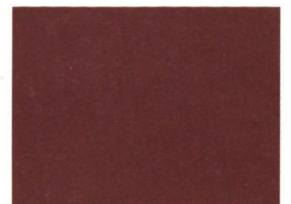


Courtaulds Textiles

A Company Profile

May 1995

SOMO/ Mechtild Rosier



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stichting onderzoek multinationale ondernemingen
centre for research on multinational corporations



On behalf of the ETUC-TCL in Brussels



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Introduction

Courtaulds Textiles Plc. exists since march 1990 as an independent company, legally the company was demerged from Courtaulds Plc. Headquarters of the company are in London, United Kingdom. The company ranked second in the UK textile companies list in 1993. Courtaulds Textiles is an international textile and clothing company which comprises some 65 profit responsible businesses. The company operates in 17 different countries in Europe, North America, North Africa and South East Asia. Worldwide the company in 1994 employed 24,000 people in 17 countries worldwide, of whom around 17,000 in the UK. In 1994 Courtaulds Textiles realised a turnover of 1,053.2 million pound sterling.

Courtaulds Textiles, has decided to establish a consultative works council for all its 20,000 employees across the European Union.

Negotiations are expected to begin soon between the company and unions in the UK, France, Germany and Spain on the details of the consultative body.

Mr John Billing, management services director, said he was ready to enter into talks with the textile, leather and clothing committee of the European Trade Union Confederation over the creation of the council. The Courtaulds' decision reflects an increasing move towards creating consultative and information committees by European transnational corporations as a result of a European Union directive¹.

Many of Britain's biggest companies are expected to agree the establishment of European works councils, despite the Government's Maastricht opt-out. In particular, Coats Viyella and Courtaulds, the textile groups. Under the 'opt-out' there is no compunction on British companies to include their workers in the arrangements. Not one company has replied with an unequivocal 'no' when approached by unions, but some have said that it was 'too early' to consider the issue.

The European directive means that any company with more than 1,000 workers in countries belonging to the European Union could qualify. The rule stipulates that if such an organisation has at least 150 employees in a second EU country, it must set up a consultative process. Under the system, companies have a duty to inform and consult employees on the commercial performance of the organisation and on employment policies. It is clear companies are falling into line through consideration of practicalities rather than political conviction.

The timetable for the introduction of the European law makes allowance for voluntary deals before the deadline next year when domestic legislation must be brought in line. If an organisation has failed to sign a deal by then, any council subsequently established will have to conform to the detailed provisions of the directive. Where companies still refuse to abide by the law, it is envisaged that punitive clauses will be invoked.

Continental trade unionists have agreed with their British counterparts that all works council agreements should include provision for the participation of their British colleagues.

European union leaders have indicated they will refuse to sign any deal which excludes Britons.

Union observers say that time is running out for companies to agree structures that best suit their corporate philosophy.

¹ The Financial Times, London Page 10, 22 march 1995.

Much of the information supplied to continental workers would often be of considerable significance to British workers².

The Company profile on Courtaulds Textiles which lies in front of you is written on behalf of the ETUC-TCL, as a basic document for the meeting of CT European Union Employees.

² Independent, 9 January 1995, Page 24.

1. History

During the 1960s and 1970s Courtaulds Plc underwent a period of expansion under the guidance of its then chairman, Lord Keaton, after resisting a takeover bid from the ICI chemicals group. Despite the competitive international environment in the 1980s, the reshaping of the Courtaulds Group ensured that the two areas - textiles on the one hand, and chemical and industrial on the other - could be run as separate businesses within the same company. In 1985 the Company formed a management initiative, known as CTG 2000, to identify the problems of the textile division and come up with a strategy for the future. It identified the importance of a move towards internationalisation, growth segments, and the importance of design and management. The direct result of CTG 2000 was the formation of the Courtaulds Textile Group which integrated its interests in textiles and clothing (excluding fibres) under one management³.

In 1990, as a result, the demerger of Courtaulds Textiles (CT) took place.

At December 1989 the number of people employed by 'Courtaulds Textiles' was approximately 30,000 of whom some 84% based in the UK.

At the demerger Courtaulds and the Company entered into an agreement regulating the exclusive use in the textiles field by Courtaulds Textiles of the Courtaulds name. On a change of control of either Courtaulds or the Company, the other may purchase all the rights to the Courtaulds name for £1 million, adjusted for inflation.

Acquisitions

Galler Iberica in Spain (and Portugal) was acquired in 1993, as well as the Gold-Zack broad stretch fabric business in Germany and the Philippines. A Joint-venture was initiated in Sri Lanka, for the production of garments. In March 1993 CT 'entered' Bangkok, Thailand, with a 50-50 venture: Tong Siang company. And the company became, from an initial 64%, a 100% owner of the textile company Chellah Confection (Chelco) in Rabat, Morocco.

Courtaulds Textiles, acquired, Broderies Deschamps one of France's leading embroidery manufacturers, and Dentelles Calaisiennes, the lace manufacturer, at the start of 1994. As a result, the group, is to reorganise its lace business in France⁴. And the newly acquired company will be integrated into the British company's existing French lace operation, Desseilles.

The acquisition fits in with the British group's existing lace businesses, which it has been expanding rapidly. It now has lace operations in the US, UK, France, Germany, Spain and the Far East⁵. Furthermore the company acquired an increase in ownership in Penn Sedespa (stretch fabric), which is now merged with Sedespa (weaving).

In March 1994, the following businesses were acquired from The Hartstone Group: two French businesses (Cogetex and Sotexa) which supply ladies' hosiery and socks under the Well brand name and for retailers' own-labels; and selected UK operations based at Sutton-in-Ashfield which supply ladies' hosiery under the Bear Brand name and for retailers'

³ EIU Textile Outlook International, January 1990, p.10.

⁴ Usine Nouvelle, Weekly Edition, 3-3-1994.

⁵ Daily News Record, 14-01-1994.

own-labels⁶.

This was Courtaulds Textiles' first deal since Noel Jervis became chief executive, after former boss Martin Taylor left to join Barclays Bank⁷.

Consideration for this acquisition was £59.4m which included £12.5m of net debt. The goodwill arising was £18.0m. Included within the consideration was £7.6m which remained in escrow at the balance sheet date to cover warranty and indemnity claims which might arise against the vendor.

Other acquisitions in 1994 comprise investments in joint ventures, together with adjustments to the fair values of previous acquisitions which were not fully determined at the end of 1993. All acquisitions have been accounted for using the acquisition method of accounting⁸.

The acquisitions made towards the end of 1993 and in March 1994 fit well into the group's established strategic framework of growth, product focus and internationalisation.⁹ During 1994 a new plant, **Penn China**, was being built in Nanjing as a joint-venture with 'Jiangsu Provincial Textiles Bureau', with CT owning 85%.

Granby, manufacturer of women's underwear, in March 1995 started building a new factory near Wishaw, UK. In that same month CT planned to set up a second local factory in Tunisia. The company was understood to be in the process of finding a location for the plant, which will employ some 600 people. Its TD 850,000 (Dollars 862,000) plant in Bizerte, **Gossard Tunisie**, produces fashion underwear and employs 260 people¹⁰.

Disposals

Courtaulds Textiles Plc in May 1994 sold **Fontanel**, a ribbon fabrics manufacturer based near Lyon in France, to a newly formed French company: France Ruban.

It said the net assets of the business were approximately FFr 15 million at end-March¹¹.

On the fourth of March 1995 The Daily Mail reported that CT was in talks to sell its **Contessa** (lingerie specialists) and **McIlroys** (department stores) retail business. The net assets of these businesses were not considered significant in terms of Courtaulds Textiles as a whole.

Facia, the retail company formerly known as **Salisburys Stores**, bought **Contessa**, April '95, from Courtaulds Textiles. **Contessa** specialises in lingerie and operates from 130 stores, producing sales of more than Pounds 25m.

The deal came a week after **Facia** acquired **Oakland Menswear** to add to its existing businesses of **Salisburys**, **Sock Shop**, **Torg** and **Red or Dead**.

Mr Noel Jervis, chief executive of Courtaulds Textiles, declined to comment on how much

⁶ Regulatory News Service, Reuter, 9-3-1995

⁷ Financial Times Business Reports, 4-2-1994.

⁸ Regulatory News Service, Reuter, 9-3-1995.

⁹ Regulatory News Service, Reuter, 9-3-1995.

¹⁰ Middle East Economic Digest, 24 February 1995.

¹¹ Reuter News Service - United Kingdom, 11-5-1994.

the company had received for the disposal, but said it was a single figure¹².

¹² The Financial Times, 4-4-1995, London, Page 26.

2. Structure

At the time of the demerger in 1990 the businesses of the company were structured as follows:

The clothing operations consisting of: Contract clothing; Brands; and Retail.

Fabrics businesses consisting of: Apparel Fabrics; Soft Furnishings; Automotive fabrics; and Linens. And the third business division being: Spinning.¹³

Today there are two 'divisions': Clothing and Textiles:

Clothing consists of the business groups: Branded Clothing, and
Own-Label Clothing

And Textiles consists of the business groups: Fabrics,
Home Furnishings, and
Spinning

The activities of the existing business groups are described in Chapter 3.

Management

The Group's businesses operate as largely autonomous profit centres responsible for the management of their own affairs. The clothing and textiles 'divisions' are separately managed. Colin Dyer leads the clothing board. The interests in textiles are managed by separate boards in Fabrics and home furnishings (Andrew Harrison), and in Spinning (John Billing)

Topman Martin Taylor, also a successful financial columnist with the Times, was the main man of the clothing and textile division of Courtaulds Plc. before the demerger (since 1987). After the demerger he started an intensive reorganisation programme. He closed 20 of the 23 spinning mills in the UK. Thousands of jobs got lost in the process. Martin Taylor's reign of Courtaulds Textiles has by many been described as successful. This must be due in part to his capacity for charming shareholders, analysts and journalists. Other critics feel that Taylor has had a large share in decimating the British textile industry. In 1993 Martin Taylor had a powerful position at Courtaulds Textiles. He wasn't only Chief-Executive but non-executive chairman as well. 7 Months after he got nominated as chairman he announced his plans to go to Barclays Bank per January 1994, where he was going to be the highest ranking executive.

Managing director Noel Jervis, 49, replaced Taylor as chief executive of Courtaulds Textiles. He spent his whole career at Courtaulds, starting in 1963 as a junior accountant. In 1980 he laid down his function as financial director of the Courtaulds Fabric Group to concentrate exclusively on the international activities of the fabrics division. He succeeded in making the fabrics division one of the most successful and international divisions of the group. Though Jervis is seen as less successful with the media than Taylor, he does inspire confidence with the analysts.

