

AGGREKO PLC
ANNUAL REPORT 2014



INSIDE OUR 2014 REPORT

Performance highlights	2
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1 Strategic report

A solid performance – with Ken Hanna	4
A fresh perspective – with Chris Weston	6
What we do	10
Where we operate	11
Our markets	12
How we create value	16
Our strategy	22
How we performed – our KPIs	26
Risk factors that could affect business performance	28
Our investment case	34
Performance review	35
– Americas	38
– APAC	42
– EMEA	46
Financial performance	50
Building a sustainable business	55

2 Governance

Corporate Governance	68
– Our Board	72
Audit Committee report	84
Ethics Committee report	88
Nomination Committee report	90
Remuneration Committee report	92
Statutory disclosures	119
Statement of Directors' responsibilities	124

3 Accounts

Independent auditors' report	126
Group income statement	132
Group statement of comprehensive income	132
Group balance sheet	133
Group cash flow statement	134
Reconciliation of net cash flow to movement in net debt	134
Group statement of changes in equity	135
Notes to the Group accounts	137
Company balance sheet	172
Company statement of total recognised gains and losses	173
Notes to the Company accounts	174

4 Additional information

Shareholder information	184
Definition and calculation of non GAAP measures	186
Financial summary	188
Glossary	Inside back cover

POWERING COMMUNITIES IN IVORY COAST

The cover image shows our 200 MW gas-fired Power Project in Ivory Coast. With a booming economy and GDP growth of around 9%, demand for energy has been increasing steadily in recent years. The Aggreko plant injects vital capacity into the local grid, helping keep essential infrastructure and services running, while also ensuring power supplies are maintained to both business and domestic users.

GLOBAL SCALE LOCAL OPERATION

We live in a world reliant on power. It is an essential part of everyday life. Aggreko is the global leader in temporary power and temperature control solutions, operating in around 100 countries worldwide.

For over 50 years we have specialised in providing fast and flexible customer solutions. We do this in two ways: through renting our equipment directly to a wide range of customers who operate it for themselves; and by operating as a power producer and selling electricity to customers at the point of need.

Our business model balances our global scale with local operations to deliver fast, effective solutions and therefore help to keep the world working.



Watch the corporate video online:
www.aggreko.com/about-aggreko



Online report:
www.annualreport2014.aggreko.com

PERFORMANCE HIGHLIGHTS

Revenue

£1,577m

2013: £1,573m

Trading profit¹

£306m

2013: £352m

Profit before tax

£289m

2013: £333m

Diluted earnings per share (EPS)

82.49 pence

2013: 92.03 pence

Dividend per share²

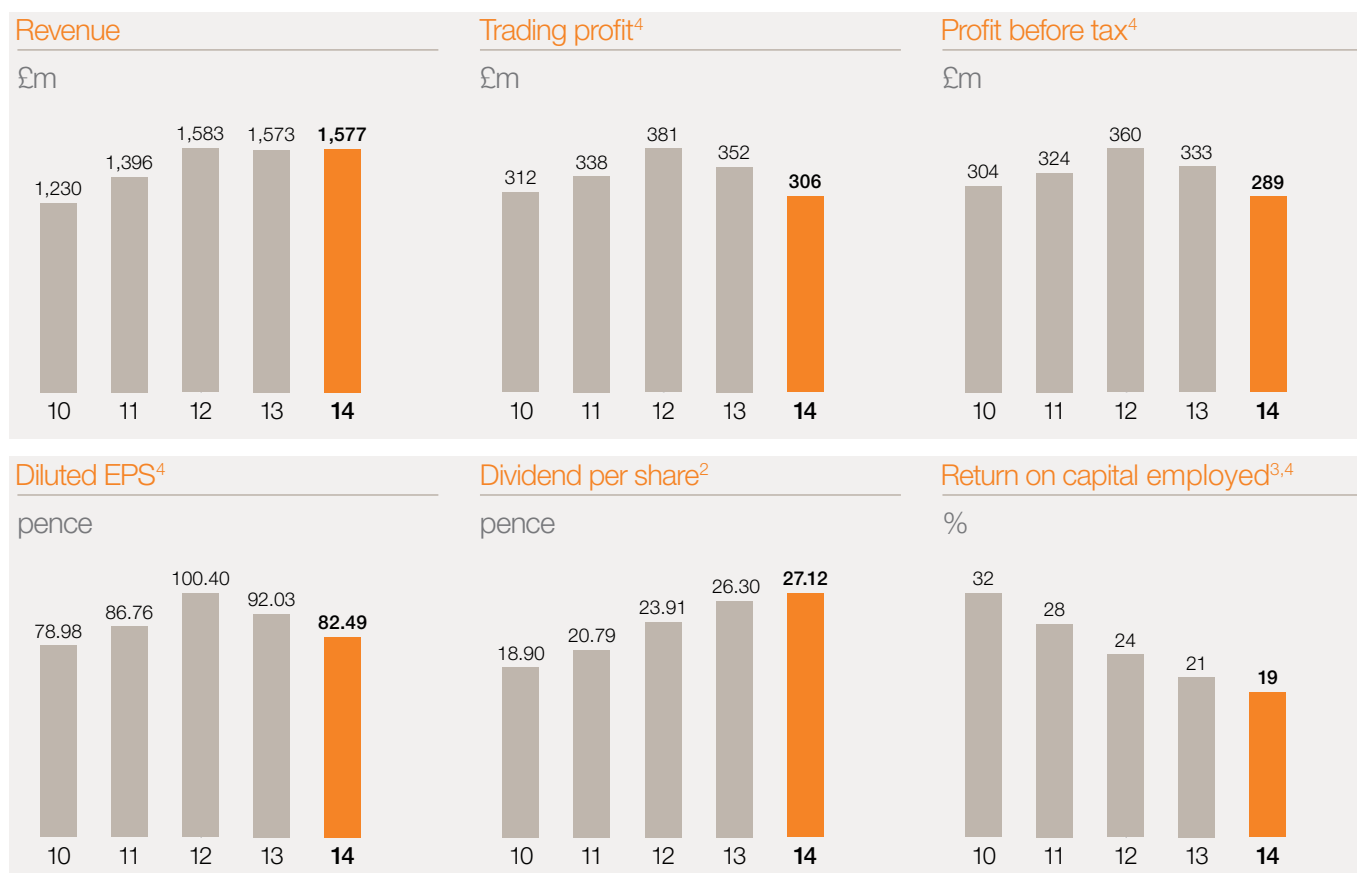
27.12 pence

2013: 26.30 pence

Return on capital employed³

19%

2013: 21%



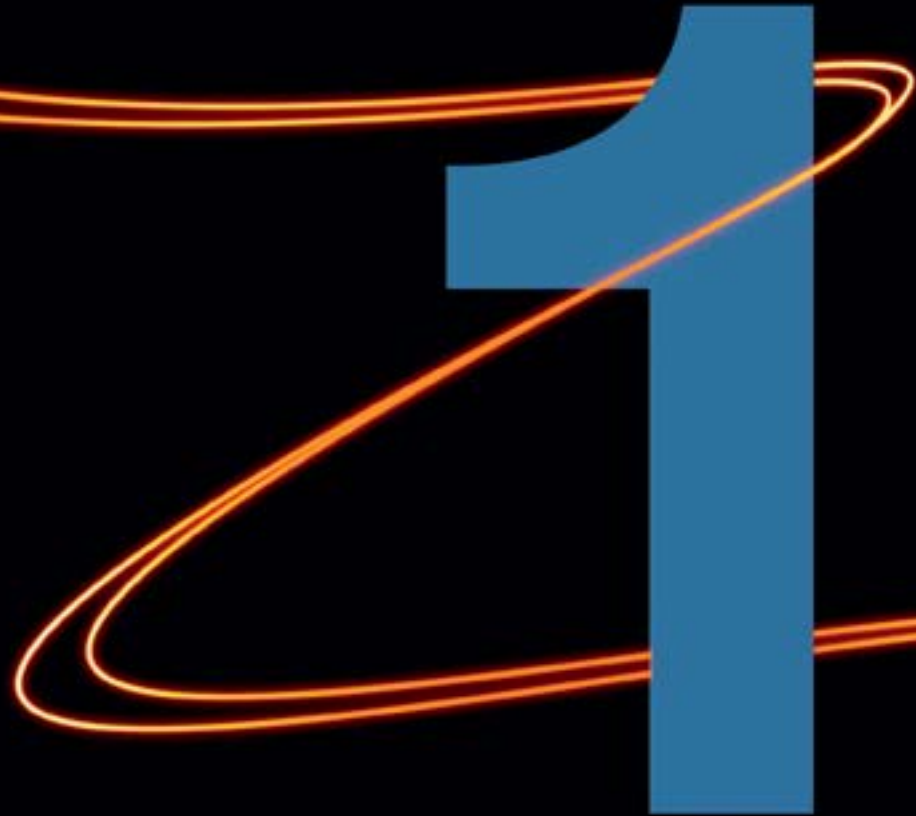
¹ Trading profit represents operating profit before gain on sale of property, plant and equipment.

² The Board is recommending a final dividend of 17.74 pence per Ordinary Share, which when added to the interim dividend of 9.38 pence, gives a total for the year of 27.12 pence per Ordinary Share.

³ Calculated by dividing operating profit for the year by the average net operating assets as at 1 January, 30 June and 31 December.

⁴ 2012 numbers are pre-exceptional items.

STRATEGIC REPORT



1 Strategic report

A solid performance – with Ken Hanna	4
A fresh perspective – with Chris Weston	6
What we do	10
Where we operate	11
Our markets	12
How we create value	16
– Our business model	16
– Project life cycle	18
– Using our resources	20
Our strategy	22
How we performed – our KPIs	26
Risk factors that could affect business performance	28
Our investment case	34
Performance review	35
– Americas	38
– APAC	42
– EMEA	46
Financial performance	50
Building a sustainable business	55

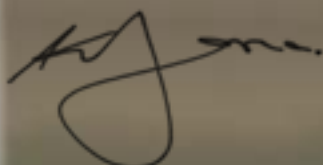
SOLID TRADING PERFORMANCE

CHAIRMAN'S STATEMENT



The Group delivered a solid trading performance in a challenging year

Ken Hanna
Chairman



The Group delivered a solid trading performance in 2014, admirably handling the change in senior management and difficult operating conditions in a number of our markets.

I am delighted that Chris Weston joined us as Chief Executive at the beginning of January this year, and I know that he has enjoyed spending the first two months in the role travelling around the Group and getting to know customers, the Aggreko team and the business.

Across the year as a whole, two of our regions, the Americas and EMEA, performed well, whilst APAC had a challenging year with difficult trading conditions in Australia and Indonesia.

Solid trading performance

In 2014, the Group delivered a solid set of results with underlying¹ revenue increasing by 9% and trading profit decreasing by 2%. On the same underlying basis, revenue in our Local business grew 8%, while revenue in our Power Projects business grew 10%. The underlying trading margin decreased to 20% (2013: 22%) driven by our Japanese and US Military contracts off hiring and the competitive environment in Indonesia in our Power Projects business and by the impact of the mining sector decline on our Australian Local business. As we anticipated, the reported results were significantly impacted by adverse currency movements, largely in the US Dollar, with reported revenue in line with last year and trading profit down 13%. Reported profit before tax decreased by 13% to £289 million (2013: £333 million) and diluted earnings per share decreased by 10% to 82.49 pence (2013: 92.03 pence).

We spent £226 million on new fleet in the period (2013: £205 million), equivalent to 93% of the depreciation charge; non-fleet capital expenditure was £25 million. Net debt at 31 December 2014 of £494 million was only £131 million higher than last year, despite having returned £200 million to Shareholders in June. Cash flow from operating activities was £498 million, which helped fund total capital expenditure of £251 million, the return of value to Shareholders and dividend payments of £70 million.

Our financial position continued to be strong with net debt to EBITDA (Earnings before Interest Tax Depreciation & Amortisation) of 0.9 times (2013: 0.6 times) at 31 December 2014, compared to our bank covenant of 3 times. Interest cover, measured on an EBITDA basis, was at 27 times (2013: 26 times), comfortably within our covenant of 4 times.

Strong Shareholder returns

In June 2014 we completed a £200 million return of value to Shareholders, equivalent to 75 pence per ordinary share. In addition, the Board is recommending a 3% increase in the dividend for the year as a whole; this will comprise a final dividend of 17.74 pence per ordinary share which, when added to the interim dividend of 9.38 pence, gives a total for the year of 27.12 pence (2013: 26.30 pence). In aggregate, on a cash basis Shareholders have received 102 pence per ordinary share in 2014.

Key business developments

Over the last year we have seen two senior management changes with Rupert Soames and Angus Cockburn leaving Aggreko after 11 years and 14 years respectively. We are very grateful for their tireless dedication to the Group over that period and wish them well in their new endeavours. Following a thorough process, further details of which are included in the Nominations Committee Report on page 90, we appointed Chris Weston as Chief Executive Officer, effective from 2 January 2015 and Carole Cran was appointed Chief Financial Officer effective from 1 June 2014.

The Group has performed broadly in line with its strategic targets² during the year. As outlined later in the report on page 24, we announced in 2013 that we expected underlying growth for the Group to be over 10% CAGR over the five year life of our strategy, with trading margins and returns on capital employed (ROCE), to both be in excess of 20%. Over the first two years of the strategy cycle, Group revenue has grown 10% on this basis³, with Local business growth of 9% and Power Projects business growth of 12%. Reported Group margins were 19% and return on capital employed was also 19% marginally below the targets set in 2013.

Board

On the 1 February 2015, Uwe Krueger joined the Board as a Non-Executive Director. Uwe is Chief Executive Officer of WS Atkins and serves as a Non-Executive Director on three other boards. I would like to welcome Uwe to Aggreko; we look forward to working with him and to benefiting from his experience in the engineering and services sectors and the field of renewable technology.

1 Underlying excludes currency and pass-through fuel revenue from Power Projects, where we provide fuel to our contracts in Mozambique on a pass-through basis. A bridge between reported and underlying revenue and trading profits is provided at page 50 of the Financial Review.

2 These are targets over a five year period and there will be years when we may be outside one of these ranges. Revenue growth is underlying, i.e. excluding London Olympics, Poit acquisition, Military, Japan, pass-through fuel revenue from Power Projects where we provide fuel to our contracts in Mozambique on a pass-through basis and currency translation. Margin and ROCE are on a reported basis.

3 Two year CAGR for 2013 and 2014.

People

Aggreko had a challenging year in 2014, with significant management change, difficult operating conditions in a number of our markets and an unpredictable economic and geopolitical backdrop. Throughout this, the Group performed very well, delivering a solid set of results; which is testament to the Aggreko culture and the pragmatic, can-do, attitude of our people. On behalf of the Board, I would like to express my sincere thanks to all of our colleagues across the Group for their outstanding commitment and support in 2014.

Looking ahead

The market for our services remains large, and continues to grow; exposure to both emerging and developed countries, combined with sector diversity and a market leading position leave us well positioned to benefit from this growth. Our business model is intrinsically cash generative and enables us to invest or return capital to shareholders as market conditions determine.

Our new senior management team are settling in well and are undertaking a review of the priorities for the business going forward. Chris' initial impressions of the business and thoughts on business priorities are covered overleaf, and we will report back on the results of this exercise at our interim results in August.

TRANSPARENT REPORTING

We are committed to ensuring that our reporting is transparent and of a high quality. This year we took the opportunity to refresh the format of our Annual Report; we gathered feedback on our previous reports and have worked hard to retain the candidness and transparency that we have become known for. We have also produced a document that illustrates what Aggreko does and provides an at-a-glance understanding, complemented by a more interactive online report. I hope that you like the new style report, and as always we welcome any feedback.

In addition, and as part of our broader aim to improve communications with Shareholders, we have recently launched an Investor Relations App. This will allow interested parties to easily access the latest reports, results and presentations and includes enhanced multimedia functionality.

Finally, we have noted the change in reporting regulations that gives companies the option to no longer report on a quarterly basis. We would like to reassure Shareholders that we plan to continue to report to the market four times a year.

A FRESH PERSPECTIVE

Q&A

With Chris Weston
Chief Executive Officer



ABOUT CHRIS

Chris joined Aggreko in January 2015 from Centrica plc, where he was responsible for both British Gas and its US sister Company, Direct Energy, which together constituted the Group's largest division. He has senior level experience in the energy industry, proven leadership skills in a large international business and has consistently succeeded in driving performance and growth in his career.

Read about Chris' induction

[➔ Page 79](#)

Q

Why did you want to join Aggreko?

A

First and foremost, it is a great opportunity. Aggreko is a market leader, with a great customer proposition operating in a market space where demand is only set to grow; that is very attractive. Secondly, in speaking to people about Aggreko, they were extremely positive about the Company, its people and the achievements of the past 10 years. The culture is highly regarded externally and I continue to be impressed since joining the business.

Q

What have you spent your first couple of months as CEO focusing on?

A

I have spent my first couple of months learning about the business. I was able to do a certain amount of familiarisation before starting in January, but nothing beats seeing the operations first hand.

So far, I have visited our businesses in Scotland, North America, Panama, Singapore, Australia, Bangladesh, Dubai, South Africa and Mozambique. In each case, I have spent time with the teams, talking to the people on the ground, to our customers, understanding our business and its operations.

I have also taken the time to speak to our largest Shareholders, to analysts, to the banks that support us and to our key suppliers; I have been keen to hear their views of Aggreko.

Q

What are your initial impressions of the business?

A

Extremely favourable; I like what I see. My first exposure to the business, to its people and products reinforce all I heard about Aggreko before I joined the Company. I continue to believe that we have a huge opportunity ahead of us; that we play an important role in people's lives, we are very relevant; and I am excited about what we can do.

Q

Aggreko has a unique culture, how do you plan to retain this?

A

I have been impressed by both the people in Aggreko and the culture, I suspect it is unique; it is often summed up by the words "Pace, Passion and Performance", and I have seen all three in my first few months.

People are passionate about the Company and work extremely hard to provide a service that they can be proud of. We often work in challenging environments, to short deadlines, bringing power to those that may desperately need it. The culture that has evolved within the Company clearly supports this. It is the focus on the customer, the pride in delivering a high quality product in a safe and secure manner, coupled with experienced people and lastly, leadership at all levels. From all I have seen, I believe my leadership style is well suited to Aggreko and my aim is to build on this, to nurture and evolve the culture.

A FRESH PERSPECTIVE
CONTINUED

Q

How would you describe your leadership style?

A

Leadership is extremely important to me. I like to build a strong team, to set clear direction and priorities, and to focus on giving people the confidence to succeed.

To do this I believe you have to be approachable, to ask questions, to be interested in other people's views and to listen. This has to be inextricably linked to clear decision making, accountabilities and a focus on delivery. It is a difficult balance to achieve, an art not a science, but when people are aligned, confident and assured, it is a very powerful combination. Leadership is right at the heart of this.

Q

How do you think that your past experiences are going to help you in this new role?

A

I have considerable experience running different businesses, in different countries, in different sectors, including in the energy sector; providing service to consumers and to businesses. Some of these businesses were very large, like British Gas, others smaller and more nimble. All of these businesses, including Aggreko, required leadership; they had to grow; to provide a high quality service to customers; and to operate efficiently: that all provides a wealth of experience for me to draw upon. You can't look at my experience in isolation; I certainly don't have all the answers. My experience, coupled with that of my team, and more importantly across Aggreko, provides for a powerful combination that will serve Aggreko well.

Q

Are you planning a detailed review of the business in order to put your stamp on the Group?

A

My first task is to understand the business, the markets it operates in and to meet the people that make Aggreko what it is today. Whilst this is underway I have also started a process to look at the priorities for the Group with the objective of driving continued growth over the next five to 10 years and thereby creating value for our Shareholders. The work is assessing all aspects of the business: the economics; technology; and the dynamics of the markets that we operate in. It will allow me and my team to define the key priorities for the Group and I expect to return to the market at the time of our Interim Results in August 2015, to talk in more detail about that.

Q

Are you confident that growth can be maintained and, if so, what is going to drive it?

A

Well, in the short time I have been in post I do not think we are short of opportunities. We operate in exciting and growing markets and we have a market leading position. In Power Projects, the structural growth story is intact, despite the economic slowdown that we've seen in recent years, and the deficit between supply and demand is projected to continue to grow. In the Local business, history has shown that the demand for rental services increases as markets grow and we are well positioned to take advantage of this.

I am intrigued by the concept of flexible power and clearly engine efficiency is key here, but if we can continue to make advances in this area, it begs the question, why build permanent facilities at all? Customers want flexibility to provide power where it is needed, to increase/decrease the MWs required as necessary, and in many instances to pay as they go; this could be a huge opportunity for us. At this stage, I don't know what that will mean with regards to growth rates, but I do believe that it will lead to further growth.

Read more about our markets

➔ **Page 12**

Q

Do you see competitive pressure as a big risk?

A

In any industry, when a business is as successful as Aggreko has been, it is bound to attract competition. In the Local business, competition has always been intense, and my understanding from speaking to the teams on the ground is that this hasn't particularly changed.

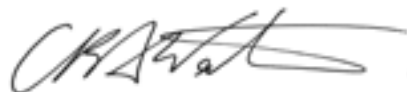
In Power Projects, our teams are telling me that we have seen increased competitive pressure in certain markets in the last few years. This underlines the importance of providing the best possible service to customers, something we have a reputation for doing. As we consider the appropriate priorities for Aggreko we will assess the competitive environment, it is an important factor in determining how we develop our capability and deploy our resources.

Q

What is the main focus for the year ahead?

A

Initially understanding the business, listening to our people, our customers and other key stakeholders. Working to determine the key areas of focus to drive growth; then organising to deliver those priorities. I suspect, over the Summer we will begin to focus more on implementation. Whilst all that is underway we also have to keep the business running and deliver the results that our Shareholders expect; always busy; always fun.



Chris Weston
Chief Executive Officer



Watch Chris' video online:
www.annualreport2014.aggreko.com

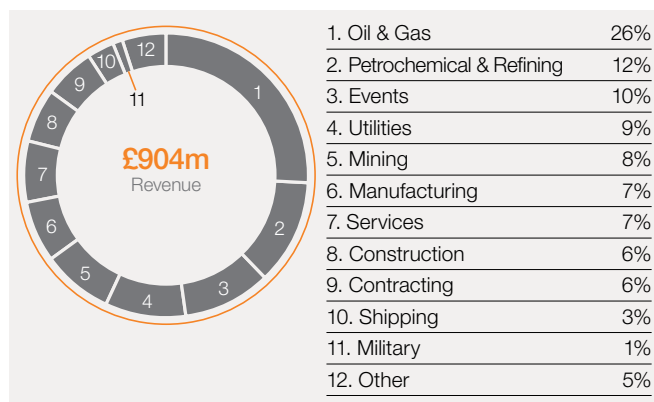
WHAT WE DO

WE PROVIDE MISSION CRITICAL POWER AND TEMPERATURE CONTROL SOLUTIONS TO A BROAD RANGE OF CUSTOMERS ON A GLOBAL BASIS

LOCAL BUSINESS

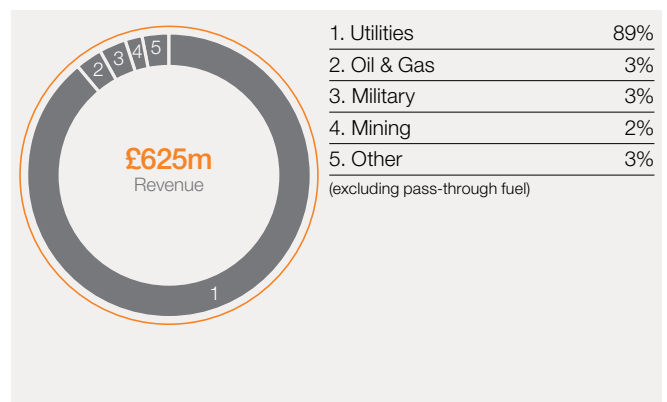
The Local business rents power and temperature control equipment to a diverse range of customers who operate it themselves; we service and maintain it. The business typically runs with high volumes of low value transactions and provides solutions to customers that need it in a hurry or for a short period of time.

CUSTOMER TYPE



POWER PROJECTS

The Power Projects business sells electricity which we deliver using power plants built, owned and operated by ourselves. Typically, contracts are for a defined amount of generating capacity for which there is a fixed monthly capacity charge; in addition, the customer then pays a variable charge for each MW-hour of electricity they use.



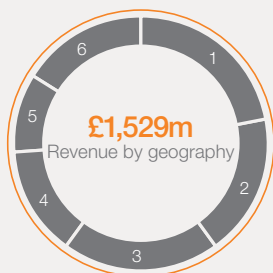
KEY FACTS

- Average contract value: £21k
- Average contract duration: 50 days
- Installation time: hours–days
- Fleet size: 4,814MW power; 1,294MW temperature control; 634cfm oil-free air
- Application: Power, temperature control and oil-free compressed air
- Sales/service centres: 211 across 53 countries

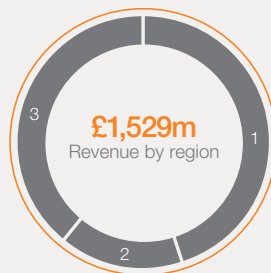
- Average contract value: £5m per annum
- Average contract duration: one year
- Average contract size: 30MW
- Installation time: weeks–months
- Fleet size: 4,881MW power
- Application: Base-load and peak shaving power
- Hubs: Dubai, Rotterdam, Singapore, Panama and operating in 45 countries in 2014

A BALANCED BUSINESS

Revenue by geography



Revenue by region



Trading profit by region



WHERE WE OPERATE

SERVING CUSTOMERS IN AROUND 100 COUNTRIES THROUGH 211 SALES/SERVICE CENTRES INCLUDING FOUR POWER PROJECT HUBS WITH OVER 7,700 PERMANENT AND TEMPORARY EMPLOYEES

AMERICAS

100

Sales/Service centres and hubs

1,860

Local business power fleet (MW)

663

Temperature control fleet (MW)

3,220

Employees

The Americas business also has 634cfm of oil-free air fleet.

EMEA

73

Sales/Service centres and hubs

2,232

Local business power fleet (MW)

483

Temperature control fleet (MW)

3,114

Employees

APAC

38

Sales/Service centres and hubs

722

Local business power fleet (MW)

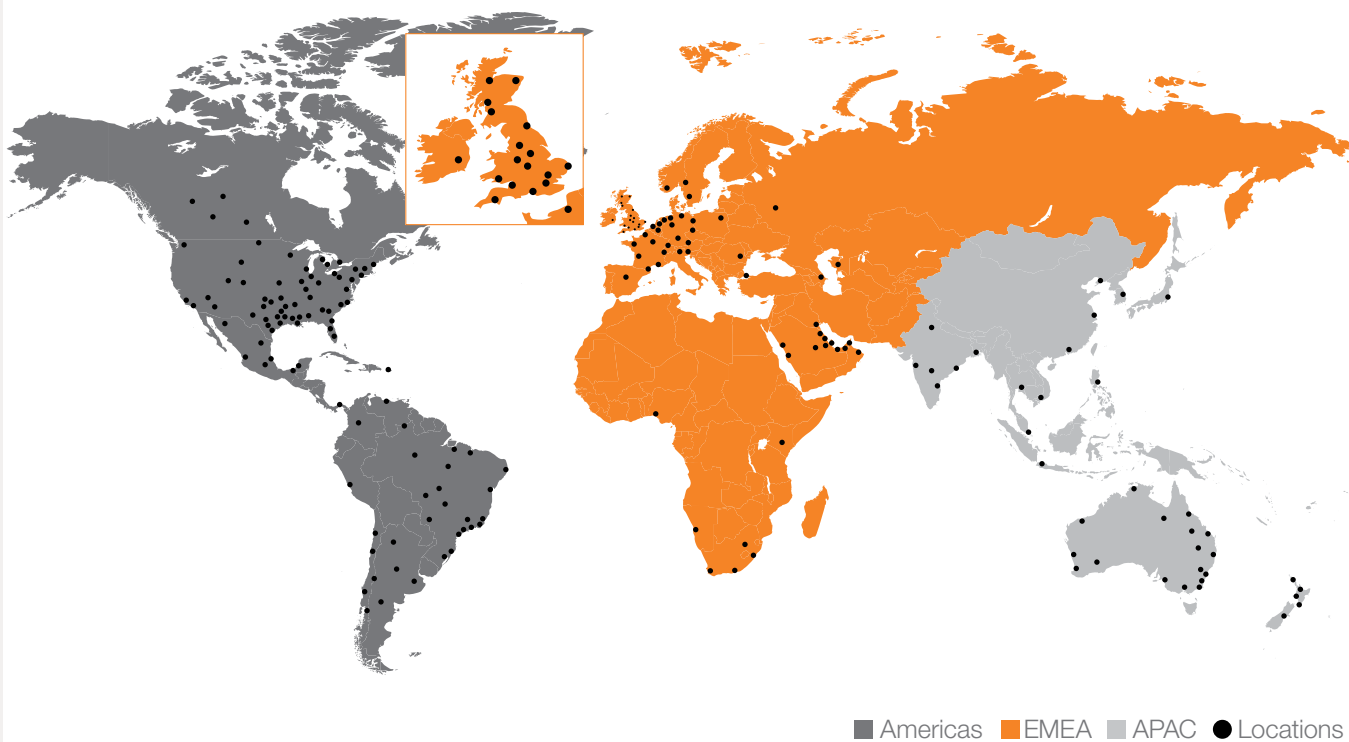
148

Temperature control fleet (MW)

1,454

Employees

4,881MW OF POWER PROJECTS FLEET CENTRALLY HELD ACROSS FOUR HUBS



OUR MARKETS

STRONG POTENTIAL

THE MARKET

DEMAND FOR AGGREKO'S SERVICES IS CREATED BY EVENTS: OUR CUSTOMERS GENERALLY TURN TO US WHEN SOMETHING HAPPENS WHICH MEANS THEY NEED A FAST AND FLEXIBLE SOLUTION FOR POWER OR TEMPERATURE CONTROL. SITUATIONS THAT STIMULATE DEMAND RANGE FROM THE VERY LARGE AND INFREQUENT TO THE SMALL AND RECURRENT



EXAMPLES OF INFREQUENT EVENTS:

- Large-scale power shortage – South Africa, Bangladesh, Argentina
- Major sporting occasions – Olympic Games, FIFA World Cup, Glasgow Commonwealth Games
- Natural disasters – Japan post-tsunami, Hurricane Sandy in North America in 2012, Brisbane floods in 2011
- Post-conflict re-construction and military support – Congo, Iraq and Afghanistan



EXAMPLES OF MORE FREQUENT EVENTS:

- An oil refinery needs additional cooling during the Summer to maintain production throughput
- A glass manufacturer suffers a breakdown in its plant and needs power while its own equipment is being repaired
- A city centre needs chillers to create an ice-rink for the Christmas period



LOCAL BUSINESS

Dynamics

The Local business is linked to local economies and varies in size and nature from country to country. There are three main demand drivers:

GDP

As an economy grows, so does demand for energy in general and rental equipment in particular, as businesses tend to be busy and therefore choose to rent additional power or temperature control solutions, rather than lose production.

Propensity to rent

How inclined people are to rent rather than buy is driven by issues such as the tax treatment of capital assets; the growing awareness of outsourcing; and the availability and cost of finance for purchasing equipment.

Events

High value/low frequency events change the size of a market on a temporary basis; for example the FIFA World Cup in Brazil, 2014.

Market Size

It is very difficult to accurately determine the size of the global Local business market. We operate in a niche segment of the rental market across a very broad geography, which is further complicated by the fact that our own activities serve to create market demand. Furthermore, major events such as hurricanes in North America, the Olympic Games or major droughts in Africa can influence market size in the short term. Whilst it is possible, albeit difficult, to size our market in large and developed markets, it is impossible in emerging markets, where we are growing fastest; therefore our approach is to use a “market potential estimation”. From this, we estimate that our worldwide market share is around 25%, which implies Local “market potential” of around £4 billion based on Aggreko’s 2014 Local business revenue.

Read more about market potential estimation

➔ Inside back cover

Estimated Local worldwide market share



Customers

Our Local business serves any customer that uses power or temperature control. They could be banks, manufacturers, film studios, utilities, oil companies, miners, military forces, telecoms companies, party planners or major sporting event organisers. The customer base is very diverse, both geographically and by market segment, which gives us some protection against the vagaries of any one particular market. Being global allows us to quickly move resources between sectors and countries in response to customer demand.

Competitors

Customers have the choice to either buy or rent and our largest competitors are not rental companies but equipment manufacturers. Where the need is urgent or for a limited duration, customers tend to rent. In the rental market competitors are either privately-owned specialist rental businesses or divisions of large plant hire companies. In almost every country that we operate in, we are the number one or number two player, and we are the only competitor with a global footprint. However, in every region there are a large number of regional, national and local businesses in the market; competition is fierce, but few competitors are able to compete for large-scale or technically demanding work.

Local business competition



Market during the year

The oil & gas sector performed well in 2014, although we note the recent decline in the oil price and are assessing its impact. The slowdown in the mining sector as a result of the drop in commodity prices had the most significant impact in 2014; as an example, iron ore fell from \$135 to \$71 per tonne¹. Initially this was felt in our Australian business, but as the year progressed, we also saw an impact on our mining businesses in Chile and Peru. Elsewhere, we experienced challenging economic conditions in Brazil and much of Continental Europe. The competitive environment was stable.

Outlook

Looking forward, we continue to expect the market to grow at about twice the rate of GDP, and probably faster than that in emerging market countries. In the short term, the slowdown in global mining and oil & gas will make growth more challenging, but the homogeneity of our fleet allows us to switch into other sectors.

¹ Source: Bloomberg

OUR MARKETS
CONTINUED



POWER PROJECTS

Dynamics

As populations continue to grow and urbanise, and as industrialisation drives economic growth, greater demands are placed on power infrastructures in many emerging markets. Electrification rates are typically low in many of these countries, with the World Bank estimating that only 31% of people in low income countries have access to electricity. Even in those places where power is available, reliability is often poor; it is estimated that the average sub-Saharan manufacturing business can be without power for over 50 days a year. These countries may have plans for permanent capacity, but lending processes can take a considerable period of time to realise and the volume of investment required can be challenging to obtain from traditional sources; it typically takes between five and 10 years for a new plant to be commissioned. Delays in realising new capacity, ageing infrastructure and reliance on intermittent hydropower can also exacerbate an existing shortfall. Meanwhile, the global population is forecast to grow by over 1% per annum between 2015 and 2020, and double this rate in the least developed countries according to the United Nations; therefore the power shortfall is likely to increase.

As a result, we believe that in many parts of the world, and most particularly in many emerging market countries, there will be continued power shortages and load shedding, caused by a combination of factors, including those outlined on the right:

Demand

In developing countries demand is growing, driven by industrialisation, urbanisation and access to electrical appliances.

Under-investment

Investment in new and replacement permanent power infrastructure has not kept pace with demand and so frequent breakdowns and damaging power cuts have resulted.

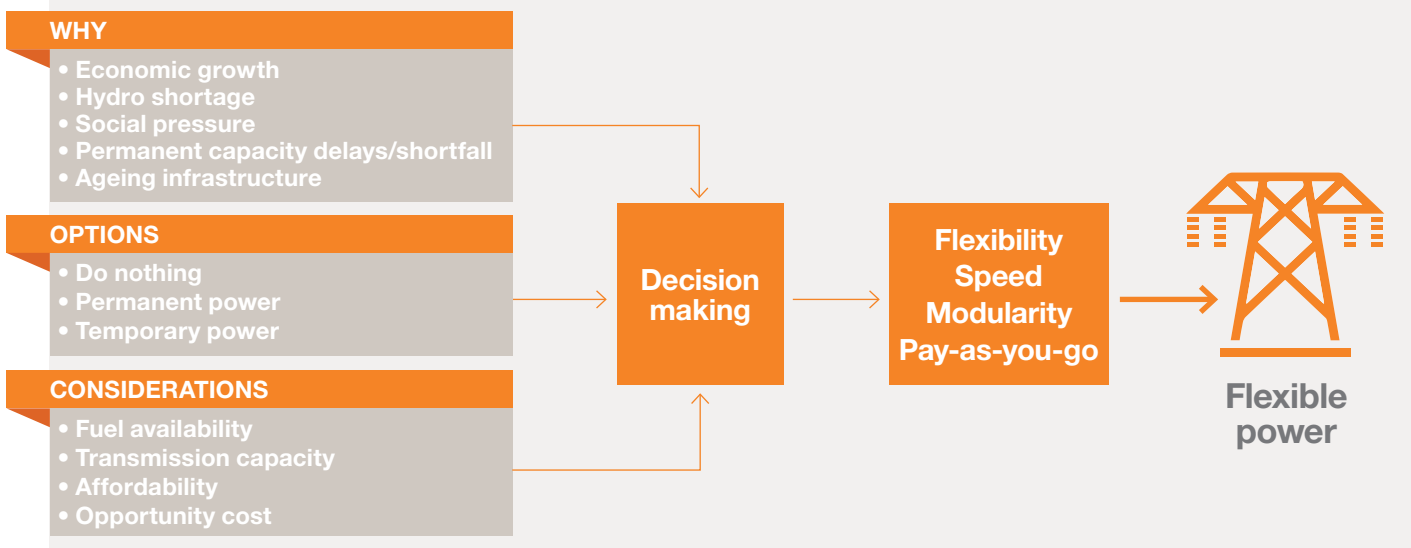
Financing

Capital markets are less willing to support long-term infrastructure projects in many developing countries, particularly when de-carbonisation and ageing infrastructure in developed countries requires trillions of dollars in investment.

Many emerging market countries experience power shortages and load shedding on a regular basis. A country needs to have enough generating and transmission capacity to cater for the absolute peak demand, plus a safety margin (called the "reserve margin") to cater for unexpected breakdowns, scheduled maintenance and spikes in demand. If a country does not have a big enough reserve margin, power cuts inevitably result. In the early stages of power shortages, power cuts may be rare, seasonal and bearable. But as the reserve margin drops, they become more frequent, disruptive and start to have a serious impact on the life and economy of a nation; concern over a growing shortfall may spur countries to react.

Overlaid above this structural demand are other factors which impact the conversion into power. Different countries have differing propensities to rent and country-specific factors strongly influence the purchasing decision. These can include a country's US Dollar reserves (as contracts and fuel are largely priced in US Dollars); supporting infrastructure (it may be that a country has adequate capacity but the transmission cannot transfer it to where it is needed and so want off-grid generation); the availability of fuel (gas generation is more

Utility Decision Making Factors



economic than diesel); and the opportunity cost of not having power. Flexible power solutions are attractive for being pay-as-you-go, fast to deliver and modular. Aggreko proactively assesses the situation at a country level and offers solutions that solve problems for the local utility and their customers. In recent years pressure on reserve margins has lessened as economic growth has slowed and the opportunity cost of not having power is less acute.

Market Size

Our core market is in emerging markets (excluding China), where GDP and demand for power is growing fastest. We have recently updated our models using the latest projections from the IMF and IEA and they predict that the worldwide demand for power will grow by 3.7% per annum between 2015 and 2020. This forecast, combined with generating capacity assumptions, means that we estimate that the shortfall of power generating capacity will be around 140GW in our core markets by 2020; this implies a compound growth rate of 12% between 2014 and 2020. The projected deficit is not as great as previously forecast, given slower economic growth in many markets; that said, the sheer scale of the deficit and the growth forecast demonstrate that the structural market drivers in this business remain strong and will drive continued demand for power generation. Additionally, in any given year, the market can substantially increase as a result of droughts, which can lead to power shortages in countries reliant on hydro power.

We estimate that our market share in 2014 was around 40%, based on the volume of contract wins and extensions across the industry.

Customers

Power Projects customers are almost all in emerging markets; 89% of our revenues (excluding pass-through fuel) come from utilities. These are often state owned and the state may play a significant role in determining the ability to finance utility operations and power purchase through tariff setting. These contracts can take a number of forms: gas-to-power, where we monetise stranded gas, such as our contract in Mozambique; extended power, where we become part of the power infrastructure, such as in Venezuela; and grid support, for example providing peak power in Saudi Arabia and Oman over the summer months. We also serve armed forces and the extractive industries, like mining and oil and gas, in some cases through our Local business.

Competitors

The largest competitive force that we face is for a share of a government's budget. In most emerging market countries the utilities are state controlled and money spent on power is money that cannot be spent elsewhere. We compete with a number of other companies around the world; we have one competitor with whom we compete on a global basis and a number of businesses compete with us either locally or regionally, in particular some of the larger Caterpillar dealers. Our key differentiator is our global scale and large homogenous fleet, which facilitates fast deployment and economies of scale.

Market during the year

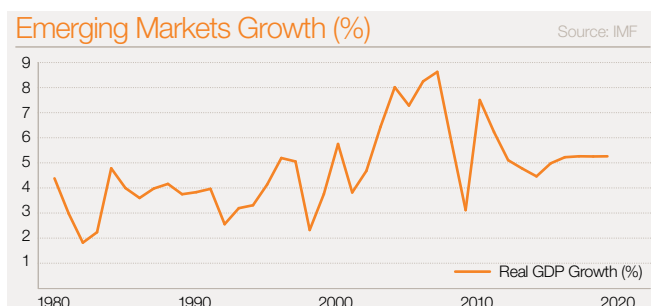
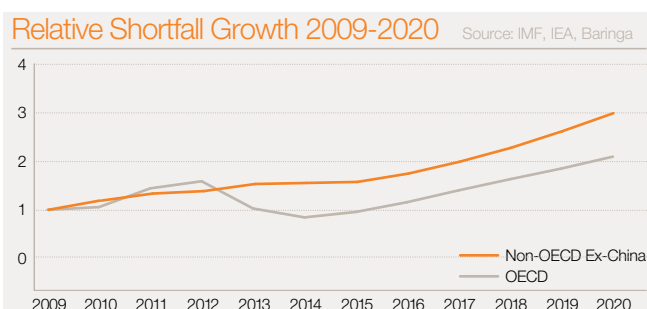
Since 2012, we have seen lower economic growth in emerging markets, and therefore lower electricity demand growth over the same period. In addition, significant currency devaluation has meant that the cost of temporary power has increased and the combination of these factors, we believe, has prevented some of the expected shortfall from being realised. Our order intake in 2014 was 757MW, an improvement on 2013 (725MW), but below the historic levels that we have seen. As important as order intake, is the off-hire rate, which was in line with the historic average, at 32%.

Read more about off-hire rates

[→ Inside back cover](#)

Outlook


In the long term, the drivers of growth – increasing demand for electricity and insufficient investment in supply – are structural and we will secure work by understanding the market and tailoring solutions to solve customer problems. The decision to purchase power using flexible solutions is usually a political one and given slower economic growth in recent years, the opportunity cost of not having power is less acute. In the short term, the fall in oil price should prove supportive, as it makes diesel fuelled power substantially cheaper. Overall, the structural shortfall will create substantial opportunities for the Group and we will continue to win work by understanding the market, customer needs and offering solutions that meet their requirements.




HOW WE CREATE VALUE THROUGH OUR BUSINESS MODEL




Human

 We have a highly skilled and professional workforce of over 7,700 employees worldwide

Supply chain

 We work with suppliers to ensure the components and services they provide comply with our quality standards

Design and manufacture

 We work closely with engine manufacturers and technology partners to design and manufacture equipment that is fuel efficient, emissions compliant and with a unique capital cost advantage

Financial

 The Group has a strong balance sheet with sufficient facilities available

Intellectual

 We invest in our technology and operating procedures to deliver better performance

Power

9,695MW £926m
assets¹

Chillers

1,294MW £53m
assets¹

Oil-free air

634cfm £12m
assets¹

Ancillaries

£95m
assets¹

KEY INPUTS

Relationships

We have longstanding relationships with many of our suppliers, notably Cummins, our main engine supplier. We also have sourcing relationships across the globe where we work very closely with suppliers to ensure that the components and services provided comply with our quality standards.

¹ Net asset value

How our strategy maximises performance

➔ **Page 22**

Risks that are involved

➔ **Page 28**



Maintain and Service

211

Sales and Service Centres worldwide operating a hub and spoke model

4

Power Projects hubs on major shipping routes

Local business revenue

£904m

Average contract value: £21k

The Local business rents power and temperature control equipment to a diverse range of customers who operate it themselves; we service and maintain it

Power Projects revenue

£625m (excluding pass-through fuel)

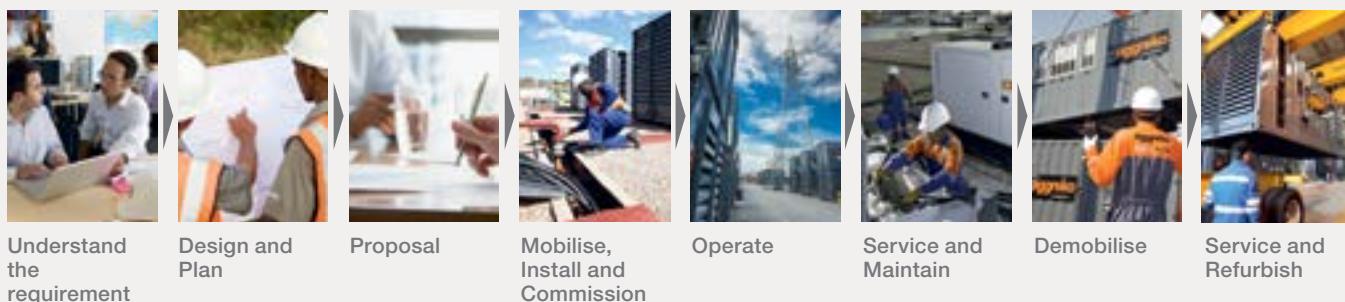
Average contract value: £5 million per annum

The Power Projects business sells electricity which we deliver using power plants built, owned and operated by ourselves

The value we create

-  Supporting industry and commerce
-  Providing power for countries and communities
-  Enabling key events around the world
-  Innovating to build a sustainable business
-  Global employment
-  Strong brand and good reputation
-  Rewarding careers
-  Shareholder returns

OUR PROJECT LIFE CYCLE IS EXPLAINED ON THE NEXT PAGE



HOW WE CREATE VALUE ACROSS THE PROJECT LIFE CYCLE

THE TYPICAL LIFE CYCLE OF A PROJECT

Understand the requirement

Design and Plan

Proposal

Mobilise, Install and Commission



Local business

> 68,500

quotes per year

Customers approach us through sales channels or existing relationships; our sales people also offer solutions before problems arise. We meet the customer, discuss their needs and conduct a site survey.

580 people

dedicated sales force

Typically, we meet the production manager on-site to get a better indication of what is needed. Then we draw up a design, taking account of any environmental or regulatory requirements.

27,400

pieces of equipment

Based on the plan, a quote is drawn up with guidance from the internal pricing model. A proposal is then made to the customer and once agreed, a contract is signed.

hours – days

installation time

Once the contract is signed, we begin mobilising the equipment. We install it on-site, test it and commission the contract. In most cases the customer is responsible for providing the fuel.

Power Projects

c.250

quotes per year

In most cases a tender is produced, whilst in other cases we present solutions to the customer to show how we can solve their power issues. Both involve meeting the customer and understanding their needs.

30 people

dedicated sales force

Following a site survey and additional exploratory work, we draw up a plan to meet the customer requirements, including all the logistics and site civil works. This can vary considerably in complexity, from a simple, small diesel contract, to a large gas contract which might include building a gas pipeline and transmission.

4,881MW

available

Based on the contract specification a quote is drawn up. This is either presented directly to the customer, or in the case of a tender, the bid is often opened publicly in front of the local press. Negotiations will typically then take place before a final price is agreed and a contract signed.

weeks – months

installation time

Equipment is shipped from the nearest hub or another project which has recently demobilised and usually travels by sea, rail and road to the site. Installing a project typically takes a number of weeks and once this is complete the site is commissioned and operational. In most instances, the customer is responsible for providing the fuel.

Operate

Service and Maintain

Demobilise

Service and Refurbish



50

days average contract duration

After an explanation on operating procedures, customers operate the equipment themselves and call us if there are any issues.

>1,500

dedicated engineers

Our service engineers will visit the site as necessary. Our remote monitoring equipment can alert customers and engineers to potential problems before they occur. For some short contracts, servicing may not be needed.

76,500

sets off-hired in 2014

The customer retains the right to determine whether or not to off-hire the equipment or extend the contract. When they choose to off-hire, we remove our equipment and demobilise.

3 days

average time to turnaround a diesel generator

Equipment coming off-hire is returned to our service centres, where it is serviced and made available to go back out on-hire.

1 year

average contract duration

We sell power. We own and operate our facilities which are run by Aggreko employees. These tend to be a combination of locally trained teams and Aggreko personnel with previous Power Projects experience.

>1,100

dedicated engineers

The equipment needs regular servicing and maintaining, the frequency of which depends on how hard it is running. Our technicians are permanently on-site and will service and maintain equipment as required.

1,219MW

off-hired and demobilised in 2014

At the end of the initial contract term, customers have the option to off-hire or extend the contract. Typically around a third of contracts on hire at the beginning of the year will off-hire during the year. When a customer decides to off-hire, we remove our equipment and leave the site exactly as we found it.

290MW

of refurbishments in 2014

Equipment that is demobilised is returned to one of the hubs, where it is serviced or refurbished. Our 1MW diesel generators that have reached the end of their useful life are refurbished which can include an upgrade to our more fuel efficient/higher electrical output engine at around 70% of the original cost and giving another eight years of useful life.

Read more about refurbishments

➔ Page 61

HOW WE CREATE VALUE USING OUR RESOURCES

Human

Aggreko has over 6,300 permanent and 1,400 temporary employees worldwide, united by our unique culture which has developed over more than 50 years. Our people are highly skilled and are used to reacting quickly, doing a professional job in a safe manner and above all, responding effectively under pressure.

We have enormous strength and depth throughout the business. Our sales and commercial teams are highly trained and understand the financial, regulatory and environmental logistics of operating in challenging markets; our engineers and technicians are trained to problem solve in even the most difficult situations to keep our equipment operating; supported by strong back office functions.

Our people are our biggest asset. Therefore it is essential that our people are properly trained and are remunerated and incentivised appropriately. Each part of the business has training programmes in place to provide our employees with the necessary skills to perform their role; training is a combination of on-the-job learning and specific skill development through training courses.

Read more about our people

 **Page 62**

The Company's remuneration policy, set out in the Corporate governance report, is aligned with the key objectives of growing earnings and delivering strong returns on capital employed. These metrics are used for the Group's long-term incentive scheme and senior managers' annual bonuses. We also encourage all employees to own shares in the Company and currently over 2,400 people participate in the Sharesave programme.

Read more about our remuneration policy

 **Page 92**

Supply Chain

Aggreko's supply chain capability in managing suppliers to provide goods and services in around 100 countries is a key part of our business model, including the logistics of getting equipment and supplies into and out of these countries in a short period of time. We have long standing relationships with many of our suppliers, notably Cummins, our main engine supplier. We also have sourcing relationships across the globe where we work very closely with suppliers to ensure that the components and services provided comply with Aggreko's quality standards.

Design and Manufacture

Unusually for a rental company, we design and assemble most of our power equipment. Our specialist in-house teams based in Dumbarton, Scotland, understand intimately the requirements of the environment in which the fleet operates. We operate equipment for its useful life; we do not build our equipment to sell. This gives a powerful incentive to maintain it well, which gives a longer life and better reliability.

Designing and assembling our own fleet gives us a unique competitive advantage:

- **Optimise equipment to meet our particular operational requirements**
- **Design equipment for reliability and longevity**
- **Material capital cost advantage through economies of scale and not paying the final assembly margin (20–40% over competitors)**
- **React quickly to customer requirements with lead times of only a few months from engine order to the equipment being in the fleet**

We currently purchase most of our temperature control equipment externally to suit the needs of local markets.

Fleet is managed on a real time basis across the world and is transferable across all sectors and applications, which enables us to optimise utilisation and therefore its deployment and returns.

Financial

The Group has sufficient facilities to meet our funding requirements over the medium term. These facilities have a range of maturities and are satisfied by the following covenants:

Funding Source	Covenants	Performance as at December 2014
Lenders	EBITDA \geq 4x Interest Net debt/EBITDA \leq 3x	EBITDA to Interest: 27x Net debt to EBITDA: 0.9x

The Group does not consider these covenants restrictive and under normal business conditions looks to operate the business with net debt/EBITDA ratio of around one. The Group believes that this is the appropriate level given the characteristics of the Group, including the inherently risky nature of where we operate, in particular in the Power Projects business.

Fleet is at the heart of any rental business; it is the core of the service we offer and managing it effectively is necessary to ensure the long-term sustainability of our business

OUR DESIGN AND ASSEMBLY CAPABILITY

230

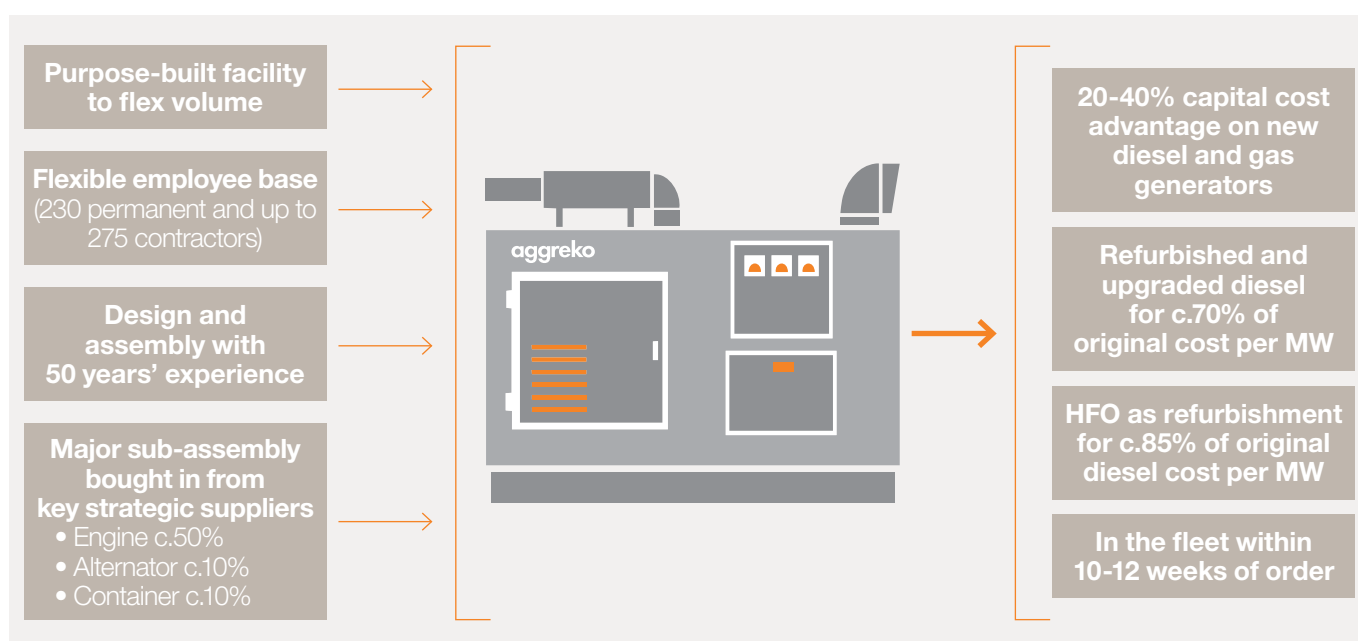
permanent Dumbarton employees

20,978

power units available

9,695MW

power in the fleet



90%

of cost is major sub-assemblies

£226m

fleet capex in 2014

20–40%

capital cost advantage

Intellectual

We have built a competitive advantage by designing our own equipment that is fit for purpose. Key attributes of our equipment are:

- **Durable and portable – has to be lifted and transported hundreds of times during its life**
- **Ability to work in extreme conditions, both temperature and altitude**
- **Fuel efficient**
- **Safe**
- **Quiet**
- **Reliable**
- **Compliant with environmental and safety regulations**

Furthermore, in recent years we have invested in the underlying technology to deliver better performance and new capability in our 1MW generators. We were the first company in the world to develop and assemble 1MW gas generators in 20 foot containers; we have increased the power output of our 1MW diesel engines by 15% whilst improving fuel consumption by 4% and we have re-engineered the same engines to allow them to run on Heavy Fuel Oil.

We have also developed a process to allow us to re-cycle and refurbish our large diesel generators at the end of their useful life, for significantly less than the cost of a new generator. At the same time, we re-engineer it to the latest specification.

Read more about generator refurbishments

[→ See page 61](#)

OUR STRATEGY FOR LONG-TERM GROWTH

MAXIMISING OUR PERFORMANCE

THE OBJECTIVE OF OUR STRATEGY IS TO DELIVER LONG-TERM VALUE TO SHAREHOLDERS, OUTSTANDING SERVICE TO CUSTOMERS AND REWARDING CAREERS TO OUR EMPLOYEES BY BEING THE LEADING GLOBAL PROVIDER OF FLEXIBLE POWER AND TEMPERATURE CONTROL SOLUTIONS



OUR AIM

Leading global provider of temporary power and temperature control



OUR CULTURE

Pace, Passion, Performance



GROUP STRATEGY ANNOUNCED IN 2013

- Implement business line strategies
- Continue to build strength and depth in management
- Bolt-on acquisitions
- Build further synergies between the Local business and Power Projects
- Drive operational efficiency and economies of scale
- Innovate in product development



LOCAL BUSINESS STRATEGY

- Superior service
- Utilise global scale for efficiency
- Increase market share
- Extend presence in emerging markets



POWER PROJECTS STRATEGY

- Be the largest global operator
- Secure operating efficiencies and competitive advantage
- Innovate to make temporary power competitive with permanent power

Overview

Our strategy is founded on the belief that a business with global scale, that operates consistently worldwide, can secure a significant competitive advantage. Homogeneity in fleet, infrastructure, processes and skills to deliver operating efficiencies, while leveraging our complementary business models gives us a unique

competitive advantage. This will allow us to provide excellent service to customers, and so allow Aggreko to deliver long-term value to Shareholders and rewarding careers to our employees. All this is underpinned by our culture, known internally as “Orange Blood”; it is characterised as pace, passion and performance.



LOCAL BUSINESS

Growth in the Local business is underpinned by growth in our global market; we estimate the market is growing at around two times GDP. We expect to continue to gain market share through the key elements of our Local business strategy:

Superior customer service

We are a leading company for customer satisfaction globally; we offer a premium service with a clear differentiation in our product offering.

Use our global scale to drive efficiency

High quality systems and robust processes across the Group underpin our operations, enabling us to provide superior customer service at a competitive price.

Increase market share and global reach

We are focused on establishing and bringing up to scale our newer service centres in faster growing emerging markets, whilst also adding and upgrading service centres in developed markets.



POWER PROJECTS

We aim to secure the operating efficiencies and competitive advantages which come from being the largest global operator. We continue to focus on non-OECD ex. China whilst investing in our product efficiency and operating procedures, with the objective of driving down the cost/kWh of temporary power.

Scale

Scale brings significant competitive advantages through:




- **Fleet management:** fleet is managed as a common global pool across both our businesses and we can deploy capacity from our various hubs around the world. This drives higher utilisation and therefore returns on capital.
- **Delivery time:** we can offer fast delivery of large amounts of generating capacity.
- **Risk management:** we operate in countries where the operational, political and payment risks can be high. We mitigate these risks using a number of techniques and we ensure a diverse geographic portfolio; no country or customer exposure is greater than 10% of Group revenues. Because of our scale, such a loss would not imperil the Group as a whole.
- **Capital cost:** as the largest purchaser of power generation for rental applications in the world, we achieve significant economies of scale and we estimate that our capital cost/MW is typically 20-40% lower than competitors’.
- **Fit for purpose:** having our own design and manufacturing facilities means that we can source equipment which is best suited to our precise requirements.

Product

To sustain our position as market leader, we need to have market leading products. We have developed proprietary engine technology to optimise performance and offer our customers the choice of diesel, gas or HFO fuelled generators. In addition, we refurbish our fleet, producing new and often enhanced products at lower cost than the original, thus helping generate higher capital returns.

TARGETS AND ACHIEVEMENTS

AGGREKO WORKS ON FIVE-YEAR STRATEGY CYCLES; THE STRATEGIC TARGETS OUTLINED BELOW ARE FOR THE CURRENT FIVE-YEAR CYCLE, 2013–2017

	TARGETS	FY13 PERFORMANCE	FY14 PERFORMANCE	
GROUP				
 Revenue growth	> 10%	6%	12%	<ul style="list-style-type: none"> Refurbished 290 generators and 25% of the Power Projects fleet are now refurbished generators
Trading margin	> 20%	22%	19%	
ROCE	> 20%	21%	19%	
LOCAL BUSINESS				
 Revenue growth	8–12%	7%	8%	<ul style="list-style-type: none"> Opened nine new service centres (net of closures) NPS score of 58% in the top quartile of global businesses Commenced roll-out of telemetry globally, allowing real time monitoring of equipment and improving customer service
Trading margin	17–20%	18%	16%	
ROCE	18–21%	17%	15%	
POWER PROJECTS				
 Revenue growth	10–15%	4%	18%	<ul style="list-style-type: none"> Contracts in Panama and Mozambique competing with permanent power
Trading margin	27–32%	31%	27%	
ROCE	25–30%	27%	25%	

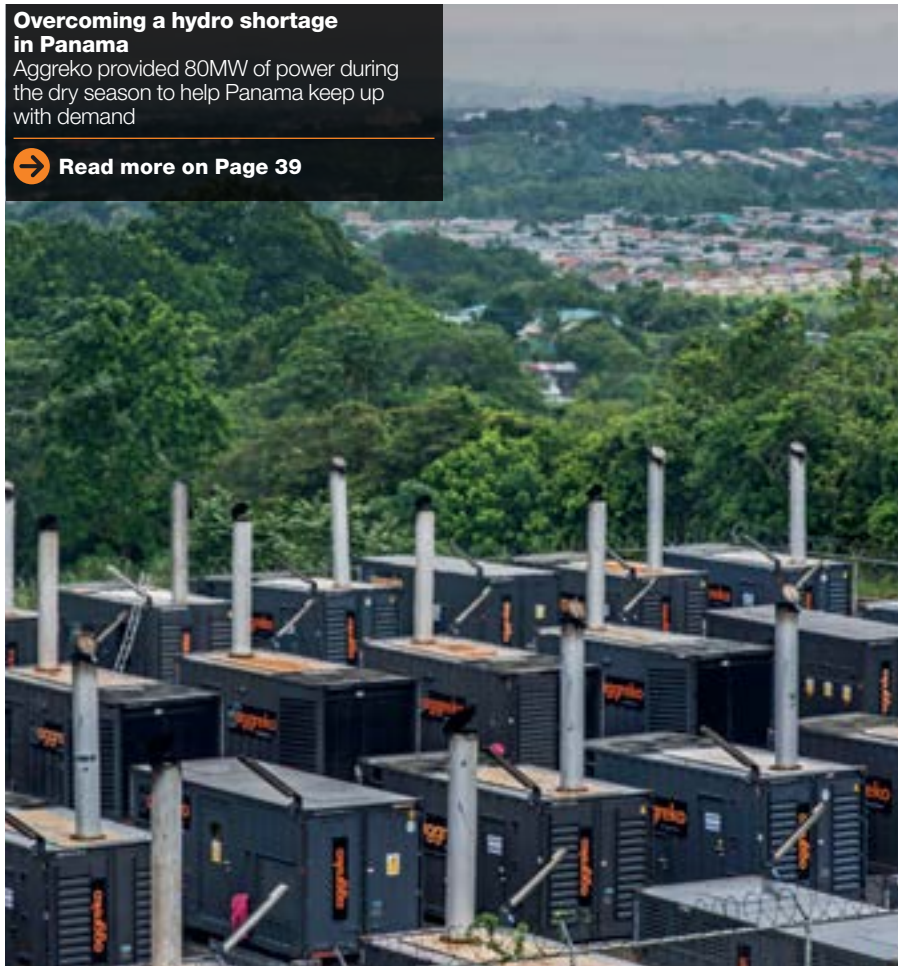
These targets are averages over a five-year period and there are years when we may be outside one of these ranges. Revenue growth is underlying (excluding currency and pass-through fuel) and adjusted to exclude the impact of our military and Japan contracts in Power Projects; Margin and ROCE are on a reported basis.

