The Weir Group PLC interim results for the six months ended 30 June 2021

Strong order momentum and strategic progress; dividend resumed

Orders +17%[4] driven by demand for more sustainable mining technology
- Original Equipment (OE) orders[4] +57% led by more efficient energy and water solutions
- Aftermarket (AM) orders[4] +6%, recovering to pre-Covid levels
- Growing project pipeline reflects positive longer-term outlook for mining markets

Strong execution across the Group
- AM revenues[4] +3%, returning to YoY growth; 11% sequential increase from Q1 to Q2
- Operating margins[2,4] 15.9%, +120bps; efficiency programme on track

Balance sheet strengthened further
- Net debt/EBITDA[3] reduced to 1.6x
- Oil & Gas sale fully completed with closing of Saudi JV transaction
- US$800m 5-year Sustainability-Linked Notes issued

Dividend resumed; full year outlook unchanged
- Interim dividend of 11.5 pence per share (33% of H1 adjusted EPS)

	H1 2021	H1 2020	As reported	Constant Currency[4]
Continuing Operations[3]				
Orders[4]	£1,090m	£934m	n/a	+17%
Revenue	£900m	£910m	-1%	+3%
Adjusted operating profit[2]	£143m	£137m	+4%	+12%
Adjusted operating margin[2]	15.9%	15.1%	+80bps	+120bps
Adjusted profit before tax[2]	£121m	£114m	+6%	n/a
Profit before tax	£102m	£78m	+31%	n/a
Adjusted earnings per share[2]	35.0p	34.4p	+2%	n/a
Total Group				
Profit after tax	£183m	£46m	+299%	n/a
Earnings per share	70.5p	17.6p	+301%	n/a
Operating cash flow[2]	£143m	£192m	-25%	n/a
Dividend per share	11.5p	-	+100%	n/a
Net debt[7]	£679m	£1,051m[5]	+£372m	n/a

See footnotes on page 5

Jon Stanton, Weir Group Chief Executive Officer said:

"We've had a good start to the year with excellent execution across the business delivering a strong performance despite ongoing challenges due to the Covid pandemic. The order momentum we are seeing reflects demand for recurring aftermarket consumables returning to pre-Covid levels and growing adoption of our more sustainable mining technologies that increase customer efficiency while reducing energy, water and waste. Looking to the full year, we continue to expect to deliver growth in constant currency profits and margins in line with our, and current market expectations[6].

We are also making good progress on our new three-year performance goals that will see us increase revenues, expand margins, and significantly reduce our environmental footprint. Structural demand for clean energy metals is creating a multi-decade growth opportunity for our business as the mining industry invests in expanding capacity while reducing its environmental impact. Our project pipeline continues to grow, particularly for more sustainable solutions, and we are pleased to be resuming the dividend, reflecting our confidence in our strategy and future prospects."

A live webcast of the management presentation will begin at 0800 (BST) on 29 July 2021 at www.investors.weir. A recording of the webcast will also be available at www.investors.weir.

CHIEF EXECUTIVE OFFICER'S REVIEW

Introduction

I would like to begin by thanking my 11,000+ colleagues for their continued hard work and commitment as we navigate the Covid pandemic. Across our global operations we continue to take care of each other, our customers, and our communities, and particularly the families of the colleagues who have unfortunately passed away as a result of Covid-19. We continue to encourage, and where possible facilitate, vaccination programmes to protect our people and their loved ones. In India, a recent Weir clinic enabled the vaccination of 700 people including employees and their families, and we will continue to do everything we can to keep our people and partners safe.

Despite the ongoing disruption with Covid-related issues this is a very exciting time for the business. 2021 is Weir's 150th anniversary and we are recognising that achievement by giving each of our people "My Day of Purpose", a free day to be sustainable, give back, grow or be well. And we recently launched our biggest ever global innovation challenge to ask how we sustain the business for the next 150 years. The celebrations are taking a different form than we had planned but definitely with the usual Weir passion.

This report is our first purely as a mining technology provider now that the sale of the Oil & Gas Division is complete and we are already seeing the benefits of focus with strong progress on growth, operational execution, balance sheet health and foundational strategic initiatives. Our teams around the world are highly motivated and investing in keeping our people safe and well, getting closer to our customers, driving the introduction of new technologies and delivering on our financial and sustainability performance targets.

Strong order growth and execution despite ongoing challenges

The first six months of 2021 saw the global economy continue to recover supporting near-record commodity prices, particularly for our main exposures of copper, iron ore and gold. Commodity pricing was also underpinned by stimulus spending in China and the positive longer-term outlook for mining markets. As a result, customers focused on maximising ore production with volumes and machine utilisation continuing to normalise, as expected for the later-cycle parts of the mining value stream.

Mining market growth was strongest in Australia, North America, Central Asia, Russia and Africa. South America, which saw good growth in the prior year, was broadly stable. Infrastructure markets continued their strong recovery with sand and aggregates markets benefiting from residential housing activity, particularly in North America.

The continuing improvement in end market conditions was seen alongside global logistical challenges. In regions where vaccination programmes are less advanced there continued to be workforce constraints on miners and reduced access to third-party suppliers. Covid-related disruptions also included government-mandated restrictions that reduced capacity in the period at Weir facilities in India and Peru, with Malaysia and Australia subsequently affected by shutdowns in July. 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. Despite this we were always able to fully meet customer demand thanks to the strength of our integrated regional operating model and the tremendous efforts of our teams to mitigate headwinds.

In this context, the Group's continuing operations delivered strong order[4] growth with a 17% improvement year-on-year. Original equipment orders[4] were up 57% as we continued to see miners prioritise both sustainability and efficiency, which was reflected in demand for our differentiated technology. The £36m Ferrexpo order for our Enduron® high pressure grinding rolls (HPGRs), announced in April, 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.

Aftermarket demand, on a constant currency basis, continued to improve and returned to growth, increasing 6% year-on-year. Momentum accelerated in Q2, with orders up 14% sequentially from Q1, as market conditions improved, and we leveraged our global service network to fully capture growth opportunities. This means the Group has now delivered three straight quarters of sequential aftermarket growth, with orders now back at pre-Covid levels.

Revenues on a constant currency basis increased 3% against a relatively strong comparator, while there was a 12% increase in adjusted operating profit. Adjusted operating margins[3,4] were up 120bps year-on-year benefiting from strong operational execution, full mitigation of inflationary pressures and some continuing benefit from reduced discretionary spend on travel.

Building through 'We are Weir'

In March, we set out our new performance goals, aligned to our 'We are Weir' Strategic Framework which prioritises People, Customers, Technology and Performance. Between 2021 and the end of 2023 we have committed to:

- **People**: Reduce our Total Incident Rate[1] (TIR) and increase employee Net Promotor Score.
- **Customers**: Grow ahead of ore production through the cycle, delivering mid-to-high single-digit revenue growth.
- **Technology**: Increase research and development investment as a percentage of sales and grow the proportion of revenues from sustainable solutions.
- **Performance**: Expand adjusted operating margins, increase Return of Capital Employed and by the end of 2024 reduce our relative scope 1 and 2 CO_2e by 30%.

I am satisfied with the overall progress we have made towards these objectives in the first half and delighted that our new focus as a team means that we have been able to execute strongly on many of the underpinning strategic initiatives that will allow us to fully deliver on these performance goals over time.

People:

Key objectives	Strategic progress
• Employee Engagement: Employee Net Promotor Score increased from 42 at December 2020 to 48 with record participation of 90% in our latest global employee survey. • Safety: Total Incident Rate[1,3] (TIR) increased from 0.33 to 0.45 YoY but with significantly reduced severity.	• Launch of our new learning and development programmes that will drive improved organisational capability in areas such as leadership, sustainability and digital. • Launch of new single global performance development framework. • Phase 2 of Workday HR system go live set to underpin improved talent development and succession planning processes. • Global procurement initiatives underway to enhance employee experience and drive efficiencies in global employee benefits and talent acquisition.

Customers:

Key objectives	Strategic progress
• Continuing operations total order[4] growth of 17%. • Integrated Solutions Strategy delivered £134m in orders. • ESCO secured 106 net major digger conversions.	• Opened three new service centres in the UK, Canada and Kazakhstan. • Established digital control rooms for Synertrex® IoT platform in four regions. • Salesforce CRM live in all regions. • Launched TechConnect process with major customers to embed voice of customer in development of sustainable technologies.

Technology:

Key objectives	Strategic progress
• Continuing operations revenues from new products up 21% to £51m, representing 6% of total sales. • Research and Development spend up to 1.7% of revenues (H1 2020: 1.2%). • Increased focus on sustainability in new product development process.	• Next generation Warman® mill circuit pump completed initial commercial trials with excellent results. • Cavex® 2 hydrocyclone continued commercialisation. • ESCO's ToolTek® automated G.E.T. change out achieved first sales. • Launched TechRadar fore-sighting tool which utilises Artificial Intelligence to scan millions of data points for relevance to our markets. • Digital and data strategy independently benchmarked and execution plans accelerated.

Performance:

Key objectives	Strategic progress
• Adjusted operating margins[3,4] increased 120bps. • Working capital as a percentage of sales[3] +150bps reflecting order growth and higher activity levels across the divisions.	• Weir Production System and lean initiatives refreshed. • Facility upgrades completed in the USA, Malaysia and Australia. Sale and relocation of Minerals China facility. • Roll-out of enterprise resource planning software further progressed, facilitating back office shared services and improving efficiency across the supply chain. • Completion of Scope 3 emissions study that will inform our evaluation of Science Based Targets and Net Zero pathways in H2.

Structural demand for clean energy metals points to a bright future

While Covid confirmed mining's status as an essential industry, the recovery from the pandemic will make mining even more relevant. The clean energy transition is being accelerated by governments pledging to 'build back better' and investors increasingly prioritising sustainability. This will drive significant increases in demand for metals like copper, nickel and lithium, that are essential to enable the clean energy transition to take place.

If the world targets net zero emissions by 2050 it will require 40% more copper than was produced in 2019, according to analysts at Goldman Sachs. If that seems like a distant prospect, the International Energy Agency recently reported that current and planned copper projects will be insufficient to meet demand in this decade as technologies like electric vehicles become increasingly mainstream and wind and solar energy continue to increase their share of global power generation. And in the background is 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 maintain current supplies. These pressures are growing at the same time as miners are setting their own targets to decarbonise their operations.

These trends mean the industry will need to invest in expanding capacity while also reducing its environmental impact, which will provide multi-decade growth opportunities for innovative engineering partners like Weir. We are already seeing this come through in our project pipeline, which continues to grow, particularly for more sustainable solutions.

Resuming the interim dividend

With high levels of confidence in our strategy and future prospects, combined with our strengthened balance sheet, the Board has decided to resume dividend payments and has today announced an interim dividend of 11.5 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.

Continuing operations[3] £m	Minerals	ESCO	Unallocated expenses	Total	Total OE	Total AM
Orders (constant currency)						
H1 2021	834	256	n/a	**1,090**	305	785
H1 2020	709	225	n/a	**934**	195	739
Variance:						
- Constant currency	18%	14%		**17%**	57%	6%
Revenue						
H1 2021	663	237	n/a	**900**	187	713
H1 2020 (as reported)	653	257	n/a	**910**	186	724
Variance:						
- As reported	2%	-8%		**-1%**	1%	-2%
- Constant currency	4%	1%		**3%**	4%	3%
Adjusted operating profit[2]						
H1 2021	120	40	(17)	**143**		
H1 2020 (as reported)	113	42	(18)	**137**		
Variance:						
- As reported	6%	-4%	+6%	**4%**		
- Constant currency	11%	6%	+5%	**12%**		
Adjusted operating margin[2]						
H1 2021	18.1%	16.7%		**15.9%**		
H1 2020 (as reported)	17.3%	16.1%		**15.1%**		
Variance:						
- As reported	+80bps	+60bps		**+80bps**		
- Constant currency	+120bps	+70bps		**+120bps**		

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(f) of the Interim Financial Statements.

