PACIFIC BRANDS

24 August 2011

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'11 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 2011 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 2011

24 August 2011

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

Executive Summary, Operational Performance and Transformation Update

Sue Morphet
Chief Executive Officer

Executive summary

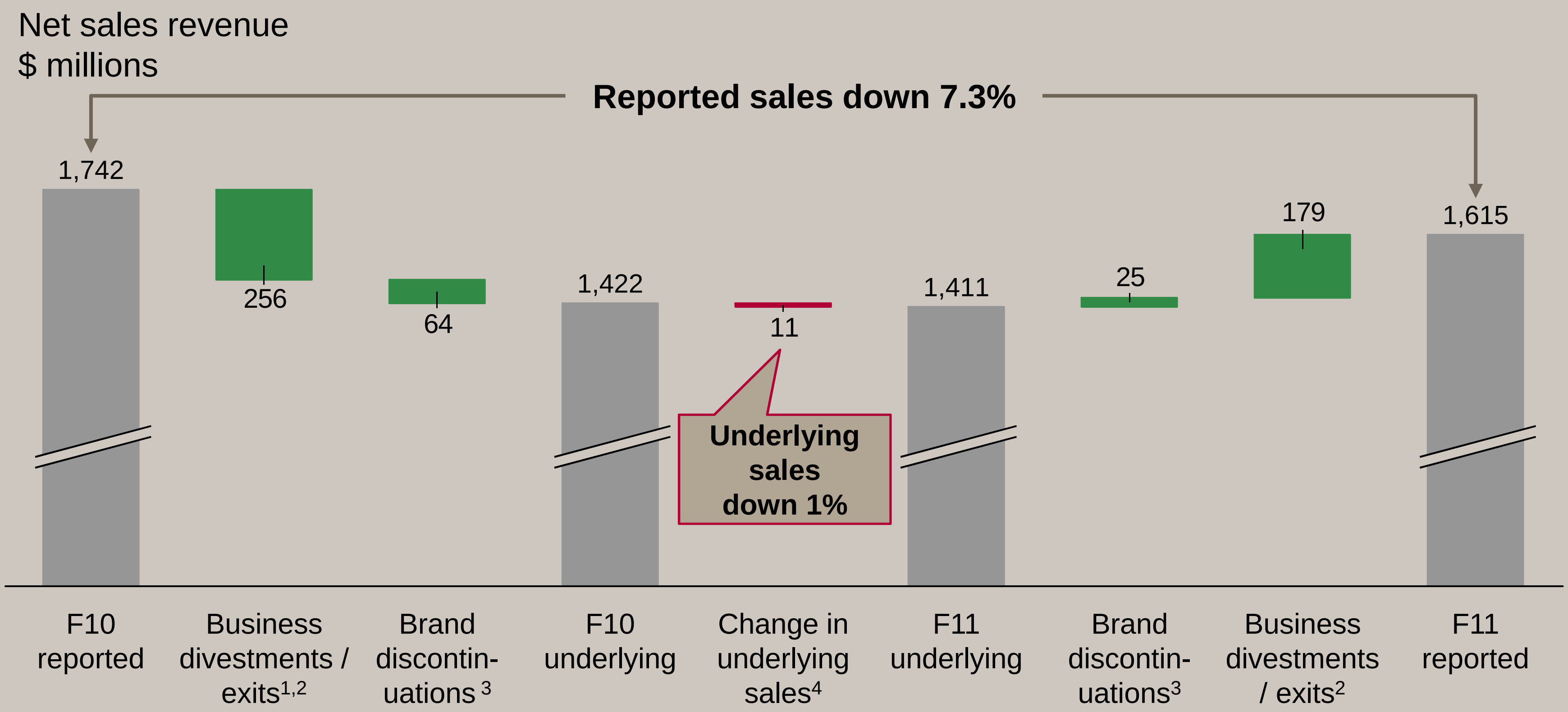
- Creditable operating result in a difficult environment
- Underlying sales stabilising
- Earnings before significant items up driven by margin improvement from off-shoring benefits (including improved foreign exchange rates) notwithstanding early cotton price impact
- Transformation benefits target of $150m reached one year ahead of plan
- Additional operating group streamlining to enhance performance and reduce costs
- Segment performance
  - Underwear & Hosiery: sales down but earnings up
  - Workwear: continued good performance
  - Homewares: excellent result
  - Footwear, Outerwear & Sport (FOS): challenging, turnaround plan progressing
- Cash flow remains strong
- Net debt now at a conservative level
- Fully franked final dividend of 3.1 cps declared (payout ratio increased to 64% in 2H11)
- Buy-back to return excess capital and take advantage of share price weakness
- Outlook for F12 is expected to be challenging but the company is well placed to deal with the challenges ahead of it

