



LSE Ticker: WEIR.LN
US ADR Ticker: WEGRY

Creating an even stronger Weir

19 April 2018

US\$1,285m mining acquisition and intention to sell Flow Control

Acquisition of ESCO, the premium brand in Ground Engaging Tools (GET)

- Global market leader with c.40%¹ share of surface mining; c.90% aftermarket

Focusing the portfolio on highly abrasive aftermarket-intensive applications

- Increasing exposure to more resilient and higher margin Minerals and Oil & Gas revenues

Creating a unique mining services provider

- The only provider of mission critical solutions from extraction to concentration

Significant value creation opportunities across the combined business

- US\$30m cost synergies in base case; further benefits from leveraging global network & technology

Financial discipline

- 12.6x 2018E EV/EBITDA²; expected EPS accretive in first full year; ROCE > WACC expected in year 3

Mix of consideration: 41% equity, 59% cash

- Cash funded through debt and the proceeds from a 7.4% placing; 2018E Net Debt/EBITDA² c. 2.0x

Weir trading update: Strong Q1 order momentum as expected

- Group orders +22%, Minerals orders +13%; full year expectations unchanged

Highly abrasive, aftermarket intensive

55% Minerals¹



- Aligned to structural growth trends
- Strong market shares, high barriers
- High margin; strong returns on capital

30% Oil & Gas¹



- Aligned to growth in NAM unconventional
- Leading provider: frack pumps & flow iron
- More cyclical but high margin and returns

Intention to sell

15% Flow Control¹



- Growing energy demand
- Niche positions in fragmented market
- Would benefit from prioritisation and scale

Mission critical	✓✓✓	✓✓✓	✓✓✓
Highly engineered	✓✓✓	✓✓✓	✓✓✓
Intensive aftermarket	✓✓✓	✓✓✓	✓
Global support	✓✓✓	✓✓✓	✓

1. Based on 2017 revenues.

Acquisition of ESCO: Highly engineered Ground Engaging Tools

~2,600 people

19 countries

#1 GET brand

~90% Aftermarket



Mining cable shovel



Production Master® bucket



Cable shovel lip system



Whisler plus adaptor system



Mining wheel loader



HD Quarry bucket



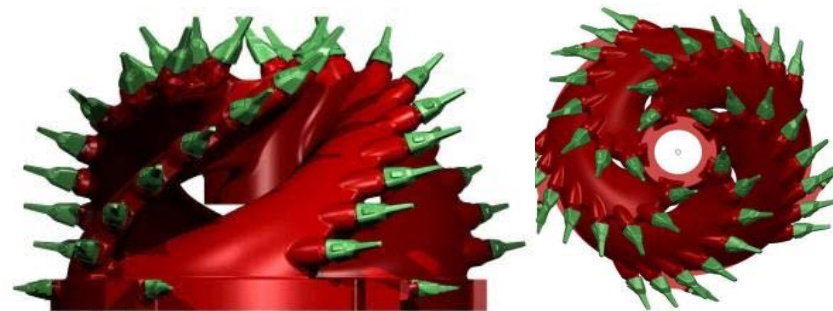
Nemisys® lip system



Ultralok® Tooth system



Infrastructure dredging



Vortex® Cutterhead Featuring GeoVor®



Geovor® tooth system

An adjacent business that shares characteristics with Weir Minerals

MISSION CRITICAL SOLUTIONS ✓ HIGHLY ENGINEERED EQUIPMENT ✓ INTENSIVE AFTERMARKET CARE ✓ COMPREHENSIVE GLOBAL SUPPORT ✓



ESCO lip system drives **5-10x** its value in aftermarket sales



Illustrative example	Price (rebased)	~100	~10	~10	~3				
	Life cycle	5-10 years	4 months	3 months	5 weeks				
	System lifetime replacements	1	15 - 30	20 - 40	50 - 100				
	System lifetime sales		150 - 300	+	200 - 400	+	150 - 300	=	500 - 1,000
		Wear parts carrier		GET wear parts				Lip system wear parts (system lifetime sales) ²	

Source: ESCO Corporation

1 Price based on the cost of a set of multiple teeth representing a full complement for a lip system

2 Sales may vary depending on application



Family owned with 105 year history

Commitment to innovation and technology

High quality, long standing team

Strong corporate governance

Continued stake in combined business



Execute



Grow



Transform



1. Deliver on our financial criteria

- Forecast mid-single digit GET market growth
- US\$30m annualised synergies
- Opportunity to improve ESCO EBITA margins towards lower end of Weir Minerals range

