

Tech components firm Gooch and Housego expects inflation to hit profits

Tech components manufacturer Gooch and Housego has said it is making “steady” progress in reducing lead times after increasing production capacity, though bosses have said they expect inflation to impact profits.

The Aim-listed firm, which makes photonic systems used in the aerospace and defence sectors as well as scientific research, said it had invested in its inventory to protect its operations from “persistent supply chain constraints”.

Ahead of the company’s annual general meeting at its global headquarters in Ilminster, Somerset, bosses said after a “refocus” on recruitment all four of its UK production facilities were now fully resourced. The board added that while there were roles to fill in some of Gooch and Housego’s six US facilities “the situation continues to improve”.

In an update for the first four months of the current financial year, the firm said its order book value stood at £129.3m at the end of January – up 17% from £110.5m recorded a year earlier.

This remained down 12.5% from the record level of £147.7m seen at the end of the previous financial year in September. The company cited improved output levels and overstocking from some clients for the reduction.

Bosses said the firm was seeing input cost inflation both in its employment costs and its supply chain, which it was seeking to pass on its pricing. They added that given the size of the group’s order book means there would be “some timing lag” in this cost recovery, thus impacting profitability in

the current financial year.

Chief executive Charlie Peppiatt said: “I am pleased with the initial progress in FY2023 from our initiatives to improve output, on-time delivery performance and lead times to meet customer expectations. We remain focused on further improvement across our production facilities as well as with our supply chain partners.

“There continues to be a significant level of positive technical interaction with our customers as we work with them on the development of their next generation photonics projects. The Group strategy review is progressing well and full year trading remains on track to meet the board’s expectations.”

In its last financial year, Gooch and Housego reported revenue of £124.8m and made an adjusted pre-tax profit of £8.1m, down from £12.6m in 2021, with the firm saying recruitment and supply chain challenges had “constrained” its output.

Founded in Ilminster in 1948, the group has nine manufacturing sites in the UK, US and China, with sales offices in France, Germany, Hong Kong, Japan, South Korea and Singapore.

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