



# THIS IS WHO WE ARE

**Ashtead**  
group

Annual Report & Accounts 2015



# Day and night, they work 24 hours a day.

## AL HEINKE

Mohawk Northeast Inc.

→ Find out more at [ashtead-group.com](http://ashtead-group.com)



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.

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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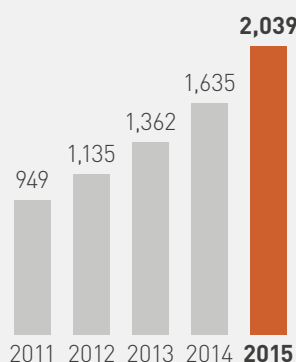
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## Performing strongly

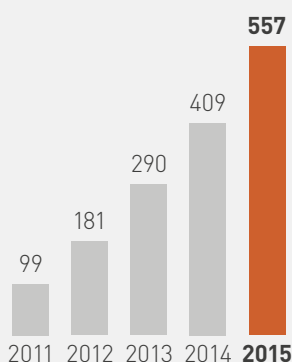
£2,039m

Revenue



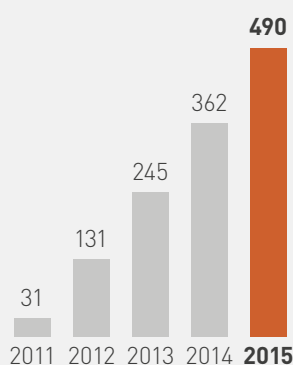
£557m

Underlying operating profit



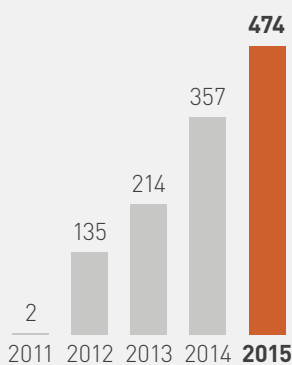
£490m

Underlying profit before taxation



£474m

Profit before taxation



- > Group rental revenue up 24%<sup>1</sup>
- > Record Group pre-tax profit of £490m, up 35% at constant exchange rates
- > £1bn invested in the rental fleet (2014: £657m)
- > £236m spent on bolt-on acquisitions (2014: £103m)
- > Net debt to EBITDA leverage<sup>1</sup> of 1.8 times (2014: 1.8 times)
- > Group RoI of 19% (2014: 19%)
- > Proposed final dividend of 12.25p, making 15.25p for the full year, up 33% (2014: 11.5p)

<sup>1</sup> 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.

### 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.

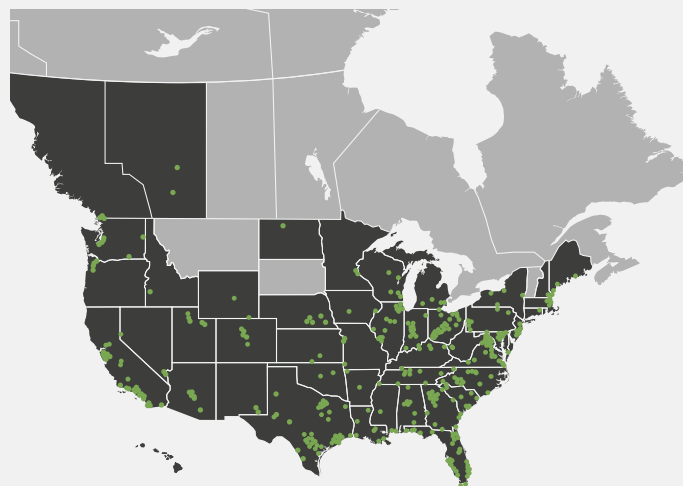


This is who we are

## Showcasing our Group

Ashtead is one of the largest equipment rental companies in the world and operates as Sunbelt in North America and as A-Plant in the UK.

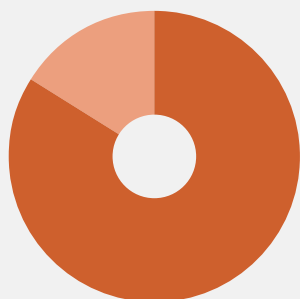
### NORTH AMERICA: SUNBELT →



The second largest equipment rental company in the US with 504 stores in 45 states and Canada.

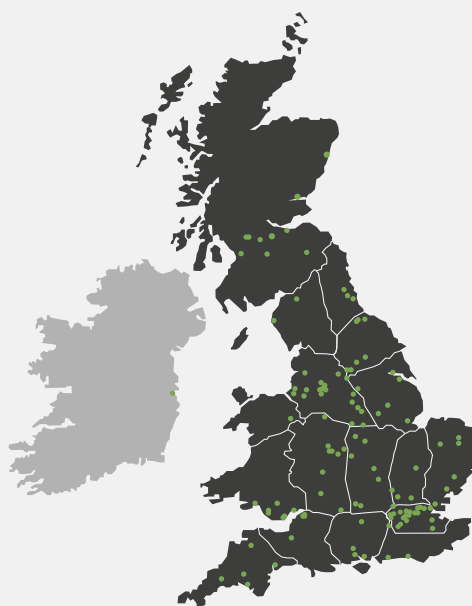
### GROUP →

#### REVENUE BY BUSINESS



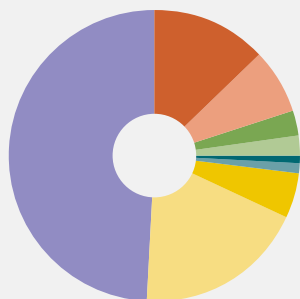
▲ Sunbelt	84%
▲ A-Plant	16%

### UK: A-PLANT →



The second largest equipment rental company in the UK with 136 stores throughout England, Scotland and Wales.

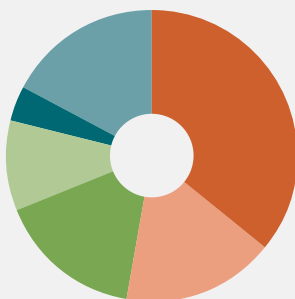
## US MARKET SHARE



United Rentals	13%
Sunbelt	7%
Hertz Equipment Rental Co. ('HERC')	3%
Home Depot	2%
BlueLine Rental	1%
Aggreko	1%
Top 7-10	5%
Top 11-100	c.19%
Others	c.49%

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

## US FLEET COMPOSITION



Aerial work platforms	36%
Forklifts	17%
Earth moving	16%
Pump and power	10%
Scaffold	4%
Other	17%

Source: Management information.

474\*

Full service stores

30

Sunbelt at Lowes stores

9,200

Employees

\$2,742m

Revenue

\$833m

Profits

26%

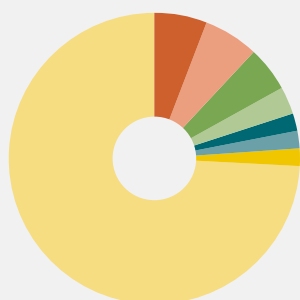
Return on investment\*\*

\* Includes six stores in Canada having acquired GWG Rentals in 2014.

\*\* Excluding goodwill and intangible assets.



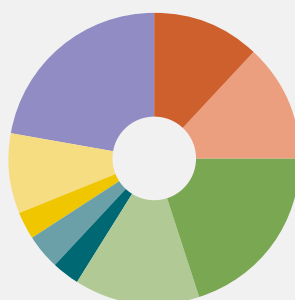
## UK MARKET SHARE



Speedy	6%
A-Plant	6%
HSS	5%
VP	3%
Lavendon	2%
Hewdon	2%
GAP	2%
Others	74%

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

## UK FLEET COMPOSITION



Aerial work platforms	12%
Forklifts	13%
Earth moving	20%
Accommodation	14%
Pump and power	3%
Acrow	4%
Traffic	3%
Panels, fencing & barriers	9%
Other	22%

Source: Management information.

136

Stores

2,700

Employees

£323m

Revenue

£46m

Profits

13%

Return on investment\*

\* Excluding goodwill and intangible assets.



# Combining growth with financial stability

I am delighted to report that we again had an excellent year with strong performance in North America and the UK. We delivered record results with both Sunbelt and A-Plant performing well in steadily improving markets. Our full-year revenue was £2,039m compared to £1,635m the previous year. Our underlying pre-tax profit was up 35% year-on-year to £490m at constant exchange rates and our EBITDA margin rose to 45% (2014: 42%), reflecting continued strong operational performance and efficiency gains.

Rental revenue at Sunbelt grew 25% and 19% at A-Plant as both businesses took advantage of improving market conditions and increased their market share.

We continue to invest significantly in the business and spent £1,063m on capital expenditure and £236m on strategic acquisitions during the year. We acquired a number of new businesses including our first acquisition in Canada. We invested £1bn in building and maintaining our best in class rental fleet and expect to invest a similar amount next year to further assist our growth.

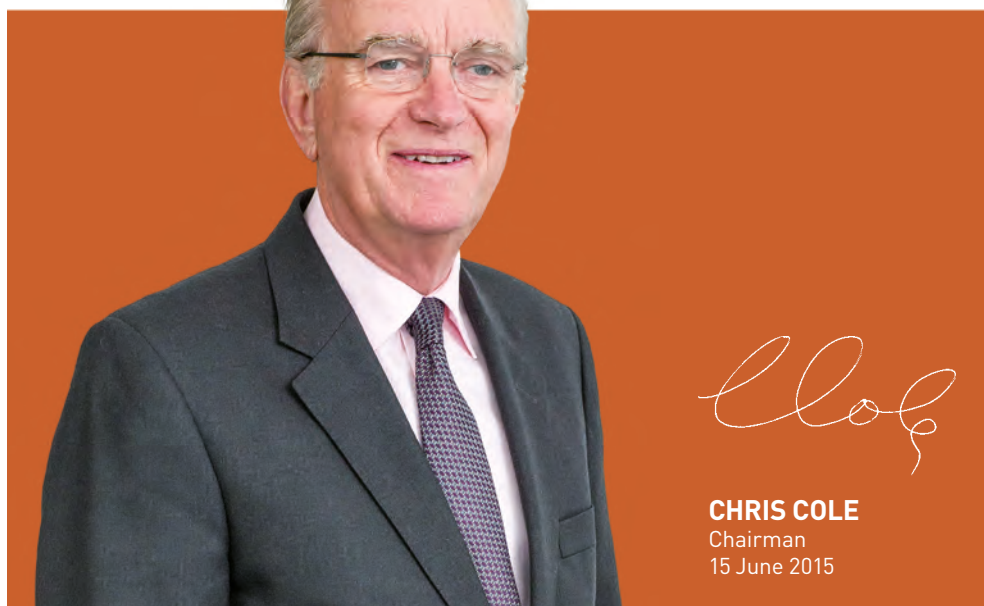
Notwithstanding our significant investment over the year, we continue to prioritise responsible growth, generating strong returns and keeping leverage within our stated objective of two times EBITDA or lower. Our expenditure is consistent with our strategy at this stage of the economic cycle, of investing in organic growth, opening greenfield sites whilst continuing to reduce our leverage.

Prudent financial management is one of the anchors to Ashtead's strategy and growth and ensures we retain financial security and strength at all stages of the economic and market cycles. This prudence has enabled us to support our structural growth and market share penetration. We will continue to capitalise on our momentum in our strong markets and sectors to grow responsibly whilst positioning the business to perform in any economic environment. Our strong balance sheet serves us well and, in September 2014, we issued \$500m of senior secured notes due in 2024 to provide continued flexibility.

The theme of this year's report 'This is who we are' builds on last year's emphasis on customer service. Sunbelt and A-Plant people make things happen for our customers every day. They take great pride in finding solutions to all manner of challenges. We feature in this report some of the great things customers say about our dependable team and the difference they make to their working day. Management is immensely grateful for the continuing commitment of all our people who make us who we are, a great company to work for and with.

I am confident that your Board is well balanced and diverse, promoting good governance, support and thoughtful, enlightened challenge. In view of our excellent performance and in line with our progressive dividend policy, the Board is recommending a final dividend of 12.25p per share making 15.25p for the year compared to 11.5p in 2014. Assuming the final dividend is approved at the Annual General Meeting, it will be paid on 4 September 2015 to shareholders on the register on 14 August 2015.

We continue to see strategic, cyclical and structural growth opportunities and remain confident of our ability to continue to deliver excellent operational performance and strong financial management which underpins ongoing shareholder value.



A handwritten signature in white ink, appearing to read 'C. Cole', set against the orange background.

**CHRIS COLE**  
Chairman  
15 June 2015

# Highlights of the year

## £490m

record full-year underlying profit following record £266m profit at the half year

## 7

acquisitions to develop our US specialty businesses including two in the fast growing Climate Control sector

## £236m

spent on 21 bolt-on acquisitions

## 2014

entered the Canadian market following the acquisition of GWG Rentals

## £1bn

invested in building and maintaining our best in class rental fleet

## 31

new greenfield sites and 51 new sites from bolt-on acquisitions in the US



# Delivering strong results and consistent customer service



**GEOFF DRABBLE**  
Chief executive



**SUZANNE WOOD**  
Finance director

**We've had another great year and have again delivered strong results. This shows that our strategy of focusing on same-store organic growth supplemented by bolt-ons and new greenfield investments is the right one. It also demonstrates that our focus on consistently great service keeps customers coming back and makes it that much easier to bring in and embed new ones. We intend to keep doing what we have been doing.**

While our focus remains on organic growth, we are delighted with the geographic and sector diversity that our M&A spend is delivering and this is a key element of our strategy and growth. We are building a broader base for longer-term growth both in terms of geographical reach and the different market segments we serve. The year was busy on the acquisition front as we sought to build our footprint with some great opportunities. We acquired 21 businesses throughout the year, further developing our specialty businesses, particularly in Climate Control and Oil & Gas. These acquisitions brought us a total of 51 new locations across North America and cemented our nationwide capability in the UK.

We made our first move into the Canadian market in line with our strategy of taking advantage of opportunities when they arise. We made one acquisition which brought us six locations and are planning some greenfield sites and will look for bolt-on acquisitions to build our share in that market.

At Sunbelt, same-store revenue growth was 17% reflecting good markets and continuing gains in market share. Meanwhile greenfields and bolt-on acquisitions contributed revenue growth of 10%. We are delighted that we continue to see both structural and cyclical opportunity and talk more about how we make the most of this in our strategy section on page 16. At A-Plant we also saw strong revenue performance, with the UK market gently improving and us continuing to take market share.

The combination of our great fleet, exceptional service and improved market conditions enables us to anticipate a sustained period of growth in both divisions ahead of the market. Next year's fleet investment will probably be similar to this year's, although we will obviously flex our spend depending on market conditions as we progress through the year. We will continue to make acquisitions as and when the opportunities present themselves. As we've said before, those acquisitions are likely to be small ones as those are the ones that are most suited to our growth strategy.

On the following pages of our strategic review, you can find content on our business model, the markets in which we operate and how we capitalise on those, and the strategy that continues to deliver consistent, sustainable value and growth. Underpinning that strategy is the high level of service we deliver to our customers consistently every day through our nationwide networks of stores. Our people take great pride in making it happen for our customers. This is who we are.

## CONSISTENT DELIVERY FOR SANTEE COOPER

Our Industrial Scaffold team has worked with Santee Cooper (South Carolina's leading power company) for eight years providing safe vertical access solutions for its workers. Our crew is so reliable it keeps getting asked back. At the Cross Generating Station in Pineville, SC, we safely erected 20,000 pieces of scaffold inside the 600MW coal-fired power boiler in 54 hours. This meant our client could quickly complete its annual maintenance, saving six hours on the installation time in the process.





## HOW ARE WE CREATING SUSTAINABLE VALUE?

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

→ Go to page 8



## HOW WE ARE BUILDING MARKET SHARE?

We are building market share through same-store organic growth, new greenfield investments and selected bolt-on acquisitions.

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## WHAT IS 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.

> Go to page 16



Build a broad platform for growth



Maintain financial and operational flexibility



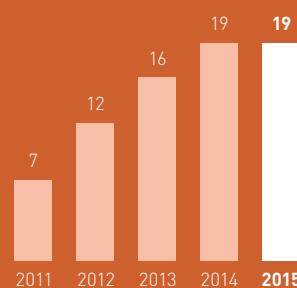
Operational excellence

## HOW DID WE PERFORM IN 2015?

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

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### RETURN ON INVESTMENT (%)



## WHAT ARE OUR RISKS?

Our main risks relate to economic conditions, competition, financing, business continuity, people, health and safety and the environment.

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## HOW DO WE REPORT RESPONSIBLE BUSINESS?

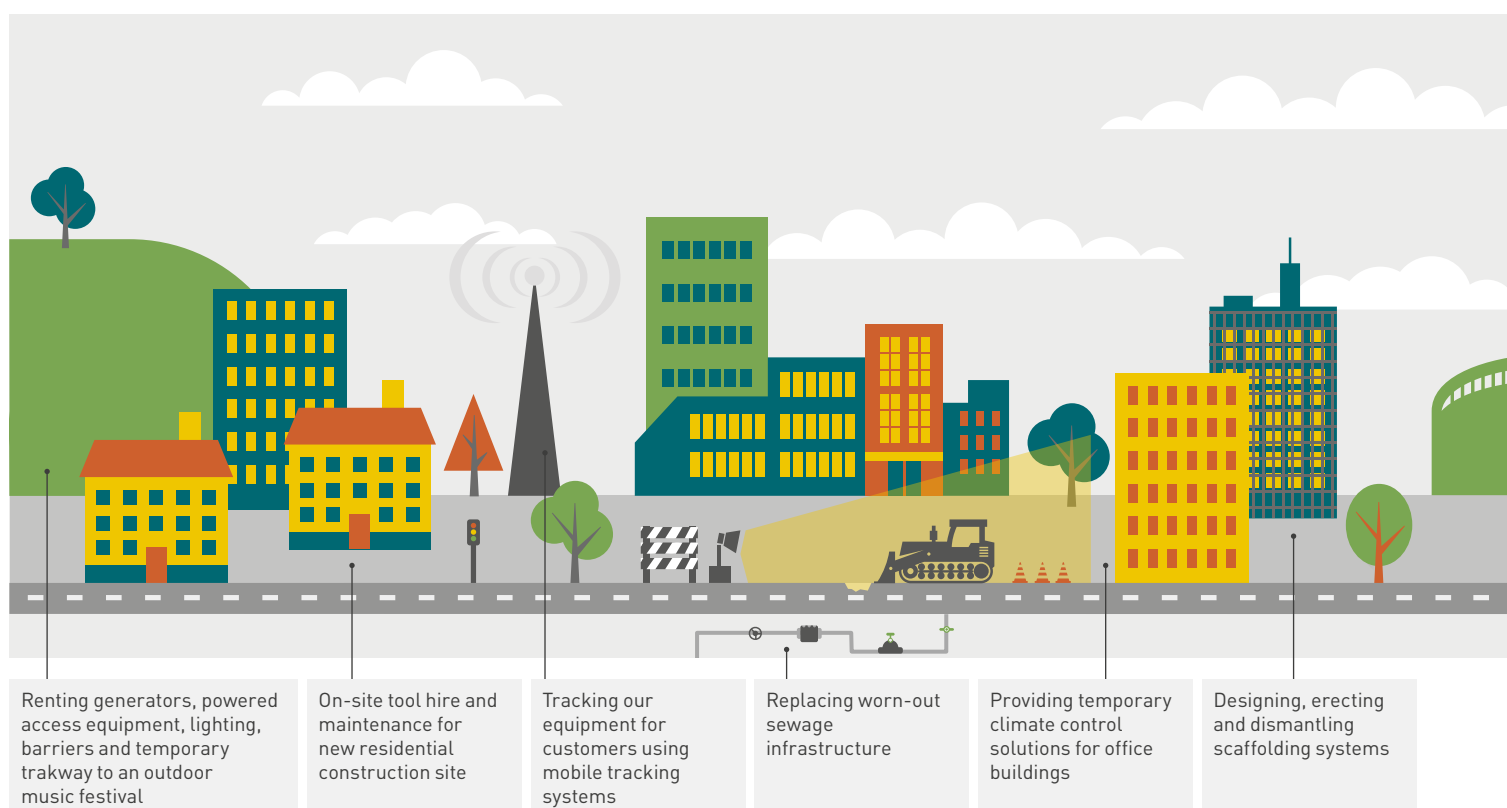
We report on responsible business through the Group Risk Committee. We focus on health and safety, our people, the environment, community investment and ensuring the highest ethical standards across the Group.

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# Creating sustainable value

## WHAT WE DO



## OUR BUSINESS MODEL

### INPUTS

- Financial resources
- Human resources
- Operational expertise
- Supplier relationships
- Customer relationships

### HOW WE DO IT

#### Differentiating our fleet and service

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

#### Ensuring operational excellence

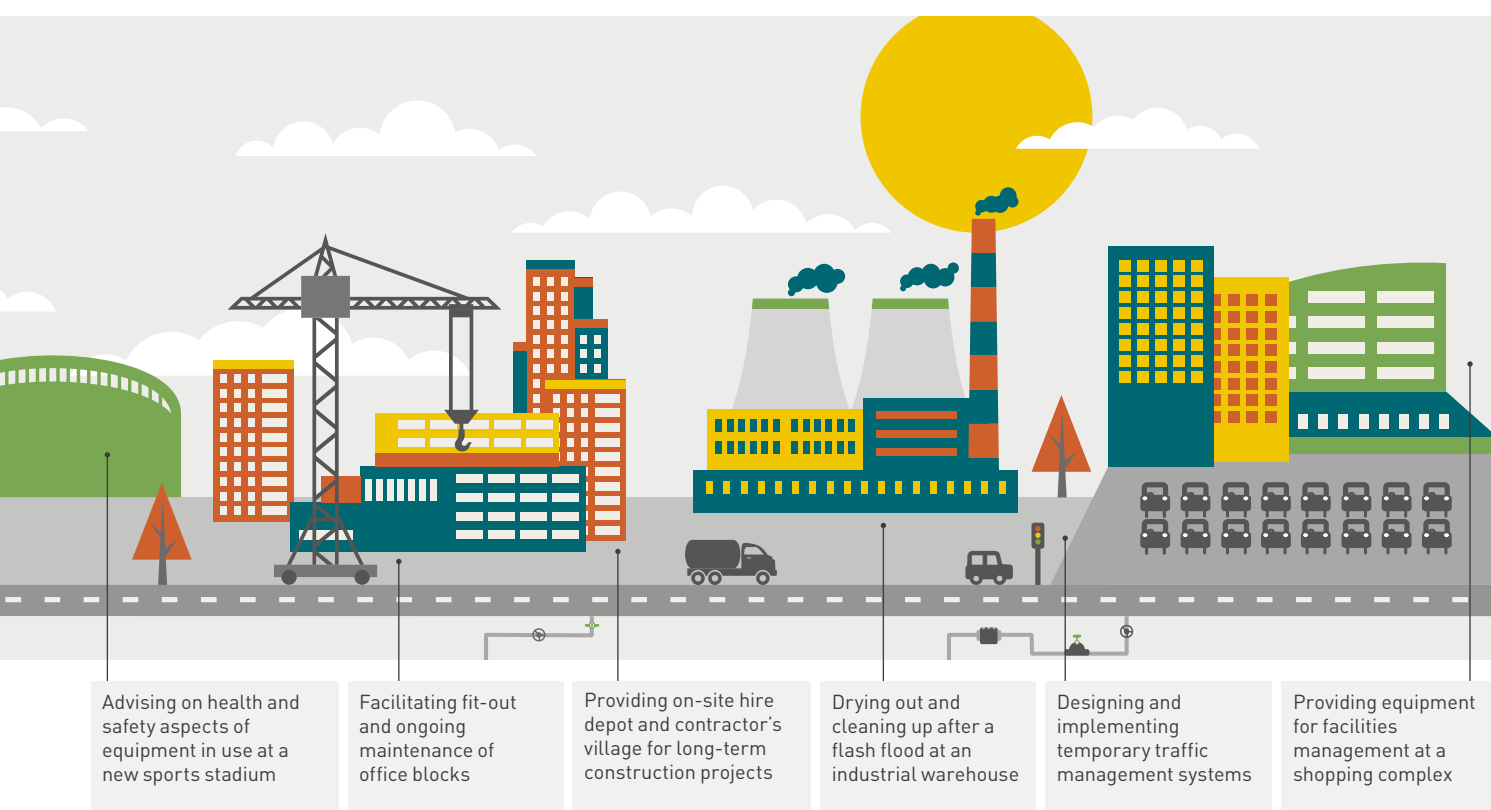
- Optimal fleet age
- Nationwide networks in US and UK
- Long-term partnerships with leading equipment manufacturers
- Focused, service-driven approach
- Strong customer relationships
- Industry-leading application of technology

#### Managing the cycle

- Planning ahead
- Careful balance sheet management

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.

→ See overleaf for more detail on the business model and what we do.



### Investing in our people

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

### 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

- Adapting our fleet and cost position
- Taking advantage of opportunities

### VALUE CREATION

#### Value creation through

- Shareholder returns
- Employment
- Direct and indirect taxation
- Community involvement
- Payments to suppliers
- Customer solutions

### What we do is simple. How we do it is not.

25%

Specialty businesses are an increasing proportion of Sunbelt's activities.



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 24 and 25).

#### 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. Our strategic priorities are outlined on pages 16 to 21.

#### Differentiating our service and fleet

The differentiation in our service and fleet 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 (25%) is in specialty areas such as Pump & Power, Climate Control, Oil & Gas and Scaffolding. 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 2015, Sunbelt dealt with over 475,000 customers, who generated average revenue of over \$5,000.