1. 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.
2. Profit figures before adjusting items. Continuing operations statutory operating profit was £124m (2020: £101m). 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 £97m (2020: £144m).
3. Continuing operations excludes the Oil & Gas Division which was sold to Caterpillar Inc. in February 2021 and a Saudi-Arabian joint venture which was sold to Olayan Financing Company in June 2021. As a result, H1 2020 orders and Consolidated Income Statement balances have been restated to reflect Continuing operations.
4. 2020 restated at 2021 average exchange rates.
5. Net Debt at 31 December 2020.
6. Current company collected consensus available at https://www.global.weir/investors/shareholder-information/analysts-consensus/
7. Refer to note 1 of the condensed Consolidated Interim Financial Statements contained in this press release for further details of alternative performance measures.

DIVISIONAL REVIEW

Minerals

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

2021 First Half Summary

- Original equipment orders[1] +57% driven by more sustainable solutions
- Aftermarket orders[1] +4%, with Q2 +9% YoY as recovery continued
- Revenues[1] +4% with operating margin[2] up 120bps to 18.1% on stable product mix

2021 First Half Market Review

In mining, demand for original equipment was very strong, particularly energy and water efficient solutions, reflecting customer and stakeholder pressure to reduce the industry's environmental impact. Longer-term quote activity also continued to grow, underpinned by mining's positive fundamentals and predictions of supply shortfalls unless there is further investment, particularly to support future demand for clean energy metals.

Underlying ore production improved through the period as miners sought to maximise throughput to take advantage of near-record commodity prices. This supported aftermarket demand which also benefited from Covid restrictions easing in several countries, enabling miners to increase volumes. At a regional level, demand in Africa, Europe and Central Asia, and Australia recovered strongly compared to the prior year, while North America and South America were broadly stable.

2021 First Half Operating Review

The Division benefited from both the strength of its market positions and its comprehensive global service network as mining markets continued to improve. At the same time, the Division's efficiency programmes supported margin progression despite inflation in input costs and global supply chain disruptions.

Strategic progress included increasing employee engagement, with employee Net Promotor Score of +48, up from +42 at the beginning of the year. Disappointingly, TIR increased from 0.13 to 0.33 and a range of remedial actions are in place to address this. The Division continued to extend its market share in comminution with Enduron® HPGR orders more than doubling year-on-year, with geographic expansion supported by new service centre openings in Canada, Kazakhstan and the UK.

A renewed focus on operational excellence delivered a 2% increase in On Time Delivery, while upgrades to existing manufacturing facilities, increased leverage of shared services and improved division-wide digital platforms, including enterprise resource planning and customer relationship management systems, will also support future growth and margin expansion.

2021 First Half Financial Review

Constant currency £m	H1 2021	H1 2020[1]	Growth	H2 2020[1]
Orders OE	287	183	57%	185
Orders AM	547	526	4%	472
Orders Total	**834**	**709**	**18%**	**657**
Revenue OE	174	168	4%	284
Revenue AM	489	472	4%	519
Revenue Total	**663**	**640**	**4%**	**803**
Adjusted operating profit[2]	**120**	**108**	**11%**	**144**
Adjusted operating margin[2]	18.1%	16.9%	+120bps	17.9%
Operating cash flow[2]	135	153	-12%	130
Book-to-bill	1.26	1.11		0.82

1. 2020 restated at H1 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(f) of the Interim Financial Statements for further details of alternative performance measures.

Orders increased by 18% on a constant currency basis to £834m (2020: £709m) with a book-to-bill of 1.26 reflecting strong growth in the order book which will support future revenues. Original equipment (OE) orders increased by 57% 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 Covid recovery. Orders in the first half included two large contracts for our more sustainable technology including the initial £36m Ferrexpo order for Enduron® HPGRs and screens and a £33m order in Indonesia to replace diesel dewatering pumps with electric alternatives. Aftermarket (AM) orders increased by 4% with Q2 18% higher than Q1, returning to pre-Covid levels. Aftermarket orders represented 66% of total orders (2020: 74%). In total, mining end-market orders accounted for 77% of the total (2020: 76%).

Revenue was 4% higher on a constant currency basis at £663m (2020: £640m), reflecting positive mining trends. Product mix remained consistent with the prior year with OE representing 26% of revenues and AM representing 74%.

Adjusted operating profit[2] increased by 11% on a constant currency basis to £120m (2020: £108m) as the division benefited from increased volumes, strong operational execution, and initial benefits from our efficiency programme. As expected, the Division saw some of the temporary cost savings realised in the prior year return, but these were offset by lower under-recoveries as our plants faced less Covid-related disruption in the period. There was also £2m of one-off gains including the sale and relocation of a facility in China.

Adjusted operating margin[2] on a constant currency basis was 18.1% (2020: 16.9%), with the +120bps increase on a stable OE/AM mix, driven by operational leverage, initial efficiency programme benefits and the small one-off gains referred to above.

Operating cash flow[2] decreased by 12% to £135m (2020: £153m), primarily reflecting a working capital outflow of £15m as the Division saw higher receivables and inventory levels as activity increased progressively through the first half and consistent with December 2020, we utilised significantly less invoice discounting.

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 First Half Summary

- Infrastructure markets recovered strongly; mining trends positive
- Orders[1] +14%, Q2 +30% YoY; Book-to-bill of 1.08
- Margins[1,2] up 70bps YoY

2021 First Half Market Review

The Division saw broadly similar mining trends to Minerals with a recovery in machine utilisation towards pre-Covid levels. Infrastructure markets, particularly sand and aggregates in North America and Europe, recovered very strongly as economic confidence increased and residential completions accelerated.

The Division also leveraged Minerals global service network to expand into new territories, including securing market share gains in North Africa and Western Europe.

2021 First Half Operating Review

The Division benefited from its strong market position to capture growth in infrastructure markets in both North America and Europe. The Division also continued to extend its product offering in mining markets, driving increased customer relevance and market share.

Raw material prices saw above normal inflation in the period especially for steel plate in North America, while freight costs also increased significantly. The Division reacted quickly to update pricing to reflect this and in more severe situations added surcharges on certain product categories.

Strategic progress in the period included a 10% improvement in the Division’s TIR to 0.95 with high rates of engagement in behavioural change programmes across the Division.

The Division’s focus on expanding its share in large mining buckets made excellent progress with a 50% YoY increase in orders, while its proprietary Nemisys® technology is now on a third of the Division’s installed base having delivered more than 100 net conversions in the period. The Division also delivered the first order for its ToolTek® automated G.E.T. change-out technology that radically improves operator safety.

Previous investment in manufacturing facilities supported operating efficiency. The Division also made good progress developing a digital supply chain that will provide improved end-to-end visibility for the Division and customers.

2021 First Half Financial Review

Constant currency £m	H1 2021	H1 2020[1]	Growth	H2 2020[1]
Orders OE	18	12	48%	13
Orders AM	238	213	12%	194
Orders Total	**256**	**225**	**14%**	**207**
Revenue OE	13	13	6%	14
Revenue AM	224	221	1%	210
Revenue Total	**237**	**234**	**1%**	**224**
Adjusted operating profit[2]	**40**	**37**	**6%**	**37**
Adjusted operating margin[2]	16.7%	16.0%	+70bps	16.5%
Operating cash flow[2]	38	49	-23%	51
Book-to-bill	1.08	0.96		0.93

1. 2020 restated at H1 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(f) of the Interim Financial Statements for further details of alternative performance measures.

Orders increased 14% on a constant currency basis to £256m (2020: £225m), reflecting a strong recovery in infrastructure markets in North America and Europe and significantly reduced Covid-19 disruptions to mining customer operations. The Division also delivered a book-to-bill of 1.08 as order patterns normalised after the destocking seen in 2020 as distributors reacted to our lead times being reduced. Aftermarket represented 93% of orders (2020: 95%) 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 1% on a constant currency basis to £237m (2020: £234m). Mining represented 57% of revenues (2020: 59%) and infrastructure was 30% (2020: 27%).

Adjusted operating profit[2] increased by 6% on a constant currency basis to £40m (2020: £37m), as the Division benefited from further operating efficiency, continuing temporary cost savings and the phasing of raw material purchase contract renewals.

Adjusted operating margin[2] of 16.7% was up 70bps on a constant currency basis (2020: 16.0%), reflecting the operating profit movements above on broadly flat revenue.

Operating cash flow[2] decreased by 23% to £38m (2020: £49m), primarily driven by working capital, as the Division had an outflow of £9m in the first half, as underlying activity levels and volumes ramped up, and we utilised less invoice discounting.

GROUP FINANCIAL REVIEW

Continuing operations order[1] input at £1,090m increased 17% on a constant currency basis with growth in both operating divisions. Minerals orders were up 18% primarily reflecting higher demand for our more sustainable solutions as we started to see our strong OE project pipeline convert, as customers became more confident in the global macro backdrop and Covid recovery. ESCO orders were up 14% reflecting a strong recovery in infrastructure markets in North America and Europe and significantly reduced Covid-19 disruptions to mining customer operations. 72% of orders related to aftermarket compared to 79% in the prior year.

Continuing operations revenue[1] of £900m increased 3% on a constant currency basis. In Minerals revenue was 4% higher on a constant currency basis at £663m (2020: £640m), reflecting positive mining trends. ESCO increased 1% on a constant currency basis to £237m (2020: £234m). Aftermarket accounted for 79% of revenues, which remains flat on the prior year. Reported revenues decreased 1%, impacted by a foreign exchange translation headwind of £37m.

Adjusted operating profit[1] from continuing operations increased by £6m (4%) to £143m on a reported basis. Excluding a £9m foreign currency translation headwind, the constant currency increase was £15m. Minerals operating profit increased by 11% on a constant currency basis to £120m (2020: £108m) primarily due to underlying revenue growth and initial benefits from our efficiency programme with the return of some discretionary spend saved last year being offset by reduced under-recoveries as our facilities faced less Covid disruption than in the prior period. ESCO increased by 6% on a constant currency basis to £40m (2020: £37m), as the Division benefited from more modest revenue growth, some residual benefits from fixed price raw material purchase contracts and ongoing manufacturing efficiency. Unallocated costs are £1m lower than the prior year at £17m due to efficiencies following the sale of the Oil & Gas Division, ongoing discretionary spend savings and favourable transactional foreign exchange.

Adjusted operating margin[1] of 15.9% is up 120bps on the same period last year and up 60bps on the 2020 full year, both on a constant currency basis (as reported June 2020: 15.1%, December 2020: 15.5%). While margins are benefiting from ongoing reduced discretionary spend during the pandemic as well as some small one-off items in the period, we also saw progress from underlying efficiency improvements which mean we remain on track to achieve our medium-term margin expansion target.

Statutory operating profit[1] for the period of £124m was £23m favourable to the prior year due to an increase in adjusted operating profit of £6m together with a reduction in adjusting items of £17m (exceptional items £14m and adjusting intangibles amortisation £3m).

Continuing operations net finance costs[1] were £22m (2020: £23m).

Continuing operations adjusted profit before tax[1]
Adjusted profit before tax from continuing operations was £121m (2020: £114m). The statutory profit before tax from continuing operations of £102m compares to £78m in 2020, the increase primarily due to the reduction in adjusting items.

Continuing operations taxation[1]
The tax charge for the period of £30m (2020: £25m) on profit before tax from continuing operations (before adjusting items) of £121m (2020: £114m) represents an underlying effective tax rate (ETR) of 24.8% (2020: 21.6%).

Continuing operations adjusting items[1]
Adjusting intangibles amortisation decreased by £3m to £19m (2020: £22m) due to £3m of amortisation, related to completed multi-year investment projects, being included within the adjusted result for the period. There were no exceptional items in the period (2020: £14m). Other adjusting items reflects a charge of £0.2m in relation to the Group's legacy US asbestos-related provision (2020: £nil).

A tax credit of £4m has been recognised in relation to continuing operations adjusting items (2020: £8m).

[1] Prior year restated following the sale of the Oil & Gas Division. Previously disclosed as an individual segment, the Division is now reported as a discontinued operation.

Discontinued operations
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, subject to customary working capital and debt-like adjustments. Consideration received on 1 February 2021 was £275m. 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.

