Capitalising on structural change

Full year results | 30 April 2012

Issued: 21 June 2012

Ashtead group

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Overview

Momentum continues

- Record Group pre-tax profit for the year of £131m (2011: £31m)
- Group EBITDA margins of 34% (2011 : 30%)
- Group RoI including goodwill grew to 12% (2011 : 7%)
- £476m capital invested in the business with further significant investment planned for 2012/13
- Net debt to EBITDA leverage reduced to 2.2 times (2011: 2.7 times)
- Proposed final dividend of 2.5p making 3.5p for the year (2011: 3.0p)
- Encouraging start to the new financial year
- We now anticipate that our profit in the coming year will be ahead of our previous expectations

Suzanne Wood
Finance director designate

Q4 Group revenue and profit

(£m)	Q4 2011	Q4 2012	Change[1]
Revenue	**243**	**288**	+17%
– of which rental	*209*	*246*	*+16%*
Operating costs	(180)	(199)	+9%
EBITDA	**63**	**89**	+37%
Depreciation	(45)	(51)	+10%
Operating profit	**18**	**38**	+102%
Net interest	(15)	(12)	-21%
Profit before tax and amortisation	**3**	**26**	+736%
Earnings per share (p)	**0.4**	**4.0**	+820%
Margins			
– EBITDA	*26%*	*31%*	
– Operating profit	*7%*	*13%*	

[1] At constant exchange rates

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

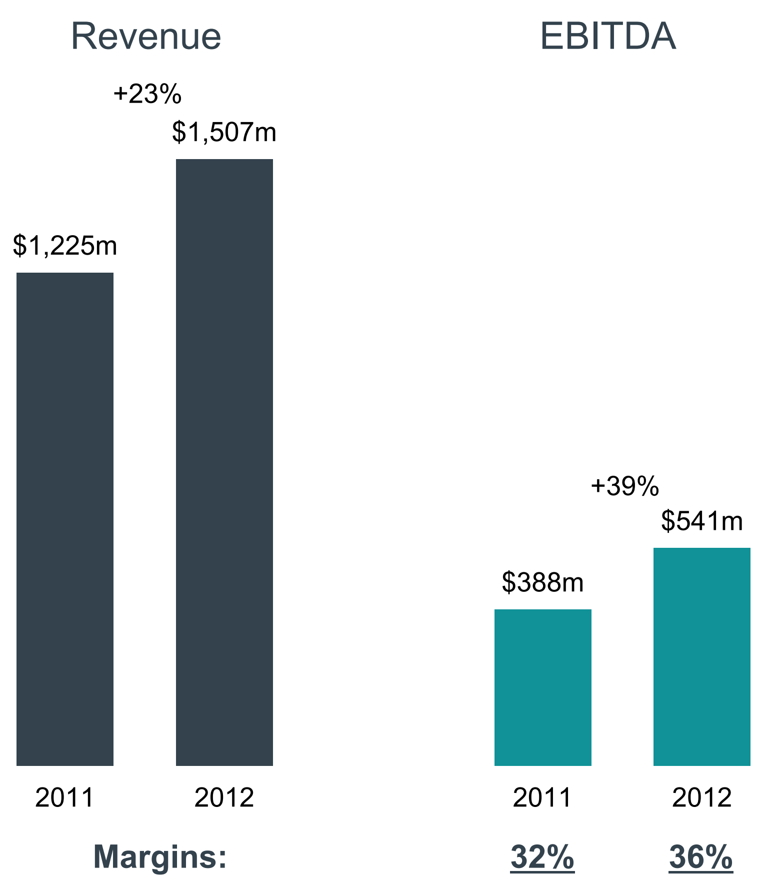
Full year Group revenue and profit

	FY		
(£m)	2011	2012	Change[1]
Revenue	**949**	**1,135**	+21%
– of which rental	*847*	*1,006*	*+21%*
Operating costs	(665)	(754)	+15%
EBITDA	**284**	**381**	+36%
Depreciation	(185)	(200)	+9%
Operating profit	**99**	**181**	+87%
Net interest	(68)	(50)	-24%
Profit before tax and amortisation	**31**	**131**	+332%
Earnings per share (p)	**4.0**	**17.3**	+344%
Margins			
– EBITDA	*30%*	*34%*	
– Operating profit	*10%*	*16%*	

[1] At constant exchange rates

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

Full year divisional results – Sunbelt



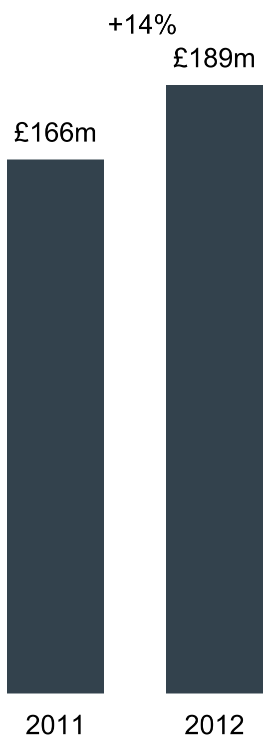
	Revenue bridge	
	Change	($m)
2011 rental revenue		1,069
Change – Volume	*+13%*	142
– Yield	*+7%*	80
Empire		44
2012 rental revenue		**1,335**
Sales revenue		172
2012 total revenue		**1,507**

	EBITDA bridge	
	Change	($m)
2011 EBITDA		388
Rental revenue increase*	*+21%*	222
Operating cost increase	*+11%*	(75)
Increase in profit on sale of fixed assets		6
2012 EBITDA		**541**

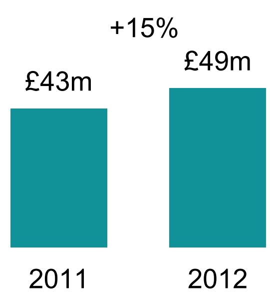
*excluding Empire's largely "pass through" erection and dismantling labour billings

Full year divisional results – A-Plant

Revenue



EBITDA



Margins: 26% 26%

	Revenue bridge	
	Change	**(£m)**
2011 rental revenue		154
Change – Volume	*+1%*	2
– Yield	*+6%*	9
Other		3
2012 rental revenue		**168**
Sales revenue		21
2012 total revenue		**189**

	EBITDA bridge	
	Change	**(£m)**
2011 EBITDA		43
Rental revenue increase*	*+7%*	11
Operating cost increase	*+8%*	(5)
2012 EBITDA		**49**

*excluding largely "pass through" re-rental revenue increase

Cash flow
Significant reinvestment in our rental fleet

(£m)	2011	2012	Change
EBITDA before exceptional items	284	381	+34%
Cash conversion ratio[1]	*99%*	*96%*	
Cash inflow from operations[2]	**280**	**365**	+30%
Payments for capital expenditure	(203)	(408)	
Rental equipment and other disposal proceeds received	60	90	
	(143)	(318)	
Interest and tax paid	(71)	(57)	
Exceptional costs paid	(12)	(3)	
Free cash flow	**54**	**(13)**	
Business acquisitions	(35)	(22)	
Dividends paid	(15)	(15)	
Purchase of own shares by the ESOT	-	(3)	
Reduction/(increase) in net debt	**4**	**(53)**	

[1] Cash inflow from operations as a percentage of EBITDA
[2] Before fleet changes and exceptionals

Net debt and leverage

Net debt to EBITDA continues to reduce despite the high fleet investment

(£m)	April 2011	April 2012
Opening net debt	**829**	**776**
Translation impact	(73)	21
Opening debt at closing exchange rates	**756**	**797**
Change from cash flows	(4)	53
Non-cash movements	24	4
Net debt at period end	**776**	**854**
Comprising:		
First lien senior secured bank debt	467	540
Second lien secured notes	325	334
Finance lease obligations	3	3
Cash in hand	(19)	(23)
Total net debt	**776**	**854**
Net debt to EBITDA leverage (x)	**2.7**	**2.2**

