9 December 2015

Unaudited results for the half year and second quarter ended 31 October 2015

	Second quarter			First half		
	2015	2014	Growth[1]	2015	2014	Growth[1]
	£m	£m	%	£m	£m	%
Underlying results[2]						
Rental revenue	589.0	477.9	17%	1,128.6	895.6	18%
EBITDA	309.1	245.6	19%	591.8	455.5	22%
Operating profit	201.9	161.1	18%	382.1	294.6	21%
Profit before taxation	182.0	145.1	18%	342.7	265.5	21%
Earnings per share	24.1p	18.6p	23%	45.1p	33.9p	25%
Statutory results						
Revenue	648.9	529.4	16%	1,267.5	987.3	21%
Profit before taxation	176.5	141.7	18%	331.9	259.2	20%
Earnings per share	23.4p	18.1p	22%	43.7p	33.0p	24%

1 at constant exchange rates
2 before intangible amortisation

Highlights

- Group rental revenue up 18%[1]
- First half pre-tax profit[2] of £343m, up 21% at constant exchange rates
- £696m of capital invested in the business (2014: £588m) and full year guidance increased
- Group RoI of 19% (2014: 19%)
- Net debt to EBITDA leverage[1] of 1.9 times (2014: 2.0 times)
- Interim dividend raised 33% to 4.0p per share (2014: 3.0p)

Ashtead's chief executive, Geoff Drabble, commented:

"I am pleased to be able to report another strong quarter resulting in underlying pre-tax profits of £343m for the six months, up 21% at constant exchange rates on the prior year. Even with significant levels of investment, we continue to grow responsibly, generating strong returns and maintaining leverage within our stated objectives. Group RoI was a healthy 19% and our leverage reduced to 1.9 times EBITDA.

We continue to execute on our strategy to diversify the markets we serve, both in terms of geography and sector. Sunbelt's 22% rental only revenue growth demonstrates clearly the benefits of this strategy and the overall health of our broader markets. We invested £696m in capital expenditure and opened 38 new locations in the US. Given the profitable growth opportunities evident in our markets, we are increasing our full year guidance for capital expenditure to c. £1.1bn.

With both divisions performing well, strong end markets and our strategy clearly working, we now anticipate a full year result ahead of our previous expectations and the Board looks forward to the medium term with confidence."

Contacts:

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Geoff Drabble and Suzanne Wood will hold a meeting for equity analysts to discuss the results and outlook at 9.30am on Wednesday, 9 December 2015 at The London Stock Exchange, 10 Paternoster Square, London, EC4M 7LS. The meeting will be webcast live via the Company's website at www.ashtead-group.com and a replay will also be available via the website from shortly after the meeting concludes. A copy of this announcement and the slide presentation used for the meeting will also be available for download on the Company's website. The usual conference call for bondholders will begin at 3.30pm (10.30am EST).

Analysts and bondholders have already been invited to participate in the analyst meeting and conference call for bondholders but any eligible person not having received dial-in details should contact the Company's PR advisers, Maitland (Astrid Wright) at +44 (0)20 7379 5151.

Forward looking statements

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

First half results

	Revenue		EBITDA		Operating profit	
	2015	2014	2015	2014	2015	2014
Sunbelt in $m	1,685.1	1,367.9	819.3	666.5	547.4	449.3
Sunbelt in £m	1,089.2	821.7	529.6	400.4	353.8	269.9
A-Plant	178.3	165.6	68.9	60.1	35.0	29.7
Group central costs	-	-	(6.7)	(5.0)	(6.7)	(5.0)
	1,267.5	987.3	591.8	455.5	382.1	294.6
Net financing costs					(39.4)	(29.1)
Profit before amortisation and tax					**342.7**	**265.5**
Amortisation					(10.8)	(6.3)
Profit before taxation					331.9	259.2
Taxation					(113.0)	(93.6)
Profit attributable to equity holders of the Company					218.9	165.6
Margins						
Sunbelt			*48.6%*	*48.7%*	*32.5%*	*32.8%*
A-Plant			*38.6%*	*36.3%*	*19.6%*	*17.9%*
Group			*46.7%*	*46.1%*	*30.1%*	*29.8%*

Group revenue increased 28% to £1,267m in the first half (2014: £987m) with strong growth in both businesses. This revenue growth, combined with ongoing operational efficiency, generated record underlying profit before tax of £343m (2014: £266m).

The Group's strategy remains unchanged with growth being driven by strong same-store growth supplemented by greenfield openings and bolt-on acquisitions. The principal driver of this performance is Sunbelt where rental revenue growth benefited from cyclical and structural trends. Sunbelt's revenue growth can be explained as follows:

		$m
2014 rental only revenue		971
Same stores (in existence at 1 May 2014)	+ 13%	121
Bolt-ons and greenfields since 1 May 2014	+ 9%	95
2015 rental only revenue	+ 22%	1,187
Ancillary revenue	+ 15%	317
2015 rental revenue	+ 21%	1,504
Sales revenue		181
2015 total revenue		1,685

We continue to capitalise on the opportunity presented by our markets which were up circa 7% in the US last year and are forecast to grow at a similar rate this year. Our same-store growth of 13% demonstrates that we continue to take market share as we grow at approximately double the market rate. In addition, bolt-ons and greenfields have contributed another 9% growth as we execute our long-term structural growth strategy of expanding our geographic footprint and our specialty businesses. During the first half of the year our focus has been on greenfields with 38 opened compared with 20 in the same period last year. In addition, we spent $28m (2014: $176m) on bolt-on acquisitions.

Total rental only revenue growth was 22% in strong end markets, despite the slow down in oil and gas markets that provided a headwind which will continue through the third quarter. This growth was driven by increased fleet on rent with yield flat year over year. Excluding oil and gas, same-store yield improved 1% in the first half but good yield development in greenfields and bolt-ons was more than offset by the adverse impact of oil and gas, resulting in flat yield year over year.

Average first half physical utilisation was 73% (2014: 73%). We have seen good sequential improvement during the period with utilisation for the second quarter of 75% (2014: 75%). Sunbelt's total revenue, including new and used equipment, merchandise and consumable sales, increased 23% to $1,685m (2014: $1,368m) as it sold more used equipment than last year, largely in response to the downturn in oil and gas markets.

A-Plant continues to perform well and delivered rental only revenue of £131m, up 9% on the prior year (2014: £120m), in markets which, following uncertainty around the general election, remain competitive. This reflects 8% more fleet on rent and yield up 1%. A-Plant's total revenue increased 8% to £178m (2014: £166m).

