The Weir Group PLC reports its Full Year results for the year ended 31 December 2021.

Positive order momentum and strong operational delivery

Strong orders driven by highly active end markets and strategic growth initiatives
- FY: Original Equipment (OE) orders[1] +45%; Aftermarket (AM) orders[1] +16%
- Q4: Orders[1] +26% YoY and +10% sequentially on Q3

Operational execution across the Group delivered +40 bps margin[1,2,3,4] expansion
- Swift response to cyber incident in September; financial impact at lower end of range
- Margin expansion delivered after mitigating cyber and Covid-19 headwinds of c.60 bps
- PBTA[2,3] of £249m in line with last year despite FX headwinds
- £266m operating cash flow[3] impacted by inventory build and disruption from cyber incident

Accelerated delivery of smart, efficient, sustainable solutions strategy
- Acquisition of Motion Metrics accelerates technology and digital strategy
- New products[2] increased to 6% of revenues and R&D investment[2] +40 bps
- 15%[2] reduction in CO_2e emissions since 2019; science-based targets to be set in 2022

Prioritising safety of impacted colleagues in Ukraine and Russia
- Combined net assets c.2% of Group total, revenue and operating profit <5%

On track to deliver medium-term targets
- Clear path to 17% operating margins in 2023; adding cash conversion targets
- Subject to ongoing geopolitical uncertainty, strong growth in constant currency revenue and profit expected in 2022
- Full year dividend of 23.8p in line with capital allocation policy

	2021	**2020**	**As reported**	**Constant currency[1]**
Continuing Operations[2]				
Orders[1]	£2,196m	£1,794m	n/a	+22%
Revenue	£1,934m	£1,965m	-2 %	+2%
Adjusted operating profit[3,4]	£296m	£299m	-1 %	+5%
Adjusted operating margin[3,4]	15.3%	15.2%	+10 bps	+40 bps
Adjusted profit before tax[3,4]	£249m	£249m	— %	n/a
Statutory profit before tax[4]	£209m	£178m	+18 %	n/a
Adjusted earnings per share[3,4]	71.3p	72.3p	-1 %	n/a
Total Group				
Statutory profit (loss) after tax[4]	£259m	(£155m)	+£414m	n/a
Statutory earnings (loss) per share[4]	99.7p	(59.6p)	+159.3p	n/a
Adjusted operating cash flow[3,4]	£266m	£365m	-27 %	n/a
Dividend per share	23.8p	0.0p	n/a	n/a
Net debt	£772m	£1,051m	+£279m	n/a

See footnotes on page 6

Jon Stanton, Chief Executive Officer said:
"In 2021 we navigated successfully through a number of significant external challenges to deliver a strong performance for the year. Order momentum was strong, with a significant acceleration in Q4, and demand for recurring aftermarket consumables has now surpassed pre-Covid levels.

As events continue to unfold in Ukraine and Russia, where our operations are relatively small, our priority is the safety of our impacted colleagues; we are doing all we can to support them and our thoughts are with them and their families.

We start 2022 with a record order book and market conditions continue to be favourable. Subject to ongoing geopolitical uncertainty, and with Covid-19, inflationary and supply chain pressures likely to persist, we currently expect to deliver strong growth in constant currency revenue and profit this year and further progress towards our medium-term performance goals.

Longer-term, our mining technology focus places Weir at the heart of a multi-decade growth opportunity in partnership with the global mining industry as it delivers the minerals essential for the clean energy transition more efficiently and sustainably."

A webcast of the management presentation will begin at 09:00 (GMT) on 2 March 2022 at www.investors.weir. A recording of the webcast will also be available at www.investors.weir.

CHIEF EXECUTIVE OFFICER'S REVIEW

Introduction

At the time of writing, we have seen a rapid escalation of events in Ukraine and Russia over the last week. Our first priority is the safety of our impacted colleagues and their families and we are doing all we can to support them. It is clearly a very difficult and dynamic situation, and we have provided further detail on the business context of these developments in the outlook on page 5.

Reflecting on 2021, it was a year of strong execution and significant strategic progress at Weir. Market trends have been favourable, and order momentum is strong. Economic and external factors have made for a complex operating environment – one in which our resilience has shone through.

In that context, I am very pleased that we have delivered a good set of results in our 150th anniversary year. That is down to the phenomenal efforts of our employees who have worked safely and tirelessly to serve our customers, protect our communities and support each other through the ongoing Covid-19 pandemic, and during the last quarter when we also responded to a major cybersecurity incident. This performance demonstrates the strength of our culture and I'd like to thank all my colleagues around the world for their commitment and hard work over the last year.

That dedication is also reflected in a creditable set of safety results. Our total incident rate of 0.45 (2020: 0.41) keeps us among the safest companies in our sector. Another year of life and work through the pandemic was not without its challenges, and I am pleased that we have not wavered on our journey to becoming a zero harm workplace.

Strong end markets and strategic growth initiatives drives order momentum

2021 saw the global economy continue to recover supporting strong demand for a wide range of commodities, with nearly all well above incentive prices and several at record levels. Across our main exposures of copper and iron ore, average prices were up c.50% on 2020 and average gold prices remained at multi-year highs. Demand for commodities was supported by the economic recovery in the many sectors that had been impacted by Covid-19, underpinned by global stimulus spending, whereas physical inventory shortages and production constraints meant supply struggled to keep up. Given the strength of commodity prices, customers were almost entirely focused on maximising ore production with volumes and machine utilisation continuing to normalise, reaching pre-Covid levels in Q3 and accelerating further in Q4.

Our mining market order growth was strong across all regions, with the exception of Australia, which saw good growth in the previous year but suffered ore production constraints in 2021. Growth was supported by two large OE orders for high pressure grinding rolls (HPGRs) and electric-powered mine dewatering pumps. Infrastructure markets continued their strong recovery with sand and aggregates markets benefiting from residential housing activity, particularly in North America. We also saw very strong growth in industrial markets with orders up by nearly 50%.

The Group's continuing operations delivered strong order[1] growth with a 22% improvement year-on-year. Original equipment orders[1] were up 45% as we continued to see miners prioritise both sustainability and efficiency. This was reflected in demand for our differentiated technology with Integrated Solutions orders up 32%. The £36m Ferrexpo order for our Enduron® HPGRs is an excellent example of this. It will support a significant increase in production while reducing energy consumption by around 40% compared to alternative solutions. Comminution orders increased by 60% this year and we have completed investment in expanding our technology centre in Venlo, The Netherlands to support expected future demand.

Aftermarket demand, on a constant currency basis, continued to improve and returned to growth, increasing 16% year-on-year. Momentum accelerated in Q4, with orders up 10% sequentially on Q3, as market conditions improved and we leveraged our global service network to fully capture the growth opportunities.

Good operational execution across the Group

Thanks to the resilience of our people and operations we were able to deliver revenues 2% higher than last year on a constant currency basis against a relatively strong comparator, while there was a 5% increase in adjusted operating profit. Adjusted operating margins[1,2,4] were up 40 bps year-on-year benefiting from strong operational execution and full mitigation of inflationary pressures. This improvement in margins was delivered after absorbing a headwind of c.60 bps from the impact of the cybersecurity incident and the net effects of ongoing Covid-19 costs.

The continuing improvement in end market conditions was seen alongside an increasingly challenging global logistical and inflationary backdrop. In regions where vaccination programmes are less advanced, we saw continued workforce constraints on miners and reduced access for third-party suppliers. Covid-related disruptions also included government-mandated restrictions and enforced shutdowns that reduced capacity in the period at Weir facilities in India, Peru, Malaysia and Australia. In addition, our operations dealt with several adverse weather events, political instability in South Africa and Peru, and significant supply chain disruption that increased materials and freight costs and lead times from the Group's suppliers.

From September we have successfully managed the consequences of a sophisticated attempted ransomware attack on our business. On detecting the threat, our cybersecurity systems and controls responded quickly and we took robust action to protect our infrastructure and data. System restoration across the Group was broadly completed by the end of January 2022 and we have taken further steps to improve our future resilience. The consequences of the attack caused us significant temporary operational disruption including engineering, manufacturing and shipment rephasing, but our teams responded magnificently to the challenge, pulling together to keep the business running and minimising the impact on our customers throughout. I am pleased to report that the financial impact of the attack was at the lower end of the range we set out in October, in large part due to the resilience inherent in our operating model.

Winning through our 'We are Weir' strategic framework

This time last year we announced new medium-term targets which were to grow faster than our end markets, expand Group operating margins by 150 bps and deliver a 30% reduction in Scope 1 and 2 emissions by 2024. I am pleased to say that we are on track to deliver all of these. The strength of our order intake this year is demonstrating the growth potential of the business while the margin progression delivered was particularly pleasing in the face of the significant headwinds discussed above. We now expect to deliver a constant currency operating margin[2,3] of 17% in 2023, and have added medium-term operating cash conversion targets of 90-100% reflecting the importance on cash generation to create the balance sheet flexibility to enable us to invest in the opportunities that lie ahead. However, capex is likely to be elevated above normal levels for the next two years resulting in cash conversion of between 80% and 90% over that period.

We have made significant progress with our sustainability strategy, remaining on track to deliver a 30% reduction is CO_2e in 2024, and have now pledged our commitment to the Science Based Targets initiative. This means we will set strengthened emissions reduction targets aligned with the Paris Agreement on climate change across Scope 1, 2 and 3. We expect to announce those more ambitious, externally validated emissions targets later this year.

Our strategic progress in 2021

	Medium-term targets	2020 Benchmark[2]	2021 Progress[2]
People	Improving TIR[5]	• TIR of 0.41	• TIR of 0.45
	Increasing Employee Net Promotor Score (eNPS)	• eNPS of +42	• eNPS of +48
Customers	Growing ahead of our markets through the cycle	• Ore production[6] c.-3%; Group AM revenues[1] -6%	• Ore production[6] c. +3%; Group AM revenues[1] +5%
Technology	Increase R&D as a percentage of revenues	• R&D[4]: 1.3% of revenues	• R&D: 1.7% of revenues
	Growth in sustainable solutions	• Integrated Solutions orders +3%	• Integrated Solutions orders +32%
Performance	Operating margin progression	• Operating margin[1,3,4] of 14.9%	• Operating margin[1,3] of 15.3%
	Expansion in ROCE	• ROCE[4] of 12.2%	• ROCE of 12.0%
	30% reduction in tCO_2e per £m revenue by 2024 vs 2019 baseline[1,7]	• -12% reduction in tCO_2e/£m to 84.4	• -15% reduction in tCO_2e/£m to 81.0

Accelerating delivery of smarter, more efficient and sustainable solutions

Over the past five years we have repositioned the Group to focus on mining technology, enabling us to take advantage of powerful market trends and strong structural drivers, leveraging our leading market positions and resilient aftermarket model. The sale of the Oil & Gas Division in February 2021 was a significant milestone in our transformation, following which we have continued to strengthen our foundations and drive growth aligned to our purpose - to enable the sustainable and efficient delivery of the natural resources essential to create a better future for the world.

We have completed this transformation because of the multi-decade growth opportunities that exist in partnership with the mining industry. Demand for metals will always increase with the demographic drivers of population growth and urbanisation but these factors have now been overtaken by expected demand from the clean energy transition. The rise of electric vehicles and transition to renewable energy generation in the form of wind and solar is now translating into significant increases in demand for metals like copper, nickel and lithium.

While the outlook for demand remains extremely strong, significant longer-term supply deficits are emerging in these commodities where it is becoming evident that current and planned production will not be adequate to meet the levels of electrification and renewable power generation required to get to net zero. At the same time, the mining sector is facing the ongoing challenge of ore grade declines that mean more material needs to be mined and processed, consuming more energy and water and creating more waste, just to stand still on production. These supply challenges are intensifying at the same time that miners are under increasing pressure to decarbonise and reduce their broader environmental impact so that they can maintain the social licence to operate in the communities where natural resources exist.

These trends mean the mining industry will need to invest significantly in expanding capacity while also meaningfully reducing its environmental impact through the adoption of new technologies and novel processes. I expect this to trigger a surge in new exploration, the expansion of existing resources, and accelerated investment in the development of new breakthrough technologies, all of which will provide tremendous future growth opportunities for innovative engineering partners like Weir.

Our goal is to play a leading role in developing and deploying the technologies that will support our customers on this journey. That means we will continue to invest in maintaining the competitive advantages of our existing products through advances in materials science and the mechanical/hydraulic properties of our equipment. We will invest more in developing new sustainable solutions to help customers reduce their emissions and water consumption, building on the success we have had with HPGRs in comminution, where we are now the clear market leader. We will also continue to focus on Integrated Solutions where we can combine our existing technologies to solve difficult problems as we are doing with technologies such as hydro-hoisting. At the same time we are increasing our investment in scouting and technology foresighting to identify new opportunities that have the potential to be transformational in mining processes, such as ore fragmentation and characterisation, and coarse particle flotation.

Underpinning our technology strategy we have invested in integrating our engineering expertise with digital technology. This means digitising the business as it is today, transforming business systems and processes to drive increased automation and enhance the customer experience. For example, in our Minerals Division we are close to completing the roll out of our digital Field Service Management system which is further enhancing our service offering, and all our main product lines are now enabled for Synertrex, Weir's proprietary digital analytics platform.

Beyond this we are investing in ways to further enhance our solutions offering through data insights. In November, we acquired Motion Metrics, which has added world class expertise in Artificial Intelligence (AI) and 3D Machine Vision technology and data science to the Group. Motion Metrics technology is already used in mines worldwide and its model is highly complementary to our aftermarket-based business. Motion Metrics has become part of the ESCO Division and will serve as Weir’s global centre of excellence for AI and Machine Vision technology, supporting the increased digitisation of the broader Weir product portfolio. We have already secured early orders as we leverage Weir’s global sales network and ESCO’s large installed base to expand adoption of this value enhancing technology and drive significant revenue growth. We are making good early progress and I am excited by the opportunities this acquisition brings to drive growth and accelerate our journey to include data and insight as a core offering to our customers across the Group.

Board changes

In April 2022, Charles Berry, our Chairman, will step down from the Board after completing his nine year term and will be succeeded by Barbara Jeremiah. Sir Jim McDonald will take over from Barbara as Senior Independent Director. The Group has undergone a bold and highly value adding transformation under Charles' Chairmanship and I can't thank him enough for all the support he has given me personally during that time. His deep rooted passion for Weir will be missed by everyone in the business and beyond, so on behalf of us all, I'd like to thank Charles for all he has done and wish him the very best for his retirement. Of course, Barbara has been there throughout our transformation too and I am delighted that she will take over as our Chair. The next phase of our journey - driving the technology-led transition to net zero in mining - is sure to be as exciting as the last and I am looking forward to working with Barbara as we rise to the opportunity.

Final dividend

Reflecting the high levels of confidence in our strategy and future prospects, the Board has today announced a final dividend of 23.8 pence per share, which is 33% of adjusted EPS for the period, in line with our capital allocation policy of returning a third of EPS through the cycle.

Outlook

2022 has started well and the impact of September's cyber incident is now behind us. We have a record order book and our markets are buoyant, supported by long-term structural growth drivers. In common with most global businesses we are managing ongoing disruption from Covid-19, as well as inflationary and logistics challenges in the supply chain, and remain vigilant of the heightened geopolitical risk.

Specifically, the rapid escalation of events in Ukraine and Russia has created significant uncertainty about our operations and trading in those countries. Our overall exposure is small, with combined Ukraine and Russia net assets of around 2% of the Group total and combined revenue and operating profit being less than 5%. We are actively assessing the situation closely and will update further as required.

Subject to the ongoing geopolitical uncertainty, in 2022 we expect to deliver strong growth in constant currency revenue and profit in line with our medium-term targets. Looking beyond the current year, medium-term growth prospects are exciting, underpinned by underlying macro trends which remain extremely favourable. With our strong and resilient business, we are well positioned to grow faster than our markets and deliver sustainable margin improvement in the long-term.