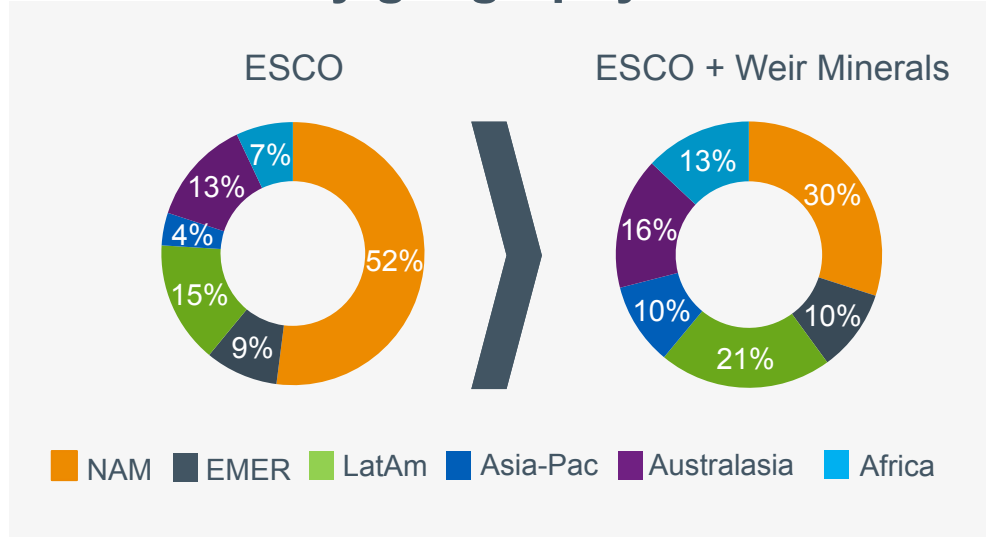
2. Value creation opportunities

- Leverage unrivalled global network
- Creating a unique mining services provider
- Impact of complementary technology

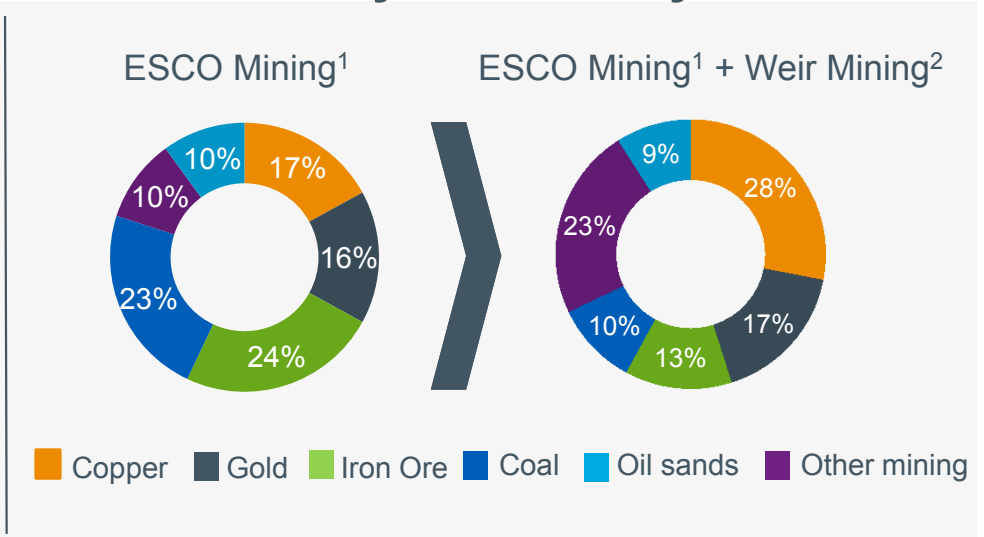
3. Long-term benefits

- Move to optimal organisational model
- Platform for further product extensions
- Realise technology synergies

Revenues by geography



Revenues by commodity



ESCO Facilities

- 10 manufacturing sites
- 6 foundries:
 - 2x US, Canada, Chile, 2x China
- 22 service centres

