

FINAL RESULTS

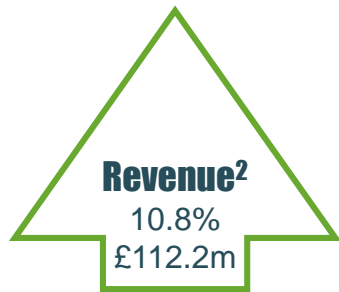
for the year ended 30 September 2018



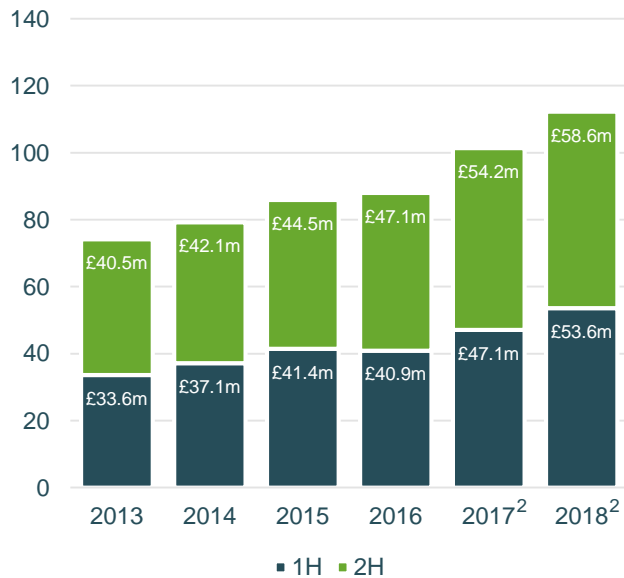
EXECUTIVE SUMMARY

- 📈 First year of 5 year strategy delivered
- 📈 Solid sales growth across all product categories
- 📈 Strong EPS growth from continuing activities
- 📈 Capital investment programme progressing well
- 📈 Disposal of Earthoil Plantations