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.

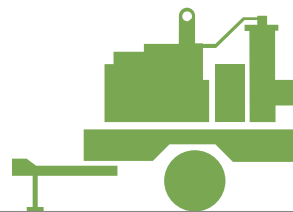
#### How we operate

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 18 and 19.
- 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 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').

70%

of orders placed for same day or next day delivery.



- 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

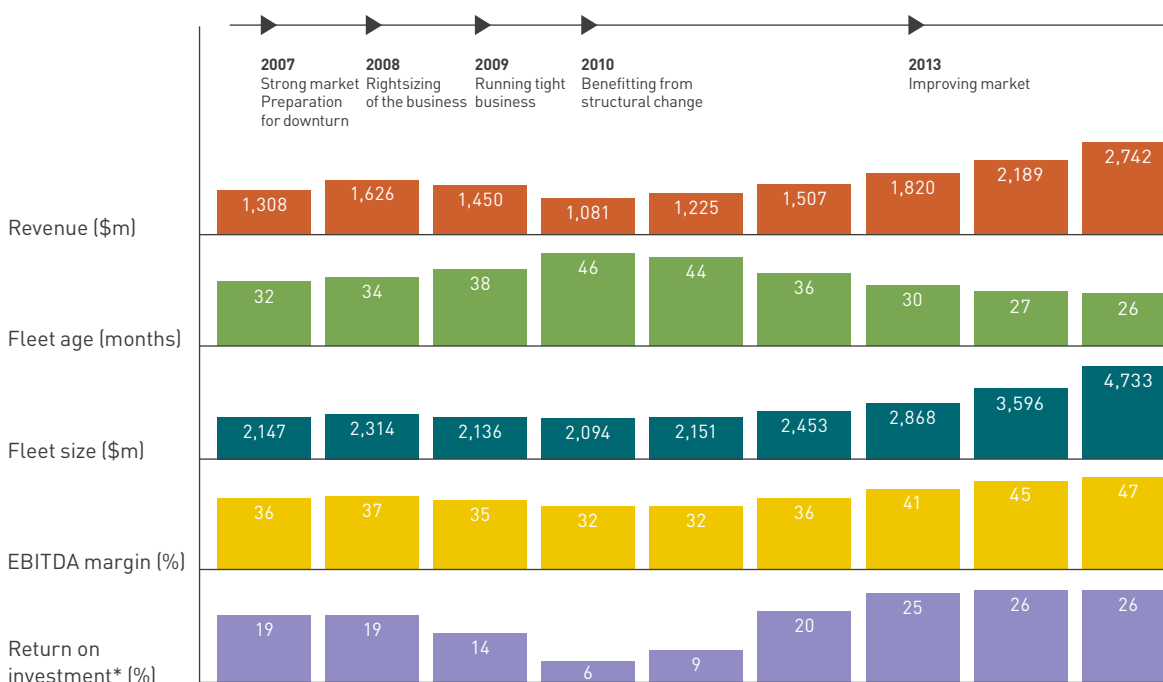
in a business where around 70% of orders are placed for delivery within 24 hours. We have worked with a lot of our customers for many years. Our customer retention is high due to the scale and quality of our fleet, our speed of response and our customer service.

- 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 36 to 38 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.

## 01: MANAGING THE CYCLE – SUNBELT



\* Excluding goodwill and intangible assets.

# Capitalising on market opportunity

The majority of our business is in the US because of higher growth rates in the rental industry in that market than in the UK.

**The majority of our business is in the US because of higher growth rates in the rental industry in that market than in the UK. The rental market in the US is much less developed than in the UK and potentially five times bigger.**

This year we took our first small step into the Canadian market through a small bolt-on acquisition operating in British Columbia and Alberta. The US market has been recovering for a while and now we are seeing pleasing growth in the UK as well. We are increasing our market share in both markets. It is important to remember that we were already delivering record growth before the markets returned to growth. The market growth we are seeing now means that we are able to perform even more strongly.

## THE US Economic recovery

The US economy is now performing well and we are experiencing growth across the range of end markets. Chart 2 shows very encouraging short-term trends and the consensus has come round to the view that the market will experience steady long-term growth. Even with reduced dependence on construction we remain impacted by the cycles in that industry. We are a predominantly late cycle business which over the economic cycle gets most impact from economic recovery between 12–24 months after construction starts to recover. So we are already seeing the benefits of that. Commercial and industrial starts are continuing to grow well and we expect this to continue at least until 2017.

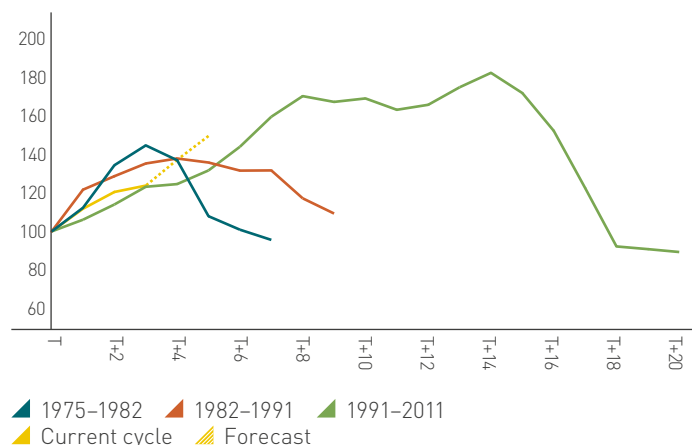
## 02: US MARKET OUTLOOK

Total building starts (Millions of square feet)	2015	2016	2017
Total building	+13%	+17%	+10%
Commercial and industrial	+11%	+11%	+5%
Institutional	+8%	+11%	+14%
Residential	+14%	+19%	+12%

Source: Dodge Data & Analytics (March 2015).

We remain optimistic about the duration of the next construction cycle. Chart 3 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. The current cycle is following the steadier recovery of the early 90s. This reflects the widely held view that a long, steady recovery is the most likely shape this time around, following the protracted downturn. IHS Global Insight forecasts annual rental industry growth of 8–9% until 2017.

## 03: CONSTRUCTION ACTIVITY BY CYCLE



(T=100 based on constant dollars)

Source: Dodge Data & Analytics.



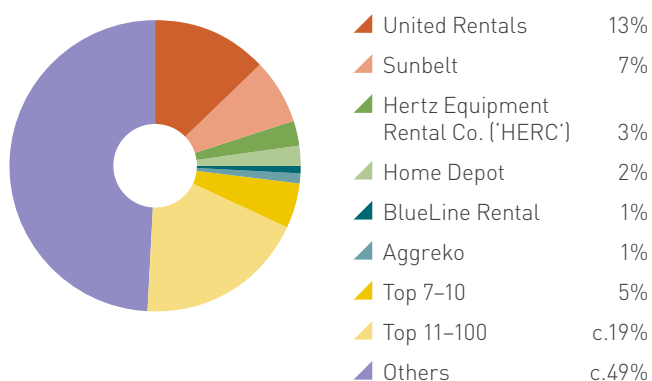
7%

market share  
in the US.

## Market share in the US

We are the second largest equipment rental company in the US but there is still plenty of room to grow, as chart 4 shows. Our major large competitors are United Rentals and HERC with 13% and 3% respectively. Home Depot, BlueLine and Aggreko have shares of 2% or less. Most of the remainder of the market is made up of small local independent tool shops. We make most of our market share gains from these small independents when we set up new stores or acquire them. But we also take share from larger competitors because we have the right fleet in the right place and because we offer better service.

### 04: US MARKET SHARE

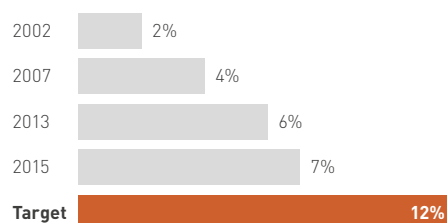


Source: Management estimate based on IHS Global Insight market estimates.

We have a track record of increasing our market share and since 2002 we have increased it from c.2% to c.7% currently. The goal we set ourselves two years ago was to double our market share in the medium to long term to 12% (chart 5). Over the last three years we have consistently grown at two to three times the market growth rate. While it may be challenging to maintain this level of market out-performance, the combination of our business model, the stronger economy and the long-term trend to rental, which we discuss further on page 14, provide the perfect environment for us to achieve this goal. In addition, our market share gains accelerate as we make the most of the scale advantages we now have. In the longer term, we believe that a US market share in the order of 20% is not an unreasonable goal. In Canada our initial goal is to achieve a market share of 5%.

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. For example, last year we made two acquisitions in the Climate Control sector and two in the Pump & Power business. Despite the lower oil price, we also see Oil & Gas as a sector where we will grow market share as there is strong demand for our specialist focus. We made three acquisitions in Oil & Gas businesses last year. At the same time we are able to maintain flexibility in this specialty business because our Oil & Gas fleet makes up only 3% of the total fleet and 90% of that is fully transferable to other areas of the business.

### 05: US MARKET SHARE DEVELOPMENT



Source: Management estimates.

### Capitalising on market opportunity continued



# 50%

US rental penetration is around 50% and increasing.



**TIME MEANS MONEY  
FOR US AND THEY  
ALWAYS HELP US.**

Julian Campi, Reinforced Structures, Inc.



Find out more at  
[ashtead-group.com](http://ashtead-group.com)

#### The trend to rental

There are a number of features of the US construction market that mean there is still significant growth to come from the continuing trend to rental in place of owning equipment. The trend to rental really got going in the US around 2000, much later than in the UK. Rental still only takes up around 50% of the market compared to 75% in the UK. We see the potential market penetration for rental equipment to be well over 60% in the US. There continues to be a number of favourable factors driving this increasing penetration. 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, the market is increasingly getting used to renting equipment rather than buying it.

For example, 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 it makes sense for us to continue to invest heavily in keeping our fleet in the best condition it can be, as we discuss further on page 20.

#### MANAGING THE FLOW FOR THE BALTIMORE SEWER BYPASS

Our Pump & Power division was charged with servicing the Baltimore sewer bypass with over 100 trucks required to deliver the pipe and pumps alone. In October 2014, the integrity of the bypass was tested to its limit when heavy rain caused flows to increase beyond expectations. Luckily the Sunbelt crew had already factored in exceptional circumstances and, with 13 out of the 16 pumps installed, the sewer managed the exceptional flow and slowly returned to normal. We ensured a dry work environment was maintained enabling Spiniello, the lead contractor, to complete the refurbishment work on schedule.



## 06: UK CONSTRUCTION INDUSTRY FORECASTS

£m constant 2010 prices	2013 actual	2014 actual	2015 forecast	2016 forecast	2017 projection	2018 projection	% of Total
Residential	31,294	36,721 +17.3%	39,602 +7.8%	41,248 +4.2%	42,245 +2.4%	43,266 +2.4%	30%
Private commercial	34,556	35,956 +4.1%	37,995 +5.7%	39,737 +4.6%	41,345 +4.0%	42,818 +3.6%	30%
Public and infrastructure	47,157	48,744 +3.4%	50,448 +3.5%	52,190 +3.5%	54,143 +3.7%	57,121 +5.5%	40%
Total	113,007	121,421 +7.4%	128,045 +5.5%	133,175 +4.0%	137,733 +3.4%	143,205 +4.0%	100%

Source: Consumer Products Association (Spring 2015).

## THE UK

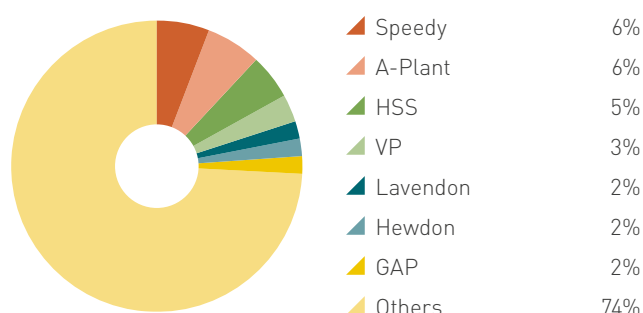
### Economic recovery

The UK market continues to improve after a number of slower years. An already high level of rental penetration of 75% means that growth opportunities are more difficult to come by than in the US. However, A-Plant continues to grow and is also taking market share. Chart 6 shows the outlook for UK construction which shows we are back to growth. However, with 40% of total construction still being public and infrastructure, even with residential performing well, we will continue to invest responsibly in the UK market.

### Market share

We are the second largest equipment rental company in the UK, and continued to increase our market share this year organically and through five small bolt-on acquisitions. There are a greater number of major players in the UK market with the largest still holding only a 6% market share. Chart 7 shows our key competitors and their share of the market. We believe we are well-positioned with our strong customer service, young relative fleet age and strong balance sheet to take market share from smaller, less well-positioned market participants as market growth continues. We continue to believe we can increase our share of the UK rental market by 50%.

## 07: UK MARKET SHARE



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

## THE TOUR DE FRANCE IN THE UK

In May 2014, we helped the 101st Tour de France begin in the UK for only the second time in its long history. Our Eve Trakway division supplied 133,000 metres of barriers along the route to protect both cyclists and the 3.5 million people who came out to view the race. A-Plant Lux also provided a range of traffic management equipment including 25,000 cones and 4,000 road signs.

**“Eve, supported by the WRG project management team, coped brilliantly with the installation requirements along almost 400km of route, working tirelessly to make the event a success. A superb company to work with.”**

**TIM ELLIOT**




WRG Managing Director



# Our strategic priorities

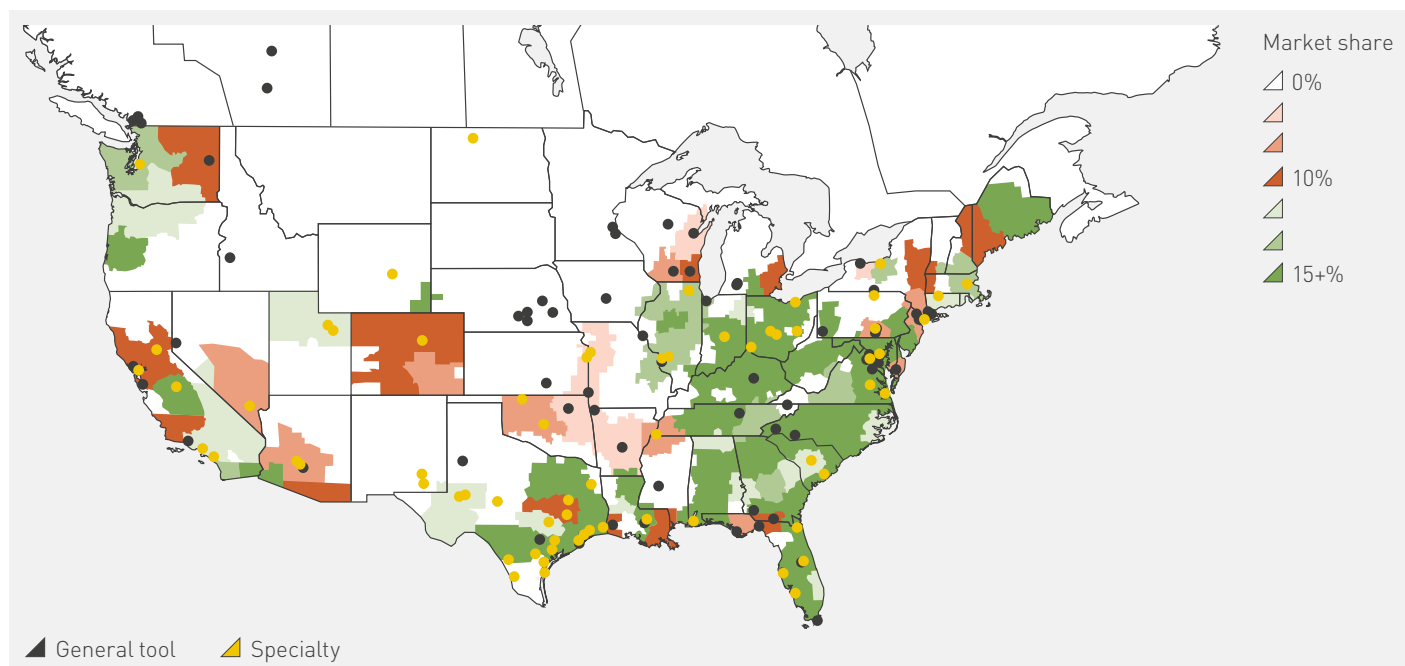
We are operating in a market full of potential and accordingly our strategy is to grow the business aggressively but responsibly. Two years ago we set ourselves the goal in the medium to long term of doubling our market share in the US to 12% and grow it by 50% in the UK. Given the way the rental market is evolving and the way we do business, we think this is realistic. We have demonstrated where we think we are in the economic cycle. Our challenge now is to make the most of that position and the growth which comes with sustained

economic recovery in an aggressive but disciplined manner. Whether we achieve these goals this cycle or next cycle is dependent on various factors, many of which are outside our control such as the duration of the cycle. However, the important factor is that we implement our strategy consistently, across the economic cycle to ensure that we are in a strong position at all times to take advantage of the opportunities presented by our markets. The risks that we face in implementing this strategy are discussed on pages 24 and 25.

STRATEGIC PRIORITIES	KEY INITIATIVES	UPDATE	RELEVANT KPIs & RISKS
 <b>BUILD A BROAD PLATFORM FOR GROWTH:</b> <ul style="list-style-type: none"> <li>Double our US market share</li> <li>Increase UK market share by 50%</li> </ul>	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% 32% increase in size of US rental fleet 24% increase in US fleet on rent 31 greenfield openings in the US \$339m spent on US acquisitions £7m spent on UK acquisitions	<b>KPIs</b> Fleet on rent  <b>Risks</b> Competition People
 <b>MAINTAIN FINANCIAL AND OPERATIONAL FLEXIBILITY:</b> <ul style="list-style-type: none"> <li>Rol above 15% for the Group</li> <li>Maintain leverage predominantly below two times net debt to EBITDA</li> <li>Ensure financial firepower at bottom of cycle for next 'step change'</li> </ul>	Driving improved dollar utilisation Maintain 'fall through' rates Increasing US store maturity  Maintaining financial discipline  Optimise fleet profile and age during the cyclical upturn	Strong Rol at 19% (2014: 19%) Sunbelt dollar utilisation of 59% (2014: 61%) Sunbelt 'fall through' of 58% A-Plant dollar utilisation of 56% (2014: 56%)  Sunbelt EBITDA margin improved to 47% (2014: 45%) Leverage of 1.8x EBITDA  Fleet age remains stable and appropriate at this stage of the cycle: <ul style="list-style-type: none"> <li>Sunbelt 26 months (2014: 27 months)</li> <li>A-Plant 29 months (2014: 37 months)</li> </ul>	<b>KPIs</b> Rol Dollar utilisation Underlying EBITDA margins  <b>Risks</b> Economic conditions Competition  <b>KPIs</b> Leverage Net debt  <b>Risks</b> Financing
 <b>OPERATIONAL EXCELLENCE:</b> <ul style="list-style-type: none"> <li>Improve operational capability and effectiveness</li> <li>Continued focus on service</li> </ul>	Operational improvement: <ul style="list-style-type: none"> <li>delivery cost recovery</li> <li>fleet efficiency</li> </ul>	Initial phase of improvement programmes designed to deliver improved dollar utilisation and EBITDA margins	<b>KPIs</b> Underlying EBITDA margins Rol Fleet on rent Staff turnover Safety  <b>Risks</b> People



## 08: MARKET SHARE AND GROWTH STRATEGY



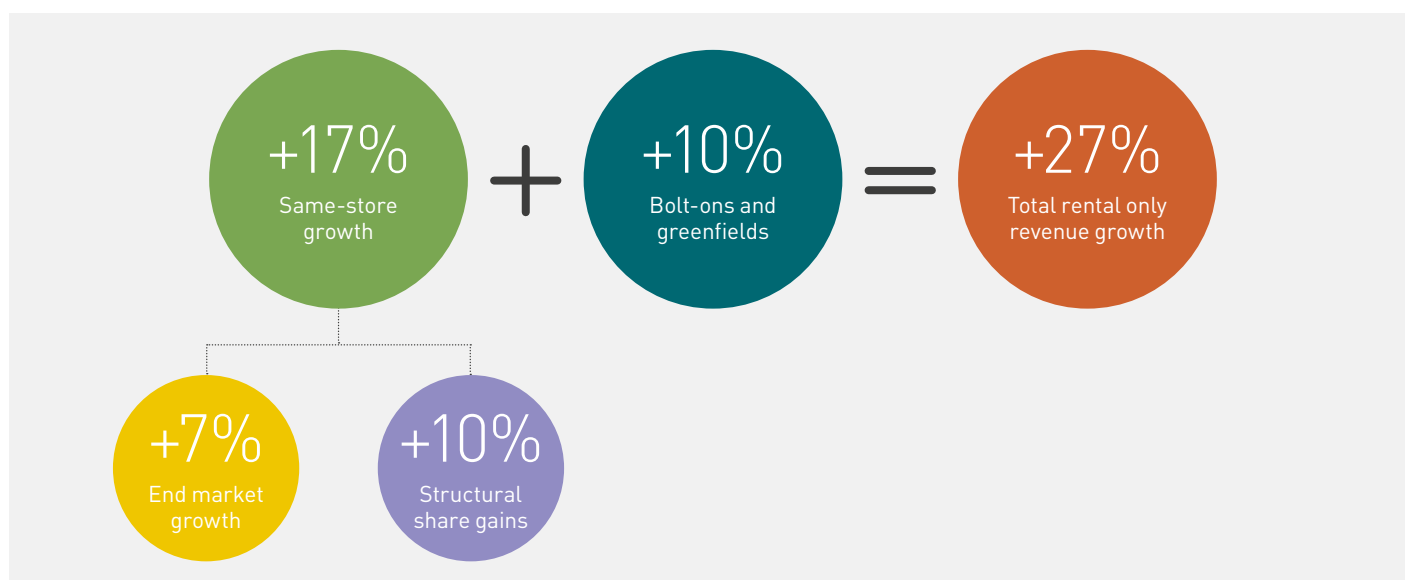
### Building a broad platform for growth

Our first strategic priority is to build a broad platform for organic growth supplemented by small bolt-on acquisitions and new greenfield sites. The map above shows the nature and scale of our opportunity to build market share in the US and the 144 new locations we have added over the last three years. Anything in green on the map is where we already have our target 12% 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 11 out of the top 100 markets in the US where we have no locations and a further 20 where our share is less than our average share. So we believe there is significant opportunity for expansion in both existing and new geographies.

As we develop new stores their profit margins go up and they deliver more revenue. We focus on same-store growth because once a store has been open for 12 months it has average growth of 17% and it generates the best returns. This is part cyclical market growth of 7% and part structural growth of 10%. So even if the market stops growing, our stores don't because that structural part of the growth is independent of the market. As a result we are growing at two to three times the pace of our closest competitors and this is our fifth year of growing at least three times the pace of the market. The strength of our brand and reputation mean that new greenfield sites became profitable very quickly.

As chart 9 shows, when we add to this the 10% growth from our bolt-on acquisitions and greenfield sites, total revenue growth becomes 27%, 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.

## 09: SOURCES OF REVENUE GROWTH



# Our strategy continued

## Our strategic priorities continued

55%

of Sunbelt's business is non-construction.



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 also focused on finding the best opportunities and acting quickly on those whether that be a new greenfield site or an acquisition. 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. Last financial year we made 16 acquisitions which grew our North American network and expanded our specialty businesses, adding 51 locations.

Our specialty businesses are a strategic priority and have grown from 16% of our business in 2011 to 25% in 2015. We have seen fastest growth in Oil & Gas and Climate Control and 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 10.

We will not necessarily continue this pace of acquisition activity as it will depend on what opportunities are available in the future. However, we may find, for example, that the weaker oil price means we are able to secure better priced acquisition opportunities in Oil & Gas, a sector we continue to believe will deliver good growth opportunities for our business.

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 expands. 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.

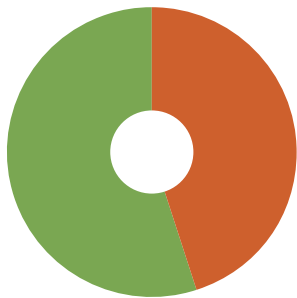
### 10: US BUSINESS MIX

2007



Construction	55%
Non-construction	45%

2015



Construction	45%
Non-construction	55%

### MAKING IT HAPPEN FOR FORMULA E

Sunbelt supplied electrical distribution equipment to meet the unique power needs of the electric version of Formula 1, Formula e, for its inaugural race in the US in Miami, using fuel efficient rental equipment and delivery trucks.

