

Business Update

April 2021

INTRODUCTION

We have now completed the first half of our financial year and business results are almost all in line with our forecasts. New customer orders are at a reasonable healthy level, shipments on target, on time deliveries at 90% + and further opportunities abound.

Projects that had been postponed/delayed due to economic reasons over the last 12 months, are now being released back into manufacture. This is great news!

The fears of import/export delays due to new practices following Brexit have so far failed to materialise. This has enabled the company to maintain its high level of services to our customers, in particular providing good on time delivery performance.

Sales have had numerous successes in the last quarter, winning sizeable customer orders against stiff competition. A few updates appear in this edition. Well done Sales team!

More good news from Engineering on pages 4 & 5 regarding new products passing qualification tests. A new lip sealing design of DBB has been released along with ½” bore topside manual gate valve and Subsea hydraulically gate valve.

QA lead from the front with recent API & ISO audits, both of which were successful and continue to demonstrate high levels of quality in our products and systems that our competitors worldwide find hard to match.

Oil prices have increased significantly in the last quarter from \$51 Barrel to circa \$63 (end March). This bodes well for future business once oil surpluses around the world are reduced.

I hope that we can now see some light at the end of the tunnel of the COVID virus as vaccinations promisingly progress. In the meantime I ask everyone to remain focussed on our COVID practices to avoid any health problems for our employees and their families.

Colm Kane, Managing Director

MERO 2 SHIPMENT

During January and February Oliver Valvetek's largest shipment and most strategically important shipment was for the MERO 2 project in Brazil.

Our customer requested Valvetek to vigorously expedite valves urgently required for their installation programme to deliver in January against a contractual delivery of April. Valvetek proved "IT CAN BE DONE", despatching three sets of valves three months early to the delight of the customer.



NEW COMPANY WEBSITE



The Company has taken the decision to employ a web design company, called Blue Whale Media, to overhaul our existing website and bring it up to-date with both new and exciting content and corporate videos (including drone footage). This can only improve our standing within the valve industry and further portray Oliver's as the worlds leading manufacturer of valves.

If anyone has further suggestions of content that could be included, in addition to those already provided, please contact Helen Newport initially.

CONGRATULATIONS

Congratulations and thank you to the following employees who will be reaching a service milestone in their career with Oliver Valves during this quarter.

10 years - Mike Adams, Ian Evans and Peter Dorney
20 years – Andy Cropper
30 years – Steve Williams



Steve Williams



Peter Dorney



Andy Cropper



Ian Evans

OTHER ENGINEERING NEWS

Working in conjunction with the Sales team, the Oliver R&D department continues to release new products to the market and complete project specific qualifications. At the half way point of the financial year a total of 53 qualifications have been completed all relating to live customer orders.

Projects for new product ranges and new business ventures such as a range of valves for Hydrogen service, high pressure gate valves for TechnipFMC and compact flange pipeline valves are in progress within the department.

IMPROVEMENT IDEAS

Many employees have been submitting suggestions and ideas to improve our business. Each idea is being handled by a 'leader' to implement and action so we can reap the rewards of these fantastic inputs.

Please keep your ideas coming via your line Manager!

OTHER NEWS

- Don't forget to Like and Share the company articles when posted on Linked In and Facebook.
- Shopfloor vacancies are now being advertised. If you know of anyone who may be interested please ask them to contact Sharon Inch.
- Cyber tests will be continuing at the start of each month.
- The new factories are currently held-up, awaiting electricity connections, which are being taken from a sub-station on the other side of the railway lines.

LNG TERMINAL SUCCESS

Oliver Valves has been selected to supply a major LNG Export terminal in America, this will add natural gas liquefaction and export capabilities to the existing terminal

The current scope of this project is to supply; 948 Double Block and Bleed valves in a Flange-by-Flange configuration, both soft and metal seated; 1,899 Slimline Double Block and bleed valves; and 598 balance rings. Current scope of supply amounts to approximately £1.8m with further orders to be placed over the next 12 months

The current project schedule is over 3 trains, with Train 1 proposed to come online “no later than September 30, 2025”; Train 2 by March 31, 2026; and Train 3 by Nov. 30, 2026.



SUEZ CANAL CRISIS

Recent incidents holding up freight on container ships you would find hard to write. From incorrect paperwork for honey stored in a container, to a fire in the engine room of a huge container ship, to the blockage of the Suez canal, etc. All issues that required our supply chain team to manage the impact as certain supplies were held up arriving from abroad.

You will all have heard about the huge container ship that has been wedged in the Suez Canal. The Ever Given is 400m-long (1,312 ft), 60m-tall (197ft) and weighs 200,000 tonnes, carrying 18,300 containers

Thankfully, in the last couple of days, after the efforts of dredgers removing sand and silt, and a fleet of tugs attempting to pull and push the ship free, the Ever Given was refloated, saving ships the more arduous journey of travelling around the Cape of Good Hope, and adding 5,000 nautical miles.