Interest

Floating rate: 62%

Fixed rate: 38%

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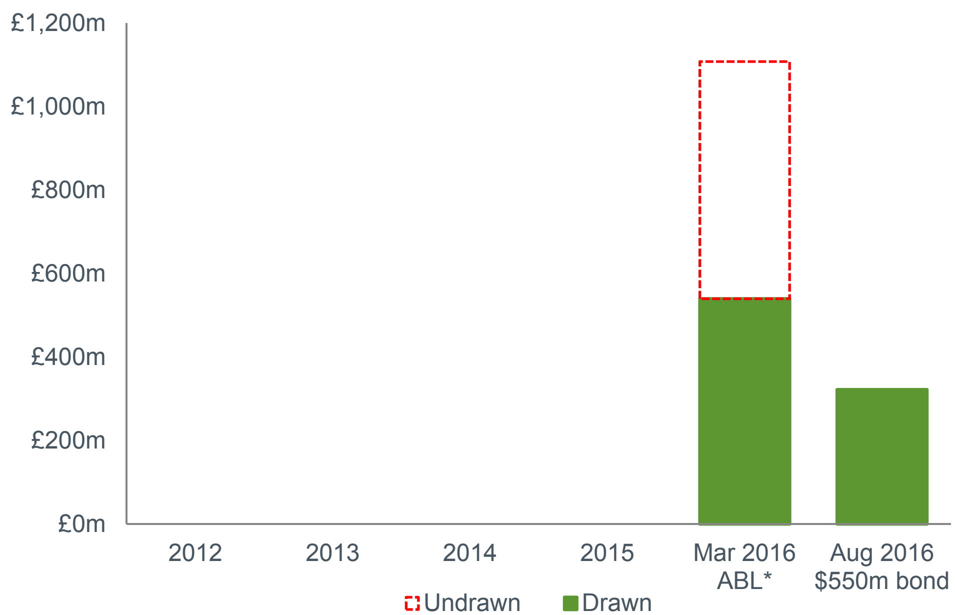
Robust debt structure with substantial capacity to fund further growth



* Adjusted for the recent $400m increase in the committed size of the facility to $1.8bn

- 4.1 year average remaining commitment
- No amortisation
- No financial monitoring covenants
  - whilst availability exceeds $216m (Apr 2012 : $735m)
- Weighted average cost of debt:

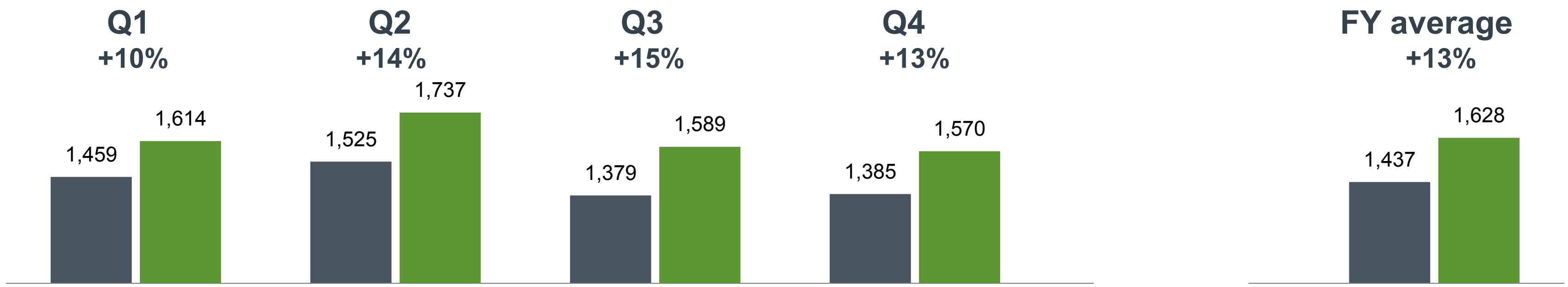
ABL: LIBOR + 225bp	2.50%
Senior secured notes	9.00%
Amortisation of deferred financing costs	0.30%
Weighted average interest cost	**5.40%**

Geoff Drabble
Chief executive

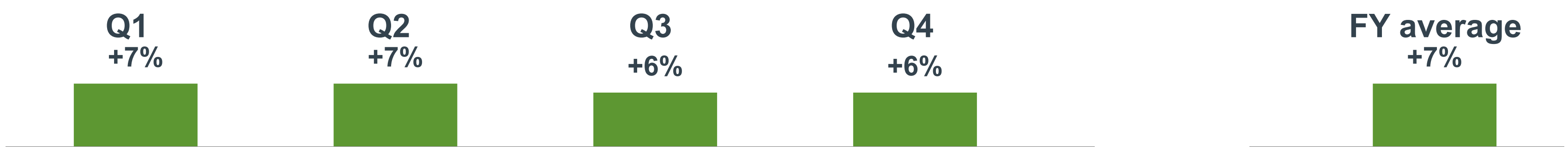
Sunbelt revenue drivers

Continuation of strong performance in both volume and yield

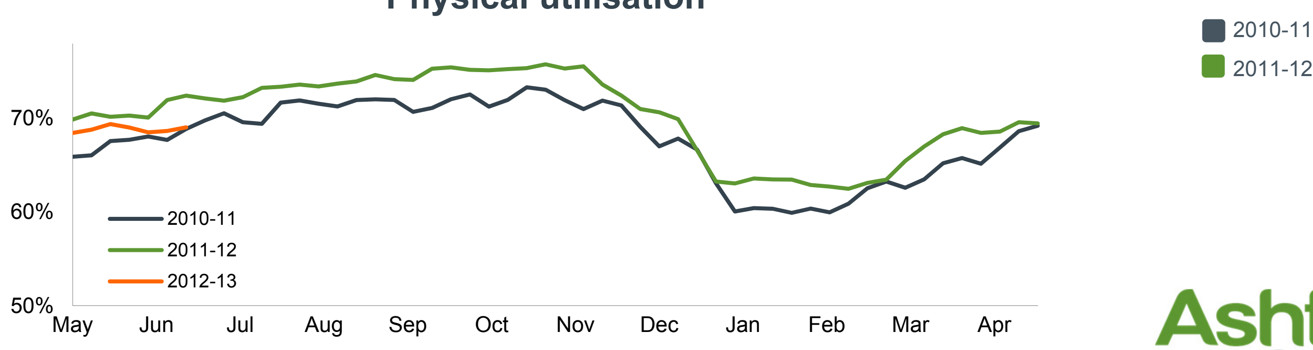
Average fleet on rent ($m)



