



For the attention of all Westley Group customers

22nd May 2020 - Coronavirus Update

As we near the end of the third month of running our respective businesses during these unprecedented times, we wish to provide you with a further update on our current position.

As always we would like to begin with praise for our colleagues for the mature and pragmatic way they have approached their work commitments during this period. We are very pleased that the UK Government has recognised the hugely important part manufacturing plays in the health of the economy, however even despite this one in five companies have been forced to furlough up to a quarter of their staff and 15% of these by up to a half. We have been able to avoid this through the exceptional attendance record of all our colleagues and the tremendous support of many of our customers. We are extremely grateful and respectful of the commitment everyone has shown (which includes our customers and suppliers), and also for the professionalism and responsible attitude all our colleagues have exhibited in abundance.

By way of a current update, as we have said previously we have an audited, insurance approved Business Continuity Plan, however it is better to think in terms of staff at work, cash availability, orders on hand and supply availability.

Our update around this is as follows:

- We employ 270 staff at Westley Group, and as a result of a continued phenomenal effort from all concerned, we currently have 261 of these staff in work and working as normal. This is actually a slightly improved situation and is a phenomenal effort from all concerned for which we are very grateful.
- We continue to have adequate cash resources to accommodate the short to medium term cash impact of this situation and continue to have the full support of our banking partner, Barclays.
- Our order books continue to be supportive of remaining at work however we are now seeing a reduction in order intake levels and, as we said in the last update, we have begun to maintain much more of a watching brief on this. The Office for Budget Responsibility is forecasting a 35% fall in real GDP in to the second quarter of 2020 and an unemployment spike of 10%. This forecast is itself built upon the assumption of a V shaped recovery, however the majority of manufacturers are expecting more of a W shaped double dip slowdown. In terms of what this means for Westley Group, this is hard to forecast. Factories around the world have been forced to close or run reduced hours which will inevitably cause a significant disruption to the global supply chain. Our expectation is that, even if the gradual easing of the lockdown is accelerated quickly, the impact of this supply shock will almost certainly impact Westley Group for some time to come. This means we must continue to be the best we can be in all respects, by making products right first time and providing customers with the best service possible. This will be our focus going forwards so we can try to win a larger share of an inevitably shrinking market place.
- In our last update we reported we were beginning to feel pinch points in our supply base and that as a result we were communicating at a Board to Board level with number of key suppliers to try to help, guide and work with them to alleviate these pinch points as far as possible. We have experienced little to no limiting factors in supply as a result, and whilst we will continue to keep an eye on the supply side, our focus is very much shifting to the demand side now as we move towards the summer months.

We traditionally have an annual May week shut down for a number of our manufacturing cells and this is something which we have decided to continue with this year, despite that fact that our colleagues will not have the chance to properly go on holiday. This means we will only have a skeleton level of attendance for the period from the 25th May to the 29th May inclusive in certain areas. This is entirely normal at this time of year and is unconnected to the Covid-19 situation. All our offices remain open and many of our manufacturing cells are continuing to operate so do please contact us if you require any assistance as we will be able to help.

As always, should you wish to discuss any aspect of this communication, in the first instance please feel free to email james.salisbury@westleygroup.co.uk and we will be do all we can to assist or to provide further information.

Once again, we would like to wish you, your family and your colleagues safe passage through this difficult time.

James Salisbury

Chief Executive Officer, Westley Group, 22nd May 2020

For and on behalf of: FW Birkett, Walter Frank, Spunalloys, Meighs & Westley