



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.

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

Q1 2019 Trading Update

London: Tuesday 16 April 2019: AIM listed specialist technical fluid power products supplier **Flowtech Fluidpower plc (LSE: symbol FLO)**, is pleased to announce the following unaudited update on its performance for the three months ended 31 March 2019 and to the period up to this announcement:

GROUP TRADING UPDATE AND FINANCIALS

Group Trading remains in line with expectations. Revenue during the first three months of the current year increased by 14%, of which 4% was organic, with the balance representing acquisitive growth from a full period of trading for Beaumanor Engineering and Derek Lane & Co. which were acquired on 18 March 2018. Both the Flowtechnology and PMC divisions traded well and have continued to do so in early April. The smaller Process division, which is involved in larger order activities, saw a reduction in sales against the comparative quarter, however a return to growth in Q2 is expected.

Revenue for Q1 2019			
Divisions:	Q1 2019 Unaudited £m	Q1 2018 Unaudited £m	Growth
Flowtechnology	13.2	10.7	23%
Power Motion Control (PMC)	15.3	13.9	10%
Process	1.6	1.9	-16%
Total Group revenue for the period	30.1	26.5	14%
Net debt	20.5	18.4	

Overall gross margin % again remains in line with market expectations with continued progress being made with extracting procurement benefits from the expanded Group. Net debt at c.£20.5 million is in line with management expectations. During the period to 31 March the Group made payments under deferred consideration agreements which totalled £762,000. Since that date further payments of deferred consideration totalling £316,000 have also been made.

OUTLOOK

From a point that is now well into 2019, it remains disappointing that at the date of this report we are yet to gain clarity on the probable trading settlement between the United Kingdom and its main European trading partners after Brexit. Despite this our sector has remained resilient and we remain confident that whatever the outcome, any potential short-term effects will be suppressed by the strength of the wider Group and our position as the UK's leading fluid power distributor.

Following the retirement of former CEO, Sean Fennon, there were clearly challenges to face in transitioning the senior management team into a position well placed to exploit the obvious growth potential that the Group possesses. As part of this transition we are at an advanced stage of developing an amended organisational structure that will move from the previous Flowtechnology, Process and PMC structure into a two-division format based around 'Components' and 'Services'. The key reason for this change is to ensure that we provide the most appropriate structure for the business to extract synergy, both in cost and working capital. As a natural by-product we can then provide investors with a clear picture of the Group's activities, split between our core 'distribution' activities – the Components division (which accounts for c87% of turnover), with the balance in added value activities in engineering services and the manufacture of hydraulic power packs and associated components - the Services division.

There has been a very clear focus on managing working capital and progress made in 2019 to date has been encouraging. Our efforts are spread across each of the three working capital categories and across all areas of our business. In addition, the Board has undertaken an in-depth review of the Group's total operating cost base and the potential upside from implementing elements of this programme are attractive. During the next quarter the Executive Management team will look to develop this to planning stage and the Board looks forward to updating investors in due course.

Other elements on the Board's review on the Outlook for 2019 and the broader strategy to be pursued are outlined in the Operational Review released today as part of the preliminary statement of results for the year ended 31 December 2018

FOLLOW THESE LINKS TO LISTEN TO THE INTERVIEWS WITH BRYCE BROOKS, CEO AND RUSSELL CASH, CFO DISCUSSING:

1. Q1 2019 Trading Update

https://www.brrmedia.co.uk/broadcastsemded/5cb4a7d7eb566331974d6dc2/?flowtech&popup=true&player_only=true

2. 2018 highlights and market overview live link

https://www.brrmedia.co.uk/broadcastsemded/5cb0478beb566331974d6664/event?player_only=true

ENQUIRIES:

FLOWTECH FLUIDPOWER PLC

Malcolm Diamond MBE, Non-Executive Chairman

Bryce Brooks, Chief Executive Officer

Russell Cash, Chief Financial Officer & Company Secretary

Tel: +44 (0) 1695 52796

Email: info@flowtechfluidpower.com

To read more about the Group please visit www.flowtechfluidpower.com

Zeus Capital Limited *(Nominated Adviser and Joint 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, Andrew Burdis (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

Presentation of results: a presentation of results will be held today 10.00am-11.00am at the offices of our joint broker, finnCap, 60 New Broad Street, London EC2M 1JJ. A dial in facility is also available on request; please call Fiona Tooley on +44 (0) 7785 703523 or email fiona@tooleystreet.com.