GROWTH & DIVERSIFICATION

GENERATING STRONG RESULTS THROUGH DIVERSITY

At Ashtead we provide our customers with more than just equipment rental. **We provide solutions.**

From multinational businesses to individual do-it-yourselfers – our experts are dedicated to delivering the best service.

From everyday things that matter, to mission-critical events where experience counts – we are there to supply what is needed.

Our objectives are to:

1. deliver sustainable value and above-average performance across the economic cycle, thereby extending our industry-leading position and delivering superior total returns for shareholders; and

2. deliver the very best levels of customer service throughout our networks to enable that growth every day.

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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.

OUR GROUP AT A GLANCE

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

The second largest equipment rental company in North America with 546 stores in 45 states in the US and 13 stores in Canada.

Sunbelt	86%
A-Plant	14%

The largest equipment rental company in the UK with 156 stores.

US MARKET SHARE

United Rentals	10%
Sunbelt	7%
Herc Rentals	3%
Home Depot	1%
BlueLine Rentals	1%
Sunstate	1%
Top 7–10	4%
Top 11–100	c.16%
Others	c.57%

Source: Management estimate based on IHS Global Insight market estimates.

US FLEET COMPOSITION

Aerial work platforms	35%
Forklifts	17%
Earth moving	16%
Pump and power	9%
Scaffold	4%
Other	19%

Source: Management information.

534* Full service stores

25 Sunbelt at Lowes stores

10,125 Employees

$3,277m Revenue

$1,014m Profits

24% Return on investment**

* Includes 13 stores in Canada.
** Excluding goodwill and intangible assets.

UK MARKET SHARE

A-Plant	6%
HSS	6%
Speedy	5%
VP	3%
GAP	3%
Lavendon	2%
Hewden	2%
Others	73%

Source: Management estimate based on IHS Global Insight market estimates.

UK FLEET COMPOSITION

Aerial work platforms	11%
Forklifts	10%
Earth moving	20%
Accommodation	15%
Pump and power	3%
Acrow	4%
Traffic	3%
Panels, fencing & barriers	9%
Other	25%

Source: Management information.

156 Stores

2,968 Employees

£365m Revenue

£67m Profits

15% Return on investment*

* Excluding goodwill and intangible assets.

CHAIRMAN'S STATEMENT

CHRIS COLE
Chairman

CONTINUED GROWTH AND A STABLE OUTLOOK

22.5p

THE BOARD RECOMMENDS A FINAL DIVIDEND OF 18.5P PER SHARE, MAKING 22.5P FOR THE YEAR

I am pleased to report that the Group delivered strong growth again last year with excellent results in both North America and the UK. Both Sunbelt and A-Plant continue to set records in terms of revenue, margins and profit.

We continue to operate in good markets and we are seeing the benefit from growth in demand for our services and our expansion into new territories. Full-year revenue was £2,546m compared to £2,039m the previous year. Underlying pre-tax profit rose 24% year-on-year to £645m at constant exchange rates and our EBITDA margin rose to 46% (2015: 45%). Top-line growth continues to be the main driver of our profitability, and total rental revenue increased by 17% at constant exchange rates. Total rental revenue grew 18% at Sunbelt and 9% at A-Plant.

We have continued to invest responsibly in both the fleet and bolt-on acquisitions and are mindful of the flexibility that a young fleet age and low leverage provides. Group RoI for the year was a healthy 19% and despite continued significant investment in our fleet, our leverage reduced to 1.7 times EBITDA. This is towards the middle of the one and a half to two times leverage range, within which we believe the Group can operate comfortably. Our continued success demonstrates the strength of our strategy of organic growth, greenfield openings and bolt-on acquisitions, combined with geographic and sector diversity in generally good markets.

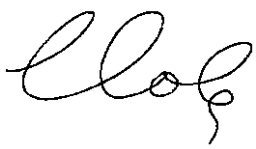
Maintaining a balanced and diverse board that reflects the breadth of our business remains our priority and I believe we continue to achieve this which provides good governance. We recently welcomed Lucinda Riches to the Board. I look forward to her contribution to the Group's continued growth and development. I would like to extend the Board's good wishes and thanks to Michael Burrow and Bruce Edwards who retire at the Annual General Meeting. They have witnessed significant growth in the business and supported us well over the last nine **years**.

On behalf of the Board I also extend my usual debt of gratitude to our employees. Ashtead would not be the enormously successful business nor the great place to work that it is without their continued dedication. Their attention to providing the very best customer service supports our year-on-year growth.

Our dividend policy remains a progressive one while always taking into account our aim to make dividends sustainable whatever stage we are at in our business cycle. In line with that objective and our excellent performance, the Board is recommending a final dividend of 18.5p per share making 22.5p for the year compared to 15.25p in 2015, an increase of 48%. Assuming the final dividend is approved at the Annual General Meeting, it will be paid on 9 September 2016 to shareholders on the register on 12 August 2016.

Reflecting the strength and cash generating potential of the business, we are now in a position to consider additional returns to shareholders while balancing capital efficiency with financial flexibility in a cyclical business and their impact on shareholder value. Accordingly, taking account of these factors, we intend to commence a share buyback of up to £200m in 2016/17.

Looking forward, we continue to see encouraging growth opportunities and expect further growth in 2016/17. Our end markets remain strong, the structural drivers are still in place and we have a strong balance sheet which allows us to execute our plans responsibly. As a consequence, the Board looks forward to the medium term with confidence.



CHRIS COLE
Chairman
13 June 2016

HIGHLIGHTS OF THE YEAR

REVENUE (£m)

- Group rental revenue up **17%**[1]
- Group EBITA margins up to **29%** (2015: 27%)
- Group underlying pre-tax profit of **£645m**, up 24% at constant exchange rates

- **£65m** spent on bolt-on acquisitions and 69 greenfield locations opened

UNDERLYING OPERATING PROFIT (£m)

- **£1.2bn** invested in the business (2015: £1.1bn)

- Group RoI of **19%** (2015: 19%)
- Net debt to EBITDA leverage[1] of **1.7** times (2015: 1.8 times)

UNDERLYING PROFIT BEFORE TAXATION (£m)

- Proposed final dividend of **18.5p**, making 22.5p for the full year, up 48% (2015: 15.25p)
- Commencing share buyback of up to **£200m**

1 At constant exchange rates.

Underlying profit and earnings per share are stated before exceptional items and amortisation of intangibles. The definition of exceptional items is set out in Note 2 to the financial statements.

PROFIT BEFORE TAXATION (£m)

WE ACQUIRED 68 NEW SITES IN NORTH AMERICA:

ALABAMA / ALBERTA / BRITISH COLUMBIA / CALIFORNIA / COLORADO / CONNECTICUT / DELAWARE / FLORIDA / GEORGIA / ILLINOIS / INDIANA / IOWA / KENTUCKY / LOUISIANA / MARYLAND / MICHIGAN / MINNESOTA / MISSISSIPPI / MISSOURI / NEBRASKA / NEW YORK / NORTH CAROLINA / OHIO / OKLAHOMA / OREGON / PENNSYLVANIA / SASKATCHEWAN / TENNESSEE / TEXAS / UTAH / VIRGINIA / WISCONSIN

MAKING THINGS HAPPEN

Our equipment can be used to lift, power, generate, light, move, dig, compact, drill, support, access, scrub, pump, direct, heat and ventilate – whatever is required.

Here's how we helped make things happen in 2015/16:

7,000,000+
kW OF POWER

1,000+
APPLICATIONS FOR APPRENTICESHIPS

1,000,000+
METRES OF BARRIERS ASSEMBLED

550,000
SMALL TOOLS RENTED

125 MILLION+
MILES TRAVELLED FOR DELIVERY AND SERVICE

15 BILLION+
BTU/hr IN THE HEATING FLEET

2,700,000
RENTAL CONTRACTS WRITTEN

500,000+
RENTAL ASSETS

200+
ENTERTAINMENT EVENTS SUPPORTED

570,000
CUSTOMERS

STRATEGIC REVIEW

In the following pages we explain how our business has performed, our market opportunities and how we have capitalised on them and how we create value:

12 Our markets
16 Our business model
22 Our strategy
28 Key performance indicators
30 Principal risks and uncertainties
33 Financial review
40 Responsible business report

FROM: PROTECTING ATHLETES' LEGS

27°F
REDUCTION IN OUTSIDE TEMPERATURE

TO: SAVING IOWA'S EGGS

The diversity of our fleet and service means we may be providing cooling units for southern sports teams one month and helping eradicate avian flu the next. Colleges rely on our Power Breezer cooling units to stop their football players overheating.

The US Department of Agriculture's emergency protocol required our industrial indirect-fired heater fleet to provide heat sustained at 110–120°F to eradicate avian flu at a chicken farm in Iowa.

350+
UNITS OF INDUSTRIAL INDIRECT-FIRED HEATER FLEET MOBILISED

STRATEGIC REVIEW CONTINUED

GEOFF DRABBLE
Chief executive

STRENGTH AND STABILITY THROUGH DIVERSITY OF FLEET AND APPLICATION

We have had another excellent year and we do not expect either our performance or markets to change any time soon. The diversity of our fleet and the range of both small and large applications for which it can be used give us strength and stability no matter the economic environment. Our strategy remains unchanged, with continued growth being driven by same-store growth, supplemented by greenfield openings and bolt-on acquisitions.

The principal driver of this performance is Sunbelt where rental revenue growth continues to benefit from cyclical and structural trends. We are planning for double-digit volume and revenue growth at Sunbelt in 2016/17, around twice the pace anticipated for the market as a whole. A-Plant also continues to perform well, as we continue to diversify the business, take market share and improve returns.

In the US we continue to capitalise on the opportunity presented by our markets where the rental market grew 6% last year. Sunbelt's rental revenue growth was 18% in strong end markets, despite the effect of the slow-down in oil and gas markets. Our Oil & Gas business now accounts for only 2% of revenue compared with 6% last year, but at only 2% now, the drag on the business is at its maximum. Our same-store growth of 12% shows that we continue to take market share as we grow more rapidly than the market. In addition, bolt-ons and greenfields have contributed another 7% growth as we execute our long-term structural growth strategy of expanding our geographic footprint and our specialty businesses. A-Plant also generated strong rental revenue growth of 9% and we continue to increase market share, with further potential ahead.

This year we focused more on new greenfield sites in North America with 58 opened compared with 31 in the previous year. Our mix of greenfields and acquisitions changes depending on the opportunities we see in any market at a particular time. We spent $81m (2015: $365m) on bolt-on acquisitions, which added a further 10 locations. Of this total of 68 new locations, 40% were specialty businesses, demonstrating the growing significance of specialty services within our portfolio. Specialty is currently 22% of our business and this year we opened almost as many specialty stores as general tool stores. So relative to the size of the business, there has been a greater focus on specialty. We added to our portfolio of climate control locations this year and this continues to be a fast growing and highly profitable business for us. We have gone from being a tiny regional player to being the largest 'spot' climate control business in North America.

Our priority for Ashtead has always been a highly stable balance sheet and as a consequence, we have continued to reduce leverage and invest in having a very young fleet age. We have reached a point where leverage is well within our target range of one and a half to two times EBITDA and our fleet age does not need to get any younger. As we enter a very cash-generative phase, we have given thought to how we will manage that cash.

Our priorities remain continued growth through same-store organic fleet investment, greenfield openings and bolt-on acquisitions as we continue to broaden and diversify the business, and the continuation of a progressive dividend policy which is sustainable through the cycle. If after achieving these, there are further funds available,

SUZANNE WOOD
Finance director

we will look at the relative merits at the time of either growth opportunities or additional returns to shareholders through share buybacks. We will remain conservative with a view to maintaining performance through the cycle as always and we are also mindful of the need to remain watchful in current markets.

Over the long term, we believe this growth strategy is fundamental to enhancing shareholder value as we seek to take advantage of the structural opportunity in the market. However, if there is a disconnect between the value of our business, versus the value of acquisitions, we will take advantage of that imbalance and buyback shares to enhance shareholder value. We will review the best options on a regular basis.

CREATING A WELL-BALANCED BUSINESS

SEE HOW WE CAPITALISE ON THE MARKET OPPORTUNITY
We are building market share through same-store organic growth, new greenfield investments and selected bolt-on acquisitions.

7%
US MARKET SHARE
P12

DISCOVER MORE ABOUT HOW WE CREATE SUSTAINABLE VALUE
Our equipment rental business model, and the management of that over the economic cycle, enable us to create long-term sustainable value.

19%
2016 ROI
P16

LEARN ABOUT OUR STRATEGY FOR GROWTH
We focus on building market share, maintaining flexibility in our finances and operations and being the best we can be every day.
P22

FIND OUT ABOUT OUR RISKS
Our main risks relate to economic conditions, competition, financing, business continuity, people, health and safety, the environment and laws and regulations.
P30

SEE HOW WE PERFORMED IN 2016
We had another year of strong financial performance, improved operational efficiency and excellent service metrics.

£645m
UNDERLYING PROFIT BEFORE TAX
P33

LEARN ABOUT HOW WE ENSURE WE ARE A RESPONSIBLE BUSINESS
We report on responsible business through the Group Risk Committee. We focus on health and safety, our people, the environment, community investment and ensuring the highest ethical standards across the Group.
P40

OUR MARKETS

CAPITALISING ON MARKET OPPORTUNITY

Most of our business and growth comes from the US which is a much larger rental market than the UK and less mature. The US rental market is potentially five times bigger than the UK and we continue to capitalise on the structural changes in that market as customers increasingly want to rent rather than buy their own equipment.

We also have a small presence in Canada which we will seek to develop over time, as and when the opportunities for growth present themselves. The US market is currently very strong, the UK market is showing resilience and we continue to increase our market share in both markets. Our aim is to grow the business wherever we are in the economic cycle. A strong market in the US and a good one in the UK mean we are performing particularly well currently.

THE US

Economic strength

Our core US markets are very strong. We have been impacted by difficulties in energy sectors, but oil and gas was only a small part of our business, so the negative impact has been relatively limited. In fact, the problems in the oil and gas sector served to demonstrate the robust and diverse nature of our business. Construction markets remain strong but we also continue to see growing employment, the benefits of lower energy prices and increased disposable income which is positive for our broader markets like event work and residential remodelling. In the US in particular, people are generally spending more money which has a knock-on effect in our non-construction markets. We continue to see very encouraging short-term trends and the consensus is that the market will experience steady longer term growth. Commercial and industrial starts continue to grow well and we expect this to continue at least until 2018.

With the obvious exception of energy, the markets we serve are strong, as both structural and cyclical trends remain favourable. Chart 02 shows the last three construction cycles. These have followed one of two patterns. From 1975 to 1982 and from 1982 to 1991 the initial recovery was very aggressive but the overall cycle was relatively short. We believe we remain mid-cycle and whilst the pace of growth may moderate, we should have multiple years of structural and cyclical opportunity ahead.

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 10% and 3% respectively. Home Depot, BlueLine and Sunstate have shares of 2% or less. Most of the remainder of the market is made up of small, local, independent tool shops.

Much of our market share gains come from these small independents when we set up new stores or acquire them. Ours is a capital-intensive industry where size matters. Scale brings cost benefits and sophistication in areas like IT and other services, and this leads ultimately to further consolidation. The industry has evolved over the last five years such that the proportion of the market enjoyed by the larger players has increased by 25%. We have clearly been a major beneficiary of this trend. Whilst there will always be a place for strong local players, the market enjoyed by the larger players is likely to grow by a further 30 to 40% in the medium term.

We are confident that as the market grows, our share will also increase. We have a good track record of success, having almost doubled our market share in the last six years. We continue to set ambitious targets for continuing to double our market share and market demand allows for this. The speed with which we increase our market share is a function of how quickly we can get new locations up and running and generating profit.

We believe that our model is a differentiator and explains in part our strong performance relative to some of our larger peers. We take share from our larger competitors because we have the right fleet in the right place and because we offer better service. However, we take more market share from the smaller operators than our bigger competitors where our advantage is greater. We remain committed to a very broad product offering in segments with low rental penetration and high returns. The diversity of both our fleet and its application gives us enormous competitive advantage. You can read more about our business model on pages 16 to 21.

The combination of our business model, the strong economy and the long-term trend to rental, which we discuss further on page 14, provides the perfect environment for us to achieve our goals. In addition, our market share gains accelerate as we make the most of our scale advantages. In the longer term, we believe that US market share in the order of 20% is a reasonable goal.

As we increase our market share and grow our specialty businesses, they necessarily become a greater proportion of the mix. 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. For example, last year we made an acquisition to expand our climate control business to the Pacific Northwest and opened eight greenfield locations to expand further this highly profitable specialty business.

SPECIALTY FLOORING SOLUTIONS

In July last year we set up our first specialty flooring solutions business. We are already the single largest rental provider of surface maintenance equipment focused on the commercial cleaning industry. We provide long and short-term rental options, battery, electric, LPG and diesel powered units, walk-behind and ride-on sweepers and scrubbers, floor burnishers and single disc machines (polish, scrub, grind), carpet extractors and specialty cleaning equipment. We serve the education, hospitality, events, retail and healthcare industries as well as stadiums, industrial plants and warehouses.

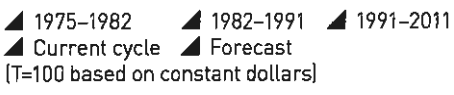
Over the last five years we have consistently grown at two to three times the market growth rate.

01/ US MARKET OUTLOOK

Total building starts (Millions of square feet)	2016	2017	2018
Total building	+11%	+14%	+0%
Commercial and industrial	+6%	+9%	+5%
Institutional	+8%	+14%	+11%
Residential	+12%	+16%	-3%

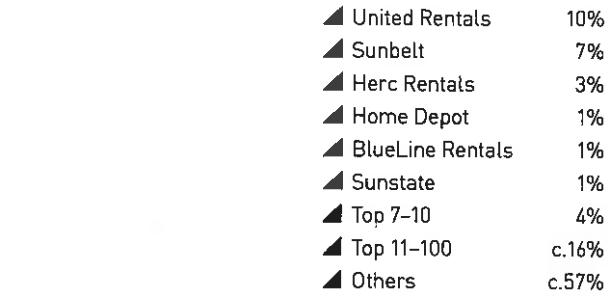
Source: Dodge Data & Analytics (March 2016).

02/ CONSTRUCTION ACTIVITY BY CYCLE



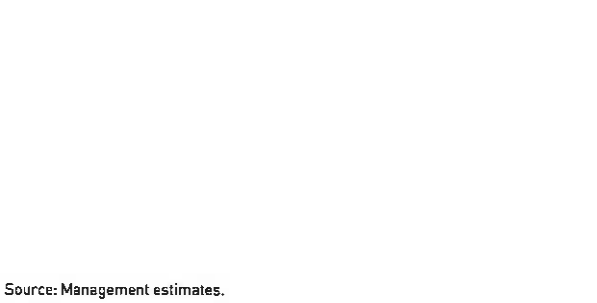
Source: Dodge Data & Analytics.

03/ US MARKET SHARE



Source: Management estimate based on IHS Global Insight market estimates.
Note: Restated to reflect latest IHS Global Insight market size data.

04/ US MARKET SHARE DEVELOPMENT



Source: Management estimates.

OUR MARKETS CONTINUED

FROM: SHINING THE LIGHT FOR A LOCAL CRAFT FESTIVAL

In celebration of harvest time, Florida's largest strawberry festival held in Plant City, Florida, asked Sunbelt to provide a variety of equipment support. We supplied towable generators to power food and craft stalls, light towers to increase visibility during the evening hours and scissor lifts to set up the festival and take it down at the end.

The trend to rental
Rental penetration continues to be a positive trend for the industry in the US as our customers have become accustomed to the flexibility of an outsourced model. Between 2010 and 2016, increased rental penetration effectively grew our end market by 20 to 25%. We see this trend continuing which will provide similar levels of market growth over the coming years. Rental still only makes up around 50% of the US market compared with 75% in the UK. We see the potential market penetration for rental equipment to be well over 60% in the US. The short-term drivers of this evolution are the significant cost inflation in recent years associated with the replacement of equipment, technical changes to equipment requirements that make rental more attractive, and health, safety and environmental issues which make rental more economical and just easier. In addition, our customers are ever more used to renting equipment rather than owning it themselves.

The diversity of our fleet helps us take advantage of the increasing trend to rental. We remain committed to a broad product offering in segments with low rental penetration and high returns. If your fleet consists of very large highly specialised equipment 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. If however you have a broader mix of fleet, then there is significant further upside to come from rental penetration.

The environmental regulations resulting in the more environmentally friendly Tier 4 engines produce significant inflation in equipment replacement costs. This has 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. The difficulties of getting to grips with the new technology and its maintenance requirements have also caused more operators to decide to rent. 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.

CANADA
Canada is a long-term growth opportunity for us. There is plenty of scope to develop market share in Canada in the same way as in the US. The business there is now twice the size of the previous year but it is still very small. We are focusing first on the southwest corner of Canada where, following our acquisition of GWG Rentals last year, we have opened a series of greenfields and made a number of small bolt-on acquisitions to expand the business. In the long term, our goal is to achieve market share of 5% and for Canada to make up between 15 to 20% of the North American business.

However, we are mindful that the potential impact on the broader economy of lower oil prices is likely to be greater in Canada than in the US. So we are waiting to see how that situation evolves before we get overly ambitious anywhere else in the country. In the long term, we will need to go into a broader geography in Canada and to increase the quantity of fleet on the ground and the location footprint. Any concerns about oil and gas are short-term ones and do not change our long-term strategy in Canada.

THE UK
Economic resilience
The UK market continues to improve and we expect it to continue to grow at a gentle pace for the foreseeable future. Growth opportunities are more difficult to come by because of an already high level of rental penetration. Nonetheless, A-Plant continues to grow and is also taking market share. Chart 05 shows the outlook for UK construction which shows continuing growth. Given high levels of total construction, 40% still being public and infrastructure, even with residential performing well, we will continue to invest responsibly in the UK market.

Our fleet size continues to expand and when there was a degree of oversupply in the UK market at the beginning of this financial year, we acted quickly to pull back our fleet investment, demonstrating the flexibility of our model.

Market share
We are the largest equipment rental company in the UK, and we increased our market share this year organically and through four small bolt-on acquisitions. There are a greater number of major players in the UK market and, as the largest, we only have a 6% market share. Chart 06 shows our key competitors and their share of the market. We believe we continue to be well positioned in the market with our strong customer service, young relative fleet age and strong balance sheet. We continue to broaden our customer base and have focused our investment on specialty sectors within the market. This has proven very successful in growing both our market share and returns.

TO: SETTING THE STAGE FOR 20+ ROCK MARATHONS

Sunbelt is the primary source for lifts, material handling and power generation at more than 20 North American Rock n Roll Marathons. Each mile of the half and full marathon features a stage with lights and sound, all powered by Sunbelt. Our team manages every aspect from design, set-up and maintenance, before, during and after the event. Sunbelt provides the equipment, service and support needed to execute one of the most widely recognised, musically themed races.

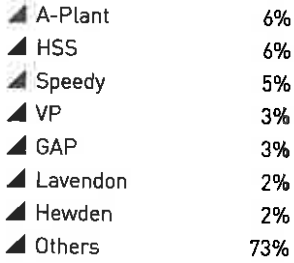
05/UK CONSTRUCTION INDUSTRY FORECASTS

£m constant 2012 prices	2014 actual	2015 actual	2016 forecast	2017 forecast	2018 projection	2019 projection	% of total
Residential	38,603	40,430	41,714	43,042	44,077	45,137	**30%**
		+4.7%	+3.2%	+3.2%	+2.4%	+2.4%	
Private commercial	38,092	38,551	40,025	41,536	42,728	43,933	**30%**
		+1.2%	+3.8%	+3.8%	+2.9%	2.8%	
Public and infrastructure	49,991	51,995	53,163	55,204	58,640	62,123	**40%**
		+4.0%	+2.2%	+3.8%	+6.2%	+5.9%	
Total	126,686	130,976	134,902	139,782	145,445	151,193	**100%**
		+3.4%	+3.0%	+3.6%	+4.1%	+4.0%	

Source: Construction Products Association (Spring 2016).

We are the largest equipment rental company in the UK, and continued to increase our market share this year organically.

06/UK MARKET SHARE



Source: Management estimate based on IHS Global Insight market estimates.

6%
UK MARKET SHARE

OUR BUSINESS MODEL

CREATING SUSTAINABLE VALUE

WHAT WE DO

PURCHASE
We purchase equipment from leading manufacturers and maintain it through its useful life.

RENT
We rent on a short-term basis, a full range of construction and industrial equipment to a diverse range of customers.

SELL
We sell old equipment in the second-hand market and buy new.

HOW WE DO IT



P18

DISCOVER MORE ABOUT HOW WE MANAGE THE CYCLE P19

We create value through the short-term rental of equipment that is used for a wide variety of applications to a diverse customer base. Our rental fleet ranges from small hand-held tools to the largest construction equipment and is available through a network of stores in North America and the UK.

VALUE CREATION

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

P19

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

P20

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

P21

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

P21

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

P19

Developing long-term relationships with customers and suppliers.

P21

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

P46

Generating sustainable returns for shareholders through the cycle.

P16

OUR BUSINESS MODEL CONTINUED

WHAT WE DO IS SIMPLE. HOW WE DO IT IS NOT.

> On-site hire depot and contractors' village for long-term maintenance and construction projects.

> Providing temporary climate control solutions for retail premises, office buildings and construction sites.

> Renting generators, access equipment, lighting, barriers and temporary trakway to an outdoor music festival.

At its most basic, our model is simple – we purchase an asset, we rent it to customers and generate a revenue stream each year we own it (on average, seven years). 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 $60 each year (equivalent to 60% dollar utilisation) and receive 35% of the original purchase price as disposal proceeds, we generate a return of $455 on an initial outlay of $100 over an average seven-year useful life. We incur costs in providing this service, principally employee, property and transportation costs and fleet depreciation. However, this simple overview encompasses a significant number of moving parts and activities. Our ability to excel in these areas enables us to generate strong margins and deliver long-term, sustainable shareholder value, whilst managing the risks inherent in our business (refer to pages 30 to 32).

07/MANAGING THE CYCLE – SUNBELT

> Designing bespoke lifting solutions for complex problems, including lifting the façade onto multistorey buildings.

> Managing the flow for sewer bypasses to enable the refurbishment of ageing infrastructure in a dry environment.

> Designing, erecting and dismantling scaffolding systems.

> Rapid response to natural disasters such as floods, tornadoes and hurricanes, including pumps and power generation equipment.

> Providing traffic management solutions for engineering projects or clean-up after an accident.

Managing the cycle is key to our strategy.

22%
IN SPECIALTY BUSINESSES

<50%
RELIANT ON CONSTRUCTION

MANAGING THE CYCLE
We describe ourselves as being a late cycle business in that our main 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 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. 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 (see content on our strategy on pages 22 to 27).

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% as we have deliberately reduced our reliance on construction. An increasing proportion of our North American business (22%) is in specialty areas such as Pump & Power, Climate Control, Scaffolding, Oil & Gas and Industrial Services. Residential construction is a small proportion of our business (5%) as it is not a heavy user of equipment.

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, as well as government entities and specialist contractors. Our core market is the small to mid-sized local contractor. The nature of the business is such that it consists of a high number of low-value transactions. In the year to April 2016, Sunbelt dealt with over 540,000 customers, who generated average revenue of $5,600.

OUR BUSINESS MODEL CONTINUED

The breadth and depth of our fleet differentiates us from our competitors.

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

HOW WE OPERATE

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

- In the US we achieve scale through a **clustered market** approach of grouping general tool and specialist 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 24 and 25.
- In the UK, our strategy is focused on having sufficient stores to allow us to offer **a full range of equipment on a nationwide basis**. We have migrated our network towards fewer, larger locations which are able to address all the needs of our customers in their respective markets. This difference in approach from the US 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

FROM: A BURST PIPE IN A BAKERY

Freezing temperatures caused a water pipe to burst in a St. Louis bakery. The burst pipe forced the entire building to close and business to cease. We provided portable dehumidifiers and air movers to combat water damage and restore a healthy, safe environment for workers and customers alike, enabling business as usual, to everyone's relief.

70%
OF ORDERS FOR DELIVERY IN 24 HOURS

a **standardised fleet** results in lower costs. This is because we obtain greater discounts by purchasing in bulk and reduce maintenance costs through more focused and, therefore, reduced training requirements for our staff. 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 leading levels of physical utilisation, one of our key performance indicators ('KPIs').

- We purchase equipment from well-known manufacturers with strong reputations for **product quality and reliability** and maintain close relationships with them to ensure certainty of supply and good after-purchase service and support. We work with vendors 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 and lifting services, which involve providing service expertise as well as equipment.
- 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 believe that our focus on customer service and the guarantees we offer help distinguish our businesses from competitors and assist us in delivering superior financial returns. Our responsiveness to customer needs is critical in a business where around 70% of orders are placed for delivery within 24 hours. We have worked with a lot of our customers for many years. 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.
- We invest heavily in our **computerised point of sale and service systems** as well as the software and online capabilities required to deliver efficient service as well as high returns. We capture and record the time of delivery and the customer's signature electronically, allowing us to systematically monitor and report on on-time deliveries. We also use electronic tracking systems to monitor the location and usage of large equipment.

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 43 to 46 we discuss the importance of our staff and corporate culture in more detail. We aim to recruit good people and then invest in them throughout their careers.

TO: MAINTAINING A CITY'S SEWER NETWORK

We also supplied all the necessary pumping equipment to enable in-place repair of three miles of the Indianapolis sewer. This pipe-lining project crossed railroad tracks, a water canal feeding into a potable water plant and a school yard. The sewer conveys 30 million gallons of raw sewage a day and with our help, the flow was redirected through a bypass without major interruption, so that the pipes in need of repair remained dry.

OUR STRATEGY

We continue to deliver on our well-established strategy of organic growth, supplemented by bolt-on acquisitions.

OUR STRATEGIC PRIORITIES

We always talk about managing our business across the economic cycle and how we expect that cycle to progress. The cycle continues to play out exactly as we have always thought it would and as a result our strategy remains unchanged. Our markets are full of potential at the moment and we do not see that changing in the short to medium term. If the situation does change we will be well prepared. We are always conservative in our approach to maintaining a stable and secure balance sheet throughout the cycle and this enables us to maintain the flexibility we require to manage changes to the business as and when they occur.

Our goal in the medium to long term is 15% market share in the US and to grow it by 50% in the UK. We believe these are realistic goals given the way the rental market is evolving and the way we do business. Consistent implementation of our strategy across the economic cycle will ensure we are in a strong position at all times to take advantage of the opportunities presented. The risks that we face in implementing this strategy are discussed on pages 30 to 32.

