2 September 2015

Unaudited results for the first quarter ended 31 July 2015

	2015 £m	2014 £m	Growth[1] %
Underlying results[2]			
Rental revenue	539.6	417.7	20%
EBITDA	282.7	209.9	25%
Operating profit	180.2	133.5	25%
Profit before taxation	160.7	120.4	23%
Earnings per share	21.0p	15.3p	27%
Statutory results			
Revenue	618.6	457.9	26%
Profit before taxation	155.4	117.5	23%
Earnings per share	20.3p	14.9p	26%

[1] at constant exchange rates
[2] before intangible amortisation

Highlights

- Group rental revenue up 20%[1]
- Q1 pre-tax profit[2] of £161m, up 23% at constant exchange rates
- £349m of capital invested in the business (2014: £284m)
- Group RoI of 19% (2014: 19%)
- Senior debt facility increased to $2.6bn and maturity extended to 2020 at lower cost
- Net debt to EBITDA leverage[1] of 1.8 times (2014: 1.9 times)

Ashtead's chief executive, Geoff Drabble, commented:

"The Group delivered another strong quarter with underlying pre-tax profits of £161m, up 23% at constant exchange rates on the prior year. Group RoI was a very healthy 19% and the growth was achieved whilst reducing our leverage to 1.8 times EBITDA.

The strength of the quarter reflects the benefits of another strong execution of a consistent strategy to diversify the markets we serve, both in terms of geography and sector. Sunbelt's 23% rental revenue growth clearly demonstrates the overall health of our broader markets and the benefits of our more transactional business model. Particularly encouraging is that, after a weather-impacted Spring, our seasonal improvement in demand was very strong, resulting in record levels of physical utilisation in July on a fleet that was 26% larger. As a consequence, we confidently invested £349m in capital expenditure in the period, opened 19 greenfield locations and made one small bolt-on acquisition. We are therefore very much on track to achieve our plans of mid to high teens fleet growth in the US and open 50 new locations in the full year. We continue to invest and grow responsibly, generating strong returns and maintaining leverage within our stated objectives.

With both divisions performing well, strong end markets and our strategy clearly working, we expect full year results to be in line with our expectations and the Board looks forward to the medium term with confidence."

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Tom Eckersley	Maitland	

Geoff Drabble and Suzanne Wood will hold a conference call for equity analysts to discuss the results and outlook at 9.30am on Wednesday, 2 September 2015. The call will be webcast live via the Company's website at www.ashtead-group.com and a replay will also be available via the website from shortly after the call concludes. A copy of this announcement and the slide presentation used for the meeting will also be available for download on the Company's website. There will, as usual, also be a separate call for bondholders at 4.00pm UK time (11.00am EST).

Analysts and bondholders have already been invited to participate in the analyst call and conference call for bondholders but any eligible person not having received dial-in details should contact the Company's PR advisers, Maitland (Astrid Wright) at +44 (0)20 7379 5151.

Forward looking statements

This announcement contains forward looking statements. These have been made by the directors in good faith using information available up to the date on which they approved this report. The directors can give no assurance that these expectations will prove to be correct. Due to the inherent uncertainties, including both business and economic risk factors underlying such forward looking statements, actual results may differ materially from those expressed or implied by these forward looking statements. Except as required by law or regulation, the directors undertake no obligation to update any forward looking statements whether as a result of new information, future events or otherwise.

Trading results

	Revenue 2015	Revenue 2014	EBITDA 2015	EBITDA 2014	Operating profit 2015	Operating profit 2014
Sunbelt in $m	820.8	638.4	390.4	311.1	258.2	206.9
Sunbelt in £m	528.6	376.7	251.4	183.6	166.2	122.1
A-Plant	90.0	81.2	34.3	28.6	17.0	13.7
Group central costs	-	-	(3.0)	(2.3)	(3.0)	(2.3)
	618.6	457.9	282.7	209.9	180.2	133.5
Net financing costs					(19.5)	(13.1)
Profit before amortisation and tax					**160.7**	**120.4**
Amortisation					(5.3)	(2.9)
Profit before taxation					155.4	117.5
Taxation					(53.6)	(42.8)
Profit attributable to equity holders of the Company					101.8	74.7
Margins						
Sunbelt			*47.6%*	*48.7%*	*31.5%*	*32.4%*
A-Plant			*38.1%*	*35.3%*	*18.9%*	*16.9%*
Group			*45.7%*	*45.8%*	*29.1%*	*29.2%*

Group revenue increased 35% to £619m in the quarter (2014: £458m) with strong growth in both businesses. This revenue growth, combined with ongoing operational efficiency, generated underlying profit before tax of £161m (2014: £120m).

The Group's strategy remains unchanged with growth being driven by strong same-store growth supplemented by greenfield openings and bolt-on acquisitions. Our growth in Sunbelt is across a range of market sectors with different characteristics, which is impacting a number of its metrics in the short term. This revenue growth can be explained as follows:

		$m
2014 rental only revenue		459
Same stores (in existence at 1 May 2014)	13%	57
Bolt-ons and greenfields since 1 May 2014	10%	50
2015 rental only revenue	23%	566
Ancillary revenue	20%	152
2015 rental revenue	23%	718
Sales revenue		103
2015 total revenue	29%	821

We continue to capitalise on the opportunity presented by our markets which were up circa 7% last year and are forecast to grow at a similar rate this year. Our same-store growth of 13% demonstrates that we continue to take market share as we grow at approximately double the market rate. In addition, bolt-ons and greenfields have contributed another 10% growth as we execute our long-term structural growth strategy of expanding our geographic footprint and our specialty businesses.

