aggreko

INTERIM RESULTS FOR THE SIX MONTHS
ENDED 30 JUNE 2019
30 JULY 2019

Good start to the year; on track to deliver mid-teens ROCE in 2020

Chris Weston, Chief Executive Officer, commented:

"We have had a good start to the year and are on track to deliver full-year earnings in line with market expectations. Focus on delivery in our key sectors, combined with operational and cost efficiencies and the benefit from our investments in systems, has delivered improved profitability. We continue to innovate to meet our customers' evolving needs through the energy transition, and during the period we launched the Y.Cube, our new modular and mobile energy storage system. Progress on receivables has also been encouraging, particularly in Africa, and this all underpins our confidence in achieving our mid-teens ROCE target in 2020."

Results summary

£m	1H19	1H18	CHANGE	UNDERLYING CHANGE[1]
Group revenue	768	857	(10)%	(4)%
Operating profit	81	76	6%	12%
Operating profit margin (%)	10.5	8.9	1.6pp	1.5pp
Profit before tax	60	59	2%	9%
Diluted EPS(p)	15.33	15.85	(3)%	4%
Operating cash inflow	210	160		
Dividend per share (p)	9.38	9.38		
ROCE (%)	10.2	10.5	(0.3)pp	0.6pp

[1]Underlying excludes pass-through fuel and currency. A reconciliation between reported and underlying performance is detailed on page 10.

- Underlying[1] Group revenue down 4%
  - Rental Solutions underlying[1] revenue up 1%
  - Power Solutions Industrial underlying[1] revenue down 9%, up 4% excluding the Winter Olympics
  - Power Solutions Utility underlying[1] revenue down 7%
- Profit before tax of £60 million, up 9% on an underlying[1] basis
- Operating cash inflow of £210 million, an increase of £50 million, partly driven by a £31 million lower working capital outflow
- ROCE of 10.2% (2018: 10.5%) shows an improvement of 0.6 percentage points on an underlying[1] basis
- Interim dividend maintained at 9.38p per share
- Mobilised our first Y.Cubes as hybrid pipeline continues to build
- On track to deliver full year earnings in line with market expectations and mid-teens ROCE in 2020

RESULTS FOR THE SIX MONTHS TO 30 JUNE 2019

GROUP TRADING PERFORMANCE

£m	1H19	1H18	CHANGE	UNDERLYING CHANGE[1]
Group revenue	768	857	(10)%	(4)%
Operating profit	81	76	6%	12%
Operating profit margin (%)	10.5	8.9	1.6pp	1.5pp
Profit before tax	60	59	2%	9%
Diluted EPS(p)	15.33	15.85	(3)%	4%
Operating cash inflow	210	160		
Dividend per share (p)	9.38	9.38		
ROCE (%)	10.2	10.5	(0.3)pp	0.6pp

Underlying[1] Group revenue decreased 4%. Excluding the benefit from the Winter Olympics in 2018, underlying[1] Group revenue was in-line with the prior year, reflecting a small increase in Rental Solutions and solid growth in Power Solutions Industrial, offset by a decline in Power Solutions Utility. Underlying[1] profit before tax was up 9% at £60 million. The operating margin was 10.5% (2018: 8.9%) with growth in all three business units. Diluted earnings per share (DEPS) were 15.33 pence (2018: 15.85 pence), up 4% on an underlying basis.

The Group's return on capital employed (ROCE) decreased to 10.2% (2018: 10.5%) due to the impact of currency. On an underlying[1] basis ROCE rose 0.6 percentage points.

Reported financial measures

Reported revenue and operating profit include the translational impact of currency as Aggreko's revenue and profit are earned in a number of different currencies (most notably the US Dollar), which are then translated and reported in Sterling. The movement in exchange rates in the period increased revenue by £3 million and decreased operating profit by £4 million.

In addition, the Group separately reports fuel revenue from a few contracts in the Power Solutions Utility business where we manage fuel on a pass-through basis on behalf of our customers. The reason for the separate reporting is that fuel revenue on these contracts is entirely dependent on fuel prices and the volumes of fuel consumed, which can be volatile and may distort the view of the performance of the underlying business. Fuel revenue from these contracts was £20 million (2018: £89 million), with the year on year decrease due to lower fuel consumption.

Reported Group revenue was down 10% on prior year, with Rental Solutions up 4%, Power Solutions Industrial down 9% and Power Solutions Utility down 33%.

Outlook

Our full year earnings outlook is in line with market expectations and we remain on track to deliver mid-teens ROCE in 2020.

DIVISIONAL HEADLINES

REVENUE £m	1H19	1H18	CHANGE	UNDERLYING CHANGE[1]
Rental Solutions	400	386	4%	1%
Power Solutions				
Industrial	198	219	(9)%	(9)%
Utility excl. pass-through fuel	150	163	(8)%	(7)%
Pass-through fuel	20	89	(78)%	(77)%
Group	768	857	(10)%	(4)%

OPERATING PROFIT £m	1H19	1H18	CHANGE	UNDERLYING CHANGE[1]
Rental Solutions	47	40	17%	12%
Power Solutions				
Industrial	21	23	(8)%	(4)%
Utility excl. pass-through fuel	13	14	(2)%	52%
Pass-through fuel	-	(1)	100%	100%
Group	81	76	6%	12%

Rental Solutions underlying[1] revenue was up 1%, mainly driven by North America where revenue was up 7% with strong growth in oil & gas. The operating margin rose 1.1 percentage points to 11.8%, reflecting both higher rates and the benefit of our work in support of the power shortages in Belgium.

Power Solutions Industrial underlying[1] revenue decreased 9%. Excluding the benefit of the South Korea Winter Olympics in the prior year revenue increased 4%, with good growth in Latin America, Africa and the Middle East, partially offset by a slowdown in Eurasia and Asia. The operating margin was 10.5%, up 0.6 percentage points.

Power Solutions Utility underlying[1] revenue was down 7% primarily due to 2018 off hires in Mozambique and Japan. The operating margin (excluding pass-through fuel) was up 3.5 percentage points on an underlying basis, to 8.9%.

Cash flow and balance sheet

During the first six months, we generated an operating cash inflow of £210 million (2018: £160 million). The increase in operating cash flow is mainly driven by a year on year increase in EBITDA of £23 million and a reduction in working capital outflows of £31 million, partially offset by a higher cash outflow of £9 million relating to mobilisation (fulfilment assets) and demobilisation activities.

The working capital outflow in the period of £16 million (2018: £47 million) comprises a £34 million inflow from trade and other receivables, a £48 million outflow from trade and other payables and a £2 million outflow from inventory.

The decrease in trade and other receivables is analysed by division as a £42 million decrease in Power Solutions Utility and a £8 million increase in Power Solutions Industrial. Rental Solutions was flat year on year, comprising a decrease in accrued income offset by an increase in trade debtors as the business targeted a reduction in the level of unbilled revenue that had built up through the end of 2018. The decrease in Power Solutions Utility was driven by strong collections in the period, while the increase in Power Solutions Industrial reflects activity levels in the period.

The movement in the fulfilment asset and demobilisation provisions mainly relates to mobilisation costs on our 15-year PIE A contract in Brazil, our latest HFO contract in Burkina Faso and the Tokyo 2020 Olympics.

The decrease in trade and other payables balances since the year end is primarily driven by lower fuel consumption in our contracts in Brazil.

Fleet capital expenditure was £83 million (2018: £87 million). Within this, £29 million was invested in our Rental Solutions business, primarily in relation to temperature control and oil free air (OFA) products, and £54 million in Power Solutions, which included investment related to our contracts for the Tokyo 2020 Olympics and our ongoing fleet refurbishment programme.

