

STRONG MARGIN PERFORMANCE, 17% ACHIEVED IN H2

2023 FULL
YEAR RESULTS

Thursday 7 March 2024



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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.

AGENDA

- 01 Highlights
- 02 Financial Performance
- 03 Divisional Performance
- 04 Strategic Update
- 05 Summary and Outlook
- 06 Appendices



HIGHLIGHTS

STRONG MARGIN AND FREE CASH FLOW, CONTINUING MARKET SHARE GAINS



Continued outperformance - market share gains in Apparel and Footwear of c.200bps each

2024 Group adjusted EBIT margin target of 17% achieved in H2

Clear global market leader in 100% recycled thread products - revenue +44% to \$172m

Strategic Projects delivered further \$37m of savings; \$70m overall savings on track by 2024

\$16m integration efficiencies from Texon and Rhenoflex to date, well ahead of expectations

“Off trigger” activated for UK pension scheme, 2024 cash savings of c.£2m per month

Final dividend 1.99 cents, +15%, reflecting strong operating performance and potential

POSITIONED TO ACCELERATE INTO THE RECOVERY

GETTING FITTER

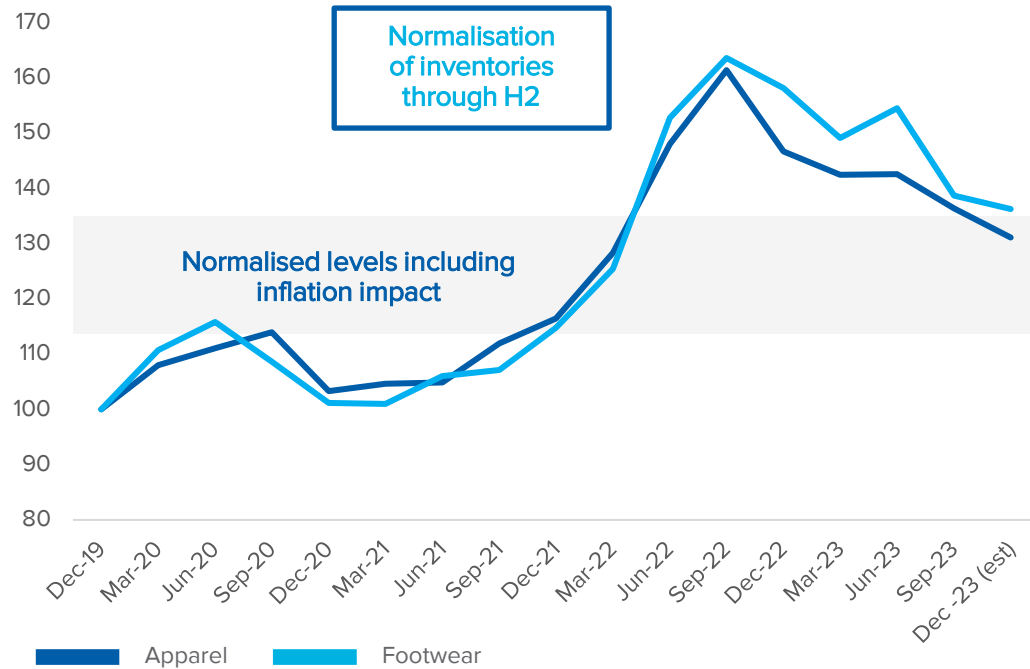
Winning in the Market		Controlling the Controllables		Positioned for Growth
Market share gains ¹	Programme and customer wins	Effective pricing strategy	Further synergies; Footwear footprint consolidation	Portfolio mix improvements (e.g. zips)
Increasing revenue from range of sustainable products	Winning with the winners	BAU self-help (productivity/procurement efficiencies)	Strategic Projects accelerated; \$37m delivered	“Off trigger” activated for UK pension scheme

1.Coats' estimates.

MARKET CONTEXT

INVENTORY NORMALISING, GRADUAL RECOVERY ANTICIPATED IN 2024

GLOBAL APPAREL & FOOTWEAR BRANDS INDEXED INVENTORIES



Directional & Indicative: based off 18 brand annual reports and earnings, includes element of cost inflation and growth

WHAT BRANDS ARE SAYING

“



Puma: Together with sustained demand for PUMA products in 2023 this led to a further normalisation of inventory levels



Lululemon: We remain comfortable with both the quality and quantity of our inventory



ON Running: With the increased outlook for the full year 2023 [...], we are heading into the holiday season with a lot of confidence



VF: Our inventory composition remains healthy overall and is concentrated in core and carryover product



Inditex: The end of period inventory is considered to be of high quality



Deckers: Our brands delivered Deckers' largest quarter in history, with record revenue and earnings as both HOKA and UGG drove exceptional performance in the quarter



Adidas: For 2024, we expect sales to start flattish, but to then improve every quarter

”

