REVENUE (£M)

£5,054m

2020	5,054
2019	4,500
2018	3,706
2017	3,187
2016	2,546

UNDERLYING PROFIT BEFORE TAXATION (£M)

£1,061m

2020	1,061
2019	1,110
2018	927
2017	793
2016	645

UNDERLYING EPS (P)

175.0p

2020	175.0
2019	174.2
2018	127.5
2017	104.3
2016	85.1

PROFIT BEFORE TAXATION (£M)

£983m

2020	983
2019	1,059
2018	862
2017	765
2016	617

EPS (P)

162.1p

2020	162.1
2019	166.1
2018	195.3
2017	100.5
2016	81.3

OUR GROUP AT A GLANCE

AN INTERNATIONAL NETWORK OF EQUIPMENT SOLUTIONS AND SERVICES

Ashtead is an international equipment rental company, trading under the Sunbelt Rentals brand, with national networks in the US, Canada and the UK. We rent a full range of construction, industrial and general equipment across a wide variety of applications to a diverse customer base.

OUR PURPOSE

To provide a reliable alternative to ownership for our customers while delivering sustainable value and above average performance across the cycle for our stakeholders.

→ See more on page 24

OUR STRATEGY

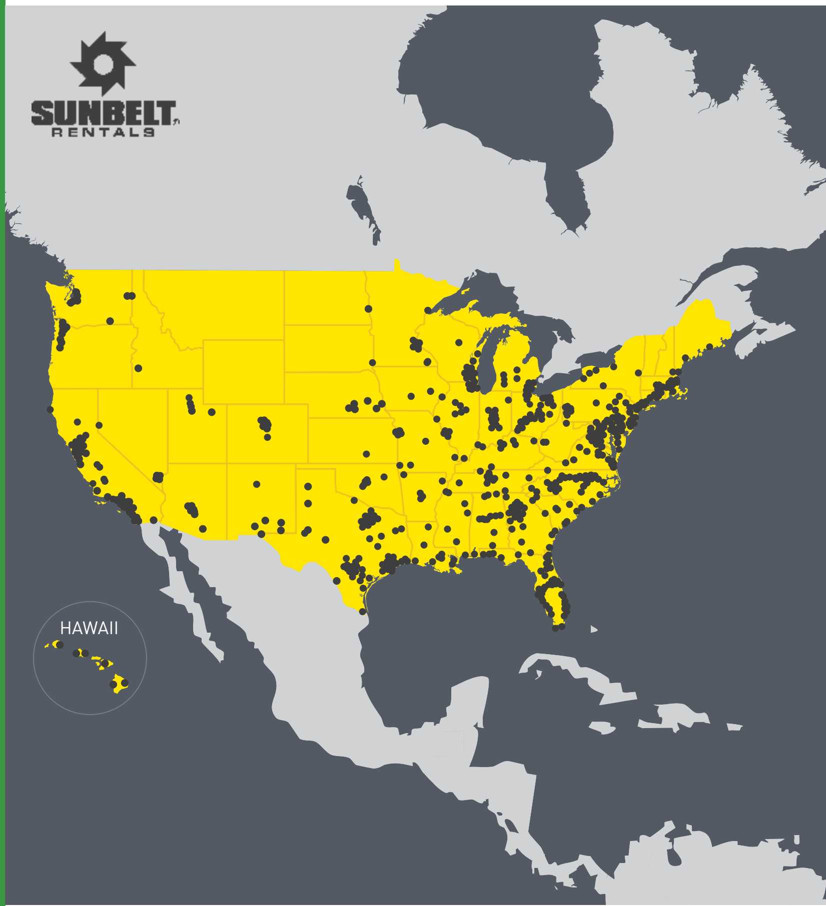
- Build a platform for growth
- Operational excellence
- Maintain financial and operational flexibility

→ See more on page 28

OUR CULTURE

- Safety is our top priority
- Making it happen
- Very best levels of customer service
- Innovation through new products and markets

→ See more on page 48



US

The second largest equipment rental company in the US with 837 stores

REVENUE
$5,490m

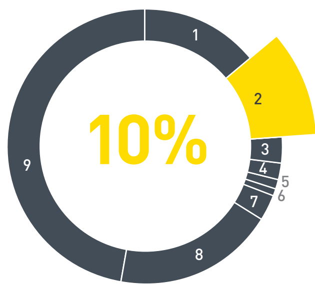
SEGMENT RESULT
$1,560m

RETURN ON INVESTMENT[1]
21%

STORES
837

EMPLOYEES
14,048

FLEET SIZE
$10,102m



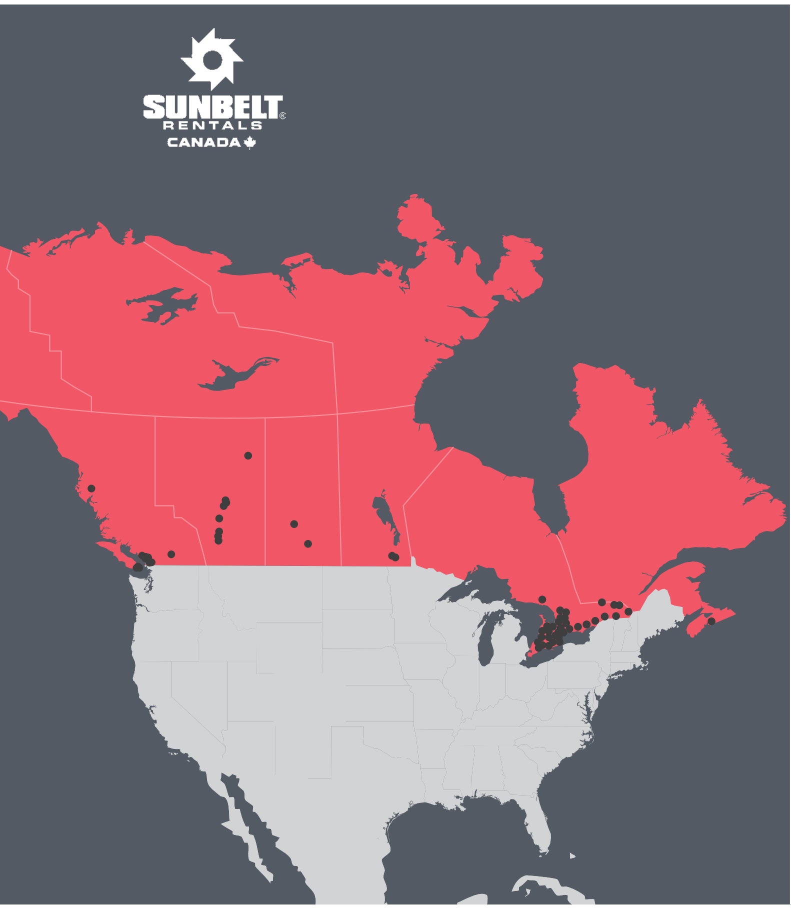
MARKET SHARE[2]

1	United Rentals	14%
2	**Sunbelt**	**10%**
3	Herc Rentals	3%
4	Home Depot	2%
5	H&E	1%
6	Ahern	1%
7	Top 7–10	3%
8	Top 11–100	c.19%
9	Others	c.47%

FLEET COMPOSITION[3]

34% Aerial work platforms
21% Forklifts
13% Earth moving
11% Pump and power
2% Scaffold
19% Other

1 Excluding goodwill and intangible assets.
2 Source: Management estimate based on IHS Markit market estimates.
3 Source: Management information.



CANADA

Market share of 5% in Canada with 75 stores.

REVENUE
C$421m

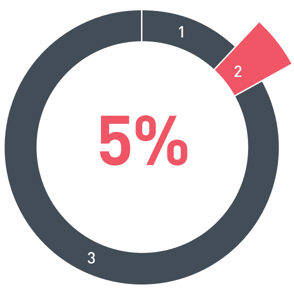
SEGMENT RESULT
C$54m

RETURN ON INVESTMENT[1]
9%

STORES
75

EMPLOYEES
1,506

FLEET SIZE
C$921m



MARKET SHARE[2]

1	United Rentals	12%
2	**Sunbelt**	**5%**
3	Others	83%

UK

The largest equipment rental company in the UK with 193 stores.

REVENUE
£469m

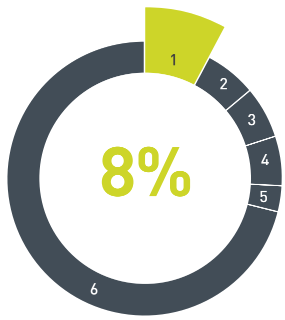
SEGMENT RESULT
£36m

RETURN ON INVESTMENT[1]
5%

STORES
193

EMPLOYEES
3,712

FLEET SIZE
£874m

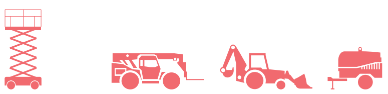


MARKET SHARE[2]

1	**Sunbelt***	**8%**
2	HSS	6%
3	Speedy	6%
4	VP	6%
5	GAP	3%
6	Others	71%

* The UK business was rebranded Sunbelt Rentals on 1 June 2020.

FLEET COMPOSITION[3]



31%	10%	15%	8%	36%
Aerial work platforms	Forklifts	Earth moving	Pump and power	Other

FLEET COMPOSITION[3]

11%	10%	14%	15%	4%	3%	2%	12%	29%
Aerial work platforms	Forklifts	Earth moving	Accomm-odation	Pump and power	Acrow	Traffic	Panels, fencing and barriers	Other

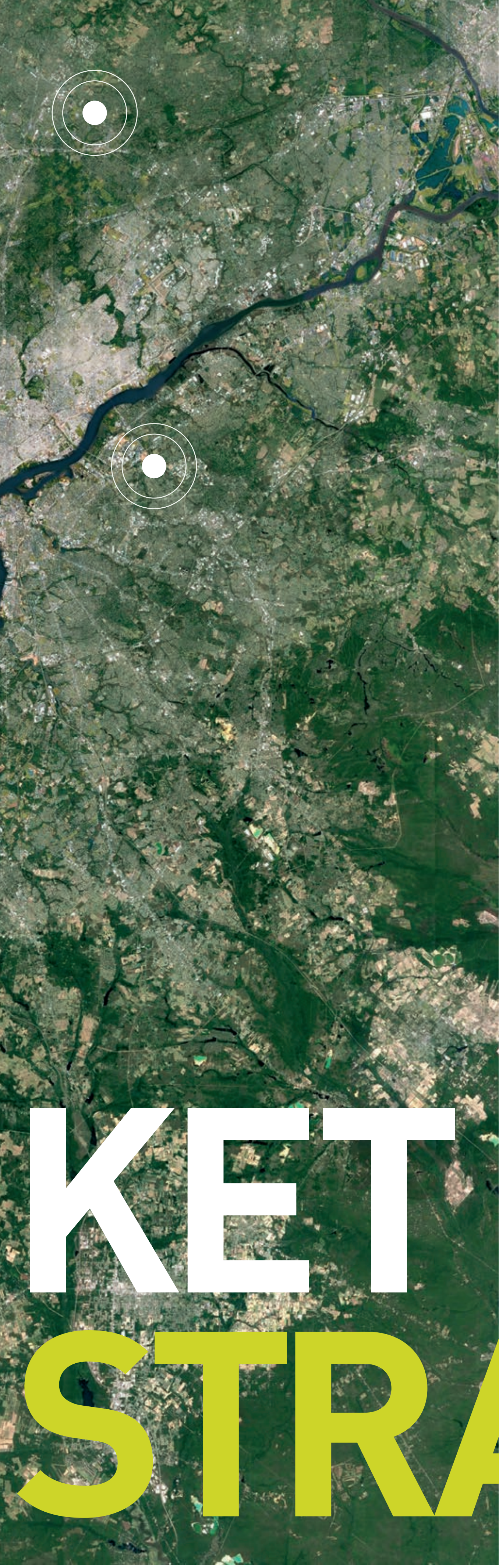
CASE STUDY

PHILADELPHIA, PENNSYLVANIA

Philadelphia is a great example of why our cluster strategy helps us outperform the market. When times are good, clusters help us generate growth. Under stress, they enable us to remain resilient because of the availability of our diverse product offering. In March 2020, construction stopped completely in the Philadelphia area due to COVID-19. But our business only decreased 40% in that period reflecting the breadth of our customer base and the high demand for our extensive product portfolio and has now returned to pre COVID-19 levels.

Our cluster approach is an important aspect of building a broad platform for growth. Our greenfield sites are chosen carefully to enhance our existing business and we focus on building clusters of stores to meet the multiple needs of our customers.

OUR MAR
CLUSTER



KET STRATEGY

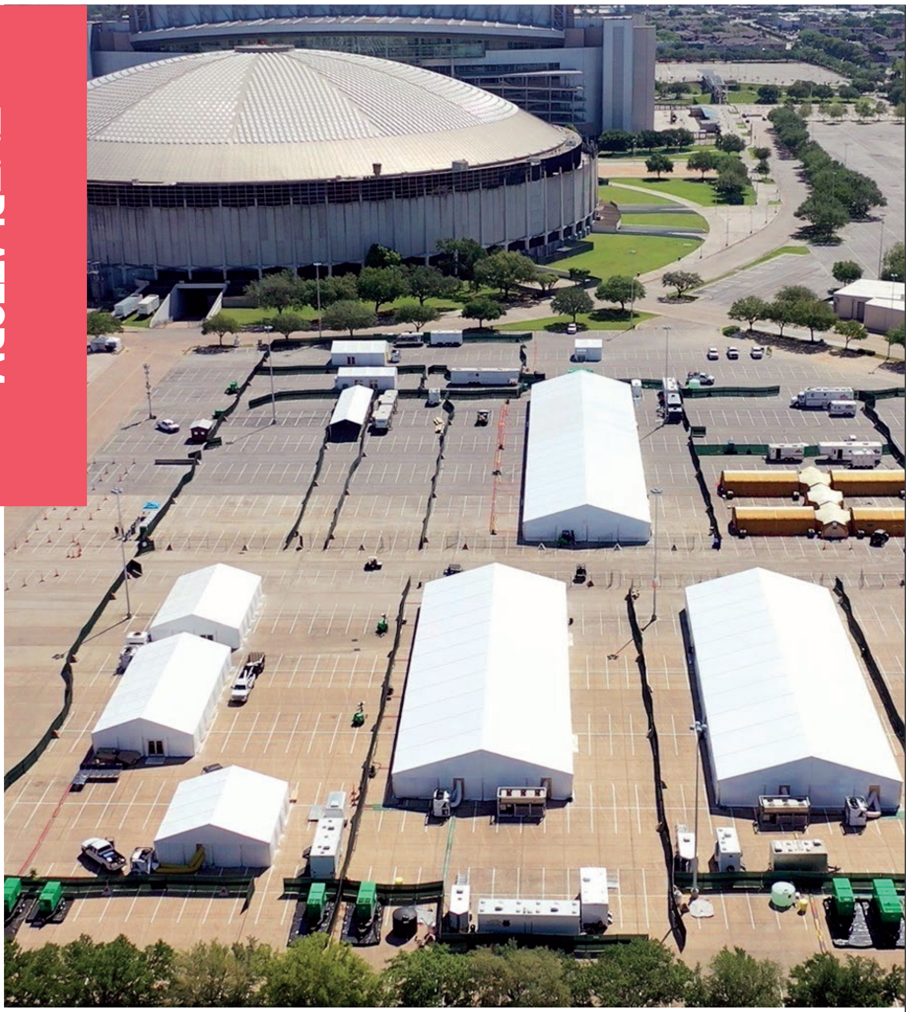
LOCAL HUSTLE, NATIONAL MUSCLE

Our cluster strategy is a huge source of competitive advantage. As we increase our cluster in any one geography, we grow our end market. We offer a wide range of products in close proximity to customers. They have no need to go elsewhere to fill their equipment needs. The interaction of the stores in a cluster is also what makes the difference. We find that having a blend of large and smaller general tool stores with the addition of a broad offering of specialty stores differentiates us from the competitors and expands our end markets, making it the optimal operating model.

1,105

RENTAL STORES

THE PLATFORM



FACILITIES MAINTENANCE AND MUNICIPALITIES

- OFFICE COMPLEXES
- APARTMENT COMPLEXES
- GOVERNMENT
- HOSPITALS
- DATA CENTRES
- PARKS AND RECREATION DEPARTMENTS
- SCHOOLS AND UNIVERSITIES
- SHOPPING CENTRES
- PAVEMENT/KERB REPAIRS
- GOLF COURSE MAINTENANCE

THE CHANGING FACE OF OUR CUSTOMERS

Our markets continue to broaden, with a growing diversity of end markets choosing our solutions.

SPECIALTY BUSINESS EVOLUTION

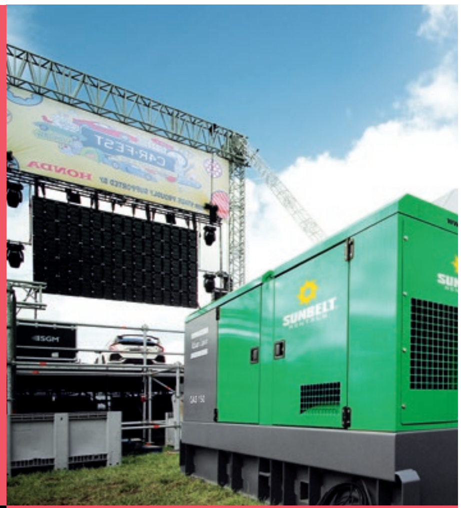
When we first started out, the majority of our business came from the construction industry. We have worked hard to expand the market sectors and applications that now rely on renting equipment rather than owning it. Our specialty businesses, such as Climate Control, Power & HVAC, Pump Solutions, Ground Protection and Flooring Solutions, are an ever-growing part of our business. These specialty businesses enable us to broaden the customer base and extend our end market reach, including facility maintenance, special events, emergency response and air quality/climate control. This all adds to our growth in good markets and helps us mitigate declining revenues from a construction downturn or in a recession.

43bn+

BTU/HR OF HEATING DELIVERED

CONSTRUCTION

- AIRPORTS
- HIGHWAYS AND BRIDGES
- OFFICE BUILDINGS
- DATA CENTRES
- SCHOOLS AND UNIVERSITIES
- SHOPPING CENTRES
- RESIDENTIAL
- REMODELLING



EMERGENCY RESPONSE

- FIRE
- HURRICANES
- FLOODING
- TORNADOES
- WINTER STORMS
- RESIDENTIAL EMERGENCIES
- COVID-19
- ALTERNATIVE CARE FACILITIES
- POINTS OF DISTRIBUTION
- MOBILE TESTING FACILITIES

ENTERTAINMENT AND SPECIAL EVENTS

- NATIONAL EVENTS
- CONCERTS
- SPORTING EVENTS
- FILM/TV PRODUCTION
- THEME PARKS
- FESTIVALS
- FARMERS' MARKETS
- LOCAL 5K RUNS
- CYCLE RACES

CASE STUDY
SAFER, CLEANER DEWATERING

We provided a safer, cleaner, explosion-proof electric pumping solution to a Colorado wellhead that had experienced a fire that burned down a rig due to the operator's faulty diesel-powered generator. This proved so successful on the first two sites, the customer ordered another five more which are on rent permanently.

CASE STUDY
SUPPORTING THE ALEXANDER HAMILTON BRIDGE

We provided engineering design services and standardised modular towers to support the ramps leading onto the Alexander Hamilton Bridge in New York, while a major reconstruction project took place. Each tower needed to withstand 1.2m pounds of force. This project enhanced our reputation as the go-to rental firm for engineering and equipment to temporarily support buildings and infrastructure.

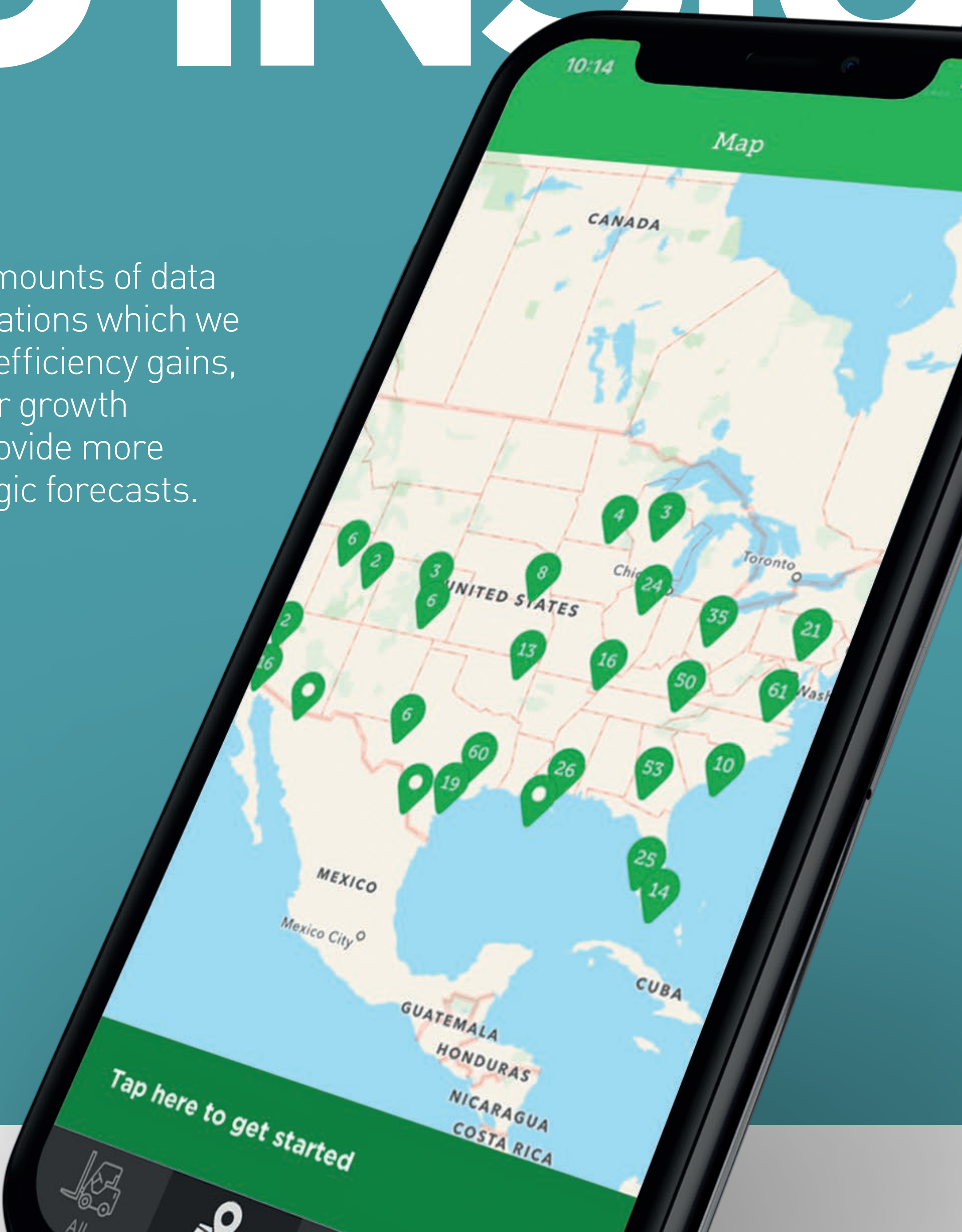
CASE STUDY
KEEPING THE POWER GOING

Standby generators may not serve their purpose unless businesses ensure they undergo regular preventative maintenance. Load bank testing is an integral part of best maintenance practices. We provide load banks to simulate real world conditions for power supplies and critical power systems, wind and solar farms, substations and transformers, naval and marine generators, and Integrated Systems Testing of grid power.

1.1M+

METRES OF BARRIERS ASSEMBLED

BIG D
BIG INSIG



We have vast amounts of data from our applications which we utilise to make efficiency gains, add depth to our growth strategy and provide more accurate strategic forecasts.

ATA
HTS

745,000

CUSTOMERS

MORE ACCURATE STRATEGIC FORECASTS

Sunbelt's complete digital eco-system begins with our online CommandCenter, including our mobile app, where customers can manage everything to do with their account. Our sales reps have access to this data, as well as a very powerful CRM tool, Accelerate, which enables them to find out where available equipment is located, customer contacts, preferences and potential needs, and all other information relevant to serving the customer. Our Vehicle Delivery Optimisation System ('VDOS') is used by dispatchers to manage pickup and deliveries of equipment at job sites, and schedule drivers who are able to access it on their mobile phones. There are vast amounts of data behind these applications which we leverage to make efficiency gains, add depth to our growth strategy and provide more accurate strategic forecasts.

CASE STUDY
THE SUNBELT MOBILE APP

Technology has revolutionised our business in recent years. Customers can manage their entire account and equipment needs online or on our mobile app. They can track the equipment they have on rent, order new items, see what they rented recently, request service or a pickup, get alerts, log their favourite kit, etc.. Software updates are made easily as market conditions change. For example, in 48 hours we added the ability to request curbside pickup and drop-off for the health and safety of our customers and employees responding to the need for social distancing during COVID-19.

THE PLATFORM

We pride ourselves on our collaborative approach to problem solving. It's what makes us a recognised and trusted partner. We especially love it when our work brings a community together.

