GPG
GUINNESS PEAT GROUP PLC

COATS

GPG Group and Coats plc

Presentation for the Half Year ending 30 June 2013

September 2013

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Forward-looking statements

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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 NZ$ comparatives to £ amounts are for illustrative purposes only, based on the NZ$:GBP exchange rate on 30 June 2013, NZ$1.9648:£1.00.

Agenda

- Update
- GPG:
  - Half Year summary and performance
- Coats:
  - Half Year summary and financial performance
  - Strategy and outlook
- Appendices:
  - GPG: Elements of reported profit
  - GPG: Movement in shareholders' funds
  - GPG: Pensions
  - Coats: Additional background

Update

Update

Progress on value realisation

- Non-Coats investment portfolio cash generation in the 6 months to 30 June 2013 – £172m (NZ$338m)
- Cumulative net cash generated since 1 January 2011 – £634m (NZ$1,246m)

UK Pensions Regulator ('tPR') investigation

- tPR exploring whether scope to impose a Financial Support Direction or Contribution Notice
- To date requests for information and calculations pertinent to technical tests associated with FSDs have been received

Coats

- Continued improved trading performance – profit before tax and exceptional items up 18%

New Coats Chairman

- Mike Clasper appointed as Chairman of Coats plc with effect from 1 September 2013

GUINNESS PEAT GROUP PLC

GPG Half Year summary and performance

Summary for the period

- Shareholders' funds – £472m (31 December 2012: £434m)
- Net asset backing per share – 33.5p (NZ$0.66), an increase of 21% in the period
  - carrying value of Coats – £121m (NZ$238m)
- Parent Group cash balance at 30 June 2013 – £347m (31 December 2012: £243m). Balance at 23 August 2013 – £344m
- Further progress on value realisation:
  - non-Coats investment portfolio cash generation in the 6 months to 30 June 2013 – £172m (NZ$338m)
  - further £4m of cash proceeds received since 30 June 2013
  - cumulative net cash generated since 1 January 2011 of £634m (NZ$1,246m)
- Net attributable profit for 6 months to 30 June 2013 – £28m (30 June 2012 loss – £49m and year ended 31 December 2012 loss – £29m)

Simplified balance sheet

	30 Jun 2013		31 Dec 2012	
	£m	£m	£m	£m
Net held for sale assets	74		222	
Current asset investments	–		9	
Total investments, excluding Coats		74		231
Cash		347		243
GPG assets		**421**		**474**
GPG pension schemes		(58)		(74)
Other sundry Parent Group net liabilities		(12)		(14)
		351		386
Coats				
Other net assets	523		481	
Net debt	(254)		(226)	
Employee benefit obligations	(148)		(207)	
		121		**48**
Shareholders' funds		**472**		**434**
NAV / share (NZ₵)		**65.8**		**54.4**

Note: Cash at 30 June 2013 consisted of the following currencies:

	£m
GBP	116
NZD	128
AUD	51
USD	52
	347

- Primary components of the movement in shareholders’ funds in the period were the improved IAS19 funding positions (£81m), partially offset by the share buy-backs (£45m)
- Overall result represents a 21% increase in the net asset backing per share

Pensions

- Movement in the IAS19 deficits since the 2012 year end driven by increased nominal corporate bond yields, which reduce liabilities, and good asset performance
- Real discount rate increases required to eliminate the UK deficit:
  - Brunel: 210 bps
  - Staveley: 140 bps
  - Coats: 65 bps
- Coats UK Pension Plan 2012 triennial valuation completed:
  - agreement with Trustees reached to double annual past service contributions to £14m (NZ$28m)
  - remains subject to bank approval and submission to tPR
- 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
- The final support arrangements for the Brunel and Staveley schemes will be determined at the conclusion of tPR investigations
- Next triennial valuations:
  - Brunel: to be completed by 30 June 2014
  - Staveley: to be completed by 5 July 2015
  - Coats: to be completed by 1 July 2016

IAS19 deficit	30 Jun 2013 £m	31 Dec 2012 £m
Coats UK	(100)	(161)
Coats Other (net)	(48)	(46)
Coats Total	(148)	(207)
Brunel	(29)	(38)
Staveley	(29)	(36)
Total £m	(206)	(281)
Total NZ$m	*(405)*	*(552)*

tPR

- Investigations of the three UK defined benefit pension schemes currently underway
- Exploring whether grounds exist to impose Financial Support Directions (“FSD”) or Contribution Notice
- Information and calculation requests received

IAS 19

- Revised standard adopted 1 January 2013 with retrospective application

Disinvestments and remaining portfolio (non-Coats)

INVESTMENT PORTFOLIO 23 AUGUST 2013: TOWER

- GPG holds 33.6%, market value at 23 August 2013 – NZ$120m
- Tower capital return of NZ$119m in April 2013 (GPG share – £22m)
- Tower completed sale of bulk of life business – August 2013
- Tower reached agreement with RBNZ regarding licensing and solvency capital requirements – August 2013
- Tower board currently considering capital management strategy

CAPITAL MANAGEMENT

- Net proceeds 1 January 2013 to 23 August 2013 – £176m (NZ$346m)
- £70m on-market buyback announced on 25 October 2012: £25m bought in the period to 31 December 2012 and programme completed during H1
- Timing and amount of future returns will take account of the appropriate capital structure for 'New Coats', Group's obligation to pension schemes and outcome of tPR investigations

Disposals	£ million	NZ$ million
2011 Disposals	144	283
2012 Disposals	314	617
2013 Disposals		
CIC Australia	35	69
Ridley	38	75
Capral	27	53
PrimeAg	26	51
Tower (capital return)	22	43
Tandou	10	20
AV Jennings	6	11
	164	322
Disposals less than £5million, dividend receipts and other investment activity	12	24
Total generated in the period	176	346
Grand Total	634	1,246

Overhead costs

- Significant advisory costs re:
  - Execution of the strategy to realise value and return capital to shareholders;
  - tPR's review of the group's UK pension schemes
- Staff costs including incentive schemes and redundancies: total £6m (six months to 30 June 2012: £7m; year ended 31 December 2012: £12m)
- Actions taken to manage costs:
  - Reduction in board fees
  - Closure during H2 of GPG's last Australian office and principal London office
  - Permanent headcount reduction from 15 at Dec 2012 to 8 by Dec 2013
  - Board meetings by conference call

Half Year summary and financial performance

Half Year summary

- Continued improved trading performance despite mixed market conditions
- Like-for-like half year sales up 4% – both Divisions growing
- 13% like-for-like improvement in operating profit before exceptionals
- Underlying operating margins increased from 6.9% to 7.6%
- 18% increase in profit before tax, before exceptional items
- Reorganisation activity on track
- US antitrust litigation settled – exceptional net charge of $2.7million net of tax
- H1 free cash flow profile in line with prior half year
- New Coats Chairman appointed

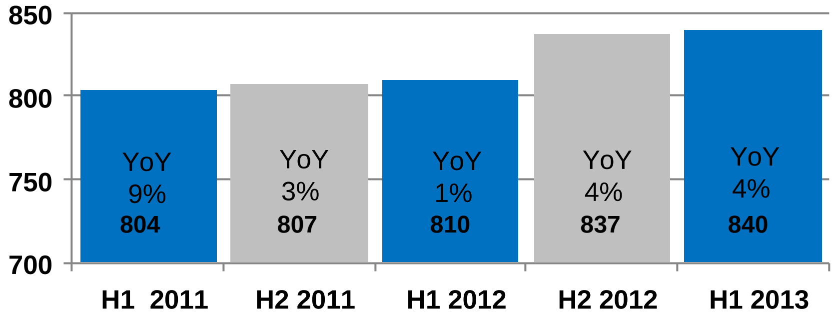
Half Year financial performance

$'m	H1 2013 Before exceptional items	H1 2013 Exceptional items	H1 2013 Total	H1 2012 (restated)[1] Before exceptional items	H1 2012 (restated)[1] Exceptional items	H1 2012 (restated)[1] Total
Revenue	**839.7**		**839.7**	819.3	-	819.3
Operating profit / (loss)	**63.6**	**(4.2)**	**59.4**	56.8	(101.1)	(44.3)
Profit / (loss) before tax	**43.1**	**(4.2)**	**38.9**	36.6	(136.9)	(100.3)
Profit / (loss) from continuing operations	**15.7**	**(4.3)**	**11.4**	15.6	(135.3)	(119.7)
Retained profit / (loss)	**10.9**	**(4.3)**	**6.6**	9.4	(135.3)	(125.9)
Free cash flow[2]			**(15.4)**			10.7
EBITDA			**89**			84
Net debt			**387**			228
ROCE[3]			**19.0%**			16.6%