Net debt at 30 June 2019 was £784 million. This was £43 million higher than the prior year with the increase driven by the recognition within net debt of a £102 million lease creditor following the Group's adoption of IFRS 16 'Leases' from 1 January 2019, absent which net debt would have reduced £59 million year on year. A detailed cash flow is included on page 16 of the financial statements.

This resulted in net debt to EBITDA on a rolling 12-month basis of 1.5 times compared to 1.4 times[2] at 30 June 2018. The increase on prior year is driven by the impact of IFRS 16 'Leases' which increased net debt to EBITDA by 0.2 times.

Dividends

The Group is proposing to maintain the interim dividend at 9.38 pence per share (2018: 9.38 per share), which equates to dividend cover of 1.6 times (2018: 1.7 times). Dividend cover is calculated as basic earnings per share for the period divided by the dividend per share.

[2] Not restated for IFRS 16 'Leases'

ADDITIONAL PERFORMANCE METRICS

	1H19	1H18	CHANGE
AVERAGE MEGAWATTS ON HIRE (MW)	**6,407**	**6,560**	**(2)%**
Rental Solutions average megawatts on hire	1,425	1,504	(5)%
Power Solutions Industrial average megawatts on hire	2,509	2,376	6%
Power Solutions Utility average megawatts on hire	2,473	2,680	(8)%
TOTAL POWER SOLUTIONS ORDER INTAKE (MW)	**458**	**366**	**25%**
Power Solutions Industrial (ex. Eurasia)	86	133	(35)%
Power Solutions Industrial (Eurasia only)	127	131	(3)%
Power Solutions Utility	245	102	140%
UTILISATION			
Rental Solutions	56%	61%	(5.0)pp
Power Solutions Industrial	68%	70%	(2.0)pp
Power Solutions Utility	66%	65%	1.0pp
FINANCIAL			
Effective tax rate	35%	31%	4.0pp
Fleet capex (£m)	83	87	(5)%
Fleet depreciation (£m)	138	134	3%
Average net operating assets (£m)	2,192	2,089	5%
Net debt (£m)	(784)*	(741)	(6)%

** Includes £102 million of a lease creditor on adoption of IFRS 16 'Leases' from 1 January 2019.*

Investors, analysts and financial media enquiries

Louise Bryant, Aggreko plc +44 7813 210 809

Richard Foster, Aggreko plc +44 7989 718 478

Analyst presentation

A presentation will be held for analysts and investors today at 09:00am (BST) at the London Stock Exchange, 10 Paternoster Square, EC4M 7LS. A live web-cast and a copy of the slides will be available on our website at www.plc.aggreko.com/investors. The presentation will also feature a live telephone coverage, please see call details below:

Participant dial-in numbers
United Kingdom (Local): 020 3936 2999
All other locations: +44 20 3936 2999
Participant Access Code: 830208

Financial calendar

5 September	Ex-dividend date – interim dividend
6 September	Record date to be eligible for the interim dividend
1 October	Interim dividend payment for the year to 31 December 2019

BUSINESS UNIT PERFORMANCE REVIEW

RENTAL SOLUTIONS

REVENUE £m	1H19	1H18	CHANGE	UNDERLYING CHANGE[1]
	400	386	4%	1%

OPERATING PROFIT £m	1H19	1H18	CHANGE	UNDERLYING CHANGE[1]
	47	40	17%	12%
OPERATING MARGIN %	11.8%	10.5%	1.3pp	1.1pp
ROCE	14.3%	15.6%	(1.3)pp	(1.2)pp

- Underlying[1] revenue and operating profit, up 1% and 12% respectively
- Strong performance in key sectors, notably oil & gas and petrochemicals & refining
- Improved operating margin of 11.8%, up 1.1 percentage points on an underlying[1] basis
- ROCE of 14.3% reflects an underlying[1] decrease of 1.2 percentage points, primarily driven by the impact of the transition to IFRS 16

North American underlying[1] revenue was up 7% on the prior year (up 16% excluding hurricane revenue in 2018). Our sector focus has continued to drive growth and we saw good performance in most of our key sectors, particularly in oil & gas, petrochemical & refining and events. This top-line growth enabled us to leverage our fixed cost base more effectively, leading to an improved operating margin.

In our Australia Pacific business, underlying[1] revenue decreased 14% as good growth in the mining sector was offset by a 100MW emergency contract in the prior year numbers. Despite this revenue reduction, our focus on cost efficiencies helped to drive an improvement in operating margin.

Our Continental European business grew underlying[1] revenue 12%, aided by revenue earned from work in response to power shortages in Belgium and the FIFA Women's World Cup in France.

Underlying[1] revenue in Northern European was down 9%, as Next Generation Gas contracts in Ireland began to off-hire as planned, together with a slowdown in wider market activity related to Brexit. Notwithstanding the revenue reduction, ongoing cost discipline helped drive a first half improvement in operating margin.

Operating margin on an underlying[1] basis was up 1.1 percentage points, reflecting higher rates in key sectors within NAM and our emergency work to support the power shortages in Belgium; this was despite lower fleet utilisation as the prior year hurricane work off-hired. We are also beginning to see benefits arising from the systems implementation, enabling us to focus on more profitable work and improve cost recoveries.

OPERATIONAL SUMMARY	1H19	1H18	CHANGE
Rental Solutions average MW on hire	1,425	1,504	(5)%
Rental Solutions utilisation	56%	61%	(5.0)pp

REVENUE £M	1H19	1H18	CHANGE	UNDERLYING CHANGE[1]
Industrial	198	219	(9)%	(9)%
Utility excl. pass-through fuel	150	163	(8)%	(7)%
Pass-through fuel	20	89	(78)%	(77)%

OPERATING PROFIT £M	1H19	1H18	CHANGE	UNDERLYING CHANGE[1]
Industrial	21	23	(8)%	(4)%
Utility excl. pass-through fuel	13	14	(2)%	52%
Pass-through fuel	-	(1)	100%	100%
OPERATING MARGIN %				
Industrial	10.5%	10.5%	-	0.6pp
Utility excl. pass-through fuel	8.9%	8.3%	0.6pp	3.5pp
ROCE				
Industrial	10.6%	9.7%	0.9pp	1.6pp
Utility excl. pass-through fuel	6.0%	6.7%	(0.7)pp	0.9pp

- Power Solutions Industrial
  - Underlying[1] revenue decreased 9%; up 4% excluding the 2018 Winter Olympics
  - Underlying[1] profit decreased 4%
  - Operating margin at 10.5% was up 0.6 percentage points on an underlying[1] basis
  - ROCE of 10.6% is up 1.6 percentage points on an underlying[1] basis
- Power Solutions Utility
  - Underlying[1] revenue was down 7% due primarily to 2018 off hires in Mozambique and Japan
  - Underlying[1] operating profit was up 52% as a result of improved operational performance
  - ROCE up 0.9 percentage points to 6.0% on an underlying[1] basis

Power Solutions Industrial

Power Solutions Industrial underlying[1] revenue decreased 9%. Revenue excluding the 2018 Winter Olympics was up 4% on the prior year. Revenue in Latin America increased 16%, primarily driven by industrial projects, most notably in the oil and gas sector in Ecuador. In the Middle East revenue increased 6% with good growth in Oman, partially offset by reduced revenue in Kuwait. Revenue in Africa increased 29%, driven by Nigeria and industrial projects in the Democratic Republic of Congo (DRC). In Eurasia revenue decreased 10%, with the slower order intake seen in the second half of 2018, and pressure on rates from increased competition, continuing. Revenue in Asia decreased 21% mainly driven by South Korea (excluding 2018 Winter Olympics) due to a reduction in work related to mining, and oil and gas.

