

Annual General Meeting 2016

18 May 2016



Agenda

- 1 **Welcome and Chairman's presentation**
Mike Clasper, Chairman
- 2 Trading update
Paul Forman, Group Chief Executive
- 3 Our approach to innovation
Rajiv Sharma, Global CEO Industrial
- 4 Questions and answers
- 5 Quorum and Notice of Meeting
- 6 Resolutions
- 7 Close of meeting



Housekeeping

Disclaimer

Restricted distribution

This presentation is not for release, publication or distribution, in whole or in part, directly or indirectly, in, into or from any jurisdiction where to do so would constitute a violation of the relevant laws or regulations of such jurisdiction (the 'Restricted Jurisdictions').

Not an offer

This presentation is not intended to and does not constitute, or form part of, any offer to sell or subscribe for or an invitation to purchase or subscribe for any securities or the solicitation of any vote or approval in any jurisdiction pursuant to the matters contained herein or otherwise.

Forward-looking statements

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

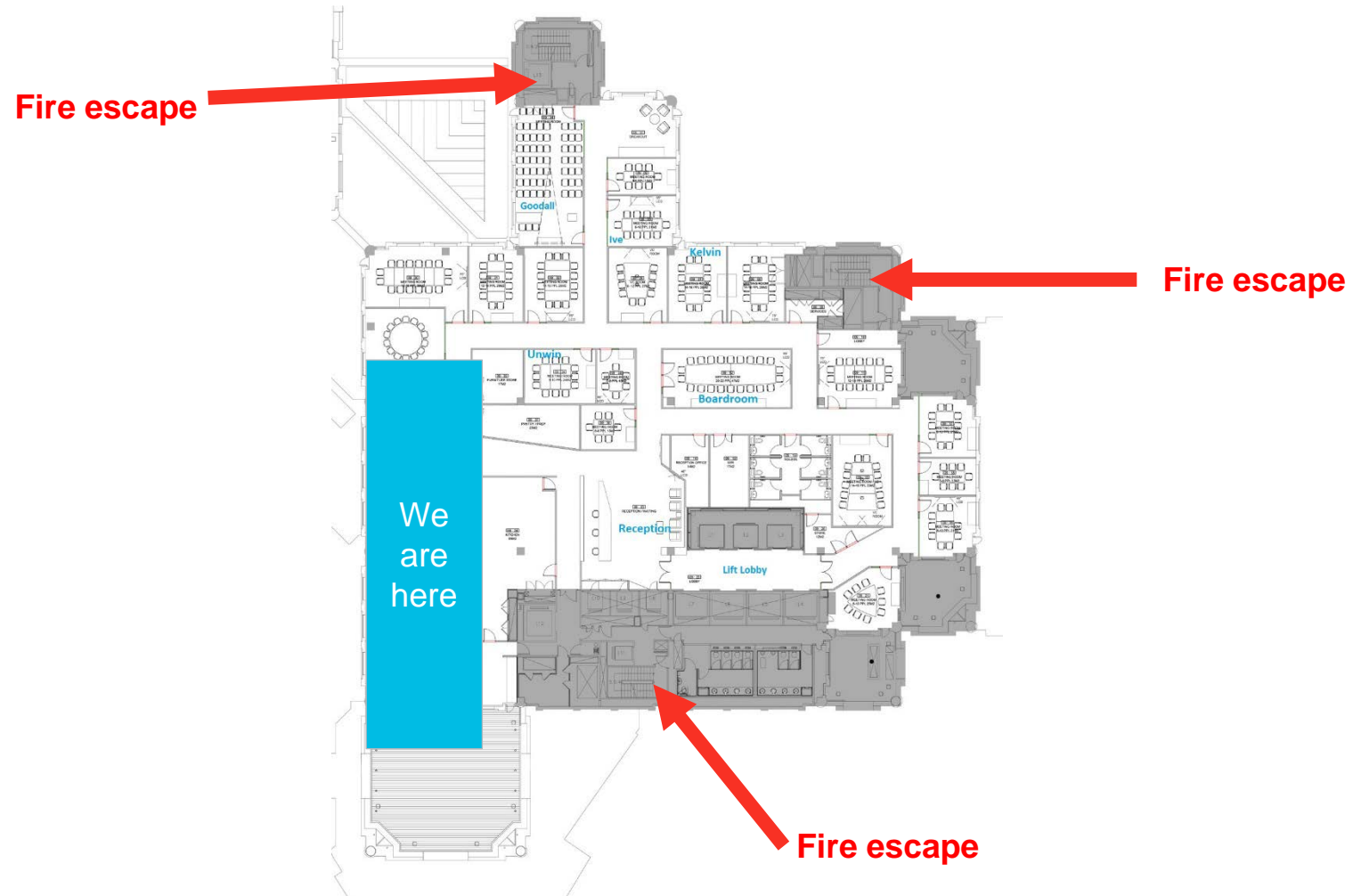
The financial information contained in this presentation is based on publicly available historic financial information of Coats and is not intended to be a profit forecast or profit estimate under applicable rules.

