1 March 2016

Unaudited results for the nine months and third quarter ended 31 January 2016

	Third quarter			Nine months		
	2016	2015	Growth[1]	2016	2015	Growth[1]
	£m	£m	%	£m	£m	%
Underlying results[2]						
Rental revenue	546.9	462.9	14%	1,675.5	1,358.5	17%
EBITDA	277.4	225.0	18%	869.2	680.5	21%
Operating profit	160.6	132.8	16%	542.7	427.4	20%
Profit before taxation	139.1	113.9	17%	481.8	379.4	20%
Earnings per share	18.0p	14.5p	18%	63.1p	48.4p	23%
Statutory results						
Revenue	612.2	512.9	15%	1,879.7	1,500.2	19%
Profit before taxation	133.5	109.9	16%	465.4	369.1	19%
Earnings per share	17.2p	14.1p	18%	60.9p	47.1p	22%

[1] at constant exchange rates
[2] before intangible amortisation

Highlights

- Group rental revenue up 17%[1]
- Nine month pre-tax profit[2] of £482m, up 20% at constant exchange rates
- £932m of capital invested in the business (2015: £783m)
- Group RoI of 19% (2015: 19%)
- Net debt to EBITDA leverage[1] of 1.9 times (2015: 2.0 times)

Ashtead's chief executive, Geoff Drabble, commented:

"The Group delivered another strong quarter resulting in underlying pre-tax profits of £482m for the nine months, up 20% at constant exchange rates on the prior year. 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. Our continued success demonstrates both the strength of our strategy and the overall health of the markets we serve.

Looking forward, while we are watchful of the broader economic environment, we continue to see encouraging growth opportunities and expect double digit fleet growth in the US in 2016/17. As our fleet replacement expenditure naturally moderates, we enter a phase of the cycle where we anticipate both good earnings growth and significant cash generation. As a consequence our leverage will trend towards the lower end of our range of 1.5 to 2.0 times net debt to EBITDA which provides the Group with a high degree of flexibility and security.

With both divisions performing well, strong end markets and our strategy clearly working, we expect full year results to be in line with our expectations and the Board looks forward to the medium term with confidence."

Contacts:

Geoff Drabble	Chief executive	+44 (0)20 7726 9700
Suzanne Wood	Finance director	
Will Shaw	Director of Investor Relations	
Becky Mitchell	Maitland	+44 (0)20 7379 5151
Tom Eckersley	Maitland	

Geoff Drabble and Suzanne Wood will hold a conference call for equity analysts to discuss the results and outlook at 9.00am on Tuesday, 1 March 2016. The call 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 call concludes. A copy of this announcement and the slide presentation used for the call will also be available for download on the Company's website. The usual conference call for bondholders will begin at 3pm (10am EST).

Analysts and bondholders have already been invited to participate in the analyst call and conference call for bondholders but any eligible person not having received 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.

Nine months' results

	Revenue		EBITDA		Operating profit	
	2016	2015	2016	2015	2016	2015
Sunbelt in $m	2,468.0	2,047.5	1,190.3	983.3	770.9	646.9
Sunbelt in £m	1,615.8	1,257.8	779.3	604.1	504.7	397.4
A-Plant	263.9	242.4	98.9	84.1	47.0	37.7
Group central costs	-	-	(9.0)	(7.7)	(9.0)	(7.7)
	1,879.7	1,500.2	869.2	680.5	542.7	427.4
Net financing costs					(60.9)	(48.0)
Profit before amortisation and tax					**481.8**	**379.4**
Amortisation					(16.4)	(10.3)
Profit before taxation					465.4	369.1
Taxation					(160.0)	(133.2)
Profit attributable to equity holders of the Company					305.4	235.9
Margins						
Sunbelt			*48.2%*	*48.0%*	*31.2%*	*31.6%*
A-Plant			*37.5%*	*34.7%*	*17.8%*	*15.6%*
Group			*46.2%*	*45.4%*	*28.9%*	*28.5%*

Group revenue increased 25% to £1,880m in the nine months (2015: £1,500m) with strong growth in both businesses. This revenue growth, combined with ongoing operational efficiency, generated underlying profit before tax of £482m (2015: £379m).

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 continues to benefit from cyclical and structural trends. Sunbelt's revenue growth can be explained as follows:

		$m
2015 rental only revenue		1,456
Same stores (in existence at 1 May 2014)	+ 12%	162
Bolt-ons and greenfields since 1 May 2014	+ 8%	127
2016 rental only revenue	+ 20%	1,745
Ancillary revenue	+ 13%	460
2016 rental revenue	+ 18%	2,205
Sales revenue		263
2016 total revenue		2,468

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 again this year. Our same-store growth of 12% demonstrates that we continue to take market share as we grow more rapidly than the market. In addition, bolt-ons and greenfields have contributed another 8% growth as we execute our long-term structural growth strategy of expanding our geographic footprint and our specialty businesses. During the nine months our focus has been on greenfields with 51 opened compared with 25 in the same period last year. In addition, we spent $73m (2015: $263m) on bolt-on acquisitions, which added a further nine locations.