Operating margin on an underlying[1] basis was up 0.6 percentage points on the prior year at 10.5%, supported by a good performance in both Africa and Latin America in leveraging their respective cost bases.

Power Solutions Industrial order intake was 213 MW (2018: 264 MW) including 127 MW in Eurasia (2018: 131 MW) with the prior year intake reflecting a large industrial project in the DRC.

Power Solutions Utility

Power Solutions Utility saw underlying[1] revenue decrease 7% due primarily to 2018 off hires in Mozambique and Japan. The operating margin (excluding pass-through fuel) was up 0.6 percentage points to 8.9%, and on an underlying[1] basis the operating margin was up 3.5 percentage points due to the early benefit of our cost reduction programme.

Average megawatts on hire in this business was 2,473 (2018: 2,680), with the year on year reduction reflecting higher off-hires than on-hires over the last 12 months, as projects off-hired in Myanmar, Indonesia and Argentina. The off-hire rate in the first half was 15% (2018: 27%) and we expect the full year off-hire rate to be around 35% (2018: 42%). Order intake year to date for Utility sector projects is 245 MW (2018: 102 MW), including 60MW in Gabon and 60MW in Senegal.

Managing the trade receivables in our Power Solutions Utility business continues to be a major focus, with active ongoing engagement with our customers a key priority. Encouragingly our Power Solutions Utility cash collections in the first six months were $295 million compared with amounts invoiced of $244 million. However, as noted on page 103 in the Group's 2018 Annual Report and Accounts with respect to the prior year, we continue to experience delays in receiving payments in parts of Africa, Venezuela and Yemen due to our customers' liquidity positions and their limited access to foreign currency. While the overall Power Solutions Utility bad debt provision of $84 million at 30 June 2019 was broadly in line with 31 December 2018 ($83 million), reflecting the differing circumstances by customer, within this amount we have increased by $3 million the bad debt provision against specific contracts in Yemen.

Operational summary

OPERATIONAL SUMMARY	**1H19**	**1H18**	**CHANGE**
Power Solutions Industrial average MW on hire	**2,509**	**2,376**	**6%**
Power Solutions Utility average MW on hire	**2,473**	**2,680**	**(8)%**
Power Solutions order intake (MW)	**458**	**366**	**25%**
Power Solutions Industrial (ex. Eurasia)	86	133	(35)%
Power Solutions Industrial (Eurasia only)	127	131	(3)%
Power Solutions Utility	245	102	140%
Utilisation			
Power Solutions Industrial	**68%**	**70%**	**(2.0)pp**
Power Solutions Utility	**66%**	**65%**	**1.0pp**

FINANCIAL REVIEW

A summarised Income Statement for the first six months of 2019 is set out below.

INCOME STATEMENT

£m	1H19	1H18	CHANGE	UNDERLYING CHANGE[1]
Revenue	768	857	(10)%	(4)%
Operating profit	81	76	6%	12%
Net interest expense	(21)	(17)	(21)%	
Profit before tax	60	59	2%	9%
Taxation	(21)	(18)	(14)%	
Profit after tax	39	41	(3)%	
Diluted EPS (p)	15.33	15.85	(3)%	4%
Operating margin	10.5%	8.9%	1.6pp	1.5pp
ROCE	10.2%	10.5%	(0.3)pp	0.6pp

Currency translation

The movement in exchange rates in the period had a minimal impact on revenue and decreased operating profit by £4 million. Currency translation also gave rise to a £1 million decrease in the value of the Group's net assets from December 2018 to June 2019. Set out in the table below are the principal exchange rates which affected the Group's profit and net assets.

PRINCIPAL EXCHANGE RATES (PER £ STERLING)	JUNE 2019		JUNE 2018		DEC 2018	
	AVERAGE	PERIOD END	AVERAGE	PERIOD END	AVERAGE	PERIOD END
United States Dollar	1.29	1.27	1.38	1.32	1.34	1.27
Euro	1.15	1.11	1.14	1.13	1.13	1.11
UAE Dirhams	4.75	4.66	5.06	4.84	4.91	4.66
Australian Dollar	1.83	1.81	1.78	1.78	1.79	1.80
Brazilian Reals	4.98	4.85	4.72	5.09	4.87	4.91
Argentinian Peso	53.61	54.17	29.72	36.99	37.48	48.62
Russian Rouble	84.42	79.97	81.85	82.53	83.70	88.02

(Source: Bloomberg)

Reconciliation of reported to underlying results

The tables below reconcile the reported and underlying revenue and operating profit movements:

Revenue

£m	RENTAL SOLUTIONS			INDUSTRIAL			UTILITY			GROUP		
	2019	2018	CHANGE	2019	2018	CHANGE	2019	2018	CHANGE	2019	2018	CHANGE
As reported	400	386	4%	198	219	(9)%	170	252	(33)%	768	857	(10)%
Pass-through fuel	-	-		-	-		(20)	(89)		(20)	(89)	
Currency impact	-	10		-	(1)		-	(2)		-	7	
Underlying	400	396	1%	198	218	(9)%	150	161	(7)%	748	775	(4)%

Operating profit

£m	RENTAL SOLUTIONS			INDUSTRIAL			UTILITY			GROUP		
	2019	2018	CHANGE	2019	2018	CHANGE	2019	2018	CHANGE	2019	2018	CHANGE
As reported	47	40	17%	21	23	(8)%	13	13	-%	81	76	6%
Pass-through fuel	-	-		-	-		-	1		-	1	
Currency impact	-	2		-	(1)		-	(5)		-	(4)	
Underlying	47	42	12%	21	22	(4)%	13	9	52%	81	73	12%

Notes:

1. *The currency impact is calculated by taking the 2018 results in local currency and retranslating them at 2019 average rates.*
2. *The currency impact line included in the tables above excludes the currency impact on pass-through fuel in PSU, which in 2019 was £4 million on revenue and £nil on operating profit.*

Interest

The net interest charge of £21 million was £4 million higher than last year, primarily due to an increase in interest of £3 million associated with the adoption of IFRS 16 'Leases'. Interest cover, measured against rolling 12-month EBITDA (Earnings before Interest, Taxes, Depreciation and Amortisation) remained strong at 13 times (2018: 15 times).

Effective tax rate

The current forecast of the effective tax rate for the full year, which has been used in the interim accounts, is 35% (30 June 2018: 31%). The increase in the effective rate is driven primarily by a change in the expected geographic profit mix for the year.

Dividends

The Board has decided to pay an interim dividend of 9.38 pence per ordinary share, in line with last year; dividend cover is 1.6 times (30 June 2018: 1.7 times). This interim dividend will be paid on 1 October 2019 to shareholders on the register at 6 September 2019, with an ex-dividend date of 5 September 2019. Dividend cover is calculated as basic earnings per share for the period divided by the dividend per share.

Cash flow

During the first six months we generated an operating cash inflow of £210 million (2018: £160 million). The increase in operating cash flow is mainly driven by a year on year increase in EBITDA of £23 million and a £31 million reduction in working capital outflows, partially offset by higher cash outflows relating to mobilisation (fulfilment assets) and demobilisation activities of £9 million. Capital expenditure in the period was £99 million (2018: £95 million), of which £83 million (2018: £87 million) was spent on fleet assets. The working capital movements in the period are explained on page 3.

Financial resources

The Group maintains sufficient facilities to meet its normal funding requirements over the medium term. At 30 June 2019 these facilities totalled £1,077 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. The covenants exclude the impact of IFRS 16 'Leases' and, on that basis, at 30 June 2019 these ratios were 14 times and 1.3 times. The maturity profile of the Group's borrowings is detailed in Note 11 in the Accounts.

