



Flowtech Fluidpower

Acquisition of Primary Fluid Holdings Limited

RNS Number : 23280
Flowtech Fluidpower PLC
05 August 2014

Immediate Release

Flowtech Fluidpower plc
("Flowtech" or "Company")
Acquisition of Primary Fluid Holdings Limited
and
Notice of Half-Yearly results

Flowtech Fluidpower plc (AIM:FLO), is pleased to announce the acquisition of Primary Fluid Holdings Limited and its wholly owned subsidiary Primary Fluid Power Limited, for a total consideration of approximately £9.8 million, its first acquisition since admission to AIM in May 2014.

Primary Fluid Holdings Limited, based in Knowsley, Merseyside (also with a small workshop in South Wales) designs and manufactures hydraulic systems and purifiers, which constitute approximately 65% of turnover, and distributes hydraulic components which constitutes approximately 30% of turnover. It also has a small service and repair business. For the year ended 31 December 2013, turnover was £11.17 million producing EBITDA of £1.22 million and profit before tax of £1.10 million. Net assets at the same date were £5.2 million. Following completion of the acquisition the business will continue to operate from its existing facilities and the current management team will remain with the business; Stephen Merrie who has been with the business since 1987 will remain Managing Director and join Flowtech's operational Board. It is expected that some synergies will be made in the first full year of ownership.

The consideration of approximately £9.8 million is to be satisfied as to £4.65 million in cash on completion; £1.62 million will be paid on the first anniversary of completion and the balance of £3.5million by the allotment of 2,828,283 new ordinary shares in Flowtech (the "Consideration Shares"). The acquisition includes property which is owned by Primary and valued at £1.1million and, at completion, Primary Fluid Holdings Limited will have a net cash position of £1.7million.

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 8 August 2014. 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.

Commenting on Flowtech's first acquisition since IPO, Sean Fennon, Chief Executive Officer, said:

"We have known this business for some time and the culture is similar to ours; we believe that this is a great opportunity to build on the strong foundation we have created to date and increase our product portfolio, principally by strengthening the Flowtech offering in Hydraulics, a market predicted to continue its exceptional growth momentum."

Chairman Malcolm Diamond added:

"We welcome the team and staff of Primary Fluid Holdings Limited to the Flowtech group and we look forward to working with them to take the business to the next stage of development. The acquisition is expected to be earnings enhancing with the benefits flowing through over the coming year."

NOTICE OF HALF-YEAR RESULTS

The Board is pleased to announce that current trading remains in line with expectations. The Company will update the market at the time of its half-year results (for the six month period ended 30 June 2014), which are scheduled to be released on Tuesday 16 September 2014.

Enquiries:

Flowtech Fluidpower plc
AIM: FLO

Zeus Capital Limited
(Nominated Adviser and Broker)

TooleyStreet Communications
(IR and media relations)

Sean Fennon, Chief Executive Officer
Bryce Brooks, Chief Financial Officer & Company Secretary
Tel: +44 (0) 1695 52796

Tim Metcalfe
Ross Andrews
(Institutional Sales)
Dominic King
Tel: +44 (0) 207 533 7727

Fiona Tooley
Tel: +44 (0) 7785 703523
Email: fiona@tooleystreet.com

Email: info@flowtechfluidpower.com
www.flowtechfluidpower.com

Editors' note:

Flowtech, founded in 1983, is the UK's leading specialist supplier of technical fluid power products with modern distribution facilities in the UK and Benelux. It offers an unrivalled range of Original Equipment Manufacturer (OEM) and Own Brand products to c.3,000 distributors and resellers. Its catalogue is recognised as the definitive source for fluid power products, containing approximately 47,000 individual product lines and is distributed to more than 90,000 industrial Maintenance, Repair and Overhaul end users (MRO). Over 80% of product is stocked and ordered by 10pm, can be delivered next day in the UK, providing 'best in industry' service offering. The Group's headquarters and main distribution centre is in Skelmersdale, Lancashire with further centres in the Netherlands and China; in total, the business employs 160 people.

Flowtech placed 40,000,000 ordinary shares at a price of 100 pence with institutional investors on Admission to AIM in May 2014; Nomad and sole broker to Flowtech is Zeus Capital Limited.

This information is provided by RNS
The company news service from the London Stock Exchange

END

ACQLFFIFTEISIIS