Sunbelt continues to focus on operational efficiency and driving improving margins, with 55% of revenue growth dropping through to EBITDA. Drop through reflects the drag effect of greenfield openings, acquisitions and oil and gas. Excluding oil and gas, stores open for more than one year saw 62% of revenue growth drop through to EBITDA. The EBITDA margin of 49% (2014: 49%) reflects a higher level of lower margin used equipment sales. Excluding used equipment sales, EBITDA margins improved to 51% (2014: 50%). This contributed to an operating profit of $547m (2014: $449m). A-Plant's EBITDA margin improved to 39% (2014: 36%) and operating profit rose to £35m (2014: £30m), with drop through of 70%. As a result, Group underlying operating profit increased 30% to £382m (2014: £295m).

Net financing costs increased to £39m (2014: £29m), reflecting the higher average debt during the period and the $500m senior secured notes issued in September 2014.

Group profit before amortisation of intangibles and taxation was £343m (2014: £266m). After a tax charge of 34% (2014: 36%) of the underlying pre-tax profit, underlying earnings per share increased 33% to 45.1p (2014: 33.9p).

Statutory profit before tax was £332m (2014: £259m) and, after a tax charge of 34% (2014: 36%), basic earnings per share were 43.7p (2014: 33.0p). The cash tax charge increased to 18% following the expected utilisation of brought forward tax losses during the year.

Capital expenditure

Capital expenditure for the first half of the year was £696m gross and £598m net of disposal proceeds (2014: £588m gross and £538m). As a result of this investment, the Group's rental fleet at 31 October 2015 at cost was £4bn. Our average fleet age is now 24 months (2014: 26 months).

We continue to see strong demand in the US and, with high utilisation of the rental fleet, we are increasing our planned capital expenditure for the year to take advantage of this opportunity. In the UK where, although demand remains good, utilisation is lower than expected so we have responded by lowering our planned level of capital expenditure. The net result is an increase in our full year capital guidance to c. £1.1bn from our earlier guidance of c. £1bn. As always, our capital expenditure plans remain flexible and we will continue to monitor market conditions and adjust our plans appropriately.

Return on Investment[1]

Sunbelt's pre-tax return on investment (excluding goodwill and intangible assets) in the 12 months to 31 October 2015 was 25% (2014: 26%), well ahead of the Group's pre-tax weighted average cost of capital. In the UK, return on investment (excluding goodwill and intangible assets) was 13% (2014: 12%). For the Group as a whole, returns (including goodwill and intangible assets) are 19% (2014: 19%).

[1] *Underlying operating profit divided by the sum of net tangible and intangible fixed assets, plus net working capital but excluding net debt and deferred tax.*

Cash flow and net debt

As expected, debt increased during the first half as we invested in the fleet, made a small number of bolt-on acquisitions and experienced the usual seasonal increase in working capital.

Net debt at 31 October 2015 was £1,982m (2014: £1,571m) while, reflecting our strong earnings growth, the ratio of net debt to EBITDA reduced to 1.9 times (2014: 2.0 times) on a constant currency basis.

The Group's debt package is well structured and flexible, enabling us to take advantage of prevailing end market conditions. Following the increase and extension of the senior credit facility in July, the Group's debt facilities are committed for an average of six years. At 31 October 2015, ABL availability was $1,008m, with an additional $1,599m of suppressed availability - substantially above the $260m level at which the Group's entire debt package is covenant free.

Dividend

In line with its policy of providing a progressive dividend, having regard to both underlying profit and cash generation and to sustainability through the economic cycle, the Board has increased the interim dividend 33% to 4.0p per share (2014: 3.0p per share). This will be paid on 3 February 2016 to shareholders on record on 15 January 2016.

Current trading and outlook

With both divisions performing well, strong end markets and our strategy clearly working, we now anticipate a full year result ahead of our previous expectations and the Board looks forward to the medium term with confidence.

<u>Directors' responsibility statement</u>

We confirm that to the best of our knowledge:

a) the condensed consolidated interim financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting'; and

b) the interim management report includes a fair review of the information required by Disclosure and Transparency Rule 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year) and Disclosure and Transparency Rule 4.2.8R (disclosure of related parties' transactions and changes therein).

By order of the Board of Directors 8 December 2015

CONSOLIDATED INCOME STATEMENT FOR THE THREE MONTHS ENDED 31 OCTOBER 2015

	2015			2014		
	Before amortisation £m	Amortisation £m	Total £m	Before amortisation £m	Amortisation £m	Total £m
Second quarter - unaudited						
Revenue						
Rental revenue	589.0	-	589.0	477.9	-	477.9
Sale of new equipment, merchandise and consumables	21.6	-	21.6	23.8	-	23.8
Sale of used rental equipment	38.3	-	38.3	27.7	-	27.7
	648.9	-	648.9	529.4	-	529.4
Operating costs						
Staff costs	(145.6)	-	(145.6)	(119.1)	-	(119.1)
Used rental equipment sold	(31.2)	-	(31.2)	(21.0)	-	(21.0)
Other operating costs	(163.0)	-	(163.0)	(143.7)	-	(143.7)
	(339.8)	-	(339.8)	(283.8)	-	(283.8)
EBITDA*	309.1	-	309.1	245.6	-	245.6
Depreciation	(107.2)	-	(107.2)	(84.5)	-	(84.5)
Amortisation of intangibles	-	(5.5)	(5.5)	-	(3.4)	(3.4)
Operating profit	201.9	(5.5)	196.4	161.1	(3.4)	157.7
Investment income	0.1	-	0.1	-	-	-
Interest expense	(20.0)	-	(20.0)	(16.0)	-	(16.0)
Profit on ordinary activities before taxation	182.0	(5.5)	176.5	145.1	(3.4)	141.7
Taxation	(61.2)	1.8	(59.4)	(52.0)	1.2	(50.8)
Profit attributable to equity holders of the Company	120.8	(3.7)	117.1	93.1	(2.2)	90.9
Basic earnings per share	24.1p	(0.7p)	23.4p	18.6p	(0.5p)	18.1p
Diluted earnings per share	24.0p	(0.8p)	23.2p	18.4p	(0.4p)	18.0p