**"I'm convinced our power issues would have been magnified if you had not been there to support with transformers, distros, cabling, a backup gen system, and most of all experience... you were the only one in the room that understood what needed to happen as we and our electrical contractor did..."**

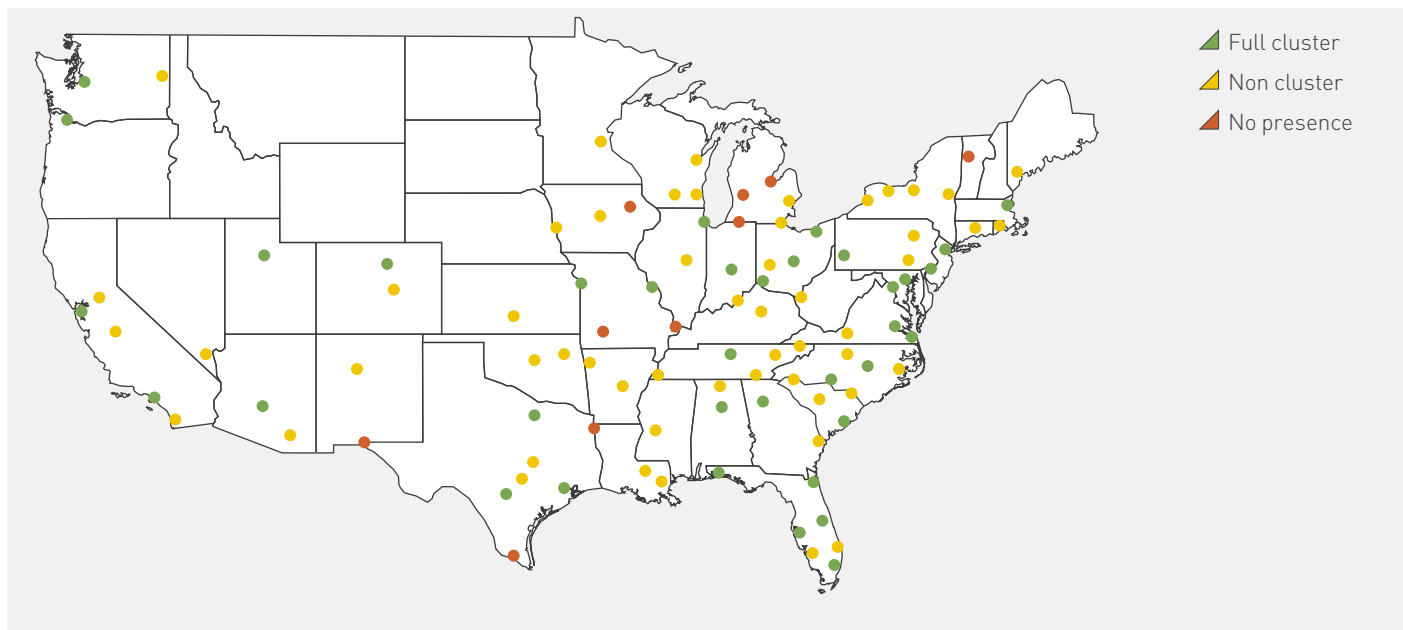
**SCOTT RUSH**

Director of Operations, Andretti Sports Marketing

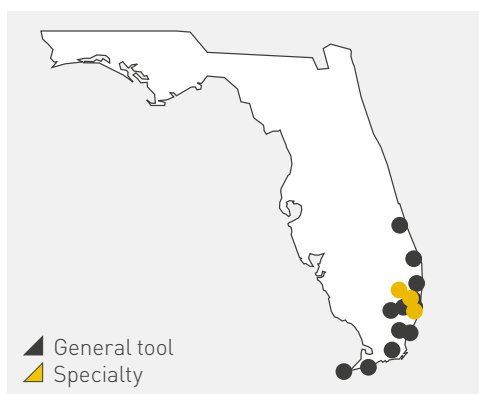




## 11: CLUSTERED MARKETS – 100 LARGEST MARKETS



## 12: SOUTH FLORIDA CLUSTER



### Financial and operational flexibility

The scale of growth we are experiencing and planning requires a great deal of financial and operational flexibility. As mentioned elsewhere, we are a cyclical business and we aim to perform at all stages of the economic cycle. This means looking ahead and preparing for both the top and the bottom of the cycle. It means having 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 big part 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.

Our current strategy is to focus on optimising dollar utilisation (the rental revenue return over the original cost of any of our equipment) and on maintaining our 'fall through' rates (the proportion of incremental rental revenue that 'falls through' to EBITDA). Last year our 'fall through' rate at Sunbelt was 58% overall and 67% on a same-store basis. This is how we measure the efficiency of our growth.

The maturity of our stores also has a big impact on RoI. This is because as stores mature and get bigger 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 on page 20 shows how our strategic focus on store evolution is driving our strong margins and returns.



## Our strategy continued

### Our strategic priorities

#### 13: STORE MATURITY PROFILE

Fleet size	Number		Operating margin*		RoI*	
	2008	2015	2008	2015	2008	2015
Extra large > \$15m	14	<b>73</b>	37%	<b>41%</b>	26%	<b>28%</b>
Large > \$10m	35	<b>108</b>	35%	<b>38%</b>	25%	<b>27%</b>
Medium > \$5m	174	<b>181</b>	30%	<b>34%</b>	22%	<b>24%</b>
Small < \$5m	115	<b>68</b>	24%	<b>29%</b>	19%	<b>23%</b>

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

While we are looking to grow and capitalise on the market opportunity, we also seek to maintain financial discipline and are always mindful of our leverage commitment to maintain our ratio of net debt to EBITDA at below two times. From this position of strength at the peak of the 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. Integral to financial strength is our ability to generate cash. 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. As our business matures, we are reaching the point where we expect to generate free cash flow (before acquisitions and returns to shareholders) throughout the cycle and not only in a downturn.

We have focused on ensuring our fleet profile and age is optimised for the cyclical upturn to ensure we make the most of the opportunity. Our strategy of fleet de-aging since 2010 has resulted in a fleet as young as it has ever been. Our young fleet means that we no longer need to reduce fleet age further and can devote a greater proportion of our capital expenditure to growth. 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 the US and the UK.

#### Operational excellence

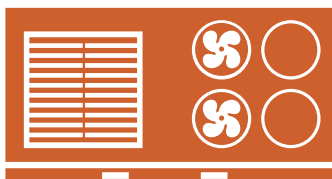
Our third strategic priority is improving our operational capability and effectiveness, doing what we do to the very best of our ability. Last year we continued our improvement programmes designed to enhance our operational efficiency and hence the sustainability of our EBITDA margins. The key focus of these initially has been to improve delivery cost recovery and increase fleet efficiency. We have analysed all aspects of how we fulfil our customers' requirements, ranging from how we organise our stores, load our delivery trucks, optimise our delivery and pick-up routes and how we spend time at the customer location. 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.

One initiative set up last year focused primarily on how much of our fleet is unavailable to rent at any time. In January 2014 we started with fleet unavailability at 16% and it is now around 14%. Fleet can be unavailable for several reasons, if for example, it could be awaiting pick-up, inspection or maintenance. We are looking for continuous improvement in this area and aim to reach our target of only 10% of our fleet being unavailable at any one time. Efficiency initiatives are enabling us to maintain our strong drop-through of incremental revenue to EBITDA.

#### CLIMATE CONTROL

Our Climate Control specialisation has grown from a small portable air conditioning and heating service into a high growth industrial business in just two years, producing annual revenues of over \$80m. Last year we opened seven greenfields and acquired Atlas, a nationwide portable air conditioning business, and Superior Heating Solutions in Pennsylvania. We provide highly engineered solutions in industrial settings such as food processing plants, archival storage, mission-critical applications, shipyards, power plants, tank lining and construction drying. For example, instead of purchasing and maintaining their own climate control equipment that is only used part of the year, many food processors are turning to us to provide climate control and dehumidification solutions to maintain the quality and consistency of their product.





500,000+

customers served annually.



Find out more at  
[ashtead-group.com](http://ashtead-group.com)



“

**AT THE DROP OF A DIME YOU KNOW  
TO CALL THEM UP AND TELL THEM  
I NEED SOMETHING QUICK AND  
THEY GET RIGHT ON IT.**

Wendell Simmons, DOC Consulting, LLC

We believe our ongoing focus on customer service is crucial to our success, and our strategy for building relationships with our broad range of customers is also a key point of differentiation. Excellent service is at the heart of our strong financial performance. We have three main categories of customers, their needs typically reflecting 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 companies 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.



# 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 16. Several of these KPIs (underlying EPS, return on investment and leverage) influence the remuneration of our executive team (see page 52).

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.

→ See page 16 for our strategic priorities.

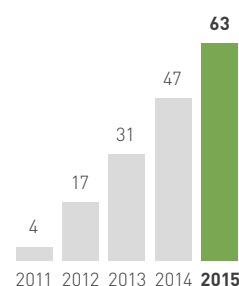
## UNDERLYING EPS (p)

**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.

**2015 performance** Underlying EPS improved significantly to 63p per share in 2014/15.

### Strategic priority



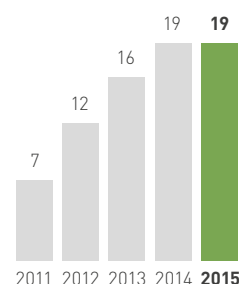
## RETURN ON INVESTMENT ('RoI') (%)

**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.

**2015 performance** Our RoI was 19% for the year ended 30 April 2015.

### Strategic priority



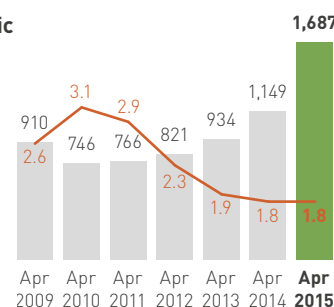
## NET DEBT AND LEVERAGE AT CONSTANT EXCHANGE RATES

**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 less than two times.

**2015 performance** Net debt at 30 April 2015 was £1,687m and leverage was 1.8 times.

### Strategic priority



▲ Net debt ▲ Leverage (x)

## PHYSICAL UTILISATION (%)

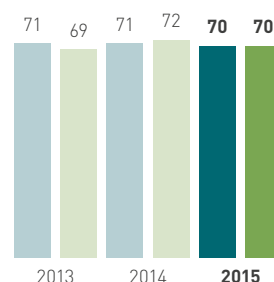
**Calculation** Physical utilisation is measured as the daily average of the amount of itemised fleet at cost on rent as a percentage of the total fleet at cost and for Sunbelt is measured only for equipment whose cost is over \$7,500 (which comprised 87% of its itemised fleet at 30 April 2015).

**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.

**2015 performance** Sunbelt utilisation at 70% was similar to 2013/14, while A-Plant utilisation was 70% (2013/14: 72%).

▲ Sunbelt ▲ A-Plant

Strategic  
priority



## FLEET ON RENT (\$m/£m)

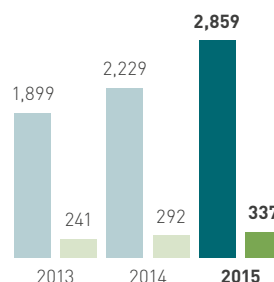
**Calculation** Fleet on rent is measured as the daily average of the original cost of our itemised equipment on rent.

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

**2015 performance** In Sunbelt, fleet on rent grew 24% in 2014/15, whilst in A-Plant it grew 13%. The US market grew 7% in 2014 and the UK market by 10%.

▲ Sunbelt ▲ A-Plant

Strategic  
priority



## DOLLAR UTILISATION (%)

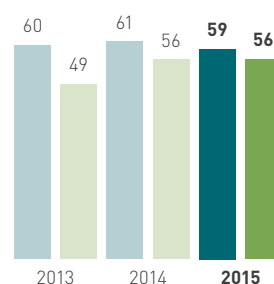
**Calculation** Dollar utilisation is rental revenue divided by average fleet at original (or 'first') cost measured over a 12-month period.

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

**2015 performance** Dollar utilisation decreased slightly to 59% in Sunbelt, reflecting the drag effect of greenfield openings and acquisitions and remained unchanged at 56% in A-Plant.

▲ Sunbelt ▲ A-Plant

Strategic  
priority



## UNDERLYING EBITDA MARGINS (%)

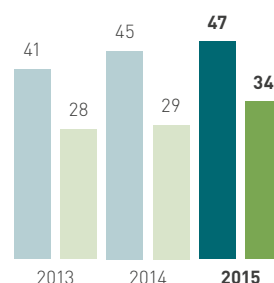
**Calculation** Underlying EBITDA as a percentage of total revenue.

**Target** To improve margins and achieve peak EBITDA margins of 45–50% in Sunbelt during this cycle and 30–35% in A-Plant.

**2015 performance** Margins improved in 2014/15 to 47% in Sunbelt and to 34% in A-Plant.

▲ Sunbelt ▲ A-Plant

Strategic  
priority



## STAFF TURNOVER (%)

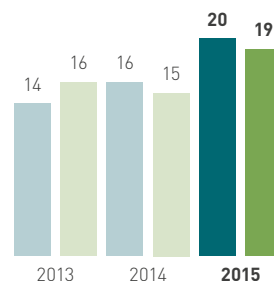
**Calculation** Staff turnover is calculated as the number of leavers in a year (excluding redundancies) divided by the average headcount during the year.

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

**2015 performance** Turnover levels have increased as economies have improved and our well-trained, knowledgeable staff have become targets for our competitors.

▲ Sunbelt ▲ A-Plant

Strategic  
priority



## SAFETY

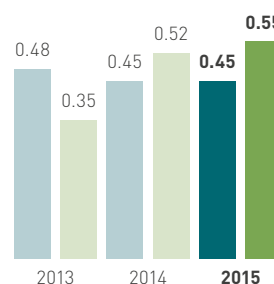
**Calculation** The RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations) reportable rate is the number of major injuries or over seven-day injuries per 100,000 hours worked.

**Target** Continued reduction in accident rates.

**2015 performance** The RIDDOR reportable rate remained at 0.45 in Sunbelt but increased to 0.55 in A-Plant. More detail is included in our Responsible business report on pages 34 and 35.

▲ Sunbelt ▲ A-Plant

Strategic  
priority









## Managing our risk

Ashtead has 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. The overall assessment of risk is detailed in the Group Risk Register, which 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 Group Risk Committee meets twice a year and 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 page 33. Set out below are the principal business risks that impact the Group and information on how we mitigate them. Our risk profile evolves as we move through the economic cycle and commentary on how risks have changed is included below.

↑ Increased risk    → Constant risk    ↓ Decreased risk

→ See page 16 for our strategic priorities.

ECONOMIC CONDITIONS		→
<b>Potential impact</b> 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.	<b>Change</b> Our performance is currently ahead of the economic cycle and we therefore 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.	<b>Strategic priority</b> 
<b>Mitigation</b> <ul style="list-style-type: none"> <li>• Prudent management through the different phases of the cycle.</li> <li>• Flexibility in the business model.</li> <li>• Capital structure and debt facilities arranged in recognition of the cyclical nature of our market and able to withstand market shocks.</li> </ul>		
COMPETITION		→
<b>Potential impact</b> 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.	<b>Change</b> Our competitive position continues to improve. We are growing faster than most of 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.	<b>Strategic priority</b>  
<b>Mitigation</b> <ul style="list-style-type: none"> <li>• Create commercial advantage by providing the highest level of service, consistently and at a price which offers value.</li> <li>• Differentiation of service.</li> <li>• Excel in the areas that provide barriers to entry to newcomers: industry-leading IT, experienced personnel and a broad network and equipment fleet.</li> <li>• Regularly estimate and monitor our market share and track the performance of our competitors.</li> </ul>		
FINANCING		→
<b>Potential impact</b> 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.	<b>Change</b> At 30 April 2015, our facilities were committed for an average of six years, leverage remained at 1.8 times and availability under the ABL was \$756m.	<b>Strategic priority</b> 
<b>Mitigation</b> <ul style="list-style-type: none"> <li>• Maintain conservative (below two times) net debt to EBITDA leverage which helps minimise our refinancing risk.</li> <li>• Maintain long debt maturities.</li> <li>• Use of an asset-based senior facility means none of our debt contains quarterly financial covenants when availability under the facility exceeds \$200m.</li> </ul>		



## 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.

**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 has increased during the year as our well-trained, knowledgeable staff have become targets for our competitors.

We continue to invest in training and career development with nearly 300 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 28.

**Change**

The overall incident rate continued to decrease in Sunbelt and A-Plant. In terms of reportable incidents, the RIDDOR reportable rate was unchanged at 0.45 (2014: 0.45) in Sunbelt but increased to 0.55 in A-Plant (2014: 0.52).

**Strategic priority**

## ENVIRONMENTAL

**Potential impact**

We need to comply with the numerous laws governing environmental protection matters. These laws regulate such issues as wastewater, stormwater, solid and hazardous wastes and materials, and air quality. Breaches potentially create hazards to our employees and the environment, 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 2014/15 we reduced our carbon emission intensity ratio to 111 (2014: 121) in Sunbelt and 97 (2014: 103) in A-Plant. Further detail is provided on page 41.

**Strategic priority**

# Our financial performance

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

## TRADING

	Revenue		EBITDA		Operating profit	
	2015	2014	2015	2014	2015	2014
Sunbelt in \$m	<b>2,742.3</b>	2,188.5	<b>1,293.2</b>	987.6	<b>832.6</b>	631.1
Sunbelt in £m	<b>1,715.9</b>	1,366.2	<b>809.2</b>	616.5	<b>520.9</b>	394.0
A-Plant	<b>323.0</b>	268.5	<b>109.5</b>	78.6	<b>46.3</b>	25.2
Group central costs	–	–	<b>(10.3)</b>	(10.0)	<b>(10.3)</b>	(10.0)
	<b>2,038.9</b>	1,634.7	<b>908.4</b>	685.1	<b>556.9</b>	409.2
Net financing costs					<b>(67.3)</b>	(47.1)
<b>Profit before exceptionals, amortisation and tax</b>					<b>489.6</b>	362.1
Exceptional items					–	4.2
Amortisation					<b>(15.8)</b>	(9.8)
Profit before taxation					<b>473.8</b>	356.5
Taxation					<b>(170.4)</b>	(125.3)
Profit attributable to equity holders of the Company					<b>303.4</b>	231.2
<b>Margins</b>						
Sunbelt			<b>47.2%</b>	45.1%	<b>30.4%</b>	28.8%
A-Plant			<b>33.9%</b>	29.3%	<b>14.3%</b>	9.4%
Group			<b>44.6%</b>	41.9%	<b>27.3%</b>	25.0%

Group revenue for the year increased 25% to £2,039m (2014: £1,635m) with strong growth in both Sunbelt and A-Plant. This revenue growth, combined with ongoing operational efficiency, generated record underlying profit before tax of £490m (2014: £362m).

The Group's growth is driven by strong same-store growth supplemented by greenfield openings and bolt-on acquisitions. In the US this growth is across a range of market sectors. The dynamics of same-store growth and that through greenfields and bolt-ons are different, which is impacting a number of Sunbelt's metrics in the short term. To aid the understanding of our performance, we have analysed Sunbelt's year-on-year revenue growth as follows:

		\$m
2014 rental only revenue		1,530
Same-stores (in existence at 1 May 2013)	17%	247
Bolt-ons and greenfields since 1 May 2013	10%	158
2015 rental only revenue	27%	1,935
Ancillary revenue	22%	540
2015 rental revenue	25%	2,475
Sales revenue		267
2015 total revenue		2,742

We continue to capitalise on the opportunity presented by our markets which were up c.7% last year and are forecast to grow around 8% this year. Our same-store growth of 17% demonstrates that we continue to take market share as we grow at more than double the market rate. In addition, bolt-ons and greenfields have contributed another 10% growth as we execute our long-term structural growth strategy of expanding our geographic footprint and our specialty businesses. Our specialty businesses accounted for 25% of Sunbelt's revenue in 2014/15.

Total rental only revenue growth of 27% can be broken down to a 24% increase in fleet on rent and a net 2% improvement in yield. The improved yield reflects the combination of good rate growth, the drag of greenfield and bolt-on activity as we capitalise on market opportunities and the negative impact of mix. Average physical utilisation for the year was 70% (2014: 71%).

A-Plant continues to perform well as it executes on its strategy to broaden its markets and delivered rental only revenue of £238m, up 21% on the prior year (2014: £197m). This reflects 13% more fleet on rent and a 7% improvement in yield. Yield has benefitted from an improved pricing environment and the diversification of the product line. Total rental revenue increased 19% to £289m (2014: £244m).

Sunbelt's strong revenue growth and focus on operational efficiency is driving improving margins resulting in an EBITDA margin of 47% (2014: 45%) as 58% of revenue growth dropped through to EBITDA. Drop-through reflects the drag effect of greenfield openings and acquisitions. Stores open for more than one year saw 67% of revenue growth drop through to EBITDA. This contributed to an operating profit up 32% at \$833m (2014: \$631m). A-Plant's EBITDA margin improved to 34% (2014: 29%) and operating profit rose to £46m (2014: £25m), with drop-through of 56%. As a result, Group underlying operating profit increased 36% to £557m (2014: £409m).

Net financing costs increased to £67m (2014: £47m), reflecting the higher average debt during the period and the higher cost of the additional \$400m of senior secured notes issued in December 2013 and the \$500m senior secured notes issued in September 2014.

Group profit before amortisation of intangibles and taxation was £490m (2014: £362m). After a tax charge of 36% (2014: 36%) of the underlying pre-tax profit, underlying earnings per share increased 34% to 62.6p (2014: 46.6p). Following the introduction of accelerated tax depreciation by the US government for 2014, we do not become

## 01

			2015	2014
	Replacement	Growth	Total	Total
Sunbelt in \$m	<b>394.7</b>	<b>873.7</b>	<b>1,268.4</b>	963.4
Sunbelt in £m	<b>256.9</b>	<b>568.4</b>	<b>825.3</b>	570.5
A-Plant	<b>46.2</b>	<b>107.6</b>	<b>153.8</b>	86.5
Total rental equipment	<b>303.1</b>	<b>676.0</b>	<b>979.1</b>	657.0
Delivery vehicles, property improvements and IT equipment			<b>84.0</b>	83.6
Total additions			<b>1,063.1</b>	740.6

a significant cash tax payer in the US until 2015/16. As a result, the cash tax charge for the year was 4%.

Statutory profit before tax was £474m (2014: £357m) and basic earnings per share were 60.5p (2014: 46.1p).

### Return on investment

Sunbelt's pre-tax return on investment (excluding goodwill and intangible assets) in the 12 months to 30 April 2015 was 26% (2014: 26%), well ahead of the Group's pre-tax weighted average cost of capital. In the UK, return on investment (excluding goodwill and intangible assets) improved to 13% (2014: 9%) which is now ahead of the Group's cost of capital. For the Group as a whole, returns (including goodwill and intangible assets) are 19% (2014: 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 12.25p per share (2014: 9.25p) making 15.25p for the year (2014: 11.5p). If approved at the forthcoming Annual General Meeting, the final dividend will be paid on 4 September 2015 to shareholders on the register on 14 August 2015.

### Current trading and outlook

Our strong performance continued in May. Our markets continue to provide both structural and cyclical opportunity. The business model established over recent years has a track record of exploiting these opportunities and we are supported by a strong balance sheet. Therefore, the Board looks forward to the medium term with confidence.

## BALANCE SHEET

### Fixed assets

Capital expenditure in the year totalled £1,063m (2014: £741m) with £979m invested in the rental fleet (2014: £657m). Expenditure on rental equipment was 92% 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 1 above.

In a strong US rental market, \$874m of rental equipment capital expenditure was spent on growth while \$395m 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 2015 was 26 months (2014: 28 months) on a net book value basis. Sunbelt's fleet had an average age of 26 months (2014: 27 months) while A-Plant's fleet had an average age of 29 months (2014: 37 months).

Our current expectation for 2015/16 is that the percentage growth in our rental fleet will be in the mid teens with capital expenditure around £1bn. This level of expenditure is consistent with our strategy at this stage in the cycle of investing in organic growth, opening greenfield sites and continuing to reduce our leverage. As always, our capital expenditure plans remain flexible depending on market conditions and we will adjust our plans appropriately during the course of the year.

The original cost of the Group's rental fleet and the dollar and physical utilisation for the year ended 30 April 2015 are shown below in table 2.

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 2015, was 59% at Sunbelt (2014: 61%) and 56% at A-Plant (2014: 56%). 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 2015, average physical utilisation at Sunbelt was 70% (2014: 71%) and 70% at A-Plant (2014: 72%). At Sunbelt, physical utilisation is measured for equipment with an original cost in excess of \$7,500 which comprised approximately 87% of its fleet at 30 April 2015.

### Trade receivables

Receivable days at 30 April were 50 days (2014: 47 days). The bad debt charge for the year ended 30 April 2015 as a percentage of total turnover was 0.6% (2014: 0.6%). Trade receivables at 30 April 2015 of £326m (2014: £221m) are stated net of allowances for bad debts and credit notes of £21m (2014: £16m) with the allowance representing 6.1% (2014: 6.8%) of gross receivables.

### Trade and other payables

Group payable days were 72 days in 2015 (2014: 63 days) with capital expenditure-related payables, which have longer payment terms, totalling £261m (2014: £152m). Payment periods for purchases other than rental equipment vary between seven and 60 days and for rental equipment between 30 and 120 days.

## 02

	30 April 2015	Rental fleet at original cost		LTM rental revenue	LTM dollar utilisation	LTM physical utilisation
		30 April 2014	LTM average			
Sunbelt in \$m	<b>4,733</b>	3,596	4,183	2,475	59%	70%
Sunbelt in £m	<b>3,079</b>	2,130	2,722	1,549	59%	70%
A-Plant	<b>559</b>	446	513	289	56%	70%
	<b>3,638</b>	2,576	3,235	1,838		

## Our financial performance continued

19%

Strong return  
on investment.



