

Business priorities delivering; full year guidance unchanged

Chris Weston, Chief Executive Officer, commented:

“I am confident that the changes we have made in the last two years are delivering results, with our first half performance supporting our view that, Argentina aside, we will grow this year. In particular, we have made good progress enhancing our product offering, improving our customer experience and reducing our cost base, all of which makes us more competitive. As we look forward, energy markets and technologies are evolving and we continue to invest and grow our capabilities to take advantage of the opportunities this presents.”

Financial Highlights

- Group revenue of £792 million in line with prior year excluding impact of currency and pass-through fuel
 - Excluding legacy contracts in Argentina, revenue was up 6%
- Half year profit before tax and exceptional items of £63 million (2016: £71 million) in line with market expectations
- Full year guidance unchanged
- Interim dividend maintained at 9.38 pence
- Strong operating cash inflow of £184 million (2016: £100 million) as working capital initiative begins to deliver results
 - Improvement on payables, further work required on receivables

Business Unit Highlights

- Power Solutions Utility order intake of 430 MW year to date (2016: 875 MW); off-hire rate of 15% (2016: 20%)
- Power Solutions Industrial revenue grew 20%, Eurasia year to date order intake of 179 MW (2016: 165 MW)
- Rental Solutions revenues grew 2%; excluding oil and gas, revenue grew 7%

Business Priorities Highlights

- Expect the initiatives outlined in 2015 to be delivered by the end of 2018
- New CRM and website live across much of the business significantly improving customer experience, with full roll-out complete in 2018
- On track to deliver cash savings of more than £100 million
- Product portfolio continues to develop, with market leading diesel, gas and HFO solutions and the recent addition of solar and storage, to further reduce cost of energy for our customers

Group Performance

£M	2017 PRE-EXCEPTIONAL ITEMS ¹	2016 PRE-EXCEPTIONAL ITEMS ¹	CHANGE	CHANGE EXCL. PASS-THROUGH FUEL ² & CURRENCY ³
Group revenue	792	685	16%	-%
Operating profit	79	82	(3)%	(11)%
Operating profit margin	10%	12%		
Profit before tax	63	71	(10)%	
Diluted earnings per share (p)	17.88	19.81	(10)%	
Dividend per share (p)	9.38	9.38	-%	
Return on capital employed ⁴	12%	14%		

£M	2017 POST-EXCEPTIONAL ITEMS ¹	2016 POST-EXCEPTIONAL ITEMS ¹	CHANGE	CHANGE EXCL. PASS-THROUGH FUEL ² & CURRENCY ³
Group revenue	792	685	16%	-%
Operating profit	69	72	(4)%	(12)%
Operating profit margin	9%	11%		
Profit before tax	53	61	(12)%	
Diluted earnings per share (p)	14.98	16.77	(11)%	
Dividend per share (p)	9.38	9.38	-%	
Return on capital employed	10%	12%		

Business Unit Performance

PRE-EXCEPTIONAL ITEMS £M	REVENUE			CHANGE EXCL. PASS-THROUGH FUEL AND CURRENCY	OPERATING PROFIT			CHANGE EXCL. PASS-THROUGH FUEL AND CURRENCY
	2017	2016	CHANGE		2017	2016	CHANGE	
Rental Solutions	319	280	14%	2%	14	11	36%	14%
Power Solutions								
Industrial	167	117	43%	20%	23	10	134%	76%
Utility excl. pass-through fuel	264	264	-%	(11)%	44	61	(28)%	(33)%
Pass-through fuel	42	24	75%	38%	(2)	-	(100)%	(100)%
Total Power Solutions	473	405	17%	(1)%	65	71	(9)%	(15)%
Group	792	685	16%	-%	79	82	(3)%	(11)%

¹ Exceptional items relate to costs in respect of the Group's business priorities implementation. Further details are contained in the Financial Review on page 15 and Note 6 to the Accounts.

² Pass-through fuel relates to Power Solutions Utility contracts in Brazil and Mozambique where we provide fuel on a pass-through basis. Pass-through fuel revenue in 2017 was £42m (2016: £24m) and an operating loss of £2m (2016: £nil).

³ A reconciliation between reported change and change excluding currency and pass-through fuel is detailed on page 14.

⁴ ROCE is calculated by taking the 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 previous 30 June.

POST-EXCEPTIONAL ITEMS £M	REVENUE			CHANGE EXCL. PASS- THROUGH FUEL AND CURRENCY	OPERATING PROFIT			CHANGE EXCL. PASS- THROUGH FUEL AND CURRENCY
	2017	2016	CHANGE		2017	2016	CHANGE	
Rental Solutions	319	280	14%	2%	11	5	123%	68%
Power Solutions								
Industrial	167	117	43%	20%	18	8	113%	56%
Utility excl. pass- through fuel	264	264	-%	(11)%	42	59	(29)%	(34)%
Pass-through fuel	42	24	75%	38%	(2)	-	(100)%	(100)%
Total Power Solutions	473	405	17%	(1)%	58	67	(14)%	(20)%
Group	792	685	16%	-%	69	72	(4)%	(12)%

Future Reporting

11th October 2017
November 2017

Customer Business Priority teach-in
Q3 2017 trading update

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Analyst Presentation

A presentation will be held for analysts and investors today at 9am (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.

Watch Chris Weston discuss the highlights on our website: www.plc.aggreko.com/investors/investor-centre.

INTRODUCTION FROM CHRIS WESTON, CEO

“Two years ago, in response to changing market conditions, we announced our Business Priorities; we acknowledged that the world had changed, economic growth had slowed and competition had increased and that we needed to better understand the needs of our customers. In response, we implemented an extensive change programme focused on three areas, Customer, Technology and Efficiency. I am pleased that we are now beginning to see the results of these initiatives, allowing us to effectively respond to the changing needs of our customers. There is still work to do, and energy markets are evolving, with decarbonisation, decentralisation and digitisation becoming increasingly apparent, and we continue to position Aggreko to take advantage of these opportunities.”

RESULTS FOR THE SIX MONTHS TO 30 JUNE 2017

Group Trading Performance

Unless otherwise stated, the figures quoted below are pre-exceptional items and exclude the impact of currency and pass-through fuel. We believe reporting our financial results on this basis provides a better understanding of the performance of the business over the period under review.

It is also worth noting that in our Power Solutions Utility business, there has been significant repricing and some off-hires of contracts we have held in Argentina since 2008. As a result, on occasion we will refer to performance excluding the impact of these contracts.

Group revenue was in line with the prior year. Rental Solutions revenue was up 2% with solid growth in Europe partially offset by a small decrease in Australia Pacific, with the comparator including an emergency contract in Tasmania. North American revenue was up 1% on prior year with growth in most sectors helping to offset the year on year decrease in oil and gas revenue; excluding the impact of oil and gas, revenue was up 8%. Power Solutions Industrial revenue increased 20% with strong growth from Eurasia, the Middle East and Africa. Power Solutions Utility revenue was down 11% due to repricing and off-hires in Argentina. Excluding the impact of Argentina, Power Solutions Utility revenue grew 1% and Group revenue grew 6%.

The Group operating margin was 10% (2016: 12%). The Rental Solutions margin was up one percentage point on the same period last year, at 5%. The Power Solutions Industrial margin was up six percentage points at 14%, due to the growth in Middle East and Eurasia and restructuring of our businesses in Latin America. The Power Solutions Utility margin was down six percentage points at 17%, driven by the volume and price reduction in Argentina and also one-off benefits in the prior year comparators, most notably in indirect tax and service material costs. The lower Group margin impacted the Group return on capital employed (ROCE), which was 12% (2016: 14%).

The Group delivered profit before tax of £63 million (2016: £71 million). Diluted earnings per share (DEPS) was 17.88 pence (2016: 19.81 pence).

Reported Financial Measures

Reported revenue and operating profit include the translational impact of currency as Aggreko's revenues and profits 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 increasing revenue by £93 million and operating profit by £9 million.