CASE STUDY

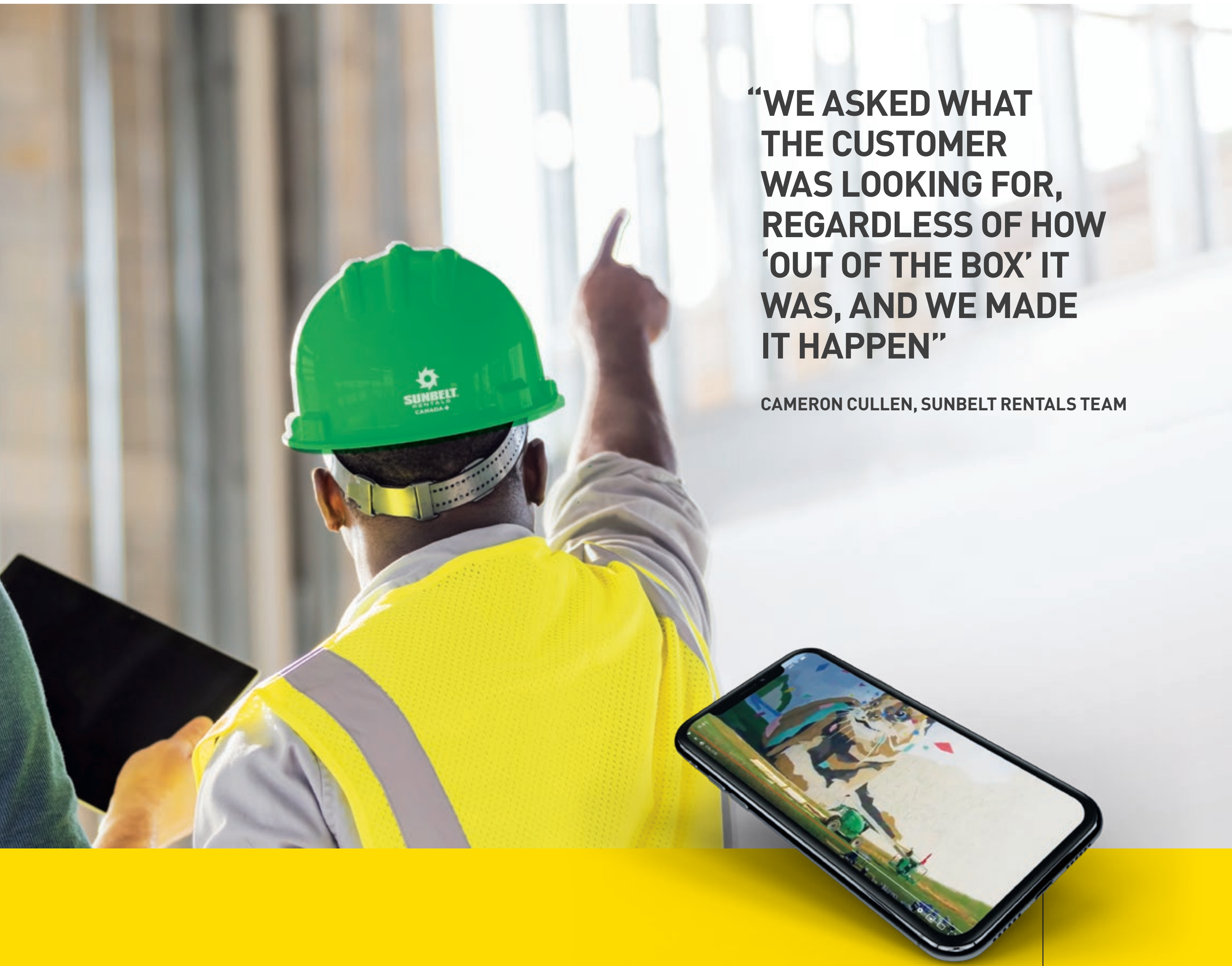
OTTER MURAL, WINSTON-SALEM

The city of Winston-Salem in North Carolina had commissioned an enormous mural to cover the side of a utility water tank. Just how big? The mural, depicting a giant American river otter, was to be 50 feet tall and 270 feet wide — the length of six school buses parked end to end. The artist, selected out of nearly 50 who applied for the opportunity, needed a way to paint at scale.

When the call first came in, it was a simple request for a 60-foot boom lift.

But during that call, the conversation shifted to community impact. The city wanted to showcase the process of bringing the mural to life and engage the public in a big way.

PARTNER



"WE ASKED WHAT THE CUSTOMER WAS LOOKING FOR, REGARDLESS OF HOW 'OUT OF THE BOX' IT WAS, AND WE MADE IT HAPPEN"

CAMERON CULLEN, SUNBELT RENTALS TEAM

We proposed mounting our mobile surveillance camera to capture time-lapse videos of the mural as it was painted.

We installed our Duradeck ground protection mats, delivered the boom lift and installed the camera. Once the painting began, our camera produced a time-lapse video every day for a month, which the city shared far and wide online.

Thousands of residents engaged with those videos, sharing them with friends and followers. Getting the community excited about the mural as it came together was a key element of the project.

ING UP

CHAIR'S LETTER

RESILIENCE WHEN THE GOING GETS TOUGH

Dear Shareholder

I write this letter at a time of unprecedented turmoil in the world. The COVID-19 pandemic is a hugely testing time for businesses, families, communities and society as a whole.

I am proud to say that our response to this crisis has been outstanding and reflects strongly the purpose we have as a business. Under Brendan Horgan's leadership we have continued to provide equipment and services to businesses, communities and government agencies to ensure they can provide essential services at a time when they are most needed. More importantly, we have been able to achieve this whilst prioritising the safety and health of our colleagues and their families.

Our operational mantra of Availability, Reliability and Ease for our customers has never been more relevant.

PROGRESS

For most of this financial year we were unaffected by COVID-19 and we saw strong growth in our US and Canadian markets. We continued to take advantage of the structural changes for renting equipment as well as our strong market offering. Our strategy of broadening our market coverage as well as enhancing our product range continued at pace with 53 greenfield sites opened and 17 bolt-on acquisitions in North America.

In the UK our business has continued to progress well and our decision in March of this year to rebrand the business as Sunbelt UK will enable the operation to become more efficient as well as providing a more complete service to our customers.

During the year we have continued to invest in our digital transformation programme which is an enabler to providing further enhancements to our customer experience. In addition, the new applications rolled out during the year to our field operations have already helped growth in our revenues.

COVID-19

Since the outbreak of COVID-19 many of our colleagues have had to change their work practices including different shift patterns and working from home. Their willingness and agility to make these changes have been outstanding and have been the cornerstone of our ability to operate so effectively during these difficult times.

Unfortunately there have been a number of natural disasters in the United States over the last few years and our experience in providing significant help to the front line services during such a crisis has also been invaluable in our response to the pandemic over the last couple of months.

Although we have continued to see reasonably strong trading during the last few months, in response to the uncertainty created by COVID-19, in April we increased our senior debt facility for a year by $500 million to $4.6 billion which has provided enhanced liquidity for the business. It also seemed prudent to pause our buyback programme, which we did in March having completed £445 million of the original buyback programme.

Given our strong balance sheet and current trading we have not accessed any of the UK government financing schemes or funding of the furlough schemes announced in March.

DIVIDENDS
For many years we have had a progressive dividend policy with our objective being to ensure that dividends are sustainable irrespective of where we are in our business cycle. It's always been our policy to increase your dividend as profits increase and to maintain it when trading is more difficult. I am pleased to say that after taking into account the Group's outlook and financial position, other stakeholder interests and the decision not to access government assistance programmes, the Board is recommending a final dividend of 33.50p per share making 40.65p for the year, which is slightly higher than last year's full-year dividend. Assuming the final dividend is approved at the AGM, it will be paid on 11 September 2020 to shareholders on the register on 14 August 2020.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ('ESG')
Good governance is a foundational part of any successful organisation and your Board continues to perform strongly in ensuring the effectiveness of our governance processes throughout the business. The Board also has collective responsibility for Group strategy and ensuring we have the right resources, both financial and people, in place to achieve our goals. You can read more about our governance process in our governance section on pages 70 to 77.

> "I believe the actions we have taken in the business over the last few months combined with the strength of our cash flow serve us well for the coming year.

Of course governance is only one part of broader corporate responsibility which is now referred to as ESG and we continue to make great progress on both environmental and social matters. Working with our suppliers to innovate and shape the next generation of environmentally friendly equipment is one example of how we can have a positive impact on our environment.

Importantly, we have had our best year ever for health and safety and remain focused on making further improvements in the future. The COVID-19 crisis itself has enabled us to further demonstrate our ongoing commitment to supporting all of our people, their families and the communities in which we operate.

BOARD
It is my pleasure to welcome Jill Easterbrook to the Board, who joined in January as an independent non-executive director. Jill's significant retail and digital marketing experience will bring new perspectives and experiences and will add diversity of thought to our Board discussions.

OUTLOOK
I would like to use this opportunity to extend my thanks and that of the Board to all of our colleagues for their dedication and support which has allowed us to continue delivering an outstanding service to our customers during these extraordinary times. I believe the actions we have taken in the business over the last few months combined with the strength of our cash flow serve us well for the coming year. This business has a broad diversity of products and services, and a relentless focus on our long-term business model, supported by continuing structural change in the market. I therefore remain confident of our ability to deliver strong cash generation and to further strengthen our market position in this coming financial year.

PAUL WALKER
Chair, 15 June 2020

HIGHLIGHTS OF THE YEAR

+9%
REVENUE UP 9%[1]; RENTAL REVENUE UP 8%[1]

£1,061m
GROUP UNDERLYING PRE-TAX PROFIT OF £1,061M (2019: £1,110M), A REDUCTION OF 4%[1,2]

175.0p
UNDERLYING EARNINGS PER SHARE OF 175.0P (2019: 174.2P)

£1,224m
GROUP OPERATING PROFIT OF £1,224M (2019: £1,213M)

£740m
POST-TAX PROFIT OF £740M (2019: £797M)

162.1p
EARNINGS PER SHARE OF 162.1P (2019: 166.1P)

£792m
£792M OF FREE CASH FLOW GENERATION (2019: £368M)

£1.5bn
£1.5BN INVESTED IN THE BUSINESS (2019: £1.6BN)

£453m
£453M SPENT ON BOLT-ON ACQUISITIONS (2019: £622M) AND 59 GREENFIELD LOCATIONS OPENED

1.9x
NET DEBT TO EBITDA LEVERAGE[1,2] OF 1.9 TIMES (2019: 1.8 TIMES)

33.5p
PROPOSED FINAL DIVIDEND OF 33.5P, MAKING 40.65P FOR THE FULL YEAR (2019: 40.0P)

1 At constant exchange rates.
2 Excluding the impact of IFRS 16.

STRATEGIC REVIEW

STRENGTH UNDER PRESSURE

We were on track for another record year when COVID-19 changed the world for everyone. We are very proud to be able to report that, despite such an unprecedented 'black swan' event, we are still able to report strong results for the year.

There has, of course, been a COVID-19 impact on our final quarter results, but the underlying strength of the business and our performance in the first three quarters of 2019/20 mean we have continued to perform well overall. Our business is robust, we remain open for our customers in all our geographies and as we would in any crisis, we have activated fully our emergency response operations. You can read more about our COVID-19 response on page 16.

This has been done while staying true to our core value of safety for our team members, customers and the communities we serve. Earlier this year we began a new safety programme and training activities under the Engage for Life banner which will transform the way we operate safely across the Group. Over 10,000 employees have engaged in training activities that help us understand the risks associated with unconscious habits. We are confident that the exercises we are conducting around human performance will give us an even safer and more reliable outcome and continuously improve our safety culture. The impact of COVID-19 has highlighted and tested our safety preparedness like never before.

Our business model and balance sheet are also being tested. We have talked over the years in great detail about the strength of our balance sheet and the way in which we manage the business to accommodate any set of circumstances. We always prepare for both upturns and downturns given a significant proportion of our business serves the cyclical construction industry. While no one could have foreseen the global impact of COVID-19, or the speed and severity of its impact on markets, we are pleased to see the resilience of our business model. In the past, we discussed how the real test of the resilience of the model would come in the next downturn. Sadly what we are now facing is more severe than any of us could have predicted. But we are pleased that our business model and balance sheet are supporting us now as we had always believed they would.

The main driver of our growth during the year remained organic investment and we continued to build on this, investing £453m in 18 bolt-on acquisitions primarily to expand our specialty offering in the US and Canada. Acquisition highlights were King Equipment, the premier aerial work platform provider to the Los Angeles market and William F. White, Canada's leading provider of production set and on-site equipment services and studio facilities to the motion picture, digital media and television industries.

We added 105 new locations in the year as we continued to broaden our product offering and geographic reach. Ours is a business that is resilient even in severe case scenarios and we expect to continue to outperform the market. The platform we have built and the diversity of product and service we are able to provide means we will always be in demand. Construction may be on hold in some places, but municipalities, state agencies and utilities etc. all need our support, now more than ever.

Our strategy remains unchanged because it works. Our market cluster approach is proving to be a significant competitive advantage in difficult times as well as good. Being able to provide a wide variety of equipment in close proximity to our customers is exactly what they need, especially during the pandemic. Businesses are all adapting to new ways of operating, but our commitment to Availability, Reliability and Ease, coupled with our disaster relief expertise, mean we remain the first port of call in a storm. Our broader end markets, coupled with prudent financial management, means we will be better able to mitigate declining revenues than many others and emerge stronger as a result.

Our results are a tale of the first three quarters and the fourth quarter. Group rental revenue was £4,606m and we maintained margins despite opening 59 greenfields, completing 18 acquisitions in the period and the impact of COVID-19. Underlying pre-tax profit was £1,061m, down 4% excluding IFRS 16, at constant exchange rates. Sunbelt US rental only revenue was $4,065m compared to $3,711m last year. This compares to the IHS Markit estimate of overall US rental market growth of around 6%. Organic growth (same-store and greenfield) was 6%, while bolt-ons added a further 4%.

We saw revenue growth of over 20% in Canada, bolstered by bolt-on activity, but with strong organic growth at four to five times the pace of the market. This demonstrates the benefits of the still developing cluster strategy which is taking shape, as we continue to develop our Canadian business along the lines of how we have built our business in the US.

In the UK, we launched Project Unify in the first half of the year as we sought to re-energise and realign the UK business, leveraging our scale and diversity of product and services through greater collaborative cross-selling to our broad set of customers.

> **Our strategy remains unchanged because it works. Our market cluster approach is proving to be a significant competitive advantage in difficult times as well as good.**

This new strategic direction was launched at a senior leadership meeting with over 700 representatives from across the business, where we announced the rebranding of the business as Sunbelt Rentals UK. While the full implementation of this has been delayed by COVID-19, our leadership team is fully engaged and focused on delivering the power of the business. This could not have been more evident than in our response to COVID-19 and the support provided to the Department of Health and many other essential services. In realigning the business, we have right-sized the fleet to reflect the then current and prospective market demands, and although there has been a short-term impact on profit, the business has generated significant free cash flow and will ultimately deliver improved margins and profitability.

The impact of COVID-19 resulted in lower trading volumes in the second half of March and April, although this was mitigated, in part, by emergency response efforts throughout our business units but particularly within our specialty businesses. As a result, rental only revenue for Sunbelt US in March was 3% (2% on a billings per day basis) higher than prior year and in April was 12% lower than prior year. This is due principally to the general tool business being 15% lower than prior year in April, while the specialty businesses (excluding oil and gas) were 9% higher than last year, with the reduction in the general tool business being driven by declines in volume rather than rental rates. This contributed to Group rental revenue in the fourth quarter being 1% lower than the prior year at constant exchange rates. The degree of impact on volume has varied significantly across different markets and is correlated to the severity of infection rates and associated market level restrictions. From 10 April, we saw US fleet on rent stabilise and then increase as our markets adjusted to new working practices and restrictions eased gradually. The trend was similar in the UK and Canada. As a result, US May rental only revenue was 14% (8% on a billings per day basis) lower than last year.

Our business is sound and we continue to operate well in the most unexpected and difficult of scenarios. In the coming year, we will be focused on doing everything possible to help our business and those of our customers, get back to consistent long-term growth as soon as possible. We expect rental to continue to accelerate and that we will be in excellent share to support our customers when COVID-19 is over.

OUR COVID-19 RESPONSE

The COVID-19 pandemic is unlike any other emergency we have ever had to respond to. But that has not stopped us being ready to do everything we can to help, making the very most of our business model and 'safety first, can do' culture to enable us to deliver.

To keep up with the US demand created by the pandemic, we enacted our Emergency Response Team ('ERT'), and set up a command centre at our support office in Fort Mill, fielding calls for assistance nationwide and coordinating efforts, including supporting temporary hospitals and testing stations nationwide. Likewise we are supporting national efforts in the UK. This support includes multiple equipment types, including power generation and distribution, heating and air conditioning, temporary lighting, forklifts, accommodation units and air quality equipment such as air scrubbers.

In Florida, our team provided equipment and support for the buildout of temporary care facilities, each with a capacity to treat a minimum of 250 patients. In Florida alone there are dozens of temporary generators deployed and installed in support of the response effort, with additional services such as daily fuelling also provided.

Across the US, we supported the rapid buildout of COVID-19 testing stations, including temporary power and heating/air conditioning. These testing facilities were often set up in a matter of hours, and we were working 24/7 to service these urgent needs. We have also been involved in the construction of temporary shelters for the homeless.

The ERT is part of a dedicated effort to provide coordinated, much needed equipment, and response assistance in times of crisis. Most often the team is deployed in response to natural disasters such as hurricanes, tornadoes or wildfires, but the COVID-19 pandemic has led to a similar response effort. The ERT is working in support of local and national government agencies, as well as first response contractors.

In addition to those resources coordinated centrally, the real work is taking place in the field, where our team of 15,500+ dedicated employees across North America is working tirelessly in support of local communities. Curbside pickup and drop-off of equipment is now enabled wherever possible to make renting as safe, convenient and efficient as possible.

The temporary set-ups are an adaptation of base camps used for utility crews in storm recovery. Our team collaborates with government contractors and private sector clients to build and operate these camps. While the pandemic response is new territory, we have learned to expect the unexpected in disaster recovery.

In the UK we have supported the setting up of 73 NHS testing centres with a coordinated effort across our general equipment and specialty businesses. Accommodation units, generators, tower lights, air conditioning units and traffic management equipment together with thousands of other assets have been employed in supporting these sites.

As the impact of the pandemic continues to unfold, we will keep that response going, providing critical support services across our business. In times like these, we've all got to come together. That has been and always will be core to how we work at Sunbelt.

> We are treating this as we would treat any disaster – lending support to our people, our customers, and communities in impacted areas. We saw the need with the current situation and were able to adjust our process. Our equipment, support services and nationwide network allows us to very effectively service the demand that exists in response to this crisis.

SCOTT SILVERMAN, NATIONAL STRATEGIC CUSTOMER MANAGER

IN THE STRATEGIC REPORT

Capitalising on market opportunities

We are building market share through same-store growth, new greenfield investments, selected bolt-on acquisitions and the expansion of our product offering.

→ **Page 18**

Creating sustainable value

Our equipment rental business model, and the management that over the economic cycle, enable us to create long-term sustainable value.

→ **Page 24**

Implementing our strategy

We focus on building market share, maintaining flexibility in our operations and finances, and being the best we can be every day.

→ **Page 28**

Measuring our performance

We had another year of strong financial performance, improved operational efficiency and excellent metrics.

→ **Page 34**

Managing our risks

Our main risks relate to economic conditions, competition, financing, cyber security, health and safety, people, the environment and laws and regulations.

→ **Page 36**

Being a responsible business

We report on responsible business through the Group Risk Committee. We focus on health and safety, our people, the environment, community investment and ensuring the highest ethical standards across the Group.

→ **Page 48**

OUR MARKETS

The US continues to be our largest market and we see significant potential in our newest market, Canada. The UK market is a much more subdued environment than North America and during the year we have taken action to realign the business for the future with a simplification of the go-to-market message and leveraging the cross-selling opportunities across the platform. As part of this process, the business has been rebranded Sunbelt Rentals UK. The US rental market is six to seven times bigger than the UK and we continue to capitalise on the structural changes in that market, as customers continue to adapt to renting equipment rather than owning it. Our Canadian business is still smaller than our UK business but has grown rapidly and we are excited by the opportunities we see there. We expect the Canadian market to develop in a manner similar to the US, as customers get more accustomed to renting a wider variety of equipment and more familiar with the Availability, Reliability and Ease we deliver. Our aim is to continue to grow the business wherever we are in the economic cycle and no matter what unprecedented circumstances face the world.

All our markets have been affected by the consequences of the COVID-19 pandemic and the unprecedented actions taken by governments and the private sector to contain the virus. While this adversely affected trading volumes in the fourth quarter and it will clearly affect the coming year, it does not change the long-term attractiveness of our markets and our opportunity to rent an ever-broader range of equipment. Although volumes were reduced overall, this has been mitigated, in part, by our emergency response efforts throughout our business units but particularly our specialty businesses. We are designated as an essential business in the US, UK and Canada in times of need, supporting government and the private sector in response to emergencies, including hurricanes, tornadoes and, in this case, a pandemic. Our response to the pandemic includes providing vital equipment and services to first responders, hospitals, alternative care facilities, testing sites, food services, telecom and utility companies, while continuing to service ongoing construction sites and increased facility maintenance and cleaning.

THE BREADTH OF OUR MARKETS

Our markets continue to broaden, in terms of geography, range of equipment rented and the applications for which our equipment is used. The graphic below shows the growing diversity of end markets that are using our equipment more and more. In many cases, this is the same equipment just used for a different purpose. A significant proportion of our fleet was developed originally for the construction industry but is now used in applications varying from film and TV production to putting up Christmas decorations. We are reaching these broadening markets as a result of our scale, advancement of our market cluster strategy and specialty business evolution – all positioned to give great service to our customers through our corporate mantra, Availability, Reliability and Ease. For any one of these markets, there is also a wide range of equipment used. Equipment that previously would not have been rented is now part of the rental mix. This is particularly the case with the ongoing structural change most noticeable in the US and Canada.

Construction is a core part of our end markets but we continue to see plenty of growth opportunity in general equipment and specialty businesses in areas such as special events and maintenance. A big change in recent years has been the increase in rentals taking place in ordinary square footage under roof applications every day, and we expect this trend to continue once lockdown measures are eased. In the final quarter of 2019/20 we saw high demand for our emergency response services for which we are well known after working on so many natural disasters, including tornadoes and hurricanes.

We are also seeing changes in the length of time that customers hold on to equipment. Large projects are longer and rental is now core to these rather than being more 'top up' in nature, as it used to be. We are also seeing customers holding on to equipment longer to move to the next job or project.

FACILITIES MAINTENANCE AND MUNICIPALITIES

- Office complexes
- Apartment complexes
- Government
- Hospitals
- Data centres
- Parks and recreation departments
- Schools and universities
- Shopping centres
- Pavement/kerb repairs
- Golf course maintenance

EMERGENCY RESPONSE

- Fire
- Hurricanes
- Flooding
- Tornadoes
- Winter storms
- Residential emergencies
- COVID-19
- Alternative care facilities
- Points of distribution
- Mobile testing facilities

CONSTRUCTION

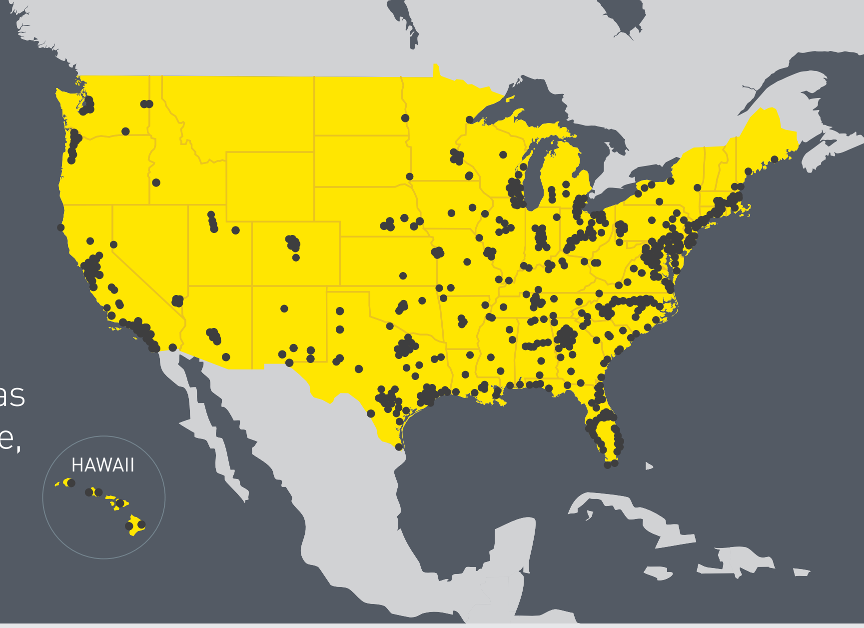
- Airports
- Highways and bridges
- Office buildings
- Data centres
- Schools and universities
- Shopping centres
- Residential
- Remodelling

ENTERTAINMENT AND SPECIAL EVENTS

- National events
- Concerts
- Sporting events
- Film/tv production
- Theme parks
- Festivals
- Farmers' markets
- Local 5k runs
- Cycle races

THE US

Our core US markets have been adversely affected by the impact of COVID-19. While the impact has been immediate and quite severe, the longer term prospects for rental and our products and services remains strong.



It is difficult to predict with any certainty in the current environment but rental industry forecasts are expecting a return to growth during 2021, after a significant retrenchment this year. We expect to perform better than the market as we expand our specialty businesses and continue to take market share.

We had expected to see slowing construction markets in 2020 and 2021 with Dodge Data & Analytics predicting a reduction in starts in each year. The impact of COVID-19 is likely to result in a further slowing of starts as little time will have been spent thinking about future projects and, where it has, thoughts will have turned to the need and/or viability of them. As we move forward, we are likely to see a change in focus of construction with the continued shift away from retail and lower demand for new hotels and office buildings but with increasing demand for data centres, distribution warehouses, infrastructure and office renovation. Lower construction activity will, in part, be mitigated by increased activity in non-construction markets like office and residential remodelling. COVID-19 has resulted in a virtually complete shutdown of the events market, which is dependent on large gatherings of people. While we expect this market to return, it will be a slow build-back from where we are now. Oil and gas is only a very small part of our business and, with the collapse in the oil price, is a reducing part.

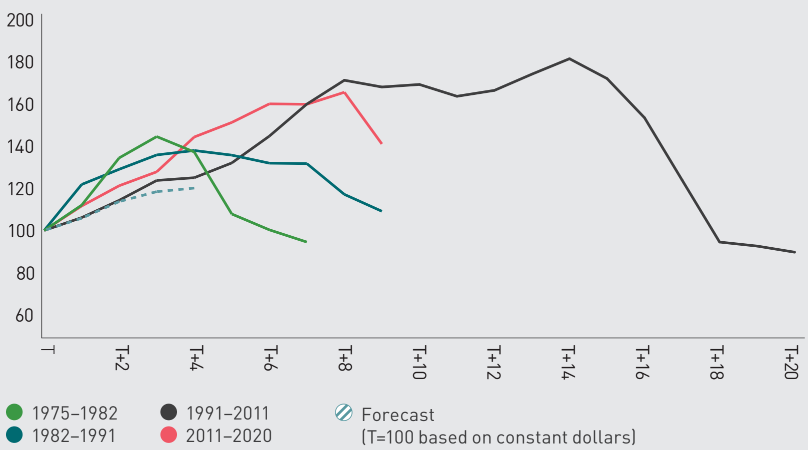
The markets we serve have been strong, as both structural and cyclical trends have been favourable. Chart 02 shows the last three construction cycles. These have followed one of two patterns. From 1975 to 1982 and from 1982 to 1991 the initial recovery was very aggressive but the overall cycle was relatively short. This cycle has been more like 1991 to 2011, which was characterised by a more gradual recovery over a longer period of time. While we had expected a plateauing and gentle decline followed by recovery, we are likely to have a cyclical headwind for the next couple of years. However, although there are similarities with 1991 to 2011, one key difference is that the construction market has not become overheated as it did in 2005/06, which compounded the impact of the financial crisis in 2008/09 on the construction industry. While we will face cyclical headwinds, the structural opportunity of the shift from ownership to rental and increasing market share provides plenty of scope to mitigate them.

