Ashtead group

3 March 2015

Unaudited results for the nine months and third quarter ended 31 January 2015

	Third quarter			Nine months		
	2015	2014	Growth[1]	2015	2014	Growth[1]
	£m	£m	%	£m	£m	%
Underlying results[2]						
Rental revenue	462.9	354.2	25%	1,358.5	1,119.6	24%
EBITDA	225.0	162.2	32%	680.5	531.4	31%
Operating profit	132.8	92.5	36%	427.4	326.6	34%
Profit before taxation	113.9	80.4	33%	379.4	292.7	33%
Earnings per share	14.5p	10.1p	36%	48.4p	36.8p	35%
Statutory results						
Revenue	512.9	400.1	23%	1,500.2	1,249.8	23%
Profit before taxation	109.9	77.9	33%	369.1	285.7	33%
Earnings per share	14.1p	9.7p	35%	47.1p	35.8p	35%

1 at constant exchange rates
2 before intangible amortisation

Highlights

- Group rental revenue up 24%[1]
- Record nine month pre-tax profit[2] of £379m, up 33% at constant exchange rates
- Group EBITDA margin improves to 45% (2014: 43%)
- £783m of capital invested in the business (2014: £564m)
- Group RoI of 19% (2014: 18%)
- Net debt to EBITDA leverage[1] of 2.0 times (2014: 2.0 times)

Ashtead's chief executive, Geoff Drabble, commented:

"It is pleasing to report another strong quarter enabling the Group to deliver record underlying pre-tax profits of £379m, up 33% on the prior year. Strong contributions came from both Sunbelt and A-Plant, with rental revenue growth of 25% and 18%, respectively.

We continue to execute on our strategy, focused on organic growth supplemented by bolt-on acquisitions. We invested £783m in capital expenditure and £162m on bolt-on acquisitions in the period and expect full year capital expenditure to be at the top of, or slightly above, our previously announced range of £925m to £975m.

Even with these significant levels of investment, we continue to grow responsibly, generating strong returns and maintaining leverage within our stated objectives.

We now anticipate a full year result ahead of our previous expectations and the Board looks forward to the medium term with continued confidence."

Contacts:

Geoff Drabble	Chief executive	+44 (0)20 7726 9700
Suzanne Wood	Finance director	
Liz Morley	Maitland	+44 (0)20 7379 5151

Geoff Drabble and Suzanne Wood will hold a conference call for equity analysts to discuss the results and outlook at **9.00am** on Tuesday, 3 March 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. The usual conference call for bondholders will begin at 3pm (10am 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.

Nine months' results

	Revenue		EBITDA		Operating profit	
	2015	2014	2015	2014	2015	2014
Sunbelt in $m	2,047.5	1,658.1	983.3	755.2	646.9	494.2
Sunbelt in £m	1,257.8	1,048.2	604.1	477.4	397.4	312.3
A-Plant	242.4	201.6	84.1	61.1	37.7	21.4
Group central costs	-	-	(7.7)	(7.1)	(7.7)	(7.1)
	1,500.2	1,249.8	680.5	531.4	427.4	326.6
Net financing costs					(48.0)	(33.9)
Profit before amortisation and tax					**379.4**	**292.7**
Amortisation					(10.3)	(7.0)
Profit before taxation					369.1	285.7
Taxation					(133.2)	(106.2)
Profit attributable to equity holders of the Company					235.9	179.5
Margins						
Sunbelt			*48.0%*	*45.5%*	*31.6%*	*29.8%*
A-Plant			*34.7%*	*30.3%*	*15.6%*	*10.6%*
Group			*45.4%*	*42.5%*	*28.5%*	*26.1%*

Group revenue increased 20% to £1,500m in the nine months (2014: £1,250m) with strong growth in both businesses. This revenue growth, combined with ongoing operational efficiency, generated record underlying profit before tax of £379m (2014: £293m).

The Group's growth is driven by strong same-store growth supplemented by greenfield openings and bolt-on acquisitions. This growth in the US is across a range of market sectors with different characteristics, which is impacting a number of Sunbelt's metrics in the short term. To aid the understanding of our performance, we have analysed our year on year revenue growth as follows:

		$m
2014 rental only revenue		1,151
Same stores (in existence at 1 May 2013)	17%	193
Bolt-ons and greenfields since 1 May 2013	9%	112
2015 rental only revenue	26%	1,456
Ancillary revenue	22%	406
2015 rental revenue	25%	1,862
Sales revenue		185
2015 total revenue		2,047

We continue to capitalise on the opportunity presented by our markets which were up circa 7% last year and are forecast to grow around 8% this year. Our same-store growth of 17% demonstrates that we continue to take market share as we grow at more than double the market rate. In addition, bolt-ons and greenfields have contributed another 9% growth as we execute our long-term structural growth strategy of expanding our geographic footprint and our specialty businesses.

Total rental only revenue growth of 26% can be broken down to a 24% increase in fleet on rent and a net 2% improvement in yield. The improved yield reflects the combination of good rate growth, the drag of greenfield and bolt-on activity as we capitalise on market opportunities and the impact of mix which we highlighted in the first half of the year. Average nine month physical utilisation was 72% (2014: 71%).

A-Plant continues to perform well in improving markets and delivered total rental revenue of £215m, up 18% on the prior year (2014: £181m). This reflects 13% more fleet on rent and a 6% improvement in yield. Yield has benefitted from an improved pricing environment and the diversification of the product line.

Sunbelt's strong revenue growth and focus on operational efficiency is driving improving margins resulting in a nine month EBITDA margin of 48% (2014: 46%) as 59% of revenue growth dropped through to EBITDA. Drop through reflects the drag effect of greenfield openings and acquisitions. Stores open for more than one year saw 67% of revenue growth drop through to EBITDA. This contributed to an operating profit of $647m (2014: $494m). A-Plant's EBITDA margin improved to 35% (2014: 30%) and operating profit rose to £38m (2014: £21m), with drop through of 56%. As a result, Group underlying operating profit increased 31% to £427m (2014: £327m).

