Responsible investment in growth

First quarter results | 31 July 2014

Issued: 3 September 2014

Ashtead group

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Overview

- Strong momentum continues in the business with rental revenue growth[1] of 22% in the quarter
- Record Q1 pre-tax profit of £120m (2013: £99m)
- Group EBITDA margin rises to 46% (2013: 43%)
- Group RoI of 19% (2013: 17%)
- Net debt to EBITDA leverage[1] of 1.9 times (2013: 2.0 times)
- Increased capital expenditure guidance in the range of £825m to £875m for the year
- We now anticipate a full year result ahead of our previous expectations

[1] At constant exchange rates

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Suzanne Wood

Finance director

Q1 Group revenue and profit

(£m)	Q1 2014	Q1 2013	Q1 Change[1]
Revenue	**458**	**411**	**+21%**
- of which rental	418	373	+22%
Operating costs	(248)	(234)	+15%
EBITDA	**210**	**177**	**+30%**
Depreciation	(77)	(67)	+25%
Operating profit	**133**	**110**	**+33%**
Net interest	(13)	(11)	+32%
Profit before tax and amortisation	**120**	**99**	**+33%**
Earnings per share (p)	**15.3**	**12.4**	**+36%**
Margins			
- EBITDA	*46%*	*43%*	
- Operating profit	*29%*	*27%*	

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

Q1 Sunbelt revenue and profit

	Q1		
($m)	2014	2013	Change
Revenue	**638**	**526**	**+21%**
- of which rental	586	479	+22%
Operating costs	(327)	(283)	+16%
EBITDA	**311**	**243**	**+28%**
Depreciation	(104)	(82)	+26%
Operating profit	**207**	**161**	**+29%**
Margins			
- EBITDA	*49%*	*46%*	
- Operating profit	*32%*	*31%*	

1 The results in the table above are the Group's underlying results and are stated before intangible amortisation

Q1 A-Plant revenue and profit

	Q1		
(£m)	2014	2013	Change
Revenue	**81**	**67**	**+22%**
- of which rental	72	61	+19%
Operating costs	(52)	(47)	+13%
EBITDA	**29**	**20**	**+41%**
Depreciation	(15)	(12)	+20%
Operating profit	**14**	**8**	**+74%**
Margins			
- EBITDA	*35%*	*31%*	
- Operating profit	*17%*	*12%*	

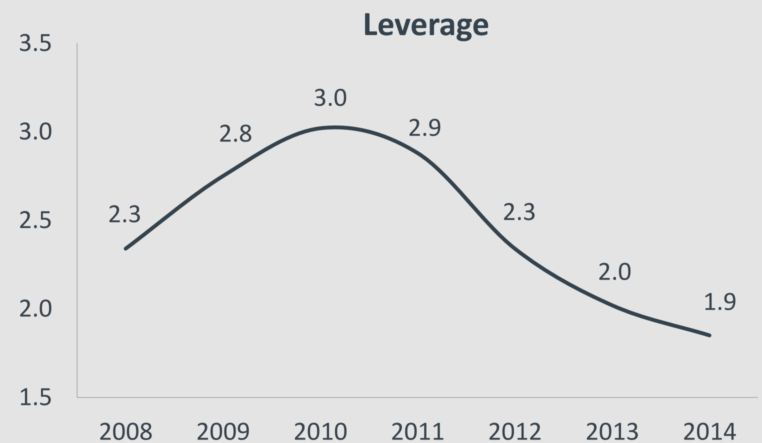
1 The results in the table above are the Group's underlying results and are stated before intangible amortisation

Net debt and leverage

Net debt to EBITDA continues to reduce as we invest in the fleet

(£m)	July 2014	July 2013
Net debt at 30 April	**1,149**	**1,014**
Translation impact	1	28
Opening debt at closing exchange rates	**1,150**	**1,042**
Change from cash flows	149	143
Non-cash movements	1	2
Net debt at period end	**1,300**	**1,187**
Comprising:		
First lien senior secured bank debt	762	865
Second lien secured notes	537	323
Finance lease obligations	5	3
Cash in hand	(4)	(4)
Total net debt	**1,300**	**1,187**
Net debt to EBITDA leverage* (x)	**1.9**	**2.0**

