

16 November 2017

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 July to 31 October 2017 ('the period').

Year-on-year sales performance

	July to October			Year to October		
	Reported	CER sales*	Organic sales***	Reported	CER sales*	Organic sales**
Industrial	6%	5%	5%	5%	6%	5%
Apparel & Footwear	6%	6%	6%	4%	5%	5%
Performance Materials	4%	4%	4%	11%	12%	7%
Crafts	(12)%	(12)%	(12)%	(9)%	(10)%	(10)%
Group	3%	2%	2%	3%	4%	3%

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

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

*** Organic growth for the period was in line with CER growth due to the acquisitions of Fast React Systems and Gotex taking place in June 2016

In the following commentary all comparisons are on an organic basis for the period unless stated otherwise.

Group sales for the period from 1 July to 31 October 2017 grew 2% year-on-year, driven by a strong performance in the Industrial division, up 5%.

This strong Industrial performance was achieved due to good momentum in the core Apparel and Footwear business (~70% of the Group's sales), up 6%, which is ahead of the year to October growth of 5%. The strong Apparel and Footwear performance in the period was achieved despite continued mixed demand from clothing retailers and ongoing pricing pressures, as we maintained our customer-led approach to innovation and digital solutions, alongside our strong corporate responsibility credentials. Performance Materials continued to grow in the period, up 4%. This was below the year to October growth rate due to a decline in traditional end uses, where US consumer durables (e.g. bedding and quilting) showed a marginal downturn year-on-year following a return to growth in the first half of the year. Growth in hi-tech end uses remained robust with key end uses (e.g. wire and cable, and engineering performance yarns) continuing to deliver double-digit year-on-year growth. The outlook for Performance Materials remains positive.

The Crafts division remained weak showing a year-on-year decline of 12% for the period (10% decline for the year-to-date). The North American Crafts business, which now accounts for around 10% of Group sales, was the main driver behind the Crafts sales decline as underlying market conditions remained tough, as well as having been adversely impacted in the period by the introduction of own-label handknitting products at a major customer.

Strategic progress

As previously announced, key focus areas for driving the next phase of growth at Coats relate to simplification, innovation and further development of digital capabilities, all of which are an evolution of the existing strategy. We have made good progress in these focus areas in the period and continue to work on developing the detailed plans. We will provide a further update in February 2018 with the announcement of the 2017 Full Year Results.

Outlook

The Group continues to perform strongly, particularly in the Industrial division, and expects to deliver 2017 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 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 is a FTSE250 listed company on the London Stock Exchange. To find out more about Coats visit www.coats.com.