

Ashtead  
group

# Powering the platform

## Nine month results

3 March 2020



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Some of the factors which may adversely impact some of these forward looking statements are discussed in the Principal Risks and Uncertainties section on pages 32-35 of the Group's Annual Report and Accounts for the year ended 30 April 2019 and in the unaudited results for the third quarter ended 31 January 2020 under "Current trading and outlook" and "Principal risks and uncertainties". Both these reports may be viewed on the Group's website at [www.ashtead-group.com](http://www.ashtead-group.com)

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## HIGHLIGHTS

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- Another quarter of industry leading revenue growth
- North American markets remain strong although construction markets are moderating
- Good progress in our market development through greenfields and key bolt-on acquisitions
- Invested £1.3bn in capital expenditure and £407m on bolt-ons
- Record free cash flow of £363m
- Completed £376m in share buybacks
- Leverage maintained within our 1.5 to 2.0 times net debt to EBITDA range (excluding the impact of IFRS 16)
- Outlook remains positive and we continue to look to the medium term with confidence



# Michael Pratt Financial review



# GROUP

(£m)	2020			2019	Change <sup>1</sup>
	As reported	IFRS 16 impact	Pre IFRS 16		
<b>Revenue</b>	<b>3,928</b>	-	<b>3,928</b>	<b>3,394</b>	<b>13%</b>
- of which rental	3,568	-	3,568	3,124	12%
Operating costs	(2,017)	(77)	(2,094)	(1,778)	15%
<b>EBITDA</b>	<b>1,911</b>	<b>(77)</b>	<b>1,834</b>	<b>1,616</b>	<b>11%</b>
Depreciation	(797)	66	(731)	(617)	16%
<b>Operating profit</b>	<b>1,114</b>	<b>(11)</b>	<b>1,103</b>	<b>999</b>	<b>8%</b>
Net interest	(167)	33	(134)	(111)	18%
<b>Profit before amortisation, exceptional items and tax</b>	<b>947</b>	<b>22</b>	<b>969</b>	<b>888</b>	<b>6%</b>
<b>Earnings per share</b>	<b>154.3p</b>	<b>3.0p</b>	<b>157.3p</b>	<b>138.9p</b>	<b>11%</b>
<i>Margins</i>					
- EBITDA	49%		47%	48%	
- Operating profit	28%		28%	29%	

The results in the table above are the Group's underlying results and are stated before exceptional items and intangible amortisation

<sup>1</sup> At constant exchange rates and excluding the impact of IFRS 16

# SUNBELT US

(\$m)	Nine months			
	2020		2019	Change <sup>1</sup>
	As reported	Pre IFRS 16		
<b>Revenue</b>	<b>4,280</b>	<b>4,280</b>	<b>3,759</b>	<b>14%</b>
- of which rental	3,920	3,920	3,493	12%
Operating costs	(2,091)	(2,172)	(1,883)	15%
<b>EBITDA</b>	<b>2,189</b>	<b>2,108</b>	<b>1,876</b>	<b>12%</b>
Depreciation	(850)	(781)	(666)	17%
<b>Operating profit</b>	<b>1,339</b>	<b>1,327</b>	<b>1,210</b>	<b>10%</b>
<i>Margins</i>				
- EBITDA	51%	49%	50%	
- Operating profit	31%	31%	32%	
<i>Return on investment</i>	21%	23%	24%	

The results in the table above are Sunbelt US's underlying results and are stated before exceptional items and intangible amortisation

<sup>1</sup> Excluding the impact of IFRS 16

# SUNBELT CANADA

(C\$m)	Nine months			
	2020		2019	Change <sup>1</sup>
	As reported	Pre IFRS 16		
<b>Revenue</b>	<b>321</b>	<b>321</b>	<b>257</b>	<b>25%</b>
- of which rental	273	273	216	26%
Operating costs	(190)	(200)	(161)	24%
<b>EBITDA</b>	<b>131</b>	<b>121</b>	<b>96</b>	<b>27%</b>
Depreciation	(73)	(64)	(49)	35%
<b>Operating profit</b>	<b>58</b>	<b>57</b>	<b>47</b>	<b>19%</b>
<i>Margins</i>				
- EBITDA	41%	38%	37%	
- Operating profit	18%	18%	18%	
<i>Return on investment</i>	10%	12%	11%	

The results in the table above are Sunbelt Canada's underlying results and are stated before exceptional items and intangible amortisation

<sup>1</sup> Excluding the impact of IFRS 16

# A-PLANT

(£m)	Nine months			
	2020		2019	Change <sup>1</sup>
	As reported	Pre IFRS 16		
<b>Revenue</b>	<b>365</b>	<b>365</b>	<b>360</b>	<b>1%</b>
- of which rental	316	316	318	(1)%
Operating costs	(244)	(250)	(228)	10%
<b>EBITDA</b>	<b>121</b>	<b>115</b>	<b>132</b>	<b>(13)%</b>
Depreciation	(83)	(78)	(77)	-%
<b>Operating profit</b>	<b>38</b>	<b>37</b>	<b>55</b>	<b>(32)%</b>
<i>Margins</i>				
- EBITDA	33%	31%	37%	
- Operating profit	10%	10%	15%	
<i>Return on investment</i>	6%	7%	10%	

The results in the table above are A-Plant's underlying results and are stated before exceptional items and intangible amortisation

