6 December 2022

Unaudited results for the half year and second quarter ended 31 October 2022

	Second quarter			First half		
	2022	2021	Growth[1]	2022	2021	Growth[1]
	$m	$m	%	$m	$m	%
Revenue	2,537	2,032	28%	4,796	3,884	26%
Rental revenue	2,308	1,876	26%	4,383	3,545	26%
EBITDA	1,207	972	26%	2,246	1,832	24%
Operating profit	745	577	30%	1,339	1,053	28%
Adjusted[2] profit before taxation	688	542	28%	1,243	979	28%
Profit before taxation	658	474	40%	1,185	890	35%
Adjusted[2] earnings per share	117.9¢	90.9¢	31%	212.2¢	162.4¢	32%
Earnings per share	112.8¢	79.5¢	43%	202.4¢	147.5¢	38%

Half year highlights[3]

- Strong first half performance with ongoing momentum in robust end markets
- Group revenue up 26%[1]; US rental revenue up 28%
- Adjusted[2] earnings per share increased 32% to 212.2¢ (2021: 162.4¢)
- Sunbelt 3.0: half-way through and ahead of plan
- 72 locations added in North America
- $1.7bn of capital invested in the business (2021: $1.2bn)
- $609m spent on 27 bolt-on acquisitions (2021: $428m)
- Net debt to EBITDA leverage[1,3] of 1.6 times (2021: 1.5 times)
- Interim dividend increased 20% to 15¢ per share (2021: 12.5¢ per share)
- We now expect full year results ahead of our previous expectations

1 Calculated at constant exchange rates applying current period exchange rates.
2 Adjusted results are stated before exceptional items and amortisation.
3 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 37.

Ashtead's chief executive, Brendan Horgan, commented:

"The Group's strong performance across all geographies continues with rental revenue up 26% at constant currency. This market outperformance is only possible through the dedication of our team members who deliver for all our stakeholders every day, while ensuring our leading value of safety remains at the forefront of all we do.

Our end markets remain strong and half-way through our strategic growth plan, Sunbelt 3.0, we are ahead of plan. In the period, we invested $1.7bn in capital across existing locations and greenfields and $609m on 27 bolt-on acquisitions, adding a combined 72 locations in North America. This significant investment is enabling us to take advantage of the substantial structural growth opportunities that we see for the business as we deliver our strategic priorities to grow our general tool and specialty businesses and advance our clusters. We are achieving all this while maintaining a strong and flexible balance sheet with leverage near the bottom of our target range.

Our business is performing well with clear momentum in robust end markets. We are in a position of strength and, with increased market clarity, have the operational flexibility to capitalise on the opportunities arising from the market and economic environment we face, including supply chain constraints, inflation and labour scarcity, all factors driving ongoing structural change. We now expect full year results ahead of our previous expectations and the Board looks to the future with confidence."

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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, 6 December 2022. 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 call and conference call for bondholders 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.

First half trading results

	Revenue		EBITDA		Profit[1]	
	2022	2021	2022	2021	2022	2021
UK in £m	361.4	368.4	110.0	115.3	47.8	53.8
Canada in C$m	388.5	310.0	169.2	147.6	91.7	81.1
US	4,069.0	3,124.1	1,998.2	1,567.1	1,282.7	969.4
UK in $m	430.1	510.5	130.9	159.8	56.9	74.5
Canada in $m	297.1	249.4	129.4	118.7	70.1	65.3
Group central costs	-	-	(12.5)	(13.5)	(13.0)	(14.1)
	4,796.2	3,884.0	2,246.0	1,832.1	1,396.7	1,095.1
Net financing costs					(153.8)	(116.5)
Adjusted profit before tax					**1,242.9**	**978.6**
Amortisation					(57.8)	(41.7)
Exceptional items					-	(47.1)
Profit before taxation					1,185.1	889.8
Taxation charge					(293.9)	(231.1)
Profit attributable to equity holders of the Company					891.2	658.7
Margins						
US			*49.1%*	*50.2%*	*31.5%*	*31.0%*
UK			*30.4%*	*31.3%*	*13.2%*	*14.6%*
Canada			*43.5%*	*47.6%*	*23.6%*	*26.2%*
Group			*46.8%*	*47.2%*	*29.1%*	*28.2%*

[1] Segment result presented is adjusted operating profit.

Group revenue for the first half increased 23% (26% at constant currency) to $4,796m (2021: $3,884m). This revenue growth, combined with strong operational execution, resulted in adjusted profit before tax increasing 27% to $1,243m (2021: $979m).

In the US, rental only revenue of $2,952m (2021: $2,342m) was 26% higher than the prior year, 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 20%, while bolt-ons since 1 May 2021 contributed 6% of rental only revenue growth. In the first half, our general tool business grew 22%, while our specialty businesses grew 34%. Rental only revenue growth has been driven by both volume and rate improvement in what continues to be a good rate environment. Rental revenue increased 28% to $3,774m (2021: $2,942m). US total revenue, including new and used equipment, merchandise and consumable sales, increased 30% to $4,069m (2021: $3,124m).

The UK business generated rental only revenue of £215m, up 6% on the prior year (2021: £203m). Following the cessation of free mass COVID testing in April 2022, revenue from the Department of Health, relating to the demobilisation of the testing sites completed during the first quarter, was significantly lower than last year. Excluding the impact of the work for the Department of Health, rental only revenue increased 21%. Rental revenue increased 7% to £293m (2021: £272m). Total revenue decreased 2% to £361m (2021: £368m) reflecting the high level of ancillary and sales revenue associated with the work for the Department of Health, which accounted for c. 8% of revenue in the half year.

Canada's rental only revenue increased 20% to C$279m (2021: C$233m). Markets are robust and the major part of the Canadian business is growing in a similar manner to the US with strong volume growth and rate improvement, in a good rate environment. As highlighted previously, the lighting, grip and lens business was affected by market uncertainty, with the threat earlier this year of strikes by production staff in Vancouver, resulting in productions being delayed or moved elsewhere. Rental revenue increased 22% to C$341m (2021: C$280m), while Canada's total revenue was C$389m (2021: C$310m).

In common with many businesses, we face inflationary pressures across most cost lines, but particularly in relation to labour, transportation and fuel. While our strong performance on rate, combined with our scale, has enabled us to navigate this inflationary environment, driving strong revenue and profit growth, it is a drag on drop through and margins. This, combined with our targeted investment in the infrastructure of the business as part of Sunbelt 3.0, particularly our technology platform, and in bolt-ons, which are typically lower margin businesses, has resulted in US rental revenue drop through to EBITDA of 46%. As expected, drop through has improved as we have progressed through the year, and in the second quarter was 49%. This contributed to a reported EBITDA margin of 49.1% (2021: 50.2%) and a 32% increase in segment profit to $1,283m (2021: $969m) at a margin of 31.5% (2021: 31.0%).

The UK business remains focused on delivering operational efficiency and improving returns in the business. However, this year will be a transition year as we redeploy assets dedicated to the Department of Health testing centres elsewhere in the business. As a result, the UK generated an EBITDA margin of 30.4% (2021: 31.3%) and a segment profit of £48m (2021: £54m) at a margin of 13.2% (2021: 14.6%).

Our Canadian business continues to develop and enhance its performance as it invests to expand its network and broaden its markets. This ongoing investment, including greenfields, acquisitions and infrastructure, combined with drag from the lighting, grip and lens business contributed to a 43.5% EBITDA margin (2021: 47.6%) and a segment profit of C$92m (2021: C$81m) at a margin of 23.6% (2021: 26.2%).

Overall, Group adjusted operating profit increased to $1,397m (2021: $1,095m), up 29% at constant exchange rates. After increased net financing costs of $154m (2021: $116m), reflecting higher average debt levels and the higher interest rate environment, Group adjusted profit before tax was $1,243m (2021: $979m). After a tax charge of 25% (2021: 26%) of the adjusted pre-tax profit, adjusted earnings per share increased 32% at constant currency to 212.2¢ (2021: 162.4¢).

Statutory profit before tax was $1,185m (2021: $890m). This is after amortisation of $58m (2021: $42m) and, in the prior year, exceptional interest costs of $47m. Included within the total tax charge is a tax credit of $15m (2021: $22m) which relates to the amortisation of intangibles and exceptional items. As a result, basic earnings per share were 202.4¢ (2021: 147.5¢).

Capital expenditure and acquisitions

Capital expenditure for the first half was $1,685m gross and $1,428m net of disposal proceeds (2021: $1,176m gross and $1,035m net). We continue to navigate supply chain challenges, although fleet deliveries were broadly in-line with schedule by the end of the second quarter. As a result, the Group's rental fleet at 31 October 2022 at cost was $14.5bn and our average fleet age is now 38 months (2021: 40 months).

We invested $609m (2021: $428m) including acquired borrowings in 27 bolt-on acquisitions during the half year as we continue to both expand our footprint and diversify our end markets. Further details are provided in Note 16. Since the period end, we have invested a further $243m in bolt-ons.

