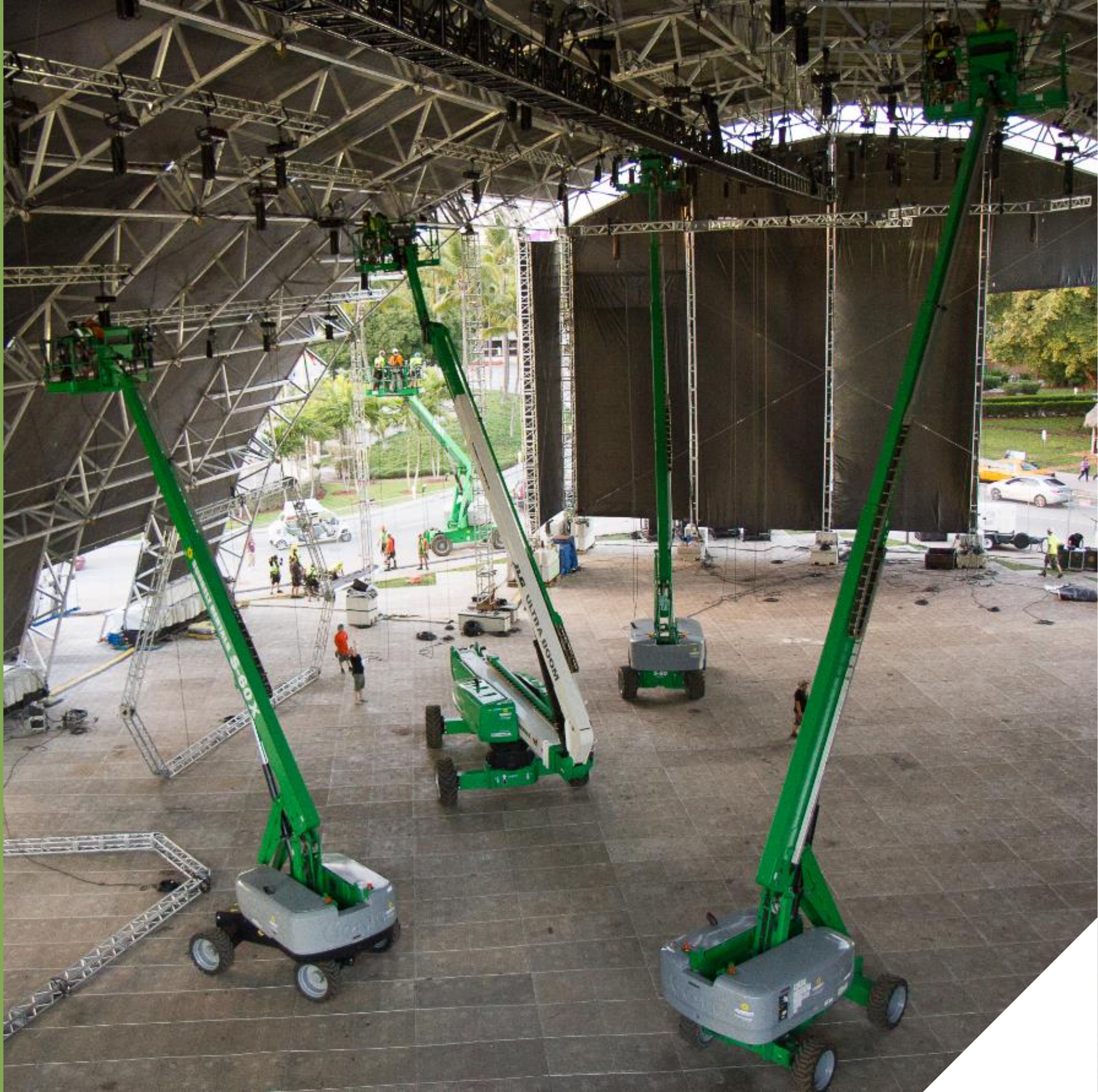
Ashtead group

Powering the platform

Full year results

18 June 2019



LEGAL NOTICE

This presentation has been prepared to inform investors and prospective investors in the secondary markets about the Group and does not constitute an offer of securities or otherwise constitute an invitation or inducement to any person to underwrite, subscribe for or otherwise acquire securities in Ashtead Group plc or any of its subsidiary companies.

The presentation contains forward looking statements which are necessarily subject to risks and uncertainties because they relate to future events. Our business and operations are subject to a variety of risks and uncertainties, many of which are beyond our control and, consequently, actual results may differ materially from those projected by any forward looking statements.

Some of the factors which may adversely impact some of these forward looking statements are discussed in the Principal Risks and Uncertainties section on pages 38-41 of the Group's Annual Report and Accounts for the year ended 30 April 2018 and in the unaudited results for the year ended 30 April 2019 under "Current trading and outlook" and "Principal risks and uncertainties". Both these reports may be viewed on the Group's website at www.ashtead-group.com

This presentation contains supplemental non-GAAP financial and operating information which the Group believes provides valuable insight into the performance of the business. Whilst this information is considered as important, it should be viewed as supplemental to the Group's financial results prepared in accordance with International Financial Reporting Standards and not as a substitute for them.

HIGHLIGHTS

- Another year of strong growth in revenue and profitability
- Profit before tax of £1.1bn
- Consistent application of our capital allocation priorities
  - £1,587m invested in capital expenditure
  - 146 locations opened / added as we broaden our geographic and product reach
  - £622m spend on bolt-ons
  - £460m spent on share buybacks
- £368m of free cash flow generation
- Leverage of 1.8 times within our 1.5 to 2.0 times net debt to EBITDA range
- Proposed final dividend of 33.5p making 40.0p for the year, up 21% (2018: 33.0p)
- Outlook remains positive and we continue to look to the medium term with confidence

Michael Pratt
Financial review

GROUP

(£m)	Full year 2019	Full year 2018	Change[1]
Revenue	**4,500**	**3,706**	**19%**
- of which rental	4,138	3,418	18%
Operating costs	(2,393)	(1,973)	19%
EBITDA	**2,107**	**1,733**	**19%**
Depreciation	(843)	(696)	19%
Operating profit	**1,264**	**1,037**	**19%**
Net interest	(154)	(110)	36%
Profit before amortisation, exceptional items and tax	**1,110**	**927**	**17%**
Earnings per share (p)	**174.2p**	**127.5p**	**33%**
Margins			
- *EBITDA*	*47%*	*47%*	
- *Operating profit*	*28%*	*28%*	

[1] At constant exchange rates
[2] The results in the table above are the Group's underlying results and are stated before exceptional items and intangible amortisation

SUNBELT US

($m)	Full year 2019	Full year 2018	Change
Revenue	**4,989**	**4,153**	**20%**
- of which rental	4,637	3,887	19%
Operating costs	(2,536)	(2,090)	21%
EBITDA	**2,453**	**2,063**	**19%**
Depreciation	(908)	(770)	18%
Operating profit	**1,545**	**1,293**	**20%**
Margins			
- *EBITDA*	*49%*	*50%*	
- *Operating profit*	*31%*	*31%*	

SUNBELT CANADA

	Full year		
(C$m)	2019	2018	Change
Revenue	**344**	**223**	**54%**
- of which rental	288	185	55%
Operating costs	(220)	(155)	42%
EBITDA	**124**	**68**	**82%**
Depreciation	(69)	(40)	74%
Operating profit	**55**	**28**	**93%**
Margins			
- *EBITDA*	*36%*	*30%*	
- *Operating profit*	*16%*	*13%*	

A-PLANT

(£m)	Full year 2019	2018	Change
Revenue	**475**	**472**	**1%**
- of which rental	416	405	3%
Operating costs	(307)	(305)	1%
EBITDA	**168**	**167**	**1%**
Depreciation	(106)	(97)	9%
Operating profit	**62**	**70**	**(11%)**
Margins			
- *EBITDA*	*35%*	*35%*	
- *Operating profit*	*13%*	*15%*	

