For immediate release **6 September 2018**

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

Aerospace and Defence Acquisition

Fibre optic consolidation and enhanced access to US Aerospace and Defence customers

Gooch & Housego PLC (AIM: GHH), the specialist manufacturer of optical components & systems, announces that it has acquired the trade and assets of Gould Technology LLC, trading as Gould Fiber Optics ("GFO") for a total consideration of up to US$16.4 million. This acquisition strengthens G&H's position as the world leader in fused fibre optic technology and provides enhanced access to strategic US Aerospace and Defence customers.

GFO

Founded in 1978 and headquartered in Baltimore, MD, USA, GFO is a specialist in the design, development and manufacture of fibre optic components and sub systems.

GFO is a market leading supplier of key enabling components into tier 1 US Aerospace and Defense customers.The GFO product range is highly complementary to that of G&H. Whilst G&H is the leading manufacturer of high reliability undersea fused fibre optic components, together with a strong presence in the life sciences and fibre laser markets, GFO specialises in the supply of polarisation maintaining ("PM") fibre components to the US defence market.

This acquisition enables G&H to take another step towards meeting its strategic objective of further diversification in its core markets. GFO brings the technology and routes to market required for G&H to access the US Aerospace and Defence fibre optic market, an area that had previously been largely denied to the Company, due to International Trade in Arms ("ITAR") regulations. In turn G&H's much larger US salesforce/ business development group and the combined broader based product portfolio should provide the platform for greater expansion within this sector.

Acquisition terms

The total consideration payable by G&H is up to $16.4 million. This comprises initial consideration of US$13.0 million, funded from a new US$40 million revolving credit facility from our bankers, RBS, together with US$1.4 million of new G&H shares. In addition, there is a deferred contingent cash consideration of up to a further US$3.4 million, based upon the performance of the business over the period to 30 September 2019.

The Company has made an application to the London Stock Exchange for 73,183 new Ordinary Shares to be admitted to trading on AIM. It is expected that admission will become effective on or around 12 September 2018.

The historical annual revenue of GFO was c.US$6.3 million, underlying operating profit was c.US$1.6 million, taking into account the investment we expect to make into the Baltimore facility and the staff base. The acquisition is expected to be earnings enhancing in the first full financial year of G&H's ownership. Gross assets acquired were c.US$1.5 million.

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

"This acquisition enables us to take another step towards diversifying our business, allows G&H access to previously restricted markets, as well as reducing, still further, the Company's dependency on what remains a cyclical micro-electronics sector.

"GFO is a high quality business, with a long standing tier 1 Aerospace and Defence customer base, complementary technology and a strong financial track record.

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

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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.