25 August 2010

Manager Company Announcements
Australian Securities Exchange Limited
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

FY'10 RESULTS – PRESENTATION BRIEFING SLIDES

Please find attached, for release to the market, the slides of a briefing to investors to be conducted following the release of the Company's Preliminary Final Report for the 2010 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 Full Year Results 2010

25 August 2010

Sue Morphet, Chief Executive Officer
David Bortolussi, Chief Financial & Operating Officer

PACIFIC BRANDS

Executive Summary and Segment Performance

Sue Morphet
Chief Executive Officer

Executive summary

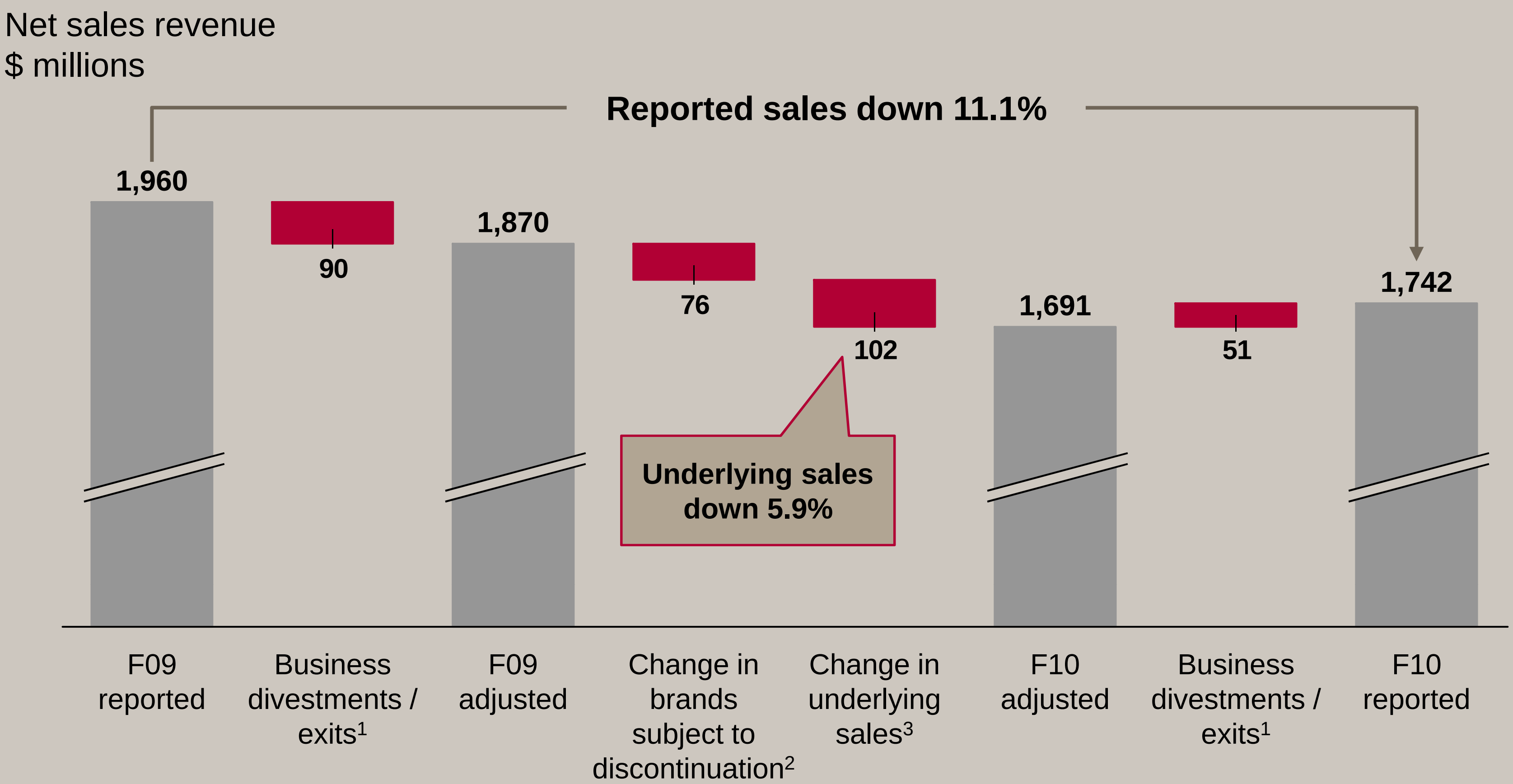
- Earnings in line with guidance
  - Full year down but 2H10 up
  - Margins steady despite lower hedged exchange rates
- Sales impacted by
  - Business divestments / exits and brand discontinuations
  - Pricing, challenging retail environment and DDS channel dynamics
- Transformation benefits ahead of plan, but one-off costs higher than expected
- Divisional performance overview
  - Underwear & Hosiery robust
  - Workwear performance strong
  - Homewares performance mixed
  - Footwear, Outerwear & Sport disappointing
- Cash flow exceptionally strong and net debt reduced substantially
- F11 outlook
  - Improvement in underlying sales performance
  - Increase in EBITA before significant items
  - Expect to resume dividends following 1H11 result subject to performance, financial position and outlook at the time

Group results[1]

