Ashtead group

13 June 2023

Audited results for the year and unaudited results for the fourth quarter ended 30 April 2023

	Fourth quarter			Year		
	2023	2022	Growth[1]	2023	2022	Growth[1]
	$m	$m	%	$m	$m	%
Revenue	2,444	2,078	19%	9,667	7,962	24%
Rental revenue	2,126	1,875	15%	8,698	7,235	22%
EBITDA	1,074	900	20%	4,412	3,609	24%
Operating profit	575	445	30%	2,522	1,948	30%
Adjusted[2] profit before taxation	496	418	19%	2,273	1,824	26%
Profit before taxation	466	386	21%	2,156	1,668	30%
Adjusted[2] earnings per share	84.3¢	72.0¢	18%	388.5¢	307.1¢	27%
Earnings per share	79.1¢	66.5¢	19%	368.4¢	280.9¢	32%

Full-year highlights[3]

- Record performance with ongoing momentum in robust end markets
- Group revenue up 24%[1]; US rental revenue up 24%
- Adjusted[2] earnings per share increased 27% to 388.5¢ (2022: 307.1¢)
- 165 locations added in North America
- $3.8bn of capital invested in the business (2022: $2.4bn)
- $1.1bn spent on 50 bolt-on acquisitions (2022: $1.3bn)
- Net debt to EBITDA leverage[1,3] of 1.6 times (2022: 1.5 times)
- Proposed final dividend of 85.0¢, making 100.0¢ for the full year (2022: 80.0¢)

1 Calculated at constant exchange rates applying current period exchange rates.
2 Adjusted results are stated before exceptional items and amortisation.
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 and reconciled in the Glossary of Terms on page 39.

Ashtead's chief executive, Brendan Horgan, commented:

"I am delighted to report another year of strong performance across all geographies, with rental revenue growth of 22% for the year at constant currency, delivering record revenue and profitability for the Group. This market outperformance is only possible through the dedication of our team members who deliver for all our stakeholders every day, while ensuring our leading value of safety remains at the forefront of all we do.

We are executing well against all actionable components of our strategic growth plan, in end markets which remain strong. We invested $3.8bn in capital across existing locations and greenfields. This capital investment was funded from operating cash flow highlighting the cash generative nature of our business across the cycle. In addition, we spent $1.1bn on 50 bolt-on acquisitions which, when combined with greenfield openings, added 165 locations in North America. This significant investment is enabling us to take advantage of the substantial structural growth opportunities that we see for the business as we deliver our strategic priorities to grow our general tool and specialty businesses and advance our clusters. We are achieving all this while maintaining a strong and flexible balance sheet with leverage towards the lower end of our target range.

We enter the final year of Sunbelt 3.0 with clear momentum in strong end markets, which are enhanced by the increasing number of mega projects and recent US legislative acts. We are in a position of strength, with the operational flexibility and financial capacity to capitalise on the opportunities arising from these strong markets and ongoing structural change. The Board looks to the future with confidence."

Contacts:

Will Shaw	Director of Investor Relations	+44 (0)20 7726 9700
Neil Bennett	H/Advisors Maitland	+44 (0)20 7379 5151
Sam Cartwright	H/Advisors Maitland	+44 (0)20 7379 5151

Brendan Horgan and Michael Pratt will hold a conference call for equity analysts to discuss the results and outlook at 09:30am on Tuesday, 13 June 2023 at Numis, 45 Gresham Street, London, EC2V 7EH. The meeting 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 meeting 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 3:00pm (10:00am EST).

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

Forward-looking statements

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

Trading results

	Revenue		EBITDA		Profit[1]	
	2023	2022	2023	2022	2023	2022
UK in £m	684.8	725.7	192.2	214.6	65.0	86.8
Canada in C$m	827.1	626.0	337.0	281.4	167.4	143.6
US	8,222.4	6,477.0	3,955.3	3,120.6	2,464.7	1,852.3
UK in $m	822.8	986.3	231.0	291.7	78.1	118.0
Canada in $m	622.1	499.0	253.5	224.3	125.9	114.4
Group central costs	-	-	(28.0)	(27.2)	(29.0)	(28.3)
	9,667.3	7,962.3	4,411.8	3,609.4	2,639.7	2,056.4
Net financing costs					(366.2)	(232.6)
Adjusted profit before tax					**2,273.5**	**1,823.8**
Amortisation					(117.7)	(108.6)
Exceptional items					-	(47.1)
Profit before taxation					2,155.8	1,668.1
Taxation charge					(538.1)	(417.0)
Profit attributable to equity holders of the Company					1,617.7	1,251.1
Margins						
US			*48.1%*	*48.2%*	*30.0%*	*28.6%*
UK			*28.1%*	*29.6%*	*9.5%*	*12.0%*
Canada			*40.7%*	*45.0%*	*20.2%*	*22.9%*
Group			*45.6%*	*45.3%*	*27.3%*	*25.8%*

[1] Segment result presented is adjusted operating profit.

Group revenue increased 21% (24% at constant currency) to $9,667m during the year (2022: $7,962m). This revenue growth, combined with strong operational execution, resulted in adjusted profit before tax increasing 25% to $2,273m (2022: $1,824m).

In the US, rental only revenue of $5,879m (2022: $4,782m) was 23% higher than the prior year, representing continued market outperformance and demonstrating the benefits of our strategy of growing our Specialty businesses and broadening our end markets. Organic growth (same-store and greenfields) was 18%, while bolt-ons since 1 May 2021 contributed 5% of rental only revenue growth. In the year, our General Tool business grew 21%, while our Specialty businesses grew 29%. Rental only revenue growth has been driven by both volume and rate improvement in what continues to be a good rate environment. Rental revenue increased 24% to $7,503m (2022: $6,042m). US total revenue, including new and used equipment, merchandise and consumable sales, increased 27% to $8,222m (2022: $6,477m).

The UK business generated rental only revenue of £429m, up 6% on the prior year (2022: £403m). Excluding the impact of the work for the Department of Health, which ended during the first quarter of 2022/23, rental only revenue increased 22%. Bolt-ons since 1 May 2021 contributed 9% of this growth. Rental revenue increased 3% to £559m (2022: £544m) or 26% excluding the impact of the work for the Department of Health. Total revenue decreased 6% to £685m (2022: £726m) reflecting the high level of sales revenue associated with the work for the Department of Health, which overall accounted for only c. 4% of revenue in the year, compared with c. 30% of revenue last year.

Canada's rental only revenue increased 20% to C$548m (2022: C$456m). Markets are robust and the major part of the Canadian business is growing in a similar manner to the US with strong volume growth and rate improvement, in a good rate environment. As highlighted previously, the lighting, grip and lens business was affected by market uncertainty, with the threat earlier this financial year of strikes by production staff in Vancouver, resulting in productions being delayed or moved elsewhere. Rental revenue increased 22% to C$696m (2022: C$569m), while Canada's total revenue was C$827m (2022: C$626m).

In common with many businesses, we have faced inflationary pressures across most cost lines, but particularly in relation to labour, transportation and fuel. However, our strong performance on rate, combined with operating efficiencies and inherent economies of scale, has enabled us to navigate this inflationary environment, driving strong revenue and profit growth in the US. As expected, US rental revenue drop through to EBITDA has improved as we have progressed through the year, and in the fourth quarter was 54%, resulting in drop through of 50% for the year. This contributed to an EBITDA margin of 48.1% (2022: 48.2%) and a 33% increase in segment profit to $2,465m (2022: $1,852m) at a margin of 30.0% (2022: 28.6%).

The UK remains focused on delivering operational efficiency and improving returns in the business. However, this year has been one of transition as we redeployed assets dedicated to the Department of Health testing centres elsewhere in the business, resulting in lower fleet utilisation than last year. While we have managed to improve rental rates during the year, this has been insufficient to offset the inflation impact on the cost base. These factors, combined with a £4m charge to impair a convertible loan note due from Britishvolt, which entered administration in January, contributed to the UK generating an EBITDA margin of 28.1% (2022: 29.6%) and a segment profit of £65m (2022: £87m) at a margin of 9.5% (2022: 12.0%).

Our Canadian business continues to develop and enhance its performance as it invests to expand its network and broaden its markets. However, this ongoing investment, including greenfields, acquisitions and the infrastructure of the business, combined with drag from the lighting, grip and lens business, contributed to an EBITDA margin of 40.7% (2022: 45.0%) and a segment profit of C$167m (2022: C$144m) at a margin of 20.2% (2022: 22.9%).

Overall, Group adjusted operating profit increased to $2,640m (2022: $2,056m), up 29% at constant exchange rates. After increased net financing costs of $366m (2022: $233m), reflecting higher average debt levels and the higher interest rate environment, Group adjusted profit before tax was $2,273m (2022: $1,824m). After a tax charge of 25% (2022: 25%) of the adjusted pre-tax profit, adjusted earnings per share increased 27% at constant currency to 388.5¢ (2022: 307.1¢).

Statutory profit before tax was $2,156m (2022: $1,668m). This is after amortisation of $118m (2022: $109m) and, in the prior year, exceptional interest costs of $47m. Included within the total tax charge is a tax credit of $30m (2022: $39m) which relates to the amortisation of intangibles and in the prior year exceptional items. As a result, basic earnings per share were 368.4¢ (2022: 280.9¢).

Capital expenditure and acquisitions

Capital expenditure for the year was $3,772m gross and $3,105m net of disposal proceeds (2022: $2,397m gross and $2,032m net). This was slightly ahead of our plans as we took delivery of c. $100m of planned first quarter 2023/24 deliveries early. Accordingly, we have reduced our plan for 2023/24 by $100m. As a result, the Group's rental fleet at 30 April 2023 at cost was $16bn and our average fleet age is now 35 months (2022: 40 months).

We invested $1,146m (2022: $1,274m) including acquired borrowings in 50 bolt-on acquisitions during the year as we continue to both expand our footprint and diversify our end markets. Further details are provided in Note 16. Since the period end, we have invested a further $237m in bolt-ons.

Reflecting the early first quarter fleet deliveries, our plan for 2023/24 now is for gross capital expenditure to be in the range of $3.9 – 4.3bn.

Return on Investment

The Group return on investment was 19% (2022: 18%). In the US, return on investment (excluding goodwill and intangible assets) was 27% (2022: 25%), while in the UK it was 9% (2022: 14%). The decrease in the UK reflects reduced volumes, particularly service and sales, supporting the Department of Health as we have demobilised testing sites, and the lower profit margin. In Canada, return on investment (excluding goodwill and intangible assets) was 18% (2022: 20%). This reduction reflects predominantly the drag from the recent performance of our lighting, grip and lens business. Return on investment excludes the impact of IFRS 16.

Cash flow and net debt

The increased scale of the business enabled the Group to generate free cash flow of $531m (2022: $1,125m) during the year after capital expenditure payments of $3,530m (2022: $2,164m). However, as expected, debt increased as we continued to invest in bolt-ons and returned capital to shareholders. During the period, we spent $264m (£221m) on share buybacks (2022: $410m (£302m)) under the two-year buyback programme which concluded in April 2023.