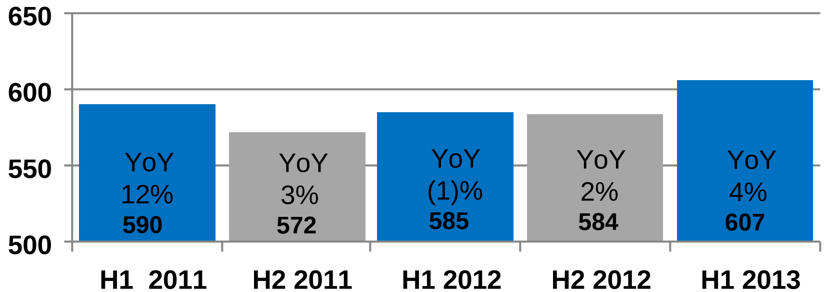
1) Includes the restatement of 2012 for adoption of IAS19 (revised)
2) 2012 free cash flow includes benefit of assignment of receivables to GPG ($25 million)
3) ROCE defined as last twelve months Operating profit before exceptionals/Capital employed at period end

Underlying operating performance

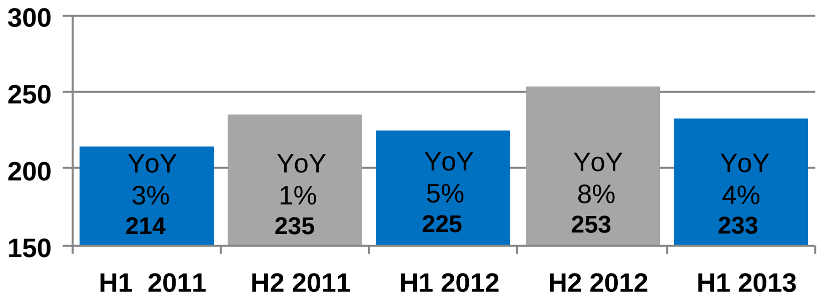
Total revenue



Industrial revenue



Crafts revenue



Operating profit and margin

$'m	Six months ended June 2013	YoY%	Six months ended June 2012 [1,3]
Operating profit [2]			
Industrial	54.6	8%	50.6
Crafts	9.0	61%	5.6
Total	**63.6**	**13%**	**56.2**
Operating profit margin [2] %			
Industrial	9.0%	40 bps	8.6%
Crafts	3.9%	140 bps	2.5%
Total	**7.6%**	70 bps	**6.9%**

1) Includes the restatement of 2012 for adoption of IAS19 (revised)
2) At like-for-like exchange rates before reorganisation and other exceptional items
3) In line with reporting of full year 2012 results and following changes during 2012 to the Group's internal management structure, results from Asia and Australasia are reported in Industrial division, and H1 2012 comparative figures have been restated accordingly.

Industrial performance

Asia and Australasia

- Strong sales growth in first half
- Global apparel and footwear demand from US and Western Europe is growth driver

EMEA

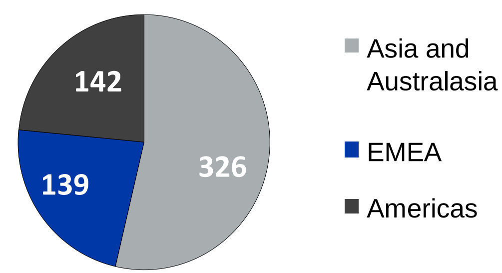
- Good sales growth in all key regions

Americas

- ERP system implementation in Brazil and soft LATAM market impacted H1 performance
- North American manufacturing and defence sector weakness impacting speciality sales

Industrial performance by region

$'m	H1 2013	H1 2012 [1,3]	YoY%
Revenue [2]			
Asia and Australasia	326	302	8%
EMEA	139	134	4%
Americas	142	149	(5)%
Total	**607**	**585**	**4%**
Operating profit [2]	54.6	50.6	8%
Operating profit % [2]	9.0%	8.6%	



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Crafts performance

EMEA

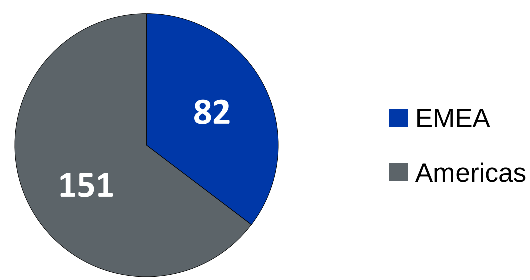
- Handknittings remain key growth driver
- No material sales loss from reorganisation activity in H1
- Remains loss making but $4.6m lower than H1 2012

Americas

- Strong sales growth driven by handknitting fashion yarns in North American retailers
- ERP systems implementation in Brazil adversely impacted performance on a short term basis

Crafts performance by region

$'m	H1 2013	H1 2012 [1,3]	YoY%
Revenue [2]			
EMEA	82	77	7%
Americas	151	148	2%
Total	**233**	**225**	**4%**
Operating profit [2]	9.0	5.6	61%
Operating profit % [2]	3.9%	2.5%	



1) Includes the restatement of 2012 for adoption of IAS19 (revised)
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3) In line with reporting of full year 2012 results and following changes during 2012 to the Group's internal management structure, results from Asia and Australasia are reported in Industrial division, and H1 2012 comparative figures have been restated accordingly.

Income statement

- Before exceptional retained profit up $2m
- Underlying operating performance improvement has been eroded by higher tax charges
- Adoption of new IAS 19 standard has impacted profits by $21m in H1 2013

$'m	H1 2013			H1 2012[1]		
	Before exceptional items	Exceptional items	Total	Before exceptional items	Exceptional items	Total
Revenue	**840**	**-**	**840**	819	-	819
Operating profit / (loss)	**63**	**(4)**	**59**	57	(101)	(44)
Share of profit of JVs	**1**	**-**	**1**	-	-	-
Investment income	**1**	**-**	**1**	1	-	1
Pension finance costs	**(6)**	**-**	**(6)**	(6)	-	(6)
Finance costs	**(16)**	**-**	**(16)**	(16)	(36)	(52)
Profit / (Loss) before tax	**43**	**(4)**	**39**	36	(137)	(101)
Tax	**(27)**	**-**	**(27)**	(21)	2	(19)
Profit / (Loss) from continuing operations	**16**	**(4)**	**12**	15	(135)	(120)
Loss from discontinued operations	**-**	**-**	**-**	(2)	-	(2)
Profit / (Loss) for the period	**16**	**(4)**	**12**	13	(135)	(122)
Minority interest	**(5)**	**-**	**(5)**	(4)	-	(4)
Retained profit / (loss)	**11**	**(4)**	**7**	9	(135)	(126)

1) Includes the restatement of 2012 for adoption of IAS19 (revised)

