27 October 2015

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

AGM PRESENTATIONS

Please find attached copies of the addresses to be given by:

- the Chairman; and
- the Chief Executive Officer;

and related presentation slides to be presented at Pacific Brands Annual General Meeting which commences at 10.00 am today.

Yours faithfully
Pacific Brands Limited

John Grover
Company Secretary

PACIFIC BRANDS

Chairman's Address

to the

2015 Annual General Meeting

of

Pacific Brands Limited

Tuesday 27 October 2015

Melbourne

Introduction

Good morning ladies and gentlemen.

I'm Peter Bush, Chairman of your Company and I welcome you to the 2015 Annual General Meeting.

I have confirmed with the Company Secretary that we have a quorum present and I declare this Annual General Meeting open.

Joining me on stage are:

- David Bortolussi, our Chief Executive Officer
- David Muscat, our Chief Financial Officer
- John Grover, our General Counsel and Company Secretary

And my fellow non-executive directors:

- Stephen Goddard, Chair of our Audit, Business Risk and Compliance Committee
- Kiera Grant
- James King
- Helen Nash, Chair of our Remuneration Committee; and
- Linda Nicholls AO

I would also like to welcome representatives of our auditor, KPMG.

After my Chairman's address, I'll pass you over to David Bortolussi. David will provide some commentary on the F15 results, strategic priorities and outlook.

Agenda

There are five items of business on today's agenda:

1. The Financial Report
2. The re-election of Directors
3. The Remuneration Report
4. Grant of performance rights to the CEO under the Performance Rights Plan; and lastly
5. Adoption of the proportional takeover provision

Once again, in our Annual Report and notice of meeting we invited all shareholders to send us questions they would like us to address at this meeting. I will endeavour to answer these questions and cover the key matters here in my Chairman's address.

We will also invite you to make comment or raise questions as we move through the various resolutions.

At the conclusion of the meeting, please join us for some light refreshments in the adjoining area.

I will now move on to my report.

Key points

Ladies and Gentlemen, it has been an important year for your Company, and I am pleased to tell you that much has been achieved since I spoke with you here last year.

As you will recall, in June last year we commenced a strategic review with the objectives of restoring balance sheet strength, simplifying the business and generating shareholder value.

These objectives have all been achieved ahead of plan, with two key outcomes being the divestments of the Workwear and Brand Collective businesses.

I am pleased to say that we now have a higher quality, simplified business with greater growth potential. This means your Board and management team are now able to fully dedicate their time to growth and other initiatives in the highest quality parts of the business, and our second half results demonstrate the impact that this can have, as David will talk to later.

Right-sizing the central cost structure can be a challenge with divestments of this magnitude, but our management team achieved substantial cost savings to fully offset $25 million of corporate costs that would otherwise have become stranded and impacted the earnings of our continuing businesses.

Furthermore, the balance sheet is strong and your Company was debt free at 30 June for the first time in its history.

2015 result

We believe the 2015 financial year marks a turning point in the earnings trajectory of Pacific Brands. Despite challenging market conditions, F15 saw earnings stabilise and all operating groups were up in the second half.

Much of the growth can be attributed to the continuing strong performance of Bonds and Sheridan with good progress in our retail channels and strong comp store growth achieved by both brands during the year.

As I committed to you last year, working capital management was a key priority for us, and this focus has resulted in high cash conversion and lower inventory levels despite the significant inflationary impact of currency depreciation.

No dividend has been declared for F15, with balance sheet strength being prioritised in a year of transition. I will come back to our intention for F16 dividends shortly.

Clear strategic priorities to achieve earnings growth in F16

We have made significant progress in key growth initiatives.

As well as the strong retail performance I have already highlighted, we have continued to invest in innovation and brand building, established a new international Joint Venture and agreed two new concession arrangements with David Jones and Myer.

David will elaborate shortly, but these are just some examples of the exciting initiatives that the team is working on, and will continue to develop in F16.