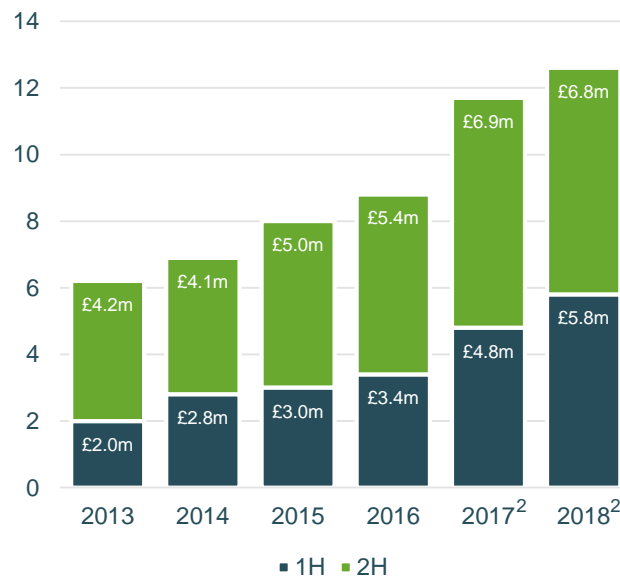
RESULTS AT A GLANCE



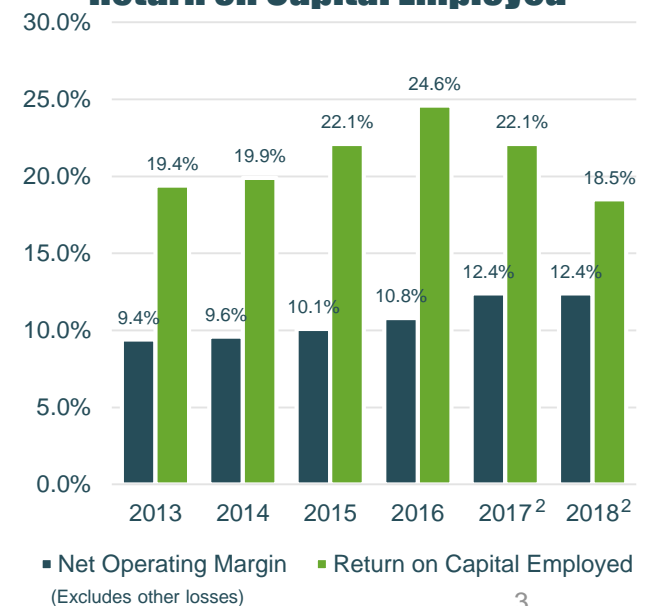
Revenue £'m



Profit Before Tax¹ £'m



**Net Operating Margin¹ /
Return on Capital Employed¹**



¹ Excludes exceptional items
² Excludes discontinued operations

2018 FINANCIAL REVIEW

INCOME STATEMENT

Year ended 30 September	2018 £'000	2017 £'000	Change %
Revenue	112,163	101,250	+10.8% ¹
Gross profit	27,756	25,265	+9.8%
<i>Gross profit %</i>	24.7%	25.0%	-0.3% ²
Administrative expenses	(13,812)	(12,718)	³
Operating profit	13,944	12,547	+11.1%
<i>Operating profit %</i>	12.4%	12.4%	-
Other losses	(734)	-	
Net finance costs	(568)	(851)	-33.3%
Adjusted profit before tax	12,642	11,696	+8.1%
Exceptional items	(1,105)	-	⁴
Profit before taxation	11,537	11,696	-1.4%
Taxation	(2,284)	(3,129)	-27.0% ⁵
Profit for the year (continuing operations)	9,253	8,567	+8.0% ⁶
Profit from discontinued operations	2,976	978	
Profit for the period	12,229	9,545	+28.1%
Adjusted EPS ^{1,2}	18.02p	16.41p	+9.8%

Key Points

1. Revenue growth in constant currency – 14.1%
2. Margins impacted by FX and new business at initially lower margins
3. Admin expenses up 9% mainly due to increased headcount, supporting growth
4. UK relocation expenses
5. Effective tax rate after exceptional items reduced to 19.8% - lower US taxes.
6. Profit from discontinued operations includes £2.4m profit on Earthoil sale

¹ Excludes exceptional items
² Excludes discontinued operations

2018 FINANCIAL REVIEW

CASH FLOW

Year ended 30 September	2018 £'000	2017 £'000
Operating cash flow	16,243	16,017
Increase in inventories	(1,175)	(13,607)
Increase in trade and other receivables	(9,906)	(2,454) ¹
Other working capital	(1,582)	4,727
Cash generated from operations	3,580	4,683
Taxation paid	(2,978)	(2,822)
Net cash from operating activities	602	1,861
Purchase of property, plant & equipment	(6,190)	(5,111) ²
Purchase of intangible asset	(389)	(105)
Free cash flow	(5,977)	(3,355)
Disposal of/(investment in) subsidiaries	8,746	(900) ³
Other investing activities	36	(650)
Dividends	(2,876)	(3,025)
Issue of share capital	20,833	- ⁴
Other financing activities	(286)	(570)
FX	(192)	(71)
Movement in cash/(net debt)	20,284	(8,571)
Net debt at start of year	(10,225)	(1,654)
Cash/(net debt) at end of year	10,059	(10,225)

Key Points

1. £10m increase in receivables – strong end to year plus longer terms from major customers
2. £5m of capex relates to US expansion
3. £8.7m net proceeds from sale of Earthoil
4. £20.8m from 10% placing in December '17

2018 FINANCIAL REVIEW

BALANCE SHEET

As at 30 September	2018	2017
Goodwill	-	£2.7m
Fixed assets	£20.8m	£15.4m ①
Inventories	£39.6m	£42.9m ②
Debtors	£28.8m	£20.0m ③
Creditors	(£15.3m)	(£17.8m)
Working capital	£53.1m	£45.1m
Taxation	(£0.1m)	(£0.7m)
Net cash/(debt)	£10.1m	(£10.2m)
Pension deficit	(£3.5m)	(£5.8m)
Net assets held for sale	£1.6m	-
Other net liabilities	(£0.4m)	-
Shareholders' funds	£81.6m	£46.5m ④

