Structural market change

First quarter results | 31 July 2011

Issued: 6 September 2011

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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 2011 and in the unaudited results for the first quarter ended 31 July 2011 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**

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Overview

- Continue to see strong revenue growth as a result of the structural change in the industry – not end market recovery – evidenced by 21% year on year rental revenue growth in Sunbelt
- Good operating profit margin and RoI progression demonstrates the strength of our model
- UK rental revenue growth of 12% in the quarter as improving trends continue
- Business delivered an encouraging August, particularly in the US with rental revenue up 25% with record levels of fleet on rent
- We now anticipate a full year result substantially ahead of our earlier expectations

Ian Robson
Finance director

Q1 Group revenue and profits

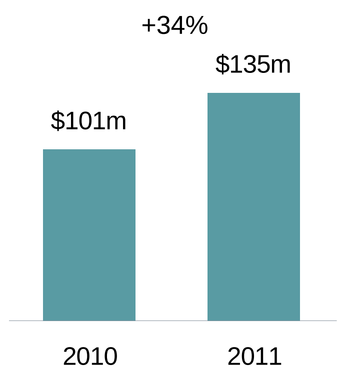
(£m)	Q1 2010	Q1 2011	Change Actual rates	Change Constant rates
Revenue	239	269	+12%	+21%
– of which rental	*220*	*244*	*+11%*	*+19%*
Operating costs	(161)	(175)	+9%	+17%
EBITDA	78	94	+20%	+29%
Depreciation	(48)	(48)	-1%	+6%
Operating profit	30	46	+53%	+66%
Net interest	(18)	(12)	-33%	-27%
Profit before tax and amortisation	12	34	+184%	+211%
Earnings per share (p)	1.6	4.3	+174%	+212%
Margins				
– EBITDA	*33%*	*35%*		
– Operating profit	*13%*	*17%*		

[1] The results in the table above are the Group's underlying results and are stated before exceptionals, intangible amortisation and fair value remeasurements

Divisional results – Sunbelt

Revenue

EBITDA

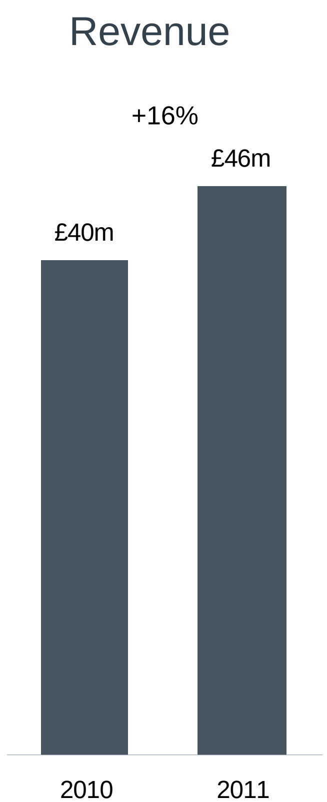


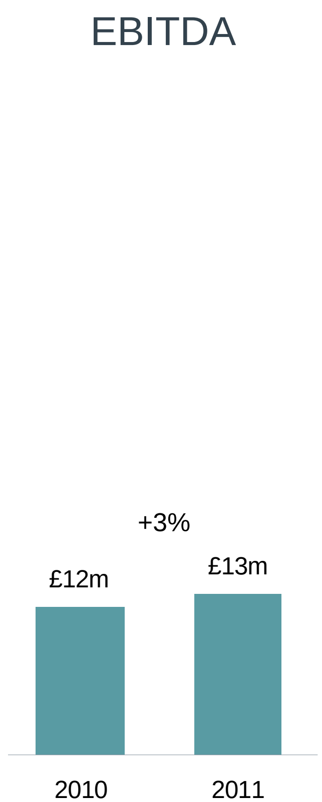
	Revenue bridge change	($m)
2010 rental revenue		271
Change – Volume	*+10%*	25
– Yield	*+7%*	20
Empire		12
	+21%	**328**
Sales revenue		33
2011 total revenue	*+21%*	**361**

	EBITDA bridge change	($m)
2010 EBITDA		101
Rental revenue increase*	*+16%*	45
Operating cost increase	*+14%*	(11)
2011 EBITDA	*+34%*	**135**
Margins:		
- 2010		34%
- 2011		37%

*excluding Empire's largely "pass through" erection and dismantling labour billings

Divisional results – A-Plant





	Revenue bridge	
	change	(£m)
2010 rental revenue		38
Change – Volume	*+3%*	1
– Yield	*+5%*	2
Other		1
	+12%	**42**
Sales revenue		4
2011 total revenue	*+16%*	**46**

	EBITDA bridge	
	change	(£m)
2010 EBITDA		12
Rental revenue increase	*+12%*	4
Operating cost increase	*+16%*	(3)
2011 EBITDA	*+3%*	**13**
Margins:		
- 2010		31%
- 2011		27%

Net debt and leverage

Net debt to EBITDA within our target 2-3x range after significant fleet investment

