AGGREKO PLC
ANNUAL REPORT AND ACCOUNTS 2015

Company Number: SC177553

aggreko

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COMPANIES HOUSE

POWERING THE FUTURE

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2015 contents

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www.annualreport2015.aggreko.com

POWERING THE FUTURE

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

Aggreko is the leading global provider of modular, mobile power and related solutions, operating in around 100 countries worldwide.

For over 50 years we have fulfilled this critical need. We specialise in providing a fast and flexible service to our customers anywhere in the world, through balancing our global scale with local operations.

We aim to remain the leader in our market and we will do so by increasing our focus on customers, investing more resources in technology and improving efficiency. Delivering on these areas will enable us to grow the business and help our customers power their future.

CORPORATE VIDEO

VISIT OUR WEBSITE TO VIEW OUR CORPORATE VIDEO.

www.aggreko.com/about-aggreko

PERFORMANCE HIGHLIGHTS

Revenue
£1,561m
2014: £1,577m

Trading profit[1, 4]
£270m
2014: £306m

Profit before tax[4]
£252m
2014: £289m

Diluted earnings per share[4] EPS
71.68p
2014: 82.49p

Dividend per share[2]
27.12p
2014: 27.12p

Return on capital employed[3, 4]
16%
2014: 19%

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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 2015 and 2012 numbers are pre-exceptional items. Exceptional items are explained in Note 7 to the accounts.

OPERATIONAL OVERVIEW

BUSINESS PRIORITIES

Having undertaken a strategic review, in August 2015 we outlined our new business priorities for the Group around the customer, our technology and our efficiency. These priorities will deliver growth at attractive margins and returns.

Customer

Technology

Efficiency

Read more about our business priorities
Page 22

STRUCTURE OF THE BUSINESS

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During the year we reorganised the business to better focus on our customers. We have two mutually beneficial businesses: Rental Solutions operating in developed markets and Power Solutions operating in emerging markets. Organising the Group in this way allows us to improve our customer service through better strategic and operational execution.

Read more about our business units
Pages 8 to 17

LEADERSHIP TEAM

A Senior Leadership Team was established, comprising our top 65 managers. During the year Chris Weston, CEO, hosted two off-site briefings with the aim to better engage this level of management below the Executive Committee whilst gaining their input into developing the Group's strategy and direction.

Read more about our Senior Leadership Team
Pages 18 to 19 and page 59

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POWER SOLUTIONS

In our industrial business we saw good growth in our Middle East, Russian and African businesses and successfully supplied power for the European Games in Baku. Challenging conditions in our utility business resulted in revenues being down, however, order intake was 640MW and we secured key contract extensions in Argentina, Ivory Coast, Japan and Bangladesh.

Read more about Power Solutions performance
Page 39

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RENTAL SOLUTIONS

Strong performance across Europe, with all countries showing growth year on year. In North America, the ongoing weakness in the oil and gas sector has been offset by continued growth in other sectors such as petrochemical and refining and events. Our Australia Pacific business continued to face difficult market conditions driven by the slowdown in the mining sector.

Read more about Rental Solutions performance
Page 38

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REORGANISED TO BETTER FOCUS ON OUR CUSTOMERS

POWER IS AN ESSENTIAL PART OF EVERYDAY LIFE. WE HAVE MADE GOOD PROGRESS OVER THE LAST 12 MONTHS TO IMPROVE OUR COMPETITIVE POSITION AND MAKE OUR POWER SOLUTIONS MORE ATTRACTIVE TO CUSTOMERS.

Chris Weston

Chief Executive Officer

Since joining Aggreko in January of last year we have had a very busy year and, although trading conditions have undoubtedly been difficult, I am pleased with the progress we have made. On a personal note I have thoroughly enjoyed my first year at Aggreko and, having seen the Group in action all over the world, I reiterate the view that I laid out in August; that we have an entirely appropriate business model, a great market position and a respected brand, all made possible by dedicated and skilled people who are passionate about the business.

It is clear that we fulfil a critical need, we provide modular, mobile power wherever it is needed most in the world and I believe that if we focus on our three priorities: our customers, our technology and our efficiency, then we will drive growth across all our businesses in the medium term, at attractive margins and returns.

Trading performance

Overall, 2015 has been a challenging year with the impact of lower commodity prices and difficult trading conditions in a number of our markets having an impact on our performance; resulting in revenues down 3% and trading profit down 14%, on an underlying basis. However, as was discussed at the Business Priorities presentation in August, Aggreko has a number of advantages, including scale and sector and geographic diversity. This has benefited the Group this year and despite oil and gas revenue being down 14% and Power Solutions Utility revenue being down 11%, the Group overall is only 3% down.

It is also important, particularly at times of volatility, to have the stability of a strong balance sheet and core to this, flexibility around capital expenditure. I am pleased to say that in this regard we have maintained our financial gearing at 0.9 times (net debt to EBITDA), within the range that had been previously communicated.

BUSINESS MODEL

OUR BUSINESS MODEL IS STRONG AND UNIQUE.

Read more Page 14

Business Priorities

In August of last year I laid out the priorities for the business for the coming years which will deliver growth in margins and returns of around 20% in the medium term. These priority areas are our customer, our technology and our efficiency.

Against the first priority, our customers, we have a number of initiatives underway, each of which is sponsored by one of the Executive team. These include refining our understanding of our customers' requirements; customer segmentation; strategies for key sectors; sales training, deployment and incentives. In turn these are supported by a plan to enhance our CRM systems and to provide a digital platform for our customers. To date I am pleased with our progress.

Under our technology, the objective is to reduce the overall cost of power for our customers, thereby bringing a benefit to our customers whilst at the same time making us more competitive.

In terms of our diesel product, we have made good progress in the past by introducing the G3+ engine into our fleet; this requires an in-house retrofit of our original G3 engines, improving both power output and fuel efficiency. The retrofit programme will continue and we have plans to further improve the efficiency of this engine.

Regarding our gas product, the next generation gas engine is currently undergoing field trials and performing as we expected. From this point forward any gas engine produced will be the next generation engine.

Finally, we continue to assess HFO product options, particularly proven technology that could be adapted to our business model, that is mobile, modular and able to produce the required returns. I will update you at the appropriate time in terms of our progress.

To manage and drive this we have a fully resourced Manufacturing and Technology team based in Dumbarton, led by Volker Schulte, who is a member of my Executive team.

DELIVERING SUSTAINABLE GROWTH

OUR EQUIPMENT IS DESIGNED TO MEET THE TOUGHEST COMPLIANCE LEGISLATION AROUND THE WORLD.

Read more about sustainability
Page 48

Image removed

WE HAVE AN ENTIRELY APPROPRIATE BUSINESS MODEL, A GREAT MARKET POSITION, AND A RESPECTED BRAND.

Watch Chris' video online: www.annualreport2015.aggreko.com

Finally, on efficiency, there are a number of steps we are taking. These are designed to improve our competitive position and to help drive growth. The most immediate action was to reorganise the business, to remove duplication and to improve the management of our procurement function. The reorganisation of Aggreko into Rental Solutions and Power Solutions was a major step; it allowed management to focus on unique priorities in each business, in turn allowing for more effective and efficient delivery. This work is on track and will deliver a reduction in our cost base (capital and operating costs) of £80 million by 2017.

Other initiatives under this last priority include assessing our depot infrastructure and network; site deployment; and the systems and processes that underpin our operations.

People and Culture

We employ close to 7,300 people in around 100 countries. In my first year I certainly cannot claim to have visited all 100 countries. I have, as you would expect, visited a number of them and I have consistently found a team that is committed, very focused on delivering for our customers, and doing so with great passion and pride for the business. In short, I recognise the importance of "orange blood" in doing what we do so well.

Clearly 2015 has been a difficult year for our people, particularly in terms of the reorganisation and dealing with the removal of over 700 roles from the business. I know that we have work to do to finalise and to embed the new structure and to enhance and reinforce Aggreko's powerful culture: it is an area that we are going to be working on in the early part of this year.

Finally, I would like to thank the whole team for their hard work and commitment in 2015 and also those that have left Aggreko for their service to the business. It is a great business and I am proud to be part of it.

Outlook

Our Power Solutions Utility business has started the year with a strong order book; a healthy prospect pipeline; 140MW of new orders; and the signing of a two year extension of our 148MW of diesel contracts in Japan. We expect the level of contracts off-hiring in the year to go back up to a more normal level, of around 30%. Due to the timing of contract start and end dates there will be a reduction in first half profits at a Group level. We continue to monitor the geopolitical situation in Yemen, Libya and Venezuela.

In our Power Solutions Industrial business we are seeing softer trading conditions in Singapore and some of our markets that are more exposed to the mining sectors. However year to date power volumes are up on the prior year, driven by continued good performances in the Middle East, Russia and Africa.

The Rental Solutions business unit, in particular our North American business, has had a slow start to 2016 following a lower run rate exiting 2015 than we had expected and we are cautious on our outlook for this part of our business.

At a Group level we anticipate investing around £250 million on fleet capex, focussing on investment in our more fuel efficient gas and diesel engines; as ever we will maintain our capital discipline and flex this spend according to market conditions. Overall, we expect profit before tax and exceptional items to be slightly lower than the prior year on a constant currency basis[1], in line with current consensus.

1 The constant currency impact is a headwind of £16 million applying the end of January 2016 spot rates, including the step devaluation of the Argentinian peso. In relation to 2016 the Power Solutions Utility contracts in Argentina have contractual protection that offsets the impact of the devaluation.

POWERING THE FUTURE OF **SPECTATOR EVENTS**

1 CHALLENGE

The Red Bull Air Race is the world's fastest motorsport series in the sky. Set across multiple continents and differing landscapes, the breathtaking race event brings with it a series of geographical and commercial challenges. Millions of fans rely on uninterrupted power supply to big screens and broadcasting compounds in order to see coverage of the events unfolding in the skies above. Meanwhile, the safety of the pilots and control of the race require power supply to temporary race control towers. In order to deliver the events, Red Bull Air Race needs a reliable and flexible power solution.

2 SOLUTION

Aggreko has been supporting Red Bull events for a number of years; building on this relationship we formed a global partnership and provided power to four of the 2015 Air Race events. Given the geographic diversity of the contract, the global events team handled the design and project management for each race, while local Aggreko teams handled the installation and operational phases of the project. Design plans were customised to provide the most cost-effective solutions for each race and this was complemented by the standardised fleet which delivered continuity and reliability.

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3 FUTURE

Looking forward, we hope to further develop our global partnership with Red Bull to help support the wider family of Red Bull events as they continue to delight fans around the world.

61

Aggreko provided **61** generators

Logo removed

Ascot UK

Las Vegas USA

Dallas USA

Rovinj Croatia

Producing **7MW** of power

Image removed

7MW

Using **35km** of electrical cables

35KM

OUR BUSINESS TODAY

We are a global business serving customers in around 100 countries through 204 sales and service centres and with over 7,300 permanent and temporary employees.

In August 2015 we reorganised Aggreko into two business units to better focus on our customers and enable us to more efficiently deliver mission critical power and related solutions.

As part of the reorganisation we also appointed a Group Manufacturing and Technology Director, based in Dumbarton, to work directly with our strategic partners to develop market leading products aimed at reducing the overall cost of power for our customers.

Globally organised to serve our customers' needs

Key

Rental Solutions **Power Solutions** **Offices/service centres**

Graphic removed

Rental Solutions includes our businesses in North America, Europe, Australia Pacific and Mexico. Power Solutions includes all our other businesses around the world.

Rental Solutions

(previously Local Business in developed markets)

A transactional business focused on key sectors and operating in developed markets, providing power and related solutions to a diverse range of customers who need it quickly and typically for a short period of time.

Read more about Rental Solutions
Pages 11 and 38

Key sector focus

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Customer type	%
1. Petrochemical & Refining	20
2. Oil & Gas	18
3. Events	11
4. Utilities	10
5. Manufacturing	8
6. Services	8
7. Contracting	6
8. Construction	5
9. Mining	5
10. Shipping	3
11. Other	6

Revenue

£618m

41% of Group

Sales and service centres

128

Power Solutions

(previously Power Projects and the Local Business in emerging markets)

Operating across key sectors in emerging markets, we typically serve both industrial and utility customers with larger, longer-term and often complex solutions to fulfil their power requirements.

Read more about Power Solutions
Pages 12 to 13 and 39

Key sector focus

Graph removed

Customer type	%
1. Utilities	59
2. Oil & Gas	12
3. Mining	6
4. Events	5
5. Construction	4
6. Manufacturing	3
7. Petrochemical & Refining	1
8. Military	2
9. Other	8

(excluding pass-through fuel)

Revenue

£883m

59% of Group

Sales and service centres

76

Supported by a strong infrastructure

Dedicated sales force – Efficient support functions
Established distribution network – Leading technology

OUR MARKETPLACE
STRONG PROSPECTS FOR LONG-TERM GROWTH

Overview

Our industry delivers electricity to businesses and homes around the world. In developed markets, power and related products like temperature control are an essential part of everyday life and are taken for granted until they are not there. In emerging markets power helps countries to industrialise and grow, hospitals to provide medical care and schools to educate future generations.

Demand for Aggreko's services is generally created by events: our customers turn to us when something happens which means that they need a fast and flexible solution for power. The nature of the demand differs by country and therefore we address the market through our two business units, each of which has strong prospects for long-term growth. We are well positioned to help our customers meet their energy needs.

EXAMPLES OF INFREQUENT EVENTS:

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

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EXAMPLES OF 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.
- A remote mine needs power to operate as it cannot access the grid.

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Rental Solutions

(previously Local Business in developed markets)

The Rental Solutions business is linked to local economies and varies in size and nature from country to country. The customer base is diverse, both geographically and by sector, which gives us 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.

Demand drivers

GDP

As an economy grows, so does demand for reliable and flexible power. As businesses grow they may choose to rent additional power and related solutions rather than lose productivity; this is also a more efficient use of their capital.

Propensity to rent

In deciding whether to rent or buy our customers take into account 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, in 2015 the Pan-American Games in Toronto and the European Games in Baku.

Customers, market size and prospects

Our customers within Rental Solutions tend to be more transactional in nature and are predominantly operating in the Oil & Gas, Mining, Events, Petrochemical & Refining, Utilities and Contracting sectors. Whilst overall cost is always important to them, they are most interested in a solution, in reliability and flexibility. Our average contract duration within Rental Solutions is 45 days.

We operate in a niche segment of the broader rental market across a number of countries. Furthermore, major events can influence market size in the short term. As a result it is difficult to accurately determine the size of the Rental Solutions market; therefore our approach is to use a "market potential estimation". From this, we estimate that our

Estimated worldwide market share

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25% market potential

£2bn

market share is around 25%, which implies Rental Solutions "market potential" of around £2 billion based on Aggreko's 2015 Rental Solutions revenue.

Read more about market potential estimation Page 159

The Rental Solutions market has historically grown in line with GDP. The average GDP growth of the countries in which we operate is forecast to be around 2% per annum over the next few years (Source: IMF, April 2015). Our strategy is to focus on key sectors including Oil & Gas, Petrochemical & Refining, Mining and Events, which in many cases are expected to grow faster than the overall market.

Competitors

Customers have the choice to either buy or rent and therefore our competitors are not just rental companies but also equipment manufacturers. Where the need is urgent or for a short time, customers tend to rent. In the Rental Solutions market competitors are either privately-owned specialist rental businesses, divisions of large plant hire companies or OEM dealerships; few provide the sector specific solutions that Aggreko does. We are the only company with a global footprint. However, in every region there is a large number of regional, national and local businesses in the market; but few competitors are able to compete for large-scale or technically demanding work.

Rental Solutions competition

Global
Aggreko

10–15 regional
Hertz, URI, Sunbelt, Speedy Hire, CAT

Hundreds of national competitors

Thousands of local small businesses

What this means for Aggreko

In our four largest markets, North America, Australia, the UK and Germany, we have a leading competitive position; however, our analysis suggests that we are under-penetrated in the key sectors which provide our opportunity for growth.

In most of our markets, we have a strong market share position and make good returns. There is opportunity to increase market share in all markets, particularly some of our smaller European markets where we have not grown as strongly.

Overall, growth in Rental Solutions will be driven by a number of factors: market and sector growth, market share accretion and sector penetration; and through organic and inorganic options, including growth through power adjacencies such as temperature control and loadbanks.

Read more about our business priorities Pages 22 to 23

Market during the year

We saw a slowdown in business from the Oil & Gas sector from the second quarter of 2015, which resulted in a significant adverse impact on our market, particularly in North America, but also in our North Sea business. The slowdown in the Mining sector, which was particularly acute in 2014, has continued, albeit at a slower rate of decline. Elsewhere, lower oil prices have stimulated demand in other sectors, in particular Petrochemical & Refining which has grown strongly, enabling us to offset the decline in the Oil & Gas sector.

OUR MARKETPLACE
STRONG PROSPECTS FOR LONG-TERM GROWTH

Power Solutions

(previously Power Projects and the Local Business in emerging markets)

Power Solutions largely operates in emerging markets, serving both utility and industrial customers. As populations continue to grow and urbanise, and as industrialisation drives economic growth, demand for power increases. Electrification rates are typically low in many emerging market countries and even in those places where power is available reliability is often poor. These countries may have plans for permanent capacity, but raising the significant funding that is required can take a considerable period of time to realise and the amount of investment required can be challenging to obtain from traditional sources; it typically takes between five and 10 years for a new permanent 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 until 2020, and double this rate in the least developed countries according to the United Nations; therefore the power shortfall is likely to increase.

In the long term, the drivers of growth – increasing demand for electricity and insufficient investment in permanent supply – are structural. The decision by governments 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; businesses that are growing, but that are unable to rely on utility power or where it is simply unavailable, are seeking alternative sources of power. The structural shortfall creates substantial opportunities for Aggreko and we will continue to win work by understanding the market, customer needs and offering solutions that meet their requirements.

Demand drivers

Demand

In emerging markets demand is growing, driven by population growth, economic growth, industrialisation and urbanisation.

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, with many regions remaining off-grid entirely.

Financing

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

Utility customer decision making factors

WHY

- Economic growth
- Hydro shortage
- Social pressure
- Permanent capacity delays/shortfall
- Ageing infrastructure

OPTIONS

- Do nothing
- Mobile and modular power
- Temporary power

CONSIDERATIONS

- Fuel availability
- Transmission capacity
- Affordability
- Opportunity cost

Decision making → **Flexibility Speed Modularity Pay-as-you-go** → **Flexible power**

Graph removed

Source: IMF/Aggreko

Customers, market size and prospects

Within Power Solutions contracts tend to be longer and more complex. For our customers reliability and flexibility are important, however, cost is a key consideration. In many instances, especially within the utility market segment, the customers are state owned utilities, who use a public tendering process and the overall cost of generation is always front of mind.

Power Solutions operates in three market segments:

- **Industrial** – customers that are typically looking for power either where the grid is unstable and they seek backup, or where the grid doesn't exist and they need a primary form of power. The largest customers in this segment tend to be in Oil & Gas and Mining and are often in remote locations. It is extremely difficult to accurately determine the size of this market given its immaturity. Our focus is on increasing rental penetration and therefore current market size and share is less relevant given the growth prospects. In many of these markets we are the market leader, but each individually may be small.

  The Industrial market is expected to grow in line with GDP. The average GDP growth of the countries in which we operate is forecast to be around 5% per annum over the next few years. (Source: IMF, April 2015)

- **Utility** – this is generally linked to the power shortfall in a particular country and our customer is normally the state owned utility. These customers require base load, peaking and in some cases, backup power. There are a wide variety of factors that influence the decision to contract with us and they vary between countries; our analysis suggests that GDP growth typically needs to be around 5% for conversion from an enquiry into a contract in this segment. We estimate that our market share in 2015 was around 40%, based on the volume of contract wins and extensions across the industry.

  In our Power Solutions Utility markets, demand for power is expected to continue to grow faster than supply, and we estimate that the shortfall of power generating capacity will be around 100GW by 2020, almost twice UK peak power demand; this implies a compound growth rate of 6% over the next five years.

- **Reactive** – this demand is caused by events that happen infrequently and cause a power shortage for a period of time. This is impossible to predict, but important work to secure; reputation and fleet availability are essential to be able to respond to such an emergency, for example in Japan where we provided power following the Tsunami.

Competitors

The largest competitive force that we face in the utility market 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. In addition, we compete with a number of 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.

What this means for Aggreko

Aggreko operates in each of the market segments, which allows us to utilise our infrastructure more effectively, improve our awareness of business opportunities, and improve our profile, all of which maximises growth and returns.

Across Power Solutions we are repositioning the business and through the actions that we are taking expect to deliver market share gain, increased sector penetration and growth from new country entry. Overall, we anticipate that this will result in growth ahead of the market.

Read more about our business priorities
Pages 22 to 23

Market during the year

In 2015 our Utility business had order intake of 640MW which compared to 757MW in the prior year, albeit the prior year included 170MW of short term peak shaving work which didn't recur. Generally speaking, the level of enquiries has stayed up at historic levels; however, conversion to new orders has been more muted in the last three years, than in the preceding 10 years. We attribute this to a combination of lower economic growth in emerging markets combined with currency devaluation in many of these markets, which makes the funding of power, both on a permanent or temporary basis, more difficult, meaning that customers are choosing to accept blackouts and load shedding rather than allocate scarce funds. That said, for many of these markets an oil price that has been considerably lower now for over a year may act as a catalyst for conversion as temporary power becomes relatively more affordable, given that the majority of the cost to the customer is the fuel. In our Industrial business we saw strong growth in Africa where mining remains strong, and particularly in South Africa where the business is growing rapidly on the back of the worsening power outages and regular load shedding. In Russia, despite the lower oil price, we continue to see good growth, particularly with our gas product where customers are outsourcing the provision of power. The economic environment in Brazil remains challenging and elsewhere in Latin America the mining sector slowdown has impacted our businesses in Chile and Peru.

HOW WE CREATE VALUE
OUR BUSINESS MODEL

Our business model is strong and unique.

Our customers are the focus of everything that we do and investing in our resources enables us to provide solutions that help them to power their future.

Our resources
What sets us apart

People & Culture

We have a highly skilled, passionate and professional workforce of over 7,300 employees worldwide with a strong can-do and customer focused culture.

Expertise

Over 50 years of operational experience and expertise in sector specific and complex projects. When this is combined with our engineering capability it gives us a unique understanding of our customer needs and the ability to deliver whilst managing risk.

Scale

Our scale and global reach allows us to serve customers in around 100 countries today. We have an Aggreko presence in all of these markets, meaning that we are close to our customers. Our scale also provides a capital cost advantage, and to have a large fleet available which means we can respond quickly whilst also running at good levels of utilisation. Finally, our scale means we have a diversified portfolio and an inherent risk management mechanism.

Technology

We aim to have a fleet that is mobile, modular and standard in design so that it can serve any customer, anywhere in the world. Our Group Manufacturing and Technology functions work directly with our strategic partners to develop market leading products aimed at reducing the overall cost of power for our customers.

Financial

The Group has a strong balance sheet with good financial flexibility.

Read more about our resources
Page 18

Why our customers choose Aggreko

Rental Solutions

We operate in developed markets and provide solutions for, and rent our equipment to, customers who either operate it themselves or contract us to provide a full turn-key solution; we retain responsibility for servicing and maintaining it. We provide a multi-product offering with power adjacencies, such as temperature control, oil-free air and loadbanks across a diverse sector base. Contracts tend to be short term and transactional in nature.

Revenue	Trading margin	ROCE
£618m	16%	19%

Our business units are supported by a

Fleet

Power	Chillers
9,818MW	1,126MW
£889m assets[2]	£51m assets[2]

Maintain and service

204
Sales and service centres worldwide operating a hub and spoke model

Our project life cycle is explained on the next page

Image removed	Image removed	Image removed	Image removed	Image removed	Image removed	Image removed	Image removed
Understand the requirement	Design and plan	Proposal	Mobilise, install and commission	Operate	Service and maintain	Demobilise	Service and refurbish

Power Solutions

We operate in emerging markets serving both Utility and Industrial customers. Initial contracts in our Industrial business are on average around three months and around one year in our Utility business and are often complex in nature. For Utility customers we act as a power producer, installing and operating modular, mobile power plants; we charge both for providing the generating capacity, and for the electricity we produce. Our Industrial customers are across key sectors such as Oil & Gas, Petrochemical & Refining and Mining. Here, we develop solutions for and rent our equipment to customers who then operate it for themselves.

Revenue[1] excluding pass-through fuel	Trading[1] margin	ROCE[1]
£883m	19%	15%

shared fleet, a global footprint and logistics

Oil-free air	Ancillaries
588CFM	£97m assets[2]
£12m assets[2]	

1 Excluding pass-through fuel
2 Net asset value

Key outputs
Powering the future

The value we create

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

HOW WE CREATE VALUE ACROSS THE PROJECT LIFE CYCLE

The typical life cycle of a project

Rental Solutions

1 Understand the requirement

>100,000

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.

Image removed

2 Design and plan

>360 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.

Image removed

3 Proposal

2,225MW

of power equipment

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

Image removed

4 Mobilise, install and commission

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.

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Power Solutions

Utility: 225
Industrial: 15,000

quotes per year

In the case of most Utility customers, a tender is produced. Our Industrial customers approach us through sales channels or existing relationships. In both cases we present solutions to show how we can meet their power needs. Both involve meeting the customer and understanding their requirements.

>240 people

dedicated sales force

For our Utility customers we conduct a site survey and additional exploratory work and then we draw up a plan to meet the customer requirements, including all the logistics and site civil works, which can vary considerably in complexity. For our Industrial customers we will meet them on-site to better understand the brief before drawing up a design.

Utility: 4,837MW
Industrial: 2,756MW

of power equipment

In both parts of the business, a quote is drawn up based on the customer specification. In the Utility business 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. Typically there are then some negotiations before a final price is agreed and a contract signed. For our Industrial customers, a proposal is made based on the quote and once agreement is reached, a contract is signed.

weeks – months

installation time

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

45

days average contract duration

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

> 950

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.

64,000

sets off-hired in 2015

At the end of the initial contract duration, 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.

Operate 5

Image removed

Service and maintain 6

Image removed

Demobilise 7

Image removed

Service and refurbish 8

Image removed

Utility: 1 year
Industrial: 3 months

average contract duration

Our Industrial customers operate the equipment for themselves, after an explanation of the operating procedures; we maintain and service the equipment. In the case of our Utility customers, we sell them 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.

> 1,700

dedicated engineers

The equipment needs regular servicing and maintaining, the frequency of which depends on how hard it is running. Our engineers are either permanently on-site (Utility business) or will visit as necessary and will service and maintain equipment as required (Industrial business).

Utility: 870MW
Industrial: 17,700 Sets

off-hired and demobilised in 2015

At the end of the initial contract term, customers have the option to off-hire or extend the contract. In the Utility business, 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.

240MW

of refurbishments in Utility businesses in 2015

Equipment that is demobilised is returned to one of the service centres, where it is serviced or refurbished.

Our 1MW diesel generators that have reached the end of their life are refurbished. Refurbishment can include an upgrade to our more fuel efficient/higher electrical output engine at around 75% of the original cost and giving another eight years of useful life.

HOW WE CREATE VALUE
USING OUR RESOURCES

People are our greatest asset; their passion, pace and commitment are a critical contributor to our success. They are highly skilled and are used to reacting quickly; they respond effectively under pressure; do a professional job; and above all, deliver it in a safe manner. These attributes underpin the can-do, customer focused culture for which Aggreko is known. We are therefore focused on providing an environment in which our people can flourish and make the greatest possible difference to the Company's performance.

HEALTH, SAFETY AND ENVIRONMENTAL (HSE) MANAGEMENT

Read more about health, safety and environmental management
Page 50

SOCIAL CONTRIBUTION

Read more about social contribution
Page 51

Organisation

During the year we reorganised the business, the objective of which was to enhance our customer service by improving our strategic and operational execution through two clearly defined business units, Rental Solutions and Power Solutions. The reorganisation became effective from 1 August 2015; Bruce Pool was appointed President Rental Solutions in December 2015, with Nicolas Fournier appointed Managing Director Power Solutions in November 2015. In addition we appointed Volker Schulte as the new Group Manufacturing and Technology Director and also appointed a Group Director of HSE.

As part of the change in structure we undertook to remove a significant number of roles from our structure. This was completed by the end of November 2015 and communication with employees on how the reorganisation was progressing was maintained throughout. Each of the new business units now has strong management teams in place, and the majority have been filled with existing Aggreko employees.

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 our most critical issue. During the year we have enhanced our Group security function which has overseen the implementation of standard tools and processes to ensure the safety and security of our people. We also have an ongoing partnership with external advisers, who provide us with the on-the-ground knowledge that we need to make decisions on our operations in high risk areas. During the year we appointed a Group Director of HSE with a direct reporting line to the CEO.

Read more about safety and security risk
Pages 30 to 31

Image removed

Case study:

Inaugural Senior Leadership Team briefing

In April 2015, the first Senior Leadership Team (SLT) briefing was held in London. Held across two days, the event comprised presentations on the progress of the business priorities, workshops to develop key strategic and cultural ideas and a presentation on how Aggreko is perceived by the investment community. Following the event, the input from the two days was used in formulating the Group's Business Priorities. A follow up event was held in Amsterdam in November, where the strategic priorities were discussed. These events will be hosted at least once a year in future to ensure that senior managers are kept up to date with business developments.

"THE IDEAS AND CONCERNS RAISED WERE TAKEN BACK AND USED IN FORMULATING THE GROUP'S BUSINESS PRIORITIES"

CRITICAL ISSUE

WE CONSIDER THE SAFETY OF OUR EMPLOYEES TO BE OUR MOST CRITICAL ISSUE.

Read more
Page 50

LOCAL TALENT

WE ACTIVELY RECRUIT LOCAL TALENT WHEREVER POSSIBLE; AS PART OF OUR BUSINESS PRIORITIES WE PLAN TO HIRE AND TRAIN MORE LOCAL EMPLOYEES.

Talent management

Learning and development continues to be an area of focus and is built around the core capabilities required by the business. 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. It is essential that our people are properly trained and 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.

In 2015 we delivered over two hundred thousand 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.

During the year we established a Senior Leadership Team (SLT), comprising our top 65 managers, and CEO, Chris Weston hosted two off-site briefings.

Through these briefings we engaged the level of management below the Executive Committee as part of their development and also to get the SLT's input into formulating the Group strategy.

We also recognise that localisation of talent provides many benefits to the Group and to the communities in which we operate, which is why we actively recruit local people wherever possible and use programmes like Aggreko University (Ivory Coast), SelecTech (USA) and our apprenticeship programme at our Dumbarton manufacturing facility (UK) to develop the skills of school leavers. As part of our business priorities, we are also looking to improve operational efficiency by hiring more local employees, training them and providing them with career opportunities with the Group. Across the Group Aggreko employs over 100 different nationalities.

Reward for performance

Learning and development is only one part of the way we retain our best people. It is equally important that they are rewarded and incentivised appropriately. The Company's remuneration policy 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. During the year, following shareholder consultation, we reviewed the remuneration policy, including the LTIP scheme for our top 190 managers, and updated it to reflect current market trends.

We also encourage all employees to own shares in the Company and currently nearly 2,000 people participate in the Sharesave programme.

Read more about remuneration policy
Page 78

Engagement

We are proud that so many of our employees enjoy 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 positions are advertised internally.

Our last Global Opinion Survey was in 2013 and another one was due in 2015. Given the focus on the reorganisation and business priorities in 2015 we did not conduct a Global Opinion survey. However, throughout the reorganisation, we actively solicited feedback from employees through Pulse surveys which measured employee sentiment across the business. We were pleased to see that despite employees naturally feeling unsettled during this time of transition, the majority of employees who responded to the surveys would still recommend Aggreko as an employer to family and friends.

Read more about employee turnover
Page 24

During the year we launched MyAggreko, a company-wide intranet that encourages collaboration between employees and enables knowledge sharing across the Group. Internal Communications continues to be an area of focus and we have recently appointed a Director of Internal Communications in order to further develop our communications programme and ensure that our people are engaged and understand our business priorities.

HOW WE CREATE VALUE USING OUR RESOURCES

Expertise

It has taken over fifty years to develop the enormous strength and depth of expertise throughout the business. Our sales, supply chain 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 the most difficult situations and to keep our equipment operating; they are all supported by strong back office functions.

Scale

Our scale and global reach, which allows us to serve customers in around 100 countries, means that we are close to, and aware of, market opportunities as they arise. Our scale also provides a capital cost advantage on our equipment and enables us to work closely with OEMs on technology development. We are able to ensure that fleet is always available and therefore are able to respond quickly, whilst having a large and globally mobile fleet enables us to run at good levels of utilisation and therefore generate strong returns on capital. Importantly, given the risk of operating in some of our markets, our scale means that we have a diversified portfolio and an inherent risk management mechanism.

Technology

Technology is an important enabler for our business and we have built a competitive advantage by designing our own equipment that is fit for purpose. Our specialist in-house teams based in Dumbarton, Scotland, understand intimately the requirements of the environment in which the fleet operates and our customers highly value our equipment reliability. 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.

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; and we have developed a process to allow us to refurbish our large diesel generators at the end of their useful life for significantly less than the cost of a new generator, whilst at the same time increasing the power output by 15% and improving fuel efficiency by 5 percent. We plan to increase our investment in technology with the ultimate aim of reducing the overall cost of power generation for our customers and we have strong relationships with many of our suppliers, allowing us to create products that are optimised for the markets we operate in.

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.

Read more about technology in our business priorities
Pages 22 to 23

Key attributes of our equipment are:

- Safe
- Durable and mobile – has to be lifted and transported hundreds of times during its life
- Ability to work in extreme conditions, both temperature and altitude
- Fuel efficient
- Quiet
- Reliable
- Compliant with environmental and safety regulations within the markets in which we operate

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. 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
- Capital cost advantage through economies of scale and not paying the final assembly margin
- React quickly to customer requirements with lead times of only a few months from engine order to the equipment being in the fleet

Our design and assembly capability

235
Permanent Dumbarton employees

- Purpose-built facility with the ability to flex volume
- Flexible employee base
- 235 permanent staff and 43 contractors
- Design and assembly with 50 years' experience
- Major sub-assembly bought in from key strategic suppliers
  - Engine c.50%
  - Alternator c.10%
  - Container c.15%

80%
of cost is major sub-assemblies

20,774
Power units available

- 2,225MW of power in Rental Solutions
- 7,593MW of power in Power Solutions
- 6,750 units of power that are common to both business units

£237m
fleet capex in 2015

9,818MW
Power in the fleet

- Capital cost advantage on new diesel and gas generators
- Refurbished and upgraded diesel for c.75% of original cost per MW
- In the fleet within 10-12 weeks of order

Financial

The Group has sufficient facilities to meet our funding requirements over the medium term. At 31 December 2015 these facilities totalled £891 million in the form of private placement notes and committed bank facilities arranged on a bilateral basis with a number of international banks with whom we have strong relationships. These facilities have a range of maturities and are satisfied by the covenants opposite.

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 times. 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 Solutions Utility business.

Funding source	**Lenders**
Covenants	**EBITDA ≥4x interest** **Net debt/EBITDA ≤3x**
Performance as at December 2015	**EBITDA to interest: 24x** **Net debt/EBITDA: 0.9x**

OUR BUSINESS PRIORITIES

Aggreko is a growth business

In the medium term we expect to deliver at the Group level:

- **Revenue – growth ahead of our markets**
- **Margins – around 20%**
- **Return on capital – around 20%**

Our objective is to be the leading global provider of power and related solutions that are modular and mobile.

During the year, we undertook a comprehensive review of the business and from this identified three clear priorities to provide a framework for implementation in each business unit.

Customer

- Tailoring sales and service channels to customers
- Focusing on key sectors
- Pursuing related solutions
- Evaluating bolt-on M&A opportunities

Read more about customer service
Page 23

Image removed

Case study:

Acquisition of ICS

In September 2015 we acquired ICS, a specialist heating business based in Canada. Aggreko has specialist cooling capability, but was less developed in specialist heating applications. The acquisition of ICS allows us to gain key skills and an existing customer base, which over time we can expand across Rental Solutions and leverage our distribution network to drive growth.

Technology

- Reducing the overall cost of power for our customers
- Developing market leading products
- Strengthening relationships with strategic partners

Read more about our technology
Page 23

Image removed

Case study:

Next generation gas engines

During 2015 we have been trialling the next generation of gas engine. This offers a 10 percent improvement in fuel efficiency over our existing gas engine, which equates to c £5 million of savings a year for a customer running 80MW of gas as base load. This engine produces power at a more comparable cost to some forms of existing permanent power, but with the advantage of flexibility and modularity; it is a step on our journey to reduce the overall cost of power for our customers. We plan to introduce the next generation of gas engine into our fleet during 2016.

