2 March 2021

Unaudited results for the nine months and third quarter ended 31 January 2021

	Third quarter			Nine months		
	2021	2020	Growth[1]	2021	2020	Growth[1]
	£m	£m	%	£m	£m	%
Underlying results[2,3]						
Rental revenue	1,077	1,121	-1%	3,375	3,568	-3%
EBITDA	539	584	-5%	1,750	1,911	-6%
Profit before taxation	225	257	-10%	763	947	-18%
Earnings per share	38.2p	42.3p	-6%	127.2p	154.3p	-15%
Statutory results						
Revenue	1,206	1,247	-1%	3,760	3,928	-2%
Operating profit	257	297	-11%	871	1,069	-17%
Profit before taxation	210	225	-4%	716	885	-17%
Earnings per share	35.7p	37.0p	-	119.4p	144.1p	-15%

Nine month highlights[3]

- Strong market outperformance
- Revenue down 2%[1]; rental revenue down 3%[1]
- Operating profit of £871m (2020: £1,069m)
- Pre-tax profit[2] of £763m (2020: £947m)
- Earnings per share[2] of 127.2p (2020: 154.3p)
- Record free cash flow of £1,059m (2020: £363m)
- Net debt to EBITDA leverage[1,3] of 1.6 times (2020: 1.9 times)
- Expect full-year results ahead of our previous expectations

1 Calculated at constant exchange rates applying current period exchange rates.
2 Underlying results are stated before intangible amortisation and exceptional items.
3 Throughout this announcement we refer to a number of alternative performance measures which provide additional useful information. The directors have adopted these to provide additional information on the underlying trends, performance and position of the Group. The alternative performance measures are not defined by IFRS and therefore may not be directly comparable with other companies' alternative performance measures, but are defined in the Glossary on page 32.

Ashtead's chief executive, Brendan Horgan, commented:

"We have delivered another strong quarter of market outperformance across the business contributing to rental revenue down only 3% in the nine months at constant exchange rates. I am extraordinarily proud of, and grateful to, all our dedicated team members who have made this possible, delivering for all our stakeholders, all while keeping our leading value of safety at the forefront of what we do.

This performance illustrates the successful execution of our long-term strategy, which we embarked upon after the last recession, to broaden and diversify our end markets and strengthen our balance sheet. This has enabled us to capitalise on our increasing scale while, at the same time, maintaining the business' agility. This has been demonstrated over the last year as the Group has responded to the challenges arising as a result of the pandemic. The actions we took to optimise cash flow during this period resulted in record free cash flow for the nine months of £1,059m (2020: £363m) contributing to reduced leverage of 1.6 times compared to 1.9 times at year end, towards the lower end of our target range.

We expect capital expenditure for the full year to be at the upper end of our previous guidance (c. £700m). Looking forward to 2021/22, we expect to return to growth and anticipate gross capital expenditure of £1.3 – 1.5bn, which should enable mid-single digit revenue growth in the US.

The strength of our business model and balance sheet positions the Group well in markets that are likely to remain uncertain. With our businesses performing well, we now expect full year results ahead of our previous expectations. The benefit we derive from the diversity of our products, services and end markets, coupled with ongoing structural change, enables the Board to look to the future with confidence."

<u>Contacts</u>:

Will Shaw	Director of Investor Relations	+44 (0)20 7726 9700
Neil Bennett	Maitland/AMO	+44 (0)20 7379 5151
James McFarlane	Maitland/AMO	+44 (0)7584 142665

Brendan Horgan and Michael Pratt will hold a conference call for equity analysts to discuss the results and outlook at 10am on Tuesday, 2 March 2021. The call will be webcast live via the Company's website at www.ashtead-group.com and a replay will be available via the website shortly after the call concludes. A copy of this announcement and the slide presentation used for the call are 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 details should contact the Company's PR advisers, Maitland/AMO (Audrey Da Costa) at +44 (0)20 7379 5151.

<u>Forward looking statements</u>

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.

Overview and markets

Our nine month performance has been dominated by the impact of the COVID-19 pandemic. The response of our team members to these unprecedented times has been inspiring. Our robust model has enabled us to deliver for all our stakeholders in all our geographies. Throughout this period our focus has been on our people, our customers, our communities and our investors, in particular:

- ensuring the health and safety of our team members and customers;
- continuing to serve the needs of our customers and communities, including supporting government and private sector responses to the pandemic; and
- taking steps to optimise cash flow, reduce operating costs and strengthen further our liquidity position during a period of suppressed activity.

While trading volumes were lower than last year as a result of the pandemic, this has been mitigated, in part, by emergency response efforts throughout our business but particularly within our specialty businesses. The degree of impact on volume varied significantly across our geographical markets and correlated to the severity of infection rates and associated market level restrictions. Activity levels have increased consistently through the period such that fleet on rent is now broadly in line with prior year in the US, slightly behind in Canada due to the recent lockdown in Ontario and higher in the UK.

As a result of these market dynamics, nine month rental only revenue in the US was only 5% lower than last year. Within this overall performance, our general tool business was 7% lower than last year (third quarter 4% lower than prior year), while the specialty businesses demonstrated the benefit of a broader range of products and end markets with rental only revenue 10% higher than last year. This contributed to Group rental revenue in the nine months 3% lower than the prior year at constant exchange rates.

The Group's skilled workforce is instrumental to our long-term success and we made every effort to preserve our committed workforce for when markets recovered. Therefore, we have not made any team members redundant as a result of the impact of COVID-19 and have not sought assistance from any government support programmes such as the UK's Coronavirus Job Retention Scheme or similar schemes in Canada. Furthermore, we have recognised their hard work and dedication making additional discretionary payments to our skilled trade workforce.

Our performance, in a challenging environment, reflects the benefit of our long-term strategy which is focused on broadening and diversifying our end markets, while at the same time increasing our scale and market share. Our business model allows us to operate successfully in wide ranging market conditions as we allocate capital strategically, based on a consistently applied policy which takes account of the macroeconomic backdrop and our leverage.

Looking forward, while we believe the COVID-19 pandemic will continue to contribute to market uncertainty in the coming months, the vaccination roll out should provide mitigation. With strong positions in all our markets, supported by good quality fleets and a strong financial position, we are well positioned to respond to these market conditions and continue to support our customers and team members as well as take advantage of opportunities to invest for the long-term sustainable growth and strength of the business.

Nine months' trading results

	Revenue		EBITDA		Profit[1]	
	2021	2020	2021	2020	2021	2020
US in $m	4,034.2	4,279.9	1,991.4	2,188.9	1,105.4	1,339.1
Canada in C$m	356.6	320.8	153.8	131.0	63.9	57.6
US in £m	3,108.5	3,372.1	1,534.4	1,724.7	851.7	1,055.1
UK	444.1	365.1	135.5	121.2	38.8	37.8
Canada in £m	207.4	191.1	89.4	78.0	37.2	34.3
Group central costs	-	-	(9.4)	(12.6)	(10.0)	(13.2)
	3,760.0	3,928.3	1,749.9	1,911.3	917.7	1,114.0
Net financing costs					(154.7)	(167.3)
Profit before amortisation, exceptional items and tax					**763.0**	**946.7**
Amortisation					(46.7)	(45.2)
Exceptional items					-	(16.3)
Profit before taxation					716.3	885.2
Taxation charge					(181.7)	(223.7)
Profit attributable to equity holders of the Company					534.6	661.5
Margins						
US			*49.4%*	*51.1%*	*27.4%*	*31.3%*
UK			*30.5%*	*33.2%*	*8.7%*	*10.4%*
Canada			*43.1%*	*40.8%*	*17.9%*	*17.9%*
Group			*46.5%*	*48.7%*	*24.4%*	*28.4%*

[1] Segment result presented is operating profit before amortisation.

Group revenue decreased 4% (2% at constant exchange rates) to £3,760m in the nine months (2020: £3,928m). However, the sudden fall in activity levels last March and April had a significant impact on profit in the nine months as a large proportion of our costs are fixed in the short term. This profit impact reflects, in part, our decision to not make team members redundant as a result of COVID-19 and ensure we had a committed workforce ready to take advantage of improving market conditions, when the recovery came. We used the opportunity presented by lower activity levels both to ensure our fleet was well maintained and serviced in preparation for activity levels improving and to identify market opportunities to drive revenue. As a result, underlying profit before tax for the nine months was £763m (2020: £947m).

Although COVID-19 has influenced the Group's short-term planning and actions, our strategy remains unchanged with long-term growth being driven by organic investment (same-store and greenfield) supplemented by bolt-on acquisitions. In the US, we experienced a 5% rental only revenue decline, while in the UK and Canada, rental only revenue increased by 3% and 19% respectively, reflecting the benefit of the work for the Department of Health in the UK and the acquisition of William F White ('WFW') in Canada.

