

**Encouraging first half results: full year guidance unchanged  
Building on our strong platform for improved returns**

Chris Weston, Chief Executive Officer, commented:

"These are encouraging results that keep us well on track to deliver our full year guidance. As we continue to execute on our strategy, we have also completed a comprehensive review of the Group's expected performance over the medium term. Based on this review, and the detailed action plans we have developed, we are confident that the Group can deliver a return on capital employed in the mid-teens in 2020 with potential for further improvement beyond this."

#### Results summary

£m	1H18	1H17	REPORTED CHANGE	UNDERLYING CHANGE <sup>1</sup>
Group revenue	857	779	+10%	+14%
Operating profit	76	79	- 4%	+8%
Operating profit margin (%)	9	10		
Profit before tax	59	63	-7%	+8%
Diluted EPS(p)	15.85	17.88	-11%	+2%
Operating cash inflow	160	184		
Dividend per share (p)	9.38	9.38	Flat	
ROCE (%)	11	12		

<sup>1</sup>Underlying excludes pass-through fuel, currency and 2017 exceptional items. A reconciliation between reported and underlying performance is detailed on page 10.

- Good underlying<sup>1</sup> Group revenue growth of 14%
  - Rental Solutions underlying<sup>1</sup> revenue up 32% (26% excluding hurricanes in North America)
  - Power Solutions Industrial underlying<sup>1</sup> revenue up 15% (up 3% excluding the Winter Olympics)
  - Power Solutions Utility underlying<sup>1</sup> revenue down 15%
- Profit before tax of £59 million, up 8% on an underlying<sup>1</sup> basis
- Group average megawatts on hire during the six months of 6,560 MW (2017: 6,520 MW)
- Successful execution of the Commonwealth Games and South Korea Winter Olympics
- Interim dividend maintained at 9.38p per share

#### Strategic progress update

- Our strategy, as set out in 2015, focusing on customer, technology and capital efficiency, has evolved to reflect the changing markets
- Execution of our strategy has strengthened the Group's foundations and is beginning to drive growth
- Our detailed execution plans, particularly focused on operating margin and capital efficiency, supported by a £50 million cost reduction programme, are expected to improve the financial returns of the Group over the medium term
- With higher returns in Rental Solutions and Power Solutions Industrial and significant improvement in Power Solutions Utility, we expect the Group to deliver a return on capital employed in the mid-teens in 2020, with potential for further improvement beyond this

## Future results

November 2018

Q3 2018 trading update

## Enquiries

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## Analyst presentation

A presentation will be held for analysts and investors today at 9.30am (BST) at the London Stock Exchange, 10 Paternoster Square, EC4M 7LS.

A live web-cast and a copy of the slides will be available on our website at [www.plc.aggreko.com/investors](http://www.plc.aggreko.com/investors).

## RESULTS FOR THE SIX MONTHS TO 30 JUNE 2018

### Reporting changes

As previously announced, as a result of the Group's increased sector focus, we have refined our segmental reporting and reassigned all non-utility sector customer contracts from within our Power Solutions Utility business into Power Solutions Industrial. The details of the impact of this change are contained in Note 4(a) to the Accounts.

The Group has also adopted IFRS 15 'Revenue from Contracts with Customers' with effect from 1 January 2018. Note 3 to the Accounts explains these changes in detail.

Comparative figures for 2017 have been restated to reflect both the above changes.

### Group trading performance

£m	1H18	1H17	REPORTED CHANGE	UNDERLYING CHANGE <sup>1</sup>	POST 2017 EXCEPTIONAL ITEMS		
					1H17	REPORTED CHANGE	UNDERLYING CHANGE <sup>2</sup>
Group revenue	857	779	+10%	+14%			
Operating profit	76	79	-4%	+8%	69	+10%	+25%
Operating profit margin (%)	9	10			9		
Profit before tax	59	63	-7%	+8%	53	+10%	+30%
Diluted EPS(p)	15.85	17.88	-11%	+2%	14.98	+6%	+23%
Operating cash inflow	160	184					
Dividend per share (p)	9.38	9.38					
ROCE(%)	11	12			9		

<sup>2</sup> Underlying excludes pass-through fuel and currency.

Underlying<sup>1</sup> Group revenue rose 14%, driven by a strong performance in Rental Solutions which offset the decline in Power Solutions Utility. Underlying<sup>1</sup> profit before tax was up 8% at £59 million. The operating margin was 9% (2017: 10%) as good growth in Rental Solutions was offset by Power Solutions Utility off-hires and lower operating profit in our Power Solutions Industrial business. The lower margin resulted in a reduction in the Group's return on capital employed (ROCE) to 11% (2017: 12%). Diluted earnings per share (DEPS) were 15.85 pence (2017: 17.88 pence, excluding exceptional items).

## Divisional headlines

<b>REVENUE £m</b>				
	2018	2017	REPORTED CHANGE	UNDERLYING CHANGE <sup>1</sup>
Rental Solutions	386	307	26%	32%
Power Solutions				
Industrial	219	212	3%	15%
Utility excl. pass-through fuel	163	218	(25)%	(15)%
Pass-through fuel	89	42	113%	151%
Group	857	779	10%	14%

<b>OPERATING PROFIT £m</b>					<b>POST 2017 EXCEPTIONAL ITEMS</b>		
	2018	2017	REPORTED CHANGE	UNDERLYING CHANGE <sup>1</sup>	2017	REPORTED CHANGE	UNDERLYING CHANGE <sup>2</sup>
Rental Solutions	40	14	169%	192%	11	235%	267%
Power Solutions							
Industrial	23	31	(24)%	(15)%	26	(9)%	3%
Utility excl. pass-through fuel	14	36	(62)%	(55)%	34	(60)%	(52)%
Pass-through fuel	(1)	(2)	n/m	n/m	(2)	n/m	n/m
Group	76	79	(4)%	8%	69	10%	25%

Rental Solutions underlying<sup>1</sup> revenue was up 32%. North America had a strong first half with revenue up 34%, supported by £17 million from hurricane-related work (up 23% excluding hurricanes) and a strong performance across several key sectors including building services & construction, petrochemical & refining and oil & gas. We also achieved good growth in both Europe and Australia Pacific. The operating margin rose six percentage points to 11%, driven by improved volumes, rates, fleet utilisation and operating leverage.

Power Solutions Industrial underlying<sup>1</sup> revenue increased 15%, supported by the South Korea Winter Olympics (up 3% excluding the Olympics). The operating margin was 11%, down three percentage points due to competitive pressure and market conditions driving down rates across the Middle East and in parts of our business in Africa, as well as the timing of on and off-hires in our industrial project portfolio.

Power Solutions Utility underlying<sup>1</sup> revenue was down 15% primarily due to planned off-hires in Zimbabwe and Japan, and lower volumes and pricing in Argentina. As a result, the Power Solutions Utility margin (excluding pass-through fuel) was down 9 percentage points to 8%.

## Reported financial measures

Reported revenue and operating profit include the translational impact of currency as Aggreko's revenue and profit are earned in a number of different currencies (most notably the US Dollar), which are then translated and reported in Sterling. The movement in exchange rates in the period had the translational impact of decreasing revenue by £67 million and operating profit by £10 million.

In addition, the Group separately reports fuel revenue from contracts in the Power Solutions Utility business in Brazil, where we manage fuel on a pass-through basis on behalf of our customers. The reason for the separate reporting is that fuel revenue on these contracts is entirely dependent on fuel prices and the volumes of fuel consumed, which can be volatile and may distort the view of the performance of the underlying business. In 2018, fuel revenue from these contracts was £89 million (2017: £42 million).

Reported Group revenue was up 10% on prior year, with Rental Solutions up 26%, Power Solutions Industrial up 3% and Utility down 3%.

During the first half of 2017 the Group incurred exceptional costs of £10 million relating to the implementation of our Business Priorities programme, split as follows: Rental Solutions £3 million, Power Solutions Utility £2 million and Power Solutions Industrial £5 million. There were no exceptional items reported in the first six months of 2018.

## **Dividends**

The Group is proposing to maintain the interim dividend at 9.38 pence per share (2017: 9.38 per share), which equates to dividend cover of 1.7 times (2017: 1.9 times). Dividend cover is calculated as basic earnings per share for the period divided by dividend per share.

## **Cash flow and balance sheet**

During the first six months, we generated an operating cash inflow of £160 million (2017: £184 million). The decrease in operating cash flow is mainly driven by higher working capital outflows year on year, with an outflow of £68 million in 2018 compared to £51 million outflow in 2017. This year's outflow consists of a £7 million inflow from trade and other receivables, a £50 million outflow from trade and other payables, a £4 million outflow from inventory and a net £21 million outflow from the movement in fulfilment assets and demobilisation provisions.

The decrease in trade and other receivables is analysed by business unit as a £8 million decrease in Power Solutions Utility, a £7 million decrease in Rental Solutions and a £8 million increase in Power Solutions Industrial. The increase in Power Solutions Industrial is driven by the revenue growth and improved activity levels in Eurasia. The reduction in Rental Solutions is driven by an increased focus on collections as well as delayed receipts on some of the hurricane-related work through the end of 2017. In Power Solutions Utility the decrease is driven by lower activity, coupled with solid cash collections. We see signs of stability in the overall Power Solutions Utility debtor position, however we still have some customers who are taking longer to pay due to issues of liquidity and access to foreign currency (primarily US dollars and Euros). The Group's bad debt provision is £81 million in line with December 2017.

The movement in fulfilment asset and demobilisation provisions mainly relates to mobilisation costs for new contracts in Bangladesh, Madagascar and Malawi.

The decrease in trade and other payables balances since the year end is driven by a decrease in accruals reflecting lower capital expenditure, release of deferred revenue within our global events business and the payment of prior year bonuses. The increase in inventory reflects the timing of fleet production in our facility in Dumbarton.

Fleet capital expenditure was £87 million (2017: £115 million). Within this, £26 million was invested in our Rental Solutions business, primarily on new temperature control fleet and the renewal of our Oil Free Air (OFA) fleet, which serves the North American market. In Power Solutions, £10 million was invested in upgrading our G3 diesel engine to the market leading G3+.

Net debt was £741 million at 30 June 2018, £58 million higher than the prior year. This resulted in net debt to EBITDA on a rolling 12-month basis of 1.4 times compared to 1.3 times at June 2017.

## Outlook

Our good first half performance, combined with the expected improvement in Power Solutions Industrial and continued growth in Rental Solutions, give us confidence we are on track to deliver our guidance for the full year of profit before tax in line with 2017, excluding the effects of currency.

