

IG Design Group PLC

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

Trading Update

IG Design Group plc, one of the world's leading designers, innovators and manufacturers of Gift Packaging, Celebrations, Stationery and Creative Play products, Giftware and related product categories, is pleased to announce positive trading to date in FY20 with revenue and profit showing strong year on year growth reflecting a mix of organic progress and the full year effect of the Impact Innovations Inc. ('Impact') acquisition, which was completed in August 2018.

The Company's order book and production volumes are both ahead of this time last year and in line with Directors' expectations. The Group also continues to expect average leverage¹ for FY20 to continue to reduce to circa 1.1 times Adjusted EBITDA² (FY19: 1.3 times).

In the US, the integration of Impact continues on plan with the restructuring of the manufacturing operations into Memphis now fully supporting the production and conversion activities of the combined US business. This will be further enhanced by the introduction of a new ultra-high speed printing press on site in November 2019. The press is expected to be fully commissioned in time for manufacturing in FY21, in line with the Group's strategy to enhance domestic US production capacity and capability.

The Company continues to focus on cross selling and product development activities, with positive outcomes including the success of combined teams within the US recently reaching agreement with one of the US's largest retailers for the supply of all year round themed and seasonal 'Impulse' gifting products, to over 1500 stores nationwide. This new agreement is expected to generate significant incremental revenues in FY21 and beyond. Further growth opportunities within the Food and Drug retail channel have also been secured, reflecting focus on great value 'Impulse' gifting products.

In the UK, the Company has secured a number of new character licenses across the Gift Packaging categories which represent excellent additions to the broad existing portfolio. The Directors are also greatly encouraged with the enthusiastic response to FY20 key licensed product launches, including Frozen 2 and Toy Story 4.

The Group remains focused on its overall environmental responsibility commitment and developing its holistic approach to sustainability. The Directors were therefore pleased that the UK business recently received the accreditation of the 3 Trees score by the World Wildlife Fund, as a result of its use of paper only from sustainable forestry and from sustainable suppliers.

The Company continues to make selective investments which satisfy its fast payback criteria. Recent projects include:-

- A second paper bag manufacturing production line to go 'live' in the UK during the second half of FY20. The expansion of the production line recognises the success of the initial investment and the order book in this category. Such is the progress with this initiative that further investment is now being evaluated.
- Investment in automating gift wrap manufacturing facilities in Europe to deliver significantly enhanced converting capability in time for FY21.

Opportunities to leverage scale and Group-wide expertise across the supply base has been further enhanced through investment in both people and technology. This is particularly important when addressing changing local, regional and international trading conditions.

Paul Fineman, Chief Executive said:

"Our strong performance to date illustrates our ability to drive organic growth whilst also integrating a large acquisition and delivering the associated operational and financial benefits. The momentum throughout the business continues apace alongside good forward visibility of our order book going into the remainder of the year."

"The investments made in the Group are continuing to deliver and this, alongside the benefits of the Group's scale and ability to cross sell, stand the Group in good stead to continue to deliver growth in the coming period and beyond."

1 – Average Leverage is calculated as the 12-month average debt divided by Adjusted EBITDA

2 – Adjusted EBITDA for the purpose of the average leverage calculation is based on a pre-IFRS 16 basis

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