In August 2022, the Group issued $750m 5.500% senior notes maturing in August 2032 and in January 2023, the Group issued $750m 5.550% senior notes maturing in May 2033. The net proceeds were used to reduce the amount outstanding under the ABL facility. This ensures the Group's debt package continues to be well structured and flexible, enabling us to optimise the opportunity presented by end market conditions. The Group's debt facilities are now committed for an average of six years at a weighted average cost of 5%.

Net debt at 30 April 2023 was $8,960m (2022: $7,160m). Excluding the effect of IFRS 16, net debt at 30 April 2023 was $6,588m (2022: $5,179m), while the ratio of net debt to EBITDA was 1.6 times (2022: 1.5 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 2.0 times (2022: 2.0 times) on a constant currency basis.

At 30 April 2023, availability under the senior secured debt facility was $2,573m with an additional $4,968m of suppressed availability – substantially above the $450m level at which the Group's entire debt package is covenant free.

Dividends

The Company has a progressive dividend policy, which considers both profitability and cash generation, and results in a dividend that is sustainable across the cycle. Our intention has always been to increase the dividend as profits increase and be able to maintain it when profits decline. In accordance with this policy, the Board is recommending a final dividend of 85.0¢ per share (2022: 67.5¢) making 100.0¢ for the year (2022: 80.0¢), an increase of 25%. If approved at the forthcoming Annual General Meeting, the final dividend will be paid on 12 September 2023 to shareholders on the register on 11 August 2023.

The dividend is declared in US dollars but will be paid in sterling unless shareholders elect to receive their dividend in US dollars. Those shareholders who wish to receive their dividend in US dollars and have not yet made an election may do so by contacting Equiniti on +44 (0) 371 384 2085. The last day for election for the proposed final dividend is 25 August 2023.

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.

We spent $675m (£523m) under the two-year buyback programme which concluded in April 2023. We launched a new buyback programme in May 2023 of up to $500m over the year to April 2024.

Current trading and outlook

We enter the final year of Sunbelt 3.0 with clear momentum in strong end markets, which are enhanced by the increasing number of mega projects and recent US legislative acts. We are in a position of strength, with the operational flexibility and financial capacity to capitalise on the opportunities arising from these strong markets and ongoing structural change. The Board looks to the future with confidence.

	Guidance
Rental revenue[1]	
-US	13 to 16%
-Canada[2]	15 to 20%
-UK	10 to 13%
-Group	13 to 16%
Capital expenditure (gross)[3]	\$3.9 – 4.3bn
Free cash flow[3]	c. \$300m

[1] Represents change in year-over-year rental revenue at constant exchange rates
[2] Reflects impact of Writers Guild of America strike which commenced in May 2023
[3] Stated at C\$1=\$0.75 and £1=\$1.20

Directors' responsibility statement on the annual report

The responsibility statement below has been prepared in connection with the Company's Annual Report & Accounts for the year ended 30 April 2023. Certain parts thereof are not included in this announcement.

We confirm that to the best of our knowledge:

a) the consolidated financial statements, prepared in accordance with IFRS in conformity with the requirements of the Companies Act 2006, give a true and fair view of the assets, liabilities, financial position and profit of the Group;

b) the Strategic report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces; and

c) the Annual Report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Group's position, performance, business model and strategy.

By order of the Board

Eric Watkins
Company secretary
12 June 2023

CONSOLIDATED INCOME STATEMENT FOR THE THREE MONTHS ENDED 30 APRIL 2023

	2023			2022		
	Before amortisation	Amortisation	Total	Before amortisation	Amortisation	Total
	$m	$m	$m	$m	$m	$m
Fourth quarter - unaudited						
Revenue						
Rental revenue	2,126.1	-	2,126.1	1,874.8	-	1,874.8
Sale of new equipment, merchandise and consumables	87.9	-	87.9	86.5	-	86.5
Sale of used rental equipment	229.7	-	229.7	116.9	-	116.9
	2,443.7	-	2,443.7	2,078.2	-	2,078.2
Operating costs						
Staff costs	(576.0)	-	(576.0)	(490.5)	-	(490.5)
Other operating costs	(641.1)	-	(641.1)	(603.7)	-	(603.7)
Used rental equipment sold	(153.1)	-	(153.1)	(83.6)	-	(83.6)
	(1,370.2)	-	(1,370.2)	(1,177.8)	-	(1,177.8)
EBITDA*	1,073.5	-	1,073.5	900.4	-	900.4
Depreciation	(468.6)	-	(468.6)	(422.7)	-	(422.7)
Amortisation of intangibles	-	(30.3)	(30.3)	-	(32.4)	(32.4)
Operating profit	604.9	(30.3)	574.6	477.7	(32.4)	445.3
Interest income	0.8	-	0.8	-	-	-
Interest expense	(109.8)	-	(109.8)	(59.6)	-	(59.6)
Profit on ordinary activities before taxation	495.9	(30.3)	465.6	418.1	(32.4)	385.7
Taxation	(127.1)	7.6	(119.5)	(99.1)	8.4	(90.7)
Profit attributable to equity holders of the Company	368.8	(22.7)	346.1	319.0	(24.0)	295.0
Basic earnings per share	84.3¢	(5.2¢)	79.1¢	72.0¢	(5.5¢)	66.5¢
Diluted earnings per share	83.8¢	(5.1¢)	78.7¢	71.7¢	(5.5¢)	66.2¢

* 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 INCOME STATEMENT FOR THE YEAR ENDED 30 APRIL 2023

	2023			2022		
	Before amortisation	Amortisation	Total	Before exceptional items and amortisation	Exceptional items and amortisation	Total
	$m	$m	$m	$m	$m	$m
Year to 30 April 2023 - audited						
Revenue						
Rental revenue	8,698.2	-	8,698.2	7,234.7	-	7,234.7
Sale of new equipment, merchandise and consumables	341.7	-	341.7	387.2	-	387.2
Sale of used rental equipment	627.4	-	627.4	340.4	-	340.4
	9,667.3	-	9,667.3	7,962.3	-	7,962.3
Operating costs						
Staff costs	(2,222.1)	-	(2,222.1)	(1,830.5)	-	(1,830.5)
Other operating costs	(2,591.1)	-	(2,591.1)	(2,260.9)	-	(2,260.9)
Used rental equipment sold	(442.3)	-	(442.3)	(261.5)	-	(261.5)
	(5,255.5)	-	(5,255.5)	(4,352.9)	-	(4,352.9)
EBITDA*	4,411.8	-	4,411.8	3,609.4	-	3,609.4
Depreciation	(1,772.1)	-	(1,772.1)	(1,553.0)	-	(1,553.0)
Amortisation of intangibles	-	(117.7)	(117.7)	-	(108.6)	(108.6)
Operating profit	2,639.7	(117.7)	2,522.0	2,056.4	(108.6)	1,947.8
Interest income	2.6	-	2.6	0.1	-	0.1
Interest expense	(368.8)	-	(368.8)	(232.7)	(47.1)	(279.8)
Profit on ordinary activities before taxation	2,273.5	(117.7)	2,155.8	1,823.8	(155.7)	1,668.1
Taxation	(567.7)	29.6	(538.1)	(456.3)	39.3	(417.0)
Profit attributable to equity holders of the Company	1,705.8	(88.1)	1,617.7	1,367.5	(116.4)	1,251.1
Basic earnings per share	388.5¢	(20.1¢)	368.4¢	307.1¢	(26.2¢)	280.9¢
Diluted earnings per share	386.0¢	(19.9¢)	366.1¢	305.8¢	(26.1¢)	279.7¢

* 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 30 April		Audited Year to 30 April	
	2023	2022	2023	2022
	$m	$m	$m	$m
Profit attributable to equity holders of the Company for the period	346.1	295.0	1,617.7	1,251.1
Items that will not be reclassified to profit or loss:				
Movements on financial asset investments	-	-	(36.8)	-
Remeasurement of the defined benefit pension plan	(2.9)	11.4	(2.9)	11.4
Tax on defined benefit pension plan	0.7	(2.7)	0.7	(2.7)
	(2.2)	8.7	(39.0)	8.7
Items that may be reclassified subsequently to profit or loss:				
Foreign currency translation differences	10.7	(57.4)	(19.2)	(92.7)
Profit/(loss) on cash flow hedge	0.1	-	(3.1)	-
	10.8	(57.4)	(22.3)	(92.7)
Total other comprehensive income/(loss) for the period	8.6	(48.7)	(61.3)	(84.0)
Total comprehensive income for the period	354.7	246.3	1,556.4	1,167.1

CONSOLIDATED BALANCE SHEET AT 30 APRIL 2023

	Audited	
	2023	2022
	$m	$m
Current assets		
Inventories	181.3	168.5
Trade and other receivables	1,659.2	1,390.4
Current tax asset	14.6	7.2
Cash and cash equivalents	29.9	15.3
	1,885.0	1,581.4
Non-current assets		
Property, plant and equipment		
- rental equipment	9,649.1	7,814.3
- other assets	1,392.0	1,078.3
	11,041.1	8,892.6
Right-of-use assets	2,206.0	1,864.8
Goodwill	2,865.5	2,300.0
Other intangible assets	523.4	475.3
Other non-current assets	189.9	157.5
Net defined benefit pension plan asset	18.4	18.5
	16,844.3	13,708.7
Total assets	18,729.3	15,290.1
Current liabilities		
Trade and other payables	1,533.6	1,197.1
Current tax liability	12.4	20.2
Lease liabilities	233.2	188.6
Provisions	78.6	68.8
	1,857.8	1,474.7
Non-current liabilities		
Lease liabilities	2,161.1	1,806.6
Long-term borrowings	6,595.1	5,180.1
Provisions	75.9	68.0
Deferred tax liabilities	1,995.3	1,695.4
Other non-current liabilities	36.1	31.6
	10,863.5	8,781.7
Total liabilities	12,721.3	10,256.4
Equity		
Share capital	81.8	81.8
Share premium account	6.5	6.5
Capital redemption reserve	20.0	20.0
Own shares held by the Company	(740.9)	(480.1)
Own shares held by the ESOT	(38.8)	(44.9)
Cumulative foreign exchange translation differences	(245.9)	(226.7)
Retained reserves	6,925.3	5,677.1
Equity attributable to equity holders of the Company	6,008.0	5,033.7
Total liabilities and equity	18,729.3	15,290.1