Net debt (including £102 million of a lease creditor on adoption of IFRS 16 from 1 January 2019) amounted to £784 million at 30 June 2019 and, at that date, undrawn committed facilities were £432 million.

Net operating assets

The net operating assets of the Group (including goodwill) at 30 June 2019 totalled £2,190 million, £67 million higher than 30 June 2018. The main components of net operating assets are detailed in the table below.

£m	1H19	1H18	MOVEMENT	MOVEMENT EXCLUDING THE IMPACT OF CURRENCY
Goodwill/intangibles/investments	237	222	7%	4%
Rental fleet	1,003	1,078	(7)%	(9)%
Property & plant	220	106	108%	104%
Working capital (excl. interest creditors)	649	637	2%	(1)%
Fulfilment asset & demobilisation provision	54	15	260%	260%
Cash (incl. overdrafts)	27	65	(58)%	(60)%
Total net operating assets	2,190	2,123	3%	1%

A key measure of Aggreko's performance is the return (expressed as underlying operating profit) generated from average net operating assets (ROCE). For each half year reporting period, we calculate ROCE by taking the underlying operating profit on a rolling 12-month basis and expressing it as a percentage of the average net operating assets at 30 June, 31 December and the previous 30 June. In the first half of 2019 the ROCE decreased to 10.2% compared with 10.5% for the same period in 2018, primarily due to the impact of currency. On an underlying[1] basis ROCE rose 0.6 percentage points.

Shareholders' equity

Shareholders' equity decreased by £6 million to £1,361 million in the six months ended 30 June 2019, represented by the net assets of the Group of £2,145 million before net debt of £784 million. The movements in shareholders' equity are analysed in the table below:

MOVEMENTS IN SHAREHOLDERS' EQUITY	**£m**	**£m**
AS AT 1 JANUARY 2019		**1,367**
Profit for the period	39	
Dividend[3]	(45)	
Retained earnings		(6)
Employee share awards		5
Re-measurement of retirement benefits		(5)
Currency translation		(1)
Other		1
AS AT 30 JUNE 2019		**1,361**

[3] Reflects the final dividend for 2018 of 17.74 pence per share (2017 17.74 pence) that was paid during the period.

IFRS 16 'Leases'

The Group adopted IFRS 16 from 1 January 2019 using the modified retrospective approach and therefore the comparative information has not been restated.

IFRS 16 addresses the accounting for leases and requires lessees to recognise all leases on balance sheet with limited exemptions. This results in the recognition of a right-of-use asset and corresponding liability on the balance sheet, with the associated depreciation and interest expense being recorded in the income statement over the lease period. Limited exemptions apply for short-term leases (leases with a term of 12 months or less) and low value leases (<$10,000). The payments for the exempt leases are recognised as an expense in the income statement on a straight-line basis over the lease term.

The impact from applying IFRS 16 for the six months ended 30 June 2019 was:

Income statement

- Improvement in operating profit of £2 million
- Increase in depreciation of £14 million
- Increase in interest costs of £3 million
- Reduction in profit before tax of £1 million

Balance sheet/Cash flow statement

- Right of use asset included within property, plant & equipment of £101 million as at 30 June 2019 (1 January 2019: £104 million)
- Lease liabilities of £102 million as at 30 June 2019 (1 January 2019: £104 million)
- Net debt at 30 June 2019 is higher by £102 million

Ratios

- An increase in EBITDA of £16 million
- An increase in net debt/EBITDA of 0.2 times
- Reduction in Group ROCE of 0.3pp

Principal risks and uncertainties

In the day to day operations of the Group we face various risks and uncertainties. We seek both to prevent these risks from materialising and to mitigate their impact if they do arise. The Board has developed a risk management framework to facilitate this. The principal risks that we believe could potentially affect the Group are summarised below:

- Global macroeconomic uncertainty;
- Market dynamics;
- Disruptive technology;
- Talent management;
- New technology market introduction;
- Change management;
- Service delivery: major contractual failure;
- Cyber security;
- Escalating sanctions;
- Health and safety;
- Security;
- Failure to conduct business dealings with integrity and honesty; and
- Failure to collect payments or to recover assets.

Other than the one change noted below, we do not believe that the principal risks and uncertainties facing the business have changed materially since the publication of the 2018 Annual Report and Accounts.

One risk has returned to the Group risk register following our six-monthly update process: "Service delivery: major contractual failure". The level of this risk is likely to fluctuate with the number of major contracts that we are delivering at any point in time.

Shareholder information

Our website can be accessed at www.plc.aggreko.com. This contains a large amount of information about our business. The website also carries copies of recent investor presentations, as well as London Stock Exchange announcements.

Chris Weston
Chief Executive Officer

Heath Drewett
Chief Financial Officer

30 July 2019

GROUP INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2019 (UNAUDITED)

	NOTES	6 MONTHS ENDED 30 JUNE 2019 £ MILLION	6 MONTHS ENDED 30 JUNE 2018 £ MILLION	YEAR ENDED 31 DECEMBER 2018 £ MILLION
Revenue	4	768	857	1,760
Cost of sales		(335)	(420)	(824)
Gross profit		433	437	936
Distribution costs		(225)	(230)	(476)
Administrative expenses		(127)	(129)	(241)
Impairment loss on trade receivables		(5)	(4)	(7)
Other income		5	2	7
Operating profit	4	81	76	219
Net finance costs				
- Finance cost		(21)	(17)	(41)
- Finance income		-	-	4
Profit before taxation		60	59	182
Taxation	7	(21)	(18)	(57)
Profit for the period		39	41	125
All profit for the period is attributable to the owners of the Company.				
Basic earnings per share (pence)	6	15.34	15.85	49.22
Diluted earnings per share (pence)	6	15.33	15.85	49.18

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2019 (UNAUDITED)

	6 MONTHS ENDED 30 JUNE 2019 £ MILLION	6 MONTHS ENDED 30 JUNE 2018 £ MILLION	YEAR ENDED 31 DECEMBER 2018 £ MILLION
Profit for the period	39	41	125
Other comprehensive (loss)/income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of retirement benefits	(5)	21	26
Taxation on remeasurement of retirement benefits	1	(4)	(5)
Items that may be reclassified subsequently to profit or loss			
Cash flow hedges	-	1	2
Net exchange losses offset in reserves	(1)	(28)	(24)
Other comprehensive loss for the period	(5)	(10)	(1)
Total comprehensive income for the period	34	31	124

GROUP BALANCE SHEET

AS AT 30 JUNE 2019 (UNAUDITED)

	NOTES	30 JUNE 2019 £ MILLION	30 JUNE 2018 £ MILLION	31 DEC 2018 £ MILLION
Non-current assets				
Goodwill		186	180	184
Other intangible assets		42	33	42
Investment		9	9	9
Property, plant and equipment	8	1,223	1,184	1,169
Deferred tax asset		36	34	36
Fulfilment asset	9	45	17	29
Retirement benefit surplus		1	-	1
		1,542	1,457	1,470
Current assets				
Inventories		233	244	229
Trade and other receivables	10	746	740	781
Fulfilment asset	9	22	8	15
Cash and cash equivalents		69	76	85
Derivative financial instruments		-	-	1
Current tax assets		20	27	23
		1,090	1,095	1,134
Total assets		2,632	2,552	2,604
Current liabilities				
Borrowings	11	(155)	(175)	(144)
Lease liability		(33)	-	-
Derivative financial instruments		-	(1)	(1)
Trade and other payables		(336)	(346)	(371)
Current tax liabilities		(34)	(52)	(47)
Demobilisation provision	12	(4)	(8)	(6)
Provisions		(1)	(4)	(2)
		(563)	(586)	(571)
Non-current liabilities				
Borrowings	11	(596)	(642)	(627)
Lease liability		(69)	-	-
Deferred tax liabilities		(34)	(22)	(34)
Retirement benefit obligation		-	(2)	-
Demobilisation provision	12	(9)	(2)	(5)
		(708)	(668)	(666)
Total liabilities		(1,271)	(1,254)	(1,237)
Net assets		1,361	1,298	1,367
Shareholders' equity				
Share capital		42	42	42
Share premium		20	20	20
Treasury shares		(11)	(14)	(17)
Capital redemption reserve		13	13	13
Hedging reserve (net of deferred tax)		1	-	1
Foreign exchange reserve		(52)	(55)	(51)
Retained earnings		1,348	1,292	1,359
Total shareholders' equity		1,361	1,298	1,367