Segmental Analysis

Continuing operations[2] £m	Minerals	ESCO	Unallocated expenses	Total	Total OE	Total AM
Orders (constant currency)						
FY 2021	1,651	545	n/a	**2,196**	568	1,628
FY 2020	1,358	436	n/a	**1,794**	392	1,402
Variance:						
- Constant currency	22%	25%		**22%**	45%	16%
Revenue						
FY 2021	1,422	512	n/a	**1,934**	446	1,488
FY 2020 (as reported)	1,469	496	n/a	**1,965**	491	1,474
Variance:						
- As reported	-3%	3%		**-2%**	-9%	1%
- Constant currency	-1%	11%		**2%**	-6%	5%
Adjusted operating profit[3]						
FY 2021	251	83	(38)	**296**		
FY 2020 (as reported)[4]	260	81	(42)	**299**		
Variance:						
- As reported	-3%	3%		**-1%**		
- Constant currency	—%	11%		**5%**		
Adjusted operating margin[3]						
FY 2021	17.7%	16.3%		**15.3%**		
FY 2020 (as reported)[4]	17.7%	16.3%		**15.2%**		
Variance:						
- As reported (bps)	0	0		**10**		
- Constant currency (bps)	20	10		**40**		

Notes:

The Group financial highlights and Divisional financial reviews include a mixture of GAAP measures and those which have been derived from our reported results in order to provide a useful basis for measuring our operational performance. Adjusted results are for continuing operations before adjusting items as presented in the Consolidated Income Statement. Details of other alternative performance measures are provided in note 1 of the Audited Results contained in this press release.

1. 2020 restated at 2021 average exchange rates.
2. 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 to Olayan Financing Company in June 2021.
3. Profit figures before adjusting items. Continuing operations statutory operating profit was £257m (2020 restated: £228m). Total operations operating cash flow (cash generated from operations) excludes additional pension contributions, exceptional and other adjusting cash items, and income tax paid. Total operations net cash generated from operating activities was £156m (2020 restated: £266m).
4. 2020 has been restated to reflect a change in accounting treatment for Software as a Service (SaaS) arrangements following the publication of an Agenda Decision during the year by the International Financial Reporting Standards Interpretations Committee. Details of the restatements are provided in note 1 of the Audited Results contained in this press release.
5. As measured by Total Incident Rate (TIR) which represents the rate of any incident that causes an employee, visitor, contractor, or anyone working on behalf of Weir to require off-site medical treatment per 200,000 hours worked.
6. Weir-weighted commodity exposure - source McKinsey 2021.
7. Revenue for 2019 and 2020 is based on 2021 average exchange rates. 2019 constant currency revenue is £1,917m. Market based greenhouse gas emissions.

DIVISIONAL REVIEW

Minerals

Minerals is a global leader in engineering, manufacturing and servicing of processing technology used in abrasive high-wear mining applications. Its differentiated technology is also used in infrastructure and general industrial markets.

2021 Summary

- Original equipment orders[1] +45% supported by more sustainable solutions
- Aftermarket orders[1] +13%, with Q4 +29% and +19% sequentially as mine production recovered
- Revenues[1] -1% with operating margin[1,2] up 20 bps to 17.7%

2021 Operating Review

The Division benefited from both the strength of its market positions and its comprehensive global service network as mining markets recovered through the year, exceeding pre-Covid production levels in Q4. At the same time, efficiency programmes and roll out of new ERP systems supported margin progression, despite inflation in input costs, global supply chain disruptions and the impact of the cybersecurity incident. This performance was achieved while also making significant strategic progress.

People

In terms of safety performance, the total incident rate (TIR) across the Division was 0.36 (2020: 0.25). While this represented an increase on prior year, it remained at a low rate and we made good progress in catching hazards, particularly at remote service areas, and in reducing common, lower severity incidents such as hand and finger injuries and first aid events. Leading indicators were also positive with a marked increase in the number of safety conversations. We continued to invest in learning and development and recently launched a new programme called, 'Leadership in Mining', delivered in conjunction with the University of Utah, for our emerging leaders.

Customers

Customer intimacy and our global footprint is a differentiator for us and to support our customers in expanding their operations in existing and new geographies, we continued to extend our service network. During the year we opened seven new service centres, including two that are co-located with ESCO. We also opened a new £2m manufacturing plant in Turkey to support our growing customer base in Central Asia.

Technology

We made strong progress with our Integrated Solutions strategy through delivering tailored solutions that enhance productivity for our customers. In 2021, Integrated Solutions orders of £210m were up 32% on prior year, driven by strong demand for our comminution and dewatering technologies. In October we opened a second technology centre in Venlo, The Netherlands to support further development of sustainable mining solutions. The new facility represents a £4m investment and extends our capacity for the development and manufacture of tailings solutions and comminution technologies. Comminution is one of the most energy intensive processes in the mine and Weir's technologies enable customers to improve their energy efficiency by 40%, to achieve significant reductions in emissions. These technologies continue to gain traction with orders up by 60% in the year.

Performance

We continued to drive operational efficiency across the Division to support the Group margin expansion targets. Major investments in 2021 include the upgrade to our foundry in Artarmon, Australia and a new modern plant in China, where we consolidated our operations into a world class facility in Binhu for slurry pumps and comminution which is already benefiting efficiency and recoveries. We have also continued to standardise our IT platforms with 80% of the Division now operating on SAP.

We implemented a number of energy efficiency projects during 2021 and have further reduced emissions via renewable energy purchasing and installation. The annualised savings of efficiency projects implemented in 2021 by the Division would equate to a 6% saving of Minerals' 2021 CO_2e.

2021 Financial Review

Constant currency £m	H1[1]	H2	2021	2020[1]	Growth[1]
Orders OE	285	248	533	367	45%
Orders AM	543	575	1,118	991	13%
Orders Total	**828**	**823**	**1,651**	**1,358**	**22%**
Revenue OE	173	240	413	448	-8%
Revenue AM	486	523	1,009	985	2%
Revenue Total	**659**	**763**	**1,422**	**1,433**	**-1%**
Adjusted operating profit[2]	**119**	**132**	**251**	**250**	**—%**
Adjusted operating margin[2]	18.0%	17.3%	17.7%	17.5%	20 bps
Operating cash flow[2]	135	92	227	283	-20%
Book-to-bill	1.26	1.08	1.16	0.95	

1. 2020 and 2021 H1 restated at 2021 average exchange rates except for operating cash flow.
2. Profit figures before adjusting items. Operating cash flow (cash generated from operations) excludes additional pension contributions, exceptional and other adjusting cash items, and income tax paid. Refer to note 1 of the Audited Results contained in this press release further details of alternative performance measures.

Orders increased by 22% on a constant currency basis to £1,651m (2020: £1,358m) with a book-to-bill of 1.16 reflecting strong growth in the order book which will underpin future revenue growth. Original equipment (OE) orders increased by 45% reflecting higher demand for our more sustainable solutions as we started to see our strong project pipeline convert, as customers became more confident in the global macro backdrop and the continuing recovery of the global economy from the impact of Covid. As well as the two large contracts for our more sustainable technology (initial £36m Ferrexpo order for Enduron® HPGRs and screens and a £33m order in Indonesia to replace diesel dewatering pumps with electric alternatives) we also saw strong growth in demand for our core Warman© centrifugal pumps. Aftermarket (AM) orders increased by 13% with strong growth across all spares products including pump, mill circuit and comminution. Q4 was sequentially 19% higher than Q3, delivering an all-time AM record for the Division and reflects activity now above pre-Covid levels. Aftermarket orders represented 68% of total orders (2020: 73%). In total, mining end-market orders accounted for 77% of the total (2020: 79%), as we saw a strong recovery in industrial and oil & gas end-markets.

Revenue was 1% lower on a constant currency basis at £1,422m (2020: £1,433m), primarily driven by a £35m reduction in OE revenues as 2020 included the majority of the deliveries for the c.£100m Iron Bridge project. AM revenues were up 2% on a constant currency basis reflecting the positive mining production trends. Product mix was also impacted by the non-repeat of the Iron Bridge revenues with OE reducing to 29% of total revenues compared to 31% last year.

Adjusted operating profit[2] increased slightly on a constant currency basis to £251m (2020: £250m) as the Division benefited from more favourable mix, strong operational execution and initial benefits from our efficiency programme. The strength of our market position and associated resilience was clearly demonstrated in the year with full mitigation of inflationary pressures achieved through sales price increases. The reversal of the prior year temporary savings related to bonus and travel were largely offset by lower under-recoveries as our plants faced less Covid-related disruption in the period. However, the Division's operations were impacted by the cybersecurity incident impacting the Group, which resulted in an estimated £10m of under-recoveries as plants were disrupted, and also led to the slippage of c.£10m of operating profit as some Q4 revenues were deferred into 2022.

Adjusted operating margin[2] on a constant currency basis was 17.7% (2020: 17.5%), with the +20 bps increase driven by more favourable product mix and initial efficiency programme benefits offset by higher spend on R&D and the impact of the cyber incident outlined above.

Operating cash flow[2] decreased by 20% to £227m (2020: £283m), primarily reflecting a working capital outflow of £89m as the Division saw an inventory build in Q4 to support its growing order book for delivery in 2022 and the impact of the cybersecurity incident, which led to higher receivables as revenues were more back end loaded than normal in Q4.

ESCO

ESCO is a global leader in the provision of Ground Engaging Tools (G.E.T.) for large mining machines. Its highly engineered technology improves productivity through extended wear life, increased safety and reduced energy consumption. The Division also applies its differentiated technology to infrastructure markets including construction, dredging and sand and aggregates.

2021 Summary

- Orders[1] +25%, Q4 +37% YoY and delivered sixth quarter of sequential order growth
- Revenues[1] +11% YoY as mining and infrastructure markets recovered strongly
- Operating margins[1,2] up 10 bps YoY; strong operational leverage offset by the reversal of temporary cost savings

2021 Operating Review

The Division benefited from its strong market position to capture growth in infrastructure markets in both North America and Europe, alongside entering other global construction markets in the Southern Hemisphere. The Division also continued to extend its product offering in mining markets, driving increased customer relevance and market share gains.

People

Our continued focus on safety delivered further improvements in performance in 2021 with TIR reducing by a further 19% to 0.85. This marks a reduction in TIR of over 50% since the Division was acquired in 2018. We introduced hazard identification training for our operators during the year to reinforce safe behaviours and help drive continuous improvement. More broadly, we continued to invest in training and development of employees, for example, with sales skills and sustainability training for our sales teams.

Customers

We made good progress in establishing our Nemysis© GET system as the market leader across all mining systems, delivering 215 net conversions in 2021. We also expanded our share of large mining buckets with orders up by over 50%, and made further progress towards our revenue synergies target of $50m. We opened new joint facilities with Minerals in Nevada, USA, and in Almaty, Kazakhstan and are in the final stages of permitting for our new foundry in China, which will move into construction in 2022.

Technology

The acquisition of Motion Metrics has strengthened our capability in digitally enabled solutions. Based in Vancouver, Canada, Motion Metrics adds patent-protected technology to our portfolio which reduces expensive downtime in GET applications, helping improve our differentiated technology offering even further. The additional capability in AI and Machine Vision will also accelerate our expansion into adjacent markets including developing smart eco-system offerings encompassing the load and haul operations of our customers.

Performance

Continuous improvement activities at our foundry in Portland, USA enabled us to quickly respond to market changes, benefiting operational leverage. Additionally, the integration of digital visualisation at our facilities improved overall energy efficiencies. The annualised savings of efficiency projects implemented in 2021 by the Division would equate to a 4% saving of ESCO's 2021 CO_2e.

2021 Financial Review

Constant currency £m	H1[1]	H2	2021	2020[1]	Growth[1]
Orders OE	18	17	35	25	36%
Orders AM	241	269	510	411	24%
Orders Total	**259**	**286**	**545**	**436**	**25%**
Revenue OE	13	20	33	28	19%
Revenue AM	226	253	479	434	10%
Revenue Total	**239**	**273**	**512**	**462**	**11%**
Adjusted operating profit[2]	**39**	**44**	**83**	**75**	**11%**
Adjusted operating margin[2]	16.4%	16.2%	16.3%	16.2%	10 bps
Operating cash flow[2]	38	48	86	100	-14%
Book-to-bill	1.08	1.05	1.07	0.94	

1. 2020 and 2021 H1 restated at 2021 average exchange rates except for operating cash flow.
2. Profit figures before adjusting items. Operating cash flow (cash generated from operations) excludes additional pension contributions, exceptional and other adjusting cash items, and income tax paid. Refer to note 1 of the Audited Results contained in this press release for further details of alternative performance measures.

Orders increased 25% on a constant currency basis to £545m (2020: £436m), reflecting a strong recovery in both mining and infrastructure markets globally, as we saw significantly reduced Covid-19 disruptions to customer operations. The Division had strong growth in most major regions, particularly North America and Asia. The Division also delivered a book-to-bill of 1.07 as order patterns normalised after the destocking seen in 2020 and the Division has now delivered 6 straight quarters of sequential order growth. Aftermarket represented 94% of orders (2020: 94%) in line with ESCO's position as a provider of highly engineered consumables used in abrasive operating environments.

Revenue, which was not impacted by the destocking seen in 2020, increased 11% on a constant currency basis to £512m (2020: £462m). Mining represented 57% of revenues (2020: 59%) and infrastructure was 31% (2020: 28%).

Adjusted operating profit[2] increased by 11% on a constant currency basis to £83m (2020: £75m), as the Division benefited from further operating efficiency and strong operating leverage from higher volumes which were partially offset by the reversal of the temporary cost savings last year to bonus and travel. We saw significant increases in freight and raw material costs which were fully mitigated through sales price increases.

Adjusted operating margin[2] of 16.3% was up 10 bps on a constant currency basis (2020: 16.2%), reflecting the operational leverage from the additional revenues largely offset by the impact of the reversal of the temporary cost reductions to bonus and travel.

Operating cash flow[2] decreased by 14% to £86m (2020: £100m), primarily driven by working capital, as the Division had an outflow of £13m, as underlying activity levels and volumes ramped up, and from the impact of the cyber incident.

GROUP FINANCIAL REVIEW

Continuing operations order input at £2,196m increased 22% on a constant currency basis with growth in both operating Divisions as the global economy continued to recover from the impact of Covid. Minerals orders were up 22% as we saw higher demand for our more sustainable OE solutions and increased aftermarket demand due to supportive commodity prices and less Covid related mine site disruption. ESCO orders were up 25% reflecting a strong recovery in infrastructure markets in North America and Europe and significantly reduced Covid disruptions to mining customer operations. 74% of orders related to aftermarket compared to 78% in the prior year.

Continuing operations revenue of £1,934m increased 2% on a constant currency basis. In Minerals revenue was 1% lower on a constant currency basis at £1,422m (2020: £1,433m). ESCO increased 11% on a constant currency basis to £512m (2020: £462m). Aftermarket accounted for 77% of revenues from continuing operations, up from 75% in the prior year. Reported revenues decreased 2%, impacted by a foreign exchange translation headwind of £70m. Overall book to bill at 1.14 reflects the phasing of orders and an element of revenue slippage related to the cybersecurity incident, meaning that we enter 2022 with a record order book.

Continuing operations adjusted operating profit decreased by £3m (-1%) to £296m on a reported basis (2020: £299m). Excluding a £16m foreign currency translation headwind, the constant currency increase was £13m. Prior year operating profit has been restated to reflect a change in accounting treatment for Software as a Service (SaaS) arrangements following the publication of an Agenda Decision during the year by the International Financial Reporting Standards Interpretations Committee, which led to a £7m reduction in 2020 adjusted operating profit with an equivalent £4m in 2021. Further details are provided in note 2 of the financial statements.

As explained further in the Divisional reviews, Minerals adjusted operating profit increased by £1m on a constant currency basis to £251m (2020: £250m) and ESCO's adjusted operating profit increased by 11% on a constant currency basis to £83m (2020: £75m). Across both divisions, we saw significant inflation in raw material and freight costs. These were fully mitigated with sales price increases underpinning our market leading positions and ability to price accordingly. Unallocated costs are £4m lower than the prior year at £38m primarily due to a reduction in SaaS costs.

Continuing operations adjusted operating margin of 15.3% is up 40 bps versus last year on a constant currency basis and up 10 bps as reported. We saw an underlying improvement in margins of 40 bps, in keeping with our medium-term targets. This was driven by operational efficiencies including facility consolidations, benefits from 80% of Minerals now being on a standard SAP platform and 70% of the Group leveraging common finance shared services. This underlying benefit was offset by c.60 bps mainly as a result of inefficiencies and overhead under-recoveries related to the cyber-incident as processes were disrupted. Together the net 20 bps reduction was offset by a favourable 60 bps movement due to mix as AM increased from 75% of revenue to 77%.