Fleet capital expenditure, previously guided to be in line with 2017 (£246 million), is now expected to be approximately 10% lower, as the Group has continued to focus on capital efficiency and fleet utilisation. We continue to expect the Group tax rate to be around 31% for the full year and, based on our current projections, this will increase to around 35% going forward, as a result of changes in the geographic mix of our profits. We also expect a small inflow in second half working capital and year end net debt/EBITDA of between 1.2 and 1.3 times.

Over the last three years we have strengthened the foundations of the business through the execution of our strategy, which has provided the Group with a solid platform and is beginning to drive growth. We will build on this with our detailed plans focused on operating margins and capital efficiency, supported by a £50 million cost reduction programme, to deliver an improvement in the returns of each of our businesses. With overall higher returns in Rental Solutions and Power Solutions Industrial, together with a significant improvement in Power Solutions Utility, we expect the Group to deliver a return on capital employed in the mid-teens in 2020, with potential for further improvement beyond this.

## BUSINESS UNIT PERFORMANCE REVIEW

### RENTAL SOLUTIONS

<u>REVENUE</u> £M				
	2018	2017	REPORTED CHANGE	UNDERLYING CHANGE <sup>1</sup>
	386	307	26%	32%

<u>OPERATING PROFIT</u> £M					POST 2017 EXCEPTIONAL ITEMS		
	2018	2017	REPORTED CHANGE	UNDERLYING CHANGE <sup>1</sup>	2017	REPORTED CHANGE	UNDERLYING CHANGE <sup>2</sup>
	40	14	169%	192%	11	235%	267%
<u>OPERATING MARGIN</u> %	11%	5%			4%		
<u>ROCE</u> (rolling 12 months)	16%	8%					

- Underlying<sup>1</sup> revenue and operating profit, up 32% and 192% respectively
- Increase in operating margin of six percentage points driven by strong performance in North America
- Continued good growth in temperature control, up 15% excluding currency effects
- Successful execution of the Commonwealth Games, earning revenue of £7 million

Our Rental Solutions business had a strong first half. The increase in operating margin was driven by our North American business, where we delivered improved volumes, rates, fleet utilisation and operating leverage.

North American underlying<sup>1</sup> revenue, was up 34% on the prior year (up 23% excluding hurricane-related work). Our sector focus continued to drive growth, and we saw good performance in most of our key sectors, in particular building services & construction, petrochemical & refining and oil & gas. This growth enabled us to leverage our fixed cost base more effectively, leading to improved operating profit and margin.

In our Australia Pacific business, underlying<sup>1</sup> revenue increased 18%, supported by good growth in the mining sector and a 100 MW contract delivering emergency power to Melbourne over the summer months.

Our Continental European business grew underlying<sup>1</sup> revenue by 20%, aided by good growth in most countries, most notably the Netherlands and Belgium. Key sectors included petrochemical & refining, where we have leveraged our experience and expertise in North America to expand our market footprint, and in the utilities sector, where we have supported renewable energy build out.

The Northern European business also delivered good growth with underlying<sup>1</sup> revenue increasing 8%, driven by our Next Generation Gas contracts in Ireland and an increase in activity in the oil & gas sector.

## POWER SOLUTIONS

<b>REVENUE £M</b>				
	2018	2017	REPORTED CHANGE	UNDERLYING CHANGE <sup>1</sup>
Industrial	219	212	3%	15%
Utility excl. pass-through fuel	163	218	(25)%	(15)%
Pass-through fuel	89	42	113%	151%

<b>OPERATING PROFIT £M</b>					<b>POST 2017 EXCEPTIONALS</b>		
	2018	2017	REPORTED CHANGE	UNDERLYING CHANGE <sup>1</sup>	2017	REPORTED CHANGE	UNDERLYING CHANGE <sup>2</sup>
Industrial	23	31	(24)%	(15)%	26	(9)%	3%
Utility excl. pass-through fuel	14	36	(62)%	(55)%	34	(60)%	(52)%
Pass-through fuel	(1)	(2)	n/m	n/m	(2)	n/m	n/m
<b>OPERATING MARGIN %</b>							
Industrial	11%	14%			12%		
Utility excl. pass-through fuel	8%	17%			16%		
<b>ROCE (rolling 12 months)</b>							
Industrial	10%	10%					
Utility excl. pass-through fuel	7%	16%					

- Power Solutions Industrial underlying<sup>1</sup> revenue increased 15%, supported by the South Korea Winter Olympics. Revenue excluding the Olympics was up 3% on the prior year
- Power Solutions Industrial underlying<sup>1</sup> profit decreased 15% due to competitive pressures in the Middle East and Africa as well as the timing of on and off-hires in our industrial project portfolio
- Power Solutions Utility underlying<sup>1</sup> revenue and operating profit reflect the impact of known off-hires

Power Solutions Industrial underlying<sup>1</sup> revenue excluding the impact of currency increased 15%. Revenue excluding the Winter Olympics was up 3% on the prior year. In Eurasia revenue grew 18%, with good growth in its key sector of oil & gas. Eurasia order intake for the year to date was 185 MW (2017: 179 MW). Revenue in Latin America increased 16%, supported by an emergency contract in Argentina for a local utility distribution company. In the Middle East revenue decreased 20% with weakness in most areas, notably in Qatar and UAE. Revenue in Africa decreased 17%, driven by East Africa, while revenue in Asia increased 14% with a good performance from South Korea. Operating margin decreased to 11% (2017: 14%) largely due to pricing pressure in the Middle East and Africa as well as the timing of on and off-hires in our industrial project portfolio.

Power Solutions Utility saw underlying<sup>1</sup> revenue decrease 15% due primarily to lower rates and volume in Argentina and off-hires in Zimbabwe, Bangladesh and Japan. As a result, the operating margin decreased to 8% (2017: 17%). Average megawatts on hire in this business was 2,680 (2017: 3,132), with the year on year reduction reflecting an increased off-hire rate in the first half of 27% (2017: 16%), due to notable off-hires in Japan, Zimbabwe and Bangladesh. We now expect the full year off-hire rate to be 35 to 40%. Order intake year to date for Utility sector projects is 162 MW (2017: 369 MW), including 60 MW in Senegal.



Receivables in the Power Solutions Utility business continue to be a focus area, as a number of customers in Africa take longer to make payments, and the ongoing crisis in Venezuela continues to impact the ability of our customers there to pay down overdue debts. We continue to believe that the primary reason for delay in payments is liquidity and access to foreign currency, rather than customer disputes. Resolving these situations remains a key part of our strategy to improve returns in this business and we have seen a slight reduction in the level of Power Solutions trade receivables during the period. Power Solution Utility's bad debt provision has remained at \$87 million, in line with December 2017.

## FINANCIAL REVIEW

A summarised Income Statement for 2018 is set out below providing the results excluding and including the effect of the 2017 exceptional items, as previously reported.

<u>INCOME STATEMENT</u>					POST 2017 EXCEPTIONAL ITEMS		
£M	2018	2017	REPORTED CHANGE	UNDERLYING CHANGE <sup>1</sup>	2017	REPORTED CHANGE	UNDERLYING CHANGE <sup>2</sup>
Revenues	857	779	10%	14%	779	10%	14%
Operating profit	76	79	(4)%	8%	69	10%	25%
Net interest expense	(17)	(16)	(8)%		(16)	(8)%	
Profit before tax	59	63	(7)%		53	10%	
Taxation	(18)	(18)	-%		(15)	(20)%	
Profit after tax	41	45	(10)%		38	8%	
Diluted EPS (p)	15.85	17.88	(11)%		14.98	6%	
Operating margin	9%	10%	(1)pp		9%	-	
ROCE	11%	12%	(1)pp		9%	2pp	

## Currency translation

The movement in exchange rates in the period had the translational impact of decreasing revenue by £67 million and operating profit by £10 million. This was driven by the strength against Sterling in the majority of the principal currencies impacting the Group, most notably the US Dollar. Currency translation also gave rise to a £28 million decrease in the value of the Group's net assets from December 2017 to June 2018. Set out in the table below are the principal exchange rates which affected the Group's profit and net assets.

PRINCIPAL EXCHANGE RATES (PER £ STERLING)	JUNE 2018		JUNE 2017		DEC 2017	
	AVERAGE	PERIOD END	AVERAGE	PERIOD END	AVERAGE	PERIOD END
United States Dollar	1.38	1.32	1.26	1.30	1.29	1.35
Euro	1.14	1.13	1.16	1.14	1.14	1.13
UAE Dirhams	5.06	4.84	4.63	4.76	4.74	4.96
Australian Dollar	1.78	1.78	1.67	1.69	1.68	1.73
Brazilian Reals	4.72	5.09	4.01	4.28	4.12	4.48
Argentinian Peso	29.72	36.99	19.80	21.40	21.36	25.92
Russian Rouble	81.85	82.53	73.04	76.69	75.19	78.15

(Source: Bloomberg)

## Reconciliation of reported to underlying results

The tables below reconcile the reported and underlying revenue and operating profit movements:

### Revenue

£M	<u>RENTAL SOLUTIONS</u>			<u>INDUSTRIAL</u>			<u>UTILITY</u>			<u>GROUP</u>		
	2018	2017	CHANGE	2018	2017	CHANGE	2018	2017	CHANGE	2018	2017	CHANGE
As reported	386	307	26%	219	212	3%	252	260	(3)%	857	779	10%
Pass-through fuel	-	-		-	-		(89)	(42)		(89)	(42)	
Currency impact	-	(15)		-	(21)		-	(31)		-	(67)	
Underlying	386	292	32%	219	191	15%	163	187	(15)%	768	670	14%

### Operating profit

£M	<u>RENTAL SOLUTIONS</u>			<u>INDUSTRIAL</u>			<u>UTILITY</u>			<u>GROUP</u>		
	2018	2017	CHANGE	2018	2017	CHANGE	2018	2017	CHANGE	2018	2017	CHANGE
As reported	40	11	235%	23	26	(9)%	13	32	(60)%	76	69	10%
Pass-through fuel	-	-		-	-		1	2		1	2	
Currency impact	-	(1)		-	(3)		-	(6)		-	(10)	
Exceptional items	-	3		-	5		-	2		-	10	
Underlying	40	13	192%	23	28	(15)%	14	30	(55)%	77	71	8%

Note : the currency impact is calculated by taking 2017 numbers in local currency and retranslating them at 2018 average rates.

### Interest

The net interest charge of £17 million was £1 million higher than last year, reflecting higher average net debt year on year and an increase in the effective interest rate. Interest cover, measured against rolling 12-month EBITDA (Earnings before Interest, Taxes, Depreciation and Amortisation) remained strong at 15 times (2017: 17 times) relative to the financial covenant attached to our borrowing facilities that EBITDA should be no less than 4 times interest.