<sup>1</sup> Excluding the impact of IFRS 16



# CASH FLOW

(£m)	2020	2019	Change <sup>3</sup>
EBITDA before exceptional items	1,911	1,616	11%
<i>Cash conversion ratio<sup>1</sup></i>	96%	93%	
<b>Cash inflow from operations<sup>2</sup></b>	<b>1,829</b>	<b>1,500</b>	14%
Replacement and non-rental capital expenditure	(676)	(513)	
Rental equipment and other disposal proceeds received	173	136	
Interest and tax paid	(239)	(115)	
<b>Cash inflow before discretionary expenditure</b>	<b>1,087</b>	<b>1,008</b>	
Growth capital expenditure	(712)	(936)	
Exceptional costs	(12)	-	
<b>Free cash flow</b>	<b>363</b>	<b>72</b>	
Business acquisitions	(407)	(461)	
Dividends paid	(154)	(133)	
Purchase of own shares by the Company / ESOT	(394)	(342)	
<b>Increase in net debt</b>	<b>(592)</b>	<b>(864)</b>	

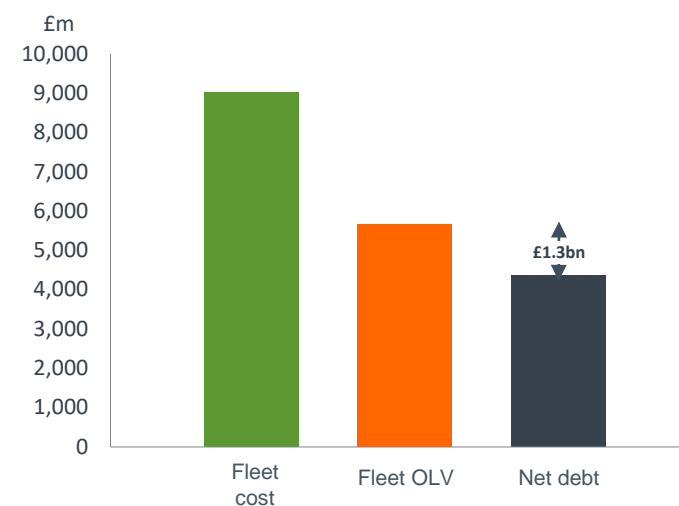
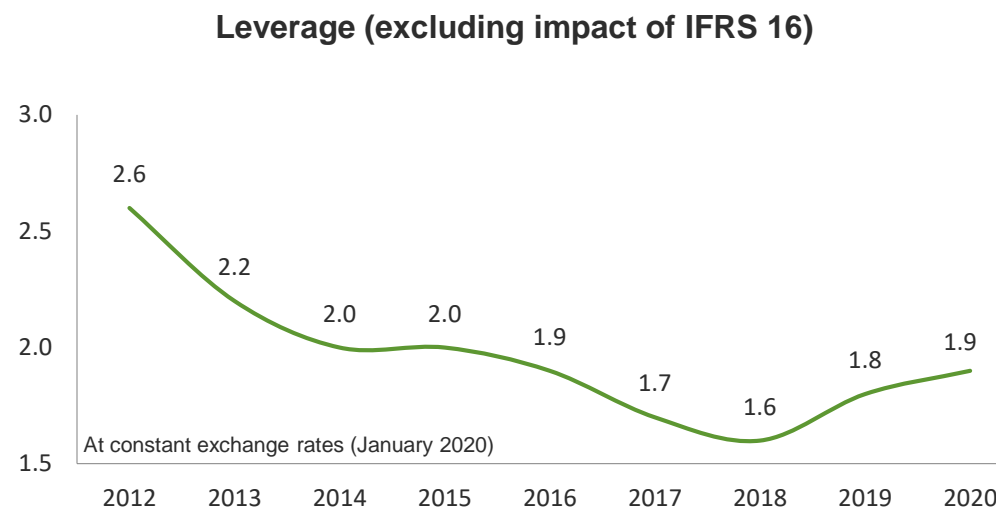
<sup>1</sup> Cash inflow from operations as a percentage of EBITDA

<sup>2</sup> Before fleet changes and exceptional items

<sup>3</sup> At constant exchange rates and excluding the impact of IFRS 16

# NET DEBT AND LEVERAGE

(£m)	2020	2019
<b>Net debt at 30 April</b>	<b>3,745</b>	<b>2,712</b>
Impact of transition to IFRS 16	883	-
<b>Opening debt including IFRS 16</b>	<b>4,628</b>	<b>2,712</b>
Translation impact	(64)	106
<b>Opening debt at closing exchange rates</b>	<b>4,564</b>	<b>2,818</b>
Change from cash flows	592	864
New lease liabilities	190	-
Lease liabilities acquired	74	-
Borrowings acquired	15	28
Deferred debt raising cost amortisation	8	15
<b>Net debt at 31 January</b>	<b>5,443</b>	<b>3,725</b>
<i>Comprising:</i>		
First lien senior secured bank debt	2,123	2,010
Senior notes	2,249	1,726
Lease obligations	1,089	6
Cash in hand	(18)	(17)
	<b>5,443</b>	<b>3,725</b>
<b>Net debt to EBITDA leverage<sup>1</sup> (x)</b>	<b>1.9</b>	<b>1.8</b>
Net debt to EBITDA leverage (pro forma) <sup>2</sup> (x)	2.3	n/a



<sup>1</sup> At January 2020 exchange rates, excluding the impact of IFRS 16  
<sup>2</sup> Determined on a pro forma basis adjusted for the impact of IFRS 16