Exceptionals

Reorganisation activity

- Major reorganisation activity is now broadly complete
- $15m charge primarily reflecting the optimisation of manufacturing footprint in EMEA Industrial
- 2013 P&L charge is expected to be $15m lower at c$20m as one project is scaled back
- Expected net cash outflow for 2013 and 2014 of c$20m before benefits
- No planned separately identifiable reorganisation charges from 2014 onwards

Exceptional items

- Disposal of property in Peru for $18m less tax
- Settlement of US antitrust litigation ($10m less provision and tax deduction)

Reorganisation activity by Division before tax

$'m	H1 2013	H1 2012
Industrial	11.5	6.3
Crafts	1.3	4.9
Corporate	1.9	-
Exceptional reorganisation cost	**14.7**	**11.2**
Cash outflow in year	11.2	10.7

Exceptionals including tax

$'m	H1 2013	H1 2012
EC fine (incl. interest)	-	120.4
Reorganisation	14.4	10.8
Other exceptionals	0.8	4.1
Property gain on disposal	(13.6)	-
US antitrust settlement	2.7	-
Total exceptional costs	**4.3**	**135.3**

Taxation

- IAS 19 accounting standard change has increased the Effective Tax Rate ('ETR') by 19%
- Higher underlying ETR of 42% reflects changes in the geographical mix of profits and losses – particularly in Brazil
- Tax paid up by $13m reflecting timing of US tax payments moving from 2012 into 2013 and increased profitability
- Global tax review underway – to be completed in H2 2013

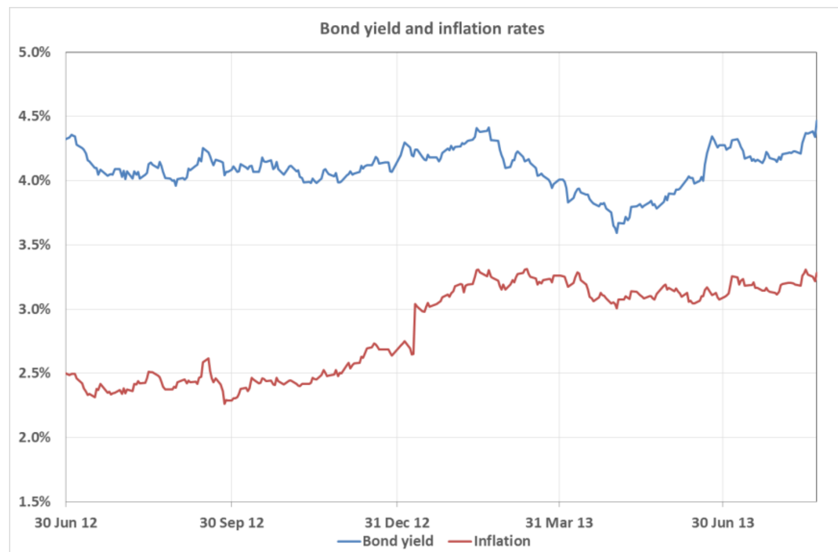
	H1 2013			H1 2012[1]		
$m	**Tax**	**PBT**	**%**	Tax	PBT	%
As reported	**(27.5)**	**38.9**	**71%**	(19.4)	(100.3)	**(19) %**
Reorganisation	**(0.3)**	**14.7**		(0.4)	11.2	
Other exceptionals	**-**	**0.8**		(1.2)	5.3	
Property proceeds	**4.8**	**(18.4)**		-	-	
US antitrust settlement	**(4.4)**	**7.1**		-	-	
EC fine (incl. interest)	**-**	**-**		-	120.4	
Before exceptional tax rate	**(27.4)**	**43.1**		(21.0)	36.6	
Prior year tax net charge/(credit)	**1.0**	**-**		(0.5)	-	
Before exceptional and prior year items tax rate	**(26.4)**	**43.1**	**61%**	(21.5)	36.6	59%
Impact of IAS19 (revised)	**(0.8)**	**21.3**		(0.8)	17.3	
Before exceptional tax rate (pre IAS19 revision)	**(27.2)**	**64.4**	**42%**	(22.3)	53.9	41%
Cash outflow	**28.6**			15.5		

1) Includes the restatement of 2012 for adoption of IAS19 (revised)

Retirement and other post-employment defined benefit liabilities

- Reached in-principle agreement with Trustees. Remains subject to bank approval and tPR submission
- Total annual contributions to increase by $11m to $24m
- UK IAS 19 deficit $110m lower than year end as a result of:
  - $106m asset return, including out-performance
  - Upturn in real interest rates ($41m)
  - Offsetting unwind of discount on liabilities ($49m)
- 65bps increase in real rates would eliminate the UK deficit
- IAS 19 changes are expected to impact 2013 full year profits by $41m

$'m	As at 30.06.13	As at 30.06.12 restated	As at 31.12.12 restated
UK funded scheme	(152)	(233)	(262)
US funded defined scheme	36	35	37
Other defined benefit schemes	(110)	(95)	(112)
Net obligation	**(226)**	**(293)**	**(337)**
Tax [1]	(8)	(7)	(8)
Total liability	**(234)**	**(300)**	**(345)**
Operating profit service charge	**10**	**10**	**18**
Cash outflow	**11**	**12**	**23**



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

Cash flow and leverage

- Reported free cash flow is down $26m in H1 2013
- Adjusting for $25m assignment of receivable to GPG in H1 2012, free cash flow is in line with 2012
- Underlying movements include:
  - Disposal of property in Peru of $18m
  - Tax paid higher by $13m largely due to the timing of on account payments
  - Delays in capex spend result in 0.5x depreciation ratio. Continue to expect it to be below 1x in the medium term
- Trading comfortably within covenants (e.g. leverage <3x)

