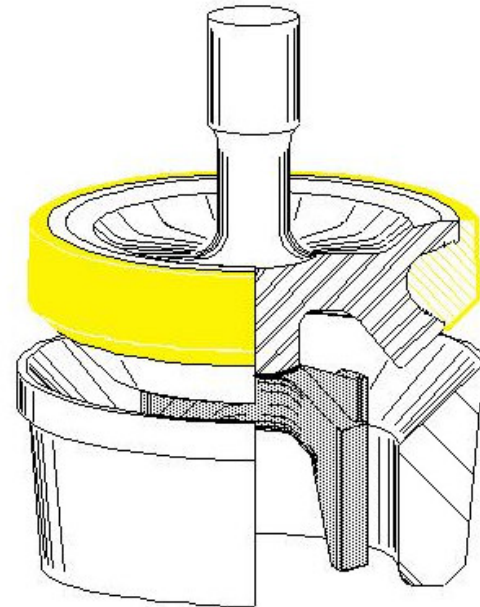
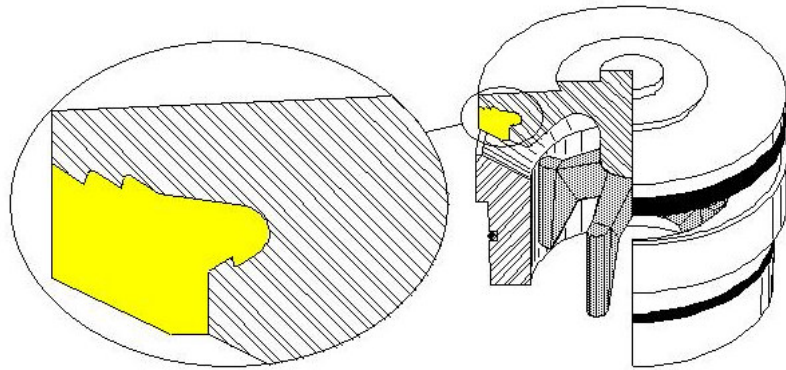


# Acquisition of Novatech LLC

25 January 2012



**novatech**<sup>™</sup>  
**Oilfield Innovations**

Excellent  
Engineering  
Solutions

**WEIR**

## Overview

- US\$176m (£113m<sup>(1)</sup>) acquisition of Novatech LLC
  - *Leading provider of well service pump expendables (valves and valve seats)*
  - *90% of revenue generated from aftermarket*
  - *Acquired from family ownership*
  - *7.0x unaudited pro-forma<sup>(2)</sup> EBITDA in year to September 2011*
  
- Further progresses upstream oil and gas strategy
  - *Increases exposure to high-growth unconventional upstream oil and gas markets*
  - *Extends pressure pumping aftermarket offering*
  - *Leverages Weir's extensive North American footprint*
  - *Enables packaged aftermarket solutions for customers*
  
- Provides attractive financial returns for shareholders
  - *Returns above cost of capital within year one*
  - *Immediately earnings accretive*
  - *Synergies from combination with Weir SPM and Weir Mesa*
  - *Balance sheet flexibility retained (Pro-forma 2011E net debt c. 1.7x EBITDA)*

