3 September 2024

Unaudited results for the first quarter ended 31 July 2024

	First quarter		
	2024	2023	Growth[2]
	$m	$m	%
Performance[1]			
Revenue	2,754	2,696	2%
Rental revenue	2,541	2,376	7%
EBITDA	1,288	1,229	5%
Operating profit	688	703	-2%
Adjusted[3] profit before taxation	573	615	-7%
Profit before taxation	544	585	-7%
Adjusted[3] earnings per share	97.4¢	107.5¢	-9%
Earnings per share	92.4¢	102.3¢	-10%

Highlights

- Group rental revenue up 7%[2]; revenue up 2%[2]
- US rental revenue up 6%; revenue up 1%
- Operating profit of $688m (2023: $703m)
- Adjusted[3] profit before taxation of $573m (2023: $615m)
- Adjusted[3] earnings per share of 97.4¢ (2023: 107.5¢)
- 33 locations added in North America
- $855m of capital invested in the business (2023: $1,132m)
- $53m spent on two bolt-on acquisitions (2023: $361m)
- Net debt to EBITDA leverage[2] of 1.7 times (2023: 1.6 times)
- We expect full year results in line with our previous expectations

1 Throughout this announcement we refer to a number of alternative performance measures which provide additional useful information. The directors have adopted these to provide additional information on the underlying trends, performance and position of the Group. The alternative performance measures are not defined by IFRS and therefore may not be directly comparable with other companies' alternative performance measures but are defined and reconciled in the Glossary of Terms on page 28.
2 Calculated at constant exchange rates applying current period exchange rates.
3 Adjusted results are stated before amortisation.

Ashtead's chief executive, Brendan Horgan, commented:

"We launched our Sunbelt 4.0 strategic growth plan in April and the business is focused on executing against our five actionable components: Customer, Growth, Performance, Sustainability and Investment. I want to thank all our team members for the hard work and professionalism they exhibit every day as we deliver on this strategy and our commitment to provide exceptional service to our customers, safely.

The Group is performing well with rental revenue up 7% and revenue up 2% in the first quarter. In North America, the increasing proportion of mega projects and the strength of our Specialty businesses has more than offset the lower activity levels in local commercial construction markets. As expected, lower used equipment sales and a higher increase in depreciation and interest costs, resulted in adjusted profit before taxation of $573m (2023: $615m).

The investments in and expansion of the business over Sunbelt 3.0 and into Sunbelt 4.0 are enabling us to take advantage of the diverse opportunities that we see while maintaining a balance sheet that affords us considerable flexibility and optionality. In the quarter we invested $855 million in capital across existing locations and greenfields and $53m on two bolt-ons, adding a total of 33 new locations in North America.

We are in a position of strength, with the operational flexibility and financial capacity to capitalise on the structural growth opportunities we see for the business. We have started the year well and expect full-year results will be in line with our expectations. The Board looks to the future with confidence."

Contacts:

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Brendan Horgan and Michael Pratt will hold a conference call for equity analysts to discuss the results and outlook at 10am on Tuesday, 3 September 2024. The call will be webcast live via the Company's website at www.ashtead-group.com and a replay will be available via the website shortly after the call concludes. A copy of this announcement and the slide presentation used for the call are available for download on the Company's website. The usual conference call for bondholders will begin at 3pm (10am EST).

Analysts and bondholders have already been invited to participate in the analyst and bondholder calls but any eligible person not having received details should contact the Company's PR advisers, H/Advisors Maitland (Audrey Da Costa) at +44 (0)20 7379 5151.

Forward-looking statements

This announcement 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.

Trading results

	Revenue		EBITDA		Profit[1]	
	2024	2023	2024	2023	2024	2023
Canada in C$m	248.4	213.0	107.4	93.2	46.5	40.2
UK in £m	186.3	177.7	53.5	50.0	17.6	15.8
US	2,335.0	2,311.4	1,149.6	1,104.7	669.4	691.9
Canada in $m	181.4	159.7	78.5	69.9	33.9	30.1
UK in $m	237.3	225.0	68.1	63.3	22.4	20.0
Group central costs	-	-	(8.5)	(8.7)	(8.7)	(8.9)
	2,753.7	2,696.1	1,287.7	1,229.2	717.0	733.1
Financing costs					(143.9)	(118.2)
Adjusted profit before tax					**573.1**	**614.9**
Amortisation					(28.7)	(30.3)
Profit before taxation					544.4	584.6
Taxation charge					(140.9)	(137.2)
Profit attributable to equity holders of the Company					403.5	447.4
Margins						
US			*49.2%*	*47.8%*	*28.7%*	*29.9%*
Canada			*43.3%*	*43.8%*	*18.7%*	*18.9%*
UK			*28.7%*	*28.1%*	*9.5%*	*8.9%*
Group			*46.8%*	*45.6%*	*26.0%*	*27.2%*

[1] Segment result presented is adjusted operating profit.

Group revenue for the quarter increased 2% to $2,754m (2023: $2,696m). This revenue growth resulted in EBITDA increasing 5% to $1,288m (2023: $1,229m), but with lower used equipment sales and after higher depreciation and interest costs, adjusted operating profit decreased 2% to $717m (2023: $733m) and adjusted profit before tax was $573m (2023: $615m). The higher increase in the depreciation charge relative to revenue growth reflects lower utilisation of a larger fleet and the ongoing impact of life cycle fleet inflation, contributing to the decline in operating profit. In addition, increased financing costs due to higher average debt levels resulted in adjusted profit before tax being 7% lower than the comparative period.

In the US, rental only revenue of $1,727m (2023: $1,615m) was 7% higher than the prior year, driven by both volume and rate improvement, representing continued market outperformance and demonstrating the benefits of our strategy of growing our Specialty businesses and broadening our end markets. Organic growth (same-store and greenfields) was 5%, while bolt-ons since 1 May 2023 contributed 2% of rental only revenue growth. In the period, our General Tool business grew 3%, while our Specialty businesses grew 17%. Rental revenue increased 6% to $2,174m (2023: $2,048m). US total revenue, including new and used equipment, merchandise and consumable sales, increased 1% to $2,335m (2023: $2,311m). As expected, this reflects a lower level of used equipment sales than last year when we took advantage of improving fleet deliveries and strong second-hand markets to catch up on deferred disposals.

Canada's rental only revenue increased 21% to C$180m (2023: C$149m). Markets relating to the major part of the Canadian business are performing in a manner similar to the US with volume growth and rate improvement. In addition, following settlement of the Writers Guild of America and Screen Actors Guild strikes, activity in the Specialty Film & TV business has recovered, although it has yet to reach pre-strike levels. Rental revenue increased 21% to C$222m (2023: C$183m), while total revenue was C$248m (2023: C$213m).

The UK business generated rental only revenue of £124m, up 3% on the prior year (2023: £120m). Rental only revenue growth has been driven by both rate and volume improvement. Rental revenue increased 6% to £160m (2023: £150m), while total revenue increased 5% to £186m (2023: £178m).

We invested in the infrastructure of the business during Sunbelt 3.0 to support the growth of the business now and into the future. Our intention is to leverage this infrastructure during Sunbelt 4.0 as we look to improve operating performance. This, combined with our focus on the cost base and lower erection and dismantling revenue, contributed to US rental revenue drop through to EBITDA of 69% for the quarter. This resulted in an EBITDA margin of 49.2% (2023: 47.8%). Following the impact of lower gains due to lower used equipment sales and higher depreciation on a larger fleet, segment profit decreased by 3% to $669m (2023: $692m) with a margin of 28.7% (2023: 29.9%).

Our Canadian business continues to develop and invest to expand its network and broaden its markets. This, combined with the recovery in the Film & TV business contributed to an EBITDA margin of 43.3% (2023: 43.8%) and a segment profit of C$46m (2023: C$40m) at a margin of 18.7% (2023: 18.9%).

In the UK, the focus remains on delivering operational efficiency and long-term, sustainable returns in the business. While we continue to improve rental rates, this remains an area of focus. The UK generated an EBITDA margin of 28.7% (2023: 28.1%) and a segment profit of £18m (2023: £16m) at a margin of 9.5% (2023: 8.9%).