STRATEGIC PRIORITIES	KEY INITIATIVES	UPDATE	
BUILD A BROAD PLATFORM FOR GROWTH: • Target 15% US market share • Take 5% Canadian market share • Increase UK market share by 50%	Organic fleet growth Greenfield expansion Bolt-on M&A Develop specialty products Develop clusters in key areas	US market share increased from 6% to 7% 20% increase in North American rental fleet at cost 20% increase in North American fleet on rent 58 greenfield openings in North America $81m spent on North American acquisitions £11m spent on UK acquisitions	**KPIs** Fleet on rent **Risks** Competition People
MAINTAIN FINANCIAL AND OPERATIONAL FLEXIBILITY: • RoI above 15% for the Group	Driving improved dollar utilisation Maintain drop through rates Increasing US store maturity	Strong RoI at 19% (2015: 19%) Sunbelt dollar utilisation of 56% (2015: 59%) A-Plant dollar utilisation of 52% (2015: 56%) Drop through of 60% and 84% in Sunbelt and A-Plant	**KPIs** RoI Dollar utilisation Underlying EBITDA margins Leverage Net debt **Risks** Economic conditions Competition Financing
• Maintain leverage in the range 1.5 to 2 times net debt to EBITDA	Maintaining financial discipline	Sunbelt EBITDA margin improved to 48% (2015: 47%) A-Plant EBITDA margin improved to 38% (2015: 34%) Leverage of 1.7x EBITDA	
• Ensure financial firepower at bottom of cycle for next 'step change'	Optimise fleet profile and age during the cyclical upturn	Fleet age remains stable and appropriate at this stage of the cycle: • Sunbelt 25 months (2015: 26 months) • A-Plant 27 months (2015: 29 months)	
OPERATIONAL EXCELLENCE: • Improve operational capability and effectiveness • Continued focus on service	Operational improvement: • delivery cost recovery • fleet efficiency	Continued focus on improvement programmes designed to deliver improved dollar utilisation and EBITDA margins	**KPIs** Underlying EBITDA margins RoI Fleet on rent Staff turnover Safety **Risks** People Health and safety

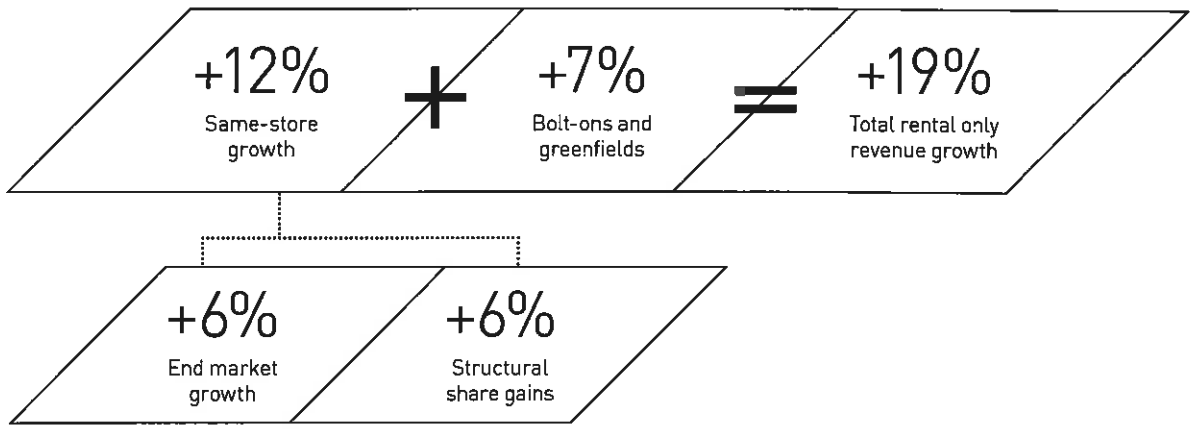
08/MARKET SHARE AND GROWTH STRATEGY

APRIL 2012 **APRIL 2016**

Market share
0%
10%
15+%

Stores – April 2012
Store growth – May 2012 to April 2016 (includes Hawaii – 2 May 2016)

09/SOURCES OF SUNBELT REVENUE GROWTH



BUILDING A BROAD PLATFORM FOR GROWTH

The first of our strategic priorities is to build a broad platform for organic growth supplemented by small bolt-on acquisitions and new greenfield sites. You can see from the maps above how we have made an enormous impact on the US market since 2012 and how much potential there still is to grow. We have added over 200 new locations over the last four years. Anything in green on the map is where we already have over 10% market share. Areas in dark green are where we have over 15%. It is only a matter of time before we achieve similar results across a broader geography because we now have the scale, competitive advantage and balance sheet strength to reach our targets. There are six out of the top 100 markets in the US where we have no locations and many where our share is less than our average share. So we believe there is significant opportunity for expansion in both existing and new geographies, to almost double the current number of locations.

There is a drag on margins when we open new stores but they improve quickly as they deliver more revenue and later broaden the fleet and customer mix. The same happens with acquisitions because we always buy businesses that we can improve, either operationally or through additional investment, or both. However, our focus remains on same-store growth because once a store has been open for 12 months, it has average growth of 12% and it generates the best returns. This is part cyclical market growth of 6% and part structural growth of 6%. So even if the market stops growing, our stores don't because that structural part of the growth is independent of the market. This is why we are consistently able to outperform both our competitors and the market. The strength of our brand and reputation means that new greenfield sites become profitable very quickly.

Chart 09 shows the revenue growth and mix from bolt-on acquisitions and greenfield sites. When we add the 7% growth from our bolt-on acquisitions and greenfield sites, total revenue growth becomes 19%, of which two-thirds is structural and not driven by market growth. Our strategy capitalises on both structural and cyclical factors to drive our revenue growth.

OUR STRATEGY CONTINUED

15%
TARGET US MARKET SHARE

Structural growth is the market share we take because we have the best kit in the right locations combined with the best service. We are able to keep growing because we prioritise investment in the fleet and have the financial security to be able to do that. Our customers want good quality fleet, readily available to meet their needs. Investing in a broad range of fleet and backing that up with great service means our customers remain loyal and do not need to look elsewhere. Prioritising higher return on investment ('RoI') products further helps our growth.

We are always on the lookout for the best opportunities and the flexibility in our model enables us to act quickly when we need to, whether that be to open a new greenfield site or make an acquisition. We are also flexible in the mix of greenfields and bolt-on acquisitions depending on the opportunities we see. This year, for example, saw a different mix in greenfields and bolt-on acquisitions with more greenfields which showed better value as they progress up the revenue generation curve. Further diversifying the business is also a priority and opportunities that allow us to diversify further and expand our specialty businesses are particularly key to our strategy of building a broader base for growth. This year we made eight acquisitions which grew our North American network and expanded our specialty businesses, adding 10 locations. In addition, we added a four-location business in Hawaii in May 2016.

Our specialty businesses are a strategic priority and have grown from 16% of our business in 2011 to 22% in 2016. This year 40% of our greenfield openings were specialty stores. The fastest growing of our specialty businesses is Climate Control and we are now the largest 'spot' climate control business in the US. We aim to build specialty businesses generating $1bn of revenue in time. We have always said we wanted to reduce our dependence on the construction industry. The increase in our specialty businesses is one way in which we have increased the ratio of our non-construction business as can be seen in chart 12.

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

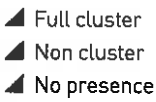
Our cluster approach is also an important aspect of building a broad platform for growth. Our greenfield sites are chosen carefully to enhance our existing business. We focus on building clusters of stores, as can be seen in the map opposite, because as we build clusters, our RoI increases. Where we have a full cluster of stores, as we have in Florida for example, our average store level RoI is around 5% higher than for non-clustered locations.

There are many locations across the US where there is significant opportunity for us to build-out clusters based on population, construction already underway and construction starts. Chart 11 opposite shows the relative population figures and put in place construction and construction starts in Charlotte, Minneapolis/St. Paul and Denver, for example. In Charlotte which has the lowest population, put in place construction and construction starts, we have 14 highly profitable stores. To achieve the same market coverage in Minneapolis/St. Paul and Denver we will need at least 10 more stores in each location to service expected demand.

FROM: BRIDGING THE GAP BETWEEN STABLE AND PADDOCK

As part of the installation of a new utility pipeline through an equestrian centre, Eve provided eight temporary panels to enable safe access for the horses to and from their paddock.

10/CLUSTERED MARKETS – 100 LARGEST MARKETS



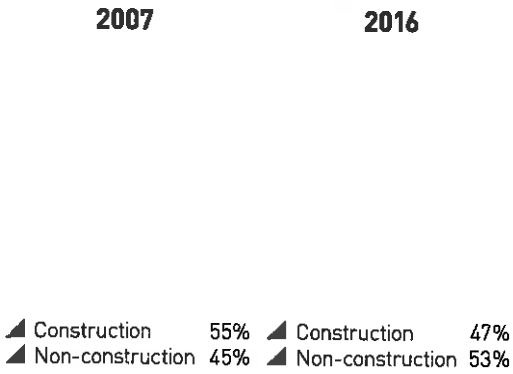
11/UNCLUSTERED MARKET OPPORTUNITY

CHARLOTTE, NC	
Population	3m
Put in place	$4.0bn
Starts	$3.9bn
Stores	14
Fleet cost	$134m

MINN/ST. PAUL, MN	
Population	4.5m
Put in place	$5.9bn
Starts	$6.2bn
Stores	4
Fleet cost	$34m

DENVER, CO	
Population	4.1m
Put in place	$9.6bn
Starts	$9.9bn
Stores	7
Fleet cost	$43m

12/BUSINESS MIX



TO: TAKING THE WEIGHT OF A MOTORWAY'S TRAFFIC

A-Plant's specialty business Eve was contracted by Balfour Beatty to help move a 2,000 tonne bridge up the M56 motorway. Some 700 of Eve's aluminium hybrid trakway panels were used to protect the motorway enabling part of the HS2 rail route to be moved and allow better rail and tram connections to Manchester Airport. The bridge was moved from its build point adjacent to the Manchester Airport slip road to its final point on the M56. It was the largest single load for Eve's trakway.

OUR STRATEGY CONTINUED

13/SUNBELT STORE MATURITY PROFILE

	Number		Operating margin*		RoI*	
Fleet size	2008	**2016**	2008	**2016**	2008	**2016**
Extra large > $15m	14	**108**	37%	**41%**	26%	**27%**
Large > $10m	35	**129**	35%	**39%**	25%	**26%**
Medium > $5m	174	**159**	30%	**32%**	22%	**22%**
Small < $5m	115	**85**	24%	**25%**	19%	**18%**

* Based on store level operating profit and excludes corporate costs.
Note: 2008 reflects prior cycle peak performance.

FINANCIAL AND OPERATIONAL FLEXIBILITY

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

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

We continue to be focused on optimising dollar utilisation (the rental revenue return over the original cost of any of our equipment) and driving improvement in margins through strong drop through (the proportion of incremental rental revenue that drops through to EBITDA). This year our drop through rate at Sunbelt was 60% overall and 67% on a same-store basis, and 84% at A-Plant. This is how we measure the efficiency of our growth, reflecting the inherent strength in our margins.

The maturity of our stores also has a big impact on RoI. This is because as stores mature and get bigger and broaden their fleet range there is natural margin 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 do so. This also means that we are now at a very different stage in our evolution relative to the current economic cycle to where we were in the last. We have more stores overall and they are larger than at the peak of the last cycle, so we are much better placed to weather the next downturn when it comes, as we know it will. Chart 13 shows how our strategic focus on store evolution is driving our strong margins and returns.

Strong drop through generated record EBITDA margins.

60%
SUNBELT DROP THROUGH

As mentioned elsewhere, we have over recent years been consistent in our commitment to both low leverage and a young fleet age and we are now benefitting from the options that this strategy has provided. As our fleet replacement expenditure naturally moderates, we enter a phase of the cycle where we anticipate both good earnings growth and significant cash generation. 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 are entering a highly cash-generative phase as we continue to grow the business in a cyclical upturn. As a consequence our leverage will trend towards the lower end of our range of one and a half to two times net debt to EBITDA which provides the Group with an even higher degree of flexibility and security.

The typical fleet age profile of our customers and some of our smaller competitors means that a greater proportion of their fleet needs to be replaced in the near future at much higher prices. We get significant competitive advantage from our young fleet and our purchasing power. Our strong balance sheet allows us to capitalise on this advantage in both North America and the UK.

From this position of strength in the up-cycle, we can ensure we have sufficient financial resources at the bottom of the cycle to prepare for the next 'step change' in the market and capitalise on growth opportunities in the early stages of the next recovery.

In terms of fleet investment, we have recently been replacing our peak spend years of 2006, 2007 and 2008. As a consequence, replacement spend and disposals have been historically high. However, we are now entering a period where we will be replacing 2009, 2010 and 2011 spend which were low spend years at the bottom of the last cycle. Therefore, total replacement capital expenditure is due to fall over the next two or three years and we will enter a very cash-generative period. While we will flex short-term spend to reflect market conditions, we are still committed to our long-term structural growth. So once again we will be opening around 60 new locations by way of greenfield and bolt-ons next year and expect to continue to do so in the medium term. We anticipate market-leading growth in both divisions but with the added benefit of significant cash generation as replacement capital expenditure reduces over the coming years.

In 2008 and 2009 our financial and operational flexibility enabled us to adjust our fleet spend more quickly and aggressively than the rest of the market as we entered a downturn in the cycle. Our model is very flexible and has proven itself to be adjustable very quickly, when market conditions require. We are very conscious that we have to know both when to spend and when not to.

OPERATIONAL EXCELLENCE

The third of our strategic priorities is constantly improving our operational capability and effectiveness, doing what we do to the very best of our ability. Customer service is a crucial element of this and we continue to build market share because we are in the right locations and providing better equipment with a higher quality of service than our competitors. Our reputation for good service is now such that when we open a new location, that store moves quickly up the revenue curve because we are already well known for what we do and how we do it.

We have three main categories of customers whose service needs vary depending on their size. Our smallest customers have rental revenue spend with us of less than $20,000 a year but represent 97% of our customers by number. These smaller customers tend to require higher levels of service but can incur a higher transactional cost. Our medium-sized customers often need equipment for longer periods of time and can command a discounted service. Our largest customers are our national accounts who have large-scale and often very sophisticated requirements. We have gained significant market share in all types of customer due, in part, to the strength of the relationships we build.

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

Sunbelt continues to focus on operational efficiency, dollar utilisation and driving improving margins, with 60% of revenue growth dropping through to EBITDA. Drop through reflects the drag effect of greenfield openings, acquisitions and oil and gas. Excluding oil and gas, stores open for more than one year saw 67% of revenue growth drop through to EBITDA. Sustaining and improving our EBITDA margins is key to our success. The annual drop through of 60% is a testament to the benefits of being selective in the business we take and our stable and efficient business model. The fact that, despite the drag from oil and gas and a significant investment in greenfields, our margins improved demonstrates the potential for further margin improvement. A-Plant's focus is the same, with 84% of revenue growth dropping through to EBITDA driving an improvement in margin to 38% (2015: 34%).

Maintaining low staff turnover and high staff safety levels are also crucial to our strategy for operational excellence and you can read more about these in our Responsible business report on pages 43 to 46.

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 22. Several of these KPIs (underlying EPS, return on investment and leverage) influence the remuneration of our executive team (see page 63).

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

UNDERLYING EPS (p)

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

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

2016 performance
Underlying EPS improved significantly to 85p per share in 2015/16.

Strategic priority

RETURN ON INVESTMENT ('RoI') (%)

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

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

2016 performance
Our RoI was 19% for the year ended 30 April 2016.

Strategic priority

NET DEBT AND LEVERAGE AT CONSTANT EXCHANGE RATES

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

Target
We seek to maintain a conservative balance sheet structure with a target for net debt to underlying EBITDA of 1.5 to 2 times.

2016 performance
Net debt at 30 April 2016 was £2,002m and leverage was 1.7 times.

Strategic priority

◢◢ Net debt (£m) ◢ Leverage (x)

PHYSICAL UTILISATION (%)

Calculation
Physical utilisation is measured as the daily average of the amount of itemised fleet at cost on rent as a percentage of the total fleet at cost and for Sunbelt is measured only for equipment whose cost is over $7,500 (which comprised 85% of its itemised fleet at 30 April 2016).

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

2016 performance
Sunbelt utilisation at 70% was the same as 2014/15, while A-Plant utilisation was 68% (2014/15: 70%).

Strategic priority

◢◢ Sunbelt ◢◢ A-Plant

FLEET ON RENT ($m/£m)

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

Target
To achieve growth rates in Sunbelt and A-Plant in excess of the growth in our markets and that of our competitors.

2016 performance
In Sunbelt, fleet on rent grew 20% in 2015/16, whilst in A-Plant it grew 10%. The US market grew 6% and the UK market by 2%.

Strategic priority

Sunbelt A-Plant

DOLLAR UTILISATION (%)

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

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

2016 performance
Dollar utilisation decreased to 56% in Sunbelt, reflecting the drag effect of greenfield openings and acquisitions and the increased cost of fleet. In A-Plant it decreased to 52%, principally due to lower physical utilisation.

Strategic priority

Sunbelt A-Plant

UNDERLYING EBITDA MARGINS (%)

Calculation
Underlying EBITDA as a percentage of total revenue.

Target
To improve margins and achieve peak EBITDA margins of 45 to 50% in Sunbelt during this cycle and 35 to 40% in A-Plant.

2016 performance
Margins improved in 2015/16 to 48% in Sunbelt and to 38% in A-Plant.

Strategic priority

Sunbelt A-Plant

STAFF TURNOVER (%)

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

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

2016 performance
Turnover levels are similar to 2015. As economies have improved, our well-trained, knowledgeable staff have become targets for our competitors.

Strategic priority

Sunbelt A-Plant

SAFETY

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

Target
Continued reduction in accident rates.

2016 performance
The RIDDOR reportable rate decreased to 0.26 in Sunbelt and 0.42 in A-Plant. More detail is included in our Responsible business report on page 41.

Strategic priority

Sunbelt A-Plant

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 the risks faced by the business, it has developed a rigorous risk management framework designed to identify and assess the likelihood and consequences of risk 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 and is maintained by the Group Risk Committee. The Group Risk Register is based on detailed risk registers maintained by Sunbelt and A-Plant, 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 twice a year, or more frequently if required, with the objective of encouraging best risk management practice across the Group and a culture of regulatory compliance and ethical behaviour. The Group Risk Committee reports annually through the Audit Committee to the Board. As part of this process, it reviews the results of the local risk committee assessments. It produces an annual report and updated Group Risk Register which is reviewed by the Audit Committee to assess whether the appropriate risks have been identified and to ensure adequate assurance is obtained over those risks and then it is presented formally to the Board for discussion, approval and, if appropriate, re-rating of risks. Our risk appetite is reflected in our rating of risks and ensures the appropriate focus is placed on the correct risks. Further detail on our risk management framework and priorities during the year is provided on pages 40 and 41. 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. This year we have reintroduced laws and regulations as a principal risk reflecting our focus on seeking to comply with all relevant legislation. Our risk profile evolves as we move through the economic cycle and commentary on how risks have changed is included below.

↑ **Increased risk** → **Constant risk** ↓ **Decreased risk**

FOR MORE INFORMATION ON OUR STRATEGIC PRIORITIES. P22

ECONOMIC CONDITIONS ↑

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

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
Our performance is benefitting from the economic cycle and we expect to see further upside as the economic recovery continues. However, our longer-term planning is focused on the next downturn to ensure we have the financial firepower at the bottom of the cycle to achieve the next 'step-change' in business performance.

Strategic priority





COMPETITION ↑

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

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

Change
Our competitive position continues to improve. We are growing faster than our larger competitors and the market, and continue to take market share from our smaller, less well-financed competitors. We have increased our market share to 7% in the US and it is 6% in the UK.

Strategic priority





FINANCING

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

Mitigation
- Maintain conservative (1.5 to 2 times) 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 $260m.

Change
At 30 April 2016, our facilities were committed for an average of six years, leverage was at 1.7 times and availability under the senior debt facility was $1,126m.

Strategic priority

BUSINESS CONTINUITY

Potential impact
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. A serious uncured failure in our point of sale IT platforms would have an immediate impact, rendering us unable to record and track our high volume, low transaction value operations.

Mitigation
- Robust and well-protected data centres with multiple data links to protect against the risk of failure.
- Detailed business recovery plans which are tested periodically.
- 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 the primary site.

Change
Our business continuity plans were reviewed and updated during the year and our disaster recovery plans were tested successfully.

Strategic priority

PEOPLE

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

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

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.

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

Staff turnover was at a similar level to the prior year as our well-trained, knowledgeable staff have become targets for our competitors.

We continue to invest in training and career development with over 250 courses offered across both businesses.

Strategic priority

HEALTH AND SAFETY

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

Mitigation
- Maintain appropriate health and safety policies and procedures regarding the need to comply with laws and regulations and to reasonably guard our employees against the risk of injury.
- Induction and training programmes reinforce health and safety policies.
- Programmes to support our customers exercising their responsibility to their own workforces when using our equipment.
- Maintain appropriate insurance coverage. Further details are provided on page 35.

Change
The overall incident rate continued to decrease in Sunbelt and A-Plant. In terms of reportable incidents, the RIDDOR reportable rate decreased to 0.26 (2015: 0.45) in Sunbelt and 0.42 in A-Plant (2015: 0.55).

Strategic priority

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

ENVIRONMENTAL

Potential impact
We need to comply with the numerous laws governing environmental protection matters. These laws regulate such issues as waste water, 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
We continue to seek to reduce the environmental impact of our business and invest in technology to reduce the environmental impact on our customers' businesses. In 2015/16 we reduced our carbon emission intensity ratio to 93 (2015: 111) in Sunbelt and 91 (2015: 97) in A-Plant. Further detail is provided on pages 48 and 49.

Strategic priority

LAWS AND REGULATIONS

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 legislation 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 during the course of the year. During the year over 2,300 people in Sunbelt and 850 people in A-Plant underwent induction training and additional training programmes were undertaken in safety.

Strategic priority

VIABILITY STATEMENT

The Board has assessed the prospects of the Group and its ability to meet its liabilities as they fall due over the medium term. This assessment has taken account of the Group's current position and the principal risks facing the Group, which are set out above. This longer-term assessment process supports the Board's statements on both viability, as set out below, and going concern, made on page 84.

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 2019. This aligns with the duration of the business plan prepared annually and reviewed by the Board. Furthermore, our committed borrowing facilities do not mature before the end of this period. We believe this provides a reasonable degree of confidence over this longer-term outlook.

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 negative cash flow from operations in times of rapid growth. However, in more benign or declining markets, the Group invests significantly less in its rental fleet and, as a result, generates significant cash flow from operations. Recognising the cyclicality of the business, 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 and overall debt levels. 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, which would result in the Group not being able to meet its liabilities as they fall due.

Based on the foregoing, the Board has a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period to April 2019.

FINANCIAL REVIEW

OUR FINANCIAL PERFORMANCE

The year was one of strong performance by Sunbelt and A-Plant.

TRADING

	Revenue		EBITDA		Operating profit	
	2016	2015	**2016**	2015	**2016**	2015
Sunbelt in $m	**3,276.6**	2,742.3	**1,583.7**	1,293.2	**1,013.7**	832.6
Sunbelt in £m	**2,180.9**	1,715.9	**1,054.1**	809.2	**674.7**	520.9
A-Plant	**364.8**	323.0	**137.0**	109.5	**67.0**	46.3
Group central costs	**–**	–	**(13.5)**	(10.3)	**(13.5)**	(10.3)
	2,545.7	2,038.9	**1,177.6**	908.4	**728.2**	556.9
Net financing costs					**(82.9)**	(67.3)
Profit before exceptionals, amortisation and tax					**645.3**	489.6
Exceptional items					**(6.2)**	–
Amortisation					**(22.4)**	(15.8)
Profit before taxation					**616.7**	473.8
Taxation					**(209.1)**	(170.4)
Profit attributable to equity holders of the Company					**407.6**	303.4
Margins						
Sunbelt			**48.3%**	47.2%	**30.9%**	30.4%
A-Plant			**37.5%**	33.9%	**18.4%**	14.3%
Group			**46.3%**	44.6%	**28.6%**	27.3%

Group revenue for the year increased 25% to £2,546m (2015: £2,039m) with strong growth in both Sunbelt and A-Plant. This revenue growth, combined with ongoing operational efficiency and strong drop through, generated underlying profit before tax of £645m (2015: £490m).

The Group's strategy remains unchanged, with growth being driven by strong same-store growth supplemented by greenfield openings and bolt-on acquisitions. The principal driver of the Group's performance is Sunbelt where rental revenue growth continues to benefit from cyclical and structural trends. Sunbelt's revenue growth can be explained as follows:

		$m
2015 rental only revenue		1,935
Same-stores (in existence at 1 May 2014)	+12%	212
Bolt-ons and greenfields since 1 May 2014	+7%	157
2016 rental only revenue	+19%	2,304
Ancillary revenue	+15%	620
2016 rental revenue	+18%	2,924
Sales revenue		353
2016 total revenue		3,277

The mix of our revenue growth demonstrates the successful execution of our long-term structural growth strategy. We continue to capitalise on the opportunity presented by our markets with same-store growth of 12%, as we take market share and grow more rapidly than the market. Our markets were up circa 6% in the US during the year and are forecast to grow again this year. In addition, bolt-ons and greenfields have contributed another 7% growth as we expand our geographic footprint and our specialty businesses. During the year our focus has been on greenfields with 58 opened compared with 31 last year. In addition, we spent $81m (2015: $365m) on bolt-on acquisitions in the US and Canada, which added a further 10 locations.

Total rental only revenue growth was 19% in strong end markets, despite the slowdown in oil and gas markets. This growth was driven by increased fleet on rent.

Average physical utilisation for the year was 70% (2015: 70%). Sunbelt's total revenue, including new and used equipment, merchandise and consumable sales, increased 19% to $3,277m (2015: $2,742m) as it sold more used equipment than last year. The higher level of used equipment sales reflects higher replacement capital expenditure and a response to the downturn in oil and gas markets. This offset relatively lower growth in ancillary revenue, principally due to lower fuel prices.

A-Plant continues to perform well and delivered rental only revenue of £264m, up 11% on the prior year (2015: £238m), in markets which remain competitive. This reflects fleet on rent up 10% with yield up 1% year-on-year. A-Plant's total revenue increased 13% to £365m (2015: £323m).

We continue to focus on operational efficiency and driving improving margins. In Sunbelt 60% of revenue growth dropped through to EBITDA in the year. The strength of our mature stores' incremental

FINANCIAL REVIEW CONTINUED

margin is reflected in the fact that this was achieved despite the drag effect of greenfield openings, acquisitions and the challenging oil and gas sector. Excluding oil and gas, stores open for more than one year saw 67% of revenue growth drop through to EBITDA. Despite the effect of increased lower margin used equipment sales, the EBITDA margin increased to 48% (2015: 47%). Excluding used equipment sales, the EBITDA margin improved to 50% (2015: 49%). This contributed to an operating profit of $1,014m (2015: $833m). Strong drop through of 84% drove improvement in A-Plant's EBITDA margin to 38% (2015: 34%) and operating profit rose to £67m (2015: £46m). As a result, Group underlying operating profit increased 31% to £728m (2015: £557m).

Net financing costs increased to £83m (2015: £67m), reflecting the higher average debt during the period and the full-year impact of the $500m senior secured notes issued in September 2014.

Group profit before exceptional items, amortisation of intangibles and taxation was £645m (2015: £490m). The exceptional items relate to the impairment of acquired customer lists within our Oil & Gas business (£12m), reflecting our expectation that revenue from these customers will be significantly lower than initially anticipated when the businesses were acquired due to the fall in the oil price and its impact on the oil and gas industry, and the release of a provision for contingent consideration on acquisitions which we no longer expect to be payable (£6m).

After a net exceptional charge of £6m (2015: £nil) and amortisation of £22m (2015: £16m), statutory profit before taxation was £617m (2015: £474m).

Taxation
The underlying tax charge for the year was £219m (2015: £176m), representing an effective rate of 34% (2015: 36%) of underlying pre-tax profit of £645m (2015: £490m). The reported tax charge was £209m (2015: £170m). Following the announcement in late 2015 of the continuation of accelerated tax depreciation in the US, the cash tax charge for 2015/16 remained low at 4%. However, our brought forward tax losses will now be utilised in 2016/17 and hence, we expect to become a more significant cash taxpayer in the US going forward. As a result, our cash tax rate will increase and tend towards our overall effective tax rate over time.

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 approved by the Board.

The Group is committed to 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.

We continue to monitor developments in the OECD's work on Base Erosion and Profit Shifting ('BEPS') and Country-by-Country Reporting ('CBCR') 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.

Earnings per share
Underlying earnings per share increased 36% to 85.1p (2015: 62.6p) and basic earnings per share increased to 81.3p (2015: 60.5p). Details of these calculations are included in Note 9 to the financial statements.

Our end markets remain strong, the structural drivers are in place and we have a strong balance sheet which allows us to execute our plans responsibly.

Return on investment
Sunbelt's pre-tax return on investment (excluding goodwill and intangible assets) in the 12 months to 30 April 2016 was 24% (2015: 26%). This remains well ahead of the Group's pre-tax weighted average cost of capital although it has been affected in the short term by our investment in greenfields and bolt-on acquisitions. In the UK, return on investment (excluding goodwill and intangible assets) was 15% (2015: 13%). For the Group as a whole, return on investment (including goodwill and intangible assets) was 19% (2015: 19%).

Dividends
In accordance with our progressive dividend policy, with consideration to both profitability and cash generation at a level that is sustainable across the cycle, the Board is recommending a final dividend of 18.5p per share (2015: 12.25p) making 22.5p for the year (2015: 15.25p), an increase of 48%. If approved at the forthcoming Annual General Meeting, the final dividend will be paid on 9 September 2016 to shareholders on the register on 12 August 2016.

Current trading and outlook
We have seen a good seasonal upward trend in fleet on rent throughout the spring which has continued into the new financial year. Our end markets remain strong, the structural drivers are still in place and we have a strong balance sheet which allows us to execute our plans responsibly. As a consequence, the Board continues to look to the medium term with confidence.

BALANCE SHEET

Fixed assets
Capital expenditure in the year totalled £1,240m (2015: £1,063m) with £1,127m invested in the rental fleet (2015: £979m). Expenditure on rental equipment was 91% 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 opposite.

In a strong North American rental market, $871m of rental equipment capital expenditure was spent on growth while $572m was invested in replacement of existing fleet. The growth proportion is estimated on the basis of the assumption that replacement capital expenditure in any period is equal to the original cost of equipment sold.

The average age of the Group's serialised rental equipment, which constitutes the substantial majority of our fleet, at 30 April 2016 was 25 months (2015: 26 months) on a net book value basis. Sunbelt's fleet had an average age of 25 months (2015: 26 months) while A-Plant's fleet had an average age of 27 months (2015: 29 months).

01/CAPITAL EXPENDITURE

	Replacement	Growth	2016 Total	2015 Total
Sunbelt in $m	**571.7**	**871.0**	**1,442.7**	1,268.4
Sunbelt in £m	**390.3**	**594.5**	**984.8**	825.3
A-Plant	**95.2**	**46.6**	**141.8**	153.8
Total rental equipment	**485.5**	**641.1**	**1,126.6**	979.1
Delivery vehicles, property improvements and IT equipment			**113.4**	84.0
Total additions			**1,240.0**	1,063.1

02/FLEET SIZE AND UTILISATION

	Rental fleet at original cost			LTM rental revenue	LTM dollar utilisation	LTM physical utilisation
	30 April 2016	30 April 2015	LTM average			
Sunbelt in $m	**5,663**	4,733	5,205	2,924	56%	70%
Sunbelt in £m	**3,866**	3,079	3,553	1,946	56%	70%
A-Plant	**615**	559	600	314	52%	68%
	4,481	3,638	4,153	2,260		

We are now entering a very different phase of replacement expenditure as we lap our low capital expenditure years of 2009, 2010 and 2011 and therefore our replacement spend will be much lower in 2016/17 than in recent years. However, we continue to expect strong growth capital expenditure generating double-digit fleet growth. Our operating model, and short delivery lead times, allow us to flex our capital spend quickly. Reflecting our desire to be watchful of broader economic trends before finalising our Q3 and Q4 2016/17 spend, we have a broad range for 2016/17 capital expenditure of £0.7bn to £1bn.

The original cost of the Group's rental fleet and dollar and physical utilisation for the year ended 30 April 2016 are shown in table 02 above.