Sir Cristopher Hogg, the man who brought Taylor in, once again became chairman in 1994. Hogg had been chairman of the group since 1990 when it demerged from chemicals firm

¹³ CT, Introduction to the Official List, 21-2-1990, p.9/10

He had laid down that function in the beginning of 1993. Hogg, who first took a position in the top-level management in 1979, is described as capable. Earlier in 1993 Hogg had to take a lot of criticism for applying a double standard. As chairman of the Cadbury committee he could be seen as someone who is against combining the functions of chief executive and chairperson. At Courtaulds Textiles however he defended this combination of jobs in the case of Taylor. After announcing Taylors resignation Hogg stated that it was already expected that Taylor, within a year of accepting his double-function, would resign as chief executive. The company had hoped though that he would stay on as chairman, but due to the demanding nature of Taylors new job this was considered undesirable.

Taylors resignation led to more changes. Andrew Harrison took on fabrics together with soft furnishings, which he already managed. Colin Dyer, leading contract clothing, would take on own-label clothing as well.

Anthony Hithchens, financial director, had already changed positions and went to overseas production. The position of financial director was filled by Pippa Wicks, a woman who came to work for Courtaulds only since the beginning of 1993 and before that worked for an advisory bureau.

Sir Christopher Hogg was last May 3rd, 1995 standing down as chairman of Courtaulds Textiles again, handing over the reins to John Eccles, who has been a non-executive director for three years. Eccles knows about investment and has an extensive knowlege of industry¹⁴.

Neville Simms, group chief executive and deputy chairman of Tarmac, has august '94 been appointed a non-executive director of Courtaulds¹⁵.

Mr Eryl Morris and Mr. Matthew Williamshave been appointed to the board, taking effect at the meeting preceeding the AGM on 3 May 1995.

CT knows executive and non-executive directors, at 31 december 1994 the Board is as follows:

Executive:

| | |
|-------------|--|
| CJ. Billing | Services, Spinning, and Specialty fabrics |
| C. Dyer | Branded & Own-label Clothing |
| A. Harrison | International Fabrics and Home Furnishings |
| N. Jervis | Chief executive |
| CP. Wicks | Finance Director |

non-executive:

| | |
|-------------|--|
| JD. Eccles | Non-exec. director/ Chairman designate |
| AP. Hichens | Non-executive Deputy Chairman |
| Sir C. Hogg | Non-executive Chairman |
| AM. Vinton | Non-executive Director |

¹⁴ Observer, 10-3-1995, Reuter.

¹⁵ Building, 26 August 1994, Page 11.

3. Activities

In this chapter we will describe the activities of the five different business groups.

3.1 Branded Clothing

This business group designs, manufactures and sources clothing sold under the group's brand names. The best known brands, mostly based in the UK and in France, are: Aristoc; Georges Rech; Jockey; Well; Berlei; Gossard; Lyle & Scott; and Wolsey. Branded Clothing accounted in 1994 for 27% of total sales, amounting to £290 million.

In 1993 a particular problem was caused by the new factory, in Belper, near Derby in which the group had invested to make Aristoc stockings. Teething problems prevented the plant reaching full capacity, so it lost sales and profits in the peak pre-Christmas manufacturing period.

The Pounds 10 million factory has been constructed within the shell of a textile mill built in 1790, replacing two sites - one in Belper, the other in Langley Mill, near Nottingham.

Aristoc, is the second-largest manufacturer of tights in the UK. It takes 30 seconds to knit a pair of tights and the new mill will be working 24 hours a day, five days a week.

The UK market for tights fell from 440 million pairs a year to 410 million pairs over the years 1990-1993, partly because of the fashion for harder-wearing, opaque tights¹⁶.

Aristoc underwear increased its marketshare in the UK in the first half of 1993.

In March 1994 Courtaulds Textiles acquired women's hosiery and sock operations in France and the UK from the financially troubled Hartstone Group PLC for about Dollars 67.5 million in cash.

The deal covered the Cogetex and Sotexa groups in France. Their main brand is Well, which in 1994 was the second-largest brand of women's hosiery in France, with 28 percent of the market. France's biggest hosiery brand was 'Dim'. Sotexa, a sock producer, has 5 percent of the French sock market.

The two French brands had trading profits of Dollars 5.55 million (3.7 million pounds) on sales of Dollars 139.5 million (93 million pounds) in the year ended March 31. They are sold mainly through supermarkets and hypermarkets in France.

The purchase also includes the Hartstone hosiery operation based in Sutton-in-Ashfield, England, which produces women's hosiery under the Bear label. The UK business had trading losses of Dollars 1.5 million (1 million pounds) on sales of Dollars 21.9 million (14.6 million pounds) in 1993.

Noel Jervis, chief executive of Courtaulds Textiles, said the purchases fit in with the group's strategy to develop internationally in businesses where it has existing product and management strengths. There is considerable potential to further develop the Well brand in Continental Europe and the UK operation will be managed alongside the group's existing UK hosiery brand Aristoc, he said. Aristoc is the number-two UK brand behind Pretty Polly, owned by Sara Lee Corp¹⁷.

¹⁶ The Financial Times, Andrew bolger, 9-12-1993; Guardian, 9 November 1993, Page 14.

¹⁷ Women's wear Daily Predicasts, Fairchild News Service, 3-2-1994.

Vigan-based Cogetex Well september 30, 1994 opened its third production unit specialising in knitted and ready-to-wear clothes.

The 11,000 sq m factory required an investment of FFr 65m, of which FFr 6m came from various European and regional funds. The investment made the plant the largest tights manufacturing unit in Europe. Cogetex, which has not taken on any new staff for the plant, has a workforce of 850.

By 1995, Cogetex should be adding 10pc (around FFr 1bn) to group consolidated turnover and 5pc to earnings per share¹⁸.

In march 1995 the Well brand, had become joint market leader¹⁹.

The Aznar group decided to reverse its policy not to retail Marie Claire products in hypermarkets where the Well brand was marketed. Aznar, which specialises in hosiery, forms part of the UK multinational Hartstone.

When Hartstone sold both Cogetex and Sotexa to Courtaulds Textiles it decided to compete with its former subsidiary. Hartstone envisages turnover from hypermarket sales of some 500m ptas²⁰.

For more than 100 years Lyle and Scott, the specialist manufacturer of high-quality cashmere and wool knitwear in Hawick in the Borders region of Scotland, has been producing contemporary classic knitwear and an exclusive golf-wear range for men and women²¹.

Leslie Rowson, of Chester, Cheshire, lost his sex discrimination case against brassiere makers Contessa (in april 1995 sold to Facia) when an industrial tribunal in Reading, Berkshire, ruled that the firm could refuse him a regional manager's job because it had to maintain the privacy and decency of women customers²².

The history of the 'Bra-war':

Since MADONNA brought back the bra, cleavage has re-established itself as a female status symbol in Europe and America. Until 1994 the technical uplift of the Wonderbra dominated the so-called plunge product market, but it is now being challenged by a new rival, the Ultrabra.

Gossard, which lost to Playtex (Sara Lee), after 25 years, the licence to manufacture the Wonderbra, launched its own high-tech underwear garment on January 3, 1994.

Its arrival provoked a multi-million pound sales war supported by billboard advertising and slogans such as 'Your best cleavage ever or your money back.'

Ultrabras - known as SUBS or Super Uplifting Bras in the United States - have certainly benefited from the hype about what the modern woman should wear. It has helped boost Gossard's exports overall by 70 per cent, and it has led to increased sales in the United

¹⁸ Daily Mail, 5 March 1994; Les Echos, 30 September 1994, Page 28.

¹⁹ FT, London, 10-3-1995, p.25.

²⁰ Cinco Dias, 8 March 1994, Page 12.

²¹ The Times, 1 February 1995.

²² Guardian, 28 September 1994, Page 3.

States by 20-fold.

Exports to European Union countries in general have doubled, and to the bust-conscious French by three-fold. Even in Italy, where women are traditionally naturally well-endowed, the Ultrabra has boosted sales by 60 per cent and the product has become an international brand name in an extraordinarily short time.

Gossard believes that one of the keys to its product's success has been the speed of its distribution around the world.

Gossard, which manufactures mostly in South Wales, decided to cut down on the number of carriers - it often used to use several for one journey - and to appoint UPS to deliver door-to-door. Gossard can now guarantee overnight insured delivery to, say, Bloomingdales, at no extra cost, or routine deliveries anywhere in the European Union in less than 72 hours. In March 1994, only two months after its launch, Mr. Jervis, claimed that the Ultrabra was already outselling its rival by two-to-one²³.

As a whole the sales of the Wonderbra were only 1 percent of the total sales.²⁴

But anyway, now that Gossard had to compete against its own success with the Wonderbra, the lingerie marketer was fighting back with one of its biggest ad budgets in memory, worth Dollars 7.5 million²⁵.

In the second week of November 1994 Gossard launched its Gypsy glamour lingerie range, with a Pounds 1m TV campaign²⁶. Berlei, the lingerie manufacturer, wants to convince women that big can still be beautiful when it comes to choosing a bra, with a national press campaign headlined: 'Beauty and the bust'²⁷.

The decreasing popularity of school uniforms might force a knitwear factory in Stirlingshire to close. The 74 employees at Glenalva Knitwear in Kilsyth were told that if the factory could not be sold as a going concern to another manufacturer, closure might become inevitable. Glenalva, part of the clothing brands division of Courtaulds Textiles, says it has been keeping its employees fully informed about the problems affecting the business.

Mr Rees Hare, chief executive of Glenalva, said: 'We are a manufacturer of knitwear for school uniforms. Sales into this market have fallen sharply because of an accelerating trend towards casual wear in schools and the availability from the chain-store sector of lower-priced, imported garments. Despite efforts to broaden the product range and recent measures to reduce costs, the business is not viable on current sales volume. Unfortunately, no recovery in sales can be foreseen. In consequence, the company is actively attempting to sell the business as a going concern to some other manufacturer who could see Glenalva as complementary to an existing product range or as an additional manufacturing resource'. He praised the loyalty, commitment, and skill of the employees and said they had made great efforts in recent years to help the company be innovative and introduce changes.

²³ Daily Telegraph, 25 November 1994, Page 2; Daily Telegraph, 18 March 1994, Page 31.

²⁴ Investors Chronicle, 9-7-93.

²⁵ Crain Communications, Reuter, 11-10-1993.

²⁶ Marketing Week, 4 November 1994, Page 11.

²⁷ Campaign, 20 May 1994.

The factory was established around the turn of the century and was taken over by Courtaulds in 1970²⁸.

3.2 Own-label Clothing

The second business group designs, manufactures and sources all kinds of clothing sold under retailers' own labels.

