18 June 2024

Audited results for the year and unaudited results for the fourth quarter ended 30 April 2024

	Fourth quarter			Year		
	2024	2023	Growth[2]	2024	2023	Growth[2]
	$m	$m	%	$m	$m	%
Performance[1]						
Revenue	2,628	2,444	7%	10,859	9,667	12%
Rental revenue	2,313	2,126	9%	9,630	8,698	10%
EBITDA	1,141	1,074	6%	4,893	4,412	11%
Operating profit	561	575	-2%	2,654	2,522	5%
Adjusted[3] profit before taxation	446	496	-10%	2,230	2,273	-2%
Profit before taxation	417	466	-10%	2,110	2,156	-2%
Adjusted[3] earnings per share	79.3¢	84.3¢	-6%	386.5¢	388.5¢	- %
Earnings per share	74.4¢	79.1¢	-6%	365.8¢	368.4¢	-1%

Full-year highlights

- Group revenue up 12%[2]; US revenue up 13% with rental revenue up 11%
- Operating profit of $2,654m (2023: $2,522m)
- Adjusted[3] profit before taxation of $2,230m (2023: $2,273m)
- Adjusted[3] earnings per share of 386.5¢ (2023: 388.5¢)
- 113 locations added in North America
- $4.3bn of capital invested in the business (2023: $3.8bn)
- $905m spent on 26 bolt-on acquisitions (2023: $1.1bn)
- Net debt to EBITDA leverage[2] of 1.7 times (2023: 1.6 times)
- Proposed final dividend of 89.25¢, making 105.0¢ for the full year (2023: 100.0¢)

[1] 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.
[2] Calculated at constant exchange rates applying current period exchange rates.
[3] Adjusted results are stated before amortisation.

Ashtead's chief executive, Brendan Horgan, commented:

"The Group's operating performance continues to be strong with record revenue and operating profit, up 12% and 5% respectively, both at constant currency. After a higher interest expense, reflecting the interest rate environment and increased average debt levels, adjusted profit before taxation was slightly lower than last year at $2,230m (2023: $2,273m). This performance 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 completed Sunbelt 3.0 in April, executing well against all actionable components of that plan and developing a strong foundation for the next phase of our growth. During the year, we invested $4.3bn in capital across existing locations and greenfields and $905m on 26 bolt-on acquisitions, adding a combined 113 locations in North America. This investment is enabling us to take advantage of the substantial structural growth opportunities that we see for the business, while maintaining a strong and flexible balance sheet.

Our end markets in North America remain robust with healthy demand, supported in the US by the increasing proportion of mega projects and the ongoing impact of the legislative acts. We are in a position of strength, with the operational flexibility and financial capacity to capitalise on the opportunities arising from these market conditions and ongoing structural changes. Through the actionable components of our new strategic growth plan, Sunbelt 4.0, we will drive long-term sustainable growth and returns for all stakeholders and the Board looks to the future with confidence."

Contacts:

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Brendan Horgan and Michael Pratt will hold a conference call for equity analysts to discuss the results and outlook at 9.30am on Tuesday, 18 June 2024 at Deutsche Numis, 45 Gresham Street, London, EC2V 7EH. The call will be webcast live via the Company's website at www.ashtead-group.com and a replay will be available via the website shortly after the call concludes. A copy of this announcement and the slide presentation used for the call are available for download on the Company's website. The usual conference call for bondholders will begin at 3pm (10am EST).

Analysts and bondholders have already been invited to participate in the analyst and bondholder calls 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 2024	Revenue 2023	EBITDA 2024	EBITDA 2023	Profit[1] 2024	Profit[1] 2023
Canada in C$m	896.8	827.1	362.9	337.0	137.8	167.4
UK in £m	706.0	684.8	199.0	192.2	57.9	65.0
US	9,306.7	8,222.4	4,405.5	3,955.3	2,632.9	2,464.7
Canada in $m	664.4	622.1	268.9	253.5	102.1	125.9
UK in $m	887.6	822.8	250.1	231.0	72.8	78.1
Group central costs	-	-	(31.9)	(28.0)	(32.9)	(29.0)
	10,858.7	9,667.3	4,892.6	4,411.8	2,774.9	2,639.7
Financing costs					(544.5)	(366.2)
Adjusted profit before tax					**2,230.4**	**2,273.5**
Amortisation					(120.9)	(117.7)
Profit before taxation					2,109.5	2,155.8
Taxation charge					(511.1)	(538.1)
Profit attributable to equity holders of the Company					1,598.4	1,617.7
Margins						
US			*47.3%*	*48.1%*	*28.3%*	*30.0%*
Canada			*40.5%*	*40.7%*	*15.4%*	*20.2%*
UK			*28.2%*	*28.1%*	*8.2%*	*9.5%*
Group			*45.1%*	*45.6%*	*25.6%*	*27.3%*

[1] Segment result presented is adjusted operating profit.

Group revenue increased 12% to $10,859m (2023: $9,667m) during the year. This revenue growth resulted in EBITDA increasing 11% to $4,893m (2023: $4,412m), adjusted operating profit increasing 5% to $2,775m (2023: $2,640m) and adjusted profit before tax was $2,230m (2023: $2,273m). The higher increase in the depreciation charge relative to revenue growth reflects lower utilisation of a larger fleet, resulting in the lower rate of operating profit growth while increased financing costs due to increased average debt levels and the higher interest rate environment resulted in adjusted profit before tax slightly lower than last year.

In the US, rental only revenue of $6,558m (2023: $5,879m) was 12% 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 8%, while bolt-ons since 1 May 2022 contributed 4% of rental only revenue growth. In the year, our General Tool business grew 11%, while our Specialty businesses grew 14%. The fourth quarter saw growth in our Specialty businesses return to levels similar to those seen in the first half. Rental only revenue growth has been driven by both volume and rate improvement. Rental revenue increased 11% to $8,321m (2023: $7,503m). US total revenue, including new and used equipment, merchandise and consumable sales, increased 13% to $9,307m (2023: $8,222m). This reflects a higher level of used equipment sales, as we took advantage of improved fleet deliveries and strong second-hand markets to catch up on delayed disposals and bring forward some disposals scheduled for early 2024/25.

Canada's rental only revenue increased 10% to C$605m (2023: C$548m). Markets relating to the major part of the Canadian business are growing in a similar manner to the US with strong volume growth and rate improvement. However, the Writers Guild of America and Screen Actors Guild strikes, which were settled in December, had a significant impact on the performance of the Specialty Film & TV business and some impact on the rest of the Canadian business, which rents into that space. Parts of the US and UK businesses have been affected similarly. Following the settlement, activity levels recovered progressively in the fourth quarter. Rental revenue increased 10% to C$765m (2023: C$696m), while total revenue was C$897m (2023: C$827m).

The UK business generated rental only revenue of £466m, up 9% on the prior year (2023: £429m). Bolt-ons since 1 May 2022 contributed 2% of this growth. Rental only revenue growth has been driven by both rate and volume improvement. Rental revenue increased 6% to £590m (2023: £559m), while total revenue increased 3% to £706m (2023: £685m). This lower rate of total revenue growth reflects a higher level of ancillary and sales revenue associated with the work for the Department of Health last year, which did not repeat this year.

We have invested in the infrastructure of the business during Sunbelt 3.0, to support the growth of the business now and into the future. This has been combined with inflationary pressures across most cost lines, particularly in relation to labour. During the second half of the year, in recognition of the lower US revenue growth, we increased our focus on the cost base. US rental revenue drop through to EBITDA of 40% in the fourth quarter was after an additional receivables provision following a customer filing for Chapter 11 bankruptcy protection post year-end, due to a contract dispute. This resulted in drop through of 49% for the year. Excluding this provision, drop through was 57% for the quarter and 52% for the full year. As a result, the EBITDA margin was 47.3% (2023: 48.1%) and segment profit increased 7% to $2,633m (2023: $2,465m) at a margin of 28.3% (2023: 30.0%).

Our Canadian business continues to develop and enhance its performance as it invests to expand its network and broaden its markets. Despite the drag from the strike-affected Film & TV business, Canada generated an EBITDA margin of 40.5% (2023: 40.7%) and a segment profit of C$138m (2023: C$167m) at a margin of 15.4% (2023: 20.2%).

