

We believe in the positive impact of power. The ability to provide power, heating and cooling opens up opportunity and creates potential for individuals, communities, industries and societies all over the world.

Together and over time, we believe our services make a massive difference. **Something that inspires and challenges us every day.**

TRANSPARENT REPORTING

To help you better understand how environmental, social and governance (ESG) factors are integrated into our business, we have highlighted them throughout the report using the following icons:



ENVIRONMENTAL



SOCIAL



GOVERNANCE

Q&A

We are beginning to deliver underlying growth

A Q&A with Chris Weston, CEO

Q: What are the highlights of 2017 for you?

A: Firstly, I want to thank all our people. The dedication to our customers and the focus on our strategic priorities have repositioned and stabilised Aggreko, providing a strong foundation from which to grow. This hard work is reflected in the underlying growth we are now seeing across the business when you exclude the legacy contracts in Argentina, which have repriced to reflect current market conditions.

The investment that we are making in the business, both for the immediate future and in recognition of longer term trends is exciting. Over the last three years we have taken over £100 million of cost out of the business and invested £20 million in new systems. This year we started to focus more on how we will take advantage of the energy market transition that is underway, and I am delighted with the work that our Global Solutions team are doing to lead this. It is the first time in Aggreko's history that we have a dedicated team looking 'up and out', identifying opportunities for sustainable growth. We have taken some important steps this year, including the deployment of our first solar-diesel hybrid project and the acquisition of Yunicos, a business based in Berlin that specialises in integrated energy systems and energy storage.

The skills Yunicos brings to the table fit well with our modular and mobile fleet. Combined, we can offer customers a flexible, reliable, lower carbon and lower cost energy solution, by integrating renewables, storage and thermal assets.

Q: And the lowlights?

A: It is inevitable that in any year there will be disappointments, but I was deeply saddened by an accident in Nigeria which caused the death of one of our technicians, Kingsley Inalu. We have investigated the accident and taken actions to remedy the causes, but of course, no actions taken today can undo what happened.

I cannot express to you how strongly I believe that safety is the number one priority at Aggreko. We deal with potentially dangerous equipment and it is imperative that we operate in a way that ensures everyone goes home safely at the end of the day. We have made good progress over the last few years but must redouble our focus on this critical area.

Q: You talk a lot about customer focus, why is this important when the majority of Aggreko's customers are businesses?

A: Customers, whether consumers or businesses, are at the heart of everything we do. Ultimately we are dealing with people who have expectations that must be met. Anything that jeopardises this detracts from our ability to generate revenue and grow.

End market conditions vary over time, commodity prices fluctuate, customers' expectations evolve and competition is ever present. As a result, we need to work harder to maintain our leading position and to grow our market share.

Through focusing on our customers and the sectors they operate in; continuing to develop innovative and relevant applications and solutions; investing in our systems to enhance our service, we are improving our market position. Our ideal is to be a partner to our customers, developing long-term relationships shaped by their needs.



Watch Chris discuss 2017 performance online:
[plc.aggreko.com/investors/investor-centre/
 2017-annual-report-summary](http://plc.aggreko.com/investors/investor-centre/2017-annual-report-summary)



“After a challenging few years I am pleased to see growth, albeit on an underlying basis, return to Aggreko. Our strategic priorities of Customer Focus, Technology Investment, Capital & Operational Efficiency and Expert People, are beginning to deliver and I am excited for what the future holds.”

Chris Weston
 Chief Executive Officer

Q: Can you update on your technology roadmap, have you made progress this year?

A: I have been pleased with the progress we have made in delivering our technology roadmap this year. We have upgraded 272 diesel engines to the market leading G3+ and it now makes up 25% of the Group's 1 MW diesel fleet. We have also invested in 252 MW of our new gas engines, and begun the roll-out of our medium speed Heavy Fuel Oil (HFO) product, both of which went through extensive testing. All of these products are consistent with our strategy to provide customers with products that lower the total cost of energy.

The Younicos investment is also an important step in lowering the total cost of energy, but importantly also reduces emissions. Harnessing renewables and using storage means that our thermal products can increasingly become a 'back-up' option, significantly reducing the fuel used.

The technology roadmap is an evolving plan with ongoing investigation into new technologies to assess applicability in our business and I am very pleased with the progress the team has made.

Q: There have been some arrivals and departures in your top team, how has this impacted the business?

A: Early in 2017 Stephen Beynon joined Aggreko as the Director of our Power Solutions business, replacing Nicolas Fournier. Stephen comes with fantastic experience running large service based businesses, including divisions of Virgin Media and the business and residential divisions of British Gas. Stephen brings invaluable B2B experience, has been a great addition to the team, and has impressed me with his quick grasp of the challenges we face and the opportunities ahead.

Our CFO Carole Cran left the business at the end of 2017 after 14 years with Aggreko. Carole was a brilliant CFO and I am personally grateful for the time she invested in Aggreko. She has been succeeded by Heath Drewett, who joins us from WS Atkins, where he was also CFO. Heath has a great pedigree working in similar markets to Aggreko's and I am excited by the insights he will inevitably bring to the table.

