BUSINESS AS USUAL

PAUL WALKER
Chair,
Ashtead Group plc

I was delighted to succeed Chris Cole as chair of Ashtead. Chris stood down in September 2018 having served as a director of the Company since 2002 and as chair since 2007. Throughout his tenure Chris provided strong leadership to the Board and wise counsel to the executive team. On behalf of the Board I would like to thank Chris for his significant contribution to the success of the business over many years. I have joined the Group at a time of strong sustained growth and I am pleased to report that in this financial year we have delivered record results as we continue to deliver on our strategy. We have had another outstanding year in the US and Canada whilst the UK has been more challenging. Since joining the business I have had an opportunity to visit a number of our sites and meet with many of my new colleagues. I have seen huge passion and commitment from our people and I believe this is a testimony to the consistent and rigorous execution of our strategy.

In May 2019, Geoff Drabble, our long-standing chief executive, stepped down from this role and also from the Board. Geoff has presided over a period of unprecedented growth in the business and has been instrumental in creating a strong foundation and culture on which we can continue to build. On behalf of the Board and everyone at Ashtead I would like to thank Geoff for his significant contribution to the business over many years and we wish him well in his retirement. Brendan Horgan, who was appointed as Geoff's successor, has been chief executive of Sunbelt since 2011 and, in addition, chief operating officer of the Group for the last year. Brendan brings extensive experience in the equipment rental business as well as strong leadership of a scaled business. I am very much looking forward to working with Brendan in his new role.

The US and Canadian markets remain strong and we continue to take advantage of the structural changes for renting equipment. Although the UK market is more subdued, we continue to perform well. Group revenue for the year was £4,500m compared to £3,706m the previous year and underlying pre-tax profit rose 17% at constant exchange rates to £1,110m. Top-line growth remains the driver of our profitability and total rental revenue increased 18% at constant exchange rates, with Sunbelt US growth at 19%, 55% at Sunbelt Canada and 3% at A-Plant.

We have continued to invest responsibly in our fleet, new greenfield sites and bolt-on acquisitions. During the year we made 24 acquisitions, which has helped both broaden our coverage in the United States and Canadian markets, as well as enhancing our product range in our specialty division. Our strong underlying business performance continues to be supported by a strong balance sheet. Net debt increased in the period as we continue to invest in fleet and bolt-on acquisitions and to support our share buyback programme. During the year we completed £675m of our original buyback programme and we expect to spend no less than £500m in buybacks in 2019/20. Our investment in the business and our share buyback programme has been achieved whilst maintaining our leverage ratio in the middle of our target range at 1.8 times EBITDA.

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The debt markets have remained strong and in July we issued $600m of 5.25% bonds due in 2026; and in December we extended our senior credit facility to December 2023, while increasing it to $4.1bn and reducing the effective interest rate. As a result, our debt facilities are committed for an average of six years at a weighted average interest cost of less than 5%. Our debt has a smooth, extended profile through to 2027 with no large individual refinancing needs.

We have a progressive dividend policy and our objective is to ensure that dividends are sustainable wherever we are in our business cycle. In line with that objective and our continued strong financial performance, the Board is recommending a final dividend of 33.5p per share making 40.0p for the year compared to 33.0p in 2018, an increase of 21%. Assuming the final dividend is approved at the AGM, it will be paid on 13 September 2019 to shareholders on the register on 16 August 2019.

In the last year the Board has continued to consider and strengthen our governance to ensure that we are aligned with the new Corporate Governance Code 2018 and in particular around stakeholder and workforce engagement.

During the year there have been a number of changes to the Board. In September Wayne Edmunds stepped down from the Board and in January Ian Sutcliffe, who was coming to the end of his nine-year term, retired. The Board thanks both Ian and Wayne for their contribution to the growth and development of Ashtead. Angus Cockburn was appointed a non-executive director and chair of the audit committee in October and in January became the senior independent director following the retirement of Ian Sutcliffe. In May we announced the appointment of Lindsley Ruth as a non-executive director as we continue to evolve the Board for the next stage of the Group's development. Angus and Lindsley both bring significant expertise and experience that the Board and the business will benefit from.

I have met many talented staff since joining the Group and I look forward to meeting many more in the coming year. I want to extend my thanks and that of the Board to all our colleagues for their hard work and support which has delivered such a strong performance. You will read more in this report about what we consider to be the four key elements powering our platform to future growth, our customers, our fleet, our services and our culture, and how those have evolved.

We continue to see clear momentum in the business and a supportive market backdrop which has helped produce another set of great results. As your new chair, I look to the future with confidence knowing that we have a strong sense of purpose, a clear and focused strategy and great talent to continue to deliver strong growth and shareholder returns.

PAUL WALKER
Chair
17 June 2019

HIGHLIGHTS OF THE YEAR

19%

REVENUE UP 19%; RENTAL REVENUE UP 18%[1]

47%

GROUP EBITDA MARGINS OF 47% (2018: 47%)

£1,110m

GROUP UNDERLYING PRE-TAX PROFIT OF £1,110M (2018: £927M), UP 17% AT CONSTANT EXCHANGE RATES

+33%

UNDERLYING EARNINGS PER SHARE UP 33%[1] TO 174.2P (2018: 127.5P)

£797m

POST-TAX PROFIT OF £797M (2018: £969M)

£622m

£622M SPENT ON BOLT-ON ACQUISITIONS (2018: £392M) AND 74 GREENFIELD LOCATIONS OPENED

£1.6bn

£1.6BN INVESTED IN THE BUSINESS (2018: £1.2BN)

£368m

£368M OF FREE CASH FLOW GENERATION (2018: £386M)

1.8x

NET DEBT TO EBITDA LEVERAGE[1] OF 1.8 TIMES (2018: 1.6 TIMES)

40.0p

PROPOSED FINAL DIVIDEND OF 33.5P, MAKING 40.0P FOR THE FULL YEAR, UP 21% (2018: 33.0P)

1 At constant exchange rates.