



# Full Year Results

For the year ending 31 December 2014

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Ken Hanna, Chairman

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**Initial Impressions**

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**2015 Outlook**

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Carole Cran, CFO





# Introduction

Ken Hanna, Chairman

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# Initial Impressions

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# 2014 Performance Review

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# 2014: a solid trading performance in a challenging year

## Highlights

- Strong growth in Americas and good growth in EMEA
- £200m return of value to shareholders
- Balance sheet remains strong at 0.9x net debt to EBITDA

## Lowlights

- Challenging trading conditions in APAC
- Continuing to work through the challenges with our HFO product
- Difficult operating conditions in a number of our markets



# Solid financial performance

Underlying revenue up 9%

Underlying trading profit down 2%

Underlying margin at 20%

EPS down 10% driven by currency

Dividend increase of 3%

£m	FY14	FY13	Reported Change	Underlying Change
Revenue	1,577	1,573	-%	9%
Revenue excl. pass-through fuel	1,529	1,531	-%	9%
Trading profit	306	352	(13)%	(2)%
Operating profit	310	358	(13)%	
Net interest expense	(21)	(25)	15%	
Profit before tax	289	333	(13)%	
Tax	(74)	(87)	15%	
Profit after tax	215	246	(13)%	
Diluted earnings per share	82.5p	92.0p	(10)%	
Dividends per share (declared)	27.1p	26.3p	3%	

*Underlying excludes pass-through fuel and currency translation.*

# Underlying growth across both businesses

**Solid performance in Local;  
underlying revenue up 8%**

**Good performance in Power  
Projects; underlying revenue  
up 10%**

**Broadly in line with strategic  
targets**

	Revenue			Trading profit		
	FY14 £m	FY13 £m	Underlying %	FY14 £m	FY13 £m	Underlying %
Local Business	904	838	8%	139	144	(4)%
	Trading Margin:			16%	17%	
	ROCE:			15%	17%	
Power Projects (ex fuel)	625	567	10%	170	170	-%
	Trading Margin:			27%	30%	
	ROCE:			25%	27%	
Total (ex fuel)	1,529	1,405	9%	309	314	(2)%
	Trading Margin:			20%	22%	
	ROCE:			19%	21%	

*Underlying excludes pass-through fuel and currency translation.*



# Strong performance in the Americas

Local business underlying revenue up 12%

Power Projects revenue up 39% despite £20m military reduction

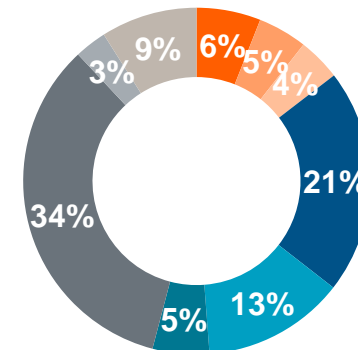
Underlying margins and returns stable

Good start to 2015 with contract awards

Monitoring potential impact of lower oil price

£m	FY14	FY13	Reported Change	Underlying Change
Local	457	445	3%	12%
Power Projects	227	200	13%	39%
Revenue	684	645	6%	19%
Trading Profit	141	147	(4)%	17%
Trading Margin	21%	23%		
ROCE	19%	20%		

## Revenue by sector FY14



Underlying excludes currency translation

# Challenging year in APAC

Local business underlying revenue down 9%

Power Projects underlying revenue down 15%, down 9% excluding Japan

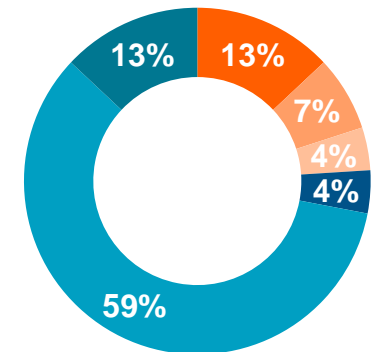
Substantial decline in margins and returns

