

Ashtead Group

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Ashtead raises guidance after first-half profits fall less than expected

Ashtead Group PLC (LON:AHT) has raised its full-year outlook after a smaller than expected fall in half-year sales and profits.

The FTSE 100-listed construction equipment hire group maintained a flat interim dividend at 7.15p per share after what it said was a record level of free cash flow of £822m in the six months to end-October, 2020.

Management said it is still waiting for "the appropriate time" to resume the share buyback programme shelved in March because of coronavirus uncertainty, but new site openings were restarted during the quarter.

However, with the business outperforming the market and the balance sheet in fine fettle, despite markets that are seen as likely to remain uncertain, new guidance was given for full-year cashflow of more than £1.2bn, up from £1bn before, as group revenue is now seen falling 3%-7% compared to the previous indication of 5%-9%.

For the past quarter, Ashtead's revenue fell by 1% to £1.2bn and underlying pre-tax profit was down 7% to £330m compared to declines of 6% and 38% respectively in the first quarter.

The quarterly profit performance was much better than the 20% fall expected by the market and meant profit for the half-year was down 21% to £538m.

"This performance illustrates the successful execution of our long-term strategy, which we embarked upon after the last recession, to broaden and diversify our end markets and strengthen our balance sheet," said Ashtead chief executive Brendan Horgan in the results statement.

He said this enables the group to capitalise on its scale, while remaining agile during such times that have been seen this year when capital expenditure and operating costs were reduced to maximise cash flow.

The shares climbed another 3% to 3,341p in morning trading, up over 39% since the start of the year.

Analysts at UBS said the adjusted PBT number was 20% ahead of the consensus forecast and 8% of its estimate.

"Momentum has stabilised," they noted, with US rental revenue down 4% in November.

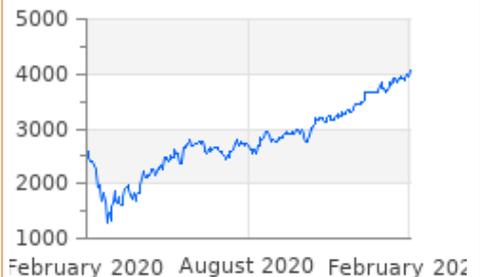
At broker Peel Hunt they said the US momentum of Sunbelt "remains impressive - supported by utilities and hurricane activity".

--Adds shares and broker comment--

Price: 4016

Market Cap: £18.04 billion

1 Year Share Price Graph



Share Information

Code: AHT

Listing: LSE

52 week High Low
4089 1010

Sector: Business & education services

Website: www.ashtead-group.com

Company Synopsis:

Ashtead Group is a leading provider of rental equipment with operations in the US and the UK. We provide equipment that lifts, powers, generates, moves, digs, supports, scrubs, pumps, directs, ventilates, whatever the job needs.

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