Wood Group Acquisition of BETA Machinery Analysis Q&A

On June 29, 2015, Wood Group (WG) acquired BETA Machinery Analysis (BETA). The following Q&A provides more information for BETA’s customers.

Who is WG?
Wood Group is an international energy services company with more than $7 billion sales and operating in more than 50 countries. The Group is built on Core Values and has three businesses – Wood Group PSN, Wood Group Kenny and Wood Group Mustang – providing a range of engineering, production support and maintenance management services to the oil and gas and power generation industries worldwide. For more information, visit www.woodgroup.com.

Who is BETA?
Excessive vibration affects the reliability and integrity of production facilities. Vibration problems cause mechanical failures, downtime, and piping fatigue failures, all high impact concerns for operators.

BETA has a global leadership position in this specialized market, including pulsation, stress, noise and dynamic analysis. These services are used in the oil and gas industry including upstream, midstream, downstream, pipeline stations, refineries and offshore facilities (topside and subsea). Particular focus involves vibration engineering for compression packages, pumps and all aspects of the piping system. For more information, visit www.betamachinery.com.

Why did WG purchase BETA?
- WG and BETA are an excellent fit both operationally and culturally, providing both with significant growth opportunities.
- BETA provides highly complementary services to each of Wood Group’s businesses, WG Kenny, WG Mustang and WG PSN, and has previously worked on projects for all three.
- The acquisition provides WG Kenny with geographic diversification and service line expansion where currently under-represented, particularly in the asset integrity management sector.
- BETA provides a considerable enhancement to the integrity management machinery capability, which is a key part of the all-of-facility model, a one-stop shop under asset integrity management philosophies and strategies where the BETA services fit.
- BETA’s service line is an essential element of both capex and opex activities enhancing its global capabilities, yet such a service is not currently included in the WG portfolio of services.
- There is significant potential to extend BETA’s offering to certain aspects of the subsea sector (which has identical design and operation requirements) through WG Kenny. With BETA’s activities being predominantly greenfield, as part of WG this could be extended to many brownfield opportunities.

Where will BETA fit within WG?
- BETA will operate under WG Kenny, specifically within the WG Integrity Management business. BETA will continue to be led by its existing management team and will operate as a separate business line.
- With over 30 years’ experience in the industry, WG Kenny offers a fully-integrated concept, design, operational support and decommissioning service, utilizing industry leading experts and engineers, so that all-of-facility and whole-of-life solutions are optimized.
- WG Kenny provides life-cycle engineering, technology, management and integrity solutions for oil and gas and renewable energy projects. WG Kenny is the world’s largest independent specialist subsea, pipeline and riser engineering and management contractor.
The Integrity Management business provides planning, execution and ongoing leadership of integrity management systems for many leading operators worldwide.

With more than 2,650 employees, the global reach continues to extend with permanent operations in 18 countries. WG Kenny has long-established bases in the main energy hubs of the world.

What specific synergies exist by combining BETA with WG?

**WG Kenny**
- BETA’s vibration, dynamics and noise services is directly complementary to WG Kenny’s expertise and offers a much more comprehensive capability to WG and BETA’s customers.
- BETA builds on WG Kenny’s existing capabilities to provide an all-of-facility service offering (i.e. from the well bore through to refineries and end processing plants) that is very attractive to clients.
- Beyond these service synergies, BETA and its customers benefit from WG Kenny’s global operating network, customer relationships, technologies and project management support.

**WG PSN**
- PSN is the largest provider of brownfield services to the oil and gas industry with 30,000 employees in more than 40 countries.
- PSN is a global provider of pre-operations, hook up and commissioning, operations and maintenance, engineering, construction, project management and training and decommissioning services to the energy industry.
- BETA’s field engineering team can support these operations with troubleshooting, inspections, monitoring and other operational services.

**WG Mustang**
- Mustang provides project management, engineering, procurement and construction management services with 8,000 employees worldwide among 18 offices.
- Mustang already uses BETA’s services, including pulsation, FEA, dynamics, torsional, skid and other related design services.
- With this acquisition, many more opportunities are now available to both Mustang and BETA.

What does this acquisition mean for BETA’s existing customers?
- OEMs and Packagers: BETA’s Packager and OEM customers will not experience any changes due to this acquisition. API 618 and 674 pulsation vibration, torsional and skid studies are a core part of BETA’s business and will remain a core service going forward. In many ways, being part of WG Kenny will help these existing customers, as BETA gains technical support in software development, research, project management and operational support.
- ECs and EPCs: Both BETA and WG Kenny provide highly specialized services to a wide spectrum of EC and EPC companies around the world. Both companies are able to provide an independent approach to the market that avoids any conflict of interest. BETA will continue to offer a wide range of vibration, dynamic, stress and noise services for tenders or projects, as well as unique collaborations with the WG Kenny offering.
- Owners and Operators: The combination of WG Kenny and BETA brings together a unique solution that addresses vibration, dynamics, flow assurance, CFD, process optimization, integrity management, field troubleshooting and inspections, monitoring and other related design and project management services. This wide range of specialized services starts with project inception and continues through to operations.
- WG Kenny’s global footprint will help BETA grow further internationally in regions such as the Middle East, Asia and Europe.