Year over year change in yield

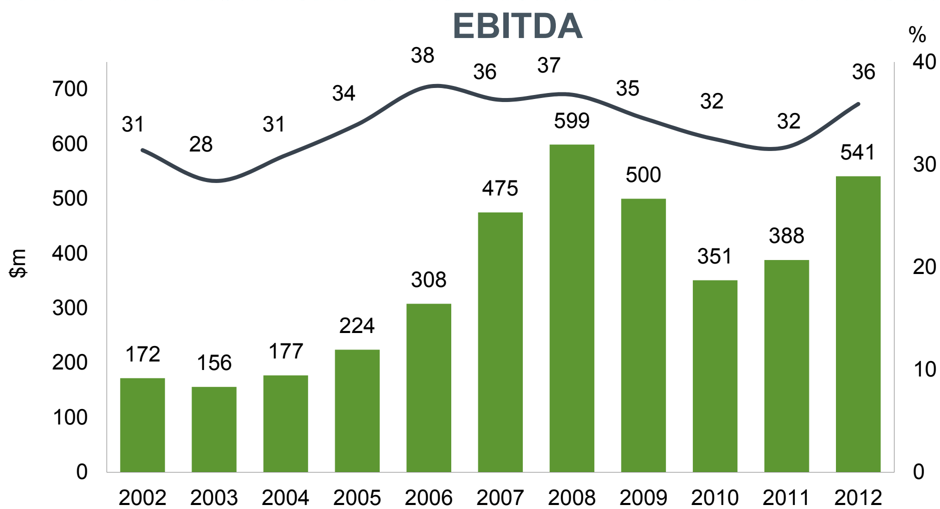


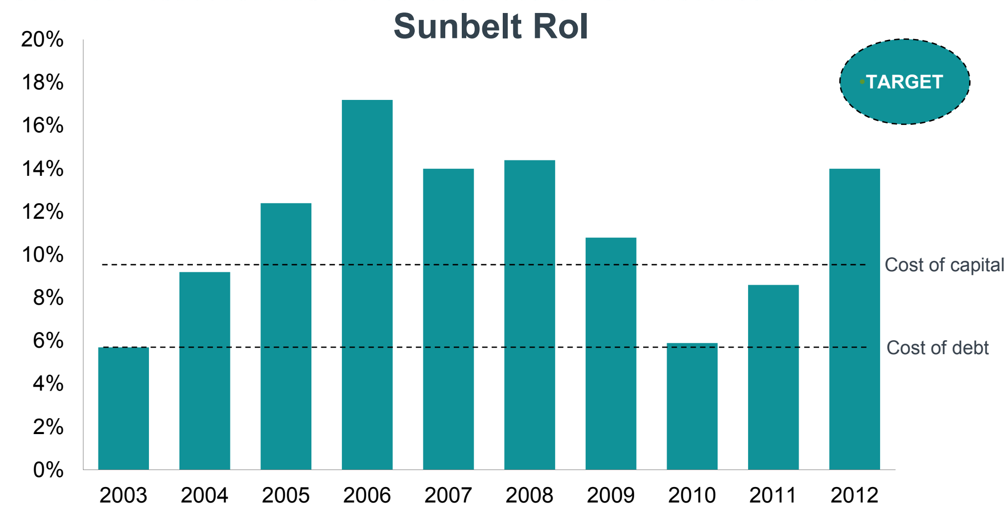
Physical utilisation

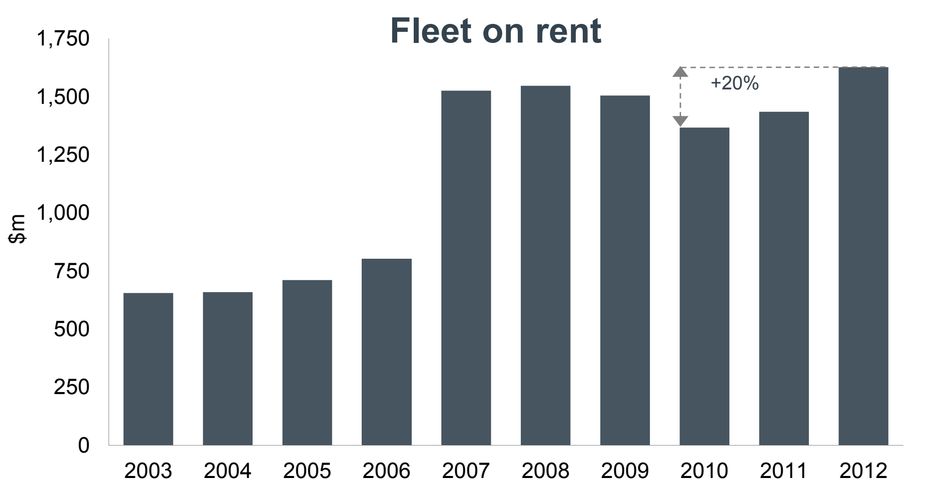


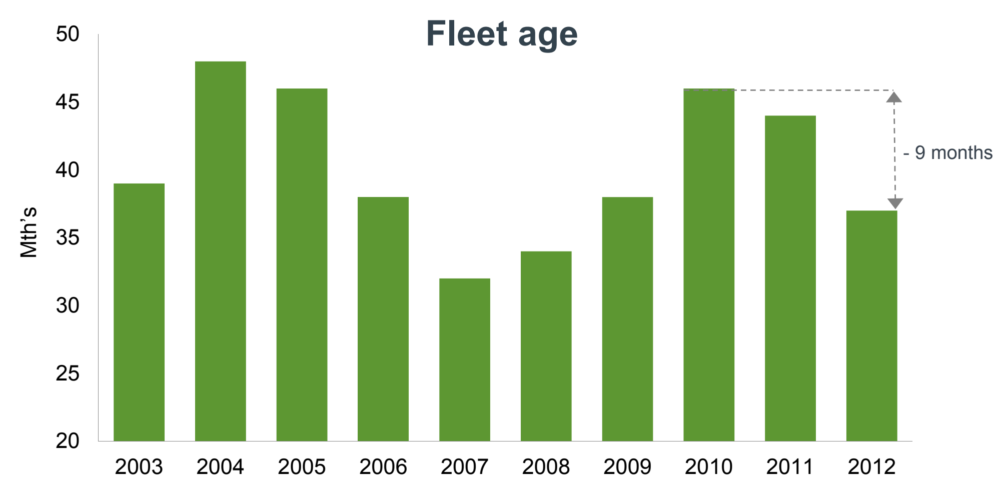
Sunbelt revenue drivers

Strong performance across all metrics

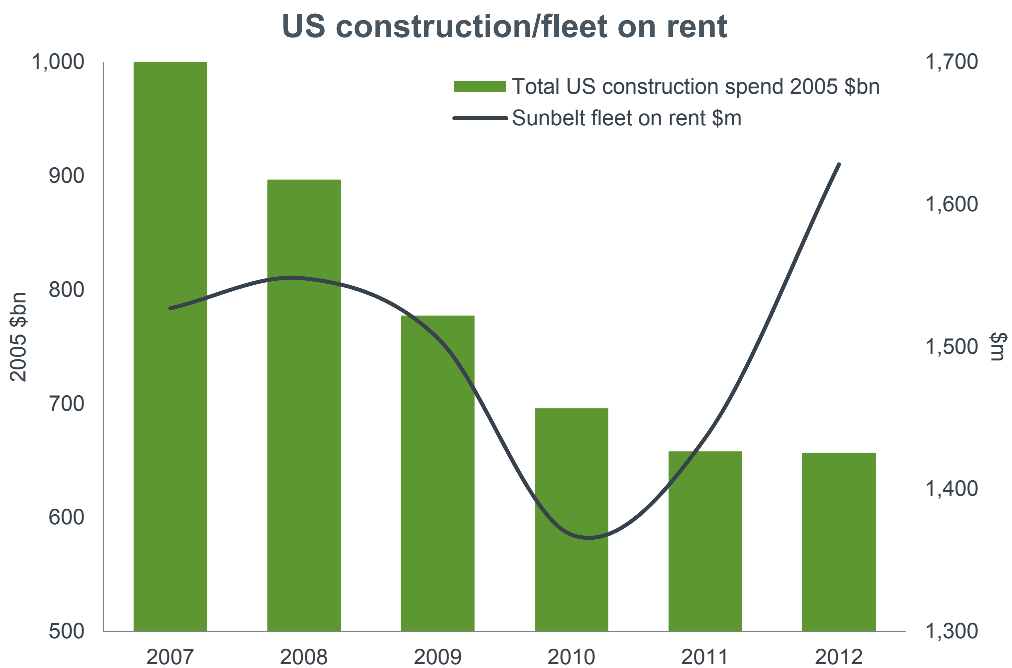




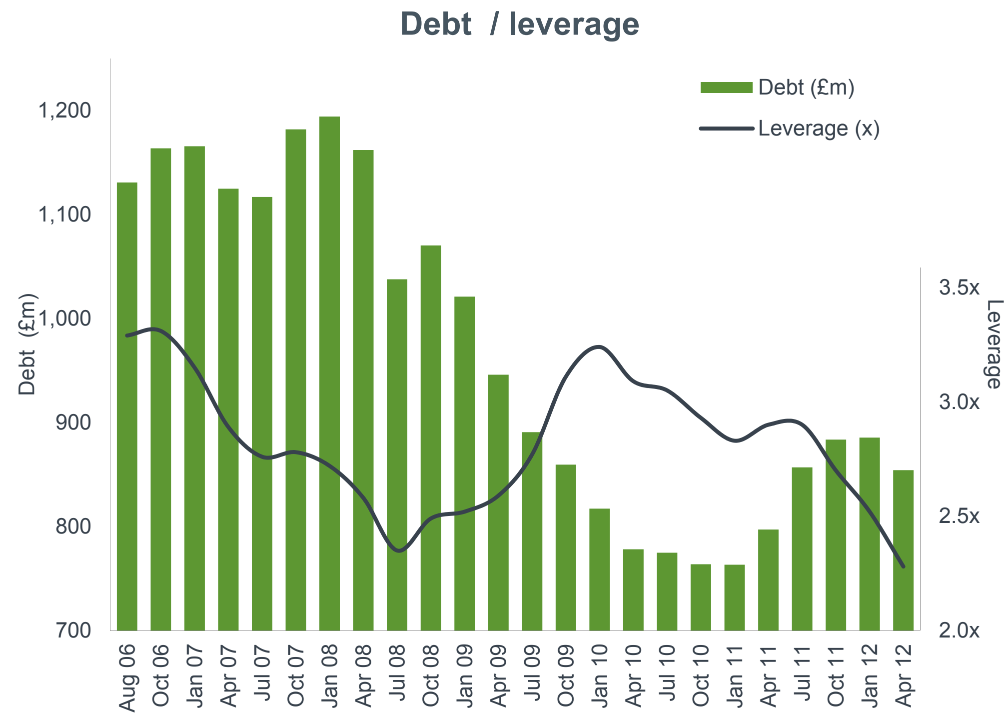




Strong performance despite weak end markets demonstrating the potential for significant upside



Source: Maximus advisors



At constant (30 April 2012) exchange rates

At a low point in the construction cycle

- Record levels of fleet on rent
- Historically low leverage
- A stable organisation with capacity for further growth

Market outlook

Looking better but potential for bumps in the road

