PACIFIC BRANDS

26 August 2014

Manager Company Announcements
Australian Securities Exchange
Level 4
20 Bridge Street
SYDNEY NSW 2000

Market Information Services
New Zealand Exchange Limited
Level 2, NZX Centre
11 Cable Street
Wellington
New Zealand

Dear Sir/Madam

F14 RESULTS – PRESENTATION BRIEFING SLIDES

Please find attached, for release to the market, a copy of a press release which the company intends to send to the media today together with the slides of a briefing to investors to be conducted following the release of the Company's Preliminary Final Report for the 2014 financial year.

These documents will also be available on the Company's website at www.pacificbrands.com.au

Yours faithfully
Pacific Brands Limited

John Grover
Company Secretary

Enc.

PACIFIC BRANDS

26 August 2014

Full Year Results Announcement

- Results in line with the trading update on 10 June 2014
- Reported sales up by 3.8% to $1,322.1 million for the 12 months ended 30 June 2014 (F14) driven by continued expansion in retail and online and the impact of acquisitions
- Reported net loss after tax of $224.5 million due mainly to the impact of impairment charges (non-cash) previously reported in the first half, and restructuring costs resulting from acceleration and expansion of performance improvement and cost reduction initiatives
- Before significant items[1], EBIT down 25.3% to $91.2 million and NPAT down 28.2% to $53.0 million
- Continued sales growth in Bonds (up 19.9%[2]) and Sheridan (up 15.6%[2]). However, Underwear earnings were materially down with wholesale sales down overall and gross margins significantly lower than the prior year. Sheridan Tontine earnings were also lower primarily driven by increased investment in brands, new categories and capability. Workwear earnings continued to be impacted by significant declines in the industrial market. Brand Collective earnings were flat, supported by restructuring efforts
- Reduced earnings, higher working capital and capital expenditure, acquisitions and additional restructuring costs led to an increase in net debt at 30 June 2014 to $249.1 million
- No final dividend has been declared to assist with funding restructuring costs and restoring balance sheet strength
- David Bortolussi appointed as Chief Executive Officer. David Muscat named as acting Chief Financial Officer pending appointment of a permanent CFO
- Agreement to divest Workwear business separately announced. Strategic review ongoing

Group results (audited)[3] for the year ended 30 June 2014

$ millions	Reported			Before significant items[1]		
	F14	F13	Change	F14	F13	Change
Sales	1,322.1	1,273.3	3.8%	1,322.1	1,273.3	3.8%
EBIT	(209.9)	122.1	n.m.	91.2	122.1	(25.3)%
NPAT	(224.5)	73.8	n.m.	53.0	73.8	(28.2)%
EPS (cps)	(24.6)	8.1	n.m.	5.8	8.1	(28.3)%
DPS (cps)	2.0	5.0	(60.0)%	2.0	5.0	(60.0)%
Net debt[4]	249.1	159.1	56.5%	249.1	159.1	56.5%

1 Before significant items as disclosed in Note 4 to the Financial Statements. Results excluding such items are considered by Directors to be a better basis for comparison from period to period as well as more comparable with future performance. They are also the primary measure of earnings considered by management in operating the business and by Directors in determining dividends taking into account other considerations

2 Data has not been subject to independent review

3 Other than as indicated, the financial information contained in this document is directly extracted or calculated from the audited Financial Statements

4 Net debt comprises interest bearing loans and borrowings less cash and cash equivalents

Commentary

Chief Executive Officer, David Bortolussi, said: "Despite the continued success of our direct-to-consumer strategies, this has been a difficult year due to challenging markets and declines in consumer sentiment.

"These conditions and recent performance are reflected in reduced profitability, cash flow and balance sheet strength. We have responded by repositioning the company for the years ahead. The fixed cost base has been reduced and we are now focused on restoring balance sheet strength, while continuing to invest in our key brands, particularly Bonds and Sheridan.

"The operational changes, increased focus on inventory management and improved cash flows resulting from these initiatives will strengthen each business and underpin group performance and financial position.

"We have also taken the difficult but appropriate decision not to pay a final dividend.

"In June, the Company announced that it is conducting a strategic review with support from Macquarie Capital Limited. Our corporate strategic and financial priorities are to restore balance sheet strength, stabilise EBIT through adopting a more balanced growth and disciplined cost agenda, and move to a more decentralised organisation model. We continue to be pleased with the sales performance of our biggest brands, Bonds and Sheridan, and remain committed to measured expansion of these key retail networks which are performing well.

"A final priority is to review portfolio rationalisation options with a view to simplifying the business and maximising shareholder value. In conjunction with this, we also announced today that we have entered into an agreement to sell the Workwear business to Wesfarmers Industrial and Safety. The strategic review is ongoing and a further update will be provided at the AGM in October."

Group results

Reported sales were up 3.8% in a difficult trading environment, due mainly to growth in Bonds and Sheridan, underpinned by continued investment and success in retail and online (now 19%[2] and 4%[2] of total sales respectively), and the acquisition of IncorporateWear (UK) in Workwear. These factors more than offset lower wholesale sales driven by the significant decline in the workwear industrial market, reduced distribution and sales of portfolio brands, and key account underperformance in the discount department store and department store sectors. Excluding the impact of acquisitions, divestment and discontinued brands, underlying sales grew by 1.9%.

Gross margins before significant items were down 2.1 percentage points to 47.0% due to a significant decline in Underwear wholesale margins (particularly in 2H14), a shift in sales mix towards lower margin channels in Workwear and higher import costs including lower realised FX rates. These factors were partially offset by channel mix benefits of retail and online sales growth, and a greater proportion of Underwear and Sheridan sales with higher margins than Workwear and Brand Collective. Price increase activities in response to currency depreciation took longer than expected but are largely complete across most Operating Groups.

Cost of doing business (CODB) increased by $27.4 million to $530.8 million, an increase of 5.4%. This reflected significant further investment in retail, with the total number of stores increasing by 34 in F14 (including 17 acquired stores), along with an incremental increase in advertising, focused mainly on key brands (Bonds, Sheridan, Hard Yakka). Excluding retail store expansion, CODB decreased due to restructuring initiatives net of inflation and investment in new categories and capability.

A reported net loss after tax of $224.5 million was recorded for F14. The loss was due to significant items of $277.5 million (after tax) primarily comprising non-cash write downs in 1H14 and cash restructuring costs, net of a profit on sale of the Wentworthville property and a favourable tax settlement.

Before significant items, EBIT was down 25.3% to $91.2 million and NPAT was down 28.2% to $53.0 million.

Interest was down, from $20.5 million to $17.8 million, reflecting improved pricing and commercial terms following refinancing of the syndicated debt facility earlier in the year notwithstanding higher net debt levels in the second half. Excluding the impact of significant items, the effective tax rate increased marginally from 27.4% to 27.9%.

Net working capital increased by $46.5 million or 17.7% with inventories significantly higher at 30 June 2014 due to wholesale sales underperformance, investment in retail expansion, adjacent categories and acquisitions and the inflationary impact of currency.

Cash conversion[2,5] decreased significantly from 106.9% in F13 to 43.6% in F14 due to the increase in working capital, with cash conversion negative in the second half. These factors, along with the impact of acquisitions and higher capital expenditure net of the proceeds from the Wentworthville property sale, led to an increase in net debt of $90.0 million to $249.1 million at 30 June 2014 and a gearing ratio of 2.3 times[6] before significant items at 30 June 2014. Working capital management, cash conversion and net debt reduction are a key focus for the Company in F15.