*At constant exchange rates



At constant (July 2014) exchange rates

Interest

Floating rate: 58%

Fixed rate: 42%

Geoff Drabble

Chief executive

Strong revenue performance in Sunbelt as we capitalise on a recovering market and execute structural growth strategy

		($m)
2013 rental only revenue		371
Same store growth	+17%	61
Bolt-ons and greenfields	+7%	27
2014 rental only revenue	+24%	459
Ancillary revenue	+18%	127
2014 rental revenue	+22%	586
Sales revenue		52
2014 total revenue		638

- Recovering market (circa +8%)
- Strong same store market share gains
- Good pipeline for further structural growth through greenfields and bolt-ons

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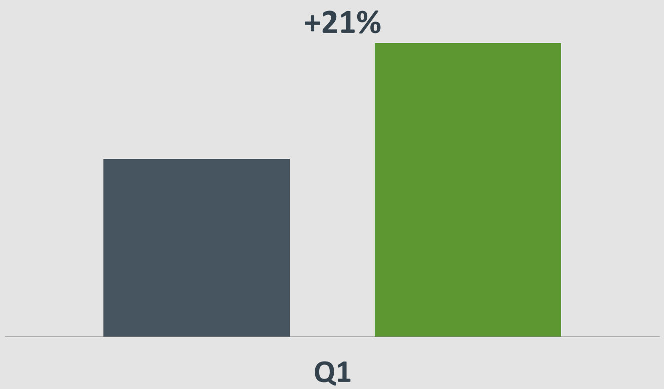
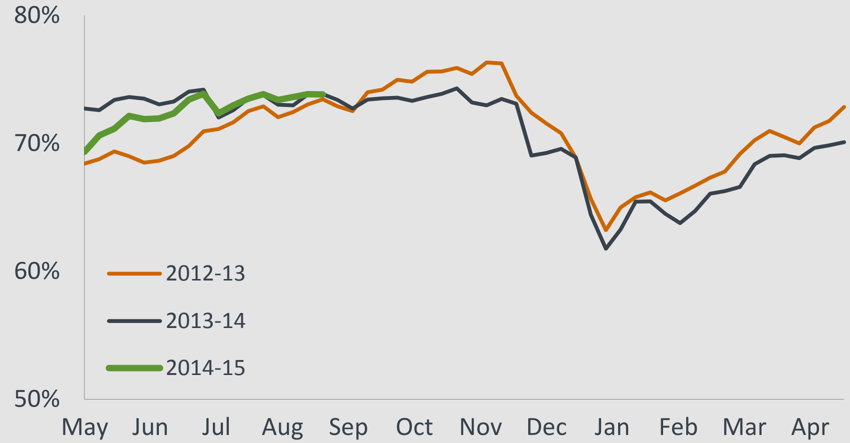
Sunbelt revenue drivers – rental only

