Ashtead group

GROWTH AND RESILIENCE

ANNUAL REPORT & ACCOUNTS 2021

We are an international equipment rental company 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.

GROWTH AND RESILIENCE

"We returned to growth in the fourth quarter with rental revenue up 15% over last year and up 14% when compared with the fourth quarter of 2018/19, both at constant exchange rates. This completes a year of market outperformance across the business with full-year rental revenue up 1% at constant exchange rates. I am extraordinarily proud of, and grateful to, all our dedicated team members who have made this possible, delivering for all our stakeholders, all while keeping our leading value of safety at the forefront of what we do.

Our performance this year illustrates the benefits of our long-term strategy to broaden and diversify our end markets and strengthen our balance sheet. This has enabled us to capitalise on our increasing scale while, at the same time, maintaining the business' agility. The last year has proven the strength in our business model during a difficult period in the economic cycle, through responding in the manner we did to the challenges arising as a result of the pandemic. Our performance during this period resulted in record free cash flow for the 12 months of £1,382m (2020: £792m) contributing to reduced leverage of 1.4 times compared to 1.9 times a year ago and adjusted pre-tax profit of £998m, only 2% lower than a year ago on a constant currency basis.

We have shown that our business can perform in both good times and more challenging ones. We enter the new financial year with clear momentum, strong positions in all our markets, supported by high quality fleet, a strong financial position and our exciting new Sunbelt 3.0 strategic plan, positioning us well to respond to market conditions and capitalise on opportunities. We will invest to drive long-term sustainable growth and returns and strengthen the business. The benefit we derive from the diversity of our products, services and end markets, our investment in technology and ongoing structural change, enhanced by the environmental and social aspects of ESG, enables the Board to look to the future with confidence."

Brendan Horgan
Chief executive

STRATEGIC REPORT

DIRECTORS' REPORT

FINANCIAL STATEMENTS

ADDITIONAL INFORMATION

Throughout the Annual Report we refer to a number of alternative performance measures, including measures such as adjusted results, free cash flow and constant currency growth. These are defined in the Glossary on page 169.

Forward looking statements
This report contains forward looking statements. These have been made by the directors in good faith using information available up to the date on which they approved this report. The directors can give no assurance that these expectations will prove to be correct. Due to the inherent uncertainties, including both business and economic risk factors underlying such forward looking statements, actual results may differ materially from those expressed or implied by these forward looking statements. Except as required by law or regulation, the directors undertake no obligation to update any forward looking statements whether as a result of new information, future events or otherwise.

2020/21 HIGHLIGHTS

REVENUE (£M)

£5,031m

2021	5,031
2020	5,054
2019	4,500
2018	3,706
2017	3,187

PROFIT BEFORE TAXATION (£M)

£936m

2021	936
2020	983
2019	1,059
2018	862
2017	765

ADJUSTED PROFIT BEFORE TAX (£M)

£998m

2021	998
2020	1,061
2019	1,110
2018	927
2017	793

EPS (P)

155.7p

2021	155.7
2020	162.1
2019	166.1
2018	195.3
2017	100.5

ADJUSTED EPS (P)

166.0p

2021	166.0
2020	175.0
2019	174.2
2018	127.5
2017	104.3

815,000
CUSTOMERS

760,000+
METRES OF BARRIERS ASSEMBLED

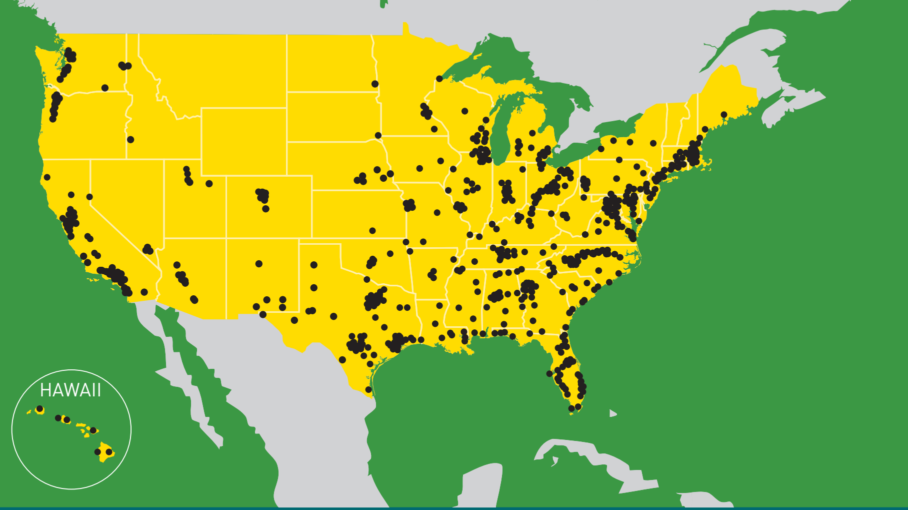
43bn+
BTU/HR OF HEATING DELIVERED

800,000+
RENTAL ASSETS

310m+
MILES TRAVELLED FOR DELIVERY AND SERVICES

1,650,000+
SMALL TOOLS RENTED

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.

PURPOSE

To provide a reliable alternative to ownership for our customers across a wide range of applications and markets

+ See more on page 18

STRATEGIC COMPONENTS

- Grow General Tool and advance our clusters
- Amplify Specialty
- Advance technology
- Lead with ESG
- Dynamic capital allocation

+ See more on page 24

CULTURAL ELEMENTS

- Investment in our people
- Foster culture of 'entrepreneurial at scale'
- Continuously delivering on our customer promise of Availability, Reliability and Ease

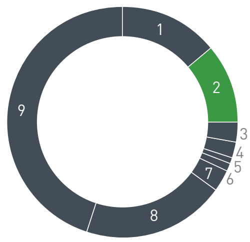
+ See more on page 54

US

The second largest equipment rental company in the US with 861 stores

Revenue	**$5,418m**
Segment result	**$1,445m**
Return on investment[1]	**20%**
Stores	**861**
Employees	**13,553**
Fleet size	**$9,827m**

MARKET SHARE[2]



1 United Rentals 14%
2 Sunbelt 11%
3 Herc Rentals 3%
4 Home Depot 2%
5 Ahern 1%
6 H&E 1%
7 Top 7–10 ....3%
8 Top 11–100 ....c. 20%
9 Others ....c. 45%

FLEET COMPOSITION[3]

Mobile elevating work platforms	**34%**
Forklifts	**21%**
Earth moving	**13%**
Pump and power	**12%**
Scaffold	**2%**
Other	**18%**

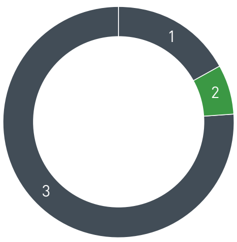
1 Excluding goodwill and intangible assets.
2 Source: Management estimate based on IHS Markit market estimates.
3 Source: Management information.

CANADA

Market share of 7% in Canada with 77 stores

Revenue	C$501m
Segment result	C$98m
Return on investment[1]	16%
Stores	77
Employees	1,479
Fleet size	C$938m

MARKET SHARE[2]



1 United Rentals 17%
2 Sunbelt 7%
3 Others 76%

FLEET COMPOSITION[3]

Mobile elevating work platforms	31%
Earth moving	13%
Forklifts	10%
Pump and power	8%
Other	38%

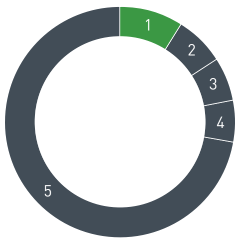
1 Excluding goodwill and intangible assets.
2 Source: Management estimate, excluding WFW, based on IHS Markit market estimates.
3 Source: Management information.

UK

The largest equipment rental company in the UK with 188 stores

Revenue	£635m
Segment result	£61m
Return on investment[1]	10%
Stores	188
Employees	3,777
Fleet size	£914m

MARKET SHARE[2]



1 Sunbelt 9%
2 Speedy 7%
3 HSS 6%
4 VP 6%
5 Others 72%

FLEET COMPOSITION[3]

Accommodation	16%
Earth moving	14%
Panels, fencing and barriers	11%
Mobile elevating work platforms	10%
Forklifts	10%
Pump and power	5%
Formwork and falsework	3%
Traffic	2%
Other	29%

1 Excluding goodwill and intangible assets.
2 Source: Management estimate based on IHS Markit market estimates – market share has been calculated excluding the impact of revenue associated with supporting the Department of Health COVID-19 response.
3 Source: Management information.

CHAIR'S LETTER

RESILIENCE AND DEDICATION

Dear Shareholder

It is now more than a year since the beginning of the global pandemic which has had such a profound impact on our personal and business lives. It has also been a period that has highlighted the quality of our leadership team and the dedication of our team members in both North America and the United Kingdom who have continued to provide an outstanding level of service to our customers and our wider stakeholder base.

The resilience of our business model has been truly tested and we are proud that under these challenging circumstances we have been able to deliver such a strong set of financial results. These results have been achieved without seeking government funding, shareholder support or making any COVID-19 related redundancies. We have also been operating in an environment where the safety and well-being of our colleagues has been paramount, and is consistent with our leading value that safety is at the forefront of what we do.

The culture and dedication of our team members has been critical for our customers and the communities we serve. As a designated essential business, in all of our markets, we have been able to support national and local government and the private sector in their response to the pandemic. Supporting first responders with vital equipment, establishing testing sites, ensuring that food services and telecommunication companies continued to operate are just a few examples of our colleagues helping in their local communities.

Progress

At the start of our financial year in May 2020 there was much uncertainty in our markets and so we made significant reductions in capital expenditure and operating costs to help strengthen our balance sheet. However our long-term stated strategy of broadening and diversifying our end markets as well as enhancing our product range created a more confident outlook as the year unfolded. As a result, in the US and Canada we opened 29 greenfield sites and completed five bolt-on acquisitions.

Also at the start of the year we rebranded our UK business as Sunbelt UK which has been hugely successful and has resulted in a more consistent service and product offering to our growing customer base.

In April 2021 we launched our new strategic plan, Sunbelt 3.0. This ambitious plan is designed to ensure the continued growth and sustainability of our business and builds on our significant market expertise. We believe there are many opportunities for growth in our chosen markets and you can read more about Sunbelt 3.0 later in this report.

Embedding sustainability

The opportunity to have a positive impact on our environment is a key component of our growth plan.

We are committed to providing to our customers the latest low and sometimes even zero-rated carbon equipment that is available. Focus on our environmental impact helps our customers who are also seeking ways to reduce their carbon footprint or carbon intensity. We can do this in a number of ways including investing in greener equipment and also helping our customers work in a more environmentally friendly way. For example, our solar powered light towers provide light for up to 60 hours, allowing our customers to operate during the night without any carbon emissions.

HIGHLIGHTS OF THE YEAR

+3%

REVENUE UP 3%[1]
RENTAL REVENUE UP 1%[1]

£1,135m

GROUP OPERATING PROFIT OF £1,135M
(2020: £1,224M)

£998m

GROUP ADJUSTED PRE-TAX PROFIT OF £998M
(2020: £1,061M), A REDUCTION OF 2%[1,2]

166.0p

ADJUSTED EARNINGS PER SHARE OF 166.0P
(2020: 175.0P)

155.7p

EARNINGS PER SHARE OF 155.7P
(2020: 162.1P)

£697m

POST-TAX PROFIT OF £697M
(2020: £740M)

£125m

£125M SPENT ON BOLT-ON ACQUISITIONS
(2020: £453M) AND 30 GREENFIELD LOCATIONS OPENED

£718m

£718M CAPITAL INVESTED IN THE BUSINESS
(2020: £1.5BN)

£1,382m

£1,382M OF FREE CASH FLOW GENERATION
(2020: £792M)

1.4x

NET DEBT TO EBITDA LEVERAGE[1,2] OF 1.4 TIMES
(2020: 1.9 TIMES)

35.0p

PROPOSED FINAL DIVIDEND OF 35.0P
MAKING 42.15P FOR THE FULL YEAR
(2020: 40.65P)

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

"The culture and dedication of our team members has been critical for our customers and the communities we serve.

Change in reporting currency

The Board has decided that from 1 May 2021 the Group will report in US dollars. Approximately 80% of our revenue originates in US dollars and therefore reporting in US dollars should allow for a clearer understanding of our financial performance for investors and other stakeholders.

Dividends

Our progressive dividend policy is designed to ensure sustainability through the economic cycle while always taking into account both underlying profit and cash generation in the period.

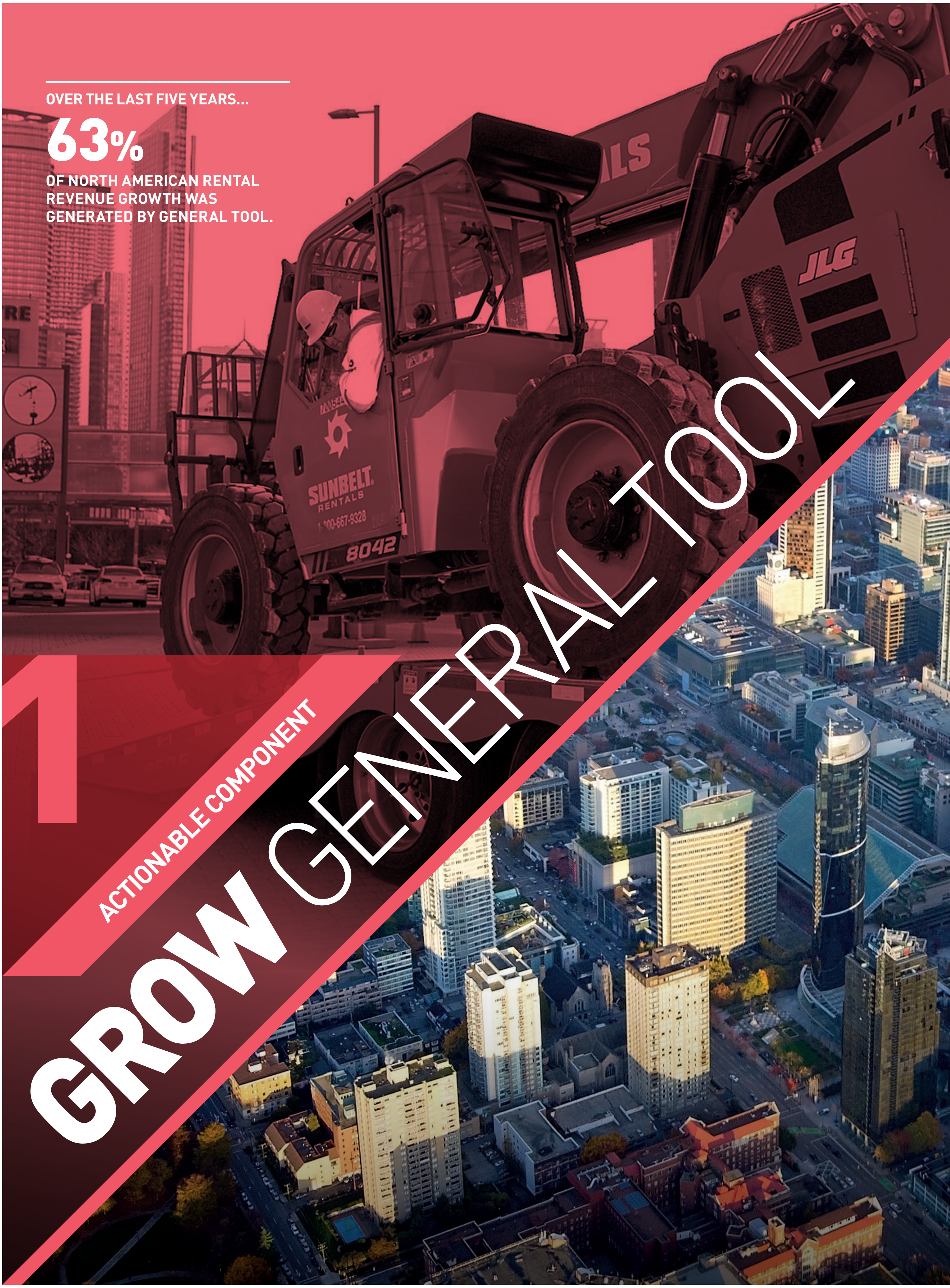
I am pleased to report that having taken into account the Group's outlook and financial position and other stakeholders' interests, including our decision not to access government funding, your Board is recommending a final dividend of 35.0p making 42.15p for the full year. Assuming the dividend is approved at the Annual General Meeting ('AGM'), it will be paid on 21 September 2021 to shareholders on the register on 20 August 2021.

Outlook

As ever I am very grateful to my fellow Board colleagues for their wise counsel and support during this extraordinary time. I would also like to thank my colleagues around the Group for their incredible dedication during the year. Despite the personal and work challenges many have faced, their spirit and determination to provide an outstanding service to our customers has been exemplary.

We have a strong business model and a clear growth strategy for the next three years articulated in our Sunbelt 3.0 plan, characterised by 'Ambition with Purpose'. That, coupled with our strong balance sheet and the diversity of our products, services and end markets, positions us well for future growth recognising that for a while uncertainty is likely to remain in some of our markets.

PAUL WALKER
Chair, 14 June 2021



OVER THE LAST FIVE YEARS...

63%

OF NORTH AMERICAN RENTAL REVENUE GROWTH WAS GENERATED BY GENERAL TOOL.

1 ACTIONABLE COMPONENT

GROW GENERAL TOOL

AND ADVANCE OUR CLUSTERS

Advancing our clustered market approach to meet demand and enable increased rental penetration in North America while optimising our operational network in the UK.

- LEVERAGE CLUSTER ECONOMICS
- SAME-STORE FLEET INVESTMENT
- GREENFIELD OPENINGS
- ACCRETIVE BOLT-ON M&A
- DRIVE OPERATIONAL EXCELLENCE

c. 55%
OF GROWTH EXPECTED TO ARISE FROM EXISTING LOCATIONS DURING SUNBELT 3.0

126
GREENFIELD GENERAL TOOL LOCATIONS PLANNED TO OPEN BY THE END OF FY 2024

23
US MARKETS ADVANCED TO CLUSTER STATUS BY THE END OF SUNBELT 3.0

10%
PROJECTED CANADIAN MARKET SHARE BY THE END OF FY 2024

STRATEGIC REVIEW

Brendan Horgan
Chief executive

Michael Pratt
Chief financial officer

RESILIENCE AND GROWTH DESPITE DIFFICULT TIMES

The world has been through the most difficult period we have known for many years. When COVID-19 first appeared, not many people foresaw that we would still be dealing with it well into 2021. The pandemic has clearly impacted our business, but Ashtead is a business built to withstand hard times and this past year has seen our strategy and business model put through the toughest of tests. The diversification of the business continues to pay off and we have performed well, both operationally and financially, despite the impact of COVID-19.

We made a decision early on in the pandemic that our priority was to all our stakeholders, our people, our customers, our investors and our communities, but our people first and foremost. We recognised quickly that this crisis was very different to the financial crisis of 2008/09. We have long focused on diversifying the business to be less reliant on construction, strengthening our balance sheet to fund and support our business model and growth at the right point in the cycle, and investing in people, technology and system improvements. While COVID-19 was completely different, we had confidence in our business and its free cash flow characteristics in a downturn.

We modelled a number of scenarios for the business, making sure we had in place what was needed, with good disciplined cost management and cash preservation in place and deciding early on that we would be there for our people.

We have a team of c. 19,000 people for whom we immediately removed the fear of furlough and lay-offs so they were able to focus on our customers and continue doing what they do best. Not only did we remove any fear of furlough or lay-off, we provided additional support through additional paid time off for COVID-19 related reasons, discretionary bonuses and a 2% pay rise for skilled trade team members. Now we have brought forward a c. 6% pay rise for skilled trades in North America to June 2021 to address the labour pressures we are encountering. We felt we did not need any of the government subsidies or support schemes available and this approach enabled us to be there for all our staff, customers, investors and communities. It meant that despite difficulties, we gained meaningful market share because we were there for our customers, we were deemed essential in all geographies and as a result there was even greater trust in our service. That was a simple thing to do but we believe it became a material ingredient in our success over the year. We were able to improve on our relative position because of the decisions we made early on in the COVID-19 crisis.

We saw industry-leading performance with resilience in our General Tool segment and ongoing growth in our Specialty businesses, which reinforces the clear structural opportunities that will fuel our future growth. Our revenue performance and continued cash and operating cost discipline throughout the year delivered record free cash flow of £1,382m. This contributed to reducing our debt and lowering leverage to 1.4 times net debt to EBITDA, at the bottom of our target range. Group rental revenue was £4,473m, an increase of 1% compared to last year. However, margins decreased compared to last year reflecting, in part, our decision not to make any team members redundant as a result of COVID-19, nor reduce pay levels or take advantage of any government support programmes.

Throughout this time, we continued to invest in the business, including our technology platform and our rental fleet to ensure it was serviced, well maintained and rent-ready in advance of the recovery in activity. Furthermore, in addition to not reducing pay levels, we continued to pay bonuses and made additional discretionary payments to our skilled trade workforce as a mark of thanks for their hard work and dedication in working safely in a far from easy COVID-19 environment.

> **We made a decision early on in the pandemic that our priority was to all our stakeholders, our people, our customers, our investors and our communities, but our people first and foremost.**

Adjusted pre-tax profit was £998m, down 2% from last year at constant exchange rates. Our organic expansion continued with 30 greenfields added.

US rental and related revenue was 2% lower than last year at $4,933m. We continued to invest in the business, particularly in our technology capabilities. These factors enabled us to not only maintain customer service levels, but improve them and take market share.

In Canada, rental and related revenue was 21% higher than a year ago at C$436m. This includes the impact of William F. White ('WFW') acquired in late 2019. The WFW business was severely affected by the pandemic but bounced back strongly once production resumed in August and generated record revenue in the last quarter.

UK rental and related revenue was 18% higher than a year ago at £481m. This was a strong performance as the breadth of our product offering and commitment of our team members enabled us to support all our existing and new customers, and provide essential support in the national response to COVID-19. Our support for the Department of Health accounted for around 29% of revenue. Our strong performance was also testament to the success of Project Unify which has brought the various UK businesses together under one brand identity and strategy.

We were excited to launch our new strategic plan in April 2021, Sunbelt 3.0, which has at its core, growth and resilience, the title of this Annual Report. It is an ambitious three-year growth plan that is rooted in the fundamentals of our business. It is comprised of five strategic actionable components supported by the strength of our culture, namely:

- grow our proven General Tool business;
- amplify our Specialty business;
- advance technology;
- lead with ESG (Environmental, Social and Governance); and
- dynamic capital allocation.

We will add 298 new locations in North America over the course of the plan to give us 1,234 locations in North America. We will then be present in every US state except Montana, Wyoming and Alaska and in all Canadian provinces. The UK business will undergo an ambitious transformation through Project Unify and we plan to go from being among the leaders, to the absolute leader in the industry in the UK, with returns to match. Sunbelt 3.0 will lead to growth in our workforce, growth for the new customers we will be able to serve, growth for our supply chains, in the communities we will be investing in and of course, for our investors.

Our plan is driven by our customers' increasing reliance on our abilities to invest quickly when we need to and they need us to, to enable them to build, repair, replace and improve. Our purpose is to enable our customers to do whatever they need to do with our help. As part of our wider commitment to our communities, for the first time we are including ESG priorities in our strategic plan. We are committing to reduce our carbon intensity by 35% by 2030 and by 15% during the three-year plan. Ashtead can make a significant contribution to improving the environment and we will discuss later in this report the crucial role of rental in reducing absolute carbon emissions. The detail of our Sunbelt 3.0 plan can be found on page 24.

Our core principle of safety has been tested this year more than ever before with the majority of our workforce continuing to work on-site. Our priority has been to safeguard Sunbelt's own essential service providers as well as our customers and members of the communities we serve. We have done so with a relentless focus on our safety and wellness platform – Engage for Life.

We continue to have the utmost confidence in our business, as demonstrated by our performance over the last year in the most difficult of circumstances and our ambitious and purposeful new Sunbelt 3.0 strategic plan.

IN THE STRATEGIC REPORT

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

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

We had a year of strong market outperformance across the business despite challenging market conditions.

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

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

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.

OUR COVID-19 RESPONSE

Deemed an essential service provider during the COVID-19 pandemic, helping national and local governments, companies, organisations and communities cope during this emergency has been hugely important during the year. We have engaged with all our stakeholders, employees, customers, suppliers, communities and investors, whose feedback has been the driving factor in the actions we have taken. Keeping our people safe and secure, while also reducing their worry as much as we can, has been a key priority.

Our US Emergency Response Team ('ERT'), usually the heart of our disaster relief efforts, now also fields calls for COVID-19 assistance nationwide and coordinates our efforts. Similarly we have worked nationwide in the UK, directly for the government, delivering over 500 COVID-19 testing and vaccination sites. These have used over 66,000 traffic cones and signs, nearly 130km of fencing and barriers, and approximately 2,270 accommodation units and 1,500 tower lights. In North America we have been involved in setting up mobile testing sites, alternative care facilities, utility power backup, distribution points and temporary base camps on a massive scale. Equipment has included temporary lighting, temperature control equipment, barriers and traffic control signs, ground protection and air quality/purification equipment.

In Florida, for example, we set up a 250-person overflow hospital in Fort Lauderdale and a second in Jacksonville. These are for a first response company, Granny's Alliance, and have each included 25 generators of various size, 200 tons of air conditioning, 10,000 cubic feet/minute of air scrubbers, four forklifts and 12 light towers. Also in Florida, we have supported over a dozen testing facilities, each including a generator, air conditioning and air scrubbers. In New York we delivered equipment to over 45 drive through testing sites, for first responder Garner Environmental, including for each site a generator and heating, temporary lighting and material handling. We have seen similar set-ups across the country, including in Wisconsin, Minnesota, Washington and California.

One particular area where we have been a key supplier is air quality. Air scrubbers have been in high demand for their ability to remove harmful contaminants from the air. We have been involved in providing equipment to purify the air in hospitals, including creating negative air space within the wings of hospitals to help stop the spread of the virus. This type of equipment is also being used in schools, offices, film studios, commercial real estate, government buildings and food processing facilities.

We worked with a major US theme park and sports leagues to provide equipment enabling the set-up of COVID-19 'bubbles' to limit player and coach travel and interactions, so they could continue to play games even if without their fans. Equipment used included refuelling units, generators, dehumidifiers, air conditioners, ground protection and traffic safety items.

As part of our commitment to protecting our people and customers, in the US we joined the American Rental Association's ('ARA') Clean. Safe. Essential programme which has been aimed at raising awareness of the rental industry's commitment to safety best practices related to COVID-19. In the UK we launched our own lateral flow testing units, in collaboration with the Department of Health and Social Care, as part of the UK government's pilot scheme for businesses. We have developed three Mobile Welfare Vehicles into COVID-19 testing facilities, fully equipped with an external gazebo, screens, PPE and testing kits.

Going above and beyond in a crisis is fundamental to who we are and how we work at Ashtead.

OUR MARKETS

Our markets are evolving and our new strategic plan, Sunbelt 3.0, will take us into ever more markets, both by geography and function.

Construction will likely remain our biggest market in terms of the equipment required but non-construction continues to expand massively as we service new markets through the amplification of our Specialty businesses. The US continues to be our largest market and we see good growth in our newest market, Canada. The UK, which is a more mature rental market, is a more subdued environment than North America but our actions to realign the business for the future with a simplification of the go-to-market message and leveraging cross-selling opportunities across the platform are already bearing fruit. We are excited by the future prospects for the UK business. The US rental market is 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 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 we face.

All our markets have been affected by the COVID-19 pandemic and the unprecedented actions taken by governments and the private sector to contain the virus. This does not change the long-term attractiveness of our markets and our opportunity to rent an ever-broader range of equipment. Although volumes were impacted adversely, this was mitigated, in part, by our response efforts throughout our business units but particularly our Specialty businesses. We are designated as an essential service in the US, UK and Canada in times of need, supporting government and the private sector in response to emergencies, including hurricanes, tornadoes and, most recently, 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. Our end markets are increasingly diverse and we are seeing the power of cross-selling between General Tool and Specialty. The graphic on the right 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 events and building 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. As well as our COVID-19 work we also 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, especially in the second quarter.

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.

Construction

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

Response

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

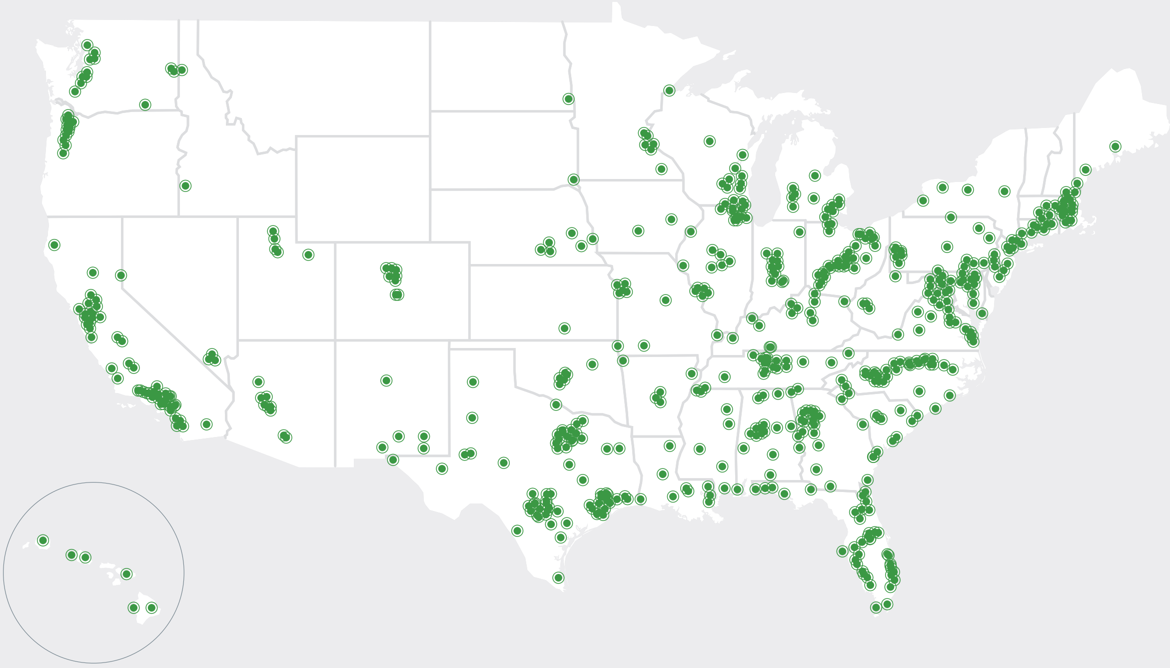
Facilities maintenance and municipalities

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

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 was immediate and quite severe, the longer-term prospects for rental and our products and services remain 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 in 2020. We expect to perform better than the market as we expand our Specialty businesses and continue to take market share.

Dodge Data & Analytics show a put in place construction decline of 2% for 2021. This is expected to be followed by a consistent recovery in 2022 and 2023. Similarly, the rental market reduced by 9% but is expected to recover in 2021 and beyond. With forecasts like these, our business model becomes ever more attractive as our customers increasingly choose the flexibility of rental versus the long-term commitment and ongoing cost related to purchasing equipment.

We believe 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 such as office and residential remodelling. COVID-19 has resulted in virtually a complete shut-down 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 continues to be a reducing part.

> **The markets we serve remain strong long-term, as both structural and cyclical trends are favourable.**

01 US MARKET OUTLOOK (RENTAL REVENUE FORECASTS)

	2021	2022	2023
Industry rental revenue	+3%	+10%	+4%

Source: IHS Markit (May 2021).

THE US CONTINUED

The markets we serve remain strong long-term, as both structural and cyclical trends are favourable. Chart 02 shows the last four 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. In contrast from 1991 to 2011, and 2011-2020, the cycle was characterised by a more gradual recovery over a longer period of time. The initial forecasts for the next cycle are more similar to the last two cycles although there is the potential for an infrastructure package to increase activity levels. Our opportunity is enhanced by the structural shift from ownership to rental and our ability to increase market share.

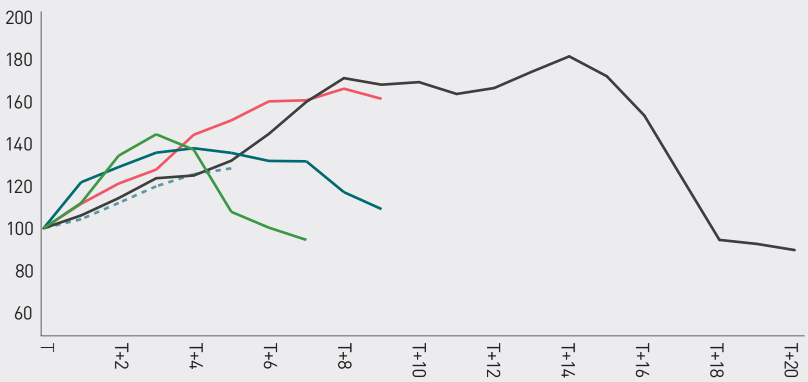
MARKET SHARE IN THE US

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 rental 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 such as 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 continue to grow as the big get bigger.

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 us, but one with increasing opportunity as we

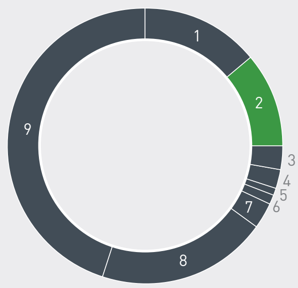
02 CONSTRUCTION ACTIVITY BY CYCLE



1975–1982
1982–1991
1991–2011
2011–2020
Forecast
(T=100 based on constant dollars)

Source: Dodge Data & Analytics (May 2021).

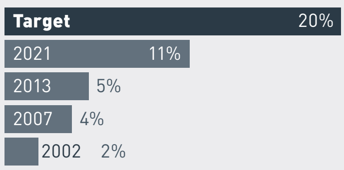
03 US MARKET SHARE



1	United Rentals	14%
2	Sunbelt	11%
3	Herc Rentals	3%
4	Home Depot	2%
5	Ahern	1%
6	H&E	1%
7	Top 7-10	3%
8	Top 11-100	c. 20%
9	Others	c. 45%

Source: Management estimate based on IHS Markit market estimates.

04 US MARKET SHARE DEVELOPMENT



Source: Management estimates.

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 market share, increasing our long-term market share target to 20%. 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 24).

The combination of our business model, which you can read more about on page 18, the continued 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. Being there for our customers and trusted to deliver, also brought us share during the pandemic.

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.

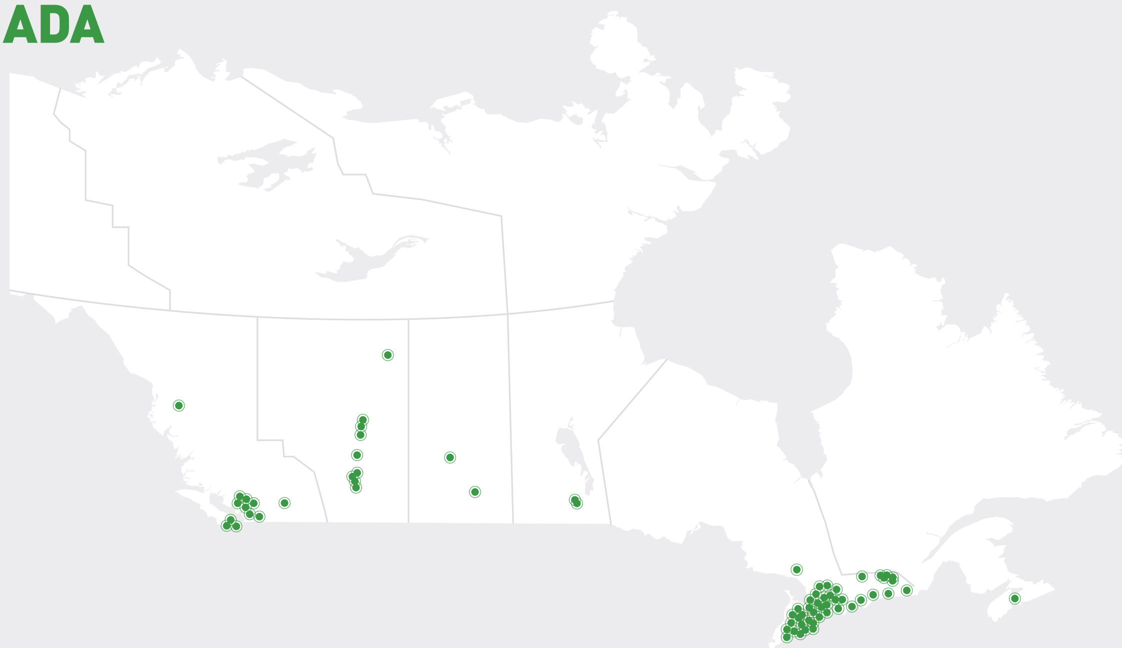
THE TREND TO RENTAL

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 2021, 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 low single-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. Uncertain market conditions also make it far more attractive to rent than buy. 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.

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 24.

CANADA



Canada is a relatively new and growing market for us.

The existing rental market is less than 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 7%. There is plenty of scope to develop this in the same way as in the US and we are growing rapidly. Although the market has been affected in the near-term as a result of COVID-19, the longer-term prospects for the market remain strong. We have seen continued market growth in 2021 and IHS Markit predicts Canadian rental revenue to grow 12% and 8% in 2022 and 2023. We anticipate growing more rapidly as we take market share and broaden our offering.

From our humble beginnings in western Canada, we have grown to 12 locations in the Vancouver market. Key of course to delivering on our mantra of Availability, Reliability and Ease is convenience, proximity and diversity in our offering. We now have a significant presence in Ontario and have expanded in Edmonton, Calgary and Winnipeg. Beginning with a complement of General Tool businesses and adding Specialty into the mix to introduce cross-selling, our runway for growth in Vancouver and in the rest of Canada remains long.

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. While this business ground to a halt when COVID-19 first hit, it has recovered well and we expect this to continue as well as delivering cross-selling opportunities in this space for the broader Sunbelt product offering. We are creating a strong platform from which to grow.

Excluding the impact of WFW, Sunbelt Canada's rental only revenue declined only 2% this year and in seven years we have gone from six stores to 77. The rental market has, to date, been construction focused, but we continue to develop new markets such as the film industry in Vancouver and Toronto. In addition, we have continued to expand our power and flooring solutions Specialty businesses. Customers who traditionally rented mainly mobile elevating work platforms ('MEWPs') 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. Our cluster approach (more on this in our section on strategy on page 24) 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 MEWPs especially through our work servicing the film and TV industry. We see great opportunities for expanding our Specialty and MEWP 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.

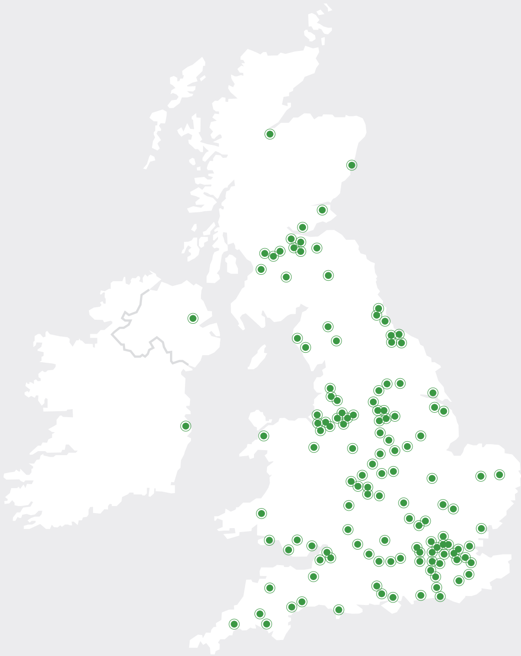
We have achieved our initial goal of a 5% market share in Canada and we are now looking towards the next milestone of 10% market share.

05 CANADA MARKET SHARE

1	United Rentals	17%
2	Sunbelt	7%
3	Others	76%

Source: Management estimate, excluding WFW, based on IHS Markit market estimates.

THE UK



The UK market is improving and we are ever more optimistic of improved returns.

Project Unify, under which all the UK businesses were brought together as Sunbelt Rentals, is already paying dividends as we outperform the market, leading, in particular, to gains in the ongoing construction and maintenance-related rental space. We remain in the early stages of forging our path to sustainable long-term results and returns, but are creating sustainable cultural change. The business is re-branded, re-focused and re-energised, with a joined up, cohesive approach to future growth opportunities. Our work for the Department of Health on the UK's COVID-19 response has also been a significant factor in the growth this year.

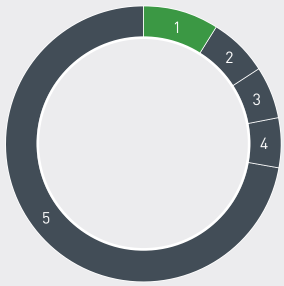
We continue to see significant opportunities in both construction and non-construction markets in the UK as in the US and Canada. We will continue to invest responsibly in the UK market as we seek to increase market share and enhance returns.

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 9% market share.

Chart 07 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. Project Unify has already enhanced 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. We are excited by the potential we expect to uncover through our new strategic plan, Sunbelt 3.0.

07 UK MARKET SHARE



1 Sunbelt 9%
2 Speedy 7%
3 HSS 6%
4 VP 6%
5 Others 72%

Source: Management estimate based on IHS Markit market estimates – market share has been calculated excluding the impact of revenue associated with supporting the Department of Health COVID-19 response.

06 UK CONSTRUCTION INDUSTRY FORECASTS

(£ million)	2019 Actual	2020 Actual	2021 Estimate	2022 Forecast	% of total
Residential	60,141	51,096	55,848	60,902	34%
		-15.0%	9.3%	9.0%	
Private commercial	41,984	40,937	44,058	46,664	26%
		-2.5%	7.6%	5.9%	
Public and infrastructure	69,354	57,953	69,415	70,607	40%
		-16.4%	19.8%	1.7%	
Total	171,479	149,986	169,321	178,173	100%
		-12.5%	12.9%	5.2%	

Source: Construction Products Association (Main scenario: Spring 2021).

OUR BUSINESS MODEL

Creating sustainable value across the economic cycle

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.

WHAT WE DO

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

BUY

We buy a broad range of equipment from leading manufacturers.

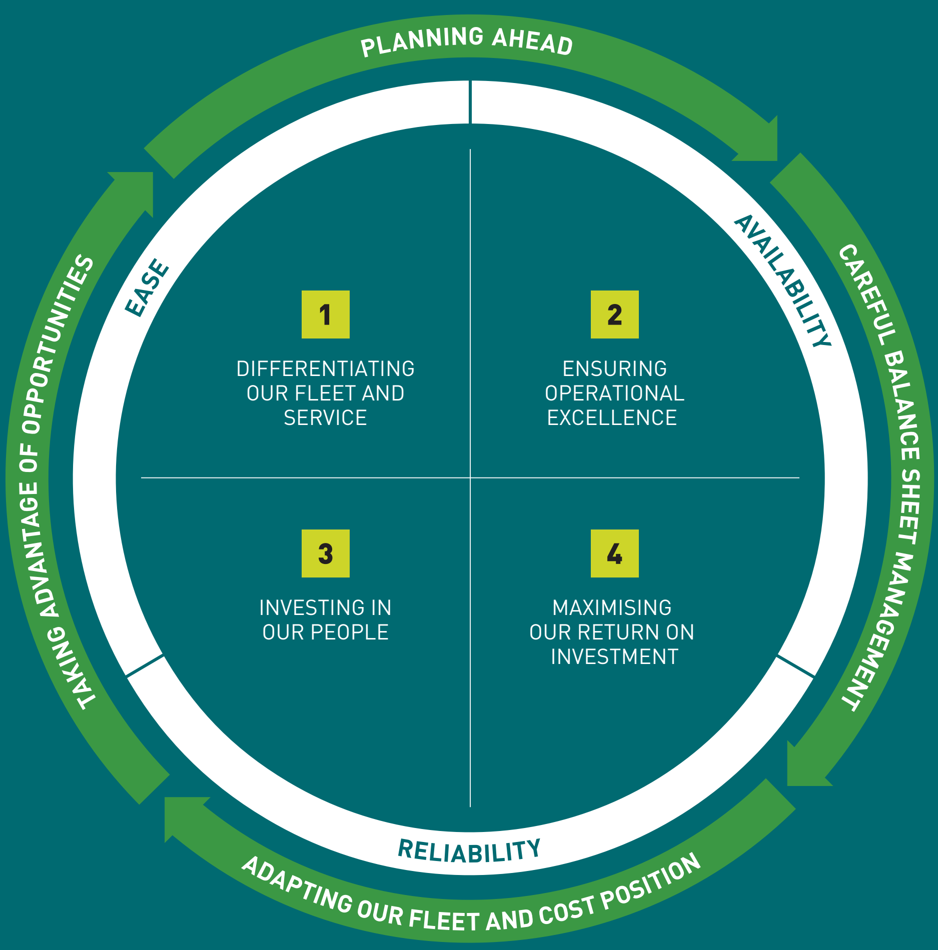
RENT

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

SELL

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

HOW WE DO IT



Powering the platform

Managing through the cycle

1

DIFFERENTIATING OUR FLEET AND SERVICE

- Broad fleet mix
- Evolution of Specialty businesses
- Broad range of customers and applications
- Scale to meet size and range of requirement

+ See more on page 20

2

ENSURING OPERATIONAL EXCELLENCE

- Culture of health and safety
- Focused, service-driven approach
- Long-term partnerships with leading equipment suppliers
- Industry-leading application of technology

+ See more on page 20

3

INVESTING IN OUR PEOPLE

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

+ See more on page 21

4

MAXIMISING OUR RETURN ON INVESTMENT

- Effective fleet management
- Optimisation of utilisation rates and returns
- Flexibility in local pricing structures
- Focus on higher-return equipment

+ See more on page 21

CREATING VALUE FOR OUR STAKEHOLDERS

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

+ See more on page 22

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

+ See more on page 54

Our investors
Generating sustainable returns for shareholders through the cycle.

+ See more on page 20

Our environment
Working to ensure we have a positive impact on the environment.

+ See more on page 54

Our suppliers
Developing long-term relationships with suppliers.

+ See more on page 43

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 a 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 34 to 39).

MANAGING THROUGH 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 slow-down 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 the onset of the COVID-19 pandemic 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 24.

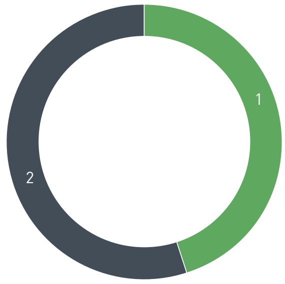
DIFFERENTIATING OUR FLEET AND SERVICE

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 and HVAC, Climate Control and Air Quality, Scaffold Services, Shoring Solutions and Flooring Solutions, which represented 26% 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 areas represent c. 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 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 2021, Sunbelt US dealt with over 650,000 customers, who generated average revenue of $7,500.

The individual components of our General Tool fleet are similar to our peers. However, this is complemented by our Specialty businesses offering a broad range of differentiated equipment.

08 BUSINESS MIX – US



1 Construction 45%
2 Non-construction 55%

It is the breadth and depth of our fleet across our General Tool and Specialty businesses that differentiates us from our peers 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 on pages 26 and 27.

09 RENTAL PENETRATION: THE PRODUCT RANGE

- In Canada, we have focused initially on expanding our presence in the Western and Eastern provinces, whilst achieving scale through a clustered market approach similar to the US. The businesses we acquired have strong positions in construction equipment, mobile elevating work platforms and general tools. We are expanding the range of products available to customers in all areas, including building up our Speciality 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 to a regional operating centre model with a few, 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 fleet on rent, 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 build our rental penetration through expansion of the types of equipment we rent. As well as our Specialty businesses, we are also increasingly focused on developing the rental penetration of the smaller end of our product range. Chart 09 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.
- 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 pick-up or service or extend their contract remotely. 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. Our order fulfilment system utilises automated workflows connected to and powering our point of sale and logistics systems to enable our sales reps to say 'yes' with increased confidence. 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 c. 65% 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 pages 60 to 62, 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.

ANYTOWN NORTH AMERICA

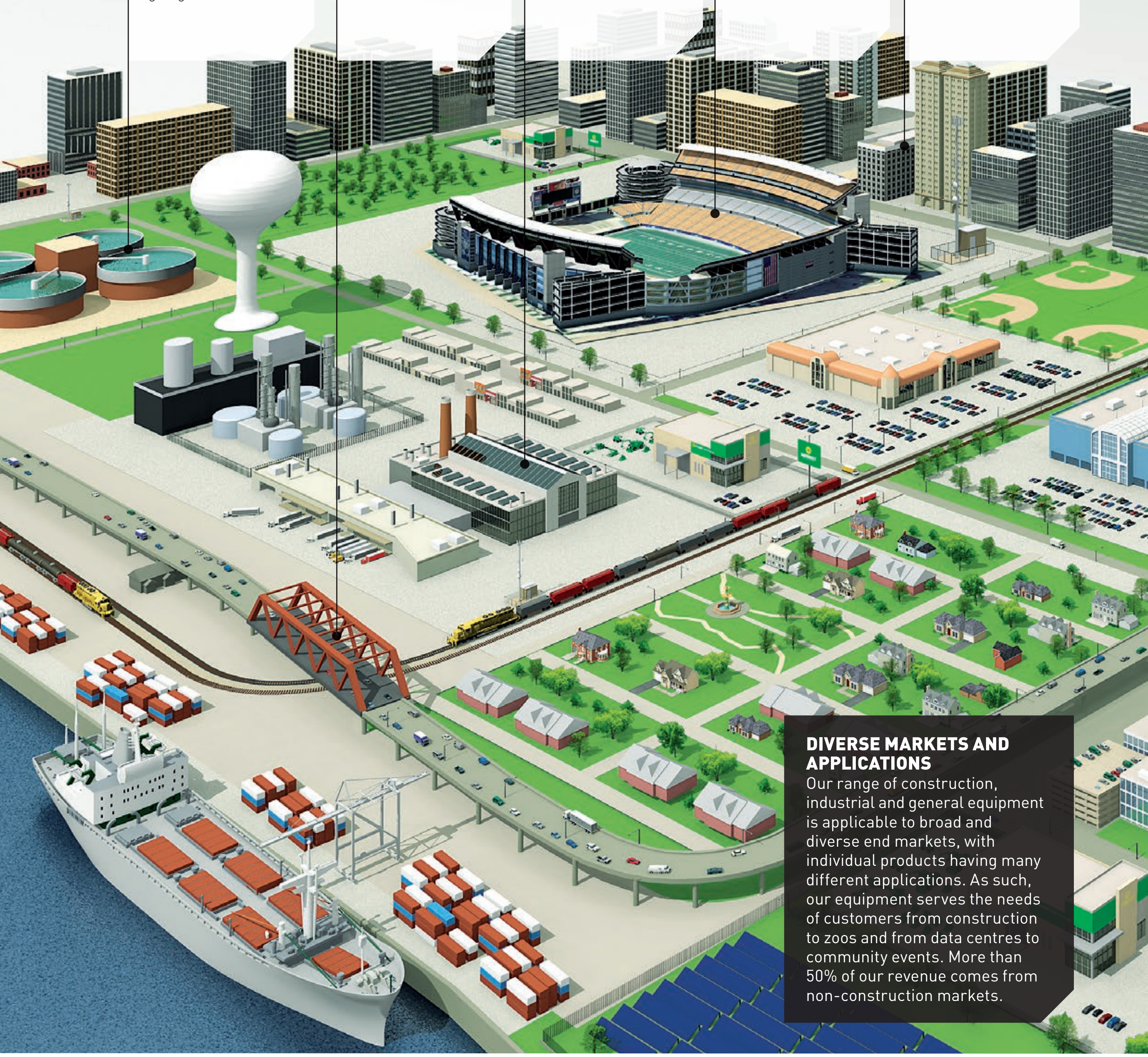
Managing the flow at a water treatment plant to enable the refurbishment of ageing infrastructure

Designing bespoke lifting solutions for the construction of a new bridge

Drying out and cleaning up after a flash flood at an industrial warehouse

Renting generators, access equipment, barriers and trackway for a stadium concert

Designing, erecting and dismantling scaffolding systems



DIVERSE MARKETS AND APPLICATIONS

Our range of construction, industrial and general equipment is applicable to broad and diverse end markets, with individual products having many different applications. As such, our equipment serves the needs of customers from construction to zoos and from data centres to community events. More than 50% of our revenue comes from non-construction markets.