### Provisions

Provisions of £50m (2014: £35m) 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 \$750,000 in relation to general liability claims and \$1m for workers' compensation and motor vehicle claims. Prior to September 2012, excess amounts ranged from \$500,000 to \$2m. 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 £8m (2014: £7m). 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, £3m in surplus at 30 April 2015 (2014: £6m). Overall, there was a net actuarial loss of £3m in the year which was recognised in the statement of comprehensive income. There was a loss of £10m as a result of a change in financial assumptions, principally due to the lower discount rate resulting in a higher value for the plan liabilities which was partially offset by lower assumed inflation. This loss was partially offset by the return on plan assets exceeding the assumed return by £6m and there was an experience gain on liabilities of £1m.

The next triennial review of the plan's funding position by the trustees and the actuary is due as at 30 April 2016. The April 2013 valuation, which was completed in December 2013, showed a small surplus of £5m.

### Contingent liabilities

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

03

	Year to 30 April	
	2015 £m	2014 £m
<b>EBITDA before exceptional items</b>	<b>908.4</b>	685.1
<b>Cash inflow from operations before exceptional items and changes in rental equipment</b>	<b>841.4</b>	645.5
Cash conversion ratio*	<b>92.6%</b>	94.2%
Replacement rental capital expenditure	<b>(270.6)</b>	(249.6)
Payments for non-rental capital expenditure	<b>(78.7)</b>	(85.3)
Rental equipment disposal proceeds	<b>95.4</b>	90.4
Other property, plant and equipment disposal proceeds	<b>7.5</b>	11.5
Tax paid (net)	<b>(32.0)</b>	(14.9)
Financing costs paid (net)	<b>(63.4)</b>	(40.5)
<b>Cash inflow before growth capex and payment of exceptional costs</b>	<b>499.6</b>	357.1
Growth rental capital expenditure	<b>(587.5)</b>	(405.6)
Exceptional operating costs paid	<b>(0.5)</b>	(2.2)
<b>Total cash used in operations</b>	<b>(88.4)</b>	(50.7)
Acquisition of businesses	<b>(241.5)</b>	(103.3)
<b>Total cash absorbed</b>	<b>(329.9)</b>	(154.0)
Dividends paid	<b>(61.4)</b>	(41.3)
Purchase of own shares by the ESOT	<b>(20.3)</b>	(22.4)
<b>Increase in net debt</b>	<b>(411.6)</b>	(217.7)

\* 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 30% to £841m. Reflecting a higher level of working capital due to higher activity levels, the cash conversion ratio for the year was 93% (2014: 94%).

Total payments for capital expenditure (rental equipment and other PPE) during the year were £937m (2014: £741m). Disposal proceeds received totalled £103m, giving net payments for capital expenditure of £834m in the year (2014: £639m). Financing costs paid totalled £63m (2014: £40m) while tax payments were £32m (2014: £15m). The increased tax payments reflected our expectation that brought forward tax losses would be utilised during the year. However, following the introduction of accelerated tax depreciation by the US government for 2014, these tax losses will not be utilised fully until 2015/16. Thus, the amounts related to US tax paid during 2014/15 will be reclaimed. Financing costs paid differ from the charge in the income statement due to the timing of interest payments in the year and non-cash interest charges.

The Group generated £500m (2014: £357m) 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, payment of exceptional costs (closed property costs) and acquisitions, there was a net cash outflow of £330m (2014: £154m).

## CAPITAL STRUCTURE

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 2015 our average cost of capital was approximately 11%.

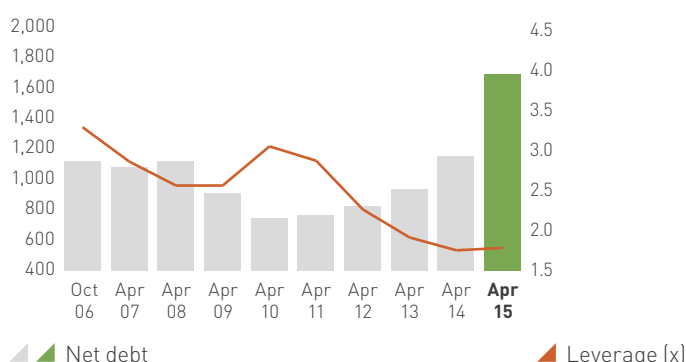
The Group targets leverage of below two times net debt to EBITDA over the economic cycle.

In considering returns to equity holders, the Board aims to provide a progressive dividend, with consideration to both profitability and cash generation at a level that is sustainable across the cycle.

## Net debt

Chart 4 below shows how, measured at constant April 2015 exchange rates for comparability, our net debt 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 significantly 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.

04



In greater detail, closing net debt at 30 April 2015 is shown in table 5 below.

The Group has arranged its financing such that, at 30 April 2015, 96% of its debt was denominated in US 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 2015 was £1,687m with the increase since 30 April 2014 reflecting principally the net cash outflow of £412m (2014: £218m) and exchange rate fluctuations. The Group's EBITDA for the year ended 30 April 2015 was £908m and the ratio of net debt to EBITDA was therefore 1.8 times at 30 April 2015 (2014: 1.8 times) on a constant currency basis and 1.9 times (2014: 1.7 times) on a reported basis.

## 05

	2015 £m	2014 £m
First priority senior secured bank debt	782.7	609.5
Finance lease obligations	5.3	4.6
6.5% second priority senior secured notes, due 2022	589.8	537.3
5.625% second priority senior secured notes, due 2024	319.8	–
	<b>1,697.6</b>	<b>1,151.4</b>
Cash and cash equivalents	(10.5)	(2.8)
Total net debt	<b>1,687.1</b>	<b>1,148.6</b>

## Our financial performance continued

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 2015. The weighted average interest cost of these facilities (including non-cash amortisation of deferred debt raising costs) is approximately 5%.

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 2015, \$2.0bn was committed by our senior lenders under the asset-based senior secured revolving credit facility ('ABL facility') until August 2018 while the amount utilised was \$1,251m (including letters of credit totalling \$33m). 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 the ratio of funded debt to EBITDA before exceptional items according to a grid which varies, depending on leverage, from LIBOR plus 175bp to LIBOR plus 225bp. At 30 April 2015 the Group's borrowing rate was LIBOR plus 175bp.

There are two financial performance covenants under the asset-based first priority senior bank facility:

- funded debt to LTM (last 12 months) EBITDA before exceptional items not to exceed 4.0 times; and
- 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.

These covenants do not, however, apply when excess availability (the difference between the borrowing base and facility utilisation) exceeds \$200m. At 30 April 2015 excess availability under the bank facility was \$756m (\$916m at 30 April 2014), with an additional \$1,741m of suppressed availability meaning that covenants were not measured at 30 April 2015 and are unlikely to be measured in forthcoming quarters.

As a matter of good practice, we calculate the covenant ratios each quarter. At 30 April 2015, as a result of the continued significant investment in our rental fleet, the fixed charge ratio, as expected, did not meet the covenant requirement whilst the leverage ratio did so comfortably. 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 2015 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.

### Minimum contracted debt commitments

Table 6 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 2015 by year of expiry.

Operating leases relate to the Group's properties.

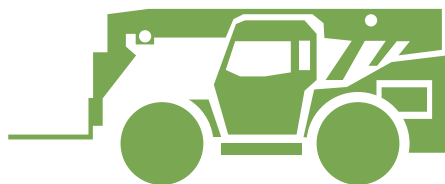
Except for the off balance sheet operating leases described above, £21m (\$33m) of standby letters of credit issued at 30 April 2015 under the first priority senior debt facility relating to the Group's insurance programmes, the guarantee to the Ashtead Group plc Retirement Benefits plan (equivalent to £23m based on the 30 April 2013 actuarial valuation) and £3m 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.

06

	Payments due by year ended 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
Deferred costs of raising finance	–	–	–	(5.7)	–	(15.1)	(20.8)
Cash at bank and in hand	(10.5)	–	–	–	–	–	(10.5)
Net debt	(8.5)	1.8	1.1	783.1	–	909.6	1,687.1
Operating leases*	45.0	39.1	33.8	27.5	19.6	61.4	226.4
Total	36.5	40.9	34.9	810.6	19.6	971.0	1,913.5

\* Represents the minimum payments to which we were committed under operating leases.





## 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 96% of our debt was denominated in US dollars at 30 April 2015. At that date, dollar-denominated debt represented approximately 68% 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 2015, a 1% change in the US dollar exchange rate would impact pre-tax profit by £5m.

### 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 87% of our US serialised rental equipment at 30 April 2015. 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 33% of our total operating costs in the year ended 30 April 2015;
- 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 6% of our total operating costs in the year ended 30 April 2015;
- other operating costs – comprised 37% of total operating costs in the year ended 30 April 2015. 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 24% of total costs in the year ended 30 April 2015.

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'.

### Our financial performance continued

#### 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 10–15% 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 2015 was £351m.

#### 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.

# This is how we work

**Being a responsible business is a crucial part of who we are and how we work at Ashtead. It 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.**

Being responsible builds the trust on which our business depends. Our customers trust us to deliver the equipment they need, on time, safe and ready to use. Our employees trust us to keep them safe and reward them well for their efforts. Investors trust us to deliver the returns we have promised into the long term. So being responsible is fundamental to who we are.

Below 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 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 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.

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's priorities last year included:

- assessment of the Group Risk Register;
- prioritisation of business risks;
- reduction in accident rates;
- continued training on driving hour and vehicle fleet compliance;
- health and safety training;
- enhanced training capabilities;
- 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
- cybersecurity.

### HEALTH AND SAFETY

Implementation  
Monitoring  
Training  
Customers and staff

### COMMUNITIES

Community investment  
Helping out in emergencies



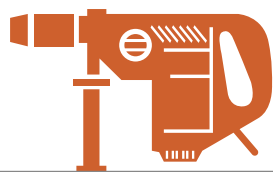
### OUR PEOPLE

Recruitment  
Career development and training  
Reward and benefits  
Diversity and equal opportunities

### THE ENVIRONMENT

Resource efficiency  
Control of hazardous substances  
Mandatory greenhouse gas emissions reporting

This is how we work continued



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. As mentioned elsewhere, 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.

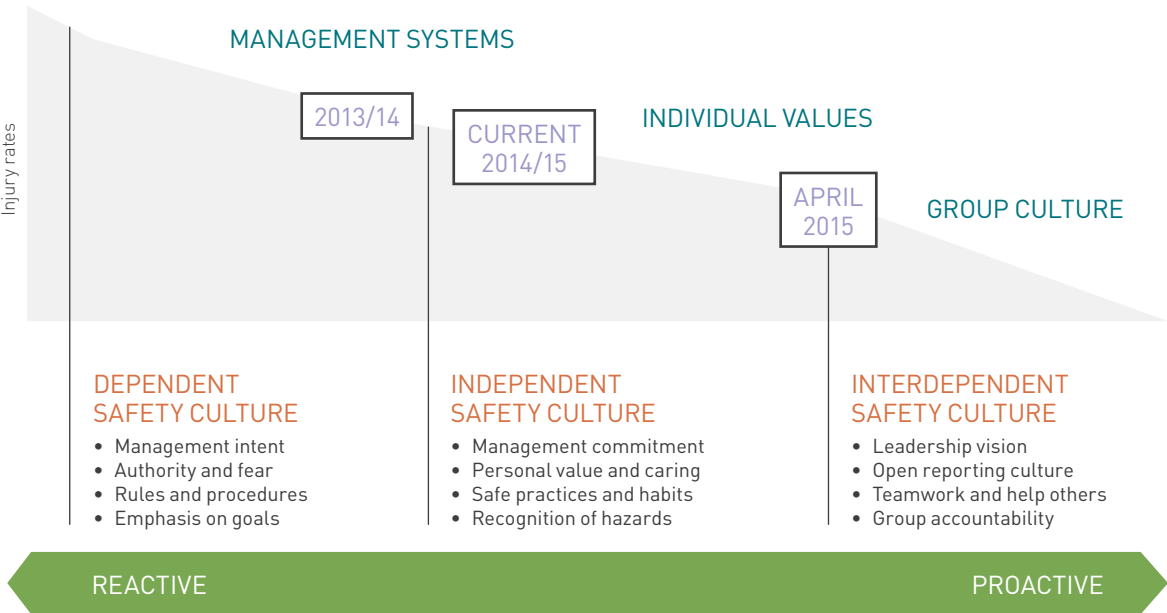
Our extensive health and safety programmes monitor, develop and maintain safe working practices while reminding our employees of the need to be safe at all times and look after their own health. Our continued improvement is accomplished through a combination of proactive safety and leadership training, 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 23). Last year we saw continued improvement in our safety metrics. Sunbelt had 608 reported incidents in the US relative to a workforce of 8,401 (2014: 579 incidents relative to a workforce of 7,375), whilst A-Plant had 274 incidents relative to an average workforce of 2,593 (2014: 276 incidents relative to an average workforce of 2,370). 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.

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 179 OSHA (Occupational Safety and Health Administration) recordable accidents (2014: 163 accidents) which, relative to total employee hours worked, gave a Total Incident Rate of 1.59 (2014: 1.65). In the UK, A-Plant had 29 RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations) (2014: 25), reportable incidents which, relative to total employee hours worked, gave a RIDDOR reportable rate of 0.55 (2014: 0.52). 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 101 RIDDOR reportable accidents in the US and a RIDDOR reportable rate of 0.45. We remain committed to reducing these rates as much as possible.

01: GOAL FOR 2014/15 – BREAK THROUGH – INTERDEPENDENT STAGE



## Safety initiatives

At Sunbelt we are focused on moving our culture from a dependent safety culture to an interdependent safety culture. Chart 1 opposite shows what we mean by this and how being an interdependent safety culture means we are all responsible for safety including for one another.

During this year Sunbelt ran the sixth instalment of 'Safety Leadership Training' to all field-level employees responsible for the management or supervision of others. Quarterly management reviews monitor the progress of our increased focus on pro-active safety excellence with the ultimate goal of 'Zero Harm'.

With a fleet of over 3,000 commercial vehicles on the road in the US, for example, transportation safety remains our greatest exposure in terms of risk and potential for harm to our employees and the public. In response to this ongoing risk exposure, the Sunbelt risk management department continues to administer risk mitigation training to counter the most significant exposures. Training programmes such as PACE Behavioural Driving Training, Loading and Unloading Hazard Awareness, Driver Safety Observations, our 'Compliments and Concerns' feedback programme, and Fall Awareness Training for Drivers all reinforce our commitment to transportation safety. We carry out regular observation of our drivers and are pleased that our focus on training has led to a significant decrease in driver-related violations. A total of 723 driver-related violations were noted on inspection in 2011 in the US but by last year the number had more than halved to 297.

Our US risk management department consists of 20 full-time occupational health and safety professionals whose sole role is to work with our field personnel to identify hazards and reduce incidents. This team of safety professionals is spread throughout the country and serves each of our operating divisions to promote direct coordination with our operational units. Safety audits are carried out at each store regularly with appropriate follow-up activities to ensure major risks identified are mitigated. All stores must conduct at least one safety meeting per month to discuss weekly safety topics and all employees must take a monthly safety quiz. We also hold an annual Safety Week both in the US and the UK.

A-Plant has similar initiatives in place and has recently, for example, been working with Eve Trakway to reduce the risks in lorry-mounted crane operations and reduce accidents during track laying and lifting operations. A review found that a mobile control unit enables the driver to move to a position where he has a clear view of the lifting area and any persons entering the lifting area. As a result, remote control crane controls are to be retrofitted to all Eve vehicles and drivers are being retrained in the use of these controls.

## Health programmes

Having a healthy workforce has always been important to us 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 Pulse is a programme that rewards 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 38% of US staff are currently enrolled in the scheme and 52% of those are earning health miles. Members have earned \$39,000 in rewards and 76% reported in a survey that Virgin Pulse had improved their life in some way.

## Working on safety with our customers and suppliers

Part of being a responsible business is sharing our safety culture with our customers and suppliers whenever appropriate. For example, Sunbelt has dedicated aerial work platform, forklift and earth moving operator trainers who train customers and we build customised training programmes to fit 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.

## EMPLOYEE SPOTLIGHT: SOPHIE JONES

Sophie joined A-Plant in 2011 having secured a place on the apprenticeship scheme focusing on customer service. She quickly demonstrated her drive and ambition and succeeded in completing her three-year apprenticeship some seven months early. She particularly liked being able to combine work with study, rather than going to college and sitting in lectures. Sophie has now progressed to being rental manager at Barnstaple depot despite being the youngest of a team of 10 members of staff there. She is the first point of call for customers and delivers excellent service while enjoying the friendly working environment. Sophie has a great future ahead of her.

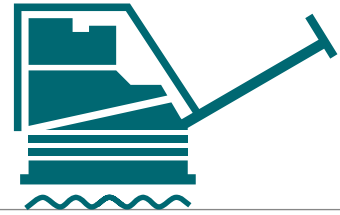




## This is how we work continued

150

apprentices in 2015,  
our largest ever intake.



### OUR PEOPLE

#### Why they matter

We hire the best people, train them well and look after them so that they provide the best possible service for our customers. We aim 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 23).

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 like to keep them that way 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.

### Recruitment

With our rapid growth, recruiting new employees has become more challenging recently in both the UK and the US. At Sunbelt we have completely reorganised our recruitment department so that it can support an average of 750 job openings at any given time. We also restarted and enhanced a number of programmes, which include:

- the Jumpstart Sales Programme – a programme which identifies top talent out of college and puts them through an accelerated training programme with incentives for staying with Sunbelt after the programme has ended;
- a partnership with the Universal Technical Institute to identify and hire top technicians – to date we have hired more than 70 students and the applications continue to increase;
- talent reviews and formal succession planning;
- interview skills training for managers; and
- internship programme implementation.

### 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 increased the numbers of trainees taken on to 39 to meet operational demands and combat a general skills shortage in the industry. This year we will be recruiting 150 new apprentices, our largest ever intake, reflecting the growth of the business. Our apprenticeship 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,

### HIGH-RISE LIFTING IN THE CITY OF LONDON

A-Plant specialist business, FLG Services, is a leading lifting equipment rental business. It specialises in designing bespoke lifting solutions for complex problems; for example, helping customers lift facades often on to very high buildings such as the Leadenhall Building in central London and the HSBC headquarters in Canary Wharf.

**"I have worked with FLG on numerous projects... I have been in the industry 27 years... but from time to time we can all get stumped as to how to make things happen, this is when I call FLG... I would say I have never worked with a more proactive company than FLG."**

**PHIL SEDGE,**  
Facades Operations Director, Mace



## WOUNDED WARRIOR SPONSORSHIP

In 2014, Sunbelt was the Wounded Warrior 8k Run sponsor with a tent at each race and an opportunity to bring volunteers to work and race. Our sponsorship was designed to give back to the community and those who have served their country, create an opportunity for employee engagement and generate awareness of our Wounded Warrior partnership and the run series.

We kicked off the sponsorship with a video featuring some of our veterans introducing the sponsorship and describing the Wounded Warrior organisation. The whole event generated a great deal of interest from our employees and customers and we also hired one of the veteran runners. The programme was so successful that we are discussing an expansion that would include involvement in the Warriors to Work programme and a large-scale co-branded equipment programme.



electro-technical and mechanical engineering. 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 apprenticeship scheme also has an impressive 80% retention rate compared to the industry rate of 66%.

### 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. Each month we feature a former military employee as a spotlight on our Military Recruiting page on the Sunbelt website. 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.

Following A-Plant's growth we launched a major recruitment drive for various positions across the network and as part of this, have been working with Career Transition Partnership ('CTP') to increase awareness amongst military personnel, who are due to leave the forces within the next 6–12 months, about job opportunities. CTP is the official provider of Ministry of Defence Resettlement Services.

## 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.

Last year was particularly busy for Sunbelt with a new competency-based educational foundation set up for all our employees, including all roles within our stores. New learning paths are being implemented for all employees to address the knowledge, skills, and behaviours required for them to achieve satisfaction in their careers. We have completely overhauled Sunbelt University by implementing a new and highly sophisticated Learning Management System and rolled out multiple courses and performance support. These range from Tier 4 regulatory courses for all customer-facing employees, battery safety and maintenance training, and a new Workplace Harassment suite that ensures compliance with all federal laws and regulations. We have also implemented standardised training policies and procedures for developing content or engaging third-party vendors to ensure quality and consistency of courses and trainers.

At A-Plant a lot of work is being completed around the recently acquired businesses, ensuring their training programmes meet the standards we set ourselves. Our upskilling the workforce programme continues to be very successful with vocational qualifications offered across the range of job functions and levels. Some 577 employees have completed the programme to date.





This is how we work continued

TOM WARNER AND HUNTINGTON'S DISEASE ('HD')

Our community initiatives usually directly reflect the priorities of our staff. One such example is our work in support of the Huntington's Disease Society of America ('HDSA') led by Tom Warner, the manager of our San Diego branch. Tom's management has led to tremendous business growth at the branch and he continues to build outstanding customer relationships. This is all the more remarkable given the heavy impact HD has on his family, most particularly affecting his mother and aunt. When not working, or helping care for the family, Tom supports the local HDSA chapter and has run several marathons in support of HD and the HDSA. His branch colleagues also get involved and sponsor the Team Hope Walk for HD, as well as making donations direct to HDSA. It's a team effort for which Tom is the inspiration.



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 Pulse, as mentioned above, to promote good health amongst our employees.

Diversity and equal opportunities

We work hard to ensure equal opportunities for all our staff, as well as prioritising employment diversity. 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.

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.

02: WORKFORCE BY GENDER

Number of employees	Male	Female	Female %
Board directors	8	1	11%
Senior management	20	1	5%
All staff	10,944	989	8%

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 principles in place, such as whistle-blowing procedures which protect our employees as they go about their work. These principles 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 but 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, part of 'This is who we are' is the pride that our staff feel 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 such as 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

We have multiple community-based programmes around the stores where we work. For example, our sponsorship of the Wounded Warrior Project in the US supports our wellness focus as well as providing community involvement opportunities for our employees. We also participate in the Holiday Mail for Heroes campaign, where we sign and complete cards which are sent to troops in war zones for the holidays. In the UK we loaned equipment to help create a tranquil, therapeutic garden at the Help for Heroes Recovery Centre in Colchester. 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, 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.

A recent community initiative in the UK was the work of our Leada Acrow division in helping students to gain real insight into the world of civil engineering and helping to educate the future generation. Leada Acrow provided formwork equipment for use during 'Build Camp', a collaboration between 'Think Up' and 'Constructionarium', sponsored by Balfour Beatty and the Institute of Civil Engineers. As part of a 'hands-on' construction experience lasting four days, students built a railway bridge across a specially created landscape.

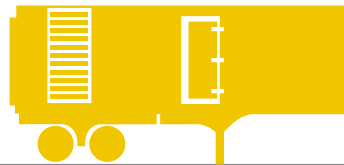
We also provide help or equipment to community organisations, such as providing an accommodation unit to solve the sports equipment storage problems of the Coddington Community Centre in Newark. One of the primary charities we support in the UK is CRASH, the construction and property industry's charity for homeless people. As patrons of the charity, we get involved in some great initiatives to support the homeless such as the new Greenhouse project at the Emmaus homeless community in Brighton & Hove.

### EMPLOYEE SPOTLIGHT: KEN WALKER

Ken started work as a driver at A-Plant nearly 20 years ago and since then has progressed through many different roles. He was quickly identified for business development and spent several years setting up a network of safety and lifting equipment depots nationwide. He worked in sales, was a depot rental manager and then set up our customer training service. Ken now travels the country training both staff and customers as our senior training instructor. His years on the job and experience of working with the equipment day-to-day mean he is unmatched in his technical knowledge and ability. He loves being able to leave a depot or customer premises knowing he has trained people to the highest standard so they will use the equipment safely. Nothing is too much trouble for Ken. He embodies our commitment to career development, safety and training, while also inspiring the younger generation to excel.



### This is how we work continued



#### THE ENVIRONMENT

##### Why it matters

As we set up more stores and develop our service offering, our impact on the environment around those stores increases. We make every effort 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 which our customers require. It also helps our staff to feel good about where they work and helps to build good relationships with the communities around our centres.

Recent initiatives in this area include:

- 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;
- use of telematics to monitor vehicle idling and driving efficiency;
- optimisation of delivery routes via our efficiency programme;
- 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
- use of environmentally and ozone-friendly refrigerants in our cooling equipment.

In the UK, to comply with the new Energy Savings Opportunity Scheme ('ESOS'), all the performance standards team will have ISO 50001 awareness training in 2015. ESOS is a mandatory energy assessment scheme for organisations in the UK that meet the qualification criteria. 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.

#### EMPLOYEE SPOTLIGHT: RON POPLAWSKI

Ron has worked for Sunbelt for 19 years and epitomises the best of who we are. He started work as a weekend casual labourer and then took a job erecting scaffold just before the Atlanta Olympics. In 1999, Ron's yard was in desperate need of a manager and Ron was chosen for his commitment to doing a great job. He stayed there for three years and transformed the yard. His goal was to exemplify our motto of exceeding our customers' expectations through value added services. He then became a construction manager where he again excelled for five years, before moving into a sales role, making the most of his problem-solving skills and 'can-do' attitude. Ron is now a store manager in Atlanta and continues to be the role model for others to follow. He delivers great service to our customers and increased return on investment for the company. He and his team continue to set the bar for a great work ethic and the belief that anything is possible with a positive attitude.





## 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.

### 03: GHG EMISSION BY GHG PROTOCOL SCOPE (tCO<sub>2</sub>e/YEAR\*)

	2015	2014
Scope 1	<b>188,514</b>	162,892
Scope 2	<b>33,674</b>	30,250
Total	<b>222,188</b>	193,142

\* tCO<sub>2</sub>e/year defined as tonnes of CO<sub>2</sub> 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 2014, 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 2015, approximately 10% of the Sunbelt emissions balance was estimated.