GROUP CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2019 (UNAUDITED)

	NOTES	6 MONTHS ENDED 30 JUNE 2019 £ MILLION	6 MONTHS ENDED 30 JUNE 2018 £ MILLION	YEAR ENDED 31 DEC 2018 £ MILLION
Operating activities				
Profit for the period		39	41	125
Adjustments for:				
Tax		21	18	57
Depreciation		163	145	293
Amortisation of intangibles		3	3	5
Fulfilment assets	9	6	3	9
Demobilisation provisions	12	4	2	4
Finance income		-	-	(4)
Finance cost		21	17	41
Profit on sale of property, plant and equipment (PPE)		(5)	(2)	(7)
Share based payments		5	5	10
Changes in working capital (excluding the effects of exchange differences on consolidation):				
(Increase)/decrease in inventories		(2)	(4)	14
Decrease/(increase) in trade and other receivables		34	7	(10)
Decrease in trade and other payables		(48)	(50)	(60)
Cash flows relating to fulfilment assets	9	(28)	(20)	(44)
Cash flows relating to demobilisation provisions	12	(2)	(1)	(4)
Cash flows relating to prior period exceptional items		(1)	(4)	(6)
Cash generated from operations		210	160	423
Tax paid		(30)	(33)	(61)
Interest received		-	-	4
Interest paid		(22)	(18)	(36)
Net cash generated from operating activities		158	109	330
Cash flows from investing activities				
Acquisitions (net of cash acquired)		-	(24)	(24)
Purchases of PPE		(99)	(95)	(216)
Purchase of other intangible assets		(4)	(4)	(10)
Purchase of investment		-	(9)	(9)
Proceeds from sale of PPE		9	4	15
Net cash used in investing activities		(94)	(128)	(244)
Cash flows from financing activities				
Increase in long-term loans		206	473	726
Repayment of long-term loans		(189)	(338)	(624)
Increase in short-term loans		30	11	5
Repayment of short-term loans		(101)	(68)	(94)
Payment of lease liabilities		(14)	-	-
Dividends paid to shareholders		(45)	(45)	(69)
Purchase of treasury shares		-	(7)	(12)
Net cash (used in)/from financing activities		(113)	26	(68)
Net (decrease)/increase in cash and cash equivalents		(49)	7	18
Cash and cash equivalents at beginning of the period		76	59	59
Exchange loss on cash and cash equivalents		-	(1)	(1)
Cash and cash equivalents at end of the period		27	65	76

Cash flows for the purchase and sale of rental fleet assets are presented as arising from investing activities because the acquisition of new fleet assets represents a key investment decision for the Group, the assets are expected to be owned and operated by the Group to the end of their economic lives, the disposal process (when the assets are largely depreciated) is not a major part of the Group's business model and the assets in the rental fleet are not specifically held for subsequent resale.

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

AS AT 30 JUNE 2019

Analysis of changes in net debt	At 1 JAN 2019 £ MILLION	IFRS 16 TRANSITION £ MILLION	CASH FLOW £ MILLION	EXCHANGE £ MILLION	OTHER NON-CASH MOVEMENTS £ MILLION	At 30 JUNE 2019 £ MILLION
Cash and cash equivalents	76	-	(49)	-	-	27
Current borrowings:						
Bank borrowings	(115)	-	52	(2)	(48)	(113)
Private placement notes	(20)	-	19	1	-	-
Lease liability	-	(31)	14	-	(16)	(33)
	(135)	(31)	85	(1)	(64)	(146)
Non-current borrowings:						
Bank borrowings	(134)	-	(17)	-	48	(103)
Private placement notes	(493)	-	-	-	-	(493)
Lease liability	-	(73)	-	-	4	(69)
	(627)	(73)	(17)	-	52	(665)
Net debt	(686)	(104)	19	(1)	(12)	(784)
Analysis of changes in liabilities from financing activities						
Current borrowings	(135)	(31)	85	(1)	(64)	(146)
Non-current borrowings	(627)	(73)	(17)	-	52	(665)
Total financing liabilities	(762)	(104)	68	(1)	(12)	(811)

Other non-cash movements include reclassifications between short term and long term borrowings, with £48 million being reclassified from non-current to current borrowings and £11 million from non-current to current lease liabilities. The remaining balance is due to £12 million of new lease liabilities in the period.

AS AT 30 JUNE 2018

Analysis of changes in net debt	At 1 JAN 2018 £ MILLION	CASH FLOW £ MILLION	ACQUISITIONS £ MILLION	EXCHANGE £ MILLION	OTHER NON-CASH MOVEMENTS £ MILLION	At 30 JUNE 2018 £ MILLION
Cash and cash equivalents	59	7	-	(1)	-	65
Current borrowings:						
Bank borrowings	(72)	3	-	(2)	(74)	(145)
Private placement notes	(55)	54	-	-	(18)	(19)
	(127)	57	-	(2)	(92)	(164)
Non-current borrowings:						
Bank borrowings	(103)	(111)	(24)	(3)	74	(167)
Private placement notes	(481)	-	-	(12)	18	(475)
	(584)	(111)	(24)	(15)	92	(642)
Net debt	(652)	(47)	(24)	(18)	-	(741)
Analysis of changes in liabilities from financing activities						
Current borrowings	(127)	57	-	(2)	(92)	(164)
Non-current borrowings	(584)	(111)	(24)	(15)	92	(642)
Financing derivatives	(2)	1	-	-	-	(1)
Total financing liabilities	(713)	(53)	(24)	(17)	-	(807)

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2019 (UNAUDITED)

AS AT 30 JUNE 2019	ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY							
	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	TOTAL EQUITY £ MILLION
Balance at 1 January 2019	42	20	(17)	13	1	(51)	1,359	1,367
Profit for the period	-	-	-	-	-	-	39	39
Other comprehensive loss:								
Currency translation differences (Note (i))	-	-	-	-	-	(1)	-	(1)
Re-measurement of retirement benefits (net of tax)	-	-	-	-	-	-	(4)	(4)
Total comprehensive income for the period ended 30 June 2019	-	-	-	-	-	(1)	35	34
Transactions with owners:								
Employee share awards	-	-	-	-	-	-	5	5
Issue of Ordinary Shares to employees under share option schemes (Note (ii))	-	-	6	-	-	-	(6)	-
Dividends paid during the period	-	-	-	-	-	-	(45)	(45)
	-	-	6	-	-	-	(46)	(40)
Balance at 30 June 2019	42	20	(11)	13	1	(52)	1,348	1,361

(i) The currency translation difference is explained in the Financial Review on page 9.

(ii) During the period 654,496 Ordinary shares have been transferred from the Employee Benefit Trust to satisfy the Restricted Stock Schemes and Share Save Schemes.

