INTRODUCTION FROM THE CEO

GROWTH, DEVELOPMENT AND INVESTMENT

It’s great to be welcoming another new year as President and CEO of Stowen. Our plan in 2017 was to build a healthy order book, despite some of our end-markets remaining challenging. I am pleased to say we made great progress across the business given conditions in natural resources end-markets. Our year-end trading performance was robust, as we benefited from the diversity of our business – especially the record performance from our clean energy division. With a strong order book for Q1 & Q2 already in place, 2018 is set to be another exciting year for the Stowen team and shareholders. We continue to see some of the most significant and rapid changes to the energy market we have experienced for some years, however these changes offer great opportunities.

On the demand side, the overall demand for energy looks set to continue to expand. The pace of growth is likely to slow as vehicles become more efficient and technological improvements such as electric vehicles, autonomous driving and car sharing herald a mobility revolution.

On the supply side, the impact on future supply due to significant cutbacks in investment spending on new energy projects over the past two years has not yet been fully felt. However, with oil inventories at a record-high and an abundance of oil resources (oil resources known today dwarf the world’s likely consumption of oil out to 2050 and beyond) it’s hard to predict a significant upswing in this sector any time soon.

These supply and demand changes mean low-cost operators will be able to use their competitive advantage to increase market share. This presents a great opportunity for Stowen in supporting these operators as they continue to operate and produce from assets reaching end-of-life.

Within Stowen, we continue to grow and have welcomed a large intake of new team members in Q4 2017. Our commitment to training and developing young local people is stronger than ever. You can see more about our apprenticeship training on page 10.

Thank you for taking the time to read and learn about Stowen, and I wish you a productive and prosperous 2018.

MATHEW OWEN
PRESIDENT - CEO

THE NORTH SEA – AWASH WITH OPPORTUNITY FOR OVER FIFTY YEARS.

There is a mood of optimism sweeping the industry as the first shoots of recovery in the oil price point to a longer-term improvement in the forecast price.

Fifty years ago, the North Sea promised a new boom in energy production, revenues and opportunities for the supply chain.

Fifty years on, the North Sea is one of the longest-producing hydrocarbon basins globally, recognised as a major contributor to world energy markets.

That longevity and stability has been shaken up by high-profile company mergers and a falling oil price, forcing the supply chain to react.

At Stowen, we think change brings opportunities - smarter ways of working, inventive solutions and a re-evaluation of time-honoured methods. Doing things one way because they’ve been done like that for half a century no longer flies – we see the supply chain becoming leaner, more agile and more resourceful in order to maximise profitability and efficiency.

With many operators extending assets into late-life operations, simplification programmes and upgrades are underway in tandem with field developments. We think the North Sea Basin still has many years of productive life to offer!

By increasing efficiency and adding value to existing assets, the North Sea is once again positioning itself for sustainable success that is attracting investment. The next fifty years of activity in the North Sea will also undoubtedly have renewable offshore wind at its core. This market continues to expand apace, supporting the UK’s ambition to deliver a low-carbon, clean energy future.

This is a market that is no longer emerging, but rather establishing itself at the heart of the UK’s energy mix. These offshore projects have injected a vital sense of dynamism into the sector, bringing innovative, practical solutions that are ushering in another boom for the future of the North Sea.

Whilst many companies are only now thinking about diversifying, Stowen have been doing this for years. We were quick to react, designing solutions to challenges across Oil and Gas, Clean Energy, Nuclear and other sectors whilst other were thinking – “should we be worried?”

See our infographic on Pg. 6 for a history of Oil and Gas in the North Sea, and where we see the future going.
2017 saw Stowen launch their new onshore services division, based conveniently in south Lowestoft with easy access to the port, a natural gateway to the North Sea.

The 600m² facility boasts a 10Te and 5Te overhead craneage, as well as a 300Te loading pad.

The facility is set up for supplying fabrication to DNV and ABS standards, with a dedicated clean shop for Stainless, Aluminium and other exotic projects.

