



in the PIPELINE

EDITION 01 + MAY 2014

NEWSLETTER LAUNCH

Welcome to Energyworks first edition of 'In the pipeline'. The purpose of the quarterly publication is to connect more with our staff, communicate success and celebrate what we do well.

There will be a safety focus that runs through the publication, but the content will also cover a wide range of topics profiling work that we are involved in and the contributions that we all make to the workplace, at home and as part of a wider community.

2013 was a very busy year to date with 2014 forecast to ramp up with multiple projects in the pipeline.

If you have any ideas with regard to content or topics that should be covered please let us know. In the meantime enjoy reading the newsletter. ■

ENERGYWORKS IS EXPANDING - NEW PAINTSHOP AND OFFICE EXTENSION

Paint Shop

January saw the opening of Energyworks new paint facility alongside our Bell Block workshop. The new shop includes:



Office extension and courtyard on Connett Road. Insert: Entrance to the Paintshop.

- A 108m² blast booth with a blast media recovery and scrubber system
- A 108m² heated paint booth complete with internal heating and fume extraction systems
- A 600m² spray area complete with filtered fume extraction and two 5 ton overhead gantry cranes
- Separate plant room, compressor room, paint store & paint mixing area
- A new storage facility which runs along side the Paint Shop offering our clients storage of their materials and equipment. This area is also serviced by a 5 tonne gantry crane
- New office and reception, washroom and lunchroom

The design/engineering component was done by Tse Taranaki and build completed by Clelands Construction.



Training room & Truck wash above.

ENERGYWORKS LOOKING TO THE FUTURE ACQUISITION BY DIRECT CAPITAL



DIRECT CAPITAL

Direct Capital announced that it has completed an investment in Taranaki-based, Energyworks Limited, New Zealand's leading provider of mechanical services to the onshore oil and gas, power generation and petrochemical industry.

The investment is alongside the existing owners, managing director, Dallas Chadwick and chief executive, Allen Clarke, both of whom will continue to be significant shareholders in the company and continue to manage the business. Direct Capital's Mark Hutton will join the Energyworks board and an independent director is expected to be appointed.

Established in 1972 the company employs more than 200 specialist engineering staff and is one of the largest service providers to clients across the oil and gas, power generation, and petrochemical industries, with the onshore gas sector representing the bulk of its revenue base.

Taranaki is New Zealand's energy province and home to the nation's oil and natural gas production. The combination of New Zealand's harsh coastal environment, client and statutory requirements around maintenance of plant and equipment provides Energyworks a solid base of recurring maintenance and shutdown work. The company also provides facility modification, expansion and greenfield services, constructing everything from oil and gas gathering pipelines through to production stations, export pipelines, metering stations, power stations and storage facilities. In January, the company also expanded its industrial coatings division, commissioning a new purpose-built 2500m² facility for blasting, coating and storage.

"Allen and I are pleased to be partnering with Direct Capital in the business," commented Dallas Chadwick. "The business is continuing to grow and our capital base needs to be able to grow with it. We also have an important role in our local community here in Taranaki and bringing in a partner that is like-minded was also critical."

For Direct Capital, the investment in

Energyworks represents the seventh investment from its Direct Capital IV fund, which raised

\$325 million in 2009 to invest in private companies. The firm invests alongside owners and managers of successful private companies looking to fund growth, expand into Australia, plan succession, or simply provide a more flexible capital structure for growth companies.

2014 sees Direct Capital celebrating its 20th anniversary and the investment in Energyworks continues an investment approach that has been consistent since the firm began in 1994.

"Investing in successful privately owned companies looking to grow, and doing so alongside management who are also owners in the business, and therefore focused on creating shareholder value, has been the strategy we started with in 1994," said Direct Capital's Mark Hutton. "Our approach remains the same today because it works and the success of our companies such as Ryman Healthcare, PC Direct, Eftpos New Zealand, EziBuy, Express Logistics, and GoBus demonstrate a track record of success over a very long time."