GREAT PLACE TO WORK

ONE OF THE WORLD'S BEST 25 PLACES TO WORK



FINANCIAL PERFORMANCE



KEY FINANCIAL HIGHLIGHTS



2024 margin target delivered – despite lower volumes



Pricing/
Self-help/
Inflation



Strategic projects and synergies



Well controlled interest and tax



Strong free cash flow
\$131m



Pensions contributions switched off



KEY FINANCIAL METRICS

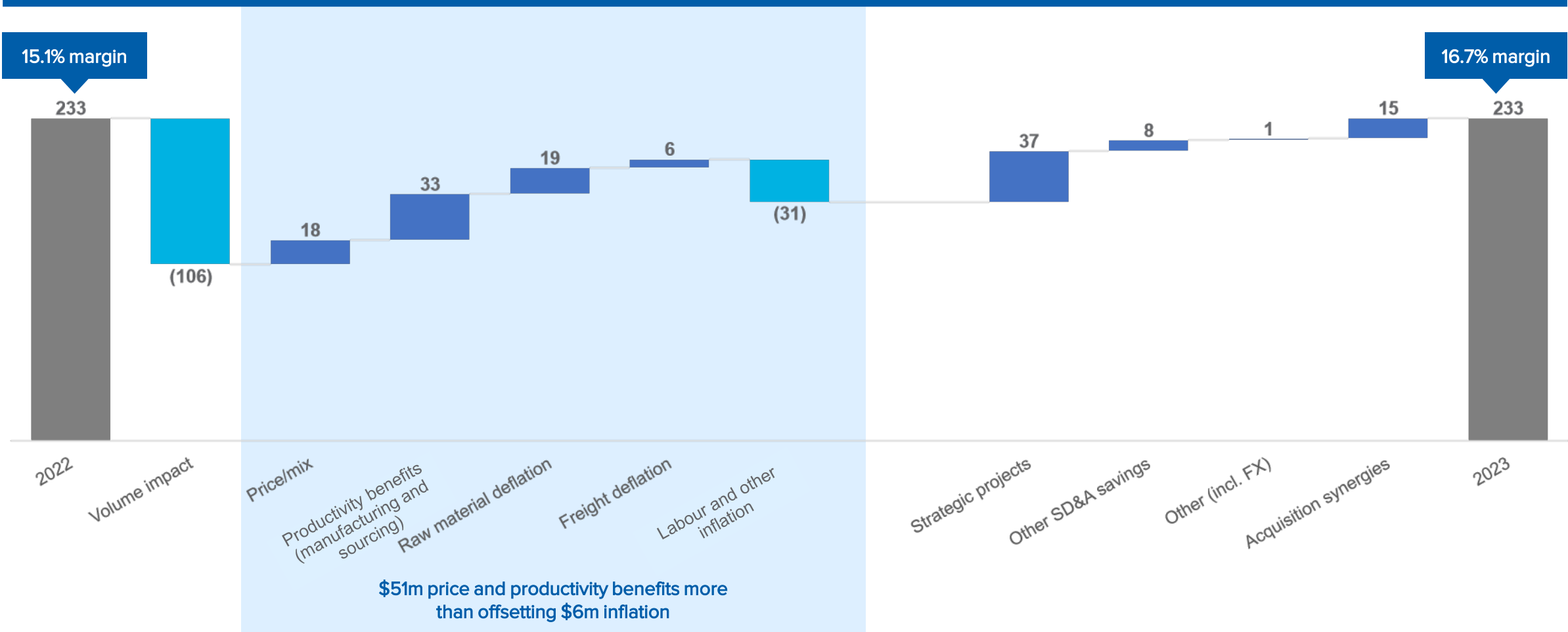
EBIT MAINTAINED DESPITE INDUSTRY VOLUME PRESSURES

	FY 2023	FY 2022 ⁴	Reported change	CER ¹	Organic ³
Revenue (\$ million)					
Apparel	689	818	-16%	-12%	-12%
Footwear	368	300	23%	24%	-16%
Performance Materials	336	420	-20%	-17%	-17%
Group	1,394	1,538	-9%	-6%	-14%
Adj. EBIT^{2,5} (\$ million)					
Apparel	120	130	-8%	-4%	-4%
Footwear	84	68	23%	24%	-1%
Performance Materials	29	34	-15%	-10%	-10%
Group	233	233	0%	4%	-4%
Adj. EBIT² (%)					
Apparel	17.5%	16.0%	150 bps	150 bps	150 bps
Footwear	22.8%	22.7%	10 bps	10 bps	430 bps
Performance Materials	8.6%	8.1%	50 bps	60 bps	60 bps
Group	16.7%	15.1%	160 bps	160 bps	190 bps
Adj. EPS (cents)	8.04	8.02			
Adj. free cashflow (\$ million)	131	114			
Final dividend per share (cents)	1.99	1.73			

1. CER are 2022 results restated at 2023 exchange rates. 2. On an adjusted basis which excludes exceptional and acquisition-related items. 3. Organic figures are results on a CER basis, and only includes like-for-like contributions from Texon and Rhenoflex post their respective acquisition dates. 4. 2022 restated for the disposal of the European Zips business, which is now shown as a discontinued operation. 5. EBIT (Earnings before interest and tax) relates to Operating Profit as shown on the face of the P/L

GROUP EBIT AND MARGIN

HOLDING PRICING AND SELF-HELP ACTIONS OFFSETTING INFLATION



DIVISIONAL MARGINS

GROUP MARGIN GOAL OF 17% ACHIEVED IN H2 – ONE YEAR AHEAD OF TARGET

APPAREL (%)



Apparel margins up 150bps YOY to 17.5%

- 2024 target margin of 15-16% exceeded, despite volume headwinds
- Pricing and procurement initiatives offsetting inflationary pressures
- Strategic project benefits and general cost discipline

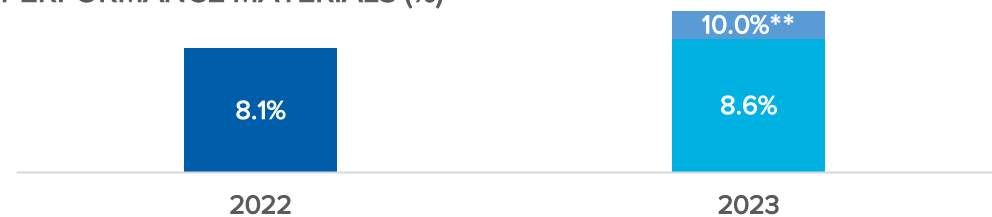
FOOTWEAR (%)



Footwear margins up 510bps YoY on a proforma basis to 22.8%

- 2024 target margin of 20% exceeded, despite volume headwinds
- Synergies of \$16m to date (\$19m annualised – well ahead of original target)
- General cost discipline

PERFORMANCE MATERIALS (%)



PM proforma margins up 190bps YoY to 10%

- Strategic initiatives improving margins in the Americas – full realisation of benefits require some underlying volume improvements
- Excluding the US, PM margins remain healthy double digits
- Headline margins improve YoY by 50bps

*Proforma Footwear 2022 includes full year of Texon and Rhenoflex results (pre-acquisition sales c.\$160m, EBIT c.\$13m)

