

Aggreko plc

TRADING UPDATE

DECEMBER 2003

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Trading Update

SUMMARY

- **H2 performance in line with expectations**
 - N America – some early signs of the market stabilising
 - International – Middle East going strong, but Sri Lanka much smaller than last year
 - Europe continuing growth in depot-based business, but suffering from lack of projects

- **Strategy review progressing well**
 - Better understanding of markets & opportunities
 - Moving towards conclusions
 - On target for presentation 1st March 2004
 - Some re-structuring likely; exceptional costs still being compiled, but will not exceed £15m, to be taken in 2004

- **Market research confirms Aggreko's position as number 1 or number 2 in all major markets in which we have established operations**

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NORTH AMERICA

- **Dollar revenues in H2 likely to be modestly up on last year; underlying trading profit showing some improvement**
 - But currency / IT implementation / Strategy Review impacts reported result
 - Pricing pressure persists – but some rental companies beginning to make efforts to improve rates
- **Geographic and product performance mixed**
 - Strong underlying performance in North East
 - Aided by power outage and Hurricane Isabella
 - Mid West still challenging
 - Power up on last year; cool summer weather unhelpful for TC

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INTERNATIONAL

- **H2 revenues and profits lower than last year – against a very tough comparator**
 - Sri Lanka 200Mw in H2 02 vs 20Mw in H2 03; fuel revenue likely to be circa £7m less than last year
- **Continuing high project activity levels in Middle East partially offset Sri Lanka**
 - c. £20M military related project revenue
 - Iraq business continues to be strong, but military work will start to decrease as more equipment is bought rather than rented
- **Progress being made in South America**
 - Utility project in Venezuela
 - Petrochemical business in Brazil
- **Growth in International depots business**
 - Middle East benefit from high levels of activity in all sectors
 - Robust performance in Australia

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EUROPE

- **Revenues up on H2 02, but operating profit sharply down**
 - Disadvantageous mix:
 - Depot business growing well
 - High-margin project revenues down € 7m
 - Satisfactory performances from UK & France; encouraging progress in Spain and Italy
 - Small improvement in Germany from low base; no change in market conditions in the Netherlands
 - Overall, broadly in line with June 03 forecast

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FINANCE

- **Operational focus on cash management**
 - Strong operating cashflow; pleasing reduction in net debt despite anticipated fall in profits
 - Lower gearing and strong interest cover

- **Capital expenditure (net of IT investment) for last 2 years equates to depreciation**
 - 2003 capital expenditure c. £63m (02: £59m)

- **Tax rate expected to be c. 32% (02: 36.5%)**

- **Effective interest rate of under 4%**
 - Low global rates
 - Higher relative dollar exposure

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STRATEGY REVIEW

- **Will present findings with Preliminary Results on 1st March**

- **Scope**
 - Market review
 - Aggreko positioning
 - Future plans

- **Strategy implementation will require some restructuring**
 - Restructuring plans and costs in process of being compiled, but will not exceed £15m, to be taken in 2004

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