Construction growth	2012	2013	2014
Maximus	6.1%	12.4%	9.9%
Global Insight	5.5%	8.9%	17.4%
McGraw-Hill	2.0%	14.0%	26.0%

<u>Tailwinds</u>

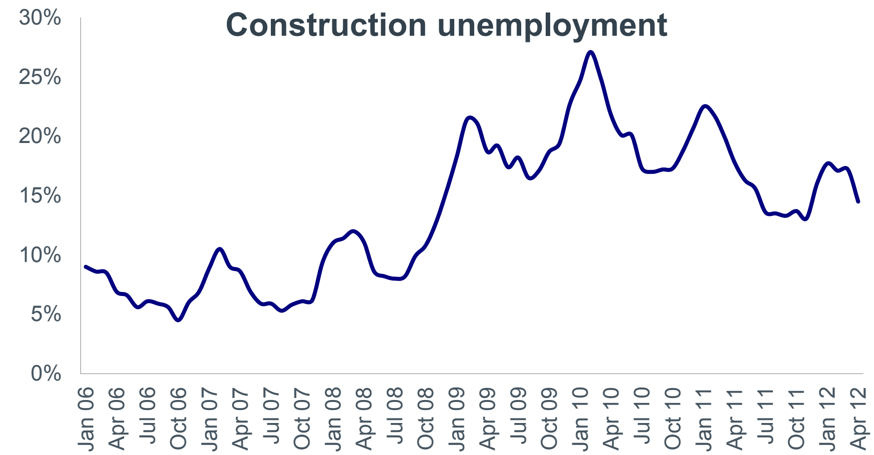
Corporate balance sheets
Improving labour statistics
Gentle GDP growth
Housing stock correction
Low interest rates

<u>Headwinds</u>

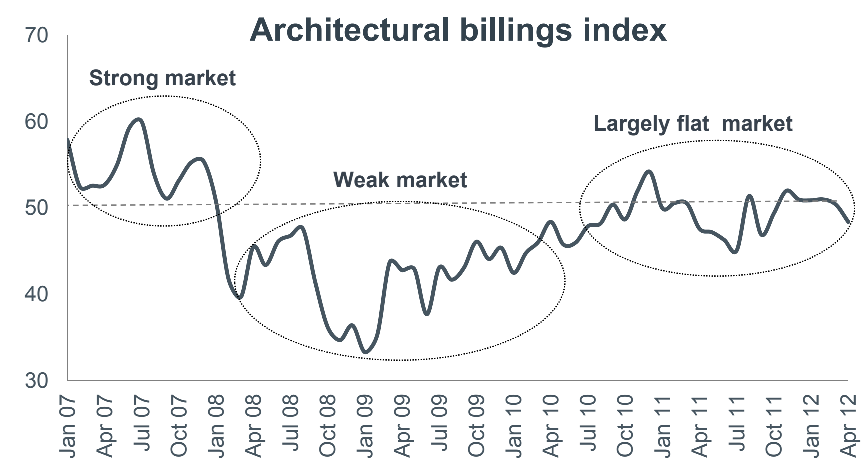
Federal and state finances
Unemployment levels
Macro uncertainty (Europe)
Foreclosure potential
Consumer confidence

End market no longer a headwind

Continue to benefit from structural change



Source: Bureau of Labor Statistics



Source: American Institute of Architects

What does this mean for us?

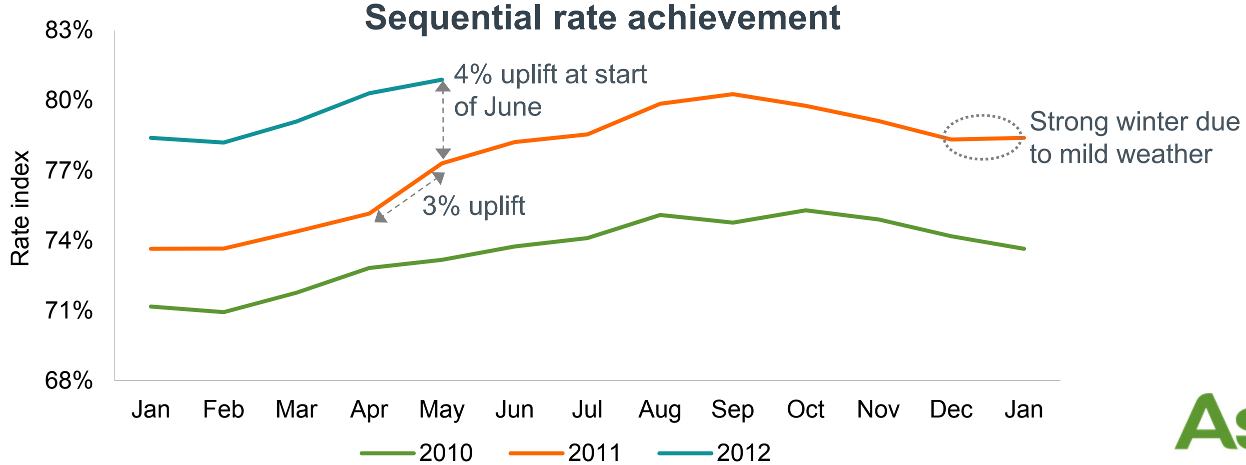
More of the same with an emphasis on organic growth

