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Churchill China PLC
17 July 2025

The information contained within this announcement is deemed by the Group to constitute inside information as stipulated under the Market Abuse Regulation (EU) No. 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018.

17 July 2025

Churchill China plc

("Churchill China" or the "Company")

Trading Update

Churchill China plc (AIM: CHH), the manufacturer of innovative performance ceramic products serving hospitality markets worldwide, announces an update on trading in the current financial year ending 31 December 2025.

As communicated at the AGM, hospitality markets remain challenging with reduced demand for our product, particularly in export. Following a late Easter, April performance was broadly in line, however, the financial performance in May and particularly June was materially below target, meaning that the Company will deliver profitability significantly below last year at the half year. Whilst UK and USA sales have been robust, European and Rest of the World sales are tracking behind last year. The German market, in particular, has been difficult. We have also experienced trading down from our more expensive non-round pressure cast product into our own lower priced round product. We continue to be the supplier of choice into our distributor network, but it is the restaurants, particularly the independents, where cost pressures are creating market contraction, new installation projects remaining at lower levels, and increased competitive intensity. Replacement business remains at expected levels from the extensive installed base.

The Company has reduced hospitality production in line with the new demand profiles, but this has naturally resulted in lower factory recoveries in addition to the reduced margin due to sales mix.

Outlook

Despite the end user weakness, the Company believes that it continues to defend market share in its key markets. Capital projects initiated in the first half, focussed on increasing agility and improving our cost base are now broadly complete. We have also identified capital projects to pull forward to further reduce our cost structure. New product introductions, utilising inkjet and pressure cast, are being accelerated to restore growth exploiting our investment in these processes. We continue to review our cost base on an ongoing basis whilst being mindful of retaining skills required for growth.

Even with these actions, the continued market headwinds noted above mean that the Company will deliver revenue and profits for the full year significantly below the prior year.

We continue to prioritise a healthy cash balance which we intend to retain. We expect our markets to recover in the medium term and see no change to the long-term potential of the business.

We remain a well invested business in structured markets with a high percentage of our revenue originating from replacement orders at good margins.

The Company will issue its results for the six months ended 30 June 2025 in early September 2025.

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