

ALBION JVCO LIMITED
RESULTS FOR THE NINE MONTH PERIOD
ENDED 30 September 2022

Introduction

The Albion entities (comprising Albion JVCo Limited, Albion TopCo Limited, Albion HoldCo Limited, Albion Midco Limited and Albion Acquisitions Limited ("Bidco"), Albion Financing 1 S.à r.l., Albion Financing 2 S.à r.l., Albion Financing 3 S.à r.l. and Albion Financing LLC) were each incorporated in February/March 2021 in contemplation of the acquisition of the Aggreko Group by Bidco (the "Acquisition") and the related financing transactions.

On 10 August 2021, Bidco completed the Acquisition by way of a court-sanctioned scheme of arrangement under Part 26 of the UK Companies Act 2006. The Acquisition was funded on 17 August 2021.

Since the Albion entities were formed as financing entities to facilitate the financing of the Acquisition, they had no operations, revenue or material assets prior to 10 August 2021. As such, we have also included the consolidated results of Aggreko Limited for the nine months ended 30 September 2022 and 2021 to provide a meaningful comparison of the results of operations relating to the Aggreko Limited group ("Aggreko").

Significant events in the period

On 1 March 2022, Aggreko Limited and its parent company Albion Acquisitions Limited announced that the board of directors of Aggreko had decided to sell the Group's Eurasian business, which is mostly in Russia. Until a sale is possible, the Eurasian business is operating independently from the rest of Aggreko. No further capital or resources have been invested in Eurasia and Aggreko has ring-fenced the Eurasia business for financial purposes. Aggreko has a responsibility for its 500 exceptional employees in the region and will continue to support them until a transaction is complete. This course of action differs from certain statements of intent made by Albion Acquisitions Limited pursuant to Rule 2.7(c)(viii) and 24.2(a)(iii) of the City Code on Takeovers and Mergers (the "Takeover Code") which were set out in its announcement of 5 March 2021 and in the scheme document published in connection with its acquisition of Aggreko on 1 April 2021.

At 30 September 2022 the Eurasia sale process was underway and the Group assessed that the IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" criteria to present the business as held for disposal were met given that it was highly probable that a disposal transaction would be completed within the next 12 months. The assets and liabilities of the Eurasia business have therefore been presented as held for disposal, and the business activity has been presented as discontinued. (Refer to Note 2 and Note 6 of the Aggreko Limited and Albion JVCo Limited Financial Statements). Given this, the Eurasia business has been excluded from the narrative and tables below in both the current and comparative periods.

On 22 March 2022 Blair Illingworth was appointed as the permanent CEO of Aggreko.

On 5 April 2022, Aggreko Limited announced various changes to its future organization structure to drive clearer accountability and improved operational efficiency across the business. These changes included the removal of the management structures of Power Solutions and Rental Solutions, moving to a structure that better reflects our business models of transactional rental and power projects. As a result, Stephen Beynon, formerly President Aggreko Power Solutions, left Aggreko on 7 April 2022.

Aggreko Limited – Results for the nine months ended 30 September 2022

Results summary

£m	Q3 YTD 2022	Q3 YTD 2021	CHANGE	UNDERLYING CHANGE ¹
Group revenue	1,303	1,220	7%	-%
Operating profit	229	189	21%	22%
Operating profit margin (%)	17.6	15.5	2.1pp	3.2pp
Profit before tax	202	171	18%	19%
Adjusted EBITDA ²	438	445	(1)%	(4)%
Adjusted EBITDA ² margin (%)	33.7	36.5	(2.8)pp	(1.4)pp
Operating cash inflow	265	294		
Adjusted ROCE (%) ²	14.3	13.0	1.3pp	1.9pp

Unless otherwise stated all figures are pre-exceptional costs of £21 million (2021: £118 million). The exceptional costs in 2022 relate to the Group restructuring programme (£15 million) and our Future of Finance programme (£8 million), partially offset by a £2 million gain on sale of assets from our business in Turkey. The exceptional costs in 2021 mainly relate to the acquisition of the Group by TDR Capital LLP and I Squared Capital (US) LLC.

¹Underlying excludes exceptional items, pass-through fuel and currency. A reconciliation between reported and underlying performance is detailed on pages 29-30.

²Adjusted EBITDA and Adjusted ROCE are defined as EBITDA and ROCE pre-exceptional items and excluding discontinued operations in Eurasia.

Revenue

Underlying¹ Group revenue was in line with the prior year. Excluding revenue from the Beijing Olympics in 2022 and the Tokyo Olympics in 2021, underlying revenue increased 17% driven by good growth across both of the Aggreko business units, as explained below.

Transactional rental business

Revenue from our transactional rental business on an underlying basis decreased 3%. Excluding revenue from the Beijing Olympics in 2022 and the Tokyo Olympics in 2021, underlying revenue increased 22% with all regions showing strong growth. In North America, we saw growth in the petrochemical and refining, manufacturing, oil and gas and events sectors, with the latter now exceeding pre covid levels. Our performance in Europe was driven by the events and data centre sectors. The increase in the Middle East was due to data centre work and events, and the increase in Asia (excluding the Beijing and Tokyo Olympics) was driven by utilities and oil and gas, while the increase in Australia Pacific was driven by mining.

Power projects business

Revenue from our power projects business on an underlying basis increased 8%, supported by revenue from the on-hiring of a major new project in Kurdistan in quarter two of 2021, as well as several projects in Latin America and higher running on other key projects in Brazil, Burkina Faso and the Ivory Coast. This growth was partially offset by offhires in Malawi, Chad and Bangladesh in 2022.

Operating profit

Underlying Group operating profit increased 22% driven by the revenue growth in our power projects business. Operating profit in our transactional business decreased 10%, with strong revenue-driven growth in all regions, offset by the impact of the Tokyo Olympics in the prior year.

Profit before tax

Underlying profit before tax increased 19%, flowing from the increase in operating profit.

Adjusted EBITDA

Adjusted EBITDA on an underlying basis decreased 4%, driven by the impact of the Tokyo Olympics in the prior year. Excluding both the Tokyo and Beijing Olympics, EBITDA increased year on year by more than 40%.

Operating cash inflow

During the period, cash generated from operations (excluding cash flows relating to exceptional items of £26 million (2021: £49 million)) was £265 million (2021: £294 million). This included a £197 million working capital outflow (2021: £139 million outflow), comprising a £47 million outflow from inventory, a £128 million outflow from trade and other receivables and a £22 million outflow from trade and other payables. The increase in inventory is to support our planned build programme in our manufacturing facility at Lomondgate, as well as an increase in fuel inventory in Brazil, driven by both price and volume. The increase in trade and other receivables is driven by increased activity across the Group, especially in North America, Latin America and the UK. The outflow from creditors is mainly driven by payment of the 2021 bonus in early 2022 (there was no bonus payment in respect of 2020), as well as the unwinding of deferred revenue related to the Beijing Winter Olympics and a reduction in the level of general accruals. These working capital outflows were partially offset by a decrease in cash flows relating to mobilization and demobilization activities.

Adjusted return on capital employed (ROCE)

The Group's return on capital employed increased to 14.3% (2021: 13.0%). The ROCE calculation at 30 September uses a 12-month rolling profit before exceptional items, while the average net operating assets reflect values at 30 September, 31 March and the previous 30 September. The increase in ROCE was supported by growth in our projects business. ROCE decreased in our transactional business driven by the Tokyo Olympics included in the prior year.