Group results

- Reported sales down as expected but earnings before significant items up
  - Sales $1,614.6m, down 7.3% (underlying sales down 1%)
  - Gross margin 47.1%, up 5.1% pts
  - CODB[1] $574.3m, up 3.8%
  - EBITA[1] $189.7m, up 4.6%
  - NPAT[1,2] $103.4m, up 14.5%
  - EPS[1] 11.1 cps, up 14.4%
  - DPS 6.2 cps fully franked (including final dividend of 3.1 cps)
- Significant items of $235.3m (post tax)
  - Impairment charges and loss on sale ($217.4m)
  - Transformation restructuring expenses ($17.9m)
- Operating cash flow remains strong
  - OCFPIT[1] $171.2m, down from $290.4m
  - Cash conversion 83%, down from 144%
- Net debt further reduced
  - Net debt $227.2m, down $40.0m (or 15%) from 1H11
  - Conservative gearing of 1.1 times

1. Before Other Expenses that are individually significant as disclosed in Note 4 to the Financial Statements ("Significant Items")
2. After deducting minority interests

Group sales result



1. Icon Clothing, Merrell and UK & China footwear operations divested / exited in F10
2. Sleepmaker and Dunlop Foams divested in F11 (effective 31 March 2011). Bikes business held for sale (as at 30 June 2011). Net of minor acquisitions
3. To be discontinued largely by end of F12 (eg discount / commodity footwear)
4. Underlying sales down due primarily to challenging retail environment and discount department store (DDS) channel dynamics

Note: Individual numbers subject to rounding

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Underwear & Hosiery

$ millions	F11	F10	Change
Sales[1]	493.6	536.3	(8.0)%
EBITA[2]	111.3	99.9	11.4%
EBITA margin[2]	22.5%	18.6%	3.9pts

- Majority of sales decline due to brand discontinuations, principally Lane Bryant and Playtex
- Bonds flat in 2H11 despite Kmart impact
- Holeproof up in 2H11 driven by Explorer sales
- Berlei and Jockey up, but Rio down
- Hosiery flat, but Razzamatazz up
- DDS and Supermarket channels down
- Margins improved through portfolio rationalisation and off-shore sourcing benefits
- 2H11 margin down due to initial impact of cotton price increase (greater impact in F12)

1. Excluding other segment revenue and inter segment revenue
2. Before significant items

Workwear

$ millions	F11	F10	Change
Sales[1]	396.8	379.5	4.6%
EBITA[2]	49.9	41.8	19.3%
EBITA margin[2]	12.6%	11.0%	1.6pts

- Very good result with sales and earnings both up, but some slowing in 2H11
- Wholesale sales of industrial workwear up
  - Continued strength in resources sector
  - Good demand from major resellers
- B2B sales of corporate imagewear / uniforms up
  - Spending cautious (especially governments)
  - High retention rates for existing contracts
  - Further corporate contract wins
- Margins improved through off-shore sourcing benefits
- Input cost increases due to cotton and other raw materials in 4Q11 (greater impact in F12)

1. Excluding other segment revenue and inter segment revenue
2. Before significant items

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Homewares

$ millions	F11	F10	Change
Sales[1]	398.7	404.4	(1.4)%
EBITA[2]	40.4	33.6	20.3%
EBITA margin[2]	10.1%	8.3%	1.8pts

- Excellent result - excluding impact of divestments, sales up 8.2% and EBITA up 37.2%
- Sheridan very strong performance
  - Own retail strongest channel
  - On-line launched
- “Tontine fresh” campaign helped drive sales growth
- Flooring domestic sales and market share continue to rise despite slowing housing market and increasing competition
- Margins up due to increased manufacturing volumes and off-shore sourcing benefits (but increased cotton impact expected in F12)

1. Excluding other segment revenue and inter segment revenue
2. Before significant items

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Footwear, Outerwear & Sport

$ millions	F11	F10	Change
Sales[1]	305.2	399.3	(23.6)%
EBITA[2]	0.8	15.5	(95.0)%
EBITA margin[2]	0.3%	3.9%	(3.6)pts