Phased capital expenditure

	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Total
FY 9/10	34										
FY 10/11		70	65	44	143						322
FY 11/12						239	125	76	218 (125)*		658
FY 12/13										350 (335)*	610 (700)*

* original plan

Sequential rate achievement



Same store growth

Success in 2011/12 clear, further potential for significant growth

Location size	Fleet	Number		RoI		Operating margin	
(includes specialty)		2011	2012	2011	2012	2011	2012
Large	> $10 million	45	61	17%	23%	25%	31%
Medium	> $5 million	160	169	15%	20%	19%	26%
Small	< $5 million	115	90	11%	18%	16%	22%

Existing footprint has capacity and potential for at least 15% fleet growth

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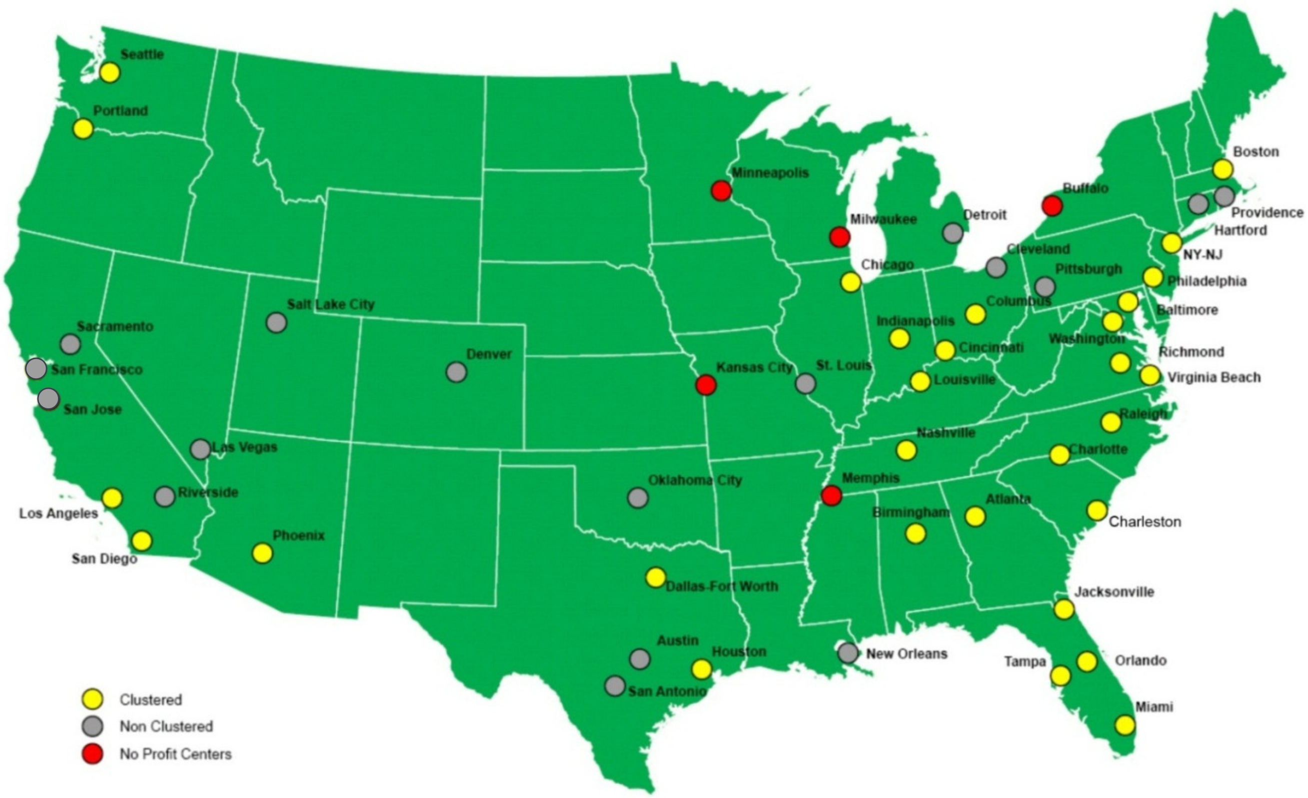
Greenfields

Market is ready for controlled acceleration of greenfield openings



Why now?

- End markets stabilising
- Disruption in competitor base
- Low cost property readily available

Scale

- 10-15 locations
- 50% Specialty

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What about M&A?

- Lots of options
- Can be selective given organic growth potential
- Looking for bolt-ons, not transformational deals
- Focus on Specialty
- Geographic “fill ins” for general plant and tools

Why Specialty?

Less cyclical, high RoI, complementary to existing business

	General plant and tools	Specialty
Rental revenue	$1,063m	$272m
Fleet at cost	$2,099m	$354m
RoI	17%	21%

Specialty bolt-ons

Topp case study

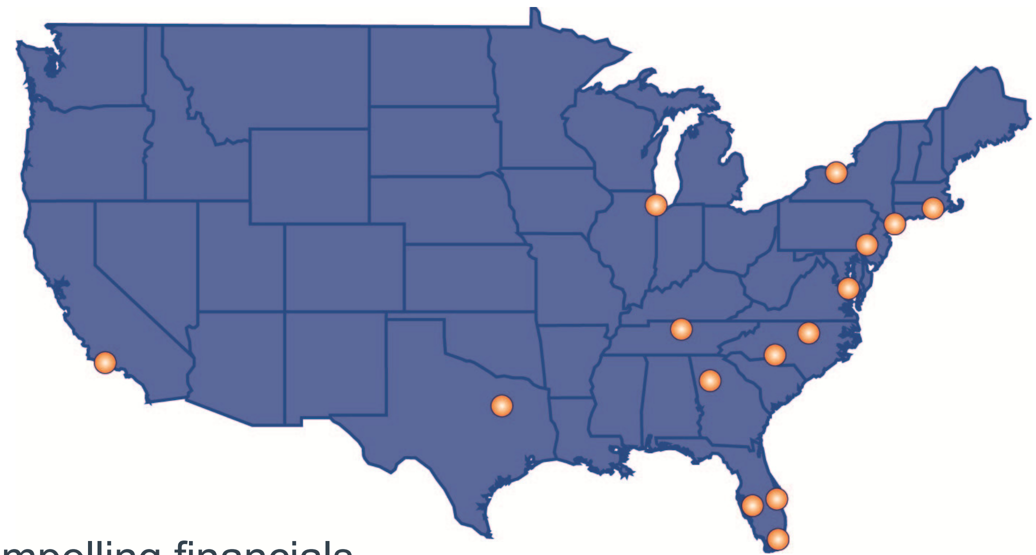
- Niche business focussed on climate control (revenue of $21m)
- Well managed with stable workforce
- Product we already rent, but largely to different markets – introduces more “clean trade” application opportunities



