

16 January 2018

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

Strong trading delivers earnings upgrade

IG Design Group plc, one of the world's leading designers, innovators and manufacturers of gift packaging, greetings, stationery, creative play products and giftware, announces an update for the third quarter, which covers the Group's Christmas trading period to 31 December 2017.

The Group is pleased to report that following the positive performance reported over the first six months ending 30 September 2017, trading has continued to be strong up to and throughout the Christmas period.

In line with the strategy to further diversify the business, the Group expects to deliver record revenues in FY18 with the continued expansion of its global footprint outside the UK which the Board expects will account for over 70% of sales by destination. All regions are on track to achieve year on year revenue and profit growth and we are therefore pleased to upgrade the Group's full year performance with diluted earnings per share¹ expected to be ahead of current market expectations and delivering strong year-on-year growth. We continue to see strong cash conversion across the Group and expect average leverage for FY18 to follow the progress made in recent years and be significantly below an average of two times.

Latest initiatives highlighted in our Half Year Results Announcement remain on track to drive future revenues in FY19 and beyond. These include:

- the installation of an additional state-of-the art printing press in our gift wrap manufacturing operation in Holland, which will commence production in Spring 2018
- the completion of the acquisition on 9 January 2018 of Biscay Greetings Pty Ltd in Australia with operational and commercial synergies benefitting FY19
- the upgrading of our IT systems in the USA to create enhanced processes, capacity and speed across all aspects of our growing business
- the commencement in September 2017 of a new revenue initiative to manufacture and sell premium paper bags in our factory in Wales to multiple retailers

Additionally, as a result of the level of the Group's US earnings the Board expects earnings per share to benefit in FY19 and beyond from the recent US tax legislation changes. Furthermore, the US tax rate change is expected to translate into lower tax payments, thereby enhancing the cash generation of the Group. The final US Tax Reform legislation is extensive and complex, as such full guidance of its impact on the Group will be given at the time of the announcement of the Group's final results in June 2018.

Paul Fineman, Chief Executive said:

"We are very encouraged with the performance of our businesses across all regions. It is particularly pleasing that we have again upgraded our expectations and we remain confident in the Group's ability to report another year of excellent progress."

"We are very well placed to continue to create sustainable value for our shareholders through organic growth and will also continue to seek compelling acquisition opportunities underpinned by an ever-strengthening balance sheet and a long track record of proven performance."

1 – Diluted Earnings per Share is calculated before exceptionals and LTIP

This announcement contains inside information"

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For further information, please contact:

IG Design Group plc
Paul Fineman, Chief Executive
Giles Willits, Chief Financial Officer

Tel: 0152 588 7310

Cenkos Securities plc
Bobbie Hilliam

Tel: 0207 397 8900

Alma PR
Rebecca Sanders-Hewett
Susie Hudson

Tel: 0203 865 9667
designgroup@almapr.com