



18 November 2014

**Flowgroup plc
(the "Company")**

Initiation of Flow boiler production

Flowgroup plc (AIM: FLOW), which develops and commercialises alternative and efficient energy technology products, announces that it has initiated volume production of its electricity-generating Flow boiler, with the first boiler rolling off the line on 17 November 2014. The Flow boiler is being manufactured by Jabil Circuit Inc. ("Jabil"), one of the world's leading OEM manufacturing partners.

In December 2013 Flowgroup entered into an exclusive Manufacturing Services Agreement with Jabil to manufacture microCHP Flow boilers. Jabil has now installed the first volume production line in their manufacturing facility in Livingston, Scotland and have commenced the mechanical build of the first production boilers. Volume production will now continue on a pre-arranged schedule throughout 2015.

The Company has been running some small-scale tests of some of the marketing channels it intends to use, the outcomes of which have been encouraging. As a result, over 10,000 new customers have expressed interest in the boiler. This pre-existing pool of potential customers provides a good resource to target in a controlled manner up to and following launch. The full sales, marketing and PR launch is planned for mid-January 2015.

Tony Stiff, Group CEO of Flowgroup, commented: *"Initiating production is clearly the most significant achievement to date for the Group. 10 years of development culminates in this moment, where the first production model of the Flow boiler rolls off the production line that we expect to produce hundreds of thousands of Flow boilers over the coming years. We now move into our sales phase, with our full launch planned for mid-January 2015. The response to our test marketing campaigns has been very encouraging and has produced a strong pool of customers to whom to sell the first Flow boilers. I'd like to take this opportunity to thank every member of the Flowgroup team, our suppliers, partners, investors and customers for all their support that has brought us to this defining moment. I look forward with great anticipation to the success I believe 2015 and beyond will bring."*

Flowgroup plc

Tony Stiff, Group Chief Executive Officer

www.flowgroup.uk.com

Tel: +44 (0)151 348 2100

Investec Bank plc (NOMAD, joint Financial Adviser and joint Broker)

Christopher Baird / Daniel Adams / Ben Williams

Tel: +44 (0)20 7597 4000

Cenkos Securities plc (joint Financial Adviser and joint Broker)

Stephen Keys / Christopher Golden (Corporate Finance)

Julian Morse (Sales)

Tel: +44 (0)20 7397 8900

Walbrook PR Ltd

Paul McManus (Media Relations)

Tel: +44 (0)20 7933 8780 or flowgroup@walbrookpr.com

Mob: 07980 541 893

Cautionary statement

This announcement contains forward-looking statements that are based on current expectations or beliefs, as well as assumptions about future events. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements often use words such as anticipate, target, expect, estimate, intend, plan, goal, believe, will, may, should, would, could, is confident, or other words of similar meaning. Undue reliance should not be placed on any such statements

because they speak only as at the date of this document and, by their very nature, they are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results, and Flowgroup's plans and objectives, to differ materially from those expressed or implied in the forward-looking statements.

There are a number of factors which could cause actual results to differ materially from those expressed or implied in forward-looking statements. Among the factors that could cause actual results to differ materially from those described in the forward-looking statements are; increased competition, the loss of or damage to one or more key customer relationships, changes to customer ordering patterns, delays in obtaining customer approvals for engineering or price level changes, the failure of one or more key suppliers, the outcome of business or industry restructuring, the outcome of any litigation, changes in economic conditions, currency fluctuations, changes in interest and tax rates, changes in raw material or energy market prices, changes in laws, regulations or regulatory policies, developments in legal or public policy doctrines, technological developments, the failure to retain key management, or the key timing and success of future acquisition opportunities or major investment projects.

Flowgroup undertakes no obligation to revise or update any forward-looking statement contained within this announcement, regardless of whether those statements are affected as a result of new information, future events or otherwise, save as required by law and regulations.