Total rental only revenue growth was 23% in strong end markets, despite the slow down in oil and gas markets that provided a headwind which will continue through the year. This growth was driven by increased fleet on rent with yield flat year over year. Excluding oil and gas, same-store yield improved 1% in the quarter but good yield development in greenfields and bolt-ons was more than offset by the adverse impact of oil and gas, resulting in flat yield year over year. Average three month physical utilisation was 72% (2014: 72%). We have seen good sequential improvement during the quarter with utilisation at the end of July 2% higher than a year ago. Sunbelt's total revenue, including new and used equipment, merchandise and consumable sales, increased 29% to $821m (2014: $638m) as it sold more used equipment than last year in response to the downturn in oil and gas markets.

A-Plant continues to perform well and delivered rental only revenue of £65m, up 10% on the prior year (2014: £59m), in markets which, despite some uncertainty around the general election, continue to improve. This reflects 10% more fleet on rent and flat yield. A-Plant's total revenue increased 11% to £90m (2014: £81m).

Sunbelt continues to focus on operational efficiency and driving improving margins, with 52% of revenue growth dropping through to EBITDA. Drop through reflects the drag effect of greenfield openings, acquisitions and oil and gas. Excluding oil and gas, stores open for more than one year saw 58% of revenue growth drop through to EBITDA. The first quarter EBITDA margin of 48% (2014: 49%) reflects a higher level of lower margin used equipment sales. Excluding used equipment sales, EBITDA margins improved slightly. This contributed to an operating profit of $258m (2014: $207m). A-Plant's EBITDA margin improved to 38% (2014: 35%) and operating profit rose to £17m (2014: £14m), with drop through of 59%. As a result, Group underlying operating profit increased 35% to £180m (2014: £133m).

Net financing costs increased to £19m (2014: £13m), reflecting the higher average debt during the period and the $500m senior secured notes issued in September 2014.

Group profit before amortisation of intangibles and taxation was £161m (2014: £120m). After a tax charge of 34% (2014: 36%) of the underlying pre-tax profit, underlying earnings per share increased 37% to 21.0p (2014: 15.3p).

Statutory profit before tax was £155m (2014: £118m) and, after a tax charge of 34% (2014: 36%), basic earnings per share were 20.3p (2014: 14.9p). The cash tax charge increased to 17% following the expected utilisation of brought forward tax losses during the year.

Capital expenditure

Capital expenditure for the quarter was £349m gross and £291m net of disposal proceeds (2014: £284m gross and £264m net). As a result of this investment, the Group's rental fleet at 31 July 2015 at cost was £3.8bn. Our average fleet age is now 25 months (2014: 26 months).

With the strong demand in both our end markets and an ongoing greenfield opening programme, we continue to expect full year capital expenditure of around £1bn. As always, our capital expenditure plans remain flexible and we will continue to monitor market conditions and adjust our plans appropriately.

Return on Investment[1]

Sunbelt's pre-tax return on investment (excluding goodwill and intangible assets) in the 12 months to 31 July 2015 was 25% (2014: 26%), well ahead of the Group's pre-tax weighted average cost of capital. In the UK, return on investment (excluding goodwill and intangible assets) was 13% (2014: 11%). For the Group as a whole, returns (including goodwill and intangible assets) are 19% (2014: 19%).

[1] *Underlying operating profit divided by the sum of net tangible and intangible fixed assets, plus net working capital but excluding net debt and deferred tax.*

Cash flow and net debt

As expected, debt increased during the quarter as we invested in the fleet and due to increased working capital to support the growth in the business.

Net debt at 31 July 2015 was £1,804m (2014: £1,300m) while, reflecting our strong earnings growth, the ratio of net debt to EBITDA reduced to 1.8 times (2014: 1.9 times) on a constant currency basis.

The Group took advantage of good debt markets in July and increased the size of its senior credit facility ('ABL facility') to $2.6bn. The ABL facility's maturity has been extended to July 2020 and the pricing grid reduced. Depending on availability under the facility, the pricing grid ranges from LIBOR plus 125bp to LIBOR plus 175bp. This ensures our debt package remains well structured and flexible, enabling us to take advantage of prevailing end market conditions. The Group's amended debt facilities are now committed for an average of six years. At 31 July 2015, availability under the ABL was $1,258m, with an additional $1,324m of suppressed availability - substantially above the $260m level at which the Group's entire debt package is covenant free.

Current trading and outlook

With both divisions performing well, strong end markets and our strategy clearly working, we expect full year results to be in line with our expectations and the Board looks forward to the medium term with confidence.

