

Acquisition of Seaboard Holdings Inc

23 November 2011



**Wellhead
Equipment**



Frac Trees



Service



Repair



Excellent
Engineering
Solutions



Overview

- US\$675m (£431m⁽¹⁾) acquisition of Seaboard Holdings Inc
 - *Leading provider of surface wellhead & pressure control solutions*
 - *Acquired from management and private investor Industrial Growth Partners*
 - *11.6x forecast 2011 EBITDA / 9.5x annualised Q3-2011 EBITDA⁽²⁾*

- Progresses upstream oil and gas strategy
 - *Increases exposure to high-growth unconventional upstream oil and gas markets*
 - *Provides entry to attractive adjacent markets and adds to Weir's upstream credentials*
 - *Diversifies Weir's upstream focus beyond pressure pumping market*
 - *Leverages Weir's footprint, both in North America and internationally*
 - *Provides direct access to end-user exploration and production companies*

- Provides attractive financial returns for shareholders
 - *Potential to grow faster as part of Weir*
 - *Returns above Weir cost of capital within three years*
 - *Mid single digit earnings accretion in 2012, growing strongly thereafter*
 - *Balance sheet flexibility retained (Pro-forma 2011E net debt c. 1.5x EBITDA)*

Progressing strategy and creating value for shareholders



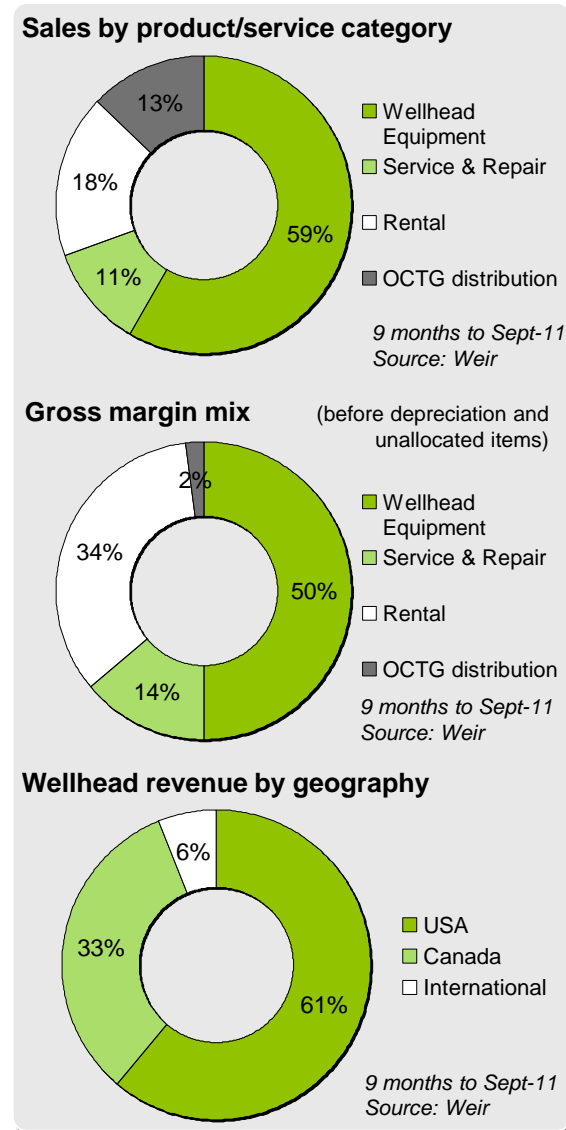
(1) Exchange rate of £1 = US\$1.565 at closing in London on 22 November 2011

(2) Including \$5m of cost, procurement and efficiency benefits

Overview of Seaboard

- Manufacture, sale & rental of full range of surface wellhead equipment
 - *North American focused, active across drilling, completion & production*
 - *Services conventional and unconventional upstream markets*
 - *Range of API compliant and proprietary products*
 - *High service and after sales support contribution*

- Two manufacturing sites and 20 service locations around N. America
 - *Supply over 200 major and independent E&P players*
 - *Main 130,000 sq.ft. manufacturing and assembly facility in Houston, Texas*
 - *Extensive low-cost supply chain*



Wellhead equipment	Manufacture and sale of full range of wellhead & pressure control products (e.g. production trees, valves, spools etc)
Equipment rental	Provision of equipment rental services, primarily frac trees (high pressure production trees for unconventional well completion)
Service & Repair	Service offering includes wellhead installation, testing, monitoring and maintenance. Seaboard also offers a full array of repair services
OCTG distribution	Legacy business which distributes a variety of tubular products associated with wellhead equipment