Discontinued operations for the period reflect a statutory profit after tax of £107m primarily due to the gain on disposal of the Oil & Gas Division (excluding AMCO) of £100m and a small net gain of £6m on the sale of the joint venture. The overall gain has arisen mainly from the recycling of cumulative foreign exchange gains and losses from the foreign currency translation reserve to the income statement (£103m).

The completion accounts process in respect of the sale to CAT is expected to complete in the second half of the year.

Profit for the period
Profit for the period from total operations of £183m (2020: £46m) reflects the increases in profit from both continuing operations of £15m and discontinued operations of £122m.

Earnings per share from continuing operations (before adjusting items) increased by 2% to 35.0p (2020: 34.4p) in line with the improvement in profits. Statutory reported earnings per share from total operations is 70.5p (2020: 17.6p), reflecting the gain on sale of discontinued operations.

Cash flow and net debt
Cash generated from total operations decreased by £49m to £143m (2020: £192m) in the period, including a decrease of £19m from discontinued operations (2021: outflow of £14m vs 2020: inflow of £5m). The cash generated from continuing operations decreased by £30m primarily driven by an outflow of working capital in the period of £29m (2020: inflow £3m). This reflects higher activity levels across the divisions, with continuing operations inventory increasing to reflect the phasing of OE project shipments to the second half of the year and a lower level of invoice discounting. Continuing operations utilised non-recourse invoice discounting facilities of £12m (2020: £62m) and suppliers chose to utilise supply chain financing facilities of £30m (2020: £36m). As a result, working capital as a percentage of sales increased to 24.4% from 22.9% in the prior year. After additional pension contributions, exceptional cash items and income tax payments, net cash generated from total Group operating activities was £97m (2020: £144m), with £18m of the reduction related to discontinued operations and the balance mainly due to significantly lower levels of invoice discounting and additional inventory to support projects in the order book.

Free cash flow (see note 1(f) of the Interim Financial Statements) from total operations was an inflow of £45m (2020: £65m) before cash exceptional items of £5m (2020: £14m). The £20m decrease in the period mainly reflects the decrease in cash generated from discontinued operations of £19m. Excluding this, free cash flow is in line with the prior year with the impact of reduced invoice discounting as described above being offset in the main by favourable net capital expenditure of £25m. This reflects £12m proceeds from the disposal of a property in China, with the gain on disposal being largely offset by relocation costs and resulting in a small net gain in operating profit of c.£1m. Other movements include increases in income tax paid of £9m and purchases of shares for employee share plans of £11m. These are offset by reductions in lease payments of £7m, settlements of derivative financial instruments of £12m and net interest of £5m.

Net debt decreased by £372m to £679m (December 2020: £1,051m) and includes £110m (December 2020: £179m) in respect of IFRS 16: Leases. The decrease was a result of free cash inflow of £45m, plus net proceeds from the sale of the Oil & Gas Division and the AMCO joint venture of £279m, a reduction in lease liabilities due to the Oil & Gas disposal of £65m, partially offset by exceptional cash costs of £5m, foreign exchange retranslation of £11m and a net decrease in continuing IFRS 16: Leases of £2m. Net debt to EBITDA on a lender covenant basis was 1.6 times (June 2020: 2.6 times) compared to a covenant level of 3.5 times.

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.£1.2bn of immediately available committed facilities and cash balances, with a further c.£76m in uncommitted facilities available at June 2021.

Pensions
The net pension liability decreased to £104m from £161m at December 2020. The decrease is primarily due to market conditions, mainly reflecting the rise in discount rates over the period. These are partially offset by an increase in inflation expectations, losses on the asset side and contributions paid to the plans over the period. A credit of £51m (2020: charge of £47m) has been recognised in the Consolidated Statement of Comprehensive Income.

Principal Risks and Uncertainties

The Board considers the Principal Risks and Uncertainties affecting the business activities of the Group are:

Principal Risk		Risk Trend from 2020 Annual Report
1.	Covid-19	No change
2.	Technology	No change
3.	Value Chain Excellence (VCE)	No change
4.	Environmental Sustainability	No change
5.	Safety, Health & Wellbeing	No change
6.	Market Cyclicality	No change
7.	Competition	No change
8.	Digital Strategy and Roadmap	No change
9.	Information Security and Cyber	No change
10.	People	No change
11.	Political and Social	No change
12.	Ethics and Governance	No change

Further details of the Group's policies on Principal Risks and Uncertainties are contained within the Group's 2020 Annual Report, a copy of which is available at www.annualreport.weir.

Appendix 1 – 2020 / 2021 continuing operations[1] quarterly order trends

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

	Quarterly orders[2] £m					
Division	**2020 Q1**	**2020 Q2**	**2020 Q3**	**2020 Q4**	**2021 Q1**	**2021 Q2**
Original Equipment	81	102	75	110	134	153
Aftermarket	255	271	228	244	251	296
Minerals	**336**	**373**	**303**	**354**	**385**	**449**
Original Equipment	6	6	6	7	11	7
Aftermarket	119	94	94	100	116	122
ESCO	**125**	**100**	**100**	**107**	**127**	**129**
Original Equipment	87	108	81	117	145	160
Aftermarket	374	365	322	344	367	418
Continuing Ops	**461**	**473**	**403**	**461**	**512**	**578**

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 June 2021 average exchange rates.

Consolidated Income Statement
for the 6 months ended 30 June 2021

Year ended 31 December 2020 Statutory results £m		Notes	6 months ended 30 June 2021 Adjusted results £m	Adjusting items (note 4) £m	Statutory results £m	Restated (note 1) 6 months ended 30 June 2020 Adjusted results £m	Adjusting items (note 4) £m	Statutory results £m
	Continuing operations							
1,964.7	Revenue	2, 3	**900.4**	**-**	**900.4**	910.3	-	910.3
	Continuing operations							
232.7	Operating profit before share of results of joint ventures		**142.9**	**(18.9)**	**124.0**	136.0	(35.7)	100.3
1.6	Share of results of joint ventures		**0.4**	**-**	**0.4**	1.1	-	1.1
234.3	**Operating profit**	2, 3	**143.3**	**(18.9)**	**124.4**	137.1	(35.7)	101.4
(53.8)	Finance costs		**(25.8)**	**-**	**(25.8)**	(25.5)	-	(25.5)
3.8	Finance income		**3.5**	**-**	**3.5**	2.3	-	2.3
184.3	**Profit before tax from continuing operations**		**121.0**	**(18.9)**	**102.1**	113.9	(35.7)	78.2
(45.7)	Tax (expense) credit	5	**(30.0)**	**4.2**	**(25.8)**	(24.6)	7.9	(16.7)
138.6	**Profit for the period from continuing operations**		**91.0**	**(14.7)**	**76.3**	89.3	(27.8)	61.5
(288.0)	(Loss) profit for the period from discontinued operations	6	**(0.5)**	**107.1**	**106.6**	(7.4)	(8.3)	(15.7)
(149.4)	**Profit (loss) for the period**		**90.5**	**92.4**	**182.9**	81.9	(36.1)	45.8
	Attributable to:							
(149.6)	Equity holders of the Company		**90.3**	**92.4**	**182.7**	81.8	(36.1)	45.7
0.2	Non-controlling interests		**0.2**	**-**	**0.2**	0.1	-	0.1
(149.4)			**90.5**	**92.4**	**182.9**	81.9	(36.1)	45.8
	Earnings (loss) per share	7						
(57.6p)	Basic - total operations				**70.5p**			17.6p
53.3p	Basic - continuing operations		**35.0p**		**29.4p**	34.4p		23.7p
(57.6p)	Diluted - total operations				**70.0p**			17.5p
52.9p	Diluted - continuing operations		**34.8p**		**29.2p**	34.1p		23.5p

Consolidated Statement of Comprehensive Income
for the 6 months ended 30 June 2021

Year ended 31 December 2020 £m		Notes	**6 months ended 30 June 2021 £m**	Restated (note 1) 6 months ended 30 June 2020 £m
(149.4)	**Profit (loss) for the period**		**182.9**	45.8
	Other comprehensive (expense) income			
(1.1)	Losses taken to equity on cash flow hedges		**(0.1)**	(0.3)
(34.2)	Exchange (losses) gains on translation of foreign operations		**(33.6)**	117.7
-	Reclassification of foreign currency translation reserve on sale of discontinued operations	6	**(103.4)**	-
6.5	Exchange gains (losses) on net investment hedges		**1.7**	(39.8)
1.9	Reclassification adjustments on cash flow hedges		**0.1**	1.1
0.1	Tax relating to other comprehensive expense to be reclassified in subsequent periods		**-**	-
(26.8)	**Items that are or may be reclassified to profit or loss in subsequent periods**		**(135.3)**	78.7
(34.5)	Remeasurements on defined benefit plans	12	**50.7**	(47.4)
0.2	Remeasurements on other benefit plans		**-**	-
6.5	Tax relating to other comprehensive (income) expense not to be reclassified in subsequent periods		**(10.2)**	9.3
(27.8)	**Items that will not be reclassified to profit or loss in subsequent periods**		**40.5**	(38.1)
(54.6)	**Net other comprehensive (expense) income**		**(94.8)**	40.6
(204.0)	**Total net comprehensive income (expense) for the period**		**88.1**	86.4
	Attributable to:			
(205.2)	Equity holders of the Company		**87.8**	86.0
1.2	Non-controlling interests		**0.3**	0.4
(204.0)			**88.1**	86.4
	Total comprehensive income (expense) for the period attributable to equity holders of the Company			
79.4	Continuing operations		**85.9**	82.3
(284.6)	Discontinued operations	6	**1.9**	3.7
(205.2)			**87.8**	86.0

Consolidated Balance Sheet
at 30 June 2021

31 December 2020 £m		Notes	**30 June 2021 £m**	30 June 2020 £m
	ASSETS			
	Non-current assets			
449.5	Property, plant & equipment		**433.0**	585.2
1,262.7	Intangible assets		**1,231.2**	1,657.7
15.0	Investments in joint ventures		**14.2**	38.6
54.9	Deferred tax assets		**55.8**	82.7
84.6	Other receivables		**80.0**	83.0
-	Retirement benefit plan surplus	12	**-**	1.5
0.1	Derivative financial instruments	13	**-**	0.4
1,866.8	**Total non-current assets**		**1,814.2**	2,449.1
	Current assets			
443.6	Inventories		**485.4**	692.6
420.2	Trade & other receivables		**418.7**	481.3
16.0	Derivative financial instruments	13	**8.3**	21.3
29.4	Income tax receivable		**20.8**	22.9
351.7	Cash & short-term deposits		**647.0**	356.7
427.6	Assets held for sale		**-**	-
1,688.5	**Total current assets**		**1,580.2**	1,574.8
3,555.3	**Total assets**		**3,394.4**	4,023.9
	LIABILITIES			
	Current liabilities			
26.5	Interest-bearing loans & borrowings		**524.2**	153.7
413.9	Trade & other payables		**436.4**	543.0
18.9	Derivative financial instruments	13	**3.6**	16.5
14.6	Income tax payable		**2.0**	8.4
29.2	Provisions	10	**25.0**	41.4
143.3	Liabilities held for sale		**-**	-
646.4	**Total current liabilities**		**991.2**	763.0
	Non-current liabilities			
1,332.6	Interest-bearing loans & borrowings		**801.3**	1,369.7
0.3	Other payables		**-**	-
-	Derivative financial instruments	13	**0.1**	0.5
76.1	Provisions	10	**71.1**	65.4
21.4	Deferred tax liabilities		**30.3**	30.2
160.8	Retirement benefit plan deficits	12	**103.6**	186.6
1,591.2	**Total non-current liabilities**		**1,006.4**	1,652.4
2,237.6	**Total liabilities**		**1,997.6**	2,415.4
1,317.7	**NET ASSETS**		**1,396.8**	1,608.5
	CAPITAL & RESERVES			
32.5	Share capital		**32.5**	32.5
582.3	Share premium		**582.3**	582.3
332.6	Merger reserve		**332.6**	332.6
(6.8)	Treasury shares		**(6.4)**	(0.6)
0.5	Capital redemption reserve		**0.5**	0.5
(55.4)	Foreign currency translation reserve		**(190.8)**	50.9
1.6	Hedge accounting reserve		**1.6**	1.5
419.1	Retained earnings		**633.1**	598.3
1,306.4	**Shareholders' equity**		**1,385.4**	1,598.0
11.3	Non-controlling interests		**11.4**	10.5
1,317.7	**TOTAL EQUITY**		**1,396.8**	1,608.5