Specialty bolt ons

Topp case study

- Regional – we will take national

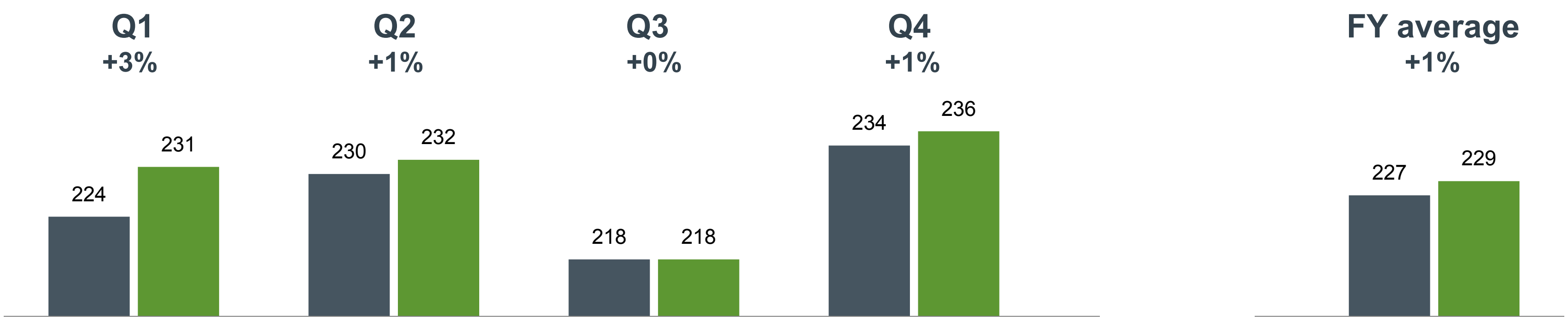


- Compelling financials
  - 2011 standalone RoI 68%
  - First full year Ashtead RoI 17% (including goodwill)
- Forecasting to double profitability in year 3. RoI 25% (including goodwill)

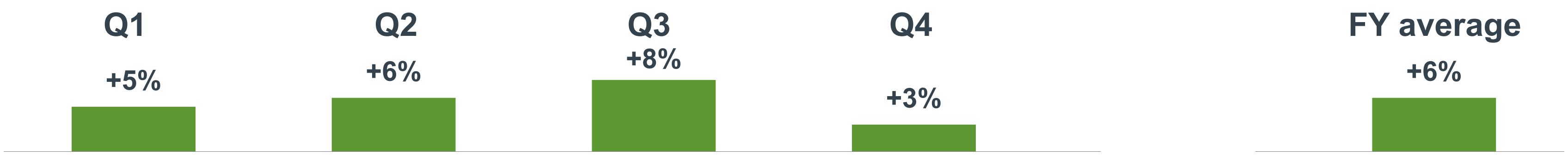
A-Plant revenue drivers

Continued emphasis on returns

Average fleet on rent (£m)

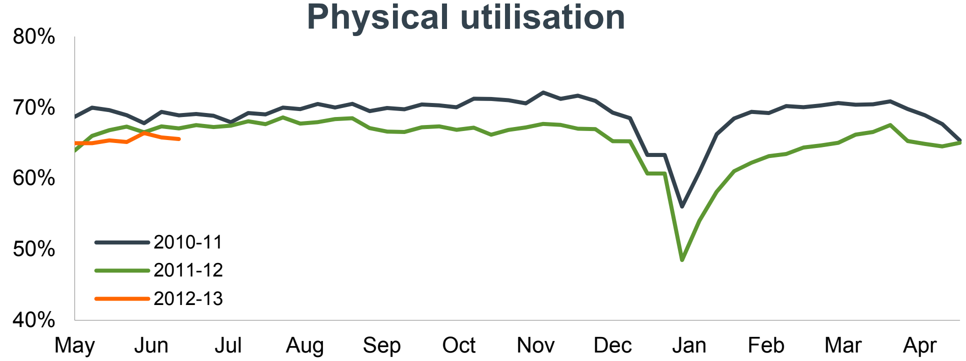


Year over year change in yield



2010-11
2011-12

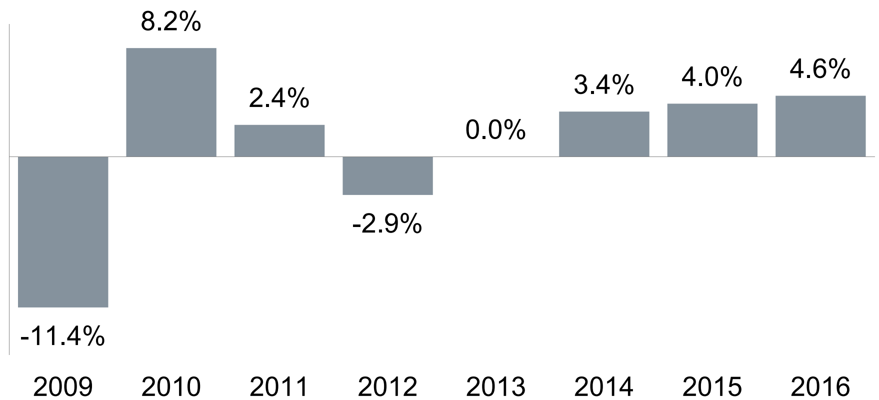
Physical utilisation



UK market

Uncertain outlook – still looks a long haul

Total UK construction output



Source: ONS, Construction Products Association (Spring 2012)

Public and private growth rates

	2011	2012	2013
Public sector	-1.5%	-12.6%	-5.8%
Private sector	+4.5%	+1.8%	+2.4%
Total	2.4%	-2.9%	0.0%

- construction output not expected to recover to pre-recession levels until 2016

Source: ONS, Construction Products Association (Spring 2012)

- Outlook remains far from encouraging in overall terms but there are some better sectors. Hope of private sector "plugging the gap" clearly not happening
- We are positioned to perform relatively well and will continue to focus on raising our yields in our core markets

Strategic options for UK

Group strength provides strategic flexibility

SELL	• No need to be a forced seller – generating profits and cash • No obvious buyers with financial capacity
HOLD	• Low risk • Not a drag either financially or from a management perspective • Better positioned than most due to Group strength
CONSOLIDATE	• Opportunities clearly exist • Consider UK market outlook and integration risk • Would have to materially improve RoI and create longer term strategic opportunity • Needs to be assessed relative to US investment

Summary

- The business clearly has good momentum
- Benefitting from trend to rental and market share gains
- Results reflect strong execution of cyclical fleet investment strategy and operational improvement
- At a low point in construction markets we are at or near record performance across a range of metrics and are improving
- We have the fleet size, infrastructure and importantly the debt structure to continue our strategy
- Therefore well positioned for further growth with or without end market recovery
- We now anticipate that our profit in the coming year will be ahead of our previous expectations

Appendices

Divisional performance – Q4

	Revenue			EBITDA			Profit		
	2011	**2012**	**change**	**2011**	**2012**	**change**	**2011**	**2012**	**change**
Sunbelt ($m)	321.0	376.6	+17%	90.2	124.3	+38%	33.7	61.1	+81%
Sunbelt (£m)	198.2	237.2	+20%	55.4	78.3	+41%	20.5	38.4	+88%
A-Plant	44.6	50.6	+13%	9.8	12.6	+28%	(0.4)	1.9	
Group central costs	-	-	-	(1.9)	(2.2)	+18%	(1.9)	(2.3)	+18%
	242.8	**287.8**	+19%	**63.3**	**88.7**	+40%	**18.2**	**38.0**	+109%
Net financing costs							(15.5)	(12.4)	-19%
Profit before tax, remeasurements and amortisation							**2.7**	**25.6**	
Fair value remeasurements and amortisation							(22.6)	6.3	
Profit before taxation							(19.9)	31.9	
Taxation							6.8	(8.4)	
Profit after taxation							**(13.1)**	**23.5**	

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Divisional performance – twelve months

	Revenue			EBITDA			Profit		
	2011	**2012**	**change**	**2011**	**2012**	**change**	**2011**	**2012**	**change**
Sunbelt ($m)	1,224.7	1,506.6	+23%	388.2	540.8	+39%	162.1	289.9	+79%
Sunbelt (£m)	782.7	945.7	+21%	248.1	339.4	+37%	103.6	181.9	+76%
A-Plant	165.8	188.9	+14%	43.1	49.5	+15%	2.7	7.3	+170%
Group central costs	-	-	-	(7.4)	(7.8)	+5%	(7.5)	(7.9)	+5%
	948.5	**1,134.6**	+20%	**283.8**	**381.1**	+34%	**98.8**	**181.3**	+84%
Net financing costs							(67.8)	(50.7)	-33%
Profit before tax, remeasurements and amortisation							**31.0**	**130.6**	+321%
Remeasurements and amortisation							(29.3)	4.2	
Profit before taxation							1.7	134.8	
Taxation							(0.8)	(46.3)	
Profit after taxation							**0.9**	**88.5**	

