

# Annual General Meeting 2017

17 May 2017



# Agenda

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- 1 **Welcome and Chairman's presentation**  
**Mike Clasper, Chairman**
- 2 Trading update  
Rajiv Sharma, Group Chief Executive
- 3 Questions and answers
- 4 Quorum and Notice of Meeting
- 5 Resolutions
- 6 Close of meeting



# Housekeeping

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This document contains certain forward-looking statements, including statements regarding Coats Group plc's plans ('Coats' or the 'Company'), objectives and expected performance. Such statements relate to events and depend on circumstances that will occur in the future and are subject to risks, uncertainties and assumptions. There are a number of factors which could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements, including, among others the enactment of legislation or regulation that may impose costs or restrict activities; the re-negotiation of contracts of licences; fluctuations in demand and pricing in the industry; fluctuations in exchange controls; changes in government policy and taxations; industrial disputes; and war and terrorism. These forward-looking statements speak only as at the date of this document.

### **Not a profit forecast**

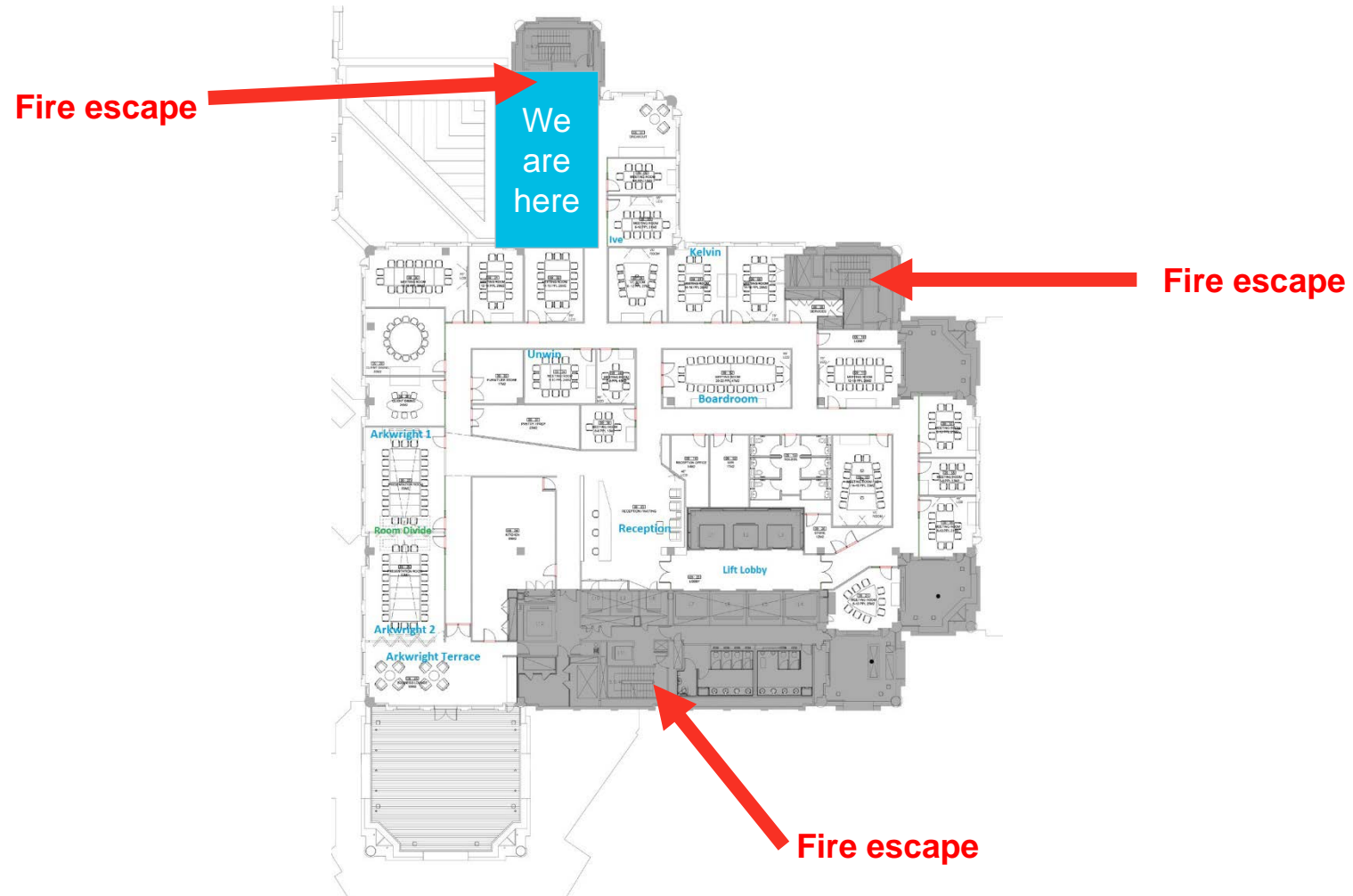
The financial information contained in this presentation is based on publicly available historic financial information of Coats and is not intended to be a profit forecast or profit estimate under applicable rules.