This outstanding new facility was put to good use when we took delivery of a multi-million pound cyber drillers cabin for a client requiring modification.

The drillers cabin required structural stainless-steel modifications, installation of two new Amphion cyber chairs, touchscreen drilling systems and new flooring. Thanks to the new facility and our multi-discipline team, we were able to complete the modifications on time and within budget.

We have already had a steady stream of projects, utilising the full services onsite. The week we opened the doors we took receipt of a multi-million pound cyber drillers cabin for modification and upgrade.

Colin Stewart, Technical Director

For fabrication enquiries please contact denise.hone@stowengroup.com

IN THE FRAME

INSPECTION AND INTEGRITY - NOBEL DRILLING

Stowen recently conducted a combined inspection program for Nobel Drilling. Like many companies, Nobel were looking for quality and governance and found just that with Stowen.

The multi-skilled approach Stowen takes to delivering projects continues to prove an attractive model. Coupled with a deep understanding of drilling contractors and the sector as a whole, Stowen offered a unique and efficient approach to ensuring integrity and compliance with the Nobel Bob Douglas asset.

The NBD sailed out of the Gulf of Mexico in September with a six-man Stowen team on board. The scope of the inspection covered: light and heavy lift-gear inspection, DROPS inspection, Derrick API 4g inspection and load-path inspection. On completion, Stowen compiled the reports and uploaded them to the online inspection portal for easy client access.

Using Stowen’s multi-skilled teams, Nobel received an efficient service that gave them fast access to their reports. The team were also able to carry out other ad hoc work at height that came up on the sail.

To learn more about combined inspection and compliance programs contact: denise.hone@stowengroup.com

ONSHORE SERVICES

New fabrication, inspection and testing facilities

For more information, please contact denise.hone@stowengroup.com
By the early 1980s Britain had become a net exporter of oil, millions of barrels were being produced every day. An oil "bonanza" that had led to an oil boom in the 1980s. By the start of that decade, the UK became a net exporter of oil! This proliferation of assets extended to gas too, and by the 1990's the UK also became a net exporter of gas. The North Sea continues to be a productive source of hydrocarbons, but this long history means there are many assets now ready for decommissioning as they reach end of life. 2017 saw the first major decommissioning project completed, with the removal of the Brent Delta platform from its legs. The 24,000-tonne platform sat on a three-legged gravity-based structure in 140 metres of water, 315 miles north-east of Shetland. It was lifted onto a giant purpose-built ship and transported to England to be scrapped. Projects such as this represent a huge opportunity for the supply chain, and a further 100 platforms are expected to be completely or partially removed from the UK and Norwegian continental shelves by 2025. More than 1,800 wells are also scheduled to be plugged and abandoned, with 750km of pipeline decommissioned.

Community Chest
Over the next forty years, the bill for decommissioning in the North Sea is put somewhere between £30bn and £65bn. Stowen is perfectly positioned in Great Yarmouth to access this burgeoning market, with access to skills, infrastructure and expertise to enhance our in-house teams. The winds of change are blowing in the North Sea again, and offshore wind is the new boom sector of the 21st century. Large-scale investment in wind projects off East Anglia represent lucrative opportunities for the supply chain. East Anglia ONE is currently being built 30 miles off the coast at Kessingland. This 714MW project is the first and smallest of four such projects. Lowestoft will be the operational base for the project, following a £25million deal struck between the Port and ScottishPower Renewables.

For fifty years, the North Sea has provided a livelihood to operators and the supply chain, whilst generating revenues for the Treasury. We welcome the next fifty years as we begin the process of decommissioning and the decarbonisation of energy production as we exploit renewable energy sources.
CONSTRUCTION SERVICES

New Fabrication, Inspection and Testing Facilities
Stowen carried out repairs and upgrades to a jack-up rig in the Asry Ship Yard Bahrain.

