3 October 2023

Gooch & Housego PLC
("G&H" or the "Company" or the "Group")

Full Year Trading Update and Notice of Results

"Trading ahead of expectations. Integration of the two recent acquisitions progressing well"

Gooch & Housego PLC (AIM: GHH), the specialist manufacturer of photonic components & systems, announces that trading in the second half of the financial year has been strong, continuing the positive trends reported in its interim results. Revenues for the financial year have marginally exceeded market expectations.

Trading Update

Following the positive performance in the first half, the Group is pleased to report that trading momentum was sustained during the second half of the year.

In our Industrial markets volumes of our fibre and acousto optic assemblies used in advanced lithography systems grew more than offsetting the effects of some de-stocking by our customers in our industrial laser markets. Demand for our hi reliability fibre couplers used in subsea data cables has been stable and we expect demand to increase in the new financial year as our customers' new infrastructure projects are delivered.

In our A&D business we saw a number of fibre optic assembly programmes transition into full scale production. In the second half of the year, we made good progress on design and development activities for a number of customers for our embedded imaging periscope systems which has the potential to unlock significant orders based upon forecast vehicle build rates. In the commercial aerospace market there is sustained recovery in demand for our ring laser gyro components and we are steadily adding capacity to meet our customers' increased needs.

Revenues in the second half the year for our medical diagnostic devices grew thanks to deliveries for new customer programmes commencing. Our engineering team in Ashford is fully utilised supporting our customers new instrument development and qualification programmes.

In light of the positive trading performance in H2, enhanced by the focused operational improvements and capability investment over the last year, the Board expects the strong revenue performance to translate into a full year adjusted pre-tax profit above the current market expectations.

Acquisitions Update

The integration of GS Optics and Artemis into the G&H Group is proceeding to plan. Our ITL US business, focused on medical diagnostic devices, has now been relocated to GS Optics' facility in Rochester, NY and our expansion programme at that site is underway. We are adding new team members to our manufacturing and engineering teams there to support our US Life Sciences expansion plans as outlined in our new strategy.

The exploitation of commercial synergies between the newly acquired Artemis business and the rest of the G&H Group is already underway with a number of combined optical substrate and coating offerings now available to customers.

Cash

Cash generation in the second half of the financial year has been strong and allowing the Group to reduce its borrowing by $5.5m from its level immediately following the completion of the two acquisitions. Net debt (pre-IFRS 16) at the financial year end is, therefore, expected to be slightly better than market expectations.

Outlook

As at 30 September 2023 the Group's order book stood at £124.9m (30 September 2022: £147.7 million and 31 March 2023: £124.4m). Following the normalisation of the order book in the first half of the financial year there was a small order book decline in the second half of around 2.5% when measured on an organic, constant currency basis. Whilst destocking in some parts of our Industrial market is expected to impact in FY2024, especially in the first half, our A&D and Life Sciences revenues are both expected to grow. Around 75% of the order book is for delivery in FY2024 and this provides a good underpin for trading in the new financial year.

Notice of Results

The Company will announce its audited results for the year ended 30 September 2023 on 5 December 2023.

Charlie Peppiatt, Chief Executive Officer of Gooch and Housego, commented:

"I am delighted with the positive progress the Group has made in FY2023. Our operational performance has shown sustained improvement with on time delivery and lead times both improving significantly.

"The integration of GS Optics and Artemis into the G&H Group is on track. Both businesses are already benefitting from the additional market access and investment that being part of G&H brings.

"The detailed activities supporting the delivery of our recently announced strategic plan are now in place and support our budgeted plans for FY2024."

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Notes to editors

1. Gooch & Housego is a photonics technology business headquartered in Ilminster, Somerset, UK with operations in the USA and Europe. A world leader in its field, the company researches, designs, engineers and manufactures advanced photonic systems, components and instrumentation for applications in the Aerospace & Defence, Industrial, Life Sciences and Scientific Research sectors. World leading design, development and manufacturing expertise is offered across a broad range of complementary technologies.

2. All financial information included in this announcement is sourced from unaudited management accounts and excludes any specific items. This announcement contains certain forward-looking statements that are based on management's current expectations or beliefs as well as assumptions about future events. These are subject to risk factors associated with, amongst other things, the economic and business circumstances occurring from time to time in the countries and sectors in which G&H operates. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a wide range of variables which could cause actual results, and G&H's plans and objectives, to differ materially from those currently anticipated or implied in the forward-looking statements. Investors should not place undue reliance on any such statements. Nothing in this announcement should be construed as a profit forecast.