**Proforma Performance Materials 2023 exclude duplicate cost of site moves (c.\$5m)

INCOME STATEMENT

EARNINGS MAINTAINED YOY DESPITE INDUSTRY VOLUME HEADWINDS

Exceptional / acquisition related items

- Strategic projects – \$18m (net of \$6m property profit)
- Footwear integration cost - \$6m
- Acquisition related items – \$22m

Finance costs

- Higher interest rates and acquisition facility – up \$11m

Offset by:

- FX related benefits driven by GBP strengthening – down \$6m
- Lower pension finance charge – down \$5m

Underlying effective tax rate 29% (2022 30%)

Dividend

- Final dividend of 1.99 cents per share proposed, up 15% vs 2022

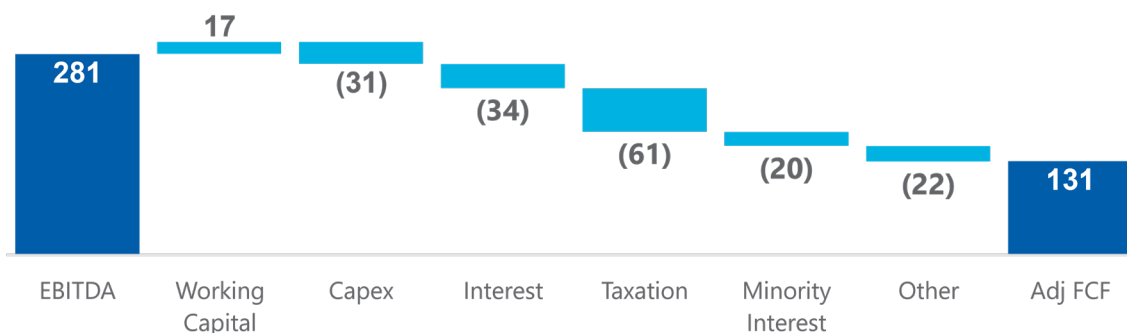
1. Numbers are reported

\$m	2023 ¹	2022 ¹
Adjusted EBIT	233	233
Exceptional / acquisition related items	-49	-52
EBIT	184	181
Share of profit from JVs	1	1
Finance costs	-29	-31
Profit before tax	156	151
Tax	-55	-56
Profit from continuing operations	101	95
Discontinued operations	-27	-88
Profit for the period	74	7
Minority interest	-18	-22
Attributable (loss) / Profit	56	-15
Adjusted EPS (cents)	8.04	8.02
EPS (cents)	5.18	4.82
Final DPS (cents)	1.99	1.73

CASH FLOW AND LEVERAGE

STRONG CASH GENERATION UNDERPINNED BY WORKING CAPITAL FOCUS

2023 CASHFLOW (\$m)



2022*

EBITDA	279	Working Capital	(20)	Capex	(34)	Interest	(25)	Taxation	(55)	Minority Interest	(18)	Other	(15)	Adj FCF	114
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Adj. free cash flow ahead of 2022 driven by favourable working capital

Well controlled net working capital but higher interest cost due to acquisition debt

Capex spend tightly controlled with strategic initiatives prioritised

Proforma leverage post acquisitions in the middle of our 1-2x range

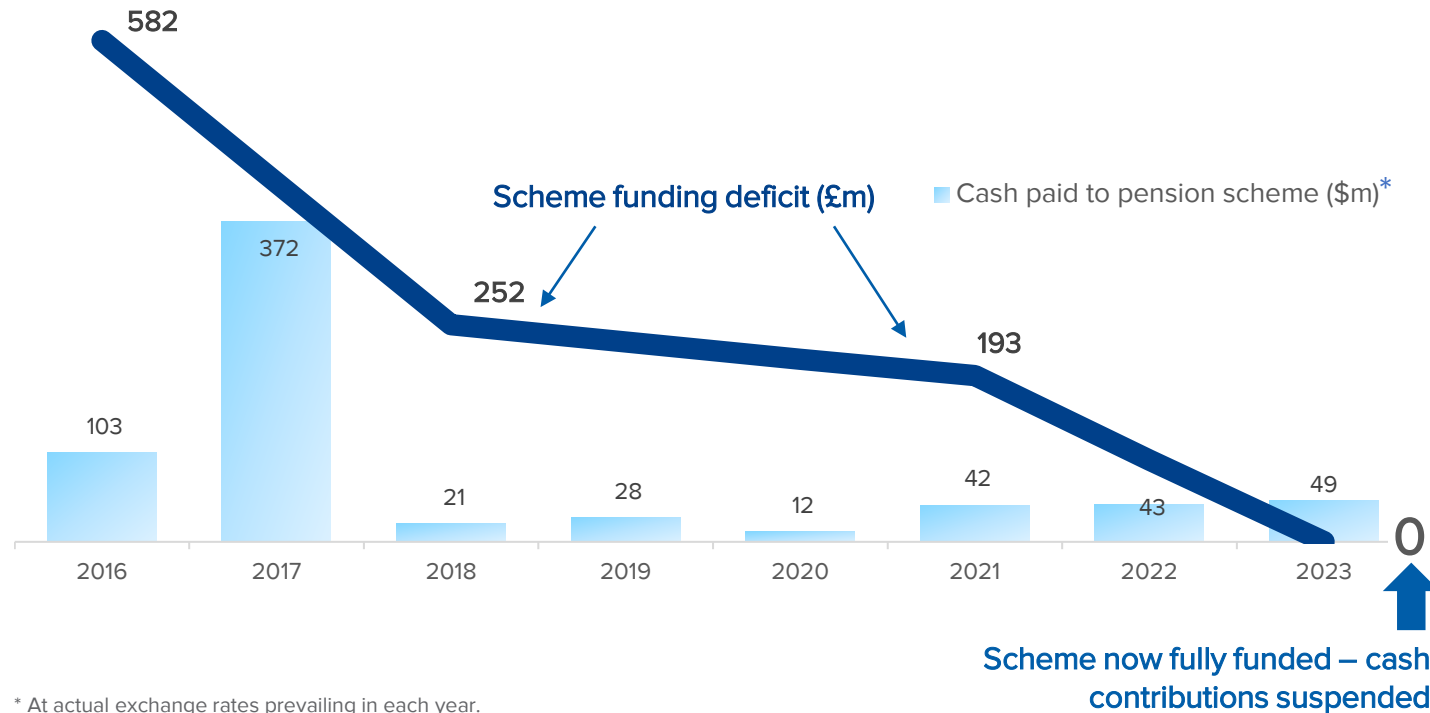
* Represented to reflect the results of the European Zips business as a discontinued operation

