

# OUR FLEET

Aggreko is unique amongst rental companies in that we design and build the majority of our fleet in our own manufacturing facility in Scotland.

## **We believe that this is an important competitive advantage, for a number of reasons:**

- First, it means that we can optimise the equipment to meet our particular operational requirements. A generator or chiller is normally designed to be permanently installed and rarely, if ever, moved; its performance will also be adapted for the regulations and ambient conditions of the country in which it is sold. An Aggreko generator will be picked up and put down thousands of times during its working life, and may be required to work faultlessly at +50°C in the Saudi Arabian desert and a few weeks later at -40°C in Northern Canada. We also design our equipment with the knowledge that we will own the equipment for its operating life and the more reliable it is, and the longer it lasts, the more money we will make. Given the choice of 6mm steel for a bed-plate, or 8mm, we choose 10mm.
- Second, the volume in which we purchase the key components is significant in terms of the overall market. In some sizes of generator engine and alternator, we probably account for 10% of the total world output. By designing and manufacturing our own equipment, we can capture for ourselves the benefits of being a volume purchaser.
- Third, having our own design and manufacturing capability means that we can react extremely quickly to customer requirements. We only have to convince ourselves of the desirability of a particular design feature, not a third party manufacturer.

Most rental businesses have a model of buying assets and then selling them on at a relatively early stage in their useful life. This minimizes service costs. Because we build longevity into our equipment, and failure rates in generators and chillers are more related to how well they are maintained rather than how old they are, we opt for a policy of rigorously maintaining our assets and running them for as long as possible. This also has the significant advantage that our business is not exposed to the vagaries of prices achievable in the used equipment market.

Our fleet is significantly larger than any of our competitors: at the end of 2008, it comprised 13,500 generators ranging in size from 10kW to 2MW, which in aggregate amount to over 5,600MW of generating capacity. To put this into perspective, that is the equivalent of about 9% of peak power demand on the UK national grid. We also have very large inventories of transformers, cable and distribution equipment. In aggregate, the net asset value of our power fleet is £574 million, and the original cost carried in our balance sheet is £1,067 million.

Our chiller fleet is also much larger than any of our competitors', with over 2,100 units having a capacity of 950MW. The net asset value of our chiller fleet is £37 million, and the original cost carried in our balance sheet is £98 million.

The rest of our fleet mainly comprises air-conditioners, oil-free air compressors, cooling towers and other ancillary equipment with an aggregate net asset value of £88 million, and the original cost carried in our balance sheet is £218 million.