Seaboard is a leading independent wellhead & pressure control solutions provider



Progressing Weir's upstream oil & gas strategy

- Increases contribution from core high-growth upstream oil & gas markets
 - *Increasing relevance to expanded customer base, extends offering beyond pressure pumping market*
 - *Provides entry to attractive adjacent market with further growth and consolidation opportunities*

- Aligned to full life cycle of the unconventional market
 - *Seaboard's exposure to drilling provides market intelligence for Weir's well completion focused operations*
 - *Aligned product range expands Weir's offering across the surface equipment market*

- Combined offering enables access to new markets
 - *Leveraging Seaboard's products across Weir's global footprint*
 - *Utilising Weir's flow control products and Seaboard's field service capabilities to enter new markets*

Seaboard is an attractive opportunity to expand Weir's upstream presence



Strong alignment with Weir's upstream product offering



Hydraulic fracturing operation showing wellhead frac tree in foreground connected via SPM flow control products and manifold trailer with SPM's Destiny™ frac pumps. The acquisition of Seaboard introduces wellhead products to Weir and broadens its exposure across the surface equipment market.

Acquisition of Seaboard broadens Weir's portfolio in a directly adjacent market

The logo for Weir, consisting of the word "WEIR" in a bold, blue, sans-serif font.

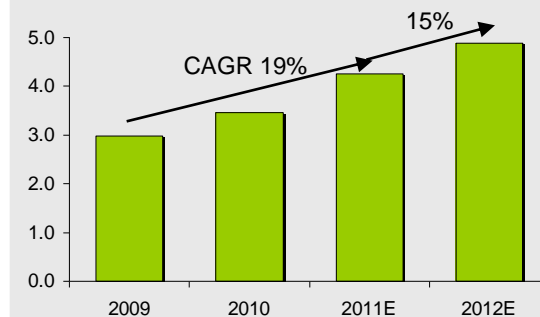
Wellhead market and Seaboard's positioning

- Large \$4.25bn market in 2011
 - Approaching 20% p.a. growth since 2009
 - 15% growth forecasted in 2012
 - Seaboard has a c.9% market share of the North American market
 - Weir SPM has 5% global market share through it's flow control offering

- Market is driven by wells drilled and well complexity
 - Strong growth of unconventional drilling – over 50% of US rigs
 - Growing well complexity and frac intensity increasing demand
 - Critical service needs – customers seeking turnkey solutions
 - Large international market driven by conventional market demand
 - Land rig count expected to grow in mid-single digits through to 2014

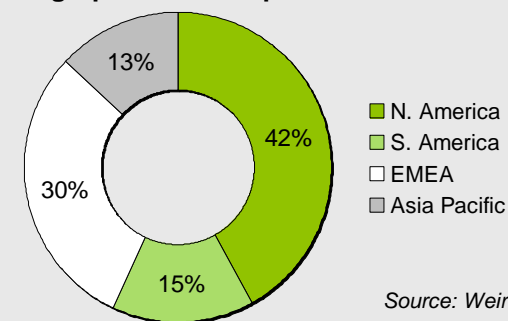
- Seaboard has a differentiated offering
 - Shorter lead times – facilitated by flexible, local manufacturing
 - Adaptability – tailors products for specific clients and applications
 - Surface wellhead only – market specialisation
 - North American focused – responsive to market changes