In the US a moderate rental only revenue decline represents a strong market outperformance, demonstrating the benefit of our strategy of growing our specialty business and broadening our end markets. In the nine months, our specialty business grew 10% while the general tool business declined 7%. In the second quarter, our revenue was affected by our hurricane response efforts which we estimate contributed $35-40m of revenue, with little carry-over into the third quarter. US total revenue, including new and used equipment, merchandise and consumable sales, decreased 6% to $4,034m (2020: $4,280m).

The UK business generated rental only revenue of £265m, an increase of 3% on the prior year on a comparable basis (2020: £256m). This was a strong performance as the breadth of our product offering and commitment of our team members enabled us to provide essential support to the Department of Health in its COVID-19 response efforts. Total revenue increased 22% to £444m (2020: £365m) reflecting the higher level of ancillary and sales revenue associated with the work for the Department of Health, which accounted for c. 25% of UK revenue.

Canada's rental only revenue increased 19% on a reported basis. Excluding the impact of the acquisition of William F. White ('WFW'), rental only revenue of the legacy business decreased 8%. Total Canadian revenue was C$357m (2020: C$321m).

In all our markets we took action to reduce operating costs and eliminate discretionary expenditure. However, we believe there continue to be good opportunities to grow the business and we are focused on disciplined investment to position the Group for the next phase of growth. We took early decisions not to make any team members redundant as a result of COVID-19 or seek assistance from any government support programmes but to continue investment in the business, including our technology platform and the condition of our rental fleet. As a result, in the US, 74% of the rental revenue decline dropped through to EBITDA. This contributed to a reported EBITDA margin of 49% (2020: 51%) and a 17% decrease in operating profit to $1,105m (2020: $1,339m) at a margin of 27% (2020: 31%). Excluding the impact of used equipment sales, the EBITDA margin would have been only 1% lower than last year.

Last financial year we launched Project Unify in the UK with the objective of improving operational efficiency and returns in the business. This has resulted in significant investment in the operational infrastructure of the business which, when combined with the impact of COVID-19 on activity levels, contributed to an EBITDA margin of 31% (2020: 33%). Operating profit of £39m (2020: £38m) at a margin of 9% (2020: 10%) reflected these factors and a property impairment charge of c. £10m as we reshape the business to drive operational improvement.

Canada is in a growth phase as we invest to expand its network and develop the business. The most recent acquisition was WFW, which serves the film and TV production industries. This was a drag on Canadian performance in the period as production activity in Canada ceased in March and only restarted in September. However, while WFW contributed virtually no revenue in the first quarter, we retained all the team members and infrastructure of the business, and it bounced back strongly from September onwards such that November saw record revenue for the business. The legacy Canadian business, excluding WFW, increased its EBITDA margin to 44% (2020: 41%) and generated an operating profit of C$52m (2020: C$57m) at a 19% margin (2020: 19%). This performance reflects a strong focus on operational efficiency.

Overall, Group underlying operating profit decreased to £918m (2020: £1,114m), down 16% at constant exchange rates. After net financing costs of £155m (2020: £167m), Group profit before amortisation of intangibles and taxation was £763m (2020: £947m). After a tax charge of 25% (2020: 25%) of the underlying pre-tax profit, underlying earnings per share decreased to 127.2p (2020: 154.3p).

Statutory profit before tax was £716m (2020: £885m). This is after amortisation of £47m (2020: £45m) and, in the prior year, an exceptional interest cost of £16m. Included within the total tax charge is a tax credit of £12m (2020: £15m) which relates to the amortisation of intangibles and exceptional items. As a result, basic earnings per share were 119.4p (2020: 144.1p). The overall cash tax charge was 37%.

Capital expenditure

Capital expenditure for the nine months was £518m gross and £309m net of disposal proceeds (2020: £1,256m gross and £1,028m net). As a result, the Group's rental fleet at 31 January 2021 at cost was £8.6bn and our average fleet age is now 40 months (2020: 34 months).

For the full year, we expect capital expenditure to be at the upper end of our previous guidance (c. £700m at a $1.32 exchange rate) to ensure we are able to support the COVID-19 response efforts for the UK Department of Health. For 2021/22, our initial plans are for gross capital expenditure to be in the range of £1.3 – 1.5bn, which should enable mid-single digit rental revenue growth in the US next year.

Return on Investment

The Group's return on investment metrics have been affected adversely by the decline in activity levels and their impact on profits from mid-March 2020 onwards as a result of COVID-19. This has led to return on investment (excluding goodwill and intangible assets) in the US for the 12 months to 31 January 2021 of 18% (2020: 23%). In the UK, return on investment (excluding goodwill and intangible assets) was 6% (2020: 7%). As a result of the actions taken through Project Unify and the strategic plans for the business, we expect returns in the UK to improve going forwards. In Canada, return on investment (excluding goodwill and intangible assets) was 9% (2020: 12%). We have made a significant investment in Canada including the acquisition of William F. White in December 2019 and, as we develop the potential of the market, we expect returns to improve. For the Group as a whole, return on investment (including goodwill and intangible assets) was 13% (2020: 17%). Return on investment excludes the impact of IFRS 16.

Cash flow and net debt

The Group generated free cash flow of £1,059m (2020: £363m) during the period, a record for the business, which was used to reduce debt. Net debt at 31 January 2021 was £4,276m (2020: £5,443m). Excluding the effect of IFRS 16, net debt at 31 January 2021 was £3,178m, while the ratio of net debt to EBITDA was 1.6 times (2020: 1.9 times) on a constant currency basis. The Group's target range for net debt to EBITDA is 1.5 to 2.0 times excluding the impact of IFRS 16 (1.9 to 2.4 times post IFRS 16). Including the effect of IFRS 16, the ratio of net debt to EBITDA was 2.1 times (2020: 2.3 times) on a constant currency basis. The Group's borrowing facilities are committed for an average of five years at a weighted average cost of 4%.

At 31 January 2021, availability under the senior secured debt facility was $3,342m with an additional $1,620m of suppressed availability – substantially above the $460m level at which the Group's entire debt package is covenant free.

Capital allocation

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

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

Additionally, we consider further returns to shareholders. In this regard, we assess continuously our medium term plans which take account of investment in the business, growth prospects, cash generation, net debt and leverage. Therefore the amount allocated to buybacks is simply driven by that which is available after organic growth, bolt-on M&A and dividends, whilst allowing us to operate within our 1.5 to 2.0 times target range for net debt to EBITDA pre IFRS 16.

The Group paused its greenfield opening, bolt-on and share buyback programmes in March 2020 as we took action to optimise our cash flow and strengthen further our liquidity position due to the uncertainty arising from the COVID-19 pandemic. We resumed greenfield openings towards the end of the first quarter and returned to bolt-ons in February, with a number of other opportunities under active consideration. We continue to assess the appropriate time to resume the buyback programme within the context of our balanced capital allocation policy, leverage range and the macroeconomic backdrop.

Current trading and outlook

The strength of our business model and balance sheet positions the Group well in markets that are likely to remain uncertain. With our businesses performing well, we now expect full year results ahead of our previous expectations. The benefit we derive from the diversity of our products, services and end markets, coupled with ongoing structural change, enables the Board to look to the future with confidence.

	Previous guidance	Current guidance
Rental revenue[1]		
- US	-4% to -7%	c. -4%
- Canada	+15% to +20%	+15% to +20%
- UK	+15% to +20%	+15% to +20%
- Group	-3% to -7%	c. -4%
Capital expenditure (gross) [2]	£650m - £700m	c. £700m
Free cash flow[2]	Greater than £1.2bn	c. £1.2bn

[1] Represents change in year-over-year rental revenue at constant exchange rates
[2] Stated at £1=$1.32 and £1=C$1.73

CONSOLIDATED INCOME STATEMENT FOR THE THREE MONTHS ENDED 31 JANUARY 2021

	2021			2020		
	Before amortisation	Amortisation	Total	Before exceptional items and amortisation	Exceptional items and amortisation	Total
	£m	£m	£m	£m	£m	£m
Third quarter - unaudited						
Revenue						
Rental revenue	1,077.2	-	1,077.2	1,120.9	-	1,120.9
Sale of new equipment, merchandise and consumables	73.8	-	73.8	45.4	-	45.4
Sale of used rental equipment	55.0	-	55.0	80.7	-	80.7
	1,206.0	-	1,206.0	1,247.0	-	1,247.0
Operating costs						
Staff costs	(281.3)	-	(281.3)	(290.0)	-	(290.0)
Used rental equipment sold	(53.2)	-	(53.2)	(65.7)	-	(65.7)
Other operating costs	(332.4)	-	(332.4)	(307.1)	-	(307.1)
	(666.9)	-	(666.9)	(662.8)	-	(662.8)
EBITDA*	539.1	-	539.1	584.2	-	584.2
Depreciation	(267.0)	-	(267.0)	(271.2)	-	(271.2)
Amortisation of intangibles	-	(14.7)	(14.7)	-	(15.5)	(15.5)
Operating profit	272.1	(14.7)	257.4	313.0	(15.5)	297.5
Interest expense	(47.3)	-	(47.3)	(56.2)	(16.3)	(72.5)
Profit on ordinary activities before taxation	224.8	(14.7)	210.1	256.8	(31.8)	225.0
Taxation	(53.7)	3.7	(50.0)	(65.2)	7.8	(57.4)
Profit attributable to equity holders of the Company	171.1	(11.0)	160.1	191.6	(24.0)	167.6
Basic earnings per share	38.2p	(2.5p)	35.7p	42.3p	(5.3p)	37.0p
Diluted earnings per share	38.1p	(2.4p)	35.7p	42.1p	(5.3p)	36.8p