CONSOLIDATED INCOME STATEMENT FOR THE THREE MONTHS ENDED 31 JULY 2015

	2015			2014		
	Before amortisation £m	Amortisation £m	Total £m	Before amortisation £m	Amortisation £m	Total £m
Unaudited						
Revenue						
Rental revenue	539.6	-	539.6	417.7	-	417.7
Sale of new equipment, merchandise and consumables	23.3	-	23.3	21.7	-	21.7
Sale of used rental equipment	55.7	-	55.7	18.5	-	18.5
	618.6	-	618.6	457.9	-	457.9
Operating costs						
Staff costs	(139.1)	-	(139.1)	(107.1)	-	(107.1)
Used rental equipment sold	(42.5)	-	(42.5)	(14.5)	-	(14.5)
Other operating costs	(154.3)	-	(154.3)	(126.4)	-	(126.4)
	(335.9)	-	(335.9)	(248.0)	-	(248.0)
EBITDA*	282.7	-	282.7	209.9	-	209.9
Depreciation	(102.5)	-	(102.5)	(76.4)	-	(76.4)
Amortisation of intangibles	-	(5.3)	(5.3)	-	(2.9)	(2.9)
Operating profit	180.2	(5.3)	174.9	133.5	(2.9)	130.6
Investment income	-	-	-	0.1	-	0.1
Interest expense	(19.5)	-	(19.5)	(13.2)	-	(13.2)
Profit on ordinary activities before taxation	160.7	(5.3)	155.4	120.4	(2.9)	117.5
Taxation	(55.3)	1.7	(53.6)	(43.7)	0.9	(42.8)
Profit attributable to equity holders of the Company	105.4	(3.6)	101.8	76.7	(2.0)	74.7
Basic earnings per share	21.0p	(0.7p)	20.3p	15.3p	(0.4p)	14.9p
Diluted earnings per share	20.9p	(0.7p)	20.2p	15.2p	(0.4p)	14.8p

* EBITDA is presented here as an additional performance measure as it is commonly used by investors and lenders.

All revenue and profit for the period is generated from continuing operations.

Details of principal risks and uncertainties are given in the Review of Balance Sheet and Cash Flow accompanying these condensed consolidated interim financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE THREE MONTHS ENDED 31 JULY 2015

	Unaudited	
	2015 £m	2014 £m
Profit attributable to equity holders of the Company for the period	101.8	74.7
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation differences	(13.1)	0.3
Total comprehensive income for the period	88.7	75.0

CONSOLIDATED BALANCE SHEET AT 31 JULY 2015

	Unaudited 31 July 2015	Unaudited 31 July 2014	Audited 30 April 2015
	£m	£m	£m
Current assets			
Inventories	21.3	21.8	23.9
Trade and other receivables	426.4	302.1	377.5
Current tax asset	25.8	9.3	26.2
Cash and cash equivalents	2.3	4.5	10.5
	475.8	337.7	438.1
Non-current assets			
Property, plant and equipment			
- rental equipment	2,695.3	1,912.4	2,534.2
- other assets	285.2	229.0	276.9
	2,980.5	2,141.4	2,811.1
Goodwill	505.5	406.4	516.2
Other intangible assets	86.4	46.9	92.7
Net defined benefit pension plan asset	3.0	6.1	3.1
	3,575.4	2,600.8	3,423.1
Total assets	4,051.2	2,938.5	3,861.2
Current liabilities			
Trade and other payables	447.1	369.7	491.7
Current tax liability	25.3	20.2	6.2
Debt due within one year	2.0	2.1	2.0
Provisions	28.4	13.0	18.4
	502.8	405.0	518.3
Non-current liabilities			
Debt due after more than one year	1,804.6	1,301.9	1,695.6
Provisions	18.4	17.7	31.3
Deferred tax liabilities	523.8	336.0	504.5
	2,346.8	1,656.6	2,231.4
Total liabilities	2,849.6	2,060.6	2,749.7
Equity			
Share capital	55.3	55.3	55.3
Share premium account	3.6	3.6	3.6
Capital redemption reserve	0.9	0.9	0.9
Non-distributable reserve	90.7	90.7	90.7
Own shares held by the Company	(33.1)	(33.1)	(33.1)
Own shares held through the ESOT	(15.5)	(15.8)	(15.5)
Cumulative foreign exchange translation differences	25.6	(19.9)	38.7
Retained reserves	1,074.1	796.2	970.9
Equity attributable to equity holders of the Company	1,201.6	877.9	1,111.5
Total liabilities and equity	4,051.2	2,938.5	3,861.2

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 31 JULY 2015

	Share capital £m	Share premium account £m	Capital redemption reserve £m	Non-distributable reserve £m	Own shares held by the Company £m	Own shares held through the ESOT £m	Cumulative foreign exchange translation differences £m	Retained reserves £m	Total £m
Unaudited									
At 1 May 2014	55.3	3.6	0.9	90.7	(33.1)	(11.8)	(20.2)	739.0	824.4
Profit for the period	-	-	-	-	-	-	-	74.7	74.7
Other comprehensive income:									
Foreign currency translation differences	-	-	-	-	-	-	0.3	-	0.3
Total comprehensive income for the period	-	-	-	-	-	-	0.3	74.7	75.0
Own shares purchased by the ESOT	-		-	-	-	(19.7)	-	-	(19.7)
Share-based payments	-	-	-	-	-	15.7	-	(14.8)	0.9
Tax on share-based payments	-	-	-	-	-	-	-	(2.7)	(2.7)
At 31 July 2014	55.3	3.6	0.9	90.7	(33.1)	(15.8)	(19.9)	796.2	877.9
Profit for the period	-	-	-	-	-	-	-	228.7	228.7
Other comprehensive income:									
Foreign currency translation differences	-	-	-	-	-	-	58.6	-	58.6
Remeasurement of the defined benefit pension plan	-	-	-	-	-	-	-	(3.1)	(3.1)
Tax on defined benefit pension plan	-	-	-	-	-	-	-	0.6	0.6
Total comprehensive income for the period	-	-	-	-	-	-	58.6	226.2	284.8
Dividends paid	-	-	-	-	-	-	-	(61.4)	(61.4)
Own shares purchased by the ESOT	-	-	-	-	-	(0.6)	-	-	(0.6)
Share-based payments	-	-	-	-	-	0.9	-	2.2	3.1
Tax on share-based payments	-	-	-	-	-	-	-	7.7	7.7
At 30 April 2015	55.3	3.6	0.9	90.7	(33.1)	(15.5)	38.7	970.9	1,111.5
Profit for the period	-	-	-	-	-	-	-	101.8	101.8
Other comprehensive income:									
Foreign currency translation differences	-	-	-	-	-	-	(13.1)	-	(13.1)
Total comprehensive income for the period	-	-	-	-	-	-	(13.1)	101.8	88.7
Share-based payments	-	-	-	-	-	-	-	1.1	1.1
Tax on share-based payments	-	-	-	-	-	-	-	0.3	0.3
At 31 July 2015	55.3	3.6	0.9	90.7	(33.1)	(15.5)	25.6	1,074.1	1,201.6

