TRADING UPDATE

TREATT PLC
Released 07:00:11 10 April 2025

RNS Number: 4130E
Treatt PLC
10 April 2025

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("Treatt" or "the Group")

Half Year Trading Update and Notice of Results

Treatt, the manufacturer and supplier of a diverse and sustainable portfolio of natural extracts and ingredients for the beverage, flavour and fragrance industries, announces the following trading update for the half year ended 31 March 2025 (the "Period").

Highlights:

- Revenue of £64.2m (H124: £72.1m), reflecting lower Heritage and Premium volumes
- Adjusted EBITDA expected to be c£6.6m (H124: £10.6m)
- Profit before tax and exceptionals (PBTE) expected to be c£3.6m (H124: £7.6m)
- Net cash position of £0.9m (FY24: Net debt £0.7m) reflecting robust cash generation
- Meaningful strategy progression, including further broadening into Premium categories
- Whilst the order book and pipeline are robust, including some exciting new customer wins in Premium, we now expect full year PBTE to be between £16m and £18m, reflecting an ongoing softening of consumer confidence in North America, recent geopolitical uncertainty and sustained high citrus prices, resulting in lower customer demand
- Reflecting the Board's ongoing confidence in Treatt's strategy and medium-term outlook, the Group's strong cash performance, and in line with the Group's capital allocation framework, today the Group has separately announced a £5m share buyback programme

Outlook:

The combined impact of several factors means we now expect Revenue of between £146m and £153m for the full year, and PBTE between £16m and £18m.

This revision reflects the following:

- Lower demand in Heritage due to sustained high citrus prices affecting buying patterns, has led to customer reformulation, resulting in a decline in value-added citrus volumes, a trend we expect to continue for the remainder of the year. However, we continue to leverage our deep knowledge and product capabilities to provide alternative solutions to our customers, against a challenging market backdrop.

- Consumer confidence in the US has softened, impacting demand for carbonated soft drinks and the overall beverage market in North America. Macro pressures, including recent geopolitical uncertainty in the US, have and are expected to continue to impact on our sales demand with a softening in the beverage market.

Notwithstanding these trading challenges which we expect to moderate, we are encouraged by some exciting wins in Premium, including securing a large new customer in North America, and capitalising on the low and no sugar trend. Additionally in New Markets, we have a healthy pipeline of opportunities for H2 and are progressing distribution arrangements to expand our reach.

In order to mitigate inflationary cost pressures and invest in growth areas, we have implemented several self-help measures in H1, with focus on simplification and efficiency gains. We do not anticipate any significant increase in administrative expenses in FY25 compared to FY24.

H1 Summary:

Revenue for the half year declined by 11% (10% decline in constant currency) to £64.2m (H124: £72.1m).

Heritage sales declined by 10% in constant currency, mainly as a result of lower volumes of value-added citrus, driven by sustained high citrus prices affecting buying patterns. We are encouraged by the performance of Synthetic Aroma and Herbs, Spices and Florals, where volumes have increased year-on-year.

Higher margin Premium sales declined by 13% in constant currency, with softer consumer demand across key premium categories in North America due to lower consumer confidence arising from macro and geopolitical uncertainties. Premium is typically H2 weighted through Spring and Summer, and as such, we still expect sales improvement in H2.

In New Markets, we are encouraged by growth in Treattzest and China. The Shanghai Innovation Centre is now leased and on track to open later this calendar year. We expect this to accelerate China growth through customer co-collaboration, and we are also excited by a number of new customers and a growing pipeline in China following investment in the sales team.

The situation around US trade tariffs remains fluid, and we are following developments closely to better understand the extent to which Treatt will be affected, both directly and indirectly. However Treatt's diverse supply chain, including our significant manufacturing presence in the US and UK, gives us the flexibility to support our customers in diverse ways in different markets.

Balance sheet

The Group ended the half year with Net Cash of £0.9m (FY24: Net debt £0.7m). We continue to focus on working capital management and we expect further cash generation in H2.

In line with our capital allocation framework, and reflecting Treatt's strong cash performance and the Board's confidence in Treatt's strategy and medium-term outlook, the Board has separately announced a £5m share buyback programme today.

David Shannon, CEO, commented:

"Treatt made meaningful strategic progression in the first half of the year. We focussed on expanding our reach with customers and I am particularly pleased that our Shanghai innovation centre, which will be instrumental in accelerating growth in China, is on track to open later this year. Our new French sample laboratory opened in April which will provide faster more efficient customer co-collaboration. Efforts to expand reach in Asia are progressing well. We are winning with our technologies in line with global trends, including sugar reduction to broaden into high value categories. Our new website launches in May to support enhanced customer centricity.

Whilst we are disappointed by the impact on profitability of predominantly short-term trading challenges, we are encouraged by our robust order book and sales pipeline, and expect to realise the benefit of self-help measures within the second half.

We remain confident in the medium-term outlook underpinned by the strategic growth drivers for Treatt."

Notice of results

Treatt's results for the half year ended 31 March 2025 are expected to be announced on 13 May 2025.

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This announcement contains inside information within the meaning of the Market Abuse Regulation. The person responsible for arranging release of this announcement on behalf of Treatt is Nick Hartigan, General Counsel & Company Secretary.

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 approximately 360 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.

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