# Brendan Horgan Operational review

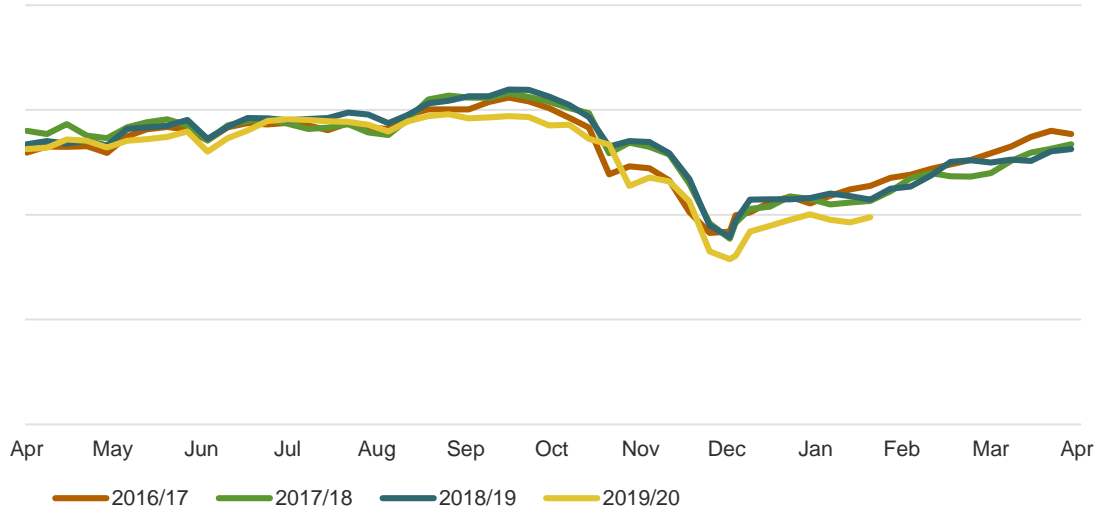


	2019/20 plan	Q1	Q2	Q3	9 months to January 2020
Organic growth	9 – 12%	12%	8%	5%	8%
Bolt-ons	2 – 3%	6%	4%	4%	5%
	11 – 15%	18%	12%	9%	13%

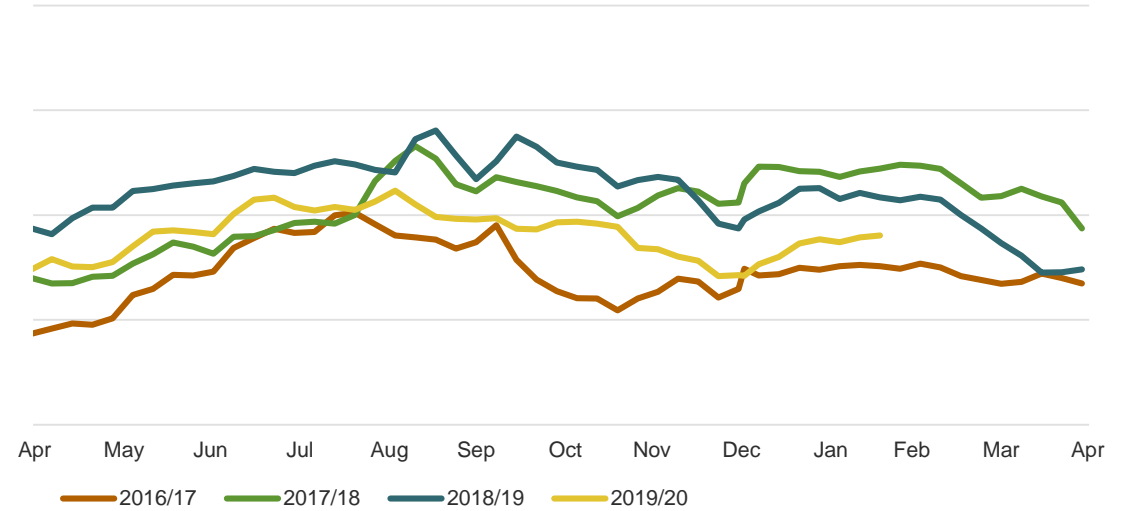
Sunbelt US rental only revenue presented on a billing day basis

- Another quarter of industry-leading rental revenue growth
- We continue to gain share with growth at two times the pace of the market
- Consistent execution of greenfield and bolt-on strategy with certain bolt-ons in lieu of greenfields
- Underlying revenue growth stronger taking account of hurricane impacted comparatives

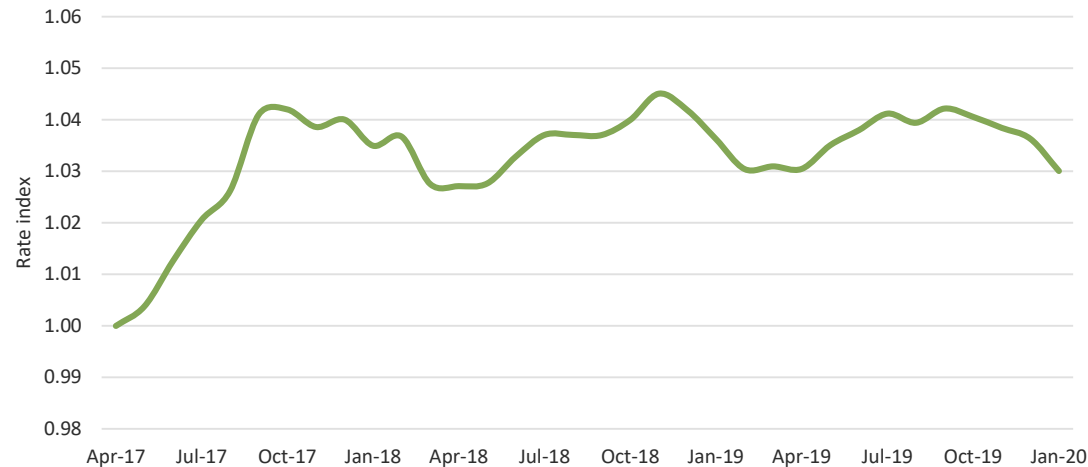
### General Tool utilisation



### Specialty utilisation



### Rate



- Strong demand in the market
  - General tool average fleet on rent up 11%
  - Specialty average fleet on rent up 18%
- Larger fleet reflects greenfield investment and broader specialty offering
- Comparative years' utilisation and rate benefitted from significant hurricane activity
- Anticipate improved fleet absorption in quarters to come
- Good rate environment – rational industry behaviour