Segment results

Underwear

Reported sales were up 7.7% to $488.9 million and reported EBIT was $71.9 million, including a gain on the sale of the Wentworthville property ($10.8 million) less other significant items ($2.5 million). EBIT before significant items was down 18.6% to $63.6 million.

Key brands (Bonds, Berlei, Explorer, Jockey and hosiery brands) represented 89%[2] of Underwear sales and grew by $43.3[2] million or 11.0%[2], driven by Bonds.

Bonds sales were up 19.9%[2], with growth primarily in direct-to-consumer channels (new stores, comp store sales growth and online). Retail and online now represent 16% and 8% of Bonds sales respectively. Wholesale sales were up with growth in supermarkets offsetting key account underperformance in the discount department store channel. Sales benefited from category extensions with outerwear sales particularly strong, especially through owned retail stores, and were responsive to increased investment, key innovations and related campaigns in the first half (eg Lacies, Bonds Collectibles, Boobs (bras)).

Berlei sales were up 2.5%[2] due to strong online growth with wholesale sales impacted by performance in the department store channel.

Jockey was strong in New Zealand supported by a new All Blacks sponsorship program, but declined overall by 4.3%[2] due to weaker domestic sales in the discount department store channel. Explorer was slightly down with wholesale distribution stabilising.

Hosiery brands (eg Razzamatazz) were down by 21.5%[2] primarily due to the effects of increased private label product and an unseasonably warm autumn.

Portfolio brands represented 11%[2] of Underwear sales and declined by 13.4%[2]. Rio and Holeproof in particular were down in discount department stores due to increased competition.

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5 Operating cash flow pre interest, tax and capex (OCFPIT) / EBITDA before significant items. OCFPIT as a measure of cash flow is considered by Directors to be meaningful as it is the cash equivalent of EBITDA and thus provides a measure of the rate at which operating earnings are converted to cash

6 Calculated in accordance with the Subscription Agreement with the Company's banking syndicate, adjusted to exclude significant items for comparative purposes. The gearing ratio calculated in accordance with the Subscription Agreement, which requires the inclusion of certain cash significant items, was 2.5 at 30 June 2014

EBIT before significant items was down 18.6% due mainly to significantly lower wholesale gross margins driven by increased levels of promotional and clearance activity, product mix and currency devaluation, net of price increases and retail and online channel mix. The reduced distribution of hosiery and portfolio brands, and key account underperformance in the discount department store channel also impacted earnings.

Sheridan Tontine

Reported sales were up 12.1% to $219.0 million and reported EBIT was $12.1 million. EBIT before significant items was down 21.5% to $13.9 million.

Sheridan was up 15.6%[2] driven by positive comp sales performance in Boutiques and Concessions (SFO marginally down), continued store rollout, online growth (for both eBoutique and SFO) and increased UK sales (with UK sales also higher due to currency translation). Revenues also benefited from brand advertising and expansion into the adjacent categories (baby, loungewear).

Tontine sales were up 11.5%[2] with continued growth in discount department stores, despite the loss of a major customer, and growth in the supermarket channel. The second half performance was particularly strong.

EBIT was materially down, impacted by increased investment in brands, new categories and capability, along with margin pressure driven by promotional activity.

Workwear

Reported sales were marginally up overall by 1.6% to $368.5 million. Reported EBIT was a loss of $247.4 million due mainly to the impairment of goodwill and brand names in the first half, and restructuring costs. EBIT before significant items was down 41.1% to $22.1 million.

IncorporateWear in the UK is performing to plan since its acquisition in November 2013 and contributed to sales, along with smaller bolt-on acquisitions (Totally Corporate and two Totally Workwear franchises in the prior year). Domestic imagewear sales were also up with some significant customer uniform rollouts during the year.

However, industrial sales were heavily impacted by reduced demand from the manufacturing, construction and resource sectors. At the same time, there was a shift to value products and growth in vertical retailers.

These factors, combined with a clear focus on cost reduction by corporates and government resulting in lower average workwear sales per employee, led to an increase in competitive intensity and margin pressure in certain segments and channels, resulting in a material shift in the shape, cost to serve and EBIT margins of the Workwear business similar to that experienced in the first half.

A substantial restructuring program was implemented during the year to improve the profitability of the business.

Brand Collective

Reported sales were down 7.9% to $204.5 million and reported EBIT was a loss of $22.3 million due to impairment and restructuring costs, primarily in the first half. EBIT before significant items was a loss of $0.9 million compared to a loss of $0.8 million in F13.

Sales were heavily impacted by exited brands and businesses (Stussy, Naturalizer and Diesel) offset to some extent by the acquisitions of Shoe Superstore and Shoe Warehouse.

Key brands, which make up the majority of the portfolio, grew overall by 8.7%[2] with mixed performance. Hush Puppies sales were up significantly, reflecting further improvements in retail and wholesale performance due to better ranges and execution. Clarks, Julius Marlow and Superdry were also up. Volley sales were down, and Mossimo was down overall but improved in the second half.

Portfolio brands continued to decline (down 7.2%[2]) but Grosby sales were marginally up following improvements in both range and distribution.

EBIT before significant items was broadly flat with restructuring initiatives supporting earnings despite the sales and licence impacts.

Significant items

Significant items of $277.5 million after tax were reported for the period comprising:

- Non-cash impairment of goodwill and brand names mainly in 1H14 ($242.3 million)
- Non-cash impairment and write down of other assets ($16.2 million)
- Cash restructuring costs ($32.9 million)
- Profit on sale of Wentworthville property ($10.8 million)
- Tax settlement refund ($3.0 million)

Non-cash impairment charges of $242.3 million were mainly recognised in the first half in relation to goodwill and brand names in Workwear ($241.8 million) due to structural changes in the workwear market materially impacting performance and growth expectations. Additional non-cash impairment and write downs of $16.2 million mainly related to Brand Collective ($10.3 million[2]).

Cash restructuring costs amounted to $32.9 million (after tax), the majority of which related to Workwear, Brand Collective and shared corporate functions. The costs included redundancies ($16.2 million[2]), site closure costs and onerous lease / contract charges ($8.0 million[2]) and consulting / other costs ($8.7 million[2]), and the related benefits will assist with mitigating earnings pressure, particularly from currency depreciation and challenging market conditions.

Other significant items related to the net profit on sale of the Wentworthville property of $10.8 million (no tax effect) and a tax settlement refund of $3.0 million.

Dividends

No final dividend has been declared to assist with funding restructuring costs and restoring balance sheet strength. As a result, F14 dividends per share (fully franked) decreased from 5.0 cents to 2.0 cents, which equates to a decrease in the payout ratio from 62% to 34%. Future dividends will next be considered at the half year having regard to performance, outlook and financial position at the time.

F15 Trading update and outlook

The Company expects a continuation of challenging and variable market conditions.

In F15, sales for the eight weeks to date are up versus PCP.

In relation to 1H15 compared to 1H14 (before significant items and the Workwear divestment):

- Sales are expected to be up due mainly to growth in retail and online
- Gross margins are expected to be down due mainly to competitive and FX pressures net of price increases and channel mix benefits
- CODB is expected to be up due to increased investment in retail net of restructuring initiatives
- EBIT is expected to be down materially (but up on 2H14 which was $36.0 million)

Operating cash conversion and net debt reduction will be a key focus, notwithstanding the lagged impact of committed inbound stock flows, first half weighted retail store capital expenditure and the payment of F14 restructuring provisions.