Dollar utilisation is defined as rental revenue divided by average fleet at original (or 'first') cost and, measured over the last 12 months to 30 April 2016, was 56% at Sunbelt (2015: 59%) and 52% at A-Plant (2015: 56%). The reduction in Sunbelt reflects the drag effect of greenfield openings and acquisitions and the increased cost of fleet, while in A-Plant it is due to lower physical utilisation principally. Physical utilisation is time-based utilisation, which is calculated as the daily average of the original cost of equipment on rent as a percentage of the total value of equipment in the fleet at the measurement date. Measured over the last 12 months to 30 April 2016, average physical utilisation at Sunbelt was 70% (2015: 70%) and 68% at A-Plant (2015: 70%). At Sunbelt, physical utilisation is measured for equipment with an original cost in excess of $7,500 which comprised approximately 85% of its fleet at 30 April 2016.

Trade receivables

Receivable days at 30 April 2016 were 49 days (2015: 50 days). The bad debt charge for the year ended 30 April 2016 as a percentage of total turnover was 0.7% (2015: 0.6%). Trade receivables at 30 April 2016 of £395m (2015: £326m) are stated net of allowances for bad debts and credit notes of £27m (2015: £21m) with the allowance representing 6.4% (2015: 6.1%) of gross receivables.

Trade and other payables

Group payable days were 59 days in 2016 (2015: 72 days) with capital expenditure related payables, which have longer payment terms, totalling £247m (2015: £261m). 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 £47m (2015: £50m) relate to the provision for self-insured retained risk under the Group's self-insurance policies, provisions 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 $1m in relation to general liability claims and $1.5m for 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 £150m.

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 £10m (2015: £8m). Amongst these, the Group has one defined benefit pension plan which covers approximately 90 remaining active employees in the UK and which was closed to new members in 2001. All our other pension plans are defined contribution plans.

The Group's defined benefit pension plan was, measured in accordance with the accounting standard IAS 19, Employee Benefits, £2m in surplus at 30 April 2016 (2015: £3m). Overall, there was a net actuarial loss of £1m in the year which was recognised in the statement of comprehensive income. There was a £2m loss on plan assets which was partially offset by a gain on liabilities.

The next triennial review of the plan's funding position by the trustees and the actuary is due as at 30 April 2016.

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.

FINANCIAL REVIEW CONTINUED

03/CASH FLOW

	Year to 30 April	
	2016 £m	2015 £m
EBITDA before exceptional items	**1,177.6**	908.4
Cash inflow from operations before exceptional items and changes in rental equipment	**1,070.6**	841.4
Cash conversion ratio*	**90.9%**	92.6%
Replacement rental capital expenditure	**(452.6)**	(270.6)
Payments for non-rental capital expenditure	**(109.5)**	(78.7)
Rental equipment disposal proceeds	**172.1**	95.4
Other property, plant and equipment disposal proceeds	**8.2**	7.5
Tax (net)	**(5.3)**	(32.0)
Financing costs	**(79.4)**	(63.4)
Cash inflow before growth capex and payment of exceptional costs	**604.1**	499.6
Growth rental capital expenditure	**(672.1)**	(587.5)
Exceptional costs	**–**	(0.5)
Total cash used in operations	**(68.0)**	(88.4)
Business acquisitions	**(68.4)**	(241.5)
Total cash absorbed	**(136.4)**	(329.9)
Dividends	**(81.5)**	(61.4)
Purchase of own shares by the ESOT	**(12.0)**	(20.3)
Increase in net debt due to cash flow	**(229.9)**	(411.6)

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

CASH FLOW

Cash inflow from operations before payment of exceptional costs and the net investment in the rental fleet increased by 27% to £1,071m. The cash conversion ratio for the year of 91% (2015: 93%) reflects a higher level of working capital due to the growth in the business. The reduction from the prior year is due principally to the higher level of gains on disposal this year.

Total payments for capital expenditure (rental equipment and other PPE) during the year were £1,234m (2015: £937m). Disposal proceeds received totalled £180m (2015: £103m), giving net payments for capital expenditure of £1,054m in the year (2015: £834m). Financing costs paid totalled £79m (2015: £63m) while tax payments were £5m (2015: £32m). Tax payments are stated net of a refund of tax paid in 2014/15, as a result of the US government introducing accelerated tax depreciation in 2014 after we had made payments on account for 2014/15. Following the announcement in 2015 that accelerated tax depreciation will continue, brought forward tax losses will not be utilised until 2016/17 when we expect to become a more significant cash tax payer in the US. Financing costs paid typically differ from the charge in the income statement due to the timing of interest payments in the year and non-cash interest charges.

Accordingly, the Group generated £604m (2015: £500m) of net cash before discretionary investments made to enlarge the size and hence earning capacity of its rental fleet and on acquisitions. After growth investment and acquisitions, there was a net cash outflow of £136m (2015: £330m).

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 2016 our average cost of capital was approximately 10%.

The Group targets leverage of 1.5 to 2 times net debt to EBITDA over the economic cycle. This range of leverage is appropriate for the business given our strong EBITDA margins, young fleet age and strong asset base. We believe that these levels of leverage are prudent and provide the Group with a high degree of flexibility and security.

The Group remains disciplined in its allocation of capital with the overriding objective of enhancing shareholder value. Our capital allocation framework prioritises:

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

Additionally, we are now considering further returns to shareholders, balancing capital efficiency and security with financial flexibility in a cyclical business and an assessment whether it would be accretive to shareholder value. In this regard, we have reviewed our medium-term plans which take account of investment in the business, growth prospects, cash generation, net debt and leverage.

Balancing these factors, we are commencing a share buyback programme of up to £200m in 2016/17, for which we will seek continued shareholder approval at the Annual General Meeting. Additional capital returns to shareholders will be kept under regular review reflecting the factors set out above.

Net debt
Chart 04 below shows how, measured at constant April 2016 exchange rates for comparability, our net debt and leverage has changed over the cycle. From a prior cycle peak in 2008, we reduced our debt significantly, paying off around one-third of it as we lowered our capital expenditure, taking advantage of our young average fleet age, and generated significant cash flow. Since 2010, we have stepped up our capital expenditure as rental markets improved. As a result, net debt has increased in absolute terms over the period principally due to acquisitions and dividends with free cash flow being broadly sufficient to fund substantially all the increased capital expenditure. However, importantly, except for a rise during the recession, net debt to EBITDA leverage has been on a downward trend since the NationsRent acquisition in August 2006 and we have been operating within our target range of 1.5 to 2 times for the last three years. Furthermore, our overall balance sheet strength continues to improve with the second-hand value of our fleet exceeding our total debt by £1.3bn.

04/NET DEBT AND LEVERAGE

◢◢ Net debt (£m) ◢ Leverage (x)

In greater detail, closing net debt at 30 April 2016 is shown in table 05 below.

The Group has arranged its financing such that, at 30 April 2016, 91% 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 2016 was £2,002m with the increase since 30 April 2015 reflecting principally the net cash outflow of £230m (2015: £412m) and exchange rate fluctuations. The Group's EBITDA for the year ended 30 April 2016 was £1,178m and the ratio of net debt to EBITDA was therefore 1.7 times at 30 April 2016 (2015: 1.8 times) on a constant currency basis and 1.7 times (2015: 1.9 times) on a reported basis.

Our debt package is well structured for our business across the economic cycle. We retain substantial headroom on facilities which are committed for the long term, with an average of six years remaining at 30 April 2016. The weighted average interest cost of these facilities (including non-cash amortisation of deferred debt raising costs) is approximately 4%.

The senior secured bank debt and the senior secured notes are secured by way of, respectively, first and second priority fixed and floating charges over substantially all the Group's property, plant and equipment, inventory and trade receivables.

Debt facilities
The Group's principal debt facilities are discussed below.

First priority senior secured credit facility
At 30 April 2016, $2.6bn was committed by our senior lenders under the asset-based senior secured revolving credit facility ('ABL facility') until July 2020 while the amount utilised was $1,604m (including letters of credit totalling $36m). The ABL facility is secured by a first priority interest in substantially all of the Group's assets. Pricing for the revolving credit facility is based on average availability according to a grid which varies from LIBOR plus 125bp to LIBOR plus 175bp. At 30 April 2016 the Group's borrowing rate was LIBOR plus 150bp.

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 $260m. At 30 April 2016 availability under the bank facility was $1,126m ($756m at 30 April 2015), with an additional $1,796m of suppressed availability meaning that the covenant was not measured at 30 April 2016 and is unlikely to be measured in forthcoming quarters.

As a matter of good practice, we calculate the covenant ratio each quarter. At 30 April 2016, as a result of the continued significant investment in our rental fleet, the fixed charge ratio, as expected, did not meet the covenant requirement. The fact the fixed charge ratio is below 1.0 times does not cause concern given the strong availability and management's ability to flex capital expenditure downwards at short notice. Accordingly, the accounts are prepared on a going concern basis.

6.5% second priority senior secured notes due 2022 having a nominal value of $900m and 5.625% second priority senior secured notes due 2024 having a nominal value of $500m
At 30 April 2016 the Group, through its wholly owned subsidiary Ashtead Capital, Inc., had outstanding two series of second priority senior secured notes with nominal values of $900m and $500m. The $900m of notes carry an interest rate of 6.5% and are due on 15 July 2022 while the $500m of notes carry an interest rate of

05/NET DEBT

	2016 £m	2015 £m
First priority senior secured bank debt	**1,055.2**	782.7
Finance lease obligations	**5.4**	5.3
6.5% second priority senior secured notes, due 2022	**618.2**	589.8
5.625% second priority senior secured notes, due 2024	**335.9**	319.8
	2,014.7	1,697.6
Cash and cash equivalents	**(13.0)**	(10.5)
Total net debt	**2,001.7**	1,687.1

FINANCIAL REVIEW CONTINUED

5.625% and are due on 1 October 2024. The notes are secured by second priority interests over substantially the same assets as the ABL facility and are also guaranteed by Ashtead Group plc.

Under the terms of the 6.5% and 5.625% notes the Group is, subject to important exceptions, restricted in its ability to incur additional debt, pay dividends, make investments, sell assets, enter into sale and leaseback transactions and merge or consolidate with another company. Financial performance covenants under the 6.5% and 5.625% senior secured note issue are only measured at the time new debt is raised.

Minimum contracted debt commitments

Table 06 below summarises the maturity of the Group's debt and also shows the minimum annual commitments under off balance sheet operating leases at 30 April 2016 by year of expiry.

Operating leases relate to the Group's properties.

Except for the off balance sheet operating leases detailed below, £24m ($36m) of standby letters of credit issued at 30 April 2016 under the first priority senior debt facility relating to the Group's insurance programmes and £5m 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.

PRESENTATION OF FINANCIAL INFORMATION

Currency translation and interest rate exposure

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. Fluctuations in the value of the US dollar with respect to the pound sterling have had, and may continue to have, a significant impact on our financial condition and results of operations as reported in pounds.

We have arranged our financing so that 91% of our debt was denominated in US (and Canadian) dollars at 30 April 2016. At that date, dollar-denominated debt represented approximately 62% of the value of dollar-denominated net assets (other than debt) providing a partial, but substantial, hedge against the translation effects of changes in the dollar exchange rate.

The dollar interest payable on this debt also limits the impact of changes in the dollar exchange rate on our pre-tax profits and earnings. Based on the current currency mix of our profits and on current dollar debt levels, interest rates and exchange rates at 30 April 2016, a 1% change in the US dollar exchange rate would impact pre-tax profit by £6m.

Revenue

Our revenue is a function of our rental rates and the size, utilisation and mix of our equipment rental fleet. The rates we charge are affected in large measure by utilisation and the relative attractiveness of our rental equipment, while utilisation is determined by fleet size, market size and our market share, as well as general economic conditions. Utilisation is time-based utilisation which is calculated as the daily average of the original cost of equipment on rent as a percentage of the total value of equipment in the fleet at the measurement date. In the US, we measure time utilisation on those items in our fleet with an original cost of $7,500 or more which constituted 85% of our US serialised rental equipment at 30 April 2016. In the UK, time utilisation is measured for all our serialised rental equipment. The size, mix and relative attractiveness of our rental equipment fleet is affected significantly by the level of our capital expenditure.

The main components of our revenue are:

- revenue from equipment rentals, including related revenue such as the fees we charge for equipment delivery, erection and dismantling services for our scaffolding rentals, fuel provided with the equipment we rent to customers and loss damage waiver and environmental fees;
- revenue from sales of new merchandise, including sales of parts and revenue from a limited number of sales of new equipment; and
- revenue from the sale of used rental equipment.

Costs

The main components of our underlying total costs are:

- staff costs – staff costs at our stores as well as at our central support offices represent the largest single component of our total costs. Staff costs consist of salaries, profit share and bonuses, social security costs, and other pension costs, and comprised 32% of our total operating costs in the year ended 30 April 2016;
- used rental equipment sold which comprises the net book value of the used equipment sold in the year as it was stated in our accounts immediately prior to the time at which it was sold and any direct costs of disposal, comprised 8% of our total operating costs in the year ended 30 April 2016;

06/ MINIMUM CONTRACTED DEBT COMMITMENTS

	Payments due by year ended 30 April						
	2017 £m	2018 £m	2019 £m	2020 £m	2021 £m	Thereafter £m	Total £m
Bank and other debt	–	–	–	–	1,063.1	–	1,063.1
Finance leases	2.5	1.8	0.9	0.2	–	–	5.4
6.5% senior secured notes	–	–	–	–	–	627.0	627.0
5.625% senior secured notes	–	–	–	–	–	341.3	341.3
	2.5	1.8	0.9	0.2	1,063.1	968.3	2,036.8
Deferred costs of raising finance	–	–	–	–	(7.9)	(14.2)	(22.1)
Cash at bank and in hand	(13.0)	–	–	–	–	–	(13.0)
Net debt	(10.5)	1.8	0.9	0.2	1,055.2	954.1	2,001.7
Operating leases[1]	56.1	49.6	41.7	32.7	24.7	81.5	286.3
Total	45.6	51.4	42.6	32.9	1,079.9	1,035.6	2,288.0

[1] Represents the minimum payments to which we were committed under operating leases.

- other operating costs – comprised 35% of total operating costs in the year ended 30 April 2016. These costs include:
  - spare parts, consumables and outside repair costs – costs incurred for the purchase of spare parts used by our workshop staff to maintain and repair our rental equipment as well as outside repair costs;
  - facilities costs – rental payments on leased facilities as well as utility costs and local property taxes relating to these facilities;
  - vehicle costs – costs incurred for the maintenance and operation of our vehicle fleet, which consists of our delivery trucks, the light commercial vehicles used by our mobile workshop staff and cars used by our sales force, store managers and other management staff; and
  - other costs – all other costs incurred in operating our business, including the costs of new equipment and merchandise sold, advertising costs and bad debt expense.
- depreciation – the depreciation of our property, plant and equipment, including rental equipment, comprised 25% of total costs in the year ended 30 April 2016.

A large proportion of our costs are fixed in the short to medium term, and material adjustments in the size of our cost base typically result only from openings or closures of one or more of our stores. Accordingly, our business model is such that small increases or reductions in our revenue can result in little or no change in our costs and often therefore have a disproportionate impact on our profits. We refer to this feature of our business as 'operational leverage'.

CRITICAL ACCOUNTING POLICIES

We prepare and present our financial statements in accordance with applicable International Financial Reporting Standards ('IFRS'). In applying many accounting principles, we need to make assumptions, estimates and judgements. These assumptions, estimates and judgements are often subjective and may be affected by changing circumstances or changes in our analysis. Changes in these assumptions, estimates and judgements have the potential to materially affect our results. We have identified below those of our accounting policies that we believe would most likely produce materially different results were we to change underlying assumptions, estimates and judgements. These policies have been applied consistently.

Revenue recognition

Revenue represents the total amount receivable for the provision of goods and services including the sale of used rental plant and equipment to customers net of returns and VAT/sales tax. Rental revenue, including loss damage waiver and environmental fees, is recognised on a straight-line basis over the period of the rental contract. Because 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 equipment delivery and collection is recognised when delivery or collection has occurred and is reported as rental revenue.

Revenue from the sale of rental equipment, new equipment, parts and supplies, retail merchandise and fuel is recognised at the time of delivery to, or collection by, the customer and when all 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.

Property, plant and equipment

We record expenditure for property, plant and equipment at cost. We depreciate equipment using the straight-line method over its estimated useful economic life (which ranges from three to 20 years with a weighted average life of eight years). We use an estimated residual value of 10 to 15% of cost in respect of most types of our rental equipment, although the range of residual values used varies between zero and 30%. We establish our estimates of useful life and residual value 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. Useful lives and residual values are reassessed annually, recognising the cyclical nature of our business.

We may need to change these estimates if experience shows that the current estimates are not achieving this objective. If these estimates change in the future, we may then need to recognise increased or decreased depreciation expense. Our total depreciation expense in the year ended 30 April 2016 was £449m.

Impairment of assets

Goodwill is not amortised but is tested annually for impairment at 30 April. 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 level for which there are separately identifiable and independent cash flows for the asset being tested for impairment. In the case of goodwill, impairment is assessed at the level of the Group's cash-generating units. For this purpose they are considered to be the specialty Pump & Power, Climate Control and Scaffolding businesses and the remaining general equipment business in the US and the specialty Eve, PSS (trenchless technology and fusion) and FLG (lifting) businesses and the remaining general equipment business in the UK. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Management necessarily applies its judgement in estimating the timing and value of underlying cash flows within the value in use calculation as well as determining the appropriate discount rate. Subsequent changes to the magnitude and timing of cash flows could impact the carrying value of the respective assets.

Business combinations

We account for business combinations using the acquisition method. The assets and liabilities of the acquiree that exist as at the date of acquisition are identified and measured at fair value. Intangible assets are recognised if they are identifiable. Assets or disposal groups held for sale at the acquisition date are measured at fair value less costs to sell.

Income taxes are recognised and measured in accordance with applicable accounting standards including the potential tax effects of the temporary differences and carry-forwards of the acquiree that exist at the acquisition date or as a result of the business combination.

Goodwill represents the difference between the fair value of the consideration for the 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.

Consideration is the fair value at the acquisition date of the assets transferred and liabilities incurred in acquiring the business and includes the fair value of any contingent consideration arrangement. Changes in the fair value of contingent consideration due to events post the date of acquisition are recognised in the income statement.

RESPONSIBLE BUSINESS REPORT

BEING RESPONSIBLE IN EVERYTHING WE DO

HEALTH AND SAFETY
Implementation
Monitoring
Training
Customers and staff

OUR PEOPLE
Recruitment
Career development and training
Rewards and benefits
Diversity and equal opportunities

COMMUNITIES
Community investment
Helping out in emergencies

THE ENVIRONMENT
Resource efficiency
Control of hazardous substances
Mandatory GHG emissions reporting

We seek to act responsibly in everything we do. Being responsible is a crucial part of who we are and how we work at Ashtead. At the most basic level, acting responsibly is all about the trust that makes our business function. Trust that the equipment we provide will do what we say it will, be well maintained to make sure it works and be compliant with all health and safety requirements. And then delivering all of that every time a customer makes a new order or a new customer hears we are worth trying out.

At a broader level, being responsible means we seek, through our sustainable business model, to improve the lives of our customers, employees, investors and the communities where we live and work. Our customers trust us to provide better service than our competitors. Our employees trust us to keep them safe and reward them well for their efforts. Investors trust us to deliver good returns throughout the economic cycle.

Above are the responsible business elements that we judge to be the most material to our business and which we discuss in detail here. We assess why each matters, how we have performed and our objectives.

ENSURING ASHTEAD REMAINS A RESPONSIBLE BUSINESS
The obligation for ensuring Ashtead remains a responsible business rests with the Group's board of directors. It is assisted in this function by the Group Risk Committee which is chaired by Suzanne Wood, our finance director. Other members of the Committee are:

- the heads of Sunbelt's and A-Plant's risk, environmental and health and safety teams;
- UK and US counsel;
- the heads of Sunbelt's and A-Plant's performance standards (internal operational audit) teams; and
- the Sunbelt board member to whom the risk, environmental, health and safety teams report.

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

1,000
EMPLOYEES TRAINED IN VEHICLE SAFETY

Our commitment to the highest ethical standards means that the Group Risk Committee also works to ensure these continue to be communicated and upheld throughout the business. Our group-wide ethics and entertainment policies are communicated directly to employees through dedicated communication and training programmes. Whistle-blowing arrangements, in place in both the US and the UK, allow employees, in confidence, to raise concerns about any alleged improprieties they may encounter.

The Group Risk Committee priorities this year included:

- assessment of the Group Risk Register;
- identification and prioritisation of business risks;
- reduction in accident rates;
- continued training on driving hours and vehicle fleet compliance;
- health and safety training;
- enhanced training capabilities, particularly for key field personnel;
- continued evaluation of driver behavioural software tools;
- refresher Competition Act and Bribery Act training;
- updated business continuity plan;
- disaster recovery plan testing;
- performance standards audits; and
- cyber security.

HEALTH AND SAFETY

Why it matters

Health and safety are fundamental to our business as we need to provide equipment that is safe to use and minimise the risks our people and our customers may encounter. A strong reputation for excellent health and safety is a significant competitive advantage for us. In addition, an ever-changing regulatory focus on safety and more stringent requirements for all operators continues to assist our growth. It is easier and cheaper to outsource responsibility for equipment safety to us than for customers to worry about it themselves. This has been an important factor in the shift to rental that has underpinned our growth in the US and reinforces our position in the UK.

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

How we monitor performance

We monitor health and safety by the number of reported incidents that occur during our work. We track and analyse all incidents to enable us to identify recurrent issues and implement preventative improvements. The importance of health and safety is reflected in the fact that the number of reportable accidents is one of our group-wide KPIs (see page 29).

This year Sunbelt rolled out a new online Incident Prevention Model to focus on and measure those metrics that ultimately have a direct impact on our key measures of Total Recordable Incident Rate, Workers Compensation Incurred Cost and Vehicle Incident Rate. Sunbelt also rolled out new safety initiatives (Near Miss Reporting, Pre-Task Planning and Post Incident Management) and we have already seen improvements in our safety culture and an improvement in metrics. This year Sunbelt had 948 reported incidents in the US relative to a workforce of 9,877 (2015: 608 incidents relative to a workforce of 8,401), whilst A-Plant had 284 incidents relative to an average workforce of 2,953 (2015: 274 incidents relative to an average workforce of 2,593). For the purposes of our internal tracking, the term incident does not necessarily mean that an employee was hurt or injured. Rather it represents an event that we want to track and report for monitoring and learning purposes under our health and safety management policies. There has been increased focus in the US this year on timely reporting of every incident or first aid event that occurs. This established very specific criteria on first aid reporting which contributed to the increase in incidents in the US.

Reportable accidents continue to be defined differently in the US and UK. Under the relevant definitions which generally encompass more accidents in the US than in the UK, Sunbelt had 149 OSHA (Occupational Safety and Health Administration) recordable accidents (2015: 179 accidents) which, relative to total employee hours worked, gave a Total Incident Rate of 1.41 (2015: 1.59). In the UK, A-Plant had 26 RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations) (2015: 29), reportable incidents which, relative to total employee hours worked, gave a RIDDOR reportable rate of 0.42 (2015: 0.55). In order to compare accident rates between the US and UK, Sunbelt also applied the RIDDOR definition to its accident population which gave a figure this year of 69 RIDDOR reportable accidents in the US and a RIDDOR reportable rate of 0.26. We remain committed to continuing to reduce these rates as much as possible.

Safety initiatives

Driver and vehicle safety

Our motor vehicle incident rate continues to decline. In 2016, we anticipate additional decreases as we roll out our Driver Behaviour Management System ('DBMS') in the US. The DBMS takes data from our on-board telematics units and communicates it directly to our Motor Vehicle Compliance Team. The overall goal is to recognise and address unsafe behaviours before they result in an incident.

Our US transportation fleet continues to operate as one of the safest fleets in the equipment rental industry. We continued our commercial vehicle training programme across the US, with more than 1,000 employees trained in vehicle safety and compliance. Over the last three years, our US commercial vehicle training programmes have been instrumental in the education of more than 11,000 employees nationwide. We lead the industry in continuously supporting the training and education of employees in commercial vehicle compliance and safety.

RESPONSIBLE BUSINESS REPORT CONTINUED

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 at A-Plant, including delivery drivers and fitters, are required to undertake the A-Plant Driver Induction Course, which is delivered in the form of workshops and covers transport procedures, legislation, hazard perception and practical driver assessments.

A number of UK customers have called upon contractors to make safety improvements to vehicles and improve driver training to protect cyclists through the Construction Logistics and Cycle Safety initiative ('CLOCS'). CLOCS is a voluntary scheme, but we have taken the initiative and organised the first Safe Urban Driving course with our drivers from Milton Keynes, Colchester, Norwich and Cambridge stores, focused specifically on safety for cyclists.

Other safety initiatives

At Sunbelt we conducted Safety Coordinator Bootcamps for each Safety Coordinator in the company. These training sessions ensure that each store has a representative trained in many of the best practices we measure and use.

In 2016 we will be working to improve our internal systems further and focus on rolling out three significant initiatives to our operations: Sunbelt Safety, Health & Environmental ('SH&E') Committees, a Short-Service Employee Programme, and the Stop Work Initiative. While these programmes are being rolled out, Sunbelt will continue to focus on:

- revising the regional safety manager annual audit;
- roll-out of a SH&E perception survey;
- perfecting its online incident reporting tool;
- utilising the audit/inspection tool to conduct warehouse SH&E inspections via iPad;
- formally aligning its policies and procedures against OHSAS18001;
- evaluating a need to align with ISO 14001; and
- developing and beta testing a peer-on-peer observation programme in each of its specialty businesses.

For several years, A-Plant has been using successfully the 'Setting the Safety Standard' brand to promote the message that A-Plant is industry-leading when it comes to safety. In addition, it wanted to foster internally the fact that everyone is responsible for their own safety, with the aim of helping the business achieve a reduction in accidents. To do this it launched the Work Safe Home Safe campaign for staff with five golden rules:

1. Before you start work, be aware of any potential risks.
2. Stop work if it can't be done safely.
3. If safe to do so, intervene if the actions of others might be unsafe. Don't walk by.
4. Maintain a safe, clean and tidy working environment.
5. Always wear the appropriate personal protective equipment.

The campaign is being promoted widely throughout the business with promotional posters, messages, a video and merchandise being distributed to every store.

Sunbelt and A-Plant both hold an annual safety week, designed to increase awareness of the importance of safety across the business. Through a combination of presentations and workshops, key safety messages are shared with all employees.

EMPLOYEE SPOTLIGHT: JEFF HUDSON

It is two and a half years since specialty lifting business, FLG Services, was acquired by A-Plant and former owner Jeff Hudson says the time has flown by. Jeff says the most surprising thing for him has been that even though he is now part of a much bigger FTSE 100 group, the directors of Ashtead have encouraged him to develop the business as if it were still his own. Even his original orange FLG hook brand has been incorporated within A-Plant – it's just green now. When FLG was first acquired, Jeff had four locations based around London. Now he has 16 locations nationwide. He says there is no way he could ever have dreamt of the scale of investment needed to build what FLG is now. Being part of a bigger organisation also means Jeff believes FLG to be a safer and tighter business now than it was before being acquired. He says the support he has received from Ashtead has been second to none.

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LIFTING LOCATIONS ACROSS THE UK

Health programmes
It's important to us to have a healthy workforce 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. Virgin Health Miles is a programme we use to reward our US staff for healthy behaviour, so they are incentivised to track their health and invest in it to reap the rewards that we are investing in the programme on their behalf. Staff get savings on their healthcare costs if they exercise, for example. Some 30% of US staff are currently enrolled in the scheme and 40% of those are earning health miles. Members have earned $104,000 in rewards and 63% of respondents reported that the programme makes Sunbelt a better place to work.

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, Sunbelt and A-Plant have dedicated aerial work platform, forklift and earth moving operator trainers who train customers and we build customised training programmes to fill their needs. In the US, Zachry and NBC Universal are two examples of customers where we worked with the customer's safety team to develop customised aerial work platform and forklift training courses, sometimes for a specific jobsite, the passing of which becomes a requirement for the customer operator. In the UK, A-Plant regularly participates 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.

OUR PEOPLE

Why they matter
We endeavour to hire the best people, train them well and look after them so that 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 29).

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 year of employment. We increasingly find our staff targeted by competitors which, whilst a compliment, means we have to work harder to retain them.

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. Both Sunbelt and A-Plant have extensive programmes in place to ensure high standards of recruitment, training and the appraisal, review and reward of our employees. In addition, we endeavour consistently throughout the year to maintain and develop arrangements aimed at involving employees in the Group's affairs and hearing their views. Regular meetings are held at stores to discuss performance and enable employees to input into improvements as well as providing feedback on their own levels of satisfaction.

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

Sunbelt Workday implementation
At the beginning of 2016 we launched the first phase of Workday, Sunbelt's new online Human Capital Management System. The goal of Workday was to merge the numerous human resource ('HR') systems Sunbelt employed into one integrated, streamlined solution for both the field and HR department. Through Workday, we are able to offer a single source for recruiting, on-boarding, payroll, time tracking, benefits, and employee self-service. The second phase includes launching Workday for Sunbelt Rentals Canada as well as introducing a Talent/Performance Management module, additional integrations (including one with Sunbelt's Learning Management System that will enable employees and managers to view transcripts in Workday), as well as advanced compensation functionality.

Through Workday, employees have already benefitted by having a one-stop source where they can update their personal information, view their paystubs, update benefits information, and apply for jobs internally. Likewise, supervisors now have an invaluable tool to help better manage their direct reports. For the first time, every employee can view Sunbelt's comprehensive organisational reporting structure across all divisions to gain a better understanding of the company as a whole and better equip themselves to serve our customers. As we continue to grow, Workday will enable us to be more efficient in how we engage with our employees; as well as work and communicate with them throughout the entire employee life cycle.

RESPONSIBLE BUSINESS REPORT CONTINUED

EMPLOYEE SPOTLIGHT: PAIGE CARTER

Last year, at just 18 years old, A-Plant apprentice Paige Carter became the first female apprentice to win Apprentice of the Year at the Construction Plant-hire Association's Stars of the Future Awards. Paige had earlier been awarded 'Level 2 Apprentice of the Year' at the event and went head to head with other winners to clinch the national title. Nearly 600 apprentices in the construction plant trade were eligible for the competition which shows how well Paige has performed in her work to win the award. One example of Paige's work is when a faulty engine required £3,000 to replace it. Paige stripped down two other old engines in the yard, tested the parts and then used them to repair the faulty engine all by herself. As well as her drive to become a competent and skilled fitter, she is very customer focused and will attend customer sites to carry out routine services and repairs, always contacting the customers in advance to schedule in visits to ensure downtime is kept to a minimum. Paige is a truly outstanding employee.

Recruitment

With Sunbelt's 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. To aid in our recruitment and retention efforts we have set up a number of programmes/ initiatives including:

- Manager In Training ('MIT')
  - This programme identifies top talent out of college and the military and places them through an accelerated training programme.
  - The MIT programme is based out of our top-performing stores and provides focused, hands-on training allowing the MIT graduate to easily perform their duties while on a direct path to management, with incentives for staying with Sunbelt after the programme has ended.
  - Pump & Power and Scaffolding Services have already both benefitted from the implementation of this programme.
- Partnership with Lone Star Community College to identify and hire top technicians
  - One of Lone Star Community College's focus areas is diesel and industrial training.
  - With locations in several major metro areas, the partnership provides a broad range of candidates able to relocate in the surrounding areas.

A-Plant apprenticeship programme

A-Plant's apprenticeship programme continues to be one of the most successful and highly valued schemes in the equipment rental industry. Last year we took on 89 trainees and this year we will be recruiting 80 new apprentices. Our apprentice programmes take between two and three years to complete and usually include outside training and a formal NVQ qualification, in addition to on-the-job training. We have five apprentice streams – plant maintenance, customer service, driver, electro technical and mechanical engineering. We are also launching an HNC trainee scheme in civil engineering for our specialist division, Leada Acrow. We are pleased that our efforts to increase diversity mean that a quarter of our apprentices are female, which compares very favourably with the 90% male apprentices average for the construction industry. Our apprentice scheme also has an impressive 76% retention rate compared to the industry rate of circa 65%.

