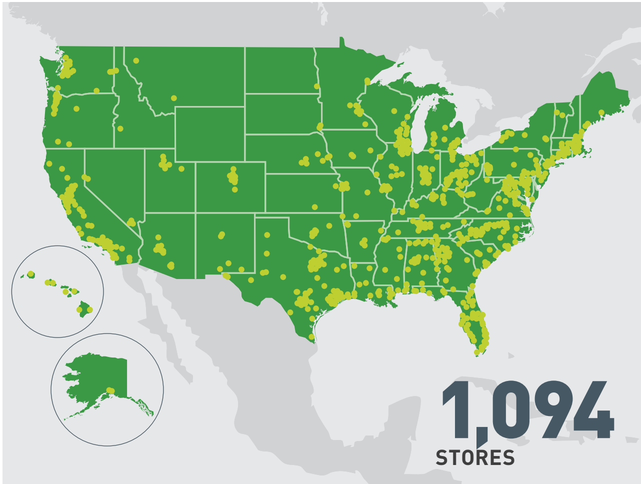
An international network of equipment solutions and services

Ashtead is an international equipment rental company, trading under the Sunbelt Rentals brand, with national networks in the US, Canada and the UK.

We rent a broad range of construction, industrial, general and specialty equipment across a wide variety of applications to a diverse customer base.

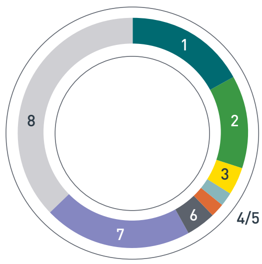
US



The second largest equipment rental company in the US with 1,094 stores

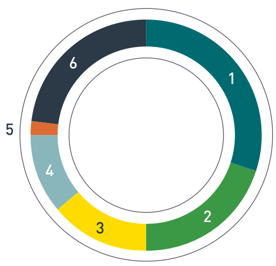
Revenue	**$8,222m**
Return on investment[1]	**27%**
Segment result	**$2,465m**
Employees	**18,981**
Stores	**1,094**
Fleet size	**$13,407m**

MARKET SHARE[2]



1 United Rentals 17%
2 Sunbelt 13%
3 Herc Rentals 4%
4 Home Depot 2%
5 H&E 2%
6 Top 6–10 4%
7 Top 11–100 21%
8 Others 37%

FLEET COMPOSITION[3]



1 Mobile elevating work platforms 30%
2 Forklifts 20%
3 Earth moving 14%
4 Power and HVAC 11%
5 Scaffold 2%
6 Other 23%

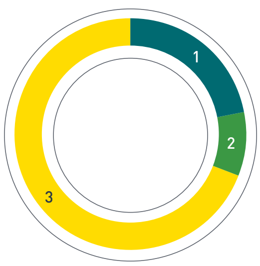
1 Excluding goodwill and intangible assets.
2 Source: Management estimate based on S&P Global Market Intelligence market estimates.
3 Source: Management information.

CANADA

The second largest equipment rental company in Canada with 119 stores

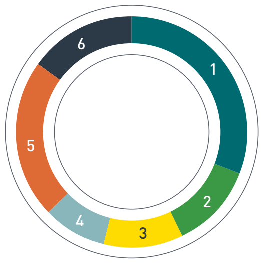
Revenue	**C$827m**
Return on investment[1]	**18%**
Segment result	**C$167m**
Employees	**2,094**
Stores	**119**
Fleet size	**C$1,438m**

MARKET SHARE[2]



1 United Rentals 22%
2 Sunbelt 9%
3 Others 69%

FLEET COMPOSITION[3]



1 Mobile elevating work platforms 31%
2 Earth moving 12%
3 Forklifts 11%
4 Power and HVAC 9%
5 Lighting, grip and lens 22%
6 Other 15%

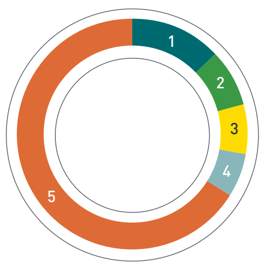
1 Excluding goodwill and intangible assets.
2 Source: Management estimate, excluding lighting, grip and lens, based on S&P Global Market Intelligence market estimates.
3 Source: Management information.

UK

The largest equipment rental company in the UK with 185 stores

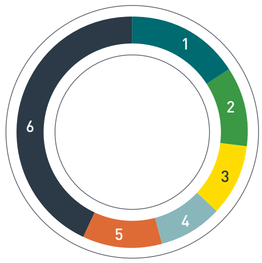
Revenue	**£685m**
Return on investment[1]	**9%**
Segment result	**£65m**
Employees	**4,250**
Stores	**185**
Fleet size	**£1,081m**

MARKET SHARE[2]



1 Sunbelt 13%
2 Speedy 8%
3 HSS 7%
4 VP 6%
5 Others 66%

FLEET COMPOSITION[3]



1 Accommodation 16%
2 Earth moving 11%
3 Panels, fencing and barriers 10%
4 Forklifts 9%
5 Mobile elevating work platforms 11%
6 Other 43%

1 Excluding goodwill and intangible assets.
2 Source: Management estimate based on S&P Global Market Intelligence market estimates – market share has been calculated excluding the impact of revenue associated with supporting the Department of Health COVID-19 response.
3 Source: Management information.

PAUL WALKER
Chair

A YEAR OF DELIVERY AND GROWTH

Dear Shareholder

I am pleased to report that we have continued to see growth in all our markets which has produced another strong set of financial results.

Our ability to deliver this strong performance is a result of the successful execution of our Sunbelt 3.0 strategic plan and the dedication and outstanding team members we have in the business. It has been an incredibly busy year! So, I would like to thank all my colleagues for their commitment and excellence in serving our customers which has helped produce these record results.

Strategic progress

In April 2021 we announced our Sunbelt 3.0 strategy which clearly described the actionable components that would drive further growth in our business. We are now two-thirds of the way through this plan and I am delighted to report that we are ahead of where we expected to be at this stage.

Major legislation passed by the US government, which is referred to later in this report, has increased demand for our fleet in end markets that are already strong. We have been able to meet this demand by working closely with our suppliers to ensure that we have both the size and breadth of fleet that can meet our customer demands in what are increasingly diverse end markets.

Our focus on the size and breadth of our fleet is also critical as we continue to be successful in our cross-sell strategy between General Tool and our Specialty businesses, a key part of the actionable components of our 3.0 strategy.

To support this increased market activity in North America, we have opened 77 greenfield locations during the year and added a further 88 locations through 45 bolt-on acquisitions. Since the year end, we completed the acquisition of a leading Power and HVAC business based in Quebec, which expands our offerings and capabilities in this Canadian market where we are already an established supplier.

Our construction end market is becoming characterised increasingly by larger projects. These include projects such as electrical vehicle and battery plants, LNG plants and semiconductor facilities. We refer to these as 'mega' projects and we provide more information about mega projects on pages 26 to 27.

We are making excellent progress in the development of our industry-leading technology platform which will continue to enhance growth in the business. Over the course of the next six months, we will be releasing a number of new applications, which will enable us to deliver a more intuitive and connected service to our customers, as well as creating a number of efficiency opportunities to support our sustainability objectives. Our platform has also been designed to ensure that advances in AI can help further in our customer insight as well as our efficiency objectives.

A sustainable business model

Health and safety is the first priority in all aspects of our day-to-day life at Ashtead. The dedication of our team members who deliver outstanding service to our customers every day of every week, do so while ensuring safety, our leading value, is at the forefront of all that they do. I would like to thank all of our team members for their ongoing commitment to safety in our business. Our Engage for Life programme is a key contributor in how we embed safety into the daily lives of our team members and so this year we launched Engage for Life 'Amplified', to help focus ongoing improvement in our safety procedures. I am delighted to report that our incident rate in North America remains the lowest it has been in the Group's history, and we have made similar progress in the UK.

I am pleased that earlier this year we published our first standalone Sustainability report and I would encourage shareholders to read this report, which provides detailed insight into the progress we are making. In particular, the report describes the lead we have taken in our industry to drive a number of key environmental initiatives working with both suppliers and customers to use our existing fleet in more sustainable ways. These initiatives are integral to our longer-term priority to have the most environmentally sustainable rental and transportation fleet.

We continue to make very good progress with our diversity, equality and inclusion initiatives. Our women's group, WISE (Women: Inspired, Supported, Empowered), was set up to support and empower our female team members. This group is having a significant impact on our organisation, and I would like to thank everyone who has dedicated their time to making this a success. We have also undertaken significant work this year to expand our veteran recruitment, making it more attractive for them to join and easier for them to thrive once part of our team.

Financing

One of the five actionable components of our strategic plan, Sunbelt 3.0, is dynamic capital allocation. An integral part of this is a strong balance sheet which provides a competitive position to take advantage of the structural growth opportunities evident in both existing and new markets that we serve. During August 2022 and January 2023 we accessed the bond markets in order to strengthen further our balance sheet and to ensure we have financial flexibility to take advantage of opportunities in the market. We issued $750 million, 10-year, investment grade notes in August and January at a coupon rate of approximately 5.5%. Including these $1.5 billion of bonds, our debt facilities are committed for an average of six years at a weighted average cost of 5%.

We continue to operate at the lower end of our target leverage range of 1.5 to 2.0 times net debt to EBITDA and we will continue to deploy capital in accordance with our capital allocation policy.

Dividends

We continue to have a progressive dividend policy which is designed to ensure sustainability through the economic cycle. Our current profit and cash generation are also factors that the Board consider when recommending the final dividend.

The Board have noted the Group's outlook and financial position as well as other stakeholders' interests and I am pleased to report that we are recommending a final dividend of 85.0¢ making 100.0¢ for the full year. The final dividend will be paid, if approved at the AGM, on 12 September 2023 to shareholders on the register on 11 August 2023.

Outlook

Our business continues to perform well benefitting from strong customer demand in our end markets. The continuing enhancements to our operational flexibility and significant investment in our fleet will ensure that we can capitalise on these growing and diverse end markets.

We have a strong balance sheet, a well-defined and proven go to market strategy, and an outstanding workforce. This positions us well for future growth.

PAUL WALKER
Chair, 12 June 2023

Highlights of the year

+24%
Revenue up 24%[1], rental revenue up 22%[1]

$2,522m
Group operating profit of $2,522m (2022: $1,948m)

$2,273m
Group adjusted pre-tax profit of $2,273m (2022: $1,824m), an increase of 26%[1]

388.5¢
Adjusted earnings per share of 388.5¢ (2022: 307.1¢)

368.4¢
Earnings per share of 368.4¢ (2022: 280.9¢)

$1,618m
Post-tax profit of $1,618m (2022: $1,251m)

$1.1bn
$1,146m spent on bolt-on acquisitions (2022: $1,274m) and 77 greenfield locations opened in North America

$3.8bn
$3,772m of capital invested in the business (2022: $2,397m)

$531m
$531m of free cash flow generation (2022: $1,125m)

1.6x
Net debt to EBITDA leverage[1,2] of 1.6 times (2022: 1.5 times)

85.0¢
Proposed final dividend of 85.0¢, making 100.0¢ for the full year (2022: 80.0¢)

1 At constant exchange rates.
2 Excluding the impact of IFRS 16.

1

GROW GENERAL TOOL

AND ADVANCE OUR CLUSTERS

Advance our clustered market approach through a proven playbook to meet demand and enable increased rental penetration in North America while optimising our operational network in the UK.

2023 highlights

- 16 General Tool greenfield locations added in North America in 2022/23
- 37 General Tool acquisitions completed in North America adding a further 61 locations

47

of top 100 markets clustered in the US

+22%

growth in North American General Tool revenue in 2022/23

"We have achieved cluster status in an additional eight of the top 100 US markets this year, giving us 47 of our Sunbelt 3.0 strategic plan target of 49."

Sunbelt 3.0 in action

We continue to expand our General Tool businesses, often sitting alongside complementary Specialty business lines, and building out our strategy of clustering stores. This strategy enables us to best serve our customers with the widest selection of equipment in close proximity.

We have achieved cluster status in an additional eight of the top 100 US markets this year, giving us 47 of our Sunbelt 3.0 strategic plan target of 49. We are now in all US states except for Wyoming. We have also continued to build our clusters in the Canadian market where we now have clustered five of the top 10 markets, 13 in total and are present in eight provinces.

BRENDAN HORGAN
Chief executive

MICHAEL PRATT
Chief financial officer

AMBITION WITH PURPOSE

We are delighted to report another year of excellent results, continued growth and ongoing momentum. Our markets are strong and full of opportunity. We have benefitted from additional clarity around the strength of our end markets, which makes us ever more confident of our ability to generate excellent results in the short and medium term. ESG (Environmental, Social and Governance) is being embedded more and more into the business and we continue to improve our health and safety record across all our territories. Ambition with purpose remains the cornerstone of what we do.

We continued to advance our Sunbelt 3.0 strategic growth plan and are ahead of schedule. We did this by executing on all our capital allocation priorities, which fuelled our existing locations and greenfield additions with new rental fleet and delivery vehicles. We added 165 locations in North America during the year, 77 by way of greenfield openings complemented by 88 locations from bolt-on acquisitions. Our additional locations combined to provide a good mix of Specialty and General Tool locations, further advancing our clustered market progress. We achieved cluster status in an additional eight of the top 100 US markets, giving us 47 of our Sunbelt 3.0 target of 49.

We are now in all US states except Wyoming and we operate in eight Canadian provinces. This is great progress, particularly when we look to the future, as these new locations will mature into larger contributors in terms of revenue and profits, creating more outlets to deliver the excellent service to our customers, for which we are so well known.

What we call a 'trifecta' of market dynamics – supply constraints, inflation, and skilled trade scarcity – is increasing our competitive advantage rather than limiting us. These ongoing issues come with operational challenges but those are outweighed by the corresponding benefits to our business, and they favour the larger rental players such as Sunbelt. We are seeing an increased rental penetration and are taking considerable market share because we possess the scale, experience, equipment purchasing influence and financial strength needed to prosper in this market environment. Those companies benefitting from the continued structural change are the very few, larger, more experienced, more capable rental companies who can position themselves to be there for this increasing customer demand, thereby realising a larger share of what is without question a larger and growing market. Our business is positioned to win in this environment.

DELIVERING TODAY

GROUP OPERATING PROFIT
$2,522M

ADJUSTED EARNINGS PER SHARE
388.5¢

We are also benefitting from the significant increase in US federal spending as a result of the three legislative Acts passed recently. We look at these in more detail in our markets section. The greater visibility we have over our end markets comes in part from this recent legislation. Some c. $2bn has been committed to investment as a result of this legislation. The opportunities inherent in these Acts add to what is already a strong level of end market activity. The growing mega project landscape, together with the small to mid-sized projects and the maintenance, repair and operations of the geographical markets we serve, present ever greater opportunities.

What we refer to as mega projects are an increasingly important aspect of our business. These are large-scale, over $400 million, multiyear projects that give us greater long-term visibility over income streams. They are increasingly an important part of our strategy enabling us to plan and forecast long into the future. These projects are of 3+ years duration. Find out more about what we call mega projects on pages 26 to 27.

We continue to see good performance across all parts of the business. All our Specialty businesses performed well through every geographic region. This continues to demonstrate tangibly the structural shift our customers are making from ownership to rental as we provide a trusted and reliable alternative to ownership. Further, our Specialty business lines service principally non-construction markets and therefore act as a good proxy for the strength of this incredibly large end market. Our balance sheet remains strong, giving us a competitive advantage and positioning us well to take advantage of these structural changes that continue to drive our market.

DELIVERING FOR CUSTOMERS

RENTAL ASSETS

1M+

CUSTOMERS SUPPORTED

800,000+

The US and Canada saw strong growth, and UK rental revenue grew despite the end of our COVID work for the Department of Health. Group rental revenue increased 22% on a constant currency basis. This growth was delivered with strong margins including an EBITDA margin of 46% and an operating profit margin of 27%. As a result, adjusted pre-tax profit increased 26% to $2,273m and adjusted earnings per share were $388.5¢ for the year.

US rental revenues were particularly strong, 24% ahead of last year at $7,503m. This was driven by the combination of volume and rate improvements in what continues to be a favourable demand and supply environment. We are operating in a high inflation environment but strong activity and favourable rates have enabled us to pass through the inflation we have seen in our cost base, both in general and as direct costs related to ancillary revenues, such as fuel, transportation and erection and dismantling, which are growing at higher rates than pure rental. We have continued to progress rental rates and we expect there will be ongoing industry rate progression during 2023/24.

In Canada, rental revenue was 22% higher than a year ago at C$696m. The original Canadian business goes from strength to strength, taking advantage of its increasing scale and breadth of product offering, as we expand our Specialty businesses and build out our clusters in that market. The level of bolt-on activity, particularly the MacFarlands and Flagro acquisitions, which have a higher proportion of lower margin sales revenue, has been a drag on margins. This will decrease in the future as we align these businesses. Our lighting, grip and lens business has recovered from the market disruption seen in the earlier part of the year, although it is now being impacted by the Writers Guild of America strike.

UK rental revenue was 3% higher than a year ago at £559m. This growth is despite the significant reduction in work for the Department of Health as we completed the demobilisation of the COVID testing sites during the first quarter. As a result, the Department of Health accounted for only 4% of total revenue for the year compared with 30% last year. The core business continues to perform well.

However, the inflationary environment, combined with completing the testing site demobilisation within three months, then getting that large volume of returning fleet back out on rent, and the significant increase in demand over the summer, particularly in the returning events market, contributed to some operational inefficiencies, which impacted margins.

There is real momentum in the UK business now as it makes increasing progress in markets such as facility maintenance and further develops its specialty offering in areas such as power and the new lighting and grip business. All these emphasise the cross-selling capabilities in the UK through our unmatched product and services portfolio.

As we enter the final year of Sunbelt 3.0, we are looking forward to Sunbelt 4.0, which we will launch in April 2024. This will build on the significant progress we have made during Sunbelt 3.0 and leverage our increased scale and advanced technology platform to drive growth and returns and strengthen our business for years to come.

DELIVERING ON SUNBELT 3.0

NEW LOCATIONS ADDED IN 2023 IN NORTH AMERICA

165

TOP 100 US MARKETS CLUSTERED

47

IN THE STRATEGIC REPORT

Capitalising on market opportunities
We are building market share through same-store growth, new greenfield investments, select bolt-on acquisitions and the expansion of our product offering.

Page 12

Implementing our strategy
We focus on building market share, maintaining flexibility in our operations and finances, and delivering Availability, Reliability and Ease to our customer base.

Page 28

Measuring our performance
We had a year of strong market outperformance across the business, delivering for all our stakeholders.

Page 38

Creating sustainable value
Our equipment rental business model, and the management of that over the economic cycle, enable us to create long-term sustainable value.

Page 20

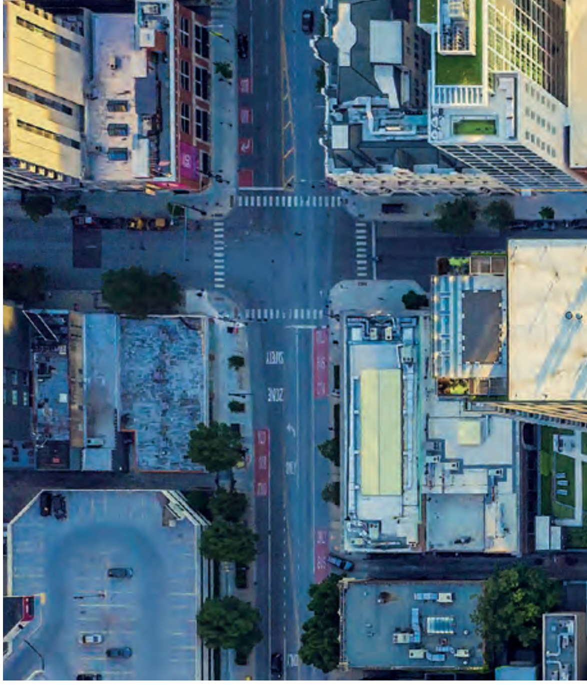
Managing our risks
Our main risks relate to economic conditions, competition, cyber-security, health and safety, people and culture, the environment and laws and regulations.

Page 40

Being a responsible business
We report on responsible business through the Group Risk Committee. We focus on health and safety, our people, the environment, including climate change, community investment and ensuring the highest ethical standards across the Group.

Page 60

OUR MARKETS



Our markets are always evolving and our strategic plan, Sunbelt 3.0, now into its final year, has taken us into more markets, both by geography and function.

Construction will likely always be our largest market in terms of the equipment required, but we continue to see expansion of our non-construction business especially through the rapid growth of our Specialty businesses. The US continues to be our largest market with strong performance and we see good growth in our newest market, Canada. In the UK, rental revenue grew, though at a slower pace than North America, in what is a relatively more mature rental market. We continue to take market share and exploit opportunities in new business areas as well as working to improve the market efficiency of our operations.

"We continue to see expansion of our non-construction business especially through the rapid growth of our Specialty businesses."

The US rental market is nine times bigger than the UK and we continue to capitalise on the structural changes in that market, as customers continue to adapt to renting equipment rather than owning it.

Our Canadian business is growing rapidly and we are excited by the opportunities we see there. We expect the Canadian market to develop in a manner similar to the US, as we build brand awareness and customers get more accustomed to renting a wider range of equipment and become more familiar with the quality of service we deliver. Our aim is to grow the business wherever we are in the economic cycle and no matter what circumstances we face.

The breadth of our markets

Our markets continue to expand, in terms of geography, range of equipment rented and the applications for which our equipment is used. Our end markets are increasingly diverse with significant cross-selling between General Tool and Specialty. The graphic opposite shows the diversity of end markets that use our equipment. In many cases, this is the same equipment just used for a different purpose. A significant proportion of our fleet was developed originally for the construction industry but is now used in applications varying from film and television production to home decor. Our customers are equally diverse from multi-national organisations to DIYers. We are reaching these broadening markets as a result of our scale, advancement of our market cluster strategy and Specialty business evolution – all positioned to give great service to our customers through Availability, Reliability and Ease. For any of these markets, there is also a wide range of equipment used.

Equipment that previously would not have been rented is now part of the rental mix. This is particularly the case with the continuing structural change most noticeable in the US and Canada.

Construction remains a core part of our end markets but we see plenty of growth opportunity for our General Tool and Specialty businesses in areas such as live events, building maintenance, municipal activities and emergency response. We commonly refer to these end markets, and many more, as MRO or, the ongoing maintenance, repair and operations of the geographic markets we serve. These incredibly large addressable markets make up the majority of our Specialty revenues and they also benefit our General Tool business through cross-selling.

A big change in recent years has been the increase in rentals taking place in ordinary square footage under roof applications and we expect this trend to continue. Increasingly we are seeing bigger, longer construction projects, often over several years. We now refer internally to projects worth over $400m as mega projects (see pages 26 to 27). There are also three US legislative Acts that are fuelling growth which we discuss on page 17. In addition, we are designated an essential service in the US, UK and Canada in times of need, supporting government and the private sector in response to emergencies, including hurricanes, tornadoes and, until recently, the pandemic.

The length of time that customers rent equipment is also increasing. Not only are large projects lasting longer, but rental is now essential to these rather than being more 'top up' in nature, as it used to be. We are also seeing customers renting equipment longer to move to the next job or project.

CONSTRUCTION

- Airports
- Highways and bridges
- Office buildings
- Data centres
- Schools and universities
- Shopping centres
- Residential
- Remodelling
- Manufacturing plants
- Green energy

RESPONSE

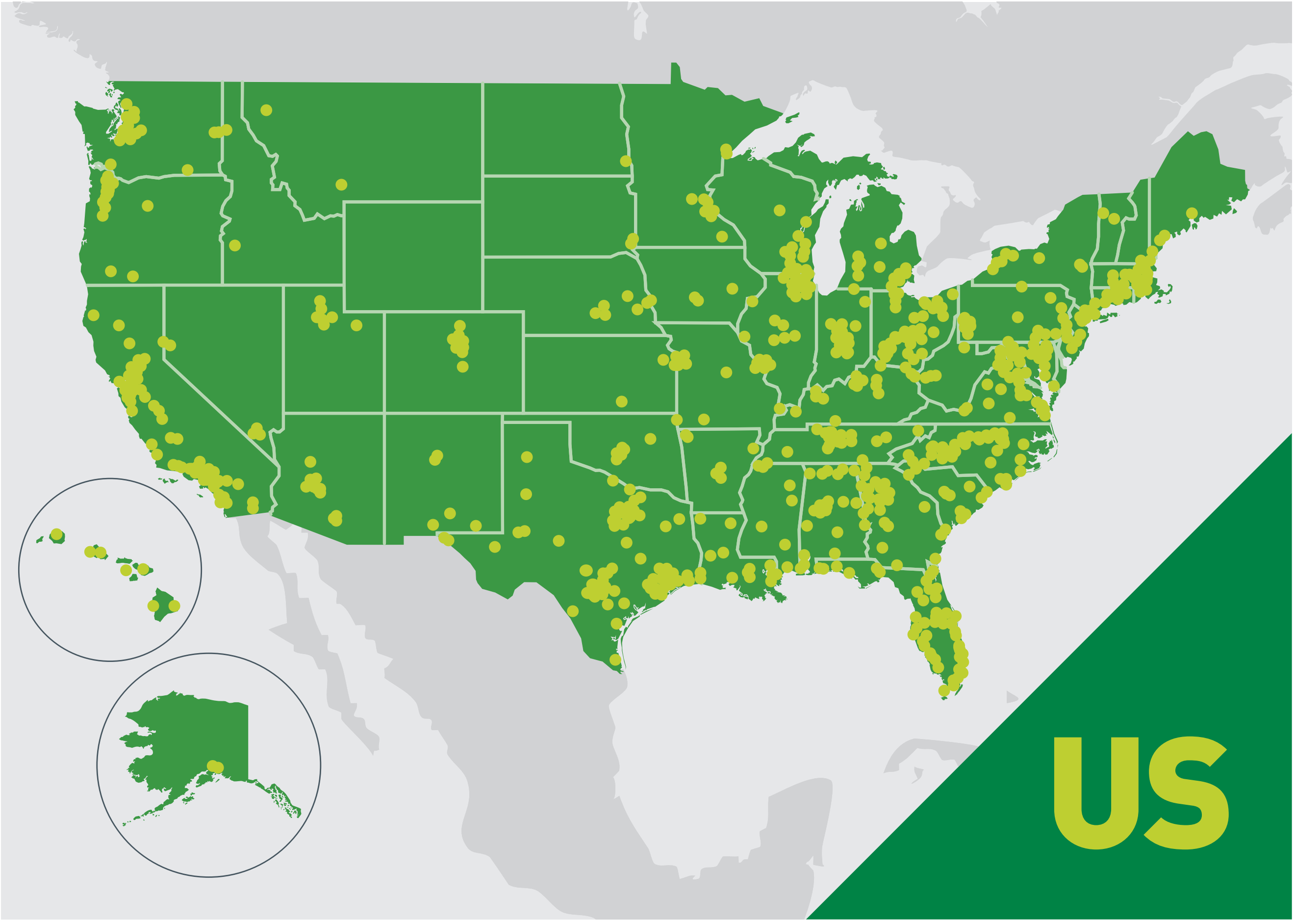
- Fire
- Hurricanes
- Flooding
- Tornadoes
- Winter storms
- Residential emergencies
- Health emergencies
- Alternative care facilities
- Points of distribution
- Mobile testing facilities

FACILITIES MAINTENANCE AND MUNICIPALITIES

- Office complexes
- Apartment complexes
- Government
- Hospitals
- Data centres
- Parks and recreation departments
- Schools and universities
- Shopping centres
- Pavement/ kerb repairs
- Golf course maintenance
- Industrial

ENTERTAINMENT AND SPECIAL EVENTS

- National events
- Concerts
- Sporting events
- Film and television production
- Theme parks
- Festivals
- Farmers' markets
- Local 5K runs
- Cycle races



THE US

Dodge Construction Starts show strength and growth. The non-residential and non-building components of the construction end market are proving to be incredibly strong and forecasts show that continuing. A non-residential slowdown in the pandemic was softened by strength in residential construction, but this has bounced back and we saw a strong uptick in starts in 2022/23. This is not a residential uptick as experienced in 2020/21, but the early wave of new project starts derived from a combination of private investment and legislative led federal project funding and incentives.

A large number of new projects have recently begun and many more are in planning. We believe the forecasts for the heart of our construction end market, specifically non-residential and non-building, combined with strength over the last several quarters and the recent spike in starts, together translate into consistent growth in activity levels for the next several years.

It has long been the case that the residential and non-residential markets are closely linked. However, that is not the position today. It is increasingly clear there is far less correlation between residential and non-residential construction in this era of what we call mega projects (see pages 26 to 27) and the larger than ever before seen federally funded initiatives.

Understanding the dynamics of supply constraints, inflation and skilled trade scarcity as it relates to our end markets and our business is important to understanding our growth. We now know that these three important factors have proved not to be transitory. We believe that inflation should moderate in the not-too-distant future, but that supply constraints and skilled trade scarcity will continue. We believe that for many in our industry there will be several quarters ahead of tough access to the supply of new rental assets and the associated parts. We also believe this collection of factors will prevent our industry building up too much fleet, which has been a concern expressed by some. We do not expect to see much easing in the scarcity of skilled trade workers given that, in general, more are retiring than joining the workforce each year.

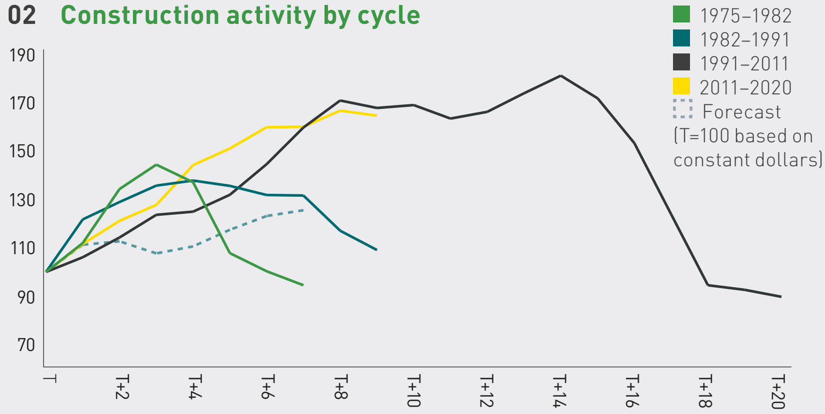
01 US market outlook

Industry rental revenue

2023	+8%
2024	+3%
2025	+3%

Source: S&P Global Market Intelligence (May 2023).

02 Construction activity by cycle

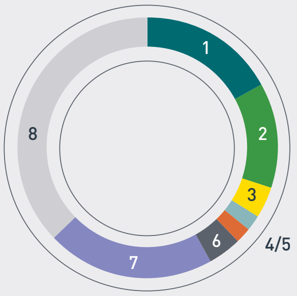


Source: Dodge Data & Analytics (May 2023)

The tailwind effect these factors have had in the recent past, which will continue in the near term, and how they drive structural change should not be underestimated. This structural change will benefit the larger, more capable companies in our industry such as ourselves.

The markets we serve remain strong, as both structural and cyclical trends are favourable. Chart 02 shows the last four construction cycles. These have followed one of two patterns. From 1975 to 1982 and from 1982 to 1991 the initial recovery was very aggressive but the overall cycle was relatively short. In contrast from 1991 to 2011, and 2011 to 2020, the cycle was characterised by a more gradual recovery over a longer period of time. The initial forecasts for the next cycle are more similar to the last two cycles. However, while these forecasts are for growth through 2027, there could be bumps on the way due to inflation, the interest rate environment and other broader macro-economic conditions. However, our business model is well equipped to deal with this environment as we are able to reduce our capital expenditure and generate significant free cash flow. In the event of a slowing economy, the impact will be mitigated to a degree by the opportunity from the structural shift from ownership to rental and our ability to increase market share.

03 US market share



1 United Rentals 17%
2 Sunbelt 13%
3 Herc Rentals 4%
4 Home Depot 2%
5 H&E 2%
6 Top 6–10 .... 4%
7 Top 11–100 .... 21%
8 Others 37%

Source: Management estimate based on S&P Global Market Intelligence market estimates.

04 US market share development

Source: Management estimates.

Market share in the US

We continue to grow our market share in the US and even though we are the second largest equipment rental company, there remains plenty of room to grow as Chart 03 shows. Our major competitors are United Rentals and Herc Rentals with 17% and 4% respectively. Home Depot, and H&E have shares of c. 2%. Most of the remainder of the market is made up of small local independent rental shops.

Much of our market share gain comes from these small independents when we set up new stores or acquire them. Ours is a capital-intensive industry where size matters. Scale brings cost benefits and sophistication in areas like technology and other services, and this leads ultimately to further consolidation. The proportion of the market enjoyed by the larger players continues to increase and we have clearly been a major beneficiary of this trend. While there will always be a place for strong local players, the market share enjoyed by the larger players is likely to continue to grow as the big get bigger.

This market share analysis is based on the traditional definition of the rental market focused on construction. However, a significant market for us is facility maintenance, repair and operation of the geographic markets we serve characterised by square footage under roof. In the US there are 100bn square feet under roof and we believe this represents a potential rental market of $7-10bn, with minimal rental penetration currently. We believe the size of the rental market is understated and hence our, and everyone else's, market share is overstated. This only serves to increase the opportunities for growth.

We are confident that as the market grows, our share will also increase. We continue to set ambitious targets with our long-term market share target of 20%. The speed at which we increase our market share is in part a function of how quickly we can get new locations up and running. However, as noted above, our market share growth also comes from continuing to broaden both our end markets and the range of equipment we have available to rent in each location (more on this in our strategy section on page 28).

The combination of our business model, which you can read more about on page 20, the continued attractiveness of our markets and the long-term trend to rental, provides the perfect environment for us to achieve our goals. In addition, our market share gains accelerate as we make the most of our scale advantages.

As we increase our market share and grow our Specialty businesses, they become a greater proportion of the business mix across the cycle and accounted for c. 30% of revenue in 2022/23. The acquisitions we make are often to expand into a new specialty area or to develop an existing one and then we supplement them with greenfield openings.

The trend to rental

Rental penetration continues to deepen and those benefitting from this increased rental penetration are the larger, more experienced, more capable rental companies who can position themselves to be there for this increasing customer base and capitalise on this larger market.

Rental still only makes up around 55% of the US market compared to around 75% in the UK. However, this is a broad average with penetration levels ranging from low single-digit percentages for, say, floor scrubbers to 90%+ for large aerial equipment. We like specialty products because they are at the low end of this range, which provides greater scope for growth. We see the potential market penetration for rental equipment to be well over 60% in the US.

The drivers of this evolution include significant cost inflation in recent years associated with the replacement of equipment, technical changes to equipment requirements and health, safety and environmental issues which make rental more economical and just easier. Environmental regulations have driven further rental penetration through the reduction in fleet size by those customers who previously may have chosen to own some if not all of their larger equipment needs. Customers and smaller competitors with older fleets are faced with heavier replacement spend causing them to replace less and rent or, in the case of smaller competitors, reduce their fleet size. Furthermore, the difficulties of getting to grips with new technology and maintenance requirements have also caused more operators to decide to rent. Maintaining optimally serviced and therefore safe equipment can be a big outlay for a smaller operator. The diversity of our fleet helps us take advantage of this increasing trend to rental and we continue to expand the range of products we rent.

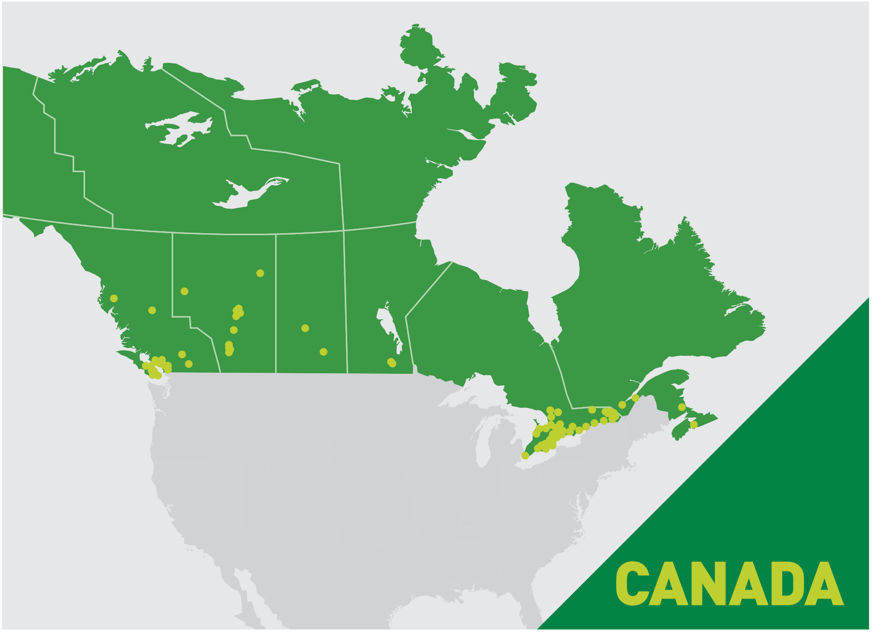
Our development and use of technology is also driving rental penetration. Our highly sophisticated proprietary customer management, inventory and delivery tracking systems all contribute to this trend.

Legislation

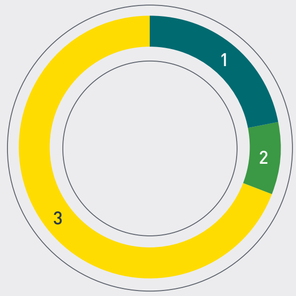
There have been three major legislative Acts in the US that are beginning to drive increased demand in an overall market which is already very active. The Infrastructure Investment and Jobs Act has a headline figure of $1.2 trillion with $650bn allocated to renewing 'ordinary' run-rate federal investment in roads, bridges, rail, utility, etc. This Act not only supports the baseline investment but also the delivery of an incremental $550bn in new project spending throughout the US. Over 10,000 programmes and projects have already been identified ranging from $100,000 to $3bn. Despite the fact that this Act was signed into law in November 2021, very little has yet to translate into actual project starts. However, this is now beginning and will go into full effect with starts largely commencing between 2023 and 2025.

Second is the Chips and Science Act, putting in motion a revitalisation of US domestic semiconductor manufacturing. The overall Act will invest $250bn to progress American semiconductor research, development, and manufacturing and is designed to support directly or through tax credits, nearly $140bn in new semiconductor manufacturing projects. A number of projects have already begun, even before passage of the Act, indicating what we conclude is the beginning of a new era of mega projects (see pages 26 to 27) coming to fruition. Individual semiconductor buildings are underway with more already announced, with price tags as large as $10bn per project. These projects, which will take 3+ years to complete, will consume an enormous amount of rental fleet and require highly sophisticated rental company capabilities. We expect semiconductor manufacturing to be as important for us in the future as data centres have been for well over a decade now.

Finally, the Inflation Reduction Act, will provide $370bn to fund directly or by way of tax credits, a broad basket of energy production and manufacturing, ranging from solar field construction which will triple the current US capacity by 2030, to battery factories, to wind farms, to EV (electric vehicle) production.



05 Canadian market share



1 United Rentals 22%
2 Sunbelt 9%
3 Others 69%

Source: Management estimate, excluding lighting, grip and lens based on S&P Global Market Intelligence market estimates.

CANADA

Canada remains a relatively new and growing market for us. The overall rental market is less than a tenth of the size of the US. But in the same way that the US has experienced structural growth as more and more types of equipment are rented for different applications, we expect similar trends in Canada. Our share of the Canadian rental market is around 9%. There is plenty of scope to develop this in the same way as in the US and we are growing rapidly. We are seeing continued market growth in 2023 and S&P Global Market Intelligence predicts Canadian rental revenue to grow 3% in 2023, 4% in 2024 and 6% in 2025. We anticipate growing more rapidly as we take market share and broaden our offering.

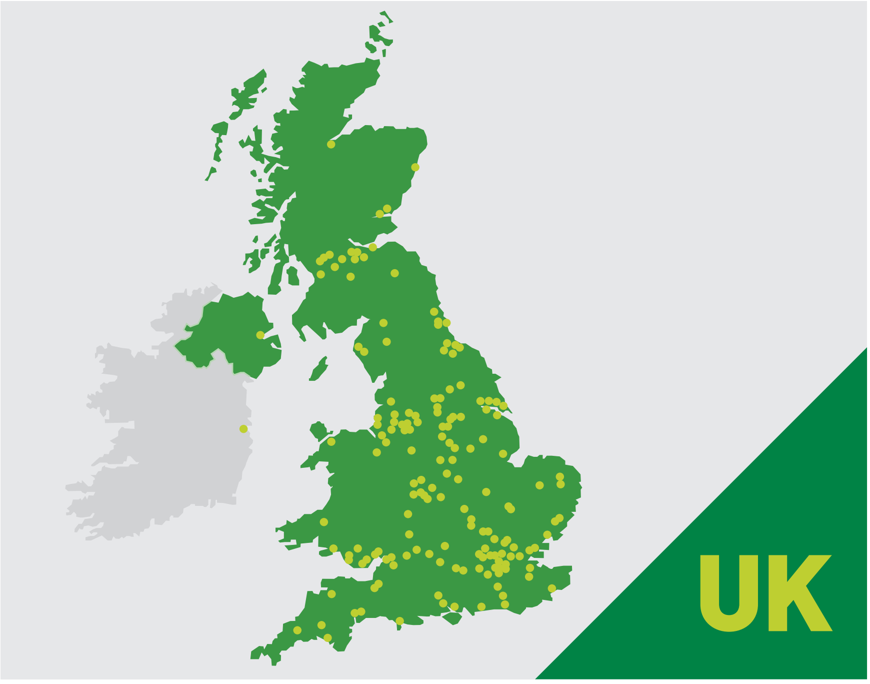
Our original Canadian business goes from strength to strength as it takes advantage of its increasing scale and breadth of product offering as we expand our Specialty businesses and look to build out our clusters in that market. Our lighting, grip and lens business continues to encounter a degree of market disruption with the threat early last year of strike action in the Vancouver market resulting in productions being delayed or transferred elsewhere. It is now navigating the impact from the Writers Guild of America strike.

We have grown to 119 locations across Canada. Key of course to delivering on our mantra of Availability, Reliability and Ease is convenience, proximity and diversity in our offering. We have a significant presence in Ontario and have expanded in Edmonton, Calgary, Winnipeg and, with the Modu-Loc acquisition, we entered Quebec. Beginning with a complement of General Tool businesses and adding Specialty into the mix to introduce cross-selling, our runway for growth in Canada remains long.

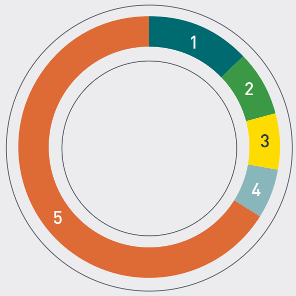
The rental market has, historically, been construction focused, but we continue to develop new markets such as the film industry in Vancouver and Toronto through our lighting, grip and lens business, William F White (WFW). The WFW business also provides a platform to expand our lighting, grip and lens Specialty into the US and UK markets. In addition, we have continued to expand our power and flooring solutions Specialty businesses in Canada. Customers who traditionally rented mainly mobile elevating work platforms ('MEWPs') are now renting smaller equipment as well. They are increasingly seeing the benefits of working with us to fulfil the full range of their equipment needs. Our cluster approach (more on this in our section on strategy on page 31) also means we are able to be closer to our customers than has previously been the case.

Across the country there are variances in the mix of fleet we have on rent. In Western Canada we see more customer demand for MEWPs especially through our work servicing the film and television industry. We see great opportunities for expanding our Specialty and MEWP businesses, especially in Ontario, aided by the growth of our lighting, grip and lens business. As we expand in other provinces we expect to generate more business from Canada's resources industry.

Over time we would expect our Canadian market share to be similar to that in the US.



06 UK market share



1 Sunbelt 13%
2 Speedy 8%
3 HSS 7%
4 VP 6%
5 Others 66%

Source: Management estimate based on S&P Global Market Intelligence market estimates – market share has been calculated excluding the impact of revenue associated with supporting the Department of Health COVID-19 response.

THE UK

Our UK business continues to grow despite the lost rental revenue associated with the Department of Health testing sites that was a substantial part of our revenues in the previous two years. This is no small accomplishment, signalling a combination of market share gains and a reassuring level of end market activity, particularly in infrastructure and industrial projects as well as increasing progress into areas such as facility maintenance being brought about by our unique cross-selling capabilities across our unmatched product and services portfolio.

Live events have been an ongoing contributor in this post-pandemic period which were, of course, virtually non-existent throughout 2020 and 2021. The team was incredibly proud to provide our products and services to assist with Queen Elizabeth II's platinum jubilee and state funeral.

A consistent area of focus to improve our UK business has been on advancing rental rates and the associated fees we charge to provide services to our customers. Although progress has been made, there is still work to be done in this area. This is something the UK rental industry falls behind in and our position will be steadfast in making a demonstrable change in the face of the notable inflation our business and the industry as a whole has absorbed.

We continue to see significant opportunities in both construction and non-construction markets in the UK as in the US and Canada. We will continue to invest responsibly in the UK market as we seek to increase market share and enhance returns.

Market share

We continue to be the largest equipment rental company in the UK. There are a greater number of major players in the UK market and, as the largest, we have a 13% market share.

Chart 06 shows our key competitors and their share of the market. We believe we continue to be well-positioned in the market with our strong customer service, broad based fleet and strong balance sheet. We have enhanced this market position through simplifying our go-to-market message and leveraging the cross-selling opportunities provided by our broad product offering and Specialty businesses, a key element of our strategic plan, Sunbelt 3.0.

07 UK construction industry forecasts

(£ million)	2021 Actual	2022 Actual	2023 Estimate	2024 Forecast	% of total
Residential	62,566	69,512	59,992	61,869	36%
		11%	-14%	-3%	
Private commercial	41,232	44,915	43,707	43,219	25%
		9%	-3%	-1%	
Public and infrastructure	66,814	66,819	65,951	66,369	39%
		– %	-1%	1%	
Total	170,612	181,246	169,650	171,457	100%
		6%	-6%	1%	

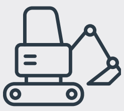
Source: Construction Products Association (Spring 2023).

CREATING SUSTAINABLE VALUE ACROSS THE ECONOMIC CYCLE

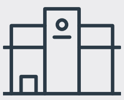
We create value through the short-term rental of equipment that is used for a wide variety of applications and the provision of services and solutions to a diverse customer base through a broad platform across the US, Canada and the UK. Our rental fleet ranges from small hand-held tools to the largest construction equipment.

What we do

We have a platform which enables our customers to rent what they want, when they want and where they want with ease.



BUY
We buy a broad range of equipment from leading manufacturers.



RENT
We rent it on a short-term basis to a broad range of customers.

SELL
We sell the older equipment in the second-hand market.

How we do it

Creating sustainable value across the economic cycle

Creating value

1

DIFFERENTIATING OUR FLEET AND SERVICE
- Broad fleet mix
- Evolution of Specialty businesses
- Broad range of customers and applications
- Scale to meet size and range of requirement

See more on page 24

2

ENSURING OPERATIONAL EXCELLENCE
- Culture of health and safety
- Focused, service-driven approach
- Long-term partnerships with leading equipment suppliers
- Industry-leading application of technology

See more on page 24

3

INVESTING IN OUR PEOPLE
- Highly skilled team
- Devolved structure
- Maintaining significant staff continuity
- Strong focus on recruitment, training and incentive plans

See more on page 25

4

MAXIMISING OUR RETURN ON INVESTMENT
- Effective fleet management
- Optimisation of utilisation rates and returns
- Flexibility in local pricing structures
- Focus on higher-return equipment

See more on page 24

How we share value with our stakeholders:

OUR PEOPLE
Investing in our people to provide opportunity for development and to ensure we take the very best care of our people.

See more on page 25

OUR CUSTOMERS
The provision of cost-effective rental solutions to a diverse customer base.

See more on page 22

OUR SUPPLIERS
Developing long-term relationships with suppliers.

See more on page 49

OUR COMMUNITIES
Enhancing the communities in which we operate, through employment, opportunity and community involvement.

See more on page 49

OUR INVESTORS
Generating sustainable returns for shareholders through the cycle.

See more on page 23

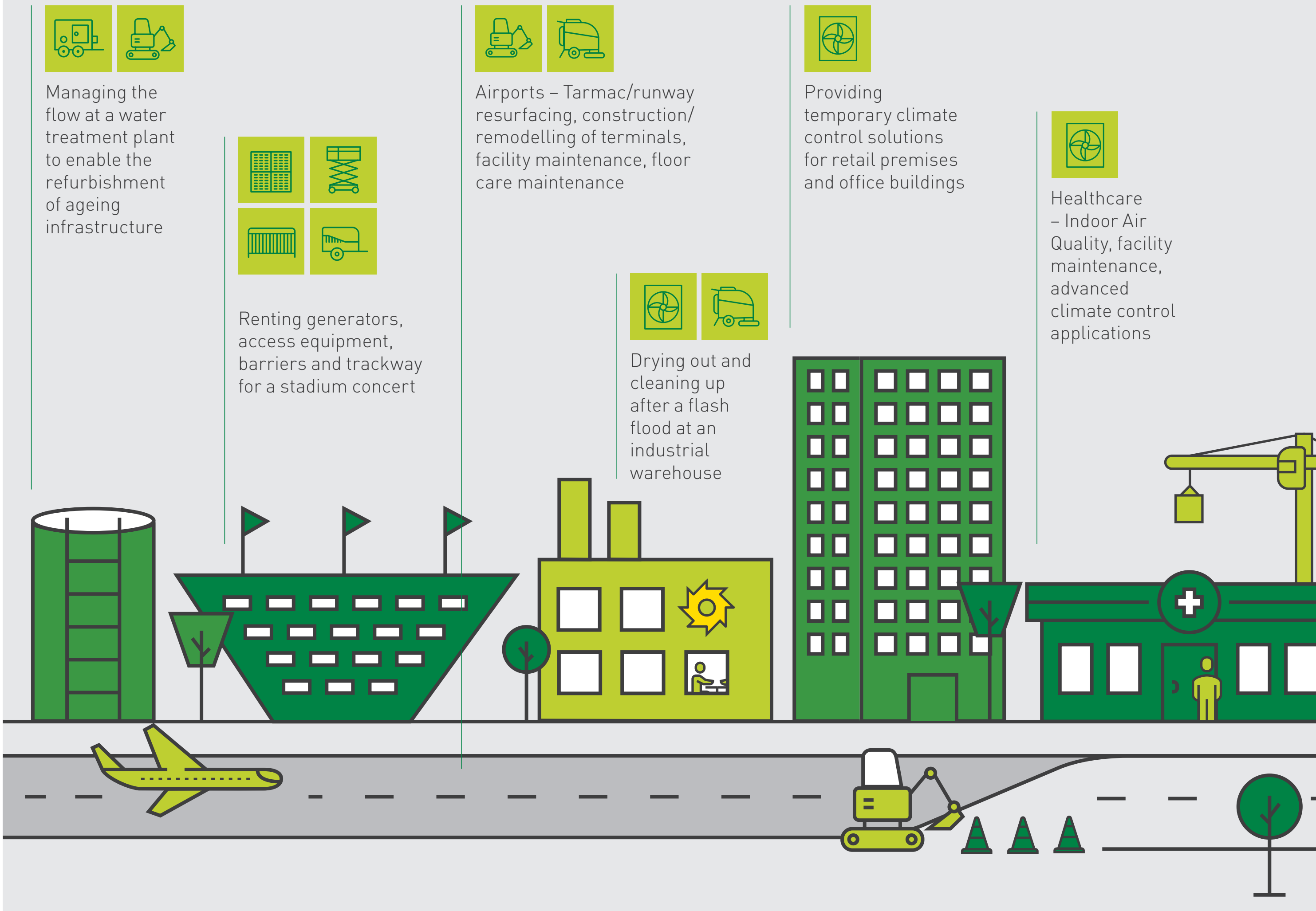
OUR ENVIRONMENT
Working to ensure we provide environmentally friendly solutions.

See more on page 60

WHAT WE DO IS SIMPLE. HOW WE DO IT IS NOT.

DIVERSE MARKETS AND APPLICATIONS

Our range of construction, industrial and general equipment is applicable to broad and diverse end markets, with individual products having many different applications. As such, our equipment serves the needs of customers from construction to zoos and from data centres to community events. c. 60% of our revenue comes from non-construction markets.

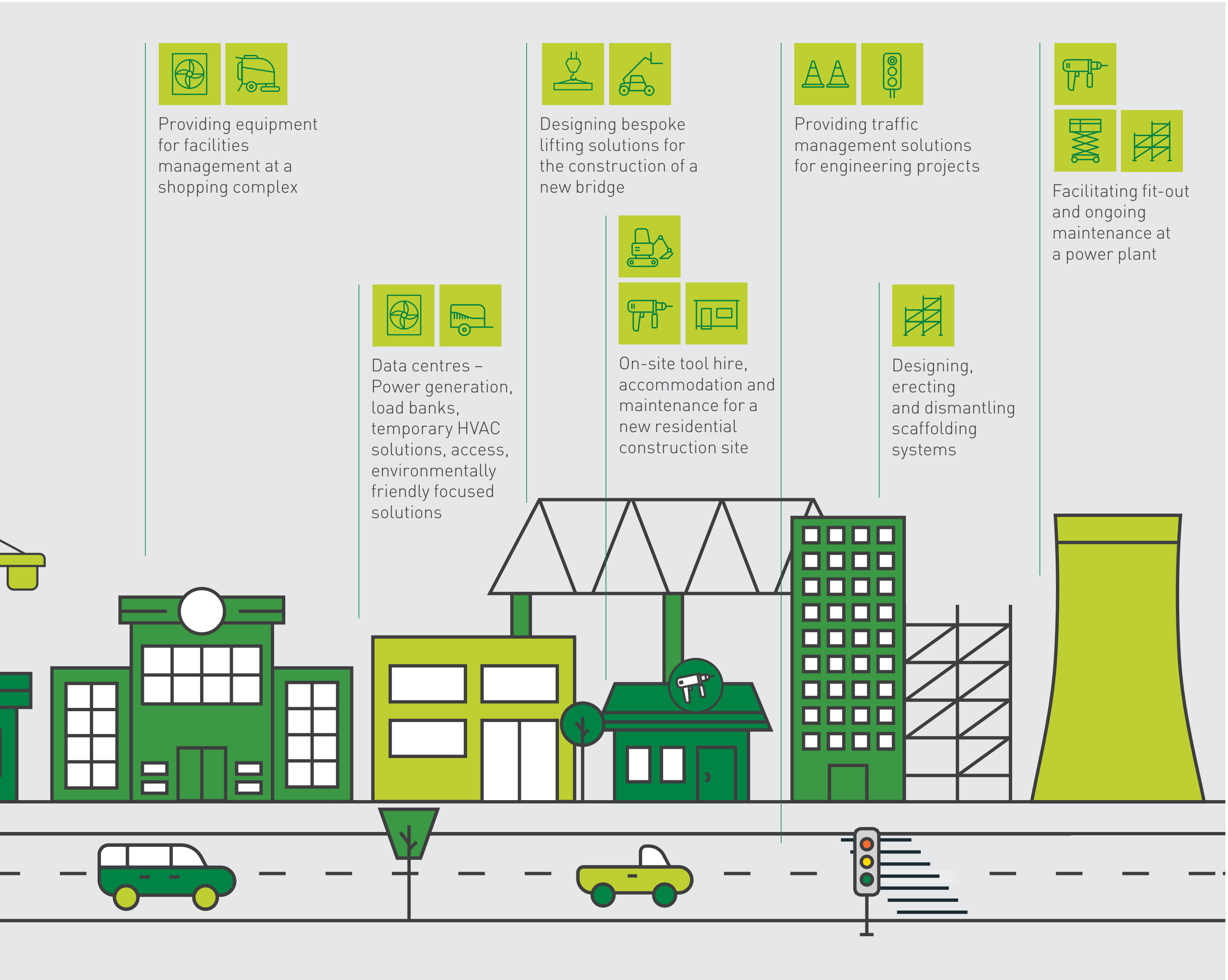


At its most basic, our model is simple – we purchase an asset, we rent it to customers through our platform and generate a revenue stream each year we own it (on average, seven years) and then we sell it in the second-hand market and receive a proportion of the original purchase price in disposal proceeds. Assuming we purchase an asset for $100, generate revenue of $60 each year (equivalent to 60% dollar utilisation) and receive 35% of the original purchase price as disposal proceeds, we generate a return of $455 on an initial outlay of $100 over a seven year useful life.

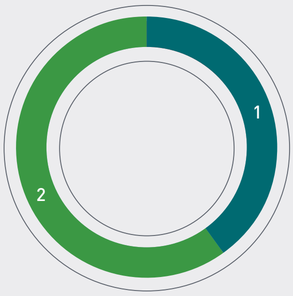
We incur costs in providing this service, principally employee, maintenance, property and transportation costs and fleet depreciation. However, this simple overview encompasses a significant number of moving parts, activities and expertise that powers the platform to ensure Availability, Reliability and Ease for our customers. Our ability to excel in these areas enables us to provide a rewarding career for our team members, generate strong margins and deliver long-term, sustainable shareholder value, while managing the risks inherent in our business (refer to pages 40 to 45).

Managing the cycle

We describe ourselves as being a late cycle business in that our biggest end market, non-residential construction, is usually one of the last parts of the economy to be affected by a change in economic conditions. This means that we usually have a good degree of visibility on when we are likely to be affected, as the signs will have been visible in other parts of the economy for some time. When we expect a slow-down in construction markets, we are able to plan accordingly, react in a timely manner and lower levels of capital expenditure. This then ensures we are better positioned and potentially stronger than our competitors to take advantage of market changes once we are out the other side. See content on our strategy on page 28.



08 Business mix – US



1 Construction....................................40%
2 Non-construction 60%

Differentiating our fleet and service

The differentiation in our fleet and service means that we provide equipment to many different sectors. Construction continues to be our largest market but now represents around 40% of our business in the US as we have deliberately reduced our reliance in this area through broadening our product offering and customer base. We continue to develop our specialty areas, such as Power and HVAC, Climate Control and Air Quality, Scaffold Services, Trench Safety and Flooring Solutions, which represent c. 30% of our US business. The acquisition of Modu-Loc in 2022 provided the foundation for our eleventh Specialty business line, Temporary Fencing. Residential construction is a small proportion of our business as it is not a heavy user of equipment. In the UK, Specialty areas represent c. 65% of our business.