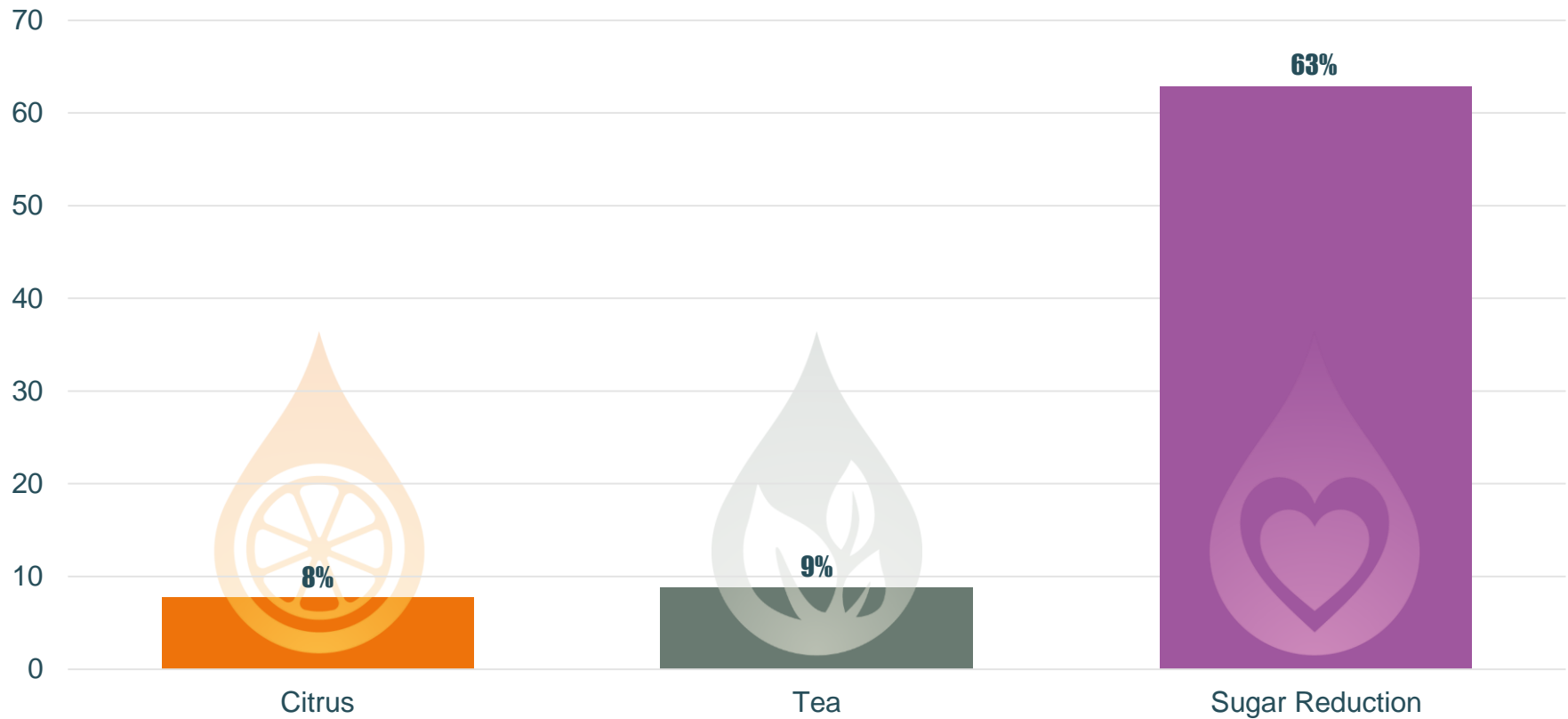
Key Points

1. Fixed asset increase – US expansion
2. Inventory levels steady
3. Significant increase in debtors
4. Equity fund raise strengthened balance sheet – net assets up 75%