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

All revenue and profit 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 2021

	2021			2020		
	Before amortisation	Amortisation	Total	Before exceptional items and amortisation	Exceptional items and amortisation	Total
	£m	£m	£m	£m	£m	£m
Nine months - unaudited						
Revenue						
Rental revenue	3,374.5	-	3,374.5	3,567.8	-	3,567.8
Sale of new equipment, merchandise and consumables	185.2	-	185.2	141.4	-	141.4
Sale of used rental equipment	200.3	-	200.3	219.1	-	219.1
	3,760.0	-	3,760.0	3,928.3	-	3,928.3
Operating costs						
Staff costs	(853.2)	-	(853.2)	(880.9)	-	(880.9)
Used rental equipment sold	(188.9)	-	(188.9)	(184.6)	-	(184.6)
Other operating costs	(968.0)	-	(968.0)	(951.5)	-	(951.5)
	(2,010.1)	-	(2,010.1)	(2,017.0)	-	(2,017.0)
EBITDA*	1,749.9	-	1,749.9	1,911.3	-	1,911.3
Depreciation	(832.2)	-	(832.2)	(797.3)	-	(797.3)
Amortisation of intangibles	-	(46.7)	(46.7)	-	(45.2)	(45.2)
Operating profit	917.7	(46.7)	871.0	1,114.0	(45.2)	1,068.8
Interest expense	(154.7)	-	(154.7)	(167.3)	(16.3)	(183.6)
Profit on ordinary activities before taxation	763.0	(46.7)	716.3	946.7	(61.5)	885.2
Taxation	(193.2)	11.5	(181.7)	(238.7)	15.0	(223.7)
Profit attributable to equity holders of the Company	569.8	(35.2)	534.6	708.0	(46.5)	661.5
Basic earnings per share	127.2p	(7.8p)	119.4p	154.3p	(10.2p)	144.1p
Diluted earnings per share	126.9p	(7.9p)	119.0p	153.7p	(10.1p)	143.6p

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

All revenue and profit is generated from continuing operations.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited			
	Three months to 31 January		Nine months to 31 January	
	2021	2020	2021	2020
	£m	£m	£m	£m
Profit attributable to equity holders of the Company for the period	160.1	167.6	534.6	661.5
Items that may be reclassified subsequently to profit or loss:				
Foreign currency translation differences	(149.9)	(44.5)	(216.7)	(34.6)
Total comprehensive income for the period	10.2	123.1	317.9	626.9

CONSOLIDATED BALANCE SHEET AT 31 JANUARY 2021

	Unaudited 31 January 2021	Unaudited 31 January 2020	Audited 30 April 2020
	£m	£m	£m
Current assets			
Inventories	73.7	85.1	83.3
Trade and other receivables	809.9	934.5	821.6
Current tax asset	10.1	6.2	32.8
Cash and cash equivalents	14.7	17.9	241.4
	908.4	1,043.7	1,179.1
Non-current assets			
Property, plant and equipment			
- rental equipment	5,107.2	5,781.5	5,890.1
- other assets	631.2	687.1	708.7
	5,738.4	6,468.6	6,598.8
Right-of-use assets	1,046.6	1,074.3	1,088.3
Goodwill	1,248.8	1,291.2	1,340.3
Other intangible assets	265.0	306.9	326.1
	8,298.8	9,141.0	9,353.5
Total assets	9,207.2	10,184.7	10,532.6
Current liabilities			
Trade and other payables	573.3	553.8	574.7
Current tax liability	19.4	11.1	2.3
Lease liabilities	116.5	107.8	106.0
Provisions	32.2	43.3	53.7
	741.4	716.0	736.7
Non-current liabilities			
Lease liabilities	986.0	981.5	1,006.2
Long-term borrowings	3,187.8	4,371.8	4,492.2
Provisions	50.6	43.9	38.9
Deferred tax liabilities	1,097.0	1,175.4	1,274.3
Net defined benefit pension plan liability	10.6	1.3	12.1
	5,332.0	6,573.9	6,823.7
Total liabilities	6,073.4	7,289.9	7,560.4
Equity			
Share capital	45.1	45.4	45.4
Share premium account	3.6	3.6	3.6
Capital redemption reserve	11.1	10.8	10.8
Own shares held by the Company	(51.2)	(47.2)	(115.9)
Own shares held by the ESOT	(28.8)	(27.7)	(27.7)
Cumulative foreign exchange translation differences	89.0	200.1	305.7
Retained reserves	3,065.0	2,709.8	2,750.3
Equity attributable to equity holders of the Company	3,133.8	2,894.8	2,972.2
Total liabilities and equity	9,207.2	10,184.7	10,532.6

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 31 JANUARY 2021

	Share capital £m	Share premium account £m	Capital redemption 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 2019	49.9	3.6	6.3	(622.6)	(24.6)	234.7	3,153.2	2,800.5
Effect of adoption of IFRS 16	-	-	-	-	-	-	8.1	8.1
At 1 May 2019 (restated)	49.9	3.6	6.3	(622.6)	(24.6)	234.7	3,161.3	2,808.6
Profit for the period	-	-	-	-	-	-	661.5	661.5
Other comprehensive income:								
Foreign currency translation differences	-	-	-	-	-	(34.6)	-	(34.6)
Total comprehensive income for the period	-	-	-	-	-	(34.6)	661.5	626.9
Dividends paid	-	-	-	-	-	-	(154.4)	(154.4)
Own shares purchased by the ESOT	-	-	-	-	(17.5)	-	-	(17.5)
Own shares purchased by the Company	-	-	-	(375.9)	-	-	-	(375.9)
Share-based payments	-	-	-	-	14.4	-	(8.0)	6.4
Tax on share-based payments	-	-	-	-	-	-	0.7	0.7
Cancellation of shares	(4.5)	-	4.5	951.3	-	-	(951.3)	-
At 31 January 2020	45.4	3.6	10.8	(47.2)	(27.7)	200.1	2,709.8	2,894.8
Profit for the period	-	-	-	-	-	-	78.2	78.2
Other comprehensive income:								
Foreign currency translation differences	-	-	-	-	-	105.6	-	105.6
Remeasurement of the defined benefit pension plan	-	-	-	-	-	-	(10.8)	(10.8)
Tax on defined benefit pension plan	-	-	-	-	-	-	2.1	2.1
Total comprehensive income for the period	-	-	-	-	-	105.6	69.5	175.1
Dividends paid	-	-	-	-	-	-	(32.3)	(32.3)
Own shares purchased by the ESOT	-	-	-	-	(0.1)	-	-	(0.1)
Own shares purchased by the Company	-	-	-	(68.7)	-	-	-	(68.7)
Share-based payments	-	-	-	-	0.1		1.9	2.0
Tax on share-based payments	-	-	-	-	-	-	1.4	1.4
At 30 April 2020	45.4	3.6	10.8	(115.9)	(27.7)	305.7	2,750.3	2,972.2
Profit for the period	-	-	-	-	-	-	534.6	534.6
Other comprehensive income:								
Foreign currency translation differences	-	-	-	-	-	(216.7)	-	(216.7)
Total comprehensive income for the period	-	-	-	-	-	(216.7)	534.6	317.9
Dividends paid	-	-	-	-	-	-	(150.0)	(150.0)
Own shares purchased by the ESOT	-	-	-	-	(12.5)	-	-	(12.5)
Share-based payments	-	-	-	-	11.4	-	(6.7)	4.7
Tax on share-based payments	-	-	-	-	-	-	1.5	1.5
Cancellation of shares	(0.3)	-	0.3	64.7	-	-	(64.7)	-
At 31 January 2021	45.1	3.6	11.1	(51.2)	(28.8)	89.0	3,065.0	3,133.8