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

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

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

CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 31 OCTOBER 2015

	2015			2014		
	Before amortisation £m	Amortisation £m	Total £m	Before amortisation £m	Amortisation £m	Total £m
First half - unaudited						
Revenue						
Rental revenue	1,128.6	-	1,128.6	895.6	-	895.6
Sale of new equipment, merchandise and consumables	44.9	-	44.9	45.5	-	45.5
Sale of used rental equipment	94.0	-	94.0	46.2	-	46.2
	1,267.5	-	1,267.5	987.3	-	987.3
Operating costs						
Staff costs	(284.7)	-	(284.7)	(226.2)	-	(226.2)
Used rental equipment sold	(73.7)	-	(73.7)	(35.5)	-	(35.5)
Other operating costs	(317.3)	-	(317.3)	(270.1)	-	(270.1)
	(675.7)	-	(675.7)	(531.8)	-	(531.8)
EBITDA*	591.8	-	591.8	455.5	-	455.5
Depreciation	(209.7)	-	(209.7)	(160.9)	-	(160.9)
Amortisation of intangibles	-	(10.8)	(10.8)	-	(6.3)	(6.3)
Operating profit	382.1	(10.8)	371.3	294.6	(6.3)	288.3
Investment income	0.1	-	0.1	0.1	-	0.1
Interest expense	(39.5)	-	(39.5)	(29.2)	-	(29.2)
Profit on ordinary activities before taxation	342.7	(10.8)	331.9	265.5	(6.3)	259.2
Taxation	(116.5)	3.5	(113.0)	(95.7)	2.1	(93.6)
Profit attributable to equity holders of the Company	226.2	(7.3)	218.9	169.8	(4.2)	165.6
Basic earnings per share	45.1p	(1.4p)	43.7p	33.9p	(0.9p)	33.0p
Diluted earnings per share	44.9p	(1.5p)	43.4p	33.6p	(0.8p)	32.8p

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

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited			
	Three months to 31 October		Six months to 31 October	
	2015 £m	2014 £m	2015 £m	2014 £m
Profit attributable to equity holders of the Company for the period	117.1	90.9	218.9	165.6
Items that may be reclassified subsequently to profit or loss:				
Foreign currency translation differences	9.1	35.0	(4.0)	35.3
Total comprehensive income for the period	126.2	125.9	214.9	200.9

CONSOLIDATED BALANCE SHEET AT 31 OCTOBER 2015

	Unaudited 31 October 2015	Unaudited 31 October 2014	Audited 30 April 2015
	£m	£m	£m
Current assets			
Inventories	30.1	22.4	23.9
Trade and other receivables	462.3	364.0	377.5
Current tax asset	-	9.7	26.2
Cash and cash equivalents	5.3	6.9	10.5
	497.7	403.0	438.1
Non-current assets			
Property, plant and equipment			
- rental equipment	2,909.9	2,200.5	2,534.2
- other assets	305.9	252.5	276.9
	3,215.8	2,453.0	2,811.1
Goodwill	519.2	459.9	516.2
Other intangible assets	92.4	59.2	92.7
Net defined benefit pension plan asset	3.0	6.2	3.1
	3,830.4	2,978.3	3,423.1
Total assets	4,328.1	3,381.3	3,861.2
Current liabilities			
Trade and other payables	452.0	403.1	491.7
Current tax liability	26.7	11.4	6.2
Debt due within one year	2.3	1.9	2.0
Provisions	30.9	18.1	18.4
	511.9	434.5	518.3
Non-current liabilities			
Debt due after more than one year	1,984.6	1,576.2	1,695.6
Provisions	20.8	24.1	31.3
Deferred tax liabilities	555.5	385.6	504.5
	2,560.9	1,985.9	2,231.4
Total liabilities	3,072.8	2,420.4	2,749.7
Equity			
Share capital	55.3	55.3	55.3
Share premium account	3.6	3.6	3.6
Capital redemption reserve	0.9	0.9	0.9
Non-distributable reserve	-	90.7	90.7
Own shares held by the Company	(33.1)	(33.1)	(33.1)
Own shares held through the ESOT	(16.7)	(15.5)	(15.5)
Cumulative foreign exchange translation differences	34.7	15.1	38.7
Retained reserves	1,210.6	843.9	970.9
Equity attributable to equity holders of the Company	1,255.3	960.9	1,111.5
Total liabilities and equity	4,328.1	3,381.3	3,861.2

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 31 OCTOBER 2015

	Share capital £m	Share premium account £m	Capital redemption reserve £m	Non-distributable reserve £m	Own shares held by the Company £m	Own shares held through the ESOT £m	Cumulative foreign exchange translation differences £m	Retained reserves £m	Total £m
Unaudited									
At 1 May 2014	55.3	3.6	0.9	90.7	(33.1)	(11.8)	(20.2)	739.0	824.4
Profit for the period	-	-	-	-	-	-	-	165.6	165.6
Other comprehensive income:									
Foreign currency translation differences	-	-	-	-	-	-	35.3	-	35.3
Total comprehensive income for the period	-	-	-	-	-	-	35.3	165.6	200.9
Dividends paid	-	-	-	-	-	-	-	(46.4)	(46.4)
Own shares purchased by the ESOT	-	-	-	-	-	(20.1)	-	-	(20.1)
Share-based payments	-	-	-	-	-	16.4	-	(14.5)	1.9
Tax on share-based payments	-	-	-	-	-	-	-	0.2	0.2
At 31 October 2014	55.3	3.6	0.9	90.7	(33.1)	(15.5)	15.1	843.9	960.9
Profit for the period	-	-	-	-	-	-	-	137.8	137.8
Other comprehensive income:									
Foreign currency translation differences	-	-	-	-	-	-	23.6	-	23.6
Remeasurement of the defined benefit pension plan	-	-	-	-	-	-	-	(3.1)	(3.1)
Tax on defined benefit pension plan	-	-	-	-	-	-	-	0.6	0.6
Total comprehensive income for the period	-	-	-	-	-	-	23.6	135.3	158.9
Dividends paid	-	-	-	-	-	-	-	(15.0)	(15.0)
Own shares purchased by the ESOT	-	-	-	-	-	(0.2)	-	-	(0.2)
Share-based payments	-	-	-	-	-	0.2	-	1.9	2.1
Tax on share-based payments	-	-	-	-	-	-	-	4.8	4.8
At 30 April 2015	55.3	3.6	0.9	90.7	(33.1)	(15.5)	38.7	970.9	1,111.5
Profit for the period	-	-	-	-	-	-	-	218.9	218.9
Other comprehensive income:									
Foreign currency translation differences	-	-	-	-	-	-	(4.0)	-	(4.0)
Total comprehensive income for the year	-	-	-	-	-	-	(4.0)	218.9	214.9
Dividends paid	-	-	-	-	-	-	-	(61.4)	(61.4)
Own shares purchased by the ESOT	-	-	-	-	-	(10.9)	-	-	(10.9)
Share-based payments	-	-	-	-	-	9.7	-	(7.3)	2.4
Tax on share-based payments	-	-	-	-	-	-	-	(1.2)	(1.2)
Transfer of non-distributable reserve	-	-	-	(90.7)	-	-	-	90.7	-
At 31 October 2015	55.3	3.6	0.9	-	(33.1)	(16.7)	34.7	1,210.6	1,255.3

The non-distributable reserve related to the reserve created on the cancellation of the then share premium account in August 2005. This reserve became distributable in August 2015 and has been transferred to distributable reserves.