STRATEGIC UPDATE

STRATEGIC FOCUS CORE PRODUCT AREAS

% Growth in Sales – 2017 v 2018



🌱 New FMCG business wins

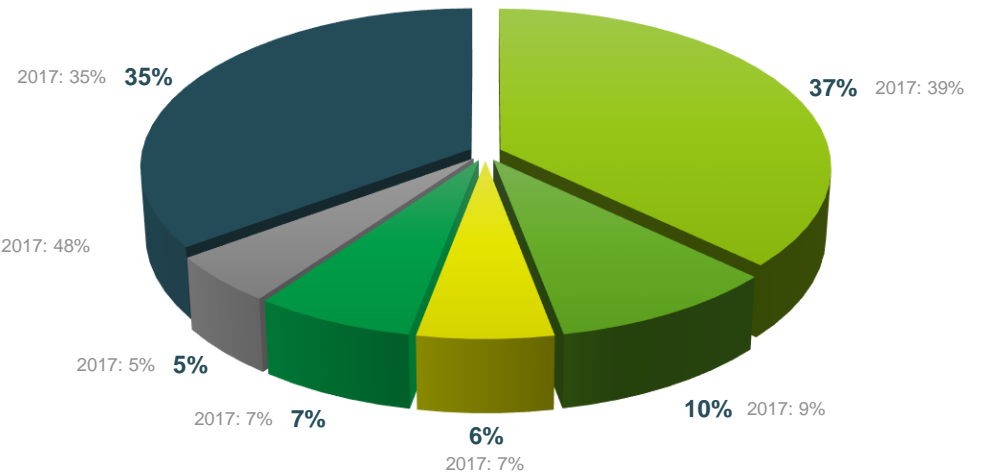
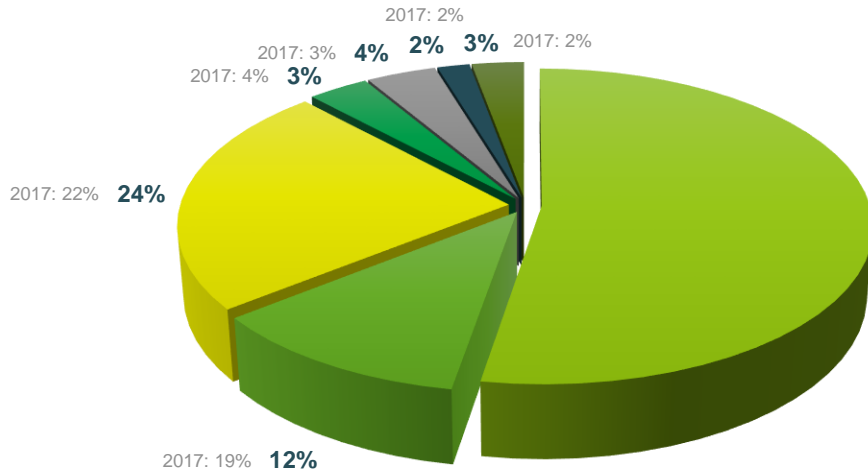
🌱 Growth in market share

ROUTES TO MARKET

GEOGRAPHICAL BREAKDOWN OF SALES

Direct

Indirect



- Indirect via Flavour Houses
- Beverage
- Trader or Distributor
- Other
- Personal Care
- Chemicals
- Food

- US
- UK
- Germany
- Ireland
- China
- Other

STRATEGIC FOCUS

5-year growth plan driven by citrus, sugar reduction and tea:

- 🏆 US expansion progressing well – on time and on budget
- 🏆 Performance culture and employee engagement strategy – recognition through winning awards
- 🏆 Important business wins with global beverage companies
- 🏆 Increased investment in R&D driving new product innovation
- 🏆 Strategic growth markets:
 - 💧 UK – supported by strengthened sales force
 - 💧 US – continual progress in Group's largest market
 - 💧 China – a year of consolidation with significant opportunities ahead
 - 💧 India – growth encouraging from small base

US EXPANSION

- 🌱 \$14m capacity driven expansion
- 🌱 Support growth in tea and sugar reduction
- 🌱 Enhancing technical and R&D capabilities
- 🌱 On-time, on budget – construction to be completed by end of 2018 with operations commencing in early 2019



UK ENHANCED CAPABILITIES

- ⬆ £35m project – ROI 10-15% 3 years after completion
- ⬆ Construction work expected to commence mid 2019 with completion mid 2020

Improved client interaction

- ⬆ Technical/Technical collaboration
- ⬆ Heightened customer experience of Treatt
- ⬆ Collaborative hub space, driving customer interaction, partnership-based model and product innovation

Step-change in capacity

- ⬆ Significantly higher volumes possible
- ⬆ Modular design – future expansion available throughout

Multiple operational efficiencies

- ⬆ Site logistics
- ⬆ Automated warehousing
- ⬆ Computer-controlled stills
- ⬆ Enhanced technical facilities
- ⬆ 24-hour working

Delivering margin improvement over the medium term

SALE OF EARTH OIL PLANTATIONS

- ⬆ Identified as non-core to group activities
- ⬆ Consideration of £11.3m in cash
 - ⬆ Deferred payment of 10% due June 2019
- ⬆ Transitional services agreement ends 30 November 2018
- ⬆ Strengthened balance sheet & provides growth capital

CURRENT TRADING & OUTLOOK

- ⬆️ Steady start to new financial year
- ⬆️ Encouraging opportunity pipeline
- ⬆️ US expansion due to complete end 2018 / fully operational early 2019
- ⬆️ The Group continues to perform in line with the Board's expectations for the full year

APPENDIX

PRODUCT CATEGORIES



Citrus

Treatt's largest product category

Both natural and synthetic offerings create significant market opportunities

Building on know-how and technical expertise for customer benefit



Sugar Reduction

Natural flavour of sugar – without carbs or calories

Sugar tax / obesity agenda leading to strong customer demand and growth in size of market