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

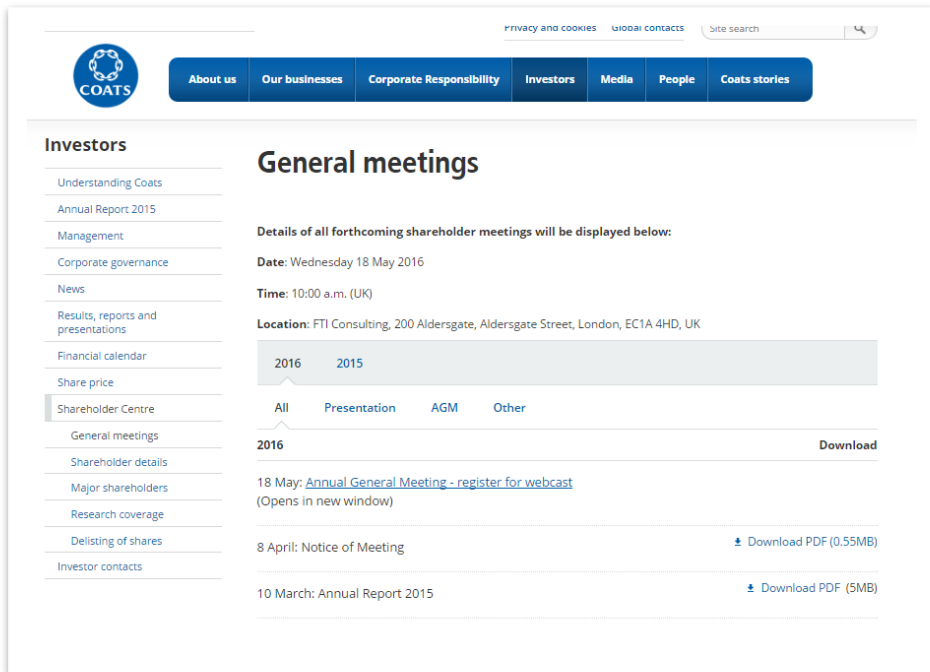
Fire escapes. There are three fire escapes located on the 9th floor. No fire drills are planned for this morning.



Housekeeping

Audiocasting

Today's meeting is being audiocast live on our website www.coats.com



The screenshot shows the Coats Group plc website. The top navigation bar includes links for 'About us', 'Our businesses', 'Corporate Responsibility', 'Investors', 'Media', 'People', and 'Coats stories'. The 'Investors' section is active, showing a sidebar with links like 'Understanding Coats', 'Annual Report 2015', 'Management', 'Corporate governance', 'News', 'Results, reports and presentations', 'Financial calendar', 'Share price', 'Shareholder Centre', 'General meetings', 'Shareholder details', 'Major shareholders', 'Research coverage', 'Delisting of shares', and 'Investor contacts'. The main content area is titled 'General meetings' and displays details for the forthcoming shareholder meetings. It includes a table with columns for the year (2016, 2015) and tabs for 'All', 'Presentation', 'AGM', and 'Other'. The table lists the 18 May 2016 Annual General Meeting, the 8 April 2016 Notice of Meeting, and the 10 March 2015 Annual Report 2015, each with a 'Download PDF' link.

General meetings

Details of all forthcoming shareholder meetings will be displayed below:

Date: Wednesday 18 May 2016

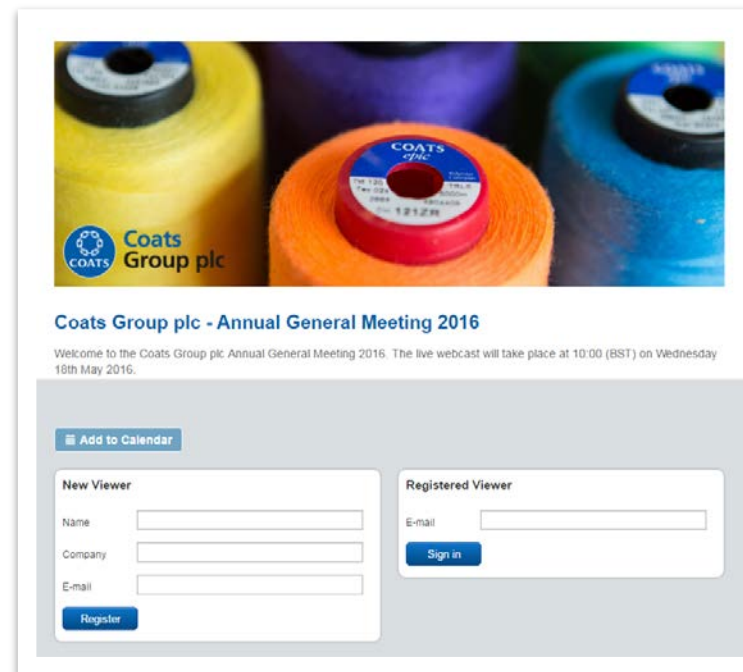
Time: 10:00 a.m. (UK)