The manufacturing is carried out at 36 factories in the UK, four factories in Marocco, and two in Sri Lanka (Joint Venture).

Marks & Spencer:

To Marks & Spencer (M&S), the company's leading customer, is sold: Lingerie; Men's underwear and nightwear; Socks; men's and women's knitwear and leisurewear; and childrenswear.

Mr Jervis said the company was 'particularly pleased' with its business of 1993 with Marks & Spencer, increasing turnover to the high street retailer by 8 per cent to Pounds 275m. CT and Coats Viyella are among the retailer's biggest suppliers. As is stated Courtaulds supplies M & S with everything from fabrics and laces to bed linen and towels, although its biggest area is finished garments, including lingerie, which accounted for about Pounds 220m in sales²⁹.

In 1994 over £100 million worth of lingerie was sold to M&S. Four businesses, with 17 factories and a large shared design studio, are dedicated to maintain M&S in its pre-eminent position in this sector of the clothing market³⁰.

1994 Sales to Marks and Spencer, which represent nearly a third of the company's turnover, were offset by reductions in others, although profits still grew.

Courtaulds Leisurewear, part of the clothing division, has five manufacturing sites (1993) with about 800 employees. It produces Leisurewear, blouses, and boxer shorts, mainly for M&S and British Home stores. It shares the London design studio with other companies within the group, and is one of the leading users of computer-aided design and manufacture. Courtaulds Leisurewear makes, with the help of 20 designers, about 3,750 sample garments a year in the design studio; of these only 200 go into production³¹.

Women's underwear:

Granby, a part of Courtaulds Textiles and a leading manufacturer of women's underwear for Marks and Spencer, in march 1995 started building a new factory at Excelsior Park, near Wishaw. It already has three other UK factories, one in Morecambe, one in Wales, and a Nottingham warehouse.

The new facility was developed in a joint venture with Wimpey Property Developments Ltd. The company has been producing for some time from a three-storey Victorian building at

²⁸ Glasgow Herald, 28 October 1994, Page 13.

²⁹ Daily Telegraph, 18 March 1994, Page 31.

³⁰ Annual Report CT, 1994, p.17.

³¹ Textile Outlook International, may 1993, p.120.

Wishaw which was proving more and more unsuited to modern needs. At one stage it is thought to have been considering a move to the North of England. But, it was vital to keep the 220 jobs already present and, that is what has been achieved.

The fact that expansion possibilities could see the number rise nearer 300 is a further bonus. As Granby Chief Executive Robert Hart says, 'The new factory will not only help to secure the jobs of all our existing employees, but will enable us to achieve a rapid increase in production, creating jobs for a further 50 people.'

Construction work has already started on the 32,000 sq ft factory, which will cost about Pounds 2.5m and should be ready by the summer. It is one of the first bespoke developments in the whole of the Lanarkshire Enterprise Zone.

The benefits of Enterprise Zone status at Excelsior Park are one reason why companies are already moving into the six advanced factory units on East Yett. The other is its location. It is handy for Scotland's motorway network, and has good access to its main airports. Enterprise Zone status furthermore means a rates-free period lasting until February 2003, along with simplified planning procedures and possible tax incentives.

Wishaw and Motherwell are only two miles from Excelsior Park, which means a strong labour pool is available with significant manufacturing skills and experience³².

In 1993 Courtaulds Textiles became 100% owner of the textile company Chellah Confection (Chelco) in Rabat, Morocco. According to local sources circa 0.72 million UK pounds were paid.³³ Chelco was founded as a Joint Venture between Courtaulds, the Moroccan state company Office de Developpement Industriel (ODI) and a local investor. The local investor sold its 36 % share to Courtaulds in 1990. During the negotiations on this share transfer Courtaulds managed obtain an agreement that they could acquire a 100 % if ODI ever wanted to sell. At the end of 1992 it became known that the sale of ODI's interest in Chelco was to part of the privatisation programme of the Moroccan government for 1993. In 1992 Chelco employed circa 1400 persons and had a turnover of £2.18m³⁴.

Production capacity in Morocco was expanded further in 1994. The joint venture manufacturing capacity in Sri Lanka was increased with the construction of a second factory³⁵.

3.3 Fabrics

This Business Group produces different kind of fabrics. In the UK, USA, France and Spain lace is produced, which is mainly sold to lingerie manufacturers.

In the USA, UK, Germany, Spain, Philippines and Thailand (JV) stretch fabric is made, which is principally sold to manufacturers of lingerie, swimwear and sportswear.

Other products in this business group are: Jersey knits; Rigid Warp Knits; Automotive upholstery; Woven Linings; Arab head shawls; Commission printing and Dyeing of furnishing and apparel fabrics; Fabric converting in e.g. silk, wool and linen. We will describe some of the activities in the following.

³² Glasgow Herald, 16 March 1995, Page 12.

³³ Middle East Economic Digest, 3-9-93.

³⁴ Middle east Economic Digest, 18-12-92.

³⁵ Regulatory News Service, Reuter, 9-3-1995.

knitted fabric:

A knitted fabric plant is to be set up in Nanjing, 240 kilometres from Shanghai, China, by Courtaulds Textiles plc.

The plant will be built as a joint venture with 'Jiangsu Provincial Textiles Bureau', with Courtaulds owning 85%. The venture will be known as Penn China and it will knit, dye and finish textiles for the markets including automotive trim. The initial investment will consist of Dollars 20 million from 1994-1997³⁶.

Production will begin at the new factory in early 1996. Initial production volumes have not been established, a spokeswoman said. Penn China will be supported by a management team and training program provided by experts from Penn Nyla, the group's UK -based knitted fabric business³⁷.

McDonnell Information Systems January 1994 sold three Series X Unix machines worth Pounds 565,000 to **Weft Knitters Courtaulds Jersey**, the UK's biggest producer of knitted fabric for underwear and leisurewear³⁸.

Jersey:

Fabric manufacturer **Courtaulds Jersey**, a Northern Ireland division of CT, announced September 1994, a 4.1 million Pounds investment which would create 70 new jobs, increase its product base and boost exports.

The company, based at Lurgan, County Armagh, is the largest UK producer of fleeced fabrics. Each week it produces 75 tonnes used mainly in sweatshirts, jogging suits and tracksuits.

The investment, supported by the Industrial Development Board for N. Ireland, will increase the workforce to 300 by 1996³⁹.

CT had to contribute Ffr 30mn to absorb Ffr 20mn in losses to its subsidiary Tricot France. The remaining Ffr 10mn would be incorporated into Tricot France's capital.

This investment also was a way to reassure local suppliers about the company's future. Tricot France suffered a more than 50% decrease of its turnover from Ffr 112mn in 1992 to 52mn in 1993, of which half is export-based.

Restructuring of the company, started in 1992, resulted in stopping the jersey production activity and in 150 job cuts.

To catch up, Tricot France has put the emphasis on mid-range lining and started developing specialised non-lining fabrics⁴⁰.

³⁶ China Bus. Trade, Vol. 15, No. 20. Chemical Business News Base - China Business and Trade, 31 October 1994, Page 7.

³⁷ Daily News Record, 14-10-1994.

³⁸ Computing, 27 January 1994, Page 8.

³⁹ Reuter News Service - United Kingdom. Reuter Economic News, 5-10-1994.

⁴⁰ Tribune, 15 September 1994.

lace:

The Galler group, Spain's leading maker of lace, blond lace and lace edging, saw turnover of 4,000m ptas in 1994. It forecasts turnover of 4,500m ptas in 1995. Galler Iberica was set up 30 years ago by Ernesto Flaque. It was acquired by Courtaulds Textiles in 1993. Galler is based in Sant Boi de Llobregat and the group also contains Galler Portuguesa and Texicolor.

Recent investment of some 1,000m ptas has transformed the family group. It now ranks sixth in the world in its sector. Galler exports 60% of its production and controls 40% of the Spanish market. It supplies haute couture and lingerie companies such as Gemma, Belcor, Christian Dior, Calvin Klein, Barbara, Princesa, Victoria Secret, Lovable, Triumph, Janira and La Perla⁴¹.

Courtaulds Textiles Wednesday the 11th of January 1994 agreed to acquire Societe Dentelles Calaisiennes (Calais), a France-based producer of lace, for an undisclosed amount in cash.

The acquisition supplements the group's existing lace operations.

Societe Dentelles Calaisiennes had net assets of 25.5 million French francs (Dollars 4.3 million) at the end of 1992, and there is significant opportunity to improve the Calais company's efficiency of production, even though it moved into a new factory in 1992, Courtaulds Textiles said⁴².

Stretch fabrics:

Courtaulds Textiles on 25 October 1993 took another step into the Far East buying Gold-Zack Werke's stretch fabric manufacturing operations in Murg, southern Germany, and its factory in Manila, for pounds 13.79m (Dollars 20.36m). This acquisition will enhance CT's established position in the German stretch fabric market and will provide an additional base from which to supply the large and rapidly growing market in the Far East.

The company made its first foray into the Pacific Rim in March. Now the group is following in the footsteps of its main customers, who have established factories in the Pacific Rim nations.

Gold-Zack sells broad stretch fabric - as opposed to narrow stretch, or elastic, fabric - to lingerie manufacturers world wide.

The operations of CT's other business: Penn Elastic (knitted fabric) are more complementary to than competing with Gold-Zack.

Courtaulds Textiles decided to use the Gold-Zack trade name until the new businesses were fully integrated into its existing stretch fabric operations⁴³.

Presence in the South East-Asian region has increased substantially with the successful Philippines acquisition, the joint venture in Thailand moving into bulk production and an agreement to build a first factory in China, which should begin production in 1996⁴⁴.

The Manila factory has been producing stretch fabric for about 16 years. It is the first presence in the Philippines for Courtaulds Textiles, but March 1993 it teamed up with the

⁴¹ La Vanguardia, 20 March 1995, Page 47.

⁴² Daily News Record, 27-01-1994.

⁴³ Yorkshire Post FT, 26-10-1993; Women's Wear Daily Predicasts, 26-10-1993.

⁴⁴ Regulatory News Service, Reuter, 9-3-1995.

Tong Siang company in Bangkok in a 50-50 venture to make stretch fabric for lingerie and swimwear.

Courtaulds Textiles' customers, which include the world's leading lingerie manufacturers, are spreading their businesses internationally and, correspondingly, the company is developing its business so that it can meet their requirements on a local basis through its global network⁴⁵.

3.4 Home Furnishings

This business group takes care of designing, manufacturing and sourcing of products that are sold under retailers' own labels and under the group's brand names: Christy, Zorbit and Sundour. Products are: Upholstery and curtain fabrics (jacquards and prints); Curtains (ready-and custom made); Towels (branded and own label); Bedlinen (own label); and Baby products.