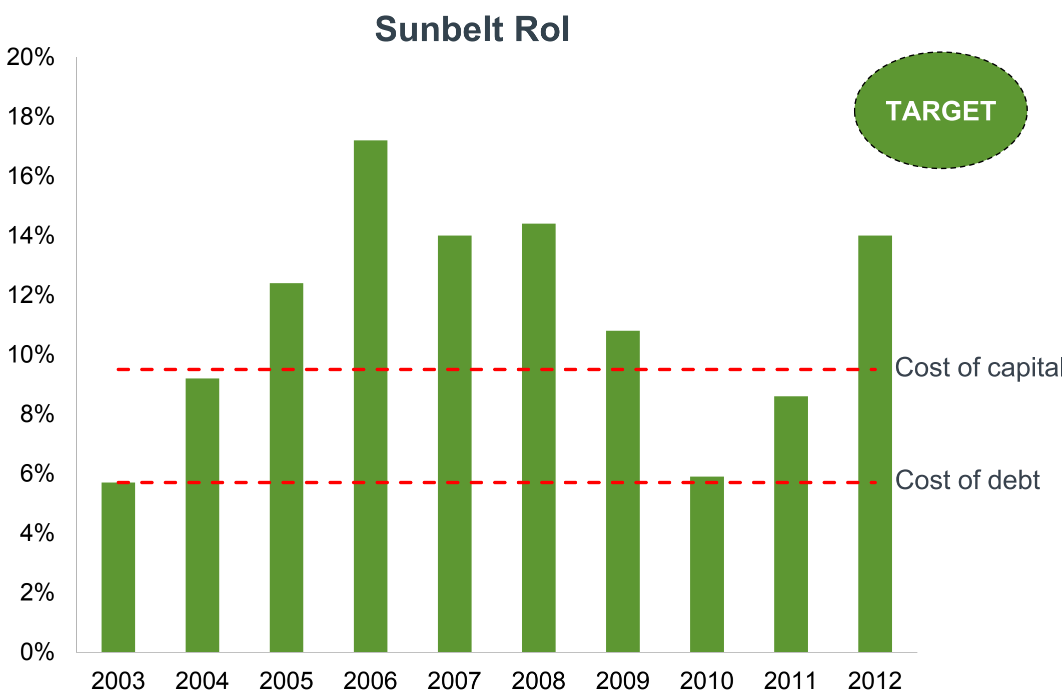
Cash flow funds organic fleet growth

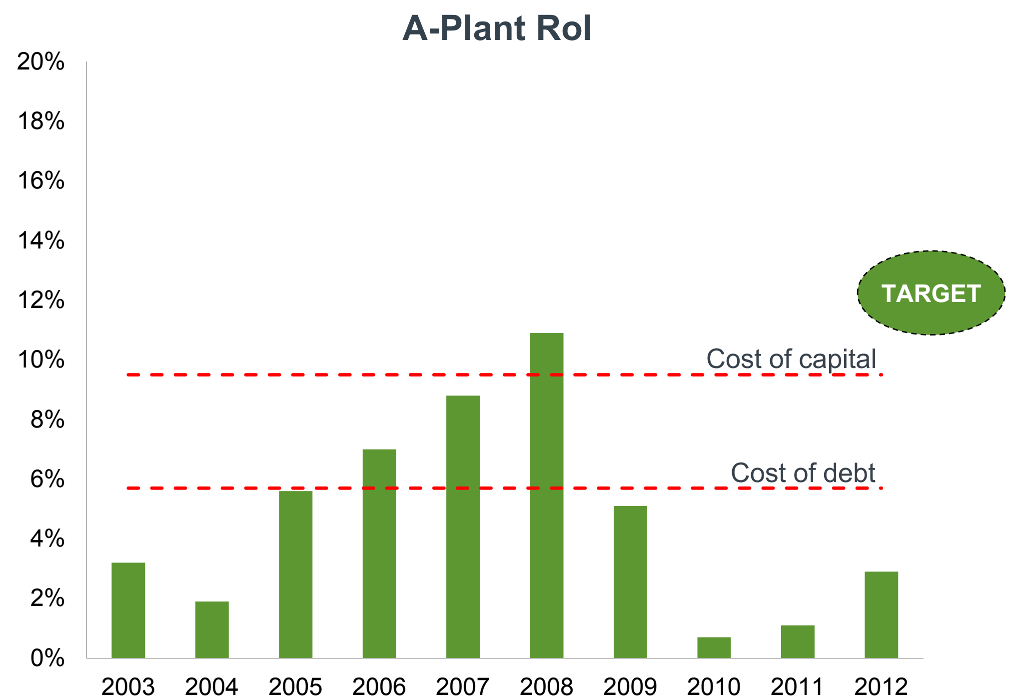
(£m)	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
EBITDA before exceptional items	**150**	**147**	**170**	**225**	**310**	**380**	**359**	**255**	**284**	**381**
EBITDA margin	*28%*	*29%*	*32%*	*35%*	*35%*	*38%*	*33%*	*30%*	*30%*	*34%*
Cash inflow from operations before fleet changes and exceptionals	**157**	**140**	**165**	**215**	**319**	**356**	**374**	**266**	**280**	**365**
Cash conversion ratio	*105%*	*95%*	*97%*	*96%*	*97%*	*94%*	*104%*	*104%*	*99%*	*96%*
Maintenance capital expenditure	(89)	(83)	(101)	(167)	(245)	(231)	(236)	(43)	(203)	(273)
Disposal proceeds	29	32	36	50	78	93	92	31	60	92
Interest and tax	(40)	(33)	(31)	(41)	(69)	(83)	(64)	(54)	(71)	(57)
Growth capital expenditure	(18)	-	(10)	(63)	(63)	(120)	-	-	-	(137)
Dividends paid	(9)	-	-	(2)	(7)	(10)	(13)	(13)	(15)	(15)
Cash available to fund debt paydown or M&A	**30**	**56**	**59**	**(8)**	**13**	**5**	**153**	**187**	**51**	**(25)**