OUR STRATEGY IN ACTION

ANOTHER ACTIVE YEAR

Overcoming a hydro shortage in Panama
 Aggreko provided 80MW of power during the dry season to help Panama keep up with demand

➔ [Read more on Page 39](#)

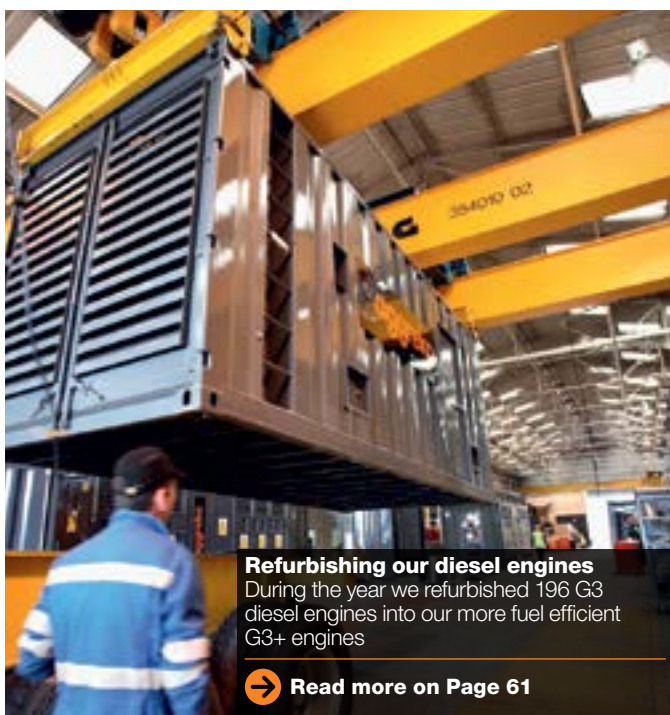


Expanding our service centre network
 In line with our strategy to expand our service centre network, we opened nine new depots and sales centres in the year (net of closures)

Powering Southern Africa

Through our 230MW site at Ressano Garcia, Mozambique, we provide power to Mozambique, South Africa and Namibia, at rates that are competitive with permanent power

➔ [Read more on Page 48](#)



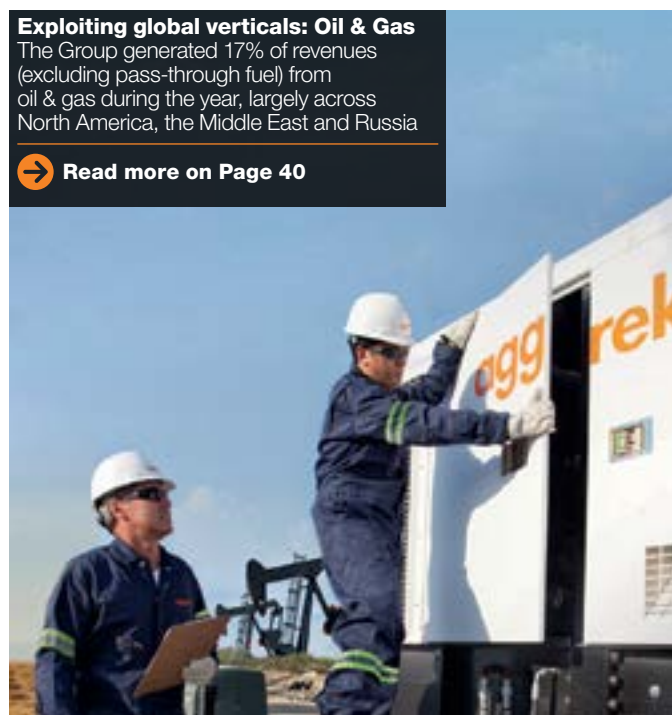
Refurbishing our diesel engines
 During the year we refurbished 196 G3 diesel engines into our more fuel efficient G3+ engines

➔ [Read more on Page 61](#)

Exploiting global verticals: Oil & Gas

The Group generated 17% of revenues (excluding pass-through fuel) from oil & gas during the year, largely across North America, the Middle East and Russia

➔ [Read more on Page 40](#)

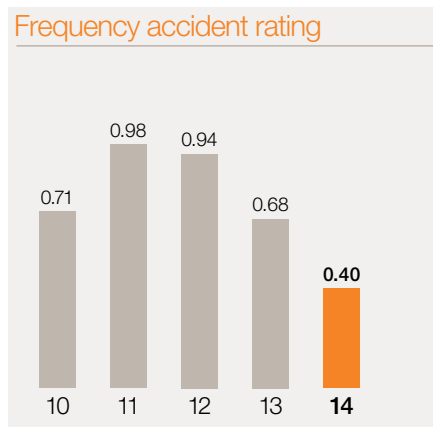


HOW WE PERFORMED

OUR KPIs

THERE ARE FIVE KEY PERFORMANCE INDICATORS (KPIs) WHICH WE USE TO ANALYSE BUSINESS PERFORMANCE. THERE ARE A LARGE NUMBER OF OTHER PERFORMANCE INDICATORS USED TO MEASURE DAY-TO-DAY OPERATIONAL AND FINANCIAL ACTIVITY, MANY OF WHICH ARE INCLUDED IN OUR MONTHLY MANAGEMENT ACCOUNTS. IN ADDITION, EVERY GENERAL MANAGER IN THE BUSINESS RECEIVES A WEEKLY AND MONTHLY PACK OF INDICATORS WHICH IS THE BASIS OF REGULAR OPERATIONAL MEETINGS

SAFETY



Relevance

Our business involves the frequent movement of heavy equipment which, in its operation, produces lethal voltages of electricity and contains thousands of litres of fuel. Rigorous safety processes are absolutely essential if we are to avoid accidents which could cause injury to people and damage to property and reputation. Safety processes are also a basic benchmark of operational discipline.

The main KPI we use to measure safety performance is the internationally recognised Frequency Accident Rating ("FAR") which is calculated as the number of lost time accidents multiplied by 200,000 (being the base for 100 employees working 40 hours per week, 50 weeks per year) divided by the total hours worked. A lost time accident is a work related injury/illness that results in an employee's inability to work the day after the initial injury/illness.

Performance

The Group's FAR for 2014 was 0.40. This compares favourably to the benchmark of 1.0 reported for US Commercial and Industrial Machinery and equipment rental and leasing sector, published by the US Department of Labor for 2013. It is a reduction of 41% from last year's result of 0.68, and is reflected in a reduction from 57 Lost Time Injuries (LTIs) in 2013 to 41 LTIs in 2014. With deep regret we have to report that during the year, through no fault of his own, one of our engineers suffered fatal injuries following a head on vehicle collision whilst travelling to a client site in Saudi Arabia.

Read more about health and safety

➔ [Page 57](#)

STAFF TURNOVER



Relevance

In a service business such as Aggreko, it is the attitude, skill and motivation of our staff which makes the difference between mediocre and excellent performance. Staff retention therefore is a reasonable proxy for how employees feel about our Company. We monitor staff turnover which is measured as the number of employees who left the Group (other than through redundancy) during the period as a proportion of the total average employees during the period. As well as measuring staff turnover, the Group carries out a regular global opinion survey, conducted by an independent third party, in which every employee is invited to say what they think about Aggreko.

Performance

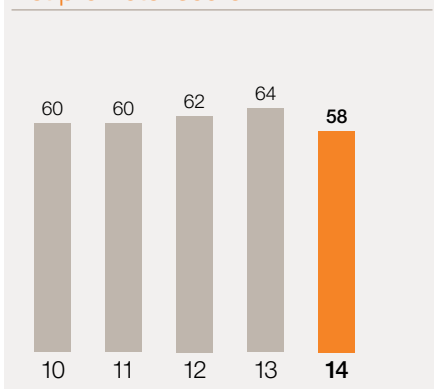
Staff turnover of 13% in 2014 is broadly in line with the levels over the past five years. The results from the last global opinion survey conducted in 2013 put Aggreko in the top quartile with peer group companies. The feedback from 5,100 responses (86% return rate) was very positive and very much in line with the results of the previous survey. Aggreko continues to have a strong culture with highly committed people.

Read more about our people

➔ [Page 62](#)

CUSTOMER LOYALTY

Net promoter score



Relevance

The Group deals with thousands of customers every year and therefore it is important that we understand the extent to which we are making customers feel inclined to return to us the next time they need the services we provide. Accordingly, we use the Satmetrix system whereby we send customers an email immediately after a contract closes asking them to fill out a detailed questionnaire about how they thought we performed. This data is then collated for each business to demonstrate operational performance as measured by how well their customers think they have done for the same period.

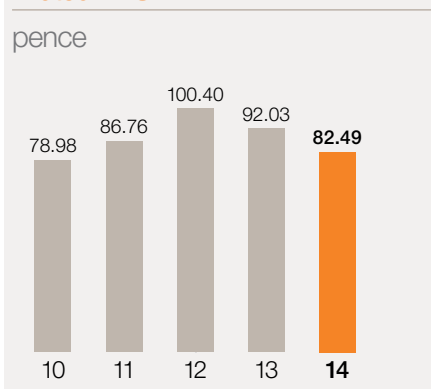
These questionnaires generate enormous amounts of data about how customers view our processes and performance and, in order to distil this down into a single usable indicator, we track a ratio called the Net Promoter Score (NPS). Broadly speaking, the NPS measures the proportion of our customers who think we do an excellent job against those who think we are average or worse.

Performance

In 2014, approximately 20,000 questionnaires were sent out and we received around 3,200 replies; we believe that the scale of the response we get enables us to have confidence in this KPI. Whilst it is disappointing that our score is lower this year and we will work hard to improve this, a score in the high fifties to low sixties range is a good level to achieve. Satmetrix, a global leader in customer experience programmes who manages over 21 million customer responses annually (including Aggreko's), has confirmed that our Net Promoter Score in 2014 remains in the top quartile of all the companies benchmarked worldwide in the business-to-business segment.

EARNINGS PER SHARE (EPS)

Diluted EPS



Relevance

Measuring the creation of Shareholder value is a complex and much-debated topic. We believe that EPS, while not perfect, is an accessible measure of the returns we are generating as a Group for our Shareholders, and also has the merit of being auditable and well understood. So, for the Group as a whole, the key measure of short-term financial performance is diluted EPS, pre-exceptional items. EPS is calculated based on profit attributable to equity Shareholders (adjusted to exclude exceptional items) divided by the diluted weighted average number of Ordinary Shares ranking for dividend during the relevant period.

Performance

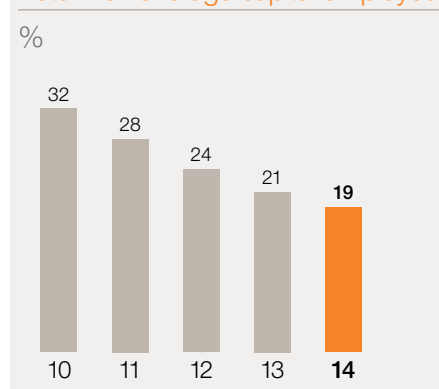
EPS for the year was 10% below the previous year, largely driven by a substantial currency translation headwind, which reduced trading profit by £40 million.

Read more about our earnings per share

→ Page 147

ROCE

Return on average capital employed



Relevance

In a business as capital intensive as Aggreko's, profitability alone is not an adequate measure of performance: it is perfectly possible to be generating good margins, but poor value for Shareholders, if assets (and in particular, fleet) are being allocated incorrectly. We believe that, by focusing on ROCE, we measure both margin performance and capital productivity, and we make sure that business unit managers are tending their balance sheets as well as their profit and loss accounts. We calculate ROCE by dividing operating profit for a period by the average of the net operating assets as at 1 January, 30 June and 31 December.

Performance

ROCE in 2014 was two percentage points lower than 2013 at 19%. This decrease was mainly driven by lower trading margins in our Power Projects business and our Local business in Australia Pacific. At 19%, ROCE is still at a high and, in our view, very attractive level. The importance of ROCE as a measure for Aggreko is illustrated by the fact that it is included along with earnings per share as the basis for the Company's Long-Term Incentive Plan.

Read more about our remuneration policy

→ Page 92

RISK FACTORS THAT COULD AFFECT BUSINESS PERFORMANCE



RISKS

The Group recognises the importance of identifying and actively managing the financial and non-financial risks facing the business. The Board is responsible for setting the Group risk appetite and through regularly reviewing the risks and controls ensures

that the appropriate mitigations are in place. Managing risk is embedded in our culture and how we conduct our day-to-day business activities. Whilst the Board retains overall responsibility, all our employees have a part to play.

Approach to managing risk

The foundation upon which the Group’s risk management process is built is the Group Risk Register, which is maintained by Group Internal Audit and is based on regional risk registers. Biannually, the regional registers are reviewed and updated by the Executive Committee with risks added, amended or removed as appropriate, and relevant mitigation strategies identified. From this, the Group Risk Register is prepared in order to capture key risks that are common to all regions and risks relevant to the overall Group.

The Group Risk Register is then formally presented to the Board for discussion, approval and re-rating of risks where necessary. Alongside this, the Audit Committee review the controls framework and the effectiveness of the mitigations identified to manage the risks.




Principal risks and materiality

In the day-to-day operations of the Group we face many risks and uncertainties. Set out over the following pages are the principal risks and uncertainties which we believe could adversely affect Aggreko, potentially impacting our people, operations, revenue, profits, cash flows or assets. This list is not exhaustive – there are many things that could go wrong in an operation as large and geographically diverse as ours – and the list might change as something that seems immaterial today assumes greater importance tomorrow.

In the following section, we outline those items we currently consider to be our most important risks. The order in which they are presented is not significant.



Key

-  Increased risk in 2014
-  No change in 2014
-  Decreased risk in 2014

Macro-economic and political environment**Economic activity**

Director responsible: Chris Weston, Chief Executive Officer



Risk	Background and impact	Mitigation
An adverse impact on our revenue and profit from an economic downturn.	<p>There is a link in our business between demand for our services and levels of economic activity. In the Local business, slower GDP growth is likely to result in a reduction in demand for rental equipment and this impact is likely to be compounded by pricing weakness. Some businesses are also exposed to particular sectors – for instance, a material proportion of our North American business comes from upstream oil & gas; our Australian business is highly dependent on mining activity and our Singapore business has a high proportion of shipping activity.</p> <p>In Power Projects, the structural drivers of growth are affected by the economic environment in the short term. The decision to purchase power using flexible solutions is in most cases a political one, and given that the funds typically have to be diverted from elsewhere, the opportunity cost is considered. When economic growth is strong, industrial activity is expanding, deficits are under control and if debt is cheap, then customers will be more inclined to spend money on flexible power. In the last couple of years, emerging market economies have seen lower growth rates and therefore demand for our service has reduced.</p>	<p>Our global footprint and fleet homogeneity allows us to move rental fleet between businesses; for example, in 2013 and 2014, we satisfied the Local business' requirements for large generators from our Power Projects business, where we had some excess capacity.</p> <p>We also try to ensure that our businesses build a diverse customer base to minimise exposure to any single sector or geography. In Brazil we continue to invest in temperature control to reduce our sectoral exposure to offshore oil & gas; while in Russia we are expanding to enable us to develop under-penetrated sectors such as mining.</p> <p>As we manufacture most of our equipment in house, we are able to quickly adjust capital expenditure. Given the large fleet depreciation element in the business' cost base (£243 million in 2014), reducing capital expenditure to a level close to depreciation makes the business very cash generative which, in turn, reduces debt and interest cost.</p>

Oil price volatility

Director responsible: Chris Weston, Chief Executive Officer



Risk	Background and impact	Mitigation
An adverse impact on our revenue and profit from a volatile oil price.	<p>Over the last few years, the price of oil has been at a fairly stable, albeit high level, with the Brent Blend price¹ at around \$100; however during the latter part of 2014 the price of oil started to fall significantly.</p> <p>Simplistically speaking a high oil price tends to be detrimental to markets that are significant oil importers. In contrast a lower oil price tends to be detrimental to oil exporting countries as it reduces GDP and spending power for infrastructure investment. That said, there are nuances by market depending on the economics of oil production and exposure to other sectors; a lower oil price typically stimulates consumer demand and therefore economic growth.</p> <p>¹ Bloomberg European Brent Blend Crude Oil spot price per barrel.</p>	<p>We try to ensure that our businesses build a diverse customer-base to minimise exposure to any single sector or geography. In 2014, the oil & gas sector contributed 17% of Group revenue (excluding pass-through fuel).</p>

RISK FACTORS THAT COULD AFFECT BUSINESS PERFORMANCE
CONTINUED

Macro-economic and political environment

Exchange rate fluctuations

Director responsible: Carole Cran, Chief Financial Officer



Risk	Background and impact	Mitigation
An adverse impact on our revenue and profit from transactional or translational currency fluctuations.	<p>Exchange rate fluctuations can have a dual impact on our performance. Whilst we report in Sterling, the Group's asset values, earnings and cash flows are influenced by a wide variety of currencies owing to our geographic diversity. Around two-thirds of the Group's revenue and costs are denominated in US Dollars; other large currency exposures are the Euro (6%), Brazilian Reals (5%) and Australian Dollar (4%). A 5% movement in GBP/USD has a translation impact of £50 million on revenue and £11 million on trading profit.</p> <p>There is a secondary impact of exchange rate fluctuations that is indirect and mainly impacts demand in our Power Projects business where we tend to transact in US Dollars.</p>	<p>We manage the transactional exchange impact through hedging and denomination of borrowings but we do not try to manage translational exchange impact; it does not impact the underlying cash flows of the business and it would be prohibitively expensive. In Power Projects, our cost base is mainly in US Dollars, so we have a natural hedge against exchange rate movements.</p>

Political environment

Executive responsible: Chris Weston, Chief Executive Officer



Risk	Background and impact	Mitigation
Political instability affects the profitability of our operations.	<p>In some jurisdictions there are significant risks of political instability, which can result in civil unrest, equipment seizure, renegotiation or nullification of existing agreements, changes in laws, taxation policies or currency restrictions. In addition, the imposition of, or change in, sanctions on a country can reduce demand for our services. Any of these could have a damaging effect on the profitability of our operations in a country, but the greatest risk is in our Power Projects business.</p> <p>During the year, we faced difficult operating conditions in Russia as a result of sanctions and in Libya and Iraq due to the unstable political environment.</p>	<p>We carry out a risk assessment process to consider risks to our people, to assets and to payments. We use a wide range of tools and techniques to manage asset risk, including insurances, bonds, guarantees and cash advances. Power Projects' financial exposures are monitored by the Board on a monthly basis. The scale and diversity of our business also helps mitigate risk.</p>




Failure to collect payments or to recover assets

Executive responsible: Carole Cran, Chief Financial Officer



Risk	Background and impact	Mitigation
Non-payment by customers or the seizure of assets.	<p>The vast majority of the contracts into which the Group enters are small relative to the size of the Group and, if a customer fails to pay a debt, this is dealt with in the normal course of business. However, the Group has some large contracts in developing countries where payment practices can be unpredictable. With contracts in around 100 countries, there are typically two or three large customers who could cause us payment problems.</p> <p>The Group takes a rigorous approach to risk management and to date has not suffered a significant loss. The scale of our business and the deliberate diversity of our customer portfolio makes it less likely that any bad debt or equipment seizure would be material to the Group's balance sheet. However, the size and scale of our business increases the likelihood of this happening. The impact of this would result in a provision or write-off of the debt and we would also lose future revenue and profit associated with the equipment.</p>	<p>We constantly monitor the risk profile and debtor position for large contracts, deploying a variety of techniques to mitigate the risks of delayed or non-payment and the risk of asset seizure. This mitigation will vary from customer to customer, but our mitigation factors include obtaining advance payments, letters of credit, and in some cases insurance against losses. Our contract portfolio is deliberately diverse in order to diversify risk and we regularly review our exposure to our largest customers.</p>

Key

-  Increased risk in 2014
-  No change in 2014
-  Decreased risk in 2014

Temporary power industry environment

Competition

Executive responsible: Chris Weston, Chief Executive Officer



Risk	Background and impact	Mitigation
Increased competition erodes market share, margins and returns.	Aggreko operates in a highly competitive market. The barriers to entry are low, particularly in the Local business and, in every major market in which we operate, competitors are constantly entering or leaving the market. We welcome this competition as it keeps us sharp and also helps to grow the overall rental market which, in many countries, is under-developed.	We monitor competitor activity carefully but, ultimately, our only protection from suffering material damage to our business by competitors is to work relentlessly to provide our customers with a high quality and differentiated service proposition at a price that they believe provides good value.

Read more about our markets

 **Page 12**

Product technology and emissions regulation

Executive responsible: Ron Sams, Group Operations and Technology Director



Risk	Background and impact	Mitigation
Changes in regulation make our equipment obsolete.	The majority of Aggreko's fleet is diesel-powered. As part of the increasing focus on environmental issues, countries continue to introduce legislation related to permissible levels of emissions and this has the potential to affect our business. Our engines are sourced from major manufacturers who, in turn, have to develop products which conform to legislation, so we are dependent on their being able to respond to legislation. We also have to be aware that when we buy a generator we want to be able to rent it for its useful life and to be able to move it between countries.	To mitigate these risks, we adopt a number of strategies. First, we retain considerable in-house expertise on engine technology and emissions – so we have a good understanding of these issues. Secondly, we have very close relationships with engine manufacturers so we get good forward visibility of their product development pipeline. When new products appear – particularly those with improved emissions performance – we aim to introduce them into the fleet as quickly as possible to ensure that, over time, our fleet evolves to ever-better levels of emissions performance. An example of this is the significant investment we have made in the development of our gas-fuelled technology in recent years; these engines have significantly reduced emissions compared with other fuel types. Gas powered generation now accounts for over 1,500MW of our fleet. Thirdly, our global footprint is a major advantage as it gives us numerous options for the re-deployment of our fleet as emissions-compliance becomes more onerous in certain countries. For example, by the end of 2014 in our North American business, around 50% of the fleet was either Tier 3 or Tier 4 compliant, with the previous fleet being re-deployed to other parts of the Group.

Read more about our environmental impact

 **Page 57**

RISK FACTORS THAT COULD AFFECT BUSINESS PERFORMANCE
CONTINUED

Ethical and safety risks

Failure to conduct business dealings with integrity and honesty

Executive responsible: Peter Kennerley, Group Legal Director and Company Secretary






Risk	Background and impact	Mitigation
<p>An employee or person acting on our behalf fails to act in accordance with Group policy and breaches our ethics guidance.</p>	<p>The scale and nature of much of our business poses the risk that we could be accused of bribery and other unethical behaviour. These risks include operating in countries with perceived high levels of corruption, contracts involving public procurement and large sums, and the use of third-party sales consultants.</p>	<p>To mitigate these risks, we operate a compliance regime based on the guidance published by the UK Ministry of Justice associated with the UK Bribery Act 2010. First, we aim to ensure that our procedures are appropriate and proportionate to the risks we face. Central to this is our Ethics Policy; every employee receives a copy when they join the business and each sales consultant acting on our behalf commits to abide by it. Secondly, we provide Board-level leadership through our Ethics Committee, comprising entirely Non-executive Directors, which oversees our anti-bribery and corruption strategy, and aims to foster a culture so that people, both inside and outside the Group, know that Aggreko does not engage in, and will not tolerate, bribery, corruption or unethical behaviour. Thirdly, we carefully assess the nature and extent of the potential external and internal risks of bribery; to date we believe the greatest risk continues to lie with our reliance on third-party sales consultants in those countries where we do not have a permanent presence. Fourthly, we conduct proportionate due diligence on those who will do business on our behalf. We carry out comprehensive due diligence on all potential sales consultants, using specialist independent investigators, and once a sales consultant has been appointed we regularly monitor their performance, audit payments and refresh due diligence at least every two years. Fifthly, we communicate our policies and processes, both inside and outside Aggreko. We have a web-based training programme for all employees accompanied by regular compliance certification; employees in higher-risk positions and third-party consultants receive tailored face-to face training. Finally, we monitor all processes and keep them under the oversight of our Head of Compliance and internal audit reviews.</p>

Read more about ethics and integrity

 **Page 65**

Key

-  Increased risk in 2014
-  No change in 2014
-  Decreased risk in 2014

Safety and security

Executive responsible: Chris Weston, Chief Executive Officer



Risk	Background and impact	Mitigation
<p>An injury to people or property during the course of business.</p>	<p>The business of the Group involves transporting, installing and operating large amounts of heavy equipment, which produces lethal voltages or very high pressure air and involves the use of millions of litres of fuel which could cause serious damage to the environment.</p> <p>There is a risk that we have personnel travelling or working in high risk countries. This year we experienced the additional risk of employees working in the Ebola affected countries in West Africa, and challenging security environments in Libya and Iraq.</p>	<p>The Group has a proactive operational culture that puts health and safety at the top of its agenda in order to reduce the likelihood of an accident. We work very closely with our customers, employees and Health & Safety authorities, to evaluate and assess major risks to ensure that health and safety procedures are rigorously followed. The Group has developed health and safety KPIs which are reviewed by the Board on a regular basis.</p> <p>We monitor security risks very closely; we have a highly trained internal Head of Security supported by security consultants that provide advice and assistance for travel in high risk countries. Our employees are given comprehensive training and support to ensure that they are adequately equipped for the environment in which they are working. Where health matters are of concern, we implement stringent testing procedures and restrict access to our sites.</p>

Read more about safety and security

 [Pages 57 and 64](#)

Retaining talent

People retention

Executive responsible: Sheena Mackay, Group HR Director



Risk	Background and impact	Mitigation
<p>Lack of management succession or the failure to retain key employees.</p>	<p>Aggreko knows that it is people who make the difference between great performance and mediocre performance. This is true at all levels within the business. We are keenly aware of the need to attract the right people, establish them in their roles and manage their development.</p> <p>During the year the Group underwent a period of senior management change. Over this period, we consider that the risk of losing people increased.</p>	<p>The main mitigation for this is to make sure that people enjoy working for Aggreko, that they feel that they are recognised, cared for, and have challenging and interesting jobs. As a framework for people development, we have in place a talent management programme which covers the management population. Rewarding people well for good performance, and having a successful Long-term Incentive Plan, also acts as a powerful retention tool.</p>

Read more about people

 [Page 62](#)

OUR INVESTMENT CASE

1

MARKET

- Structural supply/demand deficit in Power Projects
- Local business market growing at approximately two times GDP
- Global operations
- Diversified sector portfolio

Read more about our markets on page 12



2

COMPETITIVE ADVANTAGE

- Global scale and reach enables us to respond to demand shifts
- Complementary business models diversify short-term variability
- Focused product range ensures unrivalled expertise
- In-house design and assembly delivers optimised fleet at a lower capital cost

Read more about our business model on page 16



3

STRATEGY

- Clearly defined business strategy
- Supported by a strong management team
- Delivering on strategic targets in a challenging environment

Read more about our strategy on page 22



4

SHAREHOLDER RETURNS

- Priority is to invest for long-term growth
- Cash generation set to increase over the next few years
- Excess liquidity will be returned to Shareholders

PERFORMANCE REVIEW



Watch Carole's video online:
www.annualreport2014.aggreko.com

Carole Cran
 Chief Financial Officer

£m unless otherwise stated	2014	2013	Reported	Underlying ¹
Group revenue	1,577	1,573	–%	9%
Group revenue excl. pass through fuel	1,529	1,531	–%	9%
Trading profit ²	306	352	(13)%	(2)%
<i>Reported Trading margin</i>	19%	22%		
Profit before tax	289	333	(13)%	
Diluted earnings per share (p)	82.49	92.03	(10)%	
Dividend per share (p)	27.12	26.30	3%	

Aggreko delivered a solid trading performance in a difficult year. We faced challenging operating conditions in a number of our markets, particularly in Libya where security remains an ongoing concern. Against this backdrop, we are pleased that many of our markets delivered a strong performance and that overall the Group has performed in line with expectations.

Group trading performance

The Group delivered a solid trading performance in 2014, with revenue of £1,577 million, up 9% on an underlying¹ basis. The Local Business grew 8% on the same basis, as continued strength in the Americas and EMEA businesses offset weakness in our APAC business, which was significantly impacted by the slowdown in the Australian mining sector. In Power Projects, underlying revenue was up 10%, with growth coming from our 80MW diesel contract in Panama, where we are selling power to the spot market, combined with the full year impact of our gas contracts in Mozambique and the Ivory Coast. Offsetting this we saw a further reduction

in revenue from our Japanese and US Military contracts, as well as the challenges of a particularly competitive market in Indonesia which saw volume and pricing come under pressure.

Overall, the Group reported margin was 19% (2013: 22%). In the Local business on-going weakness in the mining sector had a significant impact on our Australia Pacific business and challenging macro conditions in our Brazilian market put overall growth and margins under pressure. In Power Projects, as outlined above, a lower contribution from our Japanese and US Military contracts combined with the challenging market environment in Indonesia was partially offset by a bad debt provision release relating to our contracts in Argentina, where overdue debts were settled. The decline in margin impacted reported return on capital employed³, which fell 2 percentage points to 19%.

Looking across the regions, the Americas delivered a strong performance with underlying revenue up 19% and trading profit up 17%. EMEA delivered a good performance, with underlying revenue up 9% and trading profit up 10%. As previously discussed, APAC had a challenging year and overall, underlying revenue declined 13% with a 42% reduction in trading profit.

On a reported basis, the movement in exchange rates in the period had a significant translational impact on results, reducing revenue by £126 million and trading profit by £40 million. This was driven by the strength of Sterling against all our major currencies⁴ compared to the average rates in 2013.

Earnings and dividends

The Group delivered a statutory profit before tax of £289 million (2013: £333 million). The diluted earnings per share was 82.49 pence, a 10% decline on the prior year.

The Group is proposing a final dividend per share of 17.74 pence. Subject to Shareholder approval this will result in a full year dividend of 27.12 pence (2013: 26.30 pence) per ordinary share; this equates to dividend cover of 3 times. Including the 75 pence per share special dividend paid during the year, the total cash dividend paid to Shareholders in 2014 was 102 pence.

Cashflow and balance sheet

During the year, we generated an operating cash inflow of £498 million (2013: £603 million). We continued to manage our capital expenditure tightly and to adjust it in response to market conditions. Fleet capital expenditure was £226 million (2013: £205 million), of which around 70% was spent on fleet for the Local business, particularly small gas generators for the North American market; capital expenditure in Power Projects was principally in respect of 290MW of diesel engine refurbishments.

Net debt was £494 million at 31 December 2014, £131 million higher than the prior year and after £200 million was returned to Shareholders. This resulted in net debt to EBITDA of 0.9 times compared to 0.6 times in 2013.

PERFORMANCE REVIEW
CONTINUED
 LOCAL BUSINESS LINE

	Reported 2014 £ million	Reported 2013 £ million	Reported change %	Underlying ¹ change %
Revenue	904	904	–%	8%
Trading profit	139	158	(12)%	(4)%
Trading margin	16%	18%		

Local business line

Our Local business delivered a solid performance in the year with underlying revenue up 8%. As expected, the rate of growth slowed in the second half given tough comparatives. Rental revenue increased by 8% and services revenue by 9%; within rental, power increased 10%, driven by EMEA and the Americas, whilst temperature control increased by 2% and oil-free air increased 1%.

The increase in revenue was driven by good growth in emerging markets⁵, in addition to strong performances from some of our more developed markets, most notably the United States, Canada, the UK and Germany. Our contracts for the FIFA World Cup in Brazil and the Glasgow 2014 Commonwealth Games contributed £19 million in revenue.

Trading profit in the Local business fell 4%, with a two percentage point reduction in the trading margin to 16%. This was largely due to the challenging trading conditions in our Australia Pacific business, as the mining sector continued to contract, as well as the more difficult macro environment in Brazil as a result of the subdued economic conditions.

 POWER PROJECTS BUSINESS LINE

	Reported 2014 £ million	Reported 2013 £ million	Reported change %	Underlying ¹ change %
Revenues				
Excl. pass-through fuel	625	627	–%	10%
Pass-through fuel	48	42	13%	19%
Total	673	669	1%	10%
Trading profit				
Excl. pass-through fuel	170	196	(13)%	–%
Pass-through fuel	(3)	(2)	(36)%	(43)%
Total	167	194	(14)%	–%
Trading margin excl. pass-through fuel	27%	31%		

Power Projects business line

Our Power Projects business had a good year with underlying revenue increasing by 10%; this was largely driven by our 80MW diesel contract in Panama where we are selling electricity to the spot market, but also benefited from the full year impact of the gas on-hires in Mozambique and Ivory Coast commissioned in the second half of 2013. This growth was partially offset by the on-going anticipated decline in Japan and US Military contracts and a very competitive market in Indonesia.

Underlying trading profit was in line with last year, with the reported margin decreasing to 27% (2013: 31%). This was in line with our expectations and was caused by the wind-down of our higher margin Japan and US Military contracts and pricing pressure, particularly in Indonesia. These factors were partially offset by a bad debt provision release of £7 million, as overdue balances in Argentina were settled.

Order intake for 2014 was 757MW, ahead of the 725MW secured in 2013; the off-hire rate in 2014 was 32% (2013: 39%). At the end of the year, our order book was around 23,000MW months (2013: 25,000 MW months). Since the year end we have secured new work of 287MW and multi-year contract extensions of 488MW. We anticipate mobilisation costs will impact 2015 first-half results as these new projects and contracts won in the fourth quarter of 2014 on-hire.

At the end of 2014 we had 925MW of gas-fuelled generation on rent, and revenue from gas was up 7% on the prior year. At the same point, we had 569MW of our more fuel efficient and higher output G3+ diesel sets in the fleet, including 212MW of our dual-fuel diesel and Heavy Fuel Oil (HFO) generators. As we have previously discussed, we are experiencing challenges with the HFO product relating to the fuel specification that our equipment can use and which has reduced the size of the addressable market. The issues that we are experiencing are not trivial and our engineering team, along with the support of engineering firm Ricardo, are working to resolve these issues and in the meantime, these sets are able to run on diesel.

Regional trading performance

	Revenue			
	2014 £ million	2013 £ million	Reported change %	Underlying change %
By region				
Americas	684	645	6%	19%
Asia, Pacific & Australia	246	303	(19)%	(13)%
Europe, Middle East & Africa	647	625	4%	9%
Group	1,577	1,573	-%	9%
By business line				
Local business	904	904	-%	8%
Power Projects excluding pass-through fuel	625	627	-%	10%
Pass-through fuel	48	42	13%	19%
Group	1,577	1,573	-%	9%
Group excluding pass-through fuel	1,529	1,531	-%	9%

	Trading profit			
	2014 £ million	2013 £ million	Reported change %	Underlying change %
By region				
Americas	141	147	(4)%	17%
Asia, Pacific & Australia	49	91	(46)%	(42)%
Europe, Middle East & Africa	116	114	1%	10%
Group	306	352	(13)%	(2)%
By business line				
Local business	139	158	(12)%	(4)%
Power Projects excluding pass-through fuel	170	196	(13)%	-%
Pass-through fuel	(3)	(2)	(36)%	(43)%
Group	306	352	(13)%	(2)%
Group excluding pass-through fuel	309	354	(13)%	(2)%

Outlook

Progress over the first two months of the year has been encouraging. In Power Projects we have seen a healthy order intake of 287MW, including new contracts in Argentina (150MW) and Myanmar (95MW). We are also pleased to have secured an extension to our contract in Japan and multi-year contract extensions in Argentina and Ivory Coast; however, the securing of further contract extensions and winning new work is key in order to drive growth this year. In the Local business power volumes on rent are up 6%.

Group wide, we have seen little impact from lower oil price to date, however we continue to assess developments closely. For some markets the lower oil price may stimulate demand, but on balance we anticipate that it could be a headwind later in the year, as could continued security challenges in a number of our markets, in particular Libya.

Whilst incremental mobilisation costs will impact first half results, overall for 2015, we currently expect underlying trading profit to be broadly in line with last year.

- 1 Underlying excludes currency and pass-through fuel revenue from Power Projects, where we provide fuel to our contracts in Mozambique on a pass-through basis. A bridge between reported and underlying revenue and trading profits is provided at page 50 of the Financial Review.
- 2 Trading profit represents operating profit before gain on sale of property, plant and equipment.
- 3 ROCE is calculated by taking the operating profit for a period and expressing it as a percentage of the average net operating assets at 1 January, 30 June and 31 December.
- 4 Major currencies are the US Dollar, Euro, Australian Dollar, Argentinian Peso and Brazilian Real. The table on page 50 of the Financial Review sets out these major exchange rates.
- 5 Emerging Local business markets defined as: Russia, Middle East, Asia, Africa and Latin America.

PERFORMANCE BY REGION

AMERICAS



Asterios Satrazemis
Regional Executive Director, the Americas

	Reported 2014 £ million	Reported 2013 £ million	Reported change %	Underlying ¹ change %
Revenues				
Local	457	445	3%	12%
Power Projects	227	200	13%	39%
Total	684	645	6%	19%
Trading profit	141	147	(4)%	17%
Trading margin	21%	23%		

¹ Underlying excludes currency.

+ Highlights of the year

- Selling power direct to the grid in Panama through our innovative project, and securing a new 104MW contract after the initial contract expired;
- Settled overdue balances in Argentina and since the end of the year secured 300MW of contract extensions and 150MW of new work;
- Successful delivery of the FIFA World Cup in Brazil where we provided all the broadcast power;
- Strong performance in North America, driven by oil and gas.

⊖ Lowlights of the year

- Macro conditions in Brazil provided a challenging backdrop and we are reorganising our business there;
- Global mining slowdown began to impact our South American Local Business, particularly in Chile, in the second half of the year.

Our Americas business delivered a strong performance for the year. Underlying revenue increased by 19% and trading profit by 17%. Reported trading margin decreased from 23% to 21%, which included a negative impact from the currency mix of our contracts and the effects of challenging trading conditions in Brazil. Trading profit in the year included the benefit of a £7 million bad debt provision release relating to Argentina where, after a period of negotiation, the team successfully cleared overdue debts, which net of a small discount resulted in the provision release.

Underlying revenue in our Americas Local business increased 12% with rental revenue up 9% and services revenue up 18%. Rental revenue growth was driven by power rental revenue, which increased by 12%. Temperature control revenue grew by 3%, but cooler ambient temperatures across North America during the crucial summer season reduced demand. Oil-free compressed air revenue increased 1%.

In North America growth was broadly based; gas-fuelled generation grew 96%, driven by both shale and encouragingly a number of industrial and construction applications. In the oil and gas sector, the further introduction of small gas generators allowed us to deliver tailor made solutions to customers and substantially improve their operating efficiencies. At this point in time, we have seen little impact on our business from lower oil prices, however, customers are reducing their plans for capital expenditure and as such the medium term outlook is unclear.

Our Local business in Brazil faced a challenging year, with revenue falling 3%, excluding revenue from the FIFA World Cup where we provided all the broadcast power. Subdued economic conditions, combined with political uncertainty heading into the elections in October 2014 had an impact on trading. Given this, we carried out a reorganisation of our Brazilian business, which resulted in the consolidation of locations and fleet rationalisation to optimise utilisation; this has enabled us to enter 2015 in a stronger position. Elsewhere in South America the local business continued to grow strongly. Since the year end we have been awarded the contract for the Pan American Games and ParaPan American Games, to be held in Toronto, Canada in July and August 2015.

Power Projects revenue, on an underlying basis, was up 39% on last year, despite a £20 million decline in our US Military revenue as the US withdrawal from Afghanistan continues. The growth in Power Projects was driven by a number of new projects, most notably in Panama. We operated as a licensed generator selling electricity to the Panamanian wholesale market, providing 80MW of power in response to a hydro shortage. Having successfully completed the initial contract, which off-hired at the end of the third quarter, we were awarded a new 104MW, eight month diesel contract in November. We have operated in Argentina since 2008 and since the year end we have agreed a two-year extension for our 300MW of existing contracts and been awarded a further 150MW of new work.

HYDRO SHORTAGE IN PANAMA

80MW of temporary power was provided to Panama in the dry season



Watch the video online:
www.annualreport2014.aggreko.com



Generating power direct to the grid

During the 2013 dry season Panama's hydro-electric plants produced insufficient power to keep up with the growth in demand; the government sought an alternative solution for 2014. We secured an electricity generating licence and were able to provide 80MW of power directly into the grid. Having successfully operated through the dry season, we have won a new 104MW contract to provide power well into 2015.

80MW

of power generating on average
40,000MWh per month



60 days

the site was installed and
commissioned in 60 days



PERFORMANCE BY REGION
AMERICAS CONTINUED

POWER MANAGEMENT IN SHALE

THE GROWTH IN SHALE OIL IN NORTH AMERICA HAS CREATED AN EXCITING OPPORTUNITY FOR AGGREKO

LED BY NEW APPLICATIONS AND TECHNOLOGY OPERATING IN REMOTE LOCATIONS, OIL AND GAS OPERATORS AND PRODUCERS REQUIRE MORE ACCESS TO POWER THAN EVER BEFORE

WE HAVE POSITIONED OURSELVES AS A POWER MANAGEMENT COMPANY PROVIDING SCALABLE, RELIABLE AND ECONOMICAL SOLUTIONS FOR OIL AND GAS PRODUCERS



Watch the video online:
www.annualreport2014.aggreko.com

Cost effective solutions for customers

We were the first company to offer a gas-powered solution to customers. Gas power is more economical than diesel and in some cases comparable or lower than the cost of utility power. Additionally, it is better for the environment, particularly when field gas is available, as the alternative in some cases would be to flare the gas as a by-product of oil-production. In 2014, Aggreko was presented with the Environmental Stewardship Award by the South Texas Energy and Economic Roundtable (STEER).

Reliability in the oilfield is key to efficient and economic production; around 80% of our revenue comes from production. We use telemetry, overseen by our remote operations centre to maintain and troubleshoot deployed fleet. It also enables us to provide our customers with operational reports on a daily basis.

In the Mississippi Lime basin, one operator was developing in remote areas without grid power. They wanted to be able to scale up when wells began producing to deliver more efficient production. We helped customise a scalable temporary gas power solution addressing different growth phases and shifting drill locations using a combination of mobile gas generators running on well gas and latterly a micro-grid also running on well gas. This micro-grid was connected to the individual well locations by overhead power lines and operated as the primary utility for the area. This solution delivered fuel savings of 60% versus a diesel solution.

Read more about the environmental impact

 [Page 57](#)

25

small generators were replaced with a single gas micro-grid



60%

fuel savings for the customer versus a diesel solution



PERFORMANCE BY REGION

ASIA, PACIFIC AND AUSTRALIA

APAC



Debajit Das
Regional Executive Director, APAC

	Reported 2014 £ million	Reported 2013 £ million	Reported change %	Underlying ¹ change %
Revenues				
Local	105	128	(18)%	(9)%
Power Projects	141	175	(20)%	(15)%
Total	246	303	(19)%	(13)%
Trading profit	49	91	(46)%	(42)%
Trading margin	20%	30%		

¹ Underlying excludes currency.

+ Highlights of the year

- Extensions in Japan, Bangladesh and Indonesia in Power Projects;
- New market launches in the Local Business, including South Korea and Thailand.

- Lowlights of the year

- Mining downturn in Australia which significantly impacted revenue and profit;
- Increased competitive activity, particularly in Indonesia, impacting volumes and pricing.

Our APAC business had a challenging year with underlying revenue declining by 13% and trading profit declining by 42%. Reported trading margin declined from 30% to 20% largely driven by the Power Projects business and the Australia Pacific Local business.

The Local business saw underlying revenue decrease by 9%. Rental revenue decreased by 11% and services revenue by 2%. Within rental revenue power decreased by 11% and temperature control decreased by 7%.

Around 70% of APAC Local revenue was generated by the Australia Pacific business which faced very challenging market conditions driven by the slowdown in the mining sector. During 2014, the focus of our mining business changed to support the operation of existing mines rather than the larger projects associated with the construction phase of new mines, which have decreased. This was particularly notable in the North and West of the country. More positively, all other Local businesses experienced growth and we were particularly pleased with the performance in Singapore and our new business in South Korea. In India, whilst the first half was sluggish in the run-up to the election, the second half was much better; and we are hopeful that the economic environment will prove supportive, although competition remains intense.

Power Projects in APAC had another difficult year with revenue decreasing 15%, largely driven by Japan and Indonesia. We continue to have 148MW of diesel power on rent in Japan, however our gas contract for 100MW off-hired in 2013 and so meant a difficult comparator for the year. In Indonesia, intense competition led to volume and pricing pressure for both new contracts and extensions and resulted in a sharp year-on-year drop in revenues. Combined, the impact of reduced revenue and margins in Japan and Indonesia had a material impact on APAC's performance. That said, we are pleased to have secured a one year extension on our gas contracts and a multi-year extension on our 55MW diesel contract in Bangladesh and to have signed new work in the Philippines (42MW), Bangladesh (30MW) and Myanmar (21MW) during 2014; since the year end we have secured a new gas contract for 95MW in Myanmar and we are pleased to have further extended our contract in Japan until March 2016.

CONTINUOUS IMPROVEMENT IN HEALTH & SAFETY

Safety is a priority; it is something that we are always aware of and constantly striving to improve



Health and Safety initiatives

In 2014, APAC implemented a number of initiatives aimed at further improving health and safety across the business.

Proactive reporting of near misses and hazards has been a key focus area with several new safety measures implemented. This resulted in one of our project sites achieving over 1,000 Lost Time Injury Free days. We have also developed automated cable handling equipment to minimise the manual handling of cables which in the past have caused a number of back, shoulder and arm injuries. This new equipment is being trialled for wider application across the business. Finally, the management of contractors is key to our business and we need to ensure that they are safe to be on-site. During the year we implemented online safety induction training, to ensure that contractors are adequately trained in Aggreko's safety rules before undertaking work on-site.

[Read more about health and safety](#)

➔ [Page 57](#)

>1,000

Lost Time Injury free days
at one site in Bangladesh



ISO14001

Australian business recognised for its leading environmental standards by achieving Environmental Management System Certification



PERFORMANCE BY REGION
APAC CONTINUED

JAPAN: DISASTER RELIEF

FOLLOWING THE 2011 EARTHQUAKE AND TSUNAMI IN JAPAN, AGGREKO PROVIDED 350MW OF POWER TO ASSIST THE COUNTRY THROUGH THE CHALLENGING PERIOD THAT FOLLOWED



7 million

people were without power



3 months

from signing the letter of intent
to power production



350 MW

of power deployed in Japan since 2011



Building local reputation

In March 2011, Japan was hit by a 9.0 magnitude earthquake which triggered a powerful tsunami that devastated large areas of the country. The tsunami caused several nuclear accidents, which combined with some conventional power plants going offline after the earthquake, reduced the total capacity of Tokyo Electric Power Company (TEPCO), the country's largest power provider, by nearly 50%.

Aggreko signed a letter of intent with TEPCO less than one month after the tragedy, for 100MW of gas-fired and 100MW of diesel-fired power generation. This initial 200MW contract was installed in the Tokyo Bay area and southern Pacific Ocean coastal area, to help sustain the supply of electricity to consumers and industry which had been seriously affected by the earthquake and tsunami. This contract has since off-hired as TEPCO's generating capacity has increased.

As a result of the assistance we provided to TEPCO, they recommended us to another utility, Hokkaido Electric Power Company (HEPCO), to assist with their winter peak energy requirement. Since 2012 we have provided them with 150MW of diesel power. Having now been operating in Japan for over three years, we have also analysed the market and identified an opportunity for our Local business, leading to the opening of an office in 2014.



PERFORMANCE BY REGION

EUROPE, MIDDLE EAST AND AFRICA

EMEA



David Taylor-Smith MBE
Regional Executive Director, EMEA

	Reported 2014 £ million	Reported 2013 £ million	Reported change %	Underlying ¹ change %
Revenues				
Local	341	331	3%	9%
Power Projects excl. pass-through fuel	258	252	3%	8%
Pass-through fuel	48	42	13%	19%
Total	647	625	4%	9%
Trading profit				
Excl. pass-through fuel	119	116	2%	10%
Pass-through fuel	(3)	(2)	(36)%	(43)%
Total	116	114	1%	10%
Trading margin excl. pass-through fuel	20%	20%		

¹ Underlying excludes currency and pass-through fuel for our Power Project contract in Mozambique.

+ Highlights of the year

- Order intake of 539MW and the one year extension of phase 1 in Mozambique;
- Successful delivery of the Glasgow Commonwealth Games and Ryder Cup as part of a very strong events year in the UK.

– Lowlights of the year

- Despite being caused by factors beyond our control, we were deeply saddened by the death of one of our colleagues in a vehicle accident in Saudi Arabia;
- Challenging operating environment in a number of countries (Russia, Iraq, Libya, Yemen and Ebola affected countries).

Our EMEA business had a good year with underlying revenue increasing by 9% and trading profit by 10%. Reported trading margins were in line with prior year at 20%.

Revenue in our EMEA Local business was up 9% on last year on an underlying basis, with rental revenue up 14%. Within rental revenue, power increased by 16% and temperature control rose by 2%. We saw strong growth in our emerging market businesses, particularly in gas-fuelled generation in Russia and Romania, whilst the infrastructure work in Qatar continues in preparation for the 2022 World Cup. In our more developed European markets, solid base performance was boosted by off-shore wind farm commissioning work in the UK and Germany. We are pleased that this application was used elsewhere in the region, with our first contract for wind farm commissioning in South Africa. In Belgium, the business grew as we supported industrial customers concerned about power shortages as the national reserve margin fell. Elsewhere, France and Italy continued to be weak, whilst Spain performed well. Our African Local businesses have been growing well and our focus on the mining sector has resulted in a number of new contracts across the region. Iraq continues to grow, albeit at a slower rate in the second half, given the on-going security concerns; we remain cognisant of the security situation across the region and continue to safeguard our people and our assets.

We were pleased to have successfully supplied power for the Glasgow 2014 Commonwealth Games in our home city of Glasgow. In total, we provided 27MW of temporary power across the Games' 29 venues and the International Broadcast Centre. Towards the end of the year we also signed a contract to supply power to the inaugural European Games in Baku, which will be held in June 2015.

On 6 November 2014 we completed the acquisition of Golden Triangle Generators Limited, a leading provider of rental power solutions to customers in the northwest of the UK.

Revenue in our Power Projects business, excluding fuel, was up 8%, driven by the full year impact of on hires in Mozambique and the Ivory Coast in the second half of 2013. During the year the region won new contracts totalling 539MW, including 120MW in Libya, 50MW in Benin and 170MW of peak shaving in Saudi Arabia and Oman. The impact of these new contracts and the extension of the first phase of our gas contract in Mozambique for a further year was partly offset by the full year effect of off-hires in Kenya. In Libya, whilst our 120MW contract is effective, the security situation in the country continues to be a challenge and as such is closely monitored. Since the year end we are pleased to have extended our 200MW gas contract in Ivory Coast for a further three years.

KAZAKHSTAN

Innovative temperature control solution



Maintaining production in extreme conditions

In eastern Kazakhstan the temperature can reach as high as 48°C in the Summer. Our customer, an oil refinery, was losing around \$250 million of revenue each Summer as these high temperatures affected the power output of their gas turbines which in turn impacted production. We designed a temperature control package to reduce the facility temperature to 18°C and enable the refinery to maintain production levels throughout the Summer period. Following its initial success in 2013, the contract has been extended until the end of 2016.

115m³

chilled air supplied per second



30°C

temperature reduction achieved



PERFORMANCE BY REGION
EMEA CONTINUED



MOZAMBIQUE: POWERING SOUTHERN AFRICA

AGGREKO OPERATES THE WORLD'S FIRST CROSS-BORDER FLEXIBLE POWER FACILITY AT RESSANO GARCIA IN MOZAMBIQUE, PROVIDING POWER TO THREE SOUTHERN AFRICAN COUNTRIES, MOZAMBIQUE, SOUTH AFRICA AND NAMIBIA

232MW

total capacity of the
Ressano Garcia plant



13 weeks

to deliver, install and commission
122MW in phase 2




Regional development, local benefit

Our team in Southern Africa recognised the opportunity to utilise an unused gas concession in Mozambique and convert it into much needed electricity. As there was an existing gas take-off point close to Resso Garcia, we were able to take gas from this point, construct a 1.2km gas pipeline and feed it into our gas-fired power plant. The first phase of the plant, for 110MW, was designed, mobilised and commissioned in just 20 weeks, including the construction of the pipeline, a 400MVA substation and 2km of high voltage transmission lines to connect the project to the Southern African Power Pool (SAPP) network.

The initial project was designed to be scalable, so given the success of the first phase, we increased the generation capacity to 232MW and offered the additional power supply to a number of parties. As a result, we provide power to Mozambique, South Africa and Namibia from this one facility. Gas power is the most economical form of flexible power generation and the power we provide from this facility is more economic than some of the permanent generating capacity in the region.

An integral part of the Resso Garcia project has been the development and implementation of a local programme in Mozambique, which includes the hiring and training of a local workforce and the adoption of a primary school.

Read more about our social contribution

 [Page 66](#)

FINANCIAL PERFORMANCE

FINANCIAL REVIEW

A summarised Income Statement for 2014 as well as related ratios are set out below.

	2014 £m	2013 £m	Movement	
			As Reported	Underlying ¹ change
Revenues	1,577	1,573	–%	9%
Revenues excl pass-through fuel	1,529	1,531	–%	9%
Trading profit	306	352	(13)%	(2)%
Operating profit	310	358	(13)%	
Net interest expense	(21)	(25)	15%	
Profit before tax	289	333	(13)%	
Taxation	(74)	(87)	15%	
Profit after tax	215	246	(13)%	
Diluted earnings per share (pence)	82.49	92.03	(10)%	
Trading margin	19%	22%	(3)pp	
Underlying Trading margin	20%	22%	(2)pp	
ROCE	19%	21%	(2)pp	
Revenue (excluding pass-through fuel) to average gross rental assets	62%	64%	(2)pp	

¹ Underlying is defined as: adjusted for currency movements and pass-through fuel contracts in Mozambique.

Currency translation

The movement of exchange rates during the year had the effect of reducing revenue and trading profit by £126 million and £40 million respectively. The largest currency impact on revenue came from the US dollar followed by the Argentinean Peso and then the Australian dollar and Brazilian Reals. Currency translation also gave rise to an £9 million decrease in the value of net assets as a result of year-on-year movements in the exchange rates. Set out in the table below are the principal exchange rates which affected the Group's profits and net assets.

(per £ sterling)	2014		2013	
	Average	Year End	Average	Year End
Principal Exchange Rates				
United States Dollar	1.65	1.55	1.57	1.65
Euro	1.24	1.27	1.18	1.19
UAE Dirhams	6.06	5.71	5.75	6.08
Australian Dollar	1.83	1.92	1.62	1.86
Brazilian Reals	3.87	4.18	3.38	3.89
Argentinian Peso	13.37	13.29	8.57	10.70

(Source: Bloomberg)

Reconciliation of underlying growth to reported growth

The table below reconciles the reported and underlying revenue and trading profit growth rates:

	Revenue £ million	Trading profit £ million
2013 – As reported	1,573	352
Currency	(126)	(40)
2013 pass through fuel	(42)	2
2014 pass through fuel	48	(3)
Underlying growth	124	(5)
2014 – As reported	1,577	306
As reported growth	–%	(13)%
Underlying growth	9%	(2)%

Interest

The net interest charge of £21 million was £4 million lower than last year reflecting lower average net debt year on year, and arrangement fees included in the 2013 interest number for debt refinanced during the year. Interest cover, measured against rolling 12-month EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation), remained very strong at 27 times (2013: 26 times) relative to the financial covenant attached to our borrowing facilities that EBITDA should be no less than 4 times interest.

Taxation

Tax Strategy

Our strategy is to manage all taxes, both direct and indirect, such that we pay the appropriate amount of tax in each country where we operate, whilst ensuring that we respect the applicable tax legislation and utilise, where appropriate, any legislative reliefs available.

This tax strategy is aligned with the Group's business strategy and is reviewed and endorsed by the Board. In addition, the profile of our tax risk is reviewed by the Board on a regular basis. Responsibility for tax strategy and risk management sits with our Chief Financial Officer. Day to day delivery of the strategy is executed by a global team of tax professionals who are regionally aligned with our business and who are based in a variety of locations where they work closely with the Aggreko operations, local tax authorities and local advisors.

Aggreko recognises the importance of the tax we pay to the economic development of the countries in which operate. We aim to be transparent in terms of the geographic spread of where we pay corporate tax by showing a regional breakdown of this at Figure 2 below.

Given the nature of the tax environment in many of the 100 countries in which we operate, local compliance and governance is a key area of focus. This is particularly so for our Power Projects business, where we will generally be in a country for a relatively short period of time. The complexity and often uncertain nature of tax rules in many of the countries where we operate means we seek to manage our tax affairs

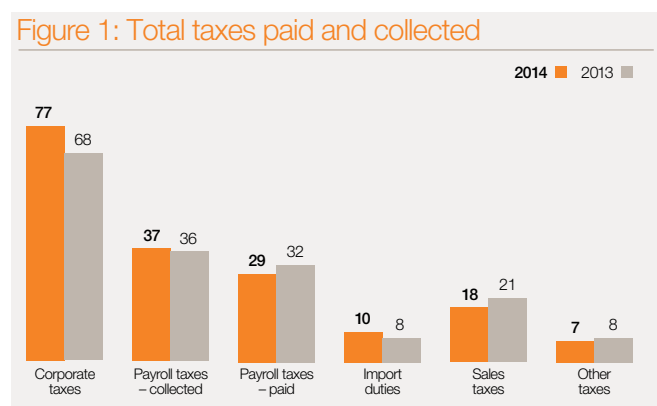
proactively by engaging with local tax authorities and advisors as appropriate, to agree and confirm our tax positions in a timely manner. However, due to the volatile nature of the tax environment in many of the countries in which we operate, it can take some time to settle our tax position. We therefore create tax provisions for any potential uncertain or contentious tax positions. As at 31 December 2014 we had tax provisions of £69 million (2013: £70 million).

Through the course of 2014 we closely monitored developments in the OECD’s work on Base Erosion and Profit Shifting (“BEPS”) and Country-By-Country Reporting (“CBCR”). We do not expect that any of our tax arrangements should be materially impacted by any legislative changes arising from the BEPS recommendations. However, we recognise that the proposals are still not finalised so we will continue to follow developments in this area. It is our intention to carry out a CBCR exercise early in 2015 to ensure that we are ready to comply with the requirements for UK headed multinational groups when they come into force.

Total Taxes

In 2014, Aggreko’s worldwide operations resulted in direct and indirect taxes of £178 million (2013: £173 million) being paid to tax authorities. This amount represents all corporate taxes paid on operations, payroll taxes paid and collected, import duties, sales taxes and other local taxes.

The breakdown of the £178 million by type of tax is shown in Figure 1.

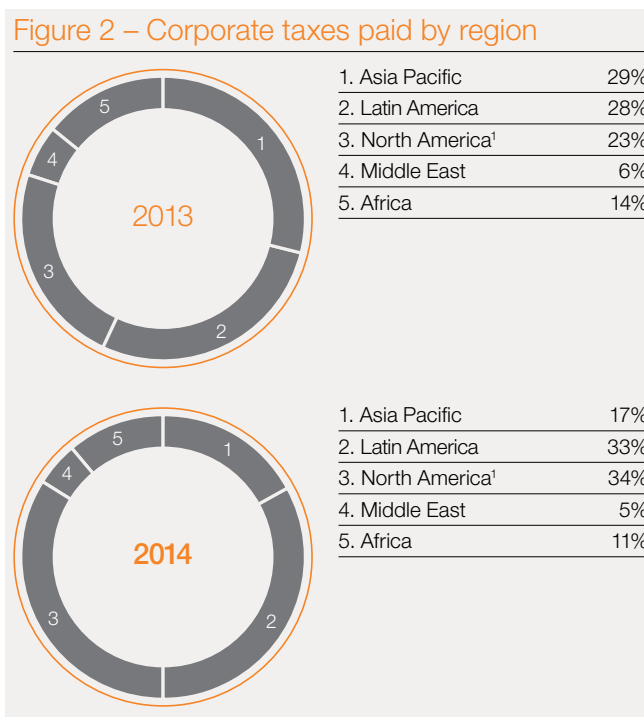


The increase of £9 million in corporate taxes paid in 2014 compared to 2013 is principally due to:

- An increase in tax paid in the US as a result of increased profits and the temporary suspension of accelerated capital allowances;
- An increase in Argentina due to increased activity there, offset by;
- A reduction in Australia given the lower levels of activity in 2014.