While market conditions remain challenging, particularly in our wholesale channel, and currency will continue to be a focus for ourselves and the market as a whole, I am confident in the plans David and his team have in place. The work we have undertaken so far and our clear strategic priorities will see us well placed to return to sustainable earnings growth.

Therefore our F16 outlook for profit growth continues to be in line with our August guidance and it is your Board’s current intention to recommence dividends in relation to the first half result in F16.

Remuneration

Moving now to remuneration. The remuneration policies are consistent with those approved in last year’s remuneration report, with a simplified STI structure which has been well received. However, due to the changed size and shape of the Company the Board re-assessed the quantum of these arrangements and has taken a number of steps.

The aggregate fixed annual remuneration of the Company’s senior executives was reduced by 28% below the equivalent amount for the same roles in 2014. The fixed remuneration for both the CEO and CFO are now $200,000 and $377,000 below that of their predecessors respectively and David Bortolussi receives no additional remuneration for his now permanent dual role as both CEO and Group General Manager for the Underwear Group, saving the Company almost $700,000 through not replacing that role.

No bonuses were paid during the year under the short term cash or long term share incentive plans, with the exception of the Group General Manager for Tontine and Dunlop Flooring who received $99,000 after growing his businesses’ EBIT by more than 16% and exceeding a number of other pre-determined targets.

With respect to your Board, base and committee fees continued to be held flat in F15 for a third successive year following the 25% reduction in Board fees in 2012. In addition, your Board has also resolved to reduce total Board fees next year by over 20% through reducing the Chairman’s remuneration by 22%, removing committee membership duplication, and eliminating committee fees except for committee chairs.

Finally, due to a set of exceptional circumstances at the start of the year, certain one-off retention and/or incentive agreements were entered into with a select number of senior executives, linked to hurdles related to time and divestment proceeds in connection with our Strategic Review.

At that time, in June and July 2014, the Company was under significant financial pressure. The previous CEO departed, and we were undergoing a comprehensive strategic review, single-mindedly focused on generating shareholder value, which could have led to the sale of part or all of the Company.

This created significant uncertainty for key senior executives while, at the same time, extraordinary commitment was required of them to successfully divest the Workwear and Brand Collective businesses and maintain performance over this period.

This same management team has subsequently delivered both of those divestments in a timely manner, maximising the value for shareholders in the face of a challenging outlook for those businesses. In addition, they have implemented a substantial cost reduction agenda, stabilised earnings, and significantly improved cash flow enabling the company to be debt-free. In recognition of these achievements, it was pleasing to see the share price double in recent months and that we are now in a position to reinstate dividends.

We appreciate and respect that some shareholders have concerns on this specific matter and expect to see that reflected in the non-binding vote on remuneration, however the Board believes that the retention incentives for key executives were entirely appropriate given the exceptional circumstances at the time which are highly unlikely to be repeated in the future.

As I said earlier, our remuneration policies are otherwise consistent with that which was overwhelmingly endorsed by a shareholder vote at last year's AGM.

We have engaged with all of our major shareholders, who have indicated to us their support for the board and management team, and for our achievements this year. We will of course continue to have a proactive and transparent approach to discussions with shareholders on our remuneration practices throughout the year ahead.

I would now like to invite David to take you through the F15 results. Thanks David.

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PACIFIC BRANDS

Chief Executive Officer's Presentation

to the

2015 Annual General Meeting

of

Pacific Brands Limited

Tuesday 27 October 2015

Melbourne

Introduction

Thanks Peter.

Good morning everyone and thank you for attending our AGM.

My presentation today will cover the following:

- Firstly, I'll provide an overview of the shape of our business and brand portfolio going forward post the divestments of Workwear and Brand Collective
- Secondly, I'll cover our group results for the year and the performance of our three business units: Underwear, Sheridan and Tontine & Dunlop Flooring
- Thirdly, I'll take you through some of our operational achievements and business development initiatives over the past year
- And finally, I'll share with you our strategic priorities, an update on current trading, and our outlook for the current financial year

Hopefully this will give you a better understanding of our results for the year, and what we're focusing on in the year ahead. For those of you who have had an opportunity to review our August results announcement, the themes and outlook are all consistent with that.

