



AGM

June 2011





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Not a profit forecast

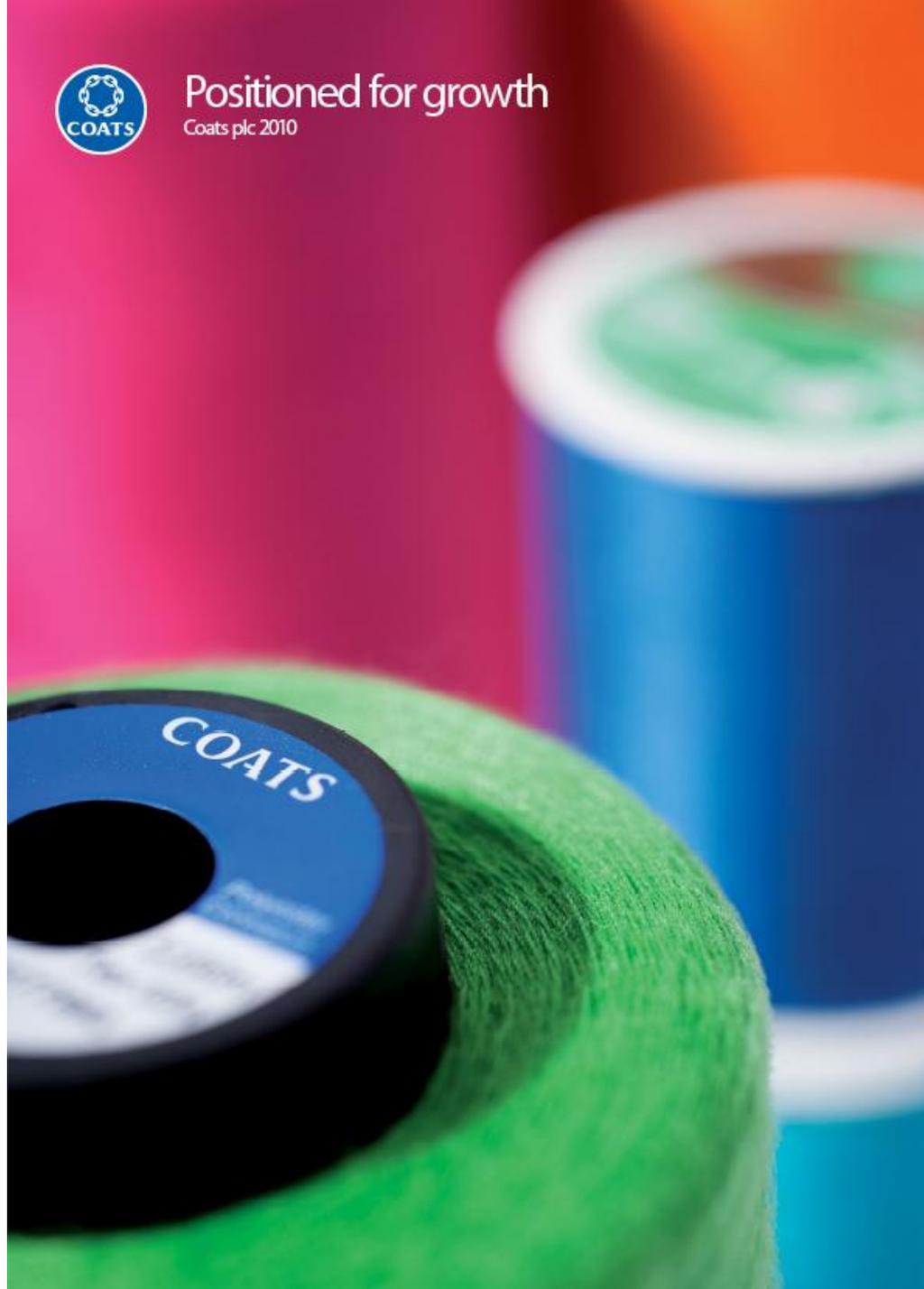
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Positioned for growth

Coats plc 2010





Coats at a glance

- Founded 1755, world's first multi-national
- 2 core activities – industrial yarns and textile consumer crafts
- Active presence in five/six continents
 - 73 factories
 - Over 100 warehouses
 - Over 100 sales locations
 - Over 22,000 employees – 87% in developing countries
- \$US1,600m total sales
- Over one million product lines in our portfolio





Business focus in the past five years (to 2009)

- \$700m investment in capex and reorganisation
- Focus on Supply Chain - product harmonisation, common IT systems, modernisation of manufacturing facilities
- Shift to a lower cost base, with more modern facilities in low cost markets
- GM% improvement from 34% to 37%
- 2009 SDA/sales % maintained broadly in line with 2004
- NWC/sales % improvement from 27% to 20%
- c.30% headcount reduction (29K to 21K)