Overall, Group adjusted operating profit decreased to $717m (2023: $733m), down 2% at constant exchange rates. After increased financing costs of $144m (2023: $118m), reflecting higher average debt levels, Group adjusted profit before tax was $573m (2023: $615m). After a tax charge of 26% (2023: 24%) of the adjusted pre-tax profit, adjusted earnings per share were 97.4¢ (2023: 107.5¢).

Statutory profit before tax was $544m (2023: $585m). This is after amortisation of $29m (2023: $30m). Included within the total tax charge is a tax credit of $7m (2023: $8m) which relates to the amortisation of intangibles. As a result, basic earnings per share were 92.4¢ (2023: 102.3¢).

Capital expenditure and acquisitions

Capital expenditure for the quarter was $855m gross and $722m net of disposal proceeds (2023: $1,132m gross and $899m net). As a result, the Group's rental fleet at 31 July 2024 at cost was $18bn and our average fleet age is 46 months (2023: 48 months) on an original cost basis.

We invested $53m (2023: $361m) in two bolt-on acquisitions during the period, as we continue to both expand our footprint and diversify our end markets. Further details are provided in Note 15.

Return on Investment

The Group return on investment was 16% (2023: 19%). In the US, return on investment (excluding goodwill and intangible assets) for the 12 months to 31 July 2024 was 22% (2023: 27%), while in Canada it was 11% (2023: 17%). The reduction in US and Canada return on investment reflects principally the impact of lower utilisation of a larger fleet. In the UK, return on investment (excluding goodwill and intangible assets) was 7% (2023: 7%). Return on investment excludes the impact of IFRS 16.

Cash flow and net debt

The Group generated free cash flow of $161m (2023: outflow of $139m) during the quarter, which is after capital expenditure payments of $933m (2023: $1,164m).

Net debt at 31 July 2024 was $10,761m (2023: $9,679m). Excluding the effect of IFRS 16, net debt at 31 July 2024 was $8,033m (2023: $7,200m), while the ratio of net debt to EBITDA was 1.7 times (2023: 1.6 times) on a constant currency basis. The Group's target range for net debt to EBITDA is 1.0 to 2.0 times, excluding the impact of IFRS 16 (1.4 to 2.4 times post IFRS 16). Including the effect of IFRS 16, the ratio of net debt to EBITDA was 2.2 times (2023: 2.1 times) on a constant currency basis.

At 31 July 2024, availability under the senior secured debt facility was $2,757m with an additional $7,100m of suppressed availability – substantially above the $450m level at which the Group's entire debt package is covenant free.

The Group's debt facilities are committed for an average of six years at a weighted average cost of 5%.

Capital allocation

The Group remains disciplined in its approach to allocation of capital with the overriding objective being to enhance shareholder value.

Our capital allocation framework remains unchanged and prioritises:

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

Additionally, we consider further returns to shareholders. In this regard, we assess continuously our medium-term plans which take account of investment in the business, growth prospects, cash generation, net debt and leverage. Therefore, the amount allocated to buybacks is simply driven by that which is available after organic growth, bolt-on M&A and dividends, whilst allowing us to operate within our 1.0 to 2.0 times target range for net debt to EBITDA pre IFRS 16.

Current trading and outlook

We are in a position of strength, with the operational flexibility and financial capacity to capitalise on the structural growth opportunities we see for the business. We have started the year well and expect full-year results will be in line with our expectations. The Board looks to the future with confidence.

	Guidance
Rental revenue[1]	
- US	4 to 7%
- Canada	15 to 19%
- UK	3 to 6%
- Group	5 to 8%
Capital expenditure (gross)[2]	\$3.0 – 3.3bn
Free cash flow[2]	c. \$1.2bn

[1] Represents change in year-over-year rental revenue at constant exchange rates
[2] Stated at C\$1=\$0.75 and £1=\$1.27

CONSOLIDATED INCOME STATEMENT FOR THE THREE MONTHS ENDED 31 JULY 2024

	2024			2023		
	Before amortisation	Amortisation	Total	Before amortisation	Amortisation	Total
	$m	$m	$m	$m	$m	$m
Unaudited						
Revenue						
Rental revenue	2,540.5	-	2,540.5	2,375.9	-	2,375.9
Sale of new equipment, merchandise and consumables	91.6	-	91.6	96.4	-	96.4
Sale of used rental equipment	121.6	-	121.6	223.8	-	223.8
	2,753.7	-	2,753.7	2,696.1	-	2,696.1
Operating costs						
Staff costs	(633.3)	-	(633.3)	(618.2)	-	(618.2)
Other operating costs	(731.8)	-	(731.8)	(690.2)	-	(690.2)
Used rental equipment sold	(100.9)	-	(100.9)	(158.5)	-	(158.5)
	(1,466.0)	-	(1,466.0)	(1,466.9)	-	(1,466.9)
EBITDA*	1,287.7	-	1,287.7	1,229.2	-	1,229.2
Depreciation	(570.7)	-	(570.7)	(496.1)	-	(496.1)
Amortisation of intangibles	-	(28.7)	(28.7)	-	(30.3)	(30.3)
Operating profit	717.0	(28.7)	688.3	733.1	(30.3)	702.8
Interest income	-	-	-	0.5	-	0.5
Interest expense	(143.9)	-	(143.9)	(118.7)	-	(118.7)
Profit on ordinary activities before taxation	573.1	(28.7)	544.4	614.9	(30.3)	584.6
Taxation	(148.1)	7.2	(140.9)	(144.8)	7.6	(137.2)
Profit attributable to equity holders of the Company	425.0	(21.5)	403.5	470.1	(22.7)	447.4
Basic earnings per share	97.4¢	(5.0¢)	92.4¢	107.5¢	(5.2¢)	102.3¢
Diluted earnings per share	96.9¢	(5.0¢)	91.9¢	106.8¢	(5.1¢)	101.7¢

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

All revenue and profit is generated from continuing operations.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE THREE MONTHS ENDED 31 JULY 2024

	Unaudited	
	2024	2023
	$m	$m
Profit attributable to equity holders of the Company for the period	403.5	447.4
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation differences	13.8	40.3
Movement on equity instruments held at fair value	(25.5)	-
	(11.7)	40.3
Total other comprehensive (loss)/income for the period	(11.7)	40.3
Total comprehensive income for the period	391.8	487.7

CONSOLIDATED BALANCE SHEET AT 31 JULY 2024

	Unaudited 31 July 2024	Unaudited 31 July 2023	Audited 30 April 2024
	$m	$m	$m
Current assets			
Inventories	178.1	188.9	162.0
Trade and other receivables	2,015.5	1,904.7	1,850.2
Current tax asset	5.9	7.9	13.0
Cash and cash equivalents	17.0	25.0	20.8
	2,216.5	2,126.5	2,046.0
Non-current assets			
Property, plant and equipment			
- rental equipment	11,667.1	10,295.9	11,450.8
- other assets	1,854.4	1,476.2	1,797.7
	13,521.5	11,772.1	13,248.5
Right-of-use assets	2,498.0	2,302.5	2,425.6
Goodwill	3,245.2	3,052.0	3,211.5
Other intangible assets	457.2	534.8	485.9
Other non-current assets	173.2	163.1	189.3
Current tax asset	45.7	45.7	44.5
Net defined benefit pension plan asset	-	19.0	-
	19,940.8	17,889.2	19,605.3
Total assets	22,157.3	20,015.7	21,651.3
Current liabilities			
Trade and other payables	1,442.3	1,544.5	1,482.9
Current tax liability	118.0	90.1	10.1
Lease liabilities	284.0	245.9	273.8
Provisions	43.6	40.5	42.5
	1,887.9	1,921.0	1,809.3
Non-current liabilities			
Lease liabilities	2,486.0	2,264.2	2,406.8
Long-term borrowings	8,008.0	7,194.0	7,995.1
Provisions	76.9	70.3	75.4
Deferred tax liabilities	2,241.5	2,049.9	2,224.2
Other non-current liabilities	61.6	55.9	55.5
Net defined benefit pension plan liability	0.4	-	0.4
	12,874.4	11,634.3	12,757.4
Total liabilities	14,762.3	13,555.3	14,566.7
Equity			
Share capital	81.8	81.8	81.8
Share premium account	6.5	6.5	6.5
Capital redemption reserve	20.0	20.0	20.0
Own shares held by the Company	(818.7)	(762.5)	(818.7)
Own shares held by the ESOT	(35.0)	(43.5)	(43.5)
Cumulative foreign exchange translation differences	(249.7)	(205.6)	(263.5)
Retained reserves	8,390.1	7,363.7	8,102.0
Equity attributable to equity holders of the Company	7,395.0	6,460.4	7,084.6
Total liabilities and equity	22,157.3	20,015.7	21,651.3