The works carried out included:

- Mud valve replacements
- 4130 welding
- Heat treatment
- Navigation light survey and replacement
- Installation of derrick escape platform
- Docking plug modifications
- Trip tank modifications
- Flare boom rectification

LOOKING FORWARD

DENISE HONE
DIRECTOR OF SALES & MARKETING

Denise Hone joined Stowen as Director of Sales and Marketing in 2018. Coming from a business development background across the energy sector, she is excited to be bringing new skills and vision to Stowen as they enter new markets, including nuclear.

Since Stowen first started operating, our aim has always been to bring a lean, efficient multi-skilled team to energy projects, and this model has worked well. As our Monopoly board shows (see page 6) – the emphasis on oil and gas in the North Sea is shifting as renewable energy enters the mix as a vital component rather than a token gesture.

One of Stowen’s strengths is seeing which way the wind is blowing, and we always position ourselves to be proactively creating new markets rather than reacting to the energy landscape.

In 2018 I’m excited to see that continue, as we bring new skills to our in-house offering and start to work in new markets. With a strong background across the energy sectors in both onshore and offshore fabrication, I’ve been able to bring new expertise that has assisted the launch of our new fabrication facility (see page 5).

With multiple skills and facilities in-house, we remove the uncertainty of subcontracting to ensure each strand of the project is managed and delivered by Stowen. This model is one of the reasons our clients keep coming back to us. Our turnkey solutions keep project costs lower and improve delivery times whilst reducing project overruns. Time is money, and in these leaner times we need to pass savings onto the customer wherever we can.

It’s not just oil, gas and wind projects that benefit from the Stowen approach! 2018 sees us move into nuclear as we bring the same efficiencies and expertise to this heavily-regulated industry where there is no margin for error.

In fact, we have had enquiries from many utility services looking to save money and remove risk with a single point of contact, without multiple vendors.

Joining the board at Stowen I am struck by how this “can-do” ethos runs from the top to the bottom of the company. The whole team is committed to being lean, updating skills through training and delivering all aspects of a project.
The Board of Stowen Group announces the appointment of Denise Hone as Director of Sales and Marketing with effect from 8th January 2018. Denise has extensive experience and strength in the energy sector with a particular focus on business growth and strategy development and implementation for penetration into new markets.

Commenting on the new appointment, Mathew Owen (Managing Director) said:

"I am extremely pleased that Denise has accepted the Board’s invitation to join Stowen. We believe that her long record of sales and marketing coupled with her experience in the East of England energy sectors will be a great benefit to the growth and strategy of the company."

Denise can be contacted at: denise.hone@stowengroup.com

### ACCREDITATIONS

- **IRATA: Full Members**
  - During 2017, Stowen were successfully audited by IRATA to gain full member approval. With rope access being a core part of Stowen’s services, we gained probationary membership from the start. Having successfully completed the probationary period and subsequent to an audit in October 2017, Stowen were then awarded full-member status.

- **ISO 9001-2015**
  - During the December audits of our QHSE systems by DNV, Stowen successfully transitioned to the 9001-2015 standard. The transition process received great feedback from the DNV auditor. During the audit process, the OHS 14001 and 18001 were also passed successfully.

Stowen completed 2017 with a cumulative total of over 163,700 man hours with no recorded incidents.

**APPRENTICESHIP TRAINING**

Stowen’s continuing commitment to filling the skills gap in the technical services sector has been further galvanized this week. Working with Skills Training UK, two of Stowen’s engineering apprentices began their journey into the ever-changing landscape of testing and inspection. The 3-year training program results in the technicians gaining PCN qualifications in a multitude of NDT techniques.

Already on the Stowen apprenticeship scheme as fabricator welders, the trainees will complete their robust apprenticeship as true multi-skilled technicians which gives further value to our clients.

Contact us to learn more about the values of Stowen Group.
We offer bespoke, turnkey solutions to our clients that cover a range of disciplines. Let us manage your project and provide our skilled workforce rather than dealing with multiple vendors and POs.

If you can't see the service you require listed, contact us.

www.stowengroup.com
enquires@stowengroup.com