Return on Investment

In the US, return on investment (excluding goodwill and intangible assets) for the 12 months to 31 October 2022 was 27% (2021: 23%). In the UK, return on investment (excluding goodwill and intangible assets) was 12% (2021: 15%). The decrease reflects reduced volumes, particularly service and sales, supporting the Department of Health as we have demobilised testing sites. In Canada, return on investment (excluding goodwill and intangible assets) was 19% (2021: 23%). This reduction reflects predominantly the drag from the recent performance of our lighting, grip and lens business. For the Group as a whole, return on investment (including goodwill and intangible assets) was 19% (2021: 18%). Return on investment excludes the impact of IFRS 16.

Cash flow and net debt

The Group generated free cash flow of $154m (2021: $440m) during the period after capital expenditure payments of $1,546m (2021: $966m). However, as expected, debt increased as we continued to invest in bolt-ons and returned capital to shareholders. During the period, we spent $207m (£173m) on share buybacks (2021: $206m (£149m)) under the two-year buyback programme launched in May 2021 of up to £1bn.

In August 2022, the Group issued $750m 5.500% senior notes maturing in August 2032. The net proceeds were used to reduce the amount outstanding under the ABL facility. This ensures the Group's debt package continues to be well structured and flexible, enabling us to optimise the opportunity presented by end market conditions. The Group's debt facilities are now committed for an average of six years at a weighted average cost of 4%.

Net debt at 31 October 2022 was $8,415m (2021: $6,429m). Excluding the effect of IFRS 16, net debt at 31 October 2022 was $6,212m (2021: $4,677m), while the ratio of net debt to EBITDA was 1.6 times (2021: 1.5 times) on a constant currency basis. The Group's target range for net debt to EBITDA is 1.5 to 2.0 times excluding the impact of IFRS 16 (1.9 to 2.4 times post IFRS 16). Including the effect of IFRS 16, the ratio of net debt to EBITDA was 2.1 times (2021: 1.9 times) on a constant currency basis.

At 31 October 2022, availability under the senior secured debt facility was $2,217m with an additional $4,169m of suppressed availability – substantially above the $450m level at which the Group's entire debt package is covenant free.

Dividend

In line with our policy of providing a progressive dividend, which considers both profitability and cash generation, and results in a dividend that is sustainable across the cycle, the Board has increased the interim dividend 20% to 15.0¢ per share (2021: 12.5¢ per share). This will be paid on 9 February 2023 to shareholders on the register on 13 January 2023.

The dividend is declared in US dollars but will be paid in sterling unless shareholders elect to receive their dividend in US dollars. Those shareholders who wish to receive their dividend in US dollars and have not yet made an election may do so by contacting Equiniti on 0371 384 2934 (International: +44 (0) 121 415 7011). The last day for election for the proposed interim dividend is 27 January 2023.

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

Current trading and outlook

Our business is performing well with clear momentum in robust end markets. We are in a position of strength and, with increased market clarity, have the operational flexibility to capitalise on the opportunities arising from the market and economic environment we face, including supply chain constraints, inflation and labour scarcity, all factors driving ongoing structural change. We now expect full year results ahead of our previous expectations and the Board looks to the future with confidence.

	Previous guidance	Current guidance
Rental revenue[1]		
- US	17 to 20%	20 to 23%
- Canada	19 to 22%	22 to 25%
- UK[2]	-4 to 0%	Flat
- Group	15 to 17%	18 to 21%
Capital expenditure (gross)[3]	\$3.3 – 3.6bn	\$3.3 – 3.6bn
Free cash flow[3]	c. \$300m	c. \$300m

[1] Represents change in year-over-year rental revenue at constant exchange rates
[2] UK total revenue down c. 8% due to NHS impact
[3] Stated at C\$1=\$0.75 and £1=\$1.20

Directors' responsibility statement

We confirm that to the best of our knowledge:

a) the condensed consolidated interim financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting'; and

b) the interim management report includes a fair review of the information required by Disclosure and Transparency Rule 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year) and Disclosure and Transparency Rules 4.2.8R (disclosure of related parties' transactions and changes therein).

By order of the Board

Eric Watkins
Company secretary

5 December 2022

CONSOLIDATED INCOME STATEMENT FOR THE THREE MONTHS ENDED 31 OCTOBER 2022

	2022			2021		
	Before amortisation	Amortisation	Total	Before exceptional items and amortisation	Exceptional items and amortisation	Total
	$m	$m	$m	$m	$m	$m
Second quarter - unaudited						
Revenue						
Rental revenue	2,308.4	-	2,308.4	1,876.0	-	1,876.0
Sale of new equipment, merchandise and consumables	88.3	-	88.3	96.4	-	96.4
Sale of used rental equipment	140.5	-	140.5	59.7	-	59.7
	2,537.2	-	2,537.2	2,032.1	-	2,032.1
Operating costs						
Staff costs	(558.7)	-	(558.7)	(450.0)	-	(450.0)
Other operating costs	(666.2)	-	(666.2)	(559.8)	-	(559.8)
Used rental equipment sold	(104.9)	-	(104.9)	(50.4)	-	(50.4)
	(1,329.8)	-	(1,329.8)	(1,060.2)	-	(1,060.2)
EBITDA*	1,207.4	-	1,207.4	971.9	-	971.9
Depreciation	(432.3)	-	(432.3)	(374.3)	-	(374.3)
Amortisation of intangibles	-	(29.9)	(29.9)	-	(21.0)	(21.0)
Operating profit	775.1	(29.9)	745.2	597.6	(21.0)	576.6
Interest income	0.4	-	0.4	0.1	-	0.1
Interest expense	(87.3)	-	(87.3)	(55.6)	(47.1)	(102.7)
Profit on ordinary activities before taxation	688.2	(29.9)	658.3	542.1	(68.1)	474.0
Taxation	(170.4)	7.5	(162.9)	(136.6)	17.1	(119.5)
Profit attributable to equity holders of the Company	517.8	(22.4)	495.4	405.5	(51.0)	354.5
Basic earnings per share	117.9¢	(5.1¢)	112.8¢	90.9¢	(11.4¢)	79.5¢
Diluted earnings per share	117.2¢	(5.1¢)	112.1¢	90.7¢	(11.4¢)	79.3¢

*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.

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

CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 31 OCTOBER 2022

	2022			2021		
	Before amortisation	Amortisation	Total	Before exceptional items and amortisation	Exceptional items and amortisation	Total
	$m	$m	$m	$m	$m	$m
First half - unaudited						
Revenue						
Rental revenue	4,383.1	-	4,383.1	3,545.2	-	3,545.2
Sale of new equipment, merchandise and consumables	172.5	-	172.5	208.9	-	208.9
Sale of used rental equipment	240.6	-	240.6	129.9	-	129.9
	4,796.2	-	4,796.2	3,884.0	-	3,884.0
Operating costs						
Staff costs	(1,078.7)	-	(1,078.7)	(864.8)	-	(864.8)
Other operating costs	(1,294.4)	-	(1,294.4)	(1,076.9)	-	(1,076.9)
Used rental equipment sold	(177.1)	-	(177.1)	(110.2)	-	(110.2)
	(2,550.2)	-	(2,550.2)	(2,051.9)	-	(2,051.9)
EBITDA	2,246.0	-	2,246.0	1,832.1	-	1,832.1
Depreciation	(849.3)	-	(849.3)	(737.0)	-	(737.0)
Amortisation of intangibles	-	(57.8)	(57.8)	-	(41.7)	(41.7)
Operating profit	1,396.7	(57.8)	1,338.9	1,095.1	(41.7)	1,053.4
Interest income	1.6	-	1.6	0.1	-	0.1
Interest expense	(155.4)	-	(155.4)	(116.6)	(47.1)	(163.7)
Profit on ordinary activities before taxation	1,242.9	(57.8)	1,185.1	978.6	(88.8)	889.8
Taxation	(308.5)	14.6	(293.9)	(253.4)	22.3	(231.1)
Profit attributable to equity holders of the Company	934.4	(43.2)	891.2	725.2	(66.5)	658.7
Basic earnings per share	212.2¢	(9.8¢)	202.4¢	162.4¢	(14.9¢)	147.5¢
Diluted earnings per share	211.4¢	(9.8¢)	201.6¢	161.9¢	(14.9¢)	147.0¢

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 SIX MONTHS ENDED 31 OCTOBER 2022

	Unaudited			
	Three months to 31 October		Six months to 31 October	
	2022	2021	2022	2021
	$m	$m	$m	$m
Profit attributable to equity holders of the Company for the period	495.4	354.5	891.2	658.7
Items that may be reclassified subsequently to profit or loss:				
Foreign currency translation differences	(66.0)	(8.3)	(89.9)	(9.6)
Loss on cash flow hedge	(0.6)	-	(0.6)	-
Total other comprehensive income for the period	(66.6)	(8.3)	(90.5)	(9.6)
Total comprehensive income for the period	428.8	346.2	800.7	649.1