CASH FLOW

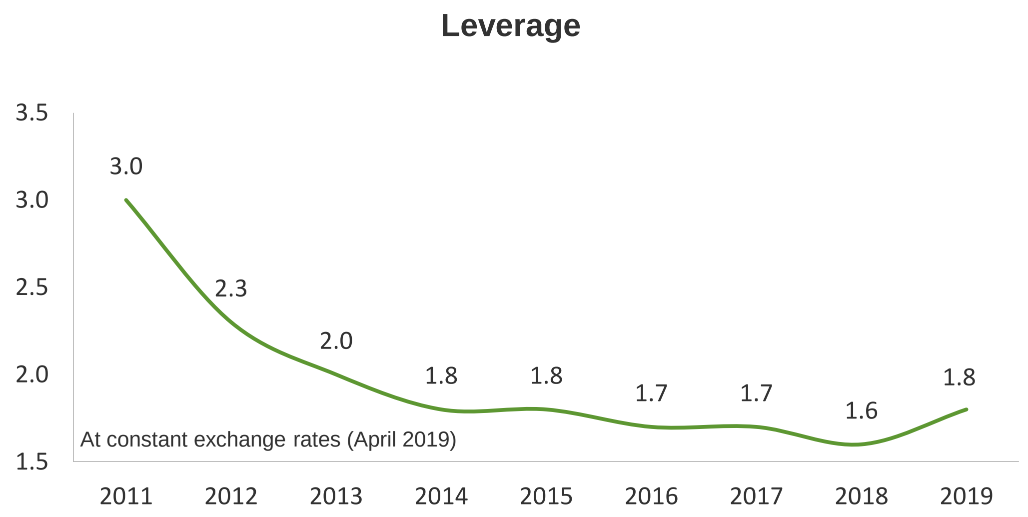
(£m)	2019	2018	Change[3]
EBITDA before exceptional items	2,107	1,733	19%
Cash inflow from operations[1]	**2,043**	**1,681**	**17%**
Cash conversion ratio[2]	*97.0%*	*97.0%*	
Replacement and non-rental capital expenditure	(642)	(517)	
Rental equipment and other disposal proceeds received	192	161	
Interest and tax paid	(194)	(208)	
Cash inflow before discretionary expenditure	**1,399**	**1,117**	
Growth capital expenditure	(1,031)	(706)	
Exceptional costs	-	(25)	
Free cash flow	**368**	**386**	
Business acquisitions	(591)	(359)	
Dividends paid	(164)	(141)	
Purchase of own shares by the Company / ESOT	(475)	(168)	
Increase in net debt	**(862)**	**(282)**	

[1] Before fleet changes and exceptional items
[2] Cash inflow from operations as a percentage of EBITDA
[3] At constant exchange rates

NET DEBT AND LEVERAGE

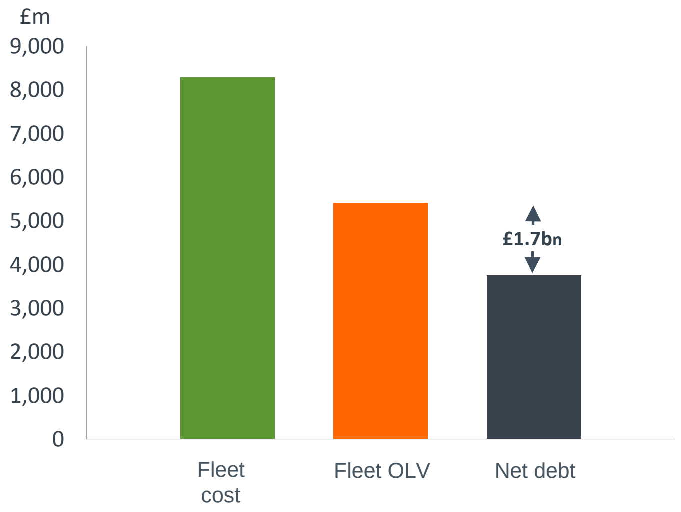
(£m)	April 2019	April 2018
Net debt at 30 April	**2,712**	**2,528**
Translation impact	127	(141)
Opening debt at closing exchange rates	**2,839**	**2,387**
Change from cash flows	862	282
Debt acquired	28	41
Non-cash movements	16	2
Net debt at period end	**3,745**	**2,712**
Comprising:		
First lien senior secured bank debt	2,011	1,509
Second lien secured notes	1,742	1,217
Finance lease obligations	5	5
Cash in hand	(13)	(19)
	3,745	**2,712**
Net debt to EBITDA leverage[1] (x)	**1.8**	**1.6**

[1] At April 2019 exchange rates



Interest

Floating rate:	54%
Fixed rate:	46%



ADOPTION OF IFRS 16 – LEASES

- Applies from 1 May 2019 – first financial statements published under IFRS 16 will be 2019/20 first quarter results

- No impact on the economics of the lease transactions, cash payments, business plan or capital allocation policy

- Modified retrospective transition approach selected with right-of-use asset equal to the lease liability on transition and no restatement of comparative information

- Lease liability includes lessee options to extend the lease as we are reasonably certain to exercise those options:
  - Undiscounted minimum lease commitment – c. £500m
  - IFRS 16 liability – c. £900m

ADOPTION OF IFRS 16 – LEASES

	Indicative impact
On adoption – 1 May 2019	
Right of use asset / lease liability	c. £900m
Leverage	c. 0.3 – 0.4 times
Amended leverage guidance	1.9 – 2.4 times
Indicative 2019/20 impact	
EBITDA	Increase by c. £100m
Operating profit	Increase by c. £15m
Profit before tax	Decrease by c. £30m

Brendan Horgan

Operational review

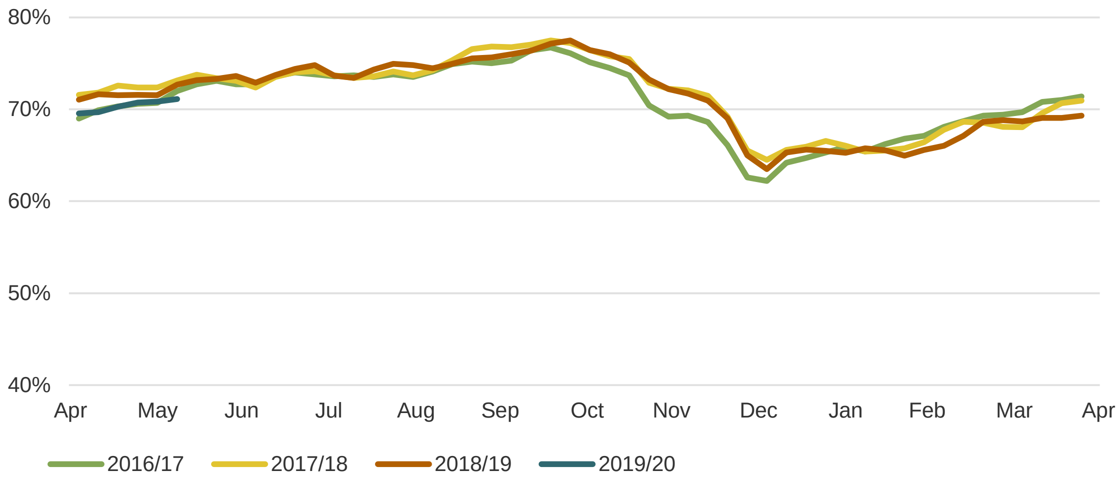
STRONG REVENUE PERFORMANCE CONTINUES AS WE GAIN MARKET SHARE

	2018/19 original plan	Q1	Q2	Q3	Q4	Full year	2019/20 outlook
Organic growth	8 – 11%	17%	15%	15%	15%	15%	9 – 12%
Bolt-ons	3 – 4%	2%	4%	5%	7%	5%	2 – 3%
	11 – 15%	19%	19%	20%	22%	20%	11 – 15%

Sunbelt US rental only revenue presented on a billing day basis

HEALTHY DEMAND AND RATE ENVIRONMENT CONTINUING TO DRIVE STRONG MARGINS AND ROI

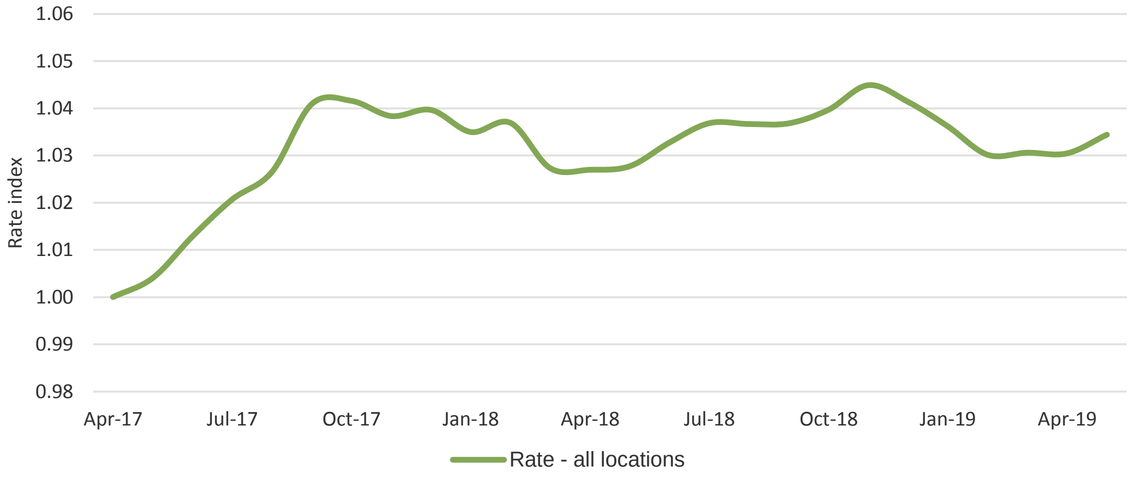
Utilisation remains strong



Contract duration mix

	Q4 2019	Q4 2018	YTD 2019	YTD 2018
Day	**8%**	**8%**	**8%**	**9%**
Week	**19%**	**19%**	**19%**	**20%**
Month	**73%**	**73%**	**73%**	**71%**