The Bolton-based Sundour Fabrics, has won a prestigious national award for the 'Willow Collection' of their Surewash fabric. The firm received the Upholstery Fabric of the Year Award, one of the Furniture Industry Awards⁴⁶.

Courtaulds subsidiary **Weavestyle** has launched its first upholstery design range aimed at furniture manufacturers, with the help of Manchester-based Communique Public Relations. The PR firm devised the marketing and promotional plan, including feasibility research, creating an independent design panel, brand identity and literature, and launched the collection to buyers with a series of one-to-one presentations⁴⁷.

3.5 Spinning

The fifth, and last, business group is Spinning.

This business group manufactures and processes yarns for use in a variety of products including underwear, leisurewear, knitwear, socks, automotive and technical fabrics.

Examples: Polyester; Cotton (blends); Flame retardant yarns; and folded yarns.

Brands

The most familiar brand names of CT are in the Branded Clothing sector:

| | |
|---------------|---|
| Aristoc: | Stockings and tights |
| Berlei: | Bras and Corsetry, co-ordinates and control bodywear, |
| Georges Rech: | Designer Clothing and accessories, |
| Gossard: | Bras and co-ordinated lingerie, |
| Jockey: | Men's and Ladies' underwear (under licence), |
| Lyle & Scott: | Knitwear and leisurewear, |

⁴⁵ Yorkshire Post FT, 26-10-1993; Women's Wear Daily Predicasts, 26-10-1993.

⁴⁶ Manchester Evening News, 15 February 1995, Page 13.

⁴⁷ Manchester Evening News, 17 Nov. 1993, Page 8.

Wolsey: Men's socks, underwear and leisurewear,
 Well: Tights, Socks and Lingerie.
 Bear: Women's Hosiery

An in the Home Furnishings business group:

Christy: Bathroom Textiles,
 Zorbit: Baby Products,
 Sundour: Curtains and Furnishings fabrics.

Markets

In the US, Courtaulds Textiles depends mainly on the sales of silk. In the second half of 1992 for instance sales went down sharply, but over the next half year were improving again.

At the European Continent the first 6 months of 1993 were very bad for Courtaulds Textiles. Profits went down enormously. Topman Taylor remarked: "The continent is hell. Profits have fallen for five half-years running and that hurts. The outlook is not good".⁴⁸ Especially at the French, German and Spanish markets the position of Courtaulds declined. Results at the UK market we are improving, but not enough to weigh up against the negative results from the continent. Nevertheless the company kept investing in Spain, expecting an improvement on the long term.

In 1994 there were modest volume increases in the UK, Europe and USA as these economies recovered from recession. Throughout Europe, the unseasonably warm weather in the peak autumn selling season had the effect of depressing retail sales of winter outerwear, thermal underwear and hosiery in particular; the market segments in which Courtaulds Textiles operates were less affected than the market overall.

Geographically the UK is by far the most important market (55% of the turnover). Continental Europe comes second with 26%, and North America third with 12% (1994), as can be seen in the following table.

Turnover by destination (£m)

| | 1994 | 1993 |
|-------------------------|---------|-------|
| United Kingdom | 575.8 | 579.5 |
| Rest of Europe | 278.1 | 161.1 |
| North America | 129.9 | 131.4 |
| Rest of the world | 69.4 | 50.5 |
| Discontinued operations | - | 0.6 |
| | ----- | |
| | 1,053.2 | 923.1 |

Compared with the sales by business location - so, who is selling - we see that 63% of sales are generated by the UK, 23% by the rest of Europe, and 12% from North America. Exports from the UK increased by 17% to £91m.

⁴⁸ Financial Times, 2-9-93.

4. Financial Performance

A comparison of the figures of Courtaulds Textiles over the years should be done with a certain amount of care, since some major changes have been made. The end-date of the financial year was changed and new accounting principles (FRS3) were introduced (1992).

Analysts generally had a lot of praise for the financial policy of Courtaulds Textiles. Departing top-manager Martin Taylor got a lot of credit for bringing down the encredibly high debts of the company.

At the time of the demerger Courtaulds Textiles had a debt of 70 million pounds. The return on investment improved as well. In 1991 it was 7.8 %, in 1992 12.4%, in 1993 12.9%, and in 1994 14.6%. In a sector of industry with low margins this is quite an achievement. The group as a whole is considered financially stable. Courtaulds Textiles seems to be in a good position to invest in its subsidiaries or to acquire new companies.

Pensionfund:

At the end of 1992 it became known that Courtaulds Textiles wanted to take money out of the pensionfund, a measure that generally leads to a lot of negative publicity. In the case of Courtaulds Textiles however nobody seemed to be troubled. The Times wrote that this repayment to the company was 'perfectly justified'⁴⁹.

Most companies have the viewpoint that they are allowed to take money out of the pensionfund since they are the ones who have to cover an eventual loss. Most trade unions however, consider pension money to be back-wages and therefore only to be used for the benefit of the workers. The central question concerning pensionfunds always is who owns the money.

Looking back it is said that Courtaulds Textiles paid to much contribution in the seventies and eighties. When Courtaulds Textiles became independent in 1990, the pensioners staid with the old pensionfund, only a small amount of the workers went to Courtaulds Textiles. This pensionfund was on average 2 % stronger than other British pensionfunds for ten years.

The pensionfund of Courtaulds Textiles had a lot of extra money in part because of the heritage of Courtaulds Plc and in part because a lot of workers lost their jobs and with their pension claims. Or, as a British newspaper wrote: "Bad news for them, good news for the fund".⁵⁰

The company ran the risk of having to pay taxes on the surplus. Therefore it was decided to lower it from £105 to £50 million per january the first 1993⁵¹. This also meant paying taxes, to the amount of £12 million. 19 Million was taken out for the use of the company, the rest of the money was used to increase the benefits to current and future pensionholders.

In the pensionfund the company had a majority vote with 11 places on the Board, the workers held 5. The board went along with the lowering of the surplus with 9 votes in favor.

The huge surplus until 1993 favorably influenced the results. The cashflow will however be

⁴⁹ The Times, 22-12-92.

⁵⁰ Daily Telegraph, 22-12-93.

⁵¹ The Evening Standard, 21-12-92.

favorably influenced by the lowering of the surplus since part of the money will be used to invest. A British newspaper saw the step to take money out of the pensionfund as a sign that Courtaulds Textiles had new acquisitions planned⁵².

Profits (before tax) over the whole of 1993 at first were estimated by analysts to be circa 50 million pounds, after the half-year figures became public the estimate was lowered to 44 million pounds (1992: 39.1 million). The final result was even lower: £38.8 million.

In the following table the key figures concerning 1994 and 1993 are shown:

Key Figures CT:

| Year ended 31 December | 1993 | 1994 | Change |
|------------------------|---------|-----------|---------|
| Total group | | | |
| Sales | £923.1m | £1,053.2m | + 14.1% |
| Profit before interest | £43.0m | £56.6m | + 31.6% |
| Profit before tax | £38.8m | £47.3m | + 21.9% |
| Net cash flow | £1.7m | (£58.1m) | |
| Year-end borrowings | £17.7m | £93.4m | |
| Earnings per share | 29.2p | 33.7p | + 15.4% |
| Net dividend per share | 14.2p | 15.0p | + 5.6% |

Profitability was lower at Courtaulds Textiles in the first six months to June 30 1994 with profits at the pre-tax level dropping from Pounds 13.7m to Pounds 10.1m heavily influenced by the seasonality of the recent hosiery and sock acquisition from the Hartstone Group, which lost Pounds 7.4m in the first half which the company had expected. The loss covered the four months since completion of the transaction but related to only 12% of the businesses' annual sales.

All divisions returned improved profits before interest charges, with the exception of branded clothing which fell into loss. Restructuring costs took the branded clothing division to a 6.7 million pound (Dollars 10.49 million) loss. This came despite a boost from the Ultrabra marketed by its Gossard division.

A clutch of acquisitions, disposals, the lack of a pension credit and some reorganisation clouded the financial reports but on an underlying basis, profits in the group were 1% lower at Pounds 16.9m.

Despite the reduced pre-tax profits the interim dividend was raised by 4.3% to 4.9p reflecting what the board said was confidence in the trading prospects for the year as a whole and the long-term earnings potential of the business⁵³.

Comment of Peggy Hollinger (FT):

Courtaulds may be optimistic about its future in Europe but the market is not going to take any chances until the December trading statement. While encouraged by noises that Sara Lee may be retreating on its aggressive price cutting campaign, there are a few too many burnt fingers out there after last years profits warning. The biggest factor in Courtaulds' favour, for the short-term, anyway, is its management. They have done well in recession

⁵² The Independent, 22-12-92.

⁵³ The Herald, 16-9-1994, Nicola Reeves.

and the Hartstone purchase does have considerable recovery potential⁵⁴. In the beginning of March 1995 analysts were forecasting for 1994 as a whole pre-tax profits in the range of pounds 45m-pounds 46.3m⁵⁵.

1994:

As can be seen in the table with key figures sales increased by 14% to £1053.2m, including £91m from the hosiery and sock businesses acquired in 1994. So, the group overcame interim losses from its hosiery and sock acquisitions, which contributed Pounds 2.7m in operating profits. Profit before tax moved ahead by 22% in 1994 to £47.3m assisted by contributions from recent acquisitions and enhanced margins in the underlying businesses, principally as a result of reduced reorganisation costs.

| Reorganisation costs: | 1994 | 1993 |
|-----------------------|------|------|
| | £m | £m |
| Branded Clothing | 1.6 | 3.3 |
| Own-label Clothing | 0.4 | 1.8 |
| Fabrics | 0.9 | 2.2 |
| Home Furnishings | 0.3 | 0.3 |
| | --- | --- |
| | 3.2 | 7.6 |

Reorganisation costs fell to £3.2m, and in 1994 were charged against operating profit (£7.6m was charged to exceptional items in 1993).

The profit margin improved to 5.4% (4.7%) and return on average capital employed advanced to 14.6% (12.9%). On a like-for-like basis (excluding the 1993 and 1994 business acquisitions and disposals, as well as the 1993 pension credit and pension refund), operating profit advanced 6% and pre-tax profits on continuing businesses increased by 30%.

Noel Jervis, Chief Executive, comments: 'The strong advance in profit, margins and return on capital in 1994 demonstrates the benefits of past rationalisation programmes, continuing operational improvement and the successful integration of the recent acquisitions, during a period when many of the international textile markets have moved into a slow economic recovery phase. In 1994, increases in raw material prices had only a minimal impact on our results'.

'Courtaulds Textiles is positioned to make further financial and strategic progress in 1995. Management remains focused upon improving operating performance in all aspects of our activities, although the extent and speed of our progress will be influenced by the general economic environment. While cost pressures are continuing in 1995 these circumstances are by no means new to us and we will use all measures at our disposal to achieve our margin goals'⁵⁶.