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2018 (UNAUDITED)

AS AT 30 JUNE 2018	ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY							
	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	TOTAL EQUITY £ MILLION
Balance at 1 January 2018 as previously reported	42	20	(7)	13	(1)	(27)	1,277	1,317
Impact of change in accounting policy	-	-	-	-	-	-	(3)	(3)
Restated balance at 1 January 2018	42	20	(7)	13	(1)	(27)	1,274	1,314
Profit for the period	-	-	-	-	-	-	41	41
Other comprehensive (loss)/income:								
Fair value gains on interest rate swaps	-	-	-	-	1	-	-	1
Currency translation differences	-	-	-	-	-	(28)	-	(28)
Re-measurement of retirement benefits (net of tax)	-	-	-	-	-	-	17	17
Total comprehensive income for the period ended 30 June 2018	-	-	-	-	1	(28)	58	31
Transactions with owners:								
Purchase of Treasury shares (Note (ii))	-	-	(7)	-	-	-	-	(7)
Employee share awards	-	-	-	-	-	-	5	5
Dividends paid during the period	-	-	-	-	-	-	(45)	(45)
	-	-	(7)	-	-	-	(40)	(47)
Balance at 30 June 2018	42	20	(14)	13	-	(55)	1,292	1,298

(i) During the period 41,543 Ordinary shares have been transferred from the Employee Benefit Trust to satisfy the Restricted Stock Schemes.

(ii) During the period 940,000 Ordinary shares were purchased at an average price of £7.39 and transferred to the Employee Benefit Trust.

1. GENERAL INFORMATION

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.

This condensed interim report was approved for issue on 30 July 2019.

This condensed consolidated interim report does not comprise Statutory Accounts within the meaning of Section 434 of the Companies Act 2006. Statutory Accounts for the year ended 31 December 2018 were approved by the Board on 6 March 2019 and delivered to the Registrar of Companies. The report of the auditor on those Accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under Section 498 of the Companies Act 2006.

The condensed consolidated interim report is unaudited but has been reviewed by the Group's auditor, whose report is on page 33.

2. BASIS OF PREPARATION

This condensed consolidated interim report for the six months ended 30 June 2019 has been prepared in accordance with the Disclosure and Transparency Rules (DTR) of the Financial Conduct Authority (previously the Financial Services Authority) and IAS 34 'Interim financial reporting' as adopted by the European Union. The condensed consolidated interim report should be read in conjunction with the annual financial statements for the year ended 31 December 2018, which have been prepared in accordance with IFRSs as adopted by the European Union.

Going concern basis

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 debt. 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.

The Group maintains sufficient facilities to meet its normal funding requirements over the medium term. At 30 June 2019, these facilities totalled £1,077 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. The covenants exclude the impact of IFRS 16 'Leases' and, on that basis, at 30 June 2019 these ratios were 14 times and 1.3 times. The Group does not expect to breach these covenants in the year from the date of approval of this interim report and the Group expects to continue to be able to arrange sufficient finance to meet its future funding requirements. It has been the Group's custom and practice to refinance its facilities in advance of their maturity dates, providing that there is an ongoing need for those facilities. Net debt amounted to £784 million at 30 June 2019 and, at that date, undrawn committed facilities were £432 million.

The Group balance sheet shows consolidated net assets of £1,361 million (30 June 2018: £1,298 million) of which £1,003 million (30 June 2018: £1,078 million) relates to fleet assets. The defined benefit pension surplus is £1 million (30 June 2018: deficit of £2 million).

Based on the above the Directors are confident that it is appropriate for the going concern basis to be adopted in preparing the half year financial statements.

3. ACCOUNTING POLICIES

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

Except as described below, the accounting policies are consistent with those of the annual financial statements for the year ended 31 December 2018, as described in those annual financial statements.

The Group adopted IFRS 16 'Leases' from 1 January 2019 and, therefore, this is the first set of the Group's financial statements where IFRS 16 has been applied. Changes to significant accounting policies are described below. The changes in accounting policies will be reflected in the Group's consolidated financial statements as at and for the year ending 31 December 2019.

IFRS 16

IFRS 16 addresses the accounting for leases and requires lessees to recognise all leases on balance sheet with limited exemptions. This results in the recognition of a right-of-use asset and corresponding liability on the balance sheet, with the associated depreciation and interest expense being recorded in the income statement over the lease period. Limited exemptions apply for short-term leases (leases with a term of 12 months or less) and low value leases (<$10,000). The payments for the exempt leases are recognised as an expense in the income statement on a straight-line basis over the lease term.

The Group has adopted IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application (£nil) is recognised in retained earnings at 1 January 2019. Accordingly, the comparative information has not been restated and continues to be reported under IAS 17 'Leases' and IFRIC 4 'Determining Whether an Arrangement contains a Lease'.

Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under IFRIC 4. Under IFRS 16, a contract is, or contains a lease, if the contract conveys a right to control the use of an identified asset for a period in exchange for consideration.

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- to grandfather the assessment of which transactions are leases. The Group applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered or changed on or after 1 January 2019;
- the use of hindsight in determining the lease term if the contract contains options to extend or terminate the lease;
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases; and
- to exclude initial direct costs from the measurement of the right-of-use asset at the date of initial application.

Accounting policy

On initial measurement the right-of-use asset is recognised at cost, which comprises the value of the lease liability adjusted for any lease payments made on or before the commencement date, less any incentives received, any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset. The right-of-use asset is depreciated over the shorter of the lease term and the useful life. The estimated useful life of the right-of-use asset is determined on the same basis as property, plant and equipment. The right-of-use asset is periodically adjusted for impairment, if any, and any remeasurements of the lease liability.

The Group leases various property, plant, equipment and vehicles. Rental contracts are typically for fixed periods from 3 to 7 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

On initial measurement the lease liability is measured at the present value of the future lease payments, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The lease liability is measured at amortised cost using the effective interest rate method and is remeasured when there is a change in the future lease payments arising from a change in index or a change in the original assessment made.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The Group presents the right-of-use asset and lease liability on the balance sheet.

The Group has applied judgement to determine the lease term for some lease contracts that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which affects the amount of lease liabilities and right-of-use assets recognised. Lease payments associated with short-term and low-value leases are recognised on a straight-line basis as an expense in the profit or loss.

On transition to IFRS 16 the Group recognised an additional £104 million of right-of-use assets and £104 million of lease liabilities at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 January 2019. The Group's weighted average incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 5%. On transition the right of use assets were measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments, which were not material.

The recognised right-of-use assets relate to the following types of assets:

	1 JANUARY 2019 £ MILLION
Freehold property	75
Vehicles, plant & equipment	29
	104

The recognised lease liability at 1 January 2019 is detailed below.

	1 JANUARY 2019 £ MILLION
Operating lease commitment at 31 December 2018 as disclosed in the Group's consolidated financial statements	117
Discounted using the incremental borrowing rate at 1 January 2019	96
Recognition exemption for leases with less than 12 months of term remaining at transition	(1)
Extension or termination options reasonably certain to be exercised	9
Lease liabilities recognised at 1 January 2019	104

Impact for the period
The impact from applying IFRS 16 for the six months ended 30 June 2019 was:

Income statement
- Improvement in operating profit of £2 million
- Increase in depreciation of £14 million
- Increase in interest costs of £3 million
- Reduction in profit before tax of £1 million

Balance sheet/cash flow statement
- Right of use asset included within property, plant & equipment of £101 million at 30 June 2019 (1 January 2019: £104 million)
- Lease liabilities of £102 million at 30 June 2019 (1 January 2019: £104 million)
- Net debt at 30 June 2019 is higher by £102 million

Ratios
- An increase in EBITDA of £16 million
- An increase in net debt/EBITDA of 0.2 times
- Reduction in Group ROCE of 0.3pp

IFRIC 23 'Uncertainty over Income Tax Treatments'

The Group adopted IFRIC 23 from 1 January 2019. There was no material impact arising from the adoption of this standard.