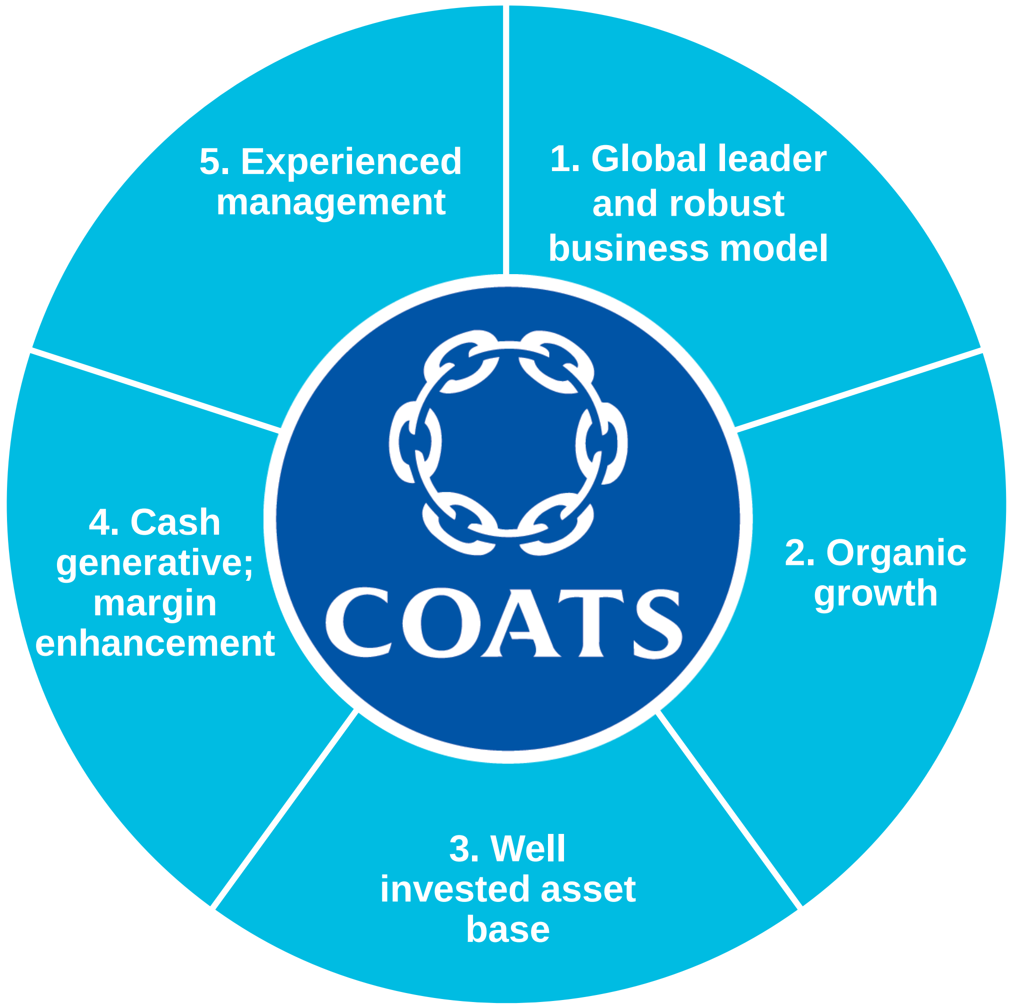
Cash flow and leverage

$'m	**H1 2013**	H1 2012 [1]
EBITDA	89	84
Working capital	(48)	(29)
Reorganisation	(11)	(11)
Capex and investing activities	(13)	(20)
Property disposal in Peru	18	-
Interest	(13)	(14)
Taxation	(29)	(16)
Other	(8)	(8)
Free cash outflow	(15)	(14)
Assignment of receivable	-	25
Reported free cash flow	(15)	11
Leverage ratio	2.1	2.3
Net debt [2]	387	403
NWC% sales [1]	19.0%	19.3%

1) NWC at 2012 adjusted for $25m assignment of receivable to GPG
2) Net debt including EU fine $175m paid July 2012

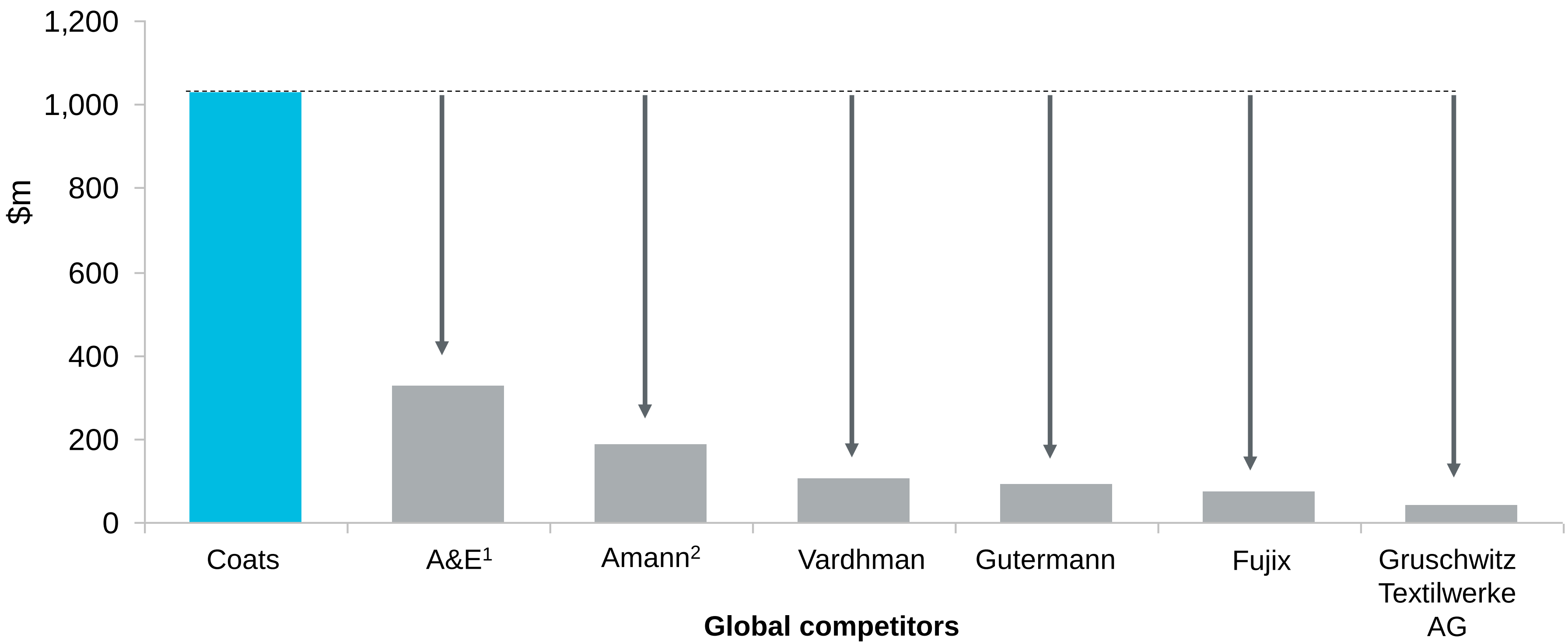
Strategy and outlook

Five elements to our value



Three times larger than next competitor

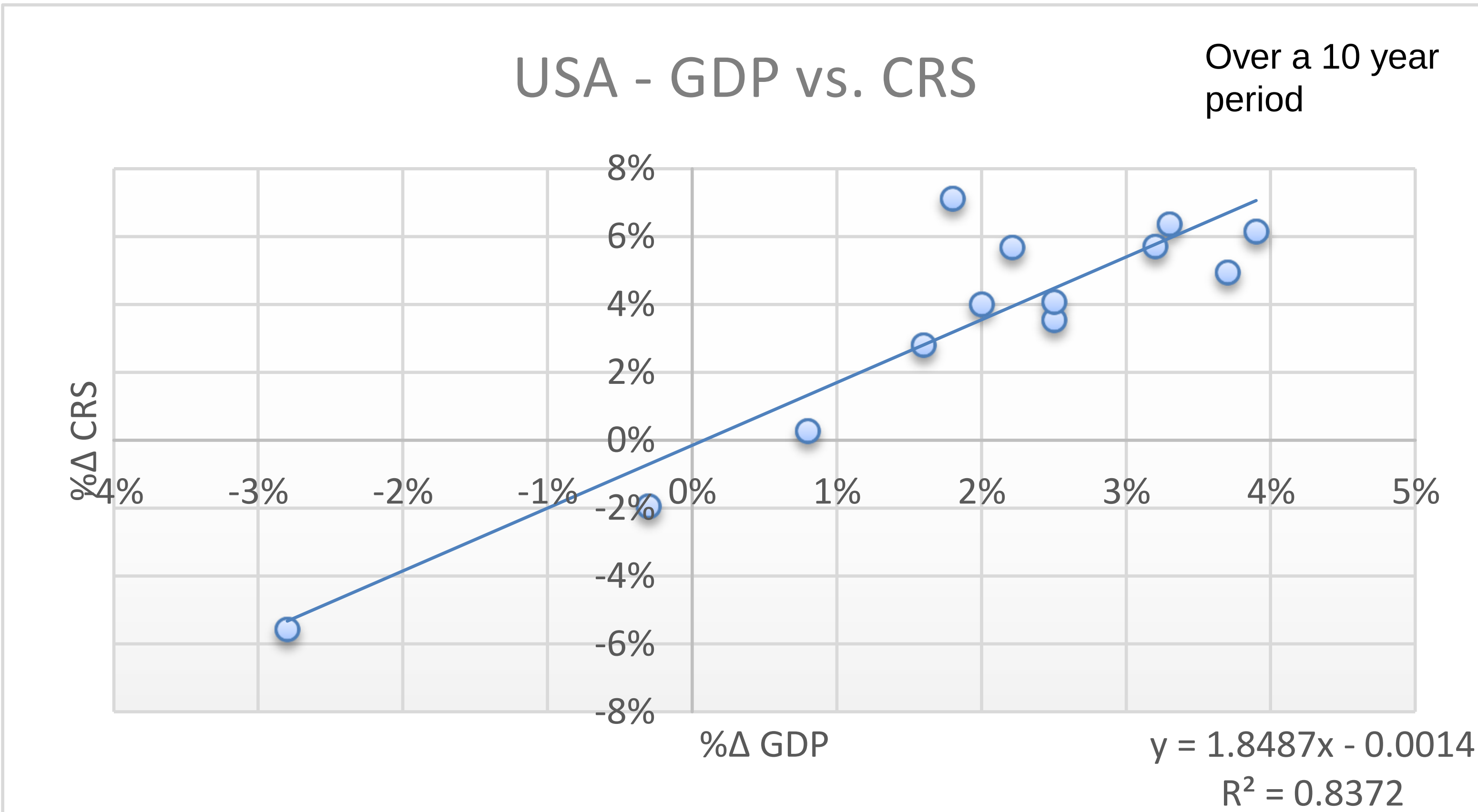
Global thread sales, by competitor, 2012* ($m)