Total rental only revenue growth was 20% in strong end markets, despite the slow-down in oil and gas markets that provided a headwind which will continue in the fourth quarter. This growth was driven by increased fleet on rent with yield flat year over year. Excluding oil and gas, same-store yield improved 2% in the nine months but good yield development in greenfields and bolt-ons was more than offset by the adverse impact of oil and gas, resulting in overall yield being flat.

Average nine month physical utilisation was 72% (2015: 72%). Sunbelt's total revenue, including new and used equipment, merchandise and consumable sales, increased 21% to $2,468m (2015: $2,047m) 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 £193m, up 9% on the prior year (2015: £177m), in markets which remain competitive. This reflects increased fleet on rent with yield flat year-on-year. A-Plant's total revenue increased 9% to £264m (2015: £242m).

Sunbelt continues to focus on operational efficiency and driving improving margins, with 56% 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 63% of revenue growth drop through to EBITDA. The EBITDA margin of 48% (2015: 48%) reflects a higher level of lower margin used equipment sales. Excluding used equipment sales, EBITDA margins improved to 50% (2015: 49%). This contributed to an operating profit of $771m (2015: $647m). A-Plant's EBITDA margin improved to 37% (2015: 35%) and operating profit rose to £47m (2015: £38m), with drop through of 74%. As a result, Group underlying operating profit increased 27% to £543m (2015: £427m).

Net financing costs increased to £61m (2015: £48m), 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 £482m (2015: £379m). After a tax charge of 34% (2015: 36%) of the underlying pre-tax profit, underlying earnings per share increased 30% to 63.1p (2015: 48.4p).

Statutory profit before tax was £465m (2015: £369m) and, after a tax charge of 34% (2015: 36%), basic earnings per share were 60.9p (2015: 47.1p). Following the introduction of accelerated tax depreciation by the US government in 2015, we no longer expect to be a significant cash tax payer in the US until 2016/17. As a result, the cash tax charge for the nine months was 4%.

Capital expenditure and acquisitions

Capital expenditure for the nine months was £932m gross and £790m net of disposal proceeds (2015: £783m gross and £701m net). As a result of this investment, the Group's rental fleet at 31 January 2016 at cost was £4.4bn. Our average fleet age is now 25 months (2015: 26 months).

We spent £60m (2015: £162m) on 11 bolt-on acquisitions during the period as we continue to both expand our footprint and diversify into specialty markets.

For the full year, we expect gross capital expenditure at the top end of our previous guidance, around £1.2bn at current exchange rates, reflecting both strong activity levels and the impact of weaker sterling.

We are now entering a very different replacement cycle as we lap our low capital expenditure years of 2009, 2010 and 2011 and therefore our replacement spend will be much lower than recent years. However, we continue to expect strong growth capital expenditure generating double digit fleet growth. Our operating model, and short delivery lead times, allow us to flex our capital spend quickly. Reflecting our desire to be watchful of broader economic trends before finalising our Q3 and Q4 2016/17 spend, we have a broad range for next year's capital expenditure of £0.7 to £1bn.

Return on Investment[1]

Sunbelt's pre-tax return on investment (excluding goodwill and intangible assets) in the 12 months to 31 January 2016 was 24% (2015: 26%). This remains well ahead of the Group's pre-tax weighted average cost of capital although RoI has been affected in the short term by our investment in greenfields and bolt-on acquisitions. In the UK, return on investment (excluding goodwill and intangible assets) was 13% (2015: 13%). For the Group as a whole, returns (including goodwill and intangible assets) are 19% (2015: 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 nine months as we invested in the fleet, made a number of bolt-on acquisitions and due to increased working capital to support the growth in the business. In addition, weaker sterling increased reported debt by £146m in the period.

Net debt at 31 January 2016 was £2,169m (2015: £1,769m) while, reflecting our strong earnings growth, the ratio of net debt to EBITDA reduced to 1.9 times (2015: 2.0 times) on a constant currency basis. The Group's strong cash generation capability and capital expenditure plans for 2016/17 mean that net debt to EBITDA leverage is likely to trend towards the lower end of a 1.5 to 2 times net debt to EBITDA range. This range of leverage is appropriate for the business given our strong EBITDA margins, young fleet age and strong asset base. We believe that these levels of leverage are prudent and provide the Group with a high degree of flexibility and security.

The Group's debt package is well structured and flexible, enabling us to optimise the opportunity presented by end market conditions. The Group's debt facilities are committed for an average of six years. At 31 January 2016, ABL availability was $984m, with an additional $1,610m of suppressed availability - substantially above the $260m level at which the Group's entire debt package is covenant free.

Current trading and outlook

With both divisions performing well, strong end markets and our strategy clearly working, we expect full year results to be in line with our expectations and the Board looks forward to the medium term with confidence.