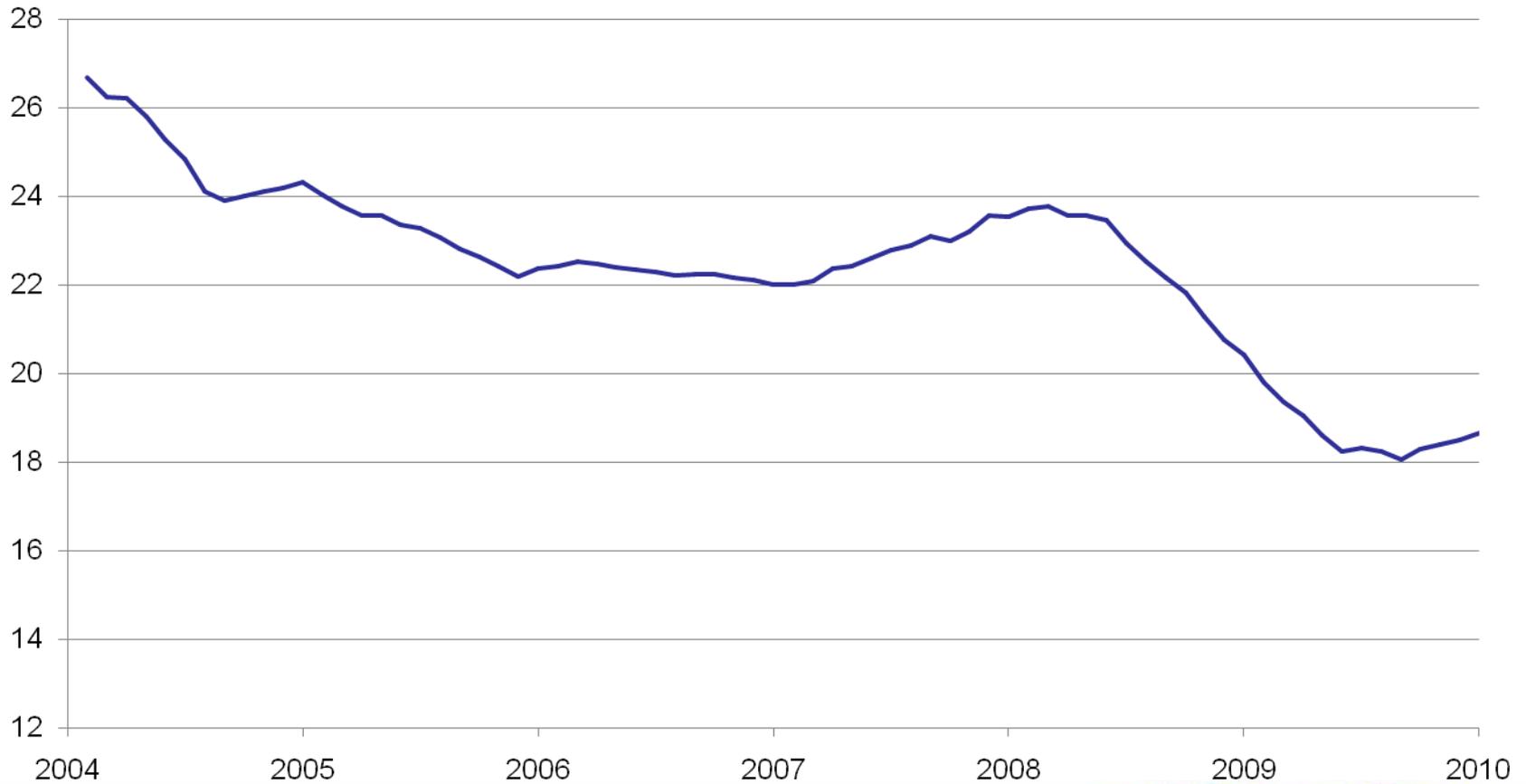
Reorganisation

\$m	2005	2006	2007	2008	2009	2010
Industrial	55	41	17	25	17	7
Crafts *	7	10	23	24	32	13
Total	62	51	40	49	49	20
* Incl Crafts Europe	7	9	21	20	31	10





Average NWC/Sales %



• Average NWC/sales ratio (annualised basis) fell from 20% in 2009 to 19% in 2010