### **Rounding**

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.

# Housekeeping

Fire escapes. There are three fire escapes located on the 9th floor. No fire drills are planned for this morning.




# Housekeeping

Today’s meeting is being recorded and will be available on our website [www.Coats.com](http://www.Coats.com) (investors / shareholder centre / general meetings) later today

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General meetings

Dividend details

Shareholder details

Major shareholders

Research coverage

Delisting of shares

General meetings

Details of all forthcoming shareholder meetings will be displayed below:

The Annual General Meeting for Coats Group plc will be held on Wednesday 17 May 2017 at 2.30pm at FTI Consulting, 200 Aldersgate, Aldersgate Street, London, EC1A 4HD.

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AllPresentationAGMOther

2017Download

17 May: Annual General Meeting 2017

12 April: Notice of Annual General MeetingDownload PDF (0.5MB)

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# Welcome

## Introductions

Present today we have the members from our Board

- Mike Clasper CBE, Chairman
- Rajiv Sharma, Executive Director and Group Chief Executive
- Simon Boddie, Executive Director and Group CFO
- Nicholas Bull, Senior Independent Non-Executive Director
- Mike Allen, Independent Non-Executive Director
- Ruth Anderson, Independent Non-Executive Director
- David Gosnell, Independent Non-Executive Director
- Alan Rosling CBE, Independent Non-Executive Director
- Fran Phillips, Independent Non-Executive Director

Stuart Morgan, Chief Legal and Risk Officer and Group Company Secretary is also in attendance today



**Mike Clasper, CBE**  
*Chairman*



**Rajiv Sharma**  
*Group Chief Executive*



**Simon Boddie**  
*Chief Financial Officer*



**Nicholas Bull**  
*Senior Independent Non-Executive Director*



**Mike Allen**  
*Independent Non-Executive Director*



**Ruth Anderson**  
*Independent Non-Executive Director*



**David Gosnell**  
*Independent Non-Executive Director*



**Fran Philip**  
*Independent Non-Executive Director*



**Alan Rosling, CBE**  
*Independent Non-Executive Director*

# Chairman's presentation

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- Board and Governance
- Pensions
- Dividend
- Looking ahead

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# World leader with a global presence

Coats is the world's leading industrial thread manufacturer and a major player in the Americas textile crafts market

