8 October 2024

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

Full Year Trading Update
and
Notice of Results

Gooch & Housego PLC (AIM: GHH), the specialist manufacturer of photonic components & systems, announces its trading update for the financial year ended 30 September 2024. Trading in the second half of the financial year has been strong compared with the first half and is in line with current market expectations.

Trading Update

The Group is pleased to report that, as expected, trading levels improved during the second half of the year.

In our Industrial markets, volumes of our fibre optic modules and assemblies used in both advanced lithography systems and subsea data networks grew in the second half compared with the first half of the year, as programmes migrated to volume production. However, revenues from our industrial laser customers remained broadly flat compared with the first half of the year. Whilst there are early signs of a pick-up in demand, we expect a sustained recovery from our broader industrial laser and semiconductor markets in the second half of the coming calendar year.

In our Aerospace and Defence business there was second half revenue growth from deliveries of precision optics and advanced sighting systems into both air and land miliary platform programmes. In the commercial aerospace market demand for our ring laser gyro components continues to be strong and we are now benefiting from the additional capacity we have added to meet increasing demand.

Volumes from our Ashford facility for medical diagnostic instruments increased in the second half of the year owing to the phasing of customers' programmes. Our Life Sciences R&D team remains fully engaged in supporting customers with the design and accreditation of their next generation instruments which are expected to convert to production revenues for the Group in the coming years. Deliveries into our medical laser customers saw some recovery in the second half as the prolonged destocking cycle that we have experienced is ending.

Thanks to the stronger trading performance in the second half the Board expects the Group to deliver full year revenue and adjusted pre-tax profit in line with current market expectations.

Cash

Cash generation in the second half of the financial year has been good and the Group has been able to reduce its borrowing by $3.9m. 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 2024 the Group's order book stood at £104.5m (30 September 2023: £115.3m after adjusting for the divestment of the EM4 business). On an organic constant currency basis the order book declined by 5% during FY2024, partially due to a further £1.4m reduction in the Group's past due backlog and from the timing of orders for our medical diagnostic instruments. Our order book for medical laser devices has also declined but we are now starting to see evidence of the start of a recovery from this market. In our industrial markets, whilst the destocking patterns we saw in the first half of the year are now behind us, we have not yet seen sustained recovery in the industrial laser market.

Offsetting these declines our Aerospace and Defence order book has grown strongly in the financial year thanks to increased demand from both our commercial and defence customers assisted by the enhanced value proposition we are able to offer. Our teams in the UK and US are focused on converting a healthy pipeline of new Aerospace and Defence prospects.

Notice of Results

The Company will announce its audited results for the year ended 30 September 2024 on 3 December 2024.

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

"Following the first half result, the Group recovered well in the second half to deliver the expected increase in output.

"Whilst we do not expect to see our industrial laser and semi-conductor markets return to growth until next year, we are seeing strong demand for our advanced optical systems capabilities from the defence sector and there are significant new business opportunities that we are working hard to secure.

"We continue to make progress on delivering the self-help, technology and portfolio activities that underpin our strategic plan. We saw further improvement with on time delivery performance in FY2024 and customer feedback is now trending in a positive direction.

"The Group is now better positioned to benefit from the anticipated sustained recovery from our end markets next year thanks to the disciplined implementation of our strategy."

For further information please contact:

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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.