- Sales and earnings down as expected
  - Sales $1,742.4m, down 11.1% (underlying sales down 5.9%)
  - Gross margin 42.0%, down 0.2% pts
  - CODB $553.2m, down $72.4m
  - EBITA $181.4m, down 11.7% (2H10 up 13.7%)
  - NPAT $90.3m, down 9.8%
  - EPS 9.7 cps
- Operating cash flow exceptionally strong
  - OCFPIT $290.4m, up from $206.0m
  - Cash conversion 144%, up from 90%
- Net debt reduced substantially
  - Net debt $312.7m, down $106.4m (or 25%) from 1H10
  - Including payment of $46m of restructuring costs in 2H10
  - Conservative gearing of 1.6 times

1. Before significant items

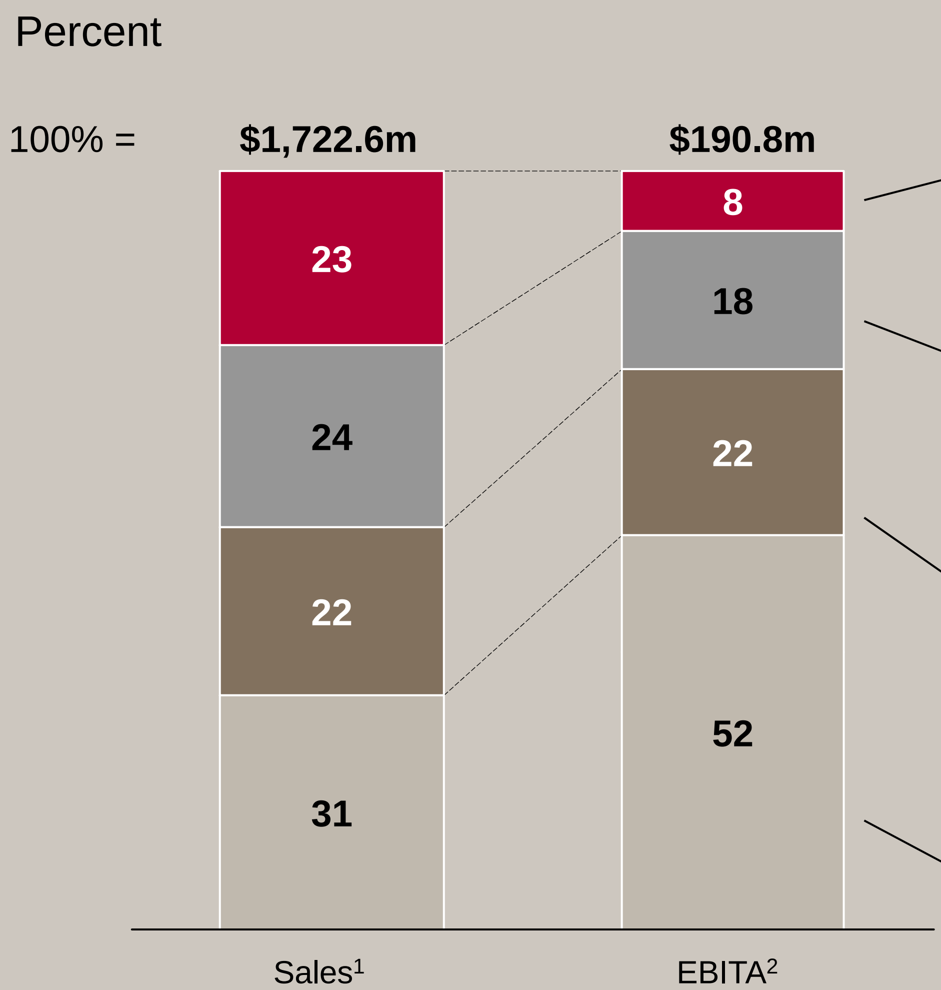
Group sales result



- Icon Clothing, Merrell and UK & China footwear operations divested / exited[1]
- Significant brand discontinuations actioned under PB2010 Transformation program[2]
- Underlying sales down due primarily to pricing, challenging retail environment and DDS channel dynamics[3]

Note: Individual numbers subject to rounding

Results by segment



Footwear, Outerwear & Sport
Footwear, casualwear, streetwear and sports clothing & equipment. Key brands include Clarks, Hush Puppies, Volley, Mossimo, Super Dry and Slazenger

Homewares
Beds, pillows, quilts, bed linen, towels, carpet underlay and foam. Key brands include Sheridan, Tontine, Sleepmaker and Dunlop

Workwear
Industrial workwear, corporate imagewear and protective clothing. Key brands include Hard Yakka, KingGee and NNT / Dowd

Underwear & Hosiery
Underwear, intimates, hosiery and socks. Key brands include Bonds, Berlei, Holeproof, Rio, Jockey, Razzamataz and Voodoo

1. Excluding other segment revenue and inter segment revenue
2. Excluding corporate expenses and before significant items

Underwear & Hosiery

$ millions	F10	F09	Change
Sales[1]	539.4	605.5	(10.9)%
EBITA[2]	99.9	93.4	7.0%
EBITA margin[2]	18.5%	15.4%	3.1pts

