Ashtead group

AMBITION WITH PURPOSE

ANNUAL REPORT AND ACCOUNTS 2023

EQUIPPED FOR SUCCESS

We are an international equipment rental company with national networks in the US, Canada and the UK. We rent a broad range of construction, industrial, general and specialty equipment across a wide variety of applications to a diverse customer base.

Actionable components

1

Grow General Tool and advance our clusters

page 6

2

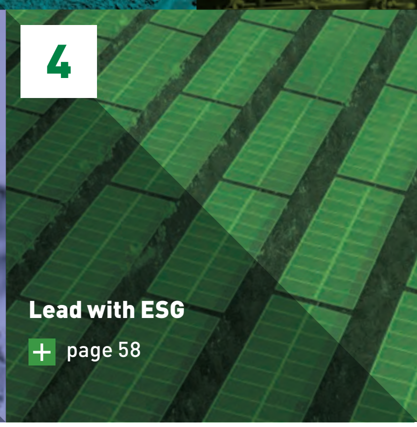
Amplify Specialty

page 36

3

Advance technology

page 46



4

Lead with ESG

page 58

5

Dynamic capital allocation

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Our purpose

page 20

To provide a reliable alternative to ownership for our customers across a wide range of applications and markets

Cultural elements

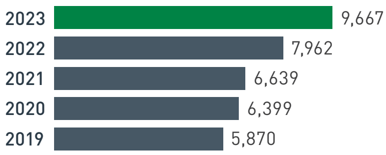
page 62

- Investment in our people
- Foster culture of 'entrepreneurialism with scale'
- Continuously delivering on our customer promise of Availability, Reliability and Ease

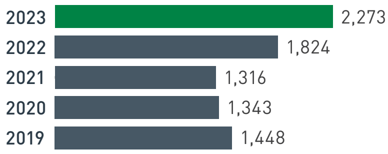
2022/23 HIGHLIGHTS

Financial highlights

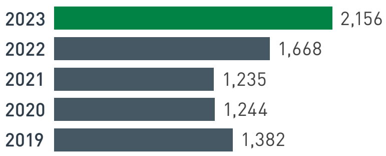
Revenue ($m)
$9,667m



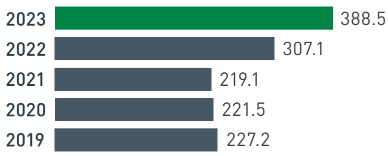
Adjusted profit before taxation ($m)
$2,273m



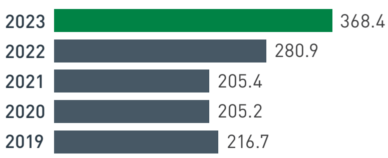
Profit before taxation ($m)
$2,156m



Adjusted EPS (¢)
388.5¢



EPS (¢)
368.4¢



Discover how we've performed in the Financial Review, page 51

800,000+
Customers

2M+
Metres of barriers assembled

51BN+
Btu/hr of heating delivered

1M+
Rental assets

305M+
Miles travelled for delivery and service

1.96M+
Small tools rented

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Throughout the Annual Report we refer to a number of alternative performance measures, including measures such as adjusted results, free cash flow and constant currency growth. These are defined in the Glossary of terms on page 174.

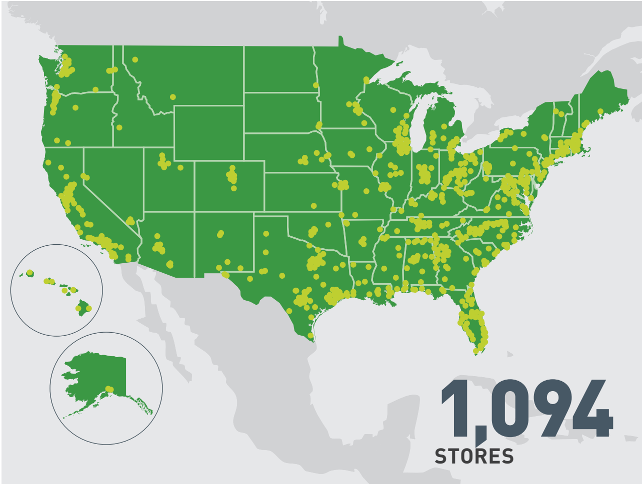
Forward looking statements
This report contains forward looking statements. These have been made by the directors in good faith using information available up to the date on which they approved this report. The directors can give no assurance that these expectations will prove to be correct. Due to the inherent uncertainties, including both business and economic risk factors underlying such forward looking statements, actual results may differ materially from those expressed or implied by these forward looking statements. Except as required by law or regulation, the directors undertake no obligation to update any forward looking statements whether as a result of new information, future events or otherwise.

An international network of equipment solutions and services

Ashtead is an international equipment rental company, trading under the Sunbelt Rentals brand, with national networks in the US, Canada and the UK.

We rent a broad range of construction, industrial, general and specialty equipment across a wide variety of applications to a diverse customer base.

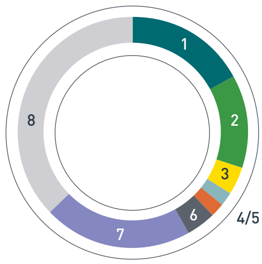
US



The second largest equipment rental company in the US with 1,094 stores

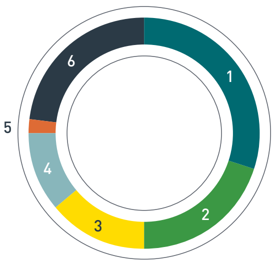
Revenue	**$8,222m**
Return on investment[1]	**27%**
Segment result	**$2,465m**
Employees	**18,981**
Stores	**1,094**
Fleet size	**$13,407m**

MARKET SHARE[2]



1. United Rentals 17%
2. Sunbelt 13%
3. Herc Rentals 4%
4. Home Depot 2%
5. H&E 2%
6. Top 6–10 4%
7. Top 11–100 21%
8. Others 37%

FLEET COMPOSITION[3]



1. Mobile elevating work platforms 30%
2. Forklifts 20%
3. Earth moving 14%
4. Power and HVAC 11%
5. Scaffold 2%
6. Other 23%

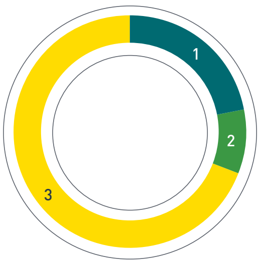
1 Excluding goodwill and intangible assets.
2 Source: Management estimate based on S&P Global Market Intelligence market estimates.
3 Source: Management information.

CANADA

The second largest equipment rental company in Canada with 119 stores

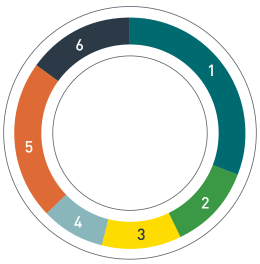
Revenue	**C$827m**
Return on investment[1]	**18%**
Segment result	**C$167m**
Employees	**2,094**
Stores	**119**
Fleet size	**C$1,438m**

MARKET SHARE[2]



1 United Rentals 22%
2 Sunbelt 9%
3 Others 69%

FLEET COMPOSITION[3]



1 Mobile elevating work platforms........................31%
2 Earth moving 12%
3 Forklifts.................................. 11%
4 Power and HVAC 9%
5 Lighting, grip and lens............22%
6 Other... 15%

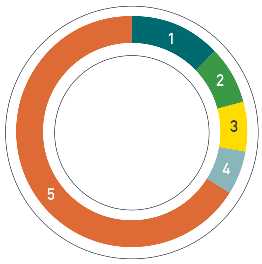
1 Excluding goodwill and intangible assets.
2 Source: Management estimate, excluding lighting, grip and lens, based on S&P Global Market Intelligence market estimates.
3 Source: Management information.

UK

The largest equipment rental company in the UK with 185 stores

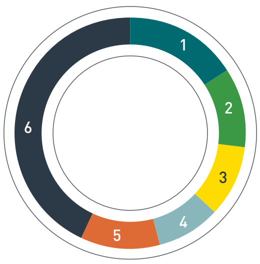
Revenue	**£685m**
Return on investment[1]	**9%**
Segment result	**£65m**
Employees	**4,250**
Stores	**185**
Fleet size	**£1,081m**

MARKET SHARE[2]



1 Sunbelt 13%
2 Speedy..8%
3 HSS 7%
4 VP...6%
5 Others 66%

FLEET COMPOSITION[3]



1 Accommodation 16%
2 Earth moving 11%
3 Panels, fencing and barriers............................10%
4 Forklifts.......................................9%
5 Mobile elevating work platforms........................ 11%
6 Other.. 43%

1 Excluding goodwill and intangible assets.
2 Source: Management estimate based on S&P Global Market Intelligence market estimates – market share has been calculated excluding the impact of revenue associated with supporting the Department of Health COVID-19 response.
3 Source: Management information.

PAUL WALKER
Chair

A YEAR OF DELIVERY AND GROWTH

Dear Shareholder

I am pleased to report that we have continued to see growth in all our markets which has produced another strong set of financial results.

Our ability to deliver this strong performance is a result of the successful execution of our Sunbelt 3.0 strategic plan and the dedication and outstanding team members we have in the business. It has been an incredibly busy year! So, I would like to thank all my colleagues for their commitment and excellence in serving our customers which has helped produce these record results.

Strategic progress

In April 2021 we announced our Sunbelt 3.0 strategy which clearly described the actionable components that would drive further growth in our business. We are now two-thirds of the way through this plan and I am delighted to report that we are ahead of where we expected to be at this stage.

Major legislation passed by the US government, which is referred to later in this report, has increased demand for our fleet in end markets that are already strong. We have been able to meet this demand by working closely with our suppliers to ensure that we have both the size and breadth of fleet that can meet our customer demands in what are increasingly diverse end markets.

Our focus on the size and breadth of our fleet is also critical as we continue to be successful in our cross-sell strategy between General Tool and our Specialty businesses, a key part of the actionable components of our 3.0 strategy.

To support this increased market activity in North America, we have opened 77 greenfield locations during the year and added a further 88 locations through 45 bolt-on acquisitions. Since the year end, we completed the acquisition of a leading Power and HVAC business based in Quebec, which expands our offerings and capabilities in this Canadian market where we are already an established supplier.

Our construction end market is becoming characterised increasingly by larger projects. These include projects such as electrical vehicle and battery plants, LNG plants and semiconductor facilities. We refer to these as 'mega' projects and we provide more information about mega projects on pages 26 to 27.

We are making excellent progress in the development of our industry-leading technology platform which will continue to enhance growth in the business. Over the course of the next six months, we will be releasing a number of new applications, which will enable us to deliver a more intuitive and connected service to our customers, as well as creating a number of efficiency opportunities to support our sustainability objectives. Our platform has also been designed to ensure that advances in AI can help further in our customer insight as well as our efficiency objectives.

A sustainable business model

Health and safety is the first priority in all aspects of our day-to-day life at Ashtead. The dedication of our team members who deliver outstanding service to our customers every day of every week, do so while ensuring safety, our leading value, is at the forefront of all that they do. I would like to thank all of our team members for their ongoing commitment to safety in our business. Our Engage for Life programme is a key contributor in how we embed safety into the daily lives of our team members and so this year we launched Engage for Life 'Amplified', to help focus ongoing improvement in our safety procedures. I am delighted to report that our incident rate in North America remains the lowest it has been in the Group's history, and we have made similar progress in the UK.

I am pleased that earlier this year we published our first standalone Sustainability report and I would encourage shareholders to read this report, which provides detailed insight into the progress we are making. In particular, the report describes the lead we have taken in our industry to drive a number of key environmental initiatives working with both suppliers and customers to use our existing fleet in more sustainable ways. These initiatives are integral to our longer-term priority to have the most environmentally sustainable rental and transportation fleet.

We continue to make very good progress with our diversity, equality and inclusion initiatives. Our women's group, WISE (Women: Inspired, Supported, Empowered), was set up to support and empower our female team members. This group is having a significant impact on our organisation, and I would like to thank everyone who has dedicated their time to making this a success. We have also undertaken significant work this year to expand our veteran recruitment, making it more attractive for them to join and easier for them to thrive once part of our team.

Financing

One of the five actionable components of our strategic plan, Sunbelt 3.0, is dynamic capital allocation. An integral part of this is a strong balance sheet which provides a competitive position to take advantage of the structural growth opportunities evident in both existing and new markets that we serve. During August 2022 and January 2023 we accessed the bond markets in order to strengthen further our balance sheet and to ensure we have financial flexibility to take advantage of opportunities in the market. We issued $750 million, 10-year, investment grade notes in August and January at a coupon rate of approximately 5.5%. Including these $1.5 billion of bonds, our debt facilities are committed for an average of six years at a weighted average cost of 5%.

We continue to operate at the lower end of our target leverage range of 1.5 to 2.0 times net debt to EBITDA and we will continue to deploy capital in accordance with our capital allocation policy.

Dividends

We continue to have a progressive dividend policy which is designed to ensure sustainability through the economic cycle. Our current profit and cash generation are also factors that the Board consider when recommending the final dividend.

The Board have noted the Group's outlook and financial position as well as other stakeholders' interests and I am pleased to report that we are recommending a final dividend of 85.0¢ making 100.0¢ for the full year. The final dividend will be paid, if approved at the AGM, on 12 September 2023 to shareholders on the register on 11 August 2023.

Outlook

Our business continues to perform well benefitting from strong customer demand in our end markets. The continuing enhancements to our operational flexibility and significant investment in our fleet will ensure that we can capitalise on these growing and diverse end markets.

We have a strong balance sheet, a well-defined and proven go to market strategy, and an outstanding workforce. This positions us well for future growth.

PAUL WALKER
Chair, 12 June 2023

Highlights of the year

+24%
Revenue up 24%[1], rental revenue up 22%[1]

$1.1bn
$1,146m spent on bolt-on acquisitions (2022: $1,274m) and 77 greenfield locations opened in North America

$2,522m
Group operating profit of $2,522m (2022: $1,948m)

$3.8bn
$3,772m of capital invested in the business (2022: $2,397m)

$2,273m
Group adjusted pre-tax profit of $2,273m (2022: $1,824m), an increase of 26%[1]

$531m
$531m of free cash flow generation (2022: $1,125m)

388.5¢
Adjusted earnings per share of 388.5¢ (2022: 307.1¢)

1.6x
Net debt to EBITDA leverage[1,2] of 1.6 times (2022: 1.5 times)

368.4¢
Earnings per share of 368.4¢ (2022: 280.9¢)

85.0¢
Proposed final dividend of 85.0¢, making 100.0¢ for the full year (2022: 80.0¢)

$1,618m
Post-tax profit of $1,618m (2022: $1,251m)

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

1 GROW GENERAL TOOL

AND ADVANCE OUR CLUSTERS

Advance our clustered market approach through a proven playbook to meet demand and enable increased rental penetration in North America while optimising our operational network in the UK.

2023 highlights

- 16 General Tool greenfield locations added in North America in 2022/23
- 37 General Tool acquisitions completed in North America adding a further 61 locations

47

of top 100 markets clustered in the US

+22%

growth in North American General Tool revenue in 2022/23

"We have achieved cluster status in an additional eight of the top 100 US markets this year, giving us 47 of our Sunbelt 3.0 strategic plan target of 49."

Sunbelt 3.0 in action

We continue to expand our General Tool businesses, often sitting alongside complementary Specialty business lines, and building out our strategy of clustering stores. This strategy enables us to best serve our customers with the widest selection of equipment in close proximity.

We have achieved cluster status in an additional eight of the top 100 US markets this year, giving us 47 of our Sunbelt 3.0 strategic plan target of 49. We are now in all US states except for Wyoming. We have also continued to build our clusters in the Canadian market where we now have clustered five of the top 10 markets, 13 in total and are present in eight provinces.

BRENDAN HORGAN
Chief executive

MICHAEL PRATT
Chief financial officer

AMBITION WITH PURPOSE

We are delighted to report another year of excellent results, continued growth and ongoing momentum. Our markets are strong and full of opportunity. We have benefitted from additional clarity around the strength of our end markets, which makes us ever more confident of our ability to generate excellent results in the short and medium term. ESG (Environmental, Social and Governance) is being embedded more and more into the business and we continue to improve our health and safety record across all our territories. Ambition with purpose remains the cornerstone of what we do.

We continued to advance our Sunbelt 3.0 strategic growth plan and are ahead of schedule. We did this by executing on all our capital allocation priorities, which fuelled our existing locations and greenfield additions with new rental fleet and delivery vehicles. We added 165 locations in North America during the year, 77 by way of greenfield openings complemented by 88 locations from bolt-on acquisitions. Our additional locations combined to provide a good mix of Specialty and General Tool locations, further advancing our clustered market progress. We achieved cluster status in an additional eight of the top 100 US markets, giving us 47 of our Sunbelt 3.0 target of 49.

We are now in all US states except Wyoming and we operate in eight Canadian provinces. This is great progress, particularly when we look to the future, as these new locations will mature into larger contributors in terms of revenue and profits, creating more outlets to deliver the excellent service to our customers, for which we are so well known.

What we call a 'trifecta' of market dynamics – supply constraints, inflation, and skilled trade scarcity – is increasing our competitive advantage rather than limiting us. These ongoing issues come with operational challenges but those are outweighed by the corresponding benefits to our business, and they favour the larger rental players such as Sunbelt. We are seeing an increased rental penetration and are taking considerable market share because we possess the scale, experience, equipment purchasing influence and financial strength needed to prosper in this market environment. Those companies benefitting from the continued structural change are the very few, larger, more experienced, more capable rental companies who can position themselves to be there for this increasing customer demand, thereby realising a larger share of what is without question a larger and growing market. Our business is positioned to win in this environment.

DELIVERING TODAY

GROUP OPERATING PROFIT

$2,522M

ADJUSTED EARNINGS PER SHARE

388.5¢

We are also benefitting from the significant increase in US federal spending as a result of the three legislative Acts passed recently. We look at these in more detail in our markets section. The greater visibility we have over our end markets comes in part from this recent legislation. Some c. $2bn has been committed to investment as a result of this legislation. The opportunities inherent in these Acts add to what is already a strong level of end market activity. The growing mega project landscape, together with the small to mid-sized projects and the maintenance, repair and operations of the geographical markets we serve, present ever greater opportunities.

What we refer to as mega projects are an increasingly important aspect of our business. These are large-scale, over $400 million, multiyear projects that give us greater long-term visibility over income streams. They are increasingly an important part of our strategy enabling us to plan and forecast long into the future. These projects are of 3+ years duration. Find out more about what we call mega projects on pages 26 to 27.

We continue to see good performance across all parts of the business. All our Specialty businesses performed well through every geographic region. This continues to demonstrate tangibly the structural shift our customers are making from ownership to rental as we provide a trusted and reliable alternative to ownership. Further, our Specialty business lines service principally non-construction markets and therefore act as a good proxy for the strength of this incredibly large end market. Our balance sheet remains strong, giving us a competitive advantage and positioning us well to take advantage of these structural changes that continue to drive our market.

DELIVERING FOR CUSTOMERS

RENTAL ASSETS

1M+

CUSTOMERS SUPPORTED

800,000+

The US and Canada saw strong growth, and UK rental revenue grew despite the end of our COVID work for the Department of Health. Group rental revenue increased 22% on a constant currency basis. This growth was delivered with strong margins including an EBITDA margin of 46% and an operating profit margin of 27%. As a result, adjusted pre-tax profit increased 26% to $2,273m and adjusted earnings per share were $388.5¢ for the year.

US rental revenues were particularly strong, 24% ahead of last year at $7,503m. This was driven by the combination of volume and rate improvements in what continues to be a favourable demand and supply environment. We are operating in a high inflation environment but strong activity and favourable rates have enabled us to pass through the inflation we have seen in our cost base, both in general and as direct costs related to ancillary revenues, such as fuel, transportation and erection and dismantling, which are growing at higher rates than pure rental. We have continued to progress rental rates and we expect there will be ongoing industry rate progression during 2023/24.

In Canada, rental revenue was 22% higher than a year ago at C$696m. The original Canadian business goes from strength to strength, taking advantage of its increasing scale and breadth of product offering, as we expand our Specialty businesses and build out our clusters in that market. The level of bolt-on activity, particularly the MacFarlands and Flagro acquisitions, which have a higher proportion of lower margin sales revenue, has been a drag on margins. This will decrease in the future as we align these businesses. Our lighting, grip and lens business has recovered from the market disruption seen in the earlier part of the year, although it is now being impacted by the Writers Guild of America strike.

UK rental revenue was 3% higher than a year ago at £559m. This growth is despite the significant reduction in work for the Department of Health as we completed the demobilisation of the COVID testing sites during the first quarter. As a result, the Department of Health accounted for only 4% of total revenue for the year compared with 30% last year. The core business continues to perform well.

However, the inflationary environment, combined with completing the testing site demobilisation within three months, then getting that large volume of returning fleet back out on rent, and the significant increase in demand over the summer, particularly in the returning events market, contributed to some operational inefficiencies, which impacted margins.

There is real momentum in the UK business now as it makes increasing progress in markets such as facility maintenance and further develops its specialty offering in areas such as power and the new lighting and grip business. All these emphasise the cross-selling capabilities in the UK through our unmatched product and services portfolio.

As we enter the final year of Sunbelt 3.0, we are looking forward to Sunbelt 4.0, which we will launch in April 2024. This will build on the significant progress we have made during Sunbelt 3.0 and leverage our increased scale and advanced technology platform to drive growth and returns and strengthen our business for years to come.

DELIVERING ON SUNBELT 3.0

NEW LOCATIONS ADDED IN 2023 IN NORTH AMERICA

165

TOP 100 US MARKETS CLUSTERED

47

IN THE STRATEGIC REPORT

Capitalising on market opportunities
We are building market share through same-store growth, new greenfield investments, select bolt-on acquisitions and the expansion of our product offering.
Page 12

Implementing our strategy
We focus on building market share, maintaining flexibility in our operations and finances, and delivering Availability, Reliability and Ease to our customer base.
Page 28

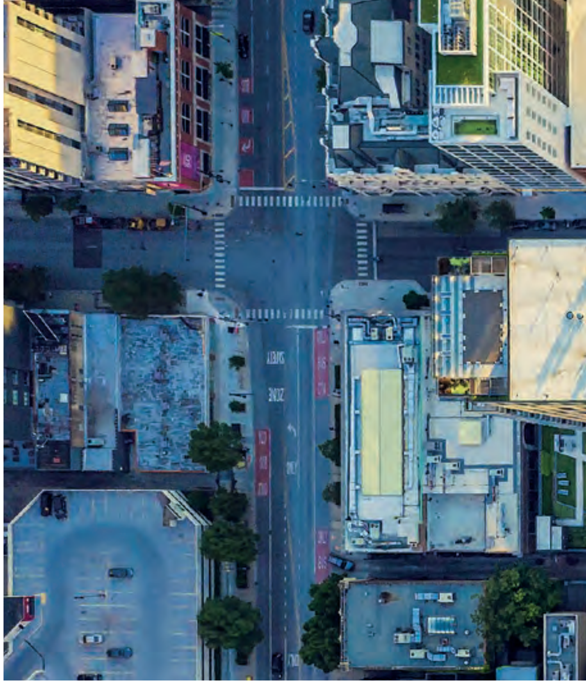
Measuring our performance
We had a year of strong market outperformance across the business, delivering for all our stakeholders.
Page 38

Creating sustainable value
Our equipment rental business model, and the management of that over the economic cycle, enable us to create long-term sustainable value.
Page 20

Managing our risks
Our main risks relate to economic conditions, competition, cyber-security, health and safety, people and culture, the environment and laws and regulations.
Page 40

Being a responsible business
We report on responsible business through the Group Risk Committee. We focus on health and safety, our people, the environment, including climate change, community investment and ensuring the highest ethical standards across the Group.
Page 60

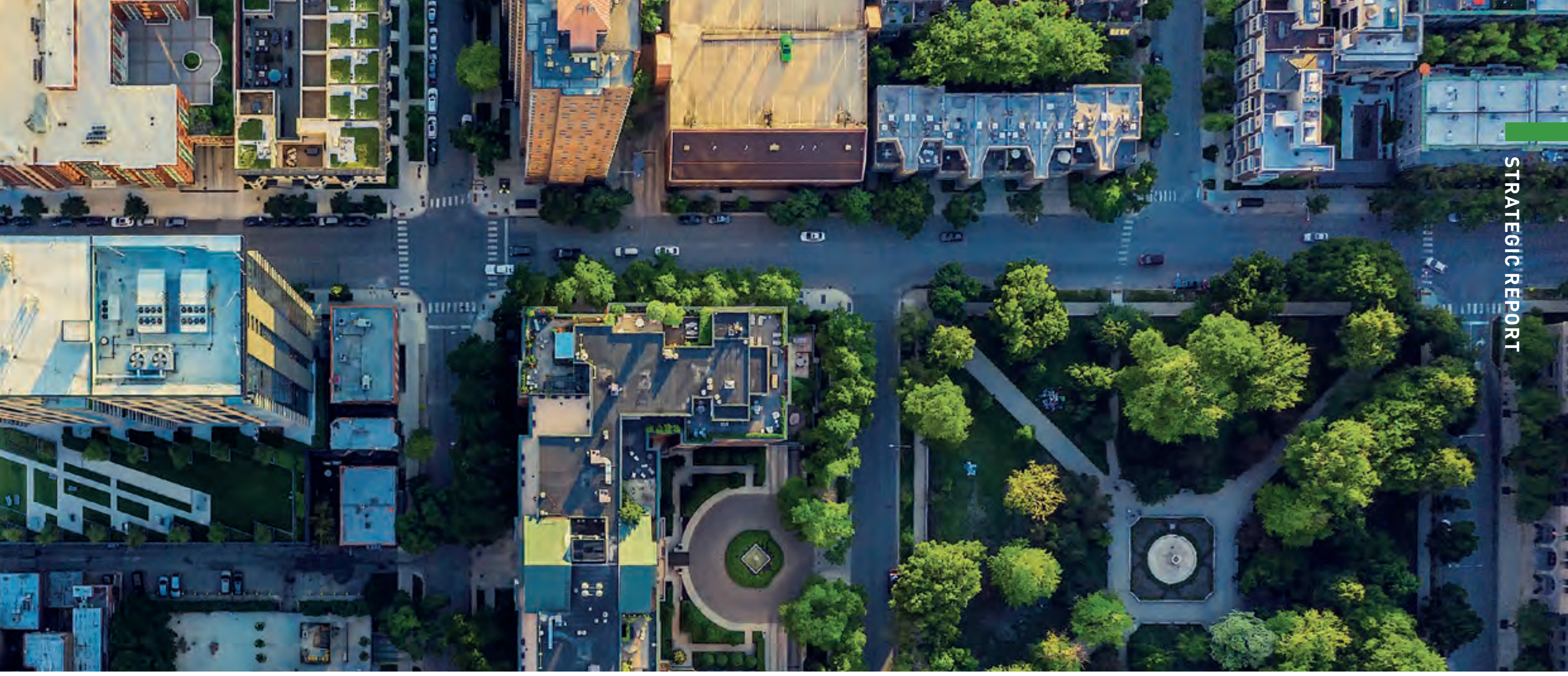
OUR MARKETS



Our markets are always evolving and our strategic plan, Sunbelt 3.0, now into its final year, has taken us into more markets, both by geography and function.

Construction will likely always be our largest market in terms of the equipment required, but we continue to see expansion of our non-construction business especially through the rapid growth of our Specialty businesses. The US continues to be our largest market with strong performance and we see good growth in our newest market, Canada. In the UK, rental revenue grew, though at a slower pace than North America, in what is a relatively more mature rental market. We continue to take market share and exploit opportunities in new business areas as well as working to improve the market efficiency of our operations.

“We continue to see expansion of our non-construction business especially through the rapid growth of our Specialty businesses.”



The US rental market is nine times bigger than the UK and we continue to capitalise on the structural changes in that market, as customers continue to adapt to renting equipment rather than owning it.

Our Canadian business is growing rapidly and we are excited by the opportunities we see there. We expect the Canadian market to develop in a manner similar to the US, as we build brand awareness and customers get more accustomed to renting a wider range of equipment and become more familiar with the quality of service we deliver. Our aim is to grow the business wherever we are in the economic cycle and no matter what circumstances we face.

The breadth of our markets

Our markets continue to expand, in terms of geography, range of equipment rented and the applications for which our equipment is used. Our end markets are increasingly diverse with significant cross-selling between General Tool and Specialty. The graphic opposite shows the diversity of end markets that use our equipment. In many cases, this is the same equipment just used for a different purpose. A significant proportion of our fleet was developed originally for the construction industry but is now used in applications varying from film and television production to home decor. Our customers are equally diverse from multi-national organisations to DIYers. We are reaching these broadening markets as a result of our scale, advancement of our market cluster strategy and Specialty business evolution – all positioned to give great service to our customers through Availability, Reliability and Ease. For any of these markets, there is also a wide range of equipment used. Equipment that previously would not have been rented is now part of the rental mix. This is particularly the case with the continuing structural change most noticeable in the US and Canada.

Construction remains a core part of our end markets but we see plenty of growth opportunity for our General Tool and Specialty businesses in areas such as live events, building maintenance, municipal activities and emergency response. We commonly refer to these end markets, and many more, as MRO or, the ongoing maintenance, repair and operations of the geographic markets we serve. These incredibly large addressable markets make up the majority of our Specialty revenues and they also benefit our General Tool business through cross-selling.

A big change in recent years has been the increase in rentals taking place in ordinary square footage under roof applications and we expect this trend to continue. Increasingly we are seeing bigger, longer construction projects, often over several years. We now refer internally to projects worth over $400m as mega projects (see pages 26 to 27). There are also three US legislative Acts that are fuelling growth which we discuss on page 17. In addition, we are designated an essential service in the US, UK and Canada in times of need, supporting government and the private sector in response to emergencies, including hurricanes, tornadoes and, until recently, the pandemic.

The length of time that customers rent equipment is also increasing. Not only are large projects lasting longer, but rental is now essential to these rather than being more 'top up' in nature, as it used to be. We are also seeing customers renting equipment longer to move to the next job or project.

CONSTRUCTION

- Airports
- Highways and bridges
- Office buildings
- Data centres
- Schools and universities
- Shopping centres
- Residential
- Remodelling
- Manufacturing plants
- Green energy

RESPONSE

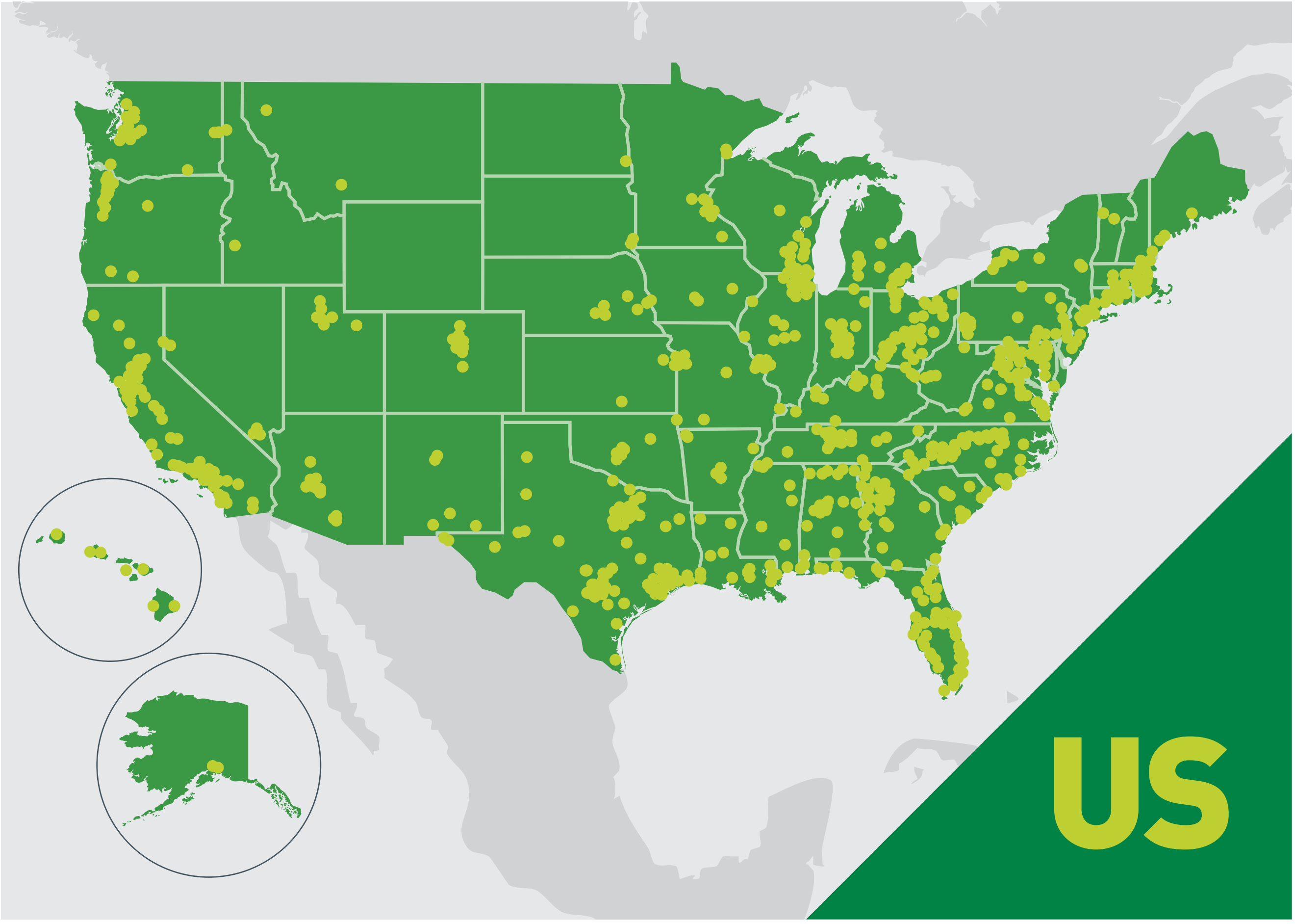
- Fire
- Hurricanes
- Flooding
- Tornadoes
- Winter storms
- Residential emergencies
- Health emergencies
- Alternative care facilities
- Points of distribution
- Mobile testing facilities

FACILITIES MAINTENANCE AND MUNICIPALITIES

- Office complexes
- Apartment complexes
- Government
- Hospitals
- Data centres
- Parks and recreation departments
- Schools and universities
- Shopping centres
- Pavement/kerb repairs
- Golf course maintenance
- Industrial

ENTERTAINMENT AND SPECIAL EVENTS

- National events
- Concerts
- Sporting events
- Film and television production
- Theme parks
- Festivals
- Farmers' markets
- Local 5K runs
- Cycle races



THE US

Dodge Construction Starts show strength and growth. The non-residential and non-building components of the construction end market are proving to be incredibly strong and forecasts show that continuing. A non-residential slowdown in the pandemic was softened by strength in residential construction, but this has bounced back and we saw a strong uptick in starts in 2022/23. This is not a residential uptick as experienced in 2020/21, but the early wave of new project starts derived from a combination of private investment and legislative led federal project funding and incentives.

A large number of new projects have recently begun and many more are in planning. We believe the forecasts for the heart of our construction end market, specifically non-residential and non-building, combined with strength over the last several quarters and the recent spike in starts, together translate into consistent growth in activity levels for the next several years.

It has long been the case that the residential and non-residential markets are closely linked. However, that is not the position today. It is increasingly clear there is far less correlation between residential and non-residential construction in this era of what we call mega projects (see pages 26 to 27) and the larger than ever before seen federally funded initiatives.

Understanding the dynamics of supply constraints, inflation and skilled trade scarcity as it relates to our end markets and our business is important to understanding our growth. We now know that these three important factors have proved not to be transitory. We believe that inflation should moderate in the not-too-distant future, but that supply constraints and skilled trade scarcity will continue. We believe that for many in our industry there will be several quarters ahead of tough access to the supply of new rental assets and the associated parts. We also believe this collection of factors will prevent our industry building up too much fleet, which has been a concern expressed by some. We do not expect to see much easing in the scarcity of skilled trade workers given that, in general, more are retiring than joining the workforce each year.

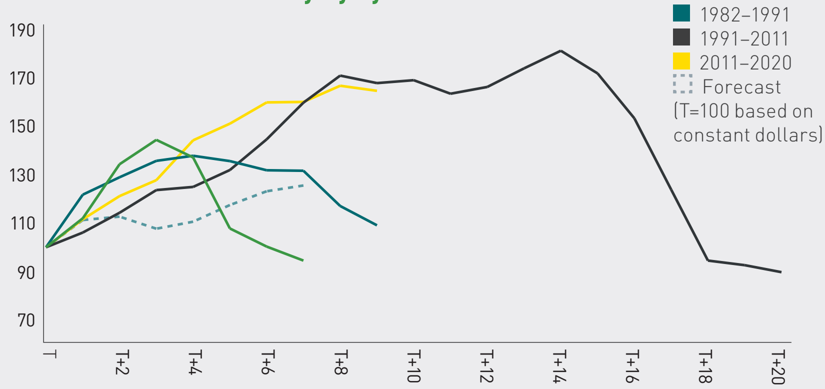
01 US market outlook

Industry rental revenue

2023	+8%
2024	+3%
2025	+3%

Source: S&P Global Market Intelligence (May 2023).

02 Construction activity by cycle

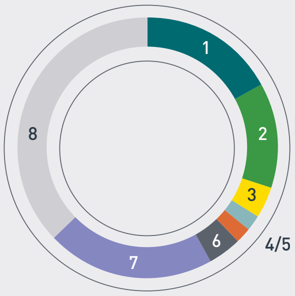


Source: Dodge Data & Analytics (May 2023)

The tailwind effect these factors have had in the recent past, which will continue in the near term, and how they drive structural change should not be underestimated. This structural change will benefit the larger, more capable companies in our industry such as ourselves.

The markets we serve remain strong, as both structural and cyclical trends are favourable. Chart 02 shows the last four construction cycles. These have followed one of two patterns. From 1975 to 1982 and from 1982 to 1991 the initial recovery was very aggressive but the overall cycle was relatively short. In contrast from 1991 to 2011, and 2011 to 2020, the cycle was characterised by a more gradual recovery over a longer period of time. The initial forecasts for the next cycle are more similar to the last two cycles. However, while these forecasts are for growth through 2027, there could be bumps on the way due to inflation, the interest rate environment and other broader macro-economic conditions. However, our business model is well equipped to deal with this environment as we are able to reduce our capital expenditure and generate significant free cash flow. In the event of a slowing economy, the impact will be mitigated to a degree by the opportunity from the structural shift from ownership to rental and our ability to increase market share.

03 US market share



1 United Rentals................................17%
2 Sunbelt 13%
3 Herc Rentals......................................4%
4 Home Depot 2%
5 H&E.. 2%
6 Top 6–10...4%
7 Top 11–100..21%
8 Others 37%

Source: Management estimate based on S&P Global Market Intelligence market estimates.

04 US market share development

Source: Management estimates.

Market share in the US

We continue to grow our market share in the US and even though we are the second largest equipment rental company, there remains plenty of room to grow as Chart 03 shows. Our major competitors are United Rentals and Herc Rentals with 17% and 4% respectively. Home Depot, and H&E have shares of c. 2%. Most of the remainder of the market is made up of small local independent rental shops.

Much of our market share gain comes from these small independents when we set up new stores or acquire them. Ours is a capital-intensive industry where size matters. Scale brings cost benefits and sophistication in areas like technology and other services, and this leads ultimately to further consolidation. The proportion of the market enjoyed by the larger players continues to increase and we have clearly been a major beneficiary of this trend. While there will always be a place for strong local players, the market share enjoyed by the larger players is likely to continue to grow as the big get bigger.

This market share analysis is based on the traditional definition of the rental market focused on construction. However, a significant market for us is facility maintenance, repair and operation of the geographic markets we serve characterised by square footage under roof. In the US there are 100bn square feet under roof and we believe this represents a potential rental market of $7-10bn, with minimal rental penetration currently. We believe the size of the rental market is understated and hence our, and everyone else's, market share is overstated. This only serves to increase the opportunities for growth.

We are confident that as the market grows, our share will also increase. We continue to set ambitious targets with our long-term market share target of 20%. The speed at which we increase our market share is in part a function of how quickly we can get new locations up and running. However, as noted above, our market share growth also comes from continuing to broaden both our end markets and the range of equipment we have available to rent in each location (more on this in our strategy section on page 28).

The combination of our business model, which you can read more about on page 20, the continued attractiveness of our markets and the long-term trend to rental, provides the perfect environment for us to achieve our goals. In addition, our market share gains accelerate as we make the most of our scale advantages.

As we increase our market share and grow our Specialty businesses, they become a greater proportion of the business mix across the cycle and accounted for c. 30% of revenue in 2022/23. The acquisitions we make are often to expand into a new specialty area or to develop an existing one and then we supplement them with greenfield openings.

The trend to rental

Rental penetration continues to deepen and those benefitting from this increased rental penetration are the larger, more experienced, more capable rental companies who can position themselves to be there for this increasing customer base and capitalise on this larger market.

Rental still only makes up around 55% of the US market compared to around 75% in the UK. However, this is a broad average with penetration levels ranging from low single-digit percentages for, say, floor scrubbers to 90%+ for large aerial equipment. We like specialty products because they are at the low end of this range, which provides greater scope for growth. We see the potential market penetration for rental equipment to be well over 60% in the US.

The drivers of this evolution include significant cost inflation in recent years associated with the replacement of equipment, technical changes to equipment requirements and health, safety and environmental issues which make rental more economical and just easier. Environmental regulations have driven further rental penetration through the reduction in fleet size by those customers who previously may have chosen to own some if not all of their larger equipment needs. Customers and smaller competitors with older fleets are faced with heavier replacement spend causing them to replace less and rent or, in the case of smaller competitors, reduce their fleet size. Furthermore, the difficulties of getting to grips with new technology and maintenance requirements have also caused more operators to decide to rent. Maintaining optimally serviced and therefore safe equipment can be a big outlay for a smaller operator. The diversity of our fleet helps us take advantage of this increasing trend to rental and we continue to expand the range of products we rent.

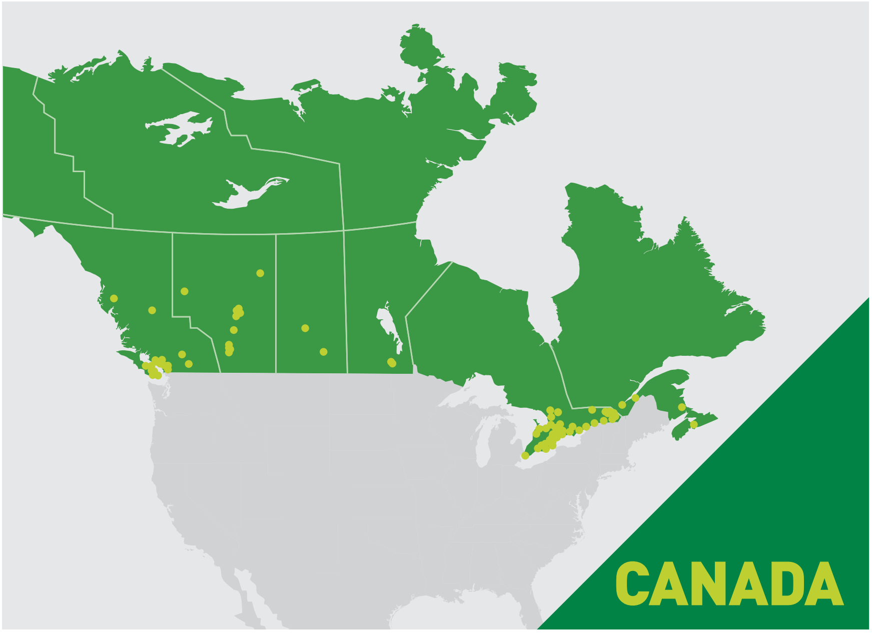
Our development and use of technology is also driving rental penetration. Our highly sophisticated proprietary customer management, inventory and delivery tracking systems all contribute to this trend.

Legislation

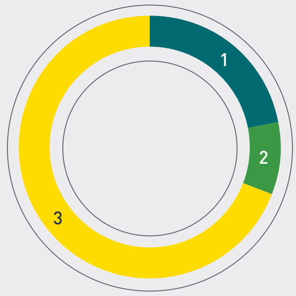
There have been three major legislative Acts in the US that are beginning to drive increased demand in an overall market which is already very active. The Infrastructure Investment and Jobs Act has a headline figure of $1.2 trillion with $650bn allocated to renewing 'ordinary' run-rate federal investment in roads, bridges, rail, utility, etc. This Act not only supports the baseline investment but also the delivery of an incremental $550bn in new project spending throughout the US. Over 10,000 programmes and projects have already been identified ranging from $100,000 to $3bn. Despite the fact that this Act was signed into law in November 2021, very little has yet to translate into actual project starts. However, this is now beginning and will go into full effect with starts largely commencing between 2023 and 2025.

Second is the Chips and Science Act, putting in motion a revitalisation of US domestic semiconductor manufacturing. The overall Act will invest $250bn to progress American semiconductor research, development, and manufacturing and is designed to support directly or through tax credits, nearly $140bn in new semiconductor manufacturing projects. A number of projects have already begun, even before passage of the Act, indicating what we conclude is the beginning of a new era of mega projects (see pages 26 to 27) coming to fruition. Individual semiconductor buildings are underway with more already announced, with price tags as large as $10bn per project. These projects, which will take 3+ years to complete, will consume an enormous amount of rental fleet and require highly sophisticated rental company capabilities. We expect semiconductor manufacturing to be as important for us in the future as data centres have been for well over a decade now.

Finally, the Inflation Reduction Act, will provide $370bn to fund directly or by way of tax credits, a broad basket of energy production and manufacturing, ranging from solar field construction which will triple the current US capacity by 2030, to battery factories, to wind farms, to EV (electric vehicle) production.



05 Canadian market share



1 United Rentals 22%
2 Sunbelt 9%
3 Others 69%

Source: Management estimate, excluding lighting, grip and lens based on S&P Global Market Intelligence market estimates.

CANADA

Canada remains a relatively new and growing market for us. The overall rental market is less than a tenth of the size of the US. But in the same way that the US has experienced structural growth as more and more types of equipment are rented for different applications, we expect similar trends in Canada. Our share of the Canadian rental market is around 9%. There is plenty of scope to develop this in the same way as in the US and we are growing rapidly. We are seeing continued market growth in 2023 and S&P Global Market Intelligence predicts Canadian rental revenue to grow 3% in 2023, 4% in 2024 and 6% in 2025. We anticipate growing more rapidly as we take market share and broaden our offering.

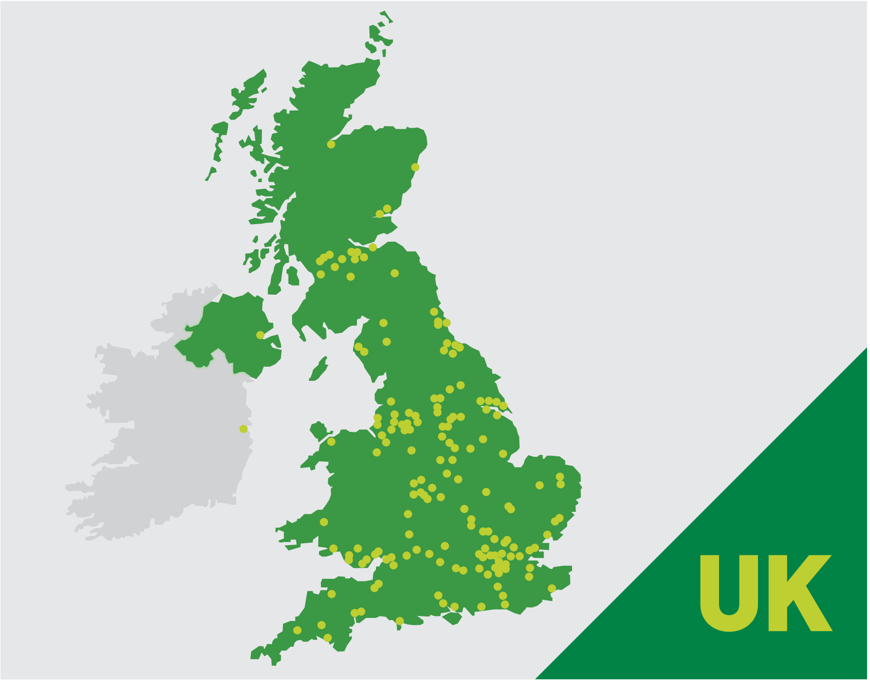
Our original Canadian business goes from strength to strength as it takes advantage of its increasing scale and breadth of product offering as we expand our Specialty businesses and look to build out our clusters in that market. Our lighting, grip and lens business continues to encounter a degree of market disruption with the threat early last year of strike action in the Vancouver market resulting in productions being delayed or transferred elsewhere. It is now navigating the impact from the Writers Guild of America strike.

We have grown to 119 locations across Canada. Key of course to delivering on our mantra of Availability, Reliability and Ease is convenience, proximity and diversity in our offering. We have a significant presence in Ontario and have expanded in Edmonton, Calgary, Winnipeg and, with the Modu-Loc acquisition, we entered Quebec. Beginning with a complement of General Tool businesses and adding Specialty into the mix to introduce cross-selling, our runway for growth in Canada remains long.

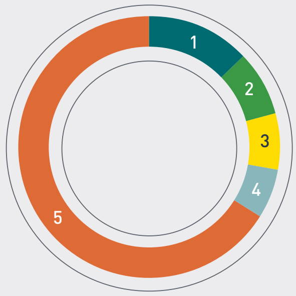
The rental market has, historically, been construction focused, but we continue to develop new markets such as the film industry in Vancouver and Toronto through our lighting, grip and lens business, William F White (WFW). The WFW business also provides a platform to expand our lighting, grip and lens Specialty into the US and UK markets. In addition, we have continued to expand our power and flooring solutions Specialty businesses in Canada. Customers who traditionally rented mainly mobile elevating work platforms ('MEWPs') are now renting smaller equipment as well. They are increasingly seeing the benefits of working with us to fulfil the full range of their equipment needs. Our cluster approach (more on this in our section on strategy on page 31) also means we are able to be closer to our customers than has previously been the case.

Across the country there are variances in the mix of fleet we have on rent. In Western Canada we see more customer demand for MEWPs especially through our work servicing the film and television industry. We see great opportunities for expanding our Specialty and MEWP businesses, especially in Ontario, aided by the growth of our lighting, grip and lens business. As we expand in other provinces we expect to generate more business from Canada's resources industry.

Over time we would expect our Canadian market share to be similar to that in the US.



06 UK market share



1 Sunbelt 13%
2 Speedy 8%
3 HSS 7%
4 VP 6%
5 Others 66%

Source: Management estimate based on S&P Global Market Intelligence market estimates – market share has been calculated excluding the impact of revenue associated with supporting the Department of Health COVID-19 response.

THE UK

Our UK business continues to grow despite the lost rental revenue associated with the Department of Health testing sites that was a substantial part of our revenues in the previous two years. This is no small accomplishment, signalling a combination of market share gains and a reassuring level of end market activity, particularly in infrastructure and industrial projects as well as increasing progress into areas such as facility maintenance being brought about by our unique cross-selling capabilities across our unmatched product and services portfolio.

Live events have been an ongoing contributor in this post-pandemic period which were, of course, virtually non-existent throughout 2020 and 2021. The team was incredibly proud to provide our products and services to assist with Queen Elizabeth II's platinum jubilee and state funeral.

A consistent area of focus to improve our UK business has been on advancing rental rates and the associated fees we charge to provide services to our customers. Although progress has been made, there is still work to be done in this area. This is something the UK rental industry falls behind in and our position will be steadfast in making a demonstrable change in the face of the notable inflation our business and the industry as a whole has absorbed.

We continue to see significant opportunities in both construction and non-construction markets in the UK as in the US and Canada. We will continue to invest responsibly in the UK market as we seek to increase market share and enhance returns.

Market share

We continue to be the largest equipment rental company in the UK. There are a greater number of major players in the UK market and, as the largest, we have a 13% market share.

Chart 06 shows our key competitors and their share of the market. We believe we continue to be well-positioned in the market with our strong customer service, broad based fleet and strong balance sheet. We have enhanced this market position through simplifying our go-to-market message and leveraging the cross-selling opportunities provided by our broad product offering and Specialty businesses, a key element of our strategic plan, Sunbelt 3.0.

07 UK construction industry forecasts

(£ million)	2021 Actual	2022 Actual	2023 Estimate	2024 Forecast	% of total
Residential	62,566	69,512	59,992	61,869	36%
		11%	-14%	-3%	
Private commercial	41,232	44,915	43,707	43,219	25%
		9%	-3%	-1%	
Public and infrastructure	66,814	66,819	65,951	66,369	39%
		– %	-1%	1%	
Total	170,612	181,246	169,650	171,457	100%
		6%	-6%	1%	

Source: Construction Products Association (Spring 2023).

CREATING SUSTAINABLE VALUE ACROSS THE ECONOMIC CYCLE

We create value through the short-term rental of equipment that is used for a wide variety of applications and the provision of services and solutions to a diverse customer base through a broad platform across the US, Canada and the UK. Our rental fleet ranges from small hand-held tools to the largest construction equipment.

What we do

We have a platform which enables our customers to rent what they want, when they want and where they want with ease.

BUY
We buy a broad range of equipment from leading manufacturers.

RENT
We rent it on a short-term basis to a broad range of customers.

SELL
We sell the older equipment in the second-hand market.

How we do it

Creating sustainable value across the economic cycle

Creating value

1

DIFFERENTIATING OUR FLEET AND SERVICE
- Broad fleet mix
- Evolution of Specialty businesses
- Broad range of customers and applications
- Scale to meet size and range of requirement

See more on page 24

2

ENSURING OPERATIONAL EXCELLENCE
- Culture of health and safety
- Focused, service-driven approach
- Long-term partnerships with leading equipment suppliers
- Industry-leading application of technology

See more on page 24

3

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

See more on page 25

4

MAXIMISING OUR RETURN ON INVESTMENT
- Effective fleet management
- Optimisation of utilisation rates and returns
- Flexibility in local pricing structures
- Focus on higher-return equipment

See more on page 24

How we share value with our stakeholders:

OUR PEOPLE
Investing in our people to provide opportunity for development and to ensure we take the very best care of our people.

See more on page 25

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

See more on page 22

OUR SUPPLIERS
Developing long-term relationships with suppliers.

See more on page 49

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

See more on page 49

OUR INVESTORS
Generating sustainable returns for shareholders through the cycle.

See more on page 23

OUR ENVIRONMENT
Working to ensure we provide environmentally friendly solutions.

See more on page 60

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

DIVERSE MARKETS AND APPLICATIONS

Our range of construction, industrial and general equipment is applicable to broad and diverse end markets, with individual products having many different applications. As such, our equipment serves the needs of customers from construction to zoos and from data centres to community events. c. 60% of our revenue comes from non-construction markets.

Managing the flow at a water treatment plant to enable the refurbishment of ageing infrastructure

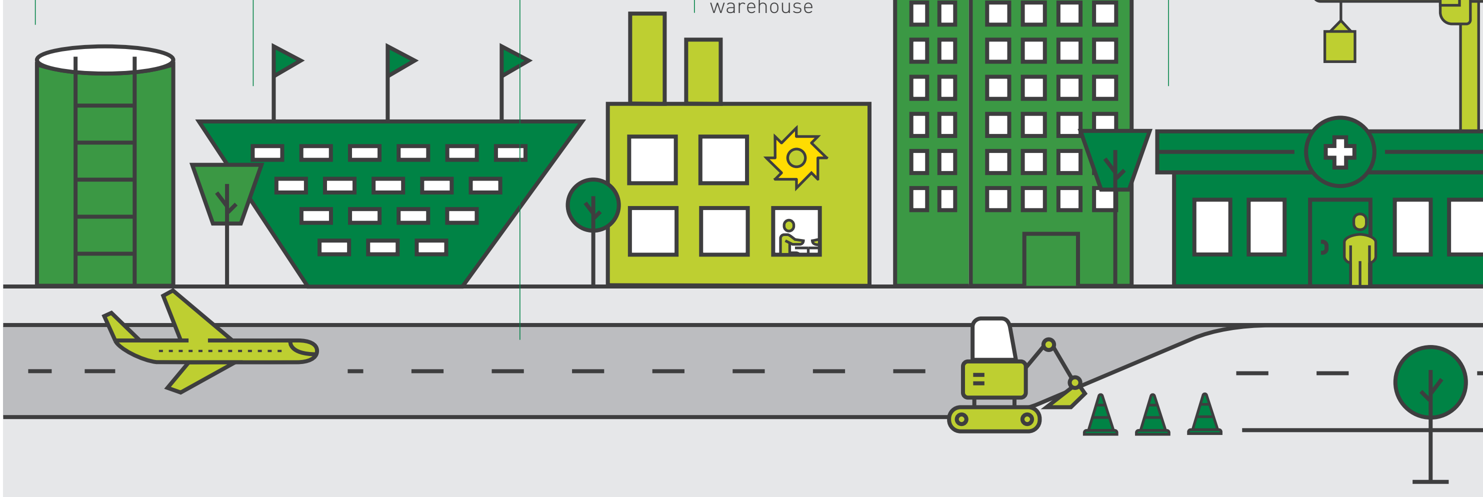
Renting generators, access equipment, barriers and trackway for a stadium concert

Airports – Tarmac/runway resurfacing, construction/remodelling of terminals, facility maintenance, floor care maintenance

Drying out and cleaning up after a flash flood at an industrial warehouse

Providing temporary climate control solutions for retail premises and office buildings

Healthcare – Indoor Air Quality, facility maintenance, advanced climate control applications

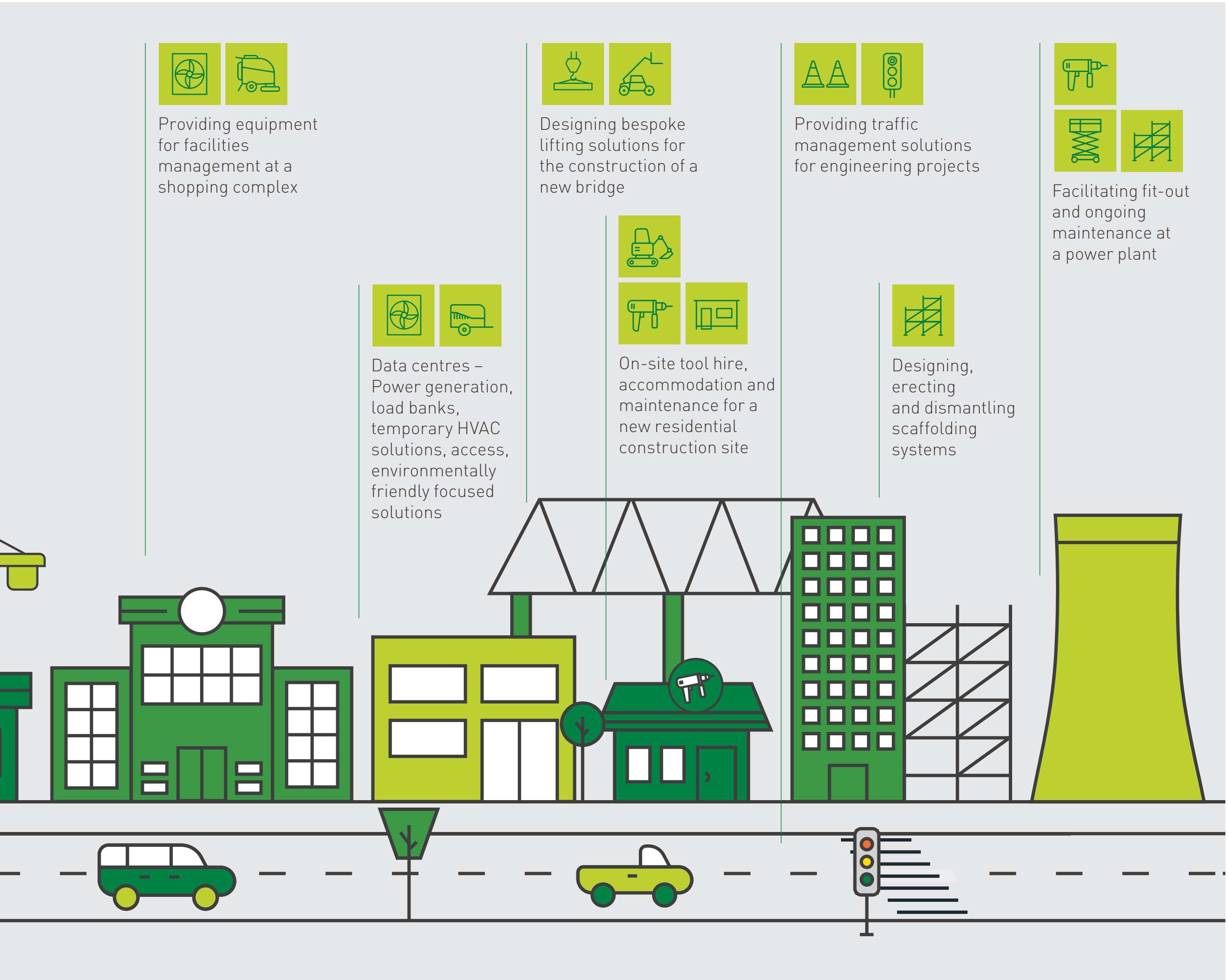


At its most basic, our model is simple – we purchase an asset, we rent it to customers through our platform and generate a revenue stream each year we own it (on average, seven years) and then we sell it in the second-hand market and receive a proportion of the original purchase price in disposal proceeds. Assuming we purchase an asset for $100, generate revenue of $60 each year (equivalent to 60% dollar utilisation) and receive 35% of the original purchase price as disposal proceeds, we generate a return of $455 on an initial outlay of $100 over a seven year useful life.

