10 December 2014

Unaudited results for the half year and second quarter ended 31 October 2014

	Second quarter			First half		
	2014	2013	Growth[1]	2014	2013	Growth[1]
	£m	£m	%	£m	£m	%
Underlying results[2]						
Rental revenue	477.9	392.2	26%	895.6	765.4	24%
EBITDA	245.6	192.5	32%	455.5	369.2	31%
Operating profit	161.1	123.7	35%	294.6	234.1	34%
Profit before taxation	145.1	112.8	33%	265.5	212.3	33%
Earnings per share	18.6p	14.3p	35%	33.9p	26.7p	35%
Statutory results						
Revenue	529.4	439.2	24%	987.3	849.7	23%
Profit before taxation	141.7	110.4	33%	259.2	207.8	33%
Earnings per share	18.1p	14.0p	34%	33.0p	26.1p	35%

[1] at constant exchange rates
[2] before intangible amortisation

Highlights

- Group rental revenue up 24%[1]
- Record first half pre-tax profit[2] of £266m, up 33% at constant exchange rates
- Group EBITDA margin improves to 46% (2013: 43%)
- £588m of capital invested in the business (2013: £451m) and full year guidance increased
- Group RoI of 19% (2013: 18%)
- Net debt to EBITDA leverage[1] of 2.0 times (2013: 2.1 times)
- Interim dividend raised 33% to 3.0p per share (2013: 2.25p)

Ashtead's chief executive, Geoff Drabble, commented:

"The Group delivered another strong quarter with record underlying pre-tax profits of £266m, up 33% on the prior year. It was particularly pleasing to see a strong contribution from both Sunbelt and A-Plant.

We continue to execute on our strategy, focused on organic growth supplemented by bolt-on acquisitions. We invested £588m in capital expenditure and a further £107m on bolt-on acquisitions in the period. Given the profitable growth opportunities evident in our markets, we are increasing our full year guidance for capital expenditure to a range of £925m to £975m.

Even with these significant levels of investment, we continue to grow responsibly, generating strong returns and maintaining leverage within our stated objectives.

With both divisions performing well, recovering end markets, and a proven track record of market share gains, we now anticipate a full year result ahead of our previous expectations."

<u>Contacts:</u>

Geoff Drabble	Chief executive	+44 (0)20 7726 9700
Suzanne Wood	Finance director	
Brian Hudspith	Maitland	+44 (0)20 7379 5151

Geoff Drabble and Suzanne Wood will hold a meeting for equity analysts to discuss the results and outlook at 9.30am on Wednesday, 10 December 2014 at The London Stock Exchange, 10 Paternoster Square, London, EC4M 7LS. The meeting will be webcast live via the Company's website at www.ashtead-group.com and a replay will also be available via the website from shortly after the meeting concludes. A copy of this announcement and the slide presentation used for the meeting will also be available for download on the Company's website. The usual conference call for bondholders will begin at 3pm (10am EST).

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

<u>Forward looking statements</u>

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.

First half results

	Revenue		EBITDA		Operating profit	
	2014	2013	2014	2013	2014	2013
Sunbelt in $m	1,367.9	1,107.5	666.5	514.8	449.3	344.8
Sunbelt in £m	821.7	711.5	400.4	330.8	269.9	221.5
A-Plant	165.6	138.2	60.1	43.2	29.7	17.4
Group central costs	-	-	(5.0)	(4.8)	(5.0)	(4.8)
	987.3	849.7	455.5	369.2	294.6	234.1
Net financing costs					(29.1)	(21.8)
Profit before tax and amortisation					**265.5**	**212.3**
Amortisation					(6.3)	(4.5)
Profit before taxation					259.2	207.8
Taxation					(93.6)	(77.1)
Profit attributable to equity holders of the Company					165.6	130.7
Margins						
Sunbelt			*48.7%*	*46.5%*	*32.8%*	*31.1%*
A-Plant			*36.3%*	*31.3%*	*17.9%*	*12.6%*
Group			*46.1%*	*43.4%*	*29.8%*	*27.6%*

Group revenue increased 16% to £987m in the first half (2013: £850m) with strong growth in both businesses. This revenue growth, combined with ongoing operational efficiency, generated record underlying profit before tax of £266m (2013: £212m).

The Group's growth is driven by strong same-store growth supplemented by greenfield openings and bolt-on acquisitions. Over the last 18 months we have added 105 locations in the US across a range of market sectors with different characteristics. These factors do impact a number of Sunbelt's metrics in the short term and to aid the understanding of our performance, we have analysed our year on year revenue growth as follows:

		$m
2013 rental only revenue		774
Same stores (in existence at 1 May 2013)	17%	133
Bolt-ons and greenfields since 1 May 2013	8%	64
2014 rental only revenue	25%	971
Ancillary revenue	23%	276
2014 rental revenue	25%	1,247
Sales revenue		121
2014 total revenue		1,368

We continue to capitalise on the opportunity presented by our markets which are up circa 7% year on year. Our same-store growth of 17% demonstrates that we continue to take further market share. In addition, bolt-ons and greenfields have contributed another 8% growth as we execute our long-term structural growth strategy of expanding our geographic footprint and our specialty businesses.

Total rental only revenue growth of 25% can be broken down to a 23% increase in fleet on rent and a net 2% improvement in yield. The improved yield reflects the combination of good rate growth, the drag of greenfield and bolt-on activity as we capitalise on market opportunities and the impact of mix which we highlighted in quarter one. Average first half physical utilisation was 73% (2013: 73%).

A-Plant continues to perform well in improving markets and delivered total rental revenue of £147m, up 18% on the prior year (2013: £124m). This reflects 11% more fleet on rent and a 6% improvement in yield. Yield has benefitted from an improved pricing environment and the diversification of the product line.

Sunbelt's strong revenue growth resulted in a record first half EBITDA margin of 49% (2013: 46%) as 59% of revenue growth dropped through to EBITDA. Drop through reflects the impact of greenfield openings and acquisitions. Stores open for more than one year saw 67% of revenue growth drop through to EBITDA. This contributed to an operating profit of \$449m (2013: \$345m). A-Plant's EBITDA margin improved to 36% (2013: 31%) and operating profit rose to £30m (2013: £17m), with a drop through of 62%. As a result, Group operating profit increased 26% to £295m (2013: £234m).

