

FINAL RESULTS

for the year ended 30 September 2019



EXECUTIVE SUMMARY

FINAL RESULTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

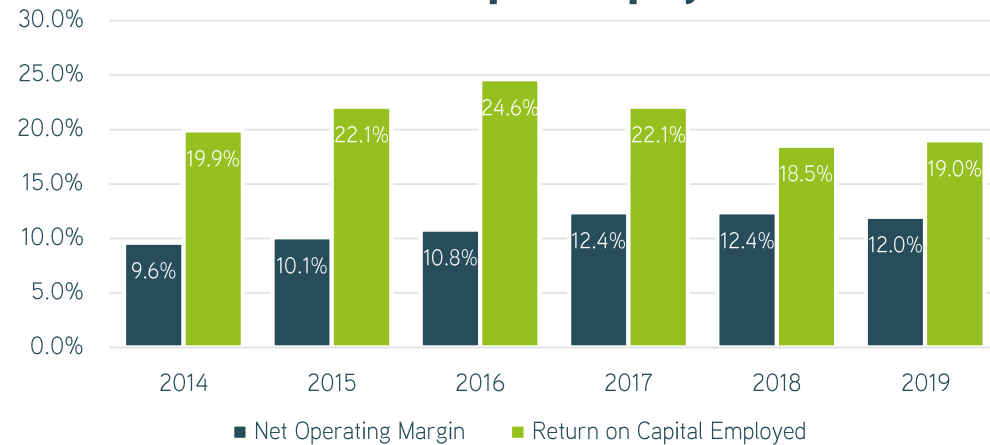
- 🏆 Delivering good progress against 2022 strategy
 - 💧 Profits up despite significant citrus and foreign exchange headwinds
- 🏆 81% of Group revenue from natural and clean-label products
- 🏆 Citrus revenue down 10%, substantial fall in raw material prices
- 🏆 Non-citrus revenue up 16%, led by tea, health & wellness, fruit & vegetables categories
- 🏆 5.2% increase in profit before tax and exceptional items from continuing activities
- 🏆 Strong cash inflow of £5.9m, free cash flow (excluding major projects) of £16.3m
- 🏆 Dividend for full year up 7.8% to 5.50p – Proposed final dividend of 3.80p (2018: 3.50p)
- 🏆 US expansion construction completed, increased capacity on stream from early 2020
- 🏆 UK relocation build underway



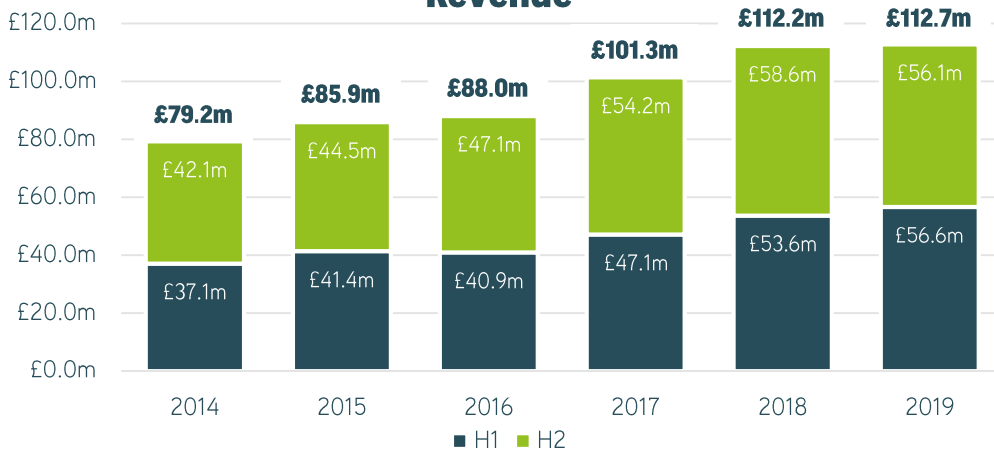
FINAL RESULTS AT A GLANCE



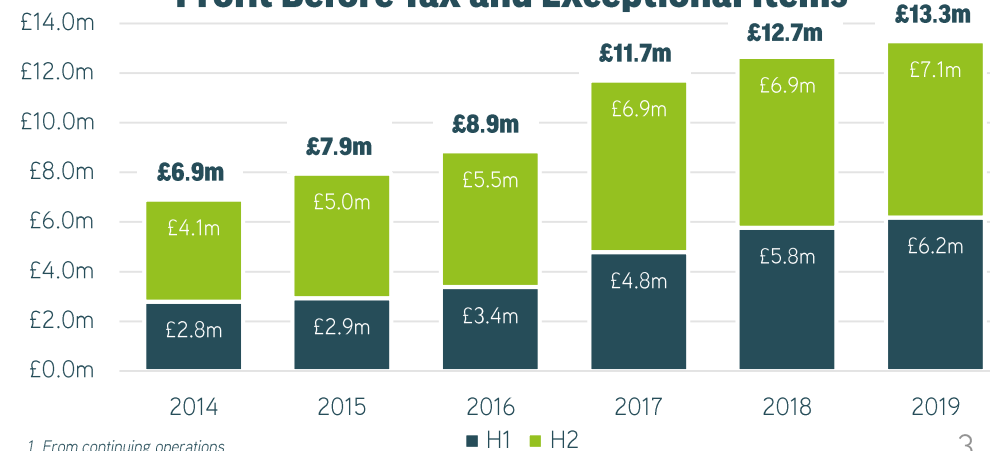
Net Operating Margin¹ / Return on Capital Employed¹



Revenue¹



Profit Before Tax and Exceptional Items¹



¹ From continuing operations
² Excluding exceptional items

2019 FINANCIAL REVIEW - INCOME STATEMENT

Year ended 30 September		2019 £'000	2018 £'000	Change %
Continuing Operations	Revenue	112,717	112,163	+0.5% (1)
	<i>Citrus</i>	60,823	67,470	-9.9%
	<i>Non-citrus</i>	51,894	44,693	+16.1%
	Gross profit	28,657	27,756	++3.2%
	Gross profit %	25.4%	24.7%	+70bp (2)
	Administrative expenses	(15,158)	(13,812)	+9.7% (3)
	Operating profit	13,499	13,944	-3.2%
	Operating profit %	12.0%	12.4%	-40bp
	Other losses	-	(734)	
	Net finance costs	(199)	(568)	-65.0%
	Adjusted profit before tax	13,300	12,642	+5.2%
	Exceptional items	(755)	(1,105)	(4)
	Profit before taxation	12,545	11,537	+8.7%
	Taxation	(2,673)	(2,284)	+17.0% (5)
	Profit for the year	9,872	9,253	+6.7%
	(Loss)/Profit from discontinued operations	(1,084)	2,976	(6)
	Profit for the period	8,788	12,229	-28.1%
	Adjusted earnings per share ^{1,2}	17.82p	18.02p	-1.1%