Providing equipment for facilities management at a shopping complex

Providing traffic management solutions for engineering projects

Providing temporary climate control solutions for retail premises and office buildings

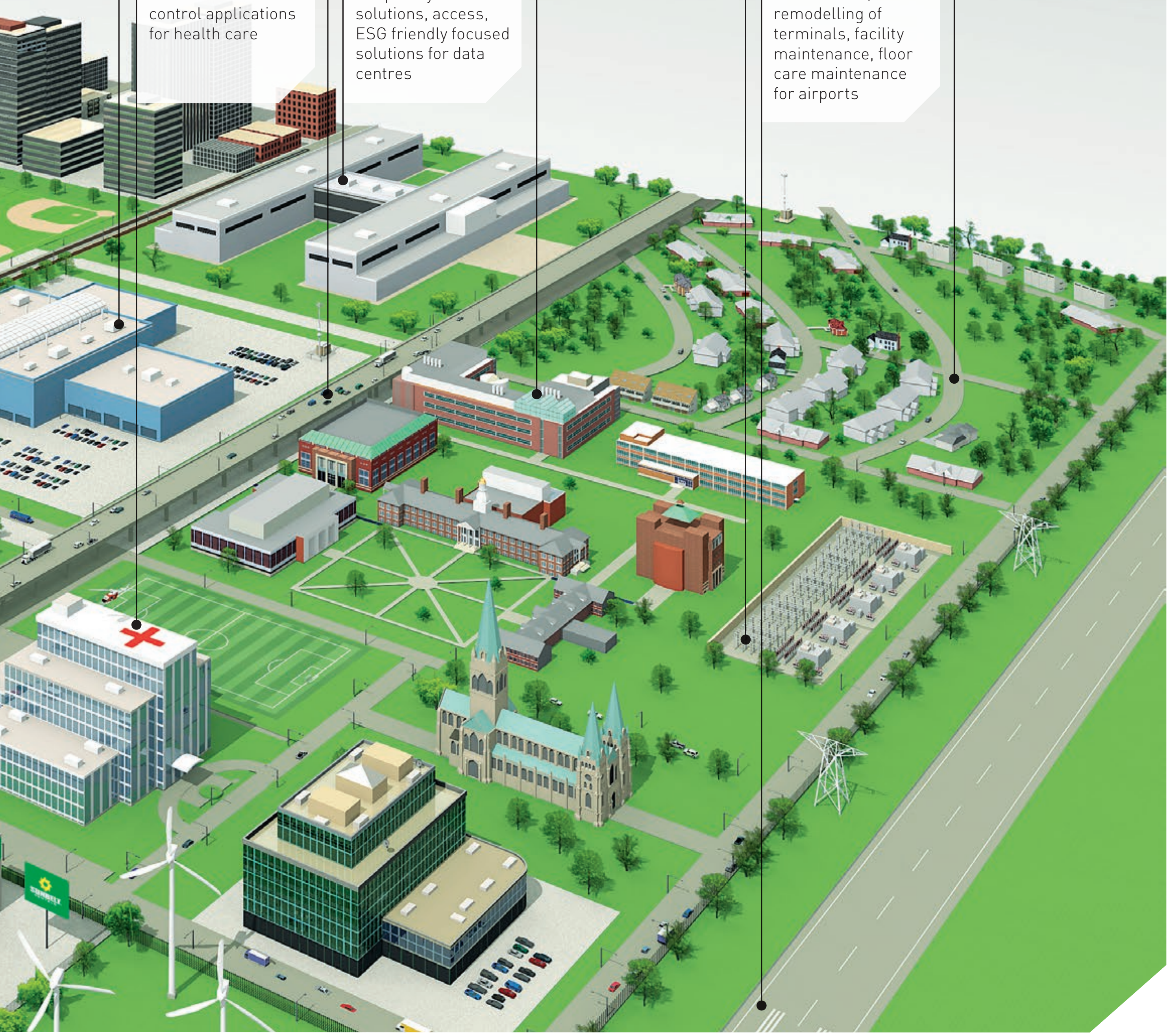
Facilitating fit-out and ongoing maintenance at a power plant

On-site tool hire, accommodation and maintenance for a new residential construction site

Indoor air quality, facility maintenance, advanced climate control applications for health care

Power generation, load banks, temporary HVAC solutions, access, ESG friendly focused solutions for data centres

Tarmac/runway resurfacing, construction/ remodelling of terminals, facility maintenance, floor care maintenance for airports



OUR STRATEGY

Ambition with purpose – Sunbelt 3.0

This year we are excited to unveil the next iteration of our strategic plan, Sunbelt 3.0. We launched Sunbelt 3.0 in April 2021. This follows our successful Project 2021, during which we doubled our revenue from £2,546m in 2016 to £5,031m in 2021, despite the impact of COVID-19. Our new plan is ambitious and reflects what we believe is possible for Ashtead. Our plan is infused with purpose for all our stakeholders; our people, our customers, our suppliers, our investors and our communities and underpinned by critical cultural elements.

Our business, even under normal circumstances, is cyclical and we have created a business model that not only accommodates that, but which capitalises on it. We seek to make the most of the structural growth opportunities available to us, particularly in the US and Canada, through same-store investment, greenfields and bolt-ons.

From 2011 to 2021, we achieved 16% compound annual growth in the US, of which two-thirds was from market share gain. Now we plan to take the business to the next level, through Sunbelt 3.0.

We are 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. 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 it. The past year of dealing with COVID-19 has demonstrated perhaps more than any other, our ability to not only withstand difficult market conditions, but actually to flourish under them. Being a highly diversified business enables that. We work well in good times and bad. That is what we do.

Our goal for Sunbelt 3.0 is to add 298 new locations across North America bringing us to a total of 1,234 locations in 2024, while in the UK, the focus is on transforming the business over the next three years to deliver enhanced and sustainable margins and returns. We intend to do this through five actionable components which will help us capitalise on the structural growth opportunities still very much available in North America and position us as the leading rental company in the UK. These are underpinned by three cultural elements that make us who we are; investing in our people, maintaining our entrepreneurial culture but doing that at scale, and continuing to bring Availability, Reliability and Ease to our customers.

Our goal in the long term is to achieve 20% market share in North America and continue to grow our share of the UK market. We believe these are realistic goals given the way the rental market continues to evolve 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.

ACTIONABLE COMPONENTS

1	GROW GENERAL TOOL AND ADVANCE OUR CLUSTERS	Advance our clustered market approach through a proven playbook to meet demand and enable increased rental penetration in North America while optimising our operational network in the UK.
2	AMPLIFY SPECIALTY	Drive accelerated growth through recently realised Specialty scale, unique cross-selling capabilities, and demand in the early phases of rental penetration.
3	ADVANCE TECHNOLOGY	Make the move from industry-leading technology platform, to a leader among the broader industrial and service sector; further improving our customer value proposition and capture the benefits of scale across the Group.
4	LEAD WITH ESG	Embracing responsible sustainability and success for our people, our customers, our communities and our investors; while unlocking structural benefits ESG will bring to rental across the Group.
5	DYNAMIC CAPITAL ALLOCATION	Consistent application of our capital allocation policy to optimise capital deployment for the benefit of all stakeholders.

UNDERPINNED BY CULTURAL ELEMENTS

Invest in our people	Entrepreneurialism with scale	Bringing Availability, Reliability and Ease to our customers

OUR SUNBELT 3.0 STRATEGIC PRIORITIES

STRATEGIC PRIORITY	KEY INITIATIVES	UPDATE	RELEVANT KPIs	RELATED RISKS
1 Grow General Tool and advance our clusters	– Organic fleet growth – Bolt-on M&A – Increasing store maturity	– 11% US market share – 7% Canadian market share – 9% UK market share – US average fleet on rent consistent with prior year – 2% decrease in Canadian fleet on rent – 29 greenfield openings in North America – $171m spent on US acquisitions	– RoI – Fleet on rent – Dollar utilisation – Adjusted EBITDA margins	– Economic conditions – Competition – People
2 Amplify Specialty	– Organic fleet growth – 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			
3 Advance technology	– Operational improvement: • delivery cost recovery • fleet efficiency – Increased use of technology to drive optimal service and revenue growth – ARE initiative: Availability, Reliability, Ease	– Dollar utilisation: • US: 50% • Canada: 47% • UK: 54% – EBITDA margins: • US: 49% • Canada: 44% • UK: 30%	– Fleet on rent – Dollar utilisation – Adjusted EBITDA margins	– Cyber security – Laws and regulations
4 Lead with ESG	Making ESG core to how we operate: – Focus on culture – Focus on safety	– 64.3 tCO_2e/£m (2020: 68.5 tCO_2e/£m) – Reduction in staff turnover • US: 17% • Canada: 21% • UK: 17% – RIDDOR reportable rates • US: 0.31 • Canada: 0.29 • UK: 0.27	– Carbon intensity – Staff turnover – Safety	– People – Health and safety – Environment
5 Dynamic capital allocation	– Organic growth investment in existing locations and greenfield sites – Bolt-on M&A – Returns to shareholders	– £718m of capital invested in the business (2020: £1,483m) – £125m spent on current year acquisitions (2020: £453m) – £182m paid in dividends (2020: £187m) – Leverage of 1.4x EBITDA (excluding IFRS 16) – Share buyback resumed	– Adjusted EPS – RoI – Net debt and leverage	– Economic conditions – Competition – Financing

A BROAD PLATFORM FOR GROWTH

1 GROW GENERAL TOOL AND ADVANCE OUR CLUSTERS

The first of our actionable components is to grow our General Tool business and advance our proven clustered market approach to meet demand and enable increased rental penetration in North America. In the UK, our focus is on optimising our operational network. General Tool will remain a significant driver of performance having accounted for 63% of North American rental revenue growth over the previous five-year plan. We will focus on achieving operational improvements in existing locations, exploiting latent capacity in newly opened locations, investing in fleet, leveraging the economics of our cluster approach and improving rental rates.

We plan to open 126 General Tool greenfield locations whose location has been determined based on our experience and analytics down to the zip code level. This analysis includes our assessment of current market share, fleet per capita, customer statistics, construction starts, proximity to existing locations, square footage under roof and the competitive landscape. Our greenfield openings will be biased towards the western part of the US where we have a lower market share. This organic growth strategy will be complemented by bolt-ons.

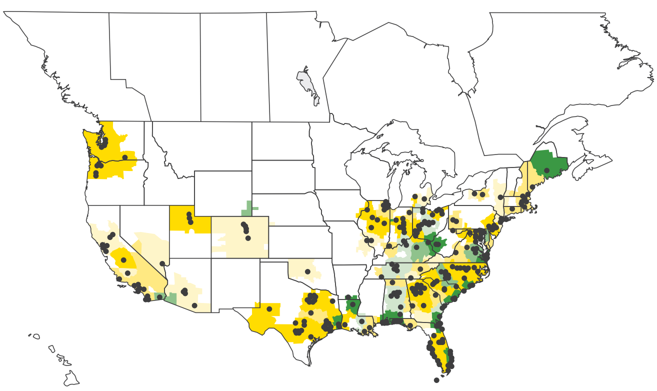
Our plans for Canada involve bringing our market share to our 2021 US level through 26 greenfield openings, across all provinces and advancing our clusters around Toronto which is the largest rental market. When we entered the Canadian market in 2014 we acquired six locations in Western Canada. In 2021 we have 60 General Tool locations and by 2024 we will have 86.

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 we can improve, either operationally or through additional investment, or both. Even when the market declines, as was the case 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 out-perform 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.

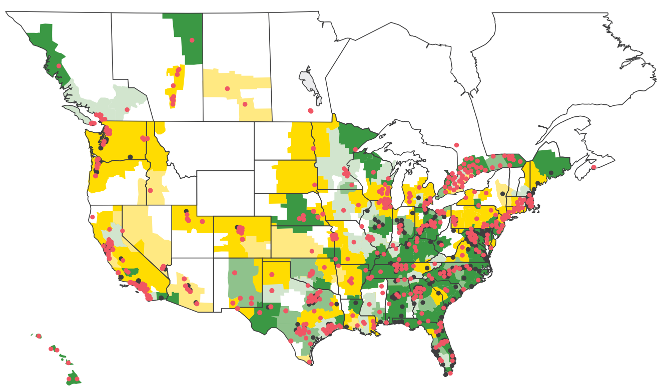
Structural growth is people choosing to rent more equipment (increased rental penetration) and the big getting bigger (increased market share). We are able to keep growing because we prioritise investment in the fleet and have the financial security to do that. Our customers want good quality fleet, 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.

10 MARKET SHARE AND GROWTH STRATEGY

APRIL 2012



APRIL 2021



0% 10% 15%

April 2012

Location growth May 2012 to April 2021

Source: IHS Markit/ARA: State of the Equipment Rental Industry, April 2021 and management estimates.

OUR CLUSTER APPROACH

Our cluster approach is an important aspect of our strategy. 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. The size and composition of a cluster depends on the market size based on Designated Market Areas.

A top 25 market cluster in the US has more than 15 stores, a top 26-50 market cluster more than 10 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 sustaining the performance 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.

11 OPPORTUNITY TO BUILD OUT FURTHER CLUSTERS, SUNBELT US

Rental market	Top 25	26–50	51–100	100–210
Rental market %	57%	19%	16%	8%
Cluster definition	>15	>10	>4	>1
Clustered	13 markets	8 markets	10 markets	13 markets

Source: Management information.

2 AMPLIFY SPECIALITY

Our second actionable component is to amplify our Specialty businesses which focus on products with comparatively low rental penetration in predominantly non-construction markets. These products are often a natural add-on to our General Tool products and services. We are always looking for new rental opportunities and to expand the number of our Specialty businesses, which in North America include:

- Climate Control and Air Quality;
- Industrial Tool;
- Power and HVAC;
- Flooring Solutions;
- Pump Solutions;
- Scaffold Services;
- Lighting, Grip and Studio;
- Ground Protection; and
- Shoring Solutions.

In North America we will invest in fleet to enable existing location growth as well as continuing our greenfield openings and bolt-on acquisitions. We will scale the less developed business lines and identify and develop new white space opportunities.

Our Specialty businesses are true specialisms with in-house experts in each business line with in-depth product and application knowledge, who enable us to provide the very best level of service to our customers.

We are looking to grow our North American Specialty revenue to c. $2.4bn during the next three years through our ambitious plans to drive rental penetration and increase our market share across our businesses. We have a broad-based team identifying new rental product ideas for both existing and new businesses, and a culture that encourages ideas at all levels of the organisation, building entrepreneurialism with scale.

In the UK we plan to make targeted fleet investment, accelerate Specialty growth through cross-selling and also identify and develop new opportunities. In the UK we are already seeing growth in cross-referrals as a result of Project Unify to bring together all our UK businesses as Sunbelt UK.

3 ADVANCE TECHNOLOGY

The third of our strategic actionable components is advancing the way we use technology. We plan to make the move from being an industry-leading technology platform to being a leader among the broader industrial and service sector, further improving our customer value proposition and capturing benefits of scale across the Group. We intend to do this by: leveraging our experience, culture and the data we accumulate day to day; making what we create sustainable and scalable; building a technology-driven ecosystem; enabling ecommerce across all channels; ensuring we improve further our customer value proposition of Availability, Reliability and Ease; and migrating our common applications to a group-wide platform.

We have a robust technology infrastructure which supports our proprietary systems with the aim of continuous improvement to enable The Perfect Rental™. With c. 65% of orders placed today for delivery within 24 hours, our goal is to enable our sales force to say 'Yes' confidently, through the use of our proprietary cloud-based sourcing decision engine, Chronos. Although Chronos is operational in all our locations across North America, we continue to make the system ever smarter and more flexible, such that it can deliver improvements in procurement opportunities, service operations, logistics and our management of resources. During the Sunbelt 3.0 period we will be focused specifically on increasing order capture, improving time utilisation, improving rental rates and enhancing dynamic pricing.

THE PERFECT RENTAL™

Safety for our people, our customers and our communities	Easy and efficient omni-channel experience
Availability, Reliability and Ease	No breakdown in first 48 hours
Professional and friendly interaction	Optimised pricing
Right equipment for the application	Proactive telematics notifications
Delivered on time	Sustainable process
Smartly dispatched	The Sunbelt Promise

IF IT'S NOT PERFECT, WE MAKE IT RIGHT!

4 LEAD WITH ESG

A major update to our strategy is the inclusion, for the first time, of ESG as an actionable component. Responsible sustainability has always been important to the Group but now we are embedding it formally into our strategy for the benefit of our people, customers, suppliers, communities and investors as well as optimising the structural benefits ESG brings to rental. This is an important element in what we mean by ambition with purpose for Sunbelt 3.0. We believe there are enormous benefits to the environment from rental versus ownership at all stages of the business life cycle, supply chain, operations, customer use and end of life of equipment. It is far better for the environment for many customers to rent one piece of well-maintained and safe equipment only when they need it, than for many customers to each purchase said piece of equipment, use it a few times, fail to maintain it properly and then throw it away when it becomes obsolete or just no longer needed. Our rental equipment is also amongst the greenest available. We are making a commitment to reduce our Scope 1 and 2 carbon intensity by 35% by 2030 and by 15% over the three years of Sunbelt 3.0. This will come from environmental efficiencies in our transportation fleet principally, as well as the facilities we operate.

From a social perspective, our people have always been first on the priority list and that has been ever more evident during COVID-19. Ours is a culture committed to employee safety, engagement, diversity and inclusion, and providing a Leading / Living Wage. Putting our people first allows them to give us enormous competitive advantage. Our skilled and secure workforce is instrumental to the Group's long-term success and we preserved our committed workforce during COVID-19 so that we were ready for the recovery when it came. As mentioned elsewhere, 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.

As an essential service provider we support our customers and communities whether that be investing in the communities in which our people reside, first responder participation for COVID-19 testing and vaccination sites, or natural disaster response such as hurricane relief. You can read more about our ESG strategy in our Responsible business report on pages 54 to 73 and about governance in the Corporate governance report on page pages 82 to 88.

5 DYNAMIC CAPITAL ALLOCATION

Our final actionable component is dynamic capital allocation; the consistent application of our capital application policy to optimise capital deployment for the benefit of all our stakeholders. Maintaining financial and operational flexibility enables us to flex our business and operational models through the economic cycle. This enables us to react quickly to both opportunities in the market and negative changes. 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.

Our consistently applied policy continues with the following allocation priorities:

- Organic growth investment in existing locations and greenfield sites
- Bolt-on acquisitions
- Returns to shareholders – progressive dividend policy and share buybacks to maintain target leverage range

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 the size and range of fleet increases, 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, and are well placed to take advantage of growth opportunities and much better placed to weather downturns, when they arise, as we have seen over the last year.

We have 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 the latter part of the last cycle and were highly cash generative. This cash generation increased in 2020/21 as we reduced capital expenditure and generated free cash flow of £1.4bn. As a consequence, our leverage is at the bottom of our target range of 1.5 to 2.0 times net debt to EBITDA (excluding IFRS 16) which provides the Group with significant flexibility, security and a platform for growth as we look to improving markets.

This financial position, when combined with the scale, maturity and diversity of the business, puts us in a strong position as we embark on Sunbelt 3.0. As a result, free cash flow from operations will fund 100% of our ambitious Sunbelt 3.0 organic growth plans, leaving significant capacity for bolt-ons and returns to shareholders.

CULTURAL ELEMENTS

Underpinning our five actionable components are our cultural elements of investing in our people; fostering a culture of 'entrepreneurialism of scale'; and continuously delivering on our customer promise of Availability, Reliability and Ease. We believe our culture drives the success of our business and, as such, these elements underpin our strategic plan and are critical to its delivery.

2

ACTIONABLE COMPONENT

AMPLIFY SPECIALTY

Drive accelerated growth by leveraging recently realised Specialty scale, unique cross-selling capabilities and demand in the early phases of rental penetration.

TARGETED FLEET INVESTMENT SUPPLEMENTED BY GREENFIELD OPENINGS

SCALING LESS DEVELOPED BUSINESSES

IDENTIFICATION AND DEVELOPMENT OF WHITE SPACE OPPORTUNITIES

BOLT-ON M&A

9
EXISTING SPECIALTY BUSINESS LINES DELIVERED THROUGH 342 LOCATIONS

c.$2.4bn
PROJECTED SPECIALTY REVENUE IN FY 2024

172
GREENFIELD LOCATIONS PLANNED DURING SUNBELT 3.0

72%
OF REVENUE COMES FROM CUSTOMERS THAT RENT FROM GENERAL TOOL AND ONE OR MORE SPECIALTY BUSINESS LINES

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 24. Several of these KPIs (adjusted EPS, return on investment and leverage) influence the remuneration of our executive team (see page 95).

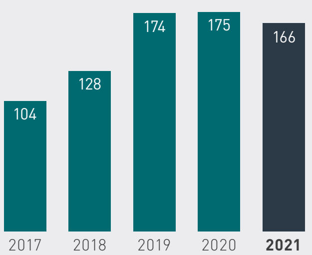
During the year, we have reviewed our KPIs to ensure that they remain appropriate for the Group. As a result, we have added carbon intensity due to our increased focus on environmental matters so that we can clearly track our performance for the Group as a whole. We have removed physical utilisation as this has become less relevant to understanding the performance of the business as we continue to broaden our fleet, particularly with the growth in Specialty. Furthermore, physical utilisation is a component of dollar utilisation which remains a Group KPI.

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

1	Grow General Tool and advance our clusters
2	Amplify Specialty
3	Advance technology
4	Lead with ESG
5	Dynamic capital allocation
R	Linked to remuneration

ADJUSTED EPS (P) 5 R

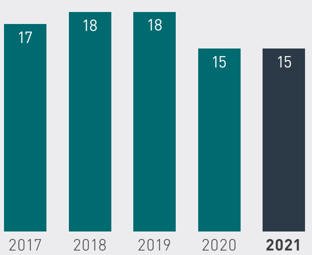


Calculation
Adjusted Group profit after taxation divided by the weighted average number of shares in issue (excluding shares held by the Company and the ESOT).

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

2021 performance
Adjusted EPS was 166p per share in 2020/21.

RETURN ON INVESTMENT ('ROI') (%) 1 2 5 R

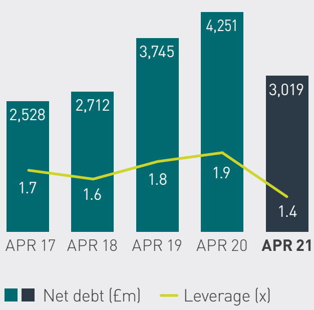


Calculation
Adjusted operating profit divided by the sum of net tangible and intangible fixed assets, plus net working capital but excluding net debt and tax.

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

2021 performance
Our RoI was 15% for the year ended 30 April 2021, reflecting the impact of the COVID-19 pandemic.

NET DEBT AND LEVERAGE AT CONSTANT EXCHANGE RATES 5 R



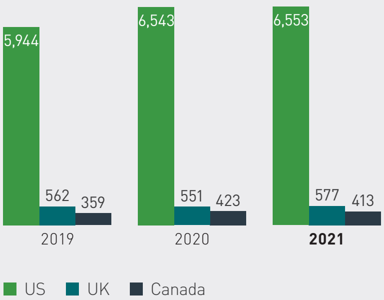
Calculation
Net debt is total debt less cash balances, as reported, and leverage is net debt divided by adjusted EBITDA, calculated at constant exchange rates (balance sheet rate).

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

2021 performance
Excluding lease liabilities arising under IFRS 16, net debt at 30 April 2021 was £3,019m and leverage was 1.4 times.

FLEET ON RENT ($M/£M/C$M)

1 2 3



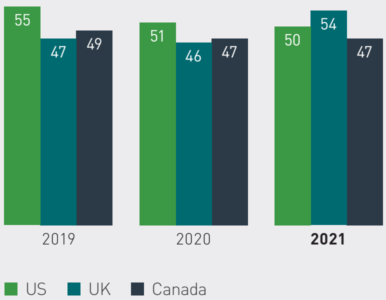
Calculation
Fleet on rent is measured as the daily average of the original cost of our itemised equipment on rent.

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

2021 performance
In the US, fleet on rent remained broadly constant, in Canada, fleet on rent decreased by 2%, while in the UK it increased by 5%. The US market reduced by 9%, the Canadian market by 11% and the UK market by 16%.

DOLLAR UTILISATION (%)

1 2 3



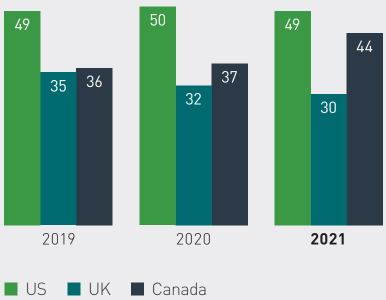
Calculation
Dollar utilisation is rental revenue divided by average fleet at original (or 'first') cost measured over a 12-month period.

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

2021 performance
Dollar utilisation was 50% in the US, 47% in Canada and 54% in the UK. These reductions in the US and Canada reflect the impact of the COVID-19 pandemic while the UK reflects the work done for the Department of Health.

ADJUSTED EBITDA MARGINS (%)

1 2 3 5



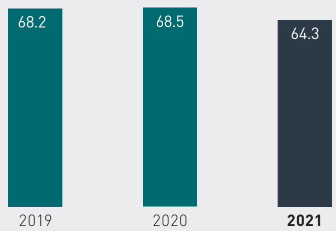
Calculation
Adjusted EBITDA as a percentage of total revenue.

Target
To improve or maintain margins with EBITDA margins of 45–50% in the US, 40–45% in Canada and 35–40% in the UK.

2021 performance
EBITDA margins in 2020/21 were 49% in the US, 30% in the UK and 44% in Canada.

CARBON INTENSITY ($TCO_2E/£M$)

4



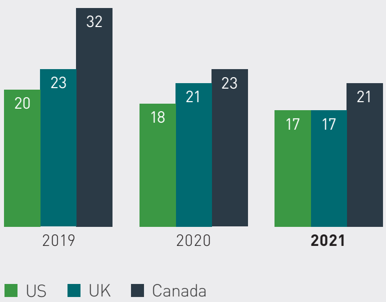
Calculation
Carbon intensity is calculated as emissions per £m of revenue ($tCO_2e/£m$), calculated at constant exchange rates.

Target
To reduce our carbon intensity by 35% by 2030 with reference to 2018 as a base year.

2021 performance
Our carbon emission intensity ratio was 64.3 (2020: 68.5).

STAFF TURNOVER (%)

4



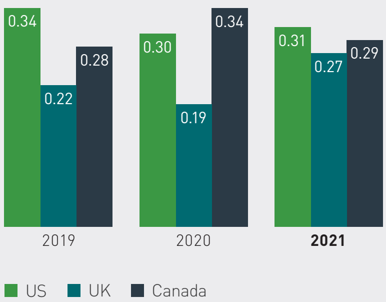
Calculation
Staff turnover is calculated as the number of leavers in a year (excluding redundancies) divided by the average headcount during the year.

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

2021 performance
Turnover levels have reduced across the business. Voluntary employee turnover is discussed on page 61. Our well-trained, knowledgeable staff remain targets for our competitors.

SAFETY

4



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.

2021 performance
The RIDDOR reportable rates were 0.31 in the US, 0.27 in the UK and 0.29 in Canada.

More detail is included in our Responsible business report on page 56.

PRINCIPAL RISKS AND UNCERTAINTIES

MANAGING OUR RISK

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 Committee is chaired by Michael Pratt, our chief financial officer and also includes:

- in relation to North America, the chief financial officer, 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 chief financial officer, who chairs the UK business risk committee;
- the Group's managing director of ESG; and
- UK and US counsel.

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.

AUDIT COMMITTEE

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

BOARD

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

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.

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.

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

STRATEGIC | **OPERATIONAL** | **FINANCIAL**

The role of managing director of ESG is a new one for the Group and demonstrates the increased profile of our ESG priorities going forward.

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.

The Group Risk Committee priorities this year included:

- assessment of the Group Risk Register, including identification and prioritisation of business risks;
- consideration of business continuity plans, in particular in light of the lessons learnt from the impact of the COVID-19 pandemic;
- health and safety, together with continuous improvement through training and awareness;
- driver safety, training and compliance;
- assessment of the environmental impact of the Group;
- monitoring of compliance with laws and regulations; and
- performance standards audits.

Next financial year we plan to:

- continue our safety initiatives, focused on serious injury and fatality ('SIF') protocols and driver programmes;
- focus on the continuing development of our IT environment, in particular in relation to cyber security; and
- continue the development of our ESG initiatives, including the publication of a Group Sustainability Report.

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.

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 2020/21

↑	Increased risk
→	Constant risk
↓	Decreased risk

Link to strategic priority

1	Grow General Tool and advance our clusters
2	Amplify Specialty
3	Advance technology
4	Lead with ESG
5	Dynamic capital allocation

Economic conditions

↓ 1 2 5

Potential impact

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

The economic uncertainties resulting from the impact of the COVID-19 or other pandemics are considered as part of this risk.

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

Despite the ongoing impact of the COVID-19 pandemic, the performance of the Group in recent months together with the success of the vaccine roll-out programme in our major markets and planned stimulus packages mean that we expect the economy to be supportive of our business and as such have reduced the likelihood rating of an adverse economic event to 'medium'. Nevertheless, we remain cognisant of market dynamics and uncertainties to ensure that the Group is positioned to respond to changes in economic conditions.

Competition

1 2 5

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

This could negatively affect rental rates and physical utilisation. Continuing industry consolidation could also have a similar effect.

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 technology; 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 11% market share in the US, a 7% market share in Canada and 9% in the UK.

Financing

5

Potential impact
Debt facilities are committed for a finite period of time and thus must be renewed before they mature. 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 $410m.

Change
At 30 April 2021, our facilities were committed for an average of five years, leverage was at 1.4 times and availability under the senior debt facility was $3,011m.

Cyber security

3

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
Good progress has been made in enhancing the Group's cyber security profile, with a significant and ongoing investment in resource and tooling. Nevertheless, cyber security remains a continually evolving area and a priority for the Group.

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. We will review these plans over the coming year to ensure they reflect the lessons learnt from the last year.

Health and safety

4

Potential impact

A failure to comply with laws and regulations governing health and safety and ensure the highest standards of health and safety across the Group could result in accidents which may result in injury to or fatality of an individual, claims against the Group and/or 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 48.

Change

The health and safety of our team members continues to be a key focus area for the Group and an area of continuous improvement.

Additional measures were introduced 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 0.31 (2020: 0.30) in the US, 0.29 (2020: 0.34) in Canada and 0.27 (2020: 0.19) in the UK. Further details are provided in our Responsible business report.

People

1 2 4

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, the economic environment and the results of our employee engagement surveys.

Our early decision at the onset of COVID-19 to not make any team members redundant as a result of the pandemic provided job security and enabled them to focus on serving our customers. In addition, we provided paid time off for team members quarantining as a result of COVID-19.

The establishment of diversity and inclusion programmes across the business to enhance our efforts to attract and retain the best people.

Environmental

→ 4

Potential impact

At the recent Capital Markets Day, the Group made a long-term commitment to reduce its carbon intensity by 35% by 2030, with a near-term commitment to reduce its carbon intensity by 15% by 2024, and set out a roadmap to achieve this. Failure to do so could adversely impact the Group and its stakeholders.

A significant part of our rental fleet is reliant on diesel engines. Over time, 'greener' alternatives will become available as technology advances. If we do not remain at the forefront of technological advances, and invest in the latest equipment, our rental fleet could become obsolete.

In addition we need to comply with the numerous laws governing environmental protection matters. These laws regulate such issues as wastewater, storm water, 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

The work of the Health, Safety and Environmental departments and Performance Standards teams continue to assess environmental compliance.

The appointments of a Group Managing Director of ESG and a VP of Environmental, Social and Governance for Sunbelt North America has further heightened our focus on this area.

In 2020/21 our carbon emission intensity ratio reduced to 64.3 (2020: 68.5). Further detail is provided on page 67.

As we implement our Sunbelt 3.0 strategy, we will continue to enhance our reporting in this area, including the development of further KPIs across a range of environmental areas. We have committed to reducing our carbon intensity by 35% by 2030 and 15% by the end of Sunbelt 3.0.

Laws and regulations

→ 3 4

Potential impact

Failure to comply with the frequently changing regulatory environment could result in reputational damage or financial penalty.

Mitigation

- 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.

Change

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 73.

During the year over 1,250 people in the US, 155 people in Canada and 607 people in the UK underwent induction training and additional training programmes were undertaken in safety.

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. The Board believes climate-related matters are addressed through our environmental risk and our commitment to reduce our carbon intensity. On balance, the Board believes that the impact from climate change and emerging technologies will increase the demand for rental and continue the shift from ownership to rental.

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 2024. This also aligns with the duration of the business plan prepared annually and reviewed by the Board. 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 lower cash flow generation 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 and generate 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.

Recognising the impact of the economic cycle on the business and its financing requirements, we undertake scenario planning based on the timing, severity and duration of any downturn and subsequent recovery. This scenario planning considers the impact of the cycle on revenue, margins, cash flows, overall debt levels and leverage. The Group maintains a net debt to EBITDA leverage target range of 1.5 to 2.0 times (pre-IFRS 16) and long debt maturities to mitigate financing risk.

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' 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 30 April 2024.

3 ADVANCE TECHNOLOGY

> **When we focus on positive impacts to our customers… we can confidently expect positive business outcomes to follow.**

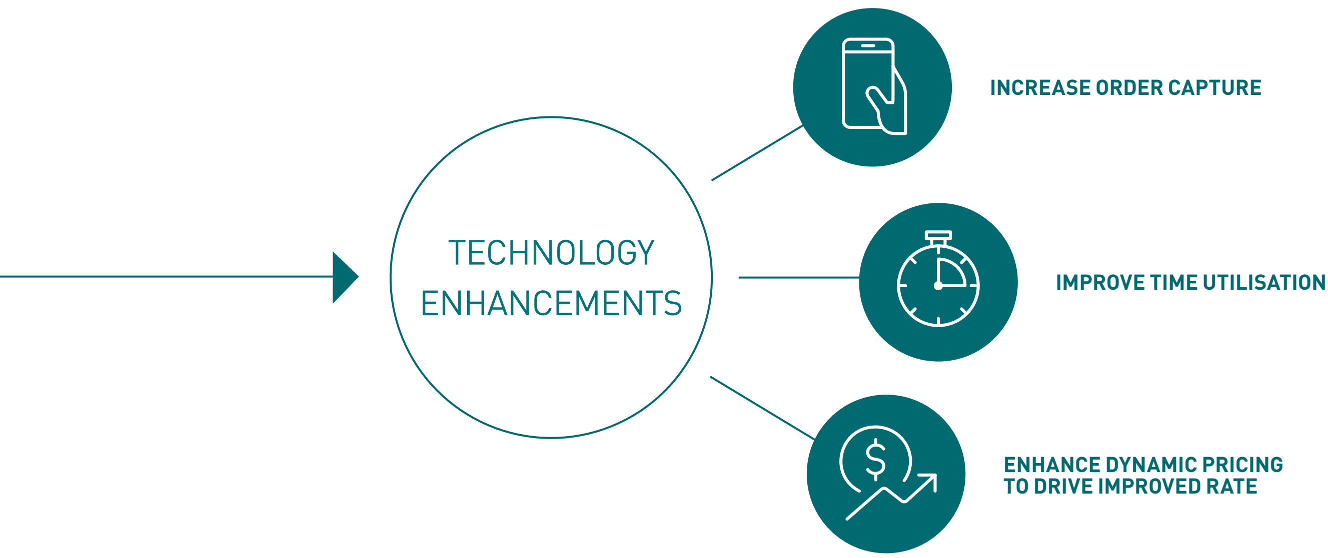
Make the move from industry-leading technology platform, to a leader among the broader industrial and service sector; further improving our customer value proposition and capturing the benefits of scale across the Group.

LEVERAGE EXPERIENCE, CULTURE AND DATA

TECHNOLOGY-DRIVEN ECOSYSTEM

ADVANCE OMNI-CHANNEL EXPERIENCE

SUSTAINABLE AND SCALABLE



STAKEHOLDER ENGAGEMENT

Engaging actively with our stakeholders is critical to the success of the Group and the Group engages regularly with stakeholders on a variety of topics relevant to the business.

A high degree of delegation of the engagement with stakeholders to the management teams within the Group exists in order to ensure the smooth operation of the Group on a day-to-day basis. As noted within our Corporate governance report, the role of the Board is to provide a framework under which the Group operates but under which the Group's businesses have freedom and decision-making authority to pursue business opportunities, underpinned by the culture of the Group. The directors believe that this is an important factor in the operation of the Group and the Group's overall success.

Authority for the operational management of the Group's businesses is therefore delegated to the chief executive, or further delegated by him to the senior management teams within the Group. This ensures effective day-to-day operation of the Group while maintaining effective governance.

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 receives feedback from management as to stakeholder views. This occurs in a number of ways including through board reports, investor feedback reports from our brokers and employee survey reports. An example of board level engagement has been illustrated in the case study on page 43 focusing on the development and launch of the Group's new strategic plan, Sunbelt 3.0.

In relation to the Group's overall engagement with stakeholders, the Group has identified the following groups as being fundamental to the success of the Group:

EMPLOYEES

Definition
- Existing and prospective employees, including apprentices.

Why relevant?
Our employees want to work for a company which 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.

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 65.

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
- Establishment of diversity and inclusion taskforces

Relevant KPIs
- Employee survey scores
- Safety metrics
- Employee retention metrics

CUSTOMERS

Definition
- National and other managed accounts
- Small and mid-sized enterprises
- Individuals

Why relevant?
Our customers want to have confidence in the 'Availability, Reliability and Ease' of our offering as a reliable alternative to ownership.

Nature of engagement
- 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

Our response to engagement
- Continued investment in fleet
- Investment in new market offerings to broaden our rental offering
- Continued investment in customer-focused technology solutions

Relevant KPIs
- Customer satisfaction scores
- Level of repeat business
- Customer spend
- Debtor days

BOARD LEVEL ENGAGEMENT – CASE STUDY

SUNBELT 3.0 STRATEGY

Stakeholders most impacted:
- Employees
- Customers
- Investors
- Communities

Consideration:
After detailed consideration by the Board throughout the year, the strategy was launched at our Capital Markets Day in April 2021, followed by a more granular launch to our team members where they had the opportunity to raise questions of senior leadership.

While providing opportunities for growth and expansion, the Group was clear from the outset that Sunbelt 3.0 should provide benefit for all our stakeholders and this was an important factor in the overall development of the strategy.

For example:
- our commitment to lead with ESG will enable us to embrace responsible sustainability and take advantage of the environmental opportunities presented by rental; and
- our focus on technology will improve the value provided to our customers, who are already beginning to see the benefits through our Chronos equipment supply optimisation tool.

Underpinning our strategy is our commitment to invest in our people, promoting a culture of entrepreneurialism with scale and bringing Availability, Reliability and Ease to our customers.

SUPPLIERS

Definition
- Major equipment suppliers
- Other equipment suppliers
- Service providers

Why relevant?
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.

Nature of engagement
- Dedicated account managers for major suppliers
- Central procurement teams manage supplier relationships

Our response to engagement
- 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

Relevant KPIs
- Payment practices statistics

COMMUNITIES

Definition
- Local communities to our operations
- Families of employees

Why relevant?
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.

Nature of engagement
- 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 70 to 72.

Our response to engagement
- Community building activities
- Disaster response when required
- Financial support at time of crisis

Relevant KPIs
- Charitable donations
- Employee time contributed to community initiatives

INVESTORS

Definition
- Shareholders (institutional)
- Shareholders (private)
- Financial lending institutions

Why relevant?
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.

Nature of engagement
- Investor conferences
- One-to-one meetings
- Site visits
- Annual Report and other communications
- Results presentations and bondholder calls
- Reporting to financial lending institutions
- Annual General Meeting
- Ashtead Group website including investor relations section

Our response to engagement
- 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

Relevant KPIs
- Returns to shareholders

SECTION 172 STATEMENT

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 2021. In making this statement, the directors have considered the following matters:

- **the likely consequences of any decision in the long-term:** the Board oversaw the development of the next phase of the Group's strategy, Sunbelt 3.0, as disclosed on page 43, during the year and concluded that it will 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 page 29;

- **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 during 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, while in the shorter-term we allowed additional paid time off for team members quarantining as a result of COVID-19. Further details and examples of our activities with employees are provided on pages 42 to 43 of the Strategic report and pages 56 to 65 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 42 and 43 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. This has been evident this year, both through our support for the response to the COVID-19 pandemic and efforts in response to hurricanes and the Texas 'Deep Freeze' in the US. Examples of our community initiatives and the environmental steps we take are provided in further detail on pages 66 to 72 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 73 of the Responsible business 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 pages 83 and 84 within the Corporate governance report we detail how we engage with our shareholders, including both institutional investors and private investors.

FINANCIAL REVIEW

TRADING RESULTS[1]

	Revenue		EBITDA		Profit[2]	
	2021	2020	**2021**	2020	**2021**	2020
US in $m	**5,417.5**	5,489.9	**2,634.5**	2,721.0	**1,444.6**	1,560.0
Canada in C$m	**500.9**	420.7	**218.9**	157.0	**97.8**	54.5
US in £m	**4,105.7**	4,335.7	**1,996.6**	2,149.0	**1,094.8**	1,232.1
UK	**635.1**	469.2	**192.8**	148.6	**60.9**	36.4
Canada in £m	**290.3**	248.7	**126.8**	92.8	**56.7**	32.2
Group central costs	**–**	–	**(14.8)**	(14.6)	**(15.6)**	(15.4)
	5,031.1	5,053.6	**2,301.4**	2,375.8	**1,196.8**	1,285.3
Interest expense					**(199.3)**	(224.5)
Profit before amortisation, exceptional items and tax					**997.5**	1,060.8
Amortisation					**(61.5)**	(61.7)
Exceptional items					**–**	(16.3)
Profit before taxation					**936.0**	982.8
Taxation					**(238.6)**	(243.1)
Profit attributable to equity holders of the Company					**697.4**	739.7
Margins						
US			**48.6%**	49.6%	**26.7%**	28.4%
UK			**30.4%**	31.7%	**9.6%**	7.8%
Canada			**43.7%**	37.3%	**19.5%**	13.0%
Group			**45.7%**	47.0%	**23.8%**	25.4%

Notes
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 169.
2 Segment result presented is operating profit before amortisation.

OUR FINANCIAL PERFORMANCE

Group revenue of £5,031m was 3% higher than the prior year at constant exchange rates (2020: £5,054m). Our performance relative to the prior year improved as we progressed through the year, with all our geographies delivering year-over-year growth in the fourth quarter. The lower activity levels, particularly in the first half of the year, had a significant impact on profit in the year as a large proportion of our costs are fixed in the short term. This profit impact reflects, in part, our decision to not make team members redundant as a result of COVID-19 and ensure we had a committed workforce ready to take advantage of improving market conditions, when the recovery came. As a result, adjusted profit before tax for the year was £998m (2020: £1,061m).

Although COVID-19 impacted the Group's performance adversely, it highlighted the benefits of our strategy to broaden and diversify our end markets, which has contributed to this resilient performance. This has provided the foundation for the launch of the next phase of our strategy, Sunbelt 3.0, again underpinned with long-term growth being driven by organic investment (same-store and greenfield) supplemented by bolt-on acquisitions.

In the US, rental only revenue of $3,976m was only 2% lower than the prior year (2020: $4,065m), representing a strong market outperformance and demonstrating the benefits of our strategy of growing our Specialty businesses and broadening our end markets. In the year, our Specialty businesses grew 13% while the General Tool business declined 4%. US total revenue, including new and used equipment, merchandise and consumable sales, decreased 1% to $5,418m (2020: $5,490m).

The UK business generated rental only revenue of £362m, an increase of 10% on a comparable basis (2020: £349m). This was a strong performance as the breadth of our product offering and commitment of our team members enabled us to provide essential support to the Department of Health in its COVID-19 response efforts. Total revenue increased 35% to £635m (2020: £469m) reflecting the higher level of ancillary and sales revenue associated with the work for the Department of Health, which accounted for c. 29% of UK revenue in the year.

Canada's rental only revenue increased 27% on a reported basis. Excluding the contribution from William F. White ('WFW'), rental only revenue of the legacy business declined only 2% and returned to growth in the fourth quarter (18%). Canadian total revenue was C$501m (2020: C$421m).

In all our markets we took action to reduce operating costs and eliminate discretionary expenditure. However, our broad customer base ensures there continues to be good opportunities to grow the business and we focused on disciplined investment as the Group returned to growth towards the end of the year. We took early decisions not to make any team members redundant as a result of COVID-19 or seek assistance from any government support programmes but to continue investment in the business, including our technology platform and our rental fleet. As a result, in the US, 50% of the rental revenue decline dropped through to EBITDA. This contributed to a reported EBITDA margin of 49% (2020: 50%) and a 7% decrease in operating profit to $1,445m (2020: $1,560m) at a margin of 27% (2020: 28%).

Last financial year we launched Project Unify in the UK with the objective of improving operational efficiency and returns in the business. This has resulted in significant investment in the operational infrastructure of the business which, when combined with the impact of COVID-19, contributed to an EBITDA margin of 30% (2020: 32%). Operating profit of £61m (2020: £36m) at a margin of 10% (2020: 8%) reflected these factors and a property impairment charge of c. £10m as we reshape the business to drive operational improvement.

Canada is in a growth phase as we invest to expand its network and develop the business. In December 2019 we acquired WFW, which serves the film and TV production industries. While WFW contributed virtually no revenue in the first quarter, it bounced back strongly from September onwards generating record levels of revenue for the business and an operating profit of C$29m at a 23% margin. The legacy Canadian business, excluding WFW, increased its EBITDA margin to 43% (2020: 38%) and generated an operating profit of C$69m (2020: C$56m) at a 18% margin (2020: 15%). This performance reflects a strong focus on operational efficiency and the cost base.

Overall, Group adjusted operating profit decreased to £1,197m (2020: £1,285m), down 3% at constant exchange rates. After financing costs of £199m (2020: £224m), Group profit before amortisation of intangibles and taxation was £998m (2020: £1,061m).

Statutory profit before taxation was £936m (2020: £983m). This is after amortisation of £62m (2020: £62m) and, in the prior year, an exceptional interest cost of £16m.

TAXATION

Tax charge for the year

The adjusted tax charge for the year was £254m (2020: £262m), representing an effective rate of 25% (2020: 25%) of adjusted pre-tax profit of £998m (2020: £1,061m). The cash tax charge was 34%.

The exceptional tax credit of £15m (2020: £19m) 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. Despite the UK Government appealing the European Commission's decision, Her Majesty's Revenue & Customs ('HMRC') is required to make an assessment of the tax liability which would arise if the decision is not successfully appealed and collect that amount from taxpayers. HMRC has issued a charging notice stating that the tax liability it believes to be due on this basis is £36m, including interest payable. The Group has appealed the charging notice and has settled the amount assessed on it, including interest, in line with HMRC requirements. The £36m paid has been recognised as a non-current asset on the balance sheet. On successful appeal in whole or in part, all or part of the amount paid in accordance with the charging notice would be returned to the Group. If either the decision reached by the European Commission or the charging notice issued by HMRC are not successfully appealed, we have estimated the Group's maximum potential liability to be £36m as at 30 April 2021, including any interest payable. Based on the current status of proceedings, we have concluded that no provision is required in relation to this matter.

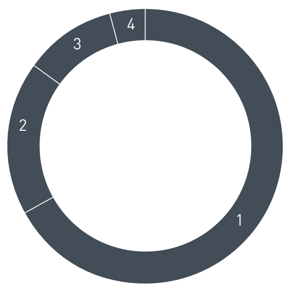
Total tax contribution

For the year ended 30 April 2021, total taxes paid by the Group were £954m, comprising taxes borne by the Group of £436m and taxes collected on behalf of tax authorities of £518m.

Taxes borne by type

As a profitable group, the majority of taxes borne by the Group relate to taxes paid on profits. The £294m net tax paid on profits (as shown in the consolidated cash flow statement for the year ended 30 April 2021) is lower than the £316m current tax charge for the year (as shown in Note 7 to the consolidated financial statements). This is primarily due to overpayments made in relation to prior years being offset against the current year liability.

TAXES BORNE BY TYPE OF TAX



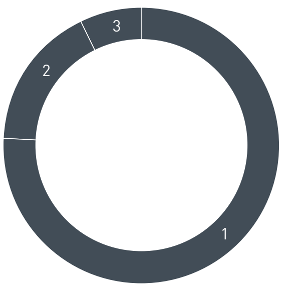
1	Profit	£294m	67%
2	People	£77m	18%
3	Property	£48m	11%
4	Product	£17m	4%
		£436m	100%

Given the Group's large number of employees, significant employer social security contribution payments were made during the year. The Group also paid property taxes and business rates in relation to the extensive network of stores from which we operate. Product taxes include use tax on certain purchases made in the US and fuel and excise duties associated with the Group's fleet of vehicles.

Taxes collected of £518m comprise £299m of net sales taxes on the products and services we provide to customers and £219m in relation to taxes withheld on behalf of our employees.

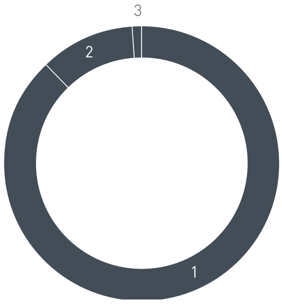
Taxes by jurisdiction
The Group's operations are based in the locations and jurisdictions necessary to best serve our customers and the Group pays tax in accordance with relevant tax laws and regulations in those jurisdictions. As with the split of the Group's profits, the majority of taxes borne and collected have been paid in the US as shown in the adjacent graphs.

TAXES COLLECTED ON BEHALF OF TAX AUTHORITIES BY JURISDICTION



1	US	£395m	76%
2	Canada	£90m	17%
3	Europe	£33m	7%
		£518m	100%

TAX BORNE BY THE GROUP BY JURISDICTION



1	US	£383m	88%
2	Canada	£47m	11%
3	Europe	£6m	1%
		£436m	100%

EARNINGS PER SHARE

Adjusted earnings per share were 166.0p (2020: 175.0p) while basic earnings per share decreased to 155.7p (2020: 162.1p). Details of these calculations are included in Note 8 to the consolidated financial statements.

RETURN ON INVESTMENT

Despite the adverse impact of COVID-19, return on investment (excluding goodwill and intangible assets) in the US for the 12 months to 30 April 2021 was 20% (2020: 21%). In the UK, reflecting improvement as a result of Project Unify and increased volumes supporting the Department of Health, return on investment (excluding goodwill and intangible assets) increased to 10% (2020: 5%). We expect returns in the UK to continue to improve, based on the strategic plans for the business. In Canada, return on investment (excluding goodwill and intangible assets) was 16% (2020: 9%). This reflects the improved performance of the legacy business and the impact of the acquisition of WFW in December 2019. As we develop the potential of the market, we expect returns to improve further. For the Group as a whole, return on investment (including goodwill and intangible assets) was 15% (2020: 15%). Return on investment excludes the impact of IFRS 16.

BALANCE SHEET

Fixed assets

Capital expenditure in the year totalled £718m (2020: £1,483m) with £613m invested in the rental fleet (2020: £1,274m). Expenditure on rental equipment was 85% 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 01 below.

As a result of the impact of COVID-19 on market activity, all capital expenditure in the US in 2021 has been classified as replacement capital expenditure. Capital expenditure in the UK and Canada included growth expenditure to meet customer needs. 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 2021 was 41 months (2020: 36 months) on a net book value basis. The US fleet had an average age of 41 months (2020: 36 months), the UK fleet had an average age of 39 months (2020: 43 months) and the Canadian fleet had an average age of 38 months (2020: 33 months).

Our operating model, and short delivery lead times, allow us to flex our capital spend quickly. This was seen with our response to the COVID-19 pandemic when we reduced our planned spend for 2020/21 significantly, in only a few weeks. As the Group returns to growth, and in line with Sunbelt 3.0, we have a range for 2021/22 capital expenditure of £1.37bn to £1.54bn.

01 CAPITAL EXPENDITURE

	2021			2020
	Replacement	**Growth**	**Total**	Total
US in $m	**575.6**	**–**	**575.6**	1,451.9
Canada in C$m	**60.5**	**18.1**	**78.6**	116.4
US in £m	**436.2**	**–**	**436.2**	1,151.1
UK	**91.7**	**39.9**	**131.6**	56.7
Canada in £m	**35.1**	**10.4**	**45.5**	66.5
Total rental equipment	**563.0**	**50.3**	**613.3**	1,274.3
Delivery vehicles, property improvements and IT equipment			**104.8**	208.7
Total additions			**718.1**	1,483.0

02 FLEET AND UTILISATION

	Rental fleet at original cost			LTM rental revenue	LTM dollar utilisation
	30 April 2021	30 April 2020	LTM average		
US in \$m	**9,827**	10,102	9,940	4,933	50%
Canada in C\$m	**938**	921	925	436	47%
US in £m	**7,098**	8,010	7,533	3,738	50%
UK	**914**	874	885	482	54%
Canada in £m	**551**	526	536	253	47%
	8,563	9,410	8,954	4,473	

The original cost of the Group's rental fleet and dollar utilisation for the year ended 30 April 2021 are shown in Table 02 above.

Dollar utilisation was 50% in the US (2020: 51%), 54% for the UK (2020: 46%) and 47% for Canada (2020: 47%). The increase in UK dollar utilisation reflects the significant increase in activity levels and associated ancillary services to support the Department of Health.