4. SEGMENTAL REPORTING

(a) Revenue by segment

	EXTERNAL REVENUE		
	6 MONTHS ENDED 30 JUNE 2019 £ MILLION	6 MONTHS ENDED 30 JUNE 2018 £ MILLION	YEAR ENDED 31 DEC 2018 £ MILLION
Power Solutions			
Industrial (PSI)	198	219	424
Utility (PSU)	170	252	514
	368	471	938
Rental Solutions (RS)	400	386	822
Group	768	857	1,760

(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 apart from revenue of £1 million from Power Solutions Utility to Rental Solutions.

Disaggregation of revenue

In the tables below revenue is disaggregated by geography and sector.

Revenue by geography

	6 MONTHS ENDED 30 JUNE 2019 £ MILLION	6 MONTHS ENDED 30 JUNE 2018 £ MILLION	YEAR ENDED 31 DEC 2018 £ MILLION
North America	237	203	460
UK	36	58	106
Continental Europe	89	78	179
Eurasia	36	40	77
Middle East	77	69	148
Africa	88	91	200
Asia	62	91	166
Australia Pacific	43	56	100
Latin America	100	171	324
	768	857	1,760

4. SEGMENTAL REPORTING CONTINUED

Revenue by sector

	6 MONTHS ENDED 30 JUNE 2019			
	PSI	PSU	RS	Group
	£ MILLION	£ MILLION	£ MILLION	£ MILLION
Utilities	9	170	39	218
Oil & gas	89	-	73	162
Petrochemical & refining	4	-	78	82
Building Services & construction	23	-	71	94
Events	13	-	34	47
Manufacturing	15	-	24	39
Quarrying & mining	29	-	24	53
Other	16	-	57	73
	198	170	400	768

	6 MONTHS ENDED 30 JUNE 2018			
	PSI	PSU	RS	Group
	£ MILLION	£ MILLION	£ MILLION	£ MILLION
Utilities	18	252	44	314
Oil & gas	85	-	46	131
Petrochemical & refining	5	-	67	72
Building Services & construction	22	-	75	97
Events	35	-	34	69
Manufacturing	15	-	26	41
Quarrying & mining	25	-	20	45
Other	14	-	74	88
	219	252	386	857

	YEAR ENDED 31 DECEMBER 2018			
	PSI	PSU	RS	Group
	£ MILLION	£ MILLION	£ MILLION	£ MILLION
Utilities	27	514	99	640
Oil & gas	163	-	110	273
Petrochemical & refining	9	-	147	156
Building Services & construction	48	-	151	199
Events	53	-	80	133
Manufacturing	32	-	56	88
Quarrying & mining	53	-	43	96
Other	39	-	136	175
	424	514	822	1,760

4. SEGMENTAL REPORTING CONTINUED

(b) Profit by segment

	OPERATING PROFIT		
	6 MONTHS ENDED 30 JUNE 2019 £ MILLION	6 MONTHS ENDED 30 JUNE 2018 £ MILLION	YEAR ENDED 31 DEC 2018 £ MILLION
Power Solutions			
Industrial	21	23	71
Utility	13	13	43
	34	36	114
Rental Solutions	47	40	105
Operating profit	81	76	219
Finance costs - net	(21)	(17)	(37)
Profit before taxation	60	59	182
Taxation	(21)	(18)	(57)
Profit for the period/year	39	41	125

(c) Depreciation and amortisation by segment

	6 MONTHS ENDED 30 JUNE 2019 £ MILLION	6 MONTHS ENDED 30 JUNE 2018 £ MILLION	YEAR ENDED 31 DEC 2018 £ MILLION
Power Solutions			
Industrial	50	45	90
Utility	53	53	104
	103	98	194
Rental Solutions	63	50	104
Group	166	148	298

(d) Capital expenditure on property, plant & equipment and intangible assets by segment

	6 MONTHS ENDED 30 JUNE 2019 £ MILLION	6 MONTHS ENDED 30 JUNE 2018 £ MILLION	YEAR ENDED 31 DEC 2018 £ MILLION
Power Solutions			
Industrial	29	33	55
Utility	42	34	76
	71	67	131
Rental Solutions	44	45	109
Group	115	112	240

(i) The net book value of total Group disposals of property, plant and equipment (PPE) during the period was £4 million (30 June 2018: £2 million, 31 December 2018: £8 million).

(ii) Capital expenditure comprises additions of PPE of £111 million (including £12 million in relation to leased right of use assets) (30 June 2018: £95 million, 31 December 2018: £216 million), additions of intangible assets of £4 million (30 June 2018: £4 million, 31 December 2018: £10 million), acquisitions of PPE of £nil (30 June 2018: £13 million, 31 December 2018: £13 million) and acquisitions of intangible assets of £nil (30 June 2018: £nil, 31 December 2018: £1 million).

(e) Assets / (Liabilities) by segment

	ASSETS			LIABILITIES		
	30 JUNE 2019 £ MILLION	30 JUNE 2018 £ MILLION	31 DEC 2018 £ MILLION	30 JUNE 2019 £ MILLION	30 JUNE 2018 £ MILLION	31 DEC 2018 £ MILLION
Power Solutions						
Industrial	749	768	714	(115)	(102)	(94)
Utility	933	904	996	(170)	(169)	(214)
	1,682	1,672	1,710	(285)	(271)	(308)
Rental Solutions	893	819	833	(100)	(97)	(76)
Group	2,575	2,491	2,543	(385)	(368)	(384)
Tax and finance asset/(liability)	56	61	59	(75)	(77)	(90)
Derivative financial instruments	-	-	1	-	(1)	(1)
Borrowings	-	-	-	(709)	(806)	(762)
Lease liability	-	-	-	(102)	-	-
Retirement benefit surplus/(obligation)	1	-	1	-	(2)	-
Total assets/(liabilities) per balance sheet	2,632	2,552	2,604	(1,271)	(1,254)	(1,237)

4. SEGMENTAL REPORTING CONTINUED

(f) Geographical information

		NON-CURRENT ASSETS	
	30 JUNE 2019 £ MILLION	30 JUNE 2018 £ MILLION	31 DEC 2018 £ MILLION
North America	305	265	288
UK	171	123	161
Continental Europe	148	126	137
Eurasia	62	61	59
Middle East	205	303	251
Africa	192	162	153
Asia	156	169	151
Australia Pacific	79	69	70
Latin America	188	145	164
	1,506	1,423	1,434

Non-current assets exclude deferred tax.

5. DIVIDENDS

The dividends paid in the period were:

	6 MONTHS ENDED 30 JUNE 2019	6 MONTHS ENDED 30 JUNE 2018	YEAR ENDED 31 DEC 2018
Total dividend (£ million)	45	45	69
Dividend per share (pence)	17.74	17.74	27.12

The interim dividend per share for the period was 9.38 pence (2018: 9.38 pence), amounting to a total dividend of £24 million (2018: £24 million). This interim dividend will be paid on 1 October 2019 to shareholders on the register on 6 September 2019, with an ex-dividend date of 5 September 2019.

6. 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 period, excluding shares held by the Employee Share Ownership Trusts which are treated as cancelled.

	6 MONTHS ENDED 30 JUNE 2019	6 MONTHS ENDED 30 JUNE 2018	YEAR ENDED 31 DEC 2018
Profit for the period (£ million)	39.0	40.5	125.4
Weighted average number of ordinary shares in issue (million)	254.2	255.0	254.8
Basic earnings per share (pence)	15.34	15.85	49.22

6. EARNINGS PER SHARE CONTINUED

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 period. 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.