**Extending Weir's market leading position in upstream products & services**

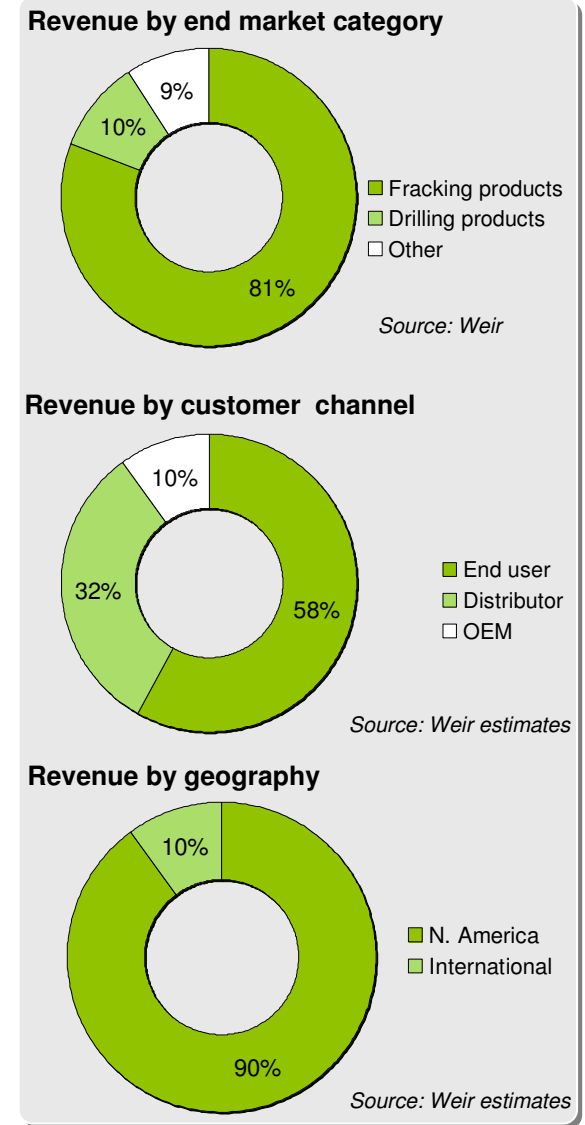


(1) Exchange rate of £1 = US\$1.5601 at closing in London on 24 January 2012

(2) Proforma unaudited financial information reflecting inclusion in the transaction of assets used by the business but held outside Novatech LLC.

# Overview of Novatech

- Manufactures a full range of valve and valve seats
  - *Premium product offering*
  - *Multiple pump applications from drilling to well services*
  - *Cast-N-Place™ insert (patented)*
  - *Technically advanced product with industry leading wear life*
  
- Focused on upstream unconventional applications
  - *Frac pumps*
  - *Cement pumps*
  - *Drilling mud pumps*
  
- 90% aftermarket business
  - *Frac pump valves & seats typically replaced every two weeks*
  - *Supplying end users direct and through distribution channels*
  - *10% of sales direct to OEMs, including SPM*