(£m)	July 2010	July 2011
Net debt at 30 April	**829**	**776**
Translation impact	(20)	12
Opening debt at closing exchange rates	**809**	**788**
Change from cash flows	(6)	59
Non-cash movements	3	1
Net debt at period end	**806**	**848**
Comprising:		
First lien senior secured bank debt	356	528
Second lien secured notes	502	330
Finance lease obligations	3	3
Cash in hand	(55)	(13)
Total net debt	**806**	**848**
Net debt to EBITDA leverage (x)	**3.1**	**2.8**

Interest

Floating rate: 61%

Fixed rate: 39%

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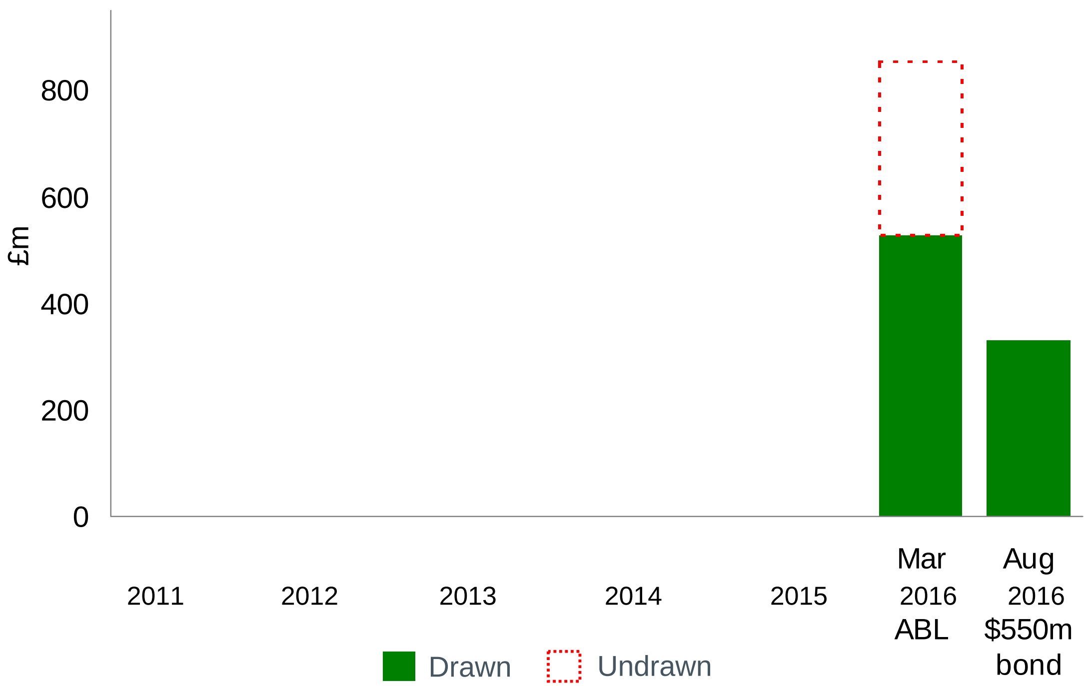
Stable capital structure with long debt maturities



- 4.8 years average facility commitment at July 2011
- Our debt facilities carry no amortisation
- Our debt package also has no financial monitoring covenants whilst availability exceeds $168m (July 2011 : $511m)
- Weighted average cost of debt:

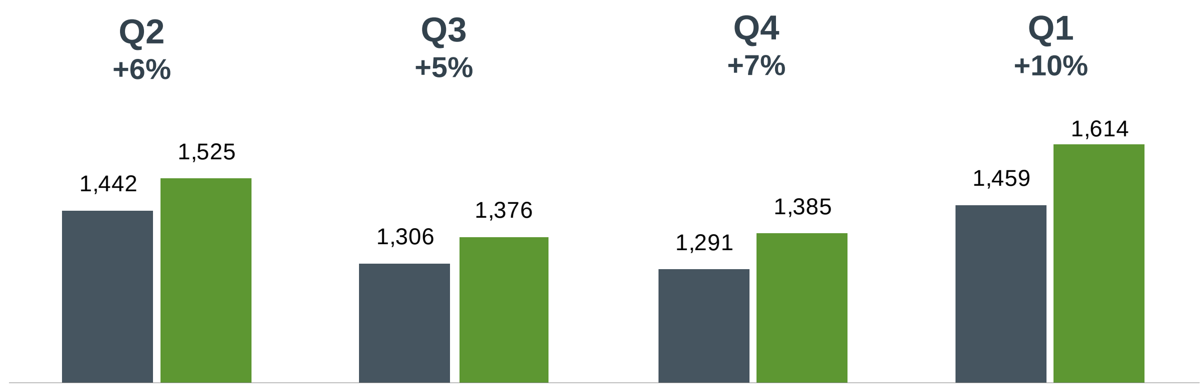
ABL: LIBOR + 225bp	2.70%
Senior secured notes	9.00%
Amortisation of deferred financing costs	0.30%
Weighted average interest cost	5.40%

