GPG
GUINNESS PEAT GROUP

COATS

GPG Group and Coats plc

Results presentation for year ending 31 December 2012

27 February 2013

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Not a profit forecast

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

Currency assumptions

All amounts stated in NZ$ are for illustrative purposes only, based on the NZ$:GBP exchange rate on 31 December 2012, NZ$1.9621:£1.00.

Agenda

1. GPG Group strategy update
2. GPG Group results highlights
3. Coats overview, strategy and outlook
4. Investment portfolio (excluding Coats)
5. Appendices
    1. GPG – additional background
    2. Coats – additional background

GPG Group
Strategy Update

Strategy update

- GPG will be re-launched as Coats – target completion remains the second half of 2013 (subject to internal and external events)
- A transition plan has been in train for several months and incorporates the following key initiatives:
  - Reconstitution of the Board to ensure it has the requisite skills to develop Coats as a stand-alone, listed entity for the long-term
  - Enhance the current business performance and strategic positioning of Coats
  - Define and implement the optimal capital structure for Coats to achieve its strategic objectives and optimise its capital markets positioning
  - Finalisation of the structure to support the GPG pension schemes
  - Maximise cash distributions to shareholders

GPG Group
Results Highlights

GPG Group results highlights

GPG total group highlights

- Shareholders' funds £434m (31 December 2011: £602m); reduction driven primarily by:
  - Shareholder returns of £25m (31 December 2011: £92m)
  - £76m charge in respect of the Coats EC Fine
  - IAS19 Group pension (Coats and GPG) actuarial losses £40m (31 December 2011: £215m)
- Net asset backing per share 27.7p (NZ$0.54) (31 December 2011: 37.1p (NZ$0.724))
- Parent Group cash balance £243m (31 December 2011: net debt £14m)
  - Unaudited cash balance as at 22 February 2013 - £275m (NZ$540m)
- Further progress on value realisation – non-Coats investment portfolio cash generation in 2012 of £314m (NZ$616m) and cumulative net cash generated since 1 January 2011 of £495m (NZ$971m)
- Net attributable loss £3m (including Coats EC Fine charge) (year ended 31 December 2011: £1m profit)

GPG Group – elements of reported loss for the period

	£m	£m
Continuing activity		
Coats		
- Profit after tax before exceptionals	34	
- EC fine and interest	(76)	
- Other exceptional items	(28)	
		(70)
Parent Group		
- Overheads	(21)	
- Foreign exchange losses	(2)	
- Other income	1	
- Net interest expense	(8)	
		(30)
Net loss from continuing activity		(100)
Discontinued operations		
Coats		(2)
Parent Group subsidiary and associated undertakings and joint ventures		61
Investments		
Gains realised in the period (recycled from the unrealised gains reserve)	39	
Dividend income	6	
Impairments	(3)	
		42
Other income		1
Parent Group tax (Note 1)		(5)
Net profit from discontinued activities		97
Net loss for the period attributable to GPG shareholders		**(3)**

Note 1: consists principally of non-cash deferred tax

GPG – simplified balance sheet

	31 Dec 2012		31 Dec 2011	
	£m	£m	£m	£m
Operating subsidiaries (book value)		-		50
Associated undertakings and joint ventures (book value)		-		212
Fixed asset investments available for sale		-		202
Held for sale assets		222		66
Current assets investments		9		10
Total investments		**231**		**540**
Cash (see note below)		243		200
GPG assets excluding Coats		**474**		**740**
Capital notes		-		(214)
GPG pension schemes		(74)		(64)
Other net creditors		(14)		(10)
		386		**452**
Coats				
Other net assets	481		504	
Net debt	(226)		(153)	
Employee benefit obligations	(207)		(201)	
		48		**150**
Shareholders' funds		**434**		**602**
NAV / share (NZ₵)		**54.4**		**73.9**

Note: Cash at 31 December 2012 consisted of the following currencies:

	£m
GBP	114
NZD	103
AUD	26
	243

GPG Group movements in shareholders' funds

	£m	£m
Opening shareholders' funds		**602**
Shareholder returns – Share buyback		(25)
Loss for the period		
EC Fine, including related interest	(76)	
Other profits	73	
		(3)
Movements in unrealised gains reserve		
Net gains realised in the period (recycled through the Income Statement)	(39)	
Net unrealised movements on AFS investments	(14)	
Deferred tax movement	3	
		(50)
Pensions - IAS19 adjustments		
GPG schemes	(17)	
Coats	(23)	
		(40)
Foreign currency revaluations		
Coats	(8)	
Other– arising in the period	3	
Other– re-cycled to the Income Statement	(45)	
		(50)
Closing shareholders' funds		**434**
		NZ$852m

Group employee benefits

- Movement in the IAS19 deficits since the 2011 year end includes the impact of changes in the discount rate applied to the scheme liabilities (based on AA rated corporate bond interest rates) and the rate of inflation applicable to those liabilities
- It is anticipated, when the Coats 2012 valuation is finalised, that contributions in respect of past service will increase by approximately £7m per annum to some £14m per annum
- Current support provisions provide the Trustees of the Brunel and Staveley Schemes with a contingent claim over the assets of GPG of some £124m (NZ$243m)
- Will likely mean at least £124m (NZ$243m) of asset realisation proceeds will be required to be retained by the GPG group
- During 2012 the Staveley April 2011 triennial valuation was agreed with the Trustee, concluding with a deficit of £20.3m. This also resulted in:
  - a one-off payment of £5m and monthly contributions over an eight year period of £0.11m commencing in July 2012 (£1.3m per annum); and
  - A formal mechanism to protect the net assets of the sponsor company
- No past service employer contributions are being made to the Brunel pension scheme, however, the Trustee and GPG are discussing the continuing form of support for that scheme.

IAS19 deficit	31 Dec 2012 £m	31 Dec 2011 £m
Coats UK	(161)	(161)
Coats Other	(46)	(40)
Coats Total	(207)	(201)
Brunel	(38)	(31)
Staveley	(36)	(34)
Total £m	(281)	(266)
Total NZ$m	*(551)*	*(522)*

- Next triennial valuations:
  - Coats: to be completed by June 2013
  - Brunel: to be completed by June 2014
  - Staveley: to be completed by July 2015
- The accounting standard dealing with employee benefits (IAS19) has been revised and will be adopted from 1 January 2013. Had the amended IAS19 been applied in 2012 the estimated full year effect would have been :-
  - a reduction in operating profit of £5m
  - an increase in net interest costs of £22m
  - a corresponding improvement of £27m in the actuarial loss arising within reserves
- There will be no impact on the Group's net defined benefit obligation or cash flow

Overhead analysis and progress

- Headcount at 31 December 2012 - 15 executive management and administration employees:
  - 3 dedicated investment professionals
  - 9 finance, legal and administrative staff
  - 3 support staff
- Other staff incentives represent cost of staff retention and reward programmes and future redundancies
- Costs being spread over period that services are provided
- Certain incentives dependent on outcome of asset realisation exercise
- Following the October 2012 announcement of the transition to New Coats, work streams have been established to ensure the efficient rundown of GPG's corporate offices and the migration of administration responsibility to the Coats management team

	Year ended 31 Dec 2012 £m	**Year ended 31 Dec 2011 £m**
One-off advisors' fees relating to the strategic review and return of capital	-	9
Cost of redundancies arising in the period	1	2
Other staff incentives	6	6
Regular staff costs	5	7
NED fees	1	1
Legal & professional	3	4
Bank facility fees	1	2
Property costs	2	2
Legacy & other costs	2	2
Total £m	21	35
Total NZ$m	41	69

Summary and Financial Performance

2012 summary

- Trading remained largely as anticipated – despite tough market conditions
- Reported full year sales down 3% but up 2% on constant currency basis
- H2 2012 saw improvement in revenue (4%[1]) and operating profit (16%[1]) on H2 2011. Operating margins rose from 7.2% to 8.0%
- Reorganisation activity on track
- Overall net cash outflows on accelerated reorg projects to be largely offset by disposal proceeds (before tax) of approx. $50m
- EC fine increased net debt by $175m but was fully funded from existing facilities
- Free cash flow (pre-EC fine payment) increase from $18m to $45m

