

# A global player with a local approach

The Weir Group PLC is one of the world's leading engineering businesses, focused on delivering innovative engineering solutions to the mining and minerals, oil and gas and power generation sectors. Founded in 1871 and headquartered in Scotland, Weir is one of the fastest growing engineering companies in the FTSE 100 and currently employs more than 14,000 people. The Group operates through three market-facing divisions: Weir Minerals, Weir Oil & Gas and Weir Power & Industrial. The Group's valves businesses sit organizationally within the Power & Industrial Division and are active in both the power and oil & gas sectors. Valve World magazine spoke with Mr. John Heasley, Valves Managing Director, Mr. Roger Griffin, Managing Director of the Control & Choke Valves Product Line and Mr. Walter Benko, Nuclear Director, about the latest developments at the company and how they are responding to market dynamics.

By Christian Borrmann & Anne Cunningham

Since our previous interview with Weir, a single common valves platform has been put in place to leverage the opportunities it sees in its end markets. Product focused MDs for control, safety and isolation valves primarily

have responsibility for driving product and sales strategy on a global basis. Mr. Heasley explains: "These changes have strengthened our strategic direction and given us more clarity in our route to market, how we develop our original equipment offering

and how we support our global installed base. This more coherent sales and product drive is complemented by our focus on operational excellence, which is being spearheaded by the managing directors at each of our manufacturing facilities. A focus

on improving supply chain management, for example, enables us to better utilise our global valve footprint, through our operations in Europe, North America, China, India and South Korea. According to Mr. Heasley the valves business is the real growth engine of the Power & Industrial division. The heritage of its brands - some of which go back more than 150 years - and performance of its products fits extremely well with Weir's engineering excellence and expertise. "Customers like our products, our technical capabilities and the solutions we provide. As well as the strength of our product designs, we also have a significant service capability. This capability is stronger than many of our competitors and we want to make sure we maximise it to support our customers around the globe."



The South Korean plant has experienced a rapid growth over the past years.



John Heasley,  
Valves Managing Director.



Roger Griffin, Managing  
Director of the Control & Choke  
Valves Product Line.



Walter Benko, Nuclear Director.

While Weir's valves businesses have been historically strong in the power sector, Mr. Heasley stresses the equal importance of the oil & gas sector. "Today our presence in the power sector remains as strong as ever and we are growing an impressive installed base in oil and gas. We have been successfully growing in oil and gas in the Middle East and over the last couple of years we have been increasing delivery of products for Floating Production Storage and Offloading (FPSO) vessels, particularly to those offshore of South America and Africa. Examples we can reference are the supply of control and choke valve solutions

to FPSOs being manufactured by SBM Offshore - Cidade De Ilhabela, Marica and Saquarema. These are significant projects."

## Internal movement within Weir

Recently Mr. Heasley is seeing a lot more movement of people across the Group, which enables greater sharing of knowledge and best practice. "Kevin Spencer was the Regional Managing Director for Weir Minerals Europe and transferred across to Power & Industrial to become its Divisional Managing Director in August 2012. Kevin brings with him a wealth of experience and expertise in operational excellence.





A look inside Weir's Suzhou facility.

His passion in this area is driving the skills and performance at our valve manufacturing plants to ensure that our global operations continue to successfully

deliver the increases in volume through our facilities."

As part of its growth drive, the valves businesses continue to expand overseas.

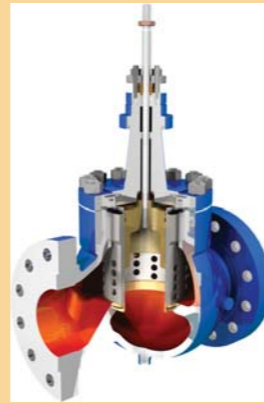
"Geographically we are currently expanding into Russia and Northern Europe. Weir Minerals, for example, has several offices across Russia established over several years. We will be taking advantage of the existing Weir footprint in Russia to grow our valves businesses there. At the same time we continue to grow our sales hubs in Africa, the Pacific Rim and the Middle East."

Weir is also very much focused on 'customer intimacy', in other words becoming much closer to their customers. The Group has facilities, plants, offices and service centres in almost all parts of the world. "We have the capability to follow our customers pretty much anywhere. If a customer is developing activity in China or South America, for example, and we have a good relationship with that customer in Europe or the USA we can go with them

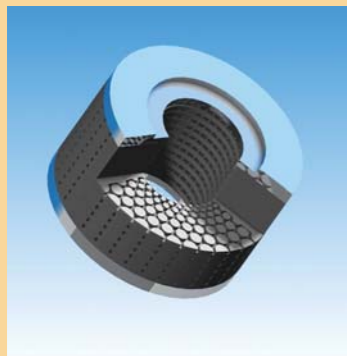
### Control and Choke valves

Weir has been designing and manufacturing control valves for the last fifty years and in 2009 it saw an opportunity to aggressively grow the product line, explains Mr. Roger Griffin, Managing Director of the Control & Choke Valve Product Line. "We spent about a year working through key activities required to rapidly grow the control and choke valve product line. 2010 was very much about completing performance improvement activities on the product itself. Technical focus was placed on the X-Stream® severe service trim, which we believe is one of the most superior trim designs available on the market. Since the start of the growth initiative, input has increased seven-fold and this year output will have increased around five times. We have taken the control and choke valve product line from being a small element of our UK business to an integral part of our valve organization, with our operations in the UK, South Korea and China playing their part."