CONSOLIDATED INCOME STATEMENT FOR THE THREE MONTHS ENDED 31 JANUARY 2016

	2016			2015		
	Before amortisation £m	Amortisation £m	Total £m	Before amortisation £m	Amortisation £m	Total £m
Third quarter - unaudited						
Revenue						
Rental revenue	546.9	-	546.9	462.9	-	462.9
Sale of new equipment, merchandise and consumables	23.2	-	23.2	20.4	-	20.4
Sale of used rental equipment	42.1	-	42.1	29.6	-	29.6
	612.2	-	612.2	512.9	-	512.9
Operating costs						
Staff costs	(147.6)	-	(147.6)	(124.7)	-	(124.7)
Used rental equipment sold	(31.6)	-	(31.6)	(22.1)	-	(22.1)
Other operating costs	(155.6)	-	(155.6)	(141.1)	-	(141.1)
	(334.8)	-	(334.8)	(287.9)	-	(287.9)
EBITDA*	277.4	-	277.4	225.0	-	225.0
Depreciation	(116.8)	-	(116.8)	(92.2)	-	(92.2)
Amortisation of intangibles	-	(5.6)	(5.6)	-	(4.0)	(4.0)
Operating profit	160.6	(5.6)	155.0	132.8	(4.0)	128.8
Investment income	-	-	-	0.1	-	0.1
Interest expense	(21.5)	-	(21.5)	(19.0)	-	(19.0)
Profit on ordinary activities before taxation	139.1	(5.6)	133.5	113.9	(4.0)	109.9
Taxation	(48.8)	1.8	(47.0)	(40.8)	1.2	(39.6)
Profit attributable to equity holders of the Company	90.3	(3.8)	86.5	73.1	(2.8)	70.3
Basic earnings per share	18.0p	(0.8p)	17.2p	14.5p	(0.4p)	14.1p
Diluted earnings per share	18.0p	(0.7p)	17.3p	14.5p	(0.6p)	13.9p

* 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 Third Quarter, Balance Sheet and Cash Flow accompanying these condensed consolidated interim financial statements.

CONSOLIDATED INCOME STATEMENT FOR THE NINE MONTHS ENDED 31 JANUARY 2016

	2016			2015		
	Before amortisation	Amortisation	Total	Before amortisation	Amortisation	Total
	£m	£m	£m	£m	£m	£m
Nine months - unaudited						
Revenue						
Rental revenue	1,675.5	-	1,675.5	1,358.5	-	1,358.5
Sale of new equipment, merchandise and consumables	68.1	-	68.1	65.9	-	65.9
Sale of used rental equipment	136.1	-	136.1	75.8	-	75.8
	1,879.7	-	1,879.7	1,500.2	-	1,500.2
Operating costs						
Staff costs	(432.3)	-	(432.3)	(350.9)	-	(350.9)
Used rental equipment sold	(105.3)	-	(105.3)	(57.6)	-	(57.6)
Other operating costs	(472.9)	-	(472.9)	(411.2)	-	(411.2)
	(1,010.5)	-	(1,010.5)	(819.7)	-	(819.7)
EBITDA*	869.2	-	869.2	680.5	-	680.5
Depreciation	(326.5)	-	(326.5)	(253.1)	-	(253.1)
Amortisation of intangibles	-	(16.4)	(16.4)	-	(10.3)	(10.3)
Operating profit	542.7	(16.4)	526.3	427.4	(10.3)	417.1
Investment income	0.1	-	0.1	0.2	-	0.2
Interest expense	(61.0)	-	(61.0)	(48.2)	-	(48.2)
Profit on ordinary activities before taxation	481.8	(16.4)	465.4	379.4	(10.3)	369.1
Taxation	(165.3)	5.3	(160.0)	(136.5)	3.3	(133.2)
Profit attributable to equity holders of the Company	316.5	(11.1)	305.4	242.9	(7.0)	235.9
Basic earnings per share	63.1p	(2.2p)	60.9p	48.4p	(1.3p)	47.1p
Diluted earnings per share	62.9p	(2.2p)	60.7p	48.1p	(1.4p)	46.7p

* 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 January		Nine months to 31 January	
	2016	2015	2016	2015
	£m	£m	£m	£m
Profit attributable to equity holders of the Company for the period	86.5	70.3	305.4	235.9
Items that may be reclassified subsequently to profit or loss:				
Foreign currency translation differences	84.4	40.4	80.4	75.7
Total comprehensive income for the period	170.9	110.7	385.8	311.6

CONSOLIDATED BALANCE SHEET AT 31 JANUARY 2016

	Unaudited		Audited
	31 January		30 April
	2016	2015	2015
	£m	£m	£m
Current assets			
Inventories	36.8	22.6	23.9
Trade and other receivables	458.2	379.5	377.5
Current tax asset	8.1	34.0	26.2
Cash and cash equivalents	10.0	3.8	10.5
	513.1	439.9	438.1
Non-current assets			
Property, plant and equipment			
- rental equipment	3,157.3	2,396.6	2,534.2
- other assets	341.8	269.9	276.9
	3,499.1	2,666.5	2,811.1
Goodwill	573.3	499.3	516.2
Other intangible assets	102.9	69.8	92.7
Net defined benefit pension plan asset	3.0	6.1	3.1
	4,178.3	3,241.7	3,423.1
Total assets	4,691.4	3,681.6	3,861.2
Current liabilities			
Trade and other payables	324.5	306.4	491.7
Current tax liability	6.0	5.3	6.2
Debt due within one year	2.4	1.9	2.0
Provisions	32.5	19.1	18.4
	365.4	332.7	518.3
Non-current liabilities			
Debt due after more than one year	2,176.4	1,770.7	1,695.6
Provisions	22.9	28.0	31.3
Deferred tax liabilities	698.3	474.9	504.5
	2,897.6	2,273.6	2,231.4
Total liabilities	3,263.0	2,606.3	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	(16.4)	(15.5)	(15.5)
Cumulative foreign exchange translation differences	119.1	55.5	38.7
Retained reserves	1,299.0	917.9	970.9
Equity attributable to equity holders of the Company	1,428.4	1,075.3	1,111.5
Total liabilities and equity	4,691.4	3,681.6	3,861.2