CONSOLIDATED CASH FLOW STATEMENT
FOR THE NINE MONTHS ENDED 31 JANUARY 2021

		Unaudited		
		2021		2020
		£m		£m
Cash flows from operating activities				
Cash generated from operations before exceptional items and changes in rental equipment		1,735.8		1,828.5
Payments for rental property, plant and equipment		(463.9)		(1,206.6)
Proceeds from disposal of rental property, plant and equipment		215.9		166.0
Cash generated from operations		1,487.8		787.9
Financing costs paid (net)		(144.1)		(138.3)
Exceptional financing costs paid		-		(12.4)
Tax paid (net)		(220.3)		(100.9)
Net cash generated from operating activities		1,123.4		536.3
Cash flows from investing activities				
Acquisition of businesses		(18.4)		(406.6)
Payments for non-rental property, plant and equipment		(73.5)		(181.1)
Proceeds from disposal of non-rental property, plant and equipment		9.3		7.4
Net cash used in investing activities		(82.6)		(580.3)
Cash flows from financing activities				
Drawdown of loans		220.9		2,110.8
Redemption of loans		(1,281.0)		(1,465.1)
Repayment of principal under lease liabilities		(39.6)		(48.8)
Dividends paid		(150.0)		(154.4)
Purchase of own shares by the ESOT		(12.5)		(17.5)
Purchase of own shares by the Company		-		(375.6)
Net cash (used in)/generated from financing activities		(1,262.2)		49.4
(Decrease)/increase in cash and cash equivalents		(221.4)		5.4
Opening cash and cash equivalents		241.4		12.8
Effect of exchange rate difference		(5.3)		(0.3)
Closing cash and cash equivalents		14.7		17.9

Reconciliation of net cash flows to net debt

Decrease/(increase) in cash and cash equivalents in the period		221.4		(5.4)
(Decrease)/increase in debt through cash flow		(1,099.7)		596.9
Change in net debt from cash flows		(878.3)		591.5
Exchange differences		(323.7)		(63.6)
Debt acquired		-		89.5
Non-cash movements:				
- deferred costs of debt raising		6.5		8.4
- new lease liabilities		108.1		189.7
(Decrease)/increase in net debt in the period		(1,087.4)		815.5
Net debt at 1 May (as previously stated)	5,363.0		3,744.9	
Effect of adoption of IFRS 16	-		882.8	
Net debt at 1 May (restated)		5,363.0		4,627.7
Net debt at 31 January		4,275.6		5,443.2

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 2021 comprise the Company and its subsidiaries ('the Group').

The condensed consolidated interim financial statements for the nine months ended 31 January 2021 were approved by the directors on 1 March 2021.

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 2020 were approved by the directors on 15 June 2020 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 2021 have been prepared in accordance with relevant International Financial Reporting Standards ('IFRS') as adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union, including IAS 34, and the accounting policies set out in the Group's Annual Report and Accounts for the year ended 30 April 2020.

The directors have adopted various alternative performance measures to provide additional useful information on the underlying trends, performance and position of the Group. The alternative performance measures are not defined by IFRS and therefore may not be directly comparable with other companies' alternative performance measures, but are defined within the Glossary of Terms on page 32.

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 13), 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 financial statements.

In preparing the financial statements, the exchange rates used in respect of the US dollar ($) and Canadian dollar (C$) are:

	US dollar		Canadian dollar	
	2021	2020	2021	2020
Average for the three months ended 31 January	1.34	1.30	1.73	1.71
Average for the nine months ended 31 January	1.30	1.27	1.72	1.68
At 30 April	-	1.26	-	1.75
At 31 January	1.37	1.32	1.75	1.74

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

3. Segmental analysis

Three months to 31 January 2021

	US	UK	Canada	Corporate items	Group
	£m	£m	£m	£m	£m
Revenue					
Rental revenue	881.6	125.1	70.5	-	1,077.2
Sale of new equipment, merchandise and consumables	28.8	40.1	4.9	-	73.8
Sale of used rental equipment	45.0	6.3	3.7	-	55.0
	955.4	171.5	79.1	-	1,206.0
Operating profit before amortisation	239.1	18.8	17.8	(3.6)	272.1
Amortisation					(14.7)
Net financing costs					(47.3)
Profit before taxation					210.1
Taxation					(50.0)
Profit attributable to equity shareholders					160.1

Three months to 31 January 2020

	US	UK	Canada	Corporate items	Group
	£m	£m	£m	£m	£m
Revenue					
Rental revenue	960.0	98.5	62.4	-	1,120.9
Sale of new equipment, merchandise and consumables	33.0	7.0	5.4	-	45.4
Sale of used rental equipment	74.3	3.7	2.7	-	80.7
	1,067.3	109.2	70.5	-	1,247.0
Operating profit before amortisation	299.2	7.8	10.0	(4.0)	313.0
Amortisation					(15.5)
Net financing costs					(56.2)
Exceptional items					(16.3)
Profit before taxation					225.0
Taxation					(57.4)
Profit attributable to equity shareholders					167.6

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

3. Segmental analysis (continued)

Nine months to 31 January 2021

	US £m	UK £m	Canada £m	Corporate items £m	Group £m
Revenue					
Rental revenue	2,853.1	341.3	180.1	-	3,374.5
Sale of new equipment, merchandise and consumables	87.1	80.4	17.7	-	185.2
Sale of used rental equipment	168.3	22.4	9.6	-	200.3
	3,108.5	444.1	207.4	-	3,760.0
Operating profit before amortisation	851.7	38.8	37.2	(10.0)	917.7
Amortisation					(46.7)
Net financing costs					(154.7)
Profit before taxation					716.3
Taxation					(181.7)
Profit attributable to equity shareholders					534.6

Nine months to 31 January 2020

	US £m	UK £m	Canada £m	Corporate items £m	Group £m
Revenue					
Rental revenue	3,088.7	316.3	162.8	-	3,567.8
Sale of new equipment, merchandise and consumables	100.4	24.1	16.9	-	141.4
Sale of used rental equipment	183.0	24.7	11.4	-	219.1
	3,372.1	365.1	191.1	-	3,928.3
Operating profit before amortisation	1,055.1	37.8	34.3	(13.2)	1,114.0
Amortisation					(45.2)
Net financing costs					(167.3)
Exceptional items					(16.3)
Profit before taxation					885.2
Taxation					(223.7)
Profit attributable to equity shareholders					661.5

	US £m	UK £m	Canada £m	Corporate items £m	Group £m
At 31 January 2021					
Segment assets	7,530.6	863.7	780.3	7.8	9,182.4
Cash					14.7
Taxation assets					10.1
Total assets					9,207.2
At 30 April 2020					
Segment assets	8,639.5	835.2	776.4	7.3	10,258.4
Cash					241.4
Taxation assets					32.8
Total assets					10,532.6

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

4. Operating costs and other income

	2021			2020		
	Before amortisation	Amortisation	Total	Before amortisation	Amortisation	Total
	£m	£m	£m	£m	£m	£m
Three months to 31 January						
Staff costs:						
Salaries	255.9	-	255.9	264.3	-	264.3
Social security costs	19.6	-	19.6	20.4	-	20.4
Other pension costs	5.8	-	5.8	5.3	-	5.3
	281.3	-	281.3	290.0	-	290.0
Used rental equipment sold	53.2	-	53.2	65.7	-	65.7
Other operating costs:						
Vehicle costs	70.3	-	70.3	71.9	-	71.9
Spares, consumables & external repairs	71.3	-	71.3	60.2	-	60.2
Facility costs	13.0	-	13.0	12.6	-	12.6
Other external charges	177.8	-	177.8	162.4	-	162.4
	332.4	-	332.4	307.1	-	307.1
Depreciation and amortisation:						
Depreciation of tangible assets	242.9	-	242.9	248.1	-	248.1
Depreciation of right-of-use assets	24.1	-	24.1	23.1	-	23.1
Amortisation of intangibles	-	14.7	14.7	-	15.5	15.5
	267.0	14.7	281.7	271.2	15.5	286.7
	933.9	14.7	948.6	934.0	15.5	949.5

	2021			2020		
	Before amortisation	Amortisation	Total	Before amortisation	Amortisation	Total
	£m	£m	£m	£m	£m	£m
Nine months to 31 January						
Staff costs:						
Salaries	779.5	-	779.5	805.0	-	805.0
Social security costs	58.1	-	58.1	60.3	-	60.3
Other pension costs	15.6	-	15.6	15.6	-	15.6
	853.2	-	853.2	880.9	-	880.9
Used rental equipment sold	188.9	-	188.9	184.6	-	184.6
Other operating costs:						
Vehicle costs	206.2	-	206.2	231.8	-	231.8
Spares, consumables & external repairs	209.8	-	209.8	197.2	-	197.2
Facility costs	38.1	-	38.1	36.9	-	36.9
Other external charges	513.9	-	513.9	485.6	-	485.6
	968.0	-	968.0	951.5	-	951.5
Depreciation and amortisation:						
Depreciation of tangible assets	751.9	-	751.9	730.3	-	730.3
Depreciation of right-of-use assets	80.3	-	80.3	67.0	-	67.0
Amortisation of intangibles	-	46.7	46.7	-	45.2	45.2
	832.2	46.7	878.9	797.3	45.2	842.5
	2,842.3	46.7	2,889.0	2,814.3	45.2	2,859.5

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

5. Amortisation and exceptional items

Amortisation relates to the write-off of intangible assets over their estimated useful economic life. Exceptional items are those items of financial performance that are material and non-recurring in nature. The Group believes these items 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 exceptional items and amortisation of intangibles.