New business wins with global FMCGs



Tea

Natural tea flavours

Continued growth in the ready-to-drink tea market

2011-16 grew by >40%

Noteworthy wins at multiple FMCGs and F&F Houses



Fruit & Vegetable

Aqueous distillates – 100% natural (Treattarome™)

Distilled at low temperatures over short periods to maximise flavour

Effective at low dosages – highly concentrated



Herb, Spice & Floral

100% natural ingredients made from the named food

Source, manufacture and supply over 500 herb, spice and floral products

Work closely with customers to match specific requirements



Aroma & HICs

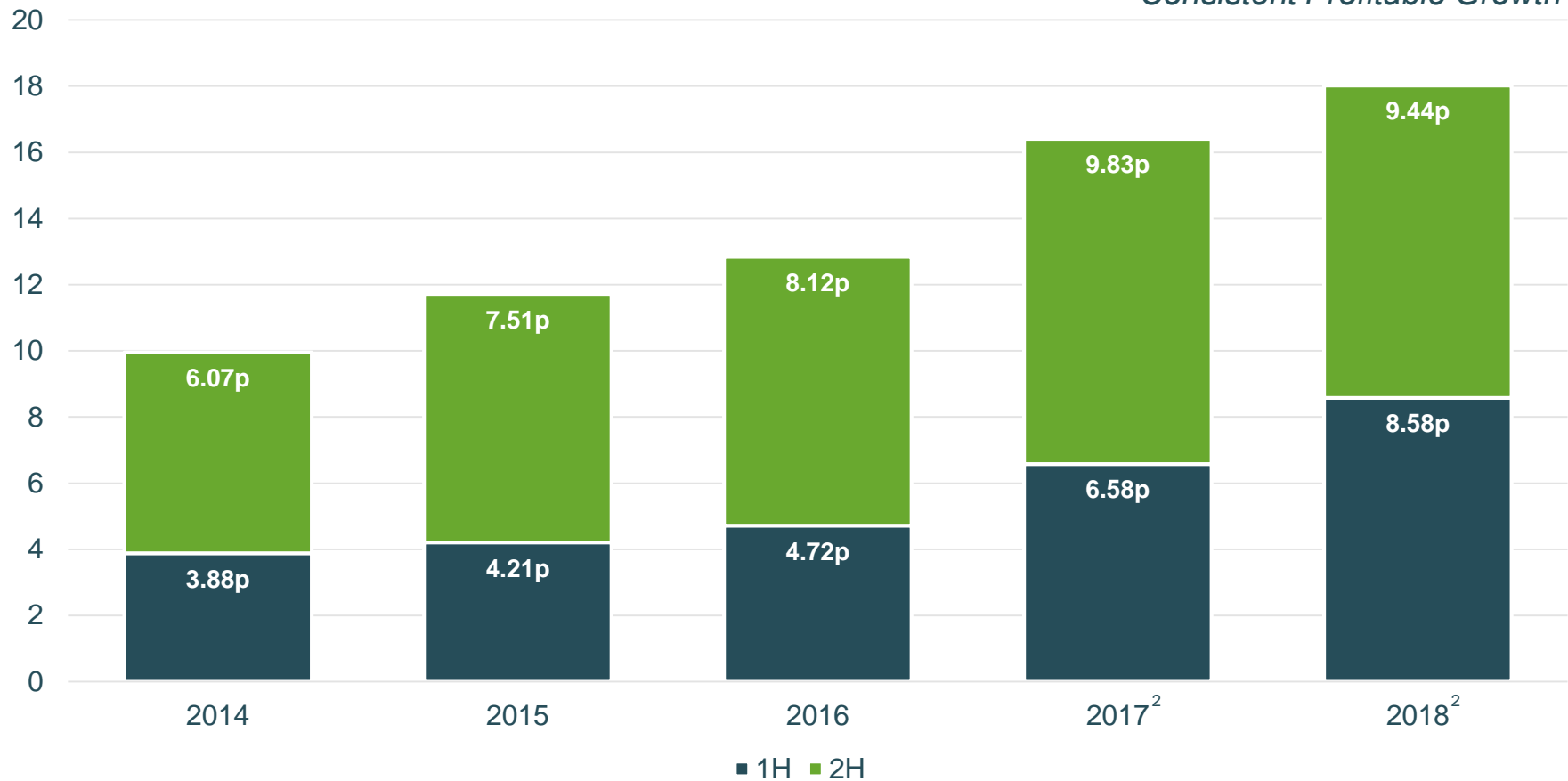
Extensive portfolio of speciality high impact aroma chemicals