Continuing operations statutory operating profit for the period of £257m was £29m favourable to the prior year, with the decrease in adjusted operating profit of £3m being offset by a reduction in adjusting items.

Continuing operations adjusting items reduced by £31m to £40m (2020: £71m). Intangibles amortisation decreased by £4m to £35m (2020: £39m). Exceptional items reduced by £19m to net nil (2020: £19m), with acquisition and integration costs relating to Motion Metrics of £3m and costs of £5m directly related to the cybersecurity incident response, being offset by a £5m gain on sale of land in Malaysia and other small unutilised provision releases totalling £3m. Other adjusting items which mainly relate to the Group’s legacy US asbestos-related provision reduced by £8m to £4m (2020: £12m).

Continuing operations net finance costs were £47m (2020: £50m) with the reduction mainly due to reduced net debt levels following receipt of proceeds from the sale of the Oil & Gas Division in February 2021.

Continuing operations adjusted profit before tax was £249m (2020: £249m), after a translational foreign exchange headwind of £15m. The statutory profit before tax from continuing operations of £209m compares to £178m in 2020, the increase primarily due to the reduction in adjusting items.

Continuing operations adjusted tax charge for the year of £64m (2020: £61m) on profit before tax from continuing operations (before adjusting items) of £249m (2020: £249m) represents an adjusted effective tax rate (ETR) of 25.6% (2020: 24.5%). The increase mainly reflects the geographic mix of profits.

A tax credit of £9m has been recognised in relation to continuing operations adjusting items (2020: £16m).

Discontinued operations for the year reflect a statutory profit after tax of £104m primarily due to the gain on disposal of the Oil & Gas Division (excluding AMCO) of £99m and a small net gain of £6m on the sale of the joint venture. This compares to a loss in the prior year of £288m, which included an exceptional impairment of £209m.

On 1 February 2021, the Group completed the sale of the Oil & Gas Division, excluding the Saudi-Arabian based joint venture Arabian Metals Company (AMCO), to Caterpillar Inc. (CAT) for an enterprise value of $375m. Consideration received totalled £283m. The sale of AMCO to the Group’s joint venture partner, Olayan Financing Company (Olayan), completed on 30 June 2021 for an enterprise value of $30m. Net consideration received was £24m.

Following last year's exceptional impairment, the overall gain was finalised in 2021 following the completion of customary working capital and debt-like adjustments, tax and recycling of net cumulative foreign exchange gains from the foreign currency translation reserve to the income statement. The latter, which is only accounted for following completion, amounted to £103m and was the main driver of the gain in the year.

Statutory profit for the year after tax from total operations of £259m (2020: loss of £154m) reflects the increases in profit from both continuing operations of £22m and discontinued operations of £392m.

Adjusted earnings per share from continuing operations decreased by 1% to 71.3p (2020: 72.3p) reflecting the higher effective tax rate in the year. Statutory reported earnings per share from total operations is 99.7p (2020: loss per share 59.6p), reflecting the increase in profit from both continuing and discontinued operations.

Acquisition of Motion Metrics

The Group completed the acquisition of Motion Metrics on 30 November 2021 for an enterprise value of CAD$150m (£88m), which represents initial equity value consideration of £68m paid in cash and adoption of £20m of vendor liabilities primarily relating to tax, settlement of an employee growth participation plan and disposal costs. Motion Metrics contributed £0.6m to revenue and an operating loss of £0.3m (before adjusting items) in the period from acquisition to 31 December 2021.

Cash flow and net debt

Cash generated from total operations decreased by £99m to £266m (2020: £365m) in the year, including a decrease of £27m from discontinued operations (2021: outflow of £14m vs 2020: inflow of £13m). The cash generated from continuing operations decreased by £72m primarily driven by an outflow of working capital in the period of £103m (2020: £37m). This reflects an increase in trade and other receivables due to back-end loading of revenues at the end of the year as operations recovered from the cybersecurity incident, together with an increase in inventory as operations geared up to execute a record closing order book. As a result, working capital as a percentage of sales increased to 27.9% from 22.9% in the prior year. Continuing operations utilised non-recourse invoice discounting facilities of £19m (2020: £3m) and suppliers chose to utilise supply chain financing facilities of £33m (2020: £33m).

Net capital expenditure reduced by £28m to £39m (2020: £67m), including £12m proceeds from the sale of a property in China, as spending was restricted in the final quarter as a result of the cybersecurity incident. Lease payments of £28m reduced from £43m last year mainly due to the disposal of the Oil & Gas Division while purchase of shares for employee share plans increased by £4m to £15m (2020: £11m).

Operating cash conversion (defined as the ratio of operating cash flow less capital expenditure, lease payments, dividends from joint ventures and purchase of shares for employee share plans to adjusted operating profit) was 63% (2020: 91%) as a result of the above noted working capital outflow. Over the medium-term we are targeting operating cash conversion of 90% to 100% driven by working capital efficiency and maintaining capex and lease costs close to 1 times depreciation. Capex is likely to be elevated above this level for the next two years as we construct our new ESCO foundry in China and complete our roll-out of SAP and other digital initiatives resulting in cash conversion between 80% and 90% over that period.

Free cash flow (refer to note 1 of the Audited Results) from total operations was an inflow of £62m (2020: £132m). In addition to the movements noted above this was impacted by an increase in tax payments of £19m reflecting a higher tax charge and some payment deferrals last year, a reduction in interest payments of £8m on lower net debt and refinancing costs and a £6m increase in proceeds on settlement of derivative financial instruments.

Net debt improved by £279m to £772m (2020: £1,051m) and includes £105m (2020: £179m) in respect of IFRS 16: Leases. The decrease was a result of free cash inflow of £62m, plus net proceeds from the sale of the Oil & Gas Division and the AMCO joint venture of £283m, a reduction in lease liabilities due to the disposal of the Oil & Gas Division of £65m, an exceptional cash inflow from the disposal of land in Malaysia of £16m and a net decrease in continuing IFRS 16: Leases of £10m. These movements are partially offset by the acquisition of Motion Metrics for £68m, interim dividend of £30m, exceptional cash costs from operating activities of £20m, foreign exchange retranslation of £32m and other movements of £7m. Net debt to EBITDA on a lender covenant basis was 1.9x (2020 restated: 2.8x) compared to a covenant level of 3.5x.

In May 2021, the Group successfully completed the issuance of five-year US$800m Sustainability-Linked Notes. This, together with the successful refinancing in June 2020 of the Group's US$950m Revolving Credit Facility (RCF), secures significant levels of liquidity over an extended maturity profile. The RCF matures in June 2023 with the option to extend for up to a further two years. These refinancing actions plus the reduction in net debt in the period, resulted in the Group having c.£800m of immediately available committed facilities and cash balances following the maturity of US$590m of US Private placement debt in February 2022.

Pensions

The net pension deficit decreased to £57m from £161m at December 2020. The decrease is primarily due to changes in market conditions, mainly the rise in discount rates over the period, partially offset by an increase in inflation expectations. In addition the results of the latest UK Main Scheme triennial valuation as at 31 December 2020 led to experience gains on scheme liabilities. A credit of £96m (2020: charge of £35m) has been recognised in the Consolidated Statement of Comprehensive Income.

Appendix 1 – 2021 continuing operations[1] quarterly order trends

Division	2020 Q1	2020 Q2	2020 Q3	2020 Q4	2020 FY	2021 Q1	2021 Q2	2021 Q3	2021 Q4	2021 FY
	Reported growth									
Original Equipment	-13%	-9%	-57%	-18%	**-29%**	66%	50%	71%	9%	**45%**
Aftermarket	-1%	-6%	-5%	-3%	**-4%**	-1%	9%	16%	29%	**13%**
Minerals	**-5%**	**-7%**	**-27%**	**-8%**	**-12%**	**15%**	**20%**	**30%**	**23%**	**22%**
Original Equipment	25%	16%	-23%	6%	**2%**	76%	17%	65%	-9%	**36%**
Aftermarket	-8%	-28%	-24%	-2%	**-16%**	-2%	31%	34%	40%	**24%**
ESCO	**-7%**	**-26%**	**-24%**	**-2%**	**-15%**	**2%**	**30%**	**36%**	**37%**	**25%**
Original Equipment	-11%	-8%	-55%	-17%	**-27%**	67%	48%	71%	8%	**45%**
Aftermarket	-4%	-13%	-12%	-3%	**-8%**	-2%	14%	21%	32%	**16%**
Continuing Ops	**-5%**	**-12%**	**-26%**	**-7%**	**-13%**	**11%**	**22%**	**31%**	**26%**	**22%**
Book-to-bill	**1.10**	**1.03**	**0.82**	**0.87**	**0.95**	**1.22**	**1.20**	**1.14**	**1.01**	**1.14**

Division	2020 Q1	2020 Q2	2020 Q3	2020 Q4	2020 FY	2021 Q1	2021 Q2	2021 Q3	2021 Q4	2021 FY
	Quarterly orders[2] £m									
Original Equipment	80	102	75	110	**367**	133	152	128	120	**533**
Aftermarket	253	270	226	242	**991**	249	294	262	313	**1,118**
Minerals	**333**	**372**	**301**	**352**	**1,358**	**382**	**446**	**390**	**433**	**1,651**
Original Equipment	6	6	6	7	**25**	11	7	10	7	**35**
Aftermarket	121	94	95	101	**411**	118	123	128	141	**510**
ESCO	**127**	**100**	**101**	**108**	**436**	**129**	**130**	**138**	**148**	**545**
Original Equipment	86	108	81	117	**392**	144	159	138	127	**568**
Aftermarket	374	364	321	343	**1,402**	367	417	390	454	**1,628**
Continuing Ops	**460**	**472**	**402**	**460**	**1,794**	**511**	**576**	**528**	**581**	**2,196**

Appendix 2 – Foreign exchange (FX) rates and continuing operations[1] profit exposure

	2021 average FX rates	2020 average FX rates	Percentage of FY 2021 operating profits[3]
US Dollar	1.38	1.28	44%
Australian Dollar	1.83	1.86	17%
Euro	1.16	1.13	9%
Canadian Dollar	1.73	1.72	15%
Chilean Peso	1,043.54	1,015.14	14%
South African Rand	20.34	21.06	3%
Brazilian Real	7.42	6.61	2%
Chinese Yuan	8.88	8.86	2%
Indian Rupee	101.70	95.12	2%

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 2021 average exchange rates.
3. Profit figures before adjusting items. Refer to note 1 of the Audited Results contained in this press release for further details of alternative performance measures.

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 Group”) financial position, business strategy, plans (including development plans and objectives relating to the Group’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 Group 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 Group’s present and future business strategies and the environment in which the Group will operate in the future. These forward-looking statements speak only as at the date of this document. The Group 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 Group’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.

AUDITED RESULTS

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021

					Restated (note 1)		
		Year ended 31 December 2021			Year ended 31 December 2020		
		Adjusted results	**Adjusting items (note 4)**	**Statutory results**	Adjusted results	Adjusting items (note 4)	Statutory results
	Notes	**£m**	**£m**	**£m**	£m	£m	£m
Continuing operations							
Revenue	2	**1,933.6**	**—**	**1,933.6**	1,964.7	—	1,964.7
Continuing operations							
Operating profit before share of results of joint ventures		**294.5**	**(39.6)**	**254.9**	297.0	(70.6)	226.4
Share of results of joint ventures		**1.7**	**—**	**1.7**	1.6	—	1.6
Operating profit		**296.2**	**(39.6)**	**256.6**	298.6	(70.6)	228.0
Finance costs		**(52.7)**	**—**	**(52.7)**	(53.8)	—	(53.8)
Finance income		**5.6**	**—**	**5.6**	3.8	—	3.8
Profit before tax from continuing operations		**249.1**	**(39.6)**	**209.5**	248.6	(70.6)	178.0
Tax (expense) credit	5	**(63.8)**	**9.4**	**(54.4)**	(60.8)	16.3	(44.5)
Profit for the year from continuing operations		**185.3**	**(30.2)**	**155.1**	187.8	(54.3)	133.5
(Loss) profit for the year from discontinued operations	6	**(2.2)**	**106.1**	**103.9**	(26.6)	(261.4)	(288.0)
Profit (loss) for the year		**183.1**	**75.9**	**259.0**	161.2	(315.7)	(154.5)
Attributable to:							
Equity holders of the Company		**182.6**	**75.9**	**258.5**	161.0	(315.7)	(154.7)
Non-controlling interests		**0.5**	**—**	**0.5**	0.2	—	0.2
		183.1	**75.9**	**259.0**	161.2	(315.7)	(154.5)
Earnings (loss) per share	7						
Basic – total operations				**99.7p**			(59.6p)
Basic – continuing operations		**71.3p**		**59.6p**	72.3p		51.4p
Diluted – total operations				**99.0p**			(59.6p)
Diluted – continuing operations		**70.8p**		**59.2p**	71.7p		50.9p

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Year ended 31 December 2021 £m	Restated (note 1) Year ended 31 December 2020 £m
Profit (loss) for the year	**259.0**	(154.5)
Other comprehensive income (expense)		
Losses taken to equity on cash flow hedges	**(0.2)**	(1.1)
Exchange losses on translation of foreign operations	**(29.9)**	(34.2)
Reclassification of foreign currency translation reserve on discontinued operations	**(103.4)**	—
Exchange (losses) gains on net investment hedges	**(18.2)**	6.5
Reclassification adjustments on cash flow hedges	**0.1**	1.9
Tax relating to other comprehensive expense to be reclassified in subsequent periods	**—**	0.1
Items that are or may be reclassified to profit or loss in subsequent periods	**(151.6)**	(26.8)
Other comprehensive income (expense) not to be reclassified to profit or loss in subsequent periods:		
Remeasurements on defined benefit plans	**96.3**	(34.5)
Remeasurements on other benefit plans	**—**	0.2
Tax relating to other comprehensive (income) expense not to be reclassified in subsequent periods	**(21.1)**	6.5
Items that will not be reclassified to profit or loss in subsequent periods	**75.2**	(27.8)
Net other comprehensive expense	**(76.4)**	(54.6)
Total net comprehensive income (expense) for the year	**182.6**	(209.1)
Attributable to:		
Equity holders of the Company	**182.5**	(210.3)
Non-controlling interests	**0.1**	1.2
	182.6	(209.1)
Total net comprehensive income (expense) for the year attributable to equity holders of the Company		
Continuing operations	**183.3**	74.3
Discontinued operations	**(0.8)**	(284.6)
	182.5	(210.3)

CONSOLIDATED BALANCE SHEET
AT 31 DECEMBER 2021

	Notes	**31 December 2021 £m**	Restated (note 1) 31 December 2020 £m
ASSETS			
Non-current assets			
Property, plant & equipment		**415.3**	449.5
Intangible assets		**1,308.3**	1,249.4
Investments in joint ventures		**12.3**	15.0
Deferred tax assets		**57.0**	54.9
Other receivables		**76.5**	84.6
Derivative financial instruments	14	**—**	0.1
Total non-current assets		**1,869.4**	1,853.5
Current assets			
Inventories		**517.1**	443.6
Trade & other receivables		**505.7**	420.2
Derivative financial instruments	14	**7.1**	16.0
Income tax receivable		**32.0**	29.6
Cash & short-term deposits		**564.4**	351.7
Assets held for sale		**—**	427.6
Total current assets		**1,626.3**	1,688.7
Total assets		**3,495.7**	3,542.2
LIABILITIES			
Current liabilities			
Interest-bearing loans & borrowings		**523.9**	26.5
Trade & other payables		**490.6**	413.9
Derivative financial instruments	14	**3.8**	18.9
Income tax payable		**7.6**	12.3
Provisions		**36.5**	29.2
Liabilities held for sale		**—**	143.3
Total current liabilities		**1,062.4**	644.1
Non-current liabilities			
Interest-bearing loans & borrowings		**812.3**	1,332.6
Other payables		**—**	0.3
Derivative financial instruments	14	**0.1**	—
Provisions		**69.0**	76.1
Deferred tax liabilities		**40.7**	21.4
Retirement benefit plan deficits	13	**56.7**	160.8
Total non-current liabilities		**978.8**	1,591.2
Total liabilities		**2,041.2**	2,235.3
NET ASSETS		**1,454.5**	1,306.9
CAPITAL & RESERVES			
Share capital		**32.5**	32.5
Share premium		**582.3**	582.3
Merger reserve		**332.6**	332.6
Treasury shares		**(5.3)**	(6.8)
Capital redemption reserve		**0.5**	0.5
Foreign currency translation reserve		**(206.5)**	(55.4)
Hedge accounting reserve		**1.5**	1.6
Retained earnings		**705.9**	408.3
Shareholders' equity		**1,443.5**	1,295.6
Non-controlling interests		**11.0**	11.3
TOTAL EQUITY		**1,454.5**	1,306.9

The financial statements were approved by the Board of Directors and authorised for issue on 2 March 2022.