CONSOLIDATED BALANCE SHEET AT 31 OCTOBER 2022

	Unaudited 31 October 2022	Unaudited 31 October 2021	Audited 30 April 2022
	$m	$m	$m
Current assets			
Inventories	202.4	124.8	168.5
Trade and other receivables	1,817.8	1,429.2	1,390.4
Current tax asset	11.3	25.8	7.2
Cash and cash equivalents	29.9	15.4	15.3
	2,061.4	1,595.2	1,581.4
Non-current assets			
Property, plant and equipment			
- rental equipment	8,524.8	7,436.5	7,814.3
- other assets	1,206.4	940.9	1,078.3
	9,731.2	8,377.4	8,892.6
Right-of-use assets	2,061.4	1,661.6	1,864.8
Goodwill	2,586.3	1,939.4	2,300.0
Other intangible assets	529.5	383.7	475.3
Other non-current assets	209.5	104.6	157.5
Net defined benefit pension plan asset	18.3	7.4	18.5
	15,136.2	12,474.1	13,708.7
Total assets	17,197.6	14,069.3	15,290.1
Current liabilities			
Trade and other payables	1,360.8	1,105.8	1,197.1
Current tax liability	25.8	4.9	20.2
Lease liabilities	212.3	175.9	188.6
Provisions	51.5	52.8	68.8
	1,650.4	1,339.4	1,474.7
Non-current liabilities			
Lease liabilities	2,005.6	1,589.5	1,806.6
Long-term borrowings	6,227.2	4,678.8	5,180.1
Provisions	85.9	69.4	68.0
Deferred tax liabilities	1,849.8	1,605.3	1,695.4
Other non-current liabilities	32.3	34.4	31.6
	10,200.8	7,977.4	8,781.7
Total liabilities	11,851.2	9,316.8	10,256.4
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	(685.8)	(275.3)	(480.1)
Own shares held by the ESOT	(38.8)	(44.9)	(44.9)
Cumulative foreign exchange translation differences	(316.6)	(143.6)	(226.7)
Retained reserves	6,279.3	5,108.0	5,677.1
Equity attributable to equity holders of the Company	5,346.4	4,752.5	5,033.7
Total liabilities and equity	17,197.6	14,069.3	15,290.1

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 31 OCTOBER 2022

	Share capital $m	Share premium account $m	Capital redemption reserve $m	Own shares held by the Company $m	Own shares held through the ESOT $m	Cumulative foreign exchange translation differences $m	Retained reserves $m	Total $m
Unaudited								
At 1 May 2021	81.8	6.5	20.0	(66.2)	(36.8)	(134.0)	4,654.2	4,525.5
Profit for the period	-	-	-	-	-	-	658.7	658.7
Other comprehensive income:								
Foreign currency translation differences	-	-	-	-	-	(9.6)	-	(9.6)
Total comprehensive income for the period	-	-	-	-	-	(9.6)	658.7	649.1
Dividends paid	-	-	-	-	-	-	(215.3)	(215.3)
Own shares purchased by the ESOT	-	-	-	-	(23.8)	-	-	(23.8)
Own shares purchased by the Company	-	-	-	(209.1)	-	-	-	(209.1)
Share-based payments	-	-	-	-	15.7	-	7.1	22.8
Tax on share-based payments	-	-	-	-	-	-	3.3	3.3
At 31 October 2021	81.8	6.5	20.0	(275.3)	(44.9)	(143.6)	5,108.0	4,752.5
Profit for the period	-	-	-	-	-	-	592.4	592.4
Other comprehensive income:								
Foreign currency translation differences	-	-	-	-	-	(83.1)	-	(83.1)
Remeasurement of the defined benefit pension plan	-	-	-	-	-	-	11.4	11.4
Tax on defined benefit pension plan	-	-	-	-	-	-	(2.7)	(2.7)
Total comprehensive income for the period	-	-	-	-	-	(83.1)	601.1	518.0
Dividends paid	-	-	-	-	-	-	(56.2)	(56.2)
Own shares purchased by the Company	-	-	-	(204.8)	-	-	-	(204.8)
Share-based payments	-	-	-	-	-	-	25.3	25.3
Tax on share-based payments	-	-	-	-	-	-	(1.1)	(1.1)
At 30 April 2022	81.8	6.5	20.0	(480.1)	(44.9)	(226.7)	5,677.1	5,033.7
Profit for the period	-	-	-	-	-	-	891.2	891.2
Other comprehensive income:								
Foreign currency translation differences	-	-	-	-	-	(89.9)	-	(89.9)
Loss on cash flow hedge	-	-	-	-	-	-	(0.6)	(0.6)
Total comprehensive income for the period	-	-	-	-	-	(89.9)	890.6	800.7
Dividends paid	-	-	-	-	-	-	(291.8)	(291.8)
Own shares purchased by the ESOT	-	-	-	-	(12.5)	-	-	(12.5)
Own shares purchased by the Company	-	-	-	(205.7)	-	-	-	(205.7)
Share-based payments	-	-	-	-	18.6	-	3.7	22.3
Tax on share-based payments	-	-	-	-	-	-	(0.3)	(0.3)
At 31 October 2022	81.8	6.5	20.0	(685.8)	(38.8)	(316.6)	6,279.3	5,346.4

CONSOLIDATED CASH FLOW STATEMENT FOR THE SIX MONTHS ENDED 31 OCTOBER 2022

	Unaudited 2022	Unaudited 2021
	$m	$m
Cash flows from operating activities		
Cash generated from operations before changes in rental equipment	1,777.6	1,541.6
Payments for rental property, plant and equipment	(1,299.9)	(811.2)
Proceeds from disposal of rental property, plant and equipment	203.8	152.2
Cash generated from operations	681.5	882.6
Financing costs paid (net)	(140.4)	(119.1)
Exceptional financing costs paid	-	(36.0)
Tax paid (net)	(156.4)	(143.7)
Net cash generated from operating activities	384.7	583.8
Cash flows from investing activities		
Acquisition of businesses	(619.1)	(427.6)
Financial asset investments	(42.4)	-
Payments for non-rental property, plant and equipment	(246.1)	(155.2)
Proceeds from disposal of non-rental property, plant and equipment	15.8	11.2
Net cash used in investing activities	(891.8)	(571.6)
Cash flows from financing activities		
Drawdown of loans	2,041.8	2,116.4
Redemption of loans	(953.6)	(1,642.2)
Repayment of principal under lease liabilities	(52.9)	(54.4)
Dividends paid	(292.9)	(213.2)
Purchase of own shares by the ESOT	(12.5)	(23.8)
Purchase of own shares by the Company	(206.9)	(206.1)
Net cash generated from/(used in) financing activities	523.0	(23.3)
Increase/(decrease) in cash and cash equivalents	15.9	(11.1)
Opening cash and cash equivalents	15.3	26.6
Effect of exchange rate differences	(1.3)	(0.1)
Closing cash and cash equivalents	29.9	15.4

Reconciliation of net cash flows to net debt

	2022	2021
(Increase)/decrease in cash and cash equivalents in the period	(15.9)	11.1
Increase in debt through cash flow	1,035.3	419.8
Change in net debt from cash flows	1,019.4	430.9
Exchange differences	(76.5)	(7.1)
Debt acquired	88.9	37.8
Deferred costs of debt raising	3.0	15.2
New lease liabilities	220.4	151.3
Increase in net debt in the period	1,255.2	628.1
Net debt at 1 May	7,160.0	5,800.7
Net debt at 31 October	8,415.2	6,428.8

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 six months ended 31 October 2022, comprise the Company and its subsidiaries ('the Group').

The condensed consolidated interim financial statements for the six months ended 31 October 2022 were approved by the directors on 5 December 2022.

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 2022 were approved by the directors on 13 June 2022 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.

The condensed consolidated interim financial statements for the six months ended 31 October 2022 are unaudited but have been reviewed by the Group's auditors. Their report is on page 35.

2. Basis of preparation

The annual financial statements of the Group are prepared in accordance with United Kingdom adopted International Financial Reporting Standards ('IFRS').

The condensed consolidated interim financial statements for the six months ended 31 October 2022 have been prepared in accordance with IAS 34, Interim Financial Reporting, and the accounting policies set out in the Group's Annual Report & Accounts for the year ended 30 April 2022.

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 37.

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 13), 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.