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 APRIL 2023

	Share capital $m	Share premium account $m	Capital redemption reserve $m	Own shares held by the Company $m	Own shares held by the ESOT $m	Cumulative foreign exchange translation differences $m	Retained reserves $m	Total $m
Audited								
At 1 May 2021	81.8	6.5	20.0	(66.2)	(36.8)	(134.0)	4,654.2	4,525.5
Profit for the year	-	-	-	-	-	-	1,251.1	1,251.1
Other comprehensive income:								
Foreign currency translation differences	-	-	-	-	-	(92.7)	-	(92.7)
Remeasurement of the defined benefit pension plan	-	-	-	-	-	-	11.4	11.4
Tax on defined benefit pension plan	-	-	-	-	-	-	(2.7)	(2.7)
Total comprehensive income for the year	-	-	-	-	-	(92.7)	1,259.8	1,167.1
Dividends paid	-	-	-	-	-	-	(271.5)	(271.5)
Own shares purchased by the ESOT	-	-	-	-	(23.8)	-	-	(23.8)
Own shares purchased by the Company	-	-	-	(413.9)	-	-	-	(413.9)
Share-based payments	-	-	-	-	15.7	-	32.4	48.1
Tax on share-based payments	-	-	-	-	-	-	2.2	2.2
At 30 April 2022	81.8	6.5	20.0	(480.1)	(44.9)	(226.7)	5,677.1	5,033.7
Profit for the year	-	-	-	-	-	-	1,617.7	1,617.7
Other comprehensive income:								
Movement on financial asset investments	-	-	-	-	-	-	(36.8)	(36.8)
Foreign currency translation differences	-	-	-	-	-	(19.2)	-	(19.2)
Loss on cash flow hedge	-	-	-	-	-	-	(3.1)	(3.1)
Remeasurement of the defined benefit pension plan	-	-	-	-	-	-	(2.9)	(2.9)
Tax on defined benefit pension scheme	-	-	-	-	-	-	0.7	0.7
Total comprehensive income for the year	-	-	-	-	-	(19.2)	1,575.6	1,556.4
Dividends paid	-	-	-	-	-	-	(356.6)	(356.6)
Own shares purchased by the ESOT	-	-	-	-	(12.5)	-	-	(12.5)
Own shares purchased by the Company	-	-	-	(260.8)	-	-	-	(260.8)
Share-based payments	-	-	-	-	18.6	-	26.2	44.8
Tax on share-based payments	-	-	-	-	-	-	3.0	3.0
At 30 April 2023	81.8	6.5	20.0	(740.9)	(38.8)	(245.9)	6,925.3	6,008.0

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 APRIL 2023

	Audited	
	2023	2022
	$m	$m
Cash flows from operating activities		
Cash generated from operations before changes in rental equipment	4,073.6	3,406.5
Payments for rental property, plant and equipment	(3,019.6)	(1,765.4)
Proceeds from disposal of rental property, plant and equipment	573.6	343.8
Cash generated from operations	1,627.6	1,984.9
Financing costs paid (net)	(340.2)	(231.1)
Exceptional financing costs paid	-	(36.0)
Tax paid (net)	(287.3)	(218.8)
Net cash generated from operating activities	1,000.1	1,499.0
Cash flows from investing activities		
Acquisition of businesses	(1,083.2)	(1,277.4)
Financial asset investments	(42.4)	(40.0)
Payments for non-rental property, plant and equipment	(510.0)	(398.4)
Proceeds from disposal of non-rental property, plant and equipment	41.4	24.8
Net cash used in investing activities	(1,594.2)	(1,691.0)
Cash flows from financing activities		
Drawdown of loans	3,355.0	3,054.5
Redemption of loans	(2,001.5)	(2,062.7)
Repayment of principal under lease liabilities	(109.5)	(107.6)
Dividends paid	(357.8)	(269.3)
Purchase of own shares by the ESOT	(12.5)	(23.8)
Purchase of own shares by the Company	(264.4)	(409.6)
Net cash generated from financing activities	609.3	181.5
Increase/(decrease) in cash and cash equivalents	15.2	(10.5)
Opening cash and cash equivalents	15.3	26.6
Effect of exchange rate differences	(0.6)	(0.8)
Closing cash and cash equivalents	29.9	15.3

Reconciliation of net cash flows to net debt

	2023	2022
(Increase)/decrease in cash and cash equivalents in the year	(15.2)	10.5
Increase in debt through cash flow	1,244.0	884.2
Change in net debt from cash flows	1,228.8	894.7
Exchange differences	(37.8)	(47.1)
Debt acquired	227.9	131.7
Deferred costs of debt raising	7.2	18.0
New lease liabilities	373.4	362.0
Increase in net debt in the year	1,799.5	1,359.3
Net debt at 1 May	7,160.0	5,800.7
Net debt at 30 April	8,959.5	7,160.0

NOTES TO THE CONDENSED CONSOLIDATED 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 financial statements as at, and for the year ended 30 April 2023, comprise the Company and its subsidiaries ('the Group') and are presented in US dollars.

The financial statements for the year ended 30 April 2023 were approved by the directors on 12 June 2023.

This preliminary announcement of the results for the year ended 30 April 2023 contains information derived from the forthcoming 2022/23 Annual Report & Accounts and does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The statutory accounts for the year ended 30 April 2023 were approved by the directors on 12 June 2023 and will be delivered to shareholders, filed with the Registrar of Companies and made available on the Group's website at www.ashtead-group.com in July 2023. 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.

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

2. Basis of preparation

The financial statements for the year ended 30 April 2023 have been prepared in accordance with relevant United Kingdom adopted International Financial Reporting Standards ('IFRS') and the accounting policies set out in the Group's Annual Report & Accounts for the year ended 30 April 2022.

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

	Pound sterling		Canadian dollar	
	2023	2022	2023	2022
Average for the three months ended 30 April	1.22	1.32	0.74	0.79
Average for the year ended 30 April	1.20	1.36	0.75	0.80
At 30 April	1.26	1.26	0.74	0.78

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 39.

The 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. Segmental analysis

Three months to 30 April 2023 (unaudited)

	US	UK	Canada	Corporate items	Group
	$m	$m	$m	$m	$m
Revenue					
Rental revenue	1,833.7	165.4	127.0	-	2,126.1
Sale of new equipment, merchandise and consumables	50.2	17.5	20.2	-	87.9
Sale of used rental equipment	199.2	16.5	14.0	-	229.7
	2,083.1	199.4	161.2	-	2,443.7
Segment profit	574.4	12.0	26.4	(7.9)	604.9
Amortisation					(30.3)
Net financing costs					(109.0)
Profit before taxation					465.6
Taxation					(119.5)
Profit attributable to equity shareholders					346.1

Three months to 30 April 2022 (unaudited)

	US	UK	Canada	Corporate items	Group
	$m	$m	$m	$m	$m
Revenue					
Rental revenue	1,574.2	182.3	118.3	-	1,874.8
Sale of new equipment, merchandise and consumables	40.8	38.6	7.1	-	86.5
Sale of used rental equipment	98.4	15.1	3.4	-	116.9
	1,713.4	236.0	128.8	-	2,078.2
Segment profit	438.4	19.8	26.2	(6.7)	477.7
Amortisation					(32.4)
Net financing costs					(59.6)
Profit before taxation					385.7
Taxation					(90.7)
Profit attributable to equity shareholders					295.0

Year to 30 April 2023

	US	UK	Canada	Corporate items	Group
	$m	$m	$m	$m	$m
Revenue					
Rental revenue	7,502.6	671.8	523.8	-	8,698.2
Sale of new equipment, merchandise and consumables	186.1	89.4	66.2	-	341.7
Sale of used rental equipment	533.7	61.6	32.1	-	627.4
	8,222.4	822.8	622.1	-	9,667.3
Segment profit	2,464.7	78.1	125.9	(29.0)	2,639.7
Amortisation					(117.7)
Net financing costs					(366.2)
Profit before taxation					2,155.8
Taxation					(538.1)
Profit attributable to equity shareholders					1,617.7

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. Segmental analysis (continued)

Year to 30 April 2022

	US	UK	Canada	Corporate items	Group
	$m	$m	$m	$m	$m
Revenue					
Rental revenue	6,041.9	739.0	453.8	-	7,234.7
Sale of new equipment, merchandise and consumables	155.0	202.2	30.0	-	387.2
Sale of used rental equipment	280.1	45.1	15.2	-	340.4
	6,477.0	986.3	499.0	-	7,962.3
Segment profit	1,852.3	118.0	114.4	(28.3)	2,056.4
Amortisation					(108.6)
Exceptional items					(47.1)
Net financing costs					(232.6)
Profit before taxation					1,668.1
Taxation					(417.0)
Profit attributable to equity shareholders					1,251.1

	US	UK	Canada	Corporate items	Group
	$m	$m	$m	$m	$m
At 30 April 2023					
Segment assets	15,637.5	1,427.8	1,567.3	52.2	18,684.8
Cash					29.9
Taxation assets					14.6
Total assets					18,729.3
At 30 April 2022					
Segment assets	12,839.6	1,162.3	1,212.7	53.0	15,267.6
Cash					15.3
Taxation assets					7.2
Total assets					15,290.1

4. Operating costs and other income

	2023			2022		
	Before amortisation	Amortisation	Total	Before amortisation	Amortisation	Total
	$m	$m	$m	$m	$m	$m
Three months to 30 April (unaudited)						
Staff costs:						
Salaries	523.6	-	523.6	446.0	-	446.0
Social security costs	41.7	-	41.7	36.1	-	36.1
Other pension costs	10.7	-	10.7	8.4	-	8.4
	576.0	-	576.0	490.5	-	490.5
Other operating costs:						
Vehicle costs	145.2	-	145.2	133.3	-	133.3
Spares, consumables & external repairs	125.1	-	125.1	121.3	-	121.3
Facility costs	32.4	-	32.4	25.1	-	25.1
Other external charges	338.4	-	338.4	324.0	-	324.0
	641.1	-	641.1	603.7	-	603.7
Used rental equipment sold	153.1	-	153.1	83.6	-	83.6
Depreciation and amortisation:						
Depreciation of tangible assets	422.9	-	422.9	376.6	-	376.6
Depreciation of right-of-use assets	45.7	-	45.7	46.1	-	46.1
Amortisation of intangibles	-	30.3	30.3	-	32.4	32.4
	468.6	30.3	498.9	422.7	32.4	455.1
	1,838.8	30.3	1,869.1	1,600.5	32.4	1,632.9

	2023			2022		
	Before amortisation	Amortisation	Total	Before amortisation	Amortisation	Total
	$m	$m	$m	$m	$m	$m
Year to 30 April (audited)						
Staff costs:						
Salaries	2,026.0	-	2,026.0	1,668.8	-	1,668.8
Social security costs	155.9	-	155.9	127.1	-	127.1
Other pension costs	40.2	-	40.2	34.6	-	34.6
	2,222.1	-	2,222.1	1,830.5	-	1,830.5
Other operating costs:						
Vehicle costs	620.3	-	620.3	510.1	-	510.1
Spares, consumables & external repairs	488.8	-	488.8	431.7	-	431.7
Facility costs	112.3	-	112.3	82.1	-	82.1
Other external charges	1,369.7	-	1,369.7	1,237.0	-	1,237.0
	2,591.1	-	2,591.1	2,260.9	-	2,260.9
Used rental equipment sold	442.3	-	442.3	261.5	-	261.5
Depreciation and amortisation:						
Depreciation of tangible assets	1,600.5	-	1,600.5	1,398.9	-	1,398.9
Depreciation of right-of-use assets	171.6	-	171.6	154.1	-	154.1
Amortisation of intangibles	-	117.7	117.7	-	108.6	108.6
	1,772.1	117.7	1,889.8	1,553.0	108.6	1,661.6
	7,027.6	117.7	7,145.3	5,905.9	108.6	6,014.5

5. Exceptional items and amortisation

Exceptional items are those items of financial performance that are material and have limited predictive value. Amortisation relates to the write-off of intangible assets over their estimated useful economic life. 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. Adjusted profit and earnings per share are stated before exceptional items and amortisation of intangibles.