JON STANTON Director

JOHN HEASLEY Director

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	**Year ended 31 December 2021 £m**	Restated (note 1) Year ended 31 December 2020 £m
Total operations			
Cash flows from operating activities	15		
Cash generated from operations		**266.0**	365.0
Additional pension contributions paid		**(7.8)**	(11.3)
Exceptional and other adjusting cash items		**(8.6)**	(24.1)
Exceptional cash items - acquired vendor liabilities		**(11.1)**	—
Income tax paid		**(82.4)**	(63.4)
Net cash generated from operating activities		**156.1**	266.2
Cash flows from investing activities			
Acquisitions of subsidiaries, net of cash acquired	15	**(67.9)**	—
Investment in joint ventures		**—**	0.1
Purchases of property, plant & equipment		**(44.4)**	(59.9)
Purchases of intangible assets		**(8.4)**	(11.8)
Exceptional item – proceeds from sale of property		**15.8**	—
Other proceeds from sale of property, plant & equipment and intangible assets		**14.3**	4.3
Disposals of discontinued operations, net of cash disposed and disposal costs	15	**258.5**	(6.8)
Disposals of joint ventures	15	**24.0**	—
Interest received		**2.6**	2.2
Dividends received from joint ventures		**0.7**	8.3
Net cash generated from (used in) investing activities		**195.2**	(63.6)
Cash flows from financing activities			
Proceeds from borrowings		**794.1**	1,467.2
Repayments of borrowings		**(903.4)**	(1,455.8)
Lease payments		**(27.8)**	(43.4)
Proceeds from settlement of derivative financial instruments		**10.6**	5.1
Interest paid		**(45.6)**	(52.7)
Net proceeds from changes in non-controlling interests		**—**	5.1
Dividends paid to equity holders of the Company	8	**(29.8)**	—
Dividends paid to non-controlling interests		**(0.4)**	—
Purchase of shares for employee share plans		**(15.0)**	(10.9)
Net cash used in financing activities		**(217.3)**	(85.4)
Net increase in cash & cash equivalents		**134.0**	117.2
Cash & cash equivalents at the beginning of the year		**374.1**	272.1
Foreign currency translation differences		**(8.1)**	(15.2)
Cash & cash equivalents at the end of the year	15	**500.0**	374.1

The cash flows from discontinued operations included above are disclosed separately in note 6.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital	Share premium	Merger reserve	Treasury shares	Capital redemption reserve	Foreign currency translation reserve	Hedge accounting reserve	Retained earnings	Attributable to equity holders of the Company	Non-controlling interests	Total equity
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
At 31 December 2019	32.5	582.3	332.6	(0.5)	0.5	(26.7)	0.7	590.6	1,512.0	1.4	1,513.4
Restatement (see note 1)	—	—	—	—	—	—	—	(5.7)	(5.7)	—	(5.7)
Restated at 31 December 2019	32.5	582.3	332.6	(0.5)	0.5	(26.7)	0.7	584.9	1,506.3	1.4	1,507.7
(Loss) profit for the year (restated note 2)	—	—	—	—	—	—	—	(154.7)	(154.7)	0.2	(154.5)
Losses taken to equity on cash flow hedges	—	—	—	—	—	—	(1.1)	—	(1.1)	—	(1.1)
Exchange (losses) gains on translation of foreign operations	—	—	—	—	—	(35.2)	—	—	(35.2)	1.0	(34.2)
Exchange gains on net investment hedges	—	—	—	—	—	6.5	—	—	6.5	—	6.5
Reclassification adjustments on cash flow hedges	—	—	—	—	—	—	1.9	—	1.9	—	1.9
Remeasurements on defined benefit plans	—	—	—	—	—	—	—	(34.5)	(34.5)	—	(34.5)
Remeasurements on other benefit plans	—	—	—	—	—	—	—	0.2	0.2	—	0.2
Tax relating to other comprehensive (expense) income	—	—	—	—	—	—	0.1	6.5	6.6	—	6.6
Total net comprehensive (expense) income for the year	—	—	—	—	—	(28.7)	0.9	(182.5)	(210.3)	1.2	(209.1)
Cost of share-based payments inclusive of tax credit	—	—	—	—	—	—	—	10.5	10.5	—	10.5
Purchase of shares for employee share plans	—	—	—	(10.9)	—	—	—	—	(10.9)	—	(10.9)
Notional proceeds of increase in non-controlling interests	—	—	—	—	—	—	—	—	—	3.6	3.6
Proceeds of increase in non-controlling interests	—	—	—	—	—	—	—	—	—	5.4	5.4
Proceeds from decrease in non-controlling interests	—	—	—	—	—	—	—	—	—	(0.3)	(0.3)
Exercise of share-based payments	**—**	**—**	**—**	**4.6**	**—**	**—**	**—**	**(4.6)**	**—**	**—**	**—**
At 31 December 2020	**32.5**	**582.3**	**332.6**	**(6.8)**	**0.5**	**(55.4)**	**1.6**	**408.3**	**1,295.6**	**11.3**	**1,306.9**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital	Share premium	Merger reserve	Treasury shares	Capital redemption reserve	Foreign currency translation reserve	Hedge accounting reserve	Retained earnings	Attributable to equity holders of the Company	Non-controlling interests	Total equity
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
At 31 December 2020 as originally presented	32.5	582.3	332.6	(6.8)	0.5	(55.4)	1.6	419.1	1,306.4	11.3	1,317.7
Restatement (see note 1)	—	—	—	—	—	—	—	(10.8)	(10.8)	—	(10.8)
Restated at 31 December 2020	32.5	582.3	332.6	(6.8)	0.5	(55.4)	1.6	408.3	1,295.6	11.3	1,306.9
Profit for the year	—	—	—	—	—	—	—	258.5	258.5	0.5	259.0
Losses taken to equity on cash flow hedges	—	—	—	—	—	—	(0.2)	—	(0.2)	—	(0.2)
Exchange losses on translation of foreign operations	—	—	—	—	—	(29.5)	—	—	(29.5)	(0.4)	(29.9)
Reclassification of exchange gains on discontinued operations	—	—	—	—	—	(103.4)	—	—	(103.4)	—	(103.4)
Exchange losses on net investment hedges	—	—	—	—	—	(18.2)	—	—	(18.2)	—	(18.2)
Reclassification adjustments on cash flow hedges	—	—	—	—	—	—	0.1	—	0.1	—	0.1
Remeasurements on defined benefit plans	—	—	—	—	—	—	—	96.3	96.3	—	96.3
Tax relating to other comprehensive income	—	—	—	—	—	—	—	(21.1)	(21.1)	—	(21.1)
Total net comprehensive (expense) income for the year	**—**	**—**	**—**	**—**	**—**	**(151.1)**	**(0.1)**	**333.7**	**182.5**	**0.1**	**182.6**
Cost of share-based payments inclusive of tax charge	—	—	—	—	—	—	—	10.2	10.2	—	10.2
Dividends	—	—	—	—	—	—	—	(29.8)	(29.8)	—	(29.8)
Purchase of shares for employee share plans	—	—	—	(15.0)	—	—	—	—	(15.0)	—	(15.0)
Notional proceeds of increase of non-controlling interests	—	—	—	—	—	—	—	—	—	—	—
Dividends to non-controlling interests	—	—	—	—	—	—	—	—	—	(0.4)	(0.4)
Proceeds from decrease in non-controlling interests	—	—	—	—	—	—	—	—	—	—	—
Exercise of share-based payments	—	—	—	16.5	—	—	—	(16.5)	—	—	—
At 31 December 2021	**32.5**	**582.3**	**332.6**	**(5.3)**	**0.5**	**(206.5)**	**1.5**	**705.9**	**1,443.5**	**11.0**	**1,454.5**

1. Accounting policies

Basis of preparation

The audited results for the year ended 31 December 2021 ("2021") have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to those companies reporting under those standards.

The financial information set out in the audited results does not constitute the Group's statutory financial statements for the year ended 31 December 2021 within the meaning of section 434 of the Companies Act 2006 and has been extracted from the full financial statements for the year ended 31 December 2021.

Statutory financial statements for the year ended 31 December 2020 ("2020"), which received an unqualified audit report, have been delivered to the Registrar of Companies. The reports of the auditors on the financial statements for the year ended 31 December 2020 and for the year ended 31 December 2021 were unqualified and did not contain a statement under either section 498(2) or section 498(3) of the Companies Act 2006. The financial statements for the period ended 31 December 2021 will be delivered to the Registrar of Companies and made available to all Shareholders in due course.

These financial statements are presented in Sterling. All values are rounded to the nearest 0.1 million pounds (£m) except where otherwise indicated.

Climate change
As well as considering the impact of climate change across our business model, the Directors have considered the impact on the financial statements in accordance with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. There has not been a material impact on the financial reporting judgements and estimates arising from our considerations, consistent with our assessment that climate change is not expected to have a detrimental impact on the viability of the Group in the medium-term.

New accounting standards, amendments and interpretations
The accounting policies which follow are consistent with those of the previous period with the exception of the following standards, amendments and interpretations which are effective for the year ended 31 December 2021:

i) Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7 and IFRS 16;
The Group has applied the practical expedient to changes to interest rates resulting from IBOR reform. In all circumstances the replacement of IBOR with an economically equivalent rate has resulted in a change in the effective interest rate for the liability affected. These changes have had no impact on the Consolidated Income Statement for the period.

ii) IFRS 16 Covid-19 Related Rent Concessions Amendment; and
On 31 March 2021 the IASB published a further amendment to the May 2020 practical expedient for lessees. The expedient provided lessees with relief from assessing whether a rent concession in relation to Covid-19 is a lease modification. The 2020 amendment stated that any reduction in lease payments affected only payments due on or before 30 June 2021. The March 2021 amendment extends the scope of the exemption to 30 June 2022. The Group has previously applied this exemption in 2020 and the effect in both 2020 and 2021 is not material.

iii) IFRIC – Configuration or Customisation Costs in a Cloud Computing Arrangement (IAS 38 Intangible Assets).
The Group has revised its accounting policy in relation to Software as a Service (SaaS) and related configuration and customisation costs in response to the IFRIC configuration or customisation costs in a cloud computing arrangement (April 2021) agenda decision which clarified the interpretation of the current accounting standard. SaaS arrangements provide the Group access to software via payment of a subscription. Under the new guidance these contracts are service contracts and the expense is recognised in the Consolidated Income Statement when the service is received. The costs related to implementing the software are split into those which configure the software and those which generate a separate asset controlled by the Group. The configuration costs are expensed to the Consolidated Income Statement when the service is received. Any expenditure resulting in a separate intangible asset is capitalised in accordance with the current Group policy.

The Group's previous accounting policy has been to capitalise SaaS arrangements and related customisation and configuration costs as intangible assets. In response to this agenda decision the Group has completed a review of the costs which are no longer eligible to be capitalised as intangible assets and this has resulted in a reclassification to operating expenditure and the reversal of previously accumulated amortisation. This policy has been applied retrospectively in accordance with IAS 8 resulting in a restatement of prior year financial statements, with further details provided below.

The following new accounting standards and interpretations have been published but are not mandatory for 31 December 2021:
- i) Narrow scope amendments to IFRS 3, IAS 16, IAS 37 and annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16;
- ii) Amendments to IAS 1, Presentation of financial statements on classification of liabilities;
- iii) Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8;
- iv) Amendments to IAS 12 – deferred tax related to assets and liabilities arising from a single transaction; and
- v) IFRS 17 Insurance contracts

These amendments have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods or on foreseeable future transactions.

1. Accounting policies (continued)

Prior year restatement

All primary statements and (loss) earnings per share have been restated to retrospectively apply the voluntary change in accounting policy for Software as a Service as discussed above. The directly impacted financial statement line items in the Consolidated Balance Sheet, Consolidated Income Statement and Consolidated Cash Flow Statement are shown below. The Consolidated Balance Sheet as at 31 December 2019 has also been restated for Software as a Service but is not presented below on the grounds of materiality, the impact being reflected in the Consolidated Statement of Changes in Equity.

Restated Consolidated Balance Sheet (extract)
at 31 December 2020

	As previously reported £m	SaaS adjustment £m	Restated 31 December 2020 £m
Non-current assets			
Intangible assets	1,262.7	(13.3)	1,249.4
Current assets			
Income tax receivable	29.4	0.2	29.6
Current liabilities			
Income tax payable	14.6	(2.3)	12.3
CAPITAL & RESERVES			
31 December 2019	1,513.4	(5.7)	1,507.7
31 December 2020	1,317.7	(10.8)	1,306.9
Retained earnings	419.1	(10.8)	408.3

Restated Consolidated Income Statement (extract)
for the year ended 31 December 2020

	Adjusted results: as previously reported £m	SaaS adjustment £m	Adjusted results: restated £m	Statutory results: as previously reported £m	SaaS adjustment £m	Statutory results: restated £m
Operating profit before share of results of joint ventures	303.8	(6.8)	297.0	232.7	(6.3)	226.4
Operating profit	305.4	(6.8)	298.6	234.3	(6.3)	228.0
Profit before tax from continuing operations	255.4	(6.8)	248.6	184.3	(6.3)	178.0
Tax expense	(62.1)	1.3	(60.8)	(45.7)	1.2	(44.5)
Profit for the year from continuing operations	193.3	(5.5)	187.8	138.6	(5.1)	133.5
Profit (loss) for the year	166.7	(5.5)	161.2	(149.4)	(5.1)	(154.5)

As disclosed in note 4 certain amortisation costs are included within adjusting items. £0.5m in relation to amortisation of SaaS was included in adjusting items in 2020 and has subsequently been reversed as shown in the table above.

Restated Consolidated Cash Flow Statement (extract)
for the year ended 31 December 2020

	As previously reported £m	SaaS adjustment £m	Restated 31 December 2020 £m
Cash flows from operating activities			
Cash generated from operations	372.2	(7.2)	365.0
Net cash generated from operating activities	273.4	(7.2)	266.2
Cash flows from investing activities			
Purchases of intangible assets	(19.0)	7.2	(11.8)
Net cash (used in) generated from investing activities	(70.8)	7.2	(63.6)

1. Accounting policies (continued)

	As previously reported 2020 pence	Restated 2020 pence
Basic earnings (loss) per share:		
Total operations*	(57.6)	(59.6)
Continuing operations**	53.3	51.4
Continuing operations before adjusting items**	74.4	72.3
Diluted earnings (loss) per share:		
Total operations*	(57.6)	(59.6)
Continuing operations**	52.9	50.9
Continuing operations before adjusting items**	73.8	71.7

* Adjusted for a profit of £0.2m in respect of non-controlling interests for total operations.

** Adjusted for a profit of £0.2m in respect of non-controlling interests for continuing operations.

Adjusting items
In order to provide the users of the Consolidated Financial Statements with a more relevant presentation of the Group's performance, statutory results for each year has been analysed between:
i) adjusted results and;
ii) the effect of adjusting items.

The principal adjusting items are summarised below. These specific items are presented on the face of the Consolidated Income Statement, along with the related adjusting item's taxation, to provide greater clarity and a better understanding of the impact of these items on the Group's financial performance. In doing so, it also facilitates greater comparison of the Group's underlying results with prior years and assessment of trends in financial performance. This split is consistent with how underlying business performance is measured internally.

i) Intangibles amortisation
Intangibles amortisation is expensed in line with the other intangible assets policy, with separate disclosure provided to allow visibility of the impact of both:

a) intangible assets recognised via acquisition, which primarily relate to items which would not normally be capitalised unless identified as part of an acquisition opening balance sheet. The ongoing costs associated with these assets are expensed; and
b) ongoing multi-year investment activities, which currently include our IT transformation strategy and digitisation strategy.