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 31 JANUARY 2016

	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	-	-	-	-	-	-	-	235.9	235.9
Other comprehensive income:									
Foreign currency translation differences	-	-	-	-	-	-	75.7	-	75.7
Total comprehensive income for the period	-	-	-	-	-	-	75.7	235.9	311.6
Dividends paid	-	-	-	-	-	-	-	(46.4)	(46.4)
Own shares purchased by the ESOT	-	-	-	-	-	(20.3)	-	-	(20.3)
Share-based payments	-	-	-	-	-	16.6	-	(13.6)	3.0
Tax on share-based payments	-	-	-	-	-	-	-	3.0	3.0
At 31 January 2015	55.3	3.6	0.9	90.7	(33.1)	(15.5)	55.5	917.9	1,075.3
Profit for the period	-	-	-	-	-	-	-	67.5	67.5
Other comprehensive income:									
Foreign currency translation differences	-	-	-	-	-	-	(16.8)	-	(16.8)
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	-	-	-	-	-	-	(16.8)	65.0	48.2
Dividends paid	-	-	-	-	-	-	-	(15.0)	(15.0)
Own shares purchased by the ESOT	-	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	-	-	-	-	1.0	1.0
Tax on share-based payments	-	-	-	-	-	-	-	2.0	2.0
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	-	-	-	-	-	-	-	305.4	305.4
Other comprehensive income:									
Foreign currency translation differences	-	-	-	-	-	-	80.4	-	80.4
Total comprehensive income for the year	-	-	-	-	-	-	80.4	305.4	385.8
Dividends paid	-	-	-	-	-	-	-	(61.4)	(61.4)
Own shares purchased by the ESOT	-	-	-	-	-	(11.8)	-	-	(11.8)
Share-based payments	-	-	-	-	-	10.9	-	(7.3)	3.6
Tax on share-based payments	-	-	-	-	-	-	-	0.7	0.7
Transfer of non-distributable reserve	-	-	-	(90.7)	-	-	-	90.7	-
At 31 January 2016	55.3	3.6	0.9	-	(33.1)	(16.4)	119.1	1,299.0	1,428.4

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 NINE MONTHS ENDED 31 JANUARY 2016

	Unaudited	
	2016	2015
	£m	£m
Cash flows from operating activities		
Cash generated from operations before exceptional items and changes in rental equipment	763.9	583.9
Exceptional operating costs paid	-	(0.4)
Payments for rental property, plant and equipment	(942.7)	(728.4)
Proceeds from disposal of rental property, plant and equipment	123.7	68.7
Cash used in operations	(55.1)	(76.2)
Financing costs paid (net)	(62.6)	(48.8)
Tax paid (net)	(0.1)	(36.1)
Net cash used in operating activities	(117.8)	(161.1)
Cash flows from investing activities		
Acquisition of businesses	(62.9)	(167.9)
Payments for non-rental property, plant and equipment	(85.9)	(58.2)
Proceeds from disposal of non-rental property, plant and equipment	6.1	6.1
Net cash used in investing activities	(142.7)	(220.0)
Cash flows from financing activities		
Drawdown of loans	449.1	890.8
Redemption of loans	(115.4)	(440.0)
Capital element of finance lease payments	(1.0)	(2.1)
Dividends paid	(61.4)	(46.4)
Purchase of own shares by the ESOT	(11.8)	(20.3)
Net cash from financing activities	259.5	382.0
(Decrease)/increase in cash and cash equivalents	(1.0)	0.9
Opening cash and cash equivalents	10.5	2.8
Effect of exchange rate difference	0.5	0.1
Closing cash and cash equivalents	10.0	3.8

Reconciliation of net debt

Decrease/(increase) in cash in the period	1.0	(0.9)
Increase in debt through cash flow	332.7	448.7
Change in net debt from cash flows	333.7	447.8
Debt acquired	0.3	-
Exchange differences	145.6	169.1
Non-cash movements:		
- deferred costs of debt raising	1.3	1.1
- capital element of new finance leases	0.8	2.2
Increase in net debt in the period	481.7	620.2
Net debt at 1 May	1,687.1	1,148.6
Net debt at 31 January	2,168.8	1,768.8

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. General information

Ashtead Group plc (‘the Company’) is a company incorporated and domiciled in England and Wales and listed on the London Stock Exchange. The condensed consolidated interim financial statements as at, and for the nine months ended, 31 January 2016 comprise the Company and its subsidiaries (‘the Group’).

The condensed consolidated interim financial statements for the nine months ended 31 January 2016 were approved by the directors on 29 February 2016.

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.

2. Basis of preparation

The condensed consolidated interim financial statements for the nine months ended 31 January 2016 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:

	2016	2015
Average for the three months ended 31 January	1.49	1.55
Average for the nine months ended 31 January	1.53	1.63
At 30 April	1.54	1.69
At 31 January	1.42	1.50

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 January				
2016				
Sunbelt	526.6	150.9	(4.3)	146.6
A-Plant	85.6	12.0	(1.3)	10.7
Corporate costs	-	(2.3)	-	(2.3)
	612.2	160.6	(5.6)	155.0
2015				
Sunbelt	436.1	127.5	(2.9)	124.6
A-Plant	76.8	8.0	(1.1)	6.9
Corporate costs	-	(2.7)	-	(2.7)
	512.9	132.8	(4.0)	128.8
Nine months to 31 January				
2016				
Sunbelt	1,615.8	504.7	(12.7)	492.0
A-Plant	263.9	47.0	(3.7)	43.3
Corporate costs	-	(9.0)	-	(9.0)
	1,879.7	542.7	(16.4)	526.3
2015				
Sunbelt	1,257.8	397.4	(6.9)	390.5
A-Plant	242.4	37.7	(3.4)	34.3
Corporate costs	-	(7.7)	-	(7.7)
	1,500.2	427.4	(10.3)	417.1

	Segment assets	Cash	Taxation assets	Total assets
	£m	£m	£m	£m
At 31 January 2016				
Sunbelt	4,075.6	-	-	4,075.6
A-Plant	597.3	-	-	597.3
Corporate items	0.4	10.0	8.1	18.5
	4,673.3	10.0	8.1	4,691.4
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

	2016			2015		
	Before amortisation	Amortisation	Total	Before amortisation	Amortisation	Total
	£m	£m	£m	£m	£m	£m
Three months to 31 January						
Staff costs:						
Salaries	134.2	-	134.2	113.0	-	113.0
Social security costs	10.8	-	10.8	9.5	-	9.5
Other pension costs	2.6	-	2.6	2.2	-	2.2
	147.6	-	147.6	124.7	-	124.7
Used rental equipment sold	31.6	-	31.6	22.1	-	22.1
Other operating costs:						
Vehicle costs	31.0	-	31.0	28.5	-	28.5
Spares, consumables & external repairs	30.5	-	30.5	25.9	-	25.9
Facility costs	18.6	-	18.6	15.7	-	15.7
Other external charges	75.5	-	75.5	71.0	-	71.0
	155.6	-	155.6	141.1	-	141.1
Depreciation and amortisation:						
Depreciation	116.8	-	116.8	92.2	-	92.2
Amortisation of intangibles	-	5.6	5.6	-	4.0	4.0
	116.8	5.6	122.4	92.2	4.0	96.2
	451.6	5.6	457.2	380.1	4.0	384.1
Nine months to 31 January						
Staff costs:						
Salaries	394.4	-	394.4	319.0	-	319.0
Social security costs	30.5	-	30.5	25.7	-	25.7
Other pension costs	7.4	-	7.4	6.2	-	6.2
	432.3	-	432.3	350.9	-	350.9
Used rental equipment sold	105.3	-	105.3	57.6	-	57.6
Other operating costs:						
Vehicle costs	100.2	-	100.2	88.4	-	88.4
Spares, consumables & external repairs	90.5	-	90.5	73.9	-	73.9
Facility costs	53.9	-	53.9	42.4	-	42.4
Other external charges	228.3	-	228.3	206.5	-	206.5
	472.9	-	472.9	411.2	-	411.2
Depreciation and amortisation:						
Depreciation	326.5	-	326.5	253.1	-	253.1
Amortisation of intangibles	-	16.4	16.4	-	10.3	10.3
	326.5	16.4	342.9	253.1	10.3	263.4
	1,337.0	16.4	1,353.4	1,072.8	10.3	1,083.1

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 January		Nine months to 31 January	
	2016	2015	2016	2015
	£m	£m	£m	£m
Amortisation of intangibles	5.6	4.0	16.4	10.3
Taxation	(1.8)	(1.2)	(5.3)	(3.3)
	3.8	2.8	11.1	7.0

6. Net financing costs

	Three months to 31 January		Nine months to 31 January	
	2016	2015	2016	2015
	£m	£m	£m	£m
Investment income:				
Net interest on the net defined benefit asset	-	(0.1)	(0.1)	(0.2)
Interest expense:				
Bank interest payable	6.1	4.6	16.1	13.1
Interest payable on second priority senior secured notes	14.5	13.8	42.5	33.4
Interest payable on finance leases	0.1	0.1	0.3	0.2
Non-cash unwind of discount on provisions	0.3	0.1	0.8	0.5
Amortisation of deferred debt raising costs	0.5	0.4	1.3	1.0
Total interest expense	21.5	19.0	61.0	48.2
Net financing costs	21.5	18.9	60.9	48.0

7. Taxation

The tax charge for the period has been computed using a tax rate for the year of 39% in North America (2015: 39%) and 20% in the UK (2015: 21%). The blended rate for the Group as a whole is 34% (2015: 36%).

The tax charge of £165.3m (2015: £136.5m) on the underlying profit before taxation of £481.8m (2015: £379.4m) can be explained as follows:

	Nine months to 31 January	
	2016	2015
	£m	£m
Current tax		
- current tax on income for the period	18.8	16.3
- adjustments to prior year	0.5	(0.4)
	19.3	15.9
Deferred tax		
- origination and reversal of temporary differences	145.9	121.2
- adjustments to prior year	0.1	(0.6)
	146.0	120.6
Tax on underlying activities	165.3	136.5

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

7. Taxation (continued)

	Nine months to 31 January	
	2016	2015
	£m	£m
Comprising:		
- UK	11.6	11.8
- North America	153.7	124.7
	165.3	136.5

In addition, the tax credit of £5.3m (2015: £3.3m) on amortisation of intangibles of £16.4m (2015: £10.3m) consists of a deferred tax credit of £0.5m relating to the UK (2015: £0.7m) and £4.8m (2015: £2.6m) relating to North America.

8. Earnings per share

Basic and diluted earnings per share for the three and nine months ended 31 January 2016 have been calculated based on the profit for the relevant period and the weighted average number of ordinary shares in issue during that period (excluding shares held by the Company and the ESOT over which dividends have been waived). Diluted earnings per share is computed using the result for the relevant period and the diluted number of shares (ignoring any potential issue of ordinary shares which would be anti-dilutive). These are calculated as follows:

		Three months to 31 January		Nine months to 31 January	
		2016	2015	2016	2015
Profit for the financial period (£m)		86.5	70.3	305.4	235.9
Weighted average number of shares (m)	- basic	501.5	501.4	501.5	501.4
	- diluted	503.0	504.2	503.5	504.8
Basic earnings per share		17.2p	14.1p	60.9p	47.1p
Diluted earnings per share		17.3p	13.9p	60.7p	46.7p

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 January		Nine months to 31 January	
	2016	2015	2016	2015
Basic earnings per share	17.2p	14.1p	60.9p	47.1p
Amortisation of intangibles	1.2p	0.7p	3.3p	2.0p
Tax on amortisation	(0.4p)	(0.3p)	(1.1p)	(0.7p)
Underlying earnings per share	18.0p	14.5p	63.1p	48.4p

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). The interim dividend for the year ending 30 April 2016 of 4.0p (2015: 3.0p) per share announced on 9 December 2015 was paid on 3 February 2016.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

10. Property, plant and equipment

	2016		2015	
	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	162.4	178.2	172.0	191.4
Reclassifications	(1.2)	-	(0.5)	-
Additions	840.2	932.0	718.8	782.5
Acquisitions	18.2	19.9	72.2	80.4
Disposals	(110.8)	(115.6)	(59.3)	(63.8)
Depreciation	(285.7)	(326.5)	(222.9)	(253.1)
At 31 January	3,157.3	3,499.1	2,396.6	2,666.5

11. Borrowings

	31 January 2016	30 April 2015
	£m	£m
Current		
Finance lease obligations	2.4	2.0
Non-current		
First priority senior secured bank debt	1,188.1	782.7
Finance lease obligations	3.0	3.3
6.5% second priority senior secured notes, due 2022	638.5	589.8
5.625% second priority senior secured notes, due 2024	346.8	319.8
	2,176.4	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 January 2016, availability under the ABL facility was $984m ($756m at 30 April 2015), with an additional $1,610m of suppressed availability, meaning that the covenant was not measured at 31 January 2016 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 January 2016, 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 January 2016, 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 £648m at 31 January 2016 (£599m at 30 April 2015), while the fair value was £658m (£646m at 30 April 2015). The carrying value of the second priority senior secured notes due 2024, excluding deferred debt raising costs, was £352m at 31 January 2016 (£325m at 30 April 2015) while the fair value was £338m (£342m at 30 April 2015). The fair value of the second priority senior secured notes has been calculated using quoted market prices at 31 January 2016.

12. Share capital

Ordinary shares of 10p each:

	31 January 2016 Number	30 April 2015 Number	31 January 2016 £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 January 2016, 50m (2015: 50m) shares were held by the Company and a further 1.8m (2015: 1.9m) shares were held by the Company's Employee Share Ownership Trust.

13. Notes to the cash flow statement

	Nine months to 31 January 2016 £m	2015 £m
a) Cash flow from operating activities		
Operating profit before amortisation	542.7	427.4
Depreciation	326.5	253.1
EBITDA before exceptional items	869.2	680.5
Profit on disposal of rental equipment	(30.8)	(18.2)
Profit on disposal of other property, plant and equipment	(0.9)	(1.2)
Increase in inventories	(9.6)	(0.9)
Increase in trade and other receivables	(34.6)	(66.4)
Decrease in trade and other payables	(33.0)	(12.9)
Other non-cash movements	3.6	3.0
Cash generated from operations before exceptional items and changes in rental equipment	763.9	583.9

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 January 2016
	£m	£m	£m	£m	£m	£m
Cash	(10.5)	(0.5)	1.0	-	-	(10.0)
Debt due within one year	2.0	-	(0.7)	0.1	1.0	2.4
Debt due after one year	1,695.6	146.1	333.4	0.2	1.1	2,176.4
Total net debt	1,687.1	145.6	333.7	0.3	2.1	2,168.8

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

c) Acquisitions

	Nine months to 31 January	
	2016	2015
	£m	£m
Cash consideration paid:		
- acquisitions in the period	59.5	162.4
- deferred consideration	3.4	5.5
	62.9	167.9

During the period, 11 acquisitions were made for a total cash consideration of £59.5m (2015: £162.4m), after taking account of net cash acquired of £0.9m. Further details are provided in note 14.

