Trading Update

June 2005

Summary

- First half profits will be ahead of last year
- Strong performances from North America and International
- Europe will be worse than last year in H1
- Encouraging progress in IT systems roll out
- Unchanged outlook for full year trading

Trading – International

- Revenue and profits will be ahead of last year in H1
- Very strong performance in International's local business
  - Infrastructure projects/construction in Middle East
  - Busy summer season in Australia; strong demand in Singapore
  - Local business in Brazil making good progress
- International Power Projects: profits will be lower than last year in H1, but expected to be ahead for the year
  - Large number of new contracts won leads to increased project mobilisation costs
  - Expanding geographic reach – 7 new countries in H1
  - 50MW in Uganda now running
  - More capacity on hire at end of H1 than last year despite 100MW less in Sri Lanka
  - First gas machines successfully installed & running in Africa; customer commitments for 20 MW now secured
- Military project business maintained at similar levels to prior year

Trading – North America

- Revenue in H1 will be ahead of prior year
  - Base business continues to grow
  - Q1 particularly strong
- Profits in H1 will be well ahead of prior year
- Important milestone successfully achieved in ERP implementation
  - Gulf and Central areas now live (c. 30% of North American business)
  - Remaining areas roll out in Q4 2005/Q1 2006
- $5.2 million acquisition of Prime Energy (Atlas Copco) temperature control fleet completed
  - Expands our TC capability and reach
  - Gives access to new customers
- Second half comparatives will be more challenging
  - Strong military & storm activity in H2 2004

Trading – Europe

- Revenue will be similar to last year in H1
- Profits will be lower than last year in H1
  - Direct costs higher due to pricing pressure on fuel and ancillaries
  - Development of new operating model, rollout of ERP and investment in Rental Centres
  - Building infrastructure to support growing local business in Spain and Italy
- Most of the profit shortfall was in Q1; H2 profits expected to be well ahead of H1
- Performance of Rental Centres continues to improve
- ERP now live in France with UK implementation scheduled to start in Q4
  - 50% of European business running on new IT system
- New European Managing Director started in June

Financial Update

- Effective interest rate in H1 c. 4%
- Tax rate in range of 32-34%
  - Dependent on profit mix
  - Awaiting Finance Bill detail on current structures
- Net debt expected to be slightly higher than at prior year H1
- Capex for full year expected to be £75m-£80m
- 1.7m shares purchased for LTIP at cost of £3.2 million
- Recent dollar recovery should benefit profit translation

Outlook

- Results for full year always heavily influenced by summer season trading
- Continue to expect that we will make progress compared to 2004

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