Net financing costs increased to £29m (2013: £22m), reflecting the higher average debt during the period, the additional \$400m of senior secured notes issued last December and the \$500m senior secured notes issued in September.

Group profit before amortisation of intangibles and taxation was £266m (2013: £212m). After a tax charge of 36% (2013: 37%) of the underlying pre-tax profit, underlying earnings per share increased 27% to 33.9p (2013: 26.7p). The cash tax charge increased to 15% following the utilisation of brought forward tax losses during the year.

Statutory profit before tax was £259m (2013: £208m) and basic earnings per share were 33.0p (2013: 26.1p).

Capital expenditure and acquisitions

Capital expenditure for the first half of the year was £588m gross and £538m net of disposal proceeds (2013: £451m gross and £401m net). As a result of this investment, the Group's rental fleet at 31 October 2014 at cost was £3.2bn, up 27% on the prior year. Our average fleet age is now 26 months (2013: 29 months).

We spent £107m (2013: £61m) on ten bolt-on acquisitions during the period as we continue to both expand our footprint and diversify into specialty markets. Following the quarter end, we took our first step into Canada with the acquisition of GWG Rentals, a general tool business based in western Canada, for £16m.

With the strong demand in both our end markets and an ongoing greenfield opening programme, we are increasing our full year capital expenditure guidance to support these activity levels. Full year capital guidance is now in the range of £925m to £975m which reflects both the increased activity but also the impact of weaker sterling.

Return on Investment[1]

Sunbelt's pre-tax return on investment (excluding goodwill and intangible assets) in the 12 months to 31 October 2014 was 26% (2013: 26%), well ahead of the Group's pre-tax weighted average cost of capital. In the UK, return on investment (excluding goodwill and intangible assets) improved to 12% (2013: 9%). For the Group as a whole, returns (including goodwill and intangible assets) are 19% (2013: 18%).

[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.*

Cash flow and net debt

As expected, debt increased during the first half as we invested in the fleet, made a number of bolt-on acquisitions and experienced the usual seasonal increase in working capital.

Net debt at 31 October 2014 was £1,571m (2013: £1,230m) while, reflecting our strong earnings growth, the ratio of net debt to EBITDA reduced to 2.0 times (2013: 2.1 times) on a constant currency basis.

The Group's debt package remains well structured and flexible, enabling us to take advantage of prevailing end market conditions. Following the issue of the new $500m 5.625% senior secured notes due in 2024, the Group's debt facilities are committed for an average of six years. At 31 October 2014, ABL availability was $830m, with an additional $1,420m of suppressed availability - substantially above the $200m level at which the Group's entire debt package is covenant free.

Dividend

In line with its policy of providing a progressive dividend, having regard to both underlying profit and cash generation and to sustainability through the economic cycle, the Board has increased the interim dividend 33% to 3.0p per share (2013: 2.25p per share). This will be paid on 4 February 2015 to shareholders on record on 16 January 2015.

Current trading and outlook

Our strong performance continued in November. With both divisions performing well and the benefit of weaker sterling, we now anticipate a full year result ahead of our previous expectations.

Directors' responsibility statement

We confirm that to the best of our knowledge:

a) the condensed consolidated interim financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting'; and

b) the interim management report includes a fair review of the information required by Disclosure and Transparency Rule 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year) and Disclosure and Transparency Rule 4.2.8R (disclosure of related parties' transactions and changes therein).

By order of the Board of Directors 9 December 2014

CONSOLIDATED INCOME STATEMENT FOR THE THREE MONTHS ENDED 31 OCTOBER 2014

	2014			2013		
	Before amortisation £m	Amortisation £m	Total £m	Before amortisation £m	Amortisation £m	Total £m
Second quarter - unaudited						
Revenue						
Rental revenue	477.9	-	477.9	392.2	-	392.2
Sale of new equipment, merchandise and consumables	23.8	-	23.8	20.8	-	20.8
Sale of used rental equipment	27.7	-	27.7	26.2	-	26.2
	529.4	-	529.4	439.2	-	439.2
Operating costs						
Staff costs	(119.1)	-	(119.1)	(109.4)	-	(109.4)
Used rental equipment sold	(21.0)	-	(21.0)	(20.7)	-	(20.7)
Other operating costs	(143.7)	-	(143.7)	(116.6)	-	(116.6)
	(283.8)	-	(283.8)	(246.7)	-	(246.7)
EBITDA*	245.6	-	245.6	192.5	-	192.5
Depreciation	(84.5)	-	(84.5)	(68.8)	-	(68.8)
Amortisation of intangibles	-	(3.4)	(3.4)	-	(2.4)	(2.4)
Operating profit	161.1	(3.4)	157.7	123.7	(2.4)	121.3
Interest expense	(16.0)	-	(16.0)	(10.9)	-	(10.9)
Profit on ordinary activities before taxation	145.1	(3.4)	141.7	112.8	(2.4)	110.4
Taxation	(52.0)	1.2	(50.8)	(41.2)	0.8	(40.4)
Profit attributable to equity holders of the Company	93.1	(2.2)	90.9	71.6	(1.6)	70.0
Basic earnings per share	18.6p	(0.5p)	18.1p	14.3p	(0.3p)	14.0p
Diluted earnings per share	18.4p	(0.4p)	18.0p	14.2p	(0.3p)	13.9p