Efficiency

- Streamlining our cost base
- Optimising deployment of resources
- Improving processes and systems

Read more about improved efficiency
Page 23

Image removed

Case study:

Procurement savings

Part of the £80 million cost saving initiative announced in August 2015 is focused on improving our Group procurement practices. We have introduced a global category management structure that allows us to leverage our spend across the Group. There are a number of initiatives focused around incumbent supplier negotiations, competitive tendering and introducing new procurement sourcing tools to the business. All of which are expected to improve our supplier terms and reduce our costs.

Underpinning these strategic priorities is our capital allocation framework.

Invest for growth	Bolt-on M&A opportunities	Sustainable ordinary dividend	Return surplus cash to Shareholders

We have a strong balance sheet and want to retain the flexibility that it provides. We aim to operate with leverage at around 1 times net debt to EBITDA in the normal course of trading. Where opportunities exist in the short term to invest, leverage may be above this, but we then expect to bring it back down to this level.

Rental Solutions

Image removed

Image removed

Improving customer service

The actions that we are taking are designed to more effectively allocate our resources whilst tailoring the service level to different customer requirements

- Implementing global and national account management for our larger customers; we are uniquely positioned to provide the service globally.
- Increased sector focus including the appointment of global heads for our key sectors, Oil & Gas, Mining, Petrochemical & Refining and Events; this allows more effective development of sector expertise and sector specific solutions.
- Introducing a digital offering for our transactional customers; this will provide a more agile and cost-effective sales channel and better service proposition to address this part of the market.
- Pursuing adjacent products to power, such as temperature control and loadbanks; these allow us to sell associated power.
- Assessing bolt-on acquisitions; we can better leverage our existing depot network to grow through acquisition.

Enhancing processes and systems

We are taking actions to leverage our scale and enhance our capability in order to reduce the cost of service delivery, provide a better service to customers and enable growth

- Further automating fleet management; this will be facilitated by remote monitoring and will improve availability and therefore utilisation and returns.
- Introducing an enhanced customer relationship management (CRM) database to provide a better understanding of customer requirements, history and service provision which will benefit both service and sales.
- Streamlining back office processes across Finance, Human Resources, Rental Centre and Information Technology.

Read more about Rental Solutions
Page 11

Power Solutions

Image removed

Image removed

Improving customer service

The actions that we are taking will improve the way in which we go to market and address customer requirements

- Implementing global and national account management for our larger customers; we are uniquely positioned to provide the service globally.
- Increased sector focus including the appointment of global heads for our key sectors, Oil & Gas, Mining and Petrochemical & Refining; this allows more effective development of sector expertise and sector specific solutions.
- Improving how we go to market; including customer analysis, how and where we deploy our sales resource, our training and our systems.
- Working with partners such as OEMs and global bodies; complementing their core capabilities in providing permanent power with our fast, bridging capability.

Reducing the overall cost of power

Customers value reliability and speed of deployment, but the total cost of energy is critically important. Technology, and our technical capability, have a key role to play and will improve our competitive position

- Appointed a new Chief Technology Officer who has subsequently become Manufacturing and Technology Director for the Group.
- Reducing the overall cost of power; the next generation of gas engine that we are beginning to introduce into our fleet is considerably more efficient.
- Developing strategic supplier and technology partner relationships; this will support our long-term product development roadmap and drive for improved unit efficiency.
- Continuing to assess other market opportunities: including the opportunity for an HFO product where there is strong customer demand; the increased availability of gas; and renewables.

Optimising deployment of resources

Efficiency is a critical priority for Power Solutions; the actions that we take here will reduce our cost base, improve our competitive position and underpin our returns

- Removing duplication; our reorganisation will reduce cost and right-size functional support.
- Analysing depot network; in some cases market investment was not proportionate to the opportunity and we need to correct this.
- Considering alternative technology in some markets where we *are uncompetitive.*
- Improving efficiency of project delivery; standardisation isn't always justifiable relative to the economics of the contract or customer needs.
- Assessing manpower mix, likely increasing the proportion of local workforce; this has the added benefit of providing jobs, training and skills to local people which is a more sustainable model.

Read more about Power Solutions
Page 12

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.

Graph removed

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; we often operate in dangerous environments. Rigorous safety processes are absolutely essential if we are to avoid accidents or incidents 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 2015 was 0.39. 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 2014. It is in line with last year and resulted in 40 Lost Time Injuries (LTIs) also in line with last year.

Read more about health and safety
Page 50

Graph removed

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 is a reasonable proxy for how employees feel about our Company. We therefore 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 regular opinion surveys, in which every employee is invited to say what they think about Aggreko.

Performance

Staff turnover of 11% in 2015 is slightly lower than the levels over the past five years which is particularly pleasing given the reorganisation that occurred in 2015. During the year we introduced regular PULSE surveys to quickly understand the engagement levels across the organisation and we continue to focus on improving employee engagement. Aggreko continues to have a strong culture with highly committed people.

Read more about our people
Page 19

Graph removed

Customer loyalty

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 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

It is encouraging that our score is higher this year, a score in the high fifties to low sixties range is a good level to achieve. Satmetrix, a global leader in customer experience programmes has confirmed that our Net Promoter Score in 2015 remains in the top quartile of all the companies benchmarked worldwide in the business-to-business segment.

Graph removed

Earnings per share (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 13% below the previous year, largely driven by pricing pressure in emerging markets and the Oil & Gas sector.

Read more about our earnings per share
Page 123

Graph removed

ROCE

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 2015 was three percentage points lower than 2014 at 16%. This decrease was mainly driven by lower trading margins in our Power Solutions Utility business. At 16%, 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 78

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. We want our people to feel empowered to take advantage of attractive opportunities yet we wish them to do so within the risk appetite set by the Board. It is important that we have in place a robust, repeatable risk management framework to facilitate this.

Managing risk is embedded in our culture and how we conduct our day-to-day business activities. Whilst the Board retains overall responsibility, all of our employees have an integral part to play.

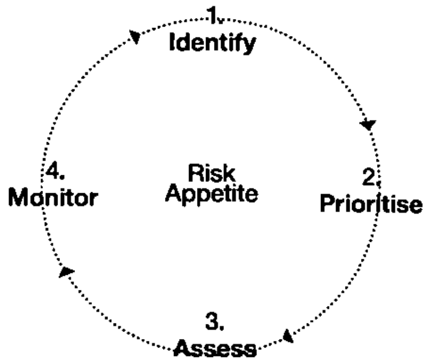
Approach to managing risk

In line with our commitment to continuous improvement, this year we have reviewed our approach to risk management against industry best practice. The objective of this exercise was to ensure that we have a robust, repeatable, risk management framework which delivers an effective and efficient approach to the management of risk which makes a positive contribution to effective decision making and business growth.

In so doing we have reaffirmed the importance of risk management and have undertaken a thorough review of the risks and associated controls within our Group Risk Register. The Group Risk Register remains the foundation upon which the Group's risk management process is built. Maintained by Group Internal Audit, the register is compiled based upon risk registers held within Business Units and Functions with input from the Executive Committee and Board twice a year.

We have formalised the approach that we expect management to take to identify, prioritise, assess and monitor risks which may arise within the business. This is underpinned by the Group's risk appetite, which is defined by the Board and which is reviewed annually.

Risk Management Framework



1. Identify: Determine the risk events or missed opportunities which are most likely to have a material impact on the ability of Aggreko to meet its business objectives.

2. Prioritise: Risks are prioritised based on the impact to the business should they occur and the likelihood of occurrence both before and after consideration of control design and operation. Impact scoring is determined on consideration of several factors: Financial; HSE; Operational, Reputational; and Regulatory.

3. Assess: Each risk is assessed to determine whether further actions are required to effectively manage the risk to within the Group's risk appetite. Where necessary, further actions are captured and tracked to completion.

4. Monitor: Ongoing monitoring of each risk is conducted utilising relevant KPIs where available and through regular management review of actions identified.

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

Risk Categorisation Model

Strategic Risk	Operational Risk	Hazard Risk	Compliance Risk	Financial Risk
Risks related to the Company's ability to deliver on business priorities	Risks arising from people, processes and systems impacting upon efficient and effective operations	Risks related to the wellbeing of our people and the wider stakeholders with whom we interact	Risks related to non-compliance with government and regulatory requirements in the jurisdictions in which we operate	Risks which might impact upon our ability to meet our financial expectations and obligations
• People, Organisation & Culture	• Asset Lifecycle	• Health & Safety	• Ethics	• FX and Interest Rate Volatility
• Mergers & Acquisitions	• Service Delivery	• Security	• Corporate Governance	• Liquidity and Funding
• Technology	• Supply Chain	• Environment	• Laws and Regulations	• Credit Risk
• Customer/Sector Concentration	• Contractual			• Tax
• Competition	• Information Technology, Management & Security			• Financial Management and Control

Risk Appetite

The Group has financial targets in place and is focused on growing the business; we are willing to accept higher levels of risk where we deem the likelihood of success to be achievable and the level of reward commensurate but within clear boundaries as set by the Executive and approved by the Board.

Risk appetite has been articulated for each of the risk categories in the Risk Categorisation Model and has been communicated to management to guide the consideration as to whether further risk mitigation activities are required for specific risks identified.

Roles and Responsibilities

Oversight Board	• Sets tone from the top regarding risk management. • Risk appetite is approved and monitored. • Group Risk Register monitored and challenged. • Supported by the Ethics and Audit Committees.
Management & Monitoring Executive Committee supported by Internal Audit	• Defines risk management process to be followed by the business (including risk appetite). • Facilitates risk process, collates Risk Registers and consolidates Group Register. • Challenge consolidated Risk Register, ensure controls identified are operating and track closure of actions.
Ownership Business Units and Group Functions	• Risk identification, prioritisation, assessment and monitoring takes place at this level. • Risks and associated controls are owned and operated by management. • Risk registers are maintained and form the basis of the Group Risk Register.

RISK FACTORS THAT COULD AFFECT BUSINESS PERFORMANCE

Principal risks and uncertainties

The Directors have carried out a robust assessment of the principal risks and uncertainties facing Aggreko, including those which would threaten our business model, our future performance, and our solvency and liquidity. These are as set out over the following pages. This list is not exhaustive; our operations are large and geographically diverse and the list might change as something that seems immaterial today assumes greater importance tomorrow. Risks that have been commented upon for the first time in this section are indicated with an asterisk.

The order in which they are presented is aligned to our risk categorisation model.

STRATEGIC

Macro-economic activity

Executive responsible: Chris Weston, Chief Executive Officer

Risk	Background and impact	Mitigation
Challenging global economic conditions adversely impact revenue and profit and hinder growth in key markets.	In Rental Solutions, 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. Furthermore, we are also exposed to particular sectors which are currently facing particularly challenging times – for instance, a material proportion of our North American business comes from upstream Oil & Gas whilst in Australia there is a high dependence on the mining industry. In Power Solutions, the structural Drivers of growth in emerging markets are affected by the economic environment in the short term and the opportunity cost of having power is always a consideration. When economic growth is strong, industrial activity is expanding, deficits are under control and debt is cheap, then both utility and Industrial customers will be more inclined to spend money on flexible power. As growth rates in the developing economies slow we have seen demand fall accordingly.	• Global footprint and fleet homogeneity allows us to move fleet between businesses. • Diverse customer base to minimise exposure to any single sector or geography. • Development of our Temperature Control business can help to offset slower growth in power. • In-house manufacturing of equipment enables us to quickly adjust capital expenditure to react to downturns. • Implementation of our business priorities, including a reduction in the cost base.

Changes during 2015: We continued to experience slower growth across emerging markets and have seen the impact of lower commodity prices, particularly oil, on our Rental Solutions business.

Market conditions *

Executive responsible: Chris Weston, Chief Executive Officer

Risk	Background and impact	Mitigation
The impact of a major project off-hiring with no equivalent replacement.	Within our Power Solutions Utility business we have several major contracts making up a sizeable proportion of our business. The nature of our business is such that we expect customers to require our services for a limited period of time. That said, failure to find a suitable replacement for our fleet within a timely period following a major contract off-hiring could have a material effect on revenues and profits.	• Diverse customer base to minimise exposure to any single sector or geography. • Project pipeline and fleet utilisation form a part of the monthly business reviews. • As part of the change programme running within the business, there are specific initiatives to improve the sales capability within the Power Solutions business whilst reducing the overall cost base to allow us to remain competitive.

Changes during 2015: We have achieved several major project extensions in 2015, however we remain focused on this area going forward with several phases of major contracts due to off-hire in 2016/17.

Change management relating to our new business priorities *

Executive responsible: Chris Weston, Chief Executive Officer and Tom Armstrong, Chief Information Officer and Group Programme Director

Risk	Background and impact	Mitigation
Failure to deliver the expected benefits from our business priorities.	In recent years, the market environment in which we operate has become more challenging and therefore the Group needs to evolve. We have outlined a number of business initiatives which we are undertaking in order to better position the Group for the future. In the event that we do not successfully execute these in a timely and sustainable manner, it would be a lost opportunity and could result in a material impact on future revenue and profit.	• The programme has senior leadership focus and sponsorship. • Programme management office in place, with Executive management leadership to provide challenge, assurance and risk management. • Project management, resourcing and management reporting of each initiative. **Read more about our business priorities** Page 22

Changes during 2015: Given the comprehensive strategic review and reorganisation we have undertaken during 2015, this is a new risk as it is critical that the business successfully executes its business priorities.

Key

Increased risk in 2015 | No change in 2015 | Decreased risk in 2015

Talent management and succession planning

Executive responsible: Chris Weston, Chief Executive Officer

Risk

Failure to attract, retain and develop key employees or to implement appropriate succession planning.

Background and impact

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.

Failure to do so could result in loss of productivity, increased recruitment costs and lower staff morale.

Mitigation

- During the recent period of change we have sought to move at pace, completing the reorganisation by the end of 2015, enhancing employee communications and putting in place specific incentives to ensure retention of key employees.
- Talent management programme which covers the management population and fosters people development.
- Reward people well for good performance, and having a successful Long-term Incentive Plan.

Read more about people
Page 19

Changes during 2015: During the year the Group underwent a period of significant senior management and organisational change. Over this period, we consider that the risk of losing people increased.

Competition

Executives responsible: Bruce Pool, President – Rental Solutions; Nicolas Fournier, Managing Director – Power Solutions

Risk

Increased competition erodes market share, margins and returns.

Background and impact

Aggreko operates in a highly competitive market. The barriers to entry are low, particularly in some sectors within the Rental Solutions and Power Solutions – Industrial businesses. In every major market in which we operate, competitors are constantly entering or leaving the market. In addition we face competition with general rental companies for certain sectors.

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.

Mitigation

- Monitoring of competitor activity.
- Focus on key sectors where specialised products and services are valued.
- Provide our customers with a high quality, tailored and differentiated service proposition at a price that they believe provides good value.
- Change programme in place to focus on cost control to allow us to become more competitive.

Read more about our markets
Pages 10 to 13

Changes during 2015: The competitive environment across both businesses is stable, but more intense in Power Solutions – Utilities business and in Rental Solutions with respect to general rental companies.

Technology

Executive responsible: Volker Schulte, Group Manufacturing & Technology Director

Risk

Ineffective new product development hinders growth.

Background and impact

New product development and its introduction into our fleet is one of our key business initiatives. It is critical that we manage our investment decisions now to maximise the competitiveness of our products going forward.

As we evolve our product offering we need to ensure that we develop the appropriate expertise to commission and operate our fleet, whilst ensuring that the technical capability of our Sales teams is appropriate to adequately manage customer expectations.

In the event that we introduce a product that is ineffective in some way, we would be likely to incur increased costs and it could have a material impact on revenue and profit. Furthermore, it may have a damaging reputational impact on the Group.

We are also monitoring developments in renewable technology and the potential this has to impact upon the competitiveness of our current product portfolio.

Mitigation

- We have increased our in-house expertise on engine technology and train staff on new production techniques.
- Maintain close relationships with existing and alternative product providers with robust technical review processes.
- Technology roadmaps developed to identify the most efficient and effective products over the medium term prior to entering into agreements with engine manufacturers.
- Monitor technology performance across the Group for any common issues and capture lessons learned from previous product introductions.
- Rigorous new product introduction process developed and operating within Manufacturing & Technology.
- With respect to renewables, we are closely monitoring this developing area and evaluating the potential for integrating such technologies into our solution for certain sectors/applications.

Read more about our business priorities
Page 22

Changes during 2015: During the year the decision was taken to halt further development of the high speed HFO product. Whilst this is disappointing, we still see a market opportunity for HFO and will continue to look for alternative options. Furthermore, as the product was dual fuel, running on diesel and HFO, there is no associated product obsolescence. We also began working on the next generation gas product which we expect to release into the fleet in 2016.

RISK FACTORS THAT COULD AFFECT BUSINESS PERFORMANCE

OPERATIONAL

Cyber security *

Executive responsible: Tom Armstrong, Group Programme Director and Chief Information Officer

Risk	Background and impact	Mitigation
A cyber security breach leads to a loss of data, a loss of data integrity or a disruption to operations.	A successful cyber-attack on our systems could result in us not being able to deliver service to our customers, the loss of commercially sensitive data, disruption to operations and loss of data integrity. As a result, we could suffer reputational damage, revenue loss and the risk of financial penalties.	• IT security lead appointed, responsible for the IT security plan. • A cyber security forum has been formed to monitor relevant risks and controls in this area. • Cyber security healthcheck review completed by a third-party expert with results implemented through the security plan. • Suite of security technology in place including antivirus and malware software, firewalls, email scanning and internet monitoring. • Monthly monitoring and regular review of user privileges.

Changes during 2015: The incidence of cyber security breaches has increased globally over the last year. We are seeking external advice where appropriate and have sought to strengthen the governance we have in place with the appointment of an IT security lead and the formation of a cyber-security forum.

Service delivery *

Executives responsible: Bruce Pool, President – Rental Solutions; Nicolas Fournier, Managing Director – Power Solutions

Risk	Background and impact	Mitigation
Major contractual failure.	The Group operates large and in some cases technically complex projects around the world. There is a risk that we commit to a contract that we cannot fulfil either owing to technical restrictions or issues outside of our control; or that we commit to a contract which we can perform but fail to deliver. In the event that this was one of our larger contracts, this could have a material financial impact; in any event it could damage the Group's reputation.	• Contractual terms and conditions include appropriate protections. • Review process to ensure contracts which could overly expose the Group receive appropriate sign off. • Liability insurance may mitigate some financial exposure. • Specialist technical experts in-house to advise on and commission complex projects.

Changes during 2015: We do not consider that the level of risk has changed in the year.

HAZARD

Security

Executive responsible: Chris Weston, Chief Executive Officer

Risk	Background and impact	Mitigation
Security threat increases in key markets.	The risk that the political/security situation in a key market deteriorates, adversely impacting upon the wellbeing of our people, the security of our assets and our ability to generate revenue.	• The Group Security team under the direction of the Group Head of Security and supported by security consultants provide advice and assistance for travel in high risk countries. • Monitor security risks very closely with monthly briefings provided to the Executive management team by the Head of Security. • Employees are given comprehensive training and support to ensure that they are adequately equipped for the environment in which they are working. • Disaster recovery and evacuation plans are in place for our highest risk locations. • Where circumstances dictate we may evacuate our personnel and employ third parties to operate our equipment.

Changes during 2015: The overall level of risk has not materially changed in the year, however we continue to face security challenges in Libya, Iraq and Yemen.

Key

Increased risk in 2015 | No change in 2015 | Decreased risk in 2015

Health & Safety

Executive responsible: Chris Weston, Chief Executive Officer

Risk

Operational environment or failure to maintain compliance with health and safety standards results in serious illness, injury or death.

Background and impact

We have a number of staff operating in high risk locations. Aside from those security considerations alluded to above, issues facing personnel include: poor road infrastructure, a lack of availability of healthcare and exposure to contagious diseases.

Operationally, 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. All of these could cause serious damage to our people, third parties and the surrounding environment if not handled with appropriate caution.

Mitigation

- Proactive operational culture with health and safety at the top of our agenda. Our global policy has been communicated across the organisation in all languages.
- HSE management system including KPIs which are reviewed by the Board on a regular basis.
- 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 developed and rigorously followed.
- Where health matters are of concern, we implement stringent testing procedures and restrict access to our sites.
- Comprehensive site induction materials are provided to all visitors and staff rotating into a new country.

Read more about health and safety
Page 50

Changes during 2015: No material changes in 2015. We have hired a Group Director of HSE with a direct reporting line to the CEO. Orange Rules (our global HSE standards) have now been rolled-out across the business.

COMPLIANCE

Failure to conduct business dealings with integrity and honesty

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

Risk

An employee or person acting on our behalf makes a payment which is or could be perceived to be a bribe.

Background and impact

The scale and global 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/agents.

Mitigation

- Anti-bribery and corruption framework has been designed in line with UK Government guidance and has been implemented across the Group.
- Ethics policy in place with which employees and sales consultants commit to comply.
- Board-level leadership through our Ethics Committee which 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.
- Risk assessment completed to 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.
- Due diligence undertaken on those who will do business on our behalf and once appointed we regularly monitor their performance, audit payments and refresh due diligence at least every two years.
- Training of employees and third-party sales consultants in anti bribery and corruption polices and procedures.
- Monitoring of all processes by the Head of Compliance and internal audit reviews of this area.
- A whistle-blower system is in place via a third party with a commitment that timely investigations will be completed.

Changes during 2015: No change in 2015 and we continue to take ethical risk very seriously.

RISK FACTORS THAT COULD AFFECT BUSINESS PERFORMANCE

FINANCIAL

Exchange controls

Executive responsible: Carole Cran, Chief Financial Officer

Risk	Background and impact	Mitigation
Continuation and further tightening of exchange controls.	Some of the emerging market countries where we work operate exchange control regimes to help provide a greater degree of stability for their economies. Such controls restrict the amount of foreign currency or local currency that is allowed to be traded or purchased. There is a risk that the continuation or introduction of new exchange controls may limit our ability to repatriate surplus cash earned in some emerging market countries to fund other investments or repay Group debt. The value of cash trapped in emerging market countries may be exposed to the risk of devaluation in the local currency exchange rates. Some exchange control regimes determine the purposes for which foreign exchange can be used and manage the amount that is available for each purpose. We may be unable to bid for new work in countries where such restrictions are not sufficiently flexible to allow us to operate within our appetite for the risks associated with foreign exchange rate movements and cash extraction.	• The Group manages its currency flows to minimise foreign exchange risk arising on transactions denominated in foreign currencies and hedges net currency flows where it is cost-effective to do so. The Group seeks to ensure that the risk arising from foreign exchange and cash extraction constitutes an acceptable level of risk for a given transaction. • Surplus cash is managed to try to ensure that its value is preserved whenever possible by earning deposit interest or by hedging to offset the impact of foreign currency devaluation. • Exchange controls do not always result in blanket restrictions and different rules may apply to different types of transactions. When there is a requirement to obtain permission to operate in a country, or there are exceptions for the provision of power and temperature control services, we seek permissions or exemptions to reduce the foreign exchange and cash extraction risks of operating in a country to an acceptable level.

Changes during 2015: Lower commodity prices and the depreciation of emerging market currencies have resulted in some emerging market countries introducing or tightening exchange controls.

Exchange rate fluctuations

Executive responsible: Carole Cran, Chief Financial Officer

Risk	Background and impact	Mitigation
The impact of adverse foreign exchange rate movements.	There is a risk that foreign exchange rate movements will have an adverse impact on transactions that are not in the functional currency of a subsidiary. When it is not possible, practical or affordable to mitigate the risk, the resulting exposure to movements in foreign exchange rate movements may have an adverse impact on the results from the transaction. The impact of the exposure is likely to vary with the level of volatility in foreign exchange rates.	• The Group has a centralised treasury operation whose role includes ensuring that foreign exchange risk arising from the Group's underlying operations is effectively identified and managed to acceptable levels. • It is the Group's policy to hedge net currency flows that are not in the functional currency of a subsidiary using forward contracts and forward currency options, where appropriate.

Changes during 2015: In 2015, the impact of foreign exchange movements on transactions that are not in the functional currency of a subsidiary was driven by an appreciation in the US dollar and depreciation of emerging market currencies.

Taxation

*

Executive responsible: Carole Cran, Chief Financial Officer

Risk	Background and impact	Mitigation
Direct and indirect tax risks in developing countries.	Due to Aggreko's complex tax footprint we are exposed to tax risk as follows: Registration – Risk that we fail to properly register for taxation in a country in which we operate. Responsibility – Risk that we fail to understand our responsibilities with respect to liabilities and / or that we incorrectly assume due to contractual terms that a third party will handle our tax affairs / make payments on our behalf. Unpredictability – Risk that due to the tax regimes in some developing countries being less well established than in other parts of the world we are subject to taxation other than how we anticipated when we initially commenced business in that country.	• Group Tax Director in place supported by regional specialists across the business. • External tax advisers are consulted before and subsequent to entry into a new jurisdiction to allow us to identify specific tax/customs requirements and to appropriately manage our tax affairs. • The Group tax team are involved in the review of all contracts which would involve operating in a new country.

Changes during 2015: There has been no major change to this risk from the prior year.

Key

Increased risk in 2015	No change in 2015	Decreased risk in 2015

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.	The Group has some large contracts in emerging market countries where payment practices can be unpredictable. There is a risk that we do not obtain payment for a large project (or combination of projects) and/or that a material volume of assets are confiscated. We take a rigorous approach to credit risk management and to date have not suffered a significant loss. 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. A related risk is that of excessive delays in customer collections impacting cash flows.	• Constant monitoring of the risk profile and debtor position for large contracts. • Mitigation techniques will vary from customer to customer, but include obtaining advance payments, letters of credit, and in some cases insurance against losses. • Deliberately diverse contract portfolio which is regularly reviewed. • 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.

Changes during 2015: During the year, debtor days increased in our Power Solutions utility business driven by slow payments by customers in Venezuela and Yemen; the provision also increased.

Assessment of prospects and viability

During the year, we undertook a comprehensive review of the business in light of our strategic objective to be the number one global provider of power and related solutions that are modular and mobile, see further detail on page 22. Having listened to our customers and been through the business review, it was clear that Aggreko had two mutually beneficial businesses. From 1 August, we split the business into Rental Solutions and Power Solutions. Rental Solutions operates in developed markets, which usually have more transactional and less complex, shorter contracts. Power Solutions has larger, more complex customer requirements, largely operates in emerging markets, and is more geographically spread. The comprehensive review concluded that the key markets within which Aggreko operates are forecast to grow at between 2% and 6%, however over the medium term we expect to grow faster than our markets and deliver margins and returns of around 20%.

Demand for Aggreko's services is created by events with the nature of the demand differing by country and therefore we address the market through our two business units, as described above. The Rental Solutions business is linked to local economies and commodity cycles and varies in size and nature from country to country whilst the Power Solutions business is driven by economic growth, hydro shortages, social pressures, permanent capacity delays/shortfall and ageing power infrastructures.

There are many factors that could affect the growth, both positively and negatively, of Aggreko going forward. These factors are discussed regularly by both the Executive Committee and the Board. The principal risk factors which the Board concluded could affect business performance over the medium term are set out on pages 28 to 33, of which there are 15.

With the above as background, the Board approached the viability assessment as follows:

- It took the decision to carry out the assessment over a three-year period to 2018. Although the prospects of the Group are considered over a longer period, three years was deemed appropriate because:
  - the demand for Aggreko's services is created in many cases by events, which range from the very large and infrequent to small and recurrent; and
  - there is good visibility over the duration of our larger Power Solution Utility contracts; and
  - more than half of our committed borrowing facilities do not mature before the end of the relevant period (from 2019 onwards).
- It stress-tested the Group's strategic plans out to 2018 by modelling scenarios linked to nine of the 15 principal risks. Taking them in the order in which they are set out on pages 28 to 33 the principal risks which have been stress-tested were risks 1, 2, 3, 5, 6, 9, 12, 14 and 15. The six risks which were not modelled were more qualitative in nature and thus highly subjective to model, but their relevance and potential impact were considered by the Board as part of the process.
- In order to reflect the reality of a combination of principal risks affecting the business at one time a combination scenario was also modelled. The two principal risks deemed to have the highest impact and likelihood of occurring were selected being:
  - challenging global economic conditions adversely impact revenue and profit and hinder growth in key markets; and
  - the impact of a major project off-hiring with no equivalent replacement.

The results of this stress-testing showed that, due to the diversity of our business and strength of our balance sheet, the Group would be able to withstand the impact of these scenarios occurring over the period to 2018 by making adjustments to its operating plans within the normal course of business.

Based on the results of this analysis, the Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three-year period of their detailed assessment.

POWERING THE FUTURE OF **MYANMAR**

1 CHALLENGE

In a remote region with difficult terrain, the onset of the dry season coupled with Myanmar's dependency on hydropower presented a significant challenge to the government's development and economic growth plans.

2 SOLUTION

Aggreko delivered 95MW of gas power to the Myingyan district quickly and safely. In what was a complex project, we worked with the customer to set up a high-pressure gas reduction facility to capture the local gas that was available and optimise it for use as an efficient fuel source. In addition to this, transformers and gas insulated switchgear were required on-site. Despite the remote location and underdeveloped infrastructure, the project was delivered in 120 days.

EQUIPMENT SOURCED FROM

12

COUNTRIES

Specialist gas equipment from the UK and Brazil

Generators from Australia and India

Image removed

3 FUTURE

The site provides reliable and constant power supply to a district that would normally experience intermittent power failure during the dry season. This supports local community and economic needs, including schools and one of the country's largest steel mills which is undergoing significant expansion. Furthermore, through employing local people we are implementing an effective knowledge transfer programme to up-skill the local workforce, and provide them with transferrable skills for the future.

Image removed

120 days to deliver

95MW

Graph removed

Local workforce on-site

77%

Image removed

OUR INVESTMENT CASE

Our objective is to be the number one global provider of power and related solutions that are modular and mobile.

Market

- Structural power shortfall in emerging markets
- Increased sector penetration in developed markets
- Diversified portfolio by geography and sector

Read more about our markets page 10

Competitive advantage

- People & culture
- Expertise
- Scale
- Technology
- Financial strength

Read more about our competitive advantage page 14

Business priorities

- Clearly defined business priorities – Customer, Technology, Efficiency
- Path to return to growth
- Focused on margins and returns

Read more about our business priorities page 22

Shareholder returns

- Priority is to invest for long-term growth
- Through self-help we will balance revenue growth with support to margins and returns
- Where opportunities for investment are limited we will look to return capital to Shareholders

Useful links for Shareholders page 154

PERFORMANCE REVIEW GROUP

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Carole Cran
Chief Financial Officer

Watch Carole's video online:
www.annualreport2015.aggreko.com

The trading results for the 12 months to 31 December 2015 are set out below. All numbers in this section are pre-exceptional items.

Group trading performance

Underlying Group revenue was down 3% on the prior year. Rental Solutions revenue was in line with last year with growth in the majority of our key sectors, particularly petrochemical & refining and events, offsetting the impact lower commodity prices had on our oil & gas and mining revenues. Power Solutions revenue was down 5%. Within this, our Industrial business grew strongly with revenues 10% higher driven by growth in our Middle East, Russian and African businesses. In contrast, trading conditions in Brazil remain difficult given the macro environment and we have taken steps to further reduce the cost base as a result. Power Solutions Utility revenue was down 11% driven by the renegotiation of our 325MW gas contract in Bangladesh and the off-hiring of our 104MW contract in Panama.

Overall, the Group trading margin was 17% (2014: 19%). Rental Solutions margin was down slightly on last year driven by North American pricing and volumes in the oil & gas sector. Power Solutions margin was down three percentage points overall. Within this, Industrial was up four percentage points, reflecting the incremental benefit we get from major events. Utility margin was down five percentage points due to the contract renegotiation in Bangladesh and a higher debtor provision driven by slower payments, particularly in Venezuela and Yemen. The lower margin, as well as a slight increase in net operating assets, impacted the Group return on capital employed, which was 16% (2014: 19%).

The movement in exchange rates in the period had the translational impact of increasing revenue by £22 million and trading profit by £6 million. This was driven by the strength of the US Dollar against Sterling partially offset by the weakness of the majority of our other major currencies against Sterling.

Earnings and dividends

The Group delivered profit before tax of £252 million (2014: £289 million). Diluted earnings per share (DEPS) was 71.68 pence, 13% lower than the prior year.

Reflecting our continued confidence in the strength and prospects of the business, the Group is proposing to maintain the final dividend at 17.74 pence per share. Subject to Shareholder approval, this will result in a full year dividend of 27.12 pence (2014: 27.12 pence) per Ordinary Share; this equates to dividend cover of 2.6 times (2014: 3.0 times).

Cash flow and balance sheet

During the year, we generated an operating cash inflow of £461 million (2014: £498 million). We continued to manage our capital expenditure tightly and to adjust the amount we spend up or down in response to market conditions whilst investing sustainably for the future. Fleet capital expenditure was £237 million (2014: £226 million), of which £63 million was invested in our gas fleet and £29 million to refurbish our diesel fleet to the more fuel efficient, higher output G3+ engine, which now represents 13% of our Utility business diesel fleet.

Net debt was £489 million at 31 December 2015; £5 million lower than the prior year. This resulted in net debt to EBITDA of 0.9 times, maintaining it at the 2014 level.

Outlook

Our Power Solutions Utility business has started the year with a strong order book; a healthy prospect pipeline; 140MW of new orders; and the signing of a two year extension of our 148MW of diesel contracts in Japan. We expect the level of contracts off-hiring in the year to go back up to a more normal level, of around 30%. Due to the timing of contract start and end dates there will be a reduction in first half profits at a Group level. We continue to monitor the geopolitical situation in Yemen, Libya and Venezuela.

In our Power Solutions Industrial business we are seeing softer trading conditions in Singapore and some of our markets that are more exposed to the mining sectors. However year to date power volumes are up on the prior year, driven by continued good performances in the Middle East, Russia and Africa.

The Rental Solutions business unit, in particular our North American business, has had a slow start to 2016 following a lower run rate exiting 2015 than we had expected and we are cautious on our outlook for this part of our business.

At a Group level we anticipate investing around £250 million on fleet capex, focussing on investment in our more fuel efficient gas and diesel engines; as ever we will maintain our capital discipline and flex this spend according to market conditions. Overall, we expect profit before tax and exceptional items to be slightly lower than the prior year on a constant currency basis[1], in line with current consensus.

1 The constant currency impact is a headwind of £16 million applying the end of January 2016 spot rates, including the step devaluation of the Argentinian peso. In relation to 2016 the Power Solutions Utility contracts in Argentina have contractual protection that offsets the impact of the devaluation.

BUSINESS UNIT PERFORMANCE REVIEW

In June 2015 we announced a new organisation structure comprising the Rental Solutions and Power Solutions business units. This new structure took effect from 1 August 2015. The performance of these business units for the year ended 31 December 2015 is described below.

	Revenue			
	2015 £ million	2014 £ million	Reported change %	Underlying change[1] %
Rental Solutions	**618**	616	–	–
Power Solutions				
Industrial	**299**	288	4%	10%
Utility excl pass-through fuel	**584**	625	(7)%	(11)%
	883	913	(3)%	(5)%
Pass-through fuel	**60**	48	26%	17%
	943	961	(2)%	(5)%
Group	**1,561**	1,577	(1)%	(3)%
Group excluding pass-through fuel	**1,501**	1,529	(2)%	(3)%

	Trading profit			
	2015 £ million	2014 £ million	Reported change %	Underlying change[1] %
Rental Solutions	**100**	107	(7)%	(9)%
Power Solutions				
Industrial	**45**	32	41%	44%
Utility excl pass-through fuel	**126**	170	(26)%	(28)%
	171	202	(15)%	(17)%
Pass-through fuel	**(1)**	(3)	53%	56%
	170	199	(14)%	(17)%
Group	**270**	306	(12)%	(14)%
Group excluding pass-through fuel	**271**	309	(12)%	(14)%

1 "Underlying" is defined as: adjusted for currency movements and pass-through fuel revenue from Power Solutions, where we provide fuel to our contracts in Mozambique on a pass-through basis.