During the year, amortisation of £5.3m (restated 2020: £4.6m) is included within adjusted operating profit in relation to assets, which are no longer part of ongoing multi-year investment activities.

ii) Exceptional items
Exceptional items are items of income and expense which, because of the nature, size and/or infrequency of the events giving rise to them, merit separate presentation. Exceptional items may include, but are not restricted to: profits or losses arising on disposal or closure of businesses; the cost of significant business restructuring; significant impairments of intangible or tangible assets; adjustments to the fair value of acquisition-related items such as contingent consideration and inventory; acquisitions and other items deemed exceptional due to their significance, size or nature.

iii) Other adjusting items
Other adjusting items are those which do not relate to the Group's current ongoing trading and, due to their nature, are treated as adjusting items. For example these may include, but are not restricted to, movements in the provision for asbestos-related claims or the associated insurance assets, which relate to the Flow Control Division that was sold in 2019 but the provision remains with the Group and is in run-off, or past service costs related to pension liabilities.

Further analysis of the items included in the column 'Adjusting items' in the Consolidated Income Statement is provided in notes 3 and 4 to the financial statements.

Use of estimates and judgements
The Group's significant accounting policies are set out below. The preparation of the Consolidated Financial Statements, in conformity with IFRS, requires management to make judgements that affect the application of accounting policies and estimates that impact the reported amounts of assets, liabilities, income and expense.

Management bases these judgements on a combination of past experience, professional expert advice and other evidence that is relevant to each individual circumstance. Actual results may differ from these judgements and the resulting estimates which are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised.

Areas requiring significant judgement in the current year and on a recurring basis are presented to the Audit Committee.

1. Accounting policies (continued)

The areas where management considers critical judgements and estimates to be required, which are areas more likely to be materially adjusted due to inherent uncertainty regarding estimates and assumptions, are those in respect of the following:

i) Retirement benefits (estimate)
The assumptions underlying the valuation of retirement benefit assets and liabilities include discount rates, inflation rates and mortality assumptions which are based on actuarial advice. Changes in these assumptions could have a material impact on the measurement of the Group's retirement benefit obligations.

ii) Provisions (judgement/estimate)
Management judgement is used to determine when a provision is recognised, taking into account the commercial drivers which gave rise to it, the Group's previous experience of similar obligations and the progress of any associated legal proceedings. The calculation of provisions typically involves management estimates of associated cash flows and discount rates. The key provision which currently requires a greater degree of management judgement and estimate is the US asbestos provision and associated insurance asset, details of which are included in note 11.

iii) Taxation (estimate)
The level of current and deferred tax recognised in the financial statements is dependent on subjective judgements as to the interpretation of complex international tax regulations and, in some cases, the outcome of decisions by tax authorities in various jurisdictions around the world, together with the ability of the Group to utilise tax attributes within the time limits imposed by the relevant tax legislation. The value of the recognised US Deferred Tax Asset in relation to US tax attributes is based on expected future US taxable profits with reference to the Group's five year strategic plan. The application of this model may result in future changes to the deferred tax asset recognised.

The Group faces a variety of tax risks which result from operating in a complex global environment, including the ongoing reform of both international and domestic tax rules in some of the Group's larger markets and the challenge to fulfil ongoing tax compliance filing and transfer pricing obligations given the scale and diversity of the Group's global operations.

The Group makes provision for open tax issues where it is probable that an exposure will arise including, in a number of jurisdictions, ongoing tax audits and uncertain tax positions including transfer pricing which are by nature complex and can take a number of years to resolve. In all cases, provisions are based on management's interpretation of tax law in each country, as supported where appropriate by discussion and analysis undertaken by the Group's external advisers, and reflect the single best estimate of the likely outcome or the expected value for each liability. Provisions for uncertain tax positions are included in current tax liabilities and total £7.0m at 31 December 2021.

The Group believes it has made adequate provision for such matters although it is possible that amounts ultimately paid will be different from the amounts provided, but not materially within the next 12 months.

Tax disclosures are provided in note 5.

iv) Acquisition accounting (estimate and judgement)
On the acquisition of a business, management assesses: (i) the Purchase Price Allocation (PPA) in order to attribute fair values to separately identifiable intangible assets providing they meet the recognition criteria and (ii) the fair values of other assets and liabilities.

The fair values of these intangible assets are dependent on estimates of attributable future revenues, margins and cash flows, as well as appropriate discount rates. In addition, the allocation of useful lives to acquired intangible assets requires the application of judgement based on available information and management expectations at the time of recognition. The valuation of other tangible assets and liabilities involves aligning accounting policies with those of the Group, reflecting appropriate external market valuations for property, plant & equipment, assessing recoverability of receivables and inventory, and exposures to unrecorded liabilities. In deriving appropriate fair values the process will inevitably involve the use of estimates. The disclosure in relation to business combinations is provided in note 10.

Alternative performance measures
The Consolidated Financial Statements of The Weir Group PLC have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to those companies reporting under those standards. In measuring our performance, the financial measures that we use include those which have been derived from our reported results in order to eliminate factors which we believe distort period-on-period comparisons. These are considered alternative performance measures. This information, along with comparable GAAP measurements, is useful to investors in providing a basis for measuring our operational performance. Our management uses these financial measures, along with the most directly comparable GAAP financial measures, in evaluating our performance and value creation. Alternative performance measures should not be considered in isolation from, or as a substitute for, financial information in compliance with GAAP. Alternative performance measures as reported by the Group may not be comparable with similarly titled amounts reported by other companies.

Below we set out our definitions of alternative performance measures and provide reconciliations to relevant GAAP measures.

1. Accounting policies (continued)

Adjusted results and adjusting items

The Consolidated Income Statement presents Statutory results, which are provided on a GAAP basis, and Adjusted results (non GAAP), which are management's primary area of focus when reviewing the performance of the business. Adjusting items represent the difference between Statutory results and Adjusted results and are defined within the accounting policies section above. The accounting policy for Adjusting items should be read in conjunction with this note. Details of each adjusting item are provided in note 4. We consider this presentation to be helpful as it allows greater comparability of the underlying performance of the business from year to year.

Operating cash flow (cash generated from operations)

Operating cash flow excludes additional pension contributions, exceptional and other adjusting cash items and income tax paid. This reflects our view of the underlying cash generation of the business. A reconciliation to the GAAP measure 'Net cash generated from operating activities' is provided in the Consolidated Cash Flow Statement.

Free operating cash and free cash flow

Free operating cash flow is defined as operating cash flow (cash generated from operations), adjusted for net capital expenditure, lease payments, dividends received from joint ventures and purchase of shares for employee share plans. Free cash flow (FCF) is defined as free operating cash flow further adjusted for net interest, income taxes, settlement of derivative financial instruments, pension contributions and non-controlling interest dividends. FCF reflects an additional way of viewing our available funds that we believe is useful to investors as it represents cash flows that could be used for repayment of debt, dividends, exceptional and other adjusting items, or to fund our strategic initiatives, including acquisitions, if any.

The reconciliation of operating cash flows (cash generated from operations) to free operating cash flow and subsequently FCF is as follows.

	2021 **£m**	Restated (note 1) 2020 £m
Operating cash flow (cash generated from operations)	**266.0**	365.0
Net capital expenditure from purchase & disposal of property, plant & equipment and intangibles	**(38.5)**	(67.4)
Lease payments	**(27.8)**	(43.4)
Dividends received from joint ventures	**0.7**	8.3
Purchase of shares for employee share plans	**(15.0)**	(10.9)
Free operating cash flow	**185.4**	251.6
Net interest paid	**(43.0)**	(50.5)
Income tax paid	**(82.4)**	(63.4)
Settlement of derivative financial instruments	**10.6**	5.1
Additional pension contributions paid	**(7.8)**	(11.3)
Non-controlling interest dividends	**(0.4)**	—
Free cash flow	**62.4**	131.5

Free operating cash conversion

Free operating cash conversion is a new non GAAP key performance measure used by management, which is defined as free operating cash flow divided by adjusted operating profit on a total Group basis.

	2021 **£m**	Restated (note 1) 2020 £m
Continuing operations	**296.2**	298.6
Discontinued operations	**(0.3)**	(20.6)
Adjusted operating profit - Total Group	**295.9**	278.0
Free operating cash flow	**185.4**	251.6
Free operating cash conversion %	**63%**	91 %

Working capital as a percentage of sales

Working capital includes inventories, trade & other receivables, trade & other payables and derivative financial instruments as included in the Consolidated Balance Sheet, adjusted to exclude insurance contract assets totalling £82.2m and £10.9m of interest accruals. This working capital measure reflects the figure used by management to monitor the performance of the business and is divided by revenue, as included in the Consolidated Income Statement, to arrive at working capital as a percentage of sales.

1. Accounting policies (continued)

EBITDA

EBITDA is operating profit from continuing operations, before exceptional items, other adjusting items, intangibles amortisation, and excluding depreciation of owned assets and right-of-use assets. EBITDA is used in conjunction with other GAAP and non GAAP financial measures to assess our operating performance. A reconciliation of EBITDA to the closest equivalent GAAP measure, operating profit, is provided.

	2021 £m	Restated (note 1) 2020 £m
Continuing operations		
Operating profit	**256.6**	228.0
Adjusted for:		
Exceptional and other adjusting items (note 4)	**4.7**	31.8
Adjusting amortisation (note 4)	**34.9**	38.8
Adjusted operating profit	**296.2**	298.6
Non-adjusting amortisation	**5.3**	4.6
Adjusted Earnings before interest, tax and amortisation (EBITA)	**301.5**	303.2
Depreciation of owned property, plant & equipment	**43.0**	43.2
Depreciation of right-of-use property, plant & equipment	**27.6**	29.0
Adjusted Earnings before interest, tax, depreciation and amortisation (EBITDA)	**372.1**	375.4

Net debt

Net debt is a common measure used by management and investors when monitoring the capital management of the Group and is the basis for covenant reporting. A reconciliation of net debt to cash & short-term deposits, interest-bearing loans & borrowings is provided in note 15.

2. Segment information

Continuing operations includes two operating Divisions: Minerals and ESCO. These two Divisions are organised and managed separately based on the key markets served and each is treated as an operating segment and a reportable segment under IFRS 8. The operating and reportable segments were determined based on the reports reviewed by the Chief Executive Officer which are used to make operational decisions.

The Minerals segment is the global leader in the provision of slurry handling equipment and associated aftermarket support for abrasive high-wear applications used in the mining and oil sands markets. The ESCO segment is the world's leading provider of ground engaging tools for large mining machines. Following its acquisition on 30 November 2021, Motion Metrics, a mining technology business which is the market leading developer of innovative Artificial Intelligence (AI) and 3D rugged Machine Vision Technology used in mines worldwide, is included within the ESCO segment.

On 5 October 2020 the Group announced an agreement had been entered into to sell the Oil & Gas Division and, in line with IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations', the Group classified the Division as a discontinued operation as disclosed in note 6. The sale of the Division completed during 2021.

The Chief Executive Officer assesses the performance of the operating segments based on operating profit from continuing operations before exceptional and other adjusting items (including impairments) ('segment result'). Finance income and expenditure and associated interest-bearing liabilities and financing derivative financial instruments are not allocated to segments as all treasury activity is managed centrally by the Group Treasury function. The amounts provided to the Chief Executive Officer with respect to assets and liabilities are measured in a manner consistent with that of the financial statements. The assets are allocated based on the operations of the segment and the physical location of the asset. The liabilities are allocated based on the operations of the segment.

Transfer prices between business segments are set on an arm's length basis, in a manner similar to transactions with third parties.

The segment information for the reportable segments for 2021 and 2020 is disclosed below. Information for Oil & Gas is included in note 6.

	Minerals		**ESCO**		**Total continuing operations**	
						Restated (note 1)
	2021	2020	**2021**	2020	**2021**	2020
	£m	£m	**£m**	£m	**£m**	£m
Revenue						
Sales to external customers	**1,422.1**	1,469.2	**511.5**	495.5	**1,933.6**	1,964.7
Inter-segment sales	**—**	0.1	**2.1**	0.9	**2.1**	1.0
Segment revenue	**1,422.1**	1,469.3	**513.6**	496.4	**1,935.7**	1,965.7
Eliminations					**(2.1)**	(1.0)
					1,933.6	1,964.7
Sales to external customers – 2020 at 2021 average exchange rates						
Sales to external customers	**1,422.1**	1,433.2	**511.5**	462.3	**1,933.6**	1,895.5
Segment result						
Segment result before share of results of joint ventures	**251.0**	259.9	**81.6**	79.5	**332.6**	339.4
Share of results of joint ventures	**—**	—	**1.7**	1.6	**1.7**	1.6
Segment result	**251.0**	259.9	**83.3**	81.1	**334.3**	341.0
Unallocated expenses					**(38.1)**	(42.4)
Adjusted operating profit					**296.2**	298.6
Adjusting items					**(39.6)**	(70.6)
Net finance costs					**(47.1)**	(50.0)
Profit before tax from continuing operations					**209.5**	178.0
Segment result – 2020 at 2021 average exchange rates						
Segment result before share of results of joint ventures	**251.0**	250.4	**81.6**	73.6	**332.6**	324.0
Share of results of joint ventures	**—**	—	**1.7**	1.5	**1.7**	1.5
Segment result	**251.0**	250.4	**83.3**	75.1	**334.3**	325.5
Unallocated expenses					**(38.1)**	(42.2)
Adjusted operating profit					**296.2**	283.3

Revenues from any single external customer do not exceed 10% of Group revenue.

2. Segment information (continued)

	Minerals		ESCO		Discontinued operations		Total Group	
		Restated (note 1)		Restated (note 1)				Restated (note 1)
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020
	£m	£m	**£m**	£m	**£m**	£m	**£m**	£m
Assets & liabilities								
Intangible assets	**563.8**	575.0	**741.7**	663.8	**—**	—	**1,305.5**	1,238.8
Property, plant & equipment	**280.1**	311.7	**123.7**	124.0	**—**	—	**403.8**	435.7
Working capital assets	**773.2**	678.7	**239.0**	191.0	**—**	—	**1,012.2**	869.7
	1,617.1	1,565.4	**1,104.4**	978.8	**—**	—	**2,721.5**	2,544.2
Investments in joint ventures	**—**	—	**12.3**	15.0	**—**	—	**12.3**	15.0
Segment assets held for sale	**—**	—	**—**	—	**—**	427.6	**—**	427.6
Segment assets	**1,617.1**	1,565.4	**1,116.7**	993.8	**—**	427.6	**2,733.8**	2,986.8
Unallocated assets							**761.9**	555.4
Total assets							**3,495.7**	3,542.2
Working capital liabilities	**406.9**	365.2	**119.4**	83.4	**—**	—	**526.3**	448.6
Segment liabilities held for sale	**—**	—	**—**	—	**—**	143.3	**—**	143.3
Segment liabilities	**406.9**	365.2	**119.4**	83.4	**—**	143.3	**526.3**	591.9
Unallocated liabilities							**1,514.9**	1,643.4
Total liabilities							**2,041.2**	2,235.3
Other segment information - total Group								
Segment additions to non-current assets	**60.2**	70.7	**16.8**	22.1	**0.4**	6.6	**77.4**	99.4
Unallocated additions to non-current assets							**0.2**	—
Total additions to non-current assets							**77.6**	99.4
Other segment information - total Group								
Segment depreciation & amortisation	**66.4**	65.8	**34.8**	37.1	**—**	31.6	**101.2**	134.5
Segment impairment of property, plant & equipment	**(1.4)**	(0.4)	**—**	—	**—**	(1.4)	**(1.4)**	(1.8)
Segment impairment of intangible assets	**0.1**	—	**—**	—	**—**	176.1	**0.1**	176.1
Unallocated depreciation & amortisation							**9.6**	12.7
Total depreciation, amortisation & impairment							**109.5**	321.5

The asset and liability balances include right-of-use assets and lease liabilities.

