

16 May 2018

Coats Group plc

Trading update

Coats Group plc ('Coats' or the 'Company'), the world's leading industrial thread manufacturer, announces a trading update for the period 1 January to 30 April 2018 ahead of its Annual General Meeting later today.

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

	Reported	CER *	Organic **
Industrial	9%	6%	3%
Apparel and Footwear	6%	3%	3%
Performance Materials	24%	19%	4%
Crafts ***	(4)%	(4)%	(4)%
Group	8%	5%	2%

* Constant exchange rate (CER) restates 2017 figures at 2018 exchange rates

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

*** Includes North America and Latin America Crafts. Prior year sales includes the impact of \$10m lost sales in relation to the Albany, GA, tornado in January 2017

Group sales for the period grew 5% year-on-year on a CER basis, driven by a strong performance in the Industrial business (up 6%).

This growth was driven by continued momentum in the Apparel and Footwear business (up 3%). In particular, the core thread business grew robustly (up 4%) as key Asian markets performed strongly. The Performance Materials business grew by 19% year-on-year, with 4% organic growth and a 15% contribution from the acquisition of Patrick Yarn Mill which has performed well and in line with our expectations. Organic growth in Performance Materials was underpinned by continued double-digit growth in hi-tech end uses (for example, flame retardant yarns), with some weakness in certain traditional end use segments in North America.

Crafts sales declined 4% on a CER basis. This was due to the North American business, where market conditions remained tough, alongside the adverse impact in the period of the introduction of own-label handknitting products at a major customer (which commenced in H2 2017).

Reported sales growth for the Group of 8% in the period was above the CER growth of 5% due to the US Dollar weakening against certain key trading currencies, for example the Chinese Yuan, Euro, Indian Rupee and Mexican Peso.

Connecting for Growth programme

As announced in February, Connecting for Growth is a two year transformation programme designed to drive speed, agility, innovation and lower costs across the organisation, whilst enabling the next phase of growth at Coats and accelerating our transition from the industrial age to the digital age.

Encouraging progress has been made since February, and the programme is on track. After reinvestments of c.\$10 million per annum, the programme is anticipated to deliver net annualised operating cost savings of \$15 million by 2020, as previously announced.

Outlook

The Group continues to perform well, and anticipates delivering 2018 full year results in line with management's expectations.

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 50 countries, Coats employs 19,000 people across six continents. Revenues in 2017 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 Materials 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 is a FTSE 250 listed company on the London Stock Exchange. To find out more about Coats visit www.coats.com.