Military recruitment

At a more senior level, we actively recruit military service members and veterans, appreciating that their experience gives candidates a sense of discipline, dedication, responsibility and a determination to do the job right the first time. These valuable skills are transferable to many of our employment positions. Sunbelt features a former military employee as a spotlight on its Military Recruiting page on its website each month. This practice is designed to educate our own employees, but also to drive interest among retired military personnel in a career at Sunbelt. Sunbelt is a Top 50 military employer.

In the UK, as a result of our efforts to hire and develop former members of the armed forces, A-Plant received the bronze award from the Armed Forces Covenant Employer Recognition Scheme. We also 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.

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 is enormously important and we invest significant money and time in facilitating career development and evolving training to reflect the changing needs of our workforce.

Sunbelt has implemented a number of new training and development initiatives including a new two-day leadership and coaching training programme for store managers during the year. Approximately 50% of store managers have so far completed the training and it has achieved good satisfaction scores from attendees. Sunbelt has also implemented a Wynne system training and practice environment allowing new employees to safely practice customer scenarios, in a training environment that mirrors the 'live' system. This provides practical experience before official on-site training and observation.

VETERAN SPOTLIGHT: ROB SMITH

Rob joined the Sunbelt team in 1999 as a customer service representative and has held numerous positions since then. As a result of his drive, Rob is now the Business Development Manager for Pump & Power Services and his leadership positively impacts employees and customers alike. The characteristics that make Rob an invaluable employee at Sunbelt Rentals can be traced back to his military career with the U.S. Navy where he was Mess management Specialist aboard the USS Key West, stationed in Virginia Beach and later Pearl Harbor, Hawaii. Rob says submariners are required to know all systems and operations beyond their normal duties and that helped him adapt quickly when he joined Sunbelt and tried to learn as many systems as he could. Rob moved from customer service to driving, then becoming a dispatcher and then store manager in the fast-growing specialty Pump & Power business. Eventually, Rob moved into project management and began working on new acquisitions for Pump & Power.

A structured two-week on-boarding programme was also developed for store-level employees. The objective was to ensure a consistent and repeatable process for new recruits. As part of our commitment to continued education and development, Sunbelt's Customer Service Representative Development programme provides a one-day training class, preceded by an online course focused on operational and customer service training. Approximately 75% of all customer service representatives have participated in this training.

In 2015, A-Plant held over 4,500 employee training days through a wide range of courses including the safety training highlighted earlier. In order to identify training needs when recruiting, A-Plant has 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 skills 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. We have also used our appraisal reviews to identify several management training initiatives that will be launched later in 2016.

All senior employees at A-Plant are now required to undertake an e-learning module on 'The Green Café' (A-Plant's e-learning portal) to ensure they understand their obligations and responsibilities with regard to competing fairly and the Bribery Act 2010. The module must be completed every 12 months, and only a 100% score on the module is acceptable. Employees must repeat the module until they achieve 100%.

Reward and benefits

We believe in treating our staff well and rewarding them for the effort they put in on our behalf.

We use a combination of competitive fixed pay and attractive incentive programmes to reward and motivate staff and these drive our profits and return on investment. Our sales force is incentivised through our commission plans which are based on sales, both volume and price achieved, and a broad measure of return on investment determined by reference to equipment type and discount level.

We flex our incentive plans to reflect the stage of the cycle in which we operate, which we believe is an important element in retaining the confidence of our workforce through the economic cycle. In addition to their core benefits, including pension and life assurance arrangements, we have an employee assistance helpline which offers free confidential support and advice to those in need. We also have other benefits such as Virgin Health Miles, as mentioned earlier, to promote good health amongst our employees.

This year, as an additional benefit, A-Plant introduced a holiday sell back scheme. This allows employees to sell unused or unwanted holiday days back to the company, giving them the opportunity to exchange some of their holiday entitlement for additional pay and allow the employee more flexibility and choice in how they use their contractual benefits.

Diversity and equal opportunities

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

In the US we are required by law to monitor ethnicity in our workforce every year and we maintain a diverse workforce. We also gather ethnicity data as part of the recruitment process in the UK and through an Equality and Inclusion Survey to monitor our diversity. Increasingly, many local authority and public sector tenders request this kind of information. We are committed to providing opportunities for people from all ethnic groups and in both geographies we have good representation from ethnic minorities across the organisation.

RESPONSIBLE BUSINESS REPORT CONTINUED

While our industry has traditionally had many more men than women, we do have women at all levels in both the US and UK including on the Board, on the senior management team and as store managers, sales executives and apprentices. While we prioritise recruiting the best people for every role, we are working to make it easier for more women to join the organisation, particularly as we expand.

WORKFORCE BY GENDER

Number of employees	Male	Female	Female %
Board directors	8	2	20%
Senior management	23	2	8%
All staff	11,992	1,120	9%

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 in place, such as whistle-blowing procedures 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.

COMMUNITIES

Why they matter

The communities in which we operate have always been important to Ashtead. As we expand our market share, particularly in the US, 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. In addition, our staff feel great pride in providing a service for the community. Our business is about helping people and getting things done. It is about finding solutions, especially when there has been an emergency or a disaster like a major flood or a hurricane, for example. Contributing to the communities where we operate is an important differentiating factor for Ashtead staff as well as being attractive to new recruits.

Community initiatives

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

Our stores regularly support and participate in local charity events and community service. For example, we provide support to many community sporting events, including sponsoring a local softball team in Dallas and various charity golf tournaments across the US. We also continue to work closely with our designated charitable partner, the American Red Cross and its affiliates such as the Second Harvest Food Bank for which we have a food drive every November. We allow employees to make payroll deductions to contribute to the American Red Cross or the Sunbelt Employee Relief Fund. Our Charlotte support office took part in the 2015 Charlotte Corporate Cup, which features a half marathon, 10k and 5k race and hosted a Red Cross blood drive in the autumn.

GARY SINISE FOUNDATION

The Gary Sinise Foundation supports military veterans by creating and supporting unique programmes designed to entertain, educate, inspire, strengthen and build communities. Sunbelt is in a perfect position to help the foundation with the R.I.S.E. (Restoring Independence Supporting Empowerment) programme which provides severely wounded veterans and their families with resources to overcome the challenges of life after their injuries. A major area of focus for R.I.S.E. is the building of custom smart homes. The Sunbelt partnership with R.I.S.E. gives contractors access to tools and equipment at no cost. In addition, Sunbelt provides a portion of revenue generated from custom-wrapped equipment to the Foundation in the form of a cash donation. With a history of community and veteran support, this partnership continues to drive Sunbelt's culture of giving back.

Our Whitehaven team supplied equipment for use during the Hospice at Home West Cumbria 2015 Colour Run. Runners completed a 1k or 5k route whilst getting covered with coloured powder paint along the way. The event raised over £30,000 for palliative care for those with life-limiting illnesses, as well as helping and supporting their families and carers, and the bereaved.

In the UK we continue to support CRASH, the construction and property industry's charity for homeless people. As a patron of the charity, A-Plant has been instrumental in delivering improved accommodation to homeless people through professional expertise, building materials and financial donations. Last year we were also involved in setting up Emmaus Salford, a new community recently opened in Greater Manchester which comprises a shop and accommodation for the homeless. A-Plant worked alongside Network Rail volunteers and fellow CRASH patron, Dulux Trade, to assist in the conversion of a near-derelict former council office building. We supplied a range of equipment for use during the refurbishment, including transformers, wallpaper strippers, scaffold towers, podiums and steps.

As part of our commitment to the Prince's Trust, Ashtead made a donation of £15,000 last year which helped young people gain access to jobs in construction, civil engineering and other sectors associated with the built environment. Ashtead forms part of the Prince's Trust Built Environment Leadership Group and donations from this group helped 1,000 young people move into the sector in 2015.

THE ENVIRONMENT

Why it matters

As we expand our territory and service offering, we necessarily have more of an impact on the environments around our stores. We make every effort to ensure that our impact is a positive one and to limit any negative impact we may have in the course of our work. This helps us save on costs, on any potential damage to our reputation and also helps build that level of trust our customers require. It also helps our staff feel good about where they work and helps to build good relationships with the communities around our stores.

In 2015, at Sunbelt, the safety and environmental departments merged, creating the Safety, Health and Environmental Department. This move improves organisational awareness and focus to our environmental initiatives because safety managers are now also responsible for bringing awareness and compliance to environmental initiatives. Safety managers are fully trained and capable of identifying risks associated with safety and environmental issues.

In the UK, to comply with the new Energy Savings Opportunity Scheme ('ESOS'), we implemented ISO 50001 awareness training for all the performance standards team in 2015. ESOS is a mandatory energy assessment scheme for organisations in the UK that meet the qualification criteria based on size and we are delighted to have achieved ISO 50001 certification. Organisations that qualify for ESOS must carry out ESOS assessments every four years. These assessments are audits of the energy used by their buildings, industrial processes and transport to identify cost-effective energy-saving measures. Organisations must notify the Environment Agency that they have complied with their ESOS obligations. In relation to ISO 50001, our significant impacts include electricity, natural gas for heating and diesel for our transport fleet. Our commitment to improving energy performance is intended to reduce our impact on the environment and could deliver significant cost savings.

In addition we have made fleet efficiency gains in the UK. The Fleet Operator Recognition Scheme ('FORS') is an accreditation scheme that aims to improve vehicle fleet activity throughout the UK and beyond. The overarching scheme encompasses all aspects of safety, fuel efficiency, economical operations and vehicle emissions. Every A-Plant location is now FORS accredited to Bronze level (with 25 accredited to Silver), meaning we are meeting legislative requirements, as well as helping to increase environmental and operational efficiencies.

BY ROYAL APPOINTMENT

A-Plant has helped many families and groups across the UK with building projects, through our association with DIY SOS, the BBC's flagship DIY show. Our latest contribution saw us involved in an attempt to regenerate a rundown community in Manchester. The aim was to transform two entire streets, turning empty properties into homes for war veterans and building a support centre to help other veterans find homes and jobs. The team were joined by two very special royal helpers, Prince William and Prince Harry, who volunteered on site. The trades came together to build homes for two former soldiers who fought in Iraq and Afghanistan and are suffering from Post-Traumatic Stress Disorder, before also helping them find new careers in the building trade. In total, 62 homes were transformed. For the project, general tool, our accommodation division and Leada Acrow supplied a broad range of equipment.

RESPONSIBLE BUSINESS REPORT CONTINUED

>80%
OF AFFECTED FLEET
IS ALREADY TIER 4

We seek to minimise our environmental impact in everything we do, through:

- thorough evaluation of new stores and acquisitions to ensure they meet our environmental standards and do not pose an unacceptable risk to the business;
- improved safety/environmental audit tracking software and database;
- improved environmental information database increasing efficiency in addressing permits and various requirements;
- carbon, waste and other environmental KPIs captured and reported;
- increased inventory of Tier 4 engines and training of key staff on their impact and maintenance;
- national (non-exclusive) agreements for emergency response and waste disposal in the US;
- providing lists of required and recommended equipment to new store openings for spill prevention and clean-up supplies;
- the use of telematics to monitor vehicle idling and driving efficiency;
- optimisation of delivery routes via our efficiency programme;
- the use of tyre pressure monitors to ensure optimal fuel efficiency;
- increased fuel efficiency in delivery and service fleet, including through improved design;
- providing environmental education reminders to field and service personnel through TechConnect newsletter delivered to their homes in the US; and
- the use of environmentally and ozone-friendly refrigerants in our cooling equipment.

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

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

GHG EMISSION BY GHG PROTOCOL SCOPE (tCO_2e/YEAR*)

	2016	2015
Scope 1	**198,769**	188,514
Scope 2	**38,236**	33,674
Total	**237,005**	222,188

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

In order to calculate the GHG emissions, 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 2015, 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, 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 2016, approximately 10% of the Sunbelt emissions balance was estimated.

FROM CAPITAL TO COAST

The legendary London to Brighton Bike Ride took place in June and an Ashtead and A-Plant contingent rode the gruelling 54 miles from capital to coast to raise money for the British Heart Foundation. A total of 23 cyclists took part, including work colleagues, friends and customers. The fundraising target for the British Heart Foundation was initially £2,000 but we were delighted to raise over £3,000.

We are also required to give an intensity ratio as appropriate for our business. Our level of GHG emissions varies with our activity levels and we have concluded that the most appropriate intensity ratio for Ashtead is revenue intensity. Our intensity metric is therefore an indication of emissions per £1m of revenue (tCO_2e/£m).

	2016	2015
Revenue intensity ratio	**93.1**	109.0

The majority of our revenue is in dollars and so the reported ratio is affected by the exchange rate. On a constant currency basis (using this year's average exchange rate) our intensity ratio has reduced from 103.4 last year to 93.1 this year.

Greener equipment

Whenever we can and where it makes economic sense, we invest in 'greener' equipment, sometimes also driven by customer demand. In addition to the Tier 4 engine requirements in the US, where we can, we purchase other more environmentally efficient equipment for a wide range of different applications. In terms of our US rental fleet, approximately 65% of our fleet is affected by Tier 4 regulations and over 80% of it is already Tier 4. In the UK, A-Plant has continued its significant investment in eco-friendly access equipment by taking delivery of a further 300+ powered access and low level access machines manufactured by Power Towers and Niftylift, the majority of which are specifically designed to offer an environmentally friendly solution to working at height. The majority of these, with no battery, power or oil, are both environmentally friendly and with a small footprint, are able to be used in confined spaces. The machines, several of which are also relatively light weight provide a mechanical solution that doesn't involve erecting, unfolding or climbing. Some also come with a bi-fuel option.

More and more of our customers are demanding eco-friendly equipment such as power and hydraulic oil-free platforms, or the utilisation of bi-fuel on larger equipment, so the investment offers our customers a wider range of access solutions.



GEOFF DRABBLE
Chief executive
13 June 2016

SUZANNE WOOD
Finance director

EMPLOYEE SPOTLIGHT: DAVE SMITH AND JESSE BEAUSOLEIL

In September 2015, Dave Smith, power generation market manager, and Jesse Beausoleil, shop foreman, travelled to the Zapaca region of Guatemala with a team of volunteers. They spent a week doing mechanical, carpentry and humanitarian work at the campus of non-profit community support organisation, Hope of Life International. Previous supporters had built a vocational school on the campus, where locals could get low or no-cost training in skills similar to Sunbelt technicians, but they left the finishing tasks undone. First Dave, Jesse and the team worked alongside the staff to get the school building ready. Then they repaired three generators, inspected and tested two three-ton air conditioners, and put together two functioning commercial convection ovens from four broken ones. They ran conduit and a new electrical feed from the sub panels at the hospital to the kitchen that supports it, and charged and repaired a ductless air conditioner at the children's home. A donation from Sunbelt also allowed additional supplies to be acquired for the projects and the team donated all the tools they purchased and used, including skill saws, cordless tools, electrical connectors, gauges, extension cords, squares, drills, bits and much more to Hope of Life.

DIRECTORS' REPORT

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FROM: A ONE-OFF COOLING EMERGENCY

2
SPOT COOLERS DELIVERED WITHIN ONE HOUR

TO: FULL-TIME SUPPORT COMPETENCY

We pride ourselves on being able to respond to any scenario, whether that be highly localised emergency cooling or long-term planning and project management, with almost all our product range utilised.

A shop needed rapid delivery of air conditioning units to enable customers to keep shopping through a heatwave. An 18-month casino construction project in Washington needed continuous quick responses to changing project needs and round-the-clock service and support.

24/7
ON-SITE MOBILE STORE

DIRECTORS' REPORT

OUR BOARD OF DIRECTORS





1. CHRIS COLE
NON-EXECUTIVE CHAIRMAN ●◿
Chris Cole has been a director since January 2002 and was appointed as non-executive chairman in March 2007. Chris is chairman of the Nomination Committee and a member of the Finance and Administration Committee. He is non-executive chairman of WSP Global Inc., a company formed from the merger of GENIVAR Inc. and WSP Group plc. Prior to the merger he was chief executive of WSP Group plc. He is also the non-executive chairman of Tracsis plc and Applus+.

EXECUTIVE DIRECTORS

2. GEOFF DRABBLE
CHIEF EXECUTIVE ●◿
Geoff Drabble was appointed chief executive in January 2007, having served as chief executive designate from October 2006 and as a non-executive director since April 2005. Geoff was previously an executive director of The Laird Group plc where he was responsible for its Building Products division. Prior to joining The Laird Group, he held a number of senior management positions at Black & Decker. Geoff is chairman of the Finance and Administration Committee and a member of the Nomination Committee.

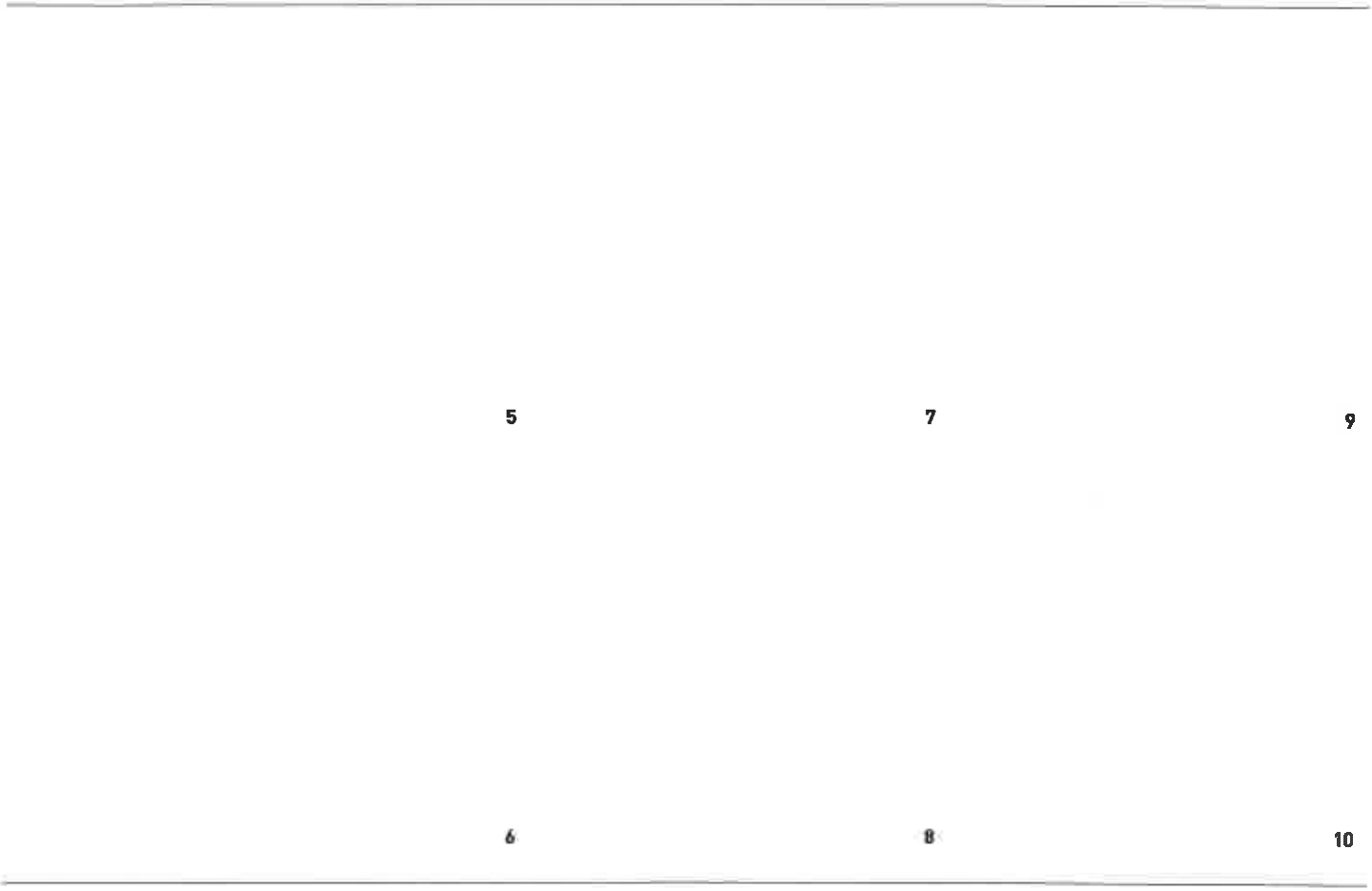
3. SUZANNE WOOD
FINANCE DIRECTOR ◿
Suzanne Wood was appointed as a director in July 2012. Suzanne joined Sunbelt as its chief financial officer in 2003. Suzanne is a qualified accountant, having trained with Price Waterhouse. She is a US citizen and lives in Charlotte, North Carolina but also maintains a London residence.

4. BRENDAN HORGAN
CHIEF EXECUTIVE, SUNBELT
Brendan Horgan was appointed a director in January 2011. Brendan joined Sunbelt in 1996 and has held a number of senior management positions including chief sales officer and chief operating officer. Brendan is a US citizen and lives in Charlotte, North Carolina.

5. SAT DHAIWAL
CHIEF EXECUTIVE, A-PLANT
Sat Dhaiwal has been chief executive of A-Plant and a director since March 2002. Sat was managing director of A-Plant East, one of A-Plant's four operational regions, from May 1998 to March 2002. Before that he was an A-Plant trading director from 1995 and, prior to 1995, managed one of A-Plant's stores.

KEY
◿ Audit Committee
☐ Remuneration Committee
● Nomination Committee
◿ Finance and Administration Committee

Details of the directors' contracts, emoluments and share interests can be found in the **Remuneration report.** 63



NON-EXECUTIVE DIRECTORS

6. MICHAEL BURROW
INDEPENDENT
NON-EXECUTIVE DIRECTOR* ◢ ☐ ●
Michael Burrow was appointed as a non-executive director and member of the Audit, Remuneration and Nomination Committees effective from March 2007 and chairman of the Remuneration Committee in September 2010. He was formerly managing director of the Investment Banking Group of Lehman Brothers Europe Limited.

7. WAYNE EDMUNDS
INDEPENDENT
NON-EXECUTIVE DIRECTOR ◢ ☐ ●
Wayne was appointed as a non-executive director and member of the Audit Committee in February 2014 and became chairman of the Audit Committee and a member of the Remuneration and Nomination Committees with effect from 1 July 2014. Wayne is non-executive chairman of Dialight plc. He is also a non-executive director and chairman of the Audit Committee at BBA Aviation plc and a non-executive director of MSCI, Inc.. He was formerly chief executive officer of Invensys plc. Wayne is a US citizen and lives in New Jersey.

8. BRUCE EDWARDS
INDEPENDENT
NON-EXECUTIVE DIRECTOR* ☐ ●
Bruce Edwards was appointed as a non-executive director in June 2007 and a member of the Nomination Committee and Remuneration Committee effective from February 2009 and September 2010 respectively. He is also a non-executive director of Greif, Inc., a NYSE-listed packaging and container manufacturer. Bruce was formerly the global chief executive officer for Exel Supply Chain at Deutsche Post World Net. He is a US citizen and lives in Columbus, Ohio.

9. LUCINDA RICHES
INDEPENDENT
NON-EXECUTIVE DIRECTOR ☐ ●
Lucinda was appointed as a non-executive director and a member of the Remuneration and Nomination Committees in June 2016. Following the retirement of Michael Burrow, Lucinda will be appointed as chair of the Remuneration Committee on 8 September 2016. Lucinda is a non-executive director of CRH plc, Diverse Income Trust plc and ICG Enterprise Trust plc. She is also a non-executive director of The British Standards Institution and UK Financial Investments Limited, a non-executive member of the partnership board of King & Wood Mallesons LLP and a Trustee of Sue Ryder. Lucinda was formerly global head of Equity Capital Markets and a member of the board of UBS Investment Bank.

10. IAN SUTCLIFFE
SENIOR INDEPENDENT
NON-EXECUTIVE DIRECTOR ◢ ☐ ●
Ian Sutcliffe was appointed as a non-executive director and member of the Audit, Nomination and Remuneration Committees in September 2010 and became the senior independent non-executive director with effect from 1 July 2014. Ian is the chief executive of Countryside Properties plc. He was formerly chief executive officer of Keepmoat and managing director, UK Property, at Segro plc. Prior to joining Segro he held senior executive positions with Taylor Wimpey plc and Royal Dutch Shell plc.

* Michael Burrow and Bruce Edwards will be retiring at this year's AGM, each having served nine years as a non-executive director.

CORPORATE GOVERNANCE REPORT

STRONG CORPORATE GOVERNANCE

CHRIS COLE
Chairman

Dear Shareholder

This year has seen continued development and growth for Ashtead. We continue to deliver on our promises and execute our strategy of organic growth, supplemented by bolt-on acquisitions. As we grow it is crucial that our governance structures keep pace so that we can ensure 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 very highest standards of corporate governance. We recognise that good governance is essential in assisting the business deliver its strategy, generate shareholder value and safeguard shareholders' long-term interests.

As chairman, it is my role to ensure that the governance regime remains appropriately robust and that the Board operates effectively. I am pleased to introduce the corporate governance report for 2015/16. This report details the matters addressed by the Board and its committees during the year.

Board composition and diversity
Each member of our Board must be able to demonstrate the skills, experience and knowledge required to contribute to the effectiveness of the Board. It is also important that we address issues of diversity in terms of skills, geographical experience relevant to our business and gender. I believe the Board is appropriately balanced in terms of diversity with a good mix of specialist skills and market expertise. This has been an area of particular focus this year as we planned for the retirement of Michael Burrow and Bruce Edwards on 7 September 2016 after each serving for nine years as a non-executive director.

Thus, while the composition of the Board has not changed during the year, Lucinda Riches was appointed as a non-executive director on 1 June 2016. While sorry to see Michael and Bruce leave, I look forward to working with Lucinda as we seek to further Ashtead's success.

Areas of Board focus
During the past year the Board has paid particular attention to the following important areas:

- reviewing Board priorities and activities in line with our risk and ethics management regime;
- an ongoing evaluation of the efficacy of our strategy and the degree to which it remains appropriate as markets and opportunities change;
- continuing review of the effectiveness of our capital structure as the economic environment changes;
- evaluating our robust operating model and structure to ensure they remain fit for purpose as Ashtead grows and markets change;
- assessing the effectiveness of our health and safety practices and monitoring across the Group, and identifying areas for improvement;
- ensuring our key management resource remains motivated and appropriately rewarded; and
- succession planning and ongoing senior recruitment.

Compliance
We endeavour to monitor and comply with ongoing changes in corporate governance and evolving best practice in this area. I am pleased to report that, aside from the requirement for an external board evaluation this year, which I deal with on page 57, the Company has complied in full throughout the year with the 2014 UK Corporate Governance Code ('the Code'), issued by the Financial Reporting Council ('FRC') and available to view at www.frc.org.uk, and I can confirm this report provides a fair, balanced and understandable view of the Group's position and prospects.



CHRIS COLE
Chairman

LEADERSHIP

The Company is led by an effective Board which is collectively responsible for the long-term success of the Company.

The 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 the 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, both to safeguard shareholders' interests and to sustain the success of Ashtead over the longer term. This is achieved through a control framework which enables risk to be assessed and managed effectively. The Board sets the Group's core values and standards and ensures that these, together with the Group's obligations to its stakeholders, are understood throughout the Group.

Board meetings

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 one of these meetings being held in the US. Additional ad hoc meetings and calls are arranged outside the scheduled meetings to take decisions as required.

The chairman 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.

The non-executive directors (including the chairman) meet as and when required in the absence of the executive directors to discuss and appraise the performance of the Board as a whole and the performance of the executive directors. In accordance with the Code, the non-executive directors, led by the senior independent non-executive director, also meet at least annually in the absence of the chairman to discuss and appraise his performance.

There is a schedule of matters reserved to the Board for decision. Other matters are delegated to Board committees.

MATTERS RESERVED TO THE BOARD

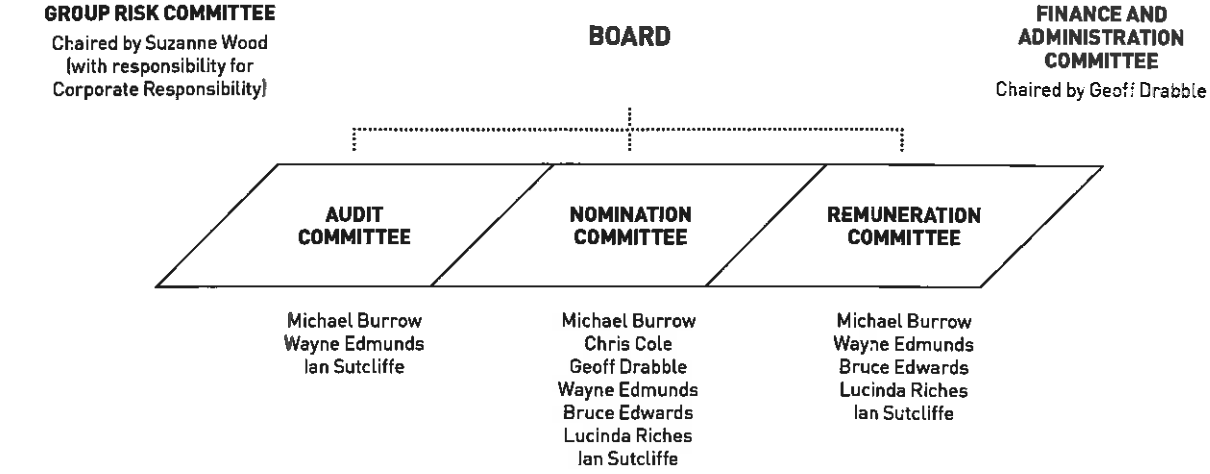
The schedule of matters reserved to the Board for decision includes:

- 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 issue of shares and debentures;
- the setting of dividend policy; and
- the buyback of shares.

ATTENDANCE AT BOARD AND COMMITTEE MEETINGS HELD BETWEEN 1 MAY 2015 AND 30 APRIL 2016

	Board	Audit	Remuneration	Nomination
Number of meetings held	6	5	3	1
Chris Cole	6	–	–	1
Sat Dhaiwal	6	–	–	–
Geoff Drabble	6	–	–	1
Brendan Horgan	6	–	–	–
Suzanne Wood	6	–	–	–
Michael Burrow	6	5	3	1
Wayne Edmunds	6	5	3	1
Bruce Edwards	6	–	3	1
Ian Sutcliffe	6	5	3	1

THE BOARD AND COMMITTEES



CORPORATE GOVERNANCE REPORT CONTINUED

Delegated authority
Board committees
The Board has standing Audit, Nomination and Remuneration Committees. The membership, roles and activities of the Audit and Nomination Committees are detailed on pages 59 to 62 and the Remuneration Committee in the separate report on pages 63 to 82.

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 and will be available for inspection at the Annual General Meeting.

Finance and Administration Committee
The Finance and Administration Committee comprises Chris Cole, Geoff Drabble (chairman) and Suzanne Wood. 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 chairman, including, for example, the approval of material announcements to the London Stock Exchange.

Summary of the Board's work during the year
During the year, the Board considered all matters reserved to the Board for decision, focusing in particular on the following:

- Review of operations and current trading
- Approval of the quarterly financial statements
- Approval of the Annual Report and Accounts
- Approval of the AGM resolutions
- Dividend policy
- Investor relations
- Treasury policy
- Increase of the senior debt facility to $2.6bn
- Growth and acquisition strategy
- Various acquisitions
- Adoption of the 2016/17 budget
- Review of the work of the Group Risk Committee
- Review and approval of the Group's risk register
- The recommendations of the Remuneration Committee

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. Before appointment, non-executive directors are required to assure the Board that they can give the time commitment necessary to fulfil properly their duties, both in terms of availability to attend meetings and discuss matters on the telephone and meeting preparation time. The non-executives' letters of appointment will be available for inspection at the Annual General Meeting. The approval of the chairman is required before a non-executive can take on other non-executive director roles.