- Over one-third of sales decline due to brand discontinuations
  - Lane Bryant: contract manufacturing (US)
  - NZ: Thermals closure
  - Playtex: licence termination
- Unusually late winter season impact
- DDS channel down significantly
- Bonds, Holeproof and Rio down
- Berlei, Jockey and Voodoo up in 2H10
- Margins improved through pricing, mix improvements, portfolio rationalisation and off-shore sourcing benefits

1. Excluding other segment revenue and inter segment revenue
2. Excluding corporate expenses and before significant items

Workwear

$ millions	F10	F09	Change
Sales[1]	379.5	389.4	(2.5)%
EBITA[2]	41.8	40.3	3.8%
EBITA margin[2]	11.0%	10.4%	0.6pts

- Sales and earnings up in 2H10
- Strong rebound in business confidence
- Increased employment and employee turnover
- Uniform spending catching up after some freezes
- Greater share of corporate contracts
- Margins improved despite lower hedged exchange rates – partial protection in some B2B contracts

1. Excluding other segment revenue and inter segment revenue
2. Excluding corporate expenses and before significant items

Homewares

$ millions	F10	F09	Change
Sales[1]	404.4	448.5	(9.8)%
EBITA[2]	33.6	40.6	(17.2)%
EBITA margin[2]	8.3%	9.0%	(0.7)pts

- Sheridan sales flat despite pressure on discretionary spending
- Tontine sales down due to DDS channel dynamics
- Sleepmaker sales impacted by specialist bedding retailers
- Flooring domestic sales up due to stronger housing and construction market
- Foams sales down in line with reduced domestic bedding and furniture manufacturing activity
- Margins down due to lower manufacturing volumes

1. Excluding other segment revenue and inter segment revenue
2. Excluding corporate expenses and before significant items

Footwear, Outerwear & Sport

$ millions	F10	F09	Change
Sales[1]	399.3	491.2	(18.7)%
EBITA[2]	15.5	43.7	(64.4)%
EBITA margin[2]	3.9%	8.9%	(5.0)pts

- Significant portfolio rationalisation impact
  - Exited Icon Clothing, Merrell and footwear operations in UK and China ($39m)
  - Discontinued housebrand, minor brands and labels
- Renewed key licences
  - Clarks, Hush Puppies, Mossimo and Everlast
- Mixed brand performance
  - Clarks, Grosby, Julius Marlow, Hush Puppies, Malvern Star, Mossimo and Superdry up
  - Dunlop, Everlast, Mooks, Slazenger and Volley down
- Margins impacted by lower hedged exchange rates and stock write-downs

1. Excluding other segment revenue and inter segment revenue
2. Excluding corporate expenses and before significant items