Continuation of strong performance

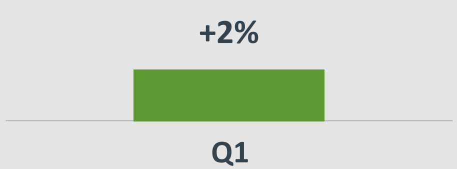
Average fleet on rent



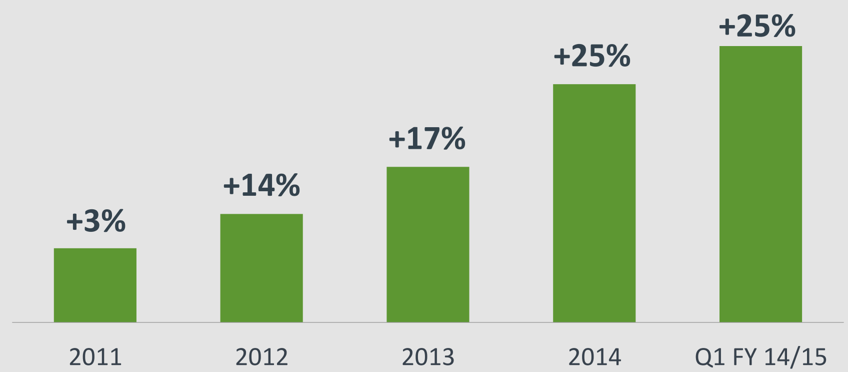
Physical utilisation



Year over year change in yield



Fleet size and growth



Capital update

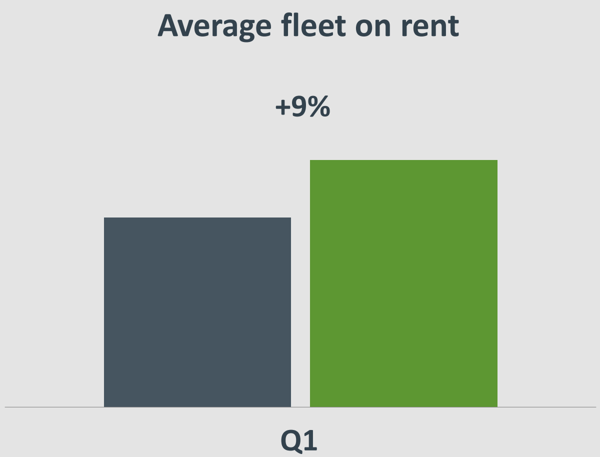
Strong demand reflected in fleet investment

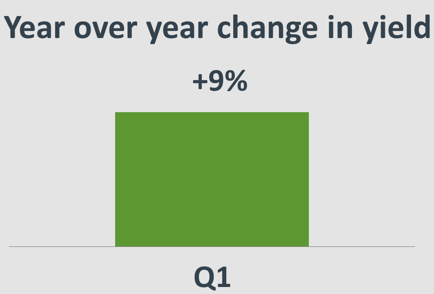
	Prior year			Current year			
	Q4	Q1	Total	Q4	Q1	Total	Change %
Sunbelt ($m)	213	367	580	291	379	670	+16%
Sunbelt (£m)	144	242	386	160	225	385	
A-Plant	10	36	46	17	59	76	+65%
Total	**154**	**278**	**432**	**177**	**284**	**461**	

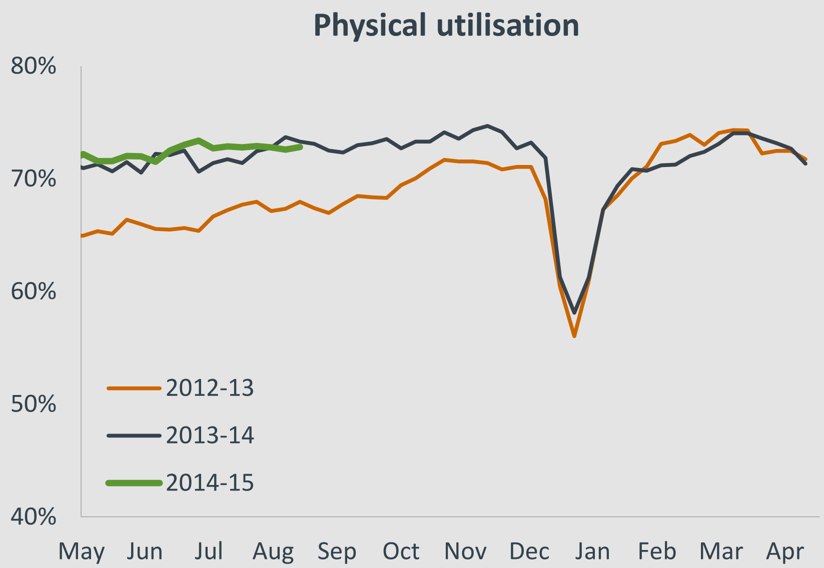
- Large Q4 spend well timed given strength of market
- Further fleet required to support recovering markets and share gains
- Full year capital guidance revised up to between £825m and £875m