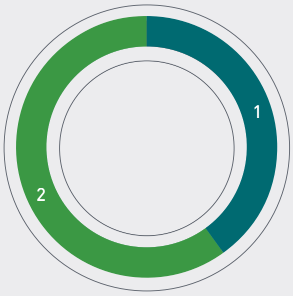
We incur costs in providing this service, principally employee, maintenance, property and transportation costs and fleet depreciation. However, this simple overview encompasses a significant number of moving parts, activities and expertise that powers the platform to ensure Availability, Reliability and Ease for our customers. Our ability to excel in these areas enables us to provide a rewarding career for our team members, generate strong margins and deliver long-term, sustainable shareholder value, while managing the risks inherent in our business (refer to pages 40 to 45).

Managing the cycle

We describe ourselves as being a late cycle business in that our biggest end market, non-residential construction, is usually one of the last parts of the economy to be affected by a change in economic conditions. This means that we usually have a good degree of visibility on when we are likely to be affected, as the signs will have been visible in other parts of the economy for some time. When we expect a slow-down in construction markets, we are able to plan accordingly, react in a timely manner and lower levels of capital expenditure. This then ensures we are better positioned and potentially stronger than our competitors to take advantage of market changes once we are out the other side. See content on our strategy on page 28.



08 Business mix – US



1 Construction....................................40%
2 Non-construction 60%

Differentiating our fleet and service

The differentiation in our fleet and service means that we provide equipment to many different sectors. Construction continues to be our largest market but now represents around 40% of our business in the US as we have deliberately reduced our reliance in this area through broadening our product offering and customer base. We continue to develop our specialty areas, such as Power and HVAC, Climate Control and Air Quality, Scaffold Services, Trench Safety and Flooring Solutions, which represent c. 30% of our US business. The acquisition of Modu-Loc in 2022 provided the foundation for our eleventh Specialty business line, Temporary Fencing. Residential construction is a small proportion of our business as it is not a heavy user of equipment. In the UK, Specialty areas represent c. 65% of our business.

Our customers range in size and scale from multinational businesses, through strong local contractors to individual do-it-yourselfers. Our diversified customer base includes construction, industrial and homeowner customers, service, repair and facility management businesses, emergency response organisations, event organisers, as well as government entities such as municipalities and specialist contractors. The nature of the business is such that it consists of a high number of low-value transactions. In the year to April 2023, Sunbelt US dealt with over 750,000 customers, who generated average rental revenue of $9,900.

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

How we operate

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

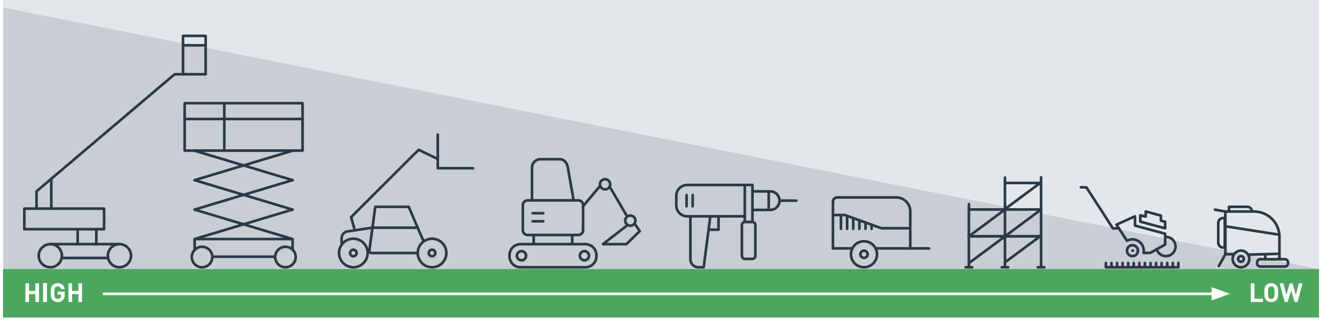
- In the US we achieve scale through a 'clustered market' approach of grouping large and small General Tool and Specialty rental locations in each market. This approach allows us to provide a comprehensive product offering and convenient service to our customers wherever their job sites may be within these markets. When combined with our purchasing power, this creates a virtuous circle of scale. You can find out more on our cluster strategy on page 31.
- In Canada, we are focused on expanding our presence in the Western and Eastern provinces, while achieving scale through a clustered market approach similar to the US. The businesses we acquired have strong positions in construction equipment, mobile elevating work platforms and general tools. We are expanding the range of products available to customers in all areas, including building up our specialty service offering. The acquisition of Modu-Loc provides the foundation for our eleventh Specialty business, Temporary Fencing.
- In the UK, our strategy is focused on having a store structure that allows us to offer a full range of General Tool and Specialty equipment on a nationwide basis. We are migrating to a regional operating centre model with a few, larger locations which are able to address all the needs of our customers in their respective markets, combined with smaller, local locations, not dissimilar to a cluster approach. This approach reflects the nature of the customer base (more national accounts) and the smaller geography of the UK.
- Across our rental fleet, we generally carry equipment from one or two suppliers in each product range and limit the number of model types of each product. We believe that having a standardised fleet results in lower costs. This is because we obtain greater discounts by purchasing in bulk and reduce maintenance costs. We are also able to share spare parts between stores which helps minimise the risk of over-stocking. Furthermore, we can easily transfer fleet between locations which helps us achieve strong levels of fleet on rent, one of our key performance indicators ('KPIs').
- We purchase equipment from well-known manufacturers with strong reputations for product quality and reliability and maintain close relationships with them to ensure certainty of supply and good after-purchase service and support. We work with suppliers to provide early visibility of our equipment needs which enables them to plan their production schedules and ensures we receive the fleet when we need it.
- We also aim to offer a full-service solution for our customers in all scenarios. Our Specialty product range includes equipment types such as pumps, power generation, heating, cooling, scaffolding, traffic management, temporary flooring, structures and fencing, trench shoring and lifting services, which involve providing service expertise as well as equipment.

- We look to build rental penetration through expanding the breadth and depth of equipment we rent. As well as our Specialty businesses, we are increasingly focused on developing the rental penetration of the smaller end of our product range. Chart 09 shows how the largest equipment in our fleet has high levels of rental penetration while the smaller, but often still costly to own, equipment has not traditionally been a large part of the rental mix.
- We invest heavily in technology, including the mobile applications required to deliver efficient customer service. Customers can track the equipment they have on rent, place new orders, request pickup or service or extend their contract, either from their desk or via a mobile app. Our sales reps have access to the same information, along with details of the location of our fleet and all other information required to serve the customer. Our order fulfilment system utilises automated workflows connected to and powering our point of sale and logistics systems to enable our sales reps to say 'yes' with confidence. Technology enables our business and provides power to the platform and a significant advantage over our competitors. One strategic actionable component of Sunbelt 3.0 is 'Advance Technology', which is developing the next generation of these tools, providing greater integration and inter-connectivity which will deliver a better customer experience and operational efficiency.
- Our large and experienced sales force is encouraged to build and reinforce customer relationships and to concentrate on generating strong, whole-life returns from our rental fleet. Our sales force works closely with our customers to ensure we meet their needs. Through the application of technology, it is equipped with real-time access to fleet availability and pricing information enabling it to respond rapidly to the needs of a customer while optimising returns.
- We guarantee our service standards and promise our customers we will make it happen. We believe that our focus on customer service and the guarantees we offer help distinguish our businesses from competitors and assist us in delivering superior financial returns. Our responsiveness to customer needs is critical in a business where c. 60% of orders are placed for delivery within 24 hours. We have long-standing relationships with many of our customers. Our customer retention is high due to the scale and quality of our fleet, our speed of response and our customer service.
- Our local management teams are experienced and incentivised to produce excellent customer service, high quality standards and strong financial returns. We believe that the autonomy given to management teams to take decisions locally ensures that, despite our size, we retain the feel of a small, local business for our employees and our customers.

Investing in our people

Our people enable us to provide the exceptional customer service that keeps our customers coming back. Our exceptional staff and focus on service give us a huge competitive advantage in what we do. On pages 64 to 67 we discuss the importance of our team members and corporate culture in more detail. We aim to recruit good people and then invest in them throughout their careers.

09 Rental penetration – the product range



MEGA PROJECTS: THE TRUSTED PARTNER TO MAKE BIG THINGS HAPPEN

Internally we refer to projects with a value of over $400m as mega projects. These can include data centres, healthcare facilities, airports, liquid natural gas plants, semiconductor facilities, electric vehicle and battery plants, solar and wind farms, etc. We are seeing an abundance of these projects and a significant amount of the overall non-residential and non-building construction market starts is now made up of them.

These projects have made up roughly 30% of recent years' construction starts values, more than double what they represented in the past. There are 200 mega projects that have started with an average project cost of $1.2bn. In planning and pre-bid phases there are a further 300 with an average value of $1.9bn with estimated start dates by December 2023.

Projects of this scale and sophistication are ideal for resident, on-site solutions. This means we often have dedicated storage and working space on the actual project site, housing a very large and broad offering of our products and associated services. These include on-site maintenance and repair technicians, as well as telematics-equipped products, producing efficiency-gaining benefits to our on-site and remote teams, and of course for our customers.

Equipment and operators can be tagged electronically so that checking equipment on and off rent is done by automatic scanning of the tags, requiring minimal staff actually managing the rental process itself. This speeds everything up and is a highly efficient way of managing equipment rental at scale. This on-site setup also provides benefits such as reduced carbon emissions to customers, with equipment not moving on- and off-site, and provides service backed up by our mantra of Availability, Reliability and Ease, essential for the success of these mega projects.

Such projects require a rental company with scale, experience, technology, expertise, breadth of product and, of course, financial capacity. We see these mega projects as a material contributor to structural change in our industry of which we are a certain benefactor.

MEGA PROJECTS: INDUSTRIES AND DRIVERS

Types of projects

- Data centres
- Liquid natural gas facilities
- Semiconductor fabs
- Electric vehicle manufacturing
- Healthcare
- Lithium ion battery manufacturing
- Renewable energy
- Infrastructure/mass transit

Drivers/influencers

- Onshoring/reshoring
- Modern day industrial revolution
- Federal Government Investment Acts
- National Defence strategy

Solutions/imperatives

- Broad range of products, solutions and expertise
- On-site operations
- Deliver once, use many times
- Carbon emissions reduction
- Uptime
- Utilisation

AMBITION WITH PURPOSE – SUNBELT 3.0

Following our successful Project 2021, during which we increased our revenue almost 75% from $3,825m in 2016 to $6,639m in 2021, we launched the latest iteration of our strategic plan, Sunbelt 3.0, in April 2021. Sunbelt 3.0 is ambitious and reflects what we believe is achievable for Ashtead.

Our plan is infused with purpose for all our stakeholders; our people, our customers, our suppliers, our investors and our communities and underpinned by critical cultural elements. This has delivered US revenue growth of 52% in the first two years. We are ahead of schedule as we enter the final year of Sunbelt 3.0 and have already seen big cultural shifts across our entire business.

While our business will always have a degree of cyclicality, particularly given the importance of the construction end market, we have created a business model that not only accommodates that, but capitalises on it. We seek to make the most of the structural growth opportunities available to us, particularly in the US and Canada, through same-store investment, greenfields and bolt-ons. From 2011 to 2021, we achieved 16% compound annual growth in the US, of which two-thirds was from market share gains. Now we are taking the business to the next level, through Sunbelt 3.0.

We are conservative in our approach to maintaining a stable and secure balance sheet throughout the cycle which gives us the flexibility to manage changes to the business and its environment, as and when they occur. We have been able to take decisions based on the long-term prospects for the business without having to take short-term decisions that could damage the fabric of it. Being a highly diversified business enables us to withstand difficult times, as does our strategic planning for any eventuality. We work well in good times and bad. That is what we do.

Our goal for Sunbelt 3.0 is to add 298 greenfield locations across North America bringing us to a total of 1,234 locations in 2024, while in the UK, the focus is on transforming the business over the 3.0 period to deliver enhanced and sustainable margins and returns. By April 2023, we had already added 165 greenfield locations in North America and a further 123 through bolt-ons resulting in 1,213 locations in North America, and the UK business is seeing improved performance from operating as a more cohesive unit. We are guided by five actionable components which help us capitalise on the structural growth opportunities still very much available in North America and position us as the leading rental company in the UK. These are underpinned by three cultural elements that make us who we are, investing in our people, maintaining our entrepreneurial culture but doing that at scale, and continuing to bring Availability, Reliability and Ease to our customers.

Actionable components

1	**Grow General Tool and advance our clusters**	Advance our clustered market approach through a proven playbook to meet demand and enable increased rental penetration in North America while optimising our operational network in the UK.
2	**Amplify Specialty**	Drive accelerated growth through recently realised Specialty scale, unique cross-selling capabilities, and demand in the early phases of rental penetration.
3	**Advance technology**	Make the move from industry-leading technology platform, to a leader among the broader industrial and service sector; further improving our customer value proposition and capture the benefits of scale across the Group.
4	**Lead with ESG**	Embracing responsible sustainability and success for our people, our customers, our communities and our investors; while unlocking structural benefits ESG will bring to rental across the Group.
5	**Dynamic capital allocation**	Consistent application of our capital allocation policy to optimise capital deployment for the benefit of all stakeholders.

Underpinned by cultural elements

- Invest in our people
- Entrepreneurialism with scale
- Bringing Availability, Reliability and Ease to our customers

Our goal in the long-term is to achieve 20% market share in North America and continue to grow our share of the UK market. We believe these are realistic goals given the way the rental market continues to evolve and the way we do business. Consistent implementation of our strategy across the economic cycle will ensure we are in a strong position at all times to take advantage of the opportunities presented.

Our Sunbelt 3.0 strategic priorities

STRATEGIC PRIORITY	KEY INITIATIVES	UPDATE	RELEVANT KPIs	RELATED RISKS
1 **Grow General Tool and advance our clusters**	– Organic fleet growth – 126 greenfield openings in North America – Bolt-on M&A – 49 of top 100 US markets clustered by 2024 – Four of top 10 Canadian markets clustered by 2024	– 13% US market share – 9% Canadian market share – 13% UK market share – 15% increase in US average fleet on rent – 25% increase in Canadian fleet on rent – 77 greenfield openings in North America in 2022/23	– RoI – Fleet on rent – Dollar utilisation – EBITDA margins	– Economic conditions – Competition – People and culture
2 **Amplify Specialty**	– Revenue growth from $1.4bn to $2.4bn – Organic fleet growth – 172 greenfield openings – Bolt-on M&A – Develop Specialty products – Focus on cross-selling	– North American Specialty revenue of $2.5bn – 47 of top 100 US markets clustered – Five of top 10 Canadian markets clustered – Eleventh Specialty business line, Temporary Fencing, added	– RoI – Fleet on rent – Dollar utilisation – EBITDA margins	– Economic conditions – Competition – People and culture

3
Advance technology
	– Operational improvement:
	  – delivery cost recovery
	  – fleet efficiency
	– Increased use of technology to drive optimal service and revenue growth
	– ARE initiative: Availability, Reliability, Ease
		– Dollar utilisation:
		  – US: 61%
		  – Canada: 55%
		  – UK: 53%
		– EBITDA margins:
		  – US: 48%
		  – Canada: 41%
		  – UK: 28%
			– RoI
			– Fleet on rent
			– Dollar utilisation
			– EBITDA margins
				– Cyber security
				– Laws and regulations

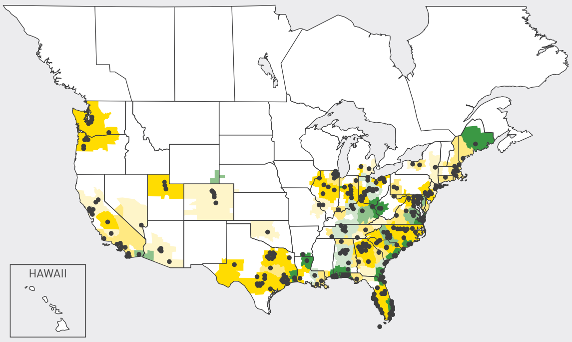
4
Lead with ESG
	Making ESG core to how we operate:
	– Environmental efficiency
	– Focus on culture
	– Focus on safety
		– 38.4 tCO_2e/$m (2022: 42.2 tCO_2e/$m)
		– Staff turnover
		  – US: 21%
		  – Canada: 29%
		  – UK: 23%
		– Reportable incident rates
		  – US: TRIR of 0.97
		  – Canada: TRIR 0.89
		  – UK: RIDDOR of 0.25
			– Carbon intensity
			– Staff turnover
			– Safety
				– People and culture
				– Health and safety
				– Environmental

5 **Dynamic capital allocation**	– Organic growth investment in existing locations and greenfield sites – Bolt-on M&A – Returns to shareholders	– $3,772m of capital invested in the business (2022: $2,397m) – $1,146m spent on 50 bolt-ons (2022: $1,274m) – $358m paid in dividends (2022: $269m) – Leverage of 1.6x EBITDA (excluding IFRS 16) – $261m allocated to share buybacks	– Adjusted EPS – RoI – Net debt and leverage	– Economic conditions – Competition

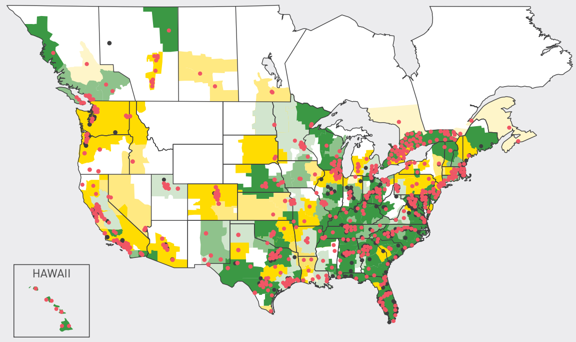
1 Grow General Tool and advance our clusters

10 Market share and growth strategy

April 2012



April 2023



Market share:

0% | | | 10% | | | 15%

Locations:

● April 2012 ● Location growth May 2012 to April 2023

Source: S&P Global Market Intelligence/ARA: State of the Equipment Rental Industry, April 2023 and management estimates.

The first of our actionable components is to grow our General Tool business and advance our proven clustered market approach to meet demand and enable increased rental penetration in North America.

In the UK, our focus is on optimising our operational network. We are focused on achieving operational improvements in existing locations, exploiting latent capacity in newly opened locations, investing in fleet, leveraging the economics of our cluster approach and improving rental rates.

Our plan included 126 General Tool greenfield locations whose location was determined based on our experience and analytics down to the zip code level. This analysis includes our assessment of current market share, fleet per capita, customer statistics, construction starts, proximity to existing locations, square footage under roof and the competitive landscape. Our greenfield openings are biased towards the western part of the US where we have lower market share. This organic growth strategy is being complemented by bolt-ons.

Our plans during Sunbelt 3.0 for Canada involve bringing our market share to our 2021 US level through 26 greenfield openings, across all provinces and advancing our clusters around Toronto which is the largest rental market. When we entered the Canadian market in 2014 we acquired six locations in Western Canada. At April 2023 we had 73 General Tool locations and 119 locations in total.

There is a drag on margins when we open new stores but generally they improve quickly as they deliver more revenue and broaden the fleet and customer mix. The same happens with acquisitions because we buy businesses we can improve, either operationally or through additional investment, or both. Even when the market declines, as was the case in 2020/21, our stores can continue to benefit from the structural part of the growth which is independent of the market. The strength of our brand and reputation means that greenfield sites become profitable very quickly. The diversity of our product portfolio and services only adds to this.

Structural growth is people choosing to rent more equipment (increased rental penetration) and the big getting bigger (increased market share). We are able to keep growing because we prioritise investment in the fleet and have the financial strength to do that. Our customers want good quality fleet, readily available to meet their needs. Investing in a broad range of fleet and backing that up with great service means our customers remain loyal and do not need to look elsewhere. Prioritising higher return on investment ('RoI') products further helps our growth.

Our cluster approach

Our cluster approach is an important aspect of our strategy. Our greenfield sites are chosen to enhance our existing business. We focus on building clusters of stores because, as they mature, they access a broader range of markets unrelated to construction leading to better margins and RoI. The size and composition of a cluster depends on the market size based on Designated Market Areas.

A top 25 market cluster in the US has more than 15 stores, a top 26-50 market cluster more than 10 stores and a top 51-100 market more than four stores. We also include the smaller 101-210 markets within our cluster analysis. We have found that these smaller markets, while performing less well than others overall, often prove more resilient when times are less good. Our definition of a cluster in these markets is two or more stores. Creating clusters is also a key element of our expansion strategy in Canada which also helps us increase the Specialty business element of what we can provide for customers. With the advanced technology we have in place, we are able to analyse local market data accurately. This allows us to find similarities between certain US and Canadian centres, and model our growth plans accordingly. The more customers get to know and trust us, the faster we are able to grow.

We focus on ensuring our clusters meet the multiple needs of local customers even if that means some stores may appear superficially to perform less well than others. The interaction of the stores in a cluster is what gives us real competitive advantage. We find that having a blend of locations is highly desirable and we like to mix up the large equipment locations with smaller General Tool stores. The addition of Specialty stores serves to differentiate us from competitors in the area. This enables us to broaden and diversify our customer base and our end markets, as we extend our reach within a market. Average revenue per store is not a relevant measure with which to evaluate the success of individual clusters or even the business as a whole. The value is in the mix.

11 Opportunity to build out further clusters

	US			
Rental markets	Top 25	26–50	51–100	101–210
Rental market %	57%	19%	15%	9%
Cluster definition	>15	>10	>4	>1
Clustered	18	11	18	25

	Canada		
Rental markets	Top 5	6–10	11–55
Rental market %	51%	16%	33%
Cluster definition	>7	>4	>1
Clustered	3	2	8

Source: Management information.

37
General Tool acquisitions completed in North America

22%
Growth in North American General Tool revenue in 2022/23

2 Amplify Specialty

Our second actionable component is to amplify our Specialty businesses which focus on products with comparatively low rental penetration in predominantly non-construction markets. These products are often a natural add-on to our General Tool products and services. We are always looking for new rental opportunities and to expand the number of our Specialty businesses which in North America include:

- Power and HVAC;
- Climate Control and Air Quality;
- Scaffold Services;
- Flooring Solutions;
- Lighting, Grip & Lens;
- Pump Solutions;
- Industrial Tool;
- Trench Safety;
- Ground Protection;
- Temporary Structures; and
- Temporary Fencing.

In North America we are investing in fleet to enable existing location growth as well as continuing our greenfield openings and bolt-on acquisitions. We are scaling the less developed business lines and identifying and exploring and developing new white and grey space opportunities. Our acquisition of Modu-Loc, Canada's leading temporary fencing provider created our eleventh Specialty business line in North America and we see significant opportunities to expand this business into the US.

Our Specialty businesses are true specialisms with in-house experts in each business line with in-depth product and application knowledge, who enable us to provide the very best level of service to our customers.

We are looking to grow our North American Specialty revenue to c. $2.4bn during Sunbelt 3.0 through our ambitious plans to drive rental penetration and increase our market share. The strong growth in our existing Specialty businesses, combined with the contribution from our new businesses, Temporary Structures and Temporary Fencing, delivered Specialty revenue of $2.5bn in the year. We have a broad-based team identifying new rental product ideas for both existing and new businesses, and a culture that encourages ideas at all levels of the organisation building entrepreneurialism with scale.

In the UK we are making targeted fleet investment, accelerating Specialty growth through cross-selling and also identifying and developing new acquisition opportunities to enhance existing Specialty businesses. In the UK we are seeing significant growth in cross referrals.

3 Advance technology

The third of our strategic actionable components is advancing the way we use technology. We are moving from being an industry-leading technology platform to being a leader among the broader industrial and service sector, further improving our customer value proposition and capturing benefits of scale across the Group. We do this by:

- leveraging our experience, culture and the data we accumulate day to day; making what we create, sustainable and scalable;
- building a technology-driven ecosystem; enabling eCommerce across all channels;
- ensuring we improve further our customer value proposition of Availability, Reliability and Ease; and
- migrating our common applications to a group-wide platform.

We have a robust technology infrastructure which supports our proprietary systems with the aim of continuous improvement to enable The Perfect Rental™. With c. 60% of orders placed for delivery within 24 hours, our goal is to enable our sales force to say 'Yes' confidently, through the use of our proprietary cloud-based sourcing decision engine, Chronos. Our Sunbelt 3.0 technology roadmap is designed to enhance the capability of all our systems, mobile applications and tools to make them ever smarter and more flexible, such that they deliver improvements in customer service, procurement opportunities, service operations, logistics and our management of resources. We are focused specifically on increasing order capture, improving time utilisation, enhanced connectivity, improving rental rates, more dynamic pricing and enhancing customer service.

The Perfect Rental™

- ✓ Safety for our people, our customers and our communities
- ✓ Availability, Reliability and Ease
- ✓ Professional and friendly interaction
- ✓ Right equipment for the application
- ✓ Delivered on time
- ✓ Easy and efficient omni-channel experience
- ✓ Smartly dispatched
- ✓ No breakdown in first 48 hours
- ✓ Optimised pricing
- ✓ Proactive telematics notifications
- ✓ Sustainable process
- ✓ The Sunbelt Promise

IF IT'S NOT PERFECT, WE MAKE IT RIGHT!

4 Lead with ESG

A major update to our strategy in launching Sunbelt 3.0 was the inclusion, for the first time, of ESG as an actionable component. Responsible sustainability has always been important to the Group and part of our activities day-to-day, but now it is formally embedded into our strategy for the benefit of our people, customers, suppliers, communities and investors, as well as optimising the structural benefits ESG brings to rental. This is an important element in what we mean by Ambition with Purpose for Sunbelt 3.0. We believe there are enormous environmental benefits associated with rental versus ownership at all stages of the business life cycle, from the supply chain, to operations, customer use and end of life of equipment. Significant environmental benefits accrue when many customers rent one piece of well-maintained and safe equipment only when they need it, as opposed to multiple customers purchasing that same piece of equipment, using it a few times, then disposing of it when it becomes obsolete or no longer needed. This is a prime example of the sharing economy. Increased rental of shared assets reduces the number of machines that need to be manufactured with the benefit of lower consumption of raw materials, fewer manufacturing facilities and hence, lower energy requirements, and fewer assets to be disposed of at end of life. Our rental equipment is also amongst the lowest carbon emitting available. As we renew our rental equipment and take advantage of the latest technology, we will be able to expand our offering of low carbon solutions to our customers. We have made a commitment to reduce our Scope 1 and 2 carbon intensity by 35% by 2030 and by 15% during Sunbelt 3.0.

We have made good progress with 2022/23 carbon intensity 30% lower than the baseline of 2017/18 and further reductions will come, principally from environmental efficiencies in our transportation fleet and the facilities we operate.

From a social perspective, our people are our top priority. Ours is a culture committed to employee safety, engagement, diversity, equity and inclusion, and providing a Leading / Living Wage. Putting our people first allows them to give us enormous competitive advantage and our skilled workforce is instrumental to the Group's long-term success.

As an essential service provider, we support our customers and communities, whether investing in the communities in which our people live and work, participating with first responders for emergencies, or natural disaster response such as hurricane relief. You can read more about our ESG strategy in our Responsible business report on page 60 and about governance in the Corporate governance report on page 90.

5 Dynamic capital allocation

Our final actionable component is dynamic capital allocation; the consistent application of our capital allocation policy to optimise capital deployment for the benefit of all our stakeholders. Maintaining financial and operational flexibility enables us to flex our business and operational models through the economic cycle. This enables us to react quickly to both opportunities in the market and adverse changes. The more growth we experience and plan for, the more financial and operational flexibility we need. A key element of our strategy is ensuring we have the financial strength to enable growth when appropriate and make our returns sustainable. Having a strong balance sheet is fundamental to our success at all stages in the cycle.

Our consistently applied policy continues with the following allocation priorities:

- organic growth investment in existing locations and greenfield sites;
- bolt-on acquisitions; and
- returns to shareholders – a progressive dividend policy and share buybacks to maintain our target leverage range.

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

The maturity of our stores has a big impact on RoI. As stores mature, and the size and range of fleet increases, there is natural margin and returns progression. Stores that were greenfield sites only two years ago are now already adding same-store growth. We are always focused on moving new and young stores up the maturity curve as there is scope for higher returns as they progress. This also means that we are now at a very different stage in our evolution in the current economic cycle relative to where we were in the last cycle. We have more stores and they are larger and more mature than at the peak of the last cycle, and are well placed to take advantage of growth opportunities and much better placed to weather downturns, when they arise, as was seen during the pandemic.

We have been consistent in our commitment to both low leverage and a well invested fleet, and we benefit from the options this strategy has provided. The length and gradual nature of the last cycle enabled us to establish a smooth, well distributed fleet profile across the age bands which provides significant flexibility across the economic cycle. Traditionally, rental companies have only generated cash in a downturn when they reduce capital expenditure and age their fleet. In the upturn, they consume cash as they replace their fleets and then seek to grow. We have changed this dynamic through the cycle with our scale and strong margins. We have been in a phase where we continued to grow the business in the latter part of the last cycle and were highly cash generative. This cash generation continued in 2022/23, with free cash flow of $531m, while we invested significantly in the business. Our leverage remains towards the bottom of our target range of 1.5 to 2.0 times net debt to EBITDA (excluding IFRS 16) which provides the Group with significant flexibility, security and a platform for growth as we look to take advantage of good markets.

This financial position, when combined with the scale, maturity and diversity of the business, puts us in a strong position as we look forward to Sunbelt 4.0. Free cash flow from operations will fund 100% of our ambitious organic growth plans, leaving significant capacity for bolt-ons and returns to shareholders.

CULTURAL ELEMENTS

Underpinning our five actionable components are our cultural elements of investing in our people; fostering a culture of 'entrepreneurialism with scale'; and continuously delivering on our customer promise of Availability, Reliability and Ease. We believe our culture drives the success of our business and, as such, these elements underpin our strategic plan and are critical to its delivery.

2

AMPLIFY SPECIALTY

Drive accelerated growth by leveraging recently realised Specialty scale, unique cross-selling capabilities and demand in the early phases of rental penetration.

2023 highlights

- $2.5bn Specialty revenue in 2022/23 in North America
- Scaling of less developed businesses
- 61 greenfield locations added in 2022/23 in North America
- 13 Specialty acquisitions completed in the UK and North America

500

Specialty locations at April 2023

+27%

growth in North American Specialty revenue in 2022/23

Driving growth in Specialty

In line with our strategic plan, Sunbelt 3.0, our acquisition of Modu-Loc, Canada's leading temporary fencing provider created our eleventh Specialty business line in North America and we see significant opportunities to expand this business into the US.

We also extended our Film and TV specialisation with the acquisition of UK camera, lens and grip rental specialist, Movietech, photographic and TV lighting specialist, PKE Lighting and leading powered access provider, Media Access Solutions. The combined knowledge and expertise of these new businesses, with film and television production rental specialists William F. White International Inc., is already proving to be a true differentiator for us and our customers.

MEASURING OUR PERFORMANCE

At Group level, we measure the performance of the business using a number of key performance indicators ('KPIs'). These help to ensure that we are delivering against our strategic priorities as set out on page 28. Several of these KPIs (adjusted EPS, return on investment, leverage and carbon intensity) influence the remuneration of our executive team (see page 105).

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

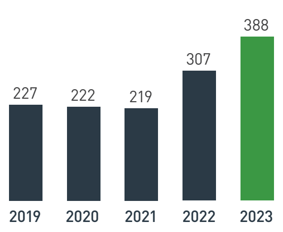
Key:

Link to strategic priority:

1 Grow General Tool and advance our clusters
2 Amplify Specialty
3 Advance technology
4 Lead with ESG
5 Dynamic capital allocation
R Linked to remuneration

Adjusted EPS (¢)

1 2 5 R



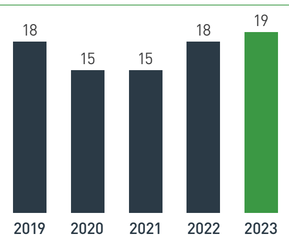
Calculation
Adjusted Group profit after taxation divided by the weighted average number of shares in issue (excluding shares held by the Company and the ESOT).

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

2023 performance
Adjusted EPS was 388.5¢ per share in 2022/23.

Return on investment ('RoI') (%)

1 2 5 R



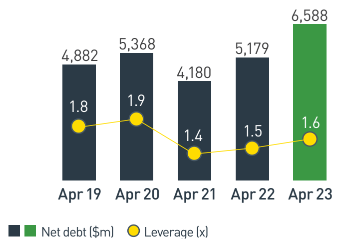
Calculation
Last 12-month ('LTM') adjusted operating profit divided by the LTM average of the sum of net tangible and intangible fixed assets, plus net working capital but excluding net debt and tax. RoI is calculated excluding the impact of IFRS 16.

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

2023 performance
Our RoI was 19% for the year ended 30 April 2023.

Net debt and leverage at constant exchange rates

5 R



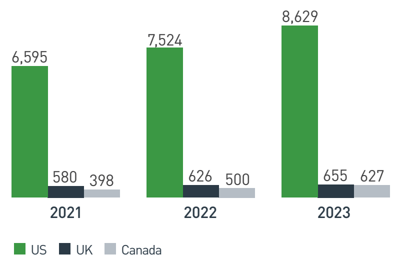
Calculation
Net debt is total debt less cash balances, as reported, and leverage is net debt divided by EBITDA, calculated at constant exchange rates (balance sheet rate). Both net debt and leverage exclude the impact of IFRS 16.

Target
We seek to maintain a conservative balance sheet structure with a target for net debt to EBITDA of 1.5 to 2.0 times (excluding IFRS 16).

2023 performance
Excluding lease liabilities arising under IFRS 16, net debt at 30 April 2023 was $6,588m and leverage was 1.6 times.

Fleet on rent ($m/£m/C$m)

1 2 3



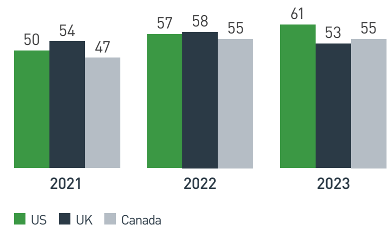
Calculation
Fleet on rent is measured as the daily average of the original cost of our itemised equipment on rent.

Target
To achieve growth rates in excess of the growth in our markets and that of our competitors.

2023 performance
In the US, fleet on rent increased 15% (rental revenue up 24%), in Canada, fleet on rent increased by 25% (rental revenue up 22%), while in the UK it increased by 5% (rental revenue up 3%). The US market increased by 12%, the Canadian market by 8% and the UK market by 4%.

Dollar utilisation (%)

1 2



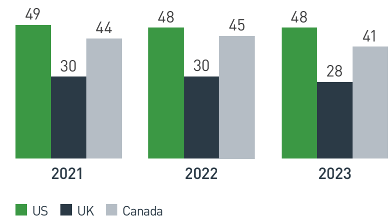
Calculation
Dollar utilisation is rental revenue divided by average fleet at original (or 'first') cost measured over a 12-month period.

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

2023 performance
Dollar utilisation was 61% in the US, 53% in the UK and 55% in Canada. The increase in the US reflects improved rate environment while, in the UK, the decrease reflects the lower level of ancillary revenue due to the reduction in the work done for the Department of Health work.

EBITDA margins (%)

1 2 3 5



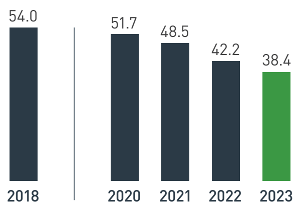
Calculation
EBITDA as a percentage of total revenue.

Target
To improve or maintain margins with EBITDA margins of 40-50% in the US, 40-45% in Canada and 35-40% in the UK.

2023 performance
EBITDA margins in 2022/23 were 48% in the US, 41% in Canada and 28% in the UK.

Carbon intensity ($tCO_2e/\$m$)

4 R



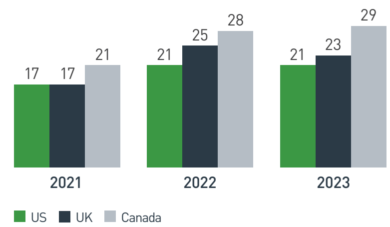
Calculation
Carbon intensity is calculated as emissions per $m of revenue ($tCO_2e/\m), calculated at constant exchange rates.

Target
To reduce our carbon intensity by 35% by 2030 with reference to 2018 as a base year, with a shorter term target of 15% by 2024.

2023 performance
Our carbon emission intensity ratio was 38.4 (2022: 42.2).

Staff turnover (%)

4



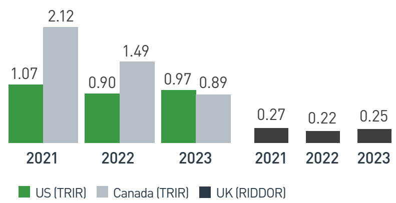
Calculation
Staff turnover is calculated as the number of leavers in a year (excluding redundancies) divided by the average headcount during the year.

Target
Our aim is to keep employee turnover below historical levels to enable us to build on the skill base we have established and maintain and enhance the culture of the business.

2023 performance
Employee turnover and the actions we are taking to reduce it are discussed on page 65. Our well-trained, knowledgeable staff remain targets for our competitors.

Safety

4



Calculation
In North America, reportable incidents are reported in accordance with the OSHA (Occupational, Safety and Health Administration) framework as a Total Recordable Incident Rate ('TRIR'). In the UK, the RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations) reportable rate is the number of major injuries or over seven-day injuries per 100,000 hours worked.

Target
Continued reduction in accident rates.

2023 performance
The TRIR was 0.97 in the US and 0.89 in Canada. The RIDDOR reportable rate was 0.25 in the UK.

More detail is included in our Responsible business report on page 60.

MANAGING OUR RISK

The Group recognises the importance of identifying and managing financial and non-financial risks faced by the business. In response to this, it has developed a rigorous risk management framework designed to identify and assess the likelihood and consequences of risks and to manage the actions necessary to mitigate their impact, including those related to climate-related matters.

Our risk identification processes seek to identify risks from both a top-down strategic perspective and a bottom-up business perspective. The Board has overall responsibility for risk management, setting of risk appetite and implementation of the risk management policy. This is designed to enable our employees to take advantage of attractive opportunities, yet to do so within the risk appetite set by the Board.

The Group Risk Register is the core of the Group's risk management process. It contains an overall assessment of the risks faced by the Group together with the controls established to reduce those risks to an acceptable level and is maintained by the Group Risk Committee. The Group Risk Register is based on detailed risk registers maintained by Sunbelt in North America and the UK, which are reviewed and monitored through local risk committees. The operation and effectiveness of the local risk committees, which meet two to four times a year, continues to be enhanced.

The Group Risk Committee meets as required, but at least twice a year, with the objective of encouraging best risk management practice across the Group and a culture of regulatory compliance and ethical behaviour. The Committee is chaired by our chief financial officer and also includes:

- in relation to North America:
  - the general counsel;
  - the chief financial officer;
  - the head of central operations;
  - the head of administration and business development;
  - the chief people officer;
  - the chief digital and technology officer;
  - the head of health, safety and environment; and
  - one of the operational executive vice presidents;
- in relation to the UK, the chief financial officer, who chairs the UK business risk committee;
- the Group's managing director of ESG;
- the Group's head of internal audit and risk officer; and
- the Group's general counsel.

The Group Risk Committee reports annually through the Audit Committee to the Board and, as part of this process, produces an updated Group Risk Register. The Board assesses on a regular basis whether the appropriate risks have been identified, including any emerging risks which may impact the Group, and that adequate assurance is obtained over those risks.

In addition, consideration is given to ensure that risks have been appropriately assessed in relation to risk rating. Our risk appetite is reflected in our rating of risks and ensures the appropriate focus is placed on the correct risks. The Board takes a view of the prospects of the business through the cycle and, given the inherent cyclicality in the business, tends to operate with a low risk appetite. Further detail on our risk management framework and priorities during the year is provided on pages 41 to 45.

The Group Risk Committee priorities this year included:

- assessment of the Group Risk Register, including identification and prioritisation of business risks;
- health and safety, together with continuous improvement through training and awareness;
- driver safety, training and compliance;
- focus on the continued development of our technology environment, including cyber security;
- assessment of the environmental and social impact of the Group, including emerging risks such as climate change;
- monitoring of compliance with laws and regulations; and
- performance standards audits.

Our priorities for next year focus on the principal areas of risk to the Group and are similar. In particular:

- continue our safety initiatives, Engage for Life: Amplified, focused on serious injury and fatality ('SIF') protocols and driver programmes;
- focus on the development of our technology environment in accordance with the Group's strategic plans, including a continued focus on cyber security; and
- focus on our ESG initiatives, delivering against our environmental and social priorities.

Risk management framework

Group Risk Committee

- Reviews key and emerging risks on a regular basis with support from the businesses' risk committees which meet two to four times a year.
- Receives in-depth presentations from the businesses' risk committees on key matters.

Audit Committee

- Receives presentation from Group Risk Committee on the Group Risk Register on an annual basis.
- Assesses effectiveness of risk management process.

Board

- Overall responsibility for risk management framework and the definition of risk appetite.
- Undertakes Board monitoring of significant risks throughout the year.

RISK IDENTIFICATION

- Assessed both on a top-down and bottom-up basis.
- Risks considered most material to the business.
- Consideration of emerging risks.

ASSESSMENT OF LIKELIHOOD AND IMPACT

- Financial, operational, environmental and regulatory impacts considered.

RISK APPETITE DETERMINED

- Risk appetite assessed for individual risks in accordance with our overall Group risk appetite.

MITIGATING CONTROLS IMPLEMENTED

- Mitigating controls identified, implemented and monitored to ensure risk is reduced to an acceptable level.

Group risk register

Group Risk Register summarises work of Group Risk Committee, changes in risks identified and details by significant risk material controls and monitoring activities completed.

Risk appetite determined

Risk appetite determined with reference to the Group's risk categories:

STRATEGIC | **OPERATIONAL** | **FINANCIAL**

PRINCIPAL RISKS

Set out below are the principal business risks that could impact the Group's business model, future performance, solvency or liquidity and information on how we mitigate them.

Our risk profile evolves as we move through the economic cycle and commentary on how risks have changed is included below. The Committee has considered whether climate-related matters represent a principal risk for the Group. The Group believes that climate-related matters are addressed principally through our environmental risk and our commitment to reduce carbon intensity.

On balance, the Committee believes that climate change and emerging technologies will increase the demand for rental and continue the shift from ownership to rental, rather than presenting a risk to our business model.

Key:

Change in risk in 2022/23:

- ↑ Increased risk
- → Constant risk
- ↓ Decreased risk

Link to strategic priority:

- 1 Grow General Tool and advance our clusters
- 2 Amplify Specialty
- 3 Advance technology
- 4 Lead with ESG
- 5 Dynamic capital allocation

Economic conditions

→ 1 2 5

Potential impact

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 pandemics (such as COVID-19) is considered as part of this risk.

Mitigation

- Prudent management through the different phases of the cycle.
- Flexibility in the business model.
- Capital structure and debt facilities arranged in recognition of the cyclical nature of our market and able to withstand market shocks.

Change

Our business continues to perform strongly and is well positioned to manage and benefit from the unique market conditions we face, including supply chain constraints, inflation and labour scarcity, all of which we believe will be ongoing drivers of structural change. However, while market forecasts are predicting continued growth both in terms of starts and the rental market, supported by the emergence of 'mega projects', there remains some uncertainty in end market conditions.

Competition

→ 1 2 5

Potential impact

The already competitive market could become even more competitive and we could suffer increased competition from large national competitors or small companies 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.

Mitigation

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

Change

Our competitive position continues to improve. We have grown faster than the market, and continue to take market share from our smaller, less well financed competitors. We have a 13% market share in the US, a 9% market share in Canada and a 13% market share in the UK.

Cyber security

→ 3

Potential impact

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.

Mitigation

- Stringent policies surrounding security, user access, change control and the ability to download and install software.
- Testing of cyber security including red team exercises, system penetration testing and internal phishing and other training exercises undertaken.
- Use of antivirus and malware software, firewalls, email scanning and internet monitoring as an integral part of our security plan.
- Use of firewalls and encryption to protect systems and any connections to third parties.
- Use of multi-factor authentication.
- Continued focus on development of IT strategy taking advantage of cloud technology available.
- Separate near-live back-up data centres which are designed to be able to provide the necessary services in the event of a failure at a primary site.

Change

We continue to enhance the Group's cyber security profile, with a significant and ongoing investment in resource and tooling. Nevertheless, cyber security remains a continually evolving area and a priority for the Group.

In relation to business continuity, our plans have been subject to continued review and update during the year and our disaster recovery plans are tested regularly.

Health and safety

→ 4

Potential impact

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.

Mitigation

- Maintain appropriate health and safety policies and procedures regarding the need to comply with laws and regulations and to reasonably guard our employees against the risk of injury.
- Induction and training programmes reinforce health and safety policies.
- Programmes to support our customers exercising their responsibility to their own workforces when using our equipment.
- Maintain appropriate insurance coverage. Further details are provided on page 55.

Change

The health and safety of our team members continues to be a key focus area for the Group and an area of continuous improvement.

In terms of reportable incidents, the TRIR was 0.97 (2022: 0.90) in the US and 0.89 (2022: 1.49) in Canada. The RIDDOR reportable rate was 0.25 (2022: 0.22) in the UK. Further details are provided in our Responsible business report.

People and culture

→ 1 2 4

Potential impact

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 our culture 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.

Mitigation

- Provide well-structured and competitive reward and benefit packages that ensure our ability to attract and retain the employees we need.
- Ensure that our staff have the right working environment and equipment to enable them to do the best job possible and maximise their satisfaction at work.
- Invest in training and career development opportunities for our people to support them in their careers.
- Ensure succession plans are in place and reviewed regularly which meet the ongoing needs of the Group.

Change

Our compensation and incentive programmes have continued to evolve to reflect market conditions, the economic environment and the results of our employee engagement surveys. We intend to address the remuneration gap between the Group and its US peers in our next remuneration policy.

Diversity, equity and inclusion programmes are established across the business to enhance our efforts to attract and retain the best people.

We are increasing our focus on mental health including 'Let's Talk Mental Health' in the UK.

Environmental

→ 4

Potential impact

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, lower carbon 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 waste water, storm water, solid and hazardous wastes and materials, and air quality. Breaches potentially create hazards to our employees, damage to our reputation and expose the Group to, amongst other things, the cost of investigating and remediating contamination and also fines and penalties for non-compliance.

Mitigation

- Policies and procedures in place at all our stores regarding the need to adhere to local laws and regulations.
- Procurement policies reflect the need for the latest available emissions management and fuel efficiency tools in our fleet.
- Collaboration with key suppliers to develop and pilot new technologies.
- Lower carbon vehicle transition plan.
- Real estate and facility standards to reduce emissions from our operations.
- Monitoring and reporting of carbon emissions.

Change

The Group has appointed a SVP of Sustainability to lead our work on sustainability-related matters, including those relating to the impact of climate change on the environment.

The work of the Health, Safety and Environmental departments, and the Sustainability and operational audit teams, continue to assess environmental compliance.

Our 2021/22 Scope 1 and 2 carbon emissions have been validated by the Carbon Trust and we will obtain assurance over our 2022/23 Scope 1 and 2 data prior to the publication of the Group's 2022/23 Sustainability report.

In 2022/23 our Scope 1 and 2 carbon emission intensity ratio reduced to 38.4 (2022: 42.2). Further detail is provided on page 68.

We are working to quantify our Scope 3 emissions, the largest components of which are category 11 (use of sold products) and category 13 (downstream leased assets). These categories are complex to measure and reliant on significant assumptions and estimation techniques.

Laws and regulations

→ 3 4

Potential impact

Failure to comply with the frequently changing regulatory environment could result in reputational damage or financial penalty.

Mitigation

- Maintaining a legal function to oversee management of these risks and to achieve compliance with relevant legislation.
- Group-wide modern slavery, business ethics and ethical sourcing policies and whistle-blowing arrangements.
- Evolving policies and practices to take account of changes in legal obligations.
- Training and induction programmes ensure our staff receive appropriate training and briefing on the relevant policies.

Change

We monitor regulatory and legislative changes to ensure our policies and practices reflect them and we comply with relevant legislation.

Our whistle-blowing arrangements are well established and the Company Secretary reports matters arising to the Audit Committee and the Board during the course of the year. Further details as to the Group's whistle-blowing arrangements are provided on page 75.

During the year 8,678 people in the US, 703 people in Canada and 779 people in the UK underwent induction training. In addition, training programmes were undertaken in safety and business ethics.

Emerging risks

In addition to the principal risks identified above, the Board considers what emerging risks may also impact the Group. In identifying emerging risks, the Board has considered both third-party risk analysis as well as internal views of emerging trends which may impact the business. As a result of this analysis, the Board specifically considered supply chain constraints, climate-related matters and emerging technologies, including battery-led technologies and autonomous machines.

In relation to our supply chain, we work with industry-leading rental equipment manufacturers and have achieved significant competitive advantages, including cost savings, through our scale and working relationships. Across the Group, our top five suppliers now account for c. 50% of our rental capital expenditure and, in most cases, we are larger than our suppliers. There is a risk that our key suppliers are unable to supply the equipment required to meet our replacement and growth requirements in a timely manner. The Board believes that the Group has sufficient alternative sources of supply and inherent flexibility in its business model and a $16bn rental fleet, if a supplier is unable to deliver equipment as scheduled. However, it acknowledges that transitioning to a new principal supplier could cause short-term disruption to our procurement.

In relation to climate-related matters, the Board believes these are addressed principally through our environmental risk and our commitment to reduce our carbon intensity, but notes that this is a developing area and as such continues to monitor the ways in which climate change may affect the Group in the future. On balance, the Board believes that the impact from climate change and emerging technologies will increase the demand for rental and continue the shift from ownership to rental, rather than presenting a risk to our business model.

Assessment of prospects and viability

The prospects of the Group are inherently linked to the environment in which we operate. While our principal market is construction, which is cyclical in nature, it represents less than 50% of our business. The balance is non-construction related activity, including, inter alia, industrial, events, maintenance and repair, emergency response and facilities management which, by their nature, are typically less cyclical.

Our markets in the US and Canada are undergoing structural change. Customers are increasingly choosing to rent equipment rather than own it and the fragmented markets are consolidating. The Group is well positioned to take advantage of these structural changes. The UK market is more mature and competitive than the US and Canada but Sunbelt UK is the largest rental company in that market and, with the Group's strong financial position, is well positioned to optimise market conditions.

Period of assessment

The Board discusses regularly the factors affecting the Group's prospects and the risks it faces in optimising the opportunity presented in its markets. The principal risks, which the Board concluded could affect the business are set out on the preceding pages. The Group's risks are ongoing in nature and therefore could crystallise at any time, rather than being linked to a specific timeframe. While the Board has no reason to believe the Group will not be viable over a longer period, the period over which the Board considers it possible to form a reasonable expectation as to the Group's longer-term viability, is the three-year period to 30 April 2026. This also aligns with the duration of the business plan prepared annually and reviewed by the Board. We believe this provides a reasonable degree of confidence over this longer-term outlook.

Assessment of viability

The Group prepares an annual budget and three-year business plan. This plan considers the Group's cash flows and is used to review its funding arrangements and available liquidity based on expected market conditions, capital expenditure plans, used equipment values and other factors that might affect liquidity. It also considers the ability of the Group to raise finance and deploy capital.

The nature of the Group's business is such that its cash flows are countercyclical. In times of improving markets, the Group invests in its rental fleet, both to replace existing fleet and grow the overall size of the fleet, which results in improving earnings but lower cash flow generation from operations in times of rapid growth. However, as the cycle matures and the rate of growth slows, the Group generates strong cash flow from operations. In more benign or declining markets, the Group invests less in its rental fleet and, as a result, generates significant cash flow from operations.

Recognising the impact of the economic cycle and the risk of an economic downturn on the business and its financing requirements, we undertake scenario planning based on the timing, severity and duration of any downturn and subsequent recovery. This scenario planning considers the impact of the cycle on revenue, margins, capital expenditure, cash flows, overall debt levels and leverage. The Group maintains a net debt to EBITDA leverage target range of 1.5 to 2.0 times (pre IFRS 16) and long debt maturities to mitigate financing risk. Our committed borrowing facilities do not mature before the end of the viability assessment period and we believe the Group's financial profile and capital structure will enable the Group to continue to access debt markets as required.

Based on this analysis, and the Board's regular monitoring and review of risk management and internal control systems, we do not believe there are any reasonably foreseeable events that could not be mitigated through the Group's ability to flex its capital expenditure plans and cost base, which would result in the Group not being able to meet its liabilities as they fall due. The nature of the business' other principal risks is such that, while they could affect the Group's ability to achieve its objectives, they are unlikely to prevent the Group from meeting its liabilities as they fall due.

Viability statement

Based on the foregoing, the Board has a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period to 30 April 2026.

3

ADVANCE TECHNOLOGY

Make the move from industry-leading technology platform, to a leader among the broader industrial and service sector; further improving our customer value proposition and capturing the benefits of scale across the Group.

2023 highlights

- Sunbelt 3.0 technology roadmap to deliver an integrated suite of tools and applications to enhance the customer experience and deliver operational efficiency.
- Increasing use of telematics data to generate operational efficiencies, enhance preventative maintenance and provide operational data to customers.
- Increased uptake of automatic tagging of equipment and operators to keep track of fleet from on-site rental stores.

c.60%

of orders delivered within 24 hours

Advance technology

We use IT infrastructure in our operations to help reduce waste and improve sustainability, such as connecting all our rental assets together through Internet of Things ('IoT') devices. We have invested heavily in these devices to ensure that in the near future, almost all of our assets will be connected back to our technology platform. This not only helps us understand the utilisation of the asset but also enables us to be predictive about its maintenance. We want to repair it or swap it out before it fails, not after.

A robust focus on connectivity and interoperability is key for making it all work together. We are redeveloping software and microservices to deliver our strategic concept of connected assets, connected people, and connected operations. We are also leveraging artificial intelligence ('AI') and machine learning algorithms to optimise rental logistics. Logistics and transportation can have a huge impact on sustainability through improving efficiency. AI machine learning helps ensure the right equipment gets to the right drivers and enables better fuel efficiency en route. Fewer miles equals a smaller carbon footprint and less wear and tear.

STAKEHOLDER ENGAGEMENT

Engaging actively with our stakeholders is critical to the success of the Group and the Group engages regularly with stakeholders on a variety of topics relevant to the business.

A high degree of delegation of the engagement with stakeholders to the management teams within the Group exists in order to ensure the smooth operation of the Group on a day-to-day basis. As noted within our Corporate governance report, the role of the Board is to provide a framework under which the Group operates but under which the Group's businesses have freedom and decision-making authority to pursue business opportunities, underpinned by the culture of the Group. The directors believe that this is an important factor in the operation of the Group and the Group's overall success.

Authority for the operational management of the Group's businesses is therefore delegated to the chief executive, or further delegated by him to the senior management teams within the Group. This ensures effective day-to-day operation of the Group while maintaining effective governance.

At a board level, Board members are encouraged to engage with our stakeholders directly, for example through meeting with individual employees during site visits or through investor meetings, such as those to obtain remuneration policy feedback or through attendance at the Group's annual general meeting. In addition, the Board receives feedback from management as to stakeholder views. This occurs in a number of ways including through board reports, investor feedback reports from our brokers and employee survey reports. An example of board level engagement has been illustrated in the case study on page 49 focusing on the Board's engagement with our people.

In relation to the Group's overall engagement with stakeholders, the Group has identified the following groups as being fundamental to the success of the Group:

Our people

Definition
- Existing and prospective employees, including apprentices

Why relevant?
Our employees want to work for a company which values them, provides ongoing development, treats them fairly and remunerates them appropriately. Investing in our people ensures we maintain our culture by having the right people and enables us to deliver on our strategic goals.

Nature of engagement
- Employee engagement apps
- Regular 'toolbox talks' and 'town hall' meetings
- Employee surveys
- National conferences, leadership team meetings and other employee events
- Regular communication on safety, with dedicated safety weeks
- Training programmes
- Apprentice programmes
- Employee relief programme

Further details are provided on pages 62 to 67.

Our response to engagement
- Employee reward and benefit structure which recognises the contribution our employees make to the success of the business
- Employee policies which ensure our people are treated fairly
- Ensuring safety remains a cornerstone of our culture
- Continued focus on diversity, equity and inclusion ('DEI') across the Group, with DEI taskforces in place in North America and the UK

Relevant KPIs
- Employee survey scores
- Safety metrics
- Employee retention metrics

Our customers

Definition
- National and other managed accounts
- Small and mid-sized enterprises
- Individuals

Why relevant?
Our customers want to have confidence in the 'Availability, Reliability and Ease' of our offering as a reliable alternative to ownership.

Nature of engagement
- Account managers for major customers
- Customer feedback mechanism
- Store level staff with local customer relationships
- Customer centric technology to facilitate customer engagement
- Customer focused websites

Our response to engagement
- Continued investment in fleet, including greener rental options where we are working with customers and suppliers to develop new technologies
- Investment in new market offerings to broaden our rental offering
- Continued investment in customer focused technology solutions, including launch of new customer eCommerce websites and apps

Relevant KPIs
- Customer satisfaction scores
- Level of repeat business
- Customer spend
- Debtor days/days to credit

Our suppliers

Definition
- Major equipment suppliers
- Other equipment suppliers
- Service providers

Why relevant?
Partnering with our suppliers in a collaborative manner ensures that we have access to equipment when we need it and enables us to deliver new innovation to the market.

Nature of engagement
- Dedicated account managers for major suppliers
- Central procurement teams manage supplier relationships
- Collaboration to develop and pilot new technologies, including making targeted investments where appropriate to support the development of greener technology

Our response to engagement
- Regular meetings with key suppliers to assist in management of production cycles
- Policies in place in relation to working with our suppliers fairly
- Clear procurement terms agreed

Relevant KPIs
- Payment practices statistics

Our communities

Definition
- Local communities to our operations
- Families of employees

Why relevant?
We want to make a positive contribution to the communities in which we operate. Establishing the right relationships with our communities also helps us to attract the best talent into our business. Supporting the families of our staff is just the right thing to do.