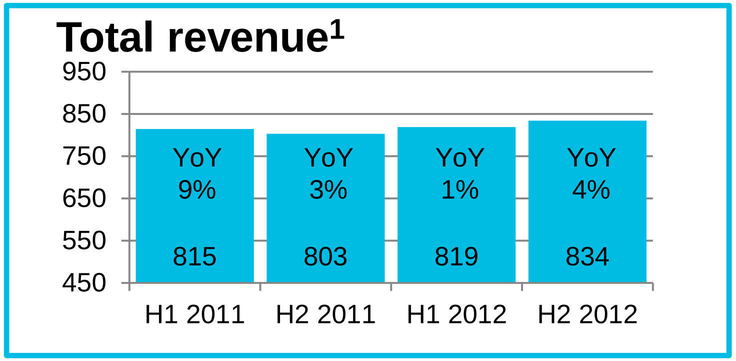
[1] At constant exchange rates

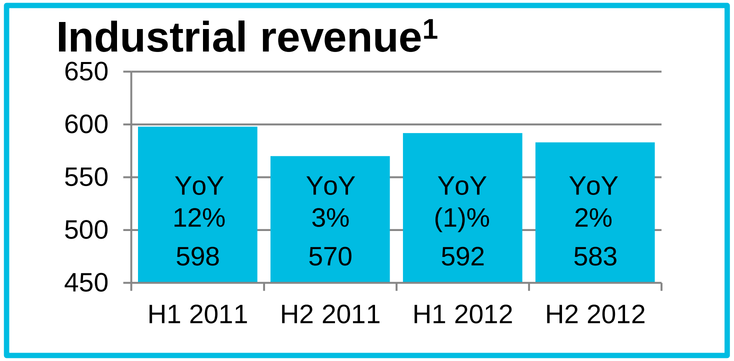
Full year financial performance

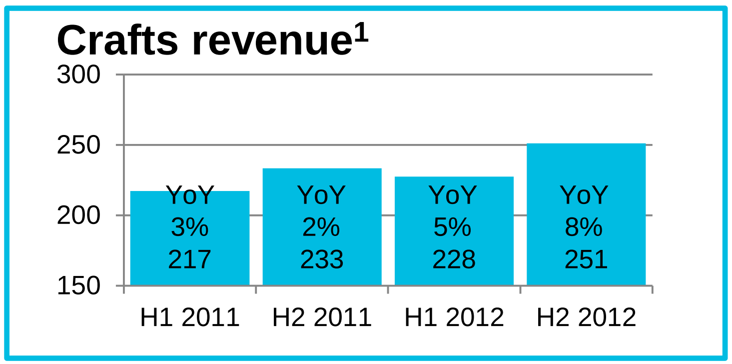
$'m	2012 Before exceptional	2012 Exceptional	2012 Total	2011 Before exceptional	2011 Exceptional	2011 Total
Revenue[1]	**1653**		**1653**	1702		1702
Operating profit / (loss)	**127**	**(132)**	**(5)**	144	(12)	132
Profit / (loss) before tax	**111**	**(167)**	**(56)**	136	(12)	124
Profit / (loss) after tax	**61**	**(164)**	**(103)**	89	(10)	79
Retained profit / (loss)	**51**	**(164)**	**(113)**	81	(10)	71
Free cash flow			**45**			18
Net debt			**368**			238
NWC % sales[2]			**17.1%**			17.6%
ROCE[2,3]	**19.0%**			19.7%		

[1] Revenue growth in 2012 was 2% at constant exchange rates
[2] At constant exchange rates
[3] Return on operating assets employed

Underlying operating performance







$'m	Six months ended December	YoY%[2]	Twelve months ended December	YoY%[2]
Operating profit[1]				
Industrial	58.3	+14%	110.8	(6)%
Crafts	8.8	+35%	16.2	(10)%
Total	**67.1**	**+16%**	**127.0**	**(7)%**
Operating profit margin[1] %				
Industrial	10.0%	+100 bps	9.4%	(70)bps
Crafts	3.5%	+70 bps	3.4%	(60)bps
Total	8.0%	+80 bps	7.7%	(70)bps

1 At constant exchange rates
2 Underlying operating profit excluding reorganisation and other exceptional items

Industrial performance

Asia & Australasia

- Strong sales growth in second half
- Continuing inflationary pressures
- Impacted by EMEA end-user markets

EMEA

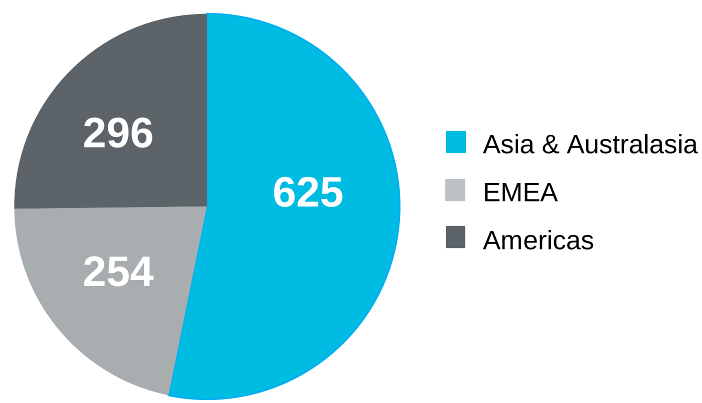
- Tight inventory control by retailers
- Reduced central EU opportunity as imports fully made and not cut-and-make

Americas

- Significant drop in defence sector demand
- Increased levels of imports into Latin America markets
- Lower consumer demand in Latin America

Industrial performance by region [1]

$'m	2012	2011[2]	YoY%	YoY% H2
Revenue				
Asia & Australasia	625	609	3%	6%
EMEA	254	255	0%	1%
Americas	296	304	(3)%	(3)%
Total	**1175**	**1168**	1%	2%
Operating profit[3]	110.8	117.9	(6)%	
Operating profit %	9.4%	10.1%		



[1] In line with changes in 2012 to the internal management structure, Asia & Australasia Crafts results are now reported in the Industrial Division and comparative 2011 figures have been restated accordingly. Sales and operating profit[3] for this business in 2012 were $79m and $5m respectively

[2] At constant exchange rates

[3] Underlying operating profit excluding reorganisation and other exceptional items

Crafts performance

EMEA

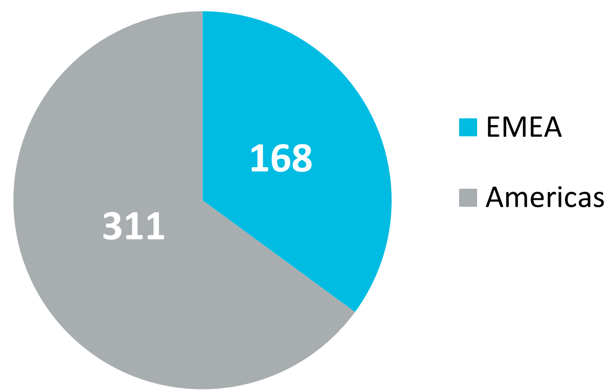
- Handknitting key growth driver
- Reorganisation activity on schedule
- Remains loss making – but $4m lower than 2011. 2013 restructuring to facilitate further improvement, but will adversely impact top line sales growth as non-core product ranges are exited

Americas

- Key shelf space wins in North America
- Unwinding of customer overstocking in Latin America

Crafts performance by region

$'m	2012	2011 [1]	YoY%	YoY% H2
Revenue				
EMEA	168	160	5%	9%
Americas	311	291	7%	7%
Total	**479**	**451**	**6%**	**8%**
Operating profit [2]	16.2	18.1	(10)%	35%
Operating profit %	3.4%	4.0%		



[1] At constant exchange rates
[2] Underlying operating profit excluding reorganisation and other exceptional items

Income statement

- Exceptional items in PBT
  - EC fine $120m
  - Reorganisation costs $39m
  - US Environmental $8m
- IAS 19 pension finance credit (will be a net charge from 2013)
- Finance costs – one off investment income in 2011 driving increase in 2012
- Tax rate impacted by EC fine and other exceptionals – underlying rate up from 35% to 46% due principally to weaker Latin America trading

	2012			2011		
$'m	Before exceptional	Exceptional	Total	Before exceptional	Exceptional	Total
Revenue	**1653**		**1653**	**1702**		**1702**
Operating profit/(loss)	**127**	**(132)**	**(5)**	**144**	**(12)**	**132**
Share of profit of JVs	1		1	2		2
Pensions credit	15		15	17		17
Finance costs	(32)	(35)	(67)	(27)		(27)
Profit/(loss) before tax	**111**	**(167)**	**(56)**	**136**	**(12)**	**124**
Tax	(50)	3	(47)	(47)	2	(45)
Profit/(loss) from continuing operations	**61**	**(164)**	**(103)**	**89**	**(10)**	**79**
Loss from discontinued operations	(3)		(3)	(2)		(2)
Profit/(loss) for the year	**58**	**(164)**	**(106)**	**87**	**(10)**	**77**
Minority interest	(7)		(7)	(6)		(6)
Retained profit/(loss)	**51**	**(164)**	**(113)**	**81**	**(10)**	**71**