At the conclusion of my presentation I'll hand back to Peter who will chair the formal part of the AGM agenda.

Strategic review completed

Further to Peter's earlier comments, you can see from the chart on the right hand side how much simpler our brand portfolio is post divestments. Our two biggest brands, Bonds and Sheridan, now represent a combined 70% of group sales and our six key brands represent 90% of the group.

This slide also highlights the quality of our brand portfolio. As you can see each of our key brands holds the No.1 position in their respective categories.

In addition, we have taken significant action to reduce corporate costs over the last year in order to appropriately size our organisation following the divestments and to mitigate the impact of stranded costs. As a result, approximately $25 million of costs will have been successfully removed or offset through various cost saving initiatives following full transition of the divested businesses by the end of this calendar year.

Improvement in Group results

Turning to our group results for F15. When we were here last year, I said that I wasn't satisfied with our performance in the previous year and said that we should be able to do a lot better by focusing on our key brands and improving execution. Which is exactly what we have done in parallel with reshaping the business and taking costs out. Whilst we have a long way to go to realise the full potential of our business, I'm pleased that this year's result is a step in the right direction.

Focusing first on the full year numbers on the left hand side of the table. Sales were up 5.4% underpinned by our Bonds and Sheridan brands which were up 13% and 15% respectively. As Peter has mentioned, these results were driven by our retail performance with strong comp store growth.

This growth more than offset lower wholesale sales which were impacted by challenges in the discount department store or DDS channel.

EBIT before significant items was down 4.8% to $64.2 million due to lower wholesale margins for the year overall, but with a much improved trajectory which I will come back to shortly.

The net loss after tax of $98 million was largely due to the non-cash impairment charges announced in the first half which addressed the carrying value of certain assets.

Our balance sheet is strong. Our focus on working capital management has delivered strong cash conversion – which more than doubled to 119% for the last financial year. This, along with the divestment proceeds, means that the Company was debt free at 30 June for the first time in its history.

Moving now to the second half numbers on the right hand side of the page – you can see that all key financials were up on last year.

In particular, EBIT before significant items increased by 26% versus last year with earnings growth in all business units. This is a great result, particularly given some of the challenges we experienced in the wholesale channel over this period as well as significant currency depreciation year on year.

As Peter mentioned, our current intention is to reinstate dividends in conjunction with the F16 first half results. We have set out our dividend policy with a pay out ratio of at least 50%, subject to financial position and outlook at the time which is consistent with our previous dividend policy.

I fully appreciate the importance of dividends to our shareholders, particularly retail shareholders, and appreciate your patience during the last year while we reshaped and restructured the business and restored our balance sheet position.

Underpinned by Business Unit results

I'll now briefly take you through the operational performance of each of the three business units, focusing on sales and EBIT before significant items.

Starting with Underwear, which now represents about two thirds of the business:

- Underwear sales were up 4% and EBIT before significant items was marginally down versus last year

- Bonds continued to perform well. Retail sales grew significantly through comp store sales growth of 20% and new store openings, while wholesale sales were flat
- Non-Bonds sales, which are largely wholesale, were down mainly due to challenges in the DDS channel. Sales in this channel were impacted by trade destocking, systems transition and resulting declines in stock availability on replenishment lines
- Underwear's EBIT result was impacted by lower wholesale gross margins. However, a significant turnaround was achieved in the second half with earnings up 33% due to growth in both wholesale and retail contribution

Turning now to Sheridan, which comprises nearly a quarter of our total group sales:

- The business performed well overall with sales up 13% and earnings up 9% driven by strong Australian retail performance
- Earnings growth didn't match sales growth due mainly to poor performance in the UK business which was down by almost $3 million year on year, due to market conditions and unprofitable prior period growth initiatives, compounded by a change in our IT systems. A turnaround plan is underway for the UK and I'll provide an update at our half year results