Solid start to 2015 with contract award and extension

£m	FY14	FY13	Reported Change	Underlying Change
Local	105	128	(18)%	(9)%
Power Projects	141	175	(20)%	(15)%
Revenue	246	303	(19)%	(13)%
Trading Profit	49	91	(46)%	(42)%
Trading Margin	20%	30%		
ROCE	16%	25%		

Revenue by sector FY14

- Mining
- Oil & Gas
- Construction
- Contracting
- Utilities
- Other



Underlying excludes currency translation

# Good performance in EMEA

Local business underlying revenue up 9%

Power Projects underlying revenue up 8% and good level of contract awards

Margins and returns stable

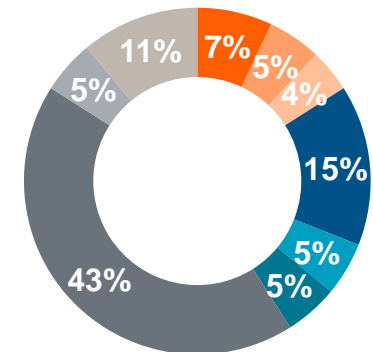
Difficult operating environment remains

Good start to 2015 with events contract award and multi year contract extension

£m	FY14	FY13	Reported Change	Underlying Change
Local	341	331	3%	9%
Power Projects	258	252	3%	8%
Revenue	599	583	3%	9%
Trading Profit	119	116	2%	10%
Trading Margin	20%	20%		
ROCE	21%	21%		

## Revenue by sector FY14

- Events
- Services
- Mining
- Oil & Gas
- Construction
- Contracting
- Utilities
- Manufacturing
- Other



*Underlying excludes currency translation and pass through fuel*

# Solid operating cashflow

Working capital outflow driven by debtors

Capex around 1x depreciation

£200m return of value in Q2 2014

£m	FY14	FY13
Operating Profit	310	358
Depreciation	262	278
EBITDA	572	636
Working Capital	(73)	(25)
Other	(1)	(8)
Operating Cash Flow	498	603
Tax	(77)	(68)
Net Interest	(20)	(26)
Purchase of Fixed Assets	(251)	(228)
Proceeds from Fixed Asset Disposals	12	14
Acquisitions	(4)	-
Free Cash Flow	158	295
Dividends	(70)	(66)
Return of Value & Changes in Equity	(195)	-
Net Cash Flow	(107)	229
Exchange	(24)	1
Movement in Net Debt	(131)	230

# Fleet utilisation continues to improve

Power Projects and Local utilisation continued to improve

£14m of Local business capex funded from PP

290 refurbishments in FY14

	Local Business		Power Projects	
	FY14	FY13	FY14	FY13
Average utilisation	61%	60%	76%	74%
Fleet Capex / Fleet Depreciation	119%	74%	64%	85%
Fleet Capex	£152m	£97m	£74m	£108m

## Local Business Fleet

At 31 December (MW)



## Power Projects Fleet

At 31 December (MW)





# 2015 Outlook

Carole Cran, CFO

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# What is the implication of a lower oil price for a sustained period?

## Tailwinds

Fuel component of temporary power is cheaper (c.50% if running diesel)

Financing ability for permanent power reduced for oil exporting countries

Boosts other industries which are GDP driven e.g. petrochemical and refining



## Facts

17% of Group revenue from oil & gas sector  
c.40% of that is from US shale

c.80% of North America oil & gas revenue is from production

Number of customers have hedged fuel positions for next 6-12 months

Break-even price of shale is expected to fall due to ongoing efficiency gains



## Headwinds

Reductions being seen in exploration capex

Some early signs of pricing pressure

Low oil prices may have an adverse impact on emerging market GDP growth, particularly for commodity exporters

FX rates have moved against many emerging market countries



**Little impact to date; analysing medium term implications**

# Underlying trading profit broadly in line with last year

We are encouraged by the Group's performance at this early stage

Little impact to date from lower oil price, could be headwind later in year

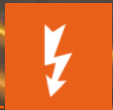
Security challenges remain in a number of our markets, particularly Libya

We currently expect full year underlying trading profit to be broadly in line with 2014