PERFORMANCE BY RENTAL SOLUTIONS

	Reported 2015 £ million	Reported 2014 £ million	Reported change %	Underlying change[2] %
Revenues	**618**	616	–%	–%
Trading profit	**100**	107	(7)%	(9)%
Trading margin	**16%**	17%		

2 Underlying excludes currency.

Rental Solutions

Key messages

- Underlying revenue maintained at flat despite oil price pressure; margins and returns in high teens
- Oil & gas revenue decline offset by growth in majority of other sectors, particularly petrochemical & refining and events
- Strong performance in TC; successful acquisition of ICS, a specialist heating business
- On a geographic basis: Europe showed good growth; North America was flat; and AUSPAC challenged by commodity prices and impact on mining sector

Despite the considerable impact of a lower oil price, our Rental Solutions business delivered a solid performance with underlying revenue in line with the prior year and trading profit declining by 9%. Trading margin decreased by one percentage point to 16%.

Rental revenue decreased by 3% and services revenue increased by 6%. Within rental revenue, power decreased by 7% and oil free air was down 8%. Offsetting this, we saw good growth in temperature control with revenues up 11%, reflecting our renewed focus on this adjacent product line.

Overall revenues in our North American business were in line with the prior year despite diesel and gas pricing and volume pressure in the oil & gas sector, where revenue was down 26% year on year. Offsetting this was growth in many of the other key sectors we serve, particularly in events, and in petrochemical & refining, now our largest sector in North America, where revenue was up 25%, and the lower oil price acted as a stimulus.

Our Australia Pacific business continued to face difficult market conditions driven by persistently lower commodity prices and the impact this has had on our mining sector revenues. However, the rate of decline has slowed, with revenue down 5% in the year compared to a decrease of 18% in the previous year. Our business in New Zealand grew, driven by emergency response work from the cyclones which hit the country and the ICC World Cup.

Across Europe all countries have seen growth year on year. Our Continental European business saw revenues increasing 11% aided by good growth in Romania, Germany, Italy and the Netherlands. The Northern European business had a solid year with revenue increasing 4%. Our business in Northern Europe also felt the impact of a lower oil price; however, the reduction in oil & gas revenue was offset by increases in the manufacturing, shipping and construction sectors.

Rental Solutions trading margin was 16% with the slight reduction being driven by the pricing pressure on our North American oil & gas business, to which we have responded by reducing costs and capital expenditure.

PERFORMANCE BY POWER SOLUTIONS

	Reported 2015 £ million	Reported 2014 £ million	Reported change %	Underlying change[3] %
Revenues				
Industrial	**299**	288	4%	10%
Utility excl pass-through fuel	**584**	625	(7)%	(11)%
Pass-through fuel	**60**	48	26%	17%
Total	**943**	961	(2)%	(5)%
Trading profit				
Industrial	**45**	32	41%	44%
Utility excl pass-through fuel	**126**	170	(26)%	(28)%
Pass-through fuel	**(1)**	(3)	53%	56%
Total	**170**	199	(14)%	(17)%
Trading margin				
Total excl pass-through fuel	**19%**	22%		
Industrial	**15%**	11%		
Utility excl pass-through fuel	**22%**	27%		

3 "Underlying" is defined as: adjusted for currency movements and pass-through fuel revenue from Power Solutions, where we provide fuel to our contracts in Mozambique on a pass-through basis.

Power Solutions

Key messages

- Strong performance from Industrial markets in Middle East, Russia & Africa
- Brazilian market remains difficult
- Good progress with key extensions in Argentina, Ivory Coast, Japan and Bangladesh
- At the year end our order book was over 40,000MW months, highest in recent years
- Payment challenges; in particular Yemen and Venezuela

Overall, our Power Solutions business saw revenues decline by 5% and trading profit decline by 17% on an underlying basis. Our Industrial business had a good year with underlying revenue up 10% and trading profit increasing 44%. Trading margin increased to 15% (2014: 11%). Our Utility business, however, had a challenging year with underlying revenue decreasing 11% and trading profit decreasing 28%. Trading margin was five percentage points lower at 22% (2014: 27%).

Underlying revenue in our Industrial business unit increased 10% with rental revenue up 12% and services revenue up 1%. On a geographic basis we saw strong growth in Africa where mining remains strong, and particularly in South Africa where the business is growing rapidly on the back of the worsening power outages and regular load shedding. In Russia, despite the lower oil price, we continue to see good growth, particularly with our gas product as we benefit from a structural shift towards outsourcing. In the Middle East, we saw good growth in Saudi Arabia, Qatar, Oman and Turkey. However, revenue decreased in Kuwait and the UAE, whilst Iraq is a continued challenge from a security perspective. In Brazil, the economic environment remains difficult and elsewhere in Latin America the mining sector slowdown has impacted our businesses in Chile and Peru, although we did have a strong year in Argentina. In our Asia business we had a good performance in South Korea; however, we faced more challenging conditions in Singapore and India.

We were also pleased to have successfully supplied power for the first European Games in Baku. In total, we provided 35MW of temporary power across the Games' fifteen venues and the International Broadcast Centre. The prior year comparatives include revenue from the World Cup in Brazil; excluding this from last year and revenue from the European Games in 2015, the year on year increase in revenue, in our Industrial business unit, was 7%.

Our Utility business saw underlying revenue decrease by 11% and trading profit by 28%. Trading margin decreased to 22% (2014: 27%). The decrease in revenue was driven by the renegotiation of our 325MW of gas contracts in Bangladesh where permanent power was brought on line; the off-hiring of our contract in Panama; and lower volumes on hire in Indonesia, Military and Yemen. The main reasons for the margin decline were the Bangladesh extension and a higher debtor provision driven by slower payment by a handful of customers, particularly in Venezuela and Yemen, partially offset by improved payments in Argentina.

Order intake for the year was 640MW (2014: 757MW); last year's comparative includes 170MW of lower rate, summer peak shaving work in Saudi Arabia and Oman, which did not repeat in 2015. New contracts in 2015 included 150MW in Argentina, 95MW in Myanmar and 40MW in each of the Bahamas and Guam. With regards to contract extensions, we are pleased to have extended our contracts in Argentina, Ivory Coast, Japan and Bangladesh. At the year end, our order book was over 40,000MW months, the equivalent of 14 months' revenue at the current run-rate (2014: 8 months) and the highest level in recent times.

FINANCIAL REVIEW

A summarised income statement for 2015 as well as related ratios are set out below.

	2015 £m	2014 £m	Movement As reported	Movement Underlying[4] change
Revenues	**1,561**	1,577	(1)%	(3)%
Revenues excl pass-through fuel	**1,501**	1,529	(2)%	(3)%
Trading profit	**270**	306	(12)%	(14)%
Operating profit	**275**	310	(11)%	
Net interest expense	**(23)**	(21)	(8)%	
Profit before tax	**252**	289	(13)%	
Taxation	**(69)**	(74)	7%	
Profit after tax	**183**	215	(15)%	
Diluted earnings per share (pence)	**71.68**	82.49	(13)%	
Trading margin	**17%**	19%	(2)pp	
Underlying Trading margin	**18%**	20%	(2)pp	
ROCE	**16%**	19%	(3)pp	
Revenue (excluding pass-through fuel) to average gross rental assets	**56%**	62%	(6)pp	

4 "Underlying" is defined as: adjusted for currency movements and pass-through fuel revenue from Power Solutions, where we provide fuel to our contracts in Mozambique on a pass-through basis.

Currency translation

The movement in exchange rates in the period had the translational impact of increasing revenue by £22 million and trading profit by £6 million. This was driven by the strength of the US Dollar against Sterling, partially offset by the weakness of the majority of our other major currencies against Sterling compared to average rates in 2014 as shown in the table below. Currency translation also gave rise to a £68 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)	2015 Average	2015 Year end	2014 Average	2014 Year end
Principal Exchange Rates				
United States Dollar	**1.53**	**1.48**	1.65	1.55
Euro	**1.38**	**1.36**	1.24	1.27
UAE Dirhams	**5.61**	**5.44**	6.06	5.71
Australian Dollar	**2.03**	**2.03**	1.83	1.92
Brazilian Reals	**5.10**	**5.87**	3.87	4.18
Argentinian Peso	**14.17**	**19.18**	13.37	13.29

(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
2014 – As reported	1,577	306
Currency	22	6
2014 pass-through fuel	(48)	3
2015 pass-through fuel	60	(1)
Underlying growth	(50)	(44)
2015 – As reported	**1,561**	**270**
As reported growth	**(1)%**	**(12)%**
Underlying growth	**(3)%**	**(14)%**

Exceptional items

The definition of exceptional items is contained within Note 1 of the 2015 Annual Report & Accounts. An exceptional charge of £26 million before tax was recorded in the year to 31 December 2015 in respect of the Group's reorganisation and business priorities review. These costs include professional fees, severance costs, relocation costs and travel & expenses directly related to the reorganisation. The cash cost in the year was £16 million.

Interest

The net interest charge of £23 million was £2 million higher than last year reflecting higher average net debt year on year, and arrangement fees included in the 2015 interest number for facilities refinanced during the year. Interest cover, measured against rolling 12-month EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation), remained strong at 24 times (2014: 27 times) relative to the financial covenant attached to our borrowing facilities that EBITDA should be no less than four times interest.

Taxation

Tax strategy

Aggreko's tax strategy is approved by the Board and is applicable to all taxes, both direct and indirect in all countries in which we operate.

Our strategy is to ensure that we pay the appropriate amount of tax proportionate to the activities performed in each country in which we operate. While the tax strategy has remained unchanged for a number of years, it is reviewed and revalidated annually and would be revised in the light of factors such as material changes to the business strategy, our business model or in tax legislation.

In applying the strategy, we undertake to comply with the applicable tax legislation in all countries in which we operate and utilise, where appropriate, available legislative reliefs.

Our tax governance framework is laid out in documented policies and procedures covering the application of the strategy and operational aspects of tax. Ultimate responsibility for tax risk and tax operations rests with our CFO while day-to-day responsibility is delegated to the Director of Tax and the tax function. To ensure that we fully understand our tax obligations and keep up to date with changing legislation across the Group we engage advisers as required.

The Group's appetite for risk is reviewed regularly. Our appetite for tax risk is considered to be cautious. Given the risk profile of many countries in which we operate, we seek to structure our tax affairs in a way that has a low degree of downside risk. Only the Director of Tax is permitted to consider any planning opportunities that may bring a tax benefit and appropriate permission to implement any planning must be obtained from the Board or Finance Committee, comprising our Chairman, CEO, CFO and Company Secretary. As a result of this, we will not actively seek to implement any tax planning that is not driven by commercial aims or the sole aim of which is to deliver tax benefit.

We seek to deal with the tax authorities in the countries where we operate in a transparent and cooperative manner. To this end, where possible, we seek to proactively engage, either directly or through local advisers, with the tax authorities. Where possible we seek opportunities to meet with the tax authorities to ensure that our business and tax positions are understood and we aim to confirm our tax positions in a timely manner.

We recognise the importance of the tax we pay to the economic development of the countries in which we operate, with the geographic spread of where we pay corporate tax by geography broken down in Figure 2 overleaf.

Given the uncertain nature of the tax environment in many of the countries in which we operate, local compliance and governance is a key area of focus. This is particularly so for our Power Solutions Utility business, where we will generally be in a country for a relatively short period of time. While we will always seek to manage our tax affairs to agree and confirm our tax positions in a timely manner, it can often take some time to settle our tax position. We therefore create tax provisions for significant potential uncertain or contentious tax positions and these are principally measured using the most likely outcome method. Provisions are considered on an individual basis. As at 31 December 2015 we had tax provisions totalling £61 million covering both direct (£48 million) and indirect (£13 million) tax risks (2014: total provisions £69 million, £54 million for direct taxes and £15 million for indirect taxes).

Through the course of 2015 we continued to closely monitor 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 not finalised and so we continue to closely follow developments.

Total taxes

In 2015, Aggreko's worldwide operations resulted in direct and indirect taxes of £194 million (2014: £178 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 £194 million by type of tax is shown in Figure 1.

Graph removed

The increase of £14 million in corporate taxes paid in 2015 compared to 2014 is principally due to an increase in tax paid in the UK. In 2014 we received refunds of tax, largely as a result of double tax relief and closing earlier year tax returns with HMRC which did not reoccur in 2015. Figure 2 shows where the £91 million (2014: £77 million) of corporate tax was paid.

Indirect tax payments were broadly in line with the prior year with £103 million paid in 2015 (2014: £101 million). The small increase mainly relates to sales taxes in the US and Argentina.

FINANCIAL REVIEW

Corporate taxes paid

During 2015, our business was reorganised into two business units: Power Solutions and Rental Solutions. Figure 2 shows the corporate tax paid allocated between the two business units and then split by the geographies that comprise those business units. The 2014 numbers have been restated from those originally shown in the 2014 annual report to reflect the new business configuration.

Figure 2 – Corporate taxes paid – Rental Solutions versus Power Solutions

Graph removed

Rental Solutions	35%
Power Solutions	65%

Graph removed

Rental Solutions	37%
Power Solutions	63%

Figure 2a – Corporate taxes paid – Rental Solutions

Graph removed

Europe	33%
AusPac	7%
North America	60%

Graph removed

AusPac	18%
North America	82%

In 2014 the UK tax authorities closed their review of prior year tax returns 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.

Figure 2b – Corporate taxes paid – Power Solutions

Graph removed

Africa	30%
Asia	10%
Russia, Caspian and Middle East	11%
South America	49%

Graph removed

Africa	18%
Asia	16%
Russia, Caspian and Middle East	13%
South America	53%

The increase in tax paid in Africa mainly relates to Angolan withholding tax and a tax payment following the closure of a tax audit in Senegal.

Tax charge

The Group's pre-exceptional effective corporation tax rate for the year was 27% (2014: 26%) based on a tax charge of £69 million (2014: £74 million) on a pre-exceptional profit before taxation of £252 million (2014: £289 million).

Further information, including a detailed tax reconciliation of the current year tax charge, is shown at Note 10 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 £194 million, reflecting £103 million of non-corporate taxes and £91 million of corporate taxes. This is reconciled to the post exceptional tax charge reported in the income statement, of £64 million, in the table below.

	£ million
Cash taxes paid	194
Non-corporate taxes	(103)
Corporate tax paid	**91**
Movements in deferred tax	(13)
Double Tax Relief claimed but not yet received	(5)
Differences relating to timing of tax payments – US	(3)
Differences relating to timing of tax payments – Australia	(2)
Other differences relating to timing of payment of taxes	(4)
Post exceptional corporate tax charge per income statement	**64**

Capital structure & dividends

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.

Subject to Shareholder approval the proposed final dividend of 17.74 pence will result in a full year dividend of 27.12 pence (2014: 27.12 pence) per ordinary share, giving dividend cover (Basic EPS divided by full year declared dividend) of 2.6 times (2014: 3.0 times).

Cash flow

The net cash inflow from operations during the year totalled £461 million (2014: £498 million). This funded capital expenditure of £254 million; in line with the prior year. Of the £254 million, £237 million was spent on fleet of which £63 million was invested in our gas fleet and £29 million to refurbish our diesel fleet to the more fuel efficient, higher output G3+ engine.

Net debt of £489 million at 31 December 2015 was £5 million lower than the prior year. Net debt to EBITDA was maintained at 0.9 times, in line with our strategy of keeping financial leverage around one times.

There was an £80 million working capital outflow in the year (2014: £73 million outflow) mainly driven by an increase in accounts receivable balances, particularly in our Power Solutions Utility business, where debtor days increased to 123 days (2014: 110 days) and an increase in inventory at our manufacturing facility due to the timing of next generation gas engine purchases. The Group monitors the risk profile and debtor position of all contracts regularly, particularly those in the Power Solutions Utility business, 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 our customers in Yemen and Venezuela. We have operated in both countries for a number of years and although neither customer contests that the debt is due the current security situation in the Yemen and the impact of a lower oil price in Venezuela has meant that payments have been slower. In response to this, the Power Solutions Utility debtor provision at 31 December 2015 of £48 million was £10 million higher than at 31 December 2014. Our teams in both markets are working closely with the customers to resolve the issue.

Net operating assets

The net operating assets of the Group (including goodwill) at 31 December 2015 totalled £1,707 million, £17 million higher than 2014. The main components of net operating assets are:

£ million	2015	2014	Movement headline	Const Curr.[5]
Rental Fleet	**1,049**	1,086	(3)%	(3)%
Property & Plant	**90**	91	(1)%	1%
Inventory	**189**	163	16%	15%
Net Trade Debtors	**320**	326	(2)%	2%

5 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 2015 were £1,682 million, up 3% on 2014. In 2015, the ROCE decreased to 16% compared with 19% in 2014. This decrease was mainly driven by the reduction in trading margin in our Power Solutions Utility business.

Property, plant and equipment

Rental fleet accounts for £1,049 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 eight years, with some classes of non-power fleet depreciated over 10 years. The annual fleet depreciation charge of £259 million (2014: £243 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.

FINANCIAL REVIEW

Acquisition of ICS Group, Inc. (ICS)

On 2 September 2015, the Group acquired substantially all of the trade and assets associated with, and used in connection with, the equipment rental business of ICS Group, Inc. (ICS), a specialist heating business headquartered out of Western Canada. The total consideration was £18 million and in the twelve months to July 2015, ICS had revenues of £9 million.

Shareholders' equity

Shareholders' equity increased by £37 million to £1,115 million, represented by the net assets of the Group of £1,604 million before net debt of £489 million. The movements in Shareholders' equity are analysed in the table below:

Movements in Shareholders' equity	£ million	£ million
As at 1 January 2015		**1,078**
Profit for the financial year post exceptional items	162	
Dividend[6]	(69)	
Retained earnings		93
Employee share awards		8
Issue of shares to employees under share option schemes		2
Return of value to Shareholders		(1)
Remeasurement of retirement benefits		4
Currency translation		(68)
Movement in hedging reserve		–
Other		(1)
As at 31 December 2015		**1,115**

6 Reflects the final dividend for 2014 of 17.74 pence per share (2014: 17.19 pence) and the interim dividend for 2015 of 9.38 pence per share (2014: 9.38 pence) that were paid during the year.

The £183 million of post-tax profit (pre-exceptional items) in the year represents a return of 16% on Shareholders' equity (2014: 20%) which compares to an estimated Group weighted average cost of capital of 8%.

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 £2 million at 31 December 2015 (2014: £7 million) which is determined using actuarial assumptions. The decrease in the pension deficit is primarily driven by an increase in corporate bond yields resulting in a higher discount rate which has decreased the value placed on the liabilities of the scheme.

The main assumptions used in the IAS 19 valuation for the previous two years are shown in Note 30 of the Annual Report and 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%	(1)	–
Rate of increase in pensions	0.5%	(7)	(1)
Discount rate	(0.5)%	(14)	(1)
Inflation (0.5% increases on pensions increases, deferred revaluation and salary increases)	0.5%	(13)	(1)
Longevity	1 year	(3)	–

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 2015, these facilities totalled £891 million in the form of committed bank facilities arranged on a bilateral basis with a number of international banks and private placement lenders. 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 2015, these stood at 24 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 18 in the Annual Report and Accounts.

Net debt amounted to £489 million at 31 December 2015 (2014: £494 million) and, at that date, undrawn committed facilities were £385 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 2015, £321 million of the net debt of £489 million was at fixed rates of interest resulting in a fixed to floating rate net debt ratio of 66:34 (2014: 62:38).

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, Brazilian Reals and Russian Ruble.

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.

POWER THE FUTURE OF **ERITREAN MINING**

1 CHALLENGE

Situated in an isolated region of Eritrea, the Bisha mine is unable to access the Eritrean national grid. Prior to commencing construction, the mining company had to satisfy its investors that they would be able to provide a stable and reliable power supply. As the power required would vary throughout the construction, commissioning and operation of the mine, the customer needed a fast and flexible solution.

2 SOLUTION

Following a number of meetings to better understand the power requirement, we determined that once operational the mine would need 20MW of power. The power package that was provided is the only source of operational power for the mine. Our understanding of the critical nature of the power need, combined with experience operating at similar sites, speed of deployment and modular flexibility was appreciated by the customer.

Power provided **24** hours a day

Image removed

3 FUTURE

By contracting with Aggreko, the customer was able to include the power costs as part of the monthly operating expenses of the mine, rather than investing in capital up front. This has made the project and the mining company more economically viable in the long term and it will therefore be able to continue to invest in other mines in future.

Image removed

The Bisha mine is **c.300km** from the Red Sea

10 YEAR CONTRACT

20MW

Providing **20MW** of power, which is the only source of operational power for the mine

Image removed

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 Solutions Utility business typically provides power to government utilities to support a country's grid infrastructure, thus helping to keep the lights on.

In our Power Solutions Industrial and Rental Solutions businesses, we provide temporary power or adjacent products to individual businesses across many sectors, including Oil & 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 World Cup. In 2015 we powered the Red Bull Air Race Championships, the PanAm/Parapan American Games, the inaugural European Games in Baku and Glastonbury, the world's largest music festival.

Read more about our activities in 2015 at www.aggreko.com/media-centre/press-releases

It is important that we conduct ourselves with integrity at all times. We are committed to ensuring 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.

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Image removed

Case study: Panama

Powering a future generation: Helping a local school

Aggreko's commitment to the communities we operate in continues long after a temporary power plant goes online. Aggreko operated at Cerro Azul, Panama from March 2014 to June 2015, providing power directly to the grid to support Panama's hydro-electric plants during the dry season.

The local Aggreko team identified a need to create a safe, secure learning environment for the children attending Vista Hermosa school, a school in the village close to the Cerro Azul site. Aggreko provided the materials and manpower to build a perimeter fence around the school to protect the children, providing a safe and secure learning environment and area to play between classes. Aggreko also provided much needed equipment for the school's kitchen and local staff volunteered for a day to clean and decorate classrooms to improve the health and wellbeing of over 850 children, aged between five and 13 years old attending the school.

Watch the video online: www.annualreport2015.aggreko.com

Our approach to sustainability

Sustainability reporting is an evolving process and one that we plan to develop further; we have recently hired a manager who will be responsible for sustainability. 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.

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. As a consequence of the products that we use 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. 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 diesel, we have worked to improve the fuel efficiency of our diesel engines and will continue to do so under our new business priorities. In the last couple of years we have introduced a solution for our customers in the Oil & 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 is a core part of our business.

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
Maintain our reputation for consideration of health, safety and environmental matters
Gain commercial benefit

Read more about HSE
Page 50

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
Build business longevity
Gain new talent for the organisation

Read more about social contribution
Page 51

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
Maintain our reputation for integrity

Read more about ethics and integrity
Page 74

OUR PEOPLE

Priorities
Promote equal opportunities
Provide career and personal development through engagement
Ensure security whilst at work
Operate with due regard for human rights
Outcome for the business
Attract and retain the best people

Read more about our people
Page 19

BUILDING A SUSTAINABLE BUSINESS

HEALTH, SAFETY AND ENVIRONMENTAL MANAGEMENT

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 in all environments. 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. We take a robust approach, considering each element of HSE in our product design, system design and client interfaces. 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. During the year we appointed a Group Director of HSE, whose responsibility is to ensure that the HSE policy is effective, implemented and its operation monitored throughout Aggreko. The Board and the Executive Committee are committed to ensuring that the necessary organisation and resources exist to facilitate the achievement of our HSE goals and we monitor this through monthly reporting.

We recognise our responsibility to understand the risks associated with our operations and how they could potentially affect people and the 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.

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.

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

Read more about FAR
Page 24

Key HSE actions in 2015 and future actions

During 2015, we initiated a number of actions to help us further improve our capabilities in mitigating HSE risk.

- Appointment of Group Director of HSE: Ken Bradley joined in September 2015 and reports to the Group Chief Executive, raising the profile of HSE.
- HSE Review: In January we engaged a specialist consultant to undertake an independent review of HSE, benchmarking our policies and processes against global best practice and we are implementing the recommendations.
- Energy Safety Rules: Controlling worker exposure to energy sources, including electricity. These were first introduced in 2014 and are being rolled out across the entire group in 2015/16.
- HSE Metrics: The new Group Director of HSE is undertaking a full review of the HSE processes used across the business.

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.

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.

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 10% of our fleet. Natural gas is a fossil fuel, however, it is more environmentally attractive, with emissions of sulphur dioxide that are negligible in comparison to coal or oil and levels of NO_x and CO_2 that are significantly lower. Where gas fuel is essentially a by-product of production, such as in the US shale exploration, or derived from a biological source, we can help reduce CO_2 and greenhouse gas.

In addition to the work we have undertaken developing natural gas-powered generators, we are regularly reviewing product technologies, looking for advances that we can adopt into our product portfolio, including bio-fuels, fuel cells and renewables.

Read more about our greenhouse gas emissions
Page 98

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".

All our engine suppliers produce engines which comply with the latest emissions standards and we gradually introduce these new engines to our fleet. Our generator range to meet USA engine emissions for the Tier 4 Interim level is complete, with 700 units in use. The next step in the USA legislation programme to reduce emissions is called Tier 4 Final and we have now introduced the first 150 generators into our rental fleet in line with this stringent specification. The European engine emissions regulations are different to USA and the current level in EU is referred to as Stage 3a. We also have a complete product range of generator products to meet this standard.

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 special 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 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.

Pollution incidents

Aggreko and its customers handle a considerable quantity of diesel fuel and the 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. 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 any instances, we review our processes and equipment to identify any potential improvements.

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

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

PRR performance in 2015 was 0.17, which is a significant improvement over our 2014 performance and way ahead of our 2015 target of 0.35.

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 Solutions Utility site, we aim to position the equipment such that the noise it does produce has the least effect on the immediate environment.

Our equipment achieves noise performance standards that are within the maximum levels permitted by current European legislation.

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.

These are normally returned to our service centres where they are safely disposed of, or re-cycled where appropriate. On our project sites 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 project sites to the condition in which we found them, and therefore work very hard to minimise the impact we have.

SOCIAL CONTRIBUTION

Context

Aggreko is fortunate to work in a wide variety of countries and our 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. During 2015, Aggreko contributed to a range of charitable, community and disaster relief organisations. Our policy encourages employees to support local initiatives, particularly those relating to children's welfare, education and social health projects, 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 proactive in recruiting locally from the community; for example, in Medan in Indonesia, 90% of the workforce is comprised of local Indonesian staff. 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. 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. Our charitable donations are largely focused on the education and wellbeing of children. In 2015, we contributed to a school and a community health centre in the vicinity of our Cerro Azul site in Panama.

Statement on United Nations Paris Conference

The United Nations Climate Change Conference held at the end of the year in Paris resulted in a global agreement to pursue efforts to limit the increase in global temperature to 1.5°C.

To support this most countries have already outlined how they propose to control their emissions of greenhouses gasses typically for the period up to 2030. For many developing countries the commitments made are conditional on receiving funding.

Overall in the energy sector the agreement will increase the emphasis on:

- Reducing greenhouse gas emissions from burning fossil fuels by:
  - more efficient generation and distribution;
  - the increased use of natural gas (that has a lower carbon ratio than diesel or coal);
- Renewables including solar, wind and biogas as part of the energy mix; and
- Stopping highly polluting practices like flaring gas and either processing the gas for general use or burning it in a controlled and therefore cleaner way to produce power.

There are likely to be some local legislation and incentives to drive these changes, but for many developing countries the priority will remain providing affordable power.

POWERING THE FUTURE OF **ROMANIAN OIL & GAS**

1 CHALLENGE

OMV Petrom is the largest oil and gas group in Eastern Europe. During the oil extraction process, associated gas is also produced and traditionally this is flared as a waste product. In Romania, the Group faced environmental regulations around greenhouse gas emissions across its numerous remote sites and was therefore looking for a solution to minimise emissions and better exploit the available energy sources.

2 SOLUTION

In order to utilise the associated gas, Aggreko installed gas treatment skids which cleaned the gas by-product which was then used to power gas engines. The resulting excess power was then transferred into the national power grid enabling the customer to generate some additional income.

Excess power is fed into the Romanian national grid

Image removed

25

Aggreko provided **25** generators

3 FUTURE

The project has helped to secure the oil production in mature-field environments as a result of reducing operating costs. Furthermore, the significant reduction in greenhouse gas emissions is beneficial to us all and helps to protect our environment for future generations.

Image removed

23MW

Image removed

A LETTER FROM OUR CHAIRMAN

This year has been about re-organisation and creating a strong platform for sustainable profitable growth.

Ken Hanna
Chairman

Introduction

2015 has been a challenging year for Aggreko with the impact of low commodity prices, in particular oil, together with slower economic growth in many emerging markets resulting in a disappointing financial performance for the Group.

I am pleased that our new CEO, Chris Weston, has settled in well and despite the "macro headwinds", has quickly learnt the business and decisively launched a new set of business priorities for Aggreko.

The strategy review was an extremely comprehensive exercise led by Chris and the Executive team, supplemented by external resources. The Non-executive Directors were also heavily involved in the process and the new priorities were launched in August 2015.

As a consequence of our new priorities, we reorganised the Group from three regions (Americas, EMEA and Asia Pacific and Australia) into two business units, Rental Solutions and Power Solutions. Rental Solutions, representing approximately 40% of Group revenues, is a transactional business operating in developed markets providing power to customers who need it quickly and typically for a short period of time. Power Solutions, representing approximately 60% of Group revenues, is predominantly a "projects" business operating in emerging markets providing power to customers with larger and more complex requirements, typically for longer periods.

The strategic direction of the Group will not change dramatically; we will still be focused on providing modular, mobile power and related solutions anywhere in the world. However, we have recognised that Aggreko needed to evolve in order to maintain our clear, market-leading position and the increased focus on three priorities of our customers, our technology and our efficiency are designed to deliver growth at attractive margins and returns.

Board and People

As a result of the difficult environment and our focus on efficiency, approximately 700 employees have left the Group. This was unfortunate but inevitable, given the impact of the external "macro" factors and the slowdown in our growth.

During the year, three Executive Directors left the business:

Debajit Das, Regional Director Asia Pacific and Australia left in October 2015;

David Taylor-Smith, Regional Director EMEA left in August 2015; and

Asterios Satrazemis, President Americas left in December 2015.

Also during the year, Rebecca McDonald stepped down as a Non-executive Director after serving a three-year term.

I would like to thank all four ex-colleagues for their service and contribution to Aggreko and to wish them well.

Bruce Pool, who has been with Aggreko in a number of roles over 17 years, was appointed President Rental Solutions in December 2015 and Nicolas Fournier, who brings over 25 years of international experience including many years with the Lafarge Group, was appointed Managing Director Power Solutions in November 2015.

Following the reorganisation of the Group into two business units, we considered what implications this should have for the structure and composition of the Board.

After careful consideration, the Board decided that it was not necessary for the heads of the two new business units to be members of the Board. We do however believe that it is important for the Board to interact with the heads of the Rental Solutions and Power Solutions businesses and they will regularly attend Board meetings.

PRIORITIES

OUR THREE PRIORITIES ARE DESIGNED TO DELIVER GROWTH AT ATTRACTIVE MARGINS

Read more Page 4

OUR PEOPLE

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.

Read more about our people
Page 19

Image removed

In February 2016 we were delighted to appoint Dame Nicola Brewer as a Non-executive Director. Nicola is currently Vice Provost of University College London and has previous extensive geopolitical and diplomatic experience in a number of roles in the UK Foreign and Commonwealth Office. She has worked all over the world and her experience in Africa, South America, Middle East and India will be of great benefit to Aggreko. Nicola will also join the Ethics and Nomination Committees.

Board evaluation

This year, we conducted an external Board evaluation and whilst the review concluded that the Board was performing effectively there were three areas that were identified for increased Board focus and attention. More time will be allocated in the Board agenda for a more comprehensive review of our competitors and the market landscape, succession planning and talent management and a deeper discussion on risk and control.

Dividend

The Board is pleased to recommend a final dividend for the year ended 31 December 2015 of 17.74 pence (2014: 17.74 pence). When added to the interim dividend of 9.38 pence this results in a full year dividend of 27.12 pence (2014: 27.12 pence).

Looking ahead

The market for our products and services remains large and the global "power gap" is forecast to increase. However, there is no doubt that significant external factors are currently impacting our customers' ability to invest in our solution. We are however fully committed to our business priorities and will continue to invest in our people to be in a position to take advantage of market opportunities.

Finally, I would like to thank our employees for all of their hard work during 2015.

COMPLIANCE WITH THE UK CORPORATE GOVERNANCE CODE

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 below and explained in detail throughout this report we have described the key elements which we believe are essential for good corporate governance. We follow the UK Corporate Governance Code (the "Code"), as published by the Financial Reporting Council in September 2014 and are pleased to report that Aggreko has complied in full with all relevant provisions of the Code throughout the year.

Leadership

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

Read more about our leadership on
Page 59

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.

Read more about our effectiveness on
Page 64

Accountability

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

Read more about our accountability on
Page 66

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.

Read more about Shareholders' relations on
Page 68

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.

Read more about our remuneration on
Page 78

OUR BOARD

Ken Hanna

Chairman

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

Image removed

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 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.

Image removed

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 as Chief Executive Officer 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.

Image removed

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, her 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. Carole was also appointed as a Non-executive Director of Halma plc on 1 January 2016.

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.

Russell King

Senior Independent Director

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

Image removed

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 boards of Spectris Plc as Senior Independent Director and Remuneration Committee Chairman and Interserve plc as Senior Independent Director. He is Chairman of Hummingbird Resources plc and Sepura plc. He is also a senior adviser to Heidrick & Struggles and is a member of the Investment Association's Executive Remuneration Working Group. Prior to this, Russell spent eight years at Anglo American Plc, latterly as Chief Strategy Officer and spent 20 years in senior roles at ICI.

Key to committee membership

Audit Ethics Nomination Remuneration

Uwe Krueger

Non-executive Director

Appointed:
February 2015.

Image removed

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.

Image removed

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 was formerly 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.

Ian Marchant

Non-executive Director

Appointed:
November 2013.

Image removed

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 former Chairman of Infinis Energy Plc. He is also Chairman of Maggies Cancer Charity, a Member of the Prince's Council of the Duchy of Cornwall and former Chairman of Scotland's 2020 Climate Group.

Robert MacLeod

Non-executive Director

Appointed:
September 2007.

Image removed

Experience

Robert has corporate finance, accounting and industrial 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.

Robert will retire as Non-executive Director with effect from the close of the 2016 AGM.

Dame Nicola Brewer

Non-executive Director

Appointed:
February 2016.

Image removed

Experience

Nicola Brewer brings extensive geo-political and diplomatic experience to Aggreko, having worked in many of the developing regions in which we operate, including Latin America, Asia and Africa. Nicola was a senior diplomat at the UK Foreign and Commonwealth Office (FCO) and from 2009 to 2013 was High Commissioner to South Africa, Lesotho and Swaziland. Her FCO postings also included Mexico and India. She has served as Director General at the Department for International Development where she supervised all UK overseas bilateral aid programmes in Africa, Asia, Eastern Europe, the Middle East and Latin America. She was also Director General for Europe and on the Management Board at the FCO. She is currently the Vice Provost International at University College London.

Company Secretary

Peter Kennerley

Appointed:
October 2008.

Peter is our Group Legal Director & Company Secretary.
Further details appear on page 58.

Other Directors who served during 2015

Debajit Das

Regional Director APAC until 1 August 2015 and Interim Managing Director, Asia until 15 October 2015

David Taylor-Smith

Regional Director EMEA until 1 August 2015

Asterios Satrazemis

President, Americas until 1 August 2015 and President, Rental Solutions until 17 December 2015

Rebecca McDonald

Non-executive Director until 1 December 2015

OUR EXECUTIVE COMMITTEE

The Executive Committee operates under the direction and authority of the Chief Executive Officer; it is responsible for supporting him in all aspects of his role. The Executive Committee members have also been assigned responsibility for each of the principal risks and uncertainties outlined in the Strategic Report. We have decided to introduce our Executive Committee members in the corporate governance report as they have played a key role in the strategic review undertaken this year. The Executive Committee also sponsor and have overall accountability for delivering against the initiatives designed to underpin the new business priorities of customer, technology and efficiency to enhance our existing competitive advantages.

Image removed

From left to right: Tom Armstrong, Bruce Pool, Nicolas Fournier, Chris Weston, Carole Cran, Volker Schulte, Peter Kennerley

Chris Weston
Chief Executive Officer

Appointed: January 2015.
Tenure with Aggreko: 1 year.

Full biography appears on Page 56

Carole Cran
Chief Financial Officer

Appointed: June 2014.
Tenure with Aggreko: 11 years.

Full biography appears on Page 56

Nicolas Fournier
Managing Director, Power Solutions

Appointed: November 2015.
Tenure with Aggreko: less than 1 year.