Net financing costs increased to £48m (2014: £34m), reflecting the higher average debt during the period, the additional $400m of senior secured notes issued in December 2013 and the $500m senior secured notes issued in September 2014.

Group profit before amortisation of intangibles and taxation was £379m (2014: £293m). After a tax charge of 36% (2014: 37%) of the underlying pre-tax profit, underlying earnings per share increased 32% to 48.4p (2014: 36.8p). Following the introduction of accelerated tax depreciation by the US government for 2014, we no longer expect to be a significant cash tax payer in the US until 2015/16. As a result, the cash tax charge for the nine months was 4%.

Statutory profit before tax was £369m (2014: £286m) and basic earnings per share were 47.1p (2014: 35.8p).

Capital expenditure and acquisitions

Capital expenditure for the nine months was £783m gross and £701m net of disposal proceeds (2014: £564m gross and £480m net). As a result of this investment, the Group's rental fleet at 31 January 2015 at cost was £3.5bn. Our average fleet age is now 26 months (2014: 29 months).

We spent £162m (2014: £85m) on 15 bolt-on acquisitions during the period as we continue to both expand our footprint and diversify into specialty markets.

For the full year, we expect gross capital expenditure at the top of, or slightly above, our range of £925m to £975m, reflecting both strong activity levels and the impact of weaker sterling.

Our expectation for next year is that the percentage growth in our rental fleet will be in the mid teens with capital expenditure around £1 - 1.1bn. This level of expenditure is consistent with our strategy at this stage in the cycle of investing in organic growth, opening greenfield sites and continuing to reduce our leverage. As always, our capital expenditure plans remain flexible depending on market conditions and currently, our principal focus is on fleet deliveries through the first quarter of fiscal 2016.

Return on Investment[1]

Sunbelt's pre-tax return on investment (excluding goodwill and intangible assets) in the 12 months to 31 January 2015 was 26% (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) improved to 13% (2014: 9%). For the Group as a whole, returns (including goodwill and intangible assets) are 19% (2014: 18%).

[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 nine months as we invested in the fleet, made an increased number of bolt-on acquisitions and due to increased working capital to support the growth in the business.

Net debt at 31 January 2015 was £1,769m (2014: £1,266m) while, reflecting our strong earnings growth, the ratio of net debt to EBITDA remained constant at 2.0 times (2014: 2.0 times) on a constant currency basis.

The Group's debt package remains well structured and flexible, enabling us to take advantage of prevailing end market conditions. Following the issue of the $500m 5.625% senior secured notes due in 2024, the Group's debt facilities are committed for an average of six years. At 31 January 2015, ABL availability was $688m, with an additional $1,562m of suppressed availability - substantially above the $200m level at which the Group's entire debt package is covenant free.

Current trading and outlook

Our strong performance continued in February. We now anticipate a full year result ahead of our previous expectations and the Board looks forward to the medium term with continued confidence.

CONSOLIDATED INCOME STATEMENT FOR THE THREE MONTHS ENDED 31 JANUARY 2015

	2015			2014		
	Before amortisation £m	Amortisation £m	Total £m	Before amortisation £m	Amortisation £m	Total £m
Third quarter - unaudited						
Revenue						
Rental revenue	462.9	-	462.9	354.2	-	354.2
Sale of new equipment, merchandise and consumables	20.4	-	20.4	14.9	-	14.9
Sale of used rental equipment	29.6	-	29.6	31.0	-	31.0
	512.9	-	512.9	400.1	-	400.1
Operating costs						
Staff costs	(124.7)	-	(124.7)	(104.8)	-	(104.8)
Used rental equipment sold	(22.1)	-	(22.1)	(24.0)	-	(24.0)
Other operating costs	(141.1)	-	(141.1)	(109.1)	-	(109.1)
	(287.9)	-	(287.9)	(237.9)	-	(237.9)
EBITDA*	225.0	-	225.0	162.2	-	162.2
Depreciation	(92.2)	-	(92.2)	(69.7)	-	(69.7)
Amortisation of intangibles	-	(4.0)	(4.0)	-	(2.5)	(2.5)
Operating profit	132.8	(4.0)	128.8	92.5	(2.5)	90.0
Investment income	0.1	-	0.1	-	-	-
Interest expense	(19.0)	-	(19.0)	(12.1)	-	(12.1)
Profit on ordinary activities before taxation	113.9	(4.0)	109.9	80.4	(2.5)	77.9
Taxation	(40.8)	1.2	(39.6)	(29.9)	0.8	(29.1)
Profit attributable to equity holders of the Company	73.1	(2.8)	70.3	50.5	(1.7)	48.8
Basic earnings per share	14.5p	(0.4p)	14.1p	10.1p	(0.4p)	9.7p
Diluted earnings per share	14.5p	(0.6p)	13.9p	10.0p	(0.3p)	9.7p

* 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 Third Quarter, Balance Sheet and Cash Flow accompanying these condensed consolidated interim financial statements.