	Unaudited Three months to 30 April		Audited Year to 30 April	
	2023	2022	2023	2022
	$m	$m	$m	$m
Amortisation of intangibles	30.3	32.4	117.7	108.6
Write-off of deferred financing costs	-	-	-	11.1
Early redemption fee	-	-	-	36.0
Taxation	(7.6)	(8.4)	(29.6)	(39.3)
	22.7	24.0	88.1	116.4

In the prior year, the costs associated with the redemption of the $600m 4.125% senior notes and the $600m 5.25% senior notes in August 2021 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 $36m was paid to redeem the notes prior to their scheduled maturity. Of these items, total cash costs were $36m.

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

	Unaudited Three months to 30 April		Audited Year to 30 April	
	2023	2022	2023	2022
	$m	$m	$m	$m
Amortisation of intangibles	30.3	32.4	117.7	108.6
Charged in arriving at operating profit	30.3	32.4	117.7	108.6
Interest expense	-	-	-	47.1
Charged in arriving at profit before tax	30.3	32.4	117.7	155.7
Taxation	(7.6)	(8.4)	(29.6)	(39.3)
	22.7	24.0	88.1	116.4

6. Net financing costs

	Unaudited Three months to 30 April		Audited Year to 30 April	
	2023	2022	2023	2022
	$m	$m	$m	$m
Interest income:				
Net income on the defined benefit plan asset	0.4	-	0.6	0.1
Other interest	0.4	-	2.0	-
	0.8	-	2.6	0.1
Interest expense:				
Bank interest payable	33.5	10.6	116.7	32.8
Interest payable on senior notes	46.4	25.6	142.8	111.2
Interest payable on lease liabilities	27.7	21.5	100.9	80.7
Non-cash unwind of discount on provisions	0.3	0.3	1.2	1.1
Amortisation of deferred debt raising costs	1.9	1.6	7.2	6.9
	109.8	59.6	368.8	232.7
Net financing costs before exceptional items	109.0	59.6	366.2	232.6
Exceptional items	-	-	-	47.1
Net financing costs	109.0	59.6	366.2	279.7

7. Taxation

The tax charge for the year has been computed using the tax rates in force for the year ending 30 April 2023 of 25% in the US (2022: 25%), 19% in the UK, rising to 25% from 1 April 2023 (2022: 19%) and 26% in Canada (2022: 26%). This results in a blended effective rate for the Group as a whole of 25% (2022: 25%) for the year.

The tax charge of $568m (2022: $456m) on the adjusted profit before taxation of $2,273m (2022: $1,824m) can be explained as follows:

	Year to 30 April	
	2023	2022
	$m	$m
Current tax		
- current tax on income for the period	295.4	266.2
- adjustments to prior year	(7.6)	6.6
	287.8	272.8
Deferred tax		
- origination and reversal of temporary differences	278.1	187.0
- adjustment due to change in UK corporate tax rate	-	9.6
- adjustments to prior year	1.8	(13.1)
	279.9	183.5
Tax on adjusted profit	567.7	456.3
Comprising:		
- UK	26.8	43.0
- US	521.5	389.9
- Canada	19.4	23.4
	567.7	456.3

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

7. Taxation (continued)

In addition, the tax credit of $30m (2022: $39m) on amortisation of $118m (2022: on exceptional items and amortisation of $156m) consists of a current tax credit of $12m (2022: $21m) relating to the US, $0.3m (2022: $nil) relating to the UK and $1m (2022: $1m) relating to Canada and a deferred tax credit of $10m (2022: $11m) relating to the US, $1m (2022: $1m) relating to the UK and $5m (2022: $5m) relating to Canada.

8. Earnings per share

Basic and diluted earnings per share for the three and twelve months ended 30 April 2023 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:

	Unaudited Three months to 30 April		Audited Year to 30 April	
	2023	2022	2023	2022
Profit for the financial period ($m)	346.1	295.0	1,617.7	1,251.1
Weighted average number of shares (m) - basic	437.7	443.3	439.1	445.3
- diluted	440.5	445.2	441.9	447.2
Basic earnings per share	79.1¢	66.5¢	368.4¢	280.9¢
Diluted earnings per share	78.7¢	66.2¢	366.1¢	279.7¢

Adjusted earnings per share (defined in any period as the earnings before exceptional items and amortisation 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:

	Unaudited Three months to 30 April		Audited Year to 30 April	
	2023	2022	2023	2022
Basic earnings per share	79.1	66.5	368.4	280.9
Amortisation of intangibles	6.9	7.4	26.8	24.4
Exceptional items	-	-	-	10.6
Tax on exceptional items and amortisation	(1.7)	(1.9)	(6.7)	(8.8)
Adjusted earnings per share	84.3	72.0	388.5	307.1

9. Dividends

During the year, a final dividend in respect of the year ended 30 April 2022 of 67.50¢ (2021: 48.24¢) and an interim dividend for the year ending 30 April 2023 of 15.00¢ (2022: 12.50¢) per share were paid to shareholders costing $358m (2022: $269m).

In addition, the directors are proposing a final dividend in respect of the year ended 30 April 2023 of 85.0¢ (2022: 67.5¢) per share which will absorb $372m of shareholders' funds, based on the 437m shares qualifying for dividend on 12 June 2023. Subject to approval by shareholders, it will be paid on 12 September 2023 to shareholders who are on the register of members on 11 August 2023.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

10. Property, plant and equipment

Net book value	2023 Rental equipment $m	2023 Total $m	2022 Rental equipment $m	2022 Total $m
At 1 May	7,814.3	8,892.6	6,908.9	7,776.1
Exchange differences	(25.9)	(30.7)	(83.6)	(97.1)
Reclassifications	(1.7)	-	(0.6)	-
Additions	3,262.1	3,772.1	1,999.2	2,397.3
Acquisitions	410.8	456.1	456.8	485.3
Disposals	(426.5)	(448.5)	(253.0)	(270.1)
Depreciation	(1,384.0)	(1,600.5)	(1,213.4)	(1,398.9)
At 30 April	9,649.1	11,041.1	7,814.3	8,892.6

Included within prior year depreciation is an impairment charge of $9m.

11. Right-of-use assets

Net book value	2023 Property leases $m	2023 Other leases $m	2023 Total $m	2022 Property leases $m	2022 Other leases $m	2022 Total $m
At 1 May	1,849.1	15.7	1,864.8	1,533.5	12.4	1,545.9
Exchange differences	(14.0)	-	(14.0)	(16.1)	(1.1)	(17.2)
Additions	324.5	10.4	334.9	331.0	8.4	339.4
Acquisitions	151.5	-	151.5	125.9	-	125.9
Remeasurement	53.4	-	53.4	35.0	-	35.0
Disposals	(11.9)	(1.1)	(13.0)	(8.8)	(1.3)	(10.1)
Depreciation	(167.8)	(3.8)	(171.6)	(151.4)	(2.7)	(154.1)
At 30 April	2,184.8	21.2	2,206.0	1,849.1	15.7	1,864.8

Included within prior year depreciation is an impairment charge of $6m.

12. Lease liabilities

	30 April 2023 $m	30 April 2022 $m
Current	233.2	188.6
Non-current	2,161.1	1,806.6
	2,394.3	1,995.2

13. Borrowings

	30 April 2023 $m	30 April 2022 $m
Non-current		
First priority senior secured bank debt	2,038.4	2,108.1
1.500% senior notes, due 2026	546.8	545.8
4.375% senior notes, due 2027	595.6	594.8
4.000% senior notes, due 2028	595.1	594.3
4.250% senior notes, due 2029	594.6	593.9
2.450% senior notes, due 2031	743.9	743.2
5.500% senior notes, due 2032	737.8	-
5.550% senior notes, due 2033	742.9	-
	6,595.1	5,180.1

13. Borrowings (continued)

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.

Our debt facilities are committed for the long term, with an average maturity of six years. Our $4.5bn asset-based senior credit facility is committed until August 2026. The $550m 1.500% 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, the $600m 4.250% senior notes mature in November 2029, the $750m 2.450% senior notes mature in August 2031, the $750m 5.500% senior notes mature in August 2032 and the $750m 5.550% senior notes mature in May 2033.

The weighted average interest cost of these facilities (including non-cash amortisation of deferred debt raising costs) is 5%.

There is one financial performance covenant under the first priority senior credit facility. That is the fixed charge ratio (comprising EBITDA before exceptional items less 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 $450m. The covenant ratio is calculated each quarter. At 30 April 2023, the fixed charge ratio exceeded the covenant requirement.

At 30 April 2023, availability under the senior secured bank facility was $2,573m ($2,537m at 30 April 2022), with an additional $4,968m of suppressed availability, meaning that the covenant did not apply at 30 April 2023 and is unlikely to apply in forthcoming quarters.

Fair value of financial instruments

At 30 April 2023, 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 30 April 2023		At 30 April 2022	
	Book value $m	Fair value $m	Book value $m	Fair value $m
1.500% senior notes	549.0	486.1	548.8	487.4
4.375% senior notes	600.0	573.0	600.0	583.5
4.000% senior notes	600.0	560.3	600.0	564.7
4.250% senior notes	600.0	556.5	600.0	566.2
2.450% senior notes	748.4	595.3	748.2	607.5
5.500% senior notes	743.0	741.6	-	-
5.550% senior notes	748.3	744.4	-	-
	4,588.7	4,257.2	3,097.0	2,809.3
Deferred costs of raising finance	(32.0)	-	(25.0)	-
	4,556.7	4,257.2	3,072.0	2,809.3

The fair value of the senior notes has been calculated using quoted market prices at 30 April for each year.

14. Share capital

Ordinary shares of 10p each:

	30 April 2023 Number	30 April 2022 Number	30 April 2023 $m	30 April 2022 $m
Issued and fully paid	451,354,833	451,354,833	81.8	81.8

During the year, the Company purchased 5.2m ordinary shares at a total cost of $261m (£218m) under the Group's share buyback programme, which are held in treasury. At 30 April 2023, 12.9m (April 2022: 7.7m) shares were held by the Company ($741m; April 2022: $480m) and a further 1.0m (April 2022: 1.2m) shares were held by the Company's Employee Share Ownership Trust ($39m; April 2022: $45m).