CONSOLIDATED CASH FLOW STATEMENT FOR THE SIX MONTHS ENDED 31 OCTOBER 2015

	Unaudited	
	2015	2014
	£m	£m
Cash flows from operating activities		
Cash generated from operations before exceptional items and changes in rental equipment	503.9	376.8
Exceptional operating costs paid	-	(0.4)
Payments for rental property, plant and equipment	(676.2)	(490.0)
Proceeds from disposal of rental property, plant and equipment	77.3	38.0
Cash used in operations	(95.0)	(75.6)
Financing costs paid (net)	(38.4)	(25.0)
Tax paid (net)	(14.4)	(31.2)
Net cash used in operating activities	(147.8)	(131.8)
Cash flows from investing activities		
Acquisition of businesses	(28.5)	(112.5)
Payments for non-rental property, plant and equipment	(57.0)	(44.3)
Proceeds from disposal of non-rental property, plant and equipment	3.8	4.3
Net cash used in investing activities	(81.7)	(152.5)
Cash flows from financing activities		
Drawdown of loans	315.4	784.5
Redemption of loans	(18.0)	(428.3)
Capital element of finance lease payments	(0.7)	(1.4)
Dividends paid	(61.4)	(46.4)
Purchase of own shares by the ESOT	(10.9)	(20.1)
Net cash from financing activities	224.4	288.3
(Decrease)/increase in cash and cash equivalents	(5.1)	4.0
Opening cash and cash equivalents	10.5	2.8
Effect of exchange rate difference	(0.1)	0.1
Closing cash and cash equivalents	5.3	6.9

Reconciliation of net debt

	2015	2014
Decrease/(increase) in cash in the period	5.1	(4.0)
Increase in debt through cash flow	296.7	354.8
Change in net debt from cash flows	301.8	350.8
Debt acquired	0.3	-
Exchange differences	(9.0)	69.9
Non-cash movements:		
- deferred costs of debt raising	0.8	0.6
- capital element of new finance leases	0.6	1.3
Increase in net debt in the period	294.5	422.6
Net debt at 1 May	1,687.1	1,148.6
Net debt at 31 October	1,981.6	1,571.2

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. General information

Ashtead Group plc ('the Company') is a company incorporated and domiciled in England and Wales and listed on the London Stock Exchange. The condensed consolidated interim financial statements as at, and for the six months ended, 31 October 2015 comprise the Company and its subsidiaries ('the Group').

The condensed consolidated interim financial statements for the six months ended 31 October 2015 were approved by the directors on 8 December 2015.

The condensed consolidated interim financial statements do not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The statutory accounts for the year ended 30 April 2015 were approved by the directors on 15 June 2015 and have been mailed to shareholders and filed with the Registrar of Companies. The auditor's report on those accounts was unqualified, did not include a reference to any matter by way of emphasis and did not contain a statement under Section 498(2) or (3) of the Companies Act 2006.

The condensed consolidated interim financial statements are unaudited but have been reviewed by the Group's auditors. Their report is on page 26.

2. Basis of preparation

The condensed consolidated interim financial statements for the six months ended 31 October 2015 have been prepared in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority and relevant International Financial Reporting Standards ('IFRS') as adopted by the European Union (including IAS 34 - Interim Financial Reporting). The condensed consolidated interim financial statements should be read in conjunction with the Group's Annual Report and Accounts for the year ended 30 April 2015, which were prepared in accordance with IFRS as adopted by the European Union.

The accounting policies applied in the condensed consolidated interim financial statements are consistent with those set out in the Group's Annual Report and Accounts for the year ended 30 April 2015. There are no new IFRS or IFRIC Interpretations that are effective for the first time for this interim period which have a material impact on the Group.

The condensed consolidated interim financial statements have been prepared on the going concern basis. The Group's internal budgets and forecasts of future performance, available financing facilities and facility headroom (see note 11), provide a reasonable expectation that the Group has adequate resources to continue in operation for the foreseeable future and consequently the going concern basis continues to be appropriate in preparing the condensed consolidated interim financial statements.

The exchange rates used in respect of the US dollar are:

	2015	2014
Average for the three months ended 31 October	1.54	1.63
Average for the six months ended 31 October	1.55	1.66
At 30 April	1.54	1.69
At 31 October	1.54	1.60

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

3. Segmental analysis

	Revenue	Operating profit before amortisation	Amortisation	Operating profit
	£m	£m	£m	£m
Three months to 31 October				
2015				
Sunbelt	560.6	187.6	(4.3)	183.3
A-Plant	88.3	18.0	(1.2)	16.8
Corporate costs	-	(3.7)	-	(3.7)
	648.9	201.9	(5.5)	196.4
2014				
Sunbelt	445.0	147.8	(2.2)	145.6
A-Plant	84.4	16.0	(1.2)	14.8
Corporate costs	-	(2.7)	-	(2.7)
	529.4	161.1	(3.4)	157.7
Six months to 31 October				
2015				
Sunbelt	1,089.2	353.8	(8.4)	345.4
A-Plant	178.3	35.0	(2.4)	32.6
Corporate costs	-	(6.7)	-	(6.7)
	1,267.5	382.1	(10.8)	371.3
2014				
Sunbelt	821.7	269.9	(4.0)	265.9
A-Plant	165.6	29.7	(2.3)	27.4
Corporate costs	-	(5.0)	-	(5.0)
	987.3	294.6	(6.3)	288.3

	Segment assets	Cash	Taxation assets	Total assets
	£m	£m	£m	£m
At 31 October 2015				
Sunbelt	3,726.5	-	-	3,726.5
A-Plant	595.8	-	-	595.8
Corporate items	0.5	5.3	-	5.8
	4,322.8	5.3	-	4,328.1
At 30 April 2015				
Sunbelt	3,309.7	-	-	3,309.7
A-Plant	514.7	-	-	514.7
Corporate items	0.1	10.5	26.2	36.8
	3,824.5	10.5	26.2	3,861.2

Sunbelt includes Sunbelt Rentals of Canada Inc..