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

	Pound sterling		Canadian dollar	
	2022	2021	2022	2021
Average for the three months ended 31 October	1.16	1.37	0.75	0.80
Average for the six months ended 31 October	1.19	1.39	0.76	0.80
At 30 April	1.26	1.38	0.78	0.81
At 31 October	1.15	1.37	0.73	0.81

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

3. Segmental analysis

Three months to 31 October 2022

	US $m	UK $m	Canada $m	Corporate items $m	Group $m
Revenue					
Rental revenue	2,005.6	165.3	137.5	-	2,308.4
Sale of new equipment, merchandise and consumables	45.9	25.8	16.6	-	88.3
Sale of used rental equipment	118.3	16.3	5.9	-	140.5
	2,169.8	207.4	160.0	-	2,537.2
Segment profit	715.6	25.4	40.2	(6.1)	775.1
Amortisation					(29.9)
Net financing costs					(86.9)
Profit before taxation					658.3
Taxation					(162.9)
Profit attributable to equity shareholders					495.4

Three months to 31 October 2021

	US $m	UK $m	Canada $m	Corporate items $m	Group $m
Revenue					
Rental revenue	1,568.1	190.0	117.9	-	1,876.0
Sale of new equipment, merchandise and consumables	40.0	48.7	7.7	-	96.4
Sale of used rental equipment	50.8	6.1	2.8	-	59.7
	1,658.9	244.8	128.4	-	2,032.1
Segment profit	537.3	30.5	37.1	(7.3)	597.6
Amortisation					(21.0)
Exceptional items					(47.1)
Net financing costs					(55.5)
Profit before taxation					474.0
Taxation					(119.5)
Profit attributable to equity shareholders					354.5

Six months to 31 October 2022

	US $m	UK $m	Canada $m	Corporate items $m	Group $m
Revenue					
Rental revenue	3,774.0	348.2	260.9	-	4,383.1
Sale of new equipment, merchandise and consumables	93.8	52.1	26.6	-	172.5
Sale of used rental equipment	201.2	29.8	9.6	-	240.6
	4,069.0	430.1	297.1	-	4,796.2
Segment profit	1,282.7	56.9	70.1	(13.0)	1,396.7
Amortisation					(57.8)
Net financing costs					(153.8)
Profit before taxation					1,185.1
Taxation					(293.9)
Profit attributable to equity shareholders					891.2

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

3. Segmental analysis (continued)

Six months to 31 October 2021

	US	UK	Canada	Corporate items	Group
	$m	$m	$m	$m	$m
Revenue					
Rental revenue	2,942.3	377.6	225.3	-	3,545.2
Sale of new equipment, merchandise and consumables	78.2	113.9	16.8	-	208.9
Sale of used rental equipment	103.6	19.0	7.3	-	129.9
	3,124.1	510.5	249.4	-	3,884.0
Segment profit	969.4	74.5	65.3	(14.1)	1,095.1
Amortisation					(41.7)
Exceptional items					(47.1)
Net financing costs					(116.5)
Profit before taxation					889.8
Taxation					(231.1)
Profit attributable to equity shareholders					658.7

	US	UK	Canada	Corporate items	Group
	$m	$m	$m	$m	$m
At 31 October 2022					
Segment assets	14,426.0	1,347.8	1,335.5	47.1	17,156.4
Cash					29.9
Taxation assets					11.3
Total assets					17,197.6
At 30 April 2022					
Segment assets	12,839.6	1,162.3	1,212.7	53.0	15,267.6
Cash					15.3
Taxation assets					7.2
Total assets					15,290.1

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

4. Operating costs and other income

	2022			2021		
	Before amortisation	Amortisation	Total	Before amortisation	Amortisation	Total
	$m	$m	$m	$m	$m	$m
Three months to 31 October						
Staff costs:						
Salaries	511.7	-	511.7	411.2	-	411.2
Social security costs	37.5	-	37.5	30.0	-	30.0
Other pension costs	9.5	-	9.5	8.8	-	8.8
	558.7	-	558.7	450.0	-	450.0
Other operating costs:						
Vehicle costs	166.5	-	166.5	138.0	-	138.0
Spares, consumables & external repairs	120.9	-	120.9	104.9	-	104.9
Facility costs	25.9	-	25.9	17.8	-	17.8
Other external charges	352.9	-	352.9	299.1	-	299.1
	666.2	-	666.2	559.8	-	559.8
Used rental equipment sold	104.9	-	104.9	50.4	-	50.4
Depreciation and amortisation:						
Depreciation of tangible assets	391.3	-	391.3	338.2	-	338.2
Depreciation of right-of-use assets	41.0	-	41.0	36.1	-	36.1
Amortisation of intangibles	-	29.9	29.9	-	21.0	21.0
	432.3	29.9	462.2	374.3	21.0	395.3
	1,762.1	29.9	1,792.0	1,434.5	21.0	1,455.5

	2022			2021		
	Before amortisation	Amortisation	Total	Before amortisation	Amortisation	Total
	$m	$m	$m	$m	$m	$m
Six months to 31 October						
Staff costs:						
Salaries	985.4	-	985.4	790.5	-	790.5
Social security costs	73.9	-	73.9	57.0	-	57.0
Other pension costs	19.4	-	19.4	17.3	-	17.3
	1,078.7	-	1,078.7	864.8	-	864.8
Other operating costs:						
Vehicle costs	325.8	-	325.8	256.5	-	256.5
Spares, consumables & external repairs	246.3	-	246.3	201.1	-	201.1
Facility costs	50.1	-	50.1	35.6	-	35.6
Other external charges	672.2	-	672.2	583.7	-	583.7
	1,294.4	-	1,294.4	1,076.9	-	1,076.9
Used rental equipment sold	177.1	-	177.1	110.2	-	110.2
Depreciation and amortisation:						
Depreciation of tangible assets	767.8	-	767.8	666.0	-	666.0
Depreciation of right-of-use assets	81.5	-	81.5	71.0	-	71.0
Amortisation of intangibles	-	57.8	57.8	-	41.7	41.7
	849.3	57.8	907.1	737.0	41.7	778.7
	3,399.5	57.8	3,457.3	2,788.9	41.7	2,830.6

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

5. Exceptional items and amortisation

Exceptional items are those items of financial performance that are material and have limited predictive value. Amortisation relates to the write-off of intangible assets over their estimated useful economic life. The Group believes these items 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 exceptional items and amortisation of intangibles.

	Three months to 31 October		Six months to 31 October	
	2022	2021	2022	2021
	$m	$m	$m	$m
Amortisation of intangibles	29.9	21.0	57.8	41.7
Write-off of deferred financing costs	-	11.1	-	11.1
Early redemption fee	-	36.0	-	36.0
Taxation	(7.5)	(17.1)	(14.6)	(22.3)
	22.4	51.0	43.2	66.5

In the prior year, the costs associated with the redemption of the $600m 4.125% senior notes and the $600m 5.25% senior notes in August 2021 were classified as exceptional items. The write-off of deferred financing costs consisted of the unamortised balance of the costs relating to the notes. In addition, an early redemption fee of $36m was paid to redeem the notes prior to their scheduled maturity. Of these items, total cash costs were $36m.

The items detailed in the table above are presented in the income statement as follows:

	Three months to 31 October		Six months to 31 October	
	2022	2021	2022	2021
	$m	$m	$m	$m
Amortisation of intangibles	29.9	21.0	57.8	41.7
Charged in arriving at operating profit	29.9	21.0	57.8	41.7
Interest expense	-	47.1	-	47.1
Charged in arriving at profit before tax	29.9	68.1	57.8	88.8
Taxation	(7.5)	(17.1)	(14.6)	(22.3)
	22.4	51.0	43.2	66.5

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

6. Net financing costs

	Three months to 31 October		Six months to 31 October	
	2022	2021	2022	2021
	$m	$m	$m	$m
Interest income:				
Net income on the defined benefit plan asset	0.1	0.1	0.2	0.1
Other interest	0.3	-	1.4	-
	0.4	0.1	1.6	0.1
Interest expense:				
Bank interest payable	26.0	6.9	44.2	13.4
Interest payable on senior notes	34.7	27.0	60.3	60.0
Interest payable on lease liabilities	24.4	19.6	46.8	38.9
Non-cash unwind of discount on provisions	0.3	0.3	0.6	0.5
Amortisation of deferred debt raising costs	1.9	1.8	3.5	3.8
	87.3	55.6	155.4	116.6
Net financing costs before exceptional items	86.9	55.5	153.8	116.5
Exceptional items	-	47.1	-	47.1
Net financing costs	86.9	102.6	153.8	163.6

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 October 2022 of 25% in the US (2021: 25%), 19% in the UK, rising to 25% from 1 April 2023 (2021: 19%) and 26% in Canada (2021: 26%). This results in a blended effective rate for the Group as a whole of 25% (2021: 26%) for the period.

The tax charge of $309m (2021: $253m) on the adjusted profit before taxation of $1,243m (2021: $979m) can be explained as follows:

	Six months to 31 October	
	2022	2021
	$m	$m
Current tax		
- current tax on income for the period	166.6	155.6
- adjustments to prior year	(2.6)	0.8
	164.0	156.4
Deferred tax		
- origination and reversal of temporary differences	145.5	88.9
- adjustment due to change in UK corporate tax rate	-	9.8
- adjustments to prior year	(1.0)	(1.7)
	144.5	97.0
Tax on adjusted profit	308.5	253.4
Comprising:		
- UK	17.3	31.2
- US	277.7	208.1
- Canada	13.5	14.1
	308.5	253.4

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

7. Taxation (continued)

In addition, the tax credit of $15m (2021: $22m) on amortisation of $58m (2021: on exceptional items and amortisation of $89m) consists of a current tax credit of $6m (2021: $17m) relating to the US, $0.1m (2021: $0.3m) relating to the UK and $0.4m (2021: $0.4m) relating to Canada and a deferred tax credit of $5m (2021: $2m) relating to the US, $0.5m (2021: $0.4m) relating to the UK and $3m (2021: $2m) relating to Canada.