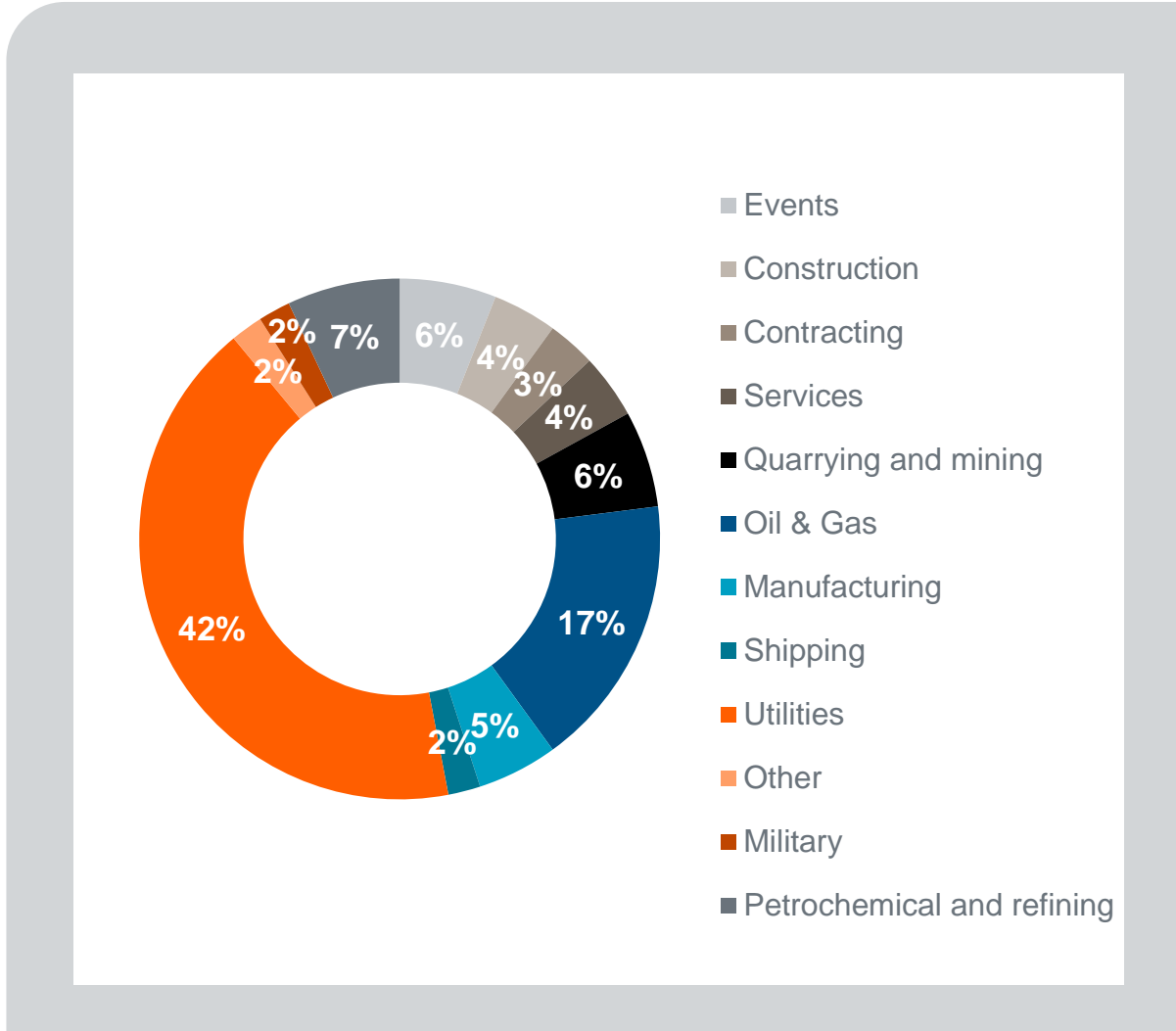
# Appendix



- Utilities 42% of revenue, Power Projects driven
- Top 5 customers contribute 17% of revenue
- Oil & gas biggest sector in Local