Other Key Performance Indicators

	2022	2021	CHANGE
Average megawatts on hire (MW)*	5,522	5,375	3%
Transactional rental business average megawatts on hire	2,434	2,385	2%
Power projects average megawatts on hire	3,088	2,990	3%
Utilisation*			
Transactional rental business	64%	65%	(1)pp
Power projects	70%	67%	3pp
Financial			
Effective tax rate	40% ¹	44% ¹	(4)pp
Fleet capex (£m) *	175	118	48%

¹ Pre-exceptional items

*Excludes Eurasia in both years

Albion JVCo Limited

Results summary

The consolidated results of Albion JVCo Limited, included at Appendix 2, cover the period from 1 January 2022 to 30 September 2022. Since the Albion entities were formed as financing entities to facilitate the financing of the Acquisition of Aggreko and, beyond raising the financing, had no operations, revenue or material assets prior to 10 August 2021 (date of the Acquisition) the prior year comparatives are not meaningful and have therefore not been included.

Revenue in the period was £1,303 million, comprising transactional rental (£852 million) and power projects (£451 million).

Trading across our transactional rental business in the nine months ended 30 September 2022 was strong, as we continued to see increased activity across multiple sectors. North America benefited from contract extensions, and sectors such as petrochemicals & refining and events are now trading above pre pandemic levels. Across Europe we have continued to see strong performance in the data centre and utilities sectors as various new projects on-hire or extend, and we have also seen increased activity in the events sector, including the 2022 Commonwealth Games. In the Middle East we had a strong performance in events, while in Asia we also benefited from events and growth in utilities. Our business in Australia Pacific benefited from a strong performance in the mining sector. Our power projects business continues to be driven by key projects in Brazil, Kurdistan, Ivory Coast and Burkina Faso.

Operating profit pre-exceptional items in the period was £180 million, resulting in an operating margin of 13.8%. The reported operating profit (post-exceptional items) was £159 million. The net finance cost of £440 million includes an adverse exchange impact on borrowings of £318 million and £119 million of net interest costs. Adjusted EBITDA in the period was £438 million (Adjusted EBITDA is defined as EBITDA excluding exceptional items of £21 million and excluding discontinued operations in Eurasia). Loss before tax pre-exceptional items in the period was £260 million and the reported loss before tax (post exceptional items) was £281 million.

The exceptional charge in the period of £21 million is explained in Note 4 of the Albion JVCo accounts and relates to the Group restructuring programme (£15 million) and our Future of Finance programme (£8 million), partially offset by a £2 million gain on sale of assets from our business in Turkey.

During the period, cash generated from operations was £263 million (excluding cash flows relating to exceptional items of £45 million). This included a £200 million working capital outflow, comprising a £47 million outflow from inventory, a £128 million outflow from trade and other receivables and a £25 million outflow from trade and other payables. The increase in inventory is to support our planned build program in our manufacturing facility at Lomondgate, as well as an increase in fuel inventory in Brazil, driven by both price and volume. The increase in trade and other receivables is driven by increased activity across the Group especially in North America, Latin America and the UK. The outflow from creditors is mainly driven by payment of the 2021 bonus in early 2022 (there was no bonus payment in the prior year period) as well as unwinding of deferred revenue related to the Beijing Winter Olympics and a reduction in the level of general accruals. Capital expenditure in the period was £192 million, of which £180 million (£175 million excluding Eurasia) was spent on fleet assets.

Explanation of differences between Albion JVCo Limited and Albion HoldCo Limited

Albion JVCo Limited is the direct parent company of Albion TopCo Limited, which is in turn the direct parent company of Albion HoldCo Limited (the "Parent"). Albion JVCo Limited was incorporated under the laws of England and Wales on 25 February 2021, for the purpose of facilitating the acquisition (the "Acquisition") of Aggreko Limited (formerly known as Aggreko plc prior to the re-registration as a private limited company following the completion of the Acquisition) and its subsidiaries by Albion Acquisitions Limited.

The Parent was incorporated under the laws of England and Wales on 25 February 2021, for the purpose of facilitating the Acquisition. The Parent is a holding company that indirectly holds shares in Aggreko Limited. The Parent has no material assets or liabilities other than those related to the financing arrangements entered into in connection with the Acquisition and its investments in subsidiaries, and it has not engaged in any material activities other than those related to its incorporation and the financing arrangements entered into in connection with the Acquisition.

We have presented the consolidated results of Albion JVCo Limited, which includes the consolidated results of the Parent and its subsidiaries. There are few differences in the consolidated results of Albion JVCo Limited compared to the Parent since Albion JVCo Limited and Albion TopCo Limited have not engaged in any material activities other than those related to their incorporation and the issuance of £95 million of non-voting preference shares by Albion TopCo Limited to a third party investor on 17 August 2021 (the "Preference Shares"). The proceeds of the subscription for the Preference Shares (of £93 million, being £95 million issued value less deal fees deducted at source of £2 million) were contributed to the Parent as equity on 17 August 2021 to finance the Acquisition.

Neither Albion JVCo Limited nor Albion TopCo Limited have any material assets or liabilities other than those relating to the Preference Shares. The net finance costs recorded in the consolidated results of Albion JVCo Limited are £7 million higher than at the consolidated Parent level, resulting from interest costs in respect of such Preference Shares. The value of the preference shares on the balance sheet at 30 September 2022 is £103 million, being the proceeds of subscription of £93 million plus interest costs of £10 million which have been capitalised since the date of issue.

Appendices

Appendix 1: Unaudited condensed consolidated financial statements of Aggreko Limited for the nine months ended 30 September 2022 and 2021.

Appendix 2: Unaudited condensed financial statements of Albion JVCo Limited for the nine months ended 30 September 2022.

Appendix 3: Non-GAAP measures

APPENDIX 1 – AGGREKO LIMITED CONSOLIDATED FINANCIAL STATEMENTS

GROUP INCOME STATEMENT

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2022 (UNAUDITED)

	NOTES	9 MONTHS ENDED 30 SEPTEMBER			9 MONTHS ENDED 30 SEPTEMBER		
		TOTAL BEFORE	EXCEPTIONAL	2022	TOTAL BEFORE	EXCEPTIONAL	2021
		EXCEPTIONAL	ITEMS		EXCEPTIONAL	ITEMS	
		ITEMS	(NOTE 4)		ITEMS	(NOTE 4)	
		2022	2022	2022	2021	2021	2021
		£ MILLION	£ MILLION	£ MILLION	£ MILLION	£ MILLION	£ MILLION
Revenue	3	1,303	-	1,303	1,220	-	1,220
Cost of sales		(527)	-	(527)	(473)	-	(473)
Gross profit		776	-	776	747	-	747
Distribution costs		(369)	-	(369)	(366)	-	(366)
Administrative expenses		(167)	(23)	(190)	(183)	(82)	(265)
Impairment (loss)/gain on trade receivables		(16)	-	(16)	(11)	1	(10)
Other income		5	2	7	2	1	3
Operating profit / (loss) from continuing operations	3	229	(21)	208	189	(80)	109
Net finance cost							
- Finance cost		(32)	-	(32)	(20)	(38)	(58)
- Finance income		5	-	5	2	-	2
Profit / (loss) before taxation from continuing operations		202	(21)	181	171	(118)	53
Taxation	5	(82)	2	(80)	(75)	8	(67)
Profit / (loss) for the period from continuing operations		120	(19)	101	96	(110)	(14)
Discontinued operations							
Profit/(loss) for the period from discontinued operations, net of tax	6	29	(33)	(4)	8	1	9
Profit/(loss) for the period		149	(52)	97	104	(109)	(5)
All profit/(loss) for the period is attributable to the owners of Aggreko Limited							

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2022 (UNAUDITED)

