

GETTING FITTER, READY FOR THE RECOVERY

**2023 HALF
YEAR RESULTS**

Tuesday 1 August 2023



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Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

AGENDA

- 01** Highlights
- 02** Financial Performance
- 03** Divisional Performance
- 04** Strategic Update
- 05** Summary and Outlook
- 06** Appendices



HIGHLIGHTS

IMPROVING MARGINS, STRONG FREE CASH FLOW, CONTINUING MARKET SHARE GAINS



Outperforming the market, reported revenue down 11%

Improving margins, up 30bps on H1 2022 on a proforma basis (including acquisitions)

Continuing market share gains in Apparel and Footwear; key contract wins in Performance Materials

Strategic Projects accelerated; FY23 guidance increased to \$30m

\$5m of integration efficiencies from Texon and Rhenoflex integration delivered in H1

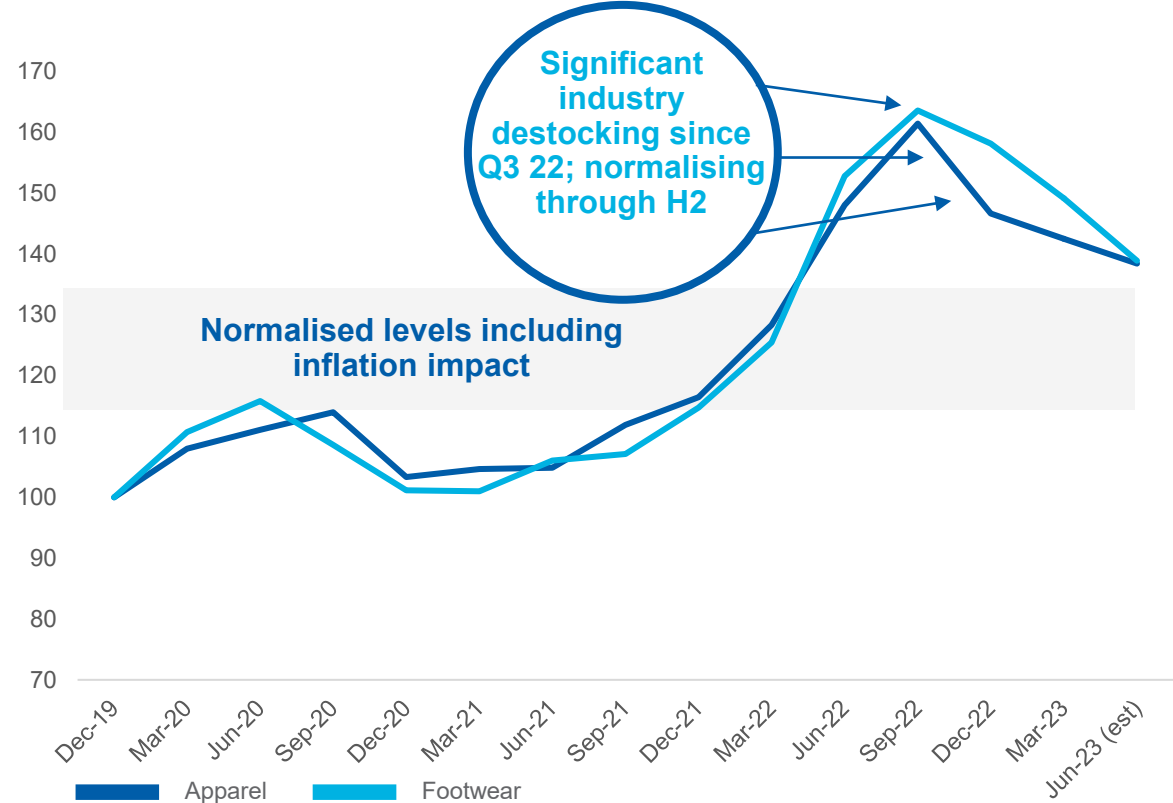
Further good progress towards deficit cash payment “off trigger” for UK pension scheme

Interim dividend +15%, reflecting confidence in outlook

MARKET CONTEXT

INVENTORY PEAKED, NORMALISING THROUGH H2

TOP GLOBAL APPAREL & FOOTWEAR BRANDS INDEXED INVENTORIES



Directional & Indicative: based off 18 brand annual reports and earnings, includes element of cost inflation and growth

WHAT OUR CUSTOMERS ARE SAYING



“

Puma: With our continued momentum we are fully on track to normalize our inventory levels and to achieve our full-year guidance.



Nike: ...and reduced inventory buys for the spring and summer seasons.



VF: we continue to expect inventory to be near to normalized levels by the end of the calendar year & fully recovered by fiscal year-end, down more than 10% year-over-year at the end of fiscal year 2024.



Dr Martens: We plan to have a much more optimal level of inventory by March 24. We will achieve that by essentially buying less than we plan to sell.



Adidas: We continue to work hard to normalize our inventory levels during the year. ”