01 US MARKET OUTLOOK (RENTAL REVENUE FORECASTS)

2020	2021	2022
-16%	+3%	+10%

Source: IHS Markit (May 2020).

02 CONSTRUCTION ACTIVITY BY CYCLE



Source: Dodge Data & Analytics (May 2020).

THE US
CONTINUED

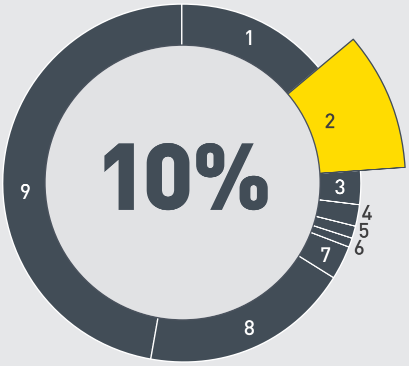
x2

WE HAVE MORE THAN DOUBLED OUR MARKET SHARE IN THE US SINCE 2010

15%

OUR TARGET MARKET SHARE IN THE US

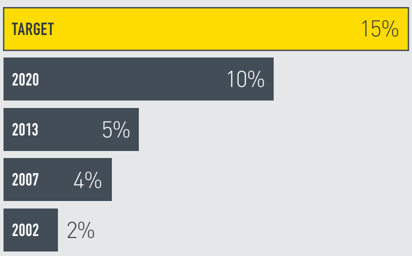
03 US MARKET SHARE



1	United Rentals	14%
2	**Sunbelt**	**10%**
3	Herc Rentals	3%
4	Home Depot	2%
5	H&E	1%
6	Ahern	1%
7	Top 7–10	3%
8	Top 11–100	c.19%
9	Others	c.47%

Source: Management estimate based on IHS Markit market estimates.

04 US MARKET SHARE DEVELOPMENT



Source: Management estimates.

90bn

SQUARE FEET UNDER ROOF IN THE US

Market share in the US

We continue to grow our market share in the US and even though we are the second largest equipment rental company, there remains plenty of room to grow as Chart 03 shows. Our major large competitors are United Rentals and Herc Rentals with 14% and 3% respectively. Home Depot, Ahern and H&E have shares of 2% or less. Most of the remainder of the market is made up of small local independent tool shops.

Much of our market share gain comes from these small independents when we set up new stores or acquire them. Ours is a capital-intensive industry where size matters. Scale brings cost benefits and sophistication in areas like IT and other services, and this leads ultimately to further consolidation. The proportion of the market enjoyed by the larger players continues to increase and we have clearly been a major beneficiary of this trend. Whilst there will always be a place for strong local players, the market share enjoyed by the larger players is likely to grow by a further 30 to 40% in the medium term.

This market share analysis is based on the traditional definition of the rental market focused on construction. A significant market for us is facility maintenance, repair and operation characterised by square footage under roof. In the US there are 90bn square feet under roof and we believe this represents a potential rental market of $7-10bn, with minimal rental penetration at the moment. It is not a new market for the US but one with increasing opportunity as we demonstrate the benefits of rental through Availability, Reliability and Ease. One consequence of this is that we believe the size of the rental market is understated and hence our, and everyone else's, market share is overstated. This only serves to increase the opportunities for growth.

We are confident that as the market grows, our share will also increase. We have a good track record of success having more than doubled our market share since 2010. We continue to set ambitious targets for continuing to increase our market share, with an initial goal of 15%. The speed with which we increase our market share is in part a function of how quickly we can get new locations up and running. However, as noted above, our market share growth also comes from continuing to broaden both our end markets and the range of equipment we have available to rent in each location (more on this in our strategy section on page 28).

The combination of our business model, which you can read more about on page 24, the general attractiveness of our markets and the long-term trend to rental, provides the perfect environment for us to achieve our goals. In addition, our market share gains accelerate as we make the most of our scale advantages. In the longer term, we believe that US market share in the order of 20% is an attainable goal.

As we increase our market share and grow our specialty businesses, they become a greater proportion of the business mix across the cycle. The acquisitions we make are often to expand into a new specialty area or to develop an existing one and then we supplement them with greenfield openings.

"The diversity of our fleet helps us take advantage of this increasing trend to rental and we continue to expand the range of products we rent.

The trend to rental

The trend of rental penetration in the US continues to be positive for the industry as our customers have become accustomed to the flexibility of an outsourced model. Between 2010 and 2020, increased rental penetration effectively grew our end market by c. 25%. We see this trend continuing, which will provide similar levels of market growth over the coming years. Rental still only makes up around 55% of the US market compared to around 75% in the UK. However, this is a broad average with penetration levels ranging from single to low double-digit percentages for, say, floor scrubbers to 90%+ for large aerial equipment. We like specialty products because they are at the low end of this range, which provides greater scope for growth. We see the potential market penetration for rental equipment to be well over 60% in the US. The drivers of this evolution include the significant cost inflation in recent years associated with the replacement of equipment, technical changes to equipment requirements and health, safety and environmental issues which make rental more economical and just easier. For example, environmental regulations have driven further rental penetration through the reduction in fleet size by those customers who previously may have chosen to own some if not all of their larger equipment needs. Customers and smaller competitors with older fleets are faced with heavier replacement spend causing them to either replace less and rent or reduce their fleet size. Furthermore, the difficulties of getting to grips with new technology and maintenance requirements have also caused more operators to decide to rent.

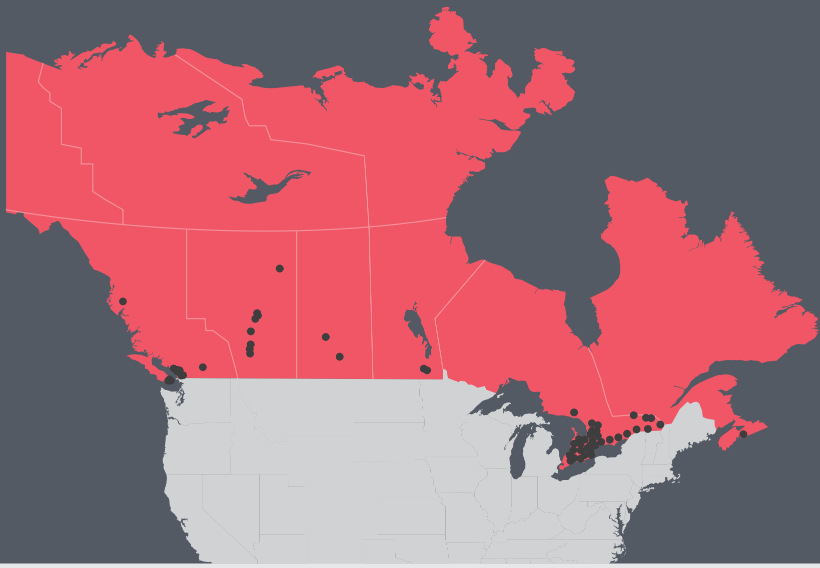
Maintaining optimally-serviced and therefore safe equipment can be a big outlay for a smaller operator. Therefore we continue to invest in keeping our fleet in the best condition it can be to take advantage of the increased demand for rental. The diversity of our fleet helps us take advantage of this increasing trend to rental and we continue to expand the range of products we rent. In addition, our customers are ever more used to renting equipment rather than owning it themselves.

Our customers often assume we will be able to fulfil their equipment needs with a rental product for an ever-widening range of applications. If your fleet consists of equipment which is already predominantly rented and hence, have high rental penetration like telehandlers and large booms, you are not necessarily benefitting from increased rental penetration as it is probably as high as it is likely to get. However, if you have a broader mix of fleet, then there is significant further upside to come from increased rental penetration.

Our development and use of technology is also driving rental penetration. Our highly sophisticated proprietary customer management, inventory and delivery tracking systems enable us to make our customers' rental experience one of Availability, Reliability and Ease. Our customers are increasingly willing to rent different types of equipment from us, more often. (More on this in the section on strategy on page 28.)

CANADA

Canada is still a relatively new and fast-growing market for us.



CANADA
A fast-growing market

Canada is still a relatively new and fast-growing market for us. The existing rental market is just over a tenth of the size of the US. But in the same way that the US has experienced structural growth as more and more types of equipment are rented for different applications, we expect similar trends in Canada in the longer term. Our share of the Canadian rental market is around 5%. There is plenty of scope to develop this in the same way as in the US and we are growing rapidly. Although the market will be affected in the near term as a result of COVID-19, the longer term prospects for the market remain strong. Following a decline in 2020, IHS Markit predicts Canadian rental revenue to grow 5% and 6% in 2021 and 2022. We anticipate growing more rapidly as we take market share and broaden our offering.

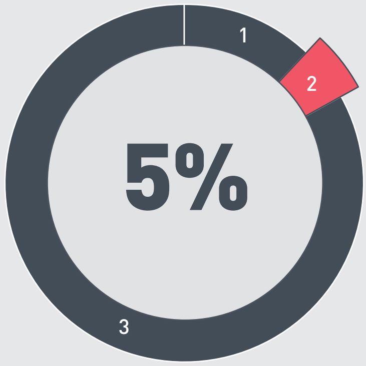
Our entry to the Canadian market was focused first in Vancouver where we acquired a small business in 2014, GWG Rentals, with a strong management team. Using this as a base, we then opened a series of greenfields and made a number of small bolt-on acquisitions to expand the business. We now also have a significant presence in Ontario through the acquisitions of CRS in 2017 and Voisin's in 2018 and are expanding in Edmonton, Calgary and Winnipeg. The acquisition of William F. White ('WFW') in 2019 expanded our specialty business into the provision of production set and on-site equipment, services and studio facilities to the motion picture, digital media and television industries. We are creating a strong platform from which to grow.

Sunbelt Canada has had organic rental only revenue growth of 8% this year and in six years we have gone from six stores to 75. The rental market has, to date, been construction focused, but we continue to develop new markets such as the film industry in Vancouver, and now Toronto following the WFW acquisition. In addition, we have expanded our power and flooring solutions specialty businesses this year. Customers who traditionally rented mainly aerial work platforms are now renting smaller equipment as well. They are seeing increasingly the benefits of working with us to fulfil the full range of their rental needs. Prior to our arrival there was no branded equipment in the market. Our cluster approach (more on this in our section on strategy on page 28) also means we are able to be closer to our customers than has previously been the case.

Across the country there are variances in the mix of fleet we have on rent. In Western Canada we see more customer demand for aerial work platforms ('AWP') especially through our work servicing the film and TV industry. We see great opportunities for expanding our specialty and AWP businesses, especially in Ontario, aided by the acquisition of WFW. As we expand in other provinces we expect to generate more business from Canada's resources industry.

Our initial goal was to achieve market share of 5% in Canada and we are now looking towards the next milestone of 10% market share.

05 CANADIAN MARKET SHARE



1	United Rentals	12%
2	**Sunbelt**	**5%**
3	Others	83%

Source: Management estimate based on IHS Markit market estimates.

> **Our initial goal was to achieve market share of 5% in Canada and we are now looking towards the next milestone of 10% market share.**

THE UK

The UK market is more challenging and the outlook somewhat uncertain. A contributory factor has been the continuing uncertainty around Brexit and more significantly recently, COVID-19.

THE UK
Economic resilience

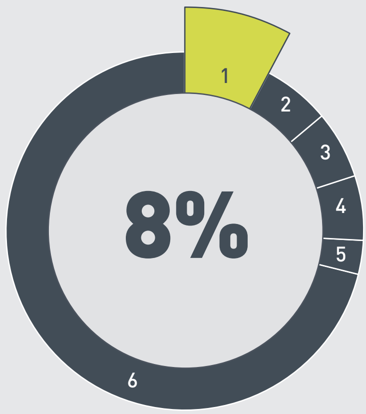
The UK market is more challenging and the outlook somewhat uncertain. A contributory factor has been the continuing uncertainty around Brexit and recently, and more significantly, COVID-19. Structural growth opportunities are more difficult to come by because of an already high level of rental penetration. Chart 07 shows the outlook for UK construction. Although the construction market outlook is weaker than in recent years, we will continue to invest responsibly in the UK market as we seek to increase market share and enhance returns.

Market share

We continue to be the largest equipment rental company in the UK. There are a greater number of major players in the UK market and, as the largest, we only have an 8% market share. Chart 06 shows our key competitors and their share of the market. We believe we continue to be well positioned in the market with our strong customer service, broad-based fleet and strong balance sheet. We launched Project Unify in 2019 to enhance this market position through simplifying our go-to-market message and leveraging the cross-selling opportunities provided by our broad product offering and specialty businesses. As we look to harness the power of this platform, the business has been rebranded, Sunbelt Rentals UK.

> "We will continue to invest responsibly in the UK market as we seek to increase market share and enhance returns.

06 UK MARKET SHARE



1	**Sunbelt**	**8%**
2	HSS	6%
3	Speedy	6%
4	VP	6%
5	GAP	3%
6	Others	71%

Source: Management estimate based on IHS Markit market estimates.

07 UK CONSTRUCTION INDUSTRY FORECASTS

£m constant 2016 prices	2017 Actual	2018 Actual	2019 Actual	2020 Forecast	2021 Forecast	% of total
	53,785	55,516	56,645	34,109	41,717	
Residential		3.2%	2.0%	-39.8%	22.3%	**27%**
	47,904	47,042	46,881	34,638	41,502	
Private commercial		-1.8%	-0.3%	-26.1%	19.8%	**27%**
	58,761	57,968	60,733	54,553	71,533	
Public and infrastructure		-1.3%	4.8%	-10.2%	31.1%	**46%**
	160,450	160,526	164,259	123,300	154,752	
Total		0.0%	2.3%	-24.9%	25.5%	**100%**

Source: Construction Products Association (Main scenario: Spring 2020).

OUR BUSINESS MODEL

CREATING SUSTAINABLE VALUE ACROSS THE ECONOMIC CYCLE

WHAT WE DO

We create value through the short-term rental of equipment that is used for a wide variety of applications and the provision of services and solutions to a diverse customer base through a broad platform across the US, Canada and the UK. Our rental fleet ranges from small hand-held tools to the largest construction equipment.

We have a platform which enables our customers to rent what they want, when they want and where they want with ease.

Purchase

We buy a broad range of equipment from leading manufacturers.

Rent

We rent it on a short-term basis to a broad range of customers.

Sell

We sell the old equipment in the second-hand market.

HOW WE DO IT

MANAGING THE CYCLE

Planning ahead

Careful balance sheet management

1 DIFFERENTIATING THE FLEET

- Broad fleet mix
- Highly responsive (no job too small)
- Scale to meet size and range of requirement

→ Page 26

2 ENSURING OPERATIONAL EXCELLENCE

- Optimal fleet age
- Nationwide networks in US and UK and a growing one in Canada
- Long-term partnerships with leading equipment manufacturers
- Focused, service-driven approach
- Strong customer relationships
- Industry-leading application of technology

→ Page 27

AVAILABILITY

Range of products and services

- GENERAL TOOLS
- AIR COMPRESSORS AND ACCESSORIES
- COMPACTION AND EARTH MOVING
- CLIMATE CONTROL SERVICES
- POWER AND HVAC
- PUMP SOLUTIONS
- REMEDIATION AND RESTORATION
- FLOORING SOLUTIONS
- LIGHTING AND GRIP

RELIABILITY

Network

- LOGISTICS
- BRICKS AND MORTAR
- CUSTOMERS
- OUR PEOPLE
- CLUSTERS

Adapting our fleet and cost position

Taking advantage of opportunities

3 INVESTING IN OUR PEOPLE

- Highly skilled team
- Devolved structure
- Maintaining significant staff continuity
- Strong focus on recruitment, training and incentivisation

→ **Page 27**

4 MAXIMISING OUR RETURN ON INVESTMENT

- Effective management and monitoring of fleet investment
- Optimisation of utilisation rates and returns
- Flexibility in local pricing structures
- Focus on higher-return equipment
- Appropriate incentive plans consistent with improved returns

→ **Page 27**

EASE

Technology to simplify

COMMANDCENTER

ACCELERATE

MSP

VDOS

VALUE CREATION

Rental solutions

The provision of cost-effective rental solutions to a diverse customer base.

→ **Page 26**

Long-term relationships

Developing long-term relationships with customers and suppliers.

→ **Page 26**

Enhancing communities

Enhancing the communities in which we operate, through employment, opportunity and community involvement.

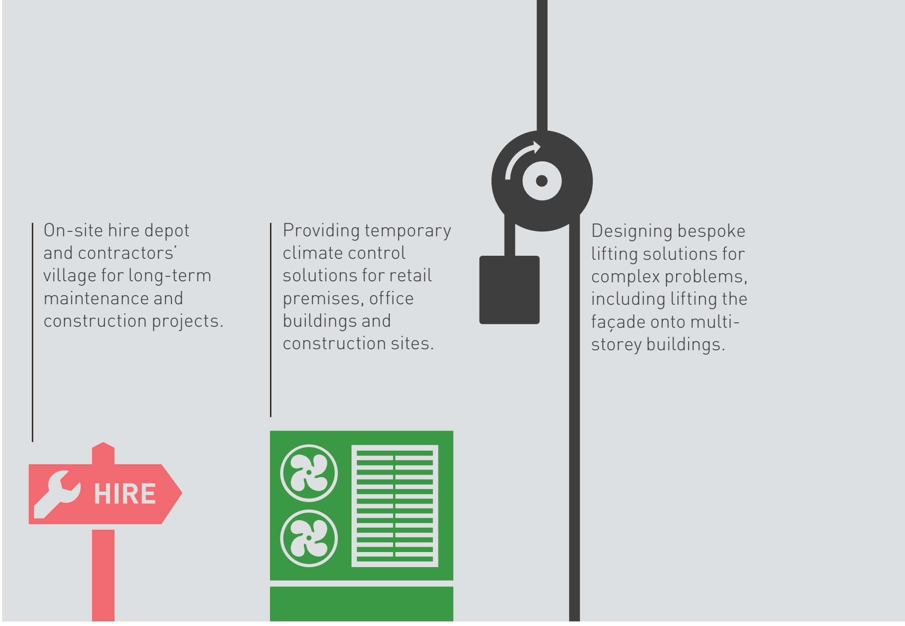
→ **Page 48**

Sustainable returns

Generating sustainable returns for shareholders throughout the cycle.

→ **Page 26**

WHAT WE DO IS SIMPLE HOW WE DO IT IS NOT



At its most basic, our model is simple – we purchase an asset, we rent it to customers through our platform and generate a revenue stream each year we own it (on average, seven years) and then we sell it in the second-hand market and receive a proportion of the original purchase price in disposal proceeds. Assuming we purchase an asset for $100, generate revenue of $55 each year (equivalent to 55% dollar utilisation) and receive 35% of the original purchase price as disposal proceeds, we generate a return of $420 on an initial outlay of $100 over an average seven-year useful life. We incur costs in providing this service, principally employee, maintenance, property and transportation costs and fleet depreciation. However, this simple overview encompasses a significant number of moving parts, activities and expertise that powers the platform to ensure Availability, Reliability and Ease for our customers. Our ability to excel in these areas enables us to provide a rewarding career for our team members, generate strong margins and deliver long-term, sustainable shareholder value, whilst managing the risks inherent in our business, even the unprecedented ones like COVID-19 (refer to pages 36 to 39).

MANAGING THE CYCLE

We describe ourselves as being a late cycle business in that our biggest end market, non-residential construction, is usually one of the last parts of the economy to be affected by a change in economic conditions. This means that we usually have a good degree of visibility on when we are likely to be affected, as the signs will have been visible in other parts of the economy for some time. We are therefore able to plan accordingly and react in a timely manner when necessary. While unable to plan for a 'black swan' event such as COVID-19, we were expecting a slowdown in construction markets and were planning accordingly with lower levels of capital expenditure. As a result of COVID-19, we accelerated these plans, enabling us to respond immediately and adapt our business to the changing environment. Under normal circumstances the key to the execution of our model is the planning we undertake to capitalise on the opportunities presented by the cycle. The opportunities are for both organic growth, through winning market share from less well-positioned competitors, and positioning ourselves to be able to fund acquisitive growth if suitable opportunities arise.

The actions we have taken following COVID-19 are all focused on how we ensure we are better positioned and stronger than our competitors to take advantage of market changes as we come out of the other side. See content on our strategy on page 28.

Differentiating our fleet and service

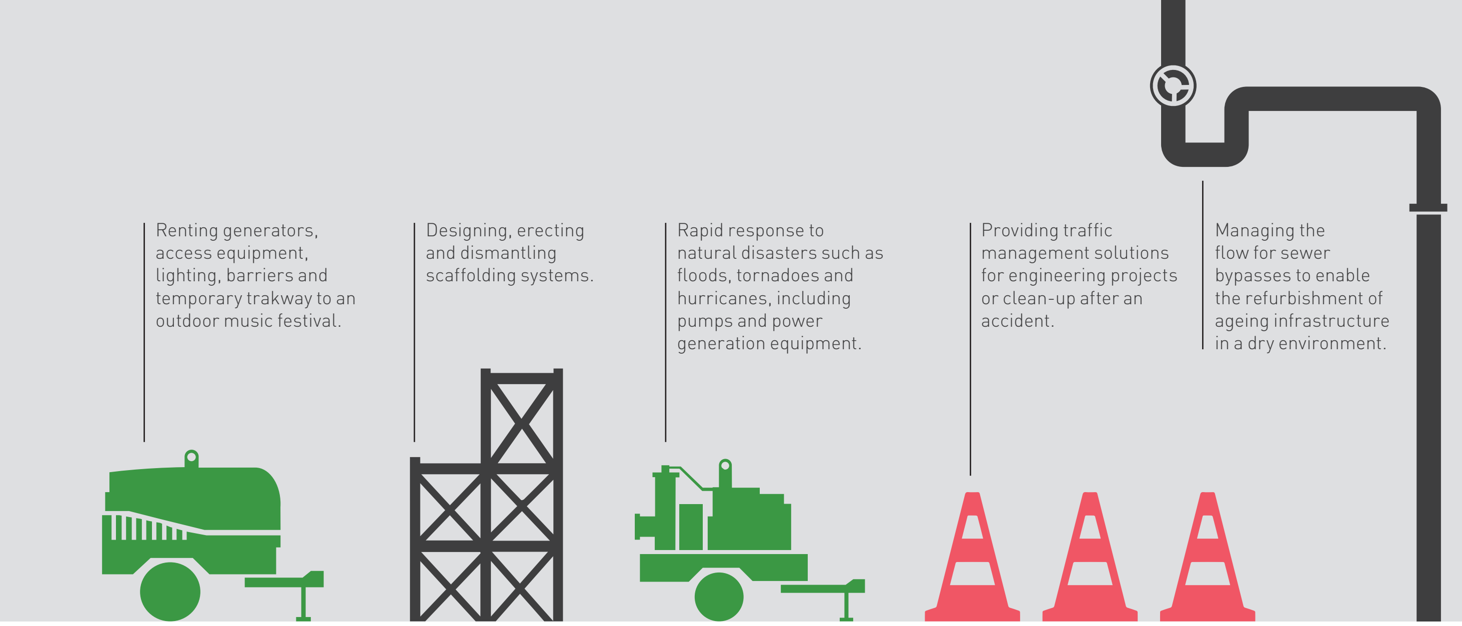
The differentiation in our fleet and service means that we provide equipment to many different sectors. Construction continues to be our largest market but now represents around 45% of our business in the US as we have deliberately reduced our reliance in this area. We continue to develop our specialty areas such as Power & HVAC, Pump Solutions, Climate Control, Scaffolding, Trench Shoring, Flooring Solutions and Industrial Services which represented 24% of our US business. Residential construction is a small proportion of our business as it is not a heavy user of equipment. In the UK specialty represents 55% of our business.

Our customers range in size and scale from multinational businesses, through strong local contractors to individual do-it-yourselfers. Our diversified customer base includes construction, industrial and homeowner customers, service, repair and facility management businesses, emergency response organisations, as well as government

08 MANAGING THE CYCLE – US

	2007 Strong market Preparation for downturn	**2008** Rightsizing of the business	**2009** Running a tight business	**2010** Benefitting from structural change			**2013** Improving market							**2020** Strong market Preparation for downturn
REVENUE ($M)	1,308	1,626	1,450	1,081	1,225	1,507	1,820	2,189	2,734	3,241	3,525	4,153	4,989	5,490
FLEET AGE (MONTHS)	32	34	38	46	44	36	30	27	26	25	29	32	34	36
FLEET SIZE ($M)	2,147	2,314	2,136	2,094	2,151	2,453	2,868	3,596	4,697	5,544	6,439	7,552	9,125	10,102
EBITDA MARGIN[1] (%)	36	37	35	32	32	36	41	45	47	49	50	50	49	48
RETURN ON INVESTMENT[1,2] (%)	19	19	14	6	9	20	25	26	26	24	22	24	24	21

1 Excluding the impact of the adoption of IFRS 16, Leases. 2 Excluding goodwill and intangible assets.



entities such as municipalities and specialist contractors. The nature of the business is such that it consists of a high number of low-value transactions. In the year to April 2020, Sunbelt US dealt with over 650,000 customers, who generated average revenue of $7,700.

The individual components of our fleet are similar to our peers. However, it is the breadth and depth of our fleet that differentiates us from them and provides the potential for higher returns. The size, age and mix of our rental fleet is driven by the needs of our customers, market conditions and overall demand. The equipment we provide to each customer is diverse and we are often involved in supplying various types of equipment over an extended period at each distinct stage of a project's development. Our equipment is also used in a wide range of other applications including industrial, events, repair and maintenance and facilities management.