Unallocated assets are continuing operations and primarily comprise cash and short-term deposits, asbestos-related insurance asset, Trust Owned Life Insurance policy investments, derivative financial instruments, income tax receivable, deferred tax assets and elimination of intercompany as well as those assets which are used for general head office purposes. Unallocated liabilities are continuing operations and primarily comprise interest-bearing loans & borrowings and related interest accruals, derivative financial instruments, income tax payable, provisions, deferred tax liabilities, elimination of intercompany and retirement benefit deficits as well as liabilities relating to general head office activities. Segment additions to non-current assets include right-of-use assets.

2. Segment information (continued)

Geographical information

Geographical information in respect of revenue and non-current assets for 2021 and 2020 is disclosed below. Revenues are allocated based on the location to which the product is shipped. Assets are allocated based on the location of the assets and operations. Non-current assets consist of property, plant & equipment, intangible assets and investments in joint ventures.

Year ended 31 December 2021	**UK** **£m**	**US** **£m**	**Canada** **£m**	**Asia Pacific** **£m**	**Australia** **£m**	**South America** **£m**	**Middle East & Africa** **£m**	**Europe & FSU** **£m**	**Total** **£m**
Revenue from continuing operations									
Sales to external customers	23.8	315.9	266.0	237.9	304.0	387.5	224.1	174.4	1,933.6
Non-current assets	314.1	699.7	158.5	150.0	201.5	71.1	86.9	54.1	1,735.9

Year ended 31 December 2020	UK £m	US £m	Canada £m	Asia Pacific £m	Australia £m	South America £m	Middle East & Africa £m	Europe & FSU £m	Total £m
Revenue from continuing operations									
Sales to external customers	15.8	296.0	274.6	227.3	348.0	415.6	218.0	169.4	1,964.7
Non-current assets (restated note 1)	332.5	747.7	61.8	138.8	210.1	82.6	98.1	42.3	1,713.9

The following disclosures are given in relation to continuing operations.

	2021 **£m**	2020 £m
An analysis of the Group's revenue is as follows:		
Original equipment	**386.9**	444.3
Aftermarket parts	**1,366.6**	1,358.1
Sales of goods	**1,753.5**	1,802.4
Provision of services – Aftermarket	**121.0**	116.0
Construction contracts – Original equipment	**59.1**	46.3
Revenue	**1,933.6**	1,964.7

	Minerals		**ESCO**		**Total continuing operations**	
	2021 **£m**	2020 £m	**2021** **£m**	2020 £m	**2021** **£m**	2020 £m
Timing of revenue recognition						
At a point in time	**1,290.6**	1,382.1	**508.3**	490.1	**1,798.9**	1,872.2
Over time	**131.5**	87.2	**5.3**	6.3	**136.8**	93.5
Segment revenue	**1,422.1**	1,469.3	**513.6**	496.4	**1,935.7**	1,965.7
Eliminations					**(2.1)**	(1.0)
					1,933.6	1,964.7

3. Revenue & expenses

The following disclosures are given in relation to continuing operations.

	Year ended 31 December 2021			Restated (note 1) Year ended 31 December 2020		
	Adjusted results	**Adjusting items**	**Statutory results**	Adjusted results	Adjusting items	Statutory results
	£m	**£m**	**£m**	£m	£m	£m
A reconciliation of revenue to operating profit is as follows:						
Revenue	**1,933.6**	**—**	**1,933.6**	1,964.7	—	1,964.7
Cost of sales	**(1,237.2)**	**(4.4)**	**(1,241.6)**	(1,263.6)	(8.2)	(1,271.8)
Gross profit	**696.4**	**(4.4)**	**692.0**	701.1	(8.2)	692.9
Other operating income	**14.6**	**4.8**	**19.4**	7.5	—	7.5
Selling & distribution costs	**(218.9)**	**—**	**(218.9)**	(203.5)	(5.8)	(209.3)
Administrative expenses	**(197.6)**	**(40.0)**	**(237.6)**	(208.1)	(56.6)	(264.7)
Share of results of joint ventures	**1.7**	**—**	**1.7**	1.6	—	1.6
Operating profit	**296.2**	**(39.6)**	**256.6**	298.6	(70.6)	228.0

Details of adjusting items are included in note 4.

4. Adjusting items

	2021	Restated (note 1) 2020
	£m	£m
Recognised in arriving at operating profit from continuing operations		
Intangibles amortisation	**(34.9)**	(38.8)
Exceptional items		
Motion Metrics acquisition and integration related costs	**(2.8)**	—
Cybersecurity incident response	**(4.7)**	—
Other restructuring and rationalisation activities	**6.3**	(2.0)
ESCO acquisition and integration related costs	**0.9**	(3.3)
Covid-19 restructuring and other costs	**—**	(9.7)
Black Economic Empowerment transaction	**—**	(4.4)
	(0.3)	(19.4)
Other adjusting items		
Asbestos-related provision	**(4.4)**	(11.8)
Pension equalisation	**—**	(0.6)
	(4.4)	(12.4)
Total adjusting items	**(39.6)**	(70.6)
Recognised in arriving at operating profit from discontinued operations		
Intangibles amortisation	**—**	(9.1)
Exceptional items		
Impairment – Fair value adjustment	**—**	(209.2)
Onerous purchase contracts	**0.9**	(3.8)
Disposal related costs	**—**	(11.4)
Covid-19 restructuring and other costs	**—**	(0.7)
Other restructuring and rationalisation activities	**—**	(0.2)
	0.9	(225.3)
Total adjusting items (note 6)	**0.9**	(234.4)

Continuing operations

Intangibles amortisation

Intangibles amortisation of £34.9m relates to acquisition related assets and ongoing multi-year investment activities as outlined in the accounting policy in note 1.

4. Adjusting items (continued)

Exceptional items
Exceptional items in the year include £2.8m of acquisition and integration related costs associated with the Motion Metrics acquisition, which completed on 30 November 2021 (note 10). The majority of these costs relate to adviser fees, due diligence and initial integration. This has resulted in a £0.9m exceptional cash flow in the year. We anticipate further integration costs of approximately £3m in 2022.

The Group incurred £4.7m of costs in the final quarter of 2021 as a direct result of the cybersecurity incident in September. These costs primarily related to specialist advisory fees incurred centrally to investigate and respond to the incident, incremental hardware costs expensed to facilitate business continuity during the period of recovery plus an impairment charge of £0.1m on existing hardware. This has resulted in a £2.2m exceptional cash outflow in the year with £2.4m expected to be settled in the first half of 2022.

An exceptional credit for other restructuring and rationalisation activities in the year is primarily the result of a land sale in Sendayan, Malaysia. The land sold was part of our restructuring decision to exit Minerals Malaysia foundry operations in 2018. The land was sold in August 2021 for proceeds of £16.6m, with a book value of £11.0m, resulting in a net gain of £4.8m after deducting legal and tax fees of £0.8m. Overall this transaction resulted in an exceptional cash inflow of £15.8m in the year. The remaining credit of £1.5m relates to the partial reversal of restructuring and rationalisation charges recognised in North America and China in prior years.

An accrual of £0.9m has been released in relation to ESCO integration costs which were initially expensed in 2019.

In the prior year, restructuring and rationalisation activities primarily represented actions to further right-size certain central functions as a result of the continued deep downturn in oil and gas markets. Other exceptional items related to costs of £3.3m associated with the integration of ESCO, the Black Economic Empowerment transaction for ownership in Weir Minerals South Africa (Pty) Ltd with Medu Capital (Pty) Ltd of £4.4m and specific one-off and/or short-term costs as a direct result of the Covid-19 pandemic of £9.7m, of which £8.9m was severance.

Other adjusting items
A charge of £4.4m (2020: £11.8m) has been recorded in respect of movements in the US asbestos-related liability and associated insurance provision, plus settlements for post 1981 US asbestos-related claims which relate to legacy Group products. Further details of this are included in note 11.

In the prior year, a charge of £0.6m was recognised in respect to pension equalisation costs.

Discontinued operations
Intangibles amortisation
In line with IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations', no amortisation has been recognised in the period.

Exceptional items
In the current year a final adjustment has been made to an onerous purchase contracts provision resulting in a credit of £0.9m (2020: charge £3.8m).

Prior year exceptional items included an adjustment of £209.2m to the carrying value of the Oil & Gas Division to reflect the fair value less costs to sell of the Division. This reflected the estimated proceeds from the disposal. The fair value adjustment included £49.5m of intangible assets, £126.6m of goodwill and £33.1m of inventory. Disposal costs of £11.4m were incurred primarily relating to advisory and consultancy fees. Other exceptional items related to Covid-19 costs within the Oil & Gas Division of £0.7m and restructuring and rationalisation costs of £0.2m. The restructuring and rationalisation costs related to severance costs of £3.0m which were offset by credit balances of: £1.1m gain on sale of a property written off as an exceptional in 2019, £1.0m credit for the final adjustments in relation to the liquidation of the EPIX joint venture and £0.7m of prior year unutilised provisions.

5. Income tax expense

	2021 £m	Restated (note 1) 2020 £m
Continuing Group - UK	**(5.2)**	(6.7)
Continuing Group - Overseas	**(49.2)**	(37.8)
Income tax expense in the Consolidated Income Statement for continuing operations	**(54.4)**	(44.5)

The total income tax expense is disclosed in the Consolidated Income Statement as follows.

	2021 £m	Restated (note 1) 2020 £m
Tax (expense) credit - adjusted continuing operations	**(63.8)**	(60.8)
exceptional and other adjusting items	**1.5**	(1.7)
adjusting intangibles amortisation and impairment	**7.9**	18.0
Total income tax (expense) in the Consolidated Income Statement for continuing operations	**(54.4)**	(44.5)

The income tax expense included in the Continuing Group's share of results of joint ventures is as follows.

	2021 £m	2020 £m
Joint ventures	**(0.2)**	(0.5)

6. Discontinued operations

On 5 October 2020, the Group announced it had entered into an agreement to sell the Oil & Gas Division and, in line with IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations', the Group classified the Division as held for sale and its results have since been reported in discontinued operations. Following the initial announcement of the sale, the Group's joint venture partner, Saudi Arabia-based, Arabian Metals Company (AMCO) exercised its pre-emption right to purchase Weir's 49% stake in AMCO for an enterprise value of US$30.0m. The Oil & Gas Division provided pressure pumping and pressure control equipment and aftermarket support across the oilfield equipment and services value chain, primarily to customers in North America.

The Group completed the disposal of the Oil & Gas Division (excluding AMCO) on 1 February 2021 to Caterpillar Inc. (CAT) for an enterprise value of US$375.0m and a net consideration of £275.3m after certain customary working capital and debt-like adjustments. Following finalisation of working capital and tax provision adjustments, the Group received a further £7.5m to reflect a final consideration of £282.8m with adjustments made to net assets sold in relation to tax as part of the agreed completion accounts process. There remains minor offsetting balances relating to potential tax liabilities and tariff rebates which are not reflected below as at present the amounts relating to these items are not yet finalised and the timing of settlement is currently unknown. These are not expected to have a significant impact on the results disclosed below.

The sale of AMCO to Olayan Financing Company (Olayan), our joint venture partner, completed on 30 June 2021. A consideration of US$37.8m (£27.4m) was received compared to the original fair market value of US$30.0m agreed with CAT. The agreement with CAT in respect of the joint venture sale was that any proceeds received from Olayan above the fair market value would be split 90:10 in favour of CAT, subject to certain capital gains tax and dividend retentions. This resulted in a payment to CAT of US$4.7m (£3.4m) in July 2021 and a payment of capital gains tax to the Saudi authorities of US$6.3m (£4.6m) in August 2021.

Financial information relating to discontinued operations is set out in the table below.

	Year ended 31 December 2021			Year ended 31 December 2020		
	Adjusted results	**Adjusting items (note 4)**	**Statutory results**	Adjusted results	Adjusting items (note 4)	Statutory results
	£m	**£m**	**£m**	£m	£m	£m
Revenue	**25.1**	**—**	**25.1**	314.3	—	314.3
Operating (loss) profit before share of results of joint ventures	**(1.9)**	**0.9**	**(1.0)**	(24.5)	(234.4)	(258.9)
Share of results of joint ventures	**1.6**	**—**	**1.6**	3.9	—	3.9
Operating (loss) profit	**(0.3)**	**0.9**	**0.6**	(20.6)	(234.4)	(255.0)
Finance costs	**(0.2)**	**—**	**(0.2)**	(3.3)	—	(3.3)
Finance income	**—**	**—**	**—**	0.3	—	0.3
(Loss) profit before tax from discontinued operations	**(0.5)**	**0.9**	**0.4**	(23.6)	(234.4)	(258.0)
Tax expense	**(1.7)**	**—**	**(1.7)**	(3.0)	(27.0)	(30.0)
(Loss) profit after tax from discontinued operations	**(2.2)**	**0.9**	**(1.3)**	(26.6)	(261.4)	(288.0)
Gain on sale of Oil & Gas Division (see below)	**—**	**99.2**	**99.2**	—	—	—
Gain on sale of joint venture (see below)	**—**	**6.0**	**6.0**	—	—	—
(Loss) profit for the period from discontinued operations	**(2.2)**	**106.1**	**103.9**	(26.6)	(261.4)	(288.0)
Reclassification of foreign currency translation reserve			**(103.4)**			—
Other comprehensive (expense) income from discontinued operations			**(1.3)**			3.4
Total net comprehensive expense from discontinued operations			**(0.8)**			(284.6)

The reconciliation from revenue to operating profit includes cost of sales of £21.8m (2020: £272.6m), other operating income of £0.3m (2020: £3.3m), selling & distribution costs of £1.4m (2020: £18.1m), administrative expenses of £4.1m (2020: £51.4m) and share of results of joint venture of £1.6m (2020: £3.9m).

The gain on sale is largely attributable to the recycling of cumulative foreign exchange gains and losses from the foreign currency translation reserve to the income statement which is recognised only at the time of sale. For the Oil & Gas Division, excluding AMCO, the cumulative net foreign exchange gains on retranslation of foreign operations recycled was £244.3m offset by the cumulative net foreign exchange losses on net investment hedges of £143.4m. In June 2021, £2.5m of cumulative foreign exchange gains on retranslation of foreign operations was recycled in respect of the AMCO disposal.

	Year ended 31 December 2021	Year ended 31 December 2020
	£m	£m
Cash flows from operating activities	**(16.3)**	20.3
Cash flows from investing activities	**(0.2)**	3.8
Cash flows from financing activities	**(1.1)**	(18.5)
Net (decrease) increase in cash & cash equivalents from discontinued operations	**(17.6)**	5.6

6. Discontinued operations (continued)

Details of the sale of Oil & Gas Division (excluding AMCO)

	Year ended 31 December 2021 £m
Consideration received	
Cash received – initial settlement	**275.3**
Cash received – completion accounts settlement	**7.5**
Total disposal consideration	**282.8**
Carrying amount of net assets sold	**(282.9)**
Costs of disposal	**(1.8)**
Gain on sale of Oil & Gas Division before reclassification of foreign currency translation reserve and tax	**(1.9)**
Reclassification of foreign currency translation reserve	**100.9**
Gain on sale of Oil & Gas Division before tax	**99.0**
Tax credit on disposal	**0.2**
Gain on sale of Oil & Gas Division after tax	**99.2**

The carrying amount of assets and liabilities as at the date of sale were as follows.

	Period ended 1 February 2021 £m
Property, plant & equipment	**117.3**
Intangible assets	**82.0**
Investment in joint ventures	**3.1**
Inventories	**107.6**
Trade & other receivables	**78.9**
Cash & short-term deposits	**16.1**
Trade & other payables	**(48.8)**
Leases	**(65.2)**
Provisions	**(8.1)**
Net assets	**282.9**

Details of the sale of AMCO joint venture

	Year ended 31 December 2021 £m
Consideration received	
Cash received	**27.4**
Consideration adjustment – paid to CAT	**(3.4)**
Total disposal consideration	**24.0**
Carrying amount of investment held	**(16.1)**
Costs of disposal*	**0.2**
Gain on sale of joint venture before reclassification of foreign currency translation reserve and tax	**8.1**
Reclassification of foreign currency translation reserve	**2.5**
Gain on sale of joint venture before tax	**10.6**
Tax charge on disposal	**(4.6)**
Gain on sale of joint venture after tax	**6.0**

* Costs of disposal related to an unutilised prior year provision for costs to sell.