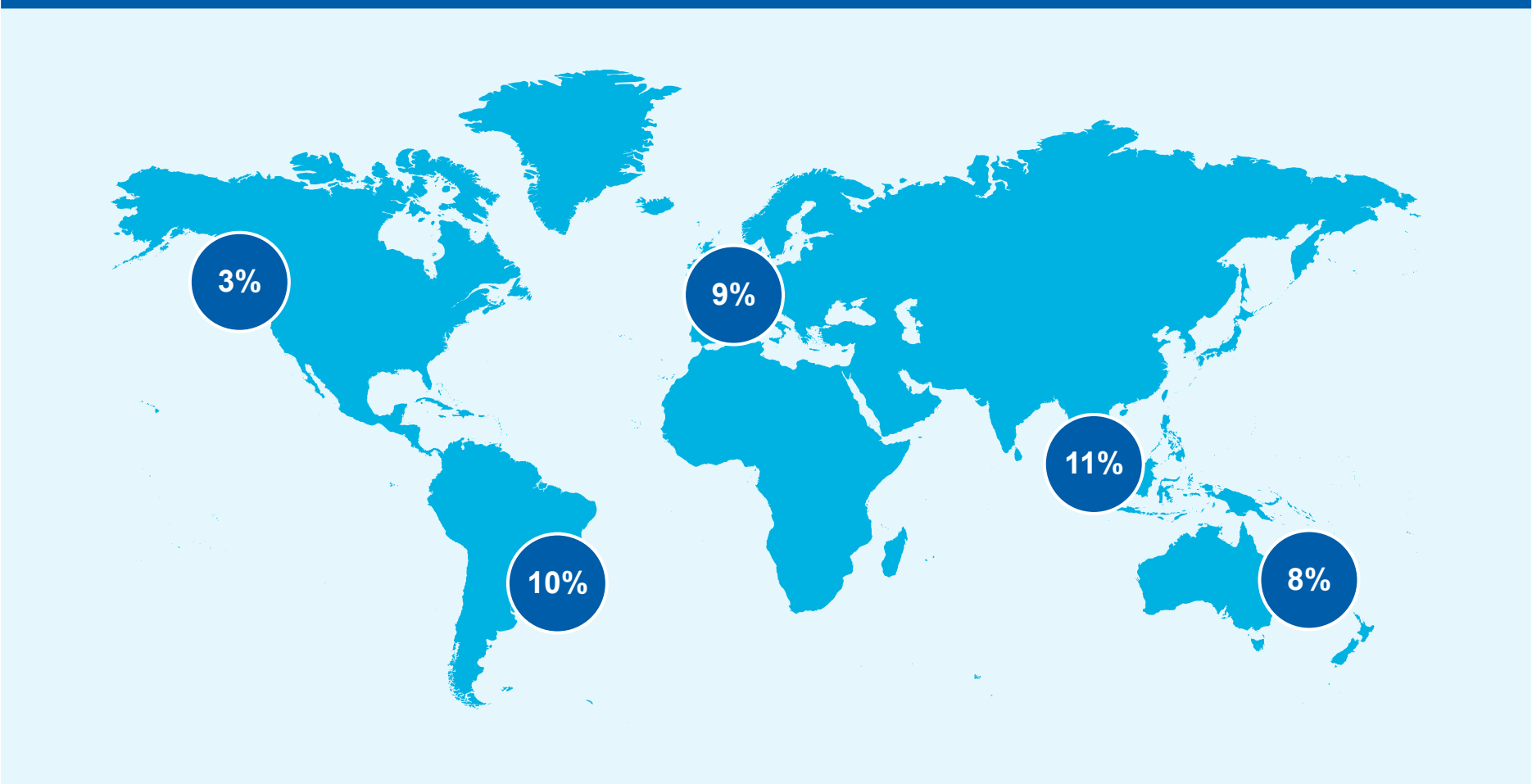
RETAIL SALES REMAIN ROBUST

CONSUMER SENTIMENT REMAINS RESILIENT DESPITE SUPPLY CHAIN DESTOCKING

Regional Forecast*:
Apparel and Footwear
Market Size Value
Y-o-Y Growth Rate
(2023 vs 2022)

Source: Euromonitor apparel and footwear markets, 2023 'Half Year Update, Market Size Trend' report, covering 16 markets accounting for >70% of global sales.

*Combined growth rate of apparel and footwear markets by value in USD, at constant currency.



GETTING FITTER, READY FOR THE RECOVERY

OUR RESPONSE

**Market
share gains¹**

**Programme
and customer
wins**

**Pricing power
(despite
deflation)**

**BAU self-help
(productivity/
procurement
benefits)**

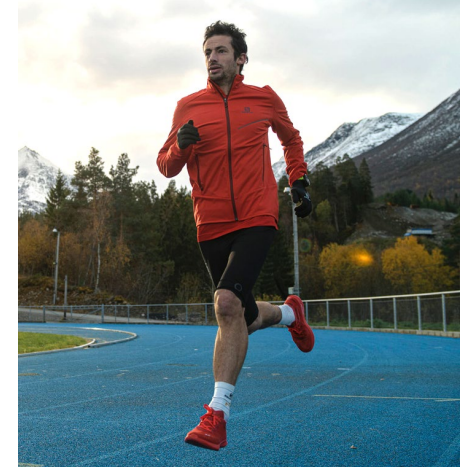
**Portfolio mix
improvements**

**Synergy delivery
(guidance
increased
to \$15m)**

**Strategic Projects
accelerated;
delivering faster**

**Disciplined
cost control**

**Tight working
capital and cash
management**



¹.Coats estimates.

FINANCIAL PERFORMANCE



KEY FINANCIAL HIGHLIGHTS



Improving margins
*Proforma margins up
30bps*



**Pricing/
Self-help/
Inflation**



**Strategic
projects further
ahead of schedule**



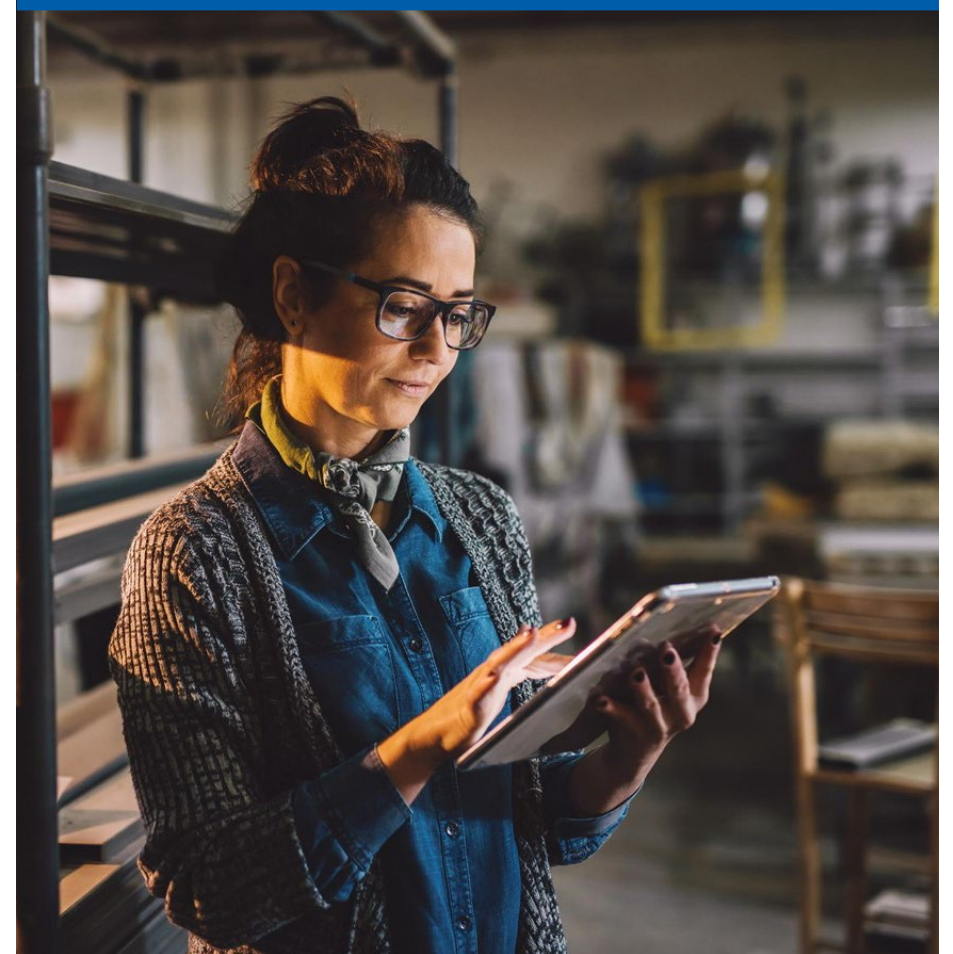
**Synergies
increased**
\$15m by end 2023



Strong free cash flow
\$52m



Pensions
*Funding position
further improved*



KEY FINANCIAL METRICS

ACCELERATED SALES AND MARGIN GROWTH

	H1 2023	H1 2022	Reported change	CER ¹	Organic ¹
Revenue (\$ million)					
Apparel	354	472	(25%)	(20%)	(20%)
Footwear	184	115	60%	64%	(23%)
Performance Materials	177	214	(18%)	(14%)	(14%)
Group	715	801	(11%)	(6%)	(19%)
Adj. operating profit (\$ million)					
Apparel	53	74	(29%)	(24%)	(24%)
Footwear	38	33	17%	19%	(24%)
Performance Materials	16	18	(9%)	0%	0%
Group	107	125	(14%)	(9%)	(21%)
Adj. operating margin (%)					
Apparel	15.0%	15.7%	(80bps)	(70bps)	(70bps)
Footwear	20.8%	28.5%	(770bps)	(780bps)	(40bps)
Performance Materials	9.1%	8.2%	90 bps	130 bps	130 bps
Group	15.0%	15.6%	(50bps)	(50bps)	(30bps)
Adj. EPS (cents)	3.5	4.3			
Adj. free cashflow (\$ million)	52	30			
Interim dividend per share (cents)	0.81	0.70			

1.CER is 2022 figures at 2023 exchange rates. Organic is CER excluding contributions from acquisitions during the period.

UPDATE ON PRICING, SELF-HELP AND INFLATION

SIGNIFICANT MARGIN UNDERPINNING

DESPITE DEFLATION

\$(4m) Raw materials



\$(5m) Freight



\$17m Labour & other



\$8M NET COST INCREASES

PRICING POWER CONTINUES

\$20m Price/mix



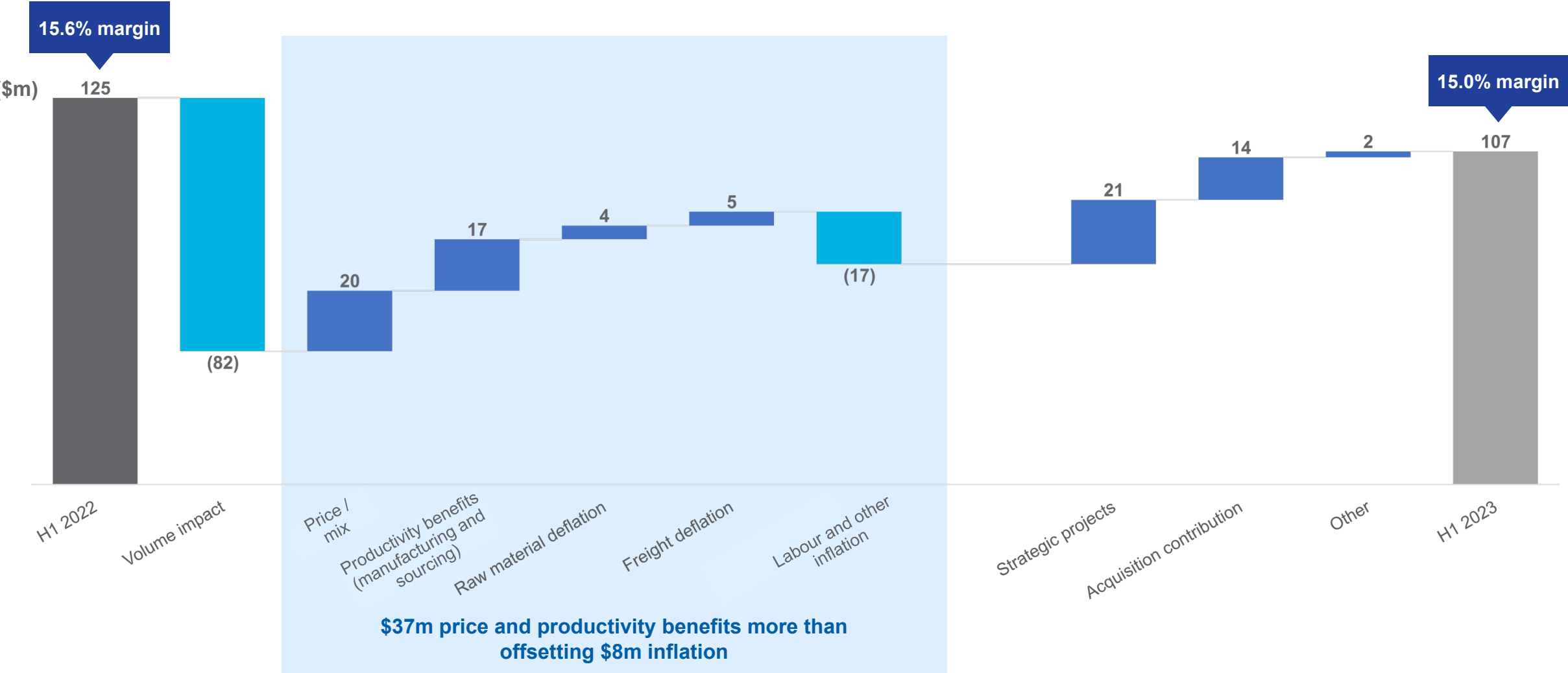
\$17m Productivity benefits
(manufacturing and sourcing)



\$37M OFFSET FROM ACTIONS

GROUP OPERATING PROFIT AND MARGIN

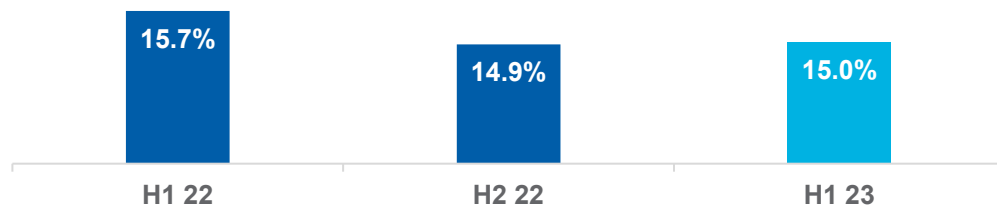
STRONG PRICING AND SELF-HELP OFFSETTING INFLATION



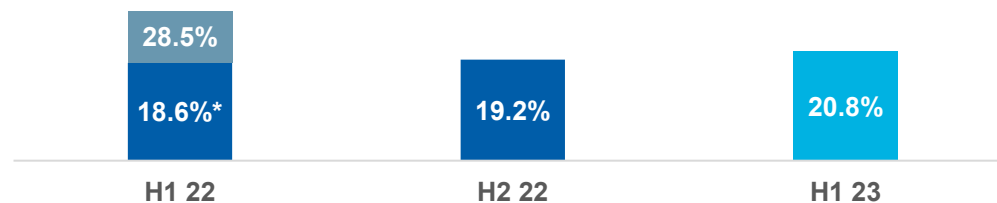
DIVISIONAL MARGINS

IMPROVING PROFORMA MARGINS

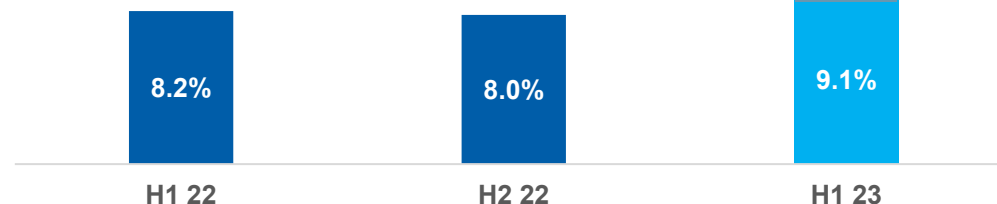
APPAREL (%)



