



RNS

Trading Statement



Trading Update

TREATT PLC

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TREATT PLC ("Treatt" or "the Group")

Trading update

Strong trading – profits expected to materially exceed market consensus

Treatt, the manufacturer and supplier of a diverse and sustainable portfolio of natural extracts and ingredients for the beverage, flavour and fragrance industries, today updates on trading since the start of its financial year ending 30 September 2021 ("FY21").

Highlights

- Strong operating performance across multiple categories and customers, with new organic revenue growth and enhanced margins from improving product mix.
- Profits for the first four months of the current financial year are expected to be ahead of Board's previous expectations for the period.
- Continued partnering with customers to develop exciting products in the fast-evolving beverages market is driving potential for further revenue and margin growth.
- Headwinds from COVID-19, the geopolitical landscape and commodity/currency risks remain.
- Overall, the Board is cautiously optimistic that the current strong momentum will result in profit before tax and exceptional items for FY21 materially exceeding the current market consensus* of £15.1m.

Trading performance

As reported in our FY20 results announcement on 24 November 2020, the Group had a strong start to the new financial year, and this has continued with the trading performance in the year to date being significantly better than expected.

The Group is performing particularly well in its citrus, health & wellness, fruit & vegetables and tea categories. Some material new business wins have been achieved including in the global alcoholic seltzer category which is continuing to grow strongly. Treatt is well positioned as a supplier of natural extracts including its sugar reduction solutions; the Group's technical expertise enables it to add significant value to customers across a growing range of applications resulting in margin expansion as well as revenue growth.

Whilst some parts of our product portfolio continue to be impacted from subdued on-trade demand due to the closure of venues in many parts of the World, this has been more than offset by increased demand from off-trade channels.

The Board considers that the strong trading momentum shown in these first few months of the current financial year will continue into H2 but is mindful that the Group faces the same uncertainties as our customers regarding the ongoing COVID-19 global pandemic, potential further lockdowns in our key markets and the volatile geopolitical landscape, with potential impacts on demand, FX rates and commodity prices. Nevertheless, the better than expected performance for the first four months of the year and the level of the order book leads the Board to be cautiously optimistic about continued growth in revenues, margins and profits for the rest of FY21, with profit before tax and exceptional items for FY21 expected to materially exceed current consensus* of £15.1m.

Daemmon Reeve, CEO, commented:

“We’re encouraged by our strong trading momentum continuing into the current financial year. Performance has been positive across a number of our key categories, with particular growth in our solutions for the expanding alcoholic seltzer market, utilising our expertise in natural extracts.

“Whilst mindful of the global backdrop, we are confident that we can make further progress this year, to grow organic revenue across an increasingly global and diversified customer base who benefit from our technical expertise and value-add approach.”

* Treatt compiled consensus of analyst forecasts for FY21 of profit before tax and exceptional items.

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About the Group

Treatt is a global, independent manufacturer and supplier of a diverse and sustainable portfolio of natural extracts and ingredients 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 and Asia and has manufacturing facilities in the UK and US. Its international footprint 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.

Information contained within this announcement is deemed to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014. Upon the publication of this announcement, this inside information is now considered to be in the public domain.

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.