Geoff Drabble
Chief executive

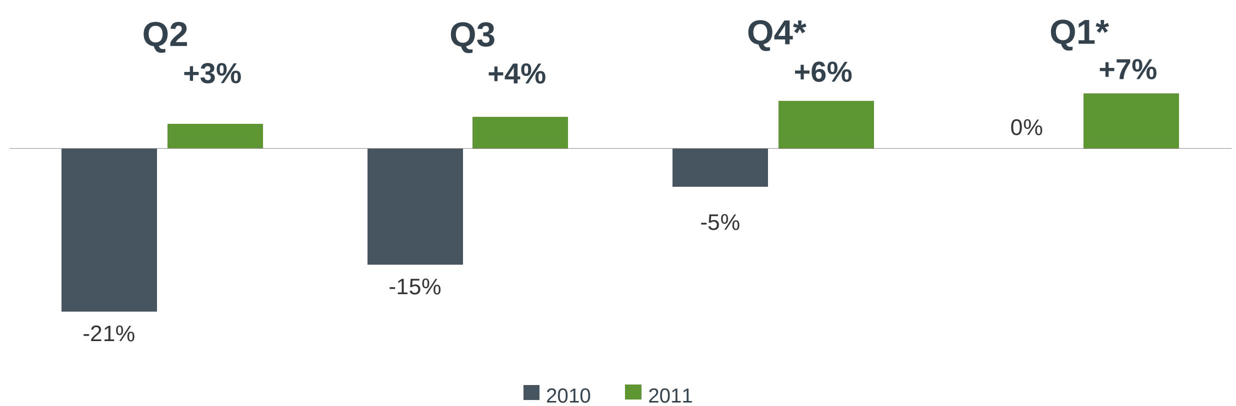
Sunbelt – revenue drivers

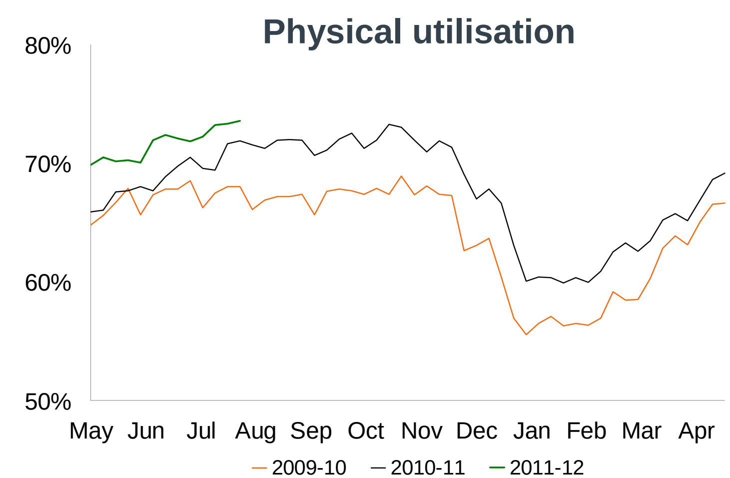
15 consecutive months of year on year growth

Average fleet on rent ($m)



Year over year change in yield



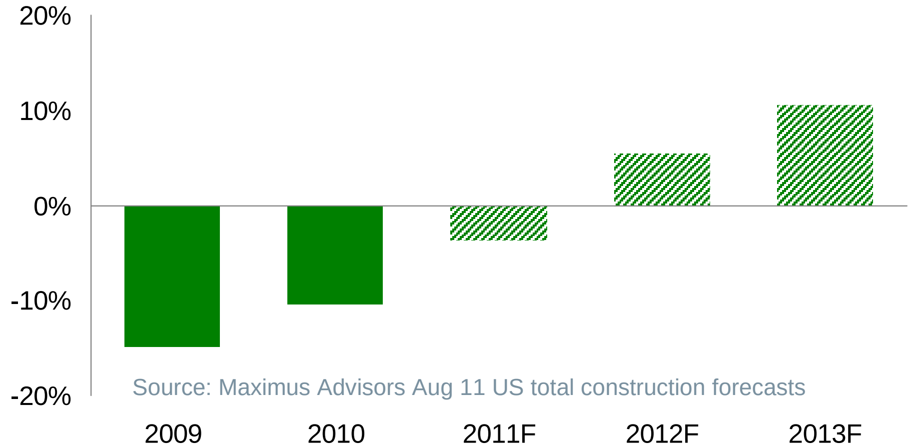


Historically high utilisation despite 7% Q1 fleet growth

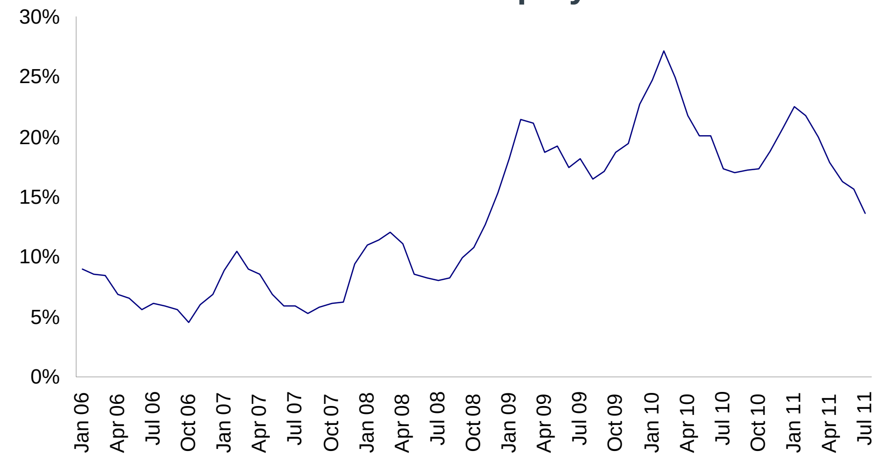
*Q4 and Q1 yield exclude Empire's largely "pass through" erection and dismantling billings