Reorganisation

Reorganisation activity

- Reorganisation activity on track – within the $75m outlined in November 2012
- Announced the restructuring of EMEA Crafts to drive margin improvement. Expect adverse top-line impact as unprofitable areas of activity eliminated
- Rationalisation of EMEA Zips business in 2012 to enhance operational efficiency
- Accelerated projects to be cash neutral overall when including disposal proceeds

Reorganisation activity by Division

$'m	2012	2011
Industrial	12.1	0.9
Crafts	27.8	13.7
Exceptional reorganisation cost	**39.9**	**14.6**
Original projects	16.0	14.6
Accelerated projects	23.9	
Cash outflow in year	21 .4	13.7

Retirement and other post-employment defined benefit liabilities

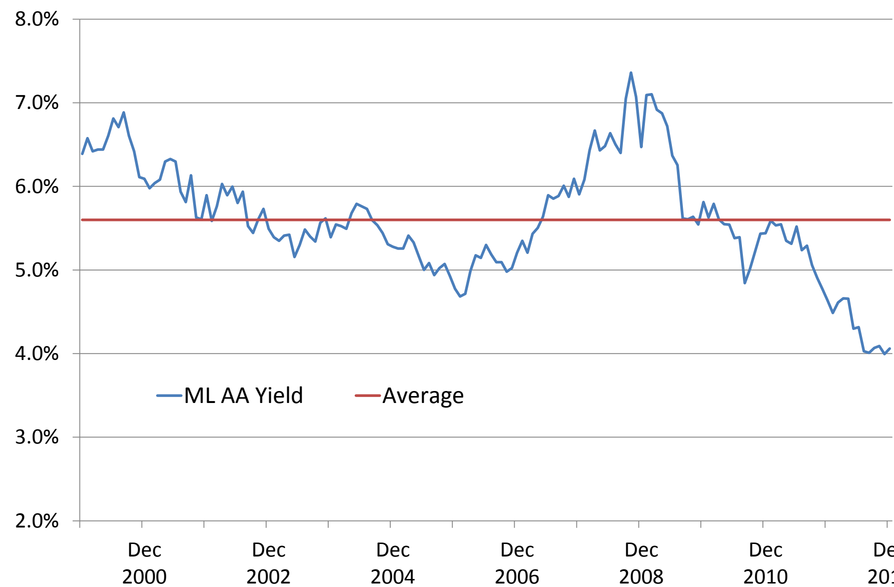
Funding

- UK scheme triennial valuation on going – agreement expected in the first half of 2013
- Anticipated that the contributions will increase by approximately $12m per annum

IAS 19 accounting

- IAS 19 deficit impacted by further reductions in bond yields – total deficit up $25m or 8%
- 78bps increase in bond yields (to a level last seen Oct 2011) would eliminate UK deficit
- 2013 P&L will be impacted by changes in IAS 19 – no impact on cash flows
- Restating 2012 figures for IAS 19 revision would result in a $6m higher operating charge and a $29m higher finance charge

$'m	As at 31.12.12	As at 31.12.11
UK funded scheme	(262)	(251)
US funded defined scheme	37	34
Other defined benefit schemes	(112)	(96)
Net obligation	**(337)**	**(313)**
Tax [1]	(8)	(7)
Total liability	**(345)**	**(320)**
Operating profit service charge	**12**	**13**
Cash out flow	**23**	**28**



[1] Primarily deferred tax liability relating to the US surplus

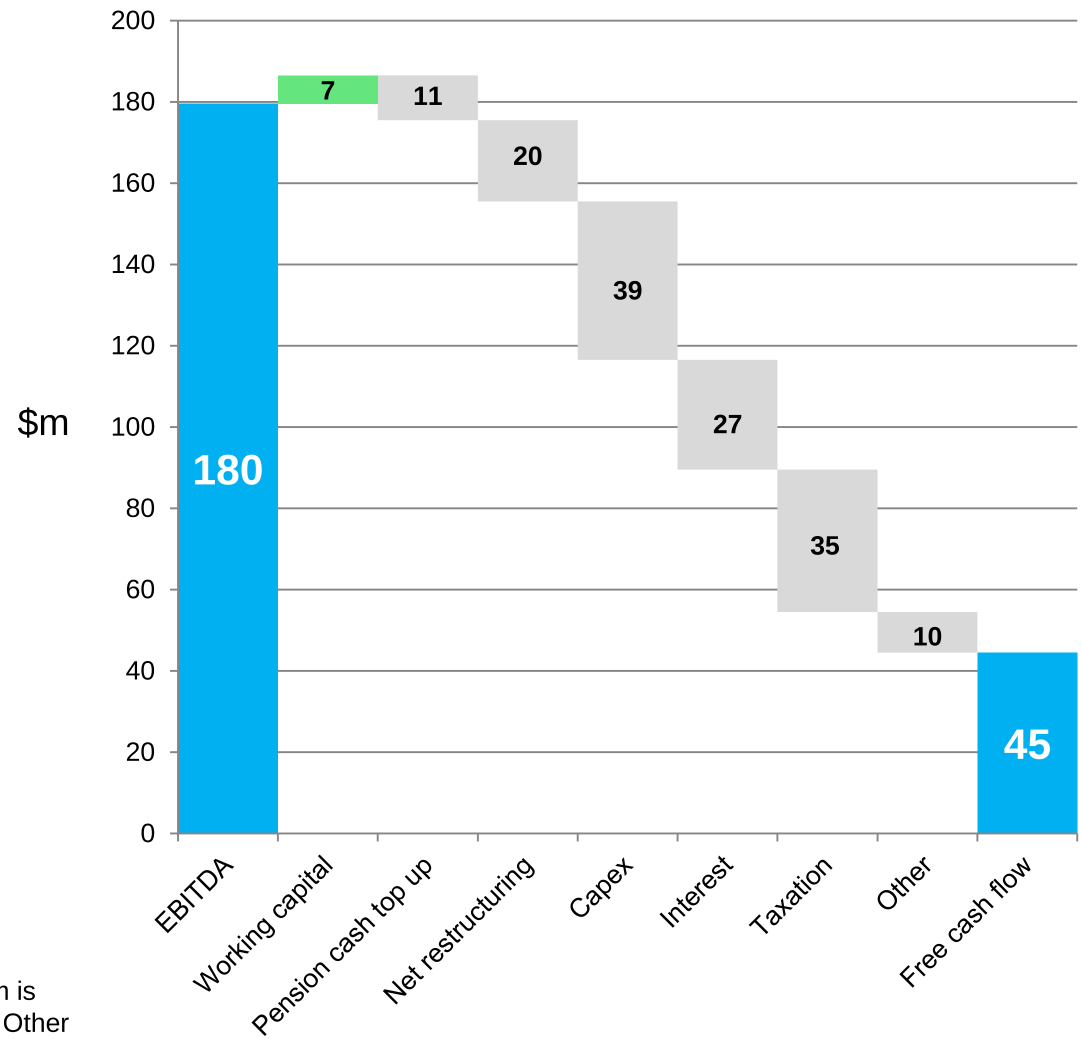
Cash flow and leverage

Cash flow (before EC fine)

- 96% cash conversion[1]
- Net working capital % sales reduced from 17.6% to 17.1% [2]
- Capex at 0.7x depreciation – expected to be below 1x in medium term
- Free cash flow $45m ($66m pre reorg)

Leverage and liquidity

- Net debt of $368m
- Committed bank facilities to October 2016
- Comfortably within covenants
  - Net debt / EBITDA 2.1x vs <3x
  - Interest cover 7x vs >4x

