

17 November 2015

Coats Group plc

Additional shareholder information on intention to delist from ASX

Earlier today the Board of Coats Group plc ('Coats' or the 'Company') announced its decision to delist Coats' CHESS Depository Interests ('CDIs') from the Australian Securities Exchange ('ASX') and Coats' shares from the NZX Main Board with effect from 24 June 2016. Refer to Appendix 1 for the rationale of why Coats is seeking to delist from the ASX and NZX.

Coats will retain its premium listing on the London Stock Exchange plc ('LSE')¹ and trading on the Main Market of the LSE will continue during and after the ASX delisting process. Trading in Coats CDIs is expected to cease with effect from close of trading on 21 June 2016². Coats CDI holders will not be able to trade on the ASX after this date.

ASX has given in-principle advice that it will approve a formal delisting request, subject to certain conditions being satisfied. Refer to Appendix 2 for further information on these conditions. Notably, ASX does not require shareholder approval as a condition to its approval of a delisting request. Accordingly, the ASX delisting is intended to proceed even if shareholder approval is not obtained at Coats' 2016 AGM. Given that the Coats share register is now heavily weighted to the UK, and the clear benefits around having a single listing, the Board believes that shareholders will be supportive of the delisting.

Based on a delisting date of 24 June 2016, Coats is providing more than seven months for CDI holders to assess how the delisting may affect them and to take whatever action they believe is appropriate given that they will no longer be able to trade their CDIs on ASX from the close of trading on 21 June 2016².

A letter to CDI holders and an information pack ('Information Pack') will be sent to CDI holders detailing the delisting plans and the main options available to them. A summary of these options is set out below:

Option 1: Sell CDIs on ASX

CDI holders may sell their CDIs on ASX in the usual manner up to and including 21 June 2016². CDI holders taking this option will incur normal brokerage and transaction fees.

Option 2: Share Sale Facility

A CDI holder could elect to participate in a Share Sale Facility described in the Information Pack, which will involve all their CDIs being converted to shares which will then be sold on the LSE, and proceeds of sale being paid back to them in Australian dollars. The Share Sale Facility is cost free, with all brokerage, transfer fees and currency conversion costs being paid for by a subsidiary of Coats. Please note that:

- the Share Sale Facility is only open to CDI holders holding 100,000 or fewer CDIs as at 16 November 2015 and having a registered address in Australia;
- you may only sell all, not some, of your shares through the Share Sale Facility;
- if you choose to participate in the Share Sale Facility, your shares may be sold in a batch with other shares, with the net proceeds spread across all shares in the batch, and you will have no control over the price at which your shares are sold.

Option 3: Convert CDIs into LSE-listed ordinary shares

CDI holders may elect to convert their CDIs into Coats shares which will be held on the UK main register prior to 24 June 2016. The shareholder would hold legal title to their shares, receive all shareholder communications and notices, receive dividends directly, be able to attend shareholder meetings and be able to vote in person or by proxy. However, unless the shareholder had an individual account with CREST they would not be able to hold or trade the shares electronically. Trading of shares non-electronically would normally be expected to delay the timing of making and execution of any future trades and may negatively impact the price which might be achieved.

Option 4: Open a nominee account to facilitate sale on LSE

CDI holders may, after converting their CDIs into Coats shares on the UK main register (either voluntarily under option 3 or by default under option 5), open a nominee account with an appropriate Australian or UK broker to hold their shares. The broker nominee would hold legal title to the shares but the shareholder would continue to hold the beneficial title. Fees may be charged for this arrangement. An advantage of this option is that the broker should hold the shares in their account with CREST (the UK electronic settlement system) which would allow for future electronic trading on the LSE via CREST.

Option 5: Do nothing

If no action is taken CDIs will convert to Coats shares on the UK main register automatically upon delisting. The outcome would be the same as under option 3, save that the transfer of shares to the UK main register will not happen until the delisting date.

Under options 3 and 5, in order to trade shares electronically a shareholder would need to open an individual account with CREST, which is usually only suitable for professional market participants and financial institutions.

The Coats Directors do not make any recommendation or give any advice as to which option CDI holders should select. This is because the option that is most appropriate to an individual holder will depend on their personal circumstances.

Coats will send notices to CDI holders on the Australian branch register outlining the proposed delisting process and provide further details on the above options.

As mentioned above Coats will send CDI holders an Information Pack outlining the proposed delisting process and providing further details on the above options. CDI holders are encouraged to read the Information Pack in full and to seek advice from an independent broker, financial adviser, solicitor and/or tax adviser, in relation to the options available to them.

All announcements and notices will be made available at coats.com/investors/delisting.

Enquiry details

| | | | |
|--------------------|---|---|------------------|
| CDI holders | Computershare Investor Services Pty Ltd | 1800 501 366 (within Australia) or +61 3 9415 4083 (from overseas) coats@computershare.co.nz | |
| Media | Geoff Senescall | Senescall Akers | +64 9 309 5659 |
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1 Coats shares will continue to be admitted to the premium segment of the UK Listing Authority's Official List.

2 The final day of trading on ASX will be 22 June 2016, if ASX moves to a T+2 settlement cycle prior to that date.

About Coats Group plc

Coats is the world's leading industrial thread and consumer textile crafts business. At home in more than 70 countries and employing approximately 20,000 people across six continents, the Company generated revenues of US\$1.7bn in 2014. With a rich heritage dating back to the 1750s, Coats' pioneering history and innovative culture ensure the Company continues leading the way around the world: providing complementary and value added products and services to the apparel and footwear industries; applying innovative techniques to develop new Speciality products; and extending the crafts offer into new markets and online. Headquartered in the UK, and registered in England and Wales, Coats Group has a premium listing on the London Stock Exchange and is also listed on the New Zealand and Australian exchanges. To find out more about Coats visit www.coats.com.