	9 MONTHS ENDED 30 SEPTEMBER 2022 £ MILLION	9 MONTHS ENDED 30 SEPTEMBER 2021 £ MILLION
Profit/(loss) for the period	97	(5)
Other comprehensive income/(loss)		
<i>Items that will not be reclassified to profit or loss</i>		
Remeasurement of retirement benefits	-	(2)
Taxation on remeasurement of retirement benefits	-	1
<i>Items that may be reclassified subsequently to profit or loss</i>		
Cash flow hedges	(1)	-
Net exchange gains/(losses) offset in reserves	252	(1)
Other comprehensive income/(loss) for the period (net of tax)	251	(2)
Total comprehensive income/(loss) for the period	348	(7)

GROUP BALANCE SHEET

AS AT 30 SEPTEMBER 2022 (UNAUDITED)

	NOTES	30 SEPTEMBER 2022 £ MILLION	30 SEPTEMBER 2021 £ MILLION
Non-current assets			
Goodwill		183	162
Other intangible assets		13	22
Investment		10	10
Property, plant and equipment	7	1,037	959
Deferred tax asset		27	33
Fulfilment assets		69	66
Retirement benefit surplus		24	5
		1,363	1,257
Current assets			
Inventories		252	205
Trade and other receivables	8	782	596
Fulfilment assets		18	28
Cash and cash equivalents		138	178
Derivative financial instruments		2	1
Current tax assets		24	25
Current assets held for disposal	6	154	-
		1,370	1,033
Total assets		2,733	2,290
Current liabilities			
Lease liability		(27)	(28)
Derivative financial instruments		(4)	(1)
Trade and other payables (i)		(521)	(582)
Current tax liabilities		(56)	(60)
Demobilisation provision		(7)	(6)
Liabilities held for disposal	6	(33)	-
		(648)	(677)
Non-current liabilities			
Borrowings	9	(147)	-
Lease liability		(52)	(52)
Trade and other payables (ii)		(388)	(366)
Deferred tax liabilities		(52)	(31)
Demobilisation provision		(14)	(13)
		(653)	(462)
Total liabilities		(1,301)	(1,139)
Net assets		1,432	1,151
Shareholders' equity			
Share capital		42	42
Share premium		25	25
Capital redemption reserve		13	13
Hedging reserve (net of deferred tax)		-	1
Foreign exchange reserve		28	(210)
Retained earnings		1,324	1,280
Total shareholders' equity		1,432	1,151

(i) Includes amounts owed to other Albion entities of £4 million (September 2021: £139 million)

(ii) Includes amounts owed to other Albion entities of £388 million (September 2021: £366 million)

GROUP CASH FLOW STATEMENT

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2022 (UNAUDITED)

	NOTES	9 MONTHS ENDED 30 SEPTEMBER 2022 £ MILLION	9 MONTHS ENDED 30 SEPTEMBER 2021 £ MILLION
Operating activities			
Profit/(loss) for the period		97	(5)
Adjustments for:			
Exceptional items		23	50
Impairment – assets held for sale		31	-
Tax – continuing operations		80	67
Tax – discontinued operations		9	5
Depreciation		179	183
Amortisation of intangibles		4	4
Fulfilment asset amortisation		35	80
Demobilisation provisions		9	5
Finance income		(5)	(2)
Finance cost		32	59
Profit on sale of PPE (i)		(7)	(3)
Share based payments		-	33
Changes in working capital (excluding the effects of exchange differences on consolidation):			
Increase in inventories		(47)	(28)
Increase in trade and other receivables (iii)		(128)	(138)
(Decrease)/increase in trade and other payables		(22)	27
Cash flows relating to fulfilment assets		(19)	(38)
Cash flows relating to demobilisation provisions		(6)	(5)
Cash flows relating to exceptional items	4	(26)	(49)
Cash generated from operations		239	245
Tax paid		(55)	(39)
Finance income received		4	2
Finance costs paid (ii)		(8)	(57)
Net cash generated from operations		180	151
Cash flows from investing activities			
Purchases of PPE		(192)	(139)
Purchase of intangible assets		(1)	(3)
Purchase of investments		-	(1)
Proceeds from sale of PPE		8	6
Net cash used in investing activities		(185)	(137)
Cash flows from financing activities			
Increase in long-term loans		243	444
Repayment of long-term loans		(121)	(769)
Repayment of short-term loans		-	(18)
(Decrease)/increase in non-trade amounts to related affiliates		(96)	503
Payment of lease liabilities		(20)	(24)
Dividends paid to shareholders		-	(26)
Issue of shares in relation to share save schemes		-	5
Purchase of treasury shares		-	(1)
Net cash from financing activities		6	114
Net increase in cash and cash equivalents		1	128
Cash and cash equivalents at beginning of the period		153	57
Exchange gain/(loss) on cash and cash equivalents		26	(7)
Cash and cash equivalents at end of the period		180	178
Transferred to assets held for sale (Note 6)		(42)	-
Cash and cash equivalents at end of the period		138	178

(i) Profit on sale of PPE includes an exceptional gain of £2 million (30 September 2021: £1 million).

(ii) Finance cost paid of £8 million (30 September 2021: £57 million) includes £3 million relating to leases (30 September 2021: £3 million). 2021 finance costs paid also includes £38 million of exceptional costs.

(iii) Movement in trade and other receivables in 2021 includes the reversal of previously impaired trade receivables as cash was received (£2 million). This reversal was disclosed as an exceptional item in 2021 in line with the original impairment disclosure in 2020.

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

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

AS AT 30 SEPTEMBER 2022

	AT 1 JAN 2022	CASH FLOW	EXCHANGE	OTHER NON-CASH MOVEMENTS	TRANSFER TO ASSETS HELD FOR DISPOSAL (Note 6)	AT 30 SEPTEMBER 2022
Analysis of changes in net debt	£ MILLION	£ MILLION	£ MILLION	£ MILLION	£ MILLION	£ MILLION
Cash and cash equivalents	153	1	26	-	(42)	138
Current borrowings:						
Lease liability	(25)	20	(2)	(20)	-	(27)
	(25)	20	(2)	(20)	-	(27)
Non-current borrowings:						
Bank borrowings	(25)	(122)	-	-	-	(147)
Lease liability	(49)	-	(3)	(2)	2	(52)
	(74)	(122)	(3)	(2)	2	(199)
Net cash/(debt)	54	(101)	21	(22)	(40)	(88)
Analysis of changes in liabilities from financing activities						
Current borrowings	(25)	20	(2)	(20)	-	(27)
Non-current borrowings	(74)	(122)	(3)	(2)	2	(199)
Financing derivatives	-	-	-	(2)	-	(2)
Total financing liabilities	(99)	(102)	(5)	(24)	2	(228)

- (i) Other non-cash movements include reclassifications between short-term and long-term borrowings, with £16 million from non-current to current lease liabilities. The remaining balance is due to £10 million of new lease liabilities, £3 million of interest and £9 million of lease remeasurements.
- (ii) Included within trade and other payables on the balance sheet are amounts owed to other Albion entities of £392 million (30 September 2021: £505 million)
- (iii) Group net debt including Eurasia, which has been classed as held for disposal, amounts to £48 million comprising £180 million cash and cash equivalents, £147 million of bank borrowings and £81 million of lease liabilities.