We are also required to give an intensity ratio as appropriate for our business. Our level of GHG emissions vary with our activity levels and we have concluded that the most appropriate intensity ratio for Ashtead is revenue intensity. Our intensity metric is therefore an indication of emissions per £1m of revenue (tCO<sub>2</sub>e/£m).

### 04: REVENUE INTENSITY

	2015	2014
Revenue intensity ratio	<b>109.0</b>	118.2

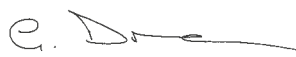
The majority of our revenue is in dollars and so the reported ratio is affected by the exchange rate. On a constant currency basis (using this year's average exchange rate) our intensity ratio has reduced from 117.9 last year to 109.0 this year.

## Greener equipment

Wherever 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 engines mandated in the US, other recent purchases include dry-ice blasters, natural gas generators, solar light towers and dual fuel man lifts using propane as a fuel source.

To meet increasing demand for environmentally friendly and energy-saving temporary accommodation, we have developed a range of 'Green Specification' accommodation units. These units incorporate a multitude of energy saving devices, including increased insulation levels, heavy duty door closers, passive infrared low energy fluorescent lighting, double glazed windows, dual flush toilets, waterless urinals and thermostatically timed heaters. These units allow construction companies and other customers to reduce site energy consumption without adversely affecting the welfare of their teams.

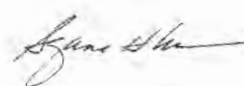
We also continue our investment in the award-winning Power Cube, an innovative new battery generator that works alongside our current power generation fleet and offers customers significant fuel savings, reductions in carbon footprint and the ability to remotely monitor energy usage. The Power Cube can be used on its own or in conjunction with a generator or mains supply, and can be supplied as road-towable, static or even with a solar panel.



### GEOFF DRABBLE

Chief executive

15 June 2015



### SUZANNE WOOD

Finance director



# Our Board of Directors



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

**Key:**

- ▲ Audit Committee
- Remuneration Committee
- Nomination Committee
- △ Finance and Administration Committee

## 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+ and senior independent director of Infinis Energy plc.

## 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 member of the Finance and Administration Committee. Suzanne 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 as 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.

## 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. Michael 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 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. Bruce is also a non-executive director of Greif Inc., a NYSE-listed packaging and container manufacturer. He was formerly the global chief executive officer for Exel Supply Chain at Deutsche Post World Net. Bruce is a US citizen and lives in Columbus, Ohio.

## 9. IAN SUTCLIFFE

### Senior independent non-executive director ▽ □ ●

Ian Sutcliffe was appointed as a non-executive director and member of the Audit, Remuneration and Nomination Committees in September 2010. Following the retirement of Hugh Etheridge, Ian was appointed as senior independent non-executive director with effect from 1 July 2014. Ian is the executive chairman 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.



# Strong corporate governance

## DEAR SHAREHOLDER

This year has been another exciting one for Ashtead. We continue to deliver on our promises and are seeing unprecedented levels of growth in the business. 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 2014/15. 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.

The composition of the Board has not changed during the year since the retirement of Hugh Etheridge as a director, senior independent director and chairman of the Audit Committee on 30 June 2014. We do not expect any changes to the Board in the coming year. The biographies and relevant experience of our Board members can be seen on page 43.

## 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 the Company has complied in full with the 2012 UK Corporate Governance Code ('the Code') 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.

There is a schedule of matters reserved to the Board for decision. Other matters are delegated to Board committees, details of which are given on pages 49, 51 and 66.

### 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 buy-back of shares.

### Attendance at Board and Committee meetings held between 1 May 2014 and 30 April 2015

	Board	Audit	Remuneration	Nomination
Number of meetings held	6	5	2	1
Chris Cole	6	–	–	1
Sat Dhaliwal	6	–	–	–
Geoff Drabble	6	–	–	1
Brendan Horgan	6	–	–	–
Suzanne Wood	6	–	–	–
Michael Burrow	6	5	2	1
Wayne Edmunds*	6	5	1	–
Bruce Edwards	6	–	2	1
Hugh Etheridge**	1	2	1	1
Ian Sutcliffe	6	5	2	1

\* Wayne Edmunds was appointed as a member of the Remuneration and Nomination Committees on 1 July 2014.

\*\* Hugh Etheridge retired as a director on 30 June 2014.

## THE BOARD AND COMMITTEES

### GROUP RISK COMMITTEE

Chaired by Suzanne Wood  
(with responsibility for  
Corporate Responsibility)



## BOARD

### FINANCE AND ADMINISTRATION COMMITTEE

Chaired by Geoff Drabble



### AUDIT COMMITTEE

Michael Burrow  
Wayne Edmunds  
Ian Sutcliffe



### NOMINATION COMMITTEE

Michael Burrow  
Chris Cole  
Geoff Drabble  
Bruce Edwards  
Ian Sutcliffe



### REMUNERATION COMMITTEE

Michael Burrow  
Wayne Edmunds  
Bruce Edwards  
Ian Sutcliffe

## Strong corporate governance continued

### 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
- Issue of \$500m of second priority senior secured notes
- Growth and acquisition strategy
- Various acquisitions, including Metrolift, Lone Star, GWG Rentals (Canada), Theros and TGR
- Adoption of the 2015/16 budget
- Review of the work of the Group's Risk Committee
- Review and approval of the Group's risk register
- The recommendations of the Remuneration Committee

### 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.

### 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.

### 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 is 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.

Following the external performance evaluation of the Board in 2012/13, this year's evaluation was conducted by way of a questionnaire completed by all directors, the results of which were collated by the company secretary and presented to the entire Board. Based on this evaluation, the Board concluded that performance in the past year had been satisfactory.

### 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, Ian Sutcliffe	Provide a creative contribution to the Board by providing objective challenge and critique for executive management and insights drawn from their broad experience.

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.

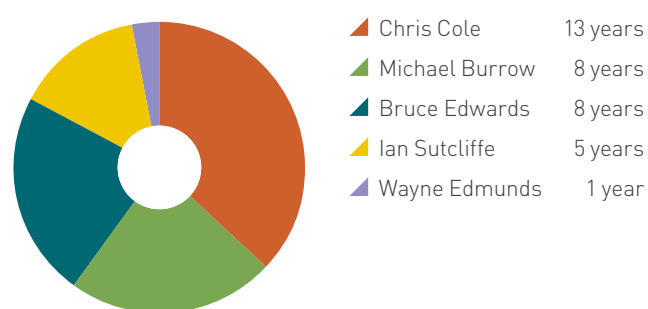
The non-executive directors (including the chairman) meet as and when required in the absence of the executive directors to discuss and appraise the performance of the Board as a whole and the performance of the executive directors. In accordance with the Code, the non-executive directors, led by the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

### 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.

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



### 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 49 to 51 and the Remuneration Committee in the separate report on pages 52 to 66.

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.

### 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 three other independent non-executive directors. Short biographies of the directors are given on page 43.

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 since the retirement of Hugh Etheridge as a director, senior independent director and chairman of the Audit Committee on 30 June 2014.

#### Re-election

The directors will retire at this year's Annual General Meeting and will offer themselves for re-election in accordance with the Code.

### ACCOUNTABILITY

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 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 69 and the auditor's report on page 73 includes a statement by Deloitte about its reporting responsibilities. As set out on page 68, the directors are of the opinion that the Group is a going concern.

### Risk management and control

The Board confirms that there is a process for identifying, evaluating and managing significant risks faced by the Group. This process has been in place for the full financial year and is ongoing. Under its terms of reference the Group Risk Committee meets semi-annually 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.

The Group reviews and assesses the risks it faces in its business and how these risks are managed. These reviews are conducted in conjunction with the management teams of each of the Group's businesses and are documented in an annual report. 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 2015, which was then presented to, discussed by the Audit Committee on 27 May 2015 and approved by the Audit Committee and the Group Board on 11 June 2015.

## Strong corporate governance continued

The Board is responsible for the Group's system of internal control and confirms it has reviewed its effectiveness. In doing so, the Group has taken note of the relevant guidance for directors, published by the Financial Reporting Council, 'Internal Control: Guidance to Directors'.

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.

Before producing the statement on internal control for the Annual Report and Accounts for the year ended 30 April 2015, the Board reconsidered the operational effectiveness of the Group's internal control systems. In particular, 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 its work.

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 the stores generally carried out at least every two years by internal operational audit. A summary of this work is provided 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.

### 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 49 to 51 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 52 to 66 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 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 300 meetings and calls and attended one conference, with investors in the UK, US and the rest of Europe. In January, we held a meeting for analysts and major shareholders in Florida which gave them an opportunity to visit a range of locations and meet Ashtead and Sunbelt senior management.

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.

We continually seek to enhance our communications and have just appointed our first Director of Investor Relations.

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](http://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 enjoy meeting with our private shareholders at the Company's Annual General Meeting ('AGM'). The 2015 AGM will be held in London on Wednesday, 2 September 2015. Further details of the meeting are given on page 68. 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 2015 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

### Introduction by Wayne Edmunds, Audit Committee chairman

I am pleased to introduce my first report as chairman of the Audit Committee.

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. In addition, we updated our Terms of Reference which were formally adopted on 3 June 2015 and are available in the corporate governance section of the Group's website at [www.ashtead-group.com](http://www.ashtead-group.com).

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. With this more formal reporting obligation, 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 which are set out on page 43. The members of the Committee are:

Wayne Edmunds	Chairman from 1 July 2014
Michael Burrow	
Ian Sutcliffe	

Wayne Edmunds has relevant and recent financial experience. Wayne became chairman of the Committee on 1 July 2014 following the retirement of Hugh Etheridge. 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 audit partner from our external auditor attends the Committee meetings.

The Audit Committee's terms of reference, which were reviewed and updated and formally adopted on 3 June 2015, are available on the Group website and will be available for inspection at the Annual General Meeting.

### 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.

### 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. An additional meeting was held in May last year to facilitate the handover from Hugh Etheridge to Wayne Edmunds as chair of the Committee. The Group audit partner from Deloitte 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 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 its 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 committee meeting when we review the draft annual report. Deloitte's report contains the findings from its 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 auditor. 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. We are satisfied that the judgements taken are appropriate and consistent with prior years.



## Strong corporate governance continued

### Accounting for acquisitions

The Group made a number of acquisitions during the year. We reviewed the accounting for these acquisitions, including the identification of acquired intangible assets which relate predominantly to customer relationships and the recognition of, and subsequent accounting for, contingent consideration. We are satisfied that the judgements taken are appropriate.

### 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. 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.

### 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. Reflecting the growth in the Group's specialty businesses, management reassessed the identified cash-generating units ('CGUs') during the year. As a result of this review, the Group concluded that certain specialty businesses should be classified as separate CGUs, due to them generating separately identifiable cash flows. We reviewed the changes to the identified CGUs and agree with this assessment and are satisfied that there is no impairment of the carrying value of goodwill in the CGUs of Sunbelt or A-Plant.

### External audit effectiveness

The Committee conducted an assessment of the effectiveness of the audit of the 2015 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 2015 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, for example, in connection with our debt issue in September 2014. The non-audit fees paid to the Company's auditor, Deloitte LLP, for the year relate to its review of the Company's interim results and comfort letters related to our September 2014 debt issue. 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 second 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 2015 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.

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.

### 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 349 audits were completed, which is consistent with our goal for each of our nearly 650 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. A review was undertaken during 2014/15. This identified a small number of minor improvement actions and plans have been agreed by management for them to be implemented where appropriate.

### 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.

## NOMINATION 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 the long-serving non-executive directors.

The only change to the Board during the year was the retirement of Hugh Etheridge on 30 June 2014 after 10 years' service.

The members of the Committee are:

Chris Cole	Chairman
Michael Burrow	
Geoff Drabble	
Wayne Edmunds	
Bruce Edwards	
Ian Sutcliffe	

Eric Watkins is secretary to the Committee.

### 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 appointment of Ian Sutcliffe as senior independent director.

By order of the Board



### ERIC WATKINS

Company secretary

15 June 2015

# Remuneration

## DEAR SHAREHOLDER

I am pleased to present the Directors' remuneration report for the year ended 30 April 2015.

The report is fully compliant with the regulations from the Department for Business, Innovation and Skills for remuneration reporting and meets the relevant requirements of the Listing Rules of the Financial Conduct Authority and describes how the Board has applied the Principles of Good Governance relating to directors' remuneration.

It is pleasing to report another year of extremely strong performance across the business with market share gains and improving margins both in the US and the UK. We are delighted that the Group's strong performance over the last 12 months has enabled it to become an established constituent of the FTSE 100, having entered the index in December 2013 for the first time in its history. This, coupled with yet another record dividend this year, has provided very strong total shareholder returns.

As the markets have improved the Group's employees have become an even more attractive target for a number of our competitors and retaining our key staff has become an increasing priority.

As stated in our remuneration policy, which was approved at last year's annual general meeting, we aim to set base salaries for our executives considering their experience and performance, and to be competitive using information drawn from both internal and external sources; and also to take account of pay and conditions elsewhere in the Company. To varying degrees, our executive board members are paid significantly less than their peers at our competitor companies (and certainly all now have both base salaries and total remuneration that is below the median for our comparator companies in the FTSE 50–100). We intend to address this disparity over the coming years.

For the coming year base salaries for Group and Sunbelt employees will be increased by between 0% and 10%. The chief executive's salary has increased by 4%, in line with salary rises for employees as a whole, and other executive directors by 5%.

In accordance with the recommendations of the Code, and in accordance with the plans, the Deferred Bonus Plan and Performance Share Plan have been amended to introduce both malus and clawback provisions.

For this year's PSP award it is the Company's intention to grant both Geoff Drabble and Brendan Horgan the maximum award allowed under the scheme rules. As promised in my letter to major shareholders last year, I am consulting with the Group's major shareholders on the performance conditions attaching to the element of the award above 150% of base salary.

The Committee continues to believe that the remuneration policy and its implementation of it articulated on pages 53 to 58 are in the best long-term interests of the Company and all of its stakeholders.



**MICHAEL BURROW**  
Chairman of the  
Remuneration Committee

# Remuneration policy

## INTRODUCTION

This report has been prepared in accordance with the Listing Rules of the Financial Conduct Authority, the relevant sections of the Companies Act 2006 and The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 ('the Regulations'). It explains how the Board has applied the Principles of Good Governance relating to directors' remuneration, as set out in the UK Corporate Governance Code. The Regulations require the auditor to report to the Company's members on elements of the Director's 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 59 to 63.

An ordinary resolution concerning the directors' remuneration report (excluding remuneration policy) will be put to shareholders at the AGM on 2 September 2015.

The aim of the Company's 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
<b>Base salary</b> 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.	<p>Ordinarily, base salary is set annually and is payable on a monthly basis.</p> <p>An executive director's base salary is determined by the Committee. In deciding appropriate levels, the Committee considers the experience and performance of individuals and relationships across the Board and seeks to be competitive using information drawn from both internal and external sources and taking account of pay and conditions elsewhere in the Company.</p> <p>The comparator group currently used to inform decisions on base salary is principally the FTSE 75 to 125 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.</p> <p>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.</p>	<p>The policy is to pay salary around the median level for comparable positions in relation to the comparator groups.</p> <p>Increases will normally be in line with both the market and typical increases for other employees across the Group.</p> <p>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.</p>	N/A

## Remuneration policy continued

LINK TO STRATEGY	OPERATION	MAXIMUM POTENTIAL VALUE	PERFORMANCE CONDITIONS AND ASSESSMENT
<b>Benefits</b> To provide competitive employment benefits.	<p>The executive directors' benefits will generally include medical insurance, life cover, car allowance and travel and accommodation allowances.</p> <p>The type and level of benefits provided is reviewed periodically to ensure they remain market competitive.</p>	The maximum will be set at the cost of providing the listed benefits.	N/A
<b>Pension</b> 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.	N/A
<b>Deferred Bonus Plan ('DBP')</b> 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.	<p>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.</p> <p>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.</p> <p>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.</p> <p>Dividend equivalents may be provided on deferred share equivalents.</p>	<p>The maximum annual bonus opportunity under the DBP is 200% of base salary.</p> <p>Target performance earns 50% of the maximum bonus opportunity.</p>	<p>The current DBP performance conditions are:</p> <ul style="list-style-type: none"> <li>• Group underlying pre-tax profit for the Group chief executive and finance director;</li> <li>• Sunbelt underlying operating profit for the Sunbelt chief executive; and</li> <li>• A-Plant underlying operating profit for the A-Plant chief executive.</li> </ul> <p>Stretching financial targets are set by the Committee at the start of each financial year.</p> <p>The Company operates in a rapidly changing sector and therefore the Committee may change the balance of the measures, or use different measures for subsequent financial years, as appropriate.</p> <p>The Committee has the discretion to adjust targets or weightings for any exceptional events that may occur during the year.</p> <p>The Remuneration Committee is of the opinion that given the commercial sensitivity arising in relation to the detailed financial targets used for the DBP, disclosing precise targets for the bonus plan in advance would not be in shareholder interests. Actual targets, performance achieved and awards made will be published at the end of the performance periods so shareholders can assess fully the basis for any payouts under the plan.</p>

LINK TO STRATEGY	OPERATION	MAXIMUM POTENTIAL VALUE	PERFORMANCE CONDITIONS AND ASSESSMENT
<b>Performance Share Plan ('PSP')</b> 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.	The maximum annual award which can be made under the PSP scheme has a market value at the grant date of 200% of base salary. At target performance 32.5% of the award vests. In 2015/16 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: <b>Total shareholder return</b> – median to upper quartile performance against an appropriate comparator group <b>Earnings per share</b> – compound growth of 6–12% per annum <b>Return on investment</b> – 10–15% <b>Leverage</b> – less than, or equal to, 2.5 times
<b>Shareholding policy</b> 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: <ul style="list-style-type: none"> <li>Chief executive 200% of salary</li> <li>Other executive directors 100% of salary</li> </ul>	

There were no changes to the remuneration policy during the year.

Notes to the policy table:

- 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 Company's key performance indicators and is considered the primary measure which aligns with shareholders' interests.
- In relation to the PSP:
  - Total shareholder return measures the relative return from Ashtead against an appropriate comparator group, providing alignment with shareholders' interests.
  - 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.
  - 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.
  - The use of leverage alongside the other performance measures ensures there is an appropriate dynamic tension and balance in maintaining leverage discipline in a capital-intensive business.
- 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.

#### 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 continued

### Remuneration policy on new hires

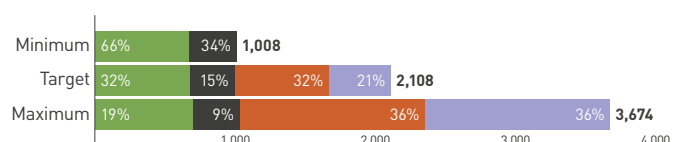
When hiring a new executive director, the Committee will seek to align the remuneration package with the remuneration policy summarised above. In addition, where the executive has to relocate, the level of relocation package will be assessed on a case by case basis. Although it is not the Committee's 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

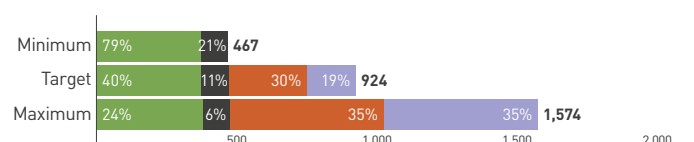
Our remuneration arrangements are designed so that a significant proportion of pay is dependent on the delivery of short- and long-term objectives designed to create shareholder value.

The charts below illustrate the potential future reward opportunity for each of the executive directors, based on the remuneration policy set out on pages 53 to 55 and the base salary at 1 May 2015 and the sterling/dollar exchange rate at 30 April 2015.

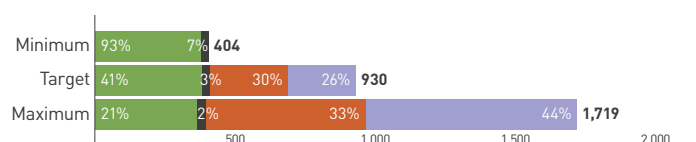
#### CHIEF EXECUTIVE – GEOFF DRABBLE (£'000)



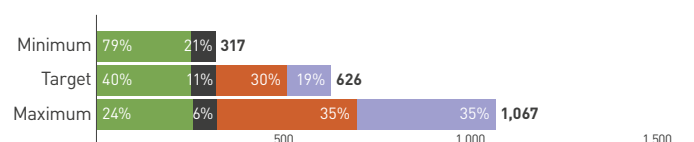
#### FINANCE DIRECTOR – SUZANNE WOOD (£'000)



#### 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
<b>Base salary and benefits</b>	<p>In the event of termination by the Company, there will be no compensation for loss of office due to misconduct or normal resignation.</p> <p>In other circumstances, executive directors may be entitled to receive compensation for loss of office which will be a maximum of 12 months' salary.</p> <p>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.</p>	The Committee has discretion to make a lump sum payment in lieu.
<b>Pension</b>	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.
<b>Deferred Bonus Plan</b>	<p>The treatment of the Deferred Bonus Plan is governed by the rules of the plan.</p> <p><b>Cessation of employment</b></p> <p>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).</p> <p>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:</p> <p>(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</p> <p>(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.</p> <p>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.</p> <p><b>Change of control</b></p> <p>On a change of control, all deferred awards held in a participant's plan account shall vest immediately and the Committee shall determine:</p> <p>(a) that the measurement date is the date of the change of control; and</p> <p>(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.</p> <p>The Committee shall pro-rate the performance conditions to the measurement date.</p> <p>In the event of an internal reorganisation, the Committee may determine that awards are replaced by equivalent awards.</p>	<p>The Committee has the discretion to determine that an executive director is a good leaver.</p> <p>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.</p> <p>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.</p> <p>The Committee retains discretion to pro-rate the contribution for that plan year.</p> <p>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.</p>

## Remuneration policy continued

ELEMENT	APPROACH	APPLICATION OF COMMITTEE DISCRETION
<b>PSP</b>	<p>The treatment of awards is governed by the rules of the plan.</p> <p><b>Cessation of employment</b></p> <p>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).</p> <p>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.</p> <p>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.</p> <p><b>Change of control</b></p> <p>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.</p>	<p>The Committee has the discretion to determine that an executive director is a good leaver.</p> <p>The Committee retains discretion to set the vesting date.</p> <p>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.</p> <p>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.</p>

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 changes made to the base salary of the chief executive with effect from 1 May 2014 and the deferred element under the DBP. The views expressed by the shareholders have been taken into account in determining base pay for 2015/16.

The Committee is consulting with major shareholders over the performance conditions to be applied to the element of the award to executives above 150% of base salary under the PSP.

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 2015 and the prior year is shown in the table below:

	Salary		Benefits <sup>(i)</sup>		Pension <sup>(ii)</sup>		Deferred Bonus Plan <sup>(iii)</sup>		Annual Performance Bonus <sup>(iv)</sup>		PSP <sup>(v)</sup>		Total	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000	2015 £'000	2014 £'000	2015 £'000	2014 £'000	2015 £'000	2014 £'000	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Sat Dhaiwal	245	230	17	16	49	19	250	–	–	240	769	1,240	1,330	1,745
Geoff Drabble	641	534	75	76	256	213	854	2,593	–	–	2,488	3,856	4,314	7,272
Brendan Horgan	345	324	17	14	11	11	345	869	–	–	970	1,548	1,688	2,766
Suzanne Wood	338	307	79	73	19	15	338	810	–	–	970	1,204	1,744	2,409
	1,569	1,395	188	179	335	258	1,787	4,272	–	240	5,197	7,848	9,076	14,192

(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.

(ii) The amount for Sat Dhaiwal represents a cash payment in lieu of pension contributions at 20% of salary. Until 31 March 2014, Sat Dhaiwal was a contributory member of the Ashtead Group Retirement Benefits Plan. The amount shown above for 2014 represents the increase in his accrued pension benefit, plus one month's payment in lieu of pension contributions. The amount for Geoff Drabble represents a cash payment in lieu of pension contributions at 40% of salary. 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.

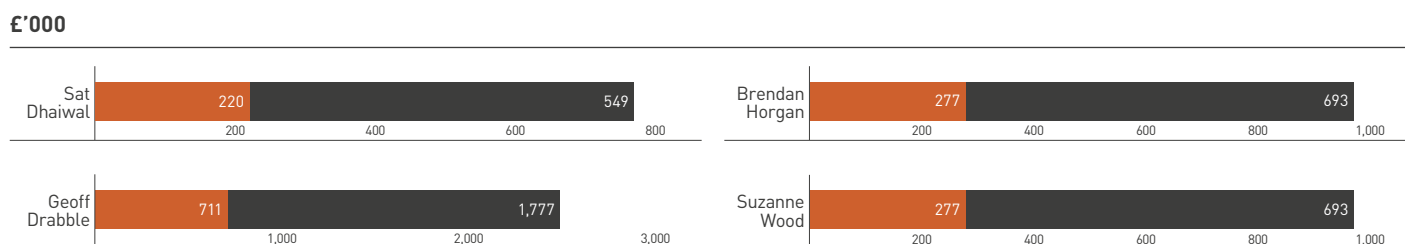
(iii) Deferred Bonus Plan includes the cash received by each director from the DBP for 2014/15 performance as explained on page 54. This includes 67% of this year's bonus for each director.

