



For the attention of all Westley Group customers

25th March 2020 - Coronavirus Update

As we approach the third week of running our respective businesses during these unprecedented times, we wanted to provide you with a proactive update on our current position. Going forwards, we will ensure this update is sent on a regular basis and certainly as a minimum, if something significant changes we will notify you immediately.

We manufacture cast and machined components primarily in Copper based alloys. Due to the materials we manufacture being very anti-corrosive in sea water we tend to find that many of our customers operate in an oil exploration and delivery, gas supply, firefighting or naval defence market place. Hence, by natural selection we tend to find that we are a critical supply partner to a number of essential industries; we take this responsibility very seriously.

Before we provide you, our valued customer with an update, we would like to request some help from you. If you are in an essential industry and need Westley Group to continue to supply you as a critical supply partner it is essential to our ability to remain ethically and morally open, for you to provide us with an email or a letter stating this. If you could send a letter or email to your normal daily contact at Westley Group we would greatly appreciate it.

By way of introductory, background information, Westley Group's annual revenues are over £30m and we have a diverse, widespread customer base, with exports accounting for 25% of our output and our single biggest customer being less than 5% of turnover. Our gearing as at the end of February 2020 (defined as total net debt as a ratio of net tangible assets) was 30%, which represents a very stable starting point from which we can start to navigate through this pandemic situation. Our Dunn & Bradstreet risk failure score is 1, which is the lowest risk that Dunn & Bradstreet can provide. Our most recent financial year-end saw us create just under £3m of EBITDA and generate the same in operating cash flow.

If we now move in to the detail of the current situation.

We have an audited, insurance approved Business Continuity Plan, however as we all know very few of these plans anticipated the depth and breadth of the scenario mankind now finds itself in. Perhaps it is better to think in terms of staff at work, cash availability and orders on hand?

- We employ 270 staff at Westley Group, and as a result of a phenomenal effort from all concerned, we currently have 264 of these staff in work and working as normal. We fully expect this to start to become a worsening situation and we have measures in place to try to offset this when it happens. We are extremely grateful to, and respectful of, the huge personal effort from all our staff and we hope that this will allow us to continue to service our customer base for as long as the Government allows us.
- We have adequate cash resources to accommodate the short to medium term cash impact of this situation and have the full support of our banking partner, Barclays, who have expressed a desire to provide further facilities and support should it be required even before utilising some of the schemes the Government has put forward.
- We had order books at the end of February 2020 which represented circa two to four months of forward order load for our manufacturing divisions. This is completely normal for our businesses. It would take a period of about two weeks of not receiving any material order intake value for our business to start to consider some planned capacity reductions based upon the current order book levels and planned working. As an anecdotal observation, our order intakes during the month of March 2020 have continued broadly in line with historical precedents and are not yet overly impacted by the pandemic.

We have received many messages of thanks and best wishes from our customer base and we are very grateful for this. We would like to make two requests of you our customer, at this stage in the pandemic, and we may make contact in this regard with individual customers as and when to help all parties navigate through all of this:

1. If you have any orders which you are holding off placing as they are too far in to the future to be required yet, do please place the orders even with a long forward looking date. This will give us the time to plan, and perhaps the confidence to continue to operate as normal.
2. Should you be unable to accept deliveries for whatever reason, we ask that you allow us to work to the contractual due dates and invoice and be paid accordingly. If we have a large number of customers attempting to amend contractual due dates it is unlikely we will be able to accept all of those requests.

We are taking extensive, micro, additional precautions which we hope taken together will help to limit the spread of Covid-19 and its impact on the employees of Westley Group, and hence by extrapolation the impact upon our customer. The precautions are too numerous to list them all here, but by way of illustration a sample of these micro measures are listed below:

1. Numerous letters and notices have been issued to all staff; examples are attached to this letter to you.
2. A daily Group conference call takes place chaired by a Westley Group Director with all the site GM's in attendance to assess if any changes to our current plans and policies are immediately necessary.
3. A Group Director is required to approve staff attending meetings or conferences off site. Unless these meetings are essential they are being temporarily postponed. At the time of writing ALL meetings are postponed.
4. A Group Director is required to approve any meetings or conferences taking place on any of our sites. Unless these meetings are essential they are being temporarily postponed. At the time of writing ALL meetings are postponed.
5. We have enacted significant social distancing and containment measures across all our sites.
6. We have reviewed our BCP and can confirm we are not reliant on any supply chain outside of the UK and have fully vertically integrated manufacturing capabilities within the Group.
7. We have reviewed our existing stocks of raw materials and consumables and believe these to be satisfactory. We continue to monitor any supply-side issues with our key suppliers, who confirm they have increased stocks to mitigate any risks, and will take all actions necessary to avert any shortages should they look likely.

We would like to thank you for reading this letter but perhaps most importantly, on and above the usual professional working protocols we are all used to, we would like to wish you, your family and your colleagues safe passage through this difficult time. All at Westley Group hope to be working with you all in the months and years to come.