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 31 JULY 2024

	Share capital $m	Share premium account $m	Capital redemption reserve $m	Own shares held by the Company $m	Own shares held by the ESOT $m	Cumulative foreign exchange translation differences $m	Retained reserves $m	Total $m
Unaudited								
At 1 May 2023	81.8	6.5	20.0	(740.9)	(38.8)	(245.9)	6,925.3	6,008.0
Profit for the period	-	-	-	-	-	-	447.4	447.4
Other comprehensive income:								
Foreign currency translation differences	-	-	-	-	-	40.3	-	40.3
Total comprehensive income for the period	-	-	-	-	-	40.3	447.4	487.7
Own shares purchased by the ESOT	-	-	-	-	(29.8)	-	-	(29.8)
Own shares purchased by the Company	-	-	-	(21.6)	-	-	-	(21.6)
Share-based payments	-	-	-	-	25.1	-	(12.8)	12.3
Tax on share-based payments	-	-	-	-	-	-	3.8	3.8
At 31 July 2023	81.8	6.5	20.0	(762.5)	(43.5)	(205.6)	7,363.7	6,460.4
Profit for the period	-	-	-	-	-	-	1,151.0	1,151.0
Other comprehensive income:								
Foreign currency translation differences	-	-	-	-	-	(57.9)	-	(57.9)
Loss on cash flow hedge	-	-	-	-	-	-	0.2	0.2
Remeasurement of the defined benefit pension plan	-	-	-	-	-	-	(22.6)	(22.6)
Tax on defined benefit pension scheme	-	-	-	-	-	-	5.6	5.6
Total comprehensive income for the period	-	-	-	-	-	(57.9)	1,134.2	1,076.3
Dividends paid	-	-	-	-	-	-	(436.6)	(436.6)
Own shares purchased by the ESOT	-	-	-	-	(0.1)	-	-	(0.1)
Own shares purchased by the Company	-	-	-	(56.2)	-	-	-	(56.2)
Share-based payments	-	-	-	-	0.1	-	35.1	35.2
Tax on share-based payments	-	-	-	-	-	-	5.6	5.6
At 30 April 2024	81.8	6.5	20.0	(818.7)	(43.5)	(263.5)	8,102.0	7,084.6
Profit for the period	-	-	-	-	-	-	403.5	403.5
Other comprehensive income:								
Foreign currency translation differences	-	-	-	-	-	13.8	-	13.8
Movement on equity instruments held at fair value	-	-	-	-	-	-	(25.5)	(25.5)
Total comprehensive income for the period	-	-	-	-	-	13.8	378.0	391.8
Own shares purchased by the ESOT	-	-	-	-	(84.6)	-	-	(84.6)
Share-based payments	-	-	-	-	93.1	-	(86.6)	6.5
Tax on share-based payments	-	-	-	-	-	-	(3.3)	(3.3)
At 31 July 2024	81.8	6.5	20.0	(818.7)	(35.0)	(249.7)	8,390.1	7,395.0

CONSOLIDATED CASH FLOW STATEMENT FOR THE THREE MONTHS ENDED 31 JULY 2024

	Unaudited	
	2024	2023
	$m	$m
Cash flows from operating activities		
Cash generated from operations before changes in rental equipment	1,110.1	981.7
Payments for rental property, plant and equipment	(794.8)	(1,031.1)
Proceeds from disposal of rental property, plant and equipment	93.2	148.0
Cash generated from operations	408.5	98.6
Financing costs paid	(114.0)	(106.9)
Tax paid	(6.6)	(6.1)
Net cash generated from/(used in) operating activities	287.9	(14.4)
Cash flows from investing activities		
Acquisition of businesses	(58.8)	(316.0)
Payments for non-rental property, plant and equipment	(138.1)	(133.1)
Proceeds from disposal of non-rental property, plant and equipment	11.3	8.6
Net cash used in investing activities	(185.6)	(440.5)
Cash flows from financing activities		
Drawdown of loans	238.6	1,328.9
Redemption of loans	(237.2)	(798.1)
Repayment of principal under lease liabilities	(35.2)	(29.8)
Purchase of own shares by the ESOT	(72.5)	(29.8)
Purchase of own shares by the Company	-	(21.7)
Net cash (used in)/generated from financing activities	(106.3)	449.5
Decrease in cash and cash equivalents	(4.0)	(5.4)
Opening cash and cash equivalents	20.8	29.9
Effect of exchange rate differences	0.2	0.5
Closing cash and cash equivalents	17.0	25.0

Reconciliation of net cash flows to net debt

	2024	2023
Decrease in cash and cash equivalents in the period	4.0	5.4
(Decrease)/increase in debt through cash flow	(33.8)	501.0
Change in net debt from cash flows	(29.8)	506.4
Exchange differences	10.7	36.9
Debt acquired	18.6	77.9
Deferred costs of debt raising	2.4	(0.5)
New lease liabilities	104.2	98.9
Increase in net debt in the period	106.1	719.6
Net debt at 1 May	10,654.9	8,959.5
Net debt at 31 July	10,761.0	9,679.1

NOTES TO THE CONDENSED CONSOLIDATED INTERIM 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 condensed consolidated interim financial statements as at, and for the three months ended 31 July 2024, comprise the Company and its subsidiaries ('the Group') and are presented in US dollars.

The condensed consolidated interim financial statements for the three months ended 31 July 2024 were approved by the directors on 2 September 2024.

The condensed consolidated interim financial statements do not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The statutory accounts for the year ended 30 April 2024 were approved by the directors on 17 June 2024 and have been mailed to shareholders and filed with the Registrar of Companies. The auditor's report on those accounts was unqualified, did not include a reference to any matter by way of emphasis and did not contain a statement under Section 498(2) or (3) of the Companies Act 2006.

Details of principal risks and uncertainties are given in the Review of Balance Sheet and Cash Flow accompanying these condensed consolidated interim financial statements.

2. Basis of preparation

The condensed consolidated interim financial statements for the three months ended 31 July 2024 have been prepared in accordance with relevant UK-adopted International Accounting Standards ('IFRS'), including the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and the accounting policies set out in the Group's Annual Report & Accounts for the year ended 30 April 2024.

In preparing the financial statements, the exchange rates used in respect of the pound sterling (£) and Canadian dollar (C$) are:

	Pound sterling		Canadian dollar	
	2024	2023	2024	2023
Average for the three months ended 31 July	1.27	1.27	0.73	0.75
At 30 April	1.25	1.26	0.73	0.74
At 31 July	1.28	1.29	0.72	0.76

The directors have adopted various alternative performance measures to provide additional useful information on the underlying trends, performance and position of the Group. The alternative performance measures are not defined by IFRS and therefore may not be directly comparable with other companies' alternative performance measures but are defined within the Glossary of Terms on page 28.