### Effective tax rate

The current forecast of the effective tax rate for the full year, which has been used in the interim accounts, is 31% (30 June 2017: 28%). The increase in the effective rate is driven primarily by a change in the expected geographic profit mix for the year.

### Dividends

The Board has decided to pay an interim dividend of 9.38 pence per ordinary share, in line with last year; dividend cover is 1.7 times (30 June 2017: 1.9 times). This interim dividend will be paid on 2 October 2018 to shareholders on the register at 7 September 2018, with an ex-dividend date of 6 September 2018. Dividend cover is calculated as basic earnings per share for the period divided by dividend per share.

## Cash flow

The net cash inflow from operations during the period totalled £160 million (2017: £184 million). The decrease in cash inflow from operations was mainly driven by an increase in the working capital outflow of £17 million. Capital expenditure in the period was £95 million (2017: £128 million), of which £87 million (2017: £115 million) was spent on fleet assets. The working capital movements in the period are explained on page 5.

## Financial resources

The Group maintains sufficient facilities to meet its normal funding requirements over the medium term. At 30 June 2018 these facilities totalled £1,155 million, in the form of committed bank facilities arranged on a bilateral basis with a number of international banks and private placement notes. The financial covenants attached to these facilities are that EBITDA should be no less than 4 times interest and net debt should be no more than 3 times EBITDA; at 30 June 2018, these stood at a comfortable 15 times and 1.4 times respectively. The maturity profile of the Group's borrowings is detailed in Note 11 in the Accounts.

Net debt amounted to £741 million at 30 June 2018 and, at that date, un-drawn committed facilities were £396 million.

## Net operating assets

The net operating assets of the Group (including goodwill) at 30 June 2018 totalled £2,123 million, £52 million higher than 30 June 2017. The main components of net operating assets are detailed in the table below.

£M	2018	2017	MOVEMENT	MOVEMENT EXCLUDING THE IMPACT OF CURRENCY
Rental fleet	1,078	1,157	(7)%	(4)%
Property & plant	106	106	-	2%
Inventory	244	238	2%	6%
Trade and other receivables	740	736	-	7%

A key measure of Aggreko's performance is the return (expressed as underlying operating profit) generated from average net operating assets (ROCE). For each half year reporting period, we calculate ROCE by taking the underlying operating profit on a rolling 12-month basis and expressing it as a percentage of the average net operating assets at 30 June, 31 December and the previous 30 June. In the first half of 2018 the ROCE decreased to 11% compared with 12% for the same period in 2017, driven by the decrease in the Group's operating profit.

## Acquisitions

The Group completed two acquisitions in the six months to 30 June 2018, details of which are contained in Note 16 to the Accounts.

On 15 February 2018 the Group acquired the business and assets of A Contact Electric Rentals (A Contact) in North America. A Contact specialises in the rental of medium and high voltage electrical distribution equipment across North America, and furthers Aggreko's leadership position in the speciality rental market in the region. The cost of the acquisition was £21 million.

On 31 May 2018 the Group acquired the business and assets of Generator Hire Service in Australia, for a total consideration of £3 million.

## Shareholders' equity

Shareholders' equity decreased by £16 million to £1,298 million in the six months ended 30 June 2018, represented by the net assets of the Group of £2,039 million before net debt of £741 million. The movements in shareholders' equity are analysed in the table below:

MOVEMENTS IN SHAREHOLDERS' EQUITY		
	£M	£M
AS AT 1 JANUARY 2018		1,314
Profit for the period	41	
Dividend <sup>5</sup>	(45)	
Retained earnings		(4)
Employee share awards		5
Purchase of Treasury shares		(7)
Re-measurement of retirement benefits		21
Currency translation		(28)
Other		(3)
AS AT 30 JUNE 2018		1,298

<sup>5</sup> Reflects the final dividend for 2017 of 17.74 pence per share (2016 17.74 pence) that was paid during the period.

## Principal risks and uncertainties

In the day to day operations of the Group, we face risks and uncertainties and the job of management is to prevent these risks from crystallising and to mitigate their impact if they do. To facilitate this the Board has developed a risk management framework which is described on pages 48 and 49 of the 2017 Annual Report and Accounts. Also set out on pages 48 to 54 of that report are the principal risks and uncertainties which we believe could potentially impact the Group. These are listed below:

- Market dynamics;
- Disruptive technology;
- Talent management;
- New technology market introduction;
- Cyber security;
- Equipment obsolescence;
- Health and safety;
- Security;
- Failure to conduct business dealings with integrity and honesty;
- Failure to collect payments or to recover assets; and
- Working capital management

We do not believe that the principal risks and uncertainties facing the business have changed materially since the publication of the 2017 Annual Report and Accounts.

## Shareholder information

Our website can be accessed at [www.plc.aggreko.com](http://www.plc.aggreko.com). This contains a large amount of information about our business, including a range of charts and data, which can be downloaded for easy analysis. The website also carries copies of recent investor presentations, as well as Stock Exchange announcements.

**Chris Weston**  
Chief Executive Officer

**Heath Drewett**  
Chief Financial Officer

1 August 2018

## GROUP INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2018 (UNAUDITED)

		6 MONTHS ENDED 30 JUNE 2018	6 MONTHS ENDED 30 JUNE 2017 TOTAL BEFORE EXCEPTIONA L			YEAR ENDED 31 DECEMBER 2017 TOTAL BEFORE EXCEPTION AL		
			ITEMS		EXCEPTIONA L	ITEMS		EXCEPTION AL
			2017	2017		2017	2017	
			RESTATED (NOTE 3)	ITEMS 2017	RESTATED (NOTE 3)	RESTATED (NOTE 3)	ITEMS 2017	RESTATED (NOTE 3)
NOTES	£ MILLION	£ MILLION	£ MILLION	£ MILLION	£ MILLION	£ MILLION	2017 RESTATE D (NOTE 3) £ MILLION	
Revenue	4	857	779	-	779	1,698	-	1,698
Cost of sales		(420)	(362)	(1)	(363)	(778)	(5)	(783)
Gross profit		437	417	(1)	416	920	(5)	915
Distribution costs		(234)	(232)	(3)	(235)	(481)	(12)	(493)
Administrative expenses		(129)	(108)	(6)	(114)	(219)	(23)	(242)
Other income		2	2	-	2	4	(1)	3
Operating profit	4	76	79	(10)	69	224	(41)	183
Net finance costs								
- Finance cost		(17)	(17)	-	(17)	(36)	-	(36)
- Finance income		-	1	-	1	2	-	2
Profit before taxation		59	63	(10)	53	190	(41)	149
Taxation	7	(18)	(18)	3	(15)	(56)	9	(47)
Profit for the period		41	45	(7)	38	134	(32)	102
All profit for the period is attributable to the owners of the Company.								
Basic earnings per share (pence)	6	15.85			14.98			40.04
Diluted earnings per share (pence)	6	15.85			14.98			40.01

## GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2018 (UNAUDITED)

	6 MONTHS ENDED 30 JUNE 2018 £ MILLION	6 MONTHS ENDED 30 JUNE 2017 £ MILLION	YEAR ENDED 31 DECEMBER 2017  RESTATED (NOTE 3) £ MILLION
Profit for the period	41	38	102
<b>Other comprehensive (loss)/income</b>			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Remeasurement of retirement benefits	21	(1)	5
Taxation on remeasurement of retirement benefits	(4)	-	(1)
<i>Items that may be reclassified subsequently to profit or loss</i>			
Cash flow hedges	1	2	3
Taxation on cash flow hedges	-	-	(1)
PDVSA private placement notes: net change in fair value	-	-	(4)
Net exchange losses offset in reserves	(28)	(54)	(98)
<b>Other comprehensive loss for the period</b>	<b>(10)</b>	<b>(53)</b>	<b>(96)</b>
<b>Total comprehensive income/(loss) for the period</b>	<b>31</b>	<b>(15)</b>	<b>6</b>

## GROUP BALANCE SHEET

AS AT 30 JUNE 2018 (UNAUDITED)

	NOTES	30 JUNE 2018 £ MILLION	30 JUNE 2017 RESTATED (NOTE 3) £ MILLION	31 DEC 2017 RESTATED (NOTE 3) £ MILLION
<b>Non-current assets</b>				
Goodwill		180	153	184
Other intangible assets		33	23	31
Other financial asset	16	9	-	-
Property, plant and equipment	8	1,184	1,263	1,214
Deferred tax asset		34	52	42
Fulfilment asset	9	17	5	3
		<b>1,457</b>	<b>1,496</b>	<b>1,474</b>
<b>Current assets</b>				
Inventories		244	238	232
Trade and other receivables	10	740	736	770
Fulfilment asset	9	8	10	5
Cash and cash equivalents		76	51	71
Derivative financial instruments		-	1	-
Current tax assets		27	25	23
		<b>1,095</b>	<b>1,061</b>	<b>1,101</b>
<b>Total assets</b>		<b>2,552</b>	<b>2,557</b>	<b>2,575</b>
<b>Current liabilities</b>				
Borrowings	11	(175)	(137)	(139)
Derivative financial instruments		(1)	(1)	(1)
Trade and other payables		(346)	(361)	(410)
Current tax liabilities		(52)	(44)	(60)
Demobilisation provision	12	(8)	(9)	(9)
Provisions		(4)	(1)	(8)
		<b>(586)</b>	<b>(553)</b>	<b>(627)</b>
<b>Non-current liabilities</b>				
Borrowings	11	(642)	(597)	(584)
Derivative financial instruments		-	(4)	(2)
Deferred tax liabilities		(22)	(55)	(22)
Retirement benefit obligation		(2)	(30)	(25)
Demobilisation provision	12	(2)	(2)	(1)
Contingent consideration		-	(3)	-
		<b>(668)</b>	<b>(691)</b>	<b>(634)</b>
<b>Total liabilities</b>		<b>(1,254)</b>	<b>(1,244)</b>	<b>(1,261)</b>
<b>Net assets</b>		<b>1,298</b>	<b>1,313</b>	<b>1,314</b>
<b>Shareholders' equity</b>				
Share capital		42	42	42
Share premium		20	20	20
Treasury shares		(14)	(8)	(7)
Capital redemption reserve		13	13	13
Hedging reserve (net of deferred tax)		-	(1)	(1)
Foreign exchange reserve		(55)	17	(27)
Retained earnings		1,292	1,230	1,274
<b>Total shareholders' equity</b>		<b>1,298</b>	<b>1,313</b>	<b>1,314</b>