- I see significant further opportunity to improve the absolute return on sales for Sheridan overall, taking account of the premium nature of the brand, its historical profitability and peer comparisons
- To that end, we have commenced key initiatives to improve the profitability of the Australian operations, including consolidation of Sheridan's distribution centre with the Underwear Group in Melbourne which is now complete, reviewing our sourcing arrangements with a view to moving to direct sourcing through our Asian sourcing office, moving our wholesale business to concession where possible, and reducing Sheridan's cost of doing business
- These initiatives are all well underway and some restructuring costs may be incurred this year. We don't expect such costs to be significant to the group overall, but they may impact Sheridan earnings in the first half

Turning now to the result for Tontine & Dunlop Flooring where we have improved profitability:

- Sales were broadly flat, but EBIT before significant items was up 16% to $5.9 million which is indicative of what a more dedicated focus on this group can achieve
- While Tontine sales were down due to DDS challenges, Flooring grew as the domestic housing market improved and due to the launch of a new hard flooring product range

- Earnings growth was largely driven by CODB savings across both businesses

That covers the business unit results and I'd now like to briefly highlight the progress we have made in some of our key growth initiatives.

Significant progress in key growth initiatives

Innovation and brand building has and will continue to be a focus. A number of key ranges have been launched during the year and we have invested in new and expanded ambassador relationships for both Bonds and Berlei. We are also in the process of setting up an Innovation Hub in our Underwear business.

Our store rollout program is on track. In particular, our Bonds stores are performing well and consistently rank in the top few stores by sales density, not just in underwear but in the larger unisex fashion category in the centres that we are in. We opened 18 Bonds stores and 3 Sheridan stores last year, and expect to open around another 20 stores this year in total.

There has been a substantial focus on business development, which I will cover shortly.

We also continued to focus on improving our supply chain, both internally and also externally with key suppliers through the application of Lean process improvement principles, resulting in lower product costs and shorter lead times. These efficiencies are delivering a simpler, faster supply chain with lower working capital and logistics costs, and improved customer service levels.

Successful celebration of Bonds 100th birthday

2015 marks Bonds' 100 year anniversary and to celebrate we launched a new range across all categories and channels, supported by the biggest campaign investment we've ever made. I hope that you enjoyed the Bonds history reel and some of our TV commercials before we started the meeting.

In store, this campaign has truly come alive with high impact merchandising in all of our major wholesale partners and in our own retail network. Importantly sell-thru to date has been above expectations.

Overall, I'm really pleased with how we executed the Bonds 100 program.

Substantial focus on business development activity

The next slide covers four key business development highlights which will hopefully give you an idea of how we are moving the company forward:

- Firstly, at the top are two examples of how we are partnering with our major retail customers:

- We have a new Kids & Baby concession in David Jones, providing additional trading space for the Sheridan brand. A new product range has been developed including soft toys, clothing, character towels, room décor, a broad gift offering and extensions to our core kids and baby bed and bath ranges. Sheridan is also the first Australian bed linen partner of SIDS and Kids
- And a significant move for Bonds this year was committing to our first concession arrangement with Myer which will showcase the new Bonds Sport range. Bonds has a terrific opportunity to grow in the activewear market at more accessible price points than the global majors, and our Myer concession is an important step forward in that direction

▪ These concessions are expected to contribute positively to earnings this year. At full run rate we expect the two new concession arrangements in total to generate around $20 million of sales on a capital investment in fixtures and fittings of around $3 million plus inventory

▪ If you'd like to have a look at the concession stores, the Sheridan Kids and Baby concession is already open in DJs Bourke Street store and the Bonds activewear concession should be open in Myer Melbourne by mid-November. So please stop by, take a look and purchase some of our great product!