(iv) Annual Performance Bonus represents the cash award under the Annual Performance Bonus plan for 2013/14 performance.

(v) 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 2012 award is expected to vest fully on 18 September 2015 and has been valued at an average market value of 1,114p for the three months ended 30 April 2015, plus 34.25p per share in lieu of dividends paid during the vesting period. The PSP value for 2014 has been adjusted to reflect the actual market value on the date of vesting of 934p.

## Annual report on remuneration continued

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



- ▲ 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 making any further pension contributions. Sat Dhaiwal ceased his contributory membership of the Ashtead Group plc Retirement Benefits Plan ('Retirement Benefits Plan') at the end of March 2014.

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 \$16,870 for Brendan Horgan and \$30,955 for Suzanne Wood in 2014/15.

At 30 April 2015, the total amount available to Brendan Horgan but deferred under the Sunbelt deferred compensation plan was \$406,770 or £264,686. This includes an allocated investment return of \$31,242 or £19,549 (2014: £21,435). The amount available to Suzanne Wood under the same plan was \$292,197 or £190,133. This includes an allocated investment return of \$25,600 or £16,019 (2014: £16,165).

### 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**	n/a		n/a		n/a	
Threshold	£390m	10%	\$740m	10%	£35m	10%
Target	£430m	50%	\$780m	50%	£37m	50%
Maximum	£450m	100%	\$815m	100%	£45m	100%
<b>Actual – reported</b>	<b>£490m</b>		<b>\$833m</b>		<b>£46m</b>	
<b>Actual – budget exchange rates</b>	<b>£470m</b>		<b>n/a</b>		<b>n/a</b>	

\* Underlying profit.

\*\* No share equivalents brought forward.

The performance targets for Geoff Drabble and Suzanne Wood for the year to 30 April 2015 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 both prior year (£362m) and consensus market expectation of £410m when the target was set. The targets for Sunbelt and A-Plant were significantly ahead of the prior year of \$631m and £25m respectively. For the year to 30 April 2015, the underlying pre-tax profit for Ashtead Group was £490m and underlying operating profit for Sunbelt and A-Plant was \$833m and £46m respectively. As a result, the maximum bonus entitlements were earned and were equivalent to 200% of base salary for Geoff Drabble and 150% of base salary for Suzanne Wood, Brendan Horgan and Sat Dhaiwal.

As 2014/15 was the first year of the three-year DBP period, there were no share equivalent awards brought forward.

	Number of share equivalent awards		
	Brought forward	Granted	Carried forward
Sat Dhaiwal	–	11,101	11,101
Geoff Drabble	–	37,940	37,940
Brendan Horgan	–	15,892	15,892
Suzanne Wood	–	15,603	15,603



## The Performance Share Plan

The performance criteria have varied in prior years. Following consultation with shareholders in 2011/12, a balanced and holistic approach was adopted involving four performance 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 [% of award]	EPS [% of award]			Status
27/7/11	2011/12	From date of grant versus FTSE 250 Index (12.5% at median; 50% at upper quartile)	2013/14 EPS between 8p (12.5% vested) and 12p (50% vested)			Vested in full in July 2014
		Performance criteria (measured over three years)				
Award date	Financial year	TSR (40%)	EPS (25%)	Rol (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 Rol of 10% with 100% vesting with an Rol 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	2012 award Expected to vest in full in September 2015
1/7/13	2013/14	As above	As above	As above	As above	2013 award TSR performance is in the upper quartile, EPS growth of 41%, Rol of 19% and leverage of 1.8 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 second quartile, EPS growth of 34%, Rol of 19% and leverage of 1.8 times

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

The 2011 PSP award vested in full on 26 July 2014 with EPS for 2013/14 of 46.6p exceeding the upper target of 12p and the Company's TSR performance ranked it first within the FTSE 250 (excluding investment trusts).

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 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) is shown on page 64.

The executive directors are required to retain at least 50% of shares that vest under the PSP until such time as they have achieved the shareholding guideline detailed on page 55.

## Annual report on remuneration continued

### Single total figure of remuneration (audited information)

#### Non-executive directors

	Fees	
	2015 £'000	2014 £'000
Chris Cole	193	160
Michael Burrow	59	55
Wayne Edmunds	58	10
Bruce Edwards	49	45
Hugh Etheridge	11	65
Ian Sutcliffe	58	45
	428	380

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 2014 and 30 April 2015 (audited information)

#### Performance Share Plan

The awards made on 19 June 2014 are subject to the rules of the PSP and the achievement of stretching performance conditions, which are set out on page 55, over a three-year period to 30 April 2017. 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
Geoff Drabble	111,314	961	150%	32.5%
Sat Dhaiwal	27,794	240	100%	32.5%
Brendan Horgan	46,683	403	125%	32.5%
Suzanne Wood	45,834	396	125%	32.5%

#### Note

PSP awards were allocated on 19 June 2014 using the closing mid-market share price (864p) 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. The chief executive is expected to hold shares at least equal to 200% of base salary and the remaining executive directors are expected to hold shares at least equal to 100% of base salary. As shown below, the executive directors comply with these shareholding requirements.

	Shares held outright at 30 April 2015	Shares held outright at 30 April 2015 as a % of salary	Outstanding unvested scheme interests subject to performance measures	Total of all share interests and outstanding scheme interests at 30 April 2015
Sat Dhaiwal	398,375	1,775%	127,914	526,289
Geoff Drabble	1,303,297	2,178%	448,423	1,751,720
Brendan Horgan	493,874	1,464%	182,474	676,348
Suzanne Wood	208,805	630%	178,956	387,761

#### Notes

1. Interests in shares held at 30 April 2015 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 2015, the sterling/dollar exchange rate at 30 April 2015, and the directors' salaries at 1 May 2015, have been used.

## Performance Share Plan awards

Awards made under the PSP, and those which remain outstanding at 30 April 2015, are shown in the table below:

	Date of grant	Held at 30 April 2014	Exercised during the year	Granted during the year	Held at 30 April 2015
Sat Dhaiwal	27.07.11	130,641	130,641	–	–
	19.09.12	67,012	–	–	67,012
	01.07.13	33,108	–	–	33,108
	19.06.14	–	–	27,794	27,794
Geoff Drabble	27.07.11	406,176	406,176	–	–
	19.09.12	216,680	–	–	216,680
	01.07.13	120,429	–	–	120,429
	19.06.14	–	–	111,314	111,314
Brendan Horgan	27.07.11	163,049	163,049	–	–
	19.09.12	84,491	–	–	84,491
	01.07.13	51,300	–	–	51,300
	19.06.14	–	–	46,683	46,683
Suzanne Wood	27.07.11	126,816	126,816	–	–
	19.09.12	84,491	–	–	84,491
	01.07.13	48,631	–	–	48,631
	19.06.14	–	–	45,834	45,834

The performance conditions attaching to the PSP awards are detailed on page 61. The market price of the awards granted during the year was 864p on the date of grant.

## Statement of non-executive directors' shareholding (audited information)

As at 30 April 2015, the non-executive directors' interests in ordinary shares of the Company were:

	Number
Michael Burrow	20,000
Chris Cole	132,082
Wayne Edmunds	–
Bruce Edwards	40,000
Ian Sutcliffe	12,100

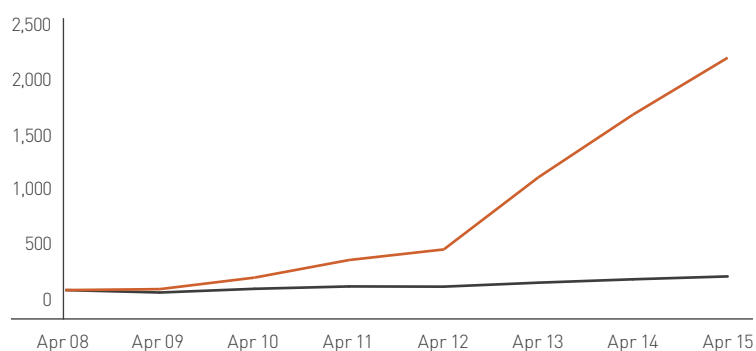
The market price of the Company's shares at the end of the financial year was 1,126p and the highest and lowest closing prices during the financial year were 1,190p and 799p respectively.

## Annual report on remuneration continued

### Performance graph and table

Over the last seven years the Company has generated a 22-fold total shareholder return ('TSR') which is shown below. The following graph compares the Company's TSR performance with the FTSE 250 Index (excluding investment trusts) over the seven years ended 30 April 2015. 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 (£)



▲ Ashtead    ▲ FTSE 250 (excluding investment trusts)

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:

	2008	2009	2010	2011	2012	2013	2014	2015
Total remuneration (£'000)	1,061	826	1,037	2,166	4,613	6,510	7,272	4,314
Underlying profit before tax (£m)	112	87	5	31	131	245	362	490
Proportion of maximum annual bonus potential awarded	60%	25%	75%	100%	100%	100%	100%	100%
Proportion of PSP vesting	0%	0%	0%	50%	100%	100%	100%	100%

### 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 2014 and 30 April 2015 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 page 54.

	Salary	Benefits	Annual bonus
Chief executive percentage change	20%	-1%	-67%
Group percentage change	3%	0%	-12%

### 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).

	2013/14 £m	2014/15 £m	Change %
Underlying profit before tax	362	490	35%
Dividend declared	57.6	76.5	33%
Aggregate staff costs	417	486	17%

## Remuneration for the year commencing 1 May 2015

### Basic salary

Salary with effect from 1 May 2015:

Sat Dhaiwal	£250,000
Geoff Drabble	£666,500
Brendan Horgan	\$577,500
Suzanne Wood	\$567,000

The salaries of A-Plant employees, including Sat Dhaiwal, will be reviewed in November 2015.

### 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 54. These performance measures should be viewed in conjunction with the wider performance targets set for the 2015/16 PSP awards as detailed on page 55.

### Performance Share Plan

A 2015 PSP award will be made as follows:

	Value of 2015 award £'000
Sat Dhaiwal	375
Geoff Drabble	1,333
Brendan Horgan	752
Suzanne Wood	553

These awards are based on the directors' salaries as at 1 May 2015 and, where appropriate, the sterling/dollar exchange rate at 30 April 2015.

### Non-executive fees

Fees for non-executive directors with effect from 1 May 2015 are:

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

## 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	
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 £40,000. 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.



## Annual report on remuneration 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 2011 PSP awards;
- grant of 2014 PSP awards and setting the performance targets attaching thereto;
- review of executive base salaries; and
- approval of the Director's remuneration report for the year ended 30 April 2014.

### Shareholder voting

An ordinary resolution concerning the Directors' remuneration report (excluding remuneration policy) will be put to shareholders at the forthcoming Annual General Meeting.

Ashtead is committed to ongoing shareholder dialogue and considers voting outcomes carefully. In the event of a substantial vote against a resolution in relation to directors' remuneration, Ashtead would seek to understand the reasons for any such vote and would detail any actions taken in response to it in the Directors' remuneration report the following year.

The following table sets out the voting results in respect of our previous report in 2014:

	For	Against
2013/14 Directors' annual report on remuneration	69.8%	30.2%
2013/14 Directors' remuneration policy	96.8%	3.2%

21,384,592 votes were withheld (c.4% of share capital) out of total votes cast of 327,064,797 in relation to the directors' remuneration report and 8,861,744 votes were withheld (c.2% of share capital) out of total votes of 327,064,797 in relation to the directors' remuneration policy.

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



**MICHAEL BURROW**

Chairman, Remuneration Committee

15 June 2015

## Other statutory disclosures

Pages 42 to 69 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 49
Board and committee membership	Page 42
Corporate governance report	Page 44
Directors' biographies	Page 43
Directors' responsibility statement	Page 69
Financial risk management	Financial statements – Note 24
Future developments	Page 16
Greenhouse gas emissions	Page 41
Nomination Committee report	Page 51
Other statutory disclosures	Page 67
Our people	Page 36
Pension schemes	Financial statements – Note 23
Post balance sheet events	Financial statements – Note 29
Results and dividends	Page 26
Share capital	Financial statements – Note 20
Social responsibility	Page 33

### 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 2014 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 3 March 2016.

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 12 June 2015 (the latest practicable date before approval of the financial statements) are as follows:

	%
Abrams Bison Investments LLC	5
BlackRock, Inc.	5
AXA Investment Managers, S.A.	5
Baillie Gifford & Co.	5
Old Mutual Asset Managers (UK) Ltd	4

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 62 and 63. Details of all shares subject to option are given in the notes to the financial statements on page 93.

### 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.

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 42 and 43. The policies related to their appointment and replacement are detailed on pages 46 and 47. 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:

- (i) there is no relevant audit information of which the Company's auditor is unaware; and
- (ii) 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 2015 was 72 days (30 April 2014: 63 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 £147,508 in total (2014: £127,641). No political donations were made in either year.

### POST BALANCE SHEET EVENTS

Details of post balance sheet events are included in Note 29 of the consolidated 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, 2 September 2015 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, [www.ashtead-group.com](http://www.ashtead-group.com).

By order of the Board



**ERIC WATKINS**  
Company secretary  
15 June 2015

# 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 EU.

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  
15 June 2015



# Our Financial Statements 2015

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# Independent auditor's report to the members of Ashtead Group plc

## OPINION ON THE 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 the Company's affairs as at 30 April 2015 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.

## 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
<b>Carrying value of rental fleet</b> As set out in Note 13, the Group holds £3.6bn of rental fleet at cost (£2.5bn net book value).  There is a risk that the judgements made by management around the annual impairment review of the Group's rental fleet are not appropriate and that the carrying value of these assets are misstated.	<p>We tested the design, implementation and operating effectiveness of the key controls over the impairment review.</p> <p>We have considered management's impairment analysis, understood and challenged the key judgements and sensitivities and the impact that each of these have in determining whether an impairment exists.</p> <p>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 confirmed that the accounting for the rental fleet and associated disclosures were in line with the Group's accounting policies.</p>
<b>Carrying value of goodwill</b> As set out in Note 14, the Group carries goodwill of £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 that goodwill is overstated.  In addition, the Group increased the number of CGUs from two to eight for the purpose of assessing whether the goodwill is impaired.	<p>We have assessed the Group's current and forecast performance and considered whether any other factors exist that would suggest the goodwill is impaired. We have performed the following procedures:</p> <ul style="list-style-type: none"><li>• challenged management's identification of eight CGUs against our understanding of the business and the definition as set out in the accounting standards;</li><li>• 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;</li><li>• forecast inputs and growth assumptions were compared against historical trends to assess the reliability of management's forecast, in addition to comparing forecast assumptions to external market analysis;</li><li>• with the assistance of specialists, we recalculated the discount rate applied to the future cash flows and benchmarked this against other companies in the industry; and</li><li>• performed sensitivity analysis.</li></ul>

## 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

As required by the Listing Rules we have reviewed the directors' statement on page 68 that the Group is a going concern.

We confirm that:

- we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and
- we have not identified any material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern.

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.

# Independent auditor's report to the members of Ashtead Group plc continued

RISK	HOW THE SCOPE OF OUR AUDIT RESPONDED TO THE RISK
<b>Accounting for acquisitions</b> There is risk that the acquisition accounting for the 21 acquisitions made in the year, as set out in Note 26, has not been correctly applied. Specifically, there is a risk that incorrect judgements are made which results in the inaccurate allocation of values to acquired intangibles.  We also consider the valuation of contingent consideration to be a risk, given the judgement involved.	We have challenged the key assumptions made by management in accounting for the acquisitions including: <ul style="list-style-type: none"> <li>• a review of the asset purchase agreements to determine whether the appropriate intangible assets have been identified and that no unusual terms exist that have not been accounted for;</li> <li>• testing the valuation and accounting for consideration payable. Testing contingent consideration calculations, assessing whether any consideration may actually represent post-acquisition remuneration and tracing payments made to bank statements;</li> <li>• the identification and fair valuation of the assets and liabilities the Group acquired including any fair value adjustments; and</li> <li>• valuation assumptions such as discount, tax and royalty rates by reviewing assumptions used in such calculations and recalculating using external evidence.</li> </ul> In doing so we have involved Deloitte valuation specialists to assist with considering the appropriateness of the discount rate. We have reviewed the acquisition accounting and respective disclosures made in the financial statements.
<b>Revenue recognition</b> There is a risk that earned not billed and billed not earned revenue is incorrectly calculated or recorded in the wrong period.  We also consider there to be a risk that rebates payable to customers are omitted or recorded at an incorrect amount.	We tested the design, implementation and 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, remittances 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 and circularised other customers to understand if further rebates should be recorded.

The description of risks above should be read in conjunction with the significant issues considered by the Audit Committee discussed on pages 49 and 50.

Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole, and not to express an opinion on individual accounts or disclosures. Our opinion on the financial statements is not modified with respect to any of the risks described above, and we do not express an opinion on these individual 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 £17.0m (2014: £14.0m) which is 3.6% (2014: 3.9%) of pre-tax profit.

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. This is an updated approach compared to 2014, where we used a two-year average, and reduces further the impact of any one-off or cyclical volatility.

We agreed with the Audit Committee that we would report to them all audit differences in excess of £650,000 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 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 is comprised of three principal locations: the Head Office in London; A-Plant in Warrington, UK; and Sunbelt in Charlotte, North Carolina, US. The Group audit team performed a full-scope audit of the Head Office and local component audit teams performed full-scope audits at both A-Plant and Sunbelt. These three locations represent 100% of the Group's revenue, profit before tax and 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 £3.1m to £15.4m (2014: £2.9m to £12.6m).

Members of the Group audit team (including the lead audit partner) have made several 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 parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent 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 the part of the Corporate Governance Statement relating to the Company's compliance with 10 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). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

15 June 2015

# Consolidated financial statements

## CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 30 APRIL 2015

	Notes	2015			2014	
		Before amortisation £m	Amortisation £m	Total £m	Before exceptional items and amortisation £m	Exceptional items and amortisation £m
<b>Revenue</b>						
Rental revenue		1,837.6	–	1,837.6	1,475.3	–
Sale of new equipment, merchandise and consumables		88.2	–	88.2	68.1	–
Sale of used rental equipment		113.1	–	113.1	91.3	–
		2,038.9	–	2,038.9	1,634.7	–
<b>Operating costs</b>						
Staff costs	4	(486.3)	–	(486.3)	(417.3)	–
Used rental equipment sold	4	(86.3)	–	(86.3)	(73.4)	–
Other operating costs	4	(557.9)	–	(557.9)	(458.9)	4.2
		(1,130.5)	–	(1,130.5)	(949.6)	4.2
<b>EBITDA*</b>		908.4	–	908.4	685.1	4.2
Depreciation	4	(351.5)	–	(351.5)	(275.9)	–
Amortisation of intangibles	4	–	(15.8)	(15.8)	–	(9.8)
<b>Operating profit</b>	3, 4	556.9	(15.8)	541.1	409.2	(5.6)
Investment income	6	0.2	–	0.2	–	–
Interest expense	6	(67.5)	–	(67.5)	(47.1)	–
<b>Profit on ordinary activities before taxation</b>		489.6	(15.8)	473.8	362.1	(5.6)
Taxation	7, 19	(175.5)	5.1	(170.4)	(128.6)	3.3
<b>Profit attributable to equity holders of the Company</b>		314.1	(10.7)	303.4	233.5	(2.3)
Basic earnings per share	9	62.6p	(2.1p)	60.5p	46.6p	(0.5p)
Diluted earnings per share	9	62.2p	(2.1p)	60.1p	46.3p	(0.5p)

\* 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 2015


	Note	2015 £m	2014 £m
Profit attributable to equity holders of the Company for the financial year		303.4	231.2
<b>Items that will not be reclassified to profit or loss:</b>			
Remeasurement of the defined benefit pension plan	23	(3.1)	5.3
Tax on defined benefit pension plan		0.6	(1.0)
		(2.5)	4.3
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Foreign currency translation differences		58.9	(41.3)
<b>Total comprehensive income for the year</b>		359.8	194.2

## CONSOLIDATED BALANCE SHEET

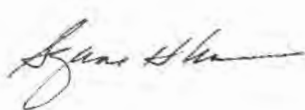
AT 30 APRIL 2015

	Notes	2015 £m	2014 £m
<b>Current assets</b>			
Inventories	10	23.9	18.5
Trade and other receivables	11	377.5	259.8
Current tax asset		26.2	9.9
Cash and cash equivalents	12	10.5	2.8
		<b>438.1</b>	291.0
<b>Non-current assets</b>			
Property, plant and equipment			
– rental equipment	13	2,534.2	1,716.3
– other assets	13	276.9	212.8
		<b>2,811.1</b>	1,929.1
Goodwill	14	516.2	400.4
Other intangible assets	14	92.7	45.8
Net defined benefit pension plan asset	23	3.1	6.1
		<b>3,423.1</b>	2,381.4
<b>Total assets</b>		<b>3,861.2</b>	2,672.4
<b>Current liabilities</b>			
Trade and other payables	15	491.7	345.8
Current tax liability		6.2	5.8
Debt due within one year	16	2.0	2.2
Provisions	18	18.4	15.0
		<b>518.3</b>	368.8
<b>Non-current liabilities</b>			
Debt due after more than one year	16	1,695.6	1,149.2
Provisions	18	31.3	20.3
Deferred tax liabilities	19	504.5	309.7
		<b>2,231.4</b>	1,479.2
<b>Total liabilities</b>		<b>2,749.7</b>	1,848.0
<b>Equity</b>			
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	90.7
Own shares held by the Company	20	(33.1)	(33.1)
Own shares held through the ESOT	20	(15.5)	(11.8)
Cumulative foreign exchange translation differences		38.7	(20.2)
Retained reserves		970.9	739.0
<b>Equity attributable to equity holders of the Company</b>		<b>1,111.5</b>	824.4
<b>Total liabilities and equity</b>		<b>3,861.2</b>	2,672.4

These financial statements were approved by the Board on 15 June 2015.



**GEOFF DRABBLE**  
Chief executive



**SUZANNE WOOD**  
Finance director



# Consolidated financial statements continued

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 APRIL 2015

	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 2013	55.3	3.6	0.9	90.7	(33.1)	(7.4)	21.1	551.4	682.5
Profit for the year	–	–	–	–	–	–	–	231.2	231.2
Other comprehensive income:									
Foreign currency translation differences	–	–	–	–	–	–	(41.3)	–	(41.3)
Remeasurement of the defined benefit pension plan	–	–	–	–	–	–	–	5.3	5.3
Tax on defined benefit pension plan	–	–	–	–	–	–	–	(1.0)	(1.0)
Total comprehensive income for the year	–	–	–	–	–	–	(41.3)	235.5	194.2
Dividends paid	–	–	–	–	–	–	–	(41.3)	(41.3)
Own shares purchased by the ESOT	–	–	–	–	–	(22.4)	–	–	(22.4)
Share-based payments	–	–	–	–	–	18.0	–	(14.6)	3.4
Tax on share-based payments	–	–	–	–	–	–	–	8.0	8.0
At 30 April 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
<b>At 30 April 2015</b>	<b>55.3</b>	<b>3.6</b>	<b>0.9</b>	<b>90.7</b>	<b>(33.1)</b>	<b>(15.5)</b>	<b>38.7</b>	<b>970.9</b>	<b>1,111.5</b>

## CONSOLIDATED CASH FLOW STATEMENT

### FOR THE YEAR ENDED 30 APRIL 2015

	Notes	2015 £m	2014 £m
<b>Cash flows from operating activities</b>			
Cash generated from operations before exceptional items and changes in rental equipment	25(a)	841.4	645.5
Exceptional operating costs paid		(0.5)	(2.2)
Payments for rental property, plant and equipment		(858.1)	(655.2)
Proceeds from disposal of rental property, plant and equipment		95.4	90.4
Cash generated from operations		78.2	78.5
Financing costs paid (net)		(63.4)	(40.5)
Tax paid (net)		(32.0)	(14.9)
<b>Net cash (used in)/generated from operating activities</b>		<b>(17.2)</b>	<b>23.1</b>
<b>Cash flows from investing activities</b>			
Acquisition of businesses	25(c)	(241.5)	(103.3)
Payments for non-rental property, plant and equipment		(78.7)	(85.3)
Proceeds from disposal of non-rental property, plant and equipment		7.5	11.5
<b>Net cash used in investing activities</b>		<b>(312.7)</b>	<b>(177.1)</b>
<b>Cash flows from financing activities</b>			
Drawdown of loans		842.5	578.7
Redemption of loans		(420.4)	(377.7)
Capital element of finance lease payments		(2.9)	(0.7)
Dividends paid		(61.4)	(41.3)
Purchase of own shares by the ESOT		(20.3)	(22.4)
<b>Net cash from financing activities</b>		<b>337.5</b>	<b>136.6</b>
<b>Increase/(decrease) in cash and cash equivalents</b>		<b>7.6</b>	<b>(17.4)</b>
Opening cash and cash equivalents		2.8	20.3
Effect of exchange rate difference		0.1	(0.1)
<b>Closing cash and cash equivalents</b>		<b>10.5</b>	<b>2.8</b>
<b>Reconciliation of net cash flows to net debt</b>			
(Increase)/decrease in cash in the period		(7.6)	17.4
Increase in debt through cash flow		419.2	200.3
Change in net debt from cash flows		411.6	217.7
Exchange differences		121.8	(87.7)
Debt acquired		–	1.4
Non-cash movements:			
– deferred costs of debt raising		1.5	2.0
– capital element of new finance leases		3.6	1.1
Increase in net debt in the period		538.5	134.5
Net debt at 1 May		1,148.6	1,014.1
Net debt at 30 April		1,687.1	1,148.6

# 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 31 and 32 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 2014 and not early adopted

IFRS 15, 'Revenue from Contracts with Customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of goods or a service and thus has the ability to direct the use and obtain benefits from the goods or service. The standard 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 2017 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.