Trade receivables

Receivable days at 30 April 2021 were 42 days (2020: 49 days). Trade receivables at 30 April 2021 of £724m (2020: £776m) are stated net of allowances for bad debts and credit notes of £53m (2020: £100m), with the provision representing 7% (2020: 13%) of gross receivables. We increased the allowance for bad debts and credit notes last year as a result of the onset of the COVID-19 pandemic. However, our concern of significantly increased levels of irrecoverable receivables did not materialise and cash collections have remained strong throughout the year, particularly in the fourth quarter. Accordingly, we have released the majority of the additional provision established last year, resulting in an overall credit to the income statement as a percentage of total turnover of 0.2% (2020: charge of 1.2%).

Trade and other payables

Group payable days were 40 days at 30 April 2021 (2020: 55 days) with capital expenditure related payables totalling £97m (2020: £106m). This reduction in payable days reflects the Group's efforts to ensure suppliers are paid promptly and in accordance with agreed terms. 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 £83m (2020: £93m) relate to the provision for insured risk, provision for vacant property 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 £22m (2020: £20m). Amongst these, the Group has one defined benefit pension plan which was closed to new members in 2001 and closed to future benefit accrual in October 2020. All our ongoing 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 £4m in surplus at 30 April 2021 (2020: £12m in deficit). The investment return on plan assets was £16m higher than the expected return while a net actuarial loss of £2m arose, predominantly due to increases in the inflation assumptions. Overall, there was a net remeasurement of the defined benefit pension plan of £14m which was recognised in the statement of comprehensive income for the year. In addition, a curtailment gain of £2m was recognised in the income statement following the closure of the plan to future accrual.

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 was £2,287m (2020: £2,430m). The conversion ratio for the year was 99% (2020: 102%) which reflects the strong cash collections seen throughout the year.

Total payments for capital expenditure (rental equipment and other PPE) during the year were £724m (2020: £1,574m). Disposal proceeds received totalled £305m (2020: £259m), giving net payments for capital expenditure of £419m in the period (2020: £1,315m). Financing costs paid totalled £193m (2020: £197m) while tax payments were £294m (2020: £113m). 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. The increased tax payments reflect the impact of lower levels of capital expenditure this year which, in the US, are deductible in full as incurred.

Accordingly, the Group generated free cash flow of £1,382m (2020: £792m) and, after acquisition-related expenditure of £143m, a net cash inflow of £1,239m (2020: £339m), 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 2021 our average cost of capital was approximately 12%.

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 1.5 to 2.0 times target range for net debt to EBITDA pre-IFRS 16.

The Group paused its greenfield opening, bolt-on and share buyback programmes in March 2020 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 resumed greenfield openings towards the end of the first quarter, returned to bolt-ons in February 2021 and launched a new buyback programme in May 2021. Under this programme, the Group anticipates buying back up to £1bn in shares over the next two financial years. We commenced the programme at a run rate of £75m a quarter.

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. However, in a year of slightly lower profit but strong cash generation and a strong balance sheet, the Board is recommending an increased final dividend of 35.0p per share (2020: 33.5p) making 42.15p for the year (2020: 40.65p). If approved at the forthcoming Annual General Meeting, the final dividend will be paid on 21 September 2021 to shareholders on the register on 20 August 2021.

03 CASH FLOW

	Year to 30 April 2021 £m	Year to 30 April 2020 £m
EBITDA before exceptional items	**2,301.4**	2,375.8
Cash inflow from operations before exceptional items and changes in rental equipment	**2,287.1**	2,430.4
Cash conversion ratio*	**99.4%**	102.3%
Replacement rental capital expenditure	**(571.5)**	(650.2)
Payments for non-rental capital expenditure	**(104.8)**	(208.2)
Rental equipment disposal proceeds	**291.6**	246.6
Other property, plant and equipment disposal proceeds	**13.8**	12.0
Tax (net)	**(293.8)**	(113.2)
Financing costs	**(193.1)**	(196.9)
Cash inflow before growth capex and payment of exceptional costs	**1,429.3**	1,520.5
Growth rental capital expenditure	**(47.6)**	(716.0)
Exceptional costs	**–**	(12.4)
Free cash flow	**1,381.7**	792.1
Business acquisitions	**(142.5)**	(453.1)
Total cash generated	**1,239.2**	339.0
Dividends	**(182.1)**	(186.7)
Purchase of own shares by the Company	**–**	(448.6)
Purchase of own shares by the ESOT	**(12.5)**	(17.6)
Increase in net debt due to cash flow	**1,044.6**	(313.9)

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

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 04 shows how debt and leverage, measured at constant April 2021 exchange rates, has changed over the cycle. 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 2.0 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 £1.7bn.

In greater detail, closing net debt at 30 April 2021 is set out on Table 05.

The Group has arranged its financing such that, at 30 April 2021, 97% 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 2021 was £4,190m with the decrease since 30 April 2020 reflecting the net cash inflow set out above and a benefit from stronger sterling (£343m). The Group's EBITDA for the year ended 30 April 2021 was £2,301m. Excluding the impact of IFRS 16, the ratio of net debt to EBITDA was 1.4 times (2020: 1.9 times) on a constant currency and a reported basis as at 30 April 2021. Including the impact of IFRS 16, the ratio of net debt to EBITDA was 1.9 times at 30 April 2021 (2020: 2.3 times).

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 five years remaining at 30 April 2021. 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 2021, $4.1bn was committed by our senior lenders under the asset-based senior secured revolving credit facility ('ABL facility') until December 2023. The amount utilised was $1,294m (including letters of credit totalling $52m). The ABL facility is secured by a first priority interest in substantially all of the Group's assets. Pricing for the $4.1bn revolving credit facility is based on leverage and average availability according to a grid, varying from LIBOR plus 125bp to LIBOR plus 175bp and at 30 April 2021, the borrowing rate was LIBOR plus 125bp.

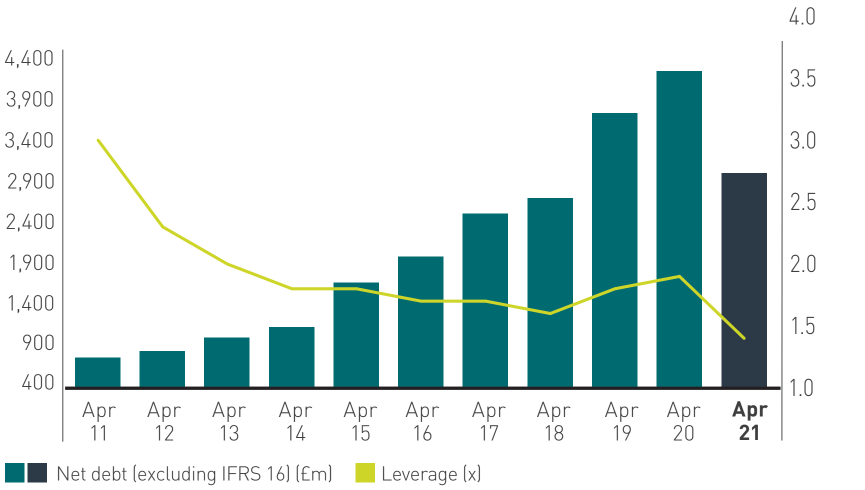
The only financial performance covenant under the asset-based first priority senior bank facility is a fixed charge ratio (comprising LTM EBITDA before exceptional items less LTM net capital expenditure paid in cash over the sum of scheduled debt repayments plus cash interest, cash tax payments and dividends 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 $410m. At 30 April 2021 availability under the bank facility was $3,011m ($2,363m at 30 April 2020, including cash on the balance sheet), with an additional $2,054m of suppressed availability meaning that the covenant was not measured at 30 April 2021 and is unlikely to be measured in forthcoming quarters.

Senior notes
At 30 April 2021 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 4.125% notes are due on 15 August 2025, the 5.250% notes are due on 1 August 2026, the 4.375% notes are due on 15 August 2027, the 4.000% notes are due on 1 May 2028 and the 4.250% notes are due on 1 November 2029.

Under the terms of the notes, financial performance covenants under the senior notes are only measured at the time new debt is raised.

04 NET DEBT AND LEVERAGE



05 NET DEBT

	2021 £m	2020 £m
First priority senior secured bank debt	**885.0**	2,141.9
4.125% senior notes, due 2025	**429.6**	470.8
5.250% senior notes, due 2026	**428.6**	469.6
4.375% senior notes, due 2027	**429.0**	470.2
4.000% senior notes, due 2028	**428.6**	469.9
4.250% senior notes, due 2029	**428.5**	469.8
Total external borrowings	**3,029.3**	4,492.2
Lease liabilities	**1,179.7**	1,112.2
	4,209.0	5,604.4
Cash and cash equivalents	**(19.2)**	(241.4)
Total net debt	**4,189.8**	5,363.0

06 MINIMUM CONTRACTED DEBT COMMITMENTS

	Payments due by year ending 30 April						
	2022 £m	2023 £m	2024 £m	2025 £m	2026 £m	Thereafter £m	Total £m
Bank and other debt	–	–	885.0	–	–	–	885.0
4.125% senior notes	–	–	–	–	433.4	–	433.4
5.250% senior notes	–	–	–	–	–	433.4	433.4
4.375% senior notes	–	–	–	–	–	433.4	433.4
4.000% senior notes	–	–	–	–	–	433.4	433.4
4.250% senior notes	–	–	–	–	–	433.4	433.4
	–	–	855.0	–	433.4	1,733.6	3,052.0
Deferred costs of raising finance	–	–	–	–	(3.8)	(18.9)	(22.7)
Cash at bank and in hand	(19.2)	–	–	–	–	–	(19.2)
Net debt	(19.2)	–	855.0	–	429.6	1,714.7	3,010.1

Minimum contracted debt commitments

Table 06 summarises the maturity of the Group's borrowings at 30 April 2021 by year of expiry.

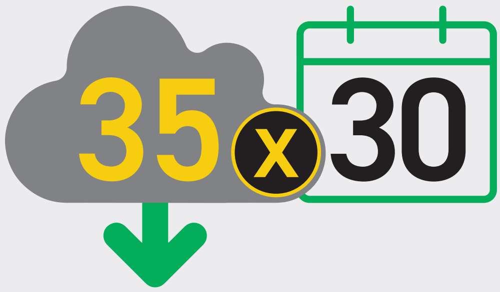
Except for the Group's lease commitments, details of which are provided in Note 18 to the financial statements, £37m ($52m) of standby letters of credit issued at 30 April 2021 under the first priority senior debt facility relating to the Group's insurance programmes and £2m of performance bonds granted 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

We have shown that our business can perform in both good times and more challenging ones. We enter the new financial year with clear momentum, strong positions in all our markets, supported by high quality fleet, a strong financial position and our exciting new Sunbelt 3.0 strategic plan, positioning us well to respond to market conditions and capitalise on opportunities. We will invest to drive long-term sustainable growth and returns and strengthen the business. The benefit we derive from the diversity of our products, services and end markets, our investment in technology and ongoing structural change, enhanced by the environmental and social aspects of ESG, enables the Board to look to the future with confidence.

4

LEAD WITH ESG



OUR LONG-TERM COMMITMENT, BY 2030 REDUCE OUR CARBON INTENSITY BY 35%

Embracing responsible sustainability and success for all our stakeholders, while unlocking the structural benefits ESG will bring to rental across the Group.

Social – our people

Our people are the key ingredient that makes our business possible.

We report on how we recruit, train, develop, retain and reward the very best people, and ensure a diverse, equal opportunities workforce.

+ See more on page 56

Environment

As we grow, so also does our impact on the environment and we want to limit any negative effects as much as possible.

We report on how we use resources efficiently, control of hazardous substances, reduction of waste, our greener fleet and our GHG emissions.

+ See more on page 66

Social – our communities

Our communities are an extension of our people and their families. We strive to always have a positive impact.

We report on how we contribute to our communities through job creation, community initiatives and investment, and emergency response.

+ See more on page 70

Governance

We want to be sure we comply with regulations, but most importantly, just do the right thing.

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.

+ See more on page 73

RESPONSIBLE BUSINESS REPORT

BEING RESPONSIBLE IS PART OF OUR DNA

We are passionate about our people, the environment and the communities in which we live and work, but responding to the COVID-19 pandemic has brought our innate sense of responsibility to the fore more than at any other time and how we have responded is a natural extension of how we do business every day. We care deeply about making the best impact possible on all our stakeholders and we are proud of the impact we have had in helping our people, customers, suppliers and communities through this most difficult of times.

In April 2021, we announced our new strategic plan, Sunbelt 3.0, and for the first time our ESG priorities are embedded in our strategy. While these priorities have long been important components of how we work, we are ensuring that we are transparent about the targets we want to achieve. Ultimately our ESG efforts enable us to deliver on our promises and expand the trust that makes our business tick; trust that the equipment we provide will arrive on time and do what we say it will; trust that it will be well maintained and compliant with all health and safety requirements; trust that we are endeavouring to source the most environmentally friendly equipment as we can; trust that everyone involved in the rental process has been treated fairly, kept safe and well-rewarded; trust that we are not just taking from the communities in which we find ourselves, but are giving back real social value that can be measured.

BEING A RESPONSIBLE BUSINESS

Our goal is for our responsible business plan to be transparent, challenging and beneficial to everyone with which we interact. We have analysed our commitments into four key areas: the environment; our communities; our people; and governance. Following an analysis of what is material to the business in each of these areas, we have then divided each area into individual segments which focus on the specific commitments we are making. In this Responsible business report we focus on the environmental, social and corporate behaviour aspects of our work. More detail on governance can be found in our Corporate governance report on commencing on page 78.

The world is changing and the impact of technological advancements, climate change and unprecedented events such as the COVID-19 pandemic require ever greater attention and action. As part of Sunbelt 3.0, we are reinforcing ESG at the heart of how we operate, while unlocking the structural benefits ESG will bring to rental.

The rental industry is hugely beneficial for the environment as it leads to the most 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.

As we look to formalise our ESG objectives, we are also cognisant of the ways the Group can help advance the United Nations ('UN') Sustainable Development Goals ('SDGs'). In doing so,we have identified the eight goals which we believe we can make the most contribution to through our focus on recruitment and training, focus on diversity and inclusion, the development of our products and management of our operations.

In embedding our ESG priorities into our new strategic plan, we recognise the recommendations of the Task Force on Climate-Related Financial Disclosures ('TCFD') as well as the priorities of the UN SDGs. We are committed to meeting the TCFD recommendations in full by 2022 and have outlined on page 69 our achievements to date and where ongoing work remains.

Our commitment to ESG is clear and we intend to expand further on the areas detailed in this Responsible business report within our first Sustainability report, which will be published by April 2022. Here we will map the Group's activities and metrics to existing reporting frameworks such as the Sustainability Accounting Standards Board ('SASB') and Global Reporting Initiative ('GRI') standards, in addition to setting out our road map to science-based targets. We have engaged The Carbon Trust to assist in this process.

HOW WE MONITOR OUR WORK

The Group's Board of directors is responsible for monitoring the progress we make against our strategic ESG objectives and the targets we have set. The Board is assisted in this function by the Group Risk Committee which is chaired by Michael Pratt, our chief financial officer.

Included on the Group Risk Committee is the Group's managing director of ESG, a new role for the Group and one which demonstrates the increased profile of our ESG priorities going forward.

For further information on the Group Risk Committee, its members and priorities in current and forthcoming years, please see pages 34 and 35.

OUR PEOPLE

HEALTH AND SAFETY

Health and safety is the backbone of our business and culture. COVID-19 has highlighted that more than ever. 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 more efficient to outsource responsibility for equipment safety to us than for customers to manage it themselves. This has been one important factor in the shift to rental that has underpinned our growth in North America and which has reinforced our position in the UK.

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 and 'near misses' 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 33).

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. The tracking and reporting of 'near misses' is an area we are looking to improve as the lessons learnt are as instructive or often more so, than from actual incidents.

This year the US had 1,459 reported incidents relative to an average workforce of 13,526 (2020: 1,585 incidents relative to an average workforce of 13,946), Canada had 239 incidents relative to an average workforce of 1,409 (2020: 190 incidents relative to an average workforce of 1,219) and the UK had 192 incidents relative to an average workforce of 3,725 (2020: 225 incidents relative to an average workforce of 3,814). 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

01 RECORDABLE ACCIDENTS

		2021		2020	
		OSHA	**RIDDOR**	OSHA	RIDDOR
US	Recordable accidents	**194**	**114**	211	115
	Incident rate	**1.07**	**0.31**	1.10	0.30
Canada	Recordable accidents	**29**	**8**	25	8
	Incident rate	**2.12**	**0.29**	2.15	0.34
UK	Recordable accidents	**n/a**	**21**	n/a	15
	Incident rate	**n/a**	**0.27**	n/a	0.19

EMPLOYEE SPOTLIGHT

Douglas McLuckie has been with the Group for 14 years and has a background in strategic risk management and governance having previously been the head of risk management for Sunbelt UK. He brings a wealth of experience in showcasing the benefits associated with sustainability and the circular economy, of which our business is a prime illustration. He is responsible for the on-going development, execution and reporting of the Group's ESG strategy. Douglas was the founding Chairman of the European Rental Association (ERA) sustainability committee where he co-authored a 'Framework for good practice relating to sustainability in the rental industry'.

Douglas McLuckie
Managing Director of ESG

policies. 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. In the US and Canada, reportable accidents are reported in accordance with OSHA ('Occupational Safety and Health Administration') whereas in the UK, reportable accidents are reported in accordance with RIDDOR ('Reporting of Injuries, Diseases and Dangerous Occurrences Regulations'). The different definitions generally result in more accidents in the US being reportable than in the UK. In order to compare accident rates across the Group, the US and Canada also applied the RIDDOR definition to its accident population.

We remain committed to continuing to reduce these rates as much as possible and continue to see progress across the businesses. However in the UK, the recordable accidents and incident rate has been impacted in the current year by the inclusion of four historical industrial disease cases relating to the UK trackway business.

Safety initiatives

COVID-19 has tested our excellent health and safety reputation and reinforced it massively. Operationally, we have changed the way we work to ensure our team members remained protected while continuing to work across our store network, ensuring we met the needs of our customers and communities. Aligning with government guidance and recommendations, we enhanced equipment and facility cleaning protocols, installed barriers to ensure social distancing in our stores and implemented curbside service to reduce customer traffic in our locations. We created additional training and videos for our teams related to face coverings and respirators, proper removal and disposal of gloves, and disinfecting equipment. Like most organisations, we removed all but essential travel and stopped international travel, and moved online for meetings and training, etc.

In the absence of travel and face-to-face meetings, we introduced virtual Wellness visits to discuss local matters, training and the response to COVID-19 to ensure we maintained dialogue with our team members and could respond in an agile manner to employee feedback.

We recognise that everyone must take responsibility for their own safety and the safety of others. In North America we continued to develop our Engage for Life programme which 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.

ENGAGE FOR LIFE

As well as our COVID-19 protocols, we have core safety processes across all our stores. In North America these include:

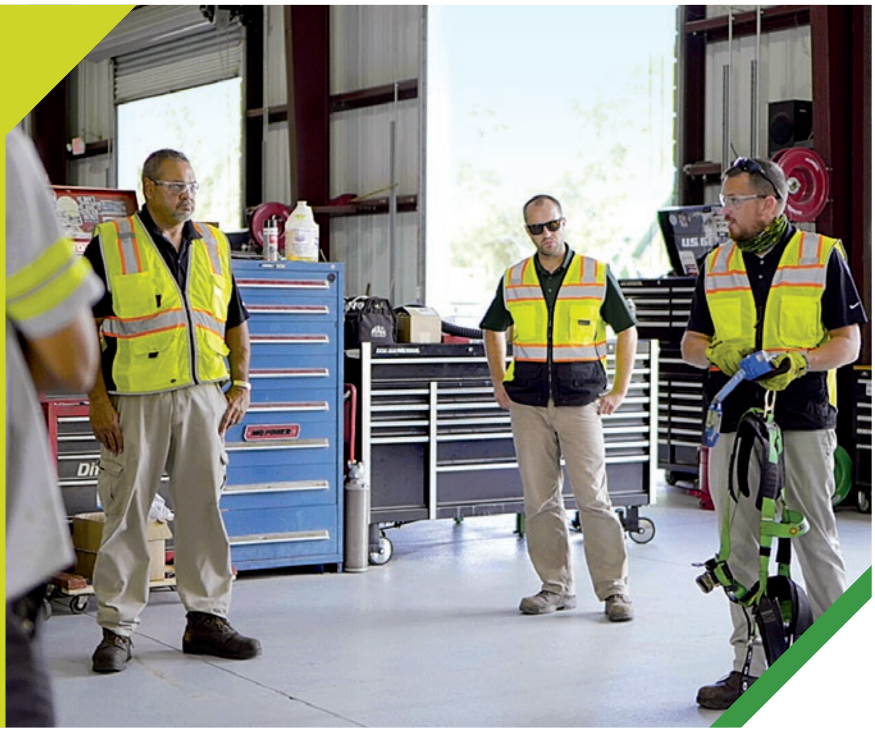
- the near miss programme, which provides insights into our exposures across our businesses;
- the pre-task planning programme ('Take 10 Programme'), which requires everyone to take at least 10 seconds to think through the job they are about to do using a pre-task planning checklist. Examples of tasks/jobs 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 on a daily basis with team members. Their role includes truck inspections, facility assessments, training and listening to feedback from our people during our Wellness visits.

HEALTH, SAFETY AND ENVIRONMENT WEEK

We continued with our tradition of holding an internal Health, Safety and Environment Week ('HSE week') albeit we adapted our activities in light of COVID-19 restrictions using a combination of activities in-store and online videos and other communications.

In the US, we used this opportunity to continue our efforts in eliminating or reducing safety incidents. Our focus on Stuff That Can Hurt ('STCH') is aimed at reducing soft tissue, or ergonomic-related injuries. We also used Safety Week 2020 to highlight learning as an organisation.

In the UK, HSE week included a 'Search for a Safety Hero' from each business unit in order to promote safety value champions across the business.



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, and continued this under COVID-19, designed to increase awareness of the importance of safety across the business.

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 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

Other new safety initiatives during the year included:

- in the US we introduced a programme designed to provide safety knowledge and skills at our stores specifically for our Safety Coordinators and Branch Managers. We started with classes to prepare our store leaders to take an examination to become Safety Trained Supervisors ('STS'). Our goal is to have at least one STS at each and every one of our stores;
- we began piloting cameras in our delivery and service vehicles, a programme we call RITA, or Road Intelligence Transportation Assistant. RITA assists our drivers with real-time feedback on behaviours that could lead to vehicle incidents. It also provides an opportunity to reinforce positive actions and recognise our drivers for a job well done; and
- in the UK, we highlighted the importance of thinking 'ACE' – Awareness, Communication, Exclusion zone – during our health, safety and environment week, demonstrating that by simply being aware of the environment, communicating with team members or pedestrians and creating a safe exclusion zone, accidents can be avoided.

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.

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 are 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 with 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. We also train our drivers in defensive driving.

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.

We drive over 310m miles each year, so giving our drivers the solid training on defensive driving principles is critical to having safe outcomes on the road.

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 fulfil 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 and have 18 accredited training centres in the UK.

Our customer training covers a broad range of topics including:

Operator training
- Mobile elevating work platforms, boom lifts and scissor lifts
- Forklifts, warehouse and telehandler rough terrain
- Earth moving equipment, loaders, excavators, backhoes

Train the trainer
- Mobile elevating 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

In addition to the above, we offer a range of other training including:

- working at height safely;
- traffic control management;
- working safely in confined spaces;
- laser scanning and survey equipment;
- propane handling; and
- lock-out, tag-out.

VEHICLE TECHNOLOGY SUPPORTING SAFETY

We will be equipping all Class 8 trucks in North America with the collision mitigation technology often available in personal vehicles, with the first vehicles entering our fleet during 2021. A Class 8 truck is a vehicle with a gross weight vehicle rating exceeding 33,000lbs. In our fleet, these include HGVs, or tractor-trailers, as well as some rollback vehicles. The safety system is designed to try and prevent a collision or decrease its severity in the moments before it occurs, using a forward collision warning system, adaptive cruise control, lane departure warning system and/or an automatic braking system.

HUMAN CAPITAL

Labour management

We know that a skilled and committed workforce is fundamental to our success. Our labour management policies are designed to ensure we take the very best care of our people. For example, we took decisions very early on in the COVID-19 pandemic to prioritise our employees, ensuring that we were able to continue treating everyone fairly and with respect. We made clear our absolute commitment to them and quickly communicated that we would not make any team members redundant or put them on furlough. That immediately removed any job-related fear and allowed them to carry on doing the very best they always do for our customers and communities.

As we grow, we add employees both through direct recruitment and 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 to ensure new team members are engaged with the business and the Group benefits from their experience and dedication. 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.

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.

In North America, our career development and training initiatives include:

- 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.

Carl Pierce
Senior Trainer

EMPLOYEE SPOTLIGHT

Carl Pierce has a passion for helping others succeed, and for Sunbelt Rentals. Over the course of his 25-year career, he has been able to influence and help develop talented leaders across the organisation. After serving 10 years in the United States Air Force, Carl joined the Sunbelt Rentals team in Greer, South Carolina and progressed quickly from Inside Sales Representative to Branch Manager. With a desire to share his knowledge and experience, he joined the Talent Development and Education team as an Operations Leadership Trainer two years ago and has worked tirelessly to develop Sunbelt's front-line leaders and help them grow their careers. In his new role as Senior Trainer, Operations Leadership, Carl is responsible for leading the effort to strengthen the Sunbelt culture, build core leadership skills, and improve operational processes through people development.

In the UK we held over 9,000 employee training days last year 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. Because of COVID-19, the majority of our usually classroom-based training was conducted online.

JUMPSTART MANAGER IN TRAINING PROGRAMME

The 52-week Manager in Training programme in North America exposes future leaders to our company culture, the cohesive functions of a store team, and the skills and responsibilities required by a store manager. The trainees work side-by-side with store managers to understand the rental industry by:

- building leadership skills through structured interactions to gain valuable insight about teams they will lead;
- participating in guided on-the-job experiences;
- interacting with others through mentoring and social learning;
- completing stretch assignments and special projects; and
- attending formal learning events.

We have a similar programme for sales staff. This year's cohort attended a virtual graduation.

Reward and benefits

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.

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. Our retirement plans are well received with a 95% enrolment rate in our US 401(k) plan and 92% of UK employees participating in the pension plan. 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 to promote good health amongst our employees. In the UK we have 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.

SPECIAL BENEFIT PROVISIONS UNDER COVID-19

To assist, reassure and thank our people for their efforts during COVID-19, $14m in appreciation bonuses was paid to 12,500 US, UK and Canadian skilled trade team members.

We implemented additional paid time off for employees dealing with the consequences of COVID-19.

As part of this policy we made the following payments:

- paid $7m to c. 5,700 team members for 300,000+ hours in North America; and
- paid £4m+ to c. 2,300 team members in the UK.

Staff turnover

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 33).

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 find increasingly 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 18%) with two-thirds of this turnover arising from people with less than two years' service. Although staff turnover is slightly lower in the UK, the overall picture is similar. Voluntary staff turnover is 12% (total staff turnover is 17%) and around half of voluntary staff turnover 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.

Employee satisfaction

Getting ongoing feedback on how our staff are feeling and then making any changes necessary, is crucial to maintaining a happy and fulfilled workforce. We pride ourselves on having a strong culture, with a strong sense of purpose amongst our team members who take their responsibilities to assist customers and communities seriously. There is also a strong sense of pride in a job well done such as when we are helping people get back to normal after a natural disaster. Last year we held our first North American-wide employee survey, Express Yourself, following on from the success of our first UK survey the previous year. We were delighted with the results, which showed a high degree of employee satisfaction even given the very difficult circumstances our staff were having to deal with both personally and at work.

In North America, the Express Yourself survey received a remarkable 88% participation rate with an 89% engagement score. In the UK, participation in this year's survey was 72% with an 80% engagement rating. Key findings were that the majority of team members reported a sense of pride, would recommend Sunbelt to family, that their managers care about safety and that they trust their manager to do a good job. We are analysing all the results from the survey and taking action accordingly. We plan to associate all action taken specifically with the survey to reinforce that we have listened and are taking action directly as a result of staff feedback.

Cheryl Black
Senior Vice President, Culture and Engagement

EMPLOYEE SPOTLIGHT

As part of our programme to reinforce and develop further our ESG efforts, we have sought to place even greater emphasis on diversity and inclusion. Cheryl Black is our new Senior Vice President of Culture and Engagement. She has been with Sunbelt for 21 years, starting out in payroll, working on the integration of numerous acquisitions and building the HR team from 20 to 150. Cheryl will lead our new Diversity and Inclusion Task Force, initially focusing on the US and Canada, and then also joining up with our efforts in the UK. She is passionate about ensuring the workplace remains inclusive for all so that we can continue to attract and retain the best talent.

IF THEY CAN DO IT, SO CAN I!

As part of our efforts to publicise the opportunities available to women and other under-represented groups within our business, we have begun to promote images and interviews with role models within our organisation, in order to produce a culture of 'if they can do it, so can I!' An example of this was our activities in connection with International Women's Day 2021, where we engaged with the call to #ChooseToChallenge, and created a fun video showing the range and diversity of women in the business, from apprentices to directors.

SOCIAL OPPORTUNITIES

Diversity

Providing equal opportunities for all our staff is a priority 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.

DIVERSITY & INCLUSION

In the current year, we have sought to reinforce our diversity focus through the establishment of a Diversity and Inclusion Task Force in North America, drawing from a diverse group of 14 team members across the organisation to design and implement a new diversity and inclusion strategy. We had over 300 applicants for this important initiative which reflects our collective desire for a more engaging and empowered workplace when it comes to diversity and inclusion. It is being headed up by Cheryl Black, our new Senior Vice President of Culture and Engagement.

In the UK, we have set up a similar group as part of 'Let's Talk Belonging' with Equality, Diversity and Inclusion ambassadors from across the UK taking part in forums to explore the concept of 'belonging' and what this means on a day-to-day basis. Subsequent to this, we have engaged with an external third party in order to carry out a full assessment on our approach to equality, diversity and inclusion.

In the US we are required by law to monitor ethnicity in our workforce and we maintain a diverse workforce with 28% of the US workforce identifying themselves as being non-white. We also gather ethnicity data as part of the recruitment process in the UK and monitor our diversity. 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. The Group continued a group-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 are also working to increase gender diversity at all levels of the business. However, our workforce as a whole reflects the nature of our business, the industry in which we operate and the markets we serve with just 10% of the Group's workforce being female. A significant proportion of our workforce are fitter engineers and HGV drivers, virtually all of whom have been male historically. Therefore, while across our workforce we seek to promote increasing proportions of women in the business, and we have seen success in some areas of our business such as within professional functions, sales and customer service, we recognise that some roles have historically attracted fewer women.

02 WORKFORCE BY GENDER

	Male	Female	Female %
Board directors	5	3	38%
Senior management	29	6	17%
All staff	16,847	1,985	11%

03 PAY GAP

	Pay gap
US	3%
UK	5%
Canada	7%

Nevertheless, whilst our industry has traditionally had many more men than women, we do have women at all levels of the Group, from the Board to store level. While three members of our Board (38%) are female and we have women on our senior management teams and as store managers and sales executives, we realise we have work to do to increase the number of women at the very top of our executive functions.

We will continue to prioritise recruiting the best people for every role and are working to make it easier for more women to join the organisation, particularly as we expand. We believe that in doing so, we will move towards achieving a greater level of women's representation across our Company at all levels starting from the grass roots of our organisation.

We are encouraging greater gender diversity and seeing success through our apprenticeship programme in the UK. Over time, we believe that this will broaden the representation of women within our workforce at all levels as they progress through the organisation. This will however take a number of years to take effect.

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 in Table 03 to the left, is the amount by which average pay for men exceeds that for women.

Employee wellbeing

We believe in treating our staff well and rewarding them for the effort they put in on our behalf. 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. We are also there to help when they find themselves in difficulties.

Needless to say we have prioritised the health and well-being of our staff and their families during the COVID-19 pandemic. We set up a daily screening app in North America that required employees to evaluate their exposure risk prior to coming to work.

We have shielded vulnerable team members, adapted our environments to become COVID-19 secure and adjusted working patterns to ensure we have still been able to deliver for our customers as an essential services provider, without compromising anybody's health. At the end of February 2021 we launched our own mobile and permanent lateral flow testing units in the UK.

In North America, the Sunbelt Rentals Employee Relief Fund was created to support employees who are facing financial hardships after a natural disaster or other life-changing events. The Fund was initially established to help the victims of Hurricane Charley in 2004 and is now a part of our long-term strategy to assist team members through catastrophic financial hardships. Any employee of Sunbelt Rentals is eligible to receive relief from this fund for the benefit of themselves or their immediate family members living in their household.

LET'S TALK MENTAL HEALTH

The 'Let's Talk' wellbeing programme started in 2020, announcing our first wellbeing initiatives for our team members. We started with 'Let's Talk Mental Health', where we advertised for 60 volunteers to undertake a two-day professional Mental Health First Aider England course ('MHFA England'). We were thrilled with the response with over 200 people offering to get involved. The training of 60 team members took place and once lockdown restrictions lift we will be holding more. We also felt the third lockdown was particularly tough on UK team members. In January 2021, it was cold, dark and wet, and more difficult to be motivated to take time to get into the fresh air. We wanted team members to know #ItsOkToNotBeOK and so the senior team wrote and recorded a video, empowering people to take breaks and know we encouraged them to look after their mental health. As part of the UK Health, Safety and Environment week we created another video, introducing our newly trained Mental Health First Aiders.

EMPLOYEE SPOTLIGHT

Alyssa Billings has been in the construction industry for over 12 years and currently leads a General Tool store in Fife, Washington as well as being a member of our Diversity and Inclusion Task Force. When Alyssa was at college she began working for a small flooring company and quickly found that she enjoyed many aspects of construction and decided to remain in the industry after graduating. At Sunbelt, Alyssa enjoys partnering with contractors and seeing our work create or transform buildings whilst promoting safety and building her team.

Alyssa Billings
Branch Manager

ENVIRONMENT

Protecting the environment has always been an important element of how we work. But we have not talked about what we do as much as we could. That is all changing with our new strategic plan, Sunbelt 3.0, because we have added our goal to lead by way of ESG as one of our five actionable components to enhance transparency regarding our commitments and achievements. Our biggest commitment in this area is to decrease our carbon intensity by 35% by the year 2030, with a shorter-term goal to reduce our carbon intensity by 15% by 2024.

We believe this is not just the right thing to do but will bring us significant competitive advantage. Renting equipment rather than buying it is already the most environmentally friendly way to use equipment. We believe rental is essential to environmental progress, designing out waste, reducing emissions and keeping products and materials in use, thereby assisting the regeneration of natural systems rather than depleting them consistently.

We are committed to providing the very latest, low and even zero carbon emissions equipment available. We also increasingly help our customers work in more environmentally friendly ways. For example, through the provision of battery powered generators to serve as temporary back-up power. 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.

INVESTING IN GREEN TECHNOLOGY FOR OUR CUSTOMERS

Network Rail's High Output ('HO') operations keep the UK railways running, carrying out 70% of track renewal work in a 24-hour cycle, from getting the systems ready in their compounds, to preparing the track by removing lineside equipment, starting up the machines and bringing back used materials. Work is carried out all through the night, both at the compounds and on the track. We worked with Network Rail to source suitable solutions to provide more environmentally friendly lighting equipment. The team identified the TL55 Solar, the UK's first solar lighting tower. It represents an eco-breakthrough in solar powered mobile lighting. With both battery and mains supply, it provides up to 500 hours run time from the battery, or indefinite run time on solar power. These towers are now fully operational at the HO sites, providing powerful lighting to enable the teams to carry out their work safely, whilst emitting zero emissions and operating silently, reducing noise disturbance levels. As they do not use fuel, the lighting towers also bring a significant reduction in operating costs. We now have the largest available UK fleet of Prolectric solar lighting towers.

We already offer the most comprehensive range of green equipment available in the market but we are committed to working closely with all our suppliers to help them develop the most environmentally sustainable equipment that we can then buy. 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.

Focusing on environmental impact helps assist our customers who are increasingly seeking ways to reduce their own 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. We are leading the rental industry through innovation and industry events such as our ground-breaking Sunfest, a virtual UK rental industry trade show hosted by us and focusing on sustainability which was held for the first time in 2020.

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 affect economies and disrupt our business day-to-day. However, unlike many other companies, climate change is more of an opportunity for Ashtead than a risk.

Our commitment to improving energy performance and reducing carbon emissions 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 energy performance by looking at the management of:

- fuel usage;
- electric and gas usage;
- fleet telematics; and
- driver training.

We provide more environmentally friendly equipment when possible such as:

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

Greenhouse gas emissions

As we are a growing business with ambitious expansion plans, our absolute greenhouse gas ('GHG') emissions will necessarily increase in the near-term. However, we continue to evaluate how best we can limit that increase and mitigate the impact. As mentioned previously, we are committed to a significant reduction in our carbon intensity.

Our Scope 1 (fuel combustion and operation of facilities) and 2 (purchased electricity) GHG emissions are reported in Table 04 below, together with details of the energy consumption used to calculate those emissions.

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 2020, 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 2021, approximately 8% of the Sunbelt North American emissions balance was estimated.

We have historically opted not to report Scope 3 emissions due to the difficulty in gathering accurate and reliable information. We are now embarking on a project with The Carbon Trust to identify and measure our Scope 3 emissions so we can monitor these and report on them in the future. The majority of these arise through our customers' use of our equipment on their sites and projects and the embedded carbon in our supply chain.

While we are focused on reducing our carbon emissions, they are likely to increase as we grow until technological advancements reduce reliance on the diesel engine. Thus, at this stage, our key performance metric is carbon intensity as we look to mitigate our environmental impact. Our level of GHG emissions varies with our activity levels which are reflected in our revenue levels. Accordingly, we have concluded that the most appropriate intensity ratio for Ashtead is revenue intensity. Our intensity metric is therefore an indication of emissions per millions of pounds of revenue (tCO_2e/£m).

	2021	2020
Emissions intensity ratio – emissions per £m of revenue (tCO_2e/£m)	**64.3**	66.1

The majority of our revenue is in US dollars and so the reported ratio is affected by the exchange rate. On a constant currency basis ('using this year's exchange rates'), our intensity ratio has reduced from 68.5 to 64.3.

04 GREENHOUSE GAS EMISSIONS

		2021		2020	
		UK	**Total**	UK	Total
Scope 1	tCO_2e/year*	**30,610**	**288,438**	31,646	296,128
Scope 2	tCO_2e/year*	**2,409**	**30,532**	2,856	36,399
Total	tCO_2e/year*	**33,019**	**318,970**	34,502	332,527
Energy consumption used to calculate emissions	mWh	**139,912**	**1,266,179**	143,055	1,303,858

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

WASTE

We are focused on reducing waste to landfill and the amount of water we use.

Our business model necessarily promotes less waste overall going to landfill because we are renting the same piece of equipment to many customers and maintaining it to such an extent that it has a long product life. If each of our customers were buying all the equipment they need, perhaps using it only a few times and then disposing of it, there would be considerably more equipment going to waste than with a rental model. We are working proactively with our supply chain to increase the amount of recycling of our equipment that can be done to avoid even obsolete equipment going to landfill.

We are actively pursuing programmes to reduce the volume of the waste we produce in all our territories. We are working with suppliers and vendors to reduce the packaging included with products we procure and are partnering with suppliers to develop takeback programmes for equipment packaging and protective materials. We offer recycling at our owned rental sites, partnering with vendors and suppliers to enhance the recyclability of products.

We monitor and manage our water consumption. We work to ensure that process water is collected (and treated as required) and disposed of appropriately.

We are working to set specific goals for the reduction of waste to landfill and water usage.

INVESTING IN GREENER FLEET

We have a wide-ranging 'green' rental fleet and are always investing in greener equipment, including:

Wacker Neuson electric dumper – This emission-free dumper is the ideal choice for material handling support, especially in built-up areas where exhaust or noise emissions can be an issue. Four-wheel drive and articulated joints mean it is very stable for work on uneven or steep terrain.

JCB electric excavator – This has exactly the same structure, canopy, dig end, hydraulics and controls as the diesel model and performs in exactly the same way. The only difference is that it is battery powered, producing zero CO_2 emissions, needing zero fossil fuel and creating zero noise.

Hybrid and electric articulating boom lifts – These are far more economical than a standard model, using an electric motor and battery technology for zero emissions and no noise.

ENVIRONMENTAL OPPORTUNITIES

Unlike many other companies, climate change also represents an opportunity for Ashtead which will also bring us significant competitive advantage. There are two main factors contributing to this opportunity.

Firstly, as regulations change requiring greater use of lower carbon technologies, companies will voluntarily choose to use more environmentally friendly equipment. However, as we see today, emerging technology is more complicated and expensive, at least initially, than existing technology. As a consequence, it will be more efficient for companies to rent that equipment from us rather than buying it themselves. So climate change will provide additional impetus to the shift from ownership to rental that we talk about often in this report.

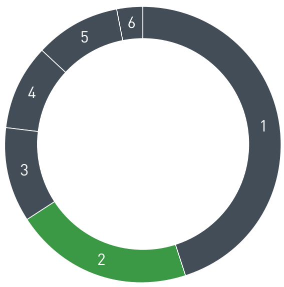
Secondly, the more extreme weather events associated with climate change lead to the kind of damage and clean-up operations in which we are highly experienced. Our disaster response capability is one of the specialty areas in which we truly excel and are well known. While not linked directly to climate 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.

Fleet composition

Every year we invest millions of pounds in new equipment and fleet which produces less carbon, less particulate matter and needs less maintenance and servicing. We work closely with our suppliers to develop the next generation of equipment, constantly innovating, trialling and improving on today's technology. Consideration of maintenance and servicing requirements as well as what happens at the end of a product's useful life are a key part of this process, as we believe that true sustainability needs to consider a holistic, whole life cycle approach.

The chart below shows the composition of our fleet today, with c. 20% being alternative sources consisting of battery, electric, hydraulic, solar or hybrid technology and we expect this to increase going forward as alternative technologies become available. Even today, our second largest category of fleet is electric scissor lifts.

GROUP FLEET COMPOSITION



1 Off-road diesel: tier 4 final 45%
2 Alternative sources 21%
3 Off-road diesel: other 11%
4 Off-road diesel: tier 4 interim 10%
5 Gas 10%
6 Other 3%

Alternative fuels

We are building partnerships with suppliers to introduce alternative energy and fuel solutions for our customers. HVO (hydrotreated vegetable oil) fuel is manufactured from 100% renewable and sustainable waste, ethically sourced and derived from raw materials. HVO is a 'drop in' fuel that can replace diesel with no changes required to the engine or operational infrastructure. It is legal for road and non-road use and offers significant reductions in noxious exhaust emissions. We launched this alternative fuel to our UK customers hiring equipment with combustion engines, which would normally have burnt fossil-fuel-based red diesel.

HVO has been proven to create a 90% reduction in net carbon emissions (CO_2e) on-site. Several of our UK national customers have already made the switch.

Company vehicles

Driving over 310m 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 are important. Additional vehicle efficiency steps taken include the use of:

- telematics on vehicles to monitor engine idling and driving efficiency;
- a telematics dashboard to enable tracking of fuel usage and CO_2 emissions by location and individual asset, enabling better operational and cost saving decisions;
- speed limiting devices on all three-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;
- improved design to increase fuel efficiency of the delivery and service fleet; and
- reducing exhaust emissions.

We also continue to make fleet efficiency gains. The Fleet Operator Recognition Scheme is an accreditation scheme that aims to improve vehicle fleet activity throughout the UK. The overarching scheme encompasses all aspects of safety, fuel efficiency, economical operation and vehicle emissions, with the UK having successfully retained its Gold status for the fifth year running covering 147 of its depots.

Our strategy is to operate an environmentally responsible transport and logistic fleet:

- we offer eco-site solutions and co-located on-site facilities, to keep equipment and expertise as close to projects as possible, minimising trips to and from our depots to replenish plant and equipment;
- we hire smart energy management systems to help customers optimise energy consumption;
- we are committed to developing our 'site of the future' offering. Today we can already build eco-site solutions, powered and lit by solar and hybrid equipment, operating electric plant and tools;
- over the past two years we have invested over £20m in the UK alone and our current vehicle fleet comprises 382 HGVs (67% already Euro 6 compliant) and 1,382 LCVs, (50% already Euro 6 compliant);
- our planned transport replacement plan will ensure that the entire UK fleet is Euro 6 compliant by mid-2022; and
- within three years we will convert all new orders for light duty fleet to nearly 100% environmentally responsible vehicles in the US.

We are working hard to change as many of our company vehicles to 'green' vehicles as possible, linked to our overall carbon intensity target.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES ('TCFD')

In line with our focus on ESG, we have provided the following disclosure to demonstrate our progress with regard to the recommendations of the TCFD. We are committed to meeting the TCFD recommendations in full and will report these in our 2022 Annual Report.

Governance

The Board is ultimately responsible for the progress made against our strategic ESG objectives with Brendan Horgan, the Group's chief executive, leading initiatives in the business on a day-to-day basis.

The Board, in maintaining its responsibility, is assisted in this function by the Group Risk Committee. Michael Pratt, the Group's chief financial officer, is the Chair of the Risk Committee.

Further information on the governance mechanisms in place around climate-related objectives can be found on page 55.

Strategy and risk management

The inclusion of ESG as a core part of our Sunbelt 3.0 strategy demonstrates the importance of climate-related risks and opportunities on the Group's business.

The process for identifying, assessing and managing climate-related risks is the same for all principal risks and is described on page 34. As part of our risk assessment process, we define short-term as up to three years, medium-term as three to five years and long-term as greater than five years.

We have identified environmental matters, including climate-related risks, as part of the principal risks affecting the Group over the short, medium and long-term.

The shift to a low carbon economy brings about changing customer expectations and the need to comply with those laws and regulations governing environmental protection. Specifically for the Group, our current fleet composition is significantly reliant on diesel engines which we will replace over time as alternative fuel sources become available.

Climate-related matters also present significant opportunities for the Group as discussed on pages 68 and 69. For example, responding to the increased severity and frequency of extreme weather events such as hurricanes places a significant demand on emergency response teams.

Metrics and targets

Our main KPI associated with environmental risk is that of carbon intensity. Performance in the current year and progress compared to the prior year can be found on page 33. We will also introduce metrics and targets during the next financial year to monitor and measure our impact in relation to waste and water usage.

Our Scope 1 and 2 GHG emissions are disclosed on page 67 and we are working with The Carbon Trust to map the Group's Scope 3 emissions.

When launching our Sunbelt 3.0 strategy, we committed to reducing carbon intensity by 35% by 2030. In achieving this target we set out a roadmap covering:

- **Near-term:** including greener vehicle transition and route optimisation/dynamic telematics;
- **Medium-term:** step changes on vehicle procurement and renewable energy generation; and
- **Long-term:** migration to alternative energy sources.

The work with The Carbon Trust will enable the Group to develop science-based targets.

OUR COMMUNITIES

Playing a big role in our local communities is crucial in all our markets and massively important to our sense of purpose as an organisation. 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 these communities increases as we grow. It is crucial to us that we recruit locally when we can, including veteran recruitment. We believe the skills and discipline gained through military service translates well into our work environment.

COMMUNITY ENGAGEMENT

Working with local charities is important to us. 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. We are a first responder when it comes to natural disasters, restoring communities and conducting massive clean-up operations after storms and floods, for example. Our community first responder participation has never been more important than during the COVID-19 pandemic, and you can read more about our response, including our involvement in setting up testing and vaccination sites on page 11.

In the UK we have a designated Social Impact team that is working with customers as well as staff to support social value initiatives. We are using the UK National TOMS (Themes, Outcomes, Measures) framework to measure our efforts against a minimum reporting standard for social value. We aim to eventually use this framework to guide and measure our social impact group-wide.

The following are some examples of our engagement with communities in the US and Canada during the year, with similar examples across the UK.

HABITAT FOR HUMANITY

Habitat for Humanity is a not-for-profit organisation that helps families build and improve affordable housing. This is the first year we have partnered with the organisation in Canada, providing $2,500 to each of 10 different build sites in four different provinces in in-kind equipment rental. The organisation believes that affordable housing plays a critical role in strong and stable communities.

TEXAS STATE UNIVERSITY

We are working with Texas State University to provide scholarships for both veterans and students from under-represented minorities. We provide a general programme discretionary fund and sponsorship of student organisations. We also donated two forklift rentals, one when its agriculture programme's forklift needed repair and the other to support its regional COVID-19 Collection Station development project. One of our employees, Sheyla Meza, did an internship with our help at Texas State and then went through our Jumpstart programme.

RECRUITMENT

With our continued 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 including:

- our US Co-Op programme which provides an entry point for trade school students to apply knowledge and skills learnt 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 – this programme identifies top talent out of college and the military and places them through an accelerated training programme; and
- our UK 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.

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 14 trainees this year and we plan to recruit a similar number of apprentices in the coming year. 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. Our apprentice scheme also has an impressive 90% completion rate compared to the industry rate of c. 65%.

EMPLOYEE SPOTLIGHT
UK APPRENTICE CASE STUDY

Wilbert Fields is an apprentice driver working as part of the North West transport team. He differs from many of our apprentices who tend to join us after school or in the early years of their career. Wilbert is 58 years of age and joined the apprenticeship scheme to fulfil his ambition to embark on a career as a HGV driver. He is a superb employee to have in the transport team due to his versatility, as he drives a number of different vehicles for us. Wilbert is completing a LGV (large goods vehicle) driver apprenticeship and as a mature apprentice, has brought a valuable skill set to the business.

Wilbert Fields
Apprentice Driver

Walking With The Wounded
Our UK and US businesses are now working together on our veteran recruitment strategy, pooling our collective experience and resources. In the UK we also began strategic recruitment with Walking With The Wounded, working with their network of employment advisers across the UK. We are already receiving great feedback on this initiative:

"I am delighted that a veteran being supported by Walking With The Wounded has been accepted for one of your Traffic Management roles. He is beside himself and couldn't be more grateful for the opportunity."Walking With The Wounded Employment Adviser, March 2021

"X was successful at the second interview. Please pass my thanks on to the team, they have gone above and beyond to support him. He was living on the streets until 2020, I can't explain how grateful he is to have been given this opportunity." Walking With The Wounded Employment Adviser, March 2021

We know we are making a huge difference to these veterans who likewise make a huge difference to our business with their experience and dedication.

Military recruitment

In the US we have been designated as 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 2020, 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.

CHARITIES

Gary Sinise Foundation

As Sunbelt Rentals in the US continues its commitment to veteran and community support, we are thrilled to enter the sixth year of our partnership with the Gary Sinise Foundation ('the Foundation'), which honours America's defenders, military veterans, first responders, their families and those in need. The Foundation does this through the creation and implementation of unique programmes designed to entertain, educate, inspire, strengthen and build communities.

Our partnership focuses on supporting the Foundation's R.I.S.E. (Restoring Independence, Supporting Empowerment), First Responders Outreach and Snowball Express programmes. Through these efforts, the Foundation builds 100% mortgage-free, specially adapted custom smart homes for severely wounded heroes and their families, serves the children of fallen military heroes and aids critical funding for emergency relief, training and essential equipment for America's firefighters, police departments and EMTs, respectively. We made the decision in 2021 to expand our partnership focus to include the Foundation's newly launched Avalon Network, a cognitive health and mental wellness network that provides transformative care to veterans and first responders experiencing post-traumatic stress, traumatic brain injuries and substance abuse.

We supply the necessary equipment for each of the R.I.S.E. programme's projects to the contractors working on the home builds, at no charge. We also donate a portion of rental proceeds from co-branded Gary Sinise Foundation equipment and organise various localised fundraising efforts. In 2020 we contributed more than $1.2m in monetary and in-kind equipment donations to the Foundation. Our goal is to bring heightened awareness to the Foundation's work through continued fundraising and outreach initiatives in an effort to help positively impact the lives of veterans, defenders, and first responders.

American Red Cross

We 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. 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.

UK charity partners

In the UK, we work with a number of charities including The Prince's Trust, Teach First and CRASH.

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.

Teach First 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.

CRASH is the construction industry's charity that helps homelessness and hospice organisations with their construction projects. 2020 represented the 10th year in which we have been a Patron of the charity throughout which our expertise and products have helped a number of homelessness and hospice projects.

GOVERNANCE

CORPORATE BEHAVIOUR

Business ethics

Our commitment to the highest ethical standards means that the Group Risk Committee works to ensure these are communicated and upheld throughout the business. We believe in the rights of individuals and take our responsibilities to all our employees seriously 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, all of which are available on the Group's website. 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 a 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.

In the UK, the Group has entered into a partnership with the Slave-Free Alliance in order to strengthen further the actions taken in relation to the risks of modern slavery. Specifically in the coming year, the UK will work with the Slave-Free Alliance to review its approach to addressing the risk of modern slavery in its supply chain. If appropriate, this partnership may be broadened to encompass the Group's businesses in North America.