Footwear (%)



Performance Materials (%)



Numbers are reported

*Proforma

Apparel margins down 80bps YOY to **15.0%**

- Target margin of 15% achieved despite volume declines
- Pricing and procurement initiatives offsetting inflationary pressures
- Strategic project benefits and general cost discipline

Footwear margins up 220bps on a proforma basis to **20.8%**

- Target margin of 20% exceeded despite volume declines
- Synergies of \$5m in H1 2023 – on track for \$15m run-rate by end of year
- Proforma margins of 18.6% at H1 22 includes acquisitions

PM margins up 220bps on a proforma basis to **10.4%**

- Strategic initiatives improving margins in the Americas, margin in H2 2023 expected to improve as benefits increase
- Excluding the US, PM margins remain healthy double digits
- Proforma margins of 10.4% at H1 23 excludes duplicated project costs of \$2m

INCOME STATEMENT

INTERIM DIVIDENDS INCREASED BY 15% DEMONSTRATING BOARD'S CONFIDENCE

Exceptional / acquisition related items

- Strategic projects - \$6m (net of \$6m property profit)
- Acquisition related items - \$11m
- EMEA Zips disposal - \$17m

Finance costs

- Higher interest rates and acquisition facility – up \$9m
- Offset by:
- MTM¹ benefits due to GBP strengthening – down \$6m
 - Lower pension finance charge – down \$3m
 - Hyperinflation indexing benefit (Turkey) - \$1m

Underlying effective tax rate 29% (H1 2022 30%)

Dividend

- Interim dividend of 0.81 cents per share proposed, up 15% vs 2022

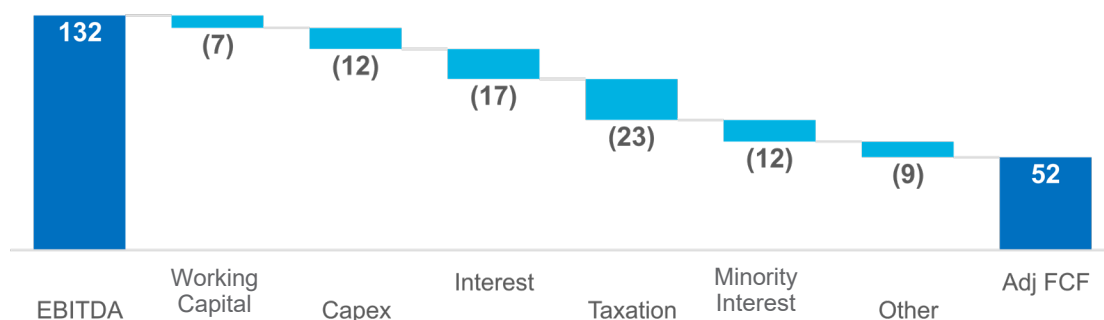
1. MTM = mark-to-market 2. Numbers are reported

\$m	H1 2023 ²	H1 2022 ²
Adjusted operating profit	107	125
Exceptional / acquisition related items	(35)	(13)
Operating profit	72	111
Share of profit from JVs	1	1
Finance costs	(14)	(15)
Profit before tax	59	97
Tax	(23)	(33)
Profit from continuing operations	36	64
Discontinued operations	-	(88)
Profit for the period	36	(23)
Minority interest	(11)	(15)
Attributable (loss) / Profit	25	(38)
Adjusted EPS (cents)	3.5	4.3
EPS (cents)	1.5	3.4
Interim DPS (cents)	0.81	0.70

CASH FLOW AND LEVERAGE

STRONG CASH GENERATION UNDERPINNED BY WORKING CAPITAL FOCUS

H1 2023 CASHFLOW (\$m)



H1 2022

148	(48)	(16)	(11)	(28)	(8)	(8)	30
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Adj. free cash flow ahead of H1 2022 driven by favourable working capital

Adj. free cash flow on a LTM basis was an extremely strong \$136m

Well controlled net working capital but higher interest cost due to acquisition debt

Capex spend tightly controlled with strategic initiatives prioritised

Proforma leverage post acquisitions remains comfortably within 1-2x range

\$m

H1 2023

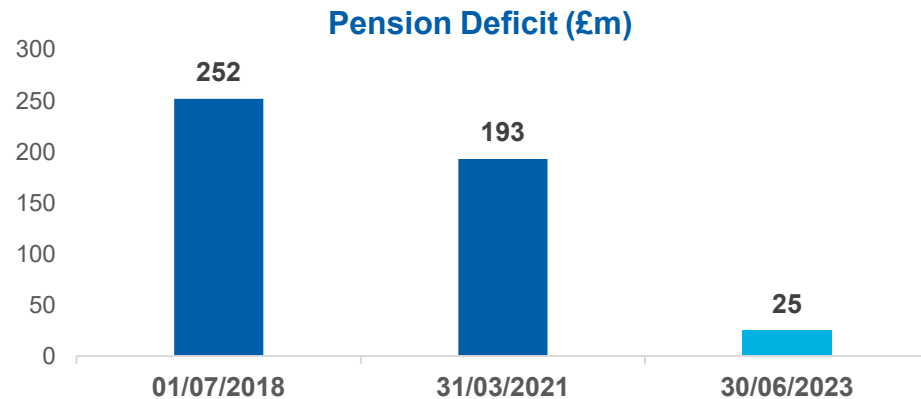
H1 2022

Adjusted free cash flow	52	30
Pensions	(17)	(23)
Exceptional and acquisitions	(8)	(10)
Disposals and discontinued operations	1	(23)
Dividends paid to equity shareholders	(28)	(22)
Other	(3)	(2)
Free cash flow	(2)	(49)
FX and other movements	(1)	6
Movement in leases (IFRS 16)	11	6
Change in net debt (incl IFRS 16)	8	(38)
Group net debt (excl IFRS 16)	(399)	(195)
Leases (IFRS 16)	(93)	(89)
Group net debt (incl IFRS 16)	(492)	(284)
Proforma leverage (excl IFRS 16)	1.6x	0.8x

PENSIONS

FUNDING AND DE-RISKING UPDATE

Technical deficit has decreased significantly – potential to switch off contributions in near term



