12 September 2017

Unaudited results for the first quarter ended 31 July 2017

	2017 £m	2016 £m	Growth[1] %
Underlying results[2]			
Rental revenue	828.8	660.8	17%
EBITDA	431.1	340.0	18%
Operating profit	266.5	206.6	20%
Profit before taxation	238.5	183.6	21%
Earnings per share	31.5p	24.2p	21%
Statutory results			
Revenue	880.1	707.1	16%
Profit before taxation	228.9	177.9	19%
Earnings per share	30.2p	23.4p	20%

Highlights

- Group rental revenue up 17%[1]
- Group underlying pre-tax profit[2] of £238m (2016: £184m)
- £377m of capital invested in the business (2016: £328m)
- £51m of free cash flow generation[3] (2016: £46m outflow)
- £116m spent on bolt-on acquisitions (2016: £64m)
- Net debt to EBITDA leverage[1] of 1.7 times (2016: 1.7 times)
- Refinanced debt facilities enhance financial strength and flexibility

1 Calculated at constant exchange rates applying current period exchange rates.
2 Underlying results are stated before intangible amortisation.
3 Throughout this announcement we refer to a number of alternative performance measures which are defined in the Glossary.

Ashtead's chief executive, Geoff Drabble, commented:

"I am delighted to be able to report another strong quarter for Ashtead with Group rental revenue increasing 25% and underlying pre-tax profit increasing by 30% to £238m. The reported results were impacted favourably by weaker sterling but, with 17% growth in Group rental revenue at constant exchange rates, we have continuing good momentum.

Our end markets remain strong and a wide range of metrics have shown consistent improvement. We continue to execute well on our strategy through a combination of organic growth and bolt-on acquisitions. We made significant investments in the quarter, spending £377m on capital expenditure and £116m on bolt-on acquisitions.

Our strong margins ensured that, despite these levels of investment, we remain comfortably within our target range for net debt to EBITDA of 1.5 to 2 times. A successful refinancing has provided us with a low cost, long-term platform for further responsible growth.

At the end of the quarter both businesses were performing well, in line with expectations and with positive momentum. Hurricane season has already generated significant activity which will require a major clean-up effort and then a multi-year rebuild programme. Currently, our efforts are focussed on supporting our colleagues, neighbours and customers and we stand ready to provide further assistance. It is too early to attempt to quantify the impact of Hurricanes Harvey and Irma accurately on our business. However, it is evident that it will result in an increase in demand for our fleet and we will provide an update at the end of Q2. Looking forward, as a minimum, we expect that the impact will help to underpin the current market assumptions in our 2021 plan and therefore the Board continues to look 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 8.30am on Tuesday, 12 September 2017. The call will be webcast live via the Company's website at www.ashtead-group.com and a replay will be available via the website 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 4.00pm (11.00am EST).

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

Forward looking statements

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

Trading results

	Revenue 2017	Revenue 2016	EBITDA 2017	EBITDA 2016	Operating profit 2017	Operating profit 2016
Sunbelt in $m	982.8	853.1	503.4	428.9	319.7	268.9
Sunbelt in £m	761.3	610.7	389.9	307.0	247.6	192.4
A-Plant	118.8	96.4	44.7	36.4	22.4	17.6
Group central costs	-	-	(3.5)	(3.4)	(3.5)	(3.4)
	880.1	707.1	431.1	340.0	266.5	206.6
Interest expense					(28.0)	(23.0)
Profit before amortisation and tax					**238.5**	**183.6**
Amortisation					(9.6)	(5.7)
Profit before taxation					228.9	177.9
Taxation					(78.9)	(60.7)
Profit attributable to equity holders of the Company					150.0	117.2
Margins						
Sunbelt			*51.2%*	*50.3%*	*32.5%*	*31.5%*
A-Plant			*37.6%*	*37.8%*	*18.9%*	*18.2%*
Group			*49.0%*	*48.1%*	*30.3%*	*29.2%*

Group revenue for the quarter increased 24% to £880m (2016: £707m) with strong growth in both Sunbelt and A-Plant. Overall revenue growth reflects good performance by both divisions and the benefit of weaker sterling. This revenue growth, combined with strong drop-through, generated underlying profit before tax of £238m (2016: £184m).

The Group's strategy remains unchanged with growth being driven by strong same-store growth supplemented by greenfield openings and bolt-on acquisitions, with Sunbelt and A-Plant delivering 17% and 21% rental only revenue growth respectively.

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

		$m
2016 rental only revenue		639
Same-stores (in existence at 1 May 2016)	+9%	54
Bolt-ons and greenfields since 1 May 2016	+8%	52
2017 rental only revenue	+17%	745
Ancillary revenue	+16%	187
2017 rental revenue	+16%	932
Sales revenue	-4%	51
2017 total revenue	+15%	983

The mix of our revenue growth demonstrates the successful execution of our long-term structural growth strategy. We continue to capitalise on the opportunity presented by our markets with same-store growth of 9% and bolt-ons and greenfields contributing another 8% growth as we expand our geographic footprint and our specialty businesses. As we continue with our plan for 2021, we have made good progress on new stores with 20 added in North America in the quarter through greenfields and bolt-ons, half of which were specialty locations.

Rental only revenue growth was 17% in generally strong end markets. This growth was driven by increased fleet on rent, partially offset by yield. Average three month physical utilisation was 73% (2016: 72%). Sunbelt's total revenue, including new and used equipment, merchandise and consumable sales, increased 15% to $983m (2016: $853m).