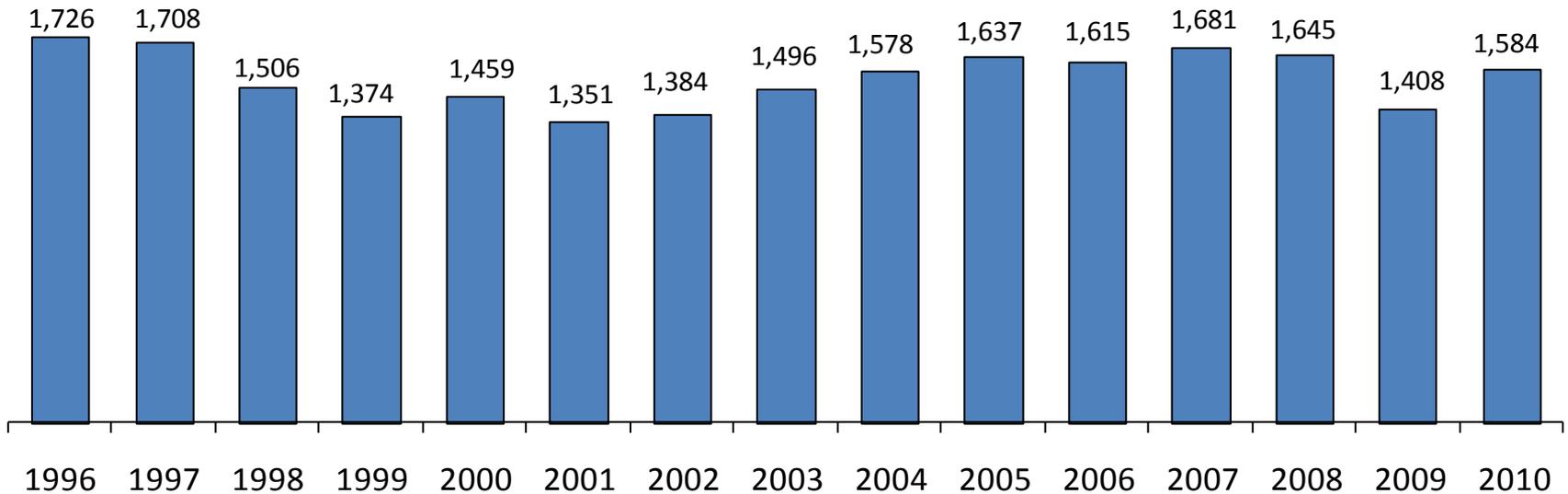
Pre-exceptional operating margin

	2004	2005	2006	2007	2008	2009	2010
Industrial	5%	7%	10%	12%	10%	8%	11%
Crafts	7%	9%	3%	4%	-1%	5%	4%
Total	6%	8%	8%	9%	6%	7%	8%





15 year Sales History (\$m)



-0.6% nominal CAGR; -2.9% inflation-adjusted CAGR





When I arrived at Coats

- A sizeable, global business
- GPG had invested significantly in the quality of the business
- Efficiency ratios all improving
- But no organic sales growth in value terms





My two personal objectives

- Turn an ex growth company into a growth company
- Oversee Coats' transition into its new state of existence





Factors impeding sales growth

- Lack of strategic clarity: focus was restructuring
- Minimal customer led innovation
- Regional silos
- Insufficient focus/resources in important areas eg R&D, eCommerce, marketing





A great base for growth

- Excellent market shares
- A great set of brands
- A diverse and established global footprint
- Unparalleled access to Crafts channels, footwear and apparel companies and industrial manufacturers
- Immense internal know how



