

26 September 2006

Aggreko plc agrees to acquire GE Energy Rentals for US\$212 million

Aggreko plc, a global provider of temporary power, temperature control and oil-free compressed air solutions, announces today that it has entered into a definitive agreement with General Electric Company (“GE”) to acquire substantially all the activities, other than those relating to large gas turbines, of GE Energy Rentals (“GE-ER”). The maximum consideration, payable in cash, is US\$212 million (£111 million).

Highlights

- Supports Aggreko’s strategy of growing its core business in power and temperature control by fleet investment, geographic expansion and acquisitions.
- Strengthens Aggreko’s position in key geographies, notably in Central and South America, as well as adding scale in the United States, Europe, the Middle East, Asia and Australia.
- Increases Aggreko’s core rental fleet capacity by c.30%.
- Improves Aggreko’s capability in entertainment, emergency response and gas-fuelled power generation.
- Approximately US\$35m of operating profit expected to be delivered by the acquired assets within 3-4 years.
- EPS neutral in 2007, materially accretive thereafter. Return on Invested Capital above Cost of Capital by 2008.

Commenting on the transaction, Rupert Soames, Chief Executive of Aggreko, said: *“This is an important acquisition for Aggreko and a milestone in the implementation of our strategy of driving the growth of our core business through capital investment in new fleet, geographic expansion and acquisitions. The acquisition of GE-ER substantially increases our rental fleet, improves our access to key regions, and brings experienced people who can support our growth. We will achieve valuable synergies in the enlarged group by removing duplicate infrastructure and overheads. For the many GE-ER employees who will transfer to Aggreko as a consequence of the acquisition, it provides the opportunity to work for a company which is completely focused on energy rentals, and which is a truly global player. We greatly look forward to welcoming them into the Aggreko team.”*

Enquiries

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A presentation to analysts will be held at the City Presentation Centre, 4 Chiswell Street, London EC1 at 11.30am on 26th September

Acquisition by Aggreko plc of GE Energy Rentals

Introduction

Aggreko plc, a global provider of temporary power, temperature control and oil-free compressed air solutions, announces today that it has entered into a definitive agreement with GE to acquire substantially all the activities, other than those relating to large gas turbines, of GE Energy Rentals ("GE-ER" or the "Business"). The total consideration, payable in cash, is capped at US\$212 million (£111 million), and will vary below that cap depending upon the Net Tangible Asset Value of the Business at completion and the final agreed amount of deferred consideration relating to certain fleet assets.

Highlights of the transaction:

- Supports Aggreko's strategy of growing its core business in power and temperature control by fleet investment, geographic expansion and acquisitions.
- Strengthens Aggreko's position in key geographies, notably in Central and South America, as well as adding scale in the United States, Europe, the Middle East, Asia and Australia.
- Increases Aggreko's core rental fleet capacity by c.30%.
- Improves Aggreko's capability in entertainment, emergency response and gas-fuelled power generation.
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Information on GE-ER

GE Energy Rentals is a major multinational supplier of temporary power and temperature control equipment and services. It operates from 35 locations in North America, Europe, South America, Asia, the Middle East and Australia.

The Business had revenues in the year ended 31 December 2005 of US\$197m on which it made an operating loss of US\$6m, and generated EBITDA of US\$33m. Following actions taken to reduce costs, the Business broke even in the first half of 2006. At 30 June 2006, it had gross assets of US\$172m and net assets of US\$151m, of which US\$141m was rental fleet. GE-ER's customer base comprises a broad spread of industrial and service businesses, and in recent years it has built particular expertise in large entertainment events such as the Olympics, as well as in gas-fuelled power generation and in emergency response.

Details of the transaction

The consideration is calculated by reference to the Net Tangible Assets of the Business (on a debt free basis and calculated in accordance with US GAAP) at completion, plus a premium of US\$39m. If completion were to take place in November 2006, it is estimated that the Net Tangible Assets at closing will be around US\$140m, and the initial consideration, including premium payable, would be around US\$179m. In addition, Aggreko has agreed to purchase during the twelve month period following completion additional fleet to a maximum value of US\$27m, subject to certain conditions to be satisfied at the time of delivery of those assets. If any of the deferred fleet assets do not meet those conditions, the pro rata proportion of the premium will be refunded.

Assuming delivery of all the assets, the total consideration would be c.US\$206m. In any event, the purchase price is subject to a cap of US\$212m. It is anticipated that the transaction should complete in November 2006. Completion is contingent upon a number of conditions, including the receipt of approvals from the relevant regulatory authorities.