A-Plant continues to perform well and delivered rental only revenue of £91m, up 21% on the prior year (2016: £75m). This reflects increased fleet on rent, partially offset by yield. A-Plant's total revenue increased 23% to £119m (2016: £96m).

We continue to focus on operational efficiency and improving margins. In Sunbelt, 56% of revenue growth dropped through to EBITDA (55% US only). The strength of our mature stores' incremental margin is reflected in the fact that this was achieved despite the drag effect of yield, greenfield openings and acquisitions. Stores open for more than one year saw 61% of revenue growth drop-through to EBITDA (60% US only). This strong drop-through drove an improved EBITDA margin of 51% (2016: 50%) and contributed to a 19% increase in operating profit to $320m (2016: $269m).

A-Plant's drop-through of 43%, 48% on a same store basis, contributed to an EBITDA margin of 38% (2016: 38%) and operating profit of £22m (2016: £18m), a 28% increase over the prior year.

Reflecting the strong performance of the divisions, and with the benefit of weaker sterling, Group underlying operating profit increased 29% to £267m (2016: £207m). Net financing costs increased to £28m (2016: £23m), reflecting higher average debt and higher interest rates. As a result, Group profit before amortisation of intangibles and taxation was £238m (2016: £184m). After a tax charge of 34% (2016: 34%) of the underlying pre-tax profit, underlying earnings per share increased 30% to 31.5p (2016: 24.2p).

With amortisation of £10m (2016: £6m), statutory profit before tax was £229m (2016: £178m). After a tax charge of 34% (2016: 34%), basic earnings per share were 30.2p (2016: 23.4p). The cash tax charge was 21%.

Capital expenditure and acquisitions

Capital expenditure for the quarter was £377m gross and £354m net of disposal proceeds (2016: £328m gross and £310m net). This level of capital expenditure is in line with our expectations at this stage of the year. Reflecting this investment, the Group's rental fleet at 31 July 2017 at cost was £6.2bn. Our average fleet age is now 29 months (2016: 26 months).

We spent £116m (2016: £64m) on five bolt-on acquisitions during the period as we continue to both expand our footprint and diversify into specialty markets. In August, we expanded our presence in Canada through the acquisition of CRS for C$287m, including acquired debt.

Return on Investment[1]

Sunbelt's pre-tax return on investment (excluding goodwill and intangible assets) in the 12 months to 31 July 2017 was 22% (2016: 23%). This remains well ahead of the Group's pre-tax weighted average cost of capital although it has been affected in the short term by our investment in greenfields and bolt-on acquisitions and our young fleet age. In the UK, return on investment (excluding goodwill and intangible assets) was 13% (2016: 15%). This continues to be impacted adversely by the large number of acquisitions which we are in the process of integrating and optimising their potential. For the Group as a whole, return on investment (including goodwill and intangible assets) was 18% (2016: 18%).

Cash flow and net debt

As expected, debt increased during the quarter as we invested in the fleet and made a number of bolt-on acquisitions. This was partially offset by £40m of currency translation benefit as sterling has strengthened since the year end.

Net debt at 31 July 2017 was £2,569m (2016: £2,348m) while, reflecting our strong earnings growth, the ratio of net debt to EBITDA remained at 1.7 times (2016: 1.7 times) on a constant currency basis. This is in the middle of the Group's target range for net debt to EBITDA of 1.5 to 2 times.

At 31 July 2017, availability under the senior secured debt facility was $1,198m, with an additional $1,878m of suppressed availability - substantially above the $310m level at which the Group's entire debt package is covenant free.

In July and August, the Group took advantage of good debt markets and refinanced its debt facilities. In July, we extended the maturity of our asset-based senior bank facility ('ABL facility') which is now committed until July 2022, whilst the other principal terms and conditions remain unchanged. In August, we issued $600m 4.125% senior secured notes maturing in August 2025 and $600m 4.375% senior secured notes maturing in August 2027. The net proceeds of the issues were used to repurchase the Group's $900m 6.5% senior secured notes maturing in 2022, pay related fees and expenses and repay an element of the amount outstanding under the ABL facility. These actions ensure the Group's debt package continues to be well structured and flexible, enabling us to optimise the opportunity presented by end market conditions. The Group's debt facilities are now committed for an average of seven years at lower cost (c. 40bp).

Current trading and outlook

At the end of the quarter both businesses were performing well, in line with expectations and with positive momentum. Hurricane season has already generated significant activity which will require a major clean-up effort and then a multi-year rebuild programme. Currently, our efforts are focussed on supporting our colleagues, neighbours and customers and we stand ready to provide further assistance. It is too early to attempt to quantify the impact of Hurricanes Harvey and Irma accurately on our business. However, it is evident that it will result in an increase in demand for our fleet and we will provide an update at the end of Q2. Looking forward, as a minimum, we expect that the impact will help to underpin the current market assumptions in our 2021 plan and therefore the Board continues to look to the medium term with confidence.