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 cyber security vulnerabilities and working to ensure business continuity under all potential scenarios. For more on the cyber security risk, see page 36.

CYBER SECURITY MONTH

November 2020 saw the annual 'cyber security month' within the Group in order to highlight the importance of cyber security both in the workplace and at home. Various campaigns were run throughout the month including the importance of password protections, how to spot and report potential phishing attacks and how to keep 'cyber safe' at home. This underpinned further training and communications to employees, reinforced by phishing campaigns.

BEING A RESPONSIBLE BUSINESS

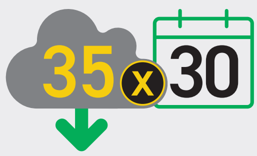
At the outset of this report, we highlighted that being responsible is part of our DNA.

The launch of Sunbelt 3.0 has enabled us to embed this within our strategy, with 'Lead with ESG' being one of the five actionable components of that strategic plan. By doing so, we will embrace responsible sustainability and success for our people, our customers, our communities and our investors; while unlocking the structural benefits that ESG will bring to rental across the Group.

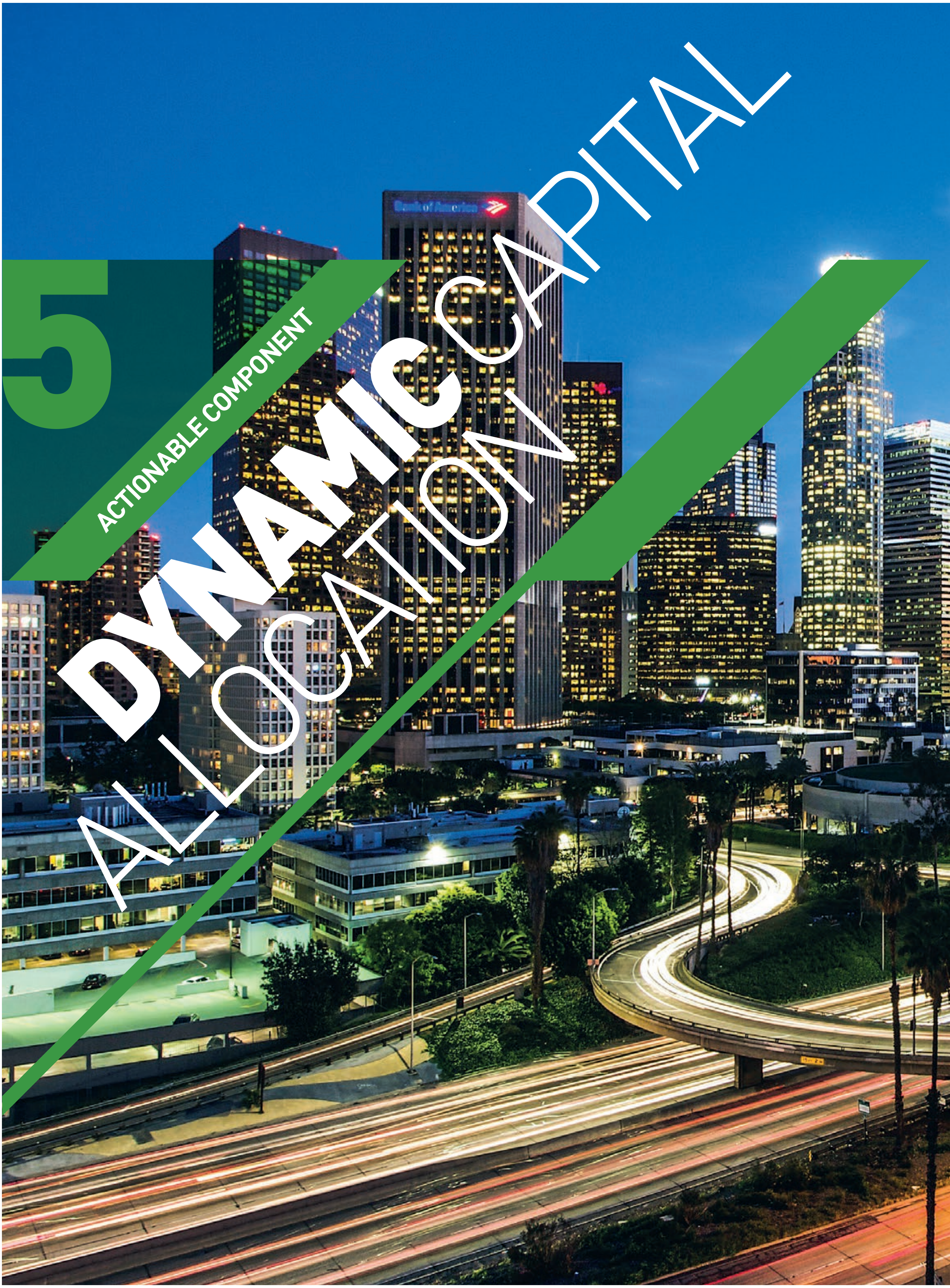
As we have discussed earlier, we believe that rental is essential to environmental progress as it enables a more efficient use of assets across organisations. Within this report, we have set out some of our specific actions across each area of ESG. These examples are only a few of many ongoing activities across the Group and we will continue to challenge ourselves through investing in new ways of doing things, innovative use of technology and through working with our suppliers, customers and employees to develop new solutions. These initiatives provide us with the confidence to Lead with ESG through:

- reducing our carbon intensity by 35% by 2030;
- ensuring a commitment to health and safety;
- enhancing our employee engagement and diversity and inclusion;
- ensuring pay and benefits reflect our market-leading position; and
- ensuring continued strong governance and stakeholder engagement.

This is the right thing to do for our stakeholders and will ensure the long-term sustainable success of the Group.



5 ACTIONABLE COMPONENT
DYNAMIC CAPITAL ALLOCATION



Consistent application of our capital allocation policy to optimise capital deployment for the benefit of all stakeholders.

ORGANIC GROWTH INVESTMENT IN EXISTING STORES AND GREENFIELDS

BOLT-ON M&A

RETURNS TO SHAREHOLDERS

- PROGRESSIVE DIVIDEND POLICY
- BUYBACKS TO MAINTAIN DEBT TO EBITDA WITHIN TARGET LEVERAGE RANGE OF 1.5 TIMES TO 2.0 TIMES EBITDA (PRE-IFRS 16)

A CLEAR CAPITAL ALLOCATION POLICY

Under Project 2021....

Organic growth investment in existing stores and greenfields

£6.1bn
capital expenditure spend

Bolt-on M&A

£1.8bn
on bolt-on acquisitions

Returns to shareholders

£790m
paid in dividends

£1.1bn
spent on share buybacks

UNDERPINNED BY NET DEBT TO EBITDA LEVERAGE OF 1.5 TO 2.0 TIMES

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 emission and energy usage data, is provided on pages 66 to 69.

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 56 to 65.

Related principal risks: see 'people' risk on page 37.

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 70 to 72.

Related principal risks: while social matters are not considered a principal risk to the Group, we believe there is an important link between social matters and the risk identified in relation to our people as outlined on page 37.

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 is provided on page 73. 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: see 'laws and regulations' risk on page 38.

ANTI-CORRUPTION AND ANTI-BRIBERY

Anti-corruption and anti-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 73.

Related principal risks: see 'laws and regulations' risk on page 38.

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 18 to 23 and 32 to 39 of the Annual Report.

APPROVAL OF THE STRATEGIC REPORT

The Strategic report set out on pages 1 to 76 was approved by the Board on 14 June 2021 and has been signed on its behalf by:

BRENDAN HORGAN
Chief executive
14 June 2021

MICHAEL PRATT
Chief financial officer
14 June 2021

DIRECTORS' REPORT

CHAIR'S INTRODUCTION TO CORPORATE GOVERNANCE

Paul Walker
Chair

DEAR SHAREHOLDER

The Group has shown great resilience in dealing with the ongoing effects of the COVID-19 pandemic which has been felt across the Group throughout 2020/21. In managing through this period, the Board has considered all the Group's stakeholders and taken actions that support the Group's overall purpose of providing a reliable alternative to ownership for our customers. The recent launch of our Sunbelt 3.0 strategy, underpinned by our culture, will drive the growth and resilience of the Group in the years to come.

Ensuring a robust corporate governance environment is key in supporting the delivery of our strategy and as such, it is crucial that our governance structures keep pace with changes in the Group so that we can ensure our development and growth is both responsible and sustainable. We need to manage our risks efficiently and ensure transparency across the business. I am confident that your Board is well placed to do that and we remain committed to maintaining the highest standards of governance. We recognise that good governance is essential in promoting the success of the business for the benefit of its members as a whole and that our governance environment is underpinned by the culture of our Group, led by the 'tone from the top' of the organisation through the actions of the Board and senior leadership teams.

The Board believes that diversity across the Group and at Board level encourages a range of views in developing and implementing the Group's strategy and supports the growth of the business.

As chair, it is my role to ensure that the governance regime remains appropriately robust and that the Board operates effectively. I am, therefore, pleased to introduce the Corporate governance report for 2020/21. This report details the matters addressed by the Board and its committees during the year.

Areas of Board focus

The Board has played an active and ongoing role in the Group's response to the COVID-19 pandemic, further details of which are set out within the Strategic review. In addition, the Board has invested significant time over the last year in reviewing and assessing:

- the Sunbelt 3.0 strategy to ensure that it is appropriate in light of market developments, acquisition opportunities and the Group's longer-term objectives, specifically taking account of our enhanced focus on technology and ESG;
- the effectiveness of our capital structure and capital allocation priorities;
- our operating model and structure to ensure they remain fit for purpose as Ashtead grows and markets change;
- the effectiveness of our health and safety practices and monitoring across the Group, and identifying areas for improvement;
- our key management resource to ensure it remains motivated and appropriately rewarded;
- succession planning and ongoing senior recruitment; and
- the importance of good corporate governance in the long-term sustainable success of a company.

Compliance

We endeavour to monitor and comply with ongoing changes in corporate governance and evolving best practice in this area. However, during the year, the chief financial officer continued to receive a pension contribution rate in excess of that available to the workforce, contrary to Provision 38 of the UK Corporate Governance Code 2018 ('the Code'). The chief financial officer's pension contribution rate was reduced, and brought in line with that available to the UK workforce, with effect from 1 May 2021.

With the exception of the above point, I am pleased to report that the Company has complied in full throughout the year with the Code, issued by the Financial Reporting Council ('FRC') and available to view at www.frc.org.uk. A summary of how we have complied with the Code is presented in the table opposite. In addition, I can confirm this report provides a fair, balanced and understandable view of the Group's position and prospects.

PAUL WALKER
Chair

THE 2018 UK CORPORATE GOVERNANCE CODE

The governance section has been set out to illustrate how we have applied the principles of the Code together with information contained elsewhere in the Annual Report. Further information can be found as follows:

Board leadership and company purpose	Further information
A. Effective and entrepreneurial board	Pages 82 and 87
B. Purpose, values and culture	Page 82
C. Board framework and resources	Page 86
D. Board engagement with stakeholders	Page 83
E. Workforce policies and practices	Page 83
Division of responsibilities	
F. Board roles	Page 84
G. Division of responsibilities	Pages 84 and 85
H. Commitment to the Board	Page 86
I. Operation of the Board	Page 86
Composition, succession and evaluation	
J. Appointments to the Board	Pages 86 and 87
K. Board skills, experience and knowledge	Page 87
L. Board evaluation of effectiveness	Page 87
Audit, risk and internal control	
M. Independence and effectiveness of internal and external audit Integrity of financial and narrative statements	Pages 91 and 93
N. Fair, balanced and understandable assessment	Page 92
O. Internal control framework and risk management	Pages 87 and 88
Remuneration	
P. Remuneration designed to support purpose and strategy	Pages 95 to 97
Q. Remuneration policy	Page 98
R. Remuneration outcomes	Page 95

OUR BOARD OF DIRECTORS

1. PAUL WALKER, 64
NON-EXECUTIVE CHAIR

Committee membership N F

Appointed to Board
July 2018

Appointment to current role
Paul Walker was appointed as a non-executive director in July 2018 and non-executive chair in September 2018.

Skills
Paul spent 16 years as chief executive officer of The Sage Group plc, giving him a deep insight of the challenges of running a global business. He has a strong financial background and high-level non-executive experience, which adds to the Board's strength.

Experience
Paul's roles at Sage included chief executive officer, finance director and financial controller. He has also been non-executive director at Diageo plc, Experian plc, Sophos Group plc and MyTravel Group plc.

Qualifications
- Graduated in economics from York University
- Chartered accountant (UK)

Other roles
Non-executive chair of Halma plc and RELX plc. Paul is stepping down from the board of Halma plc in July 2021.

Nationality
British

2. BRENDAN HORGAN, 47
CHIEF EXECUTIVE

Committee membership F

Appointed to Board
January 2011

Appointment to current role
Brendan Horgan was appointed as chief executive in May 2019, having served as chief operating officer of the Group since January 2018 and as the chief executive of Sunbelt and a director since January 2011.

Skills
Brendan has worked in the business for 25 years and has a detailed knowledge of the operations and brings strong leadership and management skills to his role.

Experience
Brendan joined Sunbelt in 1996 and has held a number of senior management positions including chief sales officer and chief operating officer.

Qualifications
- Graduated in business from Radford University

Other roles
None

Nationality
American

3. MICHAEL PRATT, 57
CHIEF FINANCIAL OFFICER

Committee membership F G

Appointed to Board
April 2018

Appointment to current role
Michael Pratt was appointed as chief financial officer in April 2018.

Skills
Michael is a qualified accountant with 17 years' experience with Ashtead within finance roles giving him a detailed understanding of the Group's business. He has played a key role in defining the Group's capital structure.

Experience
Michael was deputy group finance director and group treasurer from 2012 having joined the Group from PwC in 2003.

Qualifications
- Graduated in civil engineering from the University of Birmingham
- Chartered accountant (UK)

Other roles
None

Nationality
British

4. ANGUS COCKBURN, 58
SENIOR INDEPENDENT DIRECTOR

Committee membership A N R

Appointed to Board
October 2018

Appointment to current role
Angus Cockburn was appointed as a non-executive director in October 2018 and as senior independent non-executive director in January 2019.

Skills
Angus brings knowledge of the rental market and specialty businesses, along with a good understanding of the associated strategic and financial issues of operating an international business with a substantial North American presence.

Experience
Angus was chief financial officer of Serco Group plc between October 2014 and April 2021. He has also been a non-executive director of GKN plc and Howden Joinery Group plc, as well as chief financial officer and interim chief executive of Aggreko plc.

Qualifications
- Graduated in business studies and accounting from the University of Edinburgh and MBA from IMD Business School
- Chartered accountant (UK)

Other roles
Non-executive chair of James Fisher and Sons plc and non-executive director of Securities Trust of Scotland plc and Edrington Group Limited.

Nationality
British

Committee membership
A Audit
N Nomination
R Remuneration
F Finance and Administration
G Group Risk
Denotes chair

5. JILL EASTERBROOK, 50
INDEPENDENT NON-EXECUTIVE DIRECTOR

Committee membership A N R

Appointed to Board
January 2020

Appointment to current role
Jill Easterbrook was appointed as a non-executive director in January 2020.

Skills
Jill brings strong digital experience within retail environments to the Board.

Experience
Jill was previously the chief executive officer of JP Boden & Co and formerly held a number of senior positions with Tesco PLC.

Qualifications
- Graduated in economics from Leeds University

Other roles
Non-executive director of Auto Trader plc and UP Global Sourcing Holdings plc. Non-executive chair of Headland Consultancy.

Nationality
British

6. TANYA FRATTO, 60
INDEPENDENT NON-EXECUTIVE DIRECTOR

Committee membership A N R

Appointed to Board
July 2016

Appointment to current role
Tanya Fratto was appointed as a non-executive director in July 2016.

Skills
Tanya has wide experience in product innovation, sales and marketing and engineering in a range of sectors and has extensive knowledge of operating in the US.

Experience
Tanya enjoyed a 20-year career with General Electric where she ran a number of businesses.

Qualifications
- Graduated in electrical engineering from the University of South Alabama

Other roles
Non-executive director of Smiths Group plc, Advanced Drainage Systems Inc. and Mondi plc.

Nationality
American

7. LUCINDA RICHES, 59
INDEPENDENT NON-EXECUTIVE DIRECTOR

Committee membership A N R

Appointed to Board
June 2016

Appointment to current role
Lucinda Riches was appointed as a non-executive director in June 2016.

Skills
Lucinda has extensive investment banking and capital markets experience.

Experience
Lucinda was formerly global head of Equity Capital Markets and a member of the board of UBS Investment Bank. She has held a range of non-executive roles with public companies.

Qualifications
- Graduated in philosophy, politics and economics from Oxford University and a Masters in political science from the University of Pennsylvania

Other roles
Non-executive Director of ICG Enterprise Trust Plc and Greencoat UK Wind Plc.

Nationality
British

8. LINDSLEY RUTH, 50
INDEPENDENT NON-EXECUTIVE DIRECTOR

Committee membership A N R

Appointed to Board
May 2019

Appointment to current role
Lindsley Ruth was appointed as a non-executive director in May 2019.

Skills
Lindsley brings extensive knowledge of our end markets to the Board, particularly North America.

Experience
Lindsley is chief executive officer of Electrocomponents plc where he was appointed in April 2015. He has also held senior positions with TTI Inc. and Solectron Corporation.

Qualifications
- Graduated in engineering from Texas A&M University

Other roles
Chief executive officer of Electrocomponents plc and is a member of the CBI's International Trade Council

Nationality
American

Details of the directors' contracts, emoluments and share interests can be found in the Directors' remuneration report.

CORPORATE GOVERNANCE REPORT

BOARD LEADERSHIP AND COMPANY PURPOSE

Role of the Board

The Board is responsible for setting the Group's strategy and ensuring the necessary resources and capabilities are in place to deliver its strategic aims and objectives. It determines the Group's key policies and reviews management and financial performance. The Group's governance framework is designed to facilitate a combination of effective, entrepreneurial and prudent management of the business.

The Group's risk management framework, as detailed on pages 34 and 35, ensures that the Board considers risks on an ongoing basis and that it reviews formally the Group's risk register on an annual basis including consideration of emerging risks.

The Group's key performance indicators, as detailed on pages 32 and 33, also enable the Board to have visibility as to the progress the Group is making against our strategic priorities.

Company purpose, values and culture

One of the primary responsibilities of the Board is to ensure that the Group delivers against its purpose, which is 'to provide a reliable alternative to ownership for our customers across a wide range of applications and markets.'

In setting, reviewing and ensuring the implementation of the Group's strategy, the Board ensures that the objectives of our purpose are met while taking into account risks and opportunities facing the Group. These activities are underpinned by the Group's values and culture. We believe that there are four key cornerstones of our culture which drive the success of our Group: a priority on safety; ensuring the best levels of customer service; working in partnership with our customers, suppliers and communities to make it happen; and being innovative in our approach both in relation to products and markets.

The Board is responsible for the culture of the Group, with its role being to influence and monitor culture to ensure that our policy, practices and behaviour throughout our entire organisation are aligned with the Group's purpose, values and strategy. Where issues are identified, it is the Board's responsibility to ensure corrective action is taken.

During the year, the Board has monitored culture in a number of ways, including:

- receiving health and safety statistics at all Board meetings, together with regular updates on the Group's activities to enhance further the culture of safety within the business;
- through the Group's employee engagement activities including employee surveys and feedback on the Group's diversity and inclusion programmes, further details of which are provided on pages 62 to 64;
- through monitoring findings from the Group's internal audit and performance standards functions;
- receiving regular updates on whistle-blowing matters; and
- reviewing key policies including the annual updates to the Group's business ethics and conduct policy.

Summary of the Board's work during the year

At each board meeting, the Board receives:

- a report from the chief executive providing an update on strategic, operational, business development and health and safety matters, supported by reports from the businesses;
- a report from the chief financial officer on the financial performance and position of the Group, including treasury matters; and
- an update from the committees of the Board on matters discussed at their meetings.

The principal matters considered by the Board during 2020/21 were:

Strategic and financial review	Further information
Review of Group performance	See Strategic review on pages 8 to 10 and Financial review on pages 45 to 51
Review of health and safety	See health and safety review on pages 56 to 59
Response to the COVID-19 pandemic	See page 11
Review of the strategic plan	See pages 24 to 29
Review of M&A opportunities	Acquisitions completed in the year detailed in Note 27 of the financial statements
Review of the Group's share buyback programme	See page 49
Received updates on the Group's diversity and inclusion initiatives	See pages 63 and 64
Review and approval of the Group's Modern Slavery Act statement and related policies	See www.ashtead-group.com
Risks	
Ongoing monitoring of risks	See pages 34 to 39
Received updates from Group Risk Committee	See page 34
Completed formal annual review of Group's risk register	See page 34
Completed annual insurance review	See page 48
Governance	
Shareholder analysis	
Review of feedback from shareholders and analysts	
Reports from committees	
Review of results announcements	All results announcements available on the Group's website
Board evaluation undertaken	See page 87

Responding to the social and economic uncertainties resulting from the ongoing COVID-19 pandemic has been the key focus of the Board in recent months, ensuring that the businesses continue to act to support our employees, customers, communities, suppliers and other key stakeholders. The business, with the oversight of the Board, took immediate action to respond to the COVID-19 situation as it emerged and further details are provided throughout this report.

Engagement with our stakeholders

An overview of the nature and extent of our engagement with stakeholders is provided on pages 42 and 43 of the Strategic report. In relation to the Board's activities:

Workforce engagement

The Group employs c. 19,000 individuals in North America and Europe and as such, ensuring efficient, two-way workforce engagement is critical to the success of the business. Our workforce is central to the decisions the Board makes in relation to our employment policies, our culture and our strategy.

In assessing the requirements of the Code in relation to workforce engagement, we considered the methods proposed under the Code in conjunction with our existing methods of engagement. Given the nature and extent of our workforce and its geographical distribution across a large number of locations, we concluded that no single method of engagement was suitable to ensure that we engaged appropriately across the entire workforce. Instead we believe that a combination of methods of engagement is appropriate, consistent with the approach we have taken previously, including:

- employee surveys – during the year, we undertook our first formal North American employee survey, details of which are provided on page 62. The Board received feedback on the findings from that survey and actions taken as a result as well as the UK one conducted earlier in the year;
- annual strategic review – in October and April, senior North American and UK employees attended the strategy review meetings providing the Board with the opportunity to meet individuals and discuss the business and strategic initiatives in detail. Due to current travel restrictions as a result of COVID-19, the events were held using video technology;
- 'town hall' events – throughout the year, virtual 'town hall' events were held which provide employees with the opportunity to be briefed on the latest developments by executive management across the business and raise any questions or concerns.

In addition, a rolling programme of presentations from management across the Group, on a range of topics, ensures the Board has exposure to different employees and business functions during the year.

Engagement with our customers and suppliers

We have a range of key customer and supplier stakeholders which the Board considers when taking important decisions. Engaging with these stakeholders is therefore critical to the Group and a key priority of the Board, and is achieved through a variety of means.

Details of our engagement with our customers and suppliers is provided in the Strategic report on pages 42 and 43, the Responsible business report on pages 59 and 73 and throughout this Corporate governance report. The Board receives regular updates from management detailing feedback from customers and suppliers through Board reports and presentations and through strategic updates.

Engagement with our communities

We seek to make a positive contribution to the communities in which we operate, both through our economic impact but also as a result of our community initiatives and the way in which we are involved in our communities and the support we can provide in a time of need. Accordingly, it is important that the Board considers our communities in developing and implementing our strategy.

Details of our engagement with communities is provided in the Strategic report on pages 42 and 43 and within the Responsible business report on pages 70 to 72.

Dialogue with shareholders

We engage actively with analysts and investors and are open and transparent in our communications. This enables us to understand what analysts and investors think about our strategy and performance as we drive the business forward. The Board is updated regularly on the views of shareholders through briefings and reports from those who have had interaction with shareholders including the directors and the Company's brokers. Specifically, in April 2021, the Group held a virtual Capital Markets Day in order to launch Sunbelt 3.0, the new strategic plan, providing investors and analysts with detailed information regarding the Group's ambition for the next three years.

Regular dialogue is maintained with analysts and investors through telephone calls, meetings, presentations, conferences and ad hoc events. During the year, senior management conducted over 500 virtual meetings and calls and attended five virtual conferences, with investors across all geographies. This included regular interaction with private investors who often contact the Group with questions.

The chair and the senior independent non-executive director are available to meet institutional shareholders to discuss any issues or concerns in relation to the Group's governance and strategy.

JUNE 2020	SEPTEMBER 2020	DECEMBER 2020	MARCH 2021	APRIL 2021
– Annual results announcement and presentation – Bondholder call – Investor roadshow following annual results presentation	– First quarter results announcement and presentation – Bondholder call – Annual General Meeting – Conference calls with investors following Q1 results	– Half-year results announcement and presentation – Bondholder call – Investor roadshow following half-year results presentation	– Third quarter results announcement and presentation – Bondholder call – Conference calls with investors following Q3 results	– Virtual Capital Markets Day to launch Sunbelt 3.0 strategic plan

The Group's results and other news releases are published via the London Stock Exchange's Regulatory News Service. In addition, these news releases are published in the Investor Relations section of the Group's website at www.ashtead-group.com. Shareholders and other interested parties can subscribe to receive these news updates by email through registering online via the website. In addition, all results and capital markets presentations are webcast live (and for playback) on the website for shareholders, analysts, employees and other interested stakeholders who are unable to attend in person.

Constructive use of the Annual General Meeting

We value meeting with our private shareholders at the Company's AGM. The 2021 AGM will be held in London on Thursday, 16 September 2021. Shareholders will receive an update on first quarter trading during the meeting and be invited to ask questions and meet the directors after the formal proceedings have been completed.

All resolutions at the AGM will be put to a vote on a poll, rather than being decided on a show of hands. The Board believes that this results in a more accurate reflection of the views of shareholders and ensures that their votes are recognised whether or not they are able to attend the meeting. On a poll, each shareholder has one vote for every share held. The results of the voting on the resolutions will be announced to the London Stock Exchange and published on our website as soon as possible after the conclusion of the meeting. Notice of the AGM will be sent to shareholders at least 20 working days before the meeting.

DIVISION OF RESPONSIBILITIES

Board roles and division of responsibilities

An appropriate division of responsibilities between Board members is critical in delivering the Group's strategic objectives. A key element in delivering this is a strong working relationship between the directors and, in particular, the chair, chief executive and chief financial officer.

A summary of the roles of the Board members are set out below:

Chair	Paul Walker	Responsible for leadership of the Board and acts as a sounding board for the chief executive. Agrees Board agendas and ensures its effectiveness by requiring the provision of timely, accurate and clear information on all aspects of the Group's business, to enable the Board to take sound decisions and promote the success of the business.
Chief executive	Brendan Horgan	Responsible for developing the strategy for the business, in conjunction with the Board, ensuring it is implemented, and the operational management of the business.
Chief financial officer	Michael Pratt	Supports the chief executive in developing and implementing the strategy and is responsible for the reporting of the financial and operational performance of the business.
Senior independent non-executive director	Angus Cockburn	Provides a sounding board for the chair and is available to shareholders, if they have reason for concern that contact through the normal channels of chair or chief executive has failed to resolve.
Independent non-executive directors	Jill Easterbrook Tanya Fratto Lucinda Riches Lindsley Ruth	Provide a constructive contribution to the Board by providing objective challenge and critique for executive management based on insights drawn from their broad experience.

THE BOARD

The Board is responsible for setting the Group's strategy and ensuring the necessary resources and capabilities are in place to deliver the strategic aims and objectives.

Audit Committee

Chaired by Angus Cockburn. Monitors and reviews the Group's financial reporting, relationship with the external auditor, internal control, internal audit and risk management.

See Audit Committee report on page 89 for further details

Nomination Committee

Chaired by Paul Walker. Monitors and reviews the Board's structure, size, composition and balance and oversees the appointment and reappointment of directors.

See Nomination Committee report on page 94 for further details

Remuneration Committee

Chaired by Lucinda Riches. Responsible for determining the Group's remuneration policy and its application, with specific responsibility for the remuneration of the Chair and executive directors.

See Remuneration Committee report on page 95 for further details

Finance and Administration Committee

Chaired by Brendan Horgan. Responsible for routine finance and administrative matters between Board meetings subject to clearly defined limits delegated by the Board.

See below for further details

Group Risk Committee

Chaired by Michael Pratt. Responsible for monitoring of risk across the Group, the implementation of our risk framework and reporting of Group risk and mitigating actions.

See page 34 for further details

■ Board committee ■ Non-Board committee

The Board and its committees

Delegated authority

There is a schedule of matters reserved for the Board for decision while other matters are delegated to Board committees. Matters reserved for the Board include:

- treasury policy;
- acquisitions and disposals;
- appointment and removal of directors or the company secretary;
- appointment and removal of the auditor;
- approval of the annual accounts and the quarterly financial reports to shareholders;
- approval of the annual budget;
- approval of the issue of shares and debentures;
- the setting of dividend policy; and
- the buyback of shares.

Board committees

The Board has standing Audit, Nomination and Remuneration Committees. The membership, roles and activities of the Audit, Nomination and Remuneration Committees are detailed above and on pages 89 to 114. Each committee reports to, and has its terms of reference agreed by, the Board. The terms of reference of these committees are available on our website.

Finance and Administration Committee

The Finance and Administration Committee comprises Brendan Horgan (chair), Michael Pratt and Paul Walker. The Board of directors has delegated authority to this committee to deal with routine financial and administrative matters between Board meetings. The Committee meets as necessary to perform its role and has a quorum requirement of two members with certain matters requiring the participation of the chair, including, for example, the approval of material announcements to the London Stock Exchange.

Group Risk Committee

The Group Risk Committee is chaired by Michael Pratt and comprises representatives from both Sunbelt in North America and the UK. The work of the Group Risk Committee is supported by the risk committees of Sunbelt in North America and the UK, which meet regularly to ensure continued focus on risks and mitigating actions. Further details of the work of the Group Risk Committee are provided in the Strategic report on pages 34 and 35.

Commitment to the Board

As part of the appointment process, prospective directors are required to confirm that they will be able to devote sufficient time to the Company to discharge their responsibilities effectively. Furthermore, all directors are required to inform the Company of changes in their commitments to ensure that they continue to be able to devote sufficient time to the Company.

Operation of the Board

The principal activities of the Board are conducted at regular scheduled meetings of the Board and its committees. The Board normally meets six times a year, with at least two of these meetings being held in North America. Notwithstanding the difficulties imposed by the pandemic, the scheduled Board and committee meetings for the year went ahead as planned with the aid of video conferencing. The Board and its committees successfully conducted all its routine and non-routine business throughout the year. Additional ad hoc meetings and calls are arranged outside the scheduled meetings to take decisions or receive updates as required.

The chair and chief executive maintain regular contact with the other directors to discuss matters relating to the Group and the Board receives regular reports and briefings to ensure the directors are suitably briefed to fulfil their roles. Additionally, detailed management accounts are sent monthly to all Board members and, in advance of all Board meetings, an agenda and appropriate documentation in respect of each item to be discussed is circulated.

The company secretary is responsible for ensuring compliance with board and committee procedures and advising the Board on all governance related matters. The company secretary also supports the chair in the delivery of information to directors in advance of board and committee meetings and acts as a key point of contact for the chair and non-executive directors.

Each director has access to the company secretary and is able to seek independent advice at the Company's expense.

The appointment and removal of the company secretary is a matter reserved for the Board.

COMPOSITION, SUCCESSION AND EVALUATION

Composition of the Board

The Company's Board comprises the chair, the chief executive, the chief financial officer, the senior independent non-executive director and four other independent non-executive directors.

Each member of the Board must be able to demonstrate the skills, experience and knowledge required to contribute to the effectiveness of the Board. Short biographies of the directors are given on pages 80 and 81 detailing the skills, experience and knowledge of each of the Board members. The directors are of the view that the Board and its committees consist of directors with the appropriate balance of skills, experience, independence and knowledge of the Group to discharge their duties and responsibilities effectively.

Maintaining the appropriate mixture of skills, experience and knowledge is important to the Board, including ensuring that we address issues of diversity in terms of skills, gender, ethnicity and experience relevant to our business. The Nomination Committee is responsible for reviewing the structure, size and composition of the Board and making recommendations to the Board on any changes required. During the year the Nominations Committee reviewed the composition of the Board in the context of the Group's new strategy, Sunbelt 3.0. As a result, it has commenced a search for an additional non-executive director to complement the experience of the Board, while being mindful of the recommendations of the Parker review.

Details of the work of the Nomination Committee in relation to the composition of the Board are provided in the Nomination Committee report on page 94.

BOARD ATTENDANCE TABLE

	Board	Audit	Nomination	Remuneration
Chair				
Paul Walker	6/6	–[2]	2/2	–
Executive				
Brendan Horgan	6/6	–[2]	2/2[1]	–
Michael Pratt	6/6	–[2]	–	–
Non-executive				
Angus Cockburn	6/6	5/5	2/2	9/9
Jill Easterbrook	6/6	5/5	2/2	9/9
Tanya Fratto	5/6[3]	4/5[3]	2/2	7/9[3]
Lucinda Riches	6/6	5/5	2/2	9/9
Lindsley Ruth	6/6	5/5	2/2	7/9[4]

Notes
1 Brendan Horgan stepped down from the Nomination Committee during the year reflecting best practice.
2 While not members of the Audit Committee, Paul Walker, Brendan Horgan and Michael Pratt attended all meetings during the year.
3 Tanya Fratto was unable to attend meetings in the year due to pre-existing commitments.
4 Lindsley Ruth was unable to join certain virtual meetings due to connectivity issues during the storm season.

Non-executive directors

In the recruitment of non-executive directors, it is the Company's practice to utilise the services of an external search consultancy. The approval of the Board is required before a non-executive can take on other non-executive director roles.

Non-executive directors are appointed for specified terms not exceeding three years and are subject to annual re-election and the provisions of the Companies Act 2006 relating to the removal of a director.

Election of directors

All directors will retire at this year's AGM and will offer themselves for re-election in accordance with the Code.

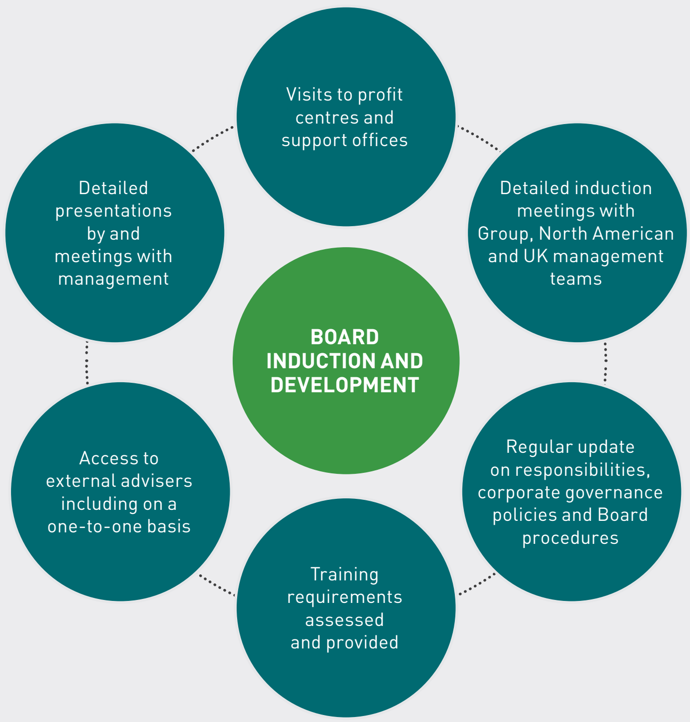
Board diversity policy
Across the Group, we aim to ensure that our workforce has a broad range of skills, backgrounds and experience while ensuring that we appoint the best people for the relevant roles. At Board level, we apply consistent principles.

The Group seeks to maintain a Board where the skills and experiences of the non-executive directors complement those of the executive directors. In this way, we aim to ensure that the skills and experiences represented on the Board reflect the business environments in which we operate and bring experience of areas of development for the Group, such as in the areas of technology and logistics.

We do not have formal targets or quotas associated with diversity for the composition of the Board, but instead focus on ensuring the best individuals are appointed who meet the Group's needs from as wide a range of backgrounds as possible.

Board development and training
While no new directors were appointed during the year, where appointments are made, all newly appointed directors undertake an induction to all parts of the Group's business. This includes visits to the North American and UK businesses and meetings with their management teams. The company secretary also provides directors with an overview of their responsibilities as directors, corporate governance policies and Board policies and procedures.

The chair and chief executive assess regularly the development needs of the Board as a whole with the intention of identifying any additional training requirements.



Board evaluation
The performance of the chair, chief executive, the Board and its committees is evaluated formally annually against, amongst other things, their respective role profiles and terms of reference. The executive directors are evaluated additionally against the agreed budget for the generation of revenue, profit and value to stakeholders.

In accordance with the Code, the Board and its committees' performance is evaluated by an external third party every three years. The next external Board evaluation will be conducted in 2023.

The 2020/21 Board evaluation was conducted by way of directors' questionnaires. The results of the questionnaires were collated by the company secretary and presented to the Group's chair who subsequently held individual meetings with each of the directors. The conclusion from the questionnaires and meetings was that the Board and its committees had performed satisfactorily in what had been a difficult year but that even greater focus should be placed on succession planning in the coming year.

In the coming year the non-executive directors (including the chair) will meet in the absence of the executive directors to appraise the performance of the Board as a whole, including its committees and the executive. In accordance with the Code, the non-executive directors, led by the senior independent director, will meet in the absence of the chair to appraise his performance.

AUDIT, RISK AND INTERNAL CONTROL
Audit Committee
The Board has delegated responsibility for oversight of corporate reporting, risk management and internal control and maintaining an appropriate relationship with the Group's internal and external auditors to the Audit Committee. The Audit Committee report on pages 89 to 93 contains full details of the role and activities of the Audit Committee.

Financial and business reporting
The Board is committed to providing stakeholders with a fair, balanced and understandable assessment of the Group's position and prospects. This is achieved through the Strategic report, which includes an explanation of the Group's business model, and other information included within this Annual Report. The responsibilities of the directors in respect of the preparation of this Annual Report are set out on page 118 and the Auditor's report on page 120 includes a statement by Deloitte about its reporting responsibilities. As set out on page 117, the directors are of the opinion that the Group is a going concern.

FIRST LINE OF DEFENCE	SECOND LINE OF DEFENCE	THIRD LINE OF DEFENCE
Business operations – Implementation of policies and procedures – Operational control activities	**Corporate oversight** – Establishment of policies and procedures – Monitoring of control activities – Internal assurance function – Group Risk Committee	**Independent assurance** – Internal audit – Performance Standards – External audit

Internal control framework and risk management
The Board is responsible for the Group's internal control framework and risk management. It has established a process for identifying, evaluating and managing the principal risks faced by the Group and in identifying and responding to emerging risks. This robust process has been in place for the full financial year, is ongoing and is consistent with the FRC's 'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting' published in 2014. Under its terms of reference the Group Risk Committee meets semi-annually or more frequently if required.

As described more fully on pages 34 to 39, the Group reviews and assesses the risks it faces in its business, changes in principal risks facing the Group and how these risks are managed, with consideration given to the Board's assessment of risk appetite. These reviews are conducted throughout the year in conjunction with the management teams of each of the Group's businesses and are documented in an annual risk assessment, including the updated risk register. The reviews consider whether any matters have arisen since the last report was prepared which might indicate omissions or inadequacies in that assessment. It also considers whether, as a result of changes in either the internal or external environment, any significant new risks have arisen or whether there are any emerging risks which may impact the Group. The Group Risk Committee reviewed the draft report for 2021, which was then presented to, discussed and endorsed by the Audit Committee on 12 May 2021 and the Board on 10 June 2021.

The Board monitors the risk management framework and internal control systems on an ongoing basis and reviews their effectiveness formally each year.

The Group follows a three lines of defence approach to risk management with executive management responsible for the oversight and management of the first and second lines of defence while the Audit Committee takes primary responsibility for the third line of defence. The Audit Committee is supported in this activity by the Group's Performance Standards function and outsourced internal audit.

The Board continually reassesses the effectiveness of the Group's control framework and seeks to identify ways in which to further improve and strengthen it.

As detailed further on page 93, as part of the Board's monitoring, through the Audit Committee, it received reports from the operational audit teams and the outsourced internal audit function as to the existence and operation of controls, how those controls have been monitored throughout the year and considered the internal control improvement recommendations made by the Group's internal auditors and its external auditor and management's implementation plans. The control system includes written policies and control procedures, clearly drawn lines of accountability and delegation of authority, and comprehensive reporting and analysis against budgets and latest forecasts.

In a group of the size, complexity and geographical diversity of Ashtead, minor breakdowns in established control procedures can occur. There are supporting policies and procedures for investigation and management of control breakdowns at any of the Group's stores or elsewhere. The Audit Committee also meets regularly with the internal and external auditor to discuss their work.

The Board considers that the Group's internal control systems are designed appropriately to manage, rather than eliminate, the risk of failure to achieve its business objectives. Any such control system, however, can only provide reasonable and not absolute assurance against material misstatement or loss.

REMUNERATION
Remuneration Committee
The Board has delegated responsibility for developing remuneration policy and fixing the remuneration packages of individual directors to the Remuneration Committee. The Remuneration Committee report on pages 95 to 114 contains full details of the role and activities of the Remuneration Committee.

AUDIT COMMITTEE REPORT

Angus Cockburn
Chair of the Audit Committee

MEMBERS OF THE AUDIT COMMITTEE

- Angus Cockburn (chair)
- Jill Easterbrook
- Tanya Fratto
- Lucinda Riches
- Lindsley Ruth

Details of meeting attendance are provided on page 86. The Audit Committee's terms of reference are available on the Group's website.

I am pleased to introduce the report of the Audit Committee for 2020/21. The Committee assists the Board in discharging its responsibility for oversight and monitoring of financial reporting, risk management and internal control. As chair of the Committee, it is my responsibility to ensure that the Committee fulfils its responsibilities in a rigorous and effective manner. The Committee's agenda is designed, in conjunction with the Board's, to ensure that all significant areas of risk are covered and to enable it to provide timely input to Board deliberations.

In 2020/21, the Committee's main activities related to ensuring the continued effectiveness of the Group's financial controls and assurance programme and the integrity of financial reporting.

The continued impact of COVID-19 during the year has demonstrated the importance of a robust system of financial controls with further focus in this area in light of the independent reviews such as those led by Sir Donald Brydon and the recent consultation document issued by BEIS 'Restoring Trust in Audit and Corporate Governance'. As part of the financial assurance programme, the Group has taken the opportunity to review and re-document end-to-end controls across the principal financial cycles in preparation for any such changes.

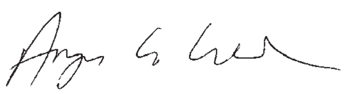
The COVID-19 pandemic has continued to impact the Group during 2020/21 resulting in remote working practices for our support office locations and the Group's head office and a greater reliance on video technology for the completion of key meetings. The Committee has maintained regular dialogue with the senior management team throughout the year to understand how business processes and controls continue to operate effectively to ensure the timely and accurate preparation of financial information.

During the year the Committee has also considered the approach taken to the Group's transition to US dollars as its presentational currency from 1 May 2021.

I am satisfied that the Committee was provided with high quality and timely material to allow proper consideration to be given to the topics under review. I am also satisfied that the meetings were scheduled to allow sufficient time to ensure all matters were considered fully.

For the forthcoming year, the Committee will continue to focus on the effectiveness of the Group's financial controls and assurance programme and the continued integrity of financial reporting. In conjunction with this, the Committee will reassess the Group's internal audit arrangements and, in particular, the balance between in-house and outsourced provision of that function. Additionally, the Committee will monitor the implementation of the change in presentational currency to US dollars as well as looking ahead to the rotation of the external auditor in advance of our 2024 financial year end.

One of the Code's principles is that the Board should present a fair, balanced and understandable assessment of the Company's position and prospects through its financial reporting. We have always sought to ensure our financial and other external reporting is fair, balanced and understandable. The Committee has kept this principle at the forefront of its thought process as it reviewed all the Company's financial reports in advance of publication and is satisfied that they provide a fair, balanced and understandable assessment of the Company's position and prospects.



ANGUS COCKBURN
Chair of the Audit Committee

ROLE OF THE AUDIT COMMITTEE

The Audit Committee assists the Board in its oversight and monitoring of financial reporting, risk management and internal controls.

The principal responsibilities of the Committee are to:

- monitor the integrity of the quarterly and annual results, including a review of the significant financial reporting judgements contained therein;
- establish and oversee the Company's relationship with the external auditor, including the external audit process, their audit and non-audit fees and independence and make recommendations to the Board on the appointment of the external auditor;
- review and assess the effectiveness of the Company's internal financial controls and internal control and risk management systems;
- oversee the nature, scope and effectiveness of the internal audit work undertaken; and
- monitor the Company's policies and procedures for handling allegations from whistle-blowers.

The Committee reports to the Board on its activities and minutes of meetings are available to the Board.

COMPOSITION OF THE AUDIT COMMITTEE

The members of the Audit Committee, each of whom is independent, have been chosen to provide the wide range of financial and commercial experience needed to undertake its duties and each member of the Audit Committee brings an appropriate mix of senior financial and commercial experience, combined with a thorough understanding of the Group's business. As chair of the Audit Committee, Angus Cockburn has recent and relevant financial experience, having held a number of senior international finance roles. Details of the experience of each member of the Audit Committee is provided on pages 80 and 81.

Eric Watkins is secretary to the Committee. Paul Walker, Brendan Horgan, Michael Pratt and the Director of Group Finance attend meetings by invitation. In addition, the Group's outsourced internal audit partner and external audit partner attend the Committee's meetings.

MAIN ACTIVITIES OF THE AUDIT COMMITTEE DURING THE YEAR

The Committee met on five occasions during the year. Meetings are scheduled to coincide with our financial reporting cycle, with four regular meetings scheduled prior to our quarterly, half-year and annual results announcements and the fifth meeting scheduled outside this timetable to enable a formal annual review of the Group's risk register and the work undertaken by the Board throughout the year in reviewing these risks. The Group audit partner from Deloitte and the head of outsourced internal audit from PwC attend all meetings of the Committee.

At each Audit Committee meeting, the Committee receives papers from management which comment on the principal balances in the financial statements and discusses any significant judgements and matters of a financial reporting nature arising since the last meeting. In the current year, these have included consideration of:

- the application of routine period-end accounting policies and procedures;
- the approach taken in relation to the Group's transition to US dollar reporting, which will be effective from 1 May 2021; and
- the going concern and viability statement to ensure that they are appropriate, are based upon suitable assumptions and consider the risks to which the Group is exposed appropriately.

We typically receive reports from Deloitte at three of the meetings. The first, in December, contains the results of Deloitte's review of our half-year results. The half-year review also informs Deloitte's planning for the annual audit. Their full audit plan and proposed audit fee is presented to the February/March meeting of the Committee. Deloitte's final report of the year is at the June committee meeting when we review the draft Annual Report. Deloitte's report contains the findings from their audit work, including comments on the draft Annual Report. The Committee is responsible for the Group's relationship with the external auditors, including assessing the audit plan, monitoring independence and effectiveness.

The effectiveness of the Group's financial controls and assurance programme has been a continued area of focus in the current year in light of the independent reviews in this area such as that led by Sir Donald Brydon, and the recent BEIS consultation document. The Committee is responsible for ensuring the scope of the Group's internal audit activities remain appropriate and ensuring appropriate actions are taken to address any control observations raised. PwC presented their internal audit plan at the December meeting and reported their findings at the May Audit Committee.

Further details of the activities of the Audit Committee during the year are set out on page 91.

Integrity of financial reporting

We reviewed the integrity of the quarterly and annual financial statements of the Company. This included the review and discussion of papers prepared by management and took account of the views of the external auditors. The key areas reviewed in the current year are set out below.

KEY AREA	RESPONSE	AUDIT COMMITTEE CONCLUSION
Carrying value of rental fleet The carrying value of the Group's rental fleet of £4,990m (2020: £5,890m) makes up 54% (2020: 56%) of the Group's gross assets. Both the useful lives and residual values assigned requires the exercise of judgement by management.	Management undertakes an annual review of the appropriateness of the useful lives and residual values assigned to property, plant and equipment and assesses whether they continue to be appropriate and whether there are any indications of impairment. Among other things this review considers the level of gains on disposal and age of assets at the date of disposal along with the level of second-hand values, while taking into account the impact of the economic cycle.	The Committee is satisfied that the judgements taken are appropriate and that these are consistent with prior years.
Going concern and financing activities The Group requires ongoing access to its financing arrangements to enable it to benefit from growth opportunities.	Management reviewed the appropriateness of the going concern assumption in preparing the financial statements. The Committee reviewed a paper prepared by management which considered the Group's internal budgets and forecasts of future performance, available financing facilities and facility headroom. In addition, we reviewed scenario planning in assessing the Group's viability over the medium term. Taking account of reasonably possible changes in trading performance, used equipment values and other factors that might affect availability, the Group expects to maintain significant headroom under its borrowing facilities for the forthcoming year.	The Committee is satisfied that the going concern basis of preparation continues to be appropriate in preparing the financial statements.
Goodwill impairment review The Group's strategy includes growth through bolt-on M&A activity as a result of which goodwill arises. The carrying value of goodwill at 30 April 2021 is £1,297m (2020: £1,340m).	The Group undertakes a formal goodwill impairment review as at 30 April each year. This is based on the latest approved budget and three-year plans for the US, UK and Canadian businesses. The Group classifies certain Specialty businesses as separate cash-generating units ('CGUs'), due to them generating separately identifiable cash flows.	We are satisfied that the CGUs are appropriate to the Group and that there is no impairment of the carrying value of goodwill in the CGUs of the US, UK or Canada. Further details are provided in Note 15 to the financial statements.

In addition, the Committee also considered the following matters during the course of the year:

- the approach taken to the Group's transition to US dollars as its presentational currency, details of which are set out in Note 33 of the financial statements. The Group will commence reporting in US dollars from 1 May 2021;
- the effectiveness of the Group's internal financial controls, as detailed further below. Specifically in the current year, the Committee considered the impact of the COVID-19 pandemic on the Group's financial risks to ensure controls remained appropriate;
- reviewed the Group's ongoing programme to review and re-document end-to-end controls across the principal financial cycles, taking into account the independent reviews undertaken into audit, its quality and effectiveness, and the recent consultation document issued by BEIS 'Restoring Trust in Audit and Corporate Governance';
- monitoring internal audit work, further details of which are set out on page 93;
- the proposed approach to be taken in relation to the rotation of the Group's external auditor, further details of which are set out on page 92; and
- reviewed the Group's tax strategy and received an update on tax compliance matters.

Fair, balanced and understandable
As part of its responsibilities, the Board has requested that the Audit Committee assess whether, in its opinion, the Annual Report & Accounts 2021, taken as a whole, are a fair, balanced and understandable presentation of the Group's position and prospects.

In making its assessment, the Audit Committee considered a number of factors, including:

- whether the narrative reporting on the performance of the business is consistent with the financial statements presented;
- whether the information presented is complete with no information omitted that should have been included to enable a user to understand the business, its performance and its prospects;
- considering the KPIs utilised by the Group, including alternative performance measures, to ensure that these best reflect its strategic priorities and fairly present business performance;
- assessing areas of judgement which were considered by the Audit Committee during the year and whether these are highlighted appropriately within the Annual Report;
- the outcome of meetings held during the year with Deloitte as external auditor and PwC as internal auditor to discuss qualitative accounting judgements and overall controls. The meetings cover suitability, consistency of application in year and across periods and accounting practices of industry peers; and
- assessing whether the report is clear and understandable, with appropriate narrative given to present the whole story. Specific consideration was given to the impact of the COVID-19 pandemic on the Group, both in the short-term and its potential consequences for the longer-term.

Following its review, the Committee concluded that the Annual Report & Accounts 2021 are representative of the Group and its performance during the year and that the Annual Report & Accounts 2021 present a fair, balanced and understandable overview.

EXTERNAL AUDIT

External audit effectiveness

The Committee conducted an assessment of the effectiveness of the audit of the 2021 financial statements, based on its own experience and drawing on input from senior corporate management and senior finance management across the Group. The review was based on questionnaires completed by the members of the Committee and senior management. The questionnaires focused on the quality and experience of the team assigned to the audit, the robustness of the audit process, the quality of delivery and communication and governance and independence of the audit firm. This review also considers the role of management in the audit process and therefore enables the Audit Committee to form a view of management's role in ensuring the effectiveness of the external audit.

The questionnaires used enable the Audit Committee to gain a thorough insight into the audit process with sufficient detail to establish an informed view of the audit process across the business and as such form a view as to the effectiveness of the external audit.