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

4. Operating costs and other income

	2015			2014		
	Before amortisation £m	Amortisation £m	Total £m	Before amortisation £m	Amortisation £m	Total £m
Three months to 31 October						
Staff costs:						
Salaries	133.5	-	133.5	108.7	-	108.7
Social security costs	10.0	-	10.0	8.4	-	8.4
Other pension costs	2.1	-	2.1	2.0	-	2.0
	145.6	-	145.6	119.1	-	119.1
Used rental equipment sold	31.2	-	31.2	21.0	-	21.0
Other operating costs:						
Vehicle costs	35.9	-	35.9	31.3	-	31.3
Spares, consumables & external repairs	30.6	-	30.6	24.1	-	24.1
Facility costs	18.4	-	18.4	13.6	-	13.6
Other external charges	78.1	-	78.1	74.7	-	74.7
	163.0	-	163.0	143.7	-	143.7
Depreciation and amortisation:						
Depreciation	107.2	-	107.2	84.5	-	84.5
Amortisation of intangibles	-	5.5	5.5	-	3.4	3.4
	107.2	5.5	112.7	84.5	3.4	87.9
	447.0	5.5	452.5	368.3	3.4	371.7
Six months to 31 October						
Staff costs:						
Salaries	260.2	-	260.2	206.0	-	206.0
Social security costs	19.7	-	19.7	16.2	-	16.2
Other pension costs	4.8	-	4.8	4.0	-	4.0
	284.7	-	284.7	226.2	-	226.2
Used rental equipment sold	73.7	-	73.7	35.5	-	35.5
Other operating costs:						
Vehicle costs	69.2	-	69.2	59.9	-	59.9
Spares, consumables & external repairs	60.0	-	60.0	48.0	-	48.0
Facility costs	35.3	-	35.3	26.7	-	26.7
Other external charges	152.8	-	152.8	135.5	-	135.5
	317.3	-	317.3	270.1	-	270.1
Depreciation and amortisation:						
Depreciation	209.7	-	209.7	160.9	-	160.9
Amortisation of intangibles	-	10.8	10.8	-	6.3	6.3
	209.7	10.8	220.5	160.9	6.3	167.2
	885.4	10.8	896.2	692.7	6.3	699.0

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

5. Amortisation

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

	Three months to 31 October		Six months to 31 October	
	2015	2014	2015	2014
	£m	£m	£m	£m
Amortisation of intangibles	5.5	3.4	10.8	6.3
Taxation	(1.8)	(1.2)	(3.5)	(2.1)
	3.7	2.2	7.3	4.2

6. Net financing costs

	Three months to 31 October		Six months to 31 October	
	2015	2014	2015	2014
	£m	£m	£m	£m
Investment income:				
Net interest on the net defined benefit asset	(0.1)	-	(0.1)	(0.1)
Interest expense:				
Bank interest payable	5.2	4.4	10.0	8.5
Interest payable on second priority senior secured notes	14.1	11.0	28.0	19.6
Interest payable on finance leases	0.1	-	0.2	0.1
Non-cash unwind of discount on provisions	0.2	0.3	0.5	0.4
Amortisation of deferred debt raising costs	0.4	0.3	0.8	0.6
Total interest expense	20.0	16.0	39.5	29.2
Net financing costs	19.9	16.0	39.4	29.1

7. Taxation

The tax charge for the period has been computed using a tax rate for the year of 39% in North America (2014: 39%) and 20% in the UK (2014: 21%). The blended rate for the Group as a whole is 34% (2014: 36%).

The tax charge of £116.5m (2014: £95.7m) on the underlying pre-tax profit of £342.7m (2014: £265.5m) can be explained as follows:

	Six months to 31 October	
	2015	2014
	£m	£m
Current tax		
- current tax on income for the period	61.3	38.0
- adjustments to prior year	0.1	0.2
	61.4	38.2
Deferred tax		
- origination and reversal of temporary differences	55.5	57.7
- adjustments to prior year	(0.4)	(0.2)
	55.1	57.5
Tax on underlying activities	116.5	95.7

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

7. Taxation (continued)

	Six months to 31 October	
	2015	2014
	£m	£m
Comprising:		
- UK	8.1	8.7
- North America	108.4	87.0
	116.5	95.7

In addition, the tax credit of £3.5m (2014: £2.1m) on amortisation of intangibles of £10.8m (2014: £6.3m) consists of a deferred tax credit of £0.3m relating to the UK (2014: £0.5m) and £3.2m (2014: £1.6m) relating to North America.

8. Earnings per share

Basic and diluted earnings per share for the three and six months ended 31 October 2015 have been calculated based on the profit for the relevant period and the weighted average number of ordinary shares in issue during that period (excluding shares held by the Company and the ESOT over which dividends have been waived). Diluted earnings per share is computed using the result for the relevant period and the diluted number of shares (ignoring any potential issue of ordinary shares which would be anti-dilutive). These are calculated as follows:

		Three months to 31 October		Six months to 31 October	
		2015	2014	2015	2014
Profit for the financial period (£m)		117.1	90.9	218.9	165.6
Weighted average number of shares (m)	- basic	501.4	501.4	501.4	501.3
	- diluted	503.8	504.2	504.0	505.1
Basic earnings per share		23.4p	18.1p	43.7p	33.0p
Diluted earnings per share		23.2p	18.0p	43.4p	32.8p

Underlying earnings per share (defined in any period as the earnings before amortisation of intangibles for that period divided by the weighted average number of shares in issue in that period) may be reconciled to the basic earnings per share as follows:

	Three months to 31 October		Six months to 31 October	
	2015	2014	2015	2014
Basic earnings per share	23.4p	18.1p	43.7p	33.0p
Amortisation of intangibles	1.1p	0.7p	2.1p	1.3p
Tax on amortisation	(0.4p)	(0.2p)	(0.7p)	(0.4p)
Underlying earnings per share	24.1p	18.6p	45.1p	33.9p

9. Dividends

During the period, a final dividend in respect of the year ended 30 April 2015 of 12.25p (2014: 9.25p) per share was paid to shareholders costing £61.4m (2014: £46.4m). In addition, the directors are proposing an interim dividend in respect of the year ending 30 April 2016 of 4.0p per share (2014: 3.0p) to be paid on 3 February 2016 to shareholders on record on 15 January 2016.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

10. Property, plant and equipment

	2015		2014	
	Rental equipment	Total	Rental equipment	Total
Net book value	£m	£m	£m	£m
At 1 May	2,534.2	2,811.1	1,716.3	1,929.1
Exchange difference	(12.5)	(13.8)	78.1	87.0
Reclassifications	(0.8)	-	(0.4)	-
Additions	638.2	696.0	541.5	588.2
Acquisitions	7.5	8.1	42.0	48.1
Disposals	(72.6)	(75.9)	(35.4)	(38.5)
Depreciation	(184.1)	(209.7)	(141.6)	(160.9)
At 31 October	2,909.9	3,215.8	2,200.5	2,453.0

11. Borrowings

	31 October 2015	30 April 2015
	£m	£m
Current		
Finance lease obligations	2.3	2.0
Non-current		
First priority senior secured bank debt	1,076.2	782.7
Finance lease obligations	3.3	3.3
6.5% second priority senior secured notes, due 2022	586.7	589.8
5.625% second priority senior secured notes, due 2024	318.4	319.8
	1,984.6	1,695.6

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

Under the terms of our asset-based senior bank facility, $2.6bn is committed until July 2020. The $900m 6.5% senior secured notes mature in July 2022, whilst the $500m 5.625% senior secured notes mature in October 2024. Our debt facilities therefore remain committed for the long term, with an average of six years remaining. The weighted average interest cost of these facilities (including non-cash amortisation of deferred debt raising costs) is approximately 4%. The terms of the $900m senior secured notes and $500m senior secured notes are such that financial performance covenants are only measured at the time new debt is raised.