How we operate

Our operating model is key to the way we deliver operational excellence:

- In the US we achieve scale through a 'clustered market' approach of grouping large and small general tool and specialty rental locations in each of our developed markets. This approach allows us to provide a comprehensive product offering and convenient service to our customers wherever their job sites may be within these markets. When combined with our purchasing power, this creates a virtuous circle of scale. You can find out more on our cluster strategy and how it has proved so effective during the COVID-19 pandemic on page 32.
- In Canada, we have first focused on expanding our presence in the Western and Eastern provinces, also achieving scale through a clustered market approach similar to the US. The businesses we acquired have strong positions in construction equipment, aerial work platforms and general tools. We are expanding the range of products available to customers in all areas, including building up our specialty service offering.
- In the UK, our strategy is focused on having sufficient stores to allow us to offer a full range of general tool and specialty equipment on a nationwide basis. We are migrating our network towards fewer, larger locations which are able to address all the needs of our customers in their respective markets, combined with smaller, local locations, not dissimilar to a cluster approach. This approach reflects the nature of the customer base (more national accounts) and the smaller geography of the UK.
- Across our rental fleet, we seek generally to carry equipment from one or two suppliers in each product range and to limit the number of model types of each product. We believe that having a standardised fleet results in lower costs. This is because we obtain greater discounts by purchasing in bulk and reduce maintenance costs. We are also able to share spare parts between stores which helps minimise the risk of over-stocking. Furthermore, we can easily transfer fleet between locations which helps us achieve strong levels of physical utilisation, one of our key performance indicators ('KPIs').
- We purchase equipment from well-known manufacturers with strong reputations for product quality and reliability and maintain close relationships with them to ensure certainty of supply and good after-purchase service and support. We work with suppliers to provide early visibility of our equipment needs which enables them to plan their production schedules and ensures we receive the fleet when we need it. However, we believe we have sufficient alternative sources of supply for the equipment we purchase in each product category.
- We also aim to offer a full service solution for our customers in all scenarios. Our specialty product range includes equipment types such as pumps, power generation, heating, cooling, scaffolding, traffic management, temporary flooring, trench shoring and lifting services, which involve providing service expertise as well as equipment.
- We invest heavily in technology, including the mobile applications required to deliver efficient service as well as high returns. Customers can track the equipment they have on rent, place new orders, request pickup or service or extend their contract while on the go. Our sales reps have access to the same information, along with details of the location of our fleet and all other information required to serve the customer. Technology enables our business and provides power to the platform and a significant advantage over our competitors.
- Our large and experienced sales force is encouraged to build and reinforce customer relationships and to concentrate on generating strong, whole-life returns from our rental fleet. Our sales force works closely with our customers to ensure we meet their needs. Through the application of technology, it is equipped with real-time access to fleet availability and pricing information enabling it to respond rapidly to the needs of a customer while optimising returns.
- We guarantee our service standards and promise our customers we will make it happen. We believe that our focus on customer service and the guarantees we offer help distinguish our businesses from competitors and assist us in delivering superior financial returns. Our responsiveness to customer needs is critical in a business where around 70% of orders are placed for delivery within 24 hours. We have long-standing relationships with many of our customers. Our customer retention is high due to the scale and quality of our fleet, our speed of response and our customer service.
- Our local management teams are experienced and incentivised to produce strong financial returns and high quality standards. We believe that the autonomy given to management teams to take decisions locally ensures that, despite our size, we retain the feel of a small, local business for our employees.

Investing in our people

Our people enable us to provide the exceptional customer service that keeps our customers coming back. Our exceptional staff and focus on service give us a huge competitive advantage in what we do. On page 56 we discuss the importance of our team members and corporate culture in more detail. We aim to recruit good people and then invest in them throughout their careers.

OUR STRATEGY

Our business, even under normal circumstances, will always be cyclical, but the continuing level of structural change in our markets, particularly in the US and Canada, combined with our proven strategy, makes us better able to capitalise on good economic environments and be more resilient in an economic downturn.

Our strategy to optimise the opportunities presented by structural change is growth through same-store investment, greenfields and bolt-ons. From 2011 to 2020, we achieved 19% compound annual growth in the US, of which two-thirds was from structural share gain. Our markets remain full of potential despite the near-term impact of COVID-19 on economies and activity levels. We are always conservative in our approach to maintaining a stable and secure balance sheet throughout the cycle and this enables us to maintain the flexibility we require to manage changes to the business and its environment, as and when they occur. The benefits of this approach have never been more clearly demonstrated than in recent weeks as a result of COVID-19. We have been able to take decisions based on the long-term prospects for the business without having to take short-term decisions that damage the fabric of the business. Despite the significant drop in activity levels in late March and early April, we have not made any staff redundant as a result of COVID-19 and we have not taken advantage of government support such as the Coronavirus Job Retention Scheme in the UK or similar programmes in Canada. We have been able to look to the longer term with our focus remaining on responsible, sustainable growth across the economic cycle.

Our goal in the medium term is to achieve 15% market share in the US, take a 10% share in Canada and grow the UK market share. We continue to believe these are realistic goals given the way the rental market is evolving and the way we do business. Consistent implementation of our strategy across the economic cycle will ensure we are in a strong position at all times to take advantage of the opportunities presented. As we enter the final year of our Project 2021 plan we have achieved our targets of 900 locations in North America and being a $5bn+ revenue business. We will use the coming year, 2020/21, to ensure we continue to be better positioned and stronger than our competitors, enabling us to continue to take market share post COVID-19. We will launch the next phase of our strategy in 2021 although, it is fair to say, a significant component of it will be more of the same.

OUR STRATEGIC PRIORITIES

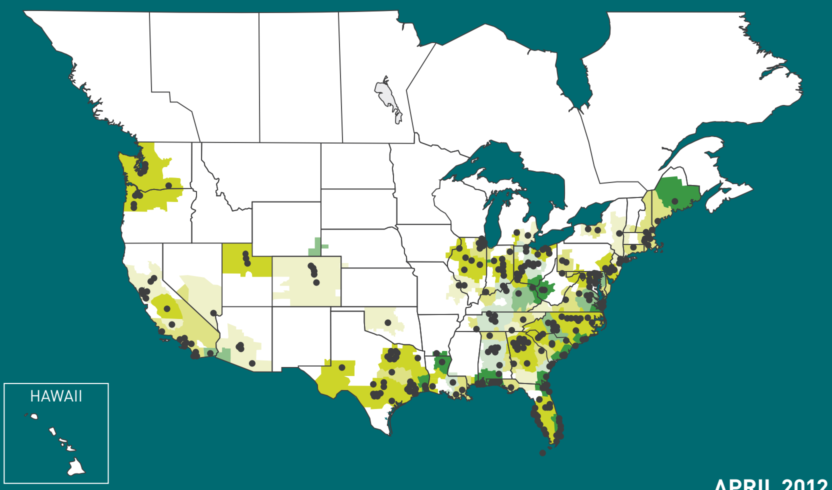
BUILD A BROAD PLATFORM FOR GROWTH

OPERATIONAL EXCELLENCE

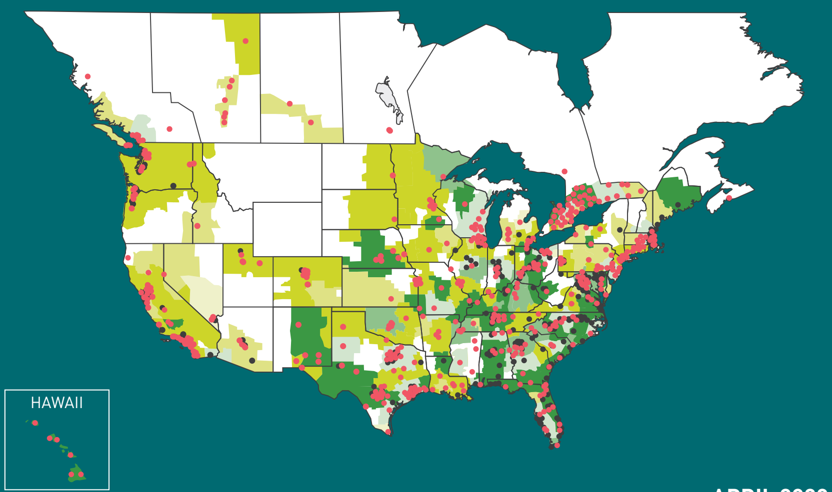
MAINTAIN FINANCIAL AND OPERATIONAL FLEXIBILITY

STRATEGIC PRIORITIES	KEY INITIATIVES	UPDATE	RELEVANT KPIs AND RELATED RISKS
Build a broad platform for growth: › target 15% US market share › take 10% Canadian market share › increase UK market share	› Same-store fleet growth › Greenfield expansion › Bolt-on M&A › Develop specialty products › Develop diversified clusters in key areas › Increased focus on non-traditional rental equipment › Increased focus on cross-selling	› 10% US market share › 5% Canadian market share › 8% UK market share › 11% increase in US rental fleet at cost › 10% increase in US fleet on rent › 15% increase in Canadian fleet on rent › 48 greenfield openings in the US › $364m spent on US acquisitions › C$263m spent on Canadian acquisitions › £10m spent on UK acquisitions	**KPIs** › Fleet on rent **Risks** › Competition › People
Operational excellence: › improve operational capability and effectiveness › continued focus on service	› Focus on safety › Operational improvement: – delivery cost recovery – fleet efficiency › Increased use of technology to drive optimal service and revenue growth › ARE initiative: Availability, Reliability and Ease › Focus on culture	› Continued focus on improvement programmes designed to deliver improved dollar utilisation and EBITDA margins	**KPIs** › Dollar utilisation › Underlying EBITDA margins › RoI › Fleet on rent › Staff turnover › Safety **Risks** › Business continuity › People › Health and safety › Environmental › Laws and regulations
Maintain financial and operational flexibility: › RoI above 15% for the Group (excluding IFRS 16) › maintain leverage in the range 1.5 to 2.0 times net debt to EBITDA (excluding IFRS 16) › ensure financial firepower at the bottom of cycle for next 'step-change'	› Driving improved dollar utilisation › Maintain drop-through rates › Increasing US store maturity › Maintaining financial discipline › Optimise fleet profile and age during the cyclical upturn	› RoI of 15% (2019: 18%) › Sunbelt US dollar utilisation of 51% (2019: 55%) › Sunbelt Canada dollar utilisation of 47% (2019: 49%) › Sunbelt UK dollar utilisation of 46% (2019: 47%) › Drop-through of 35% in Sunbelt US › Sunbelt US EBITDA margin of 50% (2019: 49%) › Sunbelt Canada EBITDA margin of 37% (2019: 36%) › Sunbelt UK EBITDA margin of 32% (2019: 35%) › Leverage of 1.9x EBITDA (excluding IFRS 16) Fleet age remains appropriate at this stage of the cycle: › Sunbelt US 36 months (2019: 33 months) › Sunbelt Canada 33 months (2019: 30 months) › Sunbelt UK 43 months (2019: 38 months)	**KPIs** › RoI › Dollar utilisation › Underlying EBITDA margins › Leverage › Net debt **Risks** › Economic conditions › Competition › Financing

09 MARKET SHARE AND GROWTH STRATEGY



APRIL 2012



APRIL 2020

Growth

- Locations – April 2012
- Location growth – May 2012 to April 2020

Market share (%)

0 10 15+

IHS Markit/ARA: State of the Equipment Rental Industry, May 2020 Outlook & Management estimates.

10 SOURCES OF US REVENUE GROWTH (YEAR ENDED 30 APRIL 2020)

6% ORGANIC GROWTH + **4%** BOLT-ON ACQUISITIONS = **10%** RENTAL ONLY REVENUE GROWTH

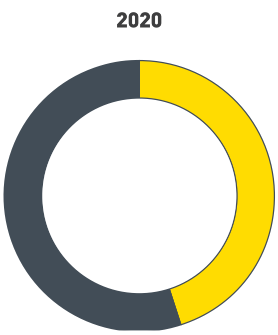
BUILDING A BROAD PLATFORM FOR GROWTH

The first of our strategic priorities is to build a broad platform for same-store growth supplemented by small bolt-on acquisitions and new greenfield sites. Our platform is not only our physical stores but our people and delivery fleet. You can see from the maps how we have made an enormous impact on the US market since 2012 and how much potential there still is to grow. We have added over 500 new locations in the US since we embarked on our strategy for growth in 2012. Anything in green on the map is where we already have over 10% market share. Areas in dark green are where we have over 15%. It is only a matter of time before we achieve similar results across a broader geography because we now have the scale, competitive advantage and balance sheet strength to reach our targets. We believe there is significant opportunity for expansion in both existing and new geographies.

We see similar opportunities to build a broad platform as we expand further in the Canadian market. When we entered the market in 2014 we had six locations in Western Canada. We now have 75 locations with a strong presence in Eastern Canada and we plan to expand further in the interior provinces. We will achieve this through a combination of greenfield sites and acquisitions.

There is a drag on margins when we open new stores but generally they improve quickly as they deliver more revenue and later broaden the fleet and customer mix. The same happens with acquisitions because we buy businesses that we can improve, either operationally or through additional investment, or both. However, our focus remains on same-store growth which supports our existing customers and generates the best returns. This same-store growth is supplemented with greenfields, either building out clusters or entering new markets. This investment drove organic growth of 6% which is part cyclical market growth and part structural growth. So even when the market declines, as is likely in 2020/21, our stores can continue to benefit from the structural part of the growth which is independent of the market. This is why we are consistently able to outperform both our competitors and the market. The strength of our brand and reputation means that greenfield sites become profitable very quickly. The diversity of our product portfolio and services only adds to this. This is also the case in Canada where in five years, we have gone from being unknown to now being a recognised and trusted partner.

11 BUSINESS MIX – US



Construction	45%
Non-construction	55%

Chart 10 shows the revenue growth and mix from organic growth and bolt-on acquisitions. When we add the 4% growth from our bolt-on acquisitions, rental revenue growth becomes 10%, of which around three quarters is structural and not driven by market growth. Our strategy capitalises on both structural and cyclical factors to drive our revenue growth.

Structural growth is people choosing to rent more equipment (increased rental penetration) and the big getting bigger (increased market share). We are able to keep growing because we prioritise investment in the fleet and have the financial security to be able to do that. Our customers want good quality fleet, readily available to meet their needs. Investing in a broad range of fleet and backing that up with great service means our customers remain loyal and do not need to look elsewhere. Prioritising higher return on investment ('RoI') products further helps our growth.

We are always on the lookout for the best opportunities and the flexibility in our model enables us to act quickly when we need to, whether that be opening a greenfield site or making an acquisition, as in the case of the William F. White acquisition in Canada. We are also flexible in the mix of greenfields and bolt-on acquisitions depending on the opportunities we see. Further diversifying the business is also a priority and opportunities that allow us to diversify and expand our specialty businesses are particularly key to our strategy of building a broader base for growth.

Our specialty businesses are a strategic priority and have grown from 16% of our business in 2011 to 24% in 2020. This year 25 of our 48 greenfield openings in the US were specialty stores and we added 11 specialty stores through acquisition.

We aim to build specialty businesses generating $2bn of revenue in time. We have always said we wanted to reduce our dependence on the construction industry. The increase in our specialty businesses is one way in which we have increased the ratio of our non-construction business, as can be seen in Chart 11. The benefit of this strategy has been demonstrated clearly in the fourth quarter. COVID-19 had a significant impact on our end markets, in particular, construction. As a result, fourth quarter rental revenue declined for our general tool business by 2%, while our specialty businesses (excluding oil and gas) grew by 11%. As potential demand for rental products develops in new areas, so we look to expand our product portfolio to accommodate this need. We expect to develop more specialty businesses in the future with events such as the COVID-19 pandemic demonstrating the need for air quality products, amongst others.

Specialty products are typically characterised by low rental penetration and a predominance of small local players. We continue to see further opportunity as we consolidate and improve the service offering leading to market growth from increased rental penetration as our customers become accustomed to the quality of our offering.

As mentioned elsewhere, we are building our rental penetration through expansion of the types of equipment we rent. As well as our specialty businesses, we are increasingly focused on developing the rental penetration of the smaller end of our product range. Chart 12 shows how the largest equipment in our fleet has high levels of rental penetration while the smaller, but often still costly to own, equipment has not traditionally been a large part of the rental mix.

12 RENTAL PENETRATION: THE PRODUCT RANGE

13 OPPORTUNITY TO BUILD OUT FURTHER CLUSTERS, US

Rental markets	Top 25	26–50	51–100	101–210
Rental market %	59%	18%	15%	8%
Cluster definition	>15	>10	>4	>1
Clustered	11 markets	7 markets	9 markets	16 markets

Source: Management information.

Our cluster approach is also an important aspect of building a broad platform for growth. Our greenfield sites are chosen carefully to enhance our existing business. We focus on building clusters of stores because, as they mature, they access a broader range of markets unrelated to construction leading to better margins and RoI.

A top 25 market cluster in the US has more than 15 stores, a top 26-50 market cluster more than ten stores and a top 51-100 market more than four stores. We also include the smaller 101-210 markets within our cluster analysis. We have found that these smaller markets, while performing less well than others overall, often prove more resilient when times are less good. Our definition of a cluster in these markets is two or more stores. Creating clusters is also a key element of our expansion strategy in Canada which also helps us increase the specialty business element of what we can provide for customers. With the advanced technology we have in place, we are able to analyse local market data very accurately. This allows us to find similarities between certain US and Canadian centres, and model our growth plans accordingly. The more customers get to know and trust us, the faster we are able to grow.

We focus on ensuring our clusters meet the multiple needs of local customers even if that means some stores may appear superficially to perform less well than others. The interaction of the stores in a cluster is what gives us real competitive advantage. We find that having a blend of locations is highly desirable and we like to mix up the large equipment locations with smaller general tool stores. The addition of specialty stores serves to really differentiate us from competitors in the area. This enables us to broaden and diversify our customer base and our end markets, as we extend our reach within a market.

Average revenue per store is not a relevant measure with which to evaluate the success of individual clusters or even the business as a whole. The value is in the mix.

Our cluster market approach has been particularly effective in maintaining the viability of the business and servicing customers during the COVID-19 pandemic. Having clusters has meant we are better able to service our customers across a broad range of equipment needs. We have been close to where customers need us to be with the full range of equipment they require.

OPERATIONAL EXCELLENCE

The second of our strategic priorities is constantly improving our operational capability and effectiveness, doing what we do to the very best of our ability. Customer service is a crucial element of this and we continue to build market share because we are in the right locations and providing better equipment with a higher quality of service than our competitors. Our reputation and quality of service is now such that when we open a new location, that store moves quickly up the revenue curve because we are already well known for what we do and how we do it. Our mantra is that our customers' rental experience should be one of Availability, Reliability and Ease. Getting these aspects right helps drive growth.

We want our customers to be delighted by our service and our culture empowers staff to do the right thing and get things done. The Ashtead culture is one of empowered entrepreneurship where staff pay just as much attention to our smaller customers as to our larger ones.

Maintaining low staff turnover and a strong safety culture are crucial to our strategy for operational excellence and you can read more about these in our Responsible business report on page 48.

In the US, we have three main categories of customers whose service needs vary depending on their size. Our smallest customers have rental revenue spend with us of less than $20,000 a year but represent 96% of our customers by number. These smaller customers tend to require higher levels of service but can incur a higher transactional cost. Our medium-sized customers often need equipment for longer periods of time and can command a discounted service. Our largest customers are our national accounts who have large-scale and often very sophisticated requirements. We have gained significant market share in all types of customer due, in part, to the strength of the relationships we build.

Our focus on operational excellence across the board drives our financial performance. Improving operational efficiency is an ongoing focus and we constantly strive to maintain high levels of fleet on rent, improve the organisation of our stores, analyse how we load our delivery trucks and optimise our delivery and pick-up routes and how we spend time at the customer location, for example. As with any multi-location business, all locations are good at some of this, some locations are good at all of it – our goal is for all locations to continuously raise the bar.

Technology plays an increasingly large part in delivering Availability, Reliability and Ease to customers, as we develop proprietary applications to improve the rental process. It is an area of significant investment and during the year we rolled out a new proprietary system which

> Our focus on operational excellence across the board drives our financial performance.

captures the initial order and takes it all the way through to delivery of the equipment across 90% of the business in North America. This fundamentally changes the way we operate and we are already developing the second generation of this system as we focus on the 'Ease' of Availability, Reliability and Ease. Central to our digital eco-system in the US is CommandCenter, including a mobile app, where customers can see and manage everything to do with their account. They can track what equipment they have on rent, order new items from the entire range, see what they have rented recently, request service or a pickup, extend their contract, see store locations, log their favourite equipment, etc.. Our sales reps have access to all of this information, as well as a very powerful customer relationship management tool, Accelerate, which enables them to find where available equipment is located, customer contacts, preferences and potential needs, and all other information relevant to serving the customer. Finally, our Vehicle Delivery Optimisation System ('VDOS') is used by dispatchers to manage pickup and delivery of equipment at job sites, and schedule drivers who are able to access it on their mobile phones. We have been using the online system to enable low contact and curb-side pickup and drop-off during the COVID-19 pandemic. There are vast amounts of data behind these applications which we utilise to make efficiency gains, add depth to our growth strategy and provide more accurate strategic forecasts. We have similar tools in the UK and in Canada.

FINANCIAL AND OPERATIONAL FLEXIBILITY

Maintaining financial and operational flexibility enables us to flex our business and operational models through the economic cycle. As we have said elsewhere, this enables us to react quickly to both negative changes in the market and opportunities. The more growth we experience and plan for, the more financial and operational flexibility we need. A key element of our strategy is ensuring we have the financial strength to enable growth when appropriate and make our returns sustainable. Having a strong balance sheet is fundamental to our success at all stages in the cycle.

A core element of our financial stability comes from our strategy of ensuring that, averaged across the economic cycle, we always deliver RoI well ahead of our cost of capital. RoI through the cycle is the key measure for any rental company and the best medium-term indicator of the strength of the business. We do this in a variety of ways at different stages of the cycle, all focused on the effective management of invested capital and financial discipline.

The maturity of our stores has a big impact on RoI. As stores mature and increase the size and broaden the range of fleet, there is natural margin and returns progression. Stores that were greenfield sites only two years ago are now already adding same-store growth. We are always focused on moving new and young stores up the maturity curve as there is scope for higher returns as they progress. This also means that we are now at a very different stage in our evolution in the current economic cycle relative to where we were in the last cycle. We have more stores and they are larger and more mature than at the peak of the last cycle, so we are much better placed to weather any downturn.

We have, over recent years, been consistent in our commitment to both low leverage and a well-invested fleet and we benefit from the options this strategy has provided. The length and gradual nature of this cyclical upturn has enabled us to establish a smooth, well-distributed fleet profile across the age bands which provides significant flexibility across the economic cycle. Traditionally, rental companies have only generated cash in a downturn when they reduce capital expenditure and age their fleet. In the upturn, they consume cash as they replace their fleets and then seek to grow. We have changed this dynamic through this cycle with our scale and strong margins. We have been in a phase where we continued to grow the business in a cyclical upturn and were highly cash generative. As a consequence, we have maintained our leverage within our target range of 1.5 to 2.0 times net debt to EBITDA (excluding IFRS 16) which provides the Group with significant flexibility and security.

From this position of strength in the up-cycle, we are well positioned to manage the business through the uncertain economic environment as a result of the COVID-19 pandemic, taking decisions for the long-term health of the business, rather than out of short-term necessity. We took prompt action to optimise cash flow, reduce operating costs and strengthen further our liquidity position including:

- reducing capital expenditure to the minimum based on existing commitments;
- suspending all current and prospective M&A activity;
- pausing the share buyback programme;
- implementing a group-wide freeze on new hires;
- reducing discretionary staff costs, use of third-party freight haulers and other operating expenditures consistent with reduced activity levels; and
- increasing our senior secured debt facility by $500m for one year.

While the impact of COVID-19 adversely affected margins, earnings and hence, returns this year and any further market slowdown and/or recession will continue to impact them, we generated record free cash flow of £792m this year and expect strong free cash flow generation next year as we moderate capital expenditure.

A skilled workforce is instrumental to the Group's long-term success and we have made every effort to preserve our committed workforce for the impending recovery. Our financial strength and flexibility has meant that we have not made any team members redundant as a result of the impact of COVID-19 and have not sought assistance from government support programmes such as the UK's Coronavirus Job Retention Scheme and similar schemes in Canada.

Our financial strength provides us with the operational flexibility to ensure the business is well positioned to take advantage of the next 'step-change' in the market and capitalise on growth opportunities in the early stages of the recovery. While we are reducing our capital expenditure in the short-term to reflect market conditions, we are committed to our long-term structural growth. We are very conscious that we have to know both when to spend; when not to spend; and be in a strong position to act appropriately as we have shown this year.

KEY PERFORMANCE INDICATORS

MEASURING OUR PERFORMANCE

At Group level, we measure the performance of the business using a number of key performance indicators ('KPIs'). These help to ensure that we are delivering against our strategic priorities as set out on page 28. Several of these KPIs (underlying EPS, return on investment and leverage) influence the remuneration of our executive team (see page 86).

Certain KPIs are more appropriately measured for each of our operating businesses, whereas other KPIs are best measured for the Group as a whole.

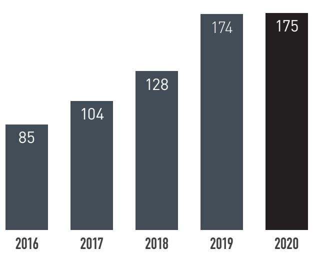
Link to strategic priority

- Build a broad platform for growth
- Operational excellence
- Maintain financial and operational flexibility

→ **Metrics relating to environmental matters are set out in our Responsible business report on pages 48 to 64**

* Linked to remuneration.
1 No data is available for Sunbelt Canada on a comparable basis due to the acquisition of CRS in August 2017.
2 Physical utilisation for Canada excludes the impact of William F. White in the year.

UNDERLYING EPS (P)*

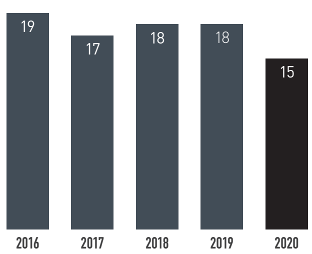


Calculation
Underlying Group profit after taxation divided by the weighted average number of shares in issue (excluding shares held by the Company and the ESOT).

Target
As a cyclical business, underlying EPS varies substantially through the cycle.

2020 performance
Underlying EPS was 175p per share in 2019/20.

RETURN ON INVESTMENT ('ROI') (%)*

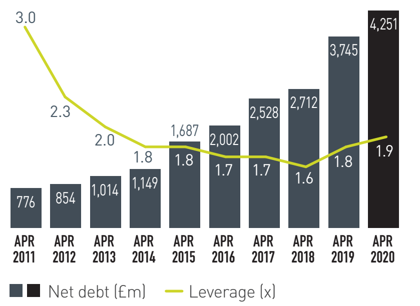


Calculation
Underlying operating profit divided by the sum of net tangible and intangible fixed assets, plus net working capital but excluding net debt and tax.

Target
Averaged across the economic cycle we look to deliver RoI well ahead of our cost of capital, as discussed in our strategic review.

2020 performance
Our RoI was 15% for the year ended 30 April 2020, reflecting the impact of the COVID-19 pandemic on fourth quarter performance.

NET DEBT AND LEVERAGE AT CONSTANT EXCHANGE RATES*

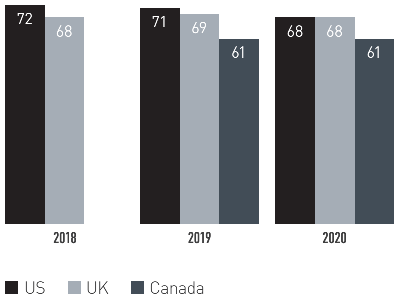


Calculation
Net debt is total debt less cash balances, as reported, and leverage is net debt divided by underlying EBITDA, calculated at constant exchange rates (balance sheet rate).

