

Chairman's Statement

Philip Rogerson
Chairman



Introduction

Aggreko has delivered another outstanding performance in 2007 with good growth across all our businesses, especially in Aggreko International where the strong demand we have seen over the last few years is unabated. Our European business has continued to build momentum while our North American business has also performed well considering the difficult macro-economic backdrop.

Strategy

During 2007 we conducted one of our regular reviews of strategy. As a result of this review, we have concluded that Aggreko's current markets afford it plenty of opportunity to grow. We believe that world-wide, demand for power and temperature control rental (excluding International Power Projects) will grow by GDP plus 2-3% on average over the cycle. However, because of our strong positions in markets where demand will grow much faster than the market average, we believe that our Local businesses can achieve premium rates of growth.

In our International Power Projects business, which accounts for about a third of our revenues, we think demand is growing rapidly – probably around 20% per annum in terms of megawatts on hire. This demand is being driven by a structural imbalance between burgeoning demand for power – particularly in developing countries – and inadequate investment in permanent power infrastructure.

Taking these two business segments together, it is our ambition to grow revenues over the next five years at double-digit rates, on average. There have to be some caveats to this. First, there will be peaks and troughs from year to year. Second in setting ourselves this ambition, we are making the assumption that conditions in the world economy over the next five years will be broadly similar to those of the last five years. Thirdly, our margins at the moment are extremely high, and we do expect there to be some dilution in the coming years. Finally, such a rate of growth is going to require significant levels of investment; we will probably need to spend around £1 billion on new fleet over the next five years. We believe, however, that our balance sheet is strong enough to allow us to do so without recourse to shareholders.

Overall, we believe that the company is now extremely well positioned to grow and to create further value for our shareholders.

Acquisition of GE Energy Rentals

In December 2006 the Group acquired the Energy Rentals business of General Electric and I am pleased to say that the integration of this business is now completed with the two businesses fully combined. This acquisition has contributed more than we expected at the time we announced it, and we are very pleased with the progress we have achieved.

Trading

Reported revenue of £693.2 million (2006: £540.7 million) was 28.2% higher than 2006 while revenue in constant currency¹ and excluding pass-through fuel² from our contracts in Sri Lanka and Uganda increased by 34.0%. Profit before tax increased by 49.4% to £124.2 million (2006: £83.1 million) and earnings per share increased by 51.3% to 30.33 pence (2006: 20.05 pence).

¹ Constant currency takes account of the impact of translational exchange movements in respect of our businesses which operate in currency other than sterling.

² Pass-through fuel revenue relates to two contracts in Sri Lanka and Uganda in our International Projects business where we provide fuel on a pass-through basis.

During 2007 we increased capital investment to £180.6 million (2006: £128.0 million), the equivalent of 1.9 times depreciation. Around 95% of this capital was invested on our rental fleet to support the growth in the business. Looking ahead, we expect that fleet capital investment in 2008 will increase further to around £235 million.

The reduction in net debt in the year to £202.6 million (2006: £205.2 million) was particularly pleasing, given the significant increase in capital expenditure in the year.

Dividend

The Board is recommending a final dividend of 5.02 pence per ordinary share which, when added to the interim dividend of 3.04 pence, gives a total for the year of 8.06 pence, a 20.0% increase on 2006. At this level, the dividend would be covered 3.76 times. Subject to approval by shareholders, the final dividend will be paid on 16 May 2008 to ordinary shareholders on the register as at 18 April 2008, with an ex-dividend date of 16 April 2008.

Employees

The excellent progress we have made in 2007, particularly with the integration of the GE Energy Rentals business, is due to the leadership of our management team and the commitment and professionalism of our people. In a business that prides itself on its work ethic, 2007 has been particularly demanding, and on behalf of the Board I would like to thank all of our employees for the contributions they have made to the success of Aggreko in 2007.

Board changes

I am delighted to welcome two new Non-Executive Directors to the Board of Aggreko. David Hamill, who joined the Board on 1 May 2007, is responsible for managing the combined Decorative Coatings businesses of Akzo Nobel and ICI, and has considerable experience in businesses which, like Aggreko, operate on a global basis. Robert MacLeod who joined the Board of Aggreko on 10 September 2007, is Group Finance Director of WS Atkins Plc and also has substantial experience gained in an international environment.

Outlook for 2008

Looking ahead, at this early stage it is always hard to come to a definitive view of the outcome for the year as a whole, and particularly so when faced by the current level of uncertainty about the future direction of the various economies in which we operate. Demand is extremely strong in International Power Projects and across many parts of the Local business, and we believe that the performance in these areas will more than outweigh any weakness that might arise in North America.

In our December 2007 Trading Update, we said that we expected to make good progress in 2008; the trading performance in the first few weeks of the year, particularly in our International business, has reinforced this view and has further increased our confidence.



Philip G Rogerson
Chairman
6 March 2008