

6 June 2016

Coats Group plc

Acquisition of Gotex and Fast React

Coats Group plc ('Coats' or the 'Company'), the world's leading industrial thread manufacturer, today announces the acquisition of Gotex S.A. ('Gotex') and Fast React Systems Limited ('Fast React').

Gotex

Gotex, based near Barcelona, Spain, designs and manufactures high-tech industrial yarns and tapes that are used to protect, reinforce and insulate cables and pipes in the global telecommunications, energy and oil and gas sectors. Gotex is a market leader in coated fibreglass yarns with a proprietary technology that enables manufacture at significantly higher speed than conventional technology.

Gotex's fibreglass technology complements Coats' aramid product range and will strengthen Coats' presence in fibre optics. Coats will support Gotex in further expanding into high-growth markets by leveraging Coats' unrivalled geographic footprint, breadth of global customer relationships and strong corporate brand.

The initial consideration is US\$28 million, with a further payment of up to US\$4 million after a two-year period, contingent on Gotex achieving certain performance targets. Payment will be satisfied from Coats operating cash flows and existing banking facilities.

The acquisition of Gotex constitutes a Class 2 transaction for the purposes of the UK Financial Conduct Authority's Listing Rules. Further details in respect of Gotex, including historic financials, are set out at the end of this announcement.

Fast React

Fast React, based in Derby, UK, provides software solutions and expertise to manufacturers and retailers in the apparel and footwear industries to improve their operational efficiency. The transaction, which completed in late May, enables Coats to offer an even wider range of productivity improvement tools to customers and follows the acquisition of GSD in May 2015. Fast React has become part of Coats Global Services, which provides the sewn product industries with expert insights, technical guidance and practical solutions to realise productivity improvements across the supply chain. The initial consideration is US\$9 million, with further payments of up to US\$4 million over a three-year period, contingent on Fast React achieving certain performance targets.

Commenting on the acquisitions, Paul Forman, Coats Group Chief Executive, said:

"Gotex is an exciting first acquisition for our Speciality business that is fully aligned with our growth strategy; a global market leader in developing and producing innovative, high-performance materials that complement our existing product portfolio. Following last year's acquisition of GSD, Fast React is a further important step in enhancing our Global Services offering and addressing the growth in demand from our customers for value-added services in operational efficiency. Both businesses have delivered strong growth over recent years and we are confident this will continue under Coats ownership."

Enquiry details

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Note that all US\$ figures above have been rounded and are based on spot exchange rates.

About Coats Group plc

Coats is the world's leading industrial thread manufacturer and a major player in the Americas textile crafts market. At home in more than 60 countries, Coats employs 19,000 people across six continents. Revenues in 2015 were US\$1.5bn. Coats' pioneering history and innovative culture ensure the company leads the way around the world: providing complementary and value added products and services to the apparel and footwear industries; applying innovative techniques to develop high technology Speciality threads and yarns in areas such as automotive and fibre optics; and extending the crafts offer into new markets and online. Headquartered in the UK, Coats has a premium listing on the London Stock Exchange. To find out more about Coats visit www.coats.com.

About Gotex

Gotex designs, manufactures and trades a range of innovative, high performance industrial textiles to serve industries such as telecommunications (fibre optic cables), energy and oil and gas. Gotex sells three main products to an expanding global customer base across five continents: coated yarns, used to reinforce flexible cables, woven tapes, to protect cables from specific forms of damage, and traded products, that complement its manufactured goods. Working only with top quality raw materials and providing excellent customer service, the company has acquired a strong reputation in the markets in which it operates. A family run business founded in 1947, Gotex is headquartered and manufacturers near Barcelona, Spain. In 2015, Gotex generated sales of €14.2 million, operating profit of €2.2 million and at 31 December 2015 its gross assets were €7.8 million (all figures unaudited and based on management accounts). For more details visit www.gotexweb.com.

About Fast React

Fast React is a global provider of software solutions, specifically for the fashion industry, from specialist planning and tracking solutions to wider business applications. With extensive operational experience in textiles, apparel, footwear and garments, the Company has developed systems that meet the exact needs of the industry. Global fashion brands, high street retailers and prominent worldwide manufacturers all use Fast React's products to improve visibility, efficiency, coordination and control. Headquartered in the UK, and with a local presence in several Asian, European and African markets, the Company's software is now used in more than 40 countries across the world. Revenues in 2015 were £4 million. For more details visit www.fastreact.com.