ASHTEAD GROUP PLC

International Equipment Rental

from 435 locations

First half results – six months ended 31 October 2004

Welcome

- George Burnett — Chief Executive
- Ian Robson — Finance Director

Overview

- Strong performance at both Sunbelt and A-Plant
- All regions and all major product areas ahead
- Dollar translation impact – lowers turnover, profits and debt
- Pre-tax & goodwill profit of £20.1m up from £11.1m (pre-exceptional) in 2003
- New five year $675m senior debt facility offers greater flexibility to invest and a lower interest cost
- Current trading conditions remain encouraging in both our main markets

Summary results – second quarter

	2004 £m	2003 £m	Change (at comparable rates)	Margins 2004	Margins 2003
Turnover #	144.8	138.1	+12%		
EBITDA +	49.5	46.1	+15%	34.2%	33.4%
Operating profit +	24.9	18.6	+46%	17.2%	13.5%
Profit before tax +	14.4	9.5	+71%	9.9%	6.9%
EPS (based on 30% imputed tax) +	3.1p	2.1p	+71%		
Return on capital employed*	9.5%	5.0%			

Before exceptional items in 2003

\+ Before goodwill amortisation and, in 2003, exceptional items

* Last twelve months (LTM) operating profit divided by weighted average capital employed (net tangible assets plus net debt and deferred tax)

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Summary results – first half

	2004 £m	2003 £m	Change (at comparable rates)	Margins 2004	Margins 2003
Turnover #	274.7	270.6	+9%		
EBITDA +	89.4	84.9	+13%	32.5%	31.4%
Operating profit +	40.8	30.2	+48%	14.9%	11.2%
Profit before tax +	20.1	11.1	+114%	7.3%	4.1%
EPS (based on 30% imputed tax) +	4.4p	2.4p	+114%		
Return on capital employed*	9.5%	5.0%			

\# Before exceptional items in 2003

\+ Before goodwill amortisation and, in 2003, exceptional items

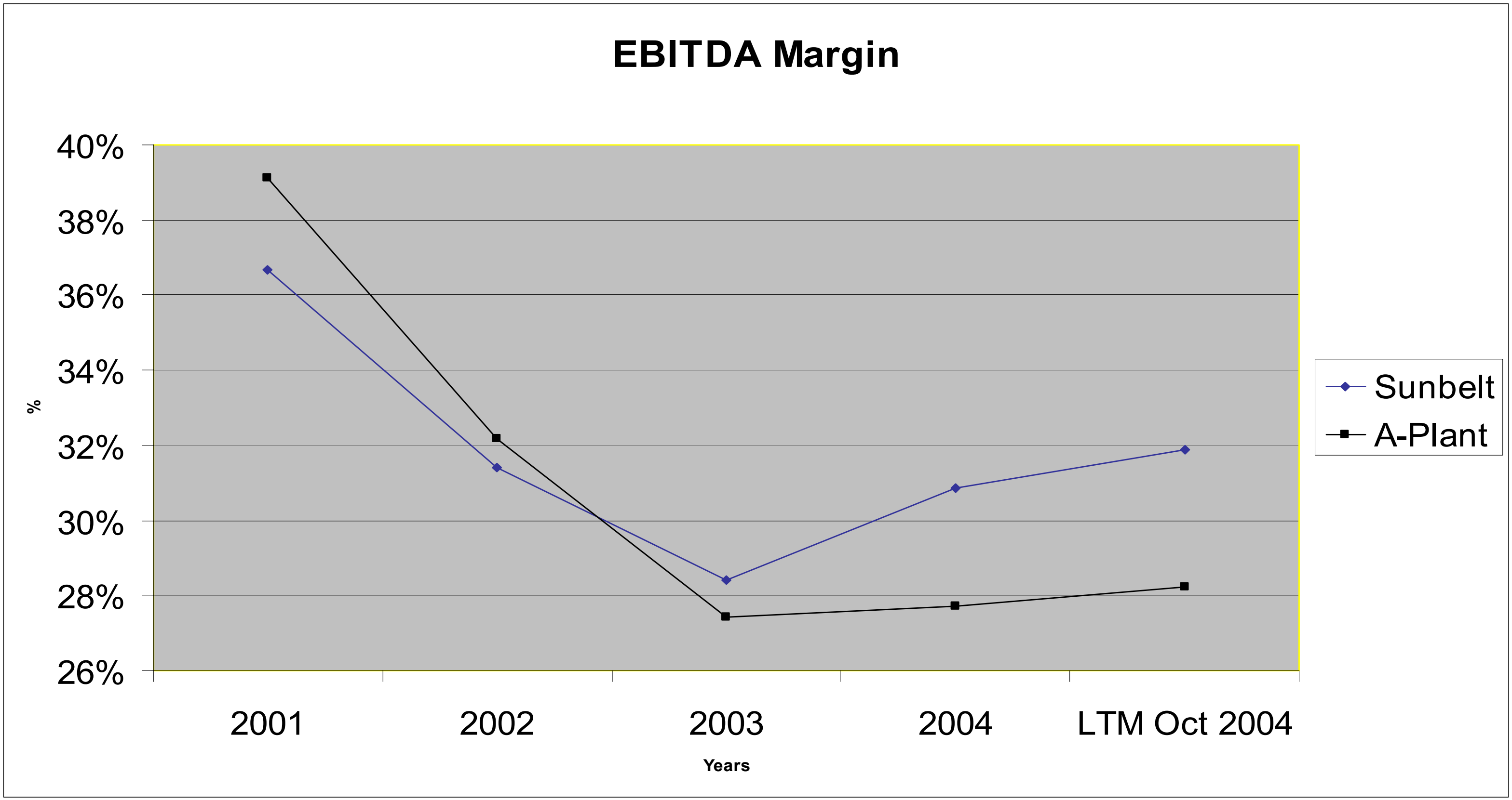
* Last twelve months (LTM) operating profit divided by weighted average capital employed (net tangible assets plus net debt and deferred tax)