Location: FTI Consulting, 200 Aldersgate, Aldersgate Street, London, EC1A 4HD, UK

2016	2015
18 May: Annual General Meeting - register for webcast (Opens in new window)	
8 April: Notice of Meeting	
10 March: Annual Report 2015	

Download PDF (0.55MB)

Download PDF (5MB)



The screenshot shows the Coats Group plc website's 'Coats Group plc - Annual General Meeting 2016' page. The top image features spools of colorful thread (yellow, orange, blue) with the Coats Group plc logo. Below the image, the text reads: 'Welcome to the Coats Group plc Annual General Meeting 2016. The live webcast will take place at 10:00 (BST) on Wednesday 18th May 2016.' The page includes an 'Add to Calendar' button and two registration forms: 'New Viewer' (with fields for Name, Company, and E-mail) and 'Registered Viewer' (with an E-mail field and a 'Sign in' button). A 'Register' button is also present at the bottom of the 'New Viewer' form.

Coats Group plc - Annual General Meeting 2016

Welcome to the Coats Group plc Annual General Meeting 2016. The live webcast will take place at 10:00 (BST) on Wednesday 18th May 2016.

[Add to Calendar](#)

New Viewer

Name

Company

E-mail

[Register](#)

Registered Viewer

E-mail

[Sign in](#)

An audio recording of the meeting will also be available later today

Welcome

Introductions

Present today we have the members from our Board

- Mike Clasper CBE, Chairman
- Paul Forman, Executive Director and Group Chief Executive
- Rajiv Sharma, Executive Director and Global CEO, Industrial
- 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

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



Mike Clasper, CBE
Chairman



Paul Forman
Group Chief Executive



Rajiv Sharma
Global CEO, Industrial



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



Stuart Morgan
Chief Legal & Risk Officer and Group Company Secretary

Chairman's presentation

- Board and Governance
 - New Non Executive Director
 - Pensions
 - Delisting
 - Looking ahead
-

Agenda

- 1 Welcome and Chairman's presentation
Mike Clasper, Chairman
- 2 **Trading update**
Paul Forman, Group Chief Executive
- 3 Our approach to innovation
Rajiv Sharma, Global CEO Industrial
- 4 Questions and answers
- 5 Quorum and Notice of Meeting
- 6 Resolutions
- 7 Close of meeting



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




Revenues of US\$1.5bn in 2015 – Headquartered in UK; LSE premium listing (COA)

Global footprint

We operate on a global basis employing people across six continents with some 30 sites and a sales presence in 100+ countries

Presence  Site 



Industrial		90%
Crafts		9%
Other		1%

Our journey over the past six years..

Corporate

- From one of many investments to global, leading industrial manufacturer with clear vision
- Two Boards to unified Board with FTSE 250, geographic and functional experience



Commercial

- From no growth to consistent Industrial growth of +5%
- No product and service innovation to industry leadership