- 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

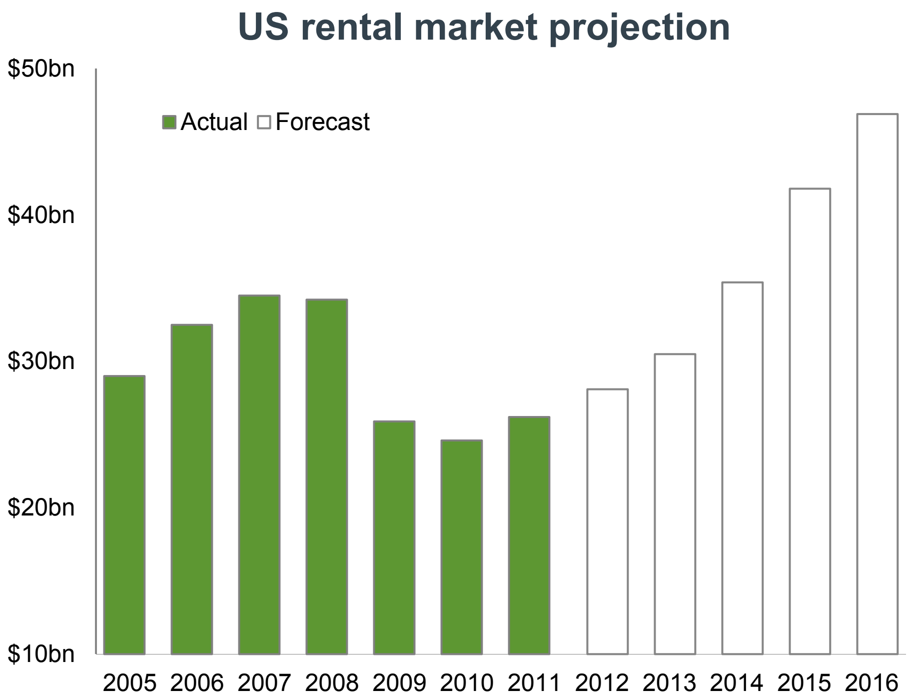
Good early progression in RoI in US

A-Plant continues to improve but long way to acceptable returns

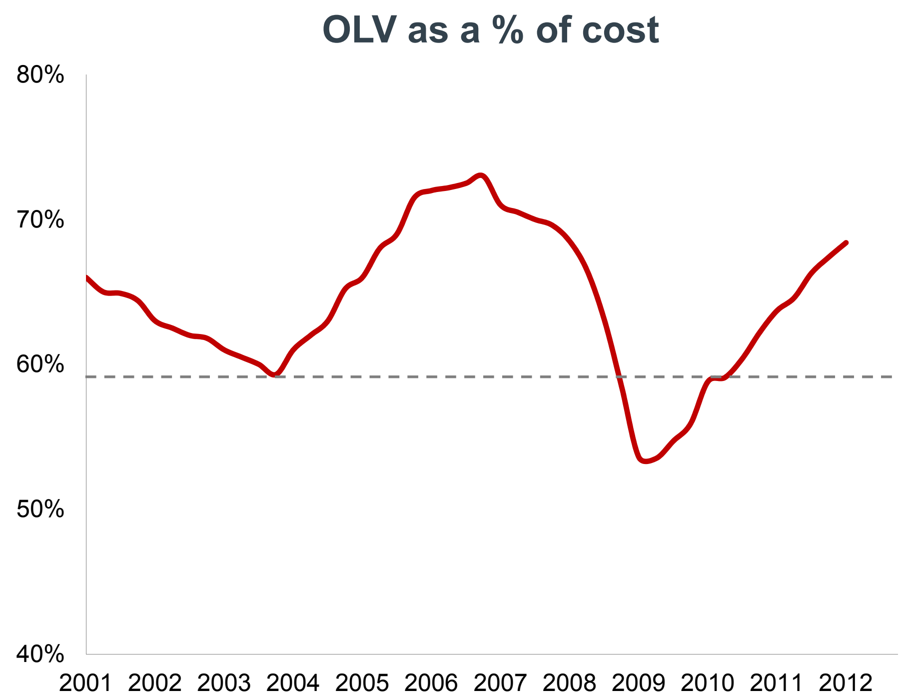




US rental market

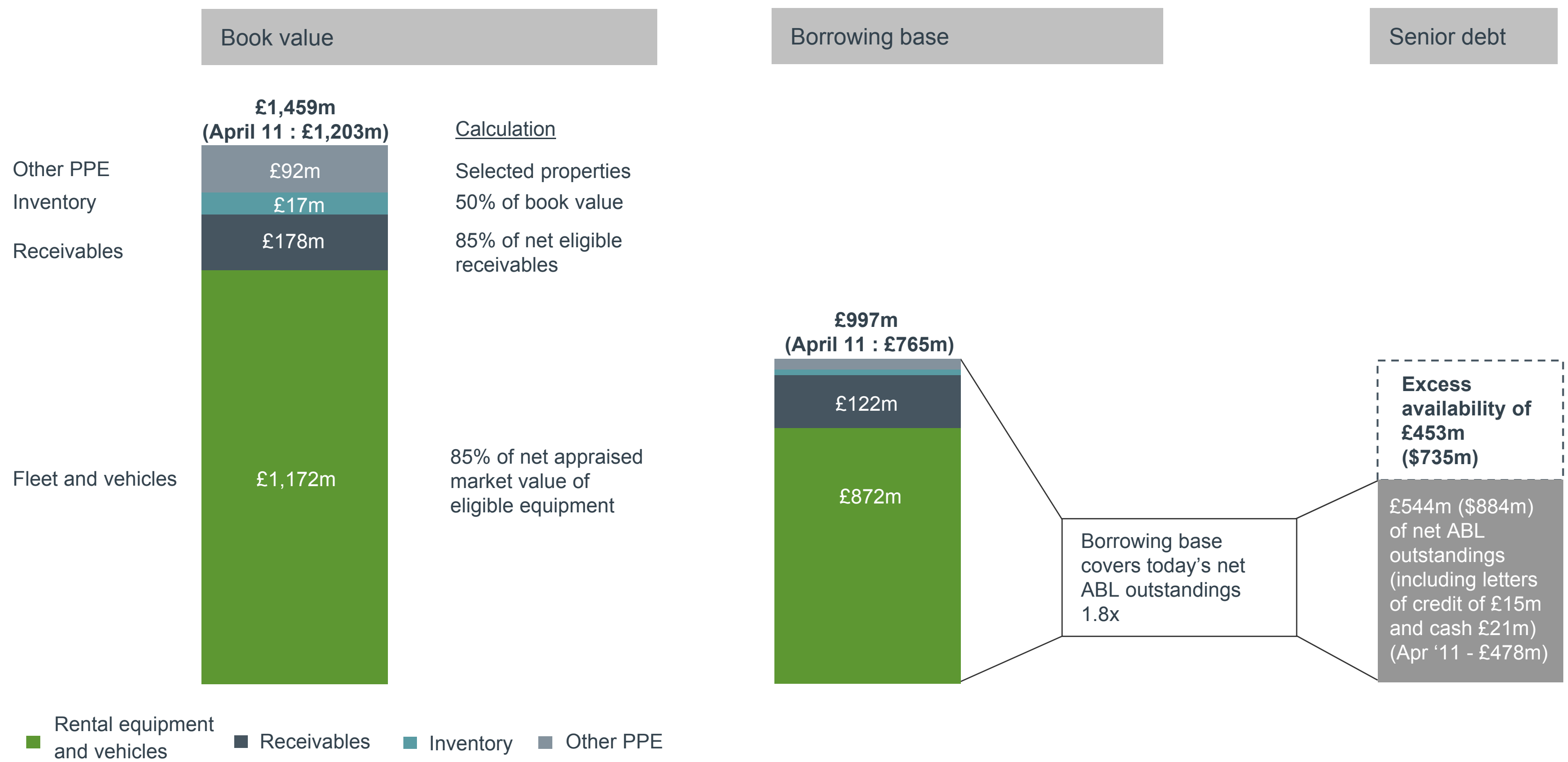


Source: IHS Global Insight



Source: Rouse Asset Services

$735m of availability at 30 April 2012 (April 11: $479m)



- Borrowing base reflects January 2012 asset values which were around 8% below the Spring 2007 peak but 25% above the Autumn 2009 trough
- Facility size increased by $400m to $1.8bn in June 2012

Debt and covenants

Debt

Facility	Interest rate	Maturity
$1.8bn first lien revolver	LIBOR +200-250bp	March 2016
$550m second lien notes	9.0%	August 2016
Capital leases	~7%	Various

Ratings

	S&P	Moody's
Corporate family	BB-	Ba3
Second lien	B+	B2

Availability

- Covenants are not measured if availability is above $216m

Leverage covenant

- Gross funded debt to EBITDA cannot exceed 4.0x
- EBITDA is measured before one time items and at constant exchange rates
- 2.4x at April 2012

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
- 0.8x at April 2012