- Turning to Berlei. Our Berlei sports bras are world class and are genuinely endorsed and have been worn by Serena Williams for years. We've always owned the brand in Australia and New Zealand, and have recently signed a global joint venture agreement and extended our endorsement with Serena to be a global arrangement. We have already launched the brand to the trade in the UK and France, and the US is our next priority. Domestically, we have also just launched the new Sensation bra range, designed to target a younger consumer and supported by a new ambassador and leading Australian actor, Jessica Marais
- Finally, in June we acquired the Crestell pillows and bedding accessories business. Adding this business to our portfolio will reinforce Tontine's distribution footprint and relationships with key customers, and also provide additional manufacturing volumes and efficiency for our Melbourne factory

Clear strategic priorities to achieve earnings growth

Looking ahead, we have three group strategic priorities.

- Be a house of leading brands – by leading in product design, innovation and quality; investing in marketing; and expanding into adjacent categories

- Reshape and expand distribution – by reshaping and growing our wholesale channels, and progressively expanding our retail and international footprints
- And finally to develop a sustainable, Lean global supply chain – through focusing on costs, lead times, forecast accuracy and service levels, as well as enhancing sustainability and ethical trading outcomes which are critical and consistent with our values

These strategies flow throughout our individual operating group priorities, and I expect them to deliver sales and earnings growth going forward, with the objective of improving our overall return on sales from 8% currently to over 10%.

Trading update and outlook

Finally, turning to the F16 trading update and outlook where there is essentially no change to what we said at our results presentation in August.

- Sales for the first 16 weeks of 1H16 are up 7% versus PCP, but as in prior years, first half results will largely depend on November and December trading which are key trading months
- For the continuing business, F16 EBIT before significant items is expected to be up on last year

- FX headwinds continue and may impact future earnings, however, as I mentioned, we have plans in place to mitigate the dollar impact of FX depreciation on margins through a combination of sourcing benefits, mix improvement, CODB reduction and price increases
- And finally, as previously mentioned, it is the Board's current intention to resume dividends in relation to the 1H16 result with a target dividend pay out ratio of at least 50% of profit

In conclusion, Pacific Brands is now a very different business: much higher quality and substantially simplified, with greater growth potential and a strong balance sheet.

We have delivered two key divestments and achieved substantial corporate cost reductions in order to offset stranded costs, which could have become a significant drag on earnings going forward.

Our key brands of Bonds and Sheridan are performing well, as are our retail networks.

F15 marks a turning point in our earnings trajectory. We're off to a good start this year and I'm confident that we have the right strategy to deliver earnings growth and dividends in F16 and beyond.

Thank you again for joining us today and I look forward to talking with you after the formal part of the agenda. I'll now hand back to Peter.

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PACIFIC BRANDS

2015 Annual General Meeting

27 October 2015

Agenda

- Welcome
- Chairman's address
- Chief Executive Officer's presentation
- Formal business

1. Financial Report
2. Re-election of Directors
3. Adoption of Remuneration Report
4. Grant of performance rights to the CEO under the Performance Rights Plan
5. Adoption of proportional takeover provision

Chairman’s address for the financial year ended 30 June 2015

Peter Bush, Chairman

Key points for Shareholders

- **Strategic review completed**
  - Higher quality, simplified business
  - Substantial cost reduction to offset stranded costs following divestments
  - Strong balance sheet and debt free
- **2015 result**
  - F15 earnings stabilised with 2H earnings up in all Business Units
  - Strong retail performance and comp store growth
  - High cash conversion and inventory down despite FX pressure
  - No final dividend declared with balance sheet strength prioritised in year of transition
- **Clear strategic priorities to achieve earnings growth in F16**
  - Significant progress in key growth initiatives across the business
  - Gaining real traction against the two key challenges – Wholesale performance and FX
  - Profit growth and dividends expected in F16
- **Remuneration**
  - Total Senior Executive fixed remuneration reduced by 28% in F15 and no STI or LTI
  - Board cost reductions of >20% planned in F16
  - Retention and incentive payments made to facilitate Strategic Review