In the UK, the focus remains on delivering operational efficiency and long-term, sustainable returns in the business. While we continue to improve rental rates, this remains an area of focus. The UK generated an EBITDA margin of 28.2% (2023: 28.1%) and a segment profit of £58m (2023: £65m) at a margin of 8.2% (2023: 9.5%).

Overall, Group adjusted operating profit increased to $2,775m (2023: $2,640m), up 5% at constant exchange rates. After increased financing costs of $545m (2023: $366m), reflecting higher average debt levels and the higher interest rate environment, Group adjusted profit before tax was $2,230m (2023: $2,273m). After a tax charge of 24% (2023: 25%) of the adjusted pre-tax profit, adjusted earnings per share were 386.5¢ (2023: 388.5¢).

Statutory profit before tax was $2,110m (2023: $2,156m). This is after amortisation of $121m (2023: $118m). Included within the total tax charge is a tax credit of $30m (2023: $30m) which relates to the amortisation of intangibles. As a result, basic earnings per share were 365.8¢ (2023: 368.4¢).

Capital expenditure and acquisitions

Capital expenditure for the year was $4,311m gross and $3,404m net of disposal proceeds (2023: $3,772m gross and $3,105m net). As a result, the Group's rental fleet at 30 April 2024 at cost was $18bn and our average fleet age is 45 months (2023: 50 months) on an original cost basis.

We invested $905m (2023: $1,146m) including acquired borrowings in 26 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.

Return on Investment

The Group return on investment was 16% (2023: 19%). In the US, return on investment (excluding goodwill and intangible assets) was 23% (2023: 27%), while in Canada it was 11% (2023: 18%). The reduction in US return on investment reflects principally the impact of lower utilisation of a larger fleet. Canada's lower return on investment reflects the drag from the recent performance of our Film & TV business combined with lower utilisation of a larger fleet. In the UK, return on investment (excluding goodwill and intangible assets) was 7% (2023: 9%). The decrease reflects the lower utilisation of a slightly larger fleet and increased non-rental depreciation. Return on investment excludes the impact of IFRS 16.

Cash flow and net debt

The Group generated free cash flow of $216m (2023: $531m) during the year, which is after increased capital expenditure payments of $4,445m (2023: $3,530m). As expected, this combined with continued investment in bolt-ons and returns to shareholders increased debt during the year. We spent $78m (£62m) on share buybacks (2023: $264m (£221m)).

In July 2023, the Group issued $750m 5.950% senior notes maturing in October 2033 and in January 2024, the Group issued $850m 5.800% senior notes maturing in April 2034. 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 2024 was $10,655m (2023: $8,960m). Excluding the effect of IFRS 16, net debt at 30 April 2024 was $8,014m (2023: $6,588m), while the ratio of net debt to EBITDA was 1.7 times (2023: 1.6 times) on a constant currency basis. The Group's revised target range for net debt to EBITDA is 1.0 to 2.0 times, excluding the impact of IFRS 16 (1.4 to 2.4 times post IFRS 16). Including the effect of IFRS 16, the ratio of net debt to EBITDA was 2.2 times (2023: 2.0 times) on a constant currency basis.

At 30 April 2024, availability under the senior secured debt facility was $2,771m with an additional $6,740m 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, and reflecting its confidence in the future, the Board is recommending a final dividend of 89.25¢ per share (2023: 85.0¢) making 105.0¢ for the year (2023: 100.0¢), an increase of 5%. If approved at the forthcoming Annual General Meeting, the final dividend will be paid on 10 September 2024 to shareholders on the register on 9 August 2024.

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 23 August 2024.

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 1.0 to 2.0 times target range for net debt to EBITDA pre IFRS 16.

Current trading and outlook

Our end markets in North America remain robust with healthy demand, supported in the US by the increasing number of mega projects and recent legislative acts. We are in a position of strength, with the operational flexibility and financial capacity to capitalise on the opportunities arising from these market conditions and ongoing structural changes. Through the actionable components of our new strategic growth plan, Sunbelt 4.0, we will drive long-term sustainable growth and returns for all stakeholders and the Board looks to the future with confidence.

	Guidance
Rental revenue[1]	
- US	4 to 7%
- Canada	15 to 19%
- UK	3 to 6%
- Group	5 to 8%
Capital expenditure (gross)[2]	\$3.0 – 3.3bn
Free cash flow[2]	c. \$1.2bn

[1] Represents change in year-over-year rental revenue at constant exchange rates
[2] Stated at C\$1=\$0.75 and £1=\$1.27

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 2024. 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 UK-adopted International Accounting Standards (‘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

Alan Porter
Company secretary
17 June 2024

CONSOLIDATED INCOME STATEMENT FOR THE THREE MONTHS ENDED 30 APRIL 2024

	2024			2023		
	Before amortisation	Amortisation	Total	Before amortisation	Amortisation	Total
	$m	$m	$m	$m	$m	$m
Fourth quarter - unaudited						
Revenue						
Rental revenue	2,313.5	-	2,313.5	2,126.1	-	2,126.1
Sale of new equipment, merchandise and consumables	91.1	-	91.1	87.9	-	87.9
Sale of used rental equipment	222.9	-	222.9	229.7	-	229.7
	2,627.5	-	2,627.5	2,443.7	-	2,443.7
Operating costs						
Staff costs	(602.6)	-	(602.6)	(576.0)	-	(576.0)
Other operating costs	(718.4)	-	(718.4)	(641.1)	-	(641.1)
Used rental equipment sold	(165.4)	-	(165.4)	(153.1)	-	(153.1)
	(1,486.4)	-	(1,486.4)	(1,370.2)	-	(1,370.2)
EBITDA*	1,141.1	-	1,141.1	1,073.5	-	1,073.5
Depreciation	(551.3)	-	(551.3)	(468.6)	-	(468.6)
Amortisation of intangibles	-	(28.6)	(28.6)	-	(30.3)	(30.3)
Operating profit	589.8	(28.6)	561.2	604.9	(30.3)	574.6
Interest income	0.2	-	0.2	0.8	-	0.8
Interest expense	(144.4)	-	(144.4)	(109.8)	-	(109.8)
Profit on ordinary activities before taxation	445.6	(28.6)	417.0	495.9	(30.3)	465.6
Taxation	(99.4)	7.1	(92.3)	(127.1)	7.6	(119.5)
Profit attributable to equity holders of the Company	346.2	(21.5)	324.7	368.8	(22.7)	346.1
Basic earnings per share	79.3¢	(4.9¢)	74.4¢	84.3¢	(5.2¢)	79.1¢
Diluted earnings per share	78.8¢	(4.9¢)	73.9¢	83.8¢	(5.1¢)	78.7¢

* 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 INCOME STATEMENT FOR THE YEAR ENDED 30 APRIL 2024

	2024			2023		
	Before amortisation	Amortisation	Total	Before amortisation	Amortisation	Total
	$m	$m	$m	$m	$m	$m
Year to 30 April 2024 - audited						
Revenue						
Rental revenue	9,630.2	-	9,630.2	8,698.2	-	8,698.2
Sale of new equipment, merchandise and consumables	369.7	-	369.7	341.7	-	341.7
Sale of used rental equipment	858.8	-	858.8	627.4	-	627.4
	10,858.7	-	10,858.7	9,667.3	-	9,667.3
Operating costs						
Staff costs	(2,485.1)	-	(2,485.1)	(2,222.1)	-	(2,222.1)
Other operating costs	(2,845.2)	-	(2,845.2)	(2,591.1)	-	(2,591.1)
Used rental equipment sold	(635.8)	-	(635.8)	(442.3)	-	(442.3)
	(5,966.1)	-	(5,966.1)	(5,255.5)	-	(5,255.5)
EBITDA*	4,892.6	-	4,892.6	4,411.8	-	4,411.8
Depreciation	(2,117.7)	-	(2,117.7)	(1,772.1)	-	(1,772.1)
Amortisation of intangibles	-	(120.9)	(120.9)	-	(117.7)	(117.7)
Operating profit	2,774.9	(120.9)	2,654.0	2,639.7	(117.7)	2,522.0
Interest income	1.8	-	1.8	2.6	-	2.6
Interest expense	(546.3)	-	(546.3)	(368.8)	-	(368.8)
Profit on ordinary activities before taxation	2,230.4	(120.9)	2,109.5	2,273.5	(117.7)	2,155.8
Taxation	(541.3)	30.2	(511.1)	(567.7)	29.6	(538.1)
Profit attributable to equity holders of the Company	1,689.1	(90.7)	1,598.4	1,705.8	(88.1)	1,617.7
Basic earnings per share	386.5¢	(20.7¢)	365.8¢	388.5¢	(20.1¢)	368.4¢
Diluted earnings per share	384.3¢	(20.6¢)	363.7¢	386.0¢	(19.9¢)	366.1¢