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

James Salisbury

Chief Executive Officer, Westley Group, 25th March 2020

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

Enc: Examples of employee notices as below to further illustrate some of Westley Group actions and activities.

Coronavirus Update 24th March 2020

There were a number of significant announcements from the UK Government yesterday evening which left us all feeling as if we have to make a judgement call on whether we think we are doing the right thing continuing to come to work.

We take the view that there are a number of assessment stages or tests which we should go through as a Management Team to determine what to do as a result of last night's announcement and indeed as we move forward. Going forward we will apply these rules each day and will react accordingly. We will give our colleagues as much notice as possible of any changes which result.

1. We must comply with any UK Government mandatory directives.
2. In the absence of UK Government mandatory directives we must do what is safe for our colleagues.
3. Once we are operating in a legal and safe manner, we must do what is right for our customers, and our customers supply chains.
4. Once we are legal, safe and meeting the needs of the supply chains we service, we must ensure we have enough of a forward looking order book to ensure the continued financial security of the Company. If the order book falls too low or we cannot maintain a critical mass of colleagues to operationally service it, as we have said before, we may be forced to move to some kind of forced furlough, lay off type situation.

Test One: We must comply with any UK Government mandatory directives.

- The Government have published a list of businesses which are NOT essential. We are not on this list, so we are currently deemed essential.
- Further, our colleagues must travel to and from work as we cannot make anything without colleagues physically attending our place of work. We appreciate there may be a very small number of colleagues who could do some work from home and we will speak to these people over the course of the next few days, however for the vast majority of our colleagues, travel to and from work is essential.

Test Two: We must do what is safe for our colleagues.

- We assess that all the policies and procedures we have put in place mean that we have made it as safe as possible to come to work. We will continue to keep abreast of any published practices to further enhance social distancing and welcome suggestions from any of our colleagues.
- We understand that it cannot be as safe as staying at home however we are doing our best to ensure we strike the correct balance. We assess that we are currently striking that balance.
- Colleagues must wash their hands, try not to touch their faces and must maintain social distance in all situations.
- **If a colleague feels unable to maintain social distance at work then you are being asked, by mistake, to perform a task in an incorrect manner and you should raise your concerns immediately with your line manager.**

Test Three: We must do what is right for our customers, and our customers supply chains.

- We make safety critical and national defence critical parts. Our components provide critical, necessary, essential parts for use in wide ranging applications including fire-fighting safety systems and naval defence assets. We have letters from three significant, brand name customers urging us to continue production to ensure they in turn can provide their critical safety products. We take these requests very seriously.

Test Four: We must ensure we have enough of a forward looking order book to ensure the continued financial security of the Company.

- We have order books which provide us with a level of work which is sufficient for us to operate in as normal a manner as possible for the foreseeable future. This could change week to week as we need a continuous flow of work to replenish order books, however we will review this test on a weekly basis.

We want to once again thank everyone for the calm, professional and pragmatic spirit which everybody at Westley Group is displaying in abundance

Thank you again to everyone, we appreciate and respect your professionalism during this time.

Westley Management Team 24th March 2020

Coronavirus Update 23rd March 2020

There have been a number of announcements from the UK Government over the course of the weekend and we need time to review them and consider them. In the meantime all the memo's and notices we issued last week still stand. Due to the lack of detail around some of the announcements, we may not be able to respond in detail for a few days as we ourselves are awaiting clarification how certain things will work.

In the meantime we want to once again thank everyone for the calm, professional and pragmatic spirit which everybody at Westley Group is displaying in abundance. As most of you will know, but it is worth us being reminded, a lot of what we make is for the UK Navy supply chain, in particular the submarines which provide the UK with it's Continuous At Sea Deterrent capability. We have a letter from Rolls-Royce Submarines Ltd which we received last week stating just that, and thanking us all for maintaining our supply chain capability during this testing time.

Thank you again to everyone, we appreciate and respect your professionalism during this time.

Westley Management Team 23rd March 2020

Coronavirus Update 18th March 2020

Obviously we are very focussed on trying to protect all our colleagues from contracting Covid-19. We would like to start by saying a big “thank you” to everyone for their pragmatic and helpful approach so far. We hope that the social distancing measures we have put in place, along with other measures such as increased hand washing, increased cleaning and the prevention of meetings will help to reduce the scale of the impact on the Company and on the number of colleagues who contract the symptoms.

However, we recognise that it appears to be an ever increasing likelihood that many people in the UK will eventually contract the disease. This means it is likely that all our efforts at Westley Group will in the end only serve to flatten the peak of the problem that we experience as a Company, and move our particular peak out to a slightly later point in time.

We must continue to plan how best to protect the business over this difficult period. Ultimately, we take the view that protecting the business for the long term also protects our employees. This is such a fast moving and changing problem, one that we have so little experience of, that we are making judgement calls at a fast pace and not always with all of the information available. Pursuant to this we want to make you aware of some measures we are considering which may not be adopted, or which may be adopted at some point in the future. We also want to recognise that nobody knows how long this problem will last. Last week we were hoping it would be a few weeks, whereas now we are starting to think it will likely be an issue which requires unusual measures and careful management for many months to come. For this reason we feel we need to keep all possibilities open to us as we consider what options to enact.