## GROUP CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2018 (UNAUDITED)

	NOTES	6 MONTHS ENDED 30 JUNE 2018 £ MILLION	6 MONTHS ENDED 30 JUNE 2017 RESTATED (NOTE 3) £ MILLION	YEAR ENDED 31 DEC 2017 RESTATED (NOTE 3) £ MILLION
<b>Operating activities</b>				
Profit for the period		41	38	102
Adjustments for:				
Exceptional items		-	10	41
Tax		18	15	47
Depreciation		145	149	296
Amortisation of intangibles		3	2	4
Fulfilment assets	9	3	8	20
Demobilisation provisions	12	2	5	9
Finance income		-	(1)	(2)
Finance cost		17	17	36
Profit on sale of PPE		(2)	(2)	(4)
Share based payments		5	4	8
Negative goodwill on acquisition		-	-	(2)
Changes in working capital (excluding the effects of exchange differences on consolidation):				
Increase in inventories		(4)	-	(1)
Decrease/(increase) in trade and other receivables		7	(103)	(163)
(Decrease)/increase in trade and other payables		(50)	64	111
Cash flows relating to fulfilment assets	9	(20)	(7)	(12)
Cash flows relating to demobilisation provisions	12	(1)	(5)	(10)
Cash flows relating to prior period exceptional items		(4)	(10)	(30)
<b>Cash generated from operations</b>		<b>160</b>	<b>184</b>	<b>450</b>
Tax paid		(33)	(33)	(69)
Interest received		-	1	2
Interest paid		(18)	(18)	(36)
<b>Net cash generated from operating activities</b>		<b>109</b>	<b>134</b>	<b>347</b>
<b>Cash flows from investing activities</b>				
Acquisitions (net of cash acquired)	16	(24)	(10)	(55)
Acquisitions: repayment of loans and financing		-	(18)	(18)
Purchases of property, plant and equipment (PPE)		(95)	(128)	(272)
Purchase of other intangible assets		(4)	(2)	(5)
Purchase of other financial assets	16	(9)	-	-
Proceeds from sale of PPE		4	6	14
<b>Net cash used in investing activities</b>		<b>(128)</b>	<b>(152)</b>	<b>(336)</b>
<b>Cash flows from financing activities</b>				
Increase in long-term loans		473	615	905
Repayment of long-term loans		(338)	(551)	(826)
Increase in short-term loans		11	-	21
Repayment of short-term loans		(68)	(10)	(6)
Dividends paid to shareholders		(45)	(45)	(69)
Purchase of treasury shares		(7)	-	-
<b>Net cash from financing activities</b>		<b>26</b>	<b>9</b>	<b>25</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>7</b>	<b>(9)</b>	<b>36</b>
Cash and cash equivalents at beginning of the period		59	25	25
Exchange loss on cash and cash equivalents		(1)	-	(2)
<b>Cash and cash equivalents at end of the period</b>		<b>65</b>	<b>16</b>	<b>59</b>



## **RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT**

**AS AT 30 JUNE 2018**

	At 1 JAN 2018	CASH FLOW	ACQUISITIONS	EXCHANGE	RECLASSIFICATIONS	At 30 JUNE 2018
Analysis of changes in net debt	£ MILLION	£ MILLION	£ MILLION	£ MILLION	£ MILLION	£ MILLION
Cash and cash equivalents	59	7	-	(1)	-	65
<b>Current borrowings:</b>						
Bank borrowings	(72)	3	-	(2)	(74)	(145)
Private placement notes	(55)	54	-	-	(18)	(19)
	(127)	57	-	(2)	(92)	(164)
<b>Non-current borrowings:</b>						
Bank borrowings	(103)	(111)	(24)	(3)	74	(167)
Private placement notes	(481)	-	-	(12)	18	(475)
	(584)	(111)	(24)	(15)	92	(642)
<b>Net Debt</b>	(652)	(47)	(24)	(18)	-	(741)
Analysis of changes in liabilities from financing activities						
Current borrowings	(127)	57	-	(2)	(92)	(164)
Non-current borrowings	(584)	(111)	(24)	(15)	92	(642)
Financing derivatives	(2)	1	-	-	-	(1)
<b>Total Financing liabilities</b>	(713)	(53)	(24)	(17)	-	(807)

**AS AT 30 JUNE 2017**

	At 1 JAN 2017	CASH FLOW	ACQUISITIONS	EXCHANGE	RECLASSIFICATIONS	At 30 JUNE 2017
Analysis of changes in net debt	£ MILLION	£ MILLION	£ MILLION	£ MILLION	£ MILLION	£ MILLION
Cash and cash equivalents	25	(9)	-	-	-	16
<b>Current borrowings:</b>						
Bank borrowings	(41)	10	-	1	(14)	(44)
Private placement notes	-	-	-	2	(60)	(58)
	(41)	10	-	3	(74)	(102)
<b>Non-current borrowings:</b>						
Bank borrowings	(329)	242	(28)	5	14	(96)
Private placement notes	(304)	(278)	-	21	60	(501)
	(633)	(36)	(28)	26	74	(597)
<b>Net Debt</b>	(649)	(35)	(28)	29	-	(683)
Analysis of changes in liabilities from financing activities						
Current borrowings	(41)	10	-	3	(74)	(102)
Non-current borrowings	(633)	(36)	(28)	26	74	(597)
Financing derivatives	(5)	2	-	-	-	(3)
<b>Total Financing liabilities</b>	(679)	(24)	(28)	29	-	(702)

## GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2018 (UNAUDITED)

ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY								
AS AT 30 JUNE 2018	ORDINARY SHARE CAPITAL £ MILLION	SHARE PREMIUM ACCOUNT £ MILLION	TREASURY SHARES £ MILLION	CAPITAL REDEMPTION RESERVE £ MILLION	HEDGING RESERVE £ MILLION	FOREIGN EXCHANGE RESERVE (TRANSLATION) £ MILLION	RETAINED EARNINGS £ MILLION	TOTAL EQUITY £ MILLION
Balance at 1 January 2018 as previously reported	42	20	(7)	13	(1)	(27)	1,277	1,317
Impact of change in accounting policy (Note 3)	-	-	-	-	-	-	(3)	(3)
Restated balance at 1 January 2018	42	20	(7)	13	(1)	(27)	1,274	1,314
Profit for the period	-	-	-	-	-	-	41	41
Other comprehensive (loss)/income:								
Fair value gains on interest rate swaps	-	-	-	-	1	-	-	1
Currency translation differences (Note (i))	-	-	-	-	-	(28)	-	(28)
Re-measurement of retirement benefits (net of tax)	-	-	-	-	-	-	17	17
<b>Total comprehensive income for the period ended 30 June 2018</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>(28)</b>	<b>58</b>	<b>31</b>
Transactions with owners:								
Purchase of Treasury shares (Note (iii))	-	-	(7)	-	-	-	-	(7)
Employee share awards	-	-	-	-	-	-	5	5
Dividends paid during the period	-	-	-	-	-	-	(45)	(45)
	-	-	(7)	-	-	-	(40)	(47)
<b>Balance at 30 June 2018</b>	<b>42</b>	<b>20</b>	<b>(14)</b>	<b>13</b>	<b>-</b>	<b>(55)</b>	<b>1,292</b>	<b>1,298</b>

- (i) The currency translation difference is explained in the Financial Review on page 9.
- (ii) During the period 41,543 Ordinary shares have been transferred from the Employee Benefit Trust to satisfy the Restricted Stock Schemes.
- (iii) During the period 940,000 Ordinary shares were purchased at an average price of £7.39 and transferred to the Employee Benefit Trust.

## GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2018 (UNAUDITED)

AS AT 30 JUNE 2017	ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY							
	ORDINARY SHARE CAPITAL £ MILLION	SHARE PREMIUM ACCOUNT £ MILLION	TREASURY SHARES £ MILLION	CAPITAL REDEMPTION RESERVE £ MILLION	HEDGING RESERVE £ MILLION	FOREIGN EXCHANGE RESERVE (TRANSLATION) £ MILLION	RETAINED EARNINGS £ MILLION	TOTAL EQUITY £ MILLION
Balance at 1 January 2017 as previously reported	42	20	(14)	13	(3)	71	1,239	1,368
Impact of change in accounting policy (Note 3)	-	-	-	-	-	-	1	1
Restated balance at 1 January 2017	42	20	(14)	13	(3)	71	1,240	1,369
Profit for the period	-	-	-	-	-	-	38	38
Other comprehensive (loss)/income:								
Fair value gains on interest rate swaps	-	-	-	-	2	-	-	2
Currency translation differences	-	-	-	-	-	(54)	-	(54)
Re-measurement of retirement benefits (net of tax)	-	-	-	-	-	-	(1)	(1)
<b>Total comprehensive income for the period ended 30 June 2017</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>(54)</b>	<b>37</b>	<b>(15)</b>
Transactions with owners:								
Employee share awards	-	-	-	-	-	-	4	4
Issue of ordinary shares to employees under share option schemes (Note (i))	-	-	6	-	-	-	(6)	-
Dividends paid during the period	-	-	-	-	-	-	(45)	(45)
	-	-	6	-	-	-	(47)	(41)
<b>Balance at 30 June 2017</b>	<b>42</b>	<b>20</b>	<b>(8)</b>	<b>13</b>	<b>(1)</b>	<b>17</b>	<b>1,230</b>	<b>1,313</b>

- (i) During the period 435,760 Ordinary shares have been transferred from the Employee Benefit Trust to satisfy the Restricted Stock Schemes. In addition, 1,698 shares were transferred from the Employee Benefit Trust to participants in the Long Term Incentive Plan.

## **NOTES TO THE INTERIM ACCOUNTS**

For the six months ended 30 June 2018 (unaudited)

### **1. GENERAL INFORMATION**

The Company is a public limited company which is listed on the London Stock Exchange and is incorporated and domiciled in the UK. The address of the registered office is 120 Bothwell Street, Glasgow, G2 7JS, UK.

This condensed interim financial information was approved for issue on 1 August 2018.

This condensed consolidated interim financial information does not comprise Statutory Accounts within the meaning of Section 434 of the Companies Act 2006. Statutory Accounts for the year ended 31 December 2017 were approved by the Board on 6 March 2018 and delivered to the Registrar of Companies. The report of the auditor on those Accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under Section 498 of the Companies Act 2006.

The condensed consolidated interim financial information is unaudited but has been reviewed by the Group's auditor, whose report is on page 42.