⁵⁴ The Financial Times, London, 16-9-1994, Page 21.

⁵⁵ Yorkshire Post, 4-3-1995.

⁵⁶ Regulatory News Service, Reuter, 9-3-1995.

Analysis of operations by business location

| Year ended 31 Dec. | Turnover | | Profit Before Interest | | Operating Capital Employed | | Return on Ave- rage Capital Employed | |
|-----------------------|-------------|-------------|---------------------------|-------------|----------------------------------|-------------|--|-----------|
| | 1994 £ m | 1993 £ m | 1994 £ m | 1993 £ m | 1994 £ m | 1993 £ m | 1994 % | 1993 % |
| United Kingdom | 672.5 | 659.4 | 34.0 | 33.1 | 178.7 | 157.8 | 16.4 | 17.2 |
| Rest of Europe | 252.0 | 135.4 | 7.0 | (0.9) | 117.9 | 60.6 | 7.1 | (1.6) |
| North America | 132.8 | 136.2 | 11.6 | 8.4 | 66.1 | 67.9 | 17.2 | 11.2 |
| Rest of the World | 26.7 | 14.6 | 3.9 | 1.3 | 10.0 | 9.4 | 38.2 | 25.0 |
| Discontd. Operations | - | 1.4 | 0.1 | 1.1 | 3.9 | 3.5 | 2.5 | - |
| Intra-group sales | (30.8) | (23.9) | - | - | - | - | - | - |
| | 1053.2 | 923.1 | 56.6 | 43.0 | 376.6 | 299.2 | 14.6 | 12.9 |

Intra-group sales, amounting to less than 4% of total sales, are primarily from Fabrics to Own-label Clothing.

In the Uk 63% of sales was realised, the same percentage as in 1993. Sales of continental Europe rose with 5% to 23%, and those of North America went from 14% down to 12%. In 1994 36% (37% in '93) of sales were generated by the Fabrics business group, 27% (21%) by Branded Clothing; 25% (29%) by Own-label Clothing; 8% by Home Furnishings, against 9% the year before; and Spinning amounted to 4% of sales in both years alike.

Business Group Financial Summary

| Year ended 31 Dec. | Turnover | | Profit Before Interest | | Operating Capital Employed | | Return on Ave- rage Capital Employed | |
|-----------------------|-------------|-------------|---------------------------|-------------|----------------------------------|-------------|--|-----------|
| | 1994 £ m | 1993 £ m | 1994 £ m | 1993 £ m | 1994 £ m | 1993 £ m | 1994 % | 1993 % |
| Branded Clothing | 289.8 | 195.1 | 7.1 | 0.6 | 121.5 | 56.7 | 6.4 | 0.8 |
| Own-label Clothing | 265.5 | 269.3 | 17.6 | 16.3 | 46.9 | 42.3 | 28.2 | 28.3 |

| | | | | | | | | |
|----------------------|--------|--------|-------|-------|-------|-------|-------|-------|
| Fabrics | 408.2 | 369.4 | 25.5 | 19.9 | 174.8 | 168.8 | 14.4 | 12.1 |
| Home Furnishings | 81.8 | 83.1 | 4.1 | 3.7 | 20.6 | 19.3 | 17.9 | 16.0 |
| Spinning | 40.1 | 38.6 | 2.2 | 1.4 | 8.9 | 8.6 | 21.6 | 12.2 |
| | ----- | ----- | ----- | ----- | ----- | ----- | ----- | ----- |
| Total continuing | 1085.4 | 955.5 | 56.5 | 41.9 | 372.7 | 295.7 | 14.7 | 12.8 |
| Discontd. Operations | - | 1.4 | 0.1 | 1.1 | 3.9 | 3.5 | - | - |
| Intra-group sales | (32.2) | (33.8) | - | - | - | - | - | - |
| | ----- | ----- | ----- | ----- | ----- | ----- | ----- | ----- |
| | 1053.2 | 923.1 | 56.6 | 43.0 | 376.6 | 299.2 | 14.6 | 12.9 |

From 1993 onwards turnover increased again. In the years 1990, 1991 and 1992 it had been diminishing from £983.8m to £922.0m to the minimum of £889.6m in 1992. All divisions improved profits, with Branded Clothing - which includes the hosiery and sock businesses - increasing profits before interest by more than 10 times the 1993 level⁵⁷. We will have a closer look:

Branded Clothing

Sales (£290m) and profit advanced strongly assisted by improved results from **Aristoc** and the first time contribution from the **Well** hosiery business. **Aristoc**, along with the **Sutton** business acquired from **Hartstone**, gained market share in both its branded and own-label business.

The newly-acquired **Well** business in France also completed a satisfactory year in hosiery, with market share growth taking it, by the year end, to the position of joint brand leader. This achievement was particularly notable given the year-long effect of snow damage to its warehouse and the relocation of its knitting production into a new factory. Investment to develop **Well** brand lingerie sales continued at an increased pace.

Although the profit margin improved to 2.4% it was held back by the continuing unsatisfactory performance of both **Georges Rech** and **Contessa**. **Contessa's** disappointing result was affected by the costs of repositioning the business. **Georges Rech** returned to break-even in the second half year, benefiting from the earlier programme of cost reduction, successful range repositioning and some recovery in its markets during the autumn season. However a fuller recovery depends upon stronger international pret-a-porter markets.

Ladies' hosiery demand fell in both the UK and France by around 10% in volume as a result of outerwear fashion trends and increased product durability.

Gossard's recent growth continued through increased export sales - for which it received a British Apparel Export Award - and the **Ultrabra** range launch which exceeded expectations. **Jockey**, **Lyle & Scott**, **Wolsey** and **McIlroys** all achieved creditable results by means of determined management and attention to detail in the face of flat market conditions.

⁵⁷ Financial Times, 10-3-1995, p.25.

Own-label Clothing

This sector accounted in 1994 for one quarter of total sales, amounting £266 million.

Total sales were slightly lower due to the previous year's withdrawal from some unprofitable childrenswear and ladies' outerwear sectors but profit advanced by £1.3m (8%) assisted by lower reorganisation costs.

Within the Marks & Spencer business, sales increases in several areas were offset by reductions in others, although profits still grew.

Leisurewear benefitted from an improved product offering and tighter operational management, although intermittent industrial action at one of our four Moroccan factories led to supply difficulties in the second half of the year. In knitwear, a fashion change towards cut-and-sew garments plus the warm autumn weather held back profit but the business continued to perform well and has been strengthened by the completion of the first phase of an extensive investment

in the latest, highly flexible, knitwear technology. The lingerie business maintained its contribution with total sales and profit largely unaltered. Progress was made in childrenswear, but operational difficulties affected profits in underwear.

Fabrics

This business group with sales amounting up to £408 million, contributed the biggest part (36%) to the total.

A year of significant progress saw profit rise by £5.6m (28%) assisted by the smooth integration of the 1993 acquisitions, sale of a small non-core business, lower reorganisation costs and improvements in operational performance. Profit margin increased to 6.2% (5.4%).

The stretch fabric business in the UK had a good year and invests heavily for future growth. The jersey business performed well too. Better UK sales of underwear fabrics offset the reduced margins in leisurewear. The British furnishing printing businesses maintained a strong contribution despite the weaker demand, but less successful were the lace business and the automotive business. The rigid warp knitting business in the UK declined further as customers turned to higher value fabrics and the commission dyeing business suffered from import substitution.

Both the French and newly acquired Spanish lace businesses made substantial progress with the contribution of strong design, new products and higher exports. French linings business led to a further deterioration in results, due to price pressure.

The integration of the German Gold-Zack stretch fabric business, acquired in 1993, went according to plan. In the USA Stretch fabric sales were sharply higher, but correspondingly lace sales were lower.

Home Furnishings

Sales in 1994 were £82 million, and 8% of the total sales of last year. A £0.4m (11%) advance in profit was achieved despite very tough market conditions, especially for soft furnishings.

The towel business achieved considerable progress due to strengthened management and increased Christy sales. The Zorbit babycare business performed well but the recent growth in homeware was halted by the difficulty of replacing increasingly mature bedlinen products.

There was weak demand for the furnishing fabric converters, particularly for prints. The increased market emphasis on woven patterns assisted further expansion at the jacquard weaving business which successfully launched its first own range.

Spinning

With sales amounting £40 million (1994), contributing 4% to the total sales this sector moved ahead reflecting the benefits of higher margin products and a more flexible manufacturing response. Profit rose with £0.8m to £2.2m, and the profit margin strengthened to 5.5%. Strong sales of both cotton blends for leisurewear and furnishings and thermal yarns for underwear and polar fleece offset weaker demand for coloured acrylic yarns⁵⁸.

COMMENTS

Courtaulds has made progress in the problem areas which depressed 1993 profits. The group in March started talks to sell the Contessa UK clothes shops. Operational improvements and earnings from recent acquisitions helped trading profits to improve 6 per cent and lower restructuring charges magnified the profit growth at the bottom line. Courtaulds Textiles has great brands, but it must face industry-wide problems, such as consumers' price-sensitivity and rising raw material costs.⁵⁹

Courtaulds results impressed the market. The major supplier to Marks & Spencer, said demand for ladies' hosiery continued to fall in 1994 in Britain and France as a result of fashion trends and the increased durability of products.

But it added its Gossard business has performed well, boosted by a better-than-expected launch of its Ultrabra range.

In the United States a continuing fashion trend away from lacy women's underwear towards a sleeker look simultaneously depressed lace sales and boosted profits in stretch fabrics⁶⁰.

Still, the company has made some smart decisions in withdrawing from less profitable lines to become tightly focused on knitting-based products. Pre-tax profits are forecast at Pounds 55m for 1995⁶¹.

OUTLOOK

CT is still hopeful for a recovery in its major European markets despite the recent interest rate rises in France, Belgium, Denmark and Portugal.

'I am optimistic for growth in the UK and I believe we are in a position to benefit from other European countries' recovery,' said chief executive Noel Jervis.

Jervis added that the firm had successfully fought for its margins in 1994, despite some price rises in its raw materials. 'As far as margins go, it's so far so good, but it's not going to be easy,' he said. 'Perhaps it's even getting more difficult,' he added.

Furthermore Jervis saw good opportunities for expansion in the Far East. 'We see growth obviously in South East Asia, where we are increasing exports'⁶².

⁵⁸ Regulatory News service, Reuter, 9-3-1995.

⁵⁹ Investors Chronicle FT Business Report, 17-3-1995.

⁶⁰ Birmingham Post, 10-3-1995.

⁶¹ Financial Times (London) 10 March 1995 Page 25.