PACIFIC BRANDS

Chief Executive Officer's presentation

David Bortolussi, CEO

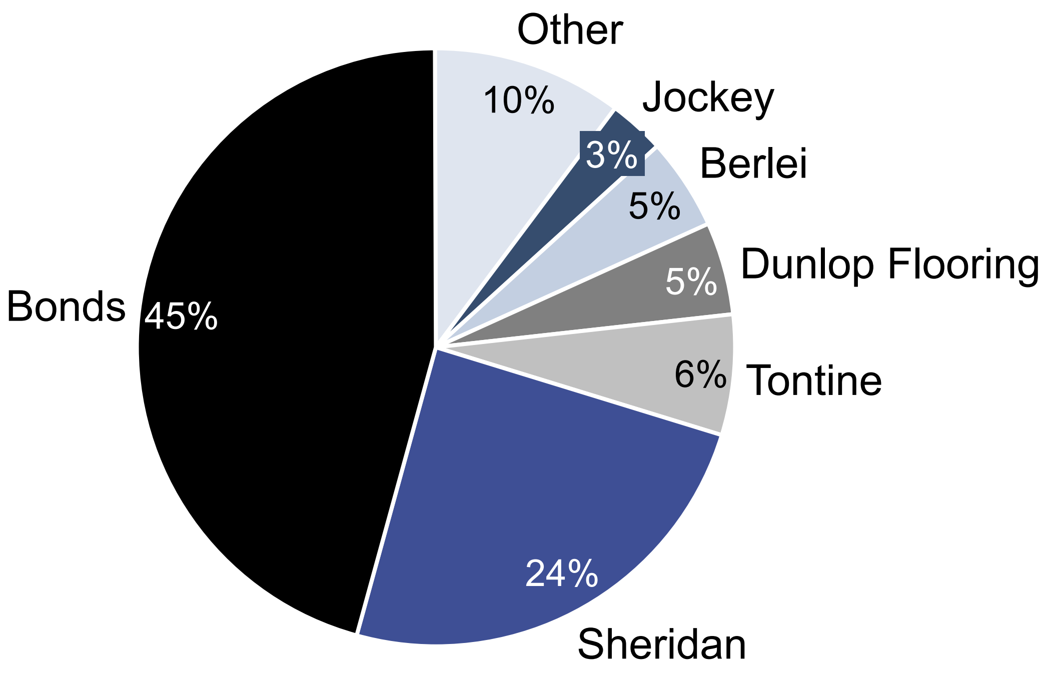
Strategic review completed

- Now a higher quality, simplified business with a leading brand portfolio and greater growth potential
- Corporate cost base re-sized to the continuing business, with significant savings offsetting more than $25m of stranded costs following the divestments

Australia's leading Underwear and Home Furnishing brands

BONDS: #1 brand in women's and men's underwear and socks	SHERIDAN: #1 brand in bed linen and towels
Berlei: #1 brand in premium everyday and sports bras	TONTINE: #1 brand in pillows
JOCKEY: #1 brand in men's underwear in New Zealand	DUNLOP flooring: #1 brand in carpet underlay

F15 Continuing Business Sales



Note. Brand positions supported by independent brand awareness and retailer research. Carpet underlay based on market share. Chart subject to rounding

Improvement in Group results

$ millions	F15	Change vs PCP	2H15	Change vs PCP
Sales	789.7	5.4% ▲	397.9	4.8% ▲
EBIT (pre significant items)	64.2	(4.8)% ▼	32.7	26.3% ▲
NPAT (pre significant items)	37.5	5.1% ▲	20.7	65.9% ▲
NPAT (reported)	(97.7)	n.m.	11.0	n.m.
Cash conversion	119%	62pts ▲	101%	111pts ▲
Net cash / (debt)	0.9	$250.0m ▲	0.9	$250.0m ▲