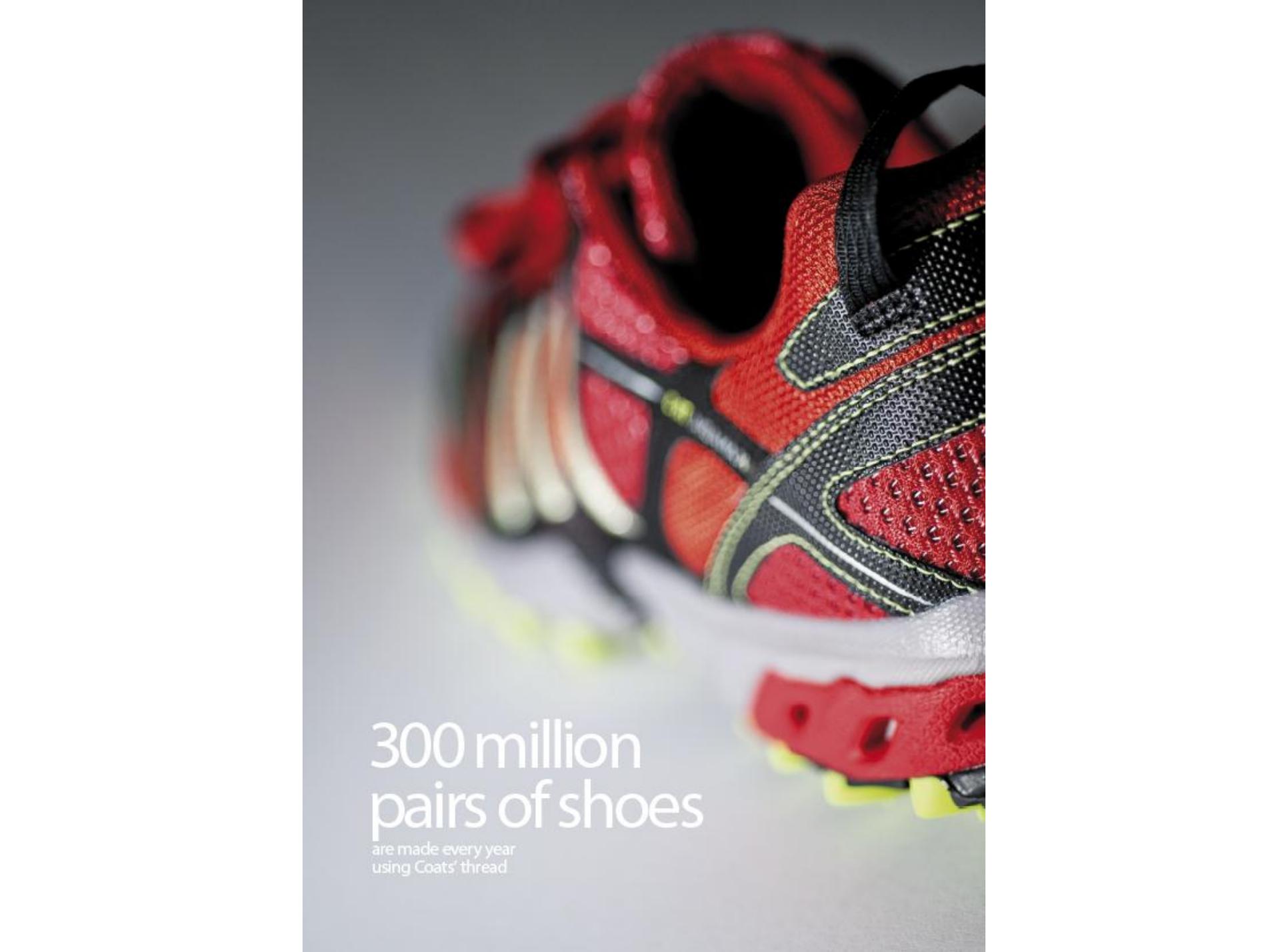
Our products are sold in over

100 countries





1 in 5 garments
around the world are held
together using Coats' thread



300 million
pairs of shoes

are made every year
using Coats' thread

A close-up photograph of a car's steering wheel. The focus is on the airbag cover, which is made of a textured, grey material. The word "AIRBAG" is embossed in capital letters on the upper part of the cover. Below the text is a rectangular, recessed area with a metallic-looking trim. The background shows the rest of the steering wheel and the dashboard, which are out of focus.

AIRBAG

75 million

car airbags are made using Coats'
thread every year



2nd largest
supplier of zips
to global brands

A row of five spools of industrial thread in various colors: teal, red, blue, yellow, and green. The spools are arranged in a slightly overlapping line, with the teal spool in the foreground and the others receding into the background. The background is a plain, light color.

3 times

the size of our nearest competitor
in industrial thread

6 times

the size of any other
global player in the
crafts textile market





1 million teabags

made using Coats' thread
are brewed every ten minutes



Three ways we are looking to grow in our core markets

- Outstanding customer service
- Market-leading innovation
- Product and geographic expansion





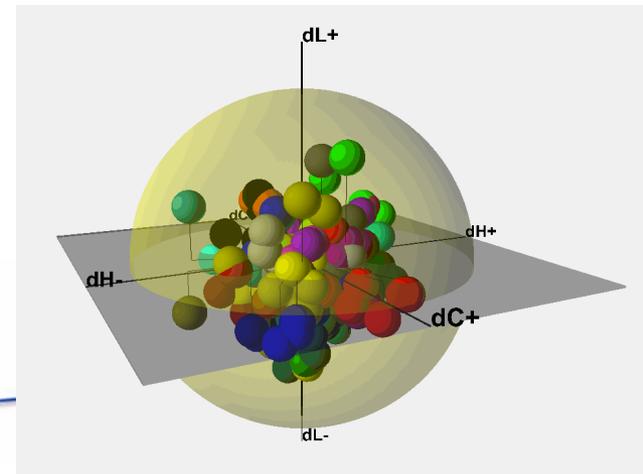
Coats Worldwide Presence 2010





Colour Capability

- World leader in digital textile colour technology from the start
- Proprietary colour management and imaging systems
- 40+ dyehouses globally linked for seamless integration “virtual global dyehouse”
- Sophisticated 3D modelling for quality assurance and colour analysis