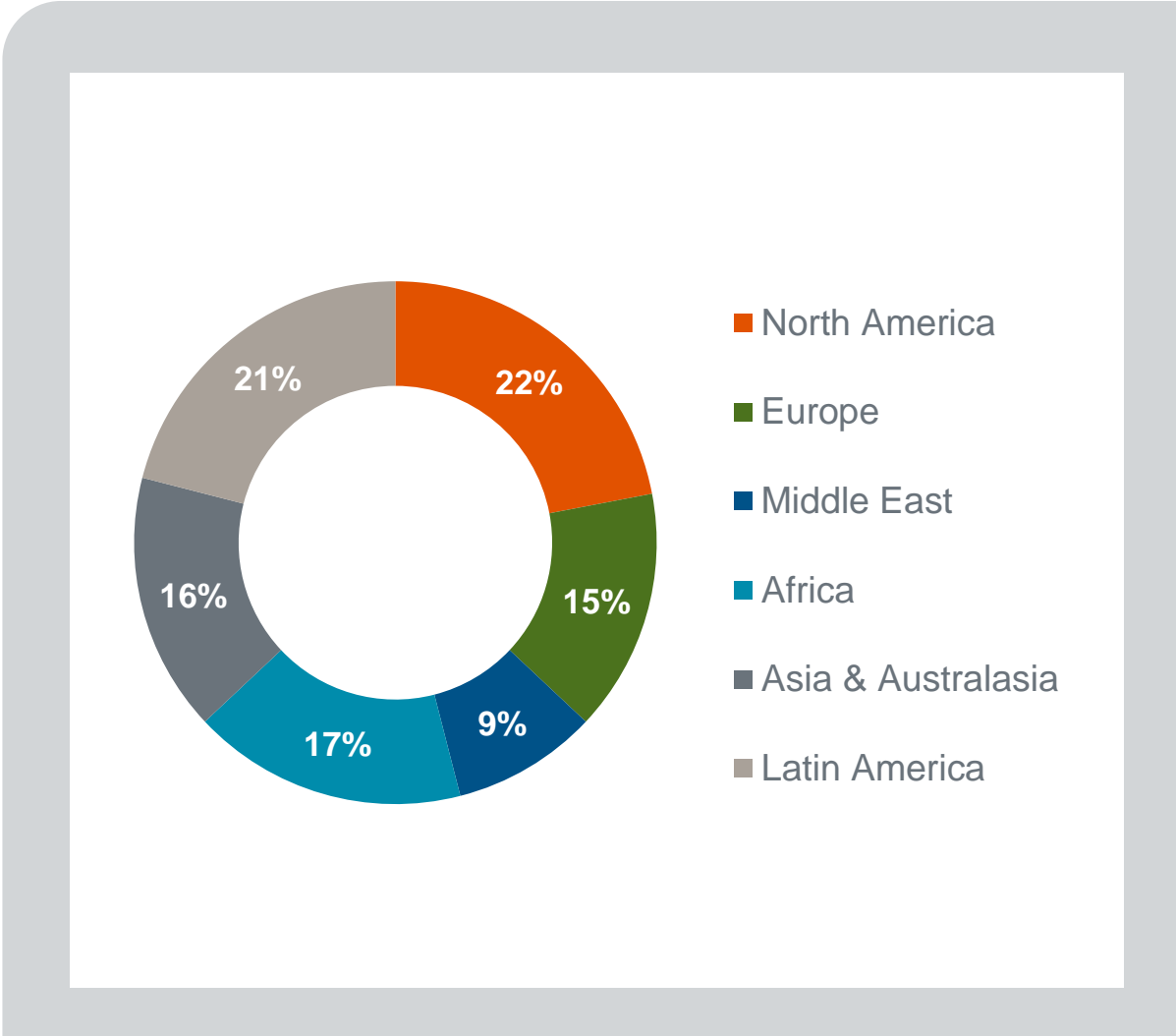
## Revenue £1,529m

FY14 Group Revenue (excl. pass-through fuel)