* 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 FOR THE YEAR ENDED 30 APRIL 2024

	Unaudited Three months to 30 April		Audited Year to 30 April	
	2024	2023	2024	2023
	$m	$m	$m	$m
Profit attributable to equity holders of the Company for the period	324.7	346.1	1,598.4	1,617.7
Items that will not be reclassified to profit or loss:				
Movements on equity instruments held at fair value	-	-	-	(36.8)
Remeasurement of the defined benefit pension plan	(22.6)	(2.9)	(22.6)	(2.9)
Tax on defined benefit pension plan	5.6	0.7	5.6	0.7
	(17.0)	(2.2)	(17.0)	(39.0)
Items that may be reclassified subsequently to profit or loss:				
Foreign currency translation differences	(40.4)	10.7	(17.6)	(19.2)
Loss on cash flow hedge	-	0.1	0.2	(3.1)
	(40.4)	10.8	(17.4)	(22.3)
Total other comprehensive (loss)/income for the period	(57.4)	8.6	(34.4)	(61.3)
Total comprehensive income for the period	267.3	354.7	1,564.0	1,556.4

CONSOLIDATED BALANCE SHEET AT 30 APRIL 2024

	Audited 2024	2023
	$m	$m
Current assets		
Inventories	162.0	181.3
Trade and other receivables	1,850.2	1,659.2
Current tax asset	13.0	14.6
Cash and cash equivalents	20.8	29.9
	2,046.0	1,885.0
Non-current assets		
Property, plant and equipment		
- rental equipment	11,450.8	9,649.1
- other assets	1,797.7	1,392.0
	13,248.5	11,041.1
Right-of-use assets	2,425.6	2,206.0
Goodwill	3,211.5	2,865.5
Other intangible assets	485.9	523.4
Other non-current assets	189.3	145.2
Current tax asset	44.5	44.7
Net defined benefit pension plan asset	-	18.4
	19,605.3	16,844.3
Total assets	21,651.3	18,729.3
Current liabilities		
Trade and other payables	1,482.9	1,572.3
Current tax liability	10.1	12.4
Lease liabilities	273.8	233.2
Provisions	42.5	39.9
	1,809.3	1,857.8
Non-current liabilities		
Lease liabilities	2,406.8	2,161.1
Long-term borrowings	7,995.1	6,595.1
Provisions	75.4	67.9
Deferred tax liabilities	2,224.2	1,995.3
Other non-current liabilities	55.5	44.1
Net defined benefit pension plan liability	0.4	-
	12,757.4	10,863.5
Total liabilities	14,566.7	12,721.3
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	(818.7)	(740.9)
Own shares held by the ESOT	(43.5)	(38.8)
Cumulative foreign exchange translation differences	(263.5)	(245.9)
Retained reserves	8,102.0	6,925.3
Equity attributable to equity holders of the Company	7,084.6	6,008.0
Total liabilities and equity	21,651.3	18,729.3

The current tax asset balance shown in non-current assets has been reclassified from other non-current assets in comparative periods. Contingent consideration liabilities have been re-classified from current and non-current provisions to trade and other payables and other non-current liabilities in comparative periods.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 APRIL 2024

	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 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 equity instruments held at fair value	-	-	-	-	-	-	(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
Profit for the year	-	-	-	-	-	-	1,598.4	1,598.4
Other comprehensive income:								
Foreign currency translation differences	-	-	-	-	-	(17.6)	-	(17.6)
Loss on cash flow hedge	-	-	-	-	-	-	0.2	0.2
Remeasurement of the defined benefit pension plan	-	-	-	-	-	-	(22.6)	(22.6)
Tax on defined benefit pension scheme	-	-	-	-	-	-	5.6	5.6
Total comprehensive income for the year	-	-	-	-	-	(17.6)	1,581.6	1,564.0
Dividends paid	-	-	-	-	-	-	(436.6)	(436.6)
Own shares purchased by the ESOT	-	-	-	-	(29.9)	-	-	(29.9)
Own shares purchased by the Company	-	-	-	(77.8)	-	-	-	(77.8)
Share-based payments	-	-	-	-	25.2	-	22.3	47.5
Tax on share-based payments	-	-	-	-	-	-	9.4	9.4
At 30 April 2024	81.8	6.5	20.0	(818.7)	(43.5)	(263.5)	8,102.0	7,084.6

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 APRIL 2024

	Audited 2024 $m	Audited 2023 $m
Cash flows from operating activities		
Cash generated from operations before changes in rental equipment	4,541.0	4,073.6
Payments for rental property, plant and equipment	(3,759.2)	(3,019.6)
Proceeds from disposal of rental property, plant and equipment	831.7	573.6
Cash generated from operations	1,613.5	1,627.6
Financing costs paid	(513.1)	(340.2)
Tax paid	(245.8)	(287.3)
Net cash generated from operating activities	854.6	1,000.1
Cash flows from investing activities		
Acquisition of businesses	(875.6)	(1,083.2)
Disposal of businesses	1.9	-
Financial asset investments	(15.0)	(42.4)
Payments for non-rental property, plant and equipment	(685.6)	(510.0)
Proceeds from disposal of non-rental property, plant and equipment	47.5	41.4
Net cash used in investing activities	(1,526.8)	(1,594.2)
Cash flows from financing activities		
Drawdown of loans	3,616.3	3,355.0
Redemption of loans	(2,275.0)	(2,001.5)
Repayment of principal under lease liabilities	(133.7)	(109.5)
Dividends paid	(436.1)	(357.8)
Purchase of own shares by the ESOT	(29.9)	(12.5)
Purchase of own shares by the Company	(78.4)	(264.4)
Net cash generated from financing activities	663.2	609.3
(Decrease)/increase in cash and cash equivalents	(9.0)	15.2
Opening cash and cash equivalents	29.9	15.3
Effect of exchange rate differences	(0.1)	(0.6)
Closing cash and cash equivalents	20.8	29.9

Reconciliation of net cash flows to net debt

	2024 $m	2023 $m
Decrease/(increase) in cash and cash equivalents in the year	9.0	(15.2)
Increase in debt through cash flow	1,207.6	1,244.0
Change in net debt from cash flows	1,216.6	1,228.8
Exchange differences	(9.7)	(37.8)
Debt acquired	154.5	227.9
Deferred costs of debt raising	8.7	7.2
New lease liabilities	325.3	373.4
Increase in net debt in the year	1,695.4	1,799.5
Net debt at 1 May	8,959.5	7,160.0
Net debt at 30 April	10,654.9	8,959.5

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 2024, comprise the Company and its subsidiaries ('the Group') and are presented in US dollars.

The condensed consolidated financial statements for the year ended 30 April 2024 were approved by the directors on 17 June 2024.

This preliminary announcement of the results for the year ended 30 April 2024 contains information derived from the forthcoming 2023/24 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 2024 were approved by the directors on 17 June 2024 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 2024. 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.

The condensed consolidated financial statements for the year ended 30 April 2024 have been audited by the Group's auditors. The Group's auditors have not audited the fourth quarter results.

2. Basis of preparation

The financial statements for the year ended 30 April 2024 have been prepared in accordance with relevant UK-adopted International Accounting Standards ('IFRS'), including the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and the accounting policies set out in the Group's Annual Report & Accounts for the year ended 30 April 2023.