8. Earnings per share

Basic and diluted earnings per share for the three and six months ended 31 October 2022 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:

	Three months to 31 October		Six months to 31 October	
	2022	2021	2022	2021
Profit for the financial period ($m)	495.4	354.5	891.2	658.7
Weighted average number of shares (m) - basic	439.3	446.0	440.3	446.6
- diluted	441.9	447.3	442.0	448.0
Basic earnings per share	112.8¢	79.5¢	202.4¢	147.5¢
Diluted earnings per share	112.1¢	79.3¢	201.6¢	147.0¢

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:

	Three months to 31 October		Six months to 31 October	
	2022	2021	2022	2021
Basic earnings per share	112.8¢	79.5¢	202.4¢	147.5¢
Amortisation of intangibles	6.8¢	4.7¢	13.1¢	9.3¢
Exceptional items	-	10.6¢	-	10.6¢
Tax on exceptional items and amortisation	(1.7¢)	(3.9¢)	(3.3¢)	(5.0¢)
Adjusted earnings per share	117.9¢	90.9¢	212.2¢	162.4¢

9. Dividends

During the period, a final dividend in respect of the year ended 30 April 2022 of 67.5¢ (2021: 48.24¢) per share was paid to shareholders resulting in a cash outflow of $293m (2021: $213m). In addition, the directors have declared an interim dividend in respect of the year ending 30 April 2023 of 15.0¢ (2021: 12.5¢) per share to be paid on 9 February 2023 to shareholders who are on the register of members on 13 January 2023.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

10. Property, plant and equipment

Net book value	2022 Rental equipment $m	2022 Total $m	2021 Rental equipment $m	2021 Total $m
At 1 May	7,814.3	8,892.6	6,908.9	7,776.1
Exchange differences	(89.3)	(103.9)	(10.1)	(11.8)
Reclassifications	(0.4)	-	(0.1)	0.2
Additions	1,440.6	1,684.7	1,020.4	1,175.6
Acquisitions	195.2	204.2	205.3	220.2
Disposals	(170.1)	(178.6)	(108.3)	(116.9)
Depreciation	(665.5)	(767.8)	(579.6)	(666.0)
At 31 October	8,524.8	9,731.2	7,436.5	8,377.4

11. Right-of-use assets

Net book value	2022 Property leases $m	2022 Other leases $m	2022 Total $m	2021 Property leases $m	2021 Other leases $m	2021 Total $m
At 1 May	1,849.1	15.7	1,864.8	1,533.5	12.4	1,545.9
Exchange differences	(21.5)	(1.3)	(22.8)	(2.4)	(0.1)	(2.5)
Additions	190.9	3.4	194.3	122.7	3.5	126.2
Acquisitions	79.5	-	79.5	37.8	-	37.8
Remeasurement	30.7	-	30.7	26.2	-	26.2
Disposals	(3.2)	(0.4)	(3.6)	-	(0.8)	(0.8)
Transfers	-	-	-	-	(0.2)	(0.2)
Depreciation	(79.9)	(1.6)	(81.5)	(69.5)	(1.5)	(71.0)
At 31 October	2,045.6	15.8	2,061.4	1,648.3	13.3	1,661.6

12. Lease liability

	31 October 2022 $m	30 April 2022 $m
Current	212.3	188.6
Non-current	2,005.6	1,806.6
	2,217.9	1,995.2

13. Borrowings

	31 October 2022 $m	30 April 2022 $m
Non-current		
First priority senior secured bank debt	2,416.3	2,108.1
1.500% senior notes, due 2026	546.3	545.8
4.375% senior notes, due 2027	595.2	594.8
4.000% senior notes, due 2028	594.7	594.3
4.250% senior notes, due 2029	594.2	593.9
2.450% senior notes, due 2031	743.5	743.2
5.500% senior notes, due 2032	737.0	-
	6,227.2	5,180.1

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. The senior notes are guaranteed by Ashtead Group plc and all its principal subsidiary undertakings.

13. Borrowings (continued)

Our debt facilities are committed for the long term, with an average maturity of six years. Our $4.5bn asset-based senior credit facility is committed until August 2026. The $550m 1.500% senior notes mature in August 2026, the $600m 4.375% senior notes mature in August 2027, the $600m 4.000% senior notes mature in May 2028, the $600m 4.250% senior notes mature in November 2029, the $750m 2.450% senior notes mature in August 2031 and the $750m 5.500% senior notes mature in August 2032.

The weighted average interest cost of these facilities (including non-cash amortisation of deferred debt raising costs) is 4%.

There is one financial performance covenant under the first priority senior credit facility. That is the 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 twelve months) which, must be equal to, or greater than, 1.0. This covenant does not apply when availability exceeds $450m. The covenant ratio is calculated each quarter. At 31 October 2022, the fixed charge ratio exceeded the covenant requirement.

At 31 October 2022, availability under the senior secured bank facility was $2,217m ($2,537m at 30 April 2022), with an additional $4,169m of suppressed availability, meaning that the covenant did not apply at 31 October 2022 and is unlikely to apply in forthcoming quarters.

Fair value of financial instruments

At 31 October 2022, the Group had no derivative financial instruments.

With the exception of the Group's senior notes detailed in the table below, the carrying value of non-derivative financial assets and liabilities is considered to equate materially to their fair value.

	At 31 October 2022		At 30 April 2022	
	Book value $m	Fair value $m	Book value $m	Fair value $m
1.500% senior notes	548.9	455.8	548.8	487.4
4.375% senior notes	600.0	540.7	600.0	583.5
4.000% senior notes	600.0	523.5	600.0	564.7
4.250% senior notes	600.0	516.0	600.0	566.2
2.450% senior notes	748.3	537.2	748.2	607.5
5.500% senior notes	742.7	676.9	-	-
	3,839.9	3,250.1	3,097.0	2,809.3
Deferred costs of raising finance	(29.0)	-	(25.0)	-
	3,810.9	3,250.1	3,072.0	2,809.3

The fair value of the senior notes has been calculated using quoted market prices at 31 October 2022.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

14. Share capital

Ordinary shares of 10p each:

	31 October 2022 Number	30 April 2022 Number	31 October 2022 $m	30 April 2022 $m
Issued and fully paid	451,354,833	451,354,833	81.8	81.8

During the period, the Company purchased 4.3m ordinary shares at a total cost of $206m (£173m) under the Group's share buyback programme, which are held in treasury.
At 31 October 2022, 12.0m (April 2022: 7.7m) shares were held by the Company ($686m: April 2022: $480m) and a further 1.0m (April 2022: 1.2m) shares were held by the Company's Employee Share Ownership Trust ($39m; April 2022: $45m).

15. Notes to the cash flow statement

a) Cash flow from operating activities

	Six months to 31 October 2022 $m	2021 $m
Operating profit before exceptional items	1,338.9	1,053.4
Depreciation	849.3	737.0
Amortisation	57.8	41.7
EBITDA	2,246.0	1,832.1
Profit on disposal of rental equipment	(63.5)	(19.7)
Profit on disposal of other property, plant and equipment	(7.0)	(2.7)
Increase in inventories	(26.8)	(22.7)
Increase in trade and other receivables	(399.4)	(350.0)
Increase in trade and other payables	7.0	82.2
Exchange differences	(1.0)	(0.4)
Other non-cash movement	22.3	22.8
Cash generated from operations before changes in rental equipment	1,777.6	1,541.6

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.

			Non-cash movements				
	1 May 2022 $m	Cash flow $m	Exchange movement $m	Debt acquired $m	New lease liabilities $m	Other movements $m	31 October 2022 $m
Long-term borrowings	5,180.1	1,088.2	(53.5)	9.4	-	3.0	6,227.2
Lease liabilities	1,995.2	(52.9)	(24.3)	79.5	220.4	-	2,217.9
Total liabilities from financing activities	7,175.3	1,035.3	(77.8)	88.9	220.4	3.0	8,445.1
Cash and cash equivalents	(15.3)	(15.9)	1.3	-	-	-	(29.9)
Net debt	7,160.0	1,019.4	(76.5)	88.9	220.4	3.0	8,415.2

15. Notes to the cash flow statement (continued)

	1 May 2021	Cash flow	Non-cash movements: Exchange movement	Non-cash movements: Debt acquired	Non-cash movements: New lease liabilities	Non-cash movements: Other movements	31 October 2021
	$m	$m	$m	$m	$m	$m	$m
Long-term borrowings	4,194.0	474.2	(4.6)	-	-	15.2	4,678.8
Lease liabilities	1,633.3	(54.4)	(2.6)	37.8	151.3	-	1,765.4
Total liabilities from financing activities	5,827.3	419.8	(7.2)	37.8	151.3	15.2	6,444.2
Cash and cash equivalents	(26.6)	11.1	0.1	-	-	-	(15.4)
Net debt	5,800.7	430.9	(7.1)	37.8	151.3	15.2	6,428.8

Details of the Group's cash and debt are given in Notes 12 and 13 and the Review of Second Quarter, Balance Sheet and Cash Flow accompanying these condensed consolidated interim financial statements.

c) Acquisitions

	Six months to 31 October 2022	Six months to 31 October 2021
	$m	$m
Cash consideration paid:		
- acquisitions in the period	598.1	426.9
- contingent consideration	21.0	0.7
	619.1	427.6

During the period, 27 businesses were acquired with cash paid of $598m (2021: $427m), after taking account of net cash acquired of $24m (2021: $nil). Further details are provided in Note 16.