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2022 (UNAUDITED)

AS AT 30 SEPTEMBER 2022		ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY					
	ORDINARY SHARE CAPITAL £ MILLION	SHARE PREMIUM ACCOUNT £ MILLION	CAPITAL REDEMPTION RESERVE £ MILLION	HEDGING RESERVE £ MILLION	FOREIGN EXCHANGE RESERVE (TRANSLATION) £ MILLION	RETAINED EARNINGS £ MILLION	TOTAL EQUITY £ MILLION
Balance at 1 January 2022	42	25	13	1	(224)	1,227	1,084
Profit for the period	-	-	-	-	-	97	97
Other comprehensive income/(loss):							
Transfers from hedging reserve to the profit and loss account	-	-	-	(1)	-	-	(1)
Currency translation differences	-	-	-	-	252	-	252
Total comprehensive income for the period ended 30 September 2022	-	-	-	(1)	252	97	348
Balance at 30 September 2022	42	25	13	-	28	1,324	1,432

NOTES TO THE ACCOUNTS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2022 (UNAUDITED)

1. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements of Aggreko Limited ("the Group") for the period ended 30 September 2022 have been prepared applying the accounting policies (with the exception of the new policy for discontinued operations described below) and presentation that have been applied in the preparation of the Albion JVCo Limited published consolidated financial statements for the year ended 31 December 2021, which themselves have been prepared in accordance with UK-adopted international accounting standards in conformity with the requirements of the Companies Act 2006.

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the condensed consolidated financial statements of the Group have been prepared on a going concern basis.

2. ACCOUNTING POLICIES

The accounting policies are consistent with those of the Albion JVCo Limited annual financial statements for the year ended 31 December 2021, as described in those annual financial statements, with the exception of the new policy for discontinued operations described below.

Accounting policy and judgement – discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which: represents a separate major line of business or geographic area of operations; is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations; or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale. An operation meets the held-for-sale criteria when it is available for immediate sale in its present condition and a sale is considered to be highly probable. When an operation is classified as a discontinued operation, the comparative statement of profit or loss is re-presented as if the operation had been discontinued from the start of the comparative year.

On 1 March 2022 the Albion JVCo Limited Group announced its decision to sell the Eurasia business. Until a sale is possible the Eurasia business is operating independently from the rest of the Group. At 30 September 2022 the Eurasia sale process was underway and the Group assessed that the IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" criteria to present the business as held for disposal were met given that it was highly probable that a disposal transaction would be completed within the next 12 months. The assets and liabilities of the Eurasia business have been presented as held for disposal and restated to the lower of the carrying amount and fair value less costs to sell, and the business activity has been presented as discontinued.

3. SEGMENTAL REPORTING

(a) Revenue by segment

	EXTERNAL REVENUE	
	9 MONTHS ENDED 30 SEPTEMBER 2022 £ MILLION	9 MONTHS ENDED 30 SEPTEMBER 2021 £ MILLION
Transactional rental	852	852
Power projects	451	368
Total continuing operations	1,303	1,220
Discontinued operations	74	53
Group	1,377	1,273

(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) On 5 April 2022 the Group announced a new organisational structure comprising two business units: transactional rental and power projects. All current year and prior year numbers are presented in accordance with this new structure.

3. SEGMENTAL REPORTING CONTINUED

(b) Profit/(loss) by segment

	9 MONTHS ENDED 30 SEPTEMBER 2022			9 MONTHS ENDED 30 SEPTEMBER 2021		
	TOTAL BEFORE EXCEPTIONAL ITEMS	EXCEPTIONAL ITEMS (NOTE 4)		TOTAL BEFORE EXCEPTIONAL ITEMS	EXCEPTIONAL ITEMS (NOTE 4)	
	£ MILLION	£ MILLION	£ MILLION	£ MILLION	£ MILLION	£ MILLION
Transactional rental	161	(13)	148	178	(11)	167
Power projects	68	(8)	60	11	(28)	(17)
	229	(21)	208	189	(39)	150
Corporate costs	-	-	-	-	(41)	(41)
Operating profit/(loss) from continuing operations	229	(21)	208	189	(80)	109
Finance costs – net	(27)	-	(27)	(18)	(38)	(56)
Profit/(loss) before taxation from continuing operations	202	(21)	181	171	(118)	53
Taxation	(82)	2	(80)	(75)	8	(67)
Profit/(loss) for the period from continuing operations	120	(19)	101	96	(110)	(14)
Profit/(loss) from discontinued operations, net of tax	29	(33)	(4)	8	1	9
Profit/(loss) for the period	149	(52)	97	104	(109)	(5)

4. EXCEPTIONAL ITEMS

The exceptional charge before taxation from continuing operations in the period of £21 million comprises severance and other costs related to the restructuring of the Group into the transactional rental and power projects segments (£15 million) and costs related to our Future of Finance programme (£8 million) (both included within administrative expenses), partially offset by a £2 million gain on sale of assets from our business in Turkey (included within other income).

Management has reviewed the carrying amount of the assets held for disposal and, as a result, an impairment charge of £31 million has been included within exceptional costs. There is also a £16 million write off of an intercompany receivable within other Aggreko legal entities from Eurasia, fully offset by the release of the corresponding creditor in the Eurasia balance sheet. A tax charge of £2 million arises on the intercompany receivable write off. Refer to note 6.

There was a £26 million cash outflow in the period comprising £13 million of restructuring costs, £10 million of Future of Finance costs, £2 million of acquisition costs and £1 million of costs relating to the disposal of Eurasia. £6 million of these cash outflows were recognised in the income statement in the period ended 31 December 2021.

Exceptional items by segment – continuing operations

	RESTRUCTURING £ MILLION	FUTURE OF FINANCE £ MILLION	GAIN ON SALE £ MILLION	TOTAL EXCEPTIONAL ITEMS £ MILLION
Transactional rental	(9)	(6)	2	(13)
Power projects	(6)	(2)	-	(8)
Group – continuing operations	(15)	(8)	2	(21)

2021 exceptional items

The exceptional charge in the nine months ended 30 September 2021 of £109 million (Continuing operations: £110 million, Discontinued operations: gain of £1 million) related to acquisition costs including legal, consultancy and deal fees (£36 million), break costs arising from the pre-payment of US private placement notes (£38 million), share-based payments (£37 million), non-resident capital gains tax charge which was triggered by the acquisition (£5 million), together with costs related to our Future of Finance project (£4 million). This was partially offset by a gain on sale of previously impaired property, plant & equipment (£1 million) and the reversal of previously impaired trade receivables as cash was received (£2 million) (Continuing operations: £1 million, Discontinued operations: £1 million). In addition, we reported an exceptional tax credit in the period of £8 million. This comprises an exceptional

4. EXCEPTIONAL ITEMS CONTINUED

tax credit on expenses treated as exceptional items in the accounts, which are deductible for tax purposes in either the current or future periods.

5. TAXATION

The taxation charge for the period is based on an estimate of the Group's expected annual effective rate of tax for 2022 based on prevailing tax legislation at 30 September 2022. This is currently estimated to be 40% on profits before exceptional items and 11% for exceptional items on continuing operations. (2021: 44% on profits before exceptional items and 7% on exceptional items).

The tax rate on discontinued operations is currently estimated to be 20% on profits before exceptional items and (8%) on exceptional items (2021: 36%).

6. DISCONTINUED OPERATIONS AND HELD FOR DISPOSAL ASSETS AND LIABILITIES

(a) Discontinued operations

The discontinued operation represents the Group's Eurasia business. As described on page 1 and in Note 2 a transaction to dispose of the Eurasia business is considered to be highly probable at the balance sheet date. The assets and liabilities of the Eurasia business have been presented as held for disposal, and the business activity has been presented as discontinued.