EFFECTIVENESS

Composition of the Board
The Company's Board comprises the chairman, the chief executive, the finance director, the executive heads of Sunbelt and A-Plant, the senior independent non-executive director and normally three other independent non-executive directors. Short biographies of the directors are given on pages 52 and 53.

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. The composition of the Board has not changed during the year. Lucinda Riches was appointed as a non-executive director on 1 June 2016. Michael Burrow and Bruce Edwards will be retiring from the Board with effect from 7 September 2016.

Appointments to the Board
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. Appointments are made on merit, based on objective criteria, including skills and experience and recognising the benefits of diversity on the Board, including gender. The Nomination Committee led the process to refresh the Board pending the retirement of Michael Burrow and Bruce Edwards. Further details are given in the Nomination Committee report on page 62.

BOARD COMPOSITION AND ROLES

Chairman	Chris Cole	Responsible for leadership of the Board, agreeing Board agendas and ensuring 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	Geoff Drabble	Responsible for developing the strategy for the business, in conjunction with the Board, ensuring it is implemented, and the operational management of the business.
Finance director	Suzanne Wood	Supports the chief executive in developing and implementing the strategy and responsible for the reporting of the financial and operational performance of the business.
Senior independent director	Ian Sutcliffe	Available to shareholders if they have reason for concern that contact through the normal channels of chairman or chief executive has failed to resolve.
Independent non-executive directors	Michael Burrow, Wayne Edmunds, Bruce Edwards, Lucinda Riches, Ian Sutcliffe	Provide a constructive contribution to the Board by providing objective challenge and critique for executive management and insights drawn from their broad experience.

Commitment
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.

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.

TENURE OF NON-EXECUTIVE DIRECTORS

Chris Cole	14 years
Michael Burrow	9 years
Bruce Edwards	9 years
Ian Sutcliffe	6 years
Wayne Edmunds	2 years
Lucinda Riches	-

Development and training
All newly appointed directors undertake an induction to all parts of the Group's business. This includes visits to both the Sunbelt and A-Plant 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 chairman and chief executive assess regularly the development needs of the Board as a whole with the intention of identifying any additional training requirements.

Information and support
The directors have access to the company secretary and are able to seek independent advice at the Company's expense.

Regular reports and briefings are provided to the Board, by the executive directors and the company secretary, 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 are circulated.

Board evaluation
The performance of the chairman, 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 shareholders.

In accordance with the Code, it is the Board's intention to have its and its committees' performance evaluation conducted by an external third party every three years. However, in view of the recent Board changes, it was considered prudent to delay this year's Board evaluation until November 2016 to enable recently appointed Board members to be part of that evaluation. This year's Board evaluation will be conducted by an external third party.

Re-election
The directors will retire at this year's Annual General Meeting and, save for Michael Burrow and Bruce Edwards, will offer themselves for election and re-election in accordance with the Code.

ACCOUNTABILITY
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 85 and the auditor's report on pages 88 to 90 includes a statement by Deloitte about its reporting responsibilities. As set out on page 84, the directors are of the opinion that the Group is a going concern.

Risk management and internal control
The Board is responsible for the Group's risk management framework and internal control systems. It has established a process for identifying, evaluating and managing the principal risks faced by the Group. 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 page 30, the Group reviews and assesses the risks it faces in its business and how these risks are managed. 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 report, 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 new significant risks have arisen. The Group Risk Committee reviewed the draft report for 2016, which was then presented to, discussed and approved by the Audit Committee and the Board on 9 June 2016.

CORPORATE GOVERNANCE REPORT CONTINUED

One of our principal risks is business continuity and the capacity, resilience and evolution of the Group's IT systems and networks. As part of the Board's regular updates on business risks, it received a detailed report and update on Sunbelt's IT strategy and priorities for the forthcoming two years. This provided the Board with assurance that the principal IT and related development needs had been identified and prioritised appropriately.

The Board monitors the risk management framework and internal control systems on an ongoing basis and reviews their effectiveness formally each year. As part of its monitoring, through the Audit Committee, it received reports from the operational audit teams 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 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.

Audit Committee and auditor

The Board has delegated responsibility for oversight of corporate reporting and risk management and internal control and for maintaining an appropriate relationship with the Group's auditor to the Audit Committee. The Audit Committee report on pages 59 to 61 contains full details of the role and activities of the Audit Committee.

REMUNERATION

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 63 to 82 contains full details of the role and activities of the Remuneration Committee.

RELATIONS WITH SHAREHOLDERS

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. Regular dialogue is maintained with analysts and investors through meetings, presentations, conferences and ad hoc events. During the year, senior management conducted over 400 meetings and calls and attended three conferences, with investors in the UK, US and the rest of Europe.

The chairman 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. During the year the chairman of the Remuneration Committee met or had discussions with a number of shareholders to discuss the application of our remuneration policy and the details of the new remuneration policy to be proposed at this year's Annual General Meeting.

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 on the website.

Constructive use of the Annual General Meeting

We value meeting with our private shareholders at the Company's Annual General Meeting ('AGM'). The 2016 AGM will be held in London on Wednesday, 7 September 2016. Further details of the meeting are given on page 84. 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.

Resolutions at the 2016 AGM will be voted on by a show of hands. Following each vote, the results will be announced to the meeting and then announced to the London Stock Exchange and published on the Company's corporate website as soon as practicable after the meeting. Notice of the AGM will be sent to shareholders at least 20 working days before the meeting.

AUDIT COMMITTEE REPORT

WAYNE EDMUNDS
Chairman of the
Audit Committee

Introduction by Wayne Edmunds, Audit Committee chairman
I am pleased to introduce the report of the Audit Committee for 2015/16. The Committee is made up of three independent non-executive directors. I have been chairman since July 2014 and have recent and relevant financial experience, having held a number of senior international finance roles. The members of the Committee, together with my experience, bring an appropriate balance of financial and accounting experience combined with a good understanding of Ashtead's business.

Eric Watkins is secretary to the Committee. Chris Cole, Geoff Drabble, Suzanne Wood, and the Group's deputy finance director generally attend meetings by invitation. In addition, the Group's external audit partner attends the Committee meetings.

The Committee assists the Board in discharging its responsibility for oversight and monitoring of financial reporting, risk management and internal control. As chairman 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.

I am satisfied that the Committee was provided with good-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.

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.

WAYNE EDMUNDS
Chairman of the Audit Committee

Membership of the Committee
The Committee is comprised of independent non-executive directors, biographical details of whom are set out on page 53. The members of the Committee are:

Wayne Edmunds	Chairman
Michael Burrow	
Ian Sutcliffe	

Main responsibilities 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 annual and quarterly 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, its 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.

The Audit Committee's terms of reference are available on the Group website and will be available for inspection at the AGM.

CORPORATE GOVERNANCE REPORT CONTINUED

Summary of the Committee's work 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. The Group audit partner from Deloitte (or his designate) attends all meetings of the Committee and reports formally at three of these meetings.

A similar process is undertaken at each reporting date whereby the Committee receives a paper from management which comments 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 addition, we 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 forms part of Deloitte's planning for the annual audit and their full audit plan and proposed audit fee is presented to the February meeting of the Committee. Deloitte's final report of the year is at the June meeting when we review the draft annual report. Their report contains the findings from their audit work, including comments on the draft annual report.

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.

Carrying value of rental fleet
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. Inter alia, 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 cyclical considerations. We are satisfied that the judgements taken are appropriate and consistent with prior years.

Going concern
We reviewed the appropriateness of the going concern assumption in preparing the financial statements. We 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 the scenario planning considered 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.

We are satisfied that the going concern basis of preparation continues to be appropriate in preparing the financial statements.

The Company's financial reports provide a fair, balanced and understandable assessment of the Company's position and prospects.

Goodwill impairment review
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 plan for Sunbelt and A-Plant. Last year the Group concluded that certain specialty businesses should be classified as separate cash-generating units ('CGUs'), due to them generating separately identifiable cash flows. We are satisfied that these CGUs remain appropriate and that there is no impairment of the carrying value of goodwill in the CGUs of Sunbelt or A-Plant. Further details are provided in Note 14 to the financial statements.

Intangible asset impairment review
The fall in the oil price and its impact on the oil and gas industry caused management to reassess the carrying value of intangible assets related to acquired customer lists within our Oil & Gas business. Reflecting the expectation that revenue from those customers, and hence future cash flows, would be much lower than anticipated when the businesses were acquired, an impairment charge of £12m was taken. We are satisfied that the judgements taken are reasonable and appropriate.

External audit effectiveness
The Committee conducted an assessment of the effectiveness of the audit of the 2016 financial statements, based on its own experience and drawing on input from senior corporate management and senior finance management at Sunbelt and A-Plant. 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. Overall, the Committee is satisfied that the audit process and strategy for the audit of the 2016 financial statements was effective.

Non-audit services and external auditor independence
Each year we review the level of fees and nature of non-audit work undertaken and we were again satisfied that it was in line with our policy and did not detract from the objectivity and independence of the external auditor. It is accepted that certain work of a non-audit nature is best undertaken by the external auditor. The non-audit fees paid to the Company's auditor, Deloitte, for the year relate to its review of the Company's interim results. Details of the fees payable to the external auditor are given in Note 4 to the financial statements.

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 the current lead audit partner's third year. 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 2016 Annual General Meeting 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 Committee has followed the legislative developments on audit tendering and rotation from the EU and Competition & Markets Authority. Under the transitional arrangements, the Group is not required to rotate its auditor until 2023. Notwithstanding the transitional arrangements, we will consider tendering the audit in 2017 to fit in with the timing of the next rotation of the current audit partner scheduled for 2018.

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 periodically 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
During the year the Committee discussed management's approach to addressing the requirements for the new viability statement and 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 32.

Internal audit
The internal operational audit teams in the two 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. During the year 347 audits were completed, which is consistent with our goal for each of our 700 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, we engage a major international accounting firm to perform detailed internal audits at the Group's major support centres periodically.

Whistle-blowing
There are policies and procedures in place whereby staff may, in confidence, report concerns about possible improprieties or breaches of Company policy or procedure. These suspicions are investigated and the results of the investigation are, where possible, reported to the whistle-blower. The Committee receives a report from the company secretary on control issues arising from whistle-blowing as well as from other sources.

CORPORATE GOVERNANCE REPORT CONTINUED

NOMINATION COMMITTEE REPORT

CHRIS COLE
Chairman of the
Nomination Committee

The Nomination Committee comprises all of the non-executive directors, each of whom is independent, myself as chairman and the chief executive, Geoff Drabble. Eric Watkins is secretary to the Committee.

The Nomination Committee meets as and when required to consider the structure, size and composition of the Board of directors. The Committee's primary focus during the year remained succession planning and, in particular, the orderly replacement of two long-serving non-executive directors, including the chair of the Remuneration Committee.

There were no changes to the Board during the year.

Main responsibilities 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;
- the appointment, reappointment, retirement or continuation of any director; and
- the continuation of any non-executive director who has served for a period of three years or more.

The Nomination Committee's terms of reference will be available for inspection at the Annual General Meeting.

Summary of the Committee's work during the year
The Committee met once during the year and the principal matters discussed were:

- succession planning; and
- the retirement and replacement of Michael Burrow and Bruce Edwards.

The Committee met in May 2016 to recommend the appointment of Lucinda Riches as a non-executive director.

Appointment of non-executive directors
During the year we assessed the non-executive profile of the Board, including skills, experience and diversity, and factored this into the search brief for two new non-executive directors to replace the retiring directors. We appointed Korn Ferry, an independent search firm with no other connection to the Company, to assist in identifying suitable candidates. Following a rigorous process, we were delighted to appoint Lucinda Riches as a non-executive director of the Company in June 2016. Lucinda will join the Nomination and Remuneration Committees and, following the retirement of Michael Burrow, will become chair of the Remuneration Committee.

Reappointment of directors
The Committee unanimously recommends the re-election/election of each of the directors, except Michael Burrow and Bruce Edwards who are retiring, at the 2016 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, background and experience within the Board. While we will continue to ensure that we appoint the best people for the relevant roles, we recognise the benefits of diversity and we will continue to take this into account when considering any particular appointment, although we do not set any particular targets.

By order of the Board



ERIC WATKINS
Company secretary
13 June 2016

REMUNERATION REPORT

Dear Shareholder

I have decided to divide my statement into two sections this year. The first looks at the Group's performance over this and previous years and the level of remuneration earned by our executive directors for managing the delivery of this performance. The second sets out the proposed changes to remuneration for future years which includes putting a new remuneration policy for shareholder approval at this year's Annual General Meeting ('AGM').

Therefore at this year's AGM, there will be two resolutions on the Directors' remuneration report. The first will be in respect of the implementation of the existing policy for the year 2015/16. The second resolution seeks shareholders' approval of the new remuneration policy which will apply for the next three years.

CURRENT YEAR

Incentive policy

The performance conditions for both the Deferred Bonus Plan ('DBP') and the Performance Share Plan ('PSP'), which operated during the year, incentivise the executive directors to focus on selected KPIs of the Group and total shareholder return ('TSR'). The following table sets out these KPIs and how performance against them is linked to the incentive plans:

Plan	Profit	EPS	RoI	Leverage	TSR
Deferred Bonus Plan	✓				
Performance Share Plan		✓	✓	✓	✓

Company performance

It is pleasing to report, once again, another year of extremely strong performance across the business with market share gains, both in the US and the UK. We are delighted to be reporting another year of record profits and record dividends. The following is a breakdown of our performance for the year.

- Group underlying pre-tax profit of £645m (2015: £490m)
- Sunbelt operating profit of $1,014m (2015: $833m)
- A-Plant operating profit of £67m (2015: £46m)
- Proposed dividend of 22.5p (2015: 15.25p)

Profit is the metric we use for the DBP. The following table sets out the profit targets set and their level of satisfaction for this year:

Executive	Measure	Threshold	Target	Maximum	Actual at budget exchange rates	Bonus entitlement earned (% of salary)
Geoff Drabble	Group pre-tax profit	£595m	£610m	£635m	£634m	196%
Suzanne Wood	Group pre-tax profit	£595m	£610m	£635m	£634m	147%
Brendan Horgan	Sunbelt operating profit	$970m	$985m	$1,015m	$1,014m	147%
Sat Dhaiwal	A-Plant operating profit	£63m	£67m	£73m	£67m	75%

REMUNERATION REPORT CONTINUED

The Remuneration Committee (the 'Committee') set challenging targets for the DBP and although it was another year of strong performance, Group and Sunbelt fell just short of the level required for maximum payout and A-Plant achieved target performance. The Committee feels that this is an appropriate level of reward for the performance of the Group and the hard work put in by our executive directors.

Long-term sustainable performance

One of the primary objectives of the Committee is to incentivise and reward sustained long-term performance of the Group. The charts below show the performance over the last seven years in terms of the four performance criteria selected for the PSP, which are designed to operate across the cycle. Each chart has been overlaid with the relative level of total remuneration earned by our chief executive for each of these years. The Committee believes that there is a strong link between the level of performance demonstrated by these criteria and remuneration of the chief executive. The TSR chart demonstrates the impact of the significant proportion of remuneration paid to the chief executive in equity, which ensures he shares the experience of shareholders over the period. This can also be seen when looking at the other charts where, while financial performance has been strong, the single figure has gone down over the last two years due to the lower value of the vested awards.

The Committee believes that the current remuneration policy has worked well in both incentivising and rewarding performance and aligning interests with shareholders. The changes proposed in the new policy will build on this success.

ONE-YEAR TSR OUTPERFORMANCE OF FTSE 100 AND FTSE 250 (%)

UNDERLYING EPS (p)

RETURN ON INVESTMENT (%)

LEVERAGE (X)

	2011	2012	2013	2014	2015	2016
Single figure (£'000)	2,166	4,613	6,510	7,272	4,165	3,115
Bonus payout (% maximum)	100%	100%	100%	100%	100%	98%
PSP vesting (% maximum)	50%	100%	100%	100%	100%	81%

2013 PSP award vesting

This sustained long-term performance of the Group has been reflected in the level of vesting which is expected for the 2013 PSP award in June 2016. The following table sets out the performance conditions and targets, weightings, actual performance and associated level of vesting:

Measure	Weighting of award to measure	Threshold level of vesting (25%)	Maximum level of vesting (100%)	Actual	% of element of award vested
TSR*	40%	Median	Upper quartile	59%	52%
EPS growth	25%	6% CAGR	12% CAGR	39%	100%
RoI	25%	10%	15%	19%	100%
Leverage	10%	Less than 2.5		1.7	100%

* TSR performance is estimated based on performance to 30 April 2016, which was at the 59th percentile level.

FUTURE YEARS

Background

The current remuneration policy was formally approved by shareholders at the 2014 AGM and received a 96.8% vote in favour. The policy became effective for a period of up to three years from that date, which would suggest a normal review date of 2017. Since the drafting and approval of this policy, Ashtead has continued to deliver exceptional performance, growth and associated returns to its shareholders.

This highly successful growth path has led the Committee to conclude that a review of the remuneration policy should be conducted, and an amended policy brought forward in 2016.

The Committee is cognisant of the views expressed by some of its shareholders in the voting patterns on the remuneration reports for both 2013/14 and 2014/15, and determined that the most appropriate and complete response was to review the policy as well as its implementation. The Committee's expectation is that the new policy will enable greater alignment with business objectives and shareholder expectations.

In undertaking the review, the Committee believed it important that the future remuneration policy was tailored to Ashtead's circumstances, such that it:

- supports the Group's strategy over the next stage of its development;
- continues to act as an appropriate tool with which to attract, retain and motivate the executive directors who are critical to executing the business strategy and driving the continued creation of value for shareholders;
- ensures that remuneration is competitive against companies of a similar size and complexity; and
- reflects practice in the Group's listing environment (being the UK) whilst being cognisant of its relatively diverse shareholder base which now contains almost 40% US-based investors and also Ashtead's main area of operation (being North America, given that in 2015/16, 86% of revenue was generated in this region).

As a result of this review, the Committee concluded that a number of changes to the remuneration policy were required. These changes, if approved, will mean that Ashtead has in place a policy which is appropriate for the next three-year period of the Group's development.

REMUNERATION REPORT CONTINUED

Context of remuneration review
Ashtead continues to deliver exceptionally strong growth and associated returns to investors. The success of the Group in delivering revenue and returns, particularly in the US market, has been central to this growth and returns to investors.

The key strategic priorities of the Group are:

- Build a platform for growth:
  - target 15% US market share;
  - increase UK market share by 50%; and
  - achieve a 5% market share in Canada.
- Maintain financial and operational flexibility:
  - RoI above 15% for the Group;
  - maintain leverage in the range of 1.5 to 2 times net debt to EBITDA; and
  - ensure financial firepower at the bottom of the cycle for the next 'step change'.
- Operational excellence:
  - improve operational capability and effectiveness; and
  - continued focus on service.

The Committee's aim is to ensure that the remuneration of management provides appropriate incentives and remains aligned with these strategic objectives. In particular, the Committee has considered the KPIs and risks associated with these strategic objectives in order to formulate the proposed policy, metrics and associated targets for the DBP and the PSP.

Summary of proposed changes to remuneration policy
The key proposed changes to the remuneration policy are set out below:

- Increase the maximum DBP opportunity from 200% to 225% of salary; although the policy maximum opportunity is to be increased, the existing levels of incentive will continue to apply for executive directors in 2016/17.
- Increase the maximum PSP opportunity from 200% to 250% of salary; although the policy maximum opportunity is to be increased, the existing levels of incentive opportunity will continue to apply for executive directors in 2016/17.
- Introduce a two-year post-vesting holding period on future PSP awards.
- Change the pension policy so that for new executive directors the maximum contribution will not be greater than the median level in the FTSE 100.
- Increase shareholding requirements to 300% of base salary for the chief executive and 200% for other executive directors.
- Adopt an appropriate peer group for relative TSR measurement purposes. This group comprises the FTSE 50–100 excluding investment trusts.

The Committee believes that these approaches are aligned better with remuneration objectives and the Group's strategy and will enable us to both retain and recruit competitively, as required, and ensure executives are aligned fully with business performance. In determining the appropriate incentive opportunities for each financial year, the Committee will apply the following criteria (excluding 2016/17 where the Committee has committed to no changes):

- Performance – if revenue and profits fall substantially, the incentive opportunity will not be increased and may be reduced from its current level.
- Size of the Group – if the Group is no longer a member of the FTSE 100 or its ranking is materially below the level when the policy was designed, the incentive opportunity will not be increased and may be reduced from its current level.
- Competitor position – if at the point of the annual review remuneration is competitive against its peers, the incentive opportunity will not be increased. In addition, if the comparative position gets ahead of the Committee's intended positioning, incentive opportunities may be reduced.
- Total remuneration – the Committee will make its decisions based on the potential total remuneration rather than each element of the package individually to avoid any inadvertent ratcheting of amounts.

OPERATION OF CURRENT POLICY FOR 2016/17
The Committee sets salary levels to reflect the scope of the roles, their international context and the performance and experience of the relevant executive director. It should be noted that the Committee only uses comparator information to review the decisions taken based on these factors, to ensure it remains in compliance with the policy. When considering comparator companies, the Committee looks for companies that are broadly in line with Ashtead's size, structure and complexity (with companies in the FTSE 50–100 currently acting as the primary reference), while also considering the need to remain competitive in the US market.

In accordance with our current approved remuneration policy, with effect from 1 May 2016 the Committee made the following salary increases:

- Geoff Drabble's salary to £766,000 from £666,500 (15%).
- Brendan Horgan's salary to $664,000 from $577,500 (15%).
- Suzanne Wood's salary to $624,000 from $567,000 (10%).
- Sat Dhaiwal's salary to £275,000 from £250,000 (10%).

These increases deliver on the commitment I made in my statement in the 2014/15 Directors' remuneration report to address the disparity of salaries for our executive directors. The Committee does not anticipate future years' rises being greater than the general rise to all employees unless there is a change in scope or role of the relevant executive director.

As noted in the policy changes section, the increases to the DBP and PSP will not be implemented during 2016/17, but provide scope for future increases should these become necessary to maintain the effectiveness of the Company's reward arrangements.

The Committee believes that the proposed remuneration policy is in the best long-term interests of the Group and its shareholders.

CALIBRATION OF MEASURES

One area which has been raised by some investors relates to the targets in respect of the PSP. As noted above in the context of the review, the Committee specifically considered the KPIs of the business as part of this exercise. Other than the relative TSR metric, all three of the other performance metrics in the PSP (EPS, RoI and leverage) are taken from these KPIs. Taking into account the cyclical nature of Ashtead, the Committee continues to believe that delivering consistent performance throughout the cycle is the most appropriate approach to rewarding executives under the PSP. As a result, the Committee has retained the same targets in respect of EPS, RoI and leverage since 2012/13 and intends to continue to do so.

The Committee has, however, adjusted the relative TSR metric to reflect the most appropriate external comparator group available. In 2012/13 and 2013/14, this was the FTSE 250 index. For the PSP awards made in 2014/15 and 2015/16, the comparator group was the FTSE 75-125. As can be seen from this, the Committee has, therefore, sought to reflect the growth of Ashtead in its PSP metrics and targets.

SHAREHOLDER CONSULTATION

On behalf of the Committee I met with, or corresponded with, the Company's major shareholders holding just over 50% of the issued share capital. The feedback on the proposed policy changes varied and this feedback has been taken into account in both the policy and how it will be implemented for the next three years. Overall, shareholders were broadly supportive of the proposed changes.

During the consultation process, some shareholders expressed a preference that some of the conditions attaching to the PSP awards should be amended. When setting the four performance metrics, the Committee intended that the conditions should prevail throughout the cycle and the dynamic tension between the metrics would deliver long-term sustainable shareholder value. Shareholders were comforted to hear that the metrics would be throughout the cycle. Whilst the leverage ratio was mentioned by a number of shareholders, this was in the context of the appropriate level of leverage for the business.

CONCLUSION

In undertaking its review, the Committee believes that the future remuneration policy is tailored to the Group's circumstances, such that it:

- supports the Group's strategy over the next stage of development;
- continues to act as an appropriate tool with which to attract, retain and motivate executive management who are crucial to executing the business strategy and the continued creation of value for shareholders;
- ensures that remuneration is competitive against companies of similar size and complexity; and
- reflects practice in the Group's listing environment, whilst being cognisant of its relatively diverse shareholder base which now contains almost 40% US-based investors and the Group's main area of operation (being North America given that, in 2015/16, 86% of revenue was generated in this region).

The 2016 policy has been included on the agenda for the 2016 AGM. The proposed policy is set out in full on pages 68 to 75 of this report.

The Committee believes that the proposed remuneration policy is in the best long-term interests of the Group and its shareholders and I strongly recommend that shareholders vote in favour of the 2016 policy and the 2016 Directors' remuneration report.



MICHAEL BURROW
Chairman of the Remuneration Committee

REMUNERATION REPORT CONTINUED

REMUNERATION POLICY

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 75 to 79.

As set out in the Committee chairman's letter on pages 63 to 67, the Committee undertook a review of the Group's remuneration arrangements during the year. The proposed changes to the Group's existing policy, approved in 2014, are set out in that letter. The proposed 2016 policy set out below includes these changes.

Two ordinary resolutions concerning the Directors' remuneration report will be put to shareholders at the AGM on 7 September 2016. The first resolution is in respect of the implementation of the 2014 policy for the year ended 30 April 2016. The second resolution seeks shareholders' approval for the 2016 policy to apply for the next three years.

The aim of the remuneration policy set out below is to reward executives for delivering a sustainable increase in shareholder value over a long period of time. Accordingly, we seek to:

- set the total remuneration package at a level that is competitive in the markets in which we operate;
- align executives' interests with those of shareholders;
- link a significant element of total remuneration to the achievement of stretching performance targets over the long term;
- provide a total remuneration package that is balanced between fixed remuneration and variable, performance-based remuneration; and
- enable recruitment and retention of high-calibre executives without paying more than necessary to fill the role.

REMUNERATION POLICY
Summary of the Group's remuneration policy

	LINK TO STRATEGY	OPERATION	MAXIMUM POTENTIAL VALUE	PERFORMANCE CONDITIONS AND ASSESSMENT
Base salary	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 Group.	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

	LINK TO STRATEGY	OPERATION	MAXIMUM POTENTIAL VALUE	PERFORMANCE CONDITIONS AND ASSESSMENT
Base salary continued		The comparator group currently used to inform decisions on base salary is principally the FTSE 50 – 100 as these organisations reflect the size 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.		N/A
Benefits	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	To provide a competitive retirement benefit.	The Company makes pension contributions (or pays a salary supplement in lieu of pension contributions) of between 5% and 40% of an executive's base salary.	The maximum contribution is 40% of salary. For new directors, the maximum contribution will not exceed the median level in the FTSE 100.	N/A

REMUNERATION REPORT CONTINUED

	LINK TO STRATEGY	OPERATION	MAXIMUM POTENTIAL VALUE	PERFORMANCE CONDITIONS AND ASSESSMENT
Deferred Bonus Plan ('DBP')	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 underlying pre-tax profit for the Group chief executive and finance director. • Sunbelt underlying operating profit for the Sunbelt chief executive. • A-Plant underlying operating profit for the A-Plant chief executive. Stretching financial targets are set by the Committee at the start of each financial year. The Group 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 targets or weightings for any exceptional events that may occur during the year. The 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 payouts under the plan.

	LINK TO STRATEGY	OPERATION	MAXIMUM POTENTIAL VALUE	PERFORMANCE CONDITIONS AND ASSESSMENT
Performance Share Plan ('PSP')	The purpose of the PSP 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.	PSP 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 PSP 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. At target performance 32.5% of the award vests. In 2016/17 the award for Sat Dhaiwal and Suzanne Wood will be 150% and for Geoff Drabble and Brendan Horgan, 200% of base salary.	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 total shareholder return (40%), earnings per share (25%), return on investment (25%) and leverage (10%). Awards vest on a pro rata basis as follows: Total shareholder return – median to upper quartile performance against an appropriate comparator group Earnings per share – compound growth of 6-12% per annum Return on investment – 10-15% Leverage – less than, or equal to, 2.5 times.
Shareholding Policy	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: • Chief executive – 300% of salary • Other executive directors – 200% of salary	

Notes to the policy table:

1. In relation to the DBP, individual awards to directors are dependent on the most relevant measure of profit for the role which they perform, and thus over which they have the most direct influence. Profit is a key component of earnings per share, one of the Group's key performance indicators and is considered the primary measure which aligns with shareholders' interests.
2. In relation to the PSP:
   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 highly 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.
3. In relation to both the DBP and the PSP, 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.

REMUNERATION REPORT CONTINUED

Share-based incentives and dilution limits
The Company observes an overall dilution limit of 10% in 10 years for all Company share schemes, together with a limit of 5% in 10 years for discretionary schemes.

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 charts below illustrate the potential future reward opportunity for each of the executive directors, based on the remuneration policy set out on pages 68 to 71 and the base salary at 1 May 2016 and the sterling/dollar exchange rate at 30 April 2016.

CHIEF EXECUTIVE – GEOFF DRABBLE (£'000)

FINANCE DIRECTOR – SUZANNE WOOD (£'000)

SUNBELT CHIEF EXECUTIVE – BRENDAN HORGAN (£'000)

A-PLANT CHIEF EXECUTIVE – SAT DHAIWAL (£'000)

◢ Salary ◢ Pension and benefits ◢ DBP ◢ PSP

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

	BASE AND PENSION	DBP	PSP
Minimum	Base salary, benefits and pension or cash in lieu of pension	No DBP payment payable	No vesting
Target	As above	On target DBP payment (50% of maximum)	32.5% vesting
Maximum	As above	Maximum DBP payment	Full vesting

In all scenarios, the impact of share price movements on the value of PSPs and mandatory bonus deferrals into the DBP have been excluded.

Service contracts
The Company's policy is that executive directors have rolling contracts which are 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.

ELEMENT	APPROACH	APPLICATION OF COMMITTEE DISCRETION
Base salary and benefits	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.	The Committee has discretion to make a lump sum payment in lieu.
Pension	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.	The Committee has discretion to make a lump sum payment in lieu.
DBP	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. 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 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. 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.

REMUNERATION REPORT CONTINUED

ELEMENT	APPROACH	APPLICATION OF COMMITTEE DISCRETION
PSP	The treatment of awards 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). 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 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 plan.	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 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 cost to the Company whilst seeking to address the circumstances at the time.

Consideration of conditions elsewhere in the Company

The constituent parts of the senior management team's remuneration package mirror those of the executives. The performance conditions attaching to PSP awards are common throughout the Company.

When considering executive compensation, the Committee is advised of, and takes into account, changes to the remuneration of employees elsewhere within the Company. The Committee does not consider it appropriate to consult with employees when determining executive remuneration.

ANNUAL REPORT ON REMUNERATION

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 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 to the chairman and the chairs of the Audit and Remuneration Committees and the senior independent director.

Consideration of shareholder views

The Committee believes that it is important to maintain an open and transparent dialogue with shareholders on remuneration matters.

The Committee sought the views of its major shareholders on the proposed new remuneration policy. The views expressed by the shareholders have been taken into account in determining the policy and the implementation of it.

Looking forward, the Committee will continue to engage with shareholders regarding material changes to the application of the approved policy or proposed changes to the policy.

