



Connect

February 07



Moody International a typical example of CBPE's investment model

Moody International is a global provider of visual inspection, personnel supply and project support services primarily to the oil and gas industry. It also has a significant ISO certification business that supplies a broad global client base. Moody is a good example of the essential ingredients of a CBPE investment.

Firstly, we invest in areas where we have expertise and a track record of success. Support service providers such as Moody are a core area for us. Other service sector deals include V.Ships, UTI, Oxford Aviation, Amey and Upperpoint. Secondly, we look for leading positions in a specialised niche with growth opportunities. Although not the largest business in the sector, Moody has a particularly specialised focus on materials procurement and quality control, which sets it apart from other competitors.

We're not afraid to back complex transactions. Moody has an international network of 100 offices in 61 countries, many of which offer both inspection and certification services. The main areas of operation are the UK, USA, Western Europe, Japan, Azerbaijan, China, Russia and Kazakhstan. This international perspective threw up a number of issues throughout the deal process but CBPE worked hard alongside management to resolve these and deliver the deal.

We back strong management teams. The Moody team had a clear strategy. CBPE backed the MBO of Moody from Reliance Insurance Group for £35m in April 2004 and have worked with the management team, now led by CEO Brendan Connolly, to grow the group organically and by bolt-on acquisition of several complimentary businesses. This strategy helped to position Moody as a market-leading inspection and testing house in the oil and gas sector.

CBPE recently sold its investment in Moody to Investcorp, the Bahrain-based investment group, for £150m. The management team has re-invested a substantial portion of their equity value in the new investment vehicle and is committed to the next stage of its growth.

Simon Wildig and Mark Perryman represented CBPE on Moody's board. Wildig commented: "It has been a pleasure to see Moody grow so well during the period of our involvement. The market conditions are right for this to continue and Investcorp are backing a great team to take the business forward – we wish them well."

Portfolio update

Allied Glass commits £10m to renew glass furnaces

Allied Glass has embarked on a £10m investment programme to renew two glass melting furnaces. Renewal of the first furnace began earlier this month, after the site's main furnace was decommissioned after 10 years in operation. During its lifecycle it melted over 800,000 tonnes of glass and made approximately 1.5 billion bottles. Completion of both new furnaces is scheduled for 2010.

Allied Glass is the UK's fourth largest glass container manufacturer and specialises in making containers which have complex shapes, such as flasks, flagons and bottles for specific brands. Customers include Diageo Scotland, William Grant & Sons, Bacardi Martini, Princes Foods, Chivas Brothers and Beverage Brands.

Andrew Spencer, Chief Executive of Allied Glass said: "The unique properties of glass allow beautiful designs to be manufactured, which are safe for the products they hold and are completely recyclable. We have all the ingredients for a sustainable, successful business and this investment programme renews our enthusiasm and commitment."

Tractiv sale

CBPE sold its investment stake in Tractiv to GB Group, an Italian trade buyer for £14.6m earlier this month. CBPE backed an MBI of the business in October 2002.

Tractiv sources and distributes replacement parts for tractors and associated agricultural machinery. It operates from warehouses in Hartlebury (UK) and Wanze (Belgium) and trades globally. It is one of a number of specialist distribution investments CBPE has made over the years ranging from computer games, construction equipment and more recently pharmaceuticals and security products.

The disposal to GB Group – an international industrial business, is a natural next step for Tractiv, providing it with access to a broader geographic customer base and new product ranges.



The office

Pieter Theron, Financial Analyst at CBPE has captured the imagination of the national music press by packaging his band's CD in a recycled crisp packet. The Independent, The Times and Private Equity News have all commented on ReCoup's ingenuity and now they feature in Connect!

CBPE Fund VII update

We have made eight investments from Fund VII, which is now 50% invested. They are IDIS, Upperpoint, CanDu, BWA Water Additives, Aqualisa, Waltons, Rosemont Pharmaceuticals and Alex Stewart.

Our strategy remains to facilitate growth in UK headquartered businesses across our preferred sectors: business services, consumer products, industrial products, leisure and healthcare/ pharmaceuticals.

For more information on investments, or further details about Close Brothers Private Equity, please call +44 (0)20 7065 1100 or visit our website at www.cbpel.com.

The Executives at Close Brothers Private Equity are: John Snook (Managing Partner), Ben Alexander, Sean Dinnen, John Fisher, Mathew Hutchinson, John Kelly, Nick MacNay, Neil Murphy, Andrew Nelson, Mark Perryman, Iain Slater and Simon Wildig.

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