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Rakon Updates Earnings Guidance as Supply Chain Concerns Ease

Rakon (NZX: RAK), an international leader in frequency control and timing solutions, today provides an update to its earnings guidance as it reports success in mitigating the supply chain pressures it identified in November last year.

It now expects Underlying EBITDA¹ for the year ending 31 March 2022 (FY2022) to be in the range of \$49 million to \$53 million, ahead of the guidance for \$44 million to \$49 million given on 12 November 2021 and confirmed on 25 November 2021.

Managing Director Brent Robinson said: “As previously advised, the significant supply chain risks have required month-to-month management of raw materials and parts to meet orders for FY2022. We are now delighted to report we have largely overcome these challenges for the remainder of FY2022 and have secured sufficient inventory to meet customer orders.

“Nevertheless, the rapid emergence of the Omicron variant of Covid-19 is now posing new challenges to the company. Consequently, achieving a result at the top end of this new guidance is now dependent on Rakon successfully navigating the risks of pandemic-related disruptions to production.

“Omicron has already put some strain on our teams in France and India and its emergence now in New Zealand has necessitated further careful management of health protocols to prevent or mitigate the risk of Omicron infection among local staff.

“Rakon continues to monitor the health of its people closely. We are daily taking the temperature of all staff on site, and we have in place a range of protective measures including mandatory mask wearing, social distancing, infection protection and other hygiene requirements.

“We have also introduced random rapid antigen testing and a wearable Bluetooth-enabled contact tracing card for all staff on site, and we have reduced the numbers of staff on site with some non-production employees working from home. The company also has a high level of vaccination amongst its employees.”

Rakon plans to announce its FY2022 results on 26 May 2022.

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About Rakon

Rakon is a global high technology company and a world leader in its field. The company designs and manufactures advanced frequency control and timing solutions. Its three core markets are Telecommunications, Positioning and Space and Defence. Rakon products are found at the forefront of communications where speed and reliability are paramount. The company's products create extremely accurate electric signals which are used to generate radio waves and synchronise time in the most demanding communication applications. Rakon has three manufacturing plants and has six research and development centres. Customer support personnel are located in sixteen offices worldwide. Rakon is proud of its New Zealand heritage; it was founded in Auckland in 1967. It is a public company listed on the New Zealand stock exchange, NZX, ticker code RAK.

¹ Refer to Note 5 of the 2021 audited consolidated financial statements for an explanation of how 'Non-GAAP Financial Information' is used, including a definition of 'Underlying EBITDA' and reconciliation to NPAT.