Consolidated Cash Flow Statement
for the 6 months ended 30 June 2021

Year ended 31 December 2020 £m		Notes	**6 months ended 30 June 2021 £m**	6 months ended 30 June 2020 £m
	Total operations			
	Cash flows from operating activities	14		
372.2	Cash generated from operations		**143.0**	191.6
(11.3)	Additional pension contributions paid		**(5.9)**	(6.7)
(24.1)	Exceptional and other adjusting cash items		**(4.7)**	(14.3)
(63.4)	Income tax paid		**(35.0)**	(26.4)
273.4	Net cash generated from operating activities		**97.4**	144.2
	Cash flows from investing activities			
0.1	Investment in joint ventures		**-**	-
(59.9)	Purchases of property, plant & equipment		**(21.1)**	(32.3)
(19.0)	Purchases of intangible assets		**(6.4)**	(8.4)
4.3	Other proceeds from sale of property, plant & equipment and intangible assets		**13.0**	1.6
(6.8)	Disposals of discontinued operations, net of cash disposed and disposal costs	14	**251.4**	(4.7)
-	Disposals of joint ventures, net of disposal costs	14	**27.4**	-
2.2	Interest received		**1.3**	1.0
8.3	Dividends received from joint ventures		**0.6**	1.9
(70.8)	Net cash generated from (used in) investing activities		**266.2**	(40.9)
	Cash flows from financing activities			
1,467.2	Proceeds from borrowings		**794.1**	1,133.5
(1,455.8)	Repayments of borrowings		**(903.0)**	(1,107.9)
(43.4)	Lease payments		**(13.8)**	(20.8)
5.1	Settlement of derivative financial instruments		**5.3**	(6.4)
(52.7)	Interest paid		**(20.6)**	(25.6)
5.1	Net proceeds from changes in non-controlling interests		**-**	5.1
(10.9)	Purchase of shares for employee share plans		**(15.0)**	(4.3)
-	Dividends paid to non-controlling interests		**(0.2)**	-
(85.4)	Net cash used in financing activities		**(153.2)**	(26.4)
117.2	**Net increase in cash & cash equivalents**		**210.4**	76.9
272.1	Cash & cash equivalents at the beginning of the period		**374.1**	272.1
(15.2)	Foreign currency translation differences		**(9.5)**	7.5
374.1	**Cash & cash equivalents at the end of the period**	14	**575.0**	356.5

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

Consolidated Statement of Changes in Equity
for the 6 months ended 30 June 2021

	Share capital £m	Share premium £m	Merger reserve £m	Treasury shares £m	Capital redemption reserve £m	Foreign currency translation reserve £m	Hedge accounting reserve £m	Retained earnings £m	Attributable to equity holders of the Company £m	Non-controlling interests £m	Total equity £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
Profit for the period	-	-	-	-	-	-	-	45.7	45.7	0.1	45.8
Losses taken to equity on cash flow hedges	-	-	-	-	-	-	(0.3)	-	(0.3)	-	(0.3)
Exchange gains on translation of foreign operations	-	-	-	-	-	117.4	-	-	117.4	0.3	117.7
Exchange losses on net investment hedges	-	-	-	-	-	(39.8)	-	-	(39.8)	-	(39.8)
Reclassification adjustments on cash flow hedges	-	-	-	-	-	-	1.1	-	1.1	-	1.1
Remeasurements on defined benefit plans	-	-	-	-	-	-	-	(47.4)	(47.4)	-	(47.4)
Tax relating to other comprehensive expense	-	-	-	-	-	-	-	9.3	9.3	-	9.3
Total net comprehensive income for the period	-	-	-	-	-	77.6	0.8	7.6	86.0	0.4	86.4
Cost of share-based payments inclusive of tax charge	-	-	-	-	-	-	-	4.3	4.3	-	4.3
Purchase of shares for employee share plans	-	-	-	(4.3)	-	-	-	-	(4.3)	-	(4.3)
Notional proceeds of increase of non-controlling interests	-	-	-	-	-	-	-	-	-	3.6	3.6
Proceeds of increase of non-controlling interests	-	-	-	-	-	-	-	-	-	5.4	5.4
Proceeds from decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	(0.3)	(0.3)
Exercise of share-based payments	-	-	-	4.2	-	-	-	(4.2)	-	-	-
At 30 June 2020	32.5	582.3	332.6	(0.6)	0.5	50.9	1.5	598.3	1,598.0	10.5	1,608.5
At 31 December 2020	**32.5**	**582.3**	**332.6**	**(6.8)**	**0.5**	**(55.4)**	**1.6**	**419.1**	**1,306.4**	**11.3**	**1,317.7**
Profit for the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**182.7**	**182.7**	**0.2**	**182.9**
Losses taken to equity on cash flow hedges	**-**	**-**	**-**	**-**	**-**	**-**	**(0.1)**	**-**	**(0.1)**	**-**	**(0.1)**
Exchange (losses) gains on translation of foreign operations	**-**	**-**	**-**	**-**	**-**	**(33.7)**	**-**	**-**	**(33.7)**	**0.1**	**(33.6)**
Reclassification of exchange gains on discontinued operations	**-**	**-**	**-**	**-**	**-**	**(103.4)**	**-**	**-**	**(103.4)**	**-**	**(103.4)**
Exchange gains on net investment hedges	**-**	**-**	**-**	**-**	**-**	**1.7**	**-**	**-**	**1.7**	**-**	**1.7**
Reclassification adjustments on cash flow hedges	**-**	**-**	**-**	**-**	**-**	**-**	**0.1**	**-**	**0.1**	**-**	**0.1**
Remeasurements on defined benefit plans	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**50.7**	**50.7**	**-**	**50.7**
Tax relating to other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(10.2)**	**(10.2)**	**-**	**(10.2)**
Total net comprehensive (expense) income for the period	**-**	**-**	**-**	**-**	**-**	**(135.4)**	**-**	**223.2**	**87.8**	**0.3**	**88.1**
Cost of share-based payments inclusive of tax charge	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**6.2**	**6.2**	**-**	**6.2**
Purchase of shares for employee share plans	**-**	**-**	**-**	**(15.0)**	**-**	**-**	**-**	**-**	**(15.0)**	**-**	**(15.0)**
Dividends paid to non-controlling interest	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(0.2)**	**(0.2)**
Exercise of share-based payments	**-**	**-**	**-**	**15.4**	**-**	**-**	**-**	**(15.4)**	**-**	**-**	**-**
At 30 June 2021	**32.5**	**582.3**	**332.6**	**(6.4)**	**0.5**	**(190.8)**	**1.6**	**633.1**	**1,385.4**	**11.4**	**1,396.8**
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
(Loss) profit for the year	-	-	-	-	-	-	-	(149.6)	(149.6)	0.2	(149.4)
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	-	-	-	-	-	-	0.1	6.5	6.6	-	6.6
Total net comprehensive (expense) income for the year	-	-	-	-	-	(28.7)	0.9	(177.4)	(205.2)	1.2	(204.0)
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 of non-controlling interests	-	-	-	-	-	-	-	-	-	3.6	3.6
Proceeds of increase of 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	419.1	1,306.4	11.3	1,317.7

Notes to the Financial Statements

1. Basis of preparation

a) General information

These interim financial statements are for the 6 month period ended 30 June 2021 and have been prepared on the basis of the accounting policies set out in the Group's 2020 Annual Report, and in accordance with UK adopted IAS 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

In the year to 31 December 2021 and beyond financial statements will be prepared in accordance with International Financial Reporting Standards as adopted by the UK Endorsement Board. This change in the basis of preparation is required by UK company law for the purposes of financial reporting as a result of the UK's exit from the European Union on 31 January 2020 and the cessation of the transition period on 31 December 2020. This does not constitute a change in accounting policy but rather a change in framework, which is required to ground the use of IFRS in company law. There is no impact on recognition, measurement or disclosure between the two frameworks in the period reported.

These interim financial statements are unaudited but have been reviewed by the auditors and their report to the Company is set out on page 36. The information shown for the year ended 31 December 2020 does not constitute statutory accounts as defined in Section 435 of the Companies Act 2006 and has been extracted from the Group's 2020 Annual Report which has been filed with the Registrar of Companies. The report of the auditors on the financial statements contained within the Group's 2020 Annual Report was unqualified and did not contain a statement under either Section 498(2) or Section 498(3) of the Companies Act 2006. The interim financial statements should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2020, which were prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards ("IFRS") adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

The Weir Group PLC is a limited company, limited by shares, incorporated in Scotland, United Kingdom and is listed on the London Stock Exchange.

Significant changes in the financial position and performance of the Group during the reporting period have been discussed in the Chief Executive Officer's Review and the Group Financial Review. The principal activities of the Group are described in note 2.

These interim financial statements were approved by the Board of Directors on 29 July 2021.

b) Going concern

These interim financial statements have been prepared on the going concern basis. As discussed more fully in the Chief Executive Officer's review, the Group has continued to strengthen its balance sheet and liquidity position during the period. The sale of our Oil & Gas business, excluding our Saudi Arabia joint venture, to Caterpillar Inc. completed on 1 February 2021 for an enterprise value of $375m, subject to customary debt-like items and working capital adjustments. The sale of the joint venture to our partner Olayan completed on 30 June 2021 for an enterprise value of $30m. 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, secures significant levels of liquidity over an extended maturity profile. At June 2021, the Group has c.£1.2bn of immediately available committed facilities and cash balances, combined with significant headroom in each of its financial lender covenants of net debt to EBITDA and interest cover.

As disclosed in our 2020 Annual Report, the impact of Covid-19 on customer demand and our business operations was relatively limited with various mitigating cost management and cash preservation actions taken during 2020 to protect the business. In the 6 months to June 2021, the Group has continued to experience some limited disruption but our business has continued to be highly profitable and cash generative.

Despite the resilience of the business to date, given current uncertainty relating to the impact of new Covid variants on global recovery, the Group performed financial modelling of future cash flows, which cover a period of 12 months from the approval of the 2021 interim financial statements. The financial modelling included reverse stress testing which focused on the level of downside risk which would be required for the Group to breach its current lending facilities and related financial covenants. The review indicated that the Group continues to have significant headroom on both lending facilities and related financial covenants. The circumstances which would lead to a breach are not considered plausible.

The Directors, having considered all available relevant information, have a reasonable expectation that the Group has adequate resources to continue to operate as a going concern.

c) Restatement

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 held for sale. Previously disclosed as an individual segment, the results of the division for the period prior to sale are now reported as a discontinued operation. This has resulted in a restatement of the Consolidated Income Statement, Consolidated Statement of Comprehensive Income and related notes for the 6 months ended 30 June 2020.

d) Estimates & judgements

The preparation of interim financial statements 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. Actual results may differ from these judgements and the resulting estimates which are reviewed on an ongoing basis.

The areas where management consider critical judgements and estimates to be required, are areas more likely to be materially adjusted due to estimates and assumptions turning out to be wrong. The areas identified in the preparation of the consolidated financial statements for the year ended 31 December 2020 remained relevant during the preparation of these interim financial statements, with additional consideration given to the following area.

Taxation (estimate)
Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.

e) New accounting standards & interpretations

A number of new or amended accounting standards became applicable for the current reporting period as listed below:

(a) Covid-19-related Rent Concessions – Amendments to IFRS 16
(b) Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.

The Group has applied the practical expedient to all rent concessions that meet the conditions in paragraph 46B of the IFRS 16 amendment issued on 28 May 2020. The amount recognised in operating profit for the reporting period to reflect changes in lease payments that arise from rent concessions is not material.