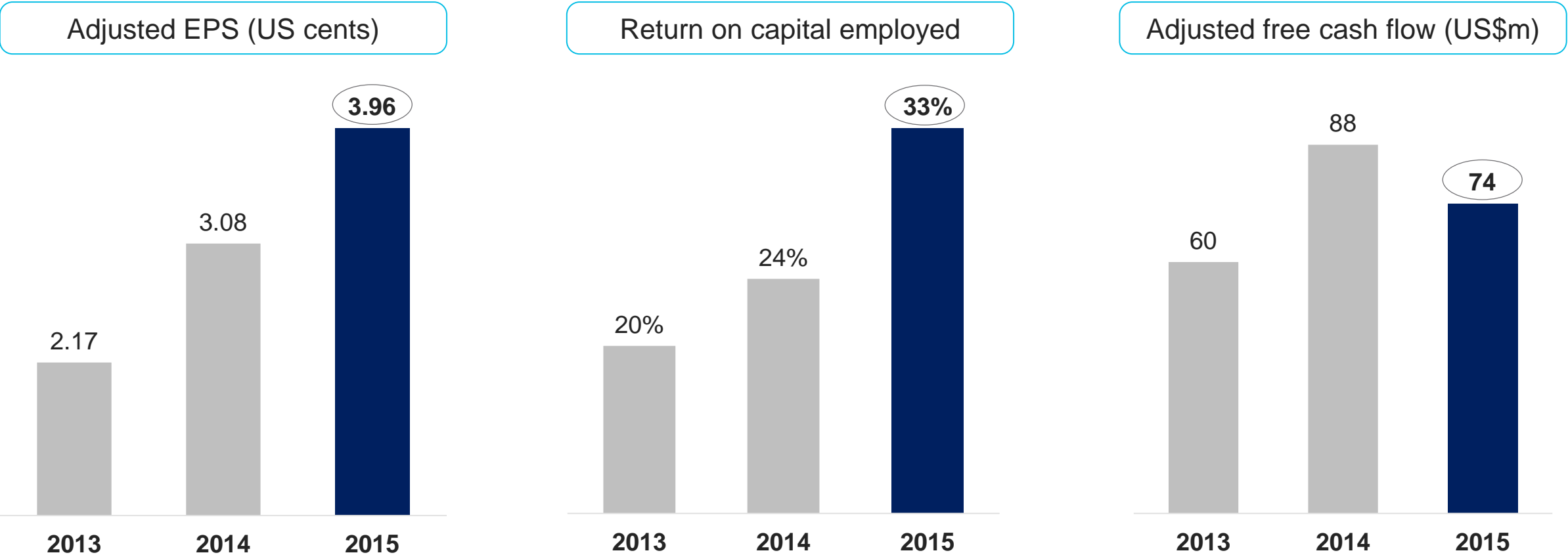
Skills and expertise

- From below sector average Employee Engagement score to upper decile globally
- From no investment in people to creating a safe, diverse and inclusive workforce



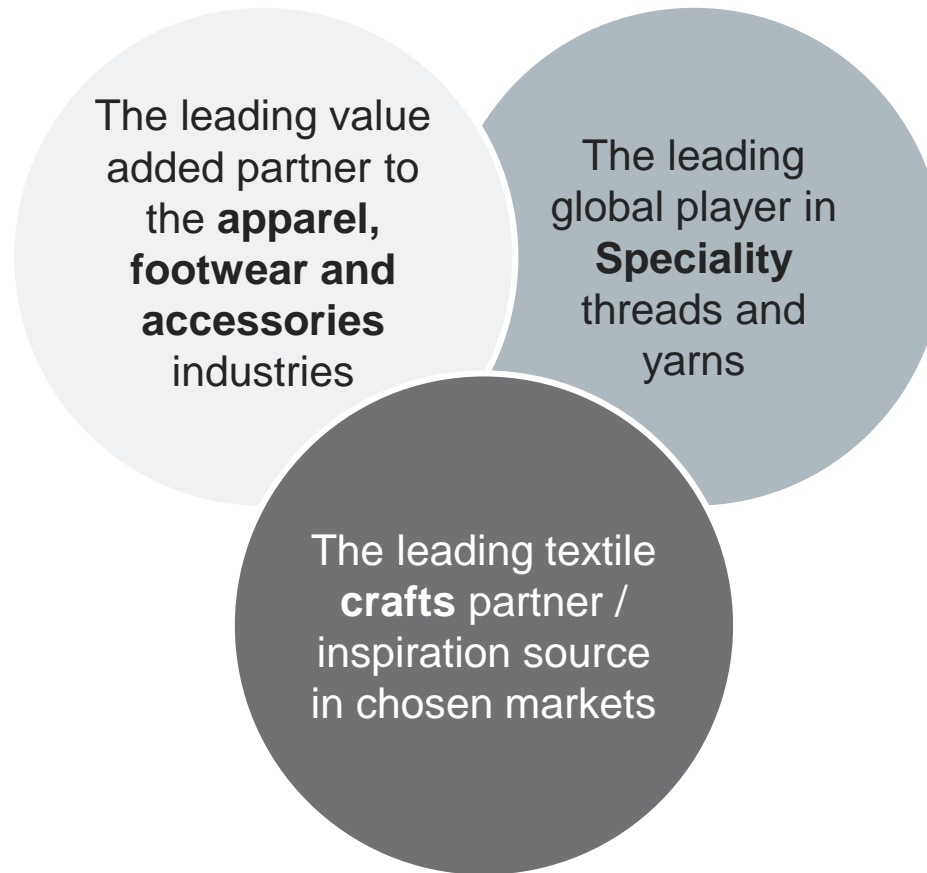
The proof – our financial journey

Progress across a range of key financial measures



Looking ahead

Our market goals for 2018



We have a clear and agreed strategy – no change in direction – focus is on delivery

Trading update summary

For the period 1 January to 30 April 2016

Group

- Sales stable year-on-year; 5% decline on a reported (actual) currency basis reflected relative strength of US dollar compared to 2015

Industrial

- Apparel & Footwear sales up 4% - share gains in several markets despite signs of softer demand at some US and Western European retailers
- Speciality sales up 3% - tough comparators (vs 14% growth, Jan-Apr 2015) and challenging conditions in some traditional US markets; healthy growth continued in emerging markets

Crafts

- Sales down 18% - softness in US handknitting market worsened in early 2016 and customer systems issues
- However recent improvement in POS data and continued growth in fabrics; actions taken to maintain margins and remain a focus for 2016

Pensions

- Triennial valuations - Staveley (Dec'13) now agreed with Technical Provisions deficit of c£100m; to be repaired by £34m (c\$50m) upfront payment, from parent group cash balance, and annual payments of £4.4m (c\$6.5m) over 9 years. Apr'15 valuation for Coats scheme ongoing
- Pensions investigations - continue constructive settlement discussions