Ideal for creating powerful flavours and fragrances

Low dose levels offer great value for money

INTERIM/FINAL EARNINGS PER SHARE¹ 2014-2018

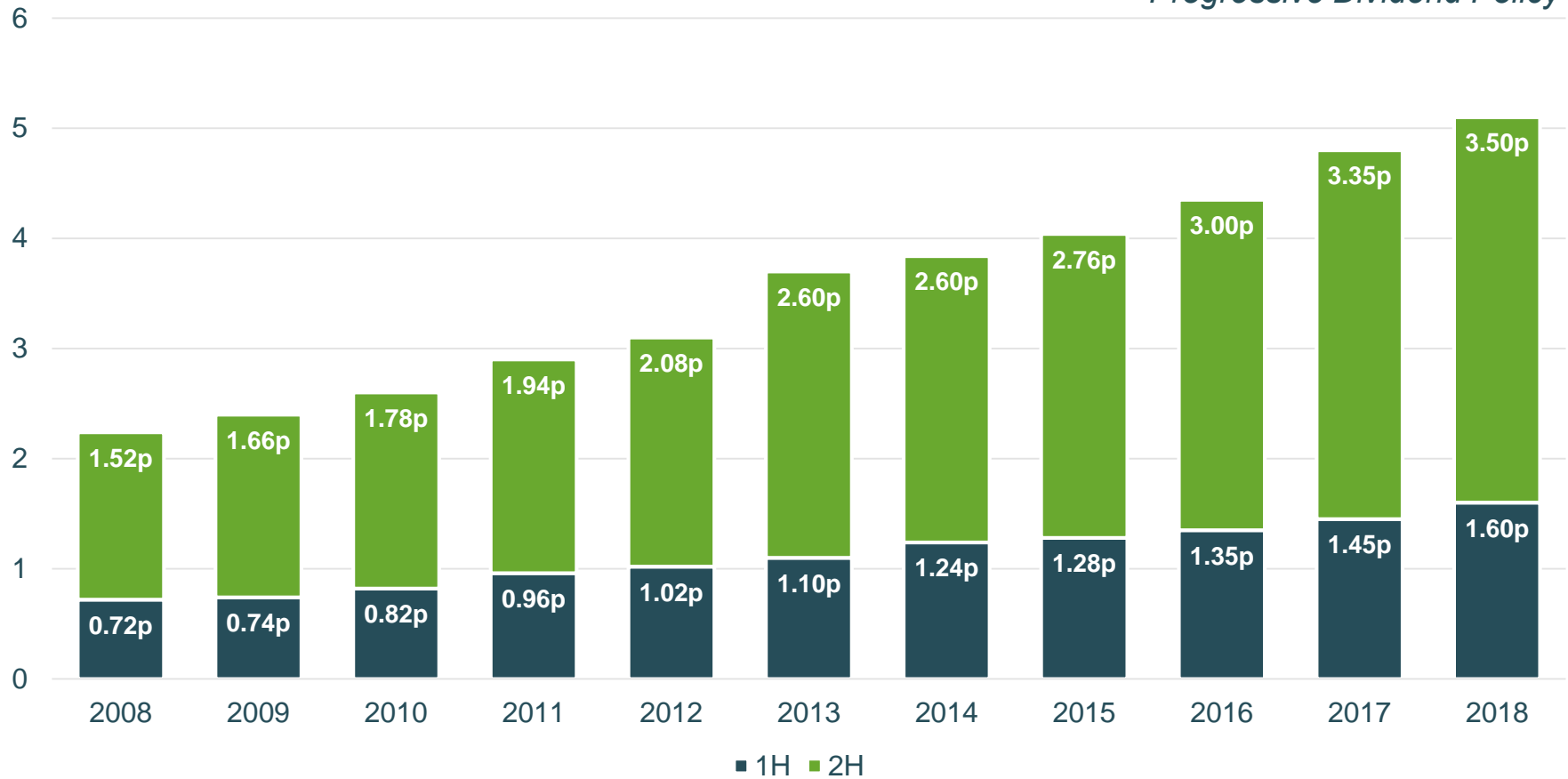
“Consistent Profitable Growth”



¹ Excludes exceptional items
² Excludes discontinued activities

INTERIM/FINAL DIVIDEND 2008-2018

“Progressive Dividend Policy”





TREATT