

20 November 2018

Coats Group plc

Trading Update

Coats Group plc ('Coats,' the 'Company' or the 'Group'), the world's leading industrial thread manufacturer, today announces a trading update for the period 1 July to 31 October 2018 ('the period').

Year-on-year sales performance

	July to October			Year to October		
	Reported	CER sales*	Organic sales**	Reported	CER sales*	Organic sales**
Industrial	4%	9%	5%	6%	7%	4%
Apparel & Footwear	(1)%	4%	4%	2%	3%	3%
Performance Materials	21%	28%	10%	23%	24%	7%
Crafts	(31)%	(29)%	(29)%	(17)%	(15)%	(15)%
Group	(2)%	3%	0%	3%	4%	1%

Sales figures are an IFRS measure; however CER and Organic growth rates constitute Alternative Performance Measures.

* Constant exchange rate (CER) figures are 2017 restated at 2018 exchange rates.

** Organic growth is on a CER basis excluding contributions from bolt-on acquisitions.

Group

Group sales for the period grew 3% on a CER basis, with increasing momentum in the Industrial division, which was up 9%. On an organic basis, Group sales were flat (up 1% excluding the impact of the non-core lifestyles fabric Crafts business which was exited in H1 2018), with Industrial up 5%.

On a reported basis, Group sales decreased 2% in the period with Industrial up 4% and Crafts down 31%. At the Group level, there was a foreign exchange translation headwind of 5% in the period which reflects the recent weakening of certain emerging markets currencies in which the Group operates, for example the Indian Rupee, Chinese Yuan, and Turkish Lira.

Industrial

The encouraging Industrial performance was underpinned by higher growth rates in the period in both the Apparel and Footwear business (up 4% on a CER basis) and the Performance Materials business (up 28%), when compared to the first half of 2018.

The consistently strong Apparel and Footwear performance was delivered despite continued mixed demand from retailers, and was underpinned by momentum in our key Asia markets. We continue to outperform the market as a result of our ongoing group-wide focus on product innovation, digital solutions and our strong corporate responsibility credentials.

The Performance Materials CER growth of 28%, consisted of 10% organic growth and 18% contribution from the acquisition of Patrick Yarn Mill. The double-digit Performance Materials organic growth of 10% in the period is significantly ahead of the 5% organic growth reported for the first half of 2018. This reflected continued double-digit organic growth (up 27%) in hi-tech end uses (for example,

telecommunications and protective clothing). Total hi-tech end use sales, which include Patrick Yarn Mill, now represent around 60% of the total Performance Materials sales for the year-to-date.

Crafts

Crafts (which represents 11% of Group sales), decreased by 29% in the period on a CER basis. This reflected lower sales in both North America and Latin America, following de-stocking activity within certain customers, alongside the impact of the exit of the non-core lifestyle fabric business that took place in H1 2018 (excluding this impact Crafts sales down 22% for the period). For the year-to-date, Crafts sales are 15% down year on year.

Outlook

The Industrial division continues to perform strongly, and we anticipate delivering 2018 full year trading results for the Group in line with management's expectations.

Enquiry details

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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.