### **2. BASIS OF PREPARATION**

This condensed consolidated interim financial information for the six months ended 30 June 2018 has been prepared in accordance with the Disclosure and Transparency Rules (DTR) of the Financial Conduct Authority (previously the Financial Services Authority) and IAS 34 'Interim financial reporting' as adopted by the European Union. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2017, which have been prepared in accordance with IFRSs as adopted by the European Union.

#### **Going concern basis**

Given the proven ability of the business to fund organic growth from operating cash flows, and the nature of our business model, we believe it is sensible to run the business with a modest amount of debt. We say 'modest' because we are strongly of the view that it is unwise to run a business which has high levels of operational gearing with high levels of debt. Given the above considerations, we believe that a Net Debt to EBITDA ratio of around one times is appropriate for the Group over the longer term.

The Group maintains sufficient facilities to meet its normal funding requirements over the medium term. At 30 June 2018, these facilities totalled £1,155 million in the form of committed bank facilities arranged on a bilateral basis with a number of international banks and private placement notes. The financial covenants attached to these facilities are that EBITDA should be no less than four times interest and net debt should be no more than three times EBITDA; at 30 June 2018, these stood at 15 times and 1.4 times respectively. The Group does not expect to breach these covenants in the year from the date of approval of this half yearly report and the Group expects to continue to be able to arrange sufficient finance to meet its future funding requirements. It has been the Group's custom and practice to refinance its facilities in advance of their maturity dates, providing that there is an ongoing need for those facilities. Net debt amounted to £741 million at 30 June 2018 and, at that date, undrawn committed facilities were £396 million.

The Group balance sheet shows consolidated net assets of £1,298 million (30 June 2017: £1,313 million) of which £1,078 million (30 June 2017: £1,157 million) relates to fleet assets. The defined benefit pension deficit is £2 million (30 June 2017: £30 million), representing only 0.2% of the Group's net assets.

Based on the above the Directors are confident that it is appropriate for the going concern basis to be adopted in preparing the half year financial statements.

### 3. ACCOUNTING POLICIES

Except as described below, the accounting policies are consistent with those of the annual financial statements for the year ended 31 December 2017, as described in those annual financial statements.

The Group adopted IFRS 15 'Revenue from Contracts with Customers' and IFRS 9 'Financial Instruments' from 1 January 2018 therefore this is the first set of the Group's financial statements where IFRS 15 and IFRS 9 have been applied. Changes to significant accounting policies are described below.

The changes in accounting policies will be reflected in the Group's consolidated financial statements as at and for the year ending 31 December 2018.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

#### IFRS 15

IFRS 15 deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised in accordance with the five-step model included in IFRS 15 which specifies that revenue should be recognised when (or as) an entity transfers control of goods or services to a customer at an amount to which the entity expects to be entitled.

The Group has applied IFRS 15 retrospectively using the practical expedient not to restate for contract extensions before 1 January 2018. Comparative numbers for the year ended 31 December 2017 and the six months ended 30 June 2017 have been restated. The main changes from adopting IFRS 15 are detailed below.

#### Mobilisation and demobilisation

Mobilisation costs are classified as fulfilment costs where they are separately identifiable and specific to a project and where the mobilisation does not itself form a separate performance obligation. In these circumstances, mobilisation costs are capitalised as they relate to future performance obligations, i.e. the provision of power is the future performance obligation, which begins when the power starts to be generated. During the phase of mobilisation this service has not yet started and as such represents a future performance obligation. The costs incurred during mobilisation are directly related to the contract and enable Aggreko to earn revenue from the provision of power. They are expected to be recovered because the contract is profitable although these will be reviewed carefully for any indication of impairment.

With respect to demobilisation costs the Group has a legal obligation to incur demobilisation costs once the assets are installed on site, as this is required by the contract. This creates a legal obligation from a past event. The majority of these costs can be measured reliably and therefore they meet the definition of a provision. These costs are capitalised as a fulfilment cost asset as they are incurred in relation to a performance obligation (delivering power) and are expected to be recovered and generate or enhance resources because they facilitate Aggreko's delivery of the contract.

The fulfilment costs (mobilisation and demobilisation costs) are amortised to the income statement over the period of the initial contract. The amortisation starts when we start to earn revenue and stops when the initial contract period stops. If there is a signed extension, the unamortised amount left in the balance sheet when the extension is signed can then be amortised over the remaining period of the initial contract and the extension period (for demobilisation costs there only needs to be a high probability of an extension).

In contracts, where mobilisation and demobilisation income timing is specifically stipulated in the contract in order to match the timing of associated costs, then this income is now recognised during the period of provision of power.

The financial impact of these items for the year ended 31 December 2017 and six months ended 30 June 2017 is detailed below (Note references refer to tables below):

- Note 1: Revenue for the year ended 31 December 2017 is £2 million higher reflecting revenue now being recognised during the provision of power (30 June 2017: £1 million). Deferred revenue in the balance sheet also increases by £2 million (30 June 2017: £3 million),
- Note 2: Cost of sales for the year ended 31 December 2017 are £7 million higher reflecting mobilisation and demobilisation costs amortised to income statement over period of the contract (30 June 2017: £1 million),
- Note 5: A fulfilment asset of £8 million was recognised as at 31 December 2017 (30 June 2017: £15 million) with £5 million less than one year (30 June 2017: £10 million) and £3 million greater than one year (30 June 2017: £5 million),
- Note 6: A demobilisation provision of £10 million was recognised as at 31 December 2017 (30 June 2017: £11 million) with £9 million less than one year (30 June 2017: £9 million) and £1 million greater than one year (30 June 2017: £2 million).

#### Rehire arrangements (Principal vs. Agent)

Aggreko will sometimes hire equipment from a third party to use on a contract. Before IFRS 15 the revenue and cost associated with this item was accounted for separately as Aggreko was the principal. Under IFRS 15 Aggreko is acting as an agent rather than principal in this instance mainly because Aggreko does not control the provision of the service due to factors such as the fact that the third party is still responsible for repairs to the equipment. Under IFRS 15 the cost of the rehire is netted against revenue. The impact of this for the year ended 31 December 2017 was to reduce revenue and cost of sales by £34 million (30 June 2017: £14 million). There is no impact on operating profit (refer to Note 3 in the table below).

### IMPACTS ON FINANCIAL STATEMENTS

#### GROUP INCOME STATEMENT

		6 MONTHS ENDED 30 JUNE 2017			YEAR ENDED 31 DECEMBER 2017		
	NOTES	AS PREVIOUSLY REPORTED £ MILLION	ADJUSTMENTS £ MILLION	AS RESTATED £ MILLION	AS PREVIOUSLY REPORTED £ MILLION	ADJUSTMENTS £ MILLION	AS RESTATED £ MILLION
Revenue	1,3	792	(13)	779	1,730	(32)	1,698
Cost of sales	2,3	(376)	13	(363)	(810)	27	(783)
Gross profit		416	-	416	920	(5)	915
Distribution costs		(235)	-	(235)	(493)	-	(493)
Administrative expenses		(114)	-	(114)	(242)	-	(242)
Other income		2	-	2	3	-	3
Operating profit		69	-	69	188	(5)	183
Net finance costs		(16)	-	(16)	(34)	-	(34)
Profit before taxation		53	-	53	154	(5)	149
Taxation	4	(15)	-	(15)	(48)	1	(47)
Profit for the period		38	-	38	106	(4)	102
Basic earnings per share (pence)		14.98	-	14.98	41.54	(1.50)	40.04
Diluted earnings per share (pence)		14.98	-	14.98	41.51	(1.50)	40.01

#### Notes

1,2,3 – Refer to narrative above

4 – Tax impact of adjustments 1, 2 & 3.

# GROUP BALANCE SHEET

		30 JUNE 2017			31 DECEMBER 2017		
	NOTES	AS PREVIOUSLY REPORTED £ MILLION	ADJUSTMENTS £ MILLION	AS RESTATED £ MILLION	AS PREVIOUSLY REPORTED £ MILLION	ADJUSTMENTS £ MILLION	AS RESTATED £ MILLION
<b>Non-current assets</b>							
Other non-current assets		1,491	-	1,491	1,471	-	1,471
Fulfilment assets	5	-	5	5	-	3	3
		<u>1,491</u>	<u>5</u>	<u>1,496</u>	<u>1,471</u>	<u>3</u>	<u>1,474</u>
<b>Current assets</b>							
Other current assets		1,051	-	1,051	1,096	-	1,096
Fulfilment asset	5	-	10	10	-	5	5
		<u>1,051</u>	<u>10</u>	<u>1,061</u>	<u>1,096</u>	<u>5</u>	<u>1,101</u>
Total assets		<u>2,542</u>	<u>15</u>	<u>2,557</u>	<u>2,567</u>	<u>8</u>	<u>2,575</u>
<b>Current Liabilities</b>							
Other current liabilities	1,4	(541)	(3)	(544)	(617)	(1)	(618)
Demobilisation provision	6	-	(9)	(9)	-	(9)	(9)
		<u>(541)</u>	<u>(12)</u>	<u>(553)</u>	<u>(617)</u>	<u>(10)</u>	<u>(627)</u>
<b>Non-current liabilities</b>							
Other non-current liabilities		(689)	-	(689)	(633)	-	(633)
Demobilisation provision	6	-	(2)	(2)	-	(1)	(1)
		<u>(689)</u>	<u>(2)</u>	<u>(691)</u>	<u>(633)</u>	<u>(1)</u>	<u>(634)</u>
Total Liabilities		<u>(1,230)</u>	<u>(14)</u>	<u>(1,244)</u>	<u>(1,250)</u>	<u>(11)</u>	<u>(1,261)</u>
Net assets		<u>1,312</u>	<u>1</u>	<u>1,313</u>	<u>1,317</u>	<u>(3)</u>	<u>1,314</u>
<b>Shareholders' equity</b>							
Other		83	-	83	40	-	40
Retained earnings		<u>1,229</u>	<u>1</u>	<u>1,230</u>	<u>1,277</u>	<u>(3)</u>	<u>1,274</u>
Total shareholders' equity		<u>1,312</u>	<u>1</u>	<u>1,313</u>	<u>1,317</u>	<u>(3)</u>	<u>1,314</u>

Notes – Refer to narrative above

## GROUP CASH FLOW STATEMENT

		6 MONTHS ENDED 30 JUNE 2017			YEAR ENDED 31 DECEMBER 2017		
	NOTES	AS PREVIOUSLY REPORTED £ MILLION	ADJUSTMENTS £ MILLION	AS RESTATED £ MILLION	AS PREVIOUSLY REPORTED £ MILLION	ADJUSTMENTS £ MILLION	AS RESTATED £ MILLION
Profit for the period	7	38	-	38	106	(4)	102
Adjustments for:							
Tax	8	15	-	15	48	(1)	47
Fulfilment assets	9	-	8	8	-	20	20
Demobilisation provisions	10	-	5	5	-	9	9
Cash flows relating to fulfilment assets	9	-	(7)	(7)	-	(12)	(12)
Cash flows relating to demobilisation provisions	10	-	(5)	(5)	-	(10)	(10)
Increase in trade and other payables		65	(1)	64	113	(2)	111
Other items		66	-	66	183	-	183
Cash generated from operations		184	-	184	450	-	450

Note 7 – Refer to income statement above

Note 8 – Refer to income statement above

Note 9 – Refer to Note 9 to the Accounts (Fulfilment assets)

Note 10 – Refer to Note 12 to the Accounts (Demobilisation provision)



## IFRS 9

IFRS 9 addresses the classification, measurement and recognition of financial assets and liabilities. The Group has adopted IFRS 9 using the cumulative effect method therefore comparatives have not been restated.