CONSOLIDATED CASH FLOW STATEMENT FOR THE THREE MONTHS ENDED 31 JULY 2015

	Unaudited	
	2015	2014
	£m	£m
Cash flows from operating activities		
Cash generated from operations before exceptional items and changes in rental equipment	216.9	144.9
Exceptional operating costs paid	-	(0.2)
Payments for rental property, plant and equipment	(338.4)	(222.5)
Proceeds from disposal of rental property, plant and equipment	38.2	14.8
Cash used in operations	(83.3)	(63.0)
Financing costs paid (net)	(24.3)	(21.3)
Tax paid (net)	(6.6)	(4.6)
Net cash used in operating activities	(114.2)	(88.9)
Cash flows from investing activities		
Acquisition of businesses	(4.5)	(37.6)
Payments for non-rental property, plant and equipment	(25.3)	(24.5)
Proceeds from disposal of non-rental property, plant and equipment	2.0	1.8
Net cash used in investing activities	(27.8)	(60.3)
Cash flows from financing activities		
Drawdown of loans	142.3	156.5
Redemption of loans	(8.0)	(5.0)
Capital element of finance lease payments	(0.4)	(0.6)
Net cash from financing activities	133.9	150.9
(Decrease)/increase in cash and cash equivalents	(8.1)	1.7
Opening cash and cash equivalents	10.5	2.8
Effect of exchange rate difference	(0.1)	-
Closing cash and cash equivalents	2.3	4.5

Reconciliation of net cash flows to net debt

Decrease/(increase) in cash in the period	8.1	(1.7)
Increase in debt through cash flow	133.9	150.9
Change in net debt from cash flows	142.0	149.2
Exchange differences	(25.7)	0.7
Non-cash movements:		
- deferred costs of debt raising	0.4	0.4
- capital element of new finance leases	0.5	0.6
Increase in net debt in the period	117.2	150.9
Net debt at 1 May	1,687.1	1,148.6
Net debt at 31 July	1,804.3	1,299.5

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. General information

Ashtead Group plc ('the Company') is a company incorporated and domiciled in England and Wales and listed on the London Stock Exchange. The condensed consolidated interim financial statements as at, and for the three months ended, 31 July 2015 comprise the Company and its subsidiaries ('the Group').

The condensed consolidated interim financial statements for the three months ended 31 July 2015 were approved by the directors on 1 September 2015.

The condensed consolidated interim financial statements do not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The statutory accounts for the year ended 30 April 2015 were approved by the directors on 15 June 2015 and have been mailed to shareholders and filed with the Registrar of Companies. The auditor's report on those accounts was unqualified, did not include a reference to any matter by way of emphasis and did not contain a statement under Section 498(2) or (3) of the Companies Act 2006.

2. Basis of preparation

The condensed consolidated interim financial statements for the three months ended 31 July 2015 have been prepared in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority and relevant International Financial Reporting Standards ('IFRS') as adopted by the European Union (including IAS 34 - Interim Financial Reporting). The condensed consolidated interim financial statements should be read in conjunction with the Group's Annual Report and Accounts for the year ended 30 April 2015, which were prepared in accordance with IFRS as adopted by the European Union.

The accounting policies applied in the condensed consolidated interim financial statements are consistent with those set out in the Group's Annual Report and Accounts for the year ended 30 April 2015. There are no new IFRS or IFRIC Interpretations that are effective for the first time for this interim period which have a material impact on the Group.

The condensed consolidated interim financial statements have been prepared on the going concern basis. The Group's internal budgets and forecasts of future performance, available financing facilities and facility headroom (see note 11), provide a reasonable expectation that the Group has adequate resources to continue in operation for the foreseeable future and consequently the going concern basis continues to be appropriate in preparing the condensed consolidated interim financial statements.

The exchange rates used in respect of the US dollar are:

	2015	2014
Average for the quarter ended 31 July	1.55	1.69
At 30 April	1.54	1.69
At 31 July	1.56	1.69

3. Segmental analysis

	Revenue	Operating profit before amortisation	Amortisation	Operating profit
	£m	£m	£m	£m
Three months to 31 July				
2015				
Sunbelt	528.6	166.2	(4.1)	162.1
A-Plant	90.0	17.0	(1.2)	15.8
Corporate costs	-	(3.0)	-	(3.0)
	618.6	180.2	(5.3)	174.9
2014				
Sunbelt	376.7	122.1	(1.8)	120.3
A-Plant	81.2	13.7	(1.1)	12.6
Corporate costs	-	(2.3)	-	(2.3)
	457.9	133.5	(2.9)	130.6

	Segment assets	Cash	Taxation assets	Total assets
	£m	£m	£m	£m
At 31 July 2015				
Sunbelt	3,460.2	-	-	3,460.2
A-Plant	562.6	-	-	562.6
Corporate items	0.3	2.3	25.8	28.4
	4,023.1	2.3	25.8	4,051.2
At 30 April 2015				
Sunbelt	3,309.7	-	-	3,309.7
A-Plant	514.7	-	-	514.7
Corporate items	0.1	10.5	26.2	36.8
	3,824.5	10.5	26.2	3,861.2

Sunbelt includes Sunbelt Rentals of Canada Inc..