Positive rate environment



Good growth at strong margins

	Q1	Q2	Q3	Q4	2019	2018
Fleet on rent	+16%	+21%	+22%	+21%	+20%	+19%
Yield	+2%	-2%	-1%	+1%	nil%	nil%
EBITDA	51%	52%	48%	47%	49%	50%
Operating profit	33%	35%	29%	27%	31%	31%
RoI	24%	24%	24%	24%	24%	24%

Sunbelt US metrics

PROJECT 2021: 185 LOCATIONS ADDED IN LAST TWO YEARS

	2017/18	2018/19	Total
Specialty			
- Greenfield	26	48	74
- Bolt-ons	3	40	43
Total	**29**	**88**	**117**
General tool			
- Greenfield	16	22	38
- Bolt-ons	17	13	30
Total	**33**	**35**	**68**
Total	**62**	**123**	**185**

Sunbelt US only

- 185 locations added in the last two years
- Good balance between specialty and general tool
- 14 markets progressed to cluster status
- 76 of top 100 markets still to cluster
- Completed three bolt-ons post year-end (total consideration of $22 million)

A CLOSER LOOK

Individual store evolution

		Operating margin	
Store cohort	**Locations**	**2016**	**2019**
Mature stores (up to FY12)	324	39%	39%
Next 5 years (FY13 – FY17)	264	30%	37%
Recent additions (FY18 – FY19)	185	N/A	29%
Operating margin excluding central costs	773	36%	37%
Central overheads		(5)%	(6)%
Operating margin as reported		31%	31%

Sunbelt US only

FY18 – FY19 cohort

- Highly profitable: cold / warm starts
- Rental fleet at cost: $940m
- Revenue: $500m
- Operating profit: $147m
- Drag on metrics:

	Utilisation	**Rate**
FY18 – FY19 cohort v. all other stores	– 9%	– 6%

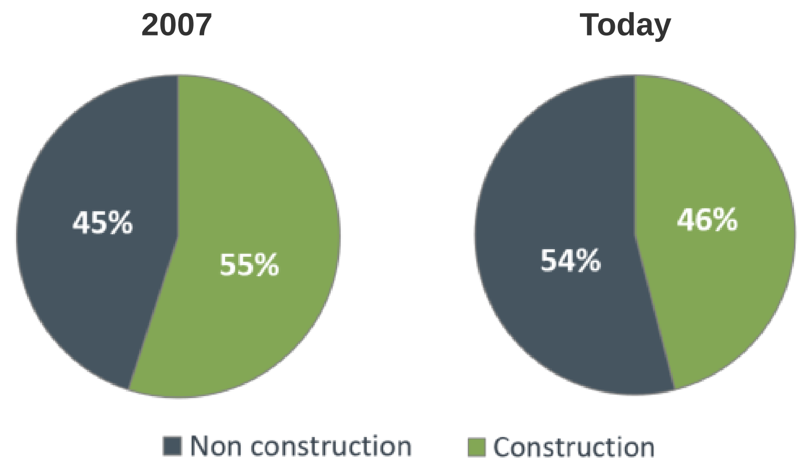
MARKET SHARE GROWTH AND DIVERSIFICATION

	Revenue growth	Relative to market
General tool	**16%**	**3x**
- Same-store	9%	
- Greenfield	4%	
- Bolt-on	3%	
Specialty	**30%**	**5x**
- Same-store	14%	
- Greenfield	7%	
- Bolt-on	9%	
Total Sunbelt	**20%**	**3x**

Sunbelt US only

	General tool	Specialty
% of business	77%	23%
CAGR (5 year)	23%	25%

Sunbelt US only



- Broad strength in all end markets and geographies
- Strong same-store revenue growth at 2x market
- Specialty growing more rapidly due to:
  - Diversifying end markets
  - Early phases of structural change
- Non-construction becoming a larger part of the business

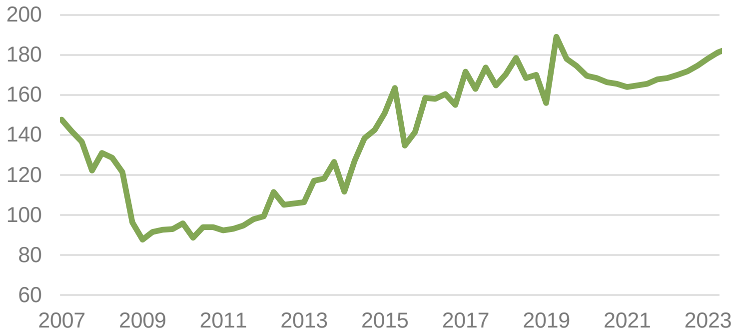
MARKETS REMAIN STRONG ACROSS ALL SECTORS

US rental market forecasts

	2018	2019	2020	2021	2022
Industry rental revenue	+7%	+5%	+5%	+5%	+5%

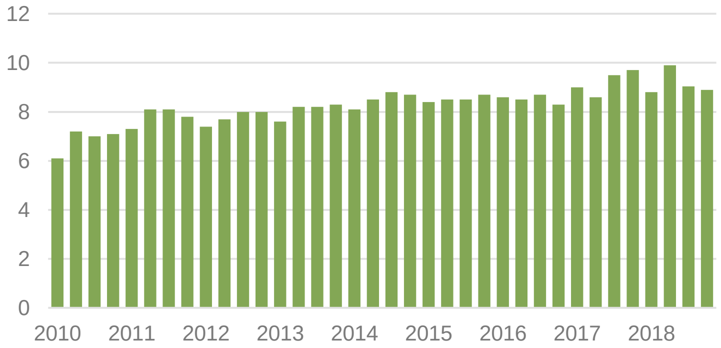
Source: IHS Markit (May 2019)

Dodge construction starts
Indexed: 2000=100



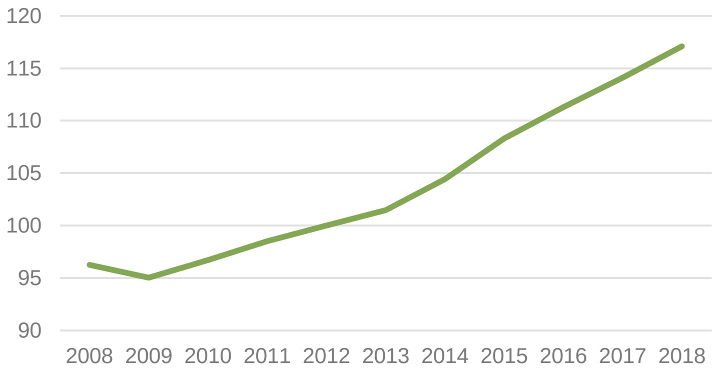
Source: Dodge Data & Analytics (June 2019)

ABC Construction Backlog Indicator



Source: Associated Builders and Contractors (February 2019)

Real personal consumption expenditures
Indexed: 2012=100



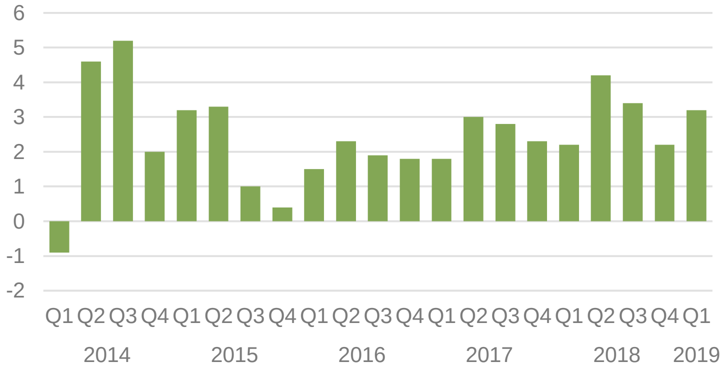
Source: Bureau of Economic Analysis (April 2019)

Square footage under roof rental opportunity

$4 MRO p/sq ft	**~2-3%** MRO spend
87bn Sq ft under roof	**$7-10bn** Addressable market

Source: Capital Markets Day presentation (April 2018)

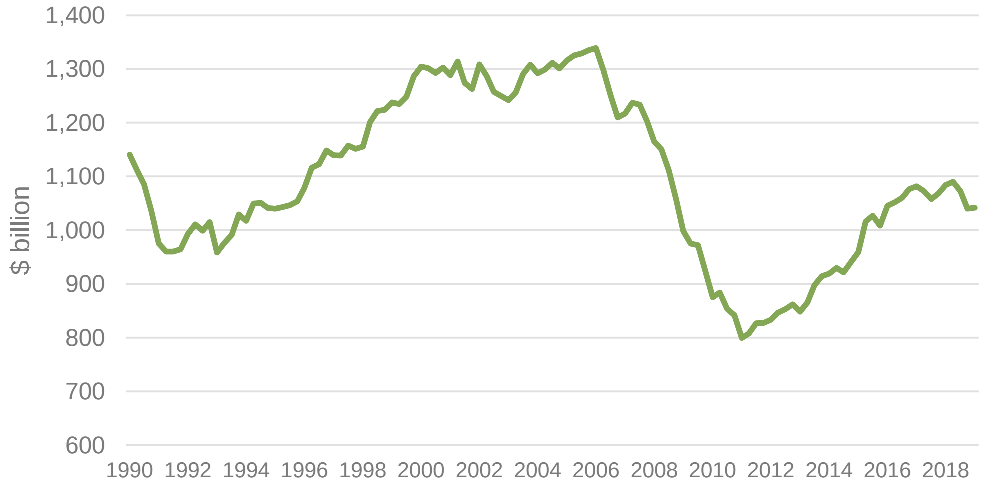
Real GDP
Percentage change from preceding quarter