The amendments to standards related to Interest Rate Benchmark Reform are not considered to have a material impact on the half year consolidated financial statements of the Group. Further review of the impact of the amendments will be undertaken in the second half of the financial year.

In April 2021 the IFRS Interpretations Committee published an agenda decision regarding the treatment of Configuration or Customisation Costs in a Cloud Computing Arrangement under IAS 38 - Intangible Assets. The Group will review further guidance in this area as it is issued and, as such, will complete an assessment of the impact, if any, in the second half of the financial year.

f) Alternative performance measures

Our reported interim results are prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards adopted in the United Kingdom. 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.

Basis of preparation (continued)

f) Alternative performance measures (continued)

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

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 of our 2020 Annual Report. The accounting policy for Adjusting items should be read in conjunction with this note. Details of each adjusting item is 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 cash flow
Free cash flow (FCF) is a non-GAAP measure, defined as operating cash flow (cash generated from operations), less income taxes, net capital expenditures, lease payments, net interest payments, dividends received from joint ventures, settlement of derivatives, purchase of shares for employee share awards and pension contributions. FCF reflects an additional way of viewing our liquidity 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 cash flow from operations to FCF is as follows.

Year ended 31 December 2020 £m		**6 months ended 30 June 2021 £m**	6 months ended 30 June 2020 £m
372.2	Operating cash flow (cash generated from operations)	**143.0**	191.6
(63.4)	Income tax paid	**(35.0)**	(26.4)
(74.6)	Net capital expenditure from purchase & disposal of property, plant & equipment and intangibles	**(14.5)**	(39.1)
(43.4)	Lease payments	**(13.8)**	(20.8)
(50.5)	Net interest paid	**(19.3)**	(24.6)
8.3	Dividends received from joint ventures	**0.6**	1.9
5.1	Settlement of derivative financial instruments	**5.3**	(6.4)
(10.9)	Purchase of shares for employee share plans	**(15.0)**	(4.3)
(11.3)	Additional pension contributions paid	**(5.9)**	(6.7)
131.5	**Free cash flow**	**45.4**	65.2

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 £86.3m and £10.6m 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 for the last twelve months, as included in the Consolidated Income Statement, to arrive at working capital as a percentage of sales.

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.

Year ended 31 December 2020 £m		**6 months ended 30 June 2021 £m**	Restated (note 1) 6 months ended 30 June 2020 £m
	Continuing operations		
234.3	Operating profit	**124.4**	101.4
	Adjusted for:		
31.8	Exceptional and other adjusting items (note 4)	**0.2**	14.0
39.3	Adjusting amortisation (note 4)	**18.7**	21.7
305.4	**Adjusted operating profit**	**143.3**	137.1
5.0	Non-adjusting amortisation	**2.5**	-
310.4	**Adjusted earnings before interest, tax and amortisation (EBITA)**	**145.8**	137.1
43.2	Depreciation of owned property, plant and equipment	**21.1**	21.7
29.0	Depreciation of right-of-use property, plant and equipment	**14.0**	14.2
382.6	**Adjusted earnings before interest, tax, depreciation and amortisation (EBITDA)**	**180.9**	173.0

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 and borrowings is provided in note 14.

2. Segment information

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 held for sale. Previously disclosed as an individual segment, the former Division is now reported as a discontinued operation.

Continuing operations include two operating divisions: Minerals and ESCO. These 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 surface mining and infrastructure.

The Chief Executive Officer assesses the performance of the operating segments based on operating profit from continuing operations before exceptional and other adjusting items ('segment result'). Finance income and expenditure and associated interest-bearing liabilities and 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 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 the 6 months ended 30 June 2021, the 6 months ended 30 June 2020 and the year ended 31 December 2020 is disclosed below. Information for discontinued operations is included in note 6.

	Minerals		**ESCO**		**Total continuing operations**	
						Restated (note 1)
	30 June 2021	30 June 2020	**30 June 2021**	30 June 2020	**30 June 2021**	30 June 2020
	£m	£m	**£m**	£m	**£m**	£m
Revenue						
Sales to external customers	**663.1**	653.0	**237.3**	257.3	**900.4**	910.3
Inter-segment sales	**0.1**	1.1	**0.9**	0.4	**1.0**	1.5
Segment revenue	**663.2**	654.1	**238.2**	257.7	**901.4**	911.8
Eliminations					**(1.0)**	(1.5)
					900.4	910.3
Sales to external customers – 2020 at 2021 average exchange rates						
Sales to external customers	**663.1**	639.6	**237.3**	233.8	**900.4**	873.4
Segment result						
Segment result before share of results of joint ventures	**119.9**	112.9	**39.3**	40.4	**159.2**	153.3
Share of results of joint ventures	**-**	-	**0.4**	1.1	**0.4**	1.1
Segment result	**119.9**	112.9	**39.7**	41.5	**159.6**	154.4
Unallocated expenses					**(16.3)**	(17.3)
Adjusted operating profit					**143.3**	137.1
Adjusting items					**(18.9)**	(35.7)
Net finance costs					**(22.3)**	(23.2)
Profit before tax from continuing operations					**102.1**	78.2
Segment result – 2020 at 2021 average exchange rates						
Segment result before share of results of joint ventures	**119.9**	107.9	**39.3**	36.4	**159.2**	144.3
Share of results of joint ventures	**-**	-	**0.4**	1.0	**0.4**	1.0
Segment result	**119.9**	107.9	**39.7**	37.4	**159.6**	145.3
Unallocated expenses					**(16.3)**	(17.1)
Adjusted operating profit					**143.3**	128.2

	Minerals		**ESCO**		**Discontinued operations**		**Total continuing operations**	
	30 June 2021	30 June 2020	**30 June 2021**	30 June 2020	**30 June 2021**	30 June 2020	**30 June 2021**	30 June 2020
	£m	£m	**£m**	£m	**£m**	£m	**£m**	£m
Assets & liabilities								
Intangible assets	**564.1**	613.4	**648.8**	741.6	**-**	279.2	**1,212.9**	1,634.2
Property, plant & equipment	**298.2**	302.5	**122.1**	133.3	**-**	133.2	**420.3**	569.0
Working capital assets	**695.6**	701.1	**212.4**	204.8	**-**	281.8	**908.0**	1,187.7
	1,557.9	1,617.0	**983.3**	1,079.7	**-**	694.2	**2,541.2**	3,390.9
Investments in joint ventures	**-**	-	**14.2**	14.5	**-**	24.1	**14.2**	38.6
Segment assets	**1,557.9**	1,617.0	**997.5**	1,094.2	**-**	718.3	**2,555.4**	3,429.5
Unallocated assets							**839.0**	594.4
Total assets							**3,394.4**	4,023.9
Working capital liabilities	**373.7**	411.4	**90.6**	83.2	**-**	99.9	**464.3**	594.5
Unallocated liabilities							**1,533.3**	1,820.9
							1,997.6	2,415.4

2. Segment information (continued)

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 and 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.

Geographical information

Geographical information in respect of revenue for the 6 months ended 30 June 2021 and 30 June 2020 and the year ended 31 December 2020 is disclosed below. Revenues are allocated based on the location to which the product is shipped.

6 months ended 30 June 2021	**UK £m**	**US £m**	**Canada £m**	**Europe & FSU £m**	**Asia Pacific £m**	**Australia £m**	**South America £m**	**Middle East & Africa £m**	**Total £m**
Revenue from continuing operations									
Sales to external customers	**8.3**	**141.3**	**127.5**	**76.8**	**100.7**	**149.3**	**188.5**	**108.0**	**900.4**

6 months ended 30 June 2020 (restated note 1)	UK £m	US £m	Canada £m	Europe & FSU £m	Asia Pacific £m	Australia £m	South America £m	Middle East & Africa £m	Total £m
Revenue from continuing operations									
Sales to external customers	7.0	155.8	144.8	80.5	92.5	141.2	194.3	94.2	910.3

Year ended 31 December 2020	UK £m	US £m	Canada £m	Europe & FSU £m	Asia Pacific £m	Australia £m	South America £m	Middle East & Africa £m	Total £m
Revenue from continuing operations									
Sales to external customers	15.8	296.0	274.6	169.4	227.3	348.0	415.6	218.0	1,964.7

Year ended 31 December 2020	**Minerals** £m	**ESCO** £m	**Total continuing operations** £m
Revenue			
Sales to external customers	1,469.2	495.5	1,964.7
Inter-segment sales	0.1	0.9	1.0
Segment revenue	1,469.3	496.4	1,965.7
Eliminations			(1.0)
			1,964.7
Sales to external customers – 2020 at 2021 average exchange rates			
Sales to external customers	1,442.9	458.2	1,901.1
Segment result			
Segment result before share of results of joint ventures	259.9	79.4	339.3
Share of results of joint ventures	-	1.6	1.6
Segment result	259.9	81.0	340.9
Unallocated expenses			(35.5)
Adjusted operating profit			305.4
Adjusting items			(71.1)
Net finance costs before exceptional items			(50.0)
Profit before tax from continuing operations			184.3
Segment result – 2020 at 2021 average exchange rates			
Segment result before share of results of joint ventures	252.1	72.9	325.0
Share of results of joint ventures	-	1.5	1.5
Segment result	252.1	74.4	326.5
Unallocated expenses			(35.4)
Adjusted operating profit			291.1

2. Segment information (continued)

Year ended 31 December 2020	Minerals	ESCO	Discontinued operations	Total Group
	£m	£m	£m	£m
Assets & liabilities				
Intangible assets	576.2	664.2	-	1,240.4
Property, plant & equipment	311.7	124.0	-	435.7
Working capital assets	678.7	191.0	-	869.7
	1,566.6	979.2	-	2,545.8
Investments in joint ventures	-	15.0	-	15.0
Segment assets held for sale	-	-	427.6	427.6
Segment assets	1,566.6	994.2	427.6	2,988.4
Unallocated assets				566.9
Total assets				3,555.3
Working capital liabilities	365.2	83.4	-	448.6
Segment liabilities held for sale	-	-	143.3	143.3
Unallocated liabilities				1,645.7
Total liabilities				2,237.6

The following disclosures are given in relation to continuing operations.

Year ended 31 December 2020 £m		**6 months ended 30 June 2021 £m**	Restated (note 1) 6 months ended 30 June 2020 £m
	An analysis of the Group's revenue is as follows:		
444.3	Original equipment	187.0	184.4
1,358.1	Aftermarket parts	654.5	668.1
1,802.4	Sale of goods	841.5	852.5
116.0	Provision of services - Aftermarket	58.9	56.7
46.3	Construction contracts - Original Equipment	-	1.1
1,964.7	Revenue	900.4	910.3

	Minerals		**ESCO**		**Total continuing operations**	
	30 June 2021 £m	30 June 2020 £m	**30 June 2021 £m**	30 June 2020 £m	**30 June 2021 £m**	Restated (note 1) 30 June 2020 £m
Timing of revenue recognition						
At a point in time	**622.0**	619.0	**235.6**	254.6	**857.6**	873.6
Over time	**41.2**	35.1	**2.6**	3.1	**43.8**	38.2
Segment revenue	**663.2**	654.1	**238.2**	257.7	**901.4**	911.8
Eliminations					**(1.0)**	(1.5)
					900.4	910.3

3. Revenues & expenses

The following disclosures are given in relation to continuing operations.