	6 MONTHS ENDED 30 JUNE 2019	6 MONTHS ENDED 30 JUNE 2018	YEAR ENDED 31 DEC 2018
Profit for the period (£ million)	39.0	40.5	125.4
Weighted average number of ordinary shares in issue (million)	254.2	255.0	254.8
Adjustment for share options	0.3	-	0.2
Diluted weighted average number of ordinary shares in issue (million)	254.5	255.0	255.0
Diluted earnings per share (pence)	15.33	15.85	49.18

7. TAXATION

The taxation charge for the period is based on an estimate of the Group's expected annual effective rate of tax for 2019 based on prevailing tax legislation at 30 June 2019. This is currently estimated to be 35% (June 2018: 31%; December 2018: 31%).

8. PROPERTY, PLANT AND EQUIPMENT

SIX MONTHS ENDED 30 JUNE 2019	FREEHOLD PROPERTIES £ MILLION	SHORT LEASEHOLD PROPERTIES £ MILLION	FLEET £ MILLION	VEHICLES, PLANT & EQUIPMENT £ MILLION	TOTAL £ MILLION
Cost					
At 1 January 2019	92	23	3,612	168	3,895
Exchange adjustments	1	-	22	4	27
Transition to IFRS 16	75	-	-	29	104
Additions (Note (ii))	9	-	83	19	111
Disposals	-	-	(59)	(2)	(61)
At 30 June 2019	177	23	3,658	218	4,076
Accumulated depreciation					
At 1 January 2019	40	16	2,555	115	2,726
Exchange adjustments	1	-	17	3	21
Charge for the period	10	1	138	14	163
Disposals	-	-	(55)	(2)	(57)
At 30 June 2019	51	17	2,655	130	2,853
Net book values					
At 30 June 2019	126	6	1,003	88	1,223
At 31 December 2018	52	7	1,057	53	1,169

(i) The net book value of assets capitalised in respect of leased right of use assets at 30 June 2019 is £101 million.
(ii) Additions of £111 million include £12 million in relation to leased right of use assets.

9. FULFILMENT ASSET

	30 JUNE 2019 £ MILLION	30 JUNE 2018 £ MILLION	31 DEC 2018 £ MILLION
Balance at 1 January	44	8	8
Capitalised in the period	28	20	44
Provision created for future demobilisation costs	1	2	3
Amortised to the income statement	(7)	(5)	(12)
Exchange	1	-	1
Balance at 30 June/31 December	67	25	44
Analysis of fulfilment assets			
Current	22	8	15
Non-current	45	17	29
Total	67	25	44

10. TRADE AND OTHER RECEIVABLES

	30 JUNE 2019 £ MILLION	30 JUNE 2018 £ MILLION	31 DEC 2018 £ MILLION
Trade receivables	588	562	587
Less: provision for impairment of receivables	(90)	(81)	(85)
Trade receivables – net	498	481	502
Prepayments	50	48	45
Accrued income	137	140	169
Other receivables (Note (i))	61	71	65
Total receivables	746	740	781
Provision for impairment of receivables			
	30 JUNE 2019 £ MILLION	30 JUNE 2018 £ MILLION	31 DEC 2018 £ MILLION
Power Solutions			
Industrial	13	6	11
Utility	66	65	64
	79	71	75
Rental Solutions	11	10	10
Group	90	81	85

(i) Other receivables include £4 million (30 June 2018: £4 million, 31 December 2018: £4 million) of private placement notes with one customer in Venezuela (PDVSA). This financial instrument is booked at fair value which reflects our estimation of the recoverability of these notes. Other material amounts included in other receivables include taxes receivable of £27 million (30 June 2018: £26 million, 31 December 2018: £21 million) and deposits of £6 million (30 June 2018: £10 million, 31 December 2018: £15 million).

11. BORROWINGS

	30 JUNE 2019 £ MILLION	30 JUNE 2018 £ MILLION	31 DEC 2018 £ MILLION
Non-current			
Bank borrowings	103	167	134
Private placement notes	493	475	493
	596	642	627
Current			
Bank overdrafts	42	11	9
Bank borrowings	113	145	115
Private placement notes	-	19	20
	155	175	144
Total borrowings	751	817	771
Short-term deposits	(7)	-	-
Cash at bank and in hand	(62)	(76)	(85)
Lease liability	102	-	-
Net borrowings	784	741	686

Overdrafts and borrowings are unsecured.

The maturity of financial liabilities

The maturity profile of the borrowings was as follows:

	30 JUNE 2019 £ MILLION	30 JUNE 2018 £ MILLION	31 DEC 2018 £ MILLION
Within 1 year, or on demand	155	175	144
Between 1 and 2 years	198	137	104
Between 2 and 3 years	34	164	157
Between 3 and 4 years	9	-	11
Between 4 and 5 years	118	-	-
Greater than 5 years	237	341	355
	751	817	771

Fair value estimation

The carrying value of non-derivative financial assets and liabilities, comprising cash and cash equivalents, trade and other receivables, trade and other payables and borrowings is considered to materially equate to their fair value. Private placement notes are level 2. There are no derivative financial instruments at 30 June 2019. The valuation techniques employed are consistent with the 2018 Annual Report and Accounts.

12. DEMOBILISATION PROVISION

	30 JUNE 2019 £ MILLION	30 JUNE 2018 £ MILLION	31 DEC 2018 £ MILLION
Balance at 1 January	11	10	10
New provisions	4	2	4
Utilised	(2)	(1)	(4)
Exchange	-	(1)	1
Balance at 30 June/31 December	13	10	11
Analysis of demobilisation provision			
Current	4	8	6
Non-current	9	2	5
Total	13	10	11

13. CAPITAL COMMITMENTS

	30 JUNE 2019 £ MILLION	30 JUNE 2018 £ MILLION	31 DEC 2018 £ MILLION
Contracted but not provided for (property, plant and equipment)	49	64	19

14. RELATED PARTY TRANSACTIONS

Transactions between the Group and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. There were no other related party transactions in the period.

15. SEASONALITY

The Group is subject to seasonality with the third quarter of the year being our peak demand period, accordingly revenue and profits have historically been higher in the second half of the year.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors confirm that to the best of their knowledge, these condensed consolidated interim financial statements have been prepared in accordance with IAS 34 as adopted by the European Union, and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- An indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and

- Material related party transactions in the first six months and any material changes in the related-party transactions described in the last annual report.

The Directors of Aggreko plc are listed in the Aggreko plc 2018 Annual Report and Accounts.

By order of the Board

Chris Weston
Chief Executive Officer

Heath Drewett
Chief Financial Officer

30 July 2019

INDEPENDENT REVIEW REPORT TO AGGREKO PLC

Conclusion

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2019 which comprises the condensed consolidated statements of profit or loss and other comprehensive income, condensed balance sheet, changes in equity and cash flows for the six-month period then ended, and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2019 is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU and the Disclosure Guidance and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA").

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. We read the other information contained in the half-yearly financial report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FCA.

As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards as adopted by the EU. The directors are responsible for preparing the condensed set of financial statements included in the half-yearly financial report in accordance with IAS 34 as adopted by the EU.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

The purpose of our review work and to whom we owe our responsibilities

This report is made solely to the company in accordance with the terms of our engagement to assist the company in meeting the requirements of the DTR of the UK FCA. Our review has been undertaken so that we might state to the company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report, or for the conclusions we have reached.

John Luke
for and on behalf of KPMG LLP
Chartered Accountants
319 St Vincent Street
Glasgow G2 5AS
30 July 2019