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:

	2015	2014
Average for year	1.60	1.60
Year end	1.54	1.69

Exchange differences arising from the retranslation of the opening net investment of overseas subsidiaries and the difference between the inclusion of their profits at average rates of exchange in the Group income statement and the closing rate used for the balance sheet are recognised directly in a separate component of equity. Other exchange differences are dealt with in the income statement.

### Revenue

Revenue 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.

## 2 ACCOUNTING POLICIES CONTINUED

### 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.

#### 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.

#### Derivative financial instruments

The Group may use derivative financial instruments to hedge its exposure to fluctuations in interest and foreign exchange rates. The Group does not hold or issue derivative instruments for speculative purposes.

All derivatives are held at fair value in the balance sheet. Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised directly in equity. The gain or loss relating to any ineffective portion is recognised immediately in the income statement. Amounts deferred in equity are recognised in the income statement in the same period in which the hedged item affects profit or loss. Changes in the fair value of any derivative instruments that are not hedge accounted are recognised immediately in the income statement.

#### 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.

### Assets held for sale

Non-current assets held for sale and disposal groups are measured at the lower of carrying amount and fair value less costs to sell. Such assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. Such assets are not depreciated. Assets are regarded as held for sale only when the sale is highly probable and the asset is available for sale in its present condition. Management must be committed to the sale which must be expected to qualify for recognition as a completed sale within one year from the date of classification.

## 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.

	Sunbelt £m	A-Plant £m	Corporate items £m	Group £m
<b>Year ended 30 April 2015</b>				
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
<b>Segment assets</b>	<b>3,309.7</b>	<b>514.7</b>	<b>0.1</b>	<b>3,824.5</b>
Cash				10.5
Taxation assets				26.2
Total assets				3,861.2
<b>Segment liabilities</b>	<b>441.9</b>	<b>81.6</b>	<b>4.3</b>	<b>527.8</b>
Corporate borrowings and accrued interest				1,711.2
Taxation liabilities				510.7
Total liabilities				2,749.7
<b>Other non-cash expenditure – share-based payments</b>	<b>2.2</b>	<b>0.6</b>	<b>1.2</b>	<b>4.0</b>
Capital expenditure	1,127.1	180.7	–	1,307.8

# Notes to the consolidated financial statements continued

## 3 SEGMENTAL ANALYSIS CONTINUED

There are no sales between the business segments. Segment assets include property, plant and equipment, goodwill, intangibles, inventory and receivables. Segment liabilities comprise operating liabilities and exclude taxation balances, corporate borrowings and accrued interest. Capital expenditure represents additions to property, plant and equipment and intangible assets, including goodwill, and includes additions through the acquisition of businesses.

Year ended 30 April 2014	Sunbelt £m	A-Plant £m	Corporate items £m	Group £m
Revenue	1,366.2	268.5	–	1,634.7
Operating costs	(749.7)	(189.9)	(10.0)	(949.6)
EBITDA	616.5	78.6	(10.0)	685.1
Depreciation	(222.5)	(53.4)	–	(275.9)
Segment result before exceptional items and amortisation	394.0	25.2	(10.0)	409.2
Exceptional items	–	4.2	–	4.2
Amortisation	(5.7)	(4.1)	–	(9.8)
Segment result	388.3	25.3	(10.0)	403.6
Net financing costs				(47.1)
Profit before taxation				356.5
Taxation				(125.3)
Profit attributable to equity shareholders				231.2
Segment assets	2,252.7	406.7	0.3	2,659.7
Cash				2.8
Taxation assets				9.9
Total assets				2,672.4
Segment liabilities	301.7	63.1	5.8	370.6
Corporate borrowings and accrued interest				1,161.9
Taxation liabilities				315.5
Total liabilities				1,848.0
Other non-cash expenditure – share-based payments	2.0	0.5	0.9	3.4
Capital expenditure	695.8	156.3	–	852.1

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	
	2015 £m	2014 £m	2015 £m	2014 £m	2015 £m	2014 £m
North America	1,715.9	1,366.2	2,976.8	2,030.1	1,127.1	695.8
United Kingdom	323.0	268.5	443.2	345.2	180.7	156.3
	2,038.9	1,634.7	3,420.0	2,375.3	1,307.8	852.1

#### 4 OPERATING COSTS AND OTHER INCOME

	2015			2014		
	Before amortisation £m	Amortisation £m	Total £m	Before exceptional items and amortisation £m	Exceptional items and amortisation £m	Total £m
Staff costs:						
Salaries	441.8	–	441.8	380.4	–	380.4
Social security costs	36.0	–	36.0	29.7	–	29.7
Other pension costs	8.5	–	8.5	7.2	–	7.2
	486.3	–	486.3	417.3	–	417.3
Used rental equipment sold	86.3	–	86.3	73.4	–	73.4
Other operating costs:						
Vehicle costs	117.8	–	117.8	105.9	–	105.9
Spares, consumables and external repairs	102.7	–	102.7	83.4	–	83.4
Facility costs	58.9	–	58.9	50.4	–	50.4
Other external charges	278.5	–	278.5	219.2	(4.2)	215.0
	557.9	–	557.9	458.9	(4.2)	454.7
Depreciation and amortisation:						
Depreciation of owned assets	349.9	–	349.9	275.2	–	275.2
Depreciation of leased assets	1.6	–	1.6	0.7	–	0.7
Amortisation of intangibles	–	15.8	15.8	–	9.8	9.8
	351.5	15.8	367.3	275.9	9.8	285.7
	1,482.0	15.8	1,497.8	1,225.5	5.6	1,231.1

Proceeds from the disposal of non-rental property, plant and equipment amounted to £7m (2014: £12m), resulting in a profit on disposal of £1m (2014: £3m) which is included in other external charges.

The costs shown in the above table include:

	2015 £m	2014 £m
Operating lease rentals payable:		
Plant and equipment	2.2	2.1
Property	41.0	35.2
Cost of inventories recognised as expense	168.4	138.2
Bad debt expense	12.8	9.6
Net foreign exchange losses	(0.2)	0.2

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

	2015 £'000	2014 £'000
Salaries and short-term employee benefits	4,277	6,674
Post-employment benefits	30	67
National insurance and social security	348	376
Share-based payments	1,349	1,075
	6,004	8,192

# 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:

	2015 £'000	2014 £'000
Fees payable to Deloitte UK and its associates for the audit of the Group's annual accounts	636	603
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	38	40
– audit-related assurance services	64	62
– other assurance services	80	173
	818	878

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 relate to comfort letters provided in connection with the \$500m 5.625% senior secured notes issue due in 2024 and in the prior year relate to comfort letters provided in connection with the \$400m add-on to the 6.5% second priority senior secured notes due in 2022 as well as due diligence support.

## 5 EXCEPTIONAL ITEMS AND AMORTISATION

	2015 £m	2014 £m
Release of contingent consideration provision	–	(4.2)
Amortisation of intangibles	15.8	9.8
	15.8	5.6
Taxation	(5.1)	(3.3)
	10.7	2.3

The £4m release of contingent consideration in the prior year relates to a provision for contingent consideration on the acquisition of Eve Trakway Limited which was payable depending on increased earnings targets. £7m was provided in full on acquisition. The targets were achieved partially and the over-provision was released.

## 6 NET FINANCING COSTS

	2015 £m	2014 £m
<b>Investment income</b>		
Net interest on the net defined benefit asset	(0.2)	–
<b>Interest expense</b>		
Bank interest payable	17.5	18.4
Interest payable on second priority senior secured notes	47.5	26.3
Interest payable on finance leases	0.2	0.2
Non-cash unwind of discount on provisions	0.8	0.4
Amortisation of deferred costs of debt raising	1.5	1.8
Total interest expense	67.5	47.1
Net financing costs	67.3	47.1

## 7 TAXATION

The tax charge for the period has been computed using an effective rate for the year of 39% in North America (2014: 39%) and 21% in the UK (2014: 26%). The blended effective rate for the Group as a whole is 36% (2014: 36%).

	2015 £m	2014 £m
<b>Analysis of the tax charge</b>		
Current tax		
– current tax on income for the year	19.5	16.8
– adjustments to prior year	(0.3)	(7.7)
	19.2	9.1
Deferred tax		
– origination and reversal of temporary differences	151.2	113.9
– adjustments to prior year	–	4.6
– adjustments due to change in UK and North American corporate tax rates	–	(2.3)
	151.2	116.2
<b>Total taxation charge</b>	<b>170.4</b>	<b>125.3</b>
Comprising:		
– UK tax	16.4	12.3
– North American tax	154.0	113.0
	170.4	125.3

The tax charge comprises a charge of £175.5m (2014: £128.6m) relating to tax on the profit before exceptional items and amortisation, together with a credit of £5.1m (2014: £3.3m) on exceptional items and amortisation.

The tax charge for the period is higher than the standard rate of corporation tax in the UK of 21% for the year. The differences are explained below:

	2015 £m	2014 £m
Profit on ordinary activities before tax	473.8	356.5
Profit on ordinary activities multiplied by the rate of corporation tax in the UK of 20.9% (2014: 22.8%)	99.0	81.3
Effects of:		
Use of foreign tax rates on overseas income	70.5	47.7
Other	1.2	(0.6)
Adjustments to prior years	(0.3)	(3.1)
<b>Total taxation charge</b>	<b>170.4</b>	<b>125.3</b>

## Notes to the consolidated financial statements continued

### 8 DIVIDENDS

	2015 £m	2014 £m
Final dividend paid on 5 September 2014 of 9.25p (2014: 6.0p) per 10p ordinary share	<b>46.4</b>	30.1
Interim dividend paid on 4 February 2015 of 3.0p (2014: 2.25p) per 10p ordinary share	<b>15.0</b>	11.2
	<b>61.4</b>	41.3

In addition, the directors are proposing a final dividend in respect of the financial year ended 30 April 2015 of 12.25p per share which will absorb £61m of shareholders' funds based on the 501m shares qualifying for dividend at 15 June 2015. Subject to approval by shareholders, it will be paid on 4 September 2015 to shareholders who are on the register of members on 14 August 2015.

### 9 EARNINGS PER SHARE

	2015			2014		
	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	<b>303.4</b>	<b>501.4</b>	<b>60.5</b>	231.2	501.1	46.1
Share options and share plan awards	–	<b>3.2</b>	<b>(0.4)</b>	–	3.7	(0.3)
Diluted earnings per share	<b>303.4</b>	<b>504.6</b>	<b>60.1</b>	231.2	504.8	45.8

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

	2015 pence	2014 pence
Basic earnings per share	<b>60.5</b>	46.1
Amortisation of intangibles	<b>3.1</b>	1.1
Tax on amortisation	<b>(1.0)</b>	(0.6)
Underlying earnings per share	<b>62.6</b>	46.6

### 10 INVENTORIES

	2015 £m	2014 £m
Raw materials, consumables and spares	<b>14.9</b>	9.4
Goods for resale	<b>9.0</b>	9.1
	<b>23.9</b>	18.5



## 11 TRADE AND OTHER RECEIVABLES

	2015 £m	2014 £m
Trade receivables	347.8	237.5
Less: allowance for bad and doubtful receivables	(21.3)	(16.1)
	326.5	221.4
Other receivables		
– Accrued revenue	21.6	16.0
– Other	29.4	22.4
	377.5	259.8

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:					Total £m
	Current £m	Less than 30 days £m	30 – 60 days £m	60 – 90 days £m	More than 90 days £m	
Carrying value at 30 April 2015	32.4	172.1	82.1	25.8	35.4	347.8
Carrying value at 30 April 2014	28.9	116.3	52.9	17.0	22.4	237.5

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:					Total £m
	Current £m	Less than 30 days £m	30 – 60 days £m	60 – 90 days £m	More than 90 days £m	
Carrying value at 30 April 2015	182.1	98.2	27.8	15.1	24.6	347.8
Carrying value at 30 April 2014	130.3	63.0	19.8	9.7	14.7	237.5

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

	2015 £m	2014 £m
At 1 May	16.1	15.6
Amounts written off or recovered during the year	(9.0)	(8.1)
Increase in allowance recognised in income statement	12.8	9.6
Currency movements	1.4	(1.0)
At 30 April	21.3	16.1

## 12 CASH AND CASH EQUIVALENTS

	2015 £m	2014 £m
Cash and cash equivalents	10.5	2.8

The carrying amount of cash and cash equivalents approximates to their fair value.

# Notes to the consolidated financial statements continued

## 13 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings £m	Rental equipment £m	Office and workshop equipment £m	Motor vehicles		Total £m
				Owned £m	Held under finance leases £m	
<b>Cost or valuation</b>						
<b>At 1 May 2013</b>	90.5	2,186.5	51.6	180.3	5.0	2,513.9
Exchange differences	(4.3)	(146.6)	(3.1)	(12.1)	–	(166.1)
Acquisitions	0.3	111.5	3.1	5.4	1.4	121.7
Reclassifications	–	(1.2)	2.1	(0.9)	–	–
Additions	7.9	657.0	5.2	68.5	2.0	740.6
Disposals	(1.1)	(231.4)	(2.2)	(34.9)	(2.8)	(272.4)
<b>At 30 April 2014</b>	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)
<b>At 30 April 2015</b>	<b>114.4</b>	<b>3,638.2</b>	<b>70.5</b>	<b>279.0</b>	<b>6.2</b>	<b>4,108.3</b>
<b>Depreciation</b>						
<b>At 1 May 2013</b>	36.1	778.7	41.5	70.8	2.2	929.3
Exchange differences	(1.9)	(60.7)	(2.7)	(5.6)	–	(70.9)
Acquisitions	0.3	61.2	3.0	3.8	0.7	69.0
Reclassifications	–	(0.5)	1.2	(0.7)	–	–
Charge for the period	4.3	243.4	4.3	23.2	0.7	275.9
Disposals	(0.8)	(162.6)	(2.0)	(27.5)	(1.8)	(194.7)
<b>At 30 April 2014</b>	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)
<b>At 30 April 2015</b>	<b>45.5</b>	<b>1,104.0</b>	<b>52.6</b>	<b>93.5</b>	<b>1.6</b>	<b>1,297.2</b>
<b>Net book value</b>						
<b>At 30 April 2015</b>	<b>68.9</b>	<b>2,534.2</b>	<b>17.9</b>	<b>185.5</b>	<b>4.6</b>	<b>2,811.1</b>
At 30 April 2014	55.3	1,716.3	11.4	142.3	3.8	1,929.1

£2m of rebuild costs were capitalised in the year (2014: £nil). Rental equipment includes leased assets with a net book value of £0.4m (2014: £0.8m).

## 14 INTANGIBLE ASSETS INCLUDING GOODWILL

	Goodwill £m	Brand names £m	Customer lists £m	Other intangible assets		Total £m
				Contract related £m	Total £m	
<b>Cost or valuation</b>						
<b>At 1 May 2013</b>	397.3	15.9	27.6	22.1	65.6	462.9
Recognised on acquisition	33.6	0.9	23.2	1.1	25.2	58.8
Exchange differences	(30.5)	(1.1)	(2.3)	(1.1)	(4.5)	(35.0)
<b>At 30 April 2014</b>	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
<b>At 30 April 2015</b>	<b>516.2</b>	<b>16.6</b>	<b>105.0</b>	<b>29.8</b>	<b>151.4</b>	<b>667.6</b>
<b>Amortisation</b>						
<b>At 1 May 2013</b>	–	13.1	5.4	14.5	33.0	33.0
Charge for the period	–	0.6	7.0	2.2	9.8	9.8
Exchange differences	–	(1.0)	(0.5)	(0.8)	(2.3)	(2.3)
<b>At 30 April 2014</b>	–	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
<b>At 30 April 2015</b>	<b>–</b>	<b>14.1</b>	<b>24.9</b>	<b>19.7</b>	<b>58.7</b>	<b>58.7</b>
<b>Net book value</b>						
<b>At 30 April 2015</b>	<b>516.2</b>	<b>2.5</b>	<b>80.1</b>	<b>10.1</b>	<b>92.7</b>	<b>608.9</b>
At 30 April 2014	400.4	3.0	36.6	6.2	45.8	446.2

Goodwill acquired in a business combination is allocated at acquisition to the cash-generating units ('CGU') that benefit from that business combination. During the year, following the growth in the Group's specialty businesses, it reassessed its CGUs. As a result, the Group concluded certain specialty businesses should be classified as separate CGUs, based on them generating separately identifiable cash flows. Goodwill allocated to each of the Group's CGUs is as follows:

	2015 £m	2014 £m
<b>Sunbelt</b>		
Pump & Power	26.7	7.5
Climate Control	15.6	6.8
Scaffolding	11.9	10.8
General equipment and related businesses	424.5	342.4
	<b>478.7</b>	367.5
<b>A-Plant</b>		
Eve (temporary roadways and barriers)	14.3	10.7
PSS (trenchless technology and fusion)	4.7	4.7
FLG (lifting)	3.7	3.3
General equipment and related businesses	14.8	14.2
	<b>37.5</b>	32.9
<b>Total goodwill</b>	<b>516.2</b>	400.4

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 2015. 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 2015/16 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 15% and 12% 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 two 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 A-Plant CGUs benefit from improving market conditions and increased scale.

## 15 TRADE AND OTHER PAYABLES

	2015 £m	2014 £m
Trade payables	264.4	161.4
Other taxes and social security	27.6	21.6
Accruals and deferred income	199.7	162.8
	491.7	345.8

Trade and other payables include amounts relating to the purchase of fixed assets of £261m (2014: £152m). The fair values of trade and other payables are not materially different from the carrying values presented.

## 16 BORROWINGS

	2015 £m	2014 £m
<b>Current</b>		
Finance lease obligations	2.0	2.2
<b>Non-current</b>		
First priority senior secured bank debt	782.7	609.5
Finance lease obligations	3.3	2.4
6.5% second priority senior secured notes, due 2022	589.8	537.3
5.625% second priority senior secured notes, due 2024	319.8	–
	1,695.6	1,149.2

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 2015, \$2.0bn was committed by our senior lenders under the asset-based senior secured revolving credit facility ('ABL facility') until August 2018 while the amount utilised was \$1,251m (including letters of credit totalling \$33m). 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 the ratio of funded debt to EBITDA before exceptional items according to a grid which varies, depending on leverage, from LIBOR plus 175bp to LIBOR plus 225bp. At 30 April 2015 the Group's borrowing rate was LIBOR plus 175bp.

There are two financial performance covenants under the asset-based first priority senior bank facility:

- funded debt to LTM (last 12 months) EBITDA before exceptional items not to exceed 4.0 times; and
- 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.

These covenants do not, however, apply when excess availability (the difference between the borrowing base and facility utilisation) exceeds \$200m. At 30 April 2015 excess availability under the bank facility was \$756m (\$916m at 30 April 2014), with an additional \$1,741m of suppressed availability meaning that covenants were not measured at 30 April 2015 and are unlikely to be measured in forthcoming quarters. Accordingly, the accounts are prepared on a going concern basis.

As a matter of good practice, we calculate the covenant ratios each quarter. At 30 April 2015, as a result of the continued significant investment in our rental fleet, the fixed charge ratio, as expected, did not meet the covenant requirement whilst the leverage ratio did so comfortably. 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.

### **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 2015 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:

	2015	2014
First priority senior secured bank debt – revolving advances in dollars	<b>1.97%</b>	1.98%
Secured notes – \$900m nominal value	<b>6.5%</b>	6.5%
– \$500m nominal value	<b>5.625%</b>	–
Finance leases	<b>6.3%</b>	6.7%

## **17 OBLIGATIONS UNDER FINANCE LEASES**

	Minimum lease payments		Present value of minimum lease payments	
	2015 £m	2014 £m	2015 £m	2014 £m
Amounts payable under finance leases:				
Less than one year	<b>2.2</b>	2.4	<b>2.0</b>	2.2
Later than one year but not more than five	<b>3.7</b>	2.6	<b>3.3</b>	2.4
	<b>5.9</b>	5.0	<b>5.3</b>	4.6
Future finance charges	<b>(0.6)</b>	(0.4)		
	<b>5.3</b>	4.6		

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 2014	17.2	7.2	10.9	35.3
Acquired businesses	–	–	18.4	18.4
Exchange differences	1.7	0.3	1.2	3.2
Utilised/released	(18.5)	(2.2)	(5.6)	(26.3)
Charged in the year	18.3	–	–	18.3
Amortisation of discount	0.3	–	0.5	0.8
<b>At 30 April 2015</b>	<b>19.0</b>	<b>5.3</b>	<b>25.4</b>	<b>49.7</b>

	2015 £m	2014 £m
Included in current liabilities	18.4	15.0
Included in non-current liabilities	31.3	20.3
	<b>49.7</b>	<b>35.3</b>

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 £3.9m adjustment to reduce the provision held at 1 May 2014.

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 2014	–	–	–
Offset against deferred tax liability at 1 May 2014	68.4	50.0	118.4
Gross deferred tax assets at 1 May 2014	68.4	50.0	118.4
Exchange differences	6.4	4.8	11.2
(Charge)/credit to income statement	(9.1)	6.3	(2.8)
Credit/(charge) to equity	5.1	(2.8)	2.3
Acquisitions	–	(2.3)	(2.3)
Less offset against deferred tax liability	(70.8)	(56.0)	(126.8)
<b>At 30 April 2015</b>	<b>–</b>	<b>–</b>	<b>–</b>

### Deferred tax liabilities

	Accelerated tax depreciation £m	Other temporary differences £m	Total £m
Net deferred tax liability at 1 May 2014	305.9	3.8	309.7
Deferred tax assets offset at 1 May 2014	118.4	–	118.4
Gross deferred tax liability at 1 May 2014	424.3	3.8	428.1
Exchange differences	47.3	–	47.3
Charge/(credit) to income statement	148.8	(0.5)	148.3
Credit to equity	–	(0.6)	(0.6)
Acquisitions	8.0	0.2	8.2
	628.4	2.9	631.3
Less offset of deferred tax assets			
– benefit of tax losses			(70.8)
– other temporary differences			(56.0)
<b>At 30 April 2015</b>			<b>504.5</b>

The Group has an unrecognised UK deferred tax asset of £1.2m (2014: £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

	2015 Number	2014 Number	2015 £m	2014 £m
Ordinary shares of 10p each Authorised	<b>900,000,000</b>	900,000,000	<b>90.0</b>	90.0
Issued and fully paid: At 1 May and 30 April	<b>553,325,554</b>	553,325,554	<b>55.3</b>	55.3

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

At 30 April 2015, 50m (2014: 50m) shares were held by the Company, acquired at an average cost of 67p (2014: 67p) and a further 1.9m (2014: 2.1m) shares were held by the Company's Employee Share Ownership Trust to facilitate the provision of shares under the Group's Performance Share Plan.

The non-distributable reserve relates to the reserve created on the cancellation of the then share premium account in August 2005. This reserve will become distributable in August 2015, 10 years after the date of cancellation.

## 21 SHARE-BASED PAYMENTS

The Employee Share Ownership Trust ('ESOT') facilitates the provision of shares under the Group's Performance Share Plan ('PSP'). It holds a beneficial interest in 1,925,348 ordinary shares of the Company acquired at an average cost of 806.5p per share. The shares had a market value of £21.7m at 30 April 2015. 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 55 and 61. 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 2015, there was a net charge to pre-tax profit in respect of the PSP of £4.0m (2014: £3.4m). After deferred tax, the total charge was £2.8m (2014: £2.3m).

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 863.5p, nil exercise price, a dividend yield of 1.33%, volatility of 39.96%, a risk-free rate of 1.28% 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:

	2015 Number	2014 Number
Outstanding at 1 May	<b>4,473,385</b>	7,813,619
Granted	<b>684,684</b>	767,562
Exercised	<b>(2,352,219)</b>	(4,044,350)
Expired	<b>(71,368)</b>	(63,446)
Outstanding at 30 April	<b>2,734,482</b>	4,473,385
Exercisable at 30 April	<b>–</b>	–

# 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:

	2015 £m	2014 £m
Land and buildings:		
Expiring in one year	4.2	4.8
Expiring between two and five years	26.2	18.5
Expiring in more than five years	14.6	12.7
	<b>45.0</b>	<b>36.0</b>

Total minimum commitments under existing operating leases at 30 April 2015 through to the earliest date at which the lease may be exited without penalty by year are as follows:

	£m
Financial year	
2016	45.0
2017	39.1
2018	33.8
2019	27.5
2020	19.6
Thereafter	61.4
	<b>226.4</b>

£4m of the total minimum operating lease commitments of £226m 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 £8m (2014: £6m).

