

15 April 2019

IG Design Group PLC
(the "Company", the "Group" or "Design Group")

Trading Update and Notice of Results

Strong final quarter wraps up another year of double digit revenue and profits growth

IG Design Group plc, one of the world's leading designers, innovators and manufacturers of Gift Packaging & Celebrations, Stationery & Creative Play, Giftware & related product categories announces its trading update in relation to the year ended 31 March 2019.

The Group's strong trading performance continued in the final quarter delivering revenue and profit growth across all regions in the year. As a result, the Board anticipates the financial performance of the Group to be in line with market expectations and significantly up year on year.

The Company's results for the full year to 31 March 2019 will be announced on 11 June 2019.

Highlights

- Revenue for the year to 31 March 2019 is expected to increase 37% on the prior year driven by the acquisition of Impact Innovations Inc. ('Impact') and organic growth of 9.8%.
- The Group expects operating profits to be significantly ahead of last year as a result of the Impact acquisition and improved overall net operating margins*
- Net cash ended the financial year significantly ahead of the prior year and ahead of expectations, with average leverage during the year expected to have been below 1.3x EBITDA* (FY18: 1.5x EBITDA)
- ROCE is expected to increase year on year, reflecting another year of focus on working capital management and profit growth
- Exceptional costs remain in line with expectations at approximately £8-9 million, primarily reflecting the acquisition of Impact and the subsequent US restructuring
- The Board remains committed to its progressive dividend policy and, in line with previous guidance, expects to increase the Company's earnings pay-out ratio at the full year

* calculated before Exceptional items, LTIP charges and the amortisation charge relating to acquired intangibles

Americas

In the USA, our business continues to deliver strong organic growth alongside increased sales from the recent acquisition of Impact. The integration of Impact has proceeded on plan with gift wrap manufacturing operations now fully integrated into one facility in Memphis. As such, the delivery of the annualised \$5m of operational synergies from FY21, identified at the time of the acquisition, is being delivered in line with expectations. Pleasingly, in March 2019, Impact was awarded 'Seasonal and Celebration Supplier of the Year' by Walmart, the world's largest retailer. A new ERP system has gone live and is currently being rolled out across all of our operations in the US, driving further efficiencies and providing a platform for significant growth.

UK

In the UK, although faced with a challenging market environment, the business continued to grow both revenues and profits benefiting from the success of our recently developed 'Not-for-resale bags' initiative and the continued unification of our businesses under one leadership team.

Europe

In Europe, a record overall performance was achieved as a result of strong sales, increased margins and improved efficiencies, driven by an increase in the mix of revenue toward higher margin product and the operational benefits delivered following the installation of our new high-speed printing press in March 2018.

Australia

In Australia, despite market headwinds, growth in sales and profits has been achieved driven from existing and new customers. The fully integrated Biscay acquisition, completed in January 2018, is delivering the planned operational synergies.

Commenting on the year's performance, Paul Fineman, Group CEO, said:

"Our strong performance in FY19 reflects our close relationships with the world's leading retailers, our focus on innovation and efficiency and the increasing benefit of scale as we continue to grow."

It is particularly pleasing to have achieved significant organic growth whilst also benefiting from the acquisition of Impact Innovations and other investments made throughout this and prior years. This achievement is testament to the global nature of our business and the extent to which we have diversified and de-risked the Group.

We look forward to continuing to drive the business forward, with a focus on continued organic growth, supplemented by compelling M&A.”

This announcement contains inside information

– Ends –

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