

*James Halstead*TM

JAMES HALSTEAD plc



25 July 2018

Pre-Close Trading Statement

James Halstead plc, the commercial flooring manufacturer and distributor, is providing the following trading update ahead of its final results for the year to 30 June 2018.

I am pleased to report that sales for the year are ahead of the comparative year. This represents a creditable performance in still difficult trading conditions. It is particularly pleasing to report that our UK turnover is 3% ahead of the prior year in a market that seems to be quite robust despite the well reported spending cuts and high street retailer issues.

In the Chairman's interim statement, announced on 29 March 2018, it was noted that adverse price pressure on raw materials was holding back the benefits of export currency gains. This continued in the second half year but was ameliorated by increased sales. The Chairman, in that statement, noted that a German competitor had entered administration and at that time we decided to undertake our largest ever re-vamp of our homogenous flooring ranges with the launch of "Palettone."

Palettone is a premium homogenous sheet vinyl collection, launched in May 2018. It is the largest new product development by any manufacturer in this core product area in many years. It offers a collection of 50 colours optimised for our global market and is presented in a unique, innovative sample package with full customer support from specification to installation. The feedback we have received on the collection since launch has been exceptional.

The costs of development trials, sampling, marketing material and related costs have been around £2 million and the product has just been launched into the global market place. The

timescale that our production and marketing staff worked to was ambitious and we are delighted with the successful launch.

In line with best practice, we shall expense these costs rather than amortise or construct an adjustment to “underlying” earnings.

Consequently we are pleased to anticipate, once again, reporting record turnover and expect profits for the year to 30 June 2018 will be in line with last year.

This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014.

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