The feedback received was positive and recognised an appropriate focus on the principal risks. Furthermore, the audit work continued to be completed in a rigorous and sceptical manner despite the challenges arising from remote working practices enforced as a result of the COVID-19 pandemic. At its meeting in June, the Committee discussed the results from the questionnaires and the audit process more generally. As a result of these considerations, the Committee is satisfied that the audit process and strategy for the audit of the 2021 financial statements was effective.

Reappointment of external auditor

Deloitte was appointed external auditor in 2004. The external auditor is required to rotate the audit partner responsible for the Group audit every five years and this year is William Smith's third year as lead audit partner.

The Committee considers the reappointment of the external auditor each year and is recommending to the Board that a proposal be put to shareholders at the 2021 AGM for the reappointment of Deloitte. There are no contractual restrictions on the Company's choice of external auditor and in making its recommendation the Committee took into account, amongst other matters, the tenure, objectivity and independence of Deloitte, as noted above, and its continuing effectiveness and cost.

The Company has complied with the provisions of the Competition and Market Authority's Order on audit tendering and rotation for the financial year under review. Under the transitional arrangements, the Group is not required to rotate its auditor until after the April 2023 year end. We considered formally whether to conduct a tender for the audit in 2017 to coincide with the rotation of Deloitte's lead audit partner for the 2019 audit. We concluded that Deloitte continued to undertake an effective audit and we would not tender for the 2019 audit. We continue to be satisfied that this remains appropriate. Deloitte's tenure concludes with the 2022/23 audit. As a result, we will tender for the 2024 audit. During the year, the Committee commenced its planning for an audit tender in 2021/22, so that sufficient time is permitted for the transition of non-audit services ahead of any change in auditor.

Non-audit services and external auditor independence

The Audit Committee monitors the nature and extent of non-audit services on a regular basis to ensure the provision of non-audit services is within the Group's policy and does not impair the auditor's objectivity or independence. Whilst the use of the Group's auditor for non-audit services is not prohibited, the Group typically elects to use an alternative adviser but accepts that certain work of a non-audit nature is best undertaken by the external auditor.

We were again satisfied that non-audit services were in line with our policy and did not detract from the objectivity and independence of the external auditor.

The non-audit fees paid to the Company's auditor, Deloitte LLP, for the year relate to their review of the Company's interim results and, in the prior year, the completion of work associated with the Group's refinancings typically undertaken by the auditor. Details of the fees payable to the external auditor are given in Note 4 to the financial statements. Non-audit fees represented 7% of the audit fee in the year.

INTERNAL AUDIT

The internal operational audit teams in the businesses undertake operational audits across the store network using a risk-based methodology. Each year we agree the scope of work and the coverage in the audit plan at the start of the year and receive formal reports on the results of the work at the half-year and full-year. As a result of travel and other restrictions which have arisen as a result of COVID-19, the internal operational audit teams introduced an eAudit format in May 2020, utilising electronic reporting, data analytics and video conferencing technology, which has complemented the 'in-person' audit visits in the current year. During the year 707 audits were completed, which is consistent with our goal for each of our 1,126 stores to receive an audit visit at least once every two years. The audits are scored and action plans agreed with store management to remedy identified weaknesses. This continual process of reinforcement is key to the store-level control environment.

In addition, our outsourced internal audit function undertakes audit work in relation to our accounting and support office functions, including testing of our general IT controls. The Committee is responsible for the Group's relationship with the internal auditor, ensuring the scope of work is appropriate to the Group and that findings are considered and actioned appropriately. The Committee receives regular updates from the internal auditor throughout the year as to the status of work and findings arising.

In the current year, internal audit work of the accounting and support office functions has focused on the design, implementation and operating effectiveness of controls relating to the purchase to pay process, fleet disposals, the financial close process and general IT controls, including cyber security. The scope of the work undertaken by our outsourced internal audit function is designed to provide coverage of our key controls across the principal financial cycles on a rotational basis and be complementary to management's assurance processes and the work of the external auditor.

The internal auditor prepares detailed reports which are discussed with management and against which detailed action plans are agreed. Key matters are highlighted to the Audit Committee through reports presented at Audit Committee meetings and the Audit Committee receives regular updates as to the status of open recommendations.

Internal audit effectiveness

The Audit Committee conducts an annual assessment of the scope of internal audit and the effectiveness of the internal auditor's work. The review is based on the Committee's engagement with the internal auditor and feedback from management. Areas of focus for 2021/22 will include cyber security in line with the continuing evolution of this risk. As a result of the review of internal audit effectiveness, the Committee is satisfied that the scope of work and its effectiveness is appropriate. During 2021/22, the Committee will consider the balance between in-house and outsourced provision of internal audit.

FINANCIAL CONTROL AND RISK MANAGEMENT

The Company's objective is to maintain a strong control environment which minimises the financial risk faced by the business. It is the Committee's responsibility to review and assess the effectiveness of the Company's internal financial controls and internal control and risk management factors.

In relation to internal financial control, the Group's control and monitoring procedures include:

- the maintenance and production of accurate and timely financial management information, including a monthly profit and loss account and selected balance sheet data for each store;
- the control of key financial risks through clearly laid down authority levels and proper segregation of accounting duties at the Group's accounting support centres;
- the preparation of a monthly financial report to the Board;
- the preparation of an annual budget and periodic update forecasts which are reviewed by the executive directors and then by the Board;
- a programme of rental equipment inventories and full inventory counts conducted at each store by equipment type and independently checked on a sample basis by our operational auditors and external auditor;
- detailed internal audits at the Group's major accounting centres undertaken by internal audit specialists from a major international accounting firm;
- comprehensive audits at each store generally carried out at least every two years by internal operational audit. A summary of this work is provided semi-annually to the Audit Committee; and
- whistle-blowing procedures by which staff may, in confidence, raise concerns about possible improprieties or breaches of company policy or procedure.

The Committee receives regular reports from internal operational audit, outsourced internal audit and the Group Risk Committee. The Group's risk management processes are an area of focus as they adapt to reflect changes to our risk profile as a result of our significant growth, both organic and through bolt-on acquisitions.

VIABILITY STATEMENT

The Committee discussed management's approach to the viability statement and reviewed the work undertaken by management and reviewed a paper summarising their conclusions and proposed statement. The statement was agreed at the June meeting and is included on page 39.

NOMINATION COMMITTEE REPORT

Paul Walker
Chair of the Nomination Committee

MEMBERS OF THE NOMINATION COMMITTEE

- Paul Walker (chair)
- Angus Cockburn
- Jill Easterbrook
- Tanya Fratto
- Lucinda Riches
- Lindsley Ruth

Details of meeting attendance are provided on page 86. The Nomination Committee's terms of reference are available on the Group's website.

ROLE OF THE NOMINATION COMMITTEE

The principal duties of the Committee are making recommendations to the Board on:

- the Board's structure, size, composition and balance; and
- the appointment, reappointment, retirement or continuation of any director.

The chair of the Board chairs the Nomination Committee but is not permitted to participate in the appointment of his successor.

MAIN ACTIVITIES OF THE NOMINATION COMMITTEE DURING THE YEAR

Reappointment of directors

The Committee unanimously recommends the election/re-election of each of the directors at the 2021 AGM. In making this recommendation, we evaluated each director in terms of their performance, commitment to the role, and capacity to discharge their responsibilities effectively, given their other external time commitments and responsibilities.

Board composition and diversity

Our objective is to have a broad range of skills, backgrounds and experience within the Board as we believe that this ensures the Board is best placed to serve the Company. While we will continue to ensure that we appoint the best people for the relevant roles, we recognise the benefits of diversity in ensuring a mix of views and providing a broad perspective.

The Group's gender diversity statistics are set out within our Responsible business report including details of its approach to diversity and equal opportunities across the Group. At board level, three out of eight of our Board roles are held by women but we note that diversity extends beyond the measureable statistics of gender and ethnicity. As such, while we do not set any particular targets, we continue to take diversity in its wider context into account when considering any particular appointment.

Succession planning

Succession planning for the Board and senior management continues to be an area of focus for the Board, ensuring that appropriate succession plans are reviewed and updated on a regular basis and that Board rotation is managed so that it is distributed across a number of years.

The tenure of non-executive directors is illustrated in the graph below:

TENURE

BOARD APPOINTMENT PROCESS

When considering the recruitment of a new director, the Committee considers the required balance of skills, knowledge, experience and diversity to ensure that any new appointment adds to the overall board composition. The Committee utilises the services of independent external advisors to facilitate the search based on the criteria determined by the Committee for the role.

PAUL WALKER
Chair of the Nomination Committee

REMUNERATION REPORT

Lucinda Riches
Chair of the Remuneration Committee

MEMBERS OF THE REMUNERATION COMMITTEE
- Lucinda Riches (chair)
- Angus Cockburn
- Jill Easterbrook
- Tanya Fratto
- Lindsley Ruth

Details of meeting attendance are provided on page 86. The Remuneration Committee's terms of reference are available on the Group's website.

DEAR SHAREHOLDER

I am pleased to present the Remuneration report for 2021 following another year of strong performance for the Group.

Company performance and remuneration in 2020/21

I wish to start by thanking our entire workforce on behalf of the Committee for their contribution to Ashtead's continued success, particularly in the context of the challenges created during the past year by the COVID-19 pandemic.

Throughout the year, we have sought to assist, reassure and thank our people for their efforts despite the circumstances. We made a decision early on in the pandemic that our priority was to all our stakeholders, our people, our customers, our investors and our communities, but our people first and foremost. We did not make any COVID-19 related redundancies nor sought any government financial assistance during the pandemic. In addition, as detailed on page 61, we paid around £11m ($14m) in appreciation bonuses to our skilled trade team members as well as implementing additional paid time off for employees dealing with the consequences of COVID-19.

The commitment of our employees in continuing to serve our customers and support our colleagues underpins the Group's strong performance this year, and positions us well as we look ahead to the next three years and our new strategic plan.

Deferred Bonus Plan

Brendan Horgan and Michael Pratt participate in the Deferred Bonus Plan ('DBP') where performance is measured by reference to Group adjusted pre-tax profit and free cash flow generation. The bonus targets for 2020/21, which were achieved in full, are set out on page 106.

2018 Performance Share Plan award vesting

The long-term performance of the Company is reflected in the 94.7% vesting of the 2018 Performance Share Plan ('PSP') award. The award will vest on the completion of the three-year vesting period in July 2021. The performance conditions and targets, weighting, actual performance and associated level of vesting are set out on page 107.

Proposed remuneration policy changes and arrangements for 2021/22

Background

Over the last 10 years, Ashtead has delivered significant growth and superior returns to shareholders (please refer to the TSR graph on page 110), and in April 2021 launched a new and ambitious strategy for the next three years (Sunbelt 3.0, further details of which are set out on pages 24 to 29 of this Annual Report). Sunbelt 3.0 sets forth Ashtead's ambition – with purpose – to continue its strong and consistent track record of outperformance, by leveraging a strong business model generating healthy margins, to capitalise on significant untapped growth opportunities in our key markets.

To coincide with the development and launch of Sunbelt 3.0, the Committee oversaw a thorough review of remuneration at Ashtead during 2020/21, to ensure that it:

- continues to align with the key components of our strategy;
- reflects our performance-oriented culture;
- aligns with shareholder and stakeholder interests; and
- is market competitive, enabling us to motivate and retain our talented leadership team and employee base who are critical in executing the strategy, and to reward them fairly for their contribution to Ashtead's future success.

The review covered c. 1,600 employees from branch manager level and above, to ensure a consistent and collaborative approach is taken to remuneration across the organisation. In addition, we continuously monitor our pay and benefits for the workforce as a whole, and in June 2021 we took the decision to bring forward a c. 6% pay rise for our skilled trade employees in North America.

Summary of proposed changes from 2021/22
The main change arising from this review has been to long-term variable remuneration, to ensure it continues to support our ambition and culture, and provides long-term alignment with shareholders.

(i) Strategic Plan Award
We believe that all employees should be able to share, in a meaningful and aligned manner, in the value created for shareholders through delivery of Sunbelt 3.0. As such, we have rolled out incentives linked to Sunbelt 3.0 to our employees, as follows:

a) **c. 1,200 branch managers and c. 13,000 staff** will participate in a cash bonus scheme over the next three years, linked to annual targets aligned with Sunbelt 3.0; and

b) **c. 400 individuals, from district managers to executive vice presidents**, have been awarded a separate share-based incentive opportunity with vesting based on the achievement of ambitious three-year goals relating to the key components of Sunbelt 3.0 ('the Strategic Plan Award').

Subject to shareholder approval of the directors' remuneration policy at the AGM, we will extend participation in the Strategic Plan Award to the executive directors. This will comprise a standalone performance share award with face values of 350% of salary for the chief executive and 250% of salary for the chief financial officer, to be granted shortly after the 2021 AGM. Performance will be measured over the three years to 30 April 2024, and the executive directors will be required to hold any vested shares (after selling sufficient shares to meet their tax liabilities) for two years post-vesting.

The Strategic Plan Award targets the stretching financial and operational aspirations of Sunbelt 3.0, balanced by linkage to measures that ensure growth is delivered in a sustainable and responsible fashion; including targets for customer service, employee engagement and ESG. Further details on the targets for the Strategic Plan Award and its alignment to Ashtead's Sunbelt 3.0 strategy are set out in the table below.

Each element of the Strategic Plan Award will vest 25% at the threshold target and 100% will vest at the stretch target. For performance between the threshold and stretch the award is scaled on a straight-line basis.

The Committee considered carefully the appropriateness of a strategic plan award for the executive directors, in addition to the PSP, and decided that there were a number of compelling reasons why it was the right thing to do. The key considerations were: the direct alignment of the executive directors with the senior executive team and the broader workforce; the opportunity to introduce and focus the executive directors on stretching and additional targets in the three-year plan, including new elements around ESG; and the importance of the three-year strategic plan in building the foundations for Ashtead's growth in the future and longer-term value creation.

(ii) Long-term incentive awards
Subject to shareholder approval of the Long-term Incentive Plan 2021 ('LTIP') at the AGM, we will make a Strategic Plan Award to the executive directors in September 2021 under the rules of the LTIP. The LTIP will replace the PSP for long-term incentive awards from 2022/23

STRATEGIC PLAN AWARD SCORECARD

		Measure		Targets – Threshold	Targets – Stretch	Commentary
1	**Grow General Tool** and advance our clusters	50%	**Increase in EBITDA** Measured at constant currency plan rates	£600m	£840m	Aligns with our ambition to deliver a US rental growth of 2x market rate, together with continued strong margin and RoI performance. If achieved, this will create c. £8bn of additional value (using a 10x EBITDA multiple, similar to today's valuation)
2	**Amplify Specialty**					
3	**Advance technology**	15%	**Operational improvement** Improvement in 'cap factor' (pure rental revenue/average original equipment cost) in North America	4.0% by FY24	6.0% by FY24	Reflects ambition to exceed our 'cap factor' performance over the last five years
		15%	**Customer: 'Deliver the Perfect Rental'** Targeting a reduction in dispute resolution time over the three-year period ending 30 April 2024	6.0% reduction	12.0% reduction	Targets set ahead of past performance, to underpin our focus on customer retention, relationships and response times
4	**Lead with ESG**	10%	**Environment: reduce carbon intensity** Aligned directly to our '35x30' goal	11.0% reduction	15.0% reduction	Reflects ESG's critical role to unlocking structural benefits across the Group Targets are aligned with our long-term goal of a 35% reduction by 2030
		10%	**Employee: engagement in 2023/24** Maintaining our excellent level of engagement in the US, and expecting other geographies to match it	75%	85%	Our ambition is to set a benchmark for our market, recognising the criticality of an engaged and enthusiastic workforce to Ashtead's continued success
5	**Dynamic capital allocation**	A consistent application of our capital allocation policy to optimise deployment for the benefit of all stakeholders. Sunbelt 3.0 underpins our focus on value creation for our people, our customers, our communities and our investors				

onwards. As part of our broader review of the remuneration framework, we have undertaken a review of award levels throughout the organisation (c. 320 employees participate in the PSP) and uplifts in award opportunity are being implemented below board level to ensure that overall packages remain competitive relative to local talent markets (having fallen behind in recent years).

Award levels under the PSP in recent years have been 200% of salary for the chief executive and 150% of salary for the chief financial officer. Using the headroom under the existing policy, awards at 250% of salary for the chief executive and 200% of salary for the chief financial officer will be made in 2021/22. Subject to approval of the directors' remuneration policy, we propose to increase the ongoing award opportunity under the LTIP as follows:

- chief executive: from 250% to 350% of salary for 2022/23 onwards; and
- chief financial officer: from 200% to 225% of salary for 2022/23 onwards.

The current award levels are below FTSE norms for a company of Ashtead's scale (and substantially below typical practice in the US, where a substantial proportion of our executive team, including our chief executive, are based). While we are not seeking to match the pay practices of our US peers, we believe it is appropriate to reflect our executive directors' performance, experience and contribution by bringing their remuneration levels at least more into line with UK market norms (the proposed packages are broadly median for FTSE 100 companies of similar scale).

We will continue setting stretching through-the-cycle targets continuing to reward sustainable, long-term growth as assessed across a balance of different metrics (relative TSR, EPS, RoI and leverage).

(iii) Salary and fees
Each year the Committee determines the salary levels and bonus arrangements for its executive directors. The Committee also reviews the proposed salary increases for the wider workforce and the bonus proposals for each of the businesses, as it seeks to ensure a consistent reward structure across the Group.

In this context, merit increases were awarded to a number of employees across the Group for 2021/22. This included a one-time adjustment to Michael Pratt's base salary, increasing this to £560,000 per annum with effect from 1 May 2021. Michael is a highly regarded chief financial officer in an ever growing and more complex business. As a result of the significant growth in the business, Michael's finance team has grown and will continue to grow over the coming years, requiring even greater input from, Michael as to the team's direction, motivation and retention. The business is much larger than it was three years ago and our ambition is for it to become an even more substantial enterprise over the next three years and beyond. We believe the requirements on the chief financial officer are much greater than hitherto and will become even greater as the business grows.

Since May 2019 Michael has also become the Group's executive contact for shareholders and analysts in London and from the feedback we received during our recent remuneration policy consultation, is held in very high regard by shareholders. The Committee believes this is a testament to Michael's growth in the role since he was appointed, and was one of the inputs considered in its decision-making. The Committee is of the opinion that the increase in base salary is warranted.

Brendan Horgan's base salary will remain the same for 2021/22. Non-executive directors' fees will be reviewed in early 2022.

(iv) Pensions
Reflecting the recent change to the UK Corporate Governance Code and prevailing investor sentiment, the salary supplement paid in lieu of pension contribution for the chief financial officer has been aligned with the average pension contribution made to the UK workforce (i.e. a reduction from 15% to 6% of salary), with effect from 1 May 2021. The chief executive's pension is already aligned with that available to the wider US workforce.

(v) Other changes to the directors' remuneration policy
The new directors' remuneration policy also proposes an increase to the minimum in-post shareholding for the executive directors to 300% of salary to align further their interests with those of shareholders. Under the new policy, the in-post shareholding requirement applicable to the current chief executive will be 500% of salary (increased from 300% of salary currently).

(vi) Deferred Bonus Plan
No changes are proposed to the operation of the Deferred Bonus Plan under the proposed policy.

Conclusion and overall impact of the proposed changes on remuneration

The Committee contacted its 50 largest shareholders to consult on its proposed changes to the Directors' remuneration policy and was pleased with the positive responses received from the majority of shareholders who responded. Having considered carefully the feedback received during consultation, the Committee raised the threshold levels of the EBITDA, operational improvement and carbon intensity reduction performance ranges for the Strategic Plan Awards to be granted to the executive directors. These revised targets can be found on page 96.

We remain mindful of prevailing external sentiment around material increases in pay opportunities, but also the need to structure remuneration to ensure that the Group can effectively motivate, reward and retain Ashtead's high-performing executive directors. The proposals strengthen the link between pay, performance and the creation of long-term sustainable value for shareholders; align all our employees to the delivery of our strategic ambitions; and reinforce our performance-oriented culture. Notwithstanding that a significant part of our operations and management team are based in the US, the Committee is also cognisant of Ashtead's status as a FTSE listed company and we believe the proposed changes to the remuneration policy, while unusual, are fair and proportionate in the context of Ashtead's position in the FTSE 100.

I believe the decisions made by the Committee both reflect and build on the constructive shareholder dialogue which I intend to continue going forward. I hope you will agree and will therefore be able to vote in favour of the 2021 policy and this year's Remuneration report.

LUCINDA RICHES
Chair of the Remuneration Committee

INTRODUCTION

This report has been prepared in accordance with the Listing Rules of the Financial Conduct Authority, the relevant sections of the Companies Act 2006 and The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 ('the Regulations'). It explains how the Board has applied the Principles of Good Governance relating to directors' remuneration, as set out in the UK Corporate Governance Code. The Regulations require the auditor to report to the Company's members on elements of the Directors' remuneration report and to state whether, in their opinion, that part of the report has been properly prepared in accordance with the Companies Act 2006. The audited information is included on pages 105 to 110.

Three ordinary resolutions concerning the Directors' remuneration report will be put to shareholders at the AGM on 16 September 2021. The first resolution is in respect of the implementation of the 2019 policy for the year ended 30 April 2021. The second resolution seeks shareholders' approval for the 2021 policy to apply for three years from its approval. A third resolution will be put to the shareholders to seek approval for a new long-term incentive plan, under which proposed Strategic Plan Awards and future performance share plan awards will be made.

REMUNERATION POLICY

During the 2020/21 financial year, the Committee reviewed its approach to remuneration against Provision 40 of the Code, and concluded that the remuneration policy and practices appropriately address the six pillars of: clarity; simplicity; risk; predictability; proportionality; and alignment to culture.

Remuneration practices reinforce the Group's culture, while the selection of incentive measures align with the Group's strategy. Targets are set to be sufficiently stretching to ensure poor performance is not rewarded, but without being so stretching as to encourage and reward excessive risk taking. The Committee also retains appropriate discretion to adjust formulaic bonus and long-term incentive outcomes as well as the proposed Strategic Plan Award, where these would otherwise result in outcomes that are not aligned with stakeholders' experience.

Summary of key changes to the remuneration policy

The proposed remuneration policy, which is subject to shareholder approval, is set out below. To coincide with the launch of Sunbelt 3.0, we have taken the opportunity to make certain changes to the policy in order to ensure these are in alignment with the three-year plan.

In summary, the key changes proposed are:

- pension contributions for all directors will be aligned with the average available to the wider workforce in the geography in which they are based;
- the introduction of a standalone performance share award, the Strategic Plan Award, with face values of 350% of salary for the chief executive and 250% of salary for the chief financial officer. Performance will be measured over three years to 30 April 2024 and the executive directors will be required to hold the balance of any vested shares after tax settlement for two years post-vesting;
- a new long-term incentive plan replacing the Performance Share Plan, under which the award will be 350% of base salary for the chief executive and 225% of base salary for the chief financial officer, effective from 2022/23 onwards; and
- an increase to the minimum in-post shareholding for all executive directors to 300%. The in-post shareholding applicable to the current chief executive will be 500% of salary (increased from 300% of salary currently).

In relation to the proposed policy changes, the Committee has undertaken a consultation with its major shareholders, receiving positive feedback from the majority of shareholders who responded. In response to certain challenges from shareholders, amendments to performance targets have been made to take into account the feedback received. The Committee will continue to keep the policy under review to ensure it appropriately incentivises and rewards strong performance going forward.

The Group's remuneration policy

Base salary

Link to strategy	Operation	Maximum potential value	Performance conditions and assessment
The purpose of the base salary is to attract and retain directors of the high calibre needed to deliver the long-term success of the Group without paying more than is necessary to fill the role.	Ordinarily, base salary is set annually and is payable on a monthly basis. An executive director's base salary is determined by the Committee. In deciding appropriate levels, the Committee considers the experience and performance of individuals and relationships across the Board and seeks to be competitive using information drawn from both internal and external sources and taking account of pay and conditions elsewhere in the Company. The comparator group currently used to inform decisions on base salary is principally the FTSE organisations of similar size, geographic footprint and index positioning of the Company. The Committee intends to review the comparator group each year, to ensure this remains appropriate, and any changes would be disclosed to shareholders in setting out the operation of the policy for the subsequent year. Individuals who are recruited or promoted to the Board may, on occasion, have their salaries set below the policy level until they become established in their role. In such cases subsequent increases in salary may be higher until the target positioning is achieved.	The policy for salary is around the median level for comparable positions in relation to the comparator groups. Increases will normally be in line with both the market and typical increases for other employees across the Group. Details of the executive directors' salaries, and any increases awarded will be set out in the statement of implementation of remuneration policy for the following financial year.	N/A

Benefits

Link to strategy	Operation	Maximum potential value	Performance conditions and assessment
To provide competitive employment benefits.	The executive directors' benefits will generally include medical insurance, life cover, car allowance and travel and accommodation allowances. The type and level of benefits provided is reviewed periodically to ensure they remain market competitive.	The maximum will be set at the cost of providing the listed benefits.	N/A

Pension

Link to strategy	Operation	Maximum potential value	Performance conditions and assessment
To provide a competitive retirement benefit.	The Company makes pension contributions (or pays a salary supplement in lieu of pension contributions) equal to the average available for the workforce in the relevant geography.	The maximum pension contribution for all directors is aligned with the average employee contribution in the respective geographies.	N/A

Deferred Bonus Plan ('DBP')

Link to strategy	Operation	Maximum potential value	Performance conditions and assessment
The purpose of the DBP is to incentivise executives to deliver stretching annual financial performance while aligning short-term and long-term reward through compulsory deferral of a proportion into share equivalents. This promotes the alignment of executive and shareholder interests.	The DBP runs for consecutive three-year periods with a significant proportion of any earned bonus being compulsorily deferred into share equivalents. Based on achievement of annual performance targets, participants receive two-thirds of the combined total of their earned bonus for the current year and the value of any share equivalent awards brought forward from the previous year at the then share price. The other one-third is compulsorily deferred into a new award of share equivalents evaluated at the then share price. Deferred share equivalents are subject to 50% forfeiture for each subsequent year of the plan period where performance falls below the forfeiture threshold set by the Committee. At the expiration of each three-year period, participants will, subject to attainment of the performance conditions for that year, receive in cash their bonus for that year plus any brought forward deferral at its then value. Dividend equivalents may be provided on deferred share equivalents.	The maximum annual bonus opportunity under the DBP is 225% of base salary. Target performance earns 50% of the maximum bonus opportunity.	The current DBP performance conditions are Group adjusted pre-tax profit and free cash flow. Stretching financial targets are set by the Committee at the start of each financial year. The Company operates in a rapidly changing sector and therefore the Committee may change the balance of the measures, or use different measures for subsequent financial years, as appropriate. The Committee has the discretion to adjust measures, targets or weightings for any exceptional events that may occur during the year. The Remuneration Committee is of the opinion that given the commercial sensitivity arising in relation to the detailed financial targets used for the DBP, disclosing precise targets for the bonus plan in advance would not be in shareholder interests. Actual targets, performance achieved and awards made will be published at the end of the performance periods so shareholders can assess fully the basis for any pay-outs under the plan.

Performance Share Plan ('PSP')/Long-term Incentive Plan ('LTIP')

Link to strategy	Operation	Maximum potential value	Performance conditions and assessment
The purpose is to attract, retain and incentivise executives to optimise business performance through the economic cycle and hence, build a stronger underlying business with sustainable long-term shareholder value creation. This is an inherently cyclical business with high capital requirements. The performance conditions have been chosen to ensure that there is an appropriate dynamic tension between growing earnings, delivering strong RoI, whilst maintaining leverage discipline.	Awards are granted annually and vesting is dependent on the achievement of performance conditions. Performance is measured over a three-year period. The operation of the plan is reviewed annually to ensure that grant levels, performance criteria and other features remain appropriate to the Company's current circumstances. Dividend equivalents may be provided on vested shares. Vested shares (net of taxes) are required to be held for a period of at least two years post-vesting.	The maximum annual award which can be made under the PSP scheme has a market value at the grant date of 250% of base salary. Under the LTIP, the maximum annual award will increase to 350% of base salary. At target performance 32.5% of the award vests. In 2021/22 the award for Brendan Horgan will be 250% of base salary and 200% for Michael Pratt. In 2022/23, the award for Brendan Horgan will be 350% of base salary and 225% for Michael Pratt.	Awards are subject to continued employment and achievement of a range of balanced and holistic performance conditions that are maintained across the cycle. The current performance criteria are set out on page 107.

Strategic Plan Award

Link to strategy	Operation	Maximum potential value	Performance conditions and assessment
The Strategic Plan Award is a standalone performance share award linked directly to those objectives underpinning the Sunbelt 3.0 strategy. The performance conditions are aligned to the stretching financial and operational aspirations of Sunbelt 3.0 and linked to measures that ensure growth is delivered in a sustainable and responsible fashion.	The Strategic Plan Award is a one-off award granted at the beginning of the Sunbelt 3.0 strategic period. Vesting is dependent on the achievement of performance conditions measured over the three-year period to 30 April 2024. Dividend equivalents may be provided on vested shares. Vested shares (net of taxes) are required to be held for a period of at least two years post-vesting.	The maximum award which can be made under the Strategic Plan Award has a market value of 350% of base salary. At threshold performance 25% of the award vests. The award for Brendan Horgan will be 350% of base salary and 250% for Michael Pratt.	Awards are subject to continued employment and achievement of a range of financial and operational performance conditions linked to the five strategic components of the Sunbelt 3.0 plan, details of which are set out on page 96.

Shareholding policy

Link to strategy	Operation	Maximum potential value	Performance conditions and assessment
Ensures a long-term locked-in alignment between the executive directors and shareholders.	The Committee requires the executive directors to build and maintain a material shareholding in the Company over a reasonable time frame, which would normally be five years. The Committee has discretion to increase the shareholding requirement.	Minimum shareholding requirement: – Current chief executive: 500% of salary – Other executive directors: 300% of salary	N/A

Post-cessation shareholding requirement

Link to strategy	Operation	Maximum potential value	Performance conditions and assessment
Strengthens the alignment between the long-term interests of executive directors and shareholders.	The Committee requires the executive directors to maintain the minimum shareholding requirement for two years post cessation.	Minimum shareholding requirement: – Chief executive: 300% of salary – Other executive directors: 200% of salary	N/A

Notes to the policy table:

1 In relation to the PSP/LTIP:
   a. Total shareholder return measures the relative return from Ashtead against an appropriate comparator group, providing alignment with shareholders' interests.
   b. Earnings per share is also a key measure ensuring sustainable profit generation over the longer-term and is a measure which is aligned with shareholders' interests.
   c. Return on investment is a key internal measure to ensure the effective use of capital in the business which is cyclical and with high capital requirements.
   d. The use of leverage alongside the other performance measures ensures there is an appropriate dynamic tension and balance, maintaining leverage discipline in a capital-intensive business. The leverage target is 2.0 times (2.4 times post-IFRS 16), averaged across the three-year period.

2 In relation to both the DBP and the PSP/LTIP, malus and clawback provisions exist which enable the Committee to reduce or eliminate the number of shares, notional shares or unvested shares held or reduce the amount of any money payable or potentially payable and/or to require the transfer to the Company of all or some of the shares acquired or to pay to the Company an amount equal to all or part of any benefit or value derived from, or attributable to, the plans in case of material misstatement of accounts or action or conduct of an award holder or award holders which in the reasonable opinion of the Board, amounts to fraud or gross misconduct.

3 The Committee will operate the Company's incentive plans according to their respective rules and consistent with normal market practice, the Listing Rules and HMRC rules where relevant, including flexibility in a number of regards. These include making awards and setting performance criteria and targets for new cycles each year, dealing with leavers, and adjustments to awards and performance criteria following acquisitions, disposals, changes in share capital and to take account of the impact of other merger and acquisition activity. The Committee retains discretion, in exceptional circumstances, under the rules of the DBP and long-term incentive plans (PSP and LTIP) to adjust performance conditions to ensure that the awards fulfil their original purposes. All assessments of performance are ultimately subject to the Committee's judgement. Any discretion exercised, and the rationale for doing so, will be disclosed in the Directors' remuneration report.

4 The rationale for the Strategic Plan Award is set out on pages 95 to 97.

Remuneration policy on new hires

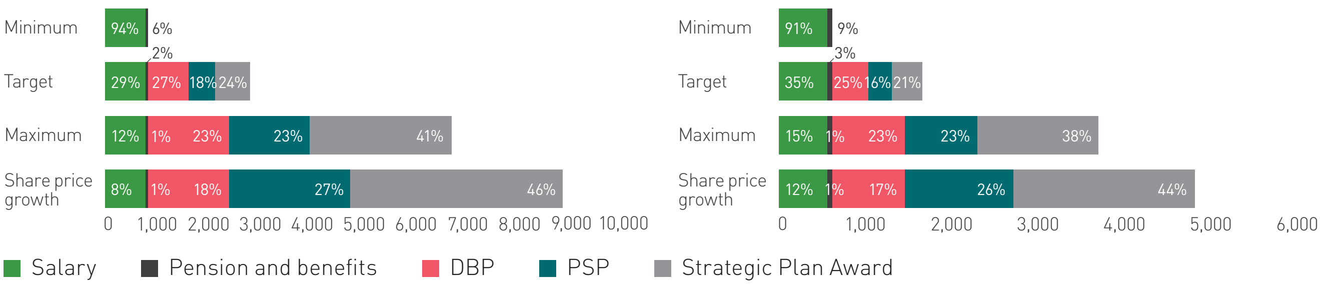
When hiring a new executive director, the Committee will seek to align the remuneration package with the remuneration policy summarised above. In addition, where the executive has to relocate, the level of relocation package will be assessed on a case by case basis. Although it is not the Committee's policy to buy-out former incentive arrangements as a matter of course, it will consider compensating an incoming executive with like-kind incentive arrangements for foregone incentives with their previous employer, taking into account the length of the period they were held and an assessment of the likely vesting value. The Committee will ensure that such arrangements are in the best interests of both the Company and the shareholders without paying more than is necessary.

Total remuneration opportunity

Our remuneration arrangements are designed so that a significant proportion of pay is dependent on the delivery of short and long-term objectives designed to create shareholder value.

The graphs below illustrate the potential future reward opportunity for each of the executive directors, subject to the approval of the remuneration policy at the AGM, and the base salary at 1 May 2021 and the sterling/dollar exchange rate at 30 April 2021.

CHIEF EXECUTIVE – BRENDAN HORGAN (£'000) | **CHIEF FINANCIAL OFFICER – MICHAEL PRATT (£'000)**



In illustrating potential reward opportunities, the following assumptions have been made:

	Base salary, benefits and pension	DBP	PSP	Strategic Plan Award
Minimum	Base salary, benefits and pension or cash in lieu of pension	No DBP payment payable	No vesting	No vesting
Target/threshold	As above	On target DBP payment (50% of maximum)	32.5% vesting	25% vesting
Maximum	As above	Maximum DBP payment	Full vesting	Full vesting
Share price growth	As above	Maximum DBP payment	Full vesting with 50% share price growth	Full vesting with 50% share price growth

The impact of share price movements on the value of PSPs and Strategic Plan Awards have been excluded for the minimum, target and maximum scenario. The impact of share price on the value of mandatory bonus deferrals into the DBP has been excluded from all scenarios.

Service contracts

The Company's policy is that executive directors have rolling contracts terminable by either party giving the other 12 months' notice, which are available for inspection at the Company's registered office. The service contracts for each of the executive directors all contain non-compete provisions appropriate to their roles.

Policy on payment for loss of office
Upon the termination of employment of any executive director, any compensation will be determined in accordance with the relevant provisions of the director's employment contract and the rules of any incentive scheme which are summarised below.

Base salary and benefits

Approach
In the event of termination by the Company, there will be no compensation for loss of office due to misconduct or normal resignation.

In other circumstances, executive directors may be entitled to receive compensation for loss of office which will be a maximum of 12 months' salary.

Such payments will be equivalent to the monthly salary and benefits that the executive would have received if still in employment with the Company. Executive directors will be expected to mitigate their loss within a 12-month period of their departure from the Company.

Application of Committee discretion
The Committee has discretion to make a lump sum payment in lieu.

Pension

Approach
Pension contributions or payments in lieu of pension contribution will be made during the notice period. No additional payments will be made in respect of pension contributions for loss of office.

Application of Committee discretion
The Committee has discretion to make a lump sum payment in lieu.

Deferred Bonus Plan

Approach
The treatment of the Deferred Bonus Plan is governed by the rules of the plan.

Cessation of employment
If a participant ceases to be employed by a Group company for any reason an award that has not vested shall lapse unless the Committee in its absolute discretion determines otherwise for 'good leaver' reasons (including, but not limited to, injury, disability, ill health, retirement, redundancy or transfer of the business).

If the Committee determines that deferred awards held in a participant's plan account shall not lapse on cessation of employment, all deferred awards held in the participant's plan account shall vest immediately and the Committee shall determine:

(a) whether the measurement date for that plan year is brought forward to the date of cessation or remains at the end of the plan year; and
(b) whether a reduction is applied to the payment to take account of the proportion of the plan year elapsed and the contribution to the Group.

If the Committee determines that the measurement date is the date of cessation, the Committee shall pro-rate the performance conditions to the date of cessation.

Application of Committee discretion
The Committee has the discretion to determine that an executive director is a good leaver.

The Committee retains discretion to set the measurement date for the purposes of determining performance measurement and whether to pro-rate the contribution for that plan year. It should be noted that it is the Committee's policy only to apply such discretions if the circumstances at the time are, in its opinion, sufficiently exceptional, and to provide a full explanation to shareholders where discretion is exercised.

Change of control
On a change of control, all deferred awards held in a participant's plan account shall vest immediately and the Committee shall determine:

(a) that the measurement date is the date of the change of control; and
(b) whether a reduction is applied to the payment to take account of the proportion of the plan year elapsed and the participant's contribution to the Group.

The Committee shall pro-rate the performance conditions to the measurement date.

In the event of an internal reorganisation, the Committee may determine that awards are replaced by equivalent awards.

The Committee retains discretion to pro-rate the contribution for that plan year. It is the Committee's policy in normal circumstances to pro-rate to time; however, in exceptional circumstances where the nature of the transaction produces exceptional value for shareholders and provided the performance targets are met, the Committee will consider whether pro-rating is equitable.

PSP/LTIP (including Strategic Plan Award)	
Approach The treatment of awards is governed by the rules of the relevant plan. **Cessation of employment** If a participant ceases to be employed by a Group company for any reason an award that has not vested shall lapse unless the Committee in its absolute discretion determines otherwise for 'good leaver' reasons (including, but not limited to, injury, disability, ill health, retirement, redundancy or transfer of the business). Where the participant is a good leaver, and at the discretion of the Committee, awards may continue until the normal time of vesting and with the performance target and any other conditions considered at the time of vesting. If the participant's awards vest, the proportion of the awards which shall vest will be determined by the Committee in its absolute discretion taking into account such factors as the Committee may consider relevant including, but not limited to, the time the award has been held by the participant and having regard to the performance target and any further condition imposed under the rules of the relevant plan. Alternatively, the Committee may decide that the award may vest on the date of cessation taking into account such factors as the Committee may consider relevant including, but not limited to, the time the award has been held by the participant and having regard to the performance target and any further condition imposed under the rules of the relevant plan.	**Application of Committee discretion** The Committee has the discretion to determine that an executive director is a good leaver. The Committee retains discretion to set the vesting date. It should be noted that it is the Committee's policy only to apply such discretions if the circumstances at the time are, in its opinion, sufficiently exceptional, and to provide a full explanation to shareholders where discretion is exercised.
Change of control The proportion of the awards which shall vest will be determined by the Committee in its absolute discretion taking into account such factors as the Committee may consider relevant including, but not limited to, the time the award has been held by the participant and having regard to the performance target and any further condition imposed under the rules of the relevant plan.	It is the Committee's policy to measure the level of satisfaction of performance targets on a change of control. It is the Committee's policy in normal circumstances to pro-rate to time; however, in exceptional circumstances where the nature of the transaction produces exceptional value for shareholders and provided the performance targets are met the Committee will consider whether pro-rating is equitable.

There is no agreement between the Company and its directors or employees, providing for compensation for loss of office or employment that occurs as a result of a takeover bid. The Committee reserves the right to make payments where such payments are made in good faith in discharge of a legal obligation (or by way of damages for breach of such an obligation); or by way of settlement or compromise of any claim arising in connection with the termination of an executive director's office or employment.

When determining any loss of office payment for a departing individual the Committee will always seek to minimise the cost to the Company whilst seeking to address the circumstances at the time.

Consideration of conditions elsewhere in the Group

The constituent parts of the senior management team's remuneration package (and the pay principles underpinning these) mirror those of the executive directors. The performance conditions attaching to PSP awards are applied consistently to all PSP awards made throughout the Company, and performance measures reinforced by the Strategic Plan Awards are similarly aligned to the key components of our Sunbelt 3.0 strategy.

When considering executive compensation, the Committee is advised of, and takes into account, changes to the remuneration of employees elsewhere within the Group. The Committee does not consider it appropriate to consult with employees when determining executive remuneration. However, our remuneration policy is applied consistently throughout the organisation and as such enables our employees to understand the remuneration policy as it applies to them, and enables alignment between the executive directors and the wider workforce. This includes our policy on setting fixed pay levels, the depth of participation in our short and long-term incentives, and the measures and targets set to determine the pay-out of these. The Committee (and the Board as a whole) continues to keep under review our approach to consulting employees on all matters – including remuneration – and is committed to evolving its approach over time, as appropriate.

Managing potential conflicts of interest

In order to avoid any conflict of interest, remuneration is managed through well-defined processes ensuring that no individual is involved in the decision-making process related to their own remuneration. In particular, the remuneration of all executive directors is set and approved by the Committee; none of the executive directors is involved in the determination of their own remuneration arrangements.

The Committee also receives support from external advisers and evaluates the support provided by those advisers annually to ensure that advice is independent and appropriate.

Remuneration policy for non-executive directors

The remuneration of the non-executive directors is determined by the Board within limits set out in the Articles of Association. None of the non-executive directors has a service contract with the Company and their appointment is therefore terminable by the Board or the director at any time. When recruiting a non-executive director, the remuneration arrangements offered will be in line with the policy table below:

APPROACH TO FEES	BASIS OF FEES
Fees are set at a level to attract and retain high calibre non-executive directors.	Each non-executive director is paid a basic fee for undertaking non-executive director and board responsibilities.
Fees are reviewed on a regular basis to ensure they reflect the time commitment required and practice in companies of a similar size and complexity.	Additional fees are paid in relation to extra responsibilities undertaken, such as to the chair and the chairs of the Audit and Remuneration Committees and the senior independent director.
The Company pays any reasonable expenses that a non-executive director incurs in carrying out their duties as a director (including any tax arising thereon) and other modest benefits as appropriate.	

ANNUAL REPORT ON REMUNERATION

Single total figure for remuneration (audited information)

Executive directors

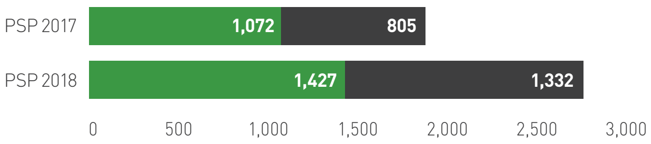
The single figure for the total remuneration received by each executive director for the year ended 30 April 2021 and the prior year is shown in the table below:

		Brendan Horgan		Michael Pratt[1]		Total	
		2021 £'000	2020 £'000	**2021 £'000**	2020 £'000	**2021 £'000**	2020 £'000
Fixed remuneration	Salary[2]	**781**	813	**473**	473	**1,254**	1,286
	Benefits[3]	**34**	35	**21**	21	**55**	56
	Pension[4]	**15**	15	**71**	71	**86**	86
	Total fixed	**830**	863	**565**	565	**1,395**	1,428
Variable remuneration	DBP[5]	**992**	641	**473**	288	**1,465**	929
	PSP[6]	**2,759**	1,877	**1,236**	498	**3,995**	2,375
	Total variable	**3,751**	2,518	**1,709**	786	**5,460**	3,304
Total		**4,581**	3,381	**2,274**	1,351	**6,855**	4,732

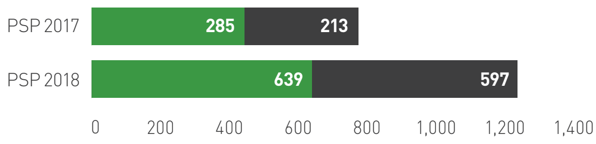
Notes
1 Michael Pratt was appointed as a director on 1 April 2018. The PSP figures for 2020 represent a time-apportioned amount of the 2017 PSP award that vested in June 2020 reflecting the portion of the performance period he served as a director.
2 Brendan Horgan's salary is denominated in US dollars. His salary since 1 May 2019 has been $1,030,000.
3 Benefits include the taxable benefit of company owned cars, private medical insurance and subscriptions and other taxable allowances. Other taxable allowances include car, travel and accommodation allowances.
4 The amount for Michael Pratt represents cash payments in lieu of pension contributions at 15% of salary. The amount included for Brendan Horgan represents the co-match under Sunbelt's 401K defined contribution pension plan and 409A deferred compensation plan.
5 DBP includes the cash received by each director from the DBP for 2020/21 performance as explained on page 106, which is 67% of this year's bonus for each director.
6 The PSP value is calculated as the number of shares vesting, valued at the market value of those shares, plus the payment in lieu of dividends paid during the vesting period. Market value is the market value on the day the awards vest (if they vest before the date the financial statements are approved) or the average market value for the last three months of the financial year (if the awards vest after the date the financial statements are approved). The 2018 award will vest at 94.7% on 6 July 2021 and has been valued at an average market value of 4,246p for the three months ended 30 April 2021, plus 115.3p per share in lieu of dividends paid during the vesting period. The PSP value for 2020 has been adjusted to reflect the actual market value on the date of vesting of 2,736p.

The value attributable to the 2017 and 2018 PSP awards within the single total figure for remuneration reflects the appreciation of the share price since the awards were granted. This is illustrated as follows:

CHIEF EXECUTIVE – BRENDAN HORGAN (£'000)



CHIEF FINANCIAL OFFICER – MICHAEL PRATT (£'000)



■ Performance element based on share price at date of grant

■ Share price appreciation element since grant date plus cash in lieu of dividends

The Company believes that the above charts show the strong alignment of interests between the executive directors and shareholders reflected in the share price appreciation over the performance period.

Directors' pension benefits (audited information)

Brendan Horgan is a member of the Sunbelt 401K defined contribution pension plan and the 409A deferred compensation plan. He is entitled to a company co-match conditional on contributing into the 401K plan or deferring into the 409A plan. The co-match is limited to amounts permitted by regulatory agencies and is affected either by a company payment into the 401K plan or an enhanced deferral into the 409A plan and was $18,750 in 2020/21.

At 30 April 2021, the total amount available to Brendan Horgan but deferred under the Sunbelt deferred compensation plan was $998,604 or £721,274. This includes an allocated investment gain of $278,694 or £211,212 (2020: loss of £23,082).

The Company made a payment of 15% of Michael Pratt's base salary in lieu of providing him with any pension arrangements. This arrangement was amended with effect 1 May 2021 whereby Michael Pratt receives a payment of 6% of base salary from 1 May 2021, in line with the wider UK workforce.

The Deferred Bonus Plan (audited information)

The performance targets for the DBP for the year, which were equally weighted, were as follows:

	Group pre-tax profit	Free cash flow
Forfeiture	n/a	n/a
Entry	£620m	£1,000m
Threshold	£635m	£1,025m
Target	£660m	£1,050m
Maximum	£730m	£1,170m
Actual – reported	**£998m**	**£1,382m**
Actual – budgeted exchange rates	**£1,048m**	**£1,453m**

For the year to 30 April 2021, the adjusted pre-tax profit for Ashtead Group plc was £1,048m at budget exchange rates. Last year the Committee set the DBP targets to be stretching but also realistic and motivational at a time of significant uncertainty over the impact COVID-19 would have on the business. The significant outperformance of the business against the DBP targets of Group pre-tax profit and free cash flow would result formulaically in a full pay-out under the plan. The Committee also considered the formulaic outcome in the context of broader business performance, and the contribution of the executives to delivering this level of outperformance, over the past 12 months. Ashtead is essentially a people business and to deliver the exceptional performance we have whilst safeguarding our most valuable asset, our people, has been a considerable challenge which the Committee believes has been more than met. We continued to outperform our major competitors and did so whilst not laying off or furloughing any of our employees as a result of the pandemic, seeking any government assistance and maintaining dividend distributions to shareholders. The Committee believes that the business has delivered enhanced value for all its stakeholders during the most challenging of times while at the same time safeguarding the wellbeing of employees and customers.

Considering the overall performance of the business in addition to the original targets set, the Committee considers payment of 100% of the executives' bonus opportunities to be appropriate. As a result, Brendan Horgan and Michael Pratt earned 100% of their maximum bonus entitlements. These are equivalent to 200% of base salary for Brendan Horgan ($2,060,000) and 150% of base salary for Michael Pratt (£708,750).

2020/21 is the first year of the current three-year DBP, and one-third of the bonus amounts disclosed above has been compulsorily deferred into an award of share equivalents based on the year-end share price (being 4,651p as at 30 April 2021). The share equivalent awards are summarised below:

	Number of share equivalent awards		
	Brought forward	Granted	Carried forward
Brendan Horgan	–	10,664	10,664
Michael Pratt	–	5,080	5,080

The Performance Share Plan

The performance criteria represent a balanced and holistic approach involving four measures selected because delivery of them through the cycle is a significant challenge and the achievement of them will deliver optimum sustainable performance over the long-term. The performance criteria are as follows:

		Performance criteria (measured over three years)				
Award date	Financial year	TSR (40%)	EPS (25%)	RoI (25%)	Leverage (10%)	Status
19/6/17	2017/18	25% of this element of this award will vest for median performance with full vesting at the upper quartile. TSR is measured against the FTSE 350 companies ranked 50th to 100th by market capitalisation from 1 May of the year of grant.	25% of this element of the award will vest if EPS compound growth for the three years ending 30 April immediately prior to the vesting date is 6% per annum, rising to 100% vesting if EPS compound growth is equal to, or exceeds, 12% per annum.	25% of this element of the award will vest at an RoI of 10% with 100% vesting with an RoI of 15% (excluding IFRS 16).	100% of this element of the award will vest if the ratio of net debt to EBITDA is equal to, or is less than, 2.0 times (2.4 times post-IFRS 16).	**2017 award** Vested in full in June 2020
6/7/18	2018/19					**2018 award** 94.7% will vest in July 2021
4/7/19	2019/20					**2019 award** TSR performance is in the upper quartile, EPS decreased by 1%, RoI of 15% and leverage of 1.4 times
19/6/20	2020/21					**2020 award** TSR performance is in the upper quartile, EPS decreased by 5%, RoI of 15% and leverage of 1.4 times

For performance between the lower and upper target ranges, vesting of the award is scaled on a straight-line basis.

The 2017 PSP award vested in full on 19 June 2020 with EPS compound growth for the three years ended 30 April 2020 of 19%, exceeding the upper target of 12%, and the Company's TSR performance ranked it eighth within the FTSE 350 companies ranked 50th to 100th by market capitalisation (excluding investment trusts). RoI was 15% and leverage was 1.8 times.

The 2018 PSP award will vest at 94.7% on 6 July 2021 with EPS compound growth (calculated consistently with 2017/18, excluding IFRS 16) for the three years ended 30 April 2021 of 10.4%, falling between the lower and upper thresholds of 6% and 12%, resulting in 20.0% of the EPS element of the award vesting and the Company's TSR performance ranked it second within the FTSE 350 companies ranked 50th to 100th by market capitalisation (excluding investment trusts). RoI was 14.9% and average leverage was 1.8 times.

EPS is based on the profit excluding the impact of IFRS 16 and before exceptional items and amortisation of acquired intangibles less the tax charge included in the accounts. TSR performance is measured relative to companies in the FTSE 350 ranked 50th to 100th by market capitalisation (excluding investment trusts) rather than a specific comparator group of companies because there are few direct comparators to the Company listed in London. The Company's TSR performance relative to the FTSE 100 (excluding investment trusts) is shown on page 110.

It is a condition of the PSP awards that directors at the time of the award are required to hold any vested shares for a further two-year period following the vesting date.

Single total figure of remuneration (audited information)

Non-executive directors

	Fees		Benefits[1]		Total	
	2021 £'000	2020 £'000	**2021 £'000**	2020 £'000	**2021 £'000**	2020 £'000
Angus Cockburn	**90**	90	**–**	–	**90**	90
Jill Easterbrook[2]	**60**	20	**–**	–	**60**	20
Tanya Fratto	**60**	60	**–**	22	**60**	82
Lucinda Riches	**75**	75	**–**	–	**75**	75
Lindsley Ruth	**60**	60	**–**	–	**60**	60
Paul Walker	**350**	350	**–**	8	**350**	358
	695	655	**–**	30	**695**	685

Notes
1 Travel to London, together with accommodation and subsistence expenditure, is met by the Company for Board members to attend meetings of the Board and undertake other activities on behalf of the Company for those directors not based in London.
2 Jill Easterbook joined the Board during 2019/20. Her fees in relation to 2020 reflect this part-year tenure.