Contingent consideration of $21m (2021: $1m) was paid relating to prior year acquisitions.

16. Acquisitions

During the period, the following acquisitions were completed:

i) On 5 May 2022, Sunbelt UK acquired the entire share capital of Movietech Camera Rentals Limited and Movietech Cymru Limited (together 'Movietech'). Movietech is a specialty business.

ii) On 13 May 2022, Sunbelt US acquired the business and assets of the power rental division of Filmwerks, LLC ('Filmwerks'). Filmwerks is a specialty business in North Carolina.

iii) On 20 May 2022, Sunbelt US acquired the business and assets of Mashburn Equipment, L.L.C. ('Mashburn'). Mashburn is a general tool business in Georgia.

iv) On 1 June 2022, Sunbelt Canada acquired the entire share capital of MacFarlands Limited ('MacFarlands'). MacFarlands is a general tool business in Nova Scotia and New Brunswick.

v) On 8 June 2022, Sunbelt US acquired the business and assets of Amos Metz Rentals & Sales, LLC ('Amos Metz'). Amos Metz is a general tool business in California.

16. Acquisitions (continued)

vi) On 29 June 2022, Sunbelt US acquired the business and assets of George's Tool Rental, Inc. ('GTR'). GTR is a general tool business in Pennsylvania.

vii) On 7 July 2022, Sunbelt UK acquired the entire share capital of PKE Lighting Holdings Limited ('PKE'). PKE is a specialty business.

viii) On 13 July 2022, Sunbelt US acquired the business and assets of Milford Rent-All, Inc. ('Milford'). Milford is a general tool business in Maine.

ix) On 15 July 2022, Sunbelt US acquired the business and assets of R&N Tool Rental, Inc. ('R&N'). R&N is a general tool business in Indiana.

x) On 20 July 2022, Sunbelt US acquired the business and assets of Chump Management, L.C., trading as Power Equipment Rental ('PER'). PER is a general tool business in Utah.

xi) On 22 July 2022, Sunbelt US acquired the business and assets of Harmar Contractors Equipment, Inc, ('Harmar'). Harmar is a general tool business in Pennsylvania.

xii) On 28 July 2022, Sunbelt US acquired the business and assets of A-V Equipment Rentals, Inc. ('A-V'). A-V is a general tool business in California.

xiii) On 2 August 2022, Sunbelt Canada acquired the entire share capital of Compact Rentals Limited ('Compact'). Compact is a general tool business in Alberta.

xiv) On 3 August 2022, Sunbelt US acquired the business and assets of Rental Country Inc. ('Rental Country'). Rental Country is a general tool business in New Jersey.

xv) On 10 August 2022, Sunbelt US acquired the business and assets of R.J. Lalonde, Inc. ('Lalonde'). Lalonde is a general tool business in California.

xvi) On 24 August 2022, Sunbelt US acquired the business and assets of Alaska Pacific Rental, LLC ('APR'). APR is a general tool business in Alaska.

xvii) On 31 August 2022, Sunbelt UK acquired the entire share capital of Optimum Power Services Limited ('OPS'). OPS is a specialty business.

xviii) On 1 September 2022, Sunbelt Canada acquired the entire share capital of Flagro Industries Limited ('Flagro'). Flagro is a specialty business in Ontario.

xix) On 1 September 2022, Sunbelt Canada acquired the entire share capital of Xtreme Rentals Ltd. ('Xtreme'). Xtreme is a general tool business in Alberta.

xx) On 16 September 2022, Sunbelt US acquired the business and assets of Tel-Power Tool & Equipment Rental, Inc. ('Tel-Power'). Tel-Power is a general tool business in Pennsylvania.

xxi) On 21 September 2022, Sunbelt US acquired the business and assets of Rent Mart, Inc. ('Absolute Equipment'). Absolute Equipment is a general tool business in Pennsylvania.

xxii) On 3 October 2022, Sunbelt UK acquired the business and assets of Media Access Solutions (MAS) Limited ('MAS'). MAS is a specialty business.

xxiii) On 5 October 2022, Sunbelt US acquired the business and assets of Runjesnor, Limited Partnership ('Bilt Rite'). Bilt Rite is a specialty business in Texas.

16. Acquisitions (continued)

xxiv) On 11 October 2022, Sunbelt US acquired the business and assets of Comeback Rentals, LLC ('Comeback'). Comeback is a general tool business in South Carolina.

xxv) On 12 October 2022, Sunbelt US acquired the business and assets of Presbone Corporation d/b/a Pinellas Rental Center ('PRC'). PRC is a general tool business in Florida.

xxvi) On 19 October 2022, Sunbelt US acquired the business and assets of Meco Miami, Inc. ('Meco Miami'). Meco Miami is a general tool business in Florida.

xxvii) On 26 October 2022, Sunbelt US acquired the business and assets of Heater Rental Services, LLC ('HRS'). HRS is a general tool and specialty business in Minnesota.

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	33.4
Inventory	7.8
Property, plant and equipment	
- rental equipment	195.2
- other assets	9.0
Right-of-use asset	79.5
Creditors	(20.7)
Current tax	(2.2)
Deferred tax	(25.0)
Debt	(9.4)
Lease liabilities	(79.5)
Intangible assets (non-compete agreements and customer relationships)	121.9
	310.0
Consideration:	
- cash paid and due to be paid (net of cash acquired)	599.2
- contingent consideration	24.8
	624.0
Goodwill	314.0

The goodwill arising can be attributed to the key management personnel and workforce of the acquired businesses and to the synergies and other benefits the Group expects to derive from the acquisitions. The synergies and other benefits include elimination of duplicate costs, improving utilisation of the acquired rental fleet, using the Group's financial strength to invest in the acquired business and drive improved returns through a semi-fixed cost base and the application of the Group's proprietary software to optimise revenue opportunities. $179m of the goodwill is expected to be deductible for income tax purposes.

16. Acquisitions (continued)

The gross value and the fair value of trade receivables at acquisition was $33m.

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 2022 to their date of acquisition was not material.

17. 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 Group will continue to monitor proceedings closely.

Despite the UK Government appealing the European Commission's decision, Her 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 October 2022 ($41m at October 2022 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 ($41m at October 2022 exchange rates) paid has been recognised as a non-current asset on the balance sheet.

18. Events after the balance sheet date

Since the balance sheet date, the Group has completed six acquisitions for total purchase consideration of $243m, including acquired debt of $19m, as follows:

i) On 1 November 2022, Sunbelt Canada acquired the entire share capital of Modu-Loc Fence Rentals LP and Sunbelt US acquired the entire share capital of Modu-Loc USA (together, ‘Modu-Loc’). Modu-Loc is a specialty business operating across Canada and in Texas, US.

ii) On 4 November 2022, Sunbelt US acquired the business and assets of Iron Oak Energy, LLC and Spoonbill Logistics, LLC (together ‘IOS’). IOS is a general tool business in Louisiana.

iii) On 9 November 2022, Sunbelt US acquired the business and assets of Wagner Rental & Supply, Inc., Wagner Tool Rental of Jackson, Inc., Wagner Rental and Supply of Ashland, Inc., and Wagner Rental and Supply of Chillicothe, LLC (together ‘Wagner’). Wagner is a general tool business in Ohio and Kentucky.

iv) On 10 November 2022, Sunbelt US acquired the business and assets of QxTwo Equipment Sales, LLC (‘QX Two’). QxTwo is a speciality business in South Carolina.

v) On 16 November 2022, Sunbelt US acquired the business and assets of Ohio Rental Mt. Vernon, Inc. and Ohio Rental of Johnstown, Inc. (together ‘Ohio Rental’). Ohio Rental is a general tool business in Ohio.

vi) On 2 December 2022, Sunbelt Canada acquired the entire share capital of Studio City Scaffold Ltd. (‘Studio City’). Studio City is a specialty business operating in Toronto and Vancouver, Canada and in Los Angeles, US.

The initial accounting for these acquisitions is incomplete. Had these acquisitions taken place on 1 May 2022, their contribution to revenue and operating profit would not have been material.

REVIEW OF SECOND QUARTER, BALANCE SHEET AND CASH FLOW

Second quarter

	Revenue		EBITDA		Profit[1]	
	2022	2021	2022	2021	2022	2021
UK in £m	179.6	178.2	52.9	53.1	22.1	22.3
Canada in C$m	212.1	161.3	93.2	80.7	53.3	46.5
US	2,169.8	1,658.9	1,082.0	841.8	715.6	537.3
UK in $m	207.4	244.8	60.9	72.9	25.4	30.5
Canada in $m	160.0	128.4	70.3	64.3	40.2	37.1
Group central costs	-	-	(5.8)	(7.1)	(6.1)	(7.3)
	2,537.2	2,032.1	1,207.4	971.9	775.1	597.6
Net financing costs					(86.9)	(55.5)
Adjusted profit before tax					**688.2**	**542.1**
Amortisation					(29.9)	(21.0)
Exceptional items					-	(47.1)
Profit before taxation					658.3	474.0
Margins as reported						
US			*49.9%*	*50.7%*	*33.0%*	*32.4%*
UK			*29.5%*	*29.8%*	*12.3%*	*12.5%*
Canada			*43.9%*	*50.0%*	*25.1%*	*28.8%*
Group			*47.6%*	*47.8%*	*30.5%*	*29.4%*

[1] Segment result presented is operating profit before amortisation.