Year ended 31 December 2020 Statutory results £m		**6 months ended 30 June 2021** Adjusted results £m	Adjusting items £m	Statutory results £m	Restated (note 1) 6 months ended 30 June 2020 Adjusted results £m	Adjusting items £m	Statutory results £m
	A reconciliation of revenue to operating profit is as follows:						
1,964.7	Revenue	**900.4**	**-**	**900.4**	910.3	-	910.3
(1,271.8)	Cost of sales	**(571.2)**	**(1.5)**	**(572.7)**	(576.3)	(4.5)	(580.8)
692.9	Gross profit	**329.2**	**(1.5)**	**327.7**	334.0	(4.5)	329.5
7.5	Other operating income	**7.8**	**-**	**7.8**	2.3	-	2.3
(209.3)	Selling & distribution costs	**(101.6)**	**-**	**(101.6)**	(100.5)	(3.4)	(103.9)
(258.4)	Administrative expenses	**(92.5)**	**(17.4)**	**(109.9)**	(99.8)	(27.8)	(127.6)
1.6	Share of results of joint ventures	**0.4**	**-**	**0.4**	1.1	-	1.1
234.3	Operating profit	**143.3**	**(18.9)**	**124.4**	137.1	(35.7)	101.4

4. Adjusting items

Year ended 31 December 2020 £m		6 months ended 30 June 2021 £m	Restated (note 1) 6 months ended 30 June 2020 £m
	Recognised in arriving at operating profit from continuing operations		
(39.3)	Intangibles amortisation	**(18.7)**	(21.7)
	Exceptional items		
(3.3)	ESCO acquisition and integration related costs	**-**	(1.7)
(9.7)	Covid-19 restructuring and other costs	**-**	(6.3)
(2.0)	Other restructuring and rationalisation charges	**-**	(1.6)
(4.4)	Black Economic Empowerment transaction	**-**	(4.4)
(19.4)		**-**	(14.0)
	Other adjusting items		
(11.8)	Asbestos-related provision (note 10)	**(0.2)**	-
(0.6)	Pension equalisation	**-**	-
(12.4)		**(0.2)**	-
(71.1)	Total adjusting items	**(18.9)**	(35.7)
	Recognised in arriving at operating profit from discontinued operations		
(9.1)	Intangibles amortisation	**-**	(6.1)
	Exceptional items		
(209.2)	Impairment - Fair value adjustment	**-**	-
(3.8)	Onerous purchase contracts	**0.9**	-
(11.4)	Disposal related costs	**-**	-
(0.7)	Covid-19 restructuring and other costs	**-**	(0.4)
(0.2)	Other restructuring and rationalisation charges	**-**	(3.4)
(225.3)		**0.9**	(3.8)
(234.4)	Total adjusting items (note 6)	**0.9**	(9.9)

Continuing operations

Intangibles amortisation
Intangibles amortisation of £18.7m relates to acquisition-related assets and ongoing multi-year investment activities.

Exceptional items
The 6 months ended 30 June 2020 included £1.7m costs associated with the integration of ESCO into the Group following its acquisition in July 2018, £6.3m Covid-19 and other costs for specific one-off and/or short-term measures with £5.5m severance costs and £0.8m incremental charges in Minerals and ESCO and £1.6m other restructuring and rationalisation charges for severance costs in Head Office in response to the oil and gas downturn. In addition, the exceptional charge of £4.4m included a £3.6m non-cash IFRS 2 charge in relation to the Broad-based Black Economic Empowerment ('B-BBEE") ownership transaction and £0.8m for consultancy and legal fees required to complete the transaction.

Other adjusting items
A charge of £0.2m in the 6 months ended 30 June 2021 relates to US asbestos-related claims. Further details are included in note 10.

Discontinued operations

Exceptional items
A final adjustment has been made to the onerous purchase contracts provision resulting in a credit of £0.9m.

Prior period exceptional in the 6 months ended 30 June 2020 included £0.4m in relation to incremental Covid-19 costs and £3.4m other restructuring and rationalisation charges for severance costs associated with the oil and gas downturn.

5. Tax expense

Year ended 31 December 2020 £m		6 months ended 30 June 2021 £m	Restated (note 1) 6 months ended 30 June 2020 £m
	Continuing operations		
(7.9)	Group - UK	**(2.4)**	(1.2)
(37.8)	Group - overseas	**(23.4)**	(15.5)
-	Group - overseas adjustments in respect of prior periods	**-**	-
(45.7)	Continuing operations total income tax expense in the Consolidated Income Statement	**(25.8)**	(16.7)
	The total income tax (expense) credit is disclosed in the Consolidated Income Statement as follows:		
(62.1)	- continuing operations before adjusting items	**(30.0)**	(24.6)
(3.0)	- discontinued operations before adjusting items	**-**	(1.6)
16.4	- adjusting items for continuing operations	**4.2**	7.9
(27.0)	- adjusting items for discontinued operations	**(4.2)**	1.6
(75.7)	Total income tax (expense) credit in the Consolidated Income Statement	**(30.0)**	(16.7)
(1.3)	Total income tax expense included in the Group's share of results of joint ventures	**(0.4)**	(0.8)

Tax charged within the 6 months ended 30 June 2021 has been calculated by applying the effective rate of tax which is expected to apply to the Group for the year ending 31 December 2021 using rates substantively enacted by 30 June 2021 as required by IAS 34 'Interim Financial Reporting'.

The normalised rate of tax of 24.8% for continuing operations (June 2020: 21.6%) has been calculated using the full year projections and has been applied to profit before adjusting items for the 6 months ended 30 June 2021.

Legislation to reduce the standard rate of corporation tax to 17% from 1 April 2020 was enacted in the Finance Act 2016, so at 31 December 2020 and 30 June 2020, deferred tax balances were calculated at 19% or 17% depending upon when the balance was expected to unwind. The Budget on 11 March 2020 announced that the standard rate of corporation tax would remain at 19% from 1 April 2020 and furthermore, an increase in the UK rate from 19% to 25% from April 2023 was substantively enacted as part of Finance Bill 2021 (on 25 May 2021). As a result, at 30 June 2021, deferred tax balances have been calculated at 19% or 25% depending upon when the balance is expected to unwind.

Factors affecting current and future tax charges

The normalised tax rate of 24.8% was 0.7% above the Group's weighted average rate of 24.1%. The Group considers its normalised tax rate to be sustainable.

Unrecognised deferred tax

Included in the net deferred tax asset of £25.5m is £28.8m related to the US Group deferred tax assets, determined on a basis consistent with the approach adopted at year ended 31 December 2020 following the application of a model which estimates the future forecast levels of US taxable income with reference to the Group's five year strategic plan. Consistent with this approach, US deferred tax assets totalling £58.4m are not recognised but retained by the continuing US group, in connection with the disposal of the US entities within the Oil & Gas Division. The ongoing application of this model may result in future changes to the amount of US deferred tax assets that remain unrecognised.

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 in 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 $30.0m. Whilst part of the Group, 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 $375.0m, subject to certain working capital and debt-like adjustments. The completion accounts process is expected to complete in the second half of the year.

The sale of AMCO to Olayan Financing Company ("Olayan"), our joint venture partner, completed on 30 June 2021. A consideration of $37.8m was received compared to the original fair market value of $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. Of the $7.8m higher consideration, Weir have since paid CAT an amount of $4.7m (£3.4m) in July with a further $1.2m withheld and payable to the Saudi authorities in respect of capital gains tax in due course.

Financial performance and cash flow information for discontinued operations

Year ended 31 December 2020 Statutory results £m		**6 months ended 30 June 2021** Adjusted results £m	Adjusting items £m	Statutory results £m	Restated (note 1) 6 months ended 30 June 2020 Adjusted results £m	Adjusting items £m	Statutory results £m
314.3	Revenue	**25.1**	**-**	**25.1**	184.5	-	184.5
(258.9)	Operating (loss) profit before share of results of joint ventures	**(1.9)**	**0.9**	**(1.0)**	(6.1)	(9.9)	(16.0)
3.9	Share of results of joint ventures	**1.6**	**-**	**1.6**	1.9	-	1.9
(255.0)	**Operating (loss) profit**	**(0.3)**	**0.9**	**0.6**	(4.2)	(9.9)	(14.1)
(3.3)	Finance costs	**(0.2)**	**-**	**(0.2)**	(1.8)	-	(1.8)
0.3	Finance income	**-**	**-**	**-**	0.2	-	0.2
(258.0)	**(Loss) profit before tax from discontinued operations**	**(0.5)**	**0.9**	**0.4**	(5.8)	(9.9)	(15.7)
(30.0)	Tax credit (expense)	**-**	**-**	**-**	(1.6)	1.6	-
(288.0)	**(Loss) profit after tax from discontinued operations**	**(0.5)**	**0.9**	**0.4**	(7.4)	(8.3)	(15.7)
-	Gain on sale of Oil & Gas Division (see below)	**-**	**100.0**	**100.0**	-	-	-
-	Gain on sale of joint venture (see below)	**-**	**6.2**	**6.2**	-	-	-
(288.0)	**(Loss) profit for the period from discontinued operations**	**(0.5)**	**107.1**	**106.6**	(7.4)	(8.3)	(15.7)
-	Reclassification of foreign currency translation reserve			**(103.4)**			-
3.4	Other comprehensive (expense) income from discontinued operations			**(1.3)**			19.4
(284.6)	**Total net comprehensive (expense) income from discontinued operations**			**1.9**			3.7

The reconciliation from revenue to operating profit includes cost of sales of £20.7m (June 2020: £159.5m), other operating income of £0.3m (June 2020: £2.0m), selling & distribution costs of £1.4m (June 2020: £10.1m), administrative expenses of £4.3m (June 2020: £32.9m) and share of results of joint ventures of £1.6m (June 2020: £1.9m).

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 foreign exchange gains and losses on retranslation of foreign operations recycled was £244.3m offset by the cumulative foreign exchange gains and losses on net investment hedges of £143.4m. In June, £2.5m of cumulative foreign exchange gains and losses on retranslation of foreign operations was recycled in respect of the AMCO disposal.

Year ended 31 December 2020 £m		**6 months ended 30 June 2021 £m**
20.3	Cash flows from operating activities	**(16.3)**
3.8	Cash flows from investing activities	**(0.2)**
(18.5)	Cash flows from financing activities	**(1.1)**
5.6	**Net (decrease) increase in cash and cash equivalents from discontinued operations**	**(17.6)**

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

	6 months ended 30 June 2021 £m
Consideration received	
Cash received	**275.3**
Total disposal consideration	**275.3**
Carrying amount of net assets sold	**(274.6)**
Costs of disposal	**(1.8)**
Loss on sale of Oil & Gas Division before reclassification of foreign currency translation reserve and tax	**(1.1)**
Reclassification of foreign currency translation reserve	**100.9**
Gain on sale of Oil & Gas Division before tax	**99.8**
Tax credit on disposal	**0.2**
Gain on sale of Oil & Gas Division after tax	**100.0**

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

	£m
Property, plant & equipment	**117.2**
Intangible assets	**82.1**
Investments in joint ventures	**3.1**
Inventories	**107.6**
Trade & other receivables	**79.0**
Cash & short-term deposits	**16.1**
Trade & other payables	**(122.4)**
Provisions	**(8.1)**
Net assets	**274.6**

6. Discontinued operations (continued)

Details of the sale of AMCO joint venture

	6 months ended 30 June 2021 £m
Consideration received	
Cash received	**27.4**
Consideration adjustment - payable 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	**(4.4)**
Gain on sale of joint venture after tax	**6.2**

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

Earnings (loss) per share

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

Year ended 31 December 2020 pence		**6 months ended 30 June 2021 pence**	Restated (note 1) 6 months ended 30 June 2020 pence
(110.9)	Basic	41.1	(6.0)
(110.9)	Diluted	40.8	(6.0)

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, 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 period attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted earnings (loss) per share amounts are 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 period, adjusted for the effects of dilutive share awards.

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

Year ended 31 December 2020		**6 months ended 30 June 2021**	Restated (note 1) 6 months ended 30 June 2020
	Profit/ (loss) attributable to equity holders of the Company		
(149.6)	Total operations* (£m)	**182.7**	45.7
138.4	Continuing operations* (£m)	**76.1**	61.4
193.1	Continuing operations before adjusting items* (£m)	**90.8**	89.2
	Weighted average share capital		
259.5	Basic earnings (loss) per share (number of shares, million)	**259.3**	259.5
261.7	Diluted earnings (loss) per share (number of shares, million)	**261.1**	261.7

The difference between the weighted average share capital for the purposes of the basic and the diluted earnings per share calculations is analysed as follows.