The condensed consolidated interim financial statements have been prepared on the going concern basis. The Group's internal budgets and forecasts of future performance, available financing facilities and facility headroom (see Note 12), provide a reasonable expectation that the Group has adequate resources to continue in operation for the foreseeable future and consequently the going concern basis continues to be appropriate in preparing the financial statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

3. Segmental analysis

Three months to 31 July 2024 (unaudited)

	US	Canada	UK	Corporate items	Group
	$m	$m	$m	$m	$m
Revenue					
Rental revenue	2,174.4	162.1	204.0	-	2,540.5
Sale of new equipment, merchandise and consumables	60.6	9.5	21.5	-	91.6
Sale of used rental equipment	100.0	9.8	11.8	-	121.6
	2,335.0	181.4	237.3	-	2,753.7
Segment profit	669.4	33.9	22.4	(8.7)	717.0
Amortisation					(28.7)
Net financing costs					(143.9)
Profit before taxation					544.4
Taxation					(140.9)
Profit attributable to equity shareholders					403.5

Three months to 31 July 2023 (unaudited)

	US	Canada	UK	Corporate items	Group
	$m	$m	$m	$m	$m
Revenue					
Rental revenue	2,048.2	137.3	190.4	-	2,375.9
Sale of new equipment, merchandise and consumables	62.9	13.5	20.0	-	96.4
Sale of used rental equipment	200.3	8.9	14.6	-	223.8
	2,311.4	159.7	225.0	-	2,696.1
Segment profit	691.9	30.1	20.0	(8.9)	733.1
Amortisation					(30.3)
Net financing costs					(118.2)
Profit before taxation					584.6
Taxation					(137.2)
Profit attributable to equity shareholders					447.4

	US	Canada	UK	Corporate items	Group
	$m	$m	$m	$m	$m
At 31 July 2024 (unaudited)					
Segment assets	18,550.5	1,944.2	1,588.1	5.9	22,088.7
Cash					17.0
Taxation assets					51.6
Total assets					22,157.3
At 30 April 2024 (audited)					
Segment assets	18,148.4	1,901.0	1,517.1	6.5	21,573.0
Cash					20.8
Taxation assets					57.5
Total assets					21,651.3

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

4. Operating costs and other income

	2024			2023		
	Before amortisation	Amortisation	Total	Before amortisation	Amortisation	Total
	$m	$m	$m	$m	$m	$m
Three months to 31 July (unaudited)						
Staff costs:						
Salaries	578.4	-	578.4	565.1	-	565.1
Social security costs	43.0	-	43.0	41.3	-	41.3
Other pension costs	11.9	-	11.9	11.8	-	11.8
	633.3	-	633.3	618.2	-	618.2
Other operating costs:						
Vehicle costs	180.5	-	180.5	162.0	-	162.0
Spares, consumables & external repairs	137.3	-	137.3	141.5	-	141.5
Facility costs	27.5	-	27.5	28.6	-	28.6
Other external charges	386.5	-	386.5	358.1	-	358.1
	731.8	-	731.8	690.2	-	690.2
Used rental equipment sold	100.9	-	100.9	158.5	-	158.5
Depreciation and amortisation:						
Depreciation of tangible assets	518.4	-	518.4	448.1	-	448.1
Depreciation of right-of-use assets	52.3	-	52.3	48.0	-	48.0
Amortisation of intangibles	-	28.7	28.7	-	30.3	30.3
	570.7	28.7	599.4	496.1	30.3	526.4
	2,036.7	28.7	2,065.4	1,963.0	30.3	1,993.3

5. Amortisation

Amortisation relates to the write-off of intangible assets over their estimated useful economic life. The Group believes this item should be disclosed separately within the consolidated income statement to assist in the understanding of the financial performance of the Group. Adjusted profit and earnings per share are stated before amortisation of intangibles.

	Unaudited Three months to 31 July	
	2024	2023
	$m	$m
Amortisation of intangibles	28.7	30.3
Taxation	(7.2)	(7.6)
	21.5	22.7

6. Net financing costs

	Unaudited Three months to 31 July 2024 $m	2023 $m
Interest income:		
Net income on the defined benefit pension plan asset	-	0.2
Other interest	-	0.3
	-	0.5
Interest expense:		
Bank interest payable	34.8	39.3
Interest payable on senior notes	69.9	47.0
Interest payable on lease liabilities	35.5	29.9
Non-cash unwind of discount on liabilities	1.3	0.5
Amortisation of deferred debt raising costs	2.4	2.0
	143.9	118.7

7. Taxation

The tax charge for the period has been determined by applying the expected effective tax rates in each jurisdiction for the year as a whole, based on the tax rates in force as at 31 July 2024 of 25% in the US (2023: 25%), 26% in Canada (2023: 26%) and 25% in the UK (2023: 25%). This results in a blended effective rate for the Group as a whole of 26% (2023: 23%) for the period.

The tax charge of $148m (2023: $145m) on the adjusted profit before taxation of $573m (2023: $615m) can be explained as follows:

	Unaudited Three months to 31 July 2024 $m	2023 $m
Current tax		
- current tax on income for the period	130.0	96.1
- adjustments to prior year	1.2	0.1
	131.2	96.2
Deferred tax		
- origination and reversal of temporary differences	16.9	62.1
- adjustments to prior year	-	(13.5)
	16.9	48.6
Tax on adjusted profit	148.1	144.8
Comprising:		
- US	140.2	138.8
- Canada	5.3	4.0
- UK	2.6	2.0
	148.1	144.8

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

7. Taxation (continued)

In addition, the tax credit of $7m (2023: $8m) on amortisation of $29m (2023: $30m) consists of a current tax credit of $3m (2023: $3m) relating to the US, $0.1m (2023: $0.1m) relating to Canada and $nil (2023: $nil) relating to the UK and a deferred tax credit of $2m (2023: $2m) relating to the US, $1m (2023: $2m) relating to Canada and $0.5m (2023: $0.5m) relating to the UK.

8. Earnings per share

Basic and diluted earnings per share for the three months ended 31 July 2024 have been calculated based on the profit for the relevant period and the weighted average number of ordinary shares in issue during that period (excluding shares held by the Company and the ESOT over which dividends have been waived). Diluted earnings per share is computed using the result for the relevant period and the diluted number of shares (ignoring any potential issue of ordinary shares which would be anti-dilutive). These are calculated as follows:

	Unaudited Three months to 31 July 2024	 2023
Profit for the financial period ($m)	403.5	447.4
Weighted average number of shares (m) - basic	436.5	437.4
- diluted	438.9	440.1
Basic earnings per share	92.4¢	102.3¢
Diluted earnings per share	91.9¢	101.7¢

Adjusted earnings per share (defined in any period as the earnings before exceptional items and amortisation for that period divided by the weighted average number of shares in issue in that period) may be reconciled to the basic earnings per share as follows:

	Unaudited Three months to 31 July 2024	 2023
Basic earnings per share	92.4¢	102.3¢
Amortisation of intangibles	6.6¢	6.9¢
Tax on amortisation	(1.6¢)	(1.7¢)
Adjusted earnings per share	97.4¢	107.5¢

9. Property, plant and equipment

	2024		2023	
Net book value	Rental equipment $m	Total $m	Rental equipment $m	Total $m
At 1 May	11,450.8	13,248.5	9,649.1	11,041.1
Exchange differences	16.5	18.8	37.4	43.9
Reclassifications	-	-	0.2	-
Additions	717.5	855.5	998.7	1,132.3
Acquisitions	20.1	22.2	150.1	162.3
Disposals	(95.9)	(105.1)	(154.0)	(159.4)
Depreciation	(441.9)	(518.4)	(385.6)	(448.1)
At 31 July	11,667.1	13,521.5	10,295.9	11,772.1

10. Right-of-use assets

	2024			2023		
Net book value	Property leases $m	Other leases $m	Total $m	Property leases $m	Other leases $m	Total $m
At 1 May	2,390.5	35.1	2,425.6	2,184.8	21.2	2,206.0
Exchange differences	0.9	0.9	1.8	10.6	0.4	11.0
Additions	76.7	2.5	79.2	75.2	6.5	81.7
Acquisitions	18.6	-	18.6	34.8	-	34.8
Remeasurement	26.9	-	26.9	26.3	-	26.3
Disposals	(1.5)	(0.3)	(1.8)	(9.1)	(0.2)	(9.3)
Depreciation	(50.3)	(2.0)	(52.3)	(46.6)	(1.4)	(48.0)
At 31 July	2,461.8	36.2	2,498.0	2,276.0	26.5	2,302.5

11. Lease liabilities

	31 July 2024 $m	30 April 2024 $m
Current	284.0	273.8
Non-current	2,486.0	2,406.8
	2,770.0	2,680.6

12. Borrowings

	31 July 2024 $m	30 April 2024 $m
Non-current		
First priority senior secured bank debt	1,859.1	1,848.0
1.500% senior notes, due August 2026	548.0	547.8
4.375% senior notes, due August 2027	596.9	596.6
4.000% senior notes, due May 2028	596.2	596.0
4.250% senior notes, due November 2029	595.5	595.3
2.450% senior notes, due August 2031	744.7	744.6
5.500% senior notes, due August 2032	739.1	738.8
5.550% senior notes, due May 2033	743.6	743.4
5.950% senior notes, due October 2033	744.2	744.1
5.800% senior notes, due April 2034	840.7	840.5
	8,008.0	7,995.1

The senior secured bank debt is secured by way of fixed and floating charges over substantially all the Group's property, plant and equipment, inventory and trade receivables and is committed until August 2026. The senior notes are guaranteed by Ashtead Group plc and all its principal subsidiary undertakings.