CONSOLIDATED INCOME STATEMENT FOR THE NINE MONTHS ENDED 31 JANUARY 2015

	2015			2014		
	Before amortisation £m	Amortisation £m	Total £m	Before amortisation £m	Amortisation £m	Total £m
Nine months - unaudited						
Revenue						
Rental revenue	1,358.5	-	1,358.5	1,119.6	-	1,119.6
Sale of new equipment, merchandise and consumables	65.9	-	65.9	53.4	-	53.4
Sale of used rental equipment	75.8	-	75.8	76.8	-	76.8
	1,500.2	-	1,500.2	1,249.8	-	1,249.8
Operating costs						
Staff costs	(350.9)	-	(350.9)	(317.8)	-	(317.8)
Used rental equipment sold	(57.6)	-	(57.6)	(60.9)	-	(60.9)
Other operating costs	(411.2)	-	(411.2)	(339.7)	-	(339.7)
	(819.7)	-	(819.7)	(718.4)	-	(718.4)
EBITDA*	680.5	-	680.5	531.4	-	531.4
Depreciation	(253.1)	-	(253.1)	(204.8)	-	(204.8)
Amortisation of intangibles	-	(10.3)	(10.3)	-	(7.0)	(7.0)
Operating profit	427.4	(10.3)	417.1	326.6	(7.0)	319.6
Investment income	0.2	-	0.2	-	-	-
Interest expense	(48.2)	-	(48.2)	(33.9)	-	(33.9)
Profit on ordinary activities before taxation	379.4	(10.3)	369.1	292.7	(7.0)	285.7
Taxation	(136.5)	3.3	(133.2)	(108.5)	2.3	(106.2)
Profit attributable to equity holders of the Company	242.9	(7.0)	235.9	184.2	(4.7)	179.5
Basic earnings per share	48.4p	(1.3p)	47.1p	36.8p	(1.0p)	35.8p
Diluted earnings per share	48.1p	(1.4p)	46.7p	36.5p	(0.9p)	35.6p

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

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited			
	Three months to 31 January		Nine months to 31 January	
	2015 £m	2014 £m	2015 £m	2014 £m
Profit attributable to equity holders of the Company for the period	70.3	48.8	235.9	179.5
Items that may be reclassified subsequently to profit or loss:				
Foreign currency translation differences	40.4	(11.3)	75.7	(27.0)
Total comprehensive income for the period	110.7	37.5	311.6	152.5

CONSOLIDATED BALANCE SHEET AT 31 JANUARY 2015

	Unaudited 31 January 2015	Unaudited 31 January 2014	Audited 30 April 2014
	£m	£m	£m
Current assets			
Inventories	22.6	17.3	18.5
Trade and other receivables	379.5	280.0	259.8
Current tax asset	34.0	10.4	9.9
Cash and cash equivalents	3.8	2.6	2.8
	439.9	310.3	291.0
Non-current assets			
Property, plant and equipment			
- rental equipment	2,396.6	1,645.6	1,716.3
- other assets	269.9	213.4	212.8
	2,666.5	1,859.0	1,929.1
Goodwill	499.3	402.2	400.4
Other intangible assets	69.8	45.9	45.8
Net defined benefit pension plan asset	6.1	0.2	6.1
	3,241.7	2,307.3	2,381.4
Total assets	3,681.6	2,617.6	2,672.4
Current liabilities			
Trade and other payables	306.4	208.8	345.8
Current tax liability	5.3	6.5	5.8
Debt due within one year	1.9	2.3	2.2
Provisions	19.1	21.5	15.0
	332.7	239.1	368.8
Non-current liabilities			
Debt due after more than one year	1,770.7	1,266.0	1,149.2
Provisions	28.0	20.3	20.3
Deferred tax liabilities	474.9	302.9	309.7
	2,273.6	1,589.2	1,479.2
Total liabilities	2,606.3	1,828.3	1,848.0
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)	(12.2)	(11.8)
Cumulative foreign exchange translation differences	55.5	(5.9)	(20.2)
Retained reserves	917.9	690.0	739.0
Equity attributable to equity holders of the Company	1,075.3	789.3	824.4
Total liabilities and equity	3,681.6	2,617.6	2,672.4

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE NINE MONTHS ENDED 31 JANUARY 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
At 1 May 2013	55.3	3.6	0.9	90.7	(33.1)	(7.4)	21.1	551.4	682.5
Profit for the period	-	-	-	-	-	-	-	179.5	179.5
Other comprehensive income:									
Foreign currency translation differences	-	-	-	-	-	-	(27.0)	-	(27.0)
Total comprehensive income for the period	-	-	-	-	-	-	(27.0)	179.5	152.5
Dividends paid	-	-	-	-	-	-	-	(30.1)	(30.1)
Own shares purchased by the ESOT	-	-	-	-	-	(22.4)	-	-	(22.4)
Share-based payments	-	-	-	-	-	17.6	-	(15.2)	2.4
Tax on share-based payments	-	-	-	-	-	-	-	4.4	4.4
At 31 January 2014	55.3	3.6	0.9	90.7	(33.1)	(12.2)	(5.9)	690.0	789.3
Profit for the period	-	-	-	-	-	-	-	51.7	51.7
Other comprehensive income:									
Foreign currency translation differences	-	-	-	-	-	-	(14.3)	-	(14.3)
Remeasurement of the defined benefit pension plan	-	-	-	-	-	-	-	5.3	5.3
Tax on defined benefit pension plan	-	-	-	-	-	-	-	(1.0)	(1.0)
Total comprehensive income for the period	-	-	-	-	-	-	(14.3)	56.0	41.7
Dividends paid	-	-	-	-	-	-	-	(11.2)	(11.2)
Share-based payments	-	-	-	-	-	0.4	-	0.6	1.0
Tax on share-based payments	-	-	-	-	-	-	-	3.6	3.6
At 30 April 2014	55.3	3.6	0.9	90.7	(33.1)	(11.8)	(20.2)	739.0	824.4
Profit for the period	-	-	-	-	-	-	-	235.9	235.9
Other comprehensive income:									
Foreign currency translation differences	-	-	-	-	-	-	75.7	-	75.7
Total comprehensive income for the period	-	-	-	-	-	-	75.7	235.9	311.6
Dividends paid	-	-	-	-	-	-	-	(46.4)	(46.4)
Own shares purchased by the ESOT	-	-	-	-	-	(20.3)	-	-	(20.3)
Share-based payments	-	-	-	-	-	16.6	-	(13.6)	3.0
Tax on share-based payments	-	-	-	-	-	-	-	3.0	3.0
At 31 January 2015	55.3	3.6	0.9	90.7	(33.1)	(15.5)	55.5	917.9	1,075.3