Nicolas has responsibility for the leadership of the Power Solutions business and overseeing the delivery of our new business priorities (customer, efficiency and technology) within Power Solutions. The Power Solutions business is our Power Projects business and our local businesses in developing markets: Latin America, Africa, Middle East, Russia, Caspian and Asia.

Bruce Pool
President, Rental Solutions

Appointed: December 2015.
Tenure with Aggreko: 17 years.

Bruce has responsibility for the leadership of the Rental Solutions business, the Global Events team and Group Sales & Marketing. He is also responsible for overseeing the delivery of our new business priorities in relation to customer and efficiency within Rental Solutions. The Rental Solutions business is our local businesses in developed markets: North America, Europe and Australia Pacific.

Tom Armstrong
Chief Information Officer (CIO) and Group Programme Director

Appointed: CIO August 2001 and Group Programme Director August 2015.
Tenure with Aggreko: 14 years.

Tom has responsibility for the implementation of our new business priorities (customer, technology and efficiency) programme designed to enhance our competitive advantage and deliver sustainable growth. Tom is also responsible for our IT infrastructure, cyber security and the Programme Management Office (PMO).

Peter Kennerley
Group Legal Director & Company Secretary

Appointed: October 2008.
Tenure with Aggreko: 7 years.

Peter has overall responsibility for the management of legal and ethical risk and for supporting the Board in setting and maintaining standards of corporate governance.

Volker Schulte
Group Manufacturing and Technology Director

Appointed: August 2015.
Tenure with Aggreko: less than 1 year.

Volker is responsible for building on our current engineering capability in Dumbarton and focusing on enhancing our product strategy, product development and product management with the objective of delivering market leading products to our customers.

Group Human Resources Director

The Executive Committee also includes the role of Group HR Director, with responsibility for Human Resources and Internal Communications. This role is currently vacant with a new appointee set to take up the position in mid 2016.

LEADERSHIP

Diversity metrics as at 31 December 2015

Executive/Independent Non-executive composition of Board

Graph removed

	No.	%
Executive	2	29%
Non-executive*	5	71%

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

Gender of Board

Graph removed

	No.	%
Male	6	75%
Female	2	25%

Tenure of Non-executive Directors

Graph removed

	No.	%
0-3 years	2	40%
3-6 years	1	20%
6-9 years	2	40%

Building the pipeline for Board diversity

Gender of senior management*

Graph removed

	No.	%
Male	51	78%
Female	14	22%

* We have selected the composition of our Senior Leadership Team as we believe this to be a better reflection of our senior management structure than the composition of our subsidiary companies, which is made up of 84 males and five females. The Senior Leadership Team is made up of direct reports of the Executive Committee and other key roles.

Gender of permanent employees*

Graph removed

	No.	%
Male	5,055	84%
Female	960	16%

* There are 102 nationalities across Aggreko's permanent employees.

Nationality diversity

Graph removed

	%
European (inc Russia)	26%
Latin American	21%
North American	19%
Asian	18%
African	11%
Australian	4%
Middle Eastern	1%

Sector experience of Board

Graph removed

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 via the Executive Committee.
Chief Financial Officer	Responsible for the day-to-day management of the financial risk of the Group and providing general support to the Chief Executive Officer including the operational performance of the business.
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.
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.

LEADERSHIP

Role of the Board and Committees

The Board is responsible for the long-term success of the Group. It sets our strategy and oversees its implementation, ensuring decisions made reflect our risk appetite. It provides leadership and direction and has responsibility for corporate governance and the overall financial performance of the Group. The Board is supported in this role by its principal committees, outlined in the table below.

To retain control of key decisions, the Board has a schedule of matters reserved for the Board that only it can approve, with other matters, responsibilities and authorities delegated to its Committees.

Read our schedule of matters reserved for the Board: www.aggreko.com/pdf/matters_reserved_for_the_board.pdf

Board

Audit Committee

Monitors and reviews the integrity of Aggreko's financial statements, the relationship with the external auditor and oversight of our systems for internal control and risk management.

Committee report
Page 70

Remuneration Committee

Determines the remuneration for Executive Directors and the Executive Committee members and oversees Aggreko's overall remuneration policy, strategy and implementation.

Committee report
Page 78

Nomination Committee

Monitors and reviews the composition and balance of the Board and its Committees to ensure Aggreko has the right structure, skills and experience in place for the effective management of the Group.

Committee report
Page 76

Ethics Committee

Monitors compliance and oversees the effectiveness of our ethical policies and procedures to ensure that Aggreko conducts its business with integrity and honesty and in accordance with the law.

Committee report
Page 74

CEO

Disclosure Committee

Supports the Board in approving the final form of any announcement or statement relating to the performance of the Group.

Finance Committee

Responsible for funding and treasury decisions.

Allotment Committee

Responsible for decisions regarding the allotment of shares.

Executive Committee

Operates under the direction and authority of the CEO. It is responsible for supporting the CEO in all aspects of his role. The Executive Committee also sponsors and has overall accountability for delivering against the initiatives designed to underpin the new business priorities and enhance our existing competitive advantages.

Key to Committees

Non-Board ☐ Board

Board meetings in 2015

Jan 15 | Feb 15 | Mar 15 | Apr 15 | May 15 | Jun 15 | Jul 15 | Aug 15 | Sep 15 | Oct 15 | Nov 15 | Dec 15

Board meetings

In 2015, the Board held six scheduled meetings. At each meeting the Board received reports from:

- The CEO on strategic, operational and business developments and health and safety;
- The CFO on the performance of the business, capital structure, fleet, budget, treasury and investor relations; and
- Each of the Board Committees on matters discussed at their meetings.

The Board also received reports on our ethics compliance framework and new technology and product updates.

In addition to the regular items, the key areas of focus were:

Topic	Activity/Discussion	Actions arising	Progress
Strategy	Undertake a review to analyse the full sustainable potential for the Aggreko business and the operating model required to deliver that potential.	Review was sponsored by the CEO, with the support of the Executive Committee. An external adviser was appointed to provide analytical support. A number of workshops were held with the Executive Committee and a working session with the Senior Leadership Team to examine our markets, customers, technology, competition, operating model, cost base, our people and culture.	Agreed three business priorities to deliver sustainable growth: customer, technology and efficiency. Agreed a number of initiatives to underpin the business priorities and enhance our existing competitive advantages. Approved the reorganisation of the business from the regional model of Americas, APAC and EMEA to two business units: Power Solutions and Rental Solutions. Appointed a Group Programme Director to lead the Programme Management Office, to drive delivery of the initiatives underpinning the business priorities, provide challenge, assurance, risk management and regular reports to the Board on progress.
	Monitor opportunities for acquisitions.	Reviewed a number of opportunities in 2015.	Acquired ICS Group Inc (independent provider of portable climate control services in Canada) in September 2015.

Read more about our business priorities
Page 22

Topic	Activity/Discussion	Actions arising	Progress
Risk management and internal control	Review the Group risk register, risk appetite and effectiveness of the risk management process to ensure we have a robust, repeatable risk management framework which delivers an effective and efficient approach to risk management and positively contributes to effective decision making and business growth.	Clearly articulate our risk appetite, review the risk management framework, review and update our approach to identify and manage principal risks.	Defined our risk appetite and agreed a new risk management framework, taking account of the new UK Corporate Governance Code requirements. Revised management tool to capture, assess and proactively manage the risks facing Aggreko. Group risk register substantially updated to reflect our new organisational structure and business priorities. Robust assessment of our principal risks, risk management framework and internal control systems undertaken across the year. Agreed to continue to monitor best practice and refine the risk management framework as appropriate.

Read more about our risk management process and principal risks
Page 26

LEADERSHIP

Topic	Activity/Discussion	Actions arising	Progress
Leadership and employees	Review composition of Board and Committees to maintain balance throughout the review of our business priorities.	The reorganisation of the business required a number of changes to the structure of our Board and Executive Committee. Initiated a search for a candidate to fill the permanent role of Managing Director, Power Solutions.	Approved the appointment of Bruce Pool as President, Rental Solutions. Approved the appointment of Nicolas Fournier as Managing Director, Power Solutions.
	Discussed employee engagement, organisational culture and structure.	Ensure continued employee engagement throughout the review of business priorities.	Increased number of PULSE employee surveys to monitor the impact of the reorganisation on our employees. Senior Leadership Team established to feed into review of business priorities and improve cascade of communications to employees.
	Ongoing training and development for Board members.	Encourage interaction between Board members and employees across the Group. Inductions for new Directors: Chris Weston and Uwe Krueger.	Board visits to Singapore head office, Singapore site, Medan site in Indonesia and Manufacturing facility in Dumbarton. Inductions completed by end of Q2 2015.
Governance	Discussed format for Board evaluation in 2015.	Appointed an external facilitator, Boardroom Review, for the 2015 Board evaluation, discussed the outcome of the process and reviewed progress against Board evaluation actions for 2015.	Implemented all of the action points for 2015 identified as part of our internal evaluation in 2014 and all of the key priorities for 2015 identified in our 2014 Annual Report. Agreed 2016 action plan for the Board.
	Discussed impact of the new Market Abuse Regulation.	Ensure existing policies and procedures are in line with best practice and prepare for regulatory changes in 2016.	Refreshed training for Persons Discharging Managerial Responsibilities on their obligations under the existing regime and likely impact of the Market Abuse Regulation. Adopted new share dealing code for employees and procedures for listing rules compliance.
	Oversaw external audit tender process conducted by the Audit Committee.	Reviewed the recommendations made by the Audit Committee.	Appointed new external auditor (KPMG), subject to Shareholder approval at our 2016 AGM.
Shareholders	Strong engagement with stakeholders and investors.	Actively support engagement opportunities and understand investor views.	Provided a detailed update to the market, Shareholders and analysts on the reorganisation and business priorities. As well as reviewing regular feedback on the updates provided to the market and investor roadshows, we have also commissioned an investor audit to gather detailed feedback from our Shareholders, the results of which will be reviewed in early 2016.
	Complete the return of capital.	Following Shareholder approval at the 2015 AGM, make a second offer to purchase B Shares.	Following completion of the second purchase of B Shares, approved the conversion of any remaining B Shares to Ordinary Shares.

Read more about our new appointments
Page 54

Read more about our visit to Singapore
Page 63

Read more about our Board evaluation
Page 64

Read more about our shareholder engagement programme
Page 68

GOVERNANCE IN ACTION:
BOARD MEETING IN SINGAPORE, JUNE 2015

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

In June 2015, the Board met in Singapore, the head office location for our Asia business. During their visit the Directors received presentations from the Asia Pacific leadership team, hosted a dinner with the Asia Pacific leadership team to give the Board the opportunity to engage with those individuals informally and received a guided tour of the Singapore facility. This is our largest depot in Asia and the supply chain hub for Asia, supporting all of our Power Solutions sites and depots for parts and inventory. It is also a dedicated training centre for Asia with facilities for both technical and soft skills training. The Board also spent time with the operations team, learning about how they develop the capability of their people, operations processes and the efficiency management processes in place for the warehouse and fleet to maximise utilisation and minimise inventory.

The trip concluded with a visit to our 40MW diesel site in Medan, Indonesia. The Board learnt about the management of the site, the on-site project undertaken to convert from standard G3 diesel engines to higher efficiency G3+ diesel engines and the process to train and employ local Indonesian staff resulting in 90% of the site being operated by local Indonesian staff. The Board also met the local Indonesian team and the customers for the Medan site.

The Board visiting a 40MW diesel Power Solutions site in Medan, Indonesia, June 2015.

Image removed

Key priorities for 2016

- Closely monitor the work of the Programme Management Office to ensure the initiatives underpinning the business priorities are delivered on time and in accordance with the plan.
- Review and approve succession plans and talent management to take account of the reorganisation to Power Solutions and Rental Solutions.
- Implement the key recommendations of the externally facilitated Board evaluation.
- Plan a Board visit to the Rental Solutions business in North America to review the North American business and engage with local employees. We will report on this in our 2016 Annual Report.

Board attendance in 2015

Name of Director	Board meetings A	B	Percentage attended
Ken Hanna	6	6	100%
Chris Weston	6	6	100%
Carole Cran	6	6	100%
Debajit Das[1]	5	5	100%
Asterios Satrazemis[2]	6	6	100%
David Taylor-Smith[3]	3	3	100%
Russell King	6	6	100%
Uwe Krueger[4]	6	5	83%
Diana Layfield	6	6	100%
Robert MacLeod	6	6	100%
Ian Marchant	6	6	100%
Rebecca McDonald[5]	5	5	100%

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

1 Debajit Das retired from the Board on 15 October 2015.
2 Asterios Satrazemis retired from the Board on 17 December 2015.
3 David Taylor-Smith retired from the Board on 1 August 2015.
4 Uwe Krueger joined the Board on 1 February 2015 and had a pre-existing commitment for the June meeting.
5 Rebecca McDonald retired from the Board on 1 December 2015.

EFFECTIVENESS

INDUCTION, DEVELOPMENT AND SUPPORT

We make sure that all new Directors receive a full, formal and tailored induction on joining the Board. 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.

GOVERNANCE IN ACTION: BOARD VISIT TO MANUFACTURING

The Board at our Manufacturing facility in Dumbarton, Scotland, April 2015.

Image removed

Whilst the Board was in Scotland for the AGM in April 2015, they took the opportunity to visit our manufacturing facility in Dumbarton. As part of the tour the Board attended a number of workshops, run by the relevant manufacturing manager. The workshops included: health and safety, development of a new gas generator, manufacturing developments in 2015, future capability and the apprentice programme, where they also met a number of current apprentices.

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. Each 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 business unit basis, and areas of significant risk. Key elements include meeting the Executive Directors, senior management in the Group and senior management within the business units and visiting our main sites for briefings on Group strategy and the business units. We also arrange for new Non-executive Directors to meet the External Audit Partner.

This year's Board evaluation exercise

In line with the UK Corporate Governance Code, we 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. However, the Board agreed to postpone the externally facilitated evaluation until Autumn 2015, principally as a result of the significant changes to the Board composition.

In August 2015, we appointed Dr Tracy Long of Boardroom Review Limited to facilitate our 2015 Board evaluation in line with the UK Corporate Governance Code. Neither Dr Tracy Long nor Boardroom Review Limited has any other connection with Aggreko.

Board evaluation framework

ONE

STEP ONE

Briefing and preparation

- The Chairman prepared a comprehensive brief for Dr Long.
- The Company Secretary provided copies of governance materials: policies; Board papers; minutes, etc. for review.

TWO

STEP TWO

Interviews and observation

- Dr Long conducted individual interviews with each member of the Board and the Company Secretary.
- Dr Long attended the October Board meeting as an observer.

THREE

STEP THREE

Presentation of findings and discussion

- Dr Long prepared a draft discussion document, identifying strengths, challenges and recommendations in the areas of:
  - Strategy;
  - Risk and control;
  - People;
  - Board contribution (Chairman, CEO and culture); and
  - Board basics (agendas and information).
- Dr Long then discussed the document with each member of the Board.
- Dr Long then presented her findings at the December Board meeting.
- The Chairman led a discussion of those findings, and of the views of Directors generally.

FOUR

STEP FOUR

Conclusion and actions

The main conclusions we drew from the external findings and our internal discussion were that: we made efficient use of time; there was an open and uninhibited culture and we paid attention to the right issues. But there were a number of areas where the Board could increase its effectiveness and improve the quality of debate and decision making. In line with our strategic priorities, we agreed we should focus on three main areas:

- Strategic Issues (including competitive and market landscape);
- Risk and Control; and
- Succession and Talent Management.

In addition, there were a series of recommendations of a more "housekeeping" nature designed to improve Board logistics and basics.

At our March 2016 Board meetings we agreed the following priorities for 2016:

Strategic Issues (including competitiveness and market landscape)

- A comprehensive Strategy update to include a review of our major customers and competitors.
- A regular review of the technology aspects of the strategic landscape.
- Development of strategic KPIs to report our progress against our business priorities.

Risk and Control

- Establish a Risk Committee as a sub-committee of the Executive Committee, chaired by Carole Cran, the Chief Financial Officer.
- Clarify internal responsibility for Risk processes under the Group Treasurer.
- Continue to review the Risk Register twice each year.

Succession and Talent Management

- Annual review of Executive Committee succession and succession and talent management for the Senior Leadership.
- Continue to encourage the Board to attend events and visit locations in order to meet other members of the Senior Leadership Team.

ACCOUNTABILITY

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for the Group's risk management framework and internal control systems. The Group operates defined internal control systems across finance, operations and compliance, with key controls identified and assessed across the year. Whilst predominantly conducted by Group Internal Audit, internal control teams operate within the business to monitor and assess the effective operation of these controls. The Board, via the Audit Committee, monitors the internal control systems on an ongoing basis. The process is designed to manage rather than eliminate risk, and can only provide reasonable and not absolute assurance against material misstatement or loss.

In 2015, the Board, with the support of the Audit Committee and Group Internal Audit, reviewed and updated our approach to identifying and managing principal risks. The objective in improving our risk management framework was to provide the Board, Audit Committee and Executive Committee with a more useful management tool to capture, assess and proactively manage the risks we face. The review also ensured that we would be able to comply with the new requirement in the UK Corporate Governance Code for a viability statement, which requires an interconnected approach, taking account of our business model and strategy, ensuring that they are aligned with our risk appetite, our supporting risk framework and controls to mitigate risk.

Risk appetite:

As part of the review of our risk management framework, we developed our approach to risk appetite in line with the UK Corporate Governance Code. By articulating the type and level of risk we are willing to take in order to achieve our strategic objectives, we aim to support consistent, risk-informed decision making across the Group. In order to define our risk appetite, Group Internal Audit held a number of sessions with the Executive Committee, before presenting a risk appetite statement to the Board for approval in December 2015.

Once approved, our risk appetite was incorporated into the overall risk management framework and used to monitor business activities and decision-making. In future the Board and Executive Committee will monitor compliance with the risk appetite by receiving regular reports on our risk appetite against agreed metrics. The risk appetite will also be subject to annual review and challenge.

Risk management framework:

A number of improvements were also made to the wider risk management framework as part of this review. They included: formalising the process for compiling the risk register, removing any ambiguity; introducing risk categories to aid the risk identification process; clarifying the notions of gross and net risk to assist in focusing assurance efforts; improved definition of impact scoring; requiring an assessment of key controls for each risk with actions for further risk mitigation captured in the register; and updating the overall format of the risk register to improve usability.

A full review of the risk register and resulting principal risks was completed during June and July 2015 for our half year reporting. This exercise continued following the announcement of our reorganisation to Power Solutions and Rental Solutions and was applied again at the year end. Details of the process the Board has in place to identify, evaluate and manage significant risks faced by the Group 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, we monitor the effectiveness of the risk management framework and internal control systems on an ongoing basis. No significant failings or weaknesses have been identified. Further detail on the process for financial controls can be found in the Audit Committee Report.

Read about our risk assessment process, risk appetite statement, principal risks and viability statement
Page 26

Read more in our Audit Committee report
Page 70

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.

GOVERNANCE IN ACTION: FAIR, BALANCED AND UNDERSTANDABLE REPORTING

FAIR, BALANCED AND UNDERSTANDABLE REPORTING

For the 2015 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 2015; and
- Both the Audit Committee and Board received an early draft of the Annual Report to enable time for review and comment.

THE DIRECTORS CONSIDER THIS ANNUAL REPORT, TAKEN AS A WHOLE, TO BE FAIR, BALANCED AND UNDERSTANDABLE.

RELATIONS WITH SHAREHOLDERS

Shareholder engagement calendar 2015

March	April	May	June
Roadshows in the UK, USA and Canada following the preliminary results announcement	Roadshows in France, Switzerland, the Netherlands, Japan and China	Bank of America Merrill Lynch Business Services Conference	Analyst and investor site visit to Dumbarton
Citi Business Services Conference	AGM	Roadshow in the USA	
		Conference calls and meetings with investors following the first quarter trading update	

How our investors can find us

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Online 2015 Report
www.annualreport2015.aggreko.com

Our Group website
www.aggreko.com/investors

Download the IR app
www.aggreko.com/investors

Key to committee activities

Half year results	Full year results	Trading update
Investor meetings	AGM	Site visit

Shareholder engagement calendar 2015

August	September	October	November	December
Strategic priorities announcement	Roadshows in the USA, UK and France following the interim results and strategic priorities announcement	Oil and gas investor site visit to Houston with Morgan Stanley	Conference calls and meetings with investors following the third quarter trading update	Credit Suisse European Business Services and Transport Conference
Conference calls and meetings with investors following the interim results and strategic priorities announcement	UBS Business Services conference	Introductory roadshow in Canada and the USA	Analyst and investor site visit to Dumbarton	UBS Equipment Rental Conference
	Bernstein Strategic Decisions Conference		Morgan Stanley Business Services Conference	

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 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. Towards the end of the year the Board commissioned Makinson Cowell to conduct an independent report on investor perceptions of the Group, its management, strategy and governance. Concurrently, Makinson Cowell also undertook a comprehensive benchmarking exercise on all aspects of the Investor Relations programme. The results were presented to the Board in early 2016, with suggestions and improvements being taken forward by management.

Results and other news releases such as contract wins and changes to our strategy are published via the London Stock Exchange's Regulatory News 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 and 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 2015, we have continued to maintain open and transparent communication with analysts and investors through meetings, presentations, conferences and site visits. In August 2015, we announced our new strategic priorities with a presentation and networking event in London.

Read more about our strategy
Page 22

During the year, the Head of Investor Relations and senior management conducted almost 460 meetings, met or spoke to over 400 institutions and participated in seven 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 we met investors in the UK, USA, Canada, France, Switzerland, the Netherlands, Belgium, Italy, China, Hong Kong and Japan. We also aim to include broader management in investor meetings throughout the year, to allow investors to gain a broader perspective of management and the business.

We also enjoy meeting and engaging in discussion with our private Shareholders at the Company's Annual General Meeting (AGM). The 2016 AGM will be held in Glasgow on Thursday 28 April 2016.

What our Shareholders have asked us about this year:

- Power Solutions Utility pipeline and prospects
- Exposure to oil and gas and emerging markets
- Strategic priorities
- Performance outlook
- Organisational changes and morale
- Cash flow, capital expenditure, debt and dividend cover
- Shareholder returns

AUDIT COMMITTEE REPORT

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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.

2015 Key achievements

- Oversaw the external audit tender process, making a recommendation to the Board on the appointment of a new external auditor.
- Reviewed and ensured compliance with the new UK Corporate Governance Code requirements for going concern and viability statements.
- Reviewed the effectiveness of the risk management process.
- Monitored the changes made to the financial control environment following the reorganisation.
- Provided oversight on the Group's risk management processes, receiving presentations from the Group Financial Controller on financial controls under the new structure, the Director of Tax on the structure of the tax team, strategy and control framework and the Chief Information Officer on our cyber governance framework.

Members in 2015

	Meetings attended
Robert MacLeod – Audit Committee Chairman	
Russell King – Senior Independent Director	
Diana Layfield – Non-executive Director	
Ian Marchant – Non-executive Director	

Areas of focus for 2016

- Oversee the transition of responsibilities to the new external auditor.
- Continue risk management oversight with presentations scheduled from the Directors of Finance for Power Solutions and Rental Solutions.
- Managing the transition of responsibilities for the Chairmanship of the Committee from Robert MacLeod to Ian Marchant.

Audit Committee terms of reference:
www.aggreko.com/pdf/audit-committee-terms-of-ref-oct-2014.pdf

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 own 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 2015, the Committee held three scheduled meetings and several ad hoc meetings. The ad hoc meetings related to agreeing the process and decision making criteria for the external audit tender and then following the tender process, reviewing the proposals and agreeing on a recommendation to make to the Board. 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 2015 and intended areas of focus in 2016. Further detail on our actions in 2015 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.
- Oversee the nature and scope of internal audit, ensuring coordination with the activities of the external auditor.
- Review the effectiveness of the Group's systems for internal financial control, financial reporting and risk management.

CMA Order on Audit Committee compliance

The Company has complied with the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibility) Order 2014 during the year.

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 2015 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; documentation prepared to support the viability statement and going concern statements given on pages 33 and 113; and information presented by management on the process underpinning the fair, balanced and understandable assessment and confirmation made by the Board on page 67.

The external auditor carried out their work using an overall materiality of £12.6 million, as stated in their report on page 102, 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 2015 Annual and Interim Reports to the Board.

The primary areas of judgement considered by the Committee in relation to the 2015 Annual Report were:

Significant financial judgements for 2015

Contract provisions

One of the biggest risks facing the Group is non-payment by customers under some of the larger contracts in our Power Solutions Utility business (see Principal Risks and Uncertainties – Failure to collect payment or to recover assets on page 33). Identified as an area of judgement in our report last year, contract receivables and associated provisions within Power Solutions Utility 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 Solutions 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 August 2015 and March 2016 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. PricewaterhouseCoopers reported on these contract provisions at both the August 2015 and March 2016 meetings in the context of the half year review and the year end audit respectively. In addition, the Committee is aware that the Executive Committee receives a report on contract exposures each month and has assessed the Group's processes for calculating and regularly monitoring contract risk provisions.

We concluded that the judgements and estimates were reasonable and appropriate.

Direct and indirect tax provisions

The Committee addressed tax provisions by considering an accounting judgements paper at both the August 2015 and March 2016 meetings, which was tabled by the Chief Financial Officer. PricewaterhouseCoopers reported on these provisions at the August 2015 meeting in the context of the half year review, and at both the December 2015 and March 2016 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.

We concluded that the judgements and estimates were reasonable and appropriate.

More information on Aggreko's tax strategy and payments in 2015 can be found in the financial review on page 40.

External auditor

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

Audit plan

PricewaterhouseCoopers presented their audit plan at the August 2015 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, PricewaterhouseCoopers work with Internal Audit and management at a Group and business unit level to identify risk areas for the audit to determine where audit effort should be focused.

AUDIT COMMITTEE REPORT

Effectiveness

The Committee believes that the independence, objectivity and effectiveness of PricewaterhouseCoopers and their processes is safeguarded and strong. This is displayed through their robust internal processes, their continuing challenge, focused reporting and their discussions with management and the Committee. During 2015, the Committee met with PricewaterhouseCoopers without management present and the Committee Chairman also maintained regular contact with the audit partner throughout the year. We assess PricewaterhouseCoopers through the quality of their audit findings and management responses. We also use an internal questionnaire sent to Committee members, the Business Unit Finance Directors and Group Functional Heads in December 2015; respondents were asked to rate PricewaterhouseCoopers 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 2016 meeting of the Committee for discussion. Management concluded that there had been appropriate focus and challenge on the primary areas of audit risk and assessed the quality of the audit process to be effective. The Committee concurred with this view.

The Committee has identified the 2016 financial year as a potential period of increased risk given the transition of the statutory auditor and will focus closely on this matter throughout the year.

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 PricewaterhouseCoopers during the year related to tax and minor local compliance services. As a percentage of the overall audit fee for the year, other assurance services and non-audit fees are 16% (2014: 26%). Further details of the fees paid to the external auditor are set out in Note 6 to the accounts on page 121.

Tender of external audit

PricewaterhouseCoopers have been the Company's external auditor since 1997 when Aggreko plc was incorporated, upon the de-merger from the Salvesen Group. The Committee has closely followed the legislative developments on audit tendering and rotation from the EU and the Competition & Markets Authority and at our March 2015 meeting we discussed the new requirements. Despite the flexibility offered by the transitional arrangements to delay a rotation until 2023, we agreed to put the external audit out to tender in 2015, given the changes in management and to fit in with the timing of the next rotation of the current audit partner, scheduled for 2016.

The tender process and the Committee's involvement in that process is outlined in the below diagram. Robert MacLeod and Carole Cran met with a number of firms when making the decision as to which firms should be invited to tender. In making that decision a number of factors were considered, including: ability and appetite for our audit, ability to be independent in time for 1 January 2016, our own non-audit services policy and the list of prohibited non-audit services under the EU regulations, and whether a joint audit would be appropriate for Aggreko. Following that decision we decided not to invite PricewaterhouseCoopers to tender in light of the longevity of their appointment and not to invite any firm that would require a joint audit due to considerable concerns around audit quality, consistency of reporting and day-to-day practicalities.

March

Audit Committee decision to tender.

April

Audit Committee agreed approach to tender, key decision criteria and appointed a selection panel, with a majority of Non-executive Directors (Robert MacLeod, Ian Marchant and Carole Cran).

Robert MacLeod and Carole Cran met with a number of firms to ascertain ability and appetite for our audit and decide which firms to invite to tender.

May

Invitation to tender sent to KPMG, Deloitte and EY.

Data room opened: contained documentation to allow the firms to gain a better understanding of how the Group is structured and operates.

Information gathering meetings between the firms and Aggreko's financial leadership team to obtain information and insight into the way the Group operates.

June

Meeting between the firms engagement partners and Chris Weston and Carole Cran to discuss how the firms would structure their audit at an operational level and work with our management team.

Written proposals received outlining the audit team, geographic footprint alignment, audit approach, transition approach/ challenges, independence considerations and fee proposal.

Review of the written proposals to shortlist two firms to present to the Audit Committee selection panel.

Shortlisted firms present on audit approach, with a question and answer session to the Audit Committee selection panel.

Audit Committee selection panel meeting to evaluate the firms using agreed key decision criteria.

July

Audit Committee selection panel make recommendation to the Board.

Board accepts recommendation of the Audit Committee selection panel and announces the decision to the London Stock Exchange.

Having concluded the process in June 2015, the Committee recommended to the Board that KPMG be appointed as the Group's statutory auditor for the financial year ending 31 December 2016. The Board accepted the Audit Committee's recommendation, accordingly, a resolution proposing the appointment of KPMG as our auditor will be put to the Shareholders at the 2016 AGM. There are no contractual obligations restricting the Committee's choice of external auditor and we do not indemnify our external auditor.

Following the external audit tender process and in line with our non-audit services policy, Group Finance put our global tax compliance work out to tender in August 2015, resulting in a change of firm from KPMG to PricewaterhouseCoopers.

Risk management and internal control

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. In 2015, we reviewed the risk management process in detail with Group Internal Audit and oversaw the implementation of a new risk management framework. Further detail on the process for the new risk management framework can be found in the accountability section of the Corporate Governance Report on page 66 and further details on the new risk management framework can be found in the risk section of the Strategic Report on page 26.

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 2015, as proposed by the Chief Financial Officer, including addressing countries with lower financial control checklist scores and ensuring sufficient support at a Group or regional level for our less mature businesses. At the end of the year, we reviewed progress for 2015 and agreed proposed priorities for 2016. Our financial control priorities for 2016 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 2015 financial control checklist scores for all of our locations globally and cross referring them against the 2015 internal audit reports;
- The Financial Leadership team reviewed the above data and analysis to set clear priorities for 2016; and
- The Chief Financial Officer then proposed these priorities to the Audit Committee and we have agreed with the approach.

The key priorities for 2016 include a number of specific actions which focus on embedding our financial control framework into the new business structure, meeting set targets for internal audit gradings and providing assurance to the Committee that financial controls are in place for applicable items on the Group Risk Register.

Viability statement

During the course of 2015, the Committee, along with the Board, has received a number of detailed updates in relation to the requirements for the new viability statement. Updates included agreeing the methodology and approach, length of the assessment period, risks and uncertainties to be modelled, qualifications and assumptions made. An early draft of the viability statement was circulated to the Committee and Board in late January 2016 for review, to enable timely sign off of the viability statement at the March 2016 meeting.

Read our viability statement on page 33.

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 2015 internal audit work, including the proposed approach, coverage, and allocation of resources. We also reviewed progress, audit results and remedial actions during the year through reports at each meeting.

The Committee assessed the effectiveness of the internal audit function by reviewing their reports, progress against the 2015 plan, ensuring implementation of the improvements identified from the 2014 internal review and meeting with the Director of Internal Audit without management being present. 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. 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 independent Board evaluation exercise undertaken in 2015 confirmed that the Audit Committee was working effectively.

ETHICS COMMITTEE REPORT

Image removed

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.

2015 Key achievements

- Reviewed and approved changes to the ethics policies.
- Monitored the implementation of an ethics training programme for employees.
- Monitored the introduction of a Supplier Code of Conduct and the phased implementation of a risk based due diligence programme for suppliers.
- Monitored the introduction of ethics as a performance factor in employee appraisals.
- Reviewed the findings of an independent review of the effectiveness of the compliance controls relating to sales consultants and the wider compliance programme.
- Reviewed the compliance procedures in place to manage sanctions risks.

Members in 2015

	Meetings attended
Ken Hanna – Ethics Committee Chairman	
Diana Layfield – Non-executive Director	
Ian Marchant – Non-executive Director	

Areas of focus for 2016

- Oversee the full integration of the risk based due diligence into the supply chain processes.
- Oversee the implementation of the refresher ethics training course for all employees.
- Oversee the implementation of measures to manage modern slavery risks in the supply chain.
- Oversee the implementation of the revised ethics policies.

Ethics Committee terms of reference:
www.aggreko.com/pdf/ethics-committee-terms-of-ref-oct-2014.pdf

Introduction by Ken Hanna, Ethics Committee Chairman

Integrity and honesty are core values for Aggreko. We expect all Aggreko employees, consultants and those acting on behalf of Aggreko to adopt these values at all times. We are proud that we have a reputation for conducting business fairly and professionally and we are committed to maintaining these values in all of our business dealings.

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 which allows us to manage these risks effectively.

The effectiveness of the compliance programme is monitored by the Ethics Committee.

The Ethics Committee is currently made up of two independent Non-executive Directors, with myself 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 2015, the Committee met three times.

To the left there is a summary of the key actions of the Committee in 2015 and intended areas of focus in 2016.

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 unethical behaviour.
- Monitor and review the operation of the Company's ethics policies and procedures.

Main activities of the Ethics Committee during the year

Third-party monitoring

We recognise that the conduct of third-party sales consultants remains one of the most significant risks to Aggreko. 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 parties 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 sales consultants and we monitor all payments to sales consultants. At the first meeting of each year, we receive a briefing on all payments made to sales consultants during the prior year to ensure that the payments were appropriate and in line with policy requirements.

We recognise that there are also other categories of third-party supplier relationships which potentially could also attract risk for the business. In response to this risk we received a briefing on the risk based supplier due diligence process which is currently in the process of being implemented across the business.

Effectiveness of the compliance programme

We reviewed the findings of two separate reports completed by Internal Audit following its independent review of the effectiveness of the compliance controls relating to sales consultants and the effectiveness of the wider compliance programme. The review provided comfort that the programmes are working well to effectively manage risk and highlighted some areas where further improvements could be introduced to further enhance the compliance programme.

Ethics policies

In 2015, we approved revised versions of our Gifts, Entertainment & Hospitality Policy, Charitable Donations Policy and Sponsorship Policy. These policies were amended to reflect the structural changes to the business following the reorganisation and to take account of recommendations made following a risk assessment and review of the effectiveness of the 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 2013 and has been successfully rolled out to all employees. A separate online module was launched in January 2015 which required all employees to read and acknowledge compliance with Aggreko's Ethics Policy. The Committee received briefings at each of the meetings of the Committee on the progress of the training and the ethics policy acknowledgement throughout the business. This training has also been supplemented by additional ethics workshops with senior management. The ethics training programme has recently been refreshed and will be launched again in early 2016 for all employees to complete.

Sanctions review

We received a briefing on the compliance procedures currently in place to manage sanctions risks including new measures implemented in response to the introduction of sanctions relating to Russia and Crimea.

Review of the effectiveness of the Ethics Committee

The independent Board evaluation exercise undertaken in 2015 confirmed that the Ethics Committee was working effectively.

An overview of our compliance programme

Our compliance programme is coordinated by our full-time Head of Compliance with support from the business units and the central functions.

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 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 globally.

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 a nominal value are recorded centrally and monitored by the Head of Compliance.

Sponsorship and charitable donations

We have a clear approval process for all sponsorships and charitable donations made by Aggreko. All sponsorships and charitable donations require senior management approval and are recorded centrally and monitored by the Head of Compliance.

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.

NOMINATION COMMITTEE REPORT

Image removed

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 FOR THE EFFECTIVE MANAGEMENT OF THE GROUP.

2015 Key achievements

- Reviewed the structure of the Board and Executive Committee in line with the reorganisation of the business.
- Recommended the appointment of Uwe Krueger as Independent Non-executive Director.
- Recommended the extension of the appointments of the Chairman and three other Non-executive Directors.
- Reviewed Committee memberships and recommended the appointment of all Non-executive Directors as Members of the Nomination Committee with effect from March 2015 and recommended the appointment of Ian Marchant to the Remuneration Committee with effect from January 2016.