Outlook

- While trading conditions expected to remain challenging, continue to gain market share and deliver productivity and procurement gains
 - Therefore expectations for year remain unchanged; deliver modest y-o-y growth in pre-exceptional operating profit, with improvements to non-operating items further benefiting adjusted EPS
-

In summary



Targeting **known markets** through **organic** and **acquisitive** growth

Agenda

- 1 Welcome and Chairman's presentation
Mike Clasper, Chairman
- 2 Trading update
Paul Forman, Group Chief Executive
- 3 **Our approach to innovation**
Rajiv Sharma, Global CEO Industrial
- 4 Questions and answers
- 5 Quorum and Notice of Meeting
- 6 Resolutions
- 7 Close of meeting



Our approach to innovation

Rajiv Sharma



Our approach to innovation

- Thread is not a commodity
- Pioneering **history** and expertise
- Proven track record of delivering innovative, **high valued added** products
- Use **virtual network** of commercial and academic partners
- In-house R&D **capabilities embedded** at sites; supported by small central team
- Apply **proven technologies** to threads and yarns to improve performance in existing applications and apply to new end uses
- Develop **new technologies** where solutions don't exist



We believe that clever thin lines are core to our future

Speciality innovation – ‘focused on customer benefits’

FlamePro

- Comfort
- Performance
- Cost



Coats
Speciality

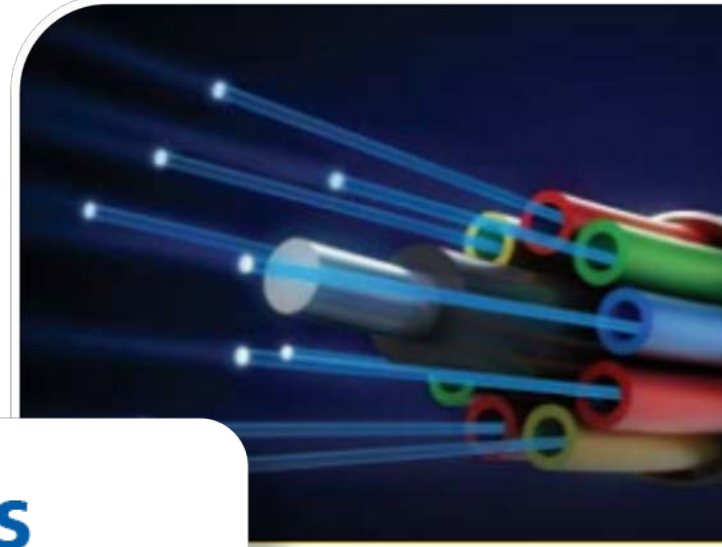
Synergex

- Shorter cycle times
- Process flexibility



Ultrabloc

- Installation productivity
- Performance



Reinforced Thermoplastic Pipes

- Lower installation cost
- Corrosion resistance



Apparel and footwear innovation – ‘focused on customer benefits’