Grant Nairn, who has been with us four years, has been promoted to CIO and now sits on the Executive team. Other than that, the team is the same.

A PERSONAL PERSPECTIVE FROM OUR CEO (CONTINUED)



DECARBONISATION



DECENTRALISATION



DIGITALISATION



Y.Cube at our facility in Austin

Y.Cube is a fully integrated plug-and-play energy storage solution. In 2018, our engineers are redesigning this to fit within our standardised containers.

Q: You purchased Younicos, a storage and integration business, why?

A: Rapid, large-scale changes are occurring in energy markets, driven by three major themes: decarbonisation, decentralisation and digitalisation. Decarbonisation is self-explanatory and is driven by renewables making up a greater proportion of generation. Renewables are now lower cost and more accessible, leading to decentralisation, where power supply is made up of smaller local power sources, such as domestic solar. At the same time we are seeing increased digitalisation; larger data flows required to manage integrated and smart energy systems.

These emerging energy systems are multi-dimensional and dynamic, with many more participants. This creates challenges in balancing supply and demand as higher proportions of renewables create volatility in the energy system. Balancing renewable and thermal generation will increasingly require storage and sophisticated systems and software.

This is an opportunity for us. Our modular and mobile thermal fleet is already well suited to a decentralised energy system; the addition of Younicos' integration software and storage capabilities mean we are well placed to provide increasingly digitalised and renewable solutions.

The integration of renewable energy sources with batteries and thermal is also another way we can lower the cost of energy for our customers, whilst ensuring a reliable power supply.

Q: You talk about a sector focus, why not focus on all sectors?

A: We have focused the organisation on key sectors, such as Oil & Gas and Events (see page 24 for a full list). These sectors are aligned to where we believe our specialised engineering capability and high quality equipment can make the biggest difference to our customers.

By specialising in sectors we develop a detailed understanding of our customers' business and are able to tailor products and services to support them. We are not just a rental company, we provide engineered solutions, something that really differentiates us from the competition.

It also means we are directing our resources efficiently and approaching the market in a focused manner. It is not an exclusive focus; we will always work to support customers in other sectors and incubate sectors that we expect to grow.

Q: You have outlined medium-term targets for the business, are these still achievable?

A: As we approach the three year anniversary of establishing our Business Priorities, we are reflecting on what has been achieved. We believe that the initiatives we have delivered, particularly around sector focus, systems and technology investment, were the right actions to reposition this business for the future and this has been demonstrated by the improved performance in our Rental Solutions and Power Solutions Industrial businesses. Power Solutions Utility remains difficult and the market



Our megawatt-scale technology centre in Berlin

This facility enables us to test and optimise energy storage systems and components, including generators, under real-life conditions.

As energy markets continue to decarbonise, decentralise and become more digital, the integration and control of multiple energy sources, including thermal and renewable, will be essential to ensure the provision of reliable power. Our scale, fleet and global presence, coupled with a smart energy capability, will allow us to open up new markets and provide our customers around the world with a reliable, cheaper and cleaner source of energy.”

Chris Weston

Chief Executive Officer

has not recovered as we expected and, as a result, our returns are not where we want them to be. We continue to work on a number of initiatives to improve our returns, including utilisation and working capital. Finally, we are evolving our strategy to reflect the gathering pace of transition in the energy markets, and we will provide a further update on our strategic progress and its financial impact at our interim results in August.

Q: As you look forward, what are you most excited about in 2018?

A: Seeing our new products come on line, particularly the hybrids; realising the benefits of the systems investments we are making, and at last being able to offer an online service to our customers; and seeing the results of the enhanced sales focus, leading to further top line growth. In short: the reality of the transformation we have all been working so hard on over the last three years.

We will also deliver some high profile events, including the PyeongChang Winter Olympics and the Commonwealth Games on the Gold Coast in Australia. These are important events where we are performing on the global stage and which make me very proud of Aggreko and what we do.

We operate in an exciting and evolving market, providing real and relevant services to our customers. The opportunity that the energy transition presents will become more real this year, demonstrating that we are well positioned to be a part of the future global energy market.

STATEMENT ON CLIMATE CHANGE

Climate change is one of the defining challenges of this era. The 2015 Paris Agreement brought 195 countries to a consensus on the magnitude of the challenge. In the same year the United Nations launched its Sustainable Development Goals to help facilitate international development. Whilst Goal 13 (Climate Change) is clearly relevant to our business, we believe that the area we can have most impact is Goal 7 (Affordable and Clean Energy).

In the energy sector we expect this to increase the emphasis on reducing greenhouse gas emissions, increasing the use of renewables, and stopping practices such as flaring gas. Whilst we have definitely seen this, we have also seen that for many developing countries the priority remains providing power and accessing the associated social and economic benefits.

One of our strategic priorities is to invest in technology with the aim of lowering the cost of energy for our customers through improved fuel efficiency, whilst also working to reduce the environmental impact our products have. We are responsible for playing our part in addressing climate change and we acknowledge that this is inextricably linked to remaining a successful business in the future.



Read more about our Technology [page 28](#)