Surface equipment market

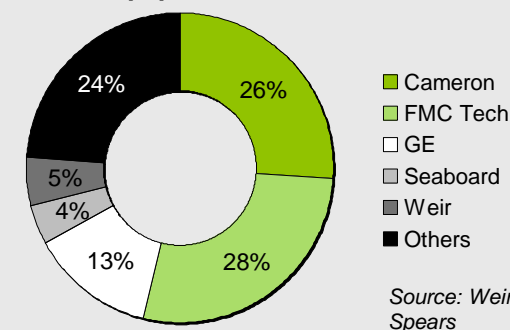


Geographic market split

Source: Spears



Surface equipment market share



Combined with Weir, Seaboard creates a broad based surface equipment player



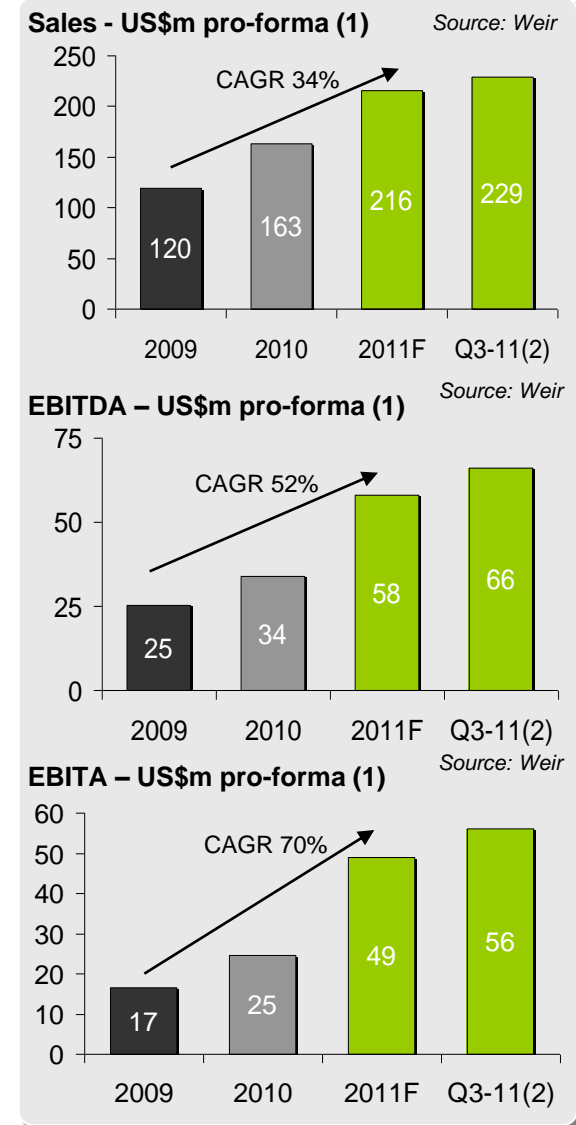
Background and historic performance

- Key development milestones
 - *Founded 1974, acquired by Hunt Valve in 1999*
 - *2003 buy-out led by current management*
 - *Expanded through acquisitions and organic growth*
 - *Geographic expansion: doubled service centres since 2008*
 - *2007: Wellhead Inc, 2011: AJ Industries (Canada)*

- Annual revenue growth greater than 30% in past two years
 - *Gaining share – growing at nearly twice the market rate*

- Pro-forma EBITDA more than doubled in past two years
 - *Leveraging overhead base and manufacturing consolidation*
 - *Faster growth of higher margin business lines*

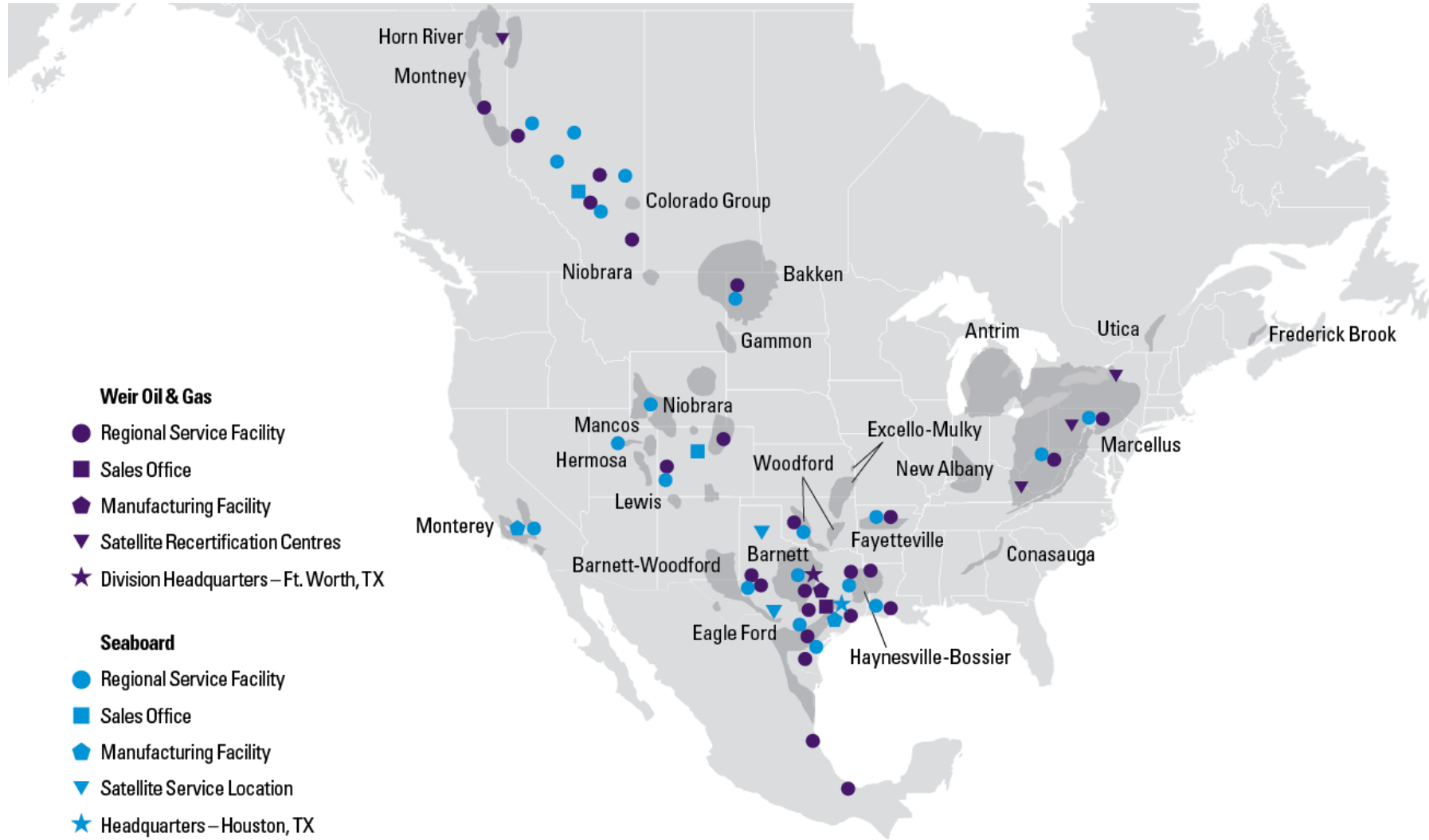
- Annualised Q3-2011 run-rate EBITDA of \$66m
 - *EBITA margin approaching 25%*