In addition, the Group separately reports fuel revenue from contracts in our Power Solutions Utility business in Brazil and Mozambique, 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 volumes of fuel consumed, and these can be volatile and may distort the view of the performance of the underlying business. In 2017, fuel revenue from these contracts was £42 million (2016: £24 million).

Reported Group revenue was up 16% on prior year with Rental Solutions up 14% and Power Solutions Industrial and Utility up 43% and 6% respectively.

During the period the Group incurred exceptional costs relating to the implementation of our Business Priorities of £10 million (2016: £10 million) which are split: Rental Solutions £3 million (2016: £6 million), Power Solutions Utility £2 million (2016: £2 million) and Power Solutions Industrial £5 million (2016: £2 million). These are explained on page 15.

Group operating margin post exceptional items was 9% (2016: 11%). The Rental Solutions margin was up two percentage points on a post-exceptional basis at 4%. The Power Solutions Industrial margin was up four percentage points, post exceptional items due to the growth in Middle East and Eurasia. The Power Solutions Utility margin, excluding pass-through fuel on post-exceptional item basis, was down six percentage points driven by the volume and price reduction in Argentina and also one-off benefits in the prior year comparatives, most notably in indirect tax and service material costs.

Group ROCE post exceptional items was 10% (2016: 12%). Profit before tax and post exceptional items was £53 million (2016: £61 million) and diluted earnings per share post-exceptional items was 14.98p (2016: 16.77p).

Dividends

The Group is proposing to maintain the interim dividend at 9.38 pence per share (2016: 9.38 per share), this equates to dividend cover pre-exceptional items of 1.9 times (2016: 2.1 times). Dividend cover post-exceptional items is 1.6 times (2016: 1.8 times). Dividend cover is calculated as basic earnings per share for the period divided by dividend per share.

Cashflow and Balance Sheet

During the first six months, we generated an operating cash inflow of £184 million (2016: £100 million). The increase in operating cash flow is mainly driven by lower working capital outflows year on year with an outflow of £38 million in 2017 compared to £101 million outflow in 2016. This year's outflow is the net of a £65 million inflow from trade and other payables, as our now established procurement function has worked to improve supplier terms and leverage our scale and spend. However, trade and other receivables has more than offset this improvement, increasing £103 million, explained as follows.

The increase in trade and other receivables is analysed by business unit as a: £5 million decrease in Rental Solutions; a £34 million increase in Power Solutions Industrial and a £74 million increase in the Power Solutions Utility business. The increase in Power Solutions Industrial is driven by the 20% increase in revenue. In Power Solutions Utility, £36 million of the increase in the debtor book relates to new contracts in Brazil which have recently been commissioned and include fuel, therefore the revenue per megawatt generated is much greater; the balance outstanding is in line with commercial terms and there is no issue with the recoverability. The remaining increase is driven by a few customers in Africa who are taking longer to pay given restrictions on liquidity and access to US Dollars. None of these customers dispute the debt, amounts have been received from each in the year to date and payment plans are being agreed to clear the overdue amounts. Recognising the increase in overdue debt, the Power Solutions Utility debtor provision has increased to \$73 million, \$10 million higher than December 2016.

At the start of this year we initiated a project to reduce our working capital. In the first six months, we have focused on our largest businesses and have dedicated work streams for payables, receivables and inventory. We have made good progress on payables and are starting to make progress with inventory. As we anticipated, the biggest challenge is the Power Solutions Utility debtor book which is an area of particular focus. The project is ongoing and we will provide a further update at the year end.

Fleet capital expenditure was £115 million (2016: £91 million) which was 0.8 times fleet depreciation. Of this, £41 million was invested to continue to develop our medium speed HFO fleet and £21 million in continuing to refurbish our diesel fleet to the more fuel efficient, higher output G3+ engine; this now makes up around 30% of the Power Solutions Utility diesel fleet.

Net debt was £683 million at 30 June 2017, £49 million higher than the prior year. There are a number of movements driving the increase, including £10 million in currency, notably the weakening of sterling against the US Dollar, and the acquisitions noted on page 11. This resulted in net debt to EBITDA on a rolling 12-month basis of 1.3 times compared to 1.2 times at June 2016.

Outlook

Our full year guidance remains unchanged. The changes we have made in the last two years are delivering results, with performance in the first half supporting our view that, Argentina aside, we will grow this year.

We have made three acquisitions so far this year, which strengthen our position in two key markets and bring capability in the integration of energy systems based on battery storage, which we believe will present opportunities as energy markets and technologies continue to evolve.

We continue to expect fleet capital expenditure for the full year to be £300 million.

BUSINESS UNIT PERFORMANCE REVIEW

RENTAL SOLUTIONS

	<u>REVENUE</u>				<u>OPERATING PROFIT</u>			
	2017	2016	CHANGE	CHANGE EXCLUDING CURRENCY	2017	2016	CHANGE	CHANGE EXCLUDING CURRENCY
Pre-exceptional items £m	319	280	14%	2%	14	11	36%	14%
Operating Margin pre-exceptional items					5%	4%		
Post-exceptional items £m	319	280	14%	2%	11	5	123%	68%
Operating Margin post-exceptional items					4%	2%		

Headlines

- Revenue and operating profit up 2% and 14% respectively, excluding currency and exceptional items
- Revenue on the same basis and excluding oil and gas, grew 7%
- 24 MW next generation gas contracts won
- Strong growth in temperature control, up 13% excluding currency

Commentary

Our Rental Solutions business had a solid performance in the first six months with revenue excluding the impact of currency up 2% on the prior year and operating profit (excluding exceptional items) up 14%. The increase in operating profit relative to the increase in revenue is driven by cost reduction in our North American business and lower mobilisation and service costs in Australia Pacific, with the comparator including costs relating to the 108 MW emergency response contract in Tasmania last year.

North American revenue, excluding currency, was up 1% on the prior year. Oil and gas sector revenues in North America, although 28% lower when compared to the first half of 2016, were up on the fourth quarter of 2016. Most of the other sectors in North America grew, with revenue excluding oil and gas increasing 8%, with a particularly strong performance in temperature control, up 17%.

In our Australia Pacific business, revenue excluding currency decreased 2%, a good performance given the large Tasmania contract in the comparatives. We saw good growth in the mining and construction sectors, however this was offset by a decline in oil and gas and utilities.

Our Continental European business saw revenue excluding currency increase 3% aided by good growth in Germany and Eastern Europe, partially offset by a decrease in the Netherlands. The Northern European business delivered good growth with revenue excluding currency increasing 11%, driven by the utility and construction sectors.

POWER SOLUTIONS

PRE-EXCEPTIONAL ITEMS £M	REVENUE				OPERATING PROFIT			
	2017	2016	CHANGE	CHANGE EXCL. PASS- THROUGH FUEL AND CURRENCY	2017	2016	CHANGE	CHANGE EXCL. PASS- THROUGH FUEL AND CURRENCY
Industrial	167	117	43%	20%	23	10	134%	76%
Utility excl. pass-through fuel	264	264	-%	(11)%	44	61	(28)%	(33)%
Pass-through fuel	42	24	75%	38%	(2)	-	(100)%	(100)%
Total Power Solutions	473	405	17%	(1)%	65	71	(9)%	(15)%
Operating Margin								
Industrial					14%	8%		
Utility excl. pass-through fuel					17%	23%		
Total Power Solutions excl. pass-through fuel					16%	19%		

POST-EXCEPTIONAL ITEMS £M	REVENUE				OPERATING PROFIT			
	2017	2016	CHANGE	CHANGE EXCL. PASS- THROUGH FUEL AND CURRENCY	2017	2016	CHANGE	CHANGE EXCL. PASS- THROUGH FUEL AND CURRENCY
Industrial	167	117	43%	20%	18	8	113%	56%
Utility excl. pass-through fuel	264	264	-%	(11)%	42	59	(29)%	(34)%
Pass-through fuel	42	24	75%	38%	(2)	-	(100)%	(100)%
Total Power Solutions	473	405	17%	(1)%	58	67	(14)%	(20)%
Operating Margin								
Industrial					11%	7%		
Utility excl. pass-through fuel					16%	22%		
Total Power Solutions excl. pass-through fuel					14%	18%		

Headlines

- Power Solutions Industrial revenue and operating profit excluding currency increased 20% and 76% respectively driven by growth in our Eurasia, Middle East and Africa businesses and cost savings from restructuring in Latin America
- Power Solutions Utility revenue and operating profit reflect impact of offhires and repricing of legacy contracts in Argentina
 - Reduction in price and volume in Argentina had a £34 million impact on revenue excluding currency
- Power Solutions Utility order intake year to date of 430 MW plus 200 MW from KBT acquisition in Indonesia (2016: 875 MW)
- Secured 28 MW of next generation gas contracts and initial HFO and solar-diesel contracts
- Power Solutions Utility debtor provision increased by \$10 million due to slower payments in Africa

Commentary

Overall, our Power Solutions business saw revenue excluding pass-through fuel and currency decline by 1% and on the same basis operating profit pre-exceptional items decrease by 15% (operating profit post-exceptional items decreased by 20%).

