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**Victoria PLC  
(‘Victoria’ or the ‘Group’)**

**Trading update for the six months ended 29 September 2018**

Victoria PLC (LSE: VCP) the international designers, manufacturers and distributors of innovative floor coverings confirms that for the six months ended 29 September 2018, the Group has continued to grow sales in a challenging market and Group like-for-like (“LFL”) revenue growth<sup>(1)</sup> has continued to exceed 3% compared with the equivalent period during the prior year.

The Group is realising the benefits of the growth and diversification of the business over the past few years, which have positioned us for success when market conditions and sales performance have varied between different geographies and product categories.

The UK & Europe segment has achieved strong LFL revenue growth:

In soft flooring, which excludes ceramic tiles, we have taken advantage of market conditions, the competitive landscape, and the productivity benefits of the reorganisation of our UK factory footprint last year, to aggressively target growth in market share. In doing so we have maintained the strategy set out in our last annual report; focusing our product mix on competitive products, lowering average selling prices, and driving sales volume. As a result, sales have grown organically in excess of 5%.

In hard flooring, we are pleased with the performance of our three acquisitions in the European ceramic tile market in the last twelve months. Of particular note has been the customer uptake of the new porcelain products at Serra since production commenced in June, and the synergies that we have identified between Keraben and Saloni, our most recent acquisition in August, which are progressing well and we expect to be fully delivered by the year-end. The sector has seen an increase in pricing pressure since the start of the financial year which, combined with the planned, but significant, one-off disruption from the installation of a new porcelain line at our Italian factory, has had a marginal impact on overall sales growth and margins.

The Australia segment, which represents c.18% of pro-forma Group sales, has experienced slower performance in the year-to-date, with a circa 4% decline in sales against what was a very strong comparative period, with the business previously benefitting from an exceptionally buoyant local housing market over the past two years. The Board expects that the benefits from current initiatives to expand our luxury vinyl tile (LVT) business will be evident during the second half of the year.

Overall, as previously stated, the Board firmly believes that it should capitalise on the strength of the Group by driving sales and market share at this time, although this comes with a short-term investment in operating margin. Based on year-to-date performance and taking into account seasonality, this is impacting the Group’s overall margin by approximately 1 - 1.5 percentage points versus consensus market forecasts, although margins are still expected to significantly exceed the prior year due to organic growth and product mix effects from previous acquisitions. The Board believes that seeking to increase market share is the correct strategy for the Group at this time as,

even with current market conditions, the Group's year-to-date revenues are on track to exceed consensus market forecasts, and the Group plans to recover the margin investment in stages over the next twelve months.

As we move into the peak trading season for the Group's businesses, the senior management team remains focused on driving sales, supported by a compelling and competitive product and service offering to our customers. In addition, we continue to see a large number of high-quality acquisition targets, in order to deliver longer-term growth in shareholder value.

<sup>(1)</sup> LFL revenue growth adjusted to remove the impact of acquisitions, translational currency differences and other exceptional items.

- Ends -

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**About Victoria**

Established in 1895 and listed since 1963 and on AIM since 2013 (VCP.L), Victoria PLC, is an international manufacturer and distributor of innovative flooring products. The Group, which is headquartered in Kidderminster, UK, designs, manufactures and distributes a range of carpet, flooring underlay, ceramic tiles, LVT (luxury vinyl tile), artificial grass and flooring accessories. Victoria has operations in the UK, Spain, Italy, Belgium, the Netherlands and Australia and employs approximately 3,000 people across more than 20 sites. Victoria is the UK's largest carpet manufacturer and the second largest in Australia, as well as the largest manufacturer of underlay in both regions.

The Group's strategy is designed to create value for its shareholders and is focused on consistently increasing earnings per share via acquisitions and sustainable organic growth.

The Group's trading subsidiaries, as set out segmentally, include:

**UK & Europe:**

A. & A. Carpets Ltd, Abingdon Flooring Ltd, Alliance Distribution Ltd, Avalon B.V, Ceramica Saloni, S.A.U, Ceramiche Serra S.p.A., Distinctive Flooring Ltd, Ezi Floor Ltd, Grass Inc. B.V, Interfloor Ltd, Keraben Grupo S.A., Millennium Weavers N.V, Sanicova, S.L.U, Victoria Carpets Ltd, View Logistics Ltd, Westex (Carpets) Ltd,

**Australia:**

Primary Flooring Pty Ltd, Quest Flooring Pty Ltd, The Victoria Carpet Co.  
Pty Ltd