Appendix 1

Rationale for delisting

The following is an extract from the announcement '*Intention to delist from the NZX and ASX*' made by Coats earlier today.

Coats Group plc ('Coats' or the 'Company'), the world's leading industrial thread and consumer textile crafts business, today announces its decision to simplify its listing structure and delist its shares from both the NZX Main Board ('NZX') and the Australian Securities Exchange ('ASX'). The intended date for delisting is 24 June 2016, at which point Coats shares would only be tradable on the Main Market of the London Stock Exchange ('LSE').

The decision reflects the much reduced shareholder base in the two countries, the benefit of concentrating trading volumes on one market, thus moving towards indexation on the LSE¹, and the transition of the Company from an investment company to a UK headquartered, global industrial manufacturing business. In addition the Company will eliminate the costs and complexities arising from a triple listing and share register structure.

Both the NZX and ASX have advised Coats that they have approved the delisting requests (in the case of ASX, on the in-principle basis which is its standard procedure²), subject to conditions.

Coats will seek shareholder approval to delist from the NZX by way of an ordinary resolution (requiring approval of 50% of votes cast) at next year's Annual General Meeting, scheduled for 18 May 2016. If the resolution is approved the last day on which shareholders will be able to trade Coats shares on the NZX and CDIs³ on the ASX is expected to be 21 June 2016⁴. This timeframe provides a notice period of more than seven months to allow adequate time for New Zealand and Australian shareholders to consider their ongoing ownership of shares before Coats moves to a single LSE listing.

Additional announcements will be made to the NZX and ASX, and notices will be sent to shareholders on the New Zealand branch register and CDI holders on the Australian branch register, outlining the proposed delisting process and their available options. All information will be made available at coats.com/investors/delisting.

Commenting on today's announcement Mike Clasper, Chairman, said:

'We are now a UK headquartered, global industrial manufacturing business, having moved away from our New Zealand investment company past. All major investments apart from the Coats business have been sold, culminating in the Company changing its name from Guinness Peat Group to Coats Group. We have no material operations or executive Directors in New Zealand or Australia and earlier this year Sir Ron Brierley ended his long association with the Company by stepping down from the Board and selling the majority of his shares. These changes have contributed to a significant shift in our shareholder register, with more than 65% of shareholders now UK based and less than 20% in New Zealand and Australia. For these reasons the Board believes the benefits of moving to a single London listing outweigh those of remaining on the NZX and ASX.'

Notes

Over the last two years, the number of shares/CDIs³ owned by New Zealand and Australian based investors has significantly declined. New Zealand based shareholders now hold approximately 195 million shares (14% of the total 1,407 million shares outstanding) and Australian CDI holders approximately 70 million shares (5%). This compares to approximately 46% and 9% in October 2013.

1 Becoming eligible for inclusion in the FTSE All Share index.

2 ASX in-principle approval is in accordance with ASX's standard procedures, which involve an initial in-principle approval followed by formal approval upon application to ASX once the conditions specified by ASX have been met - see Coats Group's announcement to ASX today for details of these conditions.

3 Instruments are held in the form of CHESS Depository Interests ('CDIs') on the ASX.

4 The final day of trading on ASX will be 22 June 2016, if ASX moves to a T+2 settlement cycle prior to that date.

Appendix 2

ASX Limited in-principle advice

ASX Limited has advised Coats that it would be likely to agree to the removal of its CDIs from the official list of ASX. ASX Limited's formal decision reads as follows.

1. Subject to Resolution 2, and based solely on the information provided, on receipt of an application for removal from the official list of ASX Limited ("ASX") under listing rule 17.11 by Coats Group plc ("the Company"), ASX would be likely to remove the Company from the official list of ASX, on a date to be decided by ASX, subject to compliance with the following conditions.

1.1. The Company sends written or electronic communication to all security holders whose securities are held on the Company's Australian register, in form and substance satisfactory to ASX, setting out:

1.1.1. the nominated time and date at which the entity will be removed from the ASX official list and that:

(a) if they wish to sell their securities on ASX, they will need to do so before then; and

(b) if they don't, thereafter they will only be able to sell the underlying securities on-market on the London Stock Exchange plc ("LSE");

1.1.2. generally what they will need to do if they wish to sell their securities on LSE; and

1.1.3. specifically, if their securities are traded on ASX in the form of CHESS Depository Interests ("CDIs"):

(a) the steps they must take to convert their CDIs to the underlying securities before they are able to sell them on the other exchange or exchanges where the entity is listed; and

(b) the steps that will be taken by the CHESS Depository Nominee if they do not convert their CDIs to the underlying securities by a nominated date.

1.2. The removal shall not take place any earlier than one month after the date the information in Resolution 1.1 has been sent to security holders.

1.3. The Company releases the full terms of this decision to the market upon formal application to remove the Company from the official list of ASX.

2. Resolution 1 applies only until 4 February 2016 and is subject to any amendments to the listing rules or changes in the interpretation or administration of the listing rules and policies of ASX.

3. ASX has considered listing rule 17.11 only and makes no statement as to the Company's compliance with other listing rules.