As the sale process for the Group's Eurasia business is now well underway, management has reviewed the carrying amount of the assets held for disposal and concluded that an impairment should be taken at 30 September 2022. The impairment charge (of £31 million) has been included within exceptional costs. In assessing the level of the impairment, management compared the carrying value of its investment to its fair value, less costs to sell, based on evidence from the ongoing sale negotiations. The impairment charge has been applied to reduce the carrying amount of assets within the disposal group, with £20 million having been applied to our Russia business and £11 million to our Kazakhstan business. The impairment has been applied firstly to the non-current assets of these businesses and then, in the case of Kazakhstan only, to the current assets. There is also a £16 million write off of intercompany receivables from Eurasia held within other Aggreko entities, fully offset by the release of the corresponding creditor in the Eurasia business, resulting in a £nil impact at a Group level.

The profit/(loss) of the discontinued operation, after elimination of intercompany transactions, is as follows:

	9 MONTHS ENDED 30 SEPTEMBER			9 MONTHS ENDED 30 SEPTEMBER		
	TOTAL BEFORE EXCEPTIONAL ITEMS	EXCEPTIONAL ITEMS (NOTE 4)		TOTAL BEFORE EXCEPTIONAL ITEMS	EXCEPTIONAL ITEMS (NOTE 4)	
	2022	2022	2022	2021	2021	2021
	£ MILLION	£ MILLION	£ MILLION	£ MILLION	£ MILLION	£ MILLION
Revenue	74	-	74	53	-	53
Cost of sales	(21)	(31)	(52)	(20)	-	(20)
Gross profit/(loss)	53	(31)	22	33	-	33
Distribution costs	(20)	-	(20)	(13)	-	(13)
Administrative expenses	3	-	3	(5)	-	(5)
Impairment (loss)/gain on trade receivables	-	-	-	(1)	1	-
Other income	-	-	-	-	-	-
Operating profit/(loss)	36	(31)	5	14	1	15
Net finance cost						
- Finance cost	-	-	-	(1)	-	(1)
- Finance income	-	-	-	-	-	-
Profit/(loss) before taxation	36	(31)	5	13	1	14
Taxation	(7)	(2)	(9)	(5)	-	(5)
Profit/(loss) for the period	29	(33)	(4)	8	1	9

6. DISCONTINUED OPERATIONS AND HELD FOR DISPOSAL ASSETS AND LIABILITIES CONTINUED

Cashflows from discontinued operations

	9 MONTHS ENDED 30 SEPTEMBER 2022	6 MONTHS ENDED 30 SEPTEMBER 2021
Cashflows from operating activities	36	24
Cashflows from investing activities	(5)	(7)
Net increase in cash and cash equivalents in discontinued operations	31	17

(b) Held for disposal assets and liabilities

The assets and liabilities associated with the Eurasia business (excluding intercompany amounts) are deemed available for immediate disposal and have been separately presented on the face of the balance sheet at 30 September 2022. The assets have been stated at their fair value less costs to sell, which is deemed to be lower than the carrying value.

The assets and liabilities classified as held for disposal are as follows:

	30 SEPTEMBER 2022 £ MILLION
Non-current assets	
Property, plant and equipment	42
Deferred tax asset	4
Fulfilment assets	15
	61
Current assets	
Inventories	18
Trade and other receivables	33
Fulfilment assets	3
Cash and cash equivalents	39
	93
Total assets	154
Current liabilities	
Trade and other payables	(23)
Current tax liabilities	(3)
Demobilisation provision	(1)
	(27)
Non-current liabilities	
Lease liability	(2)
Demobilisation provision	(4)
	(6)
Total liabilities	(33)
Net assets	121

7. PROPERTY, PLANT AND EQUIPMENT

	FREEHOLD PROPERTIES £ MILLION	SHORT LEASEHOLD PROPERTIES £ MILLION	FLEET £ MILLION	VEHICLES, PLANT & EQUIPMENT £ MILLION	TOTAL £ MILLION
Cost					
At 1 January 2022	179	20	3,375	241	3,815
Exchange adjustments	23	1	620	27	671
Additions (ii)	8	-	180	14	202
Disposals (iii)	(8)	-	(63)	(8)	(79)
IFRS 16 remeasurements (iv)	7	-	-	2	9
Transfer to assets held for disposal (v)	(4)	-	(349)	(10)	(363)
At 30 September 2022	205	21	3,763	266	4,255
Accumulated depreciation					
At 1 January 2022	85	16	2,629	155	2,885
Exchange adjustments	13	1	499	18	531
Charge for the period	14	1	146	18	179
Disposals (iii)	(8)	-	(62)	(8)	(78)
Transfer to assets held for disposal (v)	(2)	-	(290)	(7)	(299)
At 30 September 2022	102	18	2,922	176	3,218
Net book values					
At 30 September 2022	103	3	841	90	1,037
At 31 December 2021	94	4	746	86	930

(i) The net book value of assets capitalised in respect of leased right-of-use assets at 30 September 2022 is £76 million.

(ii) Additions of £202 million include £10 million in relation to leased right-of-use assets.

(iii) Disposals include £12 million of cost and £12 million of accumulated depreciation in relation to leased right-of-use assets.

(iv) Remeasurements represent amendments to the terms of existing leases which are prospectively applied.

(v) Following the transfer to assets held for disposal these assets have been impaired to their fair value less costs to sell. Refer to Note 6.

8. TRADE AND OTHER RECEIVABLES

	30 SEPTEMBER 2022 £ MILLION	30 SEPTEMBER 2021 £ MILLION
Trade receivables	558	463
Less: provision for impairment of receivables	(179)	(151)
Trade receivables – net	379	312
Prepayments	37	29
Accrued income	232	204
Other receivables	73	51
Amounts receivable from Group undertakings	61	-
Total receivables	782	596
Provision for impairment of receivables		
	30 SEPTEMBER 2022 £ MILLION	30 SEPTEMBER 2021 £ MILLION
Transactional rental	25	20
Power projects	154	131
Continuing operations	179	151
Discontinued operations	2	-
Group	181	151

9. BORROWINGS

	30 SEPTEMBER 2022 £ MILLION	30 SEPTEMBER 2021 £ MILLION
Non-current		
Bank borrowings	147	-
	147	-
Total borrowings	147	-
Short-term deposits	-	(11)
Cash at bank and in hand	(138)	(167)
Lease liability	79	80
Net borrowings/(cash)	88	(98)
The maturity of financial liabilities		
The maturity profile of the borrowings was as follows:		
	30 SEPTEMBER 2022 £ MILLION	30 SEPTEMBER 2021 £ MILLION
Within 1 year, or on demand	-	-
Between 1 and 2 years	-	-
Between 2 and 3 years	-	-
Between 3 and 4 years	147	-
Between 4 and 5 years	-	-
Greater than 5 years	-	-
	147	-

Group net borrowings including Eurasia, which has been classed as held for disposal, amounts to £48 million, comprising £180 million cash and cash equivalents, £147 million of bank borrowings and £81 million of lease liabilities.

