



Treatt PLC - TET
Trading Update
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TREATT PLC

Trading update for year ended 30 September 2018

Treatt Plc ('Treatt' or the 'Group'), the manufacturer and supplier of innovative ingredient solutions for the flavour, fragrance, beverage and consumer product industries today publishes a trading update for the year ended 30 September 2018.

The Board is pleased to confirm that the Group has performed well in the second half of the financial year and despite some foreign exchange headwinds expects to report profit before tax and exceptional items for the year ended 30 September 2018 in line with the Board's earlier expectations.

In the 2018 financial year the Group made significant strategic progress in securing funding for its capital investment programmes in the UK and US through an equity fund raising, and the disposal of its non-core business Earthoil Plantations.

The \$14m US expansion is progressing well, on time and on budget with building work at an advanced stage and is expected to be fully operational during H1 2019. This will provide much-needed additional manufacturing capacity as well as enhancing the Group's scientific capabilities in the US. Plans for the relocation of the Group's UK site are progressing well. The site will be a purpose-built science-led facility designed to drive growth with domestic and international fast-moving consumer goods companies as well as creating a scalable business for the long term. We are at the advanced stages of assessing the design options for the facilities we need in order to deliver the best possible value for shareholders.

Meanwhile, following the exceptionally strong year in 2017, the Group has continued to grow over the last year with revenue on a like-for-like basis (excluding Earthoil) expected to be up by approximately 9%. All product categories have grown over the past twelve months, with the key growth drivers of citrus, tea and sugar reduction continuing to deliver. The combined impact of foreign exchange movements, fluctuations in raw material prices and some pricing pressure on new business wins has resulted in gross margins falling a little compared with the prior year.

Following the cash inflows from the equity fund raise and disposal of Earthoil, the Group is expected to end the year with a net cash balance of £9-£10m and an increase in working capital of more than £10m compared with the prior year, most of which relates to an increase in accounts receivable, inventory and some amounts receivable in relation to the disposal of Earthoil. The increase in accounts receivable was partly as a consequence of timing issues and partly related to longer payment terms with a number of larger multi-national customers.

Looking ahead, last year the Board approved a strategic plan to drive the business through to 2022. As we enter a key investment phase for the Group, both in terms of our operating capabilities and our people, the Board looks forward to the year ahead and beyond with confidence.

Treatt's results for the year ended 30 September 2018 will be announced on 27 November 2018.

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About the Group

Treatt is a global, independent supplier of innovative ingredient solutions 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, Africa and Asia and has manufacturing facilities in the UK, USA and Kenya. Its international foot print 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.

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.