Technical deficit stands at £25m at 30 June 2023

Funding level now 99% at 30 June 2023 – line of sight to off trigger

Updated Funding

- Switch off/on range initially set 99% -101%
- Industry mortality tables recently updated
- Agreed with Trustees to adjust off/on range to 98%-100%

Future De-risking

- Further de-risking opportunities being explored beyond £350m buy-in completed in Dec 2022
- Building on collaborative Trustee relationship
- Continued ambition to de-risk in full (remove from balance sheet and cash contributions) in medium term, in cost-effective manner

REINVESTING TO COMPOUND GROWTH

CAPITAL ALLOCATION



**Reinvesting in
organic growth**



**Supporting
pensions**



**Paying a
progressive
dividend**



**Acquisitions
in line with
disciplined
strategy**

**WHILST MAINTAINING A STRONG BALANCE SHEET
(TARGET LEVERAGE RATIO OF 1-2X NET DEBT EBITDA)**

2023 MODELLING GUIDANCE





Area	Guidance
Inflation	<p>Continued moderation in raw materials and freight inflation from 2022 highs, with prices trending to 2019 levels. Energy prices now stabilised. Continued levels of inflation on the remainder of our cost base e.g. labour.</p> <p>In line with past track record - we anticipate net inflationary pressures to be offset by tactical pricing and other self help productivity measures</p>
Sourcing and productivity savings	c.\$25-30m
Strategic projects	c.\$50m cash exceptional costs; incremental EBIT \$70m by 2024; \$30m incremental EBIT in 2023 vs 2022
Capex	c.\$30-40m
Tax	Effective tax rate of 29%
Pension	2023 annual deficit repair payments of \$33m (£26m) including admin costs and levies. Switch off / switch on mechanism agreed with trustees.
Interest	Total finance costs anticipated to be in the range of \$30-35m
Foreign exchange	At current exchange rates (30 June 2023) we expect 1-2% headwind on revenues and EBIT for the Full Year 2023 (excluding any impacts of Turkey hyperinflation accounting)

DIVISIONAL PERFORMANCE



STRUCTURED FOR GROWTH

THREE NEW DIVISIONS FROM 1 JANUARY 2023

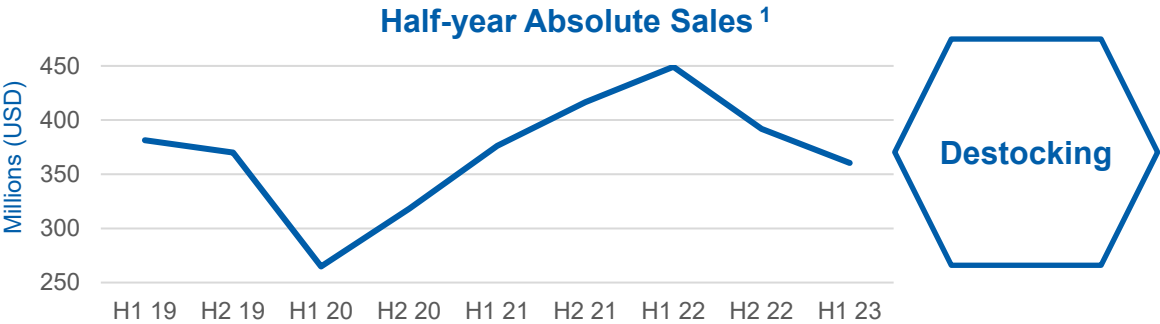
			 Apparel	 Footwear	 Performance Materials
Revenue ¹			50%	25%	25%
TARGETS	Revenue growth ²	c.6%	3-4%	c.8%	6-9% ⁴
	EBIT margin ³	c.17%	15-16%	>20%	13-14%
		World's leading industrial thread and footwear components company	Global mkt leader (c.24% ⁵) in premium sewing thread	Global mkt leader (c.24% ⁵) in structural components, and threads (c.28% ⁵)	Engineered yarns, threads, trims and composites
GROWTH DRIVERS	Global footprint	Premium quality & innovation			Innovation & sustainability
	Reliability, speed & productivity	Sustainability			Safety standards
	Close customer relationships	Athleisure markets			Differentiated, hard to replicate

1.HY 2023 % of Group revenue. 2.Medium-term target CAGR 3.2024 goal 4. Personal Protection; high single digits. Composites; low double digits. Performance Threads; global GDP. 5. Estimated

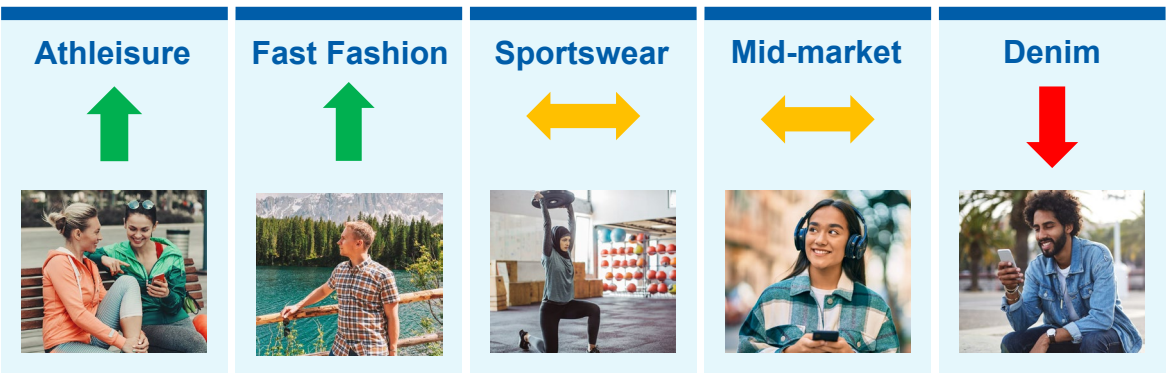
APPAREL: H1 PERFORMANCE

OUTPERFORMING THE MARKET

Sales Trend



Category Insights



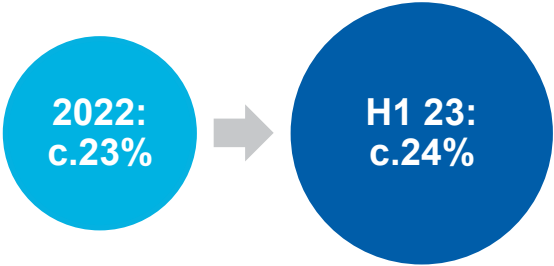
1. At internal FX rates

A Resilient Performance

- Sales outpacing market by ~10 percentage points
- Market share gains vs global and local players
- Winning with the winners strategy bearing fruit
- Diverse range of customer and programme wins

Gaining Market Share

Estimated ~100bps market share gain



FOOTWEAR: H1 PERFORMANCE

MARKET SHARE GAINS AND SOLID PRICING

Sales Trend



Texon and Rhenoflex; Trading In Line with Expectations

Annualised synergies ahead of schedule, expect to deliver \$15 million of run-rate efficiencies by end of year, ahead of previous \$11 million targeted savings in 2024