Lead indicators suggest US end markets are stabilising at a low base

US construction market

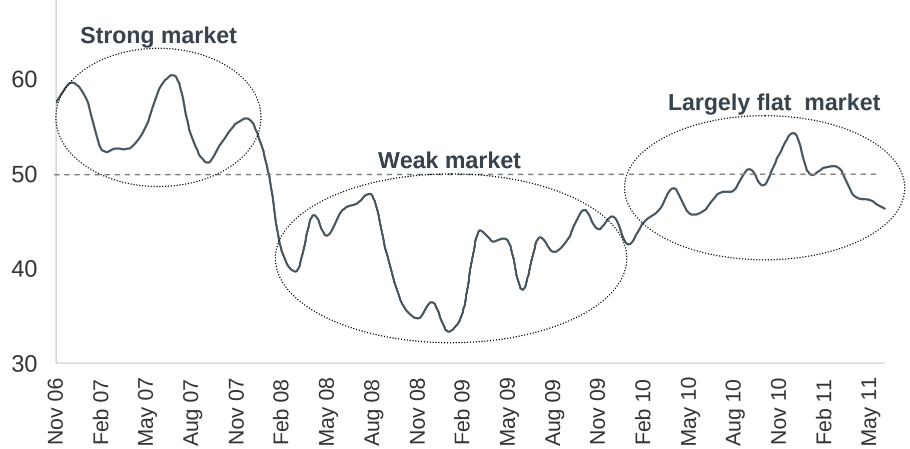


Construction unemployment



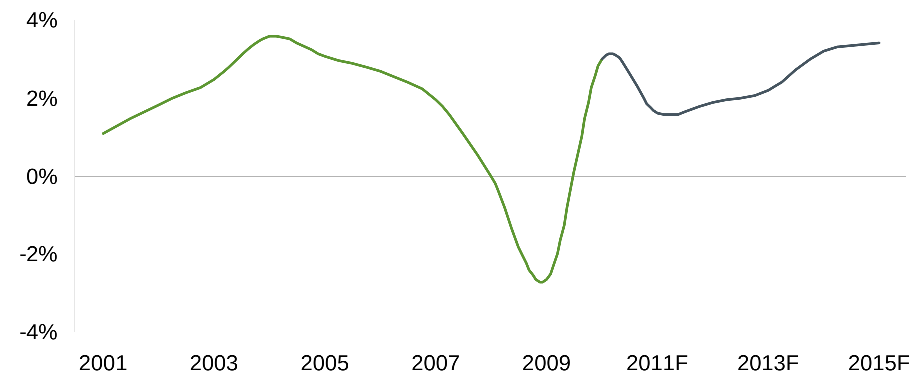
Source: Bureau of Labor Statistics

Architectural billings index



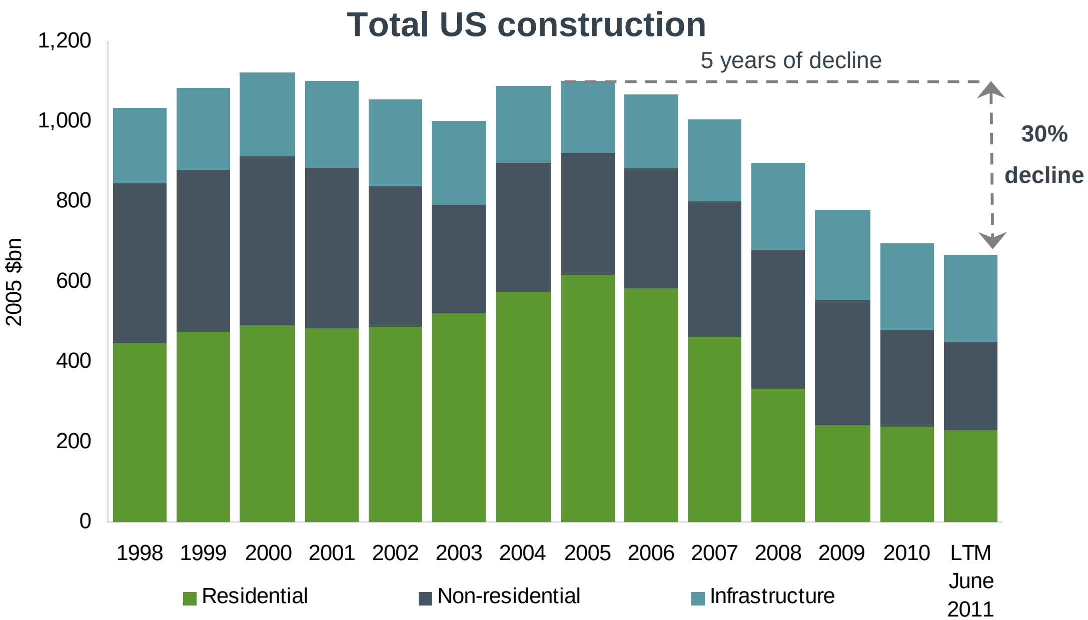
Source: American Institute of Architects