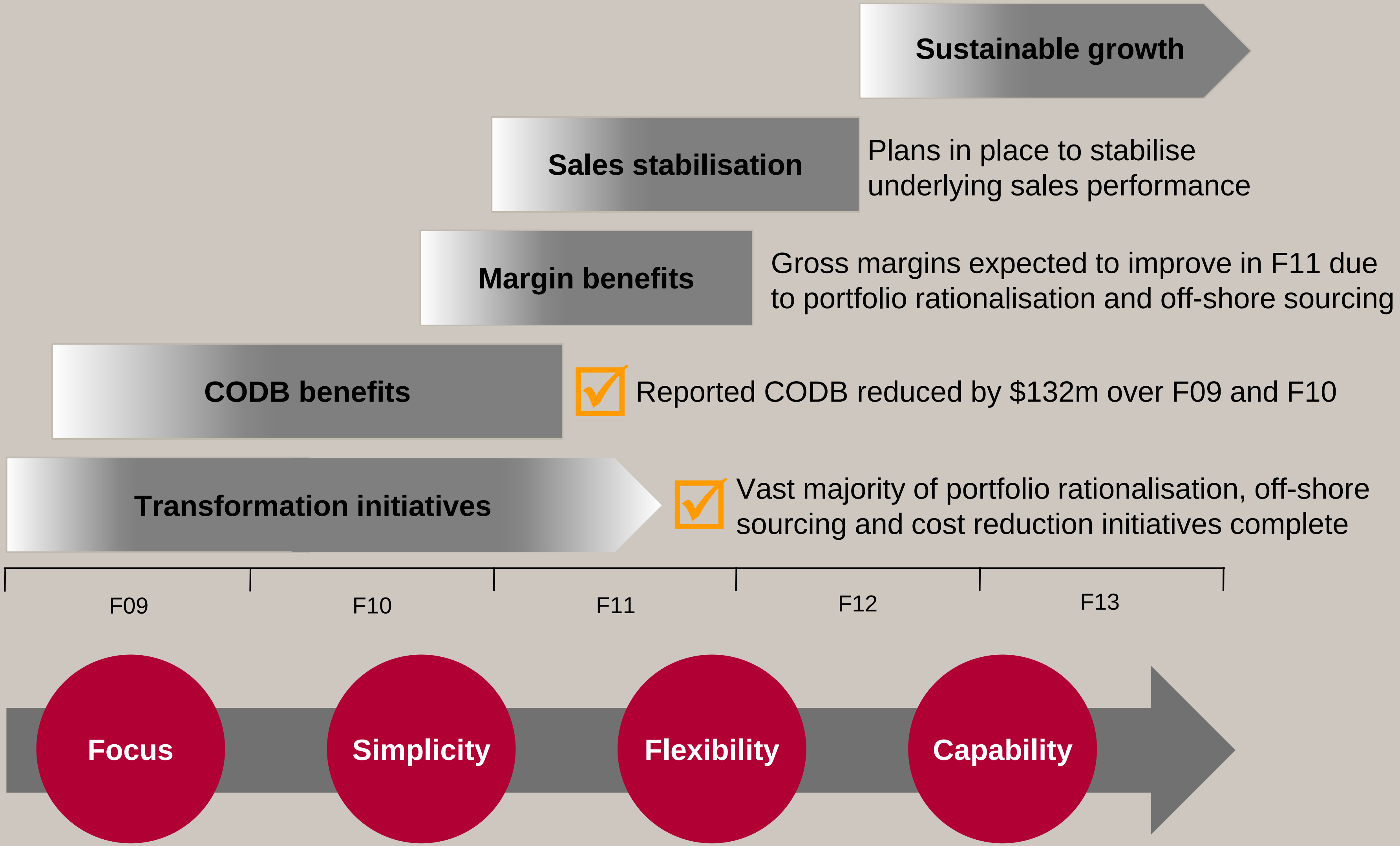
PACIFIC BRANDS

Pacific Brands 2010 Transformation Update

Sue Morphet
Chief Executive Officer

PACIFIC BRANDS

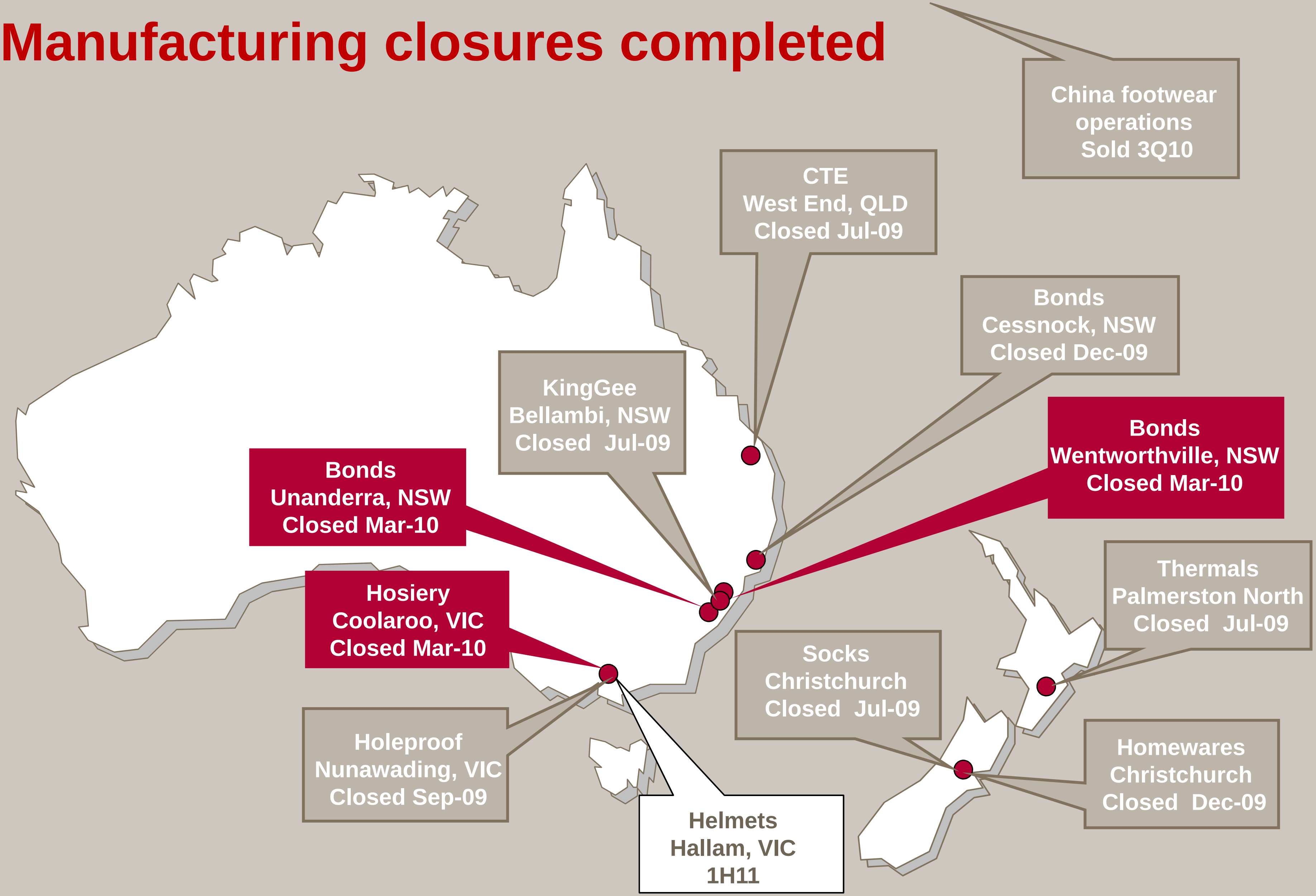
Transformation roadmap



Implementation progress by workstream

Workstream	Achieved	In progress / ongoing
Rationalise and focus portfolio	☑ Exited non-core businesses / operations ☑ Rationalised brand portfolio ☑ Reduced stock keeping units	▪ Discontinuing remaining non-core brands/labels ▪ Ongoing business, brand, label and SKU reviews
Optimise revenue base	☑ Increased prices and improved mix ☑ Refocused advertising on key brands ☑ Increased investment in consumer insights	▪ Increasing investment in brands ▪ Improving customer investment ▪ Increasing merchandising support
Rebase overhead cost structure	☑ Reduced non-manufacturing roles by 650 ☑ Overachieved CODB targets	▪ Reviewing indirect sourcing (eg media and advertising)
Transform supply chain	☑ Closed 10 manufacturing sites and sold another ☑ Successful transition to overseas sourcing ☑ Reduced air freight usage	▪ Closing Helmets factory in Victoria ▪ Centralising sourcing and supply chain organisation ▪ Resourcing remaining supply base ▪ Reconfiguring distribution network
Reduce capital employed	☑ Reduced inventory holdings ☑ Sold 6 properties ☑ Tightly managed capital expenditure	▪ Improving supplier / creditor terms ▪ Selling remaining surplus properties