Commercial integration with one face to the brands largely complete

Procurement efficiencies on track

G&A / back-office integration progressing well

Further opportunities around footprint optimisation

1.Proforma at internal FX rates

Strong Customer Relationships

Nike preferred partner status for structural components

Proweave – 5 programme wins

\$4m incremental sales expected from new structural components products in FY23

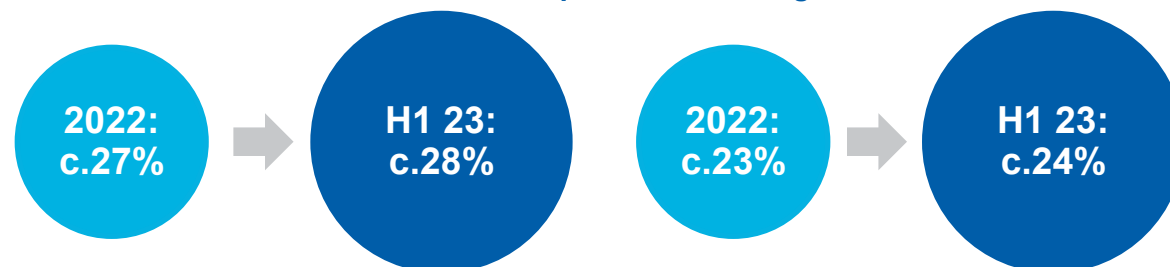
>80% structural components products contain sustainable materials

Gaining Market Share

Threads

Structural Components

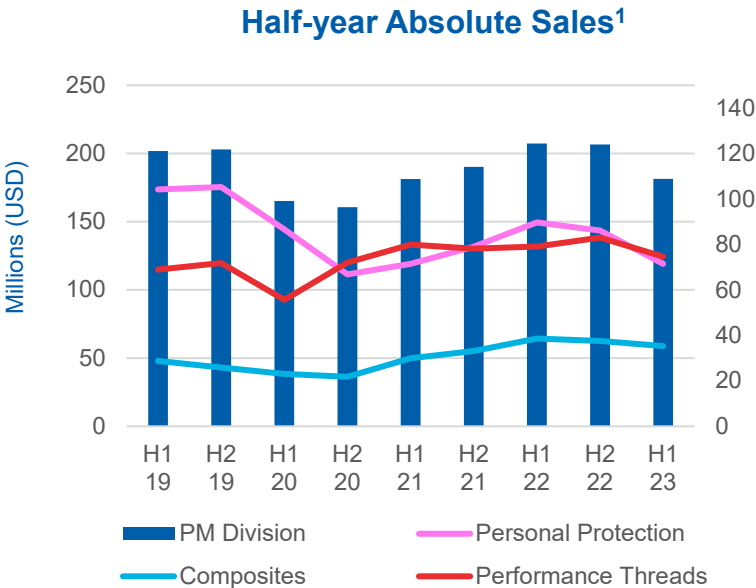
Estimated ~100bps market share gain



PERFORMANCE MATERIALS: H1 PERFORMANCE

CONTINUING MARGIN IMPROVEMENT

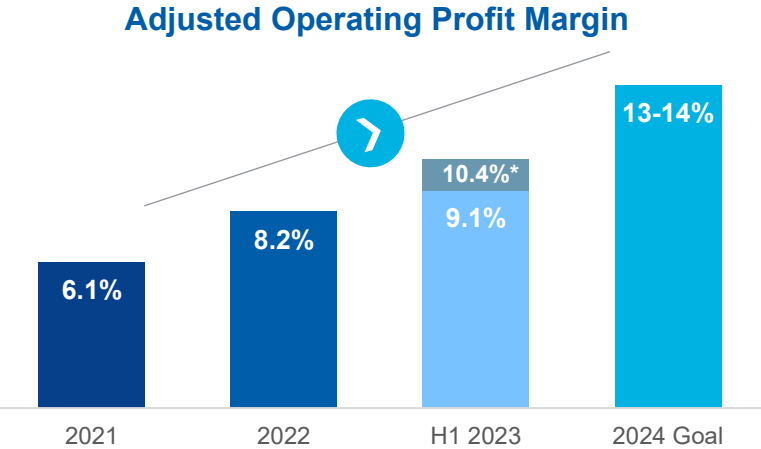
Sales Trend



Major Personal Protection customer insourced production at end 2022

Destocking in Household Goods & Telecom

Self-help Delivering Margin Improvement



Strategic project efficiencies benefit 2023 and 2024

New yarns plant in Mexico operational from Sep 2023

New cost-effective footprint in Americas to take advantage of potential volume recovery

Continuing Customer Wins / Share Gains

Personal Protection:

Share gains from two large Protective Clothing manufacturers in the US

Performance Thread:

Share gains from two Automotive safety components customers and a global Femcare product manufacturer

Composites:

Global agreement with a large cable manufacturer for composite yarns



1. Proforma at internal FX rates, include Pharr sales prior to the Feb 2020 acquisition.

STRATEGIC UPDATE



SUSTAINABILITY; A KEY COMMERCIAL DIFFERENTIATOR

THE NEXT CHAPTER

New Medium Term Sustainability Targets

Energy



Materials



Water



Waste



People



EcoVerde

15% y-o-y increase in recycled thread sales on a CER basis

63% y-o-y increase for the number of customers with H1 sales >\$100k

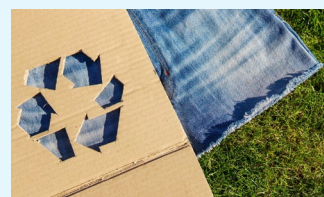
Sustainability is of increasing relevance to brand specification gains