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

CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 31 OCTOBER 2014

	2014			2013		
	Before amortisation £m	Amortisation £m	Total £m	Before amortisation £m	Amortisation £m	Total £m
First half - unaudited						
Revenue						
Rental revenue	895.6	-	895.6	765.4	-	765.4
Sale of new equipment, merchandise and consumables	45.5	-	45.5	38.5	-	38.5
Sale of used rental equipment	46.2	-	46.2	45.8	-	45.8
	987.3	-	987.3	849.7	-	849.7
Operating costs						
Staff costs	(226.2)	-	(226.2)	(213.0)	-	(213.0)
Used rental equipment sold	(35.5)	-	(35.5)	(36.9)	-	(36.9)
Other operating costs	(270.1)	-	(270.1)	(230.6)	-	(230.6)
	(531.8)	-	(531.8)	(480.5)	-	(480.5)
EBITDA*	455.5	-	455.5	369.2	-	369.2
Depreciation	(160.9)	-	(160.9)	(135.1)	-	(135.1)
Amortisation of intangibles	-	(6.3)	(6.3)	-	(4.5)	(4.5)
Operating profit	294.6	(6.3)	288.3	234.1	(4.5)	229.6
Investment income	0.1	-	0.1	-	-	-
Interest expense	(29.2)	-	(29.2)	(21.8)	-	(21.8)
Profit on ordinary activities before taxation	265.5	(6.3)	259.2	212.3	(4.5)	207.8
Taxation	(95.7)	2.1	(93.6)	(78.6)	1.5	(77.1)
Profit attributable to equity holders of the Company	169.8	(4.2)	165.6	133.7	(3.0)	130.7
Basic earnings per share	33.9p	(0.9p)	33.0p	26.7p	(0.6p)	26.1p
Diluted earnings per share	33.6p	(0.8p)	32.8p	26.5p	(0.6p)	25.9p

* 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.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited			
	Three months to 31 October		Six months to 31 October	
	2014 £m	2013 £m	2014 £m	2013 £m
Profit attributable to equity holders of the Company for the period	90.9	70.0	165.6	130.7
Items that may be reclassified subsequently to profit or loss:				
Foreign currency translation differences	35.0	(27.1)	35.3	(15.7)
Total comprehensive income for the period	125.9	42.9	200.9	115.0

CONSOLIDATED BALANCE SHEET AT 31 OCTOBER 2014

	Unaudited 31 October 2014	Unaudited 31 October 2013	Audited 30 April 2014
	£m	£m	£m
Current assets			
Inventories	22.4	19.4	18.5
Trade and other receivables	364.0	277.0	259.8
Current tax asset	9.7	0.6	9.9
Cash and cash equivalents	6.9	1.5	2.8
	403.0	298.5	291.0
Non-current assets			
Property, plant and equipment			
- rental equipment	2,200.5	1,659.8	1,716.3
- other assets	252.5	199.1	212.8
	2,453.0	1,858.9	1,929.1
Goodwill	459.9	405.4	400.4
Other intangible assets	59.2	42.1	45.8
Net defined benefit pension plan asset	6.2	0.3	6.1
	2,978.3	2,306.7	2,381.4
Total assets	3,381.3	2,605.2	2,672.4
Current liabilities			
Trade and other payables	403.1	300.5	345.8
Current tax liability	11.4	5.6	5.8
Debt due within one year	1.9	1.9	2.2
Provisions	18.1	21.7	15.0
	434.5	329.7	368.8
Non-current liabilities			
Debt due after more than one year	1,576.2	1,229.4	1,149.2
Provisions	24.1	20.7	20.3
Deferred tax liabilities	385.6	282.9	309.7
	1,985.9	1,533.0	1,479.2
Total liabilities	2,420.4	1,862.7	1,848.0
Equity			
Share capital	55.3	55.3	55.3
Share premium account	3.6	3.6	3.6
Capital redemption reserve	0.9	0.9	0.9
Non-distributable reserve	90.7	90.7	90.7
Own shares held by the Company	(33.1)	(33.1)	(33.1)
Own shares held through the ESOT	(15.5)	(12.2)	(11.8)
Cumulative foreign exchange translation differences	15.1	5.4	(20.2)
Retained reserves	843.9	631.9	739.0
Equity attributable to equity holders of the Company	960.9	742.5	824.4
Total liabilities and equity	3,381.3	2,605.2	2,672.4

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 31 OCTOBER 2014

	Share capital £m	Share premium account £m	Capital redemption reserve £m	Non-distributable 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
At 1 May 2013	55.3	3.6	0.9	90.7	(33.1)	(7.4)	21.1	551.4	682.5
Profit for the period	-	-	-	-	-	-	-	130.7	130.7
Other comprehensive income:									
Foreign currency translation differences	-	-	-	-	-	-	(15.7)	-	(15.7)
Total comprehensive income for the period	-	-	-	-	-	-	(15.7)	130.7	115.0
Dividends paid	-	-	-	-	-	-	-	(30.1)	(30.1)
Own shares purchased by the ESOT	-	-	-	-	-	(22.4)	-	-	(22.4)
Share-based payments	-	-	-	-	-	17.6	-	(16.1)	1.5
Tax on share-based payments	-	-	-	-	-	-	-	(4.0)	(4.0)
At 31 October 2013	55.3	3.6	0.9	90.7	(33.1)	(12.2)	5.4	631.9	742.5
Profit for the period	-	-	-	-	-	-	-	100.5	100.5
Other comprehensive income:									
Foreign currency translation differences	-	-	-	-	-	-	(25.6)	-	(25.6)
Remeasurement of the defined benefit pension plan	-	-	-	-	-	-	-	5.3	5.3
Tax on defined benefit pension plan	-	-	-	-	-	-	-	(1.0)	(1.0)
Total comprehensive income for the year	-	-	-	-	-	-	(25.6)	104.8	79.2
Dividends paid	-	-	-	-	-	-	-	(11.2)	(11.2)
Share-based payments	-	-	-	-	-	0.4	-	1.5	1.9
Tax on share-based payments	-	-	-	-	-	-	-	12.0	12.0
At 30 April 2014	55.3	3.6	0.9	90.7	(33.1)	(11.8)	(20.2)	739.0	824.4
Profit for the period	-	-	-	-	-	-	-	165.6	165.6
Other comprehensive income:									
Foreign currency translation differences	-	-	-	-	-	-	35.3	-	35.3
Total comprehensive income for the year	-	-	-	-	-	-	35.3	165.6	200.9
Dividends paid	-	-	-	-	-	-	-	(46.4)	(46.4)
Own shares purchased by the ESOT	-	-	-	-	-	(20.1)	-	-	(20.1)
Share-based payments	-	-	-	-	-	16.4	-	(14.5)	1.9
Tax on share-based payments	-	-	-	-	-	-	-	0.2	0.2
At 31 October 2014	55.3	3.6	0.9	90.7	(33.1)	(15.5)	15.1	843.9	960.9

