



22 November 2019

Coats Group plc

Trading update

Coats Group plc ('Coats', the 'Company' or the 'Group'), the world's leading industrial thread company, announces a trading update for the year to 31 October 2019.

Group performance

Group sales growth for the year to 31 October 2019 was 1% on a CER basis driven by growth in both Apparel and Footwear (up 1%) and Performance Materials (up 2%).

For the four months from July to October 2019 (the "period"), Group sales were flat on a CER basis (up 2% in H1), reflecting slightly lower activity in both Apparel and Footwear and Performance Materials and against the strong growth of 4% in the comparative period in 2018. On a reported basis, Group sales in the period were down 1% year-on-year, an improvement on the 3% decline in H1. This improvement was largely due to the anticipated softening of the foreign exchange translation headwinds that we entered 2019 with.

Apparel and Footwear (A&F)

The A&F business was flat in the period (up 1% in H1, and up 1% YTD) as underlying retail markets remained mixed. Our core thread business delivered growth of 2% in the period, despite these market conditions, with stronger performance in the peak months of September and October. Sales in our Zips business were slower than in H1 due to portfolio rationalisation actions, reporting a mid-single digit decline, however this was partly offset by a lower rate of decline in Latam Crafts.

Performance Materials

The Performance Materials business reported sales for the period in line with 2018 (up 4% in H1, and up 2% YTD), maintaining performance after a strong period of growth for the same period last year (up 10%). Growth in Personal Protection and Telecom / Energy segments moderated from the strong performances delivered in H1, and prior year comparators, principally due to certain de-stocking activities and the phasing of customer programmes in Europe. Transportation sales reduced in the period following a resilient H1, due to the challenging end-market trading conditions. We were pleased to see an improvement in our traditional businesses following some recent periods of decline, with a return to growth in Household and Recreation.

Strategic and operational progress

We remain focused on delivering improved performance through our self-help initiatives, operational efficiency improvements (for example, Factory of the Future roll out), developing innovative new products, and driving further savings from our Connecting for Growth transformation programme.

Our light-weighting composite offerings (Synergex and Lattice) have seen increased commercial interest from the Transportation industry and we will continue to work closely with a number of OEMs / Tier 1 suppliers to deliver solutions to their specific design requirements.

Outlook

The challenging market conditions have led to a slower sales performance in the period and as a result we now expect to deliver adjusted operating profit of \$196 – 201 million in 2019. The Group will continue to drive performance through a focus on customer service and building on its innovation and digital capabilities, supported by its self-help initiatives.

Enquiry details

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About Coats Group plc

Coats is the world's leading industrial thread company. At home in some 50 countries, Coats has a workforce of 18,000 people across six continents. Revenues in 2018 were US\$1.4bn. Coats' pioneering history and innovative culture ensure the company continues leading the way around the world. It provides complementary and value added products, services and software solutions to the apparel and footwear industries. It applies innovative techniques to develop high technology Performance Materials threads, yarns and fabrics in areas such as automotive composites, fibre optics and Oil and Gas. Headquartered in the UK, Coats is a FTSE 250 company a constituent of the FTSE4Good Index Series and a participant in the UN Global Compact. To find out more about Coats visit www.coats.com.