Menswear EcoVerde mandate – 1.6m pcs



Broadening Range of Industry-Leading Sustainable Products

Recycled products and programmes



Natural Fibres



Circularity

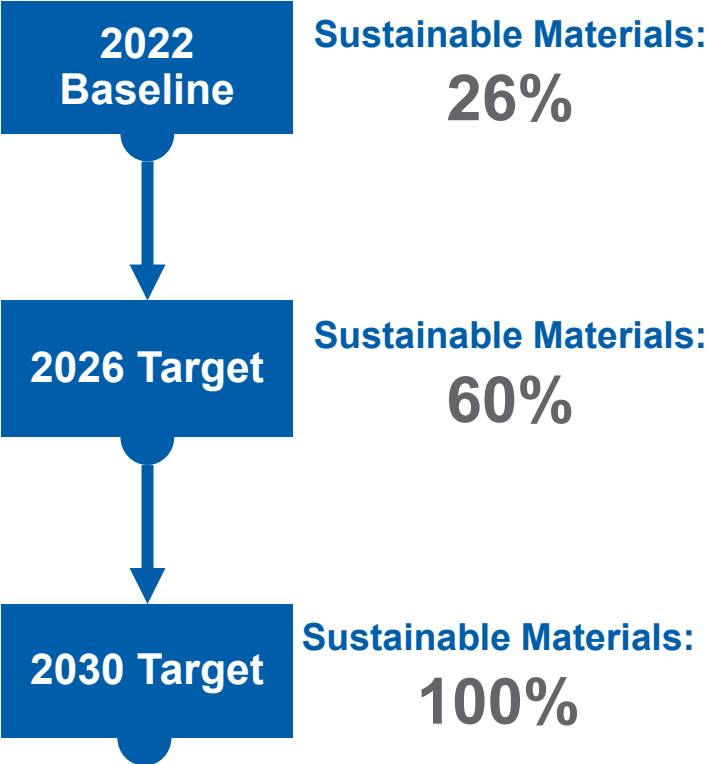


Accelerating Material Transition – Opening of Sustainability Hub, Madurai India



SUSTAINABLE MATERIALS TRANSITION

PRIMARY LEVER FOR SCOPE 3 EMISSIONS REDUCTION

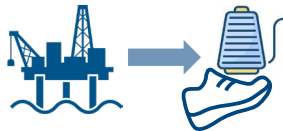


SCIENCE
BASED
TARGETS

Materials transition underpins delivery of our 2030 SBTi Scope 3 reduction target

Sustainability Classification of Coats Materials

Non-sustainable

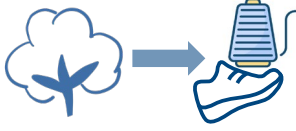


Synthetic polymer derived from virgin oil based raw materials

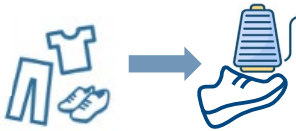
Sustainable



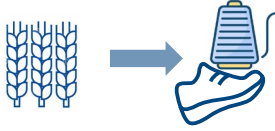
Synthetic polymer derived from recycled materials from non-circular sources eg PET bottles



Natural renewable and man-made cellulosic fibres eg cotton, lyocell



Synthetic polymer derived from recycled materials from circular sources eg textile to textile recycling

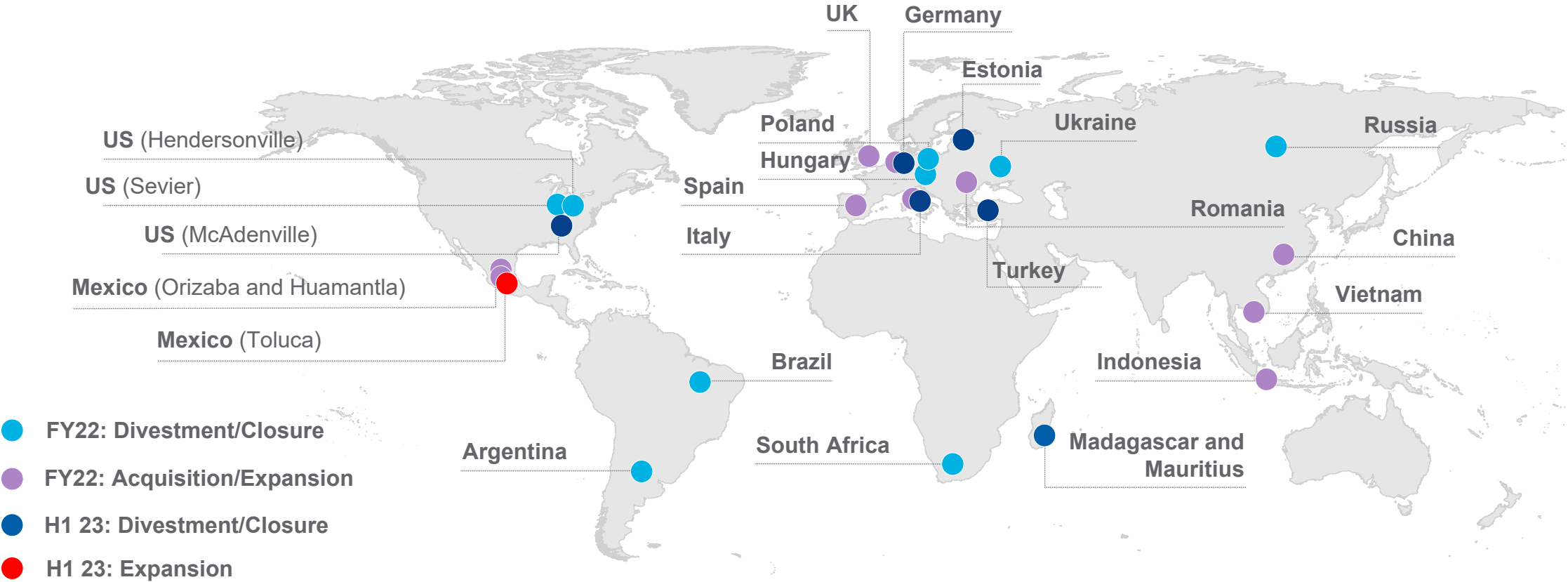


Synthetic polymer derived from renewable bio-based materials eg rice husk, corn, molasses, wood chips

NEW INNOVATION HUB VIDEO



OPTIMISATION OF THE FOOTPRINT



STRATEGIC PROJECTS DELIVERING FASTER THAN EXPECTED

POSITIONING FOR GROWTH AND MARGIN ENHANCEMENT AS MARKETS RECOVER



Delivering Accelerated Financial Progress

On track to deliver \$70m in FY 2024

Will deliver \$50m by end of 2023 (\$20m 2022 and \$30m 2023)

Transformation of Asian operations, focusing on China and India

SUMMARY AND OUTLOOK



HIGHLIGHTS

IMPROVING MARGINS, STRONG FREE CASH FLOW, CONTINUING MARKET SHARE GAINS



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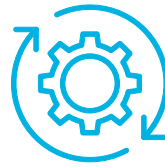
Interim dividend +15%, reflecting confidence in outlook

OUTLOOK

IN LINE WITH MARKET EXPECTATIONS



While we have continued to make market share gains and underpin performance through our actions during the half, we are now expecting a more gradual improvement in market demand during H2



As a result, we continue to expect our full year trading to be in line with market expectations, albeit towards the lower end of the analyst forecast range¹



We remain confident that due to our actions, and supported by increasing market volumes, we will achieve our 2024 margin goal of c.17%

1. Current company compiled analyst forecast range for Group adjusted operating profit in the year to 31 December 2023 is \$240 million to \$261 million.