The main changes from implementing IFRS 9 are detailed below:

### Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS39 with an 'expected credit loss' (ECL) model. Under IFRS 9 credit losses tend to be recognised earlier than under IAS 39. Receivables (including accrued revenue) are required to be considered immediately for impairment provision to reflect the possibility of future default or non-collectability.

The Group assesses the ECL as explained below:

### Power Solutions Industrial and Rental Solutions

The Group has taken advantage of the practical expedient in IFRS 9 to use a provision matrix to simplify the calculation where accounts receivable are split into various risk categories (e.g. based on Credit Rating Agencies) and then a percentage is applied to each category to obtain the impairment allowances. An example of the provision matrix applied to our Power Solution Industrial and Rental Solutions businesses is detailed below:

Ageing	Notes	Current	0-30 days	31-60 days	61-90 days	➤ 90 days
Risk						
Low risk	1					
Medium risk	1					
High risk	1					
Specific	2					

Notes

1. Classification based on assessment of customer credit risk.
2. Specific provision for customers

Each operating unit within the Power Solution Industrial and Rental Solutions businesses has used this provision matrix to calculate the provision and each matrix is specific to the economic and operating conditions of each operating unit.

### Power Solutions Utility (PSU)

Within our PSU business when considering the risk profile of the debtors and the relevant impairment provision the Group considers each debtor and customer individually, within the relevant environment to which it relates, taking into account a number of factors. These factors include the political and economic conditions in the relevant country, duration and quality of relationship with the customer, age of debt, cash flows from the customer and any relevant communication throughout the year.

Based on this there is no material impact to the Group.

### Classification and measurement of financial assets and financial liabilities

There are no material changes relating to derivatives, however we will defer implementation until the macro hedging requirements are finalised.

In September 2016 the Group signed £14 million of private placement notes with one customer in Venezuela (PDVSA) to progress clearing the overdue debt. This resulted in a financial instrument which replaced the net trade receivable balance. The financial instrument was booked at fair value which reflected our estimation of the recoverability of these notes. This fair value at 30 June 2018 was £4 million (31 December 2017 £4 million; 30 June 2017 £8 million). This financial instrument was included in other receivables. Previously the change in fair value of these notes was reflected in the statement of changes in equity however under IFRS 9 the changes in

the fair value are now reflected in the income statement. There has been no change to the fair value of these notes in the six months ended 30 June 2018.

#### **New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2018 and not early adopted**

##### **IFRS 16 'Leases'**

IFRS 16 applies to annual periods beginning on or after 1 January 2019 and requires lessees to recognise all leases on balance sheet with limited exemptions for short-term leases and low value leases (<\$5,000). This will result in the recognition of a right-to-use asset and corresponding liability on balance sheet, with the associated depreciation and interest expense being recorded in the income statement over the lease period. The Group has completed its initial impact assessment of this standard. This initial impact assessment has been calculated by reviewing a sample of leases (circa 35% of total lease commitment value) and then applying this to the full population of leases. Based on this initial impact assessment the expected impact of applying IFRS 16 in its first full year of application is detailed below.

- The total annual income statement charge is expected to increase by circa £1 million.
- EBITDA is expected to increase by around £30 to £40 million as the expense is now depreciation and interest.
- The total income statement charge over the life of the leases is unchanged – the difference under IFRS 16 is a 'front-loading' of the recognition of the charge.
- Recognition of a right-of-use asset of circa £60 million and a lease liability of circa £60 million with no impact on net assets.

The Group will complete its assessment during the second half of 2018. The actual impact of applying IFRS 16 on the financial statements in the period of initial application will depend on future economic conditions, including the Group's borrowing rate at 1 January 2019, the composition of the Group's lease portfolio at that date, the Group's latest assessment of whether it will exercise any lease renewal options and the extent to which the Group chooses to use the practical expedient exemptions.

The Group plans to apply IFRS 16 initially on 1 January 2019, using a modified retrospective approach. Therefore, the cumulative effect of adopting IFRS 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 January 2019, with no restatement of comparatives.

#### 4. SEGMENTAL REPORTING

(a) As a result of the Group's increased sector focus we have refined our segmental reporting and reassigned all non-utility sector customer contracts from within our Power Solutions Utility business into Power Solutions Industrial. Accordingly, the comparative figures have been restated. The impact was to reduce the previously stated Power Solutions Utility balances and results by the amounts shown below and to increase similarly the Power Solutions Industrial balances and results.

	6 MONTHS ENDED 30 JUNE 2017 £ MILLION	YEAR ENDED 31 DEC 2017 £ MILLION
Revenue	47	93
Operating profit	8	17
Depreciation and amortisation	9	17
Capital expenditure	3	8
Net operating assets	138	122

Note 17 contains a reconciliation between previously reported segmental information and restated segmental information for the year ended 31 December 2017 and the 6 months ended 30 June 2017.

#### (b) Revenue by segment

	EXTERNAL REVENUE		
	6 MONTHS ENDED 30 JUNE 2018 £ MILLION	6 MONTHS ENDED 30 JUNE 2017 RESTATED (NOTES 3, 4(a)) £ MILLION	YEAR ENDED 31 DEC 2017 RESTATED (NOTES 3,4(a)) £ MILLION
Power Solutions			
Industrial (PSI)	219	212	429
Utility (PSU)	252	260	579
	471	472	1,008
Rental Solutions (RS)	386	307	690
<b>Group</b>	<b>857</b>	<b>779</b>	<b>1,698</b>

- (i) Inter-segment transfers or transactions are entered into under the normal commercial terms and conditions that would also be available to unrelated third parties. All inter-segment revenue was less than £1 million.

#### 4. SEGMENTAL REPORTING CONTINUED

##### (b) Revenue by segment continued

##### Disaggregation of revenue

In the tables below revenue is disaggregated by geography and sector.

##### Revenue by geography

		30 JUNE 2017	31 DEC 2017
	30 JUNE 2018	RESTATED (NOTE 3)	RESTATED (NOTE 3)
	£ MILLION	£ MILLION	£ MILLION
North America	203	159	369
UK	58	41	93
Continental Europe	78	58	136
Eurasia	40	39	85
Middle East	69	88	168
Africa	91	119	246
Asia	91	78	168
Australia Pacific	56	45	89
Latin America	171	152	344
	<b>857</b>	<b>779</b>	<b>1,698</b>

##### Revenue by sector

	6 MONTHS ENDED 30 June 2018			
	PSI	PSU	RS	Group
	£ million	£ million	£ million	£ million
Utilities	18	252	44	314
Oil & gas	85	-	46	131
Petrochemical & refining	5	-	67	72
Business Services & construction	22	-	75	97
Events	35	-	34	69
Manufacturing	15	-	26	41
Quarrying & mining	25	-	20	45
Other	14	-	74	88
	<b>219</b>	<b>252</b>	<b>386</b>	<b>857</b>

	6 MONTHS ENDED 30 June 2017			
	PSI	PSU	RS	Group
	£ million	£ million	£ million	£ million
Utilities	9	260	32	301
Oil & gas	83	-	30	113
Petrochemical & refining	4	-	54	58
Business Services & construction	37	-	69	106
Events	9	-	30	39
Manufacturing	24	-	25	49
Quarrying & mining	29	-	17	46
Other	17	-	50	67
	<b>212</b>	<b>260</b>	<b>307</b>	<b>779</b>

#### 4. SEGMENTAL REPORTING CONTINUED

##### Revenue by sector continued

	YEAR ENDED 31 December 2017			
	PSI	PSU	RS	Group
	£ million	£ million	£ million	£ million
Utilities	24	579	79	682
Oil & gas	166	-	63	229
Petrochemical & refining	8	-	114	122
Business Services & construction	62	-	148	210
Events	37	-	66	103
Manufacturing	42	-	57	99
Quarrying & mining	55	-	35	90
Other	35	-	128	163
	429	579	690	1,698

##### (c) Profit by segment

	OPERATING PROFIT		
	6 MONTHS ENDED	6 MONTHS ENDED	YEAR ENDED
	30 JUNE 2018	30 JUNE 2017	31 DEC 2017
	RESTATED (NOTES 3, 4(a))	RESTATED (NOTES 3, 4(a))	RESTATED (NOTES 3, 4(a))
	£ MILLION	£ MILLION	£ MILLION
Power Solutions			
Industrial	23	31	73
Utility	13	34	70
	36	65	143
Rental Solutions	40	14	81
Operating profit pre-exceptional items	76	79	224
Exceptional items	-	(10)	(41)
Operating profit post-exceptional items	76	69	183
Finance costs - net	(17)	(16)	(34)
Profit before taxation	59	53	149
Taxation	(18)	(15)	(47)
Profit for the period/year	41	38	102

#### 4. SEGMENTAL REPORTING CONTINUED

##### (d) Depreciation and amortisation by segment

		6 MONTHS ENDED 30 JUNE 2017	YEAR ENDED 31 DEC 2017
	6 MONTHS ENDED 30 JUNE 2018	RESTATED (NOTE 4(a))	RESTATED (NOTE 4(a))
	£ MILLION	£ MILLION	£ MILLION
Power Solutions			
Industrial	45	45	89
Utility	53	58	115
	98	103	204
Rental Solutions	50	48	96
<b>Group</b>	<b>148</b>	<b>151</b>	<b>300</b>

##### (e) Capital expenditure on property, plant & equipment and intangible assets by segment

		6 MONTHS ENDED 30 JUNE 2017	YEAR ENDED 31 DEC 2017
	6 MONTHS ENDED 30 JUNE 2018	RESTATED (NOTE 4(a))	RESTATED (NOTE 4(a))
	£ MILLION	£ MILLION	£ MILLION
Power Solutions			
Industrial	33	17	63
Utility	34	105	175
	67	122	238
Rental Solutions	45	32	75
<b>Group</b>	<b>112</b>	<b>154</b>	<b>313</b>

- (i) The net book value of total Group disposals of property, plant and equipment (PPE) during the period was £2 million (30 June 2017: £4 million, 31 Dec 2017: £11 million).
- (ii) Capital expenditure comprises additions of PPE of £95 million (30 June 2017: £128 million, 31 December 2017: £272 million), additions of intangible assets of £4 million (30 June 2017: £2 million, 31 December 2017: £5 million), acquisitions of PPE of £13 million (30 June 2017: £24 million, 31 December 2017: £28 million), and acquisitions of intangible assets of £nil (30 June 2017: £nil, 31 December 2017: £8 million).