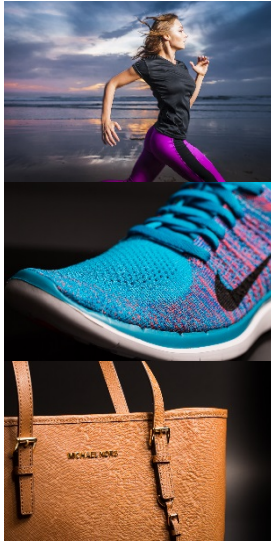


# Markets and global customers

## Industrial

### Apparel and Footwear

End uses include

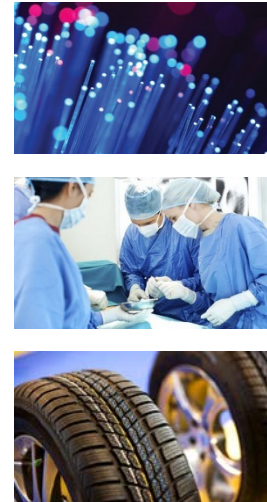


Customers include



### Performance Materials

End uses include

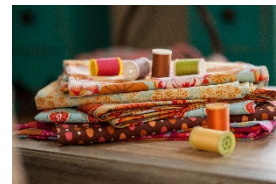


Customers include



## Crafts

End uses include



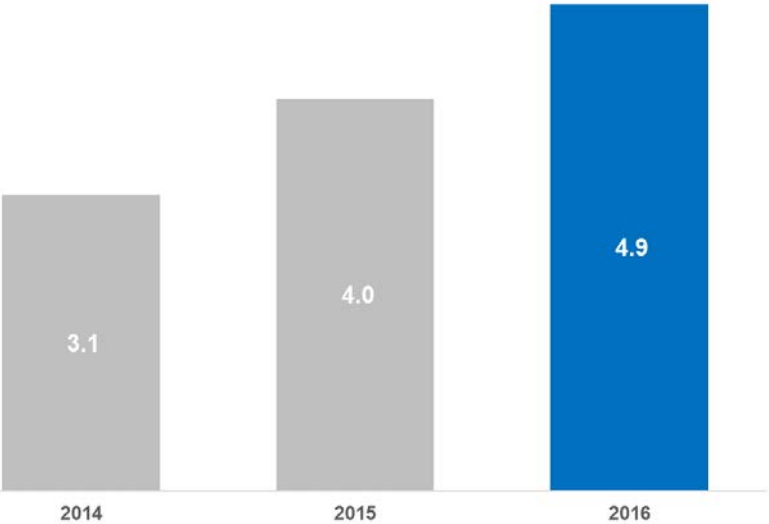
Brands include



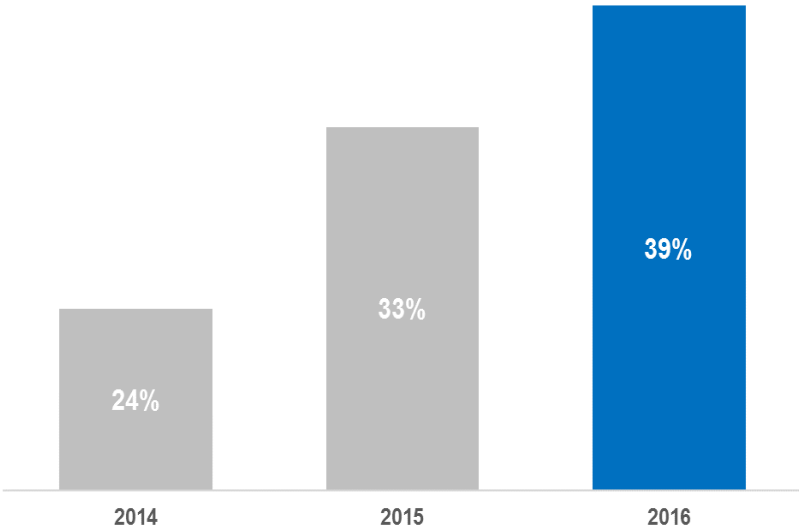
# Our recent financial journey

Progress across a range of key financial measures

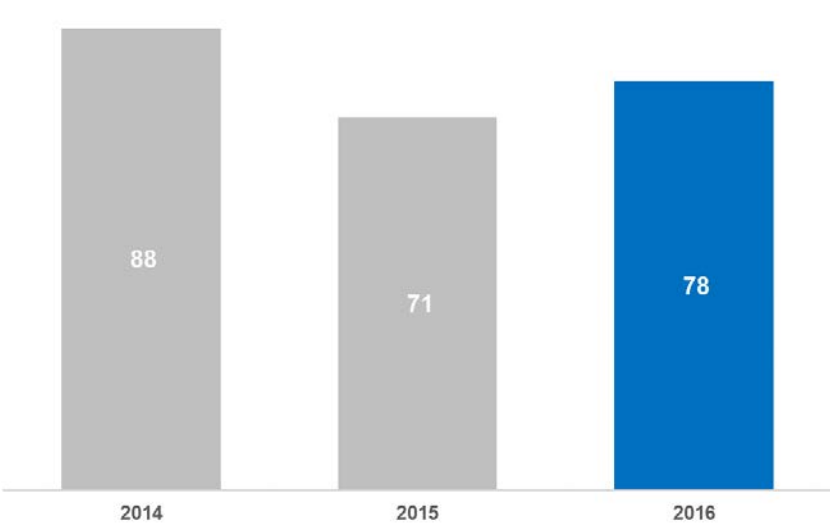
Adjusted EPS (US cents)