Year ended 31 December 2020 Shares million		**6 months ended 30 June 2021 Shares million**	6 months ended 30 June 2020 Shares million
259.5	Weighted average number of ordinary shares for basic earnings (loss) per share	**259.3**	259.5
2.2	Effect of dilution: employee share awards	**1.8**	2.2
261.7	Adjusted weighted average number of ordinary shares for diluted earnings (loss) per share	**261.1**	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.

Year ended 31 December 2020 £m		**6 months ended 30 June 2021 £m**	Restated (note 1) 6 months ended 30 June 2020 £m
138.4	Net profit attributable to equity holders from continuing operations*	**76.1**	61.4
54.7	Adjusting items net of tax	**14.7**	27.8
193.1	Net profit attributable to equity holders from continuing operations before adjusting items*	**90.8**	89.2

Year ended 31 December 2020 pence		**6 months ended 30 June 2021 pence**	Restated (note 1) 6 months ended 30 June 2020 pence
	Basic earnings (loss) per share:		
(57.6)	Total operations*	**70.5**	17.6
53.3	Continuing operations*	**29.4**	23.7
74.4	Continuing operations before adjusting items*	**35.0**	34.4
	Diluted earnings (loss) per share:		
(57.6)	Total operations*	**70.0**	17.5
52.9	Continuing operations*	**29.2**	23.5
73.8	Continuing operations before adjusting items*	**34.8**	34.1

*Adjusted for £0.2m (2020: £0.1m) in respect of non-controlling interests.

There have been no share awards (2020: nil) exercised between the reporting date and the date of signing of these financial statements.

8. Dividends paid & proposed

Year ended 31 December 2020 £m		**6 months ended 30 June 2021 £m**	6 months ended 30 June 2020 £m
	Declared & paid during the period		
	Equity dividends on ordinary shares		
-	Final dividend for 2020: nil (2019: nil)	**-**	-
-	Interim dividend: nil (2020: nil)	**-**	-
-		**-**	-
-	Final dividend for 2020 proposed for approval by shareholders at the AGM: nil	**-**	-
-	Interim dividend for 2021 declared by the Board: 11.5p (2020: nil)	**29.8**	-

In response to the Covid-19 pandemic, on 25 March 2020, the Board took the decision to withdraw the proposal to pay the final 2019 dividend and did not propose an interim or final 2020 dividend as part of wider cash preservation actions taken by the Group. An interim dividend of 11.5p has been declared for 2021. The declared interim dividend is based on the number of shares in issue, excluding treasury shares held, at the date the financial statements were approved and authorised for issue.

9. Property, plant & equipment, intangible and right-of-use assets

The following disclosures are additions to the balance sheet relating to the normal course of business and do not include any additions made by way of business combinations.

Year ended 31 December 2020 £m		6 months ended 30 June 2021 £m	Restated (note 1) 6 months ended 30 June 2020 £m
	Owned assets		
4.4	Land & buildings	**0.9**	2.3
53.2	Plant & equipment	**21.1**	27.0
	Right-of-use assets		
18.3	Land & buildings	**6.9**	8.4
6.5	Plant & equipment	**4.4**	4.1
82.4	**Total property, plant & equipment**	**33.3**	41.8
8.0	**Intangible assets**	**6.2**	8.7
90.4	**Additions of property, plant & equipment, intangible & right-of-use assets - continuing operations**	**39.5**	50.5
	Owned assets		
2.9	Land & buildings	**-**	2.9
0.9	Plant & equipment	**0.2**	-
	Right-of-use assets		
1.5	Land & buildings	**0.1**	1.2
1.3	Plant & equipment	**-**	0.5
6.6	**Total property, plant & equipment**	**0.3**	4.6
9.6	**Intangible assets**	**-**	-
16.2	**Additions of property, plant & equipment, intangible & right-of-use assets - discontinued operations**	**0.3**	4.6

10. Provisions

	Warranties & contract claims £m	**Asbestos-related £m**	**Employee-related £m**	**Exceptional rationalisation £m**	**Other £m**	**Total £m**
At 31 December 2020	**6.5**	**67.7**	**12.5**	**8.5**	**10.1**	**105.3**
Additions	**2.1**	**0.7**	**5.8**	**0.2**	**2.9**	**11.7**
Utilised	**(2.1)**	**(5.1)**	**(5.2)**	**(4.9)**	**(0.8)**	**(18.1)**
Unutilised	**(0.5)**	**-**	**(0.3)**	**(0.3)**	**(0.3)**	**(1.4)**
Exchange adjustment	**(0.1)**	**(0.8)**	**(0.4)**	**(0.1)**	**-**	**(1.4)**
At 30 June 2021	**5.9**	**62.5**	**12.4**	**3.4**	**11.9**	**96.1**
Current	**5.8**	**7.5**	**6.8**	**2.4**	**2.5**	**25.0**
Non-current	**0.1**	**55.0**	**5.6**	**1.0**	**9.4**	**71.1**
At 30 June 2021	**5.9**	**62.5**	**12.4**	**3.4**	**11.9**	**96.1**
Current	11.5	7.0	8.0	11.1	3.8	41.4
Non-current	0.4	43.3	10.2	1.7	9.8	65.4
At 30 June 2020	11.9	50.3	18.2	12.8	13.6	106.8
Current	6.1	7.7	6.8	7.7	0.9	29.2
Non-current	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 and contract penalty 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 30 June 2021, the warranties portion of the provision totalled £4.6m 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. Provision is made immediately when it becomes apparent that expected costs will exceed the expected benefits of the contract. At 30 June 2021, the contract claims element of the provision was £1.3m, all of which is expected to be incurred within one year of the balance sheet date.

Asbestos-related claims

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.

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. Details of this review, the resulting US asbestos-related provision and insurance asset, judgements applied and relevant sensitivity analysis is included in note 20 of our 2020 Annual Report and Financial Statements.

In the 6 months to 30 June 2021 the US asbestos related provision and insurance asset were reviewed and adjusted accordingly to reflect claims in the period, plus changes in discount rate and period end FX rates. This resulted in a US asbestos-related provision of £59.4m (December 2020: £64.5m) and insurance asset of £47.2m (December 2020: £52.4m).

10. Provisions (continued)

US asbestos-related provision (continued)
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 period, resulting in a provision of £3.1m (December 2020: £3.2m).

Employee-related
Employee-related provisions arise from legal obligations in a number of territories in which the Group operate, 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 rationalisation
The exceptional rationalisation provision relates to exceptional charges included within note 4 where the cost is based on a reliable estimate of the obligation.

The additions in the period of £0.2m relate to separation costs included in discontinued operations and are a true up of a larger cost recognised in 2020. During the period, £4.9m was cash settled with the closing balance primarily relating to customer and onerous lease contracts and outstanding severance costs.

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.

11. Interest-bearing loans and borrowings

The Group utilises a number of sources of funding including private placement debt, revolving credit facility, term loan, issuance of Euro commercial paper and uncommitted facilities.

In addition to these, in May 2021 the Group completed the issue of 5 year US$800m Sustainability-Linked Notes due to mature in May 2026 which includes a target to reduce 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 on 13 May and 13 November. The interest on the Notes will be linked to achievement of Weir's 2024 Sustainability Performance Target ("SPT") to reduce Scope 1 & Scope 2 emissions by 30%. 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 the charge to the income statement of remaining unamortised costs of £0.8m.

At 30 June 2021, the Group had £572.5m (2020: £638.2m) of private placement debt in issue, £579.7m (2020: £nil) of debt relating to the Sustainability-Linked Notes, £nil (2020: £389.7m) drawn under the revolving credit facility, £nil (2020: £200.0m) drawn on the term loan facility, £nil (2020: £87.2m) of debt issued under the commercial paper programme and £nil (2020: £27.3m) drawn on uncommitted facilities. Total unamortised issue costs at 30 June 2021 were £8.9m (2020: £8.0m).

As a result of the notional cash pooling arrangement which the Group entered into in December 2020, in which individual balances are not offset for reporting purposes, cash & short-term deposits at 30 June 2021 includes £72.0m (December 2020: £0.4m) that is part of this arrangement and both cash and interest-bearing loans & borrowings are grossed up by this amount.

12. Pensions & other post-employment benefit plans

31 December 2020 £m		**30 June 2021** **£m**	30 June 2020 £m
-	Plan in surplus	**-**	1.5
(160.8)	Plans in deficit	**(103.6)**	(186.6)
(160.8)	Plans in deficit - net	**(103.6)**	(185.1)

Plans in deficit decreased by £57.2m in the 6 months ended 30 June 2021. The deficit has decreased primarily due to changes in market conditions, mainly reflecting the rise in discount rates over the period. These are partially offset by an increase in inflation expectations, losses on the asset side and contributions paid to the plans over the period. A gain of £50.7m (2020: charge of £47.4m) has been recognised in the Consolidated Statement of Comprehensive Income. The plan in surplus in the 6 months ended 30 June 2020 was the Canadian ESCO Corporation Limited National Pension Plan.

13. Financial instruments

31 December 2020 £m		**30 June 2021 £m**	30 June 2020 £m
	Included in non-current assets		
-	Cross currency swaps designated as net investment hedges	**-**	0.1
0.1	Other forward foreign currency contracts	**-**	0.3
0.1		**-**	0.4
	Included in current assets		
0.2	Forward foreign currency contracts designated as cash flow hedges	**0.2**	4.0
4.3	Forward foreign currency contracts designated as net investment hedges	**-**	1.8
-	Cross currency swaps designated as net investment hedges	**2.9**	-
11.5	Other forward foreign currency contracts	**5.2**	15.5
16.0		**8.3**	21.3
	Included in current liabilities		
-	Forward foreign currency contracts designated as cash flow hedges	**(0.4)**	(0.3)
(0.1)	Forward foreign currency contracts designated as net investment hedges	**(0.3)**	-
(0.9)	Cross currency swaps designated as net investment hedges	**-**	-
(17.9)	Other forward foreign currency contracts	**(2.9)**	(16.2)
(18.9)		**(3.6)**	(16.5)
	Included in non-current liabilities		
-	Other forward foreign currency contracts	**(0.1)**	(0.5)
-		**(0.1)**	(0.5)
(2.8)	Net derivative financial assets (liabilities) - continuing operations	**4.6**	4.7
(0.1)	Net derivative financial assets (liabilities) - held for sale	**-**	-
(2.9)	**Net derivative financial assets (liabilities)**	**4.6**	4.7

Carrying amounts & fair values

Set out below is a comparison of carrying amounts and fair values of all of the Group's financial instruments that are reported in the financial statements.

Carrying amount 31 December 2020 £m	Fair value 31 December 2020 £m		**Carrying amount 30 June 2021 £m**	**Fair value 30 June 2021 £m**	Carrying amount 30 June 2020 £m	Fair value 30 June 2020 £m
		Financial assets - total Group				
11.6	11.6	Derivative financial instruments recognised at fair value through profit or loss	**5.2**	**5.2**	15.8	15.8
4.5	4.5	Derivative financial instruments in designated hedge accounting relationships	**3.1**	**3.1**	5.9	5.9
445.6	445.6	Trade & other receivables excluding statutory assets, prepayments & construction contract assets	**449.1**	**449.1**	501.0	501.0
351.7	351.7	Cash & short-term deposits	**647.0**	**647.0**	356.7	356.7
81.4	81.4	Financial assets held for sale	**-**	**-**	-	-
894.8	894.8		**1,104.4**	**1,104.4**	879.4	879.4
		Financial liabilities - total Group				
17.9	17.9	Derivative financial instruments recognised at fair value through profit or loss	**3.0**	**3.0**	16.7	16.7
1.0	1.0	Derivative financial instruments in designated hedge accounting relationships	**0.7**	**0.7**	0.3	0.3
		Amortised cost:				
578.4	620.2	Fixed-rate borrowings	**1,147.3**	**1,213.2**	637.8	696.3
667.7	667.7	Floating-rate borrowings*	**(4.0)**	**(4.0)**	696.6	696.6
112.4	112.4	Leases	**110.2**	**110.2**	188.8	188.8
0.6	0.6	Bank overdrafts & short-term borrowings	**72.0**	**72.0**	0.2	0.2
360.6	360.6	Trade & other payables excluding statutory liabilities & contract liabilities	**355.4**	**355.4**	432.6	432.6
117.3	117.3	Financial liabilities held for sale	**-**	**-**	-	-
1,855.9	1,897.7		**1,684.6**	**1,750.5**	1,973.0	2,031.5

* At 30 June 2021, £nil was drawn under the revolving credit facility but remaining unamortised issue costs were £4.0m

As a result of the notional cash pooling arrangement which the Group entered into in December 2020, in which individual balances are not offset for reporting purposes, Cash & short-term deposits at 30 June 2021 includes £72.0m (December 2020: £0.4m) that is part of this arrangement and both cash & short-term deposits and bank overdrafts & short-term borrowings are grossed up by this amount.