Further cash restructuring costs are expected in 1H15 related to the Workwear divestment and as the Company continues to take action to reduce costs and improve performance.

Outcomes of the strategic review could potentially have a material impact on the above outlook statement.

For further information contact:

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Pacific Brands Full Year Results 2014

26 August 2014

David Bortolussi
Chief Executive Officer

Executive Summary

Results summary and key messages

- Results in line with 10 June trading update
- Reported net loss after tax of $224.5m due to impairment in 1H14 and restructuring costs
- Reported sales up by 3.8%
  - Bonds up 20% and Sheridan up 16%[1]
  - Retail now 19% of business (up from 14%)[1]
  - Continued growth in online to 4% of business (up from 2%)[1]
- EBIT before significant items[2] down 25.3% to $91.2m
  - Underwear materially down: wholesale sales down and gross margins significantly lower
  - Sheridan Tontine materially down: increased investment in brand, new categories and capability
  - Workwear continued to be impacted by industrial market: restructuring now well progressed
  - Brand Collective flat: improved 2H14 earnings due to restructuring
- Expansion of performance improvement and cost reduction initiatives to mitigate earnings pressure
- Net debt increased to $249.1m due to reduced earnings, higher working capital and capital expenditure, acquisitions and additional restructuring costs
- No final dividend declared – assist with funding restructuring costs and restoring balance sheet strength
- David Bortolussi appointed as Chief Executive Officer. David Muscat named as acting Chief Financial Officer pending appointment of a permanent CFO

1. Data has not been subject to independent review
2. Significant items contained in Note 4 of the Financial Statements

Update on strategic review

- The Company is conducting a strategic review with support from Macquarie Capital Limited

- Our corporate strategic and financial priorities are:

  1. **Restore balance sheet strength** – maximise operating cash conversion, moderate investment levels and implement a temporary dividend moratorium

  2. **Adopt a more balanced growth and disciplined cost agenda** – continue to invest in Bonds and Sheridan (brands, retail and international), stabilise gross margins and reduce costs

  3. **Move to a more decentralised organisation model** – reduce the role and cost of corporate functions and provide business units with more end-to-end accountability for performance

  4. **Review portfolio rationalisation options** – review and explore options to simplify the business and maximise shareholder value

- Business unit strategies are materially unchanged, with a more focused and balanced growth and cost agenda

- A further update on the strategic review will be provided at the Company's AGM on 14 October 2014

Divestment of Workwear

- Entered into an agreement to sell the Workwear business to Wesfarmers Industrial and Safety (WIS) for gross proceeds of $180m on a cash and debt free basis, subject to ACCC approval and certain other consents and approvals
  - Divestment simplifies and focuses the Company's strategy around maximising the potential of our market leading brands such as Bonds and Sheridan
  - Reduces exposure to the challenging industrial market and restores balance sheet strength to the Company

- Expected financial impact as follows:
  - In F14, the Workwear segment reported sales and EBIT (before significant items) of $368.5m and $22.1m respectively
  - At 30 June 2014, the carrying value of related net assets to be disposed was $140m
  - Subject to timing, costs of disposal and completion adjustments, the Company expects to recognise a profit on sale (including reversal of previous impairments) of approximately $35m in F15 (no tax effect)
  - An element of corporate and shared services costs allocated to Workwear will be unrecovered following full transition of the business, estimated to be approximately $3-4m per annum (pre tax) net of savings from associated restructuring initiatives

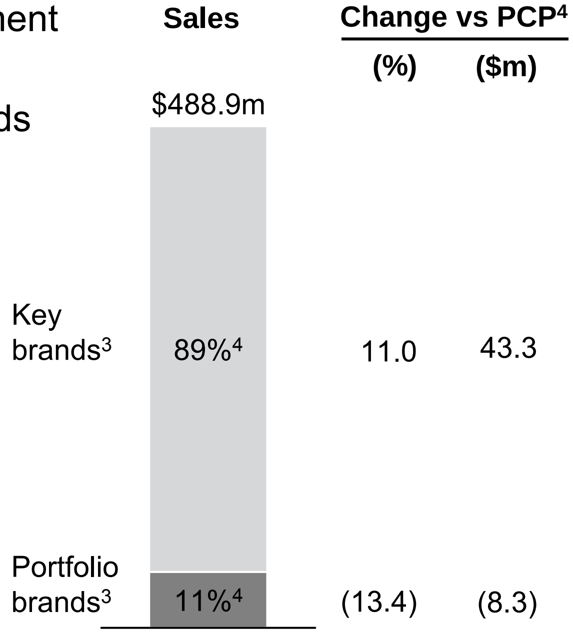
- Net proceeds from the transaction will be applied to reduce net debt

Operational Performance

Underwear: Sales growth but earnings impacted by wholesale

$ millions	F14	F13	Change
Sales[1]	488.9	453.9	7.7%
EBIT (reported)[2]	71.9	78.1	(7.9)%
EBIT (pre significant items)	63.6	78.1	(18.6)%

- Bonds and Berlei sales up driven by retail, online and category expansion
- All other brands sales flat to down driven by key account underperformance in the DDS and DS channels, private label penetration, consumer sentiment and unseasonably warm autumn weather
- Wholesale sales down, but direct-to-consumer significantly up, with Bonds retail and online now 16%[4] and 8%[4] of Bonds sales respectively
- EBIT (pre significant items) materially down, impacted by:
  - Significantly lower wholesale gross margins driven by increased levels of promotional / clearance activity, product mix and currency depreciation, net of price increases and retail / online channel mix
  - Reduced distribution of hosiery and portfolio brands
- Reported EBIT higher due to $10.8m profit on sale of Wentworthville property in 1H14



1. Excluding other income and inter segment revenue
2. Reported EBIT includes profit on sale of Wentworthville property ($10.8m) less other significant items ($2.5m)
3. Key brands comprise Berlei, Bonds, Explorer, Jockey and hosiery brands; all other brands are classified as portfolio brands
4. Data has not been subject to independent review

Underwear: Strong growth in Bonds[1]

$ millions		F14	F13	Change $m	Change %	Comments
	Bonds	316.7	264.2	52.5	19.9	▪ Significant growth in owned retail (new stores and comp sales growth) and online ▪ Wholesale sales up driven by supermarket channel ▪ Outerwear sales particularly strong, especially through the Company's owned retail stores ▪ Good response to key innovations / campaigns eg Lacies, Bonds Collectibles, Boobs (bras)
	Berlei	43.1	42.1	1.0	2.5	▪ Strong online performance ▪ Wholesale sales down due to performance in the DS channel
	Jockey	26.8	28.0	(1.2)	(4.3)	▪ Domestic DDS sales continue to be weak ▪ Partially offset by NZ growth supported by new All Blacks sponsorship program
	Explorer	17.2	17.6	(0.4)	(2.5)	▪ Wholesale distribution stabilising
	Hosiery brands	31.4	40.0	(8.6)	(21.5)	▪ Driven by Razzamatazz and the effects of increased private label and unseasonably warm autumn
	Key brands	**435.2**	**391.9**	**43.3**	**11.0**	
	Portfolio brands[2]	53.7	62.0	(8.3)	(13.4)	▪ Rio and Holeproof down in DDS due to increased competition
	Total	**488.9**	**453.9**	**35.0**	**7.7**	

1. Data has not been subject to independent review
2. Includes Rio, Hestia, Holeproof, Red Robin and TMI

Sheridan Tontine: Sales growth driven by retail and online, but earnings down

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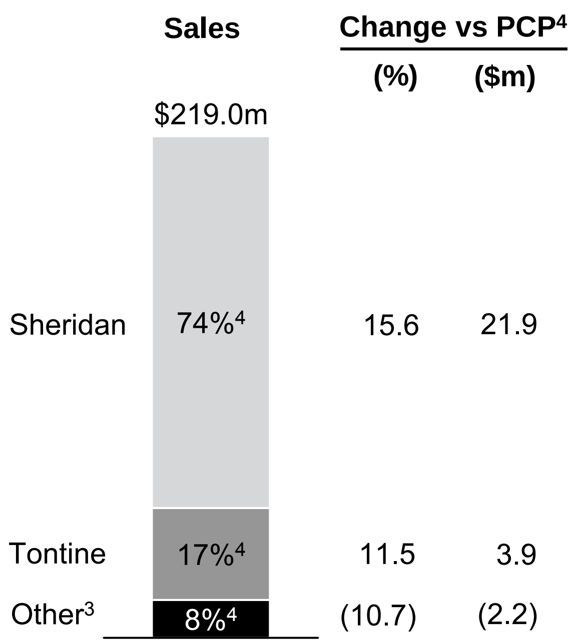
$ millions	F14	F13	Change
Sales[1]	219.0	195.4	12.1%
EBIT (reported)[2]	12.1	17.7	(31.4)%
EBIT (pre significant items)	13.9	17.7	(21.5)%

- Sheridan sales up driven by
  - Positive comp sales performance in Boutiques and Concessions (SFO marginally down) and continued store rollout
  - Online growth (eBoutique, SFO)
  - UK sales increase (amplified by currency translation)
  - Increase in brand advertising
  - Expansion into adjacent categories (baby, loungewear)
- Continued sales growth in Tontine with a strong second half
- EBIT materially down, impacted by:
  - Increased investment in brands, new categories and capability
  - Margin pressure driven by promotional activity



1. Excluding other income and inter segment revenue
2. Reported EBIT includes other significant items ($1.8m)
3. Other brands include Actil, Dunlopillo and Fairydown
4. Data has not been subject to independent review

Workwear: Market downturn significantly impacted profitability

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$ millions	F14	F13	Change
Sales[1]	368.5	362.7	1.6%
EBIT (reported)[2]	(247.4)	37.4	n.m.
EBIT (pre significant items)	22.1	37.4	(41.1)%

- Sales marginally up
  - International and imagewear up
  - Supported by acquisitions (Totally Corporate, TWW stores, IncorporateWear UK)
  - Industrial down
- EBIT (pre significant items) materially down, impacted by:
  - Significant decline in industrial market
  - Lower market share due to shift to value and growth in vertical resellers
  - Increase in competitive activity
  - Resulting in a change in shape and profitability of the business
- Substantial restructuring program now well progressed
- Reported EBIT loss due to impairment of intangible assets in 1H14 and restructuring costs

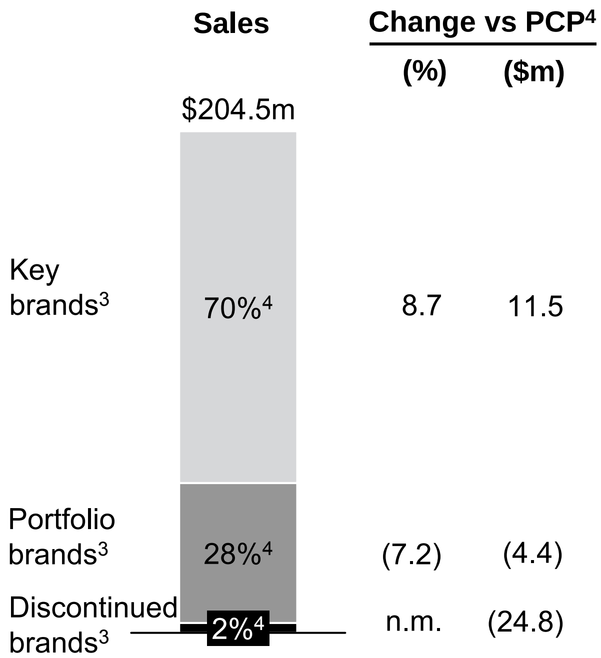
	Sales ($368.5m)	Change vs PCP[3] (%)	Change vs PCP[3] ($m)
B2B (including international B2B)	66%[3]	6.8	15.4
Wholesale	27%[3]	(12.8)	(14.8)
Retail	7%[3]	32.1	6.5

1. Excluding other income and inter segment revenue
2. Reported loss due to impairment of goodwill and brand names ($241.8m) in 1H14 and other significant items ($27.7m)
3. Data has not been subject to independent review

Brand Collective: Restructuring supported earnings with significant sales decline

$ millions	F14	F13	Change
Sales[1]	204.5	222.2	(7.9)%
EBIT (reported)[2]	(22.3)	(0.8)	n.m.
EBIT (pre significant items)	(0.9)	(0.8)	(11.9)%

- Key brands overall in growth but mixed performance
  - Hush Puppies, Clarks, Julius Marlow and Superdry up
  - Mossimo down but improved in 2H14, Volley down
- Portfolio brands continued to decline except Grosby which was marginally up
- Stussy and Naturalizer licences not renewed adversely impacting earnings; Diesel licence relinquished
- Retail up due to acquired distribution (Shoe Warehouse, Shoe Superstore), online, and improved footwear retail performance. However, independent / SME segment remains challenging
- EBIT (pre significant items) flat due to sales and licence impacts partly offset by restructuring benefits and lower depreciation
- Reported EBIT loss includes impairment of goodwill and fixed assets



1. Excluding other income and inter segment revenue
2. Reported loss includes 1H14 impairment of goodwill ($0.5m) and other significant items ($20.9m)
3. Key brands comprise Hush Puppies, Clarks, Julius Marlow, Mossimo, Superdry and Volley. All other brands are classified as portfolio brands. Discontinued brands are Stussy, Naturalizer and Diesel
4. Data has not been subject to independent review