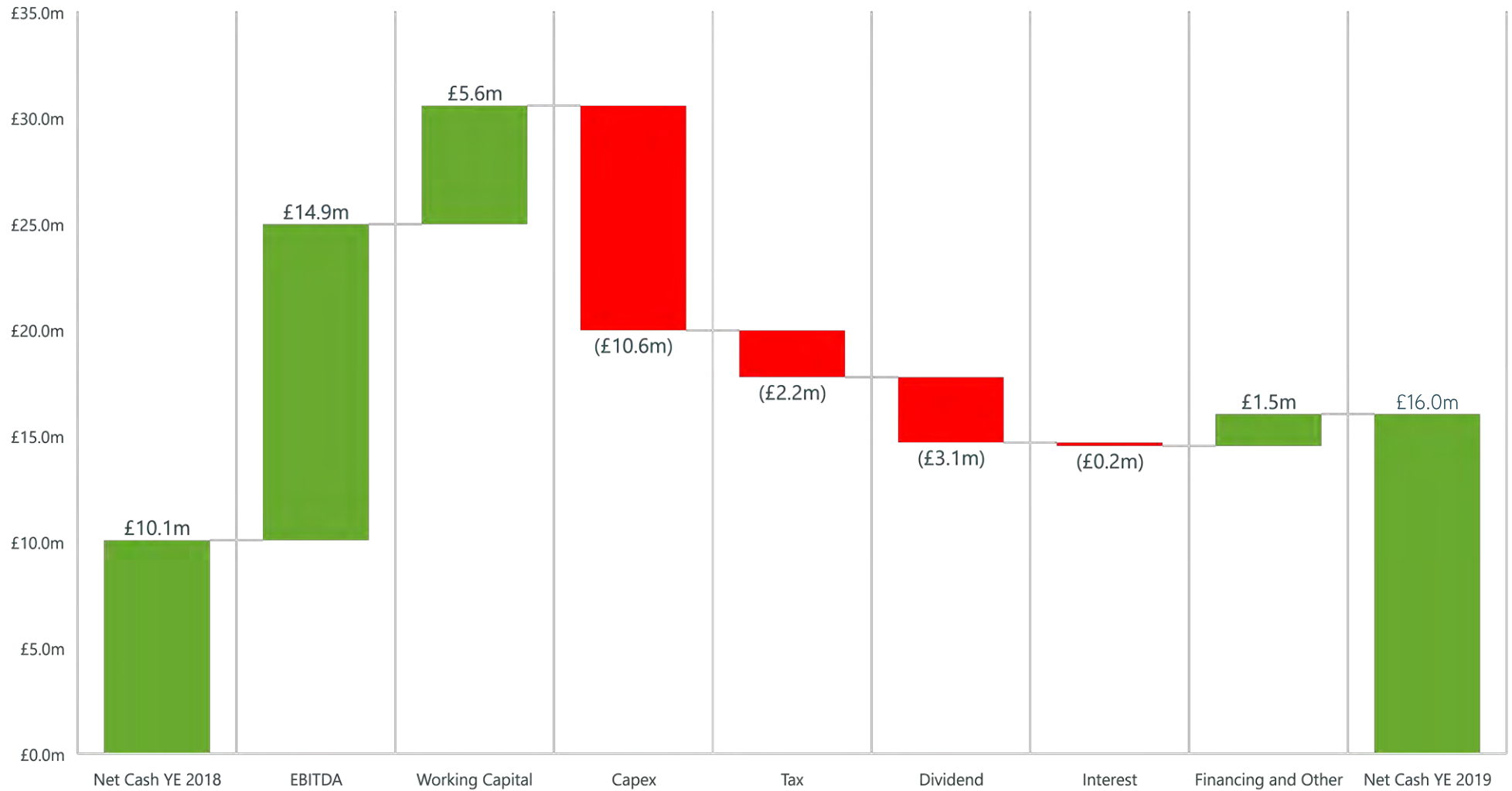
Key Points

- 1) Fall in citrus oil input prices impacted total revenue by 6%; strong growth in tea, health & wellness and fruit & vegetables categories.
- 2) Citrus oil pricing impacted gross profit margins by (£1.8m).
- 3) Administration expenses up 9.7% (7.5% in CC) - £0.6m increase in payroll costs, 9% increase in FTE headcount across all disciplines
- 4) Exceptional items – UK relocation expenses & accelerated depreciation.
- 5) Increase in effective tax rate^{1,2} from 19% to 21% - absence of prior year US deferred tax credit & US taxes higher.
- 6) Loss from discontinued activities - £0.8m non-cash impairment charge. Kenyan companies held for sale.

¹ Excludes exceptional items

² Excludes discontinued operations

CASH FLOW



STRATEGIC DRIVERS

DELIVERING SUSTAINABLE GROWTH FOR OUR STAKEHOLDERS

🏡 Diversifying into new categories (slide 11)

- 💧 New coffee platform launched – specialist expertise

🏡 Investing for future growth (slides 13,14)

- 💧 Completed investment in US operation expansion
- 💧 New UK site construction underway

🏡 Investing in our core categories (slide 7)

- 💧 Global multidisciplinary teams to maximise commercial effectiveness
- 💧 Increased customer collaboration

🏡 Investing in our culture

- 💧 Collaborative culture
- 💧 Supporting staff development

🏡 Engaging with our communities

- 💧 Encouraging a wide range of volunteering and fundraising activities in the community
- 💧 Working with local schools and colleges to deepen relationships and enhance our future talent pool

🏡 Reducing our environmental impact

- 💧 Transporting goods via logistic groups working as part of the Sustainable Shipping Incentive



INVESTING IN OUR CORE CATEGORIES

🏆 Strategic focus on key product categories supporting growth plan to 2022

- 💧 clean-label and natural are strong growth drivers - 81% of Group revenue

🏆 Diversification of portfolio progressing well

- 💧 impact of citrus volatility balanced by strong growth in health & wellness, tea and fruit & vegetables categories
- 💧 launch of coffee product range

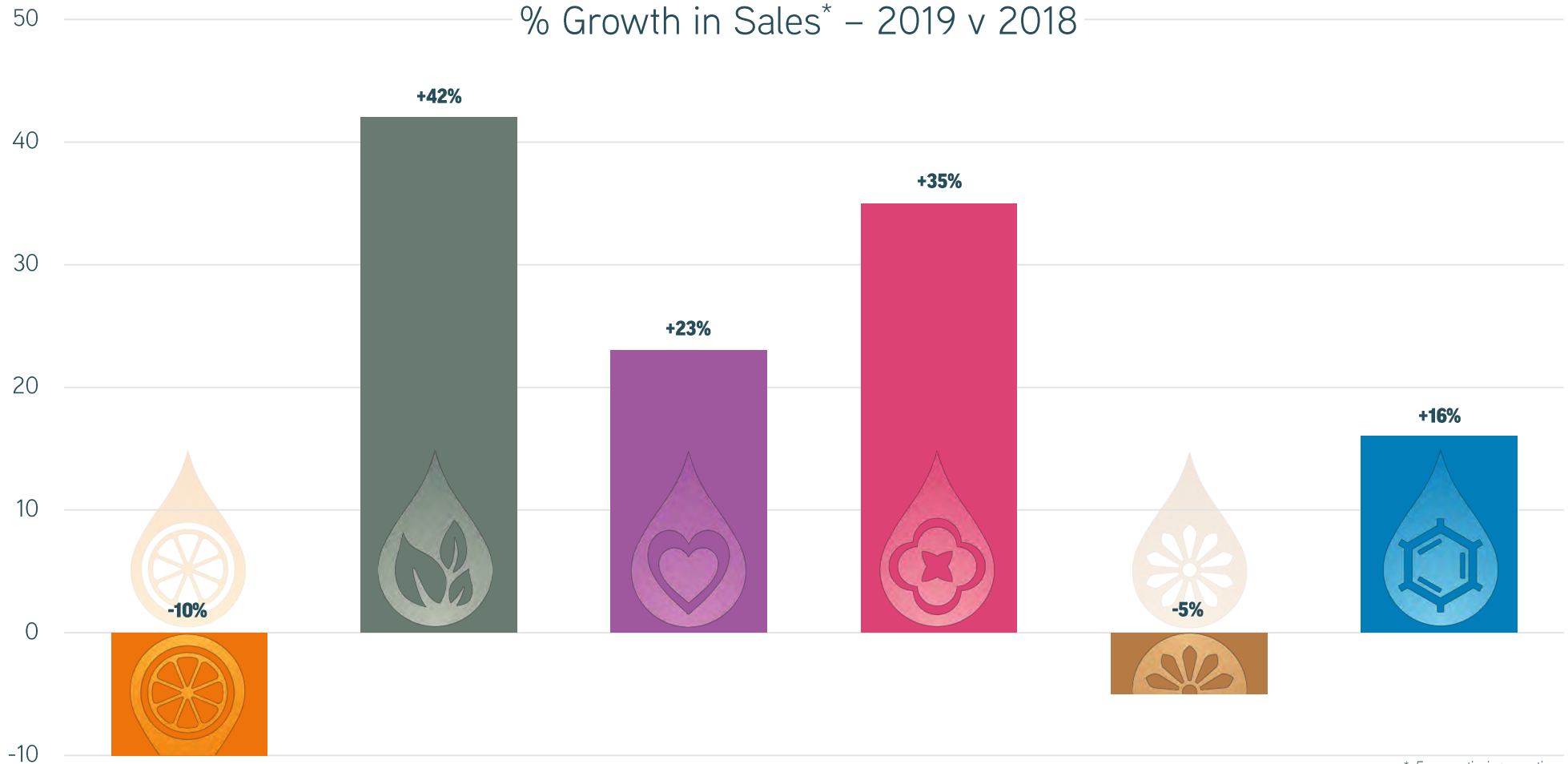
🏆 Strategic growth markets:

