

HYDRODEC GROUP PLC

SIGNIFICANT NEW SUPERFINE OIL CONTRACT WITH SCHNEIDER AUSTRALIA

Hydrodec Group plc (“Hydrodec”, AIM: HYR) announces Schneider Australia has agreed in principle to allocate up to 75% of its annual new transformer oil purchase in Australia, to Hydrodec’s *Superfine* oil. This represents an expected uptake of 3,000 litres of *Superfine* per day that represents up to 15% of Hydrodec’s production capacity in Australia.

Schneider Electric is a key manufacturer of distribution transformers in Australia, supplying to major power utilities across the country and is one of Australia’s larger transformer oil purchasers.

This significant new contract follows a lengthy tender process that has established terms and conditions including price, logistical arrangements and technical acceptance by Schneider’s new transformer customers. The evaluation process undertaken by Schneider has also accredited Hydrodec as a potential global supplier to Schneider Electric. The monthly purchase volumes will be subject to a brief ramp up period and implementation of quality assurance standards consistent with Schneider customer requirements.

Hydrodec Chairman John Gunn commented “The switch by Schneider Electric to Hydrodec’s *Superfine* transformer oil represents an important shift in the new transformer oil market in Australia. It demonstrates the technical credentials of *Superfine* for use in new transformer and associated equipment and confirms the competitiveness of Hydrodec’s refining process in the new oil market.

The Schneider tender process also entailed a review of Hydrodec’s manufacturing and management (quality, environment and production) systems. Accreditation as a supplier under Schneider’s global supplier evaluation regime highlights the management and production systems substance underlying Hydrodec’s refining technology. We look forward to reporting further bulk contracts in the very near future.”