Group Financial Results

Income statement impacted by significant items

$ millions	Reported				Before significant items			
			Change				Change	
	F14	F13	$m	%	F14	F13	$m	%
Sales	**1,322.1**	**1,273.3**	**48.8**	**3.8**	**1,322.1**	**1,273.3**	**48.8**	**3.8**
Gross margin	632.9	625.5	7.3	1.2	622.0	625.5	(3.5)	(0.6)
Gross margin	**47.9%**	**49.1%**	**(1.2)pts**	**n.m.**	**47.0%**	**49.1%**	**(2.1)pts**	**n.m.**
CODB	530.8	503.4	27.4	5.4	530.8	503.4	27.4	5.4
Other expenses[1]	312.0	-	312.0	n.m.	-	-	-	-
EBITDA	**(192.7)**	**138.5**	**n.m.**	**n.m.**	**108.5**	**138.5**	**(30.1)**	**(21.7)**
Depreciation & amortisation	17.2	16.4	0.8	4.9	17.2	16.4	0.8	4.9
EBIT	**(209.9)**	**122.1**	**n.m.**	**n.m.**	**91.2**	**122.1**	**(30.9)**	**(25.3)**
EBIT margin	n.m.	9.6%	n.m.	n.m.	6.9%	9.6%	(2.7)pts	n.m.
Net interest	17.8	20.5	(2.7)	(13.1)	17.8	20.5	(2.7)	(13.1)
Tax	(3.3)	27.8	(31.1)	n.m.	20.5	27.8	(7.3)	(26.3)
NPAT	**(224.5)**	**73.8**	**n.m.**	**n.m.**	**53.0**	**73.8**	**(20.8)**	**(28.2)**
EPS	(24.6)cps	8.1cps	n.m.	n.m.	5.8cps	8.1cps	(2.3)cps	(28.3)
DPS (fully franked)	**2.0cps**	**5.0cps**	**(3.0)cps**	**(60.0)**	**2.0cps**	**5.0cps**	**(3.0)cps**	**(60.0)**
Payout ratio	n.m.	62%	n.m.	n.m.	34%	62%	(27.0)pts	n.m.

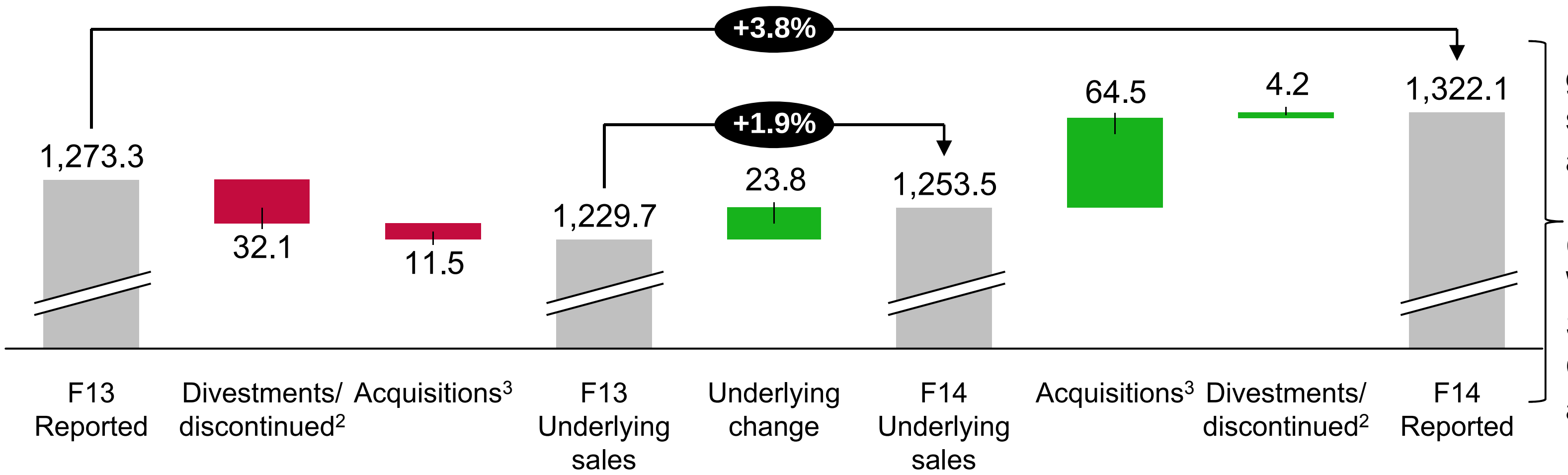
1. F14 other expenses include non-cash write down of goodwill, brand names and other assets ($265.4m) and cash restructuring costs ($46.6m)

Group sales result driven by direct-to-consumer and acquisitions[1]

Sales revenue by channel; $ millions

Direct-to-consumer growth driven by Bonds, Sheridan and Footwear. Wholesale down due to Workwear (industrial), portfolio brands and key account underperformance in DS and DDS

Underlying sales revenue; $ millions



Reported sales growth also supported by acquisitions of IncorporateWear (UK), Shoe Warehouse, Shoe Superstore, Totally Corporate, TSL and TWW stores

1. Data has not been subject to independent review, other than reported amounts
2. Comprises Restonic, Stussy, Naturalizer and Diesel
3. Comprises IncorporateWear (UK), Shoe Warehouse, Shoe Superstore, Totally Corporate, TSL and TWW stores

Gross margin down significantly due to wholesale business

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$ millions	F14	F13	Change $m	Change %
Sales	1,322.1	1,273.3	48.8	3.8
Gross margin[1]	622.0	625.5	(3.5)	(0.6)
Gross margin[1] (%)	47.0	49.1	(2.1)pts	n.m.

- Key factors negatively impacting gross margins:
  - Underwear wholesale: gross margins declined significantly (ie c.6%pts[2]) due to increased promotional activity and associated trade spend, higher clearance sales, and an adverse shift in product mix
  - Workwear: shift in sales mix towards lower margin channels
  - Other: Net impact of FX depreciation, import costs, product mix and price increases
- Key factors positively impacting gross margins:
  - Direct-to-consumer: positive channel mix impact of higher margin new retail stores, comp store growth and online growth
  - Business mix: relative growth of Underwear and Sheridan with higher margins than Workwear and Brand Collective

1. Before significant items
2. Data has not been subject to independent review

Update on FX and pricing

- FX pressures impacting earnings as previously disclosed
  - Policy is to hedge forward up to 80% of requirements for up to 12 months
  - Average AUD:USD rates through the P&L are c.1.02[1] in F13, c.0.99[1] in F14 and an expected c.0.90[1] in F15
- Mitigating actions include price increases, working with suppliers to identify cost reduction opportunities, and other initiatives (eg trade spend, product mix, product design, CODB)
- Price increase activities took longer than expected but are largely complete across most operating groups
  - Underwear has moved prices across all categories, with SS15 priced at new rates
  - Workwear increased prices on national product with B2B on a contract-by-contract basis
  - Sheridan to implement price rises in 1H15 due to longer lead times
  - Brand Collective product mix is highly seasonal and has been priced to market
- Scheduled customs duty rate reduction on clothing and household textiles from 10% to 5% is effective 1 January 2015 and factored into wholesale price increases

1. Data has not been subject to independent review

Cost of doing business up due to increased investment in retail

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$ millions	F14	F13	Change $m	Change %
Freight and distribution	117.6	112.2	5.4	4.8
Sales and marketing	300.0	275.3	24.7	9.0
Administrative	113.1	115.8	(2.7)	(2.3)
CODB	**530.8**	**503.4**	**27.4**	**5.4**
CODB / Sales	40.1%	39.5%	0.6pts	n.m.