Magellan

- High productivity
- Reusable

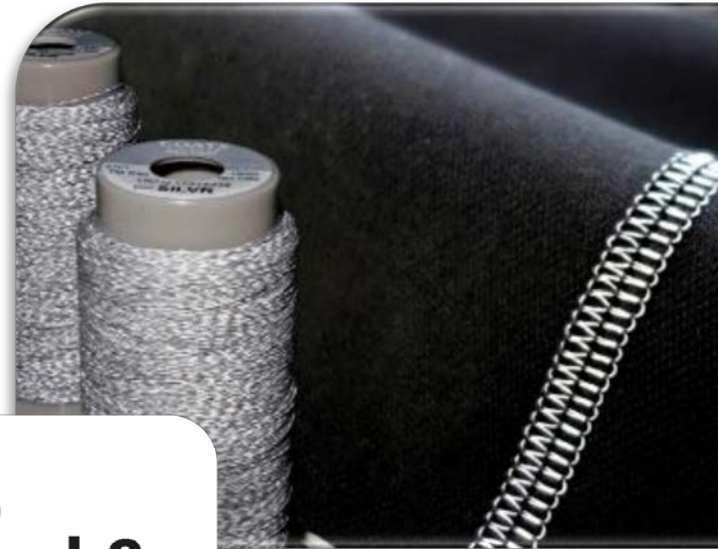


Secura

- Fewer customer returns
- Cheaper processing

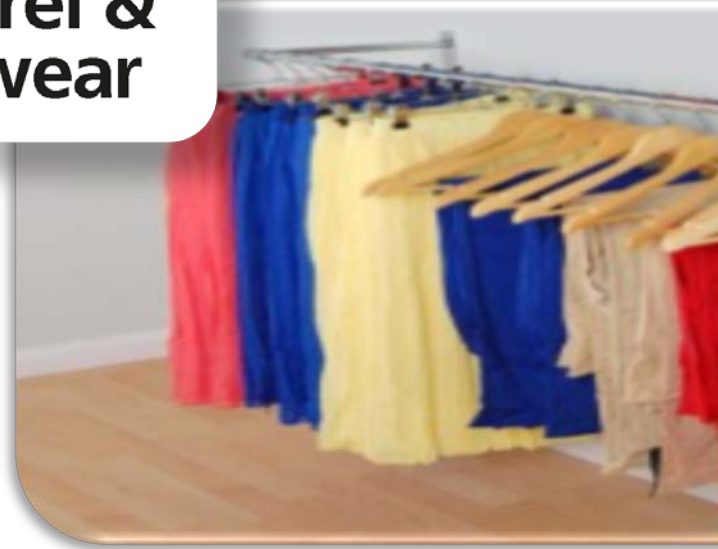


Coats
Apparel & Footwear



Signal

- Product differentiation
- Night time visibility



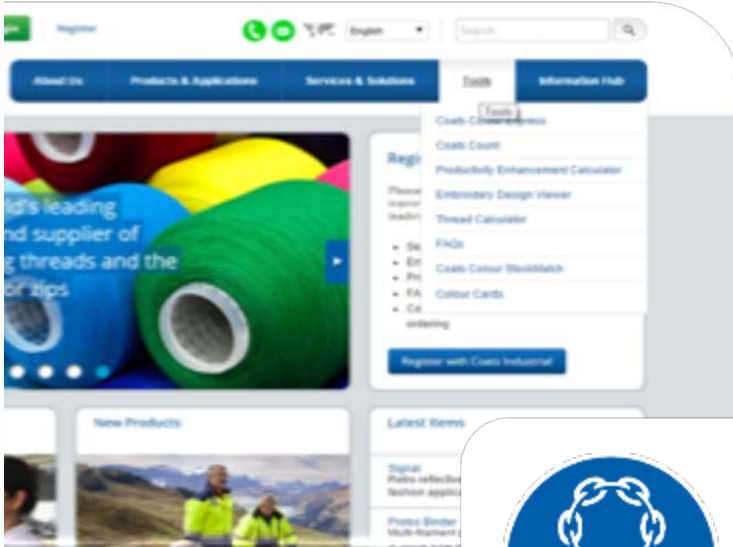
Verifi

- Supply chain verification
- Anti-counterfeiting

Digital innovations – ‘focused on customer benefits’

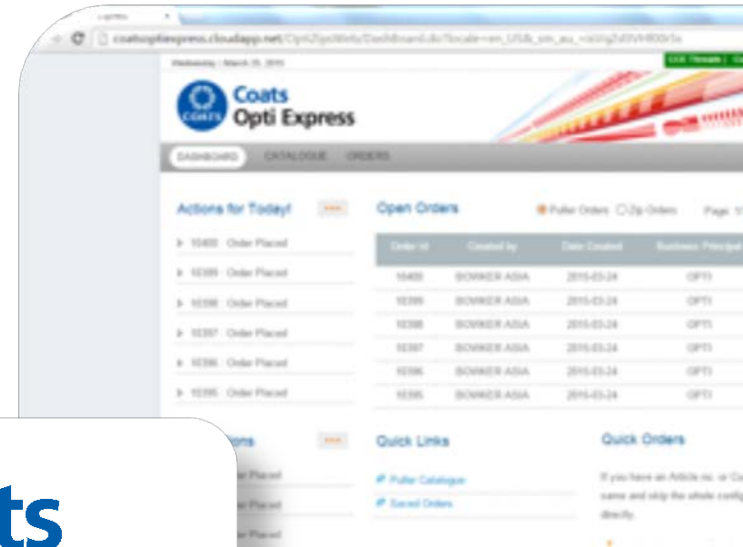
Portal

- Comprehensive
- Educational
- Interactive



Opti Express

- Product configurator
- Faster design sampling



eComm

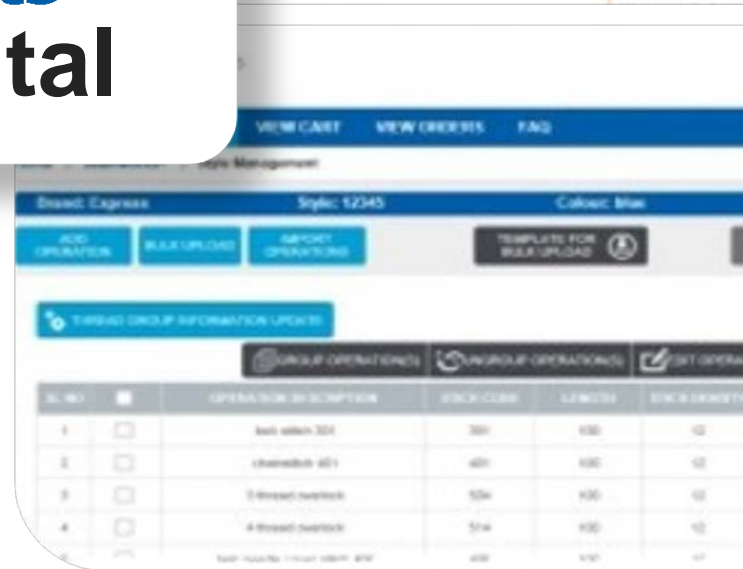
- Fast and efficient
- 24/7



Coats
Digital

Seamworks

- Ordering support
- Expert advise



Tracking benefits – 200+ products launched in past 5 years



Signal thread

- Sales increased in 2015
- Introduced by leading A&F brands for new products launched in 2015