Target
We seek to maintain a conservative balance sheet structure with a target for net debt to underlying EBITDA of 1.5 to 2.0 times (excluding IFRS 16).

2020 performance
Excluding lease liabilities arising under IFRS 16, net debt at 30 April 2020 was £4,251m and leverage was 1.9 times.

PHYSICAL UTILISATION (%)

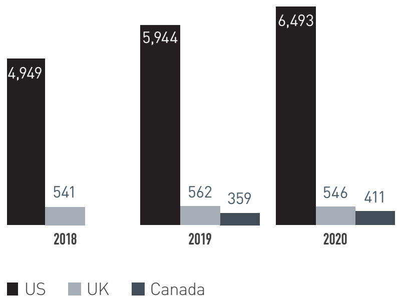


Calculation
Physical utilisation is measured as the daily average of the amount of itemised fleet at cost on rent as a percentage of the total fleet at cost and for Sunbelt US is measured only for equipment whose cost is over $7,500 (which comprised 97% of its itemised fleet at 30 April 2020).

Target
It is important to sustain annual average physical utilisation at between 60% and 70% through the cycle. If utilisation falls below 60%, yield will tend to suffer, whilst above 70% we may not have enough fleet in certain stores to meet our customers' needs.

2020 performance[1,2]
Sunbelt US utilisation was 68% (2018/19: 71%), while Sunbelt UK utilisation was 68% (2018/19: 69%) and Sunbelt Canada was 61% (2018/19: 61%).

FLEET ON RENT ($M/£M/C$M)

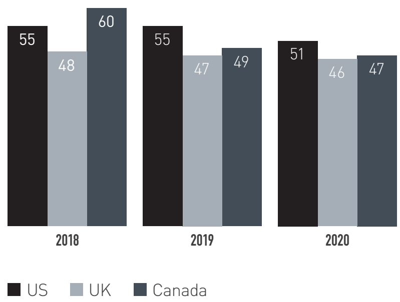


Calculation
Fleet on rent is measured as the daily average of the original cost of our itemised equipment on rent.

Target
To achieve growth rates in excess of the growth in our markets and that of our competitors.

2020 performance[1]
In the US and Canada, fleet on rent grew 9% and 15% respectively in 2019/20, while in the UK it reduced by 3%. The US market grew 6%, the Canadian market by 1% and the UK market was flat.

DOLLAR UTILISATION (%)

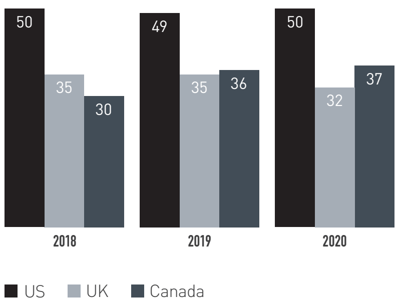


Calculation
Dollar utilisation is rental revenue divided by average fleet at original (or 'first') cost measured over a 12-month period.

Target
Improve dollar utilisation to drive improving returns in the business.

2020 performance
Dollar utilisation was 51% in the US, 47% in Canada and 46% in the UK. These reductions reflect the impact of the COVID-19 pandemic in the fourth quarter and resulting reduction in the activity levels.

UNDERLYING EBITDA MARGINS (%)

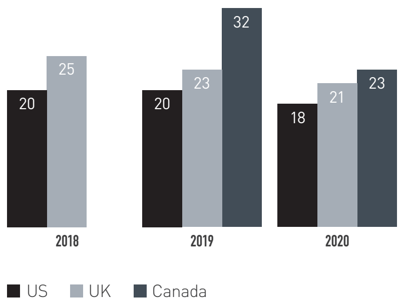


Calculation
Underlying EBITDA as a percentage of total revenue.

Target
To improve or maintain margins and achieve peak EBITDA margins of 45-50% in the US during this cycle, 40-45% in due course in Canada and 35-40% in the UK.

2020 performance
EBITDA margins in 2019/20 were 50% in the US, 32% in the UK and 37% in Canada.

STAFF TURNOVER (%)

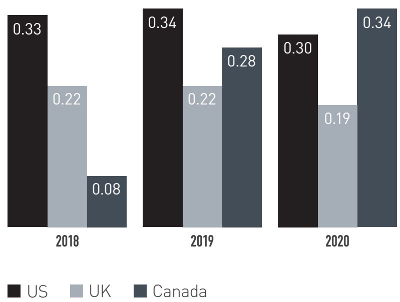


Calculation
Staff turnover is calculated as the number of leavers in a year (excluding redundancies) divided by the average headcount during the year.

Target
Our aim is to keep employee turnover below historical levels to enable us to build on the skill base we have established.

2020 performance[1]
Turnover levels have reduced across the business. Voluntary employee turnover is discussed on page 56. Our well-trained, knowledgeable staff remain targets for our competitors.

SAFETY



Calculation
The RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations) reportable rate is the number of major injuries or over seven-day injuries per 100,000 hours worked.

Target
Continued reduction in accident rates.

2020 performance
The RIDDOR reportable rates of 0.30 in the US and 0.19 in the UK were lower than the prior year. For Canada, the RIDDOR reportable rate was 0.34.

More detail is included in our Responsible business report on page 48.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group recognises the importance of identifying and managing financial and non-financial risks faced by the business. In response to this, it has developed a rigorous risk management framework designed to identify and assess the likelihood and consequences of risks and to manage the actions necessary to mitigate their impact. Our risk identification processes seek to identify risks from both a top-down strategic perspective and a bottom-up business perspective. The Board has overall responsibility for risk management, setting of risk appetite and implementation of the risk management policy. This is designed to enable our employees to take advantage of attractive opportunities, yet to do so within the risk appetite set by the Board.

The Group Risk Register is the core of the Group's risk management process. It contains an overall assessment of the risks faced by the Group together with the controls established to reduce those risks to an acceptable level and is maintained by the Group Risk Committee. The Group Risk Register is based on detailed risk registers maintained by Sunbelt in North America and the UK, which are reviewed and monitored through local risk committees. The operation and effectiveness of the local risk committees, which meet at least quarterly, continues to be enhanced. The Group Risk Committee meets as required, but at least twice a year, with the objective of encouraging best risk management practice across the Group and a culture of regulatory compliance and ethical behaviour. The Group Risk Committee reports annually through the Audit Committee to the Board and, as part of this process, produces an updated Group Risk Register. The Board assesses on a regular basis whether the appropriate risks have been identified, including any emerging risks which may impact the Group, and that adequate assurance is obtained over those risks.

In addition, consideration is given to ensure that risks have been appropriately assessed in relation to risk rating. Our risk appetite is reflected in our rating of risks and ensures the appropriate focus is placed on the correct risks. The Board takes a view of the prospects of the business through the cycle and, given the inherent cyclicality in the business, tends to operate with a low risk appetite. Further detail on our risk management framework and priorities during the year is provided on pages 48 to 50.

RISK MANAGEMENT FRAMEWORK

GROUP RISK COMMITTEE
- Reviews key and emerging risks on a regular basis with support from the businesses' risk committees which meet quarterly.
- Receives in-depth presentations from the businesses' risk committees on key matters.

RISK IDENTIFICATION

Assessed both on a top-down and bottom-up basis.

Risks considered most material to the business.

Consideration of emerging risks.

ASSESSMENT OF LIKELIHOOD AND IMPACT

Financial, operational and regulatory impacts considered.

RISK APPETITE DETERMINED

Risk appetite assessed for individual risks in accordance with our overall Group risk appetite.

MITIGATING CONTROLS IMPLEMENTED

Mitigating controls identified, implemented and monitored to ensure risk is reduced to an acceptable level.

AUDIT COMMITTEE
- Receives presentations from Group Risk Committee and the Group Risk Register on an annual basis.
- Assesses effectiveness of risk management process.

GROUP RISK REGISTER

Group Risk Register summarises work of Group Risk Committee, changes in risks identified and details by significant risk material controls and monitoring activities completed.

BOARD
- Overall responsibility for risk management framework and the definition of risk appetite.
- Undertakes Board monitoring of significant risks throughout the year.

RISK APPETITE DETERMINED

Risk appetite determined with reference to the Group's risk categories:

STRATEGIC | OPERATIONAL | FINANCIAL

PRINCIPAL RISKS

Set out below are the principal business risks that could impact the Group's business model, future performance, solvency or liquidity and information on how we mitigate them. Our risk profile evolves as we move through the economic cycle and commentary on how risks have changed is included below.

Change in risk in 2019/20

- Increased risk
- Constant risk
- Decreased risk

ECONOMIC CONDITIONS

Potential impact

In the longer term, there is a link between demand for our services and levels of economic activity. The construction industry, which affects our business, is cyclical and typically lags the general economic cycle by between 12 and 24 months.

The economic uncertainties resulting from the impact of COVID-19 or other pandemics are considered as part of this risk, together with trade/tariff escalation and the impact of Brexit on the UK economy.

Mitigation

- Prudent management through the different phases of the cycle.
- Flexibility in the business model.
- Capital structure and debt facilities arranged in recognition of the cyclical nature of our market and able to withstand market shocks.

Change

In recent years, our performance has benefitted from the economic cycle. In the current year, while we were anticipating a slowing of market growth, the impact of the COVID-19 pandemic has resulted in an immediate reduction in market activity and increased uncertainty. Nevertheless, our business planning is designed to ensure we maintain a strong balance sheet to not only weather unexpected shocks but also ensure we have firepower as markets recover to achieve the next 'step-change' in business performance.

Strategic priority

COMPETITION

Potential impact

The already competitive market could become even more competitive and we could suffer increased competition from large national competitors or small companies operating at a local level resulting in reduced market share and lower revenue.

Mitigation

- Create commercial advantage by providing the highest level of service, consistently and at a price which offers value.
- Differentiation of service.
- Enhance the barriers to entry to newcomers provided by our platform: industry-leading IT, experienced personnel and a broad network and equipment fleet.
- Regularly estimate and monitor our market share and track the performance of our competitors.

Change

Our competitive position continues to improve. We have grown faster than our larger competitors and the market, and continue to take market share from our smaller, less well financed competitors. We have a 10% market share in the US, a 5% market share in Canada and 8% in the UK.

Strategic priority

FINANCING

Potential impact

Debt facilities are only ever committed for a finite period of time and we need to plan to renew our facilities before they mature and guard against default. Our loan agreements also contain conditions (known as covenants) with which we must comply.

Mitigation

- Maintain conservative (1.5 to 2.0 times excluding the impact of IFRS 16), net debt to EBITDA leverage which helps minimise our refinancing risk.
- Maintain long debt maturities.
- Use of an asset-based senior facility means none of our debt contains quarterly financial covenants when availability under the facility exceeds $460m.

Change

At 30 April 2020, our facilities were committed for an average of six years, leverage was at 1.9 times and availability under the senior debt facility, including cash on the balance sheet, was $2,363m.

Strategic priority

CYBER SECURITY

Potential impact

A cyber-attack or serious uncured failure in our systems could result in us being unable to deliver service to our customers and/or the loss of data. In particular, we are heavily dependent on technology for the smooth running of our business given the large number of both units of equipment we rent and our customers. As a result, we could suffer reputational loss, revenue loss and financial penalties.

This is the most significant factor in our business continuity planning.

Mitigation

- Stringent policies surrounding security, user access, change control and the ability to download and install software.
- Testing of cyber security including system penetration testing and internal phishing training exercises undertaken.
- Use of antivirus and malware software, firewalls, email scanning and internet monitoring as an integral part of our security plan.
- Use of firewalls and encryption to protect systems and any connections to third parties.
- Use of multi-factor authentication.
- Continued focus on development of IT strategy taking advantage of cloud technology available.
- Separate near-live back-up data centres which are designed to be able to provide the necessary services in the event of a failure at a primary site.

Change

We seek to improve continually our cyber-security policies and controls in place. We have made a significant investment to enhance further our cyber-security environment and profile this year and have a plan for the coming year.

In relation to business continuity, our plans have been subject to continued review and update during the year and our disaster recovery plans are tested regularly. Our broader business continuity plans have been tested extensively as a result of the COVID-19 pandemic and were proven robust and enabled the business to operate uninterrupted throughout.

Strategic priority

HEALTH AND SAFETY

Potential impact
We need to comply with laws and regulations governing occupational health and safety matters. Furthermore, accidents could happen which might result in injury to an individual, claims against the Group and damage to our reputation.

Mitigation
- Maintain appropriate health and safety policies and procedures regarding the need to comply with laws and regulations and to reasonably guard our employees against the risk of injury.
- Induction and training programmes reinforce health and safety policies.
- Programmes to support our customers exercising their responsibility to their own workforces when using our equipment.
- Maintain appropriate insurance coverage. Further details are provided on page 45.

Change
The health and safety of our team members is our priority. We have introduced a new safety framework in North America, under the banner 'Engage for Life' and this will be extended to the UK during 2020/21.

Introduced additional measures to protect our team members, customers and communities as a result of the impact of COVID-19 including:
- restricted travel and meetings;
- remote working where possible;
- reinforced health protection protocols and implemented social distancing;
- provided touchless signature at the point of equipment pick-up or delivery;
- implemented curbside pick-up and drop-off.

In terms of reportable incidents, the RIDDOR reportable rate was 0.30 (2019: 0.34) in Sunbelt US, 0.34 (2019: 0.28) in Sunbelt Canada and 0.19 (2019: 0.22) in Sunbelt UK.

Strategic priority

PEOPLE

Potential impact
Retaining and attracting good people is key to delivering superior performance and customer service.

Excessive staff turnover is likely to impact on our ability to maintain the appropriate quality of service to our customers and would ultimately impact our financial performance adversely.

At a leadership level, succession planning is required to ensure the Group can continue to inspire the right culture, leadership and behaviours and meet its strategic objectives.

Mitigation
- Provide well-structured and competitive reward and benefit packages that ensure our ability to attract and retain the employees we need.
- Ensure that our staff have the right working environment and equipment to enable them to do the best job possible and maximise their satisfaction at work.
- Invest in training and career development opportunities for our people to support them in their careers.
- Ensure succession plans are in place and reviewed regularly which meet the ongoing needs of the Group.

Change
Our compensation and incentive programmes have continued to evolve to reflect market conditions and the economic environment.

Employee turnover is most significant in the first 12-24 months of employment and so we have developed programmes to enhance both the recruitment and induction process.

We continue to invest in training and career development with over 350 courses offered across each business.

Strategic priority

ENVIRONMENTAL

Potential impact
We need to comply with environmental laws. These laws regulate such issues as wastewater, stormwater, solid and hazardous wastes and materials, and air quality. Breaches potentially create hazards to our employees, damage to our reputation and expose the Group to, amongst other things, the cost of investigating and remediating contamination and also fines and penalties for non-compliance.

Mitigation
- Policies and procedures in place at all our stores regarding the need to adhere to local laws and regulations.
- Procurement policies reflect the need for the latest available emissions management and fuel efficiency tools in our fleet.
- Monitoring and reporting of carbon emissions.

Change
We continue to seek to reduce the environmental impact of our business and invest in technology to reduce the environmental impact on our customers' businesses.

We are reviewing our ESG positioning and enhancing and formalising our strategy for the future.

In 2019/20 our carbon emission intensity ratio reduced to 20.3 (2019: 21.2) in the US, 12.5 (2019: 12.8) in Canada and 9.0 (2019: 9.4) in the UK. Further detail is provided on page 63.

Strategic priority

LAWS AND REGULATIONS

Potential impact	Mitigation	Change
Failure to comply with the frequently changing regulatory environment could result in reputational damage or financial penalty.	› Maintaining a legal function to oversee management of these risks and to achieve compliance with relevant legislation. › Group-wide ethics policy and whistle-blowing arrangements. › Evolving policies and practices to take account of changes in legal obligations. › Training and induction programmes ensure our staff receive appropriate training and briefing on the relevant policies.	We monitor regulatory and legislative changes to ensure our policies and practices reflect them and we comply with relevant legislation. Our whistle-blowing arrangements are well established and the Company Secretary reports matters arising to the Audit Committee and the Board during the course of the year. Further details as to the Group's whistle-blowing arrangements are provided on page 74. During the year over 2,100 people in Sunbelt US, 120 people in Canada and 365 people in Sunbelt UK underwent induction training and additional training programmes were undertaken in safety. **Strategic priority**

EMERGING RISKS

In addition to the principal risks identified above, the Board considers what emerging risks may also impact the Group. In identifying emerging risks, the Board has considered both third-party risk analysis as well as internal views of emerging trends which may impact the business. As a result of this analysis, the Board specifically considered climate-related matters and emerging technologies, including battery-led technologies and autonomous machines.

ASSESSMENT OF PROSPECTS AND VIABILITY

The prospects of the Group are inherently linked to the environment in which we operate. While our principal market is construction, which is cyclical in nature, it represents less than 50% of our business. The balance is non-construction related activity, including, inter alia, industrial, events, maintenance and repair, emergency response and facilities management which, by their nature, are typically less cyclical.

Our markets in the US and Canada are undergoing structural change. Customers are increasingly choosing to rent equipment rather than own it and the fragmented markets are consolidating. The Group is well positioned to take advantage of these structural changes. The UK market is more mature and competitive than the US and Canada but Sunbelt UK is the largest rental company in that market and, with the Group's strong financial position, is well positioned to optimise market conditions.

Period of assessment

The Board discusses regularly the factors affecting the Group's prospects and the risks it faces in optimising the opportunity presented in its markets. The principal risks, which the Board concluded could affect the business are set out on the preceding pages. The Group's risks are ongoing in nature and therefore could crystallise at any time, rather than being linked to a specific timeframe. While the Board has no reason to believe the Group will not be viable over a longer period, the period over which the Board considers it possible to form a reasonable expectation as to the Group's longer-term viability, is the three-year period to 30 April 2023. This also aligns with the duration of the business plan prepared annually and reviewed by the Board. Furthermore, our committed borrowing facilities do not mature before the end of this period. Our senior credit facility, which matures in December 2023, was increased from \$4.1bn to \$4.6bn in April 2020, for a period of one year, to provide additional liquidity during the uncertainty arising as a result of the COVID-19 pandemic. We believe this provides a reasonable degree of confidence over this longer-term outlook.

Assessment of viability

The Group prepares an annual budget and three-year business plan. This plan considers the Group's cash flows and is used to review its funding arrangements and available liquidity based on expected market conditions, capital expenditure plans, used equipment values and other factors that might affect liquidity. It also considers the ability of the Group to raise finance and deploy capital.

The nature of the Group's business is such that its cash flows are countercyclical. In times of improving markets, the Group invests in its rental fleet, both to replace existing fleet and grow the overall size of the fleet, which results in improving earnings but low or potentially negative cash flow from operations in times of rapid growth. However, as the cycle matures and the rate of growth slows, the Group is able to fund rental fleet growth from cash flow, so generating strong cash flow from operations. In more benign or declining markets, the Group invests less in its rental fleet and, as a result, generates significant cash flow from operations.

As the Group was in the final stages of the annual budget and business planning process, the impact of the COVID-19 pandemic began to affect our end markets and operations. We were already planning for lower rates of growth and had adjusted our capital expenditure plans accordingly. However, as the COVID-19 pandemic unfolded, we took immediate action to optimise cash flow, reduce operating costs, strengthen further our liquidity position and adjust our planning accordingly. While the economic impact remains uncertain, we modelled a range of scenarios which considered different possible outcomes based on the timing, severity and duration of the downturn and subsequent recovery. This scenario planning considers the potential impact of COVID-19 and, more generally weakening markets on revenue, margins, cash flows, overall debt levels and leverage.

In addition, we then considered sensitivities to these scenarios. In particular, we considered the impact of a more significant and sustained period of revenue reduction and increased irrecoverability of receivables, while taking into account reasonable mitigating actions. Under all these scenarios, the Group continues to generate free cash flow and reduce debt throughout the three-year period.

Based on this analysis, and the Board's regular monitoring and review of risk management and internal control systems, we do not believe there are any reasonably foreseeable events that could not be mitigated through the Group's ability to flex its capital expenditure plans and cost base, which would result in the Group not being able to meet its liabilities as they fall due. The nature of the business's other principal risks is such that, while they could affect the Group's ability to achieve its objectives, they are unlikely to prevent the Group from meeting its liabilities as they fall due.

Viability statement

Based on the foregoing, the Board has a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period to April 2023.

STAKEHOLDER ENGAGEMENT

We engage actively with our stakeholders at all levels of our business, which we believe is critical to the success of the Group. At a board level, Board members are encouraged to engage with our stakeholders directly, for example through meeting with individual employees during site visits or through investor meetings, such as those to obtain remuneration policy feedback or through attendance at the Group's annual general meeting. In addition, the Board is advised of stakeholder views in a number of ways including through board reports and investor feedback reports from our brokers.

	EMPLOYEES	CUSTOMERS
Definition	› Existing and prospective employees, including apprentices	› National and other managed accounts › Small and mid-sized enterprises › Individuals
Nature of engagement	› Regular 'toolbox talks' and 'town hall' meetings › Employee surveys › National conferences and other employee events › Focus on safety, with dedicated safety weeks › Training programmes › Apprentice programmes › Employee relief programme › Further details are provided on pages 56 to 59	› Account managers for major customers › Customer feedback mechanism › Store-level staff with local customer relationships › Customer-centric technology to facilitate customer engagement › Customer-focused websites
Why relevant?	› Our employees want to work for a company that values them, provides ongoing development, treats them fairly and remunerates them appropriately › Investing in our people ensures we maintain our culture by having the right people and enables us to deliver on our strategic goals	› Our customers want to have confidence in the 'Availability, Reliability and Ease' of our offering as a reliable alternative to ownership
Our response to engagement	› Employee reward and benefit structure which recognises the contribution our employees make to the success of the business › Employee policies which ensure our people are treated fairly › Ensuring safety remains a cornerstone of our culture	› Continued investment in fleet › Investment in new market offerings to broaden our rental offering › Continued investment in customer-focused technology solutions
Relevant KPIs	› Employee survey scores › Safety metrics › Employee retention metrics	› Customer satisfaction scores › Level of repeat business › Customer spend › Debtor days

SUPPLIERS	COMMUNITIES	INVESTORS
› Major equipment suppliers › Other equipment suppliers › Service providers	› Local communities to our operations › Families of employees	› Shareholders (institutional) › Shareholders (private) › Financial lending institutions
› Dedicated account managers for major suppliers › Central procurement teams manage supplier relationships	› Nationwide programmes in addition to local community initiatives entered into by individual depots › Responding to community needs for emergency relief › Further details are provided on pages 60 and 61	› Investor conferences › One-to-one meetings › Annual Report and other communications › Results presentations and bondholder calls › Reporting to financial lending institutions › Annual General Meeting › Investor relations website
› Working with our suppliers in a collaborative manner ensures that we have access to equipment when we need it and enables us to deliver new innovation to the market	› We want to make a positive contribution to the communities in which we operate › Establishing the right relationships with our communities also helps us to attract the best talent into our business › Supporting the families of our staff is just the right thing to do	› Our investors want to understand how we are managing the business to generate sustainable returns through the cycle and to promote the long-term success of the Group
› Regular meetings with key suppliers to assist in management of production cycles › Policies in place in relation to working with our suppliers fairly › Clear procurement terms agreed	› Community-building activities, disaster response when required and financial support at time of crisis	› Communication of business model and strategic plan › Application of stated capital allocation priorities › Maintain compliance with stated financial objectives (e.g. leverage range, etc.) › Manage business through the cycle
› Payment practices statistics	› Charitable donations › Employee time contributed to community initiatives	› Returns to shareholders

FINANCIAL REVIEW

TRADING RESULTS[1]

	Revenue		EBITDA		Profit[3]	
	2020	2019	**2020**	2019	**2020**	2019
Sunbelt US in $m	**5,489.9**	4,988.9	**2,721.0**	2,453.5	**1,560.0**	1,545.0
Sunbelt Canada in C$m	**420.7**	344.0	**157.0**	124.1	**54.5**	54.8
Sunbelt US in £m	**4,335.7**	3,824.3	**2,149.0**	1,880.9	**1,232.1**	1,184.3
Sunbelt UK[2]	**469.2**	475.1	**148.6**	168.4	**36.4**	62.3
Sunbelt Canada in £m	**248.7**	200.2	**92.8**	72.2	**32.2**	31.9
Group central costs	**–**	–	**(14.6)**	(14.9)	**(15.4)**	(14.9)
	5,053.6	4,499.6	**2,375.8**	2,106.6	**1,285.3**	1,263.6
Net financing costs					**(224.5)**	(153.4)
Profit before amortisation, exceptional items and tax					**1,060.8**	1,110.2
Amortisation					**(61.7)**	(50.7)
Exceptional items					**(16.3)**	–
Profit before taxation					**982.8**	1,059.5
Taxation					**(243.1)**	(262.6)
Profit attributable to equity holders of the Company					**739.7**	796.9
Margins						
Sunbelt US			**49.6%**	49.2%	**28.4%**	31.0%
Sunbelt UK			**31.7%**	35.5%	**7.8%**	13.1%
Sunbelt Canada			**37.3%**	36.1%	**13.0%**	15.9%
Group			**47.0%**	46.8%	**25.4%**	28.1%

1 Throughout the Financial review, we use a number of alternative financial performance measures ('APMs') which the directors have adopted in order to provide additional useful information on the underlying trends, performance and position of the Group. Further details are provided in the Glossary on page 153.
2 The UK business was rebranded Sunbelt Rentals UK with effect from 1 June 2020.
3 Segment result presented is operating profit before amortisation.

The Group adopted IFRS 16, Leases ('IFRS 16') on 1 May 2019. The Group elected to apply IFRS 16 using the modified retrospective approach with no restatement of comparative figures. As a result, the results for the year are not comparable directly to the prior year with the adoption of IFRS 16 resulting in higher EBITDA and operating profit but lower profit before amortisation, exceptional items and tax than under the previous accounting standard. Our comments below are on both the reported figures and those excluding the impact of IFRS 16 to aid comparability. Margins excluding the impact of IFRS 16 are summarised below. Further details on the adoption and impact of IFRS 16 are provided in Note 17 to the financial statements.