Seasonally adjusted annual rates
Source: Bureau of Economic Analysis (April 2019)

TOTAL US CONSTRUCTION OVER THE YEARS

Construction put in place
Constant 2012 dollars



Source: Census Bureau at constant dollars

Construction spending put in place

	History			Forecast				
	2016	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
Market ($bn)	1,192	1,246	1,293	1,322	1,308	1,287	1,306	1,366
Market growth	+7%	+5%	+4%	+2%	-1%	-2%	2%	5%

Source: Dodge Data & Analytics (April 2019)

- Construction market well below previous peaks
- Range of forecasts with moderate levels of softening as early as 2020

- Important to put this into perspective:
  - Even at forecasted rate, absolute levels of activity remain strong
  - Structural change element will continue through the cycle
  - Our business services markets far broader than construction
  - Potential for infrastructure programme
  - Capital flexibility and strong cash generation

SUNBELT CANADA

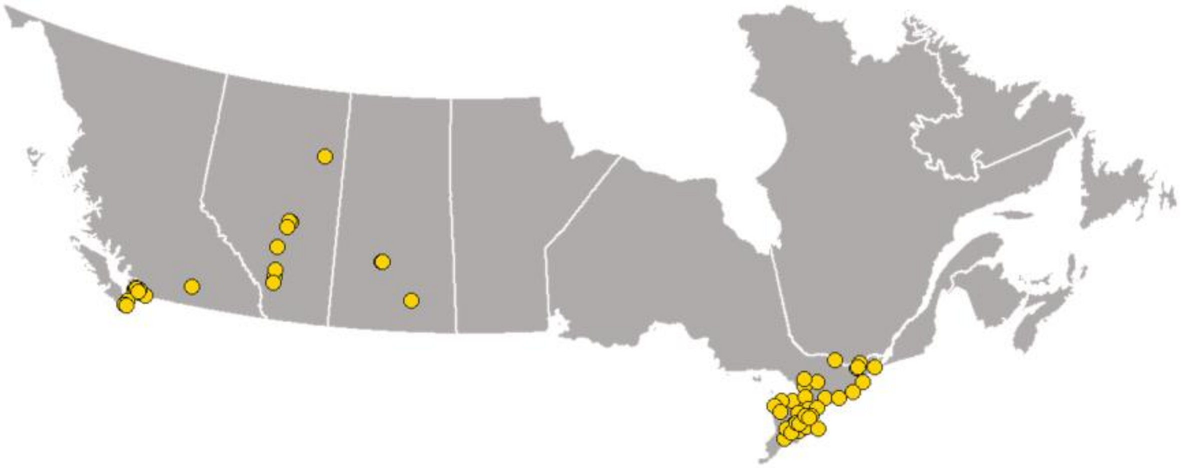
	Locations
Location count at 1 May 2018	54
- Greenfield openings	3
- Bolt-ons	10
Location count at 30 April 2019	67

Canadian rental market forecasts

	2018	2019	2020	2021	2022
Rental market (C$bn)	7.0	7.3	7.7	8.1	8.3
Industry rental revenue	+5%	+4%	+6%	+5%	+3%

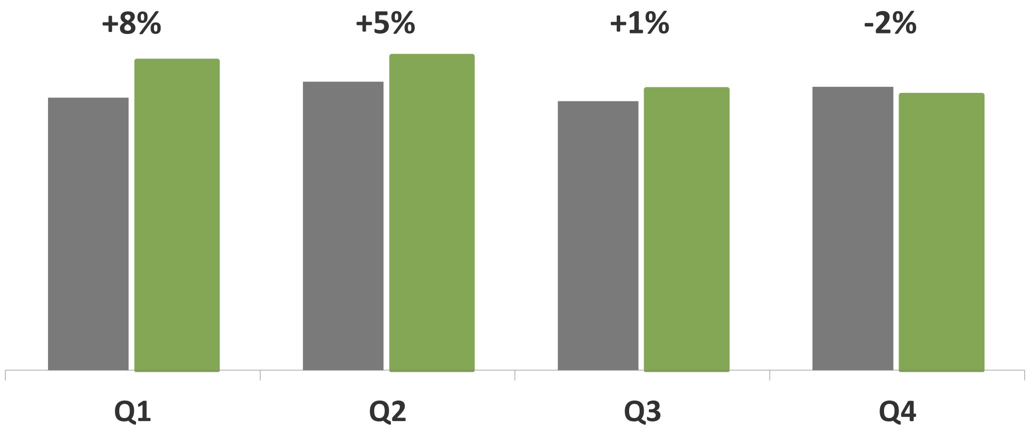
Source: IHS Markit (May 2019)

- Pro forma rental only revenue growth of 18%
- Continuing expansion with C$128m spent on six bolt-on acquisitions
- Advancing our clustering model in top markets
- Long runway for growth

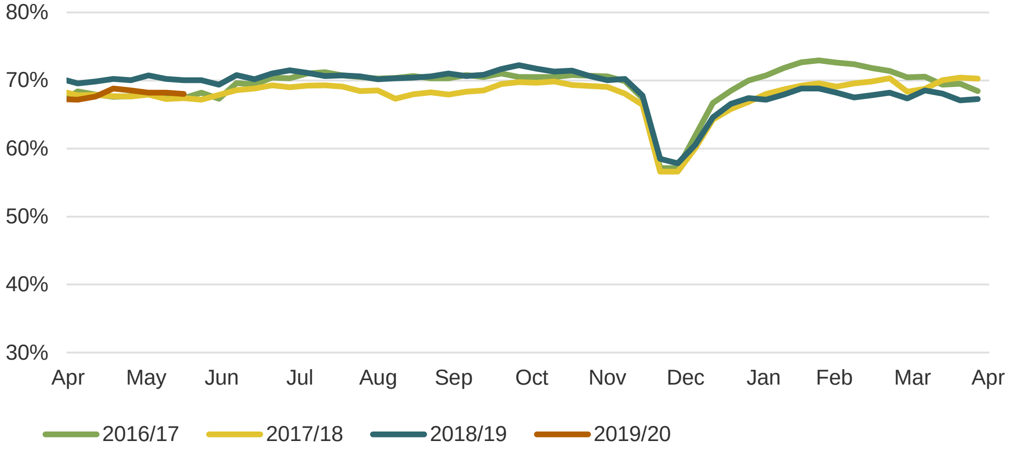


A-PLANT REVENUE DRIVERS

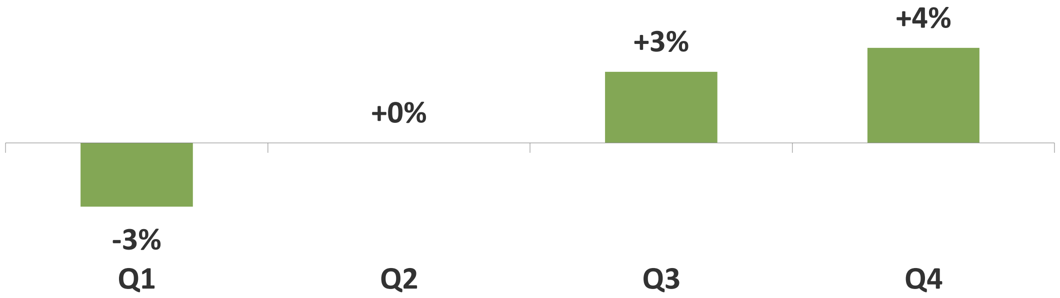
Average fleet on rent



Physical utilisation



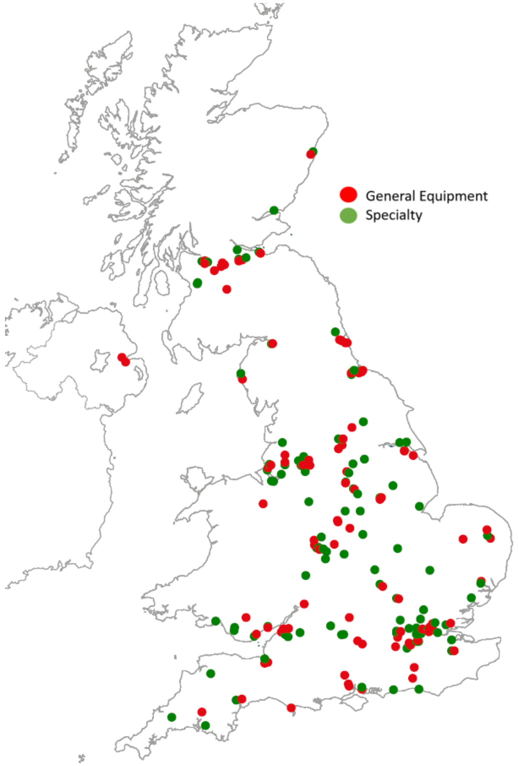
Year over year change in yield



Margins

	Q1	Q2	Q3	Q4	2019	2018
EBITDA	38%	38%	34%	32%	35%	35%
Operating profit	18%	18%	10%	7%	13%	15%

A-PLANT MARKET PLAN



Broad network of general equipment and specialty locations

UK industry forecasts

	2018	2019	2020	2021
Rental market (£bn)	6.0	6.1	6.3	na
Construction industry	+1%	nil%	+1%	+2%

Source: European Rental Association / IHS Markit (2018); Construction Products Association (Spring 2019)
na – not available

Focus / deliverables

- Customer service
- Operational leverage
- RoI improvement
- Cash generation

What will the cash look like?