ESCO Customers

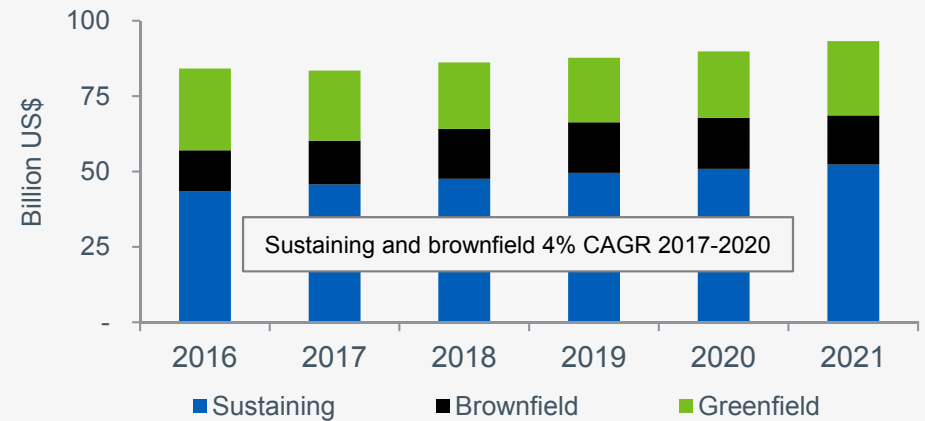
- Top 10 global mining companies
- No customer >5% revenue
- c. 33% of revenues from construction, aggregates and infrastructure

Right time in the mining cycle

Multi-year growth forecast as industry shifts back to investment and growth

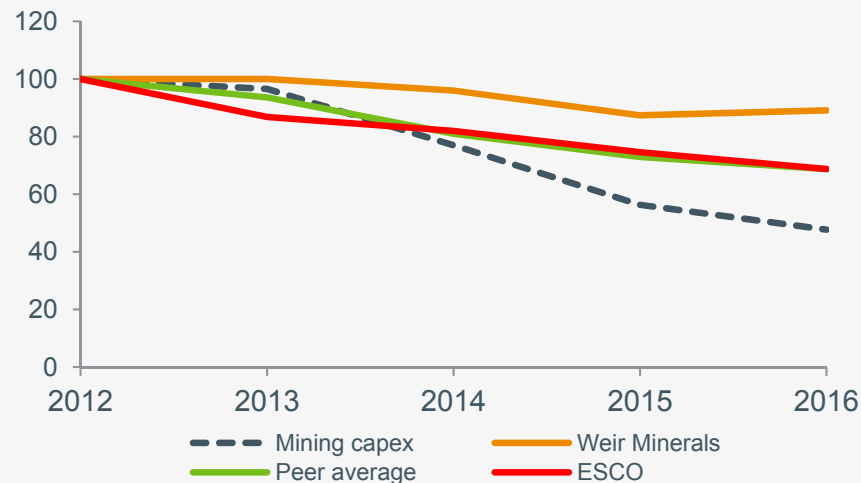
Aftermarket supported by market fundamentals; increasing production and declining ore grades

