



Zotefoams PLC

Trading Update

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Zotefoams PLC

26 May 2021

Zotefoams plc
("Zotefoams" or "Group")

Trading Update

26 May 2021 - Zotefoams, a world leader in cellular materials technology, today provides a trading update for the four months ended 30 April 2021, ahead of its Annual General Meeting to be held today at 10am at 675 Mitcham Road, Croydon CR9 3AL.

At this meeting David Stirling, Group CEO of Zotefoams plc, will make the following statement:

"In line with the Outlook Statement in our 2020 preliminary results announcement, the first four months of 2021 have seen strong demand and order intake across most regions and markets. This resulted in Group revenue for the period being approximately 60% ahead of the comparative period for the previous year (approximately 14% ahead of the comparative period for 2019), against an FX headwind of c.3%, with March and April being consecutive record Group revenues:

- High-Performance Products (HPP) sales increased by 133% over 2020 (up 61% v 2019)
 - The strong demand in Footwear seen in the second half of 2020 has continued, with sales at similar levels to the latter part of last year
 - The Group has delivered good growth in some of its newer, niche segments, although the continued weakness in the aviation markets has meant that non-footwear ZOTEK® HPP foam sales remain significantly behind pre-COVID levels
 - T-FIT® insulation product sales grew very strongly in the period, led by a very good performance in China, while demand in India and Europe remains constrained by ongoing COVID-19 impacts
- Polyolefin Foams sales increased by 32% over 2020 (down 7% v 2019)
 - Overall demand was very buoyant, with good recovery in most markets other than aviation
 - Lower January sales, due to Brexit-related uncertainty at customers, was the principal driver of the overall lower revenue performance versus a very strong comparative in 2019
- MuCell Extrusion sales increased 36% over 2020 (up 76% v 2019)
 - A good start to the year with positive momentum from licence fees

- Commercial and technical focus is now on ReZorce® mono-material barrier technology

The Group has responded well operationally to this strong recovery, including commissioning the new Polish facility at the beginning of this year. Supply chains have been effectively managed in the period to ensure availability, although we have seen significant inflationary pressures, particularly in polyolefin raw materials and freight. Sales price increases have been implemented to mitigate the impact of all but the peak pricing of freight and polyolefin raw materials.

As was the case in the second half of last year, we have continued to increase investment in product and commercial development initiatives, as demand recovers, in order to support the returning growth momentum. In particular, we have invested significantly in the commercialisation of our fully recyclable, circular, barrier packaging solution ReZorce®, developed by MuCell Extrusion LLC. We have made good progress in demonstrating end of life, recyclability and the low-carbon footprint of this technology through independent life cycle analysis. Market positioning and engagement with potential customers has also begun, with commercial development partners identified. The Board had previously approved capital expenditure for a pilot extrusion line and this is now being supplemented by downstream carton-making and packaging, all due for commissioning in the third quarter this year, alongside further development of the technology supporting ReZorce.

Outlook

We have delivered very strong sales growth in the first four months of the year, despite currency headwinds and the continuing negative impact of COVID-19 related factors in some markets. We anticipate this sales momentum to continue, supported by a strong order book at the end of April, albeit against more challenging comparatives for the remainder of the year.

While it is still early in the year and we are mindful of the volatile macroeconomic environment, we anticipate Group revenue to be significantly ahead of market expectations for the full year, which will offset the short-term inflationary impacts on margins, the weaker US dollar and our planned increase in product and commercial development costs. Consequently, we are comfortable with current market expectations for growth in profit and reduction in leverage for the year and remain confident about the long-term prospects of the business."

Commenting on the update David Stirling, Group CEO of Zotefoams, said:

"We are greatly encouraged by the excellent start to the year, particularly the strong growth so far compared with the comparable period (pre-pandemic) in 2019 and expect full year revenue to be significantly ahead of market expectations for the full year. Once again, our business is delivering a robust performance in volatile economic conditions, led by the contributions of a highly committed global workforce, and I believe our continuing investments leave us well placed to support our best growth projects."

- Ends -

Enquiries:

Zotefoams plc

David Stirling, Group CEO

Gary McGrath, Group CFO

+44 (0) 208 664 1600

IFC Advisory

Graham Herring

+44 (0) 203 934 6630

Tim Metcalfe
Zach Cohen

About Zotefoams plc

Zotefoams plc (LSE - ZTF) is a world leader in cellular materials technology delivering optimal material solutions for the benefit of society. Utilising a variety of unique manufacturing processes, including environmentally friendly nitrogen expansion for lightweight AZOTE® polyolefin and ZOTEK® high-performance foams, Zotefoams sells to diverse markets worldwide. Zotefoams uses its own cellular materials to manufacture T-FIT® advanced insulation for demanding industrial markets. Zotefoams also owns and licenses patented microcellular foam technology to reduce plastic use in extrusion applications and for ReZorce® mono-material recyclable barrier packaging.

Zotefoams is headquartered in Croydon, UK, with additional manufacturing sites in Kentucky, USA and Brzeg, Poland (foam manufacture), Oklahoma, USA (foam products manufacture and conversion), Massachusetts, USA (MuCell Extrusion) and Jiangsu Province, China (T-FIT).

www.zotefoams.com

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