Managing the cycle – the next phase

Second quarter results | 31 October 2009

Issued: 3 December 2009

Ashtead group

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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 26–27 of the Group's Annual Report and Accounts for the year ended 30 April 2009 and in the unaudited results for the half year and second quarter ended 31 October 2009 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.

Overview

- H1 profit of £20m again in line with market expectations
- Continuing to gain market share in both the US and the UK markets
- Cost reductions and continued focus on efficiency have sustained Group's H1 EBITDA margin at 33%
- £97m of cash generated from operations in H1 with full year target now raised to £125m
- Interim dividend maintained at 0.9p per share as in 2008
- Refinancing extends $1.3bn of senior debt maturities until November 2013
- Net debt reduced to £847m from £1,036m in April 2009—with over £300m of cash generated in the past two years
- Net debt to EBITDA at 2.9x within our 2.0x—3.0x target range. Debt structure demonstrated to be appropriate for the business through the cycle
- Debt package remains covenant free with $500m of excess availability at 31 October 2009

Ian Robson

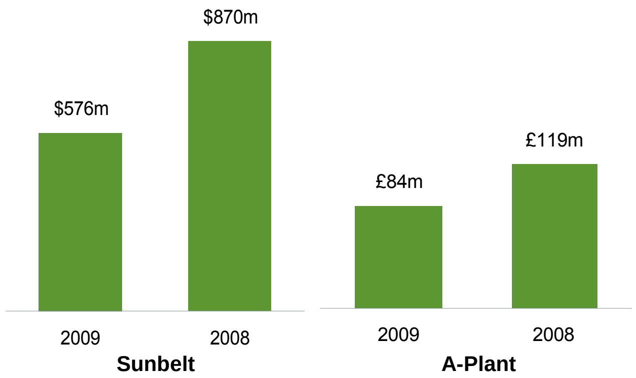
Results summary

EBITDA margin sustained above 30%

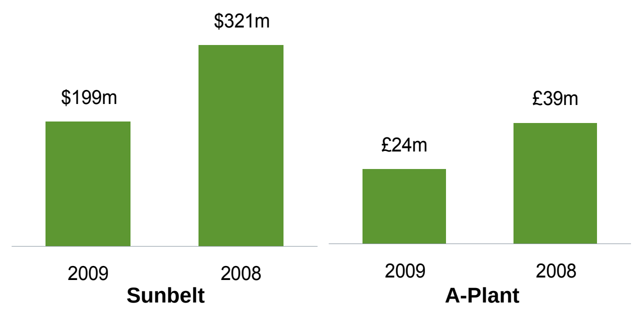
(£m)	Q2 2009	Q2 2008	Q2 change	H1 2009	H1 2008	H1 change
Revenue	**218**	**308**	*-29%*	**439**	**581**	*-24%*
– of which rental	*202*	*272*	*-26%*	*409*	*516*	*-21%*
Operating costs	(146)	(200)	*-27%*	(295)	(375)	*-21%*
EBITDA	**72**	**108**	*-33%*	**144**	**206**	*-30%*
Depreciation	(46)	(50)	*-7%*	(94)	(96)	*-2%*
Operating profit	**26**	**58**	*-56%*	**50**	**110**	*-55%*
Net interest	(15)	(17)	*-18%*	(30)	(33)	-11%
Profit before tax and amortisation	**11**	**41**	*-72%*	**20**	**77**	-74%
Earnings per share (p)	**1.0**	**5.2**	*-81%*	**2.2**	**10.0**	-78%
Margins						
– EBITDA	*33%*	*35%*		*33%*	*35%*	
– Operating profit	*12%*	*19%*		*11%*	*19%*	

Divisional results
In line with our expectations

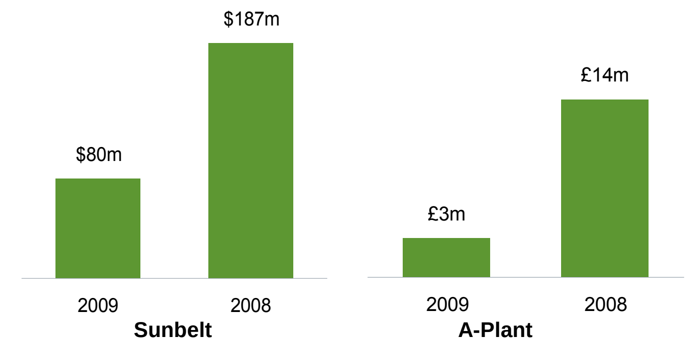
Revenue



EBITDA



Operating profit



	Revenue bridge			
		Sunbelt		A-Plant
	change	($m)	change	(£m)
2008 rental revenue		770		107
Change – Volume	*-13%*	(101)	*-16%*	(17)
– Yield	*-20%*	(135)	*-11%*	(11)
		534		**79**
Sales revenue		42		5
Total revenue		**576**		**84**

	EBITDA bridge			
		Sunbelt		A-Plant
	change	($m)	change	(£m)
2008 EBITDA		321		39
Rental revenue reduction	*-31%*	(236)	*-26%*	(28)
Operating cost reduction	*-27%*	128	*-21%*	15
		213		**26**
Sales margin reduction		(14)		(2)
2009 EBITDA		**199**		**24**

Cash generation

Strong cash generation continues

(£m)	H1 2009	H1 2008	LTM 31 Oct 09	FY 2009
EBITDA before exceptional items	144	208	294	359
Cash inflow from operations[1]	143	195	322	374
Capital expenditure	(27)	(174)	(89)	(236)
Rental equipment and other disposal proceeds	13	28	77	92
	(14)	(146)	(12)	(144)
Interest and tax	(27)	(29)	(62)	(64)
Exceptional costs	(5)	(1)	(13)	(9)
Free cash flow	**97**	**19**	**235**	**157**
Business disposals	-	90	(1)	89
Total cash generated	**97**	**109**	**234**	**246**
Dividends paid	(8)	(8)	(13)	(13)
Purchase of own shares	-	(14)	(2)	(16)
Reduction in net debt	**89**	**87**	**219**	**217**

Note:

1 Before fleet changes and exceptionals

Debt leverage

Cash generation has kept net debt to EBITDA within our target 2-3x range

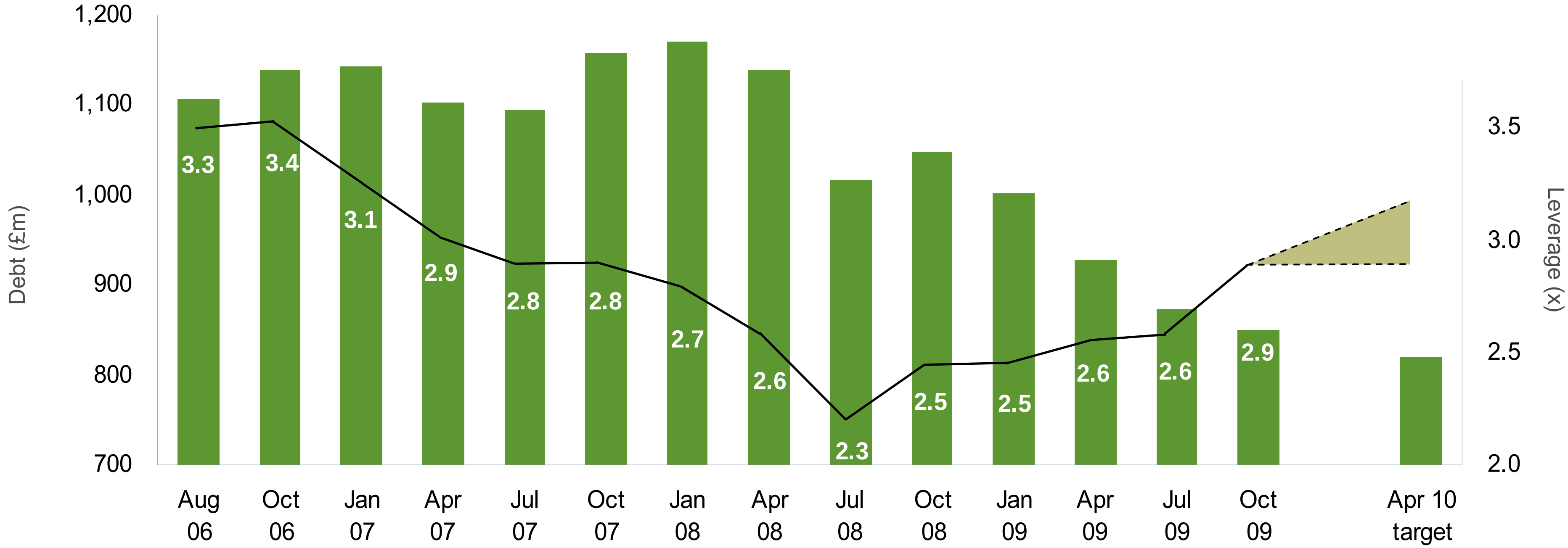
(£m)	2009	2008
Net debt at 30 April	**1,036**	**963**
Translation impact	(102)	197
Opening debt at closing exchange rates	**934**	**1,160**
Change from cash flows	(89)	(87)
Non-cash movements	2	3
Net debt at 31 October	**847**	**1,076**
Net debt breakdown		
First lien senior secured bank debt	386	579
Second lien secured notes	475	484
Finance lease obligations	5	15
Cash in hand	(19)	(2)
Total net debt	**847**	**1,076**
Net debt/EBITDA (x)	2.9	2.5