Build capability	☑ Renewed talent significantly across the group ☑ Reviewed IT systems capability ☑ Enhanced employee grading, evaluation and reward model	▪ Improving key business processes (eg new product development) ▪ Building capability across the group ▪ Embedding a performance culture

Manufacturing closures completed



PACIFIC BRANDS

Board and Senior Executive Renewal

■ New appointment post 1 January 2009

Board of Directors

- James MacKenzie, Chairman , Non-Executive Director
- **Peter Bush,** Non-Executive Director
- Andrew Cummins, Non-Executive Director
- Dominique Fisher, Non-Executive Director
- **James King,** Chair of Remuneration Committee, Non-Executive Director
- Maureen Plavsic, Chair of Nomination Committee, Non-Executive Director
- **Nora Scheinkestel,** Chair of Audit, Business Risk & Compliance Committee, Non-Executive Director
- **Arlene Tansey,** Non-Executive Director

Sue Morphet

Chief Executive Officer, Executive Director

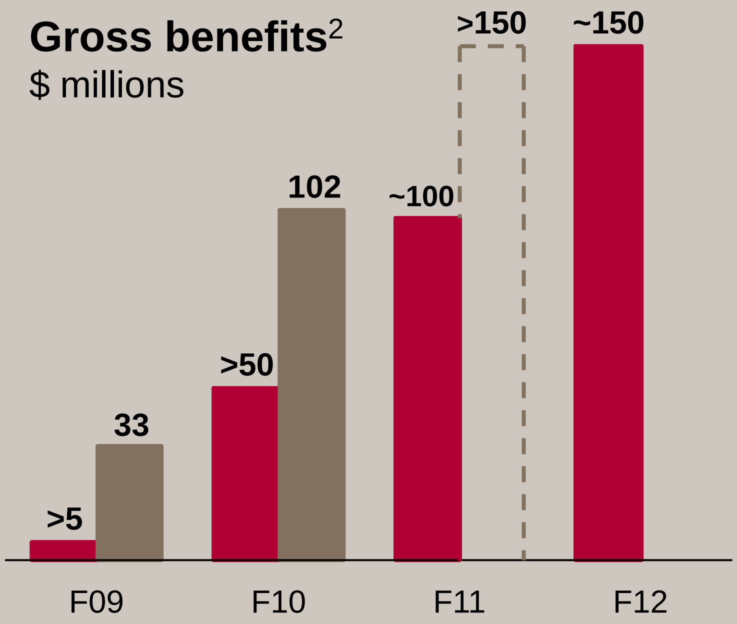
Senior Executive Team

- **Melanie Allibon**
  Group General Manager, Human Resources
- **David Bortolussi**
  Chief Financial & Operating Officer
- Kate Hann
  Group General Manager, Bonds
- **Anthony Heraghty**
  Group General Manager, Footwear, Outerwear & Sport
- **Holly Kramer**
  Group General Manager, Homewares
- **Simon Smith**
  Group General Manager, Workwear
- Ross Taylor
  Group General Manager, Underwear & Hosiery

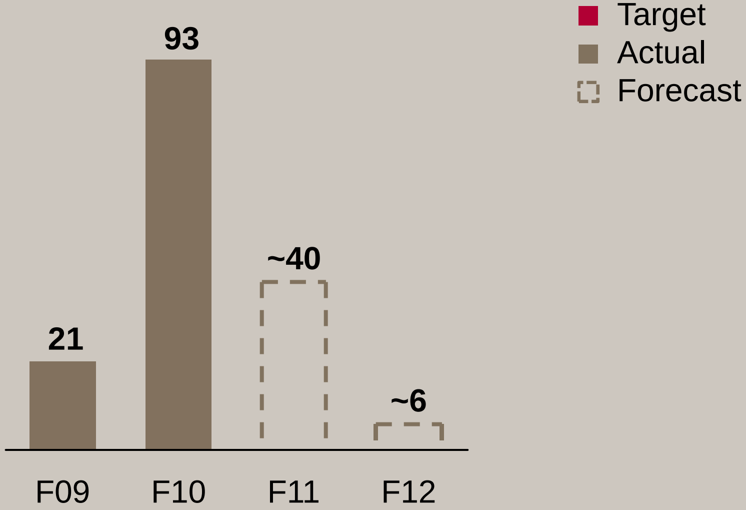
Transformation cost savings and one-off costs