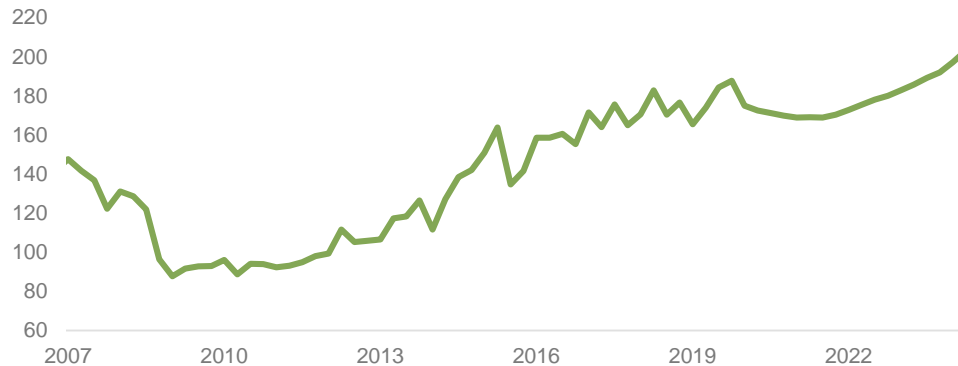
	Rental revenue growth	Relative to market
<b>General tool</b>	<b>10%</b>	<b>2x</b>
- Organic	7%	
- Bolt-on	3%	
<b>Specialty</b>	<b>19%</b>	<b>3x</b>
- Organic	10%	
- Bolt-on	9%	
<b>Total</b>	<b>12%</b>	<b>2x</b>

- All 14 general tool regions delivered growth through nine months
- Will open 10 – 15 greenfields in Q4
- Impressive specialty growth despite difficult hurricane comparatives:

		2017/18	2018/19	2019/20 (YTD)	Total
<b>General tool</b>	Greenfield	16	22	19	57
	Bolt-ons	17	13	15	45
		<b>33</b>	<b>35</b>	<b>34</b>	<b>102</b>
<b>Specialty</b>	Greenfield	26	48	19	93
	Bolt-ons	3	40	11	54
		<b>29</b>	<b>88</b>	<b>30</b>	<b>147</b>
<b>Total</b>		<b>62</b>	<b>123</b>	<b>64</b>	<b>249</b>

	Rental revenue growth
Power and HVAC	+11%
Scaffold	-4%
Climate control	+46%
Oil and Gas	-1%
Pump Solutions	+87%
Flooring solutions	+38%
Ground protection	+37%
Trench shoring	+120%

**Dodge construction starts**  
Indexed: 2000=100



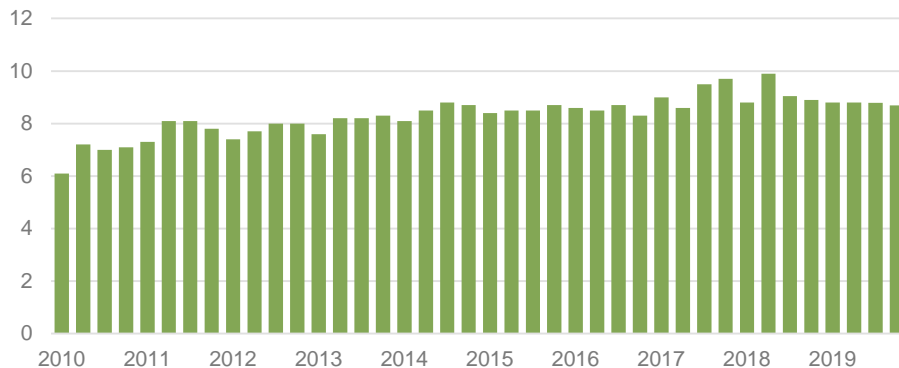
Source: Dodge Data & Analytics (February 2020)

**Construction put in place**

	History				Forecast			
	2016	2017	2018	2019	2020	2021	2022	2023
Market (\$bn)	1,211	1,266	1,307	1,310	1,308	1,264	1,275	1,333
Market growth	+7%	+4%	+3%	-%	-%	-3%	+1%	+5%

Source: Dodge Data & Analytics (December 2019)