# Revenue £1,529m

FY14 Group Revenue (excl. pass-through fuel)



# Stable revenue mix

	Revenue			% of Revenue (ex fuel)		
	FY14 £m	FY13 £m	Underlying <sup>1</sup> %	FY14 £m	FY13 £m	Change pp
Power	1,062	1,086	8%	70%	71%	(1)
Temperature Control	119	124	2%	8%	8%	-
Oil-Free Air	29	30	1%	2%	2%	-
<b>Total Rental</b>	<b>1,210</b>	<b>1,240</b>	<b>7%</b>	<b>80%</b>	<b>81%</b>	<b>(1)</b>
Service Revenue	319	291	18%	20%	19%	1
Revenue excl pass-through fuel	1,529	1,531	9%	100%	100%	-
Pass-through fuel	48	42	NA			
<b>Total Revenue</b>	<b>1,577</b>	<b>1,573</b>	<b>9%</b>			

<sup>1</sup> Excluding revenue from pass-through fuel and currency.

# Declining impact from Military & Japan

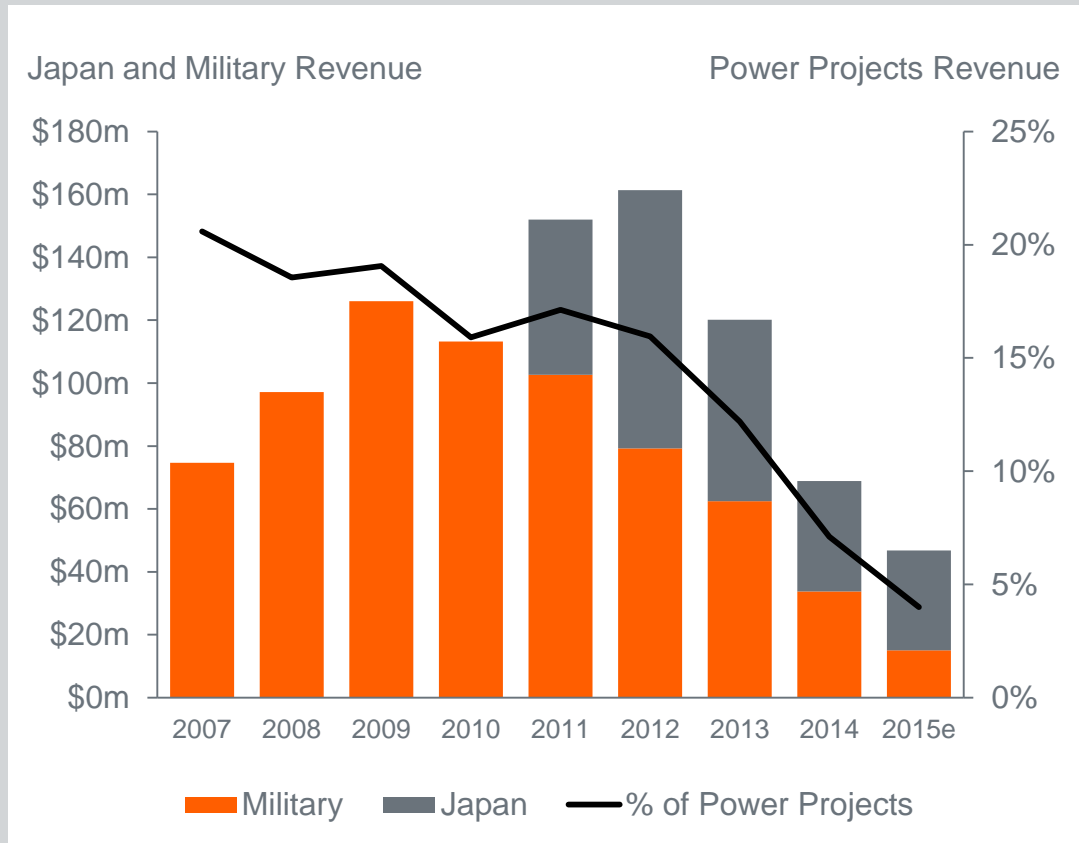
Military & Japan not mainstream

Japan was a “black swan event”

