

# Business Update

## October 2020

### INTRODUCTION

As our financial year has ended (30<sup>th</sup> September 2020), what a contrast to this time last year. In October 2019 we were talking about “the buoyancy in the oil and gas market” and how we were setting ourselves up “to capitalise via our growth plans”.

The new financial year will hold many challenges across all areas of our business. Many aspects of Brexit still remain an unknown; COVID is raising instabilities that is proving difficult to legislate against; oil prices are at a much lower level than pre-Covid; and surplus oil continues as life stutters without ships, aircraft and cars using the previous volumes of fuel.

Financial year end results are relatively good due to the fact we entered the year (October 2019) with a healthy backlog of customer orders. As we start our new financial year targets have been realigned with less backlog but with a positive outlook on a sustainable level of workload across all our businesses.

As part of our COVID practices we have elected to continue to work at full strength from our offices.

“Tightening our belts” cannot be overstated as we look to retain a liquidity in our business. All aspects of expenditure will remain under tight controls for the foreseeable future, until we see the world economy re-establishing itself.

Whilst the market remains uncertain I can assure you the Senior Management are working hard to ensure the future remains positive.

*Colm Kane, Managing Director*

### CONGRATULATIONS



This year in particular has seen a high number of employees reaching key milestones in their career with Oliver, and all deserve a special mention. As well as those already mentioned in previous updates;

35 years – Nic Upton and Neil Barnett

30 years – Lee Humphries

20 years – Kevin White and Gary White

15 years – Michael Rathbone, Daniel Wilding, Steve Ashcroft and Matt Collins

10 years – Colin Wood, Matthew Cook, Stephen Stoneley, David Foulkes and Ian Jackson



Nic

Neil

Lee

## HIGH PERFORMING ACCOUNT SUPPORT

High praise has been received from one Valvetek customer, TechnipFMC, commending the support received from both Elaine Parry and Maureen Dale.

The Global Category Manager added “no matter how difficult a challenge set by us, it’s never a problem... We really appreciate this highly performing support and couldn’t ask for a better service”.

Well done Elaine and Maureen!



## NEW PRODUCTS

Oliver Valves 20ksi Outside Screw and Yoke Needle valve – API PR2 tested and fire tested.

Two new products for Oliver Twinsafe that have been Shell witness tested:-

- 2” 300 metal seated valve, qualified to cover a temperature range of -50 degC to +350 degC.
- 4” 300 class cryogenic valve, qualified at a temperature range of -95 degC to +150 degC.

## INDIA FACTORY

Our India factory has completed the financial year recording their best year ever for shipment results. Recognising the difficulties of COVID restrictions in India over the last 6 months, makes this achievement even more remarkable. Well done to all our India colleagues!

## ARAGON

Back in October 2019 Yinson Production were awarded the contract by Petrobras for the charter, operations and maintenance of the Marlim 2 FPSO. In May 2020 Yinson awarded Aragon, who are based in Norway, the contract for 7 modules covering Gas Treatment, Gas Compression, Utilities and Flare Systems for the FPSO often called Anna Nery.



*The VLCC Falcon will be converted to the FPSO Anna Nery*

Prior to their award Oliver Valves had been working with Aragon to support them with pricing for Instrumentation valves and DBB's for the Compressor and GTU Modules. After a long process of technical and commercial discussions Oliver Valves were awarded the PO's for the 2 packages, worth a total value of approximately £750K. **The package comprises a total of 528 valves in sizes from ½" to 4" split across Oliver Valves and Oliver Twinsafe.** On award of the contract on the 4th September we were praised for the 'swift and professional way that we handled the project through the quote stage' by Aragon's Project Management team.

*The Anna Nery FPSO will be able to produce 70,000 barrels of oil and 4 million cubic metres of gas per day. The production start-up is scheduled for 2023, and is location 150km (93 miles) offshore Brazil. Water depth is about 930 m (3,051ft).*

## NEW FACTORY

As you are aware in 2019 Oliver Valvetek agreed to purchase three factory units on the Novus Development. At that time we were operating at full capacity, with a record year in prospect and exciting plans for the future. Shortly thereafter, COVID 19 began to take affect, and like many other businesses we have experienced a huge adverse impact both to our operation in Knutsford and across our global market. Our customers in the oil industry have reacted swiftly to the collapse in the oil price by delaying or cancelling major capital projects, which form the core of our revenue. We in turn have had to take steps to protect our business, and to amend our plans to deal with an uncertain future for the oil and gas sector that shows little evidence of returning to normality for many years to come.

We now anticipate a significant contraction in output for our business, the result of which has meant we have had to cut expenditure drastically. The downturn has meant we have enough space within our existing factories, reducing the need for this facility. We will keep you posted on how the Company will proceed with this development.

## MIDDLE EAST PROJECT AWARD

Oliver's were recently awarded a contract for £450k from one of the Middle East based EPC contractors for supply of Double Block and Bleed Valves to be installed in Abu Dhabi Offshore for the NASR 85 MBD Wellhead Tower Modifications Project.

The supply includes both Oliver Valves and Oliver Twinsafe Double Block and Bleed Valves. This project is on fast track where valves are being supplied in less than 12 weeks lead time.

The client has one of the most stringent specifications in the world on Fugitive Emissions ISO15848-1, Sour Services, high alloy bolting and testings etc.

Oliver Valves are capable and comply to all the specifications from the end user.

This is a great achievement for Oliver Valves and a good reference for the ever expanding supply list in the Middle East.



## OTHER NEWS

- Allan Twiss retired from Valvetek after 10-years service on 30<sup>th</sup> September.
- Christmas shutdown holidays are confirmed; the business will close at 12.30pm 24<sup>th</sup> December and re-open Monday 4<sup>th</sup> January 2021. A skeleton crew will work on Tue 29<sup>th</sup> and Wed 30<sup>th</sup> December – please refer to email issued to all.
- Training videos are available on the intranet – select a subject and access a short video to improve your understanding.
- Timesheets have now been replaced by the clocking-in/out system using software developed by IT & Finance departments. This is making major time saving in administration!
- LRQA ISO Certificate successfully renewed following audits of our three businesses in August and September.
- We are continuing to limit visitors to our facilities as part of our COVID site practices.
- Don't forget to advise our accounts team if you want to change any details associated with your pension. Call Nigel on ext 386.