Revenue growth drivers

	Sunbelt	A Plant
Average fleet size	+0.3%	-5.5%
Utilisation	+7.2%	+9.5%
Price	+7.4%	+0.1%
Total	+ 15.5%	+3.6%

Looking forward, we expect all three drivers to continue to contribute to UK growth whereas in the US increased fleet size and price will likely predominate

EBITDA Margin



Capital expenditure

	2004 Growth	2004 Maintenance	2004 Total	2003 Total
Sunbelt Rentals in $m	24.3	40.8	65.1	24.7
Sunbelt Rentals in £m	13.3	22.2	35.5	14.6
A-Plant	3.4	19.6	23.0	18.1
Ashtead Technology	1.5	0.5	2.0	1.5
Total rental equipment	18.2	42.3	60.5	34.2
Other fixed assets			2.8	3.4
Total additions			63.3	37.6

Gross capital expenditure for current year expected to be in the region of £120m – £130m

Cashflow

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	Six months to 31 October 2004	Six months to 31 October 2003	LTM to 31 October 2004	Year to 30 April 2004
	£m	£m	£m	£m
EBITDA before exceptionals	89.4	84.9	151.5	147.0
Cash inflow from operations before exceptionals	75.5	80.9	134.6	140.0
Cash efficiency ratio	*84.5%*	*95.3%*	*88.8%*	*95.2%*
Maintenance capital expenditure	(50.4)	(50.8)	(82.5)	(82.9)
Proceeds from sale of used rental equipment	16.4	14.2	34.5	32.3
Tax (paid)/received	(0.6)	(0.2)	(0.3)	0.1
Free cash flow before interest	40.9	44.1	86.3	89.5
Interest paid	(12.7)	(16.3)	(29.3)	(32.9)
Free cash flow after interest	**28.2**	**27.8**	**57.0**	**56.6**
Growth capital expenditure	(13.5)	0.0	(13.5)	0.0
Acquisitions and disposals	0.4	5.0	10.6	15.2
Exceptional costs	(3.7)	(10.2)	(11.7)	(18.2)
Reduction in total debt	11.4	22.6	42.4	53.6

Bank debt

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	31 October 2004 £m	31 October 2003 £m	30 April 2004 £m
First priority senior secured bank debt and overdraft	217.8	394.4	226.1
Finance lease obligations	7.8	16.4	12.1
Second priority senior secured notes, due 2014	115.7	-	115.6
Unsecured convertible loan note, due 2008	130.9	130.2	130.6
	472.2	541.0	484.4
Cash at bank and in hand	(17.2)	(18.8)	(9.9)
	455.0	522.2	474.5
Non-recourse finance under debtors securitisation	54.4	53.3	52.2
Total net debt	**509.4**	**575.5**	**526.7**
Last 12 months EBITDA before exceptional items	151.5	143.3	147.0
Last 12 months interest before exceptional costs	38.2	38.8	36.6
First priority senior secured debt to EBITDA	1.5x	2.9x	1.6x
Total net debt to EBITDA	**3.4x**	**4.0x**	**3.6x**
EBITDA to interest	4.0x	3.7x	4.0x