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

	Pound sterling		Canadian dollar	
	2024	2023	2024	2023
Average for the three months ended 30 April	1.26	1.22	0.74	0.74
Average for the year ended 30 April	1.26	1.20	0.74	0.75
At 30 April	1.25	1.26	0.73	0.74

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 2024 (unaudited)

	US $m	Canada $m	UK $m	Corporate items $m	Group $m
Revenue					
Rental revenue	1,983.3	141.8	188.4	-	2,313.5
Sale of new equipment, merchandise and consumables	59.4	8.3	23.4	-	91.1
Sale of used rental equipment	191.9	13.0	18.0	-	222.9
	2,234.6	163.1	229.8	-	2,627.5
Segment profit	551.7	23.7	20.9	(6.5)	589.8
Amortisation					(28.6)
Net financing costs					(144.2)
Profit before taxation					417.0
Taxation					(92.3)
Profit attributable to equity shareholders					324.7

Three months to 30 April 2023 (unaudited)

	US $m	Canada $m	UK $m	Corporate items $m	Group $m
Revenue					
Rental revenue	1,833.7	127.0	165.4	-	2,126.1
Sale of new equipment, merchandise and consumables	50.2	20.2	17.5	-	87.9
Sale of used rental equipment	199.2	14.0	16.5	-	229.7
	2,083.1	161.2	199.4	-	2,443.7
Segment profit	574.4	26.4	12.0	(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

Year to 30 April 2024 (audited)

	US $m	Canada $m	UK $m	Corporate items $m	Group $m
Revenue					
Rental revenue	8,320.8	567.0	742.4	-	9,630.2
Sale of new equipment, merchandise and consumables	244.5	45.4	79.8	-	369.7
Sale of used rental equipment	741.4	52.0	65.4	-	858.8
	9,306.7	664.4	887.6	-	10,858.7
Segment profit	2,632.9	102.1	72.8	(32.9)	2,774.9
Amortisation					(120.9)
Net financing costs					(544.5)
Profit before taxation					2,109.5
Taxation					(511.1)
Profit attributable to equity shareholders					1,598.4

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. Segmental analysis (continued)

Year to 30 April 2023 (audited)

	US	Canada	UK	Corporate items	Group
	$m	$m	$m	$m	$m
Revenue					
Rental revenue	7,502.6	523.8	671.8	-	8,698.2
Sale of new equipment, merchandise and consumables	186.1	66.2	89.4	-	341.7
Sale of used rental equipment	533.7	32.1	61.6	-	627.4
	8,222.4	622.1	822.8	-	9,667.3
Segment profit	2,464.7	125.9	78.1	(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

	US	Canada	UK	Corporate items	Group
	$m	$m	$m	$m	$m
At 30 April 2024 (audited)					
Segment assets	18,148.4	1,901.0	1,517.1	6.5	21,573.0
Cash					20.8
Taxation assets					57.5
Total assets					21,651.3
At 30 April 2023 (audited)					
Segment assets	15,637.5	1,567.3	1,427.8	7.5	18,640.1
Cash					29.9
Taxation assets					59.3
Total assets					18,729.3

Taxation assets in the comparative period have been represented to include non-current taxation assets. Previously this amount was shown in corporate items.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. Operating costs and other income

	2024 Before amortisation $m	2024 Amortisation $m	2024 Total $m	2023 Before amortisation $m	2023 Amortisation $m	2023 Total $m
Three months to 30 April (unaudited)						
Staff costs:						
Salaries	545.9	-	545.9	523.6	-	523.6
Social security costs	44.5	-	44.5	41.7	-	41.7
Other pension costs	12.2	-	12.2	10.7	-	10.7
	602.6	-	602.6	576.0	-	576.0
Other operating costs:						
Vehicle costs	159.4	-	159.4	145.2	-	145.2
Spares, consumables & external repairs	133.0	-	133.0	125.1	-	125.1
Facility costs	30.3	-	30.3	32.4	-	32.4
Other external charges	395.7	-	395.7	338.4	-	338.4
	718.4	-	718.4	641.1	-	641.1
Used rental equipment sold	165.4	-	165.4	153.1	-	153.1
Depreciation and amortisation:						
Depreciation of tangible assets	498.9	-	498.9	422.9	-	422.9
Depreciation of right-of-use assets	52.4	-	52.4	45.7	-	45.7
Amortisation of intangibles	-	28.6	28.6	-	30.3	30.3
	551.3	28.6	579.9	468.6	30.3	498.9
	2,037.7	28.6	2,066.3	1,838.8	30.3	1,869.1

	2024 Before amortisation $m	2024 Amortisation $m	2024 Total $m	2023 Before amortisation $m	2023 Amortisation $m	2023 Total $m
Year to 30 April (audited)						
Staff costs:						
Salaries	2,265.1	-	2,265.1	2,026.0	-	2,026.0
Social security costs	172.3	-	172.3	155.9	-	155.9
Other pension costs	47.7	-	47.7	40.2	-	40.2
	2,485.1	-	2,485.1	2,222.1	-	2,222.1
Other operating costs:						
Vehicle costs	658.0	-	658.0	620.3	-	620.3
Spares, consumables & external repairs	547.8	-	547.8	488.8	-	488.8
Facility costs	115.7	-	115.7	112.3	-	112.3
Other external charges	1,523.7	-	1,523.7	1,369.7	-	1,369.7
	2,845.2	-	2,845.2	2,591.1	-	2,591.1
Used rental equipment sold	635.8	-	635.8	442.3	-	442.3
Depreciation and amortisation:						
Depreciation of tangible assets	1,913.6	-	1,913.6	1,600.5	-	1,600.5
Depreciation of right-of-use assets	204.1	-	204.1	171.6	-	171.6
Amortisation of intangibles	-	120.9	120.9	-	117.7	117.7
	2,117.7	120.9	2,238.6	1,772.1	117.7	1,889.8
	8,083.8	120.9	8,204.7	7,027.6	117.7	7,145.3

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

5. Amortisation

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

	Unaudited Three months to 30 April		Audited Year to 30 April	
	2024	2023	2024	2023
	$m	$m	$m	$m
Amortisation of intangibles	28.6	30.3	120.9	117.7
Taxation	(7.1)	(7.6)	(30.2)	(29.6)
	21.5	22.7	90.7	88.1

6. Net financing costs

	Unaudited Three months to 30 April		Audited Year to 30 April	
	2024	2023	2024	2023
	$m	$m	$m	$m
Interest income:				
Net income on the defined benefit pension plan asset	0.2	0.4	0.9	0.6
Other interest	-	0.4	0.9	2.0
	0.2	0.8	1.8	2.6
Interest expense:				
Bank interest payable	38.0	33.5	175.1	116.7
Interest payable on senior notes	69.8	46.4	232.3	142.8
Interest payable on lease liabilities	33.7	27.7	128.0	100.9
Non-cash unwind of discount on liabilities	0.6	0.3	2.2	1.2
Amortisation of deferred debt raising costs	2.3	1.9	8.7	7.2
	144.4	109.8	546.3	368.8

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

7. Taxation

The tax charge for the year has been computed using the tax rates in force for the year ending 30 April 2024 of 25% in the US (2023: 25%), 25% in Canada (2023: 26%) and 25% in the UK (2023: 19%). This results in a blended effective rate for the Group as a whole of 25% (2023: 25%) for the year before adjustments to prior period state taxes and 24% (2023: 25%) after these adjustments.

The tax charge of $541m (2023: $568m) on the adjusted profit before taxation of $2,230m (2023: $2,273m) can be explained as follows:

	Year to 30 April 2024 $m	2023 $m
Current tax		
- current tax on income for the period	307.8	295.4
- adjustments to prior year	(3.8)	(7.6)
	304.0	287.8
Deferred tax		
- origination and reversal of temporary differences	253.3	278.1
- adjustments to prior year	(16.0)	1.8
	237.3	279.9
Tax on adjusted profit	541.3	567.7
Comprising:		
- US	526.1	521.5
- Canada	9.9	19.4
- UK	5.3	26.8
	541.3	567.7

In addition, the tax credit of $30m (2023: $30m) on amortisation of $121m (2023: $118m) consists of a current tax credit of $13m (2023: $12m) relating to the US, $0.3m (2023: $1m) relating to Canada and $nil (2023: $0.3m) relating to the UK and a deferred tax credit of $9m (2023: $10m) relating to the US, $6m (2023: $5m) relating to Canada and $2m (2023: $1m) relating to the UK.