Deferred consideration of £3.4m (2015: £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.

vii) 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.

viii) 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.

ix) On 31 December 2015 Sunbelt acquired the entire issued share capital of Okotoks Rentals Ltd ('Okotoks') for an initial cash consideration of £16m (C$34m), with contingent consideration of up to £1m (C$2m) payable over the next two years. Okotoks is a general equipment rental business in Alberta, Canada.

x) On 7 January 2016 Sunbelt acquired the business and assets of Richardson Equipment Rentals, Inc. ('Richardson') for £6m ($9m). Richardson is a general equipment rental business in California.

xi) On 18 January 2016 A-Plant acquired certain business and assets of Rapid Climate Control Limited ('Rapid') for £3m. Rapid is a climate control business.

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 Group £m
Net assets acquired	
Trade and other receivables	7.6
Inventory	0.7
Property, plant and equipment	
- rental equipment	17.8
- other assets	1.7
Creditors	(3.0)
Debt	(0.3)
Intangible assets (non-compete agreements and customer relationships)	21.5
	46.0
Consideration:	
- cash paid (net of cash acquired)	59.5
- deferred consideration payable in cash	4.7
	64.2
Goodwill	18.2

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. £11m of the goodwill is expected to be deductible for income tax purposes.

The fair value of trade receivables at acquisition was £8m.

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.

REVIEW OF THIRD QUARTER, BALANCE SHEET AND CASH FLOW

Third quarter

	Revenue		EBITDA		Operating profit	
	2016	2015	2016	2015	2016	2015
Sunbelt in $m	782.9	679.6	371.0	316.8	223.5	197.6
Sunbelt in £m	526.6	436.1	249.7	203.7	150.9	127.5
A-Plant	85.6	76.8	30.0	24.0	12.0	8.0
Group central costs	-	-	(2.3)	(2.7)	(2.3)	(2.7)
	612.2	512.9	277.4	225.0	160.6	132.8
Net financing costs					(21.5)	(18.9)
Profit before amortisation and tax					**139.1**	**113.9**
Amortisation					(5.6)	(4.0)
Profit before taxation					133.5	109.9
Margins						
Sunbelt			*47.4%*	*46.6%*	*28.5%*	*29.1%*
A-Plant			*35.1%*	*31.3%*	*14.0%*	*10.5%*
Group			*45.3%*	*43.9%*	*26.2%*	*25.9%*

Group revenue increased 19% to £612m in the third quarter (2015: £513m) with strong growth in both businesses. This revenue growth, combined with continued focus on operational efficiency, generated underlying profit before tax of £139m (2015: £114m).

As for the nine months, 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
2015 rental only revenue		485
Same stores (in existence at 1 November 2014)	+ 10%	47
Bolt-ons and greenfields since 1 November 2014	+ 5%	26
2016 rental only revenue	+ 15%	558
Ancillary revenue	+ 10%	143
2016 rental revenue	+ 14%	701
Sales revenue		82
2016 total revenue		783

Our same-store growth of 10% is well in excess of the rental market as we continue to take market share. In addition, bolt-ons and greenfields have contributed a further 5% 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 15% was driven by a 16% increase in fleet on rent and a 1% decline in yield, reflecting the negative impact of oil and gas year over year.

A-Plant continues to perform well and delivered rental only revenue up 11% at £63m (2015: £57m) in the quarter. This reflects increased fleet on rent and yield flat year over year.

Group operating profit increased 21% to £161m (2015: £133m). Net financing costs increased to £21m (2015: £19m) reflecting the higher level of debt in the period. As a result, Group profit before amortisation and taxation was £139m (2015: £114m). After amortisation of £6m, the statutory profit before taxation was £133m (2015: £110m).

Balance sheet

Fixed assets

Capital expenditure in the nine months totalled £932m (2015: £783m) with £840m invested in the rental fleet (2015: £719m). Expenditure on rental equipment was 90% of total capital expenditure with the balance relating to the delivery vehicle fleet, property improvements and IT equipment. Capital expenditure by division was:

	2016			2015
	Replacement	Growth	Total	Total
Sunbelt in $m	433.2	599.2	1,032.4	892.4
Sunbelt in £m	305.4	422.3	727.7	594.3
A-Plant	66.6	45.9	112.5	124.5
Total rental equipment	372.0	468.2	840.2	718.8
Delivery vehicles, property improvements & IT equipment			91.8	63.7
Total additions			932.0	782.5

In a strong US rental market, $599m of rental equipment capital expenditure was spent on growth while $433m 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 January 2016 was 25 months (2015: 26 months) on a net book value basis. Sunbelt's fleet had an average age of 25 months (2015: 26 months) while A-Plant's fleet had an average age of 27 months (2015: 29 months).

	Rental fleet at original cost			LTM rental	LTM dollar	LTM physical
	31 Jan 2016	30 April 2015	LTM average	revenue	utilisation	utilisation
Sunbelt in $m	5,365	4,733	4,966	2,819	57%	70%
Sunbelt in £m	3,781	3,079	3,501	1,851	57%	70%
A-Plant	615	559	583	306	52%	68%
	4,396	3,638	4,084	2,157		

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 January 2016, was 57% at Sunbelt (2015: 60%) and 52% at A-Plant (2015: 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 January 2016, average physical utilisation at Sunbelt was 70% (2015: 71%) and 68% at A-Plant (2015: 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 January 2016.