Margins excluding the impact of IFRS 16	**2020**	2019	**2020**	2019
Sunbelt US	**47.6%**	49.2%	**28.1%**	31.0%
Sunbelt UK	**29.8%**	35.5%	**7.6%**	13.1%
Sunbelt Canada	**33.6%**	36.1%	**12.5%**	15.9%
Group	**44.9%**	46.8%	**25.1%**	28.1%

Group revenue for the year increased 12% (9% at constant exchange rates) to £5,054m (2019: £4,500m) with good growth in the US and Canadian markets. This industry-leading performance includes a fourth quarter impacted by COVID-19, resulting in fourth quarter revenue only 2% higher (2% lower on a constant currency basis) than the prior year. This sudden fall in activity levels had a significant impact on profit in the quarter as a large proportion of our costs are fixed in the short term. As a result, underlying profit before tax for the year was £1,061m (2019: £1,110m) or £1,091m excluding the impact of IFRS 16.

Although COVID-19 has influenced the Group's short-term planning and actions, our strategy remains unchanged with long-term growth being driven by organic investment (same-store and greenfield) supplemented by bolt-on acquisitions. In the US and Canada, we experienced 10% and 30% rental only revenue growth respectively, while in the UK, rental only revenue decreased 2% reflecting the more competitive landscape within a more uncertain UK market and a period of realignment for the UK business. The growth in Canada continues to reflect the impact of recent acquisitions, including William F. White acquired in December 2019.

US revenue growth continued to benefit from cyclical and structural trends during the year and can be explained in Table 01 opposite.

US revenue growth demonstrates the successful execution of our long-term structural growth strategy. This growth has been achieved against a back-drop of a construction industry, just less than half of our end markets, which did not grow in 2019. In this market environment, we continued to capitalise on the market opportunity through a combination of organic growth (same-store growth and greenfields) and bolt-ons as we expand our geographic footprint and our specialty

01 US REVENUE GROWTH

		$m
2019 rental only revenue		3,711
Organic (same-stores and greenfields)	6%	197
Bolt-ons since 1 May 2018	4%	157
2020 rental only revenue	10%	4,065
Ancillary revenue	6%	981
2020 rental revenue	9%	5,046
Sales revenue	26%	444
2020 total revenue	10%	5,490

businesses. We added 85 new stores in the US in the year, almost half of which were specialty locations.

Rental only revenue growth was 10%, driven by increased fleet on rent. This is a good performance after the last two years, which were impacted favourably by significant hurricane activity, whereas the 2019 hurricane season was much quieter and a fourth quarter adversely affected by the impact of COVID-19. US total revenue, including new and used equipment, merchandise and consumable sales, increased 10% to $5,490m (2019: $4,989m).

The UK business, which was rebranded Sunbelt Rentals UK with effect from 1 June 2020, generated rental only revenue of £349m, down 2% on the prior year (2019: £357m), resulting from a 2% reduction in fleet on rent. The rate environment in the UK market remained competitive throughout the year. Total revenue decreased 1% to £469m (2019: £475m).

Canada's rental only revenue increased 30%, including the benefit of recent acquisitions. On an organic basis, rental only revenue increased 8%. Total revenue was C$421m (2019: C$344m).

In the US, while our growth continues to outpace the market, the relatively lower rate of growth compared with recent years has put some pressure on drop-through, both in some of our mature stores and from the drag effect of greenfield openings and acquired stores. This was compounded in the fourth quarter by the impact of COVID-19, with a significant proportion of the revenue decline falling through to EBITDA. As a result, for the year, excluding the impact of IFRS 16, 35% of revenue growth dropped through to EBITDA. This contributed to a reported EBITDA margin of 50% (2019: 49%) and a 1% increase in operating profit to $1,560m (2019: $1,545m) at a margin of 28% (2019: 31%). Excluding the impact of IFRS 16, the EBITDA and operating profit margins were 48% and 28% respectively for the year.

The UK market remains competitive and after a period of sustained growth for the business, the focus had turned to operational efficiency and improving returns. The EBITDA margin of 32% (2019: 35%) reflects the drag effect of the increased fleet disposals, the challenging rate environment, investment in the infrastructure of the business and, recently, the impact of COVID-19. Excluding the impact of the de-fleet exercise and the adoption of IFRS 16, the UK generated an EBITDA margin of 32% (2019: 35%). Operating profit of £36m (2019: £62m) at a margin of 8% (2019: 13%) also reflected these factors.

Canada is in a growth phase as it invests to expand its network and develop the business. Significant growth in the business has been achieved while delivering a COVID-19 impacted 37% EBITDA margin (2019: 36%) and generating an operating profit of C$54m (2019: C$55m) at a margin of 13% (2019: 16%). Excluding the impact of IFRS 16, the EBITDA and operating profit margins were 34% and 12%, respectively.

Reflecting the performance of the divisions, Group underlying operating profit increased to £1,285m (2019: £1,264m), down 1% at constant exchange rates. Net financing costs increased to £224m (2019: £153m) reflecting the impact of the adoption of IFRS 16, which resulted in an incremental interest charge of £45m in the year, and higher average debt levels. As a result, Group profit before amortisation of intangibles, exceptional items and taxation was £1,061m (2019: £1,110m). Excluding the impact of IFRS 16, Group profit before exceptional items, amortisation of intangibles and taxation was £1,091m.

Statutory profit before tax was £983m (2019: £1,059m). This is after amortisation of £62m (2019: £51m) and, in the current year, an exceptional charge of £16m ($21m). The exceptional charge relates to financing costs associated with the redemption of our $500m 5.625% senior notes in November 2019.

Taxation

Tax charge for the year

The underlying tax charge for the year was £262m (2019: £275m), representing an effective rate of 25% (2019: 25%) of underlying pre-tax profit of £1,061m (2019: £1,110m). The cash tax charge was 9%.

The exceptional tax credit of £19m (2019: £12m) relates to a tax credit in relation to the amortisation of intangibles and exceptional items.

Tax strategy and governance

The Group believes it has a corporate responsibility to act with integrity in all tax matters. It is the Group's policy to comply with all relevant tax laws, regulations and obligations including claiming available tax incentives and exemptions in the countries in which it operates. The Group's appetite for tax risk is considered to be cautious and this policy has remained unchanged for a number of years. This approach to taxation is reviewed and approved by the Board on a periodic basis.

Whilst the Board retains ultimate responsibility for the tax affairs of the Group, we have a dedicated internal tax function which takes day-to-day responsibility for the Group's tax affairs. In addition, we seek regular professional advice to ensure that we remain in compliance with changes in tax legislation, disclosure requirements and best practice.

Tax risks are monitored on an ongoing basis and tax matters are reported to the Audit Committee as part of our routine reporting on a quarterly basis.

The Group is committed in having a transparent and constructive working relationship with the tax authorities including using tax clearances to obtain agreement in advance from tax authorities prior to undertaking transactions.

Legislative changes

We continue to monitor developments in the OECD's work on Base Erosion and Profit Shifting ('BEPS') to ensure continued compliance in an ever-changing environment. While we do not expect our tax arrangements to be materially impacted by any legislative changes arising from the BEPS recommendations, we continue to follow the developments closely.

Following its state aid investigation, in April 2019 the European Commission announced its decision that the Group Financing Exemption in the UK controlled foreign company ('CFC') legislation constitutes state aid in some circumstances. In common with the UK Government and other UK-based international companies, the Group does not agree with the decision and has therefore lodged a formal appeal with the General Court of the European Union. If the decision reached by the European Commission is not successfully appealed, we have estimated the Group's maximum potential liability to be £36m as at 30 April 2020. Based on the current status of proceedings, we have concluded that no provision is required in relation to this matter.

Earnings per share

Underlying earnings per share was 175.0p (2019: 174.2p) while basic earnings per share decreased to 162.1p (2019: 166.1p). Details of these calculations are included in Note 9 to the financial statements.

Return on Investment

The Group's return on investment metrics have been impacted by the sudden decline in activity levels in the fourth quarter as a result of COVID-19. This has led to return on investment (excluding goodwill and intangible assets) in the US in the 12 months to 30 April 2020 of 21% (2019: 24%). In the UK, return on investment (excluding goodwill and intangible assets) was 5% (2019: 9%). This decline also reflects the competitive nature of the UK market and the rate environment throughout the year. As a result of the action taking during the year through Project Unify and the strategic plans for the business, we expect returns to improve post COVID-19. In Canada, return on investment (excluding goodwill and intangible assets) was 9% (2019: 12%). We have made a significant investment in Canada including the recent acquisition of William F. White and, as we develop the potential of the market, we expect returns to increase. For the Group as a whole, return on investment (including goodwill and intangible assets) was 15% (2019: 18%). For comparability, return on investment excludes the impact of IFRS 16.

BALANCE SHEET

Fixed assets

Capital expenditure in the year totalled £1,483m (2019: £1,587m) with £1,274m invested in the rental fleet (2019: £1,417m). Expenditure on rental equipment was 86% of total capital expenditure with the balance relating to the delivery vehicle fleet, property improvements and IT equipment. Capital expenditure by division is shown in Table 02 below.

In the US, $740m of rental equipment capital expenditure was spent on growth while $712m 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 30 April 2020 was 36 months (2019: 34 months) on a net book value basis. The US fleet had an average age of 36 months (2019: 33 months), the UK fleet had an average age of 43 months (2019: 38 months) and Canada's fleet had an average age of 33 months (2019: 30 months).

Our operating model, and short delivery lead times, allow us to flex our capital spend quickly and in response to the change in the economic environment as a result of the impact of COVID-19, we reassessed our capital expenditure plans for 2020/21. As a result, we expect gross capital expenditure to be c. £500m but have the ability to flex this subject to market conditions.

The original cost of the Group's rental fleet and dollar utilisation for the year ended 30 April 2020 are shown in Table 03 below.

Dollar utilisation was 51% in the US (2019: 55%), 46% for the UK (2019: 47%) and 47% for Canada (2019: 49%). US dollar utilisation was impacted favourably last year by hurricane activity and adversely this year due to slightly lower physical fleet utilisation earlier in the year and, more recently, by the COVID-19 pandemic. The pandemic had a similar impact on the UK and Canada.

Trade receivables

Receivable days at 30 April 2020 were 49 days (2019: 51 days). The bad debt charge for the last 12 months ended 30 April 2020 as a percentage of total turnover was 1.2% (2019: 0.6%). This increase over the prior year reflects an additional charge taken for potentially irrecoverable receivables as a result of the impact of COVID-19. Trade receivables at 30 April 2020 of £776m (2019: £756m) are stated net of allowances for bad debts and credit notes of £100m (2019: £53m) with the increased allowance representing 13% (2019: 7%) of gross receivables as a result of COVID-19.

02 CAPITAL EXPENDITURE

	Replacement	Growth	2020 Total	2019 Total
Sunbelt US in $m	711.8	740.1	1,451.9	1,607.4
Sunbelt Canada in C$m	73.5	42.9	116.4	155.7
Sunbelt US in £m	564.3	586.8	1,151.1	1,233.1
Sunbelt UK	56.7	–	56.7	94.9
Sunbelt Canada in £m	42.0	24.5	66.5	88.8
Total rental equipment	663.0	611.3	1,274.3	1,416.8
Delivery vehicles, property improvements and IT equipment			208.7	170.4
Total additions			1,483.0	1,587.2

03 FLEET AND UTILISATION

	Rental fleet at original cost				
	30 April 2020	30 April 2019	LTM average	LTM rental revenue	LTM dollar utilisation
Sunbelt US in $m	10,102	9,125	9,817	5,046	51%
Sunbelt Canada in C$m	921	660	776	361	47%
Sunbelt US in £m	8,010	6,999	7,753	3,985	51%
Sunbelt UK	874	907	885	408	46%
Sunbelt Canada in £m	526	376	459	213	47%
	9,410	8,282	9,097	4,606	

Trade and other payables

Group payable days were 55 days in 2020 (2019: 55 days) with capital expenditure related payables totalling £106m (2019: £196m). Payment periods for purchases other than rental equipment vary between seven and 60 days and for rental equipment between 30 and 120 days.

Provisions

Provisions of £93m (2019: £88m) relate to the provision for insured risk as well as acquisition related contingent consideration. The Group's business exposes it to the risk of claims for personal injury, death or property damage resulting from the use of the equipment it rents and from injuries caused in motor vehicle accidents in which its vehicles are involved. The Group carries insurance covering a wide range of potential claims at levels it believes are sufficient to cover existing and future claims.

Our US liability insurance programmes provide that we can recover our liability related to each and every valid claim in excess of an agreed excess amount of $1.5m in relation to general liability, workers' compensation and motor vehicle claims. In the UK our self-insured excess per claim is much lower than in the US and is typically £50,000 per claim. Our liability insurance coverage is limited to a maximum of £175m.

Pensions

The Group operates a number of pension plans for the benefit of employees, for which the overall charge included in the financial statements was £20m (2019: £16m). Amongst these, the Group has one defined benefit pension plan which covers less than 70 remaining active employees in the UK and which was closed to new members in 2001. All our other pension plans are defined contribution plans.

The Group's defined benefit pension plan, measured in accordance with the accounting standard IAS 19, Employee Benefits, was £12m in deficit at 30 April 2020 (2019: £1m in deficit). The investment return on plan assets was £9m lower than the expected return and an actuarial loss of £5m arose, predominantly arising due to a lower discount rate applied. Overall, there was a net actuarial loss of £11m which was recognised in the statement of comprehensive income for the year.

The next triennial review of the plan's funding position by the trustees and the actuary is due as at 30 April 2022. The April 2019 valuation, which was completed during the year, showed a surplus of £1.5m.

Contingent liabilities

The Group is subject to periodic legal claims in the ordinary course of its business, none of which is expected to have a material impact on the Group's financial position.

As discussed earlier, if the findings of the European Commission's investigations into the Group Financing Exemption in the UK controlled foreign company legislation are upheld, we have estimated the Group's potential liability to be £36m. Based on the current status of the investigation, we have concluded that no provision is required in relation to this amount.

CASH FLOW

Cash inflow from operations before payment of exceptional costs and the net investment in the rental fleet increased by 19% to £2,430m. The cash conversion ratio for the year was 102% (2019: 97%).

Total payments for capital expenditure (rental equipment and other PPE) during the year were £1,574m (2019: £1,672m). Disposal proceeds received totalled £259m (2019: £192m), giving net payments for capital expenditure of £1,315m in the period (2019: £1,480m). Financing costs paid totalled £197m (2019: £143m) while tax payments were £113m (2019: £51m). Financing costs paid typically differ from the charge in the income statement due to the timing of interest payments in the year and non-cash interest charges.

Accordingly, the Group generated £1,520m (2019: £1,399m) of net cash before discretionary investments made to enlarge the size and hence earning capacity of the rental fleet and on acquisitions. After growth capital expenditure and exceptional costs,

04 CASH FLOW

	Year to 30 April	
	2020 £m	2019 £m
EBITDA before exceptional items	**2,375.8**	2,106.6
Cash inflow from operations before exceptional items and changes in rental equipment	**2,430.4**	2,042.5
Cash conversion ratio*	**102.3%**	97.0%
Replacement rental capital expenditure	**(650.2)**	(472.9)
Payments for non-rental capital expenditure	**(208.2)**	(168.7)
Rental equipment disposal proceeds	**246.6**	181.6
Other property, plant and equipment disposal proceeds	**12.0**	10.2
Tax (net)	**(113.2)**	(51.0)
Financing costs	**(196.9)**	(142.9)
Cash inflow before growth capex and payment of exceptional costs	**1,520.5**	1,398.8
Growth rental capital expenditure	**(716.0)**	(1,030.6)
Exceptional costs	**(12.4)**	–
Free cash flow	**792.1**	368.2
Business acquisitions	**(453.1)**	(591.3)
Total cash (absorbed)/generated	**339.0**	(223.1)
Dividends	**(186.7)**	(164.2)
Purchase of own shares by the Company	**(448.6)**	(460.4)
Purchase of own shares by the ESOT	**(17.6)**	(14.2)
Increase in net debt due to cash flow	**(313.9)**	(861.9)

* Cash inflow from operations before exceptional items and changes in rental equipment as a percentage of EBITDA before exceptional items.

there was a free cash inflow of £792m (2019: £368m) and, after acquisition expenditure of £453m (2019: £591m), a net cash inflow of £339m (2019: outflow of £223m), before returns to shareholders. Excluding the impact of IFRS 16, there was a free cash inflow of £725m (2019: £368m) and a net cash inflow of £272m (2019: £223m), before returns to shareholders.

CAPITAL STRUCTURE AND ALLOCATION

The Group's capital structure is kept under regular review. Our operations are financed by a combination of debt and equity. We seek to minimise the cost of capital while recognising the constraints of the debt and equity markets. At 30 April 2020 our average cost of capital was approximately 11%.

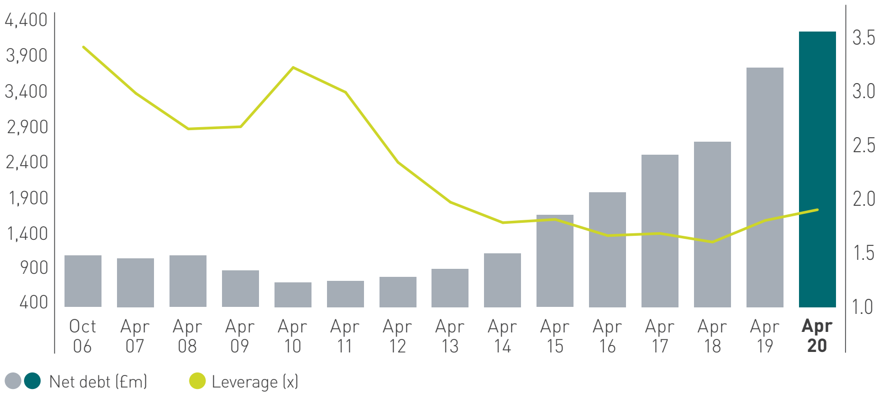
The Group remains disciplined in its approach to allocation of capital with the overriding objective being to enhance shareholder value. Our capital allocation framework remains unchanged and prioritises:

- organic fleet growth;
  - same-stores;
  - greenfields;
- bolt-on acquisitions; and
- a progressive dividend with consideration to both profitability and cash generation that is sustainable through the cycle.

Additionally, we consider further returns to shareholders. In this regard, we assess continuously our medium-term plans which take account of investment in the business, growth prospects, cash generation, net debt and leverage. Therefore the amount allocated to buybacks is simply driven by that which is available after organic growth, bolt-on M&A and dividends, whilst allowing us to operate within our 1.9 to 2.4 times target range for net debt to EBITDA (1.5 to 2.0 times pre IFRS 16).

The Group paused its share buyback programme in March as we took action to optimise our cash flow and strengthen further our liquidity position due to the uncertainty arising from the COVID-19 pandemic. We will assess when it is appropriate to resume this programme in the context of all our capital allocation priorities and leverage.

05 NET DEBT AND LEVERAGE



In greater detail, closing net debt at 30 April 2020 comprised:

06 NET DEBT

	2020 £m	2019 £m
First priority senior secured bank debt	**2,141.9**	2,010.7
5.625% senior notes, due 2024	**–**	379.3
4.125% senior notes, due 2025	**470.8**	454.7
5.250% senior notes, due 2026	**469.6**	453.6
4.375% senior notes, due 2027	**470.2**	454.4
4.000% senior notes, due 2028	**469.9**	–
4.250% senior notes, due 2029	**469.8**	–
Total external borrowings	**4,492.2**	3,752.7
Lease liabilities	**1,112.2**	5.0
	5,604.4	3,757.7
Cash and cash equivalents	**(241.4)**	(12.8)
Total net debt	**5,363.0**	3,744.9

Dividends

We have a progressive dividend policy such that, with consideration to both profitability and cash generation, the dividend is at a level that is sustainable across the cycle. Our intention has always been to increase the dividend as profits increase and be able to maintain it when profits decline. The Board considered carefully this year's final dividend, given the unprecedented circumstances, taking into account the Group's prospects and financial position; stakeholder interests including team members, customers, communities and shareholders; and the decision not to access government assistance programmes. Taking these considerations into account, the Board has decided to maintain its progressive dividend policy. Accordingly, in a year of slightly lower profit but strong cash generation and a strong balance sheet, the Board is recommending a final dividend of 33.5p per share (2019: 33.5p) making 40.65p for the year (2019: 40.0p). If approved at the forthcoming Annual General Meeting, the final dividend will be paid on 11 September 2020 to shareholders on the register on 14 August 2020.

In determining the level of dividend in any year, the Board considers a number of factors that influence the proposed dividend as detailed above. Ashtead Group plc, the parent company of the Group, is a non-trading investment holding company which derives its distributable reserves from dividends paid by subsidiary companies which are planned on a regular basis to maintain a suitable level of distributable reserves at the parent company.

Net debt

Chart 05 shows how, measured at constant April 2020 exchange rates for comparability, our net debt and leverage has changed over the cycle. From a prior cycle peak in 2008, we reduced our debt significantly, paying-off around one-third of it as we lowered our capital expenditure, taking advantage of our young average fleet age, and generated significant cash flow. Since 2010, we have stepped up our capital expenditure as rental markets improved. As a result, net debt has increased in absolute terms over the period principally due to acquisitions, dividends and share buybacks with free cash flow being broadly sufficient to fund substantially all the increased capital expenditure. Since 2013 we have been operating within our net debt to EBITDA leverage target range of 1.5 to 2 times (excluding IFRS 16). Furthermore, our overall balance sheet strength continues to improve with the second-hand value of our fleet exceeding our total debt by £1.5bn.

07 MINIMUM CONTRACTED DEBT COMMITMENTS

	Payments due by year ending 30 April						
	2021 £m	2022 £m	2023 £m	2024 £m	2025 £m	Thereafter £m	Total £m
Bank and other debt	–	–	–	2,141.9	–	–	2,141.9
4.125% senior notes	–	–	–	–	–	475.7	475.7
5.250% senior notes	–	–	–	–	–	475.7	475.7
4.375% senior notes	–	–	–	–	–	475.7	475.7
4.000% senior notes	–	–	–	–	–	475.7	475.7
4.250% senior notes	–	–	–	–	–	475.7	475.7
	–	–	–	2,141.9	–	2,378.5	4,520.4
Deferred costs of raising finance	–	–	–	–	–	(28.2)	(28.2)
Cash at bank and in hand	(241.4)	–	–	–	–	–	(241.4)
Net debt	(241.4)	–	–	2,141.9	–	2,350.3	4,250.8

The Group has arranged its financing such that, at 30 April 2020, 92% of its debt was denominated in US (and Canadian) 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.

Net debt at 30 April 2020 was £5,363m with the increase since 30 April 2019 reflecting the adoption of IFRS 16, the net cash outflow set out above and weaker sterling (£133m). The Group's EBITDA for the year ended 30 April 2020 was £2,376m. Including the impact of IFRS 16, the ratio of net debt to EBITDA was 2.3 times at 30 April 2020. Excluding the impact of IFRS 16, the ratio of net debt to EBITDA was 1.9 times (2019: 1.8 times) on a constant currency and a reported basis as at 30 April 2020.

Our debt package is well structured for our business across the economic cycle. We retain substantial headroom on facilities which are committed for the long term, with an average of six years remaining at 30 April 2020. The weighted average interest cost of these facilities (including non-cash amortisation of deferred debt raising costs) is less than 4%.

Debt facilities

The Group's principal debt facilities are discussed below.

First priority senior secured credit facility

At 30 April 2020, $4.6bn was committed by our senior lenders under the asset-based senior secured revolving credit facility ('ABL facility'), with $4.1bn committed until December 2023 and $500m committed until April 2021. The amount utilised was $2,759m (including letters of credit totalling $52m). The ABL facility is secured by way of fixed and floating charges over substantially all of the Group's property, plant and equipment, inventory and trade receivables.

Pricing for the $4.6bn revolving credit facility is based on leverage and average availability according to a grid. On $4.1bn of the facility, this varies from LIBOR plus 125bp to LIBOR plus 175bp and at 30 April 2020, the borrowing rate was LIBOR plus 150bp. For the other $500m of the facility, pricing is LIBOR plus 225bp, with a LIBOR floor of 75bp.

The only financial performance covenant under the asset-based senior bank facility is 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 12 months) which must be equal to or greater than 1.0 times.

This covenant does not, however, apply when availability (the difference between the borrowing base and facility utilisation) exceeds $460m. At 30 April 2020 availability under the bank facility, including cash on the balance sheet, was $2,363m ($1,622m at 30 April 2019), with an additional $2,147m of suppressed availability meaning that the covenant was not measured at 30 April 2020 and is unlikely to be measured in forthcoming quarters.

Senior notes

At 30 April 2020 the Group, through its wholly owned subsidiary Ashtead Capital, Inc., had five series of senior notes outstanding each with a nominal value of $600m. The notes are 4.125% notes due on 15 August 2025, 5.250% notes due on 1 August 2026, 4.375% notes due on 15 August 2027, 4.000% notes due on 1 May 2028 and 4.250% notes due on 1 November 2029. Following the redemption of the $500m 5.625% notes due in 2024, the second priority fixed and floating charges over the Group's property, plant and equipment, inventory and trade receivables securing the senior notes were released and the senior notes are no longer secured by these assets. The senior notes continue to be guaranteed by Ashtead Group plc and all its principal subsidiary undertakings.

Under the terms of the notes the Group is, subject to important exceptions, restricted in its ability to incur additional debt and merge or consolidate with another company. Financial performance covenants under the senior notes are only measured at the time new debt is raised.

Minimum contracted debt commitments

Table 07 above summarises the maturity of the Group's borrowings at 30 April 2020 by year of expiry.

Except for the Group's lease commitments, details of which are provided in Note 17 to the financial statements, £41m ($52m) of standby letters of credit issued at 30 April 2020 under the first priority senior debt facility relating to the Group's insurance programmes and £2m of performance bonds granted by Sunbelt, we have no material commitments that we could be obligated to pay in the future which are not included in the Group's consolidated balance sheet.

CURRENT TRADING AND OUTLOOK

Looking forward, the Board is certain these swift actions combined with the strength of our cash flow and balance sheet will serve the Group well. The diversity of our products, services and end markets coupled with ongoing structural change opportunities put the Board in a position of confidence to look to the coming year as one of strong cash generation and strengthening our market position.

RESPONSIBLE BUSINESS REPORT

At the heart of our business and culture is responsibility, to our staff and their families, to our customers, our communities and ultimately to our investors. This has never been more important than now, as we support our colleagues, communities and customers across all our territories during the COVID-19 pandemic. However, this is just an extreme example of how we normally do business every day of the week.

Our operational purpose of delivering Availability, Reliability and Ease is backed up by taking responsibility in everything we do. Being responsible helps deliver the trust that makes our business function – trust that the equipment we provide will arrive on time, trust that it will do what we say it will, trust that it will be well maintained to make sure it works and trust that it is compliant with all health and safety requirements.

We take great pride in always seeking to have a positive impact on our local communities and the environments in which we work. Being active, engaged members of the communities where we operate is enormously important to our staff. Our customers trust us to provide better service than our competitors. Our employees trust us to help keep them safe, reward them well for their efforts and look after them in the most difficult of circumstances. Investors trust us to deliver good returns throughout the economic cycle, in good times and bad.