15. Notes to the cash flow statement

a) Cash flow from operating activities

	Year to 30 April 2023 $m	Year to 30 April 2022 $m
Operating profit	2,522.0	1,947.8
Depreciation	1,772.1	1,553.0
Amortisation	117.7	108.6
EBITDA	4,411.8	3,609.4
Profit on disposal of rental equipment	(185.1)	(78.9)
Profit on disposal of other property, plant and equipment	(19.0)	(9.0)
Increase in inventories	(4.7)	(67.2)
Increase in trade and other receivables	(209.6)	(164.1)
Increase in trade and other payables	34.2	68.8
Exchange differences	1.2	(0.6)
Other non-cash movement	44.8	48.1
Cash generated from operations before changes in rental equipment	4,073.6	3,406.5

b) Analysis of net debt

Net debt consists of total borrowings and lease liabilities less cash and cash equivalents. Borrowings exclude accrued interest. Non-US dollar denominated balances are translated to US dollars at rates of exchange ruling at the balance sheet date.

	1 May 2022 $m	Cash flow $m	Non-cash movements: Exchange movement $m	Debt acquired $m	New lease liabilities $m	Other movements $m	30 April 2023 $m
Long-term borrowings	5,180.1	1,353.5	(23.6)	77.9	-	7.2	6,595.1
Lease liabilities	1,995.2	(109.5)	(14.8)	150.0	373.4	-	2,394.3
Total liabilities from financing activities	7,175.3	1,244.0	(38.4)	227.9	373.4	7.2	8,989.4
Cash and cash Equivalents	(15.3)	(15.2)	0.6	-	-	-	(29.9)
Net debt	7,160.0	1,228.8	(37.8)	227.9	373.4	7.2	8,959.5

15. Notes to the cash flow statement (continued)

b) Analysis of net debt (continued)

	1 May 2021 $m	Cash flow $m	Non-cash movements: Exchange movement $m	Debt acquired $m	New lease liabilities $m	Other movements $m	30 April 2022 $m
Long-term borrowings	4,194.0	991.8	(29.5)	5.8	-	18.0	5,180.1
Lease liabilities	1,633.3	(107.6)	(18.4)	125.9	362.0	-	1,995.2
Total liabilities from financing activities	5,827.3	884.2	(47.9)	131.7	362.0	18.0	7,175.3
Cash and cash Equivalents	(26.6)	10.5	0.8	-	-	-	(15.3)
Net debt	5,800.7	894.7	(47.1)	131.7	362.0	18.0	7,160.0

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

c) Acquisitions

	Year to 30 April 2023 $m	2022 $m
Cash consideration paid:		
- acquisitions in the period	1,061.3	1,264.8
- contingent consideration	21.9	12.6
	1,083.2	1,277.4

During the year, 50 businesses were acquired with cash paid of $1,061m (2022: $1,265m), after taking account of net cash acquired of $32m (2022: $20m). Further details are provided in Note 16.

Contingent consideration of $22m (2022: $13m) was paid relating to prior year acquisitions.

16. Acquisitions

During the period, the following acquisitions were completed:

i) On 5 May 2022, Sunbelt UK acquired the entire share capital of Movietech Camera Rentals Limited and Movietech Cymru Limited (together 'Movietech'). Movietech is a specialty business.

ii) On 13 May 2022, Sunbelt US acquired the business and assets of the power rental division of Filmwerks, LLC ('Filmwerks'). Filmwerks is a specialty business in North Carolina.

iii) On 20 May 2022, Sunbelt US acquired the business and assets of Mashburn Equipment, L.L.C. ('Mashburn'). Mashburn is a general tool business in Georgia.

iv) On 1 June 2022, Sunbelt Canada acquired the entire share capital of MacFarlands Limited ('MacFarlands'). MacFarlands is a general tool business in Nova Scotia and New Brunswick.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

16. Acquisitions (continued)

v) On 8 June 2022, Sunbelt US acquired the business and assets of Amos Metz Rentals & Sales, LLC ('Amos Metz'). Amos Metz is a general tool business in California.

vi) On 29 June 2022, Sunbelt US acquired the business and assets of George's Tool Rental, Inc. ('GTR'). GTR is a general tool business in Pennsylvania.

vii) On 7 July 2022, Sunbelt UK acquired the entire share capital of PKE Lighting Holdings Limited ('PKE'). PKE is a specialty business.

viii) On 13 July 2022, Sunbelt US acquired the business and assets of Milford Rent-All, Inc. ('Milford'). Milford is a general tool business in Maine.

ix) On 15 July 2022, Sunbelt US acquired the business and assets of R&N Tool Rental, Inc. ('R&N'). R&N is a general tool business in Indiana.

x) On 20 July 2022, Sunbelt US acquired the business and assets of Chump Management, L.C., trading as Power Equipment Rental ('PER'). PER is a general tool business in Utah.

xi) On 22 July 2022, Sunbelt US acquired the business and assets of Harmar Contractors Equipment, Inc, ('Harmar'). Harmar is a general tool business in Pennsylvania.

xii) On 28 July 2022, Sunbelt US acquired the business and assets of A-V Equipment Rentals, Inc. ('A-V'). A-V is a general tool business in California.

xiii) On 2 August 2022, Sunbelt Canada acquired the entire share capital of Compact Rentals Limited ('Compact'). Compact is a general tool business in Alberta.

xiv) On 3 August 2022, Sunbelt US acquired the business and assets of Rental Country Inc. ('Rental Country'). Rental Country is a general tool business in New Jersey.

xv) On 10 August 2022, Sunbelt US acquired the business and assets of R.J. Lalonde, Inc. ('Lalonde'). Lalonde is a general tool business in California.

xvi) On 24 August 2022, Sunbelt US acquired the business and assets of Alaska Pacific Rental, LLC ('APR'). APR is a general tool business in Alaska.

xvii) On 31 August 2022, Sunbelt UK acquired the entire share capital of Optimum Power Services Limited ('OPS'). OPS is a specialty business.

xviii) On 1 September 2022, Sunbelt Canada acquired the entire share capital of Flagro Industries Limited ('Flagro'). Flagro is a specialty business in Ontario.

xix) On 1 September 2022, Sunbelt Canada acquired the entire share capital of Xtreme Rentals Ltd. ('Xtreme'). Xtreme is a general tool business in Alberta.

xx) On 16 September 2022, Sunbelt US acquired the business and assets of Tel-Power Tool & Equipment Rental, Inc. ('Tel-Power'). Tel-Power is a general tool business in Pennsylvania.

xxi) On 21 September 2022, Sunbelt US acquired the business and assets of Rent Mart, Inc. ('Absolute Equipment'). Absolute Equipment is a general tool business in Pennsylvania.

xxii) On 3 October 2022, Sunbelt UK acquired the entire share capital of Media Access Solutions (MAS) Limited ('MAS'). MAS is a specialty business.

16. Acquisitions (continued)

xxiii) On 5 October 2022, Sunbelt US acquired the business and assets of Runjesnor, Limited Partnership ('Bilt Rite'). Bilt Rite is a specialty business in Texas.

xxiv) On 11 October 2022, Sunbelt US acquired the business and assets of Comeback Rentals, LLC ('Comeback'). Comeback is a general tool business in South Carolina.

xxv) On 12 October 2022, Sunbelt US acquired the business and assets of Presbone Corporation d/b/a Pinellas Rental Center ('PRC'). PRC is a general tool business in Florida.

xxvi) On 19 October 2022, Sunbelt US acquired the business and assets of Meco Miami, Inc. ('Meco Miami'). Meco Miami is a general tool business in Florida.

xxvii) On 26 October 2022, Sunbelt US acquired the business and assets of Heater Rental Services, LLC ('HRS'). HRS is a general tool and specialty business in Minnesota.

xxviii) On 1 November 2022, Sunbelt Canada acquired the entire share capital of Modu-Loc Fence Rentals LP and Sunbelt US acquired the entire share capital of Modu-Loc USA (together, 'Modu-Loc'). Modu-Loc is a specialty business operating across Canada and in Texas, US.

xxix) On 4 November 2022, Sunbelt US acquired the business and assets of Iron Oak Energy, LLC and Spoonbill Logistics, LLC (together 'IOS'). IOS is a general tool business in Louisiana.

xxx) On 9 November 2022, Sunbelt US acquired the business and assets of Wagner Rental & Supply, Inc., Wagner Tool Rental of Jackson, Inc., Wagner Rental and Supply of Ashland, Inc., and Wagner Rental and Supply of Chillicothe, LLC (together 'Wagner'). Wagner is a general tool business in Ohio and Kentucky.

xxxi) On 10 November 2022, Sunbelt US acquired the business and assets of QxTwo Equipment Sales, LLC ('QxTwo'). QxTwo is a specialty business in South Carolina.

xxxii) On 16 November 2022, Sunbelt US acquired the business and assets of Ohio Rental Mt. Vernon, Inc. and Ohio Rental of Johnstown, Inc. (together 'Ohio Rental'). Ohio Rental is a general tool business in Ohio.

xxxiii) On 2 December 2022, Sunbelt Canada acquired the entire share capital of Studio City Scaffold Ltd. ('Studio City'). Studio City is a specialty business operating in Toronto and Vancouver, Canada and in Los Angeles, US.

xxxiv) On 7 December 2022, Sunbelt US acquired the business and assets of Portable Air, L.C. ('Portable Air'). Portable Air is a specialty business operating in Florida, Texas, and Louisiana.

xxxv) On 8 December 2022, Sunbelt UK acquired the entire share capital Alpha Grip (UK) Limited ('Alpha Grip'). Alpha Grip is a specialty business.

xxxvi) On 14 December 2022, Sunbelt US acquired the business and assets of Diamond Rentals, Inc. ('Diamond'). Diamond is a general tool business operating in Washington.

xxxvii) On 12 January 2023, Sunbelt US acquired the entire share capital of Lift Works, Inc. ('Lift Works'). Lift Works is a general tool business operating in Illinois.