In our Power Solutions Industrial business revenue excluding the impact of currency increased 20%. In Eurasia revenue grew 71%, with order intake of 179 MW (2016: 165 MW) in the first six months. In the Middle East and Africa we also delivered double-digit growth with particular strength in Qatar, Dubai, Nigeria and Angola, although weaker in Saudi Arabia given the impact of the lower oil price. In Asia, revenues were up 1% with a decrease in South Korea offset by an increase in Indonesia. The restructuring work in Latin America has progressed well, with operating profit pre-exceptional items up by £5 million.

Our Power Solutions Utility business saw revenue excluding currency and pass-through fuel decrease by 11% due to repricing and off-hires in Argentina, an impact of £34 million on prior year. Excluding the impact of Argentina revenue grew 1%. Operating margin pre-exceptional items decreased to 17% (2016: 23%) driven by the reduction in Argentina and also one-off benefits in the prior year comparatives, most notably in indirect tax and service material costs. Excluding the impact of Argentina, the operating margin increased. Operating margin post-exceptional items was 16% (2016: 22%). In Argentina we are contracted to provide 174 MW of fixed site capacity and 30 MW of standby capacity until the end of 2017. In addition, we are still running a further 65 MW on a day-to-day basis.

We continued to see delays in payments in Power Solutions Utility, in particular from customers in Africa. As a result our bad debt provision increased by \$10 million to \$73 million. While the situation is clearly challenging and many customers are struggling with liquidity, none dispute the debt, payments have been made by each customer and we are working closely with them to agree payment plans to clear the overdue amounts. The situation also continues to be very challenging in Venezuela where we are operating at a considerably reduced number of megawatts. The overdue debt is well provided given the political instability.

Order intake year to date is 430 MW (2016: 875 MW) with a higher conversion rate than in Q1. New business included 95 MW in Bangladesh, 60 MW in Yemen, 60 MW in Sri Lanka and 20 MW in Sierra Leone. We are pleased to have won 28 MW of next generation gas and initial contracts for HFO (28 MW, Madagascar) and solar-diesel (7 MW). The sales pipeline for HFO and NGG contains a number of opportunities which we expect to convert during the second half of the year; this is supported by the build plan which will deliver a fleet in line with market demand.

At the end of the period, our order book was over 72,000 MW months, the equivalent of 25 months' revenue at the current run-rate (30 June 2016: 25 months). The off-hire rate in the first half was 15% (2016: 20%). In addition we completed the acquisition of KBT in Indonesia in the first half which adds growth of a further 200 MW to our Power Solutions Utility order book.

BUSINESS PRIORITIES

Two years ago, we launched our business priorities focussing on our customer, our technology and our efficiency, all of which were designed to improve our customer proposition, make us more competitive and drive growth.

Rental Solutions

In Rental Solutions, we have focused on improving the customer journey, making it easier to do business with us, primarily through implementing a number of systems and creating a digital platform. Our new website, which was launched in May, is designed to be easier to navigate and more user friendly; since its launch we have seen a marked increase in activity and people are staying longer on the site. We have made good progress with the roll-out of our Customer Relationship Management system (CRM) and it is now live in the UK and North America; implementation in Continental Europe and Australia Pacific is planned for later this year. We will also be launching Field Service Management, an operations system which will provide real-time visibility of assets and technicians. We expect the full suite of systems / applications to improve customer satisfaction, whilst improving utilisation and productivity.

Power Solutions

In Power Solutions, we have focused on understanding the needs of our customers and enhancing our sales capability. We have increased our sales presence in key markets, particularly in the Power Solutions Utility business, and we have overhauled our training programme. This ensures that our sales people better understand the energy markets they operate in, our product offering and how to tailor it for each customer in that market. The new CRM system has been deployed in the Power Solutions Utility business and is providing better visibility of the sales pipeline; it will be implemented in the Power Solutions Industrial business early next year.

We have developed our product offering, with the introduction of HFO and solar/diesel hybrid products, the first contracts for which have been signed and we are now in the process of mobilising. In addition, we have introduced a new generation of gas products which provides significantly improved fuel efficiency and we have continued to develop our market leading diesel product. The product road maps are multi-generational with upgrades at refurbishment, allowing us to improve capital and fuel efficiency with less risk of stranded capital.

Efficiency

In addition to the business specific initiatives, across the Group we have been focused on reducing our cost base. We initially committed to making annualised cash savings of around £80 million, delivered by removing duplication and improving our procurement practices. In March we committed to a further £25 million of annualised cash savings achieved by further work right-sizing our Power Solutions businesses in Latin America, Asia and Africa. This latter piece of work removed over 200 roles from these businesses, with the majority of these in Latin America. We have closed seven facilities across Brazil, Chile and Peru while transferring over 450 generators to other regions where demand is stronger. We remain on track to deliver these savings by the end of 2017. The use of these savings will be balanced between reinvestment to drive growth and supporting margins and returns.

Our procurement function is now well embedded across the Group and a number of their key activities such as improved supplier terms, more competitive tendering practices and new sourcing tools, are now used throughout the business. In addition, we now have framework agreements in place with our key OEM suppliers, focussed on building sustainable partnerships and reducing the costs associated with ongoing maintenance of our equipment. In Power Solutions Utility, we are currently reviewing our hub and logistics model to ensure this is optimally aligned to our markets.

We have made considerable progress across these initiatives, with a number completed and the balance to be concluded during 2018. To ensure that the initiatives continue to deliver we are developing KPIs with which to monitor the business and we will continue to identify other areas for improvement on an ongoing basis.

ACQUISITIONS

As previously disclosed, we are continuously assessing the market landscape and typically have a small pipeline of potential acquisitions. We invest for both scale and capability, including adjacencies, and acquisitions are subject to our disciplined capital allocation process and have to meet appropriate hurdle rates of return. In 2016 we acquired DRYCO, a specialist in moisture control, drying, heating and cooling applications in key sectors in North America, and have made three small acquisitions so far in 2017.

Yunicos

Last month we announced the acquisition of Yunicos for £40 million⁵, a pioneer and global market leader in the development and deployment of integrated energy systems. This supports our strategy of investing in technology that provides a lower cost of energy and broadens the range of products available to our customers.

Yunicos' proprietary software and control systems, and its knowledge of batteries, together enable the seamless integration of multiple energy sources, both thermal and renewable, providing a reliable source of power and an optimised energy management system. We can leverage Yunicos' expertise and combine this with our generating technology, deployment capability and global scale to provide customers with a reliable, cheaper and cleaner source of energy.

We see the initial opportunities from Yunicos within Aggreko in Rental Solutions and Power Solutions Industrial. In particular there are compelling opportunities in supporting off grid applications in a number of sectors, such as mining and events; and grid connected opportunities, such as spinning reserve displacement, where storage is used to provide extra capacity in case of excess demand; and in supporting distributed generation, where the combination of a number of generation sources (renewable, thermal) are required to provide a low cost, reliable solution. As energy markets evolve, particularly in developed markets, with higher renewable penetration and more distributed generation we expect such opportunities to become more prevalent and the capabilities Yunicos brings, coupled with Aggreko's mobile, modular and more efficient products, to become more important.