CONSOLIDATED CASH FLOW STATEMENT FOR THE NINE MONTHS ENDED 31 JANUARY 2015

	Unaudited	
	2015	2014
	£m	£m
Cash flows from operating activities		
Cash generated from operations before exceptional items and changes in rental equipment	583.9	454.7
Exceptional operating costs paid	(0.4)	(1.8)
Payments for rental property, plant and equipment	(728.4)	(572.1)
Proceeds from disposal of rental property, plant and equipment	68.7	59.1
Cash used in operations	(76.2)	(60.1)
Financing costs paid (net)	(48.8)	(36.5)
Tax paid (net)	(36.1)	(12.6)
Net cash used in operating activities	(161.1)	(109.2)
Cash flows from investing activities		
Acquisition of businesses	(167.9)	(85.5)
Payments for non-rental property, plant and equipment	(58.2)	(72.9)
Proceeds from disposal of non-rental property, plant and equipment	6.1	9.9
Net cash used in investing activities	(220.0)	(148.5)
Cash flows from financing activities		
Drawdown of loans	890.8	608.6
Redemption of loans	(440.0)	(315.2)
Capital element of finance lease payments	(2.1)	(0.8)
Dividends paid	(46.4)	(30.1)
Purchase of own shares by the ESOT	(20.3)	(22.4)
Net cash from financing activities	382.0	240.1
Increase/(decrease) in cash and cash equivalents	0.9	(17.6)
Opening cash and cash equivalents	2.8	20.3
Effect of exchange rate difference	0.1	(0.1)
Closing cash and cash equivalents	3.8	2.6

Reconciliation of net debt

	2015	2014
(Increase)/decrease in cash in the period	(0.9)	17.6
Increase in debt through cash flow	448.7	292.6
Change in net debt from cash flows	447.8	310.2
Exchange differences	169.1	(62.8)
Debt acquired	-	1.4
Non-cash movements:		
- deferred costs of debt raising	1.1	1.7
- capital element of new finance leases	2.2	1.1
Increase in net debt in the period	620.2	251.6
Net debt at 1 May	1,148.6	1,014.1
Net debt at 31 January	1,768.8	1,265.7

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 nine months ended, 31 January 2015 comprise the Company and its subsidiaries ('the Group').

The condensed consolidated interim financial statements for the nine months ended 31 January 2015 were approved by the directors on 2 March 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 2014 were approved by the directors on 16 June 2014 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 nine months ended 31 January 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 2014, 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 2014. 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 three months ended 31 January	1.55	1.63
Average for the nine months ended 31 January	1.63	1.58
At 30 April	1.69	1.56
At 31 January	1.50	1.64

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

3. Segmental analysis

	Revenue	Operating profit before amortisation	Amortisation	Operating profit
	£m	£m	£m	£m
Three months to 31 January				
2015				
Sunbelt	436.1	127.5	(2.9)	124.6
A-Plant	76.8	8.0	(1.1)	6.9
Corporate costs	-	(2.7)	-	(2.7)
	512.9	132.8	(4.0)	128.8
2014				
Sunbelt	336.7	90.8	(1.4)	89.4
A-Plant	63.4	4.0	(1.1)	2.9
Corporate costs	-	(2.3)	-	(2.3)
	400.1	92.5	(2.5)	90.0
Nine months to 31 January				
2015				
Sunbelt	1,257.8	397.4	(6.9)	390.5
A-Plant	242.4	37.7	(3.4)	34.3
Corporate costs	-	(7.7)	-	(7.7)
	1,500.2	427.4	(10.3)	417.1
2014				
Sunbelt	1,048.2	312.3	(4.1)	308.2
A-Plant	201.6	21.4	(2.9)	18.5
Corporate costs	-	(7.1)	-	(7.1)
	1,249.8	326.6	(7.0)	319.6

	Segment assets	Cash	Taxation assets	Total assets
	£m	£m	£m	£m
At 31 January 2015				
Sunbelt	3,140.1	-	-	3,140.1
A-Plant	503.3	-	-	503.3
Corporate items	0.4	3.8	34.0	38.2
	3,643.8	3.8	34.0	3,681.6
At 30 April 2014				
Sunbelt	2,252.7	-	-	2,252.7
A-Plant	406.7	-	-	406.7
Corporate items	0.3	2.8	9.9	13.0
	2,659.7	2.8	9.9	2,672.4

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 January						
Staff costs:						
Salaries	113.0	-	113.0	95.6	-	95.6
Social security costs	9.5	-	9.5	7.3	-	7.3
Other pension costs	2.2	-	2.2	1.9	-	1.9
	124.7	-	124.7	104.8	-	104.8
Used rental equipment sold	22.1	-	22.1	24.0	-	24.0
Other operating costs:						
Vehicle costs	28.5	-	28.5	24.3	-	24.3
Spares, consumables & external repairs	25.9	-	25.9	19.6	-	19.6
Facility costs	15.7	-	15.7	12.7	-	12.7
Other external charges	71.0	-	71.0	52.5	-	52.5
	141.1	-	141.1	109.1	-	109.1
Depreciation and amortisation:						
Depreciation	92.2	-	92.2	69.7	-	69.7
Amortisation of intangibles	-	4.0	4.0	-	2.5	2.5
	92.2	4.0	96.2	69.7	2.5	72.2
	380.1	4.0	384.1	307.6	2.5	310.1
Nine months to 31 January						
Staff costs:						
Salaries	319.0	-	319.0	290.8	-	290.8
Social security costs	25.7	-	25.7	21.5	-	21.5
Other pension costs	6.2	-	6.2	5.5	-	5.5
	350.9	-	350.9	317.8	-	317.8
Used rental equipment sold	57.6	-	57.6	60.9	-	60.9
Other operating costs:						
Vehicle costs	88.4	-	88.4	80.4	-	80.4
Spares, consumables & external repairs	73.9	-	73.9	59.8	-	59.8
Facility costs	42.4	-	42.4	37.5	-	37.5
Other external charges	206.5	-	206.5	162.0	-	162.0
	411.2	-	411.2	339.7	-	339.7
Depreciation and amortisation:						
Depreciation	253.1	-	253.1	204.8	-	204.8
Amortisation of intangibles	-	10.3	10.3	-	7.0	7.0
	253.1	10.3	263.4	204.8	7.0	211.8
	1,072.8	10.3	1,083.1	923.2	7.0	930.2