⁶² Reuter News Service, 9-3-1995.

shares

With stockbrokers Courtaulds Textiles remains popular. In October 1992 Simon Walters, investment director of Save and Prosper, states that Courtaulds Textiles is a company to buy shares in. The management is called 'excellent'. And: "it has survived the recession, restructured and looks stronger than ever".⁶³

About a year later Courtaulds Textiles is still a much favored investment.

Stockbroker S.G. Warburg thinks the balance sheet looks strong and that there are possibilities to recover and for organic growth.⁶⁴

Earnings per share improved by 15% to 33.7 pence (net basis). This calculation was based on the profit attributable to shareholders of £34.3m, and on 101.7 million shares, being the weighted average number of shares in issue during the year.

The full year dividend increased by 5.6% to 15 pence per share in 1994.

Standard Life Assurance Company and its subsidiaries notified November 1994 that, following with the sale of 460,000 shares on 25 November, 1994, their total holding in CT shares was now less than 3%. Therefore its ownership no longer constitutes a notifiable interest⁶⁵.

On 10 March 1995, the shares rose with 10p to 426p, and earnings per share rose 15 per cent to 33.7p (29.2p). The recommended final dividend is 10.1p, bringing the total to 15p, a rise of 5.6 per cent⁶⁶.

Eleven days later, the 21st of March, shares dipped to 424p. The group has been meeting analysts. One, Sahill Shan, of BWD Rensburg forecasts profits of pounds 55.2m this year (1995) and pounds 62.7m next and says the shares are a buy⁶⁷.

⁶³ The Independent, 22-12-92.

⁶⁴ Daily mail, 4-9-93.

⁶⁵ Regulatory News Service, 29-11-1994.

⁶⁶ Financial Times (London) 10 March 1995 Page 25.

⁶⁷ The Independent FT, 21-3-'95, Derek Pain.

5. Employment

Since the demerger in 1990 the number of people employed by Courtaulds Textiles has been declining for three years. Thousands of jobs were lost. In 1990 the company employed almost 30.000 people, in 1992 there were only 21.800 employees left.

In the annual report of 1992 the following is said on the subject: "Another notable feature of 1992 was that the level of employment showed much more stability after the steep falls of the two previous years. The number of employees has declined by 1100, serious enough in all conscience but less significant when set beside the reduction of 8000 in 1990 and 1991"⁶⁸.

A British newspaper writes that perhaps the most remarkable feature of Taylors period as chief executive was that there never was a huge outcry about his reorganisation programme. A textile analyst says: "I could never understand why there wasn't an uproar among the trade unions or in the press when Mr. Taylor wielded the knife."⁶⁹

An example: The restructuring program started in 1992 at Tricot France resulted in a loss of 150 jobs⁷⁰.

The paper supposes that it had to do with the fact that Taylor always approached all his critics personally.

Employee numbers '000 1990 - 1994

| | |
|------|--------------------|
| 1990 | 29,6 |
| 1991 | 25,6 |
| 1992 | 21,8 |
| 1993 | 21,9 |
| 1994 | 23,3 ⁷¹ |

By the end of the year 1994, the Group's workforce had risen from 21.900 to 23.700, resulting mainly from acquisitions. In the UK employment rose from 16.300 to 16.900 in the same period.

In the European Union 20.000 people are employed⁷².

Combining these figures leads to the conclusion that 6.800 people were employed outside of the UK, of which about 3.100 in Continental Europe, and the remaining 3.700 in North America, South-East Asia, North-Africa and in a few countries outside of these regions⁷³.

⁶⁸ Financial Times, 2-9-1993.

⁶⁹ Financial Times, 2-9-93.

⁷⁰ Tribune, 15 september 1994.

⁷¹ Report and Accounts 1994, CT, p.9.

⁷² Financial Times, London page 10, 22-3-1995.

⁷³ The author of this report makes a rough estimation of the division of staff over Europe:
UK: 17,000; France: 1,050; Germany: 1,150; Spain: 650; Portugal: 150.

Since September 1994 the media have made several announcements about the creation of additional jobs, e.g.:

Courtaulds Textiles plans to set up a second factory in Tunesia, which will employ some 600 people. Its first plant in Bizerte, Gossard Tunisie, employs 260 people⁷⁴.

In november 1994 Courtaulds Jersey, in Lurgan, Northern Ireland, announced a huge investment which would create 70 new jobs, and increase the workforce to 300 in 1996⁷⁵.

Granby, building a new factory, already had three other UK factories, one in Morecambe, one in Wales, and a Nottingham warehouse. Together these had 220 jobs. The new factory will not only help to secure the jobs of all our existing employees, but will enable us to achieve a rapid increase in production, creating jobs for a further 50 people⁷⁶.

Vigan-based Cogetex, UK, had a workforce of 850, before it opened its third production unit in september 1994⁷⁷. It remains unknown whether more jobs were created in this case.

In the Annual Report of 1994 CT's employees are described as playing a crucial role in achieving competitive advantage. Important to develop that role are: two-way communication; extending teamworking systems on the shopfloor but throughout the business as well; using flatter organisation structures to get the best out of people; an increasing the level of training, concentrating on technical up-skilling, but even more on creating a flexible and multi-skilled workforce.

To meet the particular needs of female employees there is a trial with the provision of childcare vouchers, and the possibility to work flexible hours in some locations. The pension scheme terms relating to maternity leave have been improved, so states the annual report. The group strives for a reduction of the number of company accidents, and has introduced seven new H&S principles to revitalise the commitment to best international standards. In the UK 18 factories recieved a National Safety Award.

Most of CT's UK plants have union representation. There are established bargaining procedures in most plants to facilitate the introduction of new operating procedures. Concentration on communication with individual employees and with union representatives has prduced generally good industrial relations. The Directors believe that sustained competitive advantage rests on the superior skills, commitment and flexibility of its employees, therefore strong emphasis is placed on training, education and development.⁷⁸

⁷⁴ Middle East Economic Digest, 24 February 1995.

⁷⁵ Reuter News Service - United Kingdom. Reuter Economic News, 5-10-1994.

⁷⁶ Glasgow Herald, 16-3-1995, page 12.

⁷⁷ Les Echos, 30 September 1994, Page 28.

⁷⁸ CT Introduction to the Official List, 21-2-1990, p.18.

The tough trading conditions experienced in 1993 by Courtaulds Textiles did not affect the salaries of top executives too adversely although they did not receive any performance bonuses. The salary of the chief executive Martin Taylor who left to become chief executive of Barclays Bank, rose with £18,000 to £224,000⁷⁹.

In 1994 a total amount of £938,000 was paid for remuneration of the company's directors⁸⁰.

⁷⁹ Financial Times, 14 Apr 1994, p.29; Independent, 13-4 1994.

⁸⁰ Reports and Accounts 1994, CT, p.33

6. Strategy

CT looks at strategy in three ways⁸¹:

- I) In terms of portfolio of businesses. What are priorities, and what can be de-emphasized. The main aim is profitable growth, by 'doing fewer things better', and by internationalisation of sourcing, manufacturing and distribution. There has been a concentration of sales in key products, from 50% in 1984 to 75% ten years later. Through internationalisation the dependency on the UK economy has reduced from 85% to 55% over the same period of ten years.
- II) Continuous improvement of quality, by setting standards, transferring best practice, exchange of ideas and closer co-operation.
- III) Establishment of stretching financial targets. The ROI of 15% still is inadequate, although since the demerger the profit before tax doubled. Under-performance has to be tackled, and benefits of investments have to be realised. At today's low inflation an ROI of 17% is the target.

Before we consider the strategy of CT further, let us first take a look at the sector.

Sector

The textile industry has been in crisis for a long time. Many companies either went bankrupt or were taken over by other companies. In this context a British newspaper says on Courtaulds Textiles; "To survive as a profitable entity, while undergoing the major restructuring of a demerger, is an achievement".⁸²

The levels of production in the overall sector have been restored after a large drop in 1992. For textiles as a whole, year after year there was a marginal rise, the reductions in knitting and carpets being balanced by increased activity in woollen and worsted and finishing. Cotton and allied textiles remained stable.

The concentration on price as the determining factor, continues to maintain strong pressure on manufacturers' margins and increases their difficulty in seeking to recover from rising raw material and manufacturing costs.

Imports of apparel from non-EU continued to increase in 1993, comprising proportionally of UK re-exports to the EU.

The most encouraging feature revealed by the latest figures is the continuing improvement in export performance to non-EU-markets⁸³.

All European Textile groups are facing a very difficult situation.

In the list of the 300 biggest textile companies in the world, CT in 1992 dropped from the 11th (1991) to the 15th position. The world number one was Kanebo, from Japan, followed by Coats Vivella Group from the UK. In a classification by country based on average turnover in textiles industry, the UK holds the sixth position; France is number one in this classification, followed by the US (1992).

⁸¹ Reports and Accounts, CT, 1994, p.7/8.

⁸² The Guardian, 2-9-93.

⁸³ Comitextil, Bulletin 94/1-2, p.79-89.

In the European top 20 of textile companies, CT ranks sixth. And the Company holds respectively the second position in the UK textile company ranking, and the first position in the UK Clothing Company ranking; furthermore the ninth position in the world list of Multiproducts Textiles companies⁸⁴.

Textile sector UK

Take a trip through the heart of textile country and you are more likely to come across an industrial museum than a working mill. Yorkshire and Lancashire are full of silent looms and smokeless chimneys that tell the sorry tale of the decline of Britain's textiles industry. Received wisdom says that cheap imports, mostly from the Far East, have dealt a fatal blow to UK spinning and weaving.

The value of textiles companies as a proportion of the stock market total is now a third of what

it was 15 years ago. In 1978, textiles companies made up 1.8 per cent of stock market capitalisation. Today the sector is worth less than 0.6 per cent of the whole.

But while textiles companies are under intense pressure, it would be unfair to write the industry off. The largest of the lot, and the textiles sector's only FT-SE 100 constituent, Coats Viyella, is big enough to have factories of its own in the Third World (India, China), and, through the acquisition of the Dutch Berghaus, has access to Russia and Eastern Europe.

'One of the key issues in the whole question is speed of response,' Coats Viyella's development director says. Other leading companies share this opinion.

Leeds Group, which colours cloth and yarn and counts Laura Ashley among its customers, succeeds in the UK precisely because it possesses the time advantage.

Clothes shops no longer restrict themselves to two or four seasons: shoppers now expect product ranges to be continually updated. Sophisticated electronic point-of-sale devices have had an important influence here.

The trend is to leave the commodity end of the business to the Third World. To import raw fabric and yarn by the mile and make money converting it into smaller amounts of material ready for garment makers.