Figure 2 shows where the £77 million (2013: £68 million) of corporate tax was paid, broken down by region. Overall our indirect tax payments were largely flat with £101 million paid in 2014 (2013: £105 million).

Our business is organised into the three regions of the Americas, consisting of North and Latin America, Asia Pacific (“APAC”), and EMEA, consisting of Europe, Middle East and Africa. The percentage split of total corporate taxes paid by each region for 2013 and 2014 was as follows:



1 North America’s corporate tax paid has significantly increased from 2013 to 2014 and now accounts for the largest proportion of corporate tax payable to the Group. This is principally due to increased profits and the temporary suspension in 2014 of accelerated allowances on capital investments.

2 In 2013 and 2014 the UK tax authorities closed their review of prior years and agreed claims for Double Tax Relief resulting in repayments of tax being made. These repayments in the UK exceeded the amount of corporate tax paid by the rest of our European business.

FINANCIAL PERFORMANCE CONTINUED

Tax Charge

The Group's effective corporation tax rate for the year was 26% (2013: 26%) based on a tax charge of £74 million (2013: £87 million) on profit before taxation of £289 million (2013: £333 million).

Further information, including a detailed tax reconciliation of the current year tax charge, is shown at Note 9 in the Annual Report and Accounts.

Reconciliation of Income statement tax charge and cash tax paid

The Group's total cash taxes borne and collected were £178 million, reflecting £101 million of non-corporate taxes and £77 million of corporate taxes. The latter cash tax figure differs from the tax charge reported in the income statement of £74 million by £3 million with the two figures reconciled below:

	£ million
Cash taxes paid	178
Non-corporate taxes	(101)
Corporate tax paid	77
Movements in deferred tax	(3)
Corporate tax charge per income statement	74

Return to Shareholders

In June 2014 we completed a £200 million return of value to Shareholders, equivalent to 75 pence per ordinary share; as part of this, a further £2 million will be paid in 2015 to those Shareholders who elected to defer all or part of their return. Following the return, at 31 December 2014 our net debt stood at 0.9 times EBITDA (December 2013: 0.6 times) relative to our target level of around 1 times net debt to EBITDA.

Dividends

Subject to Shareholder approval the proposed final dividend of 17.74 pence will result in a full year dividend of 27.12 pence (2013: 26.30 pence) per ordinary share, giving dividend cover (Basic EPS divided by full year declared dividend) of 3 times (2013: 3.5 times), consistent with our objective of reducing cover to around 3 times.

Cashflow

The net cash inflow from operations during the year totalled £498 million (2013: £603 million). This funded total capital expenditure of £251 million which was up £23 million on the prior year. Of the £251 million, £226 million was spent on fleet with about 70% going to the Local business and the balance to the Power Projects business. Within Power Projects, a substantial portion of the spend was for the upgrade of our diesel sets to our higher output, more fuel efficient G3+ engines, a portion of which are also HFO compliant.

Net debt of £494 million at 31 December 2014 was £131 million higher than the prior year. As a result of the increase in net debt, net debt to EBITDA increased to 0.9 times (2013: 0.6 times).

There was a £73 million working capital outflow in the year (2013: £25 million outflow) mainly driven by an increase in accounts receivable balances, particularly in our Power Projects business, where debtor days increased to 110 days (2013: 95 days). The Group monitors the risk profile and debtor position of all contracts regularly, and particularly those in Power Projects, and deploys a variety of techniques to mitigate the risk of delayed or non-payment; these include securing advance payments, bonds and guarantees. The increase in debtor days reflects slower payments by a small number of customers in EMEA and APAC, partially offset by a better payment profile in the Americas. We have forms of payment protection in place for these customers in EMEA and APAC, and therefore this increase had little impact on the overall level of provision. Overall, the Power Projects bad debt provision at 31 December 2014 of £38 million was £11 million lower than at 31 December 2013 driven by our contracts in Argentina where £7 million was a release of provision reflecting improved cash collections in the second half of the year and the balance a small discount given on the services provided since the contracts inception in 2008.

Net operating assets

The net operating assets of the Group (including goodwill) at 31 December 2014 totalled £1,690 million, £92 million higher than 2013. The main components of net operating assets are:-

£ million	2014	2013	Movement Headline	Const Curr. ¹
Rental Fleet	1,086	1,082	-%	(2)%
Property & Plant	91	83	10%	18%
Inventory	163	149	10%	10%
Net Trade Debtors	326	285	15%	15%

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

A key measure of Aggreko's performance is the return (expressed as operating profit) generated from average net operating assets (ROCE). The average net operating assets in 2014 were £1,635 million, down 4% on 2013. In 2014, the ROCE decreased to 19% compared with 21% in 2013. This decrease was mainly driven by the reduction in trading margin in our Power Projects business and in our Local businesses in Australia Pacific and Brazil.

Property, plant and equipment

Rental fleet accounts for £1,086 million, or around 92%, of the net book value of property, plant and equipment used in our business; the great majority of equipment in the rental fleet is depreciated on a straight-line basis to a residual value of zero over 8 years, with some classes of non-power fleet depreciated over 10 years. The annual fleet depreciation charge of £243 million (2013: £257 million) relates to the estimated service lives allocated to each class of fleet asset. Asset lives are reviewed regularly and changed if necessary to reflect current thinking on their remaining lives in light of technological change, prospective economic utilisation and the physical condition of the assets.

Acquisition of Golden Triangle Generators Limited

On 6 November 2014, the Group acquired Golden Triangle Generators Limited, a power rental business in the UK with revenue of around £3 million.

Shareholders' equity

Shareholders' equity decreased by £62 million to £1,078 million, represented by the net assets of the Group of £1,572 million before net debt of £494 million. The movements in Shareholders' equity are analysed in the table below:

Movements in Shareholders' Equity	£ million	£ million
As at 1 January 2014		1,140
Profit for the financial year	215	
Dividend ¹	(70)	
Retained earnings		145
Employee share awards		3
Issue of shares to employees under share option schemes		3
Return of value to Shareholders		(198)
Re-measurement of retirement benefits		(3)
Currency translation		(9)
Movement in hedging reserve		(3)
As at 31 December 2014		1,078

¹ Reflects the final dividend for 2013 of 17.19 pence per share (2013: 15.63 pence) and the interim dividend for 2014 of 9.38 pence per share (2013: 9.11 pence) that were paid during the year.

The £215 million of post-tax profit in the year represents a return of 20% on Shareholders' equity (2013: 22%) which compares to a Group weighted average cost of capital of 9%.

Pensions

Pension arrangements for our employees vary depending on best practice and regulation in each country. The Group operates a defined benefit scheme for UK employees, which was closed to new employees joining the Group after 1 April 2002; most of the other schemes in operation around the world are varieties of defined contribution schemes.

Under IAS 19: 'Employee Benefits', Aggreko has recognised a pre-tax pension deficit of £7 million at 31 December 2014 (2013: £6 million) which is determined using actuarial assumptions. The £1 million increase in the pension deficit is mainly driven by a reduction in corporate bond yields resulting in a lower discount rate which has increased the value placed on the liabilities of the scheme. This has been partially offset by the additional contribution of £2 million paid by the company in January 2014 in line with the recovery plan agreed for the Scheme following the actuarial valuation at 31 December 2011.

The main assumptions used in the IAS 19 valuation for the previous two years are shown in Note 27 of the Annual Report & Accounts. The sensitivities regarding these assumptions are shown in the table below.

Assumption	Increase/ (decrease)	Deficit (£m) Change	Income statement cost (£m) Change
Rate of increase in salaries	0.5%	(2)	–
Rate of increase in pension increases	0.5%	(8)	(1)
Discount rate	(0.5)%	(15)	(1)
Inflation (0.5% increases on pensions increases, deferred revaluation and salary increases)	0.5%	(15)	(1)
Longevity	1 year	(3)	–

Capital structure & dividend policy

The objective of Aggreko's strategy is to deliver long-term value to its Shareholders whilst maintaining a balance sheet structure that safeguards the Group's financial position through economic cycles. From an ordinary dividend perspective our objective is to provide a progressive through cycle dividend recognising the inherent lack of visibility and potential volatility of our business.

FINANCIAL PERFORMANCE CONTINUED

Treasury

The Group's operations expose it to a variety of financial risks that include liquidity, the effects of changes in foreign currency exchange rates, interest rates, and credit risk. The Group has a centralised treasury operation whose primary role is to ensure that adequate liquidity is available to meet the Group's funding requirements as they arise, and that financial risk arising from the Group's underlying operations is effectively identified and managed.

The treasury operations are conducted in accordance with policies and procedures approved by the Board and are reviewed annually. Financial instruments are only executed for hedging purposes, and transactions that are speculative in nature are expressly forbidden. Monthly reports are provided to senior management and treasury operations are subject to periodic internal and external review.

Liquidity and funding

The Group maintains sufficient facilities to meet its funding requirements over the medium term. At 31 December 2014, these facilities totalled £858 million in the form of committed bank facilities arranged on a bilateral basis with a number of international banks and private placement notes. The financial covenants attached to these facilities are that EBITDA should be no less than 4 times interest and net debt should be no more than 3 times EBITDA; at 31 December 2014, these stood at 27 times and 0.9 times respectively. The Group does not consider that these covenants are restrictive to its operations. The maturity profile of the borrowings is detailed in Note 17 in the Annual Report & Accounts.

Net debt amounted to £494 million at 31 December 2014 (2013: £363 million) and, at that date, un-drawn committed facilities were £367 million.

Interest rate risk

The Group's policy is to manage the exposure to interest rates by ensuring an appropriate balance of fixed and floating rates. At 31 December 2014, £305 million of the net debt of £494 million was at fixed rates of interest resulting in a fixed to floating rate net debt ratio of 62:38 (2013: 79:21).

Foreign exchange risk

The Group is subject to currency exposure on the translation into Sterling of its net investments in overseas subsidiaries. In order to reduce the currency risk arising, the Group uses direct borrowings in the same currency as those investments. Group borrowings are predominantly drawn down in the currencies used by the Group, namely US Dollar, Canadian dollar, Mexican Peso and Brazilian Reals.

The Group manages its currency flows to minimise foreign exchange risk arising on transactions denominated in foreign currencies and uses forward contracts and forward currency options, where appropriate, in order to hedge net currency flows.

Credit risk

Cash deposits and other financial instruments give rise to credit risk on amounts due from counterparties. The Group manages this risk by limiting the aggregate amounts and their duration depending on external credit ratings of the relevant counterparty. In the case of financial assets exposed to credit risk, the carrying amount in the balance sheet, net of any applicable provision for loss, represents the amount exposed to credit risk.

Insurance

The Group operates a policy of buying cover against the material risks which the business faces, where it is possible to purchase such cover on reasonable terms. Where this is not possible, or where the risks would not have a material impact on the Group as a whole, we self-insure.

BUILDING A SUSTAINABLE BUSINESS



THE BIGGER PICTURE

Aggreko's role in society

We live in a world reliant on power; it is an essential part of everyday life.

Huge numbers of people across the globe do not have access to reliable on-demand power and sometimes this is forgotten in the developed world. Perhaps more importantly, electricity helps ensure survival in hospitals and educate children in schools, whilst also helping to improve people's quality of life through simple appliances such as air conditioning units and fridges. Our Power Projects business typically provides power to government utilities to support a country's grid infrastructure, thus helping to keep the lights on.

In our Local business, we provide temporary power or temperature control to individual businesses across many sectors, including oil and gas and mining, helping them to grow and by extension helping economies grow. We service the sport and entertainment industry and have powered some of the world's most famous events, such as the Olympics and the FIFA World Cup.

It is important that we conduct ourselves with integrity at all times. We conduct our business dealings ethically and safely and aim to minimise our impact on the environment whilst working to support our customers and their communities.

JAPAN DISASTER RELIEF BUILDING LONG-TERM RELATIONSHIPS

Following the 2011 earthquake and tsunami in Japan, Aggreko provided 350MW of power to assist the country through the challenging period that followed and provide power stability to help the country get back on its feet. Our pricing reflected the challenges of operating in an environment at risk from nuclear fallout and seismic activity. We have worked with our customers in Japan sharing knowledge with their engineers, and benefiting from their experience in the provision of power. As a result, our initial customer, TEPCO, recommended us to our second customer HEPCO and we have now been present in Japan for over three years.

Read the full case study

[→ Page 44](#)



BUILDING A SUSTAINABLE BUSINESS
CONTINUED



OUR APPROACH TO SUSTAINABILITY

Sustainability reporting is an evolving process and one that we plan to develop. With this in mind, we have added to our reporting this year to further explain how we engage with our stakeholders. The Group is committed to ensuring that our success also brings long-term social and economic benefits to the communities and countries where we operate, whilst protecting their environments.

Responding to our customers

The provision of power and temperature control are essential activities in our global economy; however, they come with challenges, particularly environmental challenges. We are committed to growing our business and supporting our customers. In succeeding in this aim, it is inevitable that some of our activities will have an impact on the environment.

Our equipment and solutions are designed to comply with applicable laws, regulations and industry standards wherever we operate in the world. Legislation over the last 20 years has largely focused on reducing emissions such as Nitrogen and Sulphur Dioxide, and engine manufacturers have been very successful at this; however, perversely, lower emissions usually result in higher fuel consumption and therefore more CO₂.

We innovate both in response to customer demand and to improve the efficiency of our products and therefore reduce their environmental impact where we can. As fuel is the greatest element of cost in producing temporary power, particularly running diesel, we have worked to improve the fuel efficiency of our diesel engines. In the last couple of years we have introduced a solution for our customers in the oil and gas sector whereby we are able to take the gas by-product from wells and rather than flare it, use it to run our gas generators. In addition, we support low-carbon emissions generation such as wind and hydro, and help to make these solutions viable. Renewable energy is intermittent and therefore providing support, for example when the rain fails to come, such as in Panama, is a core part of our business.

Read more about our engine technology

→ Page 61

Read more about using field gas

→ Page 57

Read more about supporting the hydro shortage in Panama

→ Page 39

What matters most

There are four areas of sustainability focus within the business:



HEALTH, SAFETY AND ENVIRONMENTAL MANAGEMENT

Priorities

- Ensure the health and safety of our people at work
- Minimise our environmental impact
- Be accountable and transparent with regards to our environmental footprint

Outcome for the business

- Retain our reputation for HSE
- Gain commercial benefit

→ Read more on page 57



OUR PEOPLE

Priorities

- Promote equal opportunities
- Provide career and personal development
- Ensure security whilst at work
- Operate with due regard for human rights

Outcome for the business

- Attract and retain the best people

→ Read more on page 62



ETHICS AND INTEGRITY

Priorities

- Ensure we operate with integrity and honesty
- Make sure that we are in compliance with laws and regulations

Outcome for the business

- Retain our reputation for acting with integrity

→ Read more on page 65



SOCIAL CONTRIBUTION

Priorities

- Engage with local communities and work in partnership
- Recruit, train and develop local people
- Participate in activities that make a difference

Outcome for the business

- Continue to operate in a responsible manner
- Gain new talent for the organisation

→ Read more on page 66



HEALTH, SAFETY AND ENVIRONMENTAL MANAGEMENT (HSE)

Context

Our activities, the generation of power, cool air and heat, while essential to the global economy, produce waste and greenhouse gases and pose health and safety risks in the ordinary course of business. We are committed to minimising these wherever possible, which not only reduces harm to the environment and keeps people safe, but helps us to gain commercial benefit.

Our approach

Aggreko's equipment is designed to function on all continents and in all types of terrain. By careful design and use of the most suitable technology, we manage all of our operations in such a manner to ensure minimal negative impact on our people, our neighbours and the environment in which we operate. In order to achieve this we must first understand the potential hazards and risks associated with our operations and implement mitigating measures to manage these. We take a robust approach, considering each element of HSE in our product design, system design, client interfaces and we complete task and activity risk assessments, to manage our on-site operations during the installation and operation of our equipment. The two major environmental issues we have to deal with are emissions-to-air from our generators and the safe handling and disposal of fuel and oil.

HSE policy

The Executive Director with overall responsibility for HSE is Chris Weston, Chief Executive Officer, and our commitment to HSE is reflected in our Global HSE Policy Statement. Ron Sams, Group Operations and Technology Director, has been nominated as the senior manager responsible for ensuring that the HSE policy is implemented and its operation monitored throughout Aggreko, via the global HSE team. The Board is committed to ensuring that the necessary organisation and resources exist to facilitate the achievement of our HSE goals and we monitor this through monthly board reports, prepared by the global HSE team, and reports from each of the Regional Executive Directors on HSE incidents within their region.

We recognise our responsibility to understand the risks associated with our operations, how they could potentially affect people and the natural environment. Aggreko is committed to monitoring and ensuring the effectiveness of designed control measures and taking action as appropriate. Furthermore, Aggreko complies with legal requirements as a minimum and takes a transparent approach to reporting any incidents that may occur.

REDUCING THE ENVIRONMENTAL IMPACT OF SHALE

In the shale basins of the US, customers had been relying on diesel generators to power the drilling and pumping equipment and then flaring the field gas that was produced as a by-product. Aggreko developed an alternative fuel solution that takes field gas and treats it so that it can be used to power a natural gas generator, replacing the existing diesel solution. This has substantially reduced the cost to the customer whilst also reducing the environmental impact of burning flare gas and diesel fuel. Switching from diesel to gas fuelled power reduces greenhouse gas emissions and eliminates the potential for fuel spills, whilst also lowering refuelling lorry emissions and road damage. As a result, Aggreko was awarded the Environmental Stewardship Award at the Eagle Ford Excellence Awards in 2014.

Read the full case study

➔ Page 40



BUILDING A SUSTAINABLE BUSINESS
CONTINUED

Safety

Rigorous safety processes are absolutely essential if we are to avoid accidents which could cause injury to people and damage to property and reputation. Leadership on safety comes from the Executive Committee and we consider safety processes a basic benchmark of operational discipline. In recognition of this, we launched “Orange Rules” in 2014, which supports our “Safety for Life” programme.

Aggreko monitors safety performance using “Frequency Accident Rating” (FAR); this is one of our KPIs.

Read more about FAR

 **Page 26**

Key HSE actions in 2014 and future actions

During 2014 we initiated a number of actions to help us further improve our capabilities in mitigating HSE risk.


- **HSE Review:** We have engaged a specialist consultant to undertake an independent review of HSE in 2015, benchmarking our policies and processes against global best practice, to identify areas for improvement and assist in developing our long-term HSE strategy;
- **Orange Rules:** We launched Orange Rules in 2014 to support our Safety for Life programme;
- **Energy Safety Rules:** These user-friendly rules introduce a new approach to effectively manage the risks our employees are exposed to when undertaking intrusive work or working in the direct vicinity of a high risk area, such as high voltage overhead conductors. We ran successful pilot schemes in two locations in 2014 and planning is underway for a full roll-out across the Group in 2015;
- **HSE Metrics:** There will be a full review of the HSE indicators used across the business during 2015. These measures will consider the current business operations and associated risks identified in our Global Incident and Risk Reporting Database;
- **Reinforcing our Positive Safety Culture:** We believe that by encouraging an open and honest reporting culture, with direct and visible management engagement, we will continue to improve our positive safety culture and in turn our safety performance. We will continue to actively encourage risk reporting and will act on risk and hazards identified as appropriate. We will continue to support our managers in undertaking management safety walks and help to ensure that the approach and experience continues to be positive for all involved.

ORANGE RULES

Orange Rules focuses on modifying behaviours by raising awareness of hazards, which could result in serious injuries. It actively encourages the reporting of hazards, near miss events and risks and enforces the message that everybody working for Aggreko is empowered to stop work if they have any concern about safety. By focusing the Orange Rules on specific hazard groups, proven through analysis of our incidents and risks that present our employees with the most considerable risk of injury, we are able to improve our injury rate.

The launch of the Orange Rules in 2014 was a company-wide event, championed by our Chief Executive Officer and supported by video, interactive training materials and all employee communications, translated into local languages. We held launch events at each of our sites and project locations to reinforce the importance of the message.

Orange Rules have been successfully embedded within the organisation and forms part of our HSE monitoring processes, including management safety walks, risk and incident analysis, audit and inspection processes and technical training development.

 Watch the video online:
www.annualreport2014.aggreko.com



Emissions-to-air

Emissions-to-air are an inevitable by-product of hydrocarbon fuelled engines. Over the years, as engines have become more efficient and legislation to limit emissions has become stricter, emissions have reduced sharply. Aggreko works in cooperation with the manufacturers of engines in order to meet new emission requirements in a timely manner.

It is essential for us to manage emissions-to-air and to ensure that we meet new emissions requirements in order to enable us to continue operating in a number of countries. It is equally important that we play our part in helping to reduce the global environmental impact of burning hydrocarbons, where we can.

Carbon dioxide emissions

We are constantly exploring new ways of reducing emissions and have gradually over the last few years increased the use of more environmentally friendly gas fuelled generators. Gas generators now represent 16% of our fleet. Natural gas is considered an environmentally-friendly clean fuel, with emissions of sulphur dioxide that are negligible in comparison to coal or oil and levels of NOx and CO₂ that are significantly lower. Where gas fuel is essentially a by-product of production, such as in the US shale plays, or derived from a biological source, a CO₂ and greenhouse gas reduction is realised.

In addition to the work we have undertaken developing natural gas-powered generators, we are constantly reviewing product technologies, looking for advances that we can adopt into our product portfolio. These include:

- Bio-fuels – We have seen the emergence of bio-diesel across some of our markets and these fuels are compatible with most of our generator fleet. Our main concern is the sustainability of the sources of production and the environmental impact of certain production methods. Consequently, whilst we will support customers that wish to run bio-fuel, we are not yet actively promoting its use;
- Fuel Cells – We continue to keep abreast of developments in fuel cell technology, but we do not currently see any commercial application in our business. This may change as technology improves and costs reduce;
- Renewables – Technology is not yet advanced enough to enable us to pursue a hybrid renewable option. We have reviewed, for example, the application of battery technology in combination with a diesel generator to provide hybrid power which can improve efficiency and reduce fuel consumption, but this is not yet a commercially viable solution.

In line with the Company's Act 2006, we are reporting on our greenhouse gas (GHG) emissions. We have used the method outlined in the GHG Protocol Corporate Accounting and Reporting Standard (revised edition), together with the latest emission factors from recognised public sources including Defra, the International Energy Agency, the US Energy Information Administration, the US Environmental Protection Agency and the Intergovernmental panel on Climate Change.

The tables below present the principal findings from GHG analyses of the previous two years:

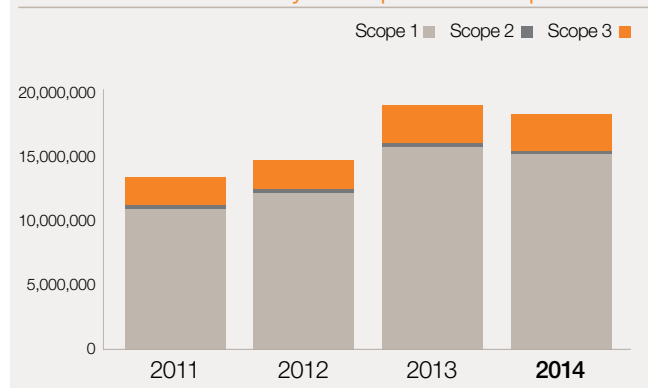
Total GHG emissions by GHG protocol scope

tCO ₂ e/year	2014	2013
Scope 1	15,714,575	16,287,898
Scope 2	18,188	14,554
Scope 3	2,940,471	3,071,360
Total	18,673,234	19,373,812

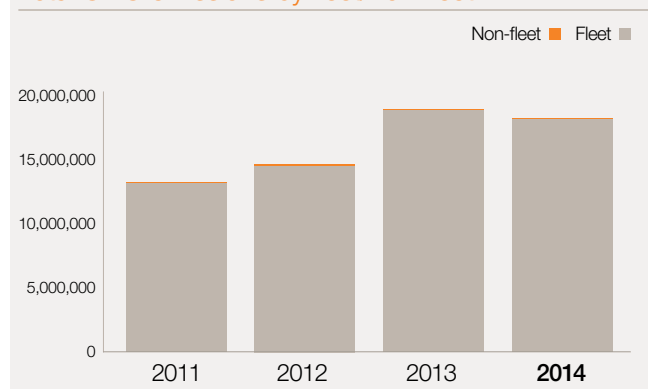
Total GHG emissions by fleet/non-fleet

tCO ₂ e/year	2014	2013
Fleet	18,523,108	19,225,517
Non-fleet	150,126	148,295
Total	18,673,234	19,373,812

Total GHG emissions by GHG protocol scope



Total GHG emissions by fleet/non-fleet



The results show that 99% of GHG emissions arise from the operation of our fleet when it is out on rent. There are three main factors driving our annual GHG emissions: the fuel type our customers use; the pattern of their usage; and the fuel efficiency of the fleet.

BUILDING A SUSTAINABLE BUSINESS
CONTINUED

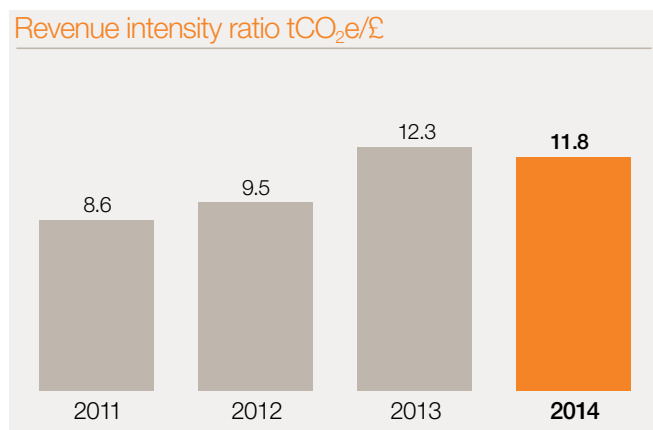
In 2014 we emitted 18,673,234 tonnes of CO₂e, a decrease of 3.6% over 2013. As expected, and in line with the 2012 and 2013 assessments, the emissions associated with our generator fleet accounted for the majority of emissions, representing 99% of the total footprint. In line with best practice, our GHG accounting systems include an estimate of the upstream GHG emissions associated with fuel supply chains which typically add 18.5% to combustion emissions; this 18.5% accounts for 98% of scope 3 emissions.

As a result of improved fuel efficiency in our refurbished 1MW diesel generators and an increased proportion of gas fuelled generation, we have achieved a decrease in GHG emissions despite a 15% increase in fleet running hours. Without these improvements the total GHG emissions in 2014 would have been approximately 987,782 tonnes CO₂e or 5% higher.

In terms of the non-fleet activities, emissions from third-party vehicle use, company vehicles and business travel have all decreased slightly. Conversely, emissions from activities on our premises have increased, largely due to an overall increase in both electricity and fuel consumption, in particular from fuel used for generator testing in Jebel Ali, where we conduct our refurbishment programme.

The intensity ratio expresses the GHG impact per unit of physical activity or economic output, with a declining intensity ratio reflecting a positive performance improvement. In 2013 we chose Revenue Intensity as the most suitable metric for our business for then and future years.

As can be seen from the table below relative emissions have decreased, with a 3.7% reduction in the emissions per GBP revenue.



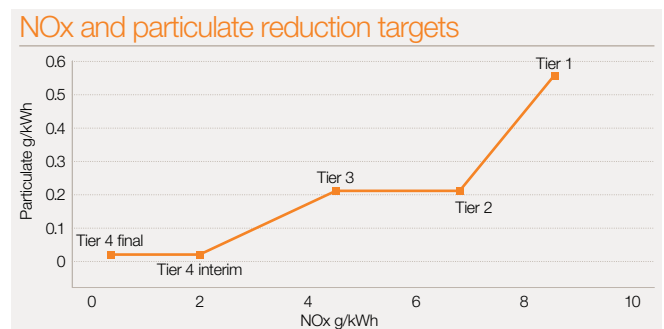
Exhaust gases and particulates

In an increasing number of countries, air quality regulations stipulate emission standards for new equipment. Generally countries allow mobile equipment already operating to continue to do so for its useful life; this is called “grandfathering”. The US EPA has introduced the most stringent regulation in this area, with targets for the reduction of NO_x and particulate in Tiers, starting with Tier 1 in 1996 moving to the forthcoming Tier 4 Final. The EPA requirements have therefore been the main driver of new generator development.

All our engine suppliers produce engines which comply with the latest emissions standards and we work with them to introduce them into the fleet. Our Tier 4 Interim product range is complete and over 600 units have been introduced into the rental fleet for the US market. The first Tier 4 Final units are undergoing testing to ensure the new technologies are fully proven before being integrated into our rental fleet in line with the US EPA transitional arrangements. In Europe, we have released the full range of Stage 3a products into our fleet, which is in line with EU emissions regulations.

We continue to work closely with engine manufacturers and primary technology developers to derive appropriate solutions for these requirements.

To further reduce emissions-to-air for specific projects, we have developed an after-treatment that can be applied to our existing fleet at our customers’ request. In Japan we have used a unit to reduce NO_x by 90%, in order to meet Japanese air quality standards. This technology can be readily applied globally as an operational bolt on to our standard equipment.



Refrigerant emissions

In accordance with the timelines and accords set out by the Montreal protocol, Aggreko has phased out chlorofluorocarbon (CFC) plant from its temperature control rental fleet and is in the process of phasing out hydrochlorofluorocarbon (HCFC) plant. Hydrofluorocarbon (HFC) product, the replacement for CFC and HCFC, is available across our full equipment range and has been adopted as standard for all new fleet.

REFURBISHING OUR DIESEL ENGINES



We have continuously invested in extending the useful life of our fleet, so instead of scrapping a large diesel generator when it reaches the end of its useful life, we re-build it by re-cycling and re-using the components that do not deteriorate with age and replacing those parts that wear. Therefore we can effectively produce a brand new like-for-like G3 diesel generator for half the capital cost of buying a new one. In 2009 we launched a development programme to further enhance our diesel engines through the refurbishment process. As a result, our new G3+ diesel engines have 15% more power output and are 4% more fuel efficient than the original engines they were derived from and have a capital cost that is 70% of the original G3 generator. The G3+ generator delivers substantial environmental savings; if each unit produces more power, you need less units on-site and therefore are reducing the transport emissions associated with mobilising the equipment. Added to which the generators are now more fuel efficient. At present, 25% of the diesel fleet are refurbished engines.

Pollution incidents

Aggreko and its customers handle a considerable quantity of diesel fuel and the rare occurrence of accidental fuel spills is an area that we monitor very closely. The management of pollution is extremely important to Aggreko, both from a safety and environmental perspective.

Our equipment is specifically designed to minimise the risk of fluid spillage through features such as double-walled storage tanks and fail-safe valves. Considerable effort has been put into reducing the incidence of fuel spills, and continued in 2014 through the “Orange Rules” Health and Safety programme. In the event of a fuel spill, corrective action is taken immediately to reduce any potential impact, with spill kits used by trained staff for small-scale spills and for large quantity spills the appointment of specialist contractors to assist with the collection of spilt fluid and ground remediation. Following this, we also review our processes and equipment to identify any potential improvements for implementation.

Reporting of fuel spills is reviewed monthly by the Board. The performance measure used is the “Petroleum Release Rating” (PRR), which is calculated as follows:

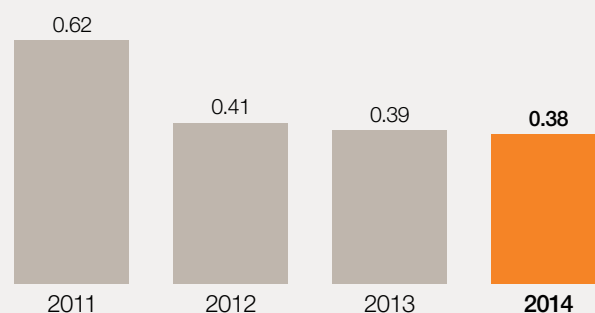
$$\text{PRR} = \frac{\text{Litres of Diesel/Oil Spilt to Ground}}{\text{MW on Rent}}$$

PRR performance in 2014 was 0.38 which is a slight improvement over our performance in 2013. We are committed to continuing to improve our PRR performance and the target for 2015 is 0.35.

[Read more about Orange Rules](#)

[Page 58](#)

PRR Performance



BUILDING A SUSTAINABLE BUSINESS
CONTINUED

Minimising noise

Noise pollution is another important environmental factor that we take very seriously. We aim to provide helpful solutions to our customers, minimising the noise associated with producing power or air solutions.

We have built a competitive advantage through a fleet that minimises external noise. This is done through the use of custom-built acoustic enclosures as well as high performance isolation and attenuation systems. In addition, in designing a Power Project site, we aim to position the equipment such that the noise it does produce has the least effect on the immediate environment.

In 2014, we used the latest design technologies to introduce improvements to our generator fleet to further reduce noise levels on average by approximately 10%.

Our equipment achieves performance standards that are well below the maximum levels permitted by current European legislation:

Size of generator	Certified noise level (Sound Power LWA)		
	Maximum EU limit	Aggreko Standard Product	Aggreko Premium Product
30kVA	96.47	92.0	78.0
60kVA	96.77	92.0	80.0
125kVA	97.10	93.5	83.0
200kVA	97.30	92.5	91.0
350kVA	97.55	92.0	90.0

Waste and re-cycling

In the normal course of our business, we regularly have to replace consumables such as engine oil and filters. If these are not appropriately disposed of, they can cause environmental damage such as leakage into the ground water and contamination of the local water supplies. If left unattended they are also unsightly and typically not biodegradable. Therefore it is imperative that we remove and safely dispose of our waste products.

In the Local business, these are normally returned to our service centres where they are safely disposed of, or re-cycled where appropriate. In our Power Projects business, we have procedures in place to collect waste on-site and then site-specific arrangements are made for the safe handling of these items. We commit to returning our Power Project sites to the condition in which we found them, and therefore work very hard to minimise the impact we have.

Read more about our generator refurbishments

 **Page 61**

 **OUR PEOPLE**

Context

Our talented employees are a critical contributor to our success and embrace our culture of agility and efficiency, as characterised by pace, passion and performance. Feedback from our most recent Global Opinion Survey shows that 88% of employees consider Aggreko to be an exciting place to work and 89% are proud to say they work for Aggreko. We believe this is due in large part to our unique culture which encourages a “can-do” attitude where employees are empowered to make decisions quickly in order to satisfy our customers. However, we have long recognised that operating at a global level requires agility to be allied with efficiency. This is a challenging combination of character traits to find, which is why we seek to retain high-performing staff through a talent development programme, while continuing to bring in new employees through our graduate training and apprentice schemes.

Our approach

We are proud that so many of our employees love what they do and we seek to increase employee satisfaction through more than just financial incentives. We encourage mobility across countries and divisions by prioritising internal transfers and ensuring that all positions are advertised internally. An example of this is the 2014 FIFA World Cup Brazil, where we had over 100 employees working full-time on the project, of whom 48 were secondees from outside the country.

We also recognise that localisation of talent provides many benefits to the Company and to the communities in which we operate, which is why we actively recruit local talent wherever possible and use programmes like Aggreko University (Cote d'Ivoire), SelecTech (USA) and our apprenticeship programme at our Dumbarton manufacturing facility (UK) to develop the skills of school leavers. After graduating from our apprenticeship scheme, most of our apprentices go on to full-time employment at Aggreko and continue their education through our internal training programmes. We are proud of the fact that many of our senior technical positions are filled with ex-apprentices. These positions include Product Managers, Power Specialists, Supply Chain Managers, Development Engineers, Area Operations Managers and Site Managers.

We continue to learn from the feedback we receive from our employees; one of our most useful feedback mechanisms is the Global Opinion Survey, which invites feedback from all of our employees every two years. One area that was highlighted in the 2013 Global Opinion Survey as needing improvement was internal communications. In response to this, we launched MyAggreko, a company-wide intranet, in early 2015. MyAggreko will encourage collaboration between employees and allow for knowledge sharing across business units. It will also provide a channel for company news such as project wins and new initiatives. Commenting on articles,

sharing links and documents and participating in discussions will allow our employees to work more collaboratively and break down barriers of distance. Internal communications will continue to be an area of focus and in addition to our regular team briefings and publicising our annual results through targeted employee mailings, we will be trialling new methods of communication, allowing us to connect more effectively to our remote and mobile workforce. As these employees are often customer-facing, it is critical that they have an understanding of our global strategy and goals.

People management and development

In 2014 the global HR leadership team reaffirmed its commitment to creating an HR function at Aggreko which is truly global. We recognise that it is in the best interests of the Company and of our employees to create standardised processes wherever possible and to utilise technology to consolidate our HR information systems (HRIS). As part of this journey, we are rolling out several global initiatives to improve these systems. This includes the adoption of our global HRIS system across the Group during 2015 and the implementation of mobility software which will enable us to better support our expatriate employees as they move around the globe.

Learning and development continues to be an area of focus for us, as we firmly believe that investment in our employees has a direct and positive impact on our employee retention rates and the engagement levels of our staff.

In 2014 we delivered over 200,000 hours of training across the Group. Many of our training programmes are tailored specifically for Aggreko employees and utilise case studies and examples taken from employee experience. This approach results in training programmes which are standardised and which reinforce our core values.

Another example of our approach to training and development is the senior management training programme, developed in association with the International Institute for Management Development (IMD). In 2014, 37 senior managers attended training courses run by IMD and since 2008 over 225 people have passed through. We have also trained over 1,800 people in continuous improvement techniques through our Orange Excellence programme.

SELECTECH, UNITED STATES



Aggreko SelectTech Accelerated Career Program is a two-year rotational programme that allows students to earn valuable work experience while earning an Associate in Applied Science Degree in Diesel and Heavy Equipment Technology from Oklahoma State University Institute of Technology (OSUIT). The programme has been running since 2008 and to date 72 students have graduated from the programme. Of these, 68 have gone on to work full-time at Aggreko.

Upon acceptance into the Aggreko programme, SelectTech students take technical training classes at OSUIT, while repairing Aggreko equipment during their six trimesters on campus. The course also covers the real-life aspects of Aggreko's business, including, assisting with disaster relief operations, supporting gas shale plays and providing power and cooling services for special events.

Students travel at least 75-80% of the time, giving them a valuable insight into our entire business and providing them with a well-rounded learning experience.

"My experience since joining SelectTech has been absolutely great! I have worked in Phoenix, Jacksonville, Oklahoma, Chickasha, Atlanta, Miami, Denver, as well as at some major events. I truly believe that deciding to join SelectTech was the best decision that I have made."

Quote from current SelectTech student

BUILDING A SUSTAINABLE BUSINESS
CONTINUED

Succession planning

We have an internal talent management system and succession plan which covers our senior managers and includes individual assessments and development plans. Succession planning is one of our global HR priorities for 2015 and is being coordinated by the Group and Regional HR Directors. By the end of 2015 we intend to have an updated succession planning strategy in place which will ensure that we have contingency plans for all key personnel.

Safety and security

Given that we operate in many areas of the world which can be categorised as high risk, we consider the safety of our employees working in these locations to be one of our most critical issues. We have recently appointed a Group Head of Security to oversee the implementation of standard tools and processes to ensure the safety and security of our people. We also have an ongoing partnership with Control Risks Group, who provide us with the on-the-ground knowledge that we need to make decisions on our operations in high risk areas.

Equal opportunities

Aggreko is committed to promoting equal opportunities for all, irrespective of disability, ethnic origin, gender or any other considerations that do not affect a person's ability to perform their job. Our policies for recruitment, training, career development and promotion of employees are based on the suitability of the individual and give those who are disabled equal treatment with the able bodied where appropriate. Employees disabled after joining the Group are given suitable training for alternative employment with Aggreko or elsewhere.

Human rights

As we continue to grow our business in developing countries, we recognise that human rights are a concern in many regions that we operate in. We have a responsibility to all of our stakeholders, to ensure that all of our interactions with them meet or exceed the standards of compliance set out in our ethics policies, approach to equal opportunities, health and safety policies, environmental policies and grievance mechanisms, all of which are explained in detail throughout the sustainability section of this report. We have also identified safety, emissions and people as matters to be considered as part of the principal risks facing the business.

Read more about our risks

 **Page 28**

Whilst all these matters are linked, to a greater or lesser extent, to human rights, we prefer to address them as part of our operations, rather than as a separate issue. We continue to evaluate all potential risks and do not think that human rights present material issues for our business.

Diversity

The table below shows the breakdown by gender of our permanent employees as at 31 December 2014. We have included the information below on Subsidiary Directors as this is required by the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013, however we believe that a better reflection of Senior Management are those employees who are the direct reports to the Executive Directors, so this information is also included. We acknowledge that we need to improve on gender diversity across the Group.

Gender: 31 Dec 2014	Total	%
<p>PLC Board</p>	1. Male 7 2. Female 3	70 30
<p>Senior management</p>	1. Male 33 2. Female 5	87 13
<p>Subsidiary Directors</p>	1. Male 86 2. Female 5	95 5
<p>Whole Group</p>	1. Male 5,320 2. Female 1,038	84 16



ETHICS AND INTEGRITY

Context

Integrity and honesty are core values for Aggreko. We are proud that we have a reputation for conducting business fairly and professionally. Maintaining these values in all of our business dealings is key to our success.

We recognise that our business is exposed to risks of unethical conduct because of the nature and value of many of our contracts; standards of integrity are not consistent across all the countries in which we operate. However, we have a robust compliance programme in place to allow us to manage this risk effectively.

Read more about our risks

[→ Page 28](#)

Our approach

Our core values of integrity and honesty are at the heart of our culture. These values are enshrined in our Ethics Policy and we expect all Aggreko employees, consultants and those acting on behalf of Aggreko to adopt these values at all times.

We have a full-time Compliance Officer who coordinates Aggreko's compliance programme with support from the regions and the central functions. We also have an Ethics Committee, composed entirely of Non-executive Directors, who oversee the effectiveness of our compliance programme.

We are also a subscriber of the Institute of Business Ethics, which promotes ethical business practice. Our subscription allows us to share knowledge of best practice and experience of ethical issues amongst members.

Read more in our Ethics Committee report

[→ Page 88](#)

ETHICS TRAINING AND SALES CONSULTANTS

In order to ensure our third-party sales consultants totally understand Aggreko's values and approach to ethical issues and to ensure that they remain alert to potential risks, we deliver ethics workshops to every sales consultant every two years. The sales consultants have provided positive feedback on these sessions as it reinforces the standards expected by Aggreko and provides an opportunity to raise any concerns.

Key processes that support our approach

Our compliance programme has a number of elements designed to ensure that we effectively manage compliance risks:

Ethics Policy

Every employee receives a copy of, and is required to sign, the Ethics Policy when they join Aggreko. We also require all employees to sign an annual compliance statement confirming that they have complied with and will continue to comply with our Ethics Policy and the relevant laws.

Training

Every employee receives training, which is refreshed every two years via our multi-lingual online ethics compliance training programme. This online training is supplemented by additional ethics workshops with senior management to ensure they remain alert to risks.

Third-Party Risks

All of our third-party sales consultants are comprehensively reviewed before they are engaged by Aggreko and this exercise is refreshed at least every two years. Our sales consultants are contractually required to comply with our Ethics Policy and we require our sales consultants to confirm compliance with the policy annually. We also provide ethics training to our sales consultants to ensure they remain alert to potential risks. We also have controls in place in relation to the remuneration of consultants and we monitor all payments to sales consultants to ensure that the remuneration structure does not incentivise unethical behaviour.

We recognise that some supply chain partners could also potentially attract risk for the business owing to the nature of the services performed. We have adopted a risk based due diligence process for our supply chain partners which is currently being implemented.

Gifts, Entertainment and Hospitality

We have a clear approval process for all gifts, entertainment and hospitality offered by or given to Aggreko employees. All gifts, entertainment and hospitality above the nominal value are recorded centrally and monitored by the Compliance Officer.

Speaking Up

We encourage all employees to speak up if they have any concerns. We have an independent compliance hotline operated by an external agency. This multi-lingual hotline is available to all employees and allows any employee who has any concerns to report them on an anonymous basis. All reports are followed up, and we regularly analyse the types of reports we receive. Where appropriate, our Group Internal Audit team is asked to investigate the issue and report on the outcome.

BUILDING A SUSTAINABLE BUSINESS
CONTINUED



SOCIAL CONTRIBUTION

Context

Aggreko is fortunate to work in a wide variety of countries and social contribution is one way of giving back to the community. It's about supporting the communities in which we work, whilst being respectful of different cultures.

Our approach

Each year, Aggreko engages in a number of initiatives which give back to the communities in which we work, as well as providing support to those affected by natural disasters. During 2014, Aggreko contributed to a range of charitable, community and disaster relief organisations. Our policy encourages employees to support local initiatives, particularly those relating to education and sport, and is based on giving donations to many organisations which are involved with the communities in which we work.

Community investment

We actively engage in supporting the local communities we work in and we do this in a number of ways. We are very proactive in recruiting locally from the community; in Africa, 90% of the workforce is comprised of African Nationals. We provide extensive on-the-job training for new recruits and give them the skills to become technicians. This benefits the business as we are able to train people on our equipment, rather than re-train already competent technicians that have worked elsewhere. It also helps us build relationships in the local community which are very important when we might be operating a contract for a number of years.

Charitable donations are largely focused on the education of children. We have contributed to the development of a number of libraries and community learning centres. In 2014, we continued our partnership with Book Aid International, a charity promoting literacy in Africa, with whom we have been working since 2006. Book Aid has provided hundreds of thousands of books to schools and libraries. We admire their work enormously and donations from Aggreko in 2014 provided 10,000 books to the Books Change Lives programme in sub-Saharan Africa as well as funding a secondary school library development programme.

**MOZAMBIQUE
PRIMARY SCHOOL
SPONSORSHIP**

As part of our cross-border Power Project at Ressano Garcia, Aggreko undertook a commitment to sponsor the Escola Primaria Completa De Ressano Garcia, a primary school in the village close to the site. Since 2012 we have been working with the school to address issues relating to physical infrastructure and skills shortages in order to create an environment that is conducive for effective teaching and learning. This has included the renovation of classrooms, supply of furniture, purchasing of text books and building a library. In 2014, uniforms were bought for students, the school wall was renovated and 400 students had their eyes tested, with 25 receiving spectacles. In addition, a programme was implemented to improve the literacy of the teachers in English and Portuguese, to which seven community members also enthusiastically joined. Since the start of our involvement, there has been a great improvement in the school morale and that of the surrounding community. The culture of teaching and learning at the school has dramatically improved, in part through the improvements we have facilitated but also due to the enthusiasm from all those involved.



GOVERNANCE



2 Governance

Corporate Governance	68
– Our Board	72
Audit Committee report	84
Ethics Committee report	88
Nomination Committee report	90
Remuneration Committee report	92
Statutory disclosures	119
Statement of Directors' responsibilities	124

AN INTERVIEW WITH OUR CHAIRMAN



Ken Hanna
Chairman



Q

What were the Board's main priorities during the year?

A

2014 has been a transitional year for Aggreko's Board. Our focus in 2014 has been on successfully handling the change in senior management, whilst not losing sight of our goals and delivering a solid trading performance. An important part of this process was ensuring good leadership and robust governance arrangements as a number of different people held the office of Chief Executive through the year. The chart on the opposite page summarises the timeline of events. In addition to managing these changes, the Nomination Committee led the recruitment process for our new Chief Executive Officer, regularly reporting back to the Board on progress as they came to a final short list. At this point all of the Non-executive Directors became involved in the process, interviewing the short list and coming to the unanimous view that Chris Weston was the preferred candidate for the role. We were delighted that Chris was able to join the Board on 2 January 2015.

Q

How was stability of leadership maintained as the composition of the Board changed?

A

Throughout the year and at the point of each change in the position of Chief Executive Officer we carefully considered our options, ensuring that the Board and executive management could provide the correct level of support and revising our governance arrangements in line with this. We had a robust succession plan in place to assist us on the departure of a key role, so we were fortunate that Angus Cockburn, then Chief Financial Officer, agreed to assume the interim Chief Executive Officer role when Rupert Soames tendered his resignation.

Angus Cockburn had served alongside Rupert Soames for 11 years and had the support of an extremely able interim Chief Financial Officer in Carole Cran, which allowed the Board to focus on identifying a permanent Chief Executive Officer. Carole Cran was officially promoted to Chief Financial Officer and appointed to the Board on 1 June 2014.

When we announced Chris Weston as our new Chief Executive Officer, Angus Cockburn had also indicated that he wished to step down from his interim role and he left Aggreko at the end of September 2014. This left us with a short period of time between Angus Cockburn's departure and Chris Weston's start date. In order to facilitate an orderly handover and ensure continuity of leadership, I was appointed as Executive Chairman. I would like to pay tribute to all of the employees of Aggreko, and in particular the Executive Committee, for maintaining the momentum of the business throughout this period of transition. The performance of the Group in 2014 is a testament to the strength and depth of the team and the resilience of the Aggreko culture.

TRANSPARENT REPORTING

On page 5, I state our commitment to transparent and high quality reporting. The key features of this approach in the corporate governance report include:

- Enhanced integration and linkage to the strategic report and information on our website.
- Detailed disclosure around the decision making process for our annual Board evaluation.
- Quick read sections for each of the Board Committees, highlighting key achievements in 2014 and areas of focus for 2015.
- Greater clarity in our Remuneration Committee report.
- An in-depth report from our Nomination Committee on the process to select and recommend Chris Weston's appointment as Chief Executive Officer.

Q

How would you describe the decision making culture of the Board?

A

My role as Chairman is to ensure that Aggreko has a Board which works effectively and where everyone is encouraged to contribute. I aim for flexibility in my approach to foster a culture of openness and debate on the Board, setting the agenda to take full account of the issues and concerns of the Directors. Formal Board meetings are supplemented with regular informal meetings between myself and all Board Members.

The culture of the Board will undoubtedly go through a period of change as we welcome a new Chief Financial Officer, Chief Executive Officer and Non-executive Director. For this reason we decided to delay our externally facilitated evaluation of the Board for one year until Autumn 2015. We carefully considered our position and have explained the rationale in detail on page 78 of this report. We anticipate that the 2015 evaluation will provide valuable insights into the dynamics of the Board and how the new team is settling down and working. We will report on the results of the externally facilitated evaluation in next year's annual report.

Carole brings continuity of the finance leadership team at Aggreko. Although new to the Board, Carole has 11 years of finance experience at Aggreko and is an able successor to Angus Cockburn, having worked closely with Angus and the Board for many years as Group Financial Controller and Director of Finance.

We have continued to add new skills to the Board in 2015, appointing Uwe Krueger as a Non-executive Director on 1 February 2015. Uwe's experience in the engineering and services sector, combined with his understanding of renewable energy, will bring further expertise to the Aggreko Board.

We were pleased to be recognised by the Department for Business Innovation and Skills in the UK as one of the most improved companies in relation to women on boards between 2010 and 2014. We have always been aware of the benefits of greater diversity and we have made good progress at Board level. We will continue to keep diversity under close review whilst ensuring we appoint the most qualified candidates for our available positions.

Q

What would you say the new Directors have brought to the Aggreko Board?

A

Our policy is to recruit Board members with a broad range of skills, background and experience. Chris brings proven leadership skills and a good knowledge of the energy sector; he has consistently succeeded in driving performance and growth in his career and we believe he has the skills and vision to continue Aggreko's growth and lead the Group to the next level.

Q

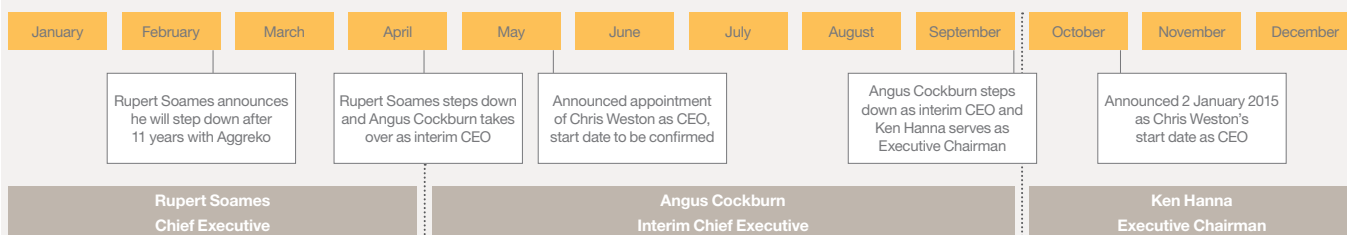
What are the Board's key objectives for the coming year?

A

In the early part of 2015, the Board will monitor and oversee Chris Weston's induction to ensure he has a thorough understanding of our business, our operations, the markets we operate in and our people. Following this induction process, we will support a business review, led by Chris, to establish our key priorities for driving continued growth over the next few years. We will report on this in further detail around the time of our interim results in August 2015.

Another key priority for the coming year is to review our succession plans for all of our Board and senior management roles. This review will be led by the Nomination Committee for the Board and senior management and will be supported by the Group HR Director.

WHO HELD THE OFFICE OF CEO DURING 2014



OVERVIEW



LEADERSHIP

Your Board rigorously challenge strategy, performance, responsibility and accountability to ensure that every decision we make is of the highest quality.

In this section you will find information on how we divide up our responsibilities amongst the Directors, the structure and role of our Committees, the Board's activities in 2014 and areas of focus for 2015.

Read more about our leadership

→ Page 74



EFFECTIVENESS

Your Board continuously evaluates the balance of skills, experience, knowledge and independence of the Directors. We ensure that all new Directors receive a tailored induction programme and we scrutinise our performance in an annual effectiveness review.

In this section you will find information on the induction of our new Directors, approach to our Board evaluation in 2014, progress against findings and action points.

Read more about our effectiveness

→ Page 78



ACCOUNTABILITY

All of our decisions are discussed within the context of the risks involved. Effective risk management is central to achieving our strategic objectives.

In this section you will find information on our approach to risk management, internal controls and the processes underpinning fair, balanced and understandable reporting at Aggreko.

Read more about our accountability

→ Page 81



RELATIONS WITH SHAREHOLDERS

Maintaining strong relationships with our Shareholders, both private and institutional, is crucial to achieving our aims. We hold events throughout the year to maintain an open dialogue with our investors.

In this section you will find information on Shareholder engagements in 2014 and the different ways investors can access useful information about Aggreko.

Read more about our relations with Shareholders

→ Page 82



REMUNERATION

Having a formal and transparent procedure for developing policy on remuneration for Executive Directors is crucial. Our remuneration policy aims to attract, retain and motivate by linking reward to performance.

In this section you will find information on our proposed remuneration policy for Shareholder approval and how we implemented our current remuneration policy in 2014.

Read more about our remuneration

→ Page 92

COMPLIANCE WITH THE UK CORPORATE GOVERNANCE CODE

Our approach to corporate governance

Aggreko is committed to maintaining high standards of corporate governance; it is the way we do business and it is at the core of everything we do. Summarised on the opposite page and explained in detail throughout this report we have described the key elements which we believe are essential for good corporate governance. We have also used case studies headed "governance in action" to bring to life our approach.

We follow the UK Corporate Governance Code (the Code), as published by the Financial Reporting Council in September 2012 and except as referred to below, Aggreko has complied with all relevant provisions of the Code throughout the year.

Our explanations for non-compliance

For three months of 2014, we did not comply with part of Code provision A.2.1 which states that the roles of Chairman and Chief Executive Officer should not be exercised by the same individual. Between 1 October 2014, when Angus Cockburn, our Interim Chief Executive left the Company, and 2 January 2015, when Chris Weston took up the permanent role of Chief Executive Officer, Ken Hanna exercised the role of Executive Chairman. This was a temporary measure whilst we waited for Chris Weston to join the Company. Recognising the importance of robust governance arrangements in this circumstance, we revised our framework of delegated authorities during this interim period to ensure that no one individual had unfettered powers of decision making. The Board believes that our overall approach to the separate roles of Chairman and Chief Executive Officer is consistent with the main principle of the Code, which requires a clear division of roles, set out in writing and agreed by the Board; we are fully compliant with this provision from 2 January 2015.

We have not complied with Code provision B.6.2 which states that the evaluation of the Board should be externally facilitated at least every three years. For 2014 the Board decided to conduct an internal evaluation of its own performance, notwithstanding that the last external evaluation took place in 2011. We provide a detailed explanation of the reasons behind this decision and the evaluation process for 2014 on pages 78 and 80. The Board's intention remains to undertake an externally facilitated evaluation at least every three years with internal reviews undertaken in the intervening years.



ROLE OF THE BOARD

Our Board remains focused on

- Driving the Group's long-term objectives.
- Oversight of our operations to ensure we have competent and prudent management.
- Sound planning and internal control.
- Developing leadership and succession plans.
- Protecting our reputation and the relationships we have with customers, suppliers and employees.

Read our schedule of matters reserved for the Board

→ www.aggreko.com/pdf/matters_reserved_for_the_board.pdf

OUR BOARD



KEY TO COMMITTEE MEMBERSHIP



Audit



Ethics



Nomination



Remuneration



Ken Hanna
Chairman



Appointed: Non-executive Director in October 2010 and Chairman in April 2012.

Experience: Ken has international experience, bringing financial and leadership expertise to Aggreko. He possesses knowledge of many different business sectors and is an experienced senior executive and leader, promoting robust debate and a culture of openness in the Boardroom.

Ken is also currently Chairman of Inchcape Plc, Non-executive Director and Audit Committee Chairman of Tesco Plc and Chairman of Shooting Star CHASE Charity. Until 2009, Ken spent five years as Chief Financial Officer of Cadbury Plc. He has also held positions as Operating Partner for Compass Partners, Group Chief Executive at Dalgety Plc, Group Finance Director of United Distillers Plc and Group Finance Director of Avis Europe Plc.



Chris Weston
Chief Executive Officer



Appointed: January 2015.

Experience: Chris has experience at a senior level in the energy industry, proven leadership skills in a large international business and has consistently succeeded in driving performance and growth in his career.

Prior to his appointment in January 2015, Chris was Managing Director, International Downstream at Centrica plc, where he was the Executive Director responsible for the Group's largest division. In this role Chris was operationally responsible for both British Gas in the UK and Direct Energy in the USA. He joined Centrica in 2001 after a successful career in the telecoms industry, working for both Cable & Wireless and One.Tel. Before that, Chris served in the Royal Artillery. He has a BSc in Applied Science, as well as an MBA and PhD from Imperial College London.



Carole Cran
Chief Financial Officer



Appointed: June 2014.

Experience: Carole has corporate finance and accounting experience acquired over a number of years in senior financial roles with considerable exposure to emerging markets. Carole was appointed to the Board as Chief Financial Officer on 1 June 2014, following her appointment as Interim Chief Financial Officer on 24 April 2014. Having joined Aggreko in 2004, previous roles include Group Financial Controller and Director of Finance. A key member of the senior management team, Carole has worked to align financial strategies with the strategic direction of the business.

Prior to joining Aggreko, Carole spent seven years at BAE Systems, in a range of senior financial positions, including four years in Australia. Carole is also a chartered accountant, having trained at KPMG whilst working in their audit divisions in the UK and Australia.



Debajit Das
Regional Director
APAC



Appointed: January 2013.

Experience: Debajit brings experience of the energy sector, particularly in the Asia Pacific market. Debajit joined Aggreko in 2006 following the merger with GE Rentals, where he held a variety of leadership positions in their energy business for 10 years, including small power generation sales, energy services, Six Sigma and major events.

Debajit has held several key senior management positions at Aggreko; he was initially appointed to lead our Major Events business before being appointed as the Managing Director of the Asia business unit in 2009. In January 2013, Debajit added the Australia Pacific business to his responsibilities and was appointed as Regional Director for Asia Pacific.



Asterios Satrazemis
Regional Director
The Americas



Appointed: January 2013.

Experience: Asterios has international experience in the equipment rental and services sectors with a record of sustainable growth across a global business. He joined Aggreko in 2008 and has acquired considerable experience from senior leadership positions across the Group; initially as Vice-President of Aggreko North America's northern business unit; in 2010, he relocated to Australia to take up the position of Managing Director for Australia Pacific; and was most recently appointed as Regional Director for the Americas in January 2013.

Prior to Aggreko, Asterios spent 10 years at United Rentals, in a range of senior roles including operations and mergers and acquisitions.



David Taylor-Smith
MBE
Regional Director EMEA



Appointed: March 2013.

Experience: David has international experience, a proven ability in building and managing large businesses and a thorough understanding of how to operate successfully in Europe, Asia, Africa, the Americas and the Middle East.

Prior to his appointment in March 2013, David spent 14 years at G4S Plc in a number of senior leadership roles culminating as the Group Chief Operating Officer and Regional Chief Executive Officer for the UK, Ireland and Africa. Before joining G4S Plc David held a number of senior management roles with Securicor Plc and Jardine Matheson in Hong Kong. David also served as a British Army Officer and has sat on the boards of a number of high profile charities; he is currently an Ambassador for the World Wide Fund for Nature (WWF).

COMPANY SECRETARY

Peter Kennerley
Appointed: October 2008

Peter is our Group Legal Director and Company Secretary. He also has responsibility for our compliance and commercial function and is a member of the Executive Committee.

OTHER DIRECTORS WHO SERVED DURING 2014

Rupert Soames
Chief Executive until 24 April 2014

Angus Cockburn
Chief Financial Officer until 24 April 2014 and Interim Chief Executive until 30 September 2014

David Hamill
Senior Independent Director until 24 April 2014



Russell King
Senior Independent
Director



Appointed: Non-executive Director in February 2009 and Senior Independent Director in April 2014.

Experience: Russell brings international experience, acquired across a number of sectors including mining and chemicals, together with strong experience in strategy.

An experienced Non-executive Director, Russell currently sits on the Board of Spectris Plc and is Chairman of Hummingbird Resources plc. He has recently been appointed a Non-executive Director of Sepura plc and Interserve plc. He is also a senior adviser to Heidrick & Struggles. Prior to this, Russell spent eight years at Anglo American Plc, latterly as Chief Strategy Officer. Prior to this, he spent 20 years in senior roles at ICI.



Uwe Krueger
Non-executive Director



Appointed: February 2015.

Experience: Uwe brings expertise of the engineering, services and renewable energy sectors. He is a physicist with a PhD and an honorary professorship from the University of Frankfurt and an honorary PhD from Heriot-Watt University. Most of his career has been spent leading engineering and consulting organisations.

Uwe is currently Chief Executive Officer of WS Atkins plc. He also sits on the boards of SUSI Partners AG and Ontex S.A. and lectures at the University of Frankfurt on renewable energy. Before joining WS Atkins plc, Uwe was Chief Executive Officer of Oerlikon, Senior Advisor at Texas Pacific Group, President of Cleantech Switzerland, and held various senior leadership positions at Hochtief AG.



Diana Layfield
Non-executive Director



Appointed: May 2012.

Experience: Diana brings extensive international experience and detailed understanding of how to operate successfully across emerging markets, particularly in Africa and Asia. She also brings experience in sales, technology and strategy.

Diana is currently Chief Executive, Africa Region for Standard Chartered Plc. Previous positions held over 11 years at Standard Chartered include; Chief Operating Officer for the Wholesale Bank; Group Head of Strategy & Corporate Development; and Global Head of Corporate Clients. Prior to Standard Chartered, Diana was Chief Executive Officer of Finexia Ltd, a technology firm, and spent five years with McKinsey & Co, an international strategy consulting firm. Diana has a BA from the University of Oxford and a Master's degree in International Economics and Public Administration from Harvard University.



Robert MacLeod
Non-executive Director



Appointed: September 2007.

Experience: Robert has corporate finance and accounting experience acquired over a number of years in senior financial roles across the international engineering and chemicals sectors; he also has a detailed understanding of strategy and business development.

Robert was appointed as Chief Executive of Johnson Matthey Plc in June 2014, having served as Group Finance Director for five years. Prior to this, Robert served five years as Group Finance Director for WS Atkins Plc and one year as Group Financial Controller, having previously worked in a variety of senior financial roles at Enterprise Oil Plc. Robert is also a chartered accountant, having trained at KPMG.



Ian Marchant
Non-executive Director



Appointed: November 2013.

Experience: Ian brings knowledge of the domestic and international energy markets, along with a substantial understanding of associated strategic, financial and regulatory issues. Until his retirement in June 2013, Ian spent 21 years at SSE Plc, most recently as Chief Executive, and prior to that as Finance Director.

Ian is an experienced Non-executive Director, currently serving as Chairman of John Wood Group Plc and as Chairman of Infinis Energy Plc. He is also Chairman of Scotland's 2020 Climate Group, President of the UK's Energy Institute, Chairman of Maggie's Cancer Charity and a Member of the Prince's Council of the Duchy of Cornwall.



Rebecca McDonald
Non-executive Director



Appointed: October 2012.

Experience: Rebecca has knowledge of the international energy markets and brings business development expertise, with a strong customer focus.

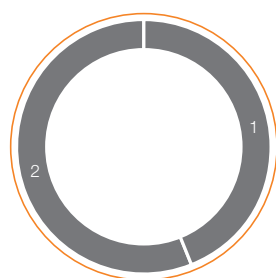
An experienced Non-executive Director, Rebecca currently sits on the board of Veresen Inc, Granite Construction Inc and ITT Corporation. Rebecca has held a variety of senior executive roles across a number of relevant industries, most recently as Chief Executive Officer of Laurus Energy Inc. Other past appointments include President Gas and Power for BHP Billiton Plc, Chairman and Chief Executive Officer for Enron Global Assets and Chief Executive Officer for Amoco Energy Development Company.

LEADERSHIP



Diversity and experience metrics as at 31 December 2014

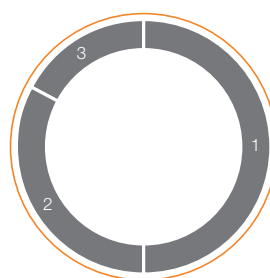
Executive Directors/Independent Non-executive Directors



1. Executive	44%
2. Non-executive	56%*

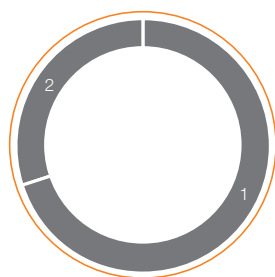
*As required by Code provision B.1.2, this calculation excludes the Chairman when looking at the independent Non-executive composition of the Board

Non-executive tenure



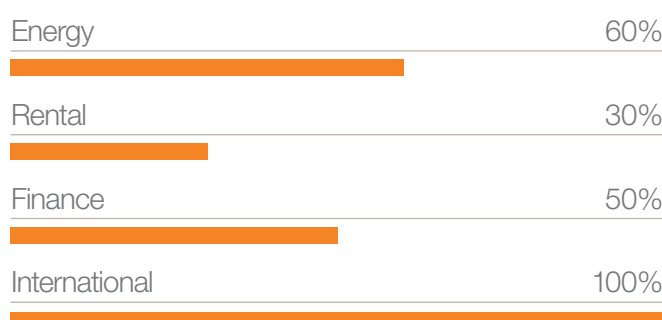
1. 0-3 years	50%
2. 3-6 years	33%
3. 6-9 years	17%

Gender split



1. Male	70%
2. Female	30%

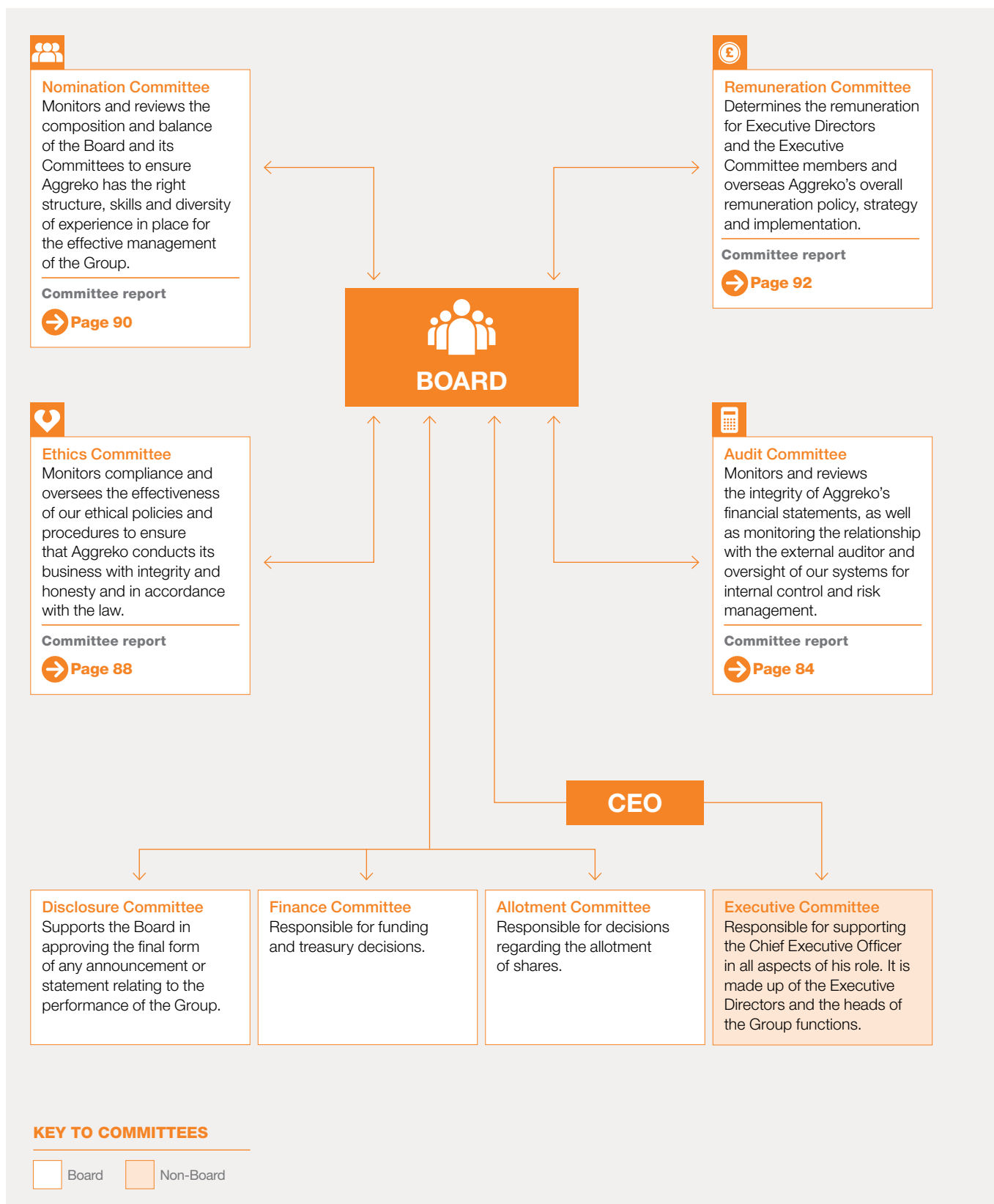
Experience



How we divide up our responsibilities

Chairman	Responsible for leading the Board, its effectiveness and governance. Setting the agenda to take full account of the issues and concerns of the Directors and ensuring the links between the Shareholders, Board and management are strong.
Chief Executive Officer	Responsible for the day-to-day leadership, management and control of the Group, for recommending the Group strategy to the Board and ensuring that the strategy and decisions of the Board are implemented.
Chief Financial Officer	Supports the Chief Executive Officer in devising and implementing strategy in relation to the financial and operational performance of the Group.
Senior Independent Director	Provides a sounding board for the Chairman, acts as an intermediary for the other Directors when necessary and is available to meet with Shareholders.
Independent Non-executive Directors	Constructively challenge the Directors and monitor the delivery of the Group strategy within the risk and control environment set by the Board.
Regional Executive Directors	Supports the Chief Executive Officer and Chief Financial Officer in relation to devising and implementing strategy in relation to their specific region.
Company Secretary	Supports the Chairman and Chief Executive Officer and is available to all Directors for advice and support. Informs the Board and Committees on governance matters and responsible for development of corporate governance policies.

Board Committees



LEADERSHIP
CONTINUED



Board attendance in 2014

Name of Director	Board Meetings		Percentage attended
	A	B	
Ken Hanna	6	6	100%
Carole Cran ¹	4	4	100%
Debajit Das	6	6	100%
Asterios Satrazemis	6	6	100%
David Taylor-Smith	6	6	100%
Angus Cockburn ²	4	4	100%
Rupert Soames ³	2	2	100%
Russell King	6	6	100%
Diana Layfield	6	6	100%
Robert MacLeod	6	5	83%
Ian Marchant	6	6	100%
Rebecca McDonald	6	6	100%
David Hamill ⁴	2	2	100%

A – maximum number of meetings Director could have attended
B – actual number of meetings Director attended

1 Carole Cran joined the Board on 1 June 2014
2 Angus Cockburn retired from the Board on 30 September 2014
3 Rupert Soames retired from the Board on 24 April 2014
4 David Hamill retired from the Board on 24 April 2014

GOVERNANCE IN ACTION:
BOARD MEETING IN DUBAI, JUNE 2014

Site visits give the Board key insights into the business; at least one meeting each year is held at a Group location outside London or Glasgow to give the Directors an opportunity to review operations and meet local management.

In June 2014, the Board visited Dubai, a key location for Group Operations and Technology (O&T) and the EMEA region. During their visit the Board received presentations from the EMEA region, including an in-depth review of the EMEA business units in Africa and the Middle East; each was presented by the relevant Managing Director with support from the EMEA Business Development Director. O&T also presented to the Board on how they support the regions with project design, logistics, mobilisation, fleet, product design, development and health and safety.

The Board received a guided tour of the facility at Jebel Ali, learning more about our supply chain and our training facility. The trip concluded with a dinner hosted by the Board and attended by the management teams based in Dubai to give the Board the opportunity to engage with individuals working for the EMEA region and O&T.

Meetings of the Board, Ethics, Nomination and Remuneration Committees were held and the Non-executive Directors also held a private meeting without members of management present.

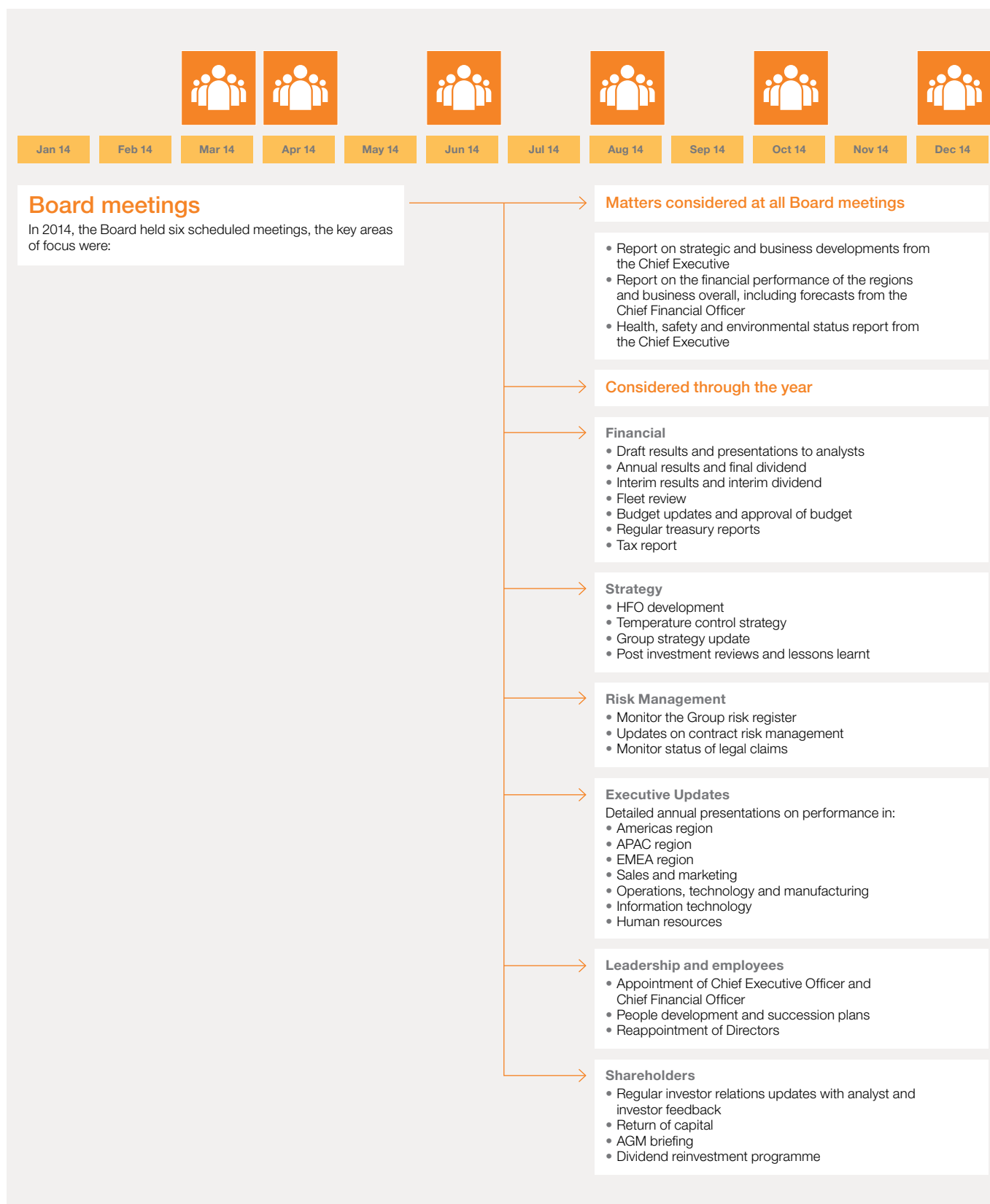
What the Board achieved during 2014

- Oversaw a period of transition for the role of Chief Executive Officer, appointing an Interim Chief Executive and Executive Chairman whilst recruiting Chris Weston to the permanent role of Chief Executive Officer.
- Continuously updated our framework of delegated authorities to ensure good governance during this transition period.
- Successful use of our succession plan to appoint Carole Cran as Chief Financial Officer.
- Appointed Russell King as Senior Independent Director.
- Oversaw Shareholder consultation and engagement with governance bodies for our new incentive arrangements.
- Reviewed and updated Committee terms of reference and schedule of matters reserved for the Board.
- Strengthened our ethical policies.
- Established a robust process to assess the Fair, Balanced and Understandable requirement of the Code for the 2013 Annual Report, using it again for our 2014 Annual Report.
- Returned approximately £200 million to Shareholders.
- Visited the Power Projects operations and technology centre in Dubai.
- Undertook post investment reviews of the Poit Energia acquisition in 2012 and depot openings in 2013.

Key priorities for 2015

- Induction of Chris Weston, further detail can be found in the case study on page 79.
- Undertake a business review to establish key priorities for 2015, ensuring all actions are assigned following the changes in senior management.
- Focus on senior management succession planning to ensure our new senior management structure is fully supported.
- Appointment and induction of Uwe Krueger as a Non-executive Director.
- Complete the return of capital to Shareholders by making a second offer to purchase B Shares, subject to Shareholder approval at our 2015 AGM.
- Review our risk management processes to ensure compliance with the new corporate governance code requirements to monitor and assess the risk management process.
- Plan a Board visit to Singapore in June 2015 to review the APAC business and engage with local employees, we will report on this in our 2015 Annual Report.
- Undertake an externally facilitated Board evaluation in Autumn 2015.

Board meetings



EFFECTIVENESS



Induction, development and support

We make sure that all new Directors receive a full, formal and tailored induction on joining the Board, as we explain in more detail below. We also plan our Board calendar to ensure that Directors are able to visit different business locations and are briefed on a wide range of topics throughout the year. These topics range from those with particular relevance for our business, such as world energy demand, to more general matters such as developments in corporate governance. We recognise that our Directors have a diverse range of experience, and so we encourage them to attend external seminars and briefings that will assist them individually.

Typical induction programme for a Non-executive Director

Our induction programme aims to give new Non-executive Directors a thorough grounding in Aggreko's business and a clear understanding of their roles and responsibilities. Every newly appointed Director will spend time with the Company Secretary to ensure an understanding of directors' duties, conflicts of interest, corporate governance, Board procedures, Group policies and the use of our electronic Board packs.

Whilst we do take into account the Directors' background and experience, the induction programme will include a broad introduction to our business, on a Group and Regional basis, and areas of significant risk. Key elements include meeting the Executive Directors, senior management in the Group and Regional functions and visiting our main sites for briefings on Group strategy and the regional businesses. We also arrange for new Non-executive Directors to meet the External Audit Partner.

As part of his induction, Uwe Krueger will visit our manufacturing facility at Dumbarton in April 2015 to learn about our products and work on research and development.

This year's Board evaluation exercise

In line with the UK Corporate Governance Code, it is the Board's policy to undertake a formal and rigorous annual evaluation of our own performance and that of our Committees and Directors each year. The evaluation is required to be externally facilitated at least every three years. Aggreko's last externally facilitated evaluation took place in 2011, and so we were due another one in 2014. At the beginning of the year we had aimed to do this in Autumn 2014, however, we agreed that we would review whether this was appropriate in view of the change of Chief Executive Officer.

After careful consideration, the Board agreed to postpone the externally facilitated evaluation until Autumn 2015 for the following reasons:

- We had already conducted a thorough review of the executive composition of the Board, particularly in relation to the posts of Chief Executive Officer and Chief Financial Officer. In this exercise the Board received detailed external advice from Russell Reynolds. Whilst recognising that this exercise did not comprise a full evaluation of the work of the Board, it was agreed that there would not be much to be gained and that it would be inappropriate to engage an additional external adviser on similar grounds at this stage.
- Chris Weston had yet to start work with Aggreko. The dynamics of the Board were bound to change once he was in post; it was agreed that any in-depth evaluation would quickly become out-dated and moreover would not have the benefit of Chris' views.
- By waiting until Autumn 2015, the external evaluation should provide valuable insights on how the new team is settling down and working.

The Board agreed the following approach for 2014:

- Formal reviews for each individual Director would be retained. The Chairman's review was conducted by the Non-executive Directors in April 2014.
- The action points identified from the 2013 Board evaluation would be followed up to ensure they were fully addressed.
- A full review of the Terms of Reference of the Board Committees and matters reserved for the Board was undertaken in Autumn 2014. The review focused on updates in best practice and new versions were approved by the Board. A formal Disclosure Committee was also established to support the Board in approving the final form of any announcement or statement relating to the financial performance of the Group.
- The Committee Chairmen would hold one to one meetings with Committee Members to identify areas of improvement within the Committees, using a questionnaire prepared by the Company Secretary as the basis for discussion.

The result of this process confirmed that overall the Board operated effectively and that the Board should continue to focus on the issues identified in the previous evaluation. On page 80 we set out the progress we have made during 2014 and priorities for 2015. We also set out specific action points we have identified for each of the Board Committees.

Chris visiting a Local business customer site in Dubai, February 2015



GOVERNANCE IN ACTION: CHRIS WESTON'S INDUCTION

Chris Weston's two-month induction programme was designed to help him understand our business, our operations, the markets we operate in, meet our customers and meet the people that make up Aggreko.

To kick start his induction, Chris visited our Head Office in Scotland, spending time with the Group functions, his new direct reports and the EMEA operations team. Whilst in Scotland, Chris was accompanied by Ken Hanna on a visit to our manufacturing facility in Dumbarton, where they received a site tour and spent time meeting our manufacturing apprentices.

Chris then moved on to the Americas region, attending the Americas executive team meeting in Houston and visiting the depot in Louisiana, before flying to Panama to visit a customer site and take a tour of the Panama hub.

Time was spent with the EMEA management team in Europe and Africa, visiting a depot in the UK, the project site at Ressano Garcia in Mozambique, the Southern Africa business and meeting some of our larger EMEA customers in Africa.

For the APAC region, Chris joined the APAC executive team in Melbourne and Singapore, visiting a project site in Bangladesh.

Finally, Chris spent time in Dubai at our Power Projects operations, technology centre, technical training centre and with our Middle East operations.

Chris also took the time to speak to our largest Shareholders, to analysts, to the banks that support us and to our key suppliers in order to hear their views of Aggreko.

EFFECTIVENESS
CONTINUED



The table below follows up on the action points identified from the 2013 review and includes feedback from the 2014 review:

Board Composition	Succession	Strategy and Competition	Board Meetings
<p>2013 Findings</p> <p>The Board has a good mixture of skills covering all main areas and the balance between Executive and Non-executive was effective. However, we recognised that we need to keep the areas of expertise under review as the business develops.</p>	<p>2013 Findings</p> <p>The Executive appointments to the Board in 2013 had gone well, with good levels of confidence and interaction between the Executives. In order to build on this success, the Board agreed to increase their focus on succession in 2014 and improve access to Non-executive Directors for executives below Board level.</p>	<p>2013 Findings</p> <p>A number of topics were identified during the evaluation as items on which the Board would welcome deeper debate. Topics included key strategic issues and the competitive landscape, on a regional and international level.</p>	<p>2013 Findings</p> <p>Board meetings are chaired effectively, timekeeping is well managed and the level and quality of information provided to the Board is generally good. Some suggestions were made to improve the running order of meetings, the provision of information and the level and detail of financial reports.</p>
<p>Progress in 2014</p> <p>Appointment of new CEO and CFO announced in May 2014.</p> <p>External consultants engaged to search for an additional Non-executive Director.</p>	<p>Progress in 2014</p> <p>Internal appointment of CFO announced in May 2014.</p> <p>Appointment of new Group HR Director in June 2014.</p> <p>Board visit to Dubai gave opportunity to engage with EMEA and O&T management teams.</p>	<p>Progress in 2014</p> <p>Annual Board planner expanded to include items on key strategic issues and the competitive landscape.</p>	<p>Progress in 2014</p> <p>Revised financial reports have improved quality of information.</p> <p>New investor relations report established.</p>
<p>Action points for 2015</p> <p>Appointment of new Non-executive Director in February 2015.</p> <p>Externally facilitated review of the Board scheduled for Autumn 2015 to focus on dynamics of new team.</p>	<p>Action points for 2015</p> <p>In-depth review of succession plans following new Board appointments.</p> <p>Continue with programme to improve access to Non-executive Directors for executives below Board level by introducing a mentoring scheme.</p>	<p>Action points for 2015</p> <p>Chris Weston to lead a business review in H1 2015 to establish key priorities.</p>	<p>Action points for 2015</p> <p>Review quality and consistency of Board paper submissions to identify areas for improvement.</p>
Audit Committee	Ethics Committee	Nomination Committee	Remuneration Committee
<p>2014 Findings</p>	<p>2014 Findings</p>	<p>2014 Findings</p>	<p>2014 Findings</p>
<p>All committees continue to work effectively, with balanced meetings, good levels of participation and blend of experience amongst members.</p>			
<p>Action points for 2015</p> <p>Continue with presentations on managing financial risks from the Regional Finance Directors and technical specialists.</p>	<p>Action points for 2015</p> <p>Continue participation in ethics training for all Board members.</p> <p>Review our compliance framework to reflect developing sanctions regulations.</p>	<p>Action points for 2015</p> <p>Recommend appointment of all Non-executive Directors as members of the Nomination Committee to reflect current best practice.</p>	<p>Action points for 2015</p> <p>Schedule regular updates on evolving best practice from our remuneration advisers.</p>

ACCOUNTABILITY



Risk management and internal control

The Board is responsible for the Group's system of internal control, including financial control, and we have worked hard to embed these controls into the culture of the Group. The process is designed to manage rather than eliminate risk, and can only provide reasonable and not absolute assurance against material misstatement or loss. The Board's approach to risk management is supported by an oversight structure that includes the Audit Committee, details of which can be found in the Audit Committee Report.

The Board has an ongoing process to identify, evaluate and manage significant risks faced by the Group, details of which can be found in the risk section of the Strategic Report. This process has been in place for the period under review and up to the date of approval of the Annual Report and Accounts. In addition, the Board reviews annually the effectiveness of the risk management and internal control systems. No significant failings or weaknesses were identified. Further detail on this process can be found in the Audit Committee Report.

Read more in our Audit Committee report

➔ **Page 84**

Read more about our risks

➔ **Page 28**

GOVERNANCE IN ACTION: FAIR, BALANCED AND UNDERSTANDABLE REPORTING

The Board recognises its responsibility to present a fair, balanced and understandable assessment of Aggreko in all of our reporting obligations. This responsibility covers the Annual Report and extends to the interim report and other regulatory announcements. The Directors consider this Annual Report, taken as a whole, to be fair, balanced and understandable, providing the information necessary for Shareholders to assess the Company's performance, business model and strategy. In arriving at this position, the Board asked the Audit Committee to review and confirm the process we have in place to support this assessment. The Audit Committee confirmed that we have a robust approach in place to support the fair, balanced and understandable assessment.

For the 2014 Annual Report, this process included:

- Comprehensive management and statutory accounts processes, with written confirmations provided by the regional senior management teams on the "health" of the financial control environment.
- Detailed reviews of the Annual Report and Accounts undertaken at different levels of the Group and by the senior management team that aim to ensure consistency and overall balance.
- A verification process, involving our internal audit team, dealing with the factual content of the Annual Report.
- A key accounting judgements paper covering contract and tax provisions, along with a summary of any changes in our accounting policies for 2014.
- Both the Audit Committee and Board received an early draft of the Annual Report to enable time for review and comment.

RELATIONS WITH SHAREHOLDERS



SHAREHOLDER ENGAGEMENT CALENDAR 2014

March	April	May	June
<p>Roadshows in the UK, USA, Canada and Europe following the preliminary results announcement</p> <p>Citi Business Services Conference</p>	<p>Conference calls and meetings with investors following the first quarter IMS</p> <p>Analyst and investor site visit to Dumbarton</p> <p>The Chairman met a number of our major Shareholders to discuss CEO succession</p>	<p>JP Morgan Cazenove Business Services Conference</p> <p>Barclays Select Series 2014: UK Stockholm Conference</p> <p>Introductory roadshows in the US and Asia</p>	<p>Analyst and Shareholder site visit to our operations in the Americas</p> <p>Analyst and investor site visit to Dumbarton</p> <p>Goldman Sachs Business Services conference</p>



HOW OUR INVESTORS CAN FIND US



➔ **Online 2014 Report**
www.annualreport2014.aggreko.com



➔ **Our Group website**
www.aggreko.com/investors



➔ **Download the IR app**
www.aggreko.com/investors



SELL-SIDE ANALYST AND SHAREHOLDER VISIT TO THE US AND PANAMA

In June 2014, we took a group of around 20 sell-side analysts and Shareholders to visit our Americas business. The two-day visit included presentations from each of the Americas business unit managers and site visits to our facilities in Houston and our Power Project site in Panama. The site visit was well received with all those attending gaining a greater appreciation for the Local Business in particular, but also the strength and depth of the management team.

KEY TO ACTIVITIES



IMS



Half year results



Full year results



Investor meetings



AGM



Site visit



August



Roadshow in the USA following the interim results announcement

September



Roadshows in the UK and France following the interim results announcement

Analyst and investor site visit to Dumbarton

October



The Chairman met a number of our major Shareholders to discuss CEO transition arrangements

Introductory roadshow in the US

November



Conference calls and meetings with investors following the third quarter IMS

December



Credit Suisse European Business Services and Transport Conference

Analyst and investor site visit to Dumbarton

Understanding what analysts and investors think about us is a key part of driving our business forward and we actively seek dialogue with the market. This provides us with the opportunity to communicate with analysts and investors and to understand their views on the Company's strategy and performance.

The Board receives regular updates on the views of Shareholders through briefings and reports from those that have had Shareholder interaction over the year, including the Head of Investor Relations, Directors, Makinson Cowell our retained advisers and the Company brokers. In addition, our Senior Independent Director, Russell King, is available to meet Shareholders if they wish to raise any issues separately.

Results and other news releases such as contract wins are published via the London Stock Exchange's Regulatory New Service (RNS). Any announcement published via RNS is also available on the Group's Investor Relations website at www.aggreko.com/investors; a subscription service is available for interested parties to receive these updates by email. We continually seek to enhance our communications, including online communications, and during the year implemented changes to the Investor Relations website, including improved functionality and greater disclosure of information. We had over 260,000 unique visitors to the corporate website in 2014. In early 2015 we launched an Investor Relations and Media App that can be downloaded to tablet and smartphone devices; this enables a wider audience to view results, announcements, presentations, videos, webcasts and images on the move.

The Group has an office in London, where the Head of Investor Relations is based, and maintains ongoing relations with analysts and investors through telephone calls and meetings. Throughout 2014, we have continued to maintain open and transparent communication with analysts and investors through meetings, presentations, conferences and site visits, including a visit in June to our Americas business. During the year, the Head of Investor Relations and Senior Management conducted over 460 meetings, met or spoke to over 400 institutions and participated in five conferences. Meetings are conducted by at least one of the Chairman, Chief Executive Officer, Chief Financial Officer or Head of Investor Relations and these meetings occurred in a number of different locations around the world to reflect the global nature of our Shareholder base; during the year Senior Management travelled to meet investors in the UK, USA, Canada, Germany, France, Switzerland, the Netherlands, Belgium, Italy, Sweden, Hong Kong and Japan. We have also committed to include the Regional Directors in investor meetings throughout the year, to allow investors to gain a broader perspective of management and the business. During the year, the Chairman of the Remuneration Committee held a number of consultations with Shareholders around the development of the new Long-Term Incentive Plan and general performance of the business.

Read more about our remuneration policy

[Page 92](#)

We also enjoy meeting and engaging in discussion with our private Shareholders at the Company's Annual General Meeting (AGM). The 2015 AGM will be held in Glasgow on Wednesday 29 April 2015. Further details of the meeting are set out on page 119.

AUDIT COMMITTEE REPORT



Robert MacLeod
Audit Committee Chairman

“The role of the Audit Committee is to monitor and review the integrity of the Group’s financial statements to determine whether the judgements taken by management are appropriate. We also monitor the independence and effectiveness of the external auditor and oversee the Group’s systems for internal control and risk management.”

2014 Key achievements

- Implemented a process to oversee the fair, balanced and understandable assessment of the Annual Report
- Oversaw the implementation of a process for the new reporting requirements and disclosure of key accounting judgements for the Annual Report
- Monitored the new audit tender and rotation requirements and agreed a strategy for the future
- Provided oversight on the Group’s risk management processes, receiving presentations from the Regional Finance Directors for Americas and EMEA on managing financial risk and the Chief Information Officer on our cyber governance framework

Members in 2014

	Scheduled meetings attended
Robert MacLeod – Committee Chairman	
David Hamill – Non-executive Director ¹	
Russell King – Senior Independent Director ²	
Diana Layfield – Non-executive Director	
Ian Marchant – Non-executive Director	

- 1 David Hamill retired from the Board on 24 April 2014
- 2 Russell King was appointed as Senior Independent Director on 24 April 2014

Areas of focus for 2015

- Review new UK Corporate Governance Code requirements for going concern and a longer-term viability statement
- Oversee the external auditor tender process
- Monitor implementation by management of recommendations identified through the internal auditor effectiveness review
- Continue risk management oversight with presentations scheduled from APAC on managing financial risks, Group Tax and Group Treasury

Introduction by Robert MacLeod, Audit Committee Chairman

The Audit Committee is currently made up of four independent Non-executive Directors. I have been Chairman of the Committee since December 2008; I am a chartered accountant and, until my appointment as Chief Executive of Johnson Matthey in June 2014, I served as Johnson Matthey’s Group Finance Director for five years. The members of the Committee, together with my experience, bring an appropriate balance of financial and accounting experience with a deep understanding of Aggreko’s business and markets. Diana Layfield, Ian Marchant and I are the members of the Audit Committee identified with recent and relevant financial experience.

At our scheduled meetings we also invite the Chairman, Chief Executive Officer and Chief Financial Officer to attend, together with the Group Financial Controller, Director of Internal Audit and the External Audit Partner.

In 2014, the Committee held three scheduled meetings and one ad hoc meeting. The ad hoc meeting was held in February to approve the engagement of PwC for non-audit services in relation to the return of capital to Shareholders. The scheduled meetings are aligned to the Group’s financial reporting timetable and allow sufficient time for full discussion of key topics and to enable early identification and resolution of risks and issues.

To the left there is a summary of the key actions of the Committee in 2014 and intended areas of focus in 2015. Further detail on our actions in 2014 are included in the full Audit Committee report detailed over the next few pages.

Role of Audit Committee

- Monitor the integrity of the financial statements, including reviewing significant financial reporting issues and judgements alongside the findings of the external auditor.
- Advise the Board on the effectiveness of the fair, balanced and understandable review of the Annual Report.
- Oversee the relationship with the external auditor, external audit process, nature and scope of the external audit, including their appointment, effectiveness, independence and fees.
- Monitor and review the effectiveness of internal audit, ensuring co-ordination with the activities of the external auditor.
- Review the effectiveness of the Group’s systems for internal financial control, financial reporting and risk management.

Audit Committee terms of reference:

www.aggreko.com/pdf/audit-committee-terms-of-ref-oct-2014.pdf

Main Activities of the Audit Committee during the year

Financial reporting

During the course of the year, the Committee met with the external auditors and management as part of the 2014 Annual and Interim Report approval process. We reviewed the draft financial statements and considered a number of supporting papers, including; information presented by management on significant accounting judgements to ensure all issues raised have been properly dealt with; key points of disclosure and presentation to ensure adequacy, clarity and completeness; external audit reports; reviewed documentation prepared to support the going concern statement given on page 122;

and information presented by management on the process underpinning the fair, balanced and understandable assessment and confirmation made by the Board on page 81.

The external auditor carried out their work using an overall materiality of £14 million, as stated in their report on page 126, and confirmed to the Committee that there were no material unadjusted misstatements. We also agreed with the external auditor that they would inform us of any unadjusted misstatements above £1 million, as well as misstatements below that amount that warranted reporting for qualitative reasons. None were reported to the Committee.

Following completion of the above steps, we agreed to recommend the approval of the 2014 Annual and Interim Reports to the Board.

The primary areas of judgement considered by the Committee in relation to the 2014 Annual Report were:

Significant financial judgements for 2014

Contract provisions

One of the biggest risks facing the Group is non-payment by customers under some of the larger contracts in our Power Projects business (see Principal Risks and Uncertainties – Failure to collect payments or to recover assets on page 30). Identified as an area of judgement in our report last year, contract receivables and associated provisions within Power Projects is a key risk for the Group, and one of the areas of particular external audit focus. The Group policy is to consider each debtor and customer individually, within the relevant environment to which it relates, taking into account a number of factors, in accordance with accounting standards.

Direct and indirect tax provisions

The Group's tax strategy is to manage all taxes, both direct and indirect, such that we pay the appropriate amount of tax in each country where we operate whilst ensuring that we respect the applicable tax legislation and utilise where appropriate any legislative reliefs available. However, given the varied, complex and often uncertain nature of tax rules in certain countries, in particular in those in which we have our Power Projects business, we recognise that it makes sense to carry an appropriate level of provision for both direct and indirect taxes. The tax team monitors the status of tax risks monthly and in detail at the half and full year. This monitoring process together with consideration of any relevant legislative change is then used to determine the appropriate level of provisions.

How the Audit Committee addressed those judgements

Contract provisions

The Committee addressed contract provisions by considering an accounting judgements paper at the July 2014 and March 2015 meetings, which was tabled by the Chief Financial Officer. This detailed the latest position of debtors outstanding at the half year and year end and gave an assessment of the likelihood of collecting future payments. It was against this assessment that the Audit Committee assessed the adequacy of the provisions. PwC reported on these contract provisions at both the July 2014 and March 2015 meetings in the context of the half year review and the year end audit respectively. In addition the Committee is aware that the Board receives a report on contract exposures each month and has assessed the Group's processes for calculating and regularly monitoring contract risk provisions. More information on how Aggreko manages contract provisions and the level of those provisions can be found in

the principal risks section on page 28 and the financial review on page 50.

Direct and indirect tax provisions

The Committee addressed tax provisions by considering an accounting judgements paper at both the July 2014 and March 2015 meetings, which was tabled by the Chief Financial Officer. PwC reported on these provisions at the July 2014 meeting in the context of the half year review, and at both the December 2014 and March 2015 meetings in the context of the year end audit. We have monitored and assessed the Group's processes for calculating and regularly monitoring tax provisions. More information on Aggreko's tax strategy and payments in 2014 can be found in the financial review on page 50.

Read about PwC's areas of focus

 [Page 126](#)

AUDIT COMMITTEE REPORT CONTINUED



External auditor

The Committee is responsible for making recommendations to the Board in relation to the appointment of our external auditor, PwC. We also approve the audit plan, terms of engagement, fees and assess the effectiveness of PwC.

Audit plan

PwC presented their audit plan at the July 2014 meeting, setting out the scope and objectives of the audit together with an overview of the planned approach, an assessment of the Group's risks and controls and proposed areas of audit focus. In setting the audit plan, PwC work with Internal Audit and management at a Group and Regional level to identify risk areas for the audit to determine where audit effort should be focused.

Effectiveness

The Committee believes that the independence, objectivity and effectiveness of PwC and their processes is safeguarded and remains strong. This is displayed through their robust internal processes, their continuing challenge, focused reporting and their discussions with management and the Committee. During 2014, the Committee met with PwC without management present and the Committee Chairman also maintained regular contact with the audit partner throughout the year. We assess PwC through the quality of their audit findings and management responses. We also use an internal questionnaire sent to Committee members, the Regional Finance Directors and Group Functional Heads in December 2014; respondents are asked to rate PwC effectiveness in a number of areas, including robustness of the audit process, quality of delivery and quality of people and services. Results were collated and presented at the March 2015 meeting of the Committee for discussion.

The results confirmed that both PwC and its audit processes were considered to be effective and that a good working relationship was supplemented by a sufficient amount of challenge.

Non-audit services

To safeguard the objectivity and independence of the external auditor from becoming compromised, the Committee has a formal policy governing the engagement of the external auditor to provide non-audit services. Non-audit services are normally limited to assignments that are closely related to the annual audit or where the work is of such a nature that a detailed understanding of the Group is necessary. Any proposal to use the external auditor for non-audit work requires prior approval of the Chief Financial Officer and depending on the nature of the service and fee involved, authorisation may also be required from the Committee Chairman or the Committee.

The non-audit services policy is available on our website at:

 www.aggreko.com/pdf/Non_audit_service_policy.pdf

Non-audit fees are monitored by the Committee and this year we were satisfied that all non-audit work undertaken was in line with our policy and did not detract from the objectivity and independence of the external auditor. The majority of the non-audit work carried out by PwC during the year related to tax and minor local compliance services. We also engaged PwC to advise on the 2014 return of capital to Shareholders, taking into account their significant experience of the Group and expertise in transactions of this nature, the relatively small size of the fee for this assignment and the fees of other non-audit services in comparison to the total audit fee, the Committee approved the engagement. As a percentage of the overall audit fee for the year, other assurance services and non-audit fees are 26% (2013: 20%). Further details of the fees paid to the external auditor are set out in Note 6 to the accounts on page 145.

Reappointment and tender of external audit

PricewaterhouseCoopers have been the Company's external auditor since 1997 when Aggreko plc was incorporated, following the de-merger from the Salvesen Group. We last engaged in a competitive tender process in 2006, following which PricewaterhouseCoopers were reappointed external auditor.

The Committee has closely followed the legislative developments on audit tendering and rotation from the EU and the Competition & Markets Authority and at our December 2014 meeting we discussed the new requirements, noting the transitional arrangements, which require our first external auditor rotation by 2023. Despite the flexibility offered by the transitional arrangements to delay a rotation until 2023, we recognise that now is the time to consider putting the external audit out to tender. We have chosen to do this in 2015 given the recent changes in management and to fit in with the timing of the next rotation of the current audit partner, scheduled for 2016. Following the Annual General Meeting in 2015, we will go out to tender in 2015 with a view to appointing a new external auditor for the year ending 31 December 2016.

As Chairman of the Audit Committee, Robert MacLeod will lead the tender process on behalf of the Board with support from Carole Cran, as Chief Financial Officer and senior members of Carole's financial management team. Once we have made a decision regarding the appointment of the external auditor, we shall make an appropriate announcement to the market.

The Committee has recommended to the Board that a proposal be put to shareholders at the 2015 Annual General Meeting for the reappointment of PricewaterhouseCoopers as external auditor for the year ending 31 December 2015. There are no contractual restrictions on the Company's choice of external auditor.

Internal controls and risk management

Aggreko's objective is to have a strong and regularly monitored control environment that minimises financial risk and, as part of our responsibilities, we review the effectiveness of systems for internal financial control, financial reporting and risk management. We aim to ensure that the same high standards are applied throughout the business with the framework set at Group level. Across the Group, there is a strong focus on training and development and this helps to underline the standards that we require. We then monitor this process through regular financial control reviews and a financial control checklist. This also enables us to set targets and identify and monitor areas for improvement.

We agreed financial control deliverables for 2014, as proposed by the Chief Financial Officer, including addressing countries with lower financial control checklist scores and ensuring sufficient support at Group or regional level for our less mature businesses. At the end of the year, we reviewed progress for 2014 and agreed proposed priorities for 2015. Our financial control priorities for 2015 have been set after going through the following process:

- Setting out the key challenges for financial control and then reviewing the control environment and risk mitigation in place to help address these challenges;
- Reviewing the 2014 financial control checklist scores for all of locations globally, both Local and Power Projects, and cross referring them against the 2014 internal audit reports;
- The Global Financial Leadership team reviewed the above data and analysis to set clear priorities for 2015; and
- The Chief Financial Officer then proposed these priorities to the Audit Committee and we have agreed with the approach.

The key priorities for 2015 cover further developing the financial control checklist with particular focus on its effectiveness in our Power Projects business, a review of key areas within the purchase to pay process, delivery of a new financial reporting system and again as in the prior year addressing countries with lower financial control checklist scores and ensuring sufficient support at Group or regional level for our less mature businesses.

Internal audit

Internal Audit undertakes financial, operational and strategic audits across the Aggreko Group using a risk based methodology and in accordance with the changing risk profile of the Company. The Committee reviewed and agreed the programme of 2014 internal audit work, including the proposed approach, coverage, and allocation of resources and reviewed progress during the year through reports at each meeting. During 2014, 130 audits were completed across information technology, financial, operational and compliance functions. Results are graded and where audits are given a low grading, Internal Audit agree appropriate remedial actions and report to us on progress.

The Committee assessed the effectiveness of the internal audit function by reviewing their reports, progress against the 2014 plan and meeting with the Director of Internal Audit without management being present. In 2014 we also introduced an internal questionnaire, completed on an anonymous basis by financial and operational managers, covering aspects of the internal audit delivery during 2014. Results were collated and reported to the Committee at the March 2015 meeting for discussion. The results confirmed that Internal Audit was considered to be effective, with good working relationships across the Group. Minor improvements were suggested in relation to sharing best practice and integrated assurance, both will be implemented during 2015.

In line with the Institute of Internal Auditors' guidance, we plan to undertake an external evaluation of Internal Audit in 2016, with internal evaluations in the intervening years; our last external evaluation was undertaken in 2011.

Speaking up

The Group Ethics Policy, supported by a separate Speaking Up Policy, encourages all employees to report any potential improprieties in ethical standards via our international whistle-blowing hotline. Run by an external and independent third party, the hotline is available to all employees, in all of the languages used throughout the Group, and callers can remain anonymous if they wish. All matters reported are investigated and where appropriate, we ask Internal Audit to investigate the issue and report to us on the outcome. We also receive reports on hotline call volumes and the general nature and location of matters reported. We review these processes each year, and can confirm that they are appropriate for the size and scale of the Group.

Review of the effectiveness of the Audit Committee

The Committee completed reviews of the effectiveness of the external auditor, internal audit function and the Committee itself. The process followed for the Committee evaluation is set out on page 78; findings and priorities for 2015 are included on page 80.

ETHICS COMMITTEE REPORT



Ken Hanna
Ethics Committee Chairman

“The role of the Ethics Committee is to ensure that Aggreko conducts business with integrity and honesty and in accordance with the law.”

2014 Key achievements

- Reviewed and approved changes to ethics policies
- Monitored the implementation of an ethics training programme for employees
- Approved the introduction of a web-based compliance certification programme for all employees
- Monitored the phased implementation of a risk based due diligence programme for third-party suppliers
- Received briefings from regions and the central Operations and Technology function covering their approach to monitoring compliance within their functions
- Appointed Head of Compliance

Members in 2014

	Scheduled meetings attended
Ken Hanna – Ethics Committee Chairman	✓ ✓ ✓
David Hamill – Non-executive Director ¹	✓
Diana Layfield – Non-executive Director	✓ ✓ ✓
Ian Marchant – Non-executive Director ²	✓ ✓

¹ David Hamill retired from the Board on 24 April 2014

² Ian Marchant was appointed to the Committee on 24 April 2014

Areas of focus for 2015

- Oversee the full integration of the risk based due diligence into the supply chain processes
- Oversee the implementation of targeted compliance training to senior management and areas of the business with greater exposure to ethical issues
- Oversee a review of the sanctions compliance programme
- Review the findings and implement any recommendations arising from the internal audit review of ethics and compliance scheduled for early 2015

Ethics Committee terms of reference:

➔ www.aggreko.com/pdf/ethics-committee-terms-of-ref-oct-2014.pdf

Introduction by Ken Hanna, Ethics Committee Chairman

The Ethics Committee is currently made up of two independent Non-executive Directors, with me as Chairman. I have been a member of the Committee since its first meeting in February 2011 and became Chairman of the Committee in April 2012.

In 2014 the Committee met three times. During the course of the year we invited the Regional Executive Directors from EMEA and Americas to attend and report on compliance and areas of higher ethical risk within their regions. We also invited the Group Operations and Technology Director to report on compliance issues within the newly formed Operations and Technology team.

To the left there is a summary of the key actions of the Committee in 2014 and intended areas of focus in 2015. Further detail on our actions in 2014 are included in the full Ethics Committee report below.

Role of Ethics Committee

- Advise the Board on the development of strategy and policy on ethical matters.
- Advise the Board on steps to be taken to establish a culture of integrity and honesty in all of the Company's business dealings.
- Oversee the Company's policies and procedures for the identification, assessment, management and reporting of ethical risk.
- Oversee the Company's policies and procedures to prevent persons associated with the Company from engaging in bribery.
- Monitor and review the operation of the Company's ethics policies and procedures.

Main activities of the Ethics Committee during the year

Appointment of Head of Compliance

In February 2014 we appointed a new Head of Compliance, reporting to the Group Legal Director & Company Secretary, to support the Committee in leading the implementation of the Group's ethical strategy.

Monitoring activities

As we have identified on page 32, one of the most significant risks to Aggreko is the conduct of third-party sales consultants. The number of third-party sales consultants used by the business has reduced over the last few years but there is a continued requirement for third-party sales consultants to help support some areas of the business. We have risk management measures in place which require all third-party sales consultants engaged by Aggreko to conduct business in compliance with the standards set out in our ethics policy and allow us to monitor compliance with these requirements. We also have controls in place in relation to the remuneration of consultants and we monitor all payments to third-party sales consultants. At the first meeting of each year, we receive a briefing on all payments made to third-party sales consultants during the prior year to ensure that the payments were appropriate and in line with policy requirements.

A risk assessment of other third parties engaged by the business identified other types of supplier relationships which potentially could attract risk for the business. In response to this risk assessment a risk based due diligence process has been developed and a phased implementation process is currently underway.

Read more about our risks

 **Page 28**

Ethics policies

In 2014 we approved revised versions of the Sales Consultants Policy, the Charitable Donations Policy and the Sponsorship Policy. We modified these policies to take account of recommendations made following a risk assessment and review of all ethics policies. Whilst the policies were working well in ensuring that all employees comply with the high ethical standards expected throughout Aggreko, we introduced certain improvements to ensure that the policies remain robust and continue to meet the needs of the business.

Online learning platform

We are committed to providing regular training on ethical issues to employees to ensure that employees remain alert to risks and are regularly reminded of the standards expected by Aggreko. An online training programme was launched in November 2013 and has been successfully rolled out to all employees. The Committee received briefings at each of the meetings of the Committee on the progress of this training throughout the business. This training has also been supplemented by additional ethics workshops with senior management. In future years, periodic refresher training will continue.

Briefing from Regional Directors and Executive Committee members

Aggreko's ethics programme is coordinated by the central compliance function but it is supported by the three regions and the central functions to embed an ethical compliance culture throughout the business. We invited the Regional Executive Directors from EMEA and Americas to attend the Committee to report on compliance and potential areas of higher ethical risk within their regions. We also invited the Group Operations & Technology Director to report on compliance issues within the Operations and Technology team. We will hear from the Regional Executive Director for the APAC region in 2015.

NOMINATION COMMITTEE REPORT



Ken Hanna
Nomination Committee Chairman

“The Nomination Committee’s role is to monitor and review the composition and balance of the Board and its committees on a regular basis to ensure Aggreko has the right structure, skills and diversity of experience in place for the effective management of the Group.”

2014 Key achievements

- Selected and recommended appointment of Chris Weston as Chief Executive Officer
- Promoted Carole Cran to Chief Financial Officer
- Reviewed Committee memberships and recommended changes
- Appointed a new Group HR Director

Members in 2014

	Scheduled meetings attended
Ken Hanna – Nomination Committee Chairman	✓✓
David Hamill – Non-executive Director ¹	✓
Russell King – Senior Independent Director ²	✓✓
Diana Layfield – Non-executive Director ³	✓
Robert MacLeod – Non-executive Director	✓✓
Rupert Soames – Chief Executive ⁴	✓

¹ David Hamill retired from the Board on 24 April 2014

² Russell King was appointed Senior Independent Director on 24 April 2014

³ Diana Layfield was appointed to the Nomination Committee on 24 April 2014

⁴ Rupert Soames retired from the Board on 24 April 2014

Areas of focus for 2015

- Chris Weston’s induction
- Appointment and induction of Uwe Krueger as a Non-executive Director
- Review succession plans for the Board and key senior management roles

Nomination Committee terms of reference:

 www.aggreko.com/pdf/nomination-committee-terms-of-ref-oct-2014.pdf

Introduction by Ken Hanna, Nomination Committee Chairman

The Nomination Committee is currently made up of three independent Non-executive Directors in addition to me as Chairman. I have been Chairman of the Committee since my appointment as Chairman of Aggreko in April 2012, although I would not chair the Committee when it is dealing with succession to the chairmanship of Aggreko.

The main element of focus for the Committee in 2014 was, naturally, the changes in Chief Executive Officer and Chief Financial Officer. You will see from the table on the left that the Committee met formally on only two occasions; whilst strictly correct, this figure masks the many informal meetings and conversations we had with our other Non-executive colleagues, search consultants and candidates as part of the process of appointing two new Executive Directors, which I have described in more detail below.

To the left there is a summary of the key actions of the Committee in 2014 and intended areas of focus in 2015. Further detail on our actions in 2014 are included below.

Role of Nomination Committee

- Review the structure, size and composition (including skills, knowledge, experience, diversity and balance of Executive and Non-executive) of the Board and its Committees and make recommendations to the Board with regard to any changes.
- Consider succession planning for Directors and other senior executives following a number of changes in 2014.
- Identify and nominate for the approval of the Board, candidates to fill Board vacancies.
- Keep under review the time commitment expected from the Chairman and the Non-executive Directors.

Main activities of the Nomination Committee during the year

Appointment of Chief Executive Officer

At the end of February 2014, Rupert Soames tendered his resignation as Chief Executive. He subsequently left the Group at the end of April 2014. We were fortunate in that Angus Cockburn, then Chief Financial Officer, was well placed to assume an interim role to lead the executive management of the Group, with Carole Cran, then Director of Finance, in turn able to take on Angus’s former role as an interim step. Having consulted all other directors, we therefore recommended the appointment of Angus as Interim Chief Executive and Carole as Interim Chief Financial Officer. This enabled us to agree a reasonably swift leaving date for Rupert, so ensuring continuity and minimising disruption to the business. Meanwhile, it was agreed that Ken Hanna, as Chairman of the Board and Nomination Committee, and Russell King, as Chairman of the Remuneration Committee (and later, Senior Independent Director), should lead the process for securing permanent appointments, and as a first step we selected Russell Reynolds Associates as search consultants. Russell Reynolds are a leading executive research

practice, with whom we have worked on senior placements in the past, but otherwise they provide no other services to Aggreko, and we regard them as independent. During a series of meetings with Russell Reynolds, we developed a position specification, which was shared with and approved by all Non-executive Directors. We then agreed a long list of candidates which, following meetings between some potential candidates and Ken Hanna and/or Russell King, was distilled to a short list of four – both male and female. We also had discussions with potential internal candidates. All Non-executive Directors were involved during this process. The final phase involved interviewing two external candidates alongside the internal candidates, with Non-Executive directors interviewing in pairs. We were of the unanimous view that Chris Weston was the preferred candidate, and at a formal joint meeting of the Nomination Committee and the Remuneration Committee we settled the terms of his offer.

Meanwhile, Angus Cockburn had indicated that he wished to step down from the role of Interim Chief Executive and leave the Company at the end of September 2014. During the short period of time from Angus Cockburn's departure to Chris Weston's start date, the Board agreed to appoint Ken Hanna as Executive Chairman to facilitate an orderly handover. Further detail on the Executive Chairman appointment can be found on page 71 of the Corporate Governance Report.

Succession to the role of Chief Financial Officer

Following the appointment of Angus Cockburn as Interim Chief Executive and subsequent departure from the Company, we had to consider who should succeed Angus as Chief Financial Officer. Carole Cran had already been identified in our succession plan as the preferred successor to the Chief Financial Officer role and had been appointed as Interim Chief Financial Officer in April 2014. The Committee unanimously agreed that she should join the Board and her appointment was confirmed on a permanent basis on 1 June 2014.

Appointment of Non-executive Director

The Committee aims continually to refresh the balance of skills and experience of Non-executive members of the Board, and we were particularly keen to strengthen the engineering and, ideally, renewables experience amongst our Non-executive Directors. So in mid-2014 we started a search for a further Non-executive director, appointing Lygon Group, an independent search firm. We were delighted to announce in January 2015 that Uwe Krueger had agreed to join the Board. Uwe brings expertise in engineering, services and renewable energy sectors; his full biography is set out on page 73.

Board composition

Our policy is to have a broad range of skills, background and experience. Operationally Aggreko is organised into three regions, and we believe that the ability to hold to account the line managers who run the business on a daily basis, to get their input into decision making, and to get the additional

visibility which comes from having these executives as part of the Board adds real value. While we will continue to ensure that we appoint the best people for the relevant roles, we recognise the benefits of greater diversity and will continue to take account of this when considering any particular appointment, although we do not set any particular targets.

As in previous years, as part of the Company's annual evaluation of Board performance, all Directors were consulted on the composition of the Board, as to size, the appropriate range of skills and balance between Executive and Non-executive Directors. Following the appointments made in 2014 and 2015, we believe we have the right composition.

Senior Independent Director

On 24 April 2014 our existing Senior Independent Director, David Hamill, retired from the Board and we recommended the appointment of Russell King as Senior Independent Director. Russell joined the Board in 2009, and has chaired the Remuneration Committee for over four years. His experience with other listed companies, both in executive and non-executive roles, and his knowledge of Aggreko, mean that he is well qualified for the role.

Committee appointments

Following David Hamill's retirement from the Board and associated Committees in April 2014, we recommended two committee appointments with effect from April 2014. Diana Layfield was appointed as a member of the Nomination Committee and Ian Marchant was appointed as a member of the Ethics Committee. Following the Committee evaluation, we recommended the appointment of Uwe Krueger, Ian Marchant and Rebecca McDonald to the Committee with effect from 3 March 2015.

Reappointment of Directors

Since the Committee's last report, we have agreed to extend the terms of appointment of two Non-executive Directors. Each had served for more than six years, and so we reviewed the extensions with particular care. First, Robert MacLeod performs a vital role as Chairman of the Audit Committee. Secondly, Russell King, as Chairman of the Remuneration Committee, as well as Senior Independent Director has principal responsibility for overseeing the design, approval and implementation of Aggreko's new remuneration policy, which we see as a key element of our strategy. Moreover, the Committee believes that the experience and continuity brought by Robert and Russell will be invaluable at a time of transition. We were satisfied that their length of tenure had not compromised their independence in any way, and therefore we recommended to the Board that their terms of appointment should be extended for a further year from September 2014 and February 2015 respectively.

The Committee unanimously recommends the election of our newly appointed Directors: Chris Weston; Carole Cran and Uwe Krueger; and the re-election of each of our remaining Directors at our 2015 Annual General Meeting.

REMUNERATION SUMMARY

Annual remuneration statement	93
Policy report	98
Annual report on remuneration	105

Our remuneration strategy

Our aim

The aim of Aggreko's remuneration policy is to reward executives for delivering the principal objective of our strategy of delivering long-term value to our Shareholders.

Our reward package for Executive Directors comprises:

- a fixed element:
 - salary
 - pension
 - benefits

generally based on market median

- a variable element:
 - annual bonus, based on demanding annual performance targets, both financial and personal
 - long-term incentives, based on long-term strategic financial performance

Read the Remuneration Policy

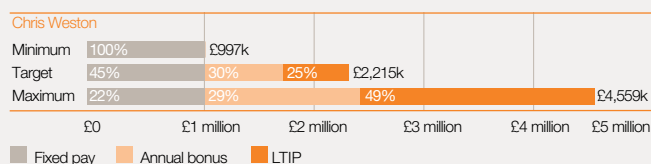
➔ **Page 98**

Balance of elements

We aim to balance these elements so that:

- the majority of executive remuneration is linked to Aggreko's financial performance
- there is a heavier weighting on long-term performance than on short-term performance; and
- we use a balanced portfolio of measures which delivers long-term value to Shareholders, a safe operating environment, outstanding service to customers and rewarding careers to our employees.

So for example, the potential future reward opportunities for the Chief Executive Officer are as follows:



Read the full scenario analysis for all Executive Directors

➔ **Page 103**

Outcome for 2014

Single figure total pay for Executive Directors

The following table shows a summary of total remuneration for each of the Executive Directors for 2014:

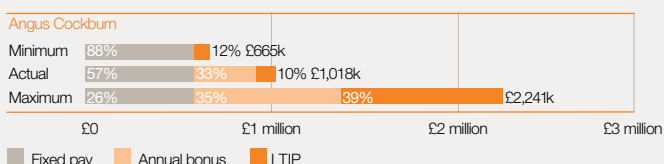
	Base Salary £	Benefits £	Annual Bonus £	LTIP			Pension £	Total £
				PSP £	CIP £	Sharesave £		
Carole Cran	233,333	8,242	148,780	–	12,770	–	46,667	449,792
Debajit Das	296,048	265,856	83,897	–	22,176	–	59,561	727,538
Asterios Satrazemis	312,298	65,308	195,007	–	25,981	–	24,984	623,578
David Taylor-Smith	350,000	19,935	169,841	–	–	1,164	70,000	610,940
Rupert Soames	215,481	15,042	–	–	–	–	64,644	295,167
Angus Cockburn	427,438	15,874	333,203	–	101,761	–	139,878	1,018,154

Read the full details in the Annual Report on Remuneration

➔ **Page 105**

Balance of the outcome

The actual balance of the various elements of pay for Angus Cockburn, Interim Chief Executive for 2014 was as follows (LTIP is valued as at date of vesting, 7 October 2014):



ANNUAL REMUNERATION STATEMENT



Russell King
Remuneration Committee Chairman

“The role of the Remuneration Committee is to determine the remuneration for Executive Directors and Executive Committee members. We oversee Aggreko’s overall remuneration policy, strategy and implementation.”

2014 Key achievements

- Consulted with major Shareholders and governance bodies on new incentive arrangements
- Finalised framework for new incentives
- Agreed remuneration package for Interim Chief Executive, new Chief Executive Officer and Chief Financial Officer
- Reviewed remuneration for Regional Executive Directors
- Reviewed remuneration for Executive Committee members

Members in 2014

	Scheduled meetings attended
Russell King – Remuneration Committee Chairman	✓ ✓ ✓
David Hamill – Non-executive Director ¹	✓ ✓
Ken Hanna – Company Chairman	✓ ✓ ✓
Robert MacLeod – Non-executive Director	✗ ✓ ✓
Rebecca McDonald – Non-executive Director	✓ ✓ ✓

1 David Hamill retired from the Board on 24 April 2014

Areas of focus in 2015

- Set targets for the new Annual Bonus Plan, both financial and the new personal/strategic objectives
- Secure Shareholder approval for new remuneration policy and new Long-Term Incentive Plan at the 2015 AGM
- Decide awards under the new Long-Term Incentive Plan
- Undertake a detailed review of base pay for both the Chief Executive Officer and Chief Financial Officer once the Committee considers these individuals are fully established in their respective roles

Introduction by Russell King, Remuneration Committee Chairman

The Remuneration Committee is currently made up of four independent Non-executive Directors (Ken Hanna was considered by the Board to be independent on his appointment as Chairman of the Company). I have been Chairman of the Committee since September 2010.

In 2014, the Committee held three scheduled meetings and five ad hoc meetings. The ad hoc meetings related to the process of recommending remuneration for the new Board appointments of Chief Executive Officer and Chief Financial Officer, and revising our framework of incentives. We also invite the Group HR Director to attend our meetings.

To the left there is a summary of the key achievements of the Committee in 2014 and intended areas of focus in 2015 and on the opposite page there is a quick read summary of some of the key elements of remuneration in 2014. Further detail on our actions in 2014 are included in the full Remuneration Committee report detailed over the next few pages.

Role of the Remuneration Committee

- Determine and agree with the Board the policy for remuneration for the Chairman, Executive Directors and Executive Committee.
- Within the terms of the remuneration policy, determine the total individual remuneration package for the Chairman, each Executive Director and each member of the Executive Committee, including base salary, pension, benefits, annual bonus and long-term incentives.
- Determine, having taken appropriate legal advice, the level of any payment made to the Chairman, and Executive Director or member of the Executive Committee by way of compensation for or otherwise in connection with, loss of office or employment.
- Approve the design of, and determine targets for, performance related pay schemes operated by the Company and approve the total annual payments made under such schemes.
- Review the design of all share incentive plans for approval by the Board and Shareholders. For any plan, determine each year the overall amount of awards, the individual awards to Executive Directors and members of the Executive Committee.
- Determine the policy for and scope of pension arrangements for each Executive Director and members of the Executive Committee.
- Oversee any major changes in employee benefits structures throughout the Group.
- Agree the policy for authorising claims for expenses from the Directors.

Remuneration Committee terms of reference:

➔ www.aggreko.com/pdf/remuneration-terms-of-ref-oct-2014.pdf

ANNUAL REMUNERATION STATEMENT
CONTINUED

Our remuneration policy

The aim of our remuneration policy is to reward executives for achieving the principal objective of our strategy of delivering long-term value to our Shareholders.

Our reward package for Executive Directors is structured such that:

- the fixed element of pay – salary, pension and benefits – is around the median for companies of similar size and complexity;
- the majority of executive remuneration is linked to Aggreko's performance, with a heavier weighting on long-term performance than on short-term performance; and
- the remuneration packages reward a balanced portfolio of measures which deliver long-term value to Shareholders, a safe operating environment, outstanding service to customers and rewarding careers to our employees, each of which can be independently verified, and which give clear "line-of-sight" to the Executives.

This year we are asking Shareholders to approve a new remuneration policy. We explain the main changes and some recent developments on pages 95 to 96 and full details of the new policy itself are set out in the Policy Report on page 98.

Performance outcomes for 2014

As the Chairman notes in his statement on page 5, the Group delivered a solid trading performance in 2014, admirably handling the change in senior management and difficult operating conditions in a number of our markets. Revenue increased by 9% on an underlying basis, although trading profit decreased by 2%. Reported diluted earnings per share (or D-EPS) also decreased by 10% from 92.03p to 82.49p.

Against this background, Executive Directors received bonuses ranging from 28% to 74% of salary. So we thought it would be helpful to explain here how variable pay is set and measured, and why the Committee believes that the actual bonus and Long-Term Incentive Plan (LTIP) outcomes for 2014 are consistent with Company performance.

Performance and annual bonus

The aim of the annual bonus plan is to focus Executive Directors on achieving demanding annual targets relating to Company performance. For 2014, annual bonus payments were determined purely on financial performance. At the beginning of the year, we set targets for Executive Directors based on challenging budgets and stretch targets for the Group and the regions. We placed more emphasis on earnings growth than other financial measures, using diluted earnings per share (or D-EPS) for all Executive Directors with the addition of regional trading profit for those with regional responsibilities. To these measures we added operating cash flow to targets for the Interim Chief Executive and the Chief Financial Officer and regional trading profit and debtor days for regional directors. Setting targets is a rigorous process, based on the Group's annual budget and reflecting expected market conditions and external forecasts, rather than, say, historic performance.

So targets for the annual bonus are not directly linked to the previous year's budget or outcome. All targets were set on a constant currency basis, using exchange rates fixed at the beginning of the year, so that the bonus reflected the true performance of the business, and not currency movements.

For each of the D-EPS, regional profit and group operating cashflow elements of the annual bonus, all Executive Directors would earn 50% for on-budget performance. The threshold for earning bonus based on D-EPS and regional profit was set in each case at 95% of budget and the maximum at 110% of budget. Threshold and maximum for group operating cashflow were 92.5% and 107.5% respectively.

We have set out on page 107 a full analysis for each of the financial measures, but the following table shows a summary of performance against budget. The reported D-EPS and operating cash flow have been adjusted to a constant currency basis.

Element	2014 budget	2014 outcome	% of budget	% of bonus element achieved
D-EPS	86.14p	87.29p	101.3	56.7
Operating cash flow	£615.8m	£536.0m	87	0
Trading profit APAC	USD108.2m	USD87.0m	80	0
Debtor days APAC	64	73	–	0
Trading profit Americas	USD254.3m	USD259.5m	102	60.3
Debtor days Americas	58	58	–	100
Trading profit EMEA	USD213.8m	USD214.0m	100.1	50.5
Debtor days EMEA	76	89	–	0

And so in summary:

- as D-EPS beat budget for the year by 1.3%, each Executive Director will receive 56.7% of the element of his or her bonus which is based on D-EPS;
- as Group operating cash flow fell short of target, none of that element will be payable;
- as two of the three regions beat their regional trading profit budget, the two Directors responsible for those regions will receive part of their regional trading profit element; and
- as only one of the three regions met its debtor day target, only the Director responsible for that region will receive his debtor day element.

Read more and see our bonus entitlement and outcome charts

➔ Page 108

Performance and LTIPs

This year, Executive Directors will receive only the minimum awards under their LTIPs.

Our LTIPs are designed to align the interests of management with those of Shareholders in growing the value of the business over the long term. The awards which are about to vest were granted in 2012, subject to demanding performance conditions based on real (i.e. excluding inflation) D-EPS growth of 3–20% and return on capital employed (ROCE) of 26–28% measured over a three-year period.

In summary, during that period real D-EPS showed no growth, and as a result, none of the shares subject to the D-EPS growth criterion will vest; average ROCE was 22% as against a target range of 26–28%, and similarly none of the shares subject to the ROCE condition will vest. Therefore none of the performance element of the 2012 will vest; only the matching element, equivalent in each case to 15% of salary at the time of grant will vest. The CIP awards granted to Angus Cockburn in 2012, 2013 and 2014 were treated slightly differently, as they vested early when he left the Company. Further details of LTIPs which vested in 2014 are included in the table on page 110.

Changes to remuneration policy

This year we will be asking our Shareholders to approve a new remuneration policy for Executive Directors at our Annual General Meeting. I explain below the background to, and the reasons for, the proposed changes to the Company's executive remuneration policy.

Context for change

As we explained in the 2013 Directors' Remuneration Report, the Company's existing Long-Term Incentive Plan (LTIP) expired following the grant of awards in April 2014. Over the 10-year life of the plan, Aggreko delivered exceptionally strong performance, with TSR CAGR and EPS growth of 28% p.a. and 25% p.a. respectively, and the Committee believes that a key driver of this has been the effective use of performance-related remuneration to focus management on delivering sustained value growth for Shareholders.

With the expiry of the LTIP and recent changes to our management team, the Committee has taken the opportunity to conduct a thorough review of each element of the Company's remuneration arrangements to ensure that they remain appropriate and aligned with Aggreko's business strategy, and continue to incentivise the management team to drive for sustainable long-term value creation. The Committee is also mindful of evolving best practice for executive remuneration, and during 2014 we consulted a number of our major Shareholders on proposed changes. The new remuneration policy and Long-Term Incentive Plan to be presented to Shareholders for approval at our 2015 Annual General Meeting reflect the results of those consultations.

Summary of proposed changes to long-term incentives

The Committee proposes the following changes to Aggreko executive incentives. No material changes to other elements of remuneration are proposed at this time.

Long-term incentives

- Simplification of the LTIP by removing the matching element
- Dropping of the "guaranteed match" and "super LTIP" elements
- Maintaining the 75%/25% balance between EPS and ROCE
- Reduction in the overall maximum LTIP opportunity
- Introduction of a mandatory holding period and dividend accrual
- Introduction of clawback and malus

Simplification

The 2004 LTIP comprised two components: a Performance Share Plan (PSP) under which participants were awarded nil-cost conditional awards of shares; and a Co-Investment Plan (CIP) under which executives could receive matching shares on co-invested amounts.

In response to feedback from some of our Shareholders (and reflecting recent trends in market/best practice), the Committee proposes replacing the PSP and CIP with a single PSP. Under the proposal, participants will continue to be eligible for an annual grant of nil-cost conditional awards vesting subject to the achievement of stretching performance targets. The CIP will therefore be dropped.

Performance measures and targets

The Committee believes three-year cumulative EPS growth and ROCE remain key measures of Aggreko's long-term performance, and no changes are proposed to the definitions and weightings of these measures. The Committee feels that EPS has worked well as a measure in Aggreko's incentives, helping reinforce profitable growth. It also sees ROCE as a good complementary measure to EPS, helping ensure executives strive to achieve an appropriate balance between growth and returns. The Committee believes that the current 75%/25% blend of EPS and ROCE in the LTIP remains appropriate.

As part of the move to a simpler incentive structure, the Committee is proposing to remove the "super LTIP" element of the 2004 LTIP, under which real EPS growth of between 10% per annum and 20% per annum could trigger a multiplier of between one times and two times on both PSP and CIP shares. Instead, the Committee proposes a single EPS performance range with no multiplier. The Committee will set both the EPS growth targets and the ROCE targets for future awards each year. For 2015, and the next two years for which the policy applies, the entry point for the real EPS growth targets of 3% per annum remains unchanged, but the upper limit will be 15% per annum. Accordingly, for any part of an award subject to the EPS condition to vest, cumulative EPS must be at least equivalent to that which would be achieved by constant real compound growth of RPI+ 3% per annum over the performance period. These targets take into account the changes outlined above, the strategic plan, broker forecasts

ANNUAL REMUNERATION STATEMENT
CONTINUED



and market practice. The Committee is not proposing to make any changes to the ROCE performance range for 2015 awards, which will retain the range of 20% to 25%, and any future ROCE performance targets will be, in the opinion of the Committee, no less challenging in the circumstances than those in place for 2015.

Historically, the CIP included a “guaranteed” match based on continued employment only. This guaranteed element will disappear along with the matching element.

In summary, under the proposals, awards to Executive Directors in 2015 would vest as follows:

	EPS	ROCE
Weighting	75%	25%
Threshold	Cumulative EPS growth equivalent to RPI+ 3% per annum	20% (3-year average)
Maximum	Cumulative EPS growth equivalent to RPI+ 15% per annum	25% (3-year average)
Vesting at Threshold	0%	0%

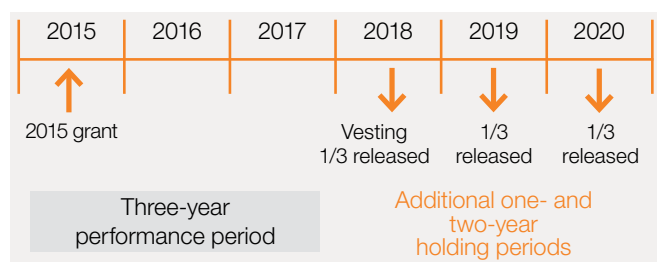
Reduction in overall maximum LTIP opportunity

The maximum annual award face value that may be granted to an executive under the proposed LTIP will form part of the remuneration policy that will be put to a binding Shareholder vote at the 2015 AGM. For the policy to be approved at the 2015 AGM, the Committee is proposing that the maximum award face value be capped at 300% of salary, a reduction from the current normal maximum of 320% of salary for the Chief Executive Officer.

Award sizes have been calibrated to broadly maintain fair values at current levels.

Introduction of a mandatory holding period and dividend accrual

In order to provide further alignment with Shareholders, the Committee is proposing to introduce an additional mandatory holding period for the new LTIP. Any shares vesting on three-year performance would be released in equal tranches on the third, fourth and fifth anniversary of the date of grant, as illustrated below:



The holding period will end early on a takeover, scheme of arrangement or winding-up of the Company, upon the death of an individual or in exceptional circumstances on such other date as determined by the Committee.

The Committee is also proposing to permit dividend accrual for unvested shares over the three-year vesting period or in respect of shares held under an option that is subject to a holding period until the earlier of the date of exercise and the expiry of the holding period. Any vested shares acquired will recognise the dividends that would have accrued to them during the relevant period.

Introduction of malus and clawback provisions

In line with current best practice, the Committee proposes to introduce malus and clawback provisions into the new long-term incentive. Further details are given on page 101.

Annual bonus

Alongside the above changes to long-term incentives, the Committee is proposing some smaller changes to the annual bonus:

	Proposed change	Rationale
All Executive Directors	<ul style="list-style-type: none"> Introduce a new element based on personal/strategic objectives aligned to Aggreko KPIs Weight this new element 20% of maximum bonus potential (retaining 80% on financial performance), but underpin the personal/strategic element with EPS performance as reflected on page 99 	<p>Recognises the importance of non-financial KPIs for driving performance</p> <p>Helps ensure continuing focus on financial performance; the underpin is intended to ensure that bonuses for personal/strategic objectives are typically paid only if EPS performance is satisfactory</p>
	<ul style="list-style-type: none"> Increase maximum bonus opportunity for Regional Executive Directors from 100% of salary to 125% of salary Introduce mandatory bonus deferral, requiring 25% of any bonus to be deferred in Aggreko shares, vesting after three years 	<p>Improves competitiveness of their pay and helps drive performance</p> <p>Provides consistency with the existing policy for Chief Executive Officer and Chief Financial Officer.</p>

Introduction of clawback provisions

The Committee also proposes to introduce clawback provisions for the annual bonus, similar to those for the LTIP referred to above.

Sharesave

As indicated in last year's report, we have increased the annual savings limit for Sharesave savings to £500 per month (or overseas equivalent), to reflect the new statutory limit for UK schemes.

New appointments

Following the departure of Rupert Soames in April 2014, we are pleased to have agreed the appointment terms of Chris Weston (formerly an executive director with Centrica plc) as Chief Executive Officer of Aggreko. In seeking a new Chief Executive Officer, the Board was clear from the outset that it wished to appoint a seasoned, high calibre, internationally-proven Executive from a relevant sector, with the leadership capability to build on Aggreko's success. Chris Weston fulfilled all of these criteria. A base salary of £750,000 per annum was determined after careful consideration of relevant market factors, taking into account the need to achieve an appropriate balance between fixed and variable pay. Chris's salary is positioned slightly above median relative to the salaries of Chief Executive Officers in our FTSE+/-20 comparator group.

The Committee also agreed, in line with policy, to compensate him for any variable remuneration that he would forfeit under his previous employment. Accordingly, the Company has agreed to award him shares under a restricted stock agreement, established under Listing Rule 9.4.2 to compensate for the forfeiture of long-term incentives. The Committee believed that the opportunity to recruit a Chief Executive Officer of Chris Weston's calibre justified relying on those provisions. The Committee undertook an independent review of the value he would be forfeiting and determined the amount at £2,238,000. This amount will be paid in Aggreko shares and released 50% on 1 April 2016 and 50% on 1 April 2017 subject to his continuing employment on vesting, or if he leaves the Company as a good leaver. The number of shares was determined based on the closing price of an Aggreko share of 1749p on 28 May 2014, being the day immediately prior to the date of announcement of his appointment, resulting in a conditional award over a total of 127,958 shares. In addition, the Company has agreed to compensate him for any annual bonus for 2014 from his previous employer he forfeited as a result of his resignation, based on the average percentage bonus received by the Centrica executive directors as shown in the Centrica annual report. This will be paid in March 2015 as 75% in cash and the balance in Aggreko shares, which will be deferred for three years.

These benefits provided to the Chief Executive Officer are not pensionable.

Aggreko has been through a period of significant management change, with the four other Executive Directors having been appointed to the Board in the last 27 months. It is important that salaries for these individuals are competitive and reflect their contribution to the Company.

Carole Cran, Aggreko's former Director of Finance, became Chief Financial Officer on 1 June 2014. Carole's base pay on her appointment was £400,000 per annum, which is at the same level as her predecessor, Angus Cockburn.

Executive Chairman

Ken Hanna was appointed Executive Chairman from 1 October 2014 until Chris Weston joined the Company on 2 January 2015. During this period Ken Hanna did not receive any additional remuneration over his remuneration as Non-executive Chairman. The Board was also satisfied that this appointment did not compromise his independence as a member of the Committee.

Annual pay review for 2015

In December 2014, the Committee undertook a detailed review of the salaries for our three Regional Executive Director roles. Following this review, the Committee has agreed to increase the salaries of Asterios Satrazemis and David Taylor-Smith by 8%, and the salary of Debajit Das by 3%. The salary of Carole Cran, Chief Financial Officer, was also reviewed by the Committee and increased by 3%. All increases became effective 1 January 2015. Chris Weston assumed the role of Chief Executive Officer on 2 January 2015 and has therefore received no salary increase. Consistent with the approach taken for the Regional Executive Directors, the Committee will seek to undertake a more detailed review for both the Chief Executive Officer and Chief Financial Officer once these individuals are fully established in their respective roles.

Shareholding requirements

In light of evolving investor guidance, the Committee has undertaken a review of the Executive Director shareholding requirements. The Committee has determined that in future, all Executive Directors will be required to build and retain a shareholding of not less than two times base salary (an increase of 50% salary for the Chief Financial Officer and 100% salary for the Regional Executive Directors). Other than in exceptional circumstances, Executive Directors will have five years from their respective appointments to achieve these shareholding requirements. LTIP shares in their holding period and deferred bonus shares (i.e. shares that are no longer subject to performance), will count towards achievement of these guidelines.

In conclusion

The Committee believes that the proposals outlined above will simplify Aggreko's long-term incentive arrangements significantly, ensure continued alignment of our reward structures with our strategy, and assist Aggreko in continuing to attract, motivate and retain the talent it requires to achieve its future growth plans.

The growth targets linked to the LTIP proposals continue to be very stretching. Aggreko has delivered significant Shareholder value in recent years and the start point for the new incentive's stretching targets comes off a significantly higher base than that of 10 years ago when the previous scheme was conceived. If these new targets are achieved, the increase in Shareholder value will be significant.

POLICY REPORT

SUMMARY OF AGGREKO'S REMUNERATION POLICY FOR EXECUTIVE DIRECTORS THIS SECTION OF OUR REPORT SUMMARISES THE KEY COMPONENTS OF AGGREKO'S REMUNERATION POLICY FOR EXECUTIVE DIRECTORS

Fixed pay

Base salary

Purpose and link to strategy

To attract and retain talent by ensuring base salaries are competitive in the talent market(s) relevant to each individual.

We aim to pay the market median for standard performance and within the market top quartile for top quartile performance, or to recruit outstanding candidates.

Operation

Base salaries are generally reviewed annually; in determining the appropriate level of adjustment, we take into account: Company performance; the individual's responsibilities and contribution to the business; salary levels for comparable roles at relevant comparators; and salary increases more broadly across the Group.

In the case of the Chief Executive Officer and the Chief Financial Officer, the benchmark we use is the 20 companies either side of Aggreko in the FTSE based on the average market capitalisation over the previous 12 months. For other Executive Directors, we use a similar benchmarking approach but recognise that comparability is harder to gauge and less formulaic for these roles.

Opportunity

Any base salary increases are applied in line with the outcome of the annual review.

The Chief Executive Officer will have the highest base salary of all Executive Directors, and the maximum salary for the Chief Executive Officer may be within the top quartile of Chief Executive Officer salaries for the FTSE+/- 20 comparators.

Performance metrics

Continued good performance.

Pension

Purpose and link to strategy

To provide relevant statutory benefits and be competitive in the market in which the individual is employed.

Operation

All Executive Directors are entitled to a defined-contribution pension. They can opt to take a cash payment in lieu of all or part of their pension.

Opportunity

Contributions of between 20% and 30% of salary per annum except where limited by local practice.

Performance metrics

None.

Benefits

Purpose and link to strategy

Designed to be competitive in the market in which the individual is employed. Expatriate and relocation packages designed to ensure a geographically mobile management population related to business needs.

Operation

Includes health-care benefits, life assurance cover, a company car (or an allowance in lieu) and expatriate package. Where appropriate the Company will bear the cost of any local taxes payable on any expatriate benefits. The Company will also bear any UK tax that Executive Directors resident overseas incur as a result of carrying out their duties in the UK.

Opportunity

Benefits vary by role and local practice, and are reviewed periodically relative to market.

Ongoing benefits (i.e. excluding expatriate benefits and relocation allowances) payable to Executive Directors did not exceed 10.1% of salary during the most recent financial year, and expatriate benefits and relocation allowances did not exceed 81% of salary, and it is not anticipated that in normal circumstances the cost of benefits provided will exceed this level over the next three years.

The Committee retains the discretion to approve a higher cost in exceptional circumstances (e.g. relocation) or in circumstances where factors outside the Company's control have changed materially (e.g. increases in insurance premiums or taxes).

Performance metrics

None.

Variable pay

Annual bonus scheme

Purpose and link to strategy

Aims to focus Executive Directors on achieving demanding annual targets relating to Company performance.

The key changes proposed by the Committee with regard to Annual Bonus are set out on page 96.

Operation

Performance measures and targets are set at the start of the year and are weighted to reflect the balance of Group and regional responsibilities for each executive.

At the end of the year, the Committee determines the extent to which these have been achieved. The Committee has the ability to exercise discretion to adjust for factors outside management control.

Bonus payments are typically delivered as to 75% in cash and as to 25% deferred into shares and released after three years. The holding period will end early on a takeover, scheme of arrangement or winding-up of the Company, upon the death of an individual or in exceptional circumstances on such other date determined by the Committee. The deferred share element will lapse where an individual is dismissed for gross misconduct. Dividends will accrue on the deferred share element. The Committee has discretion to reduce the number of shares that can vest in the event of gross misconduct or a material misstatement of the accounts or where an error is made when determining the size of the bonus and/or the deferred share element.

Opportunity

The maximum annual bonus opportunity is 175% of salary. To date this level has been used only for the Chief Executive Officer. The financial element of the bonuses start to be earned for threshold performance (for which no bonus is paid), rising on a straight-line to deliver 50% (55% for regional directors) of maximum for on-budget performance.

Performance metrics

Performance is assessed annually with 20% of the maximum bonus potential based on personal/strategic objectives aligned to the Company's KPIs and 80% on challenging budget and stretch targets for Group and regional financial performance. The current measures for financial performance are EPS and operating cash flow at Group level and trading profit and ROCE at regional level, but may vary each year depending on business context and strategy. All measures will be weighted appropriately according to business priorities, with generally more weighting on earnings growth than other factors. The personal/strategic objectives, accounting for 20% of the annual bonus, typically cover customer service, safety and internal leadership and are quantifiable wherever

possible. If the personal/strategic objectives are achieved but EPS is below threshold performance, then the Committee has the discretion to reduce, if appropriate to zero, the personal/strategic element that would otherwise have been paid.

Further details of the performance measures used for the 2014 annual bonus are set out in the Annual Report on Remuneration on page 107.

Long-Term Incentive Plan

Purpose and link to strategy

Aims to align the interests of management with those of Shareholders in growing the value of the business over the long term.

Vesting of awards is subject to performance conditions based on the long-term financial performance of the Group; the value of the awards is based on both the proportion vesting (i.e. the Company's financial performance) and the movement in the share price over the vesting period. Shares that vest following the performance period will vest at a value that recognises the dividends that would have accrued to them during the three-year vesting period and in respect of shares held under an option that is subject to a holding period until the earlier of the date of exercise and the expiry of the holding period.

The key changes proposed by the Committee with regard to the LTIP are set out on pages 95 and 96.

Operation

The LTIP comprises a single Performance Share Plan.

Award levels and performance conditions are reviewed from time to time to ensure they remain appropriate and aligned with Shareholder interests.

A proportion of shares which vest will be subject to a further retention period of up to two years, with one-third being released on vesting and a further third being released after each of one and two years from vesting. The holding period will end early on a takeover, scheme of arrangement or winding-up of the Company, upon the death of an individual or in exceptional circumstances on such other date determined by the Committee. On vesting participants will be entitled to the equivalent of any dividends on the shares between grant and vesting or the earlier of the date of exercise of an option and the expiry of any holding period.

Opportunity

The PSP provides for a nil-cost conditional award of shares worth up to an aggregate limit of 300% of salary per annum.

POLICY REPORT
CONTINUED



Variable pay (continued)

Long-Term Incentive Plan (continued)

Performance metrics

There are two performance measures for the PSP. 75% of the LTIP performance is based on three-year cumulative Diluted Earnings per Share, and 25% against Return on Capital Employed. In terms of D-EPS, cumulative D-EPS over the performance period is compared to a range of three-year compound growth in real (i.e. inflation adjusted) D-EPS targets. The targets are set by the Remuneration Committee each year, with no shares vesting at the threshold level, and awards then increasing from nil to maximum on a straight-line basis.

The Remuneration Committee has the discretion to make such adjustments as are necessary to ensure that the published performance figures are consistent and represent a fair measure of performance. This would include any adjustment to rectify any material misstatement of the accounts.

Further details of LTIP award sizes and targets are provided in the Annual Report on Remuneration on pages 109 to 116.

Other

Sharesave

Purpose and link to strategy

To align the interests of employees and Shareholders by encouraging all employees to own Aggreko shares.

Operation

This is an all-employee scheme whereby all employees including Executive Directors with at least three months' continuous service may save up to £500 (or local currency equivalent) per month over a period of two to five years.

Options under the Sharesave Option Schemes and the US Stock Purchase Plan are granted at a discount of 20% and 15% respectively.

Opportunity

Savings capped at £500 a month (or local currency equivalent), reflecting the statutory limit for UK schemes.

Performance metrics

None.

Payments from outstanding awards

Executive Directors remain eligible to receive payment under any contractual arrangement agreed prior to the approval and implementation of the remuneration policy, i.e. before 29 April 2015. In particular, they will be entitled to receive any awards vesting under the incentive arrangements included in the remuneration policy approved at the Company's 2014 Annual General Meeting.

Performance measure selection and approach to target setting

The measures used under the Annual Bonus Scheme reflect the Company's key financial objectives for the year. The Committee considers that EPS (used in both the Annual Bonus Plan and LTIP) is an objective and well-accepted measure of the Company's performance which reinforces the strategic objective of achieving profitable growth. The additional use of Group cash flow for the Chief Executive Officer and Chief Financial Officer rewards the effective management of working capital.

Targets for the Annual Bonus Scheme are tied to the Annual Budgets set by the Board and have due regard to external forecasts. Performance targets are set to be stretching but achievable and take into account the economic environment in a given year. Generally, bonuses will start to be earned at performance levels a few percentage points below Budget, increase sharply to Budget, and then increase until they reach capped levels, which will generally be around 10% above Budget.

Under the LTIP, Group D-EPS is complemented by ROCE to reflect the need to balance growth and returns. Targets applying to the LTIP are reviewed annually, based on a number of internal and external reference points to ensure they remain appropriately stretching.

Malus and clawback

Awards under the Annual Bonus Scheme and the Long-Term Incentive Plan are subject to malus and clawback as follows:

Malus between grant and vesting of awards under the Long-Term Incentive Plan

The Committee has discretion to reduce the number of shares that vest if:

- the Committee forms the view that the Company materially misstated its financial results for whatever reason; or
- the Committee forms the view that the number of shares subject to an award was based on any other kind of error or on the basis of any inaccurate or misleading information or assumptions; or
- the relevant individual ceases to be a Director or employee of Aggreko as a result of gross misconduct or the Committee is of the view that the relevant individual could have been summarily dismissed by reason of his gross misconduct.

Clawback following vesting of shares under the Long-Term Incentive Plan and the Annual Bonus Scheme

The Committee has discretion to decide at any time within three years of the date of deferral of annual bonus or the date on which an award vests under the LTIP that the relevant individual shall be subject to clawback if:

- the Committee forms the view that the Company materially misstated its financial results for whatever reason; or
- the Committee forms the view that in assessing any Performance Condition and/or any other condition imposed on the award such assessment was based on an error, or on inaccurate or misleading information or assumptions; or
- the relevant individual ceases to be a Director or employee of Aggreko as a result of gross misconduct or the Committee is of the view that the relevant individual could have been summarily dismissed by reason of his gross misconduct.

Amount to be subject to malus/clawback

Where malus/clawback applies as a result of a misstatement or error, the amount will generally be based on the additional value which the Committee considers has been granted to, vested in or received by the relevant individual as a result of the relevant misstatement or error. Where the malus/clawback applies for any other reason, it will be the amount that the Committee decides is appropriate.

Satisfaction of clawback

The Committee has wide discretion in deciding how any clawback will be satisfied, including:

- reducing the amount of any future bonus which would otherwise be payable;
- reducing the extent to which any subsisting awards under the LTIP vest;
- reducing the extent to which subsisting awards under any other share incentive plan vest;
- reducing the number of any deferred bonus shares and LTIP awards which have vested and so are no longer subject to performance conditions but are subject to post-vesting deferral provisions;
- requiring the relevant individual to pay the amount of clawback to the Company; and
- deducting the amount from the relevant individual's salary or from any other payment to be made by the Company.

If the relevant individual is required to repay any additional value, the Committee may consider whether that amount should take into account any income tax and national insurance contributions paid by the relevant individual and any possibility of him reclaiming such income tax and national insurance contributions.

SUMMARY OF AGGREKO'S REMUNERATION POLICY FOR NON-EXECUTIVE DIRECTORS AND CHAIRMAN

THE TABLE BELOW SUMMARISES OUR POLICY ON THE REMUNERATION PAID TO OUR NON-EXECUTIVE DIRECTORS AND CHAIRMAN

Non-executive Directors

Purpose and link to strategy

To attract and retain Non-executive Directors with an appropriate degree of skills, experience, independence and knowledge of the Company and its business.

Operation

Fee levels for Non-executive Directors are generally reviewed by the Board annually. Remuneration comprises an annual fee for acting as a Non-executive Director and serving as a member of any Committees. Additional fees are paid in respect of service as chairman of a committee or as Senior independent Director.

When reviewing fees, reference is made to fees for the same comparator group as used for Executive Directors, information provided by a number of remuneration surveys, the extent of the duties performed and the size of the Company.

Opportunity

Any fee increases are applied in line with the outcome of the annual review. Currently the maximum aggregate annual fee for all Non-executive Directors, including the Chairman, provided in the Company's articles of association is £900,000.

Performance metrics

None.

Chairman

Purpose and link to strategy

To attract and retain a Chairman to provide effective leadership for the Board.

Operation

Remuneration for the Chairman comprises an annual fee for acting as Chairman, and serving as Chairman or as a member of any Committees. The Remuneration Committee sets the Chairman's remuneration, subject to review when appropriate.

When reviewing fees, reference is made to fees for the same comparator group as used for Executive Directors, information provided by a number of remuneration surveys, the extent of the duties performed and the size of the Company.

Opportunity

Any fee increases are applied in line with the outcome of the annual review. Currently the maximum aggregate annual fee for all Non-executive Directors, including the Chairman, provided in the Company's articles of association is £900,000.

Performance metrics

None.

Incentives and benefits for Non-executive Directors and Chairman

Non-executive Directors and the Chairman do not participate in incentive arrangements or receive other remuneration in addition to their fees. However, where appropriate the Company may provide additional benefits in kind, which are not expected to exceed 20% of the annual fee in any year.

Approach to recruitment remuneration

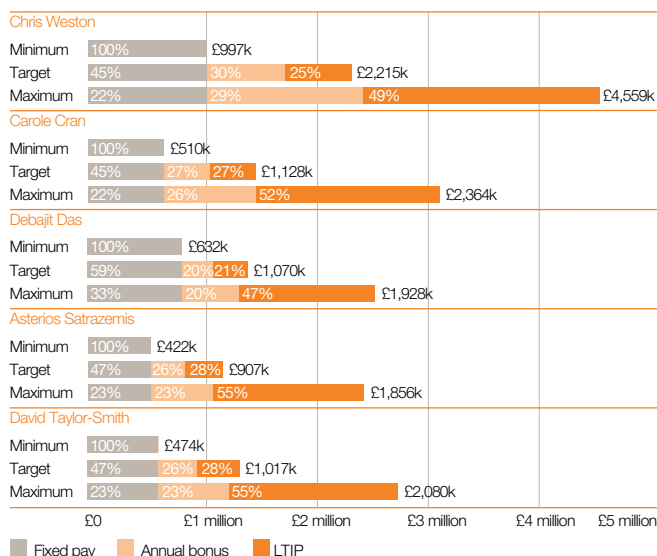
The Company's approach to remuneration for newly appointed Directors is identical to that for existing Directors. As a matter of practicality, we recognise that it may be necessary to pay within the market top quartile salaries in order to attract candidates of the quality the business needs. New Executive Directors will be invited to participate in incentive plans on the same basis as existing Executive Directors. However, the Committee may alter the performance measures, performance period, reference salary and vesting period of the annual bonus or LTIPs, subject to the rules of the plans, if the Committee determines that the circumstances of the recruitment merit the alteration. The Committee will explain the rationale for any such changes. Where appropriate the Company will offer to pay reasonable relocation expenses for new Executive Directors in line with the Company's policies described above. It is not the Company's policy to offer sign-on payments, but where the Remuneration Committee considers it is necessary to do so in order to recruit a particular individual, it may offer compensation for amounts of variable remuneration foregone, provided the fair value is no greater. In doing so, the Committee will consider all relevant factors including time to vesting, delivery vehicle (cash vs. shares vs. options), any performance conditions attached to the awards and the likelihood of the conditions being met. In order to facilitate such compensation the Committee may rely on the exemption contained in Listing Rule 9.4.2, which allows for the grant of awards in exceptional circumstances to facilitate the recruitment of a Director.

Where the Company is considering the promotion of senior management to the Board, the Committee may, at its discretion, agree that any commitments made before promotion will continue to be honoured whether or not consistent with the policy prevailing at the time the commitment is fulfilled.

In recruiting a new Non-executive Director, the Remuneration Committee will use the policy as set out in the table on this page. A base fee in line with the prevailing fee schedule would be payable for acting as a Non-executive Director and serving as a member of any Committees, with additional fees payable for acting as Chairman of a Committee or as Senior Independent Director. In recruiting a new Chairman of the Board, the fee offered would be inclusive of serving on any Committees.

Pay-for-performance: scenario analysis

The graphs below provide estimates of the potential future reward opportunities for Executive Directors, and the potential split between the different elements of remuneration under three different performance scenarios: “Minimum”, “Target” and “Maximum”.



Potential reward opportunities illustrated above are based on the remuneration policy applied to the base salary in force at 1 January 2015. For the annual bonus, the amounts illustrated are those potentially receivable in respect of performance for 2015. It should be noted that the LTIP awards granted in a year do not normally vest until the third anniversary of the date of grant. The projected value of LTIP amounts excludes the impact of share price movement. In illustrating potential reward opportunities the following assumptions are made:

	Fixed pay	Annual bonus	LTIP
Minimum	Latest base pay, pension and ongoing benefits	No annual bonus	Threshold not achieved, so no amount vesting
Target	Latest base pay, pension and ongoing benefits	On target annual bonus	Performance warrants 25% of maximum vesting
Maximum	Latest base pay, pension and ongoing benefits	Maximum annual bonus	Performance warrants full vesting

Employment conditions elsewhere in the Company

The policy and practice with regard to the remuneration of senior executives below the Board is consistent with that for the Executive Directors. Around 180 senior executives will be invited to participate in the new LTIP with the same performance measures applied, but at lower maximum percentage levels of salary.

In making remuneration decisions, the Remuneration Committee also considers the pay and employment conditions elsewhere in the Group, and is informed of changes to broader employee pay. The Remuneration Committee does not specifically consult with employees over the effectiveness and appropriateness of the remuneration policy or use any remuneration comparison measurements, although as members of the Board they receive the results of the Company’s periodical employee satisfaction survey which includes questions covering remuneration.

Service contracts and policy on payment for loss of office

It is the Company’s policy to provide for 12 months’ notice for termination of employment for Executive Directors, to be given by either party. For Executive Directors who have been newly recruited from outside the Group, the period would normally be six months, increasing to 12 months after 12 months’ service.

The Company’s policy is to limit severance payments on termination to pre-established contractual arrangements; if the Company believes it appropriate to protect its interests, it may also make additional payments in exchange for non-compete/ non-solicitation terms which are above and beyond those in the Director’s contract of employment. Typically, these will serve to extend the non-compete period for up to three years from the date of termination. The Committee has discretion to contribute towards outplacement services and the legal fees for any departing Director to the extent it considers appropriate.

Under normal circumstances, the Company may terminate the employment of an Executive Director by making a payment in lieu of notice equivalent to basic salary and benefits for the notice period at the rate current at the date of termination. In case of gross misconduct, a provision is included in the Executive’s contract for immediate dismissal with no compensation payable.

Treatment of long-term incentive awards on termination of employment and corporate events

In the event an Executive Director leaves for reasons of death, ill-health, injury, disability, redundancy, retirement with the agreement of the Company, or his employing company or business ceasing to be a member or undertaking of the Group or other such event as the Remuneration Committee determines (the good leaver reasons), then awards held for less than one year will normally lapse unless the Committee determines that the circumstances are, in its opinion, sufficiently exceptional in which case an award may vest to the extent determined by the Committee (having regard to the performance conditions and the period during which the participant was employed) and subject to any other additional terms and conditions that the Committee may determine. Awards held by a good leaver for at least one year will normally be pro-rated for time and will vest on the normal vesting date or at the Committee’s discretion a date following cessation based on performance over the original performance period (or if the award vests early on cessation, a curtailed performance period) as determined by the Remuneration Committee.

POLICY REPORT
CONTINUED



For all other leavers, outstanding LTIP awards will normally lapse.

Upon the occurrence of a takeover, scheme of arrangement or winding-up (a Corporate Event), awards held for less than one year will lapse unless either they are released and exchanged for equivalent awards on an internal reorganisation or reconstruction, or the Committee determines that the circumstances are, in its opinion, sufficiently exceptional in which case an award may vest to the extent determined by the Committee (having regard to the performance conditions) and subject to any other additional terms and conditions that the Committee may determine.

Awards granted at least 12 months prior to the date of the Corporate Event will vest to the extent that, in the opinion of the Committee, the Performance Conditions have been satisfied at that time or would have been satisfied were it not for the relevant Corporate Event.

Awards may, at the discretion of the Committee, vest early on a demerger to the extent that, in the opinion of the Committee, the Performance Conditions have been satisfied at that time or would have been satisfied and subject to any other additional terms and conditions that the Committee may determine. Awards will normally be exchanged for new awards on an internal reorganisation or reconstruction unless the Committee allow them to vest on the basis which would apply on a takeover.

The Remuneration Committee retains discretion to vary the extent to which and the date when awards vest on a case-by-case basis, following a review of circumstances, to ensure fairness for both shareholders and participants.

External appointments

It is the Board's policy to allow the Executive Directors to accept directorships of other quoted companies. Any such directorships must be formally approved by the Chairman of the Board. Details of external directorships held by Executive Directors, together with fees retained during the year are as follows:

Executive Director	External company	Role(s) held	Fees retained
Rupert Soames	Electrocomponents plc	Senior Independent Director and Chairman of Remuneration Committee	£17,750
Angus Cockburn	GKN plc	Non-executive Director	£41,250

Fees are to date of resignation as a Director

No current serving Executive Directors hold external directorships.

Share ownership guidelines

The Committee has a policy of encouraging Executive Directors to acquire and retain a material number of shares in the Company, with the objective of further aligning their long-term interests with those of other Shareholders. The minimum requirement for Executive Directors is 200% of salary.

Shares that count towards achieving these guidelines include:

- shares beneficially owned by an Executive Director or by a connected person, as recognised by the Committee;
- deferred bonus shares and LTIP awards which have vested and so are no longer subject to performance conditions but are subject to post-vesting deferral provisions; and
- shares held under any restricted stock plan or any plan established under Listing Rule 9.4.2.

Executive Directors are expected to build their shareholding over a five-year period, but are not required to make personal share purchases if awards do not vest through failing to meet performance conditions, and so a newly-appointed Director may not reach the required level within the period, depending on the Company's performance against target over the period. If so, the Committee will review the circumstances and agree an appropriate forward plan.

The Committee retains the discretion to grant dispensation from these requirements in exceptional circumstances.

There is no particular requirement for Non-executive Directors to hold shares but they are encouraged to acquire a holding over time.

Directors' shareholdings are included in the table in the Implementation Report on page 114.

Period for policy

The policy is intended to take effect from 29 April 2015, being the date of the Company's 2015 Annual General Meeting.

The Committee is satisfied that the proposed new remuneration policy is in the best interests of Shareholders and does not promote excessive risk-taking. The Committee retains discretion to make non-significant changes to the policy without reverting to Shareholders.

ANNUAL REPORT ON REMUNERATION



In the following section of our report we explain how we have implemented Aggreko's remuneration policy during 2014. The policy in place for the year was the one which was approved by Shareholders at Aggreko's 2014 Annual General Meeting, and so is different from the proposed new policy set out in the earlier section of this report, which we are asking Shareholders to approve in April 2015. The main changes between the two relate to the new incentive arrangements we plan to introduce now that the previous Long-Term Incentive Plan has expired. These changes are explained on pages 95 to 96. We have given brief details of the previous policy below, but full details of the policy can be found in Aggreko's 2013 Report and Accounts, pages 83 to 88, which is available on our website at www.aggreko.co.uk/investors.

Single total figure of remuneration (audited)

The table below sets out a single figure for the total remuneration received by each Director for the years ended 31 December 2014 and 31 December 2013.

Executive Directors	Year	Base Salary/Fees £	Benefits £	Annual Bonus £	LTIP		Sharesave £	Pension £	Total £
					PSP £	CIP £			
Carole Cran¹	2014	233,333	8,242	148,780	-	12,770	-	46,667	449,792
Debajit Das²	2014	296,048	265,856	83,897	-	22,176	-	59,561	727,538
Debajit Das ³	2013	306,482	221,761	158,378	19,905	46,344	-	61,639	814,509
Asterios Satrazemis⁴	2014	312,298	65,308	195,007	-	25,981	-	24,984	623,578
Asterios Satrazemis ⁵	2013	319,530	100,000	133,168	24,029	55,940	39	25,563	658,269
David Taylor-Smith	2014	350,000	19,935	169,841	-	-	1,164	70,000	610,940
David Taylor-Smith ⁶	2013	274,615	13,751	287,300	-	-	1,166	54,923	631,755
Rupert Soames⁷	2014	215,481	15,042	-	-	-	-	64,644	295,167
Rupert Soames	2013	675,000	46,099	586,228	124,433	144,884	-	202,500	1,779,144
Angus Cockburn⁸	2014	427,438	15,874	333,203	-	101,761	-	139,878	1,018,154
Angus Cockburn	2013	400,000	24,179	397,608	52,272	86,927	-	183,876	1,144,862
Non-executive Directors									
Ken Hanna	2014	327,244	-	-	-	-	-	-	327,244
Ken Hanna	2013	310,000	-	-	-	-	-	-	310,000
David Hamill⁹	2014	25,538	-	-	-	-	-	-	25,538
David Hamill	2013	75,000	-	-	-	-	-	-	75,000
Russell King	2014	93,718	-	-	-	-	-	-	93,718
Russell King	2013	75,000	-	-	-	-	-	-	75,000
Diana Layfield	2014	60,000	-	-	-	-	-	-	60,000
Diana Layfield	2013	55,000	-	-	-	-	-	-	55,000
Robert MacLeod	2014	80,000	-	-	-	-	-	-	80,000
Robert MacLeod	2013	75,000	-	-	-	-	-	-	75,000
Rebecca McDonald	2014	60,000	-	-	-	-	-	-	60,000
Rebecca McDonald	2013	55,000	-	-	-	-	-	-	55,000
Ian Marchant	2014	60,000	-	-	-	-	-	-	60,000
Ian Marchant ¹⁰	2013	9,167	-	-	-	-	-	-	9,167

1 Carole Cran's remuneration is from date of appointment, 1 June 2014.

2 Debajit Das's remuneration for 2014 was paid in local currency and for the purposes of this table has been converted into Sterling using the average exchange rate for 2014 of £1 = SG\$2.0875.

3 Debajit Das's remuneration for 2013 was paid in local currency and for the purposes of this table has been converted into Sterling using the average exchange rate for 2013 of £1 = SG\$1.9577.

4 Asterios Satrazemis's remuneration for 2014 was paid in local currency and for the purposes of this table has been converted into Sterling using the average exchange rate for 2014 of £1 = US\$1.6487.

5 Asterios Satrazemis's remuneration for 2013 was paid in local currency and for the purposes of this table has been converted into Sterling using the average exchange rate for 2013 of £1 = US\$1.5648.

6 David Taylor-Smith's remuneration for 2013 is from date of appointment, 11 March 2013.

7 Rupert Soames's remuneration for 2014 is to date of resignation as a Director, 24 April 2014.

8 Angus Cockburn's remuneration for 2014 is to date of resignation, 30 September 2014.

9 David Hamill's remuneration for 2014 is to date of retirement, 24 April 2014.

10 Ian Marchant's remuneration for 2013 is from date of appointment, 1 November 2013.

ANNUAL REPORT ON REMUNERATION
CONTINUED

The figures have been calculated as follows:

- 1 Base salary/fees: amount earned for the year. See [Base salary](#) below.
- 2 Benefits: the taxable value of benefits received in the year. See [Benefits](#) below.
- 3 Annual bonus: the total bonus earned on performance during the year. See [Annual bonus scheme](#) on page 107 below.
- 4 2014 remuneration from LTIPs refers to share awards granted on 16 April 2012 subject to a performance period ended 31 December 2014 and are due to vest on 16 April 2015. The value is based on the average share price over the last quarter of 2014 of 1522p. In the case of Angus Cockburn the remuneration from LTIPs refers to share awards granted in 2012, 2013 and 2014 which vested on 7 October 2014. The value is based on the price on 7 October 2014 of 1522p. See [Long-Term Incentive Plan](#) on pages 109 and 110 below.
- 5 2013 remuneration for LTIPs refers to share awards granted on 19 April 2011 subject to a performance period ended 31 December 2013 which vested on 19 April 2014. The value is based on the share price on 19 April 2014 of 1516p.
- 6 Sharesave: the value is based on the market price of an Aggreko share on the date of grant, less the option price, multiplied by the number of options.
- 7 Pension: the amount of any Company pension contributions and cash in lieu. See [Pensions](#) on page 111 below.

Base salary

The base salaries for Executive Directors as at 1 January 2015, 31 December 2014 and 31 December 2013 were as follows:

Executive Director	Position	1 January 2015 £	Local currency increase %	31 December 2014 £	Local currency increase %	31 December 2013 £
Chris Weston	Chief Executive Officer	750,000	–	–	–	–
Carole Cran	Chief Financial Officer	412,000	3	400,000 ³	–	–
Debajit Das	Regional Director, Asia Pacific	304,910 ¹	3	296,048 ⁴	3	306,482 ⁹
Asterios Satrazemis	Regional Director, Americas	337,357 ²	8	312,367 ⁵	3	319,530 ¹⁰
David Taylor-Smith	Regional Director, Europe, Middle East & Africa	378,000	8	350,000	3	340,000
Rupert Soames	Former Chief Executive	–	–	675,000 ⁶	0	675,000
Angus Cockburn	Former Chief Financial Officer	–	–	400,000 ⁷	0	400,000
Angus Cockburn	Former Interim Chief Executive	–	–	600,000 ⁸	–	–

- 1 Debajit Das's salary as at 1 January 2015 is payable in local currency SG\$636,500 and for the purposes of this table has been converted into Sterling using the average exchange rate for 2014 of £1 = SG\$2.0875.
- 2 Asterios Satrazemis's salary as at 1 January 2015 is payable in local currency US\$556,200 and for the purposes of this table has been converted into Sterling using the average exchange rate for 2014 of £1 = US\$1.6487.
- 3 Carole Cran's salary is from date of appointment, 1 June 2014.
- 4 Debajit Das's salary as at 31 December 2014 was paid in local currency SG\$618,000 and for the purposes of this table has been converted into Sterling using the average exchange rate for 2014 of £1 = SG\$2.0875.
- 5 Asterios Satrazemis's salary as at 31 December 2014 was paid in local currency US\$515,000 and for the purposes of this table has been converted into Sterling using the average exchange rate for 2014 of £1 = US\$1.6487.
- 6 Rupert Soames's salary is at date of resignation as a Director, 24 April 2014.
- 7 Angus Cockburn's salary is at date of ceasing to be Chief Financial Officer.
- 8 Angus Cockburn's salary is at date of resignation, 30 September 2014.
- 9 Debajit Das's salary as at 31 December 2013 was paid in local currency SG\$600,000 and for the purposes of this table has been converted into Sterling using the average exchange rate for 2013 of £1 = SG\$1.9577.
- 10 Asterios Satrazemis's salary as at 31 December 2013 was paid in local currency US\$500,000 and for the purposes of this table has been converted into Sterling using the average exchange rate for 2013 of £1 = US\$1.5648.

Benefits

All Executive Directors received health-care benefits with the exception of Carole Cran. All Executive Directors were also provided with life assurance cover, income protection and accident insurance. Rupert Soames and Angus Cockburn each received the benefit of a Company-funded car and fuel allowance and David Taylor-Smith and Carole Cran received a car allowance and David Taylor-Smith received a contribution to travel. Debajit Das received an overseas secondment package to cover housing, travel allowance, Company-funded car, fuel allowance, utilities allowance, a contribution to school fees and reimbursement of certain taxes. Asterios Satrazemis was entitled to a repatriation allowance to cover the cost of returning to the USA from Australia which included an accommodation allowance and contribution to school fees. This allowance stopped in February 2014. He also received the benefit of a Company-funded car and fuel allowance and reimbursement of certain taxes.

The following table shows those benefits that the Committee considers significant:

Executive Director	Car/fuel	Housing	School fees	Travel	Tax	Other	Total
Carole Cran	£7,042	–	–	–	–	£1,200	£8,242
Debajit Das	£21,099	£106,891	£28,567	£21,365	£78,481	£9,453	£265,856
Asterios Satrazemis	£21,400	£6,066	£1,516	–	£26,234	£10,092	£65,308
David Taylor-Smith	£12,000	–	–	–	–	£7,935	£19,935
Rupert Soames	£8,551	–	–	–	–	£6,491	£15,042
Angus Cockburn	£10,837	–	–	–	–	£5,037	£15,874

Annual bonus scheme

The maximum bonus opportunity for 2014 for the Interim Chief Executive was 175% of salary, for the Chief Financial Officer 150% of salary, and for Regional Directors 100% of salary. The targets under the 2014 Annual Bonus Scheme were based solely on financial performance measures set against the annual budget at the start of the year. The Interim Chief Executive's (Angus Cockburn) and Chief Financial Officer's (Carole Cran) bonuses were measured as to 75% against D-EPS and as to 25% against operating cash flow. Executive Directors with regional management responsibilities had 50% of their bonus related to Group D-EPS and 50% related to the performance of their region (40% related to regional trading profit and 10% relating to regional debtor days).

Executive Directors would start to earn a bonus at threshold performance, calculated as percentage below budget, increasing to around half of the maximum that could be earned under that element at budget on a straight-line basis. The bonus would then increase on a straight-line basis to the maximum, calculated as a percentage above budget.

Rupert Soames was not entitled to any bonus for 2014, as he had tendered his resignation on 28 February 2014.

Bonus payments are payable in cash, although for the Chief Executive and Chief Financial Officer 25% of any bonus would be deferred into shares for three years unless, at the discretion of the Committee, the individual left with the Company's consent. The Committee has discretion to reduce the number of shares that can vest in the event of gross misconduct or material misstatement of the accounts.

The table below shows the performance against budget of each of the performance measures used for calculating the Annual Bonus for 2014:

Measure	Threshold		Budget		Maximum		Outcome		
		% budget				% budget	% budget	% maximum of element	
D-EPS growth	81.83p	95	86.14p		94.75p	110	87.29p	101.3	56.7
Operating cash flow	£569.6m	92.5	£615.8m		£662.0m	107.5	£536.0m	87.0	0
Regional trading profit – APAC	US\$102.8m	95	US\$108.2m		US\$119.0m	110	US\$87.0m	80.4	0
Regional debtor days – APAC	–	–	64		–	–	73	–	0
Regional trading profit – Americas	US\$241.6m	95	US\$254.3m		US\$279.7m	110	US\$259.5m	102.0	60.3
Regional debtor days – Americas	–	–	58		–	–	58	–	100
Regional trading profit – EMEA	US\$203.1m	95	US\$213.8m		US\$235.2m	110	US\$214.0m	100.1	50.5
Regional debtor days – EMEA	–	–	76		–	–	89	–	0

ANNUAL REPORT ON REMUNERATION
CONTINUED



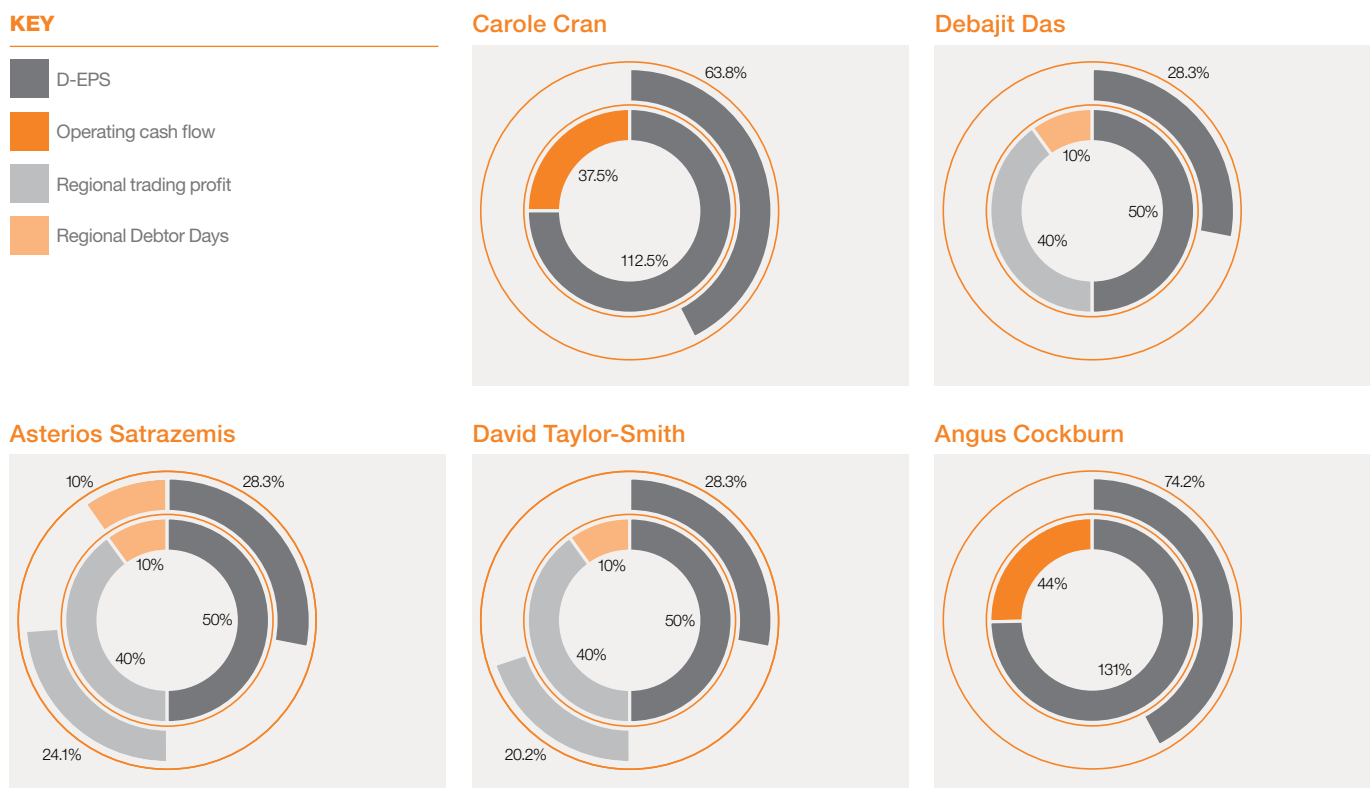
The table below sets out the total bonus entitlement for each Executive Director for 2014:

Executive Director	Total maximum bonus % salary	D-EPS growth		Operating cash flow		Regional trading profit		Regional debtor days		Total payable	
		Maximum % salary	Outcome % salary	Maximum % salary	Outcome % salary	Maximum % salary	Outcome % salary	Maximum % salary	Outcome % salary	% salary	£
Carole Cran ¹	150	112.5	63.8	37.5	0	-	-	-	-	63.8	148,780
Debajit Das ²	100	50	28.3	-	-	40	0	10	0	28.3	83,897
Asterios Satrazemis ³	100	50	28.3	-	-	40	24.1	10	10	62.4	195,007
David Taylor-Smith	100	50	28.3	-	-	40	20.2	10	0	48.5	169,841
Rupert Soames	-	-	-	-	-	-	-	-	-	-	-
Angus Cockburn ⁴	175	131	74.2	44	0	-	-	-	-	74.2	333,203

- 1 Carole Cran's total bonus includes the 25% deferred share element and was pro-rated for the time she was a Director of the Company during the year.
- 2 Debajit Das's bonus for 2014 is payable in local currency SG\$175,136 and for the purposes of this table has been converted into Sterling using the average exchange rate for 2014 of £1 = SG\$2.0875.
- 3 Asterios Satrazemis's bonus for 2014 is payable in local currency US\$ 321,508 and for the purposes of this table has been converted into Sterling using the average exchange rate for 2014 of £1 = US\$1.6487.
- 4 Angus Cockburn's bonus for 2014 was pro-rated for the time he was a Director of the Company during the year.

Bonus entitlement and outcome

The circle diagrams below set out the total bonus potential on the inner circle, and the outcome for 2014 on the outer circle, for each Executive Director, in each case as a percentage of salary.



Long-Term Incentive Plan

The LTIP awards which are due to vest on 16 April 2015 were granted in 2012 under the old LTIP, which expired in 2014. The old LTIP consists of two distinct elements: the Performance Share Plan (PSP) and the Co-investment Plan (CIP).

The PSP is a nil-cost conditional award of shares which vest depending on performance against the targets; it provides for annual awards of performance shares up to an aggregate limit of 100% of salary in normal circumstances and 200% of salary in exceptional circumstances.

The CIP is a Co-investment plan, whose purpose it is to encourage executives to buy and hold shares in the Company. Participants can subscribe to purchase Aggreko shares up to a value of 30% of their salary, each year that they are invited to join the CIP; if they hold those shares for three years, (or, if earlier, the date that their CIP award vests), they will be entitled to receive a minimum award of one share for every two they subscribed (the Minimum Match), plus a performance-related award of a further three shares for every two they subscribed. The Minimum Match is not subject to performance conditions.

The PSP and CIP are both measured against performance over three financial years and they share the same performance criteria. These are the real compound annual growth rate of Diluted Earnings per Share (D-EPS), and Return on Capital Employed (ROCE).

The performance criteria for the LTIP awards granted in 2012 were as follows:

- 75% of the award was based on CPI inflation-adjusted compound annual growth in D-EPS over the three-year performance measurement period in a range of 3% to 10%. No performance shares would be awarded against this element if performance was below 3% and awards would increase straight-line to the maximum at 10% growth.
- 25% of the award was based on average ROCE over the performance period in a range of 26% to 28%. No performance shares would be awarded against this element if performance was below 26% and awards would increase straight-line to the maximum at 28% ROCE.

In addition to the above, and to reward truly exceptional performance, the number of shares awarded to participants in both elements of the 2014 LTIP might be increased by between 1.3 and 2 times if the real compound annual growth in D-EPS over the three-year performance measurement period was in a range of 13% to 20%.

The performance period for the 2012 LTIP awards ended on 31 December 2014. Over the period:

- Aggreko's aggregate D-EPS was 285.3p, which is the equivalent of no growth. Since this was less than the threshold of 3%, no shares will vest under this performance measure.
- Aggreko's actual average ROCE for the period was 22%. Since this was less than the threshold of 26%, no shares will vest under this performance measure.

Accordingly, only the Minimum Match will vest.

ANNUAL REPORT ON REMUNERATION
CONTINUED

The table below shows:

- the resulting vesting of the 2012 LTIP awards. These are due to vest in April 2015;
- by way of comparison the vesting of the 2011 LTIP awards which vested in April 2014;
- the vesting of Angus Cockburn's CIP awards which vested in October 2014 on his resignation.

Executive Director	Year of grant	Performance Share Plan			Co-Investment Plan			Total value £
		Vested	Market price £	Value £	Vested	Market price £	Value £	
Carole Cran	2012	–	–	–	839	15.22	12,770	12,770
Debajit Das	2012	–	–	–	1,457	15.22	22,176	22,176
Debajit Das	2011	1,313	15.16	19,905	3,057	15.16	46,344	66,249
Asterios Satrazemis	2012	–	–	–	1,707	15.22	25,981	25,981
Asterios Satrazemis	2011	1,585	15.16	24,029	3,690	15.16	55,940	79,969
Rupert Soames	2012	–	–	–	–	–	–	–
Rupert Soames	2011	8,208	15.16	124,433	9,557	15.16	144,884	269,317
Angus Cockburn	2014	–	–	–	992	15.22	15,098	15,098
Angus Cockburn	2013	–	–	–	2,450	15.22	37,289	37,289
Angus Cockburn	2012	–	–	–	3,244	15.22	49,374	49,374
Angus Cockburn	2011	3,448	15.16	52,272	5,734	15.16	86,927	139,199

Each of the 2012 LTIP awards was granted on 16 April 2012 and (other than Angus Cockburn's CIP) is due to vest on 16 April 2015.

Each of the 2011 LTIP awards was granted on 19 April 2011 and vested on 19 April 2014.