Being responsible means many things to many people. However, what is most important to us is the health and safety of our team members and customers, the development of our people, our impact in the communities we serve, minimising our impact on the environment, ensuring that we behave ethically at all times and being cognisant of emerging risks and opportunities for the business. We discuss each of these aspects of our business in detail, assessing why each matters, how we have performed and our objectives. The world is changing and the impact of climate change and other unprecedented events such as the COVID-19 pandemic, require attention and action. Ashtead has a good story to tell on ESG (environmental, social and governance) with rental being positive for the environment as it leads to the more efficient use of equipment and the manufacture of fewer assets. Significant carbon emissions and consumption of earth's natural resources take place during the manufacture of a piece of equipment. At the end of its life, that equipment requires disposal. Fewer, better designed pieces of equipment utilised as part of a sharing economy are better for our planet. We have spent time this year reviewing our ESG positioning and enhancing and formalising our strategy. In the coming year we will work on the expansion of our ESG reporting, recognising the recommendations of the Task Force on Climate-Related Financial Disclosures ('TCFD') and the priorities of the UN's Sustainable Development Goals.

BEING RESPONSIBLE IS FUNDAMENTAL TO OUR BUSINESS AND CULTURE

WHAT IS MATERIAL TO US	WHAT WE INCLUDE
Health and safety Without a good reputation for health and safety our business wouldn't exist. → Page 50	We report on why health and safety is crucial to our success, how we monitor performance, safety initiatives and training, health programmes and our COVID-19 response.
Our people Our people are the key ingredient that makes our business possible. → Page 56	We report on how we recruit, train, develop, retain and reward the very best people, and ensure a diverse, equal opportunities workforce.
Our communities Our communities are an extension of our people and their families. We strive to always have a positive impact. → Page 60	We report on how we contribute to our communities through job creation, community initiatives and investment, and emergency response.
The environment As we grow, so also does our impact on the environment and we want to limit any negative effects as much as possible. → Page 62	We report on how we use resources efficiently, control of hazardous substances, reduction of waste, our greener fleet and our GHG emissions.
Business ethics We want to be sure we comply with regulations, but most importantly, just do the right thing. → Page 64	We report on maintaining regulatory compliance, our anti-corruption and bribery efforts, our modern slavery and human trafficking policy, training and supply chain sustainability and diversity.
Looking to the future We look ahead to evaluate future issues so we ensure we can remain a responsible business. → Page 64	We report on how we are evaluating the potential risks and opportunities of climate change, emerging technology and innovation, and potential cyber-security issues.

MONITORING OUR WORK

Monitoring how responsible we are rests with the Group's Board of directors. The Board is assisted in this function by the Group Risk Committee which is chaired by Michael Pratt, our finance director. Other members of the Committee are:

- in relation to North America, the finance director, the head of central operations, the Sunbelt North American board member to whom the risk team reports, the head of safety, health and environment and one of the operational executive vice presidents;
- in relation to the UK, the head of risk management, who has responsibility for the environmental and health and safety team; and
- UK and US counsel.

The Group Risk Committee provides the Audit Committee, and through them the Board, with a comprehensive annual report on its activities including new legislative requirements, details of areas identified in the year as requiring improvement, and the status of actions being taken to make those improvements. It also facilitates the coordination of the environmental, health, safety and risk management activities in the US, Canada and the UK so that best practice and new initiatives in one business can be shared with, and adopted by, the other.

The Group Risk Committee priorities this year included:

- new people-related initiatives including recruitment, training and development;
- assessment of the Group Risk Register, including identification and prioritisation of business risks;
- health and safety, together with continuous improvement through training and awareness;
- driver safety, training and compliance;
- monitoring of compliance with General Data Protection Regulation requirements;
- performance standards audits; and
- maintaining ISO certifications.

Next financial year we plan to:

- continue our safety initiatives, focused on serious injury and fatality protocols and driver programmes;
- continue the development of our updated business continuity plans;
- develop a performance management process to replace the existing review system; and
- further review climate-related risks and opportunities.

HEALTH AND SAFETY

HEALTH AND SAFETY IS AT THE FOREFRONT OF EVERYTHING WE DO

Why it matters

Health and safety is fundamental to our culture and it is at the forefront of everything we do. That has been shown dramatically most recently with our COVID-19 response.

A strong reputation for excellent health and safety is a significant competitive advantage for us. In addition, an ever-changing regulatory focus on safety and more stringent requirements for all operators continues to assist our growth. It is easier and cheaper to outsource responsibility for equipment safety to us than for customers to worry about it themselves. This has been an important factor in the shift to rental that has underpinned our growth in the US and reinforces our position in the UK. Similarly, it is a key differentiator in the Canadian market as we increase our presence there.

Our extensive health and safety programmes monitor, develop and maintain safe working practices while reminding our employees of the need to be safe at all times and look after their own health. Our continued improvement is accomplished through a combination of proactive safety and leadership training, enhanced safety programmes and timely incident response and investigation. We also help our customers ensure the safety of their own employees including providing safety training as required. In addition, we make a considerable annual investment in ensuring our rental equipment meets or exceeds the latest safety standards, as well as providing health and safety advice and materials along with each rental.

How we monitor performance

We monitor health and safety by the number of reported incidents that occur during our work. We track and analyse all incidents to enable us to identify recurrent issues and implement preventative improvements.

The importance of health and safety is reflected in the fact that the number of reportable accidents is one of our group-wide KPIs (see page 34).

We continue to develop and improve our incident management system which enables us to manage incidents while allowing us to investigate, analyse root causes and track corrective/preventative actions. This year the US had 1,585 reported incidents relative to an average workforce of 13,946 (2019: 1,520 incidents relative to an average workforce of 12,148), Canada had 190 incidents relative to an average workforce of 1,219 (2019: 170 incidents relative to an average workforce of 880) and the UK had 225 incidents relative to an average workforce of 3,814 (2019: 261 incidents relative to an average workforce of 3,771). For the purposes of our internal tracking, the term incident does not necessarily mean that an employee was hurt or injured. Rather it represents an event that we want to track and report for monitoring and learning purposes under our health and safety management policies.

> “
> **Our incident management system allows us to analyse root causes and track corrective and preventative actions.**

We continue to focus on timelier reporting of every incident or first aid event that occurs.

Reportable accidents continue to be defined differently in the US, Canada and the UK. Under the different definitions which generally result in more accidents in the US being reportable than in the UK, the US had 211 OSHA (Occupational Safety and Health Administration) recordable accidents (2019: 230 accidents) which, relative to total employee hours worked, gave a Total Incident Rate of 1.10 (2019: 1.31). Canada had 25 OSHA recordable accidents (2019: 35 accidents) which, relative to total employee hours worked, gave a Total Incident Rate of 2.15 (2019: 3.30). In the UK, Sunbelt UK had 15 RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations) (2019: 17), reportable incidents which, relative to total employee hours worked, gave a RIDDOR reportable rate of 0.19 (2019: 0.22). In order to compare accident rates across the Group, the US and Canada also applied the RIDDOR definition to its accident population which gave a figure this year of 115 RIDDOR reportable accidents in the US and a RIDDOR reportable rate of 0.30 and eight RIDDOR reportable accidents in Canada and a RIDDOR reportable rate of 0.34. We remain committed to continuing to reduce these rates as much as possible.

NEW TEAMMATE ONBOARDING PROGRAMME

We want to make it happen for our customers through every interaction. In order for that to happen, we need an engaged team that delivers exceptional service and solutions every day.

A new teammate onboarding programme was introduced in the US during the year. The goal of the Equip for Success onboarding programme is to equip new teammates with the knowledge and skills they need to safely and effectively contribute to our purpose. Regardless of previous experience, new teammates will not be familiar with all the equipment we offer nor how our branches operate.

So, we are leveraging the peer and manager teaching that happens at our branches and providing tools to make sure each new team member knows what their role is, how to work, and where to go for help when needed.

During this 180-day job-based onboarding programme, we teach new employees through guided on-the-job experience, online coursework and regular discussions with managers. Google Chromebooks were also placed at each of our branches to facilitate a consistent, reliable training experience with Sunbelt University for all teammates, starting with those being onboarded. Managers are also provided with guidance and materials to help them learn how to successfully onboard new teammates.

Safety initiatives

The COVID-19 pandemic has tested our health and safety reputation like nothing before. We immediately put in place emergency response procedures and are taking precautionary measures to protect our team members, customers and communities from exposure to the virus. These measures have included:

- implementing equipment and facility cleaning guidelines;
- educating our team members on social distancing at all our stores and in the field;
- moving rental contracts to non-touch digital signatures;
- advising our sales teams to support our customers by phone, video calls, and other digital channels when appropriate;
- pausing classroom-based instructor-led training in lieu of digital training courses;
- restricting business travel and meetings;
- strategically limiting visits to our facilities from vendors and suppliers; and
- implementing curb-side pick-up and drop-off of equipment where possible.

In the absence of travel and face-to-face meetings, we have introduced virtual Wellness visits to discuss local matters, training and the response to COVID-19.

We recognise that everyone must take responsibility for their own safety and the safety of others. In North America we launched our new Engage for Life programme as part of our annual Safety Week. This is about putting safety at the forefront of everything we do.

ENGAGE FOR LIFE

The Engage for Life programme is built on three pillars: culture, community and commitment. We are focused on building a culture that eliminates serious injuries or fatalities ('SIFs'), aligns our best practices, and ensures we all have the right skills to complete work safely. This will be launched in the UK in 2020/21.

We have core safety processes across all our stores. In North America these include:

- the near miss programme, which provides insights into our exposures across our businesses;
- the pre-task planning programme (Take 10 Programme), which requires everyone to take at least 10 seconds to think through the job they are about to do using a pre-task planning checklist. Examples of tasks/jobs where this is applied are loading/unloading, wash bay work, checking equipment in, and technicians repairing or conducting routine maintenance on the equipment;
- the Safety Committee engagement programme, which ensures all stores hold safety meetings and engage in topics such as near miss reporting, being more observant in looking for exposures, corrective action closure, etc.; and
- Regional Safety Managers present in our business, who engage daily with team members. Their role includes truck inspections, facility assessments, training and listening to feedback from our people during our Wellness Visits.

We strive to strengthen our industry's safety culture and performance by sharing best practices, tools and resources.

In addition, the US senior leadership team's weekly safety meetings provide focus towards developing solutions that can be replicated across the Group. We hold annual safety weeks, designed to increase awareness of the importance of safety across the business. Senior leadership and middle management support for safety is extremely high across the business. Our focus is at a local level where the work gets done to ensure we move from good to great.

In the US we are also a Safety Week partner. We strive to strengthen our industry's safety culture and performance by sharing best practices, tools and resources. Safety Week is sponsored by members of The Construction Industry Safety Initiative and the Incident & Injury Free Executive Forum. We are focused on the impact our safe choices have on our team members, their families and the communities in which they live and work. We are united in our commitment to continuously improve our safety culture and send each employee home safe each day.

Similar safety processes operate in the UK. We run the Work Safe Home Safe campaign to ensure staff also take responsibility for their own safety and all Sunbelt UK managers undertake the five-day IOSH (Institution of Occupational Safety and Health) Managing safely course.

WORK HOME SAFE
KEEPING SAFETY PERSONAL... IT'S IN OUR HANDS

The UK also monitors near miss incidents in addition to actual incidents and uses this information to adapt our processes to reduce the risk of such events becoming incidents. Where incidents do occur, our procedures ensure we learn and improve our processes. The UK's environmental, health and safety managers operate on a regional basis and visit stores to assist with incidents and perform health and safety inspections.

EMPLOYEE SPOTLIGHT:
EMMA CLARKE – FITTER

Before she joined Sunbelt UK, Emma says she had no previous experience in the lifting or construction industry. She had been a hairdresser and teacher trainer for over 10 years, but fancied a change of career. Emma was originally recruited as a driver but her manager and colleagues recognised her interest in repairing and maintaining equipment.

She was given the opportunity to become LEEA (Lifting Equipment Engineers Association) qualified and by the end of that same month, was promoted to become a fully fledged fitter for our FLG Services division which specialises in lifting and safety equipment.

I have been given some fantastic development opportunities and have completed several training courses, as well as obtaining my forklift licence.

"I am now very proud to be FLG's first-ever female fitter and I am responsible for the repair and maintenance of a huge range of specialist equipment," says Emma. "I have gone from glitz and glam when I was a hairdresser, to fixing equipment. It feels amazing when you can follow your interests and make it your daily job. I love fixing things!"

In addition to our launch of the 'Engage for Life' programme, other new safety initiatives during the year included:

- Prioritising new team members who have been on board for fewer than 180 days, who we refer to as short service employees. These are known across all industries to be more likely to be injured than experienced workers. Therefore we are focusing efforts on how to identify and connect with them effectively day to day, to reduce their exposure to any incident.
- We introduced another new safety process last year called the Weekly Safety Lead. Using the Weekly Safety Lead card, a selected team member walks their location and records his or her observations. At the following weekly safety meeting they share their findings. This ensures that in any location, safety is a living, breathing evolving process.
- The UK launched a new safety campaign, Take 5 for Safety, encouraging staff to take a moment to think about their own and others' safety before starting any activity.

Driver and vehicle safety

Our North American transportation fleet continues to operate as one of the safest fleets in the equipment rental industry. Our commercial vehicle training programme is an ongoing initiative across the US and Canada, which ensures that all our drivers are trained in vehicle safety and compliance. We continue to be among the leaders of our industry in continuously supporting the training and education of employees in commercial vehicle compliance and safety, including core training on hours of service, truck inspections, technology enhancements, load securement and hazardous materials.

We continue to target ways to reduce our motor vehicle incident rate. Our Driver Behaviour Management System ('DBMS') takes data from our onboard telematics units and communicates it directly to our motor vehicle compliance team with results shared to field operations daily. This helps us control any on-the-road unsafe behaviours and activities. While designed to improve driving behaviour, we also benefit through cost savings due to lower fuel usage, engine and vehicle maintenance and accidents.

In addition to the DBMS, drivers participate in online risk assessments that identify safe and unsafe behaviours through interactive driving modules. By identifying the risk profiles of our drivers, we are able to develop specific adaptive learning programmes for them. Through the use of electronic driver logs, our drivers receive real-time feedback on their hours of service and our fleet safety compliance team is able to retrieve driver data immediately. In addition to the electronic hours of service logs, we also use an electronic pre-trip inspection that is conducted on the driver's phone.

Last year we focused particularly on ensuring compliance with our driver hands-free policy. We prohibit the handheld use of mobile phones or devices when driving on company business even where this is not enshrined in law.

In the UK, our driver training courses are aimed at delivery drivers and cover areas such as loading and unloading of vehicles, working at height, site safety and manual handling. All general drivers, including delivery drivers and fitters, are required to undertake the Driver Induction Course, which is delivered in the form of workshops and covers transport procedures, legislation, hazard perception and practical driver assessments.

Health programmes

It is crucial that our workforce is a healthy one and we work hard to look after our people and help them look after themselves. When our staff are on top form, they provide the best service to our customers. Needless to say we have prioritised the health and well-being of our staff and their families during the COVID-19 pandemic. Virgin Health Miles is a programme we use to reward our US staff for healthy behaviour, which incentivises them to track their health and invest in it to reap the programme rewards that we are providing. Staff get savings on their healthcare costs if they do exercise, for example. Some 30% of US staff are currently enrolled in the scheme and 42% of those are earning health miles. Members have earned $268,000 in rewards and report that the programme makes Sunbelt a better place to work.

"Being a responsible business means sharing and promoting our safety culture with our customers and suppliers.

Working on safety with our customers and suppliers

Being a responsible business means sharing and promoting our safety culture with our customers and suppliers whenever possible. For example, we have dedicated aerial work platform, forklift and earth moving operator trainers who train customers and we offer customised training programmes to fill their needs. We work with customers' safety teams to develop customised training courses, sometimes for a specific jobsite and participate in training days for major customers, demonstrating safe use of equipment and running training seminars. This is in addition to the routine safety briefings that accompany equipment rental. We now offer dedicated full-time safety trainers for our customers in 50 markets across North America.

Our customer training covers a broad range of topics including:

Operator training:

- Aerial work platforms, boom lifts and scissor lifts
- Forklifts, warehouse and telehandler rough terrain
- Earth moving equipment, loaders, excavators, backhoes

Train the trainer:

- Aerial work platforms
- Forklifts
- Earth moving equipment
- Fall protection

Scaffolding:

- User hazard awareness
- Competent person
- Suspended platforms hazard user awareness
- Suspended platforms competent person
- Customised courses available

For Canada, additional classes include:

- Working at height safely
- Propane handling
- Lock out tag out
- Working safely in confined spaces

OUR PEOPLE

OUR PEOPLE ARE DRIVEN, CONSCIENTIOUS AND LOYAL AND WE WORK HARD TO MAINTAIN THAT

Why they matter

A skilled and committed workforce is fundamental to the Group's long-term success and key to this is treating everyone fairly and with respect.

Since the impact of COVID-19 became apparent we have communicated frequently and openly with our team members. We have not made any team members redundant as a result of the impact of COVID-19 and have not sought assistance from government programmes such as the UK's Coronavirus Job Retention Scheme or similar schemes in Canada.

We endeavour to hire the best people, train them well and look after them so they provide the best possible service for our customers. Our aim is to keep employee turnover as low as possible to enable us to build on the skill base we have established. This is core to the success of the business and our competitive position and therefore staff turnover is one of our KPIs (see page 35).

In general, the rental industry suffers from high staff turnover, particularly within certain job categories such as mechanics and delivery truck drivers, with turnover being particularly high within the first two years of employment. We increasingly find our staff targeted by competitors which, whilst a compliment, means we have to work harder to retain them.

In North America, our voluntary staff turnover is 14% (total staff turnover is 19%) with two-thirds of this turnover arising from people with less than two years' experience. Although staff turnover is slightly higher in the UK, the overall picture is similar. Voluntary staff turnover is 16% (total staff turnover is 21%) and around 11% arises from people with less than two years' experience.

Our employees are driven, conscientious and loyal and we work hard to maintain that through market-leading training and development and superior reward and benefits. We have extensive programmes in place to ensure high standards of recruitment, training and the appraisal, review and reward of our employees.

A key area of focus for improvement is the onboarding and mentoring of new recruits. As can be seen from staff turnover levels and safety statistics, employees are unlikely to leave us and much less likely to suffer an injury or accident at work if they have been with us for two years or more. In addition, we endeavour consistently throughout the year to maintain and develop arrangements aimed at involving employees in the Group's affairs and hearing their views. Regular meetings are held at stores to discuss performance and enable employees to input into improvements as well as providing feedback on their own levels of satisfaction.

Increasingly, as we grow, we add to our employees through acquisition. When we acquire companies, we also acquire their knowledgeable and dedicated staff who have often built up a successful business. To maintain that success, we adopt a circumspect approach when it comes to integrating new staff into the Group. Employees' contracts and conditions are analysed, and if there are differences with Group terms, we phase-in any convergence over a period of time. We want new employees to be engaged with the new environment in which they find themselves, so we hold a presentation day for staff where senior management presents an overview of the Group, our plans for the acquired business and how they fit into our strategy for the future. We then demonstrate further our commitment to our new employees by investing in the business they helped build. Furthermore, integrating these new employees into our health and safety programmes contributes to enhanced health and safety within the rental industry.

Recruitment

With our rapid growth, recruiting new employees is of the utmost importance. Our recruitment efforts are not only focused on finding the right employees and communicating the benefits of working for Sunbelt, but bringing awareness and excitement about the opportunities we provide. Our focus is on improving and standardising our recruitment and onboarding processes to reduce the level of turnover in the first two years. To aid these efforts we have a number of programmes/initiatives including:

- Our Co-Op programme provides an entry point for trade school students to apply knowledge and skills learned in their programmes of study. Over the course of six months, participants perform specific job tasks while demonstrating the potential to join the team as a technician-in-training or technician upon graduation from their trade school.
- Manager In Training ('MIT') – this programme identifies top talent out of college and the military and places them through an accelerated training programme.

In the UK our careers website allows prospective employees to apply online and enables us to manage the whole recruitment process internally, from posting of vacancies through interviews and offer/unsuccessful letters. Users are able to sign-up for job alerts in specific regions or divisions and internal reporting is both detailed and tailored. We are planning to move towards a more cost-effective and professional direct sourcing model which leverages the Sunbelt UK and divisional brands, and promotes the opportunities that exist across our business.

Military recruitment

In the US we have a long history of being a Top-50 military-friendly employer, but we are no longer satisfied to be one in a pack. By launching a series of high-profile campaigns supporting our veterans, while still upholding our tradition of attending military job fairs, we intend to be a true leader in veteran employment. From soldiers and sailors to airmen and marines, these veterans choose us because they believe in the way we do business. We leverage the power of Sunbelt by using principles like teamwork, integrity, loyalty and respect to help our customers and our employees lead better lives. In 2019 we were named one of the nation's top Military Friendly® Employers by VIQTORY, a service-disabled, veteran-owned small business that connects the military community to civilian employment, as well as providing educational and entrepreneurial opportunities. Our military recruitment campaigns include acknowledging veterans in our current workforce, as well as expanding our work with the Gary Sinise Foundation and participating in media events, such as 'Military Makeover'. With these combined efforts, Sunbelt US is determined to be the employer of choice for military veterans.

In the UK, we work in partnership with British Forces Resettlement Services ('BFRS') – a social enterprise created to help the armed forces community with their transition into civilian life. BFRS works with service leavers to provide them with the skills and opportunities they need to successfully resettle after leaving the armed forces.

APPRENTICE JACOB SKELDON

Jacob works as a mechanical engineering apprentice at our PSS HIRE depot in Edinburgh. Jacob is known to always be the first in the depot every day, with his overalls on and ready to start work. He is always keen to learn, picks up new skills exceptionally quickly and his passion for the job is described as second to none. Such is his skill as an engineer that other engineers with 10, 20 or even 30 years' experience in the trade will often go to Jacob to ask him what he thinks is wrong with a machine. Jacob is the perfect example of the kind of high calibre specialist who thrives in our apprenticeship programme.

UK apprenticeship programme

The UK's apprenticeship programme continues to win awards for being one of the most successful and highly valued schemes in the equipment rental industry. We took on 52 trainees last year and we plan to recruit a similar number of apprentices in the coming year, as well as setting up an apprenticeships academy. Our apprentice programmes take between one and three years to complete and usually include outside training and a formal NVQ qualification, in addition to on-the-job training. We have six apprentice streams – plant maintenance, customer service, driver, electro technical, mechanical engineering and civil engineering. We are pleased that our efforts to increase diversity mean that 17% of our apprentices are female, which compares very favourably with the 9% female apprentices average for the construction industry. Our apprentice scheme also has an impressive 88% completion rate compared to the industry rate of c. 65%.

Career development and training

Training and development continues throughout the careers of our employees and we have many programmes in place to ensure they achieve their ambitions, reach their potential and remain safe, as outlined above. Employees' welfare and job satisfaction are enormously important and we invest significant money and time in facilitating career development and evolving training to reflect the changing needs of our workforce.

Sunbelt has a number of career development and training initiatives including:

- a technician-in-training programme;
- a paid technician Co-Op programme for trade school students approaching graduation;
- employee surveys;
- a Learning Management System that delivers, tracks and manages all our training online;
- the Jumpstart Sales programme;
- the Jumpstart Manager In Training programme;
- an intern programme both in stores and at the support office;
- a leadership curriculum for all store managers; and
- an Executive Leadership Development programme.

Following the success of the Jumpstart Sales programme, the Manager in Training ('MIT') programme was created to help drive fulfilment of key management roles. MIT candidates are recruited from college/university, most often through a job or careers fair. Once the best candidates are identified, they begin the 12-month programme. The first six months are comprised of a curriculum focused on how to run a branch from an operations, sales and financial perspective. Trainees use this time as on-the-job training where they assist the branch manager in all aspects of running the business. The end goal is for each MIT graduate to be placed as a manager or assistant manager at a branch; however, skillset and interests also allow graduates to be placed in other roles such as sales, operations, safety or project management.

JUMPSTART SALES PROGRAMME

Jumpstart Sales is a 36-week programme through which targeted sales trainees learn all aspects of the business through education, job shadowing, mentoring, and 1-1 coaching by team members at any store. 90 Jumpstart Sales trainees graduated during the year. To date, 98% of all graduates have stayed with the business. The programme covers all aspects of the business starting with yard operations through front-line customer selling. We have also been able to follow the progress of graduates from earlier cohorts. In three key metrics (rate achievement, jobsite revenue, and fleet on rent), Jumpstart graduates either out-performed or were in close proximity to their peers of the same tenure. We also kicked off a Jumpstart Manager in Training cohort in October 2019. 13 trainees from across the enterprise are currently working through a 12-month development programme. The phases are Get to Know the Rental Industry, Get to Know the Team, Get to Know the Business, Learn to Lead a High Performing Team, and Put it All Together (Final Project).

98% of all graduates have stayed with the business.

Last year, in the UK we held over 8,500 employee training days through a wide range of courses. In order to identify training needs when recruiting, we have developed a series of competence forms and adopted the OSAT (On Site Assessment and Training) programme. Each employee has their skills mapped against the qualification framework through assessment and any skill-gaps are filled through training. Through this process we can be sure of developing the skills and qualifying the experience of our workforce. To evaluate the effectiveness of our training, we issue all delegates with feedback forms and these are evaluated and actioned as required.

In the early part of the year the UK conducted its first all employee survey 'Your Voice – make a difference'. The principal issues raised related to the vision for the business, communication and collaboration, career progression and reward and a concern that the survey results would not be acted upon. The results of the survey were an important element of regional meetings held during the initial stages of Project Unify and helped shape the strategic vision for the UK business launched at the Manchester conference in March.

As well as classroom based training, all employees in the UK have access to an online learning zone, Academy, facilitating mandatory training as well as offering a range of optional courses.

The UK's undergraduate placement programme offers university students the opportunity to spend a year in our business under the mentorship of one of our directors. Students gain an excellent insight into managing a business area at a strategic level and work on a project supporting a real business need, with a direct link to our products and customers.

Reward and benefits

We believe in treating our staff well and rewarding them for the effort they put in on our behalf. We use a combination of competitive fixed pay and attractive incentive programmes to reward and motivate staff and these drive our profits and return on investment. All eligible Sunbelt UK employees are paid the Living Wage (as recommended by The Living Wage Foundation) and Sunbelt UK is an accredited Living Wage Employer. In North America we adopted a Leading Wage to ensure all employees are paid an hourly rate in excess of the state and federal recommended rates. The Leading Wage programme was adopted initially in the US and rolled out to Canada last year.