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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 January		Nine months to 31 January	
	2015	2014	2015	2014
	£m	£m	£m	£m
Amortisation of intangibles	4.0	2.5	10.3	7.0
Taxation	(1.2)	(0.8)	(3.3)	(2.3)
	2.8	1.7	7.0	4.7

6. Net financing costs

	Three months to 31 January		Nine months to 31 January	
	2015	2014	2015	2014
	£m	£m	£m	£m
Investment income:				
Net interest on the net defined benefit asset	(0.1)	-	(0.2)	-
Interest expense:				
Bank interest payable	4.6	4.6	13.1	14.6
Interest payable on second priority senior secured notes	13.8	7.0	33.4	17.4
Interest payable on finance leases	0.1	-	0.2	0.1
Non-cash unwind of discount on provisions	0.1	0.1	0.5	0.3
Amortisation of deferred debt raising costs	0.4	0.4	1.0	1.5
Total interest expense	19.0	12.1	48.2	33.9
Net financing costs	18.9	12.1	48.0	33.9

7. Taxation

The tax charge for the period has been computed using an estimated effective rate for the year of 39% in North America (2014: 39%) and 21% in the UK (2014: 24%). The blended effective rate for the Group as a whole is 36% (2014: 37%).

The tax charge of £136.5m (2014: £108.5m) on the underlying pre-tax profit of £379.4m (2014: £292.7m) can be explained as follows:

	Nine months to 31 January	
	2015	2014
	£m	£m
Current tax		
- current tax on income for the period	16.3	12.7
- adjustments to prior year	(0.4)	(7.3)
	15.9	5.4
Deferred tax		
- origination and reversal of temporary differences	121.2	95.3
- adjustments to prior year	(0.6)	7.8
	120.6	103.1
Tax on underlying activities	136.5	108.5

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

7. Taxation (continued)

	Nine months to 31 January	
	2015	2014
	£m	£m
Comprising:		
- UK	11.8	9.1
- North America	124.7	99.4
	136.5	108.5

In addition, the tax credit of £3.3m (2014: £2.3m) on amortisation of intangibles of £10.3m (2014: £7.0m) consists of a deferred tax credit of £0.7m relating to the UK (2014: £0.7m) and £2.6m (2014: £1.6m) relating to North America.

8. Earnings per share

Basic and diluted earnings per share for the three and nine months ended 31 January 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 January		Nine months to 31 January	
		2015	2014	2015	2014
Profit for the financial period (£m)		70.3	48.8	235.9	179.5
Weighted average number of shares (m)	- basic	501.4	501.2	501.4	501.0
	- diluted	504.2	504.8	504.8	504.5
Basic earnings per share		14.1p	9.7p	47.1p	35.8p
Diluted earnings per share		13.9p	9.7p	46.7p	35.6p

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 January		Nine months to 31 January	
	2015	2014	2015	2014
Basic earnings per share	14.1p	9.7p	47.1p	35.8p
Amortisation of intangibles	0.7p	0.6p	2.0p	1.4p
Tax on amortisation	(0.3p)	(0.2p)	(0.7p)	(0.4p)
Underlying earnings per share	14.5p	10.1p	48.4p	36.8p

9. Dividends

During the period, a final dividend in respect of the year ended 30 April 2014 of 9.25p (2013: 6.0p) per share was paid to shareholders costing £46.4m (2013: £30.1m). The interim dividend for the year ending 30 April 2015 of 3.0p (2014: 2.25p) per share announced on 10 December 2014 was paid on 4 February 2015.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

10. Property, plant and equipment

	2015		2014	
	Rental equipment	Total	Rental equipment	Total
Net book value	£m	£m	£m	£m
At 1 May	1,716.3	1,929.1	1,407.8	1,584.6
Exchange difference	172.0	191.4	(59.3)	(65.8)
Reclassifications	(0.5)	-	(0.5)	-
Additions	718.8	782.5	491.4	563.7
Acquisitions	72.2	80.4	45.0	46.8
Disposals	(59.3)	(63.8)	(57.9)	(65.5)
Depreciation	(222.9)	(253.1)	(180.9)	(204.8)
At 31 January	2,396.6	2,666.5	1,645.6	1,859.0

11. Borrowings

	31 January 2015	30 April 2014
	£m	£m
Current		
Finance lease obligations	1.9	2.2
Non-current		
First priority senior secured bank debt	837.1	609.5
Finance lease obligations	2.8	2.4
6.5% second priority senior secured notes, due 2022	603.7	537.3
5.625% second priority senior secured notes, due 2024	327.1	-
	1,770.7	1,149.2

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

Under the terms of our asset-based senior bank facility, $2.0bn is committed until August 2018. 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 are two financial performance covenants under the first priority senior bank facility:

- funded debt to LTM (last twelve months) EBITDA before exceptional items not to exceed 4.0 times; and
- 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 twelve months) which must be equal to or greater than 1.0 times.

These covenants do not apply when excess availability (the difference between the lower of the facility size and the borrowing base and facility utilisation) exceeds $200m. At 31 January 2015, excess availability under the bank facility was $688m ($916m at 30 April 2014), with an additional $1,562m of suppressed availability, meaning that covenants were not measured at 31 January 2015 and are unlikely to be measured in forthcoming quarters.