US GDP growth

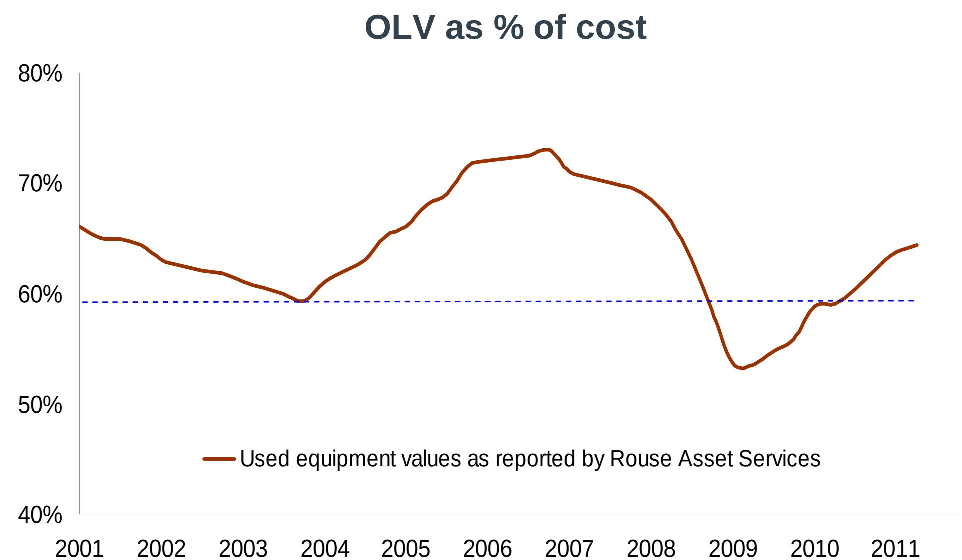


Source: IHS Global Insight

Why the stronger structural shift this time?



Source: Maximus Advisors



Source: Rouse Asset Services

Differences in this cycle

- Severity of decline far greater
- Length of downturn longer
- Very different financial market for small customers and competitors versus large

Impact

Perfect ingredients for structural shift in rental market
– increased penetration
– big getting bigger

Structural shift is evidenced by our performance

	Q1 2008	Q1 2011	Change
Structural change			
Construction markets	$997bn	$710bn	-29%
Average fleet on rent	$1,636m	$1,614m	-1%
Operational efficiency			
Headcount	7,025	5,382**	-23%
Stores	432	358	-17%
Average fleet size	$2,353m	$2,250m	-4%
Performance			
Rental revenue	$376m	$328m	-13%
Yield			-12%
EBITDA margin	37.5%	37.3%	
Operating profit margin	21.8%	20.5%	
Return on investment*	19.3%	14.2%	

* Operating profit as a percentage of net tangible operating assets
** Excluding Empire

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Diversification will continue to be a significant driver of growth

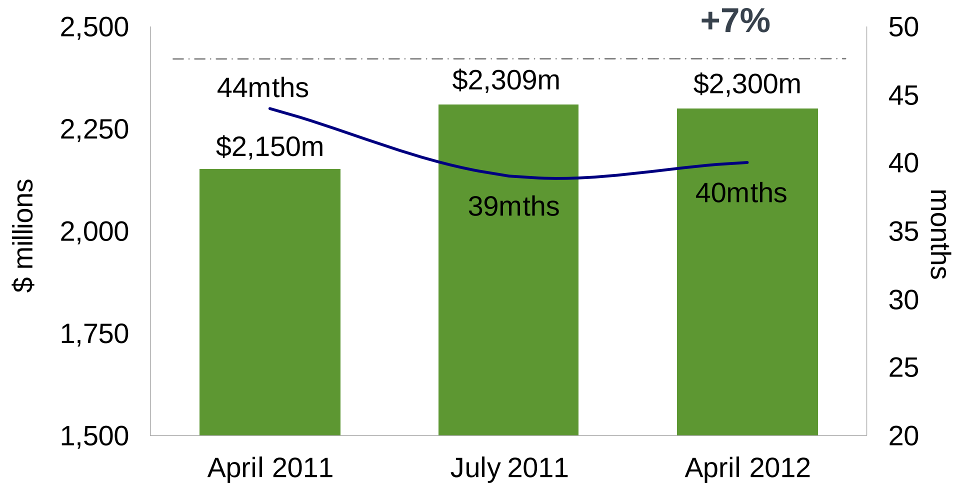
$m	Q1 2008	Q1 2011	Change
Fleet on rent			
Plant and tool	1,524	1,471	-4%
Specialty	112	143	+28%
Total	1,636	1,614	-1%
Rental revenue			
Plant and tool	323	261	-19%
Specialty	53	67	+25%
Total	376	328	-13%