THE Q&A SESSION WILL BEGIN SHORTLY

If you would like to ask a question, please dial

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United Kingdom (local)	+44 20 4587 0498
United States	+1 855 979 6654
United States (local)	+1 646 664 1960
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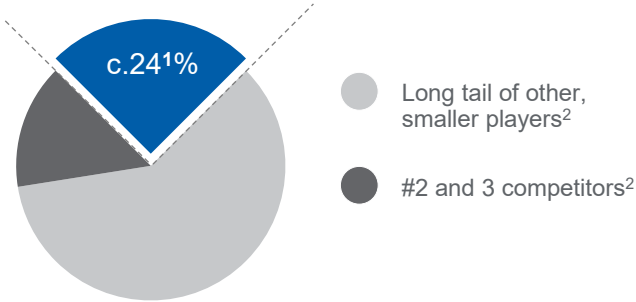
APPENDICES



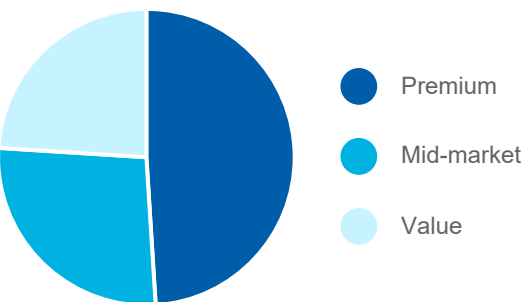
APPAREL OVERVIEW

GLOBAL LEADER IN APPAREL THREAD WITHIN A FRAGMENTED MARKET

Leading Market Share



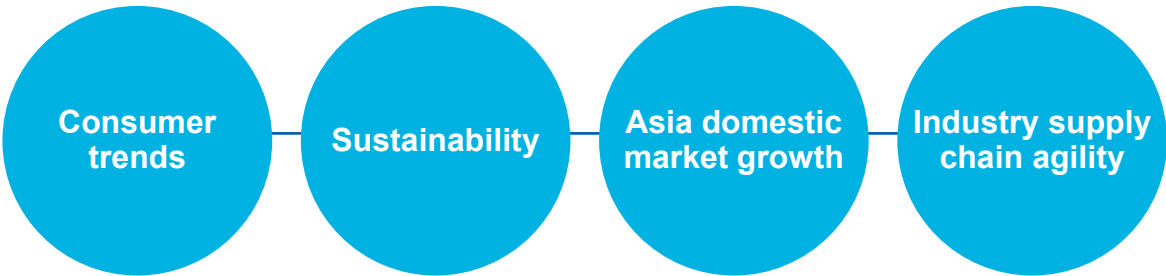
Strong Market Positioning (% of Coats revenue)



Real Competitive Advantage

- Premium quality and innovation
- Global footprint
- Speed and responsiveness
- Technical support
- Sustainability leadership

Well-Positioned for Key Market Trends

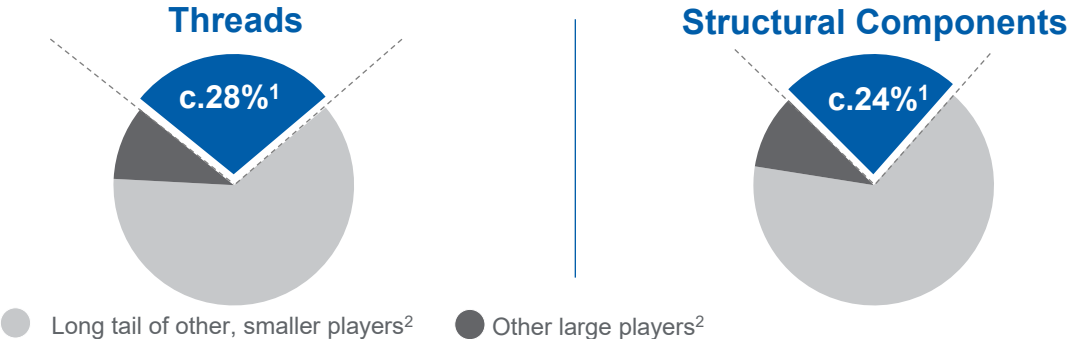


1.Estimated. 2.Illustrative, based on estimated revenues

FOOTWEAR OVERVIEW

GLOBAL LEADER IN FOOTWEAR THREAD AND STRUCTURAL COMPONENTS

Leading Market Share



Real Competitive Advantage

Superior, reliable product performance

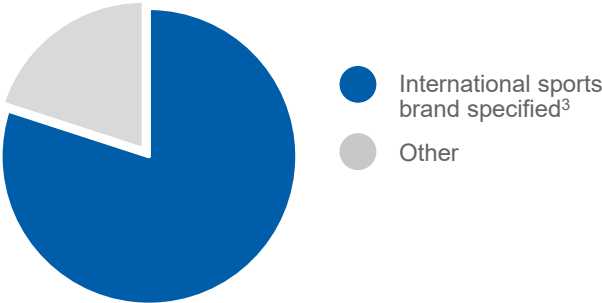
Unrivalled operational footprint and critical mass

Deep, long-term relationships with faster-growth, premium brands

Complementary product portfolio

Sustainability-led innovation

Sole-source Positions Specified for Life of Product



Well-Positioned for Key Market Trends

Performance and athleisure
fastest growing segment

Sustainability


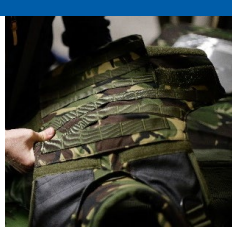
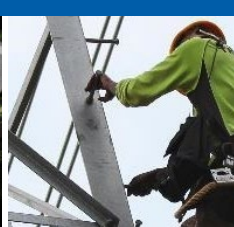


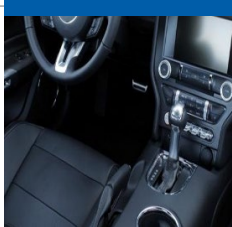


Highly differentiated,
engineered products

Brand-led supplier
consolidation






1 Estimated. 2.Illustrative, based on estimated revenues. 3. Coats estimates

PERFORMANCE MATERIALS OVERVIEW

BUILDING PRESENCE IN THREE ATTRACTIVE MARKET SUB-SEGMENTS

KEY DRIVERS	Personal Protection	Composites	Performance Thread
	Global adoption of safety standards	5G / cloud computing / data centres	GDP+ growth
	Requirements for enhanced protection	Drilling: on-shore / offshore	Increasing car production
	Multi-hazard	Lightweighting and lower production cost	Increasing global disposable income
	Lightweighting and comfort		Global adoption of automotive safety standards
	<div>    </div> <div> Firefighter & Emergency Response Military Industrial Thermal </div>	<div>   </div> <div> Telecom Oil and gas (inc composites) </div>	<div>    </div> <div> Trims and Safety Critical products Furniture Outdoor </div>

2026 SUSTAINABILITY TARGETS

	PILLAR	METRIC	2022 BASELINE	2026 TARGET
	ENERGY	Reduction in Scope 1&2	212 kTonnes	22% reduction
	MATERIALS	Recycled or bio materials	26%	60%
	WATER	Increase in Water Recycling Rate	25%	33% increase
	WASTE	Waste to Landfill	1,959 tonnes	0
		ZDHC compliance	92%	100%
	PEOPLE	GPTW coverage	86%	88%
		Women in leadership roles	21%	30%