

18 April 2018

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

Trading update

Increasing revenue and improved margins driving strong growth

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 a trading update in relation to the year ended 31 March 2018.

The Group's trading accelerated in the second half of the year with all regions delivering strong revenue growth and increased profits. As a result the Board anticipates a full year of overall progress and financial performance in line with management expectations.

The Company's results for the full year to 31 March 2018 will be announced on 11 June 2018.

Highlights

- The Group's gross and net margins have increased driven by strong performances across all of the Company's global operations, with the previously flagged cost headwinds having been effectively mitigated
- Net cash ended the financial year positive, after having completed the acquisition of Biscay Greetings in Australia, the disposal of part of the Hirwaun site in the UK and with record levels of capital expenditure invested during the year
- Average leverage during the year is expected to have been below 1.5 x EBITDA (FY17, 2.3x EBITDA)
- The Board remains committed to its progressive dividend policy and is considering increasing the Company's earnings pay-out ratio in future periods, to reflect both the improved financial performance of the Group and the positive outlook of the Directors

Americas

In the USA, the business has delivered significant overall profit growth during the year driven by increased revenues and margins resulting from improvements in the mix of product categories and customer channels.

The project to upgrade IT systems to drive further efficiencies and provide a platform for significant further growth has progressed on time and on budget.

Australia

In Australia, organic sales and profits have advanced driven by growth from existing and new customers and channels. The acquisition of Biscay Greetings, completed in January 2018 has been swiftly integrated into the region's operations, with all anticipated synergies on track to be delivered in FY19.

UK

In the UK the Company benefitted from the unification of its three businesses under one leadership team, delivering increased revenue and profits in the year.

Production of a new, related product category ('not for resale' paper bags predominantly for the fashion and cosmetics industry) commenced successfully in September 2017. This operation offers incremental opportunities whilst leveraging many of the Company's existing capabilities. The UK is now well placed for future sales and profits growth.

Continental Europe

In Continental Europe, a record overall performance was achieved as a result of stronger sales and improved efficiencies. Furthermore, during the year a new high-speed printing press was installed, which became operational in March 2018. This further enhances both capability and capacity within the Group's Celebrations product business.

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

"We are delighted with our performance in FY18 and that we have such positive momentum across all areas of our Group.

It is particularly pleasing to have achieved significant bottom line growth whilst also investing in the Group. 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 build the business both organically and by compelling M&A."

This announcement contains inside information

– Ends –

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