Multi year mining capex growth forecasted¹

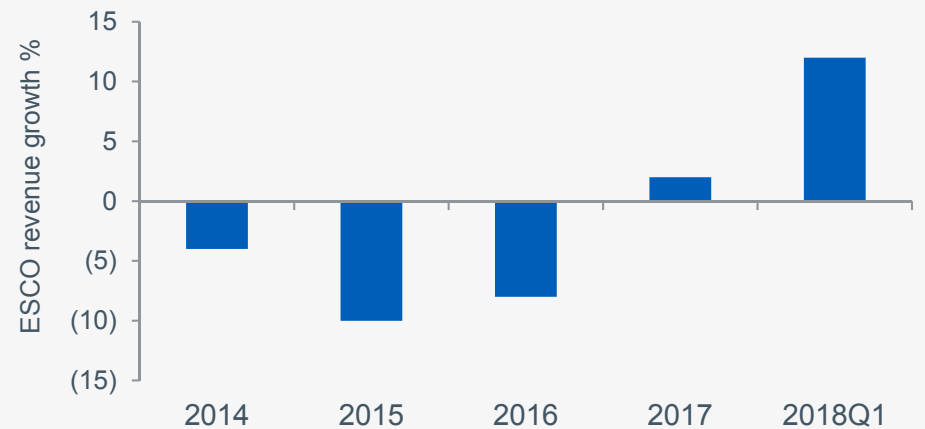


Right time in the development of ESCO

Revenue traded in line with peers during downturn^{2,3}

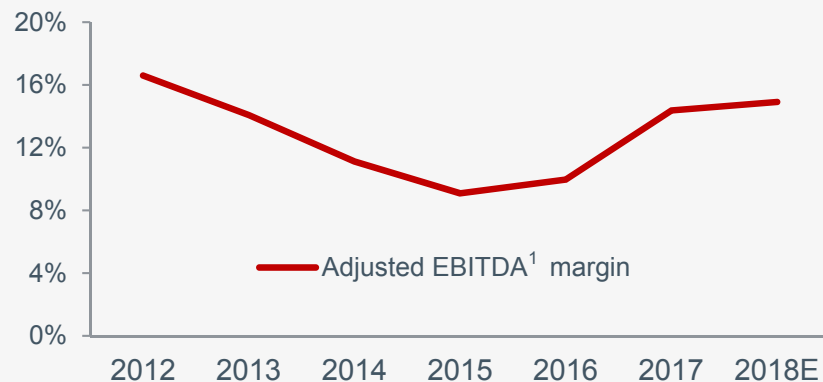


Revenue⁴ growing strongly in the recovery



1 CRU February 2018. 2. Constant currency revenue trend, rebased to 100. 3. Peers include Atlas Copco, Sandvik, Metso, FLSmidth, Outotec. 4. Constant currency.

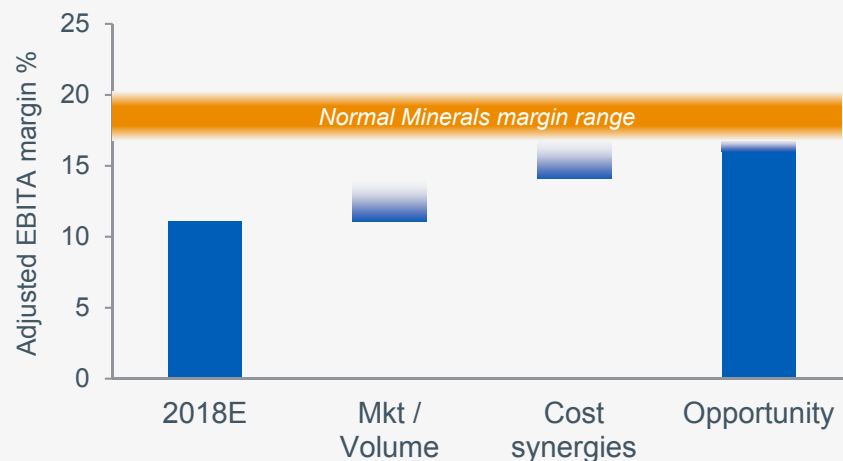
Historic performance (EBITDA %)



- EBITDA¹ margins impacted by volume
- Significant restructuring undertaken
- Strong start to 2018

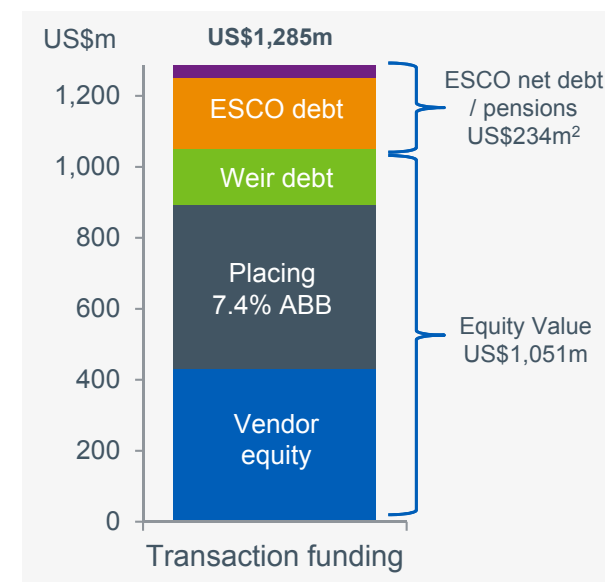
Base case: future opportunity

Opportunity to improve EBITA margins towards lower end of Weir Minerals range



- Market growth: mid-single digit %
- Cost synergies US\$30m by year 3
- Costs to achieve c.1.5x