#### 4. SEGMENTAL REPORTING CONTINUED

##### (f) Assets / (Liabilities) by segment

	ASSETS			LIABILITIES		
	30 JUNE 2018 £ MILLION	30 JUNE 2017 RESTATED (NOTES 3,4(a)) £ MILLION	31 DEC 2017 RESTATED (NOTES 3,4(a)) £ MILLION	30 JUNE 2018 £ MILLION	30 JUNE 2017 RESTATED (NOTES 3,4(a)) £ MILLION	31 DEC 2017 RESTATED (NOTES 3,4(a)) £ MILLION
Power Solutions						
Industrial	768	758	802	(102)	(98)	(112)
Utility	904	961	943	(169)	(198)	(224)
	1,672	1,719	1,745	(271)	(296)	(336)
Rental Solutions	819	760	765	(97)	(112)	(100)
<b>Group</b>	<b>2,491</b>	<b>2,479</b>	<b>2,510</b>	<b>(368)</b>	<b>(408)</b>	<b>(436)</b>
Tax and finance payable	61	77	65	(77)	(102)	(86)
Derivative financial instruments	-	1	-	(1)	(5)	(3)
Borrowings	-	-	-	(806)	(699)	(711)
Retirement benefit obligation	-	-	-	(2)	(30)	(25)
<b>Total assets/(liabilities) per balance sheet</b>	<b>2,552</b>	<b>2,557</b>	<b>2,575</b>	<b>(1,254)</b>	<b>(1,244)</b>	<b>(1,261)</b>

##### (g) Geographical information

	NON-CURRENT ASSETS		
	30 JUNE 2018 £ MILLION	30 JUNE 2017 RESTATED (NOTE 3) £ MILLION	31 DEC 2017 RESTATED (NOTE 3) £ MILLION
North America	265	259	253
UK	123	170	110
Continental Europe	126	131	119
Eurasia	61	66	70
Middle East	303	210	343
Africa	162	193	159
Asia	169	148	150
Australia Pacific	69	67	67
Latin America	145	200	161
	1,423	1,444	1,432

Non-current assets exclude deferred tax.

## 5. DIVIDENDS

The dividends paid in the period were:

	6 MONTHS ENDED 30 JUNE 2018	6 MONTHS ENDED 30 JUNE 2017	YEAR ENDED 31 DEC 2017
Total dividend (£ million)	45	45	69
Dividend per share (pence)	17.74	17.74	27.12

The interim dividend per share for the period was 9.38 pence (2017: 9.38 pence), amounting to a total dividend of £24 million (2017: £24 million). This interim dividend will be paid on 2 October 2018 to shareholders on the register on 7 September 2018, with an ex-dividend date of 6 September 2018.

## 6. EARNINGS PER SHARE

Basic earnings per share have been calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of shares in issue during the period, excluding shares held by the Employee Share Ownership Trusts which are treated as cancelled.

	6 MONTHS ENDED 30 JUNE 2018	6 MONTHS ENDED 30 JUNE 2017	YEAR ENDED 31 DEC 2017 RESTATE (NOTE 3) 2017
Profit for the period (£ million)	41	38	102
Weighted average number of ordinary shares in issue (million)	255	254	255
Basic earnings per share (pence)	15.85	14.98	40.04

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all potentially dilutive ordinary shares. These represent share options granted to employees where the exercise price is less than the average market price of the Company's ordinary shares during the period. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	6 MONTHS ENDED 30 JUNE 2018	6 MONTHS ENDED 30 JUNE 2017	YEAR ENDED 31 DEC 2017 RESTATE (NOTE 3) 2017
Profit for the period (£ million)	41	38	102
Weighted average number of ordinary shares in issue (million)	255	254	255
Adjustment for share options	-	-	-
Diluted weighted average number of ordinary shares in issue (million)	255	254	255
Diluted earnings per share (pence)	15.85	14.98	40.01

Aggreko plc assesses the performance of the Group by adjusting earnings per share, calculated in accordance with IAS 33, to exclude items it considers to be material and non-recurring and believes that the exclusion of such items provides a better comparison of business performance. The calculation of earnings per ordinary share on a basis which excludes exceptional items is based on the following adjusted earnings:



## 6. EARNINGS PER SHARE CONTINUED

	6 MONTHS ENDED 30 JUNE 2018 £ MILLION	6 MONTHS ENDED 30 JUNE 2017 £ MILLION	YEAR ENDED 31 DEC 2017 RESTATED (NOTE 3) £ MILLION
Profit for the period	41	38	102
Exclude exceptional items (net of tax)	-	7	32
Adjusted earnings	41	45	134
An adjusted earnings per share figure is presented below.			
Basic earnings per share pre-exceptional items (pence)	15.85	17.89	52.48
Diluted earnings per share pre-exceptional items (pence)	15.85	17.88	52.44

## 7. TAXATION

The taxation charge for the period is based on an estimate of the Group's expected annual effective rate of tax for 2018 based on prevailing tax legislation at 30 June 2018. This is currently estimated to be 31% (June 2017: 28% on profits before exceptional items and 25% on exceptional items; December 2017: 29% on profits before exceptional items and 23% on exceptional items).

## 8. PROPERTY, PLANT AND EQUIPMENT

SIX MONTHS ENDED 30 JUNE 2018					
	FREEHOLD PROPERTIES £ MILLION	SHORT LEASEHOLD PROPERTIES £ MILLION	FLEET £ MILLION	VEHICLES, PLANT & EQUIPMENT £ MILLION	TOTAL £ MILLION
<b>Cost</b>					
At 1 January 2018	86	20	3,400	152	3,658
Exchange adjustments	1	(1)	21	-	21
Additions	-	3	87	5	95
Acquisitions (Note 16)	-	-	13	-	13
Disposals	-	-	(37)	-	(37)
<b>At 30 June 2018</b>	<b>87</b>	<b>22</b>	<b>3,484</b>	<b>157</b>	<b>3,750</b>
<b>Accumulated depreciation</b>					
At 1 January 2018	35	15	2,296	98	2,444
Exchange adjustments	1	-	11	-	12
Charge for the period	1	1	134	9	145
Disposals	-	-	(35)	-	(35)
<b>At 30 June 2018</b>	<b>37</b>	<b>16</b>	<b>2,406</b>	<b>107</b>	<b>2,566</b>
<b>Net book values</b>					
<b>At 30 June 2018</b>	<b>50</b>	<b>6</b>	<b>1,078</b>	<b>50</b>	<b>1,184</b>
At 31 December 2017	51	5	1,104	54	1,214

## 9. FULFILMENT ASSET

	30 JUNE 2018 £ MILLION	30 JUNE 2017 £ MILLION	31 DEC 2017 £ MILLION
Balance at 1 January	8	16	16
Capitalised in the period	20	7	12
Provision created for future demobilisation costs	2	1	2
Amortised to the income statement	(5)	(9)	(22)
Balance at 30 June/31 December	25	15	8
<b>Analysis of fulfilment assets</b>			
Current	8	10	5
Non-current	17	5	3
Total	25	15	8

## 10. TRADE AND OTHER RECEIVABLES

	30 JUNE 2018 £ MILLION	30 JUNE 2017 £ MILLION	31 DEC 2017 £ MILLION
Trade receivables	562	553	570
Less: provision for impairment of receivables	(81)	(73)	(80)
Trade receivables – net	481	480	490
Prepayments	48	45	57
Accrued income	140	140	139
Other receivables (Note (i))	71	71	84
<b>Total receivables</b>	<b>740</b>	<b>736</b>	<b>770</b>
<b>Provision for impairment of receivables</b>			
	30 JUNE 2018 £ MILLION	30 JUNE 2017 £ MILLION	31 DEC 2017 £ MILLION
Power Solutions			
Industrial	6	7	6
Utility	65	56	64
	71	63	70
Rental Solutions	10	10	10
<b>Group</b>	<b>81</b>	<b>73</b>	<b>80</b>

- (i) Other receivables include £4 million (30 June 2017: £8 million, 31 December 2017: £4 million) of private placement notes with one customer in Venezuela (PDVSA). The financial instrument is booked at fair value which reflects our estimation of the recoverability of these notes. Other material amounts included in other receivables include taxes receivable of £26 million (30 June 2017: £26 million, 31 December 2017: £24 million) and deposits of £10 million (30 June 2017: £6 million, 31 December 2017: £11 million).

## 11. BORROWINGS

	30 JUNE 2018 £ MILLION	30 JUNE 2017 £ MILLION	31 DEC 2017 £ MILLION
<b>Non-current</b>			
Bank borrowings	167	96	103
Private placement notes	475	501	481
	<b>642</b>	<b>597</b>	<b>584</b>
<b>Current</b>			
Bank overdrafts	11	35	12
Bank borrowings	145	44	72
Private placement notes	19	58	55
	<b>175</b>	<b>137</b>	<b>139</b>
<b>Total borrowings</b>	<b>817</b>	<b>734</b>	<b>723</b>
Short-term deposits	-	(6)	-
Cash at bank and in hand	(76)	(45)	(71)
<b>Net borrowings</b>	<b>741</b>	<b>683</b>	<b>652</b>
Overdrafts and borrowings are unsecured.			
<b>The maturity of financial liabilities</b>			
The maturity profile of the borrowings was as follows:			
	30 JUNE 2018 £ MILLION	30 JUNE 2017 £ MILLION	31 DEC 2017 £ MILLION
Within 1 year, or on demand	175	137	139
Between 1 and 2 years	137	82	79
Between 2 and 3 years	164	33	26
Between 3 and 4 years	-	135	146
Between 4 and 5 years	-	-	-
Greater than 5 years	341	347	333
	<b>817</b>	<b>734</b>	<b>723</b>

### Fair value estimation

The carrying value of non-derivative financial assets and liabilities, comprising cash and cash equivalents, trade and other receivables, trade and other payables and borrowings is considered to materially equate to their fair value. Derivative financial instruments, which are measured at fair value, comprise interest rate swaps representing a liability of £1 million categorised as level 2. There are no level 1 and level 3 financial instruments. The fair value of interest rate swaps is calculated at the present value of estimated future cash flows using market interest rates. The valuation techniques employed are consistent with the year end Annual Report. The fair value of the other receivable referred to in Note 10 is based upon comparable bond prices and is considered to be level 2.

