

The Weir Group PLC trading update for the third quarter ending 30 September 2021¹

This announcement contains inside information

Q3 trading update and cybersecurity incident

The Weir Group PLC is today accelerating the announcement of its Q3 trading update whilst updating the market on its management of a recent cybersecurity incident.

- Strong order² trends continued in the third quarter; 31% increase in continuing operations
 - Minerals orders +30%
 - Original Equipment (OE) +71% driven by brownfield expansion, share gains and sustainable solutions
 - Aftermarket (AM) +16% reflecting miners' maximising production
 - ESCO orders +36% supported by strong mining and infrastructure demand
- At the end of the quarter Weir was subjected to an attempted ransomware attack
 - No impact on Q3 orders; All facilities are operational with customer impact being mitigated
 - Business continuity plans and cyber counter-measures working well
 - Q3 profitability impacted with revenue deferrals on shipment delays and under-recoveries
 - Capabilities being progressively restored but operational inefficiencies expected into Q4
 - Group liaising with regulators and relevant intelligence services
- Full year PBTA now expected to be in the range of £230m to £245m

Jon Stanton, Chief Executive, commented:

"We responded quickly and comprehensively to what was a sophisticated external attack on our business. The robust action to protect our infrastructure and data has led to significant temporary disruption but our teams have responded magnificently to this challenge and have managed to minimise the impact on our customers. We will continue to focus on the safe restoration of all our systems whilst strengthening our future resilience even further.

More broadly, the continued strong demand across our markets in Q3, particularly for our more sustainable solutions, reinforces our view that Weir is ideally placed to benefit from a multi-decade growth opportunity, as the mining industry invests in expanding capacity while reducing its environmental impact.

We remain on track to deliver our recently announced three-year performance goals that will see us increase revenues, expand margins and significantly reduce our environmental footprint."

Q3 Group order trends remain strong

- Continuing operations³ orders up 31%
 - Minerals orders up 30%; OE +71% and AM +16%
 - ESCO orders +36%; OE +65% and AM +34%
- Strong project pipeline reflecting positive outlook for mining and infrastructure markets

Mining market demand was strong throughout the third quarter as customers continued to maximise production to benefit from positive commodity prices, particularly for the Group's largest exposures of copper, iron ore and gold. Demand was strong across all regions. Infrastructure markets also continued at a high level with growth moderating reflecting the impact of global supply chain issues on construction markets. Overall, Group orders increased by 31%, with original equipment orders up 71% and aftermarket

up 21%, reflecting the benefits of the Group's differentiated technology and positive market conditions. The Group's book-to-bill for the quarter was 1.14.

The **Minerals** division delivered order growth of 30% with original equipment up 71%. OE growth was supported by a very active market for small brownfield and integrated solutions rather than any specific large projects. The division also continued to make market share gains with its energy and water saving High Pressure Grinding Rolls (HPGR) technology reflecting increased demand for more sustainable mining solutions. Demand for its mill circuit product range was also strong as customers increased maintenance and replacement activity. Aftermarket demand was also strong, with orders up 16% despite ongoing restrictions on site access, travel and customers' logistics as miners continued to focus on maximising ore production. Divisional revenues were impacted by the cybersecurity incident towards the end of September.

ESCO orders increased 36%, delivering a fifth straight quarter of order growth. Original equipment orders increased 65% as the division benefited from its focus on expanding its product portfolio, particularly growth in large mining buckets. Aftermarket orders increased 34% as mining machine utilisation fully recovered and infrastructure demand remained strong. The division delivered further strong sequential and year-on-year revenue growth as its order book from the first half converted.

Managing the cybersecurity incident

The Group is currently managing the consequences of a sophisticated attempted ransomware attack that occurred in the second half of September. Weir's cybersecurity systems and controls responded quickly to the threat and took robust action. This included isolating and shutting down IT systems including core Enterprise Resource Planning (ERP) and engineering applications. These applications are now restored on a partial basis, and other applications are being brought back online in a progressive manner in order of business priority. The above actions have led to a number of ongoing but temporary disruptions including engineering, manufacturing and shipment rephasing, which has resulted in revenue deferrals and overhead under-recoveries. Effective capabilities are being progressively restored in the coming weeks but the consequences of the operational disruption and associated inefficiencies are expected to continue into the fourth quarter.

Our forensic investigation of the incident is continuing and so far, there is no evidence that any personal or other sensitive data has been exfiltrated or encrypted. We are continuing to liaise with regulators and relevant intelligence services. Weir confirms that neither it, nor anyone associated with Weir, have been in contact with the persons responsible for the cyber-attack.