Welcome to Coats digital services
Choose from the options below

 Coats
Colour Express



Click here to place Sample Orders



 Coats
eComm

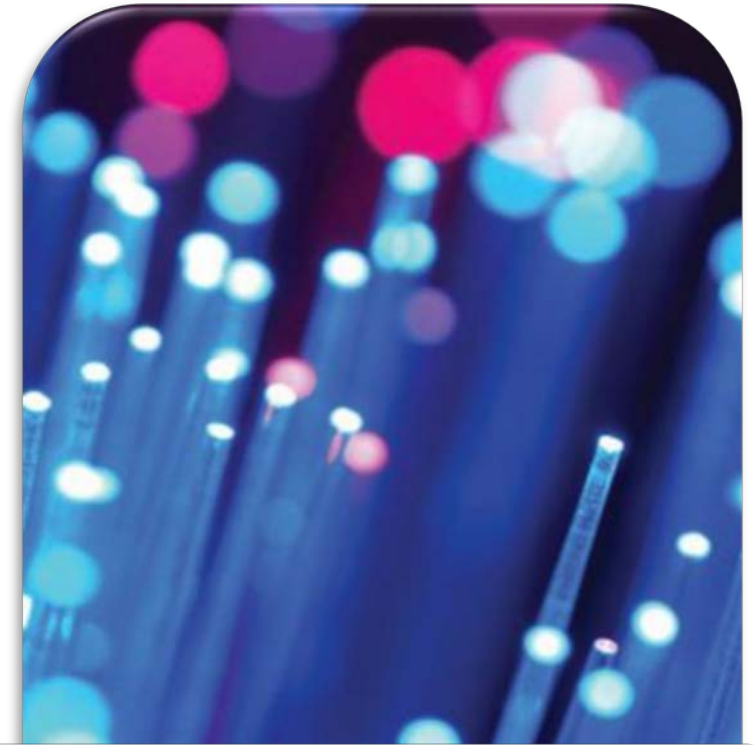


Click here to place Bulk Orders



eCommerce

- Delivering savings in sales and admin
- +8,500 customers and +50% of orders



Coats Ultrabloc

- Sales increased from zero to several million \$ in three years
- Also now used for marine cables

Thank you



Agenda

- 1 Welcome and Chairman's presentation
Mike Clasper, Chairman
- 2 Trading update
Paul Forman, Group Chief Executive
- 3 Our approach to innovation
Rajiv Sharma, Global CEO Industrial
- 4 **Questions and answers**
- 5 Quorum and Notice of Meeting
- 6 Resolutions
- 7 Close of meeting



Questions and answers



Agenda

- 1 Welcome and Chairman's presentation
Mike Clasper, Chairman
- 2 Trading update
Paul Forman, Group Chief Executive
- 3 Our approach to innovation
Rajiv Sharma, Global CEO Industrial
- 4 Questions and answers
- 5 **Quorum and Notice of Meeting**
- 6 Resolutions
- 7 Close of meeting



Quorum and Notice of Meeting

There is a quorum present and we can start this part of the meeting

You may wish to follow proceedings by referring to the Notice of Annual General Meeting which was posted on 7 April 2016

On today's agenda there are 17 resolutions

- Resolutions 1 to 13 inclusive and 17 are proposed as Ordinary Resolutions
- Resolutions 14 to 16 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

With your permission, I will take the Notice as read

Agenda

- 1 Welcome and Chairman's presentation
Mike Clasper, Chairman
- 2 Trading update
Paul Forman, Group Chief Executive
- 3 Our approach to innovation
Rajiv Sharma, Global CEO Industrial
- 4 Questions and answers
- 5 Quorum and Notice of Meeting
- 6 **Resolutions**
- 7 Close of meeting



Resolutions

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 2015

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 2015	980,831,064	100%	6,282	0.00%	69.69%	75,589

Resolution passed

Resolution 2

Ordinary Resolution

To approve the Directors' Remuneration Report (other than the Directors' remuneration policy) for year ended 31 December 2015

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	979,392,077	99.96	409,879	0.04%	69.69%	1,110,979

Resolution passed

Resolutions 3 to 10: Re-election of Directors

Resolutions 3 to 10 deal with the 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 re-election

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

Resolution 3

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
3	To re-elect Mike Allen as a Director	980,067,344	99.97%	249,843	0.03%	69.69	595,748