11. Borrowings (continued)

As a matter of good practice, we calculate the covenant ratios each quarter. At 31 January 2015, as a result of the significant investment in our rental fleet, the fixed charge ratio, as expected, did not meet the covenant requirement whilst the leverage ratio did so comfortably. 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 January 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 £614m at 31 January 2015 (£547m at 30 April 2014), while the fair value was £660m (£593m at 30 April 2014). The carrying value of the second priority senior secured notes due 2024, excluding deferred debt raising costs, was £333m at 31 January 2015 (£nil at 30 April 2014) while the fair value was £342m (£nil at 30 April 2014). The fair value of the second priority senior secured notes has been calculated using the quoted market prices at 31 January 2015.

12. Share capital

Ordinary shares of 10p each:

	31 January 2015 Number	30 April 2014 Number	31 January 2015 £m	30 April 2014 £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 January 2015, 50m (2014: 50m) shares were held by the Company and a further 1.9m (2014: 2.2m) shares were held by the Company's Employee Share Ownership Trust.

13. Notes to the cash flow statement

	Nine months to 31 January 2015 £m	Nine months to 31 January 2014 £m
a) Cash flow from operating activities		
Operating profit before amortisation	427.4	326.6
Depreciation	253.1	204.8
EBITDA before exceptional items	680.5	531.4
Profit on disposal of rental equipment	(18.2)	(15.8)
Profit on disposal of other property, plant and equipment	(1.2)	(2.4)
Increase in inventories	(0.9)	(0.9)
Increase in trade and other receivables	(66.4)	(46.0)
Decrease in trade and other payables	(12.9)	(14.0)
Other non-cash movements	3.0	2.4
Cash generated from operations before exceptional items and changes in rental equipment	583.9	454.7

13. 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 2014 £m	Exchange movement £m	Cash flow £m	Non-cash movements £m	31 January 2015 £m
Cash	(2.8)	(0.1)	(0.9)	-	(3.8)
Debt due within one year	2.2	-	(1.9)	1.6	1.9
Debt due after one year	1,149.2	169.2	450.6	1.7	1,770.7
Total net debt	1,148.6	169.1	447.8	3.3	1,768.8

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

c) Acquisitions

	Nine months to 31 January 2015 £m	2014 £m
Cash consideration paid		
- acquisitions in the period (net of cash acquired)	162.4	85.5
- deferred consideration	5.5	-
	167.9	85.5

During the period, 15 acquisitions were made for a total cash consideration of £162m (2014: £85m), after taking account of net cash acquired of £0.7m. Further details are provided in note 14.

Payments for deferred consideration on prior year acquisitions were also made of £5m (2014: £nil).

14. Acquisitions

During the period, the following acquisitions were completed:

i) On 1 May 2014, Sunbelt acquired the entire issued share capital of Metrolift, Inc. ('Metrolift') for a cash consideration of £25m ($42m). Metrolift is a Chicago-based aerial work platform rental business.

ii) On 19 May 2014, Sunbelt acquired the business and assets of Northeast Equipment and Supply LLC, trading as Superior Heating Solutions ('Superior'), for a cash consideration of £2m ($4m). Superior is a Pennsylvania-based heating rental business.

iii) On 29 May 2014, Sunbelt acquired the business and assets of Nashville High Lift, LLC ('NHL') and Contractors Equipment, LLC ('CE') for an aggregate cash consideration of £5m ($8m). Deferred consideration of up to £0.3m ($0.5m) is payable over the next two years, depending on revenue meeting or exceeding certain thresholds. The business consisted of three aerial work platform and general tool locations in Tennessee.

14. Acquisitions (continued)

iv) On 1 August 2014, Sunbelt acquired the business and assets of Hebbronville Lone Star Rentals, LLC (‘Lone Star’) for an initial cash consideration of £21m ($36m) with deferred consideration of up to £10m ($16m), payable over the next three years, depending on revenue meeting or exceeding certain thresholds. Lone Star is a Texas-based eight location energy-related rental and service company.

v) On 1 September 2014, A-Plant acquired the business and assets of East Coast Construction Services (Hire) Limited (‘ECCS’) for a cash consideration of £0.7m. ECCS is a fusion and associated equipment rental and service company.

vi) On 5 September 2014, Sunbelt acquired the business and assets of ECM Energy Services, Inc. (‘ECM’) for a cash consideration of £19m ($31m). ECM is a four location, energy-related equipment rental business.

vii) On 26 September 2014, Sunbelt acquired the business and assets of Ventura Rental, Inc. and Renegade Rental Center, Inc. (together ‘Ventura’) for a cash consideration of £13m ($22m). Ventura is a California-based two location general tool business.

viii) On 2 October 2014, A-Plant acquired the business and assets in Scotland of Hy-Ram Engineering Company Limited (‘Hy-Ram’) for a cash consideration of £0.1m.

ix) On 16 October 2014, Sunbelt acquired the business and assets of Atlas Sales and Rentals, Inc. (‘Atlas’) for a cash consideration of £21m ($33m). Atlas is a 29 location business, specialising in permanent and temporary cooling and heating solutions, which operates across the US.

x) On 16 October 2014, Sunbelt acquired the business and assets of Gustafson Enterprises, Inc., trading as General Rental Center, for a cash consideration of £0.1m ($0.2m). General Rental Center is a one location general tool business in Florida.

xi) On 3 November 2014, we acquired the entire issued share capital of GWG Rentals, Ltd (‘GWG’) for an initial cash consideration of £16m (C$29m) with deferred consideration of up to £4m (C$7m) payable over the next three years depending on profitability. GWG is a six location equipment rental business based in Canada. GWG now constitutes Sunbelt Rentals of Canada Inc..

xii) On 10 November 2014, Sunbelt acquired the business and assets of Select Equipment, Inc. and High Lakes Leasing, LLC (together ‘Select’) for a cash consideration of £9m ($14m). Select is a one location business in Utah providing rental equipment to the oil and gas industry.

xiii) On 2 December 2014, A-Plant acquired the business and assets of Balfour Beatty Engineering Services Limited for a cash consideration of £0.5m.

xiv) On 15 December 2014, A-Plant acquired all the issued share capital of Event Infrastructure and Branding Limited (‘EIB’) for a cash consideration of £3m. EIB provides fencing and barrier solutions to the sporting and events sector.

xv) On 2 January 2015, Sunbelt acquired the business and assets of DAB, Inc. and NCS Transportation, Inc. (together ‘NCS’) for a cash consideration of £28m ($43m). NCS is a five location general tool business located in Nebraska.