	Three months to 31 January		Nine months to 31 January	
	2021	2020	2021	2020
	£m	£m	£m	£m
Amortisation of intangibles	14.7	15.5	46.7	45.2
Write-off of deferred financing costs	-	3.9	-	3.9
Early redemption fee	-	11.2	-	11.2
Call period interest	-	1.2	-	1.2
Taxation	(3.7)	(7.8)	(11.5)	(15.0)
	11.0	24.0	35.2	46.5

In the prior year, the costs associated with the redemption of the $500m 5.625% senior notes in November 2019 were classified as exceptional items. The write-off of deferred financing costs consisted of the unamortised balance of the costs relating to the notes. In addition, an early redemption fee of £11m ($15m) was paid to redeem the notes prior to their scheduled maturity. The call period interest represents the interest charge on the $500m notes for the period from the issue of the new $1.2bn notes to the date the $500m notes were redeemed. Of these items, total cash costs were £12m.

The items detailed in the table above are presented in the income statement as follows:

	Three months to 31 January		Nine months to 31 January	
	2021	2020	2021	2020
	£m	£m	£m	£m
Amortisation of intangibles	14.7	15.5	46.7	45.2
Charged in arriving at operating profit	14.7	15.5	46.7	45.2
Net financing costs	-	16.3	-	16.3
Charged in arriving at profit before tax	14.7	31.8	46.7	61.5
Taxation	(3.7)	(7.8)	(11.5)	(15.0)
	11.0	24.0	35.2	46.5

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

6. Interest expense

	Three months to 31 January		Nine months to 31 January	
	2021	2020	2021	2020
	£m	£m	£m	£m
Interest expense:				
Bank interest payable	7.1	17.4	30.8	59.5
Interest payable on senior notes	24.6	25.3	76.3	69.5
Interest payable on lease liabilities	13.2	11.4	40.2	32.9
Non-cash unwind of discount on provisions	0.3	0.5	0.9	0.9
Amortisation of deferred debt raising costs	2.1	1.6	6.5	4.5
	47.3	56.2	154.7	167.3
Net financing costs before exceptional items	47.3	56.2	154.7	167.3
Exceptional items	-	16.3	-	16.3
Net financing costs	47.3	72.5	154.7	183.6

7. Taxation

The tax charge for the period has been computed using a tax rate of 25% in the US (2020: 25%), 19% in the UK (2020: 19%) and 27% in Canada (2020: 27%). The blended rate for the Group as a whole is 25% (2020: 25%).

The tax charge of £193m (2020: £239m) on the underlying profit before taxation of £763m (2020: £947m) can be explained as follows:

	Nine months to 31 January	
	2021	2020
	£m	£m
Current tax		
- current tax on income for the period	259.8	117.9
- adjustments to prior year	8.2	(1.8)
	268.0	116.1
Deferred tax		
- origination and reversal of temporary differences	(69.7)	121.0
- adjustments to prior year	(5.1)	1.6
	(74.8)	122.6
Tax on underlying activities	193.2	238.7
Comprising:		
- UK	16.0	16.2
- US	172.0	217.5
- Canada	5.2	5.0
	193.2	238.7

In addition, the tax credit of £12m (2020: £15m) on amortisation of £47m (2020: amortisation and exceptional items of £62m) consists of a current tax credit of £4m (2020: £10m) relating to the US and £1m (2020: £nil) relating to the UK, and a deferred tax credit of £3m (2020: £2m) relating to the US, £1m (2020: £1m) relating to the UK and £3m (2020: £2m) relating to Canada.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

8. Earnings per share

Basic and diluted earnings per share for the three and nine months ended 31 January 2021 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	
	2021	2020	2021	2020
Profit for the financial period (£m)	160.1	167.6	534.6	661.5
Weighted average number of shares (m) - basic	447.9	453.3	447.9	458.9
- diluted	449.1	454.8	449.1	460.6
Basic earnings per share	35.7p	37.0p	119.4p	144.1p
Diluted earnings per share	35.7p	36.8p	119.0p	143.6p

Underlying earnings per share (defined in any period as the earnings before amortisation of intangibles and exceptional items 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	
	2021	2020	2021	2020
Basic earnings per share	35.7p	37.0p	119.4p	144.1p
Amortisation of intangibles	3.3p	3.4p	10.4p	9.9p
Exceptional items	-	3.6p	-	3.6p
Tax on exceptional items and amortisation	(0.8p)	(1.7p)	(2.6p)	(3.3p)
Underlying earnings per share	38.2p	42.3p	127.2p	154.3p

9. Dividends

During the period, a final dividend in respect of the year ended 30 April 2020 of 33.5p (2019: 33.5p) per share was paid to shareholders costing £150m (2019: £154m). The interim dividend in respect of the year ending 30 April 2021 of 7.15p (2020: 7.15p) per share announced on 9 December 2020 was paid on 3 February 2021 to shareholders and cost £32m.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

10. Property, plant and equipment

	2021		2020	
Net book value	Rental equipment £m	Total £m	Rental equipment £m	Total £m
At 1 May	5,890.1	6,598.8	5,413.3	5,987.0
Effect of adoption of IFRS 16	-	-	-	(4.8)
Exchange differences	(394.6)	(440.8)	(31.2)	(34.7)
Reclassifications	(0.9)	-	(1.4)	-
Additions	444.7	518.2	1,081.3	1,256.2
Acquisitions	2.3	2.3	138.0	176.7
Disposals	(178.8)	(188.2)	(174.3)	(181.5)
Depreciation	(655.6)	(751.9)	(644.2)	(730.3)
At 31 January	5,107.2	5,738.4	5,781.5	6,468.6

11. Right-of-use assets

	2021			2020		
Net book value	Property leases £m	Other leases £m	Total £m	Property leases £m	Other leases £m	Total £m
At 1 May	1,083.7	4.6	1,088.3	-	-	-
Effect of adoption of IFRS 16	-	-	-	889.5	4.8	894.3
Exchange differences	(74.4)	-	(74.4)	(13.3)	-	(13.3)
Additions	77.3	1.2	78.5	157.3	1.2	158.5
Acquisitions	-	-	-	74.8	-	74.8
Remeasurement	37.6	-	37.6	31.8	-	31.8
Disposals	(2.9)	(0.2)	(3.1)	(4.2)	(0.6)	(4.8)
Depreciation	(79.4)	(0.9)	(80.3)	(66.2)	(0.8)	(67.0)
At 31 January	1,041.9	4.7	1,046.6	1,069.7	4.6	1,074.3

Included within depreciation is an impairment charge of £9m (2020: £nil).

12. Lease liability

	31 January 2021 £m	30 April 2020 £m
Current	116.5	106.0
Non-current	986.0	1,006.2
	1,102.5	1,112.2

13. Borrowings

	31 January 2021 £m	30 April 2020 £m
Non-current		
First priority senior secured bank debt	1,026.1	2,141.9
4.125% senior notes, due 2025	433.1	470.8
5.250% senior notes, due 2026	432.0	469.6
4.375% senior notes, due 2027	432.5	470.2
4.000% senior notes, due 2028	432.1	469.9
4.250% senior notes, due 2029	432.0	469.8
	3,187.8	4,492.2

The senior secured bank debt is secured by way of fixed and floating charges over substantially all the Group's property, plant and equipment, inventory and trade receivables. The senior notes are guaranteed by Ashtead Group plc and all its principal subsidiary undertakings.

Under the terms of our asset-based senior credit facility, $4.1bn is committed until December 2023 and $500m is committed until April 2021.

The $600m 4.125% senior notes mature in August 2025, the $600m 5.25% senior notes mature in August 2026, the $600m 4.375% senior notes mature in August 2027, the $600m 4.000% senior notes mature in May 2028 and the $600m 4.250% senior notes mature in November 2029. Our debt facilities therefore remain committed for the long term, with an average maturity of five years. The weighted average interest cost of these facilities (including non-cash amortisation of deferred debt raising costs) is 4%. The terms of the senior 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 credit 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) which, must be equal to, or greater than, 1.0. This covenant does not apply when availability exceeds $460m. The covenant ratio is calculated each quarter. At 31 January 2021, the fixed charge ratio exceeded the covenant requirement.