16. Acquisitions (continued)

xxxviii) On 18 January 2023, Sunbelt US acquired the business and assets of Straight Up Equipment LLC ('Straight Up'). Straight Up is a general tool business operating in Ohio.

xxxix) On 7 February 2023, Sunbelt US acquired the business and assets of Key Rentals Group, LLC and TBG Equipment, LLC (together 'Key Rentals'). Key Rentals is a specialty business operating in Montana.

xl) On 17 February 2023, Sunbelt US acquired the business and assets of West Ashley Tool & Rental LLC ('West Ashley'). West Ashley is a general tool business operating in South Carolina.

xli) On 21 February 2023, Sunbelt US acquired the business and assets of C2 Equipment Rental, LLC ('C2'). C2 is a general tool business operating in Florida.

xlii) On 22 February 2023, Sunbelt US acquired the business and assets of BigSky Rents & Events, Inc. ('BigSky'). BigSky is a general tool business operating in Montana.

xliii) On 28 February 2023, Sunbelt US acquired the entire share capital of Bullet Rentals & Sales, Inc. ('Bullet'). Bullet is a general tool business operating in Oregon.

xliv) On 1 March 2023, Sunbelt Canada acquired the entire share capital of Ottawa Rental and Supply Ltd., trading as Ontario Rental & Supply ('ORS'). ORS is a general tool business operating in Ontario.

xlv) On 3 March 2023, Sunbelt US acquired the business and assets of Ned R. Werbe, Inc., trading as A Rental Service Company ('ARS'). ARS is a general tool business operating in Indiana.

xlvi) On 15 March 2023, Sunbelt US acquired the business and assets of Double D Rentals, Inc. ('Double D'). Double D is a general tool business operating in California.

xlvii) On 15 March 2023, Sunbelt US acquired the business and assets of Equipment Rental Options Company, LLC. ('ERO'). ERO is a general tool business operating in Pennsylvania.

xlviii) On 12 April 2023, Sunbelt US acquired the business and assets of R&R Group, LLC. ('R&R'). R&R is a general tool business operating in Washington.

xlix) On 21 April 2023, Sunbelt US acquired the business and assets of Advantage Tool Rental, Inc. ('Advantage'). Advantage is a general tool business operating in Indiana.

l) On 26 April 2023, Sunbelt US acquired the business and assets of Elms Equipment Rental, Inc. and an affiliated company, Quintet Leasing, Inc. (together 'Elms'). Elms is a general tool business operating in California.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

16. Acquisitions (continued)

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

	Fair value to the Group $m
Net assets acquired	
Trade and other receivables	54.1
Inventory	9.0
Property, plant and equipment	
- rental equipment	410.8
- other assets	45.3
Right-of-use asset	151.5
Creditors	(39.4)
Current tax	(2.6)
Deferred tax	(42.0)
Debt	(77.9)
Lease liabilities	(150.0)
Intangible assets (non-compete agreements and customer relationships)	170.6
	529.4
Consideration:	
- cash paid and due to be paid (net of cash acquired)	1,067.6
- contingent consideration	35.8
	1,103.4
Goodwill	574.0

The goodwill arising can be attributed to the key management personnel and workforce of the acquired businesses, the benefits through advancing our clusters and leveraging cross-selling opportunities, and to the synergies and other benefits the Group expects to derive from the acquisitions. The synergies and other benefits include elimination of duplicate costs, improving utilisation of the acquired rental fleet, using the Group's financial strength to invest in the acquired business and drive improved returns through a semi-fixed cost base and the application of the Group's proprietary software to optimise revenue opportunities. $310m of the goodwill is expected to be deductible for income tax purposes.

The gross value and the fair value of trade receivables at acquisition was $54m.

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

The revenue and operating profit of these acquisitions from 1 May 2022 to their date of acquisition was not material.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

17. 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. In common with other UK taxpayers, the Group's appeal was stayed while the appeals put forward by the UK Government and ITV plc proceeded.

On 8 June 2022 the General Court of the European Union dismissed the appeals put forward by the UK Government and ITV plc. However, there remains a high degree of uncertainty in the final outcome given the UK Government and ITV plc have both appealed against the decision to the EU Court of Justice. The Group will continue to monitor proceedings closely.

Despite the UK Government appealing the European Commission's decision, Her Majesty's Revenue & Customs ('HMRC') was 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. HMRC issued a charging notice stating that the tax liability it believes to be due on this basis is £36m, including interest payable. The Group has appealed the charging notice and has settled the amount assessed on it, including interest, 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. The £36m ($45m at April 2023 exchange rates) paid has been recognised as a non-current asset on the balance sheet. If either the decision reached by the General Court of the European Union or the charging notice issued by HMRC are not ultimately appealed successfully, we have estimated the Group's maximum potential liability to be £36m as at 30 April 2023 ($45m at April 2023 exchange rates), including any interest payable. Based on the current status of proceedings, we have concluded that no provision is required in relation to this matter.

18. Events after the balance sheet date

Since the balance sheet date, the Group has completed four acquisitions for total purchase consideration of $237m, including acquired debt of $34m, as follows:

i) On 17 May 2023, Sunbelt US acquired the business and assets of Beattie Construction Services, LLC. ('Beattie'). Beattie is a specialty business operating in Michigan.

ii) On 24 May 2023, Sunbelt US acquired the business and assets of Jones & Hollands, Inc. ('Jones'). Jones is a general tool business operating in Michigan.

iii) On 24 May 2023, Sunbelt US acquired the business and assets of West Coast Equipment, LLC. ('West Coast'). West Coast is a general tool business operating in California.

iv) On 1 June 2023, Sunbelt Canada acquired the entire share capital of Loue Froid, Inc. ('Loue Froid'). Loue Froid is a specialty business operating in Quebec.

The initial accounting for these acquisitions is incomplete given the proximity to the year end. Had these acquisitions taken place on 1 May 2022, their contribution to revenue and operating profit would not have been material.

REVIEW OF FOURTH QUARTER, BALANCE SHEET AND CASH FLOW

Fourth quarter (unaudited)

	Revenue		EBITDA		Profit[1]	
	2023	2022	2023	2022	2023	2022
UK in £m	163.1	178.6	42.2	49.7	9.7	15.2
Canada in C$m	218.2	162.9	82.5	69.6	35.9	33.2
US	2,083.1	1,713.4	968.5	786.3	574.4	438.4
UK in $m	199.4	236.0	51.8	65.5	12.0	19.8
Canada in $m	161.2	128.8	60.8	55.0	26.4	26.2
Group central costs	-	-	(7.6)	(6.4)	(7.9)	(6.7)
	2,443.7	2,078.2	1,073.5	900.4	604.9	477.7
Net financing costs					(109.0)	(59.6)
Adjusted profit before tax					**495.9**	**418.1**
Amortisation					(30.3)	(32.4)
Profit before taxation					465.6	385.7
Margins as reported						
US			*46.5%*	*45.9%*	*27.6%*	*25.6%*
UK			*25.9%*	*27.8%*	*5.9%*	*8.5%*
Canada			*37.8%*	*42.7%*	*16.5%*	*20.4%*
Group			*43.9%*	*43.3%*	*24.8%*	*23.0%*

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

Group revenue for the quarter increased 18% (19% at constant currency) to $2,444m (2022: $2,078m). Adjusted profit before tax for the quarter increased to $496m (2022: $418m).

US rental only revenue in the quarter was $1,437m (2022: $1,234m), 17% higher than a year ago. This consisted of our general tool business which was 19% higher than last year while our specialty businesses were 17% higher than a year ago. Total revenue was $2,083m (2022: $1,713m).

The UK generated rental only revenue in the quarter of £108m (2022: £102m), 6% higher than the prior year. Total revenue decreased 9% to £163m (2022: £179m) arising from the higher level of ancillary and sales revenue associated with the services provided to the Department of Health last year.

Canada's rental only revenue increased 14% to C$132m (2022: C$116m), while total revenue was C$218m (2022: C$163m).

Group operating profit increased 27% to $605m (2022: $478m). After net financing costs of $109m (2022: $60m), Group adjusted profit before tax was $496m (2022: $418m). After amortisation of $30m (2022: $32m), statutory profit before taxation was $466m (2022: $386m).

Balance sheet

Property, plant and equipment

Capital expenditure in the year totalled $3,772m (2022: $2,397m) with $3,262m invested in the rental fleet (2022: $1,999m). 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:

	2023			2022
	Replacement	Growth	Total	Total
UK in £m	127.8	33.2	161.0	158.1
Canada in C$m	80.8	173.4	254.2	200.5
US	1,329.5	1,548.0	2,877.5	1,624.6
UK in $m	153.5	39.9	193.4	214.8
Canada in $m	60.8	130.4	191.2	159.8
Total rental equipment	1,543.8	1,718.3	3,262.1	1,999.2
Delivery vehicles, property improvements & IT equipment			510.0	398.1
Total additions			3,772.1	2,397.3

In a strong US rental market, $1,548m of rental equipment capital expenditure was spent on growth while $1,329m was invested in replacement of existing fleet. The growth proportion is estimated based on 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 30 April 2023 was 35 months (2022: 40 months) on a net book value basis. The US fleet had an average age of 35 months (2022: 41 months), the UK fleet had an average age of 36 months (2022: 37 months) and the Canadian fleet had an average age of 35 months (2022: 36 months).

	Rental fleet at original cost			LTM rental	LTM dollar
	30 April 2023	30 April 2022	LTM average	revenue	utilisation
UK in £m	1,081	988	1,049	559	53%
Canada in C$m	1,438	1,116	1,277	696	55%
US	13,407	11,425	12,381	7,503	61%
UK in $m	1,358	1,241	1,260	672	53%
Canada in $m	1,061	873	961	523	55%
	15,826	13,539	14,602	8,698	

Dollar utilisation was 61% in the US (2022: 57%), 53% for the UK (2022: 58%) and 55% for Canada (2022: 55%). The improvement in US dollar utilisation reflects the improved rate environment while, in the UK, the decrease reflects the lower level of ancillary revenue due to the reduction in Department of Health work. In Canada, dollar utilisation benefitted from a good rate environment but suffered from the drag of the lighting, lens and grip business.

Trade receivables

Receivable days at 30 April 2023 were 48 days (2022: 47 days). The bad debt charge for the last twelve months ended 30 April 2023 as a percentage of total turnover was 0.5% (2022: 0.4%). Trade receivables at 30 April 2023 of $1,385m (2022: $1,174m) are stated net of allowances for bad debts and credit notes of $107m (2022: $86m), with the provision representing 7% (2022: 7%) of gross receivables.

Other non-current assets

Included within 'other non-current assets' are financial assets investments of $41m (April 2022: $40m). These represent two targeted investments in early development-stage companies, which have been made in the US as part of the Group's activity to support the transition to a lower carbon economy. These financial asset investments are Level 3 financial assets where the fair value is estimated based on the latest transaction price and any subsequent investment-specific factors or events.

In the year, the Group made one new investment, namely Britishvolt ($42m; £34m), a UK company involved in the development of electric vehicle battery technology. In January 2023, Britishvolt entered administration following failure to secure additional funding and as a result, the Group estimated the fair value of its investment as $nil and consequently recognised in the third quarter a movement in the fair value of the equity component of its investment ($37m; £30m) through other comprehensive income and an impairment of the $5m (£4m) convertible loan component through the income statement.

Trade and other payables

Group payable days were 43 days at 30 April 2023 (2022: 43 days) with capital expenditure related payables totalling $606m (2022: $363m). 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

	Year to 30 April	
	2023	2022
	$m	$m
EBITDA	4,411.8	3,609.4
Cash inflow from operations before changes in rental equipment	4,073.6	3,406.5
*Cash conversion ratio**	*92.3%*	*94.4%*
Replacement rental capital expenditure	(1,380.8)	(829.7)
Payments for non-rental capital expenditure	(510.0)	(398.4)
Rental equipment disposal proceeds	573.6	343.8
Other property, plant and equipment disposal proceeds	41.4	24.8
Tax (net)	(287.3)	(218.8)
Net financing costs before exceptional items	(340.2)	(231.1)
Cash inflow before growth capex and payment of exceptional costs	**2,170.3**	**2,097.1**
Growth rental capital expenditure	(1,638.8)	(935.7)
Exceptional costs	-	(36.0)
Free cash flow	**531.5**	**1,125.4**
Business acquisitions	(1,083.2)	(1,277.4)
Financial asset investments	(42.4)	(40.0)
Total cash absorbed	**(594.1)**	**(192.0)**
Dividends	(357.8)	(269.3)
Purchase of own shares by the Company	(264.4)	(409.6)
Purchase of own shares by the ESOT	(12.5)	(23.8)
Increase in net debt due to cash flow	**(1,228.8)**	**(894.7)**

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

Cash inflow from operations before the net investment in the rental fleet was $4,074m (2022: $3,406m). The conversion ratio for the period was 92% (2022: 94%).