- Specialty now 20% of revenue
- 4 pump and power stores opened in 2010
- 3 more stores opened in Q1 2011
- Specialty is higher RoI (only 9% of fleet on rent but generates 20% of revenue)

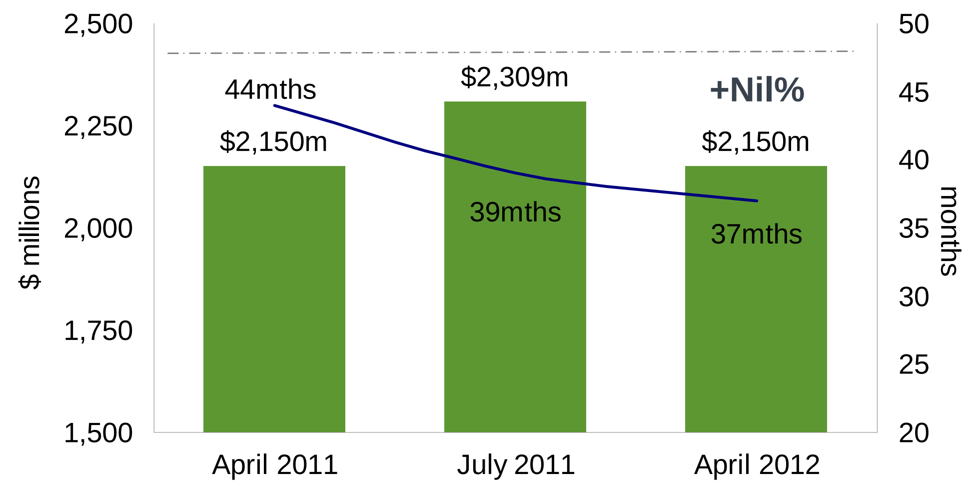
Flexible business model

Our refinancing earlier in the year and fleet reinvestment have been timely

Current fleet plan



Contingency fleet plan



Fleet size — Fleet age — 2004 maximum (48 months)

- The only differences in the two plans are disposals

  Most likely scenario

  – continue to gain share from structural change under current fleet plan or

  Contingency

  – strong cash generation with potential for 2 years of capex at 50% of depreciation

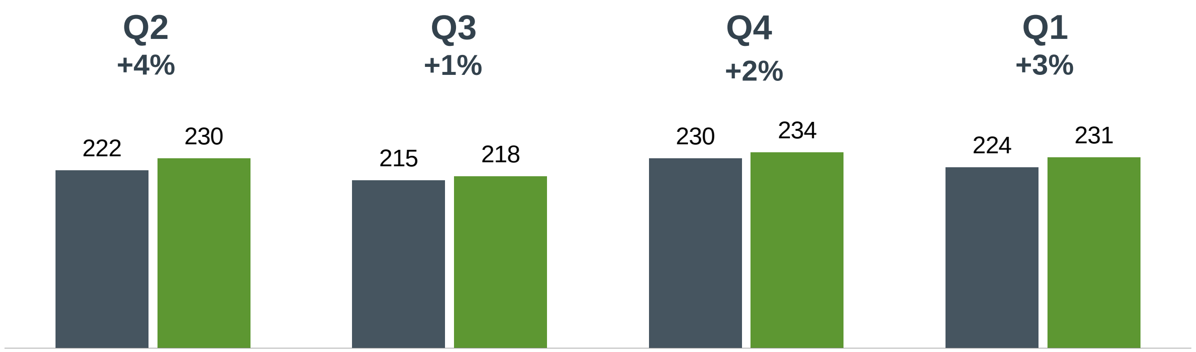
  – gain share from those who have not de-aged

