

Our Market Drivers

Responding to a changing environment

The Group's diverse markets, including leadership positions in mining and shale energy, mean it is positioned to benefit from some of the major structural changes taking place in the global economy.

**Global population and migration trends**

The world's population was estimated to be 7.4 billion people in 2017, with the latest analysis from the United Nations suggesting it could grow to 8.3 billion by 2030¹ – a growth rate of 83 million people annually.

While the pace of growth has slowed in recent years, the upward trend continues. As a result, and supported by increased urbanisation, demand for natural resources and energy, which drives the Group's primary markets, is expected to continue to rise.

Our response

As the global population grows, and more people move from the countryside to cities, demand increases for the commodities produced by our mining, oil and gas and power customers.

As infrastructure investment increases, there will be additional demand for commodities processed by Weir's equipment. The Group has also expanded into adjacent markets, such as sand and aggregates, that have a more direct relationship to infrastructure-led demand.

As consumption increases in emerging economies, there will also be additional demand for commodities supported by the Group's equipment.

1. https://esa.un.org/unpd/wpp/Publications/Files/WPP2017_KeyFindings.pdf

**Climate-driven change**

Concerns over climate change has led a number of countries to set long-term targets to ban the sale of cars powered only by fossil fuels. The UK and France have said any ban would take place after 2040, while China has not set a specific date.

Moves to reduce emissions and increase the use of electric vehicles is likely to have a long-term impact on commodities such as oil, while also increasing demand on other sources of energy, from natural gas to wind and solar.

Our response

The Group operates in a diverse range of markets that have the potential to be impacted in different ways by the growth in electric transportation and efforts to tackle climate change.

While there is uncertainty about when demand for oil may peak, it is likely to play a major role in the global energy mix for decades to come. Meanwhile, natural gas, which produces significantly lower emissions of carbon dioxide than coal, is becoming an increasingly popular source of energy in both advanced and emerging markets. Increased use of solar energy and electric vehicle adoption will also increase demand for metals such as copper, with solar energy and electric vehicles requiring significantly more copper, lithium and cobalt than traditional alternatives.



You can read more in
Operating Review on page 28.



Also see Principal Risks
and Uncertainties.



Also see Our Strategy
at a Glance on page 12.



Socio-economic environment

The global policy environment is evolving with increased political uncertainty in some regions as the benefits of globalisation are questioned and trade pacts are renegotiated.

Global economic growth continues to increase with emerging economies such as India and China experiencing the largest percentage increases. Meanwhile, many governments have made infrastructure investment, both domestically and internationally, a priority.

Our response

The Group operates in more than 70 countries allowing it to pursue opportunities on a global scale. We have an established presence in many of the fastest-growing economies, such as China and India, and are actively engaged with key stakeholders in these countries to understand the opportunities ahead. The diversity of our operations also mitigates political risk more widely.



Technology acceleration

The digitisation of industrial products and services is a major technology trend. It includes the so-called 'Internet of Things' (IoT) that combines sensors, cloud computing and big data analysis to offer opportunities to increase productivity and create new solutions.

At the same time, advanced manufacturing techniques, including 3D printing, continue to improve offering opportunities for factories and other industrial facilities to become more efficient in the future. Innovation in materials science also offers the potential to provide alternative production methods.

Our response

The Group has developed a new technology strategy that incorporates how we will adapt and succeed using these emerging technologies. Working in partnership with fellow technology leaders Microsoft and Dell, we have developed our own IoT platform that utilises sensor technology, cloud computing and machine learning. Trials of Synertrex® are currently underway in a number of global markets.

We are also committed to extending our capabilities in advanced manufacturing, materials science and increasing the sustainability of our markets through improving energy and water efficiency. More details on our technology strategy can be found on page 18.