Our debt facilities are committed for the long term, with an average maturity of six years and a weighted average interest cost (including non-cash amortisation of deferred debt raising costs) of 5%.

There is one financial performance covenant under the first priority senior credit facility. That is the fixed charge ratio (comprising EBITDA before exceptional items less 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 twelve months) which, must be equal to, or greater than, 1.0. This covenant does not apply when availability exceeds $450m. At 31 July 2024, availability under the senior secured bank facility was $2,757m ($2,771m at 30 April 2024), with an additional $7,100m of suppressed availability, meaning that the covenant did not apply at 31 July 2024 and is unlikely to apply in forthcoming quarters.

Fair value of financial instruments

Financial assets and liabilities are measured in accordance with the fair value hierarchy and assessed as Level 1, 2 or 3 based on the following criteria:

- Level 1: fair value measurement based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: fair value measurements derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: fair value measurements derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

Fair value of derivative financial instruments

At 31 July 2024, the Group had no derivative financial instruments. The embedded prepayment options included within the senior notes are either closely related to the host debt contract or immaterial and hence, are not accounted for separately. These loan notes are carried at amortised cost.

12. Borrowings (continued)

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 31 July 2024		At 30 April 2024	
		Book value $m	Fair value $m	Book value $m	Fair value $m
Long-term borrowings					
- first priority senior secured bank debt	Level 1	1,859.1	1,859.1	1,848.0	1,848.0
- 1.500% senior notes	Level 1	550.0	509.9	550.0	498.1
- 4.375% senior notes	Level 1	600.0	585.1	600.0	571.5
- 4.000% senior notes	Level 1	600.0	574.2	600.0	559.9
- 4.250% senior notes	Level 1	600.0	571.8	600.0	549.9
- 2.450% senior notes	Level 1	750.0	623.5	750.0	596.5
- 5.500% senior notes	Level 1	750.0	749.1	750.0	719.9
- 5.550% senior notes	Level 1	750.0	749.5	750.0	719.2
- 5.950% senior notes	Level 1	750.0	770.2	750.0	739.7
- 5.800% senior notes	Level 1	850.0	864.7	850.0	828.3
Total long-term borrowings		8,059.1	7,857.1	8,048.0	7,631.0
Discount on issue of debt		(13.6)	-	(14.0)	-
Deferred costs of raising finance		(37.5)	-	(38.9)	-
		8,008.0	7,857.1	7,995.1	7,631.0
Other financial instruments[1]					
Contingent consideration	Level 3	26.2	26.2	31.4	31.4
Financial asset investments	Level 3	31.5	31.5	57.0	57.0
Cash and cash equivalents	Level 1	17.0	17.0	20.8	20.8

[1] The Group's trade and other receivables and trade and other payables, excluding contingent consideration, are not shown in the table above. The carrying amounts of these financial assets and liabilities approximate their fair values.

Contingent consideration is a Level 3 financial liability. Future anticipated payments to vendors in respect of contingent consideration are initially recorded at fair value which is the present value of the expected cash outflows of the obligations. The obligations are dependent upon the future financial performance of the businesses acquired. The fair value is estimated based on internal financial projections prepared in relation to the acquisition with the contingent consideration discounted to present value using a discount rate in line with the Group's cost of debt. The movement since 30 April 2024 can be attributed to $5.7m of payments in the period (see Note 14), offset by $0.3m of exchange differences and $0.2m of discount unwind.

Financial asset investments are measured at fair value and are Level 3 financial assets. These assets are measured at fair value through other comprehensive income. Their fair values are estimated based on the latest transaction price and any subsequent investment-specific adjustments. During the period, one of the Group's investments failed to secure additional funding and commenced Chapter 7 bankruptcy proceedings in August 2024. As a result, the Group has estimated the fair value of its investment as $nil and consequently recognised a movement in the fair value of the equity investment of $25m through other comprehensive income.

13. Share capital

Ordinary shares of 10p each:

	31 July 2024 Number	30 April 2024 Number	31 July 2024 $m	30 April 2024 $m
Issued and fully paid	451,354,833	451,354,833	81.8	81.8

At 31 July 2024, 14.1m (April 2024: 14.1m) shares were held by the Company ($819m; April 2024: $819m) and a further 0.5m (April 2024: 0.9m) shares were held by the Company's Employee Share Ownership Trust ($35m; April 2024: $43m).

14. Notes to the cash flow statement

a) Cash flow from operating activities

	Three months to 31 July 2024 $m	2023 $m
Operating profit	688.3	702.8
Depreciation	570.7	496.1
Amortisation	28.7	30.3
EBITDA	1,287.7	1,229.2
Profit on disposal of rental equipment	(20.7)	(65.3)
Profit on disposal of other property, plant and equipment	(2.7)	(3.3)
Increase in inventories	(17.4)	(4.0)
Increase in trade and other receivables	(145.9)	(164.6)
Increase/(decrease) in trade and other payables	2.0	(22.8)
Exchange differences	0.6	0.2
Other non-cash movement	6.5	12.3
Cash generated from operations before changes in rental equipment	1,110.1	981.7

b) Analysis of net debt

Net debt consists of total borrowings and lease liabilities less cash and cash equivalents. Borrowings exclude accrued interest. Non-US dollar denominated balances are translated to US dollars at rates of exchange ruling at the balance sheet date.

	1 May 2024 $m	Cash flow $m	Non-cash movements: Exchange movement $m	Debt acquired $m	New lease liabilities $m	Other movements $m	31 July 2024 $m
Long-term borrowings	7,995.1	1.4	9.1	-	-	2.4	8,008.0
Lease liabilities	2,680.6	(35.2)	1.8	18.6	104.2	-	2,770.0
Total liabilities from financing activities	10,675.7	(33.8)	10.9	18.6	104.2	2.4	10,778.0
Cash and cash equivalents	(20.8)	4.0	(0.2)	-	-	-	(17.0)
Net debt	10,654.9	(29.8)	10.7	18.6	104.2	2.4	10,761.0

14. Notes to the cash flow statement (continued)

	1 May 2023 $m	Cash flow $m	Non-cash movements Exchange movement $m	Debt acquired $m	New lease liabilities $m	Other movements $m	31 July 2023 $m
Long-term borrowings	6,595.1	530.8	25.5	43.1	-	(0.5)	7,194.0
Lease liabilities	2,394.3	(29.8)	11.9	34.8	98.9	-	2,510.1
Total liabilities from financing activities	8,989.4	501.0	37.4	77.9	98.9	(0.5)	9,704.1
Cash and cash equivalents	(29.9)	5.4	(0.5)	-	-	-	(25.0)
Net debt	8,959.5	506.4	36.9	77.9	98.9	(0.5)	9,679.1

Details of the Group's cash and debt are given in Notes 11 and 12 and the Review of Balance Sheet and Cash Flow accompanying these condensed consolidated interim financial statements.

c) Acquisitions

	Three months to 31 July 2024 $m	2023 $m
Cash consideration paid:		
- acquisitions in the period	53.1	315.1
- contingent consideration	5.7	0.9
	58.8	316.0

During the period, two businesses were acquired with cash paid of $53m (2023: $315m), after taking account of net cash acquired of $nil (2023: $3m). Further details are provided in Note 15.

Contingent consideration of $6m (2023: $1m) was paid relating to prior year acquisitions.

15. Acquisitions

The Group undertakes bolt-on acquisitions to complement its organic growth strategy. During the period, the following acquisitions were completed:

i) On 21 May 2024, Sunbelt US acquired the business and assets of RentalMax, LLC ('RentalMax'). RentalMax is a general tool business operating in Illinois.

ii) On 25 June 2024, Sunbelt Canada acquired the business and assets of Wave Equipment Ltd. ('Wave'). Wave is a general tool business operating in Ontario.