At 31 January 2021, availability under the senior secured bank facility was $3,342m ($2,363m including cash on the balance sheet at 30 April 2020), with an additional $1,620m of suppressed availability, meaning that the covenant did not apply at 31 January 2021 and is unlikely to apply in forthcoming quarters.

13. Borrowings (continued)

Fair value of financial instruments

At 31 January 2021, the Group had no derivative financial instruments.

With the exception of the Group's senior notes detailed in the table below, the carrying value of non-derivative financial assets and liabilities is considered to equate materially to their fair value.

	At 31 January 2021		At 30 April 2020	
	Book Value	Fair value	Book value	Fair value
	£m	£m	£m	£m
4.125% senior notes	437.1	449.6	475.7	461.4
5.250% senior notes	437.1	461.1	475.7	479.3
4.375% senior notes	437.1	460.0	475.7	463.8
4.000% senior notes	437.1	462.7	475.7	453.1
4.250% senior notes	437.1	479.1	475.7	453.1
	2,185.5	2,312.5	2,378.5	2,310.7
Deferred costs of raising finance	(23.8)	-	(28.2)	-
	2,161.7	2,312.5	2,350.3	2,310.7

The fair value of the senior notes has been calculated using quoted market prices at 31 January 2021.

14. Share capital

Ordinary shares of 10p each:

	31 January 2021	30 April 2020	31 January 2021	30 April 2020
	Number	Number	£m	£m
Issued and fully paid	451,354,833	454,194,833	45.1	45.4

In September 2020, 2.9m shares held in treasury were cancelled. At 31 January 2021 after the cancellation of these shares, 2.0m (April 2020: 4.9m) shares were held by the Company and a further 1.4m (April 2020: 1.5m) shares were held by the Company's Employee Share Ownership Trust.

15. Notes to the cash flow statement

a) Cash flow from operating activities

	Nine months to 31 January 2021 £m	2020 £m
Operating profit before exceptional items and amortisation	917.7	1,114.0
Depreciation	832.2	797.3
EBITDA	1,749.9	1,911.3
Profit on disposal of rental equipment	(11.4)	(34.6)
Profit on disposal of other property, plant and equipment	(0.3)	(1.2)
Decrease/(increase) in inventories	4.4	(4.4)
Increase in trade and other receivables	(67.6)	(16.3)
Increase/(decrease) in trade and other payables	57.4	(33.2)
Exchange differences	(1.3)	0.5
Other non-cash movements	4.7	6.4
Cash generated from operations before exceptional items and changes in rental equipment	1,735.8	1,828.5

b) Analysis of net debt

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

			Non-cash movements			
	1 May 2020 £m	Cash flow £m	Exchange movement £m	New lease liabilities £m	Other movements £m	31 January 2021 £m
Long-term borrowings	4,492.2	(1,060.1)	(250.8)	-	6.5	3,187.8
Lease liabilities	1,112.2	(39.6)	(78.2)	108.1	-	1,102.5
Total liabilities from financing activities	5,604.4	(1,099.7)	(329.0)	108.1	6.5	4,290.3
Cash and cash equivalents	(241.4)	221.4	5.3	-	-	(14.7)
Net debt	5,363.0	(878.3)	(323.7)	108.1	6.5	4,275.6

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

15. Notes to the cash flow statement (continued)

b) Analysis of net debt (continued)

	1 May 2019 £m	Adoption of IFRS 16 £m	Cash flow £m	Non-cash movements: Exchange movement £m	Non-cash movements: Debt acquired £m	Non-cash movements: New lease liabilities £m	Non-cash movements: Other movements £m	31 January 2020 £m
Short-term borrowings	2.3	(2.3)	-	-	-	-	-	-
Long-term borrowings	3,755.4	(2.7)	645.7	(49.7)	14.7	-	8.4	4,371.8
Lease liabilities	-	887.8	(48.8)	(14.2)	74.8	189.7	-	1,089.3
Total liabilities from financing activities	3,757.7	882.8	596.9	(63.9)	89.5	189.7	8.4	5,461.1
Cash and cash equivalents	(12.8)	-	(5.4)	0.3	-	-	-	(17.9)
Net debt	3,744.9	882.8	591.5	(63.6)	89.5	189.7	8.4	5,443.2

Details of the Group's cash and debt are given in notes 12 and 13 and the Review of Third Quarter, Balance Sheet and Cash Flow accompanying these condensed consolidated interim financial statements.

c) Acquisitions

	Nine months to 31 January 2021 £m	Nine months to 31 January 2020 £m
Cash consideration paid:		
- acquisitions in the period	-	389.3
- contingent consideration	18.4	17.3
	18.4	406.6

During the period, contingent consideration of £18m (2020: £17m) was paid relating to prior year acquisitions.

16. Contingent liabilities

Following its state aid investigation, in April 2019 the European Commission announced its decision that the Group Financing Exemption in the UK controlled foreign company ('CFC') legislation constitutes state aid in some circumstances. In common with the UK Government and other UK-based international companies, the Group does not agree with the decision and has therefore lodged a formal appeal with the General Court of the European Union. Despite the UK Government appealing the European Commission's decision, Her Majesty's Revenue & Customs ('HMRC') are required to make an assessment of the tax liability which would arise if the decision is not successfully appealed and collect that amount from taxpayers. During the quarter HMRC issued a charging notice stating that the tax liability it believes to be due on this basis is £33m. Subsequent to the balance sheet date, the Group has appealed the charging notice and has settled the amount assessed on it in line with HMRC requirements. On successful appeal in whole or in part, all or part of the amount paid in accordance with the charging notice would be returned to the Group. If either the decision reached by the European Commission or the charging notice issued by HMRC are not successfully appealed, we have estimated the Group's maximum potential liability to be £36m as at 31 January 2021, including any interest payable. Based on the current status of proceedings, we have concluded that no provision is required in relation to this matter.

17. Events after the balance sheet date

On 3 February 2021, Sunbelt US acquired the business and assets of DC Rentals, LLC (‘DCR’). DCR is a general equipment business in Connecticut. The initial accounting for this acquisition is incomplete. Had this acquisition taken place on 1 May 2020, its contribution to revenue and operating profit would not have been material.

REVIEW OF THIRD QUARTER, BALANCE SHEET AND CASH FLOW

Third quarter

	Revenue		EBITDA		Profit[1]	
	2021	2020	2021	2020	2021	2020
US in $m	1,287.3	1,392.4	617.7	686.9	323.8	392.1
Canada in C$m	136.4	120.5	60.9	46.0	30.7	17.2
US in £m	955.4	1,067.3	457.7	525.8	239.1	299.2
UK	171.5	109.2	49.5	35.4	18.8	7.8
Canada in £m	79.1	70.5	35.3	26.8	17.8	10.0
Group central costs	-	-	(3.4)	(3.8)	(3.6)	(4.0)
	1,206.0	1,247.0	539.1	584.2	272.1	313.0
Net financing costs					(47.3)	(56.2)
Profit before amortisation, exceptional items and tax					**224.8**	**256.8**
Amortisation					(14.7)	(15.5)
Exceptional items					-	(16.3)
Profit before taxation					210.1	225.0
Margins						
US			*48.0%*	*49.3%*	*25.2%*	*28.2%*
UK			*28.9%*	*32.4%*	*11.0%*	*7.1%*
Canada			*44.7%*	*38.2%*	*22.5%*	*14.3%*
Group			*44.7%*	*46.8%*	*22.6%*	*25.1%*

[1] Segment result presented is operating profit before amortisation.

Group revenue decreased 3% (1% at constant currency) to £1,206m in the third quarter (2020: £1,247m). This performance demonstrates the resilience of the business in challenging market conditions. The broadly flat Group revenue consisted of a small decline in the US more or less offset by increases in the UK and Canada. These features, combined with our decision to retain our team members and continue to invest in the business and the costs of servicing the UK Department of Health work, resulted in a decline in underlying profit before tax for the quarter to £225m (2020: £257m).

US rental only revenue in the quarter was 3% lower than a year ago on a billings per day basis. This consisted of our general tool business which was 4% lower than last year while the specialty business (excluding oil and gas) was 6% higher than a year ago.

The UK generated rental only revenue in the quarter of £93m (2020: £80m), 15% higher than the prior year on a comparable basis. Total revenue increased 57% to £172m (2020: £109m) reflecting the higher level of ancillary and sales revenue associated with the services provided to the Department of Health.

Canada's rental only revenue increased 22% to C$100m (2020: C$82m) on a reported basis. Excluding the impact of the acquisition of William F. White, rental only revenue decreased by 6%. Total revenue was C$136m (2020: C$120m).