Strong track record of revenue and margin growth



Comprehensive service network



Complementary service footprint provide growth opportunities



Complementary customer base

E&P Companies



←
Current primary route to market

←
Opportunities created through combination



Service Companies

Complementary customer base provides cross selling opportunities



High growth potential

- Positive underlying market growth
 - *Strong fundamentals support medium term growth*
 - *Seaboard's North American focus strengthens exposure to fast growing frac market*
- Accelerated growth potential as part of Weir Group
 1. *Leveraging Weir's footprint in US and Canadian unconventional markets*
 - *Seaboard scale has prevented complete coverage of the c.\$1bn frac rental market*
 - *Weir's greater scale and capabilities enables full market service and facilitates greater access*
 2. *Combined offering enables entry to additional adjacent markets*
 - *Marriage of Weir flow iron with Seaboard technicians' expertise*
 3. *Expanding Seaboard's presence in the Middle East and other international markets*
 - *Seaboard is focused on North America – less than 50% of the market*
 - *Leverage Weir's global footprint and manufacturing capability, particularly in the large M. East market*
- Cost, procurement and efficiency benefits expected to exceed US\$5m by 2014
 - *Improving operational performance through introduction of Weir's lean philosophy*
 - *Removal of duplicate costs and "best" cost procurement savings*

Short, medium and long-term opportunities to grow Weir's revenues & margins



Key transaction and funding terms

- US\$675m to be paid in cash on completion
 - *Transaction costs of c.US\$7m will be incurred and recognised in Weir's 2011 results*
- Funded through existing and new debt facilities
 - *US\$300m bi-lateral loan - 2 year 10 months (expires coterminous with existing facilities)*
 - *US\$380m 18-month bridge to debt capital markets*
 - *Expected effective funding rate of c.3.5% in 2012*
- Pro-forma 2011E net debt of c.1.5x EBITDA
 - *Continued strong cash generation – ratio expected to fall below 1.0x within 18-months*
 - *Financial flexibility retained to pursue strategically aligned organic and inorganic growth initiatives*
- Transaction financing structure expected to provide ongoing tax benefits
 - *Group effective tax rate largely unchanged post transaction*
- Completion expected by the end of December 2011
 - *Completion of standard US anti-trust filings – no complications envisaged*
 - *No other regulatory or environmental clearances required*
- Management continuity assured
 - *Seasoned senior management team with an average of nearly 30 years industry experience*
 - *Proven 100-day integration plan agreed. Seaboard will report to Weir Oil & Gas Divisional Director*