The X-Stream® trim is a high pressure let down severe service trim that Weir designed and patented. "As part of the rapid growth plan we have used our severe service product design to target high end/high specification applications. It gives our customers confidence that Weir has a very strong technical product offering and complements our general service control and choke valve designs. The product is designed in the UK, where we also manufacture the valves as well as in South Korea. The South Korean EPC market is extremely active, both domestically and overseas, and our South Korean manufacturing facility is well placed to support our customers there." Weir's medium-term aim is to be one of the major control and choke valve suppliers. "We're making significant progress towards our goal and our five year strategy is on track."



A look inside a control valve.



X-Stream® Trim and stack



X-Stream® Trim



Choke valves for severe service application

and give them the support they need in their developing markets." Product development is an area in which Weir has invested significantly as a Group. The Weir Advanced Research Centre (WARC), established in 2011, is a dedicated research facility located in the University of Strathclyde. "The engineering team within the valves businesses under our Divisional Engineering Director Luke Logan is now benefitting from the capability at WARC. As operating temperatures and pressures

at energy facilities continue to increase, it's a great capability for us to have in-house and support product and engineering development."

Mr. Heasley summarises: "Weir's commitment to the valve market is growing ever stronger. We will continue to develop organically and if appropriate by acquisitions that fit with what we're doing in order create sustainable growth. To sum up, there's a lot going on and it's a very exciting place to be."



Weld End Machining.

### Weir and Nuclear

The global nuclear market is a tale of two halves. Pre-Fukushima there was a lot of ambitious growth being considered globally. Post-Fukushima nuclear new build has been virtually dormant for more than two years.



Main steam isolation valve ready for pressure testing.

Now activity is starting up again and Mr. Walter Benko, Nuclear Director at Weir explains: "We are starting to see new build activity again, particularly in China where its new build program has been resurrected. We are working with a number of the Chinese EPCs to supply to the new reactor units. We also see a lot of activity in Europe - Turkey being an example - although the question remains as to when this activity in Europe will turn into firm orders. There is a very promising opportunity in the UK but full procurement is still to crystallise."

A number of issues continue to raise concern over the future of new build activity with the most significant challenge being the recent activity in the natural gas sector. Currently the investment and operating metrics favour development of gas plants versus nuclear. The development timeline and comparatively high costs creates uncertainty in the development of a new nuclear facility particularly in markets such as the US. Describing the current nuclear new build market I would say it is unsettled; however it is experiencing a revival and I would expect to see an increase in activity over the next 12 months. Asia and Europe are the two major regions in which activity is most likely to take place.

The nuclear aftermarket is also a tale of two halves. In the US for instance the Nuclear Regulatory Commission (NRC) has been very proactive in looking at safety upgrades. For example, it is giving direction on operational Boiling Water Reactors (BWR), which creates opportunities for valve companies to support proposed upgrades. Companies

in Europe too have been very proactive towards safety upgrades post-Fukushima. However, limited budgets have resulted in many of these safety upgrades (such as on auxiliary generators and power support) being executed in place of non-essential but performance-improving maintenance. It makes sense and the money is being spent in the right place but at some point the valve maintenance backlog will need to be addressed."

### Weir's global commitment

Weir takes a global approach and Mr. Benko believes the Group is well positioned. "We have manufacturing facilities in virtually all major nuclear markets: US, UK, France, Korea, China, and India. Our facilities in the UK, France, the US and Korea are nuclear accredited (to the ASME III N Stamp or in the case of Korea, the KEPIC-MN certification). Our manufacturing plants in France and the UK are also very familiar with European codes and standards, including RCC-M accreditation. Through our global footprint we have a good understanding of the various codes and standards to build globally and we are able to support our customers where the power plants are being built."

Weir is committed to the nuclear industry and will continue to develop its capabilities, people and facilities. "We are positive about the future. We want to work and grow with our customers and continue to support them globally. Nuclear is a global business and we continue to demonstrate our ability and commitment on that basis. Our customers want to be confident that they can rely on us in the future. We have been providing valves to the nuclear industry for 50 years and we want to continue supplying and servicing valves in another 50 years' time."