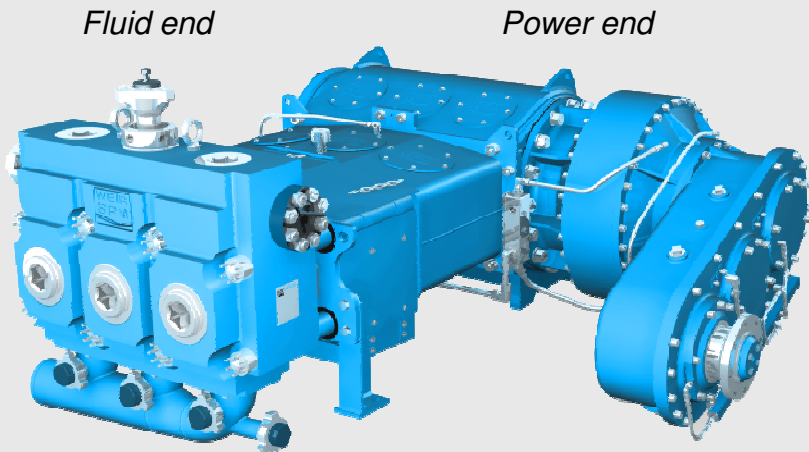


**Novatech is a leading provider of well service valves and valve seats**

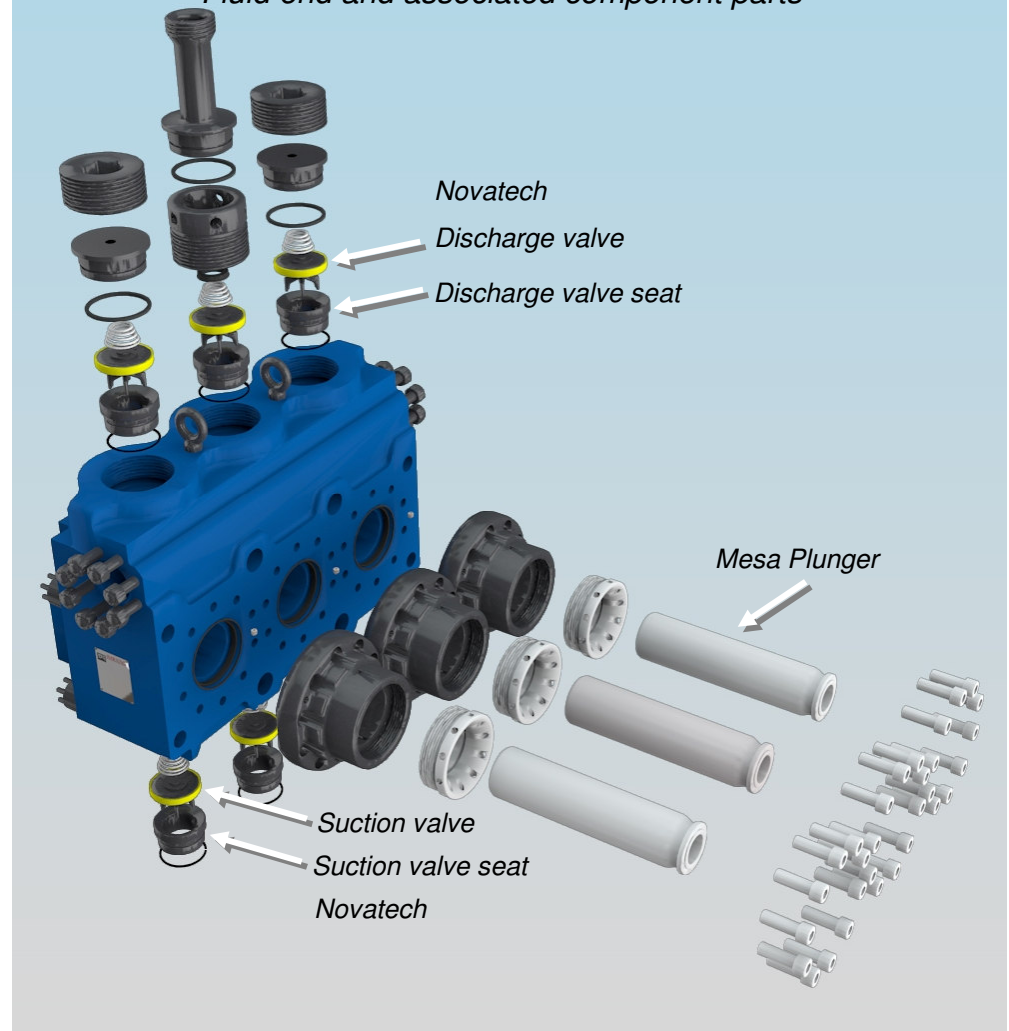


# Strong alignment with Weir's upstream pressure pumping offering

SPM Destiny™ TWS 2500 frac pump



Fluid end and associated component parts

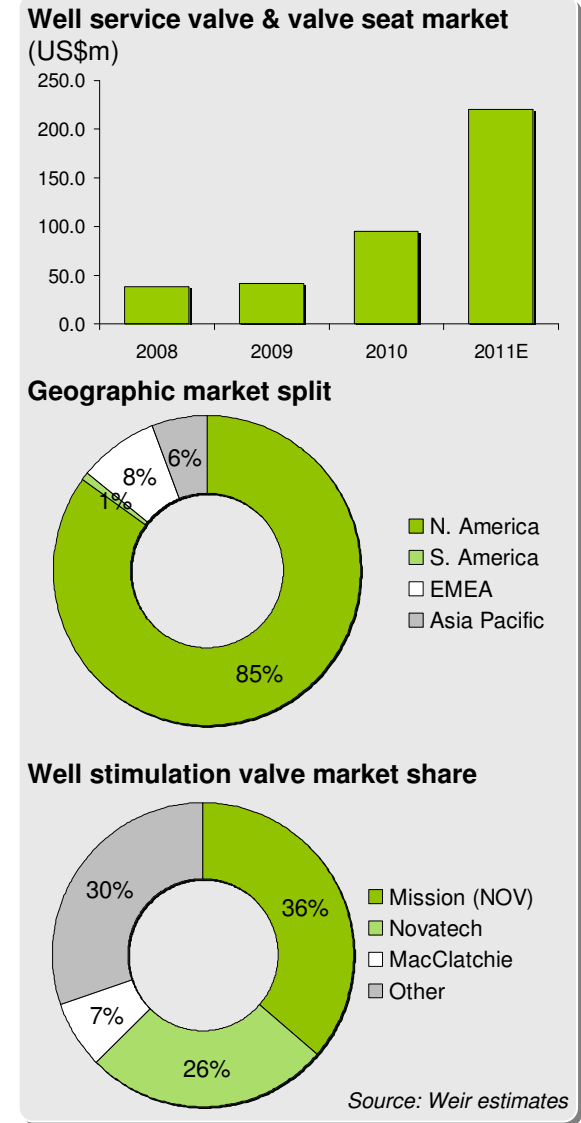


Acquisition of Novatech extends Weir's pressure pumping offering



# Well service valve market & Novatech's position

- Estimated North American market of \$220m in 2011
  - *Market more than doubled since 2010, quadrupled since 2009*
  - *Largely North American, driven by hydraulic fracturing*
  - *Novatech clear No2 in market, behind Mission (NOV)*
  
- Market is driven by pressure pumping activity
  - *Expansion of pressure pumping fleet over past two years*
  - *Increased intensity of hydraulic fracturing has multiplier effect on aftermarket demand*
  - *Strong fundamentals support long term growth prospects*
  
- Novatech has a premium offering
