For immediate release **20 February 2019**

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

AGM Trading Update

"Continued growth despite microelectronic headwinds"

Gooch & Housego PLC (AIM: GHH), the specialist manufacturer of photonic components & systems, will hold its Annual General Meeting at 11.00am today at the Company's headquarters in Ilminster, Somerset.

Current trading and outlook

During the first four months of the financial year the business has seen a downturn in demand for critical components used in industrial lasers for microelectronic manufacturing, particularly from China. In contrast, demand for fibre optic products and hi- reliability fibre couplers used in undersea cable networks has strengthened still further.

As previously stated, G&H has long been aware of the potential risks associated with the cyclical nature of the microelectronics sector and more recently of the impact of US/ China tariffs. The demand in the microelectronics sector was expected to weaken compared with the record levels in FY 2018, but uncertainty, particularly in the Chinese market, has meant that excess inventory in the supply chain may now take longer than expected to normalise. We expect the industrial laser market to pick up in the second half of FY 2019.

G&H believes that hi- reliability fibre couplers are about to experience a multi year growth phase. As a result we are investing in further capacity to take advantage of our market leading position in this area. The benefits of the first phase of this growth are expected to become apparent in the second half of the financial year.

Looking forward, we believe timing and mix will result in a FY 2019 group trading performance showing low single digit growth compared to last year.

As at 31 January 2019 our order book was strong at £91.4 million (31 January 2018: £89.7 million).

Continued execution of our strategy

Our longstanding strategy is to diversify our business and move up the value chain. One third of our business is now in the A&D sector and with the recent acquisition of the life science company VITL Ltd ("ITL") we expect to double our life science business in FY 2019.

ITL and Gould Fiber Optics("GFO") were acquired in the last two months of FY 2018 and both are performing well, with ITL trading ahead of expectations.

Financial strength

The Company remains in a strong financial position, which will allow us to continue to make further investments in the business in keeping with our strategic objectives.

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

" G&H has long been aware of the risks associated with the cyclical nature of the microelectronics sector and more recently with the impact of the US/ China tariffs. We are currently experiencing a cyclical downturn in demand for industrial lasers used in microelectronic manufacturing, though we expect it to pick up during the second half of our financial year. Elsewhere in the group progress has been good and our fibre optic business is performing particularly strongly.

"We remain confident in the potential of the industrial laser sector and our other markets to provide attractive long term growth.

"G&H is committed to greater diversification and moving up the value chain. We will continue to invest in R&D and where appropriate make acquisitions in order to meet these strategic objectives."

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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.