[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.*

CONSOLIDATED INCOME STATEMENT FOR THE THREE MONTHS ENDED 31 JULY 2017

	2017			2016		
	Before amortisation £m	Amortisation £m	Total £m	Before amortisation £m	Amortisation £m	Total £m
Unaudited						
Revenue						
Rental revenue	828.8	-	828.8	660.8	-	660.8
Sale of new equipment, merchandise and consumables	30.9	-	30.9	29.4	-	29.4
Sale of used rental equipment	20.4	-	20.4	16.9	-	16.9
	880.1	-	880.1	707.1	-	707.1
Operating costs						
Staff costs	(203.6)	-	(203.6)	(165.7)	-	(165.7)
Used rental equipment sold	(19.4)	-	(19.4)	(15.3)	-	(15.3)
Other operating costs	(226.0)	-	(226.0)	(186.1)	-	(186.1)
	(449.0)	-	(449.0)	(367.1)	-	(367.1)
EBITDA*	431.1	-	431.1	340.0	-	340.0
Depreciation	(164.6)	-	(164.6)	(133.4)	-	(133.4)
Amortisation of intangibles	-	(9.6)	(9.6)	-	(5.7)	(5.7)
Operating profit	266.5	(9.6)	256.9	206.6	(5.7)	200.9
Interest expense	(28.0)	-	(28.0)	(23.0)	-	(23.0)
Profit on ordinary activities before taxation	238.5	(9.6)	228.9	183.6	(5.7)	177.9
Taxation	(82.0)	3.1	(78.9)	(62.5)	1.8	(60.7)
Profit attributable to equity holders of the Company	156.5	(6.5)	150.0	121.1	(3.9)	117.2
Basic earnings per share	31.5p	(1.3p)	30.2p	24.2p	(0.8p)	23.4p
Diluted earnings per share	31.3p	(1.3p)	30.0p	24.1p	(0.8p)	23.3p

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE THREE MONTHS ENDED 31 JULY 2017

	Unaudited	
	2017 £m	2016 £m
Profit attributable to equity holders of the Company for the period	150.0	117.2
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation differences	(24.8)	121.4
Total comprehensive income for the period	125.2	238.6

CONSOLIDATED BALANCE SHEET AT 31 JULY 2017

	Unaudited 31 July 2017	Unaudited 31 July 2016	Audited 30 April 2017
	£m	£m	£m
Current assets			
Inventories	43.3	48.5	44.2
Trade and other receivables	606.4	526.9	591.9
Current tax asset	0.1	0.9	6.9
Cash and cash equivalents	7.4	10.6	6.3
	657.2	586.9	649.3
Non-current assets			
Property, plant and equipment			
- rental equipment	4,278.6	3,730.5	4,092.8
- other assets	422.5	377.8	411.8
	4,701.1	4,108.3	4,504.6
Goodwill	819.4	638.8	797.7
Other intangible assets	177.1	105.3	174.4
Net defined benefit pension plan asset	-	2.2	-
	5,697.6	4,854.6	5,476.7
Total assets	6,354.8	5,441.5	6,126.0
Current liabilities			
Trade and other payables	566.7	484.9	537.0
Current tax liability	38.7	15.4	6.5
Debt due within one year	2.6	2.7	2.6
Provisions	21.9	28.1	28.6
	629.9	531.1	574.7
Non-current liabilities			
Debt due after more than one year	2,573.6	2,355.6	2,531.4
Provisions	22.0	17.1	19.1
Deferred tax liabilities	1,040.4	838.8	1,027.0
Net defined benefit pension plan liability	3.8	-	3.7
	3,639.8	3,211.5	3,581.2
Total liabilities	4,269.7	3,742.6	4,155.9
Equity			
Share capital	49.9	55.3	49.9
Share premium account	3.6	3.6	3.6
Capital redemption reserve	6.3	0.9	6.3
Own shares held by the Company	-	(49.9)	-
Own shares held through the ESOT	(20.0)	(16.6)	(16.7)
Cumulative foreign exchange translation differences	216.2	209.8	241.0
Retained reserves	1,829.1	1,495.8	1,686.0
Equity attributable to equity holders of the Company	2,085.1	1,698.9	1,970.1
Total liabilities and equity	6,354.8	5,441.5	6,126.0

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 31 JULY 2017

	Share capital £m	Share premium account £m	Capital redemption reserve £m	Own shares held by the Company £m	Own shares held through the ESOT £m	Cumulative foreign exchange translation differences £m	Retained reserves £m	Total £m
Unaudited								
At 1 May 2016	55.3	3.6	0.9	(33.1)	(16.2)	88.4	1,381.5	1,480.4
Profit for the period	-	-	-	-	-	-	117.2	117.2
Other comprehensive income:								
Foreign currency translation differences	-	-	-	-	-	121.4	-	121.4
Total comprehensive income for the period	-	-	-	-	-	121.4	117.2	238.6
Own shares purchased by the ESOT	-	-	-	-	(6.8)	-	-	(6.8)
Own shares purchased by the Company	-	-	-	(16.8)	-	-	-	(16.8)
Share-based payments	-	-	-	-	6.4	-	(5.1)	1.3
Tax on share-based payments	-	-	-	-	-	-	2.2	2.2
At 31 July 2016	55.3	3.6	0.9	(49.9)	(16.6)	209.8	1,495.8	1,698.9
Profit for the period	-	-	-	-	-	-	383.8	383.8
Other comprehensive income:								
Foreign currency translation differences	-	-	-	-	-	31.2	-	31.2
Remeasurement of the defined benefit pension plan	-	-	-	-	-	-	(5.7)	(5.7)
Tax on defined benefit pension plan	-	-	-	-	-	-	1.0	1.0
Total comprehensive income for the period	-	-	-	-	-	31.2	379.1	410.3
Dividends paid	-	-	-	-	-	-	(116.1)	(116.1)
Own shares purchased by the ESOT	-	-	-	-	(0.4)	-	-	(0.4)
Own shares purchased by the Company	-	-	-	(31.2)	-	-	-	(31.2)
Share-based payments	-	-	-	-	0.3	-	4.1	4.4
Tax on share-based payments	-	-	-	-	-	-	4.2	4.2
Cancellation of own shares	(5.4)	-	5.4	81.1	-	-	(81.1)	-
At 30 April 2017	49.9	3.6	6.3	-	(16.7)	241.0	1,686.0	1,970.1
Profit for the period	-	-	-	-	-	-	150.0	150.0
Other comprehensive income:								
Foreign currency translation differences	-	-	-	-	-	(24.8)	-	(24.8)
Total comprehensive income for the period	-	-	-	-	-	(24.8)	150.0	125.2
Own shares purchased by the ESOT	-	-	-	-	(10.2)	-	-	(10.2)
Share-based payments	-	-	-	-	6.9	-	(5.3)	1.6
Tax on share-based payments	-	-	-	-	-	-	(1.6)	(1.6)
At 31 July 2017	49.9	3.6	6.3	-	(20.0)	216.2	1,829.1	2,085.1