## 12. DEMOBILISATION PROVISION

	30 JUNE 2018 £ MILLION	30 JUNE 2017 £ MILLION	31 DEC 2017 £ MILLION
Balance at 1 January	10	11	11
New provisions	2	5	9
Utilised	(1)	(5)	(10)
Exchange	(1)	-	-
Balance at 30 June/31 December	10	11	10
<b>Analysis of demobilisation provision</b>			
Current	8	9	9
Non-current	2	2	1
Total	10	11	10

## 13. CAPITAL COMMITMENTS

	30 JUNE 2018 £ MILLION	30 JUNE 2017 £ MILLION	31 DEC 2017 £ MILLION
Contracted but not provided for (property, plant and equipment)	64	55	32

## 14. RELATED PARTY TRANSACTIONS

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. There were no other related party transactions in the period.

## 15. SEASONALITY

The Group is subject to seasonality with the third quarter of the year being our peak demand period, accordingly revenue and profits have historically been higher in the second half of the year.

## 16. ACQUISITIONS

### A Contact Electric Rentals

On 15 February 2018 the Group completed the acquisition of the business and assets of A Contact Electric Rentals (A Contact).

The acquisition furthers Aggreko's leadership position in the speciality rental market and supports its long-term growth strategy to excel through specialised rental solutions. A Contact specialises in the rental of medium and high voltage electrical distribution equipment.

The revenue and operating profit included in the consolidated income statement from 15 February 2018 to 30 June 2018 contributed by A Contact was £4 million and £2 million respectively. Had A Contact been consolidated from 1 January 2018, the consolidated income statement for the period ended 30 June 2018 would show revenue and operating profit of £858 million and £76 million respectively.

The acquisition method of accounting has been adopted and the goodwill arising on the purchase will be capitalised. Acquisition related costs of £0.3 million have been expensed in the period and are included within administrative expenses in the income statement.

Goodwill represents the value of synergies arising from the integration of the acquired business. Synergies include direct cost savings and the reduction of overheads as well as the ability to leverage Aggreko systems and access to its assets.

## 16. ACQUISITIONS CONTINUED

### Generator Hire Service (GHS)

On 31 May 2018 the Group completed the acquisition of the business and assets of GHS in Australia.

GHS specialises in general rental equipment and it strengthens Aggreko's leadership position in the events sector.

The revenue and operating profit included in the consolidated income statement from 31 May 2018 to 30 June 2018 contributed by GHS was not material. Had GHS been consolidated from 1 January 2018, the consolidated income statement for the period ended 30 June 2018 would show revenue and operating profit of £857 million and £76 million respectively.

The acquisition method of accounting has been adopted and the goodwill arising on the purchase will be capitalised. Acquisition related costs of £0.2 million have been expensed in the period and are included within administrative expenses in the income statement.

Goodwill represents the value of synergies arising from the integration of the acquired business. Synergies include direct cost savings and the reduction of overheads as well as the ability to leverage Aggreko systems and access to its assets.

The details of the transactions and fair value of assets acquired are shown in the table below:

	A CONTACT £ MILLION	GHS £ MILLION	TOTAL £ MILLION
Property, plant & equipment	11	2	13
Trade and other receivables	1	-	1
Inventory	7	-	7
Net assets acquired	19	2	21
Goodwill	2	1	3
Net cash outflow	21	3	24

The fair values are provisional and will be finalised during the second half of 2018.

### Investment in Origami Energy Ltd (Origami)

On 21 March 2018 the Group acquired a 14% share in Origami for a consideration of £9 million. Origami was founded in 2013 and has developed intelligent software that optimises the revenue earning capability of grid connected assets. This investment extends Aggreko's capability in evolving energy markets and supports our distributed energy strategy.

## 17. SEGMENTAL DISCLOSURES: RECONCILIATION OF PREVIOUSLY REPORTED TO RESTATED

Year Ended 31 December 2017

Revenue					
	As reported £ million	PSU/PSI £ million	IFRS 15 Impact		Restated £ million
			Mob/demob £ million	Rehire £ million	
Power Solutions					
Industrial	340	93	-	(4)	429
Utility	670	(93)	2	-	579
	1,010	-	2	(4)	1,008
Rental Solutions	720	-	-	(30)	690
Group	1,730	-	2	(34)	1,698

Operating profit					
	As reported £ million	PSU/PSI £ million	IFRS 15 Impact		Restated £ million
			Mob/demob £ million		
Power Solutions					
Industrial	55	17	1		73
Utility	93	(17)	(6)		70
	148	-	(5)		143
Rental Solutions	81	-	-		81
Group	229	-	(5)		224

Depreciation and amortisation					
	As reported £ million	PSU/PSI £ million			Restated £ million
Power Solutions					
Industrial	72	17			89
Utility	132	(17)			115
	204	-			204
Rental Solutions	96	-			96
Group	300	-			300

Capital expenditure on property, plant & equipment and intangible assets					
	As reported £ million	PSU/PSI £ million			Restated £ million
Power Solutions					
Industrial	55	8			63
Utility	183	(8)			175
	238	-			238
Rental Solutions	75	-			75
Group	313	-			313

## 17. SEGMENTAL DISCLOSURES RECONCILIATION OF PREVIOUSLY REPORTED TO RESTATED CONTINUED

Assets				
	As reported £ million	PSU/PSI £ million	IFRS 15 Impact Mob/demob £ million	Restated £ million
Power Solutions				
Industrial	628	170	4	802
Utility	1,109	(170)	4	943
	1,737	-	8	1,745
Rental Solutions	765	-	-	765
Group	2,502	-	8	2,510
Liabilities				
	As reported £ million	PSU/PSI £ million	IFRS 15 Impact Mob/demob £ million	Restated £ million
Power Solutions				
Industrial	(61)	(48)	(3)	(112)
Utility	(263)	48	(9)	(224)
	(324)	-	(12)	(336)
Rental Solutions	(100)	-	-	(100)
Group	(424)	-	(12)	(436)

Note: As well as a change in operating assets there is also a £1 million decrease in corporation tax payable. Refer to Note 3.

6 Months Ended 30 June 2017

Revenue					
	As reported £ million	PSU/PSI £ million	IFRS 15 Impact		Restated £ million
			Mob/demob £ million	Rehire £ million	
Power Solutions					
Industrial	167	47	-	(2)	212
Utility	306	(47)	1	-	260
	473	-	1	(2)	472
Rental Solutions	319	-	-	(12)	307
Group	792	-	1	(14)	779

Operating profit				
	As reported £ million	PSU/PSI £ million	IFRS 15 Impact Mob/demob £ million	Restated £ million
Power Solutions				
Industrial	23	8	-	31
Utility	42	(8)	-	34
	65	-	-	65
Rental Solutions	14	-	-	14
Group	79	-	-	79

## 17. SEGMENTAL DISCLOSURES RECONCILIATION OF PREVIOUSLY REPORTED TO RESTATED CONTINUED

Depreciation and amortisation			
	As reported £ million	PSU/PSI £ million	Restated £ million
Power Solutions			
Industrial	36	9	45
Utility	67	(9)	58
	103	-	103
Rental Solutions	48	-	48
Group	151	-	151

Capital expenditure on property, plant & equipment and intangible assets			
	As reported £ million	PSU/PSI £ million	Restated £ million
Power Solutions			
Industrial	14	3	17
Utility	108	(3)	105
	122	-	122
Rental Solutions	32	-	32
Group	154	-	154

Assets				
	As reported £ million	PSU/PSI £ million	IFRS 15 Impact Mob/demob £ million	Restated £ million
Power Solutions				
Industrial	588	168	2	758
Utility	1,116	(168)	13	961
	1,704	-	15	1,719
Rental Solutions	760	-	-	760
Group	2,464	-	15	2,479
Liabilities				
	As reported £ million	PSU/PSI £ million	IFRS 15 Impact Mob/demob £ million	Restated £ million
Power Solutions				
Industrial	(66)	(30)	(2)	(98)
Utility	(216)	30	(12)	(198)
	(282)	-	(14)	(296)
Rental Solutions	(112)	-	-	(112)
Group	(394)	-	(14)	(408)

### Notes

1. Mob/demob is mobilisation and demobilisation.
2. PSU/PSI relates to the reallocation between these segments to better reflect their respective market sectors. This is explained in Note 4(a).
3. IFRS 15 impact – mob/demob and rehire is explained in Note 3.



## STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors confirm that to the best of their knowledge, these condensed consolidated interim financial statements have been prepared in accordance with IAS 34 as adopted by the European Union, and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- An indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- Material related party transactions in the first six months and any material changes in the related-party transactions described in the last annual report.

The Directors of Aggreko plc are listed in the Aggreko plc Annual Report for 31 December 2017.

By order of the Board

**Chris Weston**  
Chief Executive Officer

**Heath Drewett**  
Chief Financial Officer

1 August 2018

## **INDEPENDENT REVIEW REPORT TO AGGREKO PLC**

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2018 which comprises the condensed consolidated statements of profit or loss and other comprehensive income, condensed balance sheet, changes in equity and cash flows for the six-month period then ended, and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2018 is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU and the Disclosure Guidance and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA").

### *Scope of review*

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. We read the other information contained in the half-yearly financial report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### *Directors' responsibilities*

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FCA.

As disclosed in note 2, the annual financial statements of the group are prepared in accordance with International Financial Reporting Standards as adopted by the EU. The directors are responsible for preparing the condensed set of financial statements included in the half-yearly financial report in accordance with IAS 34 as adopted by the EU.

### **Our responsibility**

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

### **The purpose of our review work and to whom we owe our responsibilities**

This report is made solely to the company in accordance with the terms of our engagement to assist the company in meeting the requirements of the DTR of the UK FCA. Our review has been undertaken so that we might state to the company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report, or for the conclusions we have reached.

**John Luke**  
**for and on behalf of KPMG LLP**  
Chartered Accountants  
319 St Vincent Street  
Glasgow G2 5AS  
1 August 2018