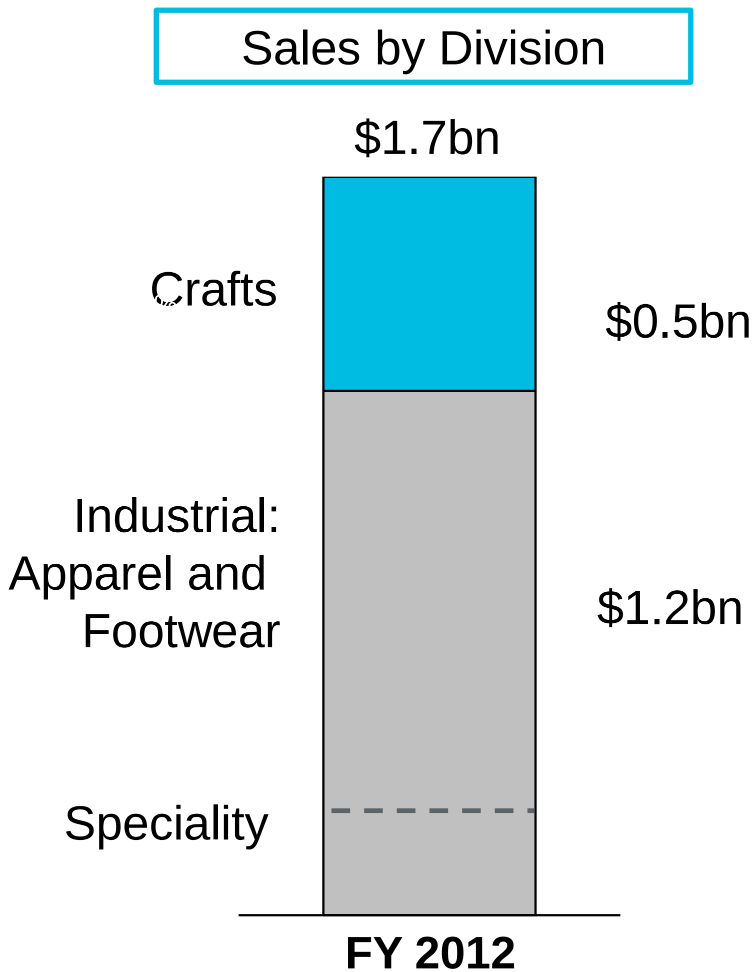


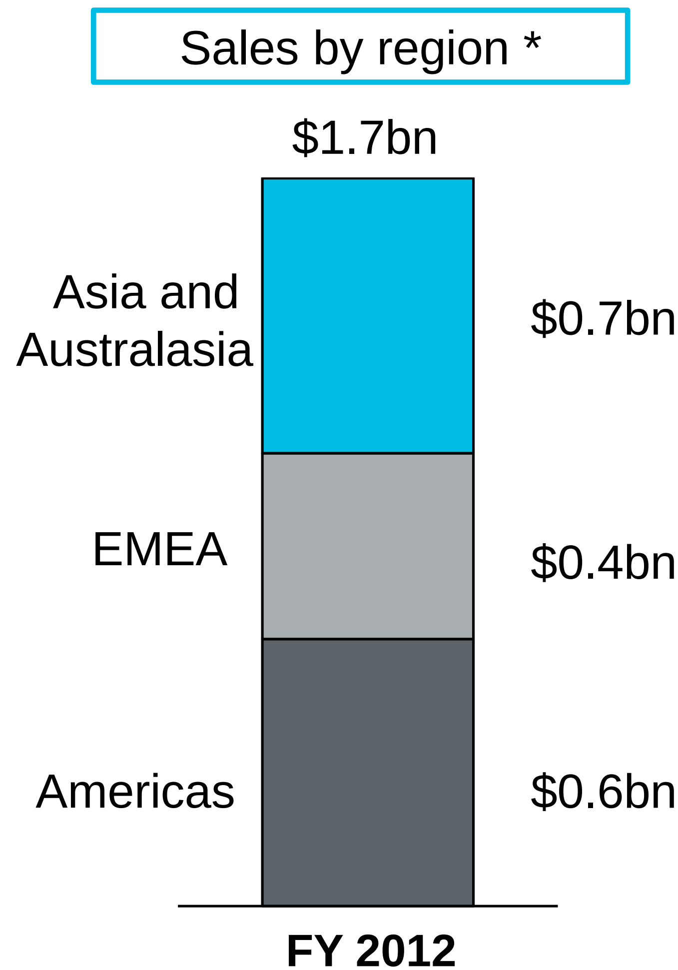
[1] Operating cash inflow/ EBITDA – operating cash inflow of $172m is EBITDA, working capital, pension cash top up and $4m outflow in Other
[2] At constant exchange rates

Strategy and Outlook

Group sales in 2012

Three discrete segments and a global footprint

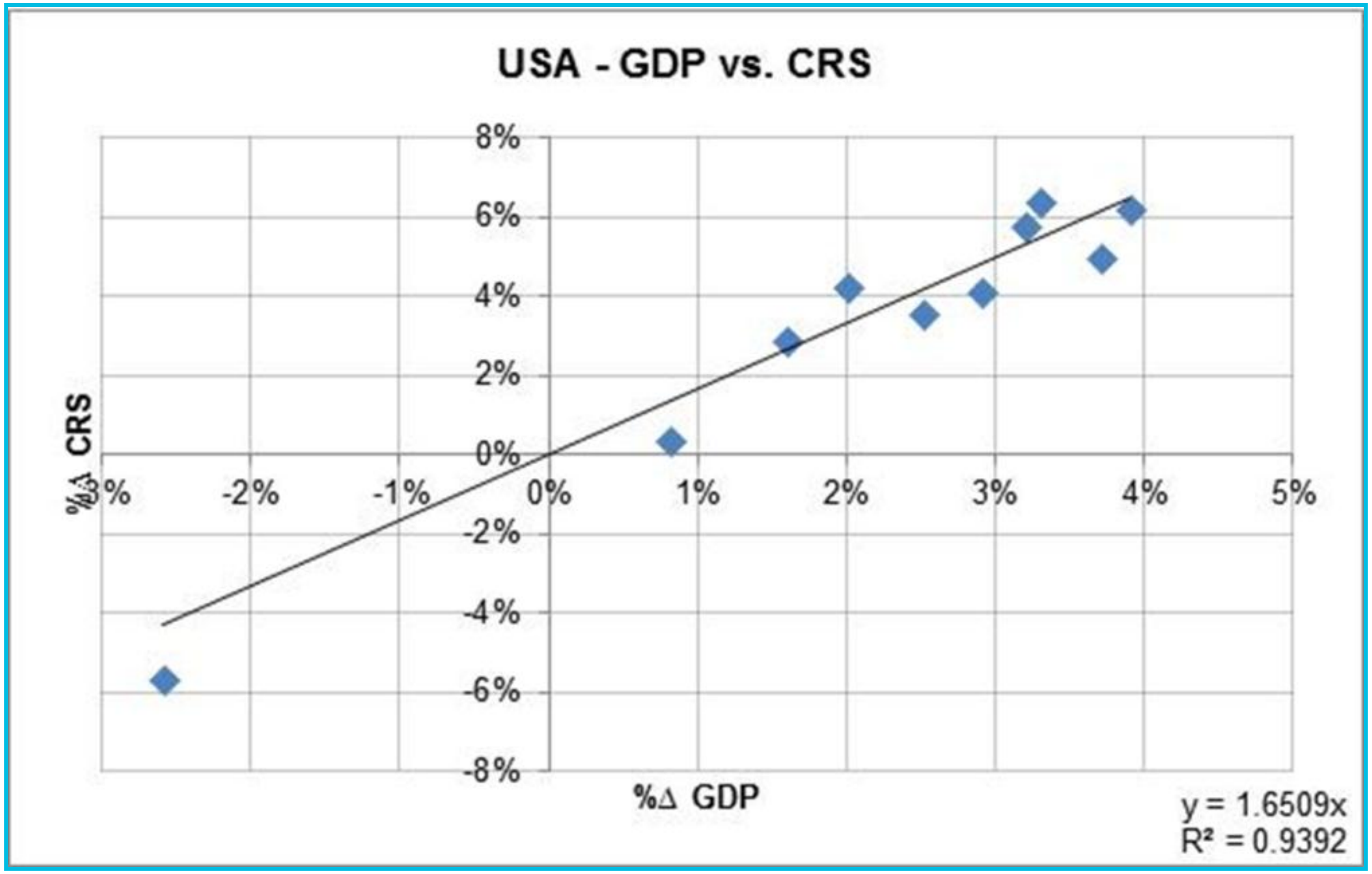




* Sales are by origin, not destination

Clothing retail sales and GDP link

There is a strong link between clothing retail sales and GDP growth; in the US, clothing retail sales growth is approximately 1.5 times GDP growth



Source: GDP: Actual - Consensus forecasts; Projected – IMF / CRS: US - Census Bureau, EU15 - Eurostat, JP – METI / Analysis: Internal

Speciality overview - 'GDP+'

A highly fragmented GDP+ market with significant share gain potential

Market characteristics

- Speciality universe approx. $30bn in size, driven by consumer and government demand
- Coats operates in three broad categories:
  - Traditional – 'existing products' e.g. automotive, bedding, sports goods
  - Emerging – 'recently developed' products e.g. fibre optics, tyre cord weft, flame retardant performance wear
  - VAEY – potential new 'adjacent' products e.g. aramid blends, coated yarns, mechanical rubber goods, security thread
- Current Speciality thread market worth c.$0.6bn and adjacent VAEY market c. $1.2bn; estimated growth 2xGDP