**ABC Construction Backlog Indicator**

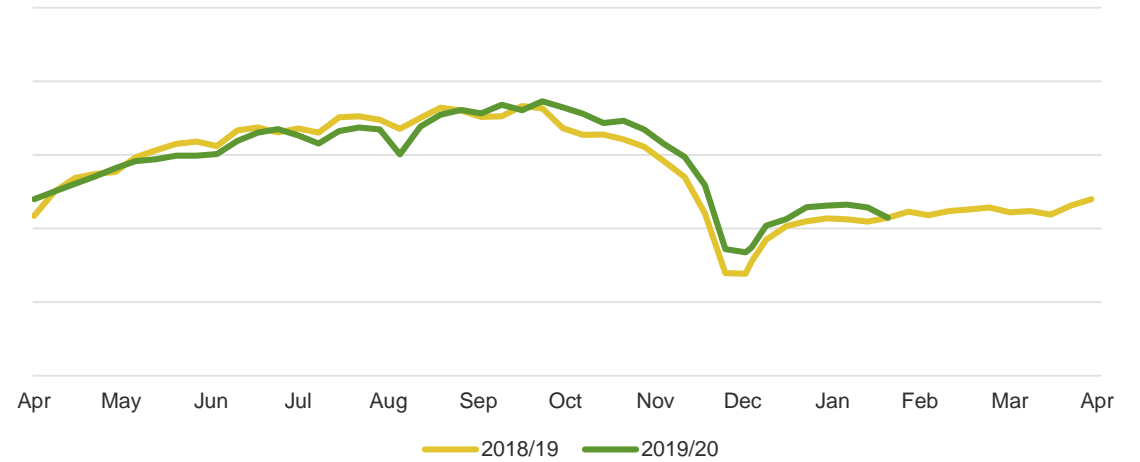


Source: Associated Builders and Contractors (February 2020)

- Construction put in place was flat in 2019 and forecast to be flat in 2020 before declining in 2021
- Construction backlog indicator remains strong
- Office construction forecast strength continues, supported by data centres
- Healthy backlog of large project and event awards

- Organic rental revenue growth of 11% (5x market growth)
- Continuing expansion with five greenfield locations opened and two acquisitions completed
- Advancing our clustering model in top markets, with an emphasis on specialty
- Early cross selling wins following the William F. White acquisition
- Long runway for growth

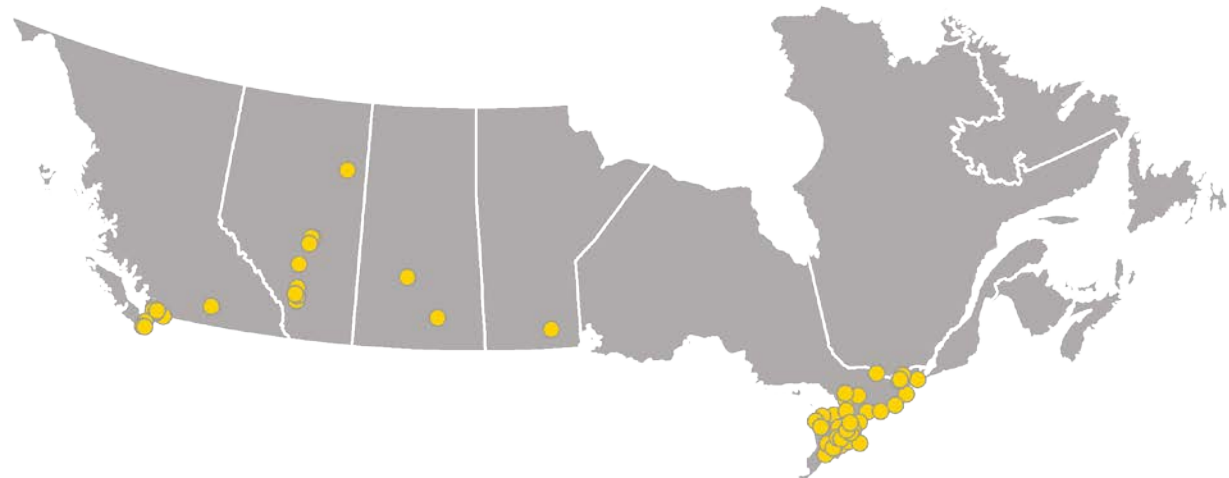
### Physical utilisation



### Canadian rental market forecasts

	2019	2020	2021	2022	2023
Rental market (C\$bn)	7.3	7.5	7.6	7.9	8.1
Industry rental revenue	+2%	+2%	+2%	+3%	+3%

Source: IHS Markit (February 2020)



# Project Unify

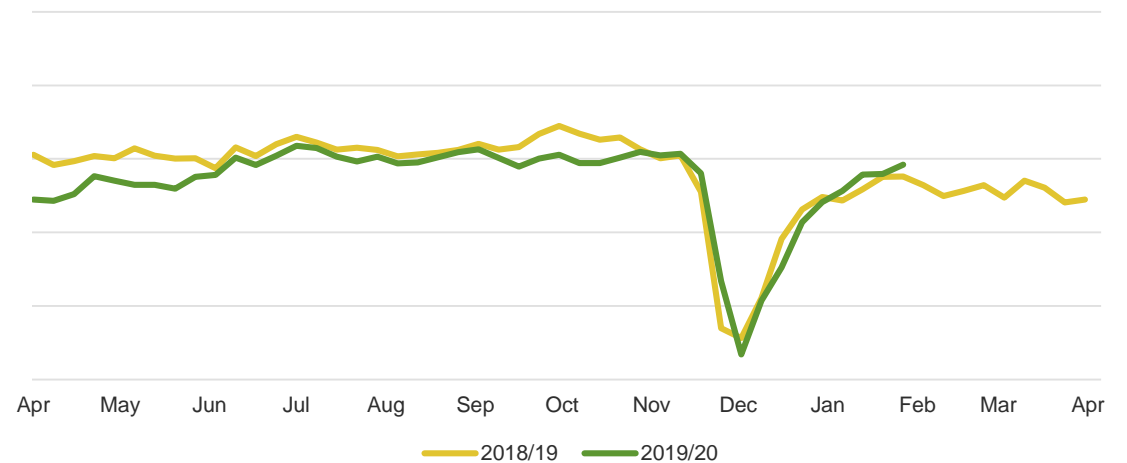
- Project Unify underway
- Delivering on free cash flow: £77m in the period (2019: £37m) with > £100m in the full year
- Positive turn in time utilisation
- Good momentum in UK infrastructure projects