Resolution passed

Resolution 4

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
4	To re-elect Ruth Anderson as a Director	980,147,036	99.98%	161,295	0.02%	69.69%	604,345

Resolution passed

Resolution 5

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
5	To re-elect Nicholas Bull as a Director	980,144,733	99.98%	160,270	0.02%	69.69%	607,673

Resolution passed

Resolution 6

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
6	To re-elect Mike Clasper as a Director	980,138,792	99.98%	199,855	0.02%	69.69%	574,029

Resolution passed

Resolution 7

Ordinary Resolution

To re-elect Paul Forman 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 Paul Forman as a Director	980,177,710	99.98%	160,943	0.02%	69.69%	574,023

Resolution passed

Resolution 8

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
8	To re-elect David Gosnell as a Director	980,138,904	99.98%	187,321	0.02%	69.69%	586,710

Resolution passed

Resolution 9

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
9	To re-elect Alan Rosling as a Director	980,307,287	99.98%	209,435	0.02%	69.69%	605,648

Resolution passed

Resolution 10

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
10	To re-elect Rajiv Sharma as a Director	979,897,356	99.96%	393,291	0.04%	69.69%	622,288

Resolution passed

Resolutions 11 and 12: Auditors

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 11 and 12 relate to this

Resolution 11

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
11	Re-appointment of auditor	980,212,788	99.93%	653,270	0.07%	69.69%	45,849

Resolution passed

Resolution 12

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
12	Re-appointment of auditor	980,213,600	99.96%	403,782	0.04%	69.69%	294,784

Resolution passed

Resolutions 13 to 14: Share capital

The next Resolutions, 13 to 14, 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 13

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
13	Authority to allot relevant securities	979,430,586	99.93%	681,626	0.07%	69.69%	800,723

Resolution passed

Resolution 14

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
14	Disapplication of pre-emption provisions	979,490,049	99.94%	633,550	0.06%	69.69%	789,336

Resolution passed

Resolution 15

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
15	Authority to purchase own shares	980,597,939	99.98%	227,115	0.02%	69.69%	87,622

Resolution passed

Resolution 16

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
16	Authority to call general meetings on 14 clear days' notice	969,858,033	98.88%	11,010,058	1.12%	69.69%	44,560

Resolution passed

Resolution 17

Ordinary Resolution

To approve the delisting from New Zealand Stock Exchange (NZX)

Resolution		Total proxy votes for		Total proxy votes against		Total proxy votes cast as % of issued share capital	Proxy votes withheld
17	Approval to the delisting from NZX	977,755,912	99.68%	3,110,085	0.32%	69.69%	46,679

Resolution passed

Results of the Annual General Meeting 2016 ('AGM')

Coats announces that at the AGM, held in London, United Kingdom on 18 May 2016, 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 2015	980,831,064	100	6,282	0.00	69.69	75,589
2	Approval of Remuneration Report	979,392,077	99.96	409,879	0.04	69.69	1,110,979
3	Re-election of Mike Allen	980,067,344	99.97	249,843	0.03	69.69	595,748
4	Re-election of Ruth Anderson	980,147,036	99.98	161,295	0.02	69.69	604,345
5	Re-election of Nicholas Bull	980,144,733	99.98	160,270	0.02	69.69	607,673
6	Re-election of Mike Clasper	980,138,792	99.98	199,855	0.02	69.69	574,029
7	Re-election of Paul Forman	980,177,710	99.98	160,943	0.02	69.69	574,023
8	Re-election of David Gosnell	980,138,904	99.98	187,321	0.02	69.69	586,710
9	Re-election of Alan Rosling	980,097,852	99.98	209,435	0.02	69.69	605,648
10	Re-election of Rajiv Sharma	979,897,356	99.96	393,291	0.04	69.69	622,288
11	Re-appoint auditors	980,212,788	99.93	653,270	0.07	69.69	45,849
12	Remuneration of auditors	980,213,600	99.96	403,782	0.04	69.69	294,784
13	Allot relevant securities	979,430,586	99.93	681,626	0.07	69.69	800,723
14	Pre-emption rights	979,490,049	99.94	633,550	0.06	69.69	789,336
15	Purchase own shares	980,597,939	99.98	227,115	0.02	69.69	87,662
16	Authority to call general meetings on clear 14 days' notice	969,858,033	98.88	11,010,058	1.12	69.69	44,560
17	Delisting from NZX	977,755,912	99.68	3,110,085	0.32	69.69	46,679

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 16 May 2016 was 1,407,612,282

Agenda

- 1 Welcome and Chairman's presentation
Mike Clasper, Chairman
- 2 Trading update
Paul Forman, Group Chief Executive
- 3 Our approach to innovation
Rajiv Sharma, Global CEO Industrial
- 4 Questions and answers
- 5 Quorum and Notice of Meeting
- 6 Resolutions
- 7 **Close of meeting**



Close of meeting





Thank you