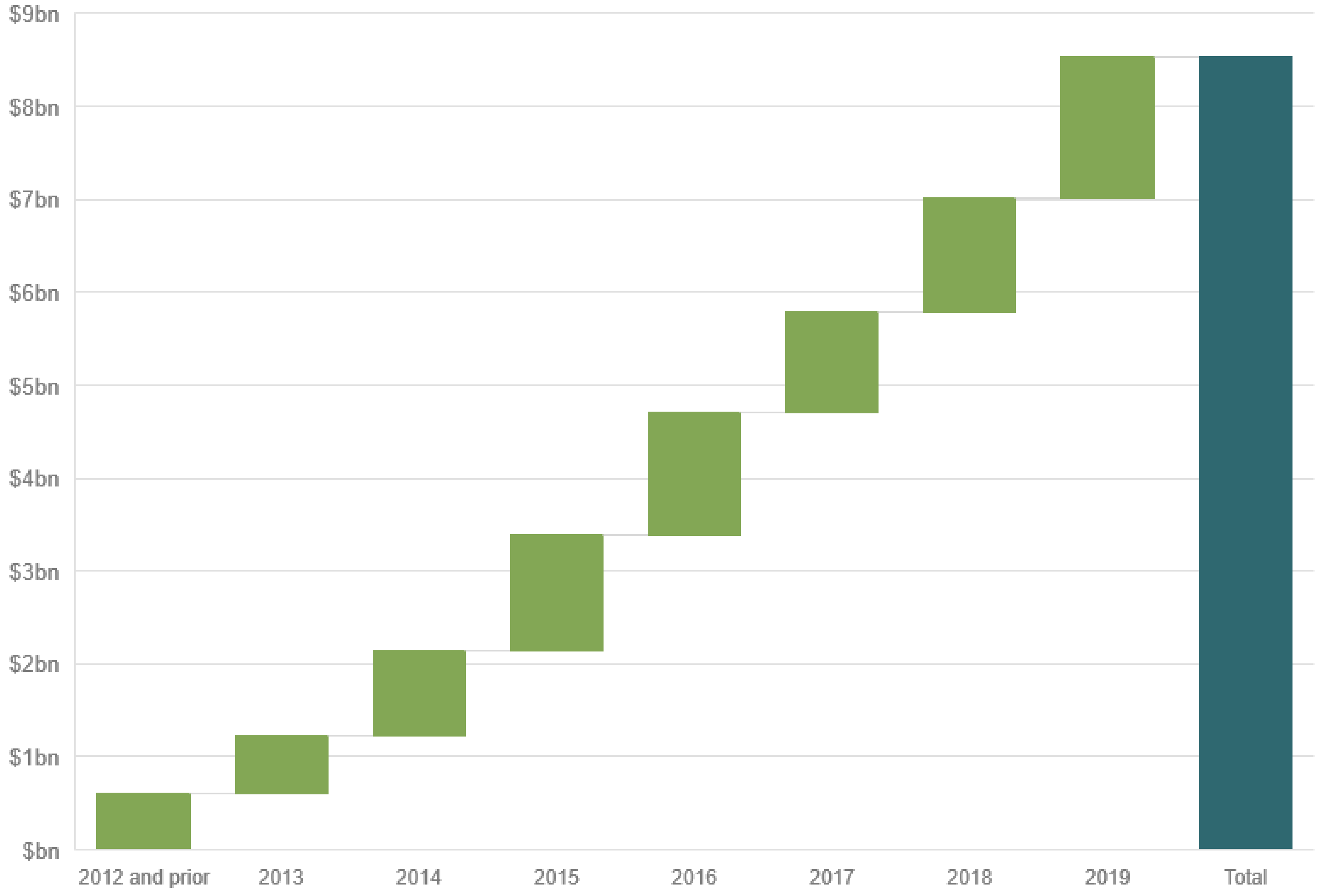
	2016 – 2018	2019	2020
Free cash flow	c. £40m	c. £60m	> £100m

GROUP FLEET PLAN FOR 2019/20

			2017	2018	2019	2020 Plan[1]
Sunbelt US ($m)	- rental fleet	- replacement	391	347	480	500 – 600
		- growth	648	921	1,127	1,000 – 1,100
	- non-rental fleet		108	142	168	175
			1,147	1,410	1,775	1,675 – 1,875
Sunbelt Canada (C$m)	- rental fleet	- replacement	17	21	56	40 – 50
		- growth	11	55	100	50 – 60
	- non-rental fleet		6	15	20	20
			34	91	176	110 – 130
A-Plant (£m)	- rental fleet	- replacement	74	77	61	55 – 65
		- growth	90	60	34	-
	- non-rental fleet		16	27	30	20
			180	164	125	75 – 85
Group (£m)	Capital plan (gross)		1,086	1,239	1,587	1,430 – 1,600
	Disposal proceeds		(169)	(158)	(202)	(160 – 190)
	Capital plan (net)		917	1,081	1,385	1,270 – 1,410

[1] Stated at £1 = $1.30 and £1 = C$1.70

US FLEET PROFILE



Sunbelt US itemised rental fleet

- Smooth fleet profile
- Benefits of prolonged cycle and our growth strategy
- Strong position providing optionality through the cycle
- Flexibility to turn replacement into growth
- Strengthens partnership with suppliers through predictability

CAPITAL ALLOCATION

1. Organic growth
   - £1.6bn invested in the business
   - 74 greenfields opened

2. Bolt-on acquisitions
   - £622m spent on bolt-ons
   - 72 locations added

3. Returns to shareholders
   - Final dividend proposed of 33.5p making 40.0p for the year
   - Completed £675m under the buyback programme announced in December 2017
   - £1.1bn returned to shareholders in three years through dividends and share buybacks
   - Minimum of £500m to be spent on buybacks in 2019/20

SUMMARY

- Good results and momentum carried into 2019/20 with strong end markets
- Long runway for growth taking advantage of structural change and continuing development of non-construction markets
- Strong cash generation as we focus on responsible growth
- Our capital allocation plans for 2019/20 are consistent with our 2021 plan to deliver EPS growth of 15-20% with leverage within our 1.5 to 2.0 times range (1.9 to 2.4 times post IFRS 16)
- The Board continues to look to the medium term with confidence

Appendices

DIVISIONAL PERFORMANCE – Q4

	Revenue			EBITDA			Profit		
	2019	2018	Change[1]	2019	2018	Change[1]	2019	2018	Change[1]
Sunbelt US ($m)	1,230	1,034	19%	577	495	17%	235	292	15%
Sunbelt Canada (C$m)	87	62	40%	29	8	238%	7	(5)	nm
Sunbelt US (£m)	941	738	28%	442	352	25%	256	208	24%
A-Plant	115	118	(3)%	36	39	(6)%	8	13	(43)%
Sunbelt Canada	50	35	43%	16	5	270%	4	(3)	nm
Group central costs	-	-	-	(4)	(5)	(16)%	(4)	(5)	(16)%
	1,106	891	24%	490	391	26%	264	213	24%
Net financing costs							(41)	(28)	51%
Profit before amortisation and tax							223	185	20%
Amortisation							(14)	(10)	32%
Profit before taxation							209	175	19%
Taxation							(54)	(75)	(28)%
Profit after taxation							155	100	55%
Margins									
- *Sunbelt US*				*47%*	*48%*		*27%*	*28%*	
- *A-Plant*				*32%*	*33%*		*7%*	*11%*	
- *Sunbelt Canada*				*33%*	*14%*		*9%*	*(8)%*	
- *Group*				*44%*	*44%*		*24%*	*24%*	