The value of the 2012 LTIP on vesting is based on the average price of Aggreko shares over the last quarter of 2014 of 1522p.

The value of the 2011 LTIP on vesting is based on the market price of Aggreko shares on date of vesting, 19 April 2014, of 1516p.

Angus Cockburn's 2012, 2013 and 2014 CIPs vested on 7 October 2014 and the value of these awards on vesting is based on the share sale price on date of vesting.

Pensions

Executive Directors participate in pension schemes or receive cash in lieu with a value appropriate to the median practice in their home countries.

In 2002 the Company closed its Defined Benefits scheme for UK employees to new joiners, and as a consequence Angus Cockburn was the only Director who was a member of this scheme during the year. Of the other Executive Directors, Carole Cran, Debajit Das and David Taylor-Smith are members of the Aggreko Group Personal Pension Plan, which is a defined contribution scheme. Rupert Soames was entitled to a pension contribution from the Company of 30% of his basic salary and other Executives are entitled to a Company contribution of 20%. For 2014, no contributions were made to the Plan for Rupert Soames and he received a cash payment in lieu. Other Executive Directors have elected to take part of the Company contribution into the Group Personal Pension Plan and part as a cash payment. These cash payments are shown as cash payments in lieu of pension in the table below. Asterios Satrazemis is entitled to participate in the Employees' Savings Investment Retirement plan and the Supplemental Executive Retirement plan of Aggreko LLC, which is governed by the laws of the United States. These plans allowed contributions by the employee and the Group to be deferred for tax. Contributions paid by the Company under the defined contribution plans during the year are as follows:

Executive Director	2014			2013		
	Paid to pension £	Paid cash £	Total £	Paid to pension £	Paid cash £	Total £
Carole Cran	22,233	24,434	46,667	–	–	–
Debajit Das	10,504	49,057¹	59,561	10,503	51,136 ³	61,639
Asterios Satrazemis	24,984²	–	24,984	25,563 ⁴	–	25,563
David Taylor-Smith	47,500	22,500	70,000	11,333	43,590	54,923
Rupert Soames	–	64,644	64,644	–	202,500	202,500
Angus Cockburn	–	139,878	139,878	–	183,876	183,876

1 Debajit Das's entitlement for 2014 was paid in local currency SGD102,408 and for the purposes of this table has been converted into Sterling using the average exchange rate for 2014 of £1 = SG\$2.0875.

2 Asterios Satrazemis's entitlement for 2014 was paid in local currency US\$41,191 and for the purposes of this table has been converted into Sterling using the average exchange rate for 2014 of £1 = US\$1.6487.

3 Debajit Das's entitlement for 2013 was paid in local currency SGD100,109 and for the purposes of this table has been converted into Sterling using the average exchange rate for 2013 of £1 = SG\$1.9577.

4 Asterios Satrazemis's entitlement for 2013 was paid in local currency US\$40,000 and for the purposes of this table has been converted into Sterling using the average exchange rate for 2013 of £1 = US\$1.5648.

Angus Cockburn joined the Company before 1 April 2002 and was a member of the Aggreko plc Pension Scheme which is a funded, defined benefit scheme approved by Her Majesty's Revenue & Customs. The key elements of his benefits are:

- a normal retirement age of 60;
- for service up to 31 December 2006, a benefit accrual rate of 1/30th on a "final salary" basis for each year's service (final salary is subject to the earnings cap for service to 5 April 2006);
- for service after 1 January 2007 and up to 30 April 2011, a benefit accrual rate of 1/30th on a "career average" basis for each year's service;
- for service from 1 May 2011, no further defined benefit pension is accrued;
- an employee contribution rate of 6% of Pensionable Earnings. Employee contributions ceased on 30 April 2011; and
- a spouse's pension on death.

As a result of opting out of making further contributions to the Aggreko plc Pension Scheme, Angus Cockburn received a cash payment in lieu of the pension he would otherwise have built up. This cash payment was paid net of the member contributions he would have been required to pay to the scheme and was broadly an estimate of the cost to the Company of providing the benefits being given up.

For 2014 the cash payments were equivalent to £139,878 (2013: £183,876). The amount was subject to adjustment by CPI growth each year, subject to a minimum of 25% of salary.

This is shown in the pension column of the Single Figure Table column on page 105.

ANNUAL REPORT ON REMUNERATION
CONTINUED**Non-executive Directors (including the Chairman)**

The Board determines the remuneration policy and level of fees for the Non-executive Directors, within the limits set out in the Articles of Association. The Remuneration Committee recommends remuneration policy and level of fees for the Chairman of the Board. Remuneration comprises an annual fee for acting as a Chairman or Non-executive Director of the Company. Additional fees are paid to Non-executive Directors in respect of service as Chairman of the Audit and Remuneration Committees and as Senior Independent Director. The Chairman and Non-executive Directors are not eligible for bonuses, retirement benefits or to participate in any share scheme operated by the Company.

The fees for the Chairman and Non-executive Directors as at 31 December 2014 and 31 December 2013 were as follows:

Role	31 December 2014 £	Increase	31 December 2013 £
Chairman fee	335,000	8%	310,000
Non-executive Director base fee	60,000	9%	55,000
Committee Chairman additional fee	20,000	–	20,000
Senior Independent Director additional fee	20,000	–	20,000

LTIP awards granted in 2014 (audited)

In April 2014 Executive Directors were granted awards of shares under the old LTIP, with PSP awards ranging from 75% to 100% of salary, and CIP awards of 60% of salary. The three-year performance period over which D-EPS and ROCE performance will be measured began on 1 January 2014 and will end on 31 December 2016. None of the awards granted under the 2014 LTIP are eligible to vest until 16 April 2017 (except for CIPs in certain circumstances where a participant ceases to be an employee of the Group). The performance criteria for the LTIP awards granted in 2014 are as follows:

- 75% of the award is based on CPI inflation-adjusted compound annual growth in D-EPS over the three-year performance measurement period in a range of 3% to 10%. No performance shares will be awarded against this element if performance is less than 3% and awards will increase straight-line to the maximum at 10% growth.
- 25% of the award is based on average ROCE over the performance period in a range of 20% to 25%. No performance shares will be awarded against this element if performance is less than 20% and awards will increase straight-line to the maximum at 25% ROCE.

In addition to the above, and to reward truly exceptional performance, the number of shares awarded to participants in both the elements of the 2014 LTIP may be increased by between one and two times if the real compound annual growth in D-EPS over the three-year performance measurement period is in a range of 10% to 20%.

The table below shows details of interests awarded to Executive Directors under the LTIP and Sharesave during 2014:

Executive Director	PSP			CIP			Sharesave		
	Shares	Face Value £	% vesting on minimum performance	Shares	Face Value £	% vesting on minimum performance	Shares	Face Value £	% vesting on minimum performance
Carole Cran	21,306	320,016	–	15,040	225,901	12.5%	–	–	–
Debajit Das	28,844	433,237	–	23,076	346,602	12.5%	–	–	–
Asterios Satrazemis	30,726	461,505	–	24,580	369,192	12.5%	–	–	–
David Taylor-Smith	34,722	521,524	–	27,600	414,552	12.5%	673	1,164	100%
Rupert Soames	–	–	–	–	–	–	–	–	–
Angus Cockburn	52,910	794,708	–	31,748	476,855	12.5%	–	–	–

1 Face value of PSP and CIP is the maximum number of shares that would vest if all performance targets (including the Super LTIP multiplier) are met multiplied by the market price of Aggreko shares on 16 April 2014, being the date of grant, of 1502p.

2 Face value of Sharesave is the market price of Aggreko shares on 7 October 2014, being the date of grant, of 1509p, less the option price multiplied by the number of options granted.

Arrangements with past Directors (audited)

Rupert Soames

Rupert Soames resigned as Chief Executive with effect from 24 April 2014 and ceased to be an employee on 30 April 2014. He was paid his basic salary and benefits up to 30 April 2014, but received no bonus for 2014. For the period 25 April to 30 April inclusive the value of his basic salary, pension and benefits was £13,174; this amount is not included in the single total figure of remuneration on page 105. He received the cash element only of his bonus for 2013 but did not receive the deferred share element. His 2011 LTIPs vested on 19 April 2014 but his other outstanding LTIPs lapsed, in each case, in accordance with the rules of the Plans. He received no compensation for loss of office or other payment in connection with his resignation.

Angus Cockburn

On 29 May 2014 we announced that Angus Cockburn would step down from the Group later in the year, and he ceased to be a Director on 30 September 2014. It was agreed that he would be entitled to his 2014 bonus based on his then current salary and bonus arrangements, but pro-rated for the months that he was employed by the Company in 2014, that is nine months, paid in cash with no deferral, at the same time as the payment of other Executive Director bonuses. He was paid his basic salary and benefits to 30 September 2014, together with a further payment of £524,336 as compensation for loss of office. This payment represented (a) base salary of £400,000 for his outstanding notice period of eight months to 29 May 2015; and (b) payment in lieu of pension contributions of £124,336, calculated as eight months' payment of £15,542 in lieu, in each case in accordance with his contractual entitlement. Other benefits were made available until 31 October 2014. The Company also agreed to pay for legal expenses of £6,900 and Angus Cockburn agreed to enhanced restrictive covenants in favour of the Company for which he was paid £100. The Performance Share Plan Awards made in 2012 and 2013 will remain subject to their terms and to relevant performance conditions being met and those made in 2014 will lapse, in each case in accordance with the rules of the plan. The Co-investment Plan awards made in 2012, 2013 and 2014 vested on 7 October 2014 in accordance with the rules of the plan and this resulted in his receiving 6,686 shares. These shares are included in the table of vesting LTIP awards on page 110 and their value in the table of single total figure of remuneration on page 105. The details of these shares are as follows:

		Potential Number of Shares	Scheme Terms and Performance			%age Performance Achieved	Performance Shares	Pro rata	Pro rata shares awarded
			Minimum	Maximum	Outcome				
2012 LTIP (Performance period 2012-13)	D-EPS	7,413	3%	10%	4.3%	14.4%	1,067	33/36	979
	ROCE		26%	28%	22.7%				
	Minimum Match	2,471	-	-	-	-	-	33/36	2,265
Total 2012									3,244
2013 LTIP (Performance period 2013)	D-EPS	10,956	3%	10%	(10.2%)	5%	548	21/36	320
	ROCE		20%	25%	21%				
	Minimum Match	3,652	-	-	-	-	-	21/36	2,130
Total 2013									2,450
2014 LTIP	Minimum Match	3,968	-	-	-	-	-	9/36	992
Total 2014									992
Total									6,686

The deferred share element of his 2013 bonus resulted in 6,105 shares which also vested on 7 October 2014. The value applying to the shares on 7 October 2014 was £15.22. Share options held under the Sharesave may be exercised in accordance with the rules of the plan.

Vesting of LTIP awards to former Executive Directors

The table below shows awards to former Executive Directors which vested in 2014:

Former Executive Director	Performance Share Plan				Co-Investment Plan		
	Vested during the year	Market price on vesting date £	Value £	Vested during the year	Market price on vesting date £	Value £	Total value £
Bill Caplan	2,681	15.16	40,644	4,460	15.16	67,614	108,258
Kash Pandya	3,065	15.16	46,465	5,097	15.16	77,271	123,736
George Walker	2,859	15.16	43,342	4,756	15.16	72,101	115,443

ANNUAL REPORT ON REMUNERATION
CONTINUED

Directors' shareholdings (audited)

As at 31 December 2014, the shareholdings of the Directors were as follows:

Executive Director	(A) Shares owned outright ¹	(B) Shares held subject to deferral	Shares held subject to performance conditions ²	Options held not subject to performance conditions ³	Proposed shareholding guidelines % salary	Shares counting towards guidelines (A + B)	Current shareholding % salary	Guidelines met	Date of appointment
Carole Cran	8,447	–	75,674	–	200	8,447	32	n/a	1 June 2014
Debajit Das	39,149	–	125,600	–	200	39,149	199	Yes	1 January 2013
Asterios Satrazemis	47,367	–	134,408	736	200	47,367	228	Yes	1 January 2013
David Taylor-Smith	12,518	–	118,194	1,363	200	12,518	54	n/a	11 March 2013
Rupert Soames ⁴	343,530	–	219,800	726	n/a	343,530	765	n/a	1 July 2003
Angus Cockburn ⁵	85,619	6,105	198,094	714	n/a	91,724	230	n/a	1 May 2000
Ken Hanna	19,215								
David Hamill	3,875								
Russell King	3,688								
Diana Layfield	2,855								
Robert MacLeod	18,584								
Rebecca McDonald	–								
Ian Marchant	3,331								

1 This includes shares held by connected persons.

2 Shares held subject to performance comprise LTIP awards over shares.

3 Options held under the Sharesave Plan.

4 Rupert Soames's holding is as at date of resignation, 24 April 2014. The 219,800 shares held subject to performance conditions lapsed on date of leaving and the 726 options held not subject to performance conditions were exercised on 26 June 2014.

5 Angus Cockburn's holding is as at date of leaving, 30 September 2014. Details of the vesting of shares subject to performance conditions are shown on page 110. Of the 714 options held not subject to performance conditions, 674 were exercised on 14 November 2014 and the remaining 40 lapsed.

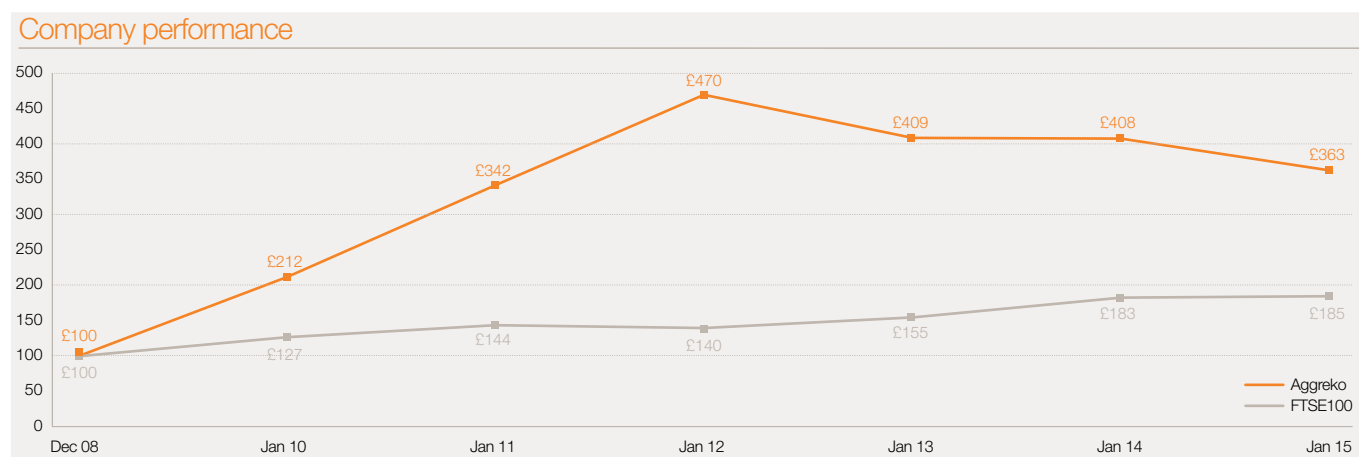
Under the policy being put to Shareholders at the 2015 AGM Executive Directors will have five years from their respective appointments to achieve the shareholding guideline of not less than two times base salary.

Share price used 1504p as at 31 December 2014.

Carole Cran, Debajit Das, Asterios Satrazemis, David Taylor-Smith, Rupert Soames and Angus Cockburn, as employees or former employees of the Company, have, or had up to their date of resignation, an interest in the holdings of the Aggreko Employee Benefit Trust (the "EBT") as potential beneficiaries. The EBT is a trust established to distribute shares to employees of the Company and its subsidiaries in satisfaction of awards granted under the Aggreko Share Performance Plan and Aggreko Co-investment Plan and Sharesave Schemes. At 31 December 2014, the trustees of the EBT held a total of 824,036 Aggreko plc Ordinary Shares (2013: 1,331,750) and the holding at the date of this report is 689,785. The dividend has been waived on these shares.

Comparison of Company performance

The graph below shows the value, at 31 December 2014, of £100 invested in Aggreko's shares on 31 December 2008 compared with the current value of the same amount invested in the FTSE 100 Index. The FTSE 100 Index is chosen because Aggreko is a constituent member of this group.



For comparative purposes, the remuneration of the Director undertaking the role of Chief Executive Officer for the same financial years is set out below:

Year	CEO	Single Figure of Total Remuneration £	Annual Bonus payout against maximum %	Long-term incentive vesting rates against maximum opportunity %
2009	Rupert Soames	2,555,850	63.2	100
2010	Rupert Soames	5,839,209	100	100
2011	Rupert Soames	8,501,865	82.4	100
2012	Rupert Soames	2,685,840	6.4	100
2013	Rupert Soames	1,779,144	49.6	72.5
2014	Angus Cockburn	1,290,906	42.4	5.8

Angus Cockburn was Interim Chief Executive from 25 April to 30 September 2014, and his emoluments have been calculated on the assumption that he held the role for the full year at the rates of remuneration in place on 30 September 2014.

The data for this table was taken from the Remuneration Reports for the relevant years and adjusted to take account of the actual share price on date of vesting for the LTIP.

Percentage change in remuneration of CEO

The table below shows the change in remuneration of the Director undertaking the role of Chief Executive Officer for 2013 (Rupert Soames, Chief Executive) and for 2014 (Angus Cockburn, Interim Chief Executive) in comparison to the average change in remuneration of employees within the Group central functions over that period.

	Percentage change for Chief Executive/ Interim Chief Executive	Percentage change for Group central functions
Salary/fees	-11.1	12.32
Benefits	-53.8	10.3
Bonus	-43	-36

Angus Cockburn was Interim Chief Executive from 25 April to 30 September 2014, and his emoluments have been calculated on the assumption that he held the role for the full year at the rates of remuneration in place on 30 September 2014.

The comparator group relates to the employees within the Group central function in the UK (74 employees), rather than all Group employees. As in the previous year, we have chosen this group because the Committee believes that it provides a sufficiently large comparator group to give a reasonable understanding of underlying increases, based on similar annual bonus performance measures utilised by Group central functions, whilst reducing the distortion that would arise from including all of the many countries in which the Group operates, with their different economic conditions.

ANNUAL REPORT ON REMUNERATION
CONTINUED

Relative importance of spend on pay

The graph below shows Aggreko's profit after tax, dividend, and total employee pay expenditure for the financial years ended 31 December 2013 and 31 December 2014, and the percentage change.



Dividends are the interim and final dividends paid in respect of the financial year ended 31 December 2013 and the interim dividend paid and the final dividend recommended in respect of the financial year ended 31 December 2014.

Implementation of remuneration policy in 2015

The Committee intends to implement the remuneration policy in 2015 as follows:

Base salaries and fees

Base salaries for Executive Directors were reviewed by the Committee in December 2014 and implemented in January 2015; details are set out on page 106. The Committee intends to next review the salaries in December 2015. The Chairman's fee will be reviewed by the Committee in April 2015, and fees for Non-executive Directors will be reviewed by the Board in June 2015.

Pensions and benefits

Pensions and benefits will continue in line with policy.

Annual bonus

On 3 March the Committee set annual bonus targets for the Executive Directors as follows:

Executive Director	Total max bonus (% salary)	D-EPS		Operating cash flow		Regional trading profit		Regional ROCE		Personal objectives
		Max bonus % salary	On-budget bonus % salary	Max bonus % salary	On-budget bonus % salary	Max bonus % salary	On-budget bonus % salary	Max bonus % salary	On-budget bonus % salary	Max bonus % salary
Chris Weston	175	105	52.5	35	17.5	-	-	-	-	35
Carole Cran	150	90	45	30	15	-	-	-	-	30
Debajit Das	125	50	25	-	-	40	20	10	10	25
Asterios Satrazemis	125	50	25	-	-	40	20	10	10	25
David Taylor-Smith	125	50	25	-	-	40	20	10	10	25

The personal objectives were set individually for each Director. All include measurable improvements in safety indicators and agreed outcomes for set strategic objectives specific to their roles. Those for Directors with regional responsibilities included measurable improvements in customer satisfaction, as measured by Net Promoter Scores, and improvements in regional debtor days.

We have not disclosed full details of all objectives or financial targets in this report, as we consider them to be commercially sensitive. It is, however, our intention to disclose financial budget numbers in next year's Implementation Report.

Long-Term Incentive Plan

Subject to the approval of the new Long-term Incentive Plan by shareholders at the Company's 2015 Annual General Meeting, the Committee proposes to approve the grant of 2015 LTIP awards to Executive Directors with a face value of 300% of salary.

The performance criteria for the 2015 LTIP will be as follows:

- 75% of the award will be based on three-year cumulative D-EPS as compared to three-year compound growth in real (RPI-adjusted) D-EPS. No performance shares will be awarded against this element if performance is below an equivalent of RPI+3% per annum growth and will increase straight-line to a maximum at an equivalent of RPI+ 15% per annum growth.
- 25% of the award is based on average ROCE over the performance period in a range of 20% to 25%. No performance shares will be awarded against this element if performance is less than 20% and awards will increase straight-line to the maximum at 25% ROCE.

A proportion of shares which vest will be subject to a further retention period of up to two years in accordance with the rules of the LTIP.

Awards are expected to be granted in April 2015.

Consideration by the Directors of matters relating to Directors' remuneration

The Committee re-appointed Kepler Associates and New Bridge Street (which is part of Aon plc) as the principal external advisers to the Committee for 2014. The fees paid to advisers in respect of work that materially assisted the Committee in 2014 are shown in the table below:

Adviser	Appointed by	Services provided to the Committee	Fees paid by the Company for the Services	Other Services
Kepler Associates	Appointed by Russell King on behalf of the Committee	Review of LTIP Award Calculations	£69,475	Management and Reward Data Project
		Advice on DRR disclosure	Charged on a time/cost basis	Provided the Board with specific data on Non-executive Director benchmarking
		Advice on current market practice		
		Benchmarking of Executive pay		
New Bridge Street	Appointed by Sheena Mackay, Group HR Director on behalf of the Committee	Advice on operation of incentive schemes	£8,575	General advice on LTIP and Sharesave Schemes
			Charged on a time/cost basis	
Simmons & Simmons	Appointed by Siegfried Putzer, Former Group HR Director on behalf of the Committee	Legal advice on employment and termination of employment of Executive Directors	£10,532	
			Charged on a time/cost basis	

Except as provided above, none of these advisers provides any other services to the Group. Kepler Associates and New Bridge Street are members of the Remuneration Consultants Group and signatories to its code of conduct and Simmons & Simmons LLP is authorised and regulated by the Solicitors Regulation Authority. Taking these factors into account, the Committee is satisfied as to the impartiality and objectivity of their advice. The advisers were also chosen because of their existing knowledge of the Group's remuneration arrangements.

ANNUAL REPORT ON REMUNERATION
CONTINUED

Statement of Shareholder voting

The following table shows the results of the binding vote on the Remuneration Policy and advisory vote on the 2013 Remuneration Report at the 24 April 2014 AGM.

	Remuneration Policy		Remuneration Report	
	Total number of votes	% of votes cast	Total number of votes	% of votes cast
For	169,403,517	96.71	173,519,875	98.69
Against	5,734,693	3.29	2,295,432	1.31
Total votes cast (excluding withheld votes)	175,158,210	100	175,815,307	100
Votes withheld ¹	1,249,534	–	592,437	–
Total votes cast (including withheld votes)	176,407,744	–	176,407,744	–

1 A withheld vote is not a vote in law and is not counted in the calculation of the proportion of votes cast for and against a resolution.

Directors' service contracts

Each of the Directors will be proposed for election or re-election at the Company's Annual General Meeting to be held on 29 April 2015.

The Executive Directors are employed under contracts of employment with Aggreko plc. The Remuneration Committee sets notice periods for the Executive Directors at 12 months or less. The principal terms of the Executive Directors' service contracts (which have no fixed term) are as follows:

Executive Director	Position	Effective date of contract	Notice period	
			From Company	From Director
Chris Weston	Chief Executive Officer	2 January 2015	12 months	12 months
Carole Cran	Chief Financial Officer	1 June 2014	12 months	12 months
Debajit Das	Regional Director, Asia Pacific	1 January 2013	12 months	12 months
Asterios Satrazemis	Regional Director, Americas	1 January 2013	12 months	12 months
David Taylor-Smith	Regional Director, Europe, Middle East & Africa	11 March 2013	12 months	12 months

Non-executive Directors are appointed for a term of three years, subject to three months' notice from either party.

The dates of the Chairman's and Non-executive Directors' appointments who served during the reporting period were as follows:

Non-executive Director	Position	Effective date of contract	Unexpired term as at 31 December 2014
Ken Hanna	Chairman	25 April 2012 ¹	3 months
Russell King	Non-executive Director	2 February 2012 ²	1 month
Uwe Krueger	Non-executive Director	1 February 2015	n/a
Diana Layfield	Non-executive Director	1 May 2012	4 months
Robert MacLeod	Non-executive Director	10 September 2014 ¹	8 months
Rebecca McDonald	Non-executive Director	1 October 2012	9 months
Ian Marchant	Non-executive Director	1 November 2013	1 year 10 months

¹ Replaces earlier contract.

² Extended for a further term of one year with effect from 2 February 2015.

This Report was approved by the Board on 5 March 2015.

Signed on behalf of the Board

Russell King
Chairman of the Remuneration Committee
5 March 2015

STATUTORY DISCLOSURES

Directors' report

The Directors' Report for the year ended 31 December 2014 comprises pages 67 to 124 of this report, together with the sections incorporated by reference. We have included some of the matters normally included in the Directors' Report which we consider to be of strategic importance in the Strategic Report on pages 2 to 66. Specifically these are:

- Future Business Developments on page 22
- Greenhouse Gas Emissions on pages 59 to 60
- Employee Involvement, Equal Opportunities and Employees with Disabilities on pages 62 to 64
- Risk Information on the Use of Financial Instruments on page 158

Disclosures in relation to Listing Rule LR 9.8.4R, where applicable, are included on page 97 in relation to long-term incentive plans and page 122 in relation to the dividend waiver arrangements in place for our Employee Benefit Trust.

The award made under the scheme established under LR 9.4.2 cannot be altered to the advantage of Chris Weston without the approval of Shareholders in general meeting (except for minor amendments to benefit administration, to take account of a change in legislation or to obtain or maintain favourable tax, or regulatory treatment for either party). A copy of the agreement setting out the terms of the award will be available for inspection at the offices of New Bridge Street, 10 Devonshire Square, London EC2M 4YP, during normal business hours on any weekday (Saturdays and English public holidays excepted) until the close of the Company's Annual General Meeting and at the place of the Annual General Meeting for at least 15 minutes prior to and during the Annual General Meeting.

Both the Directors' Report and Strategic Report have been presented in accordance with applicable company law, and the liabilities of the Directors in connection with those reports subject to the limitations and restrictions provided. Other information to be disclosed in the Directors' Report is given in this section.

Management report

The Strategic Report and the Directors' Report together include the "management report" for the purposes of Disclosure and Transparency Rule (DTR) 4.1.8R.

2015 Annual General Meeting

The Company's Annual General Meeting will be held at 11.00 am 29 April 2015 at the Grand Central Hotel, 99 Gordon Street, Glasgow G1 3SF. The Notice of Meeting is given together with explanatory notes, in the booklet which accompanies this report.

Dividends

The interim dividend of 9.38 pence per Ordinary Share was paid on 3 October 2014. The Directors recommend a final dividend of 17.74 pence per Ordinary Share in respect of the year, making a total for the year of 27.12 pence per Ordinary Share (2013: 26.30 pence), payable on 26 May 2015 to Shareholders on the register at the close of business on 24 April 2015.

Dividend payments and DRIP

This year we have introduced a Dividend Reinvestment Plan (DRIP) for Shareholders. This allows Shareholders to purchase additional shares in Aggreko with their dividend payment. Further information and a mandate can be obtained from our Registrars, Capita, whose details are set out on page 185 and the Shareholder information pages of our website.

Share capital

On 31 December 2014 the Company had in issue 256,118,395 Ordinary Shares of 4^{329/395} pence each, 1,989,357 B Shares of 9^{84/775} pence each, 188,251,587 Deferred Shares of 9^{84/775} pence each, 18,352,057,648 Deferred Shares of 1^{1/775} pence each and 182,700,915 Deferred Shares of 6^{18/25} pence each comprising 29.35%, 0.43%, 40.61%, 0.56% and 29.08% respectively of the Company's issued share capital. Details of the changes in issued share capital during the year are shown in Note 21 to the accounts on page 154.

Material share interests

As at 31 December 2014, the Company had received notifications of the following major shareholdings, representing 3% or more of the voting rights attached to the issued Ordinary Share capital of the Company:

Shareholder	Number of shares	% of total voting rights
Prudential Plc ¹	15,860,093*	5.94
Ballie Gifford & Co ¹	13,518,442*	5.04
A E H Salvesen ²	9,995,283*	3.73

¹ Including direct and indirect subsidiary interests

² Including immediate family and trustee interests

* Notifications received prior to the share capital consolidation in June 2014, number of shares disclosed relates to Ordinary Shares of 13^{349/775} pence each

Between 31 December 2014 and 5 March 2015, the Company received notifications of major shareholdings.

The Directors are not aware of any other material interests amounting to 3% or more in the share capital of the Company.

Rights and obligations attached to shares

Subject to applicable statutes (in this section referred to as the Companies Acts) and to any rights conferred on the holders of any other shares, any share may be issued with or have attached to it such rights and restrictions as the Company may by ordinary resolution decide or, if no such resolution has been passed or so far as the resolution does not make specific provision, as the Board may decide.

Voting

Subject to any special terms as to voting upon which any shares may be issued or may for the time being be held and to any other provisions of the Articles of Association for the Company (the Articles), on a show of hands every member who is present in person or by proxy or represented by a corporate representative at a general meeting of the Company has one vote.

STATUTORY DISCLOSURES CONTINUED

On a poll every member who is present in person or by proxy or represented by a corporate representative has one vote for every share of which he or she is the holder. In the case of joint holders of a share the vote of the senior who tenders a vote, whether in person or by proxy, is accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority is determined by the order in which the names stand in the register in respect of the joint holding.

The holders of B Shares are not entitled, in their capacity as such, to receive notice of any general meeting of the Company nor to attend, speak or vote at any such general meeting unless: (a) the business of the meeting includes the consideration of a resolution for the winding-up (excluding any intra-group reorganisation on a solvent basis) of the Company, in which case the holders of the B Shares have the right to attend the general meeting and are entitled to speak and vote only on any such resolution; or (b) at the date of the notice convening the meeting, the B Share Continuing Dividend (as defined in Article 6A(B)(iii) of the Articles) has remained unpaid for six months or more from any B Share Payment Date (as defined in Article 6A(B)(iv) of the Articles), in which case the holders of the B Shares have the right to attend the general meeting and are entitled to speak and vote on all resolutions.

The holders of the Deferred Shares are not entitled to receive notice of any general meeting of the Company or to attend, speak or vote at any such meeting.

Restrictions on voting

No member is, unless the Board otherwise decides, entitled in respect of any share held by him to vote (either personally or by proxy or by a corporate representative) at any general meeting of the Company or at any separate general meeting of the holders of any class of shares in the Company if any calls or other sums presently payable by him in respect of that share remain unpaid or if he is a person with a 0.25% interest (as defined in the Articles) and he has been served with a restriction notice (as defined in the Articles) after failure to provide the Company with information concerning interests in those shares required to be provided under the Companies Acts.

The Company is not aware of any agreement between holders of securities that may result in restrictions on voting rights.

Dividends and other distributions

Subject to the provisions of the Companies Acts, the Company may by ordinary resolution from time to time declare dividends in accordance with the respective rights of the members, but no dividend can exceed the amount recommended by the Board.

Subject to the provisions of the Companies Acts, the Board may pay such interim dividends as appear to the Board to be justified by the financial position of the Company and may also pay any dividend payable at a fixed rate at intervals settled by the Board whenever the financial position of the Company, in the opinion of the Board, justifies its payment. If the Board acts in good faith, it shall not incur any liability to the holders of any shares for any loss they may suffer in consequence of the payment of an interim or fixed dividend on any other class of shares ranking *pari passu* with or after those shares.

The holders of B Shares are entitled, in priority to any payment of dividend or other distribution to the holders of any Ordinary Shares and before profits are carried to reserves, to be paid a non-cumulative preferential dividend (the "B Share Continuing Dividend") at such annual rate on a value of 75 pence per B Share as is calculated in accordance with Articles 6A(B)(i) to 6A(B)(x).

On a return of capital on winding-up (excluding any intra-group reorganisation on a solvent basis), holders of B Shares are entitled, in priority to any payment to the holders of Ordinary Shares, to 75 pence per B Share held by them, together with a sum equal to the relevant proportion of the B Share Continuing Dividend (if any) which would have been payable if the winding-up had taken effect on the last day of the then current B Share Calculation Period, the relevant proportion being the number of days from and including the preceding B Share Payment Date (or, if the date of such winding-up is prior to 29 May 2015 from and including the Single B Share Dividend Date) to, but excluding, the date of such winding-up, divided by 365.

The Deferred Shares confer no right to participate in the profits of the Company.

On a return of capital on a winding-up (excluding any intra-Group reorganisation on a solvent basis), holders of Deferred Shares are entitled to be paid the nominal capital paid up or credited as paid up on such Deferred Shares after paying to the holders of the Ordinary Shares the nominal capital paid up or credited as paid up on the Ordinary Shares held by them respectively, together with the sum of £100,000,000 on each Ordinary Share.

The Board may deduct from any dividend or other moneys payable to a member by the Company on or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise in respect of shares of the Company. The Board may also withhold payment of all or any part of any dividends or other moneys payable in respect of the Company's shares from a person with a 0.25% interest (as defined in the Articles) if such a person has been served with a restriction notice (as defined in the Articles) after failure to provide the Company with information concerning interests in those shares required to be provided under the Companies Acts.

Variation of rights

Subject to the provisions of the Companies Acts, rights attached to any class of shares may be varied either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class (excluding any shares of that class held as Treasury Shares) or with the sanction of a special resolution passed at a separate general meeting of the holders of those shares. The necessary quorum applying to any such separate general meeting is two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of the class (excluding any shares of that class held as Treasury Shares), (but at any adjourned meeting one holder present in person or by proxy (whatever the number of shares held by him) will constitute a quorum); every holder of shares of the class present in person or by proxy (excluding any shares of that class held as Treasury Shares) is entitled on a poll to one vote for every share of the class held by him (subject to any rights or restrictions attached to any class of shares) and any holder of shares of the class present in person or by proxy may demand a poll.

Conversion of B Shares into Ordinary Shares at the Company's option

The Company may (subject to the provisions of the Companies Acts) at any time after the Company's AGM to be held in 2015 on the giving of not less than 10 days' nor more than 42 days' notice in writing to the holders of the B Shares, convert all but not some only of the outstanding B Shares into Ordinary Shares on the date specified in the notice (the "Conversion Date"). The conversion would take place in accordance with Article 6A(G) of our Articles.

Restrictions on transfer of securities in the Company

There are no restrictions on the transfer of securities in the Company, except that:

- certain restrictions may from time to time be imposed by laws and regulations (for example, insider trading laws);
- pursuant to the Listing Rules of the Financial Conduct Authority certain employees and Directors of the Company require the approval of the Company to deal in the Company's Ordinary Shares; and
- the Deferred Shares are not transferable except in accordance with the paragraph headed "Powers in relation to the Company issuing or buying back its own shares" below or with the written consent of the Directors.

The Company is not aware of any agreements between holders of securities that may result in restrictions on the transfer of securities.

Articles of Association

Our Articles are available on our website at <http://www.aggreko.com/about-aggreko/corporate-governance/articles-of-association>. Unless expressly specified to the contrary in the Articles, the Articles may be amended by a special resolution of the Company's Shareholders.

Appointment and replacement of directors

The rules for the appointment and replacement of Directors are contained in the Company's Articles. They include: the number of Directors must not be less than two or more than 15, the Board may appoint any person to be a Director; any Director so appointed by the Board shall hold office only until the next general meeting and shall then be eligible for election; each Director must retire from office at the third Annual General Meeting after the Annual General Meeting at which he was last elected. However, in line with the UK Corporate Governance Code, all Directors will stand for annual election at the 2015 AGM.

A Director may be removed by special resolution of the Company. In addition, the office of a Director must be vacated if: (i) he resigns his office by notice in writing delivered to the office or tendered at a meeting of the Board; or (ii) by notice in writing he offers to resign and the Board resolves to accept such offer; or (iii) his resignation is requested by all of the other Directors and all of the other Directors are not less than three in number; or (iv) a registered medical practitioner who is treating that Director gives a written opinion to the Company stating that that Director has become physically or mentally incapable of acting as a Director and may remain so for more than three months; or (v) by reason of a Director's mental health, a court makes an order which wholly or partly prevents that Director from personally exercising any powers or rights which that Director would otherwise have; or (vi) he is absent without the permission of the Board from meetings of the Board (whether or not an alternate Director appointed by him attends) for six consecutive months and the Board resolves that his office is vacated; or (vii) he becomes bankrupt or compounds with his creditors generally; or (viii) he is prohibited by law from being a Director; or (ix) he ceases to be a Director by virtue of the Companies Acts or is removed from office pursuant to the Articles.

Directors' conflicts of interest

The Company has procedures in place for monitoring and managing conflicts of interest. Should a Director become aware that they, or their connected parties, have an interest in an existing or proposed transaction with Aggreko, they should notify the Board in writing or at the next Board meeting. Directors have a continuing duty to update any changes to these conflicts.

STATUTORY DISCLOSURES
CONTINUED**Powers of the Directors**

Subject to the provisions of the Companies Acts, the Articles and to any directions given by the Company in general meeting by special resolution, the business of the Company is managed by the Board, which may exercise all the powers of the Company whether relating to the management of the business of the Company or not. In particular, the Board may exercise all the powers of the Company to borrow money and to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or any third party.

Powers in relation to the Company issuing or buying back its own shares

The Directors were granted authority at the last Annual General Meeting held in 2014 to allot relevant securities up to a nominal amount of £12,291,627 in connection with an offer by way of a rights issue. That authority will apply until the earlier of 30 June 2015 and the conclusion of the Annual General Meeting for 2015. At this year's Annual General Meeting Shareholders will be asked to grant an authority to allot relevant securities up to a nominal amount of £4,125,579, such authority to apply until the end of next year's Annual General Meeting (or, if earlier, until the close of business on 30 June 2016).

A special resolution will also be proposed to renew the Directors' power to make non-pre-emptive issues for cash in connection with rights issues and otherwise up to a nominal amount of £618,898.

The Company was also authorised at the Annual General Meeting held in 2014 to make market purchases of up to 26,902,954 Ordinary Shares. This authorisation will expire on the earlier of the conclusion of the Annual General Meeting of the Company for 2015 and 30 June 2015.

A special resolution will also be proposed at this year's Annual General Meeting to renew the Directors' authority to repurchase the Company's Ordinary Shares in the market. The authority will be limited to a maximum of 25,611,839 Ordinary Shares and sets the minimum and maximum prices which may be paid.

The Company may at any time, without obtaining the sanction of the holders of the Deferred Shares:

- (a) appoint any person to execute on behalf of any holder of Deferred Shares a transfer of all or any of the Deferred Shares (and/or an agreement to transfer the same) to the Company or to such person as the Directors may determine, in any case for not more than one penny for all the Deferred Shares then being purchased from him; and
- (b) cancel all or any of the Deferred Shares so purchased by the Company in accordance with the Companies Acts.

Securities carrying special rights

No person holds securities in the Company carrying special rights with regard to control of the Company.

Rights under the employee share scheme

Appleby Trust (Jersey) Limited, as Trustee of the Aggreko Employees' Benefit Trust, holds 0.27% of the issued share capital of the Company as at 5 March 2015 on trust for the benefit of the employees and former employees of the Group and their dependents. The voting rights in relation to these shares are exercised by the Trustee and there are no restrictions on the exercise of the voting of, or the acceptance of any offer relating to, the shares. The Trustee is obliged to waive all dividends on the shares unless requested to do otherwise by the Company in writing.

Going concern

In adopting the going concern basis for preparing the financial statements, the Directors have considered the business activities set out in the Strategic Report as well as the Group's principal risks and uncertainties as set out on pages 20 to 33. Based on the Group's cash flow forecasts and projections, the Board is satisfied that the Group will be able to operate within the level of its facilities for the foreseeable future. For this reason the Group continues to adopt the going concern basis in preparing its financial statements.

Change of control

The Company has in place a number of agreements with advisers, financial institutions and customers which contain certain termination rights which would have an effect on a change of control. The Directors believe these agreements to be commercially sensitive and that their disclosure would be seriously prejudicial to the Company; accordingly they do not intend disclosing specific details of these. In addition, all of the Company's share schemes contain provisions which in the event of a change of control, would result in outstanding options and awards becoming exercisable, subject to the rules of the relevant schemes.

There are no agreements between the Company and its Directors or employees providing for compensation for loss of office or employment that occurs because of a takeover bid.

Disclosure of information to the Company's auditor

In accordance with Section 418 of the Companies Act 2006 the Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information (as defined by Section 418(3) of the Companies Act 2006) of which the Company's Auditor is unaware; and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

Indemnity of officers

Under Article 154 of the Articles, the Company may indemnify any Director or other officer against any liability, subject to the provisions of the Companies Acts, and the Articles grant an indemnity to the Directors against any liability for the costs of legal proceedings where judgement is given in their favour.

Under the authority conferred by Article 154, the Company has granted indemnities to Directors and officers of the Company and its subsidiaries. The indemnities do not apply to any claim which arises out of fraud, default, negligence or breach of fiduciary duty or trust by the indemnified person.

In addition, the Company may purchase and maintain for any Director or other officer, insurance against any liability. The Company maintains appropriate insurance cover against legal action brought against its Directors and officers and the Directors and officers of its subsidiaries.

Pensions

The assets of the UK defined-benefit pension fund are controlled by the Directors of Aggreko Pension Scheme Trustee Limited; they are held separately from the assets of the Company and invested by independent fund managers. These segregated funds cannot be invested directly in the Company. Four trustees have been appointed by the Company and, in addition, two member-nominated trustees have been appointed. This fund was closed to new employees joining the Group after 1 April 2002; new UK employees are now offered membership of a Group Personal Pension Plan.

Branches

Subsidiaries of the Company have established branches in a number of different countries in which they operate.

Auditor

Resolutions re-appointing PwC as the Company's and Group's auditor and authorising the Audit Committee to determine their remuneration will be proposed at the Annual General Meeting.

Important events since 31 December 2014

There have been no important events affecting the Company or any subsidiary since 31 December 2014.

Political donations

No political donations were made during the financial year (2013: nil).

Approval of the Strategic Report and Directors' Report

The Strategic Report set out on pages 2 to 66 and Director's Report set out on pages 67 to 124 were approved by the Board on 5 March 2015 and have been signed by the Company Secretary on behalf of the Board.



Peter Kennerley
Group Legal Director and Company Secretary
5 March 2015

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, and the Parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period.

In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether IFRSs as adopted by the European Union and applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Group and Parent Company financial statements respectively; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's and Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Group website www.aggreko.com. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors consider that the Annual Report and Accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for Shareholders to assess the Company's performance, business model and strategy.

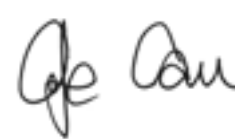
Each of the Directors, whose names and functions are listed on pages 72 and 73 confirms that, to the best of their knowledge:

- the Group financial statements, which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Group; and
- the Management Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

By order of the Board



Ken Hanna
Chairman



Carole Cran
Chief Financial Officer

ACCOUNTS



3 Accounts	
Independent auditors' report	126
Group income statement	132
Group statement of comprehensive income	132
Group balance sheet	133
Group cash flow statement	134
Reconciliation of net cash flow to movement in net debt	134
Group statement of changes in equity	135
Notes to the Group accounts	137
Company balance sheet	172
Company statement of total recognised gains and losses	173
Notes to the Company accounts	174

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AGGREKO PLC

Report on the financial statements

Our opinion

In our opinion:

- Aggreko plc's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2014 and of the group's profit and cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

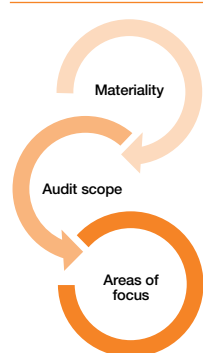
What we have audited

Aggreko plc's financial statements comprise:

- the Group and Company Balance Sheets as at 31 December 2014;
- the Group Income Statement and the Group Statement of Comprehensive Income for the year then ended;
- the Group Cash Flow Statement for the year then ended;
- the Reconciliation of net cash flow to movement in net debt for the year then ended;
- the Group Statement of Changes in Equity for the year then ended;
- the Company Reconciliation of Movements in Shareholders' Funds for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

Certain required disclosures have been presented elsewhere in the Annual Report and Accounts (the "Annual Report"), rather than in the notes to the financial statements. These are cross-referenced from the financial statements and are identified as audited.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and IFRSs as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).



Our audit approach

Overview

Overall group materiality: £14 million, which represents 5% of profit before tax.

We conducted audit work at the 11 most significant reporting units within the group, which together comprised 77% of the Group's revenues and 88% of the Group's profit before tax.

We worked closely with audit teams outside the UK and visited the teams in Houston and Dubai.

Our audit focused on the following areas:

- contract receivables balances and associated provisioning;
- taxation provisions (direct and indirect); and
- revenue recognition.

The scope of our audit and our areas of focus

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)").

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are identified as "areas of focus" in the table below. This is not a complete list of all risks identified by our audit. We have also set out how we tailored our audit to address these specific areas in order to provide an opinion on the financial statements as a whole and any comments we make on the results of our procedures should be read in this context, including our overall group audit materiality.

Area of focus

Contract receivables balances and associated provisioning

(refer to page 85 “contract provisions” within the Audit Committee Report, page 140 (Key assumptions and significant judgements) and pages 150 and 151 (note 16 to the accounts))

One of the biggest risks to the Group is non-payment by customers under some of the larger contracts in the Power Projects business.

Contract receivables provisions are, by their nature, highly judgemental, mainly due to the unpredictability and volatility of cash receipts in higher risk territories.

We focused on this area due to the magnitude of both the Power Projects accounts receivable balances £208m (2013: £196m) and the associated provisions, £38m (2013: £49m) which are determined based on management’s estimates.

Tax provisions (Direct and indirect)

(refer to page 85 “Direct and indirect tax provisions” within the Audit Committee Report, page 140 (Key assumptions and significant judgements))

The Group’s direct and indirect tax provisions are, by their nature, highly judgemental. This is due to the complexity of the Group’s operations in multiple tax jurisdictions and the changing tax environments in which it operates.

We focused on this area due to the magnitude of direct and indirect tax provisions which are determined based on management’s estimates.

Total direct and indirect tax provisions at 31 December 2014 were £69m (2013: £70m), which is made up of direct tax provisions of £54m (2013: £54m) and indirect tax provisions of £15m (2013: £16m).

How our audit addressed the area of focus

We documented and gained an understanding of the key controls and processes that management and the directors have in place to assess the expected recovery of Power Projects contract receivables balances and associated provisioning.

We checked, on a sample basis, that the Group’s Power Projects pre-contract risk assessment procedures were in place in respect of significant contracts entered into during the year and did not identify any where they were not.

We obtained the contract receivables analyses and tested the gross receivables balances, on a sample basis, for example by tracing to outstanding invoices or subsequent cash receipt.

We then applied various selection criteria, principally the largest contract balances within each region, to identify 17 contracts for testing (representing 83% of the total amount outstanding at 31 December 2014). For those contracts selected, we:

- tested the relevant associated cover, including bonds, deposits and guarantees, to assess the residual contract receivable exposure;
- considered the contract terms and assessed their accounting impact;
- considered the history of cash payments, including post year end cash receipts from the customer and compared the consistency of assumptions used in calculating provisions, both over time within the contract and as between contracts with similar risk profiles; and
- used our knowledge and experience to consider the completeness and challenge the basis of contract provisioning.

This is an area which requires significant management judgement and has a range of possible outcomes. However from the evidence we have obtained, we did not identify any material misstatement in the contract receivables provision.

We documented and gained an understanding of the key controls and processes that management and the directors have in place to assess the tax risks and exposures and the associated direct and indirect tax provisioning.

We obtained reports showing the components of the tax provisions and used them to identify the most significant balances for detailed testing.

We then applied various selection criteria, principally the largest balances and identified 17 provisions for testing (representing 75% of the total direct and indirect tax provision at 31 December 2014).

As appropriate, we tested the provisions as follows:

- understood and tested the provision calculation;
- read and considered the implications for our audit of relevant correspondence with tax authorities;
- used our tax expertise and our knowledge and experience of developments in the relevant tax jurisdictions to consider the completeness and challenge the basis of the significant provision judgements made by management and in house tax specialists; and
- utilised our experience of similar situations elsewhere to independently assess the evidence supporting those direct and indirect tax provisions.

This is an area which also requires significant management judgement and has a range of possible outcomes. However from the evidence we have obtained, we did not identify any material misstatement in the direct and indirect taxation provisions.

INDEPENDENT AUDITORS' REPORT
CONTINUED

Area of focus	How our audit addressed the area of focus
<p>Revenue recognition (refer to page 137 (notes to the accounts))</p> <p>Revenue is recognised in accordance with the contractual arrangements and is accrued or deferred at the balance sheet date, depending on the date of the most recent invoice issued and other specific contractual terms.</p> <p>In the Power Projects businesses, we focused on the accrual or deferral of revenue.</p> <p>In the local businesses, revenue recognition is generally not complex. As a result, we focused on non-standard revenue transactions and the timing of recognition of transactions around the year-end to make sure they were recorded in the correct financial year.</p> <p>Power Projects revenues were £673m (2013: £669m) and Local Business revenues were £904m (2013: £904m) for the year ended 31 December 2014.</p>	<p>We understood key controls around revenue and receivables and performed testing where appropriate. Based on the results of our testing of controls, we did not amend our planned approach to auditing revenue.</p> <p>For the Power Projects businesses, we selected a sample of customer contracts and agreed that revenue was invoiced in line with the contract. We recalculated a sample of accrued and deferred income and tested the timing of revenue recognition by tracing back to supporting documentation; for example contract terms and invoices.</p> <p>For the local businesses, we used revenue data auditing techniques to provide assurance over standard revenue transactions and to check that transactions had been correctly recorded. This also enabled us to identify and substantively test a sample of non-standard transactions by tracing them to appropriate supporting documentation. We also tested a sample of accrued and deferred revenue balances by reference to supporting documentation.</p> <p>For both the Power Projects and local businesses, our testing also focused on manual journals posted to revenue.</p> <p>From the evidence obtained, we found revenue recognition to be in accordance with Aggreko's accounting policies and did not identify any material misstatements.</p>

How we tailored the audit scope

The scope of our audit reflected the organisational structure of the group across 3 regional units; APAC, EMEA and Americas, which combine local businesses with Power Projects businesses. We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the geographic structure of the group, the accounting processes and controls and the areas of greatest audit risk.

In establishing the overall approach to the group audit, we determined the type of work that needed to be performed at each part of the business by the group engagement team, or component auditors within PwC UK and from other PwC network firms. We sent detailed group instructions to all of those component auditors, in which we identified and explained the areas where we wanted them to focus their work. We then held meetings and calls with them to clarify and discuss their audit approach, materiality and reporting requirements. Senior members of the group audit team visited the component audit teams in Dubai and Houston in order to direct and supervise their work whilst the teams were on site. In addition, we had meetings and calls with the component auditors as their audit work progressed so that we could effectively supervise, direct and understand the findings from their work. We received written reports from each component auditor summarising the final conclusions from their audit work.

Through a combination of full scope audits and directed scope procedures we performed group audit work in the 11 most significant reporting units across the group which covered 77% of the Group's revenues and 88% of the Group's profit before tax.

This, together with additional procedures performed at the Group level, gave us the evidence we needed for our opinion on the Group financial statements as a whole.

Materiality

The scope of our audit is influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall group materiality	£14 million (2013: £17 million).
How we determined it	5% of profit before tax (2013: 5% of profit before tax)
Rationale for materiality benchmark applied	We have applied this benchmark, a generally accepted auditing practice, in the absence of indicators that an alternative benchmark would be more appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £1 million (2013: £1 million) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons. There were no material unadjusted misstatements identified.

Going concern

Under the Listing Rules we are required to review the directors' statement, set out on page 124, in relation to going concern. We have nothing to report having performed our review.

As noted in the directors' statement, the directors have concluded that it is appropriate to prepare the financial statements using the going concern basis of accounting. The going concern basis presumes that the group and company have adequate resources to remain in operation, and that the directors intend them to do so, for at least one year from the date the financial statements were signed. As part of our audit we have concluded that the directors' use of the going concern basis is appropriate.

However, because not all future events or conditions can be predicted, these statements are not a guarantee as to the group's and company's ability to continue as a going concern.

INDEPENDENT AUDITORS' REPORT
CONTINUED

Other required reporting

Consistency of other information

Companies Act 2006 opinion

In our opinion, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

ISAs (UK & Ireland) reporting

Under ISAs (UK & Ireland) we are required to report to you if, in our opinion:	
<ul style="list-style-type: none"> Information in the Annual Report is: <ul style="list-style-type: none"> – materially inconsistent with the information in the audited financial statements; or – apparently materially incorrect based on, or materially inconsistent with, our knowledge of the group and company acquired in the course of performing our audit; or – otherwise misleading. 	We have no exceptions to report arising from this responsibility.
<ul style="list-style-type: none"> the statement given by the directors on page 124, in accordance with provision C.1.1 of the UK Corporate Governance Code ("the Code"), that they consider the Annual Report taken as a whole to be fair, balanced and understandable and provides the information necessary for members to assess the group's and company's performance, business model and strategy is materially inconsistent with our knowledge of the group and company acquired in the course of performing our audit. 	We have no exceptions to report arising from this responsibility.
<ul style="list-style-type: none"> the section of the Annual Report on pages 84 and 85, as required by provision C.3.8 of the Code, describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee. 	We have no exceptions to report arising from this responsibility.

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Directors' remuneration report – Companies Act 2006 opinion

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Other Companies Act 2006 reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Corporate governance statement

Under the Listing Rules we are required to review the part of the Corporate Governance Statement relating to the company's compliance with ten provisions of the UK Corporate Governance Code. We have nothing to report having performed our review.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 124, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

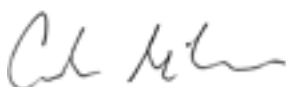
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group's and the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Graham McGregor

(Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Glasgow

5 March 2015

GROUP INCOME STATEMENT

For the year ended 31 December 2014

	Notes	2014 £ million	2013 £ million
Revenue	4	1,577	1,573
Cost of sales		(674)	(643)
Gross profit		903	930
Distribution costs		(407)	(395)
Administrative expenses		(190)	(183)
Other income	2	4	6
Operating profit	4	310	358
Net finance costs	8		
– Finance cost		(23)	(26)
– Finance income		2	1
Profit before taxation	5	289	333
Taxation	9	(74)	(87)
Profit for the year		215	246

All profit for the period is attributable to the owners of the Company.

Basic earnings per share (pence)	11	82.57	92.15
Diluted earnings per share (pence)	11	82.49	92.03

GROUP STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2014

	2014 £ million	2013 £ million
Profit for the year	215	246
Other comprehensive (loss)/income		
<i>Items that will not be reclassified to profit or loss</i>		
Remeasurement of retirement benefits (net of tax)	(3)	(4)
<i>Items that may be reclassified subsequently to profit or loss</i>		
Cash flow hedges (net of tax)	(3)	8
Net exchange losses offset in reserves (net of tax)	(9)	(87)
Other comprehensive loss for the year (net of tax)	(15)	(83)
Total comprehensive income for the year	200	163

GROUP BALANCE SHEET (COMPANY NUMBER: SC177553)

As at 31 December 2014

	Notes	2014 £ million	2013 £ million
Non-current assets			
Goodwill	12	130	133
Other intangible assets	27.A2	18	18
Property, plant and equipment	14	1,177	1,165
Deferred tax asset	20	22	23
		1,347	1,339
Current assets			
Inventories	15	163	149
Trade and other receivables	16	474	417
Cash and cash equivalents	3	37	38
Derivative financial instruments	27.A4	5	11
Current tax assets		21	21
		700	636
Total assets		2,047	1,975
Current liabilities			
Borrowings	17	(76)	(36)
Derivative financial instruments	27.A4	(1)	(1)
Trade and other payables	19	(303)	(300)
Current tax liabilities		(67)	(68)
		(447)	(405)
Non-current liabilities			
Borrowings	17	(455)	(365)
Derivative financial instruments	27.A4	(7)	(8)
Deferred tax liabilities	20	(53)	(51)
Retirement benefit obligation	27.A6	(7)	(6)
		(522)	(430)
Total liabilities		(969)	(835)
Net assets		1,078	1,140
Shareholders' equity			
Share capital	21	42	49
Share premium		20	20
Treasury shares	22	(14)	(24)
Capital redemption reserve		13	6
Hedging reserve (net of deferred tax)		(4)	(1)
Foreign exchange reserve		(81)	(72)
Retained earnings		1,102	1,162
Total Shareholders' equity		1,078	1,140

The financial statements on pages 132 to 171 were approved by the Board of Directors on 5 March 2015 and signed on its behalf by:



K Hanna
Chairman



C Cran
Chief Financial Officer

GROUP CASH FLOW STATEMENT

For the year ended 31 December 2014

	Notes	2014 £ million	2013 £ million
Cash flows from operating activities			
Cash generated from operations	2	498	603
Tax paid		(77)	(68)
Interest received		2	1
Interest paid		(22)	(27)
Net cash generated from operating activities		401	509
Cash flows from investing activities			
Acquisitions (net of cash acquired)	12	(4)	–
Purchases of property, plant and equipment (PPE)		(251)	(228)
Proceeds from sale of PPE	2	12	14
Net cash used in investing activities		(243)	(214)
Cash flows from financing activities			
Net proceeds from issue of Ordinary Shares		3	1
Increase in long-term loans		448	430
Repayment of long-term loans		(335)	(637)
Net movement in short-term loans		10	(4)
Dividends paid to Shareholders		(70)	(66)
Return of capital to Shareholders		(198)	–
Purchase of treasury shares		–	(1)
Net cash used in financing activities		(142)	(277)
Net increase in cash and cash equivalents			
		16	18
Cash and cash equivalents at beginning of the year		12	1
Exchange loss on cash and cash equivalents		(2)	(7)
Cash and cash equivalents at end of the year	3	26	12

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

For the year ended 31 December 2014

	Notes	2014 £ million	2013 £ million
Increase in cash and cash equivalents		16	18
Cash (inflow)/outflow from movement in debt		(123)	211
Changes in net debt arising from cash flows		(107)	229
Exchange (loss)/gain		(24)	1
Movement in net debt in year		(131)	230
Net debt at beginning of year		(363)	(593)
Net debt at end of year	17	(494)	(363)

GROUP STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2014

As at 31 December 2014

	Notes	Attributable to equity holders of the Company							Total equity £ million
		Ordinary Share capital £ million	Share premium account £ million	Treasury shares £ million	Capital redemption reserve £ million	Hedging reserve £ million	Foreign exchange reserve (translation) £ million	Retained earnings £ million	
Balance at 1 January 2014		49	20	(24)	6	(1)	(72)	1,162	1,140
Profit for the year		-	-	-	-	-	-	215	215
Other comprehensive (loss)/income:									
Transfers from hedging reserve to revenue		-	-	-	-	(6)	-	-	(6)
Fair value gains on foreign currency cash flow hedge		-	-	-	-	2	-	-	2
Fair value gains on interest rate swaps		-	-	-	-	1	-	-	1
Currency translation differences (i)		-	-	-	-	-	(9)	-	(9)
Remeasurement of retirement benefits (net of tax)		-	-	-	-	-	-	(3)	(3)
Total comprehensive (loss)/ income for the year ended 31 December 2014		-	-	-	-	(3)	(9)	212	200
Transactions with owners:									
Employee share awards	27.A5	-	-	-	-	-	-	3	3
Issue of Ordinary Shares to employees under share option schemes	22	-	-	10	-	-	-	(7)	3
Return of capital to Shareholders	21	-	-	-	-	-	-	(198)	(198)
Capital redemption reserve	21	(7)	-	-	7	-	-	-	-
Dividends paid during 2014	10	-	-	-	-	-	-	(70)	(70)
		(7)	-	10	7	-	-	(272)	(262)
Balance at 31 December 2014		42	20	(14)	13	(4)	(81)	1,102	1,078

(i) Included in currency translation differences of the Group are exchange losses of £29 million arising on borrowings denominated in foreign currencies designated as hedges of net investments overseas, offset by exchange gains of £20 million relating to the translation of overseas results and net assets.

GROUP STATEMENT OF CHANGES IN EQUITY CONTINUED

For the year ended 31 December 2014

As at 31 December 2013

	Notes	Attributable to equity holders of the Company							Total equity £ million
		Ordinary share capital £ million	Share premium account £ million	Treasury shares £ million	Capital redemption reserve £ million	Hedging reserve £ million	Foreign exchange reserve (translation) £ million	Retained earnings £ million	
Balance at 1 January 2013		49	19	(34)	6	(9)	15	999	1,045
Profit for the year		-	-	-	-	-	-	246	246
Other comprehensive (loss)/income:									
Transfers from hedging reserve to property, plant and equipment		-	-	-	-	(2)	-	-	(2)
Transfers from hedging reserve to revenue		-	-	-	-	(6)	-	-	(6)
Fair value gains on foreign currency cash flow hedge		-	-	-	-	12	-	-	12
Fair value gains on interest rate swaps		-	-	-	-	5	-	-	5
Currency translation differences (i)		-	-	-	-	-	(89)	-	(89)
Deferred tax on items taken to or transferred from equity	9	-	-	-	-	(1)	-	-	(1)
Current tax on items taken to or transferred from equity	9	-	-	-	-	-	2	-	2
Remeasurement of retirement benefits (net of tax)		-	-	-	-	-	-	(4)	(4)
Total comprehensive (loss)/income for the year ended 31 December 2013		-	-	-	-	8	(87)	242	163
Transactions with owners:									
Purchase of treasury shares	22	-	-	(1)	-	-	-	-	(1)
Employee share awards		-	-	-	-	-	-	(2)	(2)
Issue of Ordinary Shares to employees under share option schemes		-	-	11	-	-	-	(11)	-
Current tax on items taken to or transferred from equity	9	-	-	-	-	-	-	3	3
Deferred tax on items taken to or transferred from equity	9	-	-	-	-	-	-	(3)	(3)
New share capital subscribed		-	1	-	-	-	-	-	1
Dividends paid during 2013	10	-	-	-	-	-	-	(66)	(66)
		-	1	10	-	-	-	(79)	(68)
Balance at 31 December 2013		49	20	(24)	6	(1)	(72)	1,162	1,140

(i) Included in currency translation differences of the Group are exchange gains of £8 million arising on borrowings denominated in foreign currencies designated as hedges of net investments overseas, offset by exchange losses of £97 million relating to the translation of overseas results and net assets.