CONSOLIDATED CASH FLOW STATEMENT FOR THE THREE MONTHS ENDED 31 JULY 2017

	Unaudited	
	2017	2016
	£m	£m
Cash flows from operating activities		
Cash generated from operations before exceptional items and changes in rental equipment	382.9	306.6
Payments for rental property, plant and equipment	(306.4)	(333.8)
Proceeds from disposal of rental property, plant and equipment	48.5	34.2
Cash generated from operations	125.0	7.0
Financing costs paid (net)	(32.8)	(27.7)
Tax paid (net)	(9.7)	(3.0)
Net cash generated from/(used in) operating activities	82.5	(23.7)
Cash flows from investing activities		
Acquisition of businesses	(120.0)	(70.3)
Payments for non-rental property, plant and equipment	(34.3)	(22.8)
Proceeds from disposal of non-rental property, plant and equipment	2.8	5.2
Payments for purchase of intangible assets	-	(5.2)
Net cash used in investing activities	(151.5)	(93.1)
Cash flows from financing activities		
Drawdown of loans	117.2	182.2
Redemption of loans	(36.0)	(43.8)
Capital element of finance lease payments	(0.9)	(0.7)
Purchase of own shares by the ESOT	(10.2)	(6.8)
Purchase of own shares by the Company	-	(16.8)
Net cash from financing activities	70.1	114.1
Increase/(decrease) in cash and cash equivalents	1.1	(2.7)
Opening cash and cash equivalents	6.3	13.0
Effect of exchange rate difference	-	0.3
Closing cash and cash equivalents	7.4	10.6

Reconciliation of net cash flows to net debt

(Increase)/decrease in cash in the period	(1.1)	2.7
Increase in debt through cash flow	80.3	137.7
Change in net debt from cash flows	79.2	140.4
Debt acquired	-	7.5
Exchange differences	(40.0)	197.1
Non-cash movements:		
- deferred costs of debt raising	0.6	0.5
- capital element of new finance leases	1.3	0.5
Increase in net debt in the period	41.1	346.0
Net debt at 1 May	2,527.7	2,001.7
Net debt at 31 July	2,568.8	2,347.7

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 three months ended, 31 July 2017 comprise the Company and its subsidiaries ('the Group').

The condensed consolidated interim financial statements for the three months ended 31 July 2017 were approved by the directors on 11 September 2017.

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 2017 were approved by the directors on 12 June 2017 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 three months ended 31 July 2017 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 2017. There are no new IFRS and IFRIC Interpretations that are effective for the first time for this interim period which have a material impact on the Group.

The Directors have adopted various alternative performance measures to provide additional useful information on the underlying trends, performance and position of the Group. The alternative performance measures are not defined by IFRS and therefore may not be directly comparable with other companies' alternative performance measures, but are defined within these condensed consolidated interim financial statements and summarised in the Glossary.

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 10), 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:

	2017	2016
Average for the three months ended 31 July	1.29	1.40
At 30 April	1.29	1.47
At 31 July	1.32	1.33

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 July				
2017				
Sunbelt	761.3	247.6	(7.0)	240.6
A-Plant	118.8	22.4	(2.6)	19.8
Corporate costs	-	(3.5)	-	(3.5)
	880.1	266.5	(9.6)	256.9
2016				
Sunbelt	610.7	192.4	(4.4)	188.0
A-Plant	96.4	17.6	(1.3)	16.3
Corporate costs	-	(3.4)	-	(3.4)
	707.1	206.6	(5.7)	200.9

	Segment assets	Cash	Taxation assets	Total assets
	£m	£m	£m	£m
At 31 July 2017				
Sunbelt	5,503.1	-	-	5,503.1
A-Plant	843.7	-	-	843.7
Corporate items	0.5	7.4	0.1	8.0
	6,347.3	7.4	0.1	6,354.8
At 30 April 2017				
Sunbelt	5,337.1	-	-	5,337.1
A-Plant	775.3	-	-	775.3
Corporate items	0.4	6.3	6.9	13.6
	6,112.8	6.3	6.9	6,126.0

Sunbelt includes Sunbelt Rentals of Canada Inc..