Machine sewn
button security



Flat, comfortable
overlocked seams



Hand stitched beads, sequins,
buttons, embellishments



Secure hems



A fine braided thread
with adhesive properties



A uniquely configurable
sewing concept



Tracer threads

used in passports offer a huge
growth opportunity for Coats



PASSPORT



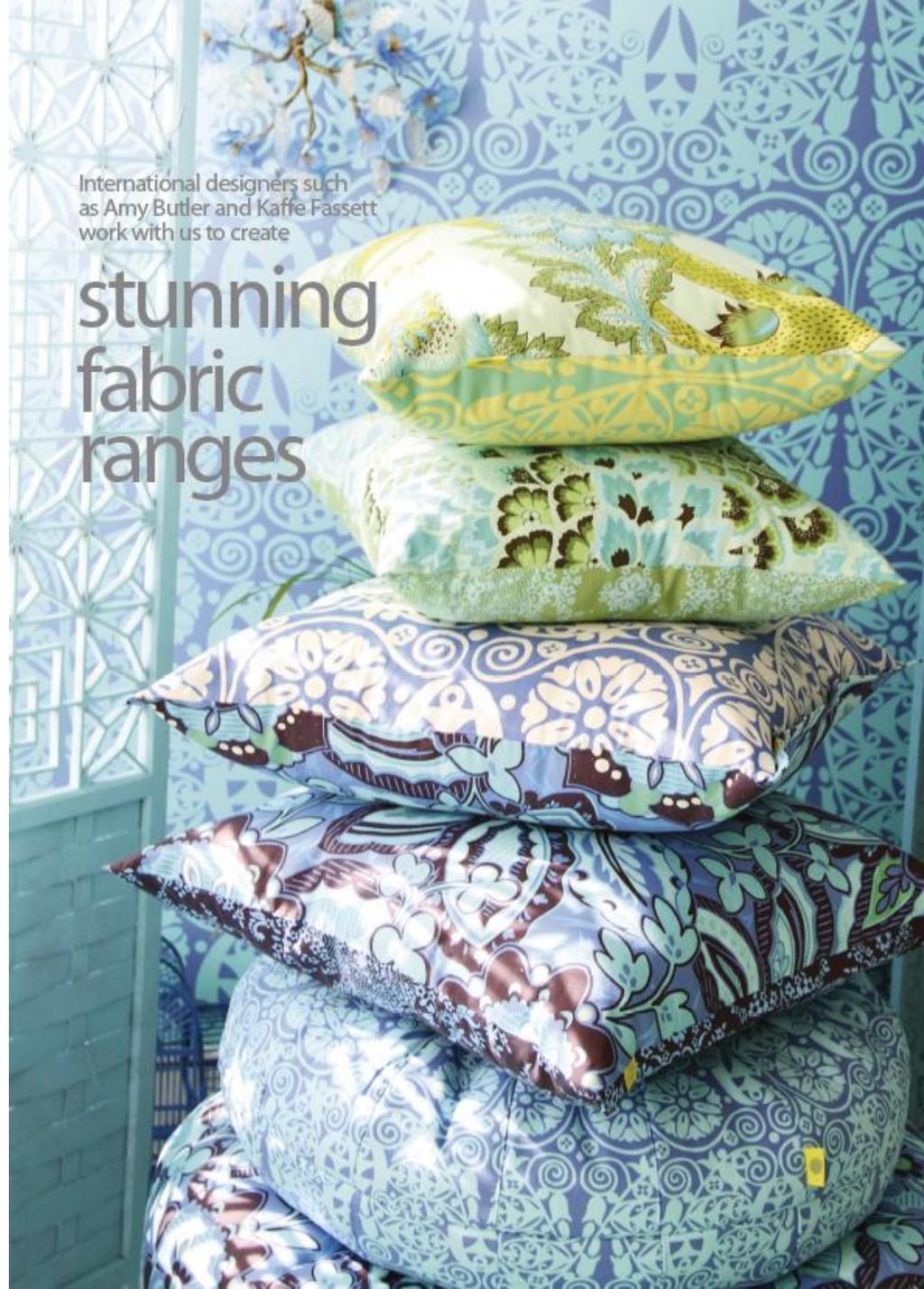
Traceable thread

- Counterfeiting is a significant and growing problem for global brands
- Use of sub standard componentry is also a problem for brands with outsourced manufacturing
- Coats has formed a JV partnership with NZ based VTT to address these issues using a proprietary "tracer thread"
- Customers using the thread can quickly prove that a product is genuine
- This is not just about "selling thread" but a value added service for our customers



International designers such
as Amy Butler and Kaffe Fassett
work with us to create