Return on capital employed



Adjusted free cash flow (US\$m)



# Strategy evolution - driving the next phase of growth at Coats

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- Future strategy will be **a build on the current strategy** that is proven to be working
- Continue to take the business from the **Industrial Age to the Digital Age**
- **Defending the core** whilst continuing to build **beyond the “stitch line”**
- This will be focussed around the key drivers of **digitisation, simplification, innovation and efficiency** to underpin profitable sales growth
- Financial discipline remains key to **deliver EPS growth and cash to reinvest in future growth**

# Trading update summary

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For the period 1 January to 30 April 2017

## Group

- Group sales for the period grew 5% year-on-year (3% organic growth)

## Industrial

- Stronger than anticipated performance in the Industrial division (up 7%)
- This was achieved by continued solid growth of the core Apparel & Footwear business (up 4%), despite continued mixed demand from clothing retailers and manufacturers
- In addition, Performance Materials grew 19%, reflecting continued strong growth in Asia and EMEA, an improvement in the US consumer durables markets, which as anticipated returned to growth in the period, and the contribution of Gotex, acquired in June 2016

## Crafts

- Crafts sales declined 5%, largely due to the business disruption caused by the tornado strike at the main Crafts distribution centre in Albany, Georgia, USA on 22 January 2017 (estimated sales impact \$10m)
- The US handknitting market has started to improve, with a return to point of sale growth at key retail customers in recent months

## Outlook

- The Group has had a strong start to the year, and therefore now expects to deliver 2017 full year results ahead of management's previous expectations.
- This is expected to be achieved through our initiatives to deliver market share gains and productivity improvements, whilst maintaining a focus on tight cost control.



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# Questions and answers



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# Quorum and Notice of Meeting

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You may wish to follow proceedings by referring to the Notice of Annual General Meeting which was posted on 12 April 2017

On today's agenda there are 19 resolutions

- Resolutions 1 to 16 inclusive are proposed as Ordinary Resolutions
- Resolutions 17 to 19 inclusive are proposed as Special Resolutions

The full text of the resolutions and a brief explanation of each can be found in your Notice of Meeting



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# Resolutions

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## Procedure

On each resolution the voting will be by way of show of hands

On a vote by way of show of hands, each shareholder present in person has one vote

Validly appointed proxies present also have one vote on a show of hands

Proxy holders who have been instructed to vote different ways by different shareholders have one vote for, and one vote against, the relevant resolution

After each resolution, I will declare whether the resolution has been passed on a show of hands or not

# Resolution 1

## Ordinary Resolution

To receive the Accounts and Reports of the Directors and the Auditor for the year ended 31 December 2016

Resolution		Total proxy votes for		Total proxy votes against		Total proxy votes cast as % of issued share capital	Proxy votes withheld
1	Receipt of Annual Report 2016	1,070,132,175	99.99%	91,033	0.01%	75.83%	108,198

**Resolution passed**

# Resolution 2

## Ordinary Resolution

To approve the Directors' Remuneration Report (other than the Directors' remuneration policy) for year ended 31 December 2016

Resolution		Total proxy votes for		Total proxy votes against		Total proxy votes cast as % of issued share capital	Proxy votes withheld
2	Approval of Remuneration Report	1,070,050,902	99.99%	134,798	0.01%	75.82%	145,706

**Resolution passed**

# Resolution 3

Ordinary Resolution

To approve the Directors' remuneration policy

Resolution		Total proxy votes for		Total proxy votes against		Total proxy votes cast as % of issued share capital	Proxy votes withheld
3	Approval of Remuneration Policy	1,048,569,448	99.99%	153,415	0.01%	74.30%	150,924

Resolution passed

# Resolution 4

Ordinary Resolution

To approve the dividend

Resolution		Total proxy votes for		Total proxy votes against		Total proxy votes cast as % of issued share capital	Proxy votes withheld
4	Approval of dividend	1,070,240,974	99.99%	90,432	0.01%	75.83%	0

Resolution passed



# Resolutions 5 to 13: Election and re-election of Directors

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Resolutions 5 to 13 deal with the election and re-election of the Directors

In accordance with the provision of the UK Corporate Governance Code and the Company's Articles of Association, all Directors are submitting themselves for election or re-election

A summary of the skills and experience of each of the Directors seeking election or re-election can be found in Appendix 1 of the Notice of Meeting