- 💧 US – continuing growth opportunity in Group's largest beverage market, but impacted by citrus headwinds
- 💧 China – 24% growth with new opportunities emerging



STRATEGIC FOCUS – CORE PRODUCT CATEGORIES

% Growth in Sales* – 2019 v 2018



* From continuing operations

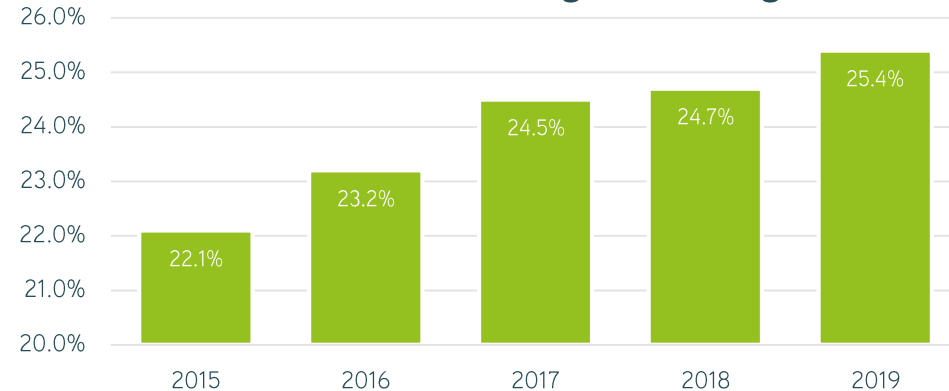
	Citrus	Tea	Health & Wellness	Fruit & Vegetables	Herb, Spice & Florals	Aroma & HICs
2018	£67.5m	£4.3m	£5.1m	£5.3m	£11.4m	£18.6m
2019	£60.8m	£6.2m	£6.3m	£7.1m	£10.8m	£21.5m
2019 % of Revenue	54%	5%	6%	6%	10%	19%

ADDED-VALUE SOLUTIONS

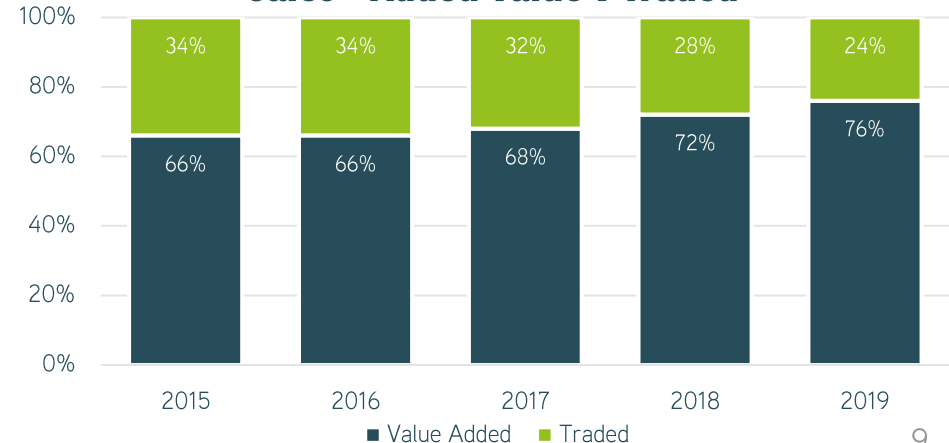
MOVING UP THE VALUE CHAIN

- 🌱 Leveraging existing key customer relationships – cross-selling opportunities
- 🌱 Technical capability and know-how to deliver value-added products and solutions
- 🌱 Changing customer engagement model with the aim to become the partner of choice
 - 💧 Peer-to-peer working
 - 💧 Knowledge-sharing
- 🌱 Resulting in:
 - 💧 Sustained growth and margin improvement

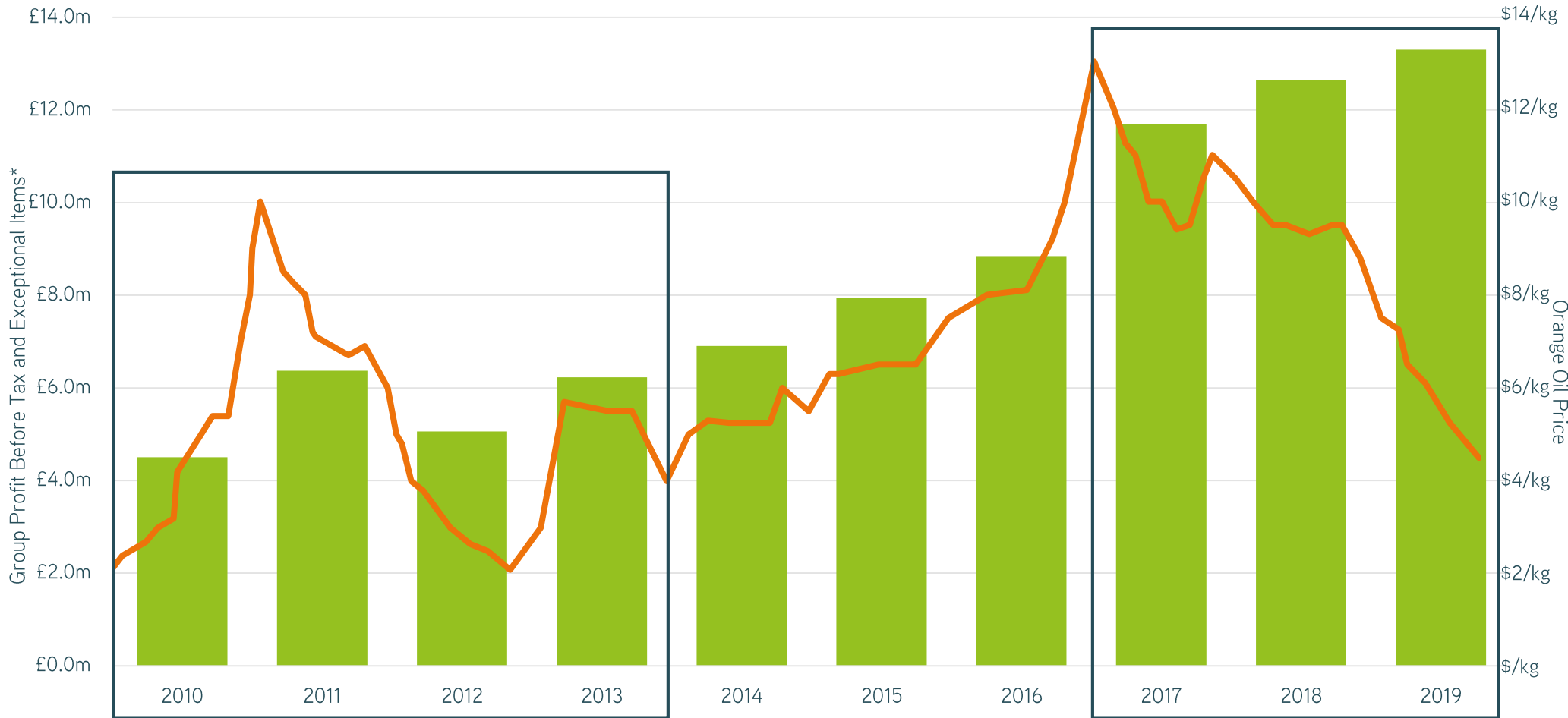
Know-how Driving Gross Margin



Sales – Added Value v Traded



STRATEGY HAS DECOUPLED THE HISTORIC LINK OF GROUP PROFITS TO ORANGE OIL PRICE



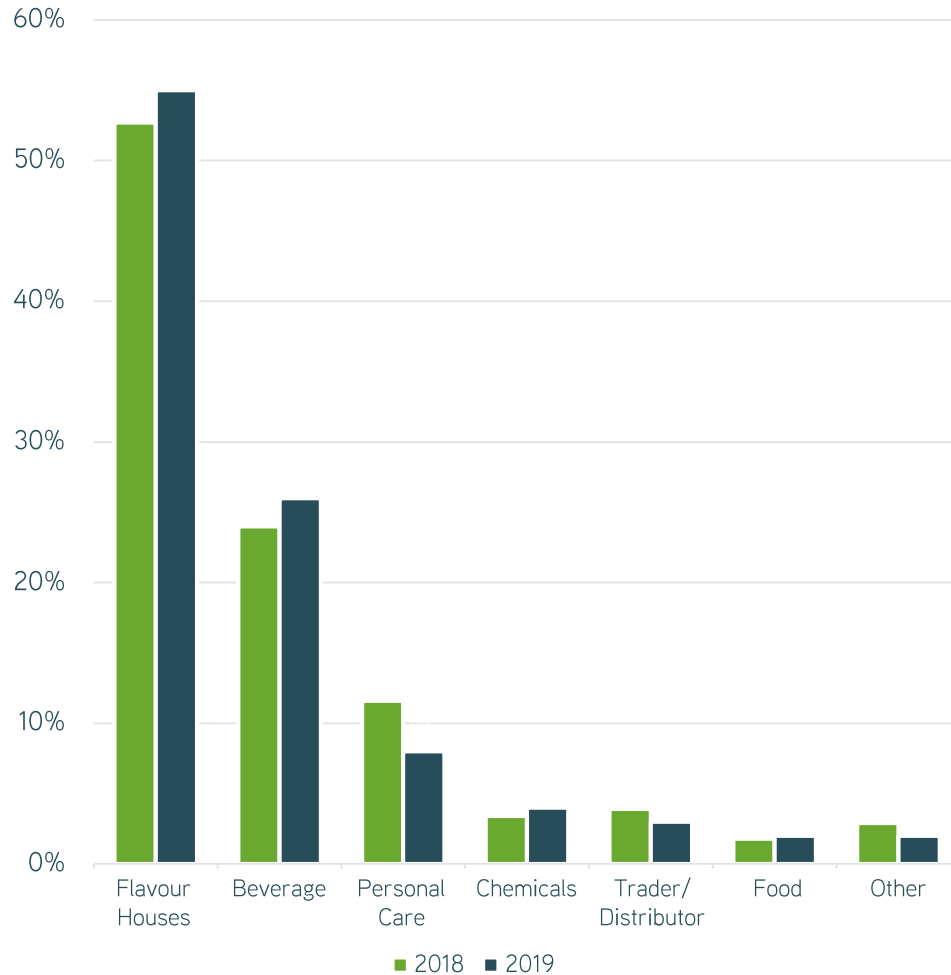
* From continuing operations

OPPORTUNITY - COFFEE

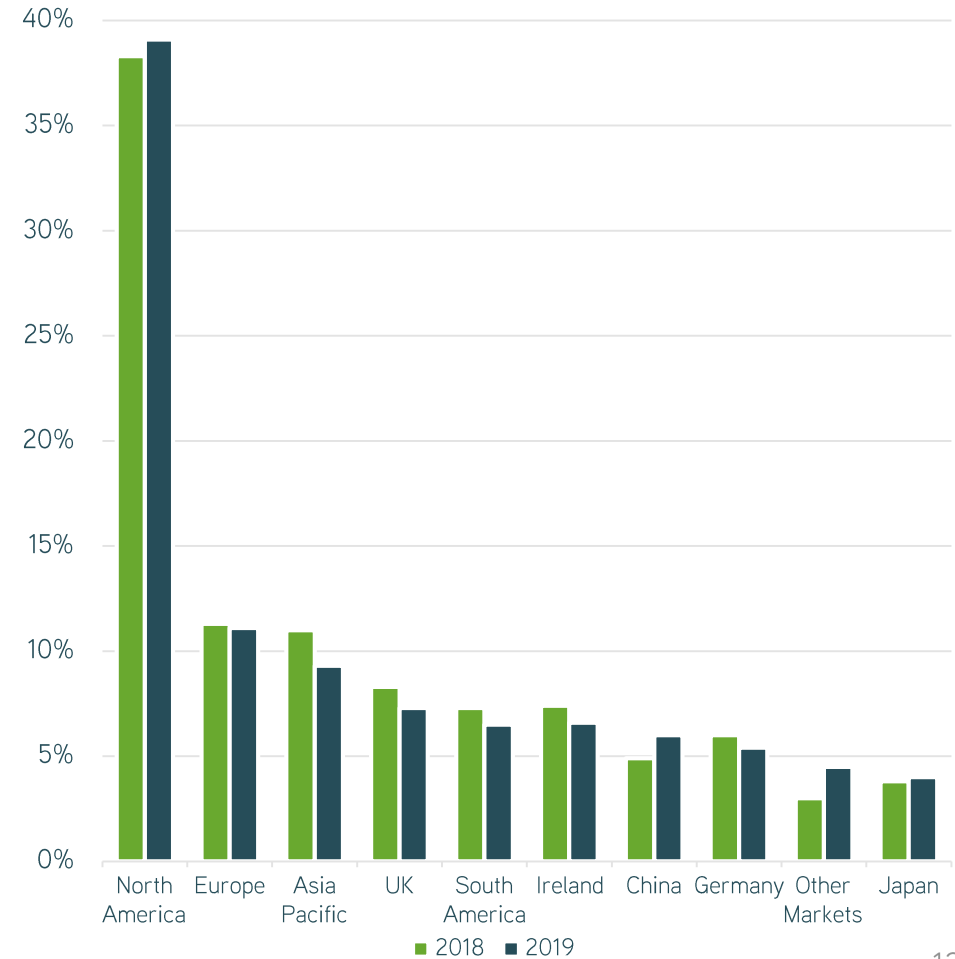
- 🌱 New natural coffee portfolio
- 🌱 Expanded US facility provides initial infrastructure to build presence in Ready-to-drink (RTD) market
