

17 May 2017

Coats Group plc

Trading update

Coats Group plc ('Coats' or the 'Company'), the world's leading industrial thread and consumer textile crafts business, announces a trading update for the period 1 January to 30 April 2017 ahead of its Annual General Meeting later today.

Year-on-year sales performance (January to April)

	Reported sales	CER sales*	Organic sales**
Industrial	5%	7%	4%
Apparel & Footwear	2%	4%	3%
Performance Materials	17%	19%	9%
Crafts	(3)%	(5)%	(5)%
Group	4%	5%	3%

* Constant exchange rate (CER) restates 2016 figures at 2017 exchange rates

** On a CER basis excluding contributions from bolt-on acquisitions

In the following commentary all comparisons are on a CER basis for the period unless stated otherwise.

Group sales for the period grew 5% year-on-year (3% organic growth), driven by stronger than anticipated performance in the Industrial division (up 7%). This was achieved by continued solid growth of the core Apparel & Footwear business (up 4%), despite continued mixed demand from clothing retailers and manufacturers. In addition, Performance Materials grew 19%, reflecting continued strong growth in Asia and EMEA, an improvement in the US consumer durables markets, which as anticipated returned to growth in the period, and the contribution of Gotex, acquired in June 2016. Organic growth for the division was 4%, driven by both Apparel and Footwear (3%) and Performance Materials (9%).

Crafts sales declined 5%, largely due to the business disruption caused by the tornado strike at the main Crafts distribution centre in Albany, Georgia, USA on 22 January 2017. The estimated adverse sales impact from the Albany tornado is \$10m, however the impact of lost profits and incremental costs of re-establishing operations in Albany are expected to be covered in full by the Group's insurance cover. Following the softness seen in late 2015 and throughout the majority of 2016, the US handknitting market has started to improve, with a return to point of sale growth at key retail customers in recent months.

The 4% growth in Group sales on a reported basis, which is lower than the 5% CER growth, reflects the stronger US dollar, primarily against the Turkish Lira, Mexican Pesos and Egyptian Pound, compared to the same period in 2016.

Outlook

The Group has had a strong start to the year, and therefore now expects to deliver 2017 full year results ahead of management's previous expectations. This is expected to be achieved through our initiatives to deliver market share gains and productivity improvements, whilst maintaining a focus on tight cost control.

Enquiry details

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This announcement contains inside information for the purposes of the Market Abuse Regulation.

About Coats Group plc

Coats is the world's leading industrial thread manufacturer and a major player in the Americas textile crafts market. At home in some 60 countries, Coats employs over 19,000 people across six continents. Revenues in 2016 were US\$1.5bn. Coats' pioneering history and innovative culture ensure the company continues leading the way around the world, providing complementary and value added products and services to the apparel and footwear industries; applying innovative techniques to develop high technology Performance Material threads and yarns in areas such as automotive composites and fibre optics; and extending the crafts offer into new markets and online. Headquartered in the UK, Coats has a premium listing on the London Stock Exchange. To find out more about Coats visit www.coats.com.