Sunbelt Rentals Revenue Jumps 23.4 Percent in Fiscal Third Quarter

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Revenue for Sunbelt Rentals in its fiscal third quarter of 2022 ended Jan. 31 totaled $2 billion compared to $1.621 billion in the fiscal third quarter of 2021, a 23.4-percent increase. The totals include the revenue from Sunbelt U.S., Sunbelt Canada and Sunbelt U.K. Rental revenue totaled $1.815 billion compared to $1.449 billion a year ago, a 25.3-percent hike.

For the first nine months of the fiscal year, total revenue was $5.884 billion compared to $4.880 billion in the first nine months of fiscal 2021, a 20.6-percent increase. Rental revenue increased 22.4 percent, from $4.379 billion in the first nine months of fiscal 2021 to $5.360 billion in the first nine months of fiscal 2022.

EBITDA jumped 21 percent in the fiscal third quarter and 18 percent in the first nine months of the fiscal year.

"The group continues to perform strongly across its geographies with rental revenue up 21 percent in the nine months over the Covid-affected prior year and 17 percent when compared with 2019/20, both at constant currency," said Ashtead chief executive Brendan Horgan. "This market outperformance across the business is only possible through the dedication of our team members who deliver for all our stakeholders every day, while ensuring our leading value of safety remains at the forefront of all we do.

"Sunbelt 3.0 is embedded in the business, and we are making good progress across all actionable components. In the nine months, we invested $1.7 billion in capital across existing locations and greenfields and $938 million on 19 bolt-on acquisitions, adding a combined total of 81 locations in North America. This significant investment takes advantage of the ongoing structural growth opportunity that we continue to see in the business as we seek to deliver on our strategic priorities to grow general tool and amplify specialty, all achieved while remaining at the lower end of our target leverage range."

Horgan said the company expects capital expenditure for the full year to be slightly ahead of its previous guidance at about $2.5 billion.

"Looking forward to 2022/23, our initial plans are for gross capital expenditure of $3.2 to $3.4 billion, as we look to take advantage of strong market conditions, particularly in the U.S. This should enable low to mid-teens rental revenue growth in the U.S. Our business continues to perform strongly and is well positioned to manage and benefit from the unique market circumstances we face, including supply chain constraints, inflation and labor scarcity, which we believe to be drivers of ongoing structural change. We now expect full year results to be slightly ahead of our previous expectations and the board looks to the future with confidence."

In the United States, revenue for the nine-month period was $4,763.6 million compared to $4,034.2 million in the year-ago period, an 18.1-percent increase. In the U.K., revenue for the three quarters totaled $750.3 million compared to $576.5 a year ago, a 30.1-percent hike. In Canada, total revenue was $370.2 million compared to $269.1 in the previous year, a 37.6-percent jump.

Rental revenue rocks in U.S.

In the U.S., rental only revenue of $3.549 billion compared to $2.990 million in the previous year was 18.7 percent higher than the prior year (and 12 percent higher than 2020), representing continued market outperformance and demonstrating the benefits of Sunbelt's strategy of growing its specialty businesses and broadening its end markets, the company said. In the nine-month period, its general tool business grew 15 percent from the depressed activity levels in the prior year, while its specialty businesses, which grew throughout last year, grew 27 percent. While rental revenue growth has been driven by volume, with a larger fleet and improved utilization, it has benefitted from improved rates in what is a better rate environment than it has seen for a number of years.

Canada's rental only revenue increased 32 percent to C$340 million compared to C$258 million a year ago. While this rate of growth reflects the depressed comparatives last year, it is driven by the strong performance of the original Canadian business and lighting, grip and studio since lockdowns eased. That said, the lighting, grip and studio business was affected further by COVID induced production restrictions in the third quarter. Canada's total revenue was C$463 million compared to C$357 million in 2021.

Sunbelt has raised its guidance for the full year, now expecting revenue growth of 20 to 22 percent in the United States; 27 to 30 percent in Canada; and 10 to 12 percent in the U.K.

Sunbelt Rentals, No. 2 on the *RER* 100, is based in Fort Mill, S.C., in the U.S. Ashtead, its parent company, has international headquarters in London.