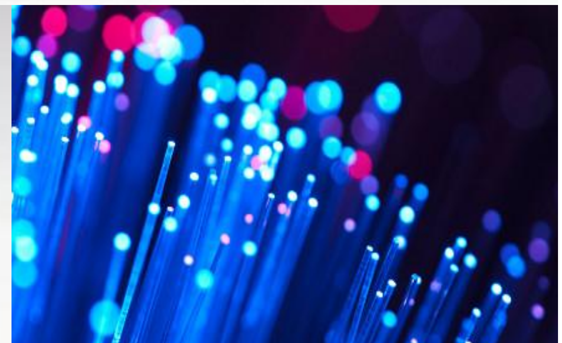
Coats strategic agenda

- Within $1.8bn market space, Coats is the leader in its current speciality market and an emerging presence in VAEY
- Exploiting current core competencies (e.g. spinning and coating) and building new ones (e.g. extrusion); also global footprint
- Three strategic themes will underpin growth of the business
  - Geographic expansion: rolling out existing products
  - Managing the innovation pipeline: R&D / new technologies in VAEY
  - Technical sales: specialists and specifications
- Significant organic and inorganic growth potential

Innovation pipeline

We are gaining market share through product and service innovations

- Coats Colour Express – world's fastest, most accurate web based colour sampling service
- Coats Fusion – a fusible yarn that securely attaches seams and buttons via stitching and bonding
- Coats Ultrabloc – a water swellable yarn used for protecting fibre optic cables
- Coats Protect – the world's first anti-microbial thread that inhibits the growth of microbes and bacteria around seams
- Coats Insectiban – a naturally occurring treatment for threads and zips that kills bed bugs but is harmless to pets and humans



Global key accounts

We work with the world's leading brands across our apparel, footwear and speciality businesses

The leading global player in textile crafts

The crafts offer covers many product types and brands – creative and hobby, plus care and repair. By aggregate, we are already the global leader, but significant growth opportunities exist in individual markets and segments.

Handknitting & Crochet

- Handknitting
- Crochet

Needlecraft & Accessories

- Sewing thread
- Embroidery
- Zips
- Soft haberdashery
- Hard haberdashery
- Publications

Lifestyle Fabrics

- Lifestyle Fabrics
  - patchwork
  - craft projects
  - home sewing / decorating

Crafts – global leader with opportunities

Significant growth opportunities exist in individual markets and segments

Market characteristics

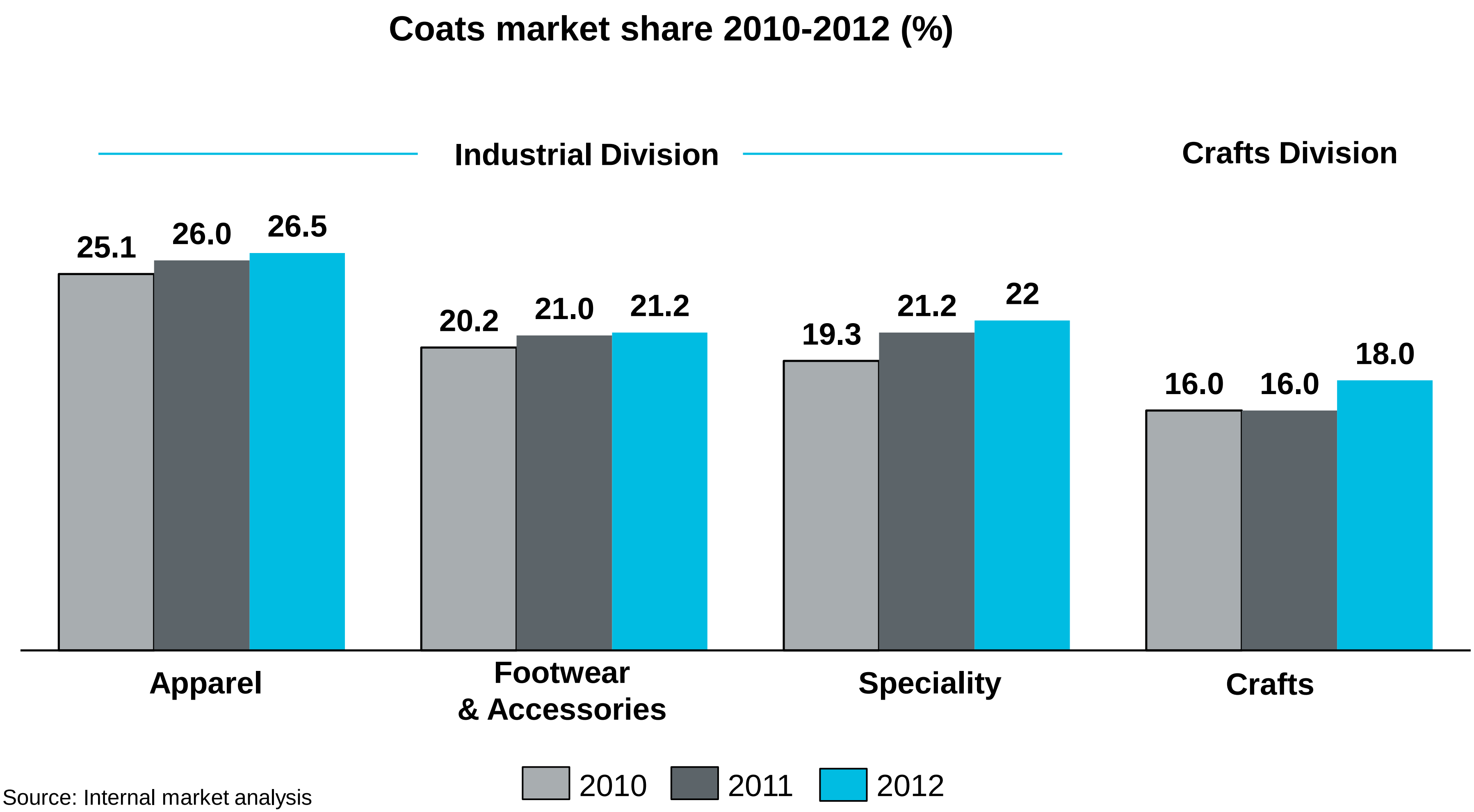
- Multiple categories meeting ‘care and repair’ and creative/ recreational needs; estimated market size $2.8bn
- Stable market driven by consumers’ discretionary income and time
- Influenced by fashion/ hobby ‘trends’ and need for self-expression/ customisation
- Emergence of Asian middle class and increase in leisure time should drive growth
- Channel landscape and customer fragmentation varies by geography: independents important but declining
- Alternative distribution channels (e-commerce) emerging as a major factor
- Competitor crafts players are largely focused on one or two key product categories

Coats strategic agenda

- Coats is the market leader and the only global player across the large range of sub-segments within Crafts
- Clear opportunities to drive growth through:
  - Geographic expansion/ roll out
  - Optimising channel strategy and reorganisations in Europe
  - Focus on key brands/ products
  - Building marketing/ sales capability
  - Well defined and effectively delivered digital strategy
  - Category management with North American chains
- Strategy drove 6% like-for-like global sales growth in 2012

Market share growth

Market share increase in key segments and core markets delivered over last three years