Military has been declining since 2009

Combined 4% of PP revenue in 2015e

## Japan and Military Revenue



# Strong ratios maintained

Strength relative to covenants

Tax rate stable at 26%

ROCE 2pp lower, healthy 19%

	FY14	FY13
EBITDA	£572m	£636m
Capital investment	£251m	£228m
Net borrowings	£494m	£363m
Interest cover – EBITDA basis	27x	26x
Net debt to EBITDA	0.9x	0.6x
Effective tax rate	26%	26%
Dividend Cover (declared basis)	3.0x	3.5x
Return on average capital employed	19%	21%

# Strong balance sheet

	FY14 £m	FY13 £m
Intangible assets/goodwill	148	151
Tangible fixed assets	1,177	1,165
Working capital	334	266
Retirement benefit obligation	(7)	(6)
Derivative financial instruments	(3)	2
Provisions for taxes	(77)	(75)
Net borrowings	(494)	(363)
Net Assets	<b>1,078</b>	<b>1,140</b>

# Power fleet stable



	Local Business		Power Projects	
	FY14	FY13	FY14	FY13
Diesel	4,386	4,322	3,495	3,587
Gas	393	275	1,174	1,205
HFO	35	25	212	240
<b>Total</b>	<b>4,814</b>	<b>4,622</b>	<b>4,881</b>	<b>5,032</b>



# Broadly in line with strategic targets

	Strategy	Targets <sup>1</sup>	FY14 Performance
Local	<ul style="list-style-type: none"> <li>• Superior service</li> <li>• Utilise global scale for efficiency</li> <li>• Increase market share and extend presence in emerging markets</li> </ul>	Revenue growth: 8-12% Margin: 17-20% ROCE: 18-21%	Revenue growth: 8% Margin: 16% ROCE: 15%
Power projects	<ul style="list-style-type: none"> <li>• Grow to secure operating efficiencies and competitive advantage</li> <li>• Be the largest global operator</li> <li>• Develop technology to make temporary power competitive with permanent power</li> </ul>	Revenue growth: 10-15% Margin: 27-32% ROCE: 25-30%	Revenue growth: 18% Margin: 27% ROCE: 25%
Group	<ul style="list-style-type: none"> <li>• To be the leading global provider of temporary power and temperature control</li> </ul>	Revenue growth: >10% Margin: > 20% ROCE: > 20%	Revenue growth: 12% Margin: 19% ROCE: 19%

<sup>1</sup> These are averages over a five year period and there will be years when we may be outside one of these ranges. Revenue growth is underlying, i.e. excluding London Olympics, Poit acquisition, pass-through fuel and currency translation and adjusted to exclude Military and Japan. Margin and ROCE targets are on a reported basis post amortisation.

# Currently foreign exchange tailwind for 2015

	FX Rates		Revenue (£m)			
	FY14 £m	February 2015 Closing	FY14 Actual	FY14 Actual at February 2015 Rates	Variance	% Variance
US Dollar	1.65	1.54	1,013	1,081	68	7%
Euro	1.24	1.36	93	85	(8)	(9)%
Australian Dollar	1.83	1.98	65	60	(5)	(8)%
Argentinian Peso	13.37	13.42	88	87	(1)	(1)%
Brazilian Real	3.87	4.41	73	64	(9)	(12)%
Canadian Dollar	1.82	1.93	41	39	(2)	(6)%
Russian Rouble	62.98	96.27	31	20	(11)	(35)%
Other			173	171	(2)	(1)%
<b>Total Revenue</b>			<b>1,577</b>	<b>1,607</b>	<b>30</b>	<b>2%</b>
<b>Total Trading Profit</b>			<b>306</b>	<b>313</b>	<b>7</b>	<b>2%</b>

Note: UAE Dirhams included within US Dollar as it is pegged to the US dollar; Argentinian Peso includes Power Projects contracts which are pegged to the US Dollar but paid and reported in Argentinian Pesos.

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