Interest

Floating rate:	(45%)
Fixed rate:	(55%)

Robust balance sheet

Net debt 28% below peak and set to reduce further



	Aug 06	Oct 06	Jan 07	Apr 07	Jul 07	Oct 07	Jan 08	Apr 08	Jul 08	Oct 08	Jan 09	Apr 09	Jul 09	Oct 09	Apr 10 target
Debt as reported (£m)	968	994	972	916	894	931	986	963	852	1,076	1,147	1,036	873	847	820
Debt at 31 October 2009 FX rates (£m)	1,114	1,147	1,149	1,109	1,101	1,165	1,178	1,146	1,023	1,055	1,006	932	878	847	820

- Net debt at 31 October of £847m reflecting £97m of cash generation in the six months
- Net debt to EBITDA at 31 October of 2.9x

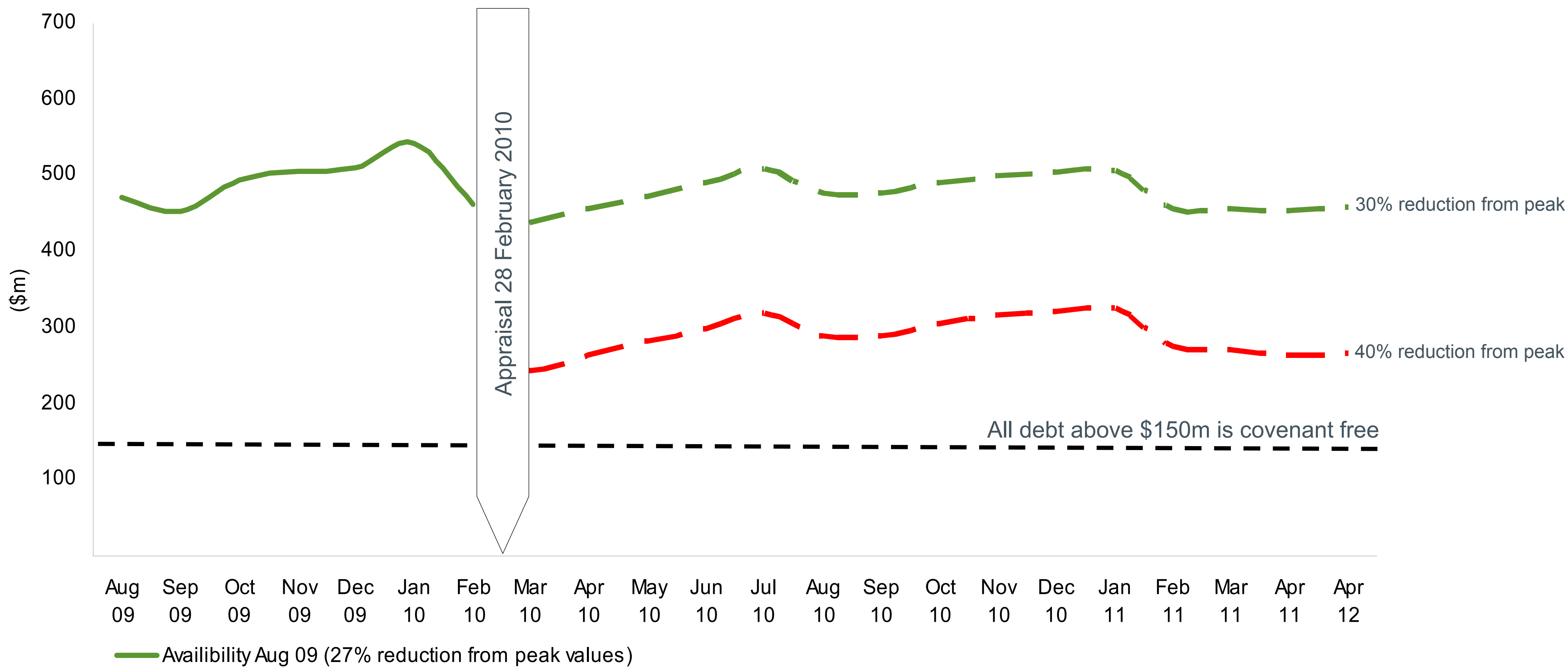
Refinancing

Flexibility retained and capital structure proven to be appropriate through the cycle

- $1,327m of ABL revolver commitments extended for four years to 22 November 2013
- Pricing on the extending tranche varies from LIBOR plus 300bp to 375bp based on leverage
- Average interest rate on the facility is 4.1%
- Revised facility retains the previous flexibility which has proven well suited to our business:
  - Covenant free while availability[1] exceeds $150m (previously $125m)
  - Availability of $500m at 31 October 2009[2]
  - Below $150m of availability two covenants are measured quarterly at constant exchange rates:
    - Debt to EBITDA (before exceptionals) must not exceed 4.0x
    - Fixed charge ratio must exceed 1.1x[3]
- Unused committed facilities total approximately $700m providing good flexibility for future expansion

Notes:
1 Future appraisal frequency will now be at least 6 monthly (previously at least annually)
2 Based on current appraised values (August 2009)
3 EBITDA before exceptionals less net cash capex to cash interest, cash tax, cash distributions & scheduled debt maturities