The non-executive directors did not receive any remuneration from the Company in addition to the fees detailed above.

Scheme interests awarded between 1 May 2020 and 30 April 2021 (audited information)

Performance Share Plan

The nil-cost awards made on 19 June 2020 are subject to the rules of the PSP and the achievement of stretching performance conditions, which are set out on page 107, over a three-year period to 30 April 2023. The awards are summarised below:

	Number	Face value of award[1] £'000	Face value of award as % of base salary	% of award vesting for target performance
Brendan Horgan	60,911	1,667	200%	32.5%
Michael Pratt	25,905	709	150%	32.5%

Note
1 PSP awards were allocated on 19 June 2020 using the closing mid-market share price (2,736p) of Ashtead Group plc on that day.

Payments to past directors (audited information)

Geoff Drabble stepped down from the Board on 1 May 2019 and his employment ended on 30 November 2019. As a good leaver, Geoff's outstanding PSP awards were pro-rated to 30 November 2019 in accordance with the PSP rules, subject to normal vesting conditions, details of which are provided in the PSP awards table on page 107. As such, Geoff's maximum number of awards capable of vesting in relation to the 2017 and 2018 awards were 79,429 (2017) and 33,716 (2018). The 2017 award vested in full on 19 June 2020 and 94.7% of the 2018 award will vest on 6 July 2021.

Suzanne Wood stepped down from the Board with effect from 31 March 2018 and her employment ended on 30 June 2018. As a good leaver, Suzanne's outstanding PSP awards were pro-rated to 30 June 2018 in accordance with the PSP rules, subject to normal vesting conditions, details of which are provided in the PSP awards table on page 107. As such, Suzanne's maximum number of awards capable of vesting in relation to the 2017 awards was 15,999 and these vested in full on 19 June 2020.

Sat Dhaiwal retired from the Board on 31 July 2018. As a good leaver, Sat's outstanding PSP awards were pro-rated to 31 July 2018 in accordance with the PSP rules, subject to normal vesting conditions, details of which are provided in the PSP awards table on page 107. As such, Sat's maximum number of awards capable of vesting in relation to the 2017 award was 9,737 and these vested in full on 19 June 2020.

The total amount paid to past directors in the year as a result of the vesting of these awards was £2,985,529 (2020: £6,716,016), including the value of dividend equivalent payments.

No payments were made to past directors of the Company other than the payments to Geoff Drabble, Suzanne Wood and Sat Dhaiwal as detailed above.

Payments for loss of office (audited information)

During the year there have been no payments made to directors for loss of office.

Statement of executive directors' shareholdings and share interests (audited information)

The executive directors are subject to a minimum shareholding obligation. Under the current remuneration policy, the chief executive is expected to hold shares at least equal to 300% of base salary and the remaining executive directors are expected to hold shares at least equal to 200% of base salary. As shown below, the executive directors comply with these shareholding requirements.

	Shares held outright at 30 April 2021[1]	Shares held outright at 30 April 2021 as a % of salary[2]	Outstanding unvested plan interests subject to performance measures[3]	Total of all share interests and outstanding plan interests at 30 April 2021
Brendan Horgan	433,938	2,477%	198,312	632,250
Michael Pratt	283,667	2,151%	86,388	370,055

Notes

1 Interests in shares held at 30 April 2021 include shares held by connected persons.

2 In calculating shareholding as a percentage of salary, the average share price for the three months ended 30 April 2021, the sterling/dollar exchange rate at 30 April 2021, and the directors' salaries at 1 May 2021, have been used.

3 All outstanding plan interests take the form of rights to receive shares.

There have been no changes in the outstanding share interests of executive directors as of the date of this report.

Performance Share Plan awards

Awards made under the PSP, and those which remain outstanding at 30 April 2021, are shown in the table below:

	Date of grant	Held at 30 April 2020	Lapsed during the year	Exercised during the year	Granted during the year	Held at 30 April 2021
Brendan Horgan	19.06.17	66,108	–	(66,108)	–	–
	06.07.18	66,801	–	–	–	66,801
	04.07.19	70,600	–	–	–	70,600
	19.06.20	–	–	–	60,911	60,911
Michael Pratt[1]	19.06.17	23,736	–	(23,736)	–	–
	06.07.18	29,933	–	–	–	29,933
	04.07.19	30,550	–	–	–	30,550
	19.06.20	–	–	–	25,905	25,905
Former directors:						
Sat Dhaiwal	19.06.17	9,737	–	(9,737)	–	–
Geoff Drabble	19.06.17	79,429	–	(79,429)	–	–
	06.07.18	33,716	–	–	–	33,716
Suzanne Wood	19.06.17	15,999	–	(15,999)	–	–

Note

1 Michael Pratt's 2017 awards were granted before he became an executive director but are included in this table to provide shareholders with full information.

The performance conditions attaching to the PSP awards are detailed on page 107. It is a condition of the PSP awards that directors at the time of the award are required to hold any vested shares for a further two-year period following the vesting date. The market price of the awards granted during the year was 2,736p on the date of grant.

Statement of non-executive directors' shareholding (audited information)

As at 30 April 2021, the non-executive directors' interests in ordinary shares of the Company were:

	Number
Paul Walker	14,000
Angus Cockburn	1,000
Jill Easterbrook	–
Tanya Fratto	1,000
Lucinda Riches	5,000
Lindsley Ruth	2,250

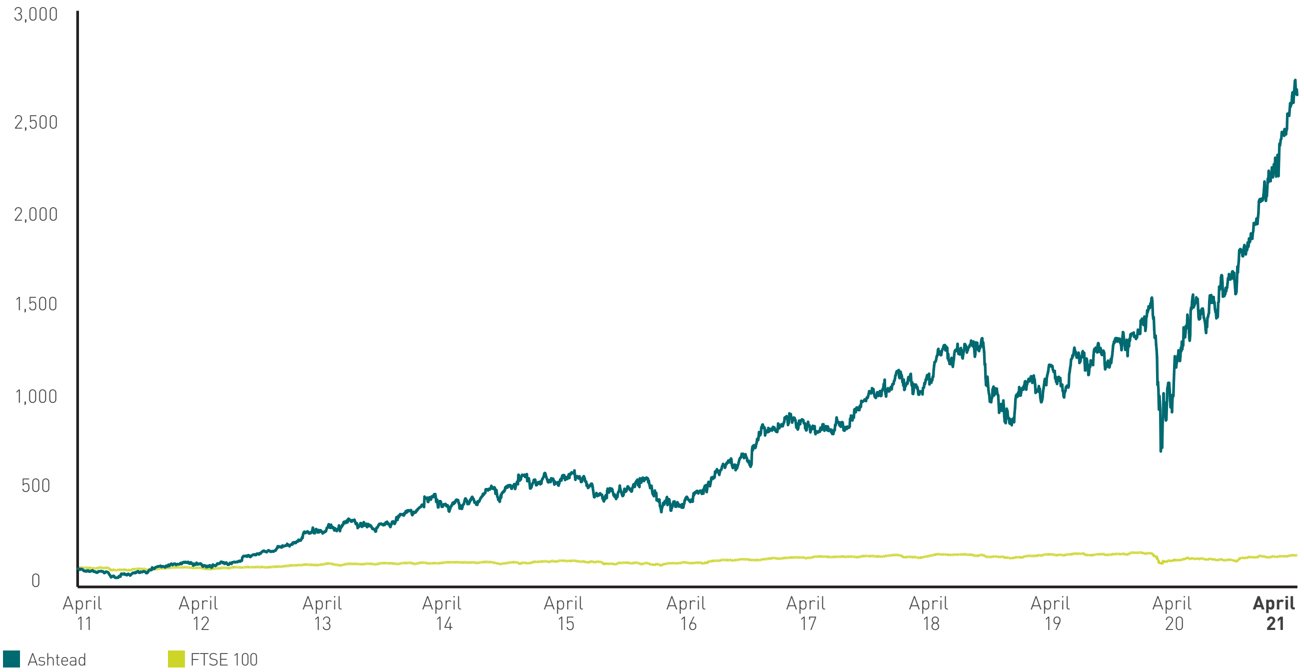
The market price of the Company's shares at the end of the financial year was 4,651p and the highest and lowest closing prices during the financial year were 4,792p and 2,105p respectively.

There have been no changes in the outstanding share interests of non-executive directors as of the date of this report.

Performance graph and table

Over the last 10 years the Company has generated a 27-fold total shareholder return ('TSR') which is shown below. The FTSE 100 is the Stock Exchange index the Committee considers to be the most appropriate to the size and scale of the Company's operations over that period.

TOTAL SHAREHOLDER RETURN



During the same period, the total remuneration received by the Group chief executive has reflected the strong performance of the business:

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Total remuneration (£'000)	**4,581**	3,381	6,084	5,144	5,461	3,321	4,165	7,272	6,510	4,613
Underlying profit before tax (£m)	**998**	1,061	1,110	927	793	645	490	362	245	131
Proportion of maximum annual bonus potential awarded	**100%**	nil%	100%	100%	100%	98%	100%	100%	100%	100%
Proportion of PSP vesting	**94.7%**	100%	100%	100%	100%	97.5%	100%	100%	100%	100%

In 2020, Brendan Horgan was appointed as Group chief executive. The figures for 2012 to 2019 are for the then chief executive, Geoff Drabble.

Percentage change in remuneration of all directors

The table below summarises the percentage change in the annualised remuneration of the Board and the employees of the Group. This information will build up to display a five-year history. For Brendan Horgan, the percentage change in remuneration is calculated in US dollars so as to remove the impact of foreign exchange movements.

Brendan Horgan and Michael Pratt both participate in the Deferred Bonus Plan and their annual bonus reflects payments under this plan. Details are provided on pages 106 and 107.

	% change in salary or fees	% change in benefits	% change in annual bonus
Executive directors			
Brendan Horgan	– %	1%	70%
Michael Pratt	– %	– %	64%
Non-executive directors			
Angus Cockburn	– %	– %	n/a
Jill Easterbrook[1]	– %	– %	n/a
Tanya Fratto	– %	-100%	n/a
Lucinda Riches	– %	– %	n/a
Lindsley Ruth	– %	– %	n/a
Paul Walker	– %	-100%	n/a
Employees of the Group[2]	2%	– %	45%

Notes

1 Annualised to reflect that Jill Easterbrook joined the Board during 2019/20.

2 As required under The Companies (Directors' Remuneration Policy and Directors' remuneration report) Regulations 2019, the legislative requirement is to provide a comparison to employees of the parent company. The Group's employees are primarily employed through the Group's main trading companies and as such the analysis above has been prepared on a group-wide basis as this is a more closely aligned comparative group considering the global nature of the Group's business. For the employees of the parent company, the percentage change in salary is nil%, the percentage change in benefits is nil% and the percentage change in annual bonus is 41%.

Relative importance of spend on pay

The following table shows the year-on-year change in returns to shareholders and aggregate staff costs (see Note 4 of the financial statements).

	2020/21 £m	2019/20 £m	Change %
Aggregate staff costs	**1,138**	1,172	-3%
Returns to shareholders	**189**	624	-70%

Returns to shareholders include dividends and, in the prior year, share buybacks of £442m. The share buyback programme was paused during 2020/21 due to the COVID-19 pandemic but the Group declared a dividend of 42.15p per share (2020: 40.65p per share).

Chief executive pay compared to pay of Group employees

Ashtead is a decentralised, store-based business employing c. 19,000 people including drivers, mechanics, yard operatives and sales personnel. We apply the same reward principles across the business. Our overall remuneration packages have to be competitive when compared with similar roles in other organisations against which we compete for talent. Thus, not only do we compete against other rental companies but also, for example, distribution businesses for drivers and mechanics. Accordingly, we consider both rental and other similar businesses when referencing our remuneration levels. For our chief executive, we are referencing a small group of chief executives of major organisations with the skill set to manage a fast-growing, multi-location and international business.

Given this business profile, all the pay ratio reference points compare our chief executive's remuneration with that of store-based employees. Year-to-year movements in the pay ratio will be driven largely by changes in our chief executive's variable pay. These movements will outweigh significantly any other changes in pay across the Group. Whatever the chief executive pay ratio, the Group is committed to continuing to invest in leading remuneration packages for all our employees.

The total pay and benefits of group-wide employees at the 25th, 50th and 75th percentile, and the ratios between the chief executive and these employees using the chief executive's single total remuneration figure for 2020/21 of £4,581,000 are as follows:

GROUP-WIDE EMPLOYEES[1]

		25th percentile pay ratio		50th percentile pay ratio		75th percentile pay ratio	
Year	Method	Total pay and benefits	Ratio	Total pay and benefits	Ratio	Total pay and benefits	Ratio
2020/21	B	£28,297	162:1	£60,952	75:1	£69,992	65:1
2019/20	B	£34,482	86:1	£46,882	63:1	£86,216	34:1

UK EMPLOYEES

		25th percentile pay ratio		50th percentile pay ratio		75th percentile pay ratio	
Year	Method	Total pay and benefits	Ratio	Total pay and benefits	Ratio	Total pay and benefits	Ratio
2020/21	B	£21,143	217:1	£24,763	185:1	£28,297	162:1
2019/20	B	£20,566	144:1	£23,199	127:1	£32,041	92:1

Notes
1 Given the nature of the Group's business, with c. 80% of employees based outside of the UK, the Group has additionally prepared the analysis on a group-wide basis.
2 The relevant employees at the 25th, 50th and 75th percentile were identified using existing gender pay data (option B) prepared using the latest available data in each year. Due to the nature of the roles undertaken by the identified employees, and based on a review of their pay and benefits, the Company believes that the individuals identified in each year are representative of the 25th, 50th and 75th percentile employees.
3 In calculating the total pay and benefits for the employees at the 25th, 50th and 75th percentile, adjustments were made to working hours to reflect a full-time equivalent employee.
4 The relevant salary components of total pay and benefits for group-wide employees at the 25th, 50th and 75th percentile are £27,155, £32,592 and £45,944 respectively. The relevant salary components of total pay and benefits for UK employees at the 25th, 50th and 75th percentile are £20,560, £24,410 and £27,155 respectively.

The Group chief executive's remuneration has a significant weighting towards variable pay to align his remuneration with Company performance and as such, his total single figure will vary considerably from year to year depending on the performance of the Group. Consequently, the increase in the CEO pay ratios between 2019/20 and 2020/21 is primarily a result of the increase in the chief executive's variable remuneration due to the increase in the Group's share price impacting the value of PSPs vesting and due to the fact he received no bonus in relation to the prior year (other than the brought forward amount under the DBP in relation to previous years) whereas in the current year, the chief executive has been awarded a full bonus payment reflecting the strong performance of the Group.

In relation to the employees identified at the 25th, 50th and 75th percentile, the absolute pay and benefits package were impacted during 2020/21 by a reduction in overtime as we sought to manage the cost base in line with reduced activity levels in the business. Nevertheless, we took steps during the year to ensure that our employees were supported throughout the year through the provision of appreciation bonuses paid to our skilled trade team members and by implementing special paid time-off provisions for employees dealing with the consequences of COVID-19. As we have stated elsewhere, we continuously monitor our pay and benefits for the workforce as a whole, and in June 2021 we took the decision to bring forward a c. 6% pay rise for skilled trades in keeping with our Leading Wage programme. Further details as to how we seek to reward our employees are provided on page 61.

External appointments

The Company recognises that executive directors may be invited to become non-executive directors of other companies and that these appointments can broaden their knowledge and experience to the benefit of the Company. Subject to Board approval, executive directors may take up external appointments and the Group policy is for the individual director to retain any fee.

Remuneration for the year commencing 1 May 2021

Basic salary

Salary with effect from 1 May 2021:

Brendan Horgan	$1,030,000
Michael Pratt	£560,000

Benefits

Benefits will continue to be applied as per the policy and application in previous years.

Retirement benefits

Retirement benefits will be applied in accordance with the policy.

Deferred Bonus Plan
Brendan Horgan and Michael Pratt participate in the DBP. The maximum annual bonus opportunities as a percentage of salary are unchanged at 200% for Brendan Horgan and 150% for Michael Pratt. The performance measures are adjusted Group profit before tax and free cash flow. The specific targets set are deemed to be commercially sensitive but full disclosure will be provided on a retrospective basis at the year-end.

Performance Share Plan
A 2021 PSP award will be made as follows:

	Value of 2021 award £'000	Basis of award % of salary
Brendan Horgan[1]	1,860	250%
Michael Pratt	1,120	200%

Note
1 For Brendan Horgan, the actual value of award will be dependent upon the exchange rate prevailing at the date of award.

These awards are based on the directors' salaries as at 1 May 2021 and, for Brendan Horgan, the sterling/dollar exchange rate at 30 April 2021. Performance targets remain unchanged from the prior year, except that the comparator group is now the FTSE 100.

Strategic Plan Award
Subject to approval of the remuneration policy at the AGM, one-off Strategic Plan Awards will be made as follows:

	Value of 2021 award £'000	Basis of award % of salary
Brendan Horgan[1]	2,604	350%
Michael Pratt	1,400	250%

Note
1 For Brendan Horgan, the actual value of award will be dependent upon the exchange rate prevailing at the date of award.

These awards are based on the directors' salaries as at 1 May 2021 and, for Brendan Horgan, the sterling/dollar exchange rate at 30 April 2021. The performance targets applying are as set out on page 96.

Non-executive fees
Fees for non-executive directors, which remain unchanged as at 1 May 2021 are:

Paul Walker	£350,000
Angus Cockburn	£90,000
Jill Easterbrook	£60,000
Tanya Fratto	£60,000
Lucinda Riches	£75,000
Lindsley Ruth	£60,000

For non-executive directors, fees comprise a base fee of £60,000, with a supplemental fee of £15,000 for each committee chair and a supplemental fee of £15,000 for the senior independent director.

Consideration by the directors of matters relating to directors' remuneration

The Company has established a Remuneration Committee ('the Committee') in accordance with the recommendations of the UK Corporate Governance Code.

None of the Committee members has any personal financial interests, other than as shareholders, in the matters to be decided. None of the members of the Committee is or has been at any time one of the Company's executive directors or an employee. None of the executive directors serves, or has served, as a member of the board of directors of any other company which has one or more of its executive directors serving on the Company's Board or Remuneration Committee.

The Group's chief executive normally attends the meetings of the Committee to advise on operational aspects of the implementation of existing policies and policy proposals, except where his own remuneration is concerned, as does the non-executive chair, Paul Walker. Eric Watkins acts as secretary to the Committee. Under Lucinda Riches' direction, the company secretary and Group chief executive have responsibility for ensuring the Committee has the information relevant to its deliberations.

In formulating its policies, the Committee has access to professional advice from outside the Company, as required, and to publicly available reports and statistics. Following a competitive tender process in 2019/20, the Committee appointed Mercer Limited ('Mercer') to provide independent remuneration advice. Following the departure of its remuneration advisers from Mercer to Ellason LLP ('Ellason'), the Committee appointed Ellason as its independent remuneration advisers with effect from 1 January 2021. Ellason is a member of the Remuneration Consultants Group and adheres to its code in relation to executive remuneration in the UK. The fees paid to Mercer and Ellason for professional advice on remuneration during the year were £42,400 and £24,400 respectively. Neither Mercer nor Ellason provides any other services to the Company and the Committee is satisfied that Ellason is (and Mercer was) independent of both the Company and individual directors.

Main responsibilities of the Remuneration Committee

The principal duties of the Committee are:

- determining and agreeing with the Board the framework and policy for the remuneration of the executive directors and senior employees;
- ensuring that executive management is provided with appropriate incentives to encourage enhanced performance in a fair and responsible manner;
- reviewing and determining the total remuneration packages for each executive director including bonuses and incentive plans;
- determining the policy for the scope of pension arrangements, service agreements, termination payments and compensation commitments for each of the executive directors; and
- ensuring compliance with all statutory and regulatory provisions.

Summary of the Committee's work during the year

The principal matters addressed during the year were:

- determining and agreeing with the Board the framework and policy for the remuneration of the executive directors and senior employees;
- assessment of the achievement of the executive directors against their Deferred Bonus Plan objectives;
- setting Deferred Bonus Plan performance targets for the year;
- assessment of performance for the vesting of the 2017 PSP awards;
- grant of 2020 PSP awards and setting the performance targets attaching thereto;
- review of executive base salaries; and
- approval of the Directors' remuneration report for the year ended 30 April 2020.

Shareholder voting

Three ordinary resolutions concerning the Directors' remuneration report will be put to shareholders at the forthcoming AGM. The first will be in respect of the implementation of the policy for 2020/21. The second resolution seeks shareholder approval of the Company's new remuneration policy which will apply for the next three years. The third resolution seeks shareholder approval for the new LTIP plan rules.

Ashtead is committed to ongoing shareholder dialogue and considers carefully voting outcomes. The Committee gained a full understanding of the views of shareholders and the main shareholder representative bodies through an extensive consultation process around the 2021 remuneration policy. The feedback on the policy has been and will continue to be taken into account in the implementation for the next three years.

The following table sets out the voting results in respect of previous remuneration resolutions:

	For	Against
2019/20 directors' annual report on remuneration[1]	98%	2%
2018/19 directors' remuneration policy[2]	98%	2%

Notes
1 2,487,312 votes were withheld (c. 1% of share capital) out of total votes cast of 323,557,814 in relation to the 2019/20 Directors' remuneration report at the 2020 AGM.
2 27,718 votes were withheld (c. 1% of share capital) out of total votes cast of 334,642,535 in relation to the 2018/19 Directors' remuneration policy at the 2019 AGM.

This report has been approved by the Remuneration Committee and is signed on its behalf by:

LUCINDA RICHES
Chair of the Remuneration Committee
14 June 2021

OTHER STATUTORY DISCLOSURES

Pages 78 to 118 inclusive (together with the sections of the Annual Report incorporated by reference) form part of the Directors' report.

Other information, which forms part of the Directors' report, can be found in the following sections of the Annual Report:

SHARE CAPITAL AND MAJOR SHAREHOLDERS

Details of the Company's share capital are given in Note 22 to the financial statements.

Acquisition of own shares

At the 2020 AGM, the Company was authorised to make market purchases of up to c. 67m ordinary shares. The Company acquired no shares under this authority during the year. This authority will expire on the earlier of the next annual general meeting of the Company or 8 December 2021.

A special resolution will be proposed at this year's AGM to authorise the Company to make market purchases of up to 67m ordinary shares.

Voting rights

Subject to the Articles of Association, every member who is present in person at a general meeting shall have one vote and on a poll every member who is present in person or by proxy shall have one vote for every share of which he or she is the holder. The Trustees of the Employee Share Ownership Trust ordinarily follow the guidelines issued by the Association of British Insurers and do not exercise their right to vote at general meetings.

Under the Companies Act 2006, members are entitled to appoint a proxy, who need not be a member of the Company, to exercise all or any of their rights to attend and speak and vote on their behalf at a general meeting or any class of meeting. A member may appoint more than one proxy provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A corporate member may appoint one or more individuals to act on its behalf at a general meeting or any class of meeting as a corporate representative. The deadline for the exercise of voting rights is as stated in the notice of the relevant meeting.

Transfer of shares

Certified shares

(i) Transfers may be in favour of more than four joint holders, but the directors can refuse to register such a transfer.

(ii) The share transfer form must be delivered to the registered office, or any other place decided on by the directors. The transfer form must be accompanied by the share certificate relating to the shares being transferred, unless the transfer is being made by a person to whom the Company was not required to, and did not send, a certificate. The directors can also ask (acting reasonably) for any other evidence to show that the person wishing to transfer the shares is entitled to do so.

CREST shares

(i) Registration of CREST shares can be refused in the circumstances set out in the Uncertificated Securities Regulations.

(ii) Transfers cannot be in favour of more than four joint holders.

Significant shareholders

Based on notifications received, the holdings of 3% or more of the issued share capital of the Company as at 14 June 2021 (the latest practicable date before approval of the financial statements) are as follows:

	%
Abrams Bison Investments LLC	5%
BlackRock, Inc.	5%

Details of directors' interests in the Company's ordinary share capital and in options over that share capital are given in the Directors' remuneration report on pages 94 to 114. Details of all shares subject to option are given in the notes to the financial statements on page 150.

CHANGE OF CONTROL PROVISIONS IN LOAN AGREEMENTS

A change in control of the Company (defined, inter alia, as a person or a group of persons acting in concert gaining control of more than 30% of the Company's voting rights) leads to an immediate event of default under the Company's asset-based senior lending facility. In such circumstances, the agent for the lending group may, and if so directed by more than 50% of the lenders shall, declare the amounts outstanding under the facility immediately due and payable.

Such a change of control also leads to an obligation, within 30 days of the change in control, for the Group to make an offer to the holders of the Group's $600m senior secured notes, due 2025, $600m senior secured notes, due 2026, $600m senior secured notes, due 2027, $600m senior secured notes, due 2028 and $600m senior secured notes, due 2029, to redeem them at 101% of their face value.

APPOINTMENT AND REMOVAL OF DIRECTORS

Unless determined otherwise by ordinary resolution, the Company is required to have a minimum of two directors and a maximum of 15 directors (disregarding alternate directors).

The directors are not required to hold any shares in the Company by the Articles of Association.

The Board can appoint any person to be a director. Any person appointed as a director by the Board must retire from office at the first annual general meeting after appointment. A director who retires in this way is then eligible for reappointment.

The Articles state that each director must retire from office if he held office at the time of the two preceding annual general meetings and did not retire at either of them. In accordance with the UK Corporate Governance Code, all directors are subject to annual election by the shareholders.

In addition to any power to remove directors conferred by legislation, the Company can pass a special resolution to remove a director from office even though his time in office has not ended and can appoint a person to replace a director who has been removed in this way by passing an ordinary resolution.

Any director stops being a director if (i) he gives the Company written notice of his resignation; (ii) he gives the Company written notice in which he offers to resign and the directors decide to accept this offer; (iii) all the other directors (who must comprise at least three people) pass a resolution or sign a written notice requiring the director to resign; (iv) a registered medical practitioner who is treating that person gives a written opinion to the Company stating that that person has become physically or mentally incapable of acting as a director and may remain so for more than three months; (v) by reason of that person's mental health, a court makes an order which wholly or partly prevents that person from personally exercising any powers or rights which that person would otherwise have; (vi) he has missed directors' meetings (whether or not an alternate director appointed by him attends those meetings) for a continuous period of six months without permission from the directors and the directors pass a resolution removing the director from office; (vii) a bankruptcy order is made against him or he makes any arrangement or composition with his creditors generally; (viii) he is prohibited from being a director under the legislation; or (ix) he ceases to be a director under the legislation or he is removed from office under the Articles of Association.

POWERS OF THE DIRECTORS

Subject to the legislation, the Articles of Association and any authority given to the Company in a general meeting by special resolution, the business of the Company is managed by the Board of directors that can use all of the Company's powers to borrow money and to mortgage or charge all or any of the Company's undertaking, property and assets (present and future) and uncalled capital of the Company and to issue debentures and other security and to give security, either outright or as collateral security, for any debt, liability or obligation of the Company or of any third party.

DIRECTORS AND DIRECTORS' INSURANCE

Details of the directors of the Company are given on pages 80 and 81. The policies related to their appointment and replacement are detailed on pages 86, 94 and 116. Each of the directors as at the date of approval of this report confirms, as required by section 418 of the Companies Act 2006 that to the best of their knowledge and belief:

(1) there is no relevant audit information of which the Company's auditor is unaware; and

(2) each director has taken all the steps that he ought to have taken to make himself aware of such information and to establish that the Company's auditor is aware of it.

The Company has maintained insurance throughout the year to cover all directors against liabilities in relation to the Company and its subsidiary undertakings.

AMENDMENT OF ARTICLES OF ASSOCIATION

The Articles of Association of the Company may be amended by a special resolution.

POLICY ON PAYMENT OF SUPPLIERS

Suppliers are paid in accordance with the individual payment terms agreed with each of them. The number of Group creditor days at 30 April 2021 was 40 days (30 April 2020: 55 days) which reflects the terms agreed with individual suppliers. There were no trade creditors in the Company's balance sheet at any time during the past two years.

POLITICAL AND CHARITABLE DONATIONS

Charitable donations in the year amounted to £1,219,916 in total (2020: £2,059,824). No political donations were made in either year.

DISCLOSURES REQUIRED BY LISTING RULE 9.8.4R

The relevant disclosure concerning dividend waiver can be found on page 150. The remaining disclosures required by Listing Rule 9.8.4R are not applicable to the Company.

GOING CONCERN

After making appropriate enquiries, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operation for the foreseeable future and consequently, that it is appropriate to adopt the going concern basis in preparing the financial statements.

AUDITOR

Deloitte LLP has indicated its willingness to continue in office and in accordance with section 489 of the Companies Act 2006, a resolution concerning its reappointment and authorising the directors to fix its remuneration, will be proposed at the AGM.

ANNUAL GENERAL MEETING

The AGM will be held at 2.30pm on Thursday, 16 September 2021 at Wax Chandlers Hall, 6 Gresham Street, London EC2V 7AD. An explanation of the business to be transacted at the AGM will be circulated to shareholders and will be available on the Company's corporate website.

APPROVAL OF THE DIRECTORS' REPORT

The Directors' report set out on pages 78 to 118 was approved by the Board on 14 June 2021 and has been signed by the company secretary on its behalf.

ERIC WATKINS
Company secretary
14 June 2021

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations. Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group and Company financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and, in the case of the Group, International Financial Reporting Standards ('IFRS') as adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

Under company law the directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets and hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

RESPONSIBILITY STATEMENT

We confirm to the best of our knowledge:

- the consolidated financial statements, prepared in accordance with IFRS as adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Group;
- the Strategic report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces; and
- the Annual Report and financial statements, taken as a whole, are fair, balanced and understandable and provide information necessary for shareholders to assess the Group's position, performance, business model and strategy.

By order of the Board

ERIC WATKINS
Company secretary
14 June 2021

FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASHTEAD GROUP PLC

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

In our opinion:

- the financial statements of Ashtead Group plc ('the Company') and its subsidiaries ('the Group') give a true and fair view of the state of the Group's and of the Company's affairs as at 30 April 2021 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006, International Financial Reporting Standards ('IFRS') as adopted by the European Union;
- the Company financial statements have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Consolidated income statement;
- the Consolidated statement of comprehensive income;
- the Consolidated and Company balance sheets;
- the Consolidated and Company statements of changes in equity;
- the Consolidated and Company cash flow statements; and
- the related Notes 1 to 34, including the accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law, International Accounting Standards in conformity with the requirements of the Companies Act 2006 and IFRS as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the Company financial statements is applicable law and International Accounting Standards in conformity with the requirements of the Companies Act 2006.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISA (UK)') and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Group and the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's ('the FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services provided to the Group and the Company for the year are disclosed in Note 4 to the financial statements. We confirm that the non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were: – carrying value of rental fleet; – revenue recognition – manual topside intervention
Materiality	The materiality that we used for the Group financial statements was £48.1m, which was determined on the basis of three-year average profit before tax.
Scoping	Consistent with previous years, we performed audit work at three (2020: three) components: the Group head office, Sunbelt UK and Sunbelt US. We also performed review procedures over the financial information of the fourth component, Sunbelt Canada, consistent with last year.
Significant changes in our approach	In the prior year, we included going concern as a key audit matter due to the increased uncertainty in the wider market as a result of COVID-19 at that time, which resulted in an increased level of audit effort in this area. We no longer report this as a key audit matter due to the Group's trading in the last 12 months, which has reduced the level of judgement and uncertainty in the going concern assessment.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the Group's and Company's ability to continue to adopt the going concern basis of accounting included:

- obtaining an understanding of the relevant controls relating to the Group's forecasting process;
- verifying the mechanical accuracy of the model used to prepare the Group's forecast;
- reviewing the Group's facility agreements and bond documentation to understand the principal terms and the related financial covenant;
- challenging management on the appropriateness of forecast assumptions by:
  - assessing key assumptions underpinning the Group's forecasts with reference to external data such as GDP growth rates, the latest US Congressional Budget Office forecasts and market forecast data from third-party sources;
  - assessing the likelihood of the assumptions in the forecasts and the impact of reasonably possible downside scenarios on the Group's funding position;
  - assessing the extent of the downside required in order to trigger the fixed charge ratio covenant;
  - comparing forecasts to historical financial information to assess management's historical forecasting accuracy; and
  - assessing the mitigating actions available to the Group, the feasibility of these, and the likelihood of positive impact in the next 12 months, if these actions are taken.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the Company's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

In relation to the reporting on how the Group has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

CARRYING VALUE OF RENTAL FLEET

Key audit matter description	As set out in Note 13, the Group holds £8.6bn (2020: £9.4bn) of rental fleet at cost (£5.0bn net book value (2020: £5.9bn net book value)). These assets represent 54% (2020: 56%) of the Group's gross assets. The movement in the balance from prior year is due to a £659m increase in the balance from additions and acquisitions and £422m of foreign exchange movements, offset by £1.1bn of depreciation and disposals. These movements were driven in part by management's actions in response to external market conditions in the early part of the financial year. There is a risk that an impairment required to the Group's rental fleet is not identified, properly quantified or recorded and that the carrying value of the rental fleet assets is therefore misstated. The Group's accounting policy as disclosed in Note 2 sets out that the assets are recorded at cost (including transportation costs from the manufacturer to the initial rental location), less accumulated depreciation and any provisions for impairment. The Group's approach for estimating the useful lives and residual values is also explained. Management's assessment of carrying values is based on a long-term assessment, as at the balance sheet date, over the economic cycle given the nature of the assets. The directors apply judgement in determining the appropriate carrying value of the assets. As described in the Audit Committee report on page 91, management undertakes an annual review of the appropriateness of the useful lives and residual values assigned to property, plant and equipment, including the rental fleet, and assesses whether they continue to be appropriate and whether there are any indicators of impairment. Consideration continued to be given in the current year as to whether the COVID-19 pandemic had any impact on the carrying value of the rental fleet.

CARRYING VALUE OF RENTAL FLEET CONTINUED

How the scope of our audit responded to the key audit matter	In responding to the identified key audit matter, we completed the following audit procedures: – obtained an understanding of the relevant controls over the impairment review, and in particular, the identification of impairment indicators; – challenged and understood the assessment performed by management to identify impairment indicators, including the consistency of these with the requirements of IAS 36 Impairment of Assets; – challenged the key judgements and the impact that each of these has in determining whether an impairment exists. In particular, we focused our testing on returns on investment by asset class, fleet utilisation, useful economic lives and profits recorded on asset disposals; – considered and challenged the completeness of the COVID-19 assessment and its impact on the performance of the business. In addition, we performed an evaluation of end markets and challenged whether any further impact should be considered in the impairment assessment; and – assessed whether the accounting for the rental fleet and associated disclosures were in line with the Group's accounting policies and IAS 36.
Key observations	We consider that management's consideration of carrying values, including useful lives and residual values is appropriate for the purposes of the impairment assessment. As a result of the audit work performed, we are satisfied that the carrying value of the rental fleet is not materially misstated.

REVENUE RECOGNITION – MANUAL TOP-SIDE INTERVENTION

Key audit matter description	As disclosed in the Group's accounting policy note on revenue (Note 2), the Group has three main sources of revenue: – rental revenue, including loss damage waiver, environmental fees and revenue from rental equipment delivery and collection; – revenue from the sale of new equipment, merchandise and consumables; and – revenue from the sale of used rental equipment. Given the high-volume and low-value nature of transactions in the Group's revenue balance, we identified a risk of misstatement arising from management intervention, whether due to fraud or error, through top-side manual journals to revenue.
How the scope of our audit responded to the key audit matter	In responding to the identified key audit matter, we completed the following audit procedures: – obtained an understanding of the relevant controls over the revenue cycle throughout the Group, with a particular focus on those controls relating to manual journal entries; – at Sunbelt US, the most significant component representing 82% of the Group's revenue, performed a detailed assessment by store, analysing revenue trends to identify any outliers and instances of potential management intervention; and – identified a sub-population from manual top-side adjustments impacting the revenue balance, exhibiting characteristics of audit interest. We then performed testing on a sample basis of entries from this sub-population, agreeing adjustments to supporting documentation in order to assess the accuracy and appropriateness of the journal postings.
Key observations	Based on the procedures performed, we did not identify any material exceptions or evidence of management bias or manipulation of the revenue account and are satisfied that the amounts recorded are in line with the Group's accounting policies.

Our application of materiality

Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	GROUP FINANCIAL STATEMENTS	COMPANY FINANCIAL STATEMENTS
Materiality	£48.1m (2020: £48.5m)	£10.9m (2020: £10.1m)
Basis for determining materiality	In determining our materiality, we took a three-year average profit before tax and applied a benchmark of 5% to arrive at materiality. This approach is consistent with the approach adopted in the prior year.	3% of the Company's net assets, capped at 50% of Group materiality.
Rationale for the benchmark applied	Profit before tax has been used as it is the primary measure of performance used by the Group. We have used average reported profit before tax over the past three years to reflect the cyclical nature of the industry in which the Group operates.	As the Company is a holding company, we consider net assets to be the most appropriate benchmark due to the entity being the shareholder of multiple trading entities. We have applied a cap of 50% of the Group materiality to the benchmark.

Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	GROUP FINANCIAL STATEMENTS	COMPANY FINANCIAL STATEMENTS
Performance materiality	70% (2020: 70%) of Group materiality	70% (2020: 70%) of Company materiality
Basis and rationale for determining performance materiality	In determining performance materiality, we considered the following factors: – our cumulative knowledge of the Group, including the nature, quantum and volume of corrected and uncorrected misstatements in prior periods; and – our risk assessment, including our assessment of the Group's overall control environment and that we consider it appropriate to rely on controls over a number of business processes in Sunbelt US.	

Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £2m (2020: £2m), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also reported to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

Identification and scoping of components

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including group-wide controls, and assessing the risks of material misstatement at the Group level. Audit work to respond to the risks of material misstatement consisted of a combination of work performed by separate component teams in the UK and US as well as the Group audit team in the UK.

The Group comprises four (2020: four) principal components: the Head Office in the UK; Sunbelt UK; Sunbelt US; and Sunbelt Canada. The Group audit team performed a full scope audit of the Head Office component; local component audit teams performed full-scope audits for both Sunbelt UK and Sunbelt US and review procedures over the financial information for Sunbelt Canada, consistent with the prior year approach.

The three components for which we performed full audit procedures represent 94% (2020: 95%) of the Group's revenue, 96% (2020: 98%) of the Group's operating profit, and 91% (2020: 97%) of the Group's net assets. They were also selected to provide an appropriate basis for undertaking audit work to address the risks of material misstatements identified above. Our audit work at the three locations was executed at levels of materiality applicable to each individual location, which were lower than Group materiality and ranged from £16.1m to £43.3m.

The Sunbelt US component team also performed a review of the financial information of the operations in Sunbelt Canada to component materiality, which represents 6% (2020: 5%) of the Group's revenue, 4% (2020: 2%) of the Group's operating profit and 8% (2020: 3%) of the Group's net assets.

Our consideration of the control environment

In line with our scoping of components, our work in relation to the Group's control environment focused on Sunbelt US as the Group's largest component and we evaluated both the business cycle controls and General IT controls ('GITCs').

In order to evaluate business cycle controls, we performed walkthrough procedures over key cycles, including the key risk areas of revenue and property, plant and equipment (rental fleet), to understand whether the control was effectively designed to address the related risk. We then performed testing of the controls across the audit period on a rotational basis, to determine whether the controls had operated effectively as designed.

In relation to GITCs, we performed an independent risk assessment of the systems, applications and tools used to support business processes and reporting to determine those which are of greatest relevance to the Group's financial reporting. We performed testing of GITCs of these systems, covering controls surrounding user access management, change management and interfaces with other systems relating to in-scope IT systems as well as controls over key reports generated from the IT systems and their supporting infrastructure (database and operating system).

Our procedures enabled us, as planned, to place reliance on business cycle controls and GITCs within Sunbelt US. We relied on these controls in our audit testing across expenditure (including payroll), fixed assets, revenue, treasury, customer rebates and journal entries.

Working with other auditors

Throughout the year, members of the Group audit team, including the lead audit partner, held group-wide, and individual planning and close meetings that covered all components. We also reviewed the audit work papers supporting the component teams' reporting to us remotely using shared desktop technology. Whilst we were unable to visit components during the year due to the travel restrictions imposed by governments in response to the COVID-19 pandemic, we performed alternative procedures in order to supervise and direct the component auditors' work.

In response to the outbreak of COVID-19 and the changes in working practices which came into effect at the end of March 2020, we performed additional procedures on a number of controls within the business processes over which we take controls reliance to determine whether individual controls had been affected by working practice changes.

Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Annual Report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the Group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management, internal audit, internal legal counsel and the Audit Committee about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the Group's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations; and
- the matters discussed among the audit engagement team, including significant component audit teams and relevant internal specialists, including tax, valuations, pensions, IT and forensic accounting specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in revenue recognition. In common with all audits under ISA (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks in which the Group operates, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, the Listing Rules, the UK Corporate Governance Code, pensions legislation and UK and overseas tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty.

Audit response to risks identified

As a result of performing the above, we identified revenue recognition as a key audit matter related to the potential risk of fraud. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the Group's Performance Standards function (which is responsible for assessing profit centre compliance with operating policies), the Audit Committee and in-house legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with tax authorities;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements applied in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and significant component audit teams and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and the Company and their environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic report or the Directors' report.

Corporate governance statement
The Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate governance statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- the Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 117;
- the directors' explanation as to its assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on page 39;
- the Directors' statement on fair, balanced and understandable set out on page 92;
- the Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 34 and 35;
- the section of the Annual Report that describes the review of effectiveness of risk management and internal control systems set out on pages 87 and 88; and
- the section describing the work of the Audit Committee set out on pages 89 to 93.

Matters on which we are required to report by exception

Adequacy of explanations received and accounting records
Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

Directors' remuneration
Under the Companies Act 2006 we are also required to report if, in our opinion, certain disclosures of directors' remuneration have not been made or the part of the Directors' remuneration report to be audited is not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

Other matters which we are required to address

Auditor tenure
Following the recommendation of the Audit Committee, we were appointed by Board of directors in 2004 to audit the financial statements for the year ended 30 April 2004 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 18 years, covering the years ended April 2004 to April 2021.

Consistency of the Audit report with the additional report to the Audit Committee
Our audit opinion is consistent with the additional report to the Audit Committee we are required to provide in accordance with ISA (UK).

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body for our audit work, for this report, or for the opinions we have formed.

William Smith

WILLIAM SMITH
(Senior statutory auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
London, UK
14 June 2021

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated income statement

for the year ended 30 April 2021

	Notes	2021 Before amortisation £m	2021 Amortisation £m	2021 Total £m	2020 Before exceptional items and amortisation £m	2020 Exceptional items and amortisation £m	2020 Total £m
Revenue							
Rental revenue		**4,472.6**	**–**	**4,472.6**	4,606.5	–	4,606.5
Sale of new equipment, merchandise and consumables		**263.5**	**–**	**263.5**	184.0	–	184.0
Sale of used rental equipment		**295.0**	**–**	**295.0**	263.1	–	263.1
		5,031.1	**–**	**5,031.1**	5,053.6	–	5,053.6
Operating costs							
Staff costs	4	**(1,137.9)**	**–**	**(1,137.9)**	(1,172.3)	–	(1,172.3)
Used rental equipment sold	4	**(276.2)**	**–**	**(276.2)**	(229.9)	–	(229.9)
Other operating costs	4	**(1,315.6)**	**–**	**(1,315.6)**	(1,275.6)	–	(1,275.6)
		(2,729.7)	**–**	**(2,729.7)**	(2,677.8)	–	(2,677.8)
EBITDA*		**2,301.4**	**–**	**2,301.4**	2,375.8	–	2,375.8
Depreciation	4	**(1,104.6)**	**–**	**(1,104.6)**	(1,090.5)	–	(1,090.5)
Amortisation of intangibles	4, 5	**–**	**(61.5)**	**(61.5)**	–	(61.7)	(61.7)
Operating profit	3, 4	**1,196.8**	**(61.5)**	**1,135.3**	1,285.3	(61.7)	1,223.6
Interest expense	5, 6	**(199.3)**	**–**	**(199.3)**	(224.5)	(16.3)	(240.8)
Profit on ordinary activities before taxation		**997.5**	**(61.5)**	**936.0**	1,060.8	(78.0)	982.8
Taxation	7, 21	**(253.8)**	**15.2**	**(238.6)**	(262.3)	19.2	(243.1)
Profit attributable to equity holders of the Company		**743.7**	**(46.3)**	**697.4**	798.5	(58.8)	739.7
Basic earnings per share	8	**166.0p**	**(10.3p)**	**155.7p**	175.0p	(12.9p)	162.1p
Diluted earnings per share	8	**165.5p**	**(10.3p)**	**155.2p**	174.3p	(12.8p)	161.5p

* EBITDA is presented here as an alternative performance measure as it is commonly used by investors and lenders. Further details are provided in the Glossary of terms on page 169.

All revenue and profit for the year is generated from continuing operations.

Consolidated statement of comprehensive income

for the year ended 30 April 2021

	Note	2021 £m	2020 £m
Profit attributable to equity holders of the Company for the financial year		**697.4**	739.7
Items that will not be reclassified to profit or loss:			
Remeasurement of the defined benefit pension plan	24	**13.9**	(10.8)
Tax on defined benefit pension plan		**(2.7)**	2.1
		11.2	(8.7)
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences		**(228.6)**	71.0
Total comprehensive income for the year		**480.0**	802.0

Consolidated balance sheet
at 30 April 2021

	Notes	2021 £m	2020 £m
Current assets			
Inventories	10	**73.8**	83.3
Trade and other receivables	11	**782.7**	821.6
Current tax asset		**13.3**	32.8
Cash and cash equivalents	12	**19.2**	241.4
		889.0	1,179.1
Non-current assets			
Property, plant and equipment			
– rental equipment	13	**4,990.2**	5,890.1
– other assets	13	**626.3**	708.7
		5,616.5	6,598.8
Right-of-use asset	14	**1,116.6**	1,088.3
Goodwill	15	**1,297.3**	1,340.3
Other intangible assets	15	**279.8**	326.1
Other non-current assets	16	**69.0**	–
Net defined benefit pension plan asset	24	**4.5**	–
		8,383.7	9,353.5
Total assets		**9,272.7**	10,532.6
Current liabilities			
Trade and other payables	17	**591.9**	574.7
Current tax liability		**4.1**	2.3
Lease liabilities	18	**121.9**	106.0
Provisions	20	**39.0**	53.7
		756.9	736.7
Non-current liabilities			
Lease liabilities	18	**1,057.8**	1,006.2
Long-term borrowings	19	**3,029.3**	4,492.2
Provisions	20	**44.0**	38.9
Deferred tax liabilities	21	**1,093.7**	1,274.3
Other non-current liabilities		**22.3**	–
Net defined benefit pension plan liability	24	**–**	12.1
		5,247.1	6,823.7
Total liabilities		**6,004.0**	7,560.4
Equity			
Share capital	22	**45.1**	45.4
Share premium account		**3.6**	3.6
Capital redemption reserve		**11.1**	10.8
Own shares held by the Company	22	**(51.2)**	(115.9)
Own shares held through the ESOT	22	**(28.8)**	(27.7)
Cumulative foreign exchange translation differences		**77.1**	305.7
Retained reserves		**3,211.8**	2,750.3
Equity attributable to equity holders of the Company		**3,268.7**	2,972.2
Total liabilities and equity		**9,272.7**	10,532.6

These financial statements were approved by the Board on 14 June 2021.

BRENDAN HORGAN
Chief executive

MICHAEL PRATT
Chief financial officer

Consolidated statement of changes in equity

for the year ended 30 April 2021

	Share capital £m	Share premium account £m	Capital redemption reserve £m	Own shares held by the Company £m	Own shares held through the ESOT £m	Cumulative foreign exchange translation differences £m	Retained reserves £m	Total £m
At 1 May 2019	49.9	3.6	6.3	(622.6)	(24.6)	234.7	3,153.2	2,800.5
Effect of adoption of IFRS 16	–	–	–	–	–	–	8.1	8.1
At 1 May 2019 (restated)	49.9	3.6	6.3	(622.6)	(24.6)	234.7	3,161.3	2,808.6
Profit for the year	–	–	–	–	–	–	739.7	739.7
Other comprehensive income:								
Foreign currency translation differences	–	–	–	–	–	71.0	–	71.0
Remeasurement of the defined benefit pension plan	–	–	–	–	–	–	(10.8)	(10.8)
Tax on defined benefit pension plan	–	–	–	–	–	–	2.1	2.1
Total comprehensive income for the year	–	–	–	–	–	71.0	731.0	802.0
Dividends paid	–	–	–	–	–	–	(186.7)	(186.7)
Own shares purchased by the ESOT	–	–	–	–	(17.6)	–	–	(17.6)
Own shares purchased by the Company	–	–	–	(444.6)	–	–	–	(444.6)
Share-based payments	–	–	–	–	14.5	–	(6.1)	8.4
Tax on share-based payments	–	–	–	–	–	–	2.1	2.1
Cancellation of shares	(4.5)	–	4.5	951.3	–	–	(951.3)	–
At 30 April 2020	45.4	3.6	10.8	(115.9)	(27.7)	305.7	2,750.3	2,972.2
Profit for the year	–	–	–	–	–	–	697.4	697.4
Other comprehensive income:								
Foreign currency translation differences	–	–	–	–	–	(228.6)	–	(228.6)
Remeasurement of the defined benefit pension plan	–	–	–	–	–	–	13.9	13.9
Tax on defined benefit pension plan	–	–	–	–	–	–	(2.7)	(2.7)
Total comprehensive income for the year	–	–	–	–	–	(228.6)	708.6	480.0
Dividends paid	–	–	–	–	–	–	(182.1)	(182.1)
Own shares purchased by the ESOT	–	–	–	–	(12.5)	–	–	(12.5)
Share-based payments	–	–	–	–	11.4	–	(4.2)	7.2
Tax on share-based payments	–	–	–	–	–	–	3.9	3.9
Cancellation of shares	(0.3)	–	0.3	64.7	–	–	(64.7)	–
At 30 April 2021	**45.1**	**3.6**	**11.1**	**(51.2)**	**(28.8)**	**77.1**	**3,211.8**	**3,268.7**

Consolidated cash flow statement

for the year ended 30 April 2021

	Notes	2021 £m	2020 £m
Cash flows from operating activities			
Cash generated from operations before exceptional items and changes in rental equipment	26(a)	**2,287.1**	2,430.4
Payments for rental property, plant and equipment		**(619.1)**	(1,366.2)
Proceeds from disposal of rental property, plant and equipment		**291.6**	246.6
Cash generated from operations		**1,959.6**	1,310.8
Financing costs paid (net)		**(193.1)**	(196.9)
Exceptional financing costs paid		**–**	(12.4)
Tax paid (net)		**(293.8)**	(113.2)
Net cash generated from operating activities		**1,472.7**	988.3
Cash flows from investing activities			
Acquisition of businesses	26(b)	**(142.5)**	(453.1)
Payments for non-rental property, plant and equipment		**(104.8)**	(208.2)
Proceeds from disposal of non-rental property, plant and equipment		**13.8**	12.0
Net cash used in investing activities		**(233.5)**	(649.3)
Cash flows from financing activities			
Drawdown of loans		**495.6**	2,318.5
Redemption of loans		**(1,698.5)**	(1,712.4)
Repayment of principal under lease liabilities		**(56.0)**	(64.3)
Dividends paid		**(182.1)**	(186.7)
Purchase of own shares by the ESOT		**(12.5)**	(17.6)
Purchase of own shares by the Company		**–**	(448.6)
Net cash used in financing activities		**(1,453.5)**	(111.1)
(Decrease)/increase in cash and cash equivalents		**(214.3)**	227.9
Opening cash and cash equivalents		**241.4**	12.8
Effect of exchange rate difference		**(7.9)**	0.7
Closing cash and cash equivalents		**19.2**	241.4

	Note	2021 £m	2020 £m
Reconciliation of net cash flows to net debt			
Decrease/(increase) in cash in the period		**214.3**	(227.9)
(Decrease)/increase in debt through cash flow		**(1,258.9)**	541.8
Change in net debt from cash flows		**(1,044.6)**	313.9
Exchange differences		**(343.2)**	133.0
Debt acquired		**18.2**	89.5
Non-cash movements:			
– deferred costs of debt raising		**8.3**	10.1
– new lease liabilities		**188.1**	188.8
(Decrease)/increase in net debt in the period		**(1,173.2)**	735.3
Net debt at 1 May (as previously stated)		**5,363.0**	3,744.9
Effect of adoption of IFRS 16		**–**	882.8
Net debt at 1 May (2020 restated)		**5,363.0**	4,627.7
Net debt at 30 April	26(c)	**4,189.8**	5,363.0

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Ashtead Group plc ('the Company') is a company incorporated and domiciled in England and Wales and listed on the London Stock Exchange. The consolidated financial statements are presented in pounds sterling, the functional currency of the parent.