Nature of engagement
- Nationwide programmes in addition to local community initiatives entered into by individual depots
- Responding to community needs for emergency relief
- Charity partnerships which support our communities

Further details are provided on pages 72 to 74.

Our response to engagement
- Community building activities
- Disaster response when required
- Financial support at time of crisis
- Provision of rental equipment

Relevant KPIs
- Charitable donations
- Employee time contributed to community initiatives

Our investors

Definition
- Shareholders (institutional)
- Shareholders (private)
- Financial lending institutions

Why relevant?
Our investors want to understand how we are managing the business to generate sustainable returns through the cycle and to promote the long-term success of the Group.

Nature of engagement
- Investor conferences
- One-to-one meetings
- Site visits
- Annual Report and other communications
- Results presentations and bondholder calls
- Reporting to financial lending institutions
- Annual General Meeting
- Ashtead Group website including investor relations section

Further details are provided on pages 91 to 92.

Our response to engagement
- Communication of business model and strategic plan
- Application of stated capital allocation priorities
- Maintain compliance with stated financial objectives (e.g. leverage range, etc.)
- Manage business through the cycle

Relevant KPIs
- Returns to shareholders

BOARD LEVEL ENGAGEMENT

Stakeholders most impacted:
- Employees
- Customers
- Suppliers
- Investors

Consideration:
Our October Board meeting held at the US support office in Fort Mill, South Carolina represented the mid-point of Sunbelt 3.0. It presented an ideal opportunity for the Board to receive a detailed update on progress across all Sunbelt 3.0 Actionable Components from senior leadership across the Group.

This meeting occurred shortly after the announcement of the Chips and Science Act and the Inflation Reduction Act. The Board received a detailed assessment of the implications of the Acts for construction activity from the Chief Economist at Dodge Data & Analytics and our in-house experts. This detailed insight assisted the Board as it considered capital allocation decisions, particularly in regard to the rental fleet, as we entered the next budgetary cycle.

The Board received updates on market dynamics including supply chain constraints, inflation and skilled trade scarcity, and their impact on the business and management's response. In addition, it was provided with sight of initiatives such as markets of excellence and the advancement of technology that will provide the foundation for Sunbelt 4.0.

Board members had the opportunity to explore each topic in detail and assess the impact on the Group's key stakeholders and the long-term sustainable success of the business, both formally and informally with leadership from across the Group.

SECTION 172 STATEMENT

Statement by the directors in performance of their statutory duty in accordance with s172(1) of the Companies Act 2006.

The Board of directors of Ashtead Group plc considers that it has, both individually and collectively, acted in good faith in a way which would most likely promote the success of the Company for the benefit of the members as a whole, and in doing so have had regard (amongst other matters) to factors (a) to (f) as set out in s172(1) of the Companies Act 2006 for the decisions taken during the year ended 30 April 2023. In making this statement, the directors have considered the following matters:

- **the likely consequences of any decision in the long-term:** the Board monitored progress against the Group's strategy, Sunbelt 3.0, as disclosed on pages 28 to 35, during the year and concluded that it will support the long-term success of the Company. Shorter term expectations in supporting that strategy are approved by the Board as part of the annual budgeting process, against which the performance of the Group is then monitored. Decisions taken during the year are made in the context of the Group's strategy in order to ensure that they are consistent with that strategy, take account of the Group's principal risks as described on pages 40 to 45 and are in line with the Group's capital allocation policy, which is designed to support long-term value generation for all stakeholders as detailed on page 35 and is reflected in the Board's assessment of viability as described on page 45;
- **the interests of the Company's employees:** our people are critical to the success of our business and a core component of our business model. We endeavour to recruit the best people, train them well and look after them so that they provide the best possible service for our customers and remain with us for the long-term. The Board has ultimate responsibility for ensuring the Group's decisions consider the interests of our employees. Further details and examples of our activities with employees are provided on page 42 of the Strategic report and pages 62 to 67 of the Responsible business report;
- **the need to foster the Company's business relationships with suppliers, customers and others:** managing the Company's relationships with suppliers and customers is critical in ensuring the Company delivers on its strategy. We dedicate account teams to our national customers to ensure that we maintain an ongoing dialogue while local customers are managed at a store level to enable us to respond at all levels of the organisation appropriately. The Board receives regular updates on our relationships with suppliers and customers, and has ultimate responsibility for approving investments made. Further details and examples of our activities with suppliers and customers are provided on pages 48 to 49 of the Strategic report;
- **the impact of the Company's operations on the community and the environment:** the Group seeks to have a positive impact on the communities in which it operates and minimise the environmental impact of our operations. Examples of our community initiatives and the environmental steps we take are provided in further detail on pages 72 to 74 of the Responsible business report and pages 76 to 81 of the Task Force on Climate-related Financial Disclosures;
- **the desirability of the Company maintaining a reputation for high standards of business conduct:** the Group regularly reviews and updates, where appropriate, its business conduct and ethics policies and ensures that these are communicated to employees, are readily available to employees, customers and suppliers and that appropriate training is undertaken by relevant employees on a regular basis to reinforce the Group's policies. The Group business ethics and conduct policy is formally reviewed and approved by the Board on an annual basis and available on the Group's website, while employee specific policies are provided in employee handbooks available to team members. Further details are provided on page 75 of the Responsible business report and on page 90 of the Corporate governance report; and
- **the need to act fairly as between members of the Company:** the Company always seeks to ensure that its communications are transparent and its actions are in accordance with the Group's stated strategic aims to promote the long-term success of the Company. On pages 91 to 92 within the Corporate governance report we detail how we engage with our shareholders, including both institutional investors and private investors.

FINANCIAL REVIEW

	Revenue		EBITDA		Profit[1]	
	2023	2022	**2023**	2022	**2023**	2022
UK in £m	**684.8**	725.7	**192.2**	214.6	**65.0**	86.8
Canada in C$m	**827.1**	626.0	**337.0**	281.4	**167.4**	143.6
US	**8,222.4**	6,477.0	**3,955.3**	3,120.6	**2,464.7**	1,852.3
UK in $m	**822.8**	986.3	**231.0**	291.7	**78.1**	118.0
Canada in $m	**622.1**	499.0	**253.5**	224.3	**125.9**	114.4
Group central costs	**–**	–	**(28.0)**	(27.2)	**(29.0)**	(28.3)
	9,667.3	7,962.3	**4,411.8**	3,609.4	**2,639.7**	2,056.4
Net financing costs					**(366.2)**	(232.6)
Adjusted profit before tax					**2,273.5**	1,823.8
Amortisation					**(117.7)**	(108.6)
Exceptional items					**–**	(47.1)
Profit before taxation					**2,155.8**	1,668.1
Taxation charge					**(538.1)**	(417.0)
Profit attributable to equity holders of the Company					**1,617.7**	1,251.1
Margins						
US			**48.1%**	48.2%	**30.0%**	28.6%
UK			**28.1%**	29.6%	**9.5%**	12.0%
Canada			**40.7%**	45.0%	**20.2%**	22.9%
Group			**45.6%**	45.3%	**27.3%**	25.8%

1 Segment result presented is adjusted operating profit.

Throughout the Financial review, we use a number of alternative financial 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. Further details are provided in the Glossary of terms on page 174.

Our financial performance

Group revenue increased 21% (24% at constant currency) to $9,667m during the year (2022: $7,962m). This revenue growth, combined with strong operational execution, resulted in adjusted profit before tax increasing 25% to $2,273m (2022: $1,824m).

In the US, rental only revenue of $5,879m (2022: $4,782m) was 23% 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 18%, while bolt-ons since 1 May 2021 contributed 5% of rental only revenue growth. In the year, our General Tool business grew 21%, while our Specialty businesses grew 29%. 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 24% to $7,503m (2022: $6,042m). US total revenue, including new and used equipment, merchandise and consumable sales, increased 27% to $8,222m (2022: $6,477m).

The UK business generated rental only revenue of £429m, up 6% on the prior year (2022: £403m). Excluding the impact of the work for the Department of Health, which ended during the first quarter of 2022/23, rental only revenue increased 22%. Bolt-ons since 1 May 2021 contributed 9% of this growth. Rental revenue increased 3% to £559m (2022: £544m) or 26% excluding the impact of the work for the Department of Health. Total revenue decreased 6% to £685m (2022: £726m) reflecting the high level of sales revenue associated with the work for the Department of Health, which overall accounted for only c. 4% of revenue in the year, compared with c. 30% of revenue last year.

Canada's rental only revenue increased 20% to C$548m (2022: C$456m). 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. The lighting, grip and lens business was affected by market uncertainty, with the threat earlier this financial year of strikes by production staff in Vancouver, resulting in productions being delayed or moved elsewhere. Rental revenue increased 22% to C$696m (2022: C$569m), while Canada's total revenue was C$827m (2022: C$626m).

In common with many businesses, we have faced inflationary pressures across most cost lines, but particularly in relation to labour, transportation and fuel. However, our strong performance on rate, combined with operating efficiencies and inherent economies of scale, has enabled us to navigate this inflationary environment, driving strong revenue and profit growth in the US. As expected, US rental revenue drop through to EBITDA has improved as we have progressed through the year, and in the fourth quarter was 54%, resulting in drop through of 50% for the year. This contributed to an EBITDA margin of 48.1% (2022: 48.2%) and a 33% increase in segment profit to $2,465m (2022: $1,852m) at a margin of 30.0% (2022: 28.6%).

The UK remains focused on delivering operational efficiency and improving returns in the business. However, this year has been one of transition as we redeployed assets dedicated to the Department of Health testing centres elsewhere in the business, resulting in lower fleet utilisation than last year. While we have managed to improve rental rates during the year, this has been insufficient to offset the inflation impact on the cost base. These factors, combined with a £4m charge to impair a convertible loan note due from Britishvolt, which entered administration in January, contributed to the UK generating an EBITDA margin of 28.1% (2022: 29.6%) and a segment profit of £65m (2022: £87m) at a margin of 9.5% (2022: 12.0%).

Our Canadian business continues to develop and enhance its performance as it invests to expand its network and broaden its markets. However, this ongoing investment, including greenfields, acquisitions and the infrastructure of the business, combined with drag from the lighting, grip and lens business, contributed to an EBITDA margin of 40.7% (2022: 45.0%) and a segment profit of C$167m (2022: C$144m) at a margin of 20.2% (2022: 22.9%).

Overall, Group adjusted operating profit increased to $2,640m (2022: $2,056m), up 29% at constant exchange rates. After increased net financing costs of $366m (2022: $233m), reflecting higher average debt levels and the higher interest rate environment, Group adjusted profit before tax was $2,273m (2022: $1,824m).

Statutory profit before tax was $2,156m (2022: $1,668m). This is after amortisation of $118m (2022: $109m) and, in the prior year, exceptional interest costs of $47m.

Taxation

Tax charge for the year

The adjusted tax charge for the year was $568m (2022: $456m), representing an effective rate of 25% (2022: 25%) of adjusted pre-tax profit of $2,273m (2022: $1,824m). The cash tax charge was 13%.

Included within the total tax charge is a tax credit of $30m (2022: $39m) which relates to the amortisation of intangibles and, in the prior year, exceptional items.

Tax strategy and governance

The Group believes it has a corporate responsibility to act with integrity in all tax matters. It is the Group's policy to comply with all relevant tax laws, regulations and obligations including claiming available tax incentives and reliefs in the countries in which it operates. The Group's appetite for tax risk is considered to be cautious and this policy has remained unchanged for a number of years. This approach to taxation is reviewed and approved by the Board on a periodic basis.

While the Board retains ultimate responsibility for the tax affairs of the Group, we have a dedicated internal tax function which takes day-to-day responsibility for the Group's tax affairs. In addition, we seek regular professional advice to ensure that we remain in compliance with changes in tax legislation, disclosure requirements and best practice.

Tax risks are monitored on an ongoing basis and tax matters are reported to the Audit Committee as part of our routine reporting on a quarterly basis.

The Group is committed to having a transparent and constructive working relationship with all tax authorities, including seeking to obtain agreement from tax authorities prior to undertaking material transactions where there is a degree of uncertainty surrounding the appropriate tax treatment.

Legislative changes

We continue to monitor developments in the OECD's work on Base Erosion and Profit Shifting ('BEPS') to ensure continued compliance in an ever-changing environment. In December 2021, the OECD published a framework for the proposed Pillar Two model rules which would introduce a global minimum corporation tax rate of 15% for groups with global revenues of over €750m. We do not expect that the 15% global minimum tax rate would affect materially the amount of tax the Group pays, as corporation tax rates in the jurisdictions in which the Group operates exceed 15%. We continue to follow the guidance issued and other developments closely.

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 was stayed while the appeals put forward by the UK Government and ITV plc proceeded.

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. The £36m ($45m at April 2023 exchange rates) paid has been recognised as a non-current asset on the balance sheet. 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 30 April 2023 ($45m at April 2023 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.

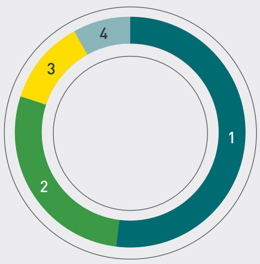
Total tax contribution

For the year ended 30 April 2023, total taxes paid by the Group were $1,494m, comprising taxes borne by the Group of $549m and taxes collected on behalf of tax authorities of $945m.

Taxes borne by the Group by type of tax

As a profitable group, the majority of taxes borne by the Group relate to taxes paid on profits. The $287m net tax paid on profits (as shown in the consolidated cash flow statement for the year ended 30 April 2023) is higher than the $283m current tax charge for the year (as shown in Note 7 to the consolidated financial statements). This is because payments made during the year are generally based on estimates of the full year tax liability in each jurisdiction, which can differ to the tax charge for the year calculated once the Group's results are known.

Taxes borne by the Group by type of tax



Type of tax		
1 Profit	$287m	52%
2 People	$153m	28%
3 Property	$65m	12%
4 Product	$44m	8%
	$549m	100%

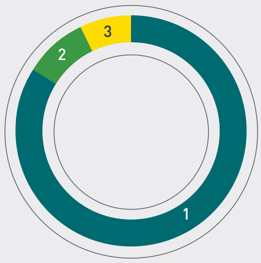
Given the Group's large number of employees, significant employer social security contribution payments are made during the year. The Group also pays property taxes and business rates in relation to the extensive network of stores from which it operates. Product taxes include use tax on certain purchases made in the US and fuel and excise duties associated with the Group's fleet of vehicles.

Taxes collected of $945m comprise $501m of net sales taxes on the products and services we provide to customers and $444m in relation to taxes and social security contributions withheld on behalf of our employees.

Taxes by jurisdiction

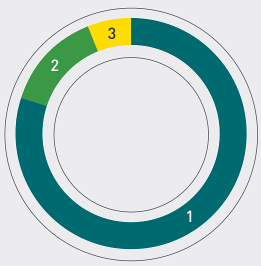
The Group's operations are based in the locations and jurisdictions necessary to best serve our customers and the Group pays tax in accordance with relevant tax laws and regulations in those jurisdictions. As with the split of the Group's revenue, the majority of taxes borne and collected have been paid in the US.

Taxes collected on behalf of tax authorities by jurisdiction



1 US	84%
2 UK	9%
3 Canada	7%

Taxes borne by the Group by jurisdiction



1 US	80%
2 UK	14%
3 Canada	6%

Earnings per share

Adjusted earnings per share were up 27% at 388.5¢ (2022: 307.1¢) while basic earnings per share were up 31% at 368.4¢ (2022: 280.9¢). Details of these calculations are included in Note 8 to the financial statements.

Return on investment

The Group return on investment was 19% (2022: 18%). In the US, return on investment (excluding goodwill and intangible assets) was 27% (2022: 25%), while in the UK it was 9% (2022: 14%). The decrease in the UK reflects reduced volumes, particularly service and sales, supporting the Department of Health as we have demobilised testing sites, and the lower profit margin. In Canada, return on investment (excluding goodwill and intangible assets) was 18% (2022: 20%). This reduction reflects predominantly the drag from the recent performance of our lighting, grip and lens business. Return on investment excludes the impact of IFRS 16.

01 Taxes borne by the Group by jurisdiction

$m	Revenue	Tax collected		Tax borne	
US	85%	791	84%	441	80%
UK	9%	89	9%	76	14%
Canada	6%	65	7%	32	6%
	100%	945	100%	549	100%

Balance sheet

Property, plant and equipment

Capital expenditure in the year totalled $3,772m (2022: $2,397m) with $3,262m invested in the rental fleet (2022: $1,999m). 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 is shown in Table 02 below.

In a strong US rental market, $1,548m of rental equipment capital expenditure was spent on growth while $1,329m 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 30 April 2023 was 35 months (2022: 40 months) on a net book value basis. The US fleet had an average age of 35 months (2022: 41 months), the UK fleet had an average age of 36 months (2022: 37 months) and the Canadian fleet had an average age of 35 months (2022: 36 months).

Dollar utilisation was 61% in the US (2022: 57%), 53% for the UK (2022: 58%) and 55% for Canada (2022: 55%). The improvement in US dollar utilisation reflects the 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. In Canada, dollar utilisation benefitted from a good rate environment but suffered from the drag of the lighting, lens and grip business.

Trade receivables

Receivable days at 30 April 2023 were 48 days (2022: 47 days). The bad debt charge for the last 12 months ended 30 April 2023 as a percentage of total turnover was 0.5% (2022: 0.4%). Trade receivables at 30 April 2023 of $1,385m (2022: $1,174m) are stated net of allowances for bad debts and credit notes of $107m (2022: $86m), with the provision representing 7% (2022: 7%) of gross receivables.

Other non-current assets

Included within 'other non-current assets' are financial assets investments of $41m (April 2022: $40m). These represent two targeted investments in early development-stage companies, which have been made in the US 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.

In the year, the Group made one new investment, namely Britishvolt ($42m; £34m), a UK company involved in the development of electric vehicle battery technology. In January 2023, Britishvolt entered administration following failure to secure additional funding and as a result, the Group estimated the fair value of its investment as $nil and consequently recognised in the third quarter a movement in the fair value of the equity component of its investment ($37m; £30m) through other comprehensive income and an impairment of the $5m (£4m) convertible loan component through the income statement.

Trade and other payables

Group payable days were 43 days at 30 April 2023 (2022: 43 days) with capital expenditure related payables totalling $606m (2022: $363m). Payment periods for purchases other than rental equipment vary between seven and 60 days and for rental equipment between 30 and 120 days.

02 Capital expenditure

	2023			2022
	Replacement	**Growth**	**Total**	Total
UK in £m	**127.8**	**33.2**	**161.0**	158.1
Canada in C$m	**80.8**	**173.4**	**254.2**	200.5
US	**1,329.5**	**1,548.0**	**2,877.5**	1,624.6
UK in $m	**153.5**	**39.9**	**193.4**	214.8
Canada in $m	**60.8**	**130.4**	**191.2**	159.8
Total rental equipment	**1,543.8**	**1,718.3**	**3,262.1**	1,999.2
Delivery vehicles, property improvements & IT equipment			**510.0**	398.1
Total additions			**3,772.1**	2,397.3

03 Fleet and utilisation

	Rental fleet at original cost			LTM rental revenue	LTM dollar utilisation
	30 April 2023	30 April 2022	LTM average		
UK in £m	**1,081**	988	1,049	559	53%
Canada in C$m	**1,438**	1,116	1,277	696	55%
US	**13,407**	11,425	12,381	7,503	61%
UK in $m	**1,358**	1,241	1,260	672	53%
Canada in $m	**1,061**	873	961	523	55%
	15,826	13,539	14,602	8,698	

Provisions

Provisions of $155m (2022: $137m) relate predominantly to the provision for uninsured risk and acquisition-related contingent consideration. The Group's business exposes it to the risk of claims for personal injury, death or property damage resulting from the use of the equipment it rents and from injuries caused in motor vehicle accidents in which its vehicles are involved. The Group carries insurance covering a wide range of potential claims at levels it believes are sufficient to cover existing and future claims.

Our US liability insurance programmes provide that we can recover our liability related to each and every valid claim in excess of an agreed excess amount of $2m in relation to general liability and workers' compensation and $3m in relation to motor vehicle claims. In the UK our self-insured excess per claim is much lower than in the US and is typically £50,000 per claim. Our liability insurance coverage is limited to a maximum of £175m.

Pensions

The Group operates a number of pension plans for the benefit of employees, for which the overall charge included in the financial statements was $40m (2022: $34m). Amongst these, the Group has one defined benefit pension plan which was closed to new members in 2001 and closed to future benefit accrual in October 2020. All our ongoing pension plans are defined contribution plans.

The Group's defined benefit pension plan, measured in accordance with the accounting standard IAS 19, Employee Benefits, was $18m in surplus at 30 April 2023 (2022: $19m). The investment return on plan assets was $36m lower than the expected return while a net actuarial gain of $33m arose, predominantly due to the increase in the discount rate assumption. Overall, there was a net remeasurement loss on the defined benefit pension plan of $3m which was recognised in the statement of comprehensive income for the year.

The most recent triennial actuarial valuation was carried out as at 30 April 2022 by a qualified independent actuary and showed a funding surplus of £11m ($14m at April 2023 exchange rate).

Contingent liabilities

The Group is subject to periodic legal claims in the ordinary course of its business, none of which is expected to have a material impact on the Group's financial position. As discussed earlier, if the findings of the European Commission's investigations into the Group Financing Exemption in the UK controlled foreign company legislation are upheld, we have estimated the Group's potential liability to be £36m ($45m at April 2023 exchange rate). Based on the current status of the investigation, we have concluded that no provision is required in relation to this amount.

Cash flow

Cash inflow from operations before the net investment in the rental fleet was $4,074m (2022: $3,406m). The conversion ratio for the year was 92% (2022: 94%).

Total payments for capital expenditure (rental equipment and other PPE) during the year were $3,530m (2022: $2,164m). Disposal proceeds received totalled $615m (2022: $369m), giving net payments for capital expenditure of $2,915m in the period (2022: $1,795m). Financing costs paid totalled $340m (2022: $231m) while tax payments were $287m (2022: $219m). 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. The exceptional costs in the prior year related to the premium on redemption of the senior notes that were due in 2025 and 2026.

04 Cash flow

	Year to 30 April	
	2023 $m	2022 $m
EBITDA	**4,411.8**	3,609.4
Cash inflow from operations before changes in rental equipment	**4,073.6**	3,406.5
Cash conversion ratio*	**92.3%**	94.4%
Replacement rental capital expenditure	**(1,380.8)**	(829.7)
Payments for non-rental capital expenditure	**(510.0)**	(398.4)
Rental equipment disposal proceeds	**573.6**	343.8
Other property, plant and equipment disposal proceeds	**41.4**	24.8
Tax (net)	**(287.3)**	(218.8)
Net financing costs before exceptional items	**(340.2)**	(231.1)
Cash inflow before growth capex and payment of exceptional costs	**2,170.3**	2,097.1
Growth rental capital expenditure	**(1,638.8)**	(935.7)
Exceptional costs	**–**	(36.0)
Free cash flow	**531.5**	1,125.4
Business acquisitions	**(1,083.2)**	(1,277.4)
Financial asset investments	**(42.4)**	(40.0)
Total cash absorbed	**(594.1)**	(192.0)
Dividends	**(357.8)**	(269.3)
Purchase of own shares by the Company	**(264.4)**	(409.6)
Purchase of own shares by the ESOT	**(12.5)**	(23.8)
Increase in net debt due to cash flow	**(1,228.8)**	(894.7)

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

Accordingly, the Group generated free cash flow of $531m (2022: $1,125m) and, after acquisition and investment related expenditure of $1,126m (2022: $1,317m), a net cash outflow of $594m (2022: $192m), before returns to shareholders. Acquisition expenditure related to 50 bolt-on acquisitions completed during the year as we continue to both expand our footprint and diversify our end markets. Further details are provided in Note 27 to the financial statements.

Capital structure and allocation

The Group's capital structure is kept under regular review. Our operations are financed by a combination of debt and equity. We seek to minimise the cost of capital while recognising the constraints of the debt and equity markets. At 30 April 2023 our average cost of capital was approximately 10%.

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, while allowing us to operate within our 1.5 to 2.0 times target range for net debt to EBITDA pre IFRS 16.

We spent $675m (£523m) under the two-year buyback programme which concluded in April 2023. In May 2023, we launched a new buyback programme of up to $500m over the year to April 2024.

Dividends

The Company has a progressive dividend policy, which considers both profitability and cash generation, and results in a dividend that is sustainable across the cycle. Our intention has always been to increase the dividend as profits increase and be able to maintain it when profits decline. In accordance with this policy, the Board is recommending a final dividend of 85.0¢ per share (2022: 67.5¢) making 100.0¢ for the year (2022: 80.0¢), an increase of 25%. If approved at the forthcoming Annual General Meeting, the final dividend will be paid on 12 September 2023 to shareholders on the register on 11 August 2023.

In determining the level of dividend in any year, the Board considers a number of factors that influence the proposed dividend as detailed above. Ashtead Group plc, the parent company of the Group, is a non-trading investment holding company which derives its distributable reserves from dividends paid by subsidiary companies which are planned on a regular basis to maintain a suitable level of distributable reserves at the parent company.

Net debt

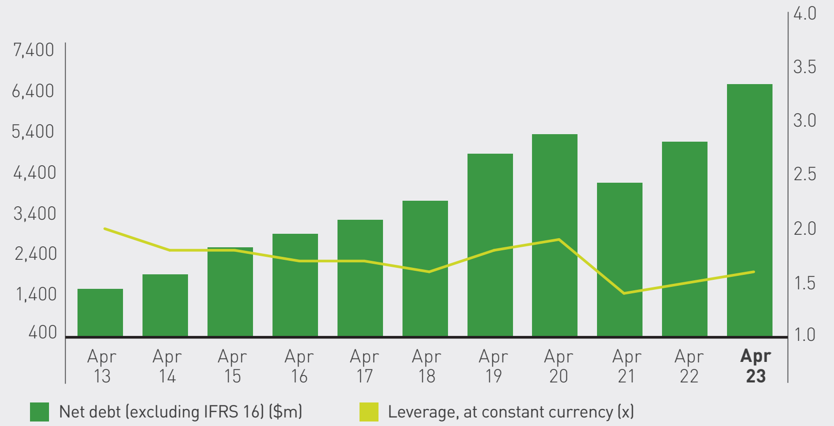
Chart 05 shows how net debt and leverage, measured at constant April 2023 exchange rates, has changed over the cycle. Since 2010, we have stepped up our capital expenditure as rental markets improved. Net debt has increased in absolute terms over the period due to acquisitions, dividends and share buybacks with free cash flow being more than sufficient to fund the increased capital expenditure. Since 2013 we have been operating within our net debt to EBITDA target leverage range of 1.5 to 2.0 times (excluding IFRS 16). Furthermore, our overall balance sheet strength continues to improve with the second-hand value of our fleet exceeding our total debt by $4.9bn.

In greater detail, closing net debt at 30 April 2023 is set out in Table 06 on page 57.

Net debt at 30 April 2023 was $8,960m 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 year ended 30 April 2023 was $4,412m. Excluding the impact of IFRS 16, the ratio of net debt to EBITDA was 1.6 times (2022: 1.5 times) on a constant currency and a reported basis as at 30 April 2023. Including the impact of IFRS 16, the ratio of net debt to EBITDA was 2.0 times at April 2023 (2022: 2.0 times).

Our debt package is well structured for our business across the economic cycle. We retain substantial headroom on facilities which are committed for the long-term, with an average of six years remaining at 30 April 2023. The weighted average interest cost of these facilities (including non-cash amortisation of deferred debt raising costs) is 5%.

05 Net debt and leverage



Debt facilities

The Group's principal debt facilities are discussed below.

First priority senior secured credit facility

At 30 April 2023, $4.5bn was committed by our senior lenders under the asset-based senior secured revolving credit facility ('ABL facility') until August 2026. The amount utilised was $2,152m (including letters of credit totalling $73m). The ABL facility is secured by a first priority interest in substantially all of the Group's assets. Pricing for the $4.5bn revolving credit facility is based on average availability according to a grid, varying from the applicable interest rate plus 125bp to 150bp. The applicable interest rate is based on SOFR for US dollar loans, SONIA for sterling loans and CDOR for Canadian dollar loans. At 30 April 2023, the borrowing rate was the applicable interest rate plus 150bp.

The only financial performance covenant under the asset-based first priority senior bank facility is a fixed charge ratio (comprising LTM EBITDA before exceptional items less LTM net capital expenditure paid in cash over the sum of scheduled debt repayments plus cash interest, cash tax payments and dividends paid in the last 12 months) which must be equal to or greater than 1.0 times.

This covenant does not, however, apply when availability (the difference between the borrowing base and facility utilisation) exceeds $450m. At 30 April 2023, the fixed charge ratio exceeded the covenant requirement. At 30 April 2023 availability under the bank facility was $2,573m ($2,537m at 30 April 2022), with an additional $4,968m of suppressed availability meaning that the covenant was not measured at 30 April 2023 and is unlikely to be measured in forthcoming quarters.

Senior notes

At 30 April 2023 the Group, through its wholly owned subsidiary Ashtead Capital, Inc., had seven series of senior notes outstanding. The $550m 1.500% notes are due on 12 August 2026, the $600m 4.375% notes are due on 15 August 2027, the $600m 4.000% notes are due on 1 May 2028, the $600m 4.250% notes are due on 1 November 2029, the $750m 2.450% notes are due on 12 August 2031, the $750m 5.500% notes are due on 11 August 2032 and the $750m 5.550% notes are due on 30 May 2033.

Minimum contracted debt commitments

Table 07 summarises the maturity of the Group's borrowings at 30 April 2023 by year of expiry.

Except for the Group's lease commitments, details of which are provided in Note 18 to the financial statements, $73m of standby letters of credit issued at 30 April 2023 under the first priority senior debt facility relating to the Group's insurance programmes and $6m of performance bonds granted by Sunbelt, we have no material commitments that we could be obligated to pay in the future which are not included in the Group's consolidated balance sheet.

Current trading and outlook

We enter the final year of Sunbelt 3.0 with clear momentum in strong end markets, which are enhanced by the increasing number of mega projects and recent US legislative acts. We are in a position of strength, with the operational flexibility and financial capacity to capitalise on the opportunities arising from these strong markets and ongoing structural change. The Board looks to the future with confidence.

06 Net debt

	2023 $m	2022 $m
First priority senior secured bank debt	**2,038.4**	2,108.1
1.500% senior notes, due 2026	**546.8**	545.8
4.375% senior notes, due 2027	**595.6**	594.8
4.000% senior notes, due 2028	**595.1**	594.3
4.250% senior notes, due 2029	**594.6**	593.9
2.450% senior notes, due 2031	**743.9**	743.2
5.500% senior notes, due 2032	**737.8**	–
5.550% senior notes, due 2033	**742.9**	–
Total external borrowings	**6,595.1**	5,180.1
Lease liabilities	**2,394.3**	1,995.2
Total gross debt	**8,989.4**	7,175.3
Cash and cash equivalents	**(29.9)**	(15.3)
Total net debt	**8,959.5**	7,160.0

07 Minimum contracted debt commitments

	2024 $m	2025 $m	2026 $m	2027 $m	2028 $m	Thereafter $m	Total $m
Bank and other debt	–	–	–	2,038.4	–	–	2,038.4
1.500% senior notes	–	–	–	549.0	–	–	549.0
4.375% senior notes	–	–	–	–	600.0	–	600.0
4.000% senior notes	–	–	–	–	–	600.0	600.0
4.250% senior notes	–	–	–	–	–	600.0	600.0
2.450% senior notes	–	–	–	–	–	748.4	748.4
5.500% senior notes	–	–	–	–	–	743.0	743.0
5.550% senior notes	–	–	–	–	–	748.3	748.3
	–	–	–	2,587.4	600.0	3,439.7	6,627.1
Deferred costs of raising finance	–	–	–	(2.2)	(4.4)	(25.4)	(32.0)
Cash at bank and in hand	(29.9)	–	–	–	–	–	(29.9)
Net debt (excluding IFRS 16)	(29.9)	–	–	2,585.2	595.6	3,414.3	6,565.2

4

LEAD WITH ESG

Embracing responsible sustainability and success for all our stakeholders, while unlocking the structural benefits ESG will bring to rental across the Group.

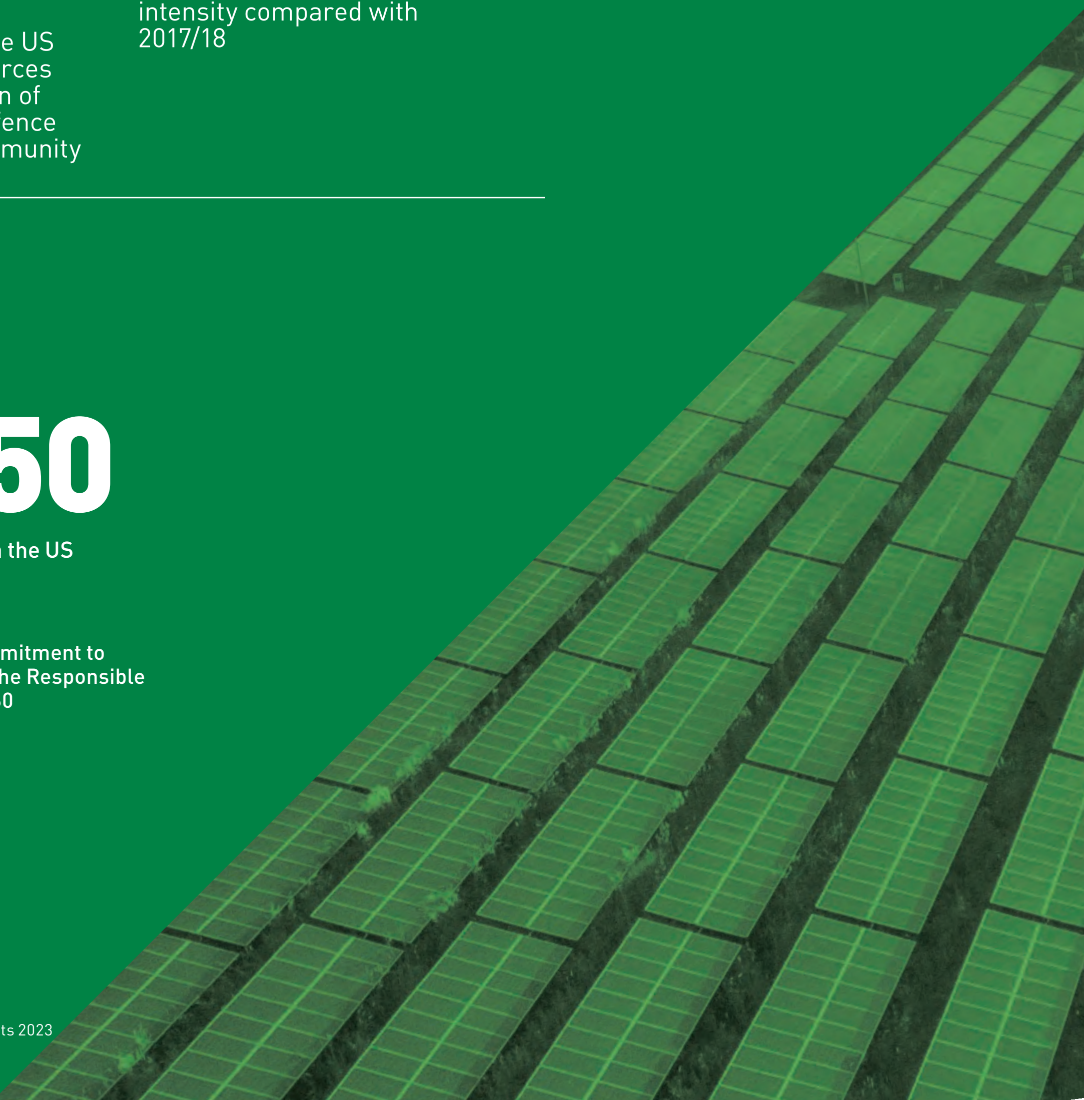
2023 highlights

- Engage for Life: Amplified health and safety culture
- Working with key suppliers to advance greener equipment
- Awarded gold military friendly employer in the US and gold UK Armed Forces Covenant in recognition of our support for the defence and armed forces community
- Continuing support of Weapons Down, Gloves Up getting young people off the streets and into work
- 30% reduction in carbon intensity compared with 2017/18

Top-50

military friendly employer in the US

Read more about our commitment to ESG and our progress in the Responsible business report on page 60



Leading the movement for greener fleet

As the world moves toward a lower carbon future, the pace and scale of technological developments and adoption greatly impacts the availability of low-carbon options for vehicles and rental equipment. For example, currently there is no time tested and widely available transportation solution to replace our Class 8 heavy duty vehicles. As that technology develops, it will take time for manufacturing capacity to develop. Renewal of vehicles and rental equipment must evolve responsibly, as a rapid or premature changeover of assets would result in a significant number of assets, and the natural resources consumed in their production, going to waste.

To address some of these challenges, we are exploring interim solutions that can work for us and our customers. For example, HVO (hydrotreated vegetable oil) is an alternative drop-in fuel, meaning it can be used in an internal combustion diesel engine with no modifications necessary. Since HVO is not yet widely available and is costlier in most locations as compared with regular diesel, we are in dialogue with governmental stakeholders and suppliers in North America and the UK to identify ways to make HVO more widely available and affordable. We are also mapping suppliers aligned to our operations to identify those markets where we can progress this offering to customers more rapidly.

DRIVING REAL CULTURAL CHANGE

Being a responsible business has always been a priority for us. We are passionate about improving the lives of our people, contributing in a positive way to the environment, engaging in the communities in which we live and work and ensuring strong governance for our business.

Embedding 'Lead with ESG' as one of the actionable components of our Sunbelt 3.0 strategy has increased further our focus and brought about the incorporation of sustainability thinking into the culture of the organisation. It has also given fresh impetus to our initiatives and programmes. We were delighted to issue our first standalone Sustainability report during the course of this year. This Responsible business report works alongside the Group's more detailed disclosures within the Sustainability report to provide information for stakeholders on our activities on ESG. We expect this year's Sustainability report to be published in Autumn 2023.

How we prioritise ESG

At Ashtead, we have always prioritised the safety of our people, customers and members of the communities we serve. We provide our customers with a reliable alternative to ownership, support the communities we serve across our store network, limit the environmental impact of our operations and ensure a strong governance framework. Our ESG priorities are to operate in the most sustainable and responsible way in all areas of our business.

Lead with ESG is about engagement, action and results; embracing responsible sustainability and success for our people, our customers, our communities and our investors, while unlocking structural benefits ESG will bring through increased rental penetration. We have analysed the issues and impacts that are most important and material to our business and stakeholders in our defined areas of focus as set out in our sustainability wheel.

Material topics

As part of our risk management process, we assess regularly the most material matters to the Group, including those related to sustainability, and assess their potential impact on our business and the generation of long-term value. We have segmented our commitments into four key areas: our people; the environment; our communities; and governance. In this Responsible business report we focus on our people, the environment, and our communities:

- Our people: health and safety is fundamental to our culture and is at the forefront of everything we do, underpinned by the next phase of our Engage for Life programme, Engage for Life: Amplified. Retaining and attracting good people is key to delivering superior performance and customer service and progressing our culture. A skilled and committed workforce is fundamental to the Group's long-term success and key to this is treating everyone fairly and with respect.
- The environment: rental is a prime example of the circular economy with significant benefits to the environment from rental versus ownership at all stages of the business life cycle, from supply chain and operations, to customer use and end of life of equipment. We prioritised our environmental commitment as part of Sunbelt 3.0 to drive performance and enhance transparency regarding our activities and achievements.
- Our communities: with our ever increasing scale, we are present in many local communities with the opportunity to be a force for good through community support, job creation and recruitment, charity support, volunteering and responding to emergencies.
- Governance: we are committed to the highest standards of governance with further details provided in this Responsible business report and the Corporate governance report.

The Group's activities help advance the United Nations Sustainable Development Goals (SDGs). We have identified the eight goals to which we believe we can make the most contribution through our focus on recruitment and training, focus on diversity, equity and inclusion, the development of our products and management of our operations. Further details are provided in the Group's Sustainability report.

How we monitor our work

A robust approach to corporate governance is the foundation for delivering our strategy and ensuring our growth is both responsible and sustainable. The tone from the top, risk management and transparency are all elements that are essential to our business performance and its sustainability. We understand that identifying metrics in measuring our performance is important and have a number that we monitor, including health and safety incident rates, employee engagement, staff turnover and carbon intensity. We report on these in this report.

The Group's Board of directors is responsible for monitoring the progress we make against our strategic ESG objectives and the targets we have set. The Board is assisted in this function by the Group Risk Committee which is chaired by our chief financial officer. Included on the Group Risk Committee is the Group's managing director of ESG.

For further information on the Group Risk Committee, its members and priorities in current and forthcoming years, please see pages 40 to 45.

OUR PEOPLE

3 GOOD HEALTH AND WELL-BEING
4 QUALITY EDUCATION
5 GENDER EQUALITY
8 DECENT WORK AND ECONOMIC GROWTH

Health & safety

The Group's success is built on a culture which places health and safety at its core. We are committed to improving continually our safety performance, both in how we operate and the equipment and services we provide for customers. We believe that being recognised for excellence in health and safety provides us with significant competitive advantage.

We target safety improvement through health and safety programmes and encouraging employees to keep their own safety and that of their colleagues in mind at all times. Our safety training for employees, managers and leaders reinforces the importance of a safety-first mindset and we pay particular attention to 'near misses' as a way of continuing to understand and focus on safety risks. All incidents and 'near misses' are investigated and responded to swiftly.

Our health and safety mindset goes beyond core safety programmes. For example, our 'Power Up' initiative ensures our employees are 'ready to go' every morning, encouraging our team members to have a broader view of their wellbeing.

Safety initiatives

We encourage staff to take responsibility for their own safety and have core safety processes across all our stores. These include:

- our team members are trained regularly on the safe use of relevant equipment for their role;
- the near miss programme, which provides insights into our exposures across our business;
- the pre-task planning programme (Take 10 Programme), which requires everyone to take at least 10 seconds to think through the job they are about to do using a pre-task planning checklist. Examples of tasks where this is applied are loading/unloading, wash bay work, checking equipment in, and technicians repairing or conducting routine maintenance on the equipment;
- the Safety Committee engagement programme, which ensures stores hold safety meetings and engage in topics such as near miss reporting, being more observant in looking for exposures, corrective action closure, etc. Weekly safety communications and briefings are also issued to all team members, further encouraging continual dialogue in relation to safety matters at all levels of the organisation, via email and through our employee engagement app; and
- Regional Safety Managers present in our business, who engage on a daily basis with team members. Their role includes truck inspections, facility assessments, training and listening to feedback from our people.

Our senior leadership teams have weekly safety meetings to provide focus towards developing solutions that can be replicated across the Group. We hold annual safety weeks designed to increase awareness of the importance of safety across the business.

Driver and vehicle safety

Our fleet of vehicles drives more than 300 million miles every year delivering our fleet and servicing the needs of our customers. Covering this distance means safety on the road for our drivers and other road users is paramount. While we have one of the safest fleets in the equipment rental industry, we continue to focus on safety through our commercial vehicle training programme and defensive driving courses so we can target ways in which we can further reduce our incident rate.

Our driver safety programmes use onboard telematics to help us prevent unsafe behaviours or activities on the road. Through this programme, we are introducing cameras into our delivery and service vehicles, with c. 1,400 cameras installed to date. The use of this technology enables real-time feedback on behaviours which could lead to vehicle incidents (e.g. lane departures, critical distance or in-cab behaviours). It also enables recognition of positive actions and a job well done. While the use of onboard technologies is designed to improve driving behaviour, it also provides incremental benefits through reduced fuel use, enhanced engine and vehicle maintenance and fewer accidents. In addition, drivers participate in online risk assessments that identify safe and unsafe behaviours through interactive driving modules. By identifying the risk profiles of our drivers, we are able to develop specific adaptive learning programmes for them.

ENGAGE FOR LIFE AMPLIFIED

Engage for Life: Amplified
Our Engage for Life health and safety programme is built on three pillars: culture, community and commitment. We are focused on building a culture that eliminates serious injuries or fatalities ('SIFs'), aligns our best practices, and ensures we all have the right skills to complete work safely. An important component of Engage for Life is that we demonstrate the dedication to the well-being of our team members, their families and communities, while supporting and encouraging team members' safety development. We were recognised by the Board of Certified Safety Professionals ('BCSP') as a Diamond Class Certification Sponsor, for supporting our team members in achieving safety certification, with over 185 team members having completed the programme. This year saw the launch of Engage for Life in the UK and, in North America, Engage for Life: Amplified, taking the programme to the next level in terms of embedding it deeper within our culture.

Working on safety with our customers and suppliers

Being a responsible business means sharing and promoting our safety culture with our customers and suppliers whenever possible. We have the highest safety expectations for all our equipment suppliers. For our customers, we have dedicated mobile elevated work platform, forklift and earth moving operator trainers and we offer customised training programmes to fill their needs. We work with customers' safety teams to develop customised training courses, sometimes for a specific jobsite and participate in training days for major customers, demonstrating safe use of equipment and running training seminars. This is in addition to the routine safety briefings that accompany equipment rental. We see this as an area of added value and a way to enhance safety with those we work with and across our sector more widely. We now offer dedicated full-time safety trainers for our customers in 145 markets across North America and have 31 accredited training centres in the UK.

Our customer training covers a broad range of topics including:

Operator training

- Mobile elevating work platforms, boom lifts and scissor lifts
- Forklifts, warehouse and telehandler rough terrain
- Earth moving equipment, loaders, excavators, backhoes
- Traffic control management

Train the trainer

- Mobile elevating work platforms
- Forklifts
- Earth moving equipment
- Fall protection

Scaffolding

- User hazard awareness
- Competent person
- Suspended platforms hazard user awareness
- Suspended platforms competent person
- Customised courses available
- Working at height safely

01 Recordable accidents

		2023		2022	
		TRIR	**RIDDOR**	TRIR	RIDDOR
US	Recordable accidents	**253**	**73**	190	74
	Incident rate	**0.97**	**0.15**	0.90	0.17
Canada	Recordable accidents	**18**	**5**	25	5
	Incident rate	**0.89**	**0.12**	1.49	0.15
UK	Recordable accidents	**n/a**	**23**	n/a	18
	Incident rate	**n/a**	**0.25**	n/a	0.22

How we monitor performance

We monitor and analyse health and safety incidents and 'near misses', investigating and analysing root causes to help identify recurrent issues and risks, and implement preventative controls. The importance of health and safety is reflected in the fact that the number of reportable accidents is one of our group-wide KPIs (see page 39).

We continue to develop and improve our incident management system which enables us to manage incidents while allowing us to investigate, analyse root causes and track corrective/preventative actions. The tracking and reporting of 'near misses' is an area we are looking to improve as the lessons learnt are as instructive or often more so than from actual incidents.

This year, the US had 2,036 reported incidents relative to an average workforce of 17,902 (2022: 1,326 incidents relative to an average workforce of 14,934), Canada has 372 reported incidents relative to an average workforce of 1,879 (2022: 223 incidents relative to an average workforce of 1,575) and in the UK there were 190 reported incidents relative to an average workforce of 4,262 (2022: 193 incidents relative to an average workforce of 3,947). For the purpose of our internal tracking, the term incident does not necessarily mean our employee was hurt or injured. Instead, it represents an incident that we want to track and report for monitoring and learning purposes.

Reportable incidents are measured differently in North America and the UK due to different regulatory frameworks. In the US and Canada, reportable accidents are reported in accordance with OSHA (Occupational Safety and Health Administration), referenced as a Total Recordable Incident Rate ('TRIR') whereas in the UK, reportable accidents are reported in accordance with RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations). Under the different definitions, more incidents are generally identified in North America as being reportable than in the UK.

To compare performance between our main operating countries we measure incidents using RIDDOR, as shown in Table 01. All safety and health reporting is made through our online reporting system.

We remain committed to reducing these rates as much as possible and continue to see progress across the businesses.

In addition to monitoring reportable incidents, we have developed a set of performance predictors. These are a set of six leading indicators that monitor each month's activities supporting our safety culture and performance. The leading indicators are mostly centred on engagement and include topics such as safety meeting attendance, safety committee participation and defensive driving programmes. These are recorded in our online safety reporting system.

Human capital

Developing our people

The commitment and skills of our workforce contribute directly to our success. Whatever level an employee is at in the business, we aim to train them to improve their skills and give them opportunities for career development through clearly defined, but flexible career pathways. To keep the best talent in the business, we need to match our people's career ambitions by providing a clear route for progress and development. We offer a wide range of technical, sales, management and leadership training to all employees.

For our largest group of employees, skilled trades, we have two main approaches to develop talent: career pathing and career progression. Career pathing is about providing employees with a clear promotion pathway within the business. For example, for a driver or technician to become a store manager, we have a career pathway with associated training courses that provide the skills needed for the next step on that particular career pathway. With this option, a team member can see the skills they need to develop and demonstrate to progress in their career towards a management role.

For those that want to progress within their specific job area, we offer career progression. Within our skilled trades employee group, this provides a clear progress path that will enhance an employee's skills, ability and experience within their trade or job role. For example, technicians can achieve four skill levels, with each level requiring progressively more in-depth and expert skill and knowledge. To pass from one level to the next, the team member has to pass an evaluation that shows their skills match the next step on the ladder.

For frontline leaders in our store network and other leaders in central operations, we offer a range of leadership or senior leadership training. These courses ensure our leaders are equipped with the skills to deliver on our business strategy. These include inclusive leadership, coaching, performance and financial management, training skills and customer experience.

Our career development and training initiatives include:

- technician apprenticeship and training programmes;
- paid apprenticeships for trade school students approaching graduation;
- the Jumpstart Sales programme;
- the Jumpstart Manager In Training programme;
- intern programmes both in stores and at the support office;
- a leadership curriculum for all store managers;
- an Executive Leadership Development programme; and
- coaching skills training for store managers to enable better coaching and mentoring of staff.

The Group's career development and training programmes are managed through an online Learning Management System ('Sunbelt University') that delivers, tracks and manages all our training. Furthermore, we have mapped skills against a qualification framework so team members and leaders can identify learning and development needs, whether for annual compliance purposes or to support career progression.

Employee engagement

Getting ongoing feedback on how our staff are feeling and then making any changes necessary, is crucial to maintaining a happy and fulfilled workforce. We pride ourselves on having a strong culture, with a strong sense of purpose amongst our team members who take their responsibilities to assist customers and communities seriously. There is also a strong sense of pride in a job well done, such as when we are helping people get back to normal after a natural disaster, such as a flood, fire or tornado event. We conduct regular employee surveys in North America and the UK, which have received excellent levels of response. We have been delighted with the results so far, which show a high degree of employee engagement and satisfaction but highlight areas where we can improve.

In North America, our Express Yourself Survey received an 84% participation rate with an 88% engagement score. In the UK, participation in the latest survey was 86% with an 80% engagement rating. Responses to the surveys are overwhelmingly positive. We analyse the results and identify areas for improvement, developing action plans down to a local level.

Example Career Pathways: Driver to store manager

Driver	Dispatcher	Store manager
Understanding all aspects of the business, including being part of high-performance teams, safety, and customer service. To prepare for becoming a dispatcher, employees complete a development programme on basic leadership skills.	12-month period of education, experience and exposure, with leadership and team development training. To prepare for becoming a store manager, employees complete a development programme on team leadership.	The Sunbelt leaders programme provides leadership skills and training to help staff focus on operational and financial performance goals.

Workforce turnover

We aim to hire the best people, train them well and look after them. This ensures our employees provide the best customer service. We invest in our employees and aim to retain them in the Group so we can build on the skills base we have in the business. We recruit extensively from the communities we serve. You will find detail about our recruitment in the section on Communities on page 72.

Our sector generally suffers from high turnover rates, especially in some of our skilled trades, such as drivers and mechanics. Our voluntary staff turnover is 17% in the US (total staff turnover is 21%), 20% in Canada (total staff turnover is 29%) and 20% in the UK (total staff turnover is 23%). Our analysis shows that around two-thirds of turnover happens within the first two years of an employee starting to work for us. As a result, we continue to focus on improving our recruitment process, which means finding the right employees for the right openings. We have also reviewed and redesigned our employee onboarding to ensure new recruits get the support and guidance they need from the very beginning of their career with us.

Pay and benefits

Pay and benefits is one of the most significant factors in attracting and retaining the best people. Our employees' pay and benefits are made up of competitive fixed pay and a range of benefits and incentive programmes to motivate employees and support our business' success. Sunbelt UK is an accredited Living Wage Employer while in North America we have adopted a Leading Wage approach to ensure all employees are paid an hourly rate more than the state and federal recommended rates and at a level which is competitive to the market.

In addition, we provide a comprehensive package of benefits ensuring they represent affordable and smart choices for employees. Each benefit offering has been designed to work with another, providing a financial safety net that serves those employees in need, as well as providing us all with a proper sense of security. In the US we offer robust and comprehensive medical coverage and have limited increases in member contribution rates despite the increasing costs of healthcare. By continuing to promote wellness, we intend to maintain a fair and balanced health plan that is considered one of the best in our industry. Our retirement plans are well received with a 95% enrolment rate in our US 401(k) plan, 91% enrolment rate in Canada and 91% of UK employees participating in the pension plan.

Furthermore, we have an employee assistance helpline which offers free confidential support and advice to those in need. We also have other benefits to promote good health amongst our employees. In the UK we have a flexible holiday arrangement enabling employees to purchase additional holiday entitlement or sell unused or unwanted holiday back to the Company, giving the employee more flexibility and choice in how they use their contractual benefits.

EMPLOYEE SPOTLIGHT

Prudence Wangu, Team Lead, Lighting, Grip and Lens

Prudence Wangu graduated in Nairobi with a degree in acting and then left Kenya to travel to Canada. After a difficult start, including living in a shelter for six months, she eventually found her way to William F. White where she began to thrive. "My trajectory is both encouraging and motivating – hard work and perseverance are rewarded in this organisation, no matter where you are from. Despite being alone in a country not my own, I have found my family [at Sunbelt]." Prudence applies that same family approach to helping carve a path for the next generation of women leaders, recommending encouragement, empathy and compassion when it comes to leading a team.

Social opportunities

Diversity

Our recruitment comes predominantly from the areas immediately around our locations, therefore providing opportunities for local people and providing a positive impact on local communities. Providing equal opportunities for all is a priority for the Group. We do not discriminate on the basis of a protected status, such as sex, colour, race, religion, native origin or age. In the US we are required by law to monitor ethnicity in our workforce and we maintain a diverse workforce with c. 30% of the US workforce identifying themselves as being non-white. We also gather diversity data as part of the recruitment process in the UK and seek to monitor our diversity, although the information held is less complete than data in North America where information has been gathered over a longer period. We are committed to providing opportunities for people across our organisation regardless of gender, ethnicity or other characteristic.

Our goal is to respect our collective experiences and unique perspectives from across the Group. Despite working in a traditionally white male-dominated sector, we are striving to make our workforce more diverse and want our people to reflect the communities which we work in and recruit from. With this in mind, we continue to strengthen our approach to diversity, with the rollout of a diversity, equity and inclusion playbook for all team members in North America, outlining our approach to diversity, what it means and our plans in this area. Training was also developed and rolled out to all employees. Our employee resource groups seek to advance an inclusive culture that empowers individuals and provides equitable opportunity for team members and the communities we serve. We have a similar initiative in the UK called 'Let's Talk Belonging' which facilitates 20 equality, diversity and inclusion ambassadors across the UK who promote diversity within the business.

Workforce by gender

We are focused on the gender composition of our workforce but understand our workforce reflects the nature of our business, the industry in which we operate and the markets we serve, with just 12% of the Group's workforce being female. A significant proportion of our workforce are mechanics, technicians and drivers, virtually all of whom have been male historically. Therefore, while across our workforce we seek to promote an increasing presence of women in the business, and we have seen success in some areas of our business such as within professional functions, sales and customer service, we recognise that some roles will continue to attract fewer women.

Nevertheless, while our industry has traditionally had many more men than women, we do have women at all levels of the Group, from the Board to store level. While four members of our Board (44%) are female and we have women on our senior management teams and as store managers and sales executives, we realise we have work to do to increase the number of women throughout the business.

We continue to prioritise recruiting the best people for every role and are working to make it easier for more women to join and remain with the organisation. We believe that in doing so, we will move towards achieving a greater level of female representation across the Group at all levels starting from the grassroots of our organisation.

Ashtead pays men and women the same salary for the same role with the actual remuneration being based on skills, experience and performance.

However, as a result of our mix of employees and the roles they undertake, the average pay of men and women differs across the business. Summarised in Table 03 is the amount by which average pay for men exceeds that for women.

02 Workforce by gender

Number of employees	Male	Female	Female %
Board directors	5	4	44%
Senior management	28	9	24%
All staff	22,226	3,129	12%
By region			
US	16,906	2,081	11%
Canada	1,781	313	15%
UK	3,539	735	17%

03 Pay gap

	Pay gap
US	4%
UK	1%
Canada	4%

Employee wellbeing

It is crucial that our workforce is a healthy one, both physically and mentally, and we work hard to look after our people and help them look after themselves. When our staff are on top form, they provide the best service to our customers. We are also there to help when they find themselves in difficulties.

In the UK our 'Let's Talk' wellbeing programme started with 'Let's Talk Mental Health' volunteers completing a two-day professional Mental Health First Aider course (MHFA England) and we plan to train more staff in this important area. In North America, mental health support is available through our employee engagement app and via the employee assistance programme.

In North America, the Sunbelt Rentals Employee Relief Fund was created to support employees who are facing financial hardships after a natural disaster or other life-changing events. The Fund was established initially to help the victims of Hurricane Charley in 2004 and is now a part of our long-term strategy to assist team members through catastrophic financial hardship. Any employee of Sunbelt Rentals is eligible to receive relief from this fund for the benefit of themselves or their immediate family members living in their household.

ENVIRONMENT

Protecting the environment is not just the right thing to do; we believe rental has a significant part to play. The environmental benefits of renting equipment rather than ownership are clear. The Group purchases equipment from suppliers with strong reputations for product quality and reliability with whom the Group is working to reduce the environmental impact of equipment usage. Many customers using one piece of modern application-specific, world-class manufactured, well-maintained and safe equipment as part of a sharing economy is better for the planet. It results in the manufacture of fewer assets, use of fewer natural resources, more efficient use of assets, and finally, fewer assets reaching end of life and therefore requiring disposal. Maintaining our equipment to the highest standards and investing in the newest and most eco-efficient technology reduces emissions further during its use and extends equipment life. For example, the increased use of telematics enables more timely intervention where required, thereby increasing efficiency and reducing emissions.

We prioritised our environmental commitment as part of Sunbelt 3.0 to drive performance and enhance transparency regarding our activities and achievements. Our primary environmental goal is to reduce our Scope 1 and 2 carbon intensity per $m of revenue by 35% by 2030 and to achieve an interim target of 15% by 2024. In doing so, we are focusing our efforts on company-owned vehicles, which account for around 80% of our greenhouse gas emissions from operations. While remaining committed to reducing emissions in our own operations, we are also continuing to work as a partner in innovation with our equipment suppliers to develop and bring to market more efficient, lower carbon-emitting options. We are also increasingly delivering integrated and environmentally responsible rental solutions for our customers. Ultimately, these activities will reduce the indirect (Scope 3) environmental impact of our operations.

Climate change

Climate change has the potential to impact our business, both positively and negatively. For example, while we benefit from the diversified nature of our operations, adverse weather events or natural disasters could negatively affect economies and disrupt our business day-to-day. However, they could also increase the demand for our services as we respond to the needs of our communities managing and recovering from such events. Our climate change focus is centred on our impact on the environment and how we can reduce it through both our direct and indirect activities. We monitor our performance in a number of ways, including assessment of:

- fuel usage;
- electric and gas usage; and
- fleet telematics.