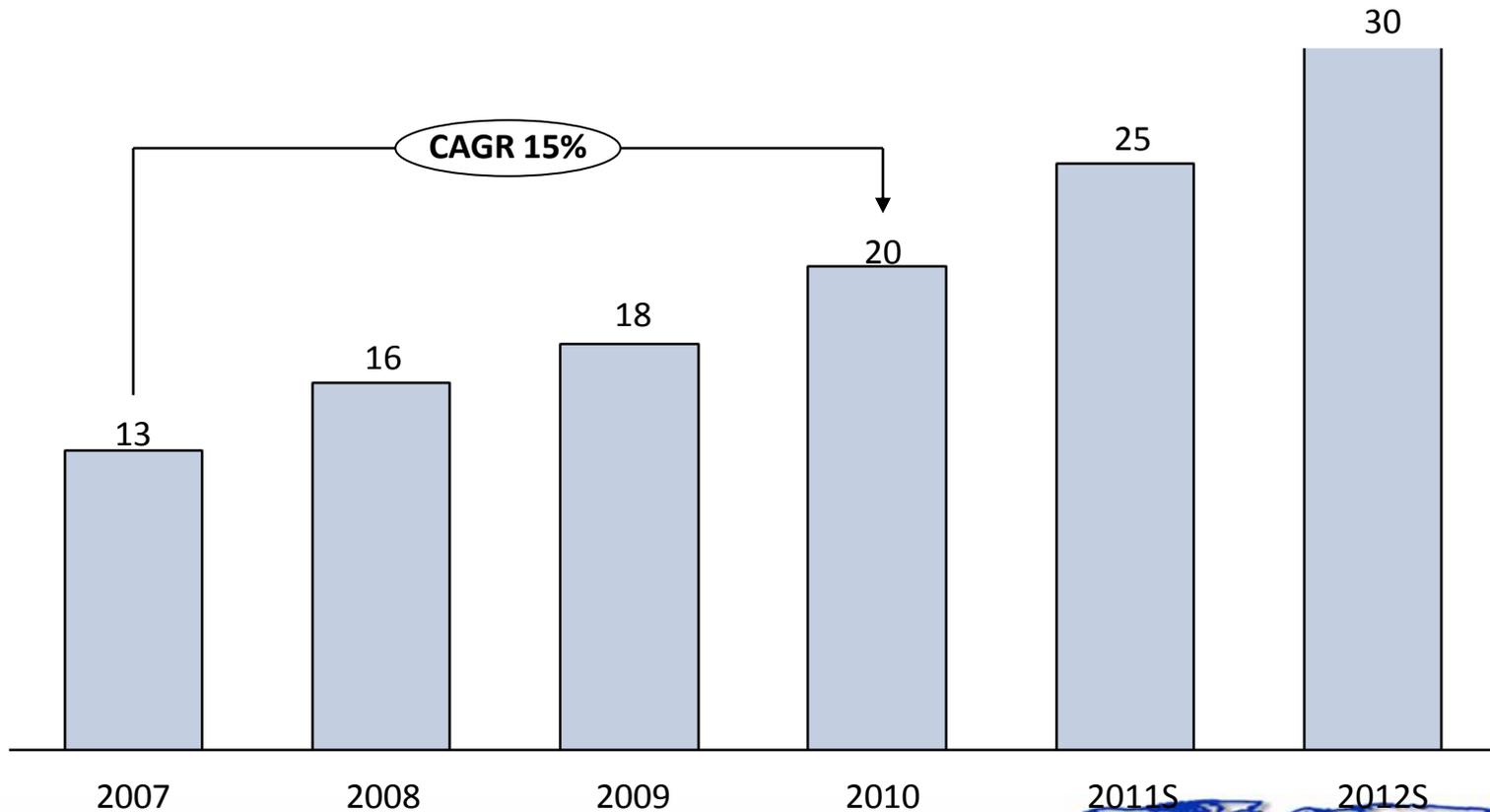
stunning fabric ranges





Lifestyle fabrics – a fast-growing segment for Coats

North America Sales 2007-2012



2010 <4% USA market share



This year's CAPEX investment

Investing in

- Capacity expansion in Vietnam
 - Capacity expansion in Indonesia
 - Capacity expansion in Bangladesh
 - New advanced production equipment in North America
- Industrial



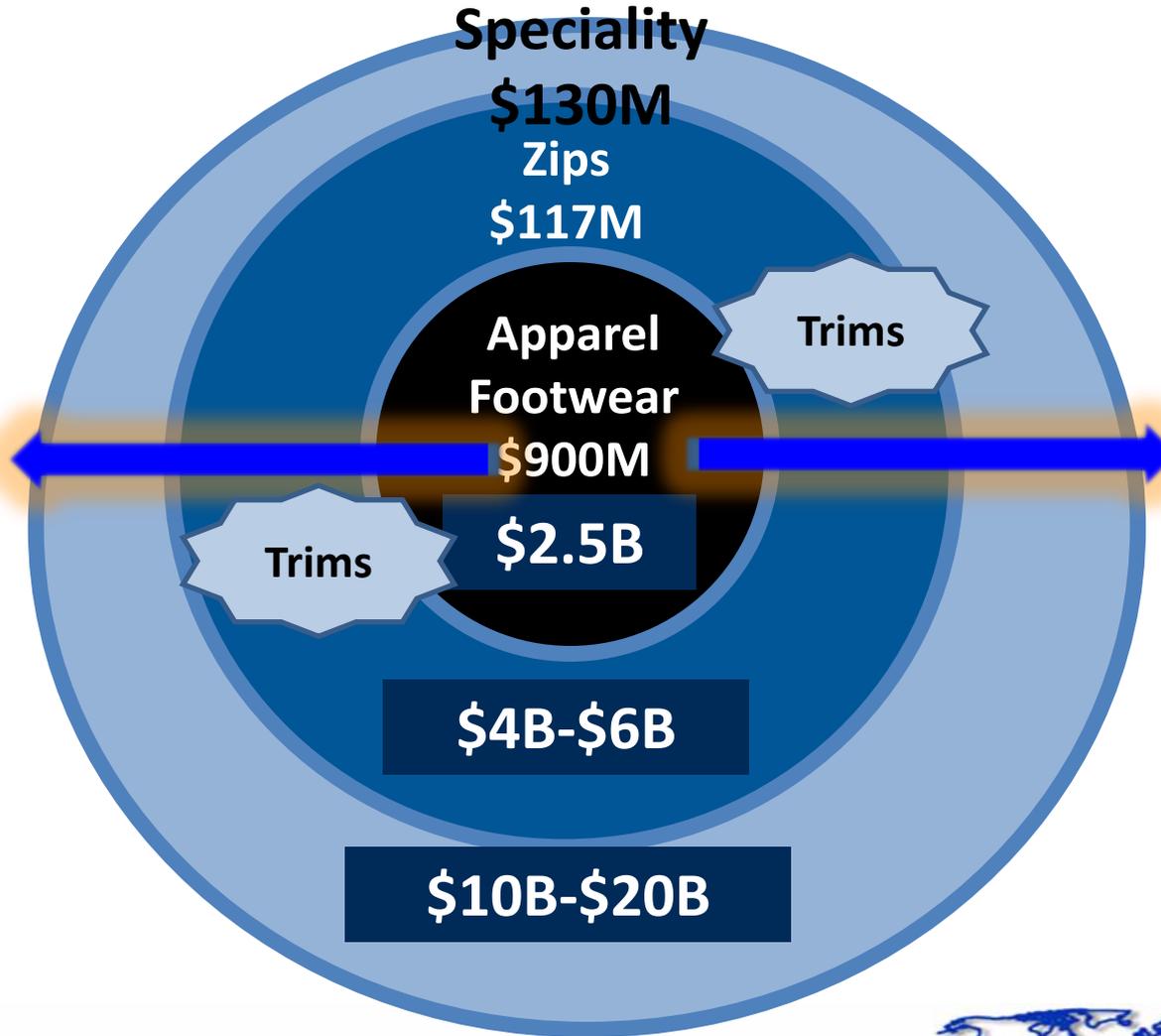
- Reinforce global expansion
- Reinforce investment in growth