A-Plant revenue drivers

Growth momentum continues







Summary

- Another strong quarter in both Sunbelt and A-Plant
- Revenue remains the key driver as we continue to capitalise on;
  - Recovering markets
  - Market share gains
  - Structural growth opportunities
- Confidence in outlook reflected in increased fleet investment
- Discipline on leverage reconfirmed – “responsible growth”
- We now anticipate a full year result ahead of our previous expectations

Appendices

Divisional performance – Q1

	Revenue			EBITDA			Profit		
	2014	2013	Change[1]	2014	2013	Change[1]	2014	2013	Change[1]
Sunbelt ($m)	638	526	+21%	311	243	+28%	207	161	+29%
Sunbelt (£m)	377	344	+10%	183	159	+16%	121	104	+16%
A-Plant	81	67	+22%	29	20	+41%	14	8	+74%
Group central costs	-	-		(2)	(2)	-4%	(2)	(2)	-4%
	458	**411**	**+12%**	**210**	**177**	**+19%**	**133**	**110**	**+21%**
Net financing costs							(13)	(11)	+20%
Profit before tax and amortisation							**120**	**99**	**+21%**
Amortisation							(3)	(2)	+36%
Profit before taxation							**117**	**97**	**+21%**
Taxation							(42)	(36)	+17%
Profit after taxation							**75**	**61**	**+23%**
Margins									
- Sunbelt				*49%*	*46%*		*32%*	*31%*	
- A-Plant				*35%*	*31%*		*17%*	*12%*	
- Group				*46%*	*43%*		*29%*	*27%*	

1. As reported

Divisional performance – LTM

	Revenue			EBITDA			Profit		
	2014	2013	Change[1]	2014	2013	Change[1]	2014	2013	Change[1]
Sunbelt ($m)	2,301	1,914	+20%	1,056	801	+32%	677	499	+36%
Sunbelt (£m)	1,399	1,224	+14%	641	513	+25%	411	320	+29%
A-Plant	283	223	+27%	87	63	+37%	31	17	+84%
Group central costs	-	-		(10)	(10)	+3%	(10)	(10)	+3%
	1,682	**1,447**	**+16%**	**718**	**566**	**+27%**	**432**	**327**	**+32%**
Net financing costs							(49)	(43)	+15%
Profit before tax, exceptionals and amortisation							**383**	**284**	**+35%**
Exceptionals and amortisation							(6)	(7)	-6%
Profit before taxation							**377**	**277**	**+36%**
Taxation							(132)	(101)	+30%
Profit after taxation							**245**	**176**	**+39%**
Margins									
- Sunbelt				*46%*	*42%*		*29%*	*26%*	
- A-Plant				*31%*	*28%*		*11%*	*8%*	
- Group				*43%*	*39%*		*26%*	*23%*	