Yunicos is an investment in the future of Aggreko. In 2016 it made a loss of £15 million, but it is expected that performance will improve across 2017 and become profitable during the latter part of 2018.

⁵ In addition, on completion there will be a net debt / cash adjustment of circa £7 million.

Kerta Bumi Tekindo (KBT)

In June 2017 Aggreko purchased KBT for £25 million. KBT are an Indonesian Utility business with over 200 MW of work on hire. As an archipelago of over 17,000 islands, Indonesia is a good market for Aggreko's solutions and this acquisition strengthens our business in this important power market.

TuCo

Aggreko also completed the purchase of TuCo Industrial Products Inc., for £3 million. TuCo are a US based temporary heat and air conditioning business based in Washington State with a focus on key sectors, including events.

MEDIUM TERM RETURN OBJECTIVES

Aggreko has return targets of around 20%, to be achieved in the medium term. The plans and actions undertaken as a result of the business priorities and the acquisitions made, are all designed to support the achievement of these objectives.

FINANCIAL REVIEW

A summarised Income Statement for 2017 as well as related ratios are set out below. The first table excludes exceptional items and the second table includes exceptional items.

PRE-EXCEPTIONAL ITEMS				
£M				
	2017	2016	CHANGE	CHANGE EXCL. PASS-THROUGH FUEL AND CURRENCY
Revenues	792	685	16%	-%
Operating profit	79	82	(3)%	(11)%
Net interest expense	(16)	(11)	(41)%	
Profit before tax	63	71	(10)%	
Taxation	(18)	(20)	10%	
Profit after tax	45	51	(10)%	
Diluted earnings per share (pence)	17.88	19.81	(10)%	
Operating margin	10%	12%	(2)pp	
ROCE	12%	14%	(2)pp	

POST-EXCEPTIONAL ITEMS				
£M				
	2017	2016	CHANGE	CHANGE EXCL. PASS-THROUGH FUEL AND CURRENCY
Revenues	792	685	16%	-%
Operating profit	69	72	(4)%	(12)%
Net interest expense	(16)	(11)	(41)%	
Profit before tax	53	61	(12)%	
Taxation	(15)	(18)	14%	
Profit after tax	38	43	(12)%	
Diluted earnings per share (pence)	14.98	16.77	(11)%	
Operating margin	9%	11%	(2)pp	
ROCE	10%	12%	(2)pp	

Currency Translation

The movement in exchange rates in the period had the translational impact of increasing revenue by £93 million and operating profit by £9 million. This was driven by the strength, against Sterling, of all the principal currencies impacting the Group, most notably the US Dollar. Currency translation also gave rise to a £54 million decrease in the value of net assets from December 2016 to June 2017. Set out in the table below are the principal exchange rates which affected the Group's profits and net assets.

PRINCIPAL EXCHANGE RATES (PER £ STERLING)	JUNE 2017		JUNE 2016		DEC 2016	
	AVERAGE	PERIOD END	AVERAGE	PERIOD END	AVERAGE	PERIOD END
United States Dollar	1.26	1.30	1.43	1.33	1.36	1.23
Euro	1.16	1.14	1.28	1.19	1.22	1.17
UAE Dirhams	4.63	4.76	5.26	4.88	4.98	4.53
Australian Dollar	1.67	1.69	1.95	1.78	1.83	1.71
Brazilian Reals	4.01	4.28	5.29	4.27	4.74	4.01
Argentinian Peso	19.80	21.40	20.50	19.99	20.00	19.61
Russian Rouble	73.04	76.69	100.26	85.21	91.04	75.23

(Source: Bloomberg)

Reconciliation of Adjusted Movement to Reported Movement

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

Revenue

	<u>RS</u>			<u>PSI</u>			<u>PSU</u>			<u>GROUP</u>		
	2017 £M	2016 £M	CHANGE %	2017 £M	2016 £M	CHANGE %	2017 £M	2016 £M	CHANGE %	2017 £M	2016 £M	CHANGE %
As reported	319	280	14%	167	117	43%	306	288	6%	792	685	16%
Pass-through fuel	-	-		-	-		(42)	(24)		(42)	(24)	
Currency impact	-	33		-	22		-	38		-	93	
Adjusted	319	313	2%	167	139	20%	264	302	(11)%	750	754	-%

Operating profit

	<u>RS</u>			<u>PSI</u>			<u>PSU</u>			<u>GROUP</u>		
	2017 £M	2016 £M	CHANGE %	2017 £M	2016 £M	CHANGE %	2017 £M	2016 £M	CHANGE %	2017 £M	2016 £M	CHANGE %
As reported	11	5	123%	18	8	113%	40	59	(33)%	69	72	(4)%
Pass-through fuel	-	-		-	-		2	-		2	-	
Currency impact	-	2		-	3		-	4		-	9	
Exceptional items	3	6		5	2		2	2		10	10	
Adjusted	14	13	14%	23	13	76%	44	65	(33)%	81	91	(11)%

Note (i): RS - Rental Solutions; PSI - Power Solutions Industrial; PSU - Power Solutions Utility

Note (ii): the currency impact is calculated by taking 2016 numbers in local currency and retranslating them at 2017 average rates.

Exceptional Items

An exceptional charge of £10 million before tax was recorded in the six months to 30 June 2017 in respect of the Group's business priorities implementation. These costs include employment costs, professional fees, severance costs and facility closure costs directly related to the implementation.

Interest

The net interest charge of £16 million was £5 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 17 times (2016: 25 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 28% which is the same as the first half last year.

Dividends

The Board has decided to pay an interim dividend of 9.38 pence per ordinary share which is maintained in line with last year; dividend cover is 1.9 times (30 June 2016: 2.1 times). This interim dividend will be paid on 6 October 2017 to shareholders on the register at 8 September 2017, with an ex-dividend date of 7 September 2017. Dividend cover is calculated as basic earnings per share for the period divided by dividend per share.

Cashflow

The net cash inflow from operations during the period totalled £184 million (2016: £100 million). The increase in cash inflow from operations was mainly driven by reduction in the working capital outflow of £63 million. This funded capital expenditure of £128 million (2016: £98 million). Of the £128 million, £115 million (2016: £91 million) was spent on fleet.

Net debt was £683 million at 30 June 2017, £49 million higher than the prior year. There are a number of movements driving the increase, including £10 million in currency, notably the weakening of sterling against the US dollar, and the acquisitions noted above. This resulted in net debt to EBITDA on a rolling 12-month basis of 1.3 times compared to 1.2 times at June 2016.

The increase in operating cash inflow is mainly driven by lower working capital outflows year on year with an outflow of £38 million in 2017 compared to £101 million outflow in 2016. This year's outflow is the net of a £65 million inflow from trade and other payables, as our now established procurement function has worked to improve supplier terms and leverage our scale and spend. However trade and other receivables has more than offset this improvement increasing £103 million which is explained as follows.

The increase in trade and other receivables is broken down by business unit as a: £5 million decrease in Rental Solutions; a £34 million increase in Power Solutions Industrial and a £74 million increase in the Power Solutions Utility business. The increase in Power Solutions Industrial is driven by the 20% increase in revenue. In Power Solutions Utility, £36 million of the increase in the debtor book relates to new contracts in Brazil which have recently been commissioned and include fuel, therefore the revenue per megawatt generated is much greater; the balance outstanding is in line with commercial terms and there is no issue with the recoverability. The remaining increase is driven by a few customers in Africa who are taking longer to pay given restrictions on liquidity and

access to US Dollars. None of these customers dispute the debt, amounts have been received from each in the year to date and payment plans are being agreed to clear the overdue amounts.

Recognising the increase in overdue debt, the Power Solutions Utility debtor provision has increased to \$73 million, \$10 million higher than December 2016.

At the start of this year we initiated a project to reduce our working capital. In the first six months, we have focused on our largest businesses and have dedicated work streams for payables, receivables and inventory. We have made good progress on payables and are starting to make progress with inventory. As we anticipated, the biggest challenge is the Power Solutions Utility debtor book which is an area of particular focus. The project is ongoing and we will provide a further update at the year end.