CONSOLIDATED CASH FLOW STATEMENT FOR THE SIX MONTHS ENDED 31 OCTOBER 2014

	2014 £m	2013 £m
Cash flows from operating activities		
Cash generated from operations before exceptional items and changes in rental equipment	376.8	302.2
Exceptional operating costs paid	(0.4)	(1.3)
Payments for rental property, plant and equipment	(490.0)	(408.7)
Proceeds from disposal of rental property, plant and equipment	38.0	41.3
Cash used in operations	(75.6)	(66.5)
Financing costs paid (net)	(25.0)	(20.5)
Tax paid (net)	(31.2)	(9.2)
Net cash used in operating activities	(131.8)	(96.2)
Cash flows from investing activities		
Acquisition of businesses	(112.5)	(61.3)
Payments for non-rental property, plant and equipment	(44.3)	(44.2)
Proceeds from disposal of non-rental property, plant and equipment	4.3	4.1
Net cash used in investing activities	(152.5)	(101.4)
Cash flows from financing activities		
Drawdown of loans	784.5	264.9
Redemption of loans	(428.3)	(33.1)
Capital element of finance lease payments	(1.4)	(0.5)
Dividends paid	(46.4)	(30.1)
Purchase of own shares by the ESOT	(20.1)	(22.4)
Net cash from financing activities	288.3	178.8
Increase/(decrease) in cash and cash equivalents	4.0	(18.8)
Opening cash and cash equivalents	2.8	20.3
Effect of exchange rate difference	0.1	-
Closing cash and cash equivalents	6.9	1.5

Reconciliation of net debt

	2014 £m	2013 £m
(Increase)/decrease in cash in the period	(4.0)	18.8
Increase in debt through cash flow	354.8	231.3
Change in net debt from cash flows	350.8	250.1
Exchange differences	69.9	(37.3)
Debt acquired	-	1.2
Non-cash movements:		
- deferred costs of debt raising	0.6	1.2
- capital element of new finance leases	1.3	0.5
Increase in net debt in the period	422.6	215.7
Net debt at 1 May	1,148.6	1,014.1
Net debt at 31 October	1,571.2	1,229.8

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 six months ended, 31 October 2014 comprise the Company and its subsidiaries ('the Group').

The condensed consolidated interim financial statements for the six months ended 31 October 2014 were approved by the directors on 9 December 2014.

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 2014 were approved by the directors on 16 June 2014 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.

The condensed consolidated interim financial statements are unaudited but have been reviewed by the Group's auditors. Their report is on page 26.

2. Basis of preparation

The condensed consolidated interim financial statements for the six months ended 31 October 2014 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 2014, which were prepared in accordance with IFRS as adopted by the European Union.

The accounting policies applied in the condensed consolidated interim financial statements are consistent with those set out in the Group's Annual Report and Accounts for the year ended 30 April 2014. There are no new IFRS or IFRIC Interpretations that are effective for the first time for this interim period which have a material impact on the Group.

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 11), 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:

	2014	2013
Average for the three months ended 31 October	1.63	1.58
Average for the six months ended 31 October	1.66	1.56
At 30 April	1.69	1.56
At 31 October	1.60	1.61

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

3. Segmental analysis

	Revenue £m	Operating profit before amortisation £m	Amortisation £m	Operating profit £m
Three months to 31 October				
2014				
Sunbelt	445.0	147.8	(2.2)	145.6
A-Plant	84.4	16.0	(1.2)	14.8
Corporate costs	-	(2.7)	-	(2.7)
	529.4	161.1	(3.4)	157.7
2013				
Sunbelt	367.6	116.6	(1.4)	115.2
A-Plant	71.6	9.5	(1.0)	8.5
Corporate costs	-	(2.4)	-	(2.4)
	439.2	123.7	(2.4)	121.3
Six months to 31 October				
2014				
Sunbelt	821.7	269.9	(4.0)	265.9
A-Plant	165.6	29.7	(2.3)	27.4
Corporate costs	-	(5.0)	-	(5.0)
	987.3	294.6	(6.3)	288.3
2013				
Sunbelt	711.5	221.5	(2.7)	218.8
A-Plant	138.2	17.4	(1.8)	15.6
Corporate costs	-	(4.8)	-	(4.8)
	849.7	234.1	(4.5)	229.6

	Segment assets £m	Cash £m	Taxation assets £m	Total assets £m
At 31 October 2014				
Sunbelt	2,863.0	-	-	2,863.0
A-Plant	501.3	-	-	501.3
Corporate items	0.4	6.9	9.7	17.0
	3,364.7	6.9	9.7	3,381.3
At 30 April 2014				
Sunbelt	2,252.7	-	-	2,252.7
A-Plant	406.7	-	-	406.7
Corporate items	0.3	2.8	9.9	13.0
	2,659.7	2.8	9.9	2,672.4

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

4. Operating costs and other income

	2014			2013		
	Before amortisation £m	Amortisation £m	Total £m	Before amortisation £m	Amortisation £m	Total £m
Three months to 31 October						
Staff costs:						
Salaries	108.7	-	108.7	100.6	-	100.6
Social security costs	8.4	-	8.4	7.1	-	7.1
Other pension costs	2.0	-	2.0	1.7	-	1.7
	119.1	-	119.1	109.4	-	109.4
Used rental equipment sold	21.0	-	21.0	20.7	-	20.7
Other operating costs:						
Vehicle costs	31.3	-	31.3	28.5	-	28.5
Spares, consumables & external repairs	24.1	-	24.1	21.2	-	21.2
Facility costs	13.6	-	13.6	12.6	-	12.6
Other external charges	74.7	-	74.7	54.3	-	54.3
	143.7	-	143.7	116.6	-	116.6
Depreciation and amortisation:						
Depreciation	84.5	-	84.5	68.8	-	68.8
Amortisation of intangibles	-	3.4	3.4	-	2.4	2.4
	84.5	3.4	87.9	68.8	2.4	71.2
	368.3	3.4	371.7	315.5	2.4	317.9
Six months to 31 October						
Staff costs:						
Salaries	206.0	-	206.0	195.2	-	195.2
Social security costs	16.2	-	16.2	14.2	-	14.2
Other pension costs	4.0	-	4.0	3.6	-	3.6
	226.2	-	226.2	213.0	-	213.0
Used rental equipment sold	35.5	-	35.5	36.9	-	36.9
Other operating costs:						
Vehicle costs	59.9	-	59.9	56.1	-	56.1
Spares, consumables & external repairs	48.0	-	48.0	40.2	-	40.2
Facility costs	26.7	-	26.7	24.8	-	24.8
Other external charges	135.5	-	135.5	109.5	-	109.5
	270.1	-	270.1	230.6	-	230.6
Depreciation and amortisation:						
Depreciation	160.9	-	160.9	135.1	-	135.1
Amortisation of intangibles	-	6.3	6.3	-	4.5	4.5
	160.9	6.3	167.2	135.1	4.5	139.6
	692.7	6.3	699.0	615.6	4.5	620.1