Transaction value	<ul style="list-style-type: none"> Equity Value: US\$1,051m Enterprise Value: US\$1,285m est.
EV/EBITDA¹	<ul style="list-style-type: none"> 2018E (pre-synergies): 12.6x 2018E (post-synergies): ~10x incl. run rate synergies
Cost synergies	<ul style="list-style-type: none"> US\$30m annualised in third full year
EPS	<ul style="list-style-type: none"> Expected to be accretive in first full year
ROCE	<ul style="list-style-type: none"> Expected to exceed Group's WACC in third full year



Acquisition Mechanics

ESCO shareholders to receive 41% of consideration in Weir shares

- ~6%³ pro forma ownership of Weir; >50% locked up for 6 months post completion

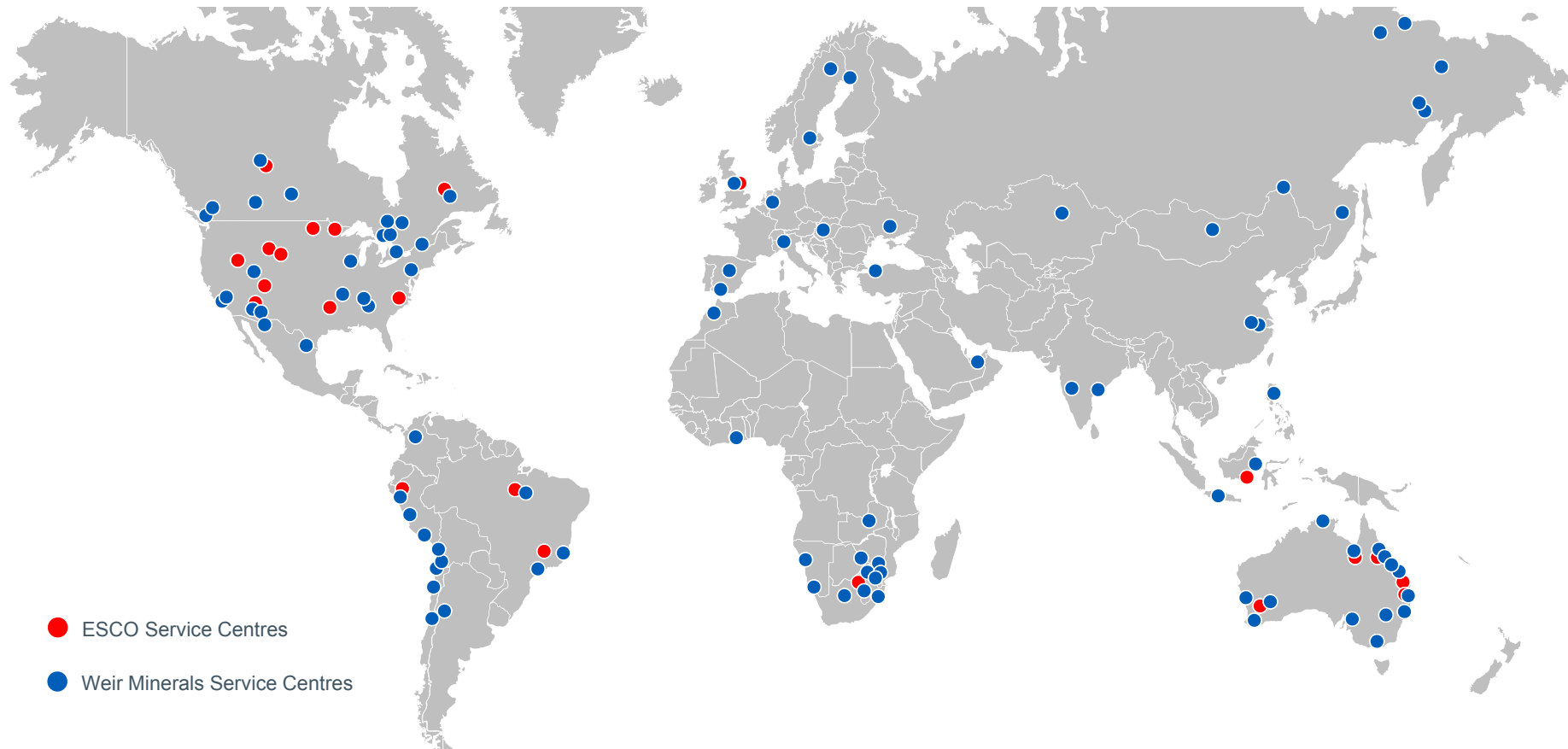
Unanimously approved by the ESCO board

- Voting undertakings received from the required majority of shareholders
- ESCO shareholder vote on or around 7 May 2018
- Customary deal protection