There is one financial performance covenant under the first priority senior bank facility. That is, the fixed charge ratio (comprising LTM EBITDA before exceptional items less LTM net capital expenditure paid in cash over the sum of scheduled debt repayments plus cash interest, cash tax payments and dividends paid in the last twelve months) which must be equal to or greater than 1.0 times.

This covenant does not apply when availability exceeds $260m. At 31 October 2015, availability under the ABL facility was $1,008m ($756m at 30 April 2015), with an additional $1,599m of suppressed availability, meaning that the covenant was not measured at 31 October 2015 and is unlikely to be measured in forthcoming quarters.

11. Borrowings (continued)

As a matter of good practice, we calculate the covenant ratio each quarter. At 31 October 2015, as a result of the significant investment in our rental fleet, the fixed charge ratio, as expected, did not meet the covenant requirement. The fact the fixed charge ratio is below 1.0 times does not cause concern given the strong availability and management's ability to flex capital expenditure downwards at short notice. Accordingly, the condensed consolidated interim financial statements are prepared on a going concern basis.

Fair value of financial instruments

At 31 October 2015, the Group had no derivative financial instruments.

With the exception of the Group's second priority senior secured notes, the carrying value of non-derivative financial assets and liabilities is considered to materially equate to their fair value.

The carrying value of the second priority senior secured notes due 2022, excluding deferred debt raising costs, was £596m at 31 October 2015 (£599m at 30 April 2015), while the fair value was £634m (£646m at 30 April 2015). The carrying value of the second priority senior secured notes due 2024, excluding deferred debt raising costs, was £324m at 31 October 2015 (£325m at 30 April 2015) while the fair value was £335m (£342m at 30 April 2015). The fair value of the second priority senior secured notes has been calculated using quoted market prices at 31 October 2015.

12. Share capital

Ordinary shares of 10p each:

	31 October 2015 Number	30 April 2015 Number	31 October 2015 £m	30 April 2015 £m
Authorised	900,000,000	900,000,000	90.0	90.0
Allotted, called up and fully paid	553,325,554	553,325,554	55.3	55.3

At 31 October 2015, 50m (2014: 50m) shares were held by the Company and a further 1.9m (2014: 1.9m) shares were held by the Company's Employee Share Ownership Trust.

13. Notes to the cash flow statement

	Six months to 31 October 2015 £m	2014 £m
a) Cash flow from operating activities		
Operating profit before amortisation	382.1	294.6
Depreciation	209.7	160.9
EBITDA before exceptional items	591.8	455.5
Profit on disposal of rental equipment	(20.3)	(10.7)
Profit on disposal of other property, plant and equipment	(0.4)	(1.1)
Increase in inventories	(5.6)	(2.0)
Increase in trade and other receivables	(65.5)	(70.4)
Increase in trade and other payables	1.5	3.7
Exchange differences	-	(0.1)
Other non-cash movements	2.4	1.9
Cash generated from operations before exceptional items and changes in rental equipment	503.9	376.8

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

13. Notes to the cash flow statement (continued)

b) Analysis of net debt

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

	1 May 2015	Exchange movement	Cash flow	Debt acquired	Non-cash movements	31 October 2015
	£m	£m	£m	£m	£m	£m
Cash	(10.5)	0.1	5.1	-	-	(5.3)
Debt due within one year	2.0	-	(0.5)	0.1	0.7	2.3
Debt due after one year	1,695.6	(9.1)	297.2	0.2	0.7	1,984.6
Total net debt	1,687.1	(9.0)	301.8	0.3	1.4	1,981.6

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

c) Acquisitions

	Six months to 31 October 2015	2014
	£m	£m
Cash consideration paid		
- acquisitions in the period	25.1	107.0
- deferred consideration	3.4	5.5
	28.5	112.5

During the period, six acquisitions were made for a total cash consideration of £25.1m (2014: £107.0m), after taking account of net cash acquired of £1.1m. Further details are provided in note 14.

Deferred consideration of £3.4m (2014: £5.5m) was paid related to prior year acquisitions.

14. Acquisitions

During the period, the following acquisitions were completed:

i) On 29 May 2015 Sunbelt acquired the business and assets of C. Rowland Enterprises, Inc., trading as Air Systems Sales & Rentals, Inc. ('Air Systems'), for an initial cash consideration of £1m ($2m), with contingent consideration of up to £0.5m ($0.8m), payable over the next year, depending on revenue meeting or exceeding certain thresholds. Air Systems is a climate control business in Oregon.

ii) On 28 August 2015 Sunbelt acquired the business and assets of Dover Rent-All, Inc. ('Dover') for an initial cash consideration of £1m ($2m). Dover is a general equipment business in Delaware.

iii) On 1 October 2015 Sunbelt acquired the business and assets of Pinnacle Rentals, Ltd. and Pinnacle Tool & Supply, Ltd. (together 'Pinnacle') for an aggregate consideration of £16m ($24m). Pinnacle is an industrial equipment business in Texas.

14. Acquisitions (continued)

iv) On 2 October 2015 A-Plant acquired the entire issued share capital of Fraluk Limited ('Fraluk') for an initial cash consideration of £1m, with contingent consideration of up to £1m payable over the next two years. Fraluk is a climate control business.

v) On 9 October 2015 Sunbelt acquired the business and assets of 1139623 Alberta Ltd., trading as The Rental Store ('The Rental Store'), for £0.5m (C$1.1m). The Rental Store is a general equipment rental business in Alberta, Canada.

vi) On 28 October 2015 A-Plant acquired the entire issued share capital of G.B. Access Limited ('G.B. Access') for an initial cash consideration of £6m, with contingent and deferred consideration of up to £2m payable over the next year. G.B. Access is a specialist provider of lifting solutions.

