

# Aggreko plc

## 2003 FULL YEAR RESULTS

**Aggreko plc**

**Philip Rogerson**  
**Chairman**

**aggreko**

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## **2003 Full Year Results**

### **AGENDA**

- **Introduction** **Philip Rogerson**
- **Preliminary Results Summary** **Angus Cockburn**
- **Strategy Review** **Rupert Soames**
- **Q & A**
- **Coffee**

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## **2003 Full Year Results**

- **Revenue down 2.4% to £331.8m**
- **Diluted earnings per share in line with expectations set in June at 10.14p**
- **Net debt down £17.3m to £99.9m**
- **Dividend up 1.8% to 5.65 pence**
- **Strategy Review complete**
- **Implementation programme started well**

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## **Financial Review**

**Angus Cockburn**  
**Finance Director**

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## 2003 Full Year Results

<b>FULL YEAR RESULTS (£m)</b>	<b>2003</b>	<b>2002</b>	<b>Change</b>
Turnover	<u>331.8</u>	<u>340.1</u>	(2.4%)
Operating profit	44.7	61.2	(26.9%)
Net interest expense	<u>(4.6)</u>	<u>(6.1)</u>	23.8%
Profit before tax	40.1	55.1	(27.2%)
Taxation	<u>(12.8)</u>	<u>(20.1)</u>	36.3%
Profit after tax	27.3	35.0	(22.0%)
Dividends	<u>(15.1)</u>	<u>(14.9)</u>	1.8%
Retained profit	<u>12.2</u>	<u>20.1</u>	(39.7%)
Earnings per share - basic (pence)	10.17	13.03	(21.9%)
Dividend per share (pence)	5.65	5.55	1.8%

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## 2003 Full Year Results

<b>BRIDGE</b>		<b>Revenue (£m)</b>	<b>Operating Profit (£m)</b>
2002		340.1	61.2
PY SLOC/World Cup		(15.2)	(6.2)
Currency Translation impact		(5.9)	(1.1)
PY Sri Lanka fuel		(15.3)	(0.2)
CY Sri Lanka fuel		7.5	(0.1)
Underlying Growth		<u>20.6</u>	<u>(8.9)</u>
2003		<u>331.8</u>	<u>44.7</u>
Underlying Growth		6.6%	(16.6%)
Headline Growth		(2.4%)	(26.9%)

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## 2003 Full Year Results

CURRENCY IMPACT ON RESULTS 2002 v 2003	Revenue (£m)	Operating Profit (£m)
<b>Translational Impact</b>		
North America	(10.2)	(1.6)
Europe	4.3	0.6
International	<u>-</u>	<u>(0.1)</u>
	(5.9)	(1.1)
<b>Transactional Impact *</b>	<u>(4.0)</u>	<u>(2.0)</u>
	<u><b>(9.9)</b></u>	<u><b>(3.1)</b></u>

\* The transactional impact is the estimated effect of AIP's net cashflows being hedged at different overall effective exchange rates in 2003 when compared with 2002.

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## 2003 Full Year Results

<b>BALANCE SHEET (£m)</b>	<b>2003</b>	<b>2002</b>
Tangible fixed assets	282.4	289.2
Intangible assets	3.0	3.5
Working capital	38.3	35.5
Dividends payable	(9.2)	(9.0)
Provisions for taxes	(28.7)	(28.4)
Net borrowings	<u>(99.9)</u>	<u>(117.2)</u>
<b>NET ASSETS</b>	<b><u>185.9</u></b>	<b><u>173.6</u></b>
Share capital	53.6	53.6
Share premium	5.7	5.7
Capital redemption reserve	0.1	0.1
Profit & loss reserve	137.3	125.1
Translation reserve	<u>(10.8)</u>	<u>(10.9)</u>
<b>SHARE CAPITAL AND RESERVES</b>	<b><u>185.9</u></b>	<b><u>173.6</u></b>

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## 2003 Full Year Results

<b>FINANCIAL POSITION</b>	<b>2003</b>	<b>2002</b>
Gearing	54%	68%
Interest cover	9.7 times	10.1 times
Cash flow from operating activities	£96.6m	£105.3m
Capital investment	£61.9m	£59.4m
Net borrowings	£99.9m	£117.2m
Return on average net operating assets	13.7%	18.4%
Effective tax rate	32.0%	36.5%

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## 2003 Full Year Results

<b>CASH FLOW FROM OPERATING ACTIVITIES (£m)</b>	<b>2003</b>	<b>2002</b>
Operating profit	44.7	61.2
Depreciation & amortisation	58.9	55.8
Changes in working capital	(4.4)	(7.4)
Other non-cash movements	<u>(2.6)</u>	<u>(4.3)</u>
Net cash inflow from operating activities	96.6	105.3
Net capital expenditure	<u>(55.2)</u>	<u>(52.4)</u>
Operating cashflow post net capital expenditure	<u>41.4</u>	<u>52.9</u>

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## 2003 Full Year Results

<b>CASH FLOW STATEMENT (£m)</b>	<b>2003</b>	<b>2002</b>
Net cash inflow from operating activities	96.6	105.3
Net interest paid	(4.6)	(6.1)
Taxation paid	(10.4)	(20.3)
Capital expenditure		
- Purchase of fixed assets	(61.9)	(59.1)
- Acquisitions	-	(0.3)
- Disposal proceeds	6.7	7.0
Dividends Paid	<u>(14.9)</u>	<u>(14.5)</u>
Cash inflow in period	11.5	12.0
Issue of shares	-	0.1
Share buy-back (including costs)	-	(0.7)
Exchange	<u>5.8</u>	<u>4.6</u>
Movement in net debt in period	<u>17.3</u>	<u>16.0</u>