# Resolution 5

Ordinary Resolution

To re-elect Mike Allen as a Director

Resolution		Total proxy votes for		Total proxy votes against		Total proxy votes cast as % of issued share capital	Proxy votes withheld
5	To re-elect Mike Allen as a Director	1,070,218,987	99.99%	98,061	0.01%	75.83%	13,358

Resolution passed

# Resolution 6

Ordinary Resolution

To re-elect Ruth Anderson as a Director

Resolution		Total proxy votes for		Total proxy votes against		Total proxy votes cast as % of issued share capital	Proxy votes withheld
6	To re-elect Ruth Anderson as a Director	1,070,227,790	99.99%	98,213	0.01%	75.83%	4,403

Resolution passed

# Resolution 7

Ordinary Resolution

To re-elect Nicholas Bull as a Director

Resolution		Total proxy votes for		Total proxy votes against		Total proxy votes cast as % of issued share capital	Proxy votes withheld
7	To re-elect Nicholas Bull as a Director	1,070,218,890	99.99%	98,153	0.01%	75.83%	14,363

Resolution passed

# Resolution 8

Ordinary Resolution

To re-elect Mike Clasper as a Director

Resolution		Total proxy votes for		Total proxy votes against		Total proxy votes cast as % of issued share capital	Proxy votes withheld
8	To re-elect Mike Clasper as a Director	1,041,308,815	99.99%	99,061	0.01%	73.79%	28,923,530

Resolution passed

# Resolution 9

Ordinary Resolution

To re-elect David Gosnell as a Director

Resolution		Total proxy votes for		Total proxy votes against		Total proxy votes cast as % of issued share capital	Proxy votes withheld
9	To re-elect David Gosnell as a Director	1,070,211,949	99.99%	97,480	0.01%	75.83%	21,977

Resolution passed

# Resolution 10

Ordinary Resolution

To re-elect Alan Rosling as a Director

Resolution		Total proxy votes for		Total proxy votes against		Total proxy votes cast as % of issued share capital	Proxy votes withheld
10	To re-elect Alan Rosling as a Director	1,070,196,383	99.99%	99,108	0.01%	75.83%	35,915

Resolution passed

# Resolution 11

Ordinary Resolution

To re-elect Rajiv Sharma as a Director

Resolution		Total proxy votes for		Total proxy votes against		Total proxy votes cast as % of issued share capital	Proxy votes withheld
11	To re-elect Rajiv Sharma as a Director	1,069,986,240	99.97%	335,091	0.03%	75.83%	10,075

Resolution passed



# Resolution 12

Ordinary Resolution

To elect Simon Boddie as a Director

Resolution		Total proxy votes for		Total proxy votes against		Total proxy votes cast as % of issued share capital	Proxy votes withheld
12	To elect Simon Boddie as a Director	1,070,191,825	99.99%	118,272	0.01%	75.83%	21,309

Resolution passed

# Resolution 13

Ordinary Resolution

To elect Fran Phillip as a Director

Resolution		Total proxy votes for		Total proxy votes against		Total proxy votes cast as % of issued share capital	Proxy votes withheld
13	To elect Fran Phillip as a Director	1,048,798,014	99.99%	99,516	0.01%	74.32%	2,777

Resolution passed

# Resolutions 14 and 15: Auditors

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In accordance with UK Company Law, it is necessary for the shareholders to re-appoint the auditors of the Company and to authorise the Directors to fix their remuneration

Resolutions 14 and 15 relate to this

# Resolution 14

## Ordinary Resolution

To reappoint Deloitte LLP as auditors of the Company to hold office until the conclusion of the next general meeting at which accounts are laid before the Company

Resolution		Total proxy votes for		Total proxy votes against		Total proxy votes cast as % of issued share capital	Proxy votes withheld
14	Re-appointment of auditor	1,048,774,921	99.99%	94,410	0.01%	74.31%	30,976

Resolution passed

# Resolution 15

Ordinary Resolution

To authorise the Directors to fix the remuneration of the auditors

Resolution		Total proxy votes for		Total proxy votes against		Total proxy votes cast as % of issued share capital	Proxy votes withheld
15	Re-appointment of auditor	1,048,809,419	99.99%	81,671	0.01%	74.32%	9,217

Resolution passed

# Resolutions 16 to 17: Share capital

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The next Resolutions, 16 to 17, deal with the Company's share capital

The full wording of these Resolutions is set out in the Notice of the Meeting along with an explanation of why they are being proposed

# Resolution 16

Ordinary Resolution

To authorise the Directors generally to allot relevant securities.