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

4. Operating costs and other income

	2015			2014		
	Before amortisation	Amortisation	Total	Before amortisation	Amortisation	Total
	£m	£m	£m	£m	£m	£m
Three months to 31 July						
Staff costs:						
Salaries	126.7	-	126.7	97.3	-	97.3
Social security costs	9.7	-	9.7	7.8	-	7.8
Other pension costs	2.7	-	2.7	2.0	-	2.0
	139.1	-	139.1	107.1	-	107.1
Used rental equipment sold	42.5	-	42.5	14.5	-	14.5
Other operating costs:						
Vehicle costs	33.3	-	33.3	28.6	-	28.6
Spares, consumables & external repairs	29.4	-	29.4	23.9	-	23.9
Facility costs	16.9	-	16.9	13.1	-	13.1
Other external charges	74.7	-	74.7	60.8	-	60.8
	154.3	-	154.3	126.4	-	126.4
Depreciation and amortisation:						
Depreciation	102.5	-	102.5	76.4	-	76.4
Amortisation of intangibles	-	5.3	5.3	-	2.9	2.9
	102.5	5.3	107.8	76.4	2.9	79.3
	438.4	5.3	443.7	324.4	2.9	327.3

5. Amortisation

Amortisation relates to the periodic write-off of intangible assets. The Group believes this item should be disclosed separately within the consolidated income statement to assist in the understanding of the financial performance of the Group. Underlying profit and earnings per share are stated before amortisation of intangibles.

	Three months to 31 July	
	2015	2014
	£m	£m
Amortisation of intangibles	5.3	2.9
Taxation	(1.7)	(0.9)
	3.6	2.0

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

6. Net financing costs

	Three months to 31 July	
	2015	2014
	£m	£m
Investment income:		
Net interest on the net defined benefit asset	-	(0.1)
Interest expense:		
Bank interest payable	4.8	4.1
Interest payable on second priority senior secured notes	13.9	8.6
Interest payable on finance leases	0.1	0.1
Non-cash unwind of discount on provisions	0.3	0.1
Amortisation of deferred debt raising costs	0.4	0.3
Total interest expense	19.5	13.2
Net financing costs	19.5	13.1

7. Taxation

The tax charge for the period has been computed using a tax rate for the year of 38% in North America (2014: 39%) and 20% in the UK (2014: 21%). The blended rate for the Group as a whole is 34% (2014: 36%).

The tax charge of £55.3m (2014: £43.7m) on the underlying pre-tax profit of £160.7m (2014: £120.4m) can be explained as follows:

	Three months to 31 July	
	2015	2014
	£m	£m
Current tax		
- current tax on income for the period	25.8	19.5
- adjustments to prior year	0.3	0.5
	26.1	20.0
Deferred tax		
- origination and reversal of temporary differences	28.6	23.8
- adjustments to prior year	0.6	(0.1)
	29.2	23.7
Tax on underlying activities	55.3	43.7

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

7. Taxation (continued)

	Three months to 31 July 2015	2014
	£m	£m
Comprising:		
- UK	3.9	4.3
- North America	51.4	39.4
	55.3	43.7

In addition, the tax credit of £1.7m (2014: £0.9m) on amortisation of intangibles of £5.3m (2014: £2.9m) consists of a deferred tax credit of £0.2m relating to the UK (2014: £0.2m) and £1.5m (2014: £0.7m) relating to North America.

8. Earnings per share

Basic and diluted earnings per share for the three months ended 31 July 2015 have been calculated based on the profit for the relevant period and the weighted average number of ordinary shares in issue during that period (excluding shares held by the Company and the ESOT over which dividends have been waived). Diluted earnings per share is computed using the result for the relevant period and the diluted number of shares (ignoring any potential issue of ordinary shares which would be anti-dilutive). These are calculated as follows:

		Three months to 31 July 2015	2014
Profit for the financial period (£m)		101.8	74.7
Weighted average number of shares (m)	- basic	501.4	501.2
	- diluted	503.8	505.8
Basic earnings per share		20.3p	14.9p
Diluted earnings per share		20.2p	14.8p

Underlying earnings per share (defined in any period as the earnings before amortisation of intangibles for that period divided by the weighted average number of shares in issue in that period) may be reconciled to the basic earnings per share as follows:

	Three months to 31 July 2015	2014
Basic earnings per share	20.3p	14.9p
Amortisation of intangibles	1.0p	0.6p
Tax on amortisation	(0.3p)	(0.2p)
Underlying earnings per share	21.0p	15.3p

9. Property, plant and equipment

	2015		2014	
Net book value	Rental equipment £m	Total £m	Rental equipment £m	Total £m
At 1 May	2,534.2	2,811.1	1,716.3	1,929.1
Exchange difference	(34.3)	(37.8)	-	-
Reclassifications	(0.6)	-	(0.2)	-
Measurement period adjustments	3.6	3.7	-	-
Additions	323.6	349.2	258.5	283.6
Acquisitions	0.3	0.3	19.3	20.4
Disposals	(41.4)	(43.5)	(14.2)	(15.3)
Depreciation	(90.1)	(102.5)	(67.3)	(76.4)
At 31 July	2,695.3	2,980.5	1,912.4	2,141.4

£4m of measurement period fair value adjustments relating to prior year acquisitions have been made in the period.