As a growing business with ambitious expansion plans, our absolute greenhouse gas ('GHG') emissions will necessarily increase in the near-term as the size of our rental fleet and geographical footprint grows. While we believe that rental provides a long-term net environmental benefit from the shared use of modern, well-maintained assets, we continue to evaluate the most efficient and effective approaches to limit the increase in our GHG emissions as we continue to grow. While our absolute carbon emissions will increase in the near term, we are committed to reducing our carbon intensity. We also believe that our absolute carbon emissions will decrease in the longer term as technological solutions develop and we position ourselves to be at the forefront of bringing this technology to market.

Greenhouse gas emissions

The Group's direct energy consumption arises predominantly from the diesel and petrol used in our vehicle fleet, the gas consumption in our facilities and our purchased electricity.

Our Scope 1 (fuel combustion and operation of facilities) and Scope 2 (purchased electricity) GHG emissions are reported in Table 04 on page 69, together with details of the energy consumption used to calculate those emissions.

In order to calculate the GHG emissions and total energy consumption in mWh, we have used a 'market-based method' in accordance with the GHG Protocol Corporate Accounting and Reporting Standard (revised edition), together with emission factors from the UK Government's GHG Conversion Factors for Company Reporting 2022, the latest available emission factors from the US Environmental Protection Agency and the Environment and Climate Change Canada. In addition:

- in the US and Canada, due to the size of our operation and range of fuel and electricity providers, we collect data from the significant vendors and then use this to estimate emissions attributable to the balance. In addition, we are required to estimate electricity usage between the most recent meter reading and the year end date. As such, for the year ended 30 April 2023, approximately 9% of the North American emissions balance was estimated; and
- in the UK, we collect data from all Scope 1 and 2 suppliers and hence, there is no estimation involved.

04 Greenhouse gas emissions

		2023		2022	
		UK	**Total**	UK	Total
Scope 1	tCO_2e/year*	**31,288**	**340,782**	30,099	302,843
Scope 2	tCO_2e/year*	**776**	**30,380**	357	26,977
Total	tCO_2e/year*	**32,064**	**371,161**	30,456	329,820
Energy consumption used to calculate emissions	mWh	**148,497**	**1,511,320**	131,148	1,317,129

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

In the current year, our total Scope 2 emissions resulting from our US operations have been impacted by the sourcing of electricity in certain locations from renewable sources which are REC (renewable energy certificate) backed (12% of our US consumption). We will continue to explore the options available to us to extend the sourcing of purchased electricity from renewable sources where market regulation allows. In the UK, we source all electricity from renewable sources which are REGO (renewal energy guarantees of origin) backed except for a small number of locations where energy is sourced by a third party.

As commented above, while we are focused on reducing our carbon emissions, they are likely to increase as we grow over the medium-term until technological advancements and increased manufacturing capacity reduce reliance on the diesel engine or diesel substitute fuels become more widely available. Thus, at this stage, our key performance metric is carbon intensity as we look to mitigate our environmental impact. Our level of GHG emissions vary with our activity levels which are in part reflected in our revenue levels. Accordingly, we have concluded that the most appropriate intensity ratio for Ashtead is revenue intensity.

Our intensity metric is therefore carbon emissions per million dollars of revenue (tCO_2e/\$m).

	2023	2022
Carbon intensity ratio – emissions per \$m of revenue (tCO_2e/\$m)	**38.4**	42.2

On a constant currency basis (using this year's exchange rates) our intensity ratio has reduced 11% from 42.9 to 38.4.

GENERATING OUR OWN POWER

Our first solar power installation went live at our Warner Robins store in Georgia. We installed 108 photovoltaic solar panels, which will produce almost 100% of the store's electricity needs. Energy simulations for the installation estimate annual electricity production of 63.5 mWh, delivering savings of 45 tonnes of CO_2 emissions. Where we can source alternative energy and save on emissions in a cost-effective manner, this is what we will do.

Expanding our emissions reporting

Historically we have not reported Scope 3 emissions due to the difficulty in gathering accurate and reliable information. Nevertheless, we are working to quantify our Scope 3 emissions so we can monitor them and report on them in the future and have completed a review of the Group's Scope 3 carbon footprint to identify which of the Scope 3 categories are relevant to the Group and of those, which we believe will be most material. As a result, we have concluded that the majority of our Scope 3 emissions arise through our customers' use of our equipment on their sites and projects (category 13), emissions from the use of sold rental equipment subsequent to our ownership (category 11), all of which are required to be accounted for in the year of disposal, and the embedded carbon in our supply chain (category 2). Consequently, they are based on broad assumptions across a huge number of assets which are inherently difficult to validate, including annual hours of use, average fuel consumption, average engine load factor and, for category 11, the total lifetime hours of use of assets subsequent to our ownership. Accordingly, our Scope 3 emissions will always be subject to a significant application of judgement and hence a high degree of estimation uncertainty. We expect to complete this work in 2023/24.

Waste and water

Reducing waste going to landfill, increasing recycling and reducing water use are all part of Lead with ESG. We are strengthening our processes in these areas and establishing metrics and targets.

Waste

Our business model necessarily promotes less waste overall going to landfill because we are renting the same piece of equipment to many customers and maintaining it to such an extent that it has a long product life. If each of our customers were buying all the equipment they need, perhaps using it only a few times and then disposing of it, there would be considerably more equipment going to waste than with a rental model. We are working proactively with our supply chain to increase the amount of recycling of our equipment that can be done to avoid even obsolete equipment going to landfill.

To assess more accurately the volume of waste we generate and recycle, we are working with our waste contractors across each of our locations and are pursuing programmes to reduce the volume of waste we produce in all our territories. We are working with suppliers to reduce the packaging included with products we procure and are partnering with them to develop takeback programmes for equipment packaging and protective materials. We offer recycling at our rental sites, partnering with suppliers to enhance the recyclability of products.

Reducing water use

Our approach to water stewardship is to focus our efforts where water is scarce. We have used the World Resources Institute's Aqueduct tool, which helps organisations identify their water risks, to map where we are operating in areas of water stress or high-water stress.

Across the Group, 23% of our stores are in areas of water stress or high-water stress, principally in California and the southwest and central states of the US. This provides a blueprint for where we are targeting water-saving initiatives by introducing technology to help reduce water use in these areas.

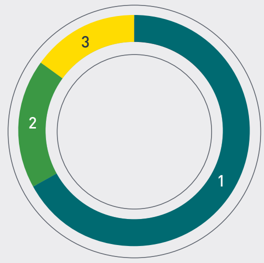
Water saving initiatives available to us include the use of closed loop wash systems where we reuse water many times over, as well as water recovery systems where we capture water run-off for use within wash-bays.

Environmental opportunities

Unlike many other companies, we believe an increased focus on the environment will also bring significant competitive advantage. There are two main factors contributing to this opportunity.

Firstly, as regulations change requiring greater use of lower carbon technologies, companies will voluntarily choose to use more environmentally friendly equipment. However, emerging technology is more complicated, requiring a different skill set to maintain, and more expensive, at least initially, than existing technology. Consequently, it will be more efficient for companies to rent equipment from us rather than buying it, providing an additional impetus to the shift from ownership to rental.

05 Group fleet composition



1	Fossil fuel	67%
2	Electric	18%
3	Other, inc. non-powered	15%

Secondly, the more extreme weather events associated with climate change, such as hurricanes, wildfires, and extreme precipitation and flooding, lead to the kind of damage that requires a rapid response and clean-up operations in which we are highly experienced. Our disaster response capability is one of the specialty areas in which we are known to excel and increased frequency of extreme weather events is likely to increase demand for our products and services.

Fleet composition

Every year we invest millions of dollars in new equipment and fleet which produces less carbon, less particulate matter and needs less maintenance and servicing. We work closely with our suppliers to develop the next generation of equipment. Consideration of maintenance and servicing requirements as well as what happens at the end of a product's useful life are a key part of this process, as we believe that true sustainability needs to consider a holistic, whole life cycle approach. We replace our rental assets every seven to eight years and as we retire older equipment, the new equipment we buy delivers efficiency improvements. But we do not simply rely on these incremental improvements.

The chart above shows the composition of our fleet today. While it will take time before a significantly greater proportion of our fleet moves away from diesel power, approximately 20% of our rental fleet is already powered by alternatives to traditional diesel power, including battery, electric and hybrid options. The large majority of our diesel-powered fleet also meets the most stringent North American and European emissions standards and we have one of the most modern fleets of rental equipment in the industry. We have focused on investing in next generation, low- and zero-emission technology including battery, electric, solar and hybrid options, and are committed to working closely with all our suppliers to help them develop the most environmentally sustainable equipment.

In addition, we have developed partnerships with suppliers to introduce alternative energy and fuel solutions for our customers. For example, HVO (hydrotreated vegetable oil) fuel can replace diesel with no changes required to the engine or operational infrastructure and is approved for road and non-road use. It has been shown to create a significant reduction in net carbon emissions (CO_2e) over the entire life cycle.

Leading and partnering in innovation

We are not content with simply being a buyer of next generation equipment; we want to influence and support our larger suppliers to accelerate the shift to a low-carbon economy. We have hundreds of thousands of rental customers and are also a major buyer of equipment from the large manufacturers. We are well placed to understand customer demand for environmentally sustainable equipment, are knowledgeable about the everyday demands on equipment and continuously support manufacturers in meeting these requirements with their product development. We work closely with manufacturers to help them design, develop, trial, and bring to market innovative, environmentally sustainable equipment, including electric versions of the most widely used pieces of rental equipment. At the same time, our desire to invest in new and low-carbon technology demonstrates to them there is demand for these products. Finally, by bringing new products to a wide audience of customers in the rental market, we help develop acceptance of new equipment and drive further demand.

As part of our efforts in this area, we have made targeted investments, working with innovative start-up manufacturers in the areas of portable battery power, and battery design and packaging.

Electrifying our company vehicles

Over 80% of our Scope 1 and 2 carbon emissions come from our vehicle fleet. We drive over 300 million miles each year delivering and collecting our rental equipment with a fleet of over 14,500 company vehicles. Tackling emissions from our vehicle fleet is therefore a key area of focus for us and we are doing this in two ways:

- using the vehicles that we have in the most efficient way possible. We do this through onboard telematics to monitor driving efficiency and track fuel use, while also focusing on route and load optimisation, optimal maintenance schedules for vehicles and deploying fuel efficient tyres and tyre pressure monitors; and
- shifting our vehicle fleet away from traditional fossil fuels to alternative fuel types. For example, we are working with our manufacturers to test a range of EVs for the business across our sales, service and delivery fleet. This is an area that will deliver significant carbon savings but will take longer to establish and require capital investment, both in relation to the purchase of the vehicle but also in developing the charging infrastructure, which is reflected in our financial planning.

In North America, we have started trialling Ford e-Transit vans and have also ordered 10 fully electric Class 8 trucks. The trucks from Peterbilt and Freightliner will allow us to start assessing the benefits and challenges of running fully electric heavy trucks in terms of mileage, efficiency, cost and maintenance. All our Class 8 trucks will operate in stores in California where distances between our stores and customers are shorter and more suited to EVs.

By far our biggest vehicle commitment is an order of up to 700 Ford F-150 Lightning electric light duty trucks. This will account for a significant portion of our fleet of around 2,500 Ford F-150s and we have deployed c. 400 vehicles into our service and rental fleet in 2022/23.

OUR COMMUNITIES

8 DECENT WORK AND ECONOMIC GROWTH
10 REDUCED INEQUALITIES
11 SUSTAINABLE CITIES AND COMMUNITIES

With almost 1,400 stores, we are present in a lot of local communities. We strive to have a positive impact and do this through job creation, charity support, volunteering and responding to emergencies. We continue to open new stores, bringing opportunities through recruitment, economic activity and a new avenue for local support into these communities. Our emergency response team continues to grow and we are able to support our communities, often as a first responder, in times of crisis. We maintain long-term charity partnerships, investing in key initiatives and supporting through our employee volunteering days. As we open more stores in new locations, our opportunity to deliver positive impact in our local communities grows. Alongside community support and investment, we consider it our responsibility to recruit locally as much as possible, providing economic opportunity and skills development for local people, including a focus on veterans and people not in education, employment or training.

Community engagement

Working with local and national charities is important to us, but the value we can bring to communities is broader than just supporting charitable causes. The social value generated by our operations, through providing recruitment and training to the communities in which we operate, our employees volunteering in local communities and providing disaster relief in times of crisis, are all ways that we support and engage with the communities we serve. A big part of our community impact comes from recruiting from the local community and training those team members, especially young people and veterans.

Enhancing employee volunteering

We seek to support our communities and transfer valuable skills through employee volunteering in local projects. We have always had a volunteering allowance for staff, but we have enhanced our volunteering policy, aligning and improving different pre-existing policies across the Group. To further our volunteering activities, we are investigating ways to enhance the employee uptake of volunteering opportunities and how we can co-ordinate volunteering activities to have the greatest impact on our communities.

Emergency response in times of need

In the event of natural disasters or other emergency situations, we are often called in as a first responder. We provide equipment and power to restore services and support clean-up operations, with the aim of getting communities up and running again as fast as possible.

In North America, we have an emergency response team ('ERT') which activates in response to weather-related disasters, such as hurricanes and tornadoes, fires, floods and snowstorms, or other everyday emergency situations where communities need rapid support. Every emergency situation is different and members of the ERT are experts in their field and are able to respond with the right quantity and type of resources for the situation at hand. Involvement in the ERT by our employees is voluntary and all are ready to deploy at a moment's notice in the event of an emergency.

The team is exceptionally fast at establishing operational teams on the ground and dispatching equipment such as generators, lighting, forklifts and excavators, drying, heating and cooling equipment, scaffolding and pumping solutions. The ERT coordinates our response from its command centre at our support office in Fort Mill, South Carolina. On the ground, team members often build a strong bond with the communities they are supporting, spending weeks, or even months, aiding in recovery efforts.

ENGAGING YOUNG PEOPLE WITH THE FILM INDUSTRY

Having real social impact is important to us. We worked with Pinewood Studios in the UK on their Futures Festival to inspire and educate young people about careers in the film and television industry. Our film and television business has a base within Pinewood, so volunteer teams from there led the way, providing specialist equipment, as well as support being given from other stores nearby.

We provided a range of equipment including two Sony Venice camera set-ups for the students to interact with. Nearly 4,000 young people attended the event and we were able to help inspire and engage them about potential careers in television and production.

Recruitment

With our Sunbelt 3.0 strategy, we are in growth mode. We have targeted 298 greenfield store openings in North America and added 165 locations in 2022/23, 77 of which were greenfield locations. Recruiting the best new talent is critical for supporting these growth plans and this will benefit the communities we serve.

Our focus is on accurate recruitment which means finding the right people for the right openings and accurately communicating to candidates what the job entails alongside the benefits of working for Sunbelt. We are working to develop further our role profiles so as to provide candidates with better insight to the nature of roles within Sunbelt and to the nature of a career at Sunbelt during the recruitment process.

We have also reviewed our onboarding processes to enhance the employee experience in the first 18 to 24 months of working with Sunbelt. We experience the highest levels of employee turnover during this time frame, and beyond two years employee turnover drops drastically.

UK apprenticeship programme

Through the UK's apprenticeship programme, we took on 49 trainees this year and we plan to recruit more in the coming year. Our apprentice programmes take between one and three years to complete and usually include outside training and a formal NVQ qualification, in addition to on-the-job training. We have six apprentice streams – plant maintenance, customer service, driver, electro technical, mechanical engineering and civil engineering.

Military recruitment

We are committed to supporting veterans and aspire to be an employer of choice for military veterans. Around 9% of our workforce in the US are military veterans and this is a number we are aiming to grow. Our goal is for veterans to be able to find a fulfilling workplace at Sunbelt where they can enrich our culture and contribute to achieving our goals. The skills gained during active service match well with the skills we are looking for in positions across our business, from our skilled trades to leadership roles.

We have developed a robust programme for recruiting and retaining veteran employees, which is based on four foundational pillars: resources; recruitment; recognition; and retention. We actively recruit members of the armed forces through job fairs, strategic partnerships, and programmes such as the U.S. Chamber of Commerce's Hiring Our Heroes programme and our newest partner, the U.S. Department of Defense, where we became an official Skillbridge provider.

In recognition of our work with veterans in the US, we were awarded a gold military friendly employer award and a gold award from the U.S. Department of Labor under their HIRE vets programme.

Our commitment to employing military service leavers and veterans is the same in the UK as in the US and our businesses work together on veteran recruitment strategy, pooling our collective experience and resources. We were awarded the gold Armed Forces Covenant in recognition of our support for the defence and armed forces community, and for demonstrating flexibility towards training and mobilisation commitments for Reservists and Cadet Force Adult Volunteers.

We are working with the UK Ministry of Defence Careers Transition Partnership to recruit those leaving the UK armed forces into the Sunbelt family. We also work with the employment teams of two veterans' charities – Walking With The Wounded and Project RECCE – who work to support armed forces veterans in many ways, including finding sustainable employment. In addition, we launched our official network of veteran ambassadors across North America and the UK to support existing veteran staff and help attract more team members.

SKILLBRIDGE

The Skillbridge programme enables US service members to gain civilian work experience during their last 180 days of military service. Funded by the U.S. Department of Defense, the programme gives us a cost-effective way to bring veterans into the organisation. The partnership includes valuable real-world job experiences where we train, teach and mentor service members on Sunbelt-specific roles. The programme also helps Service members make an easier transition from military service into a new career. We have two retired military team members leading this effort and giving us an advantage, as they can easily relate, and help to translate military experience into Sunbelt roles.

EMPLOYEE SPOTLIGHT

Jamie Green, apprentice

Jamie Green joined as a Powered Access apprentice after serving in the British Army for seven years. He attended a careers open day and discovered how Sunbelt Rentals supports and opens up opportunities for veterans, making us an obvious choice of employer.

He said: "it is a good system of around six to seven weeks working in the depot followed by two week blocks studying at college in Warwickshire, where Sunbelt covers the cost of accommodation, etc. I enjoyed the combination of practical experience and classroom learning, which meant I was able to get stuck into work straight away."

EMPLOYEE SPOTLIGHT

Veteran Spotlight – Ben Jenkins, Regional SHEQ Manager

Ben Jenkins joined Sunbelt after 23 years serving in the Royal Marines. He is a regional SHEQ ('Safety, Health, Environment and Quality') Manager looking after the Midlands and East of England, responsible for supporting safety, health, environment and quality for all our employees, contractors and customers. Ben believes his military experience has given him directly transferable skills when it comes to organisation, structure and confidence in working independently, as well as communicating clearly and keeping regularly in touch with the wider team. "I really enjoy the variety of the role; the combination of structure and fluidity means I have to be adaptable which keeps me on my toes. I have found it particularly rewarding that I've been able to have a positive impact in different areas and that depot managers now know me and feel comfortable ringing me direct to advise and support them on any issues they may face."

Charities

Gary Sinise Foundation

We are in the eighth year of our partnership with the Gary Sinise Foundation, which works to honour America's defenders, military veterans, first responders, their families and those in need. The Foundation does this by creating unique programmes designed to entertain, educate, inspire, strengthen and build communities. Through our partnership, we aim to raise funds for and awareness of the Foundation's work.

Specifically, we support the Foundation's R.I.S.E. (Restoring Independence, Supporting Empowerment) programme, which builds 100% mortgage-free, specially adapted smart homes for severely wounded heroes and their families. We also support the Foundation's First Responders Outreach programme, which provides critical funding for America's firefighters, police departments and emergency medical teams, and Snowball Express, a programme serving the children and surviving spouses of fallen military heroes. Our partnership includes the Foundation's Avalon Network, a cognitive health and mental wellness network that provides transformative care to veterans and first responders experiencing post-traumatic stress, traumatic brain injuries and substance abuse issues.

We supply the necessary equipment for each of the R.I.S.E. programme's projects to the contractors working on the home builds, at no charge. We also donate a portion of rental proceeds from co-branded Gary Sinise Foundation equipment and organise various localised fundraising efforts. Our goal is to bring heightened awareness to the Foundation's work through continued fundraising and outreach initiatives in an effort to help positively impact the lives of veterans, defenders and first responders. This year we contributed $1m to the Foundation through monetary and in-kind donations. In addition, we donated a customised 2021 Bronco First Edition which raised $350,000 through auction for the Foundation.

Charity partners

We continue to work closely with our other designated charitable partners. In the US, we work with the American Red Cross and its affiliates such as the Second Harvest Food Bank for which we have a food drive every November in the US. In addition to financial donations made to the American Red Cross, we also often send equipment and support to disaster-affected areas within the US.

In the UK, we work regularly with a number of charities, including CRASH, the construction industry's charity that helps homelessness and hospice organisations with their construction projects. This is our 13th year as patrons of this charity.

We are also very proud of our ongoing work in the UK with Weapons Down, Gloves Up, a charity which works to provide work opportunities for young people not in education, employment or training (NEETs), often taking them off the streets and opening up opportunities through the power of sport.

GOVERNANCE

4 QUALITY EDUCATION 8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES

Corporate behaviour

Business ethics

Our commitment to the highest ethical standards means that the Group Risk Committee works to ensure these are communicated and upheld throughout the business. We believe in the rights of individuals and take our responsibilities to all our employees seriously and those who may be affected by our activities. During the year we updated the Group's modern slavery and human trafficking policy, business ethics and conduct policy and ethical sourcing policy, all of which are available on the Group's website. These policies form part of our way of doing business and are embedded in our operations. They are also communicated directly to employees through dedicated communication and training programmes. While we do not manage human rights matters separately, we continue to assess potential risks and do not believe they raise particular issues for the business.

Senior employees across the Group receive regular business ethics training to ensure they are aware of their obligations and responsibilities with regard to competing fairly, the UK Bribery Act and, in the US, the Foreign Corrupt Practices Act. This takes place every two years in North America with 2022/23 being a year of training, while in the UK, it is undertaken annually. Completion of training is monitored and reported to the Group's Risk Committee. Anti-corruption and bribery policies are maintained and reviewed on a regular basis with relevant guidance incorporated into our employee handbooks and available on our intranet pages. Human rights and modern slavery are important aspects of our business ethics and you can read more about these in our main Governance section on page 84.

Human rights

At Ashtead we believe in the rights of individuals and take our responsibilities seriously to all our employees and those who may be affected by our activities. We have group-wide policies in place, all of which protect our employees as they go about their work which relate to our business and our suppliers. These policies form part of our way of doing business and are embedded in our operations. We do not manage human rights matters separately as they form part of our approach to overall business ethics.

Specifically, our ethical sourcing policy addresses matters such as child and forced labour, freedom of association, working conditions, pay and hours, discrimination and harsh or inhumane treatment.

Modern slavery

Modern slavery is an abuse of human rights and we have a separate modern slavery policy that commits the Group to ensuring there is no modern slavery in our business or our supply chain. The policy applies to all Ashtead employees and our subcontractors, and we expect similar commitments from our suppliers. Any suspicion that our policy is being breached or at risk of being breached can be reported through our anonymous whistle-blowing lines in North America and the UK.

In relation to our supply chain, while the Group sources goods and services from a wide range of suppliers, the Group predominately works with a number of major equipment suppliers, of which the majority are based in North America and Europe. The Group's main suppliers relate to its rental equipment who have strong reputations for product quality and reliability. Outside of the Group's expenditure on equipment, its key expenditure relates to its workforce and goods and services procured locally to its stores.

In the UK, we have entered into a partnership with the Slave-Free Alliance to help us keep up-to-date with the constantly evolving risks associated with modern slavery and to help the Group strengthen further actions taken in relation to modern slavery risks.

Whistle-blowing

Our confidential, third-party operated whistle-blowing service is available to all employees and third parties to raise any concerns that they may have about unethical or illegal behaviour, or potential breaches of our ethical policies.

All whistle-blowing matters are investigated and outcomes are reported to the Board together with any action taken. Our approach is one of non-retaliation and we confirm that no employee will suffer any detriment from raising genuine concerns about ethical conduct.

Cyber security

As the world continues to move online, accelerated due to the pandemic and increasingly connected technologies, at least in the short to medium term, awareness, monitoring and adaptability to cyber security issues is ever more crucial for us. We are prioritising the monitoring of any potential cyber security vulnerabilities and working to ensure business continuity under all potential scenarios. This year we held our fifth annual cyber security month. While securing hardware is an important facet of information security, protecting the data on our assets is critical to our success. We have encrypted email for all team members and our Information Security SharePoint site is also available for all team members. For more on cyber security risk, see page 43.

BEING A RESPONSIBLE BUSINESS

Our strategic plan, Sunbelt 3.0, has enabled us to embed responsibility within our strategy, with 'Lead with ESG' being one of the five actionable components of that strategic plan.

As we have discussed earlier, we believe that rental is essential to environmental progress as it enables a more efficient use of assets across organisations. Within this report, we have set out some of our specific actions across each area of ESG. These examples are only a few of many ongoing activities across the Group and we will continue to challenge ourselves through investing in new ways of doing things, innovative use of technology and through working with our suppliers, customers and employees to develop new solutions.

These initiatives provide us with the confidence to lead with ESG through:

- ensuring a commitment to health and safety;
- enhancing our employee engagement and diversity, equity and inclusion;
- ensuring pay and benefits reflect our market-leading position;
- reducing our carbon intensity by 35% by 2030; and
- ensuring continued strong governance and stakeholder engagement.

This is the right thing to do for our stakeholders and will ensure the long-term sustainable success of the Group.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

The Task Force on Climate-related Financial Disclosures ('TCFD') provides a disclosure framework for companies to explain how they are responding to the risks and opportunities arising from climate change. UK Listing Rules require premium listed companies to make disclosures consistent with the recommendations of the Task Force on Climate-related Financial Disclosures and, where they have not complied, provide an explanation including details of the steps being taken to ensure future compliance. Responding to the risks and opportunities arising from climate change is an integral part of our business and is embedded throughout the Group and discussed throughout this Annual Report. The statement below explains how the Group has complied with the requirements of LR 9.8.6R by including climate-related financial disclosures consistent with the TCFD recommendations and recommended disclosures, including the guidance provided in the TCFD Annex. It addresses all the disclosure requirements of the TCFD and links to additional information located elsewhere within the Annual Report, except in the following areas:

- **strategy:** we have not sought to provide quantitative scenario analysis but instead provided narrative discussion of risks and opportunities, and how these may be relevant to different scenarios. As such, the Group has not complied fully with recommended disclosure (b) or (c) of the strategy section. We believe the Group has a resilient business model which supports its long-term sustainable performance. We have considered a range of climate-related scenarios which may impact the Group in the future and believe these are integral to the operation of the business and the financial impacts, while not separately identifiable, are reflected in our regular budgeting and business planning; and

- **metrics and targets:** the Group has not complied fully with the recommended disclosures relating to metrics and targets.

  The Group has not disclosed Scope 3 emissions as required by recommended disclosure (b). Scope 3 emissions are a material component of the Group's carbon footprint, with the most significant components arising from category 11 (use of sold products) and category 13 (downstream leased assets). As commented on page 70, the Group is working on the quantification of our Scope 3 emissions and expects to complete this work in 2023/24. However, the measure of Scope 3 emissions involves a significant application of judgement and hence will be subject to a high degree of estimation uncertainty.

  Furthermore, while we believe that other metrics are less material for the Group, we continue to work to establish other relevant metrics and targets to measure climate-related risks and opportunities.

These disclosures also address the requirements set out under the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022.

Governance

The Group's Board of directors is responsible for setting the Group's strategy, taking into account all relevant risks and opportunities, including those related to climate matters. The Group's rigorous risk management framework is designed to identify and assess the likelihood and consequences of risks and to manage the actions necessary to mitigate their impact, including those related to climate-related matters, and is detailed on pages 40 and 41.

The Group launched its latest strategic growth plan, Sunbelt 3.0, in April 2021 which included 'Lead with ESG' as a core actionable component, which incorporates climate-related considerations, including our commitment to reduce our Scope 1 and 2 carbon intensity. Further details as to how climate-related considerations are incorporated into the strategy are on page 34 and in our Responsible business report on page 68. The Board receives updates at each board meeting as to the Group's progress against our strategic goals, with a formal strategic review undertaken on an annual basis. In addition, ESG metrics have been embedded in the Group's remuneration arrangements through the Strategic Plan Award, launched in conjunction with Sunbelt 3.0, and overseen by the Remuneration Committee, as detailed on page 103.

The Board of directors is assisted in monitoring the success of our ESG initiatives through the work of the Group Risk Committee, which monitors the progress we make against our strategic ESG objectives and the targets we have set. The Group Risk Committee is chaired by our chief financial officer and reports formally to the Audit Committee on an annual basis.

One of the principal risks and opportunities faced by the business relates to environmental matters, including those contributing to climate change. On a day-to-day basis, the Group's response to climate-related risks and opportunities is led by Brendan Horgan, the Group's chief executive, who has over 25 years' experience in the rental industry through which he has developed an in-depth knowledge and understanding of current and emerging technologies as they apply to our business, including their environmental impact. Activities include overseeing the Group's work with suppliers and customers on developing and bringing more environmentally friendly equipment options to market as discussed in more detail on page 44, directing the business in relation to reducing emissions through direct operations and approving associated capital expenditure plans.

Our actions across each of these areas are embedded within our operational activities across the business, supported by the Group's managing director of ESG and dedicated specialists in North America and the UK. An ESG operating committee, chaired by the Group's managing director of ESG and including representation from across the businesses, has been established to monitor progress of our ESG-related initiatives and performance against the targets we have set for ourselves. The results of the ESG operating committee's work are reported to the Group Risk Committee.

These primary roles and responsibilities for the assessment and management of climate-related risks can be summarised as follows:

	Frequency of review	Roles and responsibilities	Areas of focus in 2022/23
The Board	Regularly, as required	– Oversight of risks and opportunities and how these are reflected in the Group's strategy – Assessment of the Group's risks related to climate and actions taken to mitigate – Approval of the Group's budget, including fleet and other capital expenditure plans necessary to progress ESG priorities	– Review of the Group's key performance indicators and progress against the ESG targets established by the Group – Review and approval of TCFD and other sustainability-related disclosures – Approval of the Group's budget – Review of Group strategy and progress against actionable components of Sunbelt 3.0
Remuneration Committee	As required	– Assessment of remuneration policies and targets to ensure that they appropriately incorporate ESG elements	– Review of performance against existing ESG-related targets
Nomination Committee	As required	– Ensuring the board composition reflects the skills and experience required, including those related to climate-related matters	– Continued consideration of board composition
Audit Committee	Formal annual review of Group risk register with periodic detailed reviews of specific risks	– Oversight of the Group's corporate financial reporting, including its ESG-related disclosures – Oversees risk management processing, including oversight of the work of the Group Risk Committee – Oversight of the Group's assurance framework, including in relation to ESG metrics and reporting	– Review of TCFD and other sustainability-related disclosures – Consideration of the impact of climate-related matters in the Group's financial reporting
Risk Committee	Bi-annual review, and formally reports to the Audit Committee on an annual basis	– Responsible for oversight of the Group's approach to risk management, including review of the identification and management of significant risks, including those related to climate matters	– Consideration of the impact of climate-related matters on the Group's risk landscape
ESG operating committee	Bi-monthly	– Oversight of annual areas of focus in executing the Group's ESG priorities as summarised below – Management of data gathering and reporting processes for ESG data	– Progress against each of the Group's key ESG priority areas – Monitoring of performance against ESG targets – Assessment of future priorities

Management teams involved day-to-day in managing climate-related matters include:

- **fleet management:** engagement with our key fleet suppliers in the development and bringing to market of new technologies. In addition to our work with key equipment suppliers, examples include our partnerships with Viridi Parente and Moxion;
- **customer engagement:** working with customers to deliver low- or zero-carbon solutions;
- **vehicle procurement:** developing vehicle procurement plans which reflect transition to low- or zero-carbon solutions, including the use of alternative fuels and battery or other power sources. This includes the introduction of the Ford F-150 Lightning pickup trucks into our service fleet in 2022/23;
- **environmental specialists:** supporting broader management teams in the development of strategies to deliver the Group's ESG priorities, and considering transition plans to support a low-carbon economy;
- **property and utilities:** assessment of property standards and implementation of energy improvement programmes (e.g. LED retrofit programme) and management of energy procurement; and
- **finance:** supporting the measurement and reporting of climate-related matters, including assessment of risks and opportunities and consideration of the impact on accounting matters.

In progressing the Group's efforts further in this area, the Group has recently appointed an SVP of sustainability to bring greater focus and co-ordination to the Group's range of sustainability initiatives and lead our efforts in developing a clear strategy to support the Group's transition to a low-carbon economy. This role will also enhance the Group's existing reporting frameworks.

Strategy

Climate-related risks and opportunities

The Group's rigorous risk management framework is designed to identify and assess the likelihood and consequences of risks and to manage the actions necessary to mitigate their impact, including those related to climate-related matters, and is detailed on pages 40 and 41. We do not consider the risk arising from climate-change to represent a separate principal risk for the Group as it is intrinsically linked to the Group's other principal risks and the day-to-day management of the Group.

As part of the Group's risk management process, the Group has undertaken a material issues assessment through a series of workshops, which considered both internal and external reference points to identify the significant risks and opportunities for the Group from an ESG perspective, the results of which are detailed on pages 60 to 61 within our Responsible business report and which are considered as part of the Group's broader risk assessment. They are analysed into four key areas: our people; the environment; our communities; and governance. Climate-related matters fall within 'the environment' area but importantly the Group believes climate-related matters represent significant opportunities as well as posing certain risks for the Group. The Group believes that its market position and financial strength brings it significant competitive advantage in responding to these risks and maximising the opportunities. Specifically, the Group has identified opportunities arising from the development of new products, solutions and services which support the transition to a lower-carbon economy, the shift in customer preference from ownership to rental and the overall benefits to the environment as a whole which arise from sharing assets over their life cycle, described in more detail on page 34, Lead with ESG and on pages 70 and 71 within the Responsible business report.

The Group considers the range of climate-related risks and opportunities over the short, medium and long-term. In assessing these time horizons, the Group has defined the following time horizons:

- short-term – over the next three years. This timeframe coincides with our annual budgeting and planning time horizon. We would expect to see ongoing technological development and legislative changes associated with emissions may develop;
- medium-term – three to five years. Ongoing market and technology developments, and increasing customer focus on environmentally friendly solutions; and
- long-term – beyond five years. While we believe there is far greater uncertainty, but in addition to those risks and opportunities arising in the short to medium-term, there is greater scope for technological advancement in battery technology, alternative power sources, alternative fuels and commercial production enabling a more rapid move towards a lower carbon environment.

Each risk and opportunity considered, regardless of the applicable time horizon, is factored into the Group's strategic planning on an ongoing basis. As commented above, given the nature in which these risks and opportunities are intrinsically linked to the Group's day-to-day operations, they form part of our financial planning and budgeting processes, instead of being assessed as a standalone matter. For example, the costs associated with the purchase of battery powered rental fleet, or the property upgrades as part of the LED retrofit programme, form part of the Group's capital expenditure plans.

Overall, we believe that the climate-related risks relevant to the Group are those associated primarily with transition risks rather than physical (acute and chronic) risks, brought about by extreme weather events or changing weather patterns. Physical risks are mitigated by the diverse nature of the Group's operations. The Group operates from over 1,350 stores across the US (where we are present in all but one state), Canada (where we are present in eight provinces) and the UK. Our largest store has c. $130m of rental fleet at cost (c. 1% of the Group's fleet) while c. 98% of our locations have less than $50m of rental fleet at cost, the majority of which is out on rent at any particular time. As a result, no one store is material to the Group such that a natural disaster would have a significant impact on the Group's ability to operate.

While we believe the impact of physical risks on the Group are mitigated by its diverse operations, they could have a more significant impact on the Group's supply chain. If a supplier was disrupted due to an acute weather event, it may affect our ability to acquire new fleet. However, we have inherent flexibility within the Group's business model with a rental fleet of c. $16bn (original equipment cost) and could continue to operate, although it may affect our ability to grow as planned. In this scenario, we would delay equipment disposals in the short-term.

Policy and legal risk (short, medium and long-term)

Legal compliance covers matters such as wastewater, storm water, solid and hazardous wastes and materials, and air quality. Breaches potentially create litigation matters for the Group which may result in fines and penalties for non-compliance. The Group's Health, Safety and Environmental departments and our operational audit teams continually assess the Group's regulatory environmental compliance. These audits have a built-in corrective action process to ensure any identified non-compliance is addressed in a timely manner.

The Group monitors current and emerging regulation to ensure our policies and practices remain appropriate. Specific examples of current regulation which impacts the Group relate to ensuring our rental and vehicle fleet is compliant with engine emission standards such as the Californian Air Emissions Standards or the London Ultra-low Emission Zone requirements. We believe that regulation will increase over time and the potential for increased pricing of GHG emissions could lead to higher operating costs for the Group in the future. However, these costs are associated with the use of an asset, whether it is owned or rented, and so we expect these costs to be borne by the user of the asset and hence, in the case of rental, be reflected in rental rates.

Technology risk (medium to long-term)

A significant proportion of our fleet contains a diesel engine. While we will seek to replace these assets with assets using alternative fuel sources as they become available, this will take time. Indeed, there are a lack of alternative assets available today and limited manufacturing capacity and so we expect any transition to happen gradually. We will seek to manage this transition in the same manner as we managed the transition from Tier 0 to Tier 4/5 diesel engines from 1994 to 2018. On average, we own assets for seven to eight years and therefore expect the full transition of our fleet will only occur over the longer term.

We are working closely with suppliers and customers to develop new technology, including investment in partners to assist in the development of battery and other technology. We also believe the development of HVO or other environmentally friendly alternative fuels will provide an alternative to the reliance on diesel today.

We believe this shift to low- or zero-emission technologies will increase the cost of assets. As an example, for rental equipment, we have experienced costs which are three times greater for a battery version of diesel machine in early phase of production. However, over time, we expect the cost of greener technology to reduce as production volumes increase and reach commercial levels.

This will increase the cost of replacing our rental fleet. If we were to assume the cost of a lower carbon asset to be c. 25% greater than its diesel equivalent, then it would cost an additional c. $350m per annum to replace our fleet, if an alternative were available. Our current rental fleet has an original equipment cost of c. $16bn with a seven to eight year replacement cycle. Thus, on average, we replace $2bn per year (using eight years) of which c. 70% ($1.4bn) is reliant on fossil fuels. Assuming this costs 25% more to replace with a non-fossil fuel alternative, the incremental cost would be $350m. It should be noted that this is an illustrative figure only and will be embedded within our capital expenditure plans going forward and will not be a discrete one-off item of capital expenditure.

Furthermore, we would expect rental rates to increase to reflect the changing asset cost base, and therefore to have a limited net financial impact on the Group. Based on the incremental capital expenditure figure we have identified above of $350m, we would estimate incremental annual rental revenue of $210m (based on an assumption of 60% dollar utilisation), or $1.7bn over an asset's life (assuming an eight-year life).

Market risk (medium to long-term)
Emerging market developments are monitored, using both third-party risk analysis, as well as internal views of emerging trends. Specifically, these market factors include changing customer requirements as a result of the environmental standards to which they operate to support their own low-carbon objectives. Increasingly, we are providing lower carbon solutions using existing technologies as customers seek to reduce their carbon footprint. As an example, we are able to reduce emissions by using battery storage technology combined with diesel generators so that the generator operates at optimum efficiency for a shorter period of time and hence, uses less fuel.

As discussed below, we believe the shift to low or zero-carbon technologies will aid the shift from ownership to rental as customers opt to rent newer, more expensive technology rather than own it.

Reputation risk (short, medium and long-term)
Breaches of environmental regulation potentially create hazards to our employees, damage to our reputation and expose the Group to, among other things, the cost of investigation and remediating contamination and also fines and penalties for non-compliance.

Failure to meet the Group's climate-related commitments, or breach of environmental regulation, could result in loss of revenue or financial penalty. In relation to the Group's existing Scope 1 and 2 carbon intensity reduction targets which form part of the Group's Sunbelt 3.0 actionable components, we are performing ahead of plan and the associated costs are reflected within our financial performance and plans.

Management of the impact of these climate-related transition risks and opportunities forms part of the day-to-day operational activities of the Group and our financial planning reflects the financial impacts and investments anticipated with examples of their activities provided in the Responsible business report on pages 70 and 71.

Opportunities
While we believe physical risks brought about by extreme weather events or changing weather patterns are mitigated by the diverse nature of the Group's operations, our products are in high demand to respond to the consequences of events such as hurricanes, wildfires and flooding. Increased frequency of extreme weather events brought about by climate change will result in increased demand for our products and services.

The rental sector supports many of the principles of a circular economy. These include shared use, efficient and reduced use of resources, high levels of maintenance and repair, and ensuring further use or recycling of equipment at the end of its useful life. At the end of its service life with us, our equipment has many years of use remaining and, as such, we sell it in the secondary market. This results in:

- lower emissions generated in the manufacturing phase and fewer natural resources being utilised;
- more efficient use of assets as the optimal asset can be used for a customer's job with assets maintained to a higher standard; and
- consequently, fewer assets reaching end of life and requiring disposal.

The increasing level and pace of regulatory requirements make it more complicated and expensive for customers to maintain compliance. Emerging technology is more complicated, requires a different skill-set to maintain, and is more expensive, at least initially, than existing technology. As such, it will be more efficient for customers to rent rather than buy a new asset, providing an additional impetus to the shift from ownership to rental. Furthermore, customers recognise the environmental benefits of renting rather than owning assets. This will contribute to a larger rental market, from which we are well positioned to benefit.

Our strategy is to ensure we have a sustainable business over the long-term. This is an integral part of Sunbelt 3.0, particularly within the actionable components, 'Lead with ESG' and 'Advance Technology'.

Through our 'Lead with ESG' component, we are looking to drive environmental efficiencies in our transportation fleet and the facilities we operate. The costs of this transition are included in our financial plans. This will be assisted by our 'Advance Technology' component, which will deliver a leading technology platform, capturing the benefits of scale and enhancing customer service. Operational efficiency will deliver amongst other things:

- transport route optimisation, reducing miles travelled to deliver the same amount of fleet, resulting in lower costs and carbon emissions; and
- increased asset utilisation, through use of enhanced telematics to maximise asset uptime, reducing the number of assets required for a certain activity level.

Furthermore, recent legislative Acts in the US, such as the Inflation Reduction Act, are providing incentives for the development of a broad basket of energy production and manufacturing, ranging from solar field construction to battery manufacture. We believe that rental will play a significant role in supporting the initial construction and future maintenance of these facilities.

In considering the impact of the risks and opportunities considered above on the Group's financial statements for 2022/23, we do not believe that there are any specific adjustments required. Specifically, the Group has considered if there is any potential impact on rental asset lives and residual values. The Group assesses asset lives and residual values on an annual basis to determine that the Group's estimates remain appropriate. In doing so, the Group has considered the impact of transition to alternative technologies on its existing rental fleet, or the introduction of legislation in relation to emissions. However, as we note above under the 'technology' risk, we believe that any transition in technologies will be gradual and therefore asset lives and residual values remain appropriate.

We have made a commitment to reduce our carbon intensity by 15% by 2024 and 35% by 2030, compared to the base line level in 2017/18. Details as to how we plan to achieve these commitments are set out under 'metrics and targets' on page 81.

In addition, the Group is working to establish a detailed long-term transition plan, considering guidance including that issued by the UK government transition planning taskforce and the expectations as to how Group emissions will evolve over the long-term. We will therefore publish a transition plan in due course once the Group has completed its analysis.

The target for the Group is to reduce our carbon intensity 35% by 2030"

Resilience of the Group's strategy

The Group has a business model that is both resilient and adaptable to change. Furthermore, it benefits from a distributed operating structure such that it is not reliant on any particular location. The Group's strategy seeks to take advantage of these benefits of the business model, while recognising the risks inherent in the business and the environment in which we operate, whether that be economic factors, competitor actions, cyber threats or environmental considerations such as climate change. We discuss our thinking on climate-related matters on a regular basis assessing how changes may affect the business and how the business would respond. While we consider a wide range of scenarios we have outlined our thinking under two climate scenarios, an increase in average temperatures by 2°C or less and then if the average increase were 4°C.

In a 2°C or less scenario, we believe that the risks and opportunities faced by the Group will be related principally to transition risks (e.g. the application of policy or regulatory initiatives including increased pricing of GHG emissions, changes in technology and changes in customer preferences). In this scenario, as we, our suppliers and our customers look to reduce GHG emissions, we are likely to face increasing costs whether that be through increased cost of our rental fleet or the cost associated with the pricing of GHG emissions. While we believe these factors will crystallise over the medium to longer term as new technologies develop, we are working with our suppliers and other parties to advance these technologies. In the near- to medium-term, the availability of new technology will be constrained by production capacity and we would expect to transition our rental fleet to the latest technology gradually as we replace c. 15% of our rental fleet every year. We believe that increased costs and complexity will provide additional impetus to the shift from ownership to rental, increasing our addressable market. We expect rental and transportation rates to reflect the increased cost of rental and transportation equipment, enabling us to maintain similar levels of dollar utilisation and therefore returns. We expect to continue to dispose of old rental fleet in the used equipment market, replacing other organisations' older, less environmentally friendly equipment.

In a 4°C scenario, in addition to the transition risks discussed above we would expect to see an increase in physical risks (e.g. increased instances of extreme weather events, rising mean temperatures and rising sea levels). As discussed above, the diversified nature of the Group's operations means that no location is material to the Group, mitigating the immediate impact of physical risks on our operations and enabling us to plan for the longer term. In a 4°C scenario, there is an increased likelihood of more extreme weather events such as flooding, wildfires, hurricanes and other natural disasters, which cause damage and require clean-up and support which we are able to provide through our highly experienced Emergency Response Team.

In any scenario, the speed of the transition of assets will be constrained by the availability of new technologies and manufacturing capacity. Given our partnership with key suppliers and our regular replacement cycle, we expect to be able to transition our fleet more quickly than many other organisations. These discussions and considerations are factored into our routine financial planning activities – for example, through our capital allocation decisions.

Risk management

The process for identifying, assessing and managing climate-related risks is the same as for all the risks faced by the Group and is described on pages 40 to 45, including our description of the Group's overall risk management framework on page 41 and our assessment in relation to emerging risks on page 45.

As discussed above, our response to these risks and our actions are embedded within our operational activities, supported by dedicated specialists in North America and the UK. Our ESG operating committee monitors progress of our ESG-related initiatives and perform against the targets we have set ourselves.

The Board has overall responsibility for risk management, setting risk appetite and implementation of the risk management policy – this includes responsibility for climate-related risks and actions taken to manage those risks where relevant. This approach is designed to enable the Group to take advantage of attractive opportunities, yet to do so within the risk appetite of the Board, mindful of risks which have been identified and any emerging risks which may impact the Group. The Group's risk committee monitors the actions taken across the Group to manage the Group's risk and ensure that adequate assurance is obtained over them. In addition, the Group's risk committee ensures that risks have been appropriately assessed in relation to risk rating.

The Board recognises that climate-related risks present significant new and emerging risks to organisations and therefore are mindful of the need to continuously consider developments in this area, both in terms of new risks which have emerged as well as the change in their relative significance. Included within the Group's considerations is the impact of existing and emerging regulatory requirements on the Group, such as potential future limits on emissions, further details of which we have detailed within the strategy section above.

Metrics and targets

Our KPI associated with environmental risk is that of carbon intensity for our Scope 1 and 2 GHG emissions. The basis and rational for this KPI and our performance in the current year and progress over the prior years is on pages 39 and 68 to 69. The target for the Group is to reduce our carbon intensity 35% by 2030 from the level in 2018 (54.0 tCO_2e/$m on a constant currency basis), with a shorter-term target to reduce our carbon intensity 15% by 2024 from the level in 2018.

In order to achieve this target, we established a roadmap covering:

- near-term, including lower carbon vehicle transition, route optimisation, telematics and sourcing renewable energy;
- medium-term, including making step changes on vehicle procurement and renewal energy generation; and
- long-term, including migration to alternative energy sources for the Group.

Across various areas, we are working with our key suppliers to ensure progress in each of the areas identified.

Furthermore, our carbon intensity KPI, specifically delivering a carbon intensity reduction of 15% by 2024, forms part of the Group's remuneration arrangements as one of the performance measures for the Group's Strategic Plan Award, which is linked directly to the objectives underpinning the Group's Sunbelt 3.0 strategy.

In addition, we have also considered what other metrics and targets may be relevant to the Group. In doing so, we have considered internal areas of focus, the risks and opportunities analysis summarised above and external reporting frameworks, such as the Industrial Machinery & Goods SASB standard applicable to the Group, which we report against within the Group's Sustainability report. As such, as part of our ongoing focus on the environmental impact of the Group more broadly, we are in the process of developing other metrics and targets to monitor and measure our impact in other areas which are less material to the Group. These include:

- diversion rate of waste from landfill: while we have a number of programmes in place to manage waste across the business and have reliable data in the UK relating to waste diversion given the legislative environment, we are currently undertaking a waste mapping exercise in North America to understand our waste composition in more detail and working with our waste management suppliers to gain greater visibility in our diversion rate of waste from landfill. This will enable us to track our progress in the future; and
- water consumption: we are working with our third-party utility management supplier to build reliable data based on utility supplier data so that we can measure and report on water consumption across the business.

Details as to our work in these areas is discussed on page 70.

Greenhouse gas (GHG) emissions

Our Scope 1 and 2 GHG emissions are disclosed on pages 68 to 69 of this report and have been determined in line with the GHG Protocol methodology.

We are working to estimate the Group's Scope 3 emissions and understand how these will evolve going forward. The most significant components of our Scope 3 emissions relate to our customer's use of our assets during the rental period and the use of sold product (principally the use of used equipment after our ownership). This is discussed in more detail within the Responsible business report on page 70.

Measuring Scope 3 emissions involves a significant application of judgement, in particular in relation to the use of sold assets when we dispose of rental assets to the used equipment market and end of life treatment of these assets. Accordingly, our Scope 3 emissions will always be subject to a significant degree of estimation uncertainty.

5

DYNAMIC CAPITAL ALLOCATION

Consistent application of our capital allocation policy to optimise capital deployment for the benefit of all stakeholders.

2023 highlights

- Capital expenditure of $3.8bn
- $1.1bn spent on 50 bolt-on acquisitions
- Proposed final dividend of 85.0¢, making 100.0¢ for the year
- $261m allocated to share buybacks in the year
- Leverage at 1.6x net debt to EBITDA, excluding IFRS 16

100.0¢

proposed full year dividend per share (2022: 80.0¢)

1.6x

leverage (2022: 1.5x)

Dynamic capital allocation

One of the five actionable components of our strategic plan Sunbelt 3.0 is dynamic capital allocation. An integral part of this is our strong balance sheet which gives us a competitive advantage and positions us well as we take advantage of the structural growth opportunities available in our markets. We accessed the debt markets twice during the year to strengthen our balance sheet position further and ensure we have appropriate financial flexibility to take advantage of opportunities in the market. We issued two sets of $750 million, 10-year, investment grade notes at around 5.5%. Following the notes issues, our debt facilities are committed for an average of six years at a weighted average cost of 5%. This fund raising ensures we can take full advantage of the growth opportunities to come.

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT

The non-financial and sustainability reporting regulations in section 414CA and 414CB of the Companies Act 2006 require the disclosure of specific information relating to environmental matters, the Company's employees, social matters, respect for human rights and anti-corruption and anti-bribery matters, a summary of which is set out below.

Environmental matters

We seek to minimise the environmental impact of everything we do. In addition, our commitment to improving energy performance is intended to reduce our impact on the environment and could deliver significant cost savings over time.

Further details of our policies, including disclosure of carbon emission and energy usage data, are provided on pages 68 to 71. A summary of our approach to governance, strategy (including responding to the risks and opportunities arising from climate change), risk management and measuring performance are summarised in our TCFD statement on pages 76 to 81.

Related principal risks: see 'environmental' risk on page 44.

Employees

Our employee policies are designed to ensure that we recruit the best people, train them well and look after them so that they provide the best possible service for our customers, suppliers and communities. Furthermore, health and safety policies are core to our operations and we maintain and continuously seek to enhance our health and safety programmes to minimise any risk to our people.

Specific policies provide equal opportunities to all of our staff and ensure that we maintain an inclusive culture. Employee policies are available to all employees through the employee handbooks and on our employee intranet.

Further details of our policies, including details on our safety programmes, training and recruitment activities, is provided on pages 62 to 67.

Related principal risks: see 'people' risk on page 43.

Social matters

Playing a big role in our local communities is of crucial importance to our business. As we expand our market share, particularly in the US and Canada, we have ever more impact and influence over the communities where we hire staff and make an economic contribution. Our responsibility to those communities increases likewise. The Group has policies to support employee volunteering for programmes which positively impact our communities.

Further details of our contribution to society is provided on pages 71 to 74.

Related principal risks: while social matters are not considered a principal risk to the Group, we believe there is an important link between social matters and the risk identified in relation to our people as outlined on page 43.

Human rights

We believe in the rights of individuals and take our responsibilities seriously to all our employees and those who may be affected by our activities. While we do not manage human rights matters separately, we continue to assess potential risks and do not believe they raise particular issues for the business.

Further details of our policies are provided on page 75. Our business ethics and conduct policy, modern slavery and human trafficking policy and modern slavery and human trafficking statement are available on our website.

Related principal risks: see 'laws and regulations' risk on page 44.

Anti-corruption and anti-bribery

Anti-corruption and bribery policies are maintained and reviewed on a regular basis with relevant guidance included in employee handbooks and available on our employee intranet.

Further details of our policies including details on training required to be undertaken by our employees, are provided on page 75.

Related principal risks: see 'laws and regulations' risk on page 44.

In addition, information required in relation to the Group's business model, principal risks, including those which relate to the matters above, and key performance indicators are provided on pages 20 to 27 and pages 40 to 45 of the Annual Report.

APPROVAL OF THE STRATEGIC REPORT

The Strategic report set out on pages 1 to 84 was approved by the Board on 12 June 2023 and has been signed on its behalf by:

Brendan Horgan
Chief executive
12 June 2023

Michael Pratt
Chief financial officer
12 June 2023

DIRECTORS' REPORT

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PAUL WALKER
Chair

STRONG CORPORATE GOVERNANCE

Dear Shareholder

As chair, it is my role to ensure that the governance regime remains appropriately robust and that the Board operates effectively. I am, therefore, pleased to introduce the corporate governance report for 2022/23. This report details the matters addressed by the Board and its committees during the year.

The Group is now two-thirds of the way through its Sunbelt 3.0 strategic plan and, as commented previously, is well ahead of its planned schedule. The business continues to perform well and in executing against the Group's strategy, the Board continues to consider all the Group's stakeholders and seeks to take actions that support the Group's overall purpose of providing a reliable alternative to ownership for our customers while providing sustainable returns to all of our stakeholders. I believe that our Sunbelt 3.0 strategic investments, underpinned by our culture, will provide the Group with the basis for our continuing development and growth in the years to come.

In particular, the Board is focused on ensuring the sustainable success of the Group over the longer term, through its business model, strategy and governance structures. We recognise that good governance is essential in promoting the success of the business for the benefit of its members as a whole and that our governance environment is underpinned by the culture of our Group, led by the 'tone from the top' of the organisation through the actions of the Board and senior leadership teams. Ensuring a robust corporate governance environment is key in supporting the delivery of our strategy and as such, it is crucial that our governance structures keep pace with changes in the Group so that we can ensure our development and growth is both responsible and sustainable. We need to manage our risks efficiently and ensure transparency across the business. I am confident that your Board is well placed to do that and we remain committed to maintaining the highest standards of governance.

In executing our responsibilities, we recognise that good stakeholder engagement is important in ensuring a broad range of views is considered by the Board. During the year, the Board had the opportunity to meet with team members across the organisation and I met with a number of investors to discuss a range of topics. In addition, the chief executive updates the Board regularly on operational matters, including relationships with customers and suppliers.

Areas of Board focus

The Board has played an active role in the Group's delivery against its strategic objectives, further details of which are set out within the Strategic review. In addition, the Board has invested significant time over the last year in reviewing and assessing:

- our operating model and structure to ensure they remain fit for purpose as the business grows and markets change;
- the effectiveness of our health and safety practices and identifying areas for improvement;
- our key management resource to ensure it remains motivated and appropriately rewarded;
- succession planning and ongoing senior recruitment;
- the effectiveness of our capital structure and capital allocation priorities;
- the importance of good corporate governance in the long-term sustainable success of a company; and
- our cyber security policies and procedures to ensure they remain fit for purpose.

Compliance

We endeavour to monitor and comply with ongoing changes in corporate governance and evolving best practice in this area. I am pleased to report that the Company has complied in full throughout the year with the provisions set out in the Code, issued by the Financial Reporting Council ('FRC') and available to view at www.frc.org.uk. A summary of how we have applied the principles set out in the Code is presented in the table opposite. In addition, I can confirm this report provides a fair, balanced and understandable view of the Group's position and prospects.

PAUL WALKER
Chair

The 2018 UK Corporate Governance Code

The governance section has been set out to illustrate how we have applied the principles of the Code together with information contained elsewhere in the Annual Report. Further information can be found as follows:

Board leadership and company purpose	Further information
A. Effective and entrepreneurial board	Pages 90 and 91
B. Purpose, values and culture	Page 90
C. Board framework and resources	Page 94
D. Board engagement with stakeholders	Page 91
E. Workforce policies and practices	Page 91
Division of responsibilities	
F. Board roles	Page 92
G. Division of responsibilities	Pages 92 and 93
H. Commitment to the Board	Page 93
I. Operation of the Board	Page 94
Composition, succession and evaluation	
J. Appointments to the Board	Pages 94 and 95
K. Board skills, experience and knowledge	Page 94
L. Board evaluation of effectiveness	Pages 94 and 95
Audit, risk and internal control	
M. Independence and effectiveness of internal and external audit Integrity of financial and narrative statements	Pages 99 and 101
N. Fair, balanced and understandable assignment	Page 100
O. Internal control framework and risk management	Page 96
Remuneration	
P. Remuneration designed to support purpose and strategy	Pages 103 and 104
Q. Remuneration policy	Page 105
R. Remuneration outcomes	Page 103

OUR BOARD OF DIRECTORS

1. PAUL WALKER, 66 N F
INDEPENDENT NON-EXECUTIVE CHAIR

Appointed to Board
July 2018

Appointment to current role
Paul Walker was appointed as a non-executive director in July 2018 and non-executive chair in September 2018.

Skills
Paul spent 16 years as chief executive officer of The Sage Group plc ('Sage'), giving him a deep insight of the challenges of running a global business. He has a strong financial background and high-level non-executive experience, which adds to the Board's strength.

Experience
Paul's roles at Sage included chief executive officer, finance director and financial controller. He has also been a non-executive director at Diageo plc, Experian plc, Halma plc, Sophos Group plc and MyTravel Group plc.

Qualifications
- Graduated in economics from York University
- Chartered accountant (UK)

Other roles
Non-executive chair of RELX plc.

Nationality
British

2. BRENDAN HORGAN, 49 F
CHIEF EXECUTIVE

Appointed to Board
January 2011

Appointment to current role
Brendan Horgan was appointed as chief executive in May 2019, having served as chief operating officer of the Group since January 2018 and as the chief executive of Sunbelt US and a director since January 2011.

Skills
Brendan has worked in the business for more than 25 years and has a detailed knowledge of the operations and brings strong leadership and management skills to his role.

Experience
Brendan joined Sunbelt in 1996 and has held a number of senior management positions including chief sales officer and chief operating officer.

Qualifications
- Graduated in business from Radford University

Other roles
None

Nationality
American

3. MICHAEL PRATT, 59 F G
CHIEF FINANCIAL OFFICER

Appointed to Board
April 2018

Appointment to current role
Michael Pratt was appointed as chief financial officer in April 2018.