Total payments for capital expenditure (rental equipment and other PPE) during the year were $3,530m (2022: $2,164m). Disposal proceeds received totalled $615m (2022: $369m), giving net payments for capital expenditure of $2,915m in the period (2022: $1,795m). Financing costs paid totalled $340m (2022: $231m) while tax payments were $287m (2022: $219m). 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 exceptional costs in the prior year relate to the premium on redemption of the senior notes that were due in 2025 and 2026.

Accordingly, the Group generated free cash flow of $531m (2022: $1,125m) and, after acquisition and investment related expenditure of $1,126m (2022: $1,317m), a net cash outflow of $594m (2022: $192m), before returns to shareholders.

Net debt

	2023 $m	2022 $m
First priority senior secured bank debt	2,038.4	2,108.1
1.500% senior notes, due 2026	546.8	545.8
4.375% senior notes, due 2027	595.6	594.8
4.000% senior notes, due 2028	595.1	594.3
4.250% senior notes, due 2029	594.6	593.9
2.450% senior notes, due 2031	743.9	743.2
5.500% senior notes, due 2032	737.8	-
5.550% senior notes, due 2033	742.9	-
Total external borrowings	6,595.1	5,180.1
Lease liabilities	2,394.3	1,995.2
Total gross debt	8,989.4	7,175.3
Cash and cash equivalents	(29.9)	(15.3)
Total net debt	8,959.5	7,160.0

Net debt at 30 April 2023 was $8,960m with the increase since 30 April 2022 reflecting the net cash outflow set out above and additional lease commitments as we continue our greenfield and bolt-on expansion. The Group's EBITDA for the year ended 30 April 2023 was $4,412m. Excluding the impact of IFRS 16, the ratio of net debt to EBITDA was 1.6 times (2022: 1.5 times) on a constant currency and a reported basis as at 30 April 2023. Including the impact of IFRS 16, the ratio of net debt to EBITDA was 2.0 times (2022: 2.0 times) as at 30 April 2023.

Financial risk management

The Group's trading and financing activities expose it to various financial risks that, if left unmanaged, could adversely impact current or future earnings. Although not necessarily mutually exclusive, these financial risks are categorised separately according to their different generic risk characteristics and include market risk (foreign currency risk and interest rate risk), credit risk and liquidity risk.

Market risk

The Group's activities expose it primarily to interest rate and currency risk. Interest rate risk is monitored on a continuous basis and managed, where appropriate, through the use of interest rate swaps whereas the use of forward foreign exchange contracts to manage currency risk is considered on an individual non-trading transaction basis. The Group is not exposed to commodity price risk or equity price risk as defined in IFRS 7.

Interest rate risk

The Group has fixed and variable rate debt in issue with 69% of the drawn debt at a fixed rate as at 30 April 2023, excluding lease liabilities. The Group's accounting policy requires all borrowings to be held at amortised cost. As a result, the carrying value of fixed rate debt is unaffected by changes in credit conditions in the debt markets and there is therefore no exposure to fair value interest rate risk. The Group's debt that bears interest at a variable rate comprises all outstanding borrowings under the senior secured credit facility. Pricing is based on leverage and average availability according to a grid, varying from the applicable interest rate plus 125bp to 150bp. The applicable interest rate is based on SOFR for US dollar loans, SONIA for sterling loans and CDOR for Canadian dollar loans. At 30 April 2023, the borrowing rate was the applicable interest rate plus 150bp.

The Group periodically utilises interest rate swap agreements to manage and mitigate its exposure to changes in interest rates. However, during the year ended and as at 30 April 2023, the Group had no such swap agreements outstanding. The Group may, at times, hold cash and cash equivalents, which earn interest at a variable rate.

At 30 April 2023, based upon the amount of variable rate debt outstanding, the Group's pre-tax profits would change by approximately $21m for each one percentage point change in interest rates applicable to the variable rate debt and, after tax effects, equity would change by approximately $16m. The amount of the Group's variable rate debt may fluctuate as a result of changes in the amount of debt outstanding under the senior secured credit facility.

Currency risk

Currency risk is predominantly translation risk as there are no significant transactions in the ordinary course of business that take place between foreign entities. The Group's reporting currency is US dollars. The majority of our assets, liabilities, revenue and costs are denominated in US dollars, but sterling and Canadian dollars make up 25% of our net assets. Fluctuations in the value of pounds sterling and Canadian dollars with respect to US dollars may have an impact on our financial condition and results of operations as reported in US dollars. The Group's financing is arranged such that the majority of its debt and interest expense is in US dollars. At 30 April 2023, 88% of its debt (including lease liabilities) was denominated in US dollars.

The Group's exposure to exchange rate movements on trading transactions is relatively limited. All Group companies invoice revenue in their respective local currency and generally incur expense and purchase assets in their local currency. Consequently, the Group does not routinely hedge either forecast foreign exchange exposures or the impact of exchange rate movements on the translation of overseas profits into dollars. Where the Group does hedge, it maintains appropriate hedging documentation. Foreign exchange risk on significant non-trading transactions is considered on an individual basis.

Based on the current currency mix of our profits and on current sterling and dollar debt levels, interest and exchange rates at 30 April 2023, a 1% change in the US dollar to sterling and Canadian dollar exchange rates would impact pre-tax profit by $0.2m.

Credit risk

The Group's principal financial assets are cash and bank balances and trade and other receivables. The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

The Group has a large number of unrelated customers, serving over 800,000 during the financial year, and does not have any significant credit exposure to any particular customer. Each business segment manages its own exposure to credit risk according to the economic circumstances and characteristics of the markets they serve. The Group believes that management of credit risk on a devolved basis enables it to assess and manage credit risk more effectively. However, broad principles of credit risk management practice are observed across the Group, such as the use of credit reference agencies and the maintenance of credit control functions.

<u>Liquidity risk</u>

Liquidity risk is the risk that the Group could experience difficulties in meeting its commitments to creditors as financial liabilities fall due for payment.

The Group uses both short and long-term cash forecasts to assist in monitoring cash flow requirements ensuring sufficient cash is available to meet operational needs. The Group monitors available facilities against forward requirements on a regular basis.

The Group generates significant free cash flow before investment (defined as cash flow from operations less replacement capital expenditure net of proceeds of asset disposals, interest paid and tax paid). This free cash flow before investment is available to the Group to invest in growth capital expenditure, acquisitions, dividend payments and other returns to shareholders or to reduce debt.

In addition to the strong free cash flow from normal trading activities, additional liquidity is available through the Group's senior secured debt facility. At 30 April 2023, availability under the $4.5 billion facility was $2,573m ($2,537m at 30 April 2022), which compares with the threshold of $450m, above which the covenant does not apply.

Principal risks and uncertainties

The Group faces a number of risks and uncertainties in its day-to-day operations and it is management's role to mitigate and manage these risks. The Board has established a formal risk management process which has identified the following principal risks and uncertainties which could affect employees, operations, revenue, profits, cash flows and assets of the Group.

<u>Economic conditions</u>

Potential impact
In the longer term, there is a link between levels of economic activity and demand for our services. The most significant end market which affects our business is construction. The construction market is cyclical and typically lags the general economic cycle by between 12 and 24 months.

The economic uncertainties resulting from the impact of pandemics (such as COVID-19) is considered as part of this risk.

Mitigation
- Prudent management through the different phases of the cycle.
- Flexibility in the business model.
- Capital structure and debt facilities arranged in recognition of the cyclical nature of our market and able to withstand market shocks.

Change
Our business continues to perform strongly and is well positioned to manage and benefit from the unique market conditions we face, including supply chain constraints, inflation and labour scarcity, all of which we believe will be ongoing drivers of structural change. However, while market forecasts are predicting continued growth both in terms of starts and the rental market, supported by the emergence of 'mega projects', there remains some uncertainty in end market conditions.

Competition

Potential impact
The already competitive market could become even more competitive and we could suffer increased competition from large national competitors or small companies or local companies resulting in reduced market share and lower revenue.

This could negatively affect rental rates and physical utilisation. Continuing industry consolidation could also have a similar effect.

Mitigation
- Create commercial advantage by providing the highest level of service, consistently and at a price which offers value.
- Differentiation of service.
- Enhance the barriers to entry to newcomers provided by our platform: industry-leading technology, experienced personnel and a broad network and equipment fleet.
- Regularly estimate and monitor our market share and track the performance of our competitors.

Change
Our competitive position continues to improve. We have grown faster than the market, and continue to take market share from our smaller, less well financed competitors. We have a 13% market share in the US, a 9% market share in Canada and a 13% market share in the UK.

Cyber security

Potential impact
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.

Mitigation
- Stringent policies surrounding security, user access, change control and the ability to download and install software.
- Testing of cyber security including red team exercises, system penetration testing and internal phishing and other training exercises undertaken.
- Use of antivirus and malware software, firewalls, email scanning and internet monitoring as an integral part of our security plan.
- Use of firewalls and encryption to protect systems and any connections to third parties.
- Use of multi-factor authentication.
- Continued focus on development of IT strategy taking advantage of cloud technology available.
- Separate near-live back-up data centres which are designed to be able to provide the necessary services in the event of a failure at a primary site.

Change
We continue to enhance the Group's cyber security profile, with a significant and ongoing investment in resource and tooling. Nevertheless, cyber security remains a continually evolving area and a priority for the Group.

In relation to business continuity, our plans have been subject to continued review and update during the year and our disaster recovery plans are tested regularly.

Health and safety

Potential impact
A failure to comply with laws and regulations governing health and safety and ensure the highest standards of health and safety across the Group could result in accidents which may result in injury to or fatality of an individual, claims against the Group and/or damage to our reputation.

Mitigation
- Maintain appropriate health and safety policies and procedures regarding the need to comply with laws and regulations and to reasonably guard our employees against the risk of injury.
- Induction and training programmes reinforce health and safety policies.
- Programmes to support our customers exercising their responsibility to their own workforces when using our equipment.
- Maintain appropriate insurance coverage.

Change
The health and safety of our team members continues to be a key focus area for the Group and an area of continuous improvement.

In terms of reportable incidents, the TRIR was 0.97 (2022: 0.90) in the US and 0.89 (2022: 1.49) in Canada. The RIDDOR reportable rate was 0.25 (2022: 0.22) in the UK.

People and culture

Potential impact
Retaining and attracting good people is key to delivering superior performance and customer service and maintaining and enhancing our culture.