Strong financial base maintained, management continuity secured



Summary

Leading surface equipment platform

- Leading provider of wellhead equipment to the North American market
- Extending our leading position in the unconventional market
- Entry to attractive market adjacencies with future consolidation opportunities

Aligned to Weir core competencies

- Highly engineered critical components for harsh environment applications
- Service levels critical, variable operating conditions, short lead times

Complementary customer base

- Materially expands Weir's access to top tier E&P customers
- Broadens exposure beyond pressure pumping market
- Minimal overlap and/or conflict with Weir's existing OFS customer base

Potential to accelerate growth

- Weir's extensive North American footprint better serves Seaboard's customers
- Leverage Weir's international network to expand Seaboard internationally
- Combined skillset enables entry to new markets

Attractive financial returns

- Immediate and growing EPS accretion
- Returns above cost of capital within three years
- Balance sheet flexibility maintained, low gearing ratios

Value enhancing acquisition expands Weir's strategic growth platform



Appendix



Hydraulic fracturing operation showing Weir SPM frac pumps connected via flow control products to the wellhead

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Seaboard pro-forma⁽¹⁾ financials

US\$m	2009	2010	2011E	Q3-11 ⁽²⁾
Revenue	119.6	163.1	216.0	229.2
<i>Growth</i>		36%	32%	<i>n/a</i>
EBITDA	25.3	34.0	58.0	66.0
<i>Margin</i>	21.2%	20.8%	26.9%	28.8%
EBITA	16.5	24.7	49.0	56.4
<i>Margin</i>	13.8%	15.1%	22.7%	24.6%

(1) Proforma unaudited financial information which assumes a full year contribution from AJ Industries, the removal of non-recurring items and the application of Weir's depreciation policy in respect of rental assets

(2) Annualised Q3 2011 results

Seaboard product range

Proprietary wellhead equipment



Production tree



Specialised wellhead equipment



Wellhead inventory



Pressure testing frac equipment



Gate valves ready for shipment



Offshore wellhead awaiting repair



Seaboard™ frac tree



Production wellhead



Installation of Seaboard™ frac tree



Weir Oil & Gas division overview

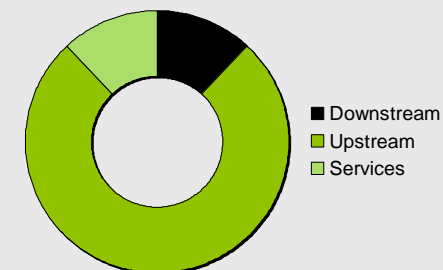
£m	2008 ⁽¹⁾	2009 ⁽¹⁾	2010
Input OE	157	124	289
Input aftermarket	176	194	337
<i>Input total</i>	<i>333</i>	<i>318</i>	<i>626</i>
Revenue OE	140	119	194
Revenue aftermarket	185	189	268
<i>Revenue total</i>	<i>325</i>	<i>308</i>	<i>462</i>
EBITA	74	53	117
Operating margins ⁽²⁾	22.8%	17.2%	25.4%

- Market leading position in Pressure Pumping and Flow Control
- Niche position in centrifugal pumps for refining and petrochemicals
- Respected services positions for repair and upgrades
- Resilient business model; leading margin performance versus peers
- Market leading responsiveness; increasing market share

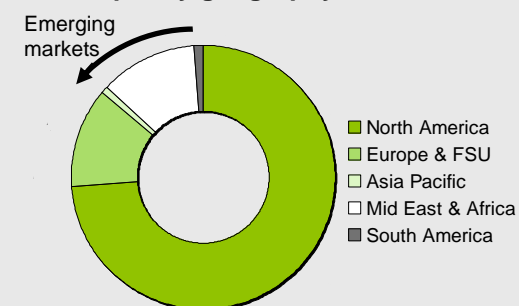
1. 2008 and 2009 restated at 2010 average exchange rates

2. Adjusted to exclude intangibles amortisation

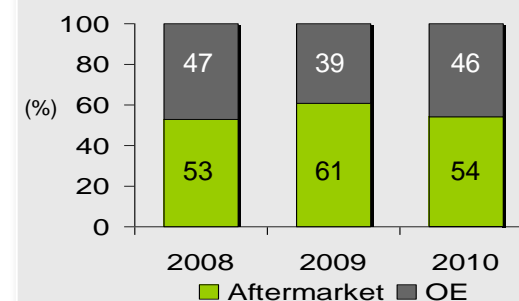
2010 Input by business line



2010 Input by geography %



Input OE / Aftermarket %



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