NOTES TO THE GROUP ACCOUNTS

For the year ended 31 December 2014

1 ACCOUNTING POLICIES

The Company is a public limited company which is listed on the London Stock Exchange and is incorporated and domiciled in the UK. The address of the registered office is 120 Bothwell Street, Glasgow G2 7JS, UK.

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

BASIS OF PREPARATION

The Group financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, IFRIC interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and financial liabilities (including derivative instruments) at fair value.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of the revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

(a) New and amended standards adopted by the Group

The following new standards have been implemented by the Group this year but do not have a material impact on the Group:

- IFRS 10. 'Consolidated financial statements'
- IFRS 11. 'Joint arrangements'
- IFRS 12. 'Disclosures of interests in other entities'

There are no other new IFRSs or IFRICs that are effective for the first time this year that have a material impact on the Group.

(b) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2014 and not early adopted

IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2017. The Group will assess the impact of IFRS 15 closer to the implementation date.

IFRS 9, 'Financial instruments' addresses the classification, measurement and recognition of financial assets and liabilities. The standard is effective for accounting periods beginning on or after 1 January 2018.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

BASIS OF CONSOLIDATION

The Group financial statements consolidate the financial statements of Aggreko plc and all its subsidiaries for the year ended 31 December 2014. Subsidiaries are those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

REVENUE RECOGNITION

Revenue for the Group represents the amounts earned from the supply of temporary power, temperature control, oil-free compressed air and related services and excludes sales taxes and intra-Group revenue. Revenue can comprise a fixed rental charge and a variable charge related to the usage of assets or other services. In all cases, revenue is recognised in accordance with the contractual arrangements, for fixed rental charges, over the rental period and for variable elements as the asset is utilised or service is provided. Revenue is accrued or deferred at the balance sheet date depending on the date of the most recent invoice issued and the contractual terms.

SEGMENTAL REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the plc Board of Directors.

NOTES TO THE GROUP ACCOUNTS CONTINUED

For the year ended 31 December 2014

1 ACCOUNTING POLICIES CONTINUED

Aggreko's segments comprise three regions: The Americas, Europe, the Middle East and Africa (EMEA) and Asia, Pacific and Australia (APAC) as well as the Total Local business and the Total Power Projects business. This is reflected by the Group's divisional management and organisational structure and the Group's internal financial reporting systems. The risks and rewards within the Power Projects business are significantly different from those within the Group's Local business. The Local business focuses on smaller, more frequently occurring events, whereas the Power Projects business concentrates on large contracts, which can arise anywhere in the world.

Central administrative costs are allocated between segments based on revenue.

LEASES

Leases where substantially all of the risks and rewards of ownership are not transferred to the Group are classified as operating leases. Rentals under operating leases are charged against operating profit on a straight line basis over the term of the lease.

EXCEPTIONAL ITEMS

Items are classified as exceptional gains or losses where they are considered by the Group to be material and are different from events or transactions which fall within the ordinary activities of the Group and which individually, or if of a similar type, in aggregate, need to be disclosed by virtue of their size or incidence if the financial statements are to be properly understood.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is carried at cost less accumulated depreciation and impairment losses. Cost includes purchase price, and directly attributable costs of bringing the asset into the location and condition where it is capable for use. Borrowing costs are not capitalised since the assets are assembled over a short period of time.

Freehold properties are depreciated on a straight line basis over 25 years. Short leasehold properties are depreciated on a straight line basis over the terms of each lease.

Other property, plant and equipment are depreciated on a straight line basis at annual rates estimated to write off the cost of each asset over its useful life from the date it is available for use. Assets in the course of construction are not depreciated. Non-rental fleet assets which are contract specific are depreciated over the life of the contract. The periods of depreciation are reviewed on an annual basis and the principal periods used are as follows:

Rental fleet	8 to 10 years
Vehicles, plant and equipment	4 to 15 years

INTANGIBLES

Intangible assets acquired as part of a business combination are capitalised, separately from goodwill, at fair value at the date of acquisition if the asset is separable or arises from contractual or legal rights and its fair value can be measured reliably. Amortisation is calculated on a straight-line method to allocate the fair value at acquisition of each asset over their estimated useful lives as follows: customer relationships: 10 years; non-compete agreements: over the life of the non-compete agreements.

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on a straight line basis over their estimated useful lives, which is currently deemed to be four years.

The useful life of intangible assets is reviewed on an annual basis.

GOODWILL

On the acquisition of a business, fair values are attributed to the net assets acquired. Goodwill arises where the fair value of the consideration given for a business exceeds the fair value of such assets. Goodwill arising on acquisitions is capitalised and is subject to impairment reviews, both annually and when there are indicators that the carrying value may not be recoverable.

For the purpose of the impairment testing, goodwill is allocated to each of the Group's cash generating units expected to benefit from the synergies of the combination. Cash generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than the carrying amount of the unit, then the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

An impairment loss recognised for goodwill is not reversed in a subsequent period. Any impairment of goodwill is recognised immediately in the income statement.

IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT AND OTHER INTANGIBLE ASSETS (EXCLUDING GOODWILL)

Property, plant and equipment and other intangible assets are amortised/depreciated and reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Value in use is calculated using estimated cash flows. These are discounted using an appropriate long-term pre-tax interest rate. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

FOREIGN CURRENCIES

Items included in the financial statements for each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (functional currency). The Group's consolidated financial statements are presented in Sterling, which is the Group's presentational currency.

At individual Company level, transactions denominated in foreign currencies are translated at the rate of exchange on the day the transaction occurs. Assets and liabilities denominated in foreign currency are translated at the exchange rate ruling at the balance sheet date. Non-monetary assets are translated at the historical rate. In order to hedge its exposure to certain foreign exchange risks, the Group enters into forward contracts and foreign currency options.

On consolidation, assets and liabilities of subsidiary undertakings are translated into Sterling at closing rates of exchange. Income and cash flow statements are translated at average rates of exchange for the period. Gains and losses from the settlement of transactions and gains and losses on the translation of monetary assets and liabilities denominated in other currencies are included in the income statement.

DERIVATIVE FINANCIAL INSTRUMENTS

This accounting policy is included in Note 27 – Notes to Group Accounts – Appendices.

1 ACCOUNTING POLICIES CONTINUED

TAXATION

Deferred tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill, negative goodwill nor from the acquisition of an asset, which does not affect either taxable or accounting income. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. Deferred tax is charged or credited in the income statement, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Provision for income taxes, mainly withholding taxes, which could arise on the remittance of retained earnings, principally relating to subsidiaries, is only made where there is a current intention to remit such earnings.

Current tax

The charge for the current tax is based on the results for the year as adjusted for items, which are non-assessable or disallowed. It is calculated using taxation rates that have been enacted or substantially enacted by the balance sheet date.

INVENTORIES

Inventories are valued at the lower of cost and net realisable value, using the weighted average cost basis. Cost of raw materials, consumables and work in progress includes the cost of direct materials and, where applicable, direct labour and those overheads that have been incurred in bringing the inventories to their present location and condition.

Inventory is written down on a case by case basis if the anticipated net realisable value declines below the carrying amount of the inventories. Net realisable value is the estimated selling price less cost to completion and selling expenses. When the reasons for a write-down of the inventory have ceased to exist, the write-down is reversed.

EMPLOYEE BENEFITS

Wages, salaries, social security contributions, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the year in which the associated services are rendered by the employees of the Group. Where the Group provides long-term employee benefits, the cost is accrued to match the rendering of the services by the employees concerned.

The Group operates a defined benefit pension scheme and a number of defined contribution pension schemes. The cost for the year for the defined benefit scheme is determined using the attained age method with actuarial updates to the valuation being carried out at each balance sheet date. Remeasurements are recognised in full, directly in retained earnings, in the period in which they occur and are shown in the statement of comprehensive income. The current service cost of the pension charge, interest income on scheme assets, interest on pension scheme liabilities and administrative expenses are included in arriving at operating profit.

The retirement benefit obligation recognised in the balance sheet is the present value of the defined benefit obligation at the balance sheet date less the fair value of the scheme assets. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using interest rates of high-quality corporate bonds.

Contributions to defined contribution pension schemes are charged to the income statement in the period in which they become chargeable.

TRADE RECEIVABLES

Trade receivables are recognised initially at fair value (which is the same as cost). An impairment is recorded for the difference between the carrying amount and the recoverable amount where there is objective evidence that the Group will not be able to collect all amounts due. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default, or large and old outstanding balances, particularly in countries where the legal system is not easily used to enforce recovery, are considered indicators that the trade receivable is impaired. When a trade receivable is uncollectible it is written off against the provision for impairment of trade receivables.

TRADE PAYABLES

Trade payables are recognised initially at fair value (which is the same as cost).

PROVISIONS

Provisions are recognised where a legal or constructive obligation has been incurred which will probably lead to an outflow of resources that can be reasonably estimated. Provisions are recorded for the estimated ultimate liability that is expected to arise, taking into account the time value of money where material.

A contingent liability is disclosed where the existence of the obligation will only be confirmed by future events, or where the amount of the obligation cannot be measured with reasonable reliability. Contingent assets are not recognised, but are disclosed where an inflow of economic benefits is probable.

SHARE-BASED PAYMENTS

This accounting policy is included in Note 27 – Notes to Group Accounts – Appendices.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand and deposits with a maturity of three months or less.

BORROWINGS

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds, net of transaction costs, and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest rate.

DIVIDEND DISTRIBUTION

Dividend distribution to the Company's Shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's Shareholders. Interim dividends are recognised when paid.

KEY ASSUMPTIONS AND SIGNIFICANT JUDGEMENTS

The Group uses estimates and makes judgements in the preparation of its Accounts. The most sensitive areas affecting the Accounts are discussed below.

NOTES TO THE GROUP ACCOUNTS CONTINUED

For the year ended 31 December 2014

1 ACCOUNTING POLICIES CONTINUED**Trade receivables**

Trade receivables are recognised initially at fair value (which is the same as cost). An impairment is recorded for the difference between the carrying amount and the recoverable amount where there is objective evidence that the Group may not be able to collect all amounts due. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default, or large and old outstanding balances, particularly in countries where the legal system is not easily used to enforce recovery, are considered indicators that the trade receivable is impaired.

The majority of the contracts the Group enters into are small relative to the size of the Group and, if a customer fails to pay a debt, this is dealt with in the normal course of business. However, some of the contracts the Group undertakes in developing countries are very large, and are in jurisdictions where payment practices can be unpredictable. The Group monitors the risk profile and debtor position of all such contracts regularly, and deploys a variety of techniques to mitigate the risks of delayed or non-payment; these include securing advance payments and guarantees. As a result of the rigorous approach to risk management, historically the Group has had a low level of bad debt write-offs although the risk of a major default is high. When a trade receivable is uncollectible it is written off against the provision for impairment of trade receivables. At 31 December 2014 the provision for impairment of trade receivables in the balance sheet was £55 million (2013: £61 million).

Taxation

Aggreko's tax charge is based on the profit for the year and tax rates in force at the balance sheet date. As well as corporation tax, Aggreko is subject to indirect taxes such as sales and employment taxes across various tax jurisdictions in the approximately 100 countries in which the Group operates. The varying nature and complexity of the tax law requires the Group to review its tax positions and make appropriate judgements at the balance sheet date. Due to the volatile nature of the tax environment in many of the countries in which we operate, it can take some time to settle our tax position. We therefore create appropriate tax provisions for any significant potential uncertain or contentious tax positions. As at 31 December 2014 we had tax provisions of £69 million (2013: £70 million). In addition the recognition of deferred tax assets is dependent upon an estimation of future taxable profits that will be available against which deductible temporary differences can be utilised. In the event that actual taxable profits are different, such differences may impact the carrying value of such deferred tax assets in future periods. Further information is shown at Notes 9 and 20 to the Annual Report and Accounts.

FINANCIAL RISK MANAGEMENT**Financial risk factors**

The Group's operations expose it to a variety of financial risks that include liquidity, the effects of changes in foreign currency exchange rates, interest rates and credit risk. The Group has a centralised treasury operation whose primary role is to ensure that adequate liquidity is available to meet the Group's funding requirements as they arise, and that financial risk arising from the Group's underlying operations is effectively identified and managed.

The treasury operations are conducted in accordance with policies and procedures approved by the Board and are reviewed annually. Financial instruments are only executed for hedging purposes and transactions that are speculative in nature are expressly forbidden. Monthly reports are provided to senior management and treasury operations are subject to periodic internal and external review.

Liquidity, funding and capital management

The intention of Aggreko's strategy is to deliver long-term value to its Shareholders whilst maintaining a balance sheet structure that safeguards the Group's financial position through economic cycles. Total capital is equity as shown in the Group balance sheet.

Given the proven ability of the business to fund organic growth from operating cash flows, and the nature of our business model, we believe it is sensible to run the business with a modest amount of debt. We say 'modest' because we are strongly of the view that it is unwise to run a business which has high levels of operational gearing with high levels of financial gearing. Given the above considerations, we believe that a Net Debt to EBITDA ratio of around one times is appropriate for the Group over the longer term. Absent a major acquisition, or the requirement for an unusual level of fleet investment, this level gives us the ability to deal with the normal fluctuations in capital expenditure (which can be quite sharp: +/- £200 million in a year) and working capital, and is well within our covenants to lenders which stand at three times Net Debt to EBITDA. Given the strong cash generation seen in recent years we believed that it was appropriate to supplement the ordinary dividend with an additional return to Shareholders in 2014 of £200 million (refer to Note 21 for more details).

At the end of 2014, Net Debt to EBITDA had increased to 0.9 times from 31 December 2013 when the ratio of Net Debt to EBITDA was 0.6 times.

The Group maintains sufficient facilities to meet its normal funding requirements over the medium term. At 31 December 2014 these facilities totalled £858 million in the form of committed bank facilities arranged on a bilateral basis with a number of international banks and private placement notes. The financial covenants attached to these facilities are that EBITDA should be no less than four times interest and net debt should be no more than three times EBITDA; at 31 December 2014, these stood at 27 times and 0.9 times respectively. The Group does not consider that these covenants are restrictive to its operations. The maturity profile of the borrowings is detailed in Note 17 in the Annual Report and Accounts. Net debt amounted to £494 million at 31 December 2014 and, at that date, un-drawn committed facilities were £367 million.

1 ACCOUNTING POLICIES CONTINUED

Interest rate risk

The Group's policy is to manage the exposure to interest rates by ensuring an appropriate balance of fixed and floating rates. At 31 December 2014, £305 million of the net debt of £494 million was at fixed rates of interest resulting in a fixed to floating rate net debt ratio of 62:38 (2013: 79:21). The Group monitors its interest rate exposure on a regular basis by applying forecast interest rates to the Group's forecast net debt profile after taking into account its existing hedges. The Group also calculates the impact on profit and loss of a defined interest rate shift for all currencies. Based on the simulations performed, the impact on profit or loss of a +/- 100 basis-point shift, after taking into account existing hedges, would be £2 million (2013: £1 million). The sensitivity analysis is performed on a monthly basis and is reported to the Board.

Foreign exchange risk

The Group is subject to currency exposure on the translation of its net investments in overseas subsidiaries into Sterling. In order to reduce the currency risk arising, the Group uses direct borrowings in the same currency as those investments. Group borrowings are predominantly drawn down in the currencies affecting the Group, namely US Dollar, Canadian Dollar, Mexican Peso and Brazilian Real.

The Group manages its currency flows to minimise foreign exchange risk arising on transactions denominated in foreign currencies and uses forward contracts where appropriate in order to hedge net currency flows.

The negative impact of currency decreased our revenues by £126 million (2013: decreased by £10 million) and trading profit by £40 million (2013: decreased by £6 million) for the year ended 31 December 2014. The Group monitors the impact of exchange closely and regularly carries out sensitivity analysis. For every 5% movement in the US Dollar to GBP exchange rate there is an approximate impact of £11 million (2013: £12 million) in trading profit¹ in terms of translation.

Currency translation also gave rise to a £9 million decrease in reserves as a result of year-on-year movements in the exchange rates (2013: decrease of £89 million). For every 5% movement in the Dollar, there is an approximate impact in equity of £23 million (2013: £15 million) arising from the currency translation of external borrowings which are being used as a net investment hedge. However this will be offset by a corresponding movement in the equity of the net investment being hedged.

Credit risk

Cash deposits and other financial instruments give rise to credit risk on amounts due from counterparties. The Group manages this risk by limiting the aggregate amounts and their duration depending on external credit ratings of the relevant counterparty. In the case of financial assets exposed to credit risk, the carrying amount in the balance sheet, net of any applicable provisions for loss, represents the amount exposed to credit risk.

Management of trade receivables

The management of trade receivables is the responsibility of the operating units, although they report monthly to Group on debtor days, debtor ageing and significant outstanding debts. At an operating unit level a credit rating is normally established for each customer based on ratings from external agencies. Where no ratings are available, cash in advance payment terms are often established for new customers. Credit limits are reviewed on a regular basis. Some of the contracts undertaken in our Power Projects business are substantial, and are in jurisdictions where payment practices can be unpredictable. The Group monitors the risk profile and debtor-position of all such contracts regularly, and deploys a variety of techniques to mitigate the risks of delayed or non-payment; these include securing advance payments, bank guarantees and various types of insurance. On the largest contracts, all such arrangements are approved at Group level. Contracts are reviewed on a case by case basis to determine the customer and country risk.

Insurance

The Group operates a policy of buying cover against the material risks which the business faces, where it is possible to purchase such cover on reasonable terms. Where this is not possible, or where the risks would not have a material impact on the Group as a whole, we self-insure.

¹ Trading profit represents operating profit before gain on sale of property, plant and equipment.

NOTES TO THE GROUP ACCOUNTS CONTINUED

For the year ended 31 December 2014

2 CASH FLOW FROM OPERATING ACTIVITIES

	2014 £ million	2013 £ million
Profit for the year	215	246
Adjustments for:		
Tax	74	87
Depreciation	259	273
Amortisation of intangibles	3	5
Finance income	(2)	(1)
Finance cost	23	26
Profit on sale of PPE (see below)	(4)	(6)
Share-based payments	3	(2)
Changes in working capital (excluding the effects of exchange differences on consolidation):		
(Increase)/decrease in inventories	(11)	23
Increase in trade and other receivables	(57)	(32)
Decrease in trade and other payables	(5)	(10)
Net movement in provisions for liabilities and charges	-	(6)
Cash generated from operations	498	603

In the cash flow statement, proceeds from sale of PPE comprise:

	2014 £ million	2013 £ million
Net book amount	8	8
Profit on sale of PPE	4	6
Proceeds from sale of PPE	12	14

Profit on sale of PPE is shown within other income in the income statement.

3 CASH AND CASH EQUIVALENTS

	2014 £ million	2013 £ million
Cash at bank and in hand	30	23
Short-term bank deposits	7	15
	37	38

The effective interest rate on short-term bank deposits was 19% (2013: 21%); these deposits have a maturity of less than 90 days. Cash is only held in banks which have been approved by Group Treasury.

Cash and bank overdrafts include the following for the purposes of the cash flow statement:

	2014 £ million	2013 £ million
Cash and cash equivalents	37	38
Bank overdrafts (Note 17)	(11)	(26)
	26	12

4 SEGMENTAL REPORTING

(A) REVENUE BY SEGMENT

	External revenue	
	2014 £ million	2013 £ million
Americas	684	645
Europe, Middle East and Africa	647	625
Asia, Pacific and Australia	246	303
Group	1,577	1,573
Local business	904	904
Power Projects	673	669
Group	1,577	1,573

- (i) Inter-segment transfers or transactions are entered into under the normal commercial terms and conditions that would also be available to unrelated third-parties. All inter-segment revenue was less than £1 million.
- (ii) Trading profit in table 4(B) below is defined as operating profit of £310 million (2013: £358 million) excluding gain on sale of property, plant and equipment of £4 million (2013: £6 million).

(B) PROFIT BY SEGMENT

	Trading profit		Gain on sale of PPE		Operating profit	
	2014 £ million	2013 £ million	2014 £ million	2013 £ million	2014 £ million	2013 £ million
Americas	141	147	2	3	143	150
Europe, Middle East and Africa	116	114	1	2	117	116
Asia, Pacific and Australia	49	91	1	1	50	92
Group	306	352	4	6	310	358
Local business	139	158	2	4	141	162
Power Projects	167	194	2	2	169	196
Operating profit	306	352	4	6	310	358
Finance costs – net					(21)	(25)
Profit before taxation					289	333
Taxation					(74)	(87)
Profit for the year					215	246

(C) DEPRECIATION AND AMORTISATION BY SEGMENT

	2014 £ million	2013 £ million
Americas	101	107
Europe, Middle East and Africa	108	109
Asia, Pacific and Australia	53	62
Group	262	278
Local business	143	144
Power Projects	119	134
Group	262	278

NOTES TO THE GROUP ACCOUNTS CONTINUED

For the year ended 31 December 2014

4 SEGMENTAL REPORTING CONTINUED

(D) CAPITAL EXPENDITURE ON PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS BY SEGMENT

	2014 £ million	2013 £ million
Americas	134	103
Europe, Middle East and Africa	83	68
Asia, Pacific and Australia	39	57
Group	256	228
Local business	178	117
Power Projects	78	111
Group	256	228

Capital expenditure comprises additions of property, plant and equipment (PPE) of £251 million (2013: £228 million), acquisitions of PPE of £2 million (2013: £nil million), and acquisitions of other intangible assets of £3 million (2013: £nil million).

(E) ASSETS/(LIABILITIES) BY SEGMENT

	Assets		Liabilities	
	2014 £ million	2013 £ million	2014 £ million	2013 £ million
Americas	868	819	(102)	(107)
Europe, Middle East and Africa	789	726	(164)	(160)
Asia, Pacific and Australia	342	375	(43)	(55)
Group	1,999	1,920	(309)	(322)
Local business	1,127	1,071	(139)	(144)
Power Projects	872	849	(170)	(178)
Group	1,999	1,920	(309)	(322)
Tax and finance payable	43	44	(125)	(123)
Derivative financial instruments	5	11	(8)	(9)
Borrowings	–	–	(520)	(375)
Retirement benefit obligation	–	–	(7)	(6)
Total assets/(liabilities) per balance sheet	2,047	1,975	(969)	(835)

(F) AVERAGE NUMBER OF EMPLOYEES BY SEGMENT

	2014 Number	2013 Number
Americas	2,904	2,771
Europe, Middle East and Africa	2,332	2,075
Asia, Pacific and Australia	876	903
Group	6,112	5,749
Local business	4,112	3,768
Power Projects	2,000	1,981
Group	6,112	5,749

(G) RECONCILIATION OF NET OPERATING ASSETS TO NET ASSETS

	2014 £ million	2013 £ million
Net operating assets	1,690	1,598
Retirement benefit obligation	(7)	(6)
Net tax and finance payable	(82)	(79)
	1,601	1,513
Borrowings and derivative financial instruments	(523)	(373)
Net assets	1,078	1,140

5 PROFIT BEFORE TAXATION

The following items have been included in arriving at profit before taxation:

	2014 £ million	2013 £ million
Staff costs (Note 7)	314	311
Cost of inventories recognised as an expense (included in cost of sales)	78	73
Depreciation of property, plant and equipment	259	273
Amortisation of intangibles (included in administrative expenses)	3	5
Gain on disposal of property, plant and equipment	(4)	(6)
Trade receivables impairment (included in administrative expenses)	(4)	–
Operating lease rentals payable	38	36

6 AUDITORS' REMUNERATION

	2014 £000	2013 £000
Audit services		
Fees payable to the Company's auditor for the audit of the Company's annual accounts and consolidated financial statements	262	178
Fees payable to the Company's auditor and its associates for other services:		
– The audit of the Company's subsidiaries	616	730
– Other assurance related services	147	107
– Tax compliance	54	45
– Tax advice	27	27

In addition to the above services, the Group's auditors acted as auditor to the Group's defined benefit pension scheme. The appointment of auditors to this pension scheme and the fees paid in respect of the audit and for any other services are agreed by the Trustee of the scheme, who act independently from the management of the Group. The aggregate fees paid to the Group's auditors for audit and non-audit services to the pension scheme during the year were £8k (2013: £9k).

7 EMPLOYEES AND DIRECTORS

Staff costs for the Group during the year:

	2014 £ million	2013 £ million
Wages and salaries	260	276
Social security costs	38	27
Share-based payments	3	(2)
Pension costs – defined contribution plans	11	8
Pension costs – defined benefit plans (Note 27.A6)	2	2
	314	311

Full details of Directors' remuneration are set out in the Remuneration Report on pages 92 to 118.

The key management comprise Executive and Non-executive Directors.

	2014 £ million	2013 £ million
Short-term employee benefits	4	5
Termination benefits	1	–
Post-employment benefits	–	1
Share-based payments	–	–
	5	6

NOTES TO THE GROUP ACCOUNTS CONTINUED

For the year ended 31 December 2014

8 NET FINANCE CHARGE

	2014 £ million	2013 £ million
Finance costs on bank loans and overdrafts	(23)	(26)
Finance income on bank balances and deposits	2	1
	(21)	(25)

9 TAXATION

	2014 £ million	2013 £ million
Analysis of charge in year		
Current tax expense:		
– UK corporation tax	4	5
– Double taxation relief	–	(1)
	4	4
– Overseas taxation	77	78
	81	82
Adjustments in respect of prior years:		
– UK	–	(5)
– Overseas	(4)	15
	77	92
Deferred taxation (Note 20):		
– temporary differences arising in current year	(4)	3
– movements in respect of prior years	1	(8)
	74	87

During the year the UK corporation tax rate reduced from 23% to 21% with effect from 1 April 2014. This results in a UK corporation tax rate for the year ended 31 December 2014 of 21.5%.

The tax (charge)/credit relating to components of other comprehensive income is as follows:

	2014 £ million	2013 £ million
Deferred tax on hedging reserve movements	–	(1)
Deferred tax on retirement benefits	–	1
Current tax on exchange movements	–	2
	–	2

The tax (charge)/credit relating to equity is as follows:

	2014 £ million	2013 £ million
Current tax on share-based payments	–	3
Deferred tax on share-based payments	–	(3)
	–	–

9 TAXATION CONTINUED

Variances between the current tax charge and the standard 21.5% (2013: 23.3%) UK corporate tax rate when applied to profit on ordinary activities for the year are as follows:

	2014 £ million	2013 £ million
Profit before taxation	289	333
Tax calculated at 21.5% (2013: 23.3%) standard UK corporate rate	62	77
Differences between UK and overseas tax rates	18	6
Permanent differences	(3)	(1)
Impact of deferred tax rate changes	(1)	(1)
Deferred tax assets not recognised	1	4
Tax on current year profit	77	85
Prior year adjustments – current tax	(4)	10
Prior year adjustments – deferred tax	1	(8)
Total tax on profit	74	87
Effective tax rate	26%	26%

10 DIVIDENDS

	2014 £ million	2014 per share (p)	2013 £ million	2013 per share (p)
Final paid	46	17.19	42	15.63
Interim paid	24	9.38	24	9.11
	70	26.57	66	24.74

In addition, the Directors are proposing a final dividend in respect of the financial year ended 31 December 2014 of 17.74 pence per share which will absorb an estimated £45 million of Shareholders' funds. It will be paid on 26 May 2015 to Shareholders who are on the register of members on 24 April 2015.

11 EARNINGS PER SHARE

Basic earnings per share have been calculated by dividing the earnings attributable to ordinary Shareholders by the weighted average number of shares in issue during the year, excluding shares held by the Employee Share Ownership Trusts which are treated as cancelled.

	2014	2013
Profit for the year (£ million)	215	246
Weighted average number of Ordinary Shares in issue (million)	261	267
Basic earnings per share (pence)	82.57	92.15

For diluted earnings per share, the weighted average number of Ordinary Shares in issue is adjusted to assume conversion of all potentially dilutive Ordinary Shares. These represent share options granted to employees where the exercise price is less than the average market price of the Company's Ordinary Shares during the year. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	2014	2013
Profit for the year (£ million)	215	246
Weighted average number of Ordinary Shares in issue (million)	261	267
Adjustment for share options and B Shares (million)	–	–
Diluted weighted average number of Ordinary Shares in issue (million)	261	267
Diluted earnings per share (pence)	82.49	92.03

NOTES TO THE GROUP ACCOUNTS CONTINUED

For the year ended 31 December 2014

12 GOODWILL

	2014 £ million	2013 £ million
Cost		
At 1 January	133	145
Acquisitions	1	–
Exchange adjustments	(4)	(12)
At 31 December	130	133
Accumulated impairment losses	–	–
Net book value	130	133

On 6 November 2014, the Group acquired 100% of the issued share capital of Golden Triangle Generators Limited (GTGL). The purchase consideration, paid in cash, comprises a fixed element of £4 million and further payments up to a maximum of £2 million dependent on financial performance during 2015. The fair value of net assets acquired was £5 million (Total assets of £5 million and total liabilities of £nil) resulting in goodwill of £1 million. GTGL is a leading provider of rental power solutions to customers in the northwest of the UK and this acquisition will help us increase our presence in the geographical area.

Goodwill impairment tests

Goodwill has been allocated to cash generating units (CGUs) as follows:

	2014 £ million	2013 £ million
Americas	109	113
Europe, Middle East and Africa	13	12
Asia, Pacific and Australia	8	8
Group	130	133
Local business	128	131
Power Projects	2	2
Group	130	133

Goodwill is tested for impairment annually or whenever there is an indication that the asset may be impaired. Goodwill is monitored by management at an operating segment level. The recoverable amounts of the CGUs are determined from value in use calculations. The key assumptions for value in use calculations are those relating to expected changes in revenue and the cost base, discount rates and long-term growth rates. The discount rate used for business valuations was 8.8% after tax (2013: 8.6%), based on the weighted average cost of capital (WACC) of the Group. Before tax the estimated discount rate was 12.1% (2013: 11.7%). The WACC was calculated using the market capitalisation basis as at 31 December 2014 (i.e. equity valued basis).

On the basis that the business carried out by all CGUs is closely related and assets can be redeployed around the Group as required, a consistent Group discount rate has been used for all CGUs. Values in use were determined using current year cash flows, a prudent view of future market trends and excludes any growth capital expenditure. A terminal cash flow was calculated using a long-term growth rate of 2.0%.

As at 31 December 2014, based on internal valuations, Aggreko plc management concluded that the values in use of the CGUs significantly exceeded their net asset value.

The Directors consider that there is no reasonably possible change in the key assumptions made in their impairment calculations that would give rise to an impairment.

13 OTHER INTANGIBLE ASSETS

Refer to Note 27.A2.

14 PROPERTY, PLANT AND EQUIPMENT

Year ended 31 December 2014

	Freehold properties £ million	Short leasehold properties £ million	Rental fleet £ million	Vehicles, plant and equipment £ million	Total £ million
Cost					
At 1 January 2014	63	19	2,373	84	2,539
Exchange adjustments	2	–	68	–	70
Additions	12	2	226	11	251
Acquisitions	–	–	2	–	2
Disposals	–	(1)	(70)	(6)	(77)
At 31 December 2014	77	20	2,599	89	2,785
Accumulated depreciation					
At 1 January 2014	19	12	1,291	52	1,374
Exchange adjustments	2	–	42	–	44
Charge for the year	2	2	243	12	259
Disposals	–	(1)	(63)	(5)	(69)
At 31 December 2014	23	13	1,513	59	1,608
Net book values:					
At 31 December 2014	54	7	1,086	30	1,177
At 31 December 2013	44	7	1,082	32	1,165

Year ended 31 December 2013

	Freehold properties £ million	Short leasehold properties £ million	Rental fleet £ million	Vehicles, plant and equipment £ million	Total £ million
Cost					
At 1 January 2013	59	18	2,328	95	2,500
Exchange adjustments	(1)	(1)	(108)	(5)	(115)
Additions	7	2	205	14	228
Disposals	(2)	–	(52)	(20)	(74)
At 31 December 2013	63	19	2,373	84	2,539
Accumulated depreciation					
At 1 January 2013	18	10	1,134	62	1,224
Exchange adjustments	–	–	(54)	(3)	(57)
Charge for the year	2	2	257	12	273
Disposals	(1)	–	(46)	(19)	(66)
At 31 December 2013	19	12	1,291	52	1,374
Net book values:					
At 31 December 2013	44	7	1,082	32	1,165
At 31 December 2012	41	8	1,194	33	1,276

15 INVENTORIES

	2014 £ million	2013 £ million
Raw materials and consumables	158	144
Work in progress	5	5
	163	149

NOTES TO THE GROUP ACCOUNTS CONTINUED

For the year ended 31 December 2014

16 TRADE AND OTHER RECEIVABLES

	2014 £ million	2013 £ million
Trade receivables	381	346
Less: provision for impairment of receivables	(55)	(61)
Trade receivables – net	326	285
Prepayments	32	26
Accrued income	82	77
Other receivables	34	29
Total receivables	474	417

The value of trade and other receivables quoted in the table above also represent the fair value of these items.

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	2014 £ million	2013 £ million
Sterling	14	9
Euro	55	53
US Dollar	168	210
Other currencies	237	145
	474	417

Movements on the Group's provision for impairment of trade receivables are as follows:

	2014 £ million	2013 £ million
At 1 January	61	63
Net provision for receivables impairment	(4)	–
Receivables written off during the year as uncollectable	(3)	(1)
Exchange	1	(1)
At 31 December	55	61

Credit quality of trade receivables

The table below analyses the total trade receivables balance per operating segment into fully performing, past due and impaired.

31 December 2014

	Fully performing £ million	Past due £ million	Impaired £ million	Total £ million
Americas	35	96	23	154
Europe, Middle East and Africa	77	73	26	176
Asia, Pacific and Australia	14	31	6	51
Group	126	200	55	381
Local business	76	80	17	173
Power Projects	50	120	38	208
Group	126	200	55	381

16 TRADE AND OTHER RECEIVABLES CONTINUED

31 December 2013

	Fully performing £ million	Past due £ million	Impaired £ million	Total £ million
Americas	29	82	35	146
Europe, Middle East and Africa	69	59	20	148
Asia, Pacific and Australia	18	28	6	52
Group	116	169	61	346
Local business	74	64	12	150
Power Projects	42	105	49	196
Group	116	169	61	346

Trade receivables are classified as impaired if they are not considered recoverable. 40% of the amounts past due are less than 30 days past due (2013: 43%).

The Group assesses credit quality differently in relation to its two business models as explained below:

Local business

Our Local business serves customers in North, Central and South America, Europe, the Middle East, Africa, Asia and Australasia. It is a high transaction intensive business focused on frequently occurring events and the majority of the contracts in this business are small relative to the size of the Group. There is no concentration of credit risk in this business other than in the case of a major event, for example, the London Olympics, which was included in the Europe, Middle East and Africa business in 2012. Apart from these type of major events there are a large number of customers who are unrelated and internationally dispersed.

The management of trade receivables is the responsibility of the operating units, although they report monthly to Group on debtor days, debtor ageing and significant outstanding debts. At an operating unit level a credit rating is normally established for each customer based on ratings from external agencies. Where no ratings are available, cash in advance payment terms are often established for new customers. Credit limits are reviewed on a regular basis. The effectiveness of this credit process has meant that the Group has historically had a low level of bad debt in the Local business. Receivables written off during the year as uncollectable as a percentage of total gross debtors was 2% (2013: 1%).

Power Projects

Our Power Projects business concentrates on medium to very large contracts. Customers are mainly in developing countries and include power utilities, governments, armed forces, oil companies and mining companies.

In addition the majority of the contracts above are in jurisdictions where payment practices can be unpredictable. The Group monitors the risk profile and debtor position of all such contracts regularly, and deploys a variety of techniques to mitigate the risks of delayed or non-payment; these include securing advance payments, bonds and guarantees. On the largest contracts, all such arrangements are approved at a Group level. Contracts are reviewed on a case by case basis to determine the customer and country risk. To date the Group has also had a low level of bad debt in the Power Projects business although the risk of a major default is high.

The total trade receivables balance as at 31 December 2014 for our Power Projects business was £208 million (2013: £196 million). Within this balance, receivable balances totalling £83 million (2013: £85 million) had some form of payment cover attached to them. This payment cover guards against the risk of customer default rather than the risk associated with customer disputes. The risk associated with the remaining £125 million (2013: £111 million) is deemed to be either acceptable or payment cover is not obtainable in a cost effective manner.

NOTES TO THE GROUP ACCOUNTS CONTINUED

For the year ended 31 December 2014

17 BORROWINGS

	2014 £ million	2013 £ million
Non-current		
Bank borrowings	214	138
Private placement notes	241	227
	455	365
Current		
Bank overdrafts	11	26
Bank borrowings	65	10
	76	36
Total borrowings	531	401
Short-term deposits	(7)	(15)
Cash at bank and in hand	(30)	(23)
Net borrowings	494	363

Overdrafts and borrowings are unsecured.

(i) Maturity of financial liabilities

The maturity profile of the borrowings was as follows:

	2014 £ million	2013 £ million
Within 1 year, or on demand	76	36
Between 1 and 2 years	191	38
Between 2 and 3 years	–	100
Between 3 and 4 years	71	–
Between 4 and 5 years	16	45
Greater than 5 years	177	182
	531	401

(ii) Borrowing facilities

The Group has the following undrawn committed floating rate borrowing facilities available at 31 December 2014 in respect of which all conditions precedent had been met at that date:

	2014 £ million	2013 £ million
Expiring within 1 year	189	30
Expiring between 1 and 2 years	128	185
Expiring between 2 and 3 years	–	202
Expiring between 3 and 4 years	50	–
Expiring between 4 and 5 years	–	72
Expiring after 5 years	–	–
	367	489

(iii) Interest rate risk profile of financial liabilities

Refer to Note 27.A3.

(iv) Interest rate risk profile of financial assets

Refer to Note 27.A3.

(v) Preference share capital

Refer to Note 27.A3.

18 FINANCIAL INSTRUMENTS

Refer to Note 27.A4.

(i) Fair values of financial assets and financial liabilities

Refer to Note 27.A4.

(ii) Summary of methods and assumptions

Refer to Note 27.A4.

(iii) Derivative financial instruments

Refer to Note 27.A4.

(iv) The exposure of the Group to interest rate changes when borrowings reprice

Refer to Note 27.A4.

19 TRADE AND OTHER PAYABLES

	2014 £ million	2013 £ million
Trade payables	82	81
Other taxation and social security payable	8	9
Other payables	78	77
Accruals	113	113
Deferred income	22	20
	303	300

The value of trade and other payables quoted in the table above also represent the fair value of these items.

20 DEFERRED TAX

	2014 £ million	2013 £ million
At 1 January	(28)	(28)
Impact of rate reduction	1	1
Deferred tax on acquisitions	(1)	–
Credit to the income statement (Note 9)	2	4
Debit to equity	–	(3)
Exchange differences	(5)	(2)
At 31 December	(31)	(28)

No deferred tax liability has been recognised in respect of unremitted earnings of subsidiaries. It is likely that the majority of the overseas earnings will qualify for the UK dividend exemption and the Group can control the distribution of dividends by its subsidiaries. In some countries, local tax is payable on the remittance of a dividend. Were dividends to be remitted from these countries, the additional tax payable would be £15 million.

The movements in deferred tax assets and liabilities (prior to off setting of balances within the same jurisdiction as permitted by IAS 12) during the period are shown below. Deferred tax assets and liabilities are only offset where there is a legally enforceable right of offset and there is an intention to settle the balances net.

Deferred tax assets are recognised to the extent that the realisation of the related deferred tax benefit through future taxable profits is probable. The Group did not recognise deferred tax assets of £6 million (2013: £5 million) of which £6 million (2013: £5 million) relates to carried forward tax losses as our forecasts indicate that these assets will not reverse in the near future.

Deferred tax assets of £18 million (2013: £13 million) have been recognised in respect of entities which have suffered a loss in either the current or preceding period.

NOTES TO THE GROUP ACCOUNTS CONTINUED

For the year ended 31 December 2014

20 DEFERRED TAX CONTINUED

Deferred tax liabilities

	Accelerated capital depreciation £ million	Other temporary differences £ million	Total £ million
At 1 January 2014	(64)	13	(51)
Credit to the income statement	–	3	3
Exchange differences	–	(5)	(5)
At 31 December 2014	(64)	11	(53)

Deferred tax assets

	Accelerated capital depreciation £ million	Other temporary differences £ million	Total £ million
At 1 January 2014	2	21	23
Charge/(credit) to the income statement	(8)	8	–
Deferred tax on acquisition	(1)	–	(1)
At 31 December 2014	(7)	29	22

The net deferred tax liability due after more than one year is £31 million (2013: liability of £28 million).

21 SHARE CAPITAL

	2014 Number of shares	2014 £000	2013 Number of shares	2013 £000
(i) Ordinary Shares				
At 1 January (2014 and 2013: Ordinary Shares of 13 ⁵⁴⁹ / ₇₇₅ pence)	269,029,545	36,880	268,366,083	36,789
Employee share option scheme	56,870	8	663,462	91
Share consolidation (79 for 83 shares as at 27 May 2014*)	(12,968,020)	–	–	–
Share split:				
Deferred Ordinary Shares (Note (i))	–	(17,147)	–	–
B Shares (Note (iii))	–	(181)	–	–
Transfer to capital redemption reserve (Note (ii))	–	(7,182)	–	–
At 31 December (2014: Ordinary Shares of 4³²⁹/₃₉₅ pence; 2013: Ordinary Shares of 13⁵⁴⁹/₇₇₅ pence)	256,118,395	12,378	269,029,545	36,880
(ii) Deferred Ordinary Shares of 6¹⁸/₂₅ pence (2013: 6¹⁸/₂₅ pence)				
At 1 January and 31 December	182,700,915	12,278	182,700,915	12,278
(iii) Deferred Ordinary Shares of 1¹/₇₇₅ pence (2013: 1¹/₇₇₅ pence)				
At 1 January and 31 December	18,352,057,648	237	18,352,057,648	237
(iv) Deferred Ordinary Shares of 9⁸⁴/₇₇₅ pence (2013: nil)				
At 1 January	–	–	–	–
Share split (Note (i))	188,251,587	17,147	–	–
At 31 December	188,251,587	17,147	–	–
(v) B Shares of 9⁸⁴/₇₇₅ pence (2013: nil)				
At 1 January	–	–	–	–
Share split (Note (iii))	1,989,357	181	–	–
At 31 December	1,989,357	181	–	–

* Based on 269,086,415 Ordinary Shares of 13⁵⁴⁹/₇₇₅ pence each on record date of 27 May 2014.

21 SHARE CAPITAL CONTINUED

In June 2014 the Group completed a return of capital using a B Share structure. The main terms of the return of capital and related consolidation of Ordinary Shares were:

- the issue of one B Share of par value $9^{84}/_{175}$ pence for every one existing Ordinary Share held on the record date. This resulted in the creation of 269,086,415 B Shares; and
- the issue of 79 new Ordinary Shares of par value $4^{329}/_{395}$ pence for every 83 existing Ordinary Shares held on the record date.

As a result of the return of capital:

- (i) From the 269,086,415 B Shares created a special dividend of 75 pence per B Share was paid on 188,251,587 B Shares, which then converted into deferred shares of negligible value resulting in a cash payment from the Company of £141.2 million on 6 June 2014;
- (ii) A further 78,845,471 B Shares were bought back at 75 pence each resulting in a cash payment from the Company of £59.1 million on 6 June 2014. As a result of this transaction £7,182k was transferred from Ordinary Share capital to the capital redemption reserve being 78,845,471 shares at par value $9^{84}/_{175}$ and;
- (iii) The Company intends to further offer to purchase the remaining 1,989,357 B Shares in the future at 75 pence each.

£2 million has been transferred back to the Group from the Group Employee Benefit Trust. Such amount represents the portion of the 2011 return of capital received by the Employee Benefit Trust in respect of the B Shares created out of the Ordinary Shares held in the Employee Benefit Trust at the time of the 2011 return; and is equivalent to 55 pence per B Share.

During the year 15 Ordinary Shares of $13^{549}/_{175}$ pence each have been issued to the Aggreko plc Employee Benefit Trust. In addition 56,855 shares were allotted to US participants in the Long-Term Incentive Plan.

SHARE OPTIONS

Refer to Note 27.A5.

22 TREASURY SHARES

	2014 £ million	2013 £ million
Treasury shares	(14)	(24)

Interests in own shares represents the cost of 824,036 of the Company's Ordinary Shares (nominal value $4^{329}/_{395}$ pence). Movement during the year was as follows:

	2014 Number of shares	2013 Number of shares
1 January	1,331,750	2,176,628
Purchase of shares	–	62,459
Shares received from Aggreko plc	15	–
Long-term Incentive Plan Maturity	(183,306)	(855,501)
Sharesave maturity	(273,892)	(51,836)
UK Deferred bonus plan	(6,105)	–
Share consolidation (79 for 83 shares (Note 21))	(44,426)	–
31 December	824,036	1,331,750

These shares represent 0.3% of issued share capital as at 31 December 2014 (2013: 0.5%).

These shares were acquired by a Trust in the open market using funds provided by Aggreko plc to meet obligations under the Long-term Incentive Arrangements and Aggreko Sharesave Plans. The costs of funding and administering the scheme are charged to the income statement of the Company in the period to which they relate. The market value of the shares at 31 December 2014 was £12 million (31 December 2013: £23 million).

NOTES TO THE GROUP ACCOUNTS CONTINUED

For the year ended 31 December 2014

23 CAPITAL COMMITMENTS

	2014 £ million	2013 £ million
Contracted but not provided for (property, plant and equipment)	18	15

24 OPERATING LEASE COMMITMENTS – MINIMUM LEASE PAYMENTS

	2014 £ million	2013 £ million
Commitments under non-cancellable operating leases expiring:		
Within one year	24	25
Later than one year and less than five years	40	42
After five years	11	13
Total	75	80

25 PENSION COMMITMENTS

Refer to Note 27.A6.

26 INVESTMENTS IN SUBSIDIARIES

The subsidiary undertakings of Aggreko plc at the year end, and the main countries in which they operate, are shown on the next page. All companies are wholly owned and, unless otherwise stated, incorporated in UK or in the principal country of operation and are involved in the supply of temporary power, temperature control and related services.

All shareholdings are of Ordinary Shares or other equity capital.

26 INVESTMENTS IN SUBSIDIARIES CONTINUED

Aggreko Angola Lda	Angola	Aggreko Generator Rentals (PNG) Limited****	Papua New Guinea
Aggreko Argentina S.R.L.	Argentina	Aggreko Peru S.A.C.	Peru
Aggreko Generators Rental Pty Limited	Australia	Aggreko Energy Rental Solutions Inc	Philippines
Aggreko Barbados Limited	Barbados	Aggreko Polska Spolka Z Organizacja	Poland
Aggreko Belgium NV	Belgium	Aggreko Energy Rentals Tanzania Limited	Tanzania
Aggreko Energia Locacao de Geradores Ltd	Brazil	Aggreko Trinidad Limited	Republic of Trinidad & Tobago
Aggreko Cameroon S.R.L.	Cameroon	Aggreko South East Europe S.R.L.	Romania
Aggreko Canada Inc	Canada	Aggreko Eurasia LLC	Russia
Aggreko Financial Holdings Limited*	Cayman Islands	Aggreko Rwanda Limited	Rwanda
Aggreko Chile Limitada	Chile	Aggreko Senegal S.A.R.L.	Senegal
Aggreko (Shanghai) Energy Equipment Rental Company Limited	China	Aggreko (Singapore) PTE Limited	Singapore
Aggreko Colombia SAS	Colombia	Aggreko Energy Rental South Africa (Proprietary) Limited	South Africa
Aggreko Costa Rica S.A. ****	Costa Rica	Aggreko South Korea Limited	South Korea
Aggreko Cote d'Ivoire S.A.R.L.	Cote d'Ivoire	Aggreko Iberia SA	Spain
Aggreko (Middle East) Limited	Cyprus*	Aggreko (Thailand) Limited	Thailand
Aggreko DRC S.P.R.L.	Democratic Republic of the Congo	Aggreko Americas Holdings B.V.*	The Netherlands
Aggreko Dominican Republic	Dominican Republic	Aggreko Euro Holdings B.V.*	The Netherlands
Aggreko Energy Ecuador CIA	Ecuador	Aggreko Rest of the World Holdings B.V.*	The Netherlands
Aggreko Finland Oy	Finland	Aggreko (Investments) B.V.**	The Netherlands
Aggreko France S.A.R.L.	France	Aggreko Nederland B.V.	The Netherlands
Aggreko Gabon S.A.R.L.	Gabon	Generatoren Koopmans B.V.****	The Netherlands
Golden Triangle Generators Limited	UK	Aggreko Enerji ve Isi Kontrol Ticaret Anonim Sirketi	Turkey
Aggreko Deutschland GmbH	Germany	Aggreko Middle East Limited FZE	UAE
Aggreko Hong Kong Limited	Hong Kong	Aggreko Finance Limited	UK
Aggreko Energy Rental India Private Limited***	India	Aggreko Holdings Limited*	UK
PT Aggreko Energy Services (Indonesia)	Indonesia	Aggreko European Finance****	UK
Aggreko Ireland Limited	Ireland	Aggreko International Projects Holdings Limited*	UK
Aggreko Italia S.R.L.	Italy	Aggreko International Projects Limited**	UK
Aggreko Japan Limited	Japan	Aggreko Pension Scheme Trustee Limited****	UK
Aggreko Kenya Energy Rentals Limited	Kenya	Aggreko UK Limited	UK
Aggreko Malaysia SDN BHD	Malaysia	Aggreko US Limited	UK
Aggreko Shanduka Mauritius Limited***	Mauritius	Aggreko Generators Limited****	UK
Aggreko Energy Mexico SA de CV	Mexico	Aggreko Luxembourg Holdings****	UK
Aggreko Services Mexico SA de CV	Mexico	Aggreko Quest Trustee Limited****	UK
Aggreko SA de CV****	Mexico	CS1 Limited****	UK
Aggreko Mocambique Limitada	Mozambique	Dunwilco (680) Limited****	UK
Aggreko Myanmar Co Limited	Myanmar	Rotor-Wheel UK Limited****	UK
Aggreko Namibia Energy Rentals (Pty) Ltd	Namibia	Aggreko Uruguay S.A.	Uruguay
Aggreko (NZ) Limited	New Zealand	Aggreko Holdings Inc*	USA
Aggreko Projects Limited	Nigeria	Aggreko USA LLC*	USA
Aggreko Gas Power Generation Limited****	Nigeria	Aggreko LLC	USA
Aggreko Norway AS	Norway	Aggreko de Venezuela C.A.	Venezuela
Aggreko Energy Rentals Panama SA	Panama		

* Registered in Cyprus

** Administered from Dubai and registered in the UK

*** Aggreko ownership is 70%, remainder is held by Shanduka Africa Investments Limited

+ Intermediate holding companies

** Finance Company

+++ The financial year end of Aggreko Energy Rental India Private Limited is 31 March due to local taxation requirements

**** Dormant Company

NOTES TO THE GROUP ACCOUNTS CONTINUED

For the year ended 31 December 2014

27 NOTES TO THE GROUP ACCOUNTS – APPENDICES**27.A1 ACCOUNTING POLICIES****DERIVATIVE FINANCIAL INSTRUMENTS**

The activities of the Group expose it directly to the financial risks of changes in forward foreign currency exchange rates and interest rates. The Group uses forward foreign exchange contracts, foreign currency options and interest rate swap contracts to hedge these exposures. The Group does not use derivative financial instruments for speculative purposes.

Derivatives are initially recorded and subsequently measured at fair value, which is calculated using standard industry valuation techniques in conjunction with observable market data. The fair value of interest rate swaps is calculated as the present value of estimated future cash flows using market interest rates and the fair value of forward foreign exchange contracts is determined using forward foreign exchange market rates at the reporting date. The treatment of changes in fair value of derivatives depends on the derivative classification. The Group designates derivatives as hedges of highly probable forecasted transactions or commitments ('cash flow hedge').

In order to qualify for hedge accounting, the Group is required to document in advance the relationship between the item being hedged and the hedging instrument. The Group is also required to document and demonstrate an assessment of the relationship between the hedged item and the hedging instrument, which shows that the hedge will be highly effective on an ongoing basis. This effectiveness testing is re-performed at each period end to ensure that the hedge remains highly effective.

CASH FLOW HEDGES

Changes in the fair value of derivative financial instruments that are designated, and effective, as hedges of future cash flows are recognised directly in equity and any ineffective portion is recognised immediately in the income statement. If the cash flow hedge is of a firm commitment or forecasted transaction that subsequently results in the recognition of an asset or a liability, then, at the time the asset or liability is recognised, the associated gains or losses on the derivative that had previously been recognised in equity are included in the initial measurement of the asset or liability. For hedges of transactions that do not result in the recognition of an asset or a liability, amounts deferred in equity are recognised in the income statement in the same period in which the hedged item affects net profit and loss.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement as they arise.

Hedge accounting is discontinued when the hedging instrument no longer qualifies for hedge accounting. At that time any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to the income statement.

OVERSEAS NET INVESTMENT HEDGES

Certain foreign currency borrowings are designated as hedges of the Group's overseas net investments, which are denominated in the functional currency of the reporting operation.

Exchange differences arising from the retranslation of the net investment in foreign entities and of borrowings are taken to equity on consolidation to the extent the hedges are deemed effective. All other exchange gains and losses are dealt with through the income statement.

SHARE-BASED PAYMENTS

IFRS 2 'Share-based Payment' has been applied to all grants of equity instruments. The Group issues equity-settled share-based payments to certain employees under the terms of the Group's various employee-share and option schemes. Equity-settled share-based payments are measured at fair value at the date of the grant. The fair value determined at the grant date of equity-settled share-based payments is expensed on a straight line basis over the vesting period, based on an estimate of the shares that will ultimately vest. Fair value is measured using the Black-Scholes option-pricing model.

Own shares held under trust for the Group's employee share schemes are classed as Treasury shares and deducted in arriving at Shareholders' equity. No gain or loss is recognised on disposal of Treasury shares. Purchases of own shares are disclosed as changes in Shareholders' equity.

27.A2 OTHER INTANGIBLE ASSETS

	2014 £ million	2013 £ million
Cost		
At 1 January	39	45
Acquisitions	3	–
Disposals	–	(2)
Exchange adjustments	–	(4)
At 31 December	42	39
Accumulated amortisation		
At 1 January	21	19
Charge for the year	3	5
Disposals	–	(2)
Exchange adjustments	–	(1)
At 31 December	24	21
Net book values		
At 31 December	18	18

Amortisation charges in the year mainly comprised amortisation of assets arising from business combinations and have been recorded in administrative expenses.

27.A3 BORROWINGS

(i) Interest rate risk profile of financial liabilities

The interest rate profile of the Group's financial liabilities at 31 December 2014, after taking account of the interest rate swaps used to manage the interest profile, was:

	Floating rate £ million	Fixed rate £ million	Total £ million	Fixed rate debt	
				Weighted average interest rate %	Weighted average period for which rate is fixed Years
Currency:					
US Dollar	144	305	449	4.3	5.9
Canadian Dollars	10	–	10	–	–
New Zealand Dollars	6	–	6	–	–
South African Rand	4	–	4	–	–
Mexican Pesos	11	–	11	–	–
Russian Rubles	6	–	6	–	–
Brazil Reals	13	–	13	–	–
Indian Rupees	8	–	8	–	–
Singapore Dollars	7	–	7	–	–
Romanian Liew	9	–	9	–	–
Colombian Peso	3	–	3	–	–
Chinese Renminbi	4	–	4	–	–
Other currencies	1	–	1	–	–
As at 31 December 2014	226	305	531		

NOTES TO THE GROUP ACCOUNTS CONTINUED

For the year ended 31 December 2014

27.A3 BORROWINGS CONTINUED

(i) Interest rate risk profile of financial liabilities continued

Currency:	Floating rate £ million	Fixed rate £ million	Total £ million	Fixed rate debt	
				Weighted average interest rate %	Weighted average period for which rate is fixed Years
US Dollar	11	287	298	4.3	6.9
Euro	17	–	17	–	–
Canadian Dollar	14	–	14	–	–
New Zealand Dollar	6	–	6	–	–
South African Rand	5	–	5	–	–
Mexican Peso	10	–	10	–	–
Russian Ruble	6	–	6	–	–
Brazilian Real	16	–	16	–	–
Indian Rupee	8	–	8	–	–
Singapore Dollar	5	–	5	–	–
Romanian Lieu	8	–	8	–	–
Colombian Peso	4	–	4	–	–
Other currencies	4	–	4	–	–
As at 31 December 2013	114	287	401		

The floating rate financial liabilities principally comprise debt which carries interest based on different benchmark rates depending on the currency of the balance and are normally fixed in advance for periods between one and three months.

The weighted average interest rate on fixed debt is derived from the fixed leg of each interest rate swap and coupons applying to fixed rate private placement notes.

The effect of the Group's interest rate swaps is to classify £64 million (2013: £60 million) of borrowings in the above table as fixed rate.

The notional principal amount of the outstanding interest rate swap contracts at 31 December 2014 was £64 million (2013: £60 million).

(ii) Interest rate risk profile of financial assets

Currency:	Cash at bank and in hand £ million	Short-term deposits £ million	Total £ million
US Dollar	9	–	9
Euro	2	–	2
Brazilian Real	3	–	3
Argentinian Peso	1	6	7
Australian Dollar	1	–	1
Chilean Peso	3	–	3
Other currencies	11	1	12
At 31 December 2014	30	7	37
Currency:			
US Dollar	8	–	8
Euro	1	–	1
Brazilian Real	2	–	2
Argentinian Peso	2	15	17
Australian Dollar	2	–	2
Other currencies	8	–	8
At 31 December 2013	23	15	38

All of the above cash and short-term deposits are floating rate and earn interest based on relevant LIBID (London Interbank Bid Rate) equivalents or market rates for the currency concerned.

27.A3 BORROWINGS CONTINUED

(iii) Preference share capital

	2014 Number	2014 £000	2013 Number	2013 £000
Authorised:				
Redeemable preference shares of 25p each	199,998	50	199,998	50

No redeemable preference shares were allotted as at 31 December 2014 and 31 December 2013. The Board is authorised to determine the terms, conditions and manner of redemption of redeemable shares.

27.A4 FINANCIAL INSTRUMENTS

As stated in our accounting policies Note 27.A1 on page 158 the activities of the Group expose it directly to the financial risks of changes in foreign currency exchange rates and interest rates. The Group uses forward foreign exchange contracts and interest rate swap contracts to hedge these exposures. The movement in the hedging reserve is shown in the Statement of Changes in Equity.

(i) Fair values of financial assets and financial liabilities

The following table provides a comparison by category of the carrying amounts and the fair values of the Group's financial assets and financial liabilities at 31 December 2014. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Market values have been used to determine fair values.

	2014		2013	
	Book value £ million	Fair value £ million	Book value £ million	Fair value £ million
Primary financial instruments held or issued to finance the Group's operations:				
Current borrowings and overdrafts	(76)	(76)	(36)	(36)
Non-current borrowings	(455)	(455)	(365)	(365)
Short-term deposits	7	7	15	15
Cash at bank and in hand	30	30	23	23
Derivative financial instruments held:				
Interest rate swaps	(7)	(7)	(8)	(8)
Foreign currency options	-	-	11	11
Forward foreign currency contracts	4	4	(1)	(1)

(ii) Summary of methods and assumptions

Interest rate swaps and foreign currency derivatives

Fair value is based on market price of these instruments at the balance sheet date. In accordance with IFRS 13, interest rate swaps are considered to be level 2 with fair value being calculated at the present value of estimated future cash flows using market interest rates. Forward foreign currency contracts and currency options are considered to be level 1 as the valuation is based on quoted market prices at the end of the reporting period.

Current borrowings and overdrafts/Short-term deposits

The fair value of short-term deposits and current borrowings and overdrafts approximates to the carrying amount because of the short maturity of these instruments.

Non-current borrowings

In the case of non-current borrowings, the fair value approximates to the carrying value reported in the balance sheet.

NOTES TO THE GROUP ACCOUNTS CONTINUED

For the year ended 31 December 2014

27.A4 FINANCIAL INSTRUMENTS CONTINUED

(iii) Derivative financial instruments

Numerical financial instruments disclosures are set out below. Additional disclosures are set out in the financial review and accounting policies relating to risk management.

	2014		2013	
	Assets £ million	Liabilities £ million	Assets £ million	Liabilities £ million
Current:				
Interest rate swaps – cash flow hedge	-	-	-	-
Forward foreign currency contracts – cash flow hedge	5	(1)	-	(1)
Currency options – cash flow hedge	-	-	11	-
Non-current:				
Interest rate swaps – cash flow hedge	-	(7)	-	(8)
Currency options – cash flow hedge	-	-	-	-
	5	(8)	11	(9)

Net fair values of derivative financial instruments

The net fair value of derivative financial instruments that are designated as cash flow hedges at the balance sheet date was:

	2014 £ million	2013 £ million
Interest rate swaps	(7)	(8)
Currency options	-	11
Forward foreign currency contracts	4	(1)
	(3)	2

The net fair value gains at 31 December 2014 on open forward exchange contracts that hedge the foreign currency risk of future anticipated revenues are £4 million (2013: loss of £1 million) and that hedge the foreign currency risk of future anticipated expenditure are £nil. These will be allocated to revenues when the forecast revenues occur (2013 anticipated future expenditure: £nil). The net fair value liabilities at 31 December 2014 on open interest swaps that hedge interest risk are £7 million (2013: liabilities of £8 million). These will be debited to the income statement financial cost over the remaining life of each interest rate swap. Currency options are financial assets which are considered to have two components (intrinsic element and time element). The intrinsic element hedges the foreign currency risk of future anticipated revenues and this will be allocated to revenues when the forecast revenues occur. The time element is expensed to the income statement in line with the life of the options.