1. A&E estimate based on 9 months actual sales 2011 2. 2010 data. Note: Converted from local currency at constant exchange rates (2012 year end)
Source: Internal sales analysis at constant exchange rates (2012 year end) and Experts, Amadeus, Oriana, FT.com,Taiwan Stock Exchange, OANDA

GDP correlation

Strong link between clothing retail sales and GDP growth. For the US, clothing retail sales growth is approximately 1.8 times GDP growth

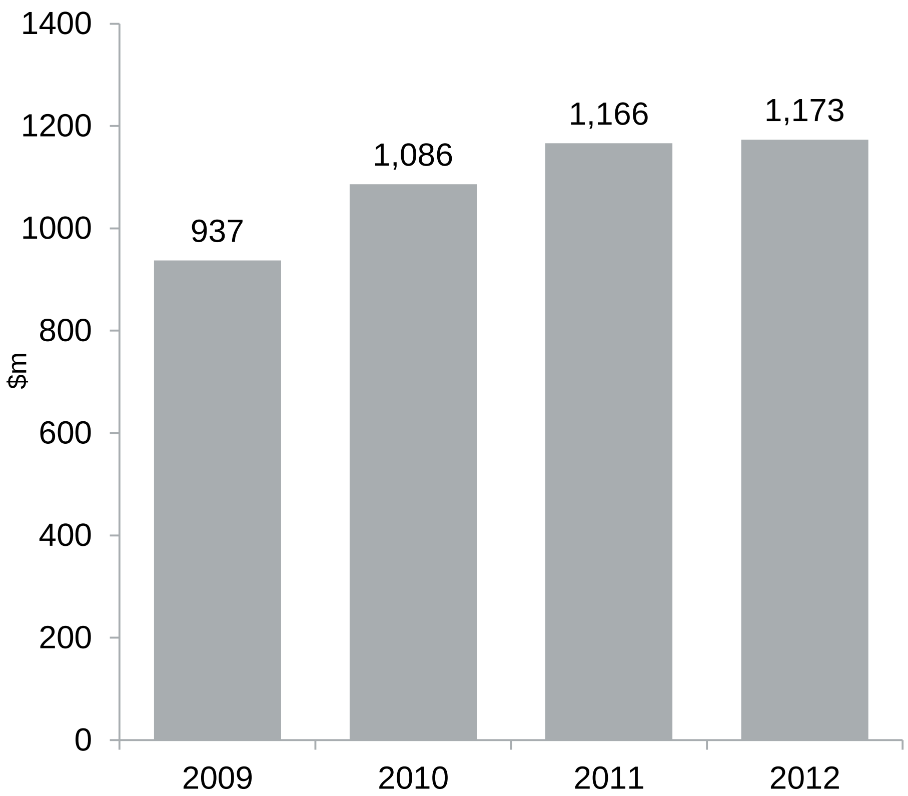


CRS: Clothing Retail Sales
Source: IMF, US Census Bureau

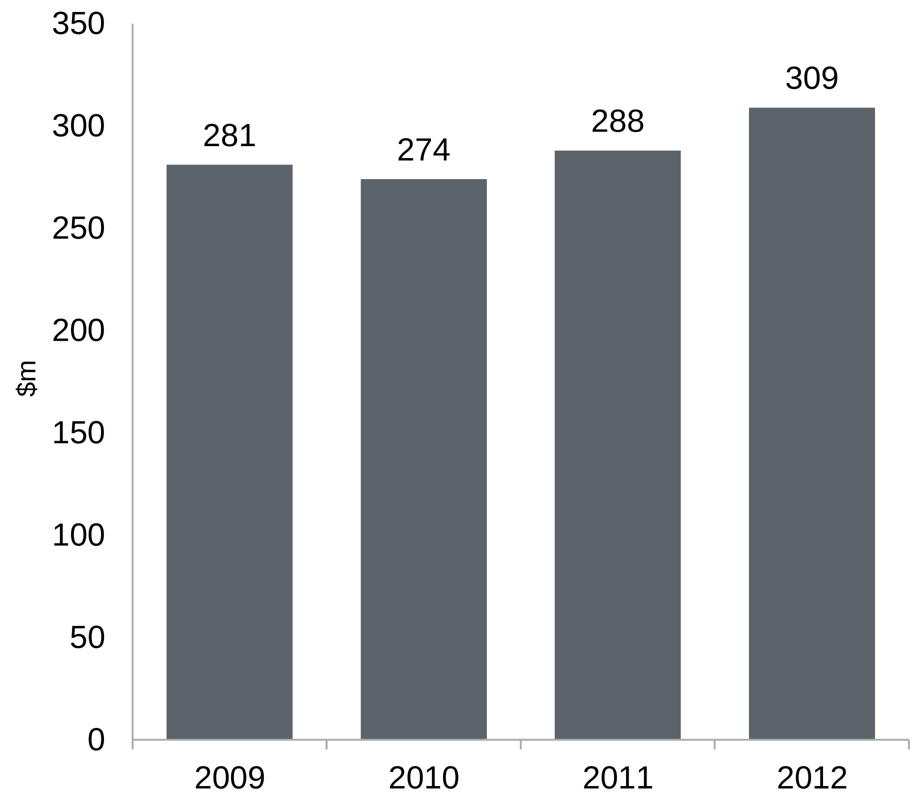
Sales growth from 2009 to 2012

H1 2013: Reported 4% **like-for-like** sales growth [4]

Revenue 09-12 – Industrial[1, 2]



Revenue 09-12 – Crafts[2, 3]