New senior debt facility closed 12 November

- $675m (£350m) five year, first priority senior debt facility closed 12 Nov
- Syndication was substantially oversubscribed
- Existing first priority facility and debtors securitisation repaid at closing
- $275m term loan and $400m revolver
- Asset based facility - borrowing base grows with the business
- Minimal amortisation (1% of term loan - $2.75m per annum)
- $116m (£63m) liquidity pro forma at 31 October
- Springing covenants which only have to be met if liquidity is less than $50m
- Capital expenditure limit is significantly higher – also now on net basis
- Lower cost (average 260bp + upfront cost amortisation) – opportunity to further reduce to 225bp depending on leverage ratio

Sunbelt – results

	2004 $m	2003 $m	Change	2004 £m	2003 £m	Change
Turnover	342.0	295.9	15.6%	188.1	180.3	4.3%
EBITDA	114.7	94.1	21.9%	63.1	57.5	9.7%
Margin	*33.5%*	*31.8%*		*33.5%*	*31.9%*	
Operating profit	61.9	41.3	49.9%	34.0	25.2	34.9%
Margin	*18.1%*	*14.0%*		*18.1%*	*14.0%*	
Net assets	828.8	876.8	-5.5%	476.4	533.3	-10.7%
ROI	*15.1%*	*7.7%*				

Sunbelt – utilisation at record levels

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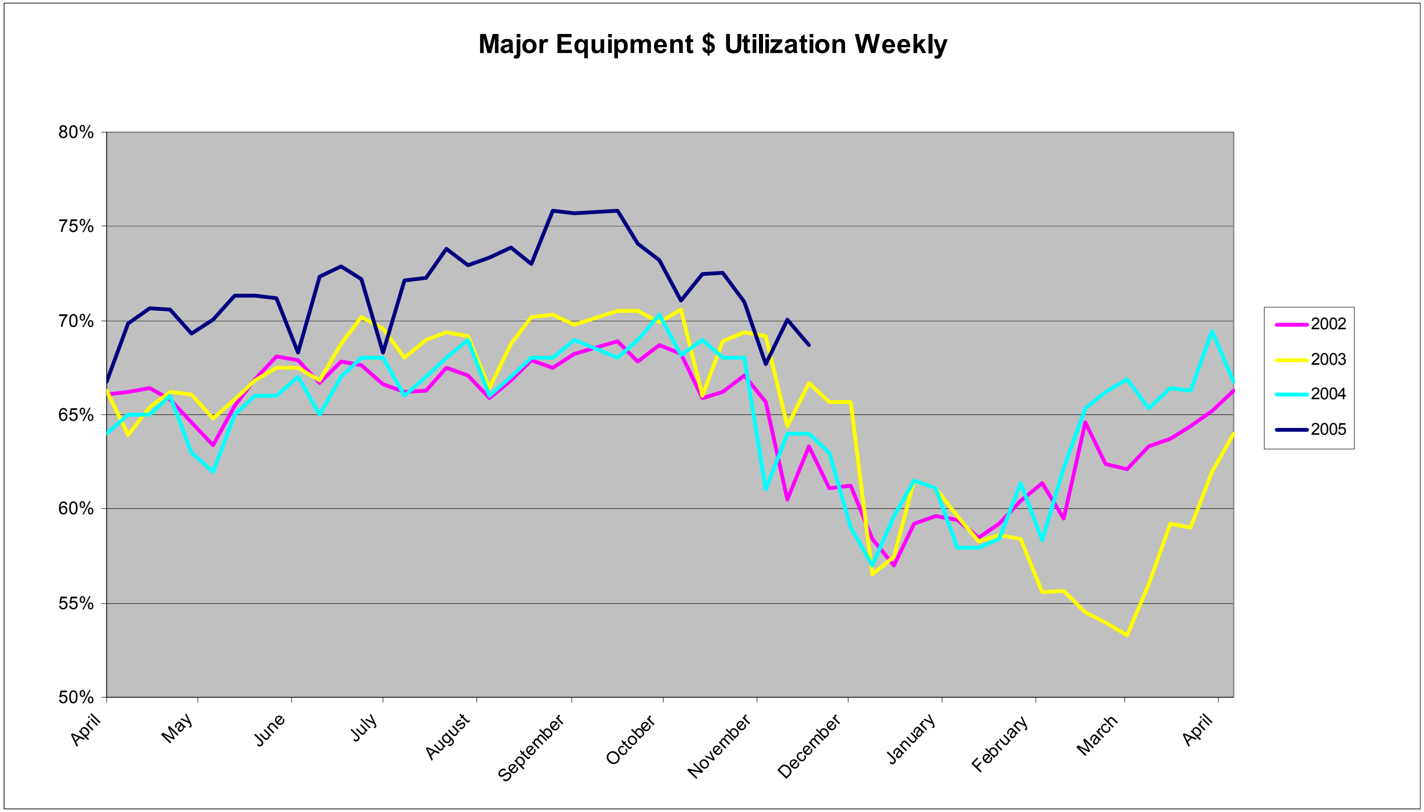

Sunbelt – improving market conditions

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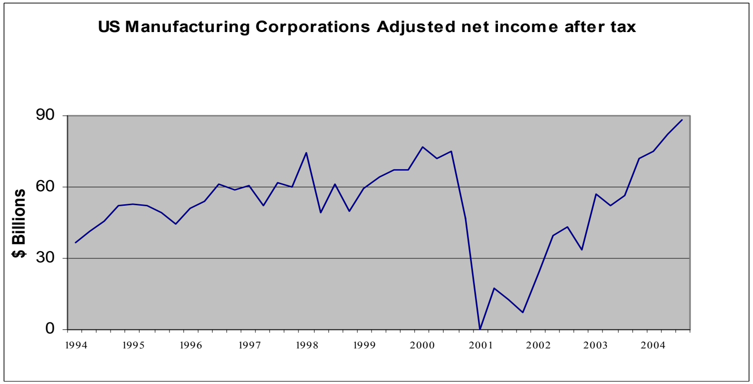

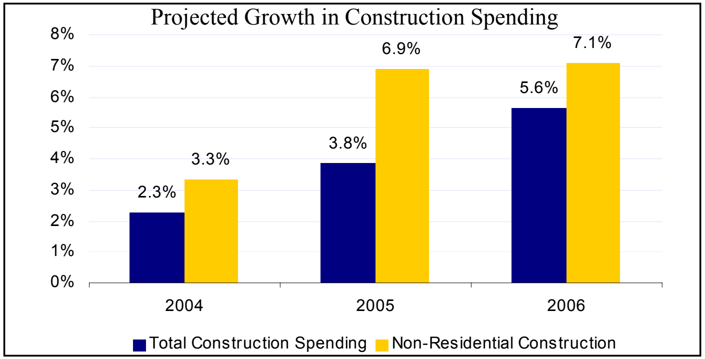

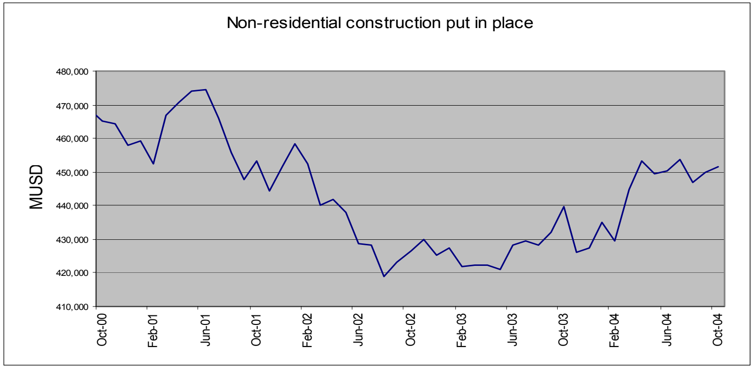

Source: Global Insight, Inc., Fourth Quarter 2003

Sunbelt - continuing to take market share
- shift from ownership to rental

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Growth in rental revenues	Q2 2003	Q3 2003	Q4 2003	Q1 2004	Q2 2004	Q3 2004
United Rentals						
- Total business	-0.2%	+1.7%	+3.0%	+5.3%	+3.5%	+4.7%
- General rentals segment	n/a	n/a	n/a	+11.2%	+11.9%	+10.7%
Atlas Copco (RSC)	-4.0%	+2.0%	+2.0%	+6.0%	+8.0%	+11.0%
Hertz	-1.2%	+1.0%	+6.2%	+4.7%	+8.9%	+11.1%
Sunbelt	**+1.7%**	**+4.8%**	**+3.4%**	**+12.0%**	**+11.1%**	**+19.7%**
NES Rentals	-4.3%	-5.5%	-6.5%	-7.2%	-2.7%	+5.0%
NationsRent	n/a	n/a	+9.7%	+9.5%	+8.2%	+11.1%
Head & Engquist	-10.6%	-8.2%	-9.4%	-3.8%	+3.3%	+4.2%