"Energyworks offers many of the same attributes, the company is well-established, it's the leading provider within its sector, the sector offers a lot of growth independent of oil exploration activities, and the management team has proven to be highly capable," continued Mr Hutton.

While there won't be any operational changes, the strategic focus for the company includes establishing longer-term maintenance contracts with clients, increasing the range of engineering services provided and expanding to new geographies. ■

'Direct Capital invests alongside owners and managers of successful private companies looking to fund growth, expand into Australia, plan succession, or simply provide a more flexible capital structure for growth companies'

Office Extension

Late January also saw the completion of the main building extension. Features include precast concrete and Alucobond cladding and exterior courtyard with extensive planting. The design was done by Ian Pritchard, the Engineer was Russell Nagel and Clelands Construction managed the build. Energyworks now boasts:

- A new 35m² Board room with Decortech acoustic ceiling
- Customised 75m² Training room
- Office space with 15 new work stations
- A larger archive room and customised server and data cupboard
- Reconfigured car park with 15 additional spaces

The rooms feature automatic blinds, air conditioning and double glazing throughout.

Truck Wash/Refuelling Area

A truck wash/refuelling area has been constructed between the workshop and paintshop and features:

- A 5000 litre diesel tank programmed with individual user codes.
- A 3000 litre water tank to harvest and reuse rainwater and in-ground interceptors to divert cleaning waste away from the stormwater system.
- A covered area of 140m² incorporating storage of equipment for cleaning, water blasting and vacuuming. ■



Pipes being lowered into place during the River crossing on the Ahuroa Pipeline.



Ahuroa Pipeline.



Cheal A Wellsite.

RECENTLY COMPLETE PROJECTS

Ahuroa Pipeline

Energyworks has recently completed the 9 kilometre's of 450NB (18") High Pressure Gas Pipeline from the Ahuroa Gas Storage Wellsite to the Stratford Power Station. The route included steep hill country, road reserve and 2 river crossings.

Todd Energy Mangahewa Expansion Gathering and Export Pipelines

Construction of multiple 150NB and 200NB gathering pipelines from Mangahewa A, C and E Wellsites to McKee Production Station and one 300NB export pipeline from McKee Production Station to the Maui Pipeline. A common trench was used with up to 7 pipelines in some places. The route included mostly steep to medium hill country.

Tag Oil Cheal A Wellsite Expansion

Fabrication of pre-assembled pipe racks and piping, installation of process equipment and final commissioning.

UPCOMING PROJECTS

Energyworks has the maintenance contract for:

Origin

This covers the Kupe Production Station, Kupe Receiving and Storage Terminal, Kupe Wellhead Platform, Rimu Production facilities, Rimu, Kauri and Manutahi Well Sites and Manutahi Production facilities.

Ballance

The Urea Processing Plant, Kapuni.

Both maintenance contracts involve the following;

- Routine General Maintenance Services e.g. Preventative and Corrective Maintenance
- Non-routine maintenance activities e.g. Planned Shutdowns and Painting Programs
- Operational Support
- Minor Project Work

MODERN APPRENTICES HARD EARNED SUCCESS

2013/2014 has seen a number of our apprentices complete their qualifications and build core skills that have been developed in conjunction with industry. We currently have 18 staff working towards industry related qualifications.

Recognizing new talent is not the only benefit of a well structured apprenticeship program. There are lots of benefits from being involved in personal and professional development.

You can earn while you learn, and learn in a way that is best suited to you – through hands-on experience on the job. Key benefits of being an apprentice include;

- earning a salary
- getting paid holidays
- receiving training
- gaining qualifications
- learning job-specific skills

Congratulations to all who successfully completed their qualifications in 2013 and to Luke Balks for becoming a qualified tradesman March 2014. We look forward to celebrating more success in 2014.