  - *Full product range*
  - *Strong brand recognition*
  - *Local manufacturing: adaptive and responsive*
  - *Strong customer service*



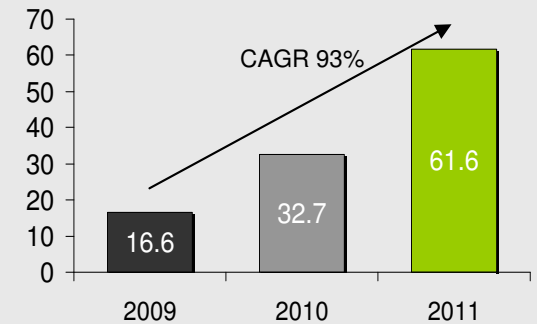
**Acquisition strengthens Weir's leadership of the pressure pumping aftermarket**



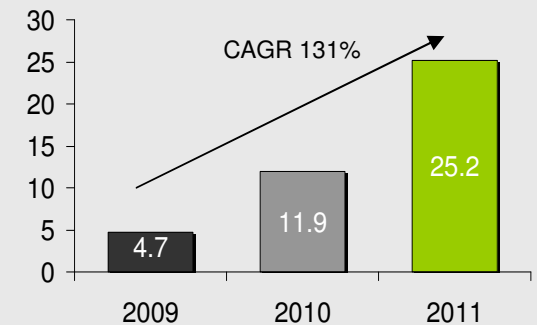
## Background and historic performance

- Founded early 1980s by current management
  - *History of developing innovative solutions for oilfield applications*
- Based in Dallas, Texas
  - *30,000 sq.ft. manufacturing facility*
  - *c.60 employees*
  - *ISO 9001 certified*
- Revenue growth approaching 100% p.a. over last two years
  - *Broadly in line with Weir's upstream oil and gas growth*
- Strong flow through to profits, EBITDA growing at over 130% p.a.
  - *Leveraging overhead base and manufacturing consolidation*
  - *Faster growth of higher margin business lines*
- Positive trends continued in the final quarter of calendar 2011
  - *Investment will be made in 2012 to expand capacity*