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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 October		Six months to 31 October	
	2014	2013	2014	2013
	£m	£m	£m	£m
Amortisation of intangibles	3.4	2.4	6.3	4.5
Taxation	(1.2)	(0.8)	(2.1)	(1.5)
	2.2	1.6	4.2	3.0

6. Net financing costs

	Three months to 31 October		Six months to 31 October	
	2014	2013	2014	2013
	£m	£m	£m	£m
Investment income:				
Net interest on the net defined benefit asset	-	-	(0.1)	-
Interest expense:				
Bank interest payable	4.4	5.1	8.5	10.0
Interest payable on second priority senior secured notes	11.0	5.1	19.6	10.4
Interest payable on finance leases	-	-	0.1	0.1
Non-cash unwind of discount on provisions	0.3	0.2	0.4	0.2
Amortisation of deferred debt raising costs	0.3	0.5	0.6	1.1
Total interest expense	16.0	10.9	29.2	21.8
Net financing costs	16.0	10.9	29.1	21.8

7. Taxation

The tax charge for the period has been computed using an estimated effective rate for the year of 39% in the US (2013: 39%) and 21% in the UK (2013: 24%). The blended effective rate for the Group as a whole is 36% (2013: 37%).

The tax charge of £95.7m (2013: £78.6m) on the underlying pre-tax profit of £265.5m (2013: £212.3m) can be explained as follows:

	Six months to 31 October	
	2014	2013
	£m	£m
Current tax		
- current tax on income for the period	38.0	12.2
- adjustments to prior year	0.2	0.1
	38.2	12.3
Deferred tax		
- origination and reversal of temporary differences	57.7	66.1
- adjustments to prior year	(0.2)	0.2
	57.5	66.3
Tax on underlying activities	95.7	78.6

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

7. Taxation (continued)

	Six months to 31 October 2014 £m	Six months to 31 October 2013 £m
Comprising:		
- UK tax	8.7	6.8
- US tax	87.0	71.8
	95.7	78.6

In addition, the tax credit of £2.1m (2013: £1.5m) on amortisation of intangibles of £6.3m (2013: £4.5m) consists of a deferred tax credit of £0.5m relating to the UK (2013: £0.5m) and £1.6m (2013: £1.0m) relating to the US.

8. Earnings per share

Basic and diluted earnings per share for the three and six months ended 31 October 2014 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 October		Six months to 31 October	
		2014	2013	2014	2013
Profit for the financial period (£m)		90.9	70.0	165.6	130.7
Weighted average number of shares (m)	- basic	501.4	501.1	501.3	500.9
	- diluted	504.2	504.5	505.1	505.5
Basic earnings per share		18.1p	14.0p	33.0p	26.1p
Diluted earnings per share		18.0p	13.9p	32.8p	25.9p

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 October		Six months to 31 October	
	2014	2013	2014	2013
Basic earnings per share	18.1p	14.0p	33.0p	26.1p
Amortisation of intangibles	0.7p	0.4p	1.3p	0.8p
Tax on amortisation	(0.2p)	(0.1p)	(0.4p)	(0.2p)
Underlying earnings per share	18.6p	14.3p	33.9p	26.7p

9. Dividends

During the period, a final dividend in respect of the year ended 30 April 2014 of 9.25p (2013: 6.0p) per share was paid to shareholders costing £46.4m (2013: £30.1m). In addition, the directors are proposing an interim dividend in respect of the year ending 30 April 2015 of 3.0p per share (2013: 2.25p) to be paid on 4 February 2015 to shareholders on record on 16 January 2015.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

10. Property, plant and equipment

	2014		2013	
	Rental equipment	Total	Rental equipment	Total
Net book value	£m	£m	£m	£m
At 1 May	1,716.3	1,929.1	1,407.8	1,584.6
Exchange difference	78.1	87.0	(35.0)	(38.8)
Reclassifications	(0.4)	-	(0.4)	-
Additions	541.5	588.2	407.0	451.1
Acquisitions	42.0	48.1	34.8	35.4
Disposals	(35.4)	(38.5)	(34.9)	(38.3)
Depreciation	(141.6)	(160.9)	(119.5)	(135.1)
At 31 October	2,200.5	2,453.0	1,659.8	1,858.9

11. Borrowings

	31 October 2014	30 April 2014
	£m	£m
Current		
Finance lease obligations	1.9	2.2
Non-current		
First priority senior secured bank debt	699.8	609.5
Finance lease obligations	2.6	2.4
6.5% second priority senior secured notes, due 2022	566.8	537.3
5.625% second priority senior secured notes, due 2024	307.0	-
	1,576.2	1,149.2

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.

Under the terms of our asset-based senior bank facility, $2.0bn is committed until August 2018. The $900m 6.5% senior secured notes mature in July 2022, whilst the new $500m 5.625% senior secured notes mature in October 2024. Our debt facilities therefore remain committed for the long term, with an average of six years remaining. The weighted average interest cost of these facilities (including non-cash amortisation of deferred debt raising costs) is approximately 5%. The terms of the new $500m senior secured notes are similar to the existing $900m senior secured notes with financial performance covenants only measured at the time new debt is raised.