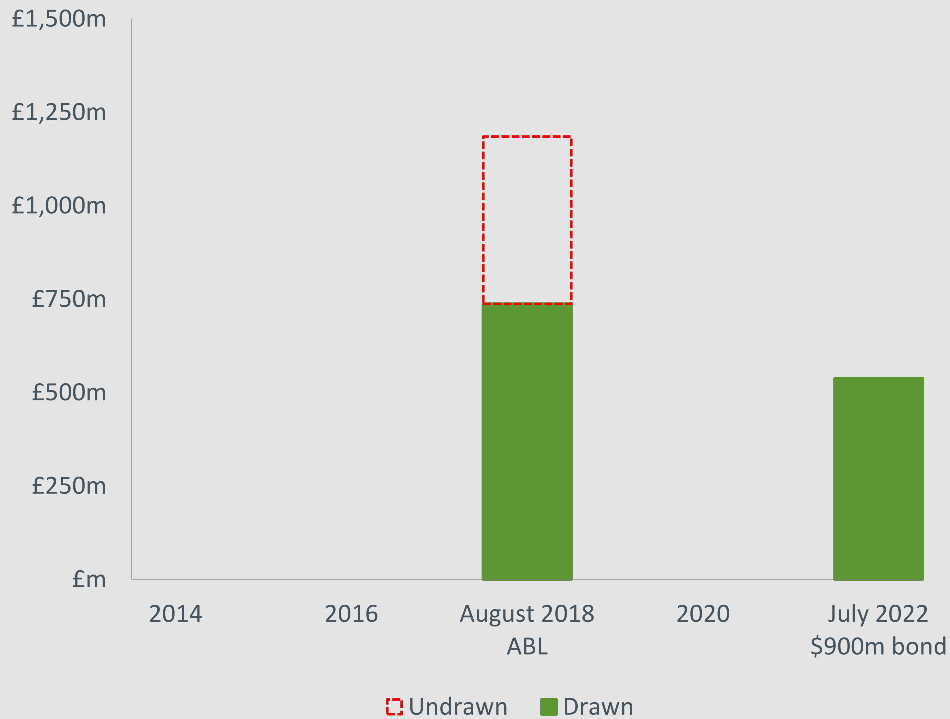
1. As reported

Cash flow funds organic fleet growth

(£m)	LTM July 14	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
EBITDA before exceptional items	**718**	**685**	**519**	**381**	**284**	**255**	**359**	**380**	**310**	**225**	**170**	**147**	**150**
EBITDA margin	43%	42%	38%	34%	30%	30%	33%	38%	35%	35%	32%	29%	28%
Cash inflow from operations before fleet changes and exceptionals	**672**	**646**	**501**	**365**	**280**	**266**	**374**	**356**	**319**	**215**	**165**	**140**	**157**
Cash conversion ratio	94%	94%	97%	96%	99%	104%	104%	94%	97%	96%	97%	95%	105%
Replacement capital expenditure	(328)	(335)	(329)	(273)	(203)	(43)	(236)	(231)	(245)	(167)	(101)	(83)	(89)
Disposal proceeds	97	102	96	90	60	31	92	93	78	50	36	32	29
Interest and tax	(63)	(56)	(48)	(57)	(71)	(54)	(64)	(83)	(69)	(41)	(31)	(33)	(40)
Growth capital expenditure	(458)	(406)	(254)	(135)	-	-	-	(120)	(63)	(63)	(10)	-	(18)
Dividends paid	(41)	(41)	(20)	(15)	(15)	(13)	(13)	(10)	(7)	(2)	-	-	(9)
Cash available to fund debt pay down or M&A	**(121)**	**(90)**	**(54)**	**(25)**	**51**	**187**	**153**	**5**	**13**	**(8)**	**59**	**56**	**30**