\$m	FY 2023	FY 2022
Adjusted free cash flow	131	114
Pensions	(49)	(43)
Acquisitions	-	(346)
Other exceptional	(13)	(22)
Disposals and discontinued operations	(5)	(27)
Dividends paid to equity shareholders	(40)	(33)
Equity raise proceeds	-	110
Other	(8)	(1)
Free cash flow	15	(247)
FX and other movements	(4)	6
Movement in leases (IFRS 16)	18	(13)
Change in net debt (incl IFRS 16)	29	(254)
Group net debt (excl IFRS 16)	(384)	(394)
Leases (IFRS 16)	(87)	(105)
Group net debt (incl IFRS 16)	(471)	(500)
Proforma leverage (excl IFRS 16)	1.5x	1.4x

PENSIONS

FUNDING AND DE-RISKING UPDATE

Significant progress made in recent years



Future De-risking

Activated 'off' trigger in December 2023
– c.£2m per month cash saving in 2024

Excellent progress on de-risking journey
– 20% of liabilities insured

Next triennial valuation in March 2024

Continued ambition to de-risk in full
(remove from balance sheet and cash contributions) in medium term,
in cost-effective manner

REINVESTING TO COMPOUND GROWTH

CAPITAL ALLOCATION



Reinvesting in
organic growth



Supporting
pensions



Paying a
progressive
dividend



Acquisitions
in line with
disciplined
strategy

**WHILST MAINTAINING A STRONG BALANCE SHEET
(TARGET LEVERAGE RATIO OF 1-2X NET DEBT EBITDA)**

2024 MODELLING GUIDANCE

Area	Guidance
Inflation, sourcing and productivity savings	<p>Modest levels of raw material, freight and energy inflation after some deflation in 2023. Continued levels of inflation on the remainder of our cost base e.g. labour.</p> <p>In line with our past track record – we anticipate net inflationary pressures to be offset by tactical pricing and other self-help productivity measures.</p>
Strategic projects	<p>Incremental EBIT \$70m by 2024 – cumulative savings to date \$57m. Cash exceptional costs expected to be \$35-40m, considerably lower than previous guidance of \$50m.</p>
Capex	<p>c.\$30-40m</p>
Tax	<p>Effective tax rate of 29%</p>
Pension	<p>Switch off of ongoing £2m per month contributions agreed with trustees \$5m p.a. admin costs and levies still incurred by company</p>
Interest	<p>Total finance costs anticipated to be in the range of \$35-40m</p>
Foreign exchange	<p>At latest exchange rates, we expect a minimal impact on revenue and adjusted EBIT for 2024 (excluding any future hyperinflation impact in Turkey, which cannot be forecasted with accuracy).</p>

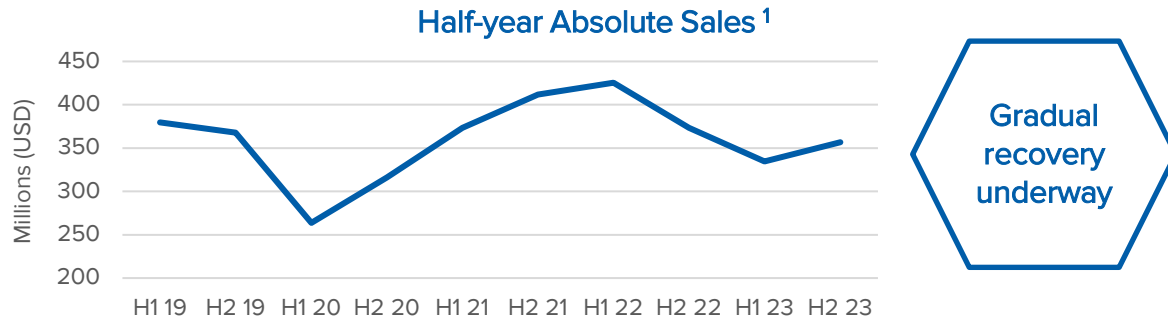
DIVISIONAL PERFORMANCE



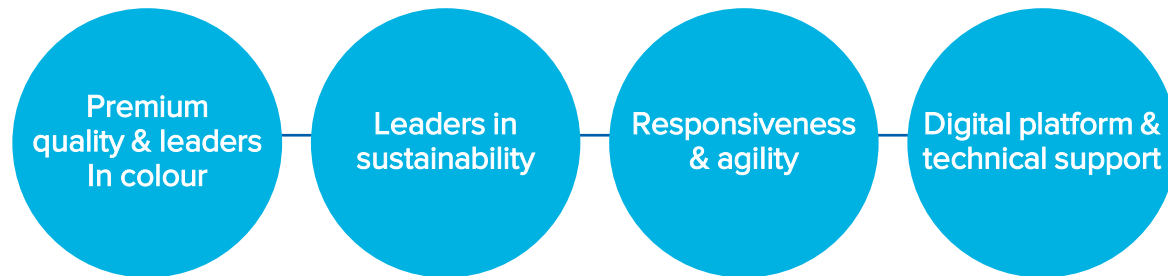
APPAREL: FY23 PERFORMANCE

MARKET SHARE GAINS AND MARKET OUTPERFORMANCE

Sales Trend



Differentiation Driving Share Gains



1.Adjusted for Zips disposal. At internal FX rates. 2. Coats' estimates.