Hedge of net investment in foreign entity

The Group has designated as a hedge of the net investment in its overseas subsidiaries foreign currency denominated borrowings as detailed in the table below. The fair value of these borrowings were as follows:

	2014 £ million	2013 £ million
US Dollar	449	287
Euro	-	17
Canadian Dollars	10	14
New Zealand Dollars	6	6
South African Rand	-	5
Mexican Pesos	11	10
Singapore Dollars	7	5
Russian Rubles	6	6

A foreign exchange loss of £29 million (2013: gain of £8 million) on translation of the borrowings into Sterling has been recognised in exchange reserves.

27.A4 FINANCIAL INSTRUMENTS CONTINUED**(iv) The exposure of the Group to interest rate changes when borrowings reprice is as follows:****As at 31 December 2014**

	<1 year £ million	1-5 years £ million	>5 years £ million	Total £ million
Total borrowings	76	278	177	531
Effect of interest rate swaps and other fixed rate debt	–	(128)	(177)	(305)
	76	150	–	226

As at 31 December 2013

	<1 year £ million	1-5 years £ million	>5 years £ million	Total £ million
Total borrowings	36	183	182	401
Effect of interest rate swaps and other fixed rate debt	–	(45)	(242)	(287)
	36	138	(60)	114

As at 31 December 2014 and 31 December 2013 all of the Group's floating debt was exposed to repricing within three months of the balance sheet date. The Group's interest rate swap portfolio is reviewed on a regular basis to ensure it is consistent with Group policy as described on page 141.

The effective interest rates at the balance sheet date were as follows:

	2014	2013
Bank overdrafts	9.9%	6.2%
Bank borrowings	2.4%	3.1%
Private placement	4.2%	4.2%

Maturity of financial liabilities

The table below analyses the Group's financial liabilities and net-settled derivative financial liabilities into the relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

As at 31 December 2014

	<1 year	1-2 years	2-5 years	>5 years
Borrowings	76	191	87	177
Derivative financial instruments	1	–	7	–
Trade and other payables	84	–	10	54
	161	191	104	231

As at 31 December 2013

	<1 year	1-2 years	2-5 years	>5 years
Borrowings	36	38	145	182
Derivative financial instruments	1	–	–	8
Trade and other payables	82	1	8	61
	119	39	153	251

No trade payable balances have a contractual maturity greater than 90 days.

NOTES TO THE GROUP ACCOUNTS CONTINUED

For the year ended 31 December 2014

27.A4 FINANCIAL INSTRUMENTS CONTINUED

Derivative financial instruments settled on a gross basis

The table below analyses the Group's derivative financial instruments which will be settled on a gross basis into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

As at 31 December 2014

	<1 year
Forward foreign exchange contracts – cash flow hedges	
Outflow	(89)
Inflow	93
	4

As at 31 December 2013

	<1 year
Forward foreign exchange contracts – cash flow hedges	
Outflow	(76)
Inflow	75
	(1)

All of the Group's forward foreign currency exchange contracts are due to be settled within one year of the balance sheet date.

27.A5 SHARE CAPITAL

SHARE OPTIONS

The options under the Savings-Related Share Option Schemes have been granted at a discount of 20% on the share price calculated over the three days prior to the date of invitation to participate, mature after three to five years and are normally exercisable in the six months following the maturity date. The options under the US Stock Purchase Plan have been granted at a discount of 15% to the share price on the date of grant, mature after two years and are normally exercisable in the three months following the maturity date.

For the Sharesave and US Stock Options the Black-Scholes option-pricing model was used. The fair value per option granted and the assumptions used in the calculation are as follows:

Grant type	Sharesave	Sharesave	Sharesave	Sharesave	Sharesave	Sharesave	Sharesave
	Canada	International	UAE	UK	Australia	International	International
Grant date	30-Oct-09	25-Oct-10	25-Oct-10	25-Oct-10	25-Oct-10	28-Oct-11	28-Oct-11
Share price at grant date (£)	7.6	16.9	16.9	16.9	16.9	17.3	17.3
Option price (£)	5.5	12.9	12.4	12.4	12.9	12.6	13.4
Number granted	70,609	3,119	13,793	21,402	3,962	74,416	3,869
Vesting period (years)	5	4	5	5	5	3	3
Expected volatility (%)	37.0	40.0	38.1	38.1	38.1	41.6	41.6
Expected life (years)	5.3	4.3	5.3	5.3	5.3	3.3	3.3
Risk free rate (%)	2.8	1.4	1.7	1.7	1.7	0.9	0.9
Expected dividends expressed as a dividend yield (%)	1.4	0.9	0.9	0.9	0.9	0.8	0.8
Fair value per option (£)	3.3	6.8	7.4	7.4	7.1	6.9	6.5

Grant type	Sharesave	Sharesave	Sharesave	Sharesave	Sharesave	Sharesave	Sharesave
	Canada	International	UAE	UK	Australia	International	International
Grant date	28-Oct-11	28-Oct-11	28-Oct-11	28-Oct-11	28-Oct-11	28-Oct-11	28-Oct-11
Share price at grant date (£)	17.3	17.3	17.3	17.3	17.3	17.3	17.3
Option price (£)	12.7	12.8	12.1	12.6	13.4	12.8	12.1
Number granted	8,065	16,189	116,222	13,707	2,378	889	31,756
Vesting period (years)	3	3	3	5	5	5	5
Expected volatility (%)	41.6	41.6	41.6	38.8	38.8	38.8	38.8
Expected life (years)	3.3	3.3	3.3	5.3	5.3	5.3	5.3
Risk free rate (%)	0.9	0.9	0.9	1.5	1.5	1.5	1.5
Expected dividends expressed as a dividend yield (%)	0.8	0.8	0.8	0.8	0.8	0.8	0.8
Fair value per option (£)	6.8	6.8	7.2	7.7	7.3	7.6	7.9

27.A5 SHARE CAPITAL CONTINUED

Grant type	Sharesave France	Sharesave France	Sharesave UK	Sharesave Australia	Sharesave Canada	Sharesave France	Sharesave Germany
Grant date	28-Oct-11	28-Oct-11	16-Oct-12	16-Oct-12	16-Oct-12	16-Oct-12	16-Oct-12
Share price at grant date (£)	17.3	17.3	22.8	22.8	22.8	22.8	22.8
Option price (£)	13.6	13.6	19.1	18.9	19.1	19.2	19.2
Number granted	10,826	6,725	65,861	8,193	1,648	8,226	1,466
Vesting period (years)	4	5	3	3	3	4	3
Expected volatility (%)	41.2	38.8	30.4	30.4	30.4	38.4	30.4
Expected life (years)	4.3	5.3	3.3	3.3	3.3	3.3	3.3
Risk free rate (%)	1.2	1.5	0.3	0.3	0.3	0.6	0.3
Expected dividends expressed as a dividend yield (%)	0.8	0.8	1.0	1.0	1.0	1.0	1.0
Fair value per option (£)	7.0	7.2	6.2	6.3	6.2	7.9	6.1
Grant type	Sharesave Ireland	Sharesave Netherlands	Sharesave Spain	Sharesave UAE	US Stock Plan	Sharesave UK	Sharesave Australia
Grant date	16-Oct-12	16-Oct-12	16-Oct-12	16-Oct-12	16-Oct-12	08-Oct-13	08-Oct-13
Share price at grant date (£)	22.8	22.8	22.8	22.8	22.8	14.7	14.7
Option price (£)	19.2	19.2	19.2	19.3	19.4	13.0	13.0
Number granted	1,320	5,182	470	142,689	67,808	131,591	7,911
Vesting period (years)	3	3	3	3	2	3	3
Expected volatility (%)	30.4	30.4	30.4	30.4	29.2	33.4	33.4
Expected life (years)	5.3	5.3	5.3	5.3	2.1	3.5	3.5
Risk free rate (%)	0.3	0.3	0.3	0.3	0.3	1.0	1.0
Expected dividends expressed as a dividend yield (%)	1.0	1.0	1.0	1.0	1.0	1.7	1.7
Fair value per option (£)	6.1	6.1	6.1	6.1	5.3	3.9	3.9
Grant type	Sharesave Canada	Sharesave France	Sharesave Germany	Sharesave Ireland	Sharesave Netherlands	Sharesave UAE	Sharesave Chile
Grant date	08-Oct-13	08-Oct-13	08-Oct-13	08-Oct-13	08-Oct-13	08-Oct-13	08-Oct-13
Share price at grant date (£)	14.7	14.7	14.7	14.7	14.7	14.7	14.7
Option price (£)	13.0	13.0	13.0	13.0	13.0	13.0	13.0
Number granted	11,222	2,987	735	1,186	11,778	161,005	1,124
Vesting period (years)	3	4	3	3	3	3	3
Expected volatility (%)	33.4	32.9	33.4	33.4	33.4	33.4	33.4
Expected life (years)	3.5	4.5	3.5	3.5	3.5	3.5	3.5
Risk free rate (%)	1.0	1.4	1.0	1.0	1.0	1.0	1.0
Expected dividends expressed as a dividend yield (%)	1.7	1.7	1.7	1.7	1.7	1.7	1.7
Fair value per option (£)	3.9	4.3	3.9	3.9	3.9	3.9	3.9
Grant type	Sharesave Mexico	Sharesave New Zealand	Sharesave Singapore	US Stock Plan	Sharesave UK	Sharesave Australia	Sharesave Canada
Grant date	08-Oct-13	08-Oct-13	08-Oct-13	08-Oct-13	07-Oct-14	07-Oct-14	07-Oct-14
Share price at grant date (£)	14.7	14.7	14.7	14.7	15.1	15.1	15.1
Option price (£)	13.0	13.0	13.0	12.5	13.4	12.9	13.2
Number granted	2,469	2,530	19,577	83,239	164,163	7,512	8,398
Vesting period (years)	3	3	3	2	3	3	3
Expected volatility (%)	33.4	33.4	33.4	35.1	30.9	30.9	30.9
Expected life (years)	3.5	3.5	3.5	2.2	3.5	3.5	3.5
Risk free rate (%)	1.0	1.0	1.0	0.5	1.3	2.7	1.2
Expected dividends expressed as a dividend yield (%)	1.7	1.7	1.7	1.7	1.8	1.8	1.8
Fair value per option (£)	3.9	3.9	3.9	3.7	3.8	4.3	3.9

NOTES TO THE GROUP ACCOUNTS CONTINUED

For the year ended 31 December 2014

27.A5 SHARE CAPITAL CONTINUED

Grant type	Sharesave France	Sharesave Germany	Sharesave Ireland	Sharesave Netherlands	Sharesave UAE	Sharesave Mexico	Sharesave New Zealand	Sharesave Singapore
Grant date	07-Oct-14	07-Oct-14	07-Oct-14	07-Oct-14	07-Oct-14	07-Oct-14	07-Oct-14	07-Oct-14
Share price at grant date (£)	15.1	15.1	15.1	15.1	15.1	15.1	15.1	15.1
Option price (£)	13.1	13.1	13.1	13.1	13.4	13.2	12.8	13.3
Number granted	7,373	5,057	4,402	14,370	236,307	3,393	2,359	5,032
Vesting period (years)	3	3	3	3	3	3	3	3
Expected volatility (%)	30.9	30.9	30.9	30.9	30.9	30.9	30.9	30.9
Expected life (years)	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Risk free rate (%)	0.1	–	0.3	0.1	1.1	4.4	3.9	1.1
Expected dividends expressed as a dividend yield (%)	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8
Fair value per option (£)	3.7	3.7	3.7	3.7	3.8	4.6	4.6	3.8

Grant type	Sharesave Panama	Sharesave Norway	US Stock Plan
Grant date	07-Oct-14	07-Oct-14	07-Oct-14
Share price at grant date (£)	15.1	15.1	15.1
Option price (£)	13.4	13.1	12.8
Number granted	1,966	6,913	124,136
Vesting period (years)	3	3	2
Expected volatility (%)	30.9	30.9	30.6
Expected life (years)	3.5	3.5	2.3
Risk free rate (%)	1.1	1.6	0.6
Expected dividends expressed as a dividend yield (%)	1.8	1.8	1.8
Fair value per option (£)	3.8	4.0	3.5

The expected volatility is based on the volatility of the total return from the Company's shares over the period to grant equal in length to the expected life of the awards. The expected life is the average expected period to exercise. The risk free interest rate is the expected return on UK Gilts of a similar life.

A summary of movements in share options in Aggreko shares is shown below:

	Sharesave schemes Number of Shares	Weighted average exercise price (£)	US Stock option plans Number of Shares	Weighted average exercise price (£)	Long-term Incentive Plans Number of Shares	Weighted average exercise price (£)
Outstanding at 1 January 2014	1,036,885	11.97	151,322	15.22	899,155	nil
Granted	467,245	13.36	124,136	12.90	152,876	nil
Forfeited	–	–	–	–	(330,347)	nil
Exercised	(267,308)	8.26	(6,584)	14.69	(56,855)	nil
Lapsed	(77,766)	14.40	(27,081)	16.71	(24,023)	nil
Outstanding at 31 December 2014	1,159,056	13.22	241,793	13.89	640,806	nil
Weighted average contractual life (years)	2		1		1	

The weighted average share price during the year for options exercised over the year was £8.46 (2013: £6.97). The total charge for the year relating to employee share-based payment plans was £3 million (2013: credit of £2 million), all of which related to equity-settled share-based payment transactions.

27.A5 SHARE CAPITAL CONTINUED

Options outstanding over Ordinary Shares as at 31 December 2014 (including those of the Executive Directors), together with the exercise prices and dates of exercise, are as follows:

	Price per share	Earliest exercise date	Latest exercise date	2014 Number	2013 Number	Market price (£) ¹
Sharesave – Oct 2008 5 year	£4.37	Jan 2014	Jun 2014	–	125,092	4.33
Sharesave – Oct 2008 France 5 year	£4.37	Jan 2014	Jun 2014	–	8,617	4.33
Sharesave French 4 year – Oct 2009	€6.02	Jan 2014	Jun 2014	–	4,558	7.60
Sharesave UK 5 year – Oct 2009	£5.53	Jan 2015	Jun 2015	26,770	30,143	7.60
Sharesave International 5 year – Oct 2009	US\$8.77	Jan 2015	Jun 2015	20,207	20,207	7.60
	€6.02	Jan 2015	Jun 2015	1,295	1,295	7.60
Sharesave UK 3 year – Oct 2010	£12.39	Jan 2014	Jun 2014	–	37,818	16.85
Sharesave International 3 year – Oct 2010	US\$19.57	Jan 2014	Jun 2014	–	77,985	16.85
	CA\$20.21	Jan 2014	Jun 2014	–	724	16.85
	AU\$20.21	Jan 2014	Jun 2014	–	4,860	16.85
	€14.39	Jan 2014	Jun 2014	–	4,855	16.85
Sharesave French 4 year – Oct 2010	€14.52	Jan 2015	Jun 2015	1,996	1,996	16.85
Sharesave UK 5 year – Oct 2010	£12.39	Jan 2016	Jun 2016	7,263	8,000	16.85
Sharesave International 5 year – Oct 2010	US\$19.57	Jan 2016	Jun 2016	9,383	11,797	16.85
	CA\$20.21	Jan 2016	Jun 2016	296	296	16.85
	AU\$20.21	Jan 2016	Jun 2016	3,602	3,602	16.85
	€14.39	Jan 2016	Jun 2016	416	416	16.85
Sharesave French 5 year – Oct 2010	€14.52	Jan 2016	Jun 2016	2,435	3,384	16.85
Long-term Incentive Plan – Apr 2011	–	Apr 2014	Oct 2014	–	153,863	15.35
US Stock Option Plan – Oct 2011	US\$23.69	Nov 2013	Jan 2014	–	12,805	17.28
Sharesave UK 3 year – 28 Oct 2011	£12.60	Jan 2015	Jun 2015	57,328	61,290	17.28
Sharesave International 3 year – 28 Oct 2011	US\$19.43	Jan 2015	Jun 2015	89,514	92,096	17.28
	CA\$20.38	Jan 2015	Jun 2015	3,795	4,508	17.28
	AU\$20.23	Jan 2015	Jun 2015	2,394	3,106	17.28
	€14.60	Jan 2015	Jun 2015	12,833	14,368	17.28
Sharesave French 4 year – 28 Oct 2011	€15.52	Jan 2016	Jun 2016	5,829	8,113	17.28
Sharesave UK 5 year – 28 Oct 2011	£12.60	Jan 2017	Jun 2017	10,328	12,946	17.28
Sharesave International 5 year – 28 Oct 2011	US\$19.43	Jan 2017	Jun 2017	24,377	24,377	17.28
	AU\$20.23	Jan 2017	Jun 2017	2,378	2,378	17.28
	€14.60	Jan 2017	Jun 2017	684	684	17.28
Sharesave French 5 year – 28 Oct 2011	€15.52	Jan 2017	Jun 2017	4,836	5,566	17.28
Long-term Incentive Plan – Apr 2012	–	Apr 2015	Oct 2015	18,449	260,482	21.86
US Stock Option Plan – 16 Oct 2012	US\$31.15	Nov 2014	Jan 2015	41,762	55,771	22.78
Sharesave UK 3 year – 16 Oct 2012	£19.11	Jan 2016	Jun 2016	13,845	20,794	22.78
Sharesave International 3 year – 16 Oct 2012	US\$31.00	Jan 2016	Jun 2016	58,221	69,266	22.78
	CA\$30.26	Jan 2016	Jun 2016	710	1,648	22.78
	AU\$29.61	Jan 2016	Jun 2016	6,093	6,153	22.78
	€23.74	Jan 2016	Jun 2016	2,422	3,568	22.78
Sharesave French 4 year – 16 Oct 2012	€23.74	Jan 2017	Jun 2017	5,700	7,437	22.78
Long-term Incentive Plan – Aug 2013	–	Aug 2016	Feb 2017	469,481	484,810	16.42
US Stock Option Plan – 8 Oct 2013	US\$20.14	Nov 2015	Jan 2016	75,895	82,746	14.72

NOTES TO THE GROUP ACCOUNTS CONTINUED

For the year ended 31 December 2014

27.A5 SHARE CAPITAL CONTINUED

	Price per share	Earliest exercise date	Latest exercise date	2014 Number	2013 Number	Market price (£) ¹
Sharesave UK 3 year – 8 Oct 2013	£13.03	Jan 2017	Jun 2017	112,971	130,418	14.72
Sharesave International 3 year – 8 Oct 2013	US\$20.60	Jan 2017	Jun 2017	148,717	161,005	14.72
	CAD\$21.29	Jan 2017	Jun 2017	9,324	11,222	14.72
	AU\$22.12	Jan 2017	Jun 2017	7,110	7,911	14.72
	NZ\$25.53	Jan 2017	Jun 2017	1,789	2,530	14.72
	SGD\$26.12	Jan 2017	Jun 2017	18,888	19,577	14.72
	MXN269.78	Jan 2017	Jun 2017	2,123	2,469	14.72
	CLP 10377.02	Jan 2017	Jun 2017	1,090	1,124	14.72
	€15.49	Jan 2017	Jun 2017	12,060	13,699	14.72
Sharesave French 4 year – 8 Oct 2013	€15.49	Jan 2018	Jun 2018	2,987	2,987	14.72
Long-Term Incentive Plan – Apr 2014	–	Apr 2017	Oct 2017	152,876	–	15.02
US Stock Option Plan – 7 Oct 2014	US\$20.63	Nov 2016	Jan 2017	124,136	–	15.09
Sharesave UK 3 year – 7 Oct 2014	£13.36	Jan 2018	Jun 2018	164,163	–	15.09
Sharesave International 3 year – 7 Oct 2014	US\$21.58	Jan 2018	Jun 2018	238,273	–	15.09
Sharesave International 3 year – 7 Oct 2014	CAD\$23.66	Jan 2018	Jun 2018	8,398	–	15.09
Sharesave International 3 year – 7 Oct 2014	AU\$23.57	Jan 2018	Jun 2018	7,512	–	15.09
Sharesave International 3 year – 7 Oct 2014	NZ\$26.20	Jan 2018	Jun 2018	2,359	–	15.09
Sharesave International 3 year – 7 Oct 2014	SGD\$27.27	Jan 2018	Jun 2018	4,834	–	15.09
Sharesave International 3 year – 7 Oct 2014	MXN285.01	Jan 2018	Jun 2018	3,393	–	15.09
Sharesave International 3 year – 7 Oct 2014	NOK136.95	Jan 2018	Jun 2018	6,913	–	15.09
Sharesave International 3 year – 7 Oct 2014	€16.71	Jan 2018	Jun 2018	31,202	–	15.09
				2,041,655	2,087,362	

1 Market price as at the date of grant.

27.A6 PENSIONS

Overseas

Pension arrangements for overseas employees vary, and schemes reflect best practice and regulation in each particular country. The charge against profit is the amount of contributions payable to the defined contribution pension schemes in respect of the accounting period. The pension cost attributable to overseas employees for 2014 was £9 million (2013: £7 million).

United Kingdom

The Group operates pension schemes for UK employees. The Aggreko plc Pension Scheme ('the Scheme') is a funded, contributory, defined benefit scheme. Assets are held separately from those of the Group under the control of the Directors of Aggreko Pension Scheme Trustee Limited. The Scheme is subject to valuations at intervals of not more than three years by independent actuaries.

The Trustee of the Scheme has control over the operation, funding and investment strategy of the Scheme but works closely with the Company to agree funding and investment strategy.

A valuation of the Scheme was carried out as at 31 December 2011 using the Attained Age method to determine the level of contributions to be made by the Group. The actuaries adopted a valuation basis linked to market conditions at the valuation date. Assets were taken at market value. The major actuarial assumptions used were:

Return on investments	4.2%
Growth in average pay levels	4.9%
Increase in pensions	3.3%

At the valuation date, the market value of the Scheme's assets (excluding AVCs) was £59 million which was sufficient to cover 78% of the benefits that had accrued to members, after making allowances for future increases in earnings.

As part of the valuation at 31 December 2011, the Company and the trustees agreed upon a Schedule of Contributions and a Recovery Plan. During 2012 the Company contributions for benefits building up in the future were 28.6% of pensionable earnings. Since 1 February 2013 the Company has paid contributions of 35.9% of pensionable earnings. To address the Scheme deficit the Company made contributions of £0.6 million in January 2012, £3.5 million in December 2012, £2.5 million in January 2013 and £2.0 million in January 2014.

27.A6 PENSIONS CONTINUED

The Company plans to make further additional contributions of £1.25 million each year until the year ended 31 December 2018. Employee contributions are 6% of pensionable earnings.

The Scheme closed to all new employees joining the Group after 1 April 2002. New employees are given the option to join a defined contribution scheme. Contributions of £2 million were paid to the scheme during the year (2013: £1 million). There are no outstanding or prepaid balances at the year end.

An update of the Scheme was carried out by a qualified independent actuary using the latest available information for the purposes of this statement. The major assumptions used in this update by the actuary were:

	31 Dec 2014	31 Dec 2013
Rate of increase in salaries	4.8%	5.2%
Rate of increase in pensions in payment	3.2%	3.5%
Rate of increase in deferred pensions	3.3%	3.7%
Discount rate	3.8%	4.5%
Inflation assumption	3.3%	3.7%
Longevity at age 65 for current pensioners (years)		
Men	24.0	23.9
Women	26.6	26.5
Longevity at age 65 for future pensioners (years)		
Men	26.7	26.6
Women	29.4	29.3

The assets in the Scheme were:

	Value at 31 Dec 2014 £ million	Value at 31 Dec 2013 £ million	Value at 31 Dec 2012 £ million
Equities			
– UK Equities	8	8	12
– Overseas Equities	11	10	14
– Diversified Growth	7	7	–
– Absolute Return	7	7	–
Property	1	4	4
Index-linked Bonds	34	22	16
Fixed interest Bonds	5	6	–
Bonds	16	13	19
Cash	2	1	5
Total	91	78	70

There is a risk of asset volatility leading to a deficit in the Scheme. Working with the Company, the Trustee has agreed investment derisking triggers which, when certain criteria are met, will decrease corporate bond and fixed interest gilt holdings and increase the holding of index linked bonds. Over time, this will result in an investment portfolio which better matches the liabilities of the Scheme thereby reducing the risk of asset volatility. However there remains a significant level of investment mismatch in the Scheme. This is deliberate and is aimed at maximising the Scheme's long-term investment return whilst retaining adequate control of the funding risks.

NOTES TO THE GROUP ACCOUNTS CONTINUED

For the year ended 31 December 2014

27.A6 PENSIONS CONTINUED**The amounts included in the balance sheet arising from the Group's obligations in respect of the Scheme are as follows:**

	2014 £ million	2013 £ million	2012 £ million
Fair value of assets	91	78	70
Present value of funded obligations	(98)	(84)	(74)
Liability recognised in the balance sheet	(7)	(6)	(4)

An alternative method of valuation is the estimated cost of buying out benefits at 31 December 2014 with a suitable insurer. This amount represents the amount that would be required to settle the Scheme liabilities at 31 December 2014 rather than the Company continuing to fund the ongoing liabilities of the Scheme. The Company estimates the amount required to settle the Scheme's liabilities at 31 December 2014 is around £150 million which gives a Scheme shortfall on a buyout basis of approximately £59 million.

The components of the defined benefit cost as follows:

	2014 £ million	2013 £ million
Current service costs	2	2
Net interest cost		
– Interest expense on liabilities	4	3
– Interest income on assets	(4)	(3)
Administrative expenses and taxes	–	–
	2	2

The majority of the £2 million cost was included within administrative expenses in the income statement.

Changes in the present value of the defined benefit obligation are as follows:

	2014 £ million	2013 £ million
Present value of obligation at 1 January	84	74
Service cost	2	2
Interest cost	4	3
Benefits paid	(1)	(1)
Remeasurements		
– Effect of changes in demographic assumptions	–	–
– Effect of changes in financial assumptions	9	6
– Effect of experience adjustments	–	–
Present value of obligation at 31 December	98	84
Defined benefit obligation by participant status		
Actives	49	41
Deferreds	31	27
Pensioners	18	16
	98	84

27.A6 PENSIONS CONTINUED

The measurement of the defined benefit obligation is particularly sensitive to changes in key assumptions as described below:

- The discount rate has been selected following actuarial advice and taking into account the duration of the liabilities. A decrease in the discount rate of 0.5% per annum would result in a £15 million increase in the present value of the defined benefit obligation. The weighted average duration of the defined benefit obligation liabilities is around 28 years.
- The inflation assumption adopted is consistent with the discount rate used. It is used to set the assumptions for pension increases, salary increases and deferred revaluations. An increase in the inflation rate of 0.5% per annum would result in a £15 million increase in the present value of the defined benefit obligation.
- The longevity assumptions adopted are based on those recommended by the Scheme Actuary advising the Trustee of the Scheme and reflect the most recent mortality information available at the time of the Trustee actuarial valuation. The increase in the present value of the defined benefit obligation due to members living one year longer would be £3 million.

There is a risk that changes in the above assumptions could increase the deficit in the Scheme. Other assumptions used to value the defined benefit obligation are also uncertain, although their effect is less material.

Present value of Scheme assets are as follows:

	2014 £ million	2013 £ million
Fair value of Scheme assets at 1 January	78	70
Interest income	4	3
Employer contributions	4	5
Benefits paid	(1)	(1)
Remeasurements – return on plan assets (excluding interest income)	6	1
Fair value of Scheme assets at 31 December	91	78

Analysis of the movement in the balance sheet

	2014 £ million	2013 £ million
At 1 January	(6)	(4)
Defined benefit cost included in income statement	(2)	(2)
Contributions	4	5
Benefits paid	–	–
Total remeasurements	(3)	(5)
At 31 December	(7)	(6)

Cumulative actuarial gains and losses recognised in equity

	2014 £ million	2013 £ million
At 1 January	35	30
Actuarial losses recognised in the year	3	5
At 31 December	38	35

The actual return on Scheme assets was £11 million (2013: £5 million).

Expected cash flows in future years

Expected employer contributions for the year ended 31 December 2015 are £3 million. Expected total benefit payments: approximately £1 million per year for next 10 years.

COMPANY BALANCE SHEET (COMPANY NUMBER: SC177553)

As at 31 December 2014

	Notes	2014 £ million	2013 £ million
Fixed assets			
Tangible assets	31	6	5
Investments	32	671	666
		677	671
Current assets			
Debtors	33	584	571
Derivative financial instruments	35	2	–
Cash at bank and in hand		5	2
		591	573
Creditors – amounts falling due within one year			
Bank loans and overdrafts	34	(47)	(2)
Other creditors	36	(333)	(322)
Net current assets		211	249
Total assets less current liabilities		888	920
Creditors – amounts falling due after more than one year			
Bank loans and overdrafts	34	(455)	(357)
Derivative financial instruments	35	(7)	(8)
Retirement benefit obligation	38	(6)	(5)
Net assets		420	550
Shareholders' equity			
Called up share capital	39	42	49
Share premium	40	20	20
Capital redemption reserve	40	13	6
Treasury shares	40	(14)	(24)
Hedging reserve	40	(5)	(6)
Profit and loss account	40	364	505
Total Shareholders' funds		420	550

The financial statements on pages 172 to 182 were approved by the Board of Directors on 5 March 2015 and signed on its behalf by:



K Hanna
Chairman



C Cran
Chief Financial Officer

COMPANY STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For the year ended 31 December 2014

	2014 £ million	2013 £ million
Profit for the financial year	134	184
Actuarial losses on retirement benefits (net of tax)	(3)	(4)
Cash flow hedges (net of tax)	1	4
Total recognised gains for the financial year	132	184

NOTES TO THE COMPANY ACCOUNTS

For the year ended 31 December 2014

28 COMPANY ACCOUNTING POLICIES

Accounting convention

These financial statements have been prepared on the going concern basis, under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities (including derivative instruments) at fair values in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. A summary of the more important Company accounting policies is set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

Tangible assets

Tangible assets are carried at cost less accumulated depreciation and impairment losses. Cost includes purchase price, and directly attributable costs of bringing the assets into the location and condition where it is capable for use. Borrowings costs are not capitalised.

Fixed assets are depreciated on a straight line basis at annual rates estimated to write off the cost of each asset over its useful life from the date it is available for use. The principal period of depreciation used is as follows:

Vehicles, plant and equipment	4 to 8 years.
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Impairment of tangible assets

Tangible assets are depreciated and reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Value in use is calculated using estimated cash flows. These are discounted using an appropriate long-term pre-tax interest rate. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (income-generating units).

Foreign currencies

At individual Company level, transactions denominated in foreign currencies are translated at the rate of exchange on the day the transaction occurs. At the year end, monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Non-monetary assets are translated at the historical rate. In order to hedge its exposure to certain foreign exchange risks, the Company enters into forward foreign exchange contracts. The Company's financial statements are presented in Sterling, which is the Company's functional currency.

Derivative financial instruments

The accounting policy is identical to that applied by the consolidated Group as set out on page 138, however the UK GAAP standards are applied specifically FRS 26 'Financial Instruments: Measurement' and FRS 29 'Financial Instruments: Disclosures'.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds, net of transaction costs, and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest rate.

Cash flow statement and related party disclosures

The Company is included in the Group Accounts of Aggreko plc, which are publicly available. Consequently, the Company is not required to produce a cash flow statement under the terms of Financial Reporting Standard 1 'Cash Flow Statements (revised 1996)'. The Company is also exempt under the terms of Financial Reporting Standard 8 'Related Party Disclosures' from disclosing related party transactions with entities that are part of the Group.

Taxation

The charge for ordinary taxation is based on the profit/loss for the year and takes into account full provision for deferred tax, using the approach set out in FRS 19, 'Deferred Tax' in respect of timing differences on a non-discounted basis. Such timing differences arise primarily from the differing treatment for taxation and accounting purposes of provisions and depreciation of fixed assets.

Pensions

The Company operates both a defined benefit pension scheme and a defined contribution pension scheme. The accounting policy is identical to that applied by the consolidated Group as set out on page 139.

Investments

Investments in subsidiary undertakings are stated in the balance sheet of the Company at cost, or nominal value of the shares issued as consideration where applicable, less provision for any impairment in value. Share-based payments recharged to subsidiary undertakings are treated as capital contributions and are added to investments.

Leases

Leases where substantially all of the risks and rewards of ownership are not transferred to the Company are classified as operating leases. Rentals under operating leases are charged against operating profit on a straight line basis over the term of the lease.

Share-based payments

The accounting policy is identical to that applied by the consolidated Group as set out on page 139 with the exception that shares issued by the Company to employees of its subsidiaries for which no consideration is received are treated as an increase in the Company's investment in those subsidiaries.

Dividend distribution

Dividend distribution to the Company's Shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's Shareholders.

29 DIVIDENDS

Refer to Note 10 of the Group Accounts.

30 AUDITORS' REMUNERATION

	2014 £000	2013 £000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	262	178
Fees payable to the Company's auditor and its associates for other services:		
– Other assurance related services	112	30
– Tax advising	–	–

31 TANGIBLE ASSETS

	Total £ million
Cost	
At 1 January 2014	9
Additions	2
At 31 December 2014	11
Accumulated depreciation	
At 1 January 2014	4
Charge for the year	1
At 31 December 2014	5
Net book values:	
At 31 December 2014	6
At 31 December 2013	5

The tangible assets of the Company comprise vehicles, plant and equipment.

32 INVESTMENTS

	£ million
Cost of investments in subsidiary undertakings:	
At 1 January 2014	666
Additions	13
Net impact of share-based payments	(8)
At 31 December 2014	671

Details of the Company's subsidiary undertakings are set out in Note 26 to the Group Accounts. The Directors believe that the carrying value of the investments is supported by their underlying net assets.

33 DEBTORS

	2014 £ million	2013 £ million
Amounts due from subsidiary undertakings	581	567
Other debtors	1	1
Deferred tax asset (Note 37)	2	3
	584	571

NOTES TO THE COMPANY ACCOUNTS CONTINUED

For the year ended 31 December 2014

34 BANK LOANS AND OVERDRAFTS

	2014 £ million	2013 £ million
Amounts falling due after more than 1 year		
Bank borrowings	214	130
Private placement notes	241	227
	455	357
Amounts falling due within 1 year		
Bank overdrafts	–	2
Bank borrowings	47	–
	47	2
Total borrowings	502	359

The bank overdrafts and borrowings are all unsecured.

(i) Maturity of financial liabilities

The maturity profile of the borrowings was as follows:

	2014 £ million	2013 £ million
Within 1 year, or on demand	47	2
Between 1 and 2 years	191	30
Between 2 and 3 years	–	100
Between 3 and 4 years	71	–
Between 4 and 5 years	16	45
Greater than 5 years	177	182
	502	359

(ii) Borrowing facilities

The Company has the following undrawn committed floating rate borrowing facilities available at 31 December 2014 in respect of which all conditions precedent had been met at that date:

	2014 £ million	2013 £ million
Expiring within 1 year	189	30
Expiring between 1 and 2 years	128	185
Expiring between 2 and 3 years	–	202
Expiring between 3 and 4 years	50	–
Expiring between 4 and 5 years	–	72
Expiring after 5 years	–	–
	367	489

34 BANK LOANS AND OVERDRAFTS CONTINUED

(iii) Interest rate risk profile of financial liabilities

The interest rate profile of the Company's financial liabilities at 31 December 2014, after taking account of the interest rate swaps used to manage the interest profile, was:

Currency:	Floating rate £ million	Fixed rate £ million	Total £ million	Fixed rate debt	
				Weighted average interest rate %	Weighted average period for which rate is fixed Years
US Dollar	144	305	449	4.3	5.9
South African Rand	4	–	4	–	–
Mexican Pesos	11	–	11	–	–
Russian Rubles	6	–	6	–	–
Romanian Lieu	9	–	9	–	–
Canadian Dollar	10	–	10	–	–
New Zealand Dollar	6	–	6	–	–
Singapore Dollars	7	–	7	–	–
As at 31 December 2014	197	305	502		
US Dollar	–	287	287	4.3	6.9
Euro	18	–	18	–	–
South African Rand	5	–	5	–	–
Mexican Pesos	10	–	10	–	–
Russian Rubles	6	–	6	–	–
Romanian Lieu	8	–	8	–	–
Canadian Dollar	14	–	14	–	–
New Zealand Dollar	6	–	6	–	–
Singapore Dollars	5	–	5	–	–
As at 31 December 2013	72	287	359		

The floating rate financial liabilities principally comprise debt which carries interest based on different benchmark rates depending on the currency of the balance and are normally fixed in advance for periods between one and three months.

The effect of the Company's interest rate swaps is to classify £64 million (2013: £60 million) of borrowings in the above table as fixed rate.

The notional principal amount of the outstanding interest rate swap contracts at 31 December 2014 was £64 million (2013: £60 million).

(iv) Preference share capital

	2014 Number	2014 £000	2013 Number	2013 £000
Authorised:				
Redeemable preference shares of 25 pence each	199,998	50	199,998	50

No redeemable preference shares were allotted as at 31 December 2014 and 31 December 2013. The Board is authorised to determine the terms, conditions and manner of redemption of redeemable shares.

NOTES TO THE COMPANY ACCOUNTS CONTINUED

For the year ended 31 December 2014

35 FINANCIAL INSTRUMENTS

(i) Fair values of financial assets and financial liabilities

The following table provides a comparison by category of the carrying amounts and the fair values of the Company's financial assets and financial liabilities at 31 December 2014. Fair value is the amount at which a financial instrument could be exchanged in an arm's length transaction between informed and willing parties, other than a forced or liquidation sale and excludes accrued interest. Where available, market values have been used to determine fair values.

	2014		2013	
	Book value £ million	Fair value £ million	Book value £ million	Fair value £ million
Primary financial instruments held or issued to finance the Company's operations:				
Current bank borrowings and overdrafts	(47)	(47)	(2)	(2)
Amounts due to subsidiary undertakings	(319)	(319)	(307)	(307)
Non-current borrowings	(455)	(455)	(357)	(357)
Derivative financial instruments held				
Interest rate swaps – cash flow hedge	(7)	(7)	(8)	(8)
Forward foreign currency contracts – cash flow hedge	2	2	–	–

(ii) Summary of methods and assumptions

Interest rate swaps and forward foreign currency contracts

Fair value is based on market price of these instruments at the balance sheet date.

Current borrowings and overdrafts/liquid resources

The fair value of liquid resources and current borrowings and overdrafts approximates to the carrying amount because of the short maturity of these instruments.

Non-current borrowings

In the case of non-current borrowings, the fair value approximates to the carrying value reported in the balance sheet.

(iii) Financial instruments

Numerical financial instruments disclosures are set out below. Additional disclosures are set out in the financial review and accounting policies relating to risk management.

	2014		2013	
	Assets £ million	Liabilities £ million	Assets £ million	Liabilities £ million
Less than one year:				
Interest rate swaps – cash flow hedge	–	–	–	–
Forward foreign currency contracts – cash flow hedge	2	–	–	–
More than one year:				
Interest rate swaps – cash flow hedge	–	(7)	–	(8)
	2	(7)	–	(8)

Net fair values of derivative financial instruments

The net fair value of derivative financial instruments and designated for cash flow hedges at the balance sheet date were:

	2014 £ million	2013 £ million
Contracts with positive fair values:		
Forward foreign currency contracts	2	–
Contracts with negative fair values:		
Interest rate swaps	(7)	(8)
Forward foreign currency contracts	–	–
	(5)	(8)

The net fair value losses at 31 December 2014 on open interest rate swaps that hedge interest risk are £7 million (2013: losses of £8 million). These will be debited to the profit and loss account interest charge over the remaining life of each interest rate swap. The net fair value gains at 31 December 2014 on open forward exchange contracts that hedge the foreign currency risk of future anticipated expenditure are £2 million (2013: £nil).

35 FINANCIAL INSTRUMENTS CONTINUED**(iv) The exposure of the Company to interest rate changes when borrowings reprice is as follows:****As at 31 December 2014**

	<1 year £ million	1-5 years £ million	>5 years £ million	Total £ million
Total borrowings	47	278	177	502
Effect of interest rate swaps and other fixed rate debt	–	(128)	(177)	(305)
	47	150	–	197

As at 31 December 2013

	<1 year £ million	1-5 years £ million	>5 years £ million	Total £ million
Total borrowings	2	175	182	359
Effect of interest rate swaps and other fixed rate debt	–	(45)	(242)	(287)
	2	130	(60)	72

As at 31 December 2014 and 31 December 2013 all of the Company's floating debt was exposed to repricing within three months of the balance sheet date.

The effective interest rates at the balance sheet date were as follows:

	2014	2013
Bank overdraft	1.9%	1.9%
Bank borrowings	1.7%	1.8%
Private placement borrowings	4.2%	4.2%

NOTES TO THE COMPANY ACCOUNTS CONTINUED

For the year ended 31 December 2014

36 OTHER CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014 £ million	2013 £ million
Amounts owed to subsidiary undertakings	319	307
Accruals and deferred income	14	15
	333	322

37 DEFERRED TAX

	2014 £ million	2013 £ million
At 1 January	3	5
Debit to the profit and loss account	(1)	(1)
Debit to equity	-	(1)
At 31 December	2	3
Deferred tax provided in the Accounts is as follows:		
Accelerated capital allowances	-	1
Other timing differences	2	2
	2	3
Deferred tax asset relating to pension deficit:		
At 1 January	1	1
Deferred tax charge to profit and loss account	-	(1)
Deferred tax credited to Statement of Total Recognised Gains and Losses	-	1
	1	1

38 PENSION COMMITMENTS

	2014 £ million	2013 £ million
FRS 17 Deficit in the scheme (Refer to Note 27.A6 of the Group Accounts)	(7)	(6)
Related deferred tax asset	1	1
	(6)	(5)

39 SHARE CAPITAL

	2014 Number of shares	2014 £000	2013 Number of shares	2013 £000
(i) Ordinary Shares				
At 1 January (2014 and 2013: Ordinary Shares of 13 ⁵⁴⁹ / ₇₇₅ pence)	269,029,545	36,880	268,366,083	36,789
Employee share option scheme	56,870	8	663,462	91
Share consolidation (79 for 83 shares as at 27 May 2014)	(12,968,020)	-	-	-
Share split:				
Deferred Ordinary Shares	-	(17,147)	-	-
B Shares	-	(181)	-	-
Transfer to capital redemption reserve	-	(7,182)	-	-
At 31 December (2014: Ordinary Shares of 4³²⁹/₃₉₅ pence; 2013: Ordinary Shares of 13⁵⁴⁹/₇₇₅ pence)	256,118,395	12,378	269,029,545	36,880
(ii) Deferred Ordinary Shares of 6¹⁸/₂₅ pence (2013: 6¹⁸/₂₅ pence)				
At 1 January and 31 December	182,700,915	12,278	182,700,915	12,278
(iii) Deferred Ordinary Shares of 1¹/₇₇₅ pence (2013: 1¹/₇₇₅ pence)				
At 1 January and 31 December	18,352,057,648	237	18,352,057,648	237
(iv) Deferred Ordinary Shares of 9⁸⁴/₇₇₅ pence (2013: nil)				
At 1 January	-	-	-	-
Share split	188,251,587	17,147	-	-
At 31 December	188,251,587	17,147	-	-
(v) B Shares of 9⁸⁴/₇₇₅ pence (2013: nil)				
At 1 January	-	-	-	-
Share split	1,989,357	181	-	-
At 31 December	1,989,357	181	-	-

Further information on share capital, including in respect of the return on capital is provided in Note 21 to the Group financial statements.

NOTES TO THE COMPANY ACCOUNTS CONTINUED

For the year ended 31 December 2014

40 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Called up share capital £ million	Share premium account £ million	Capital redemption reserve £ million	Treasury shares £ million	Hedging reserve £ million	Profit and loss account £ million	Capital and reserves £ million
1 January 2014	49	20	6	(24)	(6)	505	550
Profit for the financial year	–	–	–	–	–	134	134
Dividends	–	–	–	–	–	(70)	(70)
Fair value gains on interest rate swaps	–	–	–	–	1	–	1
Employee share awards	–	–	–	–	–	3	3
Issue of Ordinary Shares to employees under share option schemes	–	–	–	10	–	(7)	3
Actuarial losses on retirement benefits	–	–	–	–	–	(3)	(3)
Return of capital to Shareholders	–	–	–	–	–	(198)	(198)
Capital redemption reserve	(7)	–	7	–	–	–	–
31 December 2014	42	20	13	(14)	(5)	364	420

	Called up share capital £ million	Share premium account £ million	Capital redemption reserve £ million	Treasury shares £ million	Hedging reserve £ million	Profit and loss account £ million	Capital and reserves £ million
1 January 2013	49	19	6	(34)	(10)	404	434
Profit for the financial year	–	–	–	–	–	184	184
Dividends	–	–	–	–	–	(66)	(66)
Fair value gains on interest rate swaps	–	–	–	–	5	–	5
Employee share awards	–	–	–	–	–	(2)	(2)
Issue of Ordinary Shares to employees under share option schemes	–	–	–	11	–	(11)	–
Actuarial losses on retirement benefits	–	–	–	–	–	(5)	(5)
Deferred tax on items taken to equity	–	–	–	–	(1)	1	–
New share capital subscribed	–	1	–	–	–	–	1
Purchase of treasury shares	–	–	–	(1)	–	–	(1)
31 December 2013	49	20	6	(24)	(6)	505	550

41 PROFIT AND LOSS ACCOUNT

As permitted by Section 408 of the Companies Act 2006, the Company has not presented its own profit and loss account and related notes. The profit for the financial year of the Company was £134 million (2013: £184 million).

ADDITIONAL INFORMATION

A large, bold, blue number '4' is the central focus. It is surrounded by several glowing orange and red light trails that curve and swirl around it, creating a sense of motion and energy. The background is dark, making the light trails and the number stand out.

4 Additional information

Shareholder information	184
Definition and calculation of non GAAP measures	186
Financial summary	188
Glossary	Inside back cover

SHAREHOLDER INFORMATION

FINANCIAL CALENDAR

23 April 2015	Ex-dividend date – Final dividend
24 April 2015	Record date to be eligible for the final dividend
29 April 2015	Annual General Meeting
14 May 2015	Q1 Interim Management Statement for the year to 31 December 2015
26 May 2015	Final dividend payment for the year to 31 December 2014
6 August 2015	Half Year Results announcement for the year to 31 December 2015
early September 2015	Ex-dividend date – Interim dividend
early September 2015	Record date to be eligible for the interim dividend
early October 2015	Interim dividend payment for the year to 31 December 2015
12 November 2015	Q3 Interim Management Statement for the year to 31 December 2015

Our website

Our corporate website provides access to share price and dividend information as well as sections on managing your shareholding online, corporate governance and other investor relations information. To access the website, please visit www.aggreko.com/investors.

Managing your shares online

Shareholders can manage their holding online by registering to use our Shareholder portal at <https://shares.aggreko.com>. This service is provided by our Registrar, Capita, giving quick and easy access to your shareholding, allowing you to manage all aspects of your shareholding online, with a useful FAQ section.

Electronic communications

We encourage Shareholders to consider receiving their communications electronically. Choosing to receive your communications electronically means you receive information quickly and securely and allows us to communicate in a more environmentally friendly and cost-effective way. You can register for this service online using our share portal at <https://shares.aggreko.com>.

Payment of dividends

Shareholders whose dividends are not currently paid directly into their bank accounts may wish to consider setting this service up. We encourage Shareholders to have dividends paid direct to their bank accounts as this has a number of advantages, including ensuring efficient payment to receive cleared funds on the payment date.

If Shareholders would like to receive their dividends directly to their bank account, they should call the Registrar, Capita, using the details below.

UK Shareholders may also register using the share portal at <https://shares.aggreko.com>.

Overseas Shareholders may also be able to have the dividend converted to local currency before payment to your bank account using the international payment service. Please call the Registrar, Capita, using the details below, or visit www.capitaregistrars.com/international.

Dividend Reinvestment Plan

In 2015 we introduced a Dividend Reinvestment Plan (DRIP) for eligible Shareholders. This allows Shareholders to purchase additional shares in Aggreko with their dividend payment. Further information and a mandate can be obtained from our Registrars, Capita, using the contact details below or by using the share portal at <https://shares.aggreko.com>.

Duplicate documents

Some Shareholders find that they receive duplicate documentation and split dividend payments due to having more than one account on the share register. If you think you fall into this group and would like to combine your accounts, please contact our Registrar, Capita.

Changes of address

To avoid missing important correspondence relating to your shareholding, it is important that you inform our Registrar, Capita, of your new address as soon as possible.

Investor Relations App

We have recently published an Investor Relations and Media App, which is available for both Apple and Android devices. This allows you to easily access all our financial publications, including the 2014 Annual Report. The online report and a link to download the App can be found at www.aggreko.com/investors.

Sharegift

If you have a very small shareholding that is uneconomical to sell, you may want to consider donating it to Sharegift (Registered Charity no.10526886), a charity that specialises in the donation of small, unwanted shareholdings to good causes. You can find out more by visiting www.sharegift.org or by calling +44 (0) 207 930 3737.

Shareholder queries

Our share register is maintained by our Registrar, Capita. Shareholders with queries relating to their shareholding should contact Capita directly using one of the methods listed below. For more general queries, Shareholders can look at our website at www.aggreko.com/investors.

USEFUL CONTACTS

Registrar

Capita Asset Services, Shareholder Solutions
The Registry, 34 Beckenham Road
Beckenham, Kent BR3 4TU
United Kingdom
Telephone 0871 664 0300
+44 (0) 20 8639 3399
Website www.capitaregistrars.com
Email ssd@capitaregistrars.com

Stockbrokers

Bank of America Merrill Lynch – London
Citigroup Global Markets – London

Auditors

PricewaterhouseCoopers – Glasgow
Chartered Accountants

Aggreko's registered office

8th Floor, 120 Bothwell Street
Glasgow G2 7JS
Scotland, United Kingdom
Telephone +44 (0) 141 225 5900
Email investors@aggreko.com
Registered in Scotland No. SC177553

Group Legal Director and Company Secretary

Peter Kennerley

Additional documents

An interactive summary version of our Annual Report is available online at www.aggreko.com/investors.

Additionally the Annual Report is available for download in pdf format at www.aggreko.com/investors.

Unsolicited mail and Shareholder fraud

Shareholders are advised to be wary of unsolicited mail or telephone calls offering free advice, to buy shares at a discount or offering free company reports. To find more detailed information on how Shareholders can be protected from investment scams visit www.fca.org.uk/consumers/scams/investment-scams/share-fraud-and-boiler-room-scams.

DEFINITION AND CALCULATION OF NON GAAP MEASURES

Return on average capital employed (ROCE)

DEFINITION:

Calculated by dividing operating profit for a period by the average net operating assets at 1 January, 30 June and 31 December.

CALCULATION:

	Accounts reference	December 2014 £ million	December 2013 £ million
Operating profit	Income statement	310	358
Average net operating assets			
1 January	Note 4(g) of 2014 & 2013 Accounts	1,598	1,708
30 June	Refer to Note (a) below	1,616	1,773
31 December	Note 4(g) of 2014 & 2013 Accounts	1,690	1,598
Average (i.e. total of 1 Jan, 30 June and 31 Dec divided by 3)		1,635	1,693
ROCE (operating profit divided by average operating assets)		19%	21%
Note (a):			
Per June 2014 Interim Accounts			
Note 6(e)			
Assets		1,948	2,131
Liabilities		(332)	(358)
Net operating assets		1,616	1,773

Ratio of revenue to average

Gross rental assets

DEFINITION:

Revenue for the period (excluding pass-through fuel) divided by the average gross rental assets at 1 January, 30 June and 31 December.

CALCULATION:

	Accounts reference	December 2014 £ million	December 2013 £ million
Revenue	Income statement	1,577	1,573
Less pass-through fuel (Note 1)		(48)	(42)
Revenue excl. pass-through fuel		1,529	1,531
Average gross rental assets			
1 January	Note 14	2,373	2,328
30 June	Note 11 of June 14 Interim Accounts	2,388	2,508
31 December	Note 14	2,599	2,373
Average (i.e. total of 1 Jan, 30 June and 31 Dec divided by 3)		2,453	2,403
Revenue/gross rental assets		62%	64%

Note 1: Pass-through fuel relates to our Power Projects contracts in Mozambique where we provide fuel on a pass-through basis.

Earnings before interest, taxes, Depreciation and amortisation (EBITDA)

CALCULATION:

	Accounts reference	December 2014 £ million	December 2013 £ million
Operating profit (Earnings Before Interest and Taxation)	Income statement	310	358
Depreciation	Note 5	259	273
Amortisation	Note 5	3	5
EBITDA		572	636

Interest cover: EBITDA divided

By net finance costs

CALCULATION:

	Accounts reference	December 2014	December 2013
EBITDA (£ million)	Per above	572	636
Net finance cost (£ million)	Income statement	21	25
Interest cover (times)		27	26

Net debt to EBITDA

CALCULATION:

	Accounts reference	December 2014	December 2013
Net debt (£ million)	Cash flow statement	494	363
EBITDA (£ million)	Per above	572	636
Net debt/EBITDA (times)		0.9	0.6

Dividend cover

DEFINITION:

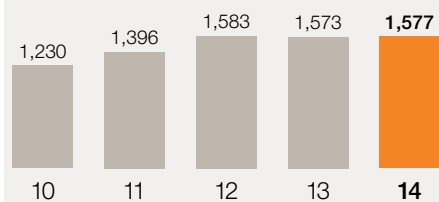
Basic earnings per share (EPS) divided by full year declared dividend.

CALCULATION:

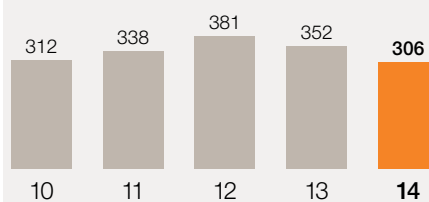
	Accounts reference	December 2014	December 2013
Basic EPS (pence)	Income statement	82.57	92.15
Full year declared dividend			
Interim dividend (pence)	Note 10	9.38	9.11
Final dividend (pence)	Note 10	17.74	17.19
		27.12	26.30
Dividend cover (times)		3.0	3.5

FINANCIAL SUMMARY

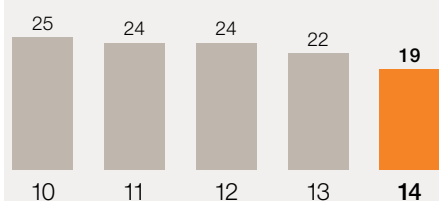
Revenue £m



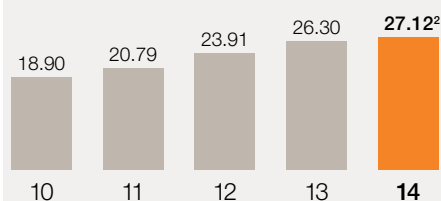
Trading Profit³ £m



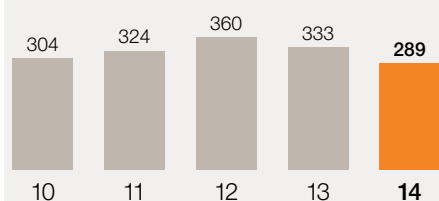
Trading Margin³ %



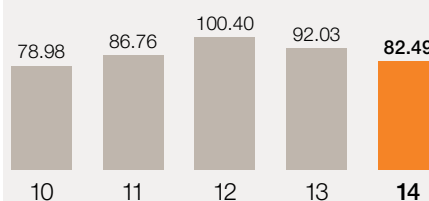
Dividend per Share Pence



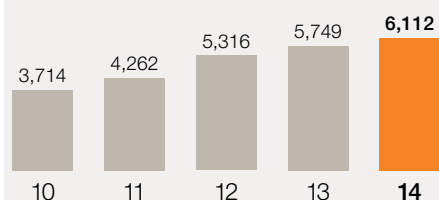
Profit Before Tax³ £m



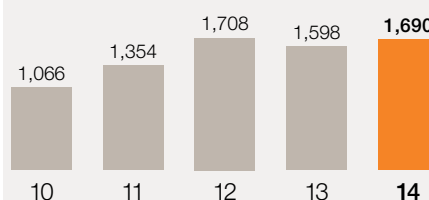
Diluted EPS³ Pence



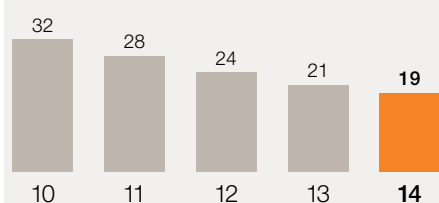
Average Number of Employees



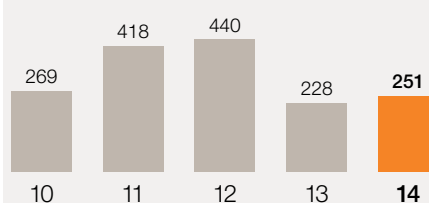
Net Operating Assets £m



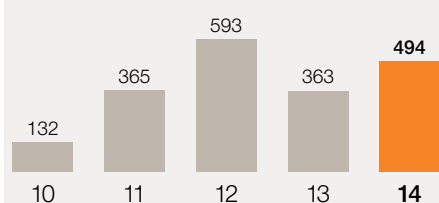
Return on Average Capital Employed³ %



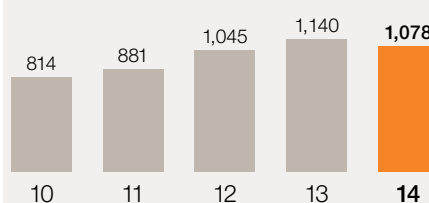
Capital Expenditure £m



Net Debt £m



Shareholders' Funds £m



1 Trading profit represents operating profit before gain on sale of property, plant and equipment.

2 The Board is recommending a final dividend of 17.74 pence per Ordinary Share, which, when added to the interim dividend of 9.38 pence, gives a total for the year of 27.12 pence per Ordinary Share.

3 2012 numbers are pre-exceptional items.

GLOSSARY

CEO

Chief Executive Officer.

CFO

Chief Financial Officer.

CFM

Cubic feet per minute. A unit of volumetric capacity.

CO₂

Carbon dioxide.

DILUTED EARNINGS PER SHARE

Profit after tax divided by the diluted weighted average number of Ordinary Shares ranking for dividend during the relevant period, i.e. including the impact of share options.

EPA

Environmental Protection Agency.

ERP SYSTEM

Enterprise Resource Planning System. A software package which is designed to manage all the operational and accounting functions of our business.

GHG

Greenhouse gas emissions.

G/KWH

Emissions in grams per kilowatt hour.

HFO

Heavy fuel oil.

HUB

A large service centre where large items of equipment are stored and serviced.

KVA

A thousand volt amperes.

LOAD SHEDDING

Load shedding is an intentional power shutdown, where electricity is stopped for a period of time over different parts of the distribution region. They are a last-resort measure to avoid a total blackout of the power system and are a demand response where the demand for electricity exceeds the supply capability of the network.

LOCAL BUSINESS

The part of our business that looks after customers local to our service centres in North and Latin America, Europe, the Middle East, Africa, Asia and Australasia.

LWA

Sound power level at source.

MARKET POTENTIAL ESTIMATION CALCULATION

1. In a market (say, oil-refining in the US) in which we are well-established and have high market share, calculate our rental revenues (a known number) in the sector as a proportion of the total economic output of oil refineries in the US (another known number). This produces a very small number, like 0.00001.
2. Make the assumption that if we can achieve, say, 0.00001 of the economic output of refineries in the US as revenues, we should, in theory, be able to achieve the same in oil refineries everywhere else. Therefore if we take the total economic output of oil refineries in, say China, and then apply the same multiple to that which we achieve in the US, that tells us how big the potential market is.
3. Take this same technique, and apply it to about 20 segments in around 30 countries, and we have an estimate for the market potential and a number for our revenues in the sector (an accurate number), and therefore an estimate of our share of "market potential".

MW

Megawatt – a million watts of electricity.

NO_x

Oxides of nitrogen.

ON-HIRE & OFF-HIRE

When a contract is put out on rent, the equipment is referred to as on-hire. When a contract comes off rent, the equipment is referred to as off-hiring. The on and off-hire rates are calculated as the number of MW of equipment that either on or off-hire in the period, divided by the MW of equipment on-hire at the beginning of that period.

ORANGE EXCELLENCE

This is our continuous improvement programme. Orange Belts are trained for two weeks in improvement techniques and continue to work in their business area making localised improvements in service, sales and administration, ultimately making Aggreko more efficient and providing ongoing improvement for our customers. Black Belts undertake a year of intensive training in continuous improvement, spanning a blend of operations improvement, project management, change management and lean/six sigma tools and techniques. Their focus is on the delivery of major, and often, Group-wide improvement projects and also in the training of our Orange Belts.

OPERATING PROFIT (ALSO KNOWN AS EBIT)

Profit from operations after gain on sale of property, plant and equipment but before interest and tax.

PARTICULATE

In general this term relates to visible smoke.

POWER PROJECTS BUSINESS

The part of our business which handles very large power contracts. Customers are mainly in developing countries but power projects can arise anywhere in the world.

PP

Percentage points.

PROFIT AFTER TAX

Profit attributable to equity Shareholders.

SPOKE

A small service centre which provides a logistics point from where equipment can be prepared and sent out quickly to customers.

tCO₂e

Tonnes of carbon dioxide equivalent.

TEMPERATURE CONTROL

The temperature control fleet includes chillers, air conditioners, cooling towers, boilers, heat exchangers, heaters, and the required ancillary products. It provides HVAC and moisture control equipment that helps customers minimise losses, manage risks and capture windows of economic opportunity. Applications include seasonal limitations or catastrophic failure of critical cooling equipment, planned and unplanned maintenance, process improvements, and temporary structures.

TIER 1, TIER 2, TIER 3, TIER 4

US Federal Government target emission reduction levels.

TRADING PROFIT

Operating profit before gain on sale of property, plant and equipment.



Design and production Radley Yeldar | www.ry.com

Board photography Andy Wilson

Print Park Communications on FSC® certified paper. Park is an EMAS certified company and its Environmental Management System is certified to ISO 14001. 100% of the inks used are vegetable oil based, 95% of press chemicals are recycled for further use and, on average 99% of any waste associated with this production will be recycled.

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