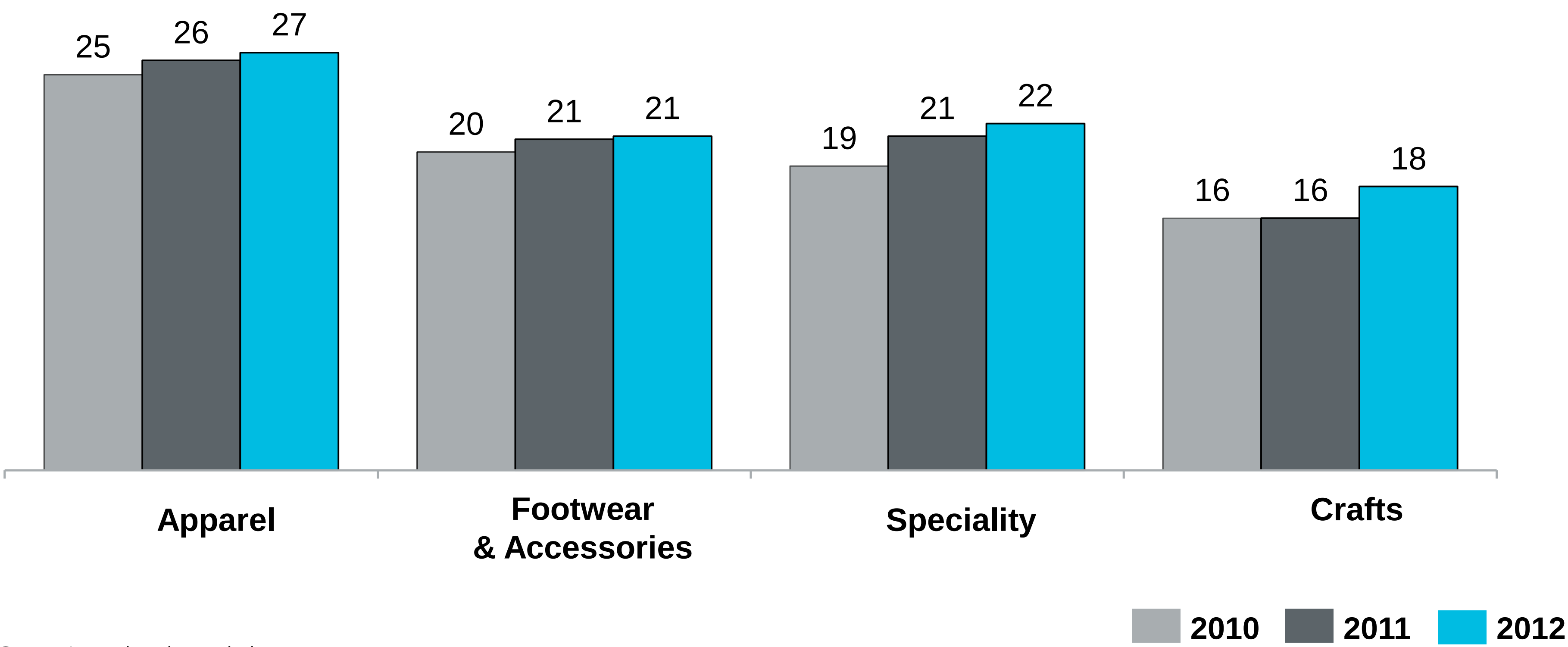


1. In line with changes in 2012 to the internal management structure, Asia & Australasia Crafts revenue for 2009 to 2011 is now also reported in Industrial Division 2. At constant exchange rates (2012 year end) 3. Crafts excludes EMEA 4. Like-for-like sales restates 2012 figures at 2013 exchanges rates Source: Internal sales analysis

Market stability and incremental share growth

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

Market share (%)



Source: Internal market analysis

Supportive market fundamentals

Speciality thread and yarn	Brand relationships	Volume demand	Advisory services	Textile Crafts trends
• Very large current addressable market c.$2bn • Fragmented • Growing	• Want speed and reliability • Responsible behaviour	• Footwear and apparel demand holding up	• Growing need in footwear and apparel	• Growth in Asia for textile crafts • Ageing population in the West

Supportive market fundamentals

Innovation pipeline and partnerships

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

Partnerships

- Fulcrum – commercial agreement with a world leader in innovative nanotechnology for enhanced composite materials
- VTT – promotes a unique anti-counterfeiting technology, extensive opportunities in brand protection

COATS verifi SECURITY SOLUTIONS

Fulcrum SP Materials

Global manufacturing footprint

Coats has a truly global footprint with more than 70 manufacturing facilities across the world

Margin improvement actions

Global centralised purchasing

Increased employee productivity

- Lean Six Sigma
- Information Technology

Successful reorganisation programmes

- EMEA
- Latin America

Central cost growth control

Improved product mix across Industrial

Cash generative profitable growth

2009-12 CAGR sales growth of **5% pa** and operating profit growth of **10% pa**

Like for like sales[1] growth of **4%** in H1 2013

Net Working Capital as % sales **reduced** from 17.6%: 2011 to 17.1%: 2012[2]

Capex below depreciation, driven by **historic** investment

Planned **cessation** of reorganisation programme

Robust capital structure with low cost **five year** facility[3]

Free cash flow of **$45m** in 2012, after reorg spend[4]

1. Like-for-like sales restates 2012 figures at 2013 exchanges rates, 2. At constant exchange rates (Dec 2012) 3. Ending in 2016 4. Pre-EC fine payment

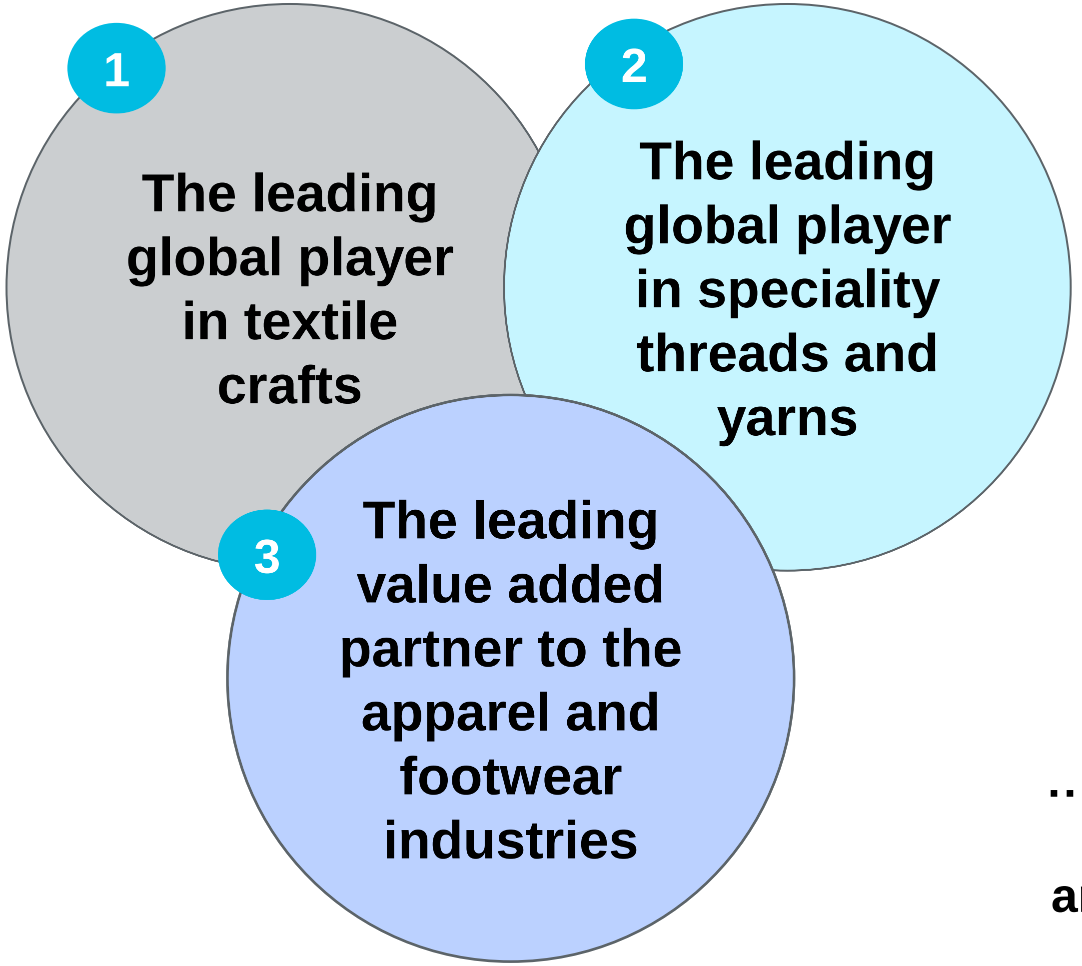
Global employee engagement

Upper quartile performance

Employee Engagement Survey **2010**	Employee Engagement Survey **2011**	Employee Engagement Survey **2012**	Employee Engagement Survey **Norm (Kenexa)**
66%	**72%**	**77%**	**69%**
Employee Engagement Index	**Employee Engagement Index**	**Employee Engagement Index**	**Employee Engagement Index**