SUNBELT CAN GAIN SHARE IN BOTH SCENARIOS

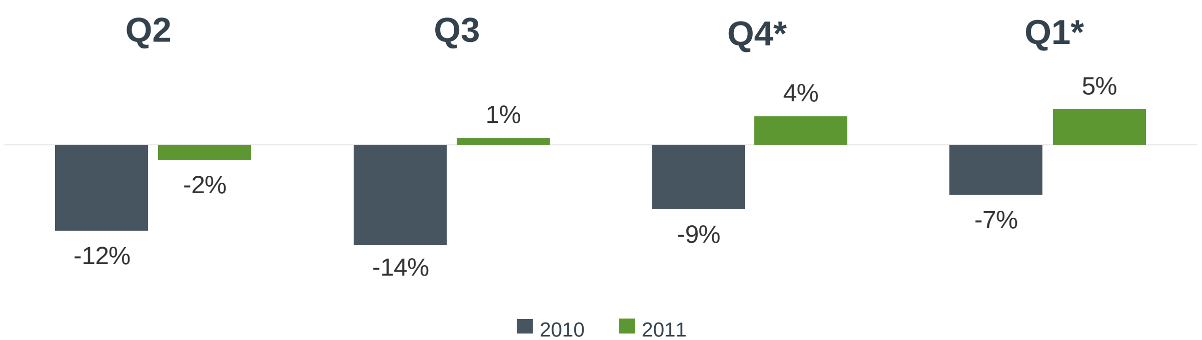
A-Plant – revenue drivers

Recent improving trends continued in Q1

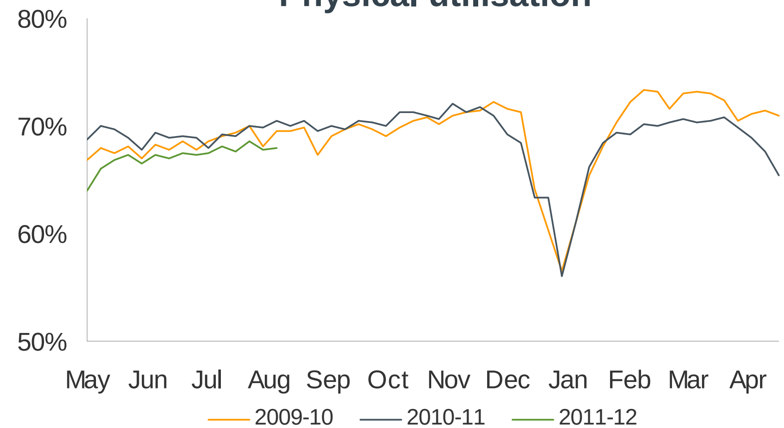
Average fleet on rent (£m)



Year over year change in yield



Physical utilisation



*Q4 and Q1 yield excludes increased level of
re-rent revenue resulting from recent contract win

Summary

- Cyclical recovery potentially pushed back but structural change continues
- Scale of “self help” demonstrated by the strength of our Q1 performance and the momentum established over the past 15 months
- We believe we can achieve previous peak profits without cyclical recovery in end markets - any recovery should then allow us to exceed previous peaks
- Refinancing and recent fleet investment have placed us in a very strong position whatever the outlook
- We now anticipate a full year result substantially ahead of our earlier expectations

Appendices

Divisional performance – Q1

	Revenue			EBITDA			Profit		
	2010	2011	change	2010	2011	change	2010	2011	change
Sunbelt ($m)	297.3	361.1	+21%	100.8	134.6	+34%	44.2	73.9	+67%
Sunbelt (£m)	199.4	222.5	+12%	67.6	82.9	+23%	29.7	45.6	+54%
A-Plant	39.7	46.1	+16%	12.3	12.6	+3%	2.0	2.3	+13%
Group central costs	–	–		(1.5)	(1.6)	+15%	(1.5)	(1.7)	+15%
	239.1	**268.6**	+12%	**78.4**	**93.9**	+20%	**30.2**	**46.2**	+53%
Net financing costs							(18.3)	(12.4)	-33%
Profit before tax, remeasurements and amortisation							**11.9**	**33.8**	+184%
Fair value remeasurements and amortisation							2.1	(0.7)	n/a
Profit before taxation							14.0	33.1	+136%
Taxation							(4.9)	(12.4)	+154%
Profit after taxation							**9.1**	**20.7**	+127%

Divisional performance – LTM

	Revenue			EBITDA			Profit		
	2010	**2011**	**change**	**2010**	**2011**	**change**	**2010**	**2011**	**change**
Sunbelt ($m)	1,090.1	1,288.5	+18%	352.7	422.0	+20%	121.9	191.8	+57%
Sunbelt (£m)	694.9	805.8	+16%	225.0	263.4	+17%	78.1	119.5	+53%
A-Plant	159.4	172.2	+8%	42.9	43.4	+1%	2.7	3.0	+11%
Group central costs	-	-	-	(6.0)	(7.5)	+25%	(6.0)	(7.7)	+28%
	854.3	**978.0**	+14%	**261.9**	**299.3**	+14%	**74.8**	**114.8**	+53%
Net financing costs							(66.7)	(61.9)	-7%
Profit before tax, remeasurements and amortisation							**8.1**	**52.9**	+553%
Remeasurement and amortisation							2.5	(32.1)	-
Profit before taxation							10.6	20.8	+96%
Taxation							(5.8)	(8.3)	+43%
Profit after taxation							**4.8**	**12.5**	+160%