Closing expected in early Q3

- Conditional on anti-trust and other customary conditions

Weir has ~4x the service centre coverage



Specific opportunities for Weir
Comminution North America

Specific opportunities to further globalise ESCO
Mexico Africa Russia / CIS Asia

1. Map excludes ESCO and Weir facilities without service centres, i.e. head offices, sales offices, manufacturing centres



Weir technology objective

Weir strategic innovation priorities

Complementary capabilities



Increase revenues from new solutions

Material science

Digital transformation

Advanced manufacturing

- Bringing together some of the world's best metallurgists
- Cross fertilisation - Weir strength in chrome iron; ESCO strength in steel alloys
- Understanding of wear mechanisms

- Embedded sensors: measuring impact and wear to improve future design
- Aligned big data / analytics strategy at similar stage of implementation

- Foundry expertise in simulation, methoding & casting
- Bringing together emerging capabilities in cladding and laser deposition.

Q1 2018 order trends

Group: +22% with all divisions ahead of the prior year

Minerals: +13% with strong demand for both OE and AM

Oil & Gas: +50% driven by pressure pumping demand

Flow Control: +2% with encouraging growth trends

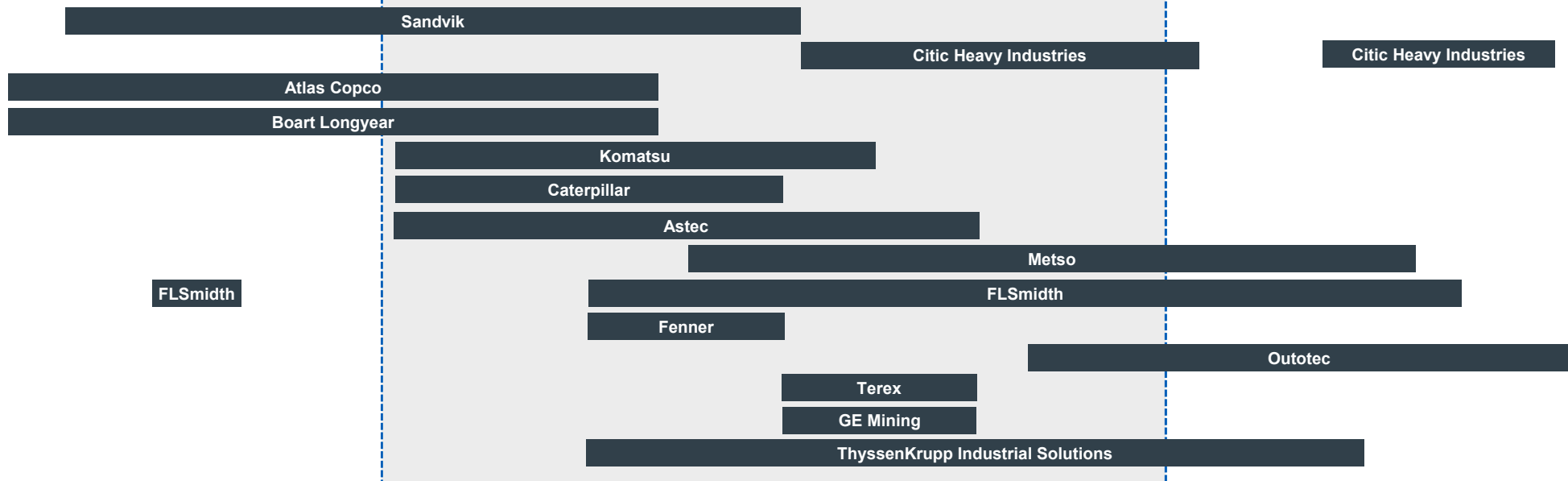
Full-year expectations unchanged

“Our good start to the year reflects our anticipated progress at this stage of 2018 and our full year outlook of strong constant currency revenue and profit growth remains unchanged”