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 2016 and the prior year is shown in the table below:

	Salary		Benefits[i]		Pension[ii]		DBP[iii]		PSP[iv]		Total	
	2016 £'000	2015 £'000	**2016 £'000**	2015 £'000	**2016 £'000**	2015 £'000	**2016 £'000**	2015 £'000	**2016 £'000**	2015 £'000	**2016 £'000**	2015 £'000
Sat Dhaiwal	**250**	245	**17**	17	**50**	49	**208**	250	**239**	723	**764**	1,284
Geoff Drabble	**667**	641	**199**	75	**267**	256	**1,113**	854	**869**	2,339	**3,115**	4,165
Brendan Horgan	**384**	345	**19**	17	**12**	11	**473**	345	**370**	912	**1,258**	1,630
Suzanne Wood	**377**	338	**81**	79	**16**	19	**465**	338	**351**	912	**1,290**	1,686
	1,678	1,569	**316**	188	**345**	335	**2,259**	1,787	**1,829**	4,886	**6,427**	8,765

(i) 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. The amount for Geoff Drabble includes the buyout of his accommodation allowance entitlement.

(ii) The amounts for Sat Dhaiwal and Geoff Drabble represent cash payments in lieu of pension contributions at 20% and 40% of salary, respectively. The amounts included for Brendan Horgan and Suzanne Wood represent the co-match under Sunbelt's 401K defined contribution pension plan and 409A deferred compensation plan.

(iii) DBP includes the cash received by each director from the DBP for 2015/16 performance as explained on pages 76 and 77. This includes 67% of this year's bonus for each director.

(iv) 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 2013 award is expected to vest partially (c.81%), based on the TSR performance at 30 April 2016, on 30 June 2016 and has been valued at an average market value of 856p for the three months ended 30 April 2016, plus 96.75p per share in lieu of dividends paid during the vesting period. The PSP value for 2015 has been adjusted to reflect the actual market value on the date of vesting of 1,045p.

REMUNERATION REPORT CONTINUED

The value attributable to the 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:

£'000

- Performance element based on share price at date of grant
- Share price appreciation element since grant date plus cash in lieu of dividends

Directors' pension benefits (audited information)
The Company makes a payment of 20% of Sat Dhaiwal's base salary in lieu of providing him with any ongoing pension arrangements.

The Company makes a payment of 40% of Geoff Drabble's base salary in lieu of providing him with any pension arrangements. This was agreed prior to his joining the Company in 2006 and reflected the fact that he was leaving a generous defined benefit arrangement at his previous employer.

Brendan Horgan and Suzanne Wood are members of the Sunbelt 401K defined contribution pension plan and the 409A deferred compensation plan. They are 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 effected either by a company payment into the 401K plan or an enhanced deferral into the 409A plan and was $18,070 for Brendan Horgan and $24,400 for Suzanne Wood in 2015/16.

At 30 April 2016, the total amount available to Brendan Horgan but deferred under the Sunbelt deferred compensation plan was $421,140 or £287,468. This includes an allocated investment loss of $25,600 or £17,039 (2015: gain of £19,549). The amount available to Suzanne Wood under the same plan was $329,876 or £225,171. This includes an allocated investment loss of $14,257 or £9,489 (2015: gain of £16,019).

The Deferred Bonus Plan (audited information)
The performance targets for the Deferred Bonus Plan for the year were as follows:

	Group pre-tax profit*	Sunbelt operating profit*	A-Plant operating profit*
Forfeiture	£490m	$833m	£46m
Entry	£580m	$950m	£60m
Threshold	£595m	$970m	£63m
Target	£610m	$985m	£67m
Maximum	£635m	$1,015m	£73m
Actual – reported	**£645m**	**$1,014m**	**£67m**
Actual – budget exchange rates	**£634m**	**n/a**	**n/a**

* Underlying profit.

The performance targets for Geoff Drabble and Suzanne Wood for the year to 30 April 2016 related directly to the underlying pre-tax profits of Ashtead Group. The targets for Brendan Horgan and Sat Dhaiwal, related to the underlying operating profit of Sunbelt and A-Plant respectively. The Group target set by the Committee for full entitlement under the DBP was significantly ahead of the prior year (£490m) and ahead of the consensus market expectation of £612m when the target was set. The targets for Sunbelt and A-Plant were significantly ahead of the prior year of $833m and £46m respectively. For the year to 30 April 2016, the underlying pre-tax profit for Ashtead Group was £634m at budget exchange rates and underlying operating profit for Sunbelt and A-Plant was $1,014m and £67m respectively. As a result, Geoff Drabble, Suzanne Wood and Brendan Horgan earned 98% of their maximum bonus entitlements and Sat Dhaiwal earned 50%. These are equivalent to 196% of base salary for Geoff Drabble, 147% of base salary for Suzanne Wood and Brendan Horgan and 75% of base salary for Sat Dhaiwal. Sat Dhaiwal's salary review date was 1 November. This year we deferred his salary increase six months to coincide with the other executive directors. However, in deferring the increase we agreed that his bonus would be based on his salary effective from 1 May 2016.

	Number of share equivalent awards				Value of released awards £'000
	Brought forward	Released	Granted	Carried forward	
Sat Dhaiwal	11,101	(7,401)	7,184	10,884	71
Geoff Drabble	37,940	(25,293)	45,501	58,148	242
Brendan Horgan	15,892	(10,595)	20,611	25,908	101
Suzanne Wood	15,603	(10,402)	20,253	25,454	100

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
19/9/12	2012/13	From date of grant versus FTSE 250 Index (25% of this element of the award will vest at median; 100% at upper quartile)	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%	100% of this element of the award will vest if the ratio of net debt to EBITDA is equal to, or is less than, 2.5 times	Vested in full in September/October 2015
1/7/13	2013/14	As above		As above	As above	2013 award Expected to vest partially in June 2016. TSR performance is in the second quartile, EPS growth of 171%, RoI of 19% and leverage of 1.7 times
19/6/14	2014/15	From 1 May of the year of grant versus the FTSE 350 companies ranked 75th to 125th by market capitalisation	As above	As above	As above	2014 award TSR performance is in the third quartile, EPS growth of 83%, RoI of 19% and leverage of 1.7 times
6/7/15	2015/16	As above*	As above	As above	As above	2015 award TSR performance is in the fourth quartile, EPS growth of 36%, RoI of 19% and leverage of 1.7 times

* The TSR comparator is FTSE 350 companies ranked 75th to 125th by market capitalisation for awards up to 150% of base salary. The comparator group for that element of any award above 150% of base salary is FTSE 350 companies ranked 50th to 100th by market capitalisation.

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

The 2012 PSP award vested in full on 9 October 2015 with EPS for 2014/15 of 50% exceeding the upper target of 12% and the Company's TSR performance ranked it 13th within the FTSE 250 (excluding investment trusts). RoI was 19% and leverage 1.8 times.

EPS is based on the profit before exceptional items, fair value remeasurements and amortisation of acquired intangibles less the tax charge included in the accounts. Historically, TSR performance has been measured relative to the FTSE 250 (excluding investment trusts) rather than a specific comparator group of companies because there are few direct comparators to the Company listed in London and because the Company was a FTSE 250 company. From 2014/15 the comparator group is comprised primarily of those companies in the FTSE 350 ranked 75th to 125th by market capitalisation (excluding investment trusts). The Company's TSR performance relative to the FTSE 250 (excluding investment trusts) and FTSE 100 (excluding investment trusts) is shown on page 80.

REMUNERATION REPORT CONTINUED

Single total figure of remuneration (audited information)
Non-executive directors

	Fees	
	2016 £'000	2015 £'000
Chris Cole	**200**	193
Michael Burrow	**60**	59
Wayne Edmunds	**60**	58
Bruce Edwards	**50**	49
Hugh Etheridge	**-**	11
Ian Sutcliffe	**60**	58
	430	428

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 2015 and 30 April 2016 (audited information)
Performance Share Plan
The awards made on 6 July 2015 are subject to the rules of the PSP and the achievement of stretching performance conditions, which are set out on page 71, over a three-year period to 30 April 2018. The awards are summarised below:

	Number	Face value of award £'000	Face value of award as % of base salary	% of award vesting for target performance
Sat Dhaiwal	35,680	375	150%	32.5%
Geoff Drabble	126,832	1,333	200%	32.5%
Brendan Horgan	70,437	740	200%	32.5%
Suzanne Wood	51,867	545	150%	32.5%

Note
PSP awards were allocated on 6 July 2015 using the closing mid-market share price (1,051p) of Ashtead Group plc on that day.

Payments to past directors (audited information)
No payments were made to past directors of the Company during the year.

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 proposed 2016 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 2016	Shares held outright at 30 April 2016 as a % of salary	Outstanding unvested scheme interests subject to performance measures	Total of all share interests and outstanding scheme interests at 30 April 2016
Sat Dhaiwal	398,375	1,240%	96,582	494,957
Geoff Drabble	1,334,159	1,491%	358,575	1,692,734
Brendan Horgan	493,874	933%	168,420	662,294
Suzanne Wood	208,805	420%	146,332	355,137

Notes
1. Interests in shares held at 30 April 2016 include shares held by connected persons.
2. All outstanding scheme interests take the form of rights to receive shares.
3. In calculating shareholding as a percentage of salary, the average share price for the three months ended 30 April 2016, the sterling/dollar exchange rate at 30 April 2016, and the directors' salaries at 1 May 2016, have been used.

Performance Share Plan awards
Awards made under the PSP, and those which remain outstanding at 30 April 2016, are shown in the table below:

	Date of grant	Held at 30 April 2015	Exercised during the year	Granted during the year	Held at 30 April 2016
Sat Dhaiwal	19/09/12	67,012	67,012	–	–
	01/07/13	33,108	–	–	33,108
	19/06/14	27,794	–	–	27,794
	06/07/15	–	–	35,680	35,680
Geoff Drabble	19/09/12	216,680	216,680	–	–
	01/07/13	120,429	–	–	120,429
	19/06/14	111,314	–	–	111,314
	06/07/15	–	–	126,832	126,832
Brendan Horgan	19/09/12	84,491	84,491	–	–
	01/07/13	51,300	–	–	51,300
	19/06/14	46,683	–	–	46,683
	06/07/15	–	–	70,437	70,437
Suzanne Wood	19/09/12	84,491	84,491	–	–
	01/07/13	48,631	–	–	48,631
	19/06/14	45,834	–	–	45,834
	06/07/15	–	–	51,867	51,867

The performance conditions attaching to the PSP awards are detailed on page 77. The market price of the awards granted during the year was 1,051p on the date of grant.

Statement of non-executive directors' shareholding (audited information)
As at 30 April 2016, the non-executive directors' interests in ordinary shares of the Company were:

	Number
Michael Burrow	22,500
Chris Cole	135,082
Wayne Edmunds	–
Bruce Edwards	40,000
Ian Sutcliffe	24,500

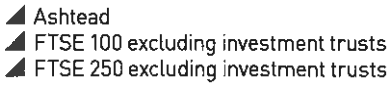
The market price of the Company's shares at the end of the financial year was 907.5p and the highest and lowest closing prices during the financial year were 1,217p and 769p respectively.

REMUNERATION REPORT CONTINUED

18x
TOTAL SHAREHOLDER RETURN

Performance graph and table
Over the last eight years the Company has generated an 18-fold total shareholder return ('TSR') which is shown below. The following graph compares the Company's TSR performance with the FTSE 100 Index and 250 Index (both excluding investment trusts) over the eight years ended 30 April 2016. The FTSE 250 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 increased as a result of the strong performance of the business:

	2009	2010	2011	2012	2013	2014	2015	2016
Total remuneration (£'000)	826	1,037	2,166	4,613	6,510	7,272	4,165	3,115
Underlying profit before tax (£m)	87	5	31	131	245	362	490	645
Proportion of maximum annual bonus potential awarded	25%	75%	100%	100%	100%	100%	100%	98%
Proportion of PSP vesting	0%	0%	50%	100%	100%	100%	100%	81%

Percentage change in remuneration of chief executive
The table below summarises the percentage change in remuneration of Geoff Drabble, the chief executive, between the years ended 30 April 2015 and 30 April 2016 and the average percentage change over the same period for the Group as a whole. Geoff Drabble participates in the Deferred Bonus Plan and his annual bonus reflects payments under this plan. Details are provided on pages 76 and 77.

	Salary	Benefits	Annual bonus
Chief executive percentage change	4%	164%	30%
Group percentage change	3%	0%	-17%

Relative importance of spend on pay
The following table shows the year-on-year change in underlying profit before tax, dividends and aggregate staff costs (see Note 4: Operating costs and other income to the consolidated financial statements).

	2014/15 £m	2015/16 £m	Change %
Underlying profit before tax	490	645	32%
Dividend declared	76	113	48%
Aggregate staff costs	486	594	22%

Remuneration for the year commencing 1 May 2016

Basic salary

Salary with effect from 1 May 2016:

Sat Dhaiwal	£275,000
Geoff Drabble	£766,000
Brendan Horgan	$664,000
Suzanne Wood	$624,000

Benefits

Benefits will continue to be applied as per the Policy and application in previous years.

Retirement benefits

Retirement benefits will continue to be applied as per the Policy and application in previous years.

Deferred Bonus Plan

Geoff Drabble, Suzanne Wood, Brendan Horgan and Sat Dhaiwal participate in the DBP. The maximum annual bonus opportunities as a percentage of salary are 200% for Geoff Drabble and 150% for Suzanne Wood, Brendan Horgan and Sat Dhaiwal. The performance measures are set out on page 70. These performance measures should be viewed in conjunction with the wider performance targets set for the 2016/17 PSP awards as detailed on page 71.

Performance Share Plan

A 2016 PSP award will be made as follows:

	Value of 2016 award £'000
Sat Dhaiwal	413
Geoff Drabble	1,532
Brendan Horgan	906
Suzanne Wood	639

These awards are based on the directors' salaries as at 1 May 2016 and, where appropriate, the sterling/dollar exchange rate at 30 April 2016.

Non-executive fees

Fees for non-executive directors with effect from 1 May 2016 are:

Chris Cole	£200,000
Michael Burrow	£60,000
Wayne Edmunds	£60,000
Bruce Edwards	£50,000
Lucinda Riches	£50,000*
Ian Sutcliffe	£60,000

* With effect from date of appointment. This will increase to £60,000 when Lucinda becomes chair of the Remuneration Committee on 8 September 2016.

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. The Committee is comprised of independent non-executive directors. The members of the Committee are as follows:

Michael Burrow	Chairman
Wayne Edmunds	
Bruce Edwards	
Lucinda Riches	
Ian Sutcliffe	

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, Geoff Drabble, 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 chairman, Chris Cole. Eric Watkins acts as secretary to the Committee. Under Michael Burrow's direction, the company secretary and Geoff Drabble 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. The Committee appointed PricewaterhouseCoopers LLP ('PwC') to provide independent advice on various matters it considered. PwC was appointed in 2011 following an interview process by the Committee. PwC is a member of the Remuneration Consultants Group and adheres to its code in relation to executive remuneration consulting in the UK. The fees paid to PwC for its professional advice on remuneration during the year were £121,000. PwC also provided specific tax services to the Company during the year. The Committee is satisfied that neither the nature nor scope of these non-remuneration services by PwC impaired its independence as advisers to the Committee.

REMUNERATION REPORT CONTINUED

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:

- assessment of the achievement of the executive directors against their annual bonus and Deferred Bonus Plan objectives;
- setting Deferred Bonus Plan performance targets for the year;
- assessment of performance for the vesting of the 2012 PSP awards;
- grant of 2015 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 2015.

Shareholder voting
Two ordinary resolutions concerning the Directors' remuneration Report will be put to shareholders at the forthcoming Annual General Meeting. The first will be in respect of the implementation of the policy for 2015/16. The second resolution seeks shareholders' approval of the Company's new remuneration policy which will apply for the next three years.

Ashtead is committed to ongoing shareholder dialogue and considers carefully voting outcomes. Recognising the views expressed by some of its shareholders in the voting patterns on the remuneration reports in both 2013/14 and 2014/15, the Committee determined that the most appropriate and complete response was to review the policy and its implementation. As part of this process, Michael Burrow met or corresponded with major shareholders accounting for just over 50% of the issued share capital. The feedback on the proposed policy changes has been taken into account in the new policy and how it will be implemented for the next three years.

The following table sets out the voting results in respect of our previous report in 2015:

	For	Against
2014/15 Directors' annual report on remuneration	73.15%	26.85%

24,711,797 votes were withheld (c.6.89% of share capital) out of total votes cast of 358,618,638 in relation to the Directors' remuneration report.

This report has been approved by the Remuneration Committee and is signed on its behalf by:



MICHAEL BURROW
Chairman, Remuneration Committee
13 June 2016

OTHER STATUTORY DISCLOSURES

Pages 50 to 85 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:

	Location
Acquisitions	Financial statements – Note 26
Audit Committee report	Page 59
Board and committee membership	Page 52
Corporate governance report	Page 54
Directors' biographies	Page 52
Directors' responsibility statement	Page 85
Financial risk management	Financial statements – Note 24
Future developments	Page 22
Greenhouse gas emissions	Page 48
Nomination Committee report	Page 62
Other statutory disclosures	Page 83
Our people	Page 43
Pension schemes	Financial statements – Note 23
Post balance sheet events	Financial statements – Note 29
Results and dividends	Page 33
Share capital	Financial statements – Note 20
Social responsibility	Page 40

SHARE CAPITAL AND MAJOR SHAREHOLDERS

Details of the Company's share capital are given in Note 20 to the financial statements.

Acquisition of own shares

At the 2015 annual general meeting, the Company was authorised to make market purchases of up to 75.5m ordinary shares. The Company has not acquired any shares under this authority during the year. This authority will expire on the earlier of the next annual general meeting of the Company or 2 March 2017.

A special resolution will be proposed at this year's annual general meeting to authorise the Company to make market purchases of up to 75.5m 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 Uncertified 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 10 June 2016 (the latest practicable date before approval of the financial statements) are as follows:

	%
Standard Life	6
Abrams Bison Investments LLC	5
Harris Associates LP	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 78 and 79. Details of all shares subject to option are given in the notes to the financial statements on page 111.

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 $900m senior secured notes, due 2022 and $500m senior secured notes, due 2024, 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.

OTHER STATUTORY DISCLOSURES CONTINUED

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 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 52 and 53. The policies related to their appointment and replacement are detailed on pages 56 and 57. 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 2016 was 59 days (30 April 2015: 72 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 £225,193 in total (2015: £147,508). No political donations were made in either year.

POST BALANCE SHEET EVENTS

Details of post balance sheet events are included in Note 29 to the financial statements.

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 Annual General Meeting.

ANNUAL GENERAL MEETING

The Annual General Meeting ('AGM') will be held at 2.30pm on Wednesday, 7 September 2016 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.

By order of the Board



ERIC WATKINS
Company secretary
13 June 2016

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 the Group in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union and Article 4 of the IAS Regulation and have also elected to prepare financial statements for the Company in accordance with IFRS as adopted by 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 issued by the International Accounting Standards Board and IFRS as adopted by the EU, 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 performance, business model and strategy.

By order of the Board



ERIC WATKINS
Company secretary
13 June 2016

FINANCIAL STATEMENTS

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FROM: CREATING A SPOT FOR A PRIVATE OCCASION

100%
CLEAN FLOOR DUE TO OUR TEMPORARY FLOORING

TO: PREPARING THE SITE FOR A GLOBAL SENSATION

Whether you have 40 guests or 135,000 we have the scale to ensure your event is a great success.

For a 50th birthday garden party, we provide flooring to protect indoor and outdoor surfaces, portable heaters and lighting. For the annual Glastonbury music festival we supply the perimeter fence, temporary roadways across the 900 acre site, and over 80 accommodation units for use as offices, ticket booths, security cabins, stores, changing rooms and medical centres.

8,000

METRES OF SUPER FORTRESS FENCE

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASHTEAD GROUP PLC

OPINION ON FINANCIAL STATEMENTS OF ASHTEAD GROUP PLC

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Company's affairs as at 30 April 2016 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union;
- the Company financial statements have been properly prepared in accordance with IFRS as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

The financial statements 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 32. The financial reporting framework that has been applied in their preparation is applicable law and IFRS as adopted by the European Union and, as regards the Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

SEPARATE OPINION IN RELATION TO IFRS AS ISSUED BY THE IASB

As explained in Note 2 to the Group financial statements, in addition to complying with its legal obligation to apply IFRS as adopted by the European Union, the Group has also applied IFRS as issued by the International Accounting Standards Board ('IASB').

In our opinion the Group financial statements comply with IFRS as issued by the IASB.

GOING CONCERN AND THE DIRECTORS' ASSESSMENT OF THE PRINCIPAL RISKS THAT WOULD THREATEN THE SOLVENCY OR LIQUIDITY OF THE GROUP

As required by the Listing Rules we have reviewed the directors' statement regarding the appropriateness of the going concern basis of accounting contained on page 84 and the directors' statement on the longer-term viability of the Group on page 32.

We have nothing material to add or draw attention to in relation to:

- the directors' confirmation on page 57 that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity;
- the disclosures on pages 30 to 32 that describe those risks and explain how they are being managed or mitigated;
- the directors' statement on page 84 about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them and their identification of any material uncertainties to the Group's ability to continue to do so over a period of at least 12 months from the date of approval of the financial statements;
- the directors' explanation on page 32 as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We agreed with the directors' adoption of the going concern basis of accounting and we did not identify any such material uncertainties. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.

INDEPENDENCE

We are required to comply with the Financial Reporting Council's Ethical Standards for Auditors and we confirm that we are independent of the Group and we have fulfilled our other ethical responsibilities in accordance with those standards. We also confirm we have not provided any of the prohibited non-audit services referred to in those standards.

OUR ASSESSMENT OF RISKS OF MATERIAL MISSTATEMENT

The assessed risks of material misstatement described below are those that had the greatest effect on our audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team.

RISK	HOW THE SCOPE OF OUR AUDIT RESPONDED TO THE RISK
Carrying value of rental fleet As set out in Note 13, the Group holds £4.5bn (2015: £3.6bn) of rental fleet at cost (£3.2bn net book value (2015: £2.5bn net book value)). 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 these assets are misstated.	We tested the design, implementation and operating effectiveness of the key controls over the impairment review. We considered management's analysis of impairment indicators, understood and challenged the key judgements and sensitivities and the impact that each of these have in determining whether an impairment exists. In particular, we focused our analysis on returns on investment by asset class, fleet utilisation, profits and losses on asset disposals, depreciation rates and residual values. We tested the key metrics noted, including asset utilisation statistics and profit on disposal. We also assessed whether the accounting for the rental fleet and associated disclosures were in line with the Group's accounting policies.

RISK	HOW THE SCOPE OF OUR AUDIT RESPONDED TO THE RISK
Carrying value of goodwill As set out in Note 14, the Group carries goodwill of £557m (2015: £516m) on its balance sheet. Management performs an annual impairment review of goodwill. There is a risk that the judgements used in this, such as forecast cash flows, discount rates and growth rates are inappropriate and goodwill is overstated.	We tested the design, implementation and operating effectiveness of the key controls over the goodwill impairment review. We assessed the Group's current and forecast performance and considered whether any other factors exist that would suggest that goodwill is impaired. We have performed the following procedures: • challenged management's identification of eight CGUs against our understanding of the business and the definition as set out in the accounting standards; • assessed the appropriateness of the calculation of the value in use of each CGU and the associated headroom, performing recalculations to test the mechanical accuracy of those amounts; • compared forecast inputs and growth assumptions against historical trends to assess the reliability of management's forecast, in addition to comparing forecast assumptions to external market analysis; • with the assistance of internal specialists, recalculated the discount rate applied to the future cash flows and benchmarked this against other companies in the industry; • performed sensitivity analysis; and • considered management's financial statement disclosures.
Revenue recognition There is a risk that earned not billed and billed not earned revenue is incorrectly calculated or recorded in the wrong period due to the management estimate involved in the calculation. We also consider there to be a risk that rebates payable to customers are omitted or recorded at an incorrect amount.	We evaluated the design and implementation, and tested the operating effectiveness of controls over the revenue cycle. We have focused our substantive testing on the earned not billed and billed not earned valuation of revenue. In doing so we have reviewed management's methodology, traced the information in the reports back to invoices, remittance and credit notes as a substantive sample, performed analytical procedures over movements in the period and assessed the historical accuracy of management's estimations using a 'look-back' approach. We have also tested the calculations for rebates recorded for a sample of customers to assess whether they were calculated in line with the rebate contract, and circularised other customers to understand if further rebates should be recorded. Additionally, we tested a sample of rebate payments recorded during the year to assess whether payments were made in line with the rebate agreement.

Our prior year audit report also included a further risk relating to acquisition accounting which is not included in our report in the current year. Due to the size of the acquisitions in the current year being significantly less than the prior year, this risk has been reassessed and it is not considered to be one of those which has had the greatest effect on our audit strategy, the allocation of resources in the audit and direction of the efforts of the engagement team.

The description of risks above should be read in conjunction with the significant issues considered by the Audit Committee discussed on page 60.

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.

OUR APPLICATION OF 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.

We determined materiality for the Group to be £24.0m (2015: £17.0m), which is 3.9% (2015: 3.6%) of profit before tax.

In determining our materiality we have used a three-year average profit before tax to reflect the cyclical nature of the industry in which the Group operates. We have then applied a benchmark of 5% to the three-year average profit before tax to arrive at materiality. This approach is consistent with the prior year.

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £1.0m (2015: £0.7m), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report 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

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 the work performed by component teams in the US and UK, and the Group audit team in London.

The Group comprises three (2015: three) principal locations: the Head Office in London; A-Plant in Warrington, UK; and Sunbelt in Charlotte, US. The Group audit team performed a full-scope audit of the Head Office component and local component audit teams performed full-scope audits at both A-Plant and Sunbelt; this was the same approach as the prior year. These three locations represent 99% (2015: 100%) of the Group's revenue, 100% (2015: 100%) of the Group's profit before tax and 96% (2015: 100%) 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 misstatement 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 £3.4m to £21.6m (2015: £3.1m to £15.4m).

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASHTEAD GROUP PLC CONTINUED

Members of the Group audit team (including the lead audit partner) have made site visits to component audit teams during the financial year and after the year end to ensure sufficient involvement and oversight of work performed. At the Group level we also tested the consolidation process.

OPINION 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; and
- 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.

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 arising from these matters.

Corporate Governance Statement

Under the Listing Rules we are also required to review part of the Corporate Governance Statement relating to the Company's compliance with certain provisions of the UK Corporate Governance Code. We have nothing to report arising from our review.

Our duty to read other information in the annual report

Under International Standards on Auditing (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit; or
- otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the directors' statement that they consider the annual report is fair, balanced and understandable and whether the annual report appropriately discloses those matters that we communicated to the Audit Committee which we consider should have been disclosed. We confirm that we have not identified any such inconsistencies or misleading statements.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). We also comply with International Standard on Quality Control 1 (UK and Ireland). Our audit methodology and tools aim to ensure that our quality control procedures are effective, understood and applied. Our quality controls and systems include our dedicated professional standards review team and independent partner reviews.

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.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Group's and the Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

EDWARD HANSON (SENIOR STATUTORY AUDITOR)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, UK
13 June 2016

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 30 APRIL 2016

	Notes	2016 Before exceptional items and amortisation £m	2016 Exceptional items and amortisation £m	2016 Total £m	2015 Before amortisation £m	2015 Amortisation £m	2015 Total £m
Revenue							
Rental revenue		**2,260.3**	**–**	**2,260.3**	1,837.6	–	1,837.6
Sale of new equipment, merchandise and consumables		**94.2**	**–**	**94.2**	88.2	–	88.2
Sale of used rental equipment		**191.2**	**–**	**191.2**	113.1	–	113.1
		2,545.7	**–**	**2,545.7**	2,038.9	–	2,038.9
Operating costs							
Staff costs	4	**(593.6)**	**–**	**(593.6)**	(486.3)	–	(486.3)
Used rental equipment sold	4	**(143.8)**	**–**	**(143.8)**	(86.3)	–	(86.3)
Other operating costs	4	**(630.7)**	**5.8**	**(624.9)**	(557.9)	–	(557.9)
		(1,368.1)	**5.8**	**(1,362.3)**	(1,130.5)	–	(1,130.5)
EBITDA*		**1,177.6**	**5.8**	**1,183.4**	908.4	–	908.4
Depreciation	4	**(449.4)**	**–**	**(449.4)**	(351.5)	–	(351.5)
Amortisation of intangibles	4, 5	**–**	**(22.4)**	**(22.4)**	–	(15.8)	(15.8)
Impairment of intangibles	4, 5	**–**	**(12.0)**	**(12.0)**	–	–	–
Operating profit	3, 4	**728.2**	**(28.6)**	**699.6**	556.9	(15.8)	541.1
Investment income	6	**0.1**	**–**	**0.1**	0.2	–	0.2
Interest expense	6	**(83.0)**	**–**	**(83.0)**	(67.5)	–	(67.5)
Profit on ordinary activities before taxation		**645.3**	**(28.6)**	**616.7**	489.6	(15.8)	473.8
Taxation	7, 19	**(218.7)**	**9.6**	**(209.1)**	(175.5)	5.1	(170.4)
Profit attributable to equity holders of the Company		**426.6**	**(19.0)**	**407.6**	314.1	(10.7)	303.4
Basic earnings per share	9	**85.1p**	**(3.8p)**	**81.3p**	62.6p	(2.1p)	60.5p
Diluted earnings per share	9	**84.7p**	**(3.7p)**	**81.0p**	62.2p	(2.1p)	60.1p

* EBITDA is presented here as an additional performance measure as it is commonly used by investors and lenders.

All revenue and profit for the year is generated from continuing operations.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 APRIL 2016

	Note	2016 £m	2015 £m
Profit attributable to equity holders of the Company for the financial year		**407.6**	303.4
Items that will not be reclassified to profit or loss:			
Remeasurement of the defined benefit pension plan	23	**(0.6)**	(3.1)
Tax on defined benefit pension plan		**0.1**	0.6
		(0.5)	(2.5)
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences		**49.7**	58.9
Total comprehensive income for the year		**456.8**	359.8

CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

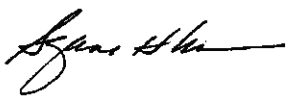
CONSOLIDATED BALANCE SHEET
AT 30 APRIL 2016

	Notes	2016 £m	2015 £m
Current assets			
Inventories	10	**41.3**	23.9
Trade and other receivables	11	**455.7**	377.5
Current tax asset		**7.5**	26.2
Cash and cash equivalents	12	**13.0**	10.5
		517.5	438.1
Non-current assets			
Property, plant and equipment			
– rental equipment	13	**3,246.9**	2,534.2
– other assets	13	**341.9**	276.9
		3,588.8	2,811.1
Goodwill	14	**556.7**	516.2
Other intangible assets	14	**83.8**	92.7
Net defined benefit pension plan asset	23	**2.2**	3.1
		4,231.5	3,423.1
Total assets		**4,749.0**	3,861.2
Current liabilities			
Trade and other payables	15	**480.5**	491.7
Current tax liability		**3.6**	6.2
Debt due within one year	16	**2.5**	2.0
Provisions	18	**28.9**	18.4
		515.5	518.3
Non-current liabilities			
Debt due after more than one year	16	**2,012.2**	1,695.6
Provisions	18	**17.6**	31.3
Deferred tax liabilities	19	**723.3**	504.5
		2,753.1	2,231.4
Total liabilities		**3,268.6**	2,749.7
Equity			
Share capital	20	**55.3**	55.3
Share premium account		**3.6**	3.6
Capital redemption reserve		**0.9**	0.9
Non-distributable reserve	20	**–**	90.7
Own shares held by the Company	20	**(33.1)**	(33.1)
Own shares held through the ESOT	20	**(16.2)**	(15.5)
Cumulative foreign exchange translation differences		**88.4**	38.7
Retained reserves		**1,381.5**	970.9
Equity attributable to equity holders of the Company		**1,480.4**	1,111.5
Total liabilities and equity		**4,749.0**	3,861.2

These financial statements were approved by the Board on 13 June 2016.



GEOFF DRABBLE
Chief executive



SUZANNE WOOD
Finance director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 APRIL 2016

	Share capital £m	Share premium account £m	Capital redemption reserve £m	Non-distributable 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 2014	55.3	3.6	0.9	90.7	(33.1)	(11.8)	(20.2)	739.0	824.4
Profit for the year	–	–	–	–	–	–	–	303.4	303.4
Other comprehensive income:									
Foreign currency translation differences	–	–	–	–	–	–	58.9	–	58.9
Remeasurement of the defined benefit pension plan	–	–	–	–	–	–	–	(3.1)	(3.1)
Tax on defined benefit pension plan	–	–	–	–	–	–	–	0.6	0.6
Total comprehensive income for the year	–	–	–	–	–	–	58.9	300.9	359.8
Dividends paid	–	–	–	–	–	–	–	(61.4)	(61.4)
Own shares purchased by the ESOT	–	–	–	–	–	(20.3)	–	–	(20.3)
Share-based payments	–	–	–	–	–	16.6	–	(12.6)	4.0
Tax on share-based payments	–	–	–	–	–	–	–	5.0	5.0
At 30 April 2015	55.3	3.6	0.9	90.7	(33.1)	(15.5)	38.7	970.9	1,111.5
Profit for the year	–	–	–	–	–	–	–	407.6	407.6
Other comprehensive income:									
Foreign currency translation differences	–	–	–	–	–	–	49.7	–	49.7
Remeasurement of the defined benefit pension plan	–	–	–	–	–	–	–	(0.6)	(0.6)
Tax on defined benefit pension plan	–	–	–	–	–	–	–	0.1	0.1
Total comprehensive income for the year	–	–	–	–	–	–	49.7	407.1	456.8
Dividends paid	–	–	–	–	–	–	–	(81.5)	(81.5)
Own shares purchased by the ESOT	–	–	–	–	–	(12.0)	–	–	(12.0)
Share-based payments	–	–	–	–	–	11.3	–	(6.6)	4.7
Tax on share-based payments	–	–	–	–	–	–	–	0.9	0.9
Transfer of non-distributable reserve	–	–	–	(90.7)	–	–	–	90.7	–
At 30 April 2016	**55.3**	**3.6**	**0.9**	**–**	**(33.1)**	**(16.2)**	**88.4**	**1,381.5**	**1,480.4**

Further information is included in Note 20.

CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 APRIL 2016

	Notes	2016 £m	2015 £m
Cash flows from operating activities			
Cash generated from operations before exceptional items and changes in rental equipment	25(a)	**1,070.6**	841.4
Exceptional operating costs paid		**–**	(0.5)
Payments for rental property, plant and equipment		**(1,124.7)**	(858.1)
Proceeds from disposal of rental property, plant and equipment		**172.1**	95.4
Cash generated from operations		**118.0**	78.2
Financing costs paid (net)		**(79.4)**	(63.4)
Tax paid (net)		**(5.3)**	(32.0)
Net cash generated from/(used in) operating activities		**33.3**	(17.2)
Cash flows from investing activities			
Acquisition of businesses	25(c)	**(68.4)**	(241.5)
Payments for non-rental property, plant and equipment		**(109.5)**	(78.7)
Proceeds from disposal of non-rental property, plant and equipment		**8.2**	7.5
Net cash used in investing activities		**(169.7)**	(312.7)
Cash flows from financing activities			
Drawdown of loans		**570.2**	842.5
Redemption of loans		**(336.5)**	(420.4)
Capital element of finance lease payments		**(1.5)**	(2.9)
Dividends paid		**(81.5)**	(61.4)
Purchase of own shares by the ESOT		**(12.0)**	(20.3)
Net cash from financing activities		**138.7**	337.5
Increase in cash and cash equivalents		**2.3**	7.6
Opening cash and cash equivalents		**10.5**	2.8
Effect of exchange rate difference		**0.2**	0.1
Closing cash and cash equivalents		**13.0**	10.5

	2016 £m	2015 £m
Reconciliation of net cash flows to net debt		
Increase in cash in the period	**(2.3)**	(7.6)
Increase in debt through cash flow	**232.2**	419.2
Change in net debt from cash flows	**229.9**	411.6
Debt acquired	**0.3**	–
Exchange differences	**81.7**	121.8
Non-cash movements:		
– deferred costs of debt raising	**1.8**	1.5
– capital element of new finance leases	**0.9**	3.6
Increase in net debt in the period	**314.6**	538.5
Net debt at 1 May	**1,687.1**	1,148.6
Net debt at 30 April	**2,001.7**	1,687.1

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. Foreign operations are included in accordance with the policies set out in Note 2.

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 all IFRS, including those adopted for use in the European Union and therefore the Group financial statements comply with Article 4 of the EU IAS Regulation. 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. A summary of the more important accounting policies is set out below.

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. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results could differ from these estimates. A more detailed discussion of the principal accounting policies and management estimates and assumptions is included in the Financial review on pages 38 and 39 and forms part of these financial statements.

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 2015 and not early adopted

IFRS 15, Revenue from Contracts with Customers, replaces IAS 18, Revenue, and IAS 11, Construction Contracts, and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. While the Group has not finalised its assessment of this standard, it does not expect the adoption to have a material impact on the financial statements of the Group in future periods.

IFRS 16, Leases, provides a new model for lease accounting under which lessees will recognise a lease liability reflecting future lease payments and a right-of-use asset on the balance sheet for all lease contracts other than certain short-term leases and leases of low-value assets. In the income statement, an interest expense will be recognised on the lease liability and depreciation on the right-of-use asset. The standard replaces IAS 17, Leases, and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2019 and earlier application is permitted in conjunction with IFRS 15. While the Group has not finalised its assessment of IFRS 16, the standard is expected to result in a significant increase in the Group's assets and liabilities and will result in increased depreciation and interest expense and lower operating costs.

The European Union has not yet adopted IFRS 15 or IFRS 16.

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 Group financial statements incorporate the financial statements of the Company and all its subsidiaries for the year to 30 April each year. The results of businesses acquired or sold during the year are fully consolidated from or to the date on which control is passed to the Group. Control is achieved when the Group has the power to govern the financial and operating policies of an entity so as to obtain the benefits from its activities.

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.

Foreign currency translation

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 are:

	2016	2015
Average for year	**1.50**	1.60
Year end	**1.47**	1.54

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

2 ACCOUNTING POLICIES CONTINUED

Revenue

Revenue represents the total amount receivable for the provision of goods and services including the sale of used rental plant and equipment to customers net of returns and VAT/sales tax. Rental revenue, including loss damage waiver and environmental fees, is recognised on a straight-line basis over the period of the rental contract. Because 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 equipment delivery and collection is recognised when delivery or collection has occurred and is reported as rental revenue.

Revenue from the sale of rental equipment, new equipment, parts and supplies, retail merchandise and fuel is recognised at the time of delivery to, or collection by, the customer and when all 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.

Investment income and interest expense

Investment income comprises interest receivable on funds invested and the net interest on the net defined benefit asset.

Interest expense comprises interest payable on borrowings, amortisation of deferred debt raising costs, and the unwind of the discount on the self-insurance and contingent consideration provisions.

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 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.

Underlying 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

Owned assets

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 aerial work platforms, 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.

Leased assets

Finance leases are those leases which transfer substantially all the risks and rewards of ownership to the lessee. Assets held under finance leases are capitalised within property, plant and equipment at the fair value of the leased assets at inception of the lease and depreciated in accordance with the Group's depreciation policy. Outstanding finance lease obligations are included within debt. The finance element of the agreements is charged to the income statement on a systematic basis over the term of the lease.

All other leases are operating leases, the rentals on which are charged to the income statement on a straight-line basis over the lease term.

Depreciation

Leasehold properties are depreciated on a straight-line basis over the life of each lease. Other fixed assets, including those held under finance leases, 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. Residual values and estimated useful economic lives are reassessed annually, recognising the cyclical nature of the business. The rates in use are as follows:

	Per annum
Freehold property	2%
Motor vehicles	7% to 25%
Rental equipment	5% 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 30%.

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 the 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%

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.

Deferred tax liabilities are not recognised for temporary differences arising on investment 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

2 ACCOUNTING POLICIES CONTINUED

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.

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 stated at face value as reduced by appropriate allowances for estimated irrecoverable amounts.

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 face value.

Borrowings
Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct transaction costs. 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 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.

Secured notes
The Group's secured notes contain early repayment options, which constitute embedded derivatives in accordance with IAS 39, Financial Instruments: Recognition and Measurement. 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 IAS 39. 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 secured 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.

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 Employee Share Ownership Trust ('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

Business segments

The Group operates one class of business: rental of equipment. Operationally, the Group is split into two business units, Sunbelt and A-Plant which report separately to, and are managed by, the chief executive and align with the geographies in which they operate, being North America and the United Kingdom, respectively. These business units are the basis on which the Group reports its segment information. 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.

Year ended 30 April 2016	Sunbelt £m	A-Plant £m	Corporate items £m	Group £m
Revenue	2,180.9	364.8	–	2,545.7
Operating costs	(1,126.8)	(227.8)	(13.5)	(1,368.1)
EBITDA	1,054.1	137.0	(13.5)	1,177.6
Depreciation	(379.4)	(70.0)	–	(449.4)
Segment result before exceptional items and amortisation	674.7	67.0	(13.5)	728.2
Exceptional items	(6.2)	–	–	(6.2)
Amortisation	(17.5)	(4.9)	–	(22.4)
Segment result	651.0	62.1	(13.5)	699.6
Net financing costs				(82.9)
Profit before taxation				616.7
Taxation				(209.1)
Profit attributable to equity shareholders				407.6
Segment assets	4,117.9	610.1	0.5	4,728.5
Cash				13.0
Taxation assets				7.5
Total assets				4,749.0
Segment liabilities	423.7	82.6	5.7	512.0
Corporate borrowings and accrued interest				2,029.7
Taxation liabilities				726.9
Total liabilities				3,268.6
Other non-cash expenditure – share-based payments	2.4	0.7	1.6	4.7
Capital expenditure	1,129.7	177.6	–	1,307.3

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

3 SEGMENTAL ANALYSIS CONTINUED

Year ended 30 April 2015	Sunbelt £m	A-Plant £m	Corporate items £m	Group £m
Revenue	1,715.9	323.0	–	2,038.9
Operating costs	(906.7)	(213.5)	(10.3)	(1,130.5)
EBITDA	809.2	109.5	(10.3)	908.4
Depreciation	(288.3)	(63.2)	–	(351.5)
Segment result before amortisation	520.9	46.3	(10.3)	556.9
Amortisation	(11.2)	(4.6)	–	(15.8)
Segment result	509.7	41.7	(10.3)	541.1
Net financing costs				(67.3)
Profit before taxation				473.8
Taxation				(170.4)
Profit attributable to equity shareholders				303.4
Segment assets	3,309.7	514.7	0.1	3,824.5
Cash				10.5
Taxation assets				26.2
Total assets				3,861.2
Segment liabilities	441.9	81.6	4.3	527.8
Corporate borrowings and accrued interest				1,711.2
Taxation liabilities				510.7
Total liabilities				2,749.7
Other non-cash expenditure – share-based payments	2.2	0.6	1.2	4.0
Capital expenditure	1,127.1	180.7	–	1,307.8

Sunbelt includes Sunbelt Rentals of Canada Inc..

Segmental analysis by geography

The Group's operations are located in North America and the United Kingdom. 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 and intangible assets but exclude inventory and receivables.

	Revenue		Segment assets		Capital expenditure	
	2016 £m	2015 £m	**2016 £m**	2015 £m	**2016 £m**	2015 £m
North America	**2,180.9**	1,715.9	**3,712.0**	2,976.8	**1,129.7**	1,127.1
United Kingdom	**364.8**	323.0	**517.3**	443.2	**177.6**	180.7
	2,545.7	2,038.9	**4,229.3**	3,420.0	**1,307.3**	1,307.8

4 OPERATING COSTS AND OTHER INCOME

	2016			2015		
	Before exceptional items and amortisation £m	Exceptional items and amortisation £m	Total £m	Before amortisation £m	Amortisation £m	Total £m
Staff costs:						
Salaries	**541.4**	**–**	**541.4**	441.8	–	441.8
Social security costs	**42.3**	**–**	**42.3**	36.0	–	36.0
Other pension costs	**9.9**	**–**	**9.9**	8.5	–	8.5
	593.6	**–**	**593.6**	486.3	–	486.3
Used rental equipment sold	**143.8**	**–**	**143.8**	86.3	–	86.3
Other operating costs:						
Vehicle costs	**131.5**	**–**	**131.5**	117.8	–	117.8
Spares, consumables and external repairs	**118.6**	**–**	**118.6**	102.7	–	102.7
Facility costs	**73.9**	**–**	**73.9**	58.9	–	58.9
Other external charges	**306.7**	**(5.8)**	**300.9**	278.5	–	278.5
	630.7	**(5.8)**	**624.9**	557.9	–	557.9
Depreciation and amortisation:						
Depreciation of owned assets	**447.8**	**–**	**447.8**	349.9	–	349.9
Depreciation of leased assets	**1.6**	**–**	**1.6**	1.6	–	1.6
Amortisation of intangibles	**–**	**22.4**	**22.4**	–	15.8	15.8
Impairment of intangibles	**–**	**12.0**	**12.0**	–	–	–
	449.4	**34.4**	**483.8**	351.5	15.8	367.3
	1,817.5	**28.6**	**1,846.1**	1,482.0	15.8	1,497.8

Proceeds from the disposal of non-rental property, plant and equipment amounted to £7m (2015: £7m), resulting in a profit on disposal of £1m (2015: £1m) which is included in other external charges.

The costs shown in the above table include:

	2016 £m	2015 £m
Operating lease rentals payable:		
Plant and equipment	**1.9**	2.2
Property	**52.9**	41.0
Cost of inventories recognised as expense	**228.2**	168.4
Bad debt expense	**17.9**	12.8
Net foreign exchange gains	**(0.1)**	(0.2)

Staff costs include Directors' remuneration. Directors' remuneration comprised:

	2016 £'000	2015 £'000
Salaries and short-term employee benefits	**5,000**	4,277
Post-employment benefits	**28**	30
National insurance and social security	**414**	348
Share-based payments	**1,698**	1,349
	7,140	6,004

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

4 OPERATING COSTS AND OTHER INCOME CONTINUED

Remuneration payable to the Company's auditor, Deloitte LLP, in the year is given below:

	2016 £'000	2015 £'000
Fees payable to Deloitte UK and its associates for the audit of the Group's annual accounts	**681**	636
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	**40**	38
– audit-related assurance services	**68**	64
– other assurance services	**–**	80
	789	818

Fees paid for audit-related assurance services relate to the half-year and quarterly reviews of the Group's interim financial statements. Other assurance services in the prior year relate to comfort letters provided in connection with the $500m 5.625% senior secured notes issue due in 2024.

5 EXCEPTIONAL ITEMS AND AMORTISATION

	2016 £m	2015 £m
Impairment of intangibles	**12.0**	–
Release of provision for contingent consideration	**(5.8)**	–
Amortisation of intangibles	**22.4**	15.8
	28.6	15.8
Taxation	**(9.6)**	(5.1)
	19.0	10.7

The £12m impairment of intangibles relates to acquired customer lists within our Oil & Gas business. The impairment reflects our expectation that revenue from these customers will be much lower than anticipated when the businesses were acquired due to the fall in the oil price and its impact on the oil and gas industry. The £6m release of contingent consideration relates to a provision for contingent consideration on acquisitions, which was payable depending on revenue targets. These were expected to be achieved in full. Where this is no longer the case, the excess provision has been released. Both these exceptional items are non-cash.

6 NET FINANCING COSTS

	2016 £m	2015 £m
Investment income		
Net interest on the net defined benefit asset	**(0.1)**	(0.2)
Interest expense		
Bank interest payable	**22.1**	17.5
Interest payable on second priority senior secured notes	**57.7**	47.5
Interest payable on finance leases	**0.3**	0.2
Non-cash unwind of discount on provisions	**1.1**	0.8
Amortisation of deferred debt raising costs	**1.8**	1.5
Total interest expense	**83.0**	67.5
Net financing costs	**82.9**	67.3

7 TAXATION

The tax charge for the year has been computed using a tax rate of 39% in North America (2015: 39%) and 20% in the UK (2015: 21%). The blended rate for the Group as a whole is 34% (2015: 36%). 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.

	2016 £m	2015 £m
Analysis of the tax charge		
Current tax		
– current tax on income for the year	**22.2**	19.5
– adjustments to prior year	**0.6**	(0.3)
	22.8	19.2
Deferred tax		
– origination and reversal of temporary differences	**186.0**	151.2
– adjustments to prior year	**0.3**	–
	186.3	151.2
Total taxation charge	**209.1**	170.4
Comprising:		
– UK tax	**16.5**	16.4
– North American tax	**192.6**	154.0
	209.1	170.4

The tax charge comprises a charge of £218.7m (2015: £175.5m) relating to tax on the profit before exceptional items and amortisation, together with a credit of £9.6m (2015: £5.1m) on exceptional items and amortisation.

The tax charge for the year is higher than the standard rate of corporation tax in the UK of 20%. The differences are explained below:

	2016 £m	2015 £m
Profit on ordinary activities before tax	**616.7**	473.8
Profit on ordinary activities multiplied by the rate of corporation tax in the UK of 20% (2015: 20.9%)	**123.3**	99.0
Effects of:		
Use of foreign tax rates on overseas income	**93.0**	70.5
Other	**(8.1)**	1.2
Adjustments to prior years	**0.9**	(0.3)
Total taxation charge	**209.1**	170.4

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

8 DIVIDENDS

	2016 £m	2015 £m
Final dividend paid on 4 September 2015 of 12.25p (2015: 9.25p) per 10p ordinary share	**61.4**	46.4
Interim dividend paid on 3 February 2016 of 4.0p (2015: 3.0p) per 10p ordinary share	**20.1**	15.0
	81.5	61.4

In addition, the directors are proposing a final dividend in respect of the financial year ended 30 April 2016 of 18.5p per share which will absorb £93m of shareholders' funds based on the 502m shares qualifying for dividend at 13 June 2016. Subject to approval by shareholders, it will be paid on 9 September 2016 to shareholders who are on the register of members on 12 August 2016.

9 EARNINGS PER SHARE

	2016			2015		
	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	**407.6**	**501.5**	**81.3**	303.4	501.4	60.5
Share options and share plan awards	**–**	**1.9**	**(0.3)**	–	3.2	(0.4)
Diluted earnings per share	**407.6**	**503.4**	**81.0**	303.4	504.6	60.1

Underlying earnings per share may be reconciled to basic earnings per share as follows:

	2016 pence	2015 pence
Basic earnings per share	**81.3**	60.5
Exceptional items and amortisation of intangibles	**5.7**	3.1
Tax on exceptional items and amortisation	**(1.9)**	(1.0)
Underlying earnings per share	**85.1**	62.6

10 INVENTORIES

	2016 £m	2015 £m
Raw materials, consumables and spares	**8.5**	9.0
Goods for resale	**32.8**	14.9
	41.3	23.9

11 TRADE AND OTHER RECEIVABLES

	2016 £m	2015 £m
Trade receivables	**421.5**	347.8
Less: allowance for bad and doubtful receivables	**(26.9)**	(21.3)
	394.6	326.5
Other receivables		
– Accrued revenue	**26.7**	21.6
– Other	**34.4**	29.4
	455.7	377.5

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 24. 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 A-Plant are payable within 30–60 days whereas, invoices issued by Sunbelt are payable on receipt. Therefore, on this basis, a significant proportion of the Group's trade receivables are contractually past due. The allowance for bad and doubtful receivables is calculated based on prior experience reflecting the level of uncollected receivables over the last year within each business. Accordingly, this cannot be attributed to specific receivables so the aged analysis of trade receivables, including those past due, is shown gross of the allowance for bad and doubtful receivables.

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 2016	41.7	208.0	94.3	31.3	46.2	421.5
Carrying value at 30 April 2015	32.4	172.1	82.1	25.8	35.4	347.8

In practice, Sunbelt operates on 30-day terms and considers 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 2016	218.5	117.8	35.4	20.5	29.3	421.5
Carrying value at 30 April 2015	182.1	98.2	27.8	15.1	24.6	347.8

b) Movement in the allowance account for bad and doubtful receivables

	2016 £m	2015 £m
At 1 May	**21.3**	16.1
Amounts written off or recovered during the year	**(13.4)**	(9.0)
Increase in allowance recognised in income statement	**17.9**	12.8
Currency movements	**1.1**	1.4
At 30 April	**26.9**	21.3

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

12 CASH AND CASH EQUIVALENTS

	2016 £m	2015 £m
Cash and cash equivalents	**13.0**	10.5

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 2014	93.3	2,575.8	56.7	206.3	5.6	2,937.7
Exchange differences	5.6	214.3	3.9	17.9	-	241.7
Acquisitions	1.7	174.4	0.3	19.1	-	195.5
Reclassifications	0.5	(2.4)	3.0	(1.1)	-	-
Additions	14.2	979.1	9.9	57.1	2.8	1,063.1
Disposals	(0.9)	(303.0)	(3.3)	(20.3)	(2.2)	(329.7)
At 30 April 2015	114.4	3,638.2	70.5	279.0	6.2	4,108.3
Exchange differences	3.7	152.1	2.7	11.9	-	170.4
Acquisitions	-	52.6	0.1	4.9	-	57.6
Reclassifications	-	(3.3)	4.5	(1.2)	-	-
Additions	19.1	1,126.6	19.7	73.1	1.5	1,240.0
Disposals	(1.3)	(485.4)	(3.9)	(24.1)	(0.3)	(515.0)
At 30 April 2016	**135.9**	**4,480.8**	**93.6**	**343.6**	**7.4**	**5,061.3**
Depreciation						
At 1 May 2014	38.0	859.5	45.3	64.0	1.8	1,008.6
Exchange differences	2.4	76.7	3.4	6.0	-	88.5
Acquisitions	-	77.0	0.2	9.4	-	86.6
Reclassifications	-	(1.5)	1.7	(0.2)	-	-
Charge for the period	5.6	309.5	5.2	30.0	1.2	351.5
Disposals	(0.5)	(217.2)	(3.2)	(15.7)	(1.4)	(238.0)
At 30 April 2015	45.5	1,104.0	52.6	93.5	1.6	1,297.2
Exchange differences	1.6	52.7	2.1	4.8	-	61.2
Acquisitions	-	25.2	-	3.0	-	28.2
Reclassifications	-	(1.6)	2.5	(0.9)	-	-
Charge for the period	7.3	393.7	9.1	37.9	1.4	449.4
Disposals	(1.1)	(340.1)	(3.6)	(18.6)	(0.1)	(363.5)
At 30 April 2016	**53.3**	**1,233.9**	**62.7**	**119.7**	**2.9**	**1,472.5**
Net book value						
At 30 April 2016	**82.6**	**3,246.9**	**30.9**	**223.9**	**4.5**	**3,588.8**
At 30 April 2015	68.9	2,534.2	17.9	185.5	4.6	2,811.1

£1m of rebuild costs were capitalised in the year (2015: £2m). Rental equipment includes leased assets with a net book value of £0.3m (2015: £0.4m).

14 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 2014	400.4	15.7	48.5	22.1	86.3	486.7
Recognised on acquisition	76.7	–	52.8	6.3	59.1	135.8
Exchange differences	39.1	0.9	3.7	1.4	6.0	45.1
At 30 April 2015	516.2	16.6	105.0	29.8	151.4	667.6
Recognised on acquisition	16.4	–	19.9	1.6	21.5	37.9
Exchange differences	24.1	0.7	5.3	1.0	7.0	31.1
At 30 April 2016	**556.7**	**17.3**	**130.2**	**32.4**	**179.9**	**736.6**
Amortisation						
At 1 May 2014	–	12.7	11.9	15.9	40.5	40.5
Charge for the period	–	0.6	12.2	3.0	15.8	15.8
Exchange differences	–	0.8	0.8	0.8	2.4	2.4
At 30 April 2015	–	14.1	24.9	19.7	58.7	58.7
Charge for the period	–	0.6	18.3	3.5	22.4	22.4
Impairment loss	–	–	12.0	–	12.0	12.0
Exchange differences	–	0.6	1.7	0.7	3.0	3.0
At 30 April 2016	**–**	**15.3**	**56.9**	**23.9**	**96.1**	**96.1**
Net book value						
At 30 April 2016	**556.7**	**2.0**	**73.3**	**8.5**	**83.8**	**640.5**
At 30 April 2015	516.2	2.5	80.1	10.1	92.7	608.9

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:

	2016 £m	2015 £m
Sunbelt		
Pump & Power	**25.2**	26.7
Climate Control	**17.5**	15.6
Scaffolding	**12.4**	11.9
General equipment and related businesses	**457.8**	424.5
	512.9	478.7
A-Plant		
Eve (temporary roadways and barriers)	**14.3**	14.3
PSS (trenchless technology and fusion)	**5.4**	4.7
FLG (lifting)	**3.7**	3.7
General equipment and related businesses	**20.4**	14.8
	43.8	37.5
Total goodwill	**556.7**	516.2

For the purposes of determining potential goodwill impairment, recoverable amounts are determined from value in use calculations using cash flow projections based on financial plans covering a three-year period which were adopted and approved by the Board in April 2016. 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 2016/17 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 business plan 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 11% and 9% for the US and UK businesses respectively.

The impairment review is sensitive to a change 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 both Sunbelt and A-Plant. Based on this sensitivity analysis, no reasonably possible change in the assumptions resulted in the recoverable amount of the CGUs identified above being reduced to their carrying value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

14 INTANGIBLE ASSETS INCLUDING GOODWILL CONTINUED

Sunbelt

General equipment and related businesses

Revenue for the general equipment business is linked primarily to US non-residential construction spend, which is expected to continue to grow during the business plan period. These businesses have grown more rapidly than both non-residential construction and the broader rental market and this outperformance is expected to continue over the business plan period, although not necessarily to the same degree as over recent years. EBITDA margins are forecast to increase slightly from current levels as the businesses benefit from improving market conditions and increased scale.

Pump & Power, Climate Control and Scaffolding

Revenue for the Pump & Power, Climate Control and Scaffolding businesses is in part linked to the level of non-residential construction and also general levels of economic activity. EBITDA margins are forecast to increase slightly from current levels as the businesses benefit from increased scale.

A-Plant

Revenue for each of the A-Plant CGUs is linked primarily to UK non-residential construction spend. This market is expected to grow during the business plan period. A-Plant has grown over the last three years more quickly than non-residential construction and we expect it to perform ahead of the market over the business plan period. The Eve business is also reliant on the events market which is expected to grow at a similar rate to construction markets. EBITDA margins are forecast to increase slightly from current levels as the businesses benefit from improving market conditions and increased scale.

15 TRADE AND OTHER PAYABLES

	2016 £m	2015 £m
Trade payables	**232.0**	264.4
Other taxes and social security	**32.7**	27.6
Accruals and deferred income	**215.8**	199.7
	480.5	491.7

Trade and other payables include amounts relating to the purchase of fixed assets of £247m (2015: £261m). The fair values of trade and other payables are not materially different from the carrying values presented.

16 BORROWINGS

	2016 £m	2015 £m
Current		
Finance lease obligations	**2.5**	2.0
Non-current		
First priority senior secured bank debt	**1,055.2**	782.7
Finance lease obligations	**2.9**	3.3
6.5% second priority senior secured notes, due 2022	**618.2**	589.8
5.625% second priority senior secured notes, due 2024	**335.9**	319.8
	2,012.2	1,695.6

The senior secured bank debt and the senior secured notes are secured by way of, respectively, first and second priority fixed and floating charges over substantially all the Group's property, plant and equipment, inventory and trade receivables.

First priority senior secured credit facility
At 30 April 2016, $2.6bn was committed by our senior lenders under the asset-based senior secured revolving credit facility ('ABL facility') until July 2020 while the amount utilised was $1,604m (including letters of credit totalling $36m). The ABL facility is secured by a first priority interest in substantially all of the Group's assets. Pricing for the revolving credit facility is based on average availability according to a grid which varies from LIBOR plus 125bp to LIBOR plus 175bp. At 30 April 2016 the Group's borrowing rate was LIBOR plus 150bp.

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 $260m. At 30 April 2016 availability under the bank facility was $1,126m ($756m at 30 April 2015), with an additional $1,796m of suppressed availability meaning that the covenant was not measured at 30 April 2016 and is unlikely to be measured in forthcoming quarters. Accordingly, the accounts are prepared on a going concern basis.

6.5% second priority senior secured notes due 2022 having a nominal value of $900m and 5.625% second priority senior secured notes due 2024 having a nominal value of $500m
At 30 April 2016 the Group, through its wholly owned subsidiary Ashtead Capital, Inc., had outstanding two series of second priority senior secured notes with nominal values of $900m and $500m. The $900m of notes carry an interest rate of 6.5% and are due on 15 July 2022 while the $500m of notes carry an interest rate of 5.625% and are due on 1 October 2024. The notes are secured by second priority interests over substantially the same assets as the ABL facility and are also guaranteed by Ashtead Group plc.

Under the terms of the 6.5% and 5.625% notes the Group is, subject to important exceptions, restricted in its ability to incur additional debt, pay dividends, make investments, sell assets, enter into sale and leaseback transactions and merge or consolidate with another company. Financial performance covenants under the 6.5% and 5.625% senior secured note issue are only measured at the time new debt is raised.

The effective rates of interest at the balance sheet date were as follows:

		2016	2015
First priority senior secured bank debt	– revolving advances in dollars	**1.97%**	1.97%
Secured notes	– $900m nominal value	**6.5%**	6.5%
	– $500m nominal value	**5.625%**	5.625%
Finance leases		**6.6%**	6.3%

17 OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments		Present value of minimum lease payments	
	2016 £m	2015 £m	**2016 £m**	2015 £m
Amounts payable under finance leases:				
Less than one year	**2.8**	2.2	**2.5**	2.0
Later than one year but not more than five	**3.2**	3.7	**2.9**	3.3
	6.0	5.9	**5.4**	5.3
Future finance charges	**(0.6)**	(0.6)		
	5.4	5.3		

The Group's obligations under finance leases are secured by the lessor's rights over the leased assets disclosed in Note 13.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

18 PROVISIONS

	Self-insurance £m	Vacant property £m	Contingent consideration £m	Total £m
At 1 May 2015	19.0	5.3	25.4	49.7
Acquired businesses	–	–	4.8	4.8
Exchange differences	0.9	0.1	0.8	1.8
Utilised/released	(22.2)	(2.0)	(10.9)	(35.1)
Charged in the year	23.3	0.9	–	24.2
Amortisation of discount	0.4	–	0.7	1.1
At 30 April 2016	**21.4**	**4.3**	**20.8**	**46.5**

	2016 £m	2015 £m
Included in current liabilities	**28.9**	18.4
Included in non-current liabilities	**17.6**	31.3
	46.5	49.7

Self-insurance provisions relate to the discounted estimated liability in respect of claims excesses 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 self-insured retained risk based on historical claims experience. The amount charged in the year is stated net of a £1.4m adjustment to reduce the provision held at 1 May 2015.

The majority of the provision for vacant property costs is expected to be utilised over a period of up to three years. The provision for contingent consideration relates to recent acquisitions and is expected to be paid out over the next two years.