### UK industry forecasts

	2018	2019	2020	2021
Rental market (£bn)	6.0	6.0	6.1	6.1
Construction industry	+1%	nil%	+1%	+1%

Source: European Rental Association / IHS Markit (2019); Construction Products Association (Autumn 2019)

### Physical utilisation



# GROUP FLEET PLAN FOR 2020/21

			2019 Actual	2020 Actual (YTD)	2020 Revised guidance <sup>1</sup>	2021 Initial guidance <sup>1</sup>	Anticipated growth (%)
<b>Sunbelt US (\$m)</b>	- rental fleet	- replacement	480	558	700 – 725	900 – 1,100	mid – high single digits
		- growth	1,127	729	700 – 725		
	- non-rental fleet		168	204	220	275	
			1,775	1,491	1,620 – 1,670	1,175 – 1,375	
<b>Sunbelt Canada (C\$m)</b>	- rental fleet	- replacement	56	56	55 – 65	120 – 140	high single digits organic
		- growth	100	45	45 – 55		
	- non-rental fleet		20	13	20	35	
			176	114	120 – 140	155 – 175	
<b>A-Plant (£m)</b>	- rental fleet	- replacement	61	46	55 – 65	80 – 90	low single digits
		- growth	34	-	-		
	- non-rental fleet		30	13	20	35	
			125	59	75 – 85	115 – 125	
<b>Group (£m)</b>	Capital plan (gross)		1,587	1,256	1,390 – 1,450	1,110 – 1,290	
	Disposal proceeds		(202)	(228)	(270)	(300)	
	Capital plan (net)		1,385	1,028	1,120 – 1,180	810 – 990	

<sup>1</sup> Stated at £1 = \$1.30 and £1 = C\$1.70



## CAPITAL ALLOCATION

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1. Organic growth
  - £1.3bn invested in the business
  - 47 greenfields opened
  
2. Bolt-on acquisitions
  - £407m spent on bolt-ons
  - 35 locations added
  
3. Returns to shareholders
  - Progressive dividend policy
  - £376m spent under the buyback programme and expect to deliver full £500m
  - Share buyback extended to 2020/21 financial year with anticipated minimum spend of £500m

## SUMMARY

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- North American markets remain strong although construction markets are moderating
- Good progress in our market development through greenfields and key bolt-on acquisitions
- Long runway for growth taking advantage of structural change and continuing development of our diverse end markets
- Record free cash flow to invest in accordance with our capital allocation priorities
- The Board continues to look to the medium term with confidence

# Appendices



## DIVISIONAL PERFORMANCE – Q3

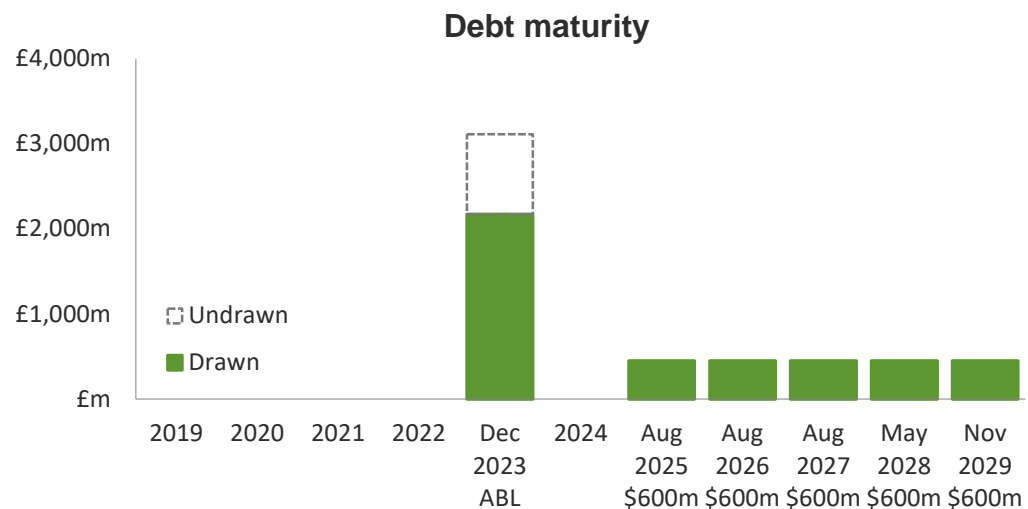
	Revenue			EBITDA			Profit		
	2020	2019	Change <sup>1</sup>	2020	2019	Change <sup>1</sup>	2020	2019	Change <sup>1</sup>
Sunbelt US (\$m)	1,392	1,259	11%	687	598	15%	392	363	8%
Sunbelt Canada (C\$m)	120	89	35%	46	29	59%	17	11	55%
Sunbelt US (£m)	1,067	981	9%	526	467	13%	299	284	5%
A-Plant	109	110	(1)%	35	37	(4)%	8	10	(26)%
Sunbelt Canada (£m)	71	52	35%	27	17	58%	10	7	53%
Group central costs	-	-		(4)	(4)	8%	(4)	(4)	13%
	1,247	1,143	9%	584	517	13%	313	297	5%
Net financing costs							(56)	(43)	31%
Profit before amortisation, exceptional items and tax							257	254	1%
Amortisation and exceptional items							(32)	(13)	138%
Profit before taxation							225	241	(7)%
Taxation							(57)	(60)	(4)%
Profit after taxation							168	181	(7)%
<i>Margins as reported</i>									
- Sunbelt US				49%	48%		28%	29%	
- A-Plant				32%	34%		7%	10%	
- Sunbelt Canada				38%	32%		14%	12%	
- Group				47%	45%		25%	26%	