Our three Market Goals

The Coats of 2015…



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

Prospects for H2 2013

- **Modest economic growth** expected to continue in North America; Asia growth should continue, albeit at a slightly slower pace; EMEA likely to be subdued, although showing some positive signs
- **Year on year improvement** expected in Industrial sales, partially driven by economic growth and demand for clothing and footwear in developed economies and normalisation of inventory levels in the retail supply chain, together with product and service innovations in core apparel and footwear markets
- **Speciality (non-apparel and footwear)** growth also expected to continue in Asia and Latin America; **modest sales growth in Crafts** expected to continue based on ongoing demand for handknittings, NA retailer relationships and positive impact of reorganisation
- **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 reorganisations and other cost management measures
- **Appointment of Mike Clasper as Coats' Chairman** a positive development. His knowledge and expertise will help drive Coats' ongoing evolution
- **Coats' strong position as a global market leader** is underpinned by our relationships with the major footwear and apparel brands, together with our retail relationships. We have a robust and defendable business model and stable margins which mean we are well placed for growth, even in challenging market conditions

GPG

GUINNESS PEAT GROUP PLC

COATS

Appendices

GPG: Elements of reported profit, Movement in shareholders’ funds, Pensions

Coats: Additional background

GPG appendix: Elements of reported profit

	30 June 2013		30 June 2012*,**		31 Dec 2012*	
					£m	£m
Continuing activity						
Coats						
- Attributable profit before exceptionals	7		7		13	
- EC fine and interest	-		(76)		(76)	
- Other exceptional items	(3)		(9)		(27)	
		4		(78)		(90)
Parent Group						
- Overheads	(15)		(13)		(23)	
- Foreign exchange gains/(losses)	1		(4)		(2)	
- Other income	-		-		1	
- Net interest income/(expense)	1		(7)		(12)	
		(13)		(24)		(36)
Net loss from continuing activity		(9)		(102)		(126)
Discontinued operations						
Coats		–		(1)		(2)
Parent Group subsidiary and associated undertakings and joint ventures		17		24		62
Investment activity						
Gains realised in the period (recycled from the unrealised gains reserve)	12		29		39	
Dividend income	5		3		6	
Impairments	(1)		(2)		(3)	
		16		30		42
Other income		6		2		–
Parent Group tax		(2)		(2)		(5)
Net profit from discontinued activities		37		53		97
Net profit/(loss) for the period attributable to GPG shareholders		**28**		**(49)**		**(29)**

* Restated to reflect the impact of amendments to IAS19
** Restated to reflect the results of Gosford Quarry Holdings Ltd, Touch Holdings Ltd, CIC Australia Ltd and Parent Group investment operations as discontinued operations.

GPG appendix: Movement in shareholders' funds

	£m	£m
Opening shareholders' funds		**434**
Shareholder returns – Share buyback		(45)
Profit for the period		28
Movements in unrealised gains reserve		
Net gains realised in the period (recycled through the Income Statement)	(12)	
Net unrealised movements on AFS investments	(3)	
Deferred tax movement	1	
		(14)
Pensions – IAS19 adjustments		
GPG schemes	18	
Coats	63	
		81
Foreign currency revaluations		
Coats	(2)	
Other – arising in the period	(7)	
Other – recycled to the Income Statement	(7)	
		(16)
Hedging gains		4
Closing shareholders' funds		**472**
		NZ$927m

GPG appendix: Pensions

IAS 19 AMENDMENTS

- The accounting standard dealing with employee benefits (IAS19) has been revised and adopted from 1 January 2013, with retrospective application:-

	6 months to 30 June 2013	6 months to 30 June 2012	Year to 31 December 2012
	£m	£m	£m
Increase in operating expenses i.e. administration costs	(3)	(2)	(5)
Increase in finance costs	(14)	(12)	(22)
Decrease in tax charge	-	1	1
Increase in net actuarial gains/decrease in net actuarial losses in other comprehensive income	17	13	26

- The revisions to IAS19 impact on the income statement by changing:
  - the treatment of administration costs
  - the calculation of finance income and expense
- The basis for determining the accounting surplus or deficit at the balance sheet date has not changed
- Hence there will be no impact on the Group's net assets or cash flow

GPG appendix: Pensions – detailed analysis

IAS 19 roll forward - 2013

	Coats				GPG		
	UK	US	Other	Total	Staveley	Brunel	**Group**
	£m	£m	£m	£m	£m	£m	**£m**
Opening position 1 January 2013	(161.1)	23.0	(69.2)	(207.3)	(36.4)	(37.7)	**(281.4)**
Income Statement (pre tax)							
Current service cost	(1.3)	(1.2)	(2.1)	(4.6)	-	-	**(4.6)**
Administrative expenses	(1.8)	(0.3)	-	(2.1)	(0.5)	(0.3)	**(2.9)**
Net finance income / (expense) on pension scheme net assets [1]	(3.1)	0.4	(1.1)	(3.8)	(0.7)	(0.8)	**(5.3)**
Net expense	(6.2)	(1.1)	(3.2)	(10.5)	(1.2)	(1.1)	**(12.8)**
Reserves							
Net actuarial gain	63.2	0.3	-	63.5	8.2	9.4	**81.1**
FX	0.1	1.6	(3.0)	(1.3)	-	-	**(1.3)**
Net reserve movement	63.3	1.9	(3.0)	62.2	8.2	9.4	**79.8**
Total cash outflow	4.3	-	3.0	7.3	0.7	-	**8.0**
Closing position 30 June 2013	**(99.7)**	**23.8**	**(72.4)**	**(148.3)**	**(28.7)**	**(29.4)**	**(206.4)**

Included in Coats' EBITDA current service cost £6.7m.

Actual cash payments to the schemes £8.0m.

Actuarial gain:

	Coats UK	Staveley	Brunel
	£m	£m	£m
Gain due to change in discount rate assumption (from 4.1% to 4.5%)	80.7	11.2	7.5
Loss due to change in inflation assumption (from RPI 2.60% to 3.05%, and CPI 2.10% to 2.30%)	(54.2)	(6.6)	(1.6)
Gain due to higher asset return than expected	29.7	3.6	3.5
Other/experience gain on liabilities	7.0	-	-
Total actuarial gain	63.2	8.2	9.4

The UK recovery plan is based on the 2009 triennial valuation. The payment profile will be revised on completion of the 2012 valuation and is expected to increase by some £7.0m p.a.