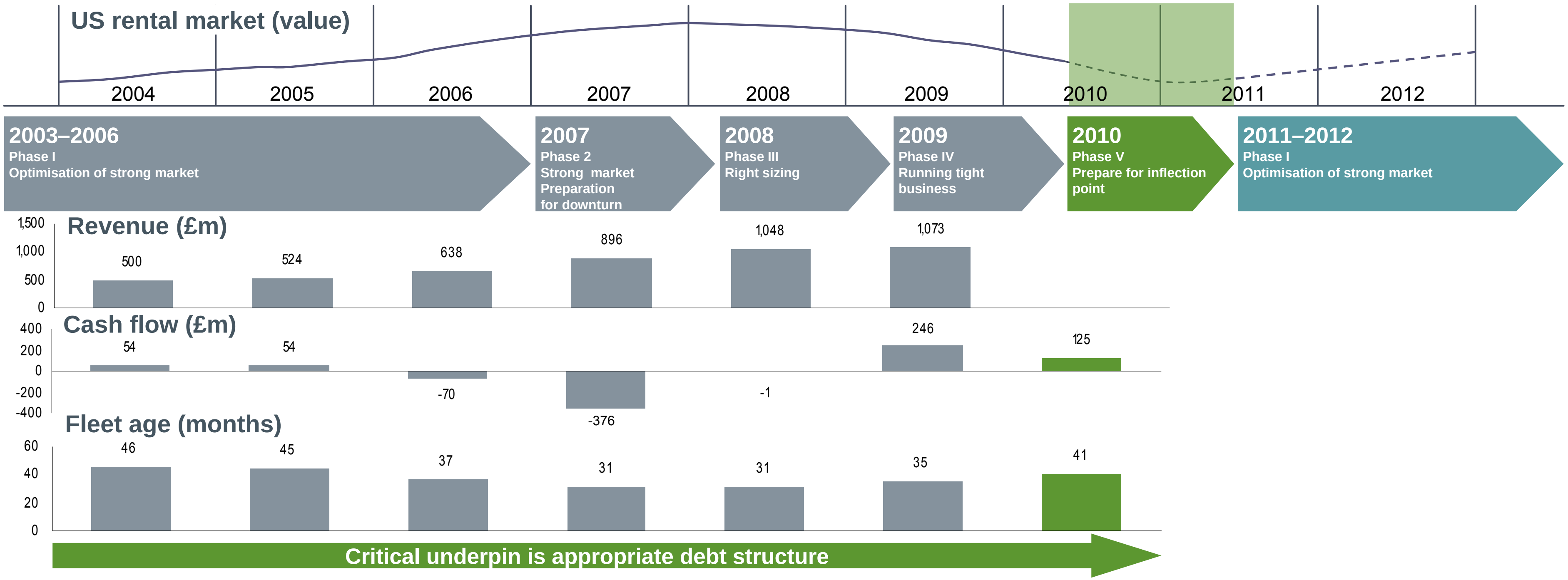
ABL availability
Availability remains significant



Geoff Drabble

Managing the cycle

Whilst the timing of a recovery is still not clear, our planning is focused on preparing for the upward inflection point

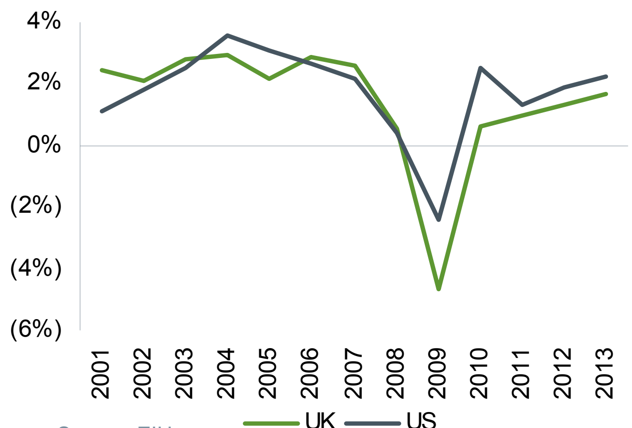


Refinancing

- Provides certainty on quantum and cost of the future funding which provides protection in weaker economic scenarios and will support strong organic growth when markets recover
- Provides the flexibility to allow us to take advantage of any M&A opportunities that may arise
- Weighted average debt maturity to 5.3 years provides a lot of certainty over balance sheet management
- Confirms appropriateness of existing capital structure through the cycle

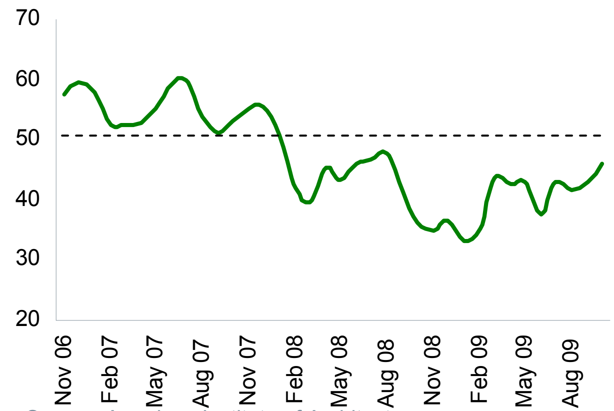
Leading indicators stabilising

GDP growth



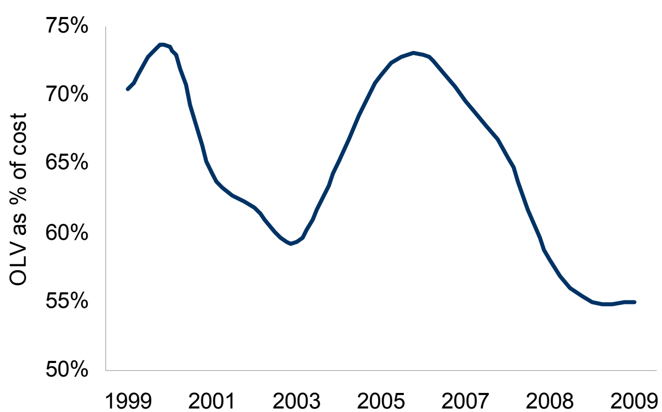
Source: EIU

Architectural billings index



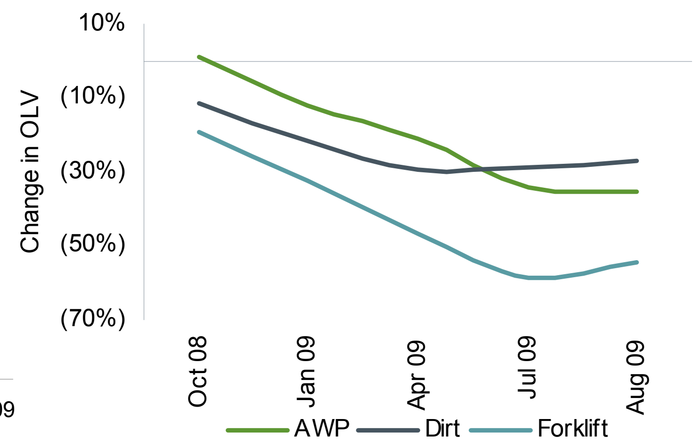
Source: American Institute of Architects

Used equipment values



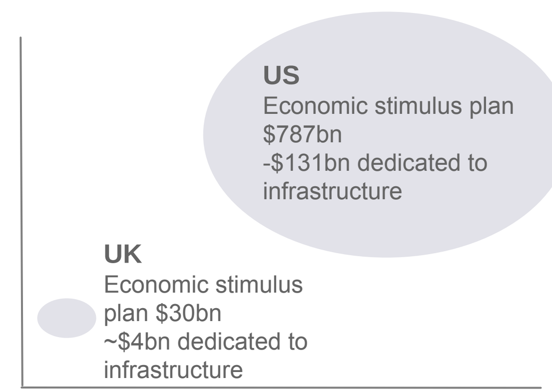
Source: Rouse Asset Services

Recent equipment values



Source: Rouse Asset Services

Stimulus packages



Source: Company analysis and govt. data

Stimulus packages should assist recovery

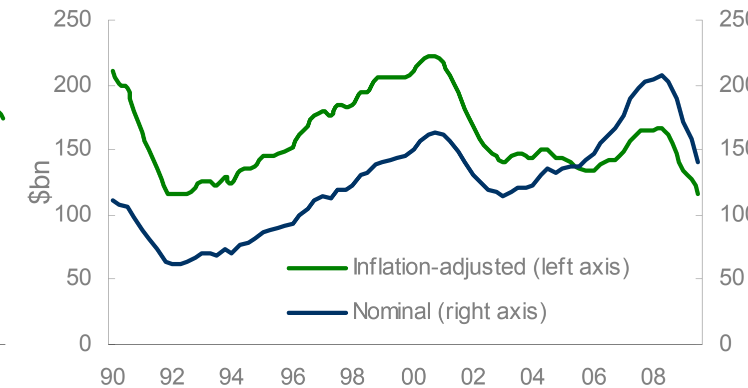
Stimulus package
– Construction related – $131bn