## DIVISIONAL PERFORMANCE – LTM

	Revenue			EBITDA			Profit		
	2020	2019	Change <sup>1</sup>	2020	2019	Change <sup>1</sup>	2020	2019	Change <sup>1</sup>
Sunbelt US (\$m)	5,510	4,793	15%	2,766	2,371	17%	1,674	1,502	11%
Sunbelt Canada (C\$m)	408	319	28%	160	104	53%	65	43	53%
Sunbelt US (£m)	4,313	3,622	19%	2,166	1,792	21%	1,311	1,135	15%
A-Plant	480	478	nil%	158	171	(8)%	45	68	(33)%
Sunbelt Canada (£m)	241	185	30%	94	60	57%	39	25	57%
Group central costs	-	-		(16)	(16)	5%	(17)	(16)	8%
	5,034	4,285	17%	2,402	2,007	20%	1,378	1,212	14%
Net financing costs							(209)	(139)	50%
Profit before amortisation, exceptional items and tax							1,169	1,073	9%
Amortisation and exceptional items							(75)	(47)	59%
Profit before taxation							1,094	1,026	7%
Taxation							(278)	(283)	(2)%
Profit after taxation							816	743	10%
<i>Margins as reported</i>									
- Sunbelt US				50%	49%		30%	31%	
- A-Plant				33%	36%		9%	14%	
- Sunbelt Canada				39%	33%		16%	13%	
- Group				48%	47%		27%	28%	



# ROBUST AND FLEXIBLE DEBT STRUCTURE

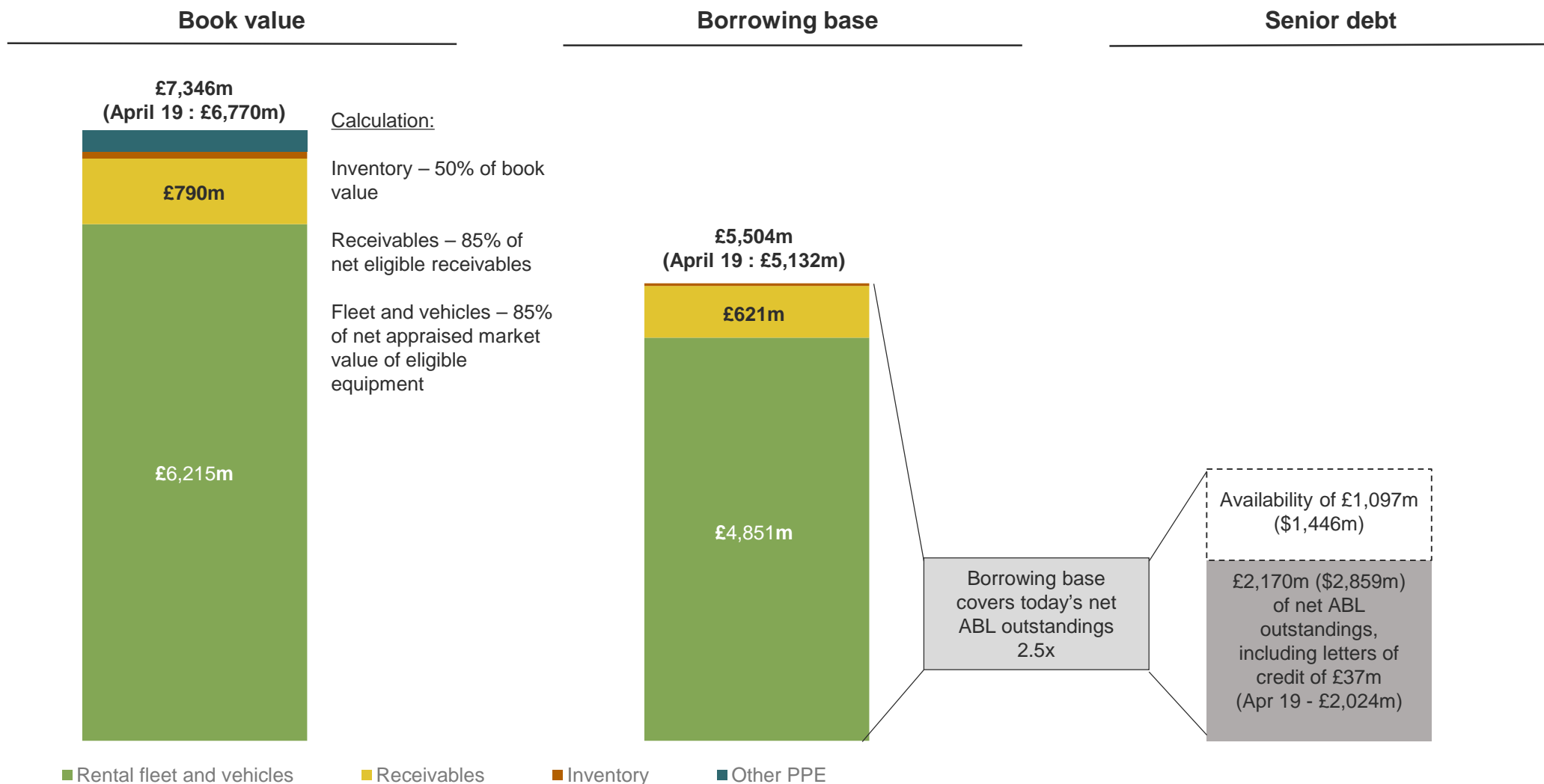


- Facilities committed for average of 6 years at a weighted average cost of 4%
- Fixed / floating external borrowings ratio: 51% / 49%
- No financial monitoring covenants whilst availability exceeds \$410m (January 2020: \$1,446m) and no amortisation
- Investment grade credit ratings