Before we go in to the options open to us we want to remind you of the UK Government guidelines. As they are changing on a daily basis, we urge you to review the up to date information and guidance on the NHS 111 line.

If you have the following symptoms or anyone in your household has them you need to self-isolate for 14 days.

1. You have a dry, rough, continuous cough: The simplest way to distinguish Covid-19 from a common cold is that the Covid-19 infection does not cause a cold nose or cough with cold, but it does create a dry, rough and continuous cough.
2. You have a high temperature: You can only tell if you have a temperature by testing yourself with a calibrated thermometer. If your thermometer is not calibrated use two and take the average. Your body’s normal temperature is between 36 and 36.8 degrees Celsius. A high temperature or fever, for most people, is when your body temperature is 38C or higher.

Social distancing at work:

As already said we are focussed on trying to protect all our colleagues from contracting Covid-19, but we do recognise it appears to be an ever increasing likelihood that many people in the UK will eventually contract the disease. As a result we have enacted social distancing measures wherever possible:

1. Desks in the offices have been moved to increase the distance between desk pod colleagues.
2. Canteen tables and chairs have been moved and/or colleagues have been asked to sit apart at lunch time.
3. Non-essential staff have been asked not to attend internal meetings and those attending meetings have been asked to sit no less than two metres apart.
4. The cleaning of all hard surfaces has been stepped up and each site now has a dedicated team member who is ensuring hard surfaces are cleaned throughout the day. This extends to things like door handles, key pads, photocopier machines etc.
5. Colleagues who are clocking in and out are being asked to stay two metres apart in the queue and wash their hands before and after clocking.

Advance notice of possible options being considered:

As the number of self isolations increase and as the rate of order intake from our customers may begin to decrease, we are aware that we may need to act to alleviate either or both of these occurrences. Because this is a completely novel problem to all of us, it is very difficult for us to apply our judgement to it in order to predict what may happen. We may be forced to enact certain options with little or no consultation or warning, however we will always try and be mindful of providing as much notice and time for consultation as possible. Hence, in some way, this advance notice of possible options is a form of advanced warning. The senior management team and directors will be subjected to exactly the same rules and behavioural expectations as all other Westley Group employees. We owe all our colleagues a duty of care to get the balance between their health, their safety, and their economic security right. We take this duty of care very seriously. For this reason we are considering a range of scenarios which may include a temporary layoff period or short time working.

- We need to have enough skilled and experienced supervision on a Westley Group site for that site to operate safely. We work in a molten metal and moving part environment and therefore we may be forced to close a site, or part of a site, with minimal notice if we are unable to operate safely. There is also a scenario where a critical part of our raw material supply chain may temporarily run out of stock, or our orders may temporarily dry up as a result of the world slow down which could flow from the Covid-19 impact. There is also the very real threat that the financial cost of the Company financing colleague's self isolation periods may become unsustainable. Should any of these events occur we expect any closure will be for a short period of less than two weeks and we will aim to give as much notice as possible. There is the alternative scenario which is that we may choose a staggered form of short time working spread over a number of weeks. Again we would aim to give as much notice as possible. As yet we do not know which, if any of these temporary layoff type situations will prove necessary. We will do all that we can to avoid any action of this type, but equally we are sure you will appreciate we must do whatever is necessary to ensure the continued survival of Westley Group.
- Another option we are considering to help limit a financially disastrous scenario which could result in a temporary site closure is to amend the amount of company sick pay we provide for Covid-19 related absences. Some colleagues who are self-isolating due to them, or a member of their household, experiencing the symptoms of either a dry, continuous cough or a measured high temperature have an expectation of being paid for some or all of this absence from work. It may be that self-isolation becomes so significant that it affects a significant minority of our colleagues. In such a situation that the Company deems the financial cost of providing this financial support to individual employees materially increases the risk of the Company for all employees, the Company may introduce a temporary amendment to the terms and conditions of those colleagues who have a contractual sick pay entitlement to mitigate this risk. If this were to be the case it is highly likely any amendment will be back dated to apply to absences retrospectively from the date of this letter in order to be equitable to all employees. This temporary contractual change may be that employees are asked to XXXXXXXXXXXXXXXXXXXX. We recognise this would be an unwelcome change and we will only do this if it proves absolutely necessary.

We wish to recognise that the rate of absence from our sites has been extremely low. We are grateful and respectful that the vast majority of our employees are attending work and working as normal. As we said at the start of this letter we wish to say "thank you" for that. It is extremely important during this time that we continue to service the customer with exceptional quality and on time delivery.

This whole thing is a health and societal pandemic which is becoming a worldwide crisis. How we react to this ever changing crisis in such a manner as to safeguard the future of the Company, the financial future of our employees, and the health and safety of our colleagues is our sole focus at this time.

As we hope you can see we have been doing, we will keep you updated with information and we will continue to take our duty of care very seriously.

Westley Management Team 18th March 2020