A number of Oliver products en route from our Indian facility were held up, but are now making their way to us through the Suez Canal.



14mm Bore D-Type Soft Seated Floating DBB with BB-OS&Y Vent completes Lloyds Approved MESC 77/300 Qualification utilising Lip Seals in its Non-Elastomer Design

The recently qualified soft seated floating D-Type DBB, with cost saving BB-OS&Y vent, allows Oliver Valves to comply with client and end user specifications for some of the largest operators in the Middle East by utilising lip seals in its non-elastomer design. Competitively priced, the range of 10mm and 14mm DBB's offered at all pressures classes ranging from 150 up to 2500 class enables Oliver Valves to bid on some potentially lucrative projects.

Key Selling Points -

- Lloyds Approved Shell MESC 77/300 Compliant.
- Non-Elastomer Design Utilising Lip Seals
- Qualified Temperature Range -29°C to 150°C operable, -50°C non-operable.
- Fugitive Emissions Tightness Class B
- 10mm, 14mm and 20mm Qualified.
- Full Range of Pressure Class Qualified 150:300:600:900:1500:2500
- Full Shell witnessed MESC 77/300 and fire test qualifications to follow



½" Bore 20,000psi Rated ½ Turn Manual Gate Completes API 6A 21st Edition Appendix F PR2 Qualification for High Pressure Topside Application

The recently qualified Oliver Valves ½" Bore Topside Manual Gate Valve has provided our client and end user a solution for use in an industry first deep-water high-pressure development in the Gulf of Mexico. The first stage of the Anchor field is a 7 well development situated approximately 140 miles (225 km) off the coast of Louisiana, in water depths of approximately 5,000 feet (1,524 m).

Oliver Valves will be supplying six ½" gate valve DBB's to Anchor Project which utilise the recently qualified 20,000psi rated OS&Y Needle Valve as the vent. Their application will be used to drain the 20,000psi rated pipework surrounding the large boarding valves topside on the semi-submersible floating production unit. First oil is anticipated 2024.

The high-pressure rating of this design allows our clients and end users alike to access other high pressure resource opportunities across the industry.

Key Selling Points -

- Working Pressure:20,000psi (1379 bar)
- API 6A 21st Edition Appendix F PR2 Compliant.
- Independently Witnessed and Approved Qualification.
- Qualified Temperature Range -29°C to 121°C operable.
- ½ Turn Manual Operation.
- Can be offered in single isolate or DBB format utilising a 20Ksi OS&Y Vent.
- Qualified in ASTM A182 F55 with UNS N07718 & N06625 Trim.



½” Bore 20,000psi rated Subsea Hydraulically Actuated Gate Valve completes API 6A 21st Edition PR2 and API 17D 2nd Edition

- Oliver Valvetek Designed, Developed and Qualified in accordance with API 6A Annex F PR2 21st Edition and API 17D 2nd Edition.
- Working Pressure of 20,000 psi (1380 Bar)
- -29°C to +155°C (-20°F to 311°F)
- 10,000ft (3048M) Depth Rating
- Independent 3rd Party Approved Qualification.
- Demountable Actuator.
- Independent Primary and Secondary Gland Seal Validation.
- 600 Hydraulic Cycles Completed.

Second Phase of Qualification

- Target a Total of 1200 Cycles by means of an additional 400 hydraulic downstream cycles + 200 Manual Override Cycles.
- 33 Stage Stepwise Testing in Both Upstream and Downstream Directions.



SUCCESSFUL QA AUDITS

During the first quarter of 2021 there has been a busy Quality Assurance schedule with 2 major audits taking place.

First was the American Petroleum Institute (API) 1st annual surveillance audit of Oliver Valves. This followed on from the qualification audit in 2020 and during the 5 days the auditor:

- Scrutinised our Quality Management System
- Checked we were still operating within APIs exacting standards
- Verified that any corrections made from the previous audit were firmly embedded

During the remote sessions the company also put forward an application for our first API product standard – API 6A. A full technical and design review was conducted as well as process checks to test our ability to build the product.

The week of auditing proved successful and, thanks to everyone’s contribution, resulted in Oliver Valves being recommended for continued API Q1 certification and for the prestigious API 6A product licence.

Following on from the API audit, all three businesses underwent the ISO 9001:2015 surveillance audits. These were conducted by Lloyd’s Register and followed the successful re-certification audits in August 2020. The focus of the visits was more towards the management side of ISO with some sample checking in the production areas.

Again, the audits were successful with all businesses continuing with their ISO approval.