# CASH FLOW FUNDS ALL FLEET INVESTMENT

(£m)	LTM															
	Jan-20	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>EBITDA before exceptional items</b>	<b>2,402</b>	<b>2,107</b>	<b>1,733</b>	<b>1,504</b>	<b>1,178</b>	<b>908</b>	<b>685</b>	<b>519</b>	<b>381</b>	<b>284</b>	<b>255</b>	<b>356</b>	<b>364</b>	<b>310</b>	<b>225</b>	<b>170</b>
EBITDA margin	48%	47%	47%	47%	46%	45%	42%	38%	34%	30%	30%	30%	33%	35%	35%	32%
<b>Cash inflow from operations before fleet changes and exceptionals</b>	<b>2,371</b>	<b>2,043</b>	<b>1,681</b>	<b>1,444</b>	<b>1,071</b>	<b>841</b>	<b>646</b>	<b>501</b>	<b>365</b>	<b>280</b>	<b>266</b>	<b>374</b>	<b>356</b>	<b>319</b>	<b>215</b>	<b>165</b>
Cash conversion ratio	99%	97%	97%	96%	91%	93%	94%	97%	96%	99%	104%	104%	94%	97%	96%	97%
Replacement capital expenditure	(804)	(642)	(517)	(527)	(562)	(349)	(335)	(329)	(272)	(203)	(43)	(236)	(231)	(245)	(167)	(101)
Disposal proceeds	229	192	161	161	180	103	102	96	90	60	31	92	93	78	50	36
Interest and tax	(318)	(194)	(208)	(151)	(85)	(95)	(56)	(48)	(57)	(71)	(54)	(64)	(83)	(69)	(41)	(31)
<b>Cash flow before discretionary items</b>	<b>1,478</b>	<b>1,399</b>	<b>1,117</b>	<b>927</b>	<b>604</b>	<b>500</b>	<b>357</b>	<b>220</b>	<b>126</b>	<b>66</b>	<b>200</b>	<b>166</b>	<b>135</b>	<b>83</b>	<b>57</b>	<b>69</b>
Growth capital expenditure	(807)	(1,031)	(706)	(608)	(672)	(588)	(406)	(254)	(135)	-	-	-	(120)	(63)	(63)	(10)
Exceptional costs	(12)	-	(25)	-	-	-	(2)	(16)	(3)	(12)	(8)	(9)	(10)	(69)	(20)	(6)
<b>Free cash flow</b>	<b>659</b>	<b>368</b>	<b>386</b>	<b>319</b>	<b>(68)</b>	<b>(88)</b>	<b>(51)</b>	<b>(50)</b>	<b>(12)</b>	<b>54</b>	<b>192</b>	<b>157</b>	<b>5</b>	<b>(49)</b>	<b>(26)</b>	<b>53</b>
Business acquisitions	(537)	(591)	(359)	(421)	(68)	(242)	(103)	(34)	(22)	(35)	(1)	89	(6)	(327)	(44)	1
<b>Cash flow available to equity holders</b>	<b>122</b>	<b>(223)</b>	<b>27</b>	<b>(102)</b>	<b>(136)</b>	<b>(330)</b>	<b>(154)</b>	<b>(84)</b>	<b>(34)</b>	<b>19</b>	<b>191</b>	<b>246</b>	<b>(1)</b>	<b>(376)</b>	<b>(70)</b>	<b>54</b>
Dividends paid	(185)	(164)	(141)	(116)	(82)	(61)	(41)	(20)	(15)	(15)	(13)	(13)	(10)	(7)	(2)	-
Share issues/returns	(527)	(475)	(168)	(55)	(12)	(21)	(23)	(10)	(4)	-	-	(16)	(24)	144	69	-
	<b>(590)</b>	<b>(862)</b>	<b>(282)</b>	<b>(273)</b>	<b>(230)</b>	<b>(412)</b>	<b>(218)</b>	<b>(114)</b>	<b>(53)</b>	<b>4</b>	<b>178</b>	<b>217</b>	<b>(35)</b>	<b>(239)</b>	<b>(3)</b>	<b>54</b>

# \$1,446M OF AVAILABILITY AT 31 JANUARY 2020



- Borrowing base reflects July 2019 asset values

# DEBT AND COVENANTS

Debt	Facility	Interest rate	Maturity		
	\$4.1bn first lien revolver	LIBOR + 125-175 bps	December 2023		
	\$600m senior notes	4.150%	August 2025		
	\$600m senior notes	5.250%	August 2026		
	\$600m senior notes	4.375%	August 2027		
	\$600m senior notes	4.000%	May 2028		
	\$600m senior notes	4.250%	November 2029		

Ratings		S&P	Moody's	Fitch
	Corporate family	BBB-	Baa3	BBB-
	Second lien	BBB-	Baa3	BBB-

Availability
<ul style="list-style-type: none"> <li>Covenants are not measured if availability is greater than \$410 million</li> </ul>

Fixed charge coverage covenant
<ul style="list-style-type: none"> <li>EBITDA less net cash capex to interest paid, tax paid, dividends paid and debt amortisation must equal or exceed 1.0x</li> <li>Greater than 1.0x at January 2020</li> </ul>