There are two financial performance covenants under the first priority senior bank facility:

- funded debt to LTM (last twelve months) EBITDA before exceptional items not to exceed 4.0 times; and
- a 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 times.

These covenants do not apply when excess availability (the difference between the lower of the facility size and the borrowing base and facility utilisation) exceeds $200m. At 31 October 2014, excess availability under the bank facility was $830m ($916m at 30 April 2014), with an additional $1,420m of suppressed availability, meaning that covenants were not measured at 31 October 2014 and are unlikely to be measured in forthcoming quarters.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

11. Borrowings (continued)

As a matter of good practice, we calculate the covenant ratios each quarter. At 31 October 2014, as a result of the significant investment in our rental fleet, the fixed charge ratio, as expected, did not meet the covenant requirement whilst the leverage ratio did so comfortably. The fact the fixed charge ratio is currently below 1.0 times does not cause concern given the strong availability and management's ability to flex capital expenditure downwards at short notice. Accordingly, the condensed consolidated interim financial statements are prepared on a going concern basis.

Fair value of financial instruments

At 31 October 2014, 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 £576m at 31 October 2014 (£547m at 30 April 2014), while the fair value was £620m (£593m at 30 April 2014). The carrying value of the second priority senior secured notes due 2024, excluding deferred debt raising costs, was £313m at 31 October 2014 (£nil at 30 April 2014) while the fair value was £326m (£nil at 30 April 2014). The fair value of the second priority senior secured notes has been calculated using the quoted market prices at 31 October 2014.

12. Share capital

Ordinary shares of 10p each:

	31 October 2014 Number	30 April 2014 Number	31 October 2014 £m	30 April 2014 £m
Authorised	900,000,000	900,000,000	90.0	90.0
Allotted, called up and fully paid	553,325,554	553,325,554	55.3	55.3

At 31 October 2014, 50m (2013: 50m) shares were held by the Company and a further 1.9m (2013: 2.2m) shares were held by the Company's Employee Share Ownership Trust.

13. Notes to the cash flow statement

	Six months to 31 October 2014 £m	Six months to 31 October 2013 £m
a) Cash flow from operating activities		
Operating profit before amortisation	294.6	234.1
Depreciation	160.9	135.1
EBITDA before exceptional items	455.5	369.2
Profit on disposal of rental equipment	(10.7)	(8.9)
Profit on disposal of other property, plant and equipment	(1.1)	(1.3)
Increase in inventories	(2.0)	(2.9)
Increase in trade and other receivables	(70.4)	(52.2)
Increase/(decrease) in trade and other payables	3.7	(3.0)
Exchange differences	(0.1)	(0.2)
Other non-cash movements	1.9	1.5
Cash generated from operations before exceptional items and changes in rental equipment	376.8	302.2

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

13. Notes to the cash flow statement (continued)

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 2014 £m	Exchange movement £m	Cash flow £m	Non-cash movements £m	31 October 2014 £m
Cash	(2.8)	(0.1)	(4.0)	-	(6.9)
Debt due within one year	2.2	-	(1.3)	1.0	1.9
Debt due after one year	1,149.2	70.0	356.1	0.9	1,576.2
Total net debt	1,148.6	69.9	350.8	1.9	1,571.2

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

c) Acquisitions

	Six months to 31 October	
	2014 £m	2013 £m
Cash consideration paid		
- acquisitions in the period	107.0	61.3
- deferred consideration	5.5	-
	112.5	61.3

During the period, ten acquisitions were made for a total cash consideration of £107m (2013: £61m), after taking account of net cash acquired of £0.6m. Further details are provided in note 14.

Payments for deferred consideration on prior year acquisitions were also made of £5.5m (2013: £nil).

14. Acquisitions

During the period, the following acquisitions were completed:

i) On 1 May 2014, Sunbelt acquired the entire issued share capital of Metrolift, Inc. ('Metrolift') for a cash consideration of £25m ($42m). Metrolift is a Chicago-based aerial work platform rental business.

ii) On 19 May 2014, Sunbelt acquired the business and assets of Northeast Equipment and Supply LLC, trading as Superior Heating Solutions ('Superior'), for a cash consideration of £2m ($4m). Superior is a Pennsylvania-based heating rental business.

iii) On 29 May 2014, Sunbelt acquired the business and assets of Nashville High Lift, LLC ('NHL') and Contractors Equipment, LLC ('CE') for an aggregate cash consideration of £5m ($8m). Deferred consideration of up to £0.3m ($0.5m) is payable over the next two years, depending on revenue meeting or exceeding certain thresholds. The business consisted of three aerial work platform and general tool locations in Tennessee.

14. Acquisitions (continued)

iv) On 1 August 2014, Sunbelt acquired the business and assets of Hebbronville Lone Star Rentals, LLC ('Lone Star') for an initial cash consideration of £21m ($36m) with deferred consideration of up to £10m ($16m), payable over the next three years, depending on revenue meeting or exceeding certain thresholds. Lone Star is a Texas-based eight location energy-related rental and service company.

v) On 1 September 2014, A-Plant acquired the business and assets of East Coast Construction Services (Hire) Limited ('ECCS') for a cash consideration of £0.7m. ECCS is a fusion and associated equipment rental and service company.

vi) On 5 September 2014, Sunbelt acquired the business and assets of ECM Energy Services, Inc. ('ECM') for a cash consideration of £19m ($31m). ECM is a four location, energy-related equipment rental business.

vii) On 26 September 2014, Sunbelt acquired the business and assets of Ventura Rental, Inc. and Renegade Rental Center, Inc. (together 'Ventura') for a cash consideration of £13m ($22m). Ventura is a California-based two location general tool business.

viii) On 2 October 2014, A-Plant acquired the business and assets in Scotland of Hy-Ram Engineering Company Limited ('Hy-Ram') for a cash consideration of £0.1m.

ix) On 16 October 2014, Sunbelt acquired the business and assets of Atlas Sales and Rentals, Inc. ('Atlas') for a cash consideration of £21m ($33m). Atlas is a 29 location business, specialising in permanent and temporary cooling and heating solutions, which operates across the US.

x) On 16 October 2014, Sunbelt acquired the business and assets of Gustafson Enterprises, Inc., trading as General Rental Center, for a cash consideration of £0.1m ($0.2m). General Rental Center is a one location general tool business in Florida.