Sales US\$m pro-forma <sup>(1)</sup>



EBITDA US\$m pro-forma <sup>(1)</sup>



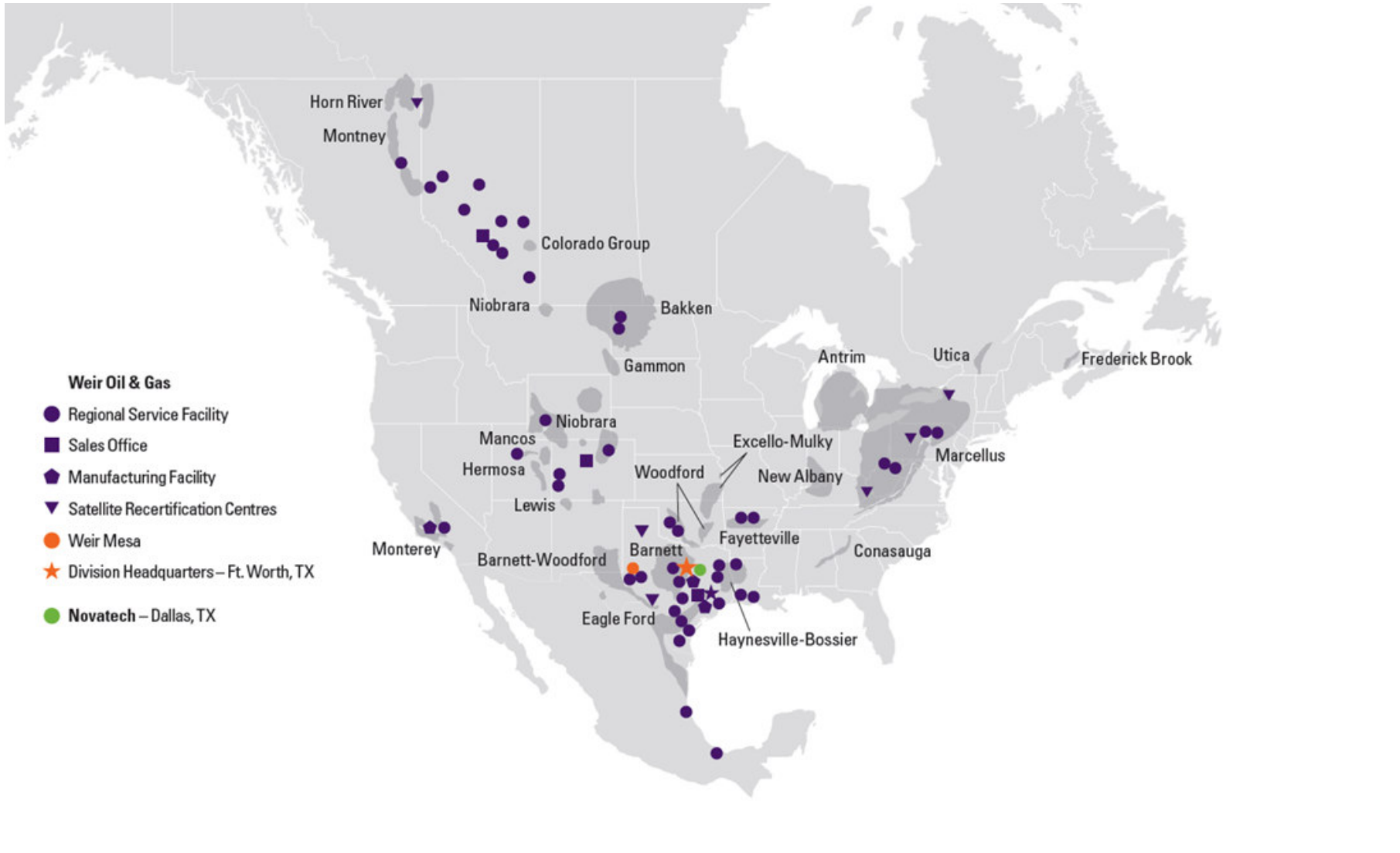
Source: Weir

**Strong track record of revenue and margin growth**

**WEIR**

(1) Proforma unaudited financial information for fiscal year ending September, reflecting inclusion in the transaction of assets used by the business but held outside Novatech LLC

# Leveraging Weir's comprehensive service network

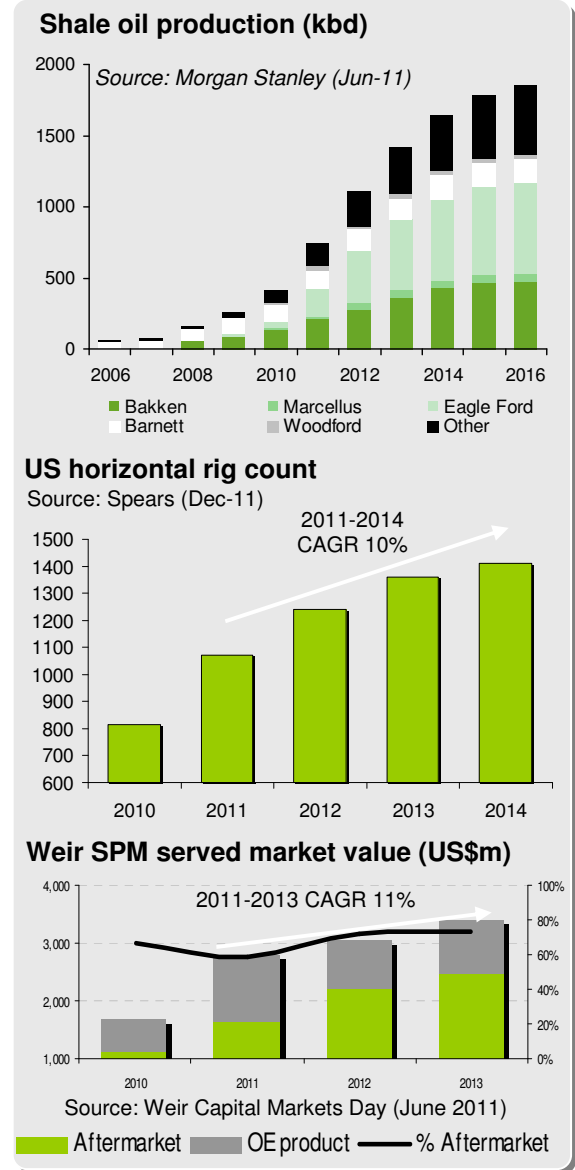


*Opportunity to directly serve common customer base using Weir's footprint*



# High growth potential

- Positive underlying market growth
  - *Strong fundamentals support medium term growth of shale markets*
    - *Oil and liquid rich plays expected to continue to take greater share*
    - *Frac demand expected to grow at 14% p.a.*
    - *Increasing operating intensity leading to accelerated aftermarket growth*
  
- Accelerated growth potential as part of Weir Group
  1. *Packaging of aftermarket pump expendables*
    - *Combination of valve/seat, plunger and fluid end spares and repair services*
  2. *Utilise Weir's footprint to provide direct sales and field service for Novatech*
    - *Expands current distributor network*
  3. *Open international markets to Novatech's offering*
    - *Novatech will benefit from Weir's global footprint and market access*
    - *Positions Novatech to benefit from globalisation of shale in medium term*
  
- Enhance productivity through its lean processes in production, supply chain and front end processes
  - *Improving operational performance through introduction of Weir's lean philosophy*
  - *Investing to support further growth*



**Long-term opportunities to accelerate growth of both Weir & Novatech products**



## Key transaction and funding terms

- US\$176m to be paid in cash on completion
  - *Consideration equates to less than 3% of Weir's market capitalisation*
  