14. 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	Fair value to Group
	£m	£m
Net assets acquired		
Trade and other receivables	16.9	16.9
Inventory	0.9	0.9
Property, plant and equipment		
- rental equipment	67.0	72.2
- other assets	8.3	8.2
Creditors	(2.2)	(2.4)
Intangible assets (non-compete agreements and customer relationships)	-	29.7
	90.9	125.5
Consideration:		
- cash paid and due to be paid (net of cash acquired)		163.1
- deferred consideration payable in cash		11.9
		175.0
Goodwill		49.5

The goodwill arising can be attributed to the key management personnel and workforce of the acquired businesses and to the synergies and other benefits the Group expects to derive from the acquisitions. £39m of the goodwill is expected to be deductible for income tax purposes.

The gross value and fair value of trade receivables at acquisition was £17m.

The contribution to revenue and operating profit from these acquisitions from the date of acquisition to 31 January 2015 was not material. On an annual basis they generate approximately £95m of revenue.

Had these acquisitions taken place on 1 May 2014 their contribution to revenue and operating profit would not have been material.

15. Contingent liabilities

There have been no significant changes in contingent liabilities from those reported in the financial statements for the year ended 30 April 2014.

16. Events after the balance sheet date

Since the balance sheet date Sunbelt has completed two acquisitions as follows:

(i) On 2 February 2015, Sunbelt acquired the business and assets of Theros Equipment, Inc. ('Theros') for a cash consideration of £30m ($45m). Theros is a four location general tool business based in Virginia.

(ii) On 6 February 2015, Sunbelt acquired the business and assets of Texas Gulf Rentals and Texas Gulf Refrigeration LP (together 'TGR') for a cash consideration of £31m ($48m). Deferred consideration of up to £7m ($10m) is payable over the next three years, depending on revenue meeting or exceeding thresholds. The business consisted of four power and industrial climate control equipment locations in Texas.

The initial accounting for these acquisitions is incomplete. Had these acquisitions taken place on 1 May 2014 their contribution to revenue and operating profit would not have been material.

REVIEW OF THIRD QUARTER, BALANCE SHEET AND CASH FLOW

Third quarter

	Revenue		EBITDA		Operating profit	
	2015	2014	2015	2014	2015	2014
Sunbelt in $m	679.6	550.6	316.8	240.4	197.6	149.4
Sunbelt in £m	436.1	336.7	203.7	146.6	127.5	90.8
A-Plant	76.8	63.4	24.0	17.9	8.0	4.0
Group central costs	-	-	(2.7)	(2.3)	(2.7)	(2.3)
	512.9	400.1	225.0	162.2	132.8	92.5
Net financing costs					(18.9)	(12.1)
Profit before amortisation and tax					**113.9**	**80.4**
Amortisation					(4.0)	(2.5)
Profit before taxation					109.9	77.9
Margins						
Sunbelt			*46.6%*	*43.7%*	*29.1%*	*27.1%*
A-Plant			*31.3%*	*28.2%*	*10.5%*	*6.3%*
Group			*43.9%*	*40.5%*	*25.9%*	*23.1%*

Group revenue increased 28% to £513m in the third quarter (2014: £400m) with strong growth in both businesses. This revenue growth, combined with ongoing operational efficiency, generated underlying profit before tax of £114m (2014: £80m).

As for the nine months, the Group's growth was driven by strong same store growth supplemented by greenfield openings and bolt-on acquisitions. Sunbelt's revenue growth for the quarter can be analysed as follows:

		$m
2014 rental only revenue		377
Same stores (in existence at 1 November 2013)	19%	71
Bolt-ons and greenfields since 1 November 2013	10%	37
2015 rental only revenue	29%	485
Ancillary revenue	19%	130
2015 rental revenue	27%	615
Sales revenue		65
2015 total revenue		680

Our same-store growth of 19% is more than double that of the rental market as we continue to take market share. In addition, bolt-ons and greenfields have contributed a further 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 of 29% consists of a 26% increase in fleet on rent and a net 2% improvement in yield.

A-Plant continues to perform well and delivered total rental revenue up 19% at £68m (2014: £57m) in the quarter. This consisted of 17% more fleet on rent and a 4% improvement in yield.

Group operating profit increased 44% to £133m (2014: £93m). Net financing costs increased to £19m (2014: £12m) reflecting the higher level of debt in the period and a higher proportion of longer term fixed rate debt. As a result, Group profit before amortisation and taxation was £114m (2014: £80m). After amortisation of £4m, the statutory profit before taxation was £110m (2014: £78m).

Balance sheet

Fixed assets

Capital expenditure in the nine months totalled £783m (2014: £564m) with £719m invested in the rental fleet (2014: £491m). Expenditure on rental equipment was 92% 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	257.0	635.4	892.4	687.4
Sunbelt in £m	171.1	423.2	594.3	418.3
A-Plant	35.7	88.8	124.5	73.1
Total rental equipment	206.8	512.0	718.8	491.4
Delivery vehicles, property improvements & IT equipment			63.7	72.3
Total additions			782.5	563.7

In a strong US rental market, $635m of rental equipment capital expenditure was spent on growth while $257m 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 January 2015 was 26 months (2014: 29 months) on a net book value basis. Sunbelt's fleet had an average age of 26 months (2014: 28 months) while A-Plant's fleet had an average age of 29 months (2014: 36 months).