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

	Acquirees' book value	Fair value to Group
	£m	£m
Net assets acquired		
Trade and other receivables	12.4	12.4
Inventory	0.8	0.8
Property, plant and equipment		
- rental equipment	40.4	42.0
- other assets	6.2	6.1
Creditors	(0.5)	(0.5)
Intangible assets (non-compete agreements and customer relationships)	-	17.5
	59.3	78.3
Consideration:		
- cash paid (net of cash acquired)		107.0
- deferred consideration payable in cash		9.3
		116.3
Goodwill		38.0

14. Acquisitions (continued)

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. £38m of the goodwill is expected to be deductible for income tax purposes.

The gross value and fair value of trade receivables at acquisition was £12m.

The contribution to revenue and operating profit from these acquisitions from the date of acquisition to 31 October 2014 was not material. On an annual basis they generate approximately £70m of revenue.

Had these acquisitions taken place on 1 May 2014 their contribution to revenue and operating profit would not have been material.

15. Contingent liabilities

There have been no significant changes in contingent liabilities from those reported in the financial statements for the year ended 30 April 2014.

16. Events after the balance sheet date

Since the balance sheet date the Group has completed three acquisitions as follows:

(i) On 3 November, we acquired the entire issued share capital of GWG Rentals, Ltd ('GWG') for an initial cash consideration of £16m (C$29m) with deferred consideration of up to £4m (C$7m) payable over the next three years depending on profitability. GWG is a six location equipment rental business based in Canada.

(ii) On 10 November, Sunbelt acquired the business and assets of Select Equipment, Inc. and High Lakes Leasing, LLC (together 'Select') for a cash consideration of £9m ($14m). Select is a one location business in Utah providing rental equipment to the oil and gas industry.

(iii) On 2 December, A-Plant acquired the business and assets of Balfour Beatty Equipment Services Limited for a cash consideration of £0.5m.

The initial accounting for these acquisitions is incomplete. Had these acquisitions taken place on 1 May 2014 their contribution to revenue and operating profit would not have been material.

REVIEW OF SECOND QUARTER BALANCE SHEET AND CASH FLOW

Second quarter

	Revenue		EBITDA		Operating profit	
	2014	2013	2014	2013	2014	2013
Sunbelt in $m	729.5	581.2	355.4	271.8	242.4	184.1
Sunbelt in £m	445.0	367.6	216.8	172.0	147.8	116.6
A-Plant	84.4	71.6	31.5	22.9	16.0	9.5
Group central costs	-	-	(2.7)	(2.4)	(2.7)	(2.4)
	529.4	439.2	245.6	192.5	161.1	123.7
Net financing costs					(16.0)	(10.9)
Profit before tax and amortisation					145.1	112.8
Amortisation					(3.4)	(2.4)
Profit before taxation					141.7	110.4
Margins						
Sunbelt			*48.7%*	*46.8%*	*33.2%*	*31.7%*
A-Plant			*37.3%*	*32.0%*	*18.9%*	*13.3%*
Group			*46.4%*	*43.8%*	*30.4%*	*28.2%*

Group revenue increased 21% to £529m in the second quarter (2013: £439m) with strong growth in both businesses. This revenue growth, combined with ongoing operational efficiency, generated underlying profit before tax of £145m (2013: £113m).

As for the half year, the Group's growth was driven by strong same store growth supplemented by greenfield openings and bolt-on acquisitions. Sunbelt's revenue growth for the quarter can be analysed as follows:

		$m
2013 rental only revenue		403
Same stores (in existence at 1 August 2013)	+19%	76
Bolt-ons and greenfields since 1 August 2013	+8%	33
2014 rental only revenue	+27%	512
Ancillary revenue	+28%	149
2014 rental revenue	+27%	661
Sales revenue		69
2014 total revenue		730

Our same-store growth of 19% is more than double that of the rental market as we continue to take market share. In addition, bolt-ons and greenfields have contributed a further 8% growth as we execute our long-term structural growth strategy of expanding our geographic footprint and our specialty businesses. Total rental only revenue growth of 27% consists of a 24% increase in fleet on rent and a net 2% improvement in yield.

A-Plant continues to perform well and delivered total rental revenue up 17% at £75m (2013: £64m) in the quarter. This consisted of 12% more fleet on rent and a 4% improvement in yield.

Group operating profit increased 30% to £161m (2013: £124m). Net financing costs increased to £16m (2013: £11m) reflecting the higher level of debt in the period and a higher proportion of longer term fixed rate debt. As a result, Group profit before amortisation and taxation was £145m (2013: £113m). After amortisation of £3m, the statutory profit before taxation was £142m (2013: £110m).

Balance sheet

Fixed assets

Capital expenditure in the first half totalled £588m (2013: £451m) with £542m invested in the rental fleet (2013: £407m). Expenditure on rental equipment was 92% of total capital expenditure with the balance relating to the delivery vehicle fleet, property improvements and IT equipment. Capital expenditure by division was:

	2014			2013
	Replacement	Growth	Total	Total
Sunbelt in $m	160.6	534.7	695.3	552.7
Sunbelt in £m	100.4	334.2	434.6	344.0
A-Plant	20.4	86.5	106.9	63.0
Total rental equipment	120.8	420.7	541.5	407.0
Delivery vehicles, property improvements & IT equipment			46.7	44.1
Total additions			588.2	451.1

In a strong US rental market, $535m of rental equipment capital expenditure was spent on growth while $161m 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 October 2014 was 26 months (2013: 29 months) on a net book value basis. Sunbelt's fleet had an average age of 25 months (2013: 27 months) while A-Plant's fleet had an average age of 29 months (2013: 35 months).

