For immediate release **22 February 2017**

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

AGM Trading Update and Acquisition in the A&D Sector

"Trading continues to be in line with management's expectations, together with a highly complementary acquisition in the A&D sector'

Gooch & Housego PLC (AIM: GHH), the specialist manufacturer of optical components & systems, will hold its Annual General Meeting at 11am this morning at the Company's headquarters in Ilminster, Somerset. G&H's Chairman Gareth Jones will provide an update on trading performance and the acquisition of StingRay Optics LLC.

Market conditions for the first four months of the current financial year have been good. The current positive trading environment continues to drive orders in the telecommunications and industrial sectors, in particular high reliability undersea fibre couplers and critical components used in microelectronic manufacturing. This is reflected in a robust order book, which, as at 31 January 2017, stood at £60.4 million, an increase of 64.9% compared with the same time last year. Excluding the impact of acquisitions and foreign exchange this represents an increase of 19.4%.

Trading in the first quarter has been significantly better than the same period last year, albeit against a weak comparative and benefitting from a favourable foreign exchange environment. At this stage, the Company expects full year trading to be in line with management's expectations.

StingRay Optics

G&H has acquired the entire unit capital of StingRay Optics LLC ("StingRay"), a New Hampshire, USA based specialist designer and manufacturer of high performance optical and opto-mechanical sub-systems for demanding defence and commercial applications.

StingRay was founded in 2004 and has established itself as a market leading designer, manufacturer and supplier of world class custom optical assemblies. The business has a proven capability in providing system level optical products for use in harsh environments to key US defence customers. StingRay's product range covers laboratory, ground based, airborne, Unmanned Aerial Vehicles (UAVs) and space applications.

The acquisition of StingRay is aligned with G&H's strategic objectives of moving up the value chain and further diversification into the Aerospace & Defence sector. Potential synergies include leveraging G&H's greater reach through our global sales teams and our expertise in manufacturing infrared precision optics and specialist coatings.

The consideration payable by G&H will be up to $20 million, on a debt free, cash free basis with a normalised level of working capital remaining in the business. This comprises an initial consideration paid on completion of $7.5 million in cash from existing G&H debt facilities and $2.5 million in new G&H ordinary shares, which are 'locked up' for one year from the date of acquisition. There is also a deferred contingent consideration of up to $10 million, payable in cash, based upon the performance of the business for a period of up to three years.

The historical annual revenue of StingRay is circa $7.7 million and the acquisition is expected to be earnings enhancing in the first full year of ownership.

The Company's next scheduled announcements are the post close announcement for the six months ending 31 March 2017, which is due for release on 5 April 2017, and the interim results announcement on 6 June 2017.

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

''Market conditions for the first four months of this financial year have been good and G&H is on track to meet its expectations for the full year. There are good trading conditions in the telecommunications and industrial laser sectors and we have a strong order book.

"The acquisition of StingRay meets our strategic aims of moving up the value chain and diversifying the business through increasing our footprint in the Aerospace and Defence sector. It is a profitable and growing business in its own right, which has established an excellent reputation in the US Defence industry for the high quality of its custom optical assemblies. As part of the bigger G&H family we believe it will be able to fulfil its true potential by leveraging our greater reach and our complementary manufacturing and technical capabilities.

"We are very much looking forward to working with StingRay's talented management and workforce."

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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.