

## Investment case




There are six elements to our investment case – each element is a strength in itself but together they combine to set us apart from our competitors. This provides a solid platform from which we can innovate, grow and deliver consistently strong shareholder returns.

Throughout 2021 we continued to review each element of our investment case and looked to align these more closely to the future core operations of our key business segments and the ongoing integration of recent acquisitions.



Element	1. Global market leader in the apparel and footwear market	2. Leading player in the performance materials market	3. Focus on digital, innovation and sustainability
<b>Which provides us as an organisation with</b>	A strong and defensible core business representing some 73% of Group sales.	Ability to build scale through technology, innovation and acquisition. Representing some 27% of Group sales.	Ability to focus on the continuing challenges from macro trends that are shaping the world and give us the tools that enable us to deliver value to all our stakeholders.
<b>Key attributes of this element</b>	<p>Global leader in A&amp;F thread market, consistently increasing market share in a stable market (pre/post-Covid).</p> <p>Leading the response to meet changing industry needs – speed, personalisation, innovation, cost, quality, responsibility and sustainability.</p>	<p>Performance Materials has a global presence; building scale both organically and inorganically. It includes products for the Personal Protection industry, Composites products and Performance Thread products for multiple but focussed end-use sectors.</p> <p>Performance Materials offers products that deliver performance and safety, and solves industry problems through applying our vast textile expertise.</p> <p>Innovation in developing or acquiring new competencies and technologies – such as carbon and glass composites.</p>	<p>Thinking ‘beyond the stitch line’ to collaborate with internal and external stakeholders to repurpose our products into new ones and use machine learning for new ways of operating – fit for the digital age.</p> <p>Innovation and big, bold game-changing ideas are crucial to our success.</p> <p>Industry leader in sustainability agenda, giving us competitive advantage as well as to support our customers’ ambitious sustainability agendas.</p>
<b>Highlights</b>	<p><b>33%</b> Sales growth</p> <p><b>23%</b> Thread market share (up 2% versus 2020)</p> <p><b>159%</b> Increased revenues from our EcoVerde product range</p>	<p><b>19%</b> Organic sales growth</p> <p>Continued customer share gains</p> <p>Strong demand across all sub-segments</p>	<p><b>21</b> New products generating \$37m incremental revenue across A&amp;F and PM</p> <p><b>4</b> Bold new sustainability targets</p> <p>Our Science Based Targets were approved by the Science Based Targets initiative</p>

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Element	 <b>4. Track record of delivering continuous improvements and operational excellence</b>	 <b>5. Track record of delivering free cash flow</b>	 <b>6. Value-adding acquisitions</b>
<b>Which provides us as an organisation with</b>	Focussed improvement programmes and experienced management to deliver margin and other financial improvements.	Strong Adjusted Free Cash Flow and high Return on Capital Employed (ROCE).	Ability to build scale in the strategic focus areas which are currently fragmented competitively.
<b>Key attributes of this element</b>	Ensuring the Group is 'fit for purpose' and agile in the modern high-paced world.  Productivity gains and procurement initiatives.  Investing in energy/waste reduction to improve operational efficiencies.  Cost and Cash discipline around the organisation.	Balancing key cash demands of organic investment, pension schemes and shareholder returns.	The Group's acquisition strategy looks to identify companies with complementary capabilities that can further strengthen the core, technology, innovations, or Intellectual Property and which can be scaled to deliver growth and value for customers and shareholders.
<b>Highlights</b>	<b>12.8%</b> Adjusted operating profit margin, well ahead of 2020  Inflationary pressures absorbed by successful pricing actions and self-help productivity programmes	<b>\$113m</b> Strong cash generation  <b>0.7x</b> Leverage; building resilience and creating a strong platform for growth	Growth through acquisitions is a key element of the Group's strategy and the Group will continue to be disciplined in the assessment of acquisition opportunities as they arise.