	Rental fleet at original cost			LTM rental	LTM dollar	LTM physical
	31 Jan 2015	30 April 2014	LTM average	revenue	utilisation	utilisation
Sunbelt in $m	4,409	3,596	3,904	2,351	60%	71%
Sunbelt in £m	2,936	2,130	2,600	1,436	60%	71%
A-Plant	536	446	489	277	57%	71%
	3,472	2,576	3,089	1,713		

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 January 2015, was 60% at Sunbelt (2014: 61%) and 57% at A-Plant (2014: 55%). 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 January 2015, average physical utilisation at Sunbelt was 71% (2014: 71%) and 71% 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 89% of its fleet at 31 January 2015.

Trade receivables

Receivable days at 31 January 2015 were 55 days (2014: 53 days). The bad debt charge for the nine months ended 31 January 2015 as a percentage of total turnover was 0.7% (2014: 0.8%). Trade receivables at 31 January 2015 of £331m (2014: £242m) are stated net of allowances for bad debts and credit notes of £24m (2014: £21m) with the allowance representing 6.8% (2014: 8.0%) of gross receivables.

Trade and other payables

Group payable days were 58 days in 2015 (2014: 57 days) with capital expenditure related payables, which have longer payment terms, totalling £110m (2014: £62m). 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

	Nine months to 31 January 2015	Nine months to 31 January 2014	LTM to 31 January 2015	Year to 30 April 2014
	£m	£m	£m	£m
EBITDA before exceptional items	680.5	531.4	834.2	685.1
Cash inflow from operations before exceptional items and changes in rental equipment	583.9	454.7	774.7	645.5
*Cash conversion ratio**	*85.8%*	*85.6%*	*92.9%*	*94.2%*
Replacement rental capital expenditure	(217.6)	(238.4)	(228.8)	(249.6)
Payments for non-rental capital expenditure	(58.2)	(72.9)	(70.6)	(85.3)
Rental equipment disposal proceeds	68.7	59.1	100.0	90.4
Other property, plant and equipment disposal proceeds	6.1	9.9	7.7	11.5
Tax paid (net)	(36.1)	(12.6)	(38.4)	(14.9)
Financing costs paid (net)	(48.8)	(36.5)	(52.8)	(40.5)
Cash inflow before growth capex and payment of exceptional costs	**298.0**	**163.3**	**491.8**	**357.1**
Growth rental capital expenditure	(510.8)	(333.7)	(582.7)	(405.6)
Exceptional operating costs paid	(0.4)	(1.8)	(0.8)	(2.2)
Total cash used in operations	**(213.2)**	**(172.2)**	**(91.7)**	**(50.7)**
Acquisition of businesses	(167.9)	(85.5)	(185.7)	(103.3)
Total cash absorbed	**(381.1)**	**(257.7)**	**(277.4)**	**(154.0)**
Dividends paid	(46.4)	(30.1)	(57.6)	(41.3)
Purchase of own shares by the ESOT	(20.3)	(22.4)	(20.3)	(22.4)
Increase in net debt	**(447.8)**	**(310.2)**	**(355.3)**	**(217.7)**

* 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 28% to £584m. Reflecting a higher level of working capital due to higher activity levels and the seasonality of the business, the nine month cash conversion ratio was 86% (2014: 86%).

Total payments for capital expenditure (rental equipment and other PPE) in the nine months were £787m (2014: £645m). Disposal proceeds received totalled £75m, giving net payments for capital expenditure of £712m in the period (2014: £576m). Financing costs paid totalled £49m (2014: £36m) while tax payments were £36m (2014: £13m). The increased tax payments reflect our expectation that brought forward tax losses would be utilised during the year. However, following the introduction of accelerated tax depreciation by the US government for 2014, we no longer expect these tax losses to be utilised fully until 2015/16, and so we do not expect further significant tax payments this year. 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 nine months the Group generated £298m (2014: £163m) 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, payment of exceptional costs (closed property costs) and acquisitions, there was a net cash outflow of £381m (2014: £258m).

Net debt

	31 January 2015 £m	31 January 2014 £m	30 April 2014 £m
First priority senior secured bank debt	837.1	711.6	609.5
Finance lease obligations	4.7	4.5	4.6
6.5% second priority senior secured notes, due 2022	603.7	552.2	537.3
5.625% second priority senior secured notes, due 2024	327.1	-	-
	1,772.6	1,268.3	1,151.4
Cash and cash equivalents	(3.8)	(2.6)	(2.8)
Total net debt	1,768.8	1,265.7	1,148.6

Net debt at 31 January 2015 was £1,769m with the increase since 30 April 2014 reflecting principally the net cash outflow set out above and exchange rate fluctuations. The Group's EBITDA for the twelve months ended 31 January 2015 was £834m and the ratio of net debt to EBITDA was therefore 2.0 times at 31 January 2015 (2014: 2.0 times) on a constant currency basis and 2.1 times (2014: 1.9 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 2014 Annual Report and Accounts on pages 20 to 27. 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 January 2015, 95% 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 January 2015, dollar-denominated debt represented approximately 69% 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 January 2015, a 1% change in the US dollar exchange rate would impact underlying pre-tax profit by approximately £4m.

OPERATING STATISTICS

	Number of rental stores			Staff numbers		
	31 January 2015	31 January 2014	30 April 2014	31 January 2015	31 January 2014	30 April 2014
Sunbelt	508	416	425	8,628	7,467	7,562
A-Plant	133	130	131	2,643	2,328	2,361
Corporate office	-	-	-	11	11	11
Group	641	546	556	11,282	9,806	9,934

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