Our customers range in size and scale from multinational businesses, through strong local contractors to individual do-it-yourselfers. Our diversified customer base includes construction, industrial and homeowner customers, service, repair and facility management businesses, emergency response organisations, event organisers, as well as government entities such as municipalities and specialist contractors. The nature of the business is such that it consists of a high number of low-value transactions. In the year to April 2023, Sunbelt US dealt with over 750,000 customers, who generated average rental revenue of $9,900.

The individual components of our General Tool fleet are similar to our peers. However, this is complemented by our Specialty businesses offering a broad range of differentiated equipment. It is the breadth and depth of our fleet across our General Tool and Specialty businesses that differentiates us from our peers and provides the potential for higher returns. The size, age and mix of our rental fleet is driven by the needs of our customers, market conditions and overall demand. The equipment we provide to each customer is diverse and we are often involved in supplying various types of equipment over an extended period at each distinct stage of a project's development. Our equipment is also used in a wide range of other applications including industrial, events, repair and maintenance and facilities management.

How we operate

Our operating model is key to the way we deliver operational excellence:

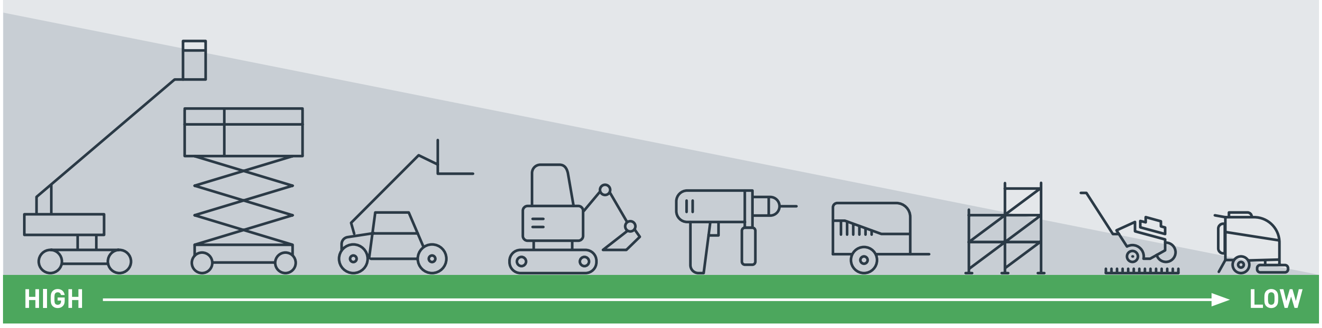
– In the US we achieve scale through a 'clustered market' approach of grouping large and small General Tool and Specialty rental locations in each market. This approach allows us to provide a comprehensive product offering and convenient service to our customers wherever their job sites may be within these markets. When combined with our purchasing power, this creates a virtuous circle of scale. You can find out more on our cluster strategy on page 31.
– In Canada, we are focused on expanding our presence in the Western and Eastern provinces, while achieving scale through a clustered market approach similar to the US. The businesses we acquired have strong positions in construction equipment, mobile elevating work platforms and general tools. We are expanding the range of products available to customers in all areas, including building up our specialty service offering. The acquisition of Modu-Loc provides the foundation for our eleventh Specialty business, Temporary Fencing.
– In the UK, our strategy is focused on having a store structure that allows us to offer a full range of General Tool and Specialty equipment on a nationwide basis. We are migrating to a regional operating centre model with a few, larger locations which are able to address all the needs of our customers in their respective markets, combined with smaller, local locations, not dissimilar to a cluster approach. This approach reflects the nature of the customer base (more national accounts) and the smaller geography of the UK.
– Across our rental fleet, we generally carry equipment from one or two suppliers in each product range and limit the number of model types of each product. We believe that having a standardised fleet results in lower costs. This is because we obtain greater discounts by purchasing in bulk and reduce maintenance costs. We are also able to share spare parts between stores which helps minimise the risk of over-stocking. Furthermore, we can easily transfer fleet between locations which helps us achieve strong levels of fleet on rent, one of our key performance indicators ('KPIs').
– We purchase equipment from well-known manufacturers with strong reputations for product quality and reliability and maintain close relationships with them to ensure certainty of supply and good after-purchase service and support. We work with suppliers to provide early visibility of our equipment needs which enables them to plan their production schedules and ensures we receive the fleet when we need it.
– We also aim to offer a full-service solution for our customers in all scenarios. Our Specialty product range includes equipment types such as pumps, power generation, heating, cooling, scaffolding, traffic management, temporary flooring, structures and fencing, trench shoring and lifting services, which involve providing service expertise as well as equipment.

- We look to build rental penetration through expanding the breadth and depth of equipment we rent. As well as our Specialty businesses, we are increasingly focused on developing the rental penetration of the smaller end of our product range. Chart 09 shows how the largest equipment in our fleet has high levels of rental penetration while the smaller, but often still costly to own, equipment has not traditionally been a large part of the rental mix.
- We invest heavily in technology, including the mobile applications required to deliver efficient customer service. Customers can track the equipment they have on rent, place new orders, request pickup or service or extend their contract, either from their desk or via a mobile app. Our sales reps have access to the same information, along with details of the location of our fleet and all other information required to serve the customer. Our order fulfilment system utilises automated workflows connected to and powering our point of sale and logistics systems to enable our sales reps to say 'yes' with confidence. Technology enables our business and provides power to the platform and a significant advantage over our competitors. One strategic actionable component of Sunbelt 3.0 is 'Advance Technology', which is developing the next generation of these tools, providing greater integration and inter-connectivity which will deliver a better customer experience and operational efficiency.
- Our large and experienced sales force is encouraged to build and reinforce customer relationships and to concentrate on generating strong, whole-life returns from our rental fleet. Our sales force works closely with our customers to ensure we meet their needs. Through the application of technology, it is equipped with real-time access to fleet availability and pricing information enabling it to respond rapidly to the needs of a customer while optimising returns.
- We guarantee our service standards and promise our customers we will make it happen. We believe that our focus on customer service and the guarantees we offer help distinguish our businesses from competitors and assist us in delivering superior financial returns. Our responsiveness to customer needs is critical in a business where c. 60% of orders are placed for delivery within 24 hours. We have long-standing relationships with many of our customers. Our customer retention is high due to the scale and quality of our fleet, our speed of response and our customer service.
- Our local management teams are experienced and incentivised to produce excellent customer service, high quality standards and strong financial returns. We believe that the autonomy given to management teams to take decisions locally ensures that, despite our size, we retain the feel of a small, local business for our employees and our customers.

Investing in our people

Our people enable us to provide the exceptional customer service that keeps our customers coming back. Our exceptional staff and focus on service give us a huge competitive advantage in what we do. On pages 64 to 67 we discuss the importance of our team members and corporate culture in more detail. We aim to recruit good people and then invest in them throughout their careers.

09 Rental penetration – the product range



MEGA PROJECTS: THE TRUSTED PARTNER TO MAKE BIG THINGS HAPPEN

Internally we refer to projects with a value of over $400m as mega projects. These can include data centres, healthcare facilities, airports, liquid natural gas plants, semiconductor facilities, electric vehicle and battery plants, solar and wind farms, etc. We are seeing an abundance of these projects and a significant amount of the overall non-residential and non-building construction market starts is now made up of them.

These projects have made up roughly 30% of recent years' construction starts values, more than double what they represented in the past. There are 200 mega projects that have started with an average project cost of $1.2bn. In planning and pre-bid phases there are a further 300 with an average value of $1.9bn with estimated start dates by December 2023.

Projects of this scale and sophistication are ideal for resident, on-site solutions. This means we often have dedicated storage and working space on the actual project site, housing a very large and broad offering of our products and associated services. These include on-site maintenance and repair technicians, as well as telematics-equipped products, producing efficiency-gaining benefits to our on-site and remote teams, and of course for our customers.

Equipment and operators can be tagged electronically so that checking equipment on and off rent is done by automatic scanning of the tags, requiring minimal staff actually managing the rental process itself. This speeds everything up and is a highly efficient way of managing equipment rental at scale. This on-site setup also provides benefits such as reduced carbon emissions to customers, with equipment not moving on- and off-site, and provides service backed up by our mantra of Availability, Reliability and Ease, essential for the success of these mega projects.

Such projects require a rental company with scale, experience, technology, expertise, breadth of product and, of course, financial capacity. We see these mega projects as a material contributor to structural change in our industry of which we are a certain benefactor.

MEGA PROJECTS: INDUSTRIES AND DRIVERS

Types of projects
- Data centres
- Liquid natural gas facilities
- Semiconductor fabs
- Electric vehicle manufacturing
- Healthcare
- Lithium ion battery manufacturing
- Renewable energy
- Infrastructure/mass transit

Drivers/influencers
- Onshoring/reshoring
- Modern day industrial revolution
- Federal Government Investment Acts
- National Defence strategy

Solutions/imperatives
- Broad range of products, solutions and expertise
- On-site operations
- Deliver once, use many times
- Carbon emissions reduction
- Uptime
- Utilisation

AMBITION WITH PURPOSE – SUNBELT 3.0

Following our successful Project 2021, during which we increased our revenue almost 75% from $3,825m in 2016 to $6,639m in 2021, we launched the latest iteration of our strategic plan, Sunbelt 3.0, in April 2021. Sunbelt 3.0 is ambitious and reflects what we believe is achievable for Ashtead.

Our plan is infused with purpose for all our stakeholders; our people, our customers, our suppliers, our investors and our communities and underpinned by critical cultural elements. This has delivered US revenue growth of 52% in the first two years. We are ahead of schedule as we enter the final year of Sunbelt 3.0 and have already seen big cultural shifts across our entire business.

While our business will always have a degree of cyclicality, particularly given the importance of the construction end market, we have created a business model that not only accommodates that, but capitalises on it. We seek to make the most of the structural growth opportunities available to us, particularly in the US and Canada, through same-store investment, greenfields and bolt-ons. From 2011 to 2021, we achieved 16% compound annual growth in the US, of which two-thirds was from market share gains. Now we are taking the business to the next level, through Sunbelt 3.0.

We are conservative in our approach to maintaining a stable and secure balance sheet throughout the cycle which gives us the flexibility to manage changes to the business and its environment, as and when they occur. We have been able to take decisions based on the long-term prospects for the business without having to take short-term decisions that could damage the fabric of it. Being a highly diversified business enables us to withstand difficult times, as does our strategic planning for any eventuality. We work well in good times and bad. That is what we do.

Our goal for Sunbelt 3.0 is to add 298 greenfield locations across North America bringing us to a total of 1,234 locations in 2024, while in the UK, the focus is on transforming the business over the 3.0 period to deliver enhanced and sustainable margins and returns. By April 2023, we had already added 165 greenfield locations in North America and a further 123 through bolt-ons resulting in 1,213 locations in North America, and the UK business is seeing improved performance from operating as a more cohesive unit. We are guided by five actionable components which help us capitalise on the structural growth opportunities still very much available in North America and position us as the leading rental company in the UK. These are underpinned by three cultural elements that make us who we are, investing in our people, maintaining our entrepreneurial culture but doing that at scale, and continuing to bring Availability, Reliability and Ease to our customers.

Actionable components

1	**Grow General Tool and advance our clusters**	Advance our clustered market approach through a proven playbook to meet demand and enable increased rental penetration in North America while optimising our operational network in the UK.
2	**Amplify Specialty**	Drive accelerated growth through recently realised Specialty scale, unique cross-selling capabilities, and demand in the early phases of rental penetration.
3	**Advance technology**	Make the move from industry-leading technology platform, to a leader among the broader industrial and service sector; further improving our customer value proposition and capture the benefits of scale across the Group.
4	**Lead with ESG**	Embracing responsible sustainability and success for our people, our customers, our communities and our investors; while unlocking structural benefits ESG will bring to rental across the Group.
5	**Dynamic capital allocation**	Consistent application of our capital allocation policy to optimise capital deployment for the benefit of all stakeholders.

Underpinned by cultural elements

- Invest in our people
- Entrepreneurialism with scale
- Bringing Availability, Reliability and Ease to our customers

Our goal in the long-term is to achieve 20% market share in North America and continue to grow our share of the UK market. We believe these are realistic goals given the way the rental market continues to evolve and the way we do business. Consistent implementation of our strategy across the economic cycle will ensure we are in a strong position at all times to take advantage of the opportunities presented.

Our Sunbelt 3.0 strategic priorities

STRATEGIC PRIORITY	KEY INITIATIVES	UPDATE	RELEVANT KPIs	RELATED RISKS
1 Grow General Tool and advance our clusters	– Organic fleet growth – 126 greenfield openings in North America – Bolt-on M&A – 49 of top 100 US markets clustered by 2024 – Four of top 10 Canadian markets clustered by 2024	– 13% US market share – 9% Canadian market share – 13% UK market share – 15% increase in US average fleet on rent – 25% increase in Canadian fleet on rent – 77 greenfield openings in North America in 2022/23 – North American Specialty revenue of $2.5bn – 47 of top 100 US markets clustered – Five of top 10 Canadian markets clustered – Eleventh Specialty business line, Temporary Fencing, added	– RoI – Fleet on rent – Dollar utilisation – EBITDA margins	– Economic conditions – Competition – People and culture
2 Amplify Specialty	– Revenue growth from $1.4bn to $2.4bn – Organic fleet growth – 172 greenfield openings – Bolt-on M&A – Develop Specialty products – Focus on cross-selling		– RoI – Fleet on rent – Dollar utilisation – EBITDA margins	– Economic conditions – Competition – People and culture

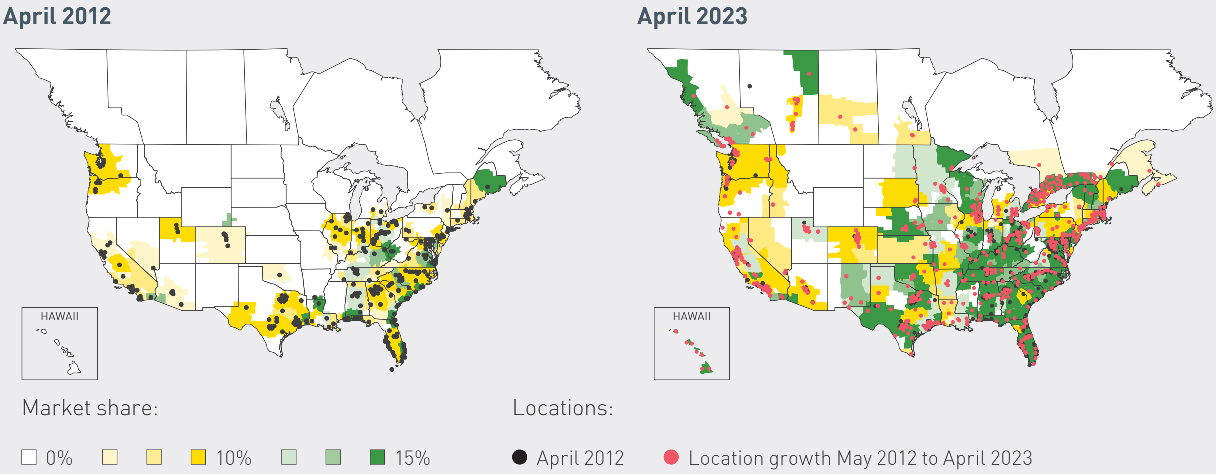
3 Advance technology	– Operational improvement:
	  – delivery cost recovery
	  – fleet efficiency
	– Increased use of technology to drive optimal service and revenue growth
	– ARE initiative: Availability, Reliability, Ease
		– Dollar utilisation:
		  – US: 61%
		  – Canada: 55%
		  – UK: 53%
		– EBITDA margins:
		  – US: 48%
		  – Canada: 41%
		  – UK: 28%
			– RoI
			– Fleet on rent
			– Dollar utilisation
			– EBITDA margins
				– Cyber security
				– Laws and regulations

4 Lead with ESG	Making ESG core to how we operate:
	– Environmental efficiency
	– Focus on culture
	– Focus on safety
		– 38.4 tCO_2e/$m (2022: 42.2 tCO_2e/$m)
		– Staff turnover
		  – US: 21%
		  – Canada: 29%
		  – UK: 23%
		– Reportable incident rates
		  – US: TRIR of 0.97
		  – Canada: TRIR 0.89
		  – UK: RIDDOR of 0.25
			– Carbon intensity
			– Staff turnover
			– Safety
				– People and culture
				– Health and safety
				– Environmental

5 Dynamic capital allocation	– Organic growth investment in existing locations and greenfield sites – Bolt-on M&A – Returns to shareholders	– $3,772m of capital invested in the business (2022: $2,397m) – $1,146m spent on 50 bolt-ons (2022: $1,274m) – $358m paid in dividends (2022: $269m) – Leverage of 1.6x EBITDA (excluding IFRS 16) – $261m allocated to share buybacks	– Adjusted EPS – RoI – Net debt and leverage	– Economic conditions – Competition

1 Grow General Tool and advance our clusters

10 Market share and growth strategy



Source: S&P Global Market Intelligence/ARA: State of the Equipment Rental Industry, April 2023 and management estimates.

The first of our actionable components is to grow our General Tool business and advance our proven clustered market approach to meet demand and enable increased rental penetration in North America.

In the UK, our focus is on optimising our operational network. We are focused on achieving operational improvements in existing locations, exploiting latent capacity in newly opened locations, investing in fleet, leveraging the economics of our cluster approach and improving rental rates.

Our plan included 126 General Tool greenfield locations whose location was determined based on our experience and analytics down to the zip code level. This analysis includes our assessment of current market share, fleet per capita, customer statistics, construction starts, proximity to existing locations, square footage under roof and the competitive landscape. Our greenfield openings are biased towards the western part of the US where we have lower market share. This organic growth strategy is being complemented by bolt-ons.

Our plans during Sunbelt 3.0 for Canada involve bringing our market share to our 2021 US level through 26 greenfield openings, across all provinces and advancing our clusters around Toronto which is the largest rental market. When we entered the Canadian market in 2014 we acquired six locations in Western Canada. At April 2023 we had 73 General Tool locations and 119 locations in total.

There is a drag on margins when we open new stores but generally they improve quickly as they deliver more revenue and broaden the fleet and customer mix. The same happens with acquisitions because we buy businesses we can improve, either operationally or through additional investment, or both. Even when the market declines, as was the case in 2020/21, our stores can continue to benefit from the structural part of the growth which is independent of the market. The strength of our brand and reputation means that greenfield sites become profitable very quickly. The diversity of our product portfolio and services only adds to this.

Structural growth is people choosing to rent more equipment (increased rental penetration) and the big getting bigger (increased market share). We are able to keep growing because we prioritise investment in the fleet and have the financial strength to do that. Our customers want good quality fleet, readily available to meet their needs. Investing in a broad range of fleet and backing that up with great service means our customers remain loyal and do not need to look elsewhere. Prioritising higher return on investment ('RoI') products further helps our growth.

Our cluster approach

Our cluster approach is an important aspect of our strategy. Our greenfield sites are chosen to enhance our existing business. We focus on building clusters of stores because, as they mature, they access a broader range of markets unrelated to construction leading to better margins and RoI. The size and composition of a cluster depends on the market size based on Designated Market Areas.

A top 25 market cluster in the US has more than 15 stores, a top 26-50 market cluster more than 10 stores and a top 51-100 market more than four stores. We also include the smaller 101-210 markets within our cluster analysis. We have found that these smaller markets, while performing less well than others overall, often prove more resilient when times are less good. Our definition of a cluster in these markets is two or more stores. Creating clusters is also a key element of our expansion strategy in Canada which also helps us increase the Specialty business element of what we can provide for customers. With the advanced technology we have in place, we are able to analyse local market data accurately. This allows us to find similarities between certain US and Canadian centres, and model our growth plans accordingly. The more customers get to know and trust us, the faster we are able to grow.

We focus on ensuring our clusters meet the multiple needs of local customers even if that means some stores may appear superficially to perform less well than others. The interaction of the stores in a cluster is what gives us real competitive advantage. We find that having a blend of locations is highly desirable and we like to mix up the large equipment locations with smaller General Tool stores. The addition of Specialty stores serves to differentiate us from competitors in the area. This enables us to broaden and diversify our customer base and our end markets, as we extend our reach within a market. Average revenue per store is not a relevant measure with which to evaluate the success of individual clusters or even the business as a whole. The value is in the mix.

11 Opportunity to build out further clusters

	US			
Rental markets	Top 25	26–50	51–100	101–210
Rental market %	57%	19%	15%	9%
Cluster definition	>15	>10	>4	>1
Clustered	18	11	18	25

	Canada		
Rental markets	Top 5	6–10	11–55
Rental market %	51%	16%	33%
Cluster definition	>7	>4	>1
Clustered	3	2	8

Source: Management information.

37

General Tool acquisitions completed in North America

22%

Growth in North American General Tool revenue in 2022/23

2 Amplify Specialty

Our second actionable component is to amplify our Specialty businesses which focus on products with comparatively low rental penetration in predominantly non-construction markets. These products are often a natural add-on to our General Tool products and services. We are always looking for new rental opportunities and to expand the number of our Specialty businesses which in North America include:

- Power and HVAC;
- Climate Control and Air Quality;
- Scaffold Services;
- Flooring Solutions;
- Lighting, Grip & Lens;
- Pump Solutions;
- Industrial Tool;
- Trench Safety;
- Ground Protection;
- Temporary Structures; and
- Temporary Fencing.

In North America we are investing in fleet to enable existing location growth as well as continuing our greenfield openings and bolt-on acquisitions. We are scaling the less developed business lines and identifying and exploring and developing new white and grey space opportunities. Our acquisition of Modu-Loc, Canada's leading temporary fencing provider created our eleventh Specialty business line in North America and we see significant opportunities to expand this business into the US.

Our Specialty businesses are true specialisms with in-house experts in each business line with in-depth product and application knowledge, who enable us to provide the very best level of service to our customers.

We are looking to grow our North American Specialty revenue to c. $2.4bn during Sunbelt 3.0 through our ambitious plans to drive rental penetration and increase our market share. The strong growth in our existing Specialty businesses, combined with the contribution from our new businesses, Temporary Structures and Temporary Fencing, delivered Specialty revenue of $2.5bn in the year. We have a broad-based team identifying new rental product ideas for both existing and new businesses, and a culture that encourages ideas at all levels of the organisation building entrepreneurialism with scale.

In the UK we are making targeted fleet investment, accelerating Specialty growth through cross-selling and also identifying and developing new acquisition opportunities to enhance existing Specialty businesses. In the UK we are seeing significant growth in cross referrals.

3 Advance technology

The third of our strategic actionable components is advancing the way we use technology. We are moving from being an industry-leading technology platform to being a leader among the broader industrial and service sector, further improving our customer value proposition and capturing benefits of scale across the Group. We do this by:

- leveraging our experience, culture and the data we accumulate day to day; making what we create, sustainable and scalable;
- building a technology-driven ecosystem; enabling eCommerce across all channels;
- ensuring we improve further our customer value proposition of Availability, Reliability and Ease; and
- migrating our common applications to a group-wide platform.

We have a robust technology infrastructure which supports our proprietary systems with the aim of continuous improvement to enable The Perfect Rental™. With c. 60% of orders placed for delivery within 24 hours, our goal is to enable our sales force to say 'Yes' confidently, through the use of our proprietary cloud-based sourcing decision engine, Chronos. Our Sunbelt 3.0 technology roadmap is designed to enhance the capability of all our systems, mobile applications and tools to make them ever smarter and more flexible, such that they deliver improvements in customer service, procurement opportunities, service operations, logistics and our management of resources. We are focused specifically on increasing order capture, improving time utilisation, enhanced connectivity, improving rental rates, more dynamic pricing and enhancing customer service.

The Perfect Rental™

- ✓ Safety for our people, our customers and our communities
- ✓ Availability, Reliability and Ease
- ✓ Professional and friendly interaction
- ✓ Right equipment for the application
- ✓ Delivered on time
- ✓ Easy and efficient omni-channel experience
- ✓ Smartly dispatched
- ✓ No breakdown in first 48 hours
- ✓ Optimised pricing
- ✓ Proactive telematics notifications
- ✓ Sustainable process
- ✓ The Sunbelt Promise

IF IT'S NOT PERFECT, WE MAKE IT RIGHT!

4 Lead with ESG

A major update to our strategy in launching Sunbelt 3.0 was the inclusion, for the first time, of ESG as an actionable component. Responsible sustainability has always been important to the Group and part of our activities day-to-day, but now it is formally embedded into our strategy for the benefit of our people, customers, suppliers, communities and investors, as well as optimising the structural benefits ESG brings to rental. This is an important element in what we mean by Ambition with Purpose for Sunbelt 3.0. We believe there are enormous environmental benefits associated with rental versus ownership at all stages of the business life cycle, from the supply chain, to operations, customer use and end of life of equipment. Significant environmental benefits accrue when many customers rent one piece of well-maintained and safe equipment only when they need it, as opposed to multiple customers purchasing that same piece of equipment, using it a few times, then disposing of it when it becomes obsolete or no longer needed. This is a prime example of the sharing economy. Increased rental of shared assets reduces the number of machines that need to be manufactured with the benefit of lower consumption of raw materials, fewer manufacturing facilities and hence, lower energy requirements, and fewer assets to be disposed of at end of life. Our rental equipment is also amongst the lowest carbon emitting available. As we renew our rental equipment and take advantage of the latest technology, we will be able to expand our offering of low carbon solutions to our customers. We have made a commitment to reduce our Scope 1 and 2 carbon intensity by 35% by 2030 and by 15% during Sunbelt 3.0.

We have made good progress with 2022/23 carbon intensity 30% lower than the baseline of 2017/18 and further reductions will come, principally from environmental efficiencies in our transportation fleet and the facilities we operate.

From a social perspective, our people are our top priority. Ours is a culture committed to employee safety, engagement, diversity, equity and inclusion, and providing a Leading / Living Wage. Putting our people first allows them to give us enormous competitive advantage and our skilled workforce is instrumental to the Group's long-term success.

As an essential service provider, we support our customers and communities, whether investing in the communities in which our people live and work, participating with first responders for emergencies, or natural disaster response such as hurricane relief. You can read more about our ESG strategy in our Responsible business report on page 60 and about governance in the Corporate governance report on page 90.

5 Dynamic capital allocation

Our final actionable component is dynamic capital allocation; the consistent application of our capital allocation policy to optimise capital deployment for the benefit of all our stakeholders. Maintaining financial and operational flexibility enables us to flex our business and operational models through the economic cycle. This enables us to react quickly to both opportunities in the market and adverse changes. The more growth we experience and plan for, the more financial and operational flexibility we need. A key element of our strategy is ensuring we have the financial strength to enable growth when appropriate and make our returns sustainable. Having a strong balance sheet is fundamental to our success at all stages in the cycle.

Our consistently applied policy continues with the following allocation priorities:

- organic growth investment in existing locations and greenfield sites;
- bolt-on acquisitions; and
- returns to shareholders – a progressive dividend policy and share buybacks to maintain our target leverage range.

A core element of our financial stability comes from our strategy of ensuring that, averaged across the economic cycle, we always deliver RoI well ahead of our cost of capital. RoI through the cycle is the key measure for any rental company and the best medium-term indicator of the strength of the business. We do this in a variety of ways at different stages of the cycle, all focused on the effective management of invested capital and financial discipline.

The maturity of our stores has a big impact on RoI. As stores mature, and the size and range of fleet increases, there is natural margin and returns progression. Stores that were greenfield sites only two years ago are now already adding same-store growth. We are always focused on moving new and young stores up the maturity curve as there is scope for higher returns as they progress. This also means that we are now at a very different stage in our evolution in the current economic cycle relative to where we were in the last cycle. We have more stores and they are larger and more mature than at the peak of the last cycle, and are well placed to take advantage of growth opportunities and much better placed to weather downturns, when they arise, as was seen during the pandemic.

We have been consistent in our commitment to both low leverage and a well invested fleet, and we benefit from the options this strategy has provided. The length and gradual nature of the last cycle enabled us to establish a smooth, well distributed fleet profile across the age bands which provides significant flexibility across the economic cycle. Traditionally, rental companies have only generated cash in a downturn when they reduce capital expenditure and age their fleet. In the upturn, they consume cash as they replace their fleets and then seek to grow. We have changed this dynamic through the cycle with our scale and strong margins. We have been in a phase where we continued to grow the business in the latter part of the last cycle and were highly cash generative. This cash generation continued in 2022/23, with free cash flow of $531m, while we invested significantly in the business. Our leverage remains towards the bottom of our target range of 1.5 to 2.0 times net debt to EBITDA (excluding IFRS 16) which provides the Group with significant flexibility, security and a platform for growth as we look to take advantage of good markets.

This financial position, when combined with the scale, maturity and diversity of the business, puts us in a strong position as we look forward to Sunbelt 4.0. Free cash flow from operations will fund 100% of our ambitious organic growth plans, leaving significant capacity for bolt-ons and returns to shareholders.