APPENDIX 2 – ALBION JVCO LIMITED CONSOLIDATED FINANCIAL STATEMENTS

GROUP INCOME STATEMENT

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2022

		TOTAL BEFORE EXCEPTIONAL ITEMS 2022 £ MILLION	EXCEPTIONAL ITEMS (NOTE 4) 2022 £ MILLION	2022 £ MILLION
	NOTES			
Revenue	3	1,303	-	1,303
Cost of sales		(545)	-	(545)
Gross profit		758	-	758
Distribution costs		(369)	-	(369)
Administrative expenses		(197)	(23)	(220)
Impairment loss on trade receivables		(16)	-	(16)
Other income		4	2	6
Operating profit / (loss) from continuing operations	3	180	(21)	159
Net finance cost				
- Finance cost	5	(445)	-	(445)
- Finance income	5	5	-	5
Loss before taxation from continuing operations		(260)	(21)	(281)
Taxation	7	(74)	2	(72)
Loss for the period from continuing operations		(334)	(19)	(353)
Discontinued operations				
Profit/(loss) for the period from discontinued operations, net of tax	6	28	(39)	(11)
Loss for the period		(306)	(58)	(364)
All loss for the period is attributable to the owners of Albion JVCo Limited				

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2022

	2022 £ MILLION
Loss for the period	(364)
Other comprehensive income	
<i>Items that may be reclassified subsequently to profit or loss</i>	
Net exchange gains offset in reserves	234
Other comprehensive income for the period (net of tax)	234
Total comprehensive loss for the period	(130)

GROUP BALANCE SHEET

AS AT 30 SEPTEMBER 2022

	NOTES	30 SEPTEMBER 2022 £ MILLION
Non-current assets		
Goodwill		1,072
Other intangible assets		333
Investment		10
Property, plant and equipment	8	1,117
Deferred tax asset		19
Fulfilment assets		69
Retirement benefit surplus		24
		2,644
Current assets		
Inventories		252
Trade and other receivables	9	721
Fulfilment assets		18
Cash and cash equivalents		172
Derivative financial instruments		2
Current tax assets		25
Current assets held for disposal	6	154
		1,344
Total assets		3,988
Current liabilities		
Borrowings	10	(52)
Lease liability		(27)
Derivative financial instruments		(4)
Trade and other payables		(519)
Current tax liabilities		(54)
Demobilisation provision		(7)
Liabilities held for disposal	6	(33)
		(696)
Non-current liabilities		
Borrowings	10	(2,638)
Lease liability		(52)
Deferred tax liabilities		(134)
Demobilisation provision		(14)
		(2,838)
Total liabilities		(3,534)
Net assets		454
Shareholders' equity		
Share capital		-
Share premium		709
Foreign exchange reserve		253
Retained earnings		(508)
Total shareholders' equity		454

GROUP CASH FLOW STATEMENT
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2022

	NOTES	2022 £ MILLION
Operating activities		
Loss for the period		(364)
Adjustments for:		
Exceptional items	4	23
Impairment – assets held for sale		38
Tax – continuing operations		72
Tax – discontinued operations		8
Depreciation		200
Amortisation of intangibles		33
Fulfilment asset amortisation		35
Demobilisation provisions		9
Finance income		(5)
Finance cost		445
Profit on sale of PPE (i)		(6)
Changes in working capital (excluding the effects of exchange differences on consolidation):		
Increase in inventories		(47)
Increase in trade and other receivables		(128)
Decrease in trade and other payables		(25)
Cash flows relating to fulfilment assets		(19)
Cash flows relating to demobilisation provisions		(6)
Cash flows relating to exceptional items	4	(45)
Cash generated from operations		218
Tax paid		(55)
Finance income received (ii)		12
Finance costs paid (iii)		(91)
Net cash generated from operating activities		84
Cash flows from investing activities		
Purchases of PPE		(192)
Purchases of intangibles		(1)
Proceeds from sale of PPE		8
Net cash used in investing activities		(185)
Cash flows from financing activities		
Increase in long-term loans		243
Repayment of long-term loans		(121)
Repayment of short term loans		(4)
Payment of lease liabilities		(20)
Issue of ordinary shares		10
Net cash from financing activities		108
Net increase in cash and cash equivalents		7
Cash and cash equivalents at beginning of the period		179
Exchange gain on cash and cash equivalents		28
Cash and cash equivalents at end of the period		214
Transferred to assets held for sale	6	(42)
Cash and cash equivalents at end of the period		172

- (i) Profit on sale of PPE includes an exceptional gain of £2 million. Refer to Note 4.
(ii) Finance income received of £12 million includes the receipt of £8 million fee refund which was recognised in the 2021 income statement.
(iii) Finance costs paid of £91 million includes £3 million in respect of lease liabilities and the payment of £6 million of exceptional costs expensed in 2021.

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

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2022

	AT 1 JAN 2022	CASH FLOW	EXCHANGE	OTHER NON-CASH MOVEMENTS	TRANSFER TO ASSETS HELD FOR DISPOSAL (Note 6)	AT 30 SEPTEMBER 2022
Analysis of changes in net debt	£ MILLION	£ MILLION	£ MILLION	£ MILLION	£ MILLION	£ MILLION
Cash and cash equivalents	179	7	28	-	(42)	172
Current borrowings:						
Bank borrowings	(15)	4	-	(6)	-	(17)
Preference shares	(3)	-	-	2	-	(1)
USD Senior Secured Notes	(5)	-	-	(9)	-	(14)
EUR Senior Secured Notes	(4)	-	-	(6)	-	(10)
USD Senior Notes	(1)	-	-	(9)	-	(10)
Lease liability	(25)	20	(2)	(20)	-	(27)
	(53)	24	(2)	(48)	-	(79)
Non-current borrowings:						
Bank borrowings	(973)	(122)	(137)	-	-	(1,232)
Preference shares	(93)	-	-	(8)	-	(101)
USD Senior Secured Notes	(417)	-	(91)	1	-	(507)
EUR Senior Secured Notes	(377)	-	(17)	-	-	(394)
USD Senior Notes	(332)	-	(73)	1	-	(404)
Lease liability	(49)	-	(3)	(2)	2	(52)
	(2,241)	(122)	(321)	(8)	2	(2,690)
Net debt	(2,115)	(91)	(295)	(56)	(40)	(2,597)
Analysis of changes in liabilities from financing activities						
Current borrowings	(53)	24	(2)	(48)	-	(79)
Non-current borrowings	(2,241)	(122)	(321)	(8)	2	(2,690)
Financing derivatives	-	-	-	(2)	-	(2)
Total financing liabilities	(2,294)	(98)	(323)	(58)	2	(2,771)

- (i) Other non-cash movements include; reclassifications between short-term and long-term borrowings of £19 million, of which £16 million is in respect of leases and £3 million other borrowings. The remaining balance is due to £117 million of capitalised interest, £10 million of new leases, £3 million of lease interest and £9 million of lease remeasurements, partially offset by £83 million of interest repayments.
- (ii) Group net debt including Eurasia, which has been classed as held for disposal, amounts to £2,557 million, comprising £214 million cash and cash equivalents, £81 million of lease liabilities and external borrowings of £2,690 million.

GROUP STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2022

	ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY				
	ORDINARY SHARE CAPITAL £ MILLION	SHARE PREMIUM ACCOUNT £ MILLION	FOREIGN EXCHANGE RESERVE (TRANSLATION) £ MILLION	RETAINED EARNINGS £ MILLION	TOTAL EQUITY £ MILLION
Balance at 1 January 2022	-	699	19	(144)	574
Loss for the period	-	-	-	(364)	(364)
Other comprehensive income:					
Currency translation differences	-	-	234	-	234
Total comprehensive income/(loss) for the period ended 30 September 2022	-	-	234	(364)	(130)
Transactions with owners:					
Issue of ordinary shares (Note (i))	-	10	-	-	10
Balance at 30 September 2022	-	709	253	(508)	454

(i) During the period 9,550 £0.003 Ordinary shares were issued for a consideration of £10 million.

NOTES TO THE ACCOUNTS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2022

1. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements of Albion JVCo Limited Group ("the Group") for the period ended 30 September 2022 have been prepared applying the accounting policies (with the exception of the new policy for discontinued operations described below) and presentation that have been applied in the preparation of the Albion JVCo published consolidated financial statements for the year ended 31 December 2021, which themselves have been prepared in accordance with UK-adopted international accounting standards in conformity with the requirements of the Companies Act 2006.

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the condensed consolidated financial statements of the Group have been prepared on a going concern basis.