Group revenue for the quarter increased 25% (28% at constant currency) to $2,537m (2021: $2,032m). Adjusted profit before tax for the quarter increased to $688m (2021: $542m).

US rental only revenue in the quarter was 26% higher than a year ago. This consisted of our general tool business which was 21% higher than last year while our specialty businesses were 31% higher than a year ago.

The UK generated rental only revenue in the quarter of £111m (2021: £104m), 7% higher than the prior year. Total revenue increased 1% to £180m (2021: £178m) despite the higher level of ancillary and sales revenue associated with the services provided to the Department of Health last year, which did not recur this year.

Canada's rental only revenue increased 21% to C$148m (2021: C$122m), while total revenue was C$212m (2021: C$161m).

Group operating profit increased 30% to $775m (2021: $598m). After net financing costs of $87m (2021: $55m), Group adjusted profit before tax was $688m (2021: $542m). After amortisation of $30m (2021: $21m) and, in the prior year, exceptional items of $47m, statutory profit before taxation was $658m (2021: $474m).

Balance sheet

Fixed assets

Capital expenditure in the first half totalled $1,685m (2021: $1,176m) with $1,441m invested in the rental fleet (2021: $1,020m). Expenditure on rental equipment was 86% of total capital expenditure with the balance relating to the delivery vehicle fleet, property improvements and IT equipment. Capital expenditure by division was:

	2022			2021
	Replacement	Growth	Total	Total
UK in £m	62.9	18.8	81.7	75.5
Canada in C$m	27.0	96.2	123.2	118.3
US	490.3	758.8	1,249.1	820.7
UK in $m	74.9	22.4	97.3	104.5
Canada in $m	20.6	73.6	94.2	95.2
Total rental equipment	585.8	854.8	1,440.6	1,020.4
Delivery vehicles, property improvements & IT equipment			244.1	155.2
Total additions			1,684.7	1,175.6

In a strong US rental market, $759m of rental equipment capital expenditure was spent on growth while $490m 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.

The average age of the Group's serialised rental equipment, which constitutes the substantial majority of our fleet, at 31 October 2022 was 38 months (2021: 40 months) on a net book value basis. The US fleet had an average age of 38 months (2021: 41 months), the UK fleet had an average age of 36 months (2021: 38 months) and the Canadian fleet had an average age of 36 months (2021: 36 months).

	Rental fleet at original cost			LTM rental	LTM dollar
	31 October 2022	30 April 2022	LTM average	revenue	utilisation
UK in £m	1,061	988	997	564	57%
Canada in C$m	1,272	1,116	1,135	630	56%
US	12,387	11,425	11,464	6,874	60%
UK in $m	1,222	1,241	1,257	710	57%
Canada in $m	933	873	882	489	56%
	14,542	13,539	13,603	8,073	

Dollar utilisation was 60% in the US (2021: 54%), 57% for the UK (2021: 59%) and 56% for Canada (2021: 55%). The improvement in US and Canadian dollar utilisation reflects strong fleet utilisation and an improved rate environment, while in the UK, the decrease reflects the lower level of ancillary revenue due to the reduction in Department of Health work.

Trade receivables

Receivable days at 31 October 2022 were 52 days (2021: 52 days). The bad debt charge for the last twelve months ended 31 October 2022 as a percentage of total turnover was 0.5% (2021: credit to the income statement of 0.1% of total turnover). Trade receivables at 31 October 2022 of $1,558m (2021: $1,232m) are stated net of allowances for bad debts and credit notes of $113m (2021: $89m), with the provision representing 7% (2021: 7%) of gross receivables.

Other non-current assets

Included within ‘other non-current assets’ are financial assets investments of $80m (April 2022: $40m). These represent a small number of targeted investments in early development-stage companies, which have been made in the US and UK as part of the Group’s activity to support the transition to a lower carbon economy. These financial asset investments are Level 3 financial assets where the fair value is estimated based on the latest transaction price and any subsequent investment-specific factors or events.

There have been no material movements in the value of the Group’s investments and the fair values approximate the consideration paid for these, with the increase reflecting one new investment during the half year. The Group notes that one of these investments, namely Britishvolt ($39m), a UK company involved in the development of electric vehicle battery technology, is seeking additional funding, the outcome of which may affect the fair value of Group’s investment.

Trade and other payables

Group payable days were 45 days at 31 October 2022 (2021: 52 days) with capital expenditure related payables totalling $503m (2021: $344m). 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

	Six months to 31 October		LTM to 31 October	Year to 30 April
	2022	2021	2022	2022
	$m	$m	$m	$m
EBITDA before exceptional items	2,246.0	1,832.1	4,023.3	3,609.4
Cash inflow from operations before changes in rental equipment	1,777.6	1,541.6	3,642.5	3,406.5
*Cash conversion ratio**	*79.1%*	*84.1%*	*90.5%*	*94.4%*
Replacement rental capital expenditure	(560.7)	(394.0)	(996.4)	(829.7)
Payments for non-rental capital expenditure	(246.1)	(155.2)	(489.3)	(398.4)
Rental equipment disposal proceeds	203.8	152.2	395.4	343.8
Other property, plant and equipment disposal proceeds	15.8	11.2	29.4	24.8
Tax (net)	(156.4)	(143.7)	(231.5)	(218.8)
Net financing costs before exceptional items	(140.4)	(119.1)	(252.4)	(231.1)
Cash inflow before growth capex and payment of exceptional costs	**893.6**	**893.0**	**2,097.7**	**2,097.1**
Growth rental capital expenditure	(739.2)	(417.2)	(1,257.7)	(935.7)
Exceptional costs	-	(36.0)	-	(36.0)
Free cash flow	**154.4**	**439.8**	**840.0**	**1,125.4**
Business acquisitions	(619.1)	(427.6)	(1,468.9)	(1,277.4)
Financial asset investments	(42.4)	-	(82.4)	(40.0)
Total cash generated/(absorbed)	**(507.1)**	**12.2**	**(711.3)**	**(192.0)**
Dividends	(292.9)	(213.2)	(349.0)	(269.3)
Purchase of own shares by the Company	(206.9)	(206.1)	(410.4)	(409.6)
Purchase of own shares by the ESOT	(12.5)	(23.8)	(12.5)	(23.8)
Increase in net debt due to cash flow	**(1,019.4)**	**(430.9)**	**(1,483.2)**	**(894.7)**

* 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 $1,778m (2021: $1,542m). The conversion ratio for the period was 79% (2021: 84%).

Total payments for capital expenditure (rental equipment and other PPE) during the first half were $1,546m (2021: $966m). Disposal proceeds received totalled $220m (2021: $163m), giving net payments for capital expenditure of $1,326m in the period (2021: $803m). Financing costs paid totalled $140m (2021: $119m) while tax payments were $156m (2021: $144m). Financing costs paid typically differ from the charge in the income statement due to the timing of interest payments in the year and non-cash interest charges.

Accordingly, the Group generated free cash flow of $154m (2021: $440m) and, after acquisition and investment related expenditure of $661m (2021: $428m), a net cash outflow of $507m (2021: a net cash inflow of $12m), before returns to shareholders.

Net debt	31 October		30 April
	2022	2021	2022
	$m	$m	$m
First priority senior secured bank debt	2,416.3	1,608.6	2,108.1
1.500% senior notes, due 2026	546.3	545.3	545.8
4.375% senior notes, due 2027	595.2	594.3	594.8
4.000% senior notes, due 2028	594.7	593.8	594.3
4.250% senior notes, due 2029	594.2	593.5	593.9
2.450% senior notes, due 2031	743.5	743.3	743.2
5.500% senior notes, due 2032	737.0	-	-
Total external borrowings	6,227.2	4,678.8	5,180.1
Lease liabilities	2,217.9	1,765.4	1,995.2
Total gross debt	8,445.1	6,444.2	7,175.3
Cash and cash equivalents	(29.9)	(15.4)	(15.3)
Total net debt	8,415.2	6,428.8	7,160.0

Net debt at 31 October 2022 was $8,415m with the increase since 30 April 2022 reflecting the net cash outflow set out above and additional lease commitments as we continue our greenfield and bolt-on expansion. The Group's EBITDA for the twelve months ended 31 October 2022 was $4,023m. Excluding the impact of IFRS 16, the ratio of net debt to EBITDA was 1.6 times (2021: 1.5 times) on a constant currency and a reported basis as at 31 October 2022. Including the impact of IFRS 16, the ratio of net debt to EBITDA was 2.1 times (2021: 1.9 times) as at 31 October 2022.

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 2022 Annual Report and Accounts on pages 34 to 39.

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 market is cyclical and typically lags the general economic cycle by between 12 and 24 months.

  The economic uncertainties resulting from the impact of COVID-19 or other pandemics are 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 small companies operating at a local level 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.

- environmental - the Group has made a long-term commitment to reduce its Scope 1 and 2 carbon intensity by 35% by 2030 from its level in 2018, with a near-term commitment to reduce its carbon intensity by 15% by 2024, and set out a roadmap to achieve this. Failure to do so could adversely impact the Group and its stakeholders.