The following table sets out the fair value of the identifiable assets and liabilities acquired by the Group. The fair values have been determined provisionally at the balance sheet date.

	Fair value to the Group
	$m
Net assets acquired	
Trade and other receivables	1.9
Property, plant and equipment	
- rental equipment	20.1
- other assets	2.1
Right-of-use assets	18.6
Deferred tax	0.1
Creditors	(2.2)
Lease liabilities	(18.6)
	22.0
Consideration:	
- cash paid and due to be paid (net of cash acquired)	52.7
Goodwill	30.7

The goodwill arising can be attributed to the key management personnel and workforce of the acquired businesses, the benefits through advancing our clusters and leveraging cross-selling opportunities, and to the synergies and other benefits the Group expects to derive from the acquisitions. The synergies and other benefits include elimination of duplicate costs, improving utilisation of the acquired rental fleet, using the Group's financial strength to invest in the acquired business and drive improved returns through a semi-fixed cost base and the application of the Group's proprietary software to optimise revenue opportunities. $30m of the goodwill is expected to be deductible for income tax purposes.

The gross value and the fair value of trade receivables at acquisition was $2m.

Due to the operational integration of acquired businesses post-acquisition, in particular due to the merger of some stores, the movement of rental equipment between stores and investment in the rental fleet, it is not practical to report the revenue and profit of the acquired businesses post-acquisition. The revenue and operating profit of these acquisitions from 1 May 2024 to their date of acquisition was not material

16. Contingent liabilities

Following its state aid investigation, in April 2019 the European Commission announced its decision that the Group Financing Exemption in the UK controlled foreign company ('CFC') legislation constitutes state aid in some circumstances. In common with the UK Government and other UK-based international companies, the Group does not agree with the decision and has therefore lodged a formal appeal with the General Court of the European Union. In common with other UK taxpayers, the Group's appeal has been stayed while the appeals put forward by the UK Government and ITV plc proceed.

On 8 June 2022 the General Court of the European Union dismissed the appeals put forward by the UK Government and ITV plc. However, there remains a high degree of uncertainty in the final outcome given the UK Government and ITV plc have both appealed against the decision to the EU Court of Justice. The EU Court of Justice held a hearing on the case in January 2024 and the Advocate-General's opinion was published in April 2024, proposing that the EU Court of Justice set aside the judgement of the General Court and annul the decision made by the European Commission that the Group Financing Exemption in the UK CFC legislation constituted state aid. The Group will continue to monitor proceedings closely.

Despite the UK Government appealing the European Commission's decision, His Majesty's Revenue & Customs ('HMRC') was required to make an assessment of the tax liability which would arise if the decision is not successfully appealed and collect that amount from taxpayers. HMRC issued a charging notice stating that the tax liability it believes to be due on this basis is £36m, including interest payable. The Group has appealed the charging notice and has settled the amount assessed on it, including interest, in line with HMRC requirements. On successful appeal in whole or in part, all or part of the amount paid in accordance with the charging notice would be returned to the Group. If either the decision reached by the General Court of the European Union or the charging notice issued by HMRC are not ultimately appealed successfully, we have estimated the Group's maximum potential liability to be £36m as at 31 July 2024 ($46m at July 2024 exchange rates), including any interest payable. Based on the current status of proceedings, we have concluded that no provision is required in relation to this matter.

The £36m ($46m at July 2024 exchange rates) paid has been recognised separately as a non-current asset on the balance sheet.

REVIEW OF BALANCE SHEET AND CASH FLOW

Balance sheet

Property, plant and equipment

Capital expenditure in the quarter totalled $855m (2023: $1,132m) with $717m invested in the rental fleet (2023: $999m). Expenditure on rental equipment was 84% of total capital expenditure with the balance relating to the delivery vehicle fleet, property improvements and IT equipment. Capital expenditure by division was:

	2024			2023
	Replacement	Growth	Total	Total
Canada in C$m	35.6	52.5	88.1	72.4
UK in £m	21.5	27.5	49.0	64.6
US	283.2	307.6	590.8	862.6
Canada in $m	26.0	38.3	64.3	54.3
UK in $m	27.4	35.0	62.4	81.8
Total rental equipment	336.6	380.9	717.5	998.7
Delivery vehicles, property improvements & IT equipment			138.0	133.6
Total additions			855.5	1,132.3

In the US, $308m of rental equipment capital expenditure was spent on growth while $283m was invested in replacement of existing fleet. The growth proportion is estimated based on the assumption that replacement capital expenditure in any period is equal to the original cost of equipment sold. In a period of inflation, this understates replacement capital expenditure and overstates growth capital expenditure. Life cycle inflation is c. 20%.

The average age of the Group's serialised rental equipment, which constitutes the substantial majority of our fleet, at 31 July 2024 was 46 months (2023: 48 months) on an original cost basis. The US fleet had an average age of 45 months (2023: 47 months), the Canadian fleet had an average age of 51 months (2023: 54 months) and the UK fleet had an average age of 50 months (2023: 51 months).

	Rental fleet at original cost			LTM rental	LTM dollar
	31 July 2024	30 April 2024	LTM average	revenue	utilisation
Canada in C$m	1,813	1,751	1,699	804	47%
UK in £m	1,156	1,130	1,134	600	53%
US	15,397	15,057	14,846	8,447	57%
Canada in $m	1,313	1,274	1,250	592	47%
UK in $m	1,485	1,414	1,428	756	53%
	18,195	17,745	17,524	9,795	

Dollar utilisation was 57% in the US (2023: 60%), 47% for Canada (2023: 53%) and 53% for the UK (2023: 52%). The decrease in US dollar utilisation is due to principally lower physical utilisation while Canadian dollar utilisation reflects both lower physical utilisation and the remaining drag from the Film & TV business.

Trade receivables

Receivable days at 31 July 2024 were 49 days (2023: 48 days). The bad debt charge for the last twelve months ended 31 July 2024 as a percentage of total turnover was 0.8% (2023: 0.5%). Trade receivables at 31 July 2024 of $1,659m (2023: $1,586m) are stated net of allowances for bad debts and credit notes of $151m (2023: $118m), with the provision representing 8% (2023: 7%) of gross receivables.

Trade and other payables

Group payable days were 47 days at 31 July 2024 (2023: 46 days) with capital expenditure related payables totalling $438m (2023: $576m). Payment periods for purchases other than rental equipment vary between seven and 60 days and for rental equipment between 30 and 120 days.

Cash flow and net debt

	Three months to 31 July 2024 $m	Three months to 31 July 2023 $m	LTM to 31 July 2024 $m	Year to 30 April 2024 $m
EBITDA	1,287.7	1,229.2	4,951.1	4,892.6
Cash inflow from operations before changes in rental equipment	1,110.1	981.7	4,669.4	4,541.0
*Cash conversion ratio**	*86.2%*	*79.9%*	*94.3%*	*92.8%*
Replacement rental capital expenditure	(574.6)	(584.3)	(2,111.3)	(2,121.0)
Payments for non-rental capital expenditure	(138.1)	(133.1)	(690.6)	(685.6)
Rental equipment disposal proceeds	93.2	148.0	776.9	831.7
Other property, plant and equipment disposal proceeds	11.3	8.6	50.2	47.5
Tax paid	(6.6)	(6.1)	(246.3)	(245.8)
Financing costs	(114.0)	(106.9)	(520.2)	(513.1)
Cash inflow before growth capex	**381.3**	**307.9**	**1,928.1**	**1,854.7**
Growth rental capital expenditure	(220.2)	(446.8)	(1,411.6)	(1,638.2)
Free cash flow	**161.1**	**(138.9)**	**516.5**	**216.5**
Business acquisitions	(58.8)	(316.0)	(618.4)	(875.6)
Business disposals	-	-	1.9	1.9
Financial asset investments	-	-	(15.0)	(15.0)
Total cash generated/(absorbed)	**102.3**	**(454.9)**	**(115.0)**	**(672.2)**
Dividends	-	-	(436.1)	(436.1)
Purchase of own shares by the ESOT	(72.5)	(29.8)	(72.6)	(29.9)
Purchase of own shares by the Company	-	(21.7)	(56.7)	(78.4)
Decrease/(increase) in net debt due to cash flow	**29.8**	**(506.4)**	**(680.4)**	**(1,216.6)**

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

Cash inflow from operations before the net investment in the rental fleet was $1,110m (2023: $982m). The conversion ratio for the period was 86% (2023: 80%).