2. ACCOUNTING POLICIES

The accounting policies are consistent with those of the Albion JVCo Limited annual financial statements for the year ended 31 December 2021, as described in those annual financial statements, with the exception of the new policy for discontinued operations described below.

Accounting policy and judgement – discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which: represents a separate major line of business or geographic area of operations; is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations; or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale. An operation meets the held-for-sale criteria when it is available for immediate sale in its present condition and a sale is considered to be highly probable. When an operation is classified as a discontinued operation, the comparative statement of profit or loss is re-presented as if the operation had been discontinued from the start of the comparative year.

On 1 March 2022 the Albion JVCo Limited Group announced its decision to sell the Eurasia business. Until a sale is possible the Eurasia business is operating independently from the rest of the Group. At 30 September 2022 the Eurasia sale process was underway and the Group assessed that the IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" criteria to present the business as held for disposal were met given that it was highly probable that a disposal transaction would be completed within the next 12 months. The assets and liabilities of the Eurasia business have been presented as held for disposal and restated to the lower of the carrying amount and fair value less costs to sell, and the business activity has been presented as discontinued.

3. SEGMENTAL REPORTING

(a) Revenue by segment

	9 MONTHS ENDED 30 SEPTEMBER 2022 £ MILLION
Transactional rental	852
Power projects	451
Total continuing operations	1,303
Discontinued operations	74
Group	1,377

- (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) On 5 April 2022 the Group announced a new organisational structure comprising two business units: transactional rental and power projects. All current year numbers are in accordance with this new structure.

3. SEGMENTAL REPORTING CONTINUED

(b) Profit/(loss) by segment

	9 MONTHS ENDED 30 SEPTEMBER 2022		
	TOTAL BEFORE EXCEPTIONAL ITEMS £ MILLION	EXCEPTIONAL ITEMS (NOTE 4) £ MILLION	£ MILLION
Transactional rental	126	(13)	113
Power projects	54	(8)	46
Operating profit/(loss) from continuing operations	180	(21)	159
Finance costs – net	(440)	-	(440)
Loss before taxation from continuing operations	(260)	(21)	(281)
Taxation	(74)	2	(72)
Loss for the period from continuing operations	(334)	(19)	(353)
Profit/(loss) from discontinued operations, net of tax	28	(39)	(11)
Loss for the period	(306)	(58)	(364)

4. EXCEPTIONAL ITEMS

The exceptional charge in the period of £21 million from continuing operations comprises severance and other costs related to the restructuring of the Group into the transactional and projects segments (£15 million) and costs related to our Future of Finance programme (£8 million) (both included within administrative expenses), partially offset by a £2 million gain on sale of assets from our business in Turkey (included within other income).

Management has reviewed the carrying amount of the assets held for disposal and as a result an impairment charge of £38 million has been included within exceptional costs. There is also a £16 million write off of an intercompany receivable within other Aggreko legal entities from Eurasia, fully offset by the release of the corresponding creditor in the Eurasia balance sheet. A tax charge of £2 million arises on the intercompany receivable write off partially offset by the fair value unwind of the deferred tax liability (£1 million). Refer to note 6.

There was a £45 million exceptional cash outflow in the period comprising £22 million of acquisition costs, £12 million of restructuring costs, £10 million of Future of Finance costs and £1 million of costs relating to the disposal of Eurasia. In addition there was a receipt of £8 million fee refund which was included in finance income in the cash flow statement. £26 million of these cash outflows were recognised in the income statement in the period ended 31 December 2021.

Exceptional items by segment – continuing operations

	RESTRUCTURING £ MILLION	FUTURE OF FINANCE £ MILLION	GAIN ON SALE £ MILLION	TOTAL EXCEPTIONAL ITEMS £ MILLION
Transactional rental	(9)	(6)	2	(13)
Power projects	(6)	(2)	-	(8)
Group – continuing operations	(15)	(8)	2	(21)

5. NET FINANCE COST

	9 MONTHS ENDED 30 SEPTEMBER 2022 £ MILLION
Finance cost on external borrowings	(123)
Foreign exchange on borrowings	(318)
Finance cost on lease liability	(3)
Finance cost on employee benefit scheme liabilities	(1)
	(445)
Finance income on employee benefit scheme assets	1
Finance income on bank balances and deposits	4
	5

6. DISCONTINUED OPERATIONS AND HELD FOR DISPOSAL ASSETS AND LIABILITIES

(a) Discontinued operations

The discontinued operation represents the Group's Eurasia business. As described on page 1 and in Note 2 a transaction to dispose of the Eurasia business is considered to be highly probable at the balance sheet date. The assets and liabilities of the Eurasia business have been presented as held for disposal, and the business activity has been presented as discontinued.

As the sale process for the Group's Eurasia business is now well underway, management has reviewed the carrying amount of the assets held for disposal and concluded that an impairment should be taken at 30 September 2022. The impairment charge (of £38 million) has been included within exceptional costs. In assessing the level of the impairment, management compared the carrying value of its investment to its fair value, less costs to sell, based on evidence from the ongoing sale negotiations. The impairment charge has been applied to reduce the carrying amount of assets within the disposal group, with £27 million having been applied to our Russia business and £11 million to our Kazakhstan business. The impairment has been applied firstly to the non-current assets of these businesses and then, in the case of Kazakhstan only, to the current assets. There is also a £16 million write off of intercompany receivables from Eurasia held within other Aggreko entities, fully offset by the release of the corresponding creditor in the Eurasia business, resulting in a £nil impact at a Group level.

6. DISCONTINUED OPERATIONS AND HELD-FOR-SALE ASSETS AND LIABILITIES CONTINUED

The profit/(loss) of the discontinued operation, including associated fair value adjustments and after elimination of intercompany transactions, is as follows:

	9 MONTHS ENDED 30 SEPTEMBER		
	TOTAL BEFORE	EXCEPTIONAL	
	EXCEPTIONAL	ITEMS	
	ITEMS	(NOTE 4)	
	2022	2022	2022
	£ MILLION	£ MILLION	£ MILLION
Revenue	74	-	74
Cost of sales	(22)	(38)	(60)
Gross profit	52	(38)	14
Distribution costs	(20)	-	(20)
Administrative expenses	3	-	3
Impairment (loss)/gain on trade receivables	-	-	-
Other income	-	-	-
Operating profit/(loss)	35	(38)	(3)
Net finance cost			
- Finance cost	-	-	-
- Finance income	-	-	-
Profit/(loss) before taxation	35	(38)	(3)
Taxation	(7)	(1)	(8)
Profit/(loss) for the period	28	(39)	(11)

Cashflows from discontinued operations

	9 MONTHS ENDED 30 SEPTEMBER 2022
Cashflows from operating activities	36
Cashflows from investing activities	(5)
Net increase in cash and cash equivalents in discontinued operations	31

(b) Held for disposal assets and liabilities

The assets and liabilities associated with the Eurasia business are deemed available for immediate disposal and have been separately presented on the face of the balance sheet at 30 September 2022. The assets have been stated at their fair value less costs to sell, which is deemed to be lower than the carrying value.

6. DISCONTINUED OPERATIONS AND HELD-FOR-SALE ASSETS AND LIABILITIES CONTINUED

The assets and liabilities classified as held for disposal are as follows:

	30 SEPTEMBER 2022 £ MILLION
Non-current assets	
Property, plant and equipment	42
Deferred tax asset	4
Fulfilment assets	15
	61
Current assets	
Inventories	18
Trade and other receivables	33
Fulfilment assets	3
Cash and cash equivalents	39
	93
Total assets	154
Current liabilities	
Trade and other payables	(23)
Current tax liabilities	(3)
Demobilisation provision	(1)
	(27)
Non-current liabilities	
Lease liability	(2)
Demobilisation provision	(4)
	(6)
Total liabilities	(33)
Net assets	121

7. TAXATION

The taxation charge for the period is based on an estimate of the Group's underlying effective rate of tax for 2022, based on prevailing tax legislation at 30 September 2022, adjusted for one off items in the period. This results in a rate of (28%) on losses before exceptional items and 12% on exceptional items on continuing operations.

