

07 March 2016

Coats Group plc
(‘Coats’ or the ‘Company’)

Lower Passaic River

On 4 March 2016, the United States Environmental Protection Agency (EPA) announced a final record of decision for remediation of the lower 8 miles of the Lower Passaic River (LPR). That remedy is estimated by EPA on a net present value basis to be US\$1.38 billion (reduced from EPA’s original proposed remedy of US\$1.73 billion on a net present value basis), which costs are anticipated to be shared among hundreds of potentially responsible parties.

For reasons reflected in prior disclosures, the Company believes that its share of remedial costs on the LPR is de minimis and that certain other companies should have a more significant share of remedial costs. Previously the Company had provided for the entire 17 mile stretch of the LPR on the basis of a de minimis share of an approximately US\$0.7 billion Sustainable Remedy that had been proposed to EPA by a group of companies known as the Cooperating Parties Group (CPG), of which the Company is a member. In light of EPA’s selection of a remedy for the lower 8 miles of the LPR, the Company has estimated that the loss attributable to equity shareholders of the Company for the entire 17 mile stretch of the LPR for the year ended 31 December 2015 will increase by approximately US\$4 million compared to the unaudited results previously announced in the Company’s Preliminary Announcement on 25 February 2016. This additional charge reflects the same de minimis share of the larger EPA remedy, takes into account insurance reimbursements and will be disclosed as an exceptional item consistent with the charge already recognised in the 2015 results. The pre-tax impact is estimated to be approximately US\$7 million. The additional charge will result in a 0.31 cents negative impact on both earnings per ordinary share from continuing operations and loss per ordinary share from continuing and discontinued operations (both on a post-exceptional basis). This charge, including its impact on relevant balance sheet lines, will be incorporated into the Company’s Annual Report to be issued on 10 March 2016.

Negotiations among the parties and with EPA, remedial design and implementation of remedial action are expected to take more than 10 years. Additional revisions may be appropriate depending on future developments.

Enquiry details

Investors		Jaideep Thatai	Coats Group plc	+44 (0)20 8210 5086
Media	UK	Richard Mountain	FTI Consulting	+44 (0)20 3727 1374
	NZ & Australia	Geoff Senescall	Senescall Akers	+64 9 309 5659