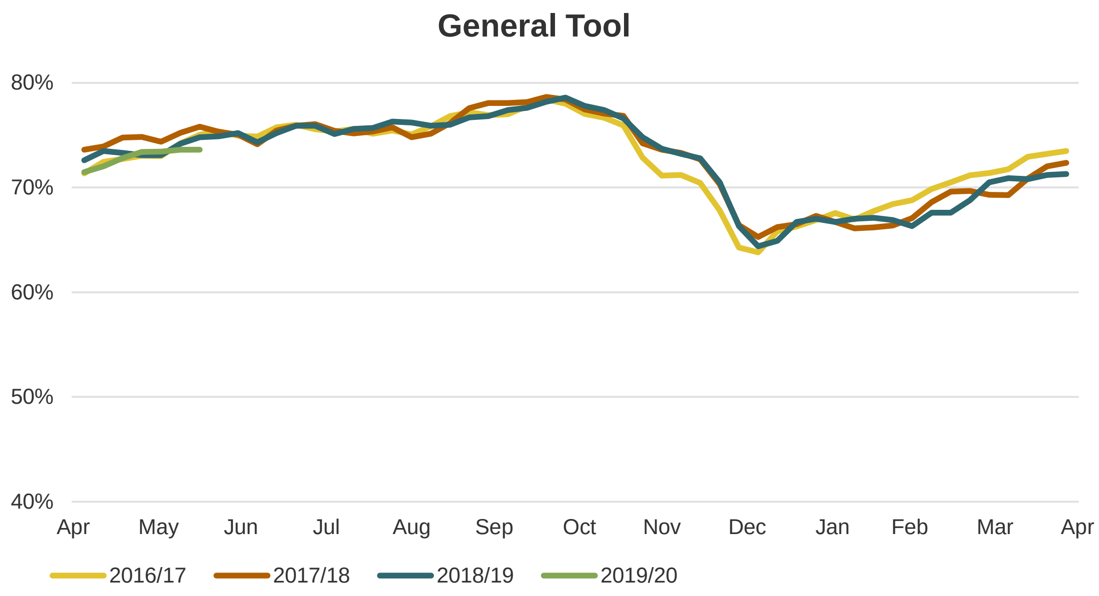
[1] As reported
nm – not meaningful

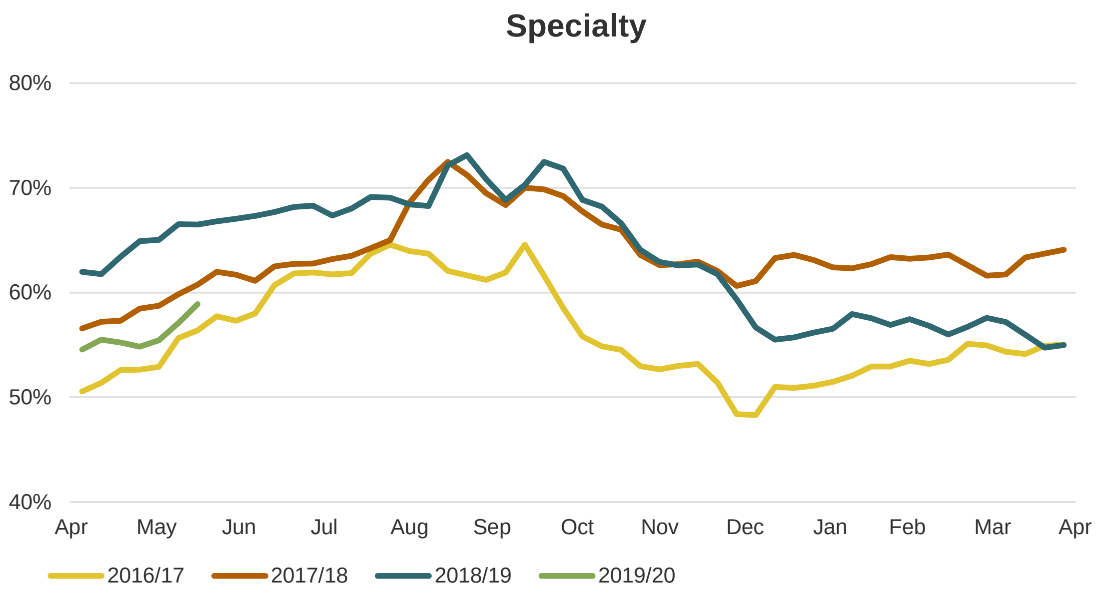
DIVISIONAL PERFORMANCE – TWELVE MONTHS

	Revenue			EBITDA			Profit		
	2019	2018	Change[1]	2019	2018	Change[1]	2019	2018	Change[1]
Sunbelt US ($m)	4,989	4,153	20%	2,453	2,063	19%	1,545	1,293	19%
Sunbelt Canada (C$m)	344	223	54%	124	68	82%	55	28	93%
Sunbelt US (£m)	3,825	3,103	23%	1,881	1,542	22%	1,185	966	23%
A-Plant	475	472	1%	169	167	1%	62	70	(11)%
Sunbelt Canada (£m)	200	131	53%	72	40	81%	32	17	92%
Group central costs	-	-	-	(15)	(16)	(7)%	(15)	(16)	(7)%
	4,450	3,706	21%	2,107	1,733	22%	1,264	1,037	22%
Net financing costs							(154)	(110)	39%
Profit before amortisation, exceptional items and tax							1,110	927	20%
Amortisation and exceptional items							(51)	(65)	17%
Profit before taxation							1,059	862	23%
Taxation							(262)	107	nm
Profit after taxation							797	969	(18)%
Margins									
- *Sunbelt US*				*49%*	*50%*		*31%*	*31%*	
- *A-Plant*				*35%*	*35%*		*13%*	*15%*	
- *Sunbelt Canada*				*36%*	*31%*		*16%*	*13%*	
- *Group*				*47%*	*47%*		*28%*	*28%*	

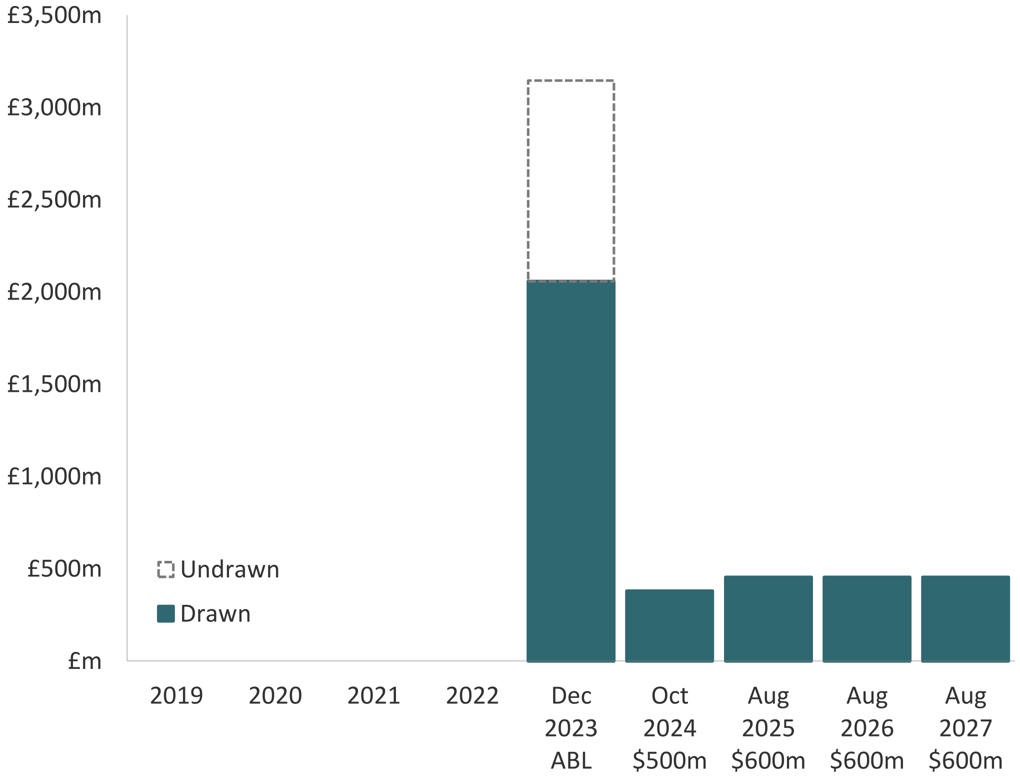
[1] As reported
nm – not meaningful

SUNBELT US – PHYSICAL UTILISATION





ROBUST AND FLEXIBLE DEBT STRUCTURE

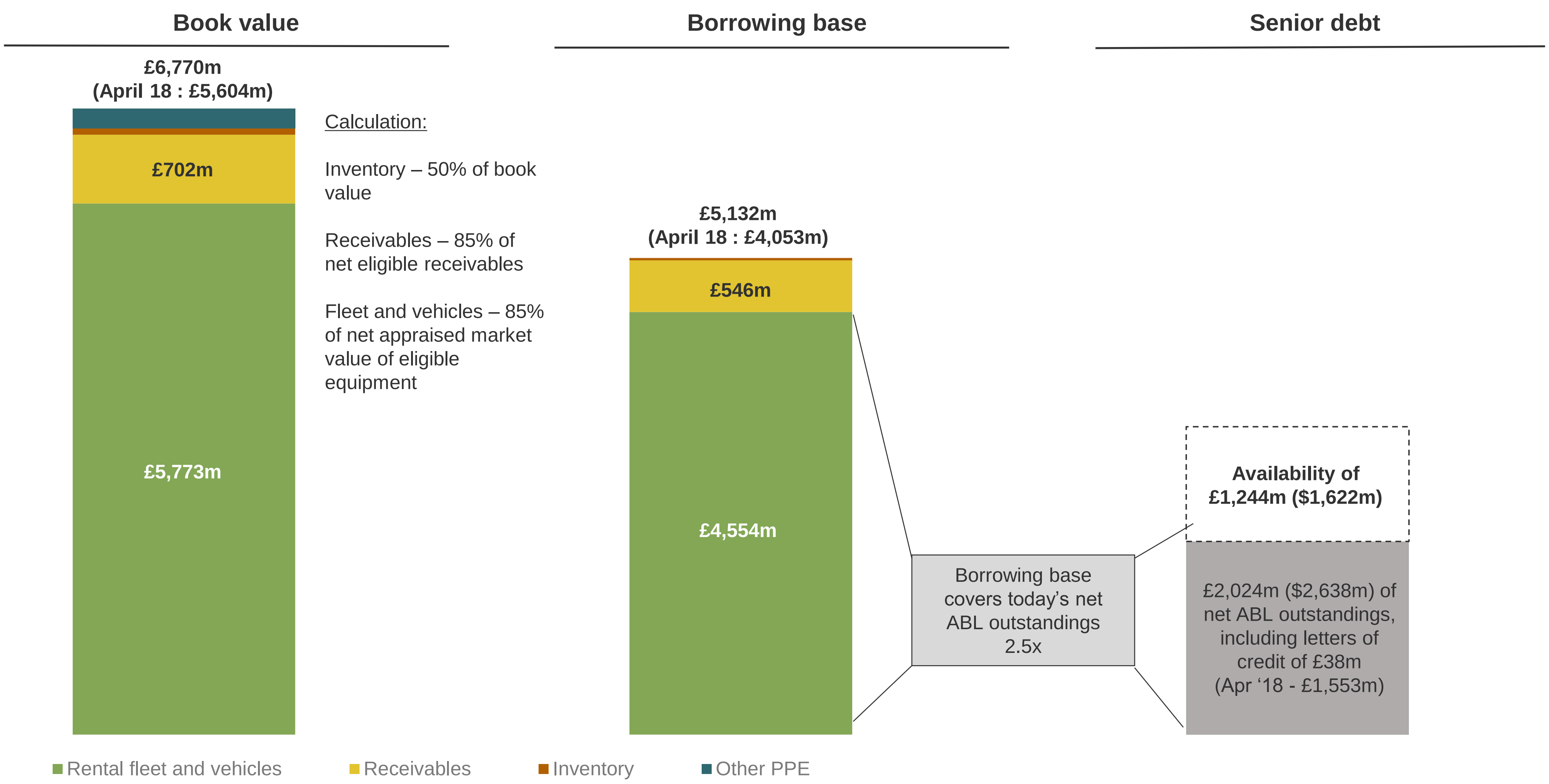


- Debt facilities committed for average of 6 years
- No amortisation
- No financial monitoring covenants whilst availability exceeds $410m (April 2019: $1,622m)

CASH FLOW FUNDS ALL FLEET INVESTMENT

(£m)	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
EBITDA before exceptional items	**2,107**	**1,733**	**1,504**	**1,178**	**908**	**685**	**519**	**381**	**284**	**255**	**356**	**364**	**310**	**225**	**170**
EBITDA margin	47%	47%	47%	46%	45%	42%	38%	34%	30%	30%	30%	33%	35%	35%	32%
Cash inflow from operations before fleet changes and exceptionals	**2,043**	**1,681**	**1,444**	**1,071**	**841**	**646**	**501**	**365**	**280**	**266**	**374**	**356**	**319**	**215**	**165**
Cash conversion ratio	97%	97%	96%	91%	93%	94%	97%	96%	99%	104%	104%	94%	97%	96%	97%
Replacement capital expenditure	(642)	(517)	(527)	(562)	(349)	(335)	(329)	(272)	(203)	(43)	(236)	(231)	(245)	(167)	(101)
Disposal proceeds	192	161	161	180	103	102	96	90	60	31	92	93	78	50	36
Interest and tax	(194)	(208)	(151)	(85)	(95)	(56)	(48)	(57)	(71)	(54)	(64)	(83)	(69)	(41)	(31)
Cash flow before discretionary items	**1,399**	**1,117**	**927**	**604**	**500**	**357**	**220**	**126**	**66**	**200**	**166**	**135**	**83**	**57**	**69**
Growth capital expenditure	(1,031)	(706)	(608)	(672)	(588)	(406)	(254)	(135)	-	-	-	(120)	(63)	(63)	(10)
Exceptional costs	-	(25)	-	-	-	(2)	(16)	(3)	(12)	(8)	(9)	(10)	(69)	(20)	(6)
Free cash flow	**368**	**386**	**319**	**(68)**	**(88)**	**(51)**	**(50)**	**(12)**	**54**	**192**	**157**	**5**	**(49)**	**(26)**	**53**
Business acquisitions	(591)	(359)	(421)	(68)	(242)	(103)	(34)	(22)	(35)	(1)	89	(6)	(327)	(44)	1
Cash flow available to equity holders	**(223)**	**27**	**(102)**	**(136)**	**(330)**	**(154)**	**(84)**	**(35)**	**19**	**191**	**246**	**(1)**	**(376)**	**(70)**	**54**
Dividends paid	(164)	(141)	(116)	(82)	(61)	(41)	(20)	(15)	(15)	(13)	(13)	(10)	(7)	(2)	-
Share issues/returns	(475)	(168)	(55)	(12)	(21)	(23)	(10)	(4)	-	-	(16)	(24)	144	69	-
	(862)	**(282)**	**(273)**	**(230)**	**(412)**	**(218)**	**(114)**	**(53)**	**4**	**178**	**217**	**(35)**	**(239)**	**(3)**	**54**

$1,622M OF AVAILABILITY AT 30 APRIL 2019



- Borrowing base reflects July 2018 asset values

DEBT AND COVENANTS

Debt

Facility	Interest rate	Maturity
$4.1bn first lien revolver	LIBOR + 125-175 bps	December 2023
$500m second lien notes	5.625%	October 2024
$600m second lien notes	4.125%	August 2025
$600m second lien notes	5.250%	August 2026
$600m second lien notes	4.375%	August 2027
Capital leases	~7%	Various

Ratings

	S&P	Moody's	Fitch
Corporate family	BBB-	Baa3	BBB-
Second lien	BBB-	Baa3	BBB-

Availability

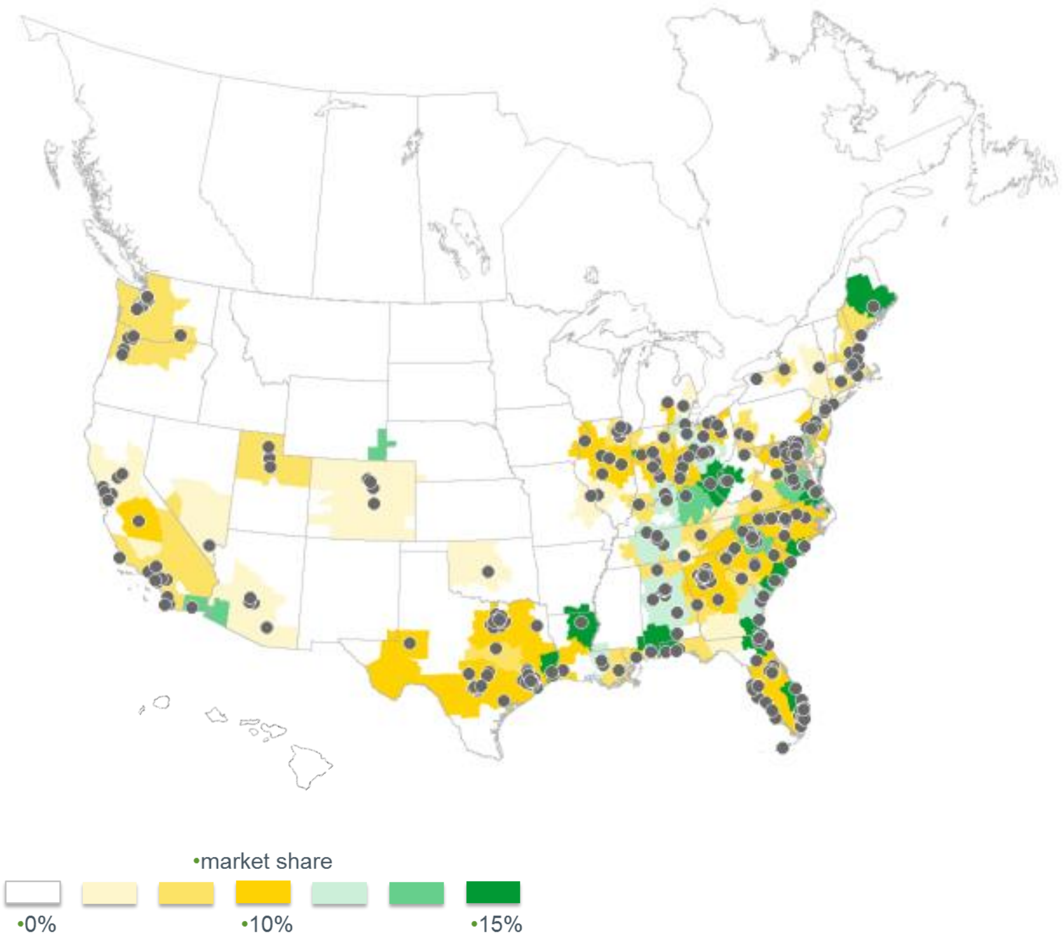
- Covenants are not measured if availability is greater than $410 million

Fixed charge coverage covenant

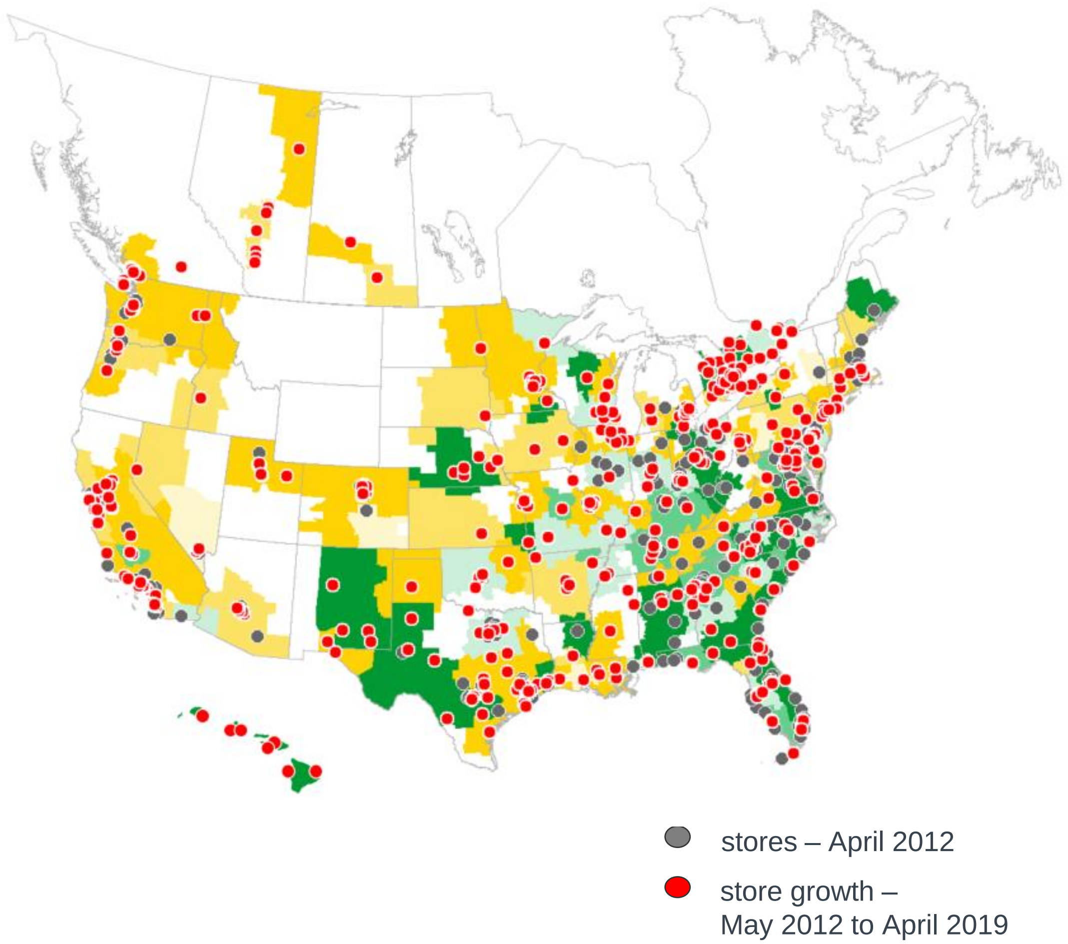
- EBITDA less net cash capex to interest paid, tax paid, dividends paid and debt amortisation must equal or exceed 1.0x
- Greater than 1.0x at April 2019

INCREASED FOOTPRINT AND MARKET SHARE

April 2012



April 2019



CONTINUING OPPORTUNITY TO BUILD OUT FURTHER CLUSTERS

	USA				Canada		
Rental markets	**Top 25**	**26-50**	**51-100**	**100-210**	**Top 10**	**11-25**	**26-76**
Rental market %	57%	19%	15%	9%	64%	22%	14%
Cluster definition	>15	>10	>4	>1	>10	>4	>1
Clusters	8 markets	7 markets	9 markets	16 markets	2 markets	0	2 markets

Ample expansion opportunities remain

- Only 24 of the top 100 US markets clustered
- Only 2 of the top 25 Canadian markets clustered

MARGIN EVOLUTION

Individual store evolution

Store cohort	Locations	Operating margin 2016	Operating margin 2019
Mature stores (up to FY12)	324	39%	39%
Next 5 years (FY13 – FY17)	264	30%	37%
Recent additions (FY18 – FY19)	185	N/A	29%
Operating margin excluding central costs	773	36%	37%
Central overheads		(5)%	(6)%
Operating margin as reported		31%	31%

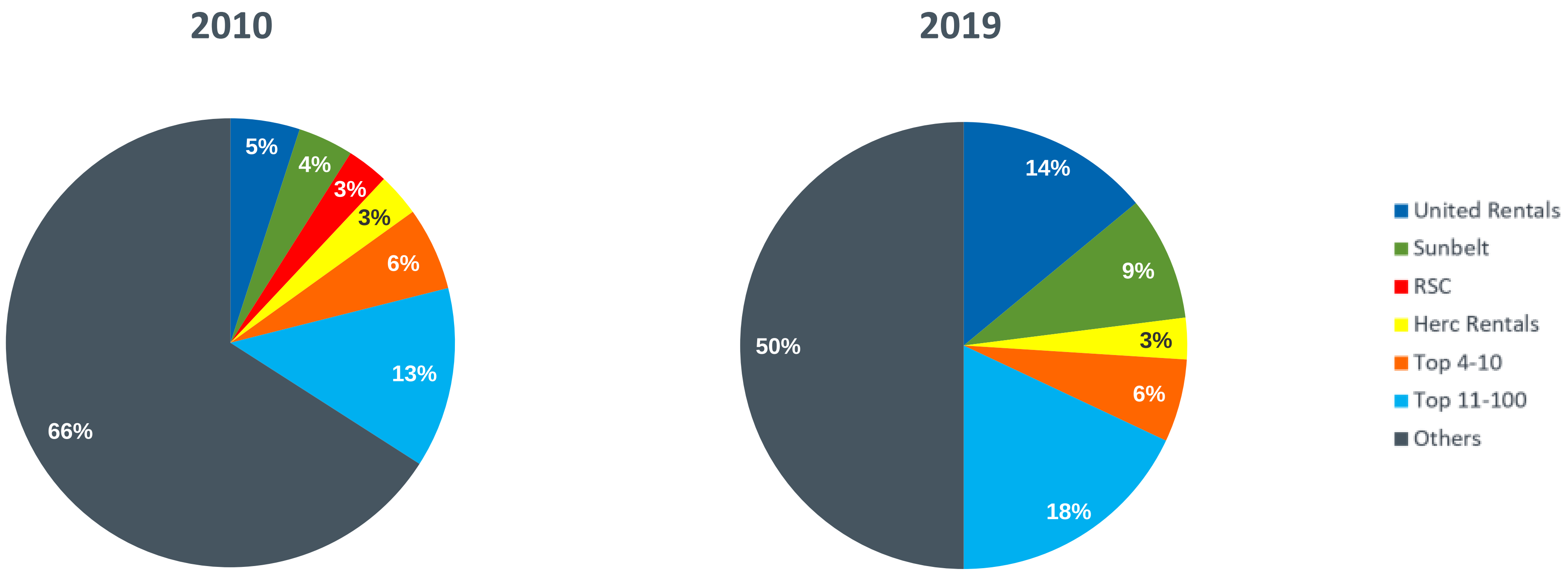
Sunbelt US only – management information

Cluster evolution

Profile	Non-construction	Operating profit %[1]	RoI[2]
Mature	> 60%	39%	29%
Mid-Term	c. 40%	37%	26%
Early	c. 20%	37%	24%

Sunbelt US only – management information
Top 100 markets, excluding FY19 openings
[1] Operating profit margin calculated excluding central overheads
[2] RoI calculated with reference to profit centre contribution, excluding central overheads. Average investment excludes goodwill and intangible assets.

US MARKET SHARE



- Expect the large to get larger with the top 100 sharing 60-70% of the market

IMPORTANT TO NOT LOSE SIGHT OF THROUGH THE CYCLE KEY METRICS