- 🌱 Technology
 - 💧 Proprietary technology, know-how and expertise
- 🌱 Coffee roasting
 - 💧 In-house roasting capability
- 🌱 RTD coffee market
 - 💧 Valued at c.\$19.05bn (2019)*
 - 💧 Expected to grow to \$36.60bn by 2025 – (CAGR of 8.5%)*



ROUTES TO MARKET



GEOGRAPHICAL BREAKDOWN OF SALES*



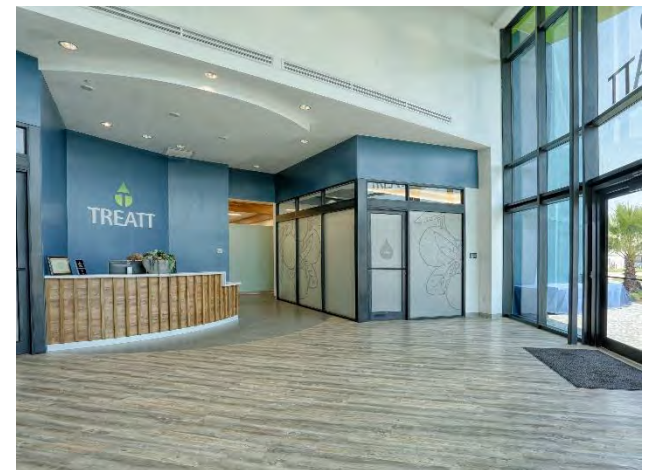
* From continuing operations

North America incl. Canada / South America (14 countries) / Rest of World (15 countries)