- Excluding impact of prior year divestments, sales down 11.2% and EBITA down 92.8%
- Premium footwear in growth and Clarks retail commenced
- Outerwear stabilising and gaining critical mass - Superdry up, Mossimo up in 2H11 and Diesel added to the portfolio
- Volley down in F11 but excellent response to product innovation and relaunch late in the year
- Other sport (Dunlop, Slazenger) down and impacted by inclement spring / summer weather
- DDS channel down with de-ranging impacting key brands in Sport and non-premium footwear
- Margins declined due to rising input costs and lower volumes

1. Excluding other segment revenue and inter segment revenue
2. Before significant items

Footwear, Outerwear & Sport turnaround plan

- Bikes being divested
  - Binding sale contract signed, expected to complete 1Q12
- Sport (Dunlop, Everlast, Slazenger, Volley) integrated into Footwear business
  - Category, channel and cost synergies
- Discount / commodity footwear being discontinued
- Outerwear restructuring to address profitability
  - End-to-end business model changes to improve speed to market and reduce costs
- Homewares and FOS combined into a single operating group, Homewares, Footwear and Outerwear (HFO), effective late in 2H11
  - Reflects reduced scale of Homewares post divestment of Sleepmaker and Dunlop Foams
  - Leverages functional support, but business units won't be integrated operationally
  - Provides concentration of retail resources and capabilities
  - Reduces management and administrative costs
- Majority of one-off cash restructuring costs brought to account in F11 result
- HFO will be the reportable segment from F12 (previously Homewares and FOS)

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Transformation program achievements

Sustainable growth

Sales stabilisation

✓ **Underlying sales flat in 2H11 (down 1% for F11)**

Margin benefits

✓ Reported gross margins up 4% pts from 43% in 1H09 (prior to PB2010) to 47% in 1H11 at comparable FX rates

CODB benefits

✓ Reported CODB reduced by $132m from $685m in F08 (prior to PB2010) to $553m in F10 (majority Transformation related)

Transformation initiatives

✓ Portfolio rationalisation, off-shore sourcing and cost reduction initiatives largely complete

F09 | F10 | F11 | F12 | F13

Focus — **Simplicity** — **Flexibility** — **Capability**

Underwear transformation

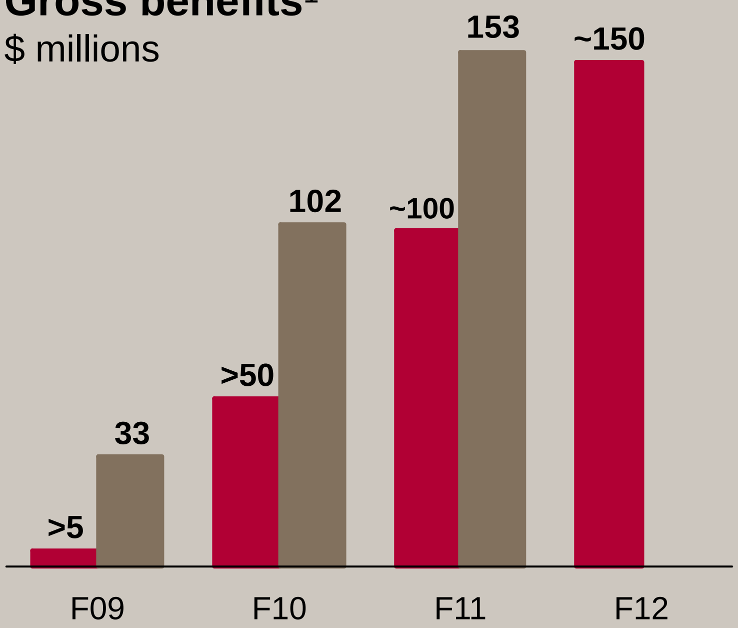
- Bonds and Omni Apparel[1] to be integrated in 1H12 and based in Melbourne with an important presence retained in Sydney
- Single functional structure successfully trialled through earlier Omni Apparel consolidation
  - Berlei, Holeproof, Hosiery and Jockey business units integrated in 1H11
- Leverage competency, capability and insight across all Underwear categories
- Better category management, go-to-market model and resource utilisation
- Brand distinctiveness to be maintained through dedicated design and marketing
- Timing right
  - Off-shoring now bedded down
  - Upgraded and improved systems and processes implemented
  - Strong talent and new leadership in place
- Expected one-off cash restructuring costs of c.$15 million in F12
- No change to reportable segment (name change only of ‘Underwear & Hosiery’ to Underwