

CHAIR'S LETTER



RESILIENCE WHEN THE GOING GETS TOUGH

Dear Shareholder

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

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

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

PROGRESS

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

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

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

COVID-19

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

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

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

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

DIVIDENDS

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ('ESG')

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



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

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

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

BOARD

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

OUTLOOK

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

PAUL WALKER
Chair, 15 June 2020

HIGHLIGHTS OF THE YEAR

+9%

REVENUE UP 9%; RENTAL REVENUE UP 8%¹

£1,224m

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

£792m

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

1.9x

NET DEBT TO EBITDA LEVERAGE^{1,2} OF 1.9 TIMES (2019: 1.8 TIMES)

£1,061m

GROUP UNDERLYING PRE-TAX PROFIT OF £1,061M (2019: £1,110M), A REDUCTION OF 4%^{1,2}

£740m

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

£1.5bn

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

33.5p

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

175.0p

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

162.1p

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

£453m

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

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