

10 October 2023

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

Trading update for the year ended 30 September 2023

Profit growth returns with resilient revenue performance

Treatt, the manufacturer and supplier of a diverse and sustainable portfolio of natural extracts and ingredients for the beverage, flavour and fragrance industries, today publishes a trading update for the year ended 30 September 2023 ("FY23").

HIGHLIGHTS:

- Resilient revenue growth of 5% (3% in constant currency) at c.£147m (FY22: £140m), despite industry de-stocking headwinds
- FY23 profit before tax and exceptional items expected to be in line with Board expectations of c.£17m, up by c.11% on FY22
- Successful pricing actions to recover raw material inflation
- China and Coffee growth in line with expectations
- Strong cost disciplines and other self-help measures mitigating the impact of customer destocking
- Year-end net debt of c.£10.5m (FY22: £22.4m), reflecting record cash generation
- UK site transition now complete, providing strong platform for growth

FY23 Performance

Revenue for the year is anticipated to be c.£147m (FY22: £140m), up 5% (3% at constant currency) despite the challenging macro environment and sector destocking, particularly in H2. Sales price increases were successfully implemented to offset raw material price inflation reflecting value-add nature of Treatt's product portfolio.

Core categories, which include Citrus, Synthetic Aromas and Herb Spices & Florals have grown by 1% (revenue: c.£98m). Premium categories, which include Tea, Health & Wellness, Fruit & Vegetables, are in line with the prior year (revenue: c.£33m). New markets, which include Coffee, China and Treatt's citrus, have grown by 60% (revenue: c.£16m).

The Board expects to report profit before tax and exceptional items for FY23 of c.£17m which is c.11% ahead of prior year (FY22: £15.3m), with strong cost discipline and other self-help measures allowing more sales growth to convert to profit.

Operational developments

After substantial investment in our people and production facilities over the last five years, we are well-placed to support the next phase of growth, and do not anticipate any significant increases to the cost base, other than inflation. The group headcount has reduced by 14% since September 2022.

Having implemented a revised currency management strategy, providing increased visibility and controls over our currency exposures, foreign exchange impacts in the year were minimal.

Balance sheet

The Group ended the year with net debt of c.£10.5m (FY22: £22.4m). With the transition to the new site now complete, capital expenditure has returned to normalised levels. The Group completed refinancing of the UK bank facility for £25m with HSBC with a minimum term of three years.

Daemmon Reeve, CEO of Treatt, commented:

“We delivered positive growth in sales and profit for the year, reflecting the significant price increase programme and ongoing resilience in our beverage end markets. Revenues in the second half of the year were impacted by certain customers reducing inventories in response to interest rate rises. However, we are seeing some early signs of a reversal of this temporary destocking effect, and have also been able to mitigate the effect of this impact with strong cost discipline and other self- help measures. With our unique value-add products, in conjunction with the new site transition now complete, we are confident in Treatt’s long-term prospects.”

Treatt's results for the year ended 30 September 2023 are expected to be announced on 28 November 2023.

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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 approximately 400 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.