Financial Resources

The Group maintains sufficient facilities to meet its normal funding requirements over the medium term. At 30 June 2017, these facilities totalled £1,295 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 2017, these stood at a comfortable 17 times and 1.3 times respectively. The maturity profile of the borrowings is detailed in Note 11 in the Accounts.

Net debt amounted to £683 million at 30 June 2017 and, at that date, un-drawn committed facilities were £625 million.

Net Operating Assets

The net operating assets of the Group (including goodwill) at 30 June 2017 totalled £2,070 million, £79 million higher than the same period in 2016. Excluding the impact of currency net operating assets are £34 million higher. The main components of net operating assets are detailed in the table below.

£ MILLION	2017	2016	MOVEMENT	MOVEMENT EXCLUDING THE IMPACT OF CURRENCY
Rental Fleet	1,157	1,131	2%	-%
Property & Plant	106	99	7%	6%
Inventory	238	233	2%	-%
Net Trade Debtors	480	376	27%	25%

A key measure of Aggreko's performance is the return (expressed as adjusted operating profit) generated from average net operating assets (ROCE). For each half year reporting period, we calculate ROCE by taking the 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 2017 the ROCE decreased to 12% compared with 14% for the same period in 2016 driven by the decrease in the Group operating margin.

Acquisitions

The Group completed two acquisitions in the six months to 30 June 2017. On 14 June 2017, the Group acquired Kerta Bumni Tekindo (KBT), an Indonesia-based power rental company for a total consideration of £25 million (\$33 million). On 27 January 2017, the Group acquired TuCo Industrial Products Inc., a temporary heat and air conditioning company for a total consideration of £3 million. Details of these acquisitions is contained in Note 15 to the Accounts. In addition on 3 July we announced an agreement to acquire Younicos, a global market leader in the development and deployment of integrated energy systems, based on battery storage. The cost of the acquisition was £40 million and in addition there will be a net debt/cash adjustment of circa £7 million payable.

Shareholders' Equity

Shareholders' equity decreased by £56 million to £1,312 million in the six months ended 30 June 2017, represented by the net assets of the Group of £1,995 million before net debt of £683 million. The movements in shareholders' equity are analysed in the table below:

MOVEMENTS IN SHAREHOLDERS' EQUITY	£ MILLION	£ MILLION
AS AT 1 JANUARY 2017		1,368
Profit for the period post exceptional items	38	
Dividend ⁶	(45)	
Retained earnings		(7)
Employee share awards		4
Re-measurement of retirement benefits		(1)
Currency translation		(54)
Movement in hedging reserve		2
AS AT 30 JUNE 2017		1,312

Principal Risks and Uncertainties

In the day to day operations of the Group, we face risks and uncertainties. We aim to mitigate and manage these risks and to aid this the Board has a risk management process which is described on pages 52 to 53 of the 2016 Annual Report and Accounts. Also set out on pages 52 to 60 of that report are the principal risks and uncertainties which we believe could potentially impact the Group, and these are summarised below:

- Market dynamics – Rental Solutions;
- Market dynamics – Power Solutions;
- Change management relating to our business priorities;
- Talent management;
- Technology – market introduction;
- Cyber security;
- Security;
- Health and safety;
- Environment;
- Failure to conduct business dealings with integrity and honesty;
- Taxation;
- Failure to collect payments or to recover assets.

⁶ Reflects the final dividend for 2016 of 17.74 pence per share (2015: 17.74 pence) that was paid during the period.

In the main we do not believe that the principal risks and uncertainties facing the business have changed materially since the publication of the Annual Report and we believe these will continue to be the same in the second half of the year.

Shareholder information

Our website can be accessed at 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

Carole Cran
Chief Financial Officer

2 August 2017

GROUP INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2017 (UNAUDITED)

	NOTES	6 MONTHS ENDED 30 JUNE 2017			6 MONTHS ENDED 30 JUNE 2016		
		TOTAL BEFORE EXCEPTIONAL ITEMS 2017 £ MILLION	EXCEPTIONAL ITEMS (NOTE 6) 2017 £ MILLION	2017 £ MILLION	TOTAL BEFORE EXCEPTIONAL ITEMS 2016 £ MILLION	EXCEPTIONAL ITEMS 2016 £ MILLION	2016 £ MILLION
Revenue	4	792	-	792	685	-	685
Cost of sales		(375)	(1)	(376)	(309)	-	(309)
Gross profit		417	(1)	416	376	-	376
Distribution costs		(232)	(3)	(235)	(214)	-	(214)
Administrative expenses		(108)	(6)	(114)	(85)	(10)	(95)
Other income		2	-	2	5	-	5
Operating profit	4	79	(10)	69	82	(10)	72
Net finance costs							
- Finance cost		(17)	-	(17)	(12)	-	(12)
- Finance income		1	-	1	1	-	1
Profit before taxation		63	(10)	53	71	(10)	61
Taxation	8	(18)	3	(15)	(20)	2	(18)
Profit for the period		45	(7)	38	51	(8)	43
All profit for the period is attributable to the owners of the Company.							
Basic earnings per share (pence)	7	17.89	(2.91)	14.98	19.83	(3.04)	16.79
Diluted earnings per share (pence)	7	17.88	(2.90)	14.98	19.81	(3.04)	16.77

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2017 (UNAUDITED)

	6 MONTHS ENDED 30 JUNE 2017 £ MILLION	6 MONTHS ENDED 30 JUNE 2016 £ MILLION
Profit for the period	38	43
Other comprehensive (loss)/income		
<i>Items that will not be reclassified to profit or loss</i>		
Remeasurement of retirement benefits	(1)	(9)
<i>Items that may be reclassified subsequently to profit or loss</i>		
Cash flow hedges	2	1
Net exchange (losses)/gains offset in reserves	(54)	150
Other comprehensive (loss)/income for the period	(53)	142
Total comprehensive (loss)/income for the period	(15)	185

GROUP INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2016

		TOTAL BEFORE EXCEPTIONAL ITEMS	EXCEPTIONAL ITEMS	2016
	NOTES	£ MILLION	£ MILLION	£ MILLION
Revenue	4	1,515	-	1,515
Cost of sales		(664)	(30)	(694)
Gross profit		851	(30)	821
Distribution costs		(430)	-	(430)
Administrative expenses		(182)	(19)	(201)
Other income		9	-	9
Operating profit	4	248	(49)	199
Net finance costs				
- Finance cost		(29)	-	(29)
- Finance income		2	-	2
Profit before taxation		221	(49)	172
Taxation	8	(63)	16	(47)
Profit for the year		158	(33)	125
All profit for the period is attributable to the owners of the Company.				
Basic earnings per share (pence)	7	61.98	(13.10)	48.88
Diluted earnings per share (pence)	7	61.95	(13.09)	48.86

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2016

	2016 £ MILLION
Profit for the period	125
Other comprehensive income/(loss)	
<i>Items that will not be reclassified to profit or loss</i>	
Remeasurement of retirement benefits	(29)
Taxation on remeasurement of retirement benefits	5
<i>Items that may be reclassified subsequently to profit or loss</i>	
Cashflow hedges	1
Taxation on cashflow hedges	-
Net exchange gains offset in reserves	220
Other comprehensive income for the period (net of tax)	197
Total comprehensive income for the period	322

GROUP BALANCE SHEET

AS AT 30 JUNE 2017 (UNAUDITED)