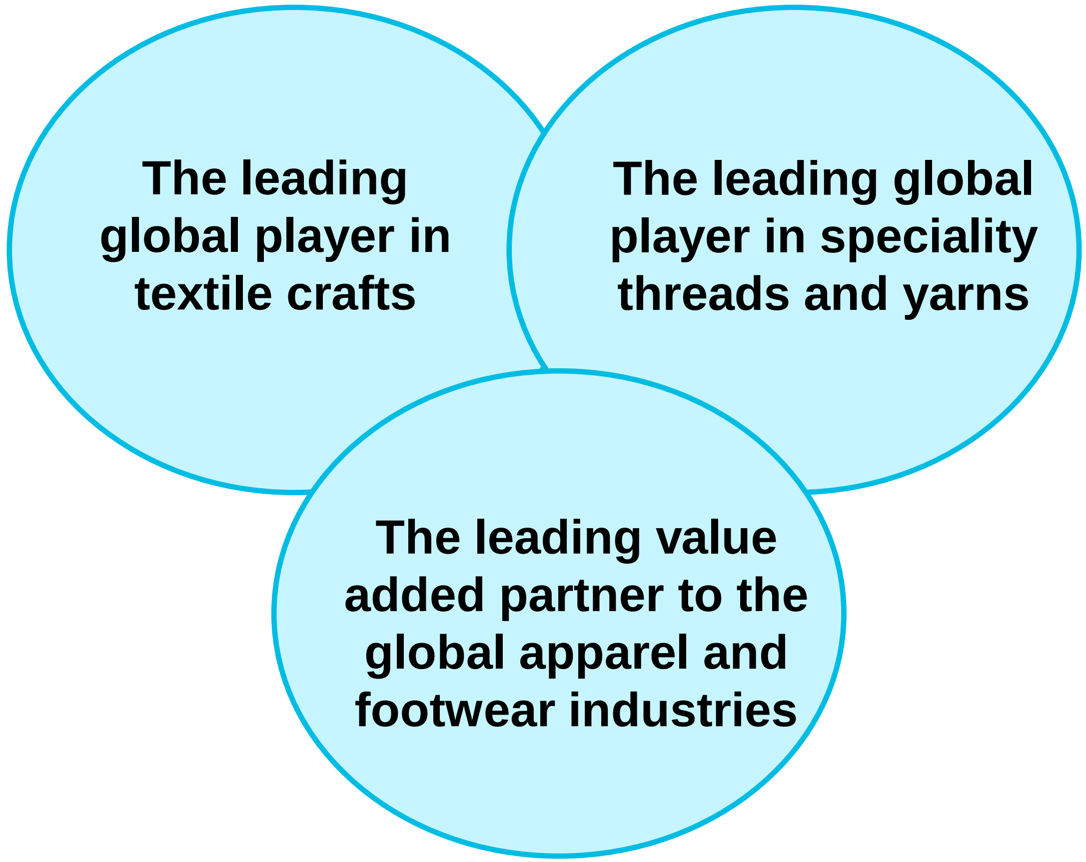
Source: Internal market analysis

Strategic hand of cards

1. Global market leader with robust and defendable business model
2. Well invested asset base with global footprint, reorg programme concluding
3. Technology and innovation capability that differentiates
4. Experienced management team with relevant strength and depth
5. Solid cash flow and opportunities for profit growth
6. Clear growth strategy with margin improvement potential and underlying growth
7. Opportunity for selective 'bolt-on' strategy

Our three Market Goals

The Coats of 2015…

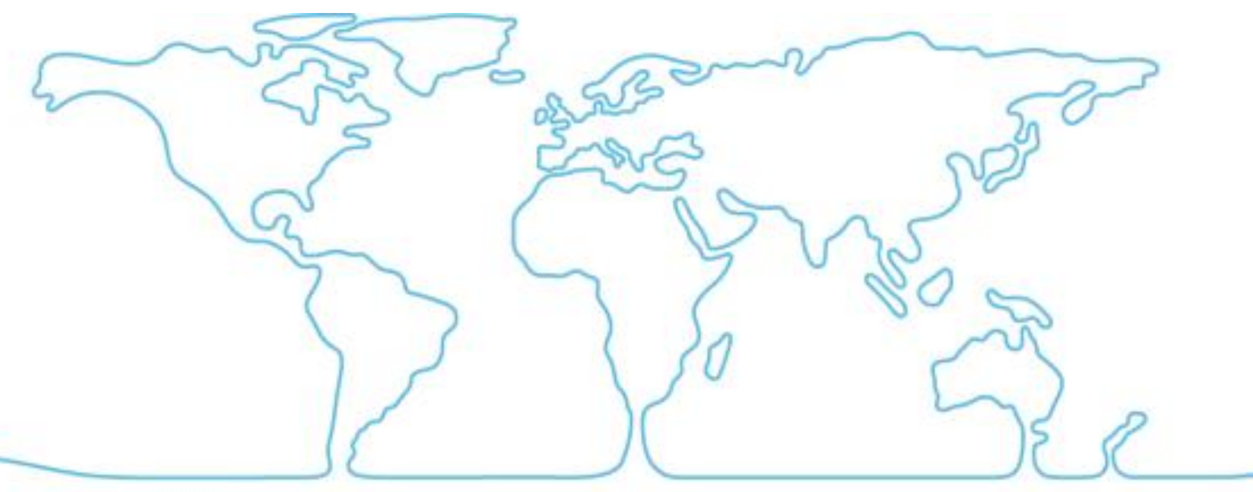


…based on a core of world class skills and infrastructure in the enabling units

Prospects for 2013

- Modest economic growth expected in North America; Asia growth should remain strong; EMEA likely to be subdued
- Year on year improvement expected in Industrial sales, partially driven by growth in Speciality (non-apparel and footwear) markets together with product and service innovation in core apparel and footwear markets
- Raw material costs trending marginally upwards; payroll and other inflationary pressures likely to remain high in our markets - offsets include sales price increases and benefits of reorgs and other cost management measures
- Coats' strong position as a global market leader with a robust and defendable business model and stable margins means we are well placed for growth, even in challenging market conditions

Investment Portfolio (Excluding Coats)



Value realisation strategy

Disposals	£ million	NZ$ million
2011 Disposals		
CSR	43	84
Chrysalis	15	29
Pertama	13	26
Alinta Energy (now Redbank Energy)	11	21
Marshalls	6	12
Maryborough SF	6	12
NIB Holdings	5	9
	99	193
Disposals less than £5million, dividend receipts and other investment activity	45	89
Total generated in the period	144	282
2012 Disposals		
ClearView Wealth	75	147
T&G	72	141
Young's	53	104
Greens General Foods	30	59
Tourism Asset Holdings	12	24
CSR	10	19
Gosford Quarry	10	19
eServglobal	9	18
Metals X	7	14
Newbury Racecourse	6	12
Thwaites	5	10
	289	567
Disposals less than £5million, dividend receipts and other investment activity	25	49
Total generated in the period	314	616
2013 Disposals		
Capral	27	53
AV Jennings	5	10
	32	63
Disposals less than £5million, dividend receipts and other investment activity	5	10
Total generated in the period	37	73

Generation and use of funds to date

- Net proceeds from 1 January 2012 to 22 February 2013 £351m (NZ$689m)
- Further initiatives under way to maximise value of the remaining portfolio
- A £10m on-market buyback programme was announced on 3 September 2012 and this was extended on 25 October 2012 with a revised upper limit of £70m. Shares with a market value of £34m have been bought back as at 22 February 2013
- Timing and amount of future returns will be determined taking account of the appropriate capital structure for "New Coats" and the Group's obligation to support the GPG pension schemes

Remaining investment portfolio

TOWER

- Tower has confirmed it has obtained High Court orders in relation to its proposed return of approximately NZ$120m of capital to shareholders
- GPG's share of that return is NZ$40m – vote to approve the proposed scheme is due to be held on 21 March 2013
- Tower's stated ambition to become a more focused insurance business has GPG's full support
- Another step towards achieving this strategy occurred on 26 February 2013, wherein Tower announced the conditional sale of its investments business for NZ$79m

RIDLEY

- Ridley is expected to complete the sale of its Salt division at the end of February 2013
- GPG believes this transaction will more effectively position the company as a focused agri-business within the Australian market

PRIMEAG

- PrimeAg has agreed to sell approximately 60% of its portfolio of land and water entitlements for some A$125m in cash
- Additionally, and separate from the recent sale, the PrimeAg board has resolved to distribute available excess cash (market expectation is that this may be in the order of A$125m)

TANDOU

- GPG has agreed to sell its entire shareholding in Tandou – proceeds are expected to be A$15m

INVESTMENT PORTFOLIO (22 February 2013)

Investments (excluding Coats)	Shareholding	Market Value £m
Listed Investments*		
Tower Limited	33.6%	93
Ridley Corporation Limited	22.1%	49
CIC Australia Limited	72.8%	37
PrimeAg Australia Limited	11.6%	25
Tandou Limited**	28.4%	9
Non-listed Investments**		3
Total		**216**

* Listed investments at market value translated at exchange rate ruling on 22 February 2013
** Tandou and the non-listed investments are valued at book value.