19 DEFERRED TAX

Deferred tax assets

	Tax losses £m	Other temporary differences £m	Total £m
At 1 May 2015	–	–	–
Offset against deferred tax liability at 1 May 2015	70.8	56.0	126.8
Gross deferred tax assets at 1 May 2015	70.8	56.0	126.8
Exchange differences	3.8	2.9	6.7
(Charge)/credit to income statement	(2.2)	12.7	10.5
Credit/(charge) to equity	2.8	(3.6)	(0.8)
Acquisitions	–	(1.9)	(1.9)
Less offset against deferred tax liability	(75.2)	(66.1)	(141.3)
At 30 April 2016	**–**	**–**	**–**

Deferred tax liabilities

	Accelerated tax depreciation £m	Other temporary differences £m	Total £m
Net deferred tax liability at 1 May 2015	501.6	2.9	504.5
Deferred tax assets offset at 1 May 2015	126.8	–	126.8
Gross deferred tax liability at 1 May 2015	628.4	2.9	631.3
Exchange differences	35.7	–	35.7
Charge/(credit) to income statement	197.5	(0.7)	196.8
Credit to equity	–	(0.1)	(0.1)
Acquisitions	0.1	0.8	0.9
	861.7	2.9	864.6
Less offset of deferred tax assets			
– benefit of tax losses			(75.2)
– other temporary differences			(66.1)
At 30 April 2016			**723.3**

The Group has an unrecognised UK deferred tax asset of £1.2m (2015: £1.2m) in respect of losses in a non-trading UK company, 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.

20 SHARE CAPITAL AND RESERVES

	2016 Number	2015 Number	**2016 £m**	2015 £m
Ordinary shares of 10p each				
Authorised	**900,000,000**	900,000,000	**90.0**	90.0
Issued and fully paid:				
At 1 May and 30 April	**553,325,554**	553,325,554	**55.3**	55.3

There were no movements in shares authorised or allotted during the period.

At 30 April 2016, 50m (2015: 50m) shares were held by the Company, acquired at an average cost of 67p (2015: 67p) and a further 1.8m (2015: 1.9m) shares were held by the Company's Employee Share Ownership Trust ('ESOT') to facilitate the provision of shares under the Group's Performance Share Plan ('PSP').

The non-distributable reserve related to the reserve created on the cancellation of the then share premium account in August 2005. Under the terms of the court order, the reserve became distributable when either:

- there remained no outstanding debt or claim against the Company which existed at the date of the cancellation of the share premium account; or
- after 10 years if the only outstanding amount related to leases in effect at the cancellation date.

Accordingly, the reserve was transferred to distributable reserves after 10 years in August 2015.

21 SHARE-BASED PAYMENTS

The ESOT facilitates the provision of shares under the Group's PSP. It holds a beneficial interest in 1,789,203 ordinary shares of the Company acquired at an average cost of 903.7p per share. The shares had a market value of £16.3m at 30 April 2016. 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 71 and 77. The costs of this scheme 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 2016, there was a net charge to pre-tax profit in respect of the PSP of £4.7m (2015: £4.0m). After deferred tax, the total charge was £3.3m (2015: £2.8m).

The fair value of awards granted during the year is estimated using a Black-Scholes option pricing model with the following assumptions: share price at grant date of 1,051p, nil exercise price, a dividend yield of 1.45%, volatility of 30.78%, a risk-free rate of 1% 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 PSP awards outstanding during the year are as follows:

	2016 Number	2015 Number
Outstanding at 1 May	**2,734,482**	4,473,385
Granted	**750,785**	684,684
Exercised	**(1,329,492)**	(2,352,219)
Expired	**(12,358)**	(71,368)
Outstanding at 30 April	**2,143,417**	2,734,482
Exercisable at 30 April	**–**	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

22 OPERATING LEASES

Minimum annual commitments under existing operating leases may be analysed by date of expiry of the lease as follows:

	2016 £m	2015 £m
Land and buildings:		
Expiring in one year	**4.1**	4.2
Expiring between two and five years	**31.9**	26.2
Expiring in more than five years	**20.1**	14.6
	56.1	45.0

Total minimum commitments under existing operating leases at 30 April 2016 through to the earliest date at which the lease may be exited without penalty by year are as follows:

	£m
Financial year	
2017	56.1
2018	49.6
2019	41.7
2020	32.7
2021	24.7
Thereafter	81.5
	286.3

£4m of the total minimum operating lease commitments of £286m relating to vacant properties has been provided within the financial statements and included within provisions in the balance sheet.

23 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 £10m (2015: £8m).

Defined benefit plan

The Group also has a defined benefit plan for certain UK employees which was closed to new members in 2001. 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 in the final years leading up to retirement.

The plan's duration is an indicator of the weighted-average time until benefit payments are made. For the plan as whole, the duration is around 20 years. The estimated amount of contributions expected to be paid by the Group to the plan during the 2016/17 financial year is £1m.

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 2013 by a qualified independent actuary and showed a funding surplus of £5m. The actuary was engaged by the Company to perform a valuation in accordance with IAS 19 (revised) as at 30 April 2016. The principal financial assumptions made by the actuary were as follows:

	2016	2015
Discount rate	**3.4%**	3.5%
Inflation assumption - RPI	**3.0%**	3.3%
- CPI	**1.9%**	2.2%
Rate of increase in salaries	**4.0%**	4.3%
Rate of increase in pensions in payment	**3.0%**	3.2%

Pensioner life expectancy assumed in the 30 April 2016 update is based on the 'S1P CMI 2015' 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:

	2016	2015
Life expectancy of pensioners currently aged 65		
Male	**86.6**	86.8
Female	**88.9**	89.1
Life expectancy at age 65 for future pensioner currently aged 45		
Male	**88.3**	88.5
Female	**90.8**	91.0

The plan's assets are invested in the following asset classes:

	Fair value	
	2016 £m	2015 £m
UK equities	**44.8**	47.3
US equities	**12.8**	11.2
European equities	**2.4**	2.7
Asia Pacific (excluding Japan) equities	**-**	4.1
Corporate bonds	**11.1**	11.1
Global loan fund	**7.5**	7.8
Property	**10.1**	8.2
Cash	**0.3**	0.5
	89.0	92.9

The amounts recognised in the balance sheet are determined as follows:

	2016 £m	2015 £m
Fair value of plan assets	**89.0**	92.9
Present value of funded defined benefit obligation	**(86.8)**	(89.8)
Net asset recognised in the balance sheet	**2.2**	3.1

The components of the defined benefit cost recognised in the income statement are as follows:

	2016 £m	2015 £m
Current service cost	**0.8**	0.7
Net interest on the net defined benefit plan	**(0.1)**	(0.2)
Net charge to the income statement	**0.7**	0.5

The remeasurements of the defined benefit plan recognised in the statement of comprehensive income are as follows:

	2016 £m	2015 £m
Actuarial gain/(loss) due to changes in financial assumptions	**1.9**	(9.9)
Actuarial gain due to changes in demographic assumptions	**0.8**	0.3
Actuarial gain arising from experience adjustments	**1.8**	0.6
Return on plan assets excluding amounts recognised in net interest	**(5.1)**	5.9
Remeasurement of the defined benefit pension plan	**(0.6)**	(3.1)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

23 PENSIONS CONTINUED

Movements in the present value of defined benefit obligations were as follows:

	2016 £m	2015 £m
At 1 May	**89.8**	78.3
Current service cost	**0.8**	0.7
Interest cost	**3.2**	3.3
Contributions from members	**0.2**	0.2
Remeasurements		
– Actuarial (gain)/loss due to changes in financial assumptions	**(1.9)**	9.9
– Actuarial gain due to changes in demographic assumptions	**(0.8)**	(0.3)
– Actuarial gain arising from experience adjustments	**(1.8)**	(0.6)
Benefits paid	**(2.7)**	(1.7)
At 30 April	**86.8**	89.8

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 an £8m (2015: £8m) decrease in the defined benefit obligation.
- An increase in the inflation rate of 0.5% would result in a £7m (2015: £7m) 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 £3m (2015: £3m) 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:

	2016 £m	2015 £m
At 1 May	**92.9**	84.4
Interest income	**3.3**	3.5
Remeasurement – return on plan assets excluding amounts recognised in net interest	**(5.1)**	5.9
Employer contributions	**0.4**	0.6
Contributions from members	**0.2**	0.2
Benefits paid	**(2.7)**	(1.7)
At 30 April	**89.0**	92.9

The actual return on plan assets was a £1.8m loss (2015: £9.4m gain).

24 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 48% of the drawn debt at a fixed rate as at 30 April 2016. 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 150bp. 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 2016, 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 2016, based upon the amount of variable rate debt outstanding, the Group's pre-tax profits would change by approximately £10m for each one percentage point change in interest rates applicable to the variable rate debt and, after tax effects, equity would change by approximately £7m. 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 exchange risk

Currency exchange 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 2016, 91% 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 2016, dollar-denominated debt represented approximately 62% 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 2016 a 1% change in the US dollar-pound exchange rate would have impacted our pre-tax profits by approximately £6m and equity by approximately £15m. At 30 April 2016, the Group had no outstanding foreign exchange contracts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

24 FINANCIAL RISK MANAGEMENT CONTINUED

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 allowances for doubtful receivables. 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 Group's maximum exposure to credit risk is presented in the following table:

	2016 £m	2015 £m
Cash and cash equivalents	**13.0**	10.5
Trade and other receivables	**455.7**	377.5
	468.7	388.0

The Group has a large number of unrelated customers, serving over 570,000 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.

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 (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 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 2016, availability under the $2.6bn facility was $1,126m (£769m).

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. 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 2016

	Undiscounted cash flows – year to 30 April						
	2017 £m	2018 £m	2019 £m	2020 £m	2021 £m	Thereafter £m	Total £m
Bank and other debt	–	–	–	–	1,063.1	–	1,063.1
Finance leases	2.5	1.8	0.9	0.2	–	–	5.4
6.5% senior secured notes	–	–	–	–	–	627.0	627.0
5.625% senior secured notes	–	–	–	–	–	341.3	341.3
	2.5	1.8	0.9	0.2	1,063.1	968.3	2,036.8
Interest payments	80.2	80.1	80.0	80.0	59.1	174.6	554.0
	82.7	81.9	80.9	80.2	1,122.2	1,142.9	2,590.8

Letters of credit of £24m (2015: £21m) are provided and guaranteed under the ABL facility which expires in July 2020.

At 30 April 2015

	Undiscounted cash flows – year to 30 April						
	2016 £m	2017 £m	2018 £m	2019 £m	2020 £m	Thereafter £m	Total £m
Bank and other debt	–	–	–	788.4	–	–	788.4
Finance leases	2.0	1.8	1.1	0.4	–	–	5.3
6.5% senior secured notes	–	–	–	–	–	599.3	599.3
5.625% senior secured notes	–	–	–	–	–	325.4	325.4
	2.0	1.8	1.1	788.8	–	924.7	1,718.4
Interest payments	72.2	72.1	72.0	71.9	56.4	166.4	511.0
	74.2	73.9	73.1	860.7	56.4	1,091.1	2,229.4

Fair value of financial instruments

Fair value of derivative financial instruments

At 30 April 2016, the Group had no derivative financial instruments. The embedded prepayment options included within the $900m and $500m senior secured loan notes are closely related to the host debt contract and hence, are not accounted for separately. The 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 2016. Fair value is the amount at which a financial instrument could be exchanged in an arm's length transaction between informed and willing parties and includes accrued interest. Where available, market values have been used to determine fair values of financial assets and liabilities. Where market values are not available, fair values of financial assets and liabilities have been calculated by discounting expected future cash flows at prevailing interest and exchange rates.

	At 30 April 2016		At 30 April 2015	
	Book value £m	**Fair value £m**	Book value £m	Fair value £m
Fair value of non-current borrowings:				
Long-term borrowings				
Fair value determined based on market value				
– first priority senior secured bank debt	**1,063.1**	**1,063.1**	788.4	788.4
– 6.5% senior secured notes	**627.0**	**661.5**	599.3	645.7
– 5.625% senior secured notes	**341.3**	**353.2**	325.4	341.6
	2,031.4	**2,077.8**	1,713.1	1,775.7
Fair value determined based on observable market inputs				
– finance lease obligations	**2.9**	**3.2**	3.3	3.7
Total long-term borrowings	**2,034.3**	**2,081.0**	1,716.4	1,779.4
Deferred costs of raising finance	**(22.1)**	**–**	(20.8)	–
	2,012.2	**2,081.0**	1,695.6	1,779.4
Fair value of other financial instruments held or issued to finance the Group's operations:				
Fair value determined based on market value				
Finance lease obligations due within one year	**2.5**	**2.5**	2.0	2.2
Trade and other payables	**480.5**	**480.5**	491.7	491.7
Trade and other receivables	**455.7**	**455.7**	377.5	377.5
Cash and cash equivalents	**13.0**	**13.0**	10.5	10.5

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

25 NOTES TO THE CASH FLOW STATEMENT

a) Cash flow from operating activities

	2016 £m	2015 £m
Operating profit before exceptional items and amortisation	**728.2**	556.9
Depreciation	**449.4**	351.5
EBITDA before exceptional items	**1,177.6**	908.4
Profit on disposal of rental equipment	**(47.4)**	(26.8)
Profit on disposal of other property, plant and equipment	**(1.4)**	(1.2)
Increase in inventories	**(15.1)**	(2.0)
Increase in trade and other receivables	**(36.8)**	(58.5)
(Decrease)/increase in trade and other payables	**(10.9)**	17.7
Exchange differences	**(0.1)**	(0.2)
Other non-cash movements	**4.7**	4.0
Cash generated from operations before exceptional items and changes in rental equipment	**1,070.6**	841.4

b) Analysis of net debt

Net debt consists of total borrowings 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.

	1 May 2015 £m	Exchange movement £m	Cash flow £m	Debt acquired £m	Non-cash movements £m	30 April 2016 £m
Cash and cash equivalents	(10.5)	(0.2)	(2.3)	–	–	**(13.0)**
Debt due within one year	2.0	–	(0.6)	0.1	1.0	**2.5**
Debt due after one year	1,695.6	81.9	232.8	0.2	1.7	**2,012.2**
Total net debt	1,687.1	81.7	229.9	0.3	2.7	**2,001.7**

Non-cash movements relate to the amortisation of prepaid fees relating to the refinancing of debt facilities and the addition of new finance leases in the year.

c) Acquisitions

	2016 £m	2015 £m
Cash consideration paid		
– acquisitions in the period (net of cash acquired)	**64.9**	236.0
– contingent consideration	**3.5**	5.5
	68.4	241.5

During the year, 12 acquisitions were made for a total cash consideration of £65m (2015: £236m), after taking account of net cash acquired of £0.9m. Further details are provided in Note 26.

Payments for contingent consideration on prior year acquisitions were also made of £3m (2015: £5m).

26 ACQUISITIONS

During the year, the following acquisitions were completed:

i) On 29 May 2015 Sunbelt acquired the business and assets of C. Rowland Enterprises, Inc., trading as Air Systems Sales & Rentals, Inc. ('Air Systems'), for an initial cash consideration of £1m ($2m), with contingent consideration of up to £0.5m ($0.8m), payable over the next year, depending on revenue meeting or exceeding certain thresholds. Air Systems is a climate control business in Oregon.

ii) On 28 August 2015 Sunbelt acquired the business and assets of Dover Rent-All, Inc. ('Dover') for an initial cash consideration of £1m ($2m). Dover is a general equipment business in Delaware.

iii) On 1 October 2015 Sunbelt acquired the business and assets of Pinnacle Rentals, Ltd. and Pinnacle Tool & Supply, Ltd. (together 'Pinnacle') for an aggregate consideration of £16m ($24m). Pinnacle is an industrial equipment business in Texas.

iv) On 2 October 2015 A-Plant acquired the entire issued share capital of Fraluk Limited ('Fraluk') for an initial cash consideration of £1m, with contingent consideration of up to £1m payable over the next two years. Fraluk is a climate control business.

v) On 9 October 2015 Sunbelt acquired the business and assets of 1139623 Alberta Ltd., trading as The Rental Store ('The Rental Store'), for £0.5m (C$1.1m). The Rental Store is a general equipment rental business in Alberta, Canada.

vi) On 28 October 2015 A-Plant acquired the entire issued share capital of G.B. Access Limited ('G.B. Access') for an initial cash consideration of £6m, with contingent consideration of up to £2m payable over the next year. G.B. Access is a specialist provider of lifting solutions.

vii) On 1 December 2015 A-Plant acquired the business and assets of Euremica Limited ('Euremica') for £0.8m. Euremica is a specialist test instrumentation service provider.

viii) On 1 December 2015 Sunbelt acquired certain business and assets of 303567 Saskatchewan Ltd, trading as Handy Rental Centre ('Handy'), for £6m (C$13m). Handy is a general equipment rental business in Saskatchewan, Canada.

ix) On 31 December 2015 Sunbelt acquired the entire issued share capital of Okotoks Rentals Ltd ('Okotoks') for an initial cash consideration of £16m (C$34m), with contingent consideration of up to £1m (C$2m) payable over the next two years. Okotoks is a general equipment rental business in Alberta, Canada.

x) On 7 January 2016 Sunbelt acquired the business and assets of Richardson Equipment Rentals, Inc. ('Richardson') for £6m ($9m). Richardson is a general equipment rental business in California.

xi) On 18 January 2016 A-Plant acquired certain business and assets of Rapid Climate Control Limited ('Rapid') for £3m. Rapid is a climate control business.

xii) On 1 April 2016 Sunbelt acquired the business and assets of Equipco, LLC ('Equipco') for £7m ($10m). Equipco is a general equipment rental business in Louisiana.

The following table sets out the book values of the identifiable assets and liabilities acquired and their fair value to 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	8.2
Inventory	0.6
Property, plant and equipment	
– rental equipment	27.4
– other assets	2.0
Creditors	(1.9)
Debt	(0.3)
Current tax	(0.8)
Deferred tax	(2.8)
Intangible assets (non-compete agreements and customer relationships)	21.5
	53.9
Consideration:	
– cash paid and due to be paid (net of cash acquired)	65.5
– contingent consideration payable in cash	4.8
	70.3
Goodwill	16.4

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 the elimination of duplicate costs, improving utilisation of the acquired rental fleet, using the Group's financial strength to invest in the acquired businesses and drive improved returns through a semi-fixed cost base and the application of the Group's proprietary software to optimise revenue opportunities. £9m of the goodwill is expected to be deductible for income tax purposes.

The fair value of trade receivables at acquisition was £8m. The gross contractual amount for trade receivables due was £9m, net of a £1m provision for debts which may not be collected.

Due to the operational integration of the acquired businesses with Sunbelt and A-Plant since acquisition, in particular 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. On an annual basis they generate approximately £45m of revenue.

The revenue and operating profit of these acquisitions from 1 May 2015 to their date of acquisition was not material.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

27 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.

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 2016 the amount borrowed under these facilities was £1,063m (2015: £788m). Subsidiary undertakings are also able to obtain letters of credit under these facilities and, at 30 April 2016, letters of credit issued under these arrangements totalled £24m ($36m) (2015: £21m ($33m)). In addition, the Company has guaranteed the 6.5% and 5.625% second priority senior secured notes with a par value of $900m (£614m) and $500m (£341m) respectively, issued by Ashtead Capital, Inc..

The Company has guaranteed operating and finance lease commitments of subsidiary undertakings where the minimum lease commitment at 30 April 2016 totalled £37m (2015: £40m) in respect of land and buildings of which £7m is payable by subsidiary undertakings in the year ending 30 April 2016.

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 2013, this guarantee was the equivalent of £23m.

The Company has guaranteed the performance by subsidiaries of certain other obligations up to £5m (2015: £3m).

28 CAPITAL COMMITMENTS

At 30 April 2016 capital commitments in respect of purchases of rental and other equipment totalled £315m (2015: £321m), all of which had been ordered. There were no other material capital commitments at the year end.

A-Plant has entered into an agreement to acquire the whole of the issued share capital of Lion Trackhire Limited ('Lion') for £38m. The agreement was entered into on 13 April 2016 and closing is subject to certain conditions precedent. Lion is a specialist provider of temporary access solutions to the events and industrial sectors.

29 EVENTS AFTER THE BALANCE SHEET DATE

Since the balance sheet date the Group has completed four acquisitions as follows:

i) On 2 May 2016 Sunbelt acquired the business and assets of I & L Rentals, LLC ('I & L') for a cash consideration of £46m ($67m). I & L is a general equipment rental business in Hawaii.

ii) On 20 May 2016 Sunbelt acquired the business and assets of LoadBanks of America ('LBA'), a division of Austin Welder & Generator Services, Inc. for a cash consideration of £4m ($6m). LBA provides testing solutions for power systems.

iii) On 20 May 2016 A-Plant acquired the entire issued share capital of Mather & Stuart Limited ('Mather & Stuart') for a cash consideration of £7m. Mather & Stuart is a temporary power rental business.

iv) On 6 June 2016 Sunbelt acquired the business and assets of Portable Rental Solutions, Inc. and One Source Cooling, LLC (collectively 'PRS') for cash consideration of £7m ($10m). PRS is a temporary heating and cooling business in Texas.

The initial accounting for these acquisitions is incomplete. Had the acquisitions taken place on 1 May 2015 its contribution to revenue and operating profit would not have been material.

30 RELATED PARTY TRANSACTIONS

The Group's key management comprise 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 and form part of these financial statements. In relation to the Group's defined benefit pension plan, details are included in Note 23.

31 EMPLOYEES

The average number of employees, including directors, during the year was as follows:

	2016 Number	2015 Number
North America	**10,001**	8,422
United Kingdom	**2,966**	2,604
	12,967	11,026

32 PARENT COMPANY INFORMATION

a. Balance sheet of the Company (Company number: 01807982)

	Notes	2016 £m	2015 £m
Current assets			
Prepayments and accrued income		**0.3**	0.3
Amounts due from subsidiary undertakings	(f)	**–**	157.6
		0.3	157.9
Non-current assets			
Investments in Group companies	(h)	**363.7**	363.7
Deferred tax asset		**0.9**	1.4
		364.6	365.1
Total assets		**364.9**	523.0
Current liabilities			
Amounts due to subsidiary undertakings	(g)	**32.6**	168.4
Accruals and deferred income		**5.8**	4.3
Total liabilities		**38.4**	172.7
Equity			
Share capital	(b)	**55.3**	55.3
Share premium account	(b)	**3.6**	3.6
Capital redemption reserve	(b)	**0.9**	0.9
Non-distributable reserve	(b)	**–**	90.7
Own shares held by the Company	(b)	**(33.1)**	(33.1)
Own shares held through the ESOT	(b)	**(16.2)**	(15.5)
Retained reserves	(b)	**316.0**	248.4
Equity attributable to equity holders of the Company		**326.5**	350.3
Total liabilities and equity		**364.9**	523.0

These financial statements were approved by the Board on 13 June 2016.

GEOFF DRABBLE
Chief executive

SUZANNE WOOD
Finance director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

32 PARENT COMPANY INFORMATION CONTINUED

b. Statement of changes in equity of the Company

	Share capital £m	Share premium account £m	Capital redemption reserve £m	Non-distributable reserve £m	Own shares held by the Company £m	Own shares held through the ESOT £m	Retained reserves £m	Total £m
At 1 May 2014	55.3	3.6	0.9	90.7	(33.1)	(11.8)	160.9	266.5
Total comprehensive income for the year	–	–	–	–	–	–	–	–
Dividends paid	–	–	–	–	–	–	(61.4)	(61.4)
Dividend received from Ashtead Holdings plc	–	–	–	–	–	–	160.2	160.2
Own shares purchased by the ESOT	–	–	–	–	–	(20.3)	–	(20.3)
Share-based payments	–	–	–	–	–	16.6	(12.6)	4.0
Tax on share-based payments	–	–	–	–	–	–	1.3	1.3
At 30 April 2015	55.3	3.6	0.9	90.7	(33.1)	(15.5)	248.4	350.3
Total comprehensive income for the year	–	–	–	–	–	–	0.1	0.1
Dividends paid	–	–	–	–	–	–	(81.5)	(81.5)
Dividends received from Ashtead Holdings plc	–	–	–	–	–	–	64.7	64.7
Own shares purchased by the ESOT	–	–	–	–	–	(12.0)	–	(12.0)
Share-based payments	–	–	–	–	–	11.3	(6.6)	4.7
Tax on share-based payments	–	–	–	–	–	–	0.2	0.2
Transfer of non-distributable reserve	–	–	–	(90.7)	–	–	90.7	–
At 30 April 2016	**55.3**	**3.6**	**0.9**	**–**	**(33.1)**	**(16.2)**	**316.0**	**326.5**

c. Cash flow statement of the Company

	Note	2016 £m	2015 £m
Cash flows from operating activities			
Cash generated from operations	(j)	**30.4**	(76.7)
Financing costs paid – commitment fee		**(1.6)**	(1.8)
Dividends received from Ashtead Holdings PLC		**64.7**	160.2
Net cash from operating activities		**93.5**	81.7
Cash flows from financing activities			
Purchase of own shares by the ESOT		**(12.0)**	(20.3)
Dividends paid		**(81.5)**	(61.4)
Net cash used in financing activities		**(93.5)**	(81.7)
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 above, 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 amount of the profit for the financial year dealt with in the accounts of Ashtead Group plc is £0.1m (2015: £nil). There were no other amounts of comprehensive income in the financial year.

f. Amounts due from subsidiary undertakings

	2016 £m	2015 £m
Due within one year:		
Ashtead Plant Hire Company Limited	**–**	157.6

g. Amounts due to subsidiary undertakings

	2016 £m	2015 £m
Due within one year:		
Ashtead Holdings PLC	**32.6**	168.4

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

32 PARENT COMPANY INFORMATION CONTINUED

h. Investments

	Shares in Group companies	
	2016 £m	2015 £m
At 30 April	**363.7**	363.7

Details of the Company's subsidiaries at 30 April 2016 are as follows:

Name	Country of incorporation and operation	Principal activity
Ashtead Holdings PLC	England and Wales	Investment holding company
Ashtead US Holdings, Inc.	USA	Investment holding company
Ashtead Holdings, LLC	USA	Investment holding company
Sunbelt Rentals, Inc.	USA	Equipment rental and related services
Sunbelt Rentals Industrial Services LLC	USA	Equipment rental and related services
Sunbelt Rentals Scaffold Services, Inc.	USA	Equipment rental and related services
Empire Scaffold LLC	USA	Equipment rental and related services
Sunbelt Rentals of Canada Inc.	Canada	Equipment rental and related services
Ashtead Plant Hire Company Limited	England and Wales	Equipment rental and related services
PSS Utility Solutions Limited	Republic of Ireland	Equipment rental and related services
Ashtead Capital, Inc.	USA	Finance company
Ashtead Financing Limited	England and Wales	Finance company
Ashtead Financing (Ireland)	Republic of Ireland	Finance company
Accession Group Limited	England and Wales	Dormant
Accession Holdings Limited	England and Wales	Dormant
Anglia Traffic Management Group Limited	England and Wales	Dormant
Ashtead Plant Hire Company (Ireland) Limited	England and Wales	Dormant
ATM (Scotland) Limited	England and Wales	Dormant
ATM (Signs) Limited	England and Wales	Dormant
ATM Traffic Solutions Limited	England and Wales	Dormant
Event Infrastructure & Branding (Holdings) Limited	England and Wales	Dormant
Event Infrastructure & Branding Limited	England and Wales	Dormant
Eve Trakway Limited	England and Wales	Dormant
Fraluk Limited	England and Wales	Dormant
G.B. Access Limited	England and Wales	Dormant
Impress Brand Management Limited	England and Wales	Dormant
Lux Traffic Controls Limited	England and Wales	Dormant
Plant and Site Services Holdings Limited	England and Wales	Dormant
Plant and Site Services Limited	England and Wales	Dormant
PSS Innovations Limited	England and Wales	Dormant
Sheriff Plant Hire Limited	England and Wales	Dormant
Temporary Roadway & Access Company Limited	England and Wales	Dormant
Vincehire Limited	England and Wales	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. Financial instruments

The book value and fair value of the Company's financial instruments are not materially different.

j. Notes to the Company cash flow statement

Cash flow from operating activities

	2016 £m	2015 £m
Operating profit	**1.6**	1.7
Depreciation	**0.1**	–
EBITDA	**1.7**	1.7
Increase/(decrease) in accruals and deferred income	**1.4**	(1.6)
Increase/(decrease) in intercompany payable and receivable	**22.6**	(80.8)
Other non-cash movement	**4.7**	4.0
Net cash inflow/(outflow) from operations before exceptional items	**30.4**	(76.7)

TEN-YEAR HISTORY

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
In £m										
Income statement										
Revenue*	**2,545.7**	2,038.9	1,634.7	1,361.9	**1,134.6**	948.5	836.8	1,073.5	1,047.8	896.1
Operating costs*	**(1,368.1)**	(1,130.5)	(949.6)	(842.9)	(753.5)	(664.7)	(581.7)	(717.4)	(684.1)	(585.8)
EBITDA*	**1,177.6**	908.4	685.1	519.0	**381.1**	283.8	255.1	356.1	363.7	310.3
Depreciation*	**(449.4)**	(351.5)	(275.9)	(229.0)	(199.8)	(185.0)	(186.6)	(201.1)	(176.6)	(159.8)
Operating profit*	**728.2**	556.9	409.2	290.0	181.3	98.8	68.5	155.0	187.1	150.5
Interest*	**(82.9)**	(67.3)	(47.1)	(44.6)	(50.7)	(67.8)	(63.5)	(67.6)	(74.8)	(69.1)
Pre-tax profit*	**645.3**	489.6	362.1	245.4	130.6	31.0	5.0	87.4	112.3	81.4
Operating profit	**699.6**	541.1	403.6	284.2	178.2	97.1	66.0	68.4	184.5	101.1
Pre-tax profit/(loss)	**616.7**	473.8	356.5	214.2	134.8	1.7	4.8	0.8	109.7	(36.5)
Cash flow										
Cash flow from operations before exceptional items and changes in rental fleet	**1,070.6**	841.4	645.5	501.3	364.6	279.7	265.6	373.6	356.4	319.3
Total cash (used)/generated before exceptional costs and M&A	**(68.0)**	(87.9)	(48.5)	(34.0)	(9.4)	65.6	199.2	166.0	14.8	20.3
Balance sheet										
Capital expenditure	**1,240.0**	1,063.1	740.6	580.4	476.4	224.8	63.4	238.3	331.0	290.2
Book cost of rental equipment	**4,480.8**	3,638.2	2,575.8	2,186.5	1,854.1	1,621.6	1,701.3	1,798.2	1,528.4	1,434.1
Shareholders' funds	**1,480.4**	1,111.5	824.4	682.5	554.7	481.4	500.3	526.0	440.3	396.7
In pence										
Dividend per share	**22.5p**	15.25p	11.5p	7.5p	3.5p	3.0p	2.9p	2.575p	2.5p	1.65p
Earnings per share	**81.3p**	60.5p	46.1p	27.6p	17.8p	0.2p	0.4p	12.5p	14.2p	0.8p
Underlying earnings per share	**85.1p**	62.6p	46.6p	31.4p	17.3p	4.0p	0.2p	11.9p	14.8p	10.3p
In per cent										
EBITDA margin*	**46.3%**	44.6%	41.9%	38.1%	33.6%	29.9%	30.5%	33.2%	34.7%	34.6%
Operating profit margin*	**28.6%**	27.3%	25.0%	21.3%	16.0%	10.4%	8.2%	14.4%	17.9%	16.8%
Pre-tax profit margin*	**25.3%**	24.0%	22.2%	18.0%	11.5%	3.3%	0.6%	8.1%	10.7%	9.1%
Return on investment*	**18.9%**	19.4%	18.6%	16.2%	12.0%	7.0%	4.6%	9.7%	14.0%	12.9%
People										
Employees at year end	**13,106**	11,928	9,934	9,085	8,555	8,163	7,218	8,162	9,594	10,077
Locations										
Stores at year end	**715**	640	556	494	485	462	498	520	635	659

* Before exceptional items, amortisation and fair value remeasurements.

ADDITIONAL INFORMATION

FUTURE DATES

Quarter 1 results	7 September 2016
2016 Annual General Meeting	7 September 2016
Quarter 2 results	6 December 2016
Quarter 3 results	7 March 2017
Quarter 4 and year-end results	13 June 2017

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