	NOTES	30 JUNE 2017 £ MILLION	30 JUNE 2016 £ MILLION	31 DEC 2016 £ MILLION
Non-current assets				
Goodwill		153	144	159
Other intangible assets		23	17	24
Property, plant and equipment	9	1,263	1,230	1,309
Deferred tax asset		52	32	51
		1,491	1,423	1,543
Current assets				
Inventories		238	233	247
Trade and other receivables	10	736	611	656
Cash		51	51	44
Derivative financial instruments		1	3	1
Current tax assets		25	29	20
		1,051	927	968
Total assets		2,542	2,350	2,511
Current liabilities				
Borrowings	11	(137)	(65)	(60)
Derivative financial instruments		(1)	(2)	(2)
Trade and other payables		(358)	(277)	(299)
Current tax liabilities		(44)	(57)	(58)
Provisions		(1)	(2)	(1)
		(541)	(403)	(420)
Non-current liabilities				
Borrowings	11	(597)	(620)	(633)
Derivative financial instruments		(4)	(7)	(5)
Deferred tax liabilities		(55)	(58)	(55)
Retirement benefit obligation		(30)	(11)	(30)
Contingent consideration	15	(3)	-	-
		(689)	(696)	(723)
Total liabilities		(1,230)	(1,099)	(1,143)
Net assets		1,312	1,251	1,368
Shareholders' equity				
Share capital		42	42	42
Share premium		20	20	20
Treasury shares		(8)	(15)	(14)
Capital redemption reserve		13	13	13
Hedging reserve (net of deferred tax)		(1)	(3)	(3)
Foreign exchange reserve		17	1	71
Retained earnings		1,229	1,193	1,239
Total shareholders' equity		1,312	1,251	1,368

GROUP CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2017 (UNAUDITED)

	NOTES	6 MONTHS ENDED 30 JUNE 2017 £ MILLION	6 MONTHS ENDED 30 JUNE 2016 £ MILLION	YEAR ENDED 31 DEC 2016 £ MILLION
Operating activities				
Profit for the period		38	43	125
Adjustments for:				
Exceptional items		10	10	19
Exceptional - impairment charge		-	-	30
Tax		15	18	47
Depreciation		149	135	281
Amortisation of intangibles		2	2	4
Finance income		(1)	(1)	(2)
Finance cost		17	12	29
Profit on sale of PPE		(2)	(5)	(9)
Share based payments		4	2	6
Changes in working capital (excluding the effects of exchange differences on consolidation):				
Increase in inventories		-	(22)	(21)
Increase in trade and other receivables		(103)	(73)	(81)
Increase/(decrease) in trade and other payables		65	(6)	(17)
Cash flows relating to exceptional items		(10)	(15)	(23)
Cash generated from operations		184	100	388
Tax paid		(33)	(22)	(64)
Interest received		1	1	2
Interest paid		(18)	(12)	(28)
Net cash generated from operating activities		134	67	298
Cash flows from investing activities				
Acquisitions (net of cash acquired)	15	(10)	-	(22)
Acquisitions: repayment of loans and financing	15	(18)	-	-
Purchases of property, plant and equipment (PPE)		(128)	(98)	(263)
Purchase of other intangible assets		(2)	-	(5)
Proceeds from sale of PPE		6	14	23
Net cash used in investing activities		(152)	(84)	(267)
Cash flows from financing activities				
Increase in long-term loans		615	204	393
Repayment of long-term loans		(551)	(159)	(373)
Net movement in short-term loans		(10)	22	18
Dividends paid to shareholders		(45)	(45)	(69)
Purchase of treasury shares		-	(8)	(8)
Net cash from/(used in) financing activities		9	14	(39)
Net decrease in cash and cash equivalents		(9)	(3)	(8)
Cash and cash equivalents at beginning of the period		25	32	32
Exchange gain on cash and cash equivalents		-	2	1
Cash and cash equivalents at end of the period		16	31	25

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

FOR THE SIX MONTHS ENDED 30 JUNE 2017 (UNAUDITED)

		6 MONTHS ENDED 30 JUNE 2017 £ MILLION	6 MONTHS ENDED 30 JUNE 2016 £ MILLION	YEAR ENDED 31 DEC 2016 £ MILLION
	NOTES			
Decrease in cash and cash equivalents		(9)	(3)	(8)
Cash inflow from movement in debt		(54)	(67)	(38)
Changes in net debt arising from cash flows		(63)	(70)	(46)
Exchange gain/(loss)		29	(75)	(114)
Movement in net debt in period		(34)	(145)	(160)
Net debt at beginning of period		(649)	(489)	(489)
Net debt at end of period	11	(683)	(634)	(649)

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2017 (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	42	20	(14)	13	(3)	71	1,239	1,368
Profit for the period	-	-	-	-	-	-	38	38
Other comprehensive (loss)/income:								
Fair value gains on interest rate swaps	-	-	-	-	2	-	-	2
Currency translation differences (Note (i))	-	-	-	-	-	(54)	-	(54)
Re-measurement of retirement benefits (net of tax)	-	-	-	-	-	-	(1)	(1)
Total comprehensive income for the period ended 30 June 2017	-	-	-	-	2	(54)	37	(15)
Transactions with owners:								
Employee share awards	-	-	-	-	-	-	4	4
Issue of ordinary shares to employees under share option schemes (Note (ii))	-	-	6	-	-	-	(6)	-
Dividends paid during the period	-	-	-	-	-	-	(45)	(45)
	-	-	6	-	-	-	(47)	(41)
Balance at 30 June 2017	42	20	(8)	13	(1)	17	1,229	1,312

(i) The currency translation difference is explained in the Financial Review on page 14.

(ii) 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.

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2017 (UNAUDITED)

AS AT 30 JUNE 2016	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 2016	42	20	(9)	13	(4)	(149)	1,202	1,115
Profit for the period	-	-	-	-	-	-	43	43
Other comprehensive (loss)/income:								
Fair value gains on foreign currency cash flow hedge	-	-	-	-	2	-	-	2
Transfers from hedging reserve to revenue	-	-	-	-	(1)	-	-	(1)
Currency translation differences	-	-	-	-	-	150	-	150
Re-measurement of retirement benefits (net of tax)	-	-	-	-	-	-	(9)	(9)
Total comprehensive income for the period ended 30 June 2016	-	-	-	-	1	150	34	185
Transactions with owners:								
Purchase of treasury shares	-	-	(8)	-	-	-	-	(8)
Employee share awards	-	-	-	-	-	-	4	4
Issue of ordinary shares to employees under share option schemes (Note (i))	-	-	2	-	-	-	(2)	-
Dividends paid during the period	-	-	-	-	-	-	(45)	(45)
	-	-	(6)	-	-	-	(43)	(49)
Balance at 30 June 2016	42	20	(15)	13	(3)	1	1,193	1,251

- (i) During the period 109,434 Ordinary shares have been transferred from the Employee Benefit Trust to satisfy the Restricted Stock Schemes. In addition 19,638 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 2017 (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 2 August 2017.

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 2016 were approved by the Board on 7 March 2017 and delivered to the Registrar of Companies. The report of the auditors 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 auditors, whose report is on page 38.

2. BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2017 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 2016, which have been prepared in accordance with IFRSs as adopted by the European Union.

Going concern basis

The Group's banking facilities are primarily in the form of committed bank facilities arranged on a bilateral basis with a number of international banks and private placement notes; facilities totalled £1,295 million at 30 June 2017. The financial covenants attached to these facilities are that EBITDA should be no less than 4 times interest (30 June 2017: 17 times excluding exceptional items) and net debt should be no more than 3 times EBITDA (30 June 2017: 1.3 times excluding exceptional items). The Group does not consider that these covenants are restrictive to its operations. The maturity profile of the borrowings is detailed in Note 11 to the Accounts. Having reassessed the principal risks and the Group's forecasts and projections, the directors considered it appropriate to adopt the going concern basis of accounting in preparing the interim financial information.

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 2016, as described in those annual financial statements.

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

3. ACCOUNTING POLICIES CONTINUED

New and amended standards adopted by the Group

There are no new IFRSs or IFRICs that are effective for the first time this year that have a material impact on the Group.

