

20 November 2024

Coats Group plc Trading Update

Continued momentum with double-digit sales growth - trading in line with expectations

Coats Group plc ('Coats' or the 'Group'), the world's leading industrial thread and global footwear component manufacturer, today announces a trading update for the period 1 July to 31 October 2024 ('the period').

	H1 2024 revenues	1 st July to 31 st October 2024 revenues vs same period in 2023	
	CER ¹	Reported	CER ¹
Apparel	14%	13%	14%
Footwear	7%	15%	14%
Performance Materials	-3%	-1%	1%
Group	8%	10%	11%

All following references are at CER unless specified.

Following a strong first half, sales growth improved to 11% in the period (H1: up 8%) with accelerating growth in Footwear and continued momentum in Apparel, partly offset by sustained weakness in Performance Materials.

The Apparel and Footwear divisions continued to benefit from a return to normalised levels of customer buying and inventory patterns, with both divisions showing strong year-on-year growth of 14% (H1: up 14% and 7% respectively), albeit against a weaker prior year comparator due to the impact of destocking in 2023.

The Performance Materials division returned to growth in the period of 1% (H1: down 3%) but remains impacted by lower order book activity in the personal protection and composites sectors, particularly in the Americas. The lower capacity utilisation in the Americas continues to negatively impact Performance Materials margins.

As a result of the strong overall Group sales growth, alongside continued delivery of our strategic projects, we expect to deliver a full year operating margin of around 18%.

Cash generation remained good through the period, and we anticipate a year-end leverage position, including the additional pension funding payment, of 1.6-1.7x, in line with previous guidance.

Our outlook is unchanged with full year performance expected to be in line with market expectations. The Group remains well positioned for the medium term, supported by good momentum in our Apparel and Footwear Divisions and strong cash generation.

David Paja, Group Chief Executive said:

"It has been a pleasure to meet many of the Coats team and visit many of our key sites in my first couple of months as CEO. This has confirmed my view that we have a premium quality business, executing well with opportunities for further improvement, and a strong platform for future profitable growth."

"In the four months to the end of October the Group continued to perform well, led by Apparel and Footwear. We are confident in the Group's ability to sustain this momentum through the final quarter and consequently in delivering a full year performance in line with market expectations."

The Group will release its Full Year 2024 results on 6 March 2025.

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1. Constant exchange rate (CER) figures are 2023 results restated at 2024 exchange rates.

About Coats Group plc

Coats is a world leader in thread manufacturing and structural components for apparel and footwear, as well as an innovative pioneer in performance materials. These critical solutions are used to create a wide range of products, including ones that provide safety and protection for people, data and the environment. Headquartered in the UK, Coats is a FTSE250 company and a FTSE4Good Index constituent. Revenue in 2023 was 1.4 billion.

Trusted by the world's leading companies to deliver crucial, innovative, and sustainable solutions, Coats provides value-adding products including apparel, accessory and footwear threads, structural footwear components, fabrics, yarns and software applications. Customer partners include companies from the apparel, footwear, automotive, telecoms, personal protection, and outdoor goods industries.

With a proud heritage dating back more than 250 years and spirit of evolution to constantly stay ahead of changing market needs, Coats has operations across some 50 countries with a permanent workforce of more than 15,000, serving its customers worldwide.

Coats connects talent, textiles, and technology to make a better and more sustainable world. Worldwide, there are four dedicated Coats Innovation Hubs, where experts collaborate with partners to create the materials and products of tomorrow. It participates in the UN Global Compact and is committed to validated Science Based sustainability targets for 2030 and beyond, with an aspiration of achieving net-zero by 2050. Coats is also committed to achieving its goals in Diversity, Equity & Inclusion, workplace health & safety, employee & community wellbeing, and supplier social performance. To find out more about Coats visit www.coats.com.

Cautionary Statement

Certain statements in this interim report are forward-looking. Although the Group believes that the expectations reflected in these forward-looking statements are reasonable, we can give no assurance that these expectations will prove to have been correct. Because these statements contain risks and uncertainties, actual results may differ materially from those expressed or implied by these forward-looking statements. We undertake no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.

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