and other returns to shareholders or to reduce debt.

In addition to the strong free cash flow from normal trading activities, additional liquidity is available through the Group's senior secured debt facility. At 30 April 2016, availability under the $2.6bn facility was $1,126m (£769m).

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, 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 benefiting from the economic cycle and we 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 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.

Financing

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 (1.5 to 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 $260m.

Change
At 30 April 2016, our facilities were committed for an average of six years, leverage was at 1.7 times and availability under the senior debt facility was $1,126m.

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 successfully.

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 remained at similar levels during the year as our well-trained, knowledgeable staff continue to be targets for our competitors.

We continue to invest in training and career development with over 250 courses offered across both businesses.

<u>Health and safety</u>

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 decreased to 0.26 (2015: 0.45) in Sunbelt and 0.42 in A-Plant (2015: 0.55).

<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 2015/16 we reduced our carbon emission intensity ratio to 93 (2015: 111) in Sunbelt and 91 (2015: 97) in A-Plant.

Laws and regulations

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 reports matters arising to the Audit Committee during the course of the year. During the year over 2,300 people in Sunbelt and 850 people in A-Plant underwent induction training and additional training programmes were undertaken in safety.

OPERATING STATISTICS

	Number of rental stores		Staff numbers	
	2016	2015	2016	2015
Sunbelt	559	504	10,125	9,216
A-Plant	156	136	2,968	2,701
Corporate office	-	-	13	11
Group	715	640	13,106	11,928

Sunbelt's rental store number includes 25 Sunbelt at Lowes stores at 30 April 2016 (2015: 30).