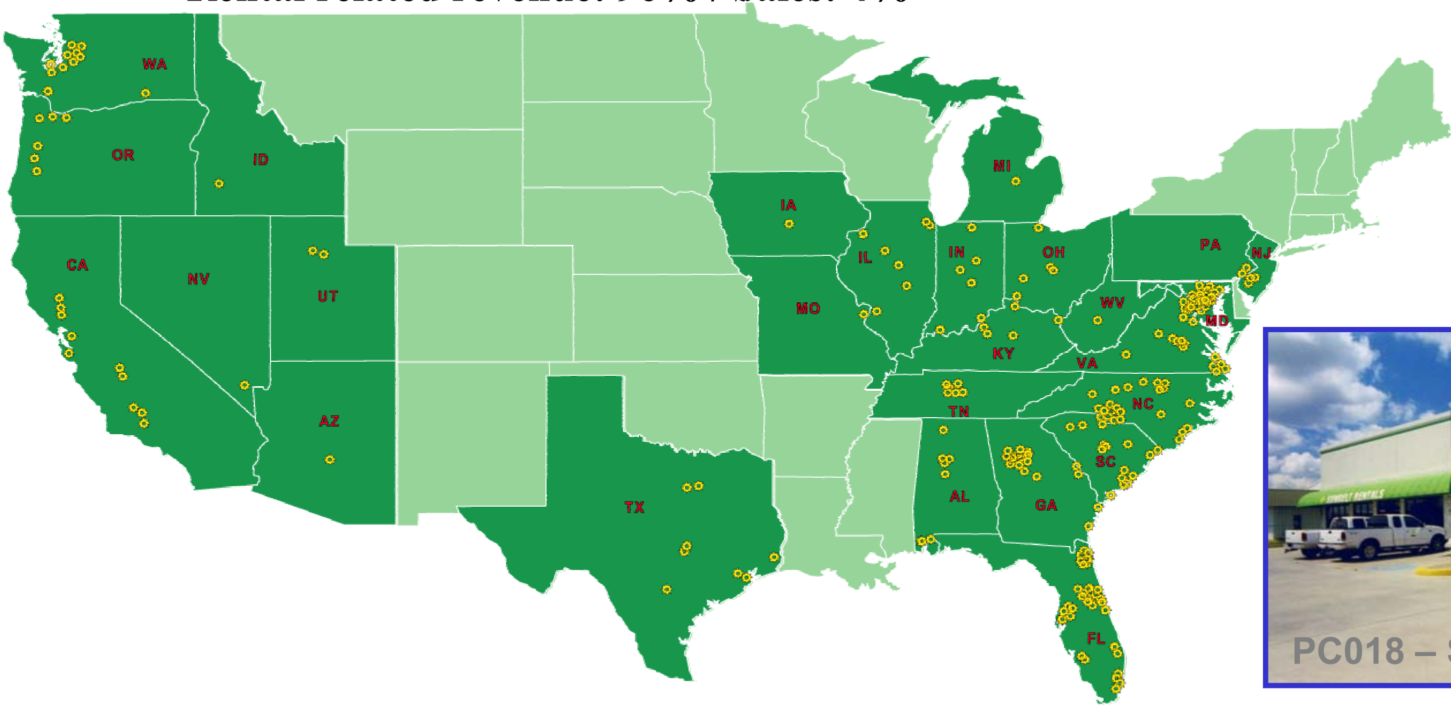
Notes:
1. Source – company filings and press releases. For Ashtead we use the nearest equivalent to the calendar quarters reported by the other companies who all have 31 December year ends.

Sunbelt – operating developments

- Both utilisation and rental rates grew strongly in first half
- Fleet replacement programme caught up Q1 delays in Q2
- Growth expenditure concentrated mainly at existing stores but there were 3 openings in H1 with a further 2 now planned for H2
- Clean-up work after Florida hurricanes provided estimated $8m of additional business. Florida construction volumes expected to remain strong for at least next 12 months.
- Outlook continues to be positive

Sunbelt today

- 200 Profit Centers
- 27 states, estimated 75% of US population served
- Rental related revenue: 96% / Sales: 4%



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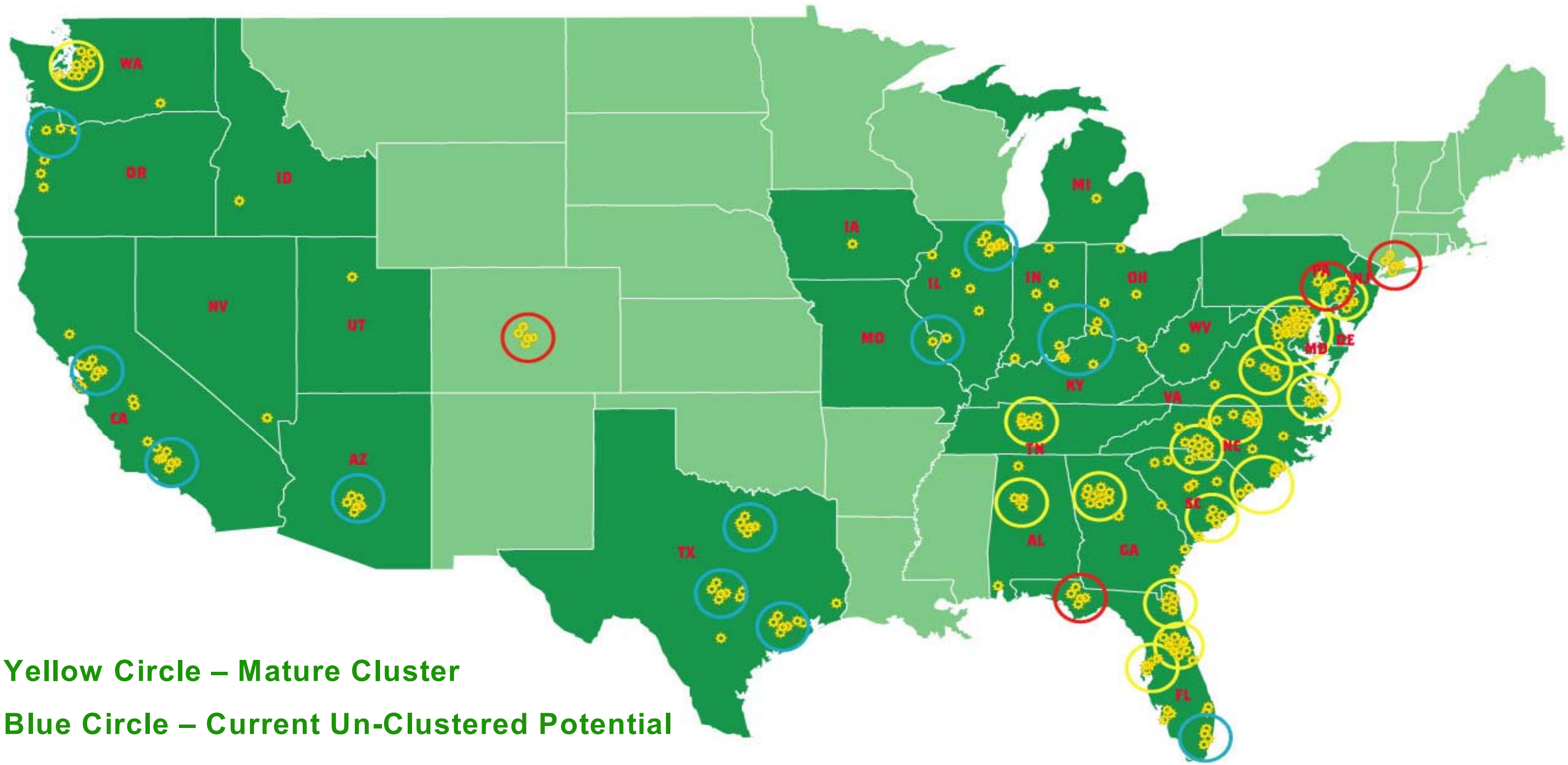
Sunbelt - potential growth



- **Yellow Circle – Mature Cluster**
- **Blue Circle – Current Un-Clustered Potential**
- **Red Circle – Virgin Markets**

A-Plant – results

	2004 £m	2003 £m	Change
Turnover	80.6	83.5	-3.5%
EBITDA	26.5	26.5	0.0%
Margin	*32.9%*	*31.7%*	
Operating profit	8.5	5.6	51.8%
Margin	*10.5%*	*6.7%*	
Net assets	192.9	209.8	-8.1%
Return on investment	*3.5%*	*1.7%*	