Figures for Coats' non-UK arrangements represent a roll forward using year end assumptions

1 Revision to IAs19 resulted in finance charge of £5.3m rather than net income of £8.9m under previous treatment

GPG appendix: Pensions – detailed analysis

Summary of GPG defined benefit pension schemes under IAS19 as at 30 June 2013

	GPG		Coats
	Staveley	**Brunel**	**UK**
	£m	**£m**	**£m**
UK funded schemes			
Assets			
- Equities	86.8	58.3	549.2
- Bonds	88.2	43.0	735.8
- Other	9.4	16.4	164.5
- Total	184.4	117.7	1,449.5
Liabilities	(213.1)	(147.1)	(1,549.2)
Total net deficit	**(28.7)**	**(29.4)**	**(99.7)**

Presentation in GPG Balance Sheet

	GPG		Coats				
	Staveley	**Brunel**	**UK**	**US**	**Other**	**Total**	**Group**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Current assets	-	-	-	3.5	0.1	3.6	**3.6**
Non- current assets	-	-	-	20.3	1.5	21.8	**21.8**
Current liabilities	(1.3)	-	(14.0)	-	(6.2)	(20.2)	**(21.5)**
Non-current liabilities							
- funded	(27.4)	(29.4)	(85.7)	-	(3.1)	(88.8)	**(145.6)**
- unfunded	-	-	-	-	(64.7)	(64.7)	**(64.7)**
	(28.7)	**(29.4)**	**(99.7)**	**23.8**	**(72.4)**	**(148.3)**	**(206.4)**

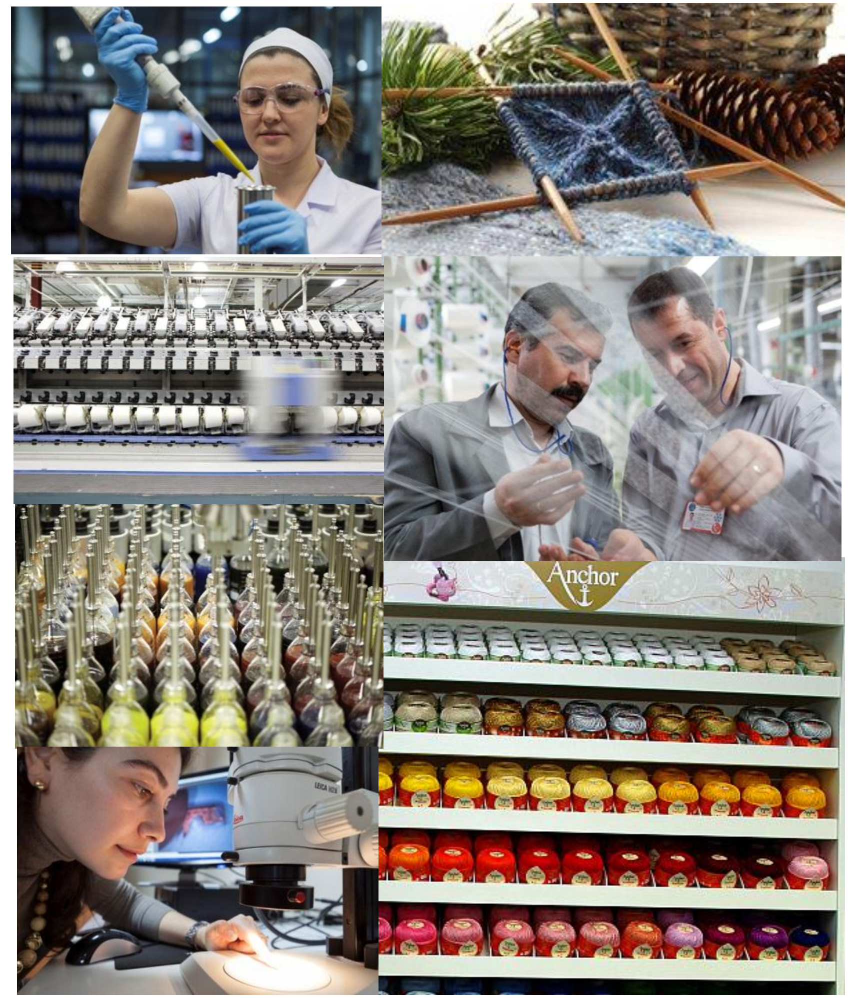
Coats – overview

- 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
- A global leader in speciality engineered 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 over 70 manufacturing facilities

Heritage

Coats is a company with more than 250 years of history

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

P&G
MARKS & SPENCER
MICHELIN
Lee
IKEA
adidas
DECATHLON
Abercrombie & Fitch

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:

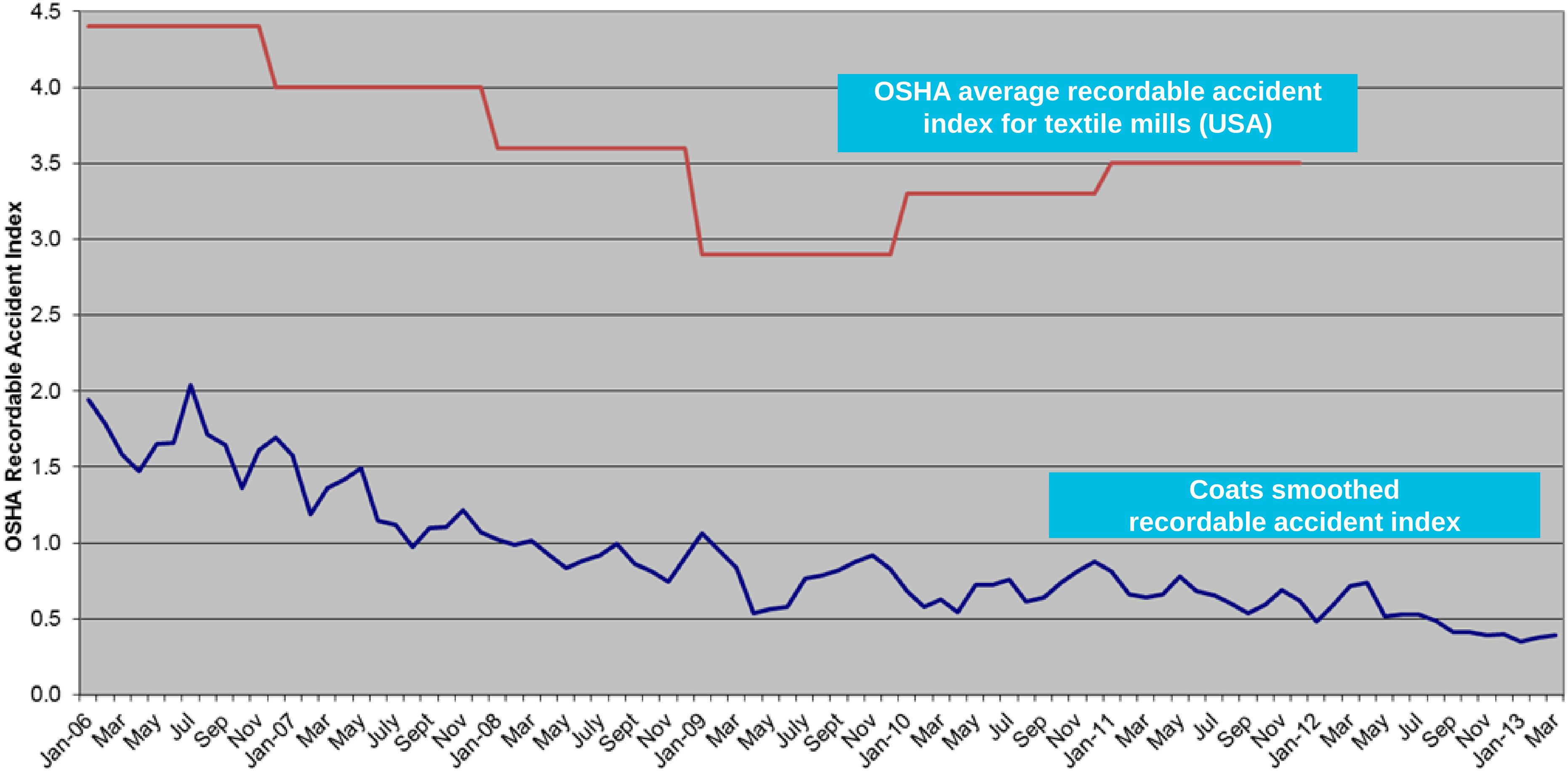
Corporate Responsibility (CR) at Coats

We have developed seven strategic themes to focus our CR programme throughout Coats

Seven strategic CR themes

Health and safety record

Smoothed (quarterly) global recordable accident rate v OSHA average (US textile mills) shows a positive performance



(Period: January 2006 – March 2013)

Further information

For more information:

Coats plc
www.coats.com

Coats Industrial
www.coatsindustrial.com

Coats Crafts
www.coatscrafts.com