4. Operating costs and other income

	2017			2016		
	Before amortisation £m	Amortisation £m	Total £m	Before amortisation £m	Amortisation £m	Total £m
Three months to 31 July						
Staff costs:						
Salaries	186.1	-	186.1	150.7	-	150.7
Social security costs	14.1	-	14.1	11.8	-	11.8
Other pension costs	3.4	-	3.4	3.2	-	3.2
	203.6	-	203.6	165.7	-	165.7
Used rental equipment sold	19.4	-	19.4	15.3	-	15.3
Other operating costs:						
Vehicle costs	49.2	-	49.2	38.2	-	38.2
Spares, consumables & external repairs	44.2	-	44.2	34.9	-	34.9
Facility costs	25.8	-	25.8	20.6	-	20.6
Other external charges	106.8	-	106.8	92.4	-	92.4
	226.0	-	226.0	186.1	-	186.1
Depreciation and amortisation:						
Depreciation	164.6	-	164.6	133.4	-	133.4
Amortisation of intangibles	-	9.6	9.6	-	5.7	5.7
	164.6	9.6	174.2	133.4	5.7	139.1
	613.6	9.6	623.2	500.5	5.7	506.2

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 July	
	2017 £m	2016 £m
Amortisation of intangibles	9.6	5.7
Taxation	(3.1)	(1.8)
	6.5	3.9

6. Interest expense

	Three months to 31 July	
	2017 £m	2016 £m
Bank interest payable	10.4	6.7
Interest payable on second priority senior secured notes	16.8	15.5
Interest payable on finance leases	0.1	0.1
Non-cash unwind of discount on provisions	0.1	0.2
Amortisation of deferred debt raising costs	0.6	0.5
	28.0	23.0

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

7. Taxation

The tax charge for the period has been computed using a tax rate of 38% in North America (2016: 39%) and 19% in the UK (2016: 20%). The blended rate for the Group as a whole is 34% (2016: 34%).

The tax charge of £82.0m (2016: £62.5m) on the underlying profit before taxation of £238.5m (2016: £183.6m) can be explained as follows:

	Three months to 31 July	
	2017	2016
	£m	£m
Current tax		
- current tax on income for the period	49.2	21.8
- adjustments to prior year	-	0.1
	49.2	21.9
Deferred tax		
- origination and reversal of temporary differences	32.8	41.1
- adjustments to prior year	-	(0.5)
	32.8	40.6
Tax on underlying activities	82.0	62.5
Comprising:		
- UK	5.0	4.1
- North America	77.0	58.4
	82.0	62.5

In addition, the tax credit of £3.1m (2016: £1.8m) on exceptional items and amortisation of £9.6m (2016: £5.7m) consists of a deferred tax credit of £0.5m relating to the UK (2016: £0.2m) and £2.6m (2016: £1.6m) relating to North America.

8. Earnings per share

Basic and diluted earnings per share for the three months ended 31 July 2017 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 July	
		2017	2016
Profit for the financial period (£m)		150.0	117.2
Weighted average number of shares (m)	- basic	497.5	501.0
	- diluted	499.6	502.9
Basic earnings per share		30.2p	23.4p
Diluted earnings per share		30.0p	23.3p

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

8. Earnings per share (continued)

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 July 2017	2016
Basic earnings per share	30.2p	23.4p
Amortisation of intangibles	1.9p	1.2p
Tax on amortisation	(0.6p)	(0.4p)
Underlying earnings per share	31.5p	24.2p

9. Property, plant and equipment

	2017		2016	
Net book value	Rental equipment £m	Total £m	Rental equipment £m	Total £m
At 1 May	4,092.8	4,504.6	3,246.9	3,588.8
Exchange difference	(58.1)	(63.4)	291.1	319.0
Reclassifications	(0.3)	-	-	-
Additions	341.8	376.7	303.7	327.8
Acquisitions	66.0	69.0	26.0	27.0
Disposals	(18.9)	(21.2)	(19.8)	(20.9)
Depreciation	(144.7)	(164.6)	(117.4)	(133.4)
At 31 July	4,278.6	4,701.1	3,730.5	4,108.3

10. Borrowings

	31 July 2017 £m	30 April 2017 £m
Current		
Finance lease obligations	2.6	2.6
Non-current		
First priority senior secured bank debt	1,511.1	1,449.2
Finance lease obligations	2.3	1.8
6.5% second priority senior secured notes, due 2022	686.2	699.4
5.625% second priority senior secured notes, due 2024	374.0	381.0
	2,573.6	2,531.4

10. Borrowings (continued)

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.

In July, our asset-based senior bank facility was extended and is now committed until July 2022. Other principal terms and conditions remain unchanged. The $900m 6.5% senior secured notes mature in July 2022, whilst the $500m 5.625% senior secured notes mature in October 2024. 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 and $500m senior secured notes are such that financial performance covenants are only measured at the time new debt is raised. The $900m 6.5% senior secured notes were refinanced in August 2017 and further details are provided in Note 15.

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. This covenant does not apply when availability exceeds $310m. As a matter of good practice, we calculate the covenant ratio each quarter. At 31 July 2017, the fixed charge ratio exceeded the covenant requirement.

At 31 July 2017, availability under the senior secured bank facility was $1,198m ($1,305m at 30 April 2017), with an additional $1,878m of suppressed availability, meaning that the covenant did not apply at 31 July 2017 and is unlikely to apply in forthcoming quarters.