Excessive staff turnover is likely to impact on our ability to maintain the appropriate quality of service to our customers and our culture 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. Furthermore, it is important that our remuneration policies reflect the Group's North American focus and enable us to retain and enhance our strong leadership team.

Mitigation
- Provide well-structured and competitive reward and benefit packages that ensure our ability to attract and retain the employees we need.
- Ensure that our staff have the right working environment and equipment to enable them to do the best job possible and maximise their satisfaction at work.
- Invest in training and career development opportunities for our people to support them in their careers.
- Ensure succession plans are in place and reviewed regularly which meet the ongoing needs of the Group.

Change
Our compensation and incentive programmes have continued to evolve to reflect market conditions, the economic environment and the results of our employee engagement surveys. We intend to address the remuneration gap between Group and its US peers in our next remuneration policy.

Diversity, equity and inclusion programmes are established across the business to enhance our efforts to attract and retain the best people.

We are increasing our focus on mental health including 'Let's Talk Mental Health' in the UK.

Environmental

Potential impact
The Group has made a long-term commitment to reduce its Scope 1 and 2 carbon intensity by 35% by 2030, from its level in 2018, with a near term commitment to reduce its carbon intensity by 15% by 2024, and set out a roadmap to achieve this. Failure to do so could adversely impact the Group and its stakeholders.

A significant part of our rental fleet is reliant on diesel engines. Over time, lower carbon alternatives will become available as technology advances. If we do not remain at the forefront of technological advances, and invest in the latest equipment, our rental fleet could become obsolete.

In addition, we need to comply with the numerous laws governing environmental protection matters. These laws regulate such issues as waste water, storm water, 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.

Mitigation
- Policies and procedures in place at all our stores regarding the need to adhere to local laws and regulations.
- Procurement policies reflect the need for the latest available emissions management and fuel efficiency tools in our fleet.
- Collaboration with key suppliers to develop and pilot new technologies.
- Lower carbon vehicle transition plan.
- Real estate and facility standards to reduce emissions from our operations.
- Monitoring and reporting of carbon emissions.

Change
The Group has appointed a SVP of Sustainability to lead our work on sustainability-related matters, including those relating to the impact of climate change on the environment.

The work of the Health, Safety and Environmental departments, and the Sustainability and operational audit teams, continue to assess environmental compliance.

Our 2021/22 Scope 1 and 2 carbon emissions have been validated by the Carbon Trust and we will obtain assurance over our 2022/23 Scope 1 and 2 data prior to the publication of the Group's 2022/23 Sustainability report.

In 2022/23 our Scope 1 and 2 carbon emission intensity ratio reduced to 38.4 (2022: 42.2).

We are working to quantify our Scope 3 emissions, the largest components of which are category 11 (use of sold products) and category 13 (downstream leased assets). These categories are complex to measure and reliant on significant assumptions and estimation techniques.

Laws and regulations

Potential impact
Failure to comply with the frequently changing regulatory environment could result in reputational damage or financial penalty.

Mitigation

- Maintaining a legal function to oversee management of these risks and to achieve compliance with relevant legislation.
- Group-wide modern slavery, business ethics and ethical sourcing policies and whistle-blowing arrangements.
- Evolving policies and practices to take account of changes in legal obligations.
- Training and induction programmes ensure our staff receive appropriate training and briefing on the relevant policies.

Change

We monitor regulatory and legislative changes to ensure our policies and practices reflect them and we comply with relevant legislation.

Our whistle-blowing arrangements are well established and the Company Secretary reports matters arising to the Audit Committee and the Board during the course of the year.

During the year 8,678 people in the US, 703 people in Canada and 779 people in the UK underwent induction training. In addition, training programmes were undertaken in safety and business ethics.

OPERATING STATISTICS

	Number of rental stores		Staff numbers	
	2023	2022	2023	2022
US	1,094	967	18,981	16,068
UK	185	177	4,250	3,983
Canada	119	89	2,094	1,682
Corporate office	-	-	22	19
Group	1,398	1,233	25,347	21,752

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>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 used equipment).
<table>
<tr><th></th><th>2023</th><th>2022</th><th>Change</th></tr>
<tr><td>US ($m)</td><td></td><td></td><td></td></tr>
<tr><td>Rental revenue</td><td>7,503</td><td>6,042</td><td>1,461</td></tr>
<tr><td>EBITDA</td><td>3,955</td><td>3,121</td><td></td></tr>
<tr><td>Gains</td><td>(235)</td><td>(128)</td><td></td></tr>
<tr><td>EBITDA excluding gains</td><td>3,720</td><td>2,993</td><td>727</td></tr>
<tr><td>Drop through</td><td></td><td></td><td>50%</td></tr>
</table>
This measure is utilised by the Group to demonstrate the change in profitability generated by the Group as a result of the change in rental revenue in the period.</td></tr>
<tr><td>Free cash flow</td><td>Net cash generated from operating activities</td><td>Net cash generated from operating activities less non-rental net property, plant and equipment expenditure. Non-rental net property, plant and equipment expenditure comprises payments for non-rental capital expenditure less disposal proceeds received in relation to non-rental asset disposals.
<table>
<tr><th></th><th>2023 ($m)</th><th>2022 ($m)</th></tr>
<tr><td>Net cash generated from operating activities</td><td>1,000</td><td>1,499</td></tr>
<tr><td>Payments for non-rental property, plant and equipment</td><td>(510)</td><td>(399)</td></tr>
<tr><td>Proceeds from disposal of non-rental property, plant and equipment</td><td>41</td><td>25</td></tr>
<tr><td>Free cash flow</td><td>531</td><td>1,125</td></tr>
</table>
This measure shows the cash retained by the Group prior to discretionary expenditure on acquisitions and returns to shareholders.</td></tr>
<tr><td>Growth at constant exchange rates</td><td>None</td><td>Calculated by applying the current period exchange rate to the comparative period result. The relevant foreign currency exchange rates are provided within Note 2, Basis of preparation, to the financial statements. This measure is used as a means of eliminating the effects of foreign exchange rate movements on the period-on-period changes in reported results.
<table>
<tr><th></th><th>2023</th><th>2022</th><th>%</th></tr>
<tr><td>Rental revenue ($m)</td><td></td><td></td><td></td></tr>
<tr><td>As reported</td><td>8,698</td><td>7,235</td><td>20%</td></tr>
<tr><td>Retranslation effect</td><td>-</td><td>(112)</td><td></td></tr>
<tr><td>At constant currency</td><td>8,698</td><td>7,123</td><td>22%</td></tr>
<tr><td>Adjusted profit before tax ($m)</td><td></td><td></td><td></td></tr>
<tr><td>As reported</td><td>2,273</td><td>1,824</td><td>25%</td></tr>
<tr><td>Retranslation effect</td><td>-</td><td>(14)</td><td></td></tr>
<tr><td>At constant currency</td><td>2,273</td><td>1,810</td><td>26%</td></tr>
</table></td></tr>
<tr><td>Leverage</td><td>None</td><td>Leverage calculated at constant exchange rates uses the period end exchange rate for the relevant period and is determined as net debt divided by EBITDA.
<table>
<tr><th></th><th colspan="2">2023</th><th colspan="2">2022</th></tr>
<tr><th></th><th>Excluding IFRS 16</th><th>Including IFRS 16</th><th>Excluding IFRS 16</th><th>Including IFRS 16</th></tr>
<tr><td>Net debt ($m)</td><td></td><td></td><td></td><td></td></tr>
<tr><td>As reported and at constant currency</td><td>6,588</td><td>8,960</td><td>5,179</td><td>7,160</td></tr>
</table></td></tr>
</table>

<table>
<tr><th>Term</th><th>Closest equivalent statutory measure</th><th>Definition and purpose</th></tr>
<tr><td></td><td></td><td>
<table>
<tr><td></td><td colspan="2">2023</td><td colspan="2">2022</td></tr>
<tr><td></td><td>Excluding IFRS 16</td><td>Including IFRS 16</td><td>Excluding IFRS 16</td><td>Including IFRS 16</td></tr>
<tr><td>EBITDA ($m)</td><td></td><td></td><td></td><td></td></tr>
<tr><td>As reported</td><td>4,203</td><td>4,412</td><td>3,430</td><td>3,609</td></tr>
<tr><td>Retranslation effect</td><td>4</td><td>4</td><td>(23)</td><td>(24)</td></tr>
<tr><td>At constant currency</td><td>4,207</td><td>4,416</td><td>3,407</td><td>3,585</td></tr>
<tr><td>Leverage</td><td></td><td></td><td></td><td></td></tr>
<tr><td>As reported</td><td>1.6</td><td>2.0</td><td>1.5</td><td>2.0</td></tr>
<tr><td>At constant currency</td><td>1.6</td><td>2.0</td><td>1.5</td><td>2.0</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’) adjusted 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.

A reconciliation of Group RoI is provided below:
<table>
<tr><td></td><td>2023</td><td>2022</td></tr>
<tr><td>Adjusted operating profit ($m)</td><td>2,640</td><td>2,056</td></tr>
<tr><td>IFRS 16 impact ($m)</td><td>(40)</td><td>(28)</td></tr>
<tr><td>Adjusted operating profit (excluding IFRS 16) ($m)</td><td>2,600</td><td>2,028</td></tr>
<tr><td>Average net assets ($m)</td><td>13,565</td><td>11,119</td></tr>
<tr><td>Return on investment</td><td>19%</td><td>18%</td></tr>
</table>
RoI for the businesses is calculated in the same way, but excludes goodwill and intangible assets:
<table>
<tr><td></td><td>US
$m</td><td>Canada
C$m</td><td>UK
£m</td></tr>
<tr><td>Adjusted operating profit</td><td>2,432</td><td>160</td><td>64</td></tr>
<tr><td>Average net assets, excluding goodwill and intangibles</td><td>8,910</td><td>884</td><td>720</td></tr>
<tr><td>Return on investment</td><td>27%</td><td>18%</td><td>9%</td></tr>
</table>
</td></tr>
</table>

Other terms used within this announcement include:

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

- **Availability:** represents the headroom on a given date under the terms of our $4.5bn asset-backed senior bank facility, taking account of current borrowings.

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

- **Cash conversion ratio:** represents cash flow from operations before changes in rental equipment as a percentage of EBITDA. Details are provided within the Review of Fourth 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. Dollar utilisation has been identified as one of the Group’s key performance indicators. Details are shown within the Review of Fourth 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 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 and limited predictive value 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.

- **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 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.

- **Rental only revenue:** rental revenue excluding loss damage waiver, environmental fees and revenue from rental equipment delivery and collection.

- **RIDDOR rate:** the RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations) reportable rate is the number of major injuries or over seven-day injuries per 100,000 hours worked.

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

- **Segment profit:** operating profit before amortisation and exceptional items by segment.

- **Suppressed availability:** represents the amount on a given date that the asset base exceeds the facility size under the terms of our $4.5bn asset-backed senior bank facility.

- **TRIR rate:** reportable incidents in North America are reported in accordance with the OSHA (Occupational, Safety and Health Administration) framework as a Total Recordable Incident Rate ('TRIR').