



RNS REACH
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Flowgroup plc
("Flowgroup" or the "Company")

Flowgroup welcomes CMA's final report into competition in the energy market

Flowgroup plc (AIM: FLOW), which provides innovative energy technologies, energy supply and energy services, welcomes the final report of the Competition and Markets Authority (CMA) investigation into the competitiveness of the energy market and believes that the suggested remedies are positive for its energy business, Flow Energy.

We believe that the market is already competitive, due almost exclusively to the efforts of challenger suppliers like Flow Energy providing lower prices and better service than the Big Six. However, we do believe that the key changes suggested by the CMA would achieve their aim of encouraging even more customers to switch supplier, an effect that can only be positive for the continuing growth of our business. The key changes as we see them are:

- The creation of an Ofgem-controlled database of customers who have been stuck on expensive standard variable tariffs for more than three years, for other suppliers to market to. While this will need to be carefully implemented to ensure customers don't receive large quantities of direct marketing, it may allow challenger suppliers the opportunity to directly reach customers who have passively stayed with the Big Six.
- The lifting of the four tariff rule to allow more innovation. This is particularly beneficial for our Energy for Life strategy since it allows us the flexibility to create a range of tariffs that bundle in our innovative microCHP, smart heating and connected home products, delivering value to customers in new ways.
- Giving online price comparison sites more flexibility to innovate around exclusive deals, rebated commission and the way in which they display comparison information to the customer. We believe the differentiated elements of Flow Energy's offer – our Which? Recommended Provider status and our Energy for Life offer – will allow us to continue to stand out in the competitive price comparison space and that our focus on innovation will allow us to use these changes to our maximum advantage.

We also welcome the CMA's recommendation to accelerate the introduction of half hourly settlement in the domestic electricity market. This reform is key to providing cost reflective tariffs and rewarding cost avoidance and will allow Flow to innovate further and extract maximum value from the benefits its microCHP technology and smart heating range deliver to customers.

We have engaged with the CMA since the start of the investigation and we will continue to work with them through the next phase to ensure that the implementation of the recommended changes is calibrated to benefit challenger suppliers as much as possible.

Andrew Beasley, Managing Director of Flow Energy, commented: *"We welcome the CMA findings and believe the implementation of their suggested changes will play their part in the continuing growth of our business. However, fundamentally, we believe that the best way to encourage switching is for challenger suppliers like Flow Energy to keep providing competitive pricing and outstanding service. We must also continue to expand the idea of what an energy company can be, by offering a broader range of products and services to customers, so they have genuine choice and can find genuine value. We hope that the public will increasingly see this after the CMA's findings and actions have thrown a spotlight on challenger suppliers like Flow Energy and their pivotal role in creating competition and delivering value in the domestic energy*

market.”

Flowgroup plc

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