10. Borrowings

	31 July 2015 £m	30 April 2015 £m
Current		
Finance lease obligations	2.0	2.0
Non-current		
First priority senior secured bank debt	905.6	782.7
Finance lease obligations	3.3	3.3
6.5% second priority senior secured notes, due 2022	580.7	589.8
5.625% second priority senior secured notes, due 2024	315.0	319.8
	1,804.6	1,695.6

The senior secured bank debt and the senior secured notes are secured by way of, respectively, first and second priority fixed and floating charges over substantially all the Group's property, plant and equipment, inventory and trade receivables.

Under the terms of our amended asset-based senior bank facility, $2.6bn is committed until July 2020. The $900m 6.5% senior secured notes mature in July 2022, whilst the $500m 5.625% senior secured notes mature in October 2024. Our debt facilities therefore remain committed for the long term, with an average of six years remaining. The weighted average interest cost of these facilities (including non-cash amortisation of deferred debt raising costs) is approximately 5%. The terms of the $900m senior secured notes and the $500m senior secured notes are such that financial performance covenants are only measured at the time new debt is raised.

There is one financial performance covenant under the first priority senior bank facility. That is, the fixed charge ratio (comprising LTM EBITDA before exceptional items less LTM net capital expenditure paid in cash over the sum of scheduled debt repayments plus cash interest, cash tax payments and dividends paid in the last twelve months) must be equal to or greater than 1.0 times.

This covenant does not apply when availability under the ABL facility exceeds $260m. At 31 July 2015, availability under the ABL facility was $1,258m, with an additional $1,324m of suppressed availability, meaning the covenant was not measured at 31 July 2015 and is unlikely to be measured in forthcoming quarters.

10. Borrowings (continued)

As a matter of good practice, we calculate the covenant ratio each quarter. At 31 July 2015, as a result of the significant investment in our rental fleet, the fixed charge ratio, as expected, did not meet the covenant requirement. The fact the fixed charge ratio is currently below 1.0 times does not cause concern given the strong availability and management's ability to flex capital expenditure downwards at short notice. Accordingly, the condensed consolidated interim financial statements are prepared on a going concern basis.

Fair value of financial instruments

At 31 July 2015, the Group had no derivative financial instruments.

With the exception of the Group's second priority senior secured notes, the carrying value of non-derivative financial assets and liabilities is considered to materially equate to their fair value.

The carrying value of the second priority senior secured notes due 2022, excluding deferred debt raising costs, was £590m at 31 July 2015 (£599m at 30 April 2015), while the fair value was £627m (£646m at 30 April 2015). The carrying value of the second priority senior secured notes due 2024, excluding deferred debt raising costs, was £320m at 31 July 2015 (£325m at 30 April 2015) while the fair value was £321m (£342 at 30 April 2015). The fair value of the second priority senior secured notes has been calculated using the quoted market prices at 31 July 2015.

11. Share capital

Ordinary shares of 10p each:

	31 July 2015 Number	30 April 2015 Number	31 July 2015 £m	30 April 2015 £m
Authorised	900,000,000	900,000,000	90.0	90.0
Allotted, called up and fully paid	553,325,554	553,325,554	55.3	55.3

At 31 July 2015, 50m (2014: 50m) shares were held by the Company and a further 1.9m (2014: 2.0m) shares were held by the Company's Employee Share Ownership Trust.

12. Notes to the cash flow statement

	Three months to 31 July 2015 £m	2014 £m
a) Cash flow from operating activities		
Operating profit before amortisation	180.2	133.5
Depreciation	102.5	76.4
EBITDA before exceptional items	282.7	209.9
Profit on disposal of rental equipment	(13.2)	(4.0)
Profit on disposal of other property, plant and equipment	-	(0.6)
Decrease/(increase) in inventories	2.3	(3.1)
Increase in trade and other receivables	(37.3)	(36.9)
Decrease in trade and other payables	(18.7)	(21.5)
Exchange differences	-	0.2
Other non-cash movements	1.1	0.9
Cash generated from operations before exceptional items and changes in rental equipment	216.9	144.9

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

12. Notes to the cash flow statement (continued)

b) Analysis of net debt

Net debt consists of total borrowings less cash and cash equivalents. Borrowings exclude accrued interest. Foreign currency denominated balances are retranslated to pounds sterling at rates of exchange ruling at the balance sheet date.

	1 May 2015 £m	Exchange movement £m	Cash flow £m	Non-cash movements £m	31 July 2015 £m
Cash	(10.5)	0.1	8.1	-	(2.3)
Debt due within one year	2.0	-	(0.4)	0.4	2.0
Debt due after one year	1,695.6	(25.8)	134.3	0.5	1,804.6
Total net debt	1,687.1	(25.7)	142.0	0.9	1,804.3

Details of the Group's cash and debt are given in the Review of Balance Sheet and Cash Flow accompanying these condensed consolidated interim financial statements.

c) Acquisitions

	Three months to 31 July 2015 £m	2014 £m
Cash consideration paid		
- acquisitions in the period (net of cash acquired)	1.1	32.1
- deferred consideration	3.4	5.5
	4.5	37.6

During the period, one acquisition was made for a cash consideration of £1.1m (2015: £32.1m). Further details are provided in note 14. Payments for deferred consideration on prior year acquisitions were also made of £3.4m (2014: £5.5m).