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## 2003 Full Year Results

REVENUE BY PRODUCT (£m)	REVENUE			% OF TOTAL REVENUE		
	2003	2002	Change %	2003	2002	Change pp
Power	165.9	179.5	-7.6%	50.0%	52.8%	-2.8 pp
Temperature Control	56.9	55.5	2.6%	17.2%	16.3%	0.9 pp
Oil-Free Air	21.6	20.8	3.7%	6.5%	6.1%	0.4 pp
Service Revenue	<u>87.4</u>	<u>84.3</u>	3.7%	<u>26.3%</u>	<u>24.8%</u>	1.5 pp
	<u>331.8</u>	<u>340.1</u>	-2.4%	<u>100.0%</u>	<u>100.0%</u>	

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## 2003 Full Year Results

REVENUE BY SECTOR (£m)	REVENUE			% of TOTAL REVENUE		
	2003	2002	Change %	2003	2002	Change pp
Manufacturing	74.4	73.0	1.8%	22.4%	21.5%	0.9 pp
Utilities	62.3	87.4	-28.7%	18.8%	25.6%	-6.8 pp
Services Sector	49.0	25.4	93.1%	14.8%	7.5%	7.3 pp
Construction	35.5	34.5	2.8%	10.7%	10.2%	0.5 pp
Oil & Gas	29.3	27.1	7.9%	8.8%	8.0%	0.8 pp
Entertainment	23.8	37.5	-36.5%	7.2%	11.0%	-3.8 pp
Other	23.3	21.9	6.7%	7.0%	6.4%	0.6 pp
Shipping	13.0	13.6	-4.2%	3.9%	4.0%	-0.1 pp
Mining	10.9	9.3	18.0%	3.3%	2.7%	0.6 pp
Telecoms	<u>10.3</u>	<u>10.4</u>	-1.3%	<u>3.1%</u>	<u>3.1%</u>	0.0 pp
	<u>331.8</u>	<u>340.1</u>	-2.4%	<u>100.0%</u>	<u>100.0%</u>	

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## 2003 Full Year Results

SEGMENTAL ANALYSIS (£m)	REVENUE			TRADING PROFIT		
	2003	2002	Change %	2003	2002	Change %
North America	111.5	128.7	(13.3%)	9.1	17.2	(47.0%)
Europe	113.1	102.8	10.0%	12.3	19.0	(35.3%)
International	<u>107.2</u>	<u>108.6</u>	(1.4%)	<u>20.7</u>	<u>22.0</u>	(6.0%)
	<u>331.8</u>	<u>340.1</u>	(2.4%)	42.1	58.2	(27.7%)
Gain on Sale				<u>2.6</u>	<u>3.0</u>	(11.4%)
Operating Profit				<u>44.7</u>	<u>61.2</u>	(26.9%)

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**Appendix**

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### NORTH AMERICA

	2003	2002	Change
Revenue	\$182.4m	\$193.5m	(5.8%)
Trading Profit	\$14.9m	\$25.9m	(41.8%)
Trading Margin	8.2%	13.4%	(5.2pp)

- **Dollar revenue excluding SLOC marginally ahead of 2003**
  - Market conditions improved slightly in H2, helped by Hurricane Isabella
- **Sector performance mixed**
  - Growth in construction, mining and services
  - Lower activity levels in utilities/telecoms
  - Successful execution of Pan Am Games in Dominican Republic
- **Performance by area**
  - Strong underlying performance in North East
  - Solid performance in South, but more challenging in West/Mid West

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### EUROPE

	2003	2002	Change	
			Headline	Constant Currency
Revenue	€163.3m	€163.4m	(0.1%)	5.6%
Trading Profit	€17.7m	€30.1m	(41.2%)	(36.9%)
Trading Margin	10.8%	18.4%	(7.6pp)	(7.6pp)

- **Revenues up on 2002 on a constant currency basis, but profits sharply down**
  - Disadvantageous mix – project revenues down €7m
  - Growth in local business but at lower margins than projects
  - Impact of market conditions on performance in Netherlands
  
- **Variations in geographic performance**
  - Revenue progress in UK/France/Germany
  - Encouraging progress in Southern Europe
  
- **Unusually high temperatures helped TC business**
  - Temperature control business up 12%

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### INTERNATIONAL

	Headline			Sri Lanka Fuel Adjusted		
	2003	2002	Change	2003	2002	Change
Revenue	£107.2m	£108.6m	(1.4%)	£99.7m	£93.3m	6.8%
Trading Profit	£20.7m	£22.0m	(5.6%)	£20.3m	£22.1m	(7.6%)
Trading Margin	19.3%	20.2%	(0.9pp)	20.4%	23.7%	(3.3pp)

The estimated transactional impact against headline revenue and trading profit was £4 million and £2 million respectively.

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### INTERNATIONAL

- **Lower level of utility work in Sri Lanka partly offset by military related project activity in the Middle East**
  - Sri Lanka 200 MW in H2 2002 vs 20 MW in H2 2003
  - £20m military related project work in Middle East
  
- **Good start being made in South America and Asia**
  - 30MW utility project in Venezuela
  - Service centres established in Macae, Brazil and Montevideo, Uruguay
  
- **Growth in International depot business**
  - Middle East benefit from high levels of activity in all sectors
  - Strong performance in Australia aided by utility work