- Continuing business sales up 5.4%
  - Bonds up 13% and Sheridan up 15%
  - Strong retail comp growth: Bonds up 20% and Sheridan up 13%
- Continuing EBIT pre significant items down 4.8% on PCP – but 2H up 26%
- Reported net loss of $98m largely due to 1H15 non-cash impairment charges ($138.5m)
- Debt free due to divestments and strong working capital management and cash conversion
- No final dividend declared with balance sheet strength prioritised in F15 year of transition
  - Current intention to reinstate dividends at 1H16 with a payout ratio >50% subject to financial position and outlook at the time

Note. All amounts represent the continuing business except for NPAT (reported) which includes discontinued operations

Underpinned by Business Unit results

PACIFIC BRANDS

Underwear earnings stabilised with 2H up significantly

$ millions	F15	F14	Change
Sales	508.6	489.2	4.0%
EBIT (pre sig)	60.2	61.3	(1.8)%
EBIT (reported)	(24.7)	69.6	n.m.

- Bonds sales up 13% driven by 20% comp store growth and store openings
- Non-Bonds sales down overall, due mainly to DDS challenges
- EBIT marginally down due to lower wholesale gross margins
- 2H15 EBIT up 33% due to improved wholesale and retail contribution

Sheridan growth driven by Australian retail performance

$ millions	F15	F14	Change
Sales	191.3	169.7	12.8%
EBIT (pre sig)	13.9	12.8	9.2%
EBIT (reported)	(21.1)	12.3	n.m.

- Sales and earnings growth driven by strong retail performance in Australia
- UK sales and earnings down due to market conditions, unprofitable prior period growth initiatives and IT transition – turnaround plan underway
- Key initiatives also commenced to improve profitability of Australian operations (DC consolidation completed)

Tontine and Dunlop Flooring profitability improved

$ millions	F15	F14	Change
Sales	89.7	90.4	(0.8)%
EBIT (pre sig)	5.9	5.0	16.3%
EBIT (reported)	(19.7)	3.7	n.m.

- Tontine sales down due to DDS challenges
- Dunlop Flooring sales up due to underlay market growth and new flooring product launch
- Tontine EBIT marginally up due to cost savings
- Dunlop Flooring EBIT up due to sales growth, improved margins and cost savings

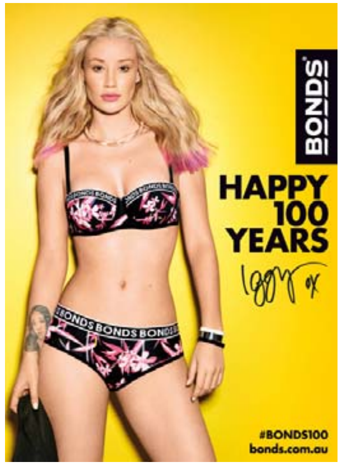
Note. EBIT (pre sig) is before significant items, which were non-cash and largely related to impairments of goodwill and brand names in F15

PACIFIC BRANDS

Significant progress in key growth initiatives

- **Continued investment in product innovation and brand building**
  - Bonds 100 Anniversary range, Bonds Tights, Bonds Sport, Berlei Sensation, Sheridan lifestyle products, Dunlopillo range and Heartridge flooring
  - Exciting new brand ambassadors: Iggy Azalea for Bonds, Jessica Marais for Berlei Sensation and a global extension with Serena Williams for Berlei Sport
- **Retail expanded and performance improved**
  - 18 Bonds stores and 3 Sheridan stores opened in Australia during the year, strong comp growth and improved profitability across both businesses
  - In store and online sales now 29% and 7% of total group sales respectively
- **Substantial focus on business development activity**
  - Berlei International joint venture established and launched in the UK and Europe
  - New Bonds Sport range developed for launch in new Myer concession
  - New Sheridan Kids & Baby range developed for launch in new David Jones concession
  - Crestell pillow and bedding accessories business acquired
- **Supply chain & inventory management improvements driven by application of Lean**
  - Reduced SKUs, simplified supplier base and lower FOB product costs
  - Faster seasonal development calendar and manufacturing lead times
  - Lower stock levels despite FX depreciation and growth, and improved DIFOT
  - Lower warehousing and distribution costs