Fair value of financial instruments

At 31 July 2017, 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 £694m at 31 July 2017 (£708m at 30 April 2017), while the fair value was £720m (£735m at 30 April 2017). The carrying value of the second priority senior secured notes due 2024, excluding deferred debt raising costs, was £379m at 31 July 2017 (£386m at 30 April 2017) while the fair value was £407m (£414m at 30 April 2017). The fair value of the second priority senior secured notes has been calculated using quoted market prices at 31 July 2017.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

11. Share capital

Ordinary shares of 10p each:

	31 July 2017 Number	30 April 2017 Number	31 July 2017 £m	30 April 2017 £m
Issued and fully paid	499,225,712	499,225,712	49.9	49.9

At 31 July 2017, 1.7m (April 2017: 1.7m) shares were held by the Company's Employee Share Ownership Trust.

12. Notes to the cash flow statement

	Three months to 31 July	
	2017 £m	2016 £m
a) Cash flow from operating activities		
Operating profit before exceptional items and amortisation	266.5	206.6
Depreciation	164.6	133.4
EBITDA before exceptional items	431.1	340.0
Profit on disposal of rental equipment	(1.0)	(1.6)
Profit on disposal of other property, plant and equipment	(0.3)	(0.1)
Decrease/(increase) in inventories	0.4	(2.5)
Increase in trade and other receivables	(44.1)	(43.3)
(Decrease)/increase in trade and other payables	(4.8)	12.5
Exchange differences	-	0.3
Other non-cash movements	1.6	1.3
Cash generated from operations before exceptional items and changes in rental equipment	382.9	306.6

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 2017 £m	Exchange movement £m	Cash flow £m	Non-cash movements £m	31 July 2017 £m
Cash	(6.3)	-	(1.1)	-	(7.4)
Debt due within one year	2.6	-	(0.9)	0.9	2.6
Debt due after one year	2,531.4	(40.0)	81.2	1.0	2,573.6
Total net debt	2,527.7	(40.0)	79.2	1.9	2,568.8

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

12. Notes to the cash flow statement (continued)

c) Acquisitions

	Three months to 31 July	
	2017	2016
	£m	£m
Cash consideration paid:		
- acquisitions in the period	116.3	64.1
- contingent consideration	3.7	6.2
	120.0	70.3

During the period, five acquisitions were made with cash paid of £116m (2016: £64m), after taking account of net cash acquired of £0.6m. Further details are provided in note 13.

Contingent consideration of £4m (2016: £6m) was paid relating to prior year acquisitions.

13. Acquisitions

During the quarter, the following acquisitions were completed:

(i) On 5 May 2017, Sunbelt acquired the business and assets of Noble Rents, Inc. ('Noble') for a cash consideration of £26m ($34m). Noble is a general equipment rental business in California.

(ii) On 22 May 2017, Sunbelt acquired the business and assets of RGR Equipment, LLC ('RGR') for a cash consideration of £45m ($58m), with contingent consideration of up to £5m ($7m), payable over the next two years, depending on revenue meeting or exceeding certain thresholds. RGR is an aerial work platform rental business in Missouri.

(iii) On 31 May 2017, A-Plant acquired the entire share capital of Plantfinder (Scotland) Limited and the business and assets of Clyde Security Containers Limited (together 'Plantfinder') for a cash consideration of £23m. Plantfinder is an aerial work platform rental business.

(iv) On 1 June 2017, Sunbelt acquired the business and assets of MSP Equipment Rentals, Inc. ('MSP') for a cash consideration of £18m ($23m). MSP is an aerial work platform rental business in Delaware.

(v) On 29 June 2017, Sunbelt acquired certain business and assets of Green Acres Equipment Rental, Inc. and Texas Agri-Capital, LLC (together 'Green Acres') for a cash consideration of £4m ($5m). Green Acres is a general equipment rental business in Texas.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

13. Acquisitions (continued)

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

	Fair value to Group £m
Net assets acquired	
Trade and other receivables	7.4
Inventory	0.1
Property, plant and equipment	
- rental equipment	66.0
- other assets	3.0
Creditors	(1.8)
Current tax	(0.4)
Deferred tax	(1.0)
Intangible assets (non-compete agreements and customer relationships)	13.5
	86.8
Consideration:	
- cash paid and due to be paid (net of cash acquired)	116.5
- contingent consideration payable in cash	5.2
	121.7
Goodwill	34.9

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. £31m of the goodwill is expected to be deductible for income tax purposes.

The gross value and fair value of trade receivables at acquisition was £7m.

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.

The revenue and operating profit of these acquisitions from 1 May 2017 to their date of acquisition was not material.

14. Contingent liabilities

There have been no significant changes in contingent liabilities from those reported in the financial statements for the year ended 30 April 2017.

15. Events after the balance sheet date

Since the balance sheet date, the Group has completed one acquisition as follows:

(i) On 1 August 2017, Sunbelt acquired all partnership interests of CRS Contractors Rental Supply Limited Partnership and the entire share capital of CRS Contractors Rental Supply General Partner, Inc. (together 'CRS') for an aggregate cash consideration of £133m (C$220m), with contingent consideration of up to £12m (C$20m), payable over the next three years, depending on EBITDA meeting or exceeding certain thresholds. Including acquired debt, the total cash consideration was £174m (C$287m). CRS is a general equipment rental business in Ontario, Canada.

The initial accounting for this acquisition is incomplete. Had the acquisition taken place on 1 May 2017, its contribution to revenue and operating profit would not have been material.