Skills
Michael is a qualified accountant with 19 years' experience with Ashtead within finance roles giving him a detailed understanding of the Group's business. He has played a key role in defining the Group's capital structure.

Experience
Michael was deputy group finance director and group treasurer from 2012 having joined the Group from PwC in 2003.

Qualifications
- Graduated in civil engineering from the University of Birmingham.
- Chartered accountant (UK)

Other roles
None

Nationality
British

4. ANGUS COCKBURN, 60 A N R
SENIOR INDEPENDENT DIRECTOR

Appointed to Board
October 2018

Appointment to current role
Angus Cockburn was appointed as a non-executive director in October 2018 and as senior independent non-executive director in January 2019.

Skills
Angus brings knowledge of the rental market and specialty businesses, along with a good understanding of the associated strategic and financial issues of operating an international business with a substantial North American presence.

Experience
Angus was chief financial officer of Serco Group plc between October 2014 and April 2021. He has also been a non-executive director of GKN plc and Howden Joinery Group plc, as well as chief financial officer and interim chief executive of Aggreko plc.

Qualifications
- Graduated in Business Studies and Accounting from the University of Edinburgh and MBA from IMD Business School
- Chartered accountant (UK)

Other roles
Non-executive chair of James Fisher and Sons plc and non-executive director of Securities Trust of Scotland plc and Edrington Group Limited.

Nationality
British

Committee membership

A Audit
N Nomination
R Remuneration
F Finance and Administration
G Group Risk
Denotes chair

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

5. JILL EASTERBROOK, 52
A N R

INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointed to Board
January 2020

Appointment to current role
Jill Easterbrook was appointed as a non-executive director in January 2020.

Skills
Jill brings strong digital experience within retail environments to the Board.

Experience
Jill was previously the chief executive officer of JP Boden & Co and formerly held a number of senior positions with Tesco PLC.

Qualifications
- Graduated in economics from Leeds University.

Other roles
Non-executive chair of Headland Consultancy and non-executive director of Auto Trader plc, UP Global Sourcing Holdings plc and Tracsis PLC.

Nationality
British

6. TANYA FRATTO, 62
A N R

INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointed to Board
July 2016

Appointment to current role
Tanya Fratto was appointed as a non-executive director in July 2016.

Skills
Tanya has wide experience in product innovation, sales and marketing and engineering in a range of sectors and has extensive knowledge of operating in the US.

Experience
Tanya enjoyed a 20-year career with General Electric where she ran a number of businesses.

Qualifications
- Graduated in electrical engineering from the University of South Alabama.

Other roles
Non-executive director of Advanced Drainage Systems Inc.

Nationality
American

7. RENATA RIBEIRO, 51
A N R

INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointed to Board
January 2022

Appointment to current role
Renata Ribeiro was appointed as a non-executive director in January 2022.

Skills
Renata brings strong commercial and digital experience to the Board.

Experience
Renata is currently Senior Vice President, Operations Strategy for Carnival Corporation & plc where she has worked since 2008.

Qualifications
- Graduated in business administration from Fundação Getulio Vargas, São Paulo and an MBA in business administration from Wake Forest University.

Other roles
Senior Vice President, Operations Strategy for Carnival Corporation & plc.

Nationality
Brazilian and American

8. LUCINDA RICHES, 61
A N R

INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointed to Board
June 2016

Appointment to current role
Lucinda Riches was appointed as a non-executive director in June 2016.

Skills
Lucinda has extensive investment banking and capital markets experience.

Experience
Lucinda was formerly global head of Equity Capital Markets and a member of the board of UBS Investment Bank. She has held a range of non-executive roles with public companies.

Qualifications
- Graduated in philosophy, politics and economics from Oxford University and a Masters in political science from the University of Pennsylvania.

Other roles
Non-executive chair of Peel Hunt Limited and Greencoat UK Wind Plc and non-executive director of LGT Capital Partners.

Nationality
British

9. LINDSLEY RUTH, 52
A N R

INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointed to Board
May 2019

Appointment to current role
Lindsley Ruth was appointed as a non-executive director in May 2019.

Skills
Lindsley brings extensive knowledge of our end markets to the Board, particularly North America.

Experience
Lindsley was previously chief executive officer of RS Group plc. He has also held senior positions with TTI Inc. and Solectron Corporation.

Qualifications
- Graduated in engineering from Texas A&M University.

Other roles
Member of the CBI's International Trade Council.

Nationality
American

CORPORATE GOVERNANCE REPORT

Board leadership and company purpose

Role of the Board

The Board is responsible for setting the Group's strategy and ensuring the necessary resources and capabilities are in place to deliver its strategic aims and objectives. It determines the Group's key policies and reviews management and financial performance. The Group's governance framework is designed to facilitate a combination of effective, entrepreneurial and prudent management of the business.

The Group's risk management framework, as detailed on pages 40 to 41, ensures that the Board considers risks on an ongoing basis and that it reviews formally the Group's risk register on an annual basis including consideration of emerging risks.

The Group's key performance indicators, as detailed on pages 38 to 39, also enable the Board to have visibility as to the progress the Group is making against our strategic priorities.

Company purpose, values and culture

One of the primary responsibilities of the Board is to ensure that the Group delivers against its purpose, which is "to provide a reliable alternative to ownership for our customers across a wide range of applications and markets."

In setting, reviewing and ensuring the implementation of the Group's strategy, the Board ensures that the objectives of our purpose are met while taking into account risks and opportunities facing the Group and its long-term sustainability. These activities are underpinned by the Group's values and culture. We believe that there are four key cornerstones of our culture which drive the success of our Group: a priority on safety; ensuring the best levels of customer service; working in partnership with our customers, suppliers and communities to make it happen; and being innovative in our approach both in relation to products and markets.

The Board is responsible for the culture of the Group, with its role being to influence and monitor culture to ensure that our policy, practices and behaviour throughout our entire organisation are aligned with the Group's purpose, values and strategy.

Where issues are identified, it is the Board's responsibility to ensure corrective action is taken.

During the year, the Board has monitored culture in a number of ways, including:

- receiving health and safety statistics at all Board meetings, together with regular updates on the Group's activities to enhance further the culture of safety within the business;
- through the Group's employee engagement activities including employee surveys, feedback on the Group's diversity, equity and inclusion programmes and through direct engagement with employees during the course of the year;
- monitoring findings from the Group's external audit, internal audit and performance standards functions;
- receiving regular updates on whistle-blowing matters; and
- reviewing key policies including the annual updates to the Group's business ethics and conduct policy.

The principal matters considered by the Board during 2022/23 were:

Strategic and financial review	Further information
Review of Group performance	See strategic review on pages 8 to 11 and financial review on pages 51 to 57
Review of health and safety	See health and safety review on pages 62 to 63
Review of the strategic plan	See pages 28 to 35
Review of the Group's succession plans	See page 102
Review of M&A opportunities	Acquisitions completed in year detailed in Note 27 of the financial statements
Review of the Group's share buyback programme	See page 35
Received updates on the Group's diversity, equity and inclusion initiatives	See pages 66 and 67
Review and approval of the Group's Modern Slavery Act statement and related policies	See www.ashtead-group.com
Risks	
Ongoing monitoring of risks	See pages 40 to 45
Received updates from Group Risk Committee	See page 40
Completed formal annual review of Group's risk register	See page 40
Completed annual insurance review	See page 55
Governance	
Shareholder analysis	
Review of feedback from shareholders and analysts	
Shareholder engagement following AGM	See page 103
Reports from committees	
Review of results announcements	All results announcements available on the Group's website
Board evaluation undertaken	See pages 95 and 96

Summary of the Board's work during the year

At each board meeting, the Board receives:

- a report from the chief executive providing an update on strategic, operational, business development and health and safety matters, supported by reports from the businesses;
- a report from the chief financial officer on the financial performance and position of the Group, including treasury matters; and
- an update from the committees of the Board on matters discussed at their meetings.

Engagement with our stakeholders

An overview of the nature and extent of our engagement with stakeholders is provided on pages 48 and 49 of the Strategic report. In relation to the Board's activities, these are discussed below.

Workforce engagement

The Group employs c. 25,000 individuals in North America, the UK and Europe and as such, ensuring efficient, two-way workforce engagement is critical to the success of the business. Our workforce is central to the decisions the Board makes in relation to our employment policies, our culture and our strategy.

We considered the methods of workforce engagement proposed under the Code in conjunction with our existing methods of engagement. Given the nature and extent of our workforce and its geographical distribution across a large number of locations, we concluded that no single method of engagement was suitable to ensure that we engaged appropriately across the entire workforce. Instead we believe that a combination of methods of engagement is appropriate, consistent with the approach we have taken previously, including:

- employee surveys – the Board received updates on the actions taken as a result of and feedback from employee surveys. The latest employee survey results in North America received an 84% participation rate with an 88% engagement score, while the UK survey received a participation rate of 86% with an 80% engagement score;
- annual strategic review – in October 2022 and April 2023, senior North American and UK management attended strategy review and budget review meetings providing the Board with the opportunity to meet individuals, discuss the business and strategic initiatives in detail and obtain detailed insight into market dynamics;
- 'town hall' events – throughout the year, a series of 'town hall' events were held in North America and the UK which provided employees with the opportunity to be briefed on the latest developments by executive management across the business and raise any questions or concerns; and
- regular update calls – business unit level calls are held on a regular basis to provide employees with insight into the performance of the business and ongoing business initiatives, led by senior executives of the North American and UK businesses. These calls provide employees with the opportunity to raise any questions or concerns in-person or virtually.

In addition, a rolling programme of presentations from management across the Group, on a range of topics, ensures the Board has exposure to different employees and business functions during the year.

Engagement with our customer and suppliers

We have a range of key customer and supplier stakeholders which the Board considers when taking important decisions. Engaging with these stakeholders is therefore critical to the Group and a key priority of the Board, and is achieved through a variety of means.

Details of our engagement with our customers and suppliers is provided in the Strategic report on pages 48 and 49, the Responsible business report on pages 63 and 75 and throughout this Corporate governance report. The chief executive updates the Board on a regular basis on operational matters, including feedback from customers and suppliers and further information is provided through strategic updates.

Engagement with our communities

We seek to make a positive contribution to the communities in which we operate, both through our economic impact but also as a result of our community initiatives and the way in which we are involved in our communities and the support we can provide in a time of need. Accordingly, it is important that the Board considers our communities in developing and implementing our strategy.

Details of our engagement with communities is provided in the Strategic report on pages 48 and 49 and within the Responsible business report on pages 72 to 74.

Dialogue with shareholders

We engage actively with analysts and investors and are open and transparent in our communications. This enables us to understand what analysts and investors think about our strategy and performance as we drive the business forward. The Board is updated regularly on the views of shareholders through briefings and reports from those who have had interaction with shareholders including the directors and the Company's brokers.

Regular dialogue is maintained with analysts and investors through telephone calls, meetings, presentations, conferences, site visits and ad hoc events. During the year, senior management conducted over 470 virtual and in-person meetings and calls and attended four broker conferences, with investors across all geographies. This includes regular interaction with private investors who often contact the Group with questions.

The chair and the senior independent non-executive director are available to meet institutional shareholders to discuss any issues or concerns in relation to the Group's governance and strategy. Following the 2022 AGM, the chair and the chair of the remuneration committee engaged with shareholders, targeting in particular those identified as voting against the directors' annual report on remuneration.

The Group's results and other news releases are published via the London Stock Exchange's Regulatory News Service. In addition, these news releases are published in the Investor Relations section of the Group's website at www.ashtead-group.com. Shareholders and other interested parties can subscribe to receive these news updates by email through registering online via the website. In addition, all results and capital markets presentations are webcast live (and for playback) on the website for shareholders, analysts, employees and other interested stakeholders who are unable to attend in person.

Dialogue with shareholders

June 2022
- Annual results announcement and presentation
- Bondholder call
- Investor roadshow following annual results presentation

September 2022
- First quarter results announcement and presentation
- Bondholder call
- Annual General Meeting
- Conference calls with investors following Q1 results

December 2022
- Half year results announcement and presentation
- Bondholder call
- Investor roadshow following half year results presentation

March 2023
- Third quarter results announcement and presentation
- Bondholder call
- Conference calls with investors following Q3 results

The Annual General Meeting
The 2023 AGM will be held in London on Wednesday, 6 September 2023. An update on first quarter trading will be provided during the meeting.

We continue to recognise the importance of ongoing engagement with our shareholders who will be encouraged to raise questions on the business at the AGM. Shareholders are encouraged to submit questions in advance of the meeting via our website (www.ashtead-group.com) and where appropriate we will provide written answers to questions and will publish answers to frequently asked questions on the website.

All resolutions at the AGM will be put to a vote on a poll, rather than being decided on a show of hands. The Board believes that this results in a more accurate reflection of the views of shareholders and ensures that their votes are recognised whether or not they are able to attend the meeting. On a poll, each shareholder has one vote for every share held. The results of the voting on the resolutions will be announced to the London Stock Exchange and published on our website as soon as possible after the conclusion of the meeting. Notice of the AGM will be sent to shareholders at least 20 working days before the meeting.

Division of responsibilities

Board roles and division of responsibilities

An appropriate division of responsibilities between Board members is critical in delivering the Group's strategic objectives. A key element in delivering this is a strong working relationship between the directors and, in particular, the chair, chief executive and chief financial officer.

A summary of the roles of the Board members are set out below:

Chair	Paul Walker	Independent non-executive chair, responsible for leadership of the Board and acts as a sounding board for the chief executive. Agrees Board agendas and ensures its effectiveness by requiring the provision of timely, accurate and clear information on all aspects of the Group's business, to enable the Board to take sound decisions and promote the success of the business.
Chief executive	Brendan Horgan	Responsible for developing the strategy for the business, in conjunction with the Board, ensuring it is implemented, and the operational management of the business.
Chief financial officer	Michael Pratt	Supports the chief executive in developing and implementing the strategy and is responsible for the reporting of the financial and operational performance of the business.
Senior independent non-executive director	Angus Cockburn	Provides a sounding board for the chair and is available to shareholders, if they have reason for concern that contact through the normal channels of chair or chief executive has failed to resolve.
Independent non-executive directors	Jill Easterbrook Tanya Fratto Renata Ribeiro Lucinda Riches Lindsley Ruth	Provide a constructive contribution to the Board by providing objective challenge and critique for executive management based on insights drawn from their broad experience.

The Board and its committees

The Board

The Board is responsible for setting the Group's strategy and ensuring the necessary resources and capabilities are in place to deliver the strategic aims and objectives.

Audit Committee

Chaired by Angus Cockburn. Monitors and reviews the Group's financial reporting, relationship with the external auditor, internal control, internal audit and risk management.

See Audit Committee report on page 97 for further details.

Nomination Committee

Chaired by Paul Walker. Monitors and reviews the Board's structure, size, composition and balance and oversees the appointment and reappointment of directors.

See Nomination Committee report on page 102 for further details.

Remuneration Committee

Chaired by Lucinda Riches. Responsible for determining the Group's remuneration policy and its application, with specific responsibility for the remuneration of the chair and executive directors.

See Remuneration Committee report on page 103 for further details.

Finance and Administration Committee

Chaired by Brendan Horgan. Responsible for routine finance and administrative matters between Board meetings subject to clearly defined limits delegated by the Board.

See below for further details.

Group Risk Committee

Chaired by Michael Pratt. Responsible for monitoring of risk across the Group, the implementation of our risk framework and reporting of Group risk and mitigating actions.

See below for further details.

Board committee   Non-Board committee

Delegated authority
There is a schedule of matters reserved for the Board for decision while other matters are delegated to Board committees. Matters reserved for the Board include:

- treasury policy;
- acquisitions and disposals;
- appointment and removal of directors or the company secretary;
- appointment and removal of the auditor;
- approval of the annual accounts and the quarterly financial reports to shareholders;
- approval of the annual budget;
- approval of the issue of shares and debentures;
- the setting of dividend policy; and
- the buyback of shares.

Board committees
The Board has standing Audit, Nomination and Remuneration Committees. The membership, roles and activities of the Audit and Nomination Committees are detailed on pages 97 to 102 and the Remuneration Committee in the report on pages 103 to 121. Each committee reports to, and has its terms of reference agreed by, the Board. The terms of reference of these committees are available on our website.

Finance and Administration Committee
The Finance and Administration Committee comprises Brendan Horgan (chair), Michael Pratt and Paul Walker. The Board of directors has delegated authority to this committee to deal with routine financial and administrative matters between Board meetings. The Committee meets as necessary to perform its role and has a quorum requirement of two members with certain matters requiring the participation of the chair, including, for example, the approval of material announcements to the London Stock Exchange.

Group Risk Committee
The Group Risk Committee is chaired by Michael Pratt and comprises representatives from Sunbelt in North America and the UK, as well as the Group head of internal audit and risk officer, Group managing director of ESG and Group general counsel. The work of the Group Risk Committee is supported by the Risk Committees of Sunbelt in North America and the UK, which meet regularly to ensure continued focus on risks and mitigating actions. Further details of the work of the Group Risk Committee are provided in the Responsible business report on page 61.

Commitment to the Board
As part of the appointment process, prospective directors are required to confirm that they will be able to devote sufficient time to the Company to discharge their responsibilities effectively. Furthermore, all directors are required to inform the Company of changes in their commitments to ensure that they continue to be able to devote sufficient time to the Company.

Operation of the Board

The principal activities of the Board are conducted at regular scheduled meetings of the Board and its committees. The Board normally meets six times a year, with at least two of these meetings being held in North America. The Board and its committees conducted successfully all its routine and non-routine business throughout the year. Additional ad hoc meetings and calls are arranged outside the scheduled meetings to take decisions or receive updates as required.

The chair and chief executive maintain regular contact with the other directors to discuss matters relating to the Group and the Board receives regular reports and briefings to ensure the directors are suitably briefed to fulfil their roles. Additionally, detailed management accounts are sent monthly to all Board members and, in advance of all Board meetings, an agenda and appropriate documentation in respect of each item to be discussed is circulated.

The company secretary is responsible for ensuring compliance with board and committee procedures and advising the Board on all governance-related matters. The company secretary also supports the chair in the delivery of information to directors in advance of board and committee meetings and acts as a key point of contact for the chair and non-executive directors.

Each director has access to the company secretary and is able to seek independent advice at the Company's expense.

The appointment and removal of the company secretary is a matter reserved for the Board.

Board attendance table

	Board	Audit	Nomination	Remuneration
Chair				
Paul Walker	6/6	5/5[1]	2/2	–
Executive				
Brendan Horgan	6/6	5/5[1]	–	–
Michael Pratt	6/6	5/5[1]	–	–
Non-executive				
Angus Cockburn	6/6	5/5	2/2	4/4
Jill Easterbrook	6/6	5/5	2/2	4/4
Tanya Fratto[2]	4/6	4/5	2/2	4/4
Renata Ribeiro	6/6	5/5	2/2	4/4
Lindsley Ruth[2]	5/6	4/5	1/2	3/4
Lucinda Riches	6/6	5/5	2/2	4/4

1 While not members of the Audit Committee, Paul Walker, Brendan Horgan and Michael Pratt attended all meetings during the year.
2 Tanya Fratto and Lindsley Ruth were unable to attend certain board, audit, nomination and remuneration committee meetings during the year due to ill health.

Composition, succession and evaluation

Composition of the Board

The Board comprises the chair, the chief executive, the chief financial officer, the senior independent non-executive director and five other independent non-executive directors.

Each member of the Board must be able to demonstrate the skills, experience and knowledge required to contribute to the effectiveness of the Board. Short biographies of the directors are given on pages 88 and 89 detailing the skills, experience and knowledge of each of the Board members. The directors are of the view that the Board and its committees consist of directors with the appropriate balance of skills, experience, independence and knowledge of the Group to discharge their duties and responsibilities effectively.

Maintaining the appropriate mixture of skills, experience and knowledge is important to the Board, including ensuring that we address issues of diversity in terms of skills, gender, ethnicity and experience relevant to our business. The Nomination Committee is responsible for reviewing the structure, size and composition of the Board and making recommendations to the Board on any changes required.

Details of the work of the Nomination Committee in relation to the composition of the Board are provided in the Nomination Committee report on page 102.

Non-executive directors

In the recruitment of non-executive directors, it is the Company's practice to utilise the services of an external search consultancy.

Non-executive directors are appointed for specified terms not exceeding three years and are subject to annual re-election and the provisions of the Companies Act 2006 relating to the removal of a director.

The approval of the Board is required before a non-executive can take on other non-executive director roles.

Board diversity policy

Across the Group, we aim to ensure that our workforce has a broad range of skills, backgrounds and experience, while ensuring that we appoint the best people for the relevant roles. At Board level, under the direction of the chair, the Group applies these same principles.

As a result, the Group seeks to maintain a board where the skills, backgrounds and experiences of the non-executive directors complement those of the executive directors. In this way, we aim to ensure that the skills, backgrounds and experiences represented on the Board and its committees reflect the business environments in which we operate and bring experience of areas of development for the Group, such as in the areas of technology and logistics.

We do not have formal targets or quotas associated with diversity for the composition of the Board, but instead focus on ensuring the best individuals are appointed who meet the Group's needs from as wide a range of backgrounds as possible to facilitate the formulation and implementation of the Group's strategy, while benefitting from the long-term industry experience of our executive directors.

Nevertheless, we are mindful of the recommendations of the FTSE Women Leaders Review on gender diversity and the Parker Review on ethnic diversity and believe that over time, greater diversity will be reflected throughout our organisation, including at board level. Our current position is set out in the Board diversity and inclusion statement below.

Board diversity and inclusion statement

As shown in the tables on the next page, as at 30 April 2023, we had 44% female Board members, compared with a target set out in the FTSE Women Leaders Review of 40%, and one member of the board is from a minority ethnic background, in line with the target set out by the Parker Review. Nevertheless, we recognise that there is further progress to be made, as none of the senior positions on the Board (chair, senior independent director, chief executive or chief financial officer) is held by a woman. The individuals within these roles were appointed with a focus on ensuring the best individuals who met the Group's needs were selected. As part of the Group's succession planning activities, the Group is focused on ensuring a broad and diverse talent pool is in place, while being sympathetic to female representation in one of the senior positions on the Board.

In preparing the data shown in the tables to the right, we surveyed individual board members on a self-identifying basis via a written questionnaire. This data is used for statistical reporting purposes and provided with consent. Board members are asked to identify their gender and ethnicity based on the categories set out in the tables to the right.

Election of directors

All directors will retire at this year's AGM and will offer themselves for re-election in accordance with the Code.

Board evaluation

The performance of the chair, chief executive, the Board and its committees is evaluated formally annually against, amongst other things, their respective role profiles and terms of reference. The executive directors are evaluated additionally against the agreed budget for the generation of revenue, profit and value to stakeholders.

In accordance with the Code, the Board and its committees' performance is evaluated by an external third party every three years, and as such, an external evaluation was undertaken in the current year by Independent Audit, a company which has no connection with Ashtead or the directors.

The 2022/23 Board evaluation comprised a series of in-depth interviews with all Board members and a number of the senior management team, together with observation of the Board's conduct in meetings and a review of the documentation circulated in advance of the Board and committee meetings.

The report of the external reviewer, which included conclusions and recommendations, was presented to a meeting of the Board in April 2023. The overall conclusion was that the Board operated in an efficient and effective manner. In addition, certain areas of focus were identified to enhance further the effectiveness of the Board in the future. The report was considered and debated by the Board and various action points were agreed including 'an enhanced' focus on maintaining a high-performing management team,

Reporting table on gender identity representation

	Number of Board members	Percentage of the Board	Number of senior positions on the Board	Number in executive management	Percentage of executive management
Men	5	56%	4	13	93%
Women	4	44%	–	1	7%
Not specified/prefer not to say	–	–%	–	–	–%

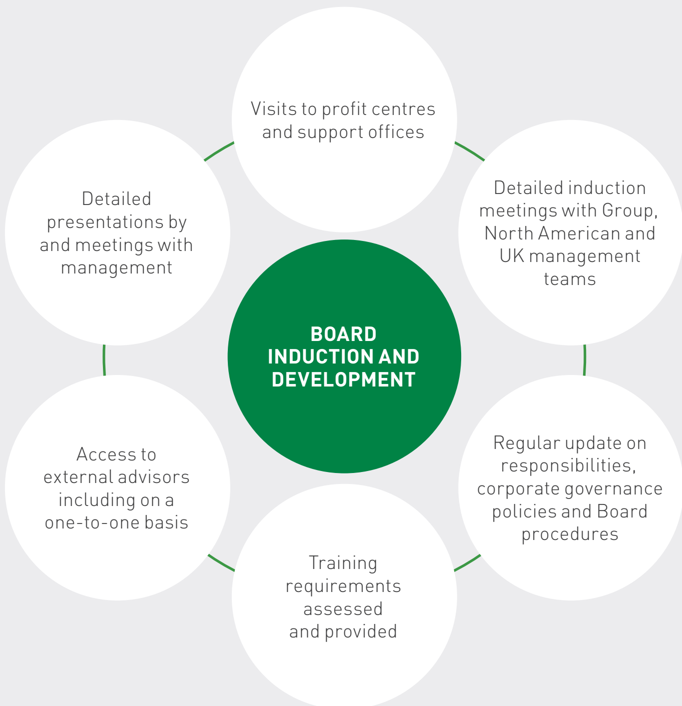
Reporting table on ethnicity representation

	Number of Board members	Percentage of the Board	Number of senior positions on the Board	Number in executive management	Percentage of executive management
White British or other White	8	89%	4	13	93%
Mixed/multiple ethnic groups	–	– %	–	–	– %
Asian/Asian British	–	– %	–	1	7%
Black/African Caribbean/Black British	–	– %	–	–	– %
Other ethnic group, including Arab	1	11%	–	–	– %
Not specified/prefer not to say	–	– %	–	–	– %

Board development and training

All newly appointed directors undertake an induction to all parts of the Group's business. This includes visits to the North American and UK businesses and meetings with their management teams. The company secretary also provides directors with an overview of their responsibilities as directors, corporate governance policies and Board policies and procedures.

The chair and chief executive assess regularly the development needs of the Board as a whole with the intention of identifying any additional training requirements.



planning for the future composition of the Board and to develop further the risk and assurance framework. Based on the report, the Board concluded that the performance of the Board and its committees has been satisfactory.

In accordance with the Code, the non-executive directors (including the chair) met in the absence of the executive directors to appraise the performance of the executive directors and management and the non-executive directors, led by the senior independent director, met in the absence of the chair to appraise his performance.

Audit, risk and internal control

Audit Committee

The Board has delegated responsibility for oversight of corporate reporting, risk management and internal control and maintaining an appropriate relationship with the Group's internal and external auditors to the Audit Committee. The Audit Committee report on pages 97 to 101 contains full details of the role and activities of the Audit Committee.

Financial and business reporting

The Board is committed to providing stakeholders with a fair, balanced and understandable assessment of the Group's position and prospects. This is achieved through the Strategic report, which includes an explanation of the Group's business model, and other information included within this Annual Report. The responsibilities of the directors in respect of the preparation of this Annual Report are set out on page 124 and the Auditor's report on page 126 includes a statement by Deloitte about its reporting responsibilities. As set out on page 123, the directors are of the opinion that the Group is a going concern.

Internal control framework and risk management

The Board is responsible for the Group's internal control framework and risk management. It has established a process for identifying, evaluating and managing the principal risks faced by the Group and in identifying and responding to emerging risks. This robust process has been in place for the full financial year, is ongoing and is consistent with the FRC's 'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting' published in 2014. Under its terms of reference, the Group Risk Committee meets semi-annually or more frequently if required.

As described more fully on pages 40 to 45, the Group reviews and assesses the risks it faces in its business, changes in principal risks facing the Group and how these risks are managed, with consideration given to the Board's assessment of risk appetite. These reviews are conducted throughout the year in conjunction with the management teams of each of the Group's businesses and are documented in an annual risk assessment, including the updated risk register. The reviews consider whether any matters have arisen since the last report was prepared which might indicate omissions or inadequacies in that assessment. It also considers whether, as a result of changes in either the internal or external environment, any significant new risks have arisen or whether there are any emerging risks which may impact the Group. The Group Risk Committee report for 2023 was presented to, discussed and endorsed by the Audit Committee on 11 May 2023 and the Group Board on 12 June 2023.

1	2	3
First line of defence	**Second line of defence**	**Third line of defence**
Business operations – Implementation of policies and procedures – Operational control activities	**Corporate oversight** – Establishment of policies and procedures – Monitoring of control activities – Internal assurance function – Group Risk Committee	**Independent assurance** – Internal audit – Operational audit (Performance Standards)

The Board monitors the risk management framework and internal control systems on an ongoing basis and reviews their effectiveness formally each year.

The Group follows a three lines of defence approach to risk management with executive management responsible for the oversight and management of the first and second lines of defence while the Audit Committee takes primary responsibility for the third line of defence. The Audit Committee is supported in this activity by the Group's performance standards function and outsourced internal audit.

The Board reassesses continually the effectiveness of the Group's control framework and seeks to identify ways in which to further improve and strengthen it.

As detailed further on page 101, as part of the Board's monitoring, through the Audit Committee, it received reports from the operational audit teams and the recently appointed head of internal audit as to the existence and operation of controls, how those controls have been monitored throughout the year and considered the internal control improvement recommendations made by the Group's internal auditors and its external auditor and management's implementation plans. The control system includes written policies and control procedures, clearly drawn lines of accountability and delegation of authority, and comprehensive reporting and analysis against budgets and latest forecasts.

In a group of the size, complexity and geographical diversity of Ashtead, minor breakdowns in established control procedures can occur. There are supporting policies and procedures for investigation and management of control breakdowns at any of the Group's stores or elsewhere. The Audit Committee also meets regularly with the internal and external auditor to discuss their work.

The Board considers that the Group's internal control systems are designed appropriately to manage, rather than eliminate, the risk of failure to achieve its business objectives. Any such control system, however, can only provide reasonable and not absolute assurance against material misstatement or loss.

Remuneration

Remuneration Committee

The Board has delegated responsibility for developing remuneration policy and fixing the remuneration packages of individual directors to the Remuneration Committee. The Remuneration Committee report on pages 103 to 121 contains full details of the role and activities of the Remuneration Committee.

AUDIT COMMITTEE REPORT

Members of the Audit Committee are:

- Angus Cockburn (chair)
- Jill Easterbrook
- Tanya Fratto
- Renata Ribeiro
- Lucinda Riches
- Lindsley Ruth

Details of meeting attendance are provided on page 94. The Audit Committee's terms of reference are available on the Group's website.

I am pleased to introduce the report of the Audit Committee for 2022/23. The Committee assists the Board in discharging its responsibility for oversight and monitoring of financial reporting, risk management and internal control. As chair of the Committee, it is my responsibility to ensure that the Committee fulfils its responsibilities in a rigorous and effective manner. The Committee's agenda is designed, in conjunction with the Board's, to ensure that all significant areas of risk are covered and to enable it to provide timely input to Board deliberations.

In 2022/23, the Committee's main activities related to ensuring the integrity of financial reporting, the continued effectiveness of the Group's financial controls and assurance programme, and reviewing the Group's internal audit arrangements, in conjunction with the new in-house head of internal audit, who joined the Group in September 2022, and receiving both reports from the Group Risk Committee and detailed presentations on specific Group risks.

In addition, the Committee has maintained regular dialogue with the senior management team throughout the year to understand how business processes and controls continue to operate effectively to ensure the timely and accurate preparation of financial information.

I am satisfied that the Committee was provided with high quality and timely material to allow proper consideration to be given to the topics under review. I am also satisfied that the meetings were scheduled to allow sufficient time to ensure all matters were considered fully.

For the forthcoming year, the Committee will continue to focus on the integrity of financial reporting and the effectiveness of the Group's controls and assurance programme. Additionally, the Committee will oversee the transition of the external auditor from Deloitte to PwC for the 2023/24 year end.

One of the Code's principles is that the Board should present a fair, balanced and understandable assessment of the Company's position and prospects through its financial reporting. We have always sought to ensure our financial and other external reporting is fair, balanced and understandable. The Committee has kept this principle at the forefront of its thought process as it reviewed all the Company's financial reports in advance of publication and is satisfied that they provide a fair, balanced and understandable assessment of the Company's position and prospects.

ANGUS COCKBURN
Chair, Audit Committee

Role of the Audit Committee

The Audit Committee assists the Board in its oversight and monitoring of financial reporting, risk management and internal controls.

The principal responsibilities of the Committee are to:

- monitor the integrity of the quarterly and annual results, including a review of the significant financial reporting judgements contained therein;
- establish and oversee the Company's relationship with the external auditor, including the external audit process, their audit and non-audit fees and independence and make recommendations to the Board on the appointment of the external auditor;
- consider the Company's assessment of emerging and principal risks, including understanding and monitoring the way in which these are being managed;
- review and assess the effectiveness of the Company's internal financial controls and internal control and risk management systems;
- oversee the nature, scope and effectiveness of the internal audit work undertaken; and
- monitor the Company's policies and procedures for handling allegations from whistle-blowers.

The Committee reports to the Board on its activities and minutes of meetings are available to the Board.

Composition of the Audit Committee

The members of the Committee, each of whom is independent, provide the wide range of financial and commercial experience needed for the Committee to undertake its duties and each member brings an appropriate mix of senior financial and commercial experience, combined with a thorough understanding of the Group's business. As chair of the Committee, Angus Cockburn has recent and relevant financial experience, having held a number of senior international finance roles. Details of the experience of each member of the Committee is provided on pages 88 and 89.

The company secretary is secretary to the Committee. Paul Walker, Brendan Horgan, Michael Pratt, the Group's director of group finance, and the Group's head of internal audit and risk officer attend meetings by invitation. In addition, the Group's external audit partner attends the Committee's meetings.

Main activities of the Audit Committee during the year

The Committee met on five occasions during the year. Meetings are scheduled to coincide with our financial reporting cycle, with four regular meetings scheduled prior to our quarterly, half-year and annual results announcements and the fifth meeting scheduled outside this timetable to enable a formal annual review of the Group's risk register and the work undertaken by the Board throughout the year in reviewing these risks.

At each meeting, the Committee receives papers from management which comment on the principal balances in the financial statements and discusses any significant judgements and matters of a financial reporting nature arising since the last meeting. In the current year, these have included consideration of:

- the application of routine period-end accounting policies and procedures; and
- the going concern and viability statement to ensure that they are appropriate, are based upon suitable assumptions and consider the risks to which the Group is exposed appropriately.

The Committee typically receives reports from the external auditor at three of the meetings. The first, in December, contains the results of the external auditor's review of our half-year results. The half-year review also informs the external auditor's planning for the annual audit. Their full audit plan and proposed audit fee is presented to the February/March meeting of the Committee. The external auditor's final report of the year is presented at the June committee meeting when we review the draft Annual Report. The external auditor's report contains the findings from their audit work, including comments on the draft Annual Report. The Committee is responsible for the Group's relationship with the external auditors, including assessing the audit plan, setting the audit fee, monitoring independence and reviewing effectiveness.

The effectiveness of the Group's financial controls and assurance programme has been a continued area of focus in the current year in anticipation of any requirements introduced following the BEIS consultation. Historically, the Group has outsourced internal audit activities. Following a review of these arrangements in 2021/22, the Group appointed an in-house head of internal audit who joined the Group in September 2022. In addition to the existing programme of assurance around financial controls, a key priority for the head of internal audit is the development of an operating model for internal audit, based on a broader risk and assurance map for the business, balanced between internal and outsourced resources.

Further details of the activities of the Audit Committee during the year are set out on the next page.

Integrity of financial reporting

We reviewed the integrity of the quarterly and annual financial statements of the Company. This included the review and discussion of papers prepared by management and took account of the views of the external auditors. The key areas reviewed in the current year are set out below.

Key area	Response	Audit Committee conclusion
Carrying value of rental fleet The carrying value of the Group's rental fleet of $9,649m (2022: $7,814m) makes up 52% (2022: 51%) of the Group's gross assets. Both the useful lives and residual values assigned requires the exercise of judgement by management.	Management undertakes an annual review of the appropriateness of the useful lives and residual values assigned to property, plant and equipment and assesses whether they continue to be appropriate and whether there are any indications of impairment. Among other things this review considers the level of gains on disposal and age of assets at the date of disposal along with the level of second-hand values, while taking into account the impact of the economic cycle.	The Committee reviewed management's assessment of the carrying value of rental assets and judgements associated with the application of useful lives and residual values. The Committee took into account the findings of the external auditor and is satisfied that the judgements taken by management are appropriate and that these are consistent with prior years.
Going concern and financing activities The Group requires ongoing access to its financing arrangements to enable it to benefit from growth opportunities.	Management reviewed the appropriateness of the going concern assumption in preparing the financial statements. The Committee reviewed a paper prepared by management which considered the Group's internal budgets and forecasts of future performance, available financing facilities and facility headroom. In addition, we reviewed scenario planning in assessing the Group's viability over the medium-term. Taking account of reasonably possible changes in trading performance, used equipment values and other factors that might affect availability, the Group expects to maintain significant headroom under its borrowing facilities for the forthcoming year.	The Committee reviewed the assessment of the going concern assumption and long-term viability, including understanding the scenario analysis performed in relation to the potential impact of any economic downturn. The Committee is satisfied that the going concern basis of preparation continues to be appropriate in preparing the financial statements.
Goodwill impairment review The Group's strategy includes growth through bolt-on M&A activity, as a result of which, goodwill arises. The carrying value of goodwill at 30 April 2023 is $2,866m (2022: $2,300m).	The Group undertakes a formal goodwill impairment review as at 30 April each year. This is based on the latest approved budget and three-year plans for the US, UK and Canadian businesses. The Group classifies certain specialty businesses as separate cash-generating units ('CGUs'), due to them generating separately identifiable cash flows.	Following the review undertaken, and in light of the Group's current and forecast performance, the Committee is satisfied that the CGUs are appropriate to the Group and that there is no impairment of the carrying value of goodwill in the CGUs of the US, UK or Canada. Further details are provided in Note 15 to the financial statements.

In addition, the Committee also considered the following matters during the course of the year:

- the use of alternative performance measures, ensuring these are fair, balanced and understandable;
- the effectiveness of the Group's internal financial controls, as detailed further on page 101;
- the work of the Group's second-line assurance team, which includes monitoring of the Group's control self-certification process, management of financial control documentation and, in the current year, work to refresh the documentation of our technology processes and controls, as they relate to financial reporting;
- the internal audit work and reviewing the Group's approach to internal audit, further details of which are set out on page 101;
- the approach taken to ensure material climate-related matters are considered and the disclosure made in accordance with the requirements of the Task Force on Climate-related Financial Disclosures; and
- the Group's tax strategy and received an update on tax compliance matters.

Fair, balanced and understandable

As part of its responsibilities, the Board has requested that the Audit Committee assess whether, in its opinion, the Annual Report & Accounts 2023, taken as a whole, are a fair, balanced and understandable presentation of the Group's position and prospects.

In making its assessment, the Audit Committee considered a number of factors, including:

- whether the narrative reporting on the performance of the business is consistent with the financial statements presented;
- whether the information presented is complete with no information omitted that should have been included to enable a user to understand the business, its performance and its prospects;
- considering the KPIs utilised by the Group, including alternative performance measures, to ensure that these best reflect its strategic priorities and fairly present business performance;
- assessing areas of judgement which were considered by the Audit Committee during the year and whether these are highlighted appropriately within the Annual Report;
- the outcome of meetings held during the year with Deloitte as external auditor and the head of internal audit to discuss qualitative accounting judgements and overall controls. The meetings cover suitability, consistency of application in year and across periods and accounting practices of industry peers; and
- assessing whether the report is clear and understandable, with appropriate narrative given to present the whole story.

Following its review, the Committee concluded that the Annual Report & Accounts 2023 are representative of the Group and its performance during the year and that the Annual Report & Accounts 2023 present a fair, balanced and understandable overview.

External audit

External audit effectiveness

The Committee conducted an assessment of the effectiveness of the audit of the 2022/23 financial statements, based on its own experience and drawing on input from senior corporate management and senior finance management across the Group. The review was based on questionnaires completed by the members of the Committee and senior management. The questionnaires focused on the quality and experience of the team assigned to the audit, the robustness of the audit process, the quality of delivery and communication and governance and independence of the audit firm. This review also considers the role of management in the audit process and therefore enables the Audit Committee to form a view of management's role in ensuring the effectiveness of the external audit.

The questionnaires used enable the Audit Committee to gain a thorough insight into the audit process with sufficient detail to establish an informed view of the audit process across the business and as such form a view as to the effectiveness of the external audit.

The feedback received was positive and recognised an appropriate focus on the principal risks. Furthermore, the audit work continued to be completed in a rigorous and sceptical manner. At its meeting in June, the Committee discussed the results from the questionnaires and the audit process more generally. As a result of these considerations, the Committee is satisfied that the audit process and strategy for the audit of the 2022/23 financial statements was effective.

External auditor

Deloitte was appointed external auditor in 2004. In accordance with the provisions of The Strategy Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Process and Audit Committee Responsibilities) Order 2014, we are required to rotate auditor following the 2023 audit. In anticipation of this requirement, we undertook a tender for the 2023/24 audit during 2021/22 to ensure that sufficient time was available to transition any non-audit services ahead of the change in auditor. As a result of the audit tender, the Committee recommended to the Board, and the Board agreed, to appoint PricewaterhouseCoopers LLP ('PwC') as the Group's external auditor for the 2023/24 audit, subject to shareholder approval at the 2023 AGM.

Non-audit services and external auditor independence

The Committee monitors the nature and extent of non-audit services on a regular basis to ensure the provision of non-audit services is within the Group's policy and does not impair the auditor's objectivity or independence. While the use of the Group's auditor for non-audit services is not prohibited, the Group typically elects to use an alternative advisor but accepts that certain work of a non-audit nature is best undertaken by the external auditor.

We were again satisfied that non-audit services were in line with our policy and did not detract from the objectivity and independence of the external auditor.

The non-audit fees paid to the Company's auditor, Deloitte LLP, for the year relate principally to their review of the Company's interim results and the issue of comfort letters provided in connection with the Group's financings, work typically undertaken by the auditor. Details of the fees payable to the external auditor are given in Note 4 to the financial statements. Non-audit fees represented 18% of the audit fee in the year.

Internal audit

The Committee is responsible for the Group's overall assurance framework, including ensuring the nature and scope of internal audit activities are appropriate for the Group and that internal audit findings are considered and actioned appropriately.

Following a review of internal audit activities in 2021/22, the Group appointed an in-house head of internal audit and risk officer during 2022/23, working alongside outsourced internal audit resource and other assurance providers. This year, internal audit work has focused on the design, implementation and operating effectiveness of core financial and cyber security controls. The scope of the work undertaken by our internal audit function is designed to provide coverage of our key controls, working alongside the Group's management assurance processes and the work of the external auditor. This work found that an effective control environment was in operation and identified a small number of control enhancement opportunities.

Internal audit prepares detailed reports which are discussed with management and against which detailed action plans are agreed. Key matters are highlighted to the Audit Committee through reports presented at Audit Committee meetings and the Audit Committee receives regular updates as to the status of open recommendations. In 2023/24, the Group's head of internal audit will undertake a review of the Group's overall risk management process and assurance map, and develop further the Group's in-house internal audit function to work alongside outsourced resource.

In addition, the internal operational audit teams in the businesses undertake operational audits across the store network using a risk-based methodology. Each year the Committee agrees the scope of work and the coverage in the audit plan at the start of the year and receive formal reports on the results of the work at the half year and full year. During the year 638 audits were completed, which is consistent with our goal for each of our stores to receive an audit visit at least once every two years. The audits are scored and action plans agreed with store management to remedy identified weaknesses. This continual process of reinforcement is key to the store level control environment.

Internal audit effectiveness

The Audit Committee conducts an annual assessment of the scope of internal audit and the effectiveness of the internal auditor's work. The review is based on the Committee's engagement with the internal auditor and feedback from management. As a result of the review of internal audit effectiveness, the Committee is satisfied that the scope of work and its effectiveness is appropriate.

Financial control and risk management

The Company's objective is to maintain a strong control environment which minimises the financial risk faced by the business. It is the Committee's responsibility to review and assess the effectiveness of the Company's internal financial controls and risk management processes.

The Group's control and monitoring procedures include:

- the maintenance and production of accurate and timely financial management information, including a monthly profit and loss account and selected balance sheet data for each store;
- the control of key financial risks through clearly laid down authority levels and proper segregation of accounting duties at the Group's accounting support centres;
- the preparation of a monthly financial report to the Board;
- the preparation of an annual budget and periodic update forecasts which are reviewed by the executive directors and then by the Board;
- a programme of rental equipment inventories and full inventory counts conducted at each store by equipment type and independently checked on a sample basis by our operational auditors and external auditor;
- comprehensive financial assurance activities including routine 'second-line' controls testing to monitor control activities;
- detailed internal audits at the Group's major accounting centres undertaken by internal audit specialists;
- review of the effectiveness of internal audit;
- comprehensive audits at each store generally carried out at least every two years by internal operational audit. A summary of this work is provided semi-annually to the Audit Committee; and
- whistle-blowing procedures by which staff may, in confidence, raise concerns about possible improprieties or breaches of company policy or procedure.

The Committee receives regular reports from the head of internal audit, internal operational audit and the Group Risk Committee. The Group's risk management processes are an area of focus as they adapt to reflect changes to our risk profile as a result of our significant growth, both organic and through bolt-on acquisitions.

Viability statement

The Committee discussed management's approach to the viability statement and reviewed the work undertaken by management and reviewed a paper summarising their conclusions and proposed statement. The statement was agreed at the June meeting and is included on page 45.

NOMINATION COMMITTEE REPORT

Members of the Nomination Committee are:

- Paul Walker (chair)
- Angus Cockburn
- Jill Easterbrook
- Tanya Fratto
- Renata Ribeiro
- Lucinda Riches
- Lindsley Ruth

Details of meeting attendance are provided on page 94. The Nomination Committee's terms of reference are available on the Group's website.

Role of the Nomination Committee

The principal duties of the Committee are making recommendations to the Board on:

- the Board's structure, size, composition and balance; and
- the appointment, reappointment, retirement or continuation of any director.

The chair of the Board chairs the Nomination Committee but is not permitted to participate in the appointment of their successor.

Main activities of the Nomination Committee during the year

Reappointment of directors

The Committee unanimously recommends the re-election of each of the directors at the 2023 AGM. In making this recommendation, the Committee evaluated each director in terms of their performance, commitment to the role, and capacity to discharge their responsibilities effectively, given their other external time commitments and responsibilities.

Board composition and diversity

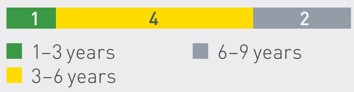
Our objective is to have a broad range of skills, background and experience within the Board as we believe that this ensures the Board is best placed to serve the Group. While we will continue to ensure that we appoint the best people for the relevant roles, we recognise the benefits of diversity in ensuring a mix of views and providing a broad perspective.

The Group's gender diversity statistics are set out within our Responsible business report including details of its approach to diversity and equal opportunities across the Group. At board level, four out of nine of our Board roles are held by women but we note that diversity extends beyond the measurable statistics of gender and ethnicity. As such, while we do not set any particular targets, we continue to take diversity in its wider context into account when considering any particular appointment.

Succession planning

Succession planning for the Board and senior management continues to be an area of focus for the Board, ensuring that appropriate succession plans are reviewed and updated on a regular basis and that board rotation is managed so that it is distributed across a number of years. The Board, facilitated by the chief executive, undertook a detailed review of succession plans for the business at its meeting in April this year. The tenure of non-executive directors is illustrated in the graph below:

Tenure



Board appointment process

When considering the recruitment of a new director, the Committee considers the required balance of skills, knowledge, experience and diversity to ensure that any new appointment adds to the overall board composition. The Committee utilises the services of independent external advisors to facilitate the search based on the criteria determined by the Committee for the role.

PAUL WALKER
Chair, Nomination Committee

REMUNERATION REPORT

Members of the Remuneration Committee are:

- Lucinda Riches (chair)
- Angus Cockburn
- Jill Easterbrook
- Renata Ribeiro
- Tanya Fratto
- Lindsley Ruth

Details of meeting attendance are provided on page 94. The Remuneration Committee's terms of reference are available on the Group's website.

Dear Shareholder

I am pleased to present the Remuneration report for 2022/23 following another year of strong performance for the Group.

Remuneration policy

At the 2022 AGM, 67.3% of the total votes received were in favour of the Remuneration report. Following the AGM, the Group continued to engage with shareholders and targeted specifically those institutional shareholders it identified as voting against the resolution. Based on this engagement and additional conversations with proxy voting advisors it is clear that the main concerns continued to relate to changes made to the Remuneration policy implemented in 2021.

Having listened to feedback from shareholders the Remuneration Committee will be recommending to the Board that the remuneration policy to be put to shareholders at the AGM in 2024 does not contain the option of granting a one-off award to executive directors. In addition, the Committee will review the performance measures relating to its Long-Term Incentive Plan (LTIP) awards and intends to include an ESG target and review the level of vesting at threshold performance. However the remuneration gap between the Group and its US-listed peers is significant and the Committee intends to address this issue under its next policy.

Notwithstanding the Group's London listing, Ashtead is essentially a US business operationally with over 90% of its revenue and over 95% of its operating profits being generated in North America and these proportions are likely only to increase for the foreseeable future. Shareholders have enjoyed significant benefits by being exposed to the North American markets but the Group's ability to attract and retain the calibre of senior executives, who are citizens of and reside in the US, required to achieve the Board's ambitions for the Group is being and will continue to be hampered severely by the remuneration environment in the UK. The Committee will need to address this as a matter of urgency with its next remuneration policy.

On behalf of the Remuneration Committee both the Group's chair and I will be commencing an extensive consultation with shareholders to enable us to achieve a policy that is acceptable to the majority of the Group's stakeholders and will be a fundamental tool in driving the business to even greater success.

Company performance and remuneration in 2022/23

On behalf of the Committee, I wish to thank our entire workforce for their contribution to Ashtead's continued success, further details of which are set out on pages 28 to 35 of the Annual Report. The Group delivered record results in 2022/23 as we executed against our strategic plan, Sunbelt 3.0, while remaining focused on our core value of ensuring our people remain at the heart of what we do.

Deferred bonus plan

The chief executive and chief financial officer participate in the deferred bonus plan where performance is measured by reference to Group adjusted pre-tax profit and free cash flow generation. The bonus targets for 2022/23, which were achieved in full, are set out on page 113.

2020 Performance Share Plan award vesting

The long-term performance of the Company is reflected in the full vesting of the 2020 Performance Share Plan ('PSP') award. The award will vest on the completion of the three-year vesting period in June 2023. The performance conditions and targets, weighting, actual performance and associated level of vesting are set out on page 114.

The Committee reviewed the outcomes under the 2023 deferred bonus plan and 2020 PSP awards, in the context of the underlying performance of the Group and the stakeholder experience. It concluded that no discretion to adjust the formulaic outcome was required.

Remuneration for 2023/24

Salary increases for executive directors and the rest of the workforce

To ensure a consistent and collaborative approach is taken to remuneration across the entire organisation the Committee monitors continuously the pay and benefits across the workforce as a whole. Furthermore, the Committee also reviews the proposed salary increases, bonuses and LTIP awards for the wider workforce to ensure a consistent reward structure.

Each year the Committee reviews the remuneration of the Group's executive directors and has determined to increase the base salaries for its chief executive and chief financial officer by 4% with effect from 1 May 2023, compared with average salary increases of c. 5% given to the general workforce. The Committee considered this level of salary increase to reflect appropriately their continued strong performance and valued contribution to the ongoing success of the Group.

2024 deferred bonus plan award

The executive directors participate in the deferred bonus plan. The Committee sets targets annually with reference to Group adjusted profit before tax and free cash flow. No changes are proposed to the reward opportunities under the deferred bonus plan for the financial year ending 30 April 2024.

LTIP award for 2023

The LTIP awards for 2023 for the executive directors are unchanged from last year and will be as follows:

- chief executive: 350% of base salary; and
- chief financial officer: 225% of base salary.

We will continue setting stretching through-the-cycle targets to reward sustainable, long-term growth as assessed across a balance of different metrics (relative TSR, EPS, RoI and leverage). The Committee continues to believe that through-the-cycle targets remain the most appropriate measures for a cyclical business and will retain the existing targets for its 2023 award.

Conclusion

The key decisions of the Committee relating to remuneration for the current year are set out below:

- the executive directors will receive 100% of their deferred bonus plan award for 2022/23 performance;
- the 2020 PSP award will vest in full in June 2023;
- the Group chief executive and Group chief financial officer's base salaries will increase by 4% from 1 May 2023; and
- the LTIP award opportunity for 2023 will be 350% of base salary for the chief executive and 225% of base salary for the chief financial officer. Performance conditions in respect of these awards appear on page 114.

At this year's AGM there will be a single advisory resolution in respect of the Directors' remuneration report, details of which are set out in the Notice of Meeting.

I believe the decisions made by the Committee both reflect and build on the constructive shareholder dialogue which I intend to continue going forward. I hope you will agree and will therefore be able to vote in favour of this year's Remuneration report.

LUCINDA RICHES
Chair of the Remuneration Committee

Introduction

This report has been prepared in accordance with the Listing Rules of the Financial Conduct Authority, the relevant sections of the Companies Act 2006 and The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 ('the Regulations'). It explains how the Board has applied the Principles of Good Governance relating to directors' remuneration, as set out in the UK Corporate Governance Code. The Regulations require the auditor to report to the Company's members on elements of the Directors' remuneration report and to state whether, in their opinion, that part of the report has been properly prepared in accordance with the Companies Act 2006. The audited information is included on pages 112 to 117.

An ordinary resolution concerning the Directors' remuneration report (excluding the Remuneration policy) will be put to shareholders at the AGM on 6 September 2023.

Remuneration policy

During the 2022/23 financial year, the Committee kept under review its approach to remuneration against Provision 40 of the Code, and concluded that the Remuneration policy and practices appropriately address the six pillars of: clarity; simplicity; risk, predictability; proportionality; and alignment to culture:

- **clarity:** the Remuneration policy is transparent and its implementation is disclosed in a straightforward and consistent manner to both shareholders and employees using the Group's annual report and via a range of employee engagement mechanisms, details of which are provided within this report;
- **simplicity:** the Group adopts remuneration structures for executive directors which are not complex and which are market typical. Executive director remuneration comprises a base salary, benefit and pension arrangements which are in line with the wider workforce, and an annual bonus and long-term incentive awards which are aligned with the Group's financial performance and strategic plans. Details of the operation of this remuneration structure is provided within this report;
- **risk:** the Remuneration policy has been designed to discourage inappropriate risk-taking with an appropriate mix of fixed and variable remuneration. Variable elements are focused on the long-term success of the Group, with awards under the deferred bonus plan and long-term incentive plans subject to malus and clawback provisions. Performance conditions are reviewed regularly to ensure they remain sufficiently stretching to ensure poor performance is not rewarded, but without being so stretching as to encourage and incentivise risk-taking;
- **predictability:** the illustration on page 109 provides detail of the potential future reward based on different performance scenarios under the application of the Remuneration policy for 2023/24. Incentive arrangements are applied consistently over time and subject to clearly defined pay-out schedules, deferral requirements and shareholding policies;
- **proportionality:** the link between each element of the Remuneration policy and its strategy is detailed in the policy table below, with a range of short and long-term components. Furthermore, the Committee retains appropriate discretion to adjust formulaic bonus and long-term incentive outcomes, where these would otherwise result in outcomes that are not aligned with stakeholders' experience; and
- **alignment to culture:** remuneration practices are aligned with the Group's purpose, values and strategy. This was reinforced with the introduction of ESG measures into the Group's remuneration performance measures for the Strategic Plan Award.

Shareholders approved the Group's Remuneration policy at the 2021 AGM and the policy has operated as set out on the next page. A new remuneration policy will be put to shareholders at the 2024 AGM. Major shareholders will be consulted in advance on proposed changes.

The Group's remuneration policy

Base salary

Link to strategy	Operation	Maximum potential value	Performance conditions and assessment
The purpose of the base salary is to attract and retain directors of the high calibre needed to deliver the long-term success of the Group without paying more than is necessary to fill the role.	Ordinarily, base salary is set annually and is payable on a monthly basis. An executive director's base salary is determined by the Committee. In deciding appropriate levels, the Committee considers the experience and performance of individuals and relationships across the Board and seeks to be competitive using information drawn from both internal and external sources and taking account of pay and conditions elsewhere in the Company. The comparator group currently used to inform decisions on base salary is principally the FTSE organisations of similar size, geographic footprint and index positioning of the Company. The Committee intends to review the comparator group each year, to ensure this remains appropriate, and any changes would be disclosed to shareholders in setting out the operation of the policy for the subsequent year. Individuals who are recruited or promoted to the Board may, on occasion, have their salaries set below the policy level until they become established in their role. In such cases subsequent increases in salary may be higher than the average increase until the target positioning is achieved.	The policy for salary is around the median level for comparable positions in relation to the comparator groups. Increases will normally be in line with both the market and typical increases for other employees across the Group. Details of the executive directors' salaries, and any increases awarded are set out in the Remuneration report.	N/A

Benefits

Link to strategy	Operation	Maximum potential value	Performance conditions and assessment
To provide competitive employment benefits.	The executive directors' benefits will generally include medical insurance, life cover, car allowance and travel and accommodation allowances. The type and level of benefits provided is reviewed periodically to ensure they remain market competitive.	The maximum will be set at the cost of providing the listed benefits.	N/A

Pension

Link to strategy	Operation	Maximum potential value	Performance conditions and assessment
To provide a competitive retirement benefit.	The Company makes pension contributions (or pays a salary supplement in lieu of pension contributions) equal to the average available for the workforce in the relevant geography.	The maximum pension contribution for all directors is aligned with the average employee contribution in the respective geographies.	N/A

Deferred Bonus Plan ('DBP')

Link to strategy	Operation	Maximum potential value	Performance conditions and assessment
The purpose of the DBP is to incentivise executives to deliver stretching annual financial performance while aligning short-term and long-term reward through compulsory deferral of a proportion into share equivalents. This promotes the alignment of executive and shareholder interests.	The DBP runs for consecutive three-year periods with a significant proportion of any earned bonus being compulsorily deferred into share equivalents. Based on achievement of annual performance targets, participants receive two-thirds of the combined total of their earned bonus for the current year and the value of any share equivalent awards brought forward from the previous year at the then share price. The other one-third is compulsorily deferred into a new award of share equivalents evaluated at the then share price. Deferred share equivalents are subject to 50% forfeiture for each subsequent year of the plan period where performance falls below the forfeiture threshold set by the Committee. At the expiration of each three-year period, participants will, subject to attainment of the performance conditions for that year, receive in cash their bonus for that year plus any brought forward deferral at its then value. Dividend equivalents may be provided on deferred share equivalents.	The maximum annual bonus opportunity under the DBP is 225% of base salary. Target performance earns 50% of the maximum bonus opportunity.	The current DBP performance conditions are Group adjusted pre-tax profit and free cash flow. Stretching financial targets are set by the Committee at the start of each financial year. The Company operates in a rapidly changing sector and therefore the Committee may change the balance of the measures, or use different measures for subsequent financial years, as appropriate. The Committee has the discretion to adjust measures, targets or weightings for any exceptional events that may occur during the year. The Remuneration Committee is of the opinion that given the commercial sensitivity arising in relation to the detailed financial targets used for the DBP, disclosing precise targets for the bonus plan in advance would not be in shareholder interests. Actual targets, performance achieved and awards made will be published at the end of the performance periods so shareholders can assess fully the basis for any pay-outs under the plan.