Improving Trend in H2

Margin up 150bps YOY to 17.5%, target achieved a year early

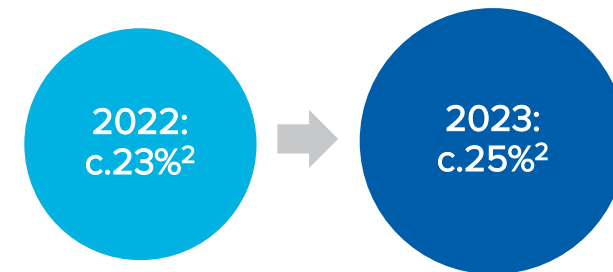
Sales significantly outperforming the market

Sequential improvement in half-on-half revenue

Customer and programme wins - winning with the winners

Gaining Market Share

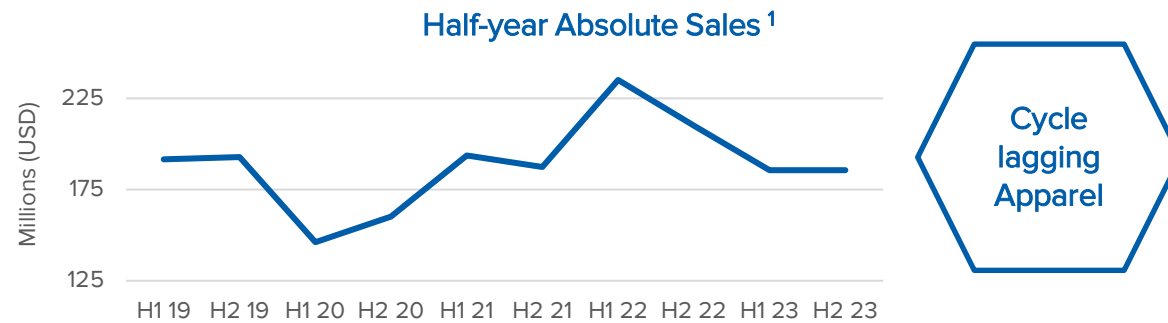
Estimated c.200bps market share gain



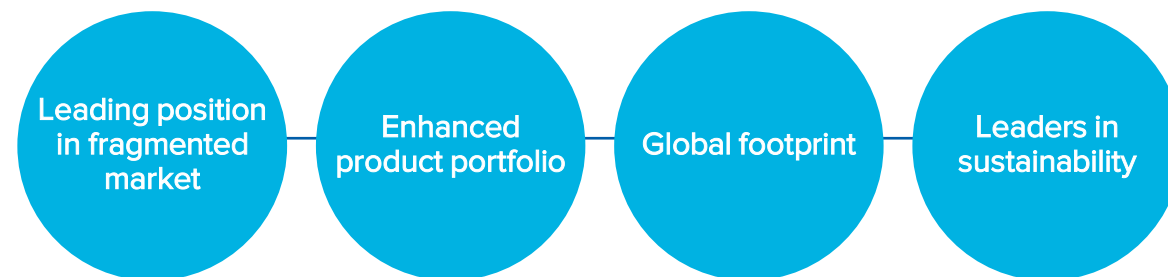
FOOTWEAR: FY23 PERFORMANCE

PREPARED FOR THE RECOVERY, 2024 MARGIN TARGET ACHIEVED

Sales Trend



Competitive Advantage



1.Proforma at internal FX rates, includes Texon and Rhenoflex sales prior to acquisition. 2. Coats' estimates.

Texon & Rhenoflex; Exceeding Synergies

Efficiencies driving Footwear margin performance; 2024 target of 20% surpassed

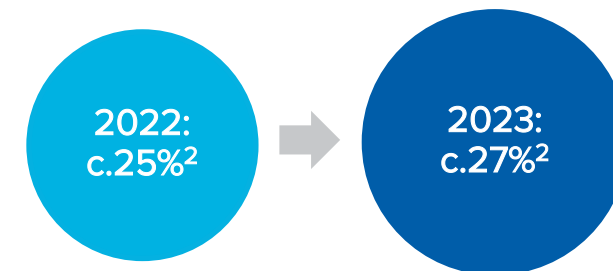
Ahead of expectations; integration synergies delivered \$16m of savings to date

Footprint consolidation announced

Cross-selling structural components to well-known US performance brand & two leading Chinese brands

Gaining Market Share

Estimated c.200bps combined market share gain



HIGHER GROWTH BUSINESS IN ATTRACTIVE MARKETS

A STRONG TRACK RECORD OF ACQUISITION VALUE CREATION



Coats Footwear

Texon Rhenoflex

Financial highlights

EBIT Margin (%)	Pre-acquisition	12%
	FY23 actual	16%
Synergies Achieved (\$m)	Current (annualised)	19
	Business case	11
EV/EBITDA Multiples	Pre synergies	10x
	Post synergies ¹	6x

1. FY26.

Strategic highlights

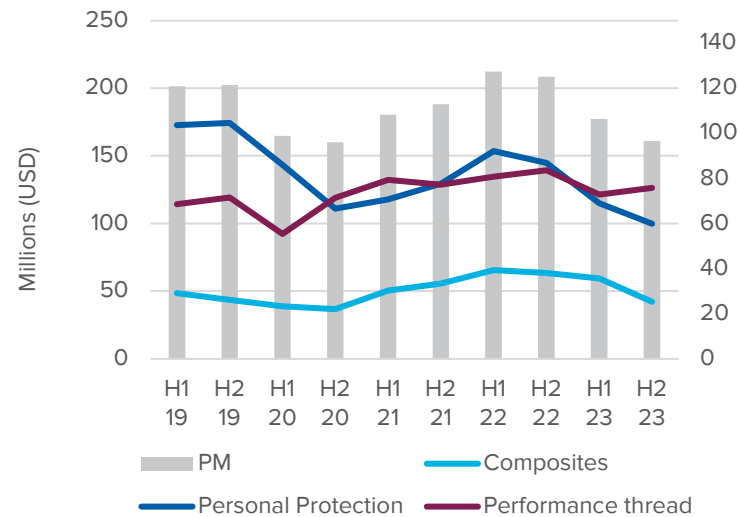
- 01 Created global leader in footwear
- 02 Accelerated integration synergies; cross-selling success
- 03 Positive brand feedback on footprint optimisation - closer to production
- 04 Expands presence in high-growth premium footwear market
- 05 Estimated c.200bps share gains for footwear
- 06 Strong pipeline of sustainably-focused innovative solution

