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

Half Year Trading Update

Gooch & Housego PLC (AIM: GHH), the specialist manufacturer of photonic components & systems, provides an update on trading in the six months to 31 March 2020.

Trading

Trading in the six months reflected trends that we have previously reported, including more recently an impact from the COVID-19 emergency.

Industrial laser demand remained at below 'normalised' levels, but orders for fibre optics, hi-reliability fibre couplers for undersea cables and our A&D and life science capabilities continued at a good level. In general we are now seeing improved demand from Japan, S.Korea and to an extent from China, but a push back of orders from some of our US and European customers.

Improved industrial laser demand will ultimately be driven by technical innovation such as 5G and new laser based manufacturing techniques. A&D and life sciences are more stable with areas of life sciences driving extra demand.

Overall trading in the first half of FY 2020, which was weighted more toward fibre optics, A&D and life sciences, is expected to have been lower than the same time prior year.

As at 31 March 2020 our order book was at £91.7 million (31 March 2019: £93.2 million), which represents a reduction on the same time last year of 1.7%, or 4.9% on a constant currency basis.

Priorities in the COVID-19 emergency

Our primary concern during the emergency is the health and safety of our staff, customers and suppliers. Wherever possible our employees are working from home and for those that need to work at our manufacturing sites we have implemented a range of new health and safety measures to ensure that we rigorously meet social distancing and cleanliness requirements and other relevant guidelines and regulations.

Our teams have been responsive and agile in the rapidly developing situation and we are working hard to ensure we continue to support our customers' products and programmes, many of which are classified as essential products and services.

Manufacturing capacity

As previously reported, four of our six manufacturing sites in the US are open as they are exempt from State wide 'stay at home' orders. The remaining two, Fremont and Cleveland are aiming to operate at around 50% of 'normal' capacity levels, which is an improvement on the temporary closures announced last month.

In the UK all of our five manufacturing sites are open though the unique nature of our Torquay facility is such that it will need to operate at a reduced capacity in order to rigorously adhere to the Government's COVID-19 guidelines. ITL is now operating at near to full capacity. This is due to increased demand for medical diagnostic kits and a unit which improves respiratory function and oxygen supply, as part of a ventilator system for patients in critical care, including those with COVID-19.

Cost control

Management has implemented a number of measures to control cash and costs. These measures are consistent with retaining a highly skilled workforce and maintaining the Group's infrastructure and capabilities to enable future growth post the COVID-19 emergency.

Financial strength

The Company remains in a good financial position with a strong balance sheet and good levels of available cash. We have recently completed an amendment to our existing credit facility, giving a total facility of $50 million until April 2023.

Outlook

It is uncertain how long the current COVID-19 emergency will last, but there is likely to be a material short term impact on G&H. We have previously indicated an expected increased H2 weighting to this year's trading performance, with the potential for revenue and profit to move into the Group's next financial year. A greater A&D and life science weighting is anticipated.

The Company is fundamentally sound and there is long term growth potential in each of our chosen sectors. We will continue to invest in novel, cutting edge photonic technologies. As such G&H remains well placed to take advantage of the recovery when it comes.

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

"Trading in the half year has continued along previously reported lines, including an impact from the COVID-19 emergency. Our order book remains at a good level for fibre optics, fibre couplers for undersea cables and A&D and life sciences.

"G&H is proud that in the US most of our product lines are considered to be vital for essential services and national security, enabling sites to stay open under 'stay at home orders'. In the UK all sites are open, albeit with Torquay operating at reduced capacity. We continue to manufacture critical components for industrial lasers, laser systems, telecom, A&D and life science products.

"We believe the current COVID-19 emergency has validated our long term strategy of diversification and moving up the value chain."

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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.