2 ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years presented, unless otherwise stated.

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. Accordingly, the Group complies with relevant IFRS as adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union. The financial statements have been prepared under the historical cost convention, modified for certain items carried at fair value, as stated in the accounting policies.

The consolidated financial statements have been prepared on the going concern basis. The Group's internal budgets and forecasts of future performance, available financing facilities and facility headroom (see Note 19), provide a reasonable expectation that the Group has adequate resources to continue in operation for the foreseeable future and consequently the going concern basis continues to be appropriate in preparing the consolidated financial statements.

Key judgements and estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses during the reporting period.

In the course of preparing the financial statements, no judgements have been made in the process of applying the Group's accounting policies, other than those involving estimations, that have had a significant effect on the amounts recognised within the financial statements.

The estimates and associated assumptions which have been used are based on historical experience and other factors that are considered to be relevant. While actual results could differ from these estimates, the Group has not identified any assumptions, or other key sources of estimation uncertainty in the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Changes in accounting policies and disclosures

New and amended standards adopted by the Group

There are no new IFRS or IFRIC Interpretations that are effective for the first time this financial year which have a material impact on the Group.

New standards, amendments and interpretations issued but not effective for the financial year beginning 1 May 2020 and not adopted early

There are no other IFRS or IFRIC Interpretations that are not yet effective that would be expected to have a material impact on the Group.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 30 April each year. Control is achieved when the Company has the power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee, and has the ability to use its power to affect its returns. The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is the fair value at the acquisition date of the assets transferred and the liabilities incurred by the Group and includes the fair value of any contingent consideration arrangement. Acquisition-related costs are recognised in the income statement as incurred.

Contingent consideration is measured at the acquisition date at fair value and included in provisions in the balance sheet. Changes in the fair value of contingent consideration due to events post the date of acquisition are recognised in the income statement.

2 ACCOUNTING POLICIES (CONTINUED)

Foreign currency translation

Our reporting currency is the pound sterling, the functional currency of the parent company. However, the majority of our assets, liabilities, revenue and costs are denominated in US dollars. Assets and liabilities in foreign currencies are translated into pounds sterling at rates of exchange ruling at the balance sheet date. Income statements and cash flows of overseas subsidiary undertakings are translated into pounds sterling at average rates of exchange for the year. The exchange rates used in respect of the US dollar ($) and Canadian dollar (C$) are:

	US dollar		Canadian dollar	
	2021	2020	**2021**	2020
Average for year	**1.32**	1.27	**1.73**	1.69
Year end	**1.38**	1.26	**1.70**	1.75

Exchange differences arising from the retranslation of the opening net investment of overseas subsidiaries and the difference between the inclusion of their profits at average rates of exchange in the Group income statement and the closing rate used for the balance sheet are recognised directly in a separate component of equity. Other exchange differences are dealt with in the income statement.

Revenue

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties and VAT/sales tax. Our revenue is a function of our rental rates and the size, utilisation and mix of our equipment rental fleet. The Group has three main sources of revenue as detailed below:

- rental revenue, including loss damage waiver, environmental fees and revenue from rental equipment delivery and collection;
- revenue from the sale of new equipment, merchandise and consumables; and
- revenue from the sale of used rental equipment.

Rental revenue, including loss damage waiver and environmental fees, is recognised on a straight-line basis over the period of the rental contract. In general, rental contracts have no fixed duration and are cancellable at any time, with a typical rental period of around three weeks. However, as a rental contract can extend across financial reporting period ends, the Group records accrued revenue (unbilled rental revenue) and deferred revenue at the beginning and end of each reporting period so that rental revenue is appropriately stated in the financial statements. Revenue from rental delivery and collection is recognised when the delivery or collection has occurred and the performance obligation therefore fulfilled.

Revenue from the sale of new rental equipment, merchandise and consumables, together with revenue from the sale of used rental equipment, is recognised at the time of delivery to, or collection by, the customer and when all performance obligations under the sale contract have been fulfilled.

Revenue from the sale of rental equipment in connection with trade-in arrangements with certain manufacturers from whom the Group purchases new equipment is accounted for at the lower of transaction value or fair value based on independent appraisals. If the trade-in price of a unit of equipment exceeds the fair market value of that unit, the excess is accounted for as a reduction of the cost of the related purchase of new rental equipment.

Of the Group's rental revenue, £3,817m (2020: £3,938m) is accounted for in accordance with IFRS 16, 'Leases', while revenue from other ancillary services, each of which is billed separately, revenue from the sale of new equipment, merchandise and consumables and revenue from the sale of used equipment totalling £1,214m (2020: £1,116m) is accounted for in accordance with IFRS 15, Revenue from Contracts with Customers.

Investment income and interest expense

Investment income comprises interest receivable on funds invested and net interest on net defined benefit pension plan assets.

Interest expense comprises interest payable on borrowings, amortisation of deferred debt raising costs, the unwind of the discount on the self-insurance and contingent consideration provisions and the net interest on net defined benefit pension plan liabilities.

Exceptional items

Exceptional items are those items that are material and non-recurring in nature that the Group believes should be disclosed separately to assist in the understanding of the financial performance of the Group.

Earnings per share

Earnings per share is calculated based on the profit for the financial year and the weighted average number of ordinary shares in issue during the year. For this purpose the number of ordinary shares in issue excludes shares held by the Company or by the Employee Share Ownership Trust ('ESOT') in respect of which dividends have been waived. Diluted earnings per share is calculated using the profit for the financial year and the weighted average diluted number of shares (ignoring any potential issue of ordinary shares which would be anti-dilutive) during the year.

Adjusted earnings per share comprises basic earnings per share adjusted to exclude earnings relating to exceptional items and amortisation of intangibles.

Current/non-current distinction

Current assets include assets held primarily for trading purposes, cash and cash equivalents and assets expected to be realised in, or intended for sale or consumption in, the course of the Group's operating cycle and those assets receivable within one year from the reporting date. All other assets are classified as non-current assets.

Current liabilities include liabilities held primarily for trading purposes, liabilities expected to be settled in the course of the Group's operating cycle and those liabilities due within one year from the reporting date. All other liabilities are classified as non-current liabilities.

Property, plant and equipment

Property, plant and equipment is stated at cost (including transportation costs from the manufacturer to the initial rental location) less accumulated depreciation and any provisions for impairment. In respect of certain assets, cost includes rebuild costs when the rebuild extends the asset's useful economic life and it is probable that incremental economic benefits will accrue to the Group. Rebuild costs include the cost of transporting the equipment to and from the rebuild supplier. Depreciation is not charged while the asset is not in use during the rebuild period.

Depreciation

Fixed assets are depreciated on a straight-line basis applied to the opening cost to write down each asset to its residual value over its useful economic life. Estimates of useful life and residual value are determined with the objective of allocating most appropriately the cost of property, plant and equipment to our income statement, over the period we anticipate it will be used in our business. Residual values and estimated useful economic lives are reassessed annually, recognising the cyclical nature of the business, by making reference to recent experience of the Group. The depreciation rates in use are as follows:

	Per annum
Freehold property	2%
Motor vehicles	7% to 25%
Rental equipment	4% to 33%
Office and workshop equipment	20%

Residual values are estimated at 10-15% of cost in respect of most types of rental equipment, although the range of residual values used varies between zero and 35%.

Repairs and maintenance

Costs incurred in the repair and maintenance of rental and other equipment are charged to the income statement as incurred.

Intangible assets

Goodwill

Goodwill represents the difference between the fair value of the consideration for an acquisition and the fair value of the net identifiable assets acquired, including any intangible assets other than goodwill.

Goodwill is stated at cost less any accumulated impairment losses and is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination.

The profit or loss on the disposal of a previously acquired business includes the attributable amount of any purchased goodwill relating to that business.

Other intangible assets

Other intangible assets acquired as part of a business combination are capitalised at fair value as at the date of acquisition. Internally generated intangible assets are not capitalised. Amortisation is charged on a straight-line basis over the expected useful life of each asset. Contract related intangible assets are amortised over the life of the contract. Amortisation rates for other intangible assets are as follows:

	Per annum
Brand names	7% to 15%
Customer lists	10% to 20%
Contract related	14% to 50%

Impairment of assets

Goodwill is not amortised but is tested annually for impairment as at 30 April each year. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the income statement for the amount by which the asset's carrying amount exceeds its recoverable amount. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable and independent cash flows for the asset being tested for impairment (cash-generating unit).

The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In respect of assets other than goodwill, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Impairment losses in respect of goodwill are not reversed.

Taxation

The tax charge for the period comprises both current and deferred tax. Taxation is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case the related tax is also recognised in equity.

Current tax is the expected tax payable on the taxable income for the year and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method on any temporary differences between the carrying amounts for financial reporting purposes and those for taxation purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from the initial recognition of goodwill.

2 ACCOUNTING POLICIES (CONTINUED)

Deferred tax liabilities are not recognised for temporary differences arising on investments in subsidiaries where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Inventories

Inventories, which comprise equipment, fuel, merchandise and spare parts, are valued at the lower of cost and net realisable value. The cost of inventory that is not ordinarily interchangeable is valued at individual cost. The cost of other inventories is determined on a first-in, first-out basis or using a weighted average cost formula, depending on the basis most suited to the type of inventory held.

Employee benefits

Defined contribution pension plans

Obligations under the Group's defined contribution plans are recognised as an expense in the income statement as incurred.

Defined benefit pension plans

The Group's obligation in respect of defined benefit pension plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value and the fair value of plan assets is deducted. The discount rate used is the yield at the balance sheet date on AA-rated corporate bonds. The calculation is performed by a qualified actuary using the projected unit credit method.

Actuarial gains and losses are recognised in full in the period in which they arise through the statement of comprehensive income. The increase in the present value of plan liabilities arising from employee service during the period is charged to operating profit.

Net interest is calculated by applying a discount rate to the net defined benefit pension plan asset or liability. The net interest income or net interest expense is included in investment income or interest expense, respectively.

The defined pension surplus or deficit represents the fair value of the plan assets less the present value of the defined benefit obligation. A surplus is recognised in the balance sheet to the extent that the Group has an unconditional right to the surplus, either through a refund or reduction in future contributions. A deficit is recognised in full.

Share-based compensation

The fair value of awards made under share-based compensation plans is measured at grant date and spread over the vesting period through the income statement with a corresponding increase in equity. The fair value of share options and awards is measured using an appropriate valuation model taking into account the terms and conditions of the individual award. The amount recognised as an expense is adjusted to reflect the actual awards vesting except where any change in the awards vesting relates only to market-based criteria not being achieved.

Insurance

Insurance costs include insurance premiums which are written off to the income statement over the period to which they relate and an estimate of the discounted liability for uninsured retained risks on unpaid claims incurred up to the balance sheet date. The estimate includes events incurred but not reported at the balance sheet date. This estimate is discounted and included in provisions in the balance sheet on a gross basis with a corresponding insurance receivable amount recognised as an asset where it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Financial instruments

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial assets

Trade receivables

Trade receivables do not carry interest and are initially stated at their transaction value and measured subsequently at amortised cost using the effective interest method as reduced by appropriate loss allowances for estimated irrecoverable amounts. The loss allowances are calculated using an expected credit loss model, based on historical write-off experience and taking account of market conditions and customer knowledge. Adjustments to the loss allowances are recognised in the income statement. Trade receivables are written off when recoverability is assessed as being remote while subsequent recoveries of amounts previously written off are credited to the income statement.

Cash and cash equivalents

Cash and cash equivalents comprises cash balances and call deposits with maturity of less than, or equal to, three months.

Financial liabilities and equity

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Trade payables

Trade payables are not interest bearing and are stated at fair value and subsequently measured at amortised cost using the effective interest rate method.

Borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct transaction costs where these are integral to the total cost of the borrowing. Where this is not the case, direct transaction costs are recognised separately from the financial liability as a loan commitment asset. Finance charges, including amortisation of direct transaction costs, are charged to the income statement using the effective interest rate method.

Tranches of borrowings and overdrafts which mature on a regular basis are classified as current or non-current liabilities based on the maturity of the facility so long as the committed facility exceeds the drawn debt.

Net debt
Net debt consists of total borrowings and lease liabilities less cash and cash equivalents. Borrowings exclude accrued interest. Foreign currency denominated balances are retranslated to pounds sterling at rates of exchange ruling at the balance sheet date.

Senior notes
The Group's senior notes contain early repayment options, which constitute embedded derivatives in accordance with IFRS 9, Financial Instruments. The accounting for these early repayment options depends on whether they are considered to be closely related to the host contract or not based on IFRS 9. Where they are closely related, the early repayment option is not accounted for separately and the notes are recorded within borrowings, net of direct transaction costs. The interest expense is calculated by applying the effective interest rate method.

In circumstances where the early repayment option is not considered closely related to the host contract, the repayment option has to be valued separately. At the date of issue the liability component of the notes is estimated using prevailing market interest rates for similar debt with no repayment option and is recorded within borrowings, net of direct transaction costs. The difference between the proceeds of the note issue and the fair value assigned to the liability component, representing the embedded option to prepay the notes is included within other financial assets – derivatives. The interest expense on the liability component is calculated by applying the effective interest rate method. The embedded option to prepay is fair valued using an appropriate valuation model and fair value remeasurement gains and losses are included in investment income and interest expense respectively.

Where the Group's senior notes are issued at a premium or a discount, they are initially recognised at their face value plus or minus the premium or discount. The notes are subsequently measured at amortised cost using the effective interest rate method.

Leases
The Group assesses whether a contract is a lease, or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is measured initially at the present value of future lease payments at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate. Lease payments included in the measurement of the Group's lease liability comprise:

– fixed lease payments, less any lease incentives received; and
– variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

– the lease term changes, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
– the lease payments change due to changes in an index or rate, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or
– a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right-of-use asset comprises the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of the lease term and the useful life of the underlying asset with depreciation commencing at the commencement date of the lease.

Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line 'other operating costs' in the income statement.

For short-term leases (lease terms of 12 months or less) and leases of low-value assets (such as photocopiers, vending machines, etc.), the Group has opted to recognise a lease expense on a straight-line basis. This expense is presented within other operating costs in the consolidated income statement.

Provisions
Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the effect is material.

Employee Share Ownership Trust
Shares in the Company acquired by the ESOT in the open market for use in connection with employee share plans are presented as a deduction from shareholders' funds. When the shares vest to satisfy share-based payments, a transfer is made from own shares held through the ESOT to retained earnings.

Own shares held by the Company
The cost of own shares held by the Company is deducted from shareholders' funds. The proceeds from the reissue of own shares are added to shareholders' funds with any gains in excess of the average cost of the shares being recognised in the share premium account.

3 SEGMENTAL ANALYSIS

Segmental analysis by reportable operating segment

The Group operates one class of business: rental of equipment. Operationally, the Group is split into three business units, Sunbelt US, Sunbelt UK and Sunbelt Canada which report separately to, and are managed by, the chief executive and align with the geographies in which they operate, being the US, the United Kingdom and Canada, respectively. Accordingly, the Group's reportable operating segments are the US, UK and Canada.

The Group manages debt and taxation centrally, rather than by business unit. Accordingly, segmental results are stated before interest and taxation which are reported as central Group items. This is consistent with the way the chief executive reviews the business.

There are no sales between the business segments. Segment assets include property, plant and equipment, goodwill, intangibles, inventory and receivables. Segment liabilities comprise operating liabilities and exclude taxation balances, corporate borrowings and accrued interest. Capital expenditure represents additions to property, plant and equipment and intangible assets, including goodwill, and includes additions through the acquisition of businesses.

Year ended 30 April 2021	US £m	UK £m	Canada £m	Corporate items £m	Group £m
Revenue					
Rental revenue	3,738.3	481.4	252.9	–	4,472.6
Sale of new equipment, merchandise and consumables	115.4	124.9	23.2	–	263.5
Sale of used rental equipment	252.0	28.8	14.2	–	295.0
	4,105.7	635.1	290.3	–	5,031.1
EBITDA	1,996.6	192.8	126.8	(14.8)	2,301.4
Depreciation	(901.8)	(131.9)	(70.1)	(0.8)	(1,104.6)
Segment result	1,094.8	60.9	56.7	(15.6)	1,196.8
Amortisation					(61.5)
Interest expense					(199.3)
Profit before taxation					936.0
Taxation					(238.6)
Profit attributable to equity shareholders					697.4
Segment assets	7,500.4	873.0	824.1	42.7	9,240.2
Cash					19.2
Taxation assets					13.3
Total assets					9,272.7
Segment liabilities	1,428.8	186.5	217.3	12.2	1,844.8
Corporate borrowings and accrued interest					3,061.4
Taxation liabilities					1,097.8
Total liabilities					6,004.0
Other non-cash expenditure – share-based payments	4.6	0.6	0.3	1.7	7.2
Capital expenditure	638.6	148.9	55.7	–	843.2

Year ended 30 April 2020	US £m	UK £m	Canada £m	Corporate items £m	Group £m
Revenue					
Rental revenue	3,985.2	407.8	213.5	–	4,606.5
Sale of new equipment, merchandise and consumables	132.5	30.3	21.2	–	184.0
Sale of used rental equipment	218.0	31.1	14.0	–	263.1
	4,335.7	469.2	248.7	–	5,053.6
EBITDA	2,149.0	148.6	92.8	(14.6)	2,375.8
Depreciation	(916.9)	(112.2)	(60.6)	(0.8)	(1,090.5)
Segment result	1,232.1	36.4	32.2	(15.4)	1,285.3
Amortisation					(61.7)
Interest expense					(224.5)
Exceptional items					(16.3)
Profit before taxation					982.8
Taxation					(243.1)
Profit attributable to equity shareholders					739.7
Segment assets	8,639.5	835.2	776.4	7.3	10,258.4
Cash					241.4
Taxation assets					32.8
Total assets					10,532.6
Segment liabilities	1,438.4	149.0	152.5	13.0	1,752.9
Corporate borrowings and accrued interest					4,530.9
Taxation liabilities					1,276.6
Total liabilities					7,560.4
Other non-cash expenditure – share-based payments	4.9	0.7	0.2	2.6	8.4
Capital expenditure	1,622.6	85.4	260.4	–	1,968.4

Segmental analysis by geography

The Group's operations are located in the United States, the United Kingdom and Canada. The following table provides an analysis of the Group's revenue, segment assets and capital expenditure, including expenditure on acquisitions, by country of domicile. Segment assets by geography include property, plant and equipment, goodwill, intangible assets, right-of-use assets and other non-current assets but exclude the net defined benefit pension plan asset, inventory and receivables.

	Revenue		Segment assets		Capital expenditure	
	2021 £m	2020 £m	**2021 £m**	2020 £m	**2021 £m**	2020 £m
United States	**4,105.7**	4,335.7	**6,852.5**	7,892.0	**638.6**	1,622.6
United Kingdom	**635.1**	469.2	**758.4**	730.9	**148.9**	85.4
Canada	**290.3**	248.7	**768.3**	730.6	**55.7**	260.4
	5,031.1	5,053.6	**8,379.2**	9,353.5	**843.2**	1,968.4

4 OPERATING COSTS AND OTHER INCOME

	2021			2020		
	Before amortisation £m	**Amortisation £m**	**Total £m**	Before amortisation £m	Amortisation £m	Total £m
Staff costs:						
Salaries	**1,038.2**	**–**	**1,038.2**	1,070.2	–	1,070.2
Social security costs	**79.2**	**–**	**79.2**	80.6	–	80.6
Other pension costs	**20.5**	**–**	**20.5**	21.5	–	21.5
	1,137.9	**–**	**1,137.9**	1,172.3	–	1,172.3
Used rental equipment sold	**276.2**	**–**	**276.2**	229.9	–	229.9
Other operating costs:						
Vehicle costs	**284.7**	**–**	**284.7**	293.1	–	293.1
Spares, consumables and external repairs	**283.7**	**–**	**283.7**	249.0	–	249.0
Facility costs	**51.4**	**–**	**51.4**	50.5	–	50.5
Other external charges	**695.8**	**–**	**695.8**	683.0	–	683.0
	1,315.6	**–**	**1,315.6**	1,275.6	–	1,275.6
Depreciation and amortisation:						
Depreciation of tangible assets	**1,000.3**	**–**	**1,000.3**	998.8	–	998.8
Depreciation of right-of-use assets	**104.3**	**–**	**104.3**	91.7	–	91.7
Amortisation of intangibles	**–**	**61.5**	**61.5**	–	61.7	61.7
	1,104.6	**61.5**	**1,166.1**	1,090.5	61.7	1,152.2
	3,834.3	**61.5**	**3,895.8**	3,768.3	61.7	3,830.0

Proceeds from the disposal of non-rental property, plant and equipment amounted to £14m (2020: £12m), resulting in a profit on disposal of £nil (2020: £1m) which is included in other external charges.

The costs shown in the above table include:

	2021 £m	2020 £m
Cost of inventories recognised as expense	**512.3**	412.8
Net (release)/charge of allowance on trade receivables	**(9.6)**	62.3

Staff costs include directors' remuneration. Directors' remuneration comprised:

	2021 £'000	2020 £'000
Salaries and short-term employee benefits	**3,540**	3,028
Post-employment benefits	**15**	15
National insurance and social security	**172**	141
Share-based payments	**1,855**	1,488
	5,582	4,672

Remuneration payable to the Company's auditor, Deloitte LLP, in the year is given below:

	2021 £'000	2020 £'000
Fees payable to Deloitte UK and its associates for the audit of the Group's annual accounts	**1,094**	942
Fees payable to Deloitte UK and its associates for other services to the Group:		
– the audit of the Group's UK subsidiaries pursuant to legislation	**20**	20
– audit-related assurance services	**76**	75
– other assurance services	**2**	132
	1,192	1,169

Fees paid for audit-related assurance services relate to the half-year review of the Group's interim financial statements. Other assurance services in the prior year relate to comfort letters provided in connection with the senior notes issued in November 2019.

5 EXCEPTIONAL ITEMS AND AMORTISATION

	2021 £m	2020 £m
Amortisation of intangibles	**61.5**	61.7
Write-off of deferred financing costs	**–**	3.9
Early redemption fee	**–**	11.2
Call period interest	**–**	1.2
Taxation	**(15.2)**	(19.2)
	46.3	58.8

In the prior year, the costs associated with the redemption of the $500m 5.625% senior notes in November 2019 were classified as exceptional items. The write-off of deferred financing costs consisted of the unamortised balance of the costs relating to the notes. In addition, an early redemption fee of £11m ($15m) was paid to redeem the notes prior to their scheduled maturity. The call period interest represents the interest charge on the $500m notes for the period from the issue of the new $1.2bn notes to the date the $500m notes were redeemed. Of these items, total cash costs were £12m.

The items detailed in the table above are presented in the income statement as follows:

	2021 £m	2020 £m
Amortisation of intangibles	**61.5**	61.7
Charged in arriving at operating profit	**61.5**	61.7
Interest expense	**–**	16.3
Charged in arriving at profit before taxation	**61.5**	78.0
Taxation	**(15.2)**	(19.2)
	46.3	58.8

6 INTEREST EXPENSE

	2021 £m	2020 £m
Bank interest payable	**36.2**	75.8
Interest payable on senior notes	**100.0**	95.8
Interest payable on lease liabilities	**53.6**	45.5
Net interest on the net defined benefit pension plan liability	**0.1**	–
Non-cash unwind of discount on provisions	**1.1**	1.2
Amortisation of deferred debt raising costs	**8.3**	6.2
Total interest expense	**199.3**	224.5
Interest expense before exceptional items	**199.3**	224.5
Exceptional items	**–**	16.3
Interest expense	**199.3**	240.8

7 TAXATION

The tax charge on the result for the year has been computed using a tax rate of 25% in the US (2020: 25%), 19% in the UK (2020: 19%) and 26% in Canada (2020: 27%). The blended rate for the Group as a whole is 25% (2020: 25%). The Group's future effective tax rate will depend on the mix of profits amongst the territories in which it operates and their respective tax rates.

	2021 £m	2020 £m
Analysis of the tax charge		
Current tax		
– current tax on income for the year	**309.0**	117.8
– adjustments to prior year	**6.8**	(34.5)
	315.8	83.3
Deferred tax		
– origination and reversal of temporary differences	**(75.1)**	131.4
– adjustments to prior year	**(2.1)**	28.4
	(77.2)	159.8
Total taxation charge	**238.6**	243.1
Comprising:		
– United Kingdom	**23.0**	18.8
– United States	**210.9**	226.9
– Canada	**4.7**	(2.6)
	238.6	243.1

The tax charge comprises a charge of £254m (2020: £262m) relating to tax on the profit before exceptional items and amortisation, together with a credit of £15m (2020: credit of £19m) on exceptional items and amortisation.

The differences between the tax charge for the year of 25% and the standard rate of corporation tax in the UK of 19% are explained below:

	2021 £m	2020 £m
Profit on ordinary activities before tax	**936.0**	982.8
Profit on ordinary activities multiplied by the rate of corporation tax in the UK of 19% (2020: 19%)	**177.8**	186.7
Effects of:		
Use of foreign tax rates on overseas income	**52.5**	57.9
Adjustments to prior years	**4.7**	(6.1)
Other	**3.6**	4.6
Total taxation charge	**238.6**	243.1

8 EARNINGS PER SHARE

	2021			2020		
	Earnings £m	**Weighted average no. of shares million**	**Per share amount pence**	Earnings £m	Weighted average no. of shares million	Per share amount pence
Basic earnings per share	**697.4**	**447.9**	**155.7**	739.7	456.4	162.1
Share options and share plan awards	**–**	**1.4**	**(0.5)**	–	1.6	(0.6)
Diluted earnings per share	**697.4**	**449.3**	**155.2**	739.7	458.0	161.5

Adjusted earnings per share may be reconciled to basic earnings per share as follows:

	2021 pence	2020 pence
Basic earnings per share	**155.7**	162.1
Amortisation of intangibles	**13.7**	13.5
Exceptional items	**–**	3.6
Tax on exceptional items and amortisation	**(3.4)**	(4.2)
Adjusted earnings per share	**166.0**	175.0

9 DIVIDENDS

	2021 £m	2020 £m
Final dividend paid on 11 September 2020 of 33.5p (2020: 33.5p) per 10p ordinary share	**150.1**	154.4
Interim dividend paid on 3 February 2021 of 7.15p (2020: 7.15p) per 10p ordinary share	**32.0**	32.3
	182.1	186.7

In addition, the directors are proposing a final dividend in respect of the year ended 30 April 2021 of 35.0p (2020: 33.5p) per share which will absorb £157m of shareholders' funds, based on the 447m shares qualifying for dividend on 14 June 2021. Subject to approval by shareholders, it will be paid on 21 September 2021 to shareholders who are on the register of members on 20 August 2021.

10 INVENTORIES

	2021 £m	2020 £m
Raw materials, consumables and spares	**33.3**	29.4
Goods for resale	**40.5**	53.9
	73.8	83.3

11 TRADE AND OTHER RECEIVABLES

	2021 £m	2020 £m
Trade receivables	**723.7**	775.8
Less: loss allowance	**(53.3)**	(99.5)
	670.4	676.3
Other receivables		
– Accrued revenue	**56.1**	49.3
– Other	**56.2**	96.0
	782.7	821.6

The fair values of trade and other receivables are not materially different to the carrying values presented.

a) Trade receivables: credit risk

The Group's exposure to the credit risk inherent in its trade receivables and the associated risk management techniques that the Group deploys in order to mitigate this risk are discussed in Note 25. The credit periods offered to customers vary according to the credit risk profiles of, and the invoicing conventions established in, the Group's markets. The contractual terms on invoices issued to customers vary between North America and the UK in that, invoices issued by Sunbelt UK are payable within 30-60 days, whereas invoices issued by Sunbelt US and Sunbelt Canada are payable on receipt. Therefore, on this basis, a significant proportion of the Group's trade receivables are contractually past due. The loss allowance is calculated based on prior experience reflecting the level of uncollected receivables over the last year within each business adjusted for factors that are specific to the receivables, the industry in which we operate and the economic environment. Accordingly, the loss allowance cannot be attributed to specific receivables so the aged analysis of trade receivables, including those past due, is shown gross of the loss allowance.

On this basis, the ageing analysis of trade receivables, including those past due, is as follows:

		Trade receivables past due by:				
	Current £m	Less than 30 days £m	30 – 60 days £m	60 – 90 days £m	More than 90 days £m	Total £m
Carrying value at 30 April 2021	93.0	352.6	163.0	49.0	66.1	723.7
Carrying value at 30 April 2020	48.9	314.5	191.6	81.1	139.7	775.8

In practice, Sunbelt US and Sunbelt Canada operate on 30-day terms and consider receivables past due if they are unpaid after 30 days. On this basis, the Group's ageing of trade receivables, including those past due, is as follows:

		Trade receivables past due by:				
	Current £m	Less than 30 days £m	30 – 60 days £m	60 – 90 days £m	More than 90 days £m	Total £m
Carrying value at 30 April 2021	415.4	184.4	55.8	21.9	46.2	723.7
Carrying value at 30 April 2020	338.3	208.9	84.4	59.3	84.9	775.8

b) Movement in the loss allowance

	2021 £m	2020 £m
At 1 May	**99.5**	53.4
Amounts written off or recovered during the year	**(31.1)**	(17.8)
(Decrease)/increase in allowance recognised in income statement	**(9.6)**	62.3
Currency movements	**(5.5)**	1.6
At 30 April	**53.3**	99.5

12 CASH AND CASH EQUIVALENTS

	2021 £m	2020 £m
Cash and cash equivalents	**19.2**	241.4

The carrying amount of cash and cash equivalents approximates to their fair value.

13 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings £m	Rental equipment £m	Office and workshop equipment £m	Motor vehicles Owned £m	Motor vehicles Held under finance leases £m	Total £m
Cost or valuation						
At 1 May 2019	257.3	8,282.4	180.4	577.0	7.1	9,304.2
Effect of adoption of IFRS 16	–	–	–	–	(7.1)	(7.1)
Exchange differences	6.1	235.0	4.4	16.0	–	261.5
Acquisitions	39.5	318.6	12.7	17.7	–	388.5
Reclassifications	–	(3.6)	1.1	2.5	–	–
Additions	31.9	1,274.3	41.5	135.3	–	1,483.0
Disposals	(4.5)	(697.2)	(8.3)	(49.7)	–	(759.7)
At 30 April 2020	330.3	9,409.5	231.8	698.8	–	10,670.4
Exchange differences	(21.9)	(684.1)	(16.4)	(51.1)	–	(773.5)
Acquisitions	–	86.7	–	4.0	–	90.7
Reclassifications	–	(2.8)	(0.3)	1.8	–	(1.3)
Additions	27.3	613.3	40.0	37.5	–	718.1
Disposals	(4.0)	(860.0)	(8.4)	(52.2)	–	(924.6)
At 30 April 2021	331.7	8,562.6	246.7	638.8	–	9,779.8
Depreciation						
At 1 May 2019	87.9	2,869.1	113.2	244.7	2.3	3,317.2
Effect of adoption of IFRS 16	–	–	–	–	(2.3)	(2.3)
Exchange differences	1.9	80.2	2.9	6.8	–	91.8
Acquisitions	8.8	162.7	7.8	9.8	–	189.1
Reclassifications	–	(1.5)	0.5	1.0	–	–
Charge for the period	18.0	879.6	30.2	71.0	–	998.8
Disposals	(4.3)	(470.7)	(7.3)	(40.7)	–	(523.0)
At 30 April 2020	112.3	3,519.4	147.3	292.6	–	4,071.6
Exchange differences	(6.9)	(262.0)	(10.7)	(22.1)	–	(301.7)
Acquisitions	–	41.5	–	2.4	–	43.9
Reclassifications	–	(1.7)	(0.4)	0.8	–	(1.3)
Charge for the period	19.9	873.3	34.6	72.5	–	1,000.3
Disposals	(3.1)	(598.1)	(6.8)	(41.5)	–	(649.5)
At 30 April 2021	122.2	3,572.4	164.0	304.7	–	4,163.3
Net book value						
At 30 April 2021	**209.5**	**4,990.2**	**82.7**	**334.1**	**–**	**5,616.5**
At 30 April 2020	218.0	5,890.1	84.5	406.2	–	6,598.8

£16m of rebuild costs were capitalised in the year (2020: £15m). Included within depreciation is an impairment charge of £nil (2020: £9m).

14 RIGHT-OF-USE ASSETS

	Property leases £m	Other leases £m	Total £m
Cost or valuation			
Effect of adoption of IFRS 16 at 1 May 2019	889.5	7.1	896.6
Exchange differences	25.3	–	25.3
Additions	191.5	1.6	193.1
Acquisitions	74.8	–	74.8
Remeasurement	(3.4)	–	(3.4)
Disposals	(3.6)	(1.4)	(5.0)
At 30 April 2020	1,174.1	7.3	1,181.4
Exchange differences	(89.0)	–	(89.0)
Additions	145.0	6.0	151.0
Acquisitions	18.2	–	18.2
Remeasurement	45.9	–	45.9
Disposals	(3.3)	(0.9)	(4.2)
At 30 April 2021	**1,290.9**	**12.4**	**1,303.3**
Depreciation			
Effect of adoption of IFRS 16 at 1 May 2019	–	2.3	2.3
Charge for the period	90.5	1.2	91.7
Disposals	(0.1)	(0.8)	(0.9)
At 30 April 2020	90.4	2.7	93.1
Exchange differences	(9.7)	–	(9.7)
Charge for the period	102.9	1.4	104.3
Disposals	(0.4)	(0.6)	(1.0)
At 30 April 2021	**183.2**	**3.5**	**186.7**
Net book value			
At 30 April 2021	**1,107.7**	**8.9**	**1,116.6**
At 30 April 2020	1,083.7	4.6	1,088.3

Included within depreciation is an impairment charge of £9m (2020: £nil).

On transition, the right-of-use asset was adjusted for the impact of onerous lease provisions (£1m) and lease prepayments (£8m).

15 INTANGIBLE ASSETS INCLUDING GOODWILL

		Other intangible assets				
	Goodwill £m	Brand names £m	Customer lists £m	Contract related £m	Total £m	Total £m
Cost or valuation						
At 1 May 2019	1,144.7	21.1	405.9	64.6	491.6	1,636.3
Recognised on acquisition	163.7	1.2	118.3	2.8	122.3	286.0
Exchange differences	31.9	0.6	10.4	1.3	12.3	44.2
At 30 April 2020	1,340.3	22.9	534.6	68.7	626.2	1,966.5
Recognised on acquisition	50.1	–	27.3	0.9	28.2	78.3
Exchange differences	(93.1)	(1.6)	(26.7)	(3.3)	(31.6)	(124.7)
At 30 April 2021	**1,297.3**	**21.3**	**535.2**	**66.3**	**622.8**	**1,920.1**
Amortisation						
At 1 May 2019	–	20.4	166.6	44.0	231.0	231.0
Charge for the period	–	0.9	53.6	7.2	61.7	61.7
Exchange differences	–	0.6	5.7	1.1	7.4	7.4
At 30 April 2020	–	21.9	225.9	52.3	300.1	300.1
Charge for the period	–	0.3	55.1	6.3	61.7	61.7
Exchange differences	–	(1.7)	(14.4)	(2.7)	(18.8)	(18.8)
At 30 April 2021	**–**	**20.5**	**266.6**	**55.9**	**343.0**	**343.0**
Net book value						
At 30 April 2021	**1,297.3**	**0.8**	**268.6**	**10.4**	**279.8**	**1,577.1**
At 30 April 2020	1,340.3	1.0	308.7	16.4	326.1	1,666.4

Goodwill acquired in a business combination is allocated at acquisition to the cash-generating units ('CGUs') that benefit from that business combination. Goodwill allocated to each of the Group's CGUs is as follows:

	2021 £m	2020 £m
US		
Power & HVAC	**45.2**	49.5
Climate Control	**54.3**	59.6
General equipment and related businesses	**951.7**	989.4
	1,051.2	1,098.5
UK		
Engineered Access (formally Live)	**25.8**	25.8
General equipment and related businesses	**57.7**	57.7
	83.5	83.5
Canada		
General equipment and related businesses	**162.6**	158.3
Total goodwill	**1,297.3**	1,340.3

For the purposes of determining potential goodwill impairment, recoverable amounts are determined from value in use calculations using cash flow projections based on the Group's financial plans covering a three-year period which were adopted and approved by the Board in April 2021. The key assumptions for these financial plans are those regarding revenue growth, margins and capital expenditure required to replace the rental fleet and support the growth forecast which management estimates based on past experience, market conditions and expectations for the future development of the market. The projections consist of the 2021/22 budget, a further two years from the Group's business plan and a further seven years' cash flows. The valuation uses an annual growth rate to determine the cash flows beyond the three-year forecast period of 2%, which does not exceed the average long-term growth rates for the relevant markets, a terminal value reflective of market multiples and discount rates of 12% (2020: 11%), 11% (2020: 10%) and 12% (2020: 11%) for the US, UK and Canadian businesses respectively. The discount rates for each country are determined by reference to the Group's weighted average cost of capital.

The impairment review is potentially sensitive to changes in key assumptions used, most notably the discount rate and the annuity growth rates. A sensitivity analysis has been undertaken by changing the key assumptions used for each CGU in the US, UK and Canada. Based on this sensitivity analysis, no reasonably possible change in the assumptions resulted in the recoverable amount for the CGUs identified above being reduced to their carrying value.

15 INTANGIBLE ASSETS INCLUDING GOODWILL (CONTINUED)

US

General equipment and related businesses

Revenue for the general equipment business is linked primarily to US non-residential construction spend, which is expected to grow during the business plan period as markets recover following the initial impact of the COVID-19 pandemic. These businesses have grown more rapidly than both the non-residential construction market and the broader rental market in recent years and this outperformance is expected to continue over the business plan period, although not necessarily to the same degree. EBITDA margins are forecast to improve slightly as the businesses benefit from recovering market conditions, operational efficiencies and increased scale.

Power & HVAC and Climate Control

Revenue for the Power & HVAC and Climate Control businesses is in part linked to the level of non-residential construction and also general levels of economic activity. These businesses are also expected to benefit from increased rental penetration. EBITDA margins are forecast to improve slightly as the businesses benefit from operational efficiencies and increased scale.

UK

Revenue for each of the UK CGUs is linked primarily to UK non-residential construction spend. This market is more challenging than in the US with structural growth opportunities more difficult to achieve due to a higher level of rental penetration in the market. The market is expected to improve with broader economic conditions during the business plan period, following the impact from the COVID-19 pandemic. The Engineered Access business is also reliant on the events market which has been impacted significantly by the pandemic. The level of business activity is therefore expected to increase as the events market returns. EBITDA margins are forecast to improve as the businesses focus on operational improvement and leveraging the platform through Project Unify, as the market improves.

Canada

Revenue for Canada is linked primarily to Canadian non-residential construction spend which, based on market estimates, is expected to grow during the business plan period. The Canadian business has grown over the last three years more quickly than non-residential construction and we expect it to continue to perform ahead of the market over the forecast period, although not necessarily to the same degree as over recent years. EBITDA margins are forecast to increase as the business benefits from the integration of recent acquisitions, improving market conditions and increased scale.

16 OTHER NON-CURRENT ASSETS

	2021 £m	2020 £m
Other non-current assets	**69.0**	–

Other non-current assets include amounts paid to HMRC in accordance with the charging notice received in relation to the ongoing state aid investigation (£36m). Other non-current asset amounts have been reclassified from current assets in the year.

17 TRADE AND OTHER PAYABLES

	2021 £m	2020 £m
Trade payables	**156.2**	153.1
Other taxes and social security	**61.7**	64.2
Accruals and deferred income	**374.0**	357.4
	591.9	574.7

Trade and other payables include amounts relating to the purchase of fixed assets of £97m (2020: £106m). The fair values of trade and other payables are not materially different from the carrying values presented.

18 LEASE LIABILITIES

Amounts recognised in the balance sheet

	2021 £m	2020 £m
Maturity analysis – undiscounted cash flows:		
Less than one year	**125.9**	109.3
One to two years	**118.7**	120.5
Two to three years	**117.4**	112.0
Three to four years	**115.5**	110.4
Four to five years	**112.4**	107.7
More than five years	**1,106.4**	1,080.0
Total undiscounted lease liabilities at 30 April	**1,696.3**	1,639.9
Impact of discounting	**(516.6)**	(527.7)
Lease liabilities included in the balance sheet	**1,179.7**	1,112.2
Included in current liabilities	**121.9**	106.0
Included in non-current liabilities	**1,057.8**	1,006.2
	1,179.7	1,112.2

Amounts recognised in the income statement

	2021 £m	2020 £m
Depreciation of right-of-use assets	**104.3**	91.7
Interest on lease liabilities	**53.6**	45.5
Expense relating to short-term leases	**1.6**	4.4
Expense relating to variable lease payments	**9.7**	3.3
	169.2	144.9
Income from sub-leasing right-of-use assets	**(10.6)**	(0.9)
	158.6	144.0

Amounts recognised in the statement of cash flows

	2021 £m	2020 £m
Financing costs paid in relation to lease liabilities	**55.0**	43.9
Repayment of principal under lease liabilities	**56.0**	64.3
Total cash outflow for leases	**111.0**	108.2

19 BORROWINGS

	2021 £m	2020 £m
Non-current		
First priority senior secured bank debt	**885.0**	2,141.9
4.125% senior notes, due 2025	**429.6**	470.8
5.250% senior notes, due 2026	**428.6**	469.6
4.375% senior notes, due 2027	**429.0**	470.2
4.000% senior notes, due 2028	**428.6**	469.9
4.250% senior notes, due 2029	**428.5**	469.8
	3,029.3	4,492.2

The senior secured bank debt is secured by way of fixed and floating charges over substantially all the Group's property, plant and equipment, inventory and trade receivables. The senior notes are guaranteed by Ashtead Group plc and all its principal subsidiary undertakings.

First priority senior secured credit facility

At 30 April 2021, $4.1bn was committed by our senior lenders under the asset-based senior secured revolving credit facility ('ABL facility') until December 2023. The amount utilised was $1,294m (including letters of credit totalling $52m). The ABL facility is secured by a first priority interest in substantially all of the Group's assets. Pricing for the $4.1bn revolving credit facility is based on leverage and average availability according to a grid, varying from LIBOR plus 125bp to LIBOR plus 175bp and at 30 April 2021, the borrowing rate was LIBOR plus 125bp.

The only financial performance covenant under the asset-based first priority 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 $410m. At 30 April 2021 availability under the bank facility for covenant purposes was $3,011m ($2,363m at 30 April 2020, including cash on the balance sheet), with an additional $2,054m of suppressed availability meaning that the covenant was not measured at 30 April 2021 and is unlikely to be measured in forthcoming quarters.

Senior notes

At 30 April 2021 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 4.125% notes are due on 15 August 2025, the 5.250% notes are due on 1 August 2026, the 4.375% notes are due on 15 August 2027, the 4.000% notes are due on 1 May 2028 and the 4.250% notes are due on 1 November 2029. Under the terms of the notes, financial performance covenants under the senior notes are only measured at the time new debt is raised.

The effective rates of interest at the balance sheet date were as follows:

		2021	2020
First priority senior secured bank debt	– revolving advances in dollars	**1.51%**	2.58%
Senior notes	– $600m nominal value	**4.125%**	4.125%
	– $600m nominal value	**5.250%**	5.250%
	– $600m nominal value	**4.375%**	4.375%
	– $600m nominal value	**4.000%**	4.000%
	– $600m nominal value	**4.250%**	4.250%

20 PROVISIONS

	Insurance £m	Vacant property £m	Contingent consideration £m	Total £m
At 1 May 2020	56.7	–	35.9	92.6
Acquired businesses	–	–	5.3	5.3
Exchange differences	(3.7)	–	(0.6)	(4.3)
Utilised	(31.5)	(0.5)	(19.0)	(51.0)
Released	–	–	(1.9)	(1.9)
Charged in the year	34.2	7.0	–	41.2
Amortisation of discount	0.6	–	0.5	1.1
At 30 April 2021	**56.3**	**6.5**	**20.2**	**83.0**

	2021 £m	2020 £m
Included in current liabilities	**39.0**	53.7
Included in non-current liabilities	**44.0**	38.9
	83.0	92.6

Insurance provisions relate to the discounted estimated gross liability in respect of claims to be incurred under the Group's insurance programmes for events occurring up to the year-end and are expected to be utilised over a period of approximately eight years. The provision is established based on advice received from independent actuaries of the estimated total cost of the insured risk based on historical claims experience. £14m (2020: £18m) of this total liability is due from insurers and is included within 'other receivables'.

The provision for contingent consideration relates to recent acquisitions and is expected to be paid out over the next three years and is reassessed at each reporting date.

21 DEFERRED TAX

	Accelerated tax depreciation £m	Tax losses £m	Other assets from temporary differences £m	Other liabilities from temporary differences £m	Total £m
At 1 May 2020	1,327.9	(12.0)	(90.0)	48.4	1,274.3
Exchange differences	(108.1)	(0.2)	7.6	(1.4)	(102.1)
(Credited)/charged to income statement	(78.5)	7.1	(6.6)	0.8	(77.2)
(Credited)/charged to equity	–	–	(1.5)	0.3	(1.2)
Acquisitions	–	(0.1)	–	–	(0.1)
At 30 April 2021	**1,141.3**	**(5.2)**	**(90.5)**	**48.1**	**1,093.7**

The Group has not recognised a deferred tax asset in respect of losses carried forward in a non-trading UK company of £6m (2020: £6m) as it is not considered probable this deferred tax asset will be utilised.

At the balance sheet date, no temporary differences associated with undistributed earnings of subsidiaries are considered to exist as UK tax legislation largely exempts overseas dividends received from UK tax.

Subsequent to the balance sheet date, UK legislation was substantively enacted which increases the UK corporation tax rate to 25% from 1 April 2023. If the increased rate had been in effect at 30 April 2021, the UK deferred tax liability would have been £7m higher.

22 SHARE CAPITAL AND RESERVES

	30 April 2021 Number	30 April 2020 Number	**30 April 2021 £m**	30 April 2020 £m
Ordinary shares of 10p each:				
Issued and fully paid	**451,354,833**	454,194,833	**45.1**	45.4

In September 2020, 2.9m shares held in treasury were cancelled. At 30 April 2021 after the cancellation of these shares, 2.0m (April 2020: 4.9m) shares were held by the Company (2021: £51m; 2020: £116m) and a further 1.4m (April 2020: 1.5m) shares were held by the Company's ESOT (2021: £29m; 2020: £28m).

23 SHARE-BASED PAYMENTS

The ESOT facilitates the provision of shares under the Group's Performance Share Plan ('PSP') and Strategic Plan Award ('SPA'). It holds a beneficial interest in 1,396,425 ordinary shares of the Company acquired at an average cost of 2,066p per share. The shares had a market value of £65m at 30 April 2021. The ESOT has waived the right to receive dividends on the shares it holds. The costs of operating the ESOT are borne by the Group but are not significant.

Details of the PSP are given on pages 100 and 107 and the SPA on page 96. The costs of these schemes are charged to the income statement over the vesting period, based on the fair value of the award at the grant date and the likelihood of allocations vesting under the scheme. In 2021, there was a net charge to pre-tax profit in respect of these schemes of £7m (2020: £8m). After tax, the total charge was £6m (2020: £6m).

The fair value of awards granted during the year is estimated using a Black-Scholes option pricing model. For the PSP, the following assumptions were utilised: share price at grant date of 2,736p, nil exercise price, a dividend yield of 1.80%, volatility of 33.46%, a risk-free rate of nil% and an expected life of three years. For the SPA, the following assumptions were utilised: share price at grant date of 4,650p, nil exercise price, a dividend yield of 1.36%, volatility of 50.30%, a risk-free rate of 0.13% and an expected life of three years.

Expected volatility was determined by calculating the historical volatility over the previous three years. The expected life used in the model is based on the terms of the plan.

Details of the awards outstanding during the year are as follows:

	2021 Number	2020 Number
Outstanding at 1 May	**1,664,555**	2,050,278
Granted	**1,912,676**	600,956
Exercised	**(577,961)**	(858,585)
Expired	**(34,126)**	(128,094)
Outstanding at 30 April	**2,965,144**	1,664,555
Exercisable at 30 April	**–**	–

24 PENSIONS

Defined contribution plans

The Group operates pension plans for the benefit of qualifying employees. The plans for new employees throughout the Group are all defined contribution plans. Pension costs for defined contribution plans were £22m (2020: £20m).

Defined benefit plan

The Group also has a defined benefit plan which was closed to new members in 2001 and closed to future accrual in October 2020. The plan is a funded defined benefit plan with trustee-administered assets held separately from those of the Group. The Trustees are composed of representatives of both the Company and plan members. The Trustees are required by law to act in the interest of all relevant beneficiaries and are responsible for the investment policy of the assets and the day-to-day administration of the benefits.

The plan is a final salary plan which provides members a guaranteed level of pension payable for life. The level of benefits provided by the plan depends on members' length of service and their salary at the date of leaving the plan.

The plan's duration is an indicator of the weighted-average time until benefit payments are made. For the plan as a whole, the duration at 30 April 2021 is approximately 19 years. The estimated amount of contributions expected to be paid by the Group to the plan during the 2021/22 financial year is £2m.

The plan exposes the Group to a number of risks, the most significant being investment risk, interest rate risk, inflation risk and life expectancy risk.

The most recent actuarial valuation was carried out as at 30 April 2019 by a qualified independent actuary and showed a funding surplus of £1.5m. The actuary was engaged by the Company to perform a valuation in accordance with IAS 19 (revised) as at 30 April 2021. The principal financial assumptions made by the actuary were as follows:

	2021	2020
Discount rate	**2.0%**	1.6%
Inflation assumption – RPI	**3.2%**	2.5%
– CPI	**2.4%**	1.7%
Rate of increase in salaries	**n/a**	2.5%
Rate of increase in pensions in payment	**3.1%**	2.5%

Pensioner life expectancy assumed in the 30 April 2021 update is based on the 'S3PA CMI 2020' projection model mortality tables adjusted so as to apply a minimum annual rate of improvement of 1.25% a year. Samples of the ages to which pensioners are assumed to live are as follows:

	2021	2020
Life expectancy of pensioners currently aged 65		
Male	**86.2**	86.2
Female	**88.0**	87.9
Life expectancy at age 65 for future pensioner currently aged 45		
Male	**87.5**	87.5
Female	**89.5**	89.5

The plan's assets are invested in the following asset classes:

	Fair value	
	2021 £m	2020 £m
UK equities	**29.0**	31.4
US equities	**33.5**	23.8
European equities	**–**	3.0
Japanese equities	**5.9**	4.4
Emerging market equities	**3.8**	2.4
Global loan fund	**9.8**	8.6
Liability driven investment funds	**19.5**	6.3
Property	**–**	11.7
Infrastructure	**8.2**	7.3
Cash and cash equivalents	**4.8**	0.1
	114.5	99.0

The amounts recognised in the balance sheet are determined as follows:

	2021 £m	2020 £m
Fair value of plan assets	**114.5**	99.0
Present value of funded defined benefit obligation	**(110.0)**	(111.1)
Net asset/(liability) recognised in the balance sheet	**4.5**	(12.1)

The components of the defined benefit cost recognised in the income statement are as follows:

	2021 £m	2020 £m
Current service cost	**0.4**	1.1
Past service cost	**(1.9)**	–
Net interest on the net defined benefit plan	**0.1**	–
Net (income)/charge to the income statement	**(1.4)**	1.1

24 PENSIONS (CONTINUED)

The remeasurements of the defined benefit plan recognised in the statement of comprehensive income are as follows:

	2021 £m	2020 £m
Actuarial loss due to changes in financial assumptions	**(3.0)**	(4.5)
Actuarial gain due to changes in demographic assumptions	**0.2**	1.1
Actuarial gain arising from experience adjustments	**1.1**	1.2
Return on plan assets excluding amounts recognised in net interest	**15.6**	(8.6)
Remeasurement of the defined benefit pension plan	**13.9**	(10.8)

Movements in the present value of the defined benefit obligation were as follows:

	2021 £m	2020 £m
At 1 May	**111.1**	108.0
Current service cost	**0.4**	1.1
Past service cost	**(1.9)**	–
Interest cost	**1.7**	2.6
Contributions from members	**0.1**	0.2
Remeasurements		
– Actuarial loss due to changes in financial assumptions	**3.0**	4.5
– Actuarial gain due to changes in demographic assumptions	**(0.2)**	(1.1)
– Actuarial gain arising from experience adjustments	**(1.1)**	(1.2)
Benefits paid	**(3.1)**	(3.0)
At 30 April	**110.0**	111.1

The key assumptions used in valuing the defined benefit obligation are: discount rate, inflation and mortality. The sensitivity of the results to these assumptions is as follows:

- An increase in the discount rate of 0.5% would result in a £9m (2020: £10m) decrease in the defined benefit obligation.
- An increase in the inflation rate of 0.5% would result in a £9m (2020: £9m) increase in the defined benefit obligation. This includes the resulting change to other assumptions that are related to inflation such as pensions and salary growth.
- A one-year increase in the pensioner life expectancy at age 65 would result in a £6m (2020: £5m) increase in the defined benefit obligation.