- Total CODB increased due to investment in retail
- Excluding retail store expansion, CODB decreased due to restructuring initiatives net of inflation and investment in new categories and capability
- Freight and distribution expenses increased with higher volumes, handling units and labour rates; partially offset by warehouse productivity improvements
- Sales and marketing up
  - Investment in retail expansion (Bonds, Sheridan and Footwear clearance network) was the key driver of the increase
  - Advertising investment in top brands increased incrementally, focused mainly on key brands (Bonds, Sheridan, Hard Yakka) and online – 2H14 lower versus PCP due to phasing of campaigns
- Administrative expenses down due to restructuring and cost control

Balance sheet impacted by inventory and impairments

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$ millions	F14	F13	Change $m	Change %
Working capital	309.0	262.4	46.5	17.7
Property, plant and equipment	57.5	66.5	(9.0)	(13.5)
Intangible assets	350.4	584.1	(233.7)	(40.0)
Other[1]	(19.0)	(16.7)	(2.4)	(14.3)
Total capital employed	**697.9**	**896.4**	**(198.5)**	**(22.1)**
Net debt	(249.1)	(159.1)	(90.0)	(56.5)
Equity	**448.8**	**737.3**	**(288.5)**	**(39.1)**
Gearing[2] (x)	2.3	1.2	1.1	n.m.
Interest cover[2,3] (x)	6.4	7.6	(1.2)	n.m.
Net debt ratio[2] (%)	35.9	17.8	18.1pts	n.m.
ROCE (%)	13.1	13.6	(0.6)pts	n.m.
Tangible ROCE (%)	26.3	39.1	(12.8)pts	n.m.

- Working capital higher due to a significant increase in inventory levels
- PPE and intangible asset balances impacted by goodwill, brand names and other asset impairments
- Credit metrics not as strong as prior year due to a significant increase in net debt and lower earnings

1. Comprises all other assets and liabilities. Represents net assets less working capital, property, plant and equipment, intangible assets and net debt
2. Calculated in accordance with the Subscription Agreement with the Company's banking syndicate, adjusted to exclude significant items for comparative purposes. The gearing and interest cover ratios calculated in accordance with the Subscription Agreement, which requires the inclusion of certain cash significant items, were 2.5 and 4.9 respectively at 30 June 2014. There were no significant items in F13. Refer Appendix B
3. The interest cover ratio was revised in the most recent update to the Subscription Agreement to exclude the capital expenditure adjustment, comparatives have been restated

Net working capital up due to sales underperformance, investment & currency

$ millions	F14	F13	Change $m	Change %
Trade debtors	140.5	141.8	(1.3)	(0.9)
Inventories	280.0	228.7	51.4	22.5
Trade creditors	(111.5)	(108.0)	(3.5)	(3.3)
Working capital	**309.0**	**262.4**	**46.5**	**17.7**
Working capital / LTM sales (%)	23.4	20.6	2.8pts	n.m.
Debtors days[1] (days)	38.8	40.6	(1.9)	(4.6)
Inventory turns[1] (x)	2.5	2.9	(0.4)	(12.4)
Creditor days[1] (days)	58.2	60.4	(2.3)	(3.8)

- Inventories significantly higher due to:
  - Wholesale sales underperformance
  - Investment in retail expansion, adjacent categories and acquisitions
  - Inflationary impact of currency depreciation
- Inventory turns were also down due to reduced turns from portfolio brands and Workwear
- Debtor days were down due mainly to year end timing and a higher share of direct-to-consumer sales
- Creditor days were down marginally due to an incremental increase in supplier terms offset by other timing impacts

1. Data has not been subject to independent review. Refer Appendix B for basis of calculation

Operational cash conversion lower

$ millions	F14	F13
EBITDA (reported)	(192.7)	138.5
Significant items (pre tax)	301.2	-
EBITDA (before significant items)	**108.5**	**138.5**
Change in working capital / Other[1]	(61.1)	9.6
OCFPIT[1]	**47.3**	**148.2**
Net interest paid	(17.4)	(19.3)
Tax paid	(26.9)	(29.8)
Net operating cash flow (before restructuring payments)[1]	**3.1**	**99.1**
Restructuring payments[1]	(30.5)	(10.3)
Net operating cash flow (reported)	**(27.4)**	**88.8**
Cash conversion[1,2]	**43.6%**	**106.9%**

- Cash conversion significantly down due to the increase in working capital, with 2H14 cash conversion negative
- Working capital management and cash conversion will be a key focus in F15

1. Data has not been subject to independent review
2. Cash conversion is defined as OCFPIT divided by EBITDA before significant items

Increase in net debt due to working capital, capex, restructuring and acquisitions

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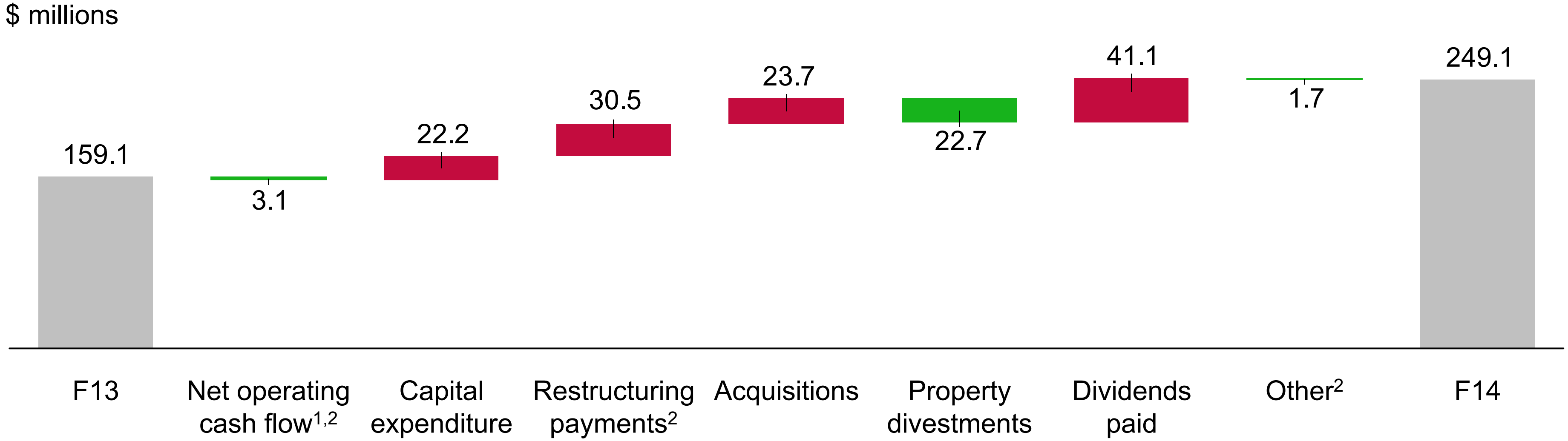

Debt profile		30 June 2014	
$ millions	**Maturity date**	**Facility**	**Drawn**
Tranche 1 (Revolving)	31-Jan-17	125.0	125.0
Tranche 2 (Revolving)	31-Jan-19	125.0	125.0
Securitisation	31-Jan-16	175.0[3]	96.5
Overdraft		35.0	0.0
Total facilities		**460.0**	**346.5**
Cash			(95.7)
Deferred borrowing costs			(1.7)
Net debt			**249.1**

- Capex up due to retail roll out and office relocations and consolidation
- Significant restructuring across the group
- 1H14 acquisition of IncorporateWear (UK) (100%), Iconix JV (50%) and other businesses
- Property divestments mainly Wentworthville (1H14)
- Syndicated debt facility refinanced in October 2013
- Securitisation extended to 31 January 2016
- Net debt reduction is a key focus for the Company in F15

1. Before restructuring items
2. Data has not been subject to independent review
3. Based on eligible receivables at 30 June 2014, $124 million of the $175 million securitisation was drawable