Impact on 2021 full year guidance

There has been no negative impact on orders in Q3 and we continue to expect to deliver full year order growth in line with our expectations, resulting in a strong order book as we head into 2022. As a result of the rephasing of shipments caused by the cybersecurity incident, the Group experienced revenue deferrals of c.£50m in September alongside overhead under-recoveries in manufacturing and engineering. While the bulk of the missed September revenue is expected to be shipped in Q4 it is likely that the temporary disruption to our end-to-end value chain will cause some slippage of Q4 revenues into 2022 together with some overhead under-recovery.

In order to reflect this incident, Weir is updating full year guidance. The full year operating profit impact of Q4 revenue slippage is expected to be between £10m and £20m, while the impact of overhead under-recoveries is expected to be between £10m and £15m. The majority of the impact is expected to be in the Minerals division due to its engineering and supply chain complexity relative to ESCO. The direct costs of the cyber incident are expected to be up to £5m. As a result, the Group now anticipates its full year PBTA will be in the range of £230m to £245m.

Net debt

Net debt at 30 September 2021 was slightly higher than that reported at 30 June 2021 in line with expectations and reflecting normal seasonal patterns.

Notes:

1. Financial information is given for the three months ended 30 September 2021 and relates to continuing operations.

2. Orders are reported on a constant currency basis at August 2021 average exchange rates.

3. Continuing Operations excludes the Oil & Gas division, which was sold to Caterpillar Inc, in February 2021 and the Saudi-Arabian joint venture which was sold in June 2021.

Analyst and investor conference call

A conference call for analysts and investors will be held between 0800-0830 BST on 8 October 2021 to discuss this statement. Participants can join the call by registering in advance by visiting emea.directeventreg.com and submitting conference I.D. 319 2161. A recording of this conference call will be available until 21 October 2021.

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About The Weir Group PLC

Founded in 1871, The Weir Group PLC is one of the world's leading engineering businesses with a purpose to make its mining and infrastructure customers' operations more sustainable and efficient. Weir's highly engineered technology enables critical resources to be produced using less energy, water and waste while reducing customers' total cost of ownership. The Group is ideally positioned to benefit from structural trends that support long-term demand for its technology including the need for more essential metals to support economic development and carbon transition. The Group has c.11,000 employees operating in over 60 countries with a presence in every major mining region of the world.

Weir's ordinary shares trade on the London Stock Exchange (ticker: **WEIR LN**) and its American Depositary Receipts trade over-the-counter in the USA (ticker: **WEGRY**).

Appendix 1 – Continuing Operations¹ quarterly order trends

Reported growth							
Division	2020 Q1	2020 Q2	2020 Q3	2020 Q4	2021 Q1	2021 Q2	2021 Q3
Original Equipment	-13%	-9%	-57%	-18%	66%	50%	71%
Aftermarket	-1%	-6%	-5%	-3%	-1%	9%	16%
Minerals	-5%	-7%	-27%	-8%	15%	20%	30%
Original Equipment	25%	16%	-23%	6%	76%	17%	65%
Aftermarket	-8%	-28%	-24%	-2%	-2%	31%	34%
ESCO	-7%	-26%	-24%	-2%	2%	30%	36%
Original Equipment	-11%	-8%	-55%	-17%	67%	48%	71%
Aftermarket	-4%	-13%	-12%	-3%	-2%	14%	21%
Continuing Ops	-5%	-12%	-26%	-7%	11%	22%	31%
Book to Bill	1.10	1.03	0.82	0.87	1.22	1.20	1.14

Quarterly orders ² £m							
Division	2020 Q1	2020 Q2	2020 Q3	2020 Q4	2021 Q1	2021 Q2	2021 Q3
Original Equipment	81	102	75	110	134	152	129
Aftermarket	253	271	227	243	250	295	262
Minerals	334	373	302	353	384	447	391
Original Equipment	6	5	6	7	11	7	10
Aftermarket	120	94	94	100	117	122	127
ESCO	126	99	100	107	128	129	137
Original Equipment	87	107	81	117	145	159	139
Aftermarket	373	365	321	343	367	417	389
Continuing Ops	460	472	402	460	512	576	528

1. Continuing Operations excludes the Oil & Gas division, which was sold to Caterpillar Inc, in February 2021 and the Saudi-Arabian joint venture which was sold in June 2021.

2. Restated at August 2021 average exchange rates.

This information includes ‘forward-looking statements’. All statements other than statements of historical fact included in this presentation, including, without limitation, those regarding The Weir Group PLC’s (“the Company”) financial position, business strategy, plans (including development plans and objectives relating to the Company’s products and services) and objectives of management for future operations, are forward-looking statements. These statements contain the words “anticipate”, “believe”, “intend”, “estimate”, “expect” and words of similar meaning. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of the Company to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company’s present and future business strategies and the environment in which the Company will operate in the future. These forward-looking statements speak only as at the date of this document. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein to reflect any change in the Company’s expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. Past business and financial performance cannot be relied on as an indication of future performance.