US EXPANSION

- ⬆ \$15m capacity driven expansion
- ⬆ Significant additional manufacturing capacity to meet demand and support future growth in tea and health & wellness
- ⬆ Modernises and expands our global technical and R&D capabilities
- ⬆ Doubles capacity in tea, health & wellness and fruit & vegetables categories
- ⬆ Coffee production investment underway
- ⬆ Construction completed, now in commissioning phase with increased capacity coming on stream in early 2020 - ready for new crop season



UK SITE RELOCATION

- ⚡ £36m project – ROI 10-15% – 3 years after completion
- ⚡ Includes £17m investment in plant & machinery, laboratories and new technologies
- ⚡ Commenced construction in September 2019
- ⚡ Completion due late 2020, manufacturing facilities transferred 2020 to 2021



UK ENHANCED CAPABILITIES

Improved client interaction

- ⬆ Technical/Technical collaboration
- ⬆ Heightened customer experience of Treatt
- ⬆ Collaborative hub space driving customer interaction, partnership-based model and product innovation
- ⬆ Attractive design and feel to showcase Treatt's full capacity
- ⬆ Science-led business immediately obvious on arrival – customers to see into labs behind reception

Step-change in capacity

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

Multiple operational efficiencies

- ⬆ Optimal site logistics, 24-hour working
- ⬆ Automated warehousing & computer-controlled stills
- ⬆ Enhanced technical facilities



ENVIRONMENTAL - SOCIAL – GOVERNANCE

CIRCULAR ECONOMY APPROACH

🌱 Environmental performance and strategy

- 💧 Natural supply chain
- 💧 Manage waste & environmental impact – zero waste to landfill
- 💧 Purpose-built energy efficient premises

🌱 Social investment

- 💧 Health & safety
- 💧 Looking after and investing in our people
- 💧 Community projects

🌱 Governance

- 💧 Compliance
- 💧 Business integrity
- 💧 Standards



CURRENT TRADING & OUTLOOK

- ⚡ Steady start to the new financial year
- ⚡ Citrus market price falls largely behind us but unit prices likely to stay on the lower side
- ⚡ Natural, “better-for-you” beverage trend playing into Treatt’s strengths; likely to bring further opportunities
- ⚡ Coffee platform continuing to be built out - could deliver 1-2% of revenue growth in current year
- ⚡ Continued strong growth in tea, health & wellness, fruit & vegetables categories
- ⚡ UK site construction due to complete late 2020
- ⚡ Whilst still early in the financial year, the Group continues to perform in line with the Board’s expectations for the full year



APPENDICES



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



Health & Wellness

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

Noteworthy wins at multiple FMCGs and F&F Houses



Coffee

Coffee is one of the most exciting and diverse beverage categories in the world today.

Our carefully curated product range delivers on flavour every time.

Multi-billion-dollar industry driven by growing population of consumers.



Fruit & Vegetables

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

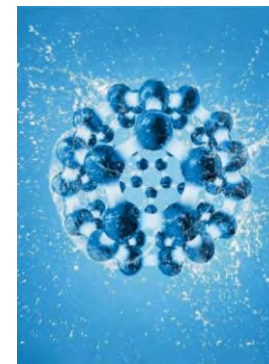
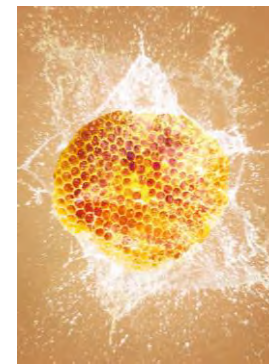


Aroma & HICs

Extensive portfolio of speciality high impact aroma chemicals

Ideal for creating powerful flavours and fragrances

Low dose levels offer great value for money



2019 FINANCIAL REVIEW – CASH FLOW

Year ended 30 September	2019 £'000	2018 £'000
Operating cash flow	14,895	16,243
Decrease/(Increase) in inventories	3,970	(1,174) (1)
Decrease/(Increase) in trade and other receivables	5,293	(9,906) (2)
Other working capital	(3,614)	(1,582)
Cash generated from operations	20,544	3,581
Taxation paid	(2,208)	(2,978)
Net cash from operating activities	18,336	603
Purchase of property, plant & equipment	(10,392)	(6,190) (3)
Purchase of intangible asset	(178)	(389)
Free cash flow	7,766	(5,976) (4)
Disposal of subsidiaries	1,033	8,746
Dividends paid	(3,080)	(2,876)
Issue of share capital	14	20,833
Other financing activities	327	(251)
FX	(161)	(192)
Movement in net cash	5,899	20,284
Net cash/(debt) at start of year	10,059	(10,225)
Cash at end of year	15,958	10,059

Key Points

- 1) Lower inventories – benefit from lower citrus pricing and improved turn
- 2) Improved inflow from trade receivables – stable payment terms supported by supply chain financing
- 3) £10.4m cap ex – £5.8m on US expansion, £2.7m UK relocation
- 4) Free cash flow of £16.3m excluding major projects