In August, the Group issued $600m 4.125% senior secured notes maturing in August 2025 and $600m 4.375% senior secured notes maturing in August 2027. The net proceeds of the issues were used to repurchase the Group's $900m 6.5% senior secured notes which would have matured in July 2022, pay related fees and expenses and repay an element of the amount outstanding under the senior credit facility. Subsequent to the refinancing, the Group's debt facilities are committed for an average of seven years.

The early redemption of the $900m 6.5% senior secured notes gave rise to non-recurring interest charges relating to the call premium expense, duplicate interest and the write off of deferred debt raising costs of approximately £22m ($28m). These items will be recognised as an exceptional interest expense in the Group's income statement in the second quarter.

REVIEW OF BALANCE SHEET AND CASH FLOW

Fixed assets

Capital expenditure in the quarter totalled £377m (2016: £328m) with £342m invested in the rental fleet (2016: £304m). Expenditure on rental equipment was 91% of total capital expenditure with the balance relating to the delivery vehicle fleet, property improvements and IT equipment. Capital expenditure by division was:

	2017			2016
	Replacement	Growth	Total	Total
Sunbelt in $m	56.5	323.8	380.3	339.3
Sunbelt in £m	42.9	245.6	288.5	255.7
A-Plant	9.2	44.1	53.3	48.0
Total rental equipment	52.1	289.7	341.8	303.7
Delivery vehicles, property improvements & IT equipment			34.9	24.1
Total additions			376.7	327.8

In a strong North American rental market, $324m of rental equipment capital expenditure was spent on growth while, with a lower replacement need, only $57m 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 July 2017 was 29 months (2016: 26 months) on a net book value basis. Sunbelt's fleet had an average age of 29 months (2016: 25 months) while A-Plant's fleet had an average age of 29 months (2016: 27 months).

	Rental fleet at original cost			LTM rental	LTM dollar	LTM physical
	31 July 2017	30 April 2017	LTM average	revenue	utilisation	utilisation
Sunbelt in $m	7,004	6,562	6,413	3,415	53%	71%
Sunbelt in £m	5,313	5,072	4,865	2,693	53%	71%
A-Plant	846	774	755	384	51%	69%
	6,159	5,846	5,620	3,077		

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 July 2017, was 53% at Sunbelt (2016: 55%) and 51% at A-Plant (2016: 52%). The reduction in Sunbelt reflects the drag effect of yield, greenfield openings and acquisitions and the increased cost of fleet. 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 July 2017, average physical utilisation at Sunbelt was 71% (2016: 70%) and 69% at A-Plant (2016: 68%). At Sunbelt, physical utilisation is measured for equipment with an original cost in excess of $7,500 which comprised approximately 88% of its fleet at 31 July 2017.

Trade receivables

Receivable days at 31 July 2017 were 49 days (2016: 48 days). The bad debt charge for the last twelve month ended 31 July 2017 as a percentage of total turnover was 0.8% (2016: 0.7%). Trade receivables at 31 July 2017 of £515m (2016: £449m) are stated net of allowances for bad debts and credit notes of £41m (2016: £32m) with the allowance representing 7.4% (2016: 6.7%) of gross receivables.

Trade and other payables

Group payable days were 63 days in 2017 (2016: 65 days) with capital expenditure related payables, which have longer payment terms, totalling £274m (2016: £224m). 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

	Three months to 31 July 2017 £m	Three months to 31 July 2016 £m	LTM to 31 July 2017 £m	Year to 30 April 2017 £m
EBITDA before exceptional items	431.1	340.0	1,595.5	1,504.4
Cash inflow from operations before exceptional items and changes in rental equipment	382.9	306.6	1,520.5	1,444.2
*Cash conversion ratio**	*88.8%*	*90.2%*	*95.3%*	*96.0%*
Replacement rental capital expenditure	(102.4)	(122.6)	(393.7)	(413.9)
Payments for non-rental capital expenditure	(34.3)	(28.0)	(119.1)	(112.8)
Rental equipment disposal proceeds	48.5	34.2	167.7	153.4
Other property, plant and equipment disposal proceeds	2.8	5.2	5.0	7.4
Tax (net)	(9.7)	(3.0)	(56.2)	(49.5)
Financing costs	(32.8)	(27.7)	(106.6)	(101.5)
Cash inflow before growth capex and payment of exceptional costs	**255.0**	**164.7**	**1,017.6**	**927.3**
Growth rental capital expenditure	(204.0)	(211.2)	(600.7)	(607.9)
Free cash flow	**51.0**	**(46.5)**	**416.9**	**319.4**
Business acquisitions	(120.0)	(70.3)	(470.8)	(421.1)
Total cash absorbed	**(69.0)**	**(116.8)**	**(53.9)**	**(101.7)**
Dividends	-	-	(116.1)	(116.1)
Purchase of own shares by the Company	-	(16.8)	(31.2)	(48.0)
Purchase of own shares by the ESOT	(10.2)	(6.8)	(10.6)	(7.2)
Increase in net debt due to cash flow	**(79.2)**	**(140.4)**	**(211.8)**	**(273.0)**

* 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 25% to £383m. The first quarter cash conversion ratio was 89% (2016: 90%).

Total payments for capital expenditure (rental equipment, other PPE and purchased intangibles) in the first quarter were £341m (2016: £362m). Disposal proceeds received totalled £51m (2016: £39m), giving net payments for capital expenditure of £290m in the period (2016: £323m). Financing costs paid totalled £33m (2016: £28m) while tax payments were £10m (2016: £3m).