Appendices

GPG background

Detailed pensions analysis

Summary of GPG defined benefit pension schemes under IAS19

	Coats				GPG		
	UK	**US**	**Other**	**Total**	**Staveley**	**Brunel**	**Group**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Funded schemes							
Assets							
- Equities	568.9	43.3	8.3	620.5	84.4	65.9	770.8
- Bonds	711.1	105.1	11.0	827.2	92.2	46.9	966.3
- Other	142.2	-	4.3	146.5	5.6	3.5	155.6
- Total	1422.2	148.4	23.6	1594.2	182.2	116.3	1892.7
Liabilities	(1583.3)	(100.4)	(24.8)	(1708.5)	(218.6)	(154.0)	(2081.1)
	(161.1)	48.0	(1.2)	(114.3)	(36.4)	(37.7)	(188.4)
Impact of surplus cap	-	(25.0)	(1.3)	(26.3)	-	-	(26.3)
Net funded surplus / (deficit)	(161.1)	23.0	(2.5)	(140.6)	(36.4)	(37.7)	(214.7)
Unfunded liabilities	-	-	(66.7)	(66.7)	-	-	(66.7)
Total net surplus / (deficit)	**(161.1)**	**23.0**	**(69.2)**	**(207.3)**	(36.4)	(37.7)	**(281.4)**

Presentation in GPG Balance Sheet

	Coats				GPG		
	UK	**US**	**Other**	**Total**	**Staveley**	**Brunel**	**Group**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Current assets	-	3.3	0.1	3.4	-	-	**3.4**
Non- current assets	-	19.7	1.6	21.3	-	-	**21.3**
Current liabilities	(14.0)	-	(5.7)	(19.7)	(1.3)	-	**(21.0)**
Non-current liabilities							
- funded	(147.1)	-	(4.1)	(151.2)	(35.1)	(37.7)	**(224.0)**
- unfunded	-	-	(61.1)	(61.1)	-	-	**(61.1)**
	(161.1)	**23.0**	**(69.2)**	**(207.3)**	(36.4)	(37.7)	**(281.4)**

Detailed pensions analysis

IAS 19 roll forward - 2012

	Coats				GPG		
	UK	US	Other	Total	Staveley	Brunel	**Group**
	£m	£m	£m	£m	£m	£m	**£m**
Opening position 1 January 2012	(161.5)	21.7	(61.8)	(201.6)	(33.5)	(30.7)	**(265.8)**
Income Statement (pre tax)							
Current service cost	(1.9)	(2.0)	(3.6)	(7.5)	-	-	**(7.5)**
Net finance income / (expense) on pension scheme net assets	7.8	3.5	(1.9)	9.4	0.5	0.2	**10.1**
Net income / (expense)	5.9	1.5	(5.5)	1.9	0.5	0.2	**2.6**
Reserves							
Net actuarial gain / (loss)	(14.3)	2.8	(11.3)	(22.8)	(9.1)	(7.2)	**(39.1)**
Impact of surplus cap	-	(0.3)	0.5	0.2	-	-	**0.2**
Use of surplus	-	(1.6)	1.6	-	-	-	**-**
FX	-	(1.1)	1.8	0.7	-	-	**0.7**
Net reserve movement	(14.3)	(0.2)	(7.4)	(21.9)	(9.1)	(7.2)	**(38.2)**
Cash flow							
Employer contributions	8.8	-	4.1	12.9	5.7	-	**18.6**
Unfunded benefits paid by employer		-	1.4	1.4	-	-	**1.4**
Total cash outflow	8.8	-	5.5	14.3	5.7	-	**20.0**
Closing position 31 December 2012	**(161.1)**	**23.0**	**(69.2)**	**(207.3)**	**(36.4)**	**(37.7)**	**(281.4)**

Actuarial loss:

	Coats UK	Staveley	Brunel
	£m	£m	£m
Loss due to change in discount rate assumption (from 4.6% to 4.1%)	(106.8)	(13.4)	(9.2)
Gain due to change in inflation assumption (from RPI 2.75% to 2.60%, and CPI 2.00% to 2.10%)	19.7	1.5	0.1
Gain due to higher asset return than expected	90.8	5.1	1.9
(Loss)/gain due to change in other (non-financial) assumptions	(12.3)	1.0	-
Experience loss on liabilities	(5.7)	(3.3)	-
Total actuarial loss	(14.3)	(9.1)	(7.2)

Surplus in Coats' funded US scheme utilised in funding medical costs for "Other" US scheme

Included in Coats' EBITDA current service cost £7.5m

Current contributions paid to Coats' "Other" schemes £4.1m. Benefits paid directly by Coats in respect of unfunded liabilities £1.4m

Actual cash payments to the schemes £20.0m

The UK recovery plan is based on the 2009 triennial valuation, and £7m of this amount is in respect of deficit contributions. The payment profile will be revised on completion of the 2012 valuation

Appendices

Coats background

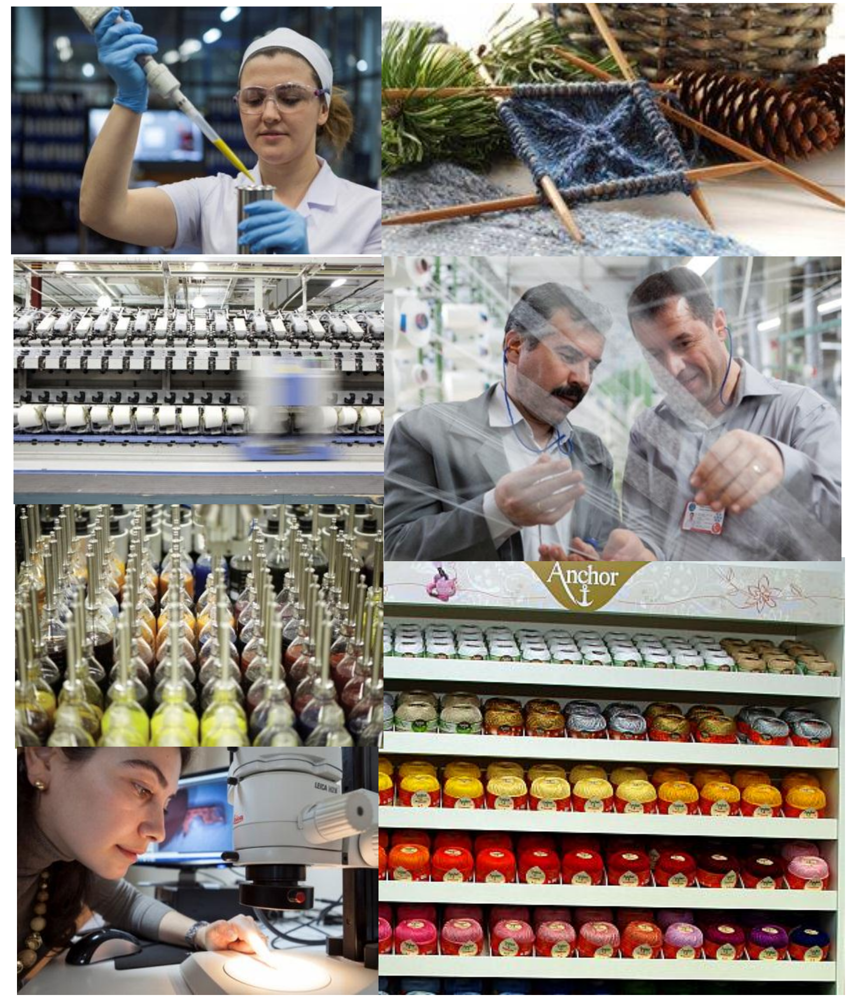
Coats plc – introduction

- No. 1 in sewing thread – largest global manufacturer with +20% market share
- No. 1 in textile crafts – largest global player in the market
- No. 2 in global zips – second largest supplier to global brands
- Only truly global supplier of thread and speciality yarns

Coats is the world's leading industrial and textile crafts business and number two in global zips

Coats facts

- 1 in 5 garments around the world are held together using Coats' thread
- 75 million car airbags are made using Coats' thread every year
- Coats produces enough yarn to knit 65 million scarves a year
- Coats produces enough thread to reach around the Equator every 11 minutes
- 300 million pairs of shoes are made every year using Coats' thread
- 1 million teabags using Coats' thread are brewed every 10 minutes
- Thomas Edison used Coats' thread in 1879 to invent the light bulb



Geographical reach

Coats is ‘at home’ in most countries across the world, with more than 20,000 employees across six continents and 70+ factories and 80 other facilities around the world

Heritage

Coats is a company with more than 250 years of history

1750s	***1812***	***1826***	***1896***	***1986***	***1990s***	***2000***	***2004***
James & Patrick Clark begin work in Paisley, Scotland	Clark's sewing thread placed on the market	James Coats establishes Ferguslie Mills in Paisley, employing 20 people	Merged with Clark family business: J. & P. Coats, Ltd	Acquired by Vantona Viyella: Coats Viyella plc	M&A to strengthen thread position and diversify *1991 – Tootal* *1999 - Hicking Pentecost ('Barbour')* *2001 - DMC Industrial*	Strategic review: non-core businesses Jaeger and Viyella exited. Coats to focus on global thread business	Acquisition by GPG

Ferguslie Mills, Paisley

Pioneered in Paisley, 6 cord, soft finish, cotton thread, became the leading sewing thread used around the world,

Peter Coats

Vision, goals and principles

Coats vision

We will be the world leader in value added engineered yarns and threads for industrial and consumer use.