13. Acquisitions

During the quarter, the following acquisition was completed:

i) On 29 May 2015, Sunbelt acquired the business and assets of C. Rowland Enterprises, Inc., trading as Air Systems Sales & Rentals, Inc. ('Air Systems'), for an initial cash consideration of £1m ($2m), with contingent consideration of up to £0.5m ($0.8m), payable over the next year, depending on revenue meeting or exceeding certain thresholds. Air Systems is a climate control business in Oregon.

13. Acquisitions (continued)

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

	Acquirees' book value £m	Fair value to Group £m
Net assets acquired		
Trade and other receivables	0.1	0.1
Property, plant and equipment		
- rental equipment	0.3	0.3
Intangible assets (customer relationships)	-	0.3
	0.4	0.7
Consideration:		
- cash paid and due to be paid (net of cash acquired)		1.1
- deferred consideration payable in cash		0.5
		1.6
Goodwill		0.9

The goodwill arising can be attributed to the key management personnel and workforce of the acquired business and to the synergies and other benefits the Group expects to derive from the acquisition. The synergies and other benefits include elimination of duplicate costs, improving utilisation of the acquired rental fleet, using the Group's financial strength to invest in the acquired business and to drive improved returns through a semi-fixed cost base and the application of the Group's proprietary software to optimise revenue opportunities. The goodwill is expected to be deductible for income tax purposes.

The gross value and fair value of trade receivables at acquisition was £0.1m.

Due to the operational integration of acquired businesses with Sunbelt and A-Plant post acquisition, in particular the merger of some stores, the movement of rental equipment between stores and investment in the rental fleet, it is not practical to report the revenue and profit of the acquired businesses post acquisition.

The revenue and operating profit of this acquisition from 1 May 2015 to its date of acquisition was not material.

14. Contingent liabilities

There have been no significant changes in contingent liabilities from those reported in the financial statements for the year ended 30 April 2015.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

15. Events after the balance sheet date

Since the balance sheet date the following acquisition was completed:

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

The initial accounting for this acquisition is incomplete. Had the acquisition taken place on 1 May 2015 its contribution to revenue and operating profit would not have been material.

REVIEW OF BALANCE SHEET AND CASH FLOW

Fixed assets

Capital expenditure in the quarter totalled £349m (2014: £284m) with £324m invested in the rental fleet (2014: £259m). Expenditure on rental equipment was 93% of total capital expenditure with the balance relating to the delivery vehicle fleet, property improvements and IT equipment. Capital expenditure by division was:

		2015		2014
	Replacement	Growth	Total	Total
Sunbelt in $m	187.5	221.6	409.1	347.2
Sunbelt in £m	120.2	142.0	262.2	205.7
A-Plant	27.5	33.9	61.4	52.8
Total rental equipment	147.7	175.9	323.6	258.5
Delivery vehicles, property improvements & IT equipment			25.6	25.1
Total additions			349.2	283.6

In a strong US rental market, $222m of rental equipment capital expenditure was spent on growth while $187m was invested in replacement of existing fleet. The growth proportion is estimated on the basis of the assumption that replacement capital expenditure in any period is equal to the original cost of equipment sold.

The average age of the Group's serialised rental equipment, which constitutes the substantial majority of our fleet, at 31 July 2015 was 25 months (2014: 26 months) on a net book value basis. Sunbelt's fleet had an average age of 24 months (2014: 25 months) while A-Plant's fleet had an average age of 26 months (2014: 32 months).

	Rental fleet at original cost			LTM rental	LTM dollar	LTM physical
	31 July 2015	30 April 2015	LTM average	revenue	utilisation	utilisation
Sunbelt in $m	4,953	4,733	4,453	2,607	59%	70%
Sunbelt in £m	3,174	3,079	2,853	1,666	59%	70%
A-Plant	592	559	543	294	54%	69%
	3,766	3,638	3,396	1,960		

Dollar utilisation is defined as rental revenue divided by average fleet at original (or "first") cost and, measured over the last twelve months to 31 July 2015, was 59% at Sunbelt (2014: 60%) and 54% at A-Plant (2014: 57%). Physical utilisation is time based utilisation, which is calculated as the daily average of the original cost of equipment on rent as a percentage of the total value of equipment in the fleet at the measurement date. Measured over the last twelve months to 31 July 2015, average physical utilisation at Sunbelt was 70% (2014: 70%) and 69% at A-Plant (2014: 72%). At Sunbelt, physical utilisation is measured for equipment with an original cost in excess of $7,500 which comprised approximately 87% of its fleet at 31 July 2015.

Trade receivables

Receivable days at 31 July 2015 were 48 days (2014: 46 days). The bad debt charge for the quarter ended 31 July 2015 as a percentage of total turnover was 0.7% (2014: 0.6%). Trade receivables at 31 July 2015 of £372m (2014: £260m) are stated net of allowances for bad debts and credit notes of £24m (2014: £18m) with the allowance representing 6.1% (2014: 6.6%) of gross receivables.

Trade and other payables

Group payable days were 59 days in 2015 (2014: 59 days) with capital expenditure related payables, which have longer payment terms, totalling £247m (2014: £191m). Payment periods for purchases other than rental equipment vary between seven and 60 days and for rental equipment between 30 and 120 days.