On 20 June 2023, Finance (No.2) Act 2023 was substantively enacted in the UK, introducing a global minimum effective tax rate of 15%. The legislation implements a domestic top-up tax and a multinational top-up tax, effective for accounting periods starting on or after 31 December 2023. Accordingly, the first accounting period to which these rules will apply to the Group will be the year ending 30 April 2025 and hence, the Group is applying the exception under the IAS 12 amendment to recognising and disclosing information about deferred tax assets and liabilities related to top-up income taxes for the year ending 30 April 2024. We do not expect that the 15% global minimum tax rate will affect materially the amount of tax the Group pays, as corporation tax rates in the principal jurisdictions in which the Group operates exceed 15%.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

8. Earnings per share

Basic and diluted earnings per share for the three and twelve months ended 30 April 2024 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	
	2024	2023	2024	2023
Profit for the financial period ($m)	324.7	346.1	1,598.4	1,617.7
Weighted average number of shares (m) - basic	436.6	437.7	437.0	439.1
- diluted	439.0	440.5	439.5	441.9
Basic earnings per share	74.4¢	79.1¢	365.8¢	368.4¢
Diluted earnings per share	73.9¢	78.7¢	363.7¢	366.1¢

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	
	2024	2023	2024	2023
Basic earnings per share	74.4¢	79.1¢	365.8¢	368.4¢
Amortisation of intangibles	6.5¢	6.9¢	27.6¢	26.8¢
Tax on amortisation	(1.6¢)	(1.7¢)	(6.9¢)	(6.7¢)
Adjusted earnings per share	79.3¢	84.3¢	386.5¢	388.5¢

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

9. Dividends

During the year, a final dividend in respect of the year ended 30 April 2023 of 85.0¢ (2023: 67.50¢) per share was paid to shareholders resulting in a cash outflow of $368m (2023: $293m). The interim dividend in respect of the year ending 30 April 2024 of 15.75¢ (2023: 15.0¢) per share announced on 5 December 2023 was paid on 8 February 2024 to shareholders and cost $68m (2023: $65m).

In addition, the directors are proposing a final dividend in respect of the year ended 30 April 2024 of 89.25¢ (2023: 85.0¢) per share which will absorb $390m of shareholders' funds, based on the 436m shares qualifying for dividend on 17 June 2024. Subject to approval by shareholders, it will be paid on 10 September 2024 to shareholders who are on the register of members on 9 August 2024.

10. Property, plant and equipment

	2024		2023	
Net book value	Rental equipment $m	Total $m	Rental equipment $m	Total $m
At 1 May	9,649.1	11,041.1	7,814.3	8,892.6
Exchange differences	(13.4)	(16.0)	(25.9)	(30.7)
Reclassifications	1.1	-	(1.7)	-
Additions	3,624.0	4,310.7	3,262.1	3,772.1
Acquisitions	440.8	466.9	410.8	456.1
Disposals	(610.0)	(640.6)	(426.5)	(448.5)
Depreciation	(1,640.8)	(1,913.6)	(1,384.0)	(1,600.5)
At 30 April	11,450.8	13,248.5	9,649.1	11,041.1

11. Right-of-use assets

	2024			2023		
Net book value	Property leases $m	Other leases $m	Total $m	Property leases $m	Other leases $m	Total $m
At 1 May	2,184.8	21.2	2,206.0	1,849.1	15.7	1,864.8
Exchange differences	(4.1)	(0.1)	(4.2)	(14.0)	-	(14.0)
Additions	294.6	21.8	316.4	324.5	10.4	334.9
Acquisitions	99.2	-	99.2	151.5	-	151.5
Remeasurement	71.8	-	71.8	53.4	-	53.4
Disposals	(58.5)	(1.0)	(59.5)	(11.9)	(1.1)	(13.0)
Depreciation	(197.3)	(6.8)	(204.1)	(167.8)	(3.8)	(171.6)
At 30 April	2,390.5	35.1	2,425.6	2,184.8	21.2	2,206.0

Included within depreciation is an impairment charge of $6m (2023: $nil).

12. Lease liabilities

	30 April 2024 $m	30 April 2023 $m
Current	273.8	233.2
Non-current	2,406.8	2,161.1
	2,680.6	2,394.3

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

13. Borrowings

	30 April 2024 $m	30 April 2023 $m
Non-current		
First priority senior secured bank debt	1,848.0	2,038.4
1.500% senior notes, due August 2026	547.8	546.8
4.375% senior notes, due August 2027	596.6	595.6
4.000% senior notes, due May 2028	596.0	595.1
4.250% senior notes, due November 2029	595.3	594.6
2.450% senior notes, due August 2031	744.6	743.9
5.500% senior notes, due August 2032	738.8	737.8
5.550% senior notes, due May 2033	743.4	742.9
5.950% senior notes, due October 2033	744.1	-
5.800% senior notes, due April 2034	840.5	-
	7,995.1	6,595.1

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 and is committed until August 2026. 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 and a weighted average interest cost (including non-cash amortisation of deferred debt raising costs) of 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. At 30 April 2024, availability under the senior secured bank facility was $2,771m ($2,573m at 30 April 2023), with an additional $6,740m of suppressed availability, meaning that the covenant did not apply at 30 April 2024 and is unlikely to apply in forthcoming quarters.

Fair value of financial instruments

Financial assets and liabilities are measured in accordance with the fair value hierarchy and assessed as Level 1, 2 or 3 based on the following criteria:

- Level 1: fair value measurement based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: fair value measurements derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: fair value measurements derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

Fair value of derivative financial instruments

At 30 April 2024, the Group had no derivative financial instruments. The embedded prepayment options included within the senior notes are either closely related to the host debt contract or immaterial and hence, are not accounted for separately. These loan notes are carried at amortised cost.

13. Borrowings (continued)

Fair value of non-derivative financial assets and liabilities

The table below provides a comparison, by category of the carrying amounts and the fair values of the Group's non-derivative financial assets and liabilities.

		At 30 April 2024		At 30 April 2023	
		Book value $m	Fair value $m	Book value $m	Fair value $m
Long-term borrowings					
- first priority senior secured bank debt	Level 1	1,848.0	1,848.0	2,038.4	2,038.4
- 1.500% senior notes	Level 1	550.0	498.1	550.0	486.1
- 4.375% senior notes	Level 1	600.0	571.5	600.0	573.0
- 4.000% senior notes	Level 1	600.0	559.9	600.0	560.3
- 4.250% senior notes	Level 1	600.0	549.9	600.0	556.5
- 2.450% senior notes	Level 1	750.0	596.5	750.0	595.3
- 5.500% senior notes	Level 1	750.0	719.9	750.0	741.6
- 5.550% senior notes	Level 1	750.0	719.2	750.0	744.4
- 5.950% senior notes	Level 1	750.0	739.7	-	-
- 5.800% senior notes	Level 1	850.0	828.3	-	-
Total long-term borrowings		8,048.0	7,631.0	6,638.4	6,295.6
Discount on issue of debt		(14.0)	-	(11.3)	-
Deferred costs of raising finance		(38.9)	-	(32.0)	-
		7,995.1	7,631.0	6,595.1	6,295.6
Other financial instruments[1]					
Contingent consideration	Level 3	31.4	31.4	46.7	46.7
Financial asset investments	Level 3	57.0	57.0	41.3	41.3
Cash and cash equivalents	Level 1	20.8	20.8	29.9	29.9

[1] The Group's trade and other receivables and trade and other payables, excluding contingent consideration, are not shown in the table above. The carrying amounts of these financial assets and liabilities approximate their fair values.

Contingent consideration is a Level 3 financial liability. Future anticipated payments to vendors in respect of contingent consideration are initially recorded at fair value which is the present value of the expected cash outflows of the obligations. The obligations are dependent upon the future financial performance of the businesses acquired. The fair value is estimated based on internal financial projections prepared in relation to the acquisition with the contingent consideration discounted to present value using a discount rate in line with the Group's cost of debt. The movement since 30 April 2023 can be attributed to $30m of payments in the period (see Note 15), $1m released and $1m of exchange differences offset by $15m of additions through business acquisitions (see Note 16) and $1m of discount unwind.

Financial asset investments are measured at fair value and are Level 3 financial assets. These assets are measured at fair value through other comprehensive income. Their fair values are estimated based on the latest transaction price and any subsequent investment-specific adjustments. The movement since 30 April 2023 reflects additions of $15m and interest of $1m.

14. Share capital

Ordinary shares of 10p each:

	30 April 2024 Number	30 April 2023 Number	30 April 2024 $m	30 April 2023 $m
Issued and fully paid	451,354,833	451,354,833	81.8	81.8

During the year, the Company purchased 1.2m ordinary shares at a total cost of $78m (£62m) under the Group's share buyback programme, which are held in treasury. At 30 April 2024, 14.1m (April 2023: 12.9m) shares were held by the Company ($819m; April 2023: $741m) and a further 0.9m (April 2023: 1.0m) shares were held by the Company's Employee Share Ownership Trust ($43m; April 2023: $39m).

