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

Streamlining of Acousto Optic and Precision Optic Manufacturing

"Consolidation of resource enhances our ability to deliver cost competitive products"

Gooch & Housego PLC (AIM:GHH), the specialist manufacturer of optical components and systems, announces that as part of its ongoing performance improvement programme it plans to streamline its Acousto Optic (AO) and Precision Optic (PO) manufacturing.

Under current plans an AO hub would be created at our Fremont, California site, which would combine the AO capabilities of our Fremont and Ilminster facilities. Fremont would assume responsibility as the global AO design authority and lead the Group's AO technological roadmap.

In support of this approach we are actively exploring outsourcing AO manufacturing with established contract manufacturers who have facilities in South East Asia. They would manufacture a significant portion of the Group's AO Q-switches and other critical industrial laser components, which are currently manufactured at Ilminster and Fremont. These plans will enable us to consolidate design, engineering and R&D resources and to continue to provide high quality, cost competitive products to the industrial laser market.

Our PO business has strong future growth potential from components and sub-assemblies, selling into A&D and semiconductor markets. In order to fully exploit these opportunities it is important we aspire to lead in terms of cost, quality and delivery performance. We are therefore planning on establishing a single UK PO hub at our Ilminster facility fashioned from our two current PO sites at Ilminster and Glenrothes. As part of this plan we would transfer Glenrothes PO manufacturing resources and capabilities into Ilminster and the Glenrothes site will be closed.

The above mentioned transfer programmes are expected to be completed during the second half of FY 2021.The total investment is expected to be c. £5 million across FY2020 and FY2021 and the one off income statement impact will be excluded from adjusted profit before tax. Savings are expected to build over time, with the aim of achieving a positive benefit in the second half of FY2021 and an annualised benefit of c. £1.25 million by FY2022.

Mark Webster, Chief Executive Officer of Gooch & Housego, commented:

"The streamlining of our AO and PO manufacturing is part of an ongoing programme of performance improvement that will enable the Group to continue to provide high quality, cost competitive products to the industrial laser and A&D sectors.

"These plans will enable us to consolidate resources and enhance our ability to deliver cost competitive products to our target markets. By creating hubs which would manage the day to day design, engineering and manufacturing for AO and PO we would be able to better focus on our customers' emerging product needs and provide them with market leading levels of quality and delivery performance."

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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.