Slimma is another company that is succeeding by doing what the Third World cannot. Although its name suggests the reverse, Slimma makes clothes for large, or 'outsize', women.

Third World competition comes predominantly from the Far East, from countries whose currencies are linked to the US dollar.

Despite current exchange rate advantages, it is not easy being a UK textiles company.

Dawson's North American subsidiary, which makes basic, low-price items, such as T-shirts and sweatshirts, has difficulties, however, that illustrate exactly the kind of trouble that First World textiles companies can encounter if they try to compete directly with the cheap labour areas of developing countries.

And with the signing of the Uruguay round of the Gatt agreement, Third World textiles exporters are set to gain further advantages as cheap commodity producers.

The Company

Courtaulds Textiles, the second-biggest player, has tackled the problems head-on by dramatically reducing its output of commodity products from UK factories and increasing its exposure to goods that are not so sensitive to prices.

⁸⁴ Comitextil, Bulletin 93/6, p.7-100.

Mark Puleikis, the sector analyst at Smith New Court, the securities firm, says Courtaulds is a classic illustration of the way in which UK manufacturers have changed. 'When Courtaulds split itself into two four years ago, dividing the fabrics side from chemicals, Courtaulds Textiles had 31 spinning and weaving mills in Britain,' he says. 'Now it has four. The shut-down is a direct result of import penetration.' The company has been concentrating on this area for some time, progressively altering the product mix during the last decade. Stretch fabrics are now important, as is lace and other products with a much higher design input. And, as we saw, quick response is also vital⁸⁵.

Courtaulds Textiles sold many of its subsidiaries, the problem-companies and companies involved in non-core activities. In fact the process of reorganisation already began before the demerger. At the end of 1993 the reorganisation was almost finished. Courtaulds Textiles today is much more clearly a clothing- and textile company, with some interest in interior decoration and spinning.

The company is not just selling but acquiring as well. For instance: They paid cash for the share-capital of Galler Iberica in Spain and its sister-company Texicolor. Galler is marketleader in Spain and Portugal for lace, and exports about half of its products, mainly to other European countries. Texicolor dyes and finishes the products. With these acquisitions Courtaulds Textiles got hold of a market share of 40 %. The group also strengthened its position as the leading supplier of silk and woven fabrics to the lingerie industry.⁸⁶

The profile of the company as a whole makes it possible to shop around for better raw materials prices. This spring the company has bought forward in anticipation of price rises, and Mr Jervis said the company would re-engineer its products to adjust to cost increases⁸⁷.

⁸⁵ The Independent, 11-1-1994.

⁸⁶ Financial times, 4-8-93; Yorkshire Post, 4-8-93.

⁸⁷ Financial Times (London) 10 March 1995 Page 25.

Sources of information

Annual Reports and Accounts of Courtaulds Textiles 1990-1994

Comitextil, Bulletin 93/6 and 94/1-2

EIU Textile Outlook International, January 1990

Who Owns Whom 1994

Kompass, of relevant European countries

Furthermore many articles, see footnotes.

ANNEX I Available Addresses and numbers of employees

Addresses: Activity: Employees:

Registered Office:

13/14 Margareth Street
London, W1A 3DA
United Kingdom
tel 071 331 4500
fax 071 331 4600

United Kingdom:

Courtaulds Textiles (Holdings)Ltd

Moss Lane
Walkden, Worsley
Manchester M28 5WR

Holding company

Clutsom-Penn Int. Ltd

Moss Lane
Walkden, Worsley
Manchester M28 5WR
tel 0161-79 04 851

Manufacturers

1100 (1990)

Parent of a group of
subsidiaries

Gossard Ltd

Grovebury Road
Leighton, Buzzard
Bedfordshire

Holding company
for overseas interests

Lyle & Scott Ltd

Liddesdale Road
Hawick
Roxburghshire TD9 0ER
tel 0145-73 361
fax 0145-78 863

Manufacturers

550 (1990)

Macanie (London) Ltd

Park Lane
Oldbury, Warley
W.Midlands

Wholesale distributors

Courtaulds Clothing Exports Ltd

Haydn Road
Nottingham

Exporters

| | | |
|--|--|------------|
| <u>Courtaulds Spinning Exports Ltd</u> Heron Street Hollinwood Oldham | Exporters | |
| <u>Courtaulds Textiles Retail</u> 52 Broadway Bracknell Berks | Holding company | |
| <u>William McIlroy Swindon Ltd</u> Park House Church Place Swindon, Wilts | Department Stores | |
| <u>Fine Spinners and Doublers Ltd</u> Hollinwood Oldham | Holding | |
| <u>Courtaulds Textiles Investments Ltd</u> Moss Lane Walkden, Worsley Manchester M28 5WR | Holding company for overseas interests | |
| France | | |
| <u>Courtaulds Textiles S.A.R.L.</u> 41, Rue de l'Echiquier 75010 Paris tel (1) 48 01 07 88 fax (1) 48 01 08 56 | Accountancy management Legal affairs Marketing | 7 (1992) |
| <u>Desgal S.A.</u> Z.I. Le Marais 38510 Morestel tel 74 80 11 46 fax 74 80 05 54 | | |
| <u>Desseilles Textiles S.A.</u> P.O. Box 106 62102 Calais Cedex tel 21 96 24 66 fax 21 96 13 29 | Manufacturers | 400 (1992) |
| <u>Desseilles Textiles S.A.</u> 141, Rue du Four A Chaux 62100 Calais tel 21 96 24 66 | Manufacturers | 68 (1992) |

| | | |
|---|---------------|-------------|
| <u>Desseilles Textiles</u> 43, Rue de la Justice 62340 Guines tel 21 35 22 02 fax 21 96 13 29 | Manufacturers | 66 (1992) |
| <u>Desseilles Textiles S.A.</u> Rue de la Leulenne 62890 Tournehem sur la Hem tel 21 35 60 55 fax 21 05 67 55 | Manufacturers | 100 (1992) |
| <u>Mode Anjou Industrie (M.A.I.)</u> P.O. Box 5 49010 Angers Cedex tel 41 88 38 22 fax 41 88 55 12 | Manufacturers | 71 (1992) |
| <u>Tricot France</u> 140, Rue du Logelbach 68025 Colmar Cedex tel 89 22 45 00 fax 89 22 45 56 | Manufacturers | 264 (1992) |
| Germany: | | |
| <u>Gossard GmbH</u> P.O. Box 140 D-7475 Bissingen tel 0 74 76-89 40 fax 0 74 76-8 94 66 | Manufacturers | 60 (93-94) |
| <u>Penn-Elastic GmbH</u> P.O. Box 2249 D-33104 Paderborn tel 0 52 51-4 00 80 fax 0 52 51-40 85 90 | Manufacturers | 210 (1991) |
| <u>Wulff Textil-Service GmbH</u> Grasweg 45 D-2300 Kiel tel 04 31-54 00 00 fax 04 31-5 40 00 54 | | 200 (92-93) |
| <u>Gold-Zack Werke AG</u> D-4020 Mettman Gold-Zack Strasse 7 Postfach 100110 tel 02104 149-0 | Manufacturers | 587 (1990) |

fax 02104 149316

Ireland:

| | | |
|--|---------------|------------|
| <u>Robert Usher & Co Ltd</u> Greenhills Drogheda Co Louth tel 0 41-37 741 fax 0 41-37 747 | Manufacturers | 170 (1993) |
|--|---------------|------------|

| | | |
|--|---------------|------------|
| <u>Courtaulds jersey</u> Portadown Road Lurgan Co Armagh BT66 8RB tel 0762 325123 fax 0762 332688 | Manufacturers | 161 (1993) |
|--|---------------|------------|

Morocco:

| | | |
|---|-----------------------------|-------------|
| <u>Chella Confection (CHELCO) SA</u> Zone d'Activite de Takkadoum P.O. Box 5105 Rabat, Souissi tel 07-75 34 26 | Manufacturers and makers-up | 800 (91-92) |
|---|-----------------------------|-------------|

Tunesia:

| | | |
|---|---------------|------------|
| <u>Gossard Tunesie</u> -- -- Bizerte | Manufacturers | 260 (1994) |
|---|---------------|------------|

ANNEX II Principal subsidiaries (Reports and Accounts CT, 1994)

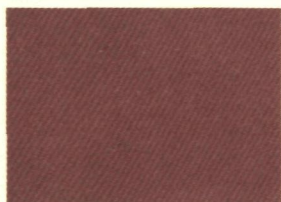
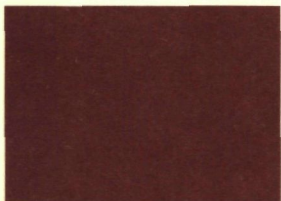
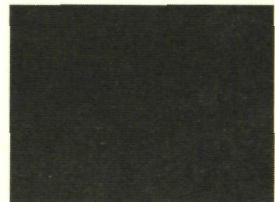
at 31 December 1994

| Country | Company | Main Activities |
|----------------------|---|--|
| Europe | | |
| United Kingdom | Courtaulds Textiles (Holdings) Ltd | Holding company and manufacturers of textiles and clothing |
| | Contessa (Ladieswear) Ltd† William McIlroy Swindon Ltd | Retailers of bras and lingerie Retailers of clothing and household textiles |
| France | Desseilles Textiles SA (95% owned) | Lace |
| | Société Georges Rech SA | Georges Rech clothing and accessories |
| | Cogetex SA | Hosiery |
| Germany | Penn Elastic GmbH | Stretch fabrics |
| | Penn Gold-Zack GmbH | Stretch fabrics |
| Spain | Galler Iberica SA | Lace |
| | Penn Sedespa SA (60% owned) | Stretch fabrics |
| North America | | |
| USA | Liberty Fabrics Inc | Lace and stretch fabrics |
| | LTD Lace Co Inc (75% owned) | Lace |
| Africa | | |
| Morocco | Chella Confection SA | Clothing |
| Asia | | |
| Philippines | Gold-Zack Philippines Inc | Stretch fabrics |
| Thailand | Penn Asia Company Ltd* (9,800:£253,814:49%) | Stretch fabrics |