Members in 2015

	Meetings attended
Ken Hanna – Nomination Committee Chairman	
Russell King – Senior Independent Director	
Uwe Krueger – Non-executive Director[1]	
Diana Layfield – Non-executive Director	
Robert MacLeod – Non-executive Director	
Ian Marchant – Non-executive Director[1]	
Rebecca McDonald – Non-executive Director[1,2]	

1 Uwe Krueger, Ian Marchant and Rebecca McDonald were appointed to the Committee on 3 March 2015
2 Rebecca McDonald retired from the Board on 1 December 2015. Rebecca was absent from one meeting convened at short notice owing to a prior engagement, but she was able to share her views with the Committee in advance of the meeting.

Areas of focus for 2016

- Review succession plans for the Board, Executive Committee and key senior management roles.
- Complete the appointment and induction of Dame Nicola Brewer as Non-executive Director.
- Implement outcome of 2015 external Board evaluation.

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 all of the Non-executive Directors, each of whom is independent, in addition to myself 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 2015 was, naturally, the changes to the Board and Executive Committee to reflect the reorganisation of our business and business priorities. You will see from the table on the left that the Committee met formally on four occasions. In addition, we held a number of informal meetings and discussions with the CEO and others on the new organisational structure and Executive Committee appointments.

To the left there is a summary of the key actions of the Committee in 2015 and intended areas of focus in 2016. Further detail on our actions in 2015 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.
- 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

Organisational Changes to the Board and Executive Committee

The new organisational structure announced on 22 June 2015, resulted in some key management changes to the Board and Executive Committee.

The three Regional Director roles for Americas, APAC and EMEA were replaced by two new positions: President, Rental Solutions and Managing Director, Power Solutions. Following a review of internal candidates, we recommended the appointment of Asterios Satrazemis as President, Rental Solutions. Meanwhile Debajit Das and David Taylor-Smith stepped down from the Board and Chris Weston agreed to run the Power Solutions business in the interim whilst the Committee initiated an external search to identify a permanent Managing Director for Power Solutions.

Asterios Satrazemis subsequently left Aggreko in December 2015.

The Committee also oversaw the process for the appointment of Nicolas Fournier as Managing Director, Power Solutions and Bruce Pool, President, Rental Solutions.

As part of the Company's review of business priorities, we identified the need for a new organisational structure, based on two new business units. In turn, we considered what implications this might have for the structure and composition of the Board. We have always stressed the advantage of having the managers of the Group's main businesses around the Board table: to hold them to account for business performance; to provide visibility; and to benefit from their contribution to Board decisions. We still believe this, but as part of our review, we came to the conclusion that it is not necessary for the business heads to be formal members of the Board to achieve this: their presence and participation is more important than formal status. Moreover, since the two new business units are now more focused on separate business priorities than the former ones, we believe that not having the broader responsibilities of Directors helps to increase the accountability of the business unit heads for their own respective business units. Accordingly, the Committee has agreed that as a matter of general policy, future heads of business units should not be appointed to the Board, but should still be invited to attend Board meetings.

Appointment of Non-executive Director

During the year, the Committee undertook a broad review of the non-executive profile of the Board, including skills, experience, tenure and diversity. One of the areas we identified for further strengthening was geopolitical experience in some of the more challenging markets in which we operate. We appointed the Inzito Partnership, an independent search firm with no other connection with the Company, to assist in identifying suitable candidates and in February 2016, we were delighted to appoint Dame Nicola Brewer as a Non-executive Director. Nicola is currently Vice Provost of University College London and has previous extensive geopolitical and diplomatic experience in a number of roles in the UK Foreign and Commonwealth Office. She has worked all over the world and her experience in Africa, South America, Middle East and India will be of great benefit to Aggreko. Nicola will also join the Ethics and Nomination Committees. A fuller biography is set *out on page 57.*

Reappointment of Directors

Since the Committee's last report, the Company has extended the terms of appointment of myself as Chairman, Diana Layfield, Robert MacLeod and Russell King.

As Robert MacLeod has served as a Non-executive Director since September 2007, we reviewed his extension with particular care. Robert performs a vital role as Chairman of the Audit Committee and we wanted to maintain continuity of Audit Committee leadership through the external audit tender process and transition period for the new external auditor. We were satisfied that his length of tenure had not compromised his independence in any way, and therefore we recommended to the Board that his term of appointment should be extended until the conclusion of the 2015 reporting cycle – that is until the end of the 2016 Annual General Meeting. Robert will then step down from the Board and will not stand for re-election. I am delighted to report that Ian Marchant will succeed him as Chairman of the Audit Committee. Ian has been an independent Non-executive Director and member of the Audit Committee for over two years. He is a chartered accountant and his previous roles have included over five years as Finance Director of SSE plc.

Russell King has also served on the Board for over six years, and again, in line with the UK Corporate Governance Code, we reviewed his tenure with particular care. We concluded that his tenure had not compromised his independence in any way, and it was important that we should retain his experience of Aggreko, both as Senior Non-executive Director and as Chairman of the Remuneration Committee, for at least a further year. We also considered the number and nature of Russell's other commitments – details of which are set out in his biography on page 56 – particularly his roles on the boards of four other listed companies. We were satisfied that Russell's other commitments do not detract from his ability to perform his role at Aggreko. In coming to this conclusion, we noted that: first, in our view, the companies involved are not unusually complex, nor are they in regulated sectors; second, his respective positions as chairman, senior independent director and remuneration committee chairman of those companies strengthen, rather than detract from, the experience he brings Aggreko; third, he has not missed a Board or Committee meeting within the last two years. Moreover, he has in practice made an invaluable contribution to the Board and its commitments during the past two years of major change within Aggreko.

The Committee unanimously recommends the re-election of each of our Directors at our 2016 Annual General Meeting. In making this recommendation, we evaluated each Director in light of their performance, commitment to the role, and capacity to discharge their responsibilities fully, given their time commitments to other companies. The preceding paragraph provides an example of what we take into account in this process.

Board composition and diversity

Our policy is to have a broad range of skills, background and experience. 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 part of the Company's external 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.

Review of the effectiveness of the Nomination Committee

The independent Board evaluation exercise undertaken in 2015 confirmed that the Nomination Committee was working effectively.

REMUNERATION SUMMARY

Our remuneration strategy

Our aim

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

Our reward package for Executive Directors comprises:

- **a fixed element:**
  - **salary;**
  - **pension; and**
  - **benefits;**

  generally based on market median.
- **a variable element:**
  - **annual bonus, based on demanding annual performance targets, both financial and personal; and**
  - **long-term incentives, based on long-term strategic financial performance.**

Read the summary of our Remuneration Policy on Page 82

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:

Graph removed

Read the full scenario analysis for all Executive Directors on Page 83

Outcome for 2015

Single figure total pay for Executive Directors

The following table shows a summary of total remuneration for 2015 for each of the Executive Directors:

	Base Salary £	Benefits £	Annual Bonus £	LTIP PSP £	LTIP CIP £	Sharesave £	Pension £	Other £	Total £
Carole Cran	**412,000**	**82,475**	**–**	**–**	**16,333**	**–**	**82,400**	**–**	**593,208**
Debajit Das	**239,462**	**216,584**	**56,812**	**–**	**28,101**	**–**	**47,109**	**–**	**558,068**
Asterios Satrazemis	**367,794**	**51,724**	**–**	**–**	**–**	**–**	**63,542**	**–**	**483,060**
David Taylor-Smith	**220,500**	**10,362**	**151,594**	**–**	**30,016**	**–**	**44,100**	**–**	**456,572**
Chris Weston	**750,000**	**22,853**	**–**	**–**	**–**	**4,271**	**225,000**	**483,392**	**1,485,516**

Read the full details in the Annual Report on Remuneration on Page 84

ANNUAL REMUNERATION STATEMENT

Image removed

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.

2015 Key achievements

- Implemented new incentive arrangements following their approval by Shareholders at the 2015 Annual General Meeting.
- Finalised framework for new incentives.
- Agreed remuneration package for the new appointments of Managing Director, Power Solutions and President, Rental Solutions.
- Agreed the termination arrangements for David Taylor-Smith and Debajit Das.
- Undertook a detailed review of base pay for the Chief Financial Officer upon her becoming fully established in her role.

Members in 2015

	Meetings attended
Russell King – Remuneration Committee Chairman	
Ken Hanna – Company Chairman	
Uwe Krueger – Non-executive Director[1]	
Robert MacLeod – Non-executive Director	
Rebecca McDonald – Non-executive Director[1, 2]	

1 The two cases of absence related to two separate telephone meetings convened at short notice to consider issues relating to the Group's reorganisation. In each case the Director concerned had a prior engagement, but was able to share his or her views on the issue with the Committee before the call.
2 Rebecca McDonald retired from the Board on 1 December 2015.

Areas of focus for 2016

- Set targets for the new Annual Bonus Plan, both financial and the new personal/strategic objectives.
- Decide awards under the Long-term Incentive Plan.
- Review the financial performance measures for the LTIP to ensure they continue to be aligned with the Group's strategy for growth. We will consult shareholders before proposing any change.

Remuneration Committee terms of reference:
www.aggreko.com/pdf/remuneration-terms-of-ref-oct-2014.pdf

Introduction by Russell King, Remuneration Committee Chairman

The Remuneration Committee is made up of five independent Non-executive Directors (Ken Hanna was considered by the Board to be independent on his appointment as Chairman of the Company). Rebecca McDonald retired from the Board in December 2015 and Ian Marchant joined the Committee in January 2016. I have been Chairman of the Committee since September 2010. Peter Kennerley is secretary to the Committee. We also invite the Chief Executive Officer and Group HR Director to attend our meetings.

In 2015, we held seven meetings of the Committee; we also took a number of decisions based on papers circulated outside the context of a formal meeting. This greater volume of activity was accounted for partly in order to implement the new LTIP and partly to consider issues arising from the Group's reorganisation announced in June 2015.

To the left there is a summary of the key achievements of the Committee in 2015 and intended areas of focus in 2016 and on the opposite page there is a quick read summary of some of the key elements of remuneration in 2015. Further details of our actions in 2015 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, Executive Directors 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, along with 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.

ANNUAL REMUNERATION STATEMENT

Our remuneration policy

The aim of our remuneration policy is to reward executives for achieving the principal objective – 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.

Performance outcomes for 2015

Performance and annual bonus

In line with our remuneration policy, Aggreko operates an annual bonus plan with the aim of focussing Executive Directors on achieving demanding annual targets relating to company financial performance and personal/strategic objectives.

In summary, the bonus payout for Executive Directors for 2015 was as follows:

- Chris Weston, Chief Executive Officer and Carole Cran, Chief Financial Officer received no bonus;
- Debajit Das and David Taylor-Smith, both regional Directors received part of their bonus; and
- Asterios Satrazemis, regional Director received no bonus.

I explain below how the Committee set bonus targets for 2015, how we assessed performance against those targets, and how we decided on the level of bonus to be paid.

For 2015, annual bonus payments were determined as to 80% based on financial performance and, for the first time, 20% based on personal/strategic objectives.

The 80% financial element was measured as follows:

Chris Weston and Carole Cran:

- 75% against D-EPS and 25% against operating cash flow.

Debajit Das, Asterios Satrazemis and David Taylor-Smith:

- 50% against Group D-EPS, 40% against regional trading profit and 10% against regional ROCE.

The 20% personal/strategic element was based on personal objectives set individually for each Director by the Committee.

All included measurable improvements in safety indicators and agreed outcomes for set strategic objectives specific to their roles. Those for Directors with regional responsibilities included improvements in customer satisfaction, as measured by Net Promotor Scores, and improvements in regional debtor days. If personal/strategic objectives are achieved but D-EPS is below threshold performance then the Committee has the discretion to reduce the amount that would be paid under the personal/strategic element.

Directors were not entitled to the 2015 bonus unless they continued to be employed, and had not given or been given notice, at the time the bonus became payable, although the Committee has discretion to relax this requirement, for example by agreeing a payment pro-rata.

The initial regional financial elements of the bonus were to be based on the 2015 full year outcome. However, following the reorganisation announced in June, the three regions ceased to exist. Moreover, two of the three regional Directors would be stepping down from the Board as a result of the reorganisation and subsequently leaving the business. In these circumstances, the Committee decided that:

- regional financial performance would be measured based on the July full year forecast; and
- personal/strategic element performance for Debajit Das and David Taylor-Smith would be assessed at the effective date of their ceasing to have executive responsibilities.

The financial measure which we give most emphasis to is D-EPS. The threshold D-EPS, at which level Executive Directors would start to receive bonus was set at 83.86 pence, with budget D-EPS at 88.27 pence. The actual outcome was 69.1 pence (on a constant currency basis), which meant that no bonus was payable on that element. We have set out the details of all of the 2015 targets and outcomes for the financial and personal/strategic objectives on page 86, but in summary:

- as D-EPS fell short of budget, none of that element will be payable;
- as Group operating cash flow fell short of budget, none of that element will be payable;
- for APAC and the Americas, both regional trading profit and ROCE fell short of budget, and so no element attributable to those measures will be payable to Debajit Das or Asterios Satrazemis;
- for EMEA, as the July full year forecast trading profit exceeded 110% of budget and July full year forecast ROCE exceeded budget, the elements attributable to each of those measures will be payable to David Taylor-Smith pro-rata for the period he was a Director;
- each of the Executive Directors largely met their personal/strategic goals for the year. However, as noted above, if EPS performance is below threshold, the Committee has discretion to reduce the amount of annual bonus that would be paid under the personal/strategic element. In deciding whether to exercise that discretion, we considered the position of each Director individually. David Taylor-Smith and Debajit Das stepped down from the Board as a result of the reorganisation. They contributed to the business review and assisted in a smooth transmission to the new structure, but will not share in Aggreko's new opportunities. In the circumstances, the Committee decided that to the extent that they had achieved their personal objectives, it would not be appropriate to reduce the amount that would otherwise be payable. But for the remaining Directors different considerations applied, and we decided that their bonus outcome should more closely reflect the underlying financial performance of the Company, and so exercised our discretion to reduce the personal element to zero. In reaching that decision, we also took into account the fact other employees whose annual bonus was based on the overall performance of the Group would be receiving no bonus for the year; and
- Asterios Satrazemis was not entitled to a bonus for 2015, as he resigned as a Director in December.

Full details of the performance outcomes for the Annual Bonus are set out on page 86.

Read more and see our bonus entitlement and outcome tables
Page 86

Performance and LTIPs

Based on performance to 31 December 2015, Executive Directors will receive only the Minimum Match Award under their 2013 long-term incentives.

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 vest in August 2016 were granted in 2013, subject to demanding performance conditions based on real (i.e. excluding inflation) D-EPS annualised growth of 3-10% and return on capital employed (ROCE) of 20-25% measured over a three-year period to 31 December 2015.

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 19% as against a target range of 20-25%, and similarly none of the shares subject to the ROCE condition will vest. Therefore, none of the performance element of the 2013 awards will vest; only the matching element, equivalent in each case to 15% of salary at the time of grant will vest. Further details of LTIPs which vested in 2015 are included in the table on page 87.

Pay reviews for 2016

In June 2015, the Company announced a new organisational structure, with the appointment of Asterios Satrazemis as President of the Rental Solutions business. Given his new responsibilities, the Committee reviewed his base salary, taking into account the scope and size of the new Rental Solutions business and his global remit for Sales & Marketing and Global Events. Having considered comparable roles with our advisers, we agreed that the base pay for Asterios Satrazemis should be increased from $556,200 to $605,000 (8.8% increase). The increase took effect from 1 August 2015.

Considering the context of a challenging performance year and a significant cost reduction programme, the Committee decided that it would not generally be appropriate for Executive Directors and other members of the Executive Committee to receive salary increases as part of the December 2015 review, which would usually take effect from January 2016. However, as we explained in last year's Annual Remuneration Statement, we committed to undertake a more detailed review for Carole Cran, in particular, once she was fully established in her role as Chief Financial Officer. In view of Carole's excellent performance and this commitment, the Committee conducted an external benchmarking exercise and proposed a base salary increase of 9.2% – which would have positioned her at the market median in line with our policy – and an increase in her maximum bonus opportunity for 2016 from 150% to 175% of base salary. However, given the challenges of 2015, Carole has said that she does not wish to receive the proposed base salary increase.

The annual bonus for 2016 will operate broadly on the same basis as in 2015, with financial performance – measured against D-EPS and operating cash flow – accounting for 80% of total opportunity and the remaining 20% measured against personal/strategic objectives. Awards under the Long-term Incentive Plan will be made at the same level as the previous year. Further details can be found on page 92.

Executive Directors leaving during the year

As a consequence of the new organisational structure, we also announced that David Taylor-Smith, Regional Director for EMEA, and Debajit Das, Regional Director for Asia Pacific, would remain with the Group for a period of time to assist with the transition and then step down from the Board in due course. Asterios Satrazemis resigned as a Director on 17 December 2015 and received no compensation relating to his departure.

Details of the exit arrangements are set out on page 89.

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

The table below summarises the main elements of remuneration for Aggreko's Executive Directors.

Element of remuneration	Aim and link to strategy	How it works
Base salary	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. • We generally review base salaries 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.
Pension	To provide relevant statutory benefits and be competitive in the market in which the individual is employed.	• 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. • Contributions of between 20% and 30% of salary per annum except where limited by local practice.
Benefits	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.	• Benefits include healthcare, life assurance, 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.
Annual bonus scheme	To focus Executive Directors on achieving demanding annual targets relating to Company performance.	• The maximum annual bonus opportunity is 175% of salary. • Performance is assessed annually with 20% of the maximum bonus potential based on personal/strategic objectives and 80% on challenging budget and stretch targets for the Group. • Bonus payments are typically delivered as to 75% in cash and as to 25% deferred into shares and released after three years. • The deferred element is subject to clawback.
Long-term Incentive Plan	To align the interests of management with those of Shareholders in growing the value of the business over the long term.	• The Performance Share Plan (PSP) provides for a nil-cost conditional award of shares worth up to an aggregate limit of 300% of salary per annum. • There are two performance measures for the PSP, 75% of the PSP performance is based on three-year cumulative Diluted Earnings per Share and 25% against Return on Capital Employed. • 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. • Awards are subject to malus and clawback.
Sharesave	To align the interests of employees and Shareholders by encouraging all employees to own Aggreko shares.	• 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. • Savings capped at £500 a month (or local currency equivalent), reflecting the statutory limit for UK schemes.

Aggreko's current remuneration policy was approved by Shareholders at our Annual General Meeting on 29 April 2015. The full policy is set out in the report of the Remuneration Committee on pages 98 to 100 of Aggreko's Annual Report 2014, which can be found at **www.aggreko.com/investors**.

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".

Graph removed

Potential reward opportunities illustrated above are based on the remuneration policy applied to the base salary in force at 1 January 2016. For the annual bonus, the amounts illustrated are those potentially receivable in respect of performance for 2016. 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

ANNUAL REPORT ON REMUNERATION

In the following section of our report we explain how we have implemented Aggreko's remuneration policy during 2015. The policy in place for the year was the one which was approved by Shareholders at Aggreko's 2015 Annual General Meeting. We have given brief details of the policy above on page 82, but full details of the policy can be found in Aggreko's 2014 Report and Accounts, pages 98 to 100, which is available on our website at **www.aggreko.com/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 2015 and 31 December 2014.

Executive Directors	Year	Base Salary/ Fees £	Benefits £	Annual Bonus £	LTIP PSP £	LTIP CIP £	Sharesave £	Pension £	Other £	Total £
Carole Cran	**2015**	**412,000**	**82,475**	**–**	**–**	**16,333**	**–**	**82,400**	**–**	**593,208**
Carole Cran[1]	2014	233,333	42,442[10]	148,780	–	13,600	–	46,667	–	484,822
Debajit Das[2]	**2015**	**239,462**	**216,584**	**56,812**	**–**	**28,101**	**–**	**47,109**	**–**	**588,068**
Debajit Das[3]	2014	296,048	265,856	83,897	–	23,618	–	59,561	–	728,980
Asterios Satrazemis[4]	**2015**	**367,794**	**51,724**	**–**	**–**	**–**	**–**	**63,542**	**–**	**483,060**
Asterios Satrazemis[5]	2014	312,298	65,308	195,007	–	27,670	–	24,984	–	625,267
David Taylor-Smith[6]	**2015**	**220,500**	**10,362**	**151,594**	**–**	**30,016**	**–**	**44,100**	**–**	**456,572**
David Taylor-Smith	2014	350,000	19,935	169,841	–	–	1,164	70,000	–	610,940
Chris Weston[7]	**2015**	**750,000**	**22,853**	**–**	**–**	**–**	**4,271**	**225,000**	**483,392[11]**	**1,485,516**
Non-executive Directors										
Ken Hanna	**2015**	**340,250**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**340,250**
Ken Hanna	2014	327,244	–	–	–	–	–	–	–	327,244
Russell King	**2015**	**100,500**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**100,500**
Russell King	2014	93,718	–	–	–	–	–	–	–	93,718
Uwe Krueger[8]	**2015**	**55,500**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**55,500**
Diana Layfield	**2015**	**60,500**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**60,500**
Diana Layfield	2014	60,000	–	–	–	–	–	–	–	60,000
Robert MacLeod	**2015**	**80,500**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**80,500**
Robert MacLeod	2014	80,000	–	–	–	–	–	–	–	80,000
Ian Marchant	**2015**	**60,500**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**60,500**
Ian Marchant	2014	60,000	–	–	–	–	–	–	–	60,000
Rebecca McDonald[9]	**2015**	**55,417**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**55,417**
Rebecca McDonald	2014	60,000	–	–	–	–	–	–	–	60,000

1 Carole Cran's remuneration for 2014 is from date of appointment, 1 June 2014.
2 Debajit Das's remuneration for 2015 is to date of resignation as a Director, 15 October 2015, was paid in local currency and for the purposes of this table has been converted into Sterling using the average exchange rate for 2015 of £1 = SG$ 2.1007.
3 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.
4 Asterios Satrazemis's remuneration for 2015 is to date of resignation as a Director, 17 December 2015, was paid in local currency and for the purposes of this table has been converted into Sterling using the average exchange rate for 2015 of £1 = US$1.5284.
5 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.
6 David Taylor-Smith's remuneration for 2015 is to date of resignation as a Director, 1 August 2015.
7 Chris Weston's remuneration for 2015 is from date of appointment, 2 January 2015.
8 Uwe Krueger's remuneration for 2015 is from date of appointment, 1 February 2015.
9 Rebecca McDonald's remuneration for 2015 is to date of resignation as a Director, 1 December 2015.
10 During 2015, a review of Carole Cran's time spent in the London office was undertaken. Owing to the significant amount of time spent in London, based on UK tax legislation, Carole has established a second place of employment in London. As a result, any home to London office travel costs either reimbursed, or paid on Carole's behalf are taxable. The review identified £18,126 of travel costs and £16,074 of associated tax paid by Aggreko that relate to travel undertaken in 2014. This amount was not previously reported in the 2014 Report and Accounts.
11 As set out on page 97 of our Annual Report 2014, Chris Weston received an amount of £483,392 to compensate him for his annual bonus from his previous employer he forfeited as a result of his resignation. This was paid as 75% in cash and the balance in Aggreko shares. The shares are shown in the table of Directors' shareholdings on page 90.

The figures have been calculated as follows:

- Base salary/fees: amount earned for the year. See Base salary below.
- Benefits: the taxable value of benefits received in the year. See Benefits below.
- Annual bonus: the total bonus earned on performance during the year. See Annual bonus scheme on pages 85 and 86 below.
- 2015 remuneration for LTIPs refers to share awards granted on 5 August 2013 subject to a performance period ended 31 December 2015 and which are due to vest on 5 August 2016. The value is based on the average share price over the last quarter of 2015 of 967 pence. See Long-term Incentive Plan on page 87 below.
- 2014 remuneration for LTIPs refers to share awards granted on 16 April 2012 subject to a performance period ended 31 December 2014 which vested on 16 April 2015. The value is based on the share price on 16 April 2015 of 1621 pence.
- 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.
- Pension: the amount of any Company pension contributions and cash in lieu. See Pensions on page 88 below.

Base salary

The base salaries for Executive Directors as at 1 January 2016, 1 January 2015 and 1 January 2014 were as follows:

Executive Director	Position	1 January 2016 £	Local currency increase %	1 January 2015 £	Local currency increase %	1 January 2014 £
Carole Cran	Chief Financial Officer	412,000	0	412,000	3	400,000[1]
Debajit Das	Former Regional Director, Asia Pacific	–	–	302,994[2]	3	296,048[3]
Asterios Satrazemis	Former Regional Director, Americas/President, Rental Solutions	395,839[4]	8.8	363,910[5]	8	312,367[6]
David Taylor-Smith	Former Regional Director, Europe, Middle East & Africa	–	–	378,000	8	350,000
Chris Weston	Chief Executive Officer	750,000	0	750,000	–	–

1 Carole Cran's salary for 2014 is from date of appointment, 1 June 2014. The Committee conducted an external benchmarking exercise on her salary and proposed to award her an increase of 9.2% with effect from 1 January 2016, taking her salary to £450,000. However, in view of the challenging trading conditions, Carole decided not to accept this increase.
2 Debajit Das's salary as at 1 January 2015 was paid in local currency SG$636,500 and for the purposes of this table has been converted into Sterling using the average exchange rate for 2015 of £1 = SG$2.1007.
3 Debajit Das's salary as at 1 January 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.
4 Asterios Satrazemis's salary is shown as at date of resignation, 17 December 2015. His salary was increased to US$605,000 on 1 August 2015 on being appointed President, Power Solutions and for the purposes of this table has been converted into Sterling using the average exchange rate for 2015 of £1 = US$1.5284.
5 Asterios Satrazemis's salary as at 1 January 2015 was paid in local currency US$556,200 and for the purposes of this table has been converted into Sterling using the average exchange rate for 2015 of £1 = US$1.5284.
6 Asterios Satrazemis's salary as at 1 January 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.

Benefits

All Executive Directors received healthcare benefits with the exception of Carole Cran. All Executive Directors were also provided with life assurance cover, income protection and accident insurance. David Taylor-Smith, Carole Cran and Chris Weston received a car allowance. Carole Cran received reimbursement of the cost of travelling to the London office and associated taxes. 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 received a company car benefit 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	£12,000	–	–	£40,167	£26,991	£3,317	£82,475
Debajit Das	£17,655	£72,234	£21,950	£22,819	£71,772	£10,154	£216,584
Asterios Satrazemis	£11,056	–	–	–	£29,852	£10,816	£51,724
David Taylor-Smith	£7,000	–	–	–	–	£3,362	£10,362
Chris Weston	£12,000	–	–	–	–	£10,853	£22,853

Annual bonus scheme

The maximum bonus opportunity for 2015 for the Chief Executive Officer was 175% of salary, for the Chief Financial Officer 150% of salary, and for Regional Directors 125% of salary.

Bonus payments are payable as to 75% in cash, and as to 25% deferred into shares for three years unless, at the discretion of the Committee, the individual leaves 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 targets under the 2015 annual bonus scheme were based as to 80% on financial performance measures set against the annual budget at the start of the year and as to 20% against personal/strategic objectives.

Financial performance measures

The financial objectives for the Chief Executive Officer (Chris Weston) and the Chief Financial Officer (Carole Cran) were measured as to 75% against D-EPS and as to 25% against operating cash flow. The financial objectives for Directors with regional responsibilities were based as to 50% on the performance of the Group, measured against Group D-EPS and as to 50% on the performance of their regions, measured as to 40% against regional trading profit and 10% against regional ROCE. The initial regional financial elements of the bonus were based on the 2015 full year outcome. However, following the reorganisation announced in June, the three regions ceased to exist and so the Committee decided that regional performance would be measured based on the July full year forecast.

For these financial measures, Executive Directors would start to earn a bonus at threshold performance, calculated as a percentage below budget, increasing to 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.

ANNUAL REPORT ON REMUNERATION

The table below shows the performance against budget of each of the financial performance measures used for calculating the Annual Bonus for 2015:

Measure	Threshold		Budget	Maximum		Outcome		
		% budget			% budget		% budget	% maximum of element
D-EPS growth	83.86p	95	88.27p	97.10p	110	69.1p[1]	78	0
Operating cash flow	£569.5m	90	£632.8m	£696.1m	110	£445.9m[1]	70	0
Regional trading profit – APAC	US$90.9m	95	US$95.7m	US$105.3m	110	US$24.5m[2]	51	0
Regional ROCE – APAC	–	–	21.0%	–	–	9.6%[2]	–	0
Regional trading profit – Americas	US$251.0m	95	US$264.2m	US$290.6m	110	US$104.3m[2]	78	0
Regional ROCE – Americas	–	–	22.2%	–	–	16.2%[2]	–	0
Regional trading profit – EMEA	US$221.9m	95	US$233.6m	US$256.9m	110	US$122.9m[2]	110	100
Regional ROCE – EMEA	–	–	23.5%	–	–	22.2%[2]	–	100

1 The reported D-EPS and operating cash flow have been adjusted to a constant currency basis.
2 The outcome for trading profit and ROCE for each of the three regions is based on July year to date, as shown by the management accounts of the Group.

Personal/strategic performance measures

Each Director was set four personal objectives, against each of which he or she could achieve up to 5% of the maximum bonus entitlement, or 20% in total. All included measurable improvements in safety indicators and agreed outcomes for set strategic objectives specific to their roles.

In addition, Chris Weston's objectives included the design of an organisational structure to deliver strategy and the creation of a new Executive team. Carole Cran's objectives included creating a constructive and positive feedback from dialogue with Shareholders and identifying procurement savings and establishing a new procurement team structure. Those for each of the Directors with regional responsibilities included measurable improvements in customer satisfaction, as measured by Net Promoter Scores and improvements in regional debtor days. The Committee reviewed performance against these measures for each Director, and the table below shows the Committee's assessment of each personal/strategic objective achieved as a percentage of maximum bonus entitlement and the total also as a percentage of salary.

	Personal/strategic objective achieved as a percentage of maximum bonus entitlement										
Executive Director	Safety	Full potential work	Investor feedback	Procurement and cost savings	Net promoter score	Regional debtor days	Organisation design	Executive team	Total	Total % achieved salary	Total payable % salary
Carole Cran[1]	5%	5%	5%	3%	–	–	–	–	18%	27%	0%
Debajit Das	5%	5%	–	–	0%	5%	–	–	15%	18.75%	18.75%
Asterios Satrazemis[2]	0%	0%	–	–	0%	0%	–	–	0%	0%	0%
David Taylor-Smith	5%	5%	–	–	5%	0%	–	–	15%	18.75%	18.75%
Chris Weston[1]	5%	5%	–	–	–	–	5%	3%	18%	31.5%	0%

1 The Committee exercised its discretion to reduce the amount of the personal/strategic element of bonus payable for Carole Cran and Chris Weston to zero, as EPS threshold target had not been met.
2 Asterios Satrazemis was not entitled to a bonus for 2015 as he resigned as a Director on 17 December 2015.

The table below sets out the total bonus entitlement for each Executive Director for 2015:

		D-EPS growth		Operating cash flow		Regional trading profit		Regional ROCE		Personal objectives		Total payable		
Executive Director	Total max bonus % salary	Max bonus % salary	Outcome % salary	Max bonus % salary	Outcome % salary	Max bonus % salary	Outcome % salary	Max bonus % salary	Outcome % salary	Max bonus % salary	Outcome % salary	% salary	Pro-rata % salary	£
Carole Cran	150	90	0	30	0	–	–	–	–	30	0	–	–	0
Debajit Das[1]	125	50	0	–	–	40	0	10	0	25	18.75	18.75	–	56,812
Asterios Satrazemis	125	50	0	–	–	40	0	10	0	25	0	–	–	0
David Taylor-Smith[2]	125	50	0	–	–	40	40	10	10	25	18.75	68.75	40.1	151,594
Chris Weston	175	105	0	35	0	–	–	–	–	35	0	–	–	0

1 Debajit Das's bonus for 2015 is payable in local currency SG$119,344 and for the purposes of this table has been converted into Sterling using the average exchange rate for 2015 of £1 = SG$2.1007. It will be paid in cash.
2 David Taylor-Smith's bonus as a percentage of salary was pro-rated for the months that he was employed as a Director, that is seven months. It will be paid in cash.

Long-term Incentive Plan

The LTIP awards which are due to vest on 5 August 2016 were granted in 2013 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 2013 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; and
- 25% of the award was based on average ROCE over the performance period in a range of 20% to 25%. No performance shares would be awarded against this element if performance was below 20% and awards would 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 elements of the 2013 LTIP might be increased by between one and two times if the real compound annual growth in D-EPS over the three-year performance measurement period was in a range of 10% to 20%.

The performance period for the 2013 LTIP awards ended on 31 December 2015. Over the period:

- Aggreko's aggregate D-EPS was 251.9 pence, which is the equivalent of no growth. Since this was less than the threshold of 3%, no shares will vest under this performance measure; and
- Aggreko's actual average ROCE for the period was 19%. Since this was less than the threshold of 20%, no shares will vest under this performance measure.

Accordingly, only the Minimum Match will vest.

The table below shows:

- the resulting vesting of the 2013 LTIP awards. These are due to vest in August 2016; and
- by way of comparison the vesting of the 2012 LTIP awards which vested in April 2015.

		Performance Share Plan			Co-Investment Plan			
Executive Director	Year of grant	Vested	Market price £	Value £	Vested	Market price £	Value £	Total value £
Carole Cran	2013	–	–	–	1,689	967p	16,333	16,333
Carole Cran	2012	–	–	–	839	1621p	13,600	13,600
Debajit Das	2013	–	–	–	2,906	967p	28,101	28,101
Debajit Das	2012	–	–	–	1,457	1621p	23,618	23,618
Asterios Satrazemis	2013	–	–	–	–	–	–	–
Asterios Satrazemis	2012	–	–	–	1,707	1621p	27,670	27,670
David Taylor-Smith	2013	–	–	–	3,104	967p	30,016	30,016

Each of the 2013 LTIP awards was granted on 5 August 2013.

Each of the 2012 LTIP awards was granted on 16 April 2012 and vested on 16 April 2015.

The value of the 2013 LTIP on vesting is based on the average price of Aggreko shares over the last quarter of 2015 of 967 pence.

The value of the 2012 LTIP on vesting is based on the market price of Aggreko shares on date of vesting, 16 April 2015, of 1621 pence.

ANNUAL REPORT ON REMUNERATION

Pensions

Executive Directors participate in pension schemes or receive cash in lieu with a value appropriate to the median practice in their home countries.

Carole Cran, Debajit Das and David Taylor-Smith are members of the Aggreko Group Personal Pension Plan, which is a defined contribution scheme. Chris Weston is entitled to a Company contribution of 30% and other Executive Directors are entitled to a Company contribution of 20% of salary, but may elect to take all or part of the Company contribution in the form of a cash payment in lieu. 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:

	2015			2014		
Executive Director	**Paid to pension £**	**Paid cash £**	**Total £**	Paid to pension £	Paid cash £	Total £
Carole Cran	**37,340**	**45,060**	**82,400**	22,233	24,434	46,667
Debajit Das	**8,301**	**38,808**[1]	**47,109**	10,504	49,057[2]	59,561
Asterios Satrazemis	**63,542**[3]	**–**	**63,542**	24,984[4]	–	24,984
David Taylor-Smith	**23,333**	**20,767**	**44,100**	47,500	22,500	70,000
Chris Weston	**–**	**225,000**	**225,000**	–	–	–

1 Debajit Das's entitlement for 2015 was paid in local currency SG$81,523 and for the purposes of this table has been converted into Sterling using the average exchange rate for 2015 of £1 = SG$2.1007.
2 Debajit Das's entitlement for 2014 was paid in local currency SG$102,408 and for the purposes of this table has been converted into Sterling using the average exchange rate for 2014 of £1 = SG$2.0875.
3 Asterios Satrazemis's entitlement for 2015 was paid in local currency US$97,117 and for the purposes of this table has been converted into Sterling using the average exchange rate for 2015 of £1 = US$1.5284.
4 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.

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 (although the Chairman of the Board does not take part in discussions concerning his remuneration). 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 1 January 2016 and 1 January 2015 were as follows:

Role	1 January 2016 £	Increase	1 January 2015 £
Chairman fee[1]	342,000	2.1%	335,000
Non-executive Director base fee[2]	61,000	1.7%	60,000
Committee Chairman additional fee	20,000	0%	20,000
Senior Independent Director additional fee	20,000	0%	20,000

1 The increase in the Chairman's fee took effect from 1 April 2015.
2 The increase in the Non-executive Directors' fees took effect from 1 July 2015.

Share awards granted in 2015 (audited)

In May 2015, Executive Directors were granted awards of shares under the 2015 Long-term Incentive Plan, in each case with a value equivalent to 300% of salary. The three-year performance period over which D-EPS and ROCE performance will be measured began on 1 January 2015 and will end on 31 December 2017. None of the awards granted under the LTIP are eligible to vest until 21 May 2018.

The performance criteria for the LTIP awards granted in 2015 are as follows:

- 75% of the award is 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. Awards will then start to vest above that level and will increase straight-line to a maximum at an equivalent of RPI+15% per annum growth; and
- 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.

In addition, as explained on page 97 of our Annual Report 2014, the Committee agreed to award Chris Weston shares under a restricted stock agreement to compensate him for the forfeiture of long-term incentives from his previous employment. The value of the award was determined as £2,238,000 and the number of shares to be awarded was based on the closing price of an Aggreko share of 1749 pence on 28 May 2014, being the day immediately prior to the date of announcement of his appointment, resulting in an award of 127,958 shares. This award was granted on 30 March 2015. The shares will be released as to 50% on 1 April 2016 and 50% on 1 April 2017, subject to his continuing employment on vesting or otherwise if he leaves the Company as a good leaver.

The table below shows details of interests awarded to Executive Directors during 2015:

	LTIP			Sharesave			Other		
Executive Director	Shares	Face Value[1] £	% vesting on minimum performance	Shares	Face Value[2] £	% vesting on minimum performance	Shares	Face Value[3] £	% vesting on minimum performance
Carole Cran	76,485	1,235,998	–	–	–	–	–	–	–
Debajit Das	56,822	918,244	–	–	–	–	–	–	–
Asterios Satrazemis	66,401	1,073,040	–	–	–	–	–	–	–
David Taylor-Smith	70,173	1,133,996	–	–	–	–	–	–	–
Chris Weston	139,232	2,249,989	–	2,168	4,271	100	127,958	1,957,757	100

1 Face value of LTIP is the maximum number of shares that would vest if all performance targets are met multiplied by the average market price over the five business days prior to the date of grant of 21 May 2015, which was used to determine the number of shares awarded, being 1616 pence.
2 Face value of Sharesave is the market price of Aggreko shares on 13 October 2015, being the date of grant, of 1027 pence, less the option price multiplied by the number of options granted.
3 Face value is the number of shares awarded on 30 March 2015 multiplied by the market price of Aggreko shares on 30 March 2015, being 1530 pence.

Arrangements with past Directors (audited)

David Taylor-Smith

David Taylor-Smith ceased to be a Director on 1 August 2015, but will remain an employee of the Company until 21 June 2016. The Committee exercised its discretion to agree that he would be entitled to his 2015 bonus, to the extent the objectives were achieved as outlined on page 80, but pro-rated for the months that he was employed as a Director, that is seven months. This will be paid in cash with no deferral in March 2016, following the announcement of the Group's 2015 results. For the period 2 August 2015 to 31 December 2015, the value of his basic salary, pension and benefits was £196,350; this amount is not included in the single total figure of remuneration on page 84. The Company agreed to pay for legal expenses and outplacement fees totalling £32,000. He received no compensation for loss of office or other payment in connection with his leaving. He was treated as a "good leaver" for the purpose of Aggreko's Long-term Incentive Plans, and accordingly the LTIP Awards made in 2013, 2014 and 2015 will remain subject to their terms and to relevant performance conditions being met. Any awards will vest pro-rata for the period he was employed by the Company. Full details of any awards vesting will be included in the Annual Report on Remuneration for the relevant year.

Debajit Das

Debajit Das ceased to be a Director on 15 October 2015, but will remain an employee of the Company until 15 October 2016. The Committee exercised its discretion to agree that he would be entitled to his 2015 bonus, to the extent the objectives were achieved as outlined on page 80. This will be paid in cash with no deferral in March 2016, following the announcement of the Group's 2015 results. For the period 16 October 2015 to 31 December 2015, the value of his basic salary, pension and benefits was £122,603; this amount is not included in the single total figure of remuneration on page 84. The Company agreed to pay for legal expenses and outplacement fees totalling £28,000. He received no compensation for loss of office or other payment in connection with his leaving. He was treated as a "good leaver" for the purpose of Aggreko's Long-term Incentive Plans, and accordingly the LTIP Awards made in 2013, 2014 and 2015 will remain subject to their terms and to relevant performance conditions being met. Any awards will vest pro-rata for the period he was employed by the Company. Full details of any awards vesting will be included in the Annual Report on Remuneration for the relevant year.

Asterios Satrazemis

Asterios Satrazemis resigned as a Director on 17 December 2015 and ceased to be an employee on 31 December 2015. He was paid his basic salary and benefits up to 31 December 2015, but will receive no bonus for 2015. For the period 18 December to 31 December 2015 inclusive, the value of his basic salary, pension and benefits was £20,411; this amount is not included in the single total figure of remuneration on page 84. He received no compensation for loss of office in connection with his resignation. His outstanding LTIPs will lapse, in accordance with the rules of the schemes.

ANNUAL REPORT ON REMUNERATION

Directors' shareholdings (audited)

As at 31 December 2015, the shareholdings of the Directors were as follows:

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]	Shareholding guidelines % salary	Shares counting towards guidelines (A + B)	Current shareholding % salary[4]	Date of appointment[5]
Carole Cran	8,890	4,082	139,855	–	200	12,972	29	1 June 2014
Debajit Das[6]	39,149	–	161,054	–	200	39,149	118	1 January 2013
Asterios Satrazemis[7]	47,367	–	175,781	23	200	47,367	109	1 January 2013
David Taylor-Smith[8]	12,518	–	188,367	1,363	200	12,518	30	11 March 2013
Chris Weston	–	135,694[9]	139,232	2,168	200	135,694	165	2 January 2015
Ken Hanna	19,303							
Russell King	3,688							
Uwe Krueger	3,000							
Diana Layfield	2,855							
Robert MacLeod	18,582							
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 Percentage is calculated using share price of 914 pence as at 31 December 2015.
5 Under the Company's share ownership guidelines, Executive Directors have five years from their respective appointments to achieve the shareholding guideline of not less than two times base salary.
6 Debajit Das's holding is as at date of leaving, 15 October 2015.
7 Asterios Satrazemis's holding is as at date of resignation, 17 December 2015. The 175,781 shares held subject to performance conditions and the 23 options held not subject to performance conditions lapsed on date of leaving.
8 David Taylor-Smith's holding is as at date of resignation, 1 August 2015.
9 Chris Weston's holding comprises 127,958 shares awarded on 30 March 2015 and 25% of his annual bonus forfeited from his previous employer which was deferred into shares (7,736 shares), as set out on page 97 of our 2014 Report and Accounts.

There have been no changes in the Directors' interests in ordinary shares between 31 December 2015 and 3 March 2016.

Carole Cran, Debajit Das, Asterios Satrazemis, David Taylor-Smith and Chris Weston, 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 Long-term Incentive Plans and Sharesave Schemes. At 31 December 2015, the trustees of the EBT held a total of 535,538 Aggreko plc Ordinary Shares (2014: 824,036) and the holding at the date of this report is 499,067. The dividend has been waived on these shares.

Comparison of Company performance

The graph below shows the value, at 31 December 2015, of £100 invested in Aggreko's shares on 31 December 2008 compared with the current value of the same amount invested in the FTSE 350 Index. The FTSE 350 Index is chosen because Aggreko has been a constituent member of this group over the entire period.

Graph removed

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
2015	Chris Weston	1,485,516	0	0

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 figure for Chris Weston includes an amount of £483,392 to compensate him for his annual bonus from his previous employer he forfeited as a result of his resignation.

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 2014 (Angus Cockburn, Interim Chief Executive) and for 2015 (Chris Weston, Chief Executive Officer) in comparison to the average change in remuneration of employees within the Group central functions over that period.

	Percentage change for CEO/Interim CEO	Percentage change for Group central functions
Salary/fees	25	6.8
Benefits	7.3	5.6
Bonus	–100	–100

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 (103 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.

Relative importance of spend on pay

The graph below shows Aggreko's profit after tax, pre-exceptional items, dividend, and total employee pay expenditure for the financial years ended 31 December 2014 and 31 December 2015, and the percentage change.

Graph removed

Graph removed

Graph removed

Dividends are the interim and final dividends paid in respect of the financial year ended 31 December 2014 and the interim dividend paid and the final dividend recommended in respect of the financial year ended 31 December 2015.

ANNUAL REPORT ON REMUNERATION

Implementation of Remuneration Policy in 2016

The Committee intends to implement the Remuneration Policy in 2016 as follows:

Base salaries and fees

Base salaries for Executive Directors were reviewed by the Committee in December 2015; details are set out on page 85. The Committee intends to next review the salaries in December 2016. The Chairman's fee is due to be reviewed in April 2016 and the Non-executive Directors' fees are due to be reviewed in June 2016. The Chairman and the Non-executive Directors have indicated that they will recommend that their reviews be deferred until April 2017 and June 2017 respectively.

Pensions and benefits

Pensions and benefits will continue in line with policy.

Annual bonus

On 1 March 2016, the Committee set annual bonus targets for the Executive Directors as follows:

		D-EPS		Operating cash flow		Personal objectives
Executive Director	Total max bonus (% salary)	Max bonus % salary	On-budget bonus % salary	Max bonus % salary	On-budget bonus % salary	Max bonus % salary
Carole Cran	175	105	52.5	35	17.5	35
Chris Weston	175	105	52.5	35	17.5	35

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.

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 Annual Report on Remuneration.

Long-term Incentive Plan

The Committee proposes to approve the grant of 2016 LTIP awards to Executive Directors with a face value of 300% of salary.

The performance criteria for the 2016 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. Awards will then start to vest above that level and will increase straight-line to a maximum at an equivalent of RPI+15% per annum growth; and
- 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 2016.

Consideration by the Directors of matters relating to Directors' remuneration

The Committee re-appointed Kepler Associates, a brand of Mercer, and New Bridge Street (which is part of Aon plc) as the principal external advisers to the Committee for 2015. The fees paid to advisers in respect of work that materially assisted the Committee in 2015 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 Advice on DRR disclosure Advice on current market practice Benchmarking of Executive pay Advice on design of new incentive arrangements	£31,430 Charged on a time/cost basis	Management and Reward Data Project Provided the Board with specific data on Non-executive Director benchmarking Benchmarking for specific below-Board roles Advice on RSP Awards
New Bridge Street	Appointed by the Group HR Director on behalf of the Committee	Advice on Notice of Meeting and DRR regarding disclosure of new schemes and CEO awards	£18,528 Charged on a time/cost basis	General advice on implementation and operation of LTIP and Sharesave Schemes
Allen & Overy	Appointed by the Group HR Director on behalf of the Committee	Legal advice on employment and termination of employment of Executive Directors	£27,560 Charged on a time/cost basis	

OVERVIEW
OUR BUSINESS
PERFORMANCE REVIEW
SUSTAINABILITY
GOVERNANCE
ACCOUNTS & OTHER INFORMATION

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 Allen & Overy 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.

Statement of Shareholder voting

The following table shows the results of the binding vote on the Remuneration Policy and advisory vote on the 2014 Remuneration Report at the 29 April 2015 AGM.

	Remuneration Policy		Remuneration Report	
	Total number of votes	**% of votes cast**	**Total number of votes**	**% of votes cast**
For	160,789,038	98.88	151,991,882	94.37
Against	1,825,548	1.12	9,066,467	5.63
Total votes cast (excluding withheld votes)	**162,614,586**	100	**161,058,349**	100
Votes withheld[1]	85,969	–	1,642,206	–
Total votes cast (including withheld votes)	**162,700,555**	–	**162,700,555**	–

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, other than Robert MacLeod, will be proposed for election or re-election at the Company's Annual General Meeting to be held on 28 April 2016.

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:

			Notice period	
Executive Director	Position	Effective date of contract	From Director	From Company
Carole Cran	Chief Financial Officer	1 June 2014	12 months	12 months
Chris Weston	Chief Executive Officer	2 January 2015	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 are as follows:

Non-executive Director	Position	Effective date of contract	Unexpired term as at 31 December 2015
Ken Hanna	Chairman	29 April 2015[1]	2 years 4 months
Nicola Brewer	Non-executive Director	29 February 2016	n/a
Russell King	Non-executive Director	2 February 2015[1]	1 month
Uwe Krueger	Non-executive Director	1 February 2015	2 years 1 month
Diana Layfield	Non-executive Director	1 May 2015[1]	2 years 4 months
Robert MacLeod	Non-executive Director	10 September 2015[1]	4 months
Ian Marchant	Non-executive Director	1 November 2013	10 months

1 Replaces earlier contract.

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. Directors are generally permitted to retain any earnings from these appointments. During the year, none of the Executive Directors held any such external directorships. Since the year end, Carole Cran has been appointed as a Non-executive Director of Halma plc; fees in relation to this appointment will be disclosed in this report next year.

This Report was approved by the Board on 3 March 2016.

Signed on behalf of the Board

Russell King
Chairman of the Remuneration Committee

3 March 2016

STATUTORY DISCLOSURES

Directors' Report and Strategic Report

The Directors' Report and Strategic Report for the year ended 31 December 2015 comprise pages 54 to 99 and pages 8 to 53 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 8 to 53. Specifically these are:

- Future Business Developments on page 22
- Risk Information on the Use of Financial Instruments on page 134

Disclosures in relation to Listing Rule LR 9.8.4R, where applicable, are included on pages 80 and 81 in relation to long-term incentive plans and on page 96 in relation to the dividend waiver arrangements in place for our Employee Benefit Trust.

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 are 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.

2016 Annual General Meeting

The Company's Annual General Meeting will be held at 11.00 am 28 April 2016 at the Grand Central Hotel, 99 Gordon Street, Glasgow G1 3SF. The Notice of Meeting is available on the Shareholder information pages of our website.

Dividends

The interim dividend of 9.38 pence per Ordinary Share was paid on 2 October 2015. 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 (2014: 27.12 pence), payable on 24 May 2016 to Shareholders on the register at the close of business on 22 April 2016.

Dividend payments and DRIP

In 2015 we 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 155 and the Shareholder information pages of our website.

Share capital

On 31 December 2015 the Company had in issue 256,128,201 Ordinary Shares of $4^{329}/_{395}$ pence each, 188,251,587 Deferred Shares of $9^{64}/_{775}$ pence each, 18,352,057,648 Deferred Shares of $^{1}/_{775}$ pence each, 182,700,915 Deferred Shares of $6^{18}/_{25}$ pence each and 573,643,383,325 Deferred Shares of $^{1}/_{306125}$ pence each comprising 29.43%, 40.77%, 0.56%, 29.19% and 0.04% respectively of the Company's issued share capital. Details of the changes in issued share capital during the year are shown in Note 23 to the accounts on page 131.

Material share interests

As at 31 December 2015, 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
Black Rock Inc	12,820,770	5.00
AKO Capital LLP	12,781,545	4.99
Mackenzie Financial Corporation	10,300,485	4.02
A E H Salvesen*	9,995,283**	3.73
Baillie Gifford	12,584,169	4.91
Prudential Plc	9,351,326	3.65

* 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 $13^{549}/_{775}$ pence each

Between 31 December 2015 and 3 March 2016, the Company received no 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.

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 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 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.

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.

STATUTORY DISCLOSURES

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 2016 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.

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 2015 to allot relevant securities up to a nominal amount of £4,125,579 in connection with an offer by way of a rights issue. That authority will apply until the earlier of 30 June 2016 and the conclusion of the Annual General Meeting for 2016. 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 £4,126,149, 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 2017).

A special resolution will also be proposed to renew the Directors' power to make non-pre-emptive issues for cash up to a nominal amount of £1,237,844.

The Company was also authorised at the Annual General Meeting held in 2015 to make market purchases of up to 25,611,839 Ordinary Shares. This authorisation will expire on the earlier of the conclusion of the Annual General Meeting of the Company for 2016 and 30 June 2016.

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 25,612,820 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 0.19% of the issued share capital of the Company as at 3 March 2016 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 and viability statements

The going concern statement is included on page 113 of the financial statements.

The viability statement is included on page 33 of the strategic report.

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.

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 this report. We have also identified safety, emissions and people as matters to be considered as part of the principal risks facing the business. 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.

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.

STATUTORY DISCLOSURES

Carbon dioxide emissions

In line with the Companies 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), using the location-based scope 2 calculation method, 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_2e/year	2015	2014
Scope 1	**15,486,377**	15,714,575
Scope 2	**18,987**	18,188
Scope 3	**2,849,565**	2,940,471
Total	**18,354,928**	18,673,234

Total GHG emissions by fleet/non-fleet

tCO_2e/year	2015	2014
Fleet	**18,186,552**	18,523,108
Non-fleet	**168,376**	150,126
Total	**18,354,928**	18,673,234

In line with previous years, 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.

In 2015 we emitted 18,354,928 tonnes of CO_2e, a decrease of 2% over 2014. In line with best practice, our GHG accounting systems include an estimate of the upstream GHG emissions associated with fuel supply chains; in 2015 this contributed 15.2% of combustion emissions, accounting for 97% of scope 3 emissions.

As a result of a 6.1% decrease in running hours, a recorded decrease of 2% in GHG emission is reported for the Aggreko fleet in 2015. This disparity is due to a shift in the ratio of running hours, from generators with low energy outputs to larger machines. In 2014, approximately 71% of fleet running hours were attributed to generators of less than or equal to 200 kVA, in 2015 this percentage dropped to 47%. Accordingly, the larger and more fuel intensive generators with an output of over 200 kVA accounted for 53% of global running hours in 2015.

In terms of the non-fleet activities, emissions from activities on our premises have decreased. Conversely, emissions from third-party vehicle use, company vehicles and business travel have all increased. The largest increases are documented in reported travel in company-owned cars and vans and third-party road freight logistics.

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 chart below, relative emissions have decreased, with a 1% reduction in the emissions per GBP revenue from 2014.

Graph remove

In addition, during the year we undertook an Energy Saving Opportunities Scheme (ESOS) assessment in line with the UK Environment Agency requirements and can confirm that we are compliant with the Regulations.

Branches

Subsidiaries of the Company have established branches in a number of different countries in which they operate.

Auditor

Resolutions appointing KPMG 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 2015

There have been no important events affecting the Company or any subsidiary since 31 December 2015.

Political donations

No political donations were made during the financial year (2014: nil).

Approval of the Strategic Report and Directors' Report

The Strategic Report set out on pages 8 to 53 and Director's Report set out on pages 54 to 99 were approved by the Board on 3 March 2016 and have been signed by the Company Secretary on behalf of the Board.

Peter Kennerley
Group Legal Director & Company Secretary

3 March 2016

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), including FRS 101 "Reduced Disclosure Framework" 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether IFRSs as adopted by the European Union and applicable UK Accounting Standards including FRS101 have been followed, subject to any material departures disclosed and explained in the group and parent company financial statements respectively;
- 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 transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and 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 company's website. Legislation in the United Kingdom 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, is fair, balanced and understandable and provides the information necessary for shareholders to assess a company's performance, business model and strategy.

Each of the directors, whose names and functions are listed on pages 56 to 57 confirm 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 contained in the Strategic Report and Directors' 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

Chris Weston
Chief Executive Officer

Carole Cran
Chief Financial Office

POWERING THE FUTURE OF **RUSSIAN OIL REFINING**

1 CHALLENGE

Lukoil's Nizhegorodnefteorgsintez oil refinery has a productive capacity of 17 million tons of oil per year. In the course of upgrading their equipment the refinery suffered a reduction in cooling capacity as a result of damage to heat exchange surfaces in the standard cooling tower, causing a 9MW cooling shortage.

2 SOLUTION

Aggreko designed a solution using cooling towers which were connected to the main power supply using 300 metres of power cable. The cooling towers were installed in the cooling circuit parallel to the standard cooling tower and processed up to 1850m³/hour of water, providing the additional cooling the refinery required to maintain production levels over the Summer period. Lukoil later requested an increase in cooling capacity to 26MW, enabling one of their cooling towers to be shut down for maintenance without investment in spare capacity and whilst enhancing production reliability.

9MW

A reduction of **9MW** in the standard cooling when upgrading equipment

Producing **17 million** tons of oil per year

Image removed

3 FUTURE

The Nizhegorodnefteorgsintez oil refinery is Lukoil's flagship refinery. Looking forward, we hope to provide Lukoil with cooling solutions to support their repair and maintenance programme across Russia, whilst also being the supplier of choice in the event of an emergency need for additional cooling.

Image removed

Capable of cooling **1850m^3**/ hour of water

Image removed

Lukoil has requested an increase in cooling capacity to **26MW**

26**MW**

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 2015 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

The financial statements, included within the Annual Report, comprise:

- the Group and Company Balance Sheets as at 31 December 2015;
- the Group Income Statement and Group Statement of Comprehensive Income for the year then ended;
- the Group Cash Flow Statement for the year then ended;
- the Group Statement of Changes in Equity 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, 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), comprising FRS 101 "Reduced Disclosure Framework".

Our audit approach

Context

As discussed in the Annual Report, during 2015 Aggreko changed business line reporting with Aggreko Power Solutions (Utility and Industrial) now encompassing the previous power projects business and local businesses in developing markets and Aggreko Rental Solutions encompassing local businesses in developed markets. This change in reporting did not require us to substantively change our Group audit process from the previous year. We did, however, focus this year on exceptional items relating to the Group reorganisation and business priorities review referred to in the Annual Report.

Overview

Image removed

- Overall Group materiality: £12.6 million which represents 5% of profit before tax and exceptional items.

- In terms of Group audit scope, we conducted audit work at 12 reporting units within the Group, which together comprised 74% of the Group's revenues and 81% of the Group's profit before tax.
- We worked closely with audit teams both within and outside the UK, including visiting our team in Houston.

In terms of our Group audit, our principal areas of focus were:

- Contract receivables balances and associated provisioning;
- Tax provisions (Direct and indirect);
- Revenue recognition; and
- Exceptional items relating to Group reorganisation and business priorities review.

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. 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. This is not a complete list of all risks identified by our audit.

Area of focus	How our audit addressed the area of focus
Contract receivables balances and associated provisioning One of the biggest risks to the Group is non-payment by customers under some of the larger contracts in the Power Solutions Utility business. Contract receivables provisions are, by their nature, highly judgmental, 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 accounts receivable balances £223 million (2014: £208 million) and the associated provisions, £48 million (2014: £38 million) which are determined based on management's estimates.	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 Solutions Utility contract receivables balances and associated provisioning. We checked, on a sample basis, that the pre-contract risk assessment procedures were in place in respect of the most 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 focusing on the largest contract balances within each region, to identify 18 contracts for testing (representing 83% of the total amount outstanding at 31 December 2015 and 97% of contract provisions at the year end). For those contracts selected, we: • tested the relevant associated cover, including 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 obtained, we did not identify any material misstatement in the contract receivables provision.

INDEPENDENT AUDITORS' REPORT

Area of focus	How our audit addressed the area of focus
Tax provisions (Direct and indirect) The Group's direct and indirect tax provisions are, by their nature, highly judgmental. 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 2015 were £61 million (2014: £69 million), which is made up of direct tax provisions of £48 million (2014: £54 million) and indirect tax provisions of £13 million (2014: £15 million).	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 focusing on the largest balances and identified 23 provisions for testing (representing 82% of the total direct and indirect tax provisions at 31 December 2015). As appropriate, we tested the completeness, accuracy and valuation of 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.
Revenue recognition 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. In the Power Solutions Utility business, we focused on adjustments for the accrual of income and deferral of revenue. In the Power Solutions Industrial and Rental Solutions 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. Power Solutions revenues were £943 million (2014: £961 million) and Rental Solutions revenues were £618 million (2014: £616 million) for the year ended 31 December 2015.	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 for the year (and associated accrued income on deferred revenue at year end). For Power Solutions Utility revenue, we selected a sample of customer contracts and agreed that revenue was recognised in line with the contract. We recalculated, on a sample basis, accrued income and deferred revenue and tested the timing of revenue recognition by tracing back to supporting documentation; for example contract terms and invoices. We also considered accrued income and deferred revenue in the context of our work on contract receivables and associated provisioning. We analysed accrued income and deferred revenue by contract to check that the balances had been appropriately considered in the overall assessment of contract provisioning. For Power Solutions Industrial and Rental Solutions revenue, 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 income and deferred revenue balances by reference to supporting documentation. For both businesses, our testing also focused on journals posted to revenue. From the evidence obtained, we found revenue recognition to be in accordance with Aggreko's accounting policies and did not identify any material misstatements.
Exceptional item: Reorganisation and business priorities costs (£26 million) As a result of the reorganisation and business priorities review, Aggreko have incurred £26 million of exceptional costs during the year. We focused on this area because inclusion of costs not connected with the restructuring within exceptional costs could result in misstatement of the Group's underlying profit.	We assessed the appropriateness of the accounting policy for exceptional items. We obtained a listing of the exceptional costs incurred by location and tested a sample to supporting documentation. We also considered whether there were other significant costs which should have been included in exceptional items. We checked the nature of the costs and confirmed they were treated appropriately as exceptional items within the income statement. We reviewed the disclosures in the annual report relating to exceptional items. From the audit work performed, we did not identify any material misstatements.

How we tailored the audit scope

The scope of our audit reflected the organisational structure of the Group within the two business units of Power Solutions and Rental Solutions. 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 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 each 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 team in Houston to direct and supervise their work whilst the team was on site.

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 12 reporting units across the Group which covered 74% of the Group's revenues and 81% 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 was 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 on the individual financial statement line items and disclosures and in evaluating 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	£12.6 million (2014: £14 million).
How we determined it	5% of profit before tax and exceptional items (2014: 5% of profit before tax)
Rationale for benchmark applied	We have historically applied the benchmark of profit before tax, a generally accepted auditing practice, in the absence of indicators that an alternative benchmark would be more appropriate. This year, we excluded exceptional items so that our overall materiality was not impacted by these one off expenses. We applied a lower materiality to the audit of exceptional items.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £1 million (2014: £1 million) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Going concern

Under the Listing Rules we are required to review the Directors' statement, set out on page 113, in relation to going concern. We have nothing to report having performed our review.

Under ISAs (UK & Ireland) we are required to report to you if we have anything material to add or to draw attention to in relation to the Directors' statement about whether they considered it appropriate to adopt the going concern basis in preparing the financial statements. We have nothing material to add or to draw attention to.

As noted in the Directors' statement, the Directors have concluded that it is appropriate to adopt the going concern basis in preparing the financial statements. The going concern basis presumes that the Group and parent 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 parent Company's ability to continue as a going concern.

INDEPENDENT AUDITORS' REPORT

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:	
• Information in the Annual Report is: – 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.
• the statement given by the Directors on page 99, 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 parent Company's position and performance, business model and strategy is materially inconsistent with our knowledge of the Group and parent Company acquired in the course of performing our audit.	We have no exceptions to report.
• the section of the Annual Report on pages 70 to 71, 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.

The Directors' assessment of the principal risks that would threaten the solvency or liquidity of the Group and the Company

Under ISAs (UK & Ireland) we are required to report to you if we have anything material to add or to draw attention to in relation to:	
• the Directors' confirmation on page 33 of the Annual Report, in accordance with provision C.2.1 of the Code, that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity.	We have nothing material to add or to draw attention to.
• the disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.	We have nothing material to add or to draw attention to.
• the Directors' explanation on page 33 of the Annual Report, in accordance with provision C.2.2 of the Code, as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.	We have nothing material to add or to draw attention to.
Under the Listing Rules we are required to review the Directors' statement that they have carried out a robust assessment of the principal risks facing the Group and the Directors' statement in relation to the longer-term viability of the Group. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the Directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the Code; and considering whether the statements are consistent with the knowledge acquired by us in the course of performing our audit. We have nothing to report having performed our review.	

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 ten further 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 99, 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
3 March 2016

GROUP INCOME STATEMENT
For the year ended 31 December 2015

	Notes	Total before exceptional items 2015 £ million	Exceptional items (Note 7) 2015 £ million	2015 £ million	2014 £ million
Revenue	4	**1,561**	–	**1,561**	1,577
Cost of sales		**(676)**	**(1)**	**(677)**	(674)
Gross profit		**885**	**(1)**	**884**	903
Distribution costs		**(429)**	**(4)**	**(433)**	(407)
Administrative expenses		**(186)**	**(21)**	**(207)**	(190)
Other income	2	**5**	–	**5**	4
Operating profit	4	**275**	**(26)**	**249**	310
Net finance costs	9				
– Finance cost		**(25)**	–	**(25)**	(23)
– Finance income		**2**	–	**2**	2
Profit before taxation	5	**252**	**(26)**	**226**	289
Taxation	10	**(69)**	**5**	**(64)**	(74)
Profit for the year		**183**	**(21)**	**162**	215

All profit for the year is attributable to the owners of the Company.

	Notes	Total before exceptional items 2015	Exceptional items 2015	2015	2014
Basic earnings per share (pence)	12	**71.73**	**(8.24)**	**63.49**	82.57
Diluted earnings per share (pence)	12	**71.68**	**(8.23)**	**63.45**	82.49

GROUP STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2015

	2015 £ million	2014 £ million
Profit for the year	**162**	215
Other comprehensive (loss)/income		
Items that will not be reclassified to profit or loss		
Remeasurement of retirement benefits (net of tax)	**3**	(3)
Items that may be reclassified subsequently to profit or loss		
Cash flow hedges (net of tax)	–	(3)
Net exchange losses offset in reserves (net of tax)	**(68)**	(9)
Other comprehensive loss for the year (net of tax)	**(65)**	(15)
Total comprehensive income for the year	**97**	200

GROUP BALANCE SHEET (COMPANY NUMBER: SC177553)

As at 31 December 2015

	Notes	**2015 £ million**	2014 £ million
Non-current assets			
Goodwill	*13*	**118**	130
Other intangible assets	*30.A2*	**16**	18
Property, plant and equipment	*15*	**1,139**	1,177
Deferred tax asset	*22*	**30**	22
		1,303	1,347
Current assets			
Inventories	*16*	**189**	163
Trade and other receivables	*17*	**476**	474
Cash and cash equivalents	*3*	**48**	37
Derivative financial instruments	*30.A4*	**1**	5
Current tax assets		**33**	21
		747	700
Total assets		**2,050**	2,047
Current liabilities			
Borrowings	*18*	**(31)**	(76)
Derivative financial instruments	*30.A4*	**(1)**	(1)
Trade and other payables	*20*	**(259)**	(303)
Current tax liabilities		**(64)**	(67)
Provisions	*21*	**(8)**	–
		(363)	(447)
Non-current liabilities			
Borrowings	*18*	**(506)**	(455)
Derivative financial instruments	*30.A4*	**(6)**	(7)
Deferred tax liabilities	*22*	**(58)**	(53)
Retirement benefit obligation	*30.A6*	**(2)**	(7)
Provisions	*21*	**–**	–
		(572)	(522)
Total liabilities		**(935)**	(969)
Net assets		**1,115**	1,078
Shareholders' equity			
Share capital	*23*	**42**	42
Share premium		**20**	20
Treasury shares	*24*	**(9)**	(14)
Capital redemption reserve		**13**	13
Hedging reserve (net of deferred tax)		**(4)**	(4)
Foreign exchange reserve		**(149)**	(81)
Retained earnings		**1,202**	1,102
Total Shareholders' equity		**1,115**	1,078

The financial statements on pages 108 to 146 were approved by the Board of Directors on 3 March 2016 and signed on its behalf by:

K Hanna
Chairman

C Cran
Chief Financial Officer

GROUP CASH FLOW STATEMENT
For the year ended 31 December 2015

	Notes	2015 £ million	2014 £ million
Cash generated from operating activities			
Cash generated from operations	2	**461**	498
Tax paid		**(91)**	(77)
Interest received		**2**	2
Interest paid		**(26)**	(22)
Net cash generated from operating activities		**346**	401
Cash flows from investing activities			
Acquisitions (net of cash acquired)	29	**(18)**	(4)
Purchases of property, plant and equipment (PPE)		**(254)**	(251)
Proceeds from sale of PPE	2	**17**	12
Net cash used in investing activities		**(255)**	(243)
Cash flows from financing activities			
Net proceeds from issue of Ordinary Shares		**2**	3
Proceeds from long-term loans		**454**	448
Repayment of long-term loans		**(452)**	(335)
Net movement in short-term loans		**(11)**	10
Dividends paid to Shareholders		**(69)**	(70)
Return of capital to Shareholders		**(1)**	(198)
Net cash used in financing activities		**(77)**	(142)
Net increase in cash and cash equivalents		**14**	16
Cash and cash equivalents at beginning of the year		**26**	12
Exchange loss on cash and cash equivalents		**(8)**	(2)
Cash and cash equivalents at end of the year	3	**32**	26

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT
For the year ended 31 December 2015

	Notes	2015 £ million	2014 £ million
Increase in cash and cash equivalents		**14**	16
Cash outflow/(inflow) from movement in debt		**9**	(123)
Changes in net debt arising from cash flows		**23**	(107)
Exchange loss		**(18)**	(24)
Movement in net debt in year		**5**	(131)
Net debt at beginning of year		**(494)**	(363)
Net debt at end of year	18	**(489)**	(494)

GROUP STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

As at 31 December 2015

		Attributable to equity holders of the Company							
	Notes	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 2015		42	20	(14)	13	(4)	(81)	1,102	1,078
Profit for the year		–	–	–	–	–	–	162	162
Other comprehensive (loss)/income:									
Transfers from hedging reserve to revenue		–	–	–	–	(3)	–	–	(3)
Fair value gains on foreign currency cash flow hedge		–	–	–	–	2	–	–	2
Fair value gains on interest rate swaps		–	–	–	–	1	–	–	1
Currency translation differences (i)		–	–	–	–	–	(68)	–	(68)
Remeasurement of retirement benefits (net of tax)		–	–	–	–	–	–	3	3
Total comprehensive (loss)/ income for the year ended 31 December 2015		–	–	–	–	–	**(68)**	**165**	**97**
Transactions with owners:									
Employee share awards	*30.A5*	–	–	–	–	–	–	8	8
Issue of Ordinary Shares to employees under share option schemes		–	–	5	–	–	–	(3)	2
Return of capital to Shareholders	*23*	–	–	–	–	–	–	(1)	(1)
Dividends paid during 2015	*11*	–	–	–	–	–	–	(69)	(69)
		–	–	5	–	–	–	(65)	(60)
Balance at 31 December 2015		**42**	**20**	**(9)**	**13**	**(4)**	**(149)**	**1,202**	**1,115**

(i) Included in currency translation differences of the Group are exchange losses of £18 million arising on borrowings denominated in foreign currencies designated as hedges of net investments overseas, and exchange losses of £50 million relating to the translation of overseas results and net assets.

GROUP STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

As at 31 December 2014

		Attributable to equity holders of the Company							
	Notes	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 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		–	–	–	–	–	–	3	3
Issue of Ordinary Shares to employees under share option schemes		–	–	10	–	–	–	(7)	3
Return of capital to Shareholders		–	–	–	–	–	–	(198)	(198)
Capital redemption reserve		(7)	–	–	7	–	–	–	–
Dividends paid during 2014		–	–	–	–	–	–	(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.

NOTES TO THE GROUP ACCOUNTS
For the year ended 31 December 2015

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.

Going concern
Having assessed the principal risks and the other matters discussed in connection with the viability statement, the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Group
There are no 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 2015 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 2018. The Group will access 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.

IFRIS 16, 'Leases' was issued on 13 January 2016 and applies to annual periods beginning on or after 1 January 2019. IFRIS 16 requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The Group will assess the impact of IFRS 16 closer to the implementation date.

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 2015. 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
For the year ended 31 December 2015

1 Accounting policies continued
During 2015 Aggreko reorganised into two business units: Rental Solutions and Power Solutions, to better focus on our customers. Within Power Solutions we serve both Utility and Industrial customers. Aggreko therefore has three segments comprising: Rental Solutions, Power Solutions – Industrial and Power Solutions – Utility. A description of these business units is contained on pages 8 to 17. This is reflected by the Group's divisional management and organisational structure and the Group's internal financial reporting systems.

Central administrative costs are allocated between segments based on revenue.

Exceptional items
Exceptional items are items 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. To monitor our financial performance we use a profit measure that excludes exceptional items. We exclude these items because, if included, these items could distort understanding of our performance for the year and comparability between periods. The income statement has been presented in a columnar format, which separately highlights exceptional items. This is intended to enable users of the financial statements to determine more readily the impact of exceptional items on the results of the Group.