The tax rate on discontinued operations is currently estimated to be 20% on profits before exceptional items and (3%) on exceptional items.

8. PROPERTY, PLANT AND EQUIPMENT

	FREEHOLD PROPERTIES £ MILLION	SHORT LEASEHOLD PROPERTIES £ MILLION	FLEET £ MILLION	VEHICLES, PLANT & EQUIPMENT £ MILLION	TOTAL £ MILLION
Cost					
At 1 January 2022	122	4	900	106	1,132
Exchange adjustments	14	-	144	11	169
Additions (Note ii)	8	-	180	14	202
Disposals (Note iii)	(4)	-	(15)	(2)	(21)
IFRS 16 remeasurements (iv)	7	-	-	2	9
Transfer to assets held for disposal (v)	(3)	-	(98)	(6)	(107)
At 30 September 2022	144	4	1,111	125	1,384
Accumulated depreciation					
At 1 January 2022	8	-	86	12	106
Exchange adjustments	1	-	17	1	19
Charge for the period	15	1	165	19	200
Disposals	(4)	-	(13)	(2)	(19)
Transfer to assets held for disposal (v)	(1)	-	(36)	(2)	(39)
At 30 September 2022	19	1	219	28	267
Net book values					
At 30 September 2022	125	3	892	97	1,117
At 31 December 2021	114	4	814	94	1,026

- (i) The net book value of assets capitalised in respect of leased right-of-use assets at 30 September 2022 is £76 million.
- (ii) Additions of £202 million include £10 million in relation to leased right-of-use-assets.
- (iii) Disposals include £12 million of cost and £12 million of depreciation in relation to leased right-of-use assets.
- (iv) Remeasurements represent amendments to the terms of existing leases which are prospectively applied.
- (v) Following the transfer to assets held for disposal these assets have been impaired to their fair value less costs to sell. Refer to Note 6.

9. TRADE AND OTHER RECEIVABLES

	30 SEPTEMBER 2022 £ MILLION
Trade receivables	558
Less: provision for impairment of receivables	(179)
Trade receivables – net	379
Prepayments	37
Accrued income	232
Other receivables	73
Total receivables	721
Provision for impairment of receivables	
	30 SEPTEMBER 2022 £ MILLION
Transactional rental	25
Power projects	154
Continuing operations	179
Discontinued operations	2
Group	181

10. BORROWINGS

	30 SEPTEMBER 2022 £ MILLION
Non-current	
Bank borrowings	1,232
USD Senior Secured Notes	507
EUR Senior Secured Notes	394
USD Senior Notes	404
Preference Shares	101
	2,638
Current	
Bank borrowings	17
USD Senior Secured Notes	14
EUR Senior Secured Notes	10
USD Senior Notes	10
Preference Shares	1
	52
Total borrowings	2,690
Cash at bank and in hand	(172)
Lease liability	79
Net borrowings	2,597
The maturity of financial liabilities	
The maturity profile of the borrowings was as follows:	
	30 SEPTEMBER 2022 £ MILLION
Within 1 year, or on demand	52
Between 1 and 2 years	6
Between 2 and 3 years	6
Between 3 and 4 years	2,122
Between 4 and 5 years	403
Greater than 5 years	101
	2,690

Group net borrowings including Eurasia, which has been classed as held for sale, amounts to £2,557 million, comprising £214 million cash and cash equivalents, £81 million of lease liabilities and external borrowings of £2,690 million.

APPENDIX 3: NON-GAAP MEASURES – AGGREKO LIMITED

Throughout this release we use a number of 'adjusted measures' to provide a clearer picture of the underlying performance of the business. This is in line with how management monitors and manages the business on a day-to-day basis. These adjustments include the exclusion of:

- Exceptional items - these are explained in Note 4 to the Aggreko Limited consolidated accounts.
- The translational impact of currency in comparing year on year performance
- Fuel revenue is separately reported for certain contracts in the power projects business in Brazil, where we manage fuel on a pass-through basis on behalf of our customers. The fuel revenue on these contracts is entirely dependent on fuel prices and the volume of fuel consumed, which can be volatile and may distort the view of the underlying performance of the business.

Set out in the table below are the principal exchange rates which affected the Group's profit and net assets for the nine months ended 30 September 2022 and 30 September 2021.

PRINCIPAL EXCHANGE RATES (PER £ STERLING)	Nine months ended 30 September 2022		Nine months ended 30 September 2021	
	AVERAGE	PERIOD END	AVERAGE	PERIOD END
United States Dollar	1.26	1.11	1.38	1.35
Euro	1.18	1.14	1.16	1.16
UAE Dirhams	4.62	4.08	5.09	4.96
Australian Dollar	1.78	1.72	1.83	1.87
Brazilian Reals	6.45	6.02	7.39	7.34
Argentinian Peso	151.33	163.85	129.35	133.38
Russian Rouble	91.12	67.56	102.50	98.37
Japanese Yen	160.53	160.72	150.35	150.45

Reconciliation of reported to underlying results

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

Revenue

£m	<u>TRANSACTIONAL RENTAL</u>			<u>POWER PROJECTS</u>			<u>GROUP</u>		
	2022	2021	CHANGE	2022	2021	CHANGE	2022	2021	CHANGE
As reported	852	852	-%	451	368	23%	1,303	1,220	7%
Pass-through fuel	-	-		(83)	(46)		(83)	(46)	
Currency impact	-	24		-	20		-	44	
Underlying	852	876	(3)%	368	342	8%	1,220	1,218	-%

Operating profit/(loss)

£m	TRANSACTIONAL RENTAL			POWER PROJECTS			CORPORATE COSTS			GROUP		
	2022	2021	CHANGE	2022	2021	CHANGE	2022	2021	CHANGE	2022	2021	CHANGE
As reported	148	167	(11)%	60	(17)	n.m.	-	(41)	(100)%	208	109	92%
Pass-through fuel	-	-		(12)	(9)		-	-		(12)	(9)	
Currency impact	-	1		-	(2)		-	-		-	(1)	
Exceptional items	13	11		8	28		-	41	100%	21	80	
Underlying	161	179	(10)%	56	-	n.m.	-	-	-	217	179	22%

Notes:

1. The currency impact is calculated by taking the 2021 results in local currency and retranslating them at the 2022 average rates.
2. The currency impact line included in the tables above excludes the currency impact on pass-through fuel in power projects, which in 2022 was £6 million on revenue and £1 million on operating profit.

Adjusted EBITDA

The table below reconciles the reported EBITDA to adjusted EBITDA:

£m	Albion JVCo Limited Group	Aggreko Limited Group	
	Q3 YTD 2022	Q3 YTD 2022	Q3 YTD 2021
Profit/(loss) (Post exceptional items)	(353)	101	(14)
Taxation (Post exceptional items)	72	80	67
Net finance costs (Post exceptional items)	440	27	56
Operating profit (Post exceptional items)	159	208	109
Depreciation	191	171	174
Amortisation of intangibles	33	4	4
Amortisation of fulfilment assets	34	34	78
EBITDA (Post exceptional items)	417	417	365
Exceptional items	21	21	80
Adjusted EBITDA	438	438	445

Note: Eurasia is excluded from this table.