Performance Share Plan ('PSP')/Long-Term Incentive Plan ('LTIP')

Link to strategy	Operation	Maximum potential value	Performance conditions and assessment
The purpose is to attract, retain and incentivise executives to optimise business performance through the economic cycle and hence, build a stronger underlying business with sustainable long-term shareholder value creation. This is an inherently cyclical business with high capital requirements. The performance conditions have been chosen to ensure that there is an appropriate dynamic tension between growing earnings, delivering strong RoI, whilst maintaining leverage discipline.	Awards are granted annually and vesting is dependent on the achievement of performance conditions. Performance is measured over a three-year period. The operation of the plan is reviewed annually to ensure that grant levels, performance criteria and other features remain appropriate to the Company's current circumstances. Dividend equivalents may be provided on vested shares. Vested shares (net of taxes) are required to be held for a period of at least two years post-vesting.	The maximum annual award which can be made under the LTIP scheme has a market value at the grant date of 350% of base salary. At target performance 32.5% of the award vests. In 2023/24 the award for Brendan Horgan will be 350% of base salary and 225% for Michael Pratt.	Awards are subject to continued employment and achievement of a range of balanced and holistic performance conditions that are maintained across the cycle. The current performance criteria are set out on page 114.

Strategic Plan Award			
Link to strategy The Strategic Plan Award is a standalone performance share award linked directly to those objectives underpinning the Sunbelt 3.0 strategy. The performance conditions are aligned to the stretching financial and operational aspirations of Sunbelt 3.0 and linked to measures that ensure growth is delivered in a sustainable and responsible fashion.	**Operation** The Strategic Plan Award is a one-off award granted at the beginning of the Sunbelt 3.0 strategic period. Vesting is dependent on the achievement of performance conditions measured over the three-year period to 30 April 2024. Dividend equivalents may be provided on vested shares. Vested shares (net of taxes) are required to be held for a period of at least two years post-vesting.	**Maximum potential value** The maximum award which can be made under the Strategic Plan Award has a market value of 350% of base salary. At threshold performance 25% of the award vests.	**Performance conditions and assessment** Awards are subject to continued employment and achievement of a range of financial and operational performance conditions linked to the five strategic components of the Sunbelt 3.0 plan, details of which are set out on page 115.

Shareholding policy			
Link to strategy Ensures a long-term locked-in alignment between the executive directors and shareholders.	**Operation** The Committee requires the executive directors to build and maintain a material shareholding in the Company over a reasonable time frame, which would normally be five years. The Committee has discretion to increase the shareholding requirement.	**Maximum potential value** Minimum shareholding requirement: – Current chief executive: 500% of salary – Other executive directors: 300% of salary	**Performance conditions and assessment** N/A

Post-cessation shareholding requirement			
Link to strategy Strengthens the alignment between the long-term interests of executive directors and shareholders.	**Operation** The Committee requires the executive directors to maintain the minimum shareholding requirement for two years post-cessation.	**Maximum potential value** Minimum shareholding requirement: – Chief executive: 300% of salary – Other executive directors: 200% of salary	**Performance conditions and assessment** N/A

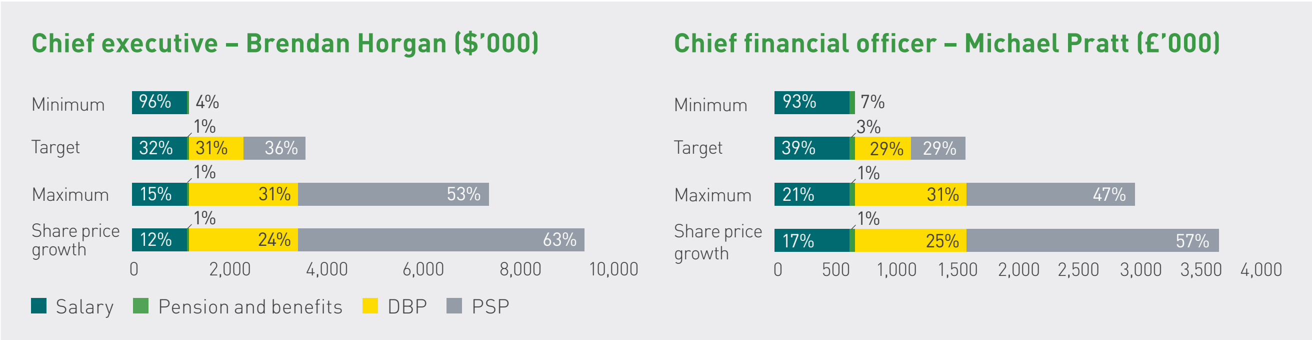
Notes to the policy table:

1. In relation to the PSP/LTIP:
   a. Total shareholder return measures the relative return from Ashtead against an appropriate comparator group, providing alignment with shareholders' interests.
   b. Earnings per share is also a key measure ensuring sustainable profit generation over the longer term and is a measure which is aligned with shareholders' interests.
   c. Return on investment is a key internal measure to ensure the effective use of capital in the business which is cyclical and with high capital requirements.
   d. The use of leverage alongside the other performance measures ensures there is an appropriate dynamic tension and balance, maintaining leverage discipline in a capital-intensive business. The leverage target is equal to or less than 2 times (2.4 times post IFRS 16), averaged across the three-year period.
2. In relation to both the DBP and the PSP/LTIP, malus and clawback provisions exist which enable the Committee to reduce or eliminate the number of shares, notional shares or unvested shares held or reduce the amount of any money payable or potentially payable and/or to require the transfer to the Company of all or some of the shares acquired or to pay to the Company an amount equal to all or part of any benefit or value derived from, or attributable to, the plans in case of material misstatement of accounts or action or conduct of an award holder or award holders which in the reasonable opinion of the Board, amounts to fraud or gross misconduct.
3. The Committee will operate the Company's incentive plans according to their respective rules and consistent with normal market practice, the Listing Rules and HMRC rules where relevant, including flexibility in a number of regards. These include making awards and setting performance criteria and targets for new cycles each year, dealing with leavers, and adjustments to awards and performance criteria following acquisitions, disposals, changes in share capital and to take account of the impact of other merger and acquisition activity. The Committee retains discretion, in exceptional circumstances, under the rules of the DBP and long-term incentive plans (PSP and LTIP) to adjust performance conditions to ensure that the awards fulfil their original purposes. All assessments of performance are ultimately subject to the Committee's judgement. Any discretion exercised, and the rationale for doing so, will be disclosed in the Directors' remuneration report.

Remuneration policy on new hires
When hiring a new executive director, the Committee will seek to align the remuneration package with the Remuneration policy summarised above. In addition, where the executive has to relocate, the level of relocation package will be assessed on a case-by-case basis. Although it is not the Committee's policy to buy-out former incentive arrangements as a matter of course, it will consider compensating an incoming executive with like-kind incentive arrangements for foregone incentives with their previous employer, taking into account the length of the period they were held and an assessment of the likely vesting value. The Committee will ensure that such arrangements are in the best interests of both the Company and the shareholders without paying more than is necessary.

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

The graphs below illustrate the potential future reward opportunity for each of the executive directors in 2023/24, and the base salary at 1 May 2023.



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

	Base salary, benefits and pension	DBP	LTIP
Minimum	Base salary, benefits and pension or cash in lieu of pension	No DBP payment payable	No vesting
Target/threshold	As above	On target DBP payment (50% of maximum)	32.5% vesting
Maximum	As above	Maximum DBP payment	Full vesting
Share price growth	As above	Maximum DBP payment	Full vesting with 50% share price growth

The impact of share price movements on the value of LTIPs has been excluded for the minimum, target and maximum scenario. The impact of share price changes on the value of mandatory bonus deferrals into the DBP has been excluded from all scenarios.

Service contracts
The Company's policy is that executive directors have rolling contracts terminable by either party giving the other 12 months' notice, which are available for inspection at the Company's registered office. The service contracts for each of the executive directors all contain non-compete provisions appropriate to their roles.

Policy on payment for loss of office

Upon the termination of employment of any executive director, any compensation will be determined in accordance with the relevant provisions of the director's employment contract and the rules of any incentive scheme which are summarised below.

Approach	Application of Committee discretion
Base salary and benefits	
Approach In the event of termination by the Company, there will be no compensation for loss of office due to misconduct or normal resignation. In other circumstances, executive directors may be entitled to receive compensation for loss of office which will be a maximum of 12 months' salary. Such payments will be equivalent to the monthly salary and benefits that the executive would have received if still in employment with the Company. Executive directors will be expected to mitigate their loss within a 12-month period of their departure from the Company.	**Application of Committee discretion** The Committee has discretion to make a lump sum payment in lieu.
Pension	
Approach Pension contributions or payments in lieu of pension contribution will be made during the notice period. No additional payments will be made in respect of pension contributions for loss of office.	**Application of Committee discretion** The Committee has discretion to make a lump sum payment in lieu.
Deferred Bonus Plan	
Approach The treatment of the Deferred Bonus Plan is governed by the rules of the plan. **Cessation of employment** If a participant ceases to be employed by a Group company for any reason an award that has not vested shall lapse unless the Committee in its absolute discretion determines otherwise for 'good leaver' reasons (including, but not limited to, injury, disability, ill health, retirement, redundancy or transfer of the business). If the Committee determines that deferred awards held in a participant's plan account shall not lapse on cessation of employment, all deferred awards held in the participant's plan account shall vest immediately and the Committee shall determine: (a) whether the measurement date for that plan year is brought forward to the date of cessation or remains at the end of the plan year; and (b) whether a reduction is applied to the payment to take account of the proportion of the plan year elapsed and the contribution to the Group. If the Committee determines that the measurement date is the date of cessation, the Committee shall pro-rate the performance conditions to the date of cessation.	**Application of Committee discretion** The Committee has the discretion to determine that an executive director is a good leaver. The Committee retains discretion to set the measurement date for the purposes of determining performance measurement and whether to pro-rate the contribution for that plan year. It should be noted that it is the Committee's policy only to apply such discretions if the circumstances at the time are, in its opinion, sufficiently exceptional, and to provide a full explanation to shareholders where discretion is exercised.
Change of control On a change of control, all deferred awards held in a participant's plan account shall vest immediately and the Committee shall determine: (a) that the measurement date is the date of the change of control; and (b) whether a reduction is applied to the payment to take account of the proportion of the plan year elapsed and the participant's contribution to the Group. The Committee shall pro-rate the performance conditions to the measurement date. In the event of an internal reorganisation, the Committee may determine that awards are replaced by equivalent awards.	The Committee retains discretion to pro-rate the contribution for that plan year. It is the Committee's policy in normal circumstances to pro-rate to time; however, in exceptional circumstances where the nature of the transaction produces exceptional value for shareholders and provided the performance targets are met, the Committee will consider whether pro-rating is equitable.

PSP/LTIP (including Strategic Plan Award)	
Approach The treatment of awards is governed by the rules of the relevant plan. **Cessation of employment** If a participant ceases to be employed by a Group company for any reason an award that has not vested shall lapse unless the Committee in its absolute discretion determines otherwise for 'good leaver' reasons (including, but not limited to, injury, disability, ill health, retirement, redundancy or transfer of the business). Where the participant is a good leaver, and at the discretion of the Committee, awards may continue until the normal time of vesting and with the performance target and any other conditions considered at the time of vesting. If the participant's awards vest, the proportion of the awards which shall vest will be determined by the Committee in its absolute discretion taking into account such factors as the Committee may consider relevant including, but not limited to, the time the award has been held by the participant and having regard to the performance target and any further condition imposed under the rules of the relevant plan. Alternatively, the Committee may decide that the award may vest on the date of cessation taking into account such factors as the Committee may consider relevant including, but not limited to, the time the award has been held by the participant and having regard to the performance target and any further condition imposed under the rules of the relevant plan.	**Application of Committee discretion** The Committee has the discretion to determine that an executive director is a good leaver. The Committee retains discretion to set the vesting date. It should be noted that it is the Committee's policy only to apply such discretions if the circumstances at the time are, in its opinion, sufficiently exceptional, and to provide a full explanation to shareholders where discretion is exercised.
Change of control The proportion of the awards which shall vest will be determined by the Committee in its absolute discretion taking into account such factors as the Committee may consider relevant including, but not limited to, the time the award has been held by the participant and having regard to the performance target and any further condition imposed under the rules of the relevant plan.	It is the Committee's policy to measure the level of satisfaction of performance targets on a change of control. It is the Committee's policy in normal circumstances to pro-rate to time; however, in exceptional circumstances where the nature of the transaction produces exceptional value for shareholders and provided the performance targets are met the Committee will consider whether pro-rating is equitable.

There is no agreement between the Company and its directors or employees, providing for compensation for loss of office or employment that occurs as a result of a takeover bid. The Committee reserves the right to make payments where such payments are made in good faith in discharge of a legal obligation (or by way of damages for breach of such an obligation); or by way of settlement or compromise of any claim arising in connection with the termination of an executive director's office or employment.

When determining any loss of office payment for a departing individual the Committee will always seek to minimise the cost to the Company whilst seeking to address the circumstances at the time.

Consideration of conditions elsewhere in the Group

The constituent parts of the senior management team's remuneration package (and the pay principles underpinning these) mirror those of the executive directors. The performance conditions attaching to LTIP awards are applied consistently to all LTIP awards made throughout the Company, and performance measures included within the Strategic Plan Awards are similarly aligned to the key components of our Sunbelt 3.0 strategy.

When considering executive compensation, the Committee is advised of, and takes into account, changes to the remuneration of employees within the Group. Executives engaged with team members throughout the year. Regular 'town hall' and employee briefings are held during which updates are provided to the workforce on the Group's performance and strategic initiatives, and how these correlate to remuneration plans. During 2022/23, these have included specific consideration of fixed elements of remuneration, considering the broader economic environment, as well as the structure of variable elements of remuneration, in light of the Group's progress against its strategic plans. The workforce is encouraged to raise questions and share feedback either during or after the town hall events and employee briefings and we find a high level of engagement. Additionally, regular updates are provided to employees of Company performance via email and through the Group's employee engagement apps.

Employees are also able to provide feedback through the Group's employee surveys on an anonymous basis, with employees and the Board provided with updates as to action taken to respond to employee matters raised.

Our Remuneration policy is applied consistently throughout the organisation and as such enables our employees to understand the Remuneration policy as it applies to them, and enables alignment between the executive directors and the wider workforce. This includes our policy on setting fixed pay levels, the depth of participation in our short- and long-term incentives, and the measures and targets set to determine the pay-out of these. The Committee (and the Board as a whole) continues to keep under review our approach to consulting employees on all matters – including remuneration – and is committed to evolving further its approach over time, as appropriate.

Managing potential conflicts of interest
In order to avoid any conflict of interest, remuneration is managed through well-defined processes ensuring that no individual is involved in the decision-making process related to their own remuneration. In particular, the remuneration of all executive directors is set and approved by the Committee; none of the executive directors is involved in the determination of their own remuneration arrangements.

The Committee also receives support from external advisers and evaluates the support provided by those advisers annually to ensure that advice is independent and appropriate.

Remuneration policy for non-executive directors
The remuneration of the non-executive directors is determined by the Board within limits set out in the Articles of Association. None of the non-executive directors has a service contract with the Company and their appointment is therefore terminable by the Board or the director at any time. When recruiting a non-executive director, the remuneration arrangements offered will be in line with the policy table below:

Approach to fees	Basis of fees
Fees are set at a level to attract and retain high calibre non-executive directors.	Each non-executive director is paid a basic fee for undertaking non-executive director and board responsibilities.
Fees are reviewed on a regular basis to ensure they reflect the time commitment required and practice in companies of a similar size and complexity.	Additional fees are paid in relation to extra responsibilities undertaken, such as to the chair and the chairs of the Audit and Remuneration Committees and the senior independent director.
The Company pays any reasonable expenses that a non-executive director incurs in carrying out their duties as a director (including any tax arising thereon) and other modest benefits as appropriate.	

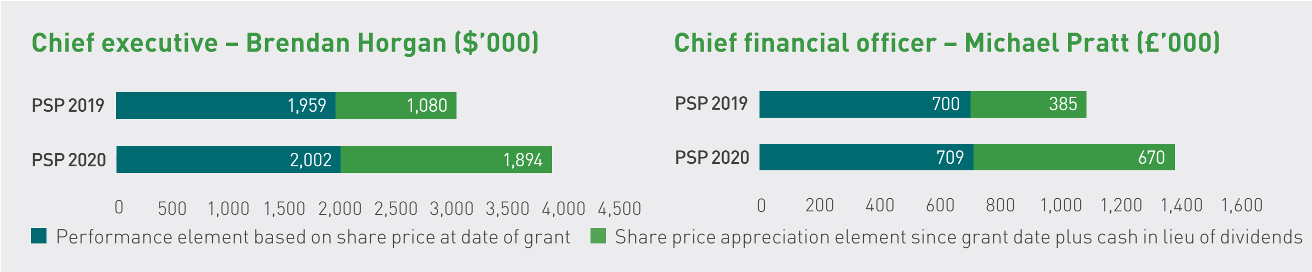
Annual report on remuneration
Single total figure for remuneration (audited information)
Executive directors

The single figure for the total remuneration received by each executive director for the year ended 30 April 2023 and the prior year is shown in the table below:

		Brendan Horgan[1]		Michael Pratt[1]		Total[1]	
		2023 $'000	2022 $'000	**2023 £'000**	2022 £'000	**2023 $'000**	2021 $'000
Fixed remuneration	Salary	**1,082**	1,030	**588**	560	**1,788**	1,791
	Benefits[2]	**21**	43	**6**	11	**28**	58
	Pension[3]	**23**	20	**35**	34	**65**	66
	Total fixed	**1,126**	1,093	**629**	605	**1,881**	1,915
Variable remuneration	DBP[4]	**3,120**	1,777	**1,266**	702	**4,711**	2,731
	PSP[5]	**3,896**	3,039	**1,379**	1,085	**5,553**	4,354
	Total variable	**7,016**	4,816	**2,645**	1,787	**10,264**	7,085
Total		**8,142**	5,909	**3,274**	2,392	**12,145**	9,000

Notes
1 Brendan Horgan's salary is denominated in US dollars whereas Michael Pratt's salary is denominated in sterling. For the purpose of this disclosure, amounts have been shown in the currency in which salary is denominated, while the total remuneration amount is shown in US dollars translated at the average exchange rate for the year.
2 Benefits include the taxable benefit of company owned cars, private medical insurance and subscriptions and other taxable allowances. Other taxable allowances include car, travel and accommodation allowances.
3 The amount for Michael Pratt represents cash payments in lieu of pension contributions at 6% (2022: 6%) of salary, in line with the pension contribution offered to the UK workforce. The amount included for Brendan Horgan represents the co-match under Sunbelt's 401K defined contribution pension plan and 409A deferred compensation plan, and is in line with the pension arrangements offered to our US workforce.
4 DBP includes the cash received by each director from the DBP for 2022/23 performance as explained on page 113. This includes all this year's bonus and the brought forward deferred share equivalents for each director.
5 The PSP value is calculated as the number of shares vesting, valued at the market value of those shares, plus the payment in lieu of dividends paid during the vesting period. Market value is the market value on the day the awards vest (if they vest before the date the financial statements are approved) or the average market value for the last three months of the financial year (if the awards vest after the date the financial statements are approved). The 2020 award will vest at 100% on 19 June 2023 and has been valued at an average market value of 5,169p for the three months ended 30 April 2023, plus 154.4p per share in lieu of dividends paid during the vesting period. The PSP value for 2022 has been adjusted to reflect the actual market value on the date of vesting of 3,474p.

The value attributable to the 2019 and 2020 PSP awards within the single total figure for remuneration reflects the appreciation of the share price since the awards were granted. This is illustrated as follows:



The Company believes that the charts above show the strong alignment of interests between the executive directors and shareholders reflected in the share price appreciation over the performance period. The share price at the time the 2020 PSP award was granted (2,736p in June 2020), was commensurate with the prevailing share price immediately prior to the outbreak of the COVID-19 pandemic and ahead of the share price at the time the 2019 PSP award was granted (2,320p). The Committee is satisfied that the share price performance since grant is supported by the strong financial performance of the business over the period and that the vesting of the awards (which are subject to a further two-year holding period post vesting) will not give rise to windfall gains for the executives.

Directors' pension benefits (audited information)

Brendan Horgan is a member of the Sunbelt 401K defined contribution pension plan and the 409A deferred compensation plan. He is entitled to a company co-match conditional on contributing into the 401K plan or deferring into the 409A plan. The co-match is limited to amounts permitted by regulatory agencies and is affected either by a company payment into the 401K plan or an enhanced deferral into the 409A plan and was $22,269 in 2022/23.

At 30 April 2023, the total amount available to Brendan Horgan but deferred under the Sunbelt deferred compensation plan was $991,394. This includes an allocated investment gain of $10,943 (2022: loss of $104,693).

Michael Pratt received a cash payment in lieu of pension contributions of 6% of base salary, in line with the wider UK workforce.

The Deferred Bonus Plan (audited information)

The performance targets for the DBP for the year, which were equally weighted, were as follows:

		Group adjusted pre-tax profit	Free cash flow
Forfeiture		$1,500m	n/a
Entry	10%	$1,830m	$140m
Threshold	30%	$1,880m	$175m
Target	50%	$1,935m	$210m
Maximum	100%	$2,150m	$280m
Actual – reported		**$2,273m**	**$531m**
Actual – budgeted exchange rates		**$2,281m**	**$531m**

For the year to 30 April 2023, the adjusted pre-tax profit for Ashtead Group plc was $2,281m and free cash flow was $531m, both at budget exchange rates. As a result, Brendan Horgan and Michael Pratt earned 100% of their maximum bonus entitlements. These are equivalent to 200% of base salary for Brendan Horgan ($2,163,000) and 150% of base salary for Michael Pratt (£882,000).

The three-year period of the DBP ended on 30 April 2023. Under the terms of the DBP, there was no forfeiture of brought forward share equivalent awards. The share equivalent awards are summarised below:

	Number of share equivalent awards				Value of released awards '000
	Brought forward	Released	Granted	Carried forward	
Brendan Horgan	16,641	(16,641)	–	–	$957
Michael Pratt	8,394	(8,394)	–	–	£384

The Performance Share Plan / LTIP

The performance criteria represent a balanced and holistic approach involving four measures selected because delivery of them through the cycle is a significant challenge and the achievement of them will deliver optimum sustainable performance and shareholder value creation over the long-term. The performance criteria are as follows:

		Performance criteria (measured over three years)				
Award date	Financial year	TSR (40%)	EPS (25%)	RoI (25%)	Leverage (10%)	Status
4/7/19	2019/20	25% of this element of this award will vest for median performance with full vesting at the upper quartile. TSR is measured against the FTSE 350 companies ranked 50th to 100th by market capitalisation from 1 May of the year of grant.	25% of this element of the award will vest if EPS compound growth for the three years ending 30 April immediately prior to the vesting date is 6% per annum, rising to 100% vesting if EPS compound growth is equal to, or exceeds, 12% per annum.	25% of this element of the award will vest at an RoI of 10% with 100% vesting with an RoI of 15% (excluding IFRS 16).	100% of this element of the award will vest if the ratio of net debt to EBITDA is equal to, or is less than, 2 times (2.4 times post IFRS 16).	**2019 award** 98.7% vested in July 2022.
19/6/20	2020/21					**2020 award** 100% will vest in June 2023.
6/7/21	2021/22	As above, except TSR is measured against the constituents of the FTSE 100 from 1 May of the year of grant.				**2021 award** TSR performance is in the third quartile, EPS increased by 33%, RoI of 19% and leverage of 1.6 times.
4/7/22	2022/23					**2022 award** TSR performance is in the second quartile, EPS increased by 27%, RoI of 19% and leverage of 1.6 times.

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

The 2019 PSP award vested at 98.7% on 4 July 2022 with EPS compound growth (calculated consistently with 2018/19, excluding IFRS 16) for the three years ended 30 April 2022 of 11.6%, falling between the lower and upper thresholds of 6% and 12%, resulting in 23.7% of the EPS element of the award vesting and the Company's TSR performance ranked it first within the FTSE 350 companies ranked 50th to 100th by market capitalisation (excluding investment trusts). RoI was 18% and average leverage was 1.7 times.

The 2020 PSP award will vest in full on 19 June 2023 with EPS compound growth for the three years ended 30 April 2023 of 21%, exceeding the upper threshold of 12%, and the Company's TSR performance ranked it first within the FTSE 350 companies ranked 50th to 100th by market capitalisation (excluding investment trusts). RoI was 19% and average leverage was 1.6 times.

EPS is based on adjusted profit after taxation stated in US dollars. TSR performance is measured relative to FTSE companies of comparable market capitalisation (excluding investment trusts) rather than a specific comparator group of companies because there are few direct comparators to the Company listed in London. The Company's TSR performance relative to the FTSE 100 (excluding investment trusts) is shown on page 117.

It is a condition of the PSP and LTIP awards that directors at the time of the award are required to hold any vested shares for a further two-year period following the vesting date.

The Strategic Plan Award

Strategic Plan Awards were made in 2021/22. The performance criteria represent the stretching financial and operational aspirations of Sunbelt 3.0, balanced by linkage to measures that ensure growth is delivered in a sustainable and responsible fashion.

	Weighting	Measure	Targets: Threshold	Targets: Stretch	Commentary
1 Grow General Tool and advance our clusters / **2 Amplify Specialty**	50%	**Increase in EBITDA:** measured at constant currency plan rates	$820m	$1,150m	Aligns with our ambition to deliver a US rental growth of 2x market rate, together with continued strong margin and RoI performance
3 Advance technology	15%	**Operational improvement:** improvement in 'cap factor' (pure rental revenue / average original equipment cost) in North America	4.0% by FY24	6.0% by FY24	Reflects ambition to exceed our cap factor performance over the last five years
	15%	**Customer: 'Deliver the Perfect Rental':** targeting a reduction in dispute resolution time over the three-year period ending 30 April 2024	6.0% reduction	12.0% reduction	Targets set ahead of past performance, to underpin our focus on customer retention, relationships and response times
4 Lead with ESG	10%	**Environment: reduce carbon intensity:** aligned directly to our '35x30' goal	11.0% reduction	15.0% reduction	Reflects ESG's critical role to unlocking structural benefits across the Group Targets are aligned with our long-term goal of a 35% reduction by 2030
	10%	**Employee: engagement in 2023/24:** maintaining our excellent level of engagement in the US, and expecting other geographies to match it	75%	85%	Our ambition is to set a benchmark for our market, recognising the criticality of an engaged and enthusiastic workforce to Ashtead's continued success
5 Dynamic capital allocation	A consistent application of our capital allocation policy to optimise deployment for the benefit of all stakeholders. Sunbelt 3.0 underpins our focus on value creation for our people, our customers, our communities and our investors				

25% of each element of the Strategic Plan Award will vest at the threshold target and 100% will vest at the stretch target, subject to achieving the EBITDA threshold target. For performance between the threshold and stretch the award is scaled on a straight-line basis.

Single total figure of remuneration (audited information)

Non-executive directors

	Fees		Benefits[1]		Total	
	2023 £'000	2022 £'000	**2023 £'000**	2022 £'000	**2023 £'000**	2022 £'000
Angus Cockburn	**120**	100	**2**	4	**122**	104
Jill Easterbrook	**80**	67	**–**	1	**80**	68
Tanya Fratto	**80**	67	**11**	–	**91**	67
Renata Ribeiro[2]	**80**	23	**23**	13	**103**	36
Lucinda Riches	**100**	83	**–**	–	**100**	83
Lindsley Ruth	**80**	67	**7**	–	**87**	67
Paul Walker	**450**	383	**10**	3	**460**	386
	990	790	**53**	21	**1,043**	811

Notes
1 Benefits relate to travel, accommodation and subsistence expenditure met by the Company for Board members to attend meetings of the Board and undertake other activities on behalf of the Company. The benefits figures above includes those amounts where such expenditure has been reimbursed in attending the Group's head office location in London.
2 Renata Ribeiro joined the Board during 2021/22. Her fees in relation to 2022 reflect this part-year tenure.

The non-executive directors did not receive any remuneration from the Company in addition to the fees detailed above.

Scheme interests awarded between 1 May 2022 and 30 April 2023 (audited information)

Long-Term Incentive Plan

The nil-cost awards made on 4 July 2022 are subject to the rules of the LTIP and the achievement of stretching performance conditions, which are set out on page 114, over a three-year period to 30 April 2025. The awards are summarised below:

	Number	Face value of award[1] '000	Face value of award as % of base salary	% of award vesting for target performance
Brendan Horgan	89,923	$3,785,250	350%	32.5%
Michael Pratt	38,083	£1,323,000	225%	32.5%

Note

1 LTIP awards were allocated on 4 July 2022 using the closing mid-market share price (3,474p) of Ashtead Group plc on that day and for Brendan Horgan, the closing USD/GBP exchange rate ($1,2117).

Payments to past directors (audited information)

No payments were made in the current year to past directors of the Company.

Geoff Drabble stepped down from the Board on 1 May 2019 and Sat Dhaiwal stepped down from the Board on 31 July 2018. In June 2022 the Employee Share Ownership Trust released 42,097 shares to Geoff Drabble and 5,204 shares to Sat Dhaiwal. These shares were granted under the 2017 PSP award and vested in June 2020 and were required to be held by the former directors for two years from their vesting date. In July 2023, the Employee Share Ownership Trust will release 16,898 shares to Geoff Drabble. These shares were granted under the 2018 PSP award and vested in July 2021 and were required to be held by Geoff Drabble for two years from their vesting date.

Payments for loss of office (audited information)

During the year there have been no payments made to directors for loss of office.

Statement of executive directors' shareholdings and share interests (audited information)

The executive directors are subject to a minimum shareholding obligation. The chief executive is expected to hold shares at least equal to 500% of base salary and the remaining executive directors are expected to hold shares at least equal to 300% of base salary. As shown below, the executive directors comply with these shareholding requirements.

	Shares held outright at 30 April 2023[1]	Shares held outright at 30 April 2023 as a % of salary[2]	Outstanding unvested plan interests subject to performance measures[3]	Total of all share interests and outstanding plan interests at 30 April 2023
Brendan Horgan	475,000	2,743%	230,170	705,170
Michael Pratt	314,000	2,654%	108,699	422,699

There have been no changes in the outstanding share interests of executive directors as of the date of this report.

Notes

1 Interests in shares held at 30 April 2023 include shares held by connected persons.

2 In calculating shareholding as a percentage of salary, the average share price for the three months ended 30 April 2023, the sterling/dollar exchange rate at 30 April 2023, and the directors' salaries at 1 May 2023, have been used.

3 All outstanding plan interests take the form of rights to receive shares.

Performance Share Plan and Long-Term Incentive Plan awards

Awards made under the PSP and LTIP (excluding the Strategic Plan Award detailed below), and those which remain outstanding at 30 April 2023, are shown in the table below:

	Date of grant	Held at 30 April 2022	Exercised during the year	Lapsed during the year	Granted during the year	Held at 30 April 2023
Brendan Horgan	04.07.19	70,600	69,682	918	–	–
	19.06.20	60,911	–	–	–	60,911
	06.07.21	34,435	–	–	–	34,435
	04.07.22	–	–	–	89,923	89,923
Michael Pratt	04.07.19	30,550	30,153	397	–	–
	19.06.20	25,905	–	–	–	25,905
	06.07.21	20,679	–	–	–	20,679
	04.07.22	–	–	–	38,083	38,083

The performance conditions attaching to the PSP and LTIP awards are detailed on page 114. It is a condition of the PSP and LTIP awards that directors at the time of the award are required to hold any vested shares for a further two-year period following the vesting date. The market price of the awards granted during the year was 3,474p on the date of grant.

Strategic Plan Award
Awards under the LTIP with respect to the Strategic Plan Award, and those which remain outstanding at 30 April 2023, are shown in the table below:

	Date of grant	Held at 30 April 2022 and 2023
Brendan Horgan	17.09.21	44,901
Michael Pratt	17.09.21	24,032

The performance conditions attaching to the Strategic Plan Award are detailed on page 115. It is a condition of the LTIP awards that directors at the time of the award are required to hold any vested shares for a further two-year period following the vesting date.

Statement of non-executive directors' shareholding (audited information)
As at 30 April 2023, the non-executive directors' interests in ordinary shares of the Company were:

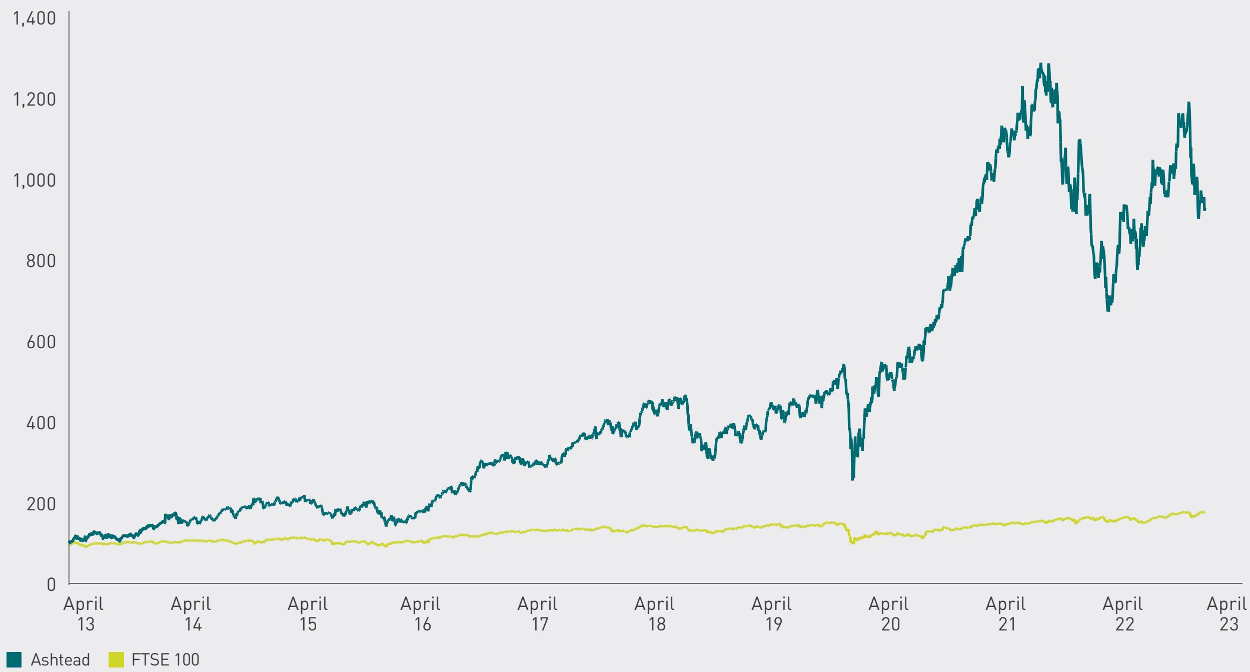
	Number
Paul Walker	14,000
Angus Cockburn	1,000
Jill Easterbrook	–
Tanya Fratto	1,000
Renata Ribeiro	140
Lucinda Riches	5,000
Lindsley Ruth	2,250

The market price of the Company's shares at the end of the financial year was 4,577p and the highest and lowest closing prices during the financial year were 5,874p and 3,359p respectively.

There have been no changes in the outstanding share interests of non-executive directors as of the date of this report.

Performance graph and table
Over the last 10 years the Company has generated an eight-fold total shareholder return ('TSR') which is shown below. The FTSE 100 is the Stock Exchange index the Committee considers to be the most appropriate to the size and scale of the Company's operations over that period.

Total shareholder return



During the same period, the total remuneration received by the Group chief executive has reflected the strong performance of the business:

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
		$'000					£'000			
Total remuneration	**8,142**	5,909	7,085	4,281	6,084	5,144	5,461	3,321	4,165	7,272
Adjusted profit before tax	**2,273**	1,824	1,316	1,343	1,110	927	793	645	490	362
Proportion of maximum annual bonus potential awarded	**100%**	100%	100%	– %	100%	100%	100%	98%	100%	100%
Proportion of PSP vesting	**100%**	98.7%	94.7%	100%	100%	100%	100%	97.5%	100%	100%

In 2019/20, Brendan Horgan was appointed as Group chief executive. The figures for 2014 to 2019 are for the then chief executive, Geoff Drabble. Amounts have been presented in the currency in which the chief executive's pay was denominated.

Percentage change in remuneration of all directors

The table below summarises the percentage change in the annualised remuneration of the Board and the employees of the Group. This information will build up to display a five-year history. For Michael Pratt and the non-executive directors, the percentage change in remuneration is calculated in sterling so as to remove the impact of exchange rate movements.

Brendan Horgan and Michael Pratt both participate in the Deferred Bonus Plan and their annual bonus reflects payments under this plan. Details are provided on page 113.

	% change in salary or fees			% change in benefits[4]			% change in annual bonus		
	2023	2022	2021	2023	2022	2021	2023	2022	2021
Executive directors									
Brendan Horgan	**5%**	– %	– %	**-51%**	-4%	1%	**76%**	29%	70%
Michael Pratt	**5%**	18%	– %	**-45%**	-48%	– %	**80%**	48%	64%
Non-executive directors									
Angus Cockburn	**20%**	11%	– %	**-45%**	Note 4	– %	**n/a**	n/a	n/a
Jill Easterbrook[1]	**20%**	11%	– %	**-52%**	Note 4	– %	**n/a**	n/a	n/a
Tanya Fratto	**20%**	11%	– %	**Note 4**	– %	-100%	**n/a**	n/a	n/a
Renata Ribeiro[2]	**– %**	n/a	n/a	**75%**	n/a	n/a	**n/a**	n/a	n/a
Lucinda Riches	**20%**	11%	– %	**– %**	– %	– %	**n/a**	n/a	n/a
Lindsley Ruth	**20%**	11%	– %	**Note 4**	– %	– %	**n/a**	n/a	n/a
Paul Walker	**17%**	10%	– %	**250%**	Note 4	-100%	**n/a**	n/a	n/a
Employees of the Group[3]	**7%**	5%	2%	**– %**	– %	– %	**-1%**	26%	45%

Notes
1 Fees relating to 2020/21 have been annualised to reflect that Jill Easterbrook joined the Board during 2019/20.
2 Renata Ribeiro joined the Board in January 2022 and therefore fees relating to 2021/22 have been annualised.
3 As required under The Companies (Directors' Remuneration Policy and Directors' Remuneration Report) Regulations 2019, the legislative requirement is to provide a comparison to employees of the parent company. The Group's employees are primarily employed through the Group's main trading companies and as such the analysis above has been prepared on a group-wide basis as this is a more closely aligned comparative group considering the global nature of the Group's business. For the employees of the parent company, the percentage change in salary is 6% (2022: 10%, 2021: nil%), the percentage change in benefits is nil% (2022: nil%, 2021: nil%) and the percentage change in annual bonus is 29% (2022: 21%, 2021: 41%).
4 Travel, accommodation and subsistence expenditure is met by the Company for Board members to attend meetings of the Board and undertake other activities on behalf of the Company. Amounts for non-executive directors within the benefits figure includes those amounts where such expenditure has been reimbursed in relation to amounts incurred in attending the Group's head office location in London, details of which are provided in the single total figure of remuneration table for non-executive directors on page 117. Where there were no comparative figures, a percentage change in benefits cannot be determined.

Relative importance of spend on pay

The following table shows the year-on-year change in returns to shareholders and aggregate staff costs (see Note 4 of the financial statements).

	2022/23 $m	2021/22 $m	Change %
Aggregate staff costs	**2,222**	1,830	21%
Returns to shareholders	**697**	768	-9%

Returns to shareholders include dividends of $437m (2022: $354m) and share buybacks of $261m (2022: $414m). The Group declared a dividend of 100.0 cents per share (2022: 80.0 cents per share).

Chief executive pay compared to pay of Group employees

Ashtead is a decentralised, store-based business employing c. 25,000 people including drivers, mechanics, yard operatives and sales personnel. We apply the same reward principles across the business. Our overall remuneration packages have to be competitive when compared with similar roles in other organisations against which we compete for talent. Thus, not only do we compete against other rental companies but also, for example, distribution businesses for drivers and mechanics. Accordingly, we consider both rental and other similar businesses when referencing our remuneration levels. For our chief executive, we are referencing a small group of chief executives of major organisations with the skillset to manage a fast-growing, multi-location and international business.

Given this business profile, all the pay ratio reference points compare our chief executive's remuneration with that of store-based employees. Year-to-year movements in the pay ratio will be driven largely by changes in our chief executive's variable pay. These movements will outweigh significantly any other changes in pay across the Group. Whatever the chief executive pay ratio, the Group is committed to continuing to invest in leading remuneration packages for all our employees.

The total pay and benefits of group-wide employees at the 25th, 50th and 75th percentile, and the ratios between the chief executive and these employees using the chief executive's single total remuneration figure for 2022/23 of $8,142,000 are as follows:

Group-wide employees[1]

		25th percentile pay ratio		50th percentile pay ratio		75th percentile pay ratio	
Year	Method	Total pay and benefits	Ratio	Total pay and benefits	Ratio	Total pay and benefits	Ratio
2022/23	B	$55,031	148:1	$71,075	115:1	$119,646	68:1
2021/22	B	$63,588	119:1	$71,210	107:1	$91,994	83:1
2020/21	B	$37,338	162:1	$80,427	75:1	$92,354	65:1
2019/20	B	$43,661	86:1	$59,362	63:1	$109,167	34:1

UK employees

		25th percentile pay ratio		50th percentile pay ratio		75th percentile pay ratio	
Year	Method	Total pay and benefits	Ratio	Total pay and benefits	Ratio	Total pay and benefits	Ratio
2022/23	B	£25,719	263:1	£31,403	216:1	£53,664	126:1
2021/22	B	£24,819	225:1	£31,114	179:1	£35,885	156:1
2020/21	B	£21,143	217:1	£24,763	185:1	£28,297	162:1
2019/20	B	£20,566	144:1	£23,199	127:1	£32,041	92:1

Notes
1 Given the nature of the Group's business, with c. 80% of employees based outside of the UK, the Group has additionally prepared the analysis on a group-wide basis.
2 The relevant employees at the 25th, 50th and 75th percentile were identified using existing gender pay data (option B) prepared using the latest available data in each year. Due to the nature of the roles undertaken by the identified employees, and based on a review of their pay and benefits, the Company believes that the individuals identified in each year are representative of the 25th, 50th and 75th percentile employees and further that option B is the most appropriate and practical approach to follow.
3 In calculating the total pay and benefits for the employees at the 25th, 50th and 75th percentile, adjustments were made to working hours to reflect a full time equivalent employee.
4 The relevant salary components of total pay and benefits for group-wide employees at the 25th, 50th and 75th percentile are $39,723, $47,748 and $59,565 respectively. The relevant salary components of total pay and benefits for UK employees at the 25th, 50th and 75th percentile are £24,133, £28,667 and £36,441 respectively.

The Group chief executive's remuneration has a significant weighting towards variable pay to align his remuneration with Company performance and as such, his total single figure may vary considerably from year to year depending on the performance of the Group. Consequently, the increase in the chief executive pay ratios between 2021/22 and 2022/23 is primarily a result of the increase in the chief executive's variable remuneration due to the increase in the Group's share price impacting the value of PSPs vesting and 2022/23 being the final year of the DBP cycle.

Further details as to how to seek to reward our employees are provided on page 65.

External appointments

The Company recognises that executive directors may be invited to become non-executive directors of other companies and that these appointments can broaden their knowledge and experience to the benefit of the Company. Subject to Board approval, executive directors may take up external appointments and the Group policy is for the individual director to retain any fee.

During the year under review, neither executive director held an external Board appointment.

Remuneration for the year commencing 1 May 2023

Basic salary

Salary with effect from 1 May 2023:

Brendan Horgan	$1,124,760
Michael Pratt	£611,520

Benefits

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

Retirement benefits

Retirement benefits will be applied in accordance with the policy.

Deferred Bonus Plan

Brendan Horgan and Michael Pratt participate in the DBP. The maximum annual bonus opportunities as a percentage of salary are unchanged at 200% for Brendan Horgan and 150% for Michael Pratt. The performance measures are adjusted Group profit before tax and free cash flow. The specific targets set are deemed to be commercially sensitive but full disclosure will be provided on a retrospective basis at the year-end.

Long-Term Incentive Plan

A 2023 LTIP award will be made as follows:

	Value of 2023 award '000	Basis of award % of salary
Brendan Horgan	$3,937	350%
Michael Pratt	£1,376	225%

These awards are based on the directors' salaries as at 1 May 2023. Performance targets remain unchanged from the prior year.

Non-executive fees

Annual fees for the chair and non-executive directors, which remain unchanged as at 1 May 2023, are as follows:

Paul Walker	£450,000
Angus Cockburn	£120,000
Jill Easterbrook	£80,000
Tanya Fratto	£80,000
Renata Ribeiro	£80,000
Lucinda Riches	£100,000
Lindsley Ruth	£80,000

For non-executive directors, fees comprise a base fee of £80,000, with a supplemental fee of £20,000 for each committee chair and a supplemental fee of £20,000 for the senior independent director.

Consideration by the directors of matters relating to directors' remuneration

The Company has established a Remuneration Committee ('the Committee') in accordance with the recommendations of the UK Corporate Governance Code.

None of the Committee members has any personal financial interests, other than as shareholders, in the matters to be decided. None of the members of the Committee is or has been at any time one of the Company's executive directors or an employee. None of the executive directors serves, or has served, as a member of the board of directors of any other company which has one or more of its executive directors serving on the Company's Board or Remuneration Committee.

The Group's chief executive normally attends the meetings of the Committee to advise on operational aspects of the implementation of existing policies and policy proposals, except where his own remuneration is concerned, as does the non-executive chair, Paul Walker. Eric Watkins acts as secretary to the Committee. Under Lucinda Riches' direction, the company secretary and Group chief executive have responsibility for ensuring the Committee has the information relevant to its deliberations.

In formulating its policies, the Committee has access to professional advice from outside the Company, as required, and to publicly available reports and statistics. The Committee appointed Ellason LLP ('Ellason') as its independent remuneration advisors with effect from 1 January 2021. Ellason is a member of the Remuneration Consultants Group and adheres to its code in relation to executive remuneration in the UK. The fees paid to Ellason for professional advice on remuneration during the year totalled £42,581 and were charged on a time incurred basis. Ellason does not provide any other services to the Company and the Committee is satisfied that Ellason is independent of both the Company and individual directors.

Main responsibilities of the Remuneration Committee

The principal duties of the Committee are:

- determining and agreeing with the Board the framework and policy for the remuneration of the executive directors and senior employees;
- ensuring that executive management is provided with appropriate incentives to encourage enhanced performance in a fair and responsible manner;
- reviewing and determining the total remuneration packages for each executive director including bonuses and incentive plans;
- determining the policy for the scope of pension arrangements, service agreements, termination payments and compensation commitments for each of the executive directors; and
- ensuring compliance with all statutory and regulatory provisions.

Summary of the Committee's work during the year

The principal matters addressed during the year were:

- determining and agreeing with the Board the framework and policy for the remuneration of the executive directors and senior employees;
- assessment of the achievement of the executive directors against their Deferred Bonus Plan objectives;
- setting Deferred Bonus Plan performance targets for the year;
- assessment of performance for the vesting of the 2019 PSP awards;
- granting 2022 PSP awards and setting the performance targets attaching thereto;
- reviewing executive base salaries; and
- approving the Directors' remuneration report for the year ended 30 April 2022.

Shareholder voting

An ordinary resolution concerning the Directors' remuneration report will be put to shareholders at the forthcoming AGM.

Ashtead is committed to ongoing shareholder dialogue and considers carefully voting outcomes. Following the 2022 AGM, the Committee continued to engage with shareholders, targeting in particular those identified as voting against the resolution and the main shareholder representative bodies. Based on this engagement and additional conversations with proxy voting advisers, it is clear that the main concerns relate to changes made to the Remuneration policy implemented in 2021.

The voting results of the most recent remuneration resolutions are set out below:

	AGM	For	Against
2021/22 Directors' annual report on remuneration[1]	2022	67.3%	32.7%
2020/21 Directors' remuneration policy[2]	2021	60.7%	39.3%

Notes
1 22,265 votes were withheld out of total votes cast of 333,418,597 in relation to the 2021/22 Directors' remuneration report at the 2022 AGM.
2 34,868,385 votes were withheld out of total votes cast of 303,715,038 in relation to the 2020/21 Directors' remuneration policy at the 2021 AGM.

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

LUCINDA RICHES
Chair, Remuneration Committee
12 June 2023

OTHER STATUTORY DISCLOSURES

Pages 86 to 124 inclusive (together with the sections of the Annual Report incorporated by reference) form part of the Directors' report.

Other information, which forms part of the Directors' report, can be found in the following sections of the Annual Report:

	Location
Acquisitions	Financial statements – Note 27
Audit Committee report	Pages 97 to 101
Board and committee membership	Pages 88 and 89
Corporate governance report	Pages 90 to 96
Directors' biographies	Pages 88 and 89
Directors' responsibility statement	Page 124
Events after the balance sheet date	Financial statements – Note 29
Financial risk management	Financial statements – Note 25
Future developments	Page 57
Greenhouse gas emissions	Pages 68 to 70
Nomination Committee report	Page 102
Other statutory disclosures	Pages 122 and 123
Our people	Pages 62 to 67
Pension schemes	Financial statements – Note 24
Results and dividends	Pages 51 to 57
Share capital	Financial statements – Note 22
Social responsibility	Pages 72 to 74

Share capital and major shareholders

Details of the Company's share capital are given in Note 22 to the financial statements.

Acquisition of own shares

At the 2022 AGM, the Company was authorised to make market purchases of up to c. 66m ordinary shares. The Company acquired 5.2m (1.15% of total issued share capital) shares under this authority during the year. This authority will expire on the earlier of the next AGM of the Company or 16 December 2023.

A special resolution will be proposed at this year's AGM to authorise the Company to make market purchases of up to 66m ordinary shares.

Voting rights

Subject to the Articles of Association, every member who is present in-person at a general meeting shall have one vote and on a poll every member who is present in-person or by proxy shall have one vote for every share of which he or she is the holder. The Trustees of the Employee Share Ownership Trust ordinarily follow the guidelines issued by the Association of British Insurers and do not exercise their right to vote at general meetings.

Under the Companies Act 2006, members are entitled to appoint a proxy, who need not be a member of the Company, to exercise all or any of their rights to attend and speak and vote on their behalf at a general meeting or any class of meeting. A member may appoint more than one proxy provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A corporate member may appoint one or more individuals to act on its behalf at a general meeting or any class of meeting as a corporate representative.

The deadline for the exercise of voting rights is as stated in the notice of the relevant meeting.

Transfer of shares

Certified shares

(i) Transfers may be in favour of more than four joint holders, but the directors can refuse to register such a transfer.

(ii) The share transfer form must be delivered to the registered office, or any other place decided on by the directors. The transfer form must be accompanied by the share certificate relating to the shares being transferred, unless the transfer is being made by a person to whom the Company was not required to, and did not send, a certificate. The directors can also ask (acting reasonably) for any other evidence to show that the person wishing to transfer the shares is entitled to do so.

CREST shares

(i) Registration of CREST shares can be refused in the circumstances set out in the Uncertificated Securities Regulations.

(ii) Transfers cannot be in favour of more than four joint holders.

Significant shareholders

Based on notifications received, the holdings of 5% or more of the issued share capital of the Company as at 12 June 2023 (the latest practicable date before approval of the financial statements) are as follows:

	%
BlackRock, Inc.	5%

Details of directors' interests in the Company's ordinary share capital and in options over that share capital are given in the Directors' remuneration report on pages 103 to 121. Details of all shares subject to option are given in the notes to the financial statements on page 156.

Change of control provisions in loan agreements

A change in control of the Company (defined, inter alia, as a person or a group of persons acting in concert gaining control of more than 30% of the Company's voting rights) leads to an immediate event of default under the Company's asset-based senior lending facility. In such circumstances, the agent for the lending group may, and if so directed by more than 50% of the lenders shall, declare the amounts outstanding under the facility immediately due and payable.

Such a change of control also leads to an obligation, within 30 days of the change in control, for the Group to make an offer to the holders of the Group's \$550m senior secured notes, due 2026, \$600m senior secured notes, due 2027, \$600m senior secured notes, due 2028, \$600m senior secured notes, due 2029, \$750m senior secured notes, due 2031, \$750m senior secured notes, due 2032, and \$750m senior secured notes, due 2033, to redeem them at 101% of their face value.

Appointment and removal of directors

Unless determined otherwise by ordinary resolution, the Company is required to have a minimum of two directors and a maximum of 15 directors (disregarding alternate directors).

The directors are not required to hold any shares in the Company by the Articles of Association.

The Board can appoint any person to be a director. Any person appointed as a director by the Board must retire from office at the first AGM after appointment. A director who retires in this way is then eligible for re-appointment.

The Articles state that each director must retire from office if they held office at the time of the two preceding AGMs and did not retire at either of them. In accordance with the UK Corporate Governance Code, all directors are subject to annual election by the shareholders.

In addition to any power to remove directors conferred by legislation, the Company can pass a special resolution to remove a director from office even though their time in office has not ended and can appoint a person to replace a director who has been removed in this way by passing an ordinary resolution.

Any director stops being a director if (i) they give the Company written notice of their resignation; (ii) they give the Company written notice in which they offer to resign and the directors decide to accept this offer; (iii) all the other directors (who must comprise at least three people) pass a resolution or sign a written notice requiring the director to resign; (iv) a registered medical practitioner who is treating that person gives a written opinion to the Company stating that that person has become physically or mentally incapable of acting as a director and may remain so for more than three months; (v) by reason of that person's mental health, a court makes an order which wholly or partly prevents that person from personally exercising any powers or rights which that person would otherwise have; (vi) they have missed directors' meetings (whether or not an alternate director appointed by them attends those meetings) for a continuous period of six months without permission from the directors and the directors pass a resolution removing the director from office; (vii) a bankruptcy order is made against them or they make any arrangement or composition with their creditors generally; (viii) they are prohibited from being a director under the legislation; or (ix) they cease to be a director under the legislation or they are removed from office under the Articles of Association.

Powers of the directors

Subject to the legislation, the Articles of Association and any authority given to the Company in a general meeting by special resolution, the business of the Company is managed by the Board of directors that can use all of the Company's powers to borrow money and to mortgage or charge all or any of the Company's undertaking, property and assets (present and future) and uncalled capital of the Company and to issue debentures and other security and to give security, either outright or as collateral security, for any debt, liability or obligation of the Company or of any third party.

Directors and directors' insurance

Details of the directors of the Company are given on pages 88 and 89. The policies related to their appointment and replacement are detailed on pages 94, 102 and 122. Each of the directors as at the date of approval of this report confirms, as required by section 418 of the Companies Act 2006 that to the best of their knowledge and belief:

(1) there is no relevant audit information of which the Company's auditor is unaware; and

(2) each director has taken all the steps that he ought to have taken to make himself aware of such information and to establish that the Company's auditor is aware of it.

The Company has maintained insurance throughout the year to cover all directors against liabilities in relation to the Company and its subsidiary undertakings.

Amendment of Articles of Association

The Articles of Association of the Company may be amended by a special resolution.

Policy on payment of suppliers

Suppliers are paid in accordance with the individual payment terms agreed with each of them. The number of Group creditor days at 30 April 2023 was 43 days (2022: 43 days) which reflects the terms agreed with individual suppliers. There were no trade creditors in the Company's balance sheet at any time during the past two years.

Political and charitable donations

Charitable donations in the year amounted to $3,079,336 in total (2022: $1,686,140). Reflecting the Group's policy of not making donations of a political nature, no political donations have been made in either year.

Disclosures required by Listing Rule 9.8.4R

The relevant disclosure concerning dividend waiver can be found on page 156. The remaining disclosures required by Listing Rule 9.8.4R are not applicable to the Company.

Going concern

After making appropriate enquiries, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operation for the foreseeable future and consequently, that it is appropriate to adopt the going concern basis in preparing the financial statements.

Auditor

Deloitte LLP was appointed external auditor in 2004. In accordance with the provisions of The Statutory Audit Services for Large Companies Market Investigation (Mandatory use of Competitive Tender Process and Audit Committee Responsibilities) Order 2014, we are required to rotate auditor following the 2023 audit. The Board has decided to appoint PricewaterhouseCoopers LLP as the Group's external auditor for the April 2024 audit and, in accordance with section 489 of the Companies Act 2006, a resolution concerning the appointment of PricewaterhouseCoopers LLP and authorising the directors to fix its remuneration, will be proposed at the AGM.

Annual General Meeting

The AGM will be held at 11.30am on Wednesday, 6 September 2023 at Wax Chandlers Hall, 6 Gresham Street, London, EC2V 7AD. An explanation of the business to be transacted at the AGM will be circulated to shareholders and will be available on the Company's corporate website.

Approval of the Directors' report

The Directors' report set out on pages 86 to 124 was approved by the Board on 12 June 2023 and has been signed by the Company secretary on its behalf.

ERIC WATKINS
Company secretary
12 June 2023

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations. Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group and Company financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

Under company law the directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets and hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement

We confirm to the best of our knowledge:

- the consolidated financial statements, prepared in accordance with IFRS in conformity with the requirements of the Companies Act 2006, give a true and fair view of the assets, liabilities, financial position and profit of the Group;
- the Strategic report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces; and
- the Annual Report and financial statements, taken as a whole, are fair, balanced and understandable and provide information necessary for shareholders to assess the Group's position, performance, business model and strategy.

By order of the Board

ERIC WATKINS
Company secretary
12 June 2023

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

Report on the audit of the financial statements

1. Opinion

In our opinion:

- the financial statements of Ashtead Group plc (the 'Company') and its subsidiaries (the 'Group') give a true and fair view of the state of the Group's and of the Company's affairs as at 30 April 2023 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards;
- the Company financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- 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;
- the related Notes 1 to 32, including the accounting policies; and
- Note 33, which includes the Company balance sheet, Company statement of changes in equity and Company cash flow statement.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom adopted international accounting standards and, as regards the Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

2. Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Group and the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services provided to the Group and the Company for the year are disclosed in Note 4 to the financial statements. We confirm that we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the Group or the Company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were: – carrying value of rental fleet; – revenue recognition – manual topside intervention. We consider the level of risks for all identified key audit matters to be similar to the previous year.
Materiality	The materiality that we used for the Group financial statements was $83.0m, which was determined on the basis of the three-year average (FY21, FY22, FY23) profit before tax.
Scoping	Consistent with previous years, we performed audit work at three (2022: three) components: Group head office, Sunbelt UK, and Sunbelt US. We also performed review procedures over the financial information of the fourth component, Sunbelt Canada. This scoping is consistent with the previous year.
Significant changes in our approach	There were no significant changes in our audit approach in the current year.

4. Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the Group's and Company's ability to continue to adopt the going concern basis of accounting included:

- obtaining an understanding of the relevant controls relating to the Group's forecasting process;
- evaluating the mechanical accuracy of the model used to prepare the Group's forecast;
- assessing the Group's facility agreements and bond documentation to understand the principal terms and the related financial covenant; and

- challenging the appropriateness of forecast assumptions by:
  - assessing key assumptions underpinning the Group's forecasts with reference to external data such as GDP growth rates and market forecast data from third party sources;
  - considering the impact of the economic environment and the political landscape, including supply chain constraints on end markets and the impact of climate change;
  - assessing the likelihood of the assumptions in the forecasts and the impact of reasonably possible downside scenarios on the Group's funding position;
  - assessing the extent of the downside required in order to trigger the fixed charge ratio covenant;
  - comparing forecasts to historical financial information to assess management's historical forecasting accuracy; and
  - assessing capital commitments made by the Group as well as the mitigating actions available to the Group, the feasibility of these, and the likelihood of positive impact in the next 12 months, if these actions are taken.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and Company's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

In relation to the reporting on how the Group has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1 Carrying value of rental fleet

Key audit matter description	As set out in Note 13, the Group holds \$15,826m (2022: \$13,539m) of rental equipment at cost (\$9,649m net book value (2022: \$7,814m net book value)). These assets represent 52% (2022: 51%) of the Group's gross assets. The movement in the balance from prior year is due to a \$3,673m increase in the balance from additions and acquisitions, offset in part by disposals, depreciation and foreign exchange movements of \$1,838m. There is a risk that an impairment required to the Group's rental equipment under IAS 36 Impairment of Assets is not identified, properly quantified or recorded and that the carrying value of the rental equipment assets is therefore misstated. The Group's accounting policy as disclosed in Note 2 sets out that the assets are recorded at cost (including transportation costs from the manufacturer to the initial rental location), less accumulated depreciation and any provisions for impairment. The Group's approach for estimating the useful lives and residual values is also explained. As described in the Audit Committee report on page 97, management undertakes an annual review of the appropriateness of the useful lives and residual values assigned to property, plant and equipment, including the rental equipment, and assesses whether they continue to be appropriate. Additionally, when assessing the rental equipment for indicators of impairment, management's key judgements include the level of gains on disposal, utilisation, age of assets and second-hand valuations. Management's assessment of carrying values is based on a long-term assessment, as at the balance sheet date, over the economic cycle given the nature of the assets.
How the scope of our audit responded to the key audit matter	In responding to the identified key audit matter, we completed the following audit procedures: – obtained an understanding of and tested controls over the impairment indicators review, and in particular, the identification of impairment indicators; – obtained and evaluated the assessment performed by management to identify impairment indicators, including the consistency of these with the requirements of IAS 36 Impairment of Assets; – challenged the key judgements underpinning the assessment and the impact that each of these has in determining whether an impairment exists, including consideration of contradictory evidence. In particular, we focused our testing on returns on investment by asset class, consideration of specific markets, rental equipment utilisation, residual values, useful lives and profits recorded on asset disposals; – considered and challenged the impact of the economic environment and the political landscape, including supply chain constraints on second-hand markets and end markets, with corroboration to external data; and – assessed whether the accounting for the rental equipment and associated disclosures are in line with the Group's accounting policies and IAS 36.
Key observations	We consider that management's consideration of carrying values, including useful lives and residual values, is appropriate for the purposes of the impairment assessment. As a result of the audit work performed, we are satisfied that the carrying value of the rental equipment is appropriate.

5.2 Revenue recognition – manual topside intervention

Key audit matter description	As disclosed in the Group's accounting policy note (Note 2), the Group has three main sources of revenue: – rental revenue of $8,698m (2022: $7,235m), including loss damage waiver, environmental fees and revenue from rental equipment delivery and collection; – revenue from the sale of new equipment, merchandise and consumables of $342m (2022: $387m); and – revenue from the sale of used rental equipment of $627m (2022: $340m). In the ordinary course of business, management post recurring manual journal entries to revenue, such as to record deferred and accrued revenue amounts at each period-end, rebates and discounts, or reclassifications. We identified a risk of misstatement arising from management intervention, whether due to fraud or error, through non-recurring top-side manual journals to revenue, given the high volume and scope for the gross amount of entries to be material. Through our risk assessment procedures performed in the current period, no such material manual journals were identified in the UK and therefore the Sunbelt US component, which represents 85% of the Group's revenue, was the focus area of our testing.
How the scope of our audit responded to the key audit matter	In responding to the identified key audit matter, we completed the following audit procedures: – obtained an understanding of and tested the relevant controls over the revenue cycle throughout the Group, with a particular focus on those controls relating to manual journal entries, including the controls over classification of these journals as manual; – at Sunbelt US, performed a detailed assessment by store, analysing revenue trends to identify any outliers and instances of potential management intervention with consideration of revenue recognised by profit centre compared to the level of rental equipment on hand; and – used data analytic techniques to identify a sub-population from manual top-side adjustments impacting the revenue balance exhibiting characteristics of audit interest. We then performed testing on a sample basis of entries from this sub-population, agreeing adjustments to supporting documentation in order to assess the accuracy and appropriateness of the journal postings.
Key observations	As a result of the procedures performed, we are satisfied that revenue recorded is appropriate.

6. Our application of materiality

6.1 Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Company financial statements
Materiality	$83.0m (2022: $65.7m)	£34.5m (2022: £24.8m)
Basis for determining materiality	In determining our materiality, we took a three-year average profit before tax and applied a benchmark of 4.9% to arrive at materiality. This approach is consistent with the approach adopted in the prior year.	3% of the Company's net assets capped at 50% of Group materiality. This approach is consistent with the approach adopted in the prior year.
Rationale for the benchmark applied	Profit before tax has been used as it is the primary measure of performance used by the Group. We have used average reported profit before tax over the past three years to reflect the cyclical nature of the industry in which the Group operates.	As the Company is a holding company, we consider net assets to be the most appropriate benchmark due to the entity being the shareholder of multiple trading entities. We have applied a cap of 50% of the Group materiality to the benchmark.

6.2 Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Group financial statements	Company financial statements
Performance materiality	70% (2022: 70%) of Group materiality	70% (2022: 70%) of Company materiality
Basis and rationale for determining performance materiality	In determining performance materiality, we considered the following factors: – our cumulative knowledge of the Group, including the nature, quantum and volume of corrected and uncorrected misstatements in prior periods; and – our risk assessment, including our assessment of the Group's overall control environment and that we consider it appropriate to rely on controls over a number of business processes in Sunbelt US, which represents 85% of the Group by revenue.	

6.3 Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of $4.1m (2022: $3.3m), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1 Identification and scoping of components

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including group-wide controls, and assessing the risks of material misstatement at the Group level. Audit work to respond to the risks of material misstatement consisted of a combination of work performed by separate component teams in the UK and US as well as the Group audit team in the UK.

The Group comprises four (2022: four) principal components: the Head Office in the UK; Sunbelt UK; Sunbelt US; and Sunbelt Canada. The Group audit team performed a full scope audit of the Head Office component; local component audit teams performed full-scope audits for both Sunbelt UK and Sunbelt US and analytical review procedures over the financial information for Sunbelt Canada, consistent with the prior year approach.

The three components for which we performed full audit procedures represent 94% (2022: 94%) of the Group's revenue, 95% (2022: 95%) of the Group's operating profit, and 89% (2022: 91%) of the Group's net assets. They were also selected to provide an appropriate basis for undertaking audit work to address the risks of material misstatements identified above. Our audit work at the three locations was executed at levels of materiality applicable to each individual location, which were lower than Group materiality and ranged from $29.1m to $52.3m (2022: $23.0m to $41.4m).

The Sunbelt US component team also performed an analytical review of the financial information of the operations in Sunbelt Canada, which represents 6% (2022: 6%) of the Group's revenue, 5% (2022: 5%) of the Group's operating profit and 11% (2022: 9%) of the Group's net assets, using a component materiality level of $29.1m (2022: $23.0m).

7.2 Our consideration of the control environment

In line with our scoping of components (refer to section 7.1), our work in relation to the Group's control environment focused on Sunbelt US as the Group's largest component and we evaluated both the business cycle controls and general IT controls ('GITCs').

In order to evaluate business cycle controls, we performed walkthrough procedures over key cycles in Sunbelt US, including the key risk areas of revenue and property, plant and equipment (rental equipment), to understand whether the control was effectively designed to address the related risk. We then performed testing of the controls across the audit period on a rotational basis, to determine whether the controls had operated effectively as designed.

In relation to GITCs, for Sunbelt US we performed an independent risk assessment of the systems, applications and tools used to support business processes and reporting to determine those which are of greatest relevance to the Group's financial reporting. We performed testing of GITCs of these systems, including through involvement of IT specialists, covering controls surrounding user access management, change management and interfaces with other systems relating to in-scope IT systems as well as controls over key reports generated from the IT systems and their supporting infrastructure (database and operating system).

Our procedures enabled us, as planned, to place reliance on business cycle controls and GITCs within Sunbelt US. We relied on these controls in our audit testing across expenditure (including payroll), property, plant and equipment (rental equipment), revenue, treasury, customer rebates and journal entries.

7.3 Our consideration of climate-related risks

Through the Group's risk management process, it has assessed relevant climate-related risks for the entity. The risks identified primarily related to the Group's reliance on diesel engines and compliance with laws and governing environmental protection matters. The risks are disclosed within the Task Force on Climate-related Financial Disclosures ("TCFD") statement on pages 76 to 81 of the Annual Report.

We obtained an understanding of management's process for considering the impact of climate-related risks. We evaluated these risks to assess whether they were complete and consistent with our understanding of the entity and our wider risk assessment procedures.

Our procedures to address the identified risks included considering their impact on the financial statements overall, including the application of individual accounting standards. We have read the TCFD disclosures within the Annual Report to consider whether they are materially consistent with the financial statements and our knowledge obtained in the audit. The Group identifies the risks and opportunities related to climate-related matters as an assumption in the goodwill impairment review set out in Note 15. We assessed this disclosure, including through the procedures performed over goodwill impairment and on the financial statement disclosures as a whole.

7.4 Working with other auditors

Throughout the year, members of the Group audit team, including the lead audit partner, held group-wide and individual planning and close meetings that covered all components. We supervised and directed our component teams, including discussing the audit work performed. We also reviewed the audit workpapers supporting the component teams' reporting to us remotely, using shared desktop technology where appropriate. Members of the Group audit team, including the lead audit partner, also visited our US component during the completion of the audit work to supervise work performed.

8. Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Annual Report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

9. Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Company'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 Group or the Company or to cease operations, or have no realistic alternative but to do so.

10. Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1 Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the Group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management, internal audit, internal legal counsel and the Audit Committee about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the Group's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations; and
- the matters discussed among the audit engagement team including significant component audit teams and relevant internal specialists, including tax, valuations, pensions and IT specialists, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in revenue recognition. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override of controls.

We also obtained an understanding of the legal and regulatory frameworks within which the Group operates, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, the Listing Rules, pensions legislation, and UK and overseas tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty. These included UK and North America Health and Safety legislation, and environmental laws regulating wastewater, stormwater, solid and hazardous wastes and materials, including carbon emissions.

11.2 Audit response to risks identified

As a result of performing the above, we identified revenue recognition – manual top-side intervention as a key audit matter related to the potential risk of fraud. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the Group's performance standards function (which is responsible for assessing store compliance with operating policies), the Audit Committee and external and in-house legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with tax authorities; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, including internal specialists and significant component audit teams, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12. Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and the Company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

13. Corporate governance statement

The Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- the directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 123;
- the directors' explanation as to its assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on page 45;
- the directors' statement on fair, balanced and understandable set out on page 100;
- the Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 40 and 41;
- the section of the Annual Report that describes the review of effectiveness of risk management and internal control systems set out on page 96; and
- the section describing the work of the Audit Committee set out on pages 97 to 101.

14. Matters on which we are required to report by exception

14.1 Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

14.2 Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made or the part of the directors' remuneration report to be audited is not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

15. Other matters which we are required to address

15.1 Auditor tenure

Following the recommendation of the Audit Committee, we were appointed by the Board of directors in 2004 to audit the financial statements for the year ending 30 April 2004 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 20 years, covering the years ending 30 April 2004 to 30 April 2023.

15.2 Consistency of the Audit Report with the additional report to the Audit Committee

Our audit opinion is consistent with the additional report to the Audit Committee we are required to provide in accordance with ISAs (UK).

16. Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body for our audit work, for this report, or for the opinions we have formed.

As required by the Financial Conduct Authority (FCA) Disclosure Guidance and Transparency Rule (DTR) 4.1.14R, these financial statements will form part of the European Single Electronic Format (ESEF) prepared Annual Financial Report filed on the National Storage Mechanism of the UK FCA in accordance with the ESEF Regulatory Technical Standard ('ESEF RTS'). This auditor's report provides no assurance over whether the annual financial report has been prepared using the single electronic format specified in the ESEF RTS.

William Smith (Senior statutory auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
London, UK
12 June 2023

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

for the year ended 30 April 2023

		2023			2022		
	Notes	Before amortisation $m	Amortisation $m	Total $m	Before exceptional items and amortisation $m	Exceptional items and amortisation $m	Total $m
Revenue							
Rental revenue		**8,698.2**	**–**	**8,698.2**	7,234.7	–	7,234.7
Sale of new equipment, merchandise and consumables		**341.7**	**–**	**341.7**	387.2	–	387.2
Sale of used rental equipment		**627.4**	**–**	**627.4**	340.4	–	340.4
		9,667.3	**–**	**9,667.3**	7,962.3	–	7,962.3
Operating costs							
Staff costs	4	**(2,222.1)**	**–**	**(2,222.1)**	(1,830.5)	–	(1,830.5)
Other operating costs	4	**(2,591.1)**	**–**	**(2,591.1)**	(2,260.9)	–	(2,260.9)
Used rental equipment sold	4	**(442.3)**	**–**	**(442.3)**	(261.5)	–	(261.5)
		(5,255.5)	**–**	**(5,255.5)**	(4,352.9)	–	(4,352.9)
EBITDA[1]		**4,411.8**	**–**	**4,411.8**	3,609.4	–	3,609.4
Depreciation	4	**(1,772.1)**	**–**	**(1,772.1)**	(1,553.0)	–	(1,553.0)
Amortisation of intangibles	4, 5	**–**	**(117.7)**	**(117.7)**	–	(108.6)	(108.6)
Operating profit	3, 4	**2,639.7**	**(117.7)**	**2,522.0**	2,056.4	(108.6)	1,947.8
Interest income	6	**2.6**	**–**	**2.6**	0.1	–	0.1
Interest expense	5, 6	**(368.8)**	**–**	**(368.8)**	(232.7)	(47.1)	(279.8)
Profit on ordinary activities before taxation		**2,273.5**	**(117.7)**	**2,155.8**	1,823.8	(155.7)	1,668.1
Taxation	7, 21	**(567.7)**	**29.6**	**(538.1)**	(456.3)	39.3	(417.0)
Profit attributable to equity holders of the Company		**1,705.8**	**(88.1)**	**1,617.7**	1,367.5	(116.4)	1,251.1
Basic earnings per share	8	**388.5¢**	**(20.1¢)**	**368.4¢**	307.1¢	(26.2¢)	280.9¢
Diluted earnings per share	8	**386.0¢**	**(19.9¢)**	**366.1¢**	305.8¢	(26.1¢)	279.7¢

[1] EBITDA is presented here as an alternative performance measure as it is commonly used by investors and lenders. Further details are provided in the Glossary of terms on page 174.

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 April 2023

	Note	2023 $m	2022 $m
Profit attributable to equity holders of the Company for the financial year		**1,617.7**	1,251.1
Items that will not be reclassified to profit or loss:			
Movements on financial asset investments		**(36.8)**	–
Remeasurement of the defined benefit pension plan	24	**(2.9)**	11.4
Tax on defined benefit pension plan		**0.7**	(2.7)
		(39.0)	8.7
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences		**(19.2)**	(92.7)
Loss on cash flow hedge		**(3.1)**	–
		(22.3)	(92.7)
Total other comprehensive loss for the year		**(61.3)**	(84.0)
Total comprehensive income for the year		**1,556.4**	1,167.1

CONSOLIDATED BALANCE SHEET

at 30 April 2023

	Notes	2023 $m	2022 $m
Current assets			
Inventories	10	**181.3**	168.5
Trade and other receivables	11	**1,659.2**	1,390.4
Current tax asset		**14.6**	7.2
Cash and cash equivalents	12	**29.9**	15.3
		1,885.0	1,581.4
Non-current assets			
Property, plant and equipment			
– rental equipment	13	**9,649.1**	7,814.3
– other assets	13	**1,392.0**	1,078.3
		11,041.1	8,892.6
Right-of-use assets	14	**2,206.0**	1,864.8
Goodwill	15	**2,865.5**	2,300.0
Other intangible assets	15	**523.4**	475.3
Other non-current assets	16	**189.9**	157.5
Net defined benefit pension plan asset	24	**18.4**	18.5
		16,844.3	13,708.7
Total assets		**18,729.3**	15,290.1
Current liabilities			
Trade and other payables	17	**1,533.6**	1,197.1
Current tax liability		**12.4**	20.2
Lease liabilities	18	**233.2**	188.6
Provisions	20	**78.6**	68.8
		1,857.8	1,474.7
Non-current liabilities			
Lease liabilities	18	**2,161.1**	1,806.6
Long-term borrowings	19	**6,595.1**	5,180.1
Provisions	20	**75.9**	68.0
Deferred tax liabilities	21	**1,995.3**	1,695.4
Other non-current liabilities		**36.1**	31.6
		10,863.5	8,781.7
Total liabilities		**12,721.3**	10,256.4
Equity			
Share capital	22	**81.8**	81.8
Share premium account		**6.5**	6.5
Capital redemption reserve		**20.0**	20.0
Own shares held by the Company	22	**(740.9)**	(480.1)
Own shares held by the ESOT	22	**(38.8)**	(44.9)
Cumulative foreign exchange translation differences		**(245.9)**	(226.7)
Retained reserves		**6,925.3**	5,677.1
Equity attributable to equity holders of the Company		**6,008.0**	5,033.7
Total liabilities and equity		**18,729.3**	15,290.1

These financial statements were approved by the Board on 12 June 2023.

Brendan Horgan
Chief executive

Michael Pratt
Chief financial officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 April 2023

	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
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 year	–	–	–	–	–	–	1,251.1	1,251.1
Other comprehensive income:								
Foreign currency translation differences	–	–	–	–	–	(92.7)	–	(92.7)
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 year	–	–	–	–	–	(92.7)	1,259.8	1,167.1
Dividends paid	–	–	–	–	–	–	(271.5)	(271.5)
Own shares purchased by the ESOT	–	–	–	–	(23.8)	–	–	(23.8)
Own shares purchased by the Company	–	–	–	(413.9)	–	–	–	(413.9)
Share-based payments	–	–	–	–	15.7	–	32.4	48.1
Tax on share-based payments	–	–	–	–	–	–	2.2	2.2
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 year	–	–	–	–	–	–	1,617.7	1,617.7
Other comprehensive income:								
Movement on financial asset investments	–	–	–	–	–	–	(36.8)	(36.8)
Foreign currency translation differences	–	–	–	–	–	(19.2)	–	(19.2)
Loss on cash flow hedge	–	–	–	–	–	–	(3.1)	(3.1)
Remeasurement of the defined benefit pension plan	–	–	–	–	–	–	(2.9)	(2.9)
Tax on defined benefit pension scheme	–	–	–	–	–	–	0.7	0.7
Total comprehensive income for the year	–	–	–	–	–	(19.2)	1,575.6	1,556.4
Dividends paid	–	–	–	–	–	–	(356.6)	(356.6)
Own shares purchased by the ESOT	–	–	–	–	(12.5)	–	–	(12.5)
Own shares purchased by the Company	–	–	–	(260.8)	–	–	–	(260.8)
Share-based payments	–	–	–	–	18.6	–	26.2	44.8
Tax on share-based payments	–	–	–	–	–	–	3.0	3.0
At 30 April 2023	**81.8**	**6.5**	**20.0**	**(740.9)**	**(38.8)**	**(245.9)**	**6,925.3**	**6,008.0**

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 30 April 2023

	Notes	2023 $m	2022 $m
Cash flows from operating activities			
Cash generated from operations before changes in rental equipment	26(a)	**4,073.6**	3,406.5
Payments for rental property, plant and equipment		**(3,019.6)**	(1,765.4)
Proceeds from disposal of rental property, plant and equipment		**573.6**	343.8
Cash generated from operations		**1,627.6**	1,984.9
Financing costs paid (net)		**(340.2)**	(231.1)
Exceptional financing costs paid		**–**	(36.0)
Tax paid (net)		**(287.3)**	(218.8)
Net cash generated from operating activities		**1,000.1**	1,499.0
Cash flows from investing activities			
Acquisition of businesses	26(b)	**(1,083.2)**	(1,277.4)
Financial asset investments	25	**(42.4)**	(40.0)
Payments for non-rental property, plant and equipment		**(510.0)**	(398.4)
Proceeds from disposal of non-rental property, plant and equipment		**41.4**	24.8
Net cash used in investing activities		**(1,594.2)**	(1,691.0)
Cash flows from financing activities			
Drawdown of loans		**3,355.0**	3,054.5
Redemption of loans		**(2,001.5)**	(2,062.7)
Repayment of principal under lease liabilities	18	**(109.5)**	(107.6)
Dividends paid	9	**(357.8)**	(269.3)
Purchase of own shares by the ESOT		**(12.5)**	(23.8)
Purchase of own shares by the Company		**(264.4)**	(409.6)
Net cash generated from financing activities		**609.3**	181.5
Increase/(decrease) in cash and cash equivalents		**15.2**	(10.5)
Opening cash and cash equivalents		**15.3**	26.6
Effect of exchange rate differences		**(0.6)**	(0.8)
Closing cash and cash equivalents	12	**29.9**	15.3

	Notes	2023 $m	2022 $m
Reconciliation of net cash flows to net debt			
(Increase)/decrease in cash and cash equivalents in the year		**(15.2)**	10.5
Increase in debt through cash flow		**1,244.0**	884.2
Change in net debt from cash flows		**1,228.8**	894.7
Exchange differences		**(37.8)**	(47.1)
Debt acquired	27	**227.9**	131.7
Deferred costs of debt raising		**7.2**	18.0
New lease liabilities		**373.4**	362.0
Increase in net debt in the year		**1,799.5**	1,359.3
Net debt at 1 May		**7,160.0**	5,800.7
Net debt at 30 April	26(c)	**8,959.5**	7,160.0

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 General information

Ashtead Group plc ('the Company') is a company incorporated and domiciled in England and Wales and listed on the London Stock Exchange. The consolidated financial statements are presented in US dollars.

2 Accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years presented, unless otherwise stated.

Basis of preparation

These financial statements have been prepared in accordance with United Kingdom adopted International Financial Reporting Standards ('IFRS') and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention, modified for certain items carried at fair value, as stated in the accounting policies.

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

	Pound sterling		Canadian dollar	
	2023	2022	**2023**	2022
Average for the year ended 30 April	**1.20**	1.36	**0.75**	0.80
At 30 April	**1.26**	1.26	**0.74**	0.78

The consolidated 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 19), 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 consolidated financial statements.

Key judgements and estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses during the reporting period.

In the course of preparing the financial statements, no judgements have been made in the process of applying the Group's accounting policies, other than those involving estimations, that have had a significant effect on the amounts recognised within the financial statements.

The estimates and associated assumptions which have been used are based on historical experience and other factors that are considered to be relevant. While actual results could differ from these estimates, the Group has not identified any assumptions, or other key sources of estimation uncertainty in the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Changes in accounting policies and disclosures

New and amended standards adopted by the Group

There are no new IFRS or IFRIC Interpretations that are effective for the first time this financial year which have a material impact on the Group.

New standards, amendments and interpretations issued but not effective for the financial year beginning 1 May 2022 and not adopted early

There are no IFRS or IFRIC Interpretations that are not yet effective that would be expected to have a material impact on the Group.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 30 April each year. Control is achieved when the Company has the power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee, and has the ability to use its power to affect its returns. The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is the fair value at the acquisition date of the assets transferred and the liabilities incurred by the Group and includes the fair value of any contingent consideration arrangement. Acquisition-related costs are recognised in the income statement as incurred.

Contingent consideration is measured at the acquisition date at fair value and included in provisions in the balance sheet. Changes in the fair value of contingent consideration due to events post the date of acquisition are recognised in the income statement. Cash flow payments to settle contingent consideration are reflected in investing activities.

Foreign exchange

Foreign currency transactions

Foreign currency transactions are translated into the functional currency of the entity that has undertaken the transaction using the exchange rates ruling on the dates of the transaction. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing on the reporting date. All currency translation differences are taken to the income statement. The functional currency of the parent company is pounds sterling.

2 Accounting policies (continued)

Translation of overseas operations

The reporting currency of the Group is the US dollar, the currency in which the majority of our assets, liabilities, revenue and costs are denominated. Assets and liabilities in non-US dollar denominated currencies are translated into US dollars at rates of exchange ruling at the balance sheet date. Income statements and cash flows of non-US dollar denominated subsidiary undertakings are translated into US dollars at average rates of exchange for the year.

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

Revenue

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties and VAT/sales tax. Our revenue is a function of our rental rates and the size, utilisation and mix of our rental equipment. The Group has three main sources of revenue as detailed below:

- rental revenue, including loss damage waiver, environmental fees and revenue from rental equipment delivery and collection;
- revenue from the sale of new equipment, merchandise and consumables; and
- revenue from the sale of used rental equipment.

Rental revenue, including loss damage waiver and environmental fees, is recognised on a straight-line basis over the period of the rental contract. In general, rental contracts have no fixed duration and are cancellable at any time. However, as a rental contract can extend across financial reporting period ends, the Group records accrued revenue (unbilled rental revenue) and deferred revenue at the beginning and end of each reporting period so that rental revenue is appropriately stated in the financial statements. Revenue from rental delivery and collection is recognised when the delivery or collection has occurred and the performance obligation therefore fulfilled.

Revenue from the sale of new rental equipment, merchandise and consumables, together with revenue from the sale of used rental equipment, is recognised at the time of delivery to, or collection by, the customer and when all performance obligations under the sale contract have been fulfilled.

Revenue from the sale of rental equipment in connection with trade-in arrangements with certain manufacturers from whom the Group purchases new equipment is accounted for at the lower of transaction value or fair value based on independent appraisals. If the trade-in price of a unit of equipment exceeds the fair market value of that unit, the excess is accounted for as a reduction of the cost of the related purchase of new rental equipment.

Of the Group's rental revenue, $7,264m (2022: $6,147m) is accounted for in accordance with IFRS 16, 'Leases', while revenue from other ancillary services, each of which is billed separately, revenue from the sale of new equipment, merchandise and consumables and revenue from the sale of used equipment totalling $2,403m (2022: $1,815m) is accounted for in accordance with IFRS 15, 'Revenue from Contracts with Customers'.

Interest income and expense

Interest income comprises interest receivable on funds invested and net interest on net defined benefit pension plan assets.

Interest expense comprises interest payable on borrowings and lease liabilities, amortisation of deferred debt raising costs, the unwind of the discount on the self-insurance and contingent consideration provisions and the net interest on net defined benefit pension plan liabilities.

Exceptional items

Exceptional items are 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.

Earnings per share

Earnings per share is calculated based on the profit for the financial year and the weighted average number of ordinary shares in issue during the year. For this purpose the number of ordinary shares in issue excludes shares held by the Company or by the Employee Share Ownership Trust in respect of which dividends have been waived. Diluted earnings per share is calculated using the profit for the financial year and the weighted average diluted number of shares (ignoring any potential issue of ordinary shares which would be anti-dilutive) during the year.

Adjusted earnings per share comprises basic earnings per share adjusted to exclude earnings relating to exceptional items and amortisation of intangibles.

Current/non-current distinction

Current assets include assets held primarily for trading purposes, cash and cash equivalents and assets expected to be realised in, or intended for sale or consumption in, the course of the Group's operating cycle and those assets expected to be realised within one year from the reporting date. All other assets are classified as non-current assets.

Current liabilities include liabilities held primarily for trading purposes, liabilities expected to be settled in the course of the Group's operating cycle and those liabilities due within one year from the reporting date. All other liabilities are classified as non-current liabilities.

Property, plant and equipment

Property, plant and equipment is stated at cost (including transportation costs from the manufacturer to the initial rental location) less accumulated depreciation and any provisions for impairment. In respect of certain assets, cost includes rebuild costs when the rebuild extends the asset's useful economic life and it is probable that incremental economic benefits will accrue to the Group. Rebuild costs include the cost of transporting the equipment to and from the rebuild supplier. Depreciation is not charged while the asset is not in use during the rebuild period.

Depreciation

Property, plant and equipment is depreciated on a straight-line basis applied to the opening cost to write down each asset to its residual value over its useful economic life. Estimates of useful life and residual value are determined with the objective of allocating most appropriately the cost of property, plant and equipment to our income statement, over the period we anticipate it will be used in our business. Residual values and estimated useful economic lives are reassessed annually, recognising the cyclical nature of the business, by making reference to recent experience of the Group. The depreciation rates in use are as follows:

	Per annum
Freehold property	2%
Motor vehicles	7% to 25%
Rental equipment	4% to 33%
Office and workshop equipment	20%

Residual values are estimated at 10 to 15% of cost in respect of most types of rental equipment, although the range of residual values used varies between zero and 35%.

Repairs and maintenance

Costs incurred in the repair and maintenance of rental and other equipment are charged to the income statement as incurred.

Intangible assets

Goodwill

Goodwill represents the difference between the fair value of the consideration for an acquisition and the fair value of the net identifiable assets acquired, including any intangible assets other than goodwill.

Goodwill is stated at cost less any accumulated impairment losses and is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination.

The profit or loss on the disposal of a previously acquired business includes the attributable amount of any purchased goodwill relating to that business.

Other intangible assets

Other intangible assets acquired as part of a business combination are capitalised at fair value as at the date of acquisition. Internally generated intangible assets are not capitalised. Amortisation is charged on a straight-line basis over the expected useful life of each asset. Contract-related intangible assets are amortised over the life of the contract. Amortisation rates for other intangible assets are as follows:

	Per annum
Brand names	7% to 100%
Customer lists	7% to 50%
Contract related	14% to 50%

Impairment of assets

Goodwill is not amortised but is tested annually for impairment as at 30 April each year. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the income statement for the amount by which the asset's carrying amount exceeds its recoverable amount. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable and independent cash flows for the asset being tested for impairment (cash-generating unit).

The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In respect of assets other than goodwill, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Impairment losses in respect of goodwill are not reversed.

Taxation

The tax charge for the period comprises both current and deferred tax. Taxation is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case the related tax is also recognised in equity.

Current tax is the expected tax payable on the taxable income for the year and any adjustment to tax payable in respect of previous years. The Group's liability for current tax is calculated using tax rates applicable for the reporting period.

Deferred tax is provided using the balance sheet liability method on any temporary differences between the carrying amounts for financial reporting purposes and those for taxation purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from the initial recognition of goodwill.

Deferred tax is not recognised for temporary differences arising on investments in subsidiaries where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax laws and rates that have been enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority, the Group intends to settle them on a net basis and there is a legally enforceable right to offset tax assets against tax liabilities.

2 Accounting policies (continued)

Inventories
Inventories, which comprise equipment, fuel, merchandise and spare parts, are valued at the lower of cost and net realisable value. The cost of inventory that is not ordinarily interchangeable is valued at individual cost. The cost of other inventories is determined on a first-in, first-out basis or using a weighted average cost formula, depending on the basis most suited to the type of inventory held.

Financial instruments
Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial assets
Financial asset investments
The Group makes an election on initial recognition whether to designate financial asset investments in equity instruments, other than those held for trading, to be measured at fair value through other comprehensive income. Financial asset investments that do not meet this criteria are measured at fair value through profit or loss.

Given the nature of the Group's limited targeted investments in start-up and early-stage companies, it can be difficult to determine fair value. The directors consider that the most appropriate approach to fair value is to use a valuation technique based on market data, such as a valuation based on a recent investment or funding round.

Trade receivables
Trade receivables do not carry interest and are initially recognised at their transaction value and measured subsequently at amortised cost using the effective interest method as reduced by appropriate loss allowances for estimated irrecoverable amounts. The loss allowances are calculated using the simplified expected credit loss approach, based on prior experience reflecting the level of uncollected receivables over the last year within each business adjusted for factors that are specific to the receivables, the industry in which we operate and the economic environment. Adjustments to the loss allowances are recognised in the income statement. Trade receivables are written off when recoverability is assessed as being remote while subsequent recoveries of amounts previously written off are credited to the income statement.

Cash and cash equivalents
Cash and cash equivalents comprises cash balances and call deposits with maturity of less than, or equal to, three months.

Financial liabilities and equity
Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Trade payables
Trade payables are not interest bearing and are stated at fair value and subsequently measured at amortised cost using the effective interest rate method.

Borrowings
Interest-bearing bank loans and overdrafts are recorded at the proceeds received. The direct transaction costs related to arranging our senior secured credit facility are recognised separately from the financial liability as a loan commitment asset.

Finance charges, including amortisation of direct transaction costs, are charged to the income statement using the effective interest rate method.

Borrowings exclude accrued interest which is classified as a current liability and included within trade and other payables in the balance sheet.

Tranches of borrowings and overdrafts which mature on a regular basis are classified as current or non-current liabilities based on the maturity of the facility so long as the committed facility exceeds the drawn debt.

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

Senior notes
The Group's senior notes contain early repayment options, which constitute embedded derivatives in accordance with IFRS 9, Financial Instruments. The accounting for these early repayment options depends on whether they are considered to be closely related to the host contract or not based on IFRS 9. Where they are closely related, the early repayment option is not accounted for separately and the notes are recorded within borrowings, net of direct transaction costs. The interest expense is calculated by applying the effective interest rate method.

In circumstances where the early repayment option is not considered closely related to the host contract, the repayment option has to be valued separately. At the date of issue the liability component of the notes is estimated using prevailing market interest rates for similar debt with no repayment option and is recorded within borrowings, net of direct transaction costs. The difference between the proceeds of the note issue and the fair value assigned to the liability component, representing the embedded option to prepay the notes is included within Other financial assets – derivatives. The interest expense on the liability component is calculated by applying the effective interest rate method. The embedded option to prepay is fair valued using an appropriate valuation model and fair value remeasurement gains and losses are included in investment income and interest expense respectively.

Where the Group's senior notes are issued at a premium or a discount, they are initially recognised at their face value plus or minus the premium or discount. The notes are subsequently measured at amortised cost using the effective interest rate method.

Leases
The Group assesses whether a contract is a lease, or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is measured initially at the present value of future lease payments at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate. Lease payments included in the measurement of the Group's lease liability comprise:

- fixed lease payments, less any lease incentives received; and
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term changes, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right-of-use asset comprises the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of the lease term and the useful life of the underlying asset with depreciation commencing at the commencement date of the lease.

Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line 'Other operating costs' in the income statement.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the effect is material.

Insurance

Insurance costs include insurance premiums which are written off to the income statement over the period to which they relate and an estimate of the discounted liability for uninsured retained risks on unpaid claims incurred up to the balance sheet date. The estimate includes events incurred but not reported at the balance sheet date. This estimate is discounted and included in provisions in the balance sheet on a gross basis with a corresponding insurance receivable amount recognised as an asset where it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Employee benefits

Defined contribution pension plans

Obligations under the Group's defined contribution plans are recognised as an expense in the income statement as incurred.

Defined benefit pension plans

The Group's obligation in respect of defined benefit pension plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in prior periods; that benefit is discounted to determine its present value and the fair value of plan assets is deducted. The discount rate used is the yield at the balance sheet date on AA-rated corporate bonds. The calculation is performed by a qualified actuary using the projected unit credit method.

Actuarial gains and losses are recognised in full in the period in which they arise through the statement of comprehensive income.

Net interest is calculated by applying a discount rate to the net defined benefit pension plan asset or liability. The net interest income or net interest expense is included in investment income or interest expense, respectively.

The defined pension surplus or deficit represents the fair value of the plan assets less the present value of the defined benefit obligation. A surplus is recognised in the balance sheet to the extent that the Group has an unconditional right to the surplus, either through a refund or reduction in future contributions. A deficit is recognised in full.

Share-based compensation

The fair value of awards made under share-based compensation plans is measured at grant date and spread over the vesting period through the income statement with a corresponding increase in equity. The fair value of share options and awards is measured using an appropriate valuation model taking into account the terms and conditions of the individual award. The amount recognised as an expense is adjusted to reflect the actual awards vesting except where any change in the awards vesting relates only to market-based criteria not being achieved.

Employee Share Ownership Trust

Shares in the Company acquired by the Employee Share Ownership Trust ('ESOT') in the open market for use in connection with employee share plans are presented as a deduction from shareholders' funds. When the shares vest to satisfy share-based payments, a transfer is made from own shares held through the ESOT to retained earnings.

Own shares held by the Company

The cost of own shares held by the Company is deducted from shareholders' funds. The proceeds from the reissue of own shares are added to shareholders' funds with any gains in excess of the average cost of the shares being recognised in the share premium account.

3 Segmental analysis

Segmental analysis by reportable operating segment

The Group operates one class of business: rental of equipment. Operationally, the Group is split into three business units, US, UK and Canada which report separately to, and are managed by, the chief executive and align with the geographies in which they operate. Accordingly, the Group's reportable operating segments are the US, UK and Canada.

The Group manages debt and taxation centrally, rather than by business unit. Accordingly, segmental results are stated before interest and taxation which are reported as central Group items. This is consistent with the way the chief executive reviews the business.

There are no material sales between the business segments. Segment assets include property, plant and equipment, right-of-use assets, goodwill, intangibles, other non-current assets, net defined benefit pension asset, inventory and receivables. Segment liabilities comprise operating liabilities and exclude taxation balances, corporate borrowings and accrued interest. Capital expenditure represents additions to property, plant and equipment and intangible assets, including goodwill, and includes additions through the acquisition of businesses.

Year ended 30 April 2023	US $m	UK $m	Canada $m	Corporate items $m	Group $m
Revenue					
Rental revenue	7,502.6	671.8	523.8	–	8,698.2
Sale of new equipment, merchandise and consumables	186.1	89.4	66.2	–	341.7
Sale of used rental equipment	533.7	61.6	32.1	–	627.4
	8,222.4	822.8	622.1	–	9,667.3
EBITDA	3,955.3	231.0	253.5	(28.0)	4,411.8
Depreciation	(1,490.6)	(152.9)	(127.6)	(1.0)	(1,772.1)
Segment result	2,464.7	78.1	125.9	(29.0)	2,639.7
Amortisation					(117.7)
Net financing costs					(366.2)
Profit before taxation					2,155.8
Taxation					(538.1)
Profit attributable to equity shareholders					1,617.7
Segment assets	15,637.5	1,427.8	1,567.3	52.2	18,684.8
Cash					29.9
Taxation assets					14.6
Total assets					18,729.3
Segment liabilities	3,382.1	276.0	380.2	19.4	4,057.7
Corporate borrowings and accrued interest					6,655.9
Taxation liabilities					2,007.7
Total liabilities					12,721.3
Other non-cash expenditure – share-based payments	32.5	3.1	2.2	7.0	44.8
Capital expenditure	4,062.7	413.7	496.4	–	4,972.8

Year ended 30 April 2022	US $m	UK $m	Canada $m	Corporate items $m	Group $m
Revenue					
Rental revenue	6,041.9	739.0	453.8	–	7,234.7
Sale of new equipment, merchandise and consumables	155.0	202.2	30.0	–	387.2
Sale of used rental equipment	280.1	45.1	15.2	–	340.4
	6,477.0	986.3	499.0	–	7,962.3
EBITDA	3,120.6	291.7	224.3	(27.2)	3,609.4
Depreciation	(1,268.3)	(173.7)	(109.9)	(1.1)	(1,553.0)
Segment result	1,852.3	118.0	114.4	(28.3)	2,056.4
Amortisation					(108.6)
Exceptional items					(47.1)
Net financing costs					(232.6)
Profit before taxation					1,668.1
Taxation					(417.0)
Profit attributable to equity shareholders					1,251.1
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
Segment liabilities	2,738.1	251.3	312.6	20.8	3,322.8
Corporate borrowings and accrued interest					5,218.0
Taxation liabilities					1,715.6
Total liabilities					10,256.4
Other non-cash expenditure – share-based payments	34.2	4.5	2.4	7.0	48.1
Capital expenditure	3,146.1	260.0	201.8	–	3,607.9

Segmental analysis by geography

The Group's operations are located in the United States, the United Kingdom and Canada. The following table provides an analysis of the Group's revenue, segment assets and capital expenditure, including expenditure on acquisitions, by country of domicile. Segment assets by geography include property, plant and equipment, goodwill, intangible assets, right-of-use assets and other non-current assets (excluding financial asset investments), but exclude the net defined benefit pension plan asset, inventory, receivables, and financial asset investments.

	Revenue		Segment assets		Capital expenditure	
	2023 $m	2022 $m	**2023 $m**	2022 $m	**2023 $m**	2022 $m
United States	**8,222.4**	6,477.0	**14,085.2**	11,564.7	**4,062.7**	3,146.1
United Kingdom	**822.8**	986.3	**1,257.8**	1,005.9	**413.7**	260.0
Canada	**622.1**	499.0	**1,441.6**	1,119.6	**496.4**	201.8
	9,667.3	7,962.3	**16,784.6**	13,690.2	**4,972.8**	3,607.9

4 Operating costs and other income

	2023			2022		
	Before amortisation $m	**Amortisation $m**	**Total $m**	Before amortisation $m	Amortisation $m	Total $m
Staff costs:						
Salaries	**2,026.0**	**–**	**2,026.0**	1,668.8	–	1,668.8
Social security costs	**155.9**	**–**	**155.9**	127.1	–	127.1
Other pension costs	**40.2**	**–**	**40.2**	34.6	–	34.6
	2,222.1	**–**	**2,222.1**	1,830.5	–	1,830.5
Other operating costs:						
Vehicle costs	**620.3**	**–**	**620.3**	510.1	–	510.1
Spares, consumables and external repairs	**488.8**	**–**	**488.8**	431.7	–	431.7
Facility costs	**112.3**	**–**	**112.3**	82.1	–	82.1
Other external charges	**1,369.7**	**–**	**1,369.7**	1,237.0	–	1,237.0
	2,591.1	**–**	**2,591.1**	2,260.9	–	2,260.9
Used rental equipment sold	**442.3**	**–**	**442.3**	261.5	–	261.5
Depreciation and amortisation:						
Depreciation of tangible assets	**1,600.5**	**–**	**1,600.5**	1,398.9	–	1,398.9
Depreciation of right-of-use assets	**171.6**	**–**	**171.6**	154.1	–	154.1
Amortisation of intangibles	**–**	**117.7**	**117.7**	–	108.6	108.6
	1,772.1	**117.7**	**1,889.8**	1,553.0	108.6	1,661.6
	7,027.6	**117.7**	**7,145.3**	5,905.9	108.6	6,014.5

Proceeds from the disposal of non-rental property, plant and equipment amounted to $40m (2022: $26m), resulting in a profit on disposal of $19m (2022: $9m) which is included in other external charges.

The costs shown in the above table include:

	2023 $m	2022 $m
Cost of inventories recognised as expense	**826.5**	644.3
Net charge of allowance on trade receivables	**47.3**	31.2

Staff costs include remuneration of key management personnel, which comprise non-executive and executive directors. Key management personnel remuneration comprised:

	2023 $'000	2022 $'000
Salaries and short-term employee benefits	**7,825**	5,730
Post-employment benefits	**23**	20
National insurance and social security	**804**	376
Share-based payments	**4,632**	3,993
	13,284	10,119

The Schedule 5 requirements of the Accounting Regulations for directors' remuneration are included within the Directors' remuneration report on pages 103 to 121.

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

	2023 $'000	2022 $'000
Fees payable to Deloitte UK and its associates for the audit of the Group's annual accounts	**1,543**	1,465
Fees payable to Deloitte UK and its associates for other services to the Group:		
– the audit of the Group's UK subsidiaries pursuant to legislation	**29**	29
– audit-related assurance services	**108**	109
– other assurance services	**238**	123
	1,918	1,726

Fees paid for audit-related assurance services relate to the review of the Group's half-year interim financial statements. Other assurance services relate to comfort letters provided in connection with the senior notes issued in August 2022 and January 2023.

5 Exceptional items and amortisation

	2023 $m	2022 $m
Amortisation of intangibles	**117.7**	108.6
Write-off of deferred financing costs	**–**	11.1
Early redemption fee	**–**	36.0
Taxation	**(29.6)**	(39.3)
	88.1	116.4

In the prior year, the costs associated with the redemption of the $600m 4.125% senior notes and the $600m 5.250% 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:

	2023 $m	2022 $m
Amortisation of intangibles	**117.7**	108.6
Charged in arriving at operating profit	**117.7**	108.6
Interest expense	**–**	47.1
Charged in arriving at profit before taxation	**117.7**	155.7
Taxation	**(29.6)**	(39.3)
	88.1	116.4

6 Net financing costs

	2023 $m	2022 $m
Interest income:		
Net income on the defined benefit pension plan asset	**0.6**	0.1
Other income	**2.0**	–
Total interest income	**2.6**	0.1
Interest expense:		
Bank interest payable	**116.7**	32.8
Interest payable on senior notes	**142.8**	111.2
Interest payable on lease liabilities	**100.9**	80.7
Non-cash unwind of discount on provisions	**1.2**	1.1
Amortisation of deferred debt raising costs	**7.2**	6.9
Total interest expense	**368.8**	232.7
Net financing costs before exceptional items	**366.2**	232.6
Exceptional items	**–**	47.1
Net financing costs	**366.2**	279.7

7 Taxation

The tax charge for the year has been computed using the tax rates in force for the year ending 30 April 2023 of 25% in the US (2022: 25%), 19% in the UK, rising to 25% from 1 April 2023 (2022: 19%) and 26% in Canada (2022: 26%). This results in a blended effective rate for the Group as a whole of 25% (2022: 25%) for the year. The Group's future effective tax rate will depend on the mix of profits amongst the territories in which it operates and their respective tax rates.

	2023 $m	2022 $m
Analysis of the tax charge		
Current tax		
– current tax on income for the year	**282.6**	243.5
– adjustments to prior year	**(7.6)**	6.7
	275.0	250.2
Deferred tax		
– origination and reversal of temporary differences	**261.3**	170.3
– adjustments due to change in UK corporate tax rate	**–**	9.6
– adjustments to prior year	**1.8**	(13.1)
	263.1	166.8
Total taxation charge	**538.1**	417.0
Comprising:		
– United Kingdom	**25.3**	41.8
– United States	**499.5**	357.4
– Canada	**13.3**	17.8
	538.1	417.0

The tax charge comprises a charge of $568m (2022: $456m) relating to tax on the profit before amortisation of $2,273m (2022: related to the profit before exceptional items and amortisation of $1,824m), together with a credit of $30m (2022: $39m) on amortisation of $118m (2022: on exceptional items and amortisation of $156m).

The differences between the tax charge for the year of 25% and the standard rate of corporation tax in the UK of 19.5% are explained below:

	2023 $m	2022 $m
Profit on ordinary activities before tax	**2,155.8**	1,668.1
Profit on ordinary activities multiplied by the rate of corporation tax in the UK of 19.5% (2022: 19%)	**420.2**	316.9
Effects of:		
Use of foreign tax rates on overseas income	**123.2**	94.7
Adjustments due to changes in UK corporate tax rate	**–**	9.6
Adjustments to prior years	**(5.8)**	(6.4)
Other	**0.5**	2.2
Total taxation charge	**538.1**	417.0

8 Earnings per share

	2023			2022		
	Earnings $m	**Weighted average no. of shares million**	**Per share amount cents**	Earnings $m	Weighted average no. of shares million	Per share amount cents
Basic earnings per share	**1,617.7**	**439.1**	**368.4**	1,251.1	445.3	280.9
Share options and share plan awards	**–**	**2.8**	**(2.3)**	–	1.9	(1.2)
Diluted earnings per share	**1,617.7**	**441.9**	**366.1**	1,251.1	447.2	279.7

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

	2023 cents	2022 cents
Basic earnings per share	**368.4**	280.9
Amortisation of intangibles	**26.8**	24.4
Exceptional items	**–**	10.6
Tax on exceptional items and amortisation	**(6.7)**	(8.8)
Adjusted earnings per share	**388.5**	307.1

9 Dividends

	2023 $m	2022 $m
Final dividend paid on 9 September 2022 of 67.50¢ (2022: 48.24¢) per 10p ordinary share	**291.7**	215.3
Interim dividend paid on 9 February 2023 of 15.00¢ (2022: 12.50¢) per 10p ordinary share	**64.9**	56.2
	356.6	271.5
Reconciliation to consolidated cash flow statement		
Dividends declared (recognised in the consolidated statement of changes in equity)	**356.6**	271.5
Translation adjustment	**1.2**	(2.2)
Dividends paid	**357.8**	269.3

In addition, the directors are proposing a final dividend in respect of the year ended 30 April 2023 of 85.0¢ (2022: 67.5¢) per share which will absorb $372m of shareholders' funds, based on the 437m shares qualifying for dividend on 12 June 2023. Subject to approval by shareholders, it will be paid on 12 September 2023 to shareholders who are on the register of members on 11 August 2023.

Dividends are declared in US dollars and paid in sterling unless shareholders elect to receive their dividend in US dollars. The exchange rate used to determine the sterling dividend is set based on the average exchange rate for the five working days prior to the dividend currency exchange rate announcement.

Dividends are recognised in the consolidated statement of changes in equity on the date in which the liability arises. Dividends are included in the consolidated statement of cash flows on the date of payment. As dividends are paid in both sterling as well as US dollars, a translation adjustment arises when the date at which the liability arose differs from the payment date.

10 Inventories

	2023 $m	2022 $m
Raw materials, consumables and spares	**102.5**	77.7
Goods for resale	**78.8**	90.8
	181.3	168.5

11 Trade and other receivables

	2023 $m	2022 $m
Trade receivables	**1,492.0**	1,259.6
Less: loss allowance	**(107.2)**	(85.6)
	1,384.8	1,174.0
Other receivables		
– Accrued revenue	**109.6**	106.5
– Other	**164.8**	109.9
	1,659.2	1,390.4

The fair values of trade and other receivables are not materially different to the carrying values presented.

a) Trade receivables: credit risk

The Group's exposure to the credit risk inherent in its trade receivables and the associated risk management techniques that the Group deploys in order to mitigate this risk are discussed in Note 25. The credit periods offered to customers vary according to the credit risk profiles of, and the invoicing conventions established in, the Group's markets. The contractual terms on invoices issued to customers vary between North America and the UK in that, invoices issued by Sunbelt UK are payable within 30-60 days whereas, invoices issued by Sunbelt US and Sunbelt Canada are payable on receipt. Therefore, on this basis, a significant proportion of the Group's trade receivables are contractually past due. The loss allowance is calculated based on prior experience reflecting the level of uncollected receivables over the last year within each business adjusted for factors that are specific to the receivables, the industry in which we operate and the economic environment. Accordingly, the loss allowance cannot be attributed to specific receivables so the aged analysis of trade receivables, including those past due, is shown gross of the loss allowance.

On this basis, the ageing analysis of trade receivables, including those past due, is as follows:

		Trade receivables past due by:				
	Current $m	Less than 30 days $m	30–60 days $m	60–90 days $m	More than 90 days $m	Total $m
Carrying value at 30 April 2023	87.0	741.2	368.7	142.6	152.5	1,492.0
Carrying value at 30 April 2022	100.6	629.6	293.8	115.7	119.9	1,259.6

In practice, Sunbelt US and Sunbelt Canada operate on 30-day terms and consider receivables past due if they are unpaid after 30 days. On this basis, the Group's ageing of trade receivables, including those past due, is as follows:

		Trade receivables past due by:				
	Current $m	Less than 30 days $m	30–60 days $m	60–90 days $m	More than 90 days $m	Total $m
Carrying value at 30 April 2023	787.9	395.1	153.1	51.8	104.1	1,492.0
Carrying value at 30 April 2022	697.4	314.2	125.9	44.1	78.0	1,259.6

b) Movement in the loss allowance

	2023 $m	2022 $m
At 1 May	**85.6**	73.8
Amounts written off or recovered during the year	**(25.4)**	(17.7)
Increase in allowance recognised in income statement	**47.3**	31.2
Currency movements	**(0.3)**	(1.7)
At 30 April	**107.2**	85.6

12 Cash and cash equivalents

	2023 $m	2022 $m
Cash and cash equivalents	**29.9**	15.3

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

13 Property, plant and equipment

	Land and buildings $m	Rental equipment $m	Office and workshop equipment $m	Motor vehicles $m	Total $m
Cost or valuation					
At 1 May 2021	459.2	11,854.9	341.6	884.5	13,540.2
Exchange differences	(10.7)	(156.8)	(7.5)	(11.7)	(186.7)
Acquisitions	0.7	738.6	6.0	43.0	788.3
Reclassifications	–	(0.5)	0.1	0.4	–
Additions	106.4	1,999.2	73.6	218.1	2,397.3
Disposals	(6.8)	(896.6)	(10.7)	(68.0)	(982.1)
At 30 April 2022	548.8	13,538.8	403.1	1,066.3	15,557.0
Exchange differences	(3.1)	(48.1)	(1.1)	(3.7)	(56.0)
Acquisitions	25.6	618.6	(2.5)	39.8	681.5
Reclassifications	–	(2.0)	2.0	–	–
Additions	164.5	3,262.1	113.5	232.0	3,772.1
Disposals	(7.5)	(1,543.8)	(12.7)	(108.5)	(1,672.5)
At 30 April 2023	**728.3**	**15,825.6**	**502.3**	**1,225.9**	**18,282.1**
Depreciation					
At 1 May 2021	169.2	4,946.0	227.1	421.8	5,764.1
Exchange differences	(4.9)	(73.2)	(5.2)	(6.3)	(89.6)
Acquisitions	0.4	281.8	2.0	18.8	303.0
Reclassifications	–	0.1	0.1	(0.2)	–
Charge for the period	34.5	1,213.4	52.3	98.7	1,398.9
Disposals	(4.3)	(643.6)	(8.6)	(55.5)	(712.0)
At 30 April 2022	194.9	5,724.5	267.7	477.3	6,664.4
Exchange differences	(1.0)	(22.2)	(0.7)	(1.4)	(25.3)
Acquisitions	0.7	207.8	0.5	16.4	225.4
Reclassifications	–	(0.3)	0.3	–	–
Charge for the period	35.4	1,384.0	60.7	120.4	1,600.5
Disposals	(7.1)	(1,117.3)	(9.9)	(89.7)	(1,224.0)
At 30 April 2023	**222.9**	**6,176.5**	**318.6**	**523.0**	**7,241.0**
Net book value					
At 30 April 2023	**505.4**	**9,649.1**	**183.7**	**702.9**	**11,041.1**
At 30 April 2022	353.9	7,814.3	135.4	589.0	8,892.6

$13m of rebuild costs were capitalised in the year (2022: $14m). Included within prior year depreciation is an impairment charge of $9m.

14 Right-of-use assets

	Property leases $m	Other leases $m	Total $m
Cost or valuation			
At 1 May 2021	1,787.2	17.2	1,804.4
Exchange differences	(21.6)	(1.6)	(23.2)
Additions	331.0	8.4	339.4
Acquisitions	125.9	–	125.9
Remeasurement	35.0	–	35.0
Disposals	(11.6)	(3.7)	(15.3)
At 30 April 2022	2,245.9	20.3	2,266.2
Exchange differences	(16.7)	–	(16.7)
Additions	324.5	10.4	334.9
Acquisitions	151.5	–	151.5
Remeasurement	53.4	–	53.4
Disposals	(15.1)	(2.6)	(17.7)
At 30 April 2023	**2,743.5**	**28.1**	**2,771.6**
Depreciation			
At 1 May 2021	253.7	4.8	258.5
Exchange differences	(5.5)	(0.5)	(6.0)
Charge for the period	151.4	2.7	154.1
Disposals	(2.8)	(2.4)	(5.2)
At 30 April 2022	396.8	4.6	401.4
Exchange differences	(2.7)	–	(2.7)
Charge for the period	167.8	3.8	171.6
Disposals	(3.2)	(1.5)	(4.7)
At 30 April 2023	**558.7**	**6.9**	**565.6**
Net book value			
At 30 April 2023	**2,184.8**	**21.2**	**2,206.0**
At 30 April 2022	1,849.1	15.7	1,864.8

Included within prior year depreciation is an impairment charge of $6m.

15 Intangible assets including goodwill

	Goodwill $m	Other intangible assets: Brand names $m	Customer lists $m	Contract related $m	Total $m	Total $m
Cost or valuation						
At 1 May 2021	1,796.1	29.5	733.5	91.6	854.6	2,650.7
Recognised on acquisition	523.1	–	181.6	20.6	202.2	725.3
Exchange differences	(19.2)	(0.5)	(13.8)	(3.3)	(17.6)	(36.8)
At 30 April 2022	2,300.0	29.0	901.3	108.9	1,039.2	3,339.2
Recognised on acquisition	574.0	0.5	166.0	4.1	170.6	744.6
Exchange differences	(8.5)	(0.1)	(9.3)	(0.5)	(9.9)	(18.4)
At 30 April 2023	**2,865.5**	**29.4**	**1,058.0**	**112.5**	**1,199.9**	**4,065.4**
Amortisation						
At 1 May 2021	–	28.4	361.8	77.1	467.3	467.3
Charge for the period	–	0.3	83.9	24.4	108.6	108.6
Exchange differences	–	(0.4)	(8.4)	(3.2)	(12.0)	(12.0)
At 30 April 2022	–	28.3	437.3	98.3	563.9	563.9
Charge for the period	–	0.7	110.0	7.0	117.7	117.7
Exchange differences	–	(0.1)	(4.7)	(0.3)	(5.1)	(5.1)
At 30 April 2023	**–**	**28.9**	**542.6**	**105.0**	**676.5**	**676.5**
Net book value						
At 30 April 2023	**2,865.5**	**0.5**	**515.4**	**7.5**	**523.4**	**3,388.9**
At 30 April 2022	2,300.0	0.7	464.0	10.6	475.3	2,775.3

Goodwill acquired in a business combination is allocated at acquisition to the cash-generating units ('CGUs') that benefit from that business combination. Goodwill allocated to each of the Group's CGUs is as follows:

	2023 $m	2022 $m
Sunbelt US		
Power & HVAC	**292.3**	245.1
Climate Control	**85.3**	75.2
General equipment and related businesses	**1,927.0**	1,657.1
	2,304.6	1,977.4
Sunbelt UK		
Engineered Access	**32.4**	32.4
General equipment and related businesses	**182.4**	72.5
	214.8	104.9
Sunbelt Canada		
General equipment and related businesses	**346.1**	217.7
Total goodwill	**2,865.5**	2,300.0

15 Intangible assets including goodwill (continued)

For the purposes of determining potential goodwill impairment, recoverable amounts are determined from value in use calculations using cash flow projections based on the Group's financial plans covering a three-year period which were adopted and approved by the Board in April 2023. The key assumptions for these financial plans are those regarding revenue growth, margins and capital expenditure required to replace the rental fleet and support the growth forecast which management estimates based on past experience, market conditions and expectations for the future development of the market, including consideration of the risks and opportunities related to climate-related matters as detailed within the Group's TCFD disclosures. The projections consist of the 2023/24 budget, a further two years from the Group's business plan and a further seven years' cash flows. The valuation uses an annual growth rate to determine the cash flows beyond the three-year forecast period of 2%, which does not exceed the average long-term growth rates for the relevant markets, a terminal value reflective of market multiples and discount rates of 10% (2022: 11%), 11% (2022: 10%) and 10% (2022: 11%) for the US, UK and Canadian businesses respectively. The discount rates for each country are determined by reference to the Group's weighted average cost of capital.

The impairment review is potentially sensitive to changes in key assumptions used, most notably the discount rate and the annuity growth rates. A sensitivity analysis has been undertaken by changing the key assumptions used for each CGU in the US, UK and Canada. Based on this sensitivity analysis, no reasonably possible change in the assumptions resulted in the recoverable amount for the CGUs identified above to fall below their carrying value.

US

General equipment and related businesses

Revenue for the general equipment business is linked primarily to US non-residential construction spend, which, based on market forecasts, is expected to grow during the business plan period, underpinned by a significant level of large scale, multi-year projects. The general equipment and related businesses have grown more rapidly than both the non-residential construction market and the broader rental market in recent years and this outperformance is expected to continue over the business plan period, although not necessarily to the same degree. EBITDA margins are forecast to improve slightly as inflationary cost pressures ease and the businesses benefit from operational efficiencies and increased scale.

Power and HVAC and Climate Control

Revenue for the Power and HVAC and Climate Control businesses is in part linked to the level of non-residential construction and also general levels of economic activity. These businesses are also expected to benefit from increased rental penetration. EBITDA margins are forecast to improve slightly as the businesses benefit from higher rental penetration, operational efficiencies and increased scale.