We will develop and supply highly complementary products and services, where they add significant value to customers.

We will achieve success through customer-focused innovation and winning propositions driven by motivated people and global teamwork.

Goals that will help us achieve our vision	• Profitable sales growth • Increased productivity • Positive teamwork
Principles – the way we behave and work to deliver our three goals	• Freedom to operate • Delivery – keep our promises • Openness and honesty • Customer led innovation • Energy for change
2015 Market goals to guide us to achieving our vision by 2020. **By 2015 we will be:**	• The leading global player in textile crafts • The leading global player in speciality threads and yarns • The leading value added partners to the apparel and footwear industries

Coats Industrial

Coats Industrial Division provides thread, yarn and zips for industrial customers in apparel, footwear and speciality markets

Industrial 2012 sales: $1.2bn

- Apparel
- Footwear
- Speciality
  - Automotive
  - Bedding and furniture
  - Wire and cable
  - Flame retardant performance wear
  - Outdoor goods
  - Tyre cord weft
  - Sports goods
  - Feminine hygiene/medical
  - Filtration
  - Tea bags

10 Key Segments

- Zips
- Other
  - Embroidery
  - Trims

Global brand customers include:

Coats Crafts

Coats provides consumer textile crafts and reaches end-consumers via retailers in a number of Crafts segments

Crafts 2012 sales: $0.5bn

- Handknitting
- Consumer sewing
- Embroidery
- Haberdashery
- Crochet
- Lifestyle fabrics
- Kits
- Zips
- Other
  - Kite flying thread
  - Needlework fabrics and canvas
  - Publications/ magazines
  - Felting yarns

Crafts brands include:

Coats is a responsible company

Paul Forman,
Group Chief
Executive

‘Coats is proud to be a responsible company. But what does responsible mean?

To be successful now and in the future, we need not only to be mindful of our financial and operational performance, but also to recognise the role our business plays within society, as part of local communities around the world, and the impact we have on the environment.’

Managing responsibly

We operate to the highest ethical and employment standards across all our global operations

- Employing around 20,000 people in safe working conditions in over 70 countries worldwide
- Our global accident rate is 83% lower than the industry average

- Reducing our greenhouse gas emissions by over 40% since 2000
- Minimising the use of raw materials, making our operations ever more efficient
- Building long-standing relationships with customers and consumers for over 250 years

- Supplying high quality, safe products for the manufacture of over 10 billion garments and enough yarn to knit 65 million scarves – every year
- Using the skills, time, energy and experience of our employees to support our local communities

Behaving responsibly across our businesses

Our products are manufactured with the utmost focus on quality, reliability and value for money

- Our product safety standards are the most demanding in the industry
- We use innovative design to minimise resource use. For example, in India re-engineering one of our industrial thread cones led to a 30% reduction in plastic needed, without affecting strength or performance
- Employing technology to allow more choice for our customers, the EcoVerde and Rowan brands offer products made from recycled material

Creating the best possible working environment allows us to attract and retain a talented workforce to underpin our worldwide operation

- More than 95% of our employees in 70 countries completed our third employee engagement survey, well above the industry average of 79%
- Our global accident rate is 83% lower than the industry average
- Three Centres of Excellence develop local programmes from our global HR polices

Seven strategic CR themes

We are proud to be part of the communities where we operate and we work to develop close relationships with local people, business partners and community groups.

We strive to minimise our impact on the global and local environment

- Since 2000 we have reduced our annual energy consumption by nearly 580 million kWh of electricity
- In our continuing efforts to improve our waste water quality, we will expand our use of reverse osmosis technology
- We used over 140,000 tonnes of raw materials last year, but the waste generated only represented 3% of this total

By understanding the needs of our customers and the brands they supply, we are better placed to help them achieve their

- Coats Sewing Solutions Services develops product lines directly with global branded customers and suppliers to meet strict performance criteria
- We are committed to working with others in the industry to improve ethical trade standards. In 2011 we joined GAFTI, the Global Apparel, Footwear and Textile Initiative

Our people

Coats' strength and market leadership is based on the quality and commitment of our people

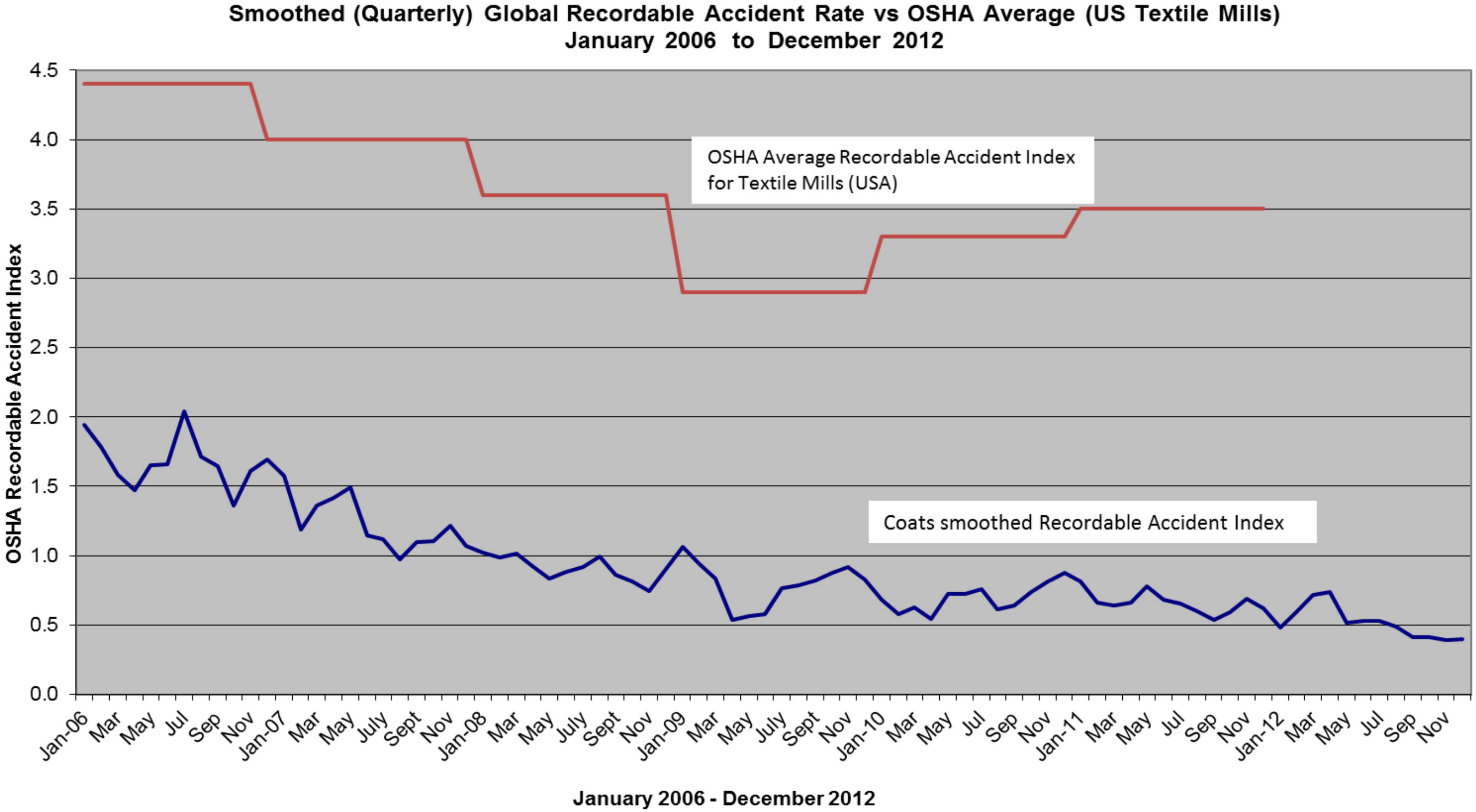
The way we work to achieve our vision is guided by five principles

- Freedom to operate
- Delivery (keep our promises)
- Openness and honesty
- Customer led innovation
- Energy for change

Our overall Employee Engagement score in 2011 was 72% (industry norm of 69%), rising to 77% in 2012

Health and safety

We insist on the highest standards of health and safety across all of our operations. In 2012 we had 0.51 recordable accidents per 100 full time employees, compared with the USA Textile Mills average of 3.5 (OSHA, 2011).



Further information

For more information:

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Coats Industrial
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Coats Crafts
www.coatscrafts.com