- Transformation benefits ahead of plan
  - Effectively 12 months ahead in realising cost benefits
  - Expect >$150m in gross benefits in F11 with off-shore sourcing impact
- One-off pre tax cash costs expected to be c.$20m higher from $140m to c.$160m
  - Increased WorkCover premiums associated with manufacturing closures[1]
  - Expanded scope of distribution network reconfiguration
  - Additional divisional restructuring

Gross benefits[2]
$ millions



One-off cash costs
$ millions; pre tax



	F09	F10	F11	F12
Post tax ($m)	15	65	~28	~4

1. Some residual WorkCover premium risk remains which the Company is taking steps to mitigate
2. Based on current market conditions and currency rates, and before any reinvestment

Group Financial Results

David Bortolussi
Chief Financial & Operating Officer

Income statement

Group results before significant items

$ millions	F10	F09	Change $m	Change %
Sales	**1,742.4**	**1,959.8**	**(217.4)**	**(11.1)**
Gross margin	732.2	827.9	(95.7)	(11.6)
Gross margin	**42.0%**	**42.2%**	**(0.2) pts**	**n.m.**
CODB	553.2	625.6	(72.4)	(11.6)
EBITDA	201.0	230.0	(29.0)	(12.6)
Depreciation	19.6	24.7	(5.1)	(20.6)
EBITA	**181.4**	**205.3**	**(23.9)**	**(11.7)**
EBITA margin	10.4%	10.5%	(0.1) pts	n.m.
EBIT	179.0	202.3	(23.3)	(11.5)
Net interest	48.3	63.2	(14.9)	(23.6)
NPAT[1]	**90.3**	**100.1**	**(9.8)**	**(9.8)**
Weighted average number of shares	929.4m	587.9m	341.5m	n.m.
EPS	9.7 cps	17.0 cps	(7.3) cps	(42.9)
Significant items after tax	(37.5)	(334.6)	(297.1)	n.m.
Reported NPAT[1, 2]	52.7	(234.5)	287.3	n.m.

1. After minority interests
2. After significant items

PACIFIC BRANDS

Cost of doing business

$ millions	F10	F09	Change $m	Change %
Sales	1,742.4	1,959.8	(217.4)	(11.1)
Freight & distribution	126.7	140.8	(14.1)	(10.0)
Sales & marketing	272.4	324.6	(52.2)	(16.1)
Administration	154.1	160.2	(6.1)	(3.8)
CODB	**553.2**	**625.6**	**(72.4)**	**(11.6)**
CODB / Sales	31.7%	31.9%	(0.2) pts	n.m.

- CODB reduction component of transformation program is largely complete and has exceeded plan
- Total absolute reduction in reported CODB over F09 and F10 of $132m[1]
- Some reinvestment in brands, customers and capability expected going forward

1. Adjusted for expense reclassification impact on F08 base year

Financial position

$ millions	F10	F09	Change $m	Change %
Working capital	316.1	425.5	(109.4)	(25.7)
PP&E	117.0	144.4	(27.4)	(19.0)
Intangibles	1,307.6	1,321.3	(13.7)	(1.0)
Other	(48.5)	(171.7)	123.2	(71.8)
Total capital employed	1,692.2	1,719.5	(27.3)	(1.6)
Net debt	**312.7**	**452.8**	**(140.1)**	**(30.9)**
Equity[1]	1,379.5	1,266.7	112.8	8.9
Net debt / equity (%)	22.7	35.7	(13.0)pts	n.m.
Gearing (x)	**1.6**	**2.0**	**(0.4)**	**n.m.**
Interest cover (x)	4.3	3.2	1.1	n.m.
ROCE[2] (%)	10.7	12.0	(1.3)pts	n.m.
Tangible ROCE%[3]	47.2	51.6	(4.4)pts	n.m.

- Net debt reduced substantially and conservative credit metrics
  - Gearing of 1.6 times and interest cover of 4.3 times

1. Includes minority interest
2. Last 12 months return on total tangible and intangible capital employed
3. Last 12 months return on total tangible capital employed

PACIFIC BRANDS

Working capital management

$ millions	F10	F09	Change $m	Change %
Trade debtors	194.3	231.5	(37.2)	(16.1)
Inventories	**241.3**	**311.4**	**(70.1)**	**(22.5)**
Trade creditors	119.5	117.4	2.1	1.8
Working capital	**316.1**	**425.5**	**(109.4)**	**(25.7)**
Debtors days (days)	46.9	47.2	(0.3)	n.m.
Inventory turns (x)	**3.6**	**3.2**	**0.4**	**n.m.**
Creditor days (days)	46.8	44.1	2.7	n.m.