$bn	FY09–11
Transportation	49
Energy	31
Water & environment	20
Buildings	13
Housing	10
Defence/Veterans	8
Total	**131**

Note: refers to govt. financial years
Source: McGraw-Hill/ENR

Institutional building construction
– flattening but historically stable

Commercial construction spending
– falling but already at low volumes



Estimated phasing

$bn	
Year to Sept 09	15
Year to Sept 10	30
Year to Sept 11	24
Thereafter	62
Total	**131**

Note: refers to govt. financial years
Source: Management estimates from Agency data

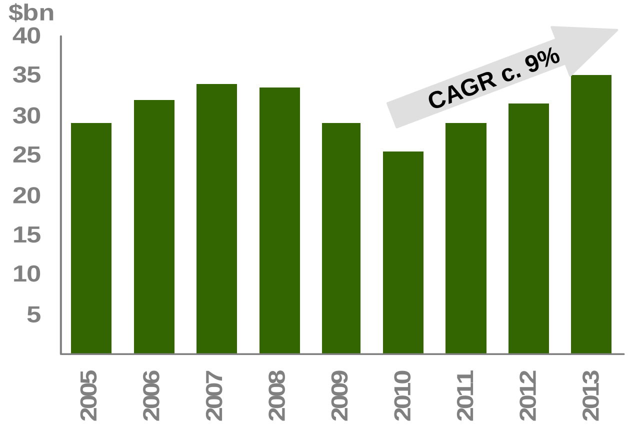
Year to Sept 09 well behind plan, but bidding activity increased

Home sales
– showing signs of improvement

Our markets – macro view

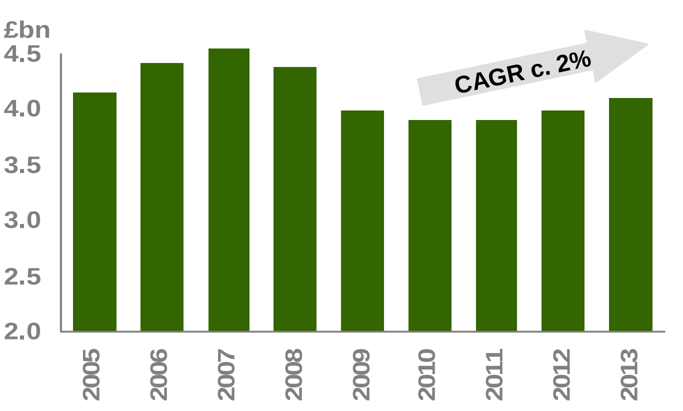
US market is 5x the size of the UK market and with higher growth prospects in the medium term

US rental market



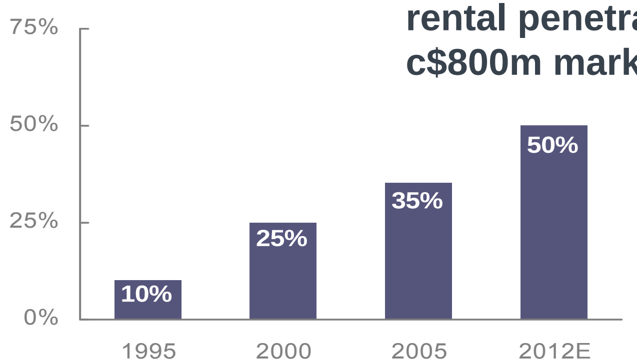
Source: IHS Global Insight, Inc

UK rental market



Source: AMA Research Ltd

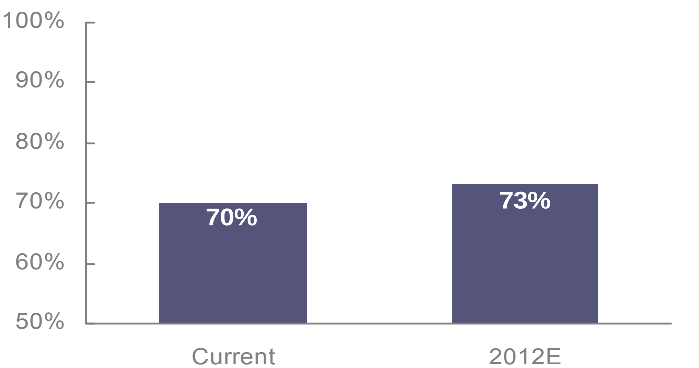
US rental penetration



Source: Kaplan Associates

Every 1% increase in rental penetration = c$800m market growth

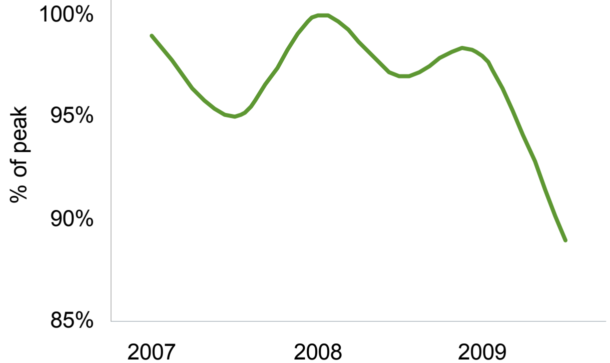
UK rental penetration



Source: Management estimates

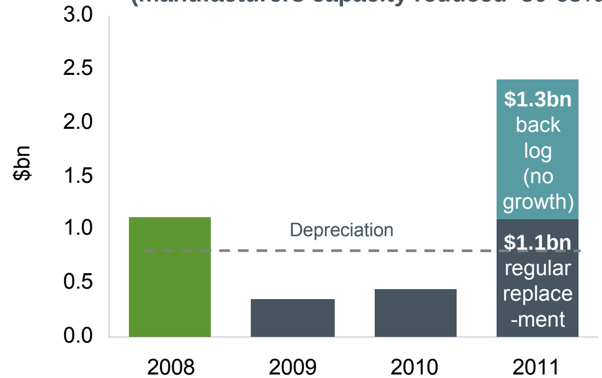
Confidence in upside when we reach the inflection point

Major reduction in capacity
Rental fleets



Source: Rouse Asset Services

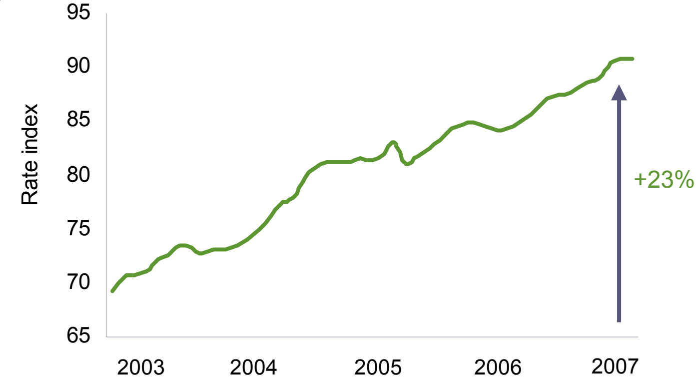
Projected industry backlog
(manufacturers capacity reduced 50-65%)