- Funded through existing debt facilities
  
- Pro-forma 2011E net debt of c.1.7x EBITDA (including Seaboard acquisition)
  - *Continued strong cash generation: ratio expected to fall below 1.0x within 18-months*
  
- Completion expected in February 2012
  
- Short integration period:
  - *Facilitated by overlap with Weir SPM*
  - *Same end customers and markets*
  - *Located 50 miles from Weir SPM Fort Worth*

***Strong financial base maintained, low integration risk***



## Summary

### Extends Weir's leadership in pressure pumping

- Strong #2 in well service pump expendables (valves & valve seats)
- Critical components of frac pump, 90% aftermarket
- Same positive fundamentals exposure as SPM and Mesa
- Same customer base as SPM and Mesa

### Aligned to Weir's existing products

- Engineered valves and seats for harsh environment applications
- Service levels critical, variable operating conditions, short lead times

### Potential to accelerate growth

- Offer extended package of aftermarket pump expendables
- Utilise Weir's footprint to provide broader sales and service support
- Open international markets to Novatech's offering

### Attractive financial returns

- Immediate and growing EPS accretion
- Returns above cost of capital in first full year
- Balance sheet flexibility maintained, low gearing ratios

*Value enhancing acquisition expands Weir's strategic growth platform*



# Appendix



*Novatech manufacturing facility and head office, Near Dallas, Texas*

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# Novatech product range



## Weir Oil & Gas division overview

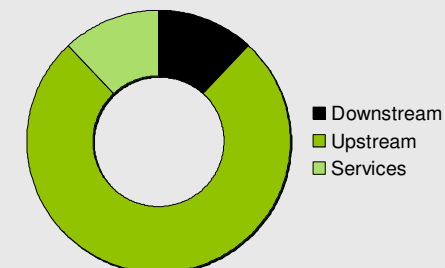
| £m                               | 2008 <sup>(1)</sup> | 2009 <sup>(1)</sup> | 2010       |
|----------------------------------|---------------------|---------------------|------------|
| Input OE                         | 157                 | 124                 | 289        |
| Input aftermarket                | 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 <sup>(2)</sup> | 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

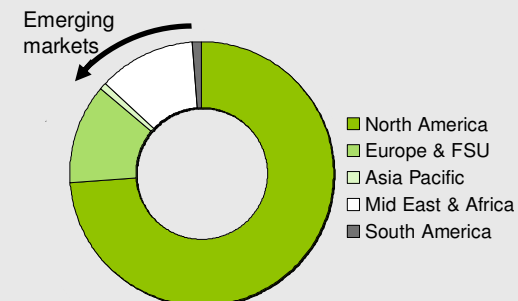
(1) 2008 and 2009 restated at 2010 average exchange rates

(2) Adjusted to exclude intangibles amortisation

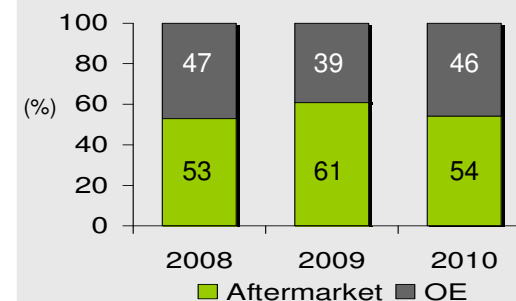
### 2010 Input by business line



### 2010 Input by geography %



### Input OE / Aftermarket %



# Acquisition of Novatech LLC

25 January 2012

This presentation contains certain forward-looking statements. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. In particular, all statements that express forecasts, expectations and projections with respect to future matters, including trends in results of operations, margins, growth rates, overall market trends, the impact of interest or exchange rates, the availability of financing to the Company, anticipated cost savings or synergies and the completion of the Company's strategic transactions, are forward-looking statements. By their nature, these statements and forecasts involve risk and uncertainty because they relate to events and depend on circumstances that may or may not occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements and forecasts. The forward-looking statements reflect the knowledge and information available at the date of preparation of this presentation, and will not be updated during the year. Nothing in this presentation should be construed as a profit forecast.

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