	Rental fleet at original cost			LTM rental	LTM dollar	LTM physical
	31 Oct 2014	30 April 2014	LTM average	revenue	utilisation	utilisation
Sunbelt in $m	4,241	3,596	3,670	2,222	61%	71%
Sunbelt in £m	2,651	2,130	2,294	1,341	61%	71%
A-Plant	534	446	468	266	57%	71%
	3,185	2,576	2,762	1,607		

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 October 2014, remained constant at 61% at Sunbelt (2013: 61%) and rose to 57% at A-Plant (2013: 54%). 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 October 2014, average physical utilisation at Sunbelt was 71% (2013: 72%) and 71% at A-Plant (2013: 71%). At Sunbelt, physical utilisation is measured for equipment with an original cost in excess of $7,500 which comprised approximately 89% of its fleet at 31 October 2014.

Trade receivables

Receivable days at 31 October 2014 were 48 days (2013: 45 days). The bad debt charge for the six months ended 31 October 2014 as a percentage of total turnover was 0.6% (2013: 0.6%). Trade receivables at 31 October 2014 of £314m (2013: £234m) are stated net of allowances for bad debts and credit notes of £20m (2013: £18m) with the allowance representing 6.0% (2013: 7.3%) of gross receivables.

Trade and other payables

Group payable days were 62 days in 2014 (2013: 68 days) with capital expenditure related payables, which have longer payment terms, totalling £202m (2013: £138m). 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

	Six months to 31 October		LTM to 31 October	Year to 30 April
	2014	2013	2014	2014
	£m	£m	£m	£m
EBITDA before exceptional items	455.5	369.2	771.4	685.1
Cash inflow from operations before exceptional items and changes in rental equipment	376.8	302.2	720.1	645.5
*Cash conversion ratio**	*82.7%*	*81.9%*	*93.3%*	*94.2%*
Replacement rental capital expenditure	(127.5)	(144.1)	(233.0)	(249.6)
Payments for non-rental capital expenditure	(44.3)	(44.2)	(85.4)	(85.3)
Rental equipment disposal proceeds	38.0	41.3	87.1	90.4
Other property, plant and equipment disposal proceeds	4.3	4.1	11.7	11.5
Tax (net)	(31.2)	(9.2)	(36.9)	(14.9)
Financing costs	(25.0)	(20.5)	(45.0)	(40.5)
Cash inflow before growth capex and payment of exceptional costs	**191.1**	**129.6**	**418.6**	**357.1**
Growth rental capital expenditure	(362.5)	(264.6)	(503.5)	(405.6)
Exceptional costs	(0.4)	(1.3)	(1.3)	(2.2)
Total cash used in operations	**(171.8)**	**(136.3)**	**(86.2)**	**(50.7)**
Business acquisitions	(112.5)	(61.3)	(154.5)	(103.3)
Total cash absorbed	**(284.3)**	**(197.6)**	**(240.7)**	**(154.0)**
Dividends	(46.4)	(30.1)	(57.6)	(41.3)
Purchase of own shares by the ESOT	(20.1)	(22.4)	(20.1)	(22.4)
Increase in net debt	**(350.8)**	**(250.1)**	**(318.4)**	**(217.7)**

* 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 £377m. Reflecting a higher level of working capital due to higher activity levels, the first half cash conversion ratio was 83% (2013: 82%). As the year progresses, we anticipate that these seasonal impacts on working capital will substantially reverse.

Total payments for capital expenditure (rental equipment and other PPE) in the first half were £534m (2013: £453m). Disposal proceeds received totalled £42m, giving net payments for capital expenditure of £492m in the period (2013: £408m). Financing costs paid totalled £25m (2013: £21m) while tax payments were £31m (2013: £9m). The increase in tax payments reflects the utilisation of brought forward tax losses during the year. Financing costs paid 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 first half the Group generated £191m (2013: £130m) of net cash before discretionary investments made to enlarge the size and hence earning capacity of its rental fleet and on acquisitions. After growth investment, payment of exceptional costs (closed property costs) and acquisitions, there was a net cash outflow of £284m (2013: £198m).

Net debt

	31 October 2014 £m	31 October 2013 £m	30 April 2014 £m
First priority senior secured bank debt	699.8	922.1	609.5
Finance lease obligations	4.5	4.0	4.6
6.5% second priority senior secured notes, due 2022	566.8	305.2	537.3
5.625% second priority senior secured notes, due 2024	307.0	-	-
	1,578.1	1,231.3	1,151.4
Cash and cash equivalents	(6.9)	(1.5)	(2.8)
Total net debt	1,571.2	1,229.8	1,148.6

Net debt at 31 October 2014 was £1,571m with the increase since 30 April 2014 reflecting principally the net cash outflow set out above and exchange rate fluctuations. The Group's EBITDA for the twelve months ended 31 October 2014 was £771m and the ratio of net debt to EBITDA was therefore 2.0 times at 31 October 2014 (2013: 2.1 times) on a constant currency basis and 2.0 times (2013: 2.0 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 unchanged from those detailed in the 2014 Annual Report and Accounts on pages 20 to 27. 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 October 2014, 97% of its debt was denominated in US 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 October 2014, dollar-denominated debt represented approximately 71% 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 October 2014, a 1% change in the US dollar exchange rate would impact pre-tax profit by approximately £4m.

OPERATING STATISTICS

	Number of rental stores			Staff numbers		
	31 October 2014	31 October 2013	30 April 2014	31 October 2014	31 October 2013	30 April 2014
Sunbelt	493	407	425	8,459	7,325	7,562
A-Plant	129	121	131	2,496	2,220	2,361
Corporate office	-	-	-	11	11	11
Group	622	528	556	10,966	9,556	9,934

Sunbelt's rental store number includes 30 Sunbelt at Lowes stores at 31 October 2014 (2013: 30).

INDEPENDENT REVIEW REPORT TO THE BOARD OF DIRECTORS OF ASHTEAD GROUP PLC

We have been engaged by the Company to review the condensed consolidated interim financial statements for the six months ended 31 October 2014 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated cash flow statement and related notes 1 to 16. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed consolidated interim financial statements.

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the Company those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with IFRS as adopted by the European Union and issued by the IASB. The condensed consolidated interim financial statements included in this half-yearly financial report have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed consolidated interim financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements for the six months ended 31 October 2014 are not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Deloitte LLP — Chartered Accountants and Statutory Auditor
London — 9 December 2014