- Trade debtors improvement in line with reduction in sales
- Significant reduction in inventory levels and improved turns
- Creditor days up slightly due to year end timing of payments

PACIFIC BRANDS

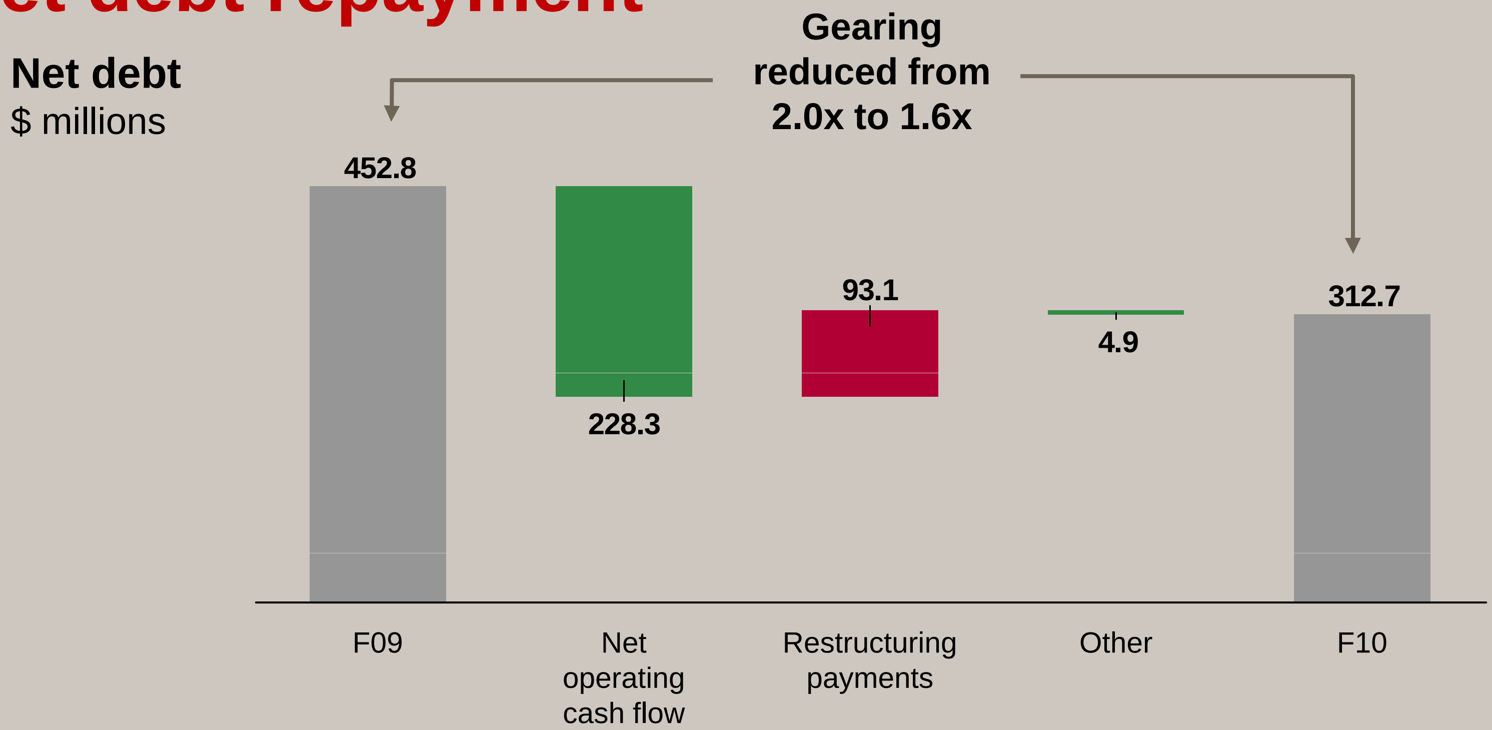
Cash conversion

$ millions	F10	F09
EBITDA[1]	**201.0**	**230.0**
Change in working capital	86.4	(22.5)
Other	3.0	(1.5)
OCFPIT	**290.4**	**206.0**
Net interest paid	(48.4)	(67.2)
Tax paid	(13.7)	(13.5)
Net operating cash flow (pre restructuring payments)	**228.3**	**125.3**
Restructuring payments	(93.1)	(21.6)
Net operating cash flow (post restructuring payments)	**135.3**	**103.7**
Capex	(10.0)	(22.5)
Divestments	18.7	0.5
Net repayment of borrowings	(118.4)	(268.5)
Dividends paid	-	(42.7)
Equity raising	-	248.6
Other	(2.0)	2.6
Net cash flow	**23.5**	**21.7**
Cash on hand	**150.0**	**126.5**
Cash conversion[2]	**144%**	**90%**

1. Before significant items
2. Cash conversion is defined as OCFPIT divided by EBITDA before significant items

Note: Individual numbers subject to rounding

Net debt repayment



Debt profile $ millions	Maturity date	30 June 2010 Facility	Drawn
Tranche 2	28-Mar-12	330.0	125.0
Tranche 3	28-Mar-12	219.5	219.5
Securitisation	24-May-13	250.0	120.0
Overdraft	364 day	39.0	0.0
Total facilities		**838.5**	**464.5**
Cash and other			(151.8)
Net debt			**312.7**