New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2017 and not early adopted

IFRS 15, 'Revenue from contracts with customers' 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 when a customer obtains control of a good or service and thus has the ability to direct the use and obtain benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018. The Group has substantially completed its assessment of the impact of this standard and the main changes we expect from adopting IFRS 15 are:

- Mobilisation costs will be amortised over the contract period instead of being recognised as incurred as equipment is mobilised before power is produced. Demobilisation costs, if they can be measured reliably, will also be amortised over the contract period instead of being recognised as incurred at the end of the contract. There is a difference in the definition of contract period for mobilisation costs and demobilisation costs. In the former the contract period is re-assessed for agreed extensions. In the latter the contract period is re-assessed if there is a high probability of an extension however it doesn't need to be agreed with the customer.
- Mobilisation and demobilisation income (where timing is specifically stipulated in the contract in order to match the timing of associated costs) will be recognised during the period of provision of power.
- Judgement will be required around whether there is any restriction in recognising variable revenue due to penalty clauses in the contracts however the probability of this is small.
- On some contracts there may be more than one performance obligation however we expect the impact of this to be small.

We expect to be able to give an indication as to the likely effect on the annual results of implementing IFRS 15 in the 2017 Annual Report.

IFRS 9, 'Financial instruments' addresses the classification, measurement and recognition of financial assets and liabilities. The standard is effective for accounting periods beginning on or after 1 January 2018. An impact assessment will be carried out during half two 2017 but we do not expect this standard to have a material impact on the Group.

IFRS 16, 'Leases' applies to annual periods beginning on or after 1 January 2019. IFRS 16 requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The Group will assess the impact of IFRS 16 closer to the implementation date however the main impact is expected to be the recognition of £92 million of operating leases as right of use assets with a corresponding liability based on the information as at 31 December 2016. This will be updated during half two 2017.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

4. SEGMENTAL REPORTING

(a) Revenue by segment

	EXTERNAL REVENUE		
	6 MONTHS ENDED 30 JUNE 2017 £ MILLION	6 MONTHS ENDED 30 JUNE 2016 £ MILLION	YEAR ENDED 31 DEC 2016 £ MILLION
Power Solutions			
Industrial	167	117	262
Utility	306	288	624
	473	405	886
Rental Solutions	319	280	629
Group	792	685	1,515

(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.

(b) Profit by segment

	OPERATING PROFIT		
	6 MONTHS ENDED 30 JUNE 2017 £ MILLION	6 MONTHS ENDED 30 JUNE 2016 £ MILLION	YEAR ENDED 31 DEC 2016 £ MILLION
Power Solutions			
Industrial	23	10	32
Utility	42	61	164
	65	71	196
Rental Solutions	14	11	52
	79	82	248
Operating profit pre-exceptional items			
Exceptional items (Note 6)	(10)	(10)	(49)
	69	72	199
Operating profit post-exceptional items			
Finance costs - net	(16)	(11)	(27)
	53	61	172
Profit before taxation			
Taxation	(15)	(18)	(47)
	38	43	125
Profit for the period/year			

4. SEGMENTAL REPORTING CONTINUED

(c) Depreciation and amortisation by segment

	6 MONTHS ENDED 30 JUNE 2017 £ MILLION	6 MONTHS ENDED 30 JUNE 2016 £ MILLION	YEAR ENDED 31 DECEMBER 2016		
			BEFORE EXCEPTIONAL CHARGES 2016 £ MILLION	IMPAIRMENT CHARGES 2016 £ MILLION	TOTAL 2016 £ MILLION
Power Solutions					
Industrial	36	30	63	-	63
Utility	67	61	127	-	127
	103	91	190	-	190
Rental Solutions	48	46	95	30	125
Group	151	137	285	30	315

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

	6 MONTHS ENDED 30 JUNE 2017 £ MILLION	6 MONTHS ENDED 30 JUNE 2016 £ MILLION	YEAR ENDED 31 DEC 2016 £ MILLION
Industrial	14	24	43
Utility	108	34	144
	122	58	187
Rental Solutions	32	40	94
Group	154	98	281

- (i) The net book value of total Group disposals of PPE during the period were £4 million. (30 June 2016: £9 million, 31 Dec 2016: £14 million).
- (ii) Capital expenditure comprises additions of property, plant and equipment (PPE) of £128 million (30 June 2016: £98 million, 31 December 2016: £263 million), additions of intangible assets of £2 million (30 June 2016: £nil, 31 December 2016: £5 million), acquisitions of PPE of £24 million (30 June 2016: £nil, 31 December 2016: £10 million), and acquisitions of intangible assets of £nil (30 June 2016: £nil, 31 December 2016: £3 million).

4. SEGMENTAL REPORTING CONTINUED

(e) Assets/(Liabilities) by segment

	ASSETS			LIABILITIES		
	30 JUNE	30 JUNE	31 DEC	30 JUNE	30 JUNE	31 DEC
	2017	2016	2016	2017	2016	2016
	£ MILLION	£ MILLION	£ MILLION	£ MILLION	£ MILLION	£ MILLION
Power Solutions						
Industrial	588	514	491	(66)	(45)	(44)
Utility	1,116	1,013	1,169	(216)	(153)	(177)
	1,704	1,527	1,660	(282)	(198)	(221)
Rental Solutions	760	759	779	(112)	(97)	(94)
Group	2,464	2,286	2,439	(394)	(295)	(315)
Tax and finance payable	77	61	71	(102)	(119)	(117)
Derivative financial instruments	1	3	1	(5)	(9)	(7)
Borrowings	-	-	-	(699)	(665)	(674)
Retirement benefit obligation	-	-	-	(30)	(11)	(30)
Total assets/(liabilities) per balance sheet	2,542	2,350	2,511	(1,230)	(1,099)	(1,143)

(f) Geographical information

	REVENUE			NON-CURRENT ASSETS		
	30 JUNE	30 JUNE	31 DEC	30 JUNE	30 JUNE	31 DEC
	2017	2016	2016	2017	2016	2016
	£ MILLION	£ MILLION	£ MILLION	£ MILLION	£ MILLION	£ MILLION
North America	167	150	337	259	289	286
UK	42	37	82	170	103	101
Continental Europe	60	53	123	131	100	110
Eurasia	39	16	41	66	43	61
Middle East	89	67	144	210	200	264
Africa	119	110	243	191	217	231
Asia	78	73	164	146	130	130
Auspac	46	39	80	67	68	69
Latin America	152	140	301	199	241	240
	792	685	1,515	1,439	1,391	1,492

Non-current assets exclude Deferred tax.

5. DIVIDENDS

The dividends paid in the period were:

	6 MONTHS ENDED 30 JUNE 2017	6 MONTHS ENDED 30 JUNE 2016	YEAR ENDED 31 DEC 2016
Total dividend (£ million)	45	45	69
Dividend per share (pence)	17.74	17.74	27.12

The interim dividend for the period was 9.38 pence (2016: 9.38 pence), amounting to a total dividend of £24 million (2016: £24 million). This interim dividend will be paid on 6 October 2017 to shareholders on the register on 8 September 2017, with an ex-dividend date of 7 September 2017.

6. EXCEPTIONAL ITEMS

An exceptional charge of £10 million before taxation was recorded in the period in respect of the Group's business priorities implementation. The costs comprise £7 million of employee costs, £2 million of professional fees and £1 million of property related costs. The employee costs relate to severance costs as well as the costs of employees who are working full time on the business priorities implementation. This exceptional charge can be split into Rental Solutions £3 million, Power Solutions – Industrial £5 million and Power Solutions – Utility £2 million.

7. 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.

	30 JUNE 2017	30 JUNE 2016	31 DEC 2016
Profit for the period (£ million)	38	43	125
Weighted average number of ordinary shares in issue (million)	254	256	255
Basic earnings per share (pence)	14.98	16.79	48.88

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.