PERFORMANCE MATERIALS: FY23 PERFORMANCE

INSOURCING AND US CUSTOMER PHASING - FOCUS ON SELF-HELP ACTIONS

Sales Trend

Half-year Absolute Sales¹



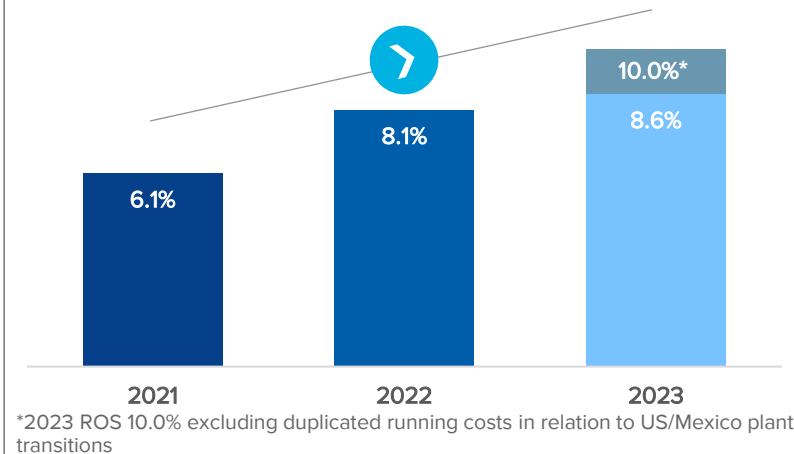
Major Personal Protection customer insourced production Q4 22.

Customer phasing issues in certain US end markets

¹Proforma at internal FX rates, include Pharr sales prior to the Feb 2020 acquisition.

Self-help Driving Margin Improvement

Adjusted EBIT Margin



Optimising footprint and delivering operating efficiencies

Commenced ramp up of production at Mexican plant

2024 margin target linked to market recovery

Delivering in Challenging Markets

Transforming operations:

Solving US labour issues, transferring production to Mexico and consolidating US footprint

Innovation:

Strong pipeline bringing products to market e.g. FlamePro Splash

Customer wins:

Wins at two premium automotive OEM's and share gains with leading European and Asian composites brands



STRATEGIC UPDATE



OUR APPROACH TO GROWTH & ACQUISITIONS

ACCELERATE AND TRANSFORM

Organic growth

Capex invested in higher growth segments & to optimise operational performance



Higher-growth opportunities



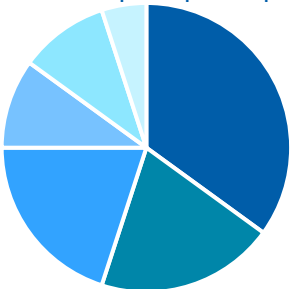
Three pillars of innovation, sustainability, and digitisation



High operational standards e.g. compliance/H&S

Supporting our growth strategy

FY23 Group Capex Spend



- Footprint
- Productivity
- Other (incl. replacement, quality)
- Growth
- Compliance/H&S
- Innovation, sustainability, digitisation

M&A opportunities

Accretive targets of scale; strong strategic fit; high EBITDA margins & attractive synergies



Attractive financial returns



Disciplined approach to price



Accretive post-synergy margin potential

Strategic requirements for acquisitions

01

Growth

04

Sustainability

02

Supporting operations

05

Cultural fit

03

New IP / technology

06

Security and H&S

Driving growth and shareholder returns

STRATEGIC PROJECTS

DELIVERING SIGNIFICANT EFFICIENCIES

What we are delivering

COST BASE EFFICIENCY

- On track for \$70m savings by 2024 as guided
- \$37m savings delivered in FY 23, \$57m cumulatively delivered since 2022
- Cash cost to deliver now expected to be \$35-\$40m, considerably less than previous guidance of \$50m

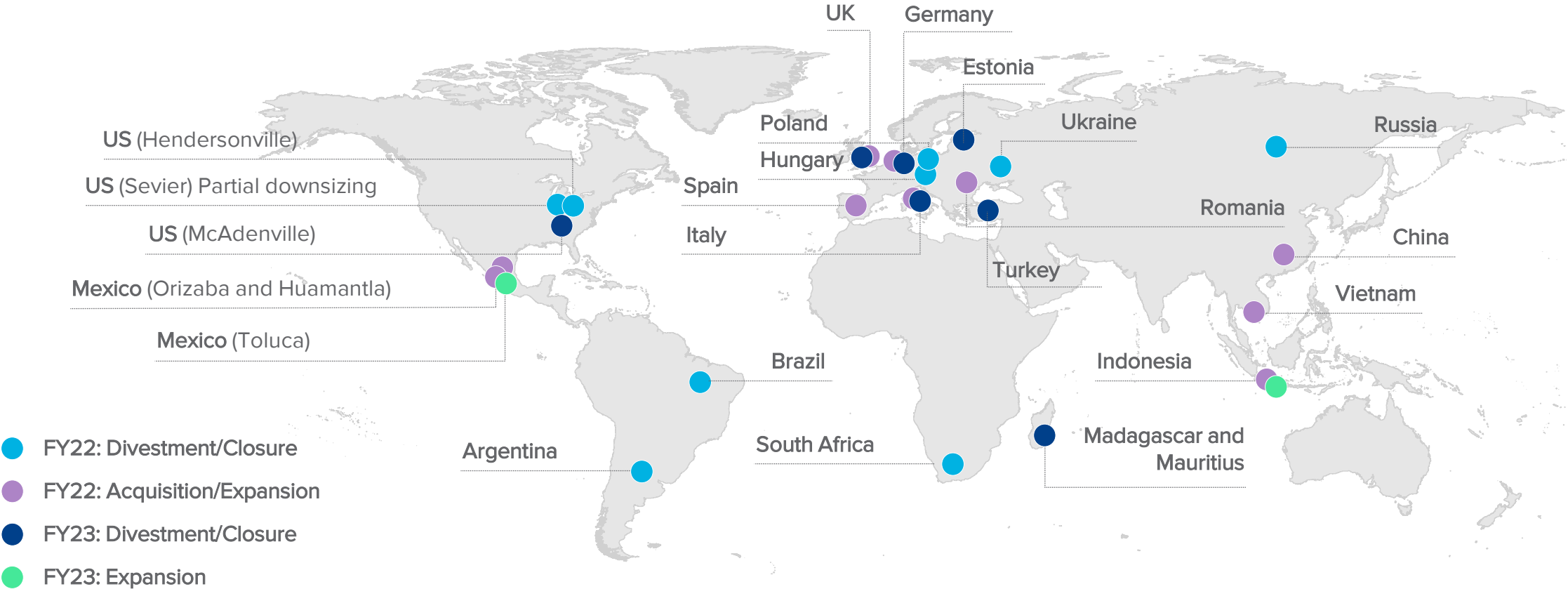
FURTHER PORTFOLIO AND FOOTPRINT EFFICIENCIES IN FY 23

- Two new state-of-the-art facilities in Mexico
- Optimised footprint and efficiency in China and India
- Consolidation of UK footwear site into existing site in Indonesia; customer proximity, lower production, energy, freight costs and CO2e emissions



Accelerated Savings, Ahead of Original Expectations

OPTIMISATION OF THE FOOTPRINT



SUSTAINABILITY

SUBSTANTIALLY DELIVERING AGAINST AMBITIOUS 2026 TARGETS



Energy

39% reduction in Scope 1 & 2 emissions in 2023



Materials

Proportion of sustainable materials increased to 29%



Waste

37% reduction in waste to landfill



Water

14% increase in rate of water recycling



SUMMARY AND OUTLOOK



HIGHLIGHTS

STRONG MARGIN AND FREE CASH FLOW, CONTINUING MARKET SHARE GAINS



Continued outperformance - market share gains in Apparel and Footwear of c.200bps each

2024 Group adjusted EBIT margin target of 17% achieved in H2

Clear global market leader in 100% recycled thread products - revenue +44% to \$172m

Strategic Projects delivered further \$37m of savings; \$70m overall savings on track by 2024

\$16m integration efficiencies from Texon and Rhenoflex to date, well ahead of expectations

“Off trigger” activated for UK pension scheme, 2024 cash savings of c.£2m per month

Final dividend 1.99 cents, +15%, reflecting strong operating performance and potential

OUTLOOK

GRADUAL MARKET RECOVERY; CONFIDENT OF 17% MARGIN



- Expect to make good progress in 2024 underpinned by modest revenue growth, with a weighting to H2, as Apparel and Footwear gradually recover, and with increasing tender activity in Performance Materials.
- Our continued focus on controlling our costs, including the benefits of strategic projects, increases our confidence in achieving our 17% Group EBIT margin target in 2024.
- The Group's long term track record of outperforming the markets we serve is based on our scale, global footprint and other growth drivers, which we expect to be augmented by a gradual market recovery and by continued investment in sustainability and operational efficiency which together give us confidence should enable us to in delivering strong profit growth and cash generation over the medium term.

THE Q&A SESSION WILL BEGIN SHORTLY

If you would like to ask a question, please dial

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United Kingdom (local)	+44 20 3936 2999
United States	+1 855 979 6654
United States (local)	+1 646 664 1960

Participant access code **573832**








APPENDICES



SUSTAINABILITY; A KEY COMMERCIAL DIFFERENTIATOR

AT THE HEART OF OUR BUSINESS

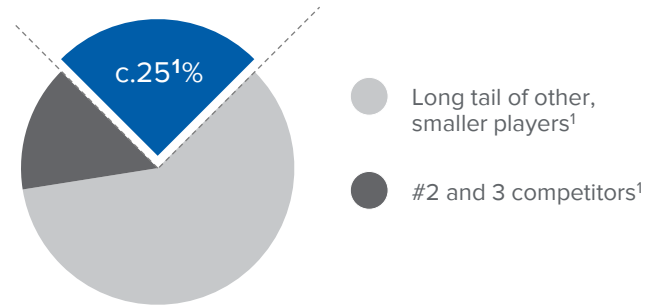
Pillar	Metric	2022 Baseline	2023 ACTUAL	2026 TARGET
 ENERGY	Reduction in Scope 1&2 emissions	182 kTonnes ¹	39% reduction	22% reduction from 2022 baseline
 MATERIALS	% non-virgin oil-based materials	25% ¹	29%	60%
 WATER	Increase in Water Recycling Rate	24% ¹	14% increase	33% increase from 2022 baseline
 WASTE	Waste to Landfill	2,278 tonnes ¹	37% reduction	Zero
	Effluent Compliance ² (Roadmap to Zero Programme)	99.76%	99.83%	100%
 PEOPLE	GPTW coverage	86%	87%	88%
	Women in leadership roles	21%	23%	30%

1. Baseline restated to reflect 2023 divestments. 2. Effluent Compliance now measured on the percentage of tested effluent analytes which meet the specification limits under the ZDHC Guidelines; a standard above local regulatory requirements

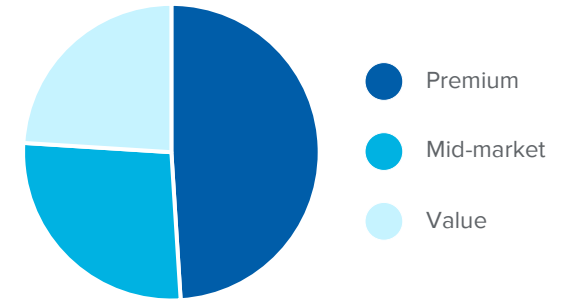
APPAREL OVERVIEW

GLOBAL LEADER IN APPAREL THREAD WITHIN A FRAGMENTED MARKET

Leading Market Share



Strong Market Positioning (% of Coats revenue)



Real Competitive Advantage

Premium quality and innovation

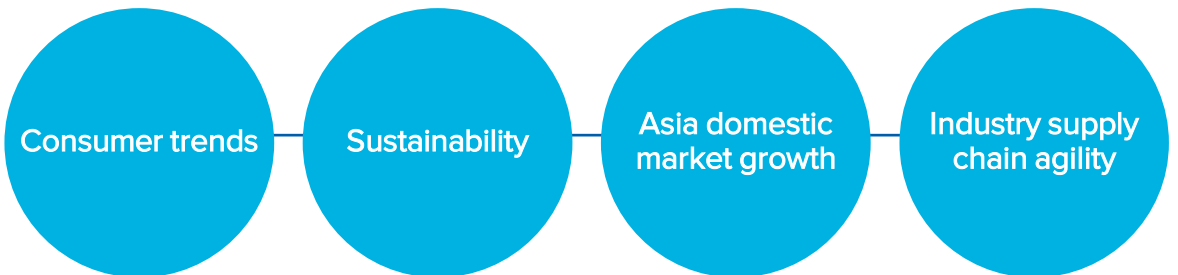
Global footprint

Speed and responsiveness

Technical support

Sustainability leadership

Well-Positioned for Key Market Trends

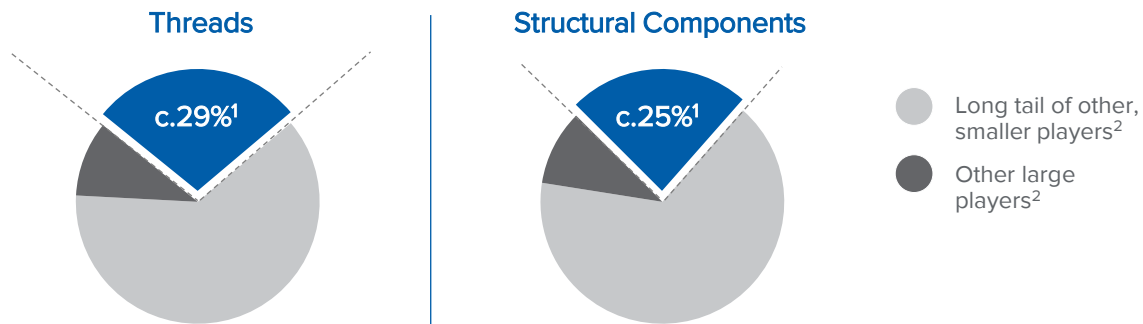


1. Coats' estimates. 2. Illustrative, based on estimated revenues

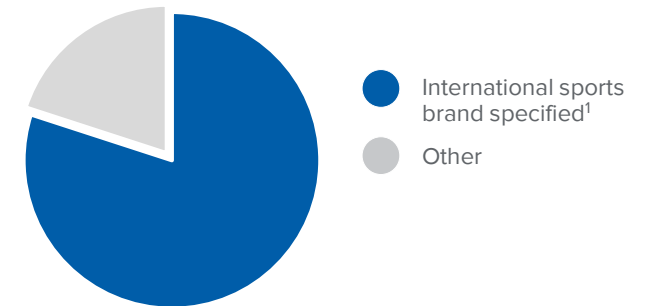
FOOTWEAR OVERVIEW

GLOBAL LEADER IN FOOTWEAR THREAD AND STRUCTURAL COMPONENTS

Leading Market Share



Sole-source Positions Specified for Life of Product



Real Competitive Advantage

Superior, reliable product performance

Unrivalled operational footprint and critical mass

Deep, long-term relationships with faster-growth, premium brands

Complementary product portfolio

Sustainability-led innovation

Well-Positioned for Key Market Trends

Performance and athleisure fastest growing segment

Sustainability

Highly differentiated, engineered products

Brand-led supplier consolidation

¹ Coats' estimates. ² Illustrative, based on estimated revenues.

PERFORMANCE MATERIALS OVERVIEW

BUILDING PRESENCE IN THREE ATTRACTIVE MARKET SUB-SEGMENTS

KEY DRIVERS

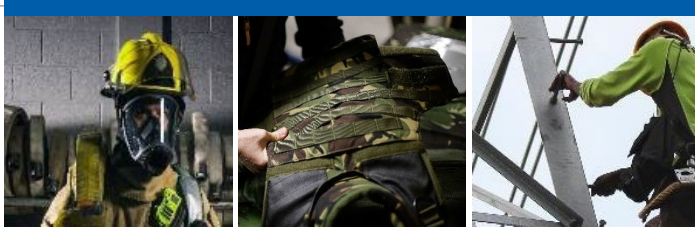
Personal Protection

Global adoption of safety standards

Requirements for enhanced protection

Multi-hazard

Lightweighting and comfort



Firefighter & Emergency Response

Military

Industrial Thermal

Composites

5G / cloud computing / data centres

Drilling: on-shore / offshore

Lightweighting and lower production cost



Telecom

Oil and gas (inc composites)

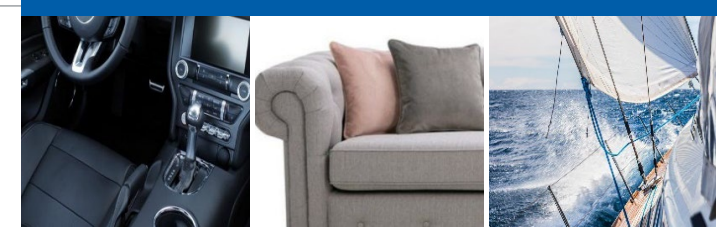
Performance Thread

GDP+ growth

Increasing car production

Increasing global disposable income

Global adoption of automotive safety standards



Trims and Safety Critical products

Furniture

Outdoor

UPDATE ON PRICING, SELF-HELP AND INFLATION

SIGNIFICANT MARGIN UNDERPINNING

DESPITE DEFLATION

\$19m Raw materials



\$6m Freight



\$(31)m Labour & energy



\$6m COST INCREASES

PRICING POWER CONTINUES

\$18m Price/mix



\$33m Productivity benefits
(manufacturing and sourcing)



\$51m OFFSET FROM ACTIONS