CULTURAL ELEMENTS

Underpinning our five actionable components are our cultural elements of investing in our people; fostering a culture of 'entrepreneurialism with scale'; and continuously delivering on our customer promise of Availability, Reliability and Ease. We believe our culture drives the success of our business and, as such, these elements underpin our strategic plan and are critical to its delivery.

2

AMPLIFY SPECIALTY

Drive accelerated growth by leveraging recently realised Specialty scale, unique cross-selling capabilities and demand in the early phases of rental penetration.

2023 highlights

- $2.5bn Specialty revenue in 2022/23 in North America
- Scaling of less developed businesses
- 61 greenfield locations added in 2022/23 in North America
- 13 Specialty acquisitions completed in the UK and North America

500

Specialty locations at April 2023

+27%

growth in North American Specialty revenue in 2022/23

Driving growth in Specialty

In line with our strategic plan, Sunbelt 3.0, our acquisition of Modu-Loc, Canada's leading temporary fencing provider created our eleventh Specialty business line in North America and we see significant opportunities to expand this business into the US.

We also extended our Film and TV specialisation with the acquisition of UK camera, lens and grip rental specialist, Movietech, photographic and TV lighting specialist, PKE Lighting and leading powered access provider, Media Access Solutions. The combined knowledge and expertise of these new businesses, with film and television production rental specialists William F. White International Inc., is already proving to be a true differentiator for us and our customers.

MEASURING OUR PERFORMANCE

At Group level, we measure the performance of the business using a number of key performance indicators ('KPIs'). These help to ensure that we are delivering against our strategic priorities as set out on page 28. Several of these KPIs (adjusted EPS, return on investment, leverage and carbon intensity) influence the remuneration of our executive team (see page 105).

Certain KPIs are more appropriately measured for each of our operating businesses, whereas other KPIs are best measured for the Group as a whole.

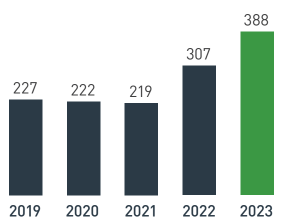
Key:

Link to strategic priority:

- 1 Grow General Tool and advance our clusters
- 2 Amplify Specialty
- 3 Advance technology
- 4 Lead with ESG
- 5 Dynamic capital allocation
- R Linked to remuneration

Adjusted EPS (¢)

1 2 5 R



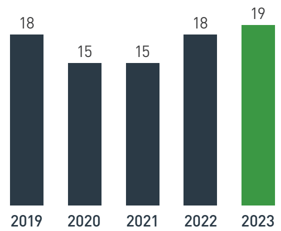
Calculation
Adjusted Group profit after taxation divided by the weighted average number of shares in issue (excluding shares held by the Company and the ESOT).

Target
As a cyclical business, adjusted EPS varies through the cycle.

2023 performance
Adjusted EPS was 388.5¢ per share in 2022/23.

Return on investment ('RoI') (%)

1 2 5 R



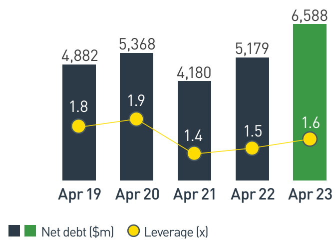
Calculation
Last 12-month ('LTM') adjusted operating profit divided by the LTM average of the sum of net tangible and intangible fixed assets, plus net working capital but excluding net debt and tax. RoI is calculated excluding the impact of IFRS 16.

Target
Averaged across the economic cycle we look to deliver RoI well ahead of our cost of capital, as discussed in our strategic review.

2023 performance
Our RoI was 19% for the year ended 30 April 2023.

Net debt and leverage at constant exchange rates

5 R



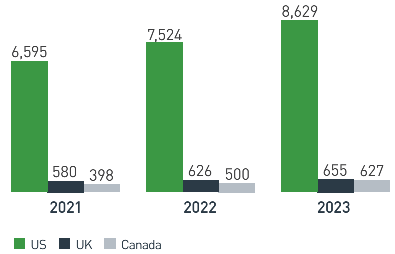
Calculation
Net debt is total debt less cash balances, as reported, and leverage is net debt divided by EBITDA, calculated at constant exchange rates (balance sheet rate). Both net debt and leverage exclude the impact of IFRS 16.

Target
We seek to maintain a conservative balance sheet structure with a target for net debt to EBITDA of 1.5 to 2.0 times (excluding IFRS 16).

2023 performance
Excluding lease liabilities arising under IFRS 16, net debt at 30 April 2023 was $6,588m and leverage was 1.6 times.

Fleet on rent ($m/£m/C$m)

1 2 3



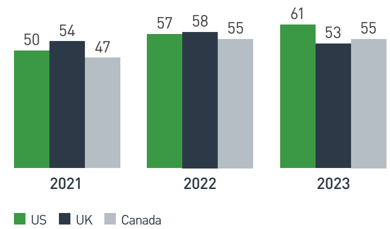
Calculation
Fleet on rent is measured as the daily average of the original cost of our itemised equipment on rent.

Target
To achieve growth rates in excess of the growth in our markets and that of our competitors.

2023 performance
In the US, fleet on rent increased 15% (rental revenue up 24%), in Canada, fleet on rent increased by 25% (rental revenue up 22%), while in the UK it increased by 5% (rental revenue up 3%). The US market increased by 12%, the Canadian market by 8% and the UK market by 4%.

Dollar utilisation (%)

1 2



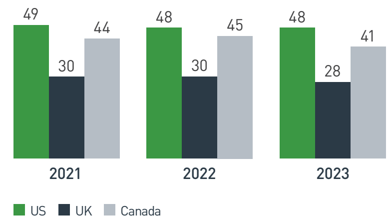
Calculation
Dollar utilisation is rental revenue divided by average fleet at original (or 'first') cost measured over a 12-month period.

Target
Improve dollar utilisation to drive improving returns in the business.

2023 performance
Dollar utilisation was 61% in the US, 53% in the UK and 55% in Canada. The increase in the US reflects improved rate environment while, in the UK, the decrease reflects the lower level of ancillary revenue due to the reduction in the work done for the Department of Health work.

EBITDA margins (%)

1 2 3 5



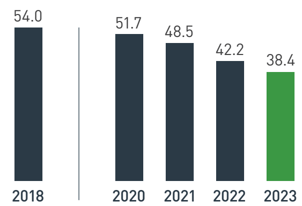
Calculation
EBITDA as a percentage of total revenue.

Target
To improve or maintain margins with EBITDA margins of 40-50% in the US, 40-45% in Canada and 35-40% in the UK.

2023 performance
EBITDA margins in 2022/23 were 48% in the US, 41% in Canada and 28% in the UK.

Carbon intensity (tCO_2e/$m)

4 R



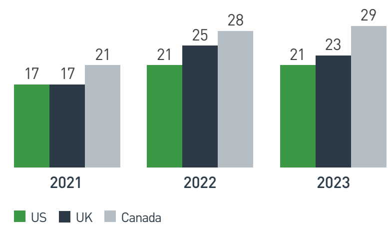
Calculation
Carbon intensity is calculated as emissions per $m of revenue ($tCO_2e$/$m), calculated at constant exchange rates.

Target
To reduce our carbon intensity by 35% by 2030 with reference to 2018 as a base year, with a shorter term target of 15% by 2024.

2023 performance
Our carbon emission intensity ratio was 38.4 (2022: 42.2).

Staff turnover (%)

4



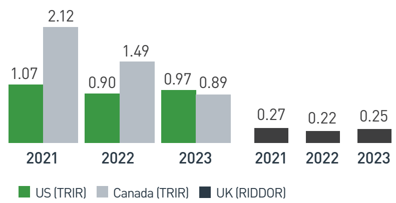
Calculation
Staff turnover is calculated as the number of leavers in a year (excluding redundancies) divided by the average headcount during the year.

Target
Our aim is to keep employee turnover below historical levels to enable us to build on the skill base we have established and maintain and enhance the culture of the business.

2023 performance
Employee turnover and the actions we are taking to reduce it are discussed on page 65. Our well-trained, knowledgeable staff remain targets for our competitors.

Safety

4



Calculation
In North America, reportable incidents are reported in accordance with the OSHA (Occupational, Safety and Health Administration) framework as a Total Recordable Incident Rate ('TRIR'). In the UK, the RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations) reportable rate is the number of major injuries or over seven-day injuries per 100,000 hours worked.

Target
Continued reduction in accident rates.

2023 performance
The TRIR was 0.97 in the US and 0.89 in Canada. The RIDDOR reportable rate was 0.25 in the UK.

More detail is included in our Responsible business report on page 60.

MANAGING OUR RISK

The Group recognises the importance of identifying and managing financial and non-financial risks faced by the business. In response to this, it has developed a rigorous risk management framework designed to identify and assess the likelihood and consequences of risks and to manage the actions necessary to mitigate their impact, including those related to climate-related matters.

Our risk identification processes seek to identify risks from both a top-down strategic perspective and a bottom-up business perspective. The Board has overall responsibility for risk management, setting of risk appetite and implementation of the risk management policy. This is designed to enable our employees to take advantage of attractive opportunities, yet to do so within the risk appetite set by the Board.

The Group Risk Register is the core of the Group's risk management process. It contains an overall assessment of the risks faced by the Group together with the controls established to reduce those risks to an acceptable level and is maintained by the Group Risk Committee. The Group Risk Register is based on detailed risk registers maintained by Sunbelt in North America and the UK, which are reviewed and monitored through local risk committees. The operation and effectiveness of the local risk committees, which meet two to four times a year, continues to be enhanced.

The Group Risk Committee meets as required, but at least twice a year, with the objective of encouraging best risk management practice across the Group and a culture of regulatory compliance and ethical behaviour. The Committee is chaired by our chief financial officer and also includes:

- in relation to North America:
  - the general counsel;
  - the chief financial officer;
  - the head of central operations;
  - the head of administration and business development;
  - the chief people officer;
  - the chief digital and technology officer;
  - the head of health, safety and environment; and
  - one of the operational executive vice presidents;
- in relation to the UK, the chief financial officer, who chairs the UK business risk committee;
- the Group's managing director of ESG;
- the Group's head of internal audit and risk officer; and
- the Group's general counsel.

The Group Risk Committee reports annually through the Audit Committee to the Board and, as part of this process, produces an updated Group Risk Register. The Board assesses on a regular basis whether the appropriate risks have been identified, including any emerging risks which may impact the Group, and that adequate assurance is obtained over those risks.

In addition, consideration is given to ensure that risks have been appropriately assessed in relation to risk rating. Our risk appetite is reflected in our rating of risks and ensures the appropriate focus is placed on the correct risks. The Board takes a view of the prospects of the business through the cycle and, given the inherent cyclicality in the business, tends to operate with a low risk appetite. Further detail on our risk management framework and priorities during the year is provided on pages 41 to 45.

The Group Risk Committee priorities this year included:

- assessment of the Group Risk Register, including identification and prioritisation of business risks;
- health and safety, together with continuous improvement through training and awareness;
- driver safety, training and compliance;
- focus on the continued development of our technology environment, including cyber security;
- assessment of the environmental and social impact of the Group, including emerging risks such as climate change;
- monitoring of compliance with laws and regulations; and
- performance standards audits.

Our priorities for next year focus on the principal areas of risk to the Group and are similar. In particular:

- continue our safety initiatives, Engage for Life: Amplified, focused on serious injury and fatality ('SIF') protocols and driver programmes;
- focus on the development of our technology environment in accordance with the Group's strategic plans, including a continued focus on cyber security; and
- focus on our ESG initiatives, delivering against our environmental and social priorities.

Risk management framework

Group Risk Committee
- Reviews key and emerging risks on a regular basis with support from the businesses' risk committees which meet two to four times a year.
- Receives in-depth presentations from the businesses' risk committees on key matters.

Audit Committee
- Receives presentation from Group Risk Committee on the Group Risk Register on an annual basis.
- Assesses effectiveness of risk management process.

Board
- Overall responsibility for risk management framework and the definition of risk appetite.
- Undertakes Board monitoring of significant risks throughout the year.

RISK IDENTIFICATION
- Assessed both on a top-down and bottom-up basis.
- Risks considered most material to the business.
- Consideration of emerging risks.

ASSESSMENT OF LIKELIHOOD AND IMPACT
- Financial, operational, environmental and regulatory impacts considered.

RISK APPETITE DETERMINED
- Risk appetite assessed for individual risks in accordance with our overall Group risk appetite.

MITIGATING CONTROLS IMPLEMENTED
- Mitigating controls identified, implemented and monitored to ensure risk is reduced to an acceptable level.

Group risk register
Group Risk Register summarises work of Group Risk Committee, changes in risks identified and details by significant risk material controls and monitoring activities completed.

Risk appetite determined
Risk appetite determined with reference to the Group's risk categories:

STRATEGIC | **OPERATIONAL** | **FINANCIAL**

PRINCIPAL RISKS

Set out below are the principal business risks that could impact the Group's business model, future performance, solvency or liquidity and information on how we mitigate them.

Our risk profile evolves as we move through the economic cycle and commentary on how risks have changed is included below. The Committee has considered whether climate-related matters represent a principal risk for the Group. The Group believes that climate-related matters are addressed principally through our environmental risk and our commitment to reduce carbon intensity.

On balance, the Committee believes that climate change and emerging technologies will increase the demand for rental and continue the shift from ownership to rental, rather than presenting a risk to our business model.

Key:

Change in risk in 2022/23:

- ↑ Increased risk
- → Constant risk
- ↓ Decreased risk

Link to strategic priority:

- 1 Grow General Tool and advance our clusters
- 2 Amplify Specialty
- 3 Advance technology
- 4 Lead with ESG
- 5 Dynamic capital allocation

Economic conditions

→ 1 2 5

Potential impact

In the longer term, there is a link between levels of economic activity and demand for our services. The most significant end market which affects our business is construction. The construction market is cyclical and typically lags the general economic cycle by between 12 and 24 months.

The economic uncertainties resulting from the impact of pandemics (such as COVID-19) is considered as part of this risk.

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 business continues to perform strongly and is well positioned to manage and benefit from the unique market conditions we face, including supply chain constraints, inflation and labour scarcity, all of which we believe will be ongoing drivers of structural change. However, while market forecasts are predicting continued growth both in terms of starts and the rental market, supported by the emergence of 'mega projects', there remains some uncertainty in end market conditions.

Competition

→ 1 2 5

Potential impact

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

This could negatively affect rental rates and physical utilisation. Continuing industry consolidation could also have a similar effect.

Mitigation

- Create commercial advantage by providing the highest level of service, consistently and at a price which offers value.
- Differentiation of service.
- Enhance the barriers to entry to newcomers provided by our platform: industry-leading technology, 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 have grown faster than the market, and continue to take market share from our smaller, less well financed competitors. We have a 13% market share in the US, a 9% market share in Canada and a 13% market share in the UK.

Cyber security

3

Potential impact

A cyber-attack or serious uncured failure in our systems could result in us being unable to deliver service to our customers and/or the loss of data. In particular, 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. As a result, we could suffer reputational loss, revenue loss and financial penalties.

This is the most significant factor in our business continuity planning.

Mitigation

- Stringent policies surrounding security, user access, change control and the ability to download and install software.
- Testing of cyber security including red team exercises, system penetration testing and internal phishing and other training exercises undertaken.
- Use of antivirus and malware software, firewalls, email scanning and internet monitoring as an integral part of our security plan.
- Use of firewalls and encryption to protect systems and any connections to third parties.
- Use of multi-factor authentication.
- Continued focus on development of IT strategy taking advantage of cloud technology available.
- 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 a primary site.

Change

We continue to enhance the Group's cyber security profile, with a significant and ongoing investment in resource and tooling. Nevertheless, cyber security remains a continually evolving area and a priority for the Group.

In relation to business continuity, our plans have been subject to continued review and update during the year and our disaster recovery plans are tested regularly.

Health and safety

4

Potential impact

A failure to comply with laws and regulations governing health and safety and ensure the highest standards of health and safety across the Group could result in accidents which may result in injury to or fatality of an individual, claims against the Group and/or 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. Further details are provided on page 55.

Change

The health and safety of our team members continues to be a key focus area for the Group and an area of continuous improvement.

In terms of reportable incidents, the TRIR was 0.97 (2022: 0.90) in the US and 0.89 (2022: 1.49) in Canada. The RIDDOR reportable rate was 0.25 (2022: 0.22) in the UK. Further details are provided in our Responsible business report.

People and culture

1 2 4

Potential impact

Retaining and attracting good people is key to delivering superior performance and customer service and maintaining and enhancing our culture.

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

At a leadership level, succession planning is required to ensure the Group can continue to inspire the right culture, leadership and behaviours and meet its strategic objectives. Furthermore, it is important that our remuneration policies reflect the Group's North American focus and enable us to retain and enhance our strong leadership team.

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.
- Ensure succession plans are in place and reviewed regularly which meet the ongoing needs of the Group.

Change

Our compensation and incentive programmes have continued to evolve to reflect market conditions, the economic environment and the results of our employee engagement surveys. We intend to address the remuneration gap between the Group and its US peers in our next remuneration policy.

Diversity, equity and inclusion programmes are established across the business to enhance our efforts to attract and retain the best people.

We are increasing our focus on mental health including 'Let's Talk Mental Health' in the UK.

Environmental

→ 4

Potential impact

The Group has made a long-term commitment to reduce its Scope 1 and 2 carbon intensity by 35% by 2030, from its level in 2018, with a near-term commitment to reduce its carbon intensity by 15% by 2024, and set out a roadmap to achieve this. Failure to do so could adversely impact the Group and its stakeholders.

A significant part of our rental fleet is reliant on diesel engines. Over time, lower carbon alternatives will become available as technology advances. If we do not remain at the forefront of technological advances, and invest in the latest equipment, our rental fleet could become obsolete.

In addition, we need to comply with the numerous laws governing environmental protection matters. These laws regulate such issues as waste water, storm water, 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.
- Collaboration with key suppliers to develop and pilot new technologies.
- Lower carbon vehicle transition plan.
- Real estate and facility standards to reduce emissions from our operations.
- Monitoring and reporting of carbon emissions.

Change

The Group has appointed a SVP of Sustainability to lead our work on sustainability-related matters, including those relating to the impact of climate change on the environment.

The work of the Health, Safety and Environmental departments, and the Sustainability and operational audit teams, continue to assess environmental compliance.

Our 2021/22 Scope 1 and 2 carbon emissions have been validated by the Carbon Trust and we will obtain assurance over our 2022/23 Scope 1 and 2 data prior to the publication of the Group's 2022/23 Sustainability report.

In 2022/23 our Scope 1 and 2 carbon emission intensity ratio reduced to 38.4 (2022: 42.2). Further detail is provided on page 68.

We are working to quantify our Scope 3 emissions, the largest components of which are category 11 (use of sold products) and category 13 (downstream leased assets). These categories are complex to measure and reliant on significant assumptions and estimation techniques.

Laws and regulations

→ 3 4

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 modern slavery, business ethics and ethical sourcing policies 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 legislative 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 and the Board during the course of the year. Further details as to the Group's whistle-blowing arrangements are provided on page 75.

During the year 8,678 people in the US, 703 people in Canada and 779 people in the UK underwent induction training. In addition, training programmes were undertaken in safety and business ethics.

Emerging risks

In addition to the principal risks identified above, the Board considers what emerging risks may also impact the Group. In identifying emerging risks, the Board has considered both third-party risk analysis as well as internal views of emerging trends which may impact the business. As a result of this analysis, the Board specifically considered supply chain constraints, climate-related matters and emerging technologies, including battery-led technologies and autonomous machines.

In relation to our supply chain, we work with industry-leading rental equipment manufacturers and have achieved significant competitive advantages, including cost savings, through our scale and working relationships. Across the Group, our top five suppliers now account for c. 50% of our rental capital expenditure and, in most cases, we are larger than our suppliers. There is a risk that our key suppliers are unable to supply the equipment required to meet our replacement and growth requirements in a timely manner. The Board believes that the Group has sufficient alternative sources of supply and inherent flexibility in its business model and a $16bn rental fleet, if a supplier is unable to deliver equipment as scheduled. However, it acknowledges that transitioning to a new principal supplier could cause short-term disruption to our procurement.

In relation to climate-related matters, the Board believes these are addressed principally through our environmental risk and our commitment to reduce our carbon intensity, but notes that this is a developing area and as such continues to monitor the ways in which climate change may affect the Group in the future. On balance, the Board believes that the impact from climate change and emerging technologies will increase the demand for rental and continue the shift from ownership to rental, rather than presenting a risk to our business model.

Assessment of prospects and viability

The prospects of the Group are inherently linked to the environment in which we operate. While our principal market is construction, which is cyclical in nature, it represents less than 50% of our business. The balance is non-construction related activity, including, inter alia, industrial, events, maintenance and repair, emergency response and facilities management which, by their nature, are typically less cyclical.

Our markets in the US and Canada are undergoing structural change. Customers are increasingly choosing to rent equipment rather than own it and the fragmented markets are consolidating. The Group is well positioned to take advantage of these structural changes. The UK market is more mature and competitive than the US and Canada but Sunbelt UK is the largest rental company in that market and, with the Group's strong financial position, is well positioned to optimise market conditions.

Period of assessment

The Board discusses regularly the factors affecting the Group's prospects and the risks it faces in optimising the opportunity presented in its markets. The principal risks, which the Board concluded could affect the business are set out on the preceding pages. The Group's risks are ongoing in nature and therefore could crystallise at any time, rather than being linked to a specific timeframe. While the Board has no reason to believe the Group will not be viable over a longer period, the period over which the Board considers it possible to form a reasonable expectation as to the Group's longer-term viability, is the three-year period to 30 April 2026. This also aligns with the duration of the business plan prepared annually and reviewed by the Board. We believe this provides a reasonable degree of confidence over this longer-term outlook.

Assessment of viability

The Group prepares an annual budget and three-year business plan. This plan considers the Group's cash flows and is used to review its funding arrangements and available liquidity based on expected market conditions, capital expenditure plans, used equipment values and other factors that might affect liquidity. It also considers the ability of the Group to raise finance and deploy capital.

The nature of the Group's business is such that its cash flows are countercyclical. In times of improving markets, the Group invests in its rental fleet, both to replace existing fleet and grow the overall size of the fleet, which results in improving earnings but lower cash flow generation from operations in times of rapid growth. However, as the cycle matures and the rate of growth slows, the Group generates strong cash flow from operations. In more benign or declining markets, the Group invests less in its rental fleet and, as a result, generates significant cash flow from operations.

Recognising the impact of the economic cycle and the risk of an economic downturn on the business and its financing requirements, we undertake scenario planning based on the timing, severity and duration of any downturn and subsequent recovery. This scenario planning considers the impact of the cycle on revenue, margins, capital expenditure, cash flows, overall debt levels and leverage. The Group maintains a net debt to EBITDA leverage target range of 1.5 to 2.0 times (pre IFRS 16) and long debt maturities to mitigate financing risk. Our committed borrowing facilities do not mature before the end of the viability assessment period and we believe the Group's financial profile and capital structure will enable the Group to continue to access debt markets as required.

Based on this analysis, and the Board's regular monitoring and review of risk management and internal control systems, we do not believe there are any reasonably foreseeable events that could not be mitigated through the Group's ability to flex its capital expenditure plans and cost base, which would result in the Group not being able to meet its liabilities as they fall due. The nature of the business' other principal risks is such that, while they could affect the Group's ability to achieve its objectives, they are unlikely to prevent the Group from meeting its liabilities as they fall due.

Viability statement

Based on the foregoing, the Board has a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period to 30 April 2026.

3

ADVANCE TECHNOLOGY

Make the move from industry-leading technology platform, to a leader among the broader industrial and service sector; further improving our customer value proposition and capturing the benefits of scale across the Group.

2023 highlights

- Sunbelt 3.0 technology roadmap to deliver an integrated suite of tools and applications to enhance the customer experience and deliver operational efficiency.
- Increasing use of telematics data to generate operational efficiencies, enhance preventative maintenance and provide operational data to customers.
- Increased uptake of automatic tagging of equipment and operators to keep track of fleet from on-site rental stores.

c.60%

of orders delivered within 24 hours

Advance technology

We use IT infrastructure in our operations to help reduce waste and improve sustainability, such as connecting all our rental assets together through Internet of Things ('IoT') devices. We have invested heavily in these devices to ensure that in the near future, almost all of our assets will be connected back to our technology platform. This not only helps us understand the utilisation of the asset but also enables us to be predictive about its maintenance. We want to repair it or swap it out before it fails, not after.

A robust focus on connectivity and interoperability is key for making it all work together. We are redeveloping software and microservices to deliver our strategic concept of connected assets, connected people, and connected operations. We are also leveraging artificial intelligence ('AI') and machine learning algorithms to optimise rental logistics. Logistics and transportation can have a huge impact on sustainability through improving efficiency. AI machine learning helps ensure the right equipment gets to the right drivers and enables better fuel efficiency en route. Fewer miles equals a smaller carbon footprint and less wear and tear.

STAKEHOLDER ENGAGEMENT

Engaging actively with our stakeholders is critical to the success of the Group and the Group engages regularly with stakeholders on a variety of topics relevant to the business.

A high degree of delegation of the engagement with stakeholders to the management teams within the Group exists in order to ensure the smooth operation of the Group on a day-to-day basis. As noted within our Corporate governance report, the role of the Board is to provide a framework under which the Group operates but under which the Group's businesses have freedom and decision-making authority to pursue business opportunities, underpinned by the culture of the Group. The directors believe that this is an important factor in the operation of the Group and the Group's overall success.

Authority for the operational management of the Group's businesses is therefore delegated to the chief executive, or further delegated by him to the senior management teams within the Group. This ensures effective day-to-day operation of the Group while maintaining effective governance.

At a board level, Board members are encouraged to engage with our stakeholders directly, for example through meeting with individual employees during site visits or through investor meetings, such as those to obtain remuneration policy feedback or through attendance at the Group's annual general meeting. In addition, the Board receives feedback from management as to stakeholder views. This occurs in a number of ways including through board reports, investor feedback reports from our brokers and employee survey reports. An example of board level engagement has been illustrated in the case study on page 49 focusing on the Board's engagement with our people.

In relation to the Group's overall engagement with stakeholders, the Group has identified the following groups as being fundamental to the success of the Group:

Our people

Definition
- Existing and prospective employees, including apprentices

Why relevant?
Our employees want to work for a company which values them, provides ongoing development, treats them fairly and remunerates them appropriately. Investing in our people ensures we maintain our culture by having the right people and enables us to deliver on our strategic goals.

Nature of engagement
- Employee engagement apps
- Regular 'toolbox talks' and 'town hall' meetings
- Employee surveys
- National conferences, leadership team meetings and other employee events
- Regular communication on safety, with dedicated safety weeks
- Training programmes
- Apprentice programmes
- Employee relief programme

Further details are provided on pages 62 to 67.

Our response to engagement
- Employee reward and benefit structure which recognises the contribution our employees make to the success of the business
- Employee policies which ensure our people are treated fairly
- Ensuring safety remains a cornerstone of our culture
- Continued focus on diversity, equity and inclusion ('DEI') across the Group, with DEI taskforces in place in North America and the UK

Relevant KPIs
- Employee survey scores
- Safety metrics
- Employee retention metrics

Our customers

Definition
- National and other managed accounts
- Small and mid-sized enterprises
- Individuals

Why relevant?
Our customers want to have confidence in the 'Availability, Reliability and Ease' of our offering as a reliable alternative to ownership.

Nature of engagement
- Account managers for major customers
- Customer feedback mechanism
- Store level staff with local customer relationships
- Customer centric technology to facilitate customer engagement
- Customer focused websites

Our response to engagement
- Continued investment in fleet, including greener rental options where we are working with customers and suppliers to develop new technologies
- Investment in new market offerings to broaden our rental offering
- Continued investment in customer focused technology solutions, including launch of new customer eCommerce websites and apps

Relevant KPIs
- Customer satisfaction scores
- Level of repeat business
- Customer spend
- Debtor days/days to credit

Our suppliers

Definition
- Major equipment suppliers
- Other equipment suppliers
- Service providers

Why relevant?
Partnering with our suppliers in a collaborative manner ensures that we have access to equipment when we need it and enables us to deliver new innovation to the market.

Nature of engagement
- Dedicated account managers for major suppliers
- Central procurement teams manage supplier relationships
- Collaboration to develop and pilot new technologies, including making targeted investments where appropriate to support the development of greener technology

Our response to engagement
- Regular meetings with key suppliers to assist in management of production cycles
- Policies in place in relation to working with our suppliers fairly
- Clear procurement terms agreed

Relevant KPIs
- Payment practices statistics

Our communities

Definition
- Local communities to our operations
- Families of employees

Why relevant?
We want to make a positive contribution to the communities in which we operate. Establishing the right relationships with our communities also helps us to attract the best talent into our business. Supporting the families of our staff is just the right thing to do.

Nature of engagement
- Nationwide programmes in addition to local community initiatives entered into by individual depots
- Responding to community needs for emergency relief
- Charity partnerships which support our communities

Further details are provided on pages 72 to 74.

Our response to engagement
- Community building activities
- Disaster response when required
- Financial support at time of crisis
- Provision of rental equipment

Relevant KPIs
- Charitable donations
- Employee time contributed to community initiatives

Our investors

Definition
- Shareholders (institutional)
- Shareholders (private)
- Financial lending institutions

Why relevant?
Our investors want to understand how we are managing the business to generate sustainable returns through the cycle and to promote the long-term success of the Group.

Nature of engagement
- Investor conferences
- One-to-one meetings
- Site visits
- Annual Report and other communications
- Results presentations and bondholder calls
- Reporting to financial lending institutions
- Annual General Meeting
- Ashtead Group website including investor relations section

Further details are provided on pages 91 to 92.

Our response to engagement
- Communication of business model and strategic plan
- Application of stated capital allocation priorities
- Maintain compliance with stated financial objectives (e.g. leverage range, etc.)
- Manage business through the cycle

Relevant KPIs
- Returns to shareholders

BOARD LEVEL ENGAGEMENT

Stakeholders most impacted:
- Employees
- Customers
- Suppliers
- Investors

Consideration:
Our October Board meeting held at the US support office in Fort Mill, South Carolina represented the mid-point of Sunbelt 3.0. It presented an ideal opportunity for the Board to receive a detailed update on progress across all Sunbelt 3.0 Actionable Components from senior leadership across the Group.

This meeting occurred shortly after the announcement of the Chips and Science Act and the Inflation Reduction Act. The Board received a detailed assessment of the implications of the Acts for construction activity from the Chief Economist at Dodge Data & Analytics and our in-house experts. This detailed insight assisted the Board as it considered capital allocation decisions, particularly in regard to the rental fleet, as we entered the next budgetary cycle.

The Board received updates on market dynamics including supply chain constraints, inflation and skilled trade scarcity, and their impact on the business and management's response. In addition, it was provided with sight of initiatives such as markets of excellence and the advancement of technology that will provide the foundation for Sunbelt 4.0.

Board members had the opportunity to explore each topic in detail and assess the impact on the Group's key stakeholders and the long-term sustainable success of the business, both formally and informally with leadership from across the Group.

SECTION 172 STATEMENT

Statement by the directors in performance of their statutory duty in accordance with s172(1) of the Companies Act 2006.

The Board of directors of Ashtead Group plc considers that it has, both individually and collectively, acted in good faith in a way which would most likely promote the success of the Company for the benefit of the members as a whole, and in doing so have had regard (amongst other matters) to factors (a) to (f) as set out in s172(1) of the Companies Act 2006 for the decisions taken during the year ended 30 April 2023. In making this statement, the directors have considered the following matters:

- **the likely consequences of any decision in the long-term:** the Board monitored progress against the Group's strategy, Sunbelt 3.0, as disclosed on pages 28 to 35, during the year and concluded that it will support the long-term success of the Company. Shorter term expectations in supporting that strategy are approved by the Board as part of the annual budgeting process, against which the performance of the Group is then monitored. Decisions taken during the year are made in the context of the Group's strategy in order to ensure that they are consistent with that strategy, take account of the Group's principal risks as described on pages 40 to 45 and are in line with the Group's capital allocation policy, which is designed to support long-term value generation for all stakeholders as detailed on page 35 and is reflected in the Board's assessment of viability as described on page 45;
- **the interests of the Company's employees:** our people are critical to the success of our business and a core component of our business model. We endeavour to recruit the best people, train them well and look after them so that they provide the best possible service for our customers and remain with us for the long-term. The Board has ultimate responsibility for ensuring the Group's decisions consider the interests of our employees. Further details and examples of our activities with employees are provided on page 42 of the Strategic report and pages 62 to 67 of the Responsible business report;
- **the need to foster the Company's business relationships with suppliers, customers and others:** managing the Company's relationships with suppliers and customers is critical in ensuring the Company delivers on its strategy. We dedicate account teams to our national customers to ensure that we maintain an ongoing dialogue while local customers are managed at a store level to enable us to respond at all levels of the organisation appropriately. The Board receives regular updates on our relationships with suppliers and customers, and has ultimate responsibility for approving investments made. Further details and examples of our activities with suppliers and customers are provided on pages 48 to 49 of the Strategic report;
- **the impact of the Company's operations on the community and the environment:** the Group seeks to have a positive impact on the communities in which it operates and minimise the environmental impact of our operations. Examples of our community initiatives and the environmental steps we take are provided in further detail on pages 72 to 74 of the Responsible business report and pages 76 to 81 of the Task Force on Climate-related Financial Disclosures;
- **the desirability of the Company maintaining a reputation for high standards of business conduct:** the Group regularly reviews and updates, where appropriate, its business conduct and ethics policies and ensures that these are communicated to employees, are readily available to employees, customers and suppliers and that appropriate training is undertaken by relevant employees on a regular basis to reinforce the Group's policies. The Group business ethics and conduct policy is formally reviewed and approved by the Board on an annual basis and available on the Group's website, while employee specific policies are provided in employee handbooks available to team members. Further details are provided on page 75 of the Responsible business report and on page 90 of the Corporate governance report; and
- **the need to act fairly as between members of the Company:** the Company always seeks to ensure that its communications are transparent and its actions are in accordance with the Group's stated strategic aims to promote the long-term success of the Company. On pages 91 to 92 within the Corporate governance report we detail how we engage with our shareholders, including both institutional investors and private investors.

FINANCIAL REVIEW

	Revenue		EBITDA		Profit[1]	
	2023	2022	**2023**	2022	**2023**	2022
UK in £m	**684.8**	725.7	**192.2**	214.6	**65.0**	86.8
Canada in C$m	**827.1**	626.0	**337.0**	281.4	**167.4**	143.6
US	**8,222.4**	6,477.0	**3,955.3**	3,120.6	**2,464.7**	1,852.3
UK in $m	**822.8**	986.3	**231.0**	291.7	**78.1**	118.0
Canada in $m	**622.1**	499.0	**253.5**	224.3	**125.9**	114.4
Group central costs	**–**	–	**(28.0)**	(27.2)	**(29.0)**	(28.3)
	9,667.3	7,962.3	**4,411.8**	3,609.4	**2,639.7**	2,056.4
Net financing costs					**(366.2)**	(232.6)
Adjusted profit before tax					**2,273.5**	1,823.8
Amortisation					**(117.7)**	(108.6)
Exceptional items					**–**	(47.1)
Profit before taxation					**2,155.8**	1,668.1
Taxation charge					**(538.1)**	(417.0)
Profit attributable to equity holders of the Company					**1,617.7**	1,251.1
Margins						
US			**48.1%**	48.2%	**30.0%**	28.6%
UK			**28.1%**	29.6%	**9.5%**	12.0%
Canada			**40.7%**	45.0%	**20.2%**	22.9%
Group			**45.6%**	45.3%	**27.3%**	25.8%

1 Segment result presented is adjusted operating profit.

Throughout the Financial review, we use a number of alternative financial performance measures ('APMs') which the directors have adopted in order to provide additional useful information on the underlying trends, performance and position of the Group. Further details are provided in the Glossary of terms on page 174.

Our financial performance

Group revenue increased 21% (24% at constant currency) to $9,667m during the year (2022: $7,962m). This revenue growth, combined with strong operational execution, resulted in adjusted profit before tax increasing 25% to $2,273m (2022: $1,824m).

In the US, rental only revenue of $5,879m (2022: $4,782m) was 23% higher than the prior year, representing continued market outperformance and demonstrating the benefits of our strategy of growing our Specialty businesses and broadening our end markets. Organic growth (same-store and greenfields) was 18%, while bolt-ons since 1 May 2021 contributed 5% of rental only revenue growth. In the year, our General Tool business grew 21%, while our Specialty businesses grew 29%. Rental only revenue growth has been driven by both volume and rate improvement in what continues to be a good rate environment. Rental revenue increased 24% to $7,503m (2022: $6,042m). US total revenue, including new and used equipment, merchandise and consumable sales, increased 27% to $8,222m (2022: $6,477m).

The UK business generated rental only revenue of £429m, up 6% on the prior year (2022: £403m). Excluding the impact of the work for the Department of Health, which ended during the first quarter of 2022/23, rental only revenue increased 22%. Bolt-ons since 1 May 2021 contributed 9% of this growth. Rental revenue increased 3% to £559m (2022: £544m) or 26% excluding the impact of the work for the Department of Health. Total revenue decreased 6% to £685m (2022: £726m) reflecting the high level of sales revenue associated with the work for the Department of Health, which overall accounted for only c. 4% of revenue in the year, compared with c. 30% of revenue last year.

Canada's rental only revenue increased 20% to C$548m (2022: C$456m). Markets are robust and the major part of the Canadian business is growing in a similar manner to the US with strong volume growth and rate improvement, in a good rate environment. The lighting, grip and lens business was affected by market uncertainty, with the threat earlier this financial year of strikes by production staff in Vancouver, resulting in productions being delayed or moved elsewhere. Rental revenue increased 22% to C$696m (2022: C$569m), while Canada's total revenue was C$827m (2022: C$626m).

In common with many businesses, we have faced inflationary pressures across most cost lines, but particularly in relation to labour, transportation and fuel. However, our strong performance on rate, combined with operating efficiencies and inherent economies of scale, has enabled us to navigate this inflationary environment, driving strong revenue and profit growth in the US. As expected, US rental revenue drop through to EBITDA has improved as we have progressed through the year, and in the fourth quarter was 54%, resulting in drop through of 50% for the year. This contributed to an EBITDA margin of 48.1% (2022: 48.2%) and a 33% increase in segment profit to $2,465m (2022: $1,852m) at a margin of 30.0% (2022: 28.6%).

The UK remains focused on delivering operational efficiency and improving returns in the business. However, this year has been one of transition as we redeployed assets dedicated to the Department of Health testing centres elsewhere in the business, resulting in lower fleet utilisation than last year. While we have managed to improve rental rates during the year, this has been insufficient to offset the inflation impact on the cost base. These factors, combined with a £4m charge to impair a convertible loan note due from Britishvolt, which entered administration in January, contributed to the UK generating an EBITDA margin of 28.1% (2022: 29.6%) and a segment profit of £65m (2022: £87m) at a margin of 9.5% (2022: 12.0%).

Our Canadian business continues to develop and enhance its performance as it invests to expand its network and broaden its markets. However, this ongoing investment, including greenfields, acquisitions and the infrastructure of the business, combined with drag from the lighting, grip and lens business, contributed to an EBITDA margin of 40.7% (2022: 45.0%) and a segment profit of C$167m (2022: C$144m) at a margin of 20.2% (2022: 22.9%).

Overall, Group adjusted operating profit increased to $2,640m (2022: $2,056m), up 29% at constant exchange rates. After increased net financing costs of $366m (2022: $233m), reflecting higher average debt levels and the higher interest rate environment, Group adjusted profit before tax was $2,273m (2022: $1,824m).

Statutory profit before tax was $2,156m (2022: $1,668m). This is after amortisation of $118m (2022: $109m) and, in the prior year, exceptional interest costs of $47m.

Taxation

Tax charge for the year

The adjusted tax charge for the year was $568m (2022: $456m), representing an effective rate of 25% (2022: 25%) of adjusted pre-tax profit of $2,273m (2022: $1,824m). The cash tax charge was 13%.

Included within the total tax charge is a tax credit of $30m (2022: $39m) which relates to the amortisation of intangibles and, in the prior year, exceptional items.

Tax strategy and governance

The Group believes it has a corporate responsibility to act with integrity in all tax matters. It is the Group's policy to comply with all relevant tax laws, regulations and obligations including claiming available tax incentives and reliefs in the countries in which it operates. The Group's appetite for tax risk is considered to be cautious and this policy has remained unchanged for a number of years. This approach to taxation is reviewed and approved by the Board on a periodic basis.

While the Board retains ultimate responsibility for the tax affairs of the Group, we have a dedicated internal tax function which takes day-to-day responsibility for the Group's tax affairs. In addition, we seek regular professional advice to ensure that we remain in compliance with changes in tax legislation, disclosure requirements and best practice.

Tax risks are monitored on an ongoing basis and tax matters are reported to the Audit Committee as part of our routine reporting on a quarterly basis.

The Group is committed to having a transparent and constructive working relationship with all tax authorities, including seeking to obtain agreement from tax authorities prior to undertaking material transactions where there is a degree of uncertainty surrounding the appropriate tax treatment.

Legislative changes

We continue to monitor developments in the OECD's work on Base Erosion and Profit Shifting ('BEPS') to ensure continued compliance in an ever-changing environment. In December 2021, the OECD published a framework for the proposed Pillar Two model rules which would introduce a global minimum corporation tax rate of 15% for groups with global revenues of over €750m. We do not expect that the 15% global minimum tax rate would affect materially the amount of tax the Group pays, as corporation tax rates in the jurisdictions in which the Group operates exceed 15%. We continue to follow the guidance issued and other developments closely.

Following its state aid investigation, in April 2019 the European Commission announced its decision that the Group Financing Exemption in the UK controlled foreign company ('CFC') legislation constitutes state aid in some circumstances. In common with the UK Government and other UK-based international companies, the Group does not agree with the decision and has therefore lodged a formal appeal with the General Court of the European Union. In common with other UK taxpayers, the Group's appeal was stayed while the appeals put forward by the UK Government and ITV plc proceeded.

On 8 June 2022 the General Court of the European Union dismissed the appeals put forward by the UK Government and ITV plc. However, there remains a high degree of uncertainty in the final outcome given the UK Government and ITV plc have both appealed against the decision to the EU Court of Justice. The Group will continue to monitor proceedings closely.

Despite the UK Government appealing the European Commission's decision, Her Majesty's Revenue & Customs ('HMRC') was required to make an assessment of the tax liability which would arise if the decision is not successfully appealed and collect that amount from taxpayers. HMRC issued a charging notice stating that the tax liability it believes to be due on this basis is £36m, including interest payable. The Group has appealed the charging notice and has settled the amount assessed on it, including interest, in line with HMRC requirements. On successful appeal in whole or in part, all or part of the amount paid in accordance with the charging notice would be returned to the Group. The £36m ($45m at April 2023 exchange rates) paid has been recognised as a non-current asset on the balance sheet. If either the decision reached by the General Court of the European Union or the charging notice issued by HMRC are not ultimately appealed successfully, we have estimated the Group's maximum potential liability to be £36m as at 30 April 2023 ($45m at April 2023 exchange rates), including any interest payable. Based on the current status of proceedings, we have concluded that no provision is required in relation to this matter.

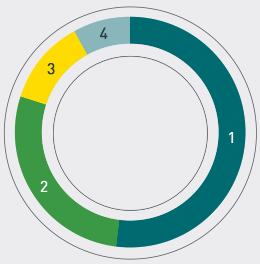
Total tax contribution

For the year ended 30 April 2023, total taxes paid by the Group were $1,494m, comprising taxes borne by the Group of $549m and taxes collected on behalf of tax authorities of $945m.

Taxes borne by the Group by type of tax

As a profitable group, the majority of taxes borne by the Group relate to taxes paid on profits. The $287m net tax paid on profits (as shown in the consolidated cash flow statement for the year ended 30 April 2023) is higher than the $283m current tax charge for the year (as shown in Note 7 to the consolidated financial statements). This is because payments made during the year are generally based on estimates of the full year tax liability in each jurisdiction, which can differ to the tax charge for the year calculated once the Group's results are known.

Taxes borne by the Group by type of tax



Type of tax		
1 Profit	$287m	52%
2 People	$153m	28%
3 Property	$65m	12%
4 Product	$44m	8%
	$549m	100%

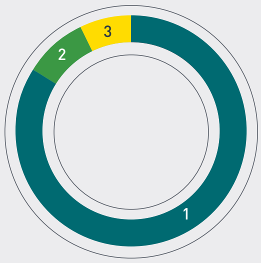
Given the Group's large number of employees, significant employer social security contribution payments are made during the year. The Group also pays property taxes and business rates in relation to the extensive network of stores from which it operates. Product taxes include use tax on certain purchases made in the US and fuel and excise duties associated with the Group's fleet of vehicles.

Taxes collected of $945m comprise $501m of net sales taxes on the products and services we provide to customers and $444m in relation to taxes and social security contributions withheld on behalf of our employees.

Taxes by jurisdiction

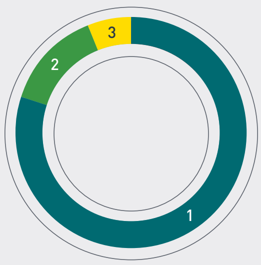
The Group's operations are based in the locations and jurisdictions necessary to best serve our customers and the Group pays tax in accordance with relevant tax laws and regulations in those jurisdictions. As with the split of the Group's revenue, the majority of taxes borne and collected have been paid in the US.

Taxes collected on behalf of tax authorities by jurisdiction



1	US	84%
2	UK	9%
3	Canada	7%

Taxes borne by the Group by jurisdiction



1	US	80%
2	UK	14%
3	Canada	6%

Earnings per share

Adjusted earnings per share were up 27% at 388.5¢ (2022: 307.1¢) while basic earnings per share were up 31% at 368.4¢ (2022: 280.9¢). Details of these calculations are included in Note 8 to the financial statements.

Return on investment

The Group return on investment was 19% (2022: 18%). In the US, return on investment (excluding goodwill and intangible assets) was 27% (2022: 25%), while in the UK it was 9% (2022: 14%). The decrease in the UK reflects reduced volumes, particularly service and sales, supporting the Department of Health as we have demobilised testing sites, and the lower profit margin. In Canada, return on investment (excluding goodwill and intangible assets) was 18% (2022: 20%). This reduction reflects predominantly the drag from the recent performance of our lighting, grip and lens business. Return on investment excludes the impact of IFRS 16.

01 Taxes borne by the Group by jurisdiction

$m	Revenue	Tax collected		Tax borne	
US	85%	791	84%	441	80%
UK	9%	89	9%	76	14%
Canada	6%	65	7%	32	6%
	100%	945	100%	549	100%

Balance sheet

Property, plant and equipment

Capital expenditure in the year totalled $3,772m (2022: $2,397m) with $3,262m invested in the rental fleet (2022: $1,999m). Expenditure on rental equipment was 86% of total capital expenditure with the balance relating to the delivery vehicle fleet, property improvements and IT equipment. Capital expenditure by division is shown in Table 02 below.

In a strong US rental market, $1,548m of rental equipment capital expenditure was spent on growth while $1,329m was invested in replacement of existing fleet. The growth proportion is estimated based on 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 2023 was 35 months (2022: 40 months) on a net book value basis. The US fleet had an average age of 35 months (2022: 41 months), the UK fleet had an average age of 36 months (2022: 37 months) and the Canadian fleet had an average age of 35 months (2022: 36 months).

Dollar utilisation was 61% in the US (2022: 57%), 53% for the UK (2022: 58%) and 55% for Canada (2022: 55%). The improvement in US dollar utilisation reflects the improved rate environment while in the UK, the decrease reflects the lower level of ancillary revenue due to the reduction in Department of Health work. In Canada, dollar utilisation benefitted from a good rate environment but suffered from the drag of the lighting, lens and grip business.

Trade receivables

Receivable days at 30 April 2023 were 48 days (2022: 47 days). The bad debt charge for the last 12 months ended 30 April 2023 as a percentage of total turnover was 0.5% (2022: 0.4%). Trade receivables at 30 April 2023 of $1,385m (2022: $1,174m) are stated net of allowances for bad debts and credit notes of $107m (2022: $86m), with the provision representing 7% (2022: 7%) of gross receivables.

Other non-current assets

Included within 'other non-current assets' are financial assets investments of $41m (April 2022: $40m). These represent two targeted investments in early development-stage companies, which have been made in the US as part of the Group's activity to support the transition to a lower carbon economy. These financial asset investments are Level 3 financial assets where the fair value is estimated based on the latest transaction price and any subsequent investment-specific factors or events.

In the year, the Group made one new investment, namely Britishvolt ($42m; £34m), a UK company involved in the development of electric vehicle battery technology. In January 2023, Britishvolt entered administration following failure to secure additional funding and as a result, the Group estimated the fair value of its investment as $nil and consequently recognised in the third quarter a movement in the fair value of the equity component of its investment ($37m; £30m) through other comprehensive income and an impairment of the $5m (£4m) convertible loan component through the income statement.

Trade and other payables

Group payable days were 43 days at 30 April 2023 (2022: 43 days) with capital expenditure related payables totalling $606m (2022: $363m). Payment periods for purchases other than rental equipment vary between seven and 60 days and for rental equipment between 30 and 120 days.

02 Capital expenditure

	2023			2022
	Replacement	**Growth**	**Total**	Total
UK in £m	**127.8**	**33.2**	**161.0**	158.1
Canada in C$m	**80.8**	**173.4**	**254.2**	200.5
US	**1,329.5**	**1,548.0**	**2,877.5**	1,624.6
UK in $m	**153.5**	**39.9**	**193.4**	214.8
Canada in $m	**60.8**	**130.4**	**191.2**	159.8
Total rental equipment	**1,543.8**	**1,718.3**	**3,262.1**	1,999.2
Delivery vehicles, property improvements & IT equipment			**510.0**	398.1
Total additions			**3,772.1**	2,397.3

03 Fleet and utilisation

	Rental fleet at original cost			LTM rental revenue	LTM dollar utilisation
	30 April 2023	30 April 2022	LTM average		
UK in £m	**1,081**	988	1,049	559	53%
Canada in C$m	**1,438**	1,116	1,277	696	55%
US	**13,407**	11,425	12,381	7,503	61%
UK in $m	**1,358**	1,241	1,260	672	53%
Canada in $m	**1,061**	873	961	523	55%
	15,826	13,539	14,602	8,698	

Provisions

Provisions of $155m (2022: $137m) relate predominantly to the provision for uninsured risk and acquisition-related contingent consideration. The Group's business exposes it to the risk of claims for personal injury, death or property damage resulting from the use of the equipment it rents and from injuries caused in motor vehicle accidents in which its vehicles are involved. The Group carries insurance covering a wide range of potential claims at levels it believes are sufficient to cover existing and future claims.

Our US liability insurance programmes provide that we can recover our liability related to each and every valid claim in excess of an agreed excess amount of $2m in relation to general liability and workers' compensation and $3m in relation to motor vehicle claims. In the UK our self-insured excess per claim is much lower than in the US and is typically £50,000 per claim. Our liability insurance coverage is limited to a maximum of £175m.

Pensions

The Group operates a number of pension plans for the benefit of employees, for which the overall charge included in the financial statements was $40m (2022: $34m). Amongst these, the Group has one defined benefit pension plan which was closed to new members in 2001 and closed to future benefit accrual in October 2020. All our ongoing pension plans are defined contribution plans.

The Group's defined benefit pension plan, measured in accordance with the accounting standard IAS 19, Employee Benefits, was $18m in surplus at 30 April 2023 (2022: $19m). The investment return on plan assets was $36m lower than the expected return while a net actuarial gain of $33m arose, predominantly due to the increase in the discount rate assumption. Overall, there was a net remeasurement loss on the defined benefit pension plan of $3m which was recognised in the statement of comprehensive income for the year.

The most recent triennial actuarial valuation was carried out as at 30 April 2022 by a qualified independent actuary and showed a funding surplus of £11m ($14m at April 2023 exchange rate).

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. As discussed earlier, if the findings of the European Commission's investigations into the Group Financing Exemption in the UK controlled foreign company legislation are upheld, we have estimated the Group's potential liability to be £36m ($45m at April 2023 exchange rate). Based on the current status of the investigation, we have concluded that no provision is required in relation to this amount.

Cash flow

Cash inflow from operations before the net investment in the rental fleet was $4,074m (2022: $3,406m). The conversion ratio for the year was 92% (2022: 94%).

Total payments for capital expenditure (rental equipment and other PPE) during the year were $3,530m (2022: $2,164m). Disposal proceeds received totalled $615m (2022: $369m), giving net payments for capital expenditure of $2,915m in the period (2022: $1,795m). Financing costs paid totalled $340m (2022: $231m) while tax payments were $287m (2022: $219m). 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. The exceptional costs in the prior year related to the premium on redemption of the senior notes that were due in 2025 and 2026.

04 Cash flow

	Year to 30 April	
	2023 $m	2022 $m
EBITDA	**4,411.8**	3,609.4
Cash inflow from operations before changes in rental equipment	**4,073.6**	3,406.5
Cash conversion ratio*	**92.3%**	94.4%
Replacement rental capital expenditure	**(1,380.8)**	(829.7)
Payments for non-rental capital expenditure	**(510.0)**	(398.4)
Rental equipment disposal proceeds	**573.6**	343.8
Other property, plant and equipment disposal proceeds	**41.4**	24.8
Tax (net)	**(287.3)**	(218.8)
Net financing costs before exceptional items	**(340.2)**	(231.1)
Cash inflow before growth capex and payment of exceptional costs	**2,170.3**	2,097.1
Growth rental capital expenditure	**(1,638.8)**	(935.7)
Exceptional costs	**–**	(36.0)
Free cash flow	**531.5**	1,125.4
Business acquisitions	**(1,083.2)**	(1,277.4)
Financial asset investments	**(42.4)**	(40.0)
Total cash absorbed	**(594.1)**	(192.0)
Dividends	**(357.8)**	(269.3)
Purchase of own shares by the Company	**(264.4)**	(409.6)
Purchase of own shares by the ESOT	**(12.5)**	(23.8)
Increase in net debt due to cash flow	**(1,228.8)**	(894.7)

* Cash inflow from operations before changes in rental equipment as a percentage of EBITDA.

Accordingly, the Group generated free cash flow of $531m (2022: $1,125m) and, after acquisition and investment related expenditure of $1,126m (2022: $1,317m), a net cash outflow of $594m (2022: $192m), before returns to shareholders. Acquisition expenditure related to 50 bolt-on acquisitions completed during the year as we continue to both expand our footprint and diversify our end markets. Further details are provided in Note 27 to the financial statements.

Capital structure and allocation

The Group's capital structure is kept under regular review. Our operations are financed by a combination of debt and equity. We seek to minimise the cost of capital while recognising the constraints of the debt and equity markets. At 30 April 2023 our average cost of capital was approximately 10%.

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

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

Additionally, we consider further returns to shareholders. In this regard, we assess continuously our medium-term plans which take account of investment in the business, growth prospects, cash generation, net debt and leverage.

Therefore the amount allocated to buybacks is simply driven by that which is available after organic growth, bolt-on M&A and dividends, while allowing us to operate within our 1.5 to 2.0 times target range for net debt to EBITDA pre IFRS 16.

We spent $675m (£523m) under the two-year buyback programme which concluded in April 2023. In May 2023, we launched a new buyback programme of up to $500m over the year to April 2024.

Dividends

The Company has a progressive dividend policy, which considers both profitability and cash generation, and results in a dividend that is sustainable across the cycle. Our intention has always been to increase the dividend as profits increase and be able to maintain it when profits decline. In accordance with this policy, the Board is recommending a final dividend of 85.0¢ per share (2022: 67.5¢) making 100.0¢ for the year (2022: 80.0¢), an increase of 25%. If approved at the forthcoming Annual General Meeting, the final dividend will be paid on 12 September 2023 to shareholders on the register on 11 August 2023.

In determining the level of dividend in any year, the Board considers a number of factors that influence the proposed dividend as detailed above. Ashtead Group plc, the parent company of the Group, is a non-trading investment holding company which derives its distributable reserves from dividends paid by subsidiary companies which are planned on a regular basis to maintain a suitable level of distributable reserves at the parent company.

Net debt

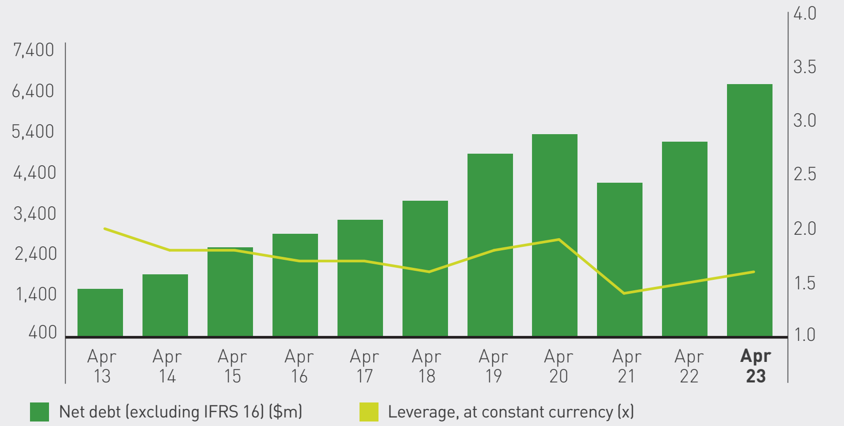
Chart 05 shows how net debt and leverage, measured at constant April 2023 exchange rates, has changed over the cycle. Since 2010, we have stepped up our capital expenditure as rental markets improved. Net debt has increased in absolute terms over the period due to acquisitions, dividends and share buybacks with free cash flow being more than sufficient to fund the increased capital expenditure. Since 2013 we have been operating within our net debt to EBITDA target leverage range of 1.5 to 2.0 times (excluding IFRS 16). Furthermore, our overall balance sheet strength continues to improve with the second-hand value of our fleet exceeding our total debt by $4.9bn.

In greater detail, closing net debt at 30 April 2023 is set out in Table 06 on page 57.

Net debt at 30 April 2023 was $8,960m with the increase since 30 April 2022 reflecting the net cash outflow set out above and additional lease commitments as we continue our greenfield and bolt-on expansion. The Group's EBITDA for the year ended 30 April 2023 was $4,412m. Excluding the impact of IFRS 16, the ratio of net debt to EBITDA was 1.6 times (2022: 1.5 times) on a constant currency and a reported basis as at 30 April 2023. Including the impact of IFRS 16, the ratio of net debt to EBITDA was 2.0 times at April 2023 (2022: 2.0 times).

Our debt package is well structured for our business across the economic cycle. We retain substantial headroom on facilities which are committed for the long-term, with an average of six years remaining at 30 April 2023. The weighted average interest cost of these facilities (including non-cash amortisation of deferred debt raising costs) is 5%.

05 Net debt and leverage



Debt facilities

The Group's principal debt facilities are discussed below.

First priority senior secured credit facility

At 30 April 2023, $4.5bn was committed by our senior lenders under the asset-based senior secured revolving credit facility ('ABL facility') until August 2026. The amount utilised was $2,152m (including letters of credit totalling $73m). The ABL facility is secured by a first priority interest in substantially all of the Group's assets. Pricing for the $4.5bn revolving credit facility is based on average availability according to a grid, varying from the applicable interest rate plus 125bp to 150bp. The applicable interest rate is based on SOFR for US dollar loans, SONIA for sterling loans and CDOR for Canadian dollar loans. At 30 April 2023, the borrowing rate was the applicable interest rate plus 150bp.

The only financial performance covenant under the asset-based first priority senior bank facility is 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 12 months) which must be equal to or greater than 1.0 times.

This covenant does not, however, apply when availability (the difference between the borrowing base and facility utilisation) exceeds $450m. At 30 April 2023, the fixed charge ratio exceeded the covenant requirement. At 30 April 2023 availability under the bank facility was $2,573m ($2,537m at 30 April 2022), with an additional $4,968m of suppressed availability meaning that the covenant was not measured at 30 April 2023 and is unlikely to be measured in forthcoming quarters.

Senior notes

At 30 April 2023 the Group, through its wholly owned subsidiary Ashtead Capital, Inc., had seven series of senior notes outstanding. The $550m 1.500% notes are due on 12 August 2026, the $600m 4.375% notes are due on 15 August 2027, the $600m 4.000% notes are due on 1 May 2028, the $600m 4.250% notes are due on 1 November 2029, the $750m 2.450% notes are due on 12 August 2031, the $750m 5.500% notes are due on 11 August 2032 and the $750m 5.550% notes are due on 30 May 2033.

Minimum contracted debt commitments

Table 07 summarises the maturity of the Group's borrowings at 30 April 2023 by year of expiry.

Except for the Group's lease commitments, details of which are provided in Note 18 to the financial statements, $73m of standby letters of credit issued at 30 April 2023 under the first priority senior debt facility relating to the Group's insurance programmes and $6m of performance bonds granted by Sunbelt, we have no material commitments that we could be obligated to pay in the future which are not included in the Group's consolidated balance sheet.

Current trading and outlook

We enter the final year of Sunbelt 3.0 with clear momentum in strong end markets, which are enhanced by the increasing number of mega projects and recent US legislative acts. We are in a position of strength, with the operational flexibility and financial capacity to capitalise on the opportunities arising from these strong markets and ongoing structural change. The Board looks to the future with confidence.

06 Net debt

	2023 $m	2022 $m
First priority senior secured bank debt	**2,038.4**	2,108.1
1.500% senior notes, due 2026	**546.8**	545.8
4.375% senior notes, due 2027	**595.6**	594.8
4.000% senior notes, due 2028	**595.1**	594.3
4.250% senior notes, due 2029	**594.6**	593.9
2.450% senior notes, due 2031	**743.9**	743.2
5.500% senior notes, due 2032	**737.8**	–
5.550% senior notes, due 2033	**742.9**	–
Total external borrowings	**6,595.1**	5,180.1
Lease liabilities	**2,394.3**	1,995.2
Total gross debt	**8,989.4**	7,175.3
Cash and cash equivalents	**(29.9)**	(15.3)
Total net debt	**8,959.5**	7,160.0

07 Minimum contracted debt commitments

	2024 $m	2025 $m	2026 $m	2027 $m	2028 $m	Thereafter $m	Total $m
Bank and other debt	–	–	–	2,038.4	–	–	2,038.4
1.500% senior notes	–	–	–	549.0	–	–	549.0
4.375% senior notes	–	–	–	–	600.0	–	600.0
4.000% senior notes	–	–	–	–	–	600.0	600.0
4.250% senior notes	–	–	–	–	–	600.0	600.0
2.450% senior notes	–	–	–	–	–	748.4	748.4
5.500% senior notes	–	–	–	–	–	743.0	743.0
5.550% senior notes	–	–	–	–	–	748.3	748.3
	–	–	–	2,587.4	600.0	3,439.7	6,627.1
Deferred costs of raising finance	–	–	–	(2.2)	(4.4)	(25.4)	(32.0)
Cash at bank and in hand	(29.9)	–	–	–	–	–	(29.9)
Net debt (excluding IFRS 16)	(29.9)	–	–	2,585.2	595.6	3,414.3	6,565.2

4

LEAD WITH ESG

Embracing responsible sustainability and success for all our stakeholders, while unlocking the structural benefits ESG will bring to rental across the Group.

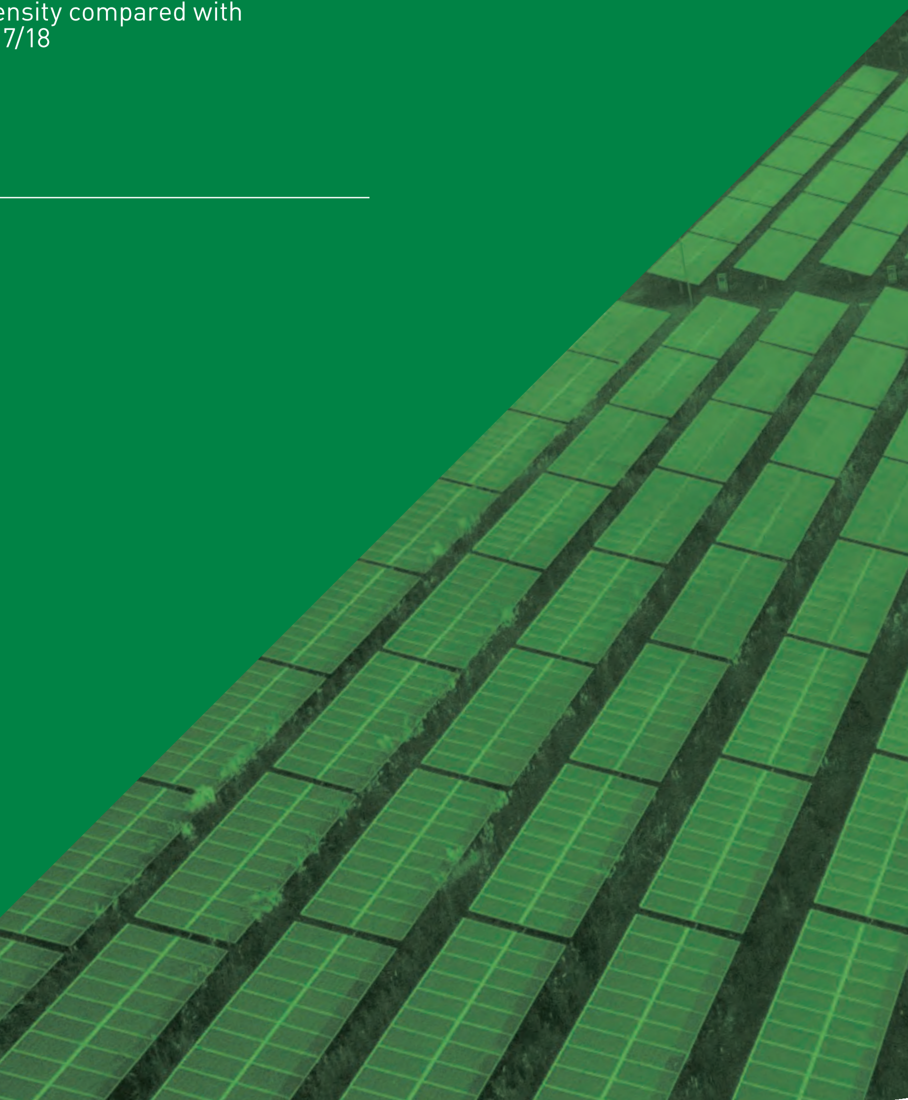
2023 highlights

- Engage for Life: Amplified health and safety culture
- Working with key suppliers to advance greener equipment
- Awarded gold military friendly employer in the US and gold UK Armed Forces Covenant in recognition of our support for the defence and armed forces community
- Continuing support of Weapons Down, Gloves Up getting young people off the streets and into work
- 30% reduction in carbon intensity compared with 2017/18

Top-50

military friendly employer in the US

Read more about our commitment to ESG and our progress in the Responsible business report on page 60



Leading the movement for greener fleet

As the world moves toward a lower carbon future, the pace and scale of technological developments and adoption greatly impacts the availability of low-carbon options for vehicles and rental equipment. For example, currently there is no time tested and widely available transportation solution to replace our Class 8 heavy duty vehicles. As that technology develops, it will take time for manufacturing capacity to develop. Renewal of vehicles and rental equipment must evolve responsibly, as a rapid or premature changeover of assets would result in a significant number of assets, and the natural resources consumed in their production, going to waste.

To address some of these challenges, we are exploring interim solutions that can work for us and our customers. For example, HVO (hydrotreated vegetable oil) is an alternative drop-in fuel, meaning it can be used in an internal combustion diesel engine with no modifications necessary. Since HVO is not yet widely available and is costlier in most locations as compared with regular diesel, we are in dialogue with governmental stakeholders and suppliers in North America and the UK to identify ways to make HVO more widely available and affordable. We are also mapping suppliers aligned to our operations to identify those markets where we can progress this offering to customers more rapidly.

DRIVING REAL CULTURAL CHANGE

Being a responsible business has always been a priority for us. We are passionate about improving the lives of our people, contributing in a positive way to the environment, engaging in the communities in which we live and work and ensuring strong governance for our business.

Embedding 'Lead with ESG' as one of the actionable components of our Sunbelt 3.0 strategy has increased further our focus and brought about the incorporation of sustainability thinking into the culture of the organisation. It has also given fresh impetus to our initiatives and programmes. We were delighted to issue our first standalone Sustainability report during the course of this year. This Responsible business report works alongside the Group's more detailed disclosures within the Sustainability report to provide information for stakeholders on our activities on ESG. We expect this year's Sustainability report to be published in Autumn 2023.

How we prioritise ESG

At Ashtead, we have always prioritised the safety of our people, customers and members of the communities we serve. We provide our customers with a reliable alternative to ownership, support the communities we serve across our store network, limit the environmental impact of our operations and ensure a strong governance framework. Our ESG priorities are to operate in the most sustainable and responsible way in all areas of our business.

Lead with ESG is about engagement, action and results; embracing responsible sustainability and success for our people, our customers, our communities and our investors, while unlocking structural benefits ESG will bring through increased rental penetration. We have analysed the issues and impacts that are most important and material to our business and stakeholders in our defined areas of focus as set out in our sustainability wheel.

Material topics

As part of our risk management process, we assess regularly the most material matters to the Group, including those related to sustainability, and assess their potential impact on our business and the generation of long-term value. We have segmented our commitments into four key areas: our people; the environment; our communities; and governance. In this Responsible business report we focus on our people, the environment, and our communities:

- Our people: health and safety is fundamental to our culture and is at the forefront of everything we do, underpinned by the next phase of our Engage for Life programme, Engage for Life: Amplified. Retaining and attracting good people is key to delivering superior performance and customer service and progressing our culture. A skilled and committed workforce is fundamental to the Group's long-term success and key to this is treating everyone fairly and with respect.
- The environment: rental is a prime example of the circular economy with significant benefits to the environment from rental versus ownership at all stages of the business life cycle, from supply chain and operations, to customer use and end of life of equipment. We prioritised our environmental commitment as part of Sunbelt 3.0 to drive performance and enhance transparency regarding our activities and achievements.
- Our communities: with our ever increasing scale, we are present in many local communities with the opportunity to be a force for good through community support, job creation and recruitment, charity support, volunteering and responding to emergencies.
- Governance: we are committed to the highest standards of governance with further details provided in this Responsible business report and the Corporate governance report.

The Group's activities help advance the United Nations Sustainable Development Goals (SDGs). We have identified the eight goals to which we believe we can make the most contribution through our focus on recruitment and training, focus on diversity, equity and inclusion, the development of our products and management of our operations. Further details are provided in the Group's Sustainability report.

How we monitor our work

A robust approach to corporate governance is the foundation for delivering our strategy and ensuring our growth is both responsible and sustainable. The tone from the top, risk management and transparency are all elements that are essential to our business performance and its sustainability. We understand that identifying metrics in measuring our performance is important and have a number that we monitor, including health and safety incident rates, employee engagement, staff turnover and carbon intensity. We report on these in this report.

The Group's Board of directors is responsible for monitoring the progress we make against our strategic ESG objectives and the targets we have set. The Board is assisted in this function by the Group Risk Committee which is chaired by our chief financial officer. Included on the Group Risk Committee is the Group's managing director of ESG.

For further information on the Group Risk Committee, its members and priorities in current and forthcoming years, please see pages 40 to 45.

OUR PEOPLE

3 GOOD HEALTH AND WELL-BEING 4 QUALITY EDUCATION 5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH

Health & safety

The Group's success is built on a culture which places health and safety at its core. We are committed to improving continually our safety performance, both in how we operate and the equipment and services we provide for customers. We believe that being recognised for excellence in health and safety provides us with significant competitive advantage.

We target safety improvement through health and safety programmes and encouraging employees to keep their own safety and that of their colleagues in mind at all times. Our safety training for employees, managers and leaders reinforces the importance of a safety-first mindset and we pay particular attention to 'near misses' as a way of continuing to understand and focus on safety risks. All incidents and 'near misses' are investigated and responded to swiftly.

Our health and safety mindset goes beyond core safety programmes. For example, our 'Power Up' initiative ensures our employees are 'ready to go' every morning, encouraging our team members to have a broader view of their wellbeing.

Safety initiatives

We encourage staff to take responsibility for their own safety and have core safety processes across all our stores. These include:

- our team members are trained regularly on the safe use of relevant equipment for their role;
- the near miss programme, which provides insights into our exposures across our business;
- the pre-task planning programme (Take 10 Programme), which requires everyone to take at least 10 seconds to think through the job they are about to do using a pre-task planning checklist. Examples of tasks where this is applied are loading/unloading, wash bay work, checking equipment in, and technicians repairing or conducting routine maintenance on the equipment;
- the Safety Committee engagement programme, which ensures stores hold safety meetings and engage in topics such as near miss reporting, being more observant in looking for exposures, corrective action closure, etc. Weekly safety communications and briefings are also issued to all team members, further encouraging continual dialogue in relation to safety matters at all levels of the organisation, via email and through our employee engagement app; and
- Regional Safety Managers present in our business, who engage on a daily basis with team members. Their role includes truck inspections, facility assessments, training and listening to feedback from our people.

Our senior leadership teams have weekly safety meetings to provide focus towards developing solutions that can be replicated across the Group. We hold annual safety weeks designed to increase awareness of the importance of safety across the business.

Driver and vehicle safety

Our fleet of vehicles drives more than 300 million miles every year delivering our fleet and servicing the needs of our customers. Covering this distance means safety on the road for our drivers and other road users is paramount. While we have one of the safest fleets in the equipment rental industry, we continue to focus on safety through our commercial vehicle training programme and defensive driving courses so we can target ways in which we can further reduce our incident rate.

Our driver safety programmes use onboard telematics to help us prevent unsafe behaviours or activities on the road. Through this programme, we are introducing cameras into our delivery and service vehicles, with c. 1,400 cameras installed to date. The use of this technology enables real-time feedback on behaviours which could lead to vehicle incidents (e.g. lane departures, critical distance or in-cab behaviours). It also enables recognition of positive actions and a job well done. While the use of onboard technologies is designed to improve driving behaviour, it also provides incremental benefits through reduced fuel use, enhanced engine and vehicle maintenance and fewer accidents. In addition, drivers participate in online risk assessments that identify safe and unsafe behaviours through interactive driving modules. By identifying the risk profiles of our drivers, we are able to develop specific adaptive learning programmes for them.

ENGAGE FOR LIFE AMPLIFIED

Engage for Life: Amplified
Our Engage for Life health and safety programme is built on three pillars: culture, community and commitment. We are focused on building a culture that eliminates serious injuries or fatalities ('SIFs'), aligns our best practices, and ensures we all have the right skills to complete work safely. An important component of Engage for Life is that we demonstrate the dedication to the well-being of our team members, their families and communities, while supporting and encouraging team members' safety development. We were recognised by the Board of Certified Safety Professionals ('BCSP') as a Diamond Class Certification Sponsor, for supporting our team members in achieving safety certification, with over 185 team members having completed the programme. This year saw the launch of Engage for Life in the UK and, in North America, Engage for Life: Amplified, taking the programme to the next level in terms of embedding it deeper within our culture.

Working on safety with our customers and suppliers

Being a responsible business means sharing and promoting our safety culture with our customers and suppliers whenever possible. We have the highest safety expectations for all our equipment suppliers. For our customers, we have dedicated mobile elevated work platform, forklift and earth moving operator trainers and we offer customised training programmes to fill their needs. We work with customers' safety teams to develop customised training courses, sometimes for a specific jobsite and participate in training days for major customers, demonstrating safe use of equipment and running training seminars. This is in addition to the routine safety briefings that accompany equipment rental. We see this as an area of added value and a way to enhance safety with those we work with and across our sector more widely. We now offer dedicated full-time safety trainers for our customers in 145 markets across North America and have 31 accredited training centres in the UK.

Our customer training covers a broad range of topics including:

Operator training

- Mobile elevating work platforms, boom lifts and scissor lifts
- Forklifts, warehouse and telehandler rough terrain
- Earth moving equipment, loaders, excavators, backhoes
- Traffic control management

Train the trainer

- Mobile elevating work platforms
- Forklifts
- Earth moving equipment
- Fall protection

Scaffolding

- User hazard awareness
- Competent person
- Suspended platforms hazard user awareness
- Suspended platforms competent person
- Customised courses available
- Working at height safely

01 Recordable accidents

		2023		2022	
		TRIR	**RIDDOR**	TRIR	RIDDOR
US	Recordable accidents	**253**	**73**	190	74
	Incident rate	**0.97**	**0.15**	0.90	0.17
Canada	Recordable accidents	**18**	**5**	25	5
	Incident rate	**0.89**	**0.12**	1.49	0.15
UK	Recordable accidents	**n/a**	**23**	n/a	18
	Incident rate	**n/a**	**0.25**	n/a	0.22

How we monitor performance

We monitor and analyse health and safety incidents and 'near misses', investigating and analysing root causes to help identify recurrent issues and risks, and implement preventative controls. The importance of health and safety is reflected in the fact that the number of reportable accidents is one of our group-wide KPIs (see page 39).

We continue to develop and improve our incident management system which enables us to manage incidents while allowing us to investigate, analyse root causes and track corrective/preventative actions. The tracking and reporting of 'near misses' is an area we are looking to improve as the lessons learnt are as instructive or often more so than from actual incidents.

This year, the US had 2,036 reported incidents relative to an average workforce of 17,902 (2022: 1,326 incidents relative to an average workforce of 14,934), Canada has 372 reported incidents relative to an average workforce of 1,879 (2022: 223 incidents relative to an average workforce of 1,575) and in the UK there were 190 reported incidents relative to an average workforce of 4,262 (2022: 193 incidents relative to an average workforce of 3,947). For the purpose of our internal tracking, the term incident does not necessarily mean our employee was hurt or injured. Instead, it represents an incident that we want to track and report for monitoring and learning purposes.

Reportable incidents are measured differently in North America and the UK due to different regulatory frameworks. In the US and Canada, reportable accidents are reported in accordance with OSHA (Occupational Safety and Health Administration), referenced as a Total Recordable Incident Rate ('TRIR') whereas in the UK, reportable accidents are reported in accordance with RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations). Under the different definitions, more incidents are generally identified in North America as being reportable than in the UK.

To compare performance between our main operating countries we measure incidents using RIDDOR, as shown in Table 01. All safety and health reporting is made through our online reporting system.

We remain committed to reducing these rates as much as possible and continue to see progress across the businesses.

In addition to monitoring reportable incidents, we have developed a set of performance predictors. These are a set of six leading indicators that monitor each month's activities supporting our safety culture and performance. The leading indicators are mostly centred on engagement and include topics such as safety meeting attendance, safety committee participation and defensive driving programmes. These are recorded in our online safety reporting system.

Human capital

Developing our people

The commitment and skills of our workforce contribute directly to our success. Whatever level an employee is at in the business, we aim to train them to improve their skills and give them opportunities for career development through clearly defined, but flexible career pathways. To keep the best talent in the business, we need to match our people's career ambitions by providing a clear route for progress and development. We offer a wide range of technical, sales, management and leadership training to all employees.

For our largest group of employees, skilled trades, we have two main approaches to develop talent: career pathing and career progression. Career pathing is about providing employees with a clear promotion pathway within the business. For example, for a driver or technician to become a store manager, we have a career pathway with associated training courses that provide the skills needed for the next step on that particular career pathway. With this option, a team member can see the skills they need to develop and demonstrate to progress in their career towards a management role.

For those that want to progress within their specific job area, we offer career progression. Within our skilled trades employee group, this provides a clear progress path that will enhance an employee's skills, ability and experience within their trade or job role. For example, technicians can achieve four skill levels, with each level requiring progressively more in-depth and expert skill and knowledge. To pass from one level to the next, the team member has to pass an evaluation that shows their skills match the next step on the ladder.

For frontline leaders in our store network and other leaders in central operations, we offer a range of leadership or senior leadership training. These courses ensure our leaders are equipped with the skills to deliver on our business strategy. These include inclusive leadership, coaching, performance and financial management, training skills and customer experience.

Our career development and training initiatives include:

- technician apprenticeship and training programmes;
- paid apprenticeships for trade school students approaching graduation;
- the Jumpstart Sales programme;
- the Jumpstart Manager In Training programme;
- intern programmes both in stores and at the support office;
- a leadership curriculum for all store managers;
- an Executive Leadership Development programme; and
- coaching skills training for store managers to enable better coaching and mentoring of staff.

The Group's career development and training programmes are managed through an online Learning Management System ('Sunbelt University') that delivers, tracks and manages all our training. Furthermore, we have mapped skills against a qualification framework so team members and leaders can identify learning and development needs, whether for annual compliance purposes or to support career progression.

Employee engagement

Getting ongoing feedback on how our staff are feeling and then making any changes necessary, is crucial to maintaining a happy and fulfilled workforce. We pride ourselves on having a strong culture, with a strong sense of purpose amongst our team members who take their responsibilities to assist customers and communities seriously. There is also a strong sense of pride in a job well done, such as when we are helping people get back to normal after a natural disaster, such as a flood, fire or tornado event. We conduct regular employee surveys in North America and the UK, which have received excellent levels of response. We have been delighted with the results so far, which show a high degree of employee engagement and satisfaction but highlight areas where we can improve.

In North America, our Express Yourself Survey received an 84% participation rate with an 88% engagement score. In the UK, participation in the latest survey was 86% with an 80% engagement rating. Responses to the surveys are overwhelmingly positive. We analyse the results and identify areas for improvement, developing action plans down to a local level.

Example Career Pathways: Driver to store manager

Driver	Dispatcher	Store manager
Understanding all aspects of the business, including being part of high-performance teams, safety, and customer service. To prepare for becoming a dispatcher, employees complete a development programme on basic leadership skills.	12-month period of education, experience and exposure, with leadership and team development training. To prepare for becoming a store manager, employees complete a development programme on team leadership.	The Sunbelt leaders programme provides leadership skills and training to help staff focus on operational and financial performance goals.

Workforce turnover

We aim to hire the best people, train them well and look after them. This ensures our employees provide the best customer service. We invest in our employees and aim to retain them in the Group so we can build on the skills base we have in the business. We recruit extensively from the communities we serve. You will find detail about our recruitment in the section on Communities on page 72.

Our sector generally suffers from high turnover rates, especially in some of our skilled trades, such as drivers and mechanics. Our voluntary staff turnover is 17% in the US (total staff turnover is 21%), 20% in Canada (total staff turnover is 29%) and 20% in the UK (total staff turnover is 23%). Our analysis shows that around two-thirds of turnover happens within the first two years of an employee starting to work for us. As a result, we continue to focus on improving our recruitment process, which means finding the right employees for the right openings. We have also reviewed and redesigned our employee onboarding to ensure new recruits get the support and guidance they need from the very beginning of their career with us.

Pay and benefits

Pay and benefits is one of the most significant factors in attracting and retaining the best people. Our employees' pay and benefits are made up of competitive fixed pay and a range of benefits and incentive programmes to motivate employees and support our business' success. Sunbelt UK is an accredited Living Wage Employer while in North America we have adopted a Leading Wage approach to ensure all employees are paid an hourly rate more than the state and federal recommended rates and at a level which is competitive to the market.

In addition, we provide a comprehensive package of benefits ensuring they represent affordable and smart choices for employees. Each benefit offering has been designed to work with another, providing a financial safety net that serves those employees in need, as well as providing us all with a proper sense of security. In the US we offer robust and comprehensive medical coverage and have limited increases in member contribution rates despite the increasing costs of healthcare. By continuing to promote wellness, we intend to maintain a fair and balanced health plan that is considered one of the best in our industry. Our retirement plans are well received with a 95% enrolment rate in our US 401(k) plan, 91% enrolment rate in Canada and 91% of UK employees participating in the pension plan.

Furthermore, we have an employee assistance helpline which offers free confidential support and advice to those in need. We also have other benefits to promote good health amongst our employees. In the UK we have a flexible holiday arrangement enabling employees to purchase additional holiday entitlement or sell unused or unwanted holiday back to the Company, giving the employee more flexibility and choice in how they use their contractual benefits.

EMPLOYEE SPOTLIGHT

Prudence Wangu, Team Lead, Lighting, Grip and Lens

Prudence Wangu graduated in Nairobi with a degree in acting and then left Kenya to travel to Canada. After a difficult start, including living in a shelter for six months, she eventually found her way to William F. White where she began to thrive. "My trajectory is both encouraging and motivating – hard work and perseverance are rewarded in this organisation, no matter where you are from. Despite being alone in a country not my own, I have found my family [at Sunbelt]." Prudence applies that same family approach to helping carve a path for the next generation of women leaders, recommending encouragement, empathy and compassion when it comes to leading a team.

Social opportunities

Diversity

Our recruitment comes predominantly from the areas immediately around our locations, therefore providing opportunities for local people and providing a positive impact on local communities. Providing equal opportunities for all is a priority for the Group. We do not discriminate on the basis of a protected status, such as sex, colour, race, religion, native origin or age. In the US we are required by law to monitor ethnicity in our workforce and we maintain a diverse workforce with c. 30% of the US workforce identifying themselves as being non-white. We also gather diversity data as part of the recruitment process in the UK and seek to monitor our diversity, although the information held is less complete than data in North America where information has been gathered over a longer period. We are committed to providing opportunities for people across our organisation regardless of gender, ethnicity or other characteristic.

Our goal is to respect our collective experiences and unique perspectives from across the Group. Despite working in a traditionally white male-dominated sector, we are striving to make our workforce more diverse and want our people to reflect the communities which we work in and recruit from. With this in mind, we continue to strengthen our approach to diversity, with the rollout of a diversity, equity and inclusion playbook for all team members in North America, outlining our approach to diversity, what it means and our plans in this area. Training was also developed and rolled out to all employees. Our employee resource groups seek to advance an inclusive culture that empowers individuals and provides equitable opportunity for team members and the communities we serve. We have a similar initiative in the UK called 'Let's Talk Belonging' which facilitates 20 equality, diversity and inclusion ambassadors across the UK who promote diversity within the business.

Workforce by gender

We are focused on the gender composition of our workforce but understand our workforce reflects the nature of our business, the industry in which we operate and the markets we serve, with just 12% of the Group's workforce being female. A significant proportion of our workforce are mechanics, technicians and drivers, virtually all of whom have been male historically. Therefore, while across our workforce we seek to promote an increasing presence of women in the business, and we have seen success in some areas of our business such as within professional functions, sales and customer service, we recognise that some roles will continue to attract fewer women.

Nevertheless, while our industry has traditionally had many more men than women, we do have women at all levels of the Group, from the Board to store level. While four members of our Board (44%) are female and we have women on our senior management teams and as store managers and sales executives, we realise we have work to do to increase the number of women throughout the business.

We continue to prioritise recruiting the best people for every role and are working to make it easier for more women to join and remain with the organisation. We believe that in doing so, we will move towards achieving a greater level of female representation across the Group at all levels starting from the grassroots of our organisation.

Ashtead pays men and women the same salary for the same role with the actual remuneration being based on skills, experience and performance.

However, as a result of our mix of employees and the roles they undertake, the average pay of men and women differs across the business. Summarised in Table 03 is the amount by which average pay for men exceeds that for women.

02 Workforce by gender

Number of employees	Male	Female	Female %
Board directors	5	4	44%
Senior management	28	9	24%
All staff	22,226	3,129	12%
By region			
US	16,906	2,081	11%
Canada	1,781	313	15%
UK	3,539	735	17%

03 Pay gap

	Pay gap
US	4%
UK	1%
Canada	4%

Employee wellbeing

It is crucial that our workforce is a healthy one, both physically and mentally, and we work hard to look after our people and help them look after themselves. When our staff are on top form, they provide the best service to our customers. We are also there to help when they find themselves in difficulties.

In the UK our 'Let's Talk' wellbeing programme started with 'Let's Talk Mental Health' volunteers completing a two-day professional Mental Health First Aider course (MHFA England) and we plan to train more staff in this important area. In North America, mental health support is available through our employee engagement app and via the employee assistance programme.

In North America, the Sunbelt Rentals Employee Relief Fund was created to support employees who are facing financial hardships after a natural disaster or other life-changing events. The Fund was established initially to help the victims of Hurricane Charley in 2004 and is now a part of our long-term strategy to assist team members through catastrophic financial hardship. Any employee of Sunbelt Rentals is eligible to receive relief from this fund for the benefit of themselves or their immediate family members living in their household.

ENVIRONMENT

Protecting the environment is not just the right thing to do; we believe rental has a significant part to play. The environmental benefits of renting equipment rather than ownership are clear. The Group purchases equipment from suppliers with strong reputations for product quality and reliability with whom the Group is working to reduce the environmental impact of equipment usage. Many customers using one piece of modern application-specific, world-class manufactured, well-maintained and safe equipment as part of a sharing economy is better for the planet. It results in the manufacture of fewer assets, use of fewer natural resources, more efficient use of assets, and finally, fewer assets reaching end of life and therefore requiring disposal. Maintaining our equipment to the highest standards and investing in the newest and most eco-efficient technology reduces emissions further during its use and extends equipment life. For example, the increased use of telematics enables more timely intervention where required, thereby increasing efficiency and reducing emissions.

We prioritised our environmental commitment as part of Sunbelt 3.0 to drive performance and enhance transparency regarding our activities and achievements. Our primary environmental goal is to reduce our Scope 1 and 2 carbon intensity per $m of revenue by 35% by 2030 and to achieve an interim target of 15% by 2024. In doing so, we are focusing our efforts on company-owned vehicles, which account for around 80% of our greenhouse gas emissions from operations. While remaining committed to reducing emissions in our own operations, we are also continuing to work as a partner in innovation with our equipment suppliers to develop and bring to market more efficient, lower carbon-emitting options. We are also increasingly delivering integrated and environmentally responsible rental solutions for our customers. Ultimately, these activities will reduce the indirect (Scope 3) environmental impact of our operations.

Climate change

Climate change has the potential to impact our business, both positively and negatively. For example, while we benefit from the diversified nature of our operations, adverse weather events or natural disasters could negatively affect economies and disrupt our business day-to-day. However, they could also increase the demand for our services as we respond to the needs of our communities managing and recovering from such events. Our climate change focus is centred on our impact on the environment and how we can reduce it through both our direct and indirect activities. We monitor our performance in a number of ways, including assessment of:

- fuel usage;
- electric and gas usage; and
- fleet telematics.

As a growing business with ambitious expansion plans, our absolute greenhouse gas ('GHG') emissions will necessarily increase in the near-term as the size of our rental fleet and geographical footprint grows. While we believe that rental provides a long-term net environmental benefit from the shared use of modern, well-maintained assets, we continue to evaluate the most efficient and effective approaches to limit the increase in our GHG emissions as we continue to grow. While our absolute carbon emissions will increase in the near term, we are committed to reducing our carbon intensity. We also believe that our absolute carbon emissions will decrease in the longer term as technological solutions develop and we position ourselves to be at the forefront of bringing this technology to market.

Greenhouse gas emissions

The Group's direct energy consumption arises predominantly from the diesel and petrol used in our vehicle fleet, the gas consumption in our facilities and our purchased electricity.

Our Scope 1 (fuel combustion and operation of facilities) and Scope 2 (purchased electricity) GHG emissions are reported in Table 04 on page 69, together with details of the energy consumption used to calculate those emissions.

In order to calculate the GHG emissions and total energy consumption in mWh, we have used a 'market-based method' in accordance with the GHG Protocol Corporate Accounting and Reporting Standard (revised edition), together with emission factors from the UK Government's GHG Conversion Factors for Company Reporting 2022, the latest available emission factors from the US Environmental Protection Agency and the Environment and Climate Change Canada. In addition:

- in the US and Canada, due to the size of our operation and range of fuel and electricity providers, we collect data from the significant vendors and then use this to estimate emissions attributable to the balance. In addition, we are required to estimate electricity usage between the most recent meter reading and the year end date. As such, for the year ended 30 April 2023, approximately 9% of the North American emissions balance was estimated; and
- in the UK, we collect data from all Scope 1 and 2 suppliers and hence, there is no estimation involved.

04 Greenhouse gas emissions

		2023		2022	
		UK	**Total**	UK	Total
Scope 1	tCO_2e/year*	**31,288**	**340,782**	30,099	302,843
Scope 2	tCO_2e/year*	**776**	**30,380**	357	26,977
Total	tCO_2e/year*	**32,064**	**371,161**	30,456	329,820
Energy consumption used to calculate emissions	mWh	**148,497**	**1,511,320**	131,148	1,317,129

* tCO_2e/year defined as tonnes of CO_2 equivalent per year

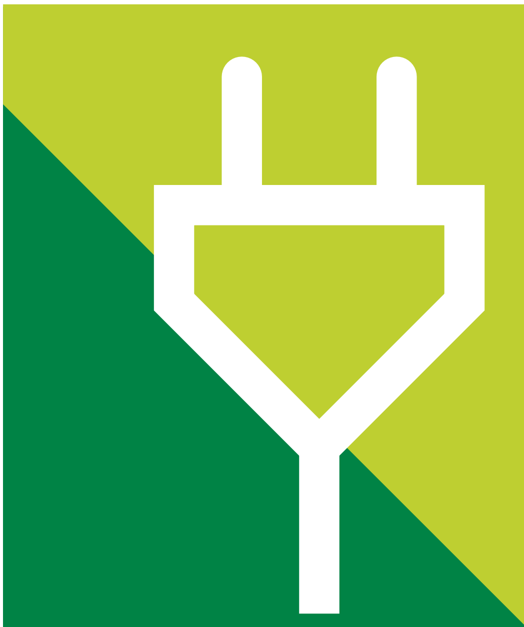
In the current year, our total Scope 2 emissions resulting from our US operations have been impacted by the sourcing of electricity in certain locations from renewable sources which are REC (renewable energy certificate) backed (12% of our US consumption). We will continue to explore the options available to us to extend the sourcing of purchased electricity from renewable sources where market regulation allows. In the UK, we source all electricity from renewable sources which are REGO (renewal energy guarantees of origin) backed except for a small number of locations where energy is sourced by a third party.

As commented above, while we are focused on reducing our carbon emissions, they are likely to increase as we grow over the medium-term until technological advancements and increased manufacturing capacity reduce reliance on the diesel engine or diesel substitute fuels become more widely available. Thus, at this stage, our key performance metric is carbon intensity as we look to mitigate our environmental impact. Our level of GHG emissions vary with our activity levels which are in part reflected in our revenue levels. Accordingly, we have concluded that the most appropriate intensity ratio for Ashtead is revenue intensity.

Our intensity metric is therefore carbon emissions per million dollars of revenue ($tCO_2e/\$m$).

	2023	2022
Carbon intensity ratio – emissions per \$m of revenue ($tCO_2e/\$m$)	**38.4**	42.2

On a constant currency basis (using this year's exchange rates) our intensity ratio has reduced 11% from 42.9 to 38.4.



GENERATING OUR OWN POWER

Our first solar power installation went live at our Warner Robins store in Georgia. We installed 108 photovoltaic solar panels, which will produce almost 100% of the store's electricity needs. Energy simulations for the installation estimate annual electricity production of 63.5 mWh, delivering savings of 45 tonnes of CO_2 emissions. Where we can source alternative energy and save on emissions in a cost-effective manner, this is what we will do.

Expanding our emissions reporting

Historically we have not reported Scope 3 emissions due to the difficulty in gathering accurate and reliable information. Nevertheless, we are working to quantify our Scope 3 emissions so we can monitor them and report on them in the future and have completed a review of the Group's Scope 3 carbon footprint to identify which of the Scope 3 categories are relevant to the Group and of those, which we believe will be most material. As a result, we have concluded that the majority of our Scope 3 emissions arise through our customers' use of our equipment on their sites and projects (category 13), emissions from the use of sold rental equipment subsequent to our ownership (category 11), all of which are required to be accounted for in the year of disposal, and the embedded carbon in our supply chain (category 2). Consequently, they are based on broad assumptions across a huge number of assets which are inherently difficult to validate, including annual hours of use, average fuel consumption, average engine load factor and, for category 11, the total lifetime hours of use of assets subsequent to our ownership. Accordingly, our Scope 3 emissions will always be subject to a significant application of judgement and hence a high degree of estimation uncertainty. We expect to complete this work in 2023/24.

Waste and water

Reducing waste going to landfill, increasing recycling and reducing water use are all part of Lead with ESG. We are strengthening our processes in these areas and establishing metrics and targets.

Waste

Our business model necessarily promotes less waste overall going to landfill because we are renting the same piece of equipment to many customers and maintaining it to such an extent that it has a long product life. If each of our customers were buying all the equipment they need, perhaps using it only a few times and then disposing of it, there would be considerably more equipment going to waste than with a rental model. We are working proactively with our supply chain to increase the amount of recycling of our equipment that can be done to avoid even obsolete equipment going to landfill.

To assess more accurately the volume of waste we generate and recycle, we are working with our waste contractors across each of our locations and are pursuing programmes to reduce the volume of waste we produce in all our territories. We are working with suppliers to reduce the packaging included with products we procure and are partnering with them to develop takeback programmes for equipment packaging and protective materials. We offer recycling at our rental sites, partnering with suppliers to enhance the recyclability of products.

Reducing water use

Our approach to water stewardship is to focus our efforts where water is scarce. We have used the World Resources Institute's Aqueduct tool, which helps organisations identify their water risks, to map where we are operating in areas of water stress or high-water stress.

Across the Group, 23% of our stores are in areas of water stress or high-water stress, principally in California and the southwest and central states of the US. This provides a blueprint for where we are targeting water-saving initiatives by introducing technology to help reduce water use in these areas.

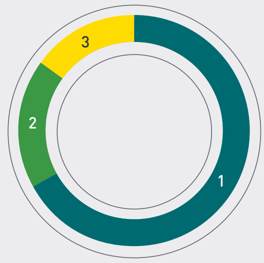
Water saving initiatives available to us include the use of closed loop wash systems where we reuse water many times over, as well as water recovery systems where we capture water run-off for use within wash-bays.

Environmental opportunities

Unlike many other companies, we believe an increased focus on the environment will also bring significant competitive advantage. There are two main factors contributing to this opportunity.

Firstly, as regulations change requiring greater use of lower carbon technologies, companies will voluntarily choose to use more environmentally friendly equipment. However, emerging technology is more complicated, requiring a different skill set to maintain, and more expensive, at least initially, than existing technology. Consequently, it will be more efficient for companies to rent equipment from us rather than buying it, providing an additional impetus to the shift from ownership to rental.

05 Group fleet composition



1 Fossil fuel	67%
2 Electric	18%
3 Other, inc. non-powered	15%

Secondly, the more extreme weather events associated with climate change, such as hurricanes, wildfires, and extreme precipitation and flooding, lead to the kind of damage that requires a rapid response and clean-up operations in which we are highly experienced. Our disaster response capability is one of the specialty areas in which we are known to excel and increased frequency of extreme weather events is likely to increase demand for our products and services.

Fleet composition

Every year we invest millions of dollars in new equipment and fleet which produces less carbon, less particulate matter and needs less maintenance and servicing. We work closely with our suppliers to develop the next generation of equipment. Consideration of maintenance and servicing requirements as well as what happens at the end of a product's useful life are a key part of this process, as we believe that true sustainability needs to consider a holistic, whole life cycle approach. We replace our rental assets every seven to eight years and as we retire older equipment, the new equipment we buy delivers efficiency improvements. But we do not simply rely on these incremental improvements.

The chart above shows the composition of our fleet today. While it will take time before a significantly greater proportion of our fleet moves away from diesel power, approximately 20% of our rental fleet is already powered by alternatives to traditional diesel power, including battery, electric and hybrid options. The large majority of our diesel-powered fleet also meets the most stringent North American and European emissions standards and we have one of the most modern fleets of rental equipment in the industry. We have focused on investing in next generation, low- and zero-emission technology including battery, electric, solar and hybrid options, and are committed to working closely with all our suppliers to help them develop the most environmentally sustainable equipment.

In addition, we have developed partnerships with suppliers to introduce alternative energy and fuel solutions for our customers. For example, HVO (hydrotreated vegetable oil) fuel can replace diesel with no changes required to the engine or operational infrastructure and is approved for road and non-road use. It has been shown to create a significant reduction in net carbon emissions (CO_2e) over the entire life cycle.

Leading and partnering in innovation

We are not content with simply being a buyer of next generation equipment; we want to influence and support our larger suppliers to accelerate the shift to a low-carbon economy. We have hundreds of thousands of rental customers and are also a major buyer of equipment from the large manufacturers. We are well placed to understand customer demand for environmentally sustainable equipment, are knowledgeable about the everyday demands on equipment and continuously support manufacturers in meeting these requirements with their product development. We work closely with manufacturers to help them design, develop, trial, and bring to market innovative, environmentally sustainable equipment, including electric versions of the most widely used pieces of rental equipment. At the same time, our desire to invest in new and low-carbon technology demonstrates to them there is demand for these products. Finally, by bringing new products to a wide audience of customers in the rental market, we help develop acceptance of new equipment and drive further demand.

As part of our efforts in this area, we have made targeted investments, working with innovative start-up manufacturers in the areas of portable battery power, and battery design and packaging.

Electrifying our company vehicles

Over 80% of our Scope 1 and 2 carbon emissions come from our vehicle fleet. We drive over 300 million miles each year delivering and collecting our rental equipment with a fleet of over 14,500 company vehicles. Tackling emissions from our vehicle fleet is therefore a key area of focus for us and we are doing this in two ways:

- using the vehicles that we have in the most efficient way possible. We do this through onboard telematics to monitor driving efficiency and track fuel use, while also focusing on route and load optimisation, optimal maintenance schedules for vehicles and deploying fuel efficient tyres and tyre pressure monitors; and
- shifting our vehicle fleet away from traditional fossil fuels to alternative fuel types. For example, we are working with our manufacturers to test a range of EVs for the business across our sales, service and delivery fleet. This is an area that will deliver significant carbon savings but will take longer to establish and require capital investment, both in relation to the purchase of the vehicle but also in developing the charging infrastructure, which is reflected in our financial planning.

In North America, we have started trialling Ford e-Transit vans and have also ordered 10 fully electric Class 8 trucks. The trucks from Peterbilt and Freightliner will allow us to start assessing the benefits and challenges of running fully electric heavy trucks in terms of mileage, efficiency, cost and maintenance. All our Class 8 trucks will operate in stores in California where distances between our stores and customers are shorter and more suited to EVs.

By far our biggest vehicle commitment is an order of up to 700 Ford F-150 Lightning electric light duty trucks. This will account for a significant portion of our fleet of around 2,500 Ford F-150s and we have deployed c. 400 vehicles into our service and rental fleet in 2022/23.

OUR COMMUNITIES

With almost 1,400 stores, we are present in a lot of local communities. We strive to have a positive impact and do this through job creation, charity support, volunteering and responding to emergencies. We continue to open new stores, bringing opportunities through recruitment, economic activity and a new avenue for local support into these communities. Our emergency response team continues to grow and we are able to support our communities, often as a first responder, in times of crisis. We maintain long-term charity partnerships, investing in key initiatives and supporting through our employee volunteering days. As we open more stores in new locations, our opportunity to deliver positive impact in our local communities grows. Alongside community support and investment, we consider it our responsibility to recruit locally as much as possible, providing economic opportunity and skills development for local people, including a focus on veterans and people not in education, employment or training.

Community engagement

Working with local and national charities is important to us, but the value we can bring to communities is broader than just supporting charitable causes. The social value generated by our operations, through providing recruitment and training to the communities in which we operate, our employees volunteering in local communities and providing disaster relief in times of crisis, are all ways that we support and engage with the communities we serve. A big part of our community impact comes from recruiting from the local community and training those team members, especially young people and veterans.

Enhancing employee volunteering

We seek to support our communities and transfer valuable skills through employee volunteering in local projects. We have always had a volunteering allowance for staff, but we have enhanced our volunteering policy, aligning and improving different pre-existing policies across the Group. To further our volunteering activities, we are investigating ways to enhance the employee uptake of volunteering opportunities and how we can co-ordinate volunteering activities to have the greatest impact on our communities.

Emergency response in times of need

In the event of natural disasters or other emergency situations, we are often called in as a first responder. We provide equipment and power to restore services and support clean-up operations, with the aim of getting communities up and running again as fast as possible.

In North America, we have an emergency response team ('ERT') which activates in response to weather-related disasters, such as hurricanes and tornadoes, fires, floods and snowstorms, or other everyday emergency situations where communities need rapid support. Every emergency situation is different and members of the ERT are experts in their field and are able to respond with the right quantity and type of resources for the situation at hand. Involvement in the ERT by our employees is voluntary and all are ready to deploy at a moment's notice in the event of an emergency.

The team is exceptionally fast at establishing operational teams on the ground and dispatching equipment such as generators, lighting, forklifts and excavators, drying, heating and cooling equipment, scaffolding and pumping solutions. The ERT coordinates our response from its command centre at our support office in Fort Mill, South Carolina. On the ground, team members often build a strong bond with the communities they are supporting, spending weeks, or even months, aiding in recovery efforts.

ENGAGING YOUNG PEOPLE WITH THE FILM INDUSTRY

Having real social impact is important to us. We worked with Pinewood Studios in the UK on their Futures Festival to inspire and educate young people about careers in the film and television industry. Our film and television business has a base within Pinewood, so volunteer teams from there led the way, providing specialist equipment, as well as support being given from other stores nearby.

We provided a range of equipment including two Sony Venice camera set-ups for the students to interact with. Nearly 4,000 young people attended the event and we were able to help inspire and engage them about potential careers in television and production.

Recruitment

With our Sunbelt 3.0 strategy, we are in growth mode. We have targeted 298 greenfield store openings in North America and added 165 locations in 2022/23, 77 of which were greenfield locations. Recruiting the best new talent is critical for supporting these growth plans and this will benefit the communities we serve.

Our focus is on accurate recruitment which means finding the right people for the right openings and accurately communicating to candidates what the job entails alongside the benefits of working for Sunbelt. We are working to develop further our role profiles so as to provide candidates with better insight to the nature of roles within Sunbelt and to the nature of a career at Sunbelt during the recruitment process.

We have also reviewed our onboarding processes to enhance the employee experience in the first 18 to 24 months of working with Sunbelt. We experience the highest levels of employee turnover during this time frame, and beyond two years employee turnover drops drastically.

UK apprenticeship programme

Through the UK's apprenticeship programme, we took on 49 trainees this year and we plan to recruit more in the coming year. Our apprentice programmes take between one and three years to complete and usually include outside training and a formal NVQ qualification, in addition to on-the-job training. We have six apprentice streams – plant maintenance, customer service, driver, electro technical, mechanical engineering and civil engineering.

Military recruitment

We are committed to supporting veterans and aspire to be an employer of choice for military veterans. Around 9% of our workforce in the US are military veterans and this is a number we are aiming to grow. Our goal is for veterans to be able to find a fulfilling workplace at Sunbelt where they can enrich our culture and contribute to achieving our goals. The skills gained during active service match well with the skills we are looking for in positions across our business, from our skilled trades to leadership roles.

We have developed a robust programme for recruiting and retaining veteran employees, which is based on four foundational pillars: resources; recruitment; recognition; and retention. We actively recruit members of the armed forces through job fairs, strategic partnerships, and programmes such as the U.S. Chamber of Commerce's Hiring Our Heroes programme and our newest partner, the U.S. Department of Defense, where we became an official Skillbridge provider.

In recognition of our work with veterans in the US, we were awarded a gold military friendly employer award and a gold award from the U.S. Department of Labor under their HIRE vets programme.

Our commitment to employing military service leavers and veterans is the same in the UK as in the US and our businesses work together on veteran recruitment strategy, pooling our collective experience and resources. We were awarded the gold Armed Forces Covenant in recognition of our support for the defence and armed forces community, and for demonstrating flexibility towards training and mobilisation commitments for Reservists and Cadet Force Adult Volunteers.

We are working with the UK Ministry of Defence Careers Transition Partnership to recruit those leaving the UK armed forces into the Sunbelt family. We also work with the employment teams of two veterans' charities – Walking With The Wounded and Project RECCE – who work to support armed forces veterans in many ways, including finding sustainable employment. In addition, we launched our official network of veteran ambassadors across North America and the UK to support existing veteran staff and help attract more team members.

SKILLBRIDGE

The Skillbridge programme enables US service members to gain civilian work experience during their last 180 days of military service. Funded by the U.S. Department of Defense, the programme gives us a cost-effective way to bring veterans into the organisation. The partnership includes valuable real-world job experiences where we train, teach and mentor service members on Sunbelt-specific roles. The programme also helps Service members make an easier transition from military service into a new career. We have two retired military team members leading this effort and giving us an advantage, as they can easily relate, and help to translate military experience into Sunbelt roles.

EMPLOYEE SPOTLIGHT

Jamie Green, apprentice

Jamie Green joined as a Powered Access apprentice after serving in the British Army for seven years. He attended a careers open day and discovered how Sunbelt Rentals supports and opens up opportunities for veterans, making us an obvious choice of employer.

He said: "it is a good system of around six to seven weeks working in the depot followed by two week blocks studying at college in Warwickshire, where Sunbelt covers the cost of accommodation, etc. I enjoyed the combination of practical experience and classroom learning, which meant I was able to get stuck into work straight away."

EMPLOYEE SPOTLIGHT

Veteran Spotlight – Ben Jenkins, Regional SHEQ Manager

Ben Jenkins joined Sunbelt after 23 years serving in the Royal Marines. He is a regional SHEQ ('Safety, Health, Environment and Quality') Manager looking after the Midlands and East of England, responsible for supporting safety, health, environment and quality for all our employees, contractors and customers. Ben believes his military experience has given him directly transferable skills when it comes to organisation, structure and confidence in working independently, as well as communicating clearly and keeping regularly in touch with the wider team. "I really enjoy the variety of the role; the combination of structure and fluidity means I have to be adaptable which keeps me on my toes. I have found it particularly rewarding that I've been able to have a positive impact in different areas and that depot managers now know me and feel comfortable ringing me direct to advise and support them on any issues they may face."

Charities

Gary Sinise Foundation

We are in the eighth year of our partnership with the Gary Sinise Foundation, which works to honour America's defenders, military veterans, first responders, their families and those in need. The Foundation does this by creating unique programmes designed to entertain, educate, inspire, strengthen and build communities. Through our partnership, we aim to raise funds for and awareness of the Foundation's work.

Specifically, we support the Foundation's R.I.S.E. (Restoring Independence, Supporting Empowerment) programme, which builds 100% mortgage-free, specially adapted smart homes for severely wounded heroes and their families. We also support the Foundation's First Responders Outreach programme, which provides critical funding for America's firefighters, police departments and emergency medical teams, and Snowball Express, a programme serving the children and surviving spouses of fallen military heroes. Our partnership includes the Foundation's Avalon Network, a cognitive health and mental wellness network that provides transformative care to veterans and first responders experiencing post-traumatic stress, traumatic brain injuries and substance abuse issues.

We supply the necessary equipment for each of the R.I.S.E. programme's projects to the contractors working on the home builds, at no charge. We also donate a portion of rental proceeds from co-branded Gary Sinise Foundation equipment and organise various localised fundraising efforts. Our goal is to bring heightened awareness to the Foundation's work through continued fundraising and outreach initiatives in an effort to help positively impact the lives of veterans, defenders and first responders. This year we contributed $1m to the Foundation through monetary and in-kind donations. In addition, we donated a customised 2021 Bronco First Edition which raised $350,000 through auction for the Foundation.

Charity partners

We continue to work closely with our other designated charitable partners. In the US, we work with the American Red Cross and its affiliates such as the Second Harvest Food Bank for which we have a food drive every November in the US. In addition to financial donations made to the American Red Cross, we also often send equipment and support to disaster-affected areas within the US.

In the UK, we work regularly with a number of charities, including CRASH, the construction industry's charity that helps homelessness and hospice organisations with their construction projects. This is our 13th year as patrons of this charity.

We are also very proud of our ongoing work in the UK with Weapons Down, Gloves Up, a charity which works to provide work opportunities for young people not in education, employment or training (NEETs), often taking them off the streets and opening up opportunities through the power of sport.

GOVERNANCE

4 QUALITY EDUCATION
8 DECENT WORK AND ECONOMIC GROWTH
10 REDUCED INEQUALITIES

Corporate behaviour

Business ethics

Our commitment to the highest ethical standards means that the Group Risk Committee works to ensure these are communicated and upheld throughout the business. We believe in the rights of individuals and take our responsibilities to all our employees seriously and those who may be affected by our activities. During the year we updated the Group's modern slavery and human trafficking policy, business ethics and conduct policy and ethical sourcing policy, all of which are available on the Group's website. These policies form part of our way of doing business and are embedded in our operations. They are also communicated directly to employees through dedicated communication and training programmes. While we do not manage human rights matters separately, we continue to assess potential risks and do not believe they raise particular issues for the business.

Senior employees across the Group receive regular business ethics training to ensure they are aware of their obligations and responsibilities with regard to competing fairly, the UK Bribery Act and, in the US, the Foreign Corrupt Practices Act. This takes place every two years in North America with 2022/23 being a year of training, while in the UK, it is undertaken annually. Completion of training is monitored and reported to the Group's Risk Committee. Anti-corruption and bribery policies are maintained and reviewed on a regular basis with relevant guidance incorporated into our employee handbooks and available on our intranet pages. Human rights and modern slavery are important aspects of our business ethics and you can read more about these in our main Governance section on page 84.

Human rights

At Ashtead we believe in the rights of individuals and take our responsibilities seriously to all our employees and those who may be affected by our activities. We have group-wide policies in place, all of which protect our employees as they go about their work which relate to our business and our suppliers. These policies form part of our way of doing business and are embedded in our operations. We do not manage human rights matters separately as they form part of our approach to overall business ethics.

Specifically, our ethical sourcing policy addresses matters such as child and forced labour, freedom of association, working conditions, pay and hours, discrimination and harsh or inhumane treatment.

Modern slavery

Modern slavery is an abuse of human rights and we have a separate modern slavery policy that commits the Group to ensuring there is no modern slavery in our business or our supply chain. The policy applies to all Ashtead employees and our subcontractors, and we expect similar commitments from our suppliers. Any suspicion that our policy is being breached or at risk of being breached can be reported through our anonymous whistle-blowing lines in North America and the UK.

In relation to our supply chain, while the Group sources goods and services from a wide range of suppliers, the Group predominately works with a number of major equipment suppliers, of which the majority are based in North America and Europe. The Group's main suppliers relate to its rental equipment who have strong reputations for product quality and reliability. Outside of the Group's expenditure on equipment, its key expenditure relates to its workforce and goods and services procured locally to its stores.

In the UK, we have entered into a partnership with the Slave-Free Alliance to help us keep up-to-date with the constantly evolving risks associated with modern slavery and to help the Group strengthen further actions taken in relation to modern slavery risks.

Whistle-blowing

Our confidential, third-party operated whistle-blowing service is available to all employees and third parties to raise any concerns that they may have about unethical or illegal behaviour, or potential breaches of our ethical policies.

All whistle-blowing matters are investigated and outcomes are reported to the Board together with any action taken. Our approach is one of non-retaliation and we confirm that no employee will suffer any detriment from raising genuine concerns about ethical conduct.

Cyber security

As the world continues to move online, accelerated due to the pandemic and increasingly connected technologies, at least in the short to medium term, awareness, monitoring and adaptability to cyber security issues is ever more crucial for us. We are prioritising the monitoring of any potential cyber security vulnerabilities and working to ensure business continuity under all potential scenarios. This year we held our fifth annual cyber security month. While securing hardware is an important facet of information security, protecting the data on our assets is critical to our success. We have encrypted email for all team members and our Information Security SharePoint site is also available for all team members. For more on cyber security risk, see page 43.

BEING A RESPONSIBLE BUSINESS

Our strategic plan, Sunbelt 3.0, has enabled us to embed responsibility within our strategy, with 'Lead with ESG' being one of the five actionable components of that strategic plan.

As we have discussed earlier, we believe that rental is essential to environmental progress as it enables a more efficient use of assets across organisations. Within this report, we have set out some of our specific actions across each area of ESG. These examples are only a few of many ongoing activities across the Group and we will continue to challenge ourselves through investing in new ways of doing things, innovative use of technology and through working with our suppliers, customers and employees to develop new solutions.