Luke Balks *Qualified Tradesman 2014*

Level 4 Apprentices

Jimi Webley *Yr 3*
 Marcus Hancock *Yr 3*
 Corey Hopkins *Yr 3*
 Graeme Polkinghorne *Yr 3*
 Arthur Garlick *Yr 3*
 Aaron Crow *Yr 2*
 Cam Fleming *Yr 2*
 Darren Greig *Yr 2*
 Trent Van Der Poel *Yr 2*
 Dominic Squatriti *Yr 1*
 Nathan Jackson *Yr 2*
 Daniel Marsh *Yr 1*
 Phillip Henschman *Yr 1*

Level 2 Apprentices

Liam Munro *Yr 1*
 Logan Marx *Yr 1*
 Brad Hickling *Yr 1*
 Matt Wallace *Yr 1*
 Bryce Hannam *Yr 1*

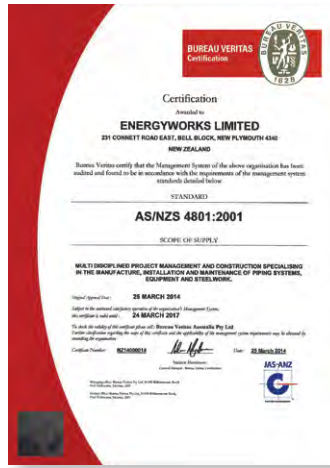
BUREAU VERITAS CERTIFICATION

Energyworks is proud to be recognised and awarded certification in:

AS/NZS 4801:2001

Health and Safety Management Systems of the following;

Multi disciplined project management and construction specialising in the manufacture, installation and maintenance of piping systems, equipment and steelwork.



DRUGS OF CHOICE...

There have been calls nationally for more drug testing in the workplace as employers become more aware of the ways in which drug abuse affects businesses.

The New Zealand Drugs Detection Agency report that Cannabis continues to be New Zealand workers' illegal drug of choice.

'In 2010 nine percent of all national test results indicated positive for THC'

In 2010 nine percent of all national test results indicated positive for THC, the active component of cannabis, which represented 70.3% of all positive test results returned in that year.

The next most commonly detected illegal drug was the opiates at 16.2 %, followed by Methamphetamine at 6.7 percent and Amphetamine at 4.6 percent.

In 2011, Taranaki produced statistics that were slightly higher than the national average for cannabis detection and therefore lower in all other categories.

EWL feels that it is important to confront this issue and is committed to providing a workplace that is drug and alcohol free, whilst respecting the dignity of employees and supporting the positive contribution that each employee is capable of making.

We recognize that substance abuse by individuals performing work can have an adverse effect upon their ability to perform duties safely and can expose the individual, fellow workers, the public and the company to risk.

Through the implementation of our company Drug and Alcohol policy we aim to:

- Eliminate the hazards resulting from the use of drugs and alcohol from the workplace;
- Promote healthier lifestyle choices; and
- Assist those employees who have a substance abuse problem to seek treatment and counselling . ■

2014 DELOITTE AWARDS ENVIRONMENTAL EXCELLENCE AWARD

The Deloitte awards encourage environmental stewardship and sustainable development of our natural local resources. In 2013 Energyworks was recognised as a Business category winner by 'demonstrating innovation and efficiency, or an ongoing commitment to environmental best practice'.

Our 2014 submission outlines two recent projects in which Energyworks constructed over 20km of pipeline crossing multiple streams and waterways. Innovative techniques were applied including temporary diversion of waterways allowing

construction to take place in a dry stream beds avoiding potential contamination. EWL also makes use of horizontal directional drilling technology ensuring minimal ground disturbance, helicopter stringing techniques and rigorous management of traffic volume on site. As sections of pipelines are completed, disturbed land and stream banks are reinstated with native vegetation.

Ensuring effective management during pipeline projects is achieved through the implementation of mitigating practices documented in management plans that include consideration of biodiversity, emergency spillage response, erosion and sedimentary control and cultural heritage and community engagement.