Earnings (loss) per share

Earnings (loss) per share from discontinued operations were as follows.

	2021 pence	2020 pence
Basic	**40.1**	(110.9)
Diluted	**39.8**	(110.9)

The earnings (loss) per share figures were derived by dividing the net profit (loss) attributable to equity holders of the Company from discontinued operations by the weighted average number of ordinary shares, for both basic and diluted amounts, shown in note 7.

7. Earnings (loss) per share

Basic earnings (loss) per share amounts are calculated by dividing net profit (loss) for the year attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted earnings (loss) per share is calculated by dividing the net profit (loss) attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for the effect of dilutive share awards.

The following reflects the earnings used in the calculation of earnings (loss) per share.

	2021	Restated (note 1) 2020
Profit (loss) attributable to equity holders of the Company		
Total operations* (£m)	**258.5**	(154.7)
Continuing operations** (£m)	**154.6**	133.3
Continuing operations before adjusting items** (£m)	**184.8**	187.6

* Adjusted for a profit of £0.5m (2020: profit of £0.2m) in respect of non-controlling interests for total operations.

** Adjusted for a profit of £0.5m (2020: profit of £0.2m) in respect of non-controlling interests for continuing operations.

The following reflects the shares numbers used in the calculation of earnings (loss) per share, and the difference between the weighted average share capital for the purposes of the basic and the diluted earnings (loss) per share calculations.

	2021 Shares million	2020 Shares million
Weighted average number of ordinary shares for basic earnings per share	**259.3**	259.5
Effect of dilution: employee share awards	**1.7**	2.2
Adjusted weighted average number of ordinary shares for diluted earnings per share	**261.0**	261.7

The profit (loss) attributable to equity holders of the Company used in the calculation of both basic and diluted earnings (loss) per share from continuing operations before adjusting items is calculated as follows.

	2021 £m	Restated (note 1) 2020 £m
Net profit attributable to equity holders from continuing operations**	**154.6**	133.3
Adjusting items net of tax	**(30.2)**	(54.3)
Net profit attributable to equity holders from continuing operations before adjusting items	**184.8**	187.6

	2021 pence	Restated (note 1) 2020 pence
Basic earnings (loss) per share:		
Total operations*	**99.7**	(59.6)
Continuing operations**	**59.6**	51.4
Continuing operations before adjusting items**	**71.3**	72.3
Diluted earnings (loss) per share:		
Total operations*	**99.0**	(59.6)
Continuing operations**	**59.2**	50.9
Continuing operations before adjusting items**	**70.8**	71.7

* Adjusted for a profit of £0.5m (2020: profit of £0.2m) in respect of non-controlling interests for total operations.

** Adjusted for a profit of £0.5m (2020: profit of £0.2m) in respect of non-controlling interests for continuing operations.

There have been 6,258 share awards (2020: 350,896) exercised between the reporting date and the date of signing of these financial statements. These were settled out of existing shares held in trust.

Earnings (loss) per share from discontinued operations is disclosed in note 6.

8. Dividends paid & proposed

	2021 £m	2020 £m
Declared & paid during the year		
Equity dividends on ordinary shares		
Final dividend for 2020: 0.00p (2019: 0.00p)	**—**	—
Interim dividend for 2021: 11.50p (2020: 0.00p)	**29.8**	—
	29.8	—
Proposed for approval by Shareholders at the Annual General Meeting		
Final dividend for 2021: 12.30p (2020: 0.00p)	**31.9**	—

The current year dividend is in line with the capital allocation policy announced in our 2020 Annual Report and Financial Statements, under which the Group intends to distribute 33% of net adjusted earnings by way of dividend. As a result dividend cover in 2021 is 3.0 times. In response to the Covid-19 pandemic, the Board did not propose an interim or final dividend for 2020.

The proposed dividend is based on the number of shares in issue, excluding treasury shares held, at the date that the financial statements were approved and authorised for issue. The final dividend may differ due to increases or decreases in the number of shares in issue between the date of approval of this Annual Report and Financial Statements and the record date for the final dividend.

9. Property, plant & equipment and intangible assets

	2021 £m	Restated (note 1) 2020 £m
Additions of property, plant & equipment and intangible assets		
- owned land & buildings	**4.0**	7.3
- owned plant & equipment	**44.3**	54.1
- right-of-use land & buildings	**12.4**	19.8
- right-of-use plant & equipment	**8.9**	7.8
- intangible assets	**8.0**	10.4
	77.6	99.4

The above additions relate to the normal course of business and do not include any additions made by way of business combinations.

10. Business combinations

The Group completed the acquisition of 100% of the voting rights of Motion Metrics on 30 November 2021 for an enterprise value of CAD$150m (£88m), which represents initial equity value consideration of £68m paid in cash and adoption of £20m of vendor liabilities primarily relating to tax, settlement of an employee growth participation plan and disposal costs.

Motion Metrics is a leading Canada-based global mining technology business and is the market leading developer of innovative Artificial Intelligence (AI) and 3D rugged Machine Vision Technology used in mines worldwide. Its technology helps miners increase safety, efficiency and sustainability of their operations. As part of the agreement, Motion Metrics' Vancouver headquarters will become Weir's global centre for excellence in AI and Machine Vision Technology.

Motion Metrics applications are highly complementary to Weir's product portfolio. It will join the ESCO Division and reporting segment reflecting the early adoption of its technology in ground engaging tools (G.E.T.) where ESCO is an established global leader. Motion Metrics AI and Machine Vision capabilities are expected to be leveraged across the whole mining value chain served by the Weir Group.

The provisional fair values, which are subject to finalisation within 12 months of acquisition, are disclosed in the table below. There are certain intangible assets included in the £52.1m of goodwill recognised that cannot be individually separated and reliably measured due to their nature. These items include the future growth of the business, synergies and an assembled workforce.

Motion Metrics provisional fair values	2021 £m
Property, plant & equipment – owned assets	0.6
Property, plant & equipment – right-of-use assets	0.2
Intangible assets	
Brand names	3.3
Intellectual property and trademarks	34.0
Purchased software	0.1
Inventories	2.2
Trade & other receivables	2.3
Income tax receivable	0.7
Interest-bearing loans & borrowings	(0.2)
Trade & other payables	(1.6)
Income tax payable	(0.5)
Provisions	(20.0)
Deferred tax liabilities	(5.3)
Provisional fair value of net assets	15.8
Goodwill arising on acquisition	52.1
Total consideration	67.9

Cash consideration	67.9
Contingent consideration	—
Total consideration	67.9

The total net cash outflow on current year acquisitions was as follows:	
cash paid	(67.9)
cash & cash equivalents acquired	—
Total cash outflow (note 15)	(67.9)

The gross amount and fair value of Motion Metrics trade receivables amounts to £2.3m. It is expected that virtually all the contractual amounts will be collected.

Motion Metrics contributed £0.6m to revenue and an operating loss of £0.3m (before adjusting items) in the period from acquisition to 31 December 2021. If the acquisition had occurred at the start of 2021, the revenue and statutory profit for the year from acquired operations would not have had a material impact on the results disclosed in the Consolidated Income Statement and therefore are not separately disclosed. Group exceptional acquisition and integration costs totalled £2.8m in the year (note 4).

Contingent consideration

As part of the purchase agreement a maximum of an additional CAD$100m is payable by the Group contingent on Motion Metrics exceeding specific revenue and EBITDA targets over the next three years. Any balance which becomes payable would be split, with 80% reflecting further consideration and 20% for a new employee bonus plan. The entry point for any contingent payment would require significant growth both in terms of revenue and EBITDA margin by 2024. While the Group expects Motion Metrics to grow as it leverages the benefits of being partnered with ESCO, and the opportunities within Minerals, the entry targets are considered challenging. At present the probability of Motion Metrics exceeding these targets in order to trigger a contingent payment is considered uncertain, in part due to the relative infancy of the business. As a result no contingent consideration has been recorded at the acquisition date. This will be reassessed in future periods as the business develops.

11. Provisions

	Warranties & contract claims £m	Asbestos-related £m	Employee-related £m	Exceptional items £m	Other £m	Total £m
At 31 December 2020	**6.5**	**67.7**	**12.5**	**8.5**	**10.1**	**105.3**
Additions	**8.2**	**1.4**	**12.4**	**7.7**	**3.3**	**33.0**
Acquisitions	**—**	**—**	**—**	**20.0**	**—**	**20.0**
Utilised	**(3.8)**	**(8.0)**	**(11.3)**	**(23.4)**	**(1.9)**	**(48.4)**
Unutilised	**(1.3)**	**—**	**(0.4)**	**(1.2)**	**(0.6)**	**(3.5)**
Exchange adjustment	**(0.2)**	**0.5**	**(0.8)**	**(0.5)**	**0.1**	**(0.9)**
At 31 December 2021	**9.4**	**61.6**	**12.4**	**11.1**	**11.0**	**105.5**
Current 2021	**9.2**	**7.6**	**6.9**	**10.8**	**2.0**	**36.5**
Non-current 2021	**0.2**	**54.0**	**5.5**	**0.3**	**9.0**	**69.0**
At 31 December 2021	**9.4**	**61.6**	**12.4**	**11.1**	**11.0**	**105.5**
Current 2020	6.1	7.7	6.8	7.7	0.9	29.2
Non-current 2020	0.4	60.0	5.7	0.8	9.2	76.1
At 31 December 2020	6.5	67.7	12.5	8.5	10.1	105.3

The impact of discounting is not material for any category of provision.

Warranties & contract claims
Provision has been made in respect of actual warranty claims on goods sold and services provided, and allowance has been made for potential warranty claims based on past experience for goods and services sold with a warranty guarantee. At 31 December 2021, the warranties portion of the provision totalled £7.2m (2020: £5.7m) for continuing operations. The majority of these costs relate to claims which fall due within one year of the balance sheet date and it is expected that all costs related to such claims will have been incurred within five years of the balance sheet date.

Provision has been made in respect of sales contracts entered into for the sale of goods in the normal course of business where the unavoidable costs of meeting the obligations under the contracts exceed the economic benefits expected to be received from the contracts and before allowing for future expected aftermarket revenue streams. Provision is made immediately when it becomes apparent that expected costs will exceed the expected benefits of the contract. At 31 December 2021, the contract claims element, which includes onerous provision, was £2.2m (2020: £0.8m), all of which is expected to be incurred within one year of the balance sheet date.

Asbestos-related claims

	2021 £m	2020 £m
US asbestos-related provision – pre-1981 date of first exposure	**55.5**	61.4
US asbestos-related provision – post-1981 date of first exposure	**3.0**	3.1
US asbestos-related provision – total	**58.5**	64.5
UK asbestos-related provision	**3.1**	3.2
Total asbestos-related provision	**61.6**	67.7

US asbestos-related provision
Certain of the Group's US-based subsidiaries are co-defendants in lawsuits pending in the US in which plaintiffs are claiming damages arising from alleged exposure to products previously manufactured which contained asbestos. The dates of alleged exposure currently range from the 1950s to the 1980s.

The Group has historically held comprehensive insurance cover for cases of this nature and continues to do so for claims with a date of first exposure (dofe) pre-1981. The expiration of one of the Group's insurance policies in 2019 resulted in no further insurance cover for claims with a post-1981 dofe. All claims are directly administered by National Coordinating Counsel on behalf of the Group's insurers who also meet associated defence costs. The insurers, their legal advisers and in-house counsel agree and execute the defence strategy between them.

11. Provisions (continued)

A summary of the Group's US asbestos-related claim activity is shown in the table below.

Number of open claims	2021 Number	2020 Number
Opening	**1,586**	1,551
New	**656**	528
Dismissed	**(315)**	(309)
Settled	**(162)**	(184)
Closing	**1,765**	1,586

A review of both the Group's expected liability for US asbestos-related diseases and the adequacy of the Group's insurance policies to meet future settlement and defence costs was completed in conjunction with external advisers in 2020 as part of our planned triennial actuarial update. This review was based on an industry standard epidemiological decay model, and Weir's claims settlement history. The 2020 review reflected higher levels of claims, particularly relating to the 1970s and 1980s, and a longer dofe period, but lower settlement values than the previous review conducted in 2017. The actuarial model incorporates claims, with a dofe pre- and post-1981, primarily relating to lung cancer and mesothelioma and includes estimates relating to:

- the number of future claims received;
- settlement rates by disease type;
- mean settlement values by disease type;
- ratio of defence costs to indemnity value; and
- the profile of associated cash flows through to 2049.

The actuarial model in 2020 provided a range of potential liability based on levels of probability from 10% to 90%, which, on an undiscounted basis, equates to £53m-£133m. The mean actuarial estimate of £91m represents the expected undiscounted value over the range of reasonably possible outcomes. The provision in the financial statements is based on the mean actuarial estimate which is then adjusted each year to reflect expected settlements in the model, discounting and restricting our estimate to ten years of future claims.

	2021	2020
Period of future claims provided	**10 years**	10 years
Discount rate	**2.6 %**	2.1 %

The period over which the provision can be reliably estimated is judged to be ten years due to the inherent uncertainty resulting from the changing nature of the US litigation environment detailed below, and cognisant of the broad range of probability levels included within the actuarial model. While claims may extend past ten years and may result in a further outflow of economic benefits, the Directors do not believe any obligation which may arise beyond ten years can be reliably measured at this time. The effect of extending the claims period by a further ten years is included in the sensitivities below. The discount rate is set based on the yield available at the balance sheet date denominated in the same currency, and with a term broadly consistent to that of the liabilities being provided for, with sensitivities to the discount rate also included below.

In 2020 confirmation was also received from external advisers of the insurance asset available and the estimated defence costs which would be met by the insurer. An update to the insurance asset is obtained annually and based on the profile of the claims in the actuarial model, external advisors expect the insurance cover and associated limits currently in place to be sufficient to meet the settlement and associated costs until c.2028. Therefore, no cash flows to or from the Group, related to claims with an exposure date pre-1981, are expected until that time. Claims with an exposure date post-1981 are estimated to incur cash outflows of less than £0.4m per annum and are not insured currently or in the future.

The table below represents the Directors' best estimate of the future liability and corresponding insurance asset.

US asbestos-related provision	2021 £m	2020 £m
Gross provision	**67.4**	72.7
Effect of discounting	**(8.9)**	(8.2)
Discounted US asbestos-related provision	**58.5**	64.5
Insurance asset	**42.2**	52.4
Net US asbestos-related liability	**16.3**	12.1

11. Provisions (continued)

The net provision and insurance asset are presented in the financial statements as follows.

	2021	2020
	£m	£m
Provisions – current	**7.1**	7.2
Provisions – non-current	**51.4**	57.3
Trade & other receivables	**6.9**	7.2
Non-current other receivables	**35.3**	45.2

There remains inherent uncertainty associated with estimating future costs in respect of asbestos-related diseases. Actuarial estimates of future indemnity and defence costs associated with asbestos-related diseases are subject to significantly greater uncertainty than actuarial estimates for other types of exposures. This uncertainty results from factors that are unique to the asbestos claims litigation and settlement process including but not limited to:

i) the possibility of future state or federal legislation applying to claims for asbestos-related diseases;
ii) the ability of the plaintiff's bar to develop and sustain new legal theory and/or develop new populations of claimants;
iii) changes in focus of the plaintiff's bar;
iv) changes in the Group's defence strategy; and
v) changes in the financial condition of other co-defendants in suits naming the Group and affiliated businesses.

As a result, there can be no guarantee that the assumptions used to estimate the provision will result in an accurate prediction of the actual costs that may be incurred.

In 2021 the number of claims received has exceeded those included in the actuarial model, while settlement costs related to claims received, predominantly in prior years, are below those provided. These variations are to be expected from period to period. Sensitivity analysis reflecting reasonably probable scenarios has been conducted. The results of this analysis are shown below.

	2021
Estimated impact on the discounted US asbestos-related provision of	**£m**
Increasing the number of projected future settled claims by 10%	**5.5**
Increasing the estimated settlement value by 10%	**5.5**
Increasing the basis of provision by ten years	**5.2**
Decreasing the discount rate by 50bps	**1.6**

Application of these sensitivities, on an individual basis, would not lead to a material change in the provision.

