For immediate release **11 July 2016**

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

Two acquisitions in the Aerospace & Defence sector

Gooch & Housego PLC (AIM: GHH), the specialist manufacturer of optical components & systems, announces that it has completed two acquisitions that expand the Company's presence in the Aerospace & Defence sector.

Kent Periscopes
G&H has acquired the entire issued share capital of Kent Periscopes Ltd ("Kent"), a UK based specialist supplier of periscopes, vehicle sights and related equipment for land based Armoured Fighting Vehicles (AFVs).

Kent was founded in 2005 and has established itself as a market leading key supplier on major vehicle programmes to blue-chip military manufacturers. It is based in St Asaph, North Wales, owns key intellectual property and has capabilities in product design, assembly and sales and marketing. Kent also has a well established and cost-effective supply chain, which includes the option to outsource sub-assembly and complete 'end-product' production.

Kent has a proven capability in providing system level optical products for use in harsh environments to an impressive international customer list. It has a strong market position and a committed, long-term order book in excess of £20 million, which helps to underpin future revenues.

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

The consideration payable by G&H will be up to £9.5 million, net of cash remaining in the business. This comprises £7.0 million initial cash consideration, funded from existing cash and debt facilities, paid on completion and a deferred contingent consideration of up to £2.5 million, payable in cash and a small number of shares, based upon the performance of the business over the next two years.

Alfalight
G&H has also acquired the trade and assets of Alfalight Inc ("Alfalight"), a Madison, Wisconsin based designer and manufacturer of high reliability, laser based, electro-optic systems for defence and security applications.

Founded in 1999, Alfalight has established itself as an expert in diode and diode pumped solid state lasers and is designed into a number of long-term contracts for the defence sector in the USA. Alfalight is highly complementary to G&H's existing Boston, Massachusetts, business and will be incorporated into this business unit. G&H will benefit from this acquisition through its deep ties with key defence customers, which will further the Company's strategic objective of diversification into the Aerospace & Defence sector.

The gross consideration paid by G&H was $1.3 million, in cash, funded from existing cash and debt facilities at completion.

Summary financial effects
The historic combined annual revenue of the two companies is circa £9 million. Both acquisitions are expected to be earnings enhancing in the first full year of ownership.

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

"*These acquisitions meet our strategic aims of moving up the value chain and diversification through increasing our footprint in the Aerospace & Defence sector.*

"Kent is a well established business with an impressive list of international blue chip customers. We believe that G&H will enable this business to fulfil its true potential through leveraging our greater global reach and our complementary technological capabilities.

"Alfalight's expertise in diode lasers in the US defence sector is an excellent fit for our Boston business and will enable it to establish a critical mass in this marketplace.

"We are very much looking forward to working with the management, staff and customers of both companies."

For further information contact: -

Mark Webster / Andrew Boteler	Gooch & Housego PLC	01460 256440
Mark Court/ Sophie Cowles	Buchanan	020 7466 5000
Patrick Robb / David Anderson	Investec Bank plc	020 7597 5970

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.