- Net debt reduced by $140m in F10 ($106m in 2H10)
- Securitisation and overdraft facilities refinanced and extended by 2 years
- Facility limits proactively reduced post year end (refer following)
- Available liquidity of $424m[1] post limit reduction

1. Undrawn facilities at 30 June 2010 of $374.0m less $100m limit reduction + $150m cash on hand

Financial review

- **Capital structure review**
  - Gearing – appropriately conservative at present
  - Funding mix – combination of securitisation and bank debt appropriate
  - Maturity profile – longer maturity profile preferred (Securitisation extended)
  - Liquidity – required level of cash and facility headroom determined (led to Securitisation and Tranche 2 limit reduction of $25m and $75m respectively, post year end)
  - Dividend policy
  - Capital management
- **Foreign exchange hedging policy review**
  - Confirmed current practice – no major changes in policy
  - Operational hedging of c.80% of forecast purchases up to 12 months forward by business (typically 6 - 9 months overall)
  - Customary range of financial instruments available for use
  - Board approval required for hedging outside of operational policy
- **Expense reclassification**
  - Certain Sales and Marketing expenses now more appropriately netted against Sales revenue
  - Resulting reduction in Sales and Marketing expenses and Sales revenue by $40.2m and $36.3m in F09 and F10 respectively
  - Prior year restated, no impact on reported earnings

Dividend and outlook

Sue Morphet
Chief Executive Officer

Dividend

- Much improved financial position over the past 18 months
  - Net debt substantially reduced
  - Securitisation facility extended
  - Strong operating cash flow
- Current expectation is to resume dividends following 1H11 result
  - Subject to performance, financial position and outlook at the time
  - Target payout ratio at least 50% of NPAT going forward
- Continue to consider capital management alternatives

Outlook

- Market outlook
  - Uncertain economic environment
  - Challenging retail conditions
- Sales outlook
  - Improvement in underlying sales performance
  - Reported sales continue to be impacted by business divestments / exits and brand discontinuations
- EBITA outlook
  - Transformation benefits and improved hedged exchange rates expected to outweigh increasing product costs, temporary supply constraints and CODB reinvestment
  - Improvement in EBITA before significant items

Conclusion

- F10 was a challenging year
  - Toughest retail conditions for some time
  - While fundamentally restructuring the business
- Gross margins have held up well and CODB reductions have been achieved
- Pacific Brands 2010 transformation is on track and ahead of plan
- Balance sheet and cash flow are now very strong
- Exchange rates for F11 are largely locked in
- Confident of improvement in EBITA in F11
- Resumption of dividends in 1H11 expected subject to performance, financial position and outlook at the time
- Pacific Brands is building a stronger business to realise its earnings potential and drive top-line growth

Questions

Appendices

Impact of reclassification on group result[1]

	F10			F09		
$ millions	Pre reclass.	Reclass.	Reported	Reported	Reclass.	Adjusted
Sales	1,778.7	(36.3)	1,742.4	2,000.0	(40.2)	1,959.8
Gross margin	768.5	(36.3)	732.2	868.1	(40.2)	827.9
Gross margin	43.2%		42.0%	43.4%		42.2%
Freight & distribution	126.7		126.7	140.8		140.8
Sales & marketing	308.7	(36.3)	272.4	364.8	(40.2)	324.6
Administration	154.1		154.1	160.2		160.2
CODB	589.5	(36.3)	553.2	665.8	(40.2)	625.6
EBITDA	201.0		201.0	230.0		230.0
Depreciation	(19.6)		(19.6)	(24.7)		(24.7)
EBITA	181.4		181.4	205.3		205.3
EBITA margin	10.2%		10.4%	10.3%		10.5%
EBIT	179.0		179.0	202.3		202.3
Net interest	(48.3)		(48.3)	(63.2)		(63.2)
NPAT	90.3		90.3	100.1		100.1

1. Reclassification of certain amounts of Sales and Marketing expense now netted against sales revenue. No impact on reported earnings

Reclassification amount by segment[1]

$ millions	F10	1H10	F09	1H09
Underwear & Hosiery	18.3	9.6	20.1	10.0
Workwear	2.8	1.4	2.9	1.3
Homewares	7.2	3.4	7.5	3.7
Footwear, Outerwear & Sport	8.0	5.0	9.7	5.5
Other	-	-	-	-
Pacific Brands total	36.3	19.4	40.2	20.5

1. Reclassification of certain amounts of Sales and Marketing expense now netted against sales revenue. No impact on reported earnings

Definitions

- CODB – operating expenses (freight & distribution, sales & marketing and administration) below gross margin
- EBITA – earnings before interest, tax, amortisation of acquired intangibles and significant items
- Gearing – Net debt / LTM EBITDA (annualised for acquisitions) and before adjusted significant items
- Gross Margin – gross profit plus other income
- Interest cover ratio – (LTM EBITDA before adjusted significant items - Capex) / Adjusted net interest
- Inventory, Debtors and Creditors turns / days – calculated on a 3 point average
- LTM – Last Twelve Months
- Operating Cash flow (OCFPIT) – cash flow from operations before interest and tax and significant items
- ROCE – Return on Capital Employed (EBITA / CE) before significant items
- Underlying sales – sales of continuing businesses, brands and labels (ie excludes sales from divested / exited businesses, and brands and labels subject to discontinuation)