UK

Revenue for each of the UK CGUs is linked primarily to UK non-residential construction spend. This market is more challenging than in the US, with structural growth opportunities more difficult to achieve due to a higher level of rental penetration in the market. The market is expected to grow over the business plan period. The Engineered Access business is also reliant on the events market which is also expected to grow over the plan period. EBITDA margins are forecast to improve as the businesses focus on operational improvement and leveraging the platform.

Canada

Revenue for Canada is linked primarily to Canadian non-residential construction spend which, based on market forecasts, is expected to grow during the business plan period. The Canadian business has grown over the last three years more quickly than non-residential construction and we expect it to continue to perform ahead of the market over the forecast period, although not necessarily to the same degree as over recent years. EBITDA margins are forecast to increase as the business benefits from the integration of recent acquisitions, operational improvement and increased scale.

16 Other non-current assets

	2023 $m	2022 $m
HMRC state aid payment	**44.7**	44.7
Financial asset investments	**41.3**	40.0
Insurance receivable	**13.1**	16.5
Other	**90.8**	56.3
	189.9	157.5

Non-current assets include the HMRC state aid payment which relates to amounts paid to HMRC in accordance with the charging notice received in relation to the ongoing state aid investigation (further details are included in Note 28).

The financial asset investments of $41m (April 2022: $40m) represent two targeted investments in early development-stage companies, which have been made in the US as part of the Group's activity to support the transition to a lower carbon economy.

17 Trade and other payables

	2023 $m	2022 $m
Trade payables	**581.6**	399.2
Other taxes and social security	**71.3**	55.9
Accruals and deferred income	**880.7**	742.0
	1,533.6	1,197.1

Trade and other payables include amounts relating to the purchase of fixed assets of $606m (2022: $363m). The fair values of trade and other payables are not materially different from the carrying values presented.

18 Lease liabilities

Amounts recognised in the balance sheet

	2023 $m	2022 $m
Maturity analysis – undiscounted cash flows:		
Less than one year	**240.2**	196.2
One to two years	**239.4**	196.1
Two to three years	**236.2**	193.9
Three to four years	**231.2**	189.7
Four to five years	**224.1**	184.6
More than five years	**2,339.1**	1,864.0
Total undiscounted lease liabilities at 30 April	**3,510.2**	2,824.5
Impact of discounting	**(1,115.9)**	(829.3)
Lease liabilities included in the balance sheet	**2,394.3**	1,995.2
Included in current liabilities	**233.2**	188.6
Included in non-current liabilities	**2,161.1**	1,806.6
	2,394.3	1,995.2

Amounts recognised in the income statement

	2023 $m	2022 $m
Depreciation of right-of-use assets	**171.6**	154.1
Interest on lease liabilities	**100.9**	80.7
Expense relating to short-term leases	**1.7**	1.6
Expense relating to variable lease payments	**17.7**	7.8
	291.9	244.2
Income from sub-leasing right-of-use assets	**(27.9)**	(20.6)
	264.0	223.6

Amounts recognised in the statement of cash flows

	2023 $m	2022 $m
Financing costs paid in relation to lease liabilities	**100.9**	79.7
Repayment of principal under lease liabilities	**109.5**	107.6
Total cash outflow for leases	**210.4**	187.3

19 Borrowings

	2023 $m	2022 $m
Non-current		
First priority senior secured bank debt	**2,038.4**	2,108.1
1.500% senior notes, due 2026	**546.8**	545.8
4.375% senior notes, due 2027	**595.6**	594.8
4.000% senior notes, due 2028	**595.1**	594.3
4.250% senior notes, due 2029	**594.6**	593.9
2.450% senior notes, due 2031	**743.9**	743.2
5.500% senior notes, due 2032	**737.8**	–
5.550% senior notes, due 2033	**742.9**	–
	6,595.1	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.

First priority senior secured credit facility

At 30 April 2023, $4.5bn was committed by our senior lenders under the asset-based senior secured revolving credit facility ('ABL facility') until August 2026. The amount utilised was $2,152m (including letters of credit totalling $73m). The ABL facility is secured by a first priority interest in substantially all of the Group's assets. Pricing for the $4.5bn revolving credit facility is based on average availability according to a grid, varying from the applicable interest rate plus 125bp to 150bp. The applicable interest rate is based on SOFR for US dollar loans, SONIA for sterling loans and CDOR for Canadian dollar loans. At 30 April 2023, the borrowing rate was the applicable interest rate plus 150bp.

The only financial performance covenant under the asset-based first priority senior bank facility is a fixed charge ratio (comprising LTM EBITDA before exceptional items less LTM net capital expenditure paid in cash over the sum of scheduled debt repayments plus cash interest, cash tax payments and dividends paid in the last 12 months) which must be equal to or greater than 1.0 times.

This covenant does not, however, apply when availability (the difference between the borrowing base and facility utilisation) exceeds $450m. At 30 April 2023 availability under the bank facility for covenant purposes was $2,573m ($2,537m at 30 April 2022), with an additional $4,968m of suppressed availability meaning that the covenant was not measured at 30 April 2023 and is unlikely to be measured in forthcoming quarters.

Senior notes

At 30 April 2023 the Group, through its wholly owned subsidiary Ashtead Capital, Inc., had seven series of senior notes outstanding. The $550m 1.500% notes are due on 12 August 2026, the $600m 4.375% notes are due on 15 August 2027, the $600m 4.000% notes are due on 1 May 2028, the $600m 4.250% notes are due on 1 November 2029, the $750m 2.450% notes are due on 12 August 2031, the $750m 5.500% notes are due on 11 August 2032 and the $750m 5.550% notes are due on 30 May 2033.

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

		2023	2022
First priority senior secured bank debt	– revolving advances in dollars	**6.414%**	1.990%
Senior notes	– $550m nominal value	**1.500%**	1.500%
	– $600m nominal value	**4.375%**	4.375%
	– $600m nominal value	**4.000%**	4.000%
	– $600m nominal value	**4.250%**	4.250%
	– $750m nominal value	**2.450%**	2.450%
	– $750m nominal value	**5.500%**	–
	– $750m nominal value	**5.550%**	–

20 Provisions

	Insurance $m	Contingent consideration $m	Other $m	Total $m
At 1 May 2022	96.3	33.4	7.1	136.8
Acquired businesses	–	35.8	–	35.8
Exchange differences	–	1.1	(0.2)	0.9
Utilised	(67.2)	(21.9)	(1.0)	(90.1)
Released	–	(2.5)	–	(2.5)
Charged in the year	71.8	–	–	71.8
Amortisation of discount	1.0	0.8	–	1.8
At 30 April 2023	**101.9**	**46.7**	**5.9**	**154.5**

	2023 $m	2022 $m
Included in current liabilities	**78.6**	68.8
Included in non-current liabilities	**75.9**	68.0
	154.5	136.8

Insurance provisions relate to the discounted estimated gross liability in respect of claims, including automotive, workers' compensation and general liability, to be incurred for events occurring up to the year-end and covered under the Group's insurance programmes, which are expected to be utilised over a period of approximately eight years. The provision is established based on advice received from independent actuaries of the estimated total cost of the insured risk based on historical claims experience. $21m (2022: $29m) of this total liability is due from insurers and is included within 'Other receivables'.

The provision for contingent consideration relates to recent acquisitions and is based on the post-acquisition performance of the acquired businesses. The consideration is expected to be paid out over the next two years and is reassessed at each reporting date.

21 Deferred tax

	Accelerated tax depreciation $m	Tax losses $m	Other assets from temporary differences $m	Other liabilities from temporary differences $m	Total $m
At 1 May 2022	1,791.8	(15.3)	(174.2)	93.1	1,695.4
Exchange differences	(3.5)	(0.3)	0.4	(0.7)	(4.1)
Charged/(credited) to income statement	339.7	(3.3)	(85.3)	12.0	263.1
Credited to equity	–	(0.2)	(0.2)	(0.7)	(1.1)
Acquisitions	21.2	(3.6)	0.4	24.0	42.0
At 30 April 2023	**2,149.2**	**(22.7)**	**(258.9)**	**127.7**	**1,995.3**

The Group has not recognised a deferred tax asset of $15m (2022: $14m) in the US and $2m (2022: $2m) in the UK in respect of certain losses carried forward where it was not considered probable at the balance sheet date that these losses would be utilised.

At the balance sheet date, no temporary differences associated with undistributed earnings of subsidiaries are considered to exist as UK tax legislation largely exempts overseas dividends received from UK tax.

22 Share capital and reserves

Ordinary shares of 10p each:

	30 April 2023 Number	30 April 2022 Number	30 April 2023 $m	30 April 2022 $m
Issued and fully paid	**451,354,833**	451,354,833	**81.8**	81.8

During the year, the Company purchased 5.2m ordinary shares at a total cost of $261m (£218m) under the Group's share buyback programme, which are held in treasury. At 30 April 2023, 12.9m (April 2022: 7.7m) shares were held by the Company ($741m; 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).

23 Share-based payments

The ESOT facilitates the provision of shares under the Group's long-term incentive plans. It holds a beneficial interest in 986,767 ordinary shares of the Company acquired at an average cost of 2,935p (3,931¢) per share. The shares had a market value of $57m (£45m) at 30 April 2023. The ESOT has waived the right to receive dividends on the shares it holds. The costs of operating the ESOT are borne by the Group but are not significant.

Details of the awards given under the long-term incentive plans are given on pages 107 and 108, and 114 and 115. The costs of these schemes are charged to the income statement over the vesting period, based on the fair value of the award at the grant date and the likelihood of allocations vesting under the schemes. In 2023, there was a net charge to pre-tax profit in respect of the long-term incentive awards of $45m (2022: $48m). After tax, the total charge was $35m (2022: $37m).

The fair value of awards granted during the year is estimated using a Black-Scholes option pricing model with the following assumptions:

	July 2022
Share price at grant date	3,474p
Exercise price	–
Dividend yield	2.11%
Volatility	74.63%
Risk-free rate	1.79%
Expected life	36 months

Expected volatility was determined by calculating the historical volatility over the previous three years. The expected life used in the model is based on the terms of the plan.

Details of the long-term incentive awards outstanding during the year are as follows:

	2023		2022	
	Number	**Weighted average fair value at grant date**	Number	Weighted average fair value at grant date
Outstanding at 1 May	**2,986,439**	**3,871p**	2,965,144	3,279p
Granted	**822,191**	**3,272p**	592,841	5,385p
Exercised	**(542,004)**	**2,223p**	(482,958)	2,174p
Expired/lapsed	**(52,595)**	**3,849p**	(88,588)	3,428p
Outstanding at 30 April	**3,214,031**	**4,005p**	2,986,439	3,871p
Exercisable at 30 April	**–**	**n/a**	–	n/a

The weighted average share price of those awards exercised during the year was 3,484p (2022: 5,426p). The weighted average remaining contractual life of the share options outstanding at 30 April 2023 was 14 months (2022: 18 months).

24 Pensions

Defined contribution plans

The Group operates pension plans for the benefit of qualifying employees. The plans for new employees throughout the Group are all defined contribution plans. Pension costs for defined contribution plans were $40m (2022: $34m).

Defined benefit plan

The Group also has a defined benefit plan which was closed to new members in 2001 and closed to future accrual in October 2020. The plan is a funded defined benefit plan with trustee-administered assets held separately from those of the Group. During the year, the Trustees were composed of representatives of both the Company and plan members, including one of whom who was a corporate trustee. Subsequent to year end, the corporate trustee has been appointed as sole trustee to the plan. The Trustees are required by law to act in the interest of all relevant beneficiaries and are responsible for the investment policy of the assets and the day-to-day administration of the benefits.

The plan is a final salary plan which provides members a guaranteed level of pension payable for life. The level of benefits provided by the plan depends on members' length of service and their salary at the date of leaving the plan.

The plan's duration is an indicator of the weighted-average time until benefit payments are made. For the plan as a whole, the duration at 30 April 2023 is approximately 16 years. The Group does not expect contributions to be paid to the plan during the 2023/24 financial year.

The plan exposes the Group to a number of risks, the most significant being investment risk, interest rate risk, inflation risk and life expectancy risk.

The most recent actuarial valuation was carried out as at 30 April 2022 by a qualified independent actuary and showed a funding surplus of £11.1m ($13.9m at April 2023 exchange rate). The actuary was engaged by the Company to perform a valuation in accordance with IAS 19 (revised) as at 30 April 2023. The principal financial assumptions made by the actuary were as follows:

		2023	2022
Discount rate		**4.8%**	3.1%
Inflation assumption	– RPI	**3.2%**	3.4%
	– CPI	**2.3%**	3.2%
Rate of increase in pensions in payment		**3.0%**	3.3%

Pensioner life expectancy assumed in the 30 April 2023 update is based on the 'S3PA CMI 2021' projection model mortality tables adjusted so as to apply a minimum annual rate of improvement of 1.25% a year. Samples of the ages to which pensioners are assumed to live are as follows:

	2023	2022
Life expectancy of pensioners currently aged 65		
Male	**85.9**	86.2
Female	**87.7**	88.1
Life expectancy at age 65 for future pensioner currently aged 45		
Male	**87.2**	87.5
Female	**89.3**	89.6

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

	Fair value	
	2023 $m	2022 $m
UK equities	**–**	36.9
US equities	**–**	42.6
Japanese equities	**–**	7.5
Emerging market equities	**–**	3.9
Global loan fund	**–**	12.1
Buy and maintain fund	**17.5**	7.3
Liability driven investment funds	**77.2**	19.0
Infrastructure	**–**	11.0
Cash and cash equivalents	**11.2**	0.9
	105.9	141.2

24 Pensions (continued)

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

	2023 $m	2022 $m
Fair value of plan assets	**105.9**	141.2
Present value of funded defined benefit obligation	**(87.5)**	(122.7)
Net asset recognised in the balance sheet	**18.4**	18.5

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

	2023 $m	2022 $m
Net interest on the net defined benefit plan	**0.6**	0.1
Net income in the income statement	**0.6**	0.1

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

	2023 $m	2022 $m
Actuarial gain due to changes in financial assumptions	**33.6**	18.1
Actuarial gain due to changes in demographic assumptions	**1.4**	0.2
Actuarial loss arising from experience adjustments	**(1.6)**	(1.8)
Loss on plan assets excluding amounts recognised in net interest	**(36.3)**	(5.1)
Remeasurement of the defined benefit pension plan	**(2.9)**	11.4

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

	2023 $m	2022 $m
At 1 May	**122.7**	152.3
Interest cost	**3.6**	3.0
Remeasurements		
– Actuarial gain due to changes in financial assumptions	**(33.6)**	(18.1)
– Actuarial gain due to changes in demographic assumptions	**(1.4)**	(0.2)
– Actuarial loss arising from experience adjustments	**1.6**	1.8
Benefits paid	**(3.9)**	(3.2)
Exchange differences	**(1.5)**	(12.9)
At 30 April	**87.5**	122.7

The key assumptions used in valuing the defined benefit obligation are: discount rate, inflation and mortality. The sensitivity of the results to these assumptions is as follows:

- An increase in the discount rate of 0.5% would result in a $6m (2022: $9m) decrease in the defined benefit obligation.
- An increase in the inflation rate of 0.5% would result in a $5m (2022: $8m) increase in the defined benefit obligation. This includes the resulting change to other assumptions that are related to inflation such as pensions and salary growth.
- A one-year increase in the pensioner life expectancy at age 65 would result in a $3m (2022: $6m) increase in the defined benefit obligation.

The above sensitivity analyses have been determined based on reasonably possible changes to the significant assumptions, while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some assumptions may be correlated. The sensitivity information shown above has been prepared using the same method as adopted when adjusting the results of the latest funding valuation to the balance sheet date. This is the same approach as has been adopted in previous periods.

Movements in the fair value of plan assets were as follows:

	2023 $m	2022 $m
At 1 May	**141.2**	158.5
Interest income	**4.2**	3.1
Remeasurement – loss on plan assets excluding amounts recognised in net interest	**(36.3)**	(5.1)
Employer contributions	**2.2**	2.5
Benefits paid	**(3.9)**	(3.2)
Exchange differences	**(1.5)**	(14.6)
At 30 April	**105.9**	141.2

The actual return on plan assets was a loss of $32m (2022: $2m).

25 Financial risk management

The Group's trading and financing activities expose it to various financial risks that, if left unmanaged, could adversely impact on current or future earnings. Although not necessarily mutually exclusive, these financial risks are categorised separately according to their different generic risk characteristics and include market risk (foreign currency risk and interest rate risk), credit risk and liquidity risk.

It is the role of the Group treasury function to manage and monitor the Group's financial risks and internal and external funding requirements in support of the Group's corporate objectives. Treasury activities are governed by policies and procedures approved by the Board and monitored by the Finance and Administration Committee. In particular, the Board of directors or, through delegated authority, the Finance and Administration Committee, approves any derivative transactions. Derivative transactions are only undertaken for the purposes of managing interest rate risk and currency risk. The Group does not trade in financial instruments. The Group maintains treasury control systems and procedures to monitor liquidity, currency, credit and financial risks.

Market risk

The Group's activities expose it primarily to interest rate and currency risk. Interest rate risk is monitored on a continuous basis and managed, where appropriate, through the use of interest rate swaps, whereas the use of forward foreign exchange contracts to manage currency risk is considered on an individual non-trading transaction basis. The Group is not exposed to commodity price risk or equity price risk as defined in IFRS 7.

Interest rate risk

Management of fixed and variable rate debt

The Group has fixed and variable rate debt in issue with 69% of the drawn debt at a fixed rate as at 30 April 2023, excluding lease liabilities. The Group's accounting policy requires all borrowings to be held at amortised cost. As a result, the carrying value of fixed rate debt is unaffected by changes in credit conditions in the debt markets and there is therefore no exposure to fair value interest rate risk. The Group's debt that bears interest at a variable rate comprises all outstanding borrowings under the senior secured credit facility. Pricing is based on average availability according to a grid, varying from the applicable interest rate plus 125bp to 150bp. The applicable interest rate is based on SOFR for US dollar loans, SONIA for sterling loans and CDOR for Canadian dollar loans. At 30 April 2023, the borrowing rate was the applicable interest rate plus 150bp. The Group periodically utilises interest rate swap agreements to manage and mitigate its exposure to changes in interest rates. However, during the year ended and as at 30 April 2023, the Group had no such swap agreements outstanding. The Group also may at times hold cash and cash equivalents which earn interest at a variable rate.

Net variable rate debt sensitivity

At 30 April 2023, based upon the amount of variable rate debt outstanding, the Group's pre-tax profits would change by approximately $21m for each one percentage point change in interest rates applicable to the variable rate debt and, after tax effects, equity would change by approximately $16m.

Currency risk

Currency risk is predominantly translation risk as there are no significant transactions in the ordinary course of business that take place between foreign entities. The Group's reporting currency is US dollars. The majority of our assets, liabilities, revenue and costs are denominated in US dollars, but sterling and Canadian dollars make up 25% of our net assets. Fluctuations in the value of pounds 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 30 April 2023, 88% of its debt (including lease liabilities) was denominated in US dollars.

The Group's exposure to exchange rate movements on trading transactions is relatively limited. All Group companies invoice revenue in their respective local currency and generally incur expense and purchase assets in their local currency. Consequently, the Group does not routinely hedge either forecast foreign exchange exposures or the impact of exchange rate movements on the translation of overseas profits into dollars. Where the Group does hedge, it maintains appropriate hedging documentation. Foreign exchange risk on significant non-trading transactions is considered on an individual basis.

Resultant impacts of reasonably possible changes to foreign exchange rates

Based on the current currency mix of our profits and on current sterling and dollar debt levels, interest and exchange rates at 30 April 2023, a 1% change in the pound sterling and Canadian dollar to US dollar exchange rates would impact pre-tax profit by $0.2m and equity by approximately $15m. At 30 April 2023, the Group had no outstanding foreign exchange contracts.

Credit risk

The Group's principal financial assets are cash and bank balances and trade and other receivables. The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of loss allowances. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies. The carrying amount of financial assets recorded in the financial statements, which are net of impairment losses, represent the Group's maximum exposure to credit risk.

The Group has a large number of unrelated customers, serving over 800,000 during the financial year, and does not have any significant credit exposure to any particular customer. Each business segment manages its own exposure to credit risk according to the economic circumstances and characteristics of the markets they serve. The Group believes that management of credit risk on a devolved basis enables it to assess and manage it more effectively. However, broad principles of credit risk management practice are observed across the Group, such as the use of credit reference agencies and the maintenance of credit control functions.

25 Financial risk management (continued)

Liquidity risk

Liquidity risk is the risk that the Group could experience difficulties in meeting its commitments to creditors as financial liabilities fall due for payment.

The Group uses both short and long-term cash forecasts to assist in monitoring cash flow requirements ensuring sufficient cash is available to meet operational needs. The Group monitors available facilities against forward requirements on a regular basis.

The Group generates significant free cash flow before investment (defined as cash flow from operations less replacement capital expenditure net of proceeds of asset disposals, interest paid and tax paid). This free cash flow before investment is available to the Group to invest in growth capital expenditure, acquisitions, dividend payments and other returns to shareholders or to reduce debt.

In addition to the strong free cash flow from normal trading activities, additional liquidity is available through the Group's ABL facility. At 30 April 2023, availability under the $4.5bn facility was $2,573m ($2,537m at 30 April 2022), which compares with the threshold of $450m, above which the covenant does not apply.

Contractual maturity analysis

Trade receivables, the principal class of non-derivative financial asset held by the Group, are settled gross by customers.

The following table presents the Group's outstanding contractual maturity profile for its non-derivative financial liabilities, excluding trade and other payables which fall due within one year and lease liabilities which are analysed in Note 18. The analysis presented is based on the undiscounted contractual maturities of the Group's financial liabilities, including any interest that will accrue, except where the Group is entitled and intends to repay a financial liability, or part of a financial liability, before its contractual maturity. The undiscounted cash flows have been calculated using foreign currency exchange rates and interest rates ruling at the balance sheet date.

At 30 April 2023

	Undiscounted cash flows – year to 30 April						
	2024 $m	2025 $m	2026 $m	2027 $m	2028 $m	Thereafter $m	Total $m
Bank and other debt	–	–	–	2,038.4	–	–	2,038.4
1.500% senior notes	–	–	–	550.0	–	–	550.0
4.375% senior notes	–	–	–	–	600.0	–	600.0
4.000% senior notes	–	–	–	–	–	600.0	600.0
4.250% senior notes	–	–	–	–	–	600.0	600.0
2.450% senior notes	–	–	–	–	–	750.0	750.0
5.500% senior notes	–	–	–	–	–	750.0	750.0
5.550% senior notes	–	–	–	–	–	750.0	750.0
	–	–	–	2,588.4	600.0	3,450.0	6,638.4
Interest payments	316.0	316.0	316.0	219.5	158.4	487.0	1,812.9
	316.0	316.0	316.0	2,807.9	758.4	3,937.0	8,451.3

Letters of credit of $73m (2022: $57m) are provided and guaranteed under the ABL facility which expires in August 2026.

At 30 April 2022

	Undiscounted cash flows – year to 30 April						
	2023 $m	2024 $m	2025 $m	2026 $m	2027 $m	Thereafter $m	Total $m
Bank and other debt	–	–	–	–	2,108.1	–	2,108.1
1.500% senior notes	–	–	–	–	550.0	–	550.0
4.375% senior notes	–	–	–	–	–	600.0	600.0
4.000% senior notes	–	–	–	–	–	600.0	600.0
4.250% senior notes	–	–	–	–	–	600.0	600.0
2.450% senior notes	–	–	–	–	–	750.0	750.0
	–	–	–	–	2,658.1	2,550.0	5,208.1
Interest payments	144.4	144.4	144.4	144.4	96.8	174.6	849.0
	144.4	144.4	144.4	144.4	2,754.9	2,724.6	6,057.1

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 30 April 2023, 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.

Fair value of non-derivative financial assets and liabilities

The table below provides a comparison, by category of the carrying amounts and the fair values of the Group's non-derivative financial assets and liabilities.

		At 30 April 2023		At 30 April 2022	
		Book value $m	**Fair value $m**	Book value $m	Fair value $m
Long-term borrowings					
– first priority senior secured bank debt	Level 1	**2,038.4**	**2,038.4**	2,108.1	2,108.1
– 1.500% senior notes	Level 1	**549.0**	**486.1**	548.8	487.4
– 4.375% senior notes	Level 1	**600.0**	**573.0**	600.0	583.5
– 4.000% senior notes	Level 1	**600.0**	**560.3**	600.0	564.7
– 4.250% senior notes	Level 1	**600.0**	**556.5**	600.0	566.2
– 2.450% senior notes	Level 1	**748.4**	**595.3**	748.2	607.5
– 5.500% senior notes	Level 1	**743.0**	**741.6**	–	–
– 5.550% senior notes	Level 1	**748.3**	**744.4**	–	–
Total long-term borrowings		**6,627.1**	**6,295.6**	5,205.1	4,917.4
Deferred costs of raising finance		**(32.0)**	**–**	(25.0)	–
		6,595.1	**6,295.6**	5,180.1	4,917.4
Other financial instruments[1]					
Contingent consideration provision	Level 3	**46.7**	**46.7**	33.4	33.4
Financial asset investments	Level 3	**41.3**	**41.3**	40.0	40.0
Cash and cash equivalents	Level 1	**29.9**	**29.9**	15.3	15.3

1 The Group's trade and other receivables, trade and other payables and lease liabilities are not shown in the table above. The carrying amounts of trade and other receivables and trade and other payables categories approximate their fair values. Required disclosures relating to lease liabilities are provided in Note 18.

Contingent consideration provisions are 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.

Financial asset investments are measured at fair value and are Level 3 financial assets. $21m of these assets are held at fair value through profit and loss and $20m of 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. Details of the movement in the fair value during the year are as follows:

	2023 $m	2022 $m
At 1 May	**40.0**	–
Additions	**42.4**	40.0
Foreign exchange movement	**(0.6)**	–
Interest	**1.3**	–
Loss for the year	**(41.8)**	–
At 30 April	**41.3**	40.0

During the period, the Group made one new investment, namely Britishvolt ($42m), a UK company involved in the development of electric vehicle battery technology. In January 2023, Britishvolt entered administration following failure to secure additional funding and as a result, the Group has estimated the fair value of its investment to be $nil and consequently recognised a movement in the fair value of the equity component of its investment ($37m) through other comprehensive income and an impairment of the $5m convertible loan component through the income statement.

26 Notes to the cash flow statement

a) Cash flow from operating activities

	2023 $m	2022 $m
Operating profit	**2,522.0**	1,947.8
Depreciation	**1,772.1**	1,553.0
Amortisation	**117.7**	108.6
EBITDA	**4,411.8**	3,609.4
Profit on disposal of rental equipment	**(185.1)**	(78.9)
Profit on disposal of other property, plant and equipment	**(19.0)**	(9.0)
Increase in inventories	**(4.7)**	(67.2)
Increase in trade and other receivables	**(209.6)**	(164.1)
Increase in trade and other payables	**34.2**	68.8
Exchange differences	**1.2**	(0.6)
Other non-cash movement	**44.8**	48.1
Cash generated from operations before changes in rental equipment	**4,073.6**	3,406.5

b) Acquisitions

	2023 $m	2022 $m
Cash consideration paid		
– acquisitions in the period (net of cash acquired)	**1,061.3**	1,264.8
– contingent consideration	**21.9**	12.6
	1,083.2	1,277.4

During the year, 50 acquisitions were made for a total cash consideration of $1,061m (2022: $1,265m), after taking account of net cash acquired of $32m (2022: $20m). Further details are provided in Note 27.

Payments for contingent consideration on prior year acquisitions were also made of $22m (2022: $13m).

c) Analysis of net debt

Net debt consists of total borrowings 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	30 April 2023 $m
Long-term borrowings	5,180.1	1,353.5	(23.6)	77.9	–	7.2	6,595.1
Lease liabilities	1,995.2	(109.5)	(14.8)	150.0	373.4	–	2,394.3
Total liabilities from financing activities	7,175.3	1,244.0	(38.4)	227.9	373.4	7.2	8,989.4
Cash and cash equivalents	(15.3)	(15.2)	0.6	–	–	–	(29.9)
Net debt	7,160.0	1,228.8	(37.8)	227.9	373.4	7.2	8,959.5

			Non-cash movements				
	1 May 2021 $m	Cash flow $m	Exchange movement $m	Debt acquired $m	New lease liabilities $m	Other movements $m	30 April 2022 $m
Long-term borrowings	4,194.0	991.8	(29.5)	5.8	–	18.0	5,180.1
Lease liabilities	1,633.3	(107.6)	(18.4)	125.9	362.0	–	1,995.2
Total liabilities from financing activities	5,827.3	884.2	(47.9)	131.7	362.0	18.0	7,175.3
Cash and cash equivalents	(26.6)	10.5	0.8	–	–	–	(15.3)
Net debt	5,800.7	894.7	(47.1)	131.7	362.0	18.0	7,160.0

27 Acquisitions

During the year, 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.

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., trading as Absolute Equipment ('Absolute Equipment'). Absolute Equipment is a general tool business in Pennsylvania.

xxii) On 3 October 2022, Sunbelt UK acquired the entire share capital 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, trading as Bilt Rite ('Bilt Rite'). Bilt Rite is a specialty business in Texas.

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.

27 Acquisitions (continued)

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.

xxviii) 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.

xxix) 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.

xxx) 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.

xxxi) On 10 November 2022, Sunbelt US acquired the business and assets of QxTwo Equipment Sales, LLC ('QxTwo'). QxTwo is a specialty business in South Carolina.

xxxii) 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.

xxxiii) 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.

xxxiv) On 7 December 2022, Sunbelt US acquired the business and assets of Portable Air, L.C. ('Portable Air'). Portable Air is a specialty business operating in Florida, Texas, and Louisiana.

xxxv) On 8 December 2022, Sunbelt UK acquired the entire share capital Alpha Grip (UK) Limited ('Alpha Grip'). Alpha Grip is a specialty business.

xxxvi) On 14 December 2022, Sunbelt US acquired the business and assets of Diamond Rentals, Inc. ('Diamond'). Diamond is a general tool business operating in Washington.

xxxvii) On 12 January 2023, Sunbelt US acquired the entire share capital of Lift Works, Inc. ('Lift Works'). Lift Works is a general tool business operating in Illinois.

xxxviii) On 18 January 2023, Sunbelt US acquired the business and assets of Straight Up Equipment LLC ('Straight Up'). Straight Up is a general tool business operating in Ohio.

xxxix) On 7 February 2023, Sunbelt US acquired the business and assets of Key Rentals Group, LLC and TBG Equipment, LLC (together 'Key Rentals'). Key Rentals is a specialty business operating in Montana.

xl) On 17 February 2023, Sunbelt US acquired the business and assets of West Ashley Tool & Rental LLC ('West Ashley'). West Ashley is a general tool business operating in South Carolina.

xli) On 21 February 2023, Sunbelt US acquired the business and assets of C2 Equipment Rental, LLC ('C2'). C2 is a general tool business operating in Florida.

xlii) On 22 February 2023, Sunbelt US acquired the business and assets of BigSky Rents & Events, Inc. ('BigSky'). BigSky is a general tool business operating in Montana.

xliii) On 28 February 2023, Sunbelt US acquired the entire share capital of Bullet Rentals & Sales, Inc. ('Bullet'). Bullet is a general tool business operating in Oregon.

xliv) On 1 March 2023, Sunbelt Canada acquired the entire share capital of Ottawa Rental and Supply Ltd., trading as Ontario Rental & Supply ('ORS'). ORS is a general tool business operating in Ontario.

xlv) On 3 March 2023, Sunbelt US acquired the business and assets of Ned R. Werbe, Inc., trading as A Rental Service Company ('ARS'). ARS is a general tool business operating in Indiana.

xlvi) On 15 March 2023, Sunbelt US acquired the business and assets of Double D Rentals, Inc. ('Double D'). Double D is a general tool business operating in California.

xlvii) On 15 March 2023, Sunbelt US acquired the business and assets of Equipment Rental Options Company, LLC. ('ERO'). ERO is a general tool business operating in Pennsylvania.

xlviii) On 12 April 2023, Sunbelt US acquired the business and assets of R&R Group, LLC. ('R&R'). R&R is a general tool business operating in Washington.

xlix) On 21 April 2023, Sunbelt US acquired the business and assets of Advantage Tool Rental, Inc. ('Advantage'). Advantage is a general tool business operating in Indiana.

l) On 26 April 2023, Sunbelt US acquired the business and assets of Elms Equipment Rental, Inc. and an affiliated company, Quintet Leasing, Inc. (together 'Elms'). Elms is a general tool business operating in California.

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	54.1
Inventory	9.0
Property, plant and equipment	
– rental equipment	410.8
– other assets	45.3
Right-of-use asset	151.5
Creditors	(39.4)
Current tax	(2.6)
Deferred tax	(42.0)
Debt	(77.9)
Lease liabilities	(150.0)
Intangible assets (non-compete agreements and customer relationships)	170.6
	529.4
Consideration:	
– cash paid and due to be paid (net of cash acquired)	1,067.6
– contingent consideration	35.8
	1,103.4
Goodwill	574.0

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 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. $310m 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 $54m.

Due to the operational integration of acquired businesses with Sunbelt US, Sunbelt Canada and Sunbelt UK 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.

28 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 continues 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. The £36m ($45m at April 2023 exchange rates) paid has been recognised as a non-current asset on the balance sheet. 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 30 April 2023 ($45m at April 2023 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.

28 Contingent liabilities (continued)

The Company

The Company has guaranteed the borrowings of its subsidiary undertakings under the Group's senior secured credit and overdraft facilities. At 30 April 2023 the amount borrowed under these facilities was $2,038m (2022: $2,108m). Subsidiary undertakings are also able to obtain letters of credit under these facilities and, at 30 April 2023, letters of credit issued under these arrangements totalled $73m (2022: $57m). In addition, the Company has guaranteed the 1.500%, 4.375%, 4.000%, 4.250%, 2.450%, 5.500% and 5.550% senior notes issued by Ashtead Capital, Inc.

The Company has guaranteed lease commitments of subsidiary undertakings where the minimum lease commitment at 30 April 2023 totalled $34m (2022: $36m) in respect of land and buildings of which $6m is payable by subsidiary undertakings in the year ending 30 April 2024.

The Company has provided a guarantee to the Ashtead Group plc Retirement Benefits Plan ('the plan') that ensures the plan is at least 105% funded as calculated in accordance with Section 179 of the Pensions Act 2004. Based on the last actuarial valuation at 30 April 2022 the plan was 108% funded, so no value was attributable to the guarantee.

The Company has guaranteed the performance by subsidiaries of certain other obligations up to $6m (2022: $7m).

29 Events after the balance sheet date

Since the balance sheet date, the Group has completed four acquisitions for total purchase consideration of $237m, including acquired debt of $34m, as follows:

i) On 17 May 2023, Sunbelt US acquired the business and assets of Beattie Construction Services, LLC, ('Beattie'). Beattie is a specialty business operating in Michigan.

ii) On 24 May 2023, Sunbelt US acquired the business and assets of Jones & Hollands, Inc. ('Jones'). Jones is a general tool business operating in Michigan.

iii) On 24 May 2023, Sunbelt US acquired the business and assets of West Coast Equipment, LLC. ('West Coast'). West Coast is a general tool business operating in California.

iv) On 1 June 2023, Sunbelt Canada acquired the entire share capital of Loue Froid, Inc. ('Loue Froid'). Loue Froid is a specialty business operating in Quebec.

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

30 Related party transactions

The Group's key management comprises the Company's executive and non-executive directors. Details of their remuneration are given in Note 4 and details of their share interests and share awards are given in the Directors' remuneration report. In relation to the Group's defined benefit pension plan, details are included in Note 24.

31 Capital commitments

At 30 April 2023 capital commitments in respect of purchases of rental and other equipment totalled $1,392m (2022: $1,401m), all of which had been ordered. There were no other material capital commitments at the year end.

32 Employees

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

	2023 Number	2022 Number
United States	**17,902**	14,934
United Kingdom	**4,262**	3,947
Canada	**1,879**	1,575
	24,043	20,456

33 Parent company information

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

	Notes	2023 £m	2022 £m
Current assets			
Prepayments and accrued income		**1.2**	1.3
Amounts due from subsidiary undertakings	(f)	**843.3**	612.8
		844.5	614.1
Non-current assets			
Right-of-use assets	(g)	**4.7**	5.4
Investments in Group companies	(h)	**363.7**	363.7
Deferred tax asset		**14.4**	9.5
		382.8	378.6
Total assets		**1,227.3**	992.7
Current liabilities			
Accruals and deferred income		**10.9**	11.4
Lease liabilities	(i)	**0.8**	0.8
		11.7	12.2
Non-current liabilities			
Lease liabilities	(i)	**4.1**	4.8
Total liabilities		**15.8**	17.0
Equity			
Share capital	(b)	**45.1**	45.1
Share premium account	(b)	**3.6**	3.6
Capital redemption reserve	(b)	**11.1**	11.1
Own shares held by the Company	(b)	**(574.1)**	(355.9)
Own shares held through the ESOT	(b)	**(29.0)**	(34.0)
Retained reserves	(b)	**1,754.8**	1,305.8
Equity attributable to equity holders of the Company		**1,211.5**	975.7
Total liabilities and equity		**1,227.3**	992.7

The Company reported a profit for the financial year ended 30 April 2023 of £733m (2022: £470m).

These financial statements were approved by the Board on 12 June 2023.

Brendan Horgan
Chief executive

Michael Pratt
Chief financial officer

33 Parent company information (continued)

b) Statement of changes in equity of the Company

	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	Retained reserves £m	Total £m
At 1 May 2021	45.1	3.6	11.1	(51.2)	(28.8)	1,009.2	989.0
Profit for the year	–	–	–	–	–	470.2	470.2
Other comprehensive income for the year	–	–	–	–	–	–	–
Total comprehensive income for the year	–	–	–	–	–	470.2	470.2
Dividends paid	–	–	–	–	–	(197.5)	(197.5)
Own shares purchased by the ESOT	–	–	–	–	(17.3)	–	(17.3)
Own shares purchased by the Company	–	–	–	(304.7)	–	–	(304.7)
Share-based payments	–	–	–	–	12.1	23.4	35.5
Tax on share-based payments	–	–	–	–	–	0.5	0.5
At 30 April 2022	45.1	3.6	11.1	(355.9)	(34.0)	1,305.8	975.7
Profit for the year	–	–	–	–	–	733.2	733.2
Other comprehensive income for the year	–	–	–	–	–	–	–
Total comprehensive income for the year	–	–	–	–	–	733.2	733.2
Dividends paid	–	–	–	–	–	(306.6)	(306.6)
Own shares purchased by the ESOT	–	–	–	–	(10.4)	–	(10.4)
Own shares purchased by the Company	–	–	–	(218.2)	–	–	(218.2)
Share-based payments	–	–	–	–	15.4	22.0	37.4
Tax on share-based payments	–	–	–	–	–	0.4	0.4
At 30 April 2023	**45.1**	**3.6**	**11.1**	**(574.1)**	**(29.0)**	**1,754.8**	**1,211.5**

c) Cash flow statement of the Company

	Note	**2023 £m**	2022 £m
Cash flows from operating activities			
Cash from operations	(k)	**(206.7)**	41.9
Financing costs paid		**(4.6)**	(5.3)
Dividends received from Ashtead Holdings PLC		**750.0**	480.0
Net cash from operating activities		**538.7**	516.6
Cash flows from financing activities			
Repayment of principal under lease liabilities		**(0.6)**	(0.6)
Purchase of own shares by the ESOT		**(10.4)**	(17.3)
Purchase of own shares by the Company		**(221.1)**	(301.2)
Dividends paid		**(306.6)**	(197.5)
Net cash used in financing activities		**(538.7)**	(516.6)
Change in cash and cash equivalents		**–**	–

d) Accounting policies
The Company financial statements have been prepared on the basis of the accounting policies set out in Note 2 above, supplemented by the policy on investments set out below.

The Company financial statements are presented in pounds sterling, the functional currency of the Company. Investments in subsidiary undertakings are stated at cost less any necessary provision for impairment in the parent company balance sheet.

e) Income statement
Ashtead Group plc has not presented its own profit and loss account as permitted by section 408 of the Companies Act 2006. The profit attributable to the Company is disclosed in the footnote to the Company's balance sheet. There were no other amounts of comprehensive income in the financial year.

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

	2023 Number	2022 Number
Employees	**20**	19

Their aggregate remuneration comprised:

	2023 £m	2022 £m
Salaries	**15.5**	13.2
Social security costs	**1.5**	1.7
Other pension costs	**0.3**	0.3
	17.3	15.2

Staff costs include key management personnel. For more information on key management personnel remuneration see page 144.

f) Amounts due from subsidiary undertakings

	2023 £m	2022 £m
Due within one year:		
Ashtead Holdings PLC	**843.3**	612.8

The amounts due from subsidiary undertakings are considered to be Stage 1 under the general expected credit losses model and any expected credit losses are immaterial.

g) Right-of-use asset

	Property leases £m
Cost or valuation	
At 1 May 2021, 30 April 2022 and 30 April 2023	**7.5**
Depreciation	
At 1 May 2021	1.4
Charge for the period	0.7
At 30 April 2022	2.1
Charge for the period	0.7
At 30 April 2023	**2.8**
Net book value	
At 30 April 2023	**4.7**
At 30 April 2022	5.4

33 Parent company information (continued)

h) Investments

	Shares in Group companies	
	2023 £m	2022 £m
At 30 April	**363.7**	363.7

Details of the Company's investments at 30 April 2023 are as follows:

Name	Address of registered office	Principal activity
USA		
Ashtead US Holdings, Inc.	The Corporation Trust Company, 1209 Orange St., Wilmington, DE 19801	Investment holding company
Ashtead Holdings, LLC	The Corporation Trust Company, 1209 Orange St., Wilmington, DE 19801	Investment holding company
Sunbelt Rentals, Inc.	CT Corporation System, 160 Mine Lake Ct., Ste. 200, Raleigh, NC 27615-6417	Equipment rental and related services
Sunbelt Rentals Industrial Services LLC	The Corporation Trust Company, 1209 Orange St., Wilmington, DE 19801	Equipment rental and related services
Sunbelt Rentals Scaffold Services, Inc.	CT Corporation System, 160 Mine Lake Ct., Ste. 200, Raleigh, NC 27615-6417	Equipment rental and related services
Sunbelt Rentals Scaffold Services, LLC	CT Corporation System, 3867 Plaza Tower Dr., East Baton Rouge Parish, Baton Rouge, LA 70816	Equipment rental and related services
Pride Corporation	CT Corporation System, 28 Liberty Street, New York, NY 10005	Equipment rental and related services
Ashtead Capital, Inc.	The Corporation Trust Company, 1209 Orange St., Wilmington, DE 19801	Finance company
Studio City Rentals (USA) Inc.	21500 Nordhoff St., Unit B, Chatsworth, CA 91311	Dormant
Sunbelt Rentals Exchange, Inc.	The Corporation Trust Company, 1209 Orange St., Wilmington, DE 19801	Dormant
Colt Rentals LLC[1]	The Corporation Trust Company, 1209 Orange St., Wilmington, DE 19801	Investment holding company
Colt Sunbelt Rentals LLC[2]	The Corporation Trust Company, 1209 Orange St., Wilmington, DE 19801	Equipment rental and related services
UK		
Ashtead Holdings PLC	100 Cheapside, London, EC2V 6DT	Investment holding company
Sunbelt Rentals Limited	100 Cheapside, London, EC2V 6DT	Equipment rental and related services
Ashtead Financing Limited	100 Cheapside, London, EC2V 6DT	Finance company
Accession Group Limited	100 Cheapside, London, EC2V 6DT	Dormant
Accession Holdings Limited	100 Cheapside, London, EC2V 6DT	Dormant
Anglia Traffic Management Group Limited	100 Cheapside, London, EC2V 6DT	Dormant
Ashtead Canada Limited	100 Cheapside, London, EC2V 6DT	Dormant
Astra Site Services Limited	12 Hope Street, Edinburgh, Scotland, EH2 4DB	Dormant
ATM Traffic Solutions Limited	100 Cheapside, London, EC2V 6DT	Dormant
Eve Trakway Limited	100 Cheapside, London, EC2V 6DT	Dormant
Hoist It Limited	100 Cheapside, London, EC2V 6DT	Dormant
Opti-cal Survey Equipment Limited	100 Cheapside, London, EC2V 6DT	Dormant
Plantfinder (Scotland) Limited	12 Hope Street, Edinburgh, Scotland, EH2 4DB	Dormant
Precision Geomatics Limited	100 Cheapside, London, EC2V 6DT	Dormant
Ellerbeck Industries Limited	100 Cheapside, London, EC2V 6DT	Dormant
Inlec UK Limited	100 Cheapside, London, EC2V 6DT	Dormant
Ashtead Plant Hire Company Limited	100 Cheapside, London, EC2V 6DT	Dormant
Alpha Grip (Cardiff) Limited	100 Cheapside, London, EC2V 6DT	Dormant
Alpha Grip (UK) Limited	100 Cheapside, London, EC2V 6DT	Dormant
Media Access Solutions (MAS) Limited	100 Cheapside, London, EC2V 6DT	Dormant
Movietech Camera Rentals Limited	100 Cheapside, London, EC2V 6DT	Dormant
Movietech Cymru Limited	100 Cheapside, London, EC2V 6DT	Dormant
Optimum Power Services Limited	100 Cheapside, London, EC2V 6DT	Dormant
PKE Lighting Holdings Limited	100 Cheapside, London, EC2V 6DT	Dormant

Name	Address of registered office	Principal activity
PKE Lighting Limited	100 Cheapside, London, EC2V 6DT	Dormant
Canada		
Sunbelt Rentals of Canada Inc.	777 Dunsmuir Street, 11th Floor, Vancouver, BC V7Y1K3	Equipment rental and related services
William F. White International Inc.	777 Dunsmuir Street, 11th Floor, Vancouver, BC V7Y1K3	Equipment rental and related services
Modu-Loc GP Corp[3]	777 Dunsmuir Street, 11th Floor, Vancouver, BC V7Y1K3	Investment holding company
Modu-Loc Fence Rentals LP[3]	777 Dunsmuir Street, 11th Floor, Vancouver, BC V7Y1K3	Equipment rental and related services
Republic of Ireland		
Ashtead Financing (Ireland) Unlimited Company	10 Earlsfort Terrace, Dublin 2, D02 T380	Dormant
Sunbelt Rentals (Ireland) Limited	10 Earlsfort Terrace, Dublin 2, D02 T380	Equipment rental and related services
Germany		
Sunbelt Rentals GmbH	Felix-Wankel-Straße 10, 74632 Neuenstein	Equipment rental and related services
France		
Sunbelt Rentals SAS	5 Avenue Carnot, 91330 Massy	Equipment rental and related services
Bahamas		
Sunbelt Rentals of the Bahamas, Inc.	Ocean Centre, Montagu Foreshore, East Bay Street, P.O. Box SS-19084, Nassau, Bahamas	Dormant

1 The Company has a 40% ownership interest in Colt Rentals LLC.
2 The Company has a 70% ownership interest in Colt Sunbelt Rentals LLC.
3 Modu-Loc GP and Modu-Loc Fence Rentals LP merged with Sunbelt Rentals of Canada Inc. on 1 May 2023.

The issued share capital (all of which comprises ordinary shares) of subsidiaries is 100% owned by the Company or by subsidiary undertakings and all subsidiaries are consolidated, unless otherwise specified.

i) Lease liabilities

(i) Amounts recognised in the balance sheet

	2023 £m	2022 £m
Maturity analysis – undiscounted cash flows:		
Less than one year	**0.8**	0.8
One to five years	**3.2**	3.2
More than five years	**1.5**	2.3
Total undiscounted lease liabilities at 30 April	**5.5**	6.3
Impact of discounting	**(0.6)**	(0.7)
Lease liabilities included in the balance sheet	**4.9**	5.6
Included in current liabilities	**0.8**	0.8
Included in non-current liabilities	**4.1**	4.8
	4.9	5.6

(ii) Amounts recognised in the income statement

	2023 £m	2022 £m
Depreciation of right-of-use assets	**0.7**	0.7
Interest on lease liabilities	**0.2**	0.2
	0.9	0.9

(iii) Amounts recognised in the statement of cash flows

	2023 £m	2022 £m
Financing costs paid in relation to lease liabilities	**0.2**	0.2
Repayment of principal under lease liabilities	**0.6**	0.7
Total cash outflow for leases	**0.8**	0.9

33 Parent company information (continued)

j) Financial instruments

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

k) Notes to the Company cash flow statement

Cash flow from operating activities

	2023 £m	2022 £m
Operating loss	**(16.5)**	(12.9)
Depreciation	**0.8**	0.8
EBITDA	**(15.7)**	(12.1)
Decrease/(increase) in prepayments and accrued income	**0.1**	(0.3)
Increase in accruals and deferred income	**2.0**	1.5
(Increase)/decrease in intercompany receivable	**(198.9)**	47.6
Other non-cash movement	**5.8**	5.2
Net cash (outflow)/inflow from operations before exceptional items	**(206.7)**	41.9

TEN-YEAR HISTORY

In $m	2023	2022	2021	2020	2019[1]	2018[1]	2017[1]	2016[1]	2015[1]	2014[1]
Income statement										
Revenue	**9,667.3**	7,962.3	6,638.6	6,398.9	5,869.7	4,959.1	4,125.0	3,824.7	3,258.4	2,618.6
Operating costs +	**(5,255.5)**	(4,352.9)	(3,601.8)	(3,390.7)	(3,121.7)	(2,640.1)	(2,177.7)	(2,055.4)	(1,806.7)	(1,521.1)
EBITDA +	**4,411.8**	3,609.4	3,036.8	3,008.2	2,748.0	2,319.0	1,947.3	1,769.3	1,451.7	1,097.5
Depreciation +	**(1,772.1)**	(1,553.0)	(1,457.6)	(1,380.8)	(1,099.7)	(930.7)	(785.5)	(675.2)	(561.7)	(442.0)
Operating profit +	**2,639.7**	2,056.4	1,579.2	1,627.4	1,648.3	1,388.3	1,161.8	1,094.1	890.0	655.5
Interest +	**(366.2)**	(232.6)	(262.9)	(284.2)	(200.1)	(147.5)	(134.8)	(124.6)	(107.5)	(75.5)
Pre-tax profit +	**2,273.5**	1,823.8	1,316.3	1,343.2	1,448.2	1,240.8	1,027.0	969.5	782.5	580.0
Operating profit	**2,522.0**	1,947.8	1,498.0	1,549.3	1,582.2	1,330.2	1,125.1	1,051.1	864.7	646.8
Pre-tax profit	**2,155.8**	1,668.1	1,235.1	1,244.0	1,382.1	1,154.5	990.3	926.5	757.1	571.4
Cash flow										
Cash flow from operations before exceptional items and changes in rental fleet	**4,073.6**	3,406.5	3,017.0	3,076.2	2,664.4	2,248.0	1,889.3	1,617.5	1,347.1	1,029.5
Free cash flow	**531.5**	1,125.4	1,822.2	1,001.5	480.4	516.6	433.1	(93.3)	(138.7)	(85.7)
Balance sheet										
Capital expenditure	**3,772.1**	2,397.3	947.4	1,877.8	2,070.5	1,657.5	1,405.2	1,863.0	1,698.8	1,186.4
Book cost of rental equipment	**15,825.6**	13,538.8	11,854.9	11,868.2	10,796.9	9,046.5	7,564.0	6,564.4	5,591.1	4,349.6
Shareholders' funds	**6,008.0**	5,033.7	4,525.2	3,748.7	3,650.8	3,481.1	2,549.0	2,168.7	1,708.2	1,392.2
In cents										
Dividend per share	**100.0¢**	80.0¢	58.0¢	52.91¢	49.81¢	43.59¢	36.88¢	30.37¢	23.15¢	18.76¢
Earnings per share	**368.4¢**	280.9¢	205.4¢	205.2¢	216.7¢	262.5¢	130.0¢	122.1¢	96.7¢	74.0¢
Adjusted earnings per share	**388.5¢**	307.1¢	219.1¢	221.5¢	227.2¢	170.6¢	135.0¢	127.8¢	100.1¢	74.6¢
In percent										
EBITDA margin +	**45.6%**	45.3%	45.7%	47.0%	46.8%	46.8%	47.2%	46.3%	44.6%	41.9%
Operating profit margin +	**27.3%**	25.8%	23.8%	25.4%	28.1%	28.0%	28.2%	28.6%	27.3%	25.0%
Pre-tax profit margin +	**23.5%**	22.9%	19.8%	21.0%	24.7%	25.0%	24.9%	25.3%	24.0%	22.2%
Return on investment +	**19.2%**	18.2%	14.9%	15.2%	17.8%	17.6%	17.3%	18.9%	19.4%	18.6%
People										
Employees at year end	**25,347**	21,752	18,826	19,284	17,803	15,996	14,220	13,106	11,928	9,934
Locations										
Stores at year end	**1,398**	1,233	1,126	1,105	1,036	899	808	715	640	556

Notes

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

1 The Group elected to apply IFRS 16 using the modified retrospective approach with no restatement of comparative figures. As a result, the results for 2014 to 2019 are not comparable directly to the later years with the adoption of IFRS 16 resulting in higher EBITDA and operating profit but lower profit before exceptional items, amortisation and tax than under the previous accounting standard.

GLOSSARY OF TERMS

The glossary of terms below sets out definitions of terms used throughout this Annual Report & Accounts. 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. Where relevant, the APMs exclude the impact of IFRS 16 to aid comparability with prior year metrics. 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.

Term	Closest equivalent statutory measure	Definition and purpose
Adjusted results	See definition	Adjusted results are the results stated before exceptional items and the amortisation of acquired intangibles. Adjusted results are utilised by the Group in its remuneration targets. A reconciliation is shown on the income statement on page 133.
Capital expenditure	None	Represents additions to rental equipment and other property, plant and equipment (excluding assets acquired through a business combination).
Cash conversion ratio	None	Represents cash flow from operations before changes in rental equipment as a percentage of EBITDA. This measure is utilised to show the proportion of EBITDA converted into cash flow from operations generated by the business before investment expenditures, interest and taxation.

		2023	2022
EBITDA ($m)	Note 26(a)	**4,412**	3,609
Cash inflow from operations before changes in rental equipment ($m)	Note 26(a)	**4,074**	3,406
Cash conversion ratio		**92%**	94%

Term	Closest equivalent statutory measure	Definition and purpose
Dollar utilisation	None	Dollar utilisation is trailing 12-month rental revenue divided by average fleet 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. The components used to calculate this measure are shown within the 'Financial review'.
Drop through	None	Calculated as the change in rental revenue which converts into EBITDA (excluding gains from sale of new equipment, merchandise and consumables and used equipment).

	2023 $m	2022 $m	Change
Sunbelt US			
Rental revenue	**7,503**	6,042	1,461
EBITDA	**3,955**	3,121	
Gains	**(235)**	(128)	
EBITDA excluding gains	**3,720**	2,993	727
Drop through			**50%**

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 year.

Term	Closest equivalent statutory measure	Definition and purpose
EBITDA	Profit before tax	EBITDA is not defined by IFRS but is a widely accepted profit measure being earnings before interest, tax, depreciation and amortisation. A reconciliation of EBITDA to profit before tax is shown on the income statement on page 133.
EBITDA margin	None	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	None	Exceptional items are 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. Details are provided in Note 5 of the financial statements.

Term	Closest equivalent statutory measure	Definition and purpose
Free cash flow	Net cash generated from operating activities	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.

	2023 $m	2022 $m
Net cash generated from operating activities	**1,000**	1,499
Payments for non-rental property, plant and equipment	**(510)**	(399)
Proceeds from disposal of non-rental property, plant and equipment	**41**	25
Free cash flow	**531**	1,125

This measure shows the cash retained by the Group prior to discretionary expenditure on acquisitions and returns to shareholders.

Term	Closest equivalent statutory measure	Definition and purpose
Growth at constant exchange rates	None	Calculated by applying the current period exchange rate to the comparative period result. The relevant foreign currency exchange rates are provided within Note 2, Accounting policies, 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.

	2023 $m	2022 $m	%
Rental revenue			
As reported	**8,698**	7,235	20%
Retranslation effect	**–**	(112)	
At constant currency	**8,698**	7,123	22%
Adjusted profit before tax			
As reported	**2,273**	1,824	25%
Retranslation effect	**–**	(14)	
At constant currency	**2,273**	1,810	26%

Term	Closest equivalent statutory measure	Definition and purpose
Leverage	None	Leverage calculated at constant exchange rates uses the period end exchange rate for the relevant period and is determined as net debt divided by EBITDA.

	2023		2022	
	Excluding IFRS 16	Including IFRS 16	Excluding IFRS 16	Including IFRS 16
Net debt ($m)				
As reported and at constant currency	**6,588**	**8,960**	5,179	7,160
EBITDA ($m)				
As reported	**4,203**	**4,412**	3,430	3,609
Retranslation effect	**4**	**4**	(23)	(24)
At constant currency	**4,207**	**4,416**	3,407	3,585
Leverage				
As reported	**1.6**	**2.0**	1.5	2.0
At constant currency	**1.6**	**2.0**	1.5	2.0

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.

Term	Closest equivalent statutory measure	Definition and purpose
Net debt	None	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. It has been identified as one of the Group's key performance indicators. An analysis of net debt is provided in Note 26(c) of the financial statements.
Operating profit	Profit before tax	Operating profit is earnings before interest and tax. A reconciliation of operating profit to profit before tax is shown on the income statement on page 133.
Operating profit margin	None	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.

Term	Closest equivalent statutory measure	Definition and purpose
Organic measures	See definition	Organic measures are used to explain the financial and operational performance of Sunbelt US and comprise all locations, excluding locations arising from a bolt-on acquisition completed after the start of the comparative financial period.
Return on Investment ('RoI')	None	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. The impact of IFRS 16 has been excluded so as to reflect the way the business is managed. A reconciliation of Group RoI is provided below:

	2023	2022
Adjusted operating profit ($m)	**2,640**	2,056
IFRS 16 impact ($m)	**(40)**	(28)
Adjusted operating profit (excluding IFRS 16) ($m)	**2,600**	2,028
Average net assets ($m)	**13,565**	11,119
Return on investment	**19%**	18%

RoI for the businesses is calculated in the same way, but excludes goodwill and intangible assets:

	US $m	**Canada C$m**	**UK £m**
Adjusted operating profit	2,432	160	64
Average net assets, excluding goodwill and intangibles	8,910	884	720
Return on investment	27%	18%	9%

Other terms used within this Annual Report & Accounts include:

- **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.
- **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.
- **Rental only revenue:** rental revenue excluding loss damage waiver, environmental fees, erection and dismantling revenue and revenue from rental equipment delivery and collection.
- **RIDDOR rate:** the RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations) reportable rate is the number of major injuries or over seven-day injuries per 100,000 hours worked.
- **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.
- **Staff turnover:** staff turnover is calculated as the number of leavers in a year (excluding redundancies) divided by the average headcount during the year.
- **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.
- **TRIR rate:** reportable incidents in North America are reported in accordance with the OSHA (Occupational, Safety and Health Administration) framework as a Total Recordable Incident Rate ('TRIR').

FINANCIAL CALENDAR AND ADVISERS

Future dates

Quarter 1 results	5 September 2023
2023 Annual General Meeting	6 September 2023
Quarter 2 results	5 December 2023
Quarter 3 results	12 March 2024
Quarter 4 and year-end results	18 June 2024

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Printed by Empress Litho on Forest Stewardship Council® (FSC®) certified paper using vegetable based inks. Revive 100 Silk is manufactured from FSC®-certified Recycled fibre derived from 100% pre and post-consumer waste. Both the paper manufacturing and the printer are registered to the Environmental Management System ISO14001 and are FSC® chain-of-custody certified.

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