The Group's US subsidiaries have been effective in managing the asbestos litigation, in part, because the Group has access to historical project documents and other business records going back more than 50 years, allowing it to defend itself by determining if legacy products were present at the location of the alleged asbestos exposure and, if so, the timing and extent of their presence. In addition, the Group has consistently and vigorously defended claims that are without merit.

UK asbestos-related provision
In the UK, there are outstanding asbestos-related claims which are not the subject of insurance cover. The extent of the UK asbestos exposure involves a series of legacy employer's liability claims which all relate to former UK operations and employment periods in the 1950s to 1970s. In 1989 the Group's employer's liability insurer (Chester Street Employers Association Ltd) was placed into run-off which effectively generated an uninsured liability exposure for all future long-tail disease claims with an exposure period pre-dating 1 January 1972. All claims with a disease exposure post 1 January 1972 are fully compensated via the Government-established Financial Services Compensation Scheme. Any settlement to a former employee whose service period straddles 1972 is calculated on a pro rata basis. The Group provides for these claims based on management's best estimate of the likely costs given past experience of the volume and cost of similar claims brought against the Group.

The UK provision was reviewed and adjusted accordingly for claims experience in the year, resulting in a provision of £3.1m (2020: £3.2m).

Employee-related
Employee-related provisions arise from legal obligations in a number of territories in which the Group operates, the majority of which relate to compensation associated with periods of service. A large proportion of the provision is for long service leave. The outflow is generally dependent upon the timing of employees' period of leave with the calculation of the majority of the provision being based on criteria determined by the various jurisdictions.

Exceptional items
The exceptional items provision relates to exceptional charges included within note 4 where the cost is based on a reliable estimate of the obligation.

The opening balance of £8.5m included £6.6m which related to severance costs in Minerals and disposal costs related to Oil & Gas. The remaining £1.9m related to onerous contract provisions in Minerals.

11. Provisions (continued)

Additions in the year total £7.7m, including cybersecurity costs of £4.7m and acquisition and integration costs in relation to Motion Metrics of £2.8m. The acquisition related balance of £20.0m reflects vendor liabilities for Motion Metrics primarily relating to tax, settlement of an employee growth participation plan and disposal costs, of which £11.1m was cash settled in the year.

The closing balance of £11.1m includes £8.9m for opening balance sheet liabilities in Motion Metrics (£8.8m restructuring taxes and £0.1m acquisition costs) which will be cash settled in 2022, cybersecurity costs of £0.4m and final Oil & Gas disposal costs of £0.4m. The remaining balance of £1.4m relates to prior year balances in Minerals for severance costs and onerous contract provisions.

Other

Other provisions include environmental obligations, penalties, duties due, legal claims and other exposures across the Group. These balances typically include estimates based on multiple sources of information and reports from third-party advisers. The timing of outflows is difficult to predict as many of these will ultimately rely on legal resolutions and the expected conclusion is based on information currently available. Where certain outcomes are unknown, a range of possible scenarios is calculated, with the most likely being reflected in the provision.

12. Interest-bearing loans & borrowings

In June 2020, the Group completed the refinancing of its US$950m Revolving Credit Facility (RCF) which was due to expire in September 2021. This was replaced with a US$950m RCF with a syndicate of 12 global banks and will mature in June 2023 with the option to extend for up to a further two years. In 2020 the Group also replaced its £300m term loan facility which was previously maturing in December 2020, with a £200m facility due to mature in March 2022, which was subsequently settled in 2021. The RCF includes a link to the Group’s sustainability goals and the covenant terms remained unchanged.

In May 2021, the Group completed the issue of five-year US$800m Sustainability-Linked Notes due to mature in May 2026 which includes a target to reduce Scope 1 & Scope 2 CO_2 emissions by 30% by December 2024, consistent with the Group's medium-term KPIs announced in the 2020 Annual Report. The Notes will initially bear interest at a rate of 2.20% per annum to be paid semi-annually in May and November. The interest on the Notes will be linked to achievement of Weir's 2024 Sustainability Performance Target ('SPT'). The interest rate applicable to the Notes will increase by 0.25% to 2.45% per annum from and including the last interest payment date preceding 31 December 2024 if the Group does not attain its SPT. As a result of the additional funding, the Group took the decision to settle its £200m term loan facility, which was due to mature in March 2022, with a charge to the Consolidated Income Statement of the remaining unamortised costs of £0.8m.

At 31 December 2021, £nil (2020: £468.8m) was drawn under the US$950m multi-currency revolving credit facility which is disclosed net of unamortised issue costs of £3.0m (2020: £5.1m).

At 31 December 2021, £nil (2020: £198.9m) was drawn under the matured £200m term loan facility which is disclosed net of unamortised issue costs of £nil (2020: £1.1m).

At 31 December 2021, a total of £583.6m (2020: £578.4m) was outstanding under private placement which is disclosed net of unamortised issue costs of £0.1m (2020: £0.3m).

At 31 December 2021, a total of £586.5m (2020: £nil) was outstanding under Sustainability-Linked Notes which is disclosed net of unamortised issue costs of £4.5m (2020: £nil).

13. Pensions & other post-employment benefit plans

	2021	2020
	£m	£m
Net liability	**56.7**	160.8

The defined benefit pension deficit across the Group's legacy UK and North American schemes decreased to £56.7m (2020: £160.8m) primarily due to changes in market conditions, mainly the rise in discount rates over the period, partially offset by an increase in inflation expectations. In addition the results of the latest UK Main Scheme triennial valuation as at 31 December 2020 led to experience gains on scheme liabilities.

14. Derivative financial instruments

The Group enters into derivative financial instruments in the normal course of business in order to hedge its exposure to foreign exchange risk. Derivatives are only used for economic hedging purposes and no speculative positions are taken. Derivatives are recognised as held for trading and at fair value through profit and loss unless they are designated in IFRS 9 compliant hedge relationships.

The table below summarises the types of derivative financial instrument included within each balance sheet category.

	2021	2020
	£m	£m
Included in non-current assets		
Other forward foreign currency contracts	**—**	0.1
	—	0.1
Included in current assets		
Forward foreign currency contracts designated as cash flow hedges	**—**	0.2
Forward foreign currency contracts designated as net investment hedges	**—**	4.3
Other forward foreign currency contracts	**7.1**	11.5
	7.1	16.0
Included in current liabilities		
Forward foreign currency contracts designated as cash flow hedges	**(0.4)**	—
Forward foreign currency contracts designated as net investment hedges	**—**	(0.1)
Cross-currency swaps designated as net investment hedges	**—**	(0.9)
Other forward foreign currency contracts	**(3.4)**	(17.9)
	(3.8)	(18.9)
Included in non-current liabilities		
Other forward foreign currency contracts	**(0.1)**	—
	(0.1)	—
Net derivative financial assets (liabilities) - continuing operations	**3.2**	(2.8)
Net derivative financial liabilities held for sale	**—**	(0.1)
Net derivative financial assets (liabilities) - total Group	**3.2**	(2.9)

15. Additional cash flow information

	Notes	2021 £m	2020 £m
Total operations			
Net cash generated from operations			
Operating profit – continuing operations		**256.6**	228.0
Operating profit (loss) – discontinued operations	6	**0.6**	(255.0)
Operating profit (loss) – total operations		**257.2**	(27.0)
Exceptional and other adjusting items	4	**3.8**	257.1
Amortisation of intangible assets		**40.2**	52.5
Share of results of joint ventures		**(3.3)**	(5.5)
Depreciation of property, plant & equipment		**43.0**	52.8
Depreciation of right-of-use assets		**27.6**	41.9
Impairment of property, plant & equipment		**—**	0.2
Grants received		**(0.3)**	(0.4)
Gains on disposal of property, plant & equipment		**(4.3)**	(0.3)
Funding of pension & post-retirement costs		**(2.7)**	(2.6)
Employee share schemes		**10.9**	9.3
Transactional foreign exchange		**4.8**	14.5
Increase (decrease) in provisions		**3.9**	(7.6)
Cash generated from operations before working capital cash flows		**380.8**	384.9
(Increase) decrease in inventories		**(84.9)**	44.2
(Increase) decrease in trade & other receivables & construction contracts		**(61.7)**	130.0
Increase (decrease) in trade & other payables & construction contracts		**31.8**	(194.1)
Cash generated from operations before exceptional cash items		**266.0**	365.0
Additional pension contributions paid		**(7.8)**	(11.3)
Exceptional and other adjusting cash items		**(8.6)**	(24.1)
Exceptional cash items - acquired vendor liabilities		**(11.1)**	—
Income tax paid		**(82.4)**	(63.4)
Net cash generated from operating activities		**156.1**	266.2

Cash flows from discontinued operations included above are disclosed separately in note 6.

Exceptional and other adjusting items are detailed in note 4.

The following tables summarise the cash flows arising on acquisitions (note 10) and disposals (note 6).

	2021 £m	2020 £m
Acquisitions of subsidiaries		
Acquisition of subsidiaries – cash paid	**67.9**	—
Cash & cash equivalents acquired	**—**	—
Acquisition of subsidiaries – current period acquisitions	**67.9**	—
Total cash outflow relating to acquisitions	**67.9**	—

Net cash inflow (outflow) arising on disposals		
Consideration received net of costs paid & cash disposed of – Oil & Gas Division (excluding AMCO)	**258.5**	(2.1)
Consideration received net of costs paid & cash disposed of – AMCO Joint Venture	**24.0**	—
Prior period disposals – settlement of final costs and final completion adjustment	**—**	(4.7)
Total cash inflow (outflow) relating to disposals	**282.5**	(6.8)

15. Additional cash flow information (continued)

	2021 £m	2020 £m
Cash & cash equivalents comprise the following		
Cash & short-term deposits	**564.4**	351.7
Bank overdrafts & short-term borrowings	**(64.4)**	(0.6)
Cash & short-term deposits held for sale	**—**	23.0
	500.0	374.1

	2021 £m	2020 £m
Net debt comprises the following		
Cash & short-term deposits	**564.4**	351.7
Current interest-bearing loans & borrowings	**(523.9)**	(26.5)
Non-current interest-bearing loans & borrowings	**(812.3)**	(1,332.6)
Assets and liabilities held for sale	**—**	(44.0)
	(771.8)	(1,051.4)

Reconciliation of financing cash flows to movement in net debt

	Opening balance at 31 December 2020 £m	Cash movements £m	Additions/ acquisitions £m	Disposals £m	FX £m	Non-cash movements £m	Closing balance at 31 December 2021 £m	Transferred to assets/ liabilities held for sale £m	Total continuing operations £m
Cash & cash equivalents	**374.1**	**150.1**	**—**	**(16.1)**	**(8.1)**	**—**	**500.0**	**—**	**500.0**
Third-party loans	**(1,252.6)**	**104.4**	**(0.2)**	**—**	**(26.3)**	**—**	**(1,174.7)**	**—**	**(1,174.7)**
Leases	**(179.4)**	**27.8**	**(20.6)**	**65.2**	**2.1**	**0.2**	**(104.7)**	**—**	**(104.7)**
Unamortised issue costs	**6.5**	**5.1**	**—**	**—**	**—**	**(4.0)**	**7.6**	**—**	**7.6**
Amounts included in gross debt	**(1,425.5)**	**137.3**	**(20.8)**	**65.2**	**(24.2)**	**(3.8)**	**(1,271.8)**	**—**	**(1,271.8)**
Amounts included in net debt	**(1,051.4)**	**287.4**	**(20.8)**	**49.1**	**(32.3)**	**(3.8)**	**(771.8)**	**—**	**(771.8)**
Financing derivatives	**(2.5)**	**(10.6)**	**—**	**—**	**—**	**14.5**	**1.4**	**—**	**1.4**
Total financing liabilities*	**(1,428.0)**	**126.7**	**(20.8)**	**65.2**	**(24.2)**	**10.7**	**(1,270.4)**	**—**	**(1,270.4)**

* Total financing liabilities comprise gross debt plus other liabilities relating to financing activities.

	Opening balance at 31 December 2019 £m	Cash movements £m	Additions £m	Disposals £m	FX £m	Non-cash movements £m	Closing balance at 31 December 2020 £m	Transferred to assets/ liabilities held for sale £m	Total continuing operations £m
Cash & cash equivalents	272.1	117.2	—	—	(15.2)	—	374.1	23.0	351.1
Third-party loans	(1,244.5)	(19.2)	—	—	11.1	—	(1,252.6)	—	(1,252.6)
Leases	(185.0)	43.4	(39.6)	—	1.2	0.6	(179.4)	(67.0)	(112.4)
Unamortised issue costs	0.9	7.8	—	—	—	(2.2)	6.5	—	6.5
Amounts included in gross debt	(1,428.6)	32.0	(39.6)	—	12.3	(1.6)	(1,425.5)	(67.0)	(1,358.5)
Amounts included in net debt	(1,156.5)	149.2	(39.6)	—	(2.9)	(1.6)	(1,051.4)	(44.0)	(1,007.4)
Financing derivatives	(3.8)	(5.1)	—	—	—	6.4	(2.5)	—	(2.5)
Total financing liabilities*	(1,432.4)	26.9	(39.6)	—	12.3	4.8	(1,428.0)	(67.0)	(1,361.0)

* Total financing liabilities comprise gross debt plus other liabilities relating to financing activities.

16. Related party disclosure

The following table provides the total amount of significant transactions which have been entered into by the Group with related parties for the relevant financial year and outstanding balances at the year end.

Related party		Sales to related parties - goods £m	Sales to related parties - services £m	Purchases from related parties - goods £m	Purchases from related parties - services £m	Amounts owed to related parties £m	Amounts owed by related parties £m
Joint ventures	**2021**	**0.7**	**0.1**	**16.7**	**—**	**—**	**1.3**
	2020	5.9	0.1	19.3	0.3	—	0.2
Group pension plans	**2021**	**—**	**—**	**—**	**—**	**5.9**	**—**
	2020	—	—	—	—	5.9	—

17. Legal claims

The Company and certain subsidiaries are, from time to time, parties to legal proceedings and claims which arise in the normal course of business. Provisions have been made where the Directors have assessed that a cash outflow is probable. All other claims are believed to be remote or are not yet ripe.

18. Exchange rates

The principal exchange rates applied in the preparation of these financial statements were as follows.

Average rate (per £)	2021	2020
US Dollar	**1.38**	1.28
Australian Dollar	**1.83**	1.86
Euro	**1.16**	1.13
Canadian Dollar	**1.73**	1.72
Chilean Peso	**1,043.54**	1,015.14
South African Rand	**20.34**	21.06
Brazilian Real	**7.42**	6.61
Russian Rouble	**101.45**	92.76
Chinese Yuan	**8.88**	8.86
Indian Rupee	**101.70**	95.12
Closing rate (per £)		
US Dollar	**1.35**	1.37
Australian Dollar	**1.86**	1.77
Euro	**1.19**	1.12
Canadian Dollar	**1.71**	1.74
Chilean Peso	**1,153.18**	970.26
South African Rand	**21.57**	20.04
Brazilian Real	**7.54**	7.10
Russian Rouble	**101.62**	101.33
Chinese Yuan	**8.60**	8.92
Indian Rupee	**100.66**	99.76

18. Exchange rates (continued)

The Group's operating profit before adjusting items from continuing operations was denominated in the following currencies.

	2021 £m	Restated (note 1) 2020 £m
US Dollar	**131.1**	161.5
Australian Dollar	**51.2**	20.3
Canadian Dollar	**44.8**	52.8
Chilean Peso	**40.3**	42.3
Euro	**27.4**	40.4
South African Rand	**9.1**	3.2
Brazilian Real	**6.7**	6.3
Chinese Yuan	**6.0**	7.5
Indian Rupee	**4.5**	7.3
Russian Rouble	**—**	4.8
UK Sterling	**(27.4)**	(55.4)
Other	**2.5**	7.6
Adjusted operating profit	**296.2**	298.6

19. Events after the balance sheet date

Following the Russian invasion of Ukraine on 24 February 2022, there exists uncertainty about the Group's ability to recover assets in Russia and Ukraine, and to continue to trade with customers in those countries. Net assets across the two countries are c.2% of the total Group and revenues and operating profits are less than 5% of the total Group. Given the small scale of these operations relative to the overall Group we do not consider this event to have any bearing on the Group's ability to continue as a going concern or the Group's longer term viability.