



Treatt PLC - TET Update on Site Relocation
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TREATT PLC

Update on Site Relocation

Treatt Plc (the 'Group' or 'Company'), the manufacturer and supplier of innovative ingredient solutions for the flavour, fragrance, beverage and consumer products industries, announces that it has entered into a construction agreement with Readie Construction Limited for the development of its new head office facility on Suffolk Park, Bury St Edmunds (the 'Contract'). Construction is due to commence this month with completion scheduled for Summer 2020; occupation will take place shortly thereafter.

The Contract is on a fixed price basis and comprises the design and build of works associated with the new building including laboratories, manufacturing and warehouse facilities, offices and collaborative working spaces. Contract negotiations with other suppliers for the provision of plant and machinery for the new site are also proceeding well.

The development of the detailed relocation plan, with the deliverables of driving further innovation, product development, teamwork and process efficiencies as well as a step-change in capacity, is now almost complete. The latest estimate for the relocation budget and expenditure to date are set out in the table below.

A further update on the relocation project will be provided when the Group announces its full year results for the year ending 30 September 2019 on 26 November 2019.

Daemmon Reeve, CEO of Treatt, commented:

"We are extremely pleased to have entered into a contract with Readie Construction Limited to build our new head office facility. This marks a significant step in Treatt's history and will provide our teams with the facilities and positive working environment to underpin our ambitious future growth plans."

The Company's estimate of overall project costs are estimated as follows:

	Budget	Spend to date		Total spend to date
		To 30/9/18	To 31/8/19*	
	£'000	£'000	£'000	£'000
Capital Expenditure:				
Land	3,823	3,823	0	3,823
Buildings	17,483	198	609	807
Plant & machinery	16,891	126	1,093	1,219
Existing site disposal	(4,965)	0	0	0
Net capital expenditure	33,232	4,147	1,702	5,849
Note 1 Procurement, installation & commissioning	2,855	335	205	540
Net Relocation Costs	36,087	4,482	1,907	6,388
Other exceptional items:				
Note 2 Accelerated depreciation (non-cash)	434	217	199	416
Note 3 One-off relocation costs	2,052	554	225	778
	2,486	771	424	1,194

* Extracted from unaudited management accounts.

Note 1: Management's view is that these costs do not fall to be capitalised and will be expensed as exceptional items with the remaining costs expected to be incurred in the year ending 30 September 2020.

Note 2: Accelerated depreciation relates to the reduction in the estimated useful lives of assets which will not transition to the new site and has been accounted for in the current year ending 30 September 2019 and the prior year ended 30 September 2018.

Note 3: Other exceptional items include initial design costs, duplicated costs of working, additional staffing resources and costs associated with the physical transfer of the business to the new site. The remaining costs are expected to be incurred in the years ending 30 September 2020, 2021 and 2022.

In accordance with IAS 23 'Borrowing costs' and in addition to the above, the interest charges incurred on funds utilised on the relocation project prior to its completion, expected to total £0.6m, fall to be capitalised in the year ending 30 September 2020 rather than expensed.

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