Resolution		Total proxy votes for		Total proxy votes against		Total proxy votes cast as % of issued share capital	Proxy votes withheld
16	Authority to allot relevant securities	1,048,657,293	99.98%	194,350	0.02%	74.31%	48,664

Resolution passed

# Resolution 17

Special Resolution

To disapply pre-emption provisions

Resolution		Total proxy votes for		Total proxy votes against		Total proxy votes cast as % of issued share capital	Proxy votes withheld
17	Disapplication of pre-emption provisions	1,048,660,585	99.99%	121,284	0.01%	74.31%	118,438

Resolution passed



# Resolution 18

Special Resolution

To authorise the Company generally to purchase its own shares

Resolution		Total proxy votes for		Total proxy votes against		Total proxy votes cast as % of issued share capital	Proxy votes withheld
18	Authority to purchase own shares	1,048,738,786	99.99%	113,392	0.01%	74.31%	47,658

Resolution passed

# Resolution 19

## Special Resolution

That a general meeting, other than an Annual General Meeting, may be called on not less than 14 clear days' notice

Resolution		Total proxy votes for		Total proxy votes against		Total proxy votes cast as % of issued share capital	Proxy votes withheld
19	Authority to call general meetings on 14 clear days' notice	1,048,168,526	99.93%	716,915	0.07%	74.31%	14,866

Resolution passed

# Results of the Annual General Meeting 2017 ('AGM')

Coats announces that at the AGM, held in London, United Kingdom on 17 May 2017, all the resolutions put to the meeting were duly passed by way of a show of hands by the requisite majority. The following table shows the proxy votes cast on each resolution:

	Resolution	Total Votes For		Total Votes Against		Total Votes cast as % of Issued Share Capital	Votes Withheld
			%		%		
1	Receipt of Annual Report 2016	1,070,132,175	99.99	91,033	0.01	75.83%	108,198
2	Approval of Remuneration Report	1,070,050,902	99.99	134,798	0.01	75.82%	145,706
3	Approval of Directors Remuneration Policy	1,048,569,448	99.99	153,415	0.01	74.30%	150,924
4	Approval of Dividend	1,070,240,974	99.99	90,432	0.01	75.83%	0
5	Re-election of Mike Allen	1,070,218,987	99.99	98,061	0.01	75.83%	13,358
6	Re-election of Ruth Anderson	1,070,227,790	99.99	98,213	0.01	75.83%	4,403
7	Re-election of Nicholas Bull	1,070,218,890	99.99	98,153	0.01	75.83%	14,363
8	Re-election of Mike Clasper	1,041,308,815	99.99	99,061	0.01	73.79%	28,923,530
9	Re-election of David Gosnell	1,070,211,949	99.99	97,480	0.01	75.83%	21,977
10	Re-election of Alan Rosling	1,070,196,383	99.99	99,108	0.01	75.83%	35,915
11	Re-election of Rajiv Sharma	1,069,986,240	99.97	335,091	0.03	75.83%	10,075
12	Election of Simon Boddie	1,070,191,825	99.99	118,272	0.01	75.83%	21,309
13	Election of Fran Philip	1,048,798,014	99.99	99,516	0.01	74.32%	2,777
14	Reappointment of Auditor	1,048,774,921	99.99	94,410	0.01	74.31%	30,976
15	Approval of Auditor remuneration	1,048,809,419	99.99	81,671	0.01	74.32%	9,217
16	Authority to allot relevant securities	1,048,657,293	99.98	194,350	0.02	74.31%	48,664
17	Authority to disapply pre-emption rights	1,048,660,585	99.99	121,284	0.01	74.31%	118,438
18	Authority to purchase own Shares	1,048,738,786	99.99	113,392	0.01	74.31%	47,658
19	Authority to call general meetings on clear 14 days' no	1,048,168,526	99.93	716,915	0.07	74.31%	14,866

## Total Voting Rights

The total number of Company's ordinary shares in issue and therefore the total number of voting rights as at the close of business (UK time) on 17 May 2017 was 1,411,212,101

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## Close of meeting





**Thank you**