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14 May 2020

## **PipeHawk plc**

("PipeHawk", "Company" or the "Group")

### **Trading Update and Response to COVID-19**

As announced on 19 March 2020 in the Company's interim results, PipeHawk started the second half of the 2019/2020 financial year with increasing commercial momentum and a robust orderbook. Until the end of February 2020, the Group had not experienced any material impact on its businesses as a result of the COVID-19 outbreak.

#### **Response to COVID-19**

COVID-19 is clearly having a significant impact on most businesses as we all work to come to terms with a new working normal. Working within key manufacturing sectors, PipeHawk's businesses have continued to operate throughout the COVID-19 pandemic. At the outset of the countrywide lockdown, management implemented a number of processes to safeguard colleagues, suppliers and clients across all group activities. Safeguards include implementing working from home wherever practicable, welcoming essential visitors only, moving to a virtual based contact system with clients and suppliers, enhanced cleaning and disinfection routines within the businesses, implementing new goods in processes to ensure deliveries are segregated and delivery personnel prevented from entering facilities as well as actively implementing safe working practices with the use of PPE where appropriate and practising social distancing through keeping two metres apart.

Whilst some areas of the Group have expectedly seen a downturn in orders as clients within sectors including building services, automotive, aerospace etc. have temporarily shut down activity, other areas have witnessed healthy order intake. In particular, business within both Adien and Thomson Engineering Design has remained buoyant. Adien has continued to service long-term contracts in the defence, telecoms and electricity supply sectors and has won further business from competitors unable to fulfil start dates in line with client expectations. Since the start of the year, Thomson has been working at full speed and has won a number of new international orders.

QM Systems, PipeHawk's main trading entity, has experienced a reduction in order intake over the past two months. However, its sales effort has been focused on areas where industry continues to operate effectively and a number of new and exciting projects are expected to get underway when business starts returning to the new normal. Prior to commencement of the lockdown period, trading at QM Systems was above management's expectations and as such, QM Systems entered the lockdown period with a very healthy orderbook. QM Systems continues to operate effectively in progressing these orders and has been and continues to be busy. Although the Group has witnessed considerable disruption in our supply chain across its companies, through effective management of these challenges as they occur, PipeHawk has been able to avoid this disruption materially impacting operational activities.

PipeHawk's teams, throughout these unique times, have been excellent. They have embraced the new working practices with a real 'can do' attitude working from home wherever possible. Where their roles are manufacturing based within our factories, staff have continued to work effectively whilst observing social distancing requirements. They continue to address the many obstacles that are presented by this pandemic in a professional and positive manner. It is clear more than ever in these challenging times that PipeHawk possesses the most important thing of all, a motivated, well managed and focused team.

#### **Outlook**

The Group has been able to take advantage of the numerous UK Government backed schemes that provide financial support. Management continue to take steps to protect the business against a deeper

than expected recession through the use of the VAT and PAYE/NI deferral schemes and the successful application for a £400,000 CBIL loan, together with very careful stewardship of PipeHawk's cash resources. A number of the Group's staff have been furloughed where appropriate to further protect PipeHawk's cash position and to put the business in the best possible position to return to normal as quickly as possible, and to limit any potential impact as we exit the lockdown and social restrictions.

Given the evolving nature of the pandemic and the uncertainty over its length and severity, PipeHawk is working diligently to assess, plan for and mitigate the potential impact on its core markets by using its technical and manufacturing skills to procure other opportunities in the short-term. The Directors believe the fundamentals of the business remain sound and in particular the QM Systems proposition of automating the production process to increase productivity and reduce staff numbers maybe in even greater demand, as it provides solutions to some of the challenges presented by pandemics like COVID-19. The Board is confident in the Group's ability to withstand the current situation, maximise the short-term opportunities and deliver on its long-term growth ambitions.

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**Notes to Editors**

For further information on the Company and its subsidiaries, please visit: [www.pipehawk.com](http://www.pipehawk.com)