Jon Stanton, Weir Group CEO

The **only** provider from extraction to concentration

*Broadens portfolio of solutions to enhance customer productivity
Supplier consolidation drives efficiency for mining customers*



A portfolio of global leading brands



WARMAN®

Centrifugal Slurry pumps



SPM®

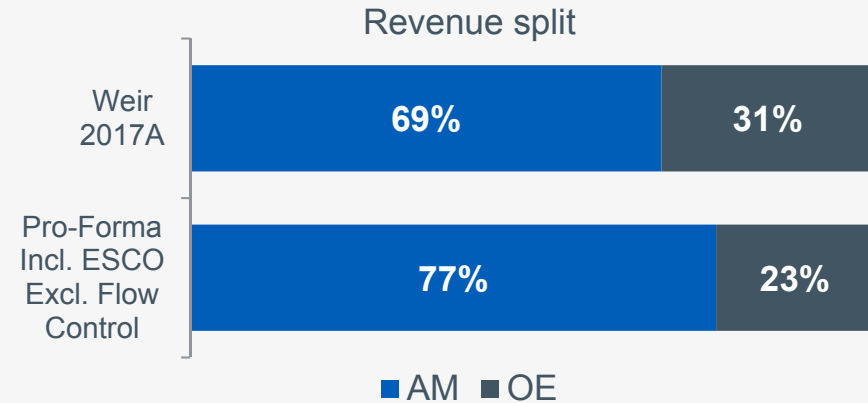
Pressure Pumping solutions



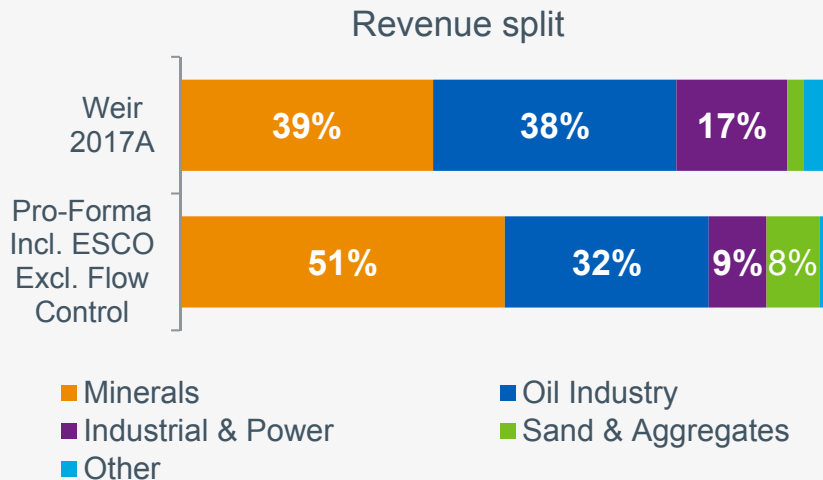
ESCO®

Ground Engaging Tools

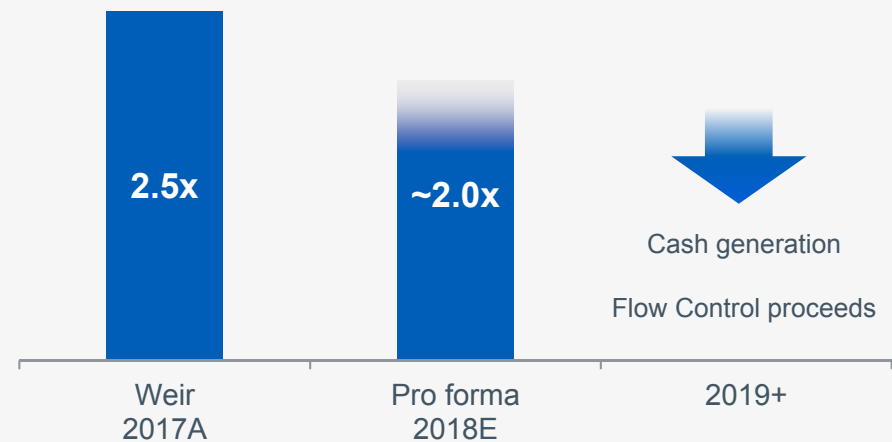
Exposure to resilient aftermarket



Focusing on highly abrasive upstream



Financial strength to invest in growth¹



¹ Pro forma net debt / adjusted EBITDA

Creating an even stronger Weir

- ✓ Focusing the portfolio on Minerals and Oil & Gas; intention to sell Flow Control
- ✓ ESCO is the right acquisition at the right time
- ✓ Financial criteria achieved under base case assumptions
- ✓ Platform for further growth: revenue synergies first, then transformation
- ✓ Mix of consideration: 41% equity; 59% cash
- ✓ Launching a 7.4% equity placing via accelerated book build