Cash flow and net debt

	Three months to 31 July 2015 £m	Three months to 31 July 2014 £m	LTM to 31 July 2015 £m	Year to 30 April 2015 £m
EBITDA before exceptional items	282.7	209.9	981.2	908.4
Cash inflow from operations before exceptional items and changes in rental equipment	216.9	144.9	913.4	841.4
*Cash conversion ratio**	*76.7%*	*69.1%*	*93.1%*	*92.6%*
Replacement rental capital expenditure	(115.9)	(64.4)	(322.1)	(270.6)
Payments for non-rental capital expenditure	(25.3)	(24.5)	(79.5)	(78.7)
Rental equipment disposal proceeds	38.2	14.8	118.8	95.4
Other property, plant and equipment disposal proceeds	2.0	1.8	7.7	7.5
Tax paid (net)	(6.6)	(4.6)	(34.0)	(32.0)
Financing costs paid (net)	(24.3)	(21.3)	(66.4)	(63.4)
Cash inflow before growth capex and payment of exceptional costs	**85.0**	**46.7**	**537.9**	**499.6**
Growth rental capital expenditure	(222.5)	(158.1)	(651.9)	(587.5)
Exceptional operating costs paid	-	(0.2)	(0.3)	(0.5)
Total cash used in operations	**(137.5)**	**(111.6)**	**(114.3)**	**(88.4)**
Acquisition of businesses	(4.5)	(37.6)	(208.4)	(241.5)
Total cash absorbed	**(142.0)**	**(149.2)**	**(322.7)**	**(329.9)**
Dividends paid	-	-	(61.4)	(61.4)
Purchase of own shares by the ESOT	-	-	(20.3)	(20.3)
Increase in net debt	**(142.0)**	**(149.2)**	**(404.4)**	**(411.6)**

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

Cash inflow from operations before payment of exceptional costs and the net investment in the rental fleet increased by 50% to £217m. Reflecting a higher level of working capital due to higher activity levels and the seasonality of the business, the first quarter cash conversion ratio was 77% (2014: 69%).

Total payments for capital expenditure (rental equipment and other property, plant and equipment) in the first quarter were £364m (2014: £247m). Disposal proceeds received totalled £40m, giving net payments for capital expenditure of £324m in the period (2014: £230m). Financing costs paid totalled £24m (2014: £21m) while tax payments were £7m (2014: £5m). Financing costs paid can differ from the charge in the income statement due to the timing of interest payments in the year and non-cash interest charges.

Accordingly, in the quarter the Group generated £85m (2014: £47m) of net cash before discretionary investments made to enlarge the size and hence earning capacity of its rental fleet and on acquisitions. After growth investment and acquisitions, there was a net cash outflow of £142m (2014: £149m).

Net debt

	31 July 2015 £m	31 July 2014 £m	30 April 2015 £m
First priority senior secured bank debt	905.6	762.2	782.7
Finance lease obligations	5.3	4.6	5.3
6.5% second priority senior secured notes, due 2022	580.7	537.2	589.8
5.625% second priority senior secured notes, due 2024	315.0	-	319.8
	1,806.6	1,304.0	1,697.6
Cash and cash equivalents	(2.3)	(4.5)	(10.5)
Total net debt	1,804.3	1,299.5	1,687.1

Net debt at 31 July 2015 was £1,804m with the increase since 30 April 2015 reflecting principally the net cash outflow set out above, partially offset by £26m of currency translation benefit. The Group's EBITDA for the twelve months ended 31 July 2015 was £981m and the ratio of net debt to EBITDA was therefore 1.8 times at 31 July 2015 (2014: 1.9 times) on a constant currency basis and 1.8 times (2014: 1.8 times) on a reported basis.

Principal risks and uncertainties

Risks and uncertainties in achieving the Group's objectives for the remainder of the financial year, together with assumptions, estimates, judgements and critical accounting policies used in preparing financial information remain unchanged from those detailed in the 2015 Annual Report and Accounts on pages 24 to 32. Our business is subject to significant fluctuations in performance from quarter to quarter as a result of seasonal effects. Commercial construction activity tends to increase in the summer and during extended periods of mild weather and to decrease in the winter and during extended periods of inclement weather. Furthermore, due to the incidence of public holidays in the US and the UK, there are more billing days in the first half of our financial year than the second half leading to our revenue normally being higher in the first half. On a quarterly basis, the second quarter is typically our strongest quarter, followed by the first and then the third and fourth quarters.

In addition, the current trading and outlook section of the interim statement provides commentary on market and economic conditions for the remainder of the year.

Fluctuations in the value of the US dollar with respect to the pound sterling have had, and may continue to have, a significant impact on our financial condition and results of operations as reported in pounds due to the majority of our assets, liabilities, revenues and costs being denominated in US dollars. The Group has arranged its financing such that, at 31 July 2015, 96% of its debt was denominated in US dollars so that there is a natural partial offset between its dollar-denominated net assets and earnings and its dollar-denominated debt and interest expense. At 31 July 2015, dollar-denominated debt represented approximately 67% of the value of dollar-denominated net assets (other than debt). Based on the current currency mix of our profits and on dollar debt levels, interest and exchange rates at 31 July 2015, a 1% change in the US dollar exchange rate would impact underlying pre-tax profit by approximately £5m.

OPERATING STATISTICS

	Number of rental stores			Staff numbers		
	31 July 2015	31 July 2014	30 April 2015	31 July 2015	31 July 2014	30 April 2015
Sunbelt	522	436	504	9,406	7,803	9,216
A-Plant	138	129	136	2,802	2,396	2,701
Corporate office	-	-	-	12	11	11
Group	660	565	640	12,220	10,210	11,928

Sunbelt's rental store number includes 30 Sunbelt at Lowes stores at 31 July 2015 (2014: 30).