Note: 1 URI, RSC, Sunbelt

Source: Management estimates

Price recovery in the upturn



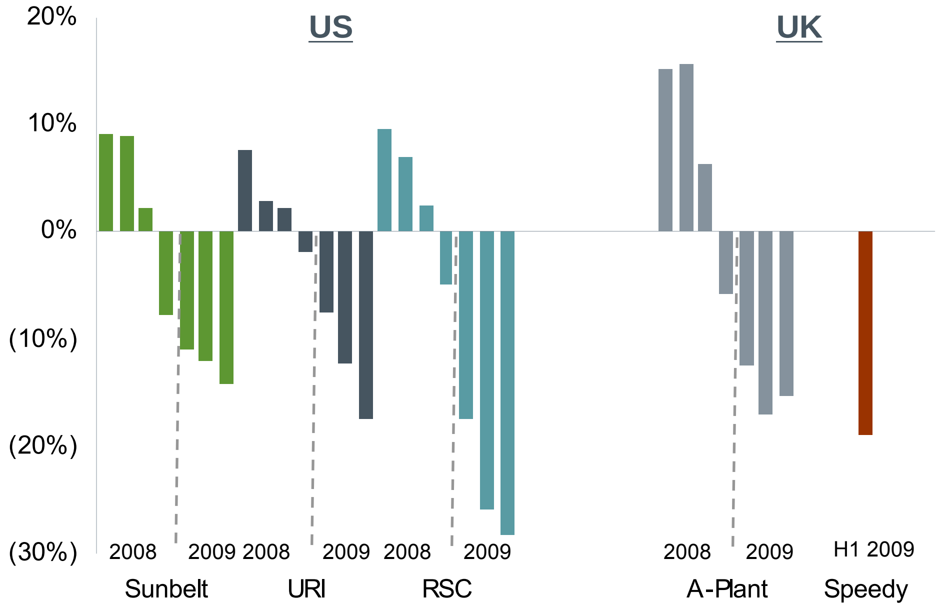
Source: Company data

- All the ingredients exist for a shortage of new equipment, long lead times and inflation
- A small increase in rental volumes will be amplified by increases in yield
- Operational leverage works both ways
  - at the inflection point 75% of the first 10% of revenue growth will drop through to earnings
  - representing a c£75m profit recovery

Dealing with current market reality

Continuing to gain market share
Cost base flexed whilst retaining medium term earnings capacity

Gaining market share



Source: Results announcements and management analysis

Year on year change in fleet on rent

Rightsizing

- Annualised cost savings of c£190m in H1 2009 over H1 2008
  - Closed/merged 35 depots in the US and 75 in the UK
  - Reduced Group headcount by 18%
  - Reduced vehicle numbers by 10%
- Reduced rental fleets by
  - Sunbelt 11%
  - A-Plant 18%

EBITDA margins at 33%

Strong US performance

Critical factor for success in the future is our lower debt leverage

H1 2009/2010

	Fleet on rent (%)	Rental revenues (%)	Dollar utilisation (%)	EBITDA margins (%)	EBITA margins (%)	RoI (%)	Leverage (x)
Sunbelt	(13)	(31)	49	35	14	6	2.9[1]
URI[2]	(15)	(29)	51	27	8	6	4.1
RSC[2]	(27)	(34)	44	33	8	6	4.5
	Market share gains			Strong returns			Lower leverage

Note:
1 Ashtead Group plc
2 Based on Q2 and Q3 reported earnings

Strong UK performance

However lower margins than the US

H1 2009/2010

	Rental revenues (%)	EBITDA margins (%)	EBITA margins (%)	RoI (%)	Leverage (%)
A-Plant	(26)	28	4	2	2.9[3]
Speedy[1]	(29)	19	2	1	1.5
Lavendon – UK[2]	(30)	32	8	n/a	2.1[4]

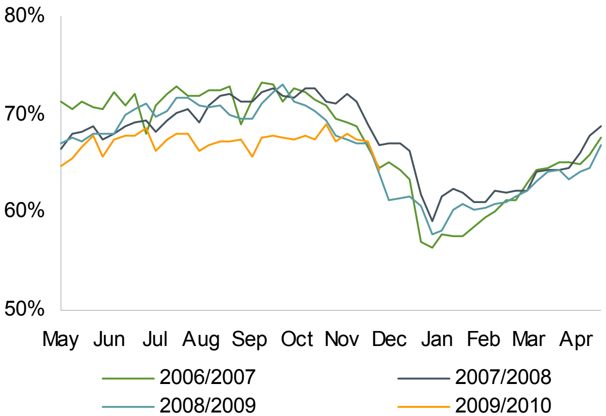
Note:
1 Half year results release – 25 November 2009
2 Half year results release – 28 August 2009
3 Ashtead Group plc leverage
4 Lavendon Group plc leverage proforma for placing and open offer

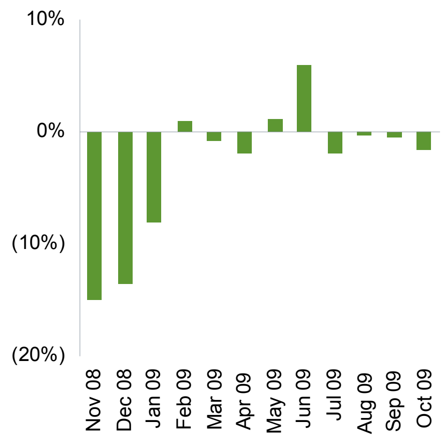
Current trading

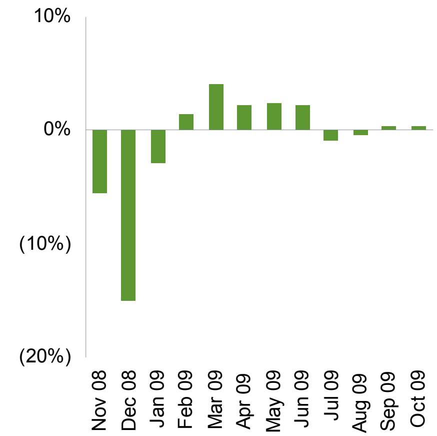
Volume of business has remained good with clear signs of stabilisation

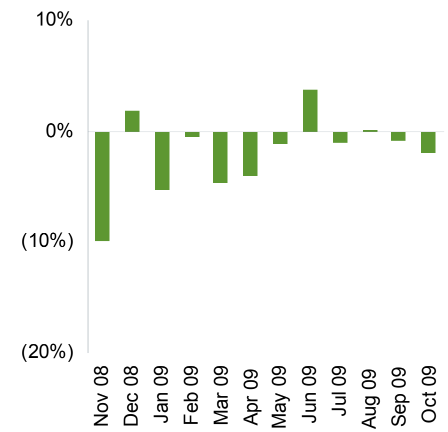
Physical utilisation	Rental revenue	Fleet on rent	Yield

Sunbelt

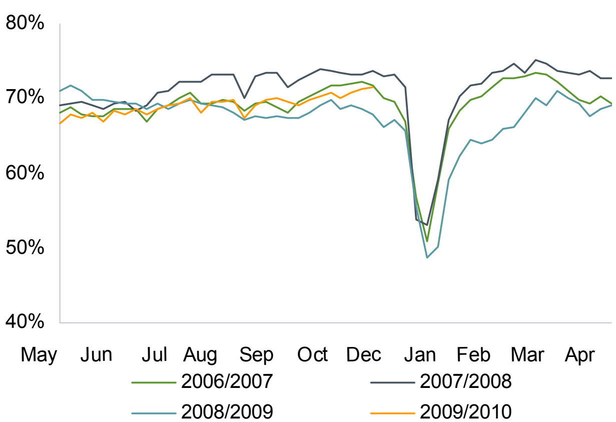


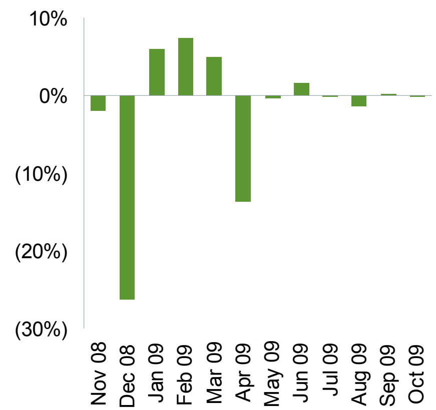


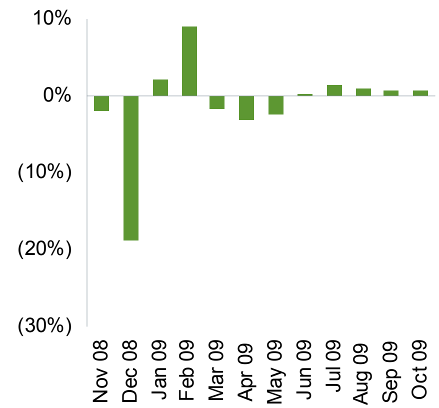


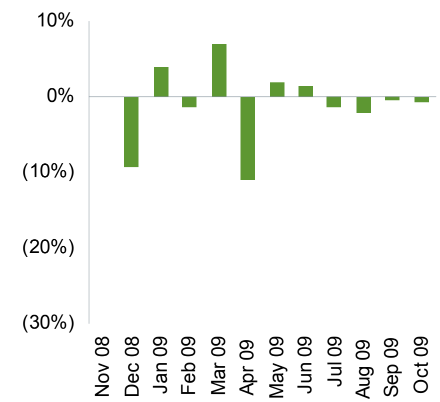


A-Plant









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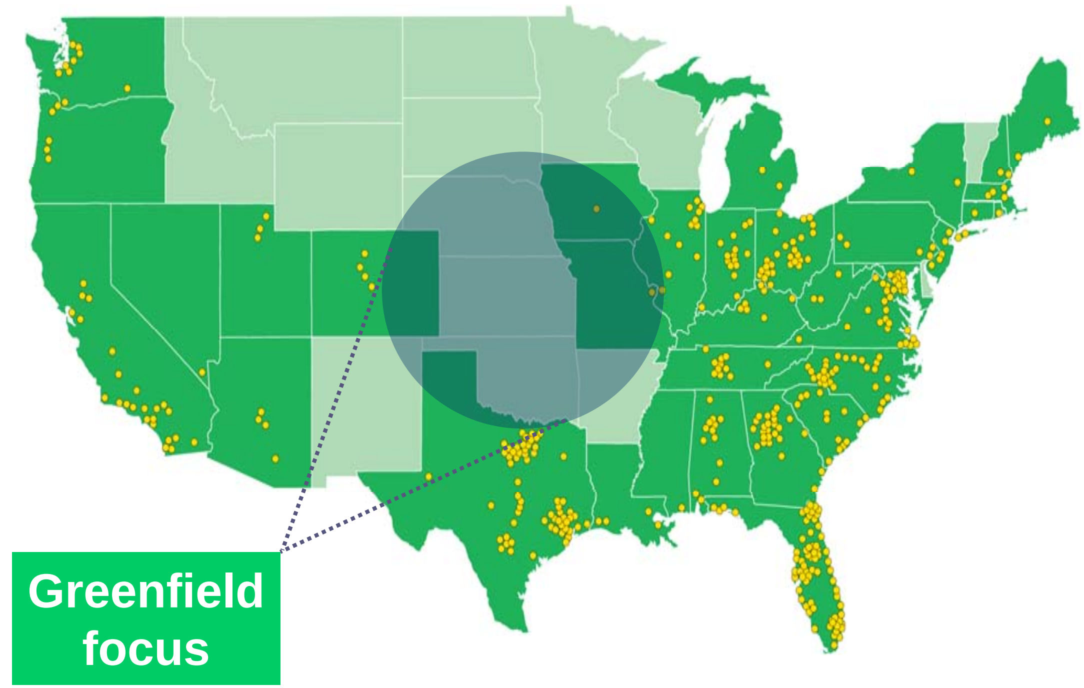
Looking forward – organic growth

Organic growth focused on core markets and current geographies

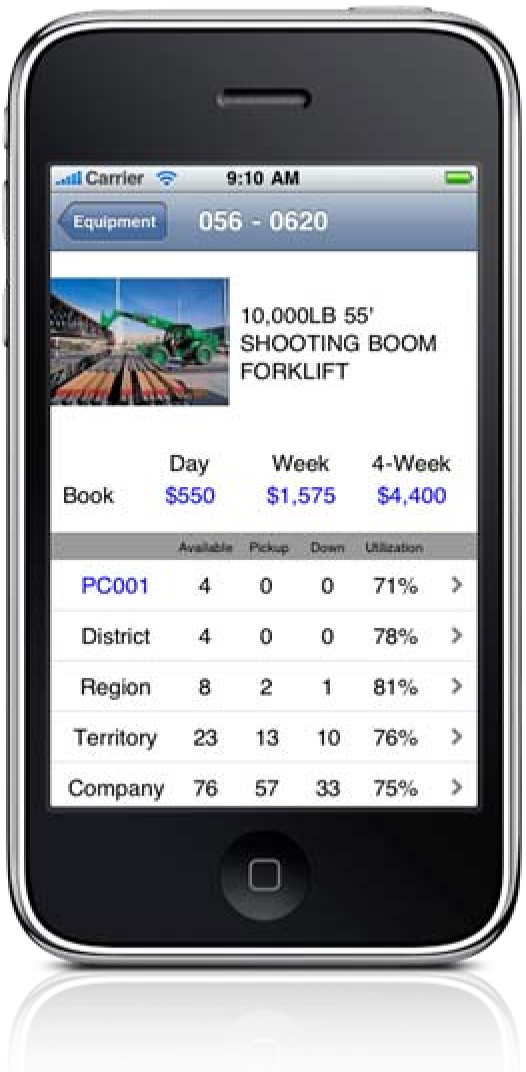
<u>Responsive and flexible</u>

- Focus on project specific locations and key accounts
- Utilising existing fleet and short term property leases
- Currently 13 on site depots in US and 8 in the UK
- Retain balance between key accounts and local accounts
- Currently 45% of business in the UK is key accounts and 17% in the US



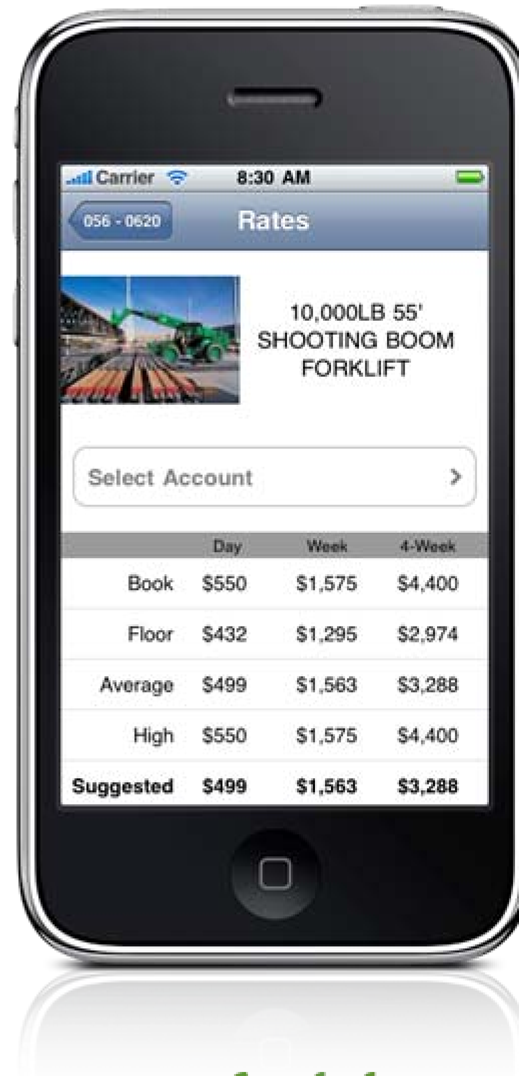
Looking forward – organic growth

Key to significant improvement in returns is yield improvement



Real time access to:

- Equipment availability
- Utilisation
- Optimised rates
- Customer spend detail
- Equipment on rent
- Open invoices
- Rental reservations
- Customer and job site leads



Looking forward – organic growth

Full roll out in the US and UK roll out to be completed by year end

Significant user acceptance in first 6 months of use

- 379,000 rate lookups
- 354,000 customer accounts accessed
- 263,000 customer job sites viewed
- 181,000 customer leads accessed
- 1,322 iPhones deployed

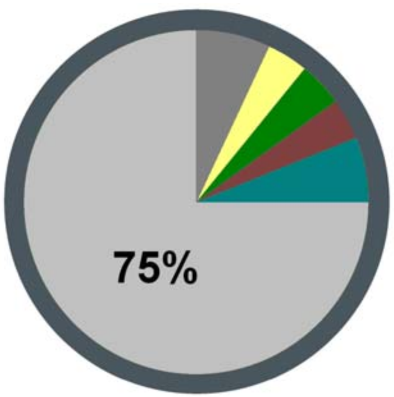
Delivering results despite difficult conditions

- 66.7% acceptance of rate optimisation
  - 41.8% exact suggested rate
  - 24.9% within optimised range
- Real benefit will be at next inflection point
- Initiative now being followed by major US competitor – good for long term returns

Looking forward – other opportunities

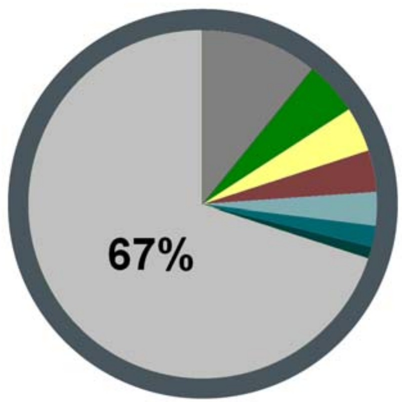
Further upside from consolidation

US market concentration



- URI 7%
- RSC 4%
- Sunbelt 4%
- HERC 4%
- Top 5–10 6%
- Others 75%

UK market concentration



- Speedy 11%
- A-Plant 5%
- Hewden 4%
- HSS 4%
- Lavendon 3%
- VP 3%
- GAP 2%
- GE 1%
- Others 67%

Drivers of consolidation

- Fragmented markets with few large players
- Lack of availability of low cost finance
- Consolidation and geographic expansion of customer base
- Competitor failure

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Summary

- Continue to deliver results in line with expectations
- Cash generation is set to continue
- Fundamentals of our markets remain attractive with good growth potential
- Our successful $1.3bn four year ABL gives us the financial capacity required to take advantage of recovery
- We remain well positioned to prosper in the next phase of the cycle

Appendices

Rental revenue drivers

	Q2 2009		H1 2009	
	Sunbelt ($m)	**A-Plant (£m)**	**Sunbelt ($m)**	**A-Plant (£m)**
Prior year rental revenue	395	53	770	107
Changes due to:				
Fleet size	(41)	(9)	(74)	(17)
Utilisation	(16)	1	(27)	–
Yield	(72)	(6)	(135)	(11)
2009 rental revenue	266	39	534	79
Sales revenue	22	2	42	5
Total revenue	**288**	**41**	**576**	**84**

Divisional performance – Q2

	Revenue			EBITDA			Profit		
	2009	**2008**	**change**	**2009**	**2008**	**change**	**2009**	**2008**	**change**
Sunbelt ($m)	288.4	448.2	-36%	100.4	162.2	-38%	41.1	95.0	-57%
Sunbelt (£m)	176.4	248.8	-29%	61.3	90.3	-32%	25.0	52.9	-52%
A-Plant	41.4	58.9	-30%	12.3	19.6	-38%	2.0	7.1	-72%
Group central costs	–	–		(1.3)	(1.7)	-16%	(1.2)	(1.7)	-16%
	217.8	**307.7**	-29%	**72.3**	**108.2**	-33%	**25.8**	**58.3**	-56%
Net financing costs							(14.5)	(17.6)	-17%
Profit before tax, exceptionals and amortisation							11.3	40.7	-72%
Exceptional items and amortisation							(0.9)	(36.4)	n/a
Profit before taxation							10.4	4.3	142%
Taxation							(5.8)	(2.5)	n/a
Profit after taxation							**4.6**	**1.8**	156%

Divisional performance – last twelve months

	Revenue			EBITDA			Profit		
	2009	**2008**	**change**	**2009**	**2008**	**change**	**2009**	**2008**	**change**
Sunbelt ($m)	1,155.9	1,619.4	-29%	378.9	589.2	-36%	134.8	321.3	-58%
Sunbelt (£m)	758.3	837.1	-9%	251.0	304.9	-18%	94.3	166.7	-43%
A-Plant	173.5	234.2	-26%	47.7	74.4	-36%	5.0	27.9	-82%
Group central costs	–	–		(4.5)	(7.1)	-37%	(4.6)	(7.2)	-36%
	931.8	**1,071.3**	-13%	**294.2**	**372.2**	-21%	**94.7**	**187.4**	-49%
Net financing costs							(63.8)	(70.0)	-9%
Profit before tax, exceptionals and amortisation							30.9	117.4	-74%
Exceptional items and amortisation							(51.0)	(38.7)	n/a
Profit before taxation							(20.1)	78.7	-126%
Taxation							7.8	(27.6)	n/a
Profit after taxation							**(12.3)**	**51.1**	-124%