Cash flow funds organic fleet growth

(£m)	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	LTM July 11
EBITDA before exceptional items	**185**	**150**	**147**	**170**	**225**	**310**	**380**	**359**	**255**	**284**	**299**
EBITDA margin	*33%*	*28%*	*29%*	*32%*	*35%*	*35%*	*38%*	*33%*	*30%*	*30%*	*31%*
Cash inflow from operations before fleet changes and exceptionals	**194**	**157**	**140**	**165**	**215**	**319**	**356**	**374**	**266**	**280**	**281**
Cash conversion ratio	*105%*	*105%*	*95%*	*97%*	*96%*	*97%*	*94%*	*104%*	*104%*	*99%*	*94%*
Maintenance capital expenditure	(117)	(89)	(83)	(101)	(167)	(245)	(231)	(236)	(43)	(203)	(240)
Disposal proceeds	27	29	32	36	50	78	93	92	31	60	67
Interest and tax	(47)	(40)	(33)	(31)	(41)	(69)	(83)	(64)	(54)	(71)	(68)
Growth capital expenditure	(86)	(18)	-	(10)	(63)	(63)	(120)	-	-	-	(40)
Dividends paid	(11)	(9)	-	-	(2)	(7)	(10)	(13)	(13)	(15)	(15)
Cash available to fund debt paydown or M&A	**(40)**	**30**	**56**	**59**	**(8)**	**13**	**5**	**153**	**187**	**51**	**(15)**

- Healthy EBITDA margins ensure significant top line cash generation throughout the cycle
- Cash from operations funds organic growth investment, tax, interest and dividends
- Historically, debt has only increased at times of large scale M&A

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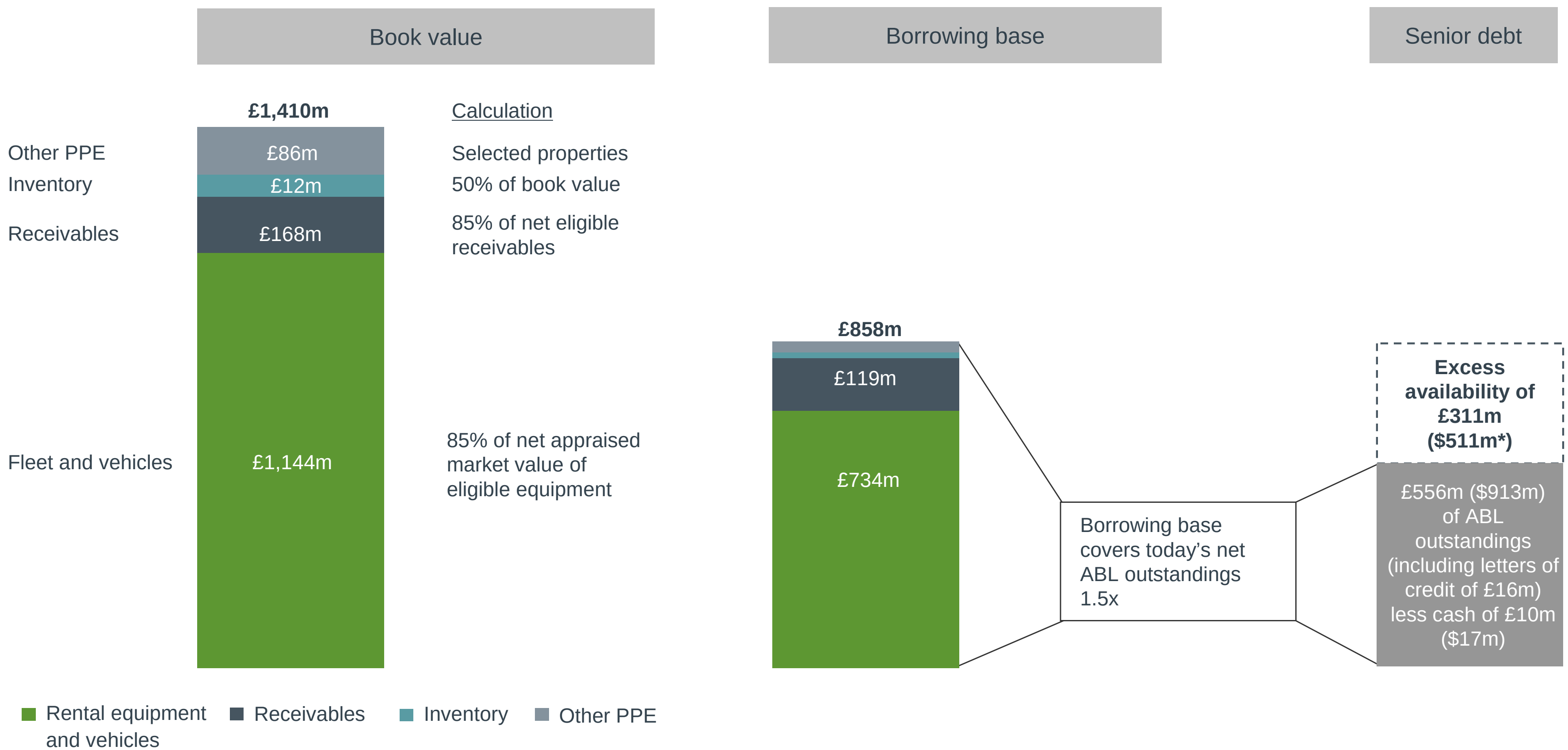
$511m of availability at 31 July 2011



- Borrowing base reflects January 2011 asset values which were down around 15% from Spring 2007 peak but up 16% from the Autumn 2009 trough

* Including suppressed availability of $7.9m

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