



[Treatt PLC](#) - TET
Trading Update
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TREATT PLC **("Treatt" or "the Group")**

Trading Update for the half year ended 31 March 2018

Treatt, the manufacturer and supplier of innovative ingredient solutions for the flavour, fragrance, beverage and consumer product industries today publishes a trading update for the half year ended 31 March 2018.

The Board is pleased to confirm that following a strong result for the financial year ended 30 September 2017 in which profit before tax increased by 46%, the business has continued to perform well in the current financial year with revenue for the six months ended 31 March 2018 up by approximately 11% compared to the same period in the prior year.

The core business categories of citrus, tea and sugar reduction have continued to drive top-line growth with the combined effect of new business wins in the prior year, together with further wins in the current year, beginning to take hold.

Whilst the Group has in place a hedging strategy to try to ensure that the impact of exchange rate movements is broadly neutral to the income statement over the course of a financial year, as has been experienced previously, there can be material effects over shorter periods of time. In the first half of the current financial year ("H1 2018") there was a weakening in the USD/GBP exchange rate and as a result the Board anticipates that there will be a small negative net FX impact on the H1 2018 results of approximately £0.2m.

The recently enacted Tax Cuts and Jobs Act in the United States is expected to result in a material reduction in the Group's overall tax charge. Firstly, the reduction in the headline federal income tax rate from 35% to 21% will reduce the current tax rate on the Group's US profits to 24.5% and further reduce the tax rate to 21% for the financial year ending 30 September 2019. In addition, the Board expects a one-off deferred tax credit of approximately \$0.5m (£0.4m). The US tax charge is also likely to be reduced further under the Foreign Derived Intangible Income Tax regime on exports out of the US business. The Group will continue to work through the full impact of these changes as further guidance becomes available, but it is expected that the Group's overall tax charge will be materially lower than would have been the case under previous US tax law.

Outlook

The momentum which is being delivered by the Board's Strategic Plan, with its focus on core product categories and key geographical markets, is expected to continue in the second half of the current financial year and beyond. The Board therefore continues to believe that profit before tax and exceptional items will be in line with its expectations for the financial year ending 30 September 2018.

The Board expects to announce Treatt's half year results for the six months ended 31 March 2018 on 8 May 2018.

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About the Group

Treatt is a global, independent supplier of innovative ingredient solutions for the flavour, fragrance and multinational consumer product industries, particularly in the beverage sector. Renowned for its technical expertise and knowledge of ingredients, their origins and market conditions, Treatt is recognised as a leader in its field.

The Group employs over 300 staff in Europe, North America, Africa and Asia and has manufacturing facilities in the UK, USA and Kenya. Its international foot print enables the Group to deliver powerful and integrated solutions for the food, beverage and fragrance industries across the globe.

For further information about the Group, visit www.treatt.com.

CAUTIONARY STATEMENT ABOUT FORWARD-LOOKING STATEMENTS

This announcement contains forward-looking statements that are subject to risk factors associated with, among other things, the economic and business circumstances occurring from time to time in the countries, sectors and markets in which the Group 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 to differ materially from those currently anticipated. No assurances can be given that the forward-looking statements in this announcement will be realised. The forward-looking statements reflect the knowledge and information available at the date of preparation of this announcement and the Group undertakes no obligation to update these forward-looking statements. Nothing in this announcement should be construed as a profit forecast.