The Group enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. The derivative financial instruments are valued using valuation techniques with market observable inputs including spot and forward foreign exchange rates, interest rate curves, counterparty and own credit risk. The fair value of cross currency swaps is calculated as the present value of the estimated future cash flows based on spot foreign exchange rates. The fair value of forward foreign currency contracts is calculated as the present value of the estimated future cash flows based on spot and forward foreign exchange rates.

The fair value of borrowings is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities. The fair value of lease liabilities is estimated by discounting future cash flows using the rate implicit in the lease or the Group's incremental borrowing rate. The fair value of cash and short-term deposits, trade and other receivables and trade and other payables approximates their carrying amount due to the short-term maturities of these instruments.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:
- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly;
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

For financial instruments that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. The Group holds all financial instruments at level 2 fair value measurement.

During the 6 months ended 30 June 2021 and the year ended 31 December 2020, there were no transfers between level 1 and level 2 fair value measurements and no transfers into or out of level 3 fair value measurements.

14. Additional cash flow information

Year ended 31 December 2020 £m		**6 months ended 30 June 2021 £m**	Restated (note 1) 6 months ended 30 June 2020 £m
	Total operations		
	Net cash generated from operations		
234.3	Operating profit - continuing operations	**124.4**	101.4
(255.0)	Operating profit (loss) - discontinued operations	**0.6**	(14.1)
(20.7)	Operating profit (loss) - total operations	**125.0**	87.3
257.1	Exceptional and other adjusting items (note 4)	**(0.7)**	17.8
53.4	Amortisation of intangible assets	**21.2**	27.8
(5.5)	Share of results of joint ventures	**(2.0)**	(3.0)
52.8	Depreciation of property, plant & equipment	**21.1**	28.3
41.9	Depreciation of right-of-use assets	**14.0**	23.3
0.2	Impairment of property, plant & equipment	**-**	-
(0.4)	Grants received	**-**	-
(0.3)	Gain on disposal of property, plant & equipment	**(4.1)**	(0.9)
(2.6)	Funding of pension & post-retirement costs	**(1.3)**	(1.0)
9.3	Employee share schemes	**7.5**	5.2
14.5	Transactional foreign exchange	**2.6**	10.2
(7.6)	Increase (decrease) in provisions	**1.1**	(1.5)
392.1	Cash generated from operations before working capital cash flows	**184.4**	193.5
44.2	(Increase) decrease in inventories	**(45.4)**	(23.4)
130.0	Decrease in trade & other receivables & construction contracts	**6.3**	126.1
(194.1)	Decrease in trade & other payables & construction contracts	**(2.3)**	(104.6)
372.2	Cash generated from operations before exceptional cash items	**143.0**	191.6
(11.3)	Additional pension contributions paid	**(5.9)**	(6.7)
(24.1)	Exceptional and other adjusting cash items	**(4.7)**	(14.3)
(63.4)	Income tax paid	**(35.0)**	(26.4)
273.4	Net cash generated from operating activities	**97.4**	144.2

The employee-related provision and associated insurance asset in relation to US asbestos-related claims with an exposure date pre-1981 disclosed in note 10 did not result in any cash flows either to or from the Group and therefore they have been excluded from the table above.

Cash flows from discontinued operations included in the year ended 31 December 2020 and 6 months ended 30 June 2021 are disclosed separately in note 6.

The following table summarises the cash flows arising on disposals.

Year ended 31 December 2020 £m		**6 months ended 30 June 2021 £m**	6 months ended 30 June 2020 £m
	Net cash inflow (outflow) arising on disposals		
(2.1)	Consideration received net of costs paid & cash disposed of - Oil & Gas Division (excluding AMCO)	**251.4**	-
-	Consideration received net of costs paid - AMCO Joint Venture	**27.4**	-
(4.7)	Prior period disposals – settlement of final costs and final completion adjustment	**-**	(4.7)
(6.8)	Total cash inflow (outflow) relating to disposals	**278.8**	(4.7)

The £251.4m cash inflow reflects £275.3m proceeds received from CAT, £16.1m cash disposed of and £7.8m disposal costs paid in the period which includes £7.3m expensed in the prior year. Disposal costs of £2.1m were cash settled in the year to 31 December 2020.

Cash & cash equivalents comprise the following.

31 December 2020 £m		**30 June 2021 £m**	30 June 2020 £m
	Cash & cash equivalents		
351.7	Cash & short-term deposits	**647.0**	356.7
-	Bank overdrafts & short-term borrowings	**(72.0)**	(0.2)
23.0	Cash & short-term deposits held for sale	**-**	-
(0.6)	Bank overdrafts & short-term borrowings held for sale	**-**	-
374.1		**575.0**	356.5

The following table summarises the net debt position.

31 December 2020 £m		**30 June 2021 £m**	30 June 2020 £m
	Net debt comprises the following		
351.7	Cash & short-term deposits	**647.0**	356.7
(26.5)	Current interest-bearing loans & borrowings	**(524.2)**	(153.7)
(1,332.6)	Non-current interest-bearing loans & borrowings	**(801.3)**	(1,369.7)
(44.0)	Assets and liabilities held for sale	**-**	-
(1,051.4)		**(678.5)**	(1,166.7)

14. Additional cash flow information (continued)

Reconciliation of financing cash flows to movement in net debt

	Opening balance at 31 December 2020	Cash movements	Additions	Disposals of business	FX	Non-cash movements	Closing balance at 30 June 2021	Transferred to assets/ liabilities held for sale	Total Continuing Operations at 30 June 2021
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Cash & cash equivalents	374.1	226.5	-	(16.1)	(9.5)	-	575.0	-	575.0
Third party loans	(1,252.6)	104.2	-	-	(3.8)	-	(1,152.2)	-	(1,152.2)
Leases	(179.4)	13.8	(12.1)	65.2	2.3	-	(110.2)	-	(110.2)
Unamortised issue costs	6.5	4.7	-	-	-	(2.3)	8.9	-	8.9
Amounts included in gross debt	(1,425.5)	122.7	(12.1)	65.2	(1.5)	(2.3)	(1,253.5)	-	(1,253.5)
Amounts included in net debt	(1,051.4)	349.2	(12.1)	49.1	(11.0)	(2.3)	(678.5)	-	(678.5)
Financing derivatives	(2.5)	(5.3)	-	-	-	13.2	5.4	-	5.4
Total financing liabilities*	(1,428.0)	117.4	(12.1)	65.2	(1.5)	10.9	(1,248.1)	-	(1,248.1)

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

	Opening balance at 30 June 2020	Cash movements	Additions	Disposals of business	FX	Non-cash movements	Closing balance at 31 December 2020	Transferred to assets/ liabilities held for sale	Total Continuing Operations at 31 December 2020
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Cash & cash equivalents	356.5	40.3	-	-	(22.7)	-	374.1	23.0	351.1
Third party loans	(1,342.4)	13.7	-	-	76.1	-	(1,252.6)	-	(1,252.6)
Leases	(188.8)	22.6	(23.2)	-	10.0	-	(179.4)	(67.0)	(112.4)
Unamortised issue costs	8.0	0.5	-	-	-	(2.0)	6.5	-	6.5
Amounts included in gross debt	(1,523.2)	36.8	(23.2)	-	86.1	(2.0)	(1,425.5)	(67.0)	(1,358.5)
Amounts included in net debt	(1,166.7)	77.1	(23.2)	-	63.4	(2.0)	(1,051.4)	(44.0)	(1,007.4)
Financing derivatives	8.5	(11.5)	-	-	-	0.5	(2.5)	-	(2.5)
Total financing liabilities*	(1,514.7)	25.3	(23.2)	-	86.1	(1.5)	(1,428.0)	(67.0)	(1,361.0)

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

15. 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 period and outstanding balances at the period end.

Year ended 31 December 2020 £m		**6 months ended 30 June 2021 £m**	6 months ended 30 June 2020 £m
5.9	Sales of goods to related parties – joint ventures	**0.3**	4.7
0.1	Sales of services to related parties – joint ventures	**0.1**	-
19.3	Purchases of goods from related parties – joint ventures	**7.4**	9.9
0.3	Purchases of services from related parties – joint ventures	**-**	-
5.9	Amounts owed to related parties – group pension plans	**1.4**	1.2

16. Exchange rates

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

Year ended 31 December 2020		**6 months ended 30 June 2021**	6 months ended 30 June 2020
	Average rate (per £)		
1.28	US Dollar	**1.39**	1.26
1.86	Australian Dollar	**1.80**	1.92
1.13	Euro	**1.15**	1.15
1.72	Canadian Dollar	**1.73**	1.72
4.72	United Arab Emirates Dirham	**5.10**	4.64
1,015.14	Chilean Peso	**998.75**	1,023.61
21.06	South African Rand	**20.19**	20.89
6.61	Brazilian Real	**7.47**	6.17
92.76	Russian Rouble	**103.17**	87.47
8.86	Chinese Yuan	**8.99**	8.87
95.12	Indian Rupee	**101.75**	93.42
	Closing rate (per £)		
1.37	US Dollar	**1.38**	1.24
1.77	Australian Dollar	**1.84**	1.80
1.12	Euro	**1.16**	1.10
1.74	Canadian Dollar	**1.71**	1.69
5.01	United Arab Emirates Dirham	**5.08**	4.55
970.26	Chilean Peso	**1,010.33**	1,017.24
20.04	South African Rand	**19.76**	21.51
7.10	Brazilian Real	**6.89**	6.76
101.33	Russian Rouble	**100.90**	88.10
8.92	Chinese Yuan	**8.91**	8.75
99.76	Indian Rupee	**102.58**	93.53

Directors' Statement of Responsibilities

The directors confirm that these condensed interim financial statements have been prepared in accordance with UK adopted International Accounting Standard 34 "Interim Financial Reporting", and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- an indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and

- material related-party transactions in the first six months and any material changes in the related-party transactions described in the last annual report.

A list of current directors is maintained on The Weir Group PLC website which can be found at www.global.weir.

On behalf of the Board
John Heasley
Chief Financial Officer
29 July 2021

Independent review report to The Weir Group PLC

Report on the condensed consolidated interim financial statements

Our conclusion

We have reviewed The Weir Group PLC's condensed consolidated interim financial statements (the "interim financial statements") in the Interim Report of The Weir Group PLC for the 6 month period ended 30 June 2021 (the "period").

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

What we have reviewed

The interim financial statements comprise:

- the Consolidated Balance Sheet as at 30 June 2021;
- the Consolidated Income Statement and Consolidated Statement of Comprehensive Income for the period then ended;
- the Consolidated Cash Flow Statement for the period then ended;
- the Consolidated Statement of Changes in Equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the Interim Report of The Weir Group PLC have been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The Interim Report, including the interim financial statements, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the Interim Report in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express a conclusion on the interim financial statements in the Interim Report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What a review of interim financial statements involves

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the Interim Report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants
Glasgow
29 July 2021

Shareholder Information

The Board have declared an interim dividend of 11.5p for 2021 (2020: nil).

Financial Calendar

Ex-dividend date for interim dividend
7 October 2021

Record date for interim dividend
8 October 2021
Shareholders on the register at this date will receive the dividend

Interim dividend paid
5 November 2021

Our Interim Report will be available to download from The Weir Group PLC website at **global.weir** immediately after the management presentation.

Disclaimer

Registered office and company number

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G2 1RW
Scotland

Registered in Scotland
Company number: SC002934