

2 December 2014

Pacific Brands adopts new reporting segments

Subsequent to completion of the Brand Collective and Workwear divestments, Pacific Brands advises of a change to its reporting segments for the year ending 30 June 2015 (F15). The new reporting segments reflect changes to Pacific Brands' operating structure and the requirements of AASB 8 Operating Segments.

The continuing business has been internally reorganised around three operating and reporting segments: 1) Underwear; 2) Sheridan; and 3) Tontine and Dunlop Flooring. Tontine has been separated from Sheridan and combined with Dunlop Flooring (currently reported within 'Other operations') to create a new operating segment called Tontine and Dunlop Flooring. The new operating segment will be led by Ian Shannon, who is currently the GM of Tontine and Sheridan wholesale, and who has previously been the GM of Dunlop Flooring. Under the new reporting segment structure, 'Other operations' will only include unallocated corporate expenses.

This change is consistent with Pacific Brands' corporate strategy to simplify and focus the business around maximising the potential of its market leading brands such as Bonds and Sheridan. It also reflects the fact that Sheridan and Tontine are different businesses:

- Sheridan is a Sydney based luxury linen and towel business expanding into adjacent categories, with domestic and international operations, mainly distributed through retail and department store channels, with a fully imported supply chain
- In contrast, Tontine is a Melbourne based value pillow and quilt business, with largely domestic operations, mainly distributed through discount department store and supermarket channels, with a local manufacturing facility

Importantly, the separation of Sheridan and Tontine will:

- Enable dedicated management focus on the Sheridan and Tontine brands
- Provide external transparency into the performance of the Sheridan business
- Leverage local manufacturing and commercial management capabilities across the Tontine and Dunlop Flooring businesses which are based in Melbourne

The operational and financial impacts of the change are immaterial as the business systems, operations and management of Sheridan and Tontine are largely independent.

The following tables provide Pacific Brands' segment sales, reported earnings before interest and tax (EBIT), and EBIT before significant items in the new and previously reported segments for the six month period ended 31 December 2013 (1H14) and the full year ended 30 June 2014 (F14). The financial information is unaudited and is being provided to give comparative information on the new reporting segments in advance of the release of Pacific Brands half year financial results for F15 on 17 February 2015. The change in segment reporting only affects segment composition and has no other impact on Pacific Brands F14 results previously reported to the market.

New reporting segments

\$ millions	Segment sales ¹		Reported EBIT		EBIT before significant items ²	
	1H14	F14	1H14	F14	1H14	F14
Underwear	242.5	488.9	48.0	71.9	37.2	63.6
Sheridan	83.8	169.7	8.4	11.8	8.4	12.9
Tontine & Dunlop Flooring	43.3	90.4	1.8	4.3	2.6	5.1
Workwear	178.3	368.5	(248.1)	(247.4)	11.4	22.1
Brand Collective	108.3	204.5	(12.3)	(22.3)	0.9	(0.9)
Other operations	-	-	(7.8)	(28.3)	(5.4)	(11.6)
Pacific Brands (Reported)	656.3	1,322.1	(210.0)	(209.9)	55.2	91.2

Previous reporting segments

\$ millions	Segment sales ¹		Reported EBIT		EBIT before significant items ²	
	1H14	F14	1H14	F14	1H14	F14
Underwear	242.5	488.9	48.0	71.9	37.2	63.6
Sheridan Tontine	105.8	219.0	8.0	12.1	8.6	13.9
Workwear	178.3	368.5	(248.1)	(247.4)	11.4	22.1
Brand Collective	108.3	204.5	(12.3)	(22.3)	0.9	(0.9)
Other operations	21.2	41.1	(5.6)	(24.3)	(3.0)	(7.4)
Pacific Brands (Reported)	656.3	1,322.1	(210.0)	(209.9)	55.2	91.2

1. Excludes other income and inter segment revenue

2. Before other expenses that are individually significant as disclosed in Note 4 to the Financial Statements (significant items). Results excluding such expenses are considered by Directors to be a better basis for comparison from period to period as well as more comparable with future performance

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