Industrial Strategy

Strategic
Direction



Strategic
Direction





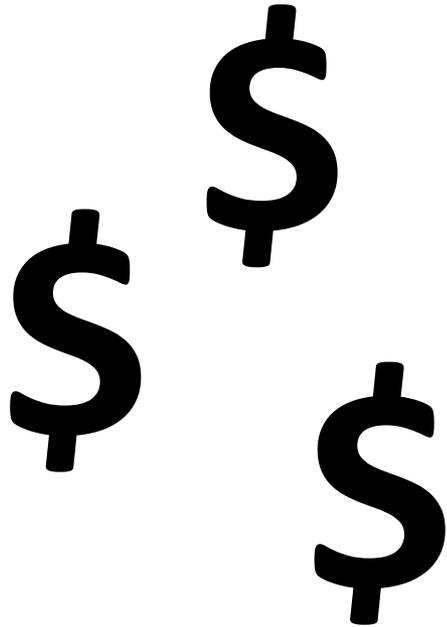
Our vision

**“Value
added
thin
lines”**





Our vision

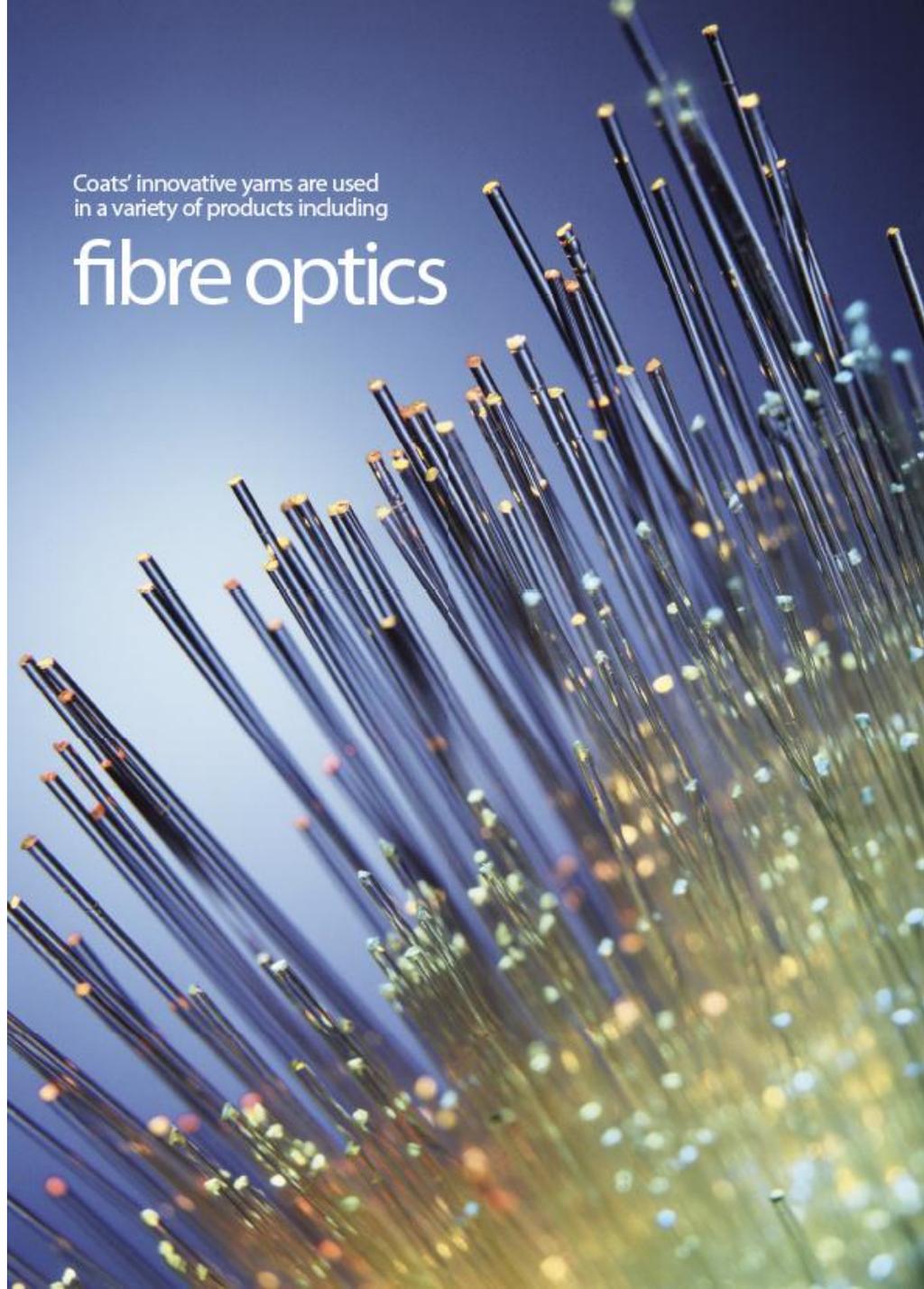


**With
complementary
services that make
our customers
more successful as
businesses**



Coats' innovative yarns are used
in a variety of products including

fibre optics

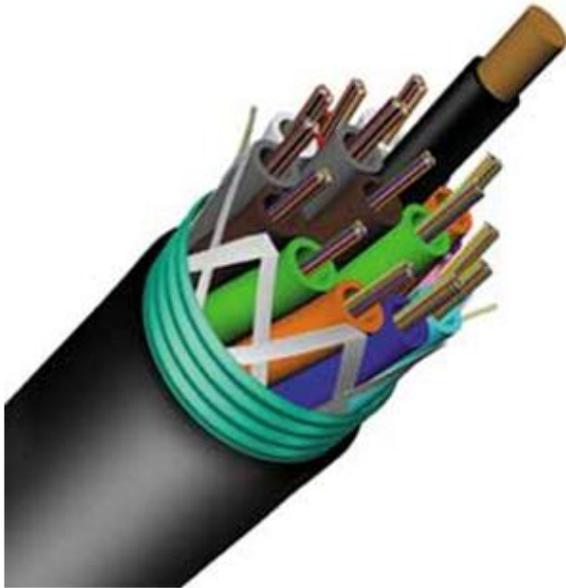




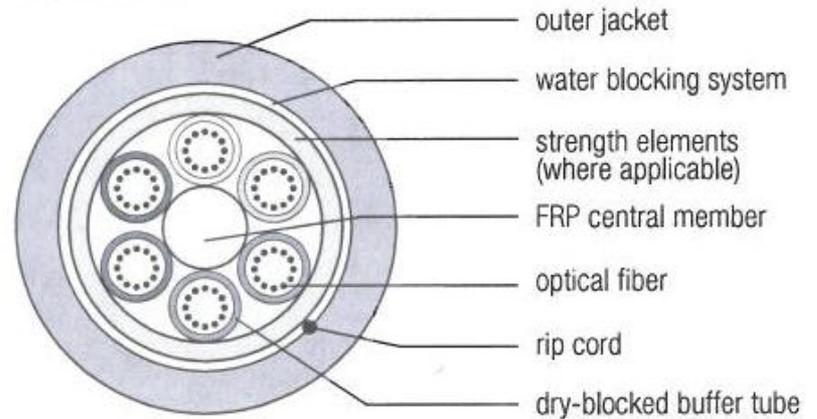
Fibre Optics

Global telecommunications market

Armored single jacket
Loose tube dry cable

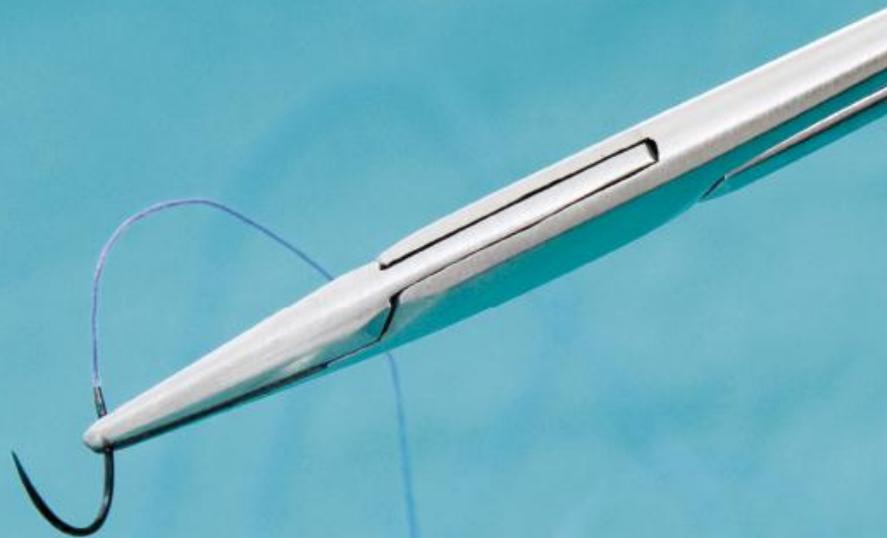


Cable components



- Specialist knowledge
- Global customers
- Water blocking technology





Thousands

of operations are made possible every
day because of Coats' thread



Positive global teamwork

- Structural changes:
 - 2 global Divisions
 - New Commercial Development function
 - Eg central R&D
 - Global Sales team
 - Integrated Supply Chain function
- Increased senior level and new skills recruitment
- New training eg sales force effectiveness, 6 sigma
- First global Engagement Survey





Increased productivity

- Operational
 - Integrated Supply Chain
 - Harmonisation of our product offer and data structure
 - Six Sigma
 - Use of modern technology and tools
 - Over \$US150m in IT investments eg SAP, CF2000E
- Commercial
 - Stage gate process
 - Crafts B2B Ecommerce/Webshop
 - New digital strategy
- Back office
 - Centralised financial shared services
 - Centralised Supply Chain planning
 - Change management process





Is it working?





Coats 2010 headlines

- Total revenue up 12%
- Reorganisation spend more than halved – and this downward trend will continue
- Attributable profit increased to \$60m, a \$64m improvement
- 38% increase in pre-exceptional operating profit
- Industrial Division pre-exceptional operating profit margin increased to 11%
- Sales growth of 2% in crafts, following two years of decline – and steadily improving trend
- Average net debt reduced from \$367m to \$300m





Outlook

- Year has started positively in both Divisions, with both showing year on year growth
- Market conditions remain volatile, especially in Japan, US and Europe
- Raw material costs have reached unprecedented levels in Q2, albeit there is some minor relief currently in some categories
- Price rises have helped to counterbalance cost increases
- Crafts remains on track to return to historic margins within two years





Conclusions

- A sizeable business with a global heritage
- but whose focus has been on restructuring
- yet is really well positioned for growth
- ... and the journey has started

