



CBC complete sale of Hydreco to Diplomatic Motion Solutions

Clyde Blowers Capital (CBC), Diplomatic Motion Solutions (Diplomatic) and Alcedo SGR (Alcedo) are delighted to announce they have completed the successful sale of hydraulic technologies provider, Hydreco, from CBC to Diplomatic, sponsored by Alcedo.

Since acquiring Hydreco in 2008 from US industrial conglomerate, Textron, CBC has developed and broadened Hydreco's range of products and expanded their market presence. Following the establishment of a presence in China and an increase of operational footprint within India in 2010, CBC supported the successful acquisition of HHW, based in Australia (2013). The business now has a significant global reach, with a focus on the Transport (APAC), Defence (UK) and Construction (Europe) sectors.

In preparation for a successful exit, Hydreco was legally separated from sister company David Brown Gears in 2016, following the operational independence that already existed. In this time, the business has strengthened key management teams in the UK and Australia, secured multi-year contracts with new customers in both the Defence and Transportation sectors alongside supporting robust growth from long-standing customers in the Construction market. As a result, Hydreco's sales have increased by 28% since 2015, to over £25.6m.

Hydreco will join Diplomatic Group contributing its strong positioning within the Mobile market to the existing platform, consolidating Diplomatic's position as a leader in the global Motion Control market.

CBC CEO and Chairman, Jim McColl, commented: "I am thrilled to announce the successful exit of Hydreco to Diplomatic. Following an impressive period of global expansion and product development, the company is now well placed for their next chapter of growth under new ownership. It's been a great pleasure working with the team at Hydreco and we wish them all the very best for the future."

Diplomatic CEO and Chairman, Roberto Maddalon, commented: "We at Diplomatic are happy to welcome Hydreco and their management within our Group. This acquisition is a further step in our growth path, aimed at consolidating our leading position in the market and widening our product portfolio and international footprint".

Marco Guidolin, Partner at Alcedo, said: "Diplomatic is an Italian champion which competes successfully on a global scale, with a multinational profile and a highly skilled management team. The acquisition of Hydreco perfectly fits with our strategy of fostering growth of our portfolio companies leveraging on the integration of highly complementary businesses leaders in their respective markets".

Cavendish acted as exclusive financial advisor to CBC for the transaction, with CMS acting as legal advisors for CBC.

For Alcedo, the deal was followed by the Partners Michele Gallo and Marco Guidolin. Diplomatic and Alcedo were assisted by Deloitte Legal Italy, Gitti and Partners and Bryan Cave for legal matters. Deloitte took care of the financial and tax Due Diligence on Hydreco Group.

February 28th, 2019.

Ends.

About Hydreco

Hydreco is headquartered in Poole, UK, and has operations in Italy, Germany, Norway, Australia, USA, India and China. The company has a global customer base and employs approximately 112 people. The business designs and supplies a broad range of precision hydraulic products that include Hydreco® and Powauto® branded low-noise high torque gear pumps, motors, pilot valves & controls, cylinders and power take off units.

<https://www.hydreco.com>

About Clyde Blowers Capital

Clyde Blowers Capital, headquartered in Scotland, is a leading independent industrial investment firm operating globally within a range of key sectors such as oil & gas, renewables, power, water, mining & minerals and general industrial sectors. The team at CBC work with companies where they believe their innovative approach and operational experience can add significant value. CBC currently has two funds under management; Fund II closed at £250m, which featured Hydreco as a portfolio company; Fund III raised £420m and currently includes six portfolio companies.

<https://www.clydeblowerscapital.com>

About Diplomatic Motion Solutions

Diplomatic Motion Solutions is a leading player in the global Motion Control market. Diplomatic Group is leader in the manufacturing of pumps, valves, actuators and complete systems for the hydraulics market, along with electrical actuators and Motion Control solutions in general. Diplomatic products are being used in Mobile (agricultural equipment, construction, earth-moving machines) and Industrial (industrial automation) applications. The Group has been constantly growing for the last 6 years, increasing from one single facility to the present seven production sites, five of which are based in Italy, one in the U.S.A., and one in China. With 330 employees, a turnover of over 80 million Euros and more than 1.000 customers all over the world, the Company is headquartered in Parabiago, Milan, Italy.

<https://www.diplomatic.com>

About Alcedo SGR

Alcedo SGR is one of the leading players in Private Equity in Italy and specializes in the management of Closed-End, Reserved Alternative Investment Funds. Alcedo is based in Treviso and for almost 30 years has been dedicated to investments in Italian excellence, with a predominant focus on small and medium-sized businesses in Northern and Central Italy. The Alcedo Investment Team has developed a unique approach to Growth Buyout investments, based on creating strategic partnerships with entrepreneurs and managers, aimed at fueling companies' growth through shared plans and objectives, both organically and through acquisitions. Diplomatic is a portfolio company of Alcedo IV Fund, which has raised € 195 million in May 2016.

<https://www.alcedo.it>