Group operating profit decreased 13% to £272m (2020: £313m). After net financing costs of £47m (2020: £56m), Group profit before amortisation of intangibles, exceptional items and taxation was £225m (2020: £257m). After amortisation of £15m (2020: £16m) and, in the prior year exceptional items of £16m, the statutory profit before taxation was £210m (2020: £225m).

Balance sheet

Fixed assets

Capital expenditure in the nine months totalled £518m (2020: £1,256m) with £445m invested in the rental fleet (2020: £1,081m). Expenditure on rental equipment was 86% of total capital expenditure with the balance relating to the delivery vehicle fleet, property improvements and IT equipment. Capital expenditure by division was:

	2021 Replacement	2021 Growth	2021 Total	2020 Total
US in $m	424.6	-	424.6	1,287.4
Canada in C$m	39.5	17.3	56.8	101.7
US in £m	327.2	-	327.2	976.9
UK	64.2	20.3	84.5	46.0
Canada in £m	23.0	10.0	33.0	58.4
Total rental equipment	414.4	30.3	444.7	1,081.3
Delivery vehicles, property improvements & IT equipment			73.5	174.9
Total additions			518.2	1,256.2

As a result of the impact of COVID-19 on market activity, all capital expenditure in the US in 2021 has been classified as replacement capital expenditure. Capital expenditure in the UK and Canada included growth expenditure to meet customer needs. 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 2021 was 40 months (2020: 34 months) on a net book value basis. The US fleet had an average age of 40 months (2020: 34 months), the UK fleet had an average age of 41 months (2020: 41 months) and the Canadian fleet had an average age of 36 months (2020: 31 months).

	Rental fleet at original cost				
	31 January 2021	30 April 2020	LTM average	LTM rental revenue	LTM dollar utilisation
US in $m	9,892	10,102	9,995	4,829	48%
Canada in C$m	937	921	919	398	43%
US in £m	7,205	8,010	7,702	3,721	48%
UK	895	874	879	433	49%
Canada in £m	534	526	534	231	43%
	8,634	9,410	9,115	4,385	

Dollar utilisation was 48% in the US (2020: 53%), 49% for the UK (2020: 46%) and 43% for Canada (2020: 48%). US and Canadian dollar utilisation reflects the impact of the COVID-19 pandemic. The increase in UK dollar utilisation reflects the significant increase in activity levels to support the Department of Health.

Trade receivables

Receivable days at 31 January 2021 were 49 days (2020: 53 days). The bad debt charge for the last twelve months ended 31 January 2021 as a percentage of total turnover was 1.1% (2020: 0.4%). This increase over the prior year reflects an additional charge taken in the fourth quarter of last year for potentially irrecoverable receivables as a result of the impact of COVID-19. Trade receivables at 31 January 2021 of £665m (2020: £790m) are stated net of allowances for bad debts and credit notes of £85m (2020: £60m) with the increased allowance representing 11% (2020: 7%) of gross receivables as a result of COVID-19.

Trade and other payables

Group payable days were 48 days at 31 January 2021 (2020: 52 days) with capital expenditure related payables totalling £87m (2020: £110m). 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 2021 £m	Nine months to 31 January 2020 £m	LTM 31 January 2021 £m	Year to 30 April 2020 £m
EBITDA before exceptional items	1,749.9	1,911.3	2,214.4	2,375.8
Cash inflow from operations before exceptional items and changes in rental equipment	1,735.8	1,828.5	2,337.7	2,430.4
*Cash conversion ratio**	*99.2%*	*95.7%*	*105.6%*	*102.3%*
Replacement rental capital expenditure	(442.5)	(495.0)	(597.7)	(650.2)
Payments for non-rental capital expenditure	(73.5)	(181.1)	(100.6)	(208.2)
Rental equipment disposal proceeds	215.9	166.0	296.5	246.6
Other property, plant and equipment disposal proceeds	9.3	7.4	13.9	12.0
Tax (net)	(220.3)	(100.9)	(232.6)	(113.2)
Financing costs	(144.1)	(138.3)	(202.7)	(196.9)
Cash inflow before growth capex and payment of exceptional costs	**1,080.6**	**1,086.6**	**1,514.5**	**1,520.5**
Growth rental capital expenditure	(21.4)	(711.6)	(25.8)	(716.0)
Exceptional costs	-	(12.4)	-	(12.4)
Free cash flow	**1,059.2**	**362.6**	**1,488.7**	**792.1**
Business acquisitions	(18.4)	(406.6)	(64.9)	(453.1)
Total cash generated/(absorbed)	**1,040.8**	**(44.0)**	**1,423.8**	**339.0**
Dividends	(150.0)	(154.4)	(182.3)	(186.7)
Purchase of own shares by the Company	-	(375.6)	(73.0)	(448.6)
Purchase of own shares by the ESOT	(12.5)	(17.5)	(12.6)	(17.6)
Decrease/(increase) in net debt due to cash flow	**878.3**	**(591.5)**	**1,155.9**	**(313.9)**

* 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 was £1,736m (2020: £1,829m). The nine month cash conversion ratio was 99% (2020: 96%).

Total payments for capital expenditure (rental equipment and other PPE) in the nine months were £537m (2020: £1,388m). Disposal proceeds received totalled £225m (2020: £173m), giving net payments for capital expenditure of £312m in the period (2020: £1,215m). Financing costs paid totalled £144m (2020: £138m) while tax payments were £220m (2020: £101m). Financing costs paid typically differ from the charge in the income statement due to the timing of interest payments in the year and non-cash interest charges. The increased tax payments reflect the impact of lower levels of capital expenditure this year which, in the US, are deductible in full as incurred.

Accordingly, in the nine months the Group generated free cash flow of £1,059m (2020: £363m) and, after acquisition expenditure of £18m (2020: £407m) related to deferred consideration on prior year acquisitions, a net cash inflow of £1,041m (2020: outflow of £44m), before returns to shareholders.

Net debt

	31 January 2021 £m	31 January 2020 £m	30 April 2020 £m
First priority senior secured bank debt	1,026.1	2,123.3	2,141.9
4.125% senior notes, due 2025	433.1	450.3	470.8
5.250% senior notes, due 2026	432.0	449.2	469.6
4.375% senior notes, due 2027	432.5	449.9	470.2
4.000% senior notes, due 2028	432.1	449.6	469.9
4.250% senior notes, due 2029	432.0	449.5	469.8
Total external borrowings	3,187.8	4,371.8	4,492.2
Lease liabilities	1,102.5	1,089.3	1,112.2
	4,290.3	5,461.1	5,604.4
Cash and cash equivalents	(14.7)	(17.9)	(241.4)
Total net debt	4,275.6	5,443.2	5,363.0

Net debt at 31 January 2021 was £4,276m with the decrease since 30 April 2020 reflecting the net cash inflow set out above and a benefit from stronger sterling (£324m). The Group's EBITDA for the twelve months ended 31 January 2021 was £2,214m. Excluding the impact of IFRS 16, the ratio of net debt to EBITDA was 1.6 times (2020: 1.9 times) on a constant currency and a reported basis as at 31 January 2021. Including the impact of IFRS 16, the ratio of net debt to EBITDA was 2.1 times at 31 January 2021.

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 2020 Annual Report and Accounts on pages 36 to 39.

The principal risks and uncertainties facing the Group are:

- economic conditions - in the longer term, there is a link between demand for our services and levels of economic activity. The construction industry, which affects our business, is cyclical and typically lags the general economic cycle by between 12 and 24 months.

  The economic uncertainties resulting from the impact of COVID-19 or other pandemics are considered as part of this risk, together with trade/tariff escalation and the impact of Brexit on the UK economy.

- competition - the already competitive market could become even more competitive and we could suffer increased competition from large national competitors or small companies operating at a local level resulting in reduced market share and lower revenue.

- financing - debt facilities are only ever committed for a finite period of time and we need to plan to renew our facilities before they mature and guard against default. Our loan agreements also contain conditions (known as covenants) with which we must comply.

- cyber security - a cyber-attack or serious uncured failure in our systems could result in us being unable to deliver service to our customers and / or the loss of data. In particular, we are heavily dependent on technology for the smooth running of our business given the large number of both units of equipment we rent and our customers. As a result, we could suffer reputational loss, revenue loss and financial penalties.

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

- health and safety - we need to comply with laws and regulations governing occupational health and safety matters. Furthermore, accidents could happen which might result in injury to an individual, claims against the Group and damage to our reputation.

- people - retaining and attracting good people is key to delivering superior performance and customer service.

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

  At a leadership level, succession planning is required to ensure the Group can continue to inspire the right culture, leadership and behaviours and meet its strategic objectives.

- environmental - we need to comply with environmental laws. These laws regulate such issues as wastewater, stormwater, solid and hazardous wastes and materials, and air quality. Breaches potentially create hazards to our employees, damage to our reputation and expose the Group to, amongst other things, the cost of investigating and remediating contamination and also fines and penalties for non-compliance.