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

In addition, we need to comply with the numerous laws governing environmental protection matters. These laws regulate such issues as wastewater, stormwater, 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 fines and penalties for non-compliance.

- laws and regulations - failure to comply with the frequently changing regulatory environment could result in reputational damage or financial penalty.

Further details, including actions taken to mitigate these risks, are provided within the 2022 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.

Fluctuations in the value of the pound sterling and Canadian dollars with respect to US dollars may have an impact on our financial condition and results of operations as reported in US dollars. The Group's financing is arranged such that the majority of its debt and interest expense is in US dollars. At 31 October 2022, 86% of its debt (including lease liabilities) was denominated in US dollars. Based on the current currency mix of our profits and on non-US dollar debt levels, interest and exchange rates at 31 October 2022, a 1% change in the pound sterling and Canadian dollar exchange rate would impact adjusted pre-tax profit by approximately $0.3m.

OPERATING STATISTICS

	Number of rental stores			Staff numbers		
	31 October		30 April	31 October		30 April
	2022	2021	2022	2022	2021	2022
US	1,025	910	967	17,568	14,711	16,068
UK	184	186	177	4,184	3,810	3,983
Canada	98	83	89	1,887	1,600	1,682
Corporate office	-	-	-	21	19	19
Group	1,307	1,179	1,233	23,660	20,140	21,752

INDEPENDENT REVIEW REPORT TO THE BOARD OF DIRECTORS OF ASHTEAD GROUP PLC

Conclusion

We have been engaged by the Company to review the condensed consolidated interim financial statements for the six months ended 31 October 2022 which comprises the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated cash flow statement and related notes 1 to 18.

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements in the half-yearly report for the six months ended 31 October 2022 are not prepared, in all material respects, in accordance with United Kingdom adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Basis for Conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council for use in the United Kingdom (ISRE (UK) 2410). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in Note 2, the annual financial statements of the Group are prepared in accordance with United Kingdom adopted International Financial Reporting Standards ('IFRS'). The condensed consolidated interim financial statements included in this half-yearly financial report have been prepared in accordance with United Kingdom adopted International Accounting Standard 34, "Interim Financial Reporting".

Conclusion Relating to Going Concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for Conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed.

This Conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410; however future events or conditions may cause the Group to cease to continue as a going concern.

Responsibilities of the directors

The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

In preparing the half-yearly financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor’s Responsibilities for the review of the financial information

In reviewing the half-yearly financial report, we are responsible for expressing to the Company a conclusion on the condensed consolidated interim financial statements in the half-yearly financial report. Our Conclusion, including our Conclusion Relating to Going Concern, is based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

Use of our report

This report is made solely to the company in accordance with ISRE (UK) 2410. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review 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 for our review work, for this report, or for the conclusions we have formed.

Deloitte LLP
Statutory Auditor
London, United Kingdom
5 December 2022

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>2022</th><th>2021</th><th>Change</th></tr>
<tr><td>US ($m)</td><td></td><td></td><td></td></tr>
<tr><td>Rental revenue</td><td>3,774</td><td>2,942</td><td>832</td></tr>
<tr><td>EBITDA</td><td>1,998</td><td>1,567</td><td></td></tr>
<tr><td>Gains</td><td>(91)</td><td>(46)</td><td></td></tr>
<tr><td>EBITDA excluding gains</td><td>1,907</td><td>1,521</td><td>386</td></tr>
<tr><td>Drop through</td><td></td><td></td><td>46%</td></tr>
</table>
This measure is utilised by the Group to demonstrate the change in profitability generated by the Group as a result of the change in rental revenue in the period.
</td></tr>
<tr><td>Free cash flow</td><td>Net cash generated from operating activities</td><td>
Net cash generated from operating activities less non-rental net property, plant and equipment expenditure. Non-rental net property, plant and equipment expenditure comprises payments for non-rental capital expenditure less disposal proceeds received in relation to non-rental asset disposals.
<table>
<tr><th></th><th>2022 ($m)</th><th>2021 ($m)</th></tr>
<tr><td>Net cash generated from operating activities</td><td>385</td><td>584</td></tr>
<tr><td>Payments for non-rental property, plant and equipment</td><td>(246)</td><td>(155)</td></tr>
<tr><td>Proceeds from disposal of non-rental property, plant and equipment</td><td>15</td><td>11</td></tr>
<tr><td>Free cash flow</td><td>154</td><td>440</td></tr>
</table>
This measure shows the cash retained by the Group prior to discretionary expenditure on acquisitions and returns to shareholders.
</td></tr>
<tr><td>Growth at constant exchange rates</td><td>None</td><td>
Calculated by applying the current period exchange rate to the comparative period result. The relevant foreign currency exchange rates are provided within Note 2, Basis of preparation, to the financial statements. This measure is used as a means of eliminating the effects of foreign exchange rate movements on the period-on-period changes in reported results.
<table>
<tr><th></th><th>2022</th><th>2021</th><th>%</th></tr>
<tr><td>Rental revenue ($m)</td><td></td><td></td><td></td></tr>
<tr><td>As reported</td><td>4,383</td><td>3,545</td><td>24%</td></tr>
<tr><td>Retranslation effect</td><td>-</td><td>(64)</td><td></td></tr>
<tr><td>At constant currency</td><td>4,383</td><td>3,481</td><td>26%</td></tr>
<tr><td>Adjusted profit before tax ($m)</td><td></td><td></td><td></td></tr>
<tr><td>As reported</td><td>1,243</td><td>979</td><td>27%</td></tr>
<tr><td>Retranslation effect</td><td>-</td><td>(11)</td><td></td></tr>
<tr><td>At constant currency</td><td>1,243</td><td>968</td><td>28%</td></tr>
</table>
</td></tr>
<tr><td>Leverage</td><td>None</td><td>
Leverage calculated at constant exchange rates uses the period end exchange rate for the relevant period and is determined as net debt divided by adjusted EBITDA.
<table>
<tr><th></th><th colspan="2">2022</th><th colspan="2">2021</th></tr>
<tr><th></th><th>Excluding IFRS 16</th><th>Including IFRS 16</th><th>Excluding IFRS 16</th><th>Including IFRS 16</th></tr>
<tr><td>Net debt ($m)</td><td></td><td></td><td></td><td></td></tr>
<tr><td>As reported and at constant currency</td><td>6,212</td><td>8,415</td><td>4,677</td><td>6,429</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></td><td></td><td>
<table>
<tr><th></th><th>2022</th><th></th><th>2021</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>EBITDA ($m)</td><td></td><td></td><td></td><td></td></tr>
<tr><td>As reported</td><td>3,826</td><td>4,023</td><td>3,165</td><td>3,324</td></tr>
<tr><td>Retranslation effect</td><td>(29)</td><td>(32)</td><td>3</td><td>4</td></tr>
<tr><td>At constant currency</td><td>3,797</td><td>3,991</td><td>3,168</td><td>3,328</td></tr>
<tr><td>Leverage</td><td></td><td></td><td></td><td></td></tr>
<tr><td>As reported</td><td>1.6</td><td>2.1</td><td>1.5</td><td>1.9</td></tr>
<tr><td>At constant currency</td><td>1.6</td><td>2.1</td><td>1.5</td><td>1.9</td></tr>
</table>
This measure is used to provide an indication of the strength of the Group’s balance sheet and is widely used by investors and credit rating agencies. It also forms part of the remuneration targets of the Group and has been identified as one of the Group’s key performance indicators.
</td></tr>
<tr><td>Return on Investment (‘RoI’)</td><td>None</td><td>
Last 12-month (‘LTM’) adjusted operating profit divided by the last 12-month average of the sum of net tangible and intangible fixed assets, plus net working capital but excluding net debt and tax. RoI is calculated excluding the impact of IFRS 16.
RoI is used by management to help inform capital allocation decisions within the business and has been identified as one of the Group’s key performance indicators. It also forms part of the remuneration targets of the Group.
A reconciliation of Group RoI is provided below:
<table>
<tr><th></th><th>2022</th><th>2021</th></tr>
<tr><td>Adjusted operating profit ($m)</td><td>2,324</td><td>1,826</td></tr>
<tr><td>Average net assets ($m)</td><td>12,295</td><td>10,423</td></tr>
<tr><td>Return on investment (%)</td><td>19%</td><td>18%</td></tr>
</table>
RoI for the businesses is calculated in the same way, but excludes goodwill and intangible assets:
<table>
<tr><th></th><th>US ($m)</th><th>Canada (C$m)</th><th>UK (£m)</th></tr>
<tr><td>Adjusted operating profit</td><td>2,139</td><td>147</td><td>80</td></tr>
<tr><td>Average net assets, excluding goodwill and intangibles</td><td>8,064</td><td>764</td><td>673</td></tr>
<tr><td>Return on investment</td><td>27%</td><td>19%</td><td>12%</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 Second Quarter, 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 Second Quarter, 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:** net book value weighted age of serialised rental assets. Serialised rental assets constitute the substantial majority of our fleet.

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

- **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 15.

- **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 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.