Delivering financial criteria

Transaction value	<ul style="list-style-type: none"> Equity Value: US\$1,051m / Enterprise Value: US\$1,285m est.
EV/EBITDA ¹	<ul style="list-style-type: none"> 2017A: 14.3x 2018E (pre-synergies): 12.6x 2018E (post-synergies): ~10x incl. run rate synergies
Cost synergies	<ul style="list-style-type: none"> US\$30m annualised in third full year; cost of delivery ~1.5x
EPS	<ul style="list-style-type: none"> Expected to be accretive in first full year
ROCE	<ul style="list-style-type: none"> Expected to exceed Group's WACC in third full year

Financial discipline

Consideration mix	<ul style="list-style-type: none"> ESCO to receive 59% in cash and 41% in Weir shares
Equity placing as % of Weir market cap	<ul style="list-style-type: none"> Cash consideration part funded with 7.4% primary placing, executed by ABB
ESCO pro forma ownership in Weir	<ul style="list-style-type: none"> ESCO shareholders to own ~6% pro forma ownership of Weir; >50%² locked up for 6 months post completion²
Pro forma Net debt / EBITDA ¹	<ul style="list-style-type: none"> 2018E pro forma leverage around 2.0x

Completion mechanics

ESCO shareholder meeting	<ul style="list-style-type: none"> Held on or around 7 May 2018
ESCO shareholder vote	<ul style="list-style-type: none"> Voting undertakings received from the required majority of shareholders
Expected completion	<ul style="list-style-type: none"> Early Q3 2018
Closing conditions	<ul style="list-style-type: none"> Conditional on certain anti-trust approvals and other customary conditions

¹ EBITDA pro forma adjusted. ² Based on Weir share price of 2,060p (as at 16-Apr-2018), GBP/USD FX rate of 1.4298. ² Shareholders owning 42% of ESCO shares have agreed to a lock-up. Estimated 80% of ESCO shareholders are qualified accredited investors

Division	Reported growth ¹					Like for like growth ^{1, 2}				
	2017 Q1	2017 Q2	2017 Q3	2017 Q4	2018 Q1	2017 Q1	2017 Q2	2017 Q3	2017 Q4	2018 Q1
Original Equipment	4%	25%	19%	10%	19%	4%	25%	19%	10%	19%
Aftermarket	13%	7%	9%	8%	11%	13%	7%	9%	8%	11%
Minerals	10%	12%	12%	9%	13%	10%	12%	12%	9%	13%
Original Equipment	56%	143%	92%	130%	91%	56%	143%	82%	97%	84%
Aftermarket	48%	98%	52%	46%	40%	48%	98%	50%	43%	38%
Oil & Gas	50%	106%	59%	60%	50%	50%	106%	56%	52%	47%
Original Equipment	-18%	-33%	-8%	-1%	-3%	-18%	-33%	-8%	-1%	-3%
Aftermarket	-3%	6%	7%	17%	6%	-3%	6%	7%	17%	6%
Flow Control	-11%	-15%	-2%	6%	2%	-11%	-15%	-2%	6%	2%
Original Equipment	5%	19%	21%	23%	27%	5%	19%	20%	18%	26%
Aftermarket	21%	27%	22%	20%	19%	21%	27%	21%	19%	19%
Continuing Ops¹	15%	24%	21%	21%	22%	15%	24%	21%	19%	21%
Book to Bill	1.14	1.06	0.95	0.94	1.14	1.14	1.06	0.95	0.94	1.14

¹ Continuing operations (excludes American Hydro Corporation and YES which were disposed of in Q2 2016).

² Like-for-like excludes the impact of acquisitions. KOP was acquired on 27 July 2017 and excluded for 2017.

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