CASE STUDY
MILITARY RECRUITMENT

The staff at the Jacksonville, N.C., location includes six Marine Corps and Army veterans who have a combined military service of nearly 100 years. (L-R) Andrew Raynor, Billy Hurley, Ferlin McClanahan, Steven McNeill, Michael Cuntapay and Michael Plummer.

We provide a comprehensive package of benefits ensuring they represent affordable and smart choices for employees. Each benefit offering has been designed to work with another, providing a financial safety net that serves those employees in need, as well as providing us all with a proper sense of security. In the US we offer robust and comprehensive medical coverage and, despite the growing costs of healthcare, member contribution rates were not increased. By continuing to promote wellness, we intend to maintain a fair and balanced health plan that is considered one of the best in our industry. The Sunbelt Rentals, Inc., 401(k) Retirement Savings Plan leads the way in employee participation, with an astounding 96% enrolment rate. Similarly, in the UK, 98% of employees participate in the Group's pension arrangements. Our employees are excited to be here, and we want to help them prepare for their future, whatever it holds.

Our sales force is incentivised through our commission plans which are based on sales, both volume and price achieved, and a broad measure of return on investment determined by reference to equipment type and discount level. We flex our incentive plans to reflect the stage of the cycle in which we operate, which we believe is an important element in retaining the confidence of our workforce through the economic cycle.

In addition to their core benefits, including pension and life assurance arrangements, we have an employee assistance helpline which offers free confidential support and advice to those in need. We also have other benefits such as Virgin Health Miles to promote good health amongst our employees. In the UK we have introduced a flexible holiday arrangement enabling employees to purchase additional holiday entitlement or sell unused or unwanted holiday back to the Company, giving them the opportunity to exchange some of their holiday entitlement for additional pay and allow the employee more flexibility and choice in how they use their contractual benefits.

Diversity and equal opportunities

Providing equal opportunities for all our staff and employment diversity are priorities for Ashtead. Our recruitment comes predominantly from the areas immediately around our facilities thereby providing opportunities for local people and a positive impact on their community. We make every reasonable effort to give disabled applicants and existing employees who become disabled, opportunities for work, training and career development in keeping with their aptitudes and abilities. We do not discriminate against any individual on the basis of a protected status, such as sex, colour, race, religion, native origin or age.

In the US we are required by law to monitor ethnicity in our workforce every year and we maintain a diverse workforce. We also gather ethnicity data as part of the recruitment process in the UK and, through an Equality and Inclusion Survey, monitor our diversity. Increasingly, many local authority and public sector tenders request this kind of information. We are committed to providing opportunities for people from all ethnic groups and in both geographies we have good representation from ethnic minorities across the organisation. Sunbelt UK continued a company-wide focus on equality, diversity and inclusion, in order to make sure its workforce represents society as best as it can and is representative of the communities in which it works.

We aim to attract a broad and diverse mix of candidates and employees to our businesses at all levels. Nevertheless, our workforce reflects the nature of our business, the industry we operate in, and the markets we serve. A significant proportion of our workforce is mechanics, drivers and, in the UK, traffic management operatives, and these roles are predominantly undertaken by men. However, we also have areas of our business which attract more women, such as professional functions, sales and customer service. As a result our industry has traditionally had many more men than women; however, we do have women at all levels within the business including on the Board, within the senior management teams and as store managers, sales executives and apprentices. While we prioritise recruiting the best people for every role, we are working to make it easier for more women to join and progress within the organisation.

WORKFORCE BY GENDER

Number of employees	Male	Female	Female %
Board directors	5	3	38%
Senior management	31	4	11%
All staff	17,347	1,943	10%

Ashtead pays men and women the same for the same role with the actual remuneration being based on their skills, experience and performance. As a result of our mix of employees and the roles they undertake, the average pay of men and women differs across the business. Summarised below is the amount by which average pay for men exceeds that for women:

	Pay gap
Sunbelt US	5%
Sunbelt UK	4%
Sunbelt Canada	11%

OUR COMMUNITIES

COMMUNITIES ARE CRUCIAL TO OUR WORK

Why they matter

Playing a big role in our local communities is crucial to our work in all our markets. As we expand our market share, particularly in the US and Canada, we have ever more impact and influence, enhancing the communities in which we operate, through employment, opportunity and community involvement. Our responsibility to those communities increases as we grow.

We have a big social impact on the communities where we work through the provision of sustainable local jobs. It is crucial to us that we recruit locally when we can. We also have a huge impact on both our own communities and those further afield through our disaster relief work with communities in distress from a wide range of factors. This has never been more important than during the COVID-19 pandemic and you can read more about our response on page 16.

Our staff feel great pride in providing a service for their community so everyone benefits. Our business is about helping people and getting things done. It is about finding solutions, especially when there has been an emergency or a disaster like a major flood or a hurricane. Contributing to the communities where we operate is an important differentiating factor for Ashtead staff, as well as being attractive to new recruits.

Community initiatives

In the locations where we work, we have multiple community-based programmes which often tie in well with what we do and how we do it. Raising our profile in the community in this way is completely consistent with our desire to do more in terms of the quality of life of our staff and their families.

Our stores regularly support and participate in local charity events and community service. For example, we provide support to many community sporting events. We also continue to work closely with our designated charitable partners, the American Red Cross and its affiliates such as the Second Harvest Food Bank for which we have a food drive every November in the US. We allow employees to make payroll deductions to contribute to the American Red Cross or the Sunbelt Employee Relief Fund.

In the UK, The Prince's Trust is our primary charity partner. The Prince's Trust supports 11-30 year olds who are unemployed, struggling at school and at risk of exclusion, in or leaving care, facing issues such as homelessness or mental health problems, or who have been in trouble with the law. In addition, we have also committed to working with Teach First which recruits and trains teachers, placing them in schools in low-income communities. Not only are we providing valuable funding to Teach First, the charity's teachers and pupils in partner schools also have the chance to work with Sunbelt UK volunteers across our business.

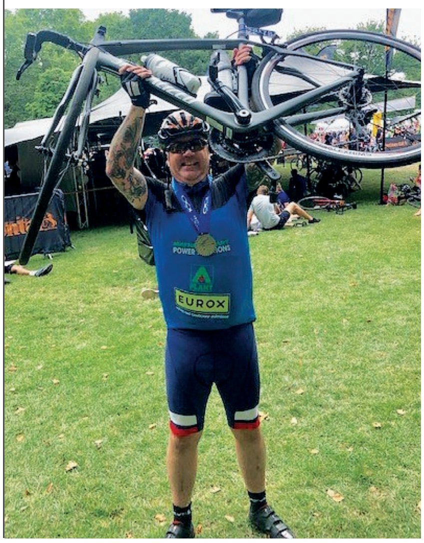
AMERICAN RED CROSS

Sunbelt and the American Red Cross share a passion for assisting with relief efforts in times of need. On top of financial donations to the Red Cross, we send equipment and support to disaster-affected areas throughout the US to aid in relief efforts.

CASE STUDY

100-MILE CHALLENGE

Darryl Harwood of our UK Power Solutions business completed a 100-mile bike ride to raise funds for the Terrence Higgins Trust. Darryl completed the Prudential Ride London–Surrey 100-mile challenge which was introduced by the Mayor of London to encourage more people to cycle more safely. Celebrating the legacy for cycling created by the London 2012 Olympic and Paralympic Games, the race started at 5.45am in Queen Elizabeth Olympic Park, then followed a 100-mile route on closed roads through the capital and into Surrey's countryside.



GARY SINISE FOUNDATION

We have entered the fifth year of our partnership with the Gary Sinise Foundation ('the Foundation'), which honours military veterans and their families through the implementation of unique programmes designed to entertain, educate, inspire, strengthen and build communities. Sunbelt's commitment to community and veteran support led to our connection with the Foundation and its R.I.S.E. (Restoring Independence, Supporting Empowerment) service, which builds 100% mortgage-free specially adapted custom smart homes for severely wounded heroes and their families so they may gain more independence in their daily lives. Through this partnership, Sunbelt supplies tools and equipment to the contractors on each of the home builds at no charge, donates a portion of rental proceeds from uniquely branded Gary Sinise Foundation equipment, and also implements various localised fundraising efforts.

In 2020, Sunbelt expanded its partnership focus to also provide assistance to the Foundation's Snowball Express and First Responders Outreach programmes. Through these efforts, the Foundation serves the children of fallen military heroes and aids critical funding for emergency relief, training and essential equipment of America's firefighters, police departments and EMTs, respectively. In 2019 we contributed more than $1m to the Foundation. We aim to bring heightened awareness to the Foundation's work through continued fundraising and outreach initiatives to help positively impact the lives of veterans, defenders, and their families.

> In 2019 we contributed more than $1m to the Foundation.

THE ENVIRONMENT

WE AIM TO LIMIT OUR IMPACT ON THE ENVIRONMENT

BUILDING A MORE ENERGY EFFICIENT FLEET

With an investment totalling £350,000, we purchased a new fleet of 10 JCB 19C-1E mini excavators in the UK which counts as JCB's largest order to date of the new electric machines. The 1.5-tonne machine uses leading-edge automotive battery technology, delivering all of the performance of a conventional excavator with a significant reduction in noise and zero exhaust emissions. Designed to meet a growing need for low carbon construction equipment, the new fleet will allow contractors to work inside buildings, in emission and noise-sensitive inner city areas and in tunnels or underground, without having to install expensive exhaust extraction equipment. The machine works indoors as easily as it does outdoors and produces the same output as its diesel counterpart.

Why it matters

We work to ensure any impact we have on the environment is a positive one. We are committed to providing the very latest and low and even zero carbon equipment available. For example, in the UK, we recently invested in the industry's first fully electric excavator. Focusing on environmental impact helps assist our customers who are increasingly seeking ways to reduce their carbon footprint and enables us to reduce our impact and costs. It also helps our staff feel good about where they work and helps to build good relationships with the communities around our stores.

Our commitment to improving energy performance is intended to reduce our impact on the environment and should also deliver significant long-term cost savings. We can do this through managing our own performance and enabling that of our customers.

We monitor our environmental performance by looking at the management of:

- fuel usage;
- electric and gas usage;
- waste in all its forms;
- recycling of equipment;
- telematics on the fleet where possible; and
- driver training to ensure environmental efficiency.

We provide more environmentally friendly equipment when possible such as:

- electric equipment;
- eco accommodation units;
- eco lighting;
- battery products; and
- hybrid generators.

We also seek to lead through innovation and industry events such as our Hydrogen Energy Summit held last autumn.

Initiatives

We continue to make fleet efficiency gains in the UK. The Fleet Operator Recognition Scheme ('FORS') is an accreditation scheme that aims to improve vehicle fleet activity throughout the UK. The over-arching scheme encompasses all aspects of safety, fuel efficiency, economical operation and vehicle emissions. All Sunbelt UK locations, except for recently acquired ones, are FORS accredited with 165 locations accredited to Gold level. All locations are accredited, with new locations having to become accredited, to ensure we meet all legislative requirements, as well as helping to minimise our environmental impact and operate efficiently.

We seek to minimise our environmental impact in everything we do. One way of measuring how well we are doing is through our carbon footprint and the monitoring of waste and other environmental KPIs. Two elements of our business which have a significant impact on the environment are our rental fleet and delivery fleet. Our significant investment in the rental fleet in recent years has resulted in one of the largest Tier IV engine fleets in the US with older, pre-Tier IV fleet being disposed, while our cooling equipment uses environment and ozone-friendly refrigerants.

We also help our customers work in more environmentally friendly ways. Our containment berms enable chemical spills to be collected and stored safely until they can be transported away. We provide solar-powered light towers which provide light for up to 60 hours before they need a charge, to allow work to continue after dark without carbon emissions. Our ground protection helps minimise the environmental impact of foot and vehicle traffic, creating a buffer that, being washable, unlike wooden mats which can absorb mould and contaminants, is also safely transferable.

Driving over 250 million miles a year delivering and servicing equipment and serving customers means that any steps we take to reduce the environmental impact of our vehicle fleet is important. These steps include the use of:

- telematics to monitor vehicle idling and driving efficiency;
- speed limiting devices on all 3-axle vehicles in the US, resulting in fuel savings and increased safety;
- technology to optimise delivery routes;
- tyre pressure monitors to optimise fuel efficiency;
- fuel efficient tyres and tyre inflation systems to reduce rolling resistance in the US; and
- improved design to increase fuel efficiency of the delivery and service fleet.

We continue to invest in 'greener' equipment whenever we can and where it makes economic sense, sometimes also driven by customer demand. In addition to Tier 4 engine requirements, where we can we purchase other more environmentally efficient equipment for a wide range of different applications. Customers can also opt to use less toxic biodegradable hydraulic oil for use in equipment operated in sensitive areas, for example. We also have industry-leading availability of natural gas generators and hybrid light towers.

Environmental assessments and impact management are an important aspect of our business every day. We make extensive use of environmental information databases to ensure we comply with any requirements and have the appropriate permits to conduct business. When we open new locations or acquire businesses we undertake thorough environmental assessments to ensure they meet our environmental standards and do not pose an unacceptable risk to the business.

An important part of minimising our environmental impact is continuing education. We provide environmental education reminders to field and service personnel on a regular basis in the US through TechConnect, a newsletter delivered to their homes.

Greenhouse gas emissions

As we are a growing business with aggressive expansion plans, our absolute greenhouse gas ('GHG') emissions will necessarily increase. However, we continue to evaluate how best we can limit that increase and mitigate the impact.

Our Scope 1 (fuel combustion and operation of facilities) and 2 (purchased electricity) GHG emissions are reported below, together with details of the energy consumption used to calculate those emissions. We have opted not to report Scope 3 emissions due to the difficulty in gathering accurate and reliable information. The majority of these arise through our customers' use of our equipment on their sites and projects.

In order to calculate the GHG emissions and total energy consumption in mWh, we have used the GHG Protocol Corporate Accounting and Reporting Standard (revised edition), together with emission factors from the UK Government's GHG Conversion Factors for Company Reporting 2019, as well as the US Environmental Protection Agency.

In the UK, we collect data from all Scope 1 and 2 vendors and hence, there is no estimation involved. In the US and Canada, due to the size of our operation, we collect data from the significant vendors and then use this to estimate emissions attributable to the balance. At April 2020, approximately 8% of the Sunbelt North American emissions balance was estimated.

We are also required to give an intensity ratio as appropriate for our business. Our level of GHG emissions vary with our activity levels and we have concluded that the most appropriate intensity ratio for Ashtead is headcount intensity. Our intensity metric is therefore an indication of emissions per employee (tCO_2e/FTE).

	2020	2019
Emissions intensity ratio – emissions per employee (tCO_2e/FTE)	**17.5**	18.1

GREENHOUSE GAS EMISSIONS

		2020		2019	
		UK	**Total**	UK	Total
Scope 1	tCO_2e/year*	**31,646**	**296,128**	32,357	265,319
Scope 2	tCO_2e/year*	**2,856**	**36,399**	3,082	38,415
Total	tCO_2e/year*	**34,502**	**332,527**	35,439	303,734
Energy consumption used to calculate emissions	mWh	**143,055**	**1,303,858**	143,708	1,176,238

* tCO_2e/year defined as tonnes of CO_2 equivalent per year.

CASE STUDY

LEADING THE DEBATE – UK HYDROGEN ENERGY SUMMIT

In autumn 2019 we invited industry experts, suppliers and partners to a Hydrogen Energy Summit to tackle the growing demand for renewable fuel sources. The workshop took place in partnership with Intelligent Energy at Loughborough University and aimed to focus on how hydrogen can be developed as a sustainable fuel replacement for diesel. Hydrogen fuel cell powered products are increasingly gaining traction as a viable alternative to diesel generators, particularly in the UK construction industry, as they are zero emission, operate quietly and offer scalable power. The workshop brought together representatives from some of the industry's key operators, with the aim of working together to find solutions to bring products and services to market. The event combined a series of presentations, product demonstrations and discussions as well as a tour of Intelligent Energy's facilities which showcased its commercially available fuel cell product range.

CASE STUDY

ECO-FRIENDLY ACCOMMODATION UNITS

Our UK accommodation business has expanded its range of eco-friendly welfare units with a £2m investment with Boss Cabins. Forming part of our ongoing commitment to deliver a greener fleet, the new eco-units range from 12ft to 16ft. The cabins are 100% corrosion resistant and are constructed from high-grade stainless steel. With a minimum lifespan of 25 years, 90% of the materials used can be recycled at the end of the unit's life. They also offer a 16% increase in occupancy, as they can accommodate seven people instead of the industry standard of six. Fitted with a unique and clever eco-electric system that prioritises energy output, the cabins incorporate a smart system that only uses energy when it is needed, therefore reducing daily running costs. They also offer users a 33% average reduction in generator usage.

BUSINESS ETHICS

Our commitment to the highest ethical standards means that the Group Risk Committee works to ensure these continue to be communicated and upheld throughout the business. We believe in the rights of individuals and take our responsibilities seriously to all our employees and those who may be affected by our activities. During the year we updated the Group's modern slavery and human trafficking policy, business ethics and conduct policy and ethical sourcing policy. These policies form part of our way of doing business and are embedded in our operations. They are also communicated directly to employees through dedicated communication and training programmes. While we do not manage human rights matters separately, we continue to assess potential risks and do not believe they raise particular issues for the business.

Ethics training

Senior employees across the Group receive regular business ethics training to ensure they are aware of their obligations and responsibilities with regard to competing fairly, the UK Bribery Act and, in the US, the Foreign Corrupt Practices Act. This takes place every two years in North America with 2020/21 being the next year of training, while in the UK, it is undertaken annually. Anti-corruption and bribery policies are maintained and reviewed on a regular basis with relevant guidance incorporated into our employee handbooks and available on our intranet pages.

Whistle-blowing

Our whistle-blowing arrangements allow employees, in confidence, to raise concerns about any alleged improprieties they may encounter. This arrangement is now outsourced to a third-party provider in both North America and the UK allowing both phone and web intake.

Supply chain

As part of our ongoing business ethics work, we are reviewing the sustainability and diversity of our supply chain and will continue to prioritise this where possible. Enquiries of suppliers are made when we enter into supplier relationships and refreshed on an ad hoc basis depending upon the level of business we undertake with any supplier.

LOOKING TO THE FUTURE

The COVID-19 pandemic has brought it home to the world like never before just how important it is to be aware of what may happen in the future when both planning for the future and ensuring that we remain a responsible business. We have always planned for the future due to the cyclical nature of the business as we discuss elsewhere in this report. We are no different from any other business with topics such as climate change, emerging technology and innovations and the threat of cyber-attack affecting our business.

Climate change

Like any other business, climate change has the potential to impact ours greatly. For example, adverse weather events or natural disasters could negatively impact economies and disrupt our business day-to-day. However, unlike many other companies, climate change is as much an opportunity for Ashtead as a risk. This is predominantly because of two issues. Firstly, as regulations change requiring greater use of lower carbon technologies and also as companies voluntarily choose to use more environmentally friendly equipment, it is still much more efficient for them to rent that equipment from us rather than buying it themselves. So climate change will continue to drive the trend to rental that we talk about often in this report.

Secondly the more extreme weather events associated with climate change lead to the kind of damage and clean-up operations in which we are highly experienced. Our disaster response capability is one of the specialty areas in which we truly excel and are well known. While not linked directly to climate change, our disaster relief capabilities were immediately called upon to assist with management of the COVID-19 pandemic in the US, Canada and the UK, even under lockdown across all territories.

In accordance with the recommendations from the Task Force For Climate-related Financial Disclosures ('TCFD'), we will be examining in more detail the specific risks and opportunities to the business posed by climate change and expect to report on this in more detail in the future.

Emerging technology and innovation

We are already at the forefront of technological innovation in the rental industry and intend to maintain that position. Our online CommandCenter, also available as an app, allows customers to organise and track equipment rented, at any time of the day or night. Our online monitoring and reporting mechanisms drive efficiency for both ourselves and our customers. Having the right technology and applying it quickly to evolving markets and scenarios is a big competitive advantage for us. For example, we have been able to immediately put in place automated curb-side pickup of some of our equipment to facilitate social distancing during the COVID-19 pandemic.

Cyber security

As the world continues to move online, even more so because of COVID-19, at least in the short to medium term, awareness, monitoring and adaptability to cyber-security issues is ever more crucial for us. We are prioritising the monitoring of any potential cybersecurity vulnerabilities and working to ensure business continuity under all potential scenarios. For more on cyber security risk see page 37.

NON-FINANCIAL INFORMATION STATEMENT

The non-financial reporting regulations in section 414CA and 414CB of the Companies Act 2006 require the disclosure of specific information relating to environmental matters, the Company's employees, social matters, respect for human rights and anti-corruption and anti-bribery matters, a summary of which is set out below.

ENVIRONMENTAL MATTERS

We seek to minimise the environmental impact of everything we do. In addition, our commitment to improving energy performance is intended to reduce our impact on the environment and could deliver significant cost savings over time.

Further details of our policies, including disclosure of carbon emissions and energy usage data, is provided on pages 62 and 63.

Related principal risks: see 'environmental' risk on page 38.

EMPLOYEES

Our employee policies are designed to ensure that we hire the best people, train them well and look after them so that they provide the best possible service for our customers and suppliers. Furthermore, health and safety policies are core to our operations as we need to provide equipment which is safe to use and minimises any risk to our people.

Specific policies provide equal opportunities to all of our staff and ensure that we maintain an inclusive culture. Employee policies are available to all employees through the employee handbooks and on our employee intranet.

Further details of our policies, including details on our safety programmes, training and recruitment activities, is provided on pages 50 to 59.

Related principal risks: see 'people' risk on page 38.

SOCIAL MATTERS

Playing a big role in our local communities is of crucial importance to our business. As we expand our market share, particularly in the US and Canada, we have ever more impact and influence over the communities where we hire staff and make an economic contribution. Our responsibility to those communities increases likewise. The Group has policies to support employee volunteering for programmes which positively impact our communities.

Further details of our contribution to society is provided on pages 60 and 61.

Related principal risks: social matters are not considered a principal risk for the Group.

HUMAN RIGHTS

At Ashtead we believe in the rights of individuals and take our responsibilities seriously to all our employees and those who may be affected by our activities. We have policies addressing modern slavery and human trafficking, business ethics and conduct, ethical sourcing and whistle-blowing procedures, all of which protect our employees as they go about their work. These policies form part of our way of doing business and are embedded in our operations. Thus, while we do not manage human rights matters separately, we continue to assess potential risks and do not believe they raise particular issues for the business.

Further details of our policies are provided on page 64. Our business ethics and conduct policy, modern slavery and human trafficking policy and modern slavery and human trafficking statement are available on our website.

Related principal risks: breaches of human rights have not been identified as a principal risk for the Group.

ANTI-CORRUPTION AND ANTI-BRIBERY

Anti-corruption and bribery policies are maintained and reviewed on a regular basis with relevant guidance included in employee handbooks and available on our employee intranet.

Further details of our policies, including details on training required to be undertaken by our employees, is provided on page 64.

Related principal risks: corruption and bribery have not been identified as principal risks.

OTHER MATTERS

In addition, information required in relation to the Group's business model, principal risks, including those which relate to the matters above, and key performance indicators are provided on pages 24 to 27 and 34 to 39 of the annual report.

STATEMENT BY THE DIRECTORS IN PERFORMANCE OF THEIR STATUTORY DUTY IN ACCORDANCE WITH S172(1) OF THE COMPANIES ACT 2006

The Board of directors of Ashtead Group plc considers that it has, both individually and collectively, acted in good faith in a way which would most likely promote the success of the Company for the benefit of the members as a whole, and in doing so have had regard (amongst other matters) to factors (a) to (f) as set out in s172(1) of the Companies Act 2006 for the decisions taken during the year ended 30 April 2020. In making this statement, the directors have considered the following matters:

- **the likely consequences of any decision in the long-term**: the Board reviewed the Group's strategy, as disclosed on pages 28 to 33, during the year and concluded that it remains appropriate to support the long-term success of the Company. Shorter term expectations in supporting that strategy are approved by the Board as part of the annual budgeting process, against which the performance of the Group is then monitored. Decisions taken during the year are made in the context of the Group's strategy in order to ensure that they are consistent with that strategy, and in line with the Group's capital allocation policy which is designed to support long-term value generation for all stakeholders as detailed on pages 40 and 41;
- **the interests of the Company's employees:** our people are critical to the success of our business and a core component of our business model. We endeavour to recruit the best people, train them well and look after them so that they provide the best possible service for our customers and remain with us for the long-term. The Board has ultimate responsibility for ensuring the Group's decisions consider the interests of our employees. This has never been more apparent than over the last few months and our response to the COVID-19 pandemic. We have looked to the longer term and no team members have been laid off as a result of COVID-19 and we have not accessed government assistance such as the UK Coronavirus Job Retention Scheme or similar schemes in Canada. Further details and examples of our activities with employees are provided on pages 40 and 41 of the Strategic report and pages 50 to 59 of the Responsible business report;
- **the need to foster the Company's business relationships with suppliers, customers and others:** managing the Company's relationships with suppliers and customers is critical in ensuring the Company delivers on its strategy. We dedicate account teams to our national customers to ensure that we maintain an ongoing dialogue while local customers are managed at a store level to enable us to respond at all levels of the organisation appropriately. Further details and examples of our activities with suppliers and customers are provided on pages 40 and 41 of the Strategic report;
- **the impact of the Company's operations on the community and the environment:** the Group seeks to have a positive impact on the communities in which it operates and minimise the environmental impact of our operations. Examples of our community initiatives and the environmental steps we take are provided in further detail on pages 60 to 63 of the Responsible business report;
- **the desirability of the Company maintaining a reputation for high standards of business conduct:** the Group regularly reviews and updates, where appropriate, its business conduct and ethics policies and ensures that these are communicated to employees, are readily available to employees, customers and suppliers and that appropriate training is undertaken by relevant employees on a regular basis to reinforce the Group's policies. The Group business ethics and conduct policy is approved by the Board and available on the Group's website, while employee specific policies are provided in the employee handbooks. Further details are provided on page 64 of the Responsible business report and on page 74 of the Corporate governance report; and
- **the need to act fairly as between members of the Company:** the Company always seeks to ensure that its communications are transparent and its actions are in accordance with the Group's stated strategic aims to promote the long-term success of the Company. On page 73 within the Corporate governance report we detail how we engage with our shareholders, including both institutional investors and private investors.

APPROVAL OF THE STRATEGIC REPORT

The Strategic report set out on pages 1 to 66 was approved by the Board on 15 June 2020 and has been signed on its behalf by:

BRENDAN HORGAN
Chief executive
15 June 2020

MICHAEL PRATT
Finance director
15 June 2020