The above sensitivity analyses have been determined based on reasonably possible changes to the significant assumptions, while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some assumptions may be correlated. The sensitivity information shown above has been prepared using the same method as adopted when adjusting the results of the latest funding valuation to the balance sheet date. This is the same approach as has been adopted in previous periods.

Movements in the fair value of plan assets were as follows:

	2021 £m	2020 £m
At 1 May	**99.0**	107.1
Interest income	**1.6**	2.6
Remeasurement – return on plan assets excluding amounts recognised in net interest	**15.6**	(8.6)
Employer contributions	**1.3**	0.7
Contributions from members	**0.1**	0.2
Benefits paid	**(3.1)**	(3.0)
At 30 April	**114.5**	99.0

The actual return on plan assets was a £17m gain (2020: £6m loss).

25 FINANCIAL RISK MANAGEMENT

The Group's trading and financing activities expose it to various financial risks that, if left unmanaged, could adversely impact on current or future earnings. Although not necessarily mutually exclusive, these financial risks are categorised separately according to their different generic risk characteristics and include market risk (foreign currency risk and interest rate risk), credit risk and liquidity risk.

It is the role of the Group treasury function to manage and monitor the Group's financial risks and internal and external funding requirements in support of the Group's corporate objectives. Treasury activities are governed by policies and procedures approved by the Board and monitored by the Finance and Administration Committee. In particular, the Board of directors or, through delegated authority, the Finance and Administration Committee, approves any derivative transactions. Derivative transactions are only undertaken for the purposes of managing interest rate risk and currency risk. The Group does not trade in financial instruments. The Group maintains treasury control systems and procedures to monitor liquidity, currency, credit and financial risks. The Group reports its financial results and pays dividends in pounds sterling.

Market risk

The Group's activities expose it primarily to interest rate and currency risk. Interest rate risk is monitored on a continuous basis and managed, where appropriate, through the use of interest rate swaps, whereas the use of forward foreign exchange contracts to manage currency risk is considered on an individual non-trading transaction basis. The Group is not exposed to commodity price risk or equity price risk as defined in IFRS 7.

Interest rate risk

Management of fixed and variable rate debt

The Group has fixed and variable rate debt in issue with 71% of the drawn debt at a fixed rate as at 30 April 2021, excluding lease liabilities. The Group's accounting policy requires all borrowings to be held at amortised cost. As a result, the carrying value of fixed rate debt is unaffected by changes in credit conditions in the debt markets and there is therefore no exposure to fair value interest rate risk. The Group's debt that bears interest at a variable rate comprises all outstanding borrowings under the senior secured credit facility. The interest rates currently applicable to this variable rate debt are LIBOR as applicable to the currency borrowed plus 125bps. The Group periodically utilises interest rate swap agreements to manage and mitigate its exposure to changes in interest rates. However, during the year ended and as at 30 April 2021, the Group had no such swap agreements outstanding. The Group also may at times hold cash and cash equivalents which earn interest at a variable rate.

Net variable rate debt sensitivity

At 30 April 2021, based upon the amount of variable rate debt outstanding, the Group's pre-tax profits would change by approximately £9m for each one percentage point change in interest rates applicable to the variable rate debt and, after tax effects, equity would change by approximately £6m. The amount of the Group's variable rate debt may fluctuate as a result of changes in the amount of debt outstanding under the senior secured credit facility.

Currency risk

Currency risk is limited to translation risk as there are no transactions in the ordinary course of business that take place between foreign entities. The Group's reporting currency is the pound sterling. However, the majority of our assets, liabilities, revenue and costs are denominated in US dollars. The Group has arranged its financing such that, at 30 April 2021, 97% 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. At 30 April 2021, dollar-denominated debt represented approximately 61% of the value of dollar-denominated net assets (other than debt).

The Group's exposure to exchange rate movements on trading transactions is relatively limited. All Group companies invoice revenue in their respective local currency and generally incur expense and purchase assets in their local currency. Consequently, the Group does not routinely hedge either forecast foreign currency exposures or the impact of exchange rate movements on the translation of overseas profits into sterling. Where the Group does hedge, it maintains appropriate hedging documentation. Foreign exchange risk on significant non-trading transactions (e.g. acquisitions) is considered on an individual basis.

Resultant impacts of reasonably possible changes to foreign exchange rates

Based upon the level of US operations and the US dollar-denominated debt balance, at 30 April 2021 a 1% change in the US dollar-pound exchange rate would have impacted our pre-tax profits by approximately £9m and equity by approximately £34m. At 30 April 2021, the Group had no outstanding foreign exchange contracts.

Credit risk

The Group's principal financial assets are cash and bank balances and trade and other receivables. The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of loss allowances. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies. The carrying amount of financial assets recorded in the financial statements, which are net of impairment losses, represent the Group's maximum exposure to credit risk.

The Group has a large number of unrelated customers, serving over 815,000 during the financial year, and does not have any significant credit exposure to any particular customer. Each business segment manages its own exposure to credit risk according to the economic circumstances and characteristics of the markets they serve. The Group believes that management of credit risk on a devolved basis enables it to assess and manage it more effectively. However, broad principles of credit risk management practice are observed across the Group, such as the use of credit reference agencies and the maintenance of credit control functions.

25 FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk

Liquidity risk is the risk that the Group could experience difficulties in meeting its commitments to creditors as financial liabilities fall due for payment.

The Group generates significant free cash flow before investment (defined as cash flow from operations less replacement capital expenditure net of proceeds of asset disposals, interest paid and tax paid). This free cash flow before investment is available to the Group to invest in growth capital expenditure, acquisitions, dividend payments and other returns to shareholders or to reduce debt.

In addition to the strong free cash flow from normal trading activities, additional liquidity is available through the Group's ABL facility. At 30 April 2021, availability under the $4.1bn facility was $3,011m (£2,175m), which compares with the threshold of $410m, above which the covenant does not apply.

Contractual maturity analysis

Trade receivables, the principal class of non-derivative financial asset held by the Group, are settled gross by customers.

The following table presents the Group's outstanding contractual maturity profile for its non-derivative financial liabilities, excluding trade and other payables which fall due within one year and lease liabilities which are analysed in Note 18. The analysis presented is based on the undiscounted contractual maturities of the Group's financial liabilities, including any interest that will accrue, except where the Group is entitled and intends to repay a financial liability, or part of a financial liability, before its contractual maturity. The undiscounted cash flows have been calculated using foreign currency exchange rates and interest rates ruling at the balance sheet date.

At 30 April 2021

	Undiscounted cash flows – year to 30 April						
	2022 £m	2023 £m	2024 £m	2025 £m	2026 £m	Thereafter £m	Total £m
Bank and other debt	–	–	885.0	–	–	–	885.0
4.125% senior notes	–	–	–	–	433.4	–	433.4
5.250% senior notes	–	–	–	–	–	433.4	433.4
4.375% senior notes	–	–	–	–	–	433.4	433.4
4.000% senior notes	–	–	–	–	–	433.4	433.4
4.250% senior notes	–	–	–	–	–	433.4	433.4
	–	–	885.0	–	433.4	1,733.6	3,052.0
Interest payments	107.5	107.5	103.4	95.3	82.7	129.2	625.6
	107.5	107.5	988.4	95.3	516.1	1,862.8	3,677.6

Letters of credit of £37m (2020: £41m) are provided and guaranteed under the ABL facility which expires in December 2023.

At 30 April 2020

	Undiscounted cash flows – year to 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
Interest payments	160.0	158.8	158.8	140.8	104.7	232.7	955.8
	160.0	158.8	158.8	2,282.7	104.7	2,611.2	5,476.2

Fair value of financial instruments

Financial assets and liabilities are measured in accordance with the fair value hierarchy and assessed as Level 1, 2 or 3 based on the following criteria:

- Level 1: fair value measurement based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: fair value measurements derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: fair value measurements derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

Fair value of derivative financial instruments

At 30 April 2021, the Group had no derivative financial instruments. The embedded prepayment options included within the senior notes are either closely related to the host debt contract or immaterial and hence, are not accounted for separately. These loan notes are carried at amortised cost.

Fair value of non-derivative financial assets and liabilities

The table below provides a comparison, by category of the carrying amounts and the fair values of the Group's non-derivative financial assets and liabilities at 30 April 2021.

		At 30 April 2021		At 30 April 2020	
		Book value £m	**Fair value £m**	Book value £m	Fair value £m
Long-term borrowings					
– first priority senior secured bank debt	Level 1	**885.0**	**885.0**	2,141.9	2,141.9
– 4.125% senior notes	Level 1	**433.4**	**445.3**	475.7	461.4
– 5.250% senior notes	Level 1	**433.4**	**453.4**	475.7	479.3
– 4.375% senior notes	Level 1	**433.4**	**453.9**	475.7	463.8
– 4.000% senior notes	Level 1	**433.4**	**453.4**	475.7	453.1
– 4.250% senior notes	Level 1	**433.4**	**463.2**	475.7	453.1
Total long-term borrowings		**3,052.0**	**3,154.2**	4,520.4	4,452.6
Deferred costs of raising finance		**(22.7)**	**–**	(28.2)	–
		3,029.3	**3,154.2**	4,492.2	4,452.6
Other financial instruments[1]					
Contingent consideration provision	Level 3	**20.2**	**20.2**	35.9	35.9
Cash and cash equivalents	Level 1	**19.2**	**19.2**	241.4	241.4

Note
1 The Group's trade and other receivables, trade and other payables and lease liabilities are not shown in the table above. The carrying amounts of trade and other receivables and trade and other payables categories approximate their fair values. Required disclosures relating to lease liabilities are provided in Note 18.

Contingent consideration provisions are a Level 3 financial liability. Future anticipated payments to vendors in respect of contingent consideration are initially recorded at fair value which is the present value of the expected cash outflows of the obligations. The obligations are dependent upon the future financial performance of the businesses acquired. The fair value is estimated based on internal financial projections prepared in relation to the acquisition with the contingent consideration discounted to present value using a discount rate in line with the Group's cost of debt.

26 NOTES TO THE CASH FLOW STATEMENT

a) Cash flow from operating activities

	2021 £m	2020 £m
Operating profit before exceptional items and amortisation	1,196.8	1,285.3
Depreciation	1,104.6	1,090.5
EBITDA before exceptional items	2,301.4	2,375.8
Profit on disposal of rental equipment	(18.8)	(33.3)
Profit on disposal of other property, plant and equipment	(0.4)	(1.2)
Decrease/(increase) in inventories	4.0	(0.5)
(Increase)/decrease in trade and other receivables	(96.8)	94.1
Increase/(decrease) in trade and other payables	89.9	(13.2)
Exchange differences	0.6	0.3
Other non-cash movements	7.2	8.4
Cash generated from operations before exceptional items and changes in rental equipment	2,287.1	2,430.4

b) Acquisitions

	2021 £m	2020 £m
Cash consideration paid		
– acquisitions in the period (net of cash acquired)	123.5	435.8
– contingent consideration	19.0	17.3
	142.5	453.1

During the year, five acquisitions were made for a total cash consideration of £123m (2020: £436m), after taking account of net cash acquired of £nil (2020: £4m). Further details are provided in Note 27.

Payments for contingent consideration on prior year acquisitions were also made of £19m (2020: £17m).

c) Analysis of net debt

Net debt consists of total borrowings less cash and cash equivalents. Borrowings exclude accrued interest. Foreign currency denominated balances are translated to pounds sterling at rates of exchange ruling at the balance sheet date.

			Non-cash movements				
	1 May 2020 £m	Cash flow £m	Exchange movement £m	Debt acquired £m	New lease liabilities £m	Other movements £m	30 April 2021 £m
Long-term borrowings	4,492.2	(1,202.9)	(268.3)	–	–	8.3	3,029.3
Lease liabilities	1,112.2	(56.0)	(82.8)	18.2	188.1	–	1,179.7
Total liabilities from financing activities	5,604.4	(1,258.9)	(351.1)	18.2	188.1	8.3	4,209.0
Cash and cash equivalents	(241.4)	214.3	7.9	–	–	–	(19.2)
Net debt	5,363.0	(1,044.6)	(343.2)	18.2	188.1	8.3	4,189.8

				Non-cash movements				
	1 May 2019 £m	Adoption of IFRS 16 £m	Cash flow £m	Exchange movement £m	Debt acquired £m	New lease liabilities £m	Other movements £m	30 April 2020 £m
Short-term borrowings	2.3	(2.3)	–	–	–	–	–	–
Long-term borrowings	3,755.4	(2.7)	606.1	108.6	14.7	–	10.1	4,492.2
Lease liabilities	–	887.8	(64.3)	25.1	74.8	188.8	–	1,112.2
Total liabilities from financing activities	3,757.7	882.8	541.8	133.7	89.5	188.8	10.1	5,604.4
Cash and cash equivalents	(12.8)	–	(227.9)	(0.7)	–	–	–	(241.4)
Net debt	3,744.9	882.8	313.9	133.0	89.5	188.8	10.1	5,363.0

27 ACQUISITIONS

During the year, the following acquisitions were completed:

i) On 3 February 2021, Sunbelt US acquired the business and assets of DC Rentals, LLC ('DCR'). DCR is a general tool business in Connecticut.

ii) On 26 March 2021, Sunbelt US acquired the business and assets of Harford Rental Service, Inc. ('Harford'). Harford is a general tool business in Maryland.

iii) On 16 April 2021, Sunbelt US acquired the business and assets of American Aerial Equipment, LLC ('American Aerial'). American Aerial is a general tool business in Massachusetts.

iv) On 23 April 2021, Sunbelt US acquired the business and assets of Ross Aerial Equipment, LLC ('Ross Aerial'). Ross Aerial is a general tool business in Arizona.

v) On 28 April 2021, Sunbelt US acquired the business and assets of Tomcon Industries, Inc. ('Tomcon'). Tomcon is a general tool business in New York.

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

	Fair value to Group £m
Net assets acquired	
Trade and other receivables	5.3
Property, plant and equipment	
– rental equipment	45.2
– other assets	1.6
Right-of-use asset	18.2
Creditors	(0.7)
Lease liabilities	(18.2)
Deferred tax	0.1
Intangible assets (non-compete agreements and customer relationships)	28.2
	79.7
Consideration:	
– cash paid and due to be paid (net of cash acquired)	124.5
– contingent consideration payable in cash	5.3
	129.8
Goodwill	50.1

The goodwill arising can be attributed to the key management personnel and workforce of the acquired businesses and to the synergies and other benefits the Group expects to derive from the acquisitions. The synergies and other benefits include elimination of duplicate costs, improving utilisation of the acquired rental fleet, using the Group's financial strength to invest in the acquired business and drive improved returns through a semi-fixed cost base and the application of the Group's proprietary software to optimise revenue opportunities. £50m of the goodwill is expected to be deductible for income tax purposes.

The gross value and the fair value of trade receivables at acquisition was £5m.

Due to the operational integration of acquired businesses with Sunbelt US, Sunbelt Canada and Sunbelt UK post acquisition, in particular due to the merger of some stores, the movement of rental equipment between stores and investment in the rental fleet, it is not practical to report the revenue and profit of the acquired businesses post-acquisition.

The revenue and operating profit of these acquisitions from 1 May 2020 to their date of acquisition was not material.

28 CONTINGENT LIABILITIES

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. Despite the UK Government appealing the European Commission's decision, Her Majesty's Revenue & Customs ('HMRC') is required to make an assessment of the tax liability which would arise if the decision is not successfully appealed and collect that amount from taxpayers. HMRC has issued a charging notice stating that the tax liability it believes to be due on this basis is £36m, including interest payable. This represents the Group's maximum potential liability, including any interest payable, if either the decision reached by the European Commission or the charging notice issued by HMRC are not successfully appealed. The Group has appealed the charging notice but has settled the amount assessed on it, including interest, in line with HMRC requirements. On successful appeal against the European Commission decision or the charging notice, in whole or in part, all or part of the amount paid in accordance with the charging notice would be returned to the Group. Based on the current status of proceedings, we have concluded that no provision is required in relation to this matter. The £36m paid has been recognised as a non-current asset on the balance sheet.

The Company

The Company has guaranteed the borrowings of its subsidiary undertakings under the Group's senior secured credit and overdraft facilities. At 30 April 2021 the amount borrowed under these facilities was £885m (2020: £2,142m). Subsidiary undertakings are also able to obtain letters of credit under these facilities and, at 30 April 2021, letters of credit issued under these arrangements totalled £37m ($52m) (2020: £41m ($52m)). In addition, the Company has guaranteed the 4.125%, 5.250%, 4.375%, 4.000% and 4.250% senior notes each with a par value of $600m (£433m), issued by Ashtead Capital, Inc..

The Company has guaranteed lease commitments of subsidiary undertakings where the minimum lease commitment at 30 April 2021 totalled £25m (2020: £30m) in respect of land and buildings of which £5m is payable by subsidiary undertakings in the year ending 30 April 2022.

The Company has provided a guarantee to the Ashtead Group plc Retirement Benefits Plan ('the plan') that ensures the plan is at least 105% funded as calculated in accordance with Section 179 of the Pensions Act 2004. Based on the last actuarial valuation at 30 April 2019, this guarantee was the equivalent of £20m.

The Company has guaranteed the performance by subsidiaries of certain other obligations up to £2m (2020: £2m).

29 CAPITAL COMMITMENTS

At 30 April 2021 capital commitments in respect of purchases of rental and other equipment totalled £499m (2020: £259m), all of which had been ordered. There were no other material capital commitments at the year end.

30 EVENTS AFTER THE BALANCE SHEET DATE

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

i) On 12 May 2021, Sunbelt Canada acquired the business and assets of Island Equipment Rentals Ltd., ('Island Equipment'). Island Equipment is a general tool business in British Columbia.

ii) On 26 May 2021, Sunbelt US acquired the business and assets of Randall Industries, Inc. ('Randall'). Randall is a general tool business in Illinois and Indiana.

The initial accounting for these acquisitions is incomplete. Had these acquisitions taken place on 1 May 2020, their contribution to revenue and operating profit would not have been material.

In May 2021, the Group commenced the share buyback programme of up to £1bn over the next two financial years, announced in April 2021.

31 RELATED PARTY TRANSACTIONS

The Group's key management comprises the Company's executive and non-executive directors. Details of their remuneration are given in Note 4 and details of their share interests and share awards are given in the Directors' remuneration report. In relation to the Group's defined benefit pension plan, details are included in Note 24.

As reported in the prior year, the Board became aware that the interim dividend paid on 5 February 2020 had been paid otherwise than in accordance with the Companies Act 2006. Following approval at the 2020 AGM, the Company entered into deeds of release to remove any right it may have to claim from shareholders or directors present at the meeting at which the interim dividend was declared for the repayment of that dividend.

32 EMPLOYEES

The average number of employees, including directors, during the year was as follows:

	2021 Number	2020 Number
United States	**13,526**	13,946
United Kingdom	**3,724**	3,814
Canada	**1,409**	1,219
	18,659	18,979

33 CHANGE IN PRESENTATIONAL CURRENCY

Effective from 1 May 2021, the Group has decided to change its presentational currency from sterling to US dollars to allow for greater transparency in the Group's performance to investors and other stakeholders and reduced foreign exchange volatility given that c. 80% of the Group's revenue and c. 90% of the Group's operating profit originate in US dollars. As such, the Group will present its consolidated financial statements for the year ending 30 April 2022 in US dollars.

In accordance with IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, this change in presentation currency will be applied retrospectively.

Selected historical financial information has been restated in US dollars and included herein which will form the basis of the comparative financial information to be included in the Annual Report & Accounts of the Group for the year ended 30 April 2022 and all published financial information for periods from 1 May 2021 onwards.

In accordance with the provisions of IAS 21, the Effects of Changes in Foreign Exchange Rates, in respect of changes in presentation currency, financial information has been restated from sterling to US dollars as follows:

- assets and liabilities in non-US denominated currencies were translated into US dollars at the rate of exchange ruling at the relevant balance sheet date;
- non-US dollar income statements and cash flows were translated into US dollars at average rates of exchange for the relevant period;
- share capital, share premium and all other equity items were translated at the historical rates prevailing at 1 May 2004, the date of transition to IFRS, or the subsequent rates prevailing on the date of each relevant transaction; and
- the cumulative foreign exchange translation reserve was set to zero on 1 May 2004, the date of transition to IFRS, and this reserve has been restated on the basis that the Group has reported in US dollars since that date.

The exchange rates used in respect of the pound sterling (£) and Canadian dollar (C$) were:

	Pound sterling		Canadian dollar	
	2021	2020	**2021**	2020
Average for year	**1.32**	1.27	**0.76**	0.75
Year end	**1.38**	1.26	**0.81**	0.72

a. Restated consolidated income statement

	2021			2020		
	Before amortisation $m	**Amortisation $m**	**Total $m**	Before exceptional items and amortisation $m	Exceptional items and amortisation $m	Total $m
Revenue						
Rental revenue	**5,901.6**	**–**	**5,901.6**	5,832.7	–	5,832.7
Sale of new equipment, merchandise and consumables	**347.7**	**–**	**347.7**	233.0	–	233.0
Sale of used rental equipment	**389.3**	**–**	**389.3**	333.2	–	333.2
	6,638.6	**–**	**6,638.6**	6,398.9	–	6,398.9
Operating costs						
Staff costs	**(1,501.5)**	**–**	**(1,501.5)**	(1,484.4)	–	(1,484.4)
Used rental equipment sold	**(364.4)**	**–**	**(364.4)**	(291.2)	–	(291.2)
Other operating costs	**(1,735.9)**	**–**	**(1,735.9)**	(1,615.1)	–	(1,615.1)
	(3,601.8)	**–**	**(3,601.8)**	(3,390.7)	–	(3,390.7)
EBITDA	**3,036.8**	**–**	**3,036.8**	3,008.2	–	3,008.2
Depreciation	**(1,457.6)**	**–**	**(1,457.6)**	(1,380.8)	–	(1,380.8)
Amortisation of intangibles	**–**	**(81.2)**	**(81.2)**	–	(78.1)	(78.1)
Operating profit	**1,579.2**	**(81.2)**	**1,498.0**	1,627.4	(78.1)	1,549.3
Interest expense	**(262.9)**	**–**	**(262.9)**	(284.2)	(21.1)	(305.3)
Profit on ordinary activities before taxation	**1,316.3**	**(81.2)**	**1,235.1**	1,343.2	(99.2)	1,244.0
Taxation	**(335.0)**	**20.0**	**(315.0)**	(332.1)	24.4	(307.7)
Profit attributable to equity holders of the Company	**981.3**	**(61.2)**	**920.1**	1,011.1	(74.8)	936.3
Basic earnings per share	**219.1¢**	**(13.7¢)**	**205.4¢**	221.5¢	(16.3¢)	205.2¢
Diluted earnings per share	**218.4¢**	**(13.6¢)**	**204.8¢**	220.7¢	(16.3¢)	204.4¢

33 CHANGE IN PRESENTATIONAL CURRENCY (CONTINUED)

b. Restated consolidated balance sheet

	2021 $m	2020 $m
Current assets		
Inventories	**102.2**	105.0
Trade and other receivables	**1,083.7**	1,036.1
Current tax asset	**18.4**	41.3
Cash and cash equivalents	**26.6**	304.4
	1,230.9	1,486.8
Non-current assets		
Property, plant and equipment		
– rental equipment	**6,908.9**	7,429.2
– other assets	**867.2**	893.9
	7,776.1	8,323.1
Right-of-use asset	**1,545.9**	1,372.7
Goodwill	**1,796.1**	1,690.6
Other intangible assets	**387.3**	411.3
Other non-current assets	**95.5**	–
Net defined benefit pension plan asset	**6.2**	–
	11,607.1	11,797.7
Total assets	**12,838.0**	13,284.5
Current liabilities		
Trade and other payables	**819.5**	724.9
Current tax liability	**5.7**	2.8
Lease liabilities	**168.7**	133.6
Provisions	**54.0**	67.7
	1,047.9	929.0
Non-current liabilities		
Lease liabilities	**1,464.6**	1,269.2
Long-term borrowings	**4,194.0**	5,666.0
Provisions	**61.0**	49.0
Deferred tax liabilities	**1,514.2**	1,607.3
Other non-current liabilities	**30.8**	–
Net defined benefit pension plan liability	**–**	15.3
	7,264.6	8,606.8
Total liabilities	**8,312.5**	9,535.8
Equity		
Share capital	**81.8**	82.3
Share premium account	**6.5**	6.5
Capital redemption reserve	**20.0**	19.5
Own shares held by the Company	**(66.2)**	(149.7)
Own shares held through the ESOT	**(36.8)**	(36.0)
Cumulative foreign exchange translation differences	**(134.0)**	(210.8)
Retained reserves	**4,654.2**	4,036.9
Equity attributable to equity holders of the Company	**4,525.5**	3,748.7
Total liabilities and equity	**12,838.0**	13,284.5

c. Restated consolidated cash flow statement

	2021 $m	2020 $m
Cash flows from operating activities		
Cash generated from operations before exceptional items and changes in rental equipment	**3,017.0**	3,076.2
Payments for rental property, plant and equipment	**(817.0)**	(1,729.8)
Proceeds from disposal of rental property, plant and equipment	**384.7**	312.2
Cash generated from operations	**2,584.7**	1,658.6
Financing costs paid (net)	**(254.9)**	(249.4)
Exceptional financing costs paid	**–**	(16.1)
Tax paid (net)	**(387.6)**	(143.2)
Net cash generated from operating activities	**1,942.2**	1,249.9
Cash flows from investing activities		
Acquisition of businesses	**(195.1)**	(577.0)
Payments for non-rental property, plant and equipment	**(138.3)**	(263.6)
Proceeds from disposal of non-rental property, plant and equipment	**18.3**	15.2
Net cash used in investing activities	**(315.1)**	(825.4)
Cash flows from financing activities		
Drawdown of loans	**643.4**	2,939.9
Redemption of loans	**(2,228.4)**	(2,168.3)
Repayment of principal under lease liabilities	**(73.9)**	(81.4)
Dividends paid	**(235.5)**	(234.3)
Purchase of own shares by the ESOT	**(15.5)**	(22.1)
Purchase of own shares by the Company	**–**	(569.7)
Net cash used in financing activities	**(1,909.9)**	(135.9)
(Decrease)/increase in cash and cash equivalents	**(282.8)**	288.6
Opening cash and cash equivalents	**304.4**	16.7
Effect of exchange rate difference	**5.0**	(0.9)
Closing cash and cash equivalents	**26.6**	304.4

	2021 $m	2020 $m
Reconciliation of net cash flows to net debt		
Decrease/(increase) in cash and cash equivalents in the period	**282.8**	(288.6)
(Decrease)/increase in debt through cash flow	**(1,658.9)**	690.2
Change in net debt from cash flows	**(1,376.1)**	401.6
Exchange differences	**129.3**	(37.5)
Debt acquired	**25.2**	115.7
Non-cash movements:		
– deferred costs of debt raising	**11.0**	12.8
– new lease liabilities	**246.9**	239.1
(Decrease)/increase in net debt in the period	**(963.7)**	731.7
Net debt at 1 May (as previously stated)	**6,764.4**	4,881.9
Effect of adoption of IFRS 16	**–**	1,150.8
Net debt at 1 May (2020 restated)	**6,764.4**	6,032.7
Net debt at 30 April	**5,800.7**	6,764.4

34 PARENT COMPANY INFORMATION

a. Balance sheet of the Company (Company number: 01807982)

	Notes	2021 £m	2020 £m
Current assets			
Prepayments and accrued income		**1.0**	0.5
Amounts due from subsidiary undertakings	(f)	**629.6**	–
		630.6	0.5
Non-current assets			
Right-of-use asset	(g)	**6.1**	6.8
Investments in Group companies	(h)	**363.7**	363.7
Deferred tax asset		**1.3**	1.5
		371.1	372.0
Total assets		**1,001.7**	372.5
Current liabilities			
Accruals and deferred income		**6.6**	6.7
Amounts due to subsidiary undertakings	(i)	**–**	20.4
Lease liabilities	(j)	**0.8**	0.8
		7.4	27.9
Non-current liabilities			
Lease liabilities	(j)	**5.3**	5.9
Total liabilities		**12.7**	33.8
Equity			
Share capital	(b)	**45.1**	45.4
Share premium account	(b)	**3.6**	3.6
Capital redemption reserve	(b)	**11.1**	10.8
Own shares held by the Company	(b)	**(51.2)**	(115.9)
Own shares held through the ESOT	(b)	**(28.8)**	(27.7)
Retained reserves	(b)	**1,009.2**	422.5
Equity attributable to equity holders of the Company		**989.0**	338.7
Total liabilities and equity		**1,001.7**	372.5

The Company reported a profit for the financial year ended 30 April 2021 of £837m (2020: £350m).

These financial statements were approved by the Board on 14 June 2021.

BRENDAN HORGAN
Chief executive

MICHAEL PRATT
Chief financial officer

b. Statement of changes in equity of the Company

	Share capital £m	Share premium account £m	Capital redemption reserve £m	Own shares held by the Company £m	Own shares held through the ESOT £m	Retained reserves £m	Total £m
At 1 May 2019	49.9	3.6	6.3	(622.6)	(24.6)	1,215.5	628.1
Effect of adoption of IFRS 16	–	–	–	–	–	1.0	1.0
At 1 May 2019 (restated)	49.9	3.6	6.3	(622.6)	(24.6)	1,216.5	629.1
Profit for the year	–	–	–	–	–	349.7	349.7
Other comprehensive income for the year	–	–	–	–	–	–	–
Total comprehensive income for the year	–	–	–	–	–	349.7	349.7
Dividends paid	–	–	–	–	–	(186.7)	(186.7)
Own shares purchased by the ESOT	–	–	–	–	(17.6)	–	(17.6)
Own shares purchased by the Company	–	–	–	(444.6)	–	–	(444.6)
Share-based payments	–	–	–	–	14.5	(6.1)	8.4
Tax on share-based payments	–	–	–	–	–	0.4	0.4
Cancellation of shares	(4.5)	–	4.5	951.3	–	(951.3)	–
At 30 April 2020	45.4	3.6	10.8	(115.9)	(27.7)	422.5	338.7
Profit for the year	–	–	–	–	–	836.8	836.8
Other comprehensive income for the year	–	–	–	–	–	–	–
Total comprehensive income for the year	–	–	–	–	–	836.8	836.8
Dividends paid	–	–	–	–	–	(182.1)	(182.1)
Own shares purchased by the ESOT	–	–	–	–	(12.5)	–	(12.5)
Share-based payments	–	–	–	–	11.4	(4.2)	7.2
Tax on share-based payments	–	–	–	–	–	0.9	0.9
Cancellation of shares	(0.3)	–	0.3	64.7	–	(64.7)	–
At 30 April 2021	**45.1**	**3.6**	**11.1**	**(51.2)**	**(28.8)**	**1,009.2**	**989.0**

34 PARENT COMPANY INFORMATION (CONTINUED)

c. Cash flow statement of the Company

	Note	2021 £m	2020 £m
Cash flows from operating activities			
Cash from operations	(l)	**(649.0)**	306.4
Financing costs paid		**(5.8)**	(2.9)
Dividends received from Ashtead Holdings PLC		**850.0**	350.0
Net cash from operating activities		**195.2**	653.5
Cash flows from financing activities			
Repayment of principal under lease liabilities		**(0.6)**	(0.6)
Purchase of own shares by the ESOT		**(12.5)**	(17.6)
Purchase of own shares by the Company		**–**	(448.6)
Dividends paid		**(182.1)**	(186.7)
Net cash used in financing activities		**(195.2)**	(653.5)
Change in cash and cash equivalents		**–**	–

d. Accounting policies

The Company financial statements have been prepared on the basis of the accounting policies set out in Note 2, supplemented by the policy on investments set out below.

Investments in subsidiary undertakings are stated at cost less any necessary provision for impairment in the parent company balance sheet. Where an investment in a subsidiary is transferred to another subsidiary, any uplift in the value at which it is transferred over its carrying value is treated as a revaluation of the investment prior to the transfer and is credited to the revaluation reserve.

e. Income statement

Ashtead Group plc has not presented its own profit and loss account as permitted by section 408 of the Companies Act 2006. The profit attributable to the Company is disclosed in the footnote to the Company's balance sheet. There were no other amounts of comprehensive income in the financial year.

The average number of employees, including directors, during the year was as follows:

	2021 Number	2020 Number
Employees	**16**	16

Their aggregate remuneration comprised:

	2021 £m	2020 £m
Salaries	**7.8**	8.3
Social security costs	**1.4**	1.1
Other pension costs	**0.3**	0.4
	9.5	9.8

f. Amounts due from subsidiary undertakings

	2021 £m	2020 £m
Due within one year:		
Ashtead Holdings PLC	**629.6**	–

g. Right-of-use asset

	Property leases £m
Cost or valuation	
Effect of adoption of IFRS 16 at 1 May 2019	7.5
At 30 April 2020 and 30 April 2021	**7.5**
Depreciation	
Effect of adoption of IFRS 16 at 1 May 2019	–
Charge for the period	0.7
At 30 April 2020	0.7
Charge for the period	0.7
At 30 April 2021	**1.4**
Net book value	
At 30 April 2021	**6.1**
At 30 April 2020	6.8

On transition, the right-of-use asset was adjusted for the impact of lease prepayments (£0.2m).

h. Investments

	Shares in Group companies	
	2021 £m	2020 £m
At 30 April	**363.7**	363.7

STRATEGIC REPORT DIRECTORS' REPORT FINANCIAL STATEMENTS ADDITIONAL INFORMATION

34 PARENT COMPANY INFORMATION (CONTINUED)

h. Investments (continued)

Details of the Company's subsidiaries at 30 April 2021 are as follows:

Name	Address of registered office	Principal activity
USA		
Ashtead US Holdings, Inc.	The Corporation Trust Company, 1209 Orange St., Wilmington, DE 19801	Investment holding company
Ashtead Holdings, LLC	The Corporation Trust Company, 1209 Orange St., Wilmington, DE 19801	Investment holding company
Sunbelt Rentals, Inc.	CT Corporation System, 160 Mine Lake Ct, Ste 200, Raleigh, NC 27615-6417	Equipment rental and related services
Sunbelt Rentals Industrial Services, LLC	The Corporation Trust Company, 1209 Orange St., Wilmington, DE 19801	Equipment rental and related services
Sunbelt Rentals Scaffold Services, Inc.	CT Corporation System, 160 Mine Lake Ct., Ste. 200, Raleigh, NC 27615-6417	Equipment rental and related services
Sunbelt Rentals Scaffold Services, LLC	CT Corporation System, 3867 Plaza Tower Dr., East Baton Rouge Parish, Baton Rouge, LA 70816	Equipment rental and related services
Pride Corporation	CT Corporation System, 28 Liberty Street, New York, NY 10005	Equipment rental and related services
Ashtead Capital, Inc.	The Corporation Trust Company, 1209 Orange St., Wilmington, DE 19801	Finance company
Sunbelt Rentals Exchange, Inc.	The Corporation Trust Company, 1209 Orange St., Wilmington, DE 19801	Dormant
UK		
Ashtead Holdings PLC	100 Cheapside, London, EC2V 6DT	Investment holding company
Sunbelt Rentals Limited	100 Cheapside, London, EC2V 6DT	Equipment rental and related services
Ashtead Financing Limited	100 Cheapside, London, EC2V 6DT	Finance company
Accession Group Limited	100 Cheapside, London, EC2V 6DT	Dormant
Accession Holdings Limited	100 Cheapside, London, EC2V 6DT	Dormant
Anglia Traffic Management Group Limited	100 Cheapside, London, EC2V 6DT	Dormant
Ashtead Canada Limited	100 Cheapside, London, EC2V 6DT	Dormant
Astra Site Services Limited	12 Hope Street, Edinburgh, Scotland, EH2 4DB	Dormant
ATM Traffic Solutions Limited	100 Cheapside, London, EC2V 6DT	Dormant
Eve Trakway Limited	100 Cheapside, London, EC2V 6DT	Dormant
Hoist It Limited	100 Cheapside, London, EC2V 6DT	Dormant
Opti-cal Survey Equipment Limited	100 Cheapside, London, EC2V 6DT	Dormant
Plantfinder (Scotland) Limited	12 Hope Street, Edinburgh, Scotland, EH2 4DB	Dormant
Precision Geomatics Limited	100 Cheapside, London, EC2V 6DT	Dormant
Ellerbeck Industries Limited	100 Cheapside, London, EC2V 6DT	Dormant
Inlec UK Limited	100 Cheapside, London, EC2V 6DT	Dormant
Ashtead Plant Hire Company Limited	100 Cheapside, London, EC2V 6DT	Dormant
Canada		
Sunbelt Rentals of Canada, Inc.	725 Granville Street, Suite 400, Vancouver, BC V7Y 1G5	Equipment rental and related services
William F. White International, Inc.	800 Islington Avenue, Toronto, ON M8Z 6A1	Equipment rental and related services
Republic of Ireland		
Ashtead Financing (Ireland) Unlimited Company	10 Earlsfort Terrace, Dublin 2, D02 T380	Dormant
Sunbelt Rentals (Ireland) Limited	10 Earlsfort Terrace, Dublin 2, D02 T380	Equipment rental and related services
Ashtead Plant Hire Company (Ireland) Limited	10 Earlsfort Terrace, Dublin 2, D02 T380	Dormant
Germany		
Sunbelt Rentals GmbH	Felix-Wankel-Straße 10, 74632 Neuenstein	Equipment rental and related services
France		
Sunbelt Rentals SAS	5 Avenue Carnot, 91330 Massy	Equipment rental and related services
Bahamas		
Sunbelt Rentals of the Bahamas, Inc.	Ocean Centre, Montagu Foreshore, East Bay Street, P.O. Box SS-19084, Nassau, Bahamas	Dormant

The issued share capital (all of which comprises ordinary shares) of subsidiaries is 100% owned by the Company or by subsidiary undertakings and all subsidiaries are consolidated.

i. Amounts due to subsidiary undertakings

	2021 £m	2020 £m
Due within one year:		
Ashtead Holdings PLC	–	20.4

j. Lease liabilities

(i) Amounts recognised in the balance sheet

	2021 £m	2020 £m
Maturity analysis – undiscounted cash flows:		
Less than one year	0.8	0.8
One to five years	3.2	3.2
More than five years	3.1	3.9
Total undiscounted lease liabilities at 30 April	7.1	7.9
Impact of discounting	(1.0)	(1.2)
Lease liabilities included in the balance sheet	6.1	6.7
Included in current liabilities	0.8	0.8
Included in non-current liabilities	5.3	5.9
	6.1	6.7

(ii) Amounts recognised in the income statement

	2021 £m	2020 £m
Depreciation of right-of-use assets	0.7	0.7
Interest on lease liabilities	0.2	0.3
	0.9	1.0

(iii) Amounts recognised in the statement of cash flows

	2021 £m	2020 £m
Financing costs paid in relation to lease liabilities	0.2	0.3
Repayment of principal under lease liabilities	0.6	0.6
Total cash outflow for leases	0.8	0.9

k. Financial instruments

The book value and fair value of the Company's financial instruments are not materially different.

l. Notes to the Company cash flow statement

Cash flow from operating activities

	2021 £m	2020 £m
Operating profit	(7.1)	2.6
Depreciation	0.8	0.8
EBITDA	(6.3)	3.4
Increase in prepayments and accrued income	(0.5)	(0.3)
Decrease in accruals and deferred income	(0.1)	(0.9)
(Increase)/decrease in intercompany receivable and payable	(649.3)	295.9
Other non-cash movement	7.2	8.3
Net cash outflow from operations before exceptional items	(649.0)	306.4

TEN-YEAR HISTORY

	2021[1]	2020[1]	2019	2018	2017	2016	2015	2014	2013	2012
In £m										
Income statement										
Revenue	**5,031.1**	5,053.6	4,499.6	3,706.0	3,186.8	2,545.7	2,038.9	1,634.7	1,361.9	1,134.6
Operating costs +	**(2,729.7)**	(2,677.8)	(2,393.0)	(1,972.9)	(1,682.4)	(1,368.1)	(1,130.5)	(949.6)	(842.9)	(753.5)
EBITDA +	**2,301.4**	2,375.8	2,106.6	1,733.1	1,504.4	1,177.6	908.4	685.1	519.0	381.1
Depreciation +	**(1,104.6)**	(1,090.5)	(843.0)	(695.6)	(606.8)	(449.4)	(351.5)	(275.9)	(229.0)	(199.8)
Operating profit +	**1,196.8**	1,285.3	1,263.6	1,037.5	897.6	728.2	556.9	409.2	290.0	181.3
Interest +	**(199.3)**	(224.5)	(153.4)	(110.2)	(104.2)	(82.9)	(67.3)	(47.1)	(44.6)	(50.7)
Pre-tax profit +	**997.5**	1,060.8	1,110.2	927.3	793.4	645.3	489.6	362.1	245.4	130.6
Operating profit	**1,135.3**	1,223.6	1,212.9	994.0	869.3	699.6	541.1	403.6	284.2	178.2
Pre-tax profit	**936.0**	982.8	1,059.5	862.1	765.1	616.7	473.8	356.5	214.2	134.8
Cash flow										
Cash flow from operations before exceptional items and changes in rental fleet	**2,287.1**	2,430.4	2,042.5	1,681.2	1,444.2	1,070.6	841.4	645.5	501.3	364.6
Free cash flow	**1,381.7**	792.1	368.2	386.2	319.4	(68.0)	(87.9)	(48.5)	(34.0)	(9.4)
Balance sheet										
Capital expenditure	**718.1**	1,483.0	1,587.2	1,238.7	1,085.6	1,240.0	1,063.1	740.6	580.4	476.4
Book cost of rental equipment	**8,562.6**	9,409.5	8,282.4	6,566.8	5,846.4	4,480.8	3,638.2	2,575.8	2,186.5	1,854.1
Shareholders' funds	**3,268.7**	2,972.2	2,800.5	2,526.9	1,970.1	1,480.4	1,111.5	824.4	682.5	554.7
In pence										
Dividend per share	**42.15p**	40.65p	40.0p	33.0p	27.5p	22.5p	15.25p	11.5p	7.5p	3.5p
Earnings per share	**155.7p**	162.1p	166.1p	195.3p	100.5p	81.3p	60.5p	46.1p	27.6p	17.8p
Adjusted earnings per share	**166.0p**	175.0p	174.2p	127.5p	104.3p	85.1p	62.6p	46.6p	31.4p	17.3p
In per cent										
EBITDA margin +	**45.7%**	47.0%	46.8%	46.8%	47.2%	46.3%	44.6%	41.9%	38.1%	33.6%
Operating profit margin +	**23.8%**	25.4%	28.1%	28.0%	28.2%	28.6%	27.3%	25.0%	21.3%	16.0%
Pre-tax profit margin +	**19.8%**	21.0%	24.7%	25.0%	24.9%	25.3%	24.0%	22.2%	18.0%	11.5%
Return on investment +	**14.9%**	15.2%	17.8%	17.6%	17.3%	18.9%	19.4%	18.6%	16.2%	12.0%
People										
Employees at year end	**18,826**	19,284	17,803	15,996	14,220	13,106	11,928	9,934	9,085	8,555
Locations										
Stores at year end	**1,126**	1,105	1,036	899	808	715	640	556	494	485

Notes
+ Before exceptional items, amortisation and fair value remeasurements.
1 The Group elected to apply IFRS 16 using the modified retrospective approach with no restatement of comparative figures. As a result, the results for 2021 and 2020 are not comparable directly to the prior years with the adoption of IFRS 16 resulting in higher EBITDA and operating profit but lower profit before exceptional items, amortisation and tax than under the previous accounting standard.

GLOSSARY OF TERMS

The glossary of terms below sets out definitions of terms used throughout this Annual Report & Accounts. Included are a number of alternative 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. The directors use these measures, which are common across the industry, for planning and reporting purposes. These measures are also used in discussions with the investment analyst community and credit rating agencies. Where relevant, the APMs exclude the impact of IFRS 16 to aid comparability with prior year metrics. The APMs are not defined by IFRS and therefore may not be directly comparable with other companies' APMs and should not be considered superior to or a substitute for IFRS measures.

Term	Closest equivalent statutory measure	Definition and purpose
Adjusted results	See definition	Adjusted results are the results stated before exceptional items and the amortisation of acquired intangibles. Adjusted results are utilised by the Group in its remuneration targets. A reconciliation is shown on the income statement on page 127.
Capital expenditure	None	Represents additions to rental equipment and other tangible assets (excluding assets acquired through a business combination).
Cash conversion ratio	None	Represents cash flow from operations before exceptional items and changes in rental equipment as a percentage of adjusted EBITDA. This measure is utilised to show the proportion of EBITDA converted into cash flow from operations generated by the business before investment expenditures, interest, taxation and exceptional items.

		2021 £m	2020 £m
EBITDA before exceptionals	Note 26(a)	**2,301**	2,376
Cash inflow from operations before exceptional items and changes in rental equipment	Note 26(a)	**2,287**	2,430
Cash conversion ratio		**99%**	102%

Term	Closest equivalent statutory measure	Definition and purpose
Dollar utilisation	None	Dollar utilisation is trailing 12-month rental revenue divided by average fleet at original (or 'first') cost measured over a 12-month period. Dollar utilisation has been identified as one of the Group's key performance indicators. The components used to calculate this measure are shown within the Financial review.
Drop through	None	Calculated as the incremental rental revenue which converts into EBITDA (excluding gains from sale of new equipment, merchandise and consumables and from sale of used equipment).

	2021	2020	Change
Sunbelt US ($m)			
Rental revenue	**4,933**	5,046	(113)
EBITDA	**2,635**	2,721	
Gains	**(76)**	(106)	
EBITDA exc. gains	**2,559**	2,615	(56)
Drop through			**50%**

This measure is utilised by the Group to demonstrate the incremental profitability generated by the Group as a result of growth in the year.

Term	Closest equivalent statutory measure	Definition and purpose
EBITDA	Profit before tax	EBITDA is not defined by IFRS but is a widely accepted profit measure being earnings before interest, tax, depreciation and amortisation. A reconciliation of EBITDA to profit before tax is shown on the income statement on page 127.
EBITDA margin	None	EBITDA margin is calculated as EBITDA before exceptional items divided by revenue. Progression in EBITDA margin is an important indicator of the Group's performance and this has been identified as one of the Group's key performance indicators.
Exceptional items	None	Exceptional items are those items that are material and non-recurring in nature that the Group believes should be disclosed separately to assist in the understanding of the financial performance of the Group. Excluding these items provides readers with helpful additional information on the performance of the business across periods and against peer companies. It is also consistent with how business performance is reported to the Board and the remuneration targets set by the Company. Details are provided in Note 5 of the financial statements.

Term	Closest equivalent statutory measure	Definition and purpose
Free cash flow	Net cash inflow from operating activities	Cash generated from operating activities less non-rental net property, plant and equipment expenditure. Non-rental net property, plant and equipment expenditure comprises payments for non-rental capital expenditure less disposal proceeds received in relation to non-rental asset disposals. This measure shows the cash retained by the Group prior to discretionary expenditure on acquisitions and returns to shareholders. A reconciliation of free cash flow is shown in the Strategic report on page 49.
Growth at constant exchange rates	None	Calculated by applying the current period exchange rate to the comparative period result. The relevant foreign currency exchange rates are provided within Note 2, Accounting policies, to the financial statements. This measure is used as a means of eliminating the effects of foreign exchange rate movements on the period-on-period changes in reported results.

	2021 £m	2020 £m	%
Rental revenue			
As reported	**4,473**	4,606	-3%
Retranslation effect	**–**	(165)	
At constant currency	**4,473**	4,441	1%
Adjusted profit before tax			
As reported	**998**	1,061	-6%
Retranslation effect	**–**	(42)	
At constant currency	**998**	1,019	-2%

Term	Closest equivalent statutory measure	Definition and purpose
Leverage	None	Leverage calculated at constant exchange rates uses the period end exchange rate for the relevant period and is determined as net debt divided by adjusted EBITDA.

	2021		2020	
	Excluding IFRS 16	Including IFRS 16	Excluding IFRS 16	Including IFRS 16
Net debt (at constant currency)	**3,019**	**4,190**	4,256	5,363
EBITDA (at constant currency)	**2,098**	**2,194**	2,280	2,380
Leverage	**1.4x**	**1.9x**	1.9x	2.3x

This measure is used to provide an indication of the strength of the Group's balance sheet and is widely used by investors and credit rating agencies. It also forms part of the remuneration targets of the Group and has been identified as one of the Group's key performance indicators.

Term	Closest equivalent statutory measure	Definition and purpose
Net debt	None	Net debt is total borrowings (bank, bonds and lease liabilities) less cash balances, as reported. This measure is used to provide an indication of the Group's overall level of indebtedness and is widely used by investors and credit rating agencies. It has been identified as one of the Group's key performance indicators. An analysis of net debt is provided in Note 26(c) of the financial statements.
Operating profit	Profit before tax	Operating profit is earnings before interest and tax. A reconciliation of operating profit to profit before tax is shown on the income statement on page 127.
Operating profit margin	None	Operating profit margin is calculated as operating profit before exceptional items and the amortisation of intangibles divided by revenue. Progression in operating profit margin is an important indicator of the Group's performance.
Organic measures	See definition	Organic measures are used to explain the financial and operational performance of Sunbelt US and comprise all locations, excluding locations arising from a bolt-on acquisition completed after the start of the comparative financial period.

Term	Closest equivalent statutory measure	Definition and purpose
Return on Investment ('RoI')	None	Last 12-month ('LTM') adjusted operating profit, excluding the impact of IFRS 16, divided by the LTM average of the sum of net tangible and intangible fixed assets, plus net working capital but excluding net debt and tax. RoI is used by management to help inform capital allocation decisions within the business and has been identified as one of the Group's key performance indicators. It also forms part of the remuneration targets of the Group. The impact of IFRS 16 has been excluded so as to reflect the way the business is managed.

A reconciliation of Group RoI is provided below:

	2021	2020
Adjusted operating profit (£m)	**1,176**	1,270
Average net assets (£m)	**7,886**	8,347
Return on investment (%)	**15%**	15%

RoI for the businesses is calculated in the same way, but excludes goodwill and intangible assets:

	US $m	Canada $m	UK £m
Adjusted operating profit	1,420	97	60
Average net assets, excluding goodwill and intangibles	7,102	614	595
Return on investment	20%	16%	10%

Other terms used within this Annual Report & Accounts include:

- **Availability:** represents the headroom on a given date under the terms of our $4.1bn asset-backed senior bank facility, taking account of current borrowings.
- **Fleet age:** net book value weighted age of serialised rental assets. Serialised rental assets constitute the substantial majority of our fleet.
- **Fleet on rent:** quantity measured at original cost of our rental fleet on rent. Fleet on rent has been identified as one of the Group's key performance indicators.
- **RIDDOR rate:** 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.
- **Same store:** same stores are those locations which were open at the start of the comparative financial period.
- **Staff turnover:** staff turnover is calculated as the number of leavers in a year (excluding redundancies) divided by the average headcount during the year.
- **Suppressed availability:** represents the amount on a given date that the asset base exceeds the facility size under the terms of our $4.1bn asset-backed senior bank facility.

FINANCIAL CALENDAR AND ADVISERS

FUTURE DATES

Quarter 1 results	16 September 2021
2021 Annual General Meeting	16 September 2021
Quarter 2 results	7 December 2021
Quarter 3 results	8 March 2022
Quarter 4 and year-end results	15 June 2022

ADVISERS

Auditor
Deloitte LLP
Statutory Auditor
1 New Street Square
London
EC4A 3HQ

Registrars and Transfer Office
Equiniti
PO Box 4630
Aspect House
Spencer Road
Lancing
West Sussex
BN99 6QQ

Financial PR Advisers
Maitland/AMO
3 Pancras Square
London
N1C 4AG

Solicitors
Slaughter and May
One Bunhill Row
London
EC1Y 8YY

Skadden, Arps, Slate, Meagher & Flom LLP
155 N Wacker Drive
Chicago, IL 60606

Parker, Poe, Adams & Bernstein LLP
401 South Tryon Street
Charlotte, NC 28202

Brokers
Barclays Bank plc
North Colonnade
Canary Wharf
London
E14 4BB

Citigroup Global Markets Limited
Citigroup Centre
33 Canada Square
London
E14 5LB

Registered number
01807982

Registered Office
100 Cheapside
London
EC2V 6DT

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Designed and produced by
CONRAN DESIGN GROUP

Ashtead Group plc
100 Cheapside
London EC2V 6DT
Phone: + 44 (0) 20 7726 9700
www.ashtead-group.com

www.ashtead-group.com