The transaction is structured as a purchase of assets along with certain trading companies. The transaction will be funded through new bilateral bank facilities, totalling c.£370m, provided by existing lenders, which also replace Aggreko's existing bank facilities of £200m. The new debt comprises multi-currency tranches with maturities of 3 and 5 years.

Principal benefits of the transaction

- Access to customers and markets. The acquisition of GE-ER strengthens Aggreko's position in a number of key areas. In terms of geography, GE-ER has strong distribution in South America, and in particular in Brazil and Chile; for several years, this region has been a strategic target for Aggreko, and its operations there have been growing rapidly. Combining the two businesses will greatly improve Aggreko's position in the region. In Aggreko's local businesses in North America, Europe, the Middle East, Asia and Australia, the acquisition of GE-ER's operations and customer-base will bring additional scale and coverage. In all areas, merging the two fleets will allow Aggreko to offer customers greater choice and better availability of equipment.

An immediate benefit of the acquisition for Aggreko will be the opportunity to compete more effectively for work related to the very largest sporting events, such as the Olympics, in which GE-ER has established a strong track-record over the last three years. Another key application for Aggreko is gas-fuelled power generation; the acquisition of GE-ER will increase significantly the size of Aggreko's gas-fuelled fleet and customer-base. GE-ER's presence in the South East of the United States will also improve Aggreko's ability to serve customers during the hurricane season.

- Rental Fleet. As a result of strong demand, Aggreko needs more rental fleet to support its continued growth. This acquisition increases the size of Aggreko's generator fleet, as measured by megawatts of capacity, by 31%, and of its chiller fleet by 28%. The GE-ER fleet is also, on average, younger than the Aggreko fleet, and has run fewer hours per year; the merging of the fleet will therefore improve the age profile of the combined fleet.
- Access to a skilled workforce. GE-ER directly employs c.240 people, many of them with years of experience in energy rentals. Aggreko will seek to retain many of the GE-ER employees within the combined business to help support the future growth of the business.
- Significant synergy potential. Through a combination of cost synergies and efficiency improvements, Aggreko expects to be able to generate approximately US\$35m of operating profit from the acquired assets within 3-4 years of completion.

Significant cost synergies will arise from the transaction. Most of GE-ER's 35 locations are within 100 miles of an Aggreko location, and management will be moving quickly to rationalise this network. At the same time business-processing functions will be merged and the GE-ER business will be brought onto Aggreko's new ERP platform. It is estimated that savings amounting to US\$13-15m per annum can be achieved against GE-ER's 2005 overhead cost base; additional savings in direct costs are also anticipated.

In terms of revenue benefits, the GE-ER fleet of generators and chillers has been running at utilisation levels some 13 percentage points lower than Aggreko's. Aggreko believes that over a 3-4 year period it will be able to drive utilisation levels of the GE-ER fleet assets nearer to the levels achieved by Aggreko. The incremental revenues arising from this additional utilisation are anticipated to be between US\$15-18m per annum above the base of the underlying (i.e. excluding asset sales and major events) GE-ER revenues in 2005 of US\$141m. The excess capacity of the acquired fleet is expected to allow Aggreko to reduce its own capital expenditure requirements in 2007 by around £14m.

The total costs associated with the integration of the Business into Aggreko will be around £28m. Approximately £12m will be spent on re-branding the GE-ER fleet and bringing it into compliance with Aggreko standards. This expenditure will be capitalised as an equipment cost and depreciated in accordance with Aggreko's accounting policies. The balance of £16m relates to the cost of restructuring and will be charged to the profit and loss account in 2006 and 2007 and treated as an exceptional item.

Aggreko was advised in this transaction by Tricorn Partners and its joint brokers Hoare Govett and Citigroup.

Aggreko announced its interim results on 14 September 2006. In that announcement the Board stated that due to the Group's performance in the first half and a strong start to the second half, it expected Aggreko's performance for the year to be ahead of its previous expectations. Since that date nothing has occurred to change the Board's view of current trading.

NOTES:

An exchange rate of £=US\$1.9024 has been used, being the exchange rate in London as at 22nd September 2006 (source: WM/Reuters).

Statements of estimated synergies and the one off costs of achieving them relate to future actions and circumstances which, by their nature, involve risks, uncertainties and other factors. Because of this, the synergies referred to may not be achieved, or those achieved could be materially different from those estimated.

This statement should not be interpreted to mean that earnings per share of Aggreko in the financial year following completion of the acquisition, or in any subsequent period, will necessarily be greater than those for the relevant preceding financial period.