15. Notes to the cash flow statement

a) Cash flow from operating activities

	Year to 30 April 2024 $m	2023 $m
Operating profit	2,654.0	2,522.0
Depreciation	2,117.7	1,772.1
Amortisation	120.9	117.7
EBITDA	4,892.6	4,411.8
Profit on disposal of rental equipment	(223.0)	(185.1)
Profit on disposal of other property, plant and equipment	(22.0)	(19.0)
Decrease/(increase) in inventories	21.2	(4.7)
Increase in trade and other receivables	(177.1)	(209.6)
Increase in trade and other payables	2.5	34.2
Exchange differences	(0.7)	1.2
Other non-cash movement	47.5	44.8
Cash generated from operations before changes in rental equipment	4,541.0	4,073.6

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.

			Non-cash movements				
	1 May 2023 $m	Cash flow $m	Exchange movement $m	Debt acquired $m	New lease liabilities $m	Other movements $m	30 April 2024 $m
Long-term borrowings	6,595.1	1,341.3	(5.3)	55.3	-	8.7	7,995.1
Lease liabilities	2,394.3	(133.7)	(4.5)	99.2	325.3	-	2,680.6
Total liabilities from financing activities	8,989.4	1,207.6	(9.8)	154.5	325.3	8.7	10,675.7
Cash and cash equivalents	(29.9)	9.0	0.1	-	-	-	(20.8)
Net debt	8,959.5	1,216.6	(9.7)	154.5	325.3	8.7	10,654.9

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

15. Notes to the cash flow statement (continued)

	1 May 2022	Cash flow	Non-cash movements: Exchange movement	Debt acquired	New lease liabilities	Other movements	30 April 2023
	$m	$m	$m	$m	$m	$m	$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

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

	2024	2023
	$m	$m
Cash consideration paid:		
- acquisitions in the year	845.6	1,061.3
- contingent consideration	30.0	21.9
	875.6	1,083.2

During the year, 26 businesses were acquired with cash paid of $846m (2023: $1,061m), after taking account of net cash acquired of $6m (2023: $32m). Further details are provided in Note 16.

Contingent consideration of $30m (2023: $22m) was paid relating to prior year acquisitions.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

16. Acquisitions

The Group undertakes bolt-on acquisitions to complement its organic growth strategy. During the year, the following acquisitions were completed:

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, Ontario, Alberta and British Columbia.

v) On 14 June 2023, Sunbelt US acquired the business and assets of American Covers Incorporated ('American Covers'). American Covers is a specialty business operating in Louisiana.

vi) On 16 June 2023, Sunbelt US acquired the business and assets of AGF Machinery, LLC ('AGF'). AGF is a general tool business operating in Alabama.

vii) On 23 June 2023, Sunbelt US acquired the business and assets of Miele Central Equipment, LLC ('CEC'). CEC is a general tool business operating in Pennsylvania.

viii) On 28 June 2023, Sunbelt US acquired the business and assets of J & J Equipment Rentals, Inc. ('J&J'). J&J is a general tool business operating in Virginia.

ix) On 31 July 2023, Sunbelt US acquired the entire membership interest of Runyon Equipment Rental Co., LLC ('Runyon'). Runyon is a general tool business operating in Indiana.

x) On 9 August 2023, Sunbelt US acquired the business and assets of A-One Rental, Inc. and Holmes A-One Inc. (together 'A-One'). A-One is a general tool business operating in Wyoming.

xi) On 25 August 2023, Sunbelt US acquired the business and assets of Caribbean Rentals & Sales Ltd and International Rental Services, Inc. (together 'CRS'). CRS is a general tool business operating in the Bahamas.

xii) On 30 August 2023, Sunbelt US acquired the business and assets of Timp Rental Center, Inc. ('Timp'). Timp is a general tool business operating in Utah.

xiii) On 30 August 2023, Sunbelt Canada acquired the business and assets of 688768 NB Inc., trading as Modu-Loc Maritimes Fence Rentals ('Modu-Loc Maritimes'). Modu-Loc Maritimes is a specialty business operating in Nova Scotia and New Brunswick.

xiv) On 15 September 2023, Sunbelt US acquired the business and assets of 2-C Equipment, L.L.C. ('2C'). 2C is a general tool business operating in Texas.

xv) On 22 September 2023, Sunbelt US acquired the business and assets of Casale Rent-All, LLC ('Casale'). Casale is a general tool business operating in New York.

xvi) On 25 October 2023, Sunbelt Canada acquired the business and assets of Able Rental & Supply (Sudbury), Inc. ('Able'). Able is a general tool business operating in Ontario.

16. Acquisitions (continued)

xvii) On 3 November 2023, Sunbelt US acquired the business and assets of EFFEM Corporation, trading as A to Z Equipment Rentals & Sales ('A to Z'). A to Z is a general tool business operating in Arizona.

xviii) On 3 November 2023, Sunbelt UK acquired the entire share capital of Acorn Film & Video Ltd ('Acorn'). Acorn is a specialty business.

xix) On 8 November 2023, Sunbelt US acquired the business and assets of Farmers Rental & Power Equipment, Inc. ('Farmers'). Farmers is a general tool business operating in North Carolina.

xx) On 14 November 2023, Sunbelt US acquired the business and assets of Southwest Ohio Temporary Heat, LLC, trading as Temporary Heating Solutions Cincinnati ('THS'). THS is a specialty business operating in Ohio.

xxi) On 1 December 2023, Sunbelt Canada acquired the entire share capital of Nor-Val Rentals, Ltd. ('Nor-Val'). Nor-Val is a general tool business operating in British Columbia.

xxii) On 13 December 2023, Sunbelt US acquired the business and assets of Freedom Scaffold, LLC ('Freedom'). Freedom is a specialty business operating in Oklahoma.

xxiii) On 10 January 2024, Sunbelt US acquired the business and assets of Falcon Shoring Company, LLC ('Falcon'). Falcon is a specialty business operating in Oregon.

xxiv) On 17 January 2024, Sunbelt US acquired the business and assets of Root Rents, Inc. ('Root Rents'). Root Rents is a general tool business operating in Idaho.

xxv) On 19 January 2024, Sunbelt US acquired the business and assets of ABC Equipment Rental, Inc. ('ABC'). ABC is a general tool business operating in Maryland.

xxvi) On 31 January 2024, Sunbelt US acquired the business and assets of Bosk Equipment Rental Inc. ('Bosk'). Bosk is a general tool business operating in Michigan.

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	44.4
Inventory	2.3
Property, plant and equipment	
- rental equipment	440.8
- other assets	26.1
Right-of-use assets	99.2
Creditors	(12.4)
Current tax	(0.1)
Deferred tax	(20.2)
Debt	(55.3)
Lease liabilities	(99.2)
Intangible assets (non-compete agreements and customer relationships)	86.2
	511.8
Consideration:	
- cash paid and due to be paid (net of cash acquired)	849.7
- contingent consideration	15.5
	865.2
Goodwill	353.4

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. $232m of the goodwill is expected to be deductible for income tax purposes.

Contingent consideration is the fair value of consideration that is payable based on the post-acquisition performance of certain acquired businesses.

The gross value and the fair value of trade receivables at acquisition was $44m.

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 2023 to their date of acquisition was not material.

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 has been stayed while the appeals put forward by the UK Government and ITV plc proceed.

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 EU Court of Justice held a hearing on the case in January 2024 and the Advocate-General's opinion was published in April 2024, proposing that the EU Court of Justice set aside the judgement of the General Court and annul the decision made by the European Commission that the Group Financing Exemption in the UK CFC legislation constituted state aid. The Group will continue to monitor proceedings closely.

Despite the UK Government appealing the European Commission's decision, His 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. 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 2024 ($45m at April 2024 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.

The £36m ($45m at April 2024 exchange rates) paid has been recognised separately as a non-current asset on the balance sheet.

18. Events after the balance sheet date

On 21 May 2024, Sunbelt US acquired the business and assets of RentalMax, LLC ('RentalMax'). RentalMax is a general tool business operating in Illinois.