Total payments for capital expenditure (rental equipment and other PPE) during the first quarter were $933m (2023: $1,164m). Disposal proceeds received totalled $105m (2023: $157m), giving net payments for capital expenditure of $828m in the period (2023: $1,007m). Financing costs paid totalled $114m (2023: $107m) while tax payments were $7m (2023: $6m). Financing costs paid typically differ from the charge in the income statement due to the timing of interest payments in the period and non-cash interest charges.

Accordingly, the period saw a free cash inflow of $161m (2023: outflow of $139m) and, after acquisition related expenditure of $59m (2023: $316m), a cash inflow of $102m (2023: outflow of $455m), before returns to shareholders.

Net debt

	31 July 2024 $m	31 July 2023 $m	30 April 2024 $m
First priority senior secured bank debt	1,859.1	1,892.4	1,848.0
1.500% senior notes, due 2026	548.0	547.0	547.8
4.375% senior notes, due 2027	596.9	595.9	596.6
4.000% senior notes, due 2028	596.2	595.3	596.0
4.250% senior notes, due 2029	595.5	594.8	595.3
2.450% senior notes, due 2031	744.7	744.0	744.6
5.500% senior notes, due 2032	739.1	738.1	738.8
5.550% senior notes, due 2033	743.6	743.0	743.4
5.950% senior notes, due 2033	744.2	743.5	744.1
5.800% senior notes, due 2034	840.7	-	840.5
Total external borrowings	8,008.0	7,194.0	7,995.1
Lease liabilities	2,770.0	2,510.1	2,680.6
Total gross debt	10,778.0	9,704.1	10,675.7
Cash and cash equivalents	(17.0)	(25.0)	(20.8)
Total net debt	10,761.0	9,679.1	10,654.9

Net debt at 31 July 2024 was $10,761m with the increase since 30 April 2024 reflecting additional lease commitments as we continue our greenfield and bolt-on expansion. The Group's EBITDA for the twelve months ended 31 July 2024 was $4,951m. Excluding the impact of IFRS 16, the ratio of net debt to EBITDA was 1.7 times (2023: 1.6 times) on a constant currency and a reported basis as at 31 July 2024. Including the impact of IFRS 16, the ratio of net debt to EBITDA was 2.2 times (2023: 2.1 times) as at 31 July 2024.

Principal risks and uncertainties

Risks and uncertainties in achieving the Group's objectives for the remainder of the financial year, together with assumptions, estimates, judgements and critical accounting policies used in preparing financial information remain broadly unchanged from those detailed in the 2024 Annual Report and Accounts on pages 36 to 41.

The principal risks and uncertainties facing the Group are:

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

  The economic uncertainties resulting from the impact of pandemics is considered as part of this risk.

- competition - the already competitive market could become even more competitive and we could suffer increased competition from large national competitors or smaller regional or local companies resulting in reduced market share and lower revenue.

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

- cyber security - a cyber-attack or serious uncured failure in our systems could result in us being unable to deliver service to our customers and / or the loss of data. In particular, we are heavily dependent on technology for the smooth running of our business given the large number of both units of equipment we rent and our customers. As a result, we could suffer reputational loss, revenue loss and financial penalties.

  This is the most significant factor in our business continuity planning.

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

- people and culture - retaining and attracting good people is key to delivering superior performance and customer service and maintaining and enhancing our culture.

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

  At a leadership level, succession planning is required to ensure the Group can continue to inspire the right culture, leadership and behaviours and meet its strategic objectives. Furthermore, it is important that our remuneration policies reflect the Group's North American focus and enable us to retain and enhance our strong leadership team.

- environmental - as part of Sunbelt 4.0, the Group has made a long-term commitment to reduce its Scope 1 and 2 carbon intensity by 50% by 2034, compared to a baseline of 2024, on a journey to Net Zero by 2050. Failure to achieve these goals could adversely impact the Group and its stakeholders.

  In terms of the Group's assessment of the broader environmental impacts of our activities, we also consider the upstream and downstream impacts of our operations and note that a significant part of our Scope 3 emissions arises from our rental fleet, which today is reliant on diesel engines. Over time, 'greener' alternatives will become available as technology advances. If we do not remain at the forefront of technological advances, and invest in the latest equipment, our rental fleet could become obsolete.

In addition, we need to comply with the numerous laws governing environmental protection matters. These laws regulate such issues as wastewater, storm water, solid and hazardous wastes and materials, and air quality. Breaches potentially create hazards to our employees, damage to our reputation and expose the Group to, amongst other things, the cost of investigating and remediating contamination and also fines and penalties for non-compliance.

- laws and regulations - breaches of laws or regulations governing the Group's activities could result in criminal prosecution, substantial claims and loss of reputation.

Further details, including actions taken to mitigate these risks, are provided within the 2024 Annual Report & Accounts.

Our business is subject to significant fluctuations in performance from quarter to quarter as a result of seasonal effects. Commercial construction activity tends to increase in the summer and during extended periods of mild weather and to decrease in the winter and during extended periods of inclement weather. Furthermore, due to the incidence of public holidays in the US, Canada and the UK, there are more billing days in the first half of our financial year than the second half leading to our revenue normally being higher in the first half. On a quarterly basis, the second quarter is typically our strongest quarter, followed by the first and then the third and fourth quarters.

In addition, the current trading and outlook section of the interim statement provides commentary on market and economic conditions for the remainder of the year.

OPERATING STATISTICS

	Number of rental stores			Staff numbers		
	31 July		30 April	31 July		30 April
	2024	2023	2024	2024	2023	2024
US	1,215	1,128	1,186	18,878	19,583	19,245
Canada	138	125	135	2,355	2,089	2,306
UK	190	190	190	4,442	4,288	4,384
Corporate office	-	-	-	27	22	23
Group	1,543	1,443	1,511	25,702	25,982	25,958

GLOSSARY OF TERMS

The glossary of terms below sets out definitions of terms used throughout this announcement. Included are a number of alternative performance measures ('APMs') which the directors have adopted in order to provide additional useful information on the underlying trends, performance and position of the Group. The directors use these measures, which are common across the industry, for planning and reporting purposes. These measures are also used in discussions with the investment analyst community and credit rating agencies. The APMs are not defined by IFRS and therefore may not be directly comparable with other companies' APMs and should not be considered superior to or a substitute for IFRS measures.