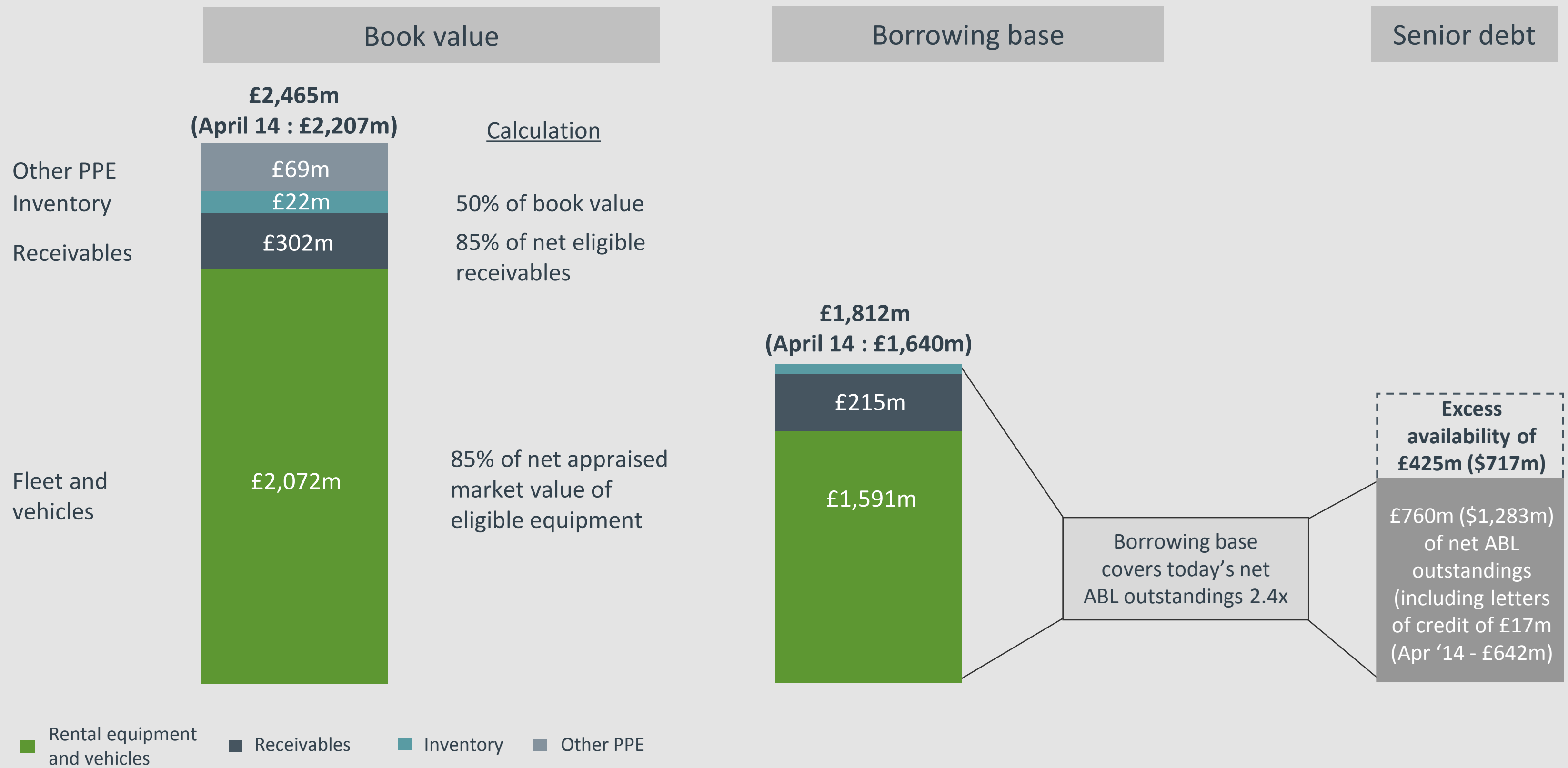
- Healthy EBITDA margins ensure significant top line cash generation throughout the cycle

Robust debt structure with substantial capacity to fund further growth



- 6 year average remaining commitment
- No amortisation
- No financial monitoring covenants
  - whilst availability exceeds $200m (July 2014 : $717m)

$717m of availability at 31 July 2014



- Borrowing base reflects July 2013 asset values

Debt and covenants

Debt

Facility	Interest rate	Maturity
$2bn first lien revolver	LIBOR +175-225bp	August 2018
$900m second lien notes	6.5%	July 2022
Capital leases	~7%	Various

Ratings

	S&P	Moody's
Corporate family	BB	Ba2
Second lien	BB-	B1

Availability

- Covenants are not measured if availability is above $200m

Leverage covenant

- Gross funded debt to EBITDA cannot exceed 4.0x
- EBITDA is measured before one time items and at constant exchange rates
- 1.9x at July 2014

Fixed charge coverage covenant

- EBITDA less net cash capex to interest paid, tax paid, dividends paid and debt amortisation must equal or exceed 1.0x
- Less than 1.0x at July 2014

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