Exceptional items for the year ended 31 December 2015 were £26 million before taxation (2014: £nil) and they relate to the Group reorganisation and business priorities review. They comprise employee related costs, professional fees and property related costs. These costs are explained in Note 7 to the Accounts.

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.

1 Accounting policies continued

Derivative financial instruments

This accounting policy is included in Note 30 – Notes to the Group Accounts – appendices.

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 substantively 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.

As at 31 December 2015 provisions totalled £8 million (2014: £nil) and they relate to the Group reorganisation and business priorities review. The provisions are generally in respect of employee related costs, professional fees and property related costs. These provisions are detailed in Note 21.

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.

NOTES TO THE GROUP ACCOUNTS
For the year ended 31 December 2015

1 Accounting policies continued

Share-based payments
This accounting policy is included in Note 30 – Notes to the 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.

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.

Trade receivables
The trade receivables accounting policy is on page 115.

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 2015 the provision for impairment of trade receivables in the balance sheet was £64 million (2014: £55 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 uncertain 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 significant potential uncertain or contentious tax positions and these are principally measured using the most likely outcome method. Provisions are considered on an individual basis. As at 31 December 2015 we had tax provisions totalling £61 million, £48 million for direct taxes and £13 million for indirect taxes (2014: £69 million, £54 million for direct taxes and £15 million for indirect taxes). 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 10 and 22 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. This is well within our covenants to lenders which stand at three times Net Debt to EBITDA.

At the end of 2015, Net Debt to EBITDA was 0.9 times (31 December 2014: 0.9 times).

The Group maintains sufficient facilities to meet its normal funding requirements over the medium term. At 31 December 2015 these facilities totalled £891 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 2015, these stood at 24 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 18 in the Annual Report and Accounts. Net debt amounted to £489 million at 31 December 2015 and, at that date, un-drawn committed facilities were £385 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 2015, £321 million of the net debt of £489 million was at fixed rates of interest resulting in a fixed to floating rate net debt ratio of 66:34 (2014: 62:38). 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 (2014: £2 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, Brazilian Real and Russian Ruble.

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 positive impact of currency increased our revenues by £22 million (2014: decreased by £126 million) and trading profit by £6 million (2014: decreased by £40 million) for the year ended 31 December 2015. 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 £7 million (2014: £11 million) in trading profit[1] in terms of translation.

Currency translation also gave rise to a £68 million decrease in reserves as a result of year-on-year movements in the exchange rates (2014: decrease of £9 million). For every 5% movement in the Dollar, there is an approximate impact in equity of £23 million (2014: £23 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 Solutions Utility 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
For the year ended 31 December 2015

2 Cash generated from operating activities

	2015 £ million	2014 £ million
Profit for the year	**162**	215
Adjustments for:		
Exceptional items (Note 7)	**26**	–
Tax	**64**	74
Depreciation	**277**	259
Amortisation of intangibles	**4**	3
Finance income	**(2)**	(2)
Finance cost	**25**	23
Profit on sale of PPE (see below)	**(5)**	(4)
Share-based payments (i)	**6**	3
Changes in working capital (excluding the effects of exchange differences on consolidation):		
Increase in inventories	**(25)**	(11)
Increase in trade and other receivables	**(29)**	(57)
Decrease in trade and other payables	**(26)**	(5)
Cash flows relating to exceptional items	**(16)**	–
Cash generated from operations	**461**	498

(i) This relates to the employee share awards within the Statement of Changes in Equity excluding £2 million included as exceptional items (note 7).

In the cash flow statement, proceeds from sale of PPE comprise:

	2015 £ million	2014 £ million
Net book amount	**12**	8
Profit on sale of PPE	**5**	4
Proceeds from sale of PPE	**17**	12

Profit on sale of PPE is shown within other income in the income statement.

3 Cash and cash equivalents

	2015 £ million	2014 £ million
Cash at bank and in hand	**29**	30
Short-term bank deposits	**19**	7
	48	37

The effective interest rate on short-term bank deposits was 29% (2014: 19%); 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:

	2015 £ million	2014 £ million
Cash and cash equivalents	**48**	37
Bank overdrafts (Note 18)	**(16)**	(11)
	32	26

4 Segmental reporting

(A) Revenue by segment

	External revenue	
	2015 £ million	2014 £ million
Power Solutions		
Industrial	**299**	288
Utility	**644**	673
	943	961
Rental Solutions	**618**	616
Group	**1,561**	1,577

(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) In June 2015 the Group announced a new organisational structure comprising: Power Solutions – Industrial, Power Solutions – Utility and Rental Solutions. This new structure took effect from 1 August 2015. All prior year numbers have been restated in accordance with the new structure.

(iii) Trading profit in table 4(B) below is defined as operating profit pre-exceptional items of £275 million (2014: £310 million) excluding gain on sale of property, plant and equipment of £5 million (2014: £4 million).

(B) Profit by segment

	Trading profit		Gain on sale of PPE		Operating profit	
	2015 £ million	2014 £ million	**2015 £ million**	2014 £ million	**2015 £ million**	2014 £ million
Power Solutions						
Industrial	**45**	32	**1**	–	**46**	32
Utility	**125**	167	**2**	2	**127**	169
	170	199	**3**	2	**173**	201
Rental Solutions	**100**	107	**2**	2	**102**	109
Operating profit pre-exceptional items	**270**	306	**5**	4	**275**	310
Exceptional items (Note 7)					**(26)**	–
Operating profit post-exceptional items					**249**	310
Finance costs – net					**(23)**	(21)
Profit before taxation					**226**	289
Taxation					**(64)**	(74)
Profit for the year					**162**	215

(C) Depreciation and amortisation by segment

	2015 £ million	2014 £ million
Power Solutions		
Industrial	**67**	63
Utility	**128**	119
	195	182
Rental Solutions	**86**	80
Group	**281**	262

NOTES TO THE GROUP ACCOUNTS
For the year ended 31 December 2015

4 Segmental reporting continued

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

	2015 £ million	2014 £ million
Power Solutions		
Industrial	**50**	76
Utility	**124**	78
	174	154
Rental Solutions	**90**	102
Group	**264**	256

Capital expenditure comprises additions of property, plant and equipment (PPE) of £254 million (2014: £251 million), acquisitions of PPE of £6 million (2014: £2 million), and acquisitions of intangible assets of £4 million (2014: £3 million).

(E) Assets/(liabilities) by segment

	Assets		Liabilities	
	2015 £ million	2014 £ million	2015 £ million	2014 £ million
Power Solutions				
Industrial	**435**	487	**(16)**	(44)
Utility	**891**	872	**(182)**	(170)
	1,326	1,359	**(198)**	(214)
Rental Solutions	**660**	640	**(81)**	(95)
Group	**1,986**	1,999	**(279)**	(309)
Tax and finance payable	**63**	43	**(126)**	(125)
Derivative financial instruments	**1**	5	**(7)**	(8)
Borrowings	**–**	–	**(521)**	(520)
Retirement benefit obligation	**–**	–	**(2)**	(7)
Total assets/(liabilities) per balance sheet	**2,050**	2,047	**(935)**	(969)

(F) Average number of employees by segment

	2015 Number	2014 Number
Power Solutions		
Industrial	**1,621**	1,612
Utility	**2,297**	2,000
	3,918	3,612
Rental Solutions	**2,515**	2,500
Group	**6,433**	6,112

(G) Reconciliation of net operating assets to net assets

	2015 £ million	2014 £ million
Net operating assets	**1,707**	1,690
Retirement benefit obligation	**(2)**	(7)
Net tax and finance payable	**(63)**	(82)
	1,642	1,601
Borrowings and derivative financial instruments	**(527)**	(523)
Net assets	**1,115**	1,078

5 Profit before taxation

The following items have been included in arriving at profit before taxation:

	2015 £ million	2014 £ million
Staff costs (Note 8)	**331**	314
Cost of inventories recognised as an expense (included in cost of sales)	**91**	78
Depreciation of property, plant and equipment	**277**	259
Amortisation of intangibles (included in administrative expenses)	**4**	3
Gain on disposal of property, plant and equipment	**(5)**	(4)
Trade receivables impairment (included in administrative expenses)	**13**	(4)
Operating lease rentals payable	**37**	38

6 Auditors' remuneration

	2015 £000	2014 £000
Audit services		
Fees payable to the Company's auditor for the audit of the Company's annual accounts and consolidated financial statements	**283**	262
Fees payable to the Company's auditor and its associates for other services:		
– The audit of the Company's subsidiaries	**672**	616
– Other assurance related services	**70**	147
– Tax compliance	**76**	54
– Tax advice	**3**	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 £10k (2014: £8k).

7 Exceptional items

The definition of exceptional items is contained within Note 1 of the 2015 Annual Report & Accounts. The exceptional charge in the year of £26 million before taxation relates to the Group reorganisation and business priorities review and comprises £15 million of employee related costs, £8 million of professional fees, £1 million of property related costs and £2 million of other costs. On a business unit basis this exceptional charge can be split into Rental Solutions £10 million, Power Solutions – Industrial £5 million and Power Solutions – Utility £11 million. Out of the £26 million the cash outflow in the year was £16 million with a provision of £8 million at 31 December 2015 and £2 million included within Employee Share awards within the Statement of Changes in Equity.

8 Employees and Directors

Staff costs for the Group during the year:

	2015 £ million	2014 £ million
Wages and salaries	**277**	260
Social security costs	**34**	38
Share-based payments	**8**	3
Pension costs – defined contribution plans	**10**	11
Pension costs – defined benefit plans (Note 30.A6)	**2**	2
	331	314

Full details of Directors' remuneration are set out in the Remuneration Report on page 78.

The key management comprises Executive and Non-executive Directors.

	2015 £ million	2014 £ million
Short-term employee benefits	**4**	4
Termination benefits	**–**	1
Post-employment benefits	**1**	–
Share-based payments	**1**	–
	6	5

NOTES TO THE GROUP ACCOUNTS

For the year ended 31 December 2015

9 Net finance charge

	2015 £ million	2014 £ million
Finance costs on bank loans and overdrafts	**(25)**	(23)
Finance income on bank balances and deposits	**2**	2
	(23)	(21)

10 Taxation

	2015 £ million	2014 £ million
Analysis of charge in year		
Current tax expense:		
– UK corporation tax	**6**	4
– Double taxation relief	**–**	–
	6	4
– Overseas taxation	**78**	77
	84	81
Adjustments in respect of prior years:		
– UK	**(5)**	–
– Overseas	**3**	(4)
	82	77
Deferred taxation (Note 22):		
– temporary differences arising in current year	**(16)**	(4)
– movements in respect of prior years	**3**	1
	69	74
Tax on exceptional items (i)	**(5)**	–
	64	74

(i) Exceptional items are explained in Note 7 and comprise costs of £26 million relating to the Group reorganisation and business priorities, £24 million of which are tax deductible and result in an exceptional credit of £5 million.

During the year the UK corporation tax rate reduced from 21% to 20% with effect from 1 April 2015. This results in a UK corporation tax rate for the year ended 31 December 2015 of 20.3%.

The tax (charge)/credit relating to components of other comprehensive income is as follows:

	2015 £ million	2014 £ million
Deferred tax on hedging reserve movements	**–**	–
Deferred tax on retirement benefits	**(1)**	–
Current tax on exchange movements	**–**	–
	(1)	–

The tax (charge)/credit relating to equity is as follows:

	2015 £ million	2014 £ million
Current tax on share-based payments	**–**	–
Deferred tax on share-based payments	**–**	–
	–	–

10 Taxation continued

Variances between the current tax charge and the standard 20.3% (2014: 21.5%) UK corporate tax rate when applied to profit on ordinary activities for the year are as follows:

	Total before exceptional items 2015 £ million	Exceptional items 2015 £ million	2015 £ million	2014 £ million
Profit before taxation	**252**	**(26)**	**226**	289
Tax calculated at 20.3% (2014: 21.5%) standard UK corporate tax rate	**51**	**(5)**	**46**	62
Differences between UK and overseas tax rates	**20**	**-**	**20**	18
Permanent differences	**(3)**	**-**	**(3)**	(3)
Impact of deferred tax rate changes	**-**	**-**	**-**	(1)
Deferred tax assets not recognised	**-**	**-**	**-**	1
Tax on current year profit	**68**	**(5)**	**63**	77
Prior year adjustments – current tax	**(2)**	**-**	**(2)**	(4)
Prior year adjustments – deferred tax	**3**	**-**	**3**	1
Total tax on profit	**69**	**(5)**	**64**	74
Effective tax rate	**27%**	**20%**	**28%**	26%

11 Dividends

	2015 £ million	2015 per share (p)	2014 £ million	2014 per share (p)
Final paid	**45**	**17.74**	46	17.19
Interim paid	**24**	**9.38**	24	9.38
	69	**27.12**	70	26.57

In addition, the Directors are proposing a final dividend in respect of the financial year ended 31 December 2015 of 17.74 pence per share which will absorb an estimated £46 million of Shareholders' funds. It will be paid on 24 May 2016 to Shareholders who are on the register of members on 22 April 2016.

12 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.

	2015	2014
Profit for the year (£ million)	**162**	215
Weighted average number of Ordinary Shares in issue (million)	**256**	261
Basic earnings per share (pence)	**63.49**	82.57

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.

	2015	2014
Profit for the year (£ million)	**162**	215
Weighted average number of Ordinary Shares in issue (million)	**256**	261
Adjustment for share options and B Shares (million)	**-**	-
Diluted weighted average number of Ordinary Shares in issue (million)	**256**	261
Diluted earnings per share (pence)	**63.45**	82.49

Aggreko plc assesses the performance of the Group by adjusting earnings per share, calculated in accordance with IAS 33, to exclude items it considers to be non-recurring and believes that the exclusion of such items provides a better comparison of business performance. The calculation of earnings per Ordinary Share on a basis which excludes exceptional items is based on the following adjusted earnings.

NOTES TO THE GROUP ACCOUNTS

For the year ended 31 December 2015

12 Earnings per share continued

	2015 £ million	2014 £ million
Profit for the year	**162**	215
Exclude exceptional items	**21**	–
Profit for the year pre-exceptional items	**183**	215

An adjusted earnings per share figure is presented below.

Basic earnings per share pre-exceptional items (pence)	**71.73**	82.57
Diluted earnings per share pre-exceptional items (pence)	**71.68**	82.49

13 Goodwill

	2015 £ million	2014 £ million
Cost		
At 1 January	**130**	133
Acquisitions (Note 29)	**7**	1
Exchange adjustments	**(19)**	(4)
At 31 December	**118**	130
Accumulated impairment losses	**–**	–
Net book value	**118**	130

Goodwill impairment tests

Goodwill has been allocated to cash generating units (CGUs) as follows:

	2015 £ million	2014 £ million
Power Solutions		
Industrial	**41**	57
Utility	**2**	2
	43	59
Rental Solutions	**75**	71
Group	**118**	130

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 8.2% after tax (2014: 8.8%), based on the weighted average cost of capital (WACC) of the Group. Before tax the estimated discount rate was 10.6% (2014: 12.1%). The WACC was calculated using the market capitalisation basis as at 31 December 2015 (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%.

As at 31 December 2015, based on internal valuations, Aggreko plc management concluded that the values in use of the CGUs 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.

14 Other intangible assets

Refer to Note 30.A2.

15 Property, plant and equipment

Year ended 31 December 2015

	Freehold properties £ million	Short leasehold properties £ million	Rental fleet £ million	Vehicles, plant and equipment £ million	Total £ million
Cost					
At 1 January 2015	77	20	2,599	89	2,785
Exchange adjustments	1	(1)	14	1	15
Additions	3	1	237	13	254
Acquisitions (Note 29)	–	–	5	1	6
Disposals	–	(1)	(77)	(7)	(85)
At 31 December 2015	**81**	**19**	**2,778**	**97**	**2,975**
Accumulated depreciation					
At 1 January 2015	23	13	1,513	59	1,608
Exchange adjustments	1	(1)	23	1	24
Charge for the year	3	2	259	13	277
Disposals	–	(1)	(66)	(6)	(73)
At 31 December 2015	**27**	**13**	**1,729**	**67**	**1,836**
Net book values:					
At 31 December 2015	**54**	**6**	**1,049**	**30**	**1,139**
At 31 December 2014	54	7	1,086	30	1,177

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

16 Inventories

	2015 £ million	2014 £ million
Raw materials and consumables	**184**	158
Work in progress	**5**	5
	189	163

NOTES TO THE GROUP ACCOUNTS
For the year ended 31 December 2015

17 Trade and other receivables

	2015 £ million	2014 £ million
Trade receivables	**384**	381
Less: provision for impairment of receivables	**(64)**	(55)
Trade receivables – net	**320**	326
Prepayments	**26**	32
Accrued income	**96**	82
Other receivables	**34**	34
Total receivables	**476**	474

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:

	2015 £ million	2014 £ million
Sterling	**20**	14
Euro	**54**	55
US Dollar	**248**	168
Other currencies	**154**	237
	476	474

Movements on the Group's provision for impairment of trade receivables are as follows:

	2015 £ million	2014 £ million
At 1 January	**55**	61
Net provision for receivables impairment	**13**	(4)
Receivables written off during the year as uncollectible	**(3)**	(3)
Exchange	**(1)**	1
At 31 December	**64**	55

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 2015

	Fully performing £ million	Past due £ million	Impaired £ million	Total £ million
Power Solutions				
Industrial	34	22	9	65
Utility	32	143	48	223
	66	165	57	288
Rental Solutions	42	47	7	96
Group	**108**	**212**	**64**	**384**

31 December 2014

	Fully performing £ million	Past due £ million	Impaired £ million	Total £ million
Power Solutions				
Industrial	30	30	8	68
Utility	50	120	38	208
	80	150	46	276
Rental Solutions	46	50	9	105
Group	**126**	**200**	**55**	**381**

Trade receivables are classified as impaired if they are not considered recoverable. 32% of the amounts past due are less than 30 days past due (2014: 40%).

17 Trade and other receivables continued

The Group assesses credit quality as explained below:

Power Solutions – Industrial

This is a high transaction intensive business 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 and 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 this business. Receivables written off during the year as uncollectible as a percentage of total gross debtors was 1% (2014: 2%).

Power Solutions – Utility

This business concentrates on medium to very large contracts. Customers are mainly state owned utilities in emerging markets.

In many instances the contracts 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 Solutions – Utility business although the risk of a major default is high.

The total trade receivables balance as at 31 December 2015 for our Power Solutions – Utility business was £223 million (2014: £208 million). Within this balance, receivable balances totalling £59 million (2014: £83 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 £164 million (2014: £125 million) is deemed to be either acceptable or payment cover is not obtainable in a cost effective manner.

Rental Solutions

This business is similar to the Power Solutions Industrial business above and the management of trade receivables is similar. Again the Group has historically had a low level of bad debt in the Rental Solutions business. Receivables written off during the year as uncollectible as a percentage of total Gross Debtors was 3% (2014: 1%).

18 Borrowings

	2015 £ million	2014 £ million
Non-current		
Bank borrowings	**253**	214
Private placement notes	**253**	241
	506	455
Current		
Bank overdrafts	**16**	11
Bank borrowings	**15**	65
	31	76
Total borrowings	**537**	531
Short-term deposits	**(19)**	(7)
Cash at bank and in hand	**(29)**	(30)
Net borrowings	**489**	494

Overdrafts and borrowings are unsecured.

NOTES TO THE GROUP ACCOUNTS
For the year ended 31 December 2015

18 Borrowings continued

(i) Maturity of financial liabilities
The maturity profile of the borrowings was as follows:

	2015 £ million	2014 £ million
Within 1 year, or on demand	**31**	76
Between 1 and 2 years	**–**	191
Between 2 and 3 years	**195**	–
Between 3 and 4 years	**70**	71
Between 4 and 5 years	**56**	16
Greater than 5 years	**185**	177
	537	531

(ii) Borrowing facilities
The Group has the following undrawn committed floating rate borrowing facilities available at 31 December 2015 in respect of which all conditions precedent had been met at that date:

	2015 £ million	2014 £ million
Expiring within 1 year	**30**	189
Expiring between 1 and 2 years	**–**	128
Expiring between 2 and 3 years	**117**	–
Expiring between 3 and 4 years	**78**	50
Expiring between 4 and 5 years	**160**	–
Expiring after 5 years	**–**	–
	385	367

(iii) Interest rate risk profile of financial liabilities
Refer to Note 30.A3.

(iv) Interest rate risk profile of financial assets
Refer to Note 30.A3.

(v) Preference share capital
Refer to Note 30.A3.

19 Financial instruments
Refer to Note 30.A4.

(i) Fair values of financial assets and financial liabilities
Refer to Note 30.A4.

(ii) Summary of methods and assumptions
Refer to Note 30.A4.

(iii) Derivative financial instruments
Refer to Note 30.A4.

(iv) The exposure of the Group to interest rate changes when borrowings reprice
Refer to Note 30.A4.

20 Trade and other payables

	2015 £ million	2014 £ million
Trade payables	**77**	82
Other taxation and social security payable	**8**	8
Other payables	**63**	78
Accruals	**97**	113
Deferred income	**14**	22
	259	303

The value of trade and other payables quoted in the table above also represent the fair value of these items.

21 Provisions

	Reorganisation £ million
At 1 January 2015	–
New provisions	8
Utilised	–
At 31 December 2015	**8**

Analysis of total provisions

Current	8
Non-current	–
Total	8

The provision for reorganisation comprises the estimated costs of the Group reorganisation and business priorities. The provisions are generally in respect of employee related costs, professional fees and property related costs. The provision is expected to be fully utilised by the end of 2016.

22 Deferred tax

31 December 2015

	At 1 January 2015 £ million	Credit/(debit) to income statement 2015 £ million	Debit to other comprehensive income 2015 £ million	Exchange differences 2015 £ million	**At 31 December 2015 £ million**
Fixed asset timing differences	(71)	11	–	(9)	**(69)**
Retirement benefit obligations	1	–	(1)	–	**–**
Overseas tax on unremitted earnings	–	(1)	–	–	**(1)**
Tax losses	18	1	–	–	**19**
Derivative financial instruments	1	–	–	–	**1**
Other temporary differences	20	2	–	–	**22**
	(31)	13	(1)	(9)	**(28)**

31 December 2014

	At 1 January 2014 £ million	Credit/(debit) to income statement 2014 £ million	Exchange differences 2014 £ million	Impact of rate reduction 2014 £ million	Deferred tax on acquisition 2014 £ million	At 31 December 2014 £ million
Fixed asset timing differences	(62)	(9)	–	1	(1)	(71)
Retirement benefit obligations	1	–	–	–	–	1
Tax losses	13	5	–	–	–	18
Derivative financial instruments	1	–	–	–	–	1
Other temporary differences	19	6	(5)	–	–	20
	(28)	2	(5)	1	(1)	(31)

NOTES TO THE GROUP ACCOUNTS
For the year ended 31 December 2015

22 Deferred tax continued

During the year, further changes to the UK corporation tax rate were substantively enacted as part of Finance (No 2) Bill 2015 on 26 October 2015. These include reductions in the main rate of corporation tax from 20% to 19% from 1 April 2017 and to 18% from 1 April 2020. The relevant deferred tax balances have been remeasured accordingly.

A deferred tax liability of £1 million (2014: £nil) has been recognised in respect of unremitted earnings. The deferred tax relates to non-recoverable withholding tax which will be suffered on dividends to be paid in 2016.

No other 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 (2014: £6 million) of which £6 million (2014: £6 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 (2014: £18 million) have been recognised in respect of entities which have suffered a loss in either the current or preceding period. Deferred tax assets have been recognised on the basis it is probable there will be future taxable profits against which they can be utilised. The majority of these assets can be carried forward indefinitely.

Deferred tax assets and liabilities

	31 December 2015			31 December 2014		
	Assets £ million	**Liabilities £ million**	**Net £ million**	Assets £ million	Liabilities £ million	Net £ million
Fixed asset timing differences	**9**	**(78)**	**(69)**	7	(78)	(71)
Retirement benefit obligations	**–**	**–**	**–**	1	–	1
Overseas tax on unremitted earnings	**–**	**(1)**	**(1)**	–	–	–
Tax losses	**19**	**–**	**19**	18	–	18
Derivative financial instruments	**1**	**–**	**1**	1	–	1
Other temporary differences	**22**	**–**	**22**	20	–	20
Total	**51**	**(79)**	**(28)**	47	(78)	(31)
Offset of deferred tax positions	**(21)**	**21**	**–**	(25)	25	–
Net deferred tax	**30**	**(58)**	**(28)**	22	(53)	(31)

The net deferred tax liability due after more than one year is £28 million (2014: liability of £31 million).

23 Share capital

	2015 Number of shares	2015 £000	2014 Number of shares	2014 £000
(i) Ordinary Shares				
At 1 January (2015: Ordinary Shares of $4\frac{329}{395}$ pence; 2014: Ordinary Shares of $13\frac{549}{775}$ pence)	**256,118,395**	**12,378**	269,029,545	36,880
Share conversion (1 Ordinary Share for every 21.4 B Shares as at 28 May 2015) (Note (ii))	**9,806**	**–**	–	–
Employee share option scheme	**–**	**–**	56,870	8
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 (2015 and 2014: Ordinary Shares of $4\frac{329}{395}$ pence)	**256,128,201**	**12,378**	256,118,395	12,378
(ii) Deferred Ordinary Shares of $6\frac{18}{25}$ pence (2014: $6\frac{18}{25}$ pence)				
At 1 January and 31 December	**182,700,915**	**12,278**	182,700,915	12,278
(iii) Deferred Ordinary Shares of $\frac{1}{775}$ pence (2014: $\frac{1}{775}$ pence)				
At 1 January and 31 December	**18,352,057,648**	**237**	18,352,057,648	237
(iv) Deferred Ordinary Shares of $9\frac{84}{775}$ pence (2014: $9\frac{84}{775}$ pence)				
At 1 January and 31 December	**188,251,587**	**17,147**	188,251,587	17,147
(v) B Shares of $9\frac{84}{775}$ pence (2014: $9\frac{84}{775}$ pence)				
At 1 January	**1,989,357**	**181**	–	–
Transfer to capital redemption reserve (Note (i))	**(1,778,422)**	**(162)**	–	–
Share conversion (Note (ii))	**(210,935)**	**(19)**	–	–
Share split			1,989,357	181
At 31 December	**–**	**–**	1,989,357	181
(vi) Deferred Ordinary Shares $\frac{1}{306125}$ pence				
At 1 January	**–**	**–**	–	–
Share conversion (Note (ii))	**573,643,383,325**	**19**	–	–
At 31 December	**573,643,383,325**	**19**	–	–

Following the return of capital using a B Share structure in June 2014, the Group made a further purchase of B Shares on 5 May 2015 and completed a conversion of B Shares into Ordinary Shares and Deferred Shares on 28 May 2015.

The main terms of the further purchase and subsequent conversion of the B Shares were:

(i) On 18 March 2015 an offer was made to the holders of the 1,989,357 B Shares to purchase the B Shares for 75 pence each. This resulted in the purchase and subsequent cancellation of 1,778,422 B Shares on 5 May 2015 resulting in a cash payment from the Company of £1.3 million. As a result of this transaction £162k was transferred from B Shares to the capital redemption reserve being 1,778,422 shares at par value $9\frac{84}{775}$ pence. This left a total of 210,935 B Shares in issue.

(ii) On 28 May 2015 the Group converted all outstanding B Shares into 9,806 Ordinary Shares and 573,643,383,325 Deferred Shares of $\frac{1}{306125}$ pence each. The ratio used for the conversion of B Shares to Ordinary Shares was 1 Ordinary Share for every 21.4 B Shares. This ratio was calculated on the basis of 1 Ordinary Share for every (M/75) B Share (Where M represents the average of the closing mid-market quotations in pence of the Ordinary Shares on the London Stock Exchange, as derived from the Official List for the five business days immediately preceding the Conversion Date). Fractional entitlements were disregarded and the balance of the aggregate nominal value of such shares were constituted by reclassifying B Shares as Deferred Shares of $\frac{1}{306125}$ pence each, which have the same rights and restrictions as the Deferred Shares of $9\frac{84}{775}$ pence.

(iii) The B Share Continuing Dividend accrued in respect of the period between 28 May 2014 and 27 May 2015 was paid to holders of B Shares on 28 May 2015.

Share options

Refer to Note 30.A5.

NOTES TO THE GROUP ACCOUNTS

For the year ended 31 December 2015

24 Treasury shares

	2015 £ million	2014 £ million
Treasury shares	**(9)**	(14)

Interests in own shares represents the cost of 535,538 of the Company's Ordinary Shares (nominal value $4\frac{329}{395}$ pence). Movement during the year was as follows:

	2015 Number of shares	2014 Number of shares
1 January	**824,036**	1,331,750
Shares received from Aggreko plc	**–**	15
Long-term Incentive Plan Maturity	**(78,430)**	(183,306)
Sharesave maturity	**(210,068)**	(273,892)
UK Deferred bonus plan	**–**	(6,105)
Share consolidation (79 for 83 shares)	**–**	(44,426)
31 December	**535,538**	824,036

These shares represent 0.2% of issued share capital as at 31 December 2015 (2014: 0.3%).

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 2015 was £5 million (31 December 2014: £12 million).

25 Capital commitments

	2015 £ million	2014 £ million
Contracted but not provided for (property, plant and equipment)	**10**	18

26 Operating lease commitments – minimum lease payments

	2015 £ million	2014 £ million
Commitments under non-cancellable operating leases expiring:		
Within one year	**22**	24
Later than one year and less than five years	**37**	40
After five years	**12**	11
Total	**71**	75

27 Pension commitments

Refer to Note 30.A6.

28 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.

28 Investments in subsidiaries continued

Aggreko Algeria SPA*	Algeria
Aggreko Angola Lda	Angola
Aggreko Argentina S.R.L.	Argentina
Aggreko Generators Rental Pty Limited	Australia
Aggreko Belgium NV	Belgium
Aggreko Energia Locacao de Geradores Ltda	Brazil
Aggreko Cameroon Ltd	Cameroon
Aggreko Canada Inc	Canada
Aggreko Financial Holdings Limited+	Cayman Islands
Aggreko Chile Limitada	Chile
Aggreko (Shanghai) Energy Equipment Rental Company Limited	China
Aggreko Colombia SAS	Colombia
Aggreko Costa Rica S.A.++++	Costa Rica
Aggreko Cote d'Ivoire S.A.R.L.	Ivory Coast
Aggreko (Middle East) Limited	Cyprus**
Aggreko DRC S.P.R.L.	Democratic Republic of the Congo
Aggreko Dominican Republic S.R.L.	Dominican Republic
Aggreko Energy Ecuador CIA. LTDA	Ecuador
Aggreko Finland Oy	Finland
Aggreko France S.A.R.L.	France
Aggreko Gabon S.A.R.L.	Gabon
Aggreko Deutschland GmbH	Germany
Aggreko Hong Kong Limited	Hong Kong
Aggreko Energy Rental India Private Limited+++	India
PT Aggreko Energy Services (Indonesia)	Indonesia
Aggreko Ireland Limited	Ireland
Aggreko Italia S.R.L.	Italy
Aggreko Japan Limited	Japan
Aggreko Kenya Energy Rentals Limited	Kenya
Aggreko Malaysia SDN BHD	Malaysia
Aggreko Africa Limited	Mauritius
Aggreko Energy Mexico SA de CV	Mexico
Aggreko Services Mexico SA de CV	Mexico
Aggreko SA de CV++++	Mexico
Aggreko Mocambique Limitada	Mozambique
Aggreko Myanmar Co Limited	Myanmar
Aggreko Namibia Energy Rentals (Pty) Ltd	Namibia
Aggreko (NZ) Limited	New Zealand
Aggreko Projects Limited	Nigeria
Aggreko Gas Power Generation Limited++++	Nigeria
Aggreko Norway AS	Norway
Aggreko Energy Rentals Panama SA	Panama

Aggreko Generator Rentals (PNG) Limited++++	Papua New Guinea
Aggreko Peru S.A.C.	Peru
Aggreko Energy Rental Solutions Inc	Philippines
Aggreko Polska Sp. z o. o.	Poland
Aggreko South East Europe S.R.L.	Romania
Aggreko Eurasia LLC	Russia
Aggreko Rwanda Limited	Rwanda
Aggreko Senegal S.A.R.L.	Senegal
Aggreko (Singapore) PTE Limited	Singapore
Aggreko Energy Rental South Africa (Proprietary) Limited	South Africa
Aggreko South Korea Limited	South Korea
Aggreko Iberia SA	Spain
Aggreko Sweden AB	Sweden
Aggreko (Thailand) Limited	Thailand
Aggreko Americas Holdings B.V.+	The Netherlands
Aggreko Euro Holdings B.V.+	The Netherlands
Aggreko Rest of the World Holdings B.V.+	The Netherlands
Aggreko (Investments) B.V.++	The Netherlands
Aggreko Nederland B.V.	The Netherlands
Aggreko International Power Projects B.V.	The Netherlands
Aggreko Energy Rentals Tanzania Limited	Tanzania
Aggreko Trinidad Limited	Republic of Trinidad & Tobago
Aggreko Enerji ve Isi Kontrol Ticaret Anonim Sirketi	Turkey
Aggreko Middle East Limited FZE	UAE
Aggreko Finance Limited	UK
Aggreko Holdings Limited+	UK
Aggreko International Projects Holdings Limited+	UK
Aggreko International Projects Limited***	UK
Aggreko Pension Scheme Trustee Limited++++	UK
Aggreko UK Limited	UK
Aggreko US Limited	UK
Aggreko Generators Limited++++	UK
Aggreko Luxembourg Holdings++++	UK
Dunwilco (680) Limited++++	UK
Golden Triangle Generators Limited	UK
Aggreko Uruguay S.A.	Uruguay
Aggreko Holdings Inc+	USA
Aggreko USA LLC+	USA
Aggreko LLC	USA
Aggreko de Venezuela C.A.	Venezuela

* Aggreko ownership is 49%, remainder is held by RedMed.
** Registered in Cyprus.
*** Administered from Dubai and registered in the UK.
\+ 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

For the year ended 31 December 2015

29 Acquisitions

ICS Group Inc

On 2 September 2015 the Group completed the acquisition of the business and assets of the equipment rental business of ICS Group Inc. The purchase consideration, paid in cash was C$37 million (£18 million).

The revenue and operating profit included in the consolidated income statement from 2 September 2015 to 31 December 2015 contributed by ICS was £2 million and £nil respectively. Had ICS been consolidated from 1 January 2015, the consolidated income statement for the year ended 31 December 2015 would show revenue and operating profit of £10 million and £2 million respectively.

The acquisition method of accounting has been adopted and the goodwill arising on the purchase has been capitalised. Acquisition related costs of £1 million have been expensed in the period and are included within administrative expenses in the income statement.

The details of the transaction and fair value of assets acquired are shown below:

	Fair value £ million
Intangible assets	4
Property, plant & equipment	6
Inventories	1
Net assets acquired	11
Goodwill	7
Consideration per cash flow statement	18

Goodwill represents the value of synergies arising from the integration of the acquired business. Synergies include direct cost savings and the reduction of overheads as well as the ability to leverage Aggreko systems and access to assets.

30 Notes to the Group Accounts – appendices

30.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.

30.A1 Accounting policies continued

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.

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.

30.A2 Other intangible assets

	2015 £ million	2014 £ million
Cost		
At 1 January	**42**	39
Acquisitions (Note 29)	**4**	3
Exchange adjustments	**(4)**	–
At 31 December	**42**	42
Accumulated amortisation		
At 1 January	**24**	21
Charge for the year	**4**	3
Exchange adjustments	**(2)**	-
At 31 December	**26**	24
Net book values		
At 31 December	**16**	18

Amortisation charges in the year mainly comprised amortisation of assets arising from business combinations and have been recorded in administrative expenses.

30.A3 Borrowings

(i) Interest rate risk profile of financial liabilities

The interest rate profile of the Group's financial liabilities at 31 December 2015, after taking account of the interest rate swaps used to manage the interest profile, was:

				Fixed rate debt	
	Floating rate £ million	Fixed rate £ million	Total £ million	Weighted average interest rate %	Weighted average period for which rate is fixed Years
Currency:					
US Dollar	124	321	445	4.3	4.9
Canadian Dollars	25	–	25	–	-
New Zealand Dollars	2	–	2	-	–
South African Rand	5	–	5	–	-
Mexican Pesos	10	–	10	-	–
Russian Rubles	9	–	9	–	–
Brazil Reals	10	–	10	-	–
Indian Rupees	8	-	8	-	–
Singapore Dollars	6	–	6	–	–
Romanian Lieu	7	–	7	-	–
Colombian Peso	4	–	4	–	–
Other currencies	6	–	6	–	-
As at 31 December 2015	**216**	**321**	**537**		

NOTES TO THE GROUP ACCOUNTS
For the year ended 31 December 2015

30.A3 Borrowings continued

(i) Interest rate risk profile of financial liabilities continued

	Floating rate £ million	Fixed rate £ million	Total £ million	Fixed rate debt: Weighted average interest rate %	Fixed rate debt: 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 Lieu	9	–	9	–	–
Colombian Peso	3	–	3	–	–
Chinese Renminbi	4	–	4	–	–
Other currencies	1	–	1	–	–
As at 31 December 2014	226	305	531		

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 £67 million (2014: £64 million) of borrowings in the above table as fixed rate.

The notional principal amount of the outstanding interest rate swap contracts at 31 December 2015 was £67 million (2014: £64 million).

(ii) Interest rate risk profile of financial assets

	Cash at bank and in hand £ million	Short-term deposits £ million	Total £ million
Currency:			
US Dollar	6	–	6
Euro	5	–	5
Brazilian Real	1	2	3
Argentinian Peso	3	17	20
Australian Dollar	1	–	1
Other currencies	13	–	13
At 31 December 2015	**29**	**19**	**48**
Currency:			
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

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.

30.A3 Borrowings continued

(iii) Preference share capital

	2015 Number	2015 £000	2014 Number	2014 £000
Authorised:				
Redeemable preference shares of 25p each	**199,998**	**50**	199,998	50

No redeemable preference shares were allotted as at 31 December 2015 and 31 December 2014. The Board is authorised to determine the terms, conditions and manner of redemption of redeemable shares.

30.A4 Financial instruments

As stated in our accounting policies Note 30.A1 on page 134 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 2015. 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.

	2015		2014	
	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	**(31)**	**(31)**	(76)	(76)
Non-current borrowings	**(506)**	**(506)**	(455)	(455)
Short-term deposits	**19**	**19**	7	7
Cash at bank and in hand	**29**	**29**	30	30
Derivative financial instruments held:				
Interest rate swaps	**(6)**	**(6)**	(7)	(7)
Foreign currency options	**–**	**–**	–	–
Forward foreign currency contracts	**–**	**–**	4	4

(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
For the year ended 31 December 2015

30.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.

	2015		2014	
	Assets £ million	**Liabilities £ million**	Assets £ million	Liabilities £ million
Current:				
Interest rate swaps – cash flow hedge	**–**	**–**	–	–
Forward foreign currency contracts – cash flow hedge	**1**	**(1)**	5	(1)
Currency options – cash flow hedge	**–**	**–**	–	–
Non-current:				
Interest rate swaps – cash flow hedge	**–**	**(6)**	–	(7)
Currency options – cash flow hedge	**–**	**–**	–	–
	1	**(7)**	5	(8)

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:

	2015 £ million	2014 £ million
Interest rate swaps	**(6)**	(7)
Currency options	**–**	–
Forward foreign currency contracts	**–**	4
	(6)	(3)

The net fair value gains at 31 December 2015 on open forward exchange contracts that hedge the foreign currency risk of future anticipated revenues are £nil (2014: gains of £4 million) and that hedge the foreign currency risk of future anticipated expenditure are £nil (2014: £nil). These will be allocated to revenues when the forecast revenues occur. The net fair value liabilities at 31 December 2015 on open interest swaps that hedge interest risk are £6 million (2014: liabilities of £7 million). These will be debited to the income statement finance 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:

	2015 £ million	2014 £ million
US Dollar	**440**	449
Canadian Dollars	**25**	10
New Zealand Dollars	**2**	6
Mexican Pesos	**–**	11
Singapore Dollars	**6**	7
Russian Rubles	**9**	6

A foreign exchange loss of £18 million (2014: loss of £29 million) on translation of the borrowings into Sterling has been recognised in exchange reserves.

30.A4 Financial instruments continued

(iv) The exposure of the Group to interest rate changes when borrowings reprice is as follows:

As at 31 December 2015

	<1 year £ million	1-5 years £ million	>5 years £ million	**Total £ million**
Total borrowings	31	321	185	**537**
Effect of interest rate swaps and other fixed rate debt	–	(136)	(185)	**(321)**
	31	185	–	**216**

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 2015 and 31 December 2014 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 117.

The effective interest rates at the balance sheet date were as follows:

	2015	2014
Bank overdrafts	**7.5%**	9.9%
Bank borrowings	**2.1%**	2.4%
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 2015

	<1 year	1-2 years	2-5 years	>5 years
Borrowings	31	–	321	185
Derivative financial instruments	1	–	6	–
Trade and other payables	78	–	9	49
	110	**–**	**336**	**234**

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

No trade payable balances have a contractual maturity greater than 90 days.

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.

NOTES TO THE GROUP ACCOUNTS
For the year ended 31 December 2015

30.A4 Financial instruments continued
As at 31 December 2015

	<1 year
Forward foreign exchange contracts – cash flow hedges	
Outflow	(91)
Inflow	91
	–

As at 31 December 2014

	<1 year
Forward foreign exchange contracts – cash flow hedges	
Outflow	(89)
Inflow	93
	4

All of the Group's forward foreign currency exchange contracts are due to be settled within one year of the balance sheet date.

30.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. These schemes are explained in more detail in the Remuneration Committee Report on page 82.

A summary of movements in share options in Aggreko shares is shown below:

	Sharesave schemes Number of Shares	Weighted average exercise price (pence)	US Stock option plans Number of Shares	Weighted average exercise price (pence)	Long-term Incentive Plans Number of Shares	Weighted average exercise price (pence)	Deferred shares and restricted shares Number of Shares	Weighted average exercise price (pence)
Outstanding at 1 January 2015	1,159,056	13.22	241,793	13.89	793,682	nil	–	nil
Granted	1,180,940	8.30	233,798	8.98	329,057	nil	1,135,832	nil
Forfeited	–	–	–	–	(333,066)	nil	–	nil
Exercised	(210,068)	10.98	–	–	(16,086)	nil	(11,000)	nil
Lapsed	(669,926)	13.18	(130,477)	14.63	(220,965)	nil	(38,316)	nil
Outstanding at 31 December 2015	**1,460,002**	**9.59**	**345,114**	**10.26**	**552,622**	**nil**	**1,086,516**	**nil**
Weighted average contractual life (years)	**3**		**1**		**3**		**2**	

The weighted average share price during the year for options exercised over the year was £10.98 (2014: £8.46). The total charge for the year relating to employee share-based payment plans was £8 million (2014: charge of £3 million), all of which related to equity-settled share-based payment transactions.

The fair value of Sharesave and US Stock Options granted during the period was determined using the Black-Scholes option-pricing model.

30.A5 Share capital continued

The significant inputs into the model are detailed below:

Grant type	Sharesave UK	Sharesave Australia	Sharesave Canada	Sharesave France	Sharesave Germany	Sharesave Ireland
Grant date	13-Oct-15	13-Oct-15	13-Oct-15	13-Oct-15	13-Oct-15	13-Oct-15
Option price (£)	8.3	8.6	8.5	8.5	8.5	8.5
Number granted	466,232	16,847	19,780	15,237	6,714	4,512
Risk free rate (%)	0.9	1.9	0.6	–	–	0.1
Fair value per option (£)	2.7	2.7	2.6	2.5	2.5	2.5

Grant type	Sharesave Netherlands	Sharesave UAE	Sharesave Mexico	Sharesave New Zealand	Sharesave Singapore	Sharesave Panama
Grant date	13-Oct-15	13-Oct-15	13-Oct-15	13-Oct-15	13-Oct-15	13-Oct-15
Option price (£)	8.5	8.4	8.5	8.9	8.4	8.4
Number granted	38,503	575,513	2,974	2,260	9,834	2,374
Risk free rate (%)	–	1.0	4.7	2.6	1.5	1.0
Fair value per option (£)	2.5	2.7	3.2	2.7	2.8	2.7

Grant type	Sharesave Norway	Sharesave Kenya	Sharesave Kenya GBP	Sharesave South Africa	Sharesave US Stock Plan
Grant date	13-Oct-15	13-Oct-15	13-Oct-15	13-Oct-15	13-Oct-15
Option price (£)	8.5	8.6	8.3	8.4	9.0
Number granted	3,074	13,890	1,075	2,121	233,798
Risk free rate (%)	0.8	16.2	0.9	7.7	0.7
Fair value per option (£)	2.6	4.7	2.7	3.6	2.0

For all grants the share price at date of grant was £10.27, the expected volatility was 31% (US Stock Plan: 28%), dividend yield was 2.6% and the expected term is 3.5 years (US Stock Plan: 2.2 years).

NOTES TO THE GROUP ACCOUNTS
For the year ended 31 December 2015

30.A5 Share capital continued

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.

Options outstanding over Ordinary Shares as at 31 December 2015 (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	**2015 Number**	2014 Number	Market price (£)[1]
Sharesave UK 5 year – Oct 2009	£5.53	Jan 2015	Jun 2015	**–**	26,770	7.60
Sharesave International 5 year – Oct 2009	US$8.77	Jan 2015	Jun 2015	**–**	20,207	7.60
	€6.02	Jan 2015	Jun 2015	**–**	1,295	7.60
Sharesave French 4 year – Oct 2010	€14.52	Jan 2015	Jun 2015	**–**	1,996	16.85
Sharesave UK 5 year – Oct 2010	£12.39	Jan 2016	Jun 2016	**3,069**	7,263	16.85
Sharesave International 5 year – Oct 2010	US$19.57	Jan 2016	Jun 2016	**4,240**	9,383	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	**1,279**	2,435	16.85
Sharesave UK 3 year – Oct 2011	£12.60	Jan 2015	Jun 2015	**–**	57,328	17.28
Sharesave International 3 year – Oct 2011	US$19.43	Jan 2015	Jun 2015	**–**	89,514	17.28
	CA$20.38	Jan 2015	Jun 2015	**–**	3,795	17.28
	AU$20.23	Jan 2015	Jun 2015	**–**	2,394	17.28
	€14.60	Jan 2015	Jun 2015	**–**	12,833	17.28
Sharesave French 4 year – Oct 2011	€15.52	Jan 2016	Jun 2016	**4,646**	5,829	17.28
Sharesave UK 5 year – Oct 2011	£12.60	Jan 2017	Jun 2017	**2,380**	10,328	17.28
Sharesave International 5 year – Oct 2011	US$19.43	Jan 2017	Jun 2017	**10,991**	24,377	17.28
	AU$20.23	Jan 2017	Jun 2017	**2,378**	2,378	17.28
	€14.60	Jan 2017	Jun 2017	**615**	684	17.28
Sharesave French 5 year – Oct 2011	€15.52	Jan 2017	Jun 2017	**4,836**	4,836	17.28
Long-term Incentive Plan – Apr 2012	–	Apr 2015	Oct 2015	**–**	18,449	21.86
US Stock Option Plan – Oct 2012	US$31.15	Nov 2014	Jan 2015	**–**	41,762	22.78
Sharesave UK 3 year – Oct 2012	£19.11	Jan 2016	Jun 2016	**6,941**	13,845	22.78
Sharesave International 3 year – Oct 2012	US$31.00	Jan 2016	Jun 2016	**33,344**	58,221	22.78
	CA$30.26	Jan 2016	Jun 2016	**236**	710	22.78
	AU$29.61	Jan 2016	Jun 2016	**5,079**	6,093	22.78
	€23.74	Jan 2016	Jun 2016	**837**	2,422	22.78
Sharesave French 4 year – Oct 2012	€23.74	Jan 2017	Jun 2017	**3,398**	5,700	22.78
Long-term Incentive Plan – Aug 2013	–	Aug 2016	Feb 2017	**20,040**	469,481	16.42
US Stock Option Plan – Oct 2013	US$20.14	Nov 2015	Jan 2016	**51,175**	75,895	14.72
Sharesave UK 3 year – Oct 2013	£13.03	Jan 2017	Jun 2017	**35,171**	112,971	14.72
Sharesave International 3 year – Oct 2013	US$20.60	Jan 2017	Jun 2017	**42,866**	148,717	14.72
	CAD$21.29	Jan 2017	Jun 2017	**5,528**	9,324	14.72
	AU$22.12	Jan 2017	Jun 2017	**4,737**	7,110	14.72
	NZ$25.53	Jan 2017	Jun 2017	**1,437**	1,789	14.72
	SG$26.12	Jan 2017	Jun 2017	**13,690**	18,888	14.72
	MXN269.78	Jan 2017	Jun 2017	**924**	2,123	14.72
	CLP10377.02	Jan 2017	Jun 2017	**917**	1,090	14.72
	€15.49	Jan 2017	Jun 2017	**6,327**	12,060	14.72
Sharesave French 4 year – Oct 2013	€15.49	Jan 2018	Jun 2018	**2,678**	2,987	14.72
Long-term Incentive Plan – Apr 2014	–	Apr 2017	Oct 2017	**269,926**	305,752[2]	15.02
US Stock Option Plan – Oct 2014	US$20.63	Nov 2016	Jan 2017	**67,994**	124,136	15.09
Sharesave UK 3 year – Oct 2014	£13.36	Jan 2018	Jun 2018	**36,885**	164,163	15.09

30.A5 Share capital continued

	Price per share	Earliest exercise date	Latest exercise date	2015 Number	2014 Number	Market price (£)[1]
Sharesave International 3 year – Oct 2014	US$21.58	Jan 2018	Jun 2018	**53,194**	238,273	15.09
	CAD$23.66	Jan 2018	Jun 2018	**6,150**	8,398	15.09
	AU$23.57	Jan 2018	Jun 2018	**4,362**	7,512	15.09
	NZ$26.20	Jan 2018	Jun 2018	**1,948**	2,359	15.09
	SG$27.27	Jan 2018	Jun 2018	**1,762**	4,834	15.09
	MXN285.01	Jan 2018	Jun 2018	**2,636**	3,393	15.09
	NOK136.95	Jan 2018	Jun 2018	**5,469**	6,913	15.09
	€16.71	Jan 2018	Jun 2018	**10,962**	31,202	15.09
Restricted Stock – Mar 2015	–	Mar 2016	Sep 2016	**11,227**	–	16.25
	–	Mar 2017	Sep 2017	**11,227**	–	16.25
	–	Mar 2018	Sep 2018	**11,228**	–	16.25
Deferred Share Bonus Plan – Mar 2015	–	Mar 2018	Sep 2018	**11,818**	–	15.30
Restricted Stock – Apr 2015	–	Apr 2016	Oct 2016	**63,979**	–	15.30
	–	Apr 2017	Oct 2017	**63,979**		15.30
Restricted Stock – Apr 2015	–	Apr 2016	Oct 2016	**12,000**	–	17.08
	–	Apr 2017	Oct 2017	**19,000**		17.08
Restricted Share Plan – May 2015	–	Dec 2016	Jun 2017	**17,017**	–	16.11
Restricted Share Plan – May 2015	–	May 2017	Nov 2017	**298,884**	–	16.11
Long-term Incentive Plan – May 2015	–	May 2018	Nov 2018	**262,656**	–	16.11
US Stock Option Plan – Oct 2015	US$13.78	Nov 2017	Jan 2018	**225,945**	–	10.27
Sharesave UK 3 year – Oct 2015	£8.30	Jan 2019	Jun 2019	**464,283**	–	10.27
Sharesave International 3 year – Oct 2015	US$12.88	Jan 2019	Jun 2019	**537,259**	–	10.27
	CAD$16.97	Jan 2019	Jun 2019	**19,780**	–	10.27
	AU$17.90	Jan 2019	Jun 2019	**14,681**	–	10.27
	NZ$20.22	Jan 2019	Jun 2019	**2,260**	–	10.27
	SG$18.00	Jan 2019	Jun 2019	**9,034**	–	10.27
	MXN213.22	Jan 2019	Jun 2019	**2,721**	–	10.27
	NOK104.73	Jan 2019	Jun 2019	**3,074**	–	10.27
	KES1,364.88	Jan 2019	Jun 2019	**13,890**	–	10.27
	ZAR171	Jan 2019	Jun 2019	**2,016**	–	10.27
	£8.30	Jan 2019	Jun 2019	**1,075**	–	10.27
	€11.40	Jan 2019	Jun 2019	**63,703**	–	10.27
Restricted Share Plan – Nov 2015	–	Dec 2017	Jun 2018	**33,342**	–	9.45
Restricted Share Plan – Nov 2015	–	Dec 2018	Jun 2019	**33,342**	–	9.45
Restricted Share Plan – Nov 2015	–	Apr 2018	Oct 2018	**499,473**	–	9.45
				3,444,254	2,194,531	

1 Market price as at the date of grant.

2 Maximum number of shares that could vest on the maturity of the Long-term Incentive Plan 2013.

30.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 2015 was £8 million (2014: £9 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.

NOTES TO THE GROUP ACCOUNTS
For the year ended 31 December 2015

30.A6 Pensions continued

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 2014 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	3.6%
Growth in average pay levels	4.8%
Increase in pensions	3.2%

At the valuation date, the market value of the Scheme's assets (excluding AVCs) was £92 million which was sufficient to cover 92% of the benefits that had accrued to members, after making allowances for future increases in earnings.

As part of the valuation at 31 December 2014, the Company and the trustees agreed upon a Schedule of Contributions and a Recovery Plan. Company contributions for benefits building up in the future increased from 35.9% to 41.0% on 1 February 2016. To address the Scheme deficit the Company has already made an additional contribution of £1.25 million in January 2015 and plans to make further additional contributions of £1.25 million each year until 2022. 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 (2014: £2 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 2015	31 Dec 2014
Rate of increase in salaries	**4.9%**	4.8%
Rate of increase in pensions in payment	**3.3%**	3.2%
Rate of increase in deferred pensions	**3.4%**	3.3%
Discount rate	**3.9%**	3.8%
Inflation assumption	**3.4%**	3.3%
Longevity at age 65 for current pensioners (years)		
Men	**24.0**	24.0
Women	**26.7**	26.6
Longevity at age 65 for future pensioners (years)		
Men	**26.7**	26.7
Women	**29.4**	29.4

The assets in the Scheme were:

Equities	**Value at 31 Dec 2015 £ million**	Value at 31 Dec 2014 £ million	Value at 31 Dec 2013 £ million
– UK Equities	**8**	8	8
– Overseas Equities	**12**	11	10
– Diversified Growth	**7**	7	7
– Absolute Return	**8**	7	7
Property	**–**	1	4
Index-linked Bonds	**37**	34	22
Fixed interest Bonds	**–**	5	6
Bonds	**17**	16	13
Cash	**1**	2	1
Total	**90**	91	78

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.

30.A6 Pensions continued

The amounts included in the balance sheet arising from the Group's obligations in respect of the Scheme are as follows:

	2015 £ million	2014 £ million	2013 £ million
Fair value of assets	**90**	91	78
Present value of funded obligations	**(92)**	(98)	(84)
Liability recognised in the balance sheet	**(2)**	(7)	(6)

An alternative method of valuation is the estimated cost of buying out benefits at 31 December 2015 with a suitable insurer. This amount represents the amount that would be required to settle the Scheme liabilities at 31 December 2015 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 2015 is around £137 million which gives a Scheme shortfall on a buyout basis of approximately £47 million.

The components of the defined benefit cost as follows:

	2015 £ million	2014 £ million
Current service costs	**2**	2
Net interest cost		
– Interest expense on liabilities	**4**	4
– Interest income on assets	**(4)**	(4)
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:

	2015 £ million	2014 £ million
Present value of obligation at 1 January	**98**	84
Service cost	**2**	2
Interest cost	**4**	4
Benefits paid	**(5)**	(1)
Remeasurements		
– Effect of changes in demographic assumptions	**–**	–
– Effect of changes in financial assumptions	**(1)**	9
– Effect of experience adjustments	**(6)**	–
Present value of obligation at 31 December	**92**	98
Defined benefit obligation by participant status		
Actives	**37**	49
Deferreds	**35**	31
Pensioners	**20**	18
	92	98

NOTES TO THE GROUP ACCOUNTS
For the year ended 31 December 2015

30.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 £14 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 £13 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:

	2015 £ million	2014 £ million
Fair value of Scheme assets at 1 January	91	78
Interest income	4	4
Employer contributions	3	4
Benefits paid	(5)	(1)
Remeasurements – return on plan assets (excluding interest income)	(3)	6
Fair value of Scheme assets at 31 December	**90**	91

Analysis of the movement in the balance sheet

	2015 £ million	2014 £ million
At 1 January	(7)	(6)
Defined benefit cost included in income statement	(2)	(2)
Contributions	3	4
Benefits paid	–	–
Total remeasurements	4	(3)
At 31 December	**(2)**	(7)

Cumulative actuarial gains and losses recognised in equity

	2015 £ million	2014 £ million
At 1 January	38	35
Actuarial losses recognised in the year	(4)	3
At 31 December	**34**	38

The actual return on Scheme assets was £nil million (2014: £11 million).

Expected cash flows in future years
Expected employer contributions for the year ended 31 December 2016 are £3 million. Expected total benefit payments: approximately £3 million per year for next 10 years.

COMPANY BALANCE SHEET (COMPANY NUMBER: SC177553)

As at 31 December 2015

	Notes	2015 £ million	2014 £ million
Fixed assets			
Property, plant and equipment	36	**7**	6
Investments	37	**684**	671
		691	677
Current assets			
Other receivables	38	**610**	570
Cash and cash equivalents		**5**	5
Derivative financial instruments		**–**	2
Deferred tax asset	42	**2**	3
Current tax asset		**14**	12
		631	592
Creditors: amounts falling due within one year			
Borrowings	39	**(3)**	(47)
Other payables	40	**(351)**	(333)
Provisions	41	**(1)**	–
Net current assets		**276**	212
Total assets less current liabilities		**967**	889
Creditors: amounts falling due after one year			
Borrowings	39	**(506)**	(455)
Derivative financial instruments		**(6)**	(7)
Retirement benefit obligation		**(2)**	(7)
Net assets		**453**	420
Shareholders' equity			
Share capital	43	**42**	42
Share premium		**20**	20
Treasury shares		**(9)**	(14)
Capital redemption reserve		**13**	13
Hedging reserve		**(4)**	(5)
Retained earnings		**391**	364
Total Shareholders' equity		**453**	420

The financial statements on pages 147 to 153 were approved by the Board of Directors on 3 March 2016 and signed on its behalf by:

K Hanna
Chairman

C Cran
Chief Financial Officer

COMPANY STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2015

	2015 £ million	2014 £ million
Profit for the year	**89**	134
Other comprehensive (loss)/income		
Items that will not be reclassified to profit or loss		
– Remeasurement of retirement benefits (net of tax)	**3**	(3)
Items that may be reclassified subsequently to profit or loss		
– Cash flow hedges (net of tax)	**1**	1
Other comprehensive income/(loss) for the year (net of tax)	**4**	(2)
Total comprehensive income for the year	**93**	132

COMPANY STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2015

As at 31 December 2015

	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	Retained earnings £ million	Total equity £ million
Balance at 1 January 2015	42	20	(14)	13	(5)	364	420
Profit for the year	–	–	–	–	–	89	89
Other comprehensive (loss)/income:							
Fair value gains on interest rate swaps	–	–	–	–	1	–	1
Remeasurement of retirement benefits (net of tax)	–	–	–	–	–	3	3
Total comprehensive (loss)/income for the year ended 31 December 2015	**–**	**–**	**–**	**–**	**1**	**92**	**93**
Transactions with owners:							
Employee share awards	–	–	–	–	–	8	8
Issue of Ordinary Shares to employees under share option schemes	–	–	5	–	–	(3)	2
Return of capital to Shareholders	–	–	–	–	–	(1)	(1)
Dividends paid during 2015	–	–	–	–	–	(69)	(69)
	–	–	5	–	–	(65)	(60)
Balance at 31 December 2015	**42**	**20**	**(9)**	**13**	**(4)**	**391**	**453**

As at 31 December 2014

	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	Retained earnings £ million	Total equity £ million
Balance at 1 January 2014	49	20	(24)	6	(6)	505	550
Profit for the year	–	–	–	–	–	134	134
Other comprehensive (loss)/income:							
Fair value gains on interest rate swaps	–	–	–	–	1	–	1
Remeasurement of retirement benefits (net of tax)	–	–	–	–	–	(3)	(3)
Total comprehensive (loss)/income for the year ended 31 December 2014	**–**	**–**	**–**	**–**	**1**	**131**	**132**
Transactions with owners:							
Employee share awards	–	–	–	–	–	3	3
Issue of Ordinary Shares to employees under share option schemes	–	–	10	–	–	(7)	3
Return of capital to Shareholders	–	–	–	–	–	(198)	(198)
Capital redemption reserve	(7)	–	–	7	–	–	–
Dividends paid during 2014	–	–	–	–	–	(70)	(70)
	(7)	–	10	7	–	(272)	(262)
Balance at 31 December 2014	**42**	**20**	**(14)**	**13**	**(5)**	**364**	**420**

NOTES TO THE COMPANY ACCOUNTS

For the year ended 31 December 2015

31 Company accounting policies

31.1 Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared 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.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted-average exercise prices of share options, and how the fair value of goods or services received was determined)
- IFRS 7, 'Financial Instruments: Disclosures'
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities)
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
  - Paragraph 79(a)(iv) of IAS 1;
  - Paragraph 73(e) of IAS 16 'Property, plant and equipment'
  - Paragraph 188(e) of IAS 38 'Intangible assets' (reconciliations between the carrying amount at the beginning and end of the period)
- The following paragraphs of IAS 1, 'Presentation of financial statements':
  - 10(d) (statement of cash flows)
  - 10(f)(a) (statement of financial position as at the beginning of the preceding period)
  - 16 (statement of compliance with all IFRS)
  - 38A (requirement for minimum of two primary statements, including cash flow statements)
  - 38B-D (additional comparative information)
  - 40A-D (requirements for a third statement of financial position)
  - 111 (cash flow statement information), and
  - 134-136 (capital management disclosures)
- IAS 7, 'Statement of cash flows'
- Paragraph 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors' (requirements for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation)
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

31.1.1 Going concern

Given the going concern disclosures in the Group Accounts on page 113 the Directors consider it appropriate to adopt the going concern basis of accounting in preparing these financial statements.

31.1.2 Changes in accounting policy and disclosures

New and amended standards adopted by the Company

There are no new standards that are effective for the first time this year that have a material impact on the Company.

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 assets into the location and condition where it is capable for use. Borrowings costs are not capitalised.

Property, plant and equipment is 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.

Impairment of property, plant and equipment

Property, plant and equipment is 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.

31 Company accounting policies continued

Derivative financial instruments

The accounting policy is identical to that applied by the consolidated Group as set out on page 115.

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.

Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in Shareholders' funds. In this case, the tax is also recognised in other comprehensive income or directly in Shareholders' funds, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; or arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Employee benefits

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 115.

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 116 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.

32 Critical accounting estimates and assumptions

Taxation

This is explained in Note 1 to the Group Accounts on page 116.

33 Transition to IFRS

The Company's financial statements for the year ended 31 December 2015 are the first annual financial statements that comply with FRS 101 – Reduced Disclosure Framework. These financial statements have been prepared as described in Note 31.

The Company's transition date is 1 January 2014. The Company prepared its opening IFRS balance sheet at that date. The reporting date of these financial statements is 31 December 2015.
The Company's IFRS adoption date is 1 January 2015.

The comparative figures for 2014 have been restated accordingly. No adjustments were required to either profit or net assets for the year.

34 Dividends

Refer to Note 11 of the Group Accounts.

NOTES TO THE COMPANY ACCOUNTS
For the year ended 31 December 2015

35 Auditors' remuneration

	2015 £000	2014 £000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	**283**	262
Fees payable to the Company's auditor and its associates for other services:		
– Other assurance related services	**36**	112
– Tax advising	**–**	–

36 Property, plant and equipment

	Total £ million
Cost	
At 1 January 2015	11
Additions	3
Disposals	(2)
At 31 December 2015	**12**
Accumulated depreciation	
At 1 January 2015	5
Charge for the year	2
Disposals	(2)
At 31 December 2015	**5**
Net book values:	
At 31 December 2015	**7**
At 31 December 2014	6

The property, plant and equipment of the Company comprise vehicles, plant and equipment.

37 Investments

	£ million
Cost of investments in subsidiary undertakings:	
At 1 January 2015	671
Additions	12
Net impact of share-based payments	1
At 31 December 2015	**684**

Details of the Company's subsidiary undertakings are set out in Note 28 to the Group Accounts. The Directors believe that the carrying value of the investments is supported by their underlying net assets.

38 Other receivables

	2015 £ million	2014 £ million
Amounts due from subsidiary undertakings	**608**	569
Other receivables	**2**	1
	610	570

39 Borrowings

	2015 £ million	2014 £ million
Non-current		
Bank borrowings	**253**	214
Private placement notes	**253**	241
	506	455
Current		
Bank overdrafts	**2**	–
Bank borrowings	**1**	47
	3	47
Total borrowings	**509**	502

The bank overdrafts and borrowings are all unsecured.

(i) Maturity of financial liabilities
The maturity profile of the borrowings was as follows:

	2015 £ million	2014 £ million
Within 1 year, or on demand	**3**	47
Between 1 and 2 years	**–**	191
Between 2 and 3 years	**195**	–
Between 3 and 4 years	**70**	71
Between 4 and 5 years	**56**	16
Greater than 5 years	**185**	177
	509	502

(ii) Borrowing facilities
The Company has the following undrawn committed floating rate borrowing facilities available at 31 December 2015 in respect of which all conditions precedent had been met at that date:

	2015 £ million	2014 £ million
Expiring within 1 year	**30**	189
Expiring between 1 and 2 years	**–**	128
Expiring between 2 and 3 years	**117**	–
Expiring between 3 and 4 years	**78**	50
Expiring between 4 and 5 years	**160**	–
Expiring after 5 years	**–**	–
	385	367

40 Other payables

	2015 £ million	2014 £ million
Amounts owed to subsidiary undertakings	**343**	319
Accruals and deferred income	**8**	14
	351	333

41 Provisions

	Reorganisation £ million
At 1 January 2015	–
New provisions	1
Utilised	–
At 31 December 2015	**1**
Analysis of total provisions	
Current	1
Non-current	–
Total	**1**

The provision for reorganisation comprises the estimated costs of the Group reorganisation and business priorities. The provisions are generally in respect of professional fees directly related to the reorganisation. The provision is expected to be fully utilised by the end of 2016.

42 Deferred tax

	2015 £ million	2014 £ million
At 1 January	**3**	4
Debit to the Income Statement	**–**	(1)
Debit to statement of comprehensive income	**(1)**	–
At 31 December	**2**	3

Deferred tax is provided in the accounts as follows:

Deferred tax assets

	Other timing differences £ million	Derivative financial liabilities £ million	Relating to retirement benefit obligation £ million	Total £ million
At 1 January 2014	1	2	1	4
Deferred tax debit in the income statement	(1)	–	–	(1)
At 1 January 2015	–	2	1	3
Deferred tax debit in statement of comprehensive income	–	–	(1)	(1)
At 31 December 2015	**–**	**2**	**–**	**2**

The net deferred tax asset due after more than one year is £2 million (2014: asset of £3 million).

The UK corporation tax rate reduced from 21% to 20% with effect from 1 April 2015 and results in a UK corporation tax rate for the year ended 31 December 2015 of 20.3%.

During the year, further changes to the UK corporation tax rate were substantively enacted as part of Finance (No 2) Bill 2015 on 26 October 2015. These include reductions in the main rate of corporation tax from 20% to 19% from 1 April 2017 and to 18% from 1 April 2020. The relevant deferred tax balances have been remeasured accordingly.

43 Share capital

Refer to Note 23 of the Group Accounts.

44 Profit and loss account

As permitted by Section 408 of the Companies Act 2006, the Company has not presented its own income statement and related notes. The profit for the financial year of the Company was £89 million (2014: £134 million).

SHAREHOLDER INFORMATION

Financial calendar

21 April 2016	Ex-dividend date – Final dividend
22 April 2016	Record date to be eligible for the final dividend
28 April 2016	Annual General Meeting
28 April 2016	Q1 Trading Update for the year to 31 December 2016
24 May 2016	Final dividend payment for the year to 31 December 2015
3 August 2016	Half Year Results announcement for the year to 31 December 2016
early September 2016	Ex-dividend date – Interim dividend
early September 2016	Record date to be eligible for the interim dividend
late September/early October 2016	Interim dividend payment for the year to 31 December 2016
mid November 2016	Q3 Trading Update for the year to 31 December 2016

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 opposite.

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 opposite, 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 opposite, 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 2015 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 opposite. For more general queries, Shareholders can look at our website at www.aggreko.com/investors.

USEFUL CONTACTS

Registrar

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+44 (0) 20 8639 3399
Website www.capitaregistrars.com
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Group Legal Director & 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 pre-exceptional items for a period by the average net operating assets at 1 January, 30 June and 31 December.

CALCULATION:

	Accounts reference	December 2015 £ million	December 2014 £ million
Operating profit pre-exceptional items	Income statement	**275**	310
Average net operating assets			
1 January	Note 4(g) of 2015 & 2014 Accounts	**1,690**	1,598
30 June	Refer to Note (a) below	**1,650**	1,616
31 December	Note 4(g) of 2015 & 2014 Accounts	**1,707**	1,690
Average (i.e. total of 1 Jan, 30 June and 31 Dec divided by 3)		**1,682**	1,635
ROCE (operating profit pre-exceptional items divided by average operating assets)		**16%**	19%

Note (a):		
Per June 2015 Interim Accounts		
Note 5(e)		
Assets	**1,976**	1,948
Liabilities	**(326)**	(332)
Net operating assets	**1,650**	1,616

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 2015 £ million	December 2014 £ million
Revenue	Income statement	**1,561**	1,577
Less pass-through fuel (Note 1)		**(60)**	(48)
Revenue excl. pass-through fuel		**1,501**	1,529
Average gross rental assets			
1 January	Note 15	**2,599**	2,373
30 June	Note 9 of June 15 Interim Accounts	**2,639**	2,388
31 December	Note 15	**2,778**	2,599
Average (i.e. total of 1 Jan, 30 June and 31 Dec divided by 3)		**2,672**	2,453
Revenue/gross rental assets		**56%**	62%

Note 1: Pass-through fuel relates to our Power Solutions contracts in Mozambique where we provide fuel on a pass-through basis.

Earnings before interest, taxes, depreciation and amortisation (EBITDA)

CALCULATION:

	Accounts reference	**December 2015 £ million**	December 2014 £ million
Operating profit pre-exceptional items (Earnings Before Interest and Taxation)	Income statement	**275**	310
Depreciation	Note 5	**277**	259
Amortisation	Note 5	**4**	3
EBITDA		**556**	572

Interest cover: EBITDA divided by net finance costs

CALCULATION:

	Accounts reference	**December 2015**	December 2014
EBITDA (£ million)	Per above	**556**	572
Net finance cost (£ million)	Income statement	**23**	21
Interest cover (times)		**24**	27

Net debt to EBITDA

CALCULATION:

	Accounts reference	**December 2015**	December 2014
Net debt (£ million)	Cash flow statement	**489**	494
EBITDA (£ million)	Per above	**556**	572
Net debt/EBITDA (times)		**0.9**	0.9

Dividend cover

DEFINITION:

Basic earnings per share (EPS) pre-exceptional items divided by full year declared dividend.

CALCULATION:

	Accounts reference	**December 2015**	December 2014
Basic EPS pre-exceptional items (pence)	Income statement	**71.73**	82.57
Full year declared dividend			
Interim dividend (pence)	Note 11	**9.38**	9.38
Final dividend (pence)	Note 11	**17.74**	17.74
		27.12	27.12
Dividend cover (times)		**2.6**	3.0

FINANCIAL SUMMARY

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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 2015 and 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.

CO_2
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.

GHG
Greenhouse gas emissions.

g/kWh
Emissions in grams per kilowatt hour.

HFO
Heavy fuel oil.

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.

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.

NOx
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.

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 SOLUTIONS BUSINESS
The part of our business which operates in emerging markets. It has two divisions, Utility which handles very large power contracts, typically for utilities and Industrial which offers solutions from our local service centres to industrial customers.

pp
Percentage points.

PROFIT AFTER TAX
Profit attributable to equity Shareholders.

RENTAL SOLUTIONS BUSINESS
The part of our business operating in North America, Europe and Australasia, looking after customers local to our service centres.

tCO_2e
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.

NOTES

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Board photography George Brooks
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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