Successful celebration of Bonds 100th birthday



- Bonds is celebrating 100 years in 2015 with a new Bonds 100 range
  - covers mens, womens, kids and baby, from underwear to socks to apparel
  - first whole of brand and complete product range launch in years
- Global superstar and Aussie girl Iggy Azalea announced as the new Bonds ambassador and headlines the birthday campaign
- Biggest Bonds campaign and investment ever spanning from TV and Cinema to Outdoor, Digital, POS and PR over the campaign period
- In store, the campaign has come alive with high impact POS in all major wholesale partners and Bonds stores
- Sell-thru to date has been above expectations



PACIFIC BRANDS

Substantial focus on business development activity

Sheridan Kids & Baby concession launched in David Jones

Bonds Sport to expand into new Myer concession

Berlei International JV and new Sensation range

Crestell business acquisition (pillows, quilts and bedding accessories)

Clear strategic priorities to achieve earnings growth

PACIFIC BRANDS

Group Strategic Priorities

1. **Be a house of leading brands** – lead in creative design, product innovation and quality; invest in engaging marketing; and expand into adjacent categories
2. **Reshape and expand distribution** – reshape and grow wholesale channels; maximise retail potential (online, stores and concession); and progressively grow international business in Bonds, Berlei and Sheridan
3. **Develop a sustainable, Lean global supply chain** – reduce product and logistics costs; improve development and manufacturing lead times; increase forecast accuracy and service levels; and enhance sustainability and ethical trading outcomes

Related Operating Group Priorities

Underwear	Sheridan	Tontine & Flooring
1. Invest in Bonds and other key brands 2. Drive big innovation and faster fashion 3. Reshape and grow wholesale contribution 4. Maximise retail potential 5. Progressively take Bonds and Berlei international	1. Invest in Sheridan brand 2. Expand in adjacent categories 3. Maximise retail potential and move wholesale to concession where possible 4. Restructure and turnaround UK business 5. Improve Australian business profitability	1. Invest in bedding accessories category 2. Improve Tontine profitability 3. Optimise carpet underlay business 4. Expand into hard flooring category 5. Maintain lowest cost manufacturing position
Sustainable, Lean global supply chain		
Great and safe place to work		

Trading update and outlook

- The Company expects a continuation of challenging and variable market conditions
- 1H16 sales for the 16 weeks to date are up 7% versus PCP, but 1H16 results will largely be dependent on November and December trading which are significant months
- Inventory levels are expected to be higher at 31 December 2015 due to FX depreciation, a relatively early Chinese New Year which impacts shipment timing, and sales seasonality and growth
- For the continuing business before significant items, F16 EBIT is expected to be up on PCP ($64.2m)
- FX headwinds continue and may impact future earnings, however the Company has plans in place to mitigate the dollar impact of FX depreciation on margins through a combination of sourcing benefits, mix improvement, CODB reduction and price increases
- It is the Board's current intention to resume dividends in relation to the 1H16 result, subject to financial position and outlook at the time with a target dividend payout ratio of at least 50% of NPAT

Appendix – Non-IFRS financial information

PACIFIC BRANDS

- All full year statutory numbers referred to in this document have been audited
- In addition to statutory reported amounts, certain non-IFRS measures are used by Directors and management as measures of assessing the financial performance of the Company and individual operating groups, including:
  - Cash conversion
  - Comp store sales growth
  - Sales by brand, channel and business
  - Store numbers
  - Stranded costs, FX impact on stock, 1H16 trading to date
- The Directors consider that these performance measures are appropriate for their purposes and present meaningful information on the underlying drivers of the business. Many of the measures used are common practice in the industry within which Pacific Brands operates
- Some non-IFRS financial information is stated before significant items as disclosed in Note 6 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


Chesty Bond
Since 1938
BONDS
Cottontails
this is the era of Bond's Cottontails
More colours than you'll find in a month of Sundaes!
BOND'S
BOND'S
PACIFIC BRANDS
BONDS
100 YEARS