### 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 2015/16 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 2015. The principal financial assumptions made by the actuary were as follows:

	2015	2014
Discount rate	3.5%	4.3%
Inflation assumption – RPI	3.3%	3.5%
– CPI	2.2%	2.5%
Rate of increase in salaries	4.3%	4.5%
Rate of increase in pensions in payment	3.2%	3.4%

Pensioner life expectancy assumed in the 30 April 2015 update is based on the 'S1P CMI 2014' 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:

	2015	2014
Life expectancy of pensioners currently aged 65		
Male	<b>86.8</b>	86.8
Female	<b>89.1</b>	89.0
Life expectancy at age 65 for future pensioner currently aged 45		
Male	<b>88.5</b>	88.5
Female	<b>91.0</b>	90.9

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

	Fair value	
	2015 £m	2014 £m
UK equities	<b>47.3</b>	43.2
US equities	<b>11.2</b>	9.6
European equities	<b>2.7</b>	2.3
Asia Pacific (excluding Japan) equities	<b>4.1</b>	3.8
Corporate bonds	<b>11.1</b>	9.8
Global loan fund	<b>7.8</b>	10.3
Property	<b>8.2</b>	5.1
Cash	<b>0.5</b>	0.3
	<b>92.9</b>	84.4

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

	2015 £m	2014 £m
Fair value of plan assets	<b>92.9</b>	84.4
Present value of funded defined benefit obligation	<b>(89.8)</b>	(78.3)
Net asset recognised in the balance sheet	<b>3.1</b>	6.1

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

	2015 £m	2014 £m
Current service cost	<b>0.7</b>	0.7
Administration expense	<b>–</b>	0.2
Net interest on the net defined benefit plan	<b>(0.2)</b>	–
Net charge to the income statement	<b>0.5</b>	0.9

In the year ended 30 April 2015, the administration costs of the scheme were paid directly by the Group.

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

	2015 £m	2014 £m
Actuarial (loss)/gain due to changes in financial assumptions	<b>(9.9)</b>	0.3
Actuarial gain/(loss) due to changes in demographic assumptions	<b>0.3</b>	(0.3)
Actuarial gain arising from experience adjustments	<b>0.6</b>	0.7
Return on plan assets in excess of that recognised in net interest	<b>5.9</b>	4.6
Remeasurement of the defined benefit pension plan	<b>(3.1)</b>	5.3

# Notes to the consolidated financial statements continued

## 23 PENSIONS CONTINUED

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

	2015 £m	2014 £m
At 1 May	<b>78.3</b>	77.1
Current service cost	<b>0.7</b>	0.7
Interest cost	<b>3.3</b>	3.2
Contributions from members	<b>0.2</b>	0.2
Remeasurements		
– Actuarial loss/(gain) due to changes in financial assumptions	<b>9.9</b>	(0.3)
– Actuarial (gain)/loss due to changes in demographic assumptions	<b>(0.3)</b>	0.3
– Actuarial gain arising from experience adjustments	<b>(0.6)</b>	(0.7)
Benefits paid	<b>(1.7)</b>	(2.2)
<b>At 30 April</b>	<b>89.8</b>	78.3

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 (2014: £7m) decrease in the defined benefit obligation.
- An increase in the inflation rate of 0.5% would result in a £7m (2014: £5m) 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 (2014: £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:

	2015 £m	2014 £m
At 1 May	<b>84.4</b>	77.5
Interest income	<b>3.5</b>	3.2
Remeasurement – return on plan assets in excess of that recognised in net interest	<b>5.9</b>	4.6
Employer contributions	<b>0.6</b>	1.3
Contributions from members	<b>0.2</b>	0.2
Expenses paid	<b>–</b>	(0.2)
Benefits paid	<b>(1.7)</b>	(2.2)
<b>At 30 April</b>	<b>92.9</b>	84.4

The actual return on plan assets was £9.4m (2014: £7.8m).

## 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 54% of the drawn debt at a fixed rate as at 30 April 2015. 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 (US dollars or pounds sterling) plus 175bp. 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 2015, 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 2015, based upon the amount of variable rate debt outstanding, the Group's pre-tax profits would change by approximately £8m for each one percentage point change in interest rates applicable to the variable rate debt and, after tax effects, equity would change by approximately £5m. 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 2015, 96% of its debt was denominated in US 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 2015, dollar-denominated debt represented approximately 68% 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 2015 a 1% change in the US dollar-pound exchange rate would have impacted our pre-tax profits by approximately £5m and equity by approximately £10m. At 30 April 2015, 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:

	2015 £m	2014 £m
Cash and cash equivalents	10.5	2.8
Trade and other receivables	377.5	259.8
	388.0	262.6

The Group has a large number of unrelated customers, serving over 500,000 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 and dividend payments 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 2015, excess availability under the \$2.0bn facility was \$756m (£492m).

### 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 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

Letters of credit of £21m (2014: £21m) are provided and guaranteed under the ABL facility which expires in August 2018.

#### At 30 April 2014

	Undiscounted cash flows – year to 30 April						
	2015 £m	2016 £m	2017 £m	2018 £m	2019 £m	Thereafter £m	Total £m
Bank and other debt	–	–	–	–	616.3	–	616.3
Finance leases	2.2	1.0	1.0	0.4	–	–	4.6
6.5% senior secured notes	–	–	–	–	–	546.7	546.7
	2.2	1.0	1.0	0.4	616.3	546.7	1,167.6
Interest payments	47.0	46.9	46.9	46.9	46.8	111.2	345.7
	49.2	47.9	47.9	47.3	663.1	657.9	1,513.3



## Fair value of financial instruments

### Fair value of derivative financial instruments

At 30 April 2015, 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 2015. 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 2015		At 30 April 2014	
	Book value £m	Fair value £m	Book value £m	Fair value £m
Fair value of non-current borrowings:				
Long-term borrowings				
<b>Fair value determined based on market value</b>				
– first priority senior secured bank debt	<b>788.4</b>	<b>788.4</b>	616.3	616.3
– 6.5% senior secured notes	<b>599.3</b>	<b>645.7</b>	546.7	593.2
– 5.625% senior secured notes	<b>325.4</b>	<b>341.6</b>	–	–
	<b>1,713.1</b>	<b>1,775.7</b>	1,163.0	1,209.5
<b>Fair value determined based on observable market inputs</b>				
– finance lease obligations	<b>3.3</b>	<b>3.7</b>	2.4	2.5
Total long-term borrowings	<b>1,716.4</b>	<b>1,779.4</b>	1,165.4	1,212.0
Deferred costs of raising finance	<b>(20.8)</b>	<b>–</b>	(16.2)	–
	<b>1,695.6</b>	<b>1,779.4</b>	1,149.2	1,212.0
Fair value of other financial instruments held or issued to finance the Group's operations:				
<b>Fair value determined based on market value</b>				
Finance lease obligations due within one year	<b>2.0</b>	<b>2.2</b>	2.2	2.4
Trade and other payables	<b>491.7</b>	<b>491.7</b>	345.8	345.8
Trade and other receivables	<b>377.5</b>	<b>377.5</b>	259.8	259.8
Cash and cash equivalents	<b>10.5</b>	<b>10.5</b>	2.8	2.8

## 25 NOTES TO THE CASH FLOW STATEMENT

### a) Cash flow from operating activities

	2015 £m	2014 £m
Operating profit before exceptional items and amortisation	556.9	409.2
Depreciation	351.5	275.9
EBITDA before exceptional items	908.4	685.1
Profit on disposal of rental equipment	(26.8)	(17.9)
Profit on disposal of other property, plant and equipment	(1.2)	(2.8)
Increase in inventories	(2.0)	(2.7)
Increase in trade and other receivables	(58.5)	(46.3)
Increase in trade and other payables	17.7	26.7
Exchange differences	(0.2)	–
Other non-cash movements	4.0	3.4
Cash generated from operations before exceptional items and changes in rental equipment	841.4	645.5

### 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 2014 £m	Exchange movement £m	Cash flow £m	Non-cash movements £m	30 April 2015 £m
Cash and cash equivalents	(2.8)	(0.1)	(7.6)	–	(10.5)
Debt due within one year	2.2	–	(2.3)	2.1	2.0
Debt due after one year	1,149.2	121.9	421.5	3.0	1,695.6
Total net debt	1,148.6	121.8	411.6	5.1	1,687.1

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

	2015 £m	2014 £m
Cash consideration paid		
– acquisitions in the period (net of cash acquired)	236.0	103.3
– contingent consideration	5.5	–
	241.5	103.3

During the year, 21 acquisitions were made for a total cash consideration of £236m (2014: £103m), after taking account of net cash acquired of £0.8m. Further details are provided in Note 26.

Payments for contingent consideration on prior year acquisitions were also made of £5m (2014: £nil).

## 26 ACQUISITIONS

During the year, the following acquisitions were completed:

- i) On 1 May 2014, Sunbelt acquired the entire issued share capital of Metrolift, Inc. ('Metrolift') for a cash consideration of £25m (\$42m). Metrolift is a Chicago-based aerial work platform rental business.
- ii) On 19 May 2014, Sunbelt acquired the business and assets of Northeast Equipment and Supply LLC, trading as Superior Heating Solutions ('Superior'), for a cash consideration of £2m (\$4m). Superior is a Pennsylvania-based heating rental business.
- iii) On 29 May 2014, Sunbelt acquired the business and assets of Nashville High Lift, LLC ('NHL') and Contractors Equipment, LLC ('CE') for an aggregate cash consideration of £5m (\$8m). Contingent consideration of up to £0.3m (\$0.5m) is payable over the next two years, depending on revenue meeting or exceeding certain thresholds. The business consisted of aerial work platform and general equipment locations in Tennessee.
- iv) On 1 August 2014, Sunbelt acquired the business and assets of Hebbroville Lone Star Rentals, LLC ('Lone Star') for an initial cash consideration of £21m (\$36m) with contingent consideration of up to £10m (\$16m), payable over the next three years, depending on revenue meeting or exceeding certain thresholds. Lone Star is a Texas-based energy-related rental and service company.
- v) On 1 September 2014, A-Plant acquired the business and assets of East Coast Construction Services (Hire) Limited ('ECCS') for a cash consideration of £0.7m. ECCS is a fusion and associated equipment rental and service company.
- vi) On 5 September 2014, Sunbelt acquired the business and assets of ECM Energy Services, Inc. ('ECM') for a cash consideration of £19m (\$31m). ECM is an energy-related equipment rental business.
- vii) On 26 September 2014, Sunbelt acquired the business and assets of Ventura Rental, Inc. and Renegade Rental Center, Inc. (together 'Ventura') for a cash consideration of £13m (\$21m). Ventura is a California-based general equipment business.
- viii) On 2 October 2014, A-Plant acquired the business and assets in Scotland of Hy-Ram Engineering Company Limited ('Hy-Ram') for a cash consideration of £0.1m.
- ix) On 16 October 2014, Sunbelt acquired the business and assets of Atlas Sales and Rentals, Inc. ('Atlas') for a cash consideration of £21m (\$33m). Atlas specialises in permanent and temporary cooling and heating solutions and operates across the US.
- x) On 16 October 2014, Sunbelt acquired the business and assets of Gustafson Enterprises, Inc., trading as General Rental Center, for a cash consideration of £0.1m (\$0.2m). General Rental Center is a general equipment business in Florida.
- xi) On 3 November 2014, we acquired the entire issued share capital of GWG Rentals, Ltd ('GWG') for an initial cash consideration of £16m (C\$29m) with contingent consideration of up to £4m (C\$7m) payable over the next three years depending on profitability meeting or exceeding certain thresholds. GWG is a six-location equipment rental business based in Canada. GWG now constitutes Sunbelt Rentals of Canada Inc..
- xii) On 10 November 2014, Sunbelt acquired the business and assets of Select Equipment, Inc. and High Lakes Leasing, LLC (together 'Select') for a cash consideration of £9m (\$14m). Select is based in Utah providing rental equipment to the oil and gas industry.
- xiii) On 2 December 2014, A-Plant acquired the business and assets of Balfour Beatty Engineering Services Limited for a cash consideration of £0.5m.
- xiv) On 15 December 2014, A-Plant acquired the entire issued share capital of Event Infrastructure and Branding Limited ('EIB') for a cash consideration of £2m. EIB provides fencing and barrier solutions to the sporting and events sector.
- xv) On 2 January 2015, Sunbelt acquired the business and assets of DAB, Inc. and NCS Transportation, Inc. (together 'NCS') for a cash consideration of £28m (\$43m). NCS is a general equipment business located in Nebraska.
- xvi) On 2 February 2015, Sunbelt acquired the business and assets of Theros Equipment, Inc. ('Theros') for a cash consideration of £30m (\$45m). Theros is a general equipment business based in Virginia.
- xvii) On 6 February 2015, Sunbelt acquired the business and assets of Texas Gulf Rentals and Texas Gulf Refrigeration LP (together 'TGR') for an initial cash consideration of £31m (\$48m) with contingent consideration of up to £7m (\$10m), payable over the next three years, depending on revenue meeting or exceeding certain thresholds. The business is a power and industrial climate control equipment rental business based in Texas.
- xviii) On 9 March 2015, Sunbelt acquired the business and assets of Rentalex of Michigan, Inc. ('Rentalex') for an initial cash consideration of £3m (\$4m), with contingent consideration of £0.3m (\$0.5m), payable over the next year, depending on profitability meeting or exceeding certain thresholds. Rentalex is a general equipment business in Michigan.
- xix) On 10 March 2015, A-Plant acquired the entire issued share capital of Temporary Road and Access Company Limited ('TRAC') for a cash consideration of £3m. TRAC supplies temporary roadways and portable paths.
- xx) On 16 March 2015, Sunbelt acquired the business and assets of Wilson Rental Center, Inc. ('Wilson') for a cash consideration of £3m (\$5m). Wilson is a general equipment business in Corning, New York.
- xxi) On 27 April 2015, Sunbelt acquired the business and assets of Signature Systems Group, LLC ('Signature') for a cash consideration of £2m (\$3m). Signature is a modular flooring rental business.

# Notes to the consolidated financial statements continued

## 26 ACQUISITIONS CONTINUED

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.

	Acquirees' book value £m	Fair value to Group £m
<b>Net assets acquired</b>		
Trade and other receivables	21.1	21.1
Inventory	1.6	1.6
Property, plant and equipment		
– rental equipment	90.5	97.4
– other assets	11.4	11.5
Creditors	(2.1)	(2.1)
Current tax	(0.7)	(0.7)
Deferred tax	(0.5)	(10.0)
Intangible assets (non-compete agreements and customer relationships)	–	59.1
	121.3	177.9
Consideration:		
– cash paid and due to be paid (net of cash acquired)		236.2
– contingent consideration payable in cash		18.4
		254.6
Goodwill		76.7

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. £59m of the goodwill is expected to be deductible for income tax purposes.

The gross value and fair value of trade receivables at acquisition was £21m.

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 £120m of revenue.

The revenue and operating profit of these acquisitions from 1 May 2014 to their date of acquisition was not material.

## 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 2015 the amount borrowed under these facilities was £788m (2014: £616m). Subsidiary undertakings are also able to obtain letters of credit under these facilities and, at 30 April 2015, letters of credit issued under these arrangements totalled £21m (\$33m) (2014: £21m or \$35m). In addition, the Company has guaranteed the 6.5% and 5.625% second priority senior secured notes with a par value of \$900m (£586m) and \$500m (£325m) 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 2015 totalled £40m (2014: £42m) in respect of land and buildings of which £7m is payable by subsidiary undertakings in the year ending 30 April 2015.

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 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 £3m (2014: £1m).

## 28 CAPITAL COMMITMENTS

At 30 April 2015 capital commitments in respect of purchases of rental and other equipment totalled £321m (2014: £391m), all of which had been ordered. There were no other material capital commitments at the year end.

## 29 EVENTS AFTER THE BALANCE SHEET DATE

Since the balance sheet date the Group has completed one acquisition as follows:

- 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.

The initial accounting for this acquisition is incomplete. Had the acquisition taken place on 1 May 2014 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:

	2015 Number	2014 Number
North America	8,422	7,375
United Kingdom	2,604	2,370
	11,026	9,745

# Notes to the consolidated financial statements continued

## 32 PARENT COMPANY INFORMATION

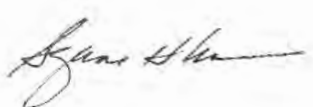
### a) Balance sheet of the Company (Company number: 01807982)

	Note	2015 £m	2014 £m
<b>Current assets</b>			
Prepayments and accrued income		<b>0.3</b>	0.3
Amounts due from subsidiary undertakings	(f)	<b>157.6</b>	–
		<b>157.9</b>	0.3
<b>Non-current assets</b>			
Investments in Group companies	(h)	<b>363.7</b>	363.7
Deferred tax asset		<b>1.4</b>	1.7
		<b>365.1</b>	365.4
<b>Total assets</b>		<b>523.0</b>	365.7
<b>Current liabilities</b>			
Amounts due to subsidiary undertakings	(g)	<b>168.4</b>	93.2
Accruals and deferred income		<b>4.3</b>	6.0
<b>Total liabilities</b>		<b>172.7</b>	99.2
<b>Equity</b>			
Share capital	(b)	<b>55.3</b>	55.3
Share premium account	(b)	<b>3.6</b>	3.6
Capital redemption reserve	(b)	<b>0.9</b>	0.9
Non-distributable reserve	(b)	<b>90.7</b>	90.7
Own shares held by the Company	(b)	<b>(33.1)</b>	(33.1)
Own shares held through the ESOT	(b)	<b>(15.5)</b>	(11.8)
Retained reserves	(b)	<b>248.4</b>	160.9
<b>Equity attributable to equity holders of the Company</b>		<b>350.3</b>	266.5
<b>Total liabilities and equity</b>		<b>523.0</b>	365.7

These financial statements were approved by the Board on 15 June 2015.



**GEOFF DRABBLE**  
Chief executive



**SUZANNE WOOD**  
Finance director



## 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 2013	55.3	3.6	0.9	90.7	(33.1)	(7.4)	114.8	224.8
Total comprehensive income for the year	–	–	–	–	–	–	–	–
Dividends paid	–	–	–	–	–	–	(41.3)	(41.3)
Dividends received from Ashtead Holdings PLC	–	–	–	–	–	–	100.0	100.0
Own shares purchased by the ESOT	–	–	–	–	–	(22.4)	–	(22.4)
Share-based payments	–	–	–	–	–	18.0	(14.6)	3.4
Tax on share-based payments	–	–	–	–	–	–	2.0	2.0
At 30 April 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)
Dividends 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
<b>At 30 April 2015</b>	<b>55.3</b>	<b>3.6</b>	<b>0.9</b>	<b>90.7</b>	<b>(33.1)</b>	<b>(15.5)</b>	<b>248.4</b>	<b>350.3</b>

## c) Cash flow statement of the Company

	Note	2015 £m	2014 £m
<b>Cash flows from operating activities</b>			
Cash generated from operations	(j)	<b>(76.7)</b>	(34.9)
Financing costs paid – commitment fee		<b>(1.8)</b>	(1.4)
Dividends received from Ashtead Holdings PLC		<b>160.2</b>	100.0
<b>Net cash from operating activities</b>		<b>81.7</b>	63.7
<b>Cash flows from financing activities</b>			
Purchase of own shares by the ESOT		<b>(20.3)</b>	(22.4)
Dividends paid		<b>(61.4)</b>	(41.3)
<b>Net cash used in financing activities</b>		<b>(81.7)</b>	(63.7)
<b>Change in cash and cash equivalents</b>		<b>–</b>	–

## 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 £nil (2014: £nil). There were no other amounts of comprehensive income in the financial year.

## f) Amounts due from subsidiary undertakings

	2015 £m	2014 £m
Due within one year:		
Ashtead Plant Hire Company Limited	<b>157.6</b>	–

# Notes to the consolidated financial statements continued

## 32 PARENT COMPANY INFORMATION CONTINUED

### g) Amounts due to subsidiary undertakings

	2015 £m	2014 £m
Due within one year:		
Ashtead Holdings PLC	168.4	48.4
Ashtead Plant Hire Company Limited	–	44.8
	168.4	93.2

### h) Investments

	Shares in Group companies	
	2015 £m	2014 £m
At 30 April	363.7	363.7

The Company's principal subsidiaries affecting financial performance during the year are:

Name	Country of incorporation	Principal country in which subsidiary undertaking operates
Ashtead Holdings PLC	England and Wales	United Kingdom
Sunbelt Rentals, Inc.	USA	USA
Sunbelt Rentals Industrial Services LLC	USA	USA
Empire Scaffold LLC	USA	USA
Sunbelt Rentals of Canada Inc.	Canada	Canada
Ashtead Plant Hire Company Limited	England and Wales	United Kingdom
Ashtead Capital, Inc.	USA	USA
Ashtead Financing Limited	England and Wales	United Kingdom

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. The principal activity of Ashtead Holdings PLC is an investment holding company. The principal activities of Sunbelt Rentals, Inc., Sunbelt Rentals Industrial Services LLC, Empire Scaffold LLC, Sunbelt Rentals of Canada Inc. and Ashtead Plant Hire Company Limited are equipment rental and related services while Ashtead Capital, Inc. and Ashtead Financing Limited are finance companies. Ashtead Group plc owns all the issued share capital of Ashtead Holdings PLC which in turn directly owns Ashtead Plant Hire Company Limited, Sunbelt Rentals of Canada Inc. and Ashtead Financing Limited and indirectly owns Sunbelt Rentals, Inc., Sunbelt Rentals Industrial Services LLC, Empire Scaffold LLC and Ashtead Capital, Inc. through another subsidiary undertaking.

### 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

	2015 £m	2014 £m
Operating profit	1.7	1.4
Depreciation	–	0.1
EBITDA	1.7	1.5
Increase in prepayments and accrued income	–	(0.1)
(Decrease)/increase in accruals and deferred income	(1.6)	0.6
Increase in intercompany payable and receivable	(80.8)	(40.3)
Other non-cash movement	4.0	3.4
Net cash outflow from operations before exceptional items	(76.7)	(34.9)

## Ten year history

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>In £m</b>										
<b>Income statement</b>										
Revenue*	<b>2,038.9</b>	1,634.7	1,361.9	1,134.6	948.5	836.8	1,073.5	1,047.8	896.1	638.0
Operating costs*	<b>(1,130.5)</b>	(949.6)	(842.9)	(753.5)	(664.7)	(581.7)	(717.4)	(684.1)	(585.8)	(413.3)
EBITDA*	<b>908.4</b>	685.1	519.0	381.1	283.8	255.1	356.1	363.7	310.3	224.7
Depreciation*	<b>(351.5)</b>	(275.9)	(229.0)	(199.8)	(185.0)	(186.6)	(201.1)	(176.6)	(159.8)	(113.6)
Operating profit*	<b>556.9</b>	409.2	290.0	181.3	98.8	68.5	155.0	187.1	150.5	111.1
Interest*	<b>(67.3)</b>	(47.1)	(44.6)	(50.7)	(67.8)	(63.5)	(67.6)	(74.8)	(69.1)	(43.6)
Pre-tax profit*	<b>489.6</b>	362.1	245.4	130.6	31.0	5.0	87.4	112.3	81.4	67.5
Operating profit	<b>541.1</b>	403.6	284.2	178.2	97.1	66.0	68.4	184.5	101.1	124.5
Pre-tax profit/(loss)	<b>473.8</b>	356.5	214.2	134.8	1.7	4.8	0.8	109.7	(36.5)	81.7
<b>Cash flow</b>										
Cash flow from operations before exceptional items and changes in rental fleet	<b>841.4</b>	645.5	501.3	364.6	279.7	265.6	373.6	356.4	319.3	215.2
Total cash (used)/generated before exceptional costs and M&A	<b>(87.9)</b>	(48.5)	(34.0)	(9.4)	65.6	199.2	166.0	14.8	20.3	(5.2)
<b>Balance sheet</b>										
Capital expenditure	<b>1,063.1</b>	740.6	580.4	476.4	224.8	63.4	238.3	331.0	290.2	220.2
Book cost of rental equipment	<b>3,638.2</b>	2,575.8	2,186.5	1,854.1	1,621.6	1,701.3	1,798.2	1,528.4	1,434.1	921.9
Shareholders' funds	<b>1,111.5</b>	824.4	682.5	554.7	481.4	500.3	526.0	440.3	396.7	258.3
<b>In pence</b>										
Dividend per share	<b>12.25p</b>	11.5p	7.5p	3.5p	3.0p	2.9p	2.575p	2.5p	1.65p	1.50p
Earnings per share	<b>60.5p</b>	46.1p	27.6p	17.8p	0.2p	0.4p	12.5p	14.2p	0.8p	13.5p
Underlying earnings per share	<b>62.6p</b>	46.6p	31.4p	17.3p	4.0p	0.2p	11.9p	14.8p	10.3p	11.3p
<b>In percent</b>										
EBITDA margin*	<b>44.6%</b>	41.9%	38.1%	33.6%	29.9%	30.5%	33.2%	34.7%	34.6%	35.2%
Operating profit margin*	<b>27.3%</b>	25.0%	21.3%	16.0%	10.4%	8.2%	14.4%	17.9%	16.8%	17.4%
Pre-tax profit margin*	<b>24.0%</b>	22.2%	18.0%	11.5%	3.3%	0.6%	8.1%	10.7%	9.1%	10.6%
Return on investment*	<b>19.4%</b>	18.6%	16.2%	12.0%	7.0%	4.6%	9.7%	14.0%	12.9%	14.7%
<b>People</b>										
Employees at year end	<b>11,928</b>	9,934	9,085	8,555	8,163	7,218	8,162	9,594	10,077	6,465
<b>Locations</b>										
Stores at year end	<b>640</b>	556	494	485	462	498	520	635	659	413

\* Before exceptional items, amortisation and fair value remeasurements.

## Additional information

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### **FUTURE DATES**

Quarter 1 results	2 September 2015
2015 Annual General Meeting	2 September 2015
Quarter 2 results	9 December 2015
Quarter 3 results	1 March 2016
Quarter 4 and year-end results	15 June 2016

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