- laws and regulations - failure to comply with the frequently changing regulatory environment could result in reputational damage or financial penalty.

Further details, including actions taken to mitigate these risks, are provided within the 2020 Annual Report and Accounts.

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, Canada 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 2021, 94% of its debt (including lease liabilities) was denominated in US (and Canadian) 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 2021, dollar-denominated debt represented approximately 60% 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 2021, a 1% change in the US dollar exchange rate would impact underlying pre-tax profit by approximately £9m.

OPERATING STATISTICS

	Number of rental stores			Staff numbers		
	31 January		30 April	31 January		30 April
	2021	2020	2020	2021	2020	2020
Sunbelt US	843	835	837	13,254	14,126	14,048
Sunbelt UK	189	191	193	3,669	3,713	3,712
Sunbelt Canada	76	77	75	1,457	1,536	1,506
Corporate office	-	-	-	17	16	18
Group	1,108	1,103	1,105	18,397	19,391	19,284

GLOSSARY OF TERMS

The glossary of terms below sets out definitions of terms used throughout this announcement. Included are a number of alternative performance measures ('APMs') which the directors have adopted in order to provide additional useful information on the underlying trends, performance and position of the Group. The directors use these measures, which are common across the industry, for planning and reporting purposes. These measures are also used in discussions with the investment analyst community and credit rating agencies. The APMs are not defined by IFRS and therefore may not be directly comparable with other companies' APMs and should not be considered superior to or a substitute for IFRS measures.

<table>
<tr><th>Term</th><th>Closest equivalent statutory measure</th><th>Definition and purpose</th></tr>
<tr><td>Constant currency growth</td><td>None</td><td>Calculated by applying the current period exchange rate to the comparative period result. The relevant foreign currency exchange rates are provided within Note 2, Accounting policies, to the financial statements. This measure is used as a means of eliminating the effects of foreign exchange rate movements on the period-on-period changes in reported results.

<table>
<tr><th></th><th>2021
£m</th><th>2020
£m</th><th>%</th></tr>
<tr><td>Rental revenue</td><td></td><td></td><td></td></tr>
<tr><td>As reported</td><td>3,375</td><td>3,568</td><td>-5%</td></tr>
<tr><td>Retranslation effect</td><td>-</td><td>(72)</td><td></td></tr>
<tr><td>At constant currency</td><td>3,375</td><td>3,496</td><td>-3%</td></tr>
<tr><td>Underlying profit before tax</td><td></td><td></td><td></td></tr>
<tr><td>As reported</td><td>763</td><td>947</td><td>-19%</td></tr>
<tr><td>Retranslation effect</td><td>-</td><td>(21)</td><td></td></tr>
<tr><td>At constant currency</td><td>763</td><td>926</td><td>-18%</td></tr>
</table></td></tr>
<tr><td>Drop through</td><td>None</td><td>Calculated as the change in rental revenue which converts into EBITDA (excluding gains from sale of new equipment, merchandise and consumables and from sale of used equipment).

<table>
<tr><th></th><th>2021</th><th>2020</th><th>Change</th></tr>
<tr><td>Sunbelt US ($m)</td><td></td><td></td><td></td></tr>
<tr><td>Rental revenue</td><td>3,703</td><td>3,920</td><td>(217)</td></tr>
<tr><td>EBITDA exc. gains</td><td>1,938</td><td>2,098</td><td>(160)</td></tr>
<tr><td>Drop through</td><td></td><td></td><td>74%</td></tr>
</table>
This measure is utilised by the Group to demonstrate the change in profitability generated by the Group as a result of the change in rental revenue in the period.</td></tr>
<tr><td>Leverage</td><td>None</td><td>Leverage calculated at constant exchange rates uses the period end exchange rate for the relevant period and is determined as net debt divided by underlying EBITDA.

<table>
<tr><th></th><th colspan="2">Excluding IFRS 16</th><th colspan="2">Including IFRS 16</th></tr>
<tr><th></th><th>2021</th><th>2020</th><th>2021</th><th>2020</th></tr>
<tr><td>Net debt (at constant currency)</td><td>3,178</td><td>4,359</td><td>4,276</td><td>5,443</td></tr>
<tr><td>EBITDA (at constant currency)</td><td>1,983</td><td>2,257</td><td>2,080</td><td>2,331</td></tr>
<tr><td>Leverage</td><td>1.6x</td><td>1.9x</td><td>2.1x</td><td>2.3x</td></tr>
</table>
This measure is used to provide an indication of the strength of the Group's balance sheet and is widely used by investors and credit rating agencies. It also forms part of the remuneration targets of the Group and has been identified as one of the Group's key performance indicators.</td></tr>
<tr><td>Return on Investment ('RoI')</td><td>None</td><td>Last 12-month ('LTM') underlying operating profit divided by the last 12-month average of the sum of net tangible and intangible fixed assets, plus net working capital but excluding net debt and tax. RoI is calculated excluding the impact of IFRS 16.

RoI is used by management to help inform capital allocation decisions within the business and has been identified as one of the Group's key performance indicators. It also forms part of the remuneration targets of the Group.</td></tr>
</table>

Term	Closest equivalent statutory measure	Definition and purpose
		A reconciliation of Group RoI is provided below:

	2021	2020
Underlying operating profit (£m)	1,069	1,367
Average net assets (£m)	8,179	8,094
Return on investment (%)	13%	17%

RoI for the businesses is calculated in the same way, but excludes goodwill and intangible assets:

	US ($m)	Canada (C$m)	UK (£m)
Underlying operating profit	1,304	59	37
Average net assets, excluding goodwill and intangibles	7,308	622	602
Return on investment	18%	9%	6%

Other terms used within this announcement include:

- **Availability:** represents the headroom on a given date under the terms of our $4.6bn asset-backed senior bank facility, taking account of current borrowings.

- **Capital expenditure:** represents additions to rental equipment and other tangible assets (excluding assets acquired through a business combination).

- **Cash conversion ratio:** represents cash flow from operations before exceptional items and changes in rental equipment as a percentage of underlying EBITDA. Details are provided within the Review of Third Quarter, Balance Sheet and Cash Flow section.

- **Dollar utilisation:** dollar utilisation is trailing 12-month rental revenue divided by average fleet size at original (or 'first') cost measured over a 12-month period. Details are shown within the Review of Third Quarter, Balance Sheet and Cash Flow section.

- **EBITDA and EBITDA margin:** EBITDA is earnings before interest, tax, depreciation and amortisation. A reconciliation of EBITDA to profit before tax is shown on the income statement. EBITDA margin is calculated as EBITDA before exceptional items divided by revenue. Progression in EBITDA margin is an important indicator of the Group's performance and this has been identified as one of the Group's key performance indicators.

- **Exceptional items:** those items of income or expense which the directors believe should be disclosed separately by virtue of their significant size or nature to enable a better understanding of the Group's financial performance. Excluding these items provides readers with helpful additional information on the performance of the business across periods and against peer companies. It is also consistent with how business performance is reported to the Board and the remuneration targets set by the Company.

- **Fleet age:** net book value weighted age of serialised rental assets. Serialised rental assets constitute the substantial majority of our fleet.

- **Fleet on rent:** quantity measured at original cost of our rental fleet on rent. Fleet on rent has been identified as one of the Group's key performance indicators.

- **Free cash flow:** cash generated from operating activities less non-rental net property, plant and equipment expenditure. Non-rental net property, plant and equipment expenditure comprises payments for non-rental capital expenditure less disposal proceeds received in relation to non-rental asset disposals. This measure shows the cash retained by the Group prior to discretionary expenditure on acquisitions and returns to shareholders. A reconciliation of free cash flow is shown in the Review of Balance Sheet and Cash Flow section.

- **Net debt:** net debt is total borrowings (bank, bonds) and lease liabilities less cash balances, as reported. This measure is used to provide an indication of the Group's overall level of indebtedness and is widely used by investors and credit rating agencies. An analysis of net debt is provided in note 15.

- **Operating profit and operating profit margin:** Operating profit is earnings before interest and tax. A reconciliation of operating profit to profit before tax is shown on the income statement. Operating profit margin is calculated as operating profit before exceptional items and the amortisation of intangibles divided by revenue. Progression in operating profit margin is an important indicator of the Group's performance.

- **Organic:** organic measures comprise all locations, excluding locations arising from a bolt-on acquisition completed after the start of the comparative financial period.

- **Same store:** same-stores are those locations which were open at the start of the comparative financial period.

- **Suppressed availability:** represents the amount on a given date that the asset base exceeds the facility size under the terms of our $4.6bn asset-backed senior bank facility.

- **Underlying:** underlying results are results stated before exceptional items and the amortisation of acquired intangibles. A reconciliation is shown on the income statement.