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 quarter the Group generated £255m (2016: £165m) of net cash before discretionary investments made to enlarge the size and hence earning capacity of its rental fleet and on acquisitions. After growth capital expenditure, there was a free cash inflow of £51m (2016: outflow of £46m) and, after acquisition expenditure of £120m (2016: £70m), a net cash outflow of £69m (2016: £117m).

Net debt

	31 July 2017	31 July 2016	30 April 2017
	£m	£m	£m
First priority senior secured bank debt	1,511.1	1,299.6	1,449.2
Finance lease obligations	4.9	5.2	4.4
6.5% second priority senior secured notes, due 2022	686.2	682.5	699.4
5.625% second priority senior secured notes, due 2024	374.0	371.0	381.0
	2,576.2	2,358.3	2,534.0
Cash and cash equivalents	(7.4)	(10.6)	(6.3)
Total net debt	2,568.8	2,347.7	2,527.7

Net debt at 31 July 2017 was £2,569m with the increase since 30 April 2017 reflecting the net cash outflow set out above, partially offset by £40m of currency translation benefit. The Group's EBITDA for the twelve months ended 31 July 2017 was £1,595m and the ratio of net debt to EBITDA was 1.7 times at 31 July 2017 (2016: 1.7 times) on a constant currency basis and 1.6 times (2016: 1.9 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 broadly unchanged from those detailed in the 2017 Annual Report and Accounts on pages 34 to 37 and pages 44 to 45 respectively.

The principal risks and uncertainties facing the Group are:

- economic conditions;
- competition;
- financing;
- business continuity;
- people;
- health and safety;
- environmental; and
- laws and regulations.

Further details, including actions taken to mitigate these risks, are provided within the 2017 Annual Report and Accounts.

Our business is subject to significant fluctuations in performance from quarter to quarter as a result of seasonal effects. Commercial construction activity tends to increase in the summer and during extended periods of mild weather and to decrease in the winter and during extended periods of inclement weather. Furthermore, due to the incidence of public holidays in the US 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 July 2017, 92% of its debt was denominated in US (and Canadian) dollars so that there is a natural partial offset between its dollar-denominated net assets and earnings and its dollar-denominated debt and interest expense. At 31 July 2017, dollar-denominated debt represented approximately 60% of the value of dollar-denominated net assets (other than debt). Based on the current currency mix of our profits and on dollar debt levels, interest and exchange rates at 31 July 2017, a 1% change in the US dollar exchange rate would impact underlying pre-tax profit by approximately £8m.

OPERATING STATISTICS

	Number of rental stores			Staff numbers		
	31 July		30 April	31 July		30 April
	2017	2016	2017	2017	2016	2017
Sunbelt	646	580	629	11,051	10,027	10,734
A-Plant	189	157	179	3,546	3,023	3,473
Corporate office	-	-	-	13	13	13
Group	835	737	808	14,610	13,063	14,220

Sunbelt's rental store number includes 23 Sunbelt at Lowes stores at 31 July 2017 (2016: 23).

GLOSSARY OF TERMS

The glossary of terms below sets out definitions of terms used throughout this announcement. Included are a number of alternative performance measures ('APMs') which are commonly used by investors or across the industry and which the directors have adopted in order to provide additional useful information on the underlying trends, performance and position of the Group. The APMs are not defined by IFRS and therefore may not be directly comparable with other companies' APMs.

Availability: represents the amount on a given date that can be borrowed in addition to any current borrowings under the terms of our $3.1bn asset-backed senior bank facility.

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

Cash conversion ratio: represents cash flow from operations before exceptional items and changes in rental equipment as a percentage of underlying EBITDA.

Constant currency: calculated by applying the current period exchange rate to the comparative period result.

Dollar utilisation: dollar utilisation is trailing 12-month rental revenue divided by average fleet at original (or 'first') cost measured over a 12-month period.

EBITDA: EBITDA is earnings before interest, tax, depreciation and amortisation. A reconciliation of EBITDA is shown on the income statement.

Drop-through: calculated as the incremental rental revenue which converts into EBITDA.

Exceptional items: those items that are material and non-recurring in nature that the Group believes should be disclosed separately to assist in the understanding of the financial performance of the Group.

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

Fleet on rent: quantity measured at original cost of our rental fleet on rent.

Free cash flow: cash generated from operating activities less net capital expenditure, interest and tax paid. Net capital expenditure comprises payments for capital expenditure less disposal proceeds received in relation to rental equipment and other asset disposals.

Leverage: leverage is net debt divided by underlying EBITDA. Leverage calculated at constant exchange rates uses the current period exchange rate.

Net debt: net debt is total debt less cash balances, as reported. An analysis of net debt is provided in note 12.

Physical utilisation: physical utilisation is measured as the daily average of the amount of itemised fleet at cost on rent as a percentage of the total fleet at cost and for Sunbelt is measured only for equipment whose cost is over $7,500.

Return on Investment ("RoI"): last 12-month underlying operating profit divided by the last 12-month average of the sum of net tangible and intangible fixed assets, plus net working capital but excluding net debt, deferred tax and fair value measurements. Amounts relating to Sunbelt and A-Plant exclude goodwill and intangible assets.

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

Suppressed availability: represents the amount on a given date that the asset base exceeds the facility size under the terms of our $3.1bn asset-backed senior bank facility.

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

Yield: is the return we generate from our equipment. The change in yield is a combination of the rental rate charged, rental period and product and customer mix.