



Weir agrees to acquire African pumps business for \$231m (£113m).

The Weir Group PLC ("Weir") is pleased to announce it has agreed to acquire the CH Warman Pump Group ("CHW"), a specialist pump business primarily focused on serving the mining and minerals processing industry throughout Africa, from Research and Development Pty Limited and CH Warman Holdings Pty Limited.

The consideration for the purchase will be US\$231m (£113m) payable in cash on completion. In addition Weir anticipates assuming approximately US\$ 2m (£1m) of net indebtedness. Completion is conditional on the approval of the South African competition authorities and, subject to such approval, is expected to take place in the first quarter of 2008. The acquisition is expected to be immediately earnings enhancing for Weir and to generate a return in excess of the Group's cost of capital within three years.

The acquisition is in line with Weir's strategic objective to grow its resource-linked engineering businesses through the addition of high-margin, high-aftermarket operations and the board of Weir believes that the acquisition of CHW offers many benefits, including:

- the addition of a well-established business with a considerable installed base of product and enjoying a high-level of customer loyalty;
- a significantly enhanced presence in higher-growth mining markets throughout Africa;
- a broadening of Weir's relationships among the world's major mining companies through increased sales volume and a wider product offering; and,
- the opportunity to enhance the performance of CHW utilising Weir's logistics and manufacturing systems and expertise.

Commenting on the transaction, Weir's chief executive, Mark Selway, said: "This is an exciting deal for our Minerals division, which transforms our presence throughout the fast growing sub-Saharan markets. It's a perfectly-aligned acquisition right in our sweet spot of high-margin, high-wear applications in high-growth specialist markets.

We look forward to working with the management team, workforce and dedicated supplier base at CHW; I believe that there are exciting prospects for all as we step-up efforts to satisfy the increasing customer demand for high-quality products and service"

Weir intends to acquire 100% of the issued share capital of:

- Warman Africa (PTY) Limited, a company operating in South Africa;
- Slurry Holdings Limited, a holding company registered in Malta, with operating subsidiaries in Ghana, Zambia, Namibia, Botswana, Morocco and Dubai; and,
- Warman (Zimbabwe) (Pvt) Limited, a Zimbabwean company.

As part of the transaction, Weir will also acquire intellectual property separately held by Research and Development Pty Limited and by Mr Charles H Warman.

CHW provides wear-resistant pumps, spare parts, and related services, principally for highly-abrasive mining, minerals processing and other industrial applications. Operations comprise a principal manufacturing facility and head office located near Johannesburg, South Africa, together with seven branches throughout South Africa, and one each in Ghana, Zambia, Namibia, Botswana and Zimbabwe, all offering sales, distribution and after sales services. Additional sales offices are located in Dubai and Morocco. In total, the CHW business employs some 430 people. CHW's chief executive Jan Lourens and general manager Noel Raymond have agreed to remain with the business following its acquisition by Weir. They will report to Gordon Bigam, European Regional Director of Weir's Minerals Division.

For the year to 30 June 2007, CHW generated sales of US\$79.6m (£38.8m) earnings before interest and tax (EBIT) of (£8.7m) US\$17.8m and profit before tax (PBT) of US\$16.3m (£8.0m) under IFRS. As at 30 June 2007, gross assets were US\$58.5m (£28.5m). In the unaudited management accounts for the three months to September 2007, both revenue and operating profit are ahead of the prior year.

The foundations of the CHW business date from 1938 and the acquisition will reunite CHW with Warman International, purchased by Weir in 1999, the two elements having previously been under common ownership until 1969.

Trading update

The Group has also released today a separate statement on its pre close trading update.

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£1 = US\$ 2.05

There will be a dial-in conference call for research analysts and investors 0900 hours (GMT) on 4 December 2007. Copies of the presentation will be available from our website: www.weir.co.uk

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