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

	Acquirees' book value £m	Fair value to Group £m
Net assets acquired		
Trade and other receivables	5.9	5.6
Inventory	0.7	0.7
Property, plant and equipment		
- rental equipment	6.5	7.5
- other assets	1.0	0.6
Creditors	(2.0)	(2.0)
Debt	(0.3)	(0.3)
Intangible assets (non-compete agreements and customer relationships)	-	11.6
	11.8	23.7
Consideration:		
- cash paid (net of cash acquired)		25.1
- deferred consideration payable in cash		4.0
		29.1
Goodwill		5.4

14. Acquisitions (continued)

The goodwill arising can be attributed to the key management personnel and workforce of the acquired businesses and to the synergies and other benefits the Group expects to derive from the acquisitions. 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. £3m of the goodwill is expected to be deductible for income tax purposes.

The gross value and fair value of trade receivables at acquisition was £6m.

Due to the operational integration of acquired businesses with Sunbelt and A-Plant 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.

Had these acquisitions taken place on 1 May 2015 their contribution to revenue and operating profit would not have been material.

15. Contingent liabilities

There have been no significant changes in contingent liabilities from those reported in the financial statements for the year ended 30 April 2015.

16. Events after the balance sheet date

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

(i) On 1 December 2015 A-Plant acquired the business and assets of Euremica Limited ('Euremica') for £0.8m. Euremica is a specialist test instrumentation service provider.

(ii) On 1 December 2015 Sunbelt acquired certain business and assets of 303567 Saskatchewan Ltd, trading as Handy Rental Centre ('Handy'), for £6m (C$12m). Handy is a general equipment rental business in Saskatchewan, Canada.

REVIEW OF SECOND QUARTER, BALANCE SHEET AND CASH FLOW

Second quarter

	Revenue		EBITDA		Operating profit	
	2015	2014	2015	2014	2015	2014
Sunbelt in $m	864.3	729.5	428.9	355.4	289.2	242.4
Sunbelt in £m	560.6	445.0	278.2	216.8	187.6	147.8
A-Plant	88.3	84.4	34.6	31.5	18.0	16.0
Group central costs	-	-	(3.7)	(2.7)	(3.7)	(2.7)
	648.9	529.4	309.1	245.6	201.9	161.1
Net financing costs					(19.9)	(16.0)
Profit before amortisation and tax					182.0	145.1
Amortisation					(5.5)	(3.4)
Profit before taxation					176.5	141.7
Margins						
Sunbelt			*49.6%*	*48.7%*	*33.5%*	*33.2%*
A-Plant			*39.1%*	*37.3%*	*20.3%*	*18.9%*
Group			*47.6%*	*46.4%*	*31.1%*	*30.4%*

Group revenue increased 23% to £649m in the second quarter (2014: £529m) with strong growth in both businesses. This revenue growth, combined with continued focus on operational efficiency, generated underlying profit before tax of £182m (2014: £145m).

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

		$m
2014 rental only revenue		512
Same stores (in existence at 1 August 2014)	+13%	63
Bolt-ons and greenfields since 1 August 2014	+8%	46
2015 rental only revenue	+21%	621
Ancillary revenue	+11%	165
2015 rental revenue	+19%	786
Sales revenue		78
2015 total revenue		864

Our same-store growth of 13% is approximately double that of the rental market as we continue to take market share. In addition, bolt-ons and greenfields have contributed a further 8% growth as we execute our long-term structural growth strategy of expanding our geographic footprint and our specialty businesses. Total rental only revenue growth of 21% was driven by an increase in fleet on rent and yield flat year over year.

A-Plant continues to perform well and delivered rental only revenue up 8% at £66m (2014: £61m) in the quarter. This consisted of 7% more fleet on rent and a 1% improvement in yield.

Group operating profit increased 25% to £202m (2014: £161m). Net financing costs increased to £20m (2014: £16m) reflecting the higher level of debt in the period and a higher proportion of longer term fixed rate debt. As a result, Group profit before amortisation and taxation was £182m (2014: £145m). After amortisation of £5m, the statutory profit before taxation was £177m (2014: £142m).

Balance sheet

Fixed assets

Capital expenditure in the first half totalled £696m (2014: £588m) with £638m invested in the rental fleet (2014: £542m). Expenditure on rental equipment was 92% of total capital expenditure with the balance relating to the delivery vehicle fleet, property improvements and IT equipment. Capital expenditure by division was:

	2015			2014
	Replacement	Growth	Total	Total
Sunbelt in $m	304.2	534.4	838.6	695.3
Sunbelt in £m	197.0	346.0	543.0	434.6
A-Plant	45.2	50.0	95.2	106.9
Total rental equipment	242.2	396.0	638.2	541.5
Delivery vehicles, property improvements & IT equipment			57.8	46.7
Total additions			696.0	588.2

In a strong US rental market, $534m of rental equipment capital expenditure was spent on growth while $304m was invested in replacement of existing fleet. The growth proportion is estimated on the basis of the assumption that replacement capital expenditure in any period is equal to the original cost of equipment sold.

The average age of the Group's serialised rental equipment, which constitutes the substantial majority of our fleet, at 31 October 2015 was 24 months (2014: 26 months) on a net book value basis. Sunbelt's fleet had an average age of 24 months (2014: 25 months) while A-Plant's fleet had an average age of 26 months (2014: 29 months).

	Rental fleet at original cost			LTM rental	LTM dollar	LTM physical
	31 Oct 2015	30 April 2015	LTM average	revenue	utilisation	utilisation
Sunbelt in $m	5,273	4,733	4,720	2,732	58%	70%
Sunbelt in £m	3,415	3,079	3,057	1,776	58%	70%
A-Plant	617	559	565	299	53%	68%
	4,032	3,638	3,622	2,075		

Dollar utilisation is defined as rental revenue divided by average fleet at original (or "first") cost and, measured over the last twelve months to 31 October 2015, was 58% at Sunbelt (2014: 61%) and 53% at A-Plant (2014: 57%). Physical utilisation is time based utilisation, which is calculated as the daily average of the original cost of equipment on rent as a percentage of the total value of equipment in the fleet at the measurement date. Measured over the last twelve months to 31 October 2015, average physical utilisation at Sunbelt was 70% (2014: 71%) and 68% at A-Plant (2014: 71%). At Sunbelt, physical utilisation is measured for equipment with an original cost in excess of $7,500 which comprised approximately 86% of its fleet at 31 October 2015.

Trade receivables

Receivable days at 31 October 2015 were 49 days (2014: 48 days). The bad debt charge for the six months ended 31 October 2015 as a percentage of total turnover was 0.7% (2014: 0.6%). Trade receivables at 31 October 2015 of £399m (2014: £314m) are stated net of allowances for bad debts and credit notes of £26m (2014: £20m) with the allowance representing 6.2% (2014: 6.0%) of gross receivables.

