

NEWS RELEASE

Issued on behalf of Flowtech Fluidpower PLC
Immediate Release



FLOWTECH FLUIDPOWER PLC
("Flowtech" the "Group" or "Company")

Acquisition of Group HES Ltd further strengthens UK presence and Onsite Services Division to be established in 2018

London: Thursday, 12 October 2017: AIM listed specialist technical fluid power products supplier **Flowtech Fluidpower plc** (LSE: AiM: symbol: **FLO**) is pleased to announce the further strengthening of its Power Motion Control (PMC) division through the acquisition of Group HES Ltd ("HES") (www.grouphes.com).

Background to the Acquisition

Founded in 1965 and, today headquartered in Gloucester, England, HES is a multi-faceted solutions provider to the Fluidpower sector. HES employs 89 people across its network of branches located in Birmingham, Durham, Gloucester and Leeds. The business operates under five trading brands: **Hydraulic Equipment Supermarkets**; **Branch Hydraulic Systems**, and more recently established specialist distributor brands in **HES Tractec**, **HES Lubemec** and **HES Automatec**.

The acquisition provides another complementary business to the Group's PMC division, delivering incremental revenue through a mix of wider technical applications, reinforces our offer to the off-highway market and adds aerospace to our sector coverage. In addition, the acquisition extends Flowtech's position with important global suppliers, including Danfoss Power Solutions (www.powersolutions.danfoss.com).

HES will operate within the PMC division and continue to be managed by the current senior management team. Previous owner and Managing Director, Stuart Diesel, who has been with the business for over 20 years will remain with the HES business during a transition period, and in 2018 he will then take up a new role as *Divisional Managing Director - Onsite Services*. Working with the existing resources available within the PMC and Flowtechnology operations Stuart will build this new division within the Flowtech Group. The launch of this new division represents the final element of the multi-channel strategy outlined at the time of the Group's IPO in 2014.

For the year ended 30 June 2017, HES achieved sales of £10.0 million producing adjusted EBIT of £0.7 million. Net assets excluding Net Debt at the same date were £3.0 million.

Unaudited Net Debt at 30 September was £0.75 million, which includes c.£0.5m relating to a large project currently being installed with the contractor, Galliford Try, on behalf of Airbus in the UK. Following completion of this contract Net Debt is expected to return to a "normalised" level of c.£0.1 million by 31 December 2017.

The Group expects to deliver synergy opportunities over the short and medium term through coordinated operational, procurement and back office activities.

Purchase Consideration

The consideration of £4.1 million is to be satisfied as to £3.1 million in cash on completion, and the balance of £1.0 million by the allotment of 661,805 new ordinary shares in Flowtech (the "Consideration Shares") to Stuart Diesel.

The Consideration Shares have been credited as fully paid and will rank *pari passu* in all respects with the existing ordinary shares in the capital of the Company in issue, including the right to receive all dividends and other distributions declared, made or paid in respect of such shares after the date of issue of the shares. Application has been made for the Consideration Shares to be admitted to trading on AIM and it is expected that admission will become effective and that dealings will occur on or around 18 October 2017 ("Admission"). The vendor has agreed not to dispose of any of the Consideration Shares for a period of 12 months (except under limited circumstances with the approval of the Board) from completion and thereafter orderly market arrangements for a further period of 12 months.

Sean Fennon, Chief Executive, Flowtech Fluidpower plc commented:

"We are delighted to add the technical skills and knowledge of this long-established business to the Group; HES adds new brands and sectors to our portfolio; it also gives us the opportunity to build our fourth leg in technical maintenance which enhances our overall service offering to our customer network. This move clearly reinforces our ongoing strategy to develop a focused Fluid Power Group that serves a wide number of industry sectors, allowing a de-risking of some of the cyclic nature of the business."

Stuart Diesel, former owner and Managing Director of Group HES added:

"The opportunity to join Flowtech as it rolls out an exciting Group strategy was instrumental in my decision to sell the business. This change also considerably enhances several aspects of our HES business and offers new and exciting prospects for all our employees. My team and I are looking forward to being part of this industry respected business - we recognise that the strategy and the resources available to us opens up new prospects and makes it possible to attain significant growth beyond what was achievable as an independent business."

Summary and Notice of Q3 Trading Update

The Board of Flowtech remain very encouraged about the future and remain confident that the Group's current performance will deliver another year of solid progress. As a business, it is confident in its strategy, commercial opportunities and the prospects of the Group.

Flowtech will be releasing its Q3 Trading Update on Tuesday 17 October 2017.

Total Voting Rights (TVR)

On Admission, of the above, the Company's issued share capital will consist of 52,819,000 ordinary shares. There are no ordinary shares held in treasury. Therefore, in accordance with the FCA's Disclosure Guidance and Transparency Rule 5.6.1, the Company confirms that following Admission, the total number of voting rights (TVR) in the Company will be 52,819,000.

Enquiries:

Flowtech Fluidpower plc

Sean Fennon, Chief Executive

Bryce Brooks, Chief Financial Officer

Tel: +44 (0) 1695 52796

Email: info@flowtechfluidpower.com

Zeus Capital Limited (Nominated Adviser and Broker)

Andrew Jones, Alistair Donnelly (corporate finance)

Dominic King, John Goold (sales & broking)

Tel: +44 (0) 20 3829 5000

finnCap Limited (Joint Broker)

Ed Frisby, Kate Bannatyne (corporate finance)

Rhys Williams, Emily Morris (sales & broking)

Tel: +44 (0) 20 7220 0500

TooleyStreet Communications (IR and media relations)

Fiona Tooley

Tel: +44 (0) 7785 703523

or email: fiona@tooleystreet.com

EDITORS NOTES

About Group HES:

Group HES are specialists in designing, building, installing, commissioning and repairing fluid power and control systems. As a supplier and stockholder of hydraulic components on a 24/7 next day delivery service its end markets include agriculture, brewing, construction, waste, wind turbines and wind farms and specialist engineering projects.

BS5750 and ISO 9001 and 9002 accredited. For more information please visit www.grouphes.com

Also, HES is an official distributor for Danfoss, Bosch Rexroth, SKF and Carraro.

About Flowtech Fluidpower plc

Founded as Flowtech in 1983, the Flowtech Group is the UK's leading specialist supplier of technical fluid power products. The business joined AiM in 2014. Today, the Group has four distinct divisions:

Division:	What we do:	Locations:
Flowtechnology	focus on supplying distributors and resellers of industrial MRO products, primarily serving urgent orders rather than bulk offerings. It offers an unrivalled range of OEM and Exclusive Brand products to over 3,400 distributors and resellers. The catalogue is recognised as the definitive source for fluid power products, containing 100,000 individual product lines and are distributed to more than 80,000 industrial MRO end users.	Flowtechnology Benelux (Deventer) Flowtechnology China (Guangzhou) Flowtechnology UK (Skelmersdale) Indequip (Skelmersdale)
Power Motion Control (PMC)	Specialise in the design, assembly and supply of engineering components and hydraulic systems and is further enhanced by a service and repair function.	Primary Fluid Power (Knowsley) Nelson Fluid Power (Dublin, Lisburn, Dungannon) TripleSix (West Yorkshire) Albroco (Knowsley) Hydraulics & Transmissions (Ludlow) HiPower Hydraulics (Cork, Dublin, Belfast Manchester) Hydroflex (Brussels, Rotterdam and OudBeijerland) Hydraulic Equipment Supermarkets (Gloucester, Leeds, Birmingham, Durham) Branch Hydraulics (Gloucester)
Process	Focus on the supply of industrial components and solutions to the process sectors.	Hydravalve (Willenhall) Orange County (Spennymoor)
Onsite Services	In 2018, the Group will extend its service offering to include Onsite Technical Maintenance through highly skilled engineers.	HES Onsite (Durham, Leeds, Birmingham, Gloucester)

All four of the Group's divisions have overlapping product sets, allowing procurement synergies to be maximised

The above divisions are supported by a centralised back office team at the Skelmersdale site and a procurement and quality control team in Shanghai. In total, the business employs over 400 people. For more information please visit, www.flowtechfluidpower.com

The information contained within this announcement is deemed by the Company to constitute inside information stipulated under the Market Abuse Regulation (EU) No. 596/2014. Upon the publication of this announcement via the Regulatory Information Service, this inside information is now considered to be in the public domain.