The initial accounting for this acquisition is incomplete given the proximity to the year end. Had this acquisition taken place on 1 May 2023, its 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]	
	2024	2023	2024	2023	2024	2023
Canada in C$m	221.2	218.2	91.0	82.5	32.1	35.9
UK in £m	182.3	163.1	52.7	42.2	16.6	9.7
US	2,234.6	2,083.1	1,013.8	968.5	551.7	574.4
Canada in $m	163.1	161.2	67.1	60.8	23.7	26.4
UK in $m	229.8	199.4	66.4	51.8	20.9	12.0
Group central costs	-	-	(6.2)	(7.6)	(6.5)	(7.9)
	2,627.5	2,443.7	1,141.1	1,073.5	589.8	604.9
Financing costs					(144.2)	(109.0)
Adjusted profit before tax					**445.6**	**495.9**
Amortisation					(28.6)	(30.3)
Profit before taxation					417.0	465.6
Margins as reported						
US			*45.4%*	*46.5%*	*24.7%*	*27.6%*
Canada			*41.1%*	*37.8%*	*14.5%*	*16.5%*
UK			*28.9%*	*25.9%*	*9.1%*	*5.9%*
Group			*43.4%*	*43.9%*	*22.4%*	*24.8%*

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

Group revenue for the quarter increased 8% (7% at constant currency) to $2,628m (2023: $2,444m). Adjusted profit before tax for the quarter decreased to $446m (2023: $496m), due to principally the fourth quarter additional receivables provision, a higher depreciation charge relative to revenue growth and an increased interest expense of $144m (2023: $109m).

US rental only revenue in the quarter was $1,564m (2023: $1,437m), 9% higher than a year ago. In the quarter, our General Tool business grew 7%, while our Specialty businesses grew 15%. Total revenue was $2,235m (2023: £2,083m).

Canada's rental only revenue increased 13% to C$148m (2023: C$132m), while total revenue was C$221m (2023: C$218m). Performance has been affected by the Writers Guild of America and the Screen Actors Guild strikes. These were settled in early December and activity levels in the Film & TV business recovered progressively through the fourth quarter.

The UK generated rental only revenue in the quarter of £116m (2023: £108m), 8% higher than the prior year. Total revenue increased 12% to £182m (2023: £163m) reflecting a higher level of ancillary and sales revenue.

Group adjusted operating profit decreased 3% to $590m (2023: $605m). After financing costs of $144m (2023: $109m), Group adjusted profit before tax was $446m (2023: $496m). After amortisation of $29m (2023: $30m), statutory profit before taxation was $417m (2023: $466m).

Balance sheet

Property, plant and equipment

Capital expenditure in the year totalled $4,311m (2023: $3,772m) with $3,624m invested in the rental fleet (2023: $3,262m). Expenditure on rental equipment was 84% of total capital expenditure with the balance relating to the delivery vehicle fleet, property improvements and IT equipment. Capital expenditure by division was:

	2024			2023
	Replacement	Growth	Total	Total
Canada in C$m	160.5	157.1	317.6	254.2
UK in £m	129.8	44.1	173.9	161.0
US	1,935.2	1,234.9	3,170.1	2,877.5
Canada in $m	118.9	116.4	235.3	191.2
UK in $m	163.2	55.4	218.6	193.4
Total rental equipment	2,217.3	1,406.7	3,624.0	3,262.1
Delivery vehicles, property improvements & IT equipment			686.7	510.0
Total additions			4,310.7	3,772.1

In a strong US rental market, $1,235m of rental equipment capital expenditure was spent on growth while $1,935m 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. In a period of inflation, this understates replacement capital expenditure and overstates growth capital expenditure. Life cycle inflation is c. 20%.

The average age of the Group's serialised rental equipment, which constitutes the substantial majority of our fleet, at 30 April 2024 was 45 months (2023: 50 months) on an original cost basis. The US fleet had an average age of 44 months (2023: 49 months), the Canadian fleet had an average age of 52 months (2023: 55 months) and the UK fleet had an average age of 50 months (2023: 52 months).

	Rental fleet at original cost			LTM rental	LTM dollar
	30 April 2024	30 April 2023	LTM average	revenue	utilisation
Canada in C$m	1,751	1,438	1,631	765	47%
UK in £m	1,130	1,081	1,122	590	53%
US	15,057	13,407	14,453	8,321	58%
Canada in $m	1,274	1,061	1,209	567	47%
UK in $m	1,414	1,358	1,411	742	53%
	17,745	15,826	17,073	9,630	

Dollar utilisation was 58% in the US (2023: 61%), 47% for Canada (2023: 55%) and 53% for the UK (2023: 53%). The decrease in US dollar utilisation is due to principally lower physical utilisation while Canadian dollar utilisation reflects both lower physical utilisation and the drag of the Film & TV business.

Trade receivables

Receivable days at 30 April 2024 were 50 days (2023: 48 days). The bad debt charge for the last twelve months ended 30 April 2024 as a percentage of total turnover was 0.8% (2023: 0.5%). Trade receivables at 30 April 2024 of $1,528m (2023: $1,385m) are stated net of allowances for bad debts and credit notes of $141m (2023: $107m), with the provision representing 8% (2023: 7%) of gross receivables.

Trade and other payables

Group payable days were 60 days at 30 April 2024 (2023: 43 days) with capital expenditure related payables totalling $512m (2023: $606m). 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 2024 $m	2023 $m
EBITDA	4,892.6	4,411.8
Cash inflow from operations before changes in rental equipment	4,541.0	4,073.6
*Cash conversion ratio**	*92.8%*	*92.3%*
Replacement rental capital expenditure	(2,121.0)	(1,380.8)
Payments for non-rental capital expenditure	(685.6)	(510.0)
Rental equipment disposal proceeds	831.7	573.6
Other property, plant and equipment disposal proceeds	47.5	41.4
Tax paid	(245.8)	(287.3)
Financing costs	(513.1)	(340.2)
Cash inflow before growth capex	**1,854.7**	**2,170.3**
Growth rental capital expenditure	(1,638.2)	(1,638.8)
Free cash flow	**216.5**	**531.5**
Business acquisitions	(875.6)	(1,083.2)
Business disposals	1.9	-
Financial asset investments	(15.0)	(42.4)
Total cash absorbed	**(672.2)**	**(594.1)**
Dividends	(436.1)	(357.8)
Purchase of own shares by the ESOT	(29.9)	(12.5)
Purchase of own shares by the Company	(78.4)	(264.4)
Increase in net debt due to cash flow	**(1,216.6)**	**(1,228.8)**

* 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 $4,541m (2023: $4,074m). The conversion ratio for the year was 93% (2023: 92%).

Total payments for capital expenditure (rental equipment and other PPE) during the year were $4,445m (2023: $3,530m). Disposal proceeds received totalled $879m (2023: $615m), giving net payments for capital expenditure of $3,566m in the year (2023: $2,915m). Financing costs paid totalled $513m (2023: $340m) while tax payments were $246m (2023: $287m). 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.

Accordingly, the Group generated free cash flow of $216m (2023: $531m) and, after acquisition and investment related expenditure, net of disposal proceeds, of $889m (2023: $1,126m), a cash outflow of $672m (2023: $594m), before returns to shareholders.

Net debt

	2024 $m	2023 $m
First priority senior secured bank debt	1,848.0	2,038.4
1.500% senior notes, due 2026	547.8	546.8
4.375% senior notes, due 2027	596.6	595.6
4.000% senior notes, due 2028	596.0	595.1
4.250% senior notes, due 2029	595.3	594.6
2.450% senior notes, due 2031	744.6	743.9
5.500% senior notes, due 2032	738.8	737.8
5.550% senior notes, due 2033	743.4	742.9
5.950% senior notes, due 2033	744.1	-
5.800% senior notes, due 2034	840.5	-
Total external borrowings	7,995.1	6,595.1
Lease liabilities	2,680.6	2,394.3
Total gross debt	10,675.7	8,989.4
Cash and cash equivalents	(20.8)	(29.9)
Total net debt	10,654.9	8,959.5

Net debt at 30 April 2024 was $10,655m with the increase since 30 April 2023 reflecting the 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 2024 was $4,893m. Excluding the impact of IFRS 16, the ratio of net debt to EBITDA was 1.7 times (2023: 1.6 times) on a constant currency and a reported basis as at 30 April 2024. Including the impact of IFRS 16, the ratio of net debt to EBITDA was 2.2 times (2023: 2.0 times) as at 30 April 2024.