Trade receivables

Receivable days at 31 January 2016 were 53 days (2015: 52 days). The bad debt charge for the nine months ended 31 January 2016 as a percentage of total turnover was 0.7% (2015: 0.7%). Trade receivables at 31 January 2016 of £394m (2015: £331m) are stated net of allowances for bad debts and credit notes of £29m (2015: £24m) with the allowance representing 6.8% (2015: 6.8%) of gross receivables.

Trade and other payables

Group payable days were 62 days in 2016 (2015: 58 days) with capital expenditure related payables, which have longer payment terms, totalling £115m (2015: £110m). Payment periods for purchases other than rental equipment vary between seven and 60 days and for rental equipment between 30 and 120 days.

Cash flow and net debt

	Nine months to 31 January 2016	Nine months to 31 January 2015	LTM to 31 January 2016	Year to 30 April 2015
	£m	£m	£m	£m
EBITDA before exceptional items	869.2	680.5	1,097.1	908.4
Cash inflow from operations before exceptional items and changes in rental equipment	763.9	583.9	1,021.4	841.4
*Cash conversion ratio**	*87.9%*	*85.8%*	*93.1%*	*92.6%*
Replacement rental capital expenditure	(381.2)	(217.6)	(434.2)	(270.6)
Payments for non-rental capital expenditure	(85.9)	(58.2)	(106.4)	(78.7)
Rental equipment disposal proceeds	123.7	68.7	150.4	95.4
Other property, plant and equipment disposal proceeds	6.1	6.1	7.5	7.5
Tax (net)	(0.1)	(36.1)	4.0	(32.0)
Financing costs	(62.6)	(48.8)	(77.2)	(63.4)
Cash inflow before growth capex and payment of exceptional costs	**363.9**	**298.0**	**565.5**	**499.6**
Growth rental capital expenditure	(561.5)	(510.8)	(638.2)	(587.5)
Exceptional costs	-	(0.4)	(0.1)	(0.5)
Total cash used in operations	**(197.6)**	**(213.2)**	**(72.8)**	**(88.4)**
Business acquisitions	(62.9)	(167.9)	(136.5)	(241.5)
Total cash absorbed	**(260.5)**	**(381.1)**	**(209.3)**	**(329.9)**
Dividends	(61.4)	(46.4)	(76.4)	(61.4)
Purchase of own shares by the ESOT	(11.8)	(20.3)	(11.8)	(20.3)
Increase in net debt	**(333.7)**	**(447.8)**	**(297.5)**	**(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 31% to £764m. The nine month cash conversion ratio of 88% (2015: 86%) reflects a higher level of working capital due to the growth in the business and seasonality.

Total payments for capital expenditure (rental equipment and other PPE) in the nine months were £1,029m (2015: £787m). Disposal proceeds received totalled £130m (2015: £75m), giving net payments for capital expenditure of £899m in the period (2015: £712m). Financing costs paid totalled £63m (2015: £49m) while tax payments were £nil (2015: £36m). Tax payments are stated net of a refund of tax paid in 2014/15, as a result of the US government introducing accelerated tax depreciation in 2014 after we had made payments on account for 2014/15. Following the announcement in 2015 that accelerated tax depreciation will continue, we do not expect to be a significant cash tax payer in the US until 2016/17. 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 nine months the Group generated £364m (2015: £298m) 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 £261m (2015: £381m).

Net debt

	31 January 2016 £m	31 January 2015 £m	30 April 2015 £m
First priority senior secured bank debt	1,188.1	837.1	782.7
Finance lease obligations	5.4	4.7	5.3
6.5% second priority senior secured notes, due 2022	638.5	603.7	589.8
5.625% second priority senior secured notes, due 2024	346.8	327.1	319.8
	2,178.8	1,772.6	1,697.6
Cash and cash equivalents	(10.0)	(3.8)	(10.5)
Total net debt	2,168.8	1,768.8	1,687.1

Net debt at 31 January 2016 was £2,169m with the increase since 30 April 2015 reflecting principally the net cash outflow set out above and by £146m due to weaker sterling. The Group's EBITDA for the twelve months ended 31 January 2016 was £1,097m and the ratio of net debt to EBITDA was 1.9 times at 31 January 2016 (2015: 2.0 times) on a constant currency basis and 2.0 times (2015: 2.1 times) on a 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 January 2016, 91% 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 January 2016, dollar-denominated debt represented approximately 64% of the value of dollar-denominated net assets (other than debt). Based on the current currency mix of our profits and on dollar debt levels, interest and exchange rates at 31 January 2016, 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 January 2016	31 January 2015	30 April 2015	31 January 2016	31 January 2015	30 April 2015
Sunbelt	556	508	504	10,021	8,628	9,216
A-Plant	153	133	136	3,009	2,643	2,701
Corporate office	-	-	-	12	11	11
Group	709	641	640	13,042	11,282	11,928

Sunbelt's rental store number includes 29 Sunbelt at Lowes stores at 31 January 2016 (2015: 30).