These initiatives provide us with the confidence to lead with ESG through:

- ensuring a commitment to health and safety;
- enhancing our employee engagement and diversity, equity and inclusion;
- ensuring pay and benefits reflect our market-leading position;
- reducing our carbon intensity by 35% by 2030; and
- ensuring continued strong governance and stakeholder engagement.

This is the right thing to do for our stakeholders and will ensure the long-term sustainable success of the Group.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

The Task Force on Climate-related Financial Disclosures ('TCFD') provides a disclosure framework for companies to explain how they are responding to the risks and opportunities arising from climate change. UK Listing Rules require premium listed companies to make disclosures consistent with the recommendations of the Task Force on Climate-related Financial Disclosures and, where they have not complied, provide an explanation including details of the steps being taken to ensure future compliance. Responding to the risks and opportunities arising from climate change is an integral part of our business and is embedded throughout the Group and discussed throughout this Annual Report. The statement below explains how the Group has complied with the requirements of LR 9.8.6R by including climate-related financial disclosures consistent with the TCFD recommendations and recommended disclosures, including the guidance provided in the TCFD Annex. It addresses all the disclosure requirements of the TCFD and links to additional information located elsewhere within the Annual Report, except in the following areas:

- **strategy:** we have not sought to provide quantitative scenario analysis but instead provided narrative discussion of risks and opportunities, and how these may be relevant to different scenarios. As such, the Group has not complied fully with recommended disclosure (b) or (c) of the strategy section. We believe the Group has a resilient business model which supports its long-term sustainable performance. We have considered a range of climate-related scenarios which may impact the Group in the future and believe these are integral to the operation of the business and the financial impacts, while not separately identifiable, are reflected in our regular budgeting and business planning; and

- **metrics and targets:** the Group has not complied fully with the recommended disclosures relating to metrics and targets.

  The Group has not disclosed Scope 3 emissions as required by recommended disclosure (b). Scope 3 emissions are a material component of the Group's carbon footprint, with the most significant components arising from category 11 (use of sold products) and category 13 (downstream leased assets). As commented on page 70, the Group is working on the quantification of our Scope 3 emissions and expects to complete this work in 2023/24. However, the measure of Scope 3 emissions involves a significant application of judgement and hence will be subject to a high degree of estimation uncertainty.

  Furthermore, while we believe that other metrics are less material for the Group, we continue to work to establish other relevant metrics and targets to measure climate-related risks and opportunities.

These disclosures also address the requirements set out under the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022.

Governance

The Group's Board of directors is responsible for setting the Group's strategy, taking into account all relevant risks and opportunities, including those related to climate matters. The Group's rigorous risk management framework is designed to identify and assess the likelihood and consequences of risks and to manage the actions necessary to mitigate their impact, including those related to climate-related matters, and is detailed on pages 40 and 41.

The Group launched its latest strategic growth plan, Sunbelt 3.0, in April 2021 which included 'Lead with ESG' as a core actionable component, which incorporates climate-related considerations, including our commitment to reduce our Scope 1 and 2 carbon intensity. Further details as to how climate-related considerations are incorporated into the strategy are on page 34 and in our Responsible business report on page 68. The Board receives updates at each board meeting as to the Group's progress against our strategic goals, with a formal strategic review undertaken on an annual basis. In addition, ESG metrics have been embedded in the Group's remuneration arrangements through the Strategic Plan Award, launched in conjunction with Sunbelt 3.0, and overseen by the Remuneration Committee, as detailed on page 103.

The Board of directors is assisted in monitoring the success of our ESG initiatives through the work of the Group Risk Committee, which monitors the progress we make against our strategic ESG objectives and the targets we have set. The Group Risk Committee is chaired by our chief financial officer and reports formally to the Audit Committee on an annual basis.

One of the principal risks and opportunities faced by the business relates to environmental matters, including those contributing to climate change. On a day-to-day basis, the Group's response to climate-related risks and opportunities is led by Brendan Horgan, the Group's chief executive, who has over 25 years' experience in the rental industry through which he has developed an in-depth knowledge and understanding of current and emerging technologies as they apply to our business, including their environmental impact. Activities include overseeing the Group's work with suppliers and customers on developing and bringing more environmentally friendly equipment options to market as discussed in more detail on page 44, directing the business in relation to reducing emissions through direct operations and approving associated capital expenditure plans.

Our actions across each of these areas are embedded within our operational activities across the business, supported by the Group's managing director of ESG and dedicated specialists in North America and the UK. An ESG operating committee, chaired by the Group's managing director of ESG and including representation from across the businesses, has been established to monitor progress of our ESG-related initiatives and performance against the targets we have set for ourselves. The results of the ESG operating committee's work are reported to the Group Risk Committee.

These primary roles and responsibilities for the assessment and management of climate-related risks can be summarised as follows:

	Frequency of review	Roles and responsibilities	Areas of focus in 2022/23
The Board	Regularly, as required	– Oversight of risks and opportunities and how these are reflected in the Group's strategy – Assessment of the Group's risks related to climate and actions taken to mitigate – Approval of the Group's budget, including fleet and other capital expenditure plans necessary to progress ESG priorities	– Review of the Group's key performance indicators and progress against the ESG targets established by the Group – Review and approval of TCFD and other sustainability-related disclosures – Approval of the Group's budget – Review of Group strategy and progress against actionable components of Sunbelt 3.0
Remuneration Committee	As required	– Assessment of remuneration policies and targets to ensure that they appropriately incorporate ESG elements	– Review of performance against existing ESG-related targets
Nomination Committee	As required	– Ensuring the board composition reflects the skills and experience required, including those related to climate-related matters	– Continued consideration of board composition
Audit Committee	Formal annual review of Group risk register with periodic detailed reviews of specific risks	– Oversight of the Group's corporate financial reporting, including its ESG-related disclosures – Oversees risk management processing, including oversight of the work of the Group Risk Committee – Oversight of the Group's assurance framework, including in relation to ESG metrics and reporting	– Review of TCFD and other sustainability-related disclosures – Consideration of the impact of climate-related matters in the Group's financial reporting
Risk Committee	Bi-annual review, and formally reports to the Audit Committee on an annual basis	– Responsible for oversight of the Group's approach to risk management, including review of the identification and management of significant risks, including those related to climate matters	– Consideration of the impact of climate-related matters on the Group's risk landscape
ESG operating committee	Bi-monthly	– Oversight of annual areas of focus in executing the Group's ESG priorities as summarised below – Management of data gathering and reporting processes for ESG data	– Progress against each of the Group's key ESG priority areas – Monitoring of performance against ESG targets – Assessment of future priorities

Management teams involved day-to-day in managing climate-related matters include:

- **fleet management:** engagement with our key fleet suppliers in the development and bringing to market of new technologies. In addition to our work with key equipment suppliers, examples include our partnerships with Viridi Parente and Moxion;
- **customer engagement:** working with customers to deliver low- or zero-carbon solutions;
- **vehicle procurement:** developing vehicle procurement plans which reflect transition to low- or zero-carbon solutions, including the use of alternative fuels and battery or other power sources. This includes the introduction of the Ford F-150 Lightning pickup trucks into our service fleet in 2022/23;
- **environmental specialists:** supporting broader management teams in the development of strategies to deliver the Group's ESG priorities, and considering transition plans to support a low-carbon economy;
- **property and utilities:** assessment of property standards and implementation of energy improvement programmes (e.g. LED retrofit programme) and management of energy procurement; and
- **finance:** supporting the measurement and reporting of climate-related matters, including assessment of risks and opportunities and consideration of the impact on accounting matters.

In progressing the Group's efforts further in this area, the Group has recently appointed an SVP of sustainability to bring greater focus and co-ordination to the Group's range of sustainability initiatives and lead our efforts in developing a clear strategy to support the Group's transition to a low-carbon economy. This role will also enhance the Group's existing reporting frameworks.

Strategy

Climate-related risks and opportunities

The Group's rigorous risk management framework is designed to identify and assess the likelihood and consequences of risks and to manage the actions necessary to mitigate their impact, including those related to climate-related matters, and is detailed on pages 40 and 41. We do not consider the risk arising from climate-change to represent a separate principal risk for the Group as it is intrinsically linked to the Group's other principal risks and the day-to-day management of the Group.

As part of the Group's risk management process, the Group has undertaken a material issues assessment through a series of workshops, which considered both internal and external reference points to identify the significant risks and opportunities for the Group from an ESG perspective, the results of which are detailed on pages 60 to 61 within our Responsible business report and which are considered as part of the Group's broader risk assessment. They are analysed into four key areas: our people; the environment; our communities; and governance. Climate-related matters fall within 'the environment' area but importantly the Group believes climate-related matters represent significant opportunities as well as posing certain risks for the Group. The Group believes that its market position and financial strength brings it significant competitive advantage in responding to these risks and maximising the opportunities. Specifically, the Group has identified opportunities arising from the development of new products, solutions and services which support the transition to a lower-carbon economy, the shift in customer preference from ownership to rental and the overall benefits to the environment as a whole which arise from sharing assets over their life cycle, described in more detail on page 34, Lead with ESG and on pages 70 and 71 within the Responsible business report.

The Group considers the range of climate-related risks and opportunities over the short, medium and long-term. In assessing these time horizons, the Group has defined the following time horizons:

- short-term – over the next three years. This timeframe coincides with our annual budgeting and planning time horizon. We would expect to see ongoing technological development and legislative changes associated with emissions may develop;
- medium-term – three to five years. Ongoing market and technology developments, and increasing customer focus on environmentally friendly solutions; and
- long-term – beyond five years. While we believe there is far greater uncertainty, but in addition to those risks and opportunities arising in the short to medium-term, there is greater scope for technological advancement in battery technology, alternative power sources, alternative fuels and commercial production enabling a more rapid move towards a lower carbon environment.

Each risk and opportunity considered, regardless of the applicable time horizon, is factored into the Group's strategic planning on an ongoing basis. As commented above, given the nature in which these risks and opportunities are intrinsically linked to the Group's day-to-day operations, they form part of our financial planning and budgeting processes, instead of being assessed as a standalone matter. For example, the costs associated with the purchase of battery powered rental fleet, or the property upgrades as part of the LED retrofit programme, form part of the Group's capital expenditure plans.

Overall, we believe that the climate-related risks relevant to the Group are those associated primarily with transition risks rather than physical (acute and chronic) risks, brought about by extreme weather events or changing weather patterns. Physical risks are mitigated by the diverse nature of the Group's operations. The Group operates from over 1,350 stores across the US (where we are present in all but one state), Canada (where we are present in eight provinces) and the UK. Our largest store has c. $130m of rental fleet at cost (c. 1% of the Group's fleet) while c. 98% of our locations have less than $50m of rental fleet at cost, the majority of which is out on rent at any particular time. As a result, no one store is material to the Group such that a natural disaster would have a significant impact on the Group's ability to operate.

While we believe the impact of physical risks on the Group are mitigated by its diverse operations, they could have a more significant impact on the Group's supply chain. If a supplier was disrupted due to an acute weather event, it may affect our ability to acquire new fleet. However, we have inherent flexibility within the Group's business model with a rental fleet of c. $16bn (original equipment cost) and could continue to operate, although it may affect our ability to grow as planned. In this scenario, we would delay equipment disposals in the short-term.

Policy and legal risk (short, medium and long-term)

Legal compliance covers matters such as wastewater, storm water, solid and hazardous wastes and materials, and air quality. Breaches potentially create litigation matters for the Group which may result in fines and penalties for non-compliance. The Group's Health, Safety and Environmental departments and our operational audit teams continually assess the Group's regulatory environmental compliance. These audits have a built-in corrective action process to ensure any identified non-compliance is addressed in a timely manner.

The Group monitors current and emerging regulation to ensure our policies and practices remain appropriate. Specific examples of current regulation which impacts the Group relate to ensuring our rental and vehicle fleet is compliant with engine emission standards such as the Californian Air Emissions Standards or the London Ultra-low Emission Zone requirements. We believe that regulation will increase over time and the potential for increased pricing of GHG emissions could lead to higher operating costs for the Group in the future. However, these costs are associated with the use of an asset, whether it is owned or rented, and so we expect these costs to be borne by the user of the asset and hence, in the case of rental, be reflected in rental rates.

Technology risk (medium to long-term)

A significant proportion of our fleet contains a diesel engine. While we will seek to replace these assets with assets using alternative fuel sources as they become available, this will take time. Indeed, there are a lack of alternative assets available today and limited manufacturing capacity and so we expect any transition to happen gradually. We will seek to manage this transition in the same manner as we managed the transition from Tier 0 to Tier 4/5 diesel engines from 1994 to 2018. On average, we own assets for seven to eight years and therefore expect the full transition of our fleet will only occur over the longer term.

We are working closely with suppliers and customers to develop new technology, including investment in partners to assist in the development of battery and other technology. We also believe the development of HVO or other environmentally friendly alternative fuels will provide an alternative to the reliance on diesel today.

We believe this shift to low- or zero-emission technologies will increase the cost of assets. As an example, for rental equipment, we have experienced costs which are three times greater for a battery version of diesel machine in early phase of production. However, over time, we expect the cost of greener technology to reduce as production volumes increase and reach commercial levels.

This will increase the cost of replacing our rental fleet. If we were to assume the cost of a lower carbon asset to be c. 25% greater than its diesel equivalent, then it would cost an additional c. $350m per annum to replace our fleet, if an alternative were available. Our current rental fleet has an original equipment cost of c. $16bn with a seven to eight year replacement cycle. Thus, on average, we replace $2bn per year (using eight years) of which c. 70% ($1.4bn) is reliant on fossil fuels. Assuming this costs 25% more to replace with a non-fossil fuel alternative, the incremental cost would be $350m. It should be noted that this is an illustrative figure only and will be embedded within our capital expenditure plans going forward and will not be a discrete one-off item of capital expenditure.

Furthermore, we would expect rental rates to increase to reflect the changing asset cost base, and therefore to have a limited net financial impact on the Group. Based on the incremental capital expenditure figure we have identified above of $350m, we would estimate incremental annual rental revenue of $210m (based on an assumption of 60% dollar utilisation), or $1.7bn over an asset's life (assuming an eight-year life).

Market risk (medium to long-term)
Emerging market developments are monitored, using both third-party risk analysis, as well as internal views of emerging trends. Specifically, these market factors include changing customer requirements as a result of the environmental standards to which they operate to support their own low-carbon objectives. Increasingly, we are providing lower carbon solutions using existing technologies as customers seek to reduce their carbon footprint. As an example, we are able to reduce emissions by using battery storage technology combined with diesel generators so that the generator operates at optimum efficiency for a shorter period of time and hence, uses less fuel.

As discussed below, we believe the shift to low or zero-carbon technologies will aid the shift from ownership to rental as customers opt to rent newer, more expensive technology rather than own it.

Reputation risk (short, medium and long-term)
Breaches of environmental regulation potentially create hazards to our employees, damage to our reputation and expose the Group to, among other things, the cost of investigation and remediating contamination and also fines and penalties for non-compliance.

Failure to meet the Group's climate-related commitments, or breach of environmental regulation, could result in loss of revenue or financial penalty. In relation to the Group's existing Scope 1 and 2 carbon intensity reduction targets which form part of the Group's Sunbelt 3.0 actionable components, we are performing ahead of plan and the associated costs are reflected within our financial performance and plans.

Management of the impact of these climate-related transition risks and opportunities forms part of the day-to-day operational activities of the Group and our financial planning reflects the financial impacts and investments anticipated with examples of their activities provided in the Responsible business report on pages 70 and 71.

Opportunities
While we believe physical risks brought about by extreme weather events or changing weather patterns are mitigated by the diverse nature of the Group's operations, our products are in high demand to respond to the consequences of events such as hurricanes, wildfires and flooding. Increased frequency of extreme weather events brought about by climate change will result in increased demand for our products and services.

The rental sector supports many of the principles of a circular economy. These include shared use, efficient and reduced use of resources, high levels of maintenance and repair, and ensuring further use or recycling of equipment at the end of its useful life. At the end of its service life with us, our equipment has many years of use remaining and, as such, we sell it in the secondary market. This results in:

- lower emissions generated in the manufacturing phase and fewer natural resources being utilised;
- more efficient use of assets as the optimal asset can be used for a customer's job with assets maintained to a higher standard; and
- consequently, fewer assets reaching end of life and requiring disposal.

The increasing level and pace of regulatory requirements make it more complicated and expensive for customers to maintain compliance. Emerging technology is more complicated, requires a different skill-set to maintain, and is more expensive, at least initially, than existing technology. As such, it will be more efficient for customers to rent rather than buy a new asset, providing an additional impetus to the shift from ownership to rental. Furthermore, customers recognise the environmental benefits of renting rather than owning assets. This will contribute to a larger rental market, from which we are well positioned to benefit.

Our strategy is to ensure we have a sustainable business over the long-term. This is an integral part of Sunbelt 3.0, particularly within the actionable components, 'Lead with ESG' and 'Advance Technology'.

Through our 'Lead with ESG' component, we are looking to drive environmental efficiencies in our transportation fleet and the facilities we operate. The costs of this transition are included in our financial plans. This will be assisted by our 'Advance Technology' component, which will deliver a leading technology platform, capturing the benefits of scale and enhancing customer service. Operational efficiency will deliver amongst other things:

- transport route optimisation, reducing miles travelled to deliver the same amount of fleet, resulting in lower costs and carbon emissions; and
- increased asset utilisation, through use of enhanced telematics to maximise asset uptime, reducing the number of assets required for a certain activity level.

Furthermore, recent legislative Acts in the US, such as the Inflation Reduction Act, are providing incentives for the development of a broad basket of energy production and manufacturing, ranging from solar field construction to battery manufacture. We believe that rental will play a significant role in supporting the initial construction and future maintenance of these facilities.

In considering the impact of the risks and opportunities considered above on the Group's financial statements for 2022/23, we do not believe that there are any specific adjustments required. Specifically, the Group has considered if there is any potential impact on rental asset lives and residual values. The Group assesses asset lives and residual values on an annual basis to determine that the Group's estimates remain appropriate. In doing so, the Group has considered the impact of transition to alternative technologies on its existing rental fleet, or the introduction of legislation in relation to emissions. However, as we note above under the 'technology' risk, we believe that any transition in technologies will be gradual and therefore asset lives and residual values remain appropriate.

We have made a commitment to reduce our carbon intensity by 15% by 2024 and 35% by 2030, compared to the base line level in 2017/18. Details as to how we plan to achieve these commitments are set out under 'metrics and targets' on page 81.

In addition, the Group is working to establish a detailed long-term transition plan, considering guidance including that issued by the UK government transition planning taskforce and the expectations as to how Group emissions will evolve over the long-term. We will therefore publish a transition plan in due course once the Group has completed its analysis.

"The target for the Group is to reduce our carbon intensity 35% by 2030"

Resilience of the Group's strategy

The Group has a business model that is both resilient and adaptable to change. Furthermore, it benefits from a distributed operating structure such that it is not reliant on any particular location. The Group's strategy seeks to take advantage of these benefits of the business model, while recognising the risks inherent in the business and the environment in which we operate, whether that be economic factors, competitor actions, cyber threats or environmental considerations such as climate change. We discuss our thinking on climate-related matters on a regular basis assessing how changes may affect the business and how the business would respond. While we consider a wide range of scenarios we have outlined our thinking under two climate scenarios, an increase in average temperatures by 2°C or less and then if the average increase were 4°C.

In a 2°C or less scenario, we believe that the risks and opportunities faced by the Group will be related principally to transition risks (e.g. the application of policy or regulatory initiatives including increased pricing of GHG emissions, changes in technology and changes in customer preferences). In this scenario, as we, our suppliers and our customers look to reduce GHG emissions, we are likely to face increasing costs whether that be through increased cost of our rental fleet or the cost associated with the pricing of GHG emissions. While we believe these factors will crystallise over the medium to longer term as new technologies develop, we are working with our suppliers and other parties to advance these technologies. In the near- to medium-term, the availability of new technology will be constrained by production capacity and we would expect to transition our rental fleet to the latest technology gradually as we replace c. 15% of our rental fleet every year. We believe that increased costs and complexity will provide additional impetus to the shift from ownership to rental, increasing our addressable market. We expect rental and transportation rates to reflect the increased cost of rental and transportation equipment, enabling us to maintain similar levels of dollar utilisation and therefore returns. We expect to continue to dispose of old rental fleet in the used equipment market, replacing other organisations' older, less environmentally friendly equipment.

In a 4°C scenario, in addition to the transition risks discussed above we would expect to see an increase in physical risks (e.g. increased instances of extreme weather events, rising mean temperatures and rising sea levels). As discussed above, the diversified nature of the Group's operations means that no location is material to the Group, mitigating the immediate impact of physical risks on our operations and enabling us to plan for the longer term. In a 4°C scenario, there is an increased likelihood of more extreme weather events such as flooding, wildfires, hurricanes and other natural disasters, which cause damage and require clean-up and support which we are able to provide through our highly experienced Emergency Response Team.

In any scenario, the speed of the transition of assets will be constrained by the availability of new technologies and manufacturing capacity. Given our partnership with key suppliers and our regular replacement cycle, we expect to be able to transition our fleet more quickly than many other organisations. These discussions and considerations are factored into our routine financial planning activities – for example, through our capital allocation decisions.

Risk management

The process for identifying, assessing and managing climate-related risks is the same as for all the risks faced by the Group and is described on pages 40 to 45, including our description of the Group's overall risk management framework on page 41 and our assessment in relation to emerging risks on page 45.

As discussed above, our response to these risks and our actions are embedded within our operational activities, supported by dedicated specialists in North America and the UK. Our ESG operating committee monitors progress of our ESG-related initiatives and perform against the targets we have set ourselves.

The Board has overall responsibility for risk management, setting risk appetite and implementation of the risk management policy – this includes responsibility for climate-related risks and actions taken to manage those risks where relevant. This approach is designed to enable the Group to take advantage of attractive opportunities, yet to do so within the risk appetite of the Board, mindful of risks which have been identified and any emerging risks which may impact the Group. The Group's risk committee monitors the actions taken across the Group to manage the Group's risk and ensure that adequate assurance is obtained over them. In addition, the Group's risk committee ensures that risks have been appropriately assessed in relation to risk rating.

The Board recognises that climate-related risks present significant new and emerging risks to organisations and therefore are mindful of the need to continuously consider developments in this area, both in terms of new risks which have emerged as well as the change in their relative significance. Included within the Group's considerations is the impact of existing and emerging regulatory requirements on the Group, such as potential future limits on emissions, further details of which we have detailed within the strategy section above.

Metrics and targets

Our KPI associated with environmental risk is that of carbon intensity for our Scope 1 and 2 GHG emissions. The basis and rational for this KPI and our performance in the current year and progress over the prior years is on pages 39 and 68 to 69. The target for the Group is to reduce our carbon intensity 35% by 2030 from the level in 2018 (54.0 tCO_2e/$m on a constant currency basis), with a shorter-term target to reduce our carbon intensity 15% by 2024 from the level in 2018.

In order to achieve this target, we established a roadmap covering:

- near-term, including lower carbon vehicle transition, route optimisation, telematics and sourcing renewable energy;
- medium-term, including making step changes on vehicle procurement and renewal energy generation; and
- long-term, including migration to alternative energy sources for the Group.

Across various areas, we are working with our key suppliers to ensure progress in each of the areas identified.

Furthermore, our carbon intensity KPI, specifically delivering a carbon intensity reduction of 15% by 2024, forms part of the Group's remuneration arrangements as one of the performance measures for the Group's Strategic Plan Award, which is linked directly to the objectives underpinning the Group's Sunbelt 3.0 strategy.

In addition, we have also considered what other metrics and targets may be relevant to the Group. In doing so, we have considered internal areas of focus, the risks and opportunities analysis summarised above and external reporting frameworks, such as the Industrial Machinery & Goods SASB standard applicable to the Group, which we report against within the Group's Sustainability report. As such, as part of our ongoing focus on the environmental impact of the Group more broadly, we are in the process of developing other metrics and targets to monitor and measure our impact in other areas which are less material to the Group. These include:

- diversion rate of waste from landfill: while we have a number of programmes in place to manage waste across the business and have reliable data in the UK relating to waste diversion given the legislative environment, we are currently undertaking a waste mapping exercise in North America to understand our waste composition in more detail and working with our waste management suppliers to gain greater visibility in our diversion rate of waste from landfill. This will enable us to track our progress in the future; and
- water consumption: we are working with our third-party utility management supplier to build reliable data based on utility supplier data so that we can measure and report on water consumption across the business.

Details as to our work in these areas is discussed on page 70.

Greenhouse gas (GHG) emissions

Our Scope 1 and 2 GHG emissions are disclosed on pages 68 to 69 of this report and have been determined in line with the GHG Protocol methodology.

We are working to estimate the Group's Scope 3 emissions and understand how these will evolve going forward. The most significant components of our Scope 3 emissions relate to our customer's use of our assets during the rental period and the use of sold product (principally the use of used equipment after our ownership). This is discussed in more detail within the Responsible business report on page 70.

Measuring Scope 3 emissions involves a significant application of judgement, in particular in relation to the use of sold assets when we dispose of rental assets to the used equipment market and end of life treatment of these assets. Accordingly, our Scope 3 emissions will always be subject to a significant degree of estimation uncertainty.

5

DYNAMIC CAPITAL ALLOCATION

Consistent application of our capital allocation policy to optimise capital deployment for the benefit of all stakeholders.

2023 highlights

- Capital expenditure of $3.8bn
- $1.1bn spent on 50 bolt-on acquisitions
- Proposed final dividend of 85.0¢, making 100.0¢ for the year
- $261m allocated to share buybacks in the year
- Leverage at 1.6x net debt to EBITDA, excluding IFRS 16

100.0¢

proposed full year dividend per share (2022: 80.0¢)

1.6x

leverage (2022: 1.5x)

Dynamic capital allocation

One of the five actionable components of our strategic plan Sunbelt 3.0 is dynamic capital allocation. An integral part of this is our strong balance sheet which gives us a competitive advantage and positions us well as we take advantage of the structural growth opportunities available in our markets. We accessed the debt markets twice during the year to strengthen our balance sheet position further and ensure we have appropriate financial flexibility to take advantage of opportunities in the market. We issued two sets of $750 million, 10-year, investment grade notes at around 5.5%. Following the notes issues, our debt facilities are committed for an average of six years at a weighted average cost of 5%. This fund raising ensures we can take full advantage of the growth opportunities to come.

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT

The non-financial and sustainability reporting regulations in section 414CA and 414CB of the Companies Act 2006 require the disclosure of specific information relating to environmental matters, the Company's employees, social matters, respect for human rights and anti-corruption and anti-bribery matters, a summary of which is set out below.

Environmental matters

We seek to minimise the environmental impact of everything we do. In addition, our commitment to improving energy performance is intended to reduce our impact on the environment and could deliver significant cost savings over time.

Further details of our policies, including disclosure of carbon emission and energy usage data, are provided on pages 68 to 71. A summary of our approach to governance, strategy (including responding to the risks and opportunities arising from climate change), risk management and measuring performance are summarised in our TCFD statement on pages 76 to 81.

Related principal risks: see 'environmental' risk on page 44.

Employees

Our employee policies are designed to ensure that we recruit the best people, train them well and look after them so that they provide the best possible service for our customers, suppliers and communities. Furthermore, health and safety policies are core to our operations and we maintain and continuously seek to enhance our health and safety programmes to minimise any risk to our people.

Specific policies provide equal opportunities to all of our staff and ensure that we maintain an inclusive culture. Employee policies are available to all employees through the employee handbooks and on our employee intranet.

Further details of our policies, including details on our safety programmes, training and recruitment activities, is provided on pages 62 to 67.

Related principal risks: see 'people' risk on page 43.

Social matters

Playing a big role in our local communities is of crucial importance to our business. As we expand our market share, particularly in the US and Canada, we have ever more impact and influence over the communities where we hire staff and make an economic contribution. Our responsibility to those communities increases likewise. The Group has policies to support employee volunteering for programmes which positively impact our communities.

Further details of our contribution to society is provided on pages 71 to 74.

Related principal risks: while social matters are not considered a principal risk to the Group, we believe there is an important link between social matters and the risk identified in relation to our people as outlined on page 43.

Human rights

We believe in the rights of individuals and take our responsibilities seriously to all our employees and those who may be affected by our activities. While we do not manage human rights matters separately, we continue to assess potential risks and do not believe they raise particular issues for the business.

Further details of our policies are provided on page 75. Our business ethics and conduct policy, modern slavery and human trafficking policy and modern slavery and human trafficking statement are available on our website.

Related principal risks: see 'laws and regulations' risk on page 44.

Anti-corruption and anti-bribery

Anti-corruption and bribery policies are maintained and reviewed on a regular basis with relevant guidance included in employee handbooks and available on our employee intranet.

Further details of our policies including details on training required to be undertaken by our employees, are provided on page 75.

Related principal risks: see 'laws and regulations' risk on page 44.

In addition, information required in relation to the Group's business model, principal risks, including those which relate to the matters above, and key performance indicators are provided on pages 20 to 27 and pages 40 to 45 of the Annual Report.

APPROVAL OF THE STRATEGIC REPORT

The Strategic report set out on pages 1 to 84 was approved by the Board on 12 June 2023 and has been signed on its behalf by:

Brendan Horgan
Chief executive
12 June 2023

Michael Pratt
Chief financial officer
12 June 2023