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 77% of the drawn debt at a fixed rate as at 30 April 2024, 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, CDOR for Canadian dollar loans and SONIA for sterling loans. Subsequent to 30 April 2024, the Group has amended its ABL agreement to replace CDOR with CORRA in line with the replacement of CDOR in the market. At 30 April 2024, 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 2024, 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 2024, based upon the amount of variable rate debt outstanding, the Group's pre-tax profits would change by approximately $19m for each one percentage point change in interest rates applicable to the variable rate debt and, after tax effects, equity would change by approximately $14m.

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 Canadian dollars and sterling make up 25% of our net assets. Fluctuations in the value of Canadian dollars and pounds sterling 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 2024, 88% of its debt (including lease liabilities) was denominated in US dollars.

The Group's exposure to exchange rate movements on trading transactions is 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 Canadian and US dollar debt levels, interest and exchange rates at 30 April 2024, a 1% change in the US dollar to sterling and Canadian dollar exchange rates would impact adjusted pre-tax profit by $0.5m.

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 900,000 during the financial year. 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.

Liquidity risk

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 2024, availability under the $4.5 billion facility was $2,771m ($2,573m at 30 April 2023), 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.

Economic conditions

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 industry is cyclical and typically lags the general economic cycle by between 12 and 24 months.

The economic uncertainties resulting from the impact of pandemics 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 be well positioned to benefit from supportive end markets. 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 due to the level of interest rates. At all times, we remain cognisant of market dynamics and uncertainties to ensure that we take actions to ensure the Group is positioned to take advantage of opportunities.

Competition

Potential impact
The already competitive market could become even more competitive and we could suffer increased competition from large national competitors or smaller regional 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 markets continue to be competitive but the big continue to get bigger. We have a 11% market share in the US, a 9% market share in Canada and a 10% market share in the UK.

<u>Cyber security</u>

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
The Group remains vigilant with regards to cyber security, with a significant and ongoing investment in resource and tooling to maintain and where appropriate, enhance our posture. 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.

<u>Health and safety</u>

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

Health and safety remains a key focus area for the Group and an area of continuous improvement in order to consider what actions can be implemented to further reduce the risks within our business.

In terms of reportable incidents, the TRIR was 0.76 (2023: 0.97) in the US and 0.78 (2023: 0.89) in Canada. The RIDDOR reportable rate was 0.19 (2023: 0.25) in the UK.

<u>People and culture</u>

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 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 strategy 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

Recruiting, retention and training continue to be key priorities for the business.

Our compensation and incentive programmes have continued to evolve to reflect market conditions, the economic environment and the results of our employee engagement surveys.

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

Environmental

Potential impact
As part of Sunbelt 4.0, the Group has made a long-term commitment to reduce its Scope 1 and 2 carbon intensity by 50% by 2034, compared to a baseline of 2024, on a journey to Net Zero by 2050. Failure to achieve these goals could adversely impact the Group and its stakeholders.

In terms of the Group's assessment of the broader environmental impacts of our activities, we also consider the upstream and downstream impacts of our operations and note that a significant part of our Scope 3 emissions arises from our rental fleet, which today is reliant on diesel engines. Over time, 'greener' 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 wastewater, 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 work of the Health, Safety and Environmental departments, and the Sustainability and operational audit teams, continue to assess environmental compliance.

In 2023/24 our Scope 1 and 2 carbon emission intensity ratio reduced to 37.4 (2023: 38.4).

We quantified our Scope 3 emissions for the first time during the year, 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
Breaches of laws or regulations governing the Group's activities could result in criminal prosecution, substantial claims and loss of reputation.

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 4,929 people in the US, 513 people in Canada and 944 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	
	2024	2023	2024	2023
US	1,186	1,094	19,245	18,981
Canada	135	119	2,306	2,094
UK	190	185	4,384	4,250
Corporate office	-	-	23	22
Group	1,511	1,398	25,958	25,347

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>2024
$m</th><th>2023
$m</th><th>Change</th></tr>
<tr><td>US</td><td></td><td></td><td></td></tr>
<tr><td>Rental revenue</td><td>8,321</td><td>7,503</td><td>818</td></tr>
<tr><td>EBITDA</td><td>4,405</td><td>3,955</td><td></td></tr>
<tr><td>Gains</td><td>(284)</td><td>(235)</td><td></td></tr>
<tr><td>EBITDA excluding gains</td><td>4,121</td><td>3,720</td><td>401</td></tr>
<tr><td>Drop through</td><td></td><td></td><td>49%</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 year.
</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>2024
$m</th><th>2023
$m</th></tr>
<tr><td>Net cash generated from operating activities</td><td>855</td><td>1,000</td></tr>
<tr><td>Payments for non-rental property, plant and equipment</td><td>(686)</td><td>(510)</td></tr>
<tr><td>Proceeds from disposal of non-rental property, plant and equipment</td><td>47</td><td>41</td></tr>
<tr><td>Free cash flow</td><td>216</td><td>531</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>2024
$m</th><th>2023
$m</th><th>%</th></tr>
<tr><td>Rental revenue</td><td></td><td></td><td></td></tr>
<tr><td>As reported</td><td>9,630</td><td>8,698</td><td>11%</td></tr>
<tr><td>Retranslation effect</td><td>-</td><td>24</td><td></td></tr>
<tr><td>At constant currency</td><td>9,630</td><td>8,722</td><td>10%</td></tr>
<tr><td>Adjusted profit before tax</td><td></td><td></td><td></td></tr>
<tr><td>As reported</td><td>2,230</td><td>2,273</td><td>-2%</td></tr>
<tr><td>Retranslation effect</td><td>-</td><td>-</td><td></td></tr>
<tr><td>At constant currency</td><td>2,230</td><td>2,273</td><td>- 2%</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>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 last 12-month (‘LTM’) EBITDA.

<table>
<tr><th></th><th>2024</th><th></th><th>2023</th><th></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 ($m)</td><td></td><td></td><td></td><td></td></tr>
<tr><td>As reported and at constant currency</td><td>8,014</td><td>10,655</td><td>6,588</td><td>8,960</td></tr>
<tr><td>EBITDA ($m)</td><td></td><td></td><td></td><td></td></tr>
<tr><td>As reported</td><td>4,637</td><td>4,893</td><td>4,203</td><td>4,412</td></tr>
<tr><td>Retranslation effect</td><td>(5)</td><td>(6)</td><td>4</td><td>4</td></tr>
<tr><td>At constant currency</td><td>4,632</td><td>4,887</td><td>4,207</td><td>4,416</td></tr>
<tr><td>Leverage</td><td></td><td></td><td></td><td></td></tr>
<tr><td>As reported</td><td>1.7</td><td>2.2</td><td>1.6</td><td>2.0</td></tr>
<tr><td>At constant currency</td><td>1.7</td><td>2.2</td><td>1.6</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>LTM adjusted operating profit divided by the LTM 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><th></th><th>2024
$m</th><th>2023
$m</th></tr>
<tr><td>Adjusted operating profit</td><td>2,775</td><td>2,640</td></tr>
<tr><td>IFRS 16 impact</td><td>(59)</td><td>(40)</td></tr>
<tr><td>Adjusted operating profit (excluding IFRS 16)</td><td>2,716</td><td>2,600</td></tr>
<tr><td>Average net assets</td><td>16,657</td><td>13,565</td></tr>
<tr><td>Return on investment</td><td>16%</td><td>19%</td></tr>
</table>

RoI for the businesses is calculated in the same way, but excludes goodwill and intangible assets:
<table>
<tr><th></th><th>US
$m</th><th>Canada
C$m</th><th>UK
£m</th></tr>
<tr><td>Adjusted operating profit</td><td>2,633</td><td>138</td><td>58</td></tr>
<tr><td>IFRS 16 impact</td><td>(49)</td><td>(11)</td><td>(1)</td></tr>
<tr><td>Adjusted operating profit (excluding IFRS 16)</td><td>2,584</td><td>127</td><td>57</td></tr>
<tr><td>Average net assets, excluding goodwill and intangibles</td><td>11,214</td><td>1,169</td><td>788</td></tr>
<tr><td>Return on investment</td><td>23%</td><td>11%</td><td>7%</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:** original cost 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, erection and dismantling revenue and revenue from rental equipment delivery and collection.

- **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.