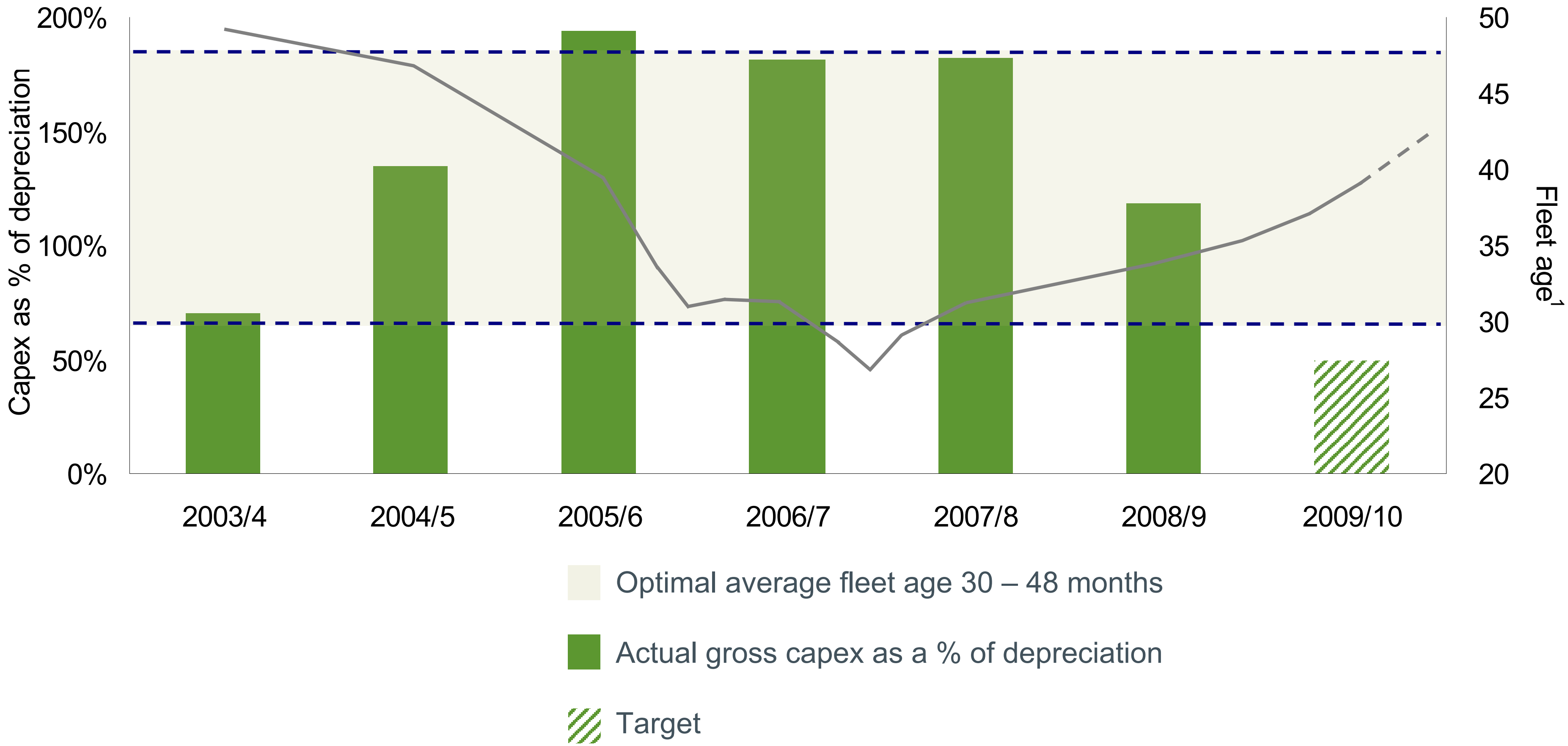
Ashtead group

Stable free cash flow

(£m)	2002	2003	2004	2005	2006	2007	2008	2009	LTM Oct-09
EBITDA before exceptional items	**194**	**150**	**147**	**170**	**225**	**310**	**380**	**359**	**294**
*Cash efficiency ratio**	*100%*	*105%*	*95%*	*97%*	*96%*	*103%*	*94%*	*104%*	*109%*
Cash inflow from operations before fleet changes and excpl's	**194**	**157**	**140**	**165**	**215**	**319**	**356**	**374**	**322**
Maintenance capital expenditure	(117)	(89)	(83)	(101)	(167)	(245)	(231)	(236)	(89)
Disposal proceeds	27	29	32	36	50	78	93	92	77
Interest and tax	(47)	(40)	(33)	(31)	(41)	(69)	(83)	(64)	(62)
Cash flow before growth investment & excep'ls	**57**	**57**	**56**	**69**	**57**	**83**	**135**	**166**	**248**
Growth capital expenditure	(86)	(18)	-	(10)	(63)	(63)	(120)	-	-
Exceptional income/(costs)	16	(8)	(17)	(6)	(20)	(69)	(10)	(9)	(13)
Acquisitions & disposals	(5)	(1)	15	1	(44)	(327)	(6)	89	(1)
Cash flow available for equity holders	**(18)**	**30**	**54**	**54**	**(70)**	**(376)**	**(1)**	**246**	**234**
Dividends paid	(11)	(9)	-	-	(2)	(7)	**(10)**	**(13)**	(13)
Share issues/purchase of own shares	-	-	-	-	69	144	**(24)**	**(16)**	(2)
(Increase)/reduction in net debt from cashflow	**(29)**	**21**	**54**	**54**	**(3)**	**(239)**	**(35)**	**217**	**219**

*** Cash inflow from operations before fleet changes and exceptionals as a percentage of EBITDA before exceptionals**

Capital expenditure and fleet age through the cycle



Note:
1 Weighted by net book value

Debt and covenants

Debt

Facility	Interest rate	Maturity
$1.3bn first lien ABL	LIBOR +300-375bp	November 2013
$0.8bn second lien notes		
$250m	8.625%	August 2015
$550m	9.0%	August 2016
Capital leases	~7%	Various

Ratings

	S&P	Moody's
First lien	BB+	Ba2
Second lien	B	B2

Availability

- Covenants are not measured if availability is above $150m ($500m at 31 October)

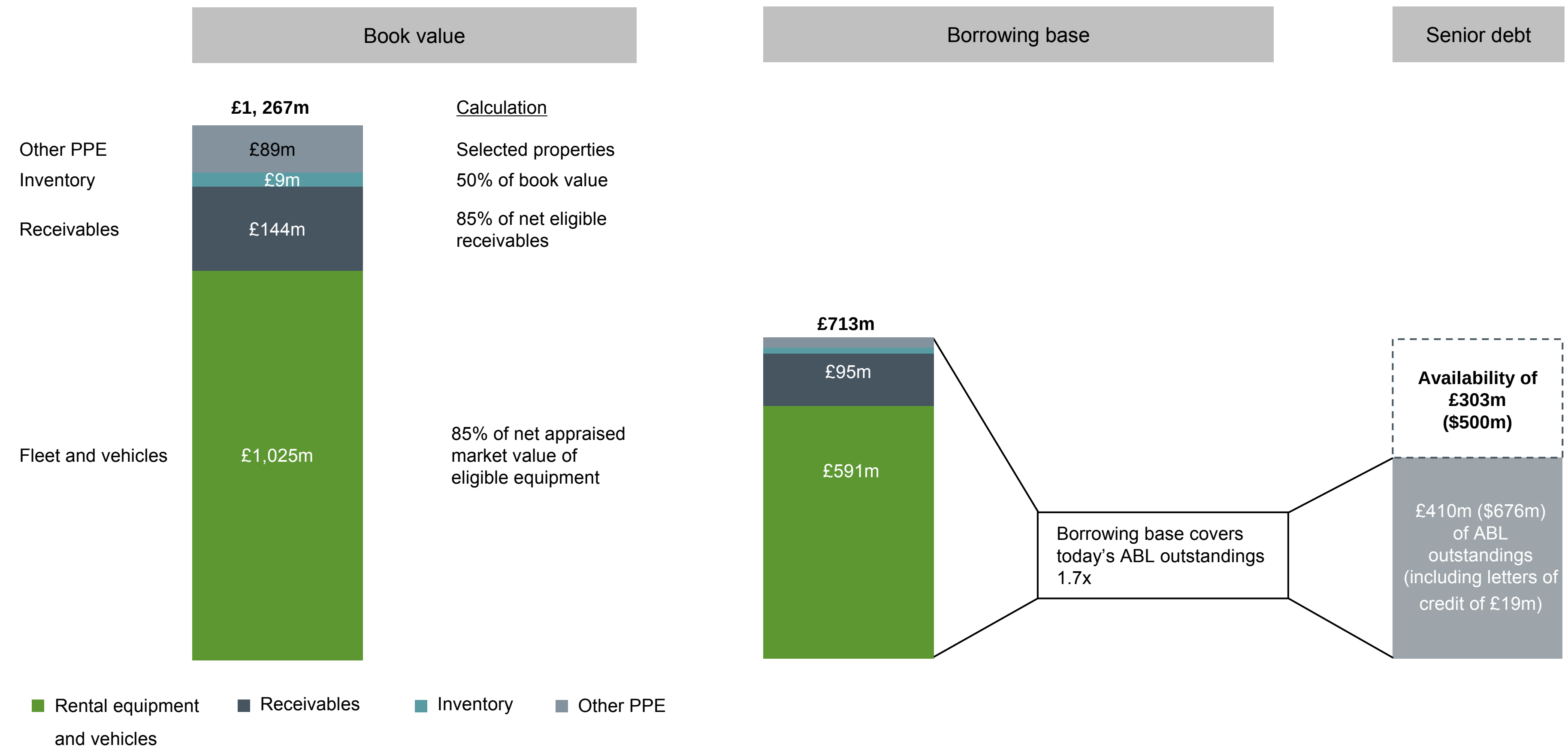
Leverage covenant

- Funded debt to EBITDA cannot exceed 4.0x
- EBITDA is measured before one time items and at constant exchange rates
- 3.2x at October 2009

Fixed charge coverage covenant

- EBITDA less net cash capex to interest paid, tax paid, dividends paid and debt amortisation must equal or exceed 1.1x
- 3.3x at October 2009

Availability at 31 October 2009



- Borrowing base reflects August 2009 asset values which were down around 27% from Spring 2007 peak