2019 FINANCIAL REVIEW – BALANCE SHEET

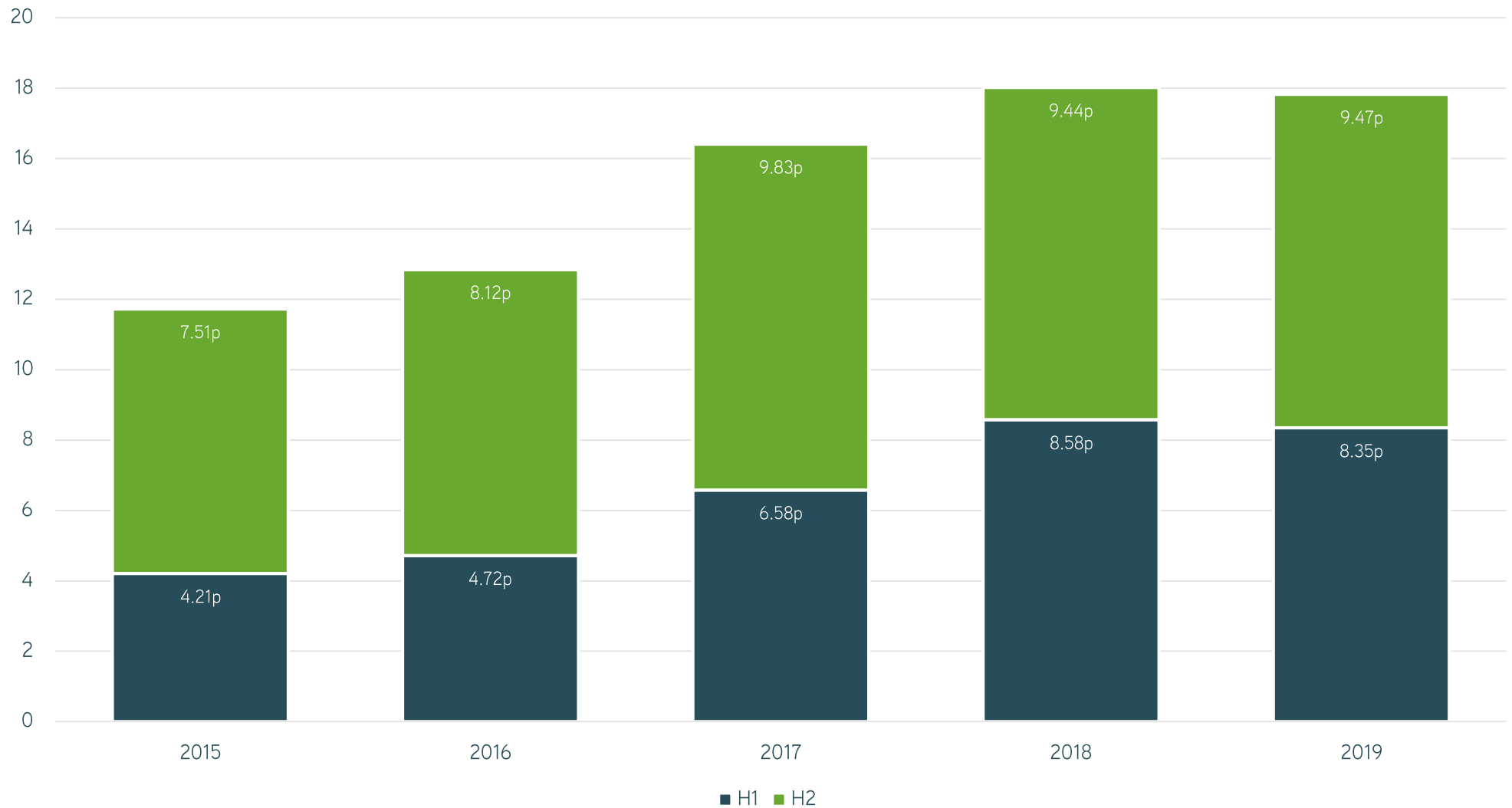
As at 30 September	2019 £'000	2018 £'000
Fixed assets	£30.3m	£20.8m (1)
Inventories	£36.8m	£39.6m (2)
Debtors	£23.0m	£28.8m (3)
Creditors	(£11.3m)	(£15.3m)
Working capital	£48.5m	£53.1m
Taxation	-	(£0.1m)
Net cash	£16.0m	£10.1m
Pension deficit	(£7.8m)	(£3.5m) (4)
Net assets held for sales	£0.7m	£1.6m (5)
Other net liabilities	(£0.6m)	(£0.4m)
Shareholders' funds	£87.1m	£81.6m

Key Points

- 1) Fixed asset spend on capital investment programme
- 2) Inventory turn improved, £2.6m lower citrus inventory
- 3) Significant improvement in receivables compared to PY
- 4) IAS19 pension deficit increased due to volatile gilt rates - lower discount rate on liabilities. Contributions to resume at £300k pa
- 5) Kenyan companies held for sale - £0.8m impairment



INTERIM/FINAL EARNINGS PER SHARE* 2015-2019



* From continuing operations, excluding exceptional items



INTERIM/FINAL DIVIDEND 2009-2019

"Progressive Dividend Policy"