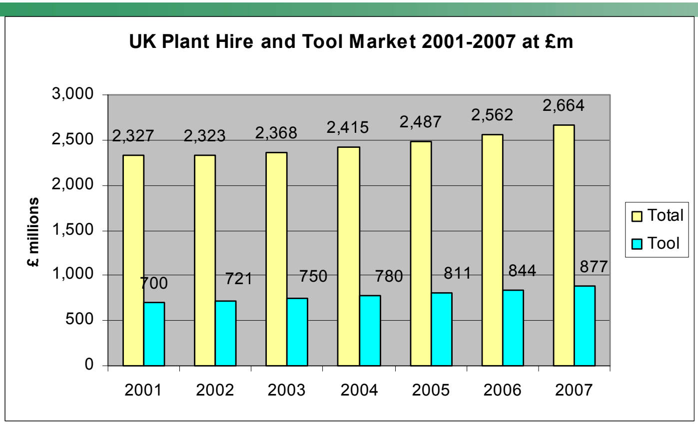
Same store turnover:

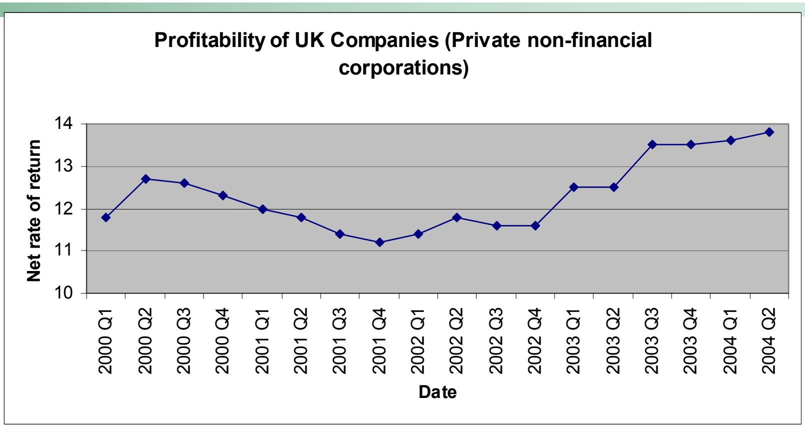
Q1 + 1.8%

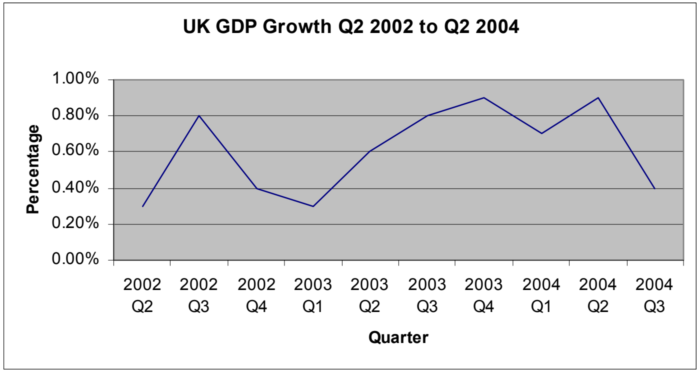
Q2 + 5.3%

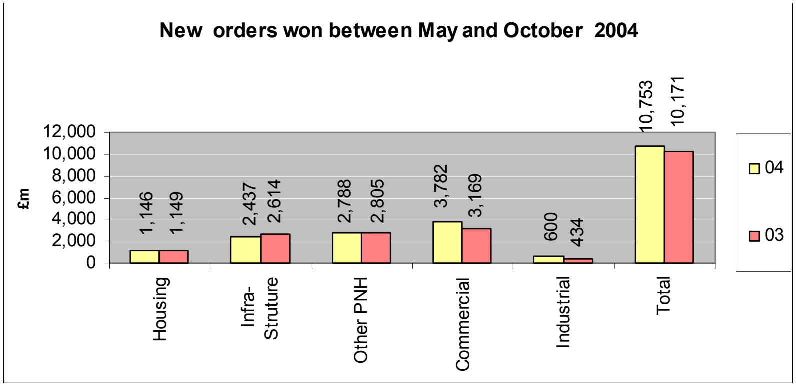
H1 +3.6%

A–Plant – stable market conditions

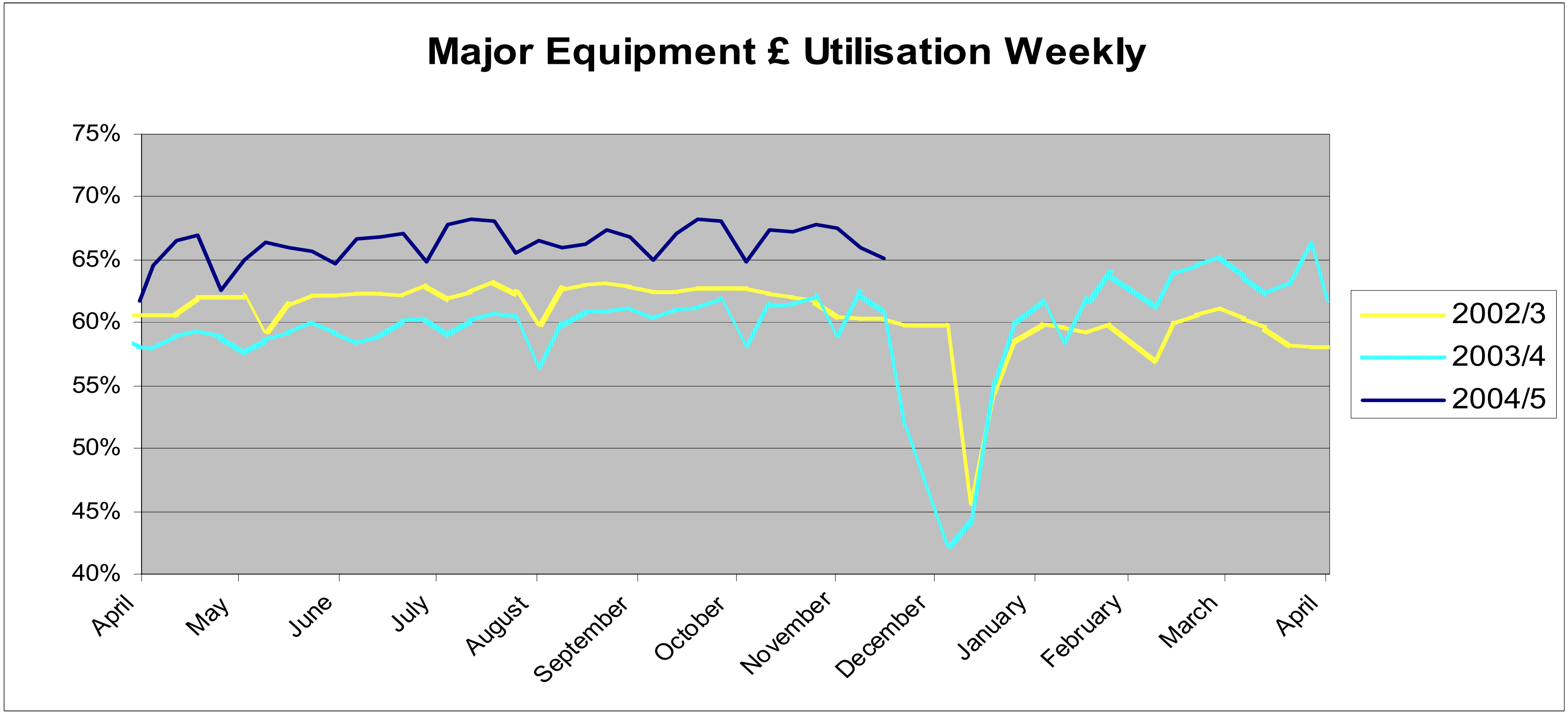








A-Plant – growing utilisation rates



A-Plant – operating developments

- Comparisons still affected by 2003/4 non-core disposals
- Same store growth of +3.6% - rising trend
- Improved operating efficiency; rental rates broadly stable
- Return to growth in local markets
- Continuing growth in major account business
- UK construction outlook remains healthy but rental sector still competitive
- Strong management of costs continues
- Outlook is for continued improvement in returns

Ashtead Technology– results

	2004	2003	Change
	£m	£m	(at constant rates)
Turnover	6.0	6.8	-7.9%
EBITDA	2.9	3.6	-16.3%
Margin	*48.3%*	*52.9%*	
Operating profit	1.4	2.1	-30.6%
Margin	*23.3%*	*30.9%*	
Net assets	10.4	11.1	-5.4%
Return on investment	*25.2%*	*27.3%*	

Ashtead Technology – operating developments

- Growth in environmental business
- Slow offshore market
- New environmental business
  - Hitchin – first in UK
  - Atlanta – sixth in US
- Much more positive outlook offshore in 2005 and beyond

Current trading and outlook

- Trading conditions in our main markets remain strong
- The weak US dollar and rising dollar interest rates may adversely impact second half performance
- The underlying performance of both main businesses remains encouraging
- The shift from ownership to rental in the US continues
- The improving UK performance, as well as the US growth potential, offer the Group excellent opportunities for 2005/6 and beyond