# A YEAR OF DELIVERY AND GROWTH

**DEAR SHAREHOLDER**

I am delighted to report that in this financial year Ashtead has produced another strong set of results. During the year we have continued to invest and execute on our strategic priorities to ensure we can continue to deliver strong growth in the markets in which we operate. However, we can only achieve this with outstanding and dedicated colleagues who, with an excellent leadership team, are able to create a strong culture for success. Although the last two years have been a difficult period for most people I am proud that our business is even stronger because of the dedication, commitment and resilience of our colleagues in all parts of our business. Thank you very much.

## Strategic progress

In April 2021 we launched our ambitious strategic plan, Sunbelt 3.0, which is designed to grow the business in a responsible and sustainable way. I am pleased to report that we have made significant progress on all elements of Sunbelt 3.0, and you will read more about that in the pages that follow.

We have continued to work closely with our suppliers ensuring we have the right equipment available despite their production challenges because of worldwide supply chain issues. This has enabled our teams to deliver our planned growth and expansion, opening 88 greenfield sites in North America and completing 25 bolt-on acquisitions. The recent acquisition of Mahaffey which provides temporary structures, means we have added our 10th Specialty business line.

Our technology initiatives, to make the move from an industry-leading technology platform to a leader among the broader industrial and services sector, are making excellent progress and will increase the competitiveness of our offering in the future.

### A sustainable business model

Health and safety has always been a primary focus for the Board and a priority in all our business activities throughout the organisation. We have continued to make significant progress and I am delighted to report that our incident rate in North America is the lowest it has been in the Group's history. We have also made similar progress in the UK.

Sustainability is an integral part of our strategic plan and business model and our ESG targets, which are a key component of Sunbelt 3.0, are now deeply embedded throughout the business.

Our modern rental fleet consists of the latest, most environmentally-friendly equipment and we continue to invest millions of dollars in new equipment which produces less carbon, less particulate matter and requires less servicing and repair. We are working closely with our customers and suppliers to develop and test new technology to ensure we can deliver more environmentally-friendly and sustainable equipment to the market. An example is our collaboration with Doosan Bobcat to develop and produce the world's first all-electric compact track loader.

We also continue to make good progress with our diversity, equity and inclusion ('DEI') initiatives. After getting constructive feedback from our colleagues, last year saw the establishment of our first grassroots DEI Task Force in North America, which is already driving real cultural change in the businesses. We have also established a new women's group, WISE (Women, Inspired, Supported, Empowered), which is supporting women across the organisation and helping to increase the number of women we recruit into our industry. In the UK we continue to drive DEI initiatives across the business, including ensuring our programmes seek to develop, coach and recruit the best people, irrespective of their backgrounds.

DEI was also an important focus of our Senior Leadership and Board meetings which were held in Dallas in April 2022. The Senior Leadership meeting was the first major meeting in person we have been able to hold since the UK management conference held in Manchester prior to the pandemic. The Board was delighted to be able finally to reconnect in person with a wider population of our people driving the business.

## Financing

Another important component of our strategic plan and competitive advantage is our dynamic capital allocation strategy. Despite challenging supply chain issues, we invested more in the rental fleet than in any other year. The strength of our balance sheet was again demonstrated when we were able to issue $1.3bn of long-term investment grade bonds last year. While this may not be unusual for other businesses, it is a first for our industry and represents the increasing maturity of both Ashtead and our industry. It reinforces our strategy of always accessing the finance we need ahead of when we need it, so we can make the very most of market growth opportunities.

## Board changes

I am delighted to welcome Renata Ribeiro to the Board, who joined in January as a non-executive director. Renata is an executive at Carnival Corporation and brings strong commercial and digital experience to the Board.

## Dividends

We have a progressive dividend policy which is designed to ensure sustainability through the economic cycle whilst always taking into account both underlying profit and cash generation.

I am pleased to report that having considered the Group's outlook and financial position, and other stakeholders' interests, your Board is recommending a final dividend of 67.5¢ making 80.0¢ for the full year. Assuming the dividend is approved at the Annual General Meeting ('AGM'), it will be paid on 9 September 2022 to shareholders on the register on 12 August 2022.

## Outlook

We have strong momentum in the business underpinned by our Sunbelt 3.0 strategic plan which is advancing faster than we originally planned, both through organic growth and bolt-on acquisitions.

Our balance sheet remains strong and that, coupled with our diverse range of products and services for our end markets, positions us well for future growth.

**PAUL WALKER**
Chair, 13 June 2022

## HIGHLIGHTS OF THE YEAR

**+19%**
Revenue up 19%[1], rental revenue up 22%[1]

**$1.3bn**
$1,274m spent on bolt-on acquisitions (2021: $172m) and 88 greenfield locations opened

**$1,948m**
Group operating profit of $1,948m (2021: $1,498m)

**$2.4bn**
$2,397m of capital invested in the business (2021: $947m)

**$1,824m**
Group adjusted pre-tax profit of $1,824m (2021: $1,316m), an increase of 38%[1]

**$1.1bn**
$1,125m of free cash flow generation (2021: $1,822m)

**307.1¢**
Adjusted earnings per share of 307.1¢ (2021: 219.1¢)

**1.5x**
Net debt to EBITDA leverage[1,2] of 1.5 times (2021: 1.4 times)

**280.9¢**
Earnings per share of 280.9¢ (2021: 205.4¢)

**67.5¢**
Proposed final dividend of 67.5¢, making 80.0¢ for the full year (2021: 58.0¢)

**$1,251m**
Post-tax profit of $1,251m (2021: $920m)

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