Trade and other payables

Group payable days were 62 days in 2015 (2014: 62 days) with capital expenditure related payables, which have longer payment terms, totalling £222m (2014: £202m). 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

	Six months to 31 October 2015 £m	Six months to 31 October 2014 £m	LTM to 31 October 2015 £m	Year to 30 April 2015 £m
EBITDA before exceptional items	591.8	455.5	1,044.7	908.4
Cash inflow from operations before exceptional items and changes in rental equipment	503.9	376.8	968.5	841.4
*Cash conversion ratio**	*85.1%*	*82.7%*	*92.7%*	*92.6%*
Replacement rental capital expenditure	(238.1)	(127.5)	(381.2)	(270.6)
Payments for non-rental capital expenditure	(57.0)	(44.3)	(91.4)	(78.7)
Rental equipment disposal proceeds	77.3	38.0	134.7	95.4
Other property, plant and equipment disposal proceeds	3.8	4.3	7.0	7.5
Tax (net)	(14.4)	(31.2)	(15.2)	(32.0)
Financing costs	(38.4)	(25.0)	(76.8)	(63.4)
Cash inflow before growth capex and payment of exceptional costs	**237.1**	**191.1**	**545.6**	**499.6**
Growth rental capital expenditure	(438.1)	(362.5)	(663.1)	(587.5)
Exceptional costs	-	(0.4)	(0.1)	(0.5)
Total cash used in operations	**(201.0)**	**(171.8)**	**(117.6)**	**(88.4)**
Business acquisitions	(28.5)	(112.5)	(157.5)	(241.5)
Total cash absorbed	**(229.5)**	**(284.3)**	**(275.1)**	**(329.9)**
Dividends	(61.4)	(46.4)	(76.4)	(61.4)
Purchase of own shares by the ESOT	(10.9)	(20.1)	(11.1)	(20.3)
Increase in net debt	**(301.8)**	**(350.8)**	**(362.6)**	**(411.6)**

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

Cash inflow from operations before payment of exceptional costs and the net investment in the rental fleet increased by 34% to £504m. The first half cash conversion ratio of 85% (2014: 83%) reflects a higher level of working capital due to seasonality and growth in the business. As the year progresses, we anticipate that these seasonal impacts on working capital will substantially reverse.

Total payments for capital expenditure (rental equipment and other PPE) in the first half were £733m (2014: £534m). Disposal proceeds received totalled £81m (2014: £42m), giving net payments for capital expenditure of £652m in the period (2014: £492m). Financing costs paid totalled £38m (2014: £25m) while tax payments were £14m (2014: £31m). 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, in the first half the Group generated £237m (2014: £191m) of net cash before discretionary investments made to enlarge the size and hence earning capacity of its rental fleet and on acquisitions. After growth investment and acquisitions, there was a net cash outflow of £229m (2014: £284m).

Net debt

	31 October 2015 £m	31 October 2014 £m	30 April 2015 £m
First priority senior secured bank debt	1,076.2	699.8	782.7
Finance lease obligations	5.6	4.5	5.3
6.5% second priority senior secured notes, due 2022	586.7	566.8	589.8
5.625% second priority senior secured notes, due 2024	318.4	307.0	319.8
	1,986.9	1,578.1	1,697.6
Cash and cash equivalents	(5.3)	(6.9)	(10.5)
Total net debt	1,981.6	1,571.2	1,687.1

Net debt at 31 October 2015 was £1,982m with the increase since 30 April 2015 reflecting principally the net cash outflow set out above and exchange rate fluctuations. The Group's EBITDA for the twelve months ended 31 October 2015 was £1,045m and the ratio of net debt to EBITDA was 1.9 times at 31 October 2015 (2014: 2.0 times) on a constant currency and reported basis.

Principal risks and uncertainties

Risks and uncertainties in achieving the Group's objectives for the remainder of the financial year, together with assumptions, estimates, judgements and critical accounting policies used in preparing financial information remain unchanged from those detailed in the 2015 Annual Report and Accounts on pages 24 to 32. Our business is subject to significant fluctuations in performance from quarter to quarter as a result of seasonal effects. Commercial construction activity tends to increase in the summer and during extended periods of mild weather and to decrease in the winter and during extended periods of inclement weather. Furthermore, due to the incidence of public holidays in the US and the UK, there are more billing days in the first half of our financial year than the second half leading to our revenue normally being higher in the first half. On a quarterly basis, the second quarter is typically our strongest quarter, followed by the first and then the third and fourth quarters.

In addition, the current trading and outlook section of the interim statement provides commentary on market and economic conditions for the remainder of the year.

Fluctuations in the value of the US dollar with respect to the pound sterling have had, and may continue to have, a significant impact on our financial condition and results of operations as reported in pounds due to the majority of our assets, liabilities, revenues and costs being denominated in US dollars. The Group has arranged its financing such that, at 31 October 2015, 92% of its debt was denominated in US dollars so that there is a natural partial offset between its dollar-denominated net assets and earnings and its dollar-denominated debt and interest expense. At 31 October 2015, dollar-denominated debt represented approximately 66% of the value of dollar-denominated net assets (other than debt). Based on the current currency mix of our profits and on dollar debt levels, interest and exchange rates at 31 October 2015, a 1% change in the US dollar exchange rate would impact annual pre-tax profit by approximately £5m.

OPERATING STATISTICS

	Number of rental stores			Staff numbers		
	31 October 2015	31 October 2014	30 April 2015	31 October 2015	31 October 2014	30 April 2015
Sunbelt	540	493	504	9,914	8,459	9,216
A-Plant	141	129	136	2,889	2,496	2,701
Corporate office	-	-	-	11	11	11
Group	681	622	640	12,814	10,966	11,928

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

INDEPENDENT REVIEW REPORT TO THE BOARD OF DIRECTORS OF ASHTEAD GROUP PLC

We have been engaged by the Company to review the condensed consolidated interim financial statements for the six months ended 31 October 2015 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated cash flow statement and related notes 1 to 16. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed consolidated interim financial statements.

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 “Review of Interim Financial Information performed by the Independent Auditor of the Entity” issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the Company those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom’s Financial Conduct Authority.

As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with IFRS as adopted by the European Union and issued by the IASB. The condensed consolidated interim financial statements included in this half-yearly financial report have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed consolidated interim financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements for the six months ended 31 October 2015 are not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Deloitte LLP	Chartered Accountants and Statutory Auditor
London	8 December 2015