7. EARNINGS PER SHARE CONTINUED

	30 JUNE 2017	30 JUNE 2016	31 DEC 2016
Profit for the period (£ million)	38	43	125
Weighted average number of ordinary shares in issue (million)	254	256	255
Adjustment for share options	-	-	-
Diluted weighted average number of ordinary shares in issue (million)	254	256	255
Diluted earnings per share (pence)	14.98	16.77	48.86

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:

	30 JUNE 2017	30 JUNE 2016	31 DEC 2016
	£ MILLION	£ MILLION	£ MILLION
Profit for the period	38	43	125
Exclude exceptional items (net of tax)	7	8	33
Adjusted earnings	45	51	158
An adjusted earnings per share figure is presented below.			
Basic earnings per share pre-exceptional items (pence)	17.89	19.83	61.98
Diluted earnings per share pre-exceptional items (pence)	17.88	19.81	61.95

8. TAXATION

The taxation charge for the period is based on an estimate of the Group's expected annual effective rate of tax for 2017 based on prevailing tax legislation at 30 June 2017. This is currently estimated to be 28% on profits before exceptional items and 25% for exceptional items (June 2016: 28%; December 2016: 28% on profits before exceptional items and June 2016: 19%; December 2016: 32% on exceptional items).

9. PROPERTY, PLANT AND EQUIPMENT

SIX MONTHS ENDED 30 JUNE 2017					
	FREEHOLD PROPERTIES £ MILLION	SHORT LEASEHOLD PROPERTIES £ MILLION	FLEET £ MILLION	VEHICLES, PLANT & EQUIPMENT £ MILLION	TOTAL £ MILLION
Cost					
At 1 January 2017	91	22	3,475	136	3,724
Exchange adjustments	(2)	-	(135)	(3)	(140)
Additions	-	-	115	13	128
Acquisitions (Note 15)	-	-	24	-	24
Disposals	-	(1)	(34)	(1)	(36)
At 30 June 2017	89	21	3,445	145	3,700
Accumulated depreciation					
At 1 January 2017	36	16	2,272	91	2,415
Exchange adjustments	(1)	-	(92)	(2)	(95)
Charge for the period	2	1	138	8	149
Disposals	-	(1)	(30)	(1)	(32)
At 30 June 2017	37	16	2,288	96	2,437
Net book values					
At 30 June 2017	52	5	1,157	49	1,263
At 31 December 2016	55	6	1,203	45	1,309

10. TRADE AND OTHER RECEIVABLES

	30 JUNE 2017 £ MILLION	30 JUNE 2016 £ MILLION	31 DEC 2016 £ MILLION
Trade receivables	553	458	521
Less: provision for impairment of receivables	(73)	(82)	(67)
Trade receivables - net	480	376	454
Prepayments	45	63	38
Accrued income	140	125	109
Other receivables (Note (i))	71	47	55
Total receivables	736	611	656
Provision for impairment of receivables			
	30 JUNE 2017 £ MILLION	30 JUNE 2016 £ MILLION	31 DEC 2016 £ MILLION
Power Solutions			
Industrial	7	8	7
Utility	56	67	52
	63	75	59
Rental Solutions	10	7	8
Group	73	82	67

- (i) Other receivables include £8 million (30 June 2016: £nil, 31 December 2016: £8 million) of private placement notes with one customer in Venezuela (PDVSA). The financial instrument was booked at fair value which reflects our estimation of the recoverability of these notes.

11. BORROWINGS

	30 JUNE 2017 £ MILLION	30 JUNE 2016 £ MILLION	31 DEC 2016 £ MILLION
Non-current			
Bank borrowings	96	338	329
Private placement notes	501	282	304
	597	620	633
Current			
Bank overdrafts	35	20	19
Bank borrowings	44	45	41
Private placement notes	58	-	-
	137	65	60
Total borrowings	734	685	693
Short-term deposits	(6)	-	(1)
Cash at bank and in hand	(45)	(51)	(43)
Net borrowings	683	634	649
Overdrafts and borrowings are unsecured.			
The maturity of financial liabilities			
The maturity profile of the borrowings was as follows:			
	30 JUNE 2017 £ MILLION	30 JUNE 2016 £ MILLION	31 DEC 2016 £ MILLION
Within 1 year, or on demand	137	65	60
Between 1 and 2 years	82	225	97
Between 2 and 3 years	33	108	150
Between 3 and 4 years	135	81	127
Between 4 and 5 years	-	132	178
Greater than 5 years	347	74	81
	734	685	693

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 £3 million categorised as level 2 and forward foreign currency contracts representing an asset of £1 million and a liability of £1 million, which are considered to be level 1. 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. The fair value of the KBT contingent consideration arrangement of £7 million (note 15) was estimated by assessing the expected growth of KBT post acquisition. No discount rate has been applied to the fair value estimate of the contingent consideration as this has a negligible effect on the fair value. This is considered to be level 2. There are no financial instruments measured as level 3.

12. CAPITAL COMMITMENTS

	30 JUNE 2017 £ MILLION	30 JUNE 2016 £ MILLION	31 DEC 2016 £ MILLION
Contracted but not provided for (property, plant and equipment)	55	27	22

13. 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.

14. 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.

15. ACQUISITIONS

KBT (Kerta Bumi Tekindo)

On 14 June 2017 the Group acquired 95% of the share capital of KBT, an Indonesia-based power rental company for a maximum consideration of £25 million.

Included within this maximum consideration is £7 million which was deposited into an escrow account as contingent consideration. The total potential undiscounted amount of all future payments that the seller could be entitled to under the acquisition agreement is between £nil and £7 million payable after year 1 and year 3.

	£ MILLION
Current contingent consideration	4
Non-current contingent consideration	3
Total contingent consideration	<u>7</u>

These amounts are dependent upon a number of conditions relating to the contracts in place at the acquisition date. Deductions will be made for the following:

- Any contracts that:
 - are off-hired
 - are expired or have been terminated or
 - have extended at terms lower than those currently in place
- Any claims against the contract including overdue trade receivables, tax or misrepresentations,

The revenue and operating profit included in the consolidated income statement from 14 June 2017 to 30 June 2017 contributed by KBT was negligible. Had KBT been consolidated from 1 January 2017, the consolidated income statement for the period ended 30 June 2017 would show revenue and operating profit of £799 million and £69 million respectively.

The acquisition method of accounting has been adopted and the goodwill arising on the purchase will be capitalised. Acquisition related costs of £0.4 million have been expensed in the period and are included within administrative expenses in the income statement.

15. ACQUISITIONS CONTINUED

KBT (Kerta Bumni Tekindo) Continued

The details of the transaction and fair value of assets acquired are shown below:

	FAIR VALUE £ MILLION
Property, plant & equipment	23
Trade and other receivables	3
Trade and other payables	(1)
Loans and financing	(18)
Net assets acquired	7
Goodwill	-
Contingent consideration	7
Add loans and financing settled	18
Net cash outflow	25

The fair values are provisional and will be finalised during half two 2017.

TuCo Industrial Products Inc

On 27 January 2017 the Group completed the acquisition of the business and assets of TuCo Industrial Products Inc (TuCo). TuCo specialises in providing temporary heat and air conditioning equipment to the construction, industrial, commercial and special events industries. The purchase consideration paid in cash was £3 million.

The revenue and operating profit included in the consolidated income statement from 27 January 2017 to 30 June 2017 contributed by TuCo was £1.4 million and £0.5 million respectively. Had TuCo been consolidated from 1 January 2017, the consolidated income statement for the period ended 30 June 2017 would show revenue and operating profit of £793 million and £69 million respectively.

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

The details of the transaction and fair value of assets acquired are shown below:

	FAIR VALUE £ MILLION
Property, plant & equipment	1
Inventory	1
Net assets acquired	2
Goodwill	1
Consideration per cash flow statement	3

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 assets.

16. POST BALANCE SHEET EVENTS

On 3 July 2017 the Group announced the acquisition of Younicos, a global market leader in the development and deployment of integrated energy systems based on battery storage. The cost of the acquisition was £40 million and in addition there will be a net debt/cash adjustment of circa £7 million payable. For the year ended 31 December 2016 Younicos had revenues of £7 million and made an operating loss of £15 million.

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 2016.

By order of the Board

Chris Weston
Chief Executive Officer

Carole Cran
Chief Financial Officer

2 August 2017

INDEPENDENT REVIEW REPORT TO AGGREKO PLC

Conclusion

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 2017 which comprises the Group Income Statement, Group Statement of Comprehensive Income, Group Balance Sheet, Group Cash Flow Statement, Group Statement of Changes in Equity, 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 2017 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
2 August 2017