<table>
<tr><th>Term</th><th>Closest equivalent statutory measure</th><th>Definition and purpose</th></tr>
<tr><td>Drop through</td><td>None</td><td>Calculated as the change in rental revenue which converts into EBITDA (excluding gains from sale of new equipment, merchandise and consumables and used equipment).
<table>
<tr><th></th><th>2024
$m</th><th>2023
$m</th><th>Change</th></tr>
<tr><td>US</td><td></td><td></td><td></td></tr>
<tr><td>Rental revenue</td><td>2,174</td><td>2,048</td><td>126</td></tr>
<tr><td>EBITDA</td><td>1,150</td><td>1,105</td><td></td></tr>
<tr><td>Gains</td><td>(42)</td><td>(84)</td><td></td></tr>
<tr><td>EBITDA excluding gains</td><td>1,108</td><td>1,021</td><td>87</td></tr>
<tr><td>Drop through</td><td></td><td></td><td>69%</td></tr>
</table>
This measure is utilised by the Group to demonstrate the change in profitability generated by the Group as a result of the change in rental revenue in the period.</td></tr>
<tr><td>Free cash flow</td><td>Net cash generated from operating activities</td><td>Net cash generated from operating activities less non-rental net property, plant and equipment expenditure. Non-rental net property, plant and equipment expenditure comprises payments for non-rental capital expenditure less disposal proceeds received in relation to non-rental asset disposals.
<table>
<tr><th></th><th>2024
$m</th><th>2023
$m</th></tr>
<tr><td>Net cash generated from operating activities</td><td>288</td><td>(14)</td></tr>
<tr><td>Payments for non-rental property, plant and equipment</td><td>(138)</td><td>(133)</td></tr>
<tr><td>Proceeds from disposal of non-rental property, plant and equipment</td><td>11</td><td>8</td></tr>
<tr><td>Free cash flow</td><td>161</td><td>(139)</td></tr>
</table>
This measure shows the cash retained by the Group prior to discretionary expenditure on acquisitions and returns to shareholders.</td></tr>
<tr><td>Growth at constant exchange rates</td><td>None</td><td>Calculated by applying the current period exchange rate to the comparative period result. The relevant foreign currency exchange rates are provided within Note 2, Basis of preparation, to the financial statements. This measure is used as a means of eliminating the effects of foreign exchange rate movements on the period-on-period changes in reported results.
<table>
<tr><th></th><th>2024
$m</th><th>2023
$m</th><th>%</th></tr>
<tr><td>Rental revenue</td><td></td><td></td><td></td></tr>
<tr><td>As reported</td><td>2,541</td><td>2,376</td><td>7%</td></tr>
<tr><td>Retranslation effect</td><td>-</td><td>(2)</td><td></td></tr>
<tr><td>At constant currency</td><td>2,541</td><td>2,374</td><td>7%</td></tr>
<tr><td>Adjusted profit before tax</td><td></td><td></td><td></td></tr>
<tr><td>As reported</td><td>573</td><td>615</td><td>-7%</td></tr>
<tr><td>Retranslation effect</td><td>-</td><td>(1)</td><td></td></tr>
<tr><td>At constant currency</td><td>573</td><td>614</td><td>-7%</td></tr>
</table></td></tr>
</table>

<table>
<tr><th>Term</th><th>Closest equivalent statutory measure</th><th>Definition and purpose</th></tr>
<tr><td>Leverage</td><td>None</td><td>
Leverage calculated at constant exchange rates uses the period end exchange rate for the relevant period and is determined as net debt divided by last 12-month (‘LTM’) EBITDA.
<table>
<tr><th></th><th>2024</th><th></th><th>2023</th><th></th></tr>
<tr><th></th><th>Excluding IFRS 16</th><th>Including IFRS 16</th><th>Excluding IFRS 16</th><th>Including IFRS 16</th></tr>
<tr><td>Net debt ($m)</td><td></td><td></td><td></td><td></td></tr>
<tr><td>As reported and at constant currency</td><td>8,033</td><td>10,761</td><td>7,200</td><td>9,679</td></tr>
<tr><td>EBITDA ($m)</td><td></td><td></td><td></td><td></td></tr>
<tr><td>As reported</td><td>4,687</td><td>4,951</td><td>4,382</td><td>4,602</td></tr>
<tr><td>Retranslation effect</td><td>-</td><td>-</td><td>16</td><td>17</td></tr>
<tr><td>At constant currency</td><td>4,687</td><td>4,951</td><td>4,398</td><td>4,619</td></tr>
<tr><td>Leverage</td><td></td><td></td><td></td><td></td></tr>
<tr><td>As reported</td><td>1.7</td><td>2.2</td><td>1.6</td><td>2.1</td></tr>
<tr><td>At constant currency</td><td>1.7</td><td>2.2</td><td>1.6</td><td>2.1</td></tr>
</table>
This measure is used to provide an indication of the strength of the Group’s balance sheet and is widely used by investors and credit rating agencies. It also forms part of the remuneration targets of the Group and has been identified as one of the Group’s key performance indicators.
</td></tr>
<tr><td>Return on Investment (‘RoI’)</td><td>None</td><td>
LTM adjusted operating profit divided by the LTM average of the sum of net tangible and intangible fixed assets, plus net working capital but excluding net debt and tax. RoI is calculated excluding the impact of IFRS 16.
RoI is used by management to help inform capital allocation decisions within the business and has been identified as one of the Group’s key performance indicators. It also forms part of the remuneration targets of the Group.
A reconciliation of Group RoI is provided below:
<table>
<tr><th></th><th>2024
$m</th><th>2023
$m</th></tr>
<tr><td>Adjusted operating profit</td><td>2,759</td><td>2,751</td></tr>
<tr><td>IFRS 16 impact</td><td>(63)</td><td>(44)</td></tr>
<tr><td>Adjusted operating profit (excluding IFRS 16)</td><td>2,696</td><td>2,707</td></tr>
<tr><td>Average net assets</td><td>17,310</td><td>14,247</td></tr>
<tr><td>Return on investment</td><td>16%</td><td>19%</td></tr>
</table>
RoI for the businesses is calculated in the same way, but excludes goodwill and intangible assets:
<table>
<tr><th></th><th>US
$m</th><th>Canada
C$m</th><th>UK
£m</th></tr>
<tr><td>Adjusted operating profit</td><td>2,611</td><td>144</td><td>60</td></tr>
<tr><td>IFRS 16 impact</td><td>(53)</td><td>(11)</td><td>(2)</td></tr>
<tr><td>Adjusted operating profit (excluding IFRS 16)</td><td>2,558</td><td>133</td><td>58</td></tr>
<tr><td>Average net assets, excluding goodwill and intangibles</td><td>11,735</td><td>1,242</td><td>809</td></tr>
<tr><td>Return on investment</td><td>22%</td><td>11%</td><td>7%</td></tr>
</table>
</td></tr>
</table>

Other terms used within this announcement include:

- **Adjusted:** adjusted results are results stated before exceptional items and the amortisation of acquired intangibles. A reconciliation is shown on the income statement.

- **Availability:** represents the headroom on a given date under the terms of our $4.5bn asset-backed senior bank facility, taking account of current borrowings.

- **Capital expenditure:** represents additions to rental equipment and other property, plant and equipment (excluding assets acquired through a business combination).

- **Cash conversion ratio:** represents cash flow from operations before changes in rental equipment as a percentage of EBITDA. Details are provided within the Review of Balance Sheet and Cash Flow section.

- **Dollar utilisation:** dollar utilisation is trailing 12-month rental revenue divided by average fleet size at original (or 'first') cost measured over a 12-month period. Dollar utilisation has been identified as one of the Group's key performance indicators. Details are shown within the Review of Balance Sheet and Cash Flow section.

- **EBITDA and EBITDA margin:** EBITDA is earnings before interest, tax, depreciation and amortisation. A reconciliation of EBITDA to profit before tax is shown on the income statement. EBITDA margin is calculated as EBITDA divided by revenue. Progression in EBITDA margin is an important indicator of the Group's performance and this has been identified as one of the Group's key performance indicators.

- **Exceptional items:** those items of income or expense which the directors believe should be disclosed separately by virtue of their significant size or nature and limited predictive value to enable a better understanding of the Group's financial performance. Excluding these items provides readers with helpful additional information on the performance of the business across periods and against peer companies. It is also consistent with how business performance is reported to the Board and the remuneration targets set by the Company.

- **Fleet age:** original cost weighted age of serialised rental assets. Serialised rental assets constitute the substantial majority of our fleet.

- **Fleet on rent:** quantity measured at original cost of our rental fleet on rent. Fleet on rent has been identified as one of the Group's key performance indicators.

- **Net debt:** net debt is total borrowings (bank, bonds) and lease liabilities less cash balances, as reported. This measure is used to provide an indication of the Group's overall level of indebtedness and is widely used by investors and credit rating agencies. An analysis of net debt is provided in Note 14.

- **Operating profit and operating profit margin:** Operating profit is earnings before interest and tax. A reconciliation of operating profit to profit before tax is shown on the income statement. Operating profit margin is calculated as operating profit divided by revenue. Progression in operating profit margin is an important indicator of the Group's performance.

- **Organic:** organic measures comprise all locations, excluding locations arising from a bolt-on acquisition completed after the start of the comparative financial period.

- **Rental only revenue:** rental revenue excluding loss damage waiver, environmental fees, erection and dismantling revenue and revenue from rental equipment delivery and collection.

- **Same-store:** same-stores are those locations which were open at the start of the comparative financial period.

- **Segment profit:** operating profit before amortisation and exceptional items by segment.

- **Suppressed availability:** represents the amount on a given date that the asset base exceeds the facility size under the terms of our $4.5bn asset-backed senior bank facility.