ANNEX III List of subsidiaries

| | | |
|---|---------------------|--|
| COURTAULDS TEXTILES PLC. PO Box 22. 6711, 2211. | | |
| Manchester Road, Walkden, Worsley, Manchester. 2221 | | |
| M28 5WR Tel: 061-790 4851 | | |
| .. Courtaulds Textiles (Holdings) Ltd. | U.K. | |
| .. Classic Lace Computer Pattern Co. Ltd. (d) (A) | U.K. | |
| .. Clutson-Penn International Ltd. | U.K. | |
| .. A.H. Broughton & Co. Ltd. (d) | U.K. | |
| .. R.L. Industrial Bindings Ltd. (d) | U.K. | |
| .. W.T. Reddell Ltd. (d) | U.K. | |
| .. R. & W.H. Symington & Co. Ltd. (d) | U.K. | |
| .. Samuel Courtauld & Co. Ltd. (d) | U.K. | |
| .. Courtaulds Clothing Brands Ltd. (d) | U.K. | |
| .. Bains-Wear Ltd. (d) | U.K. | |
| .. Bains-Wear (Overseas) Ltd. (d) | U.K. | |
| .. Courtaulds Apparel Holdings Ltd. (d) | U.K. | |
| .. Luvisca (Manufacturing) Ltd. (d) | U.K. | |
| .. Northgate Group Ltd. (d) | U.K. | |
| .. Daintyfy Brassiere (Holdings) Ltd. (d) | U.K. | |
| .. J & P Jacobs Ltd. (d) | U.K. | |
| .. Walker Reid Ltd. (d) | U.K. | |
| .. Courtaulds C.P.G. (Holdings) Ltd. (d) | U.K. | |
| .. Haydn Knitwear Ltd. (d) | U.K. | |
| .. Mendian Ltd. (d) | U.K. | |
| .. I. & R. Morley (Sales) Ltd. (d) | U.K. | |
| .. Courtaulds Clothing Ltd. (d) | U.K. | |
| .. Courtaulds Clothing Maroc S.A. | Morocco | |
| .. Courtaulds Distributors Ltd. | U.K. | |
| .. Cook & Watts Ltd. (d) | U.K. | |
| .. Emblemhurst Ltd. (d) | U.K. | |
| .. Landmoor Ltd. (d) | U.K. | |
| .. Courtaulds Intimate Apparel Ltd. (d) | U.K. | |
| .. Courtaulds Textiles One Ltd. (d) | U.K. | |
| .. Courtaulds Textiles Six Ltd. (d) | U.K. | |
| .. Thomas Adams Ltd. (d) | U.K. | |
| .. Cook & Watts (Sales) Ltd. (d) | U.K. | |
| .. Gossard (Holdings) Ltd. | U.K. | |
| .. Gossard GmbH | Germany | |
| .. Gossard Ltd. | U.K. | |
| .. Berle (U.K.) Ltd. (d) | U.K. | |
| .. Kayser (South Africa) (Pty) Ltd. (d) | South Africa | |
| .. Bobarmot Investments (Pty) Ltd. (d) | South Africa | |
| .. Cape Hosiery Mills (Pty) Ltd. (d) | South Africa | |
| .. SATG (Cape Town) (Pty) Ltd. (d) | South Africa | |
| .. South African Gossard (Pty) Ltd. | South Africa | |
| .. Wm. Hutchinson (Yarns) Ltd. (d) | U.K. | |
| .. Hyvogve Ltd. (d) | U.K. | |
| .. Industrie de Bonnetière de la Vallée (IBOVAL) (A) | Morocco | |
| .. Kayser Bondor Ltd. (d) | U.K. | |
| .. Lyle & Scott Ltd. | U.K. | |
| .. Macanie (London) Ltd. | U.K. | |
| .. S. Levine & Co. (Newcastle) Ltd. (d) | U.K. | |
| .. Macanie Ltd. | U.K. | |
| .. J. Porter & Co. (Aldersgate) Ltd. (d) | U.K. | |
| .. Allen Amery Ltd. (d) | U.K. | |
| .. Wilkinson & Riddell (Holdings) Ltd. | U.K. | |
| .. Batho, Taylor & Ogden Ltd. | U.K. | |
| .. Everett & Wear Ltd. (d) | U.K. | |
| .. Harvad Properties Ltd. (d) | U.K. | |
| .. Wilkinson, Riddell & Larikins Ltd. | U.K. | |
| .. PHJ Two Ltd. | U.K. | |
| .. Rob Roy (Children's Wear) Ltd. (d) | U.K. | |
| .. Sherwood International Ltd. | Mauritius | |
| .. Steegan Ltd. (d) | U.K. | |
| .. Taylor-Woods (Lingene) Ltd. (d) | U.K. | |
| .. Tubbs, Lewis & Co. Ltd. (d) | U.K. | |
| .. Wolsey (Germany) GmbH | Germany | |
| .. Wolsey Ltd. (d) | U.K. | |
| .. Wolsey of Sweden AB | Sweden | |
| .. Wolwell Ltd. (A) | Hong Kong | |
| .. Courtaulds Clothing (Exports) Ltd. | U.K. | |
| .. Courtaulds Fabrics Ltd. (d) | U.K. | |
| .. Bassam Shawl Manufacturing Co. Ltd. (d) | U.K. | |
| .. Belmont Weaving Ltd. (d) | U.K. | |
| .. Courtauld Prints (Overseas) Ltd. (d) | U.K. | |
| .. Samuel Courtauld Fashion Fabrics (Overseas) Ltd. (d) | U.K. | |
| .. Courtaulds Shamash Ltd. (d) | U.K. | |
| .. The Long Eaton Fabric Co. (Holdings) Ltd. (d) | U.K. | |
| .. Lace and Textiles Ltd. (d) | U.K. | |
| .. Classic Lace Dissolving Ltd. (d) | U.K. | |
| .. Laces & Textiles Holdings Ltd. (d) | U.K. | |
| .. B.J. Topiss Ltd. (d) | U.K. | |
| .. The Long Eaton Fabric Co. Ltd. (d) | U.K. | |
| .. Grapefield Ltd. (d) | U.K. | |
| .. Hingtone Ltd. (d) | U.K. | |
| .. Astrand Textiles (1978) Ltd. (d) | U.K. | |
| .. Courtaulds Home Furnishings Ltd. (d) | U.K. | |
| .. Ashton Bros. & Co. Ltd. (d) | U.K. | |
| .. Ashton Brothers & Co. (Overseas) Ltd. (d) | U.K. | |
| .. Robert Usher & Co. Ltd. | Republic of Ireland | |
| .. Samuel Heap & Son Ltd. (d) | U.K. | |
| .. Lappet Manufacturing Co. Ltd. (d) | U.K. | |
| .. John Lean & Sons Ltd. (d) | U.K. | |
| .. Ridgeway Furnishings Ltd. (d) | U.K. | |
| .. S M Manufacturing Co. Ltd. (d) | Republic of Ireland | |
| .. Story (Fabrics) Ltd. (d) | U.K. | |
| .. Courtaulds Northern Textiles Ltd. (d) | U.K. | |
| .. Courtaulds Outerwear Maroc S.A. | Morocco | |
| .. Courtaulds Spinning Exports Ltd. | U.K. | |
| .. Courtaulds Spinning Ltd. (d) | U.K. | |
| .. Courtaulds Textiles Nominees Ltd. (d) | U.K. | |
| .. Courtaulds Textiles Retail Ltd. | U.K. | |
| .. Contessa (Ladieswear) Ltd. | U.K. | |
| .. Courtaulds DIY Ltd. | U.K. | |
| .. William McIlroy Swindon Ltd. | U.K. | |
| .. Burnell of Henley Ltd. (d) | U.K. | |
| .. Wallis Bros. (Bangor) Ltd. (d) | U.K. | |
| .. W.S. Williams & Sons (Llandudno) Ltd. (d) | U.K. | |
| .. Courtaulds Textiles Two Ltd. (d) | U.K. | |
| .. Courtaulds Textiles Three Ltd. (d) | U.K. | |
| .. Derby-Nyia Ltd. (d) | U.K. | |
| .. Fine Spinners & Doublers Ltd. | U.K. | |
| .. Courtaulds Textiles Holdings S.A. | France | |
| .. Courtaulds Textiles S.A.R.L. | France | |
| .. Desgal S.A. (A) | France | |
| .. Robert Desseilles S.A., Ets. | France | |
| .. Desseilles Takeda Overseas S.A. | France | |
| .. DLR Textiles Pty. (A) | South Africa | |
| .. Desseilles Textiles S.A. | France | |
| .. Galdes S.A. (A) | Spain | |
| .. Georges Rech S.A., Sté. | France | |
| .. Christina S.A., Sté. | France | |
| .. EFEM S.A.R.L., Sté. | France | |
| .. Fabien-Fabienne S.A. (A) | France | |
| .. Franlouise S.A. (A) | Belgium | |
| .. GRI Designers Corp. (d) (A) | U.S.A. | |
| .. Mode Anjou Industrie (MAI) | France | |
| .. Georges Rech Distribution S.A.R.L., Sté. | France | |
| .. Takeda Desseilles K.K. (A) | Japan | |
| .. Tricot-France S.A. | France | |
| .. Market Measurements Ltd. (d) | U.K. | |
| .. J. & J. Hayes Ltd. (d) | U.K. | |
| .. Merm (1983) Ltd. (d) | U.K. | |
| .. Queen of Scots Knitwear Ltd. (d) | U.K. | |
| .. R. Rowley & Co. Ltd. (d) | U.K. | |
| .. Schesis Ltd. (d) | U.K. | |
| .. Standfast Dyers & Printers Ltd. (d) | U.K. | |
| .. Joseph Sunderland Sons & Co. Ltd. (d) | U.K. | |
| .. The Swan Lane Spinning Co. (1920) Ltd. (d) | U.K. | |
| .. Courtaulds Textiles Investments Ltd. | U.K. | |
| .. Chella Confection S.A. (CHELCO) (A) | Morocco | |
| .. Courtaulds Textiles U.S. Inc. | U.S.A. | |
| .. Hamilton Adams Imports Ltd. | U.S.A. | |
| .. Decotex Inc. | U.S.A. | |
| .. Liberty Fabrics Inc. | U.S.A. | |
| .. LTD Lace Co. Inc. | U.S.A. | |
| .. Seekonk Lace Co. | U.S.A. | |
| .. Natal Textiles (Pty) Ltd. | South Africa | |
| .. Courtaulds Automotive Products (S.A.) (Pty) Ltd. | South Africa | |
| .. SATG Management Services (Pty) Ltd. | South Africa | |
| .. South African Fabrics (Pty) Ltd. | South Africa | |
| .. Penn Elastic GmbH | Germany | |
| .. Penn Italia S.r.l. | Italy | |
| .. Wulff Angora GmbH | Germany | |
| .. Penn Elastic (N.Z.) Ltd. | New Zealand | |
| .. New Zealand Fabrics Ltd. | New Zealand | |
| .. Steeles Fabric Industries Ltd. (d) | New Zealand | |
| .. R. & W.H. Symington & Co. (New Zealand) Ltd. | New Zealand | |
| .. Penn-Sedespa S.A. (A) | Spain | |
| .. 3DK Ltd. (A) | U.K. | |

¹ In liquidation



s o m o

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centre for research on multinational corporations

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