Significant items due mainly to impairment charges and cash restructuring costs

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Impairment charges

- Impairment of goodwill and brand names in 1H14 ($242.3m, no tax effect) mainly related to Workwear
- Other asset impairments and write-offs (1H14 $12.6m, 2H14 $3.6m after tax) mainly related to Brand Collective ($10.3m[1])

Restructuring costs

- $32.9m post tax ($46.6m before tax); all of which have or will result in a cash outflow
- Acceleration and expansion of performance improvement and cost reduction initiatives
- Majority related to restructuring in Workwear, Brand Collective and shared corporate functions
- Costs included redundancies ($16.2m[1] after tax), site closure costs and onerous lease / contract charges ($8.0m[1] after tax) and consulting / other costs ($8.7m[1] after tax)
- Benefits to assist with mitigating earnings pressure, particularly from currency depreciation and challenging market conditions

Profit on sale of Wentworthville property

- Profit on sale of $10.8m brought to account in 1H14 in other income (no tax effect)

Tax settlement refund

- Outstanding tax claim settled with ATO ($3.0m) in 1H14

1. Data has not been subject to independent review

Performance improvement and cost reduction initiatives

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Key performance improvement and cost reduction initiatives implemented in F14

- Restructuring of Workwear in response to a significant change in market conditions and profitability – most aspects of business system impacted by extensive cost reduction program, and simplification into Industrial and Imagewear organisation structure
- Simplification of overhead structures in other business units
- Decentralisation and rationalisation of corporate functions and shared services to increase end-to-end control and accountability of operations to business unit management
- Offshoring of Workwear customer service and group transaction processing (accounts receivable and payable in progress)
- Closure of Sheridan facility in SA and consolidation into existing shared facility in QLD to utilise excess capacity, reduce costs and improve service levels
- Consolidation and relocation of offices to reduce property and administrative costs
- Discontinuation, rationalisation and closure of 35 retail stores

F15 trading update and outlook

- The Company expects a continuation of challenging and variable market conditions
- In F15, sales for the eight weeks to date are up versus PCP
- In relation to 1H15 compared to 1H14 (before significant items and the Workwear divestment):
  - Sales are expected to be up due mainly to growth in retail and online
  - Gross margins are expected to be down due mainly to competitive and FX pressures net of price increases and channel mix benefits
  - CODB is expected to be up due to increased investment in retail net of restructuring initiatives
  - EBIT is expected to be down materially (but up on 2H14 which was $36.0m)
- Operating cash conversion and net debt reduction will be a key focus, notwithstanding the lagged impact of committed inbound stock flows, first half weighted retail store capital expenditure and the payment of F14 restructuring provisions
- Further cash restructuring costs are expected in 1H15 related to the Workwear divestment and as the Company continues to take action to reduce costs and improve performance
- Outcomes of the strategic review could potentially have a material impact on the above outlook statement

Questions

Appendix A: Non-IFRS financial information

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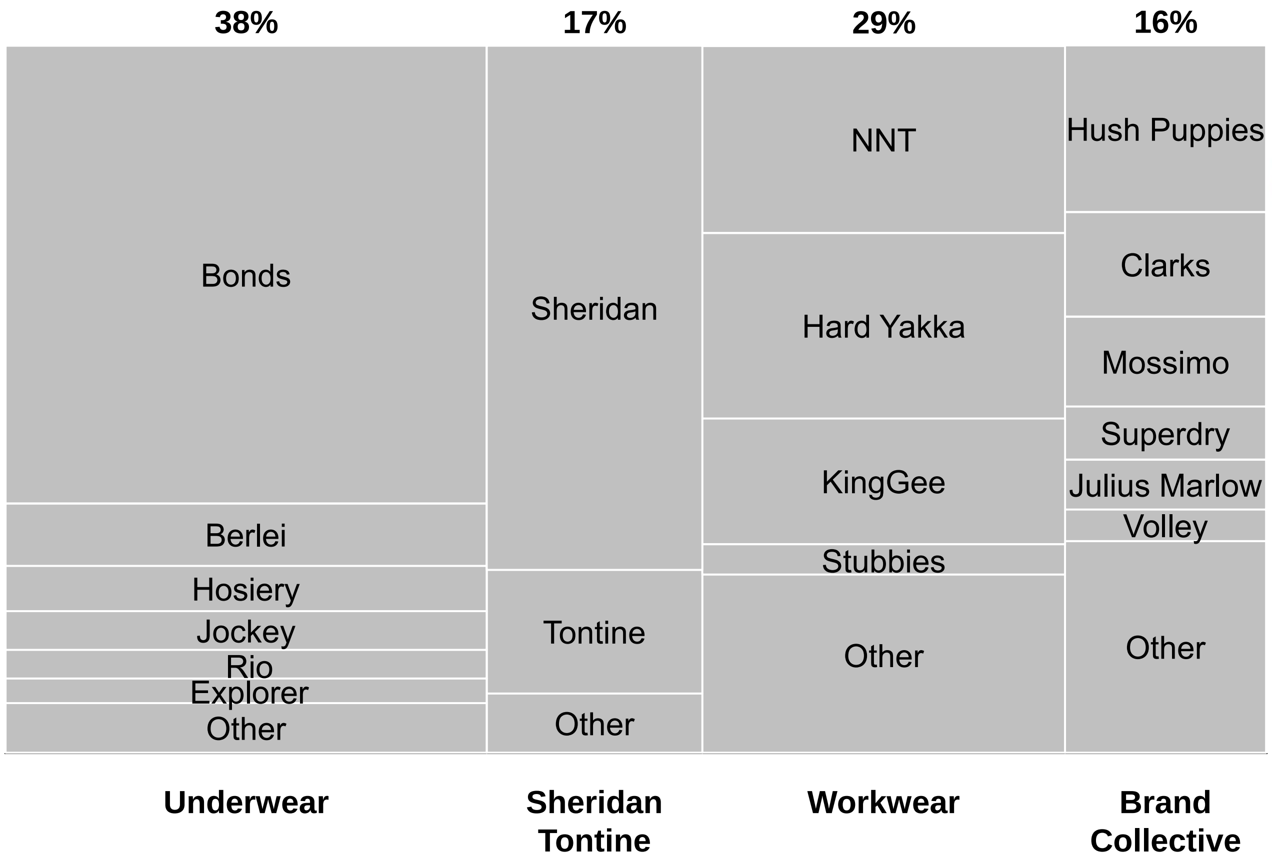
- Other than as indicated, the financial information contained in this document is directly extracted or calculated from the reviewed Financial Statements
- Throughout this document some non-IFRS financial information is stated before significant items as disclosed in Note 4 to the Financial Statements. Results excluding such items are considered by Directors to be a better basis for comparison from period to period as well as more comparable with future performance. They are also the primary measure of earnings considered by management in operating the business and by Directors in determining dividends taking into account other considerations
- Operating cash flow pre interest and tax (OCFPIT) as a measure of cash flow is considered by Directors to be meaningful as it is the cash equivalent of EBITDA and thus provides a measure of the rate at which operating earnings are converted to cash (or ‘cash conversion’)

Appendix B: Definitions

- Cash conversion – OCFPIT / EBITDA before significant items
- CODB (Cost of doing business) – operating expenses (freight & distribution, sales & marketing, advertising and administration) below gross margin other than expenses that are individually significant as disclosed in Note 4 to the Financial Statements
- EBIT – earnings before interest and tax
- EBITDA – earnings before interest, tax, depreciation and amortisation
- Gearing – Net debt (excluding deferred borrowing costs) / LTM EBITDA before significant items
- Gross Margin – gross profit plus other income and share of profit of equity accounted investments
- Interest cover – LTM EBITDA before significant items / Net interest excluding amortisation of deferred borrowing costs and unused line fees. Different definition in prior periods, refer previous results presentations
- Inventory, Debtors and Creditors turns / days – Statement of Comprehensive Income components are based on LTM; Statement of Financial Position components are calculated on period end balances
- Key brands – largest brands and / or those with the greatest growth potential
- LTM – Last twelve months
- Net debt – Interest bearing loans and borrowings less cash and cash equivalents
- Net debt ratio – Net debt (excluding borrowing costs) / (Net debt (excluding borrowing costs) + Shareholders Funds)
- OCFPIT (Operating cash flow) – cash flow from operations pre interest and tax
- Payout ratio – Dividends declared / NPAT before significant items
- Portfolio brands – brands that play an important role in the overall portfolio but do not have the same size and / or growth potential as key brands
- ROCE (Return on Capital Employed) – LTM EBIT before significant items / period end total capital employed
- Tangible ROCE – as for ROCE but using total capital employed less Intangibles

Appendix C: Brand portfolio size[1]

Share of F14 reportable segment sales / % of total[2]

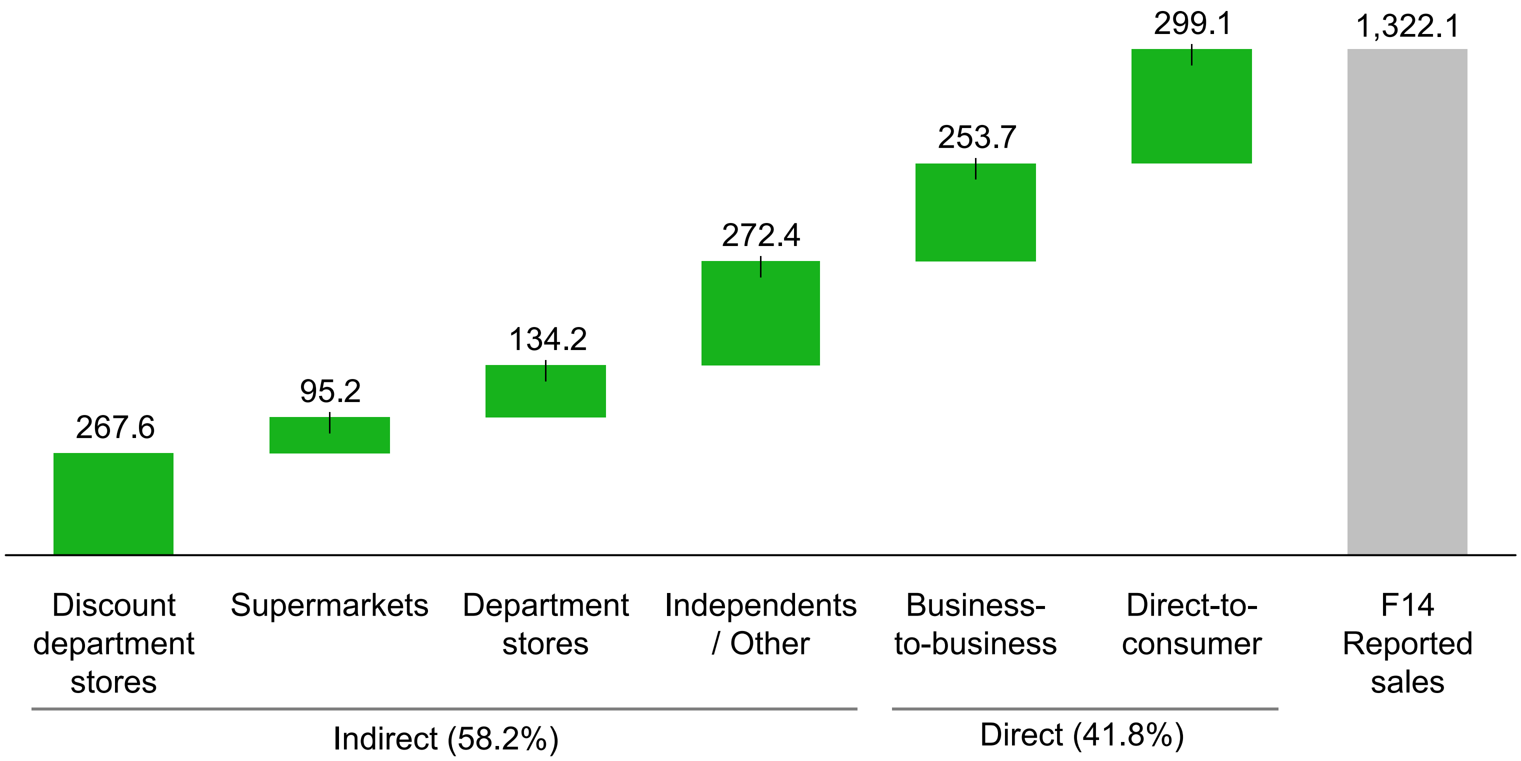


	Underwear	Sheridan Tontine	Workwear	Brand Collective
Reported ($m)	488.9	219.0	368.5	204.5

1. Data, other than reported amounts, has not been subject to independent review
2. Excluding Other segment revenue

Appendix D: Channel mix[1]

F14 Sales revenue; $ millions



	Discount department stores	Supermarkets	Department stores	Independents / Other	Business-to-business	Direct-to-consumer	F14 Reported sales
% of total	20.2	7.2	10.2	20.6	19.2	22.6	100.0
Change vs F13							
- $ million	(12.9)	5.5	(10.6)	(35.7)	12.8	89.7	48.8
- Percent (%)	(4.6)	6.1	(7.3)	(11.6)	5.3	42.9	3.8

1. Data, other than reported amounts, has not been subject to independent review

Appendix E: Retail network[1]

	Branded[2]	Concession[3]	Outlet[4]	Total stores	Online	Franchise[5]	Total network
Underwear	28	-	36	64	4	-	68
Sheridan Tontine	16	87	46	149	4	-	153
Workwear	16	-	-	16	5	53	74
Brand Collective	28	-	24	52	8	-	60
Total	**88**	**87**	**106**	**281**	**21**	**53**	**355**

	Total stores			Total network		
	30 Jun 14	31 Dec 13	30 Jun 13	30 Jun 14	31 Dec 13	30 Jun 13
Underwear	64	59	47	68	63	50
Sheridan Tontine	149	142	132	153	146	135
Workwear	16	18	22	74	74	77
Brand Collective	52	56	46	60	64	53
Total	**281**	**275**	**247**	**355**	**347**	**315**

1. Data has not been subject to independent review
2. In the case of Workwear, comprises Trade Centres (8) and company owned Totally Workwear stores (8)
3. Concessions are stores within a store. In Australia, they are within David Jones. In the United Kingdom, they are within Debenhams, House of Fraser and Selfridges. Sales in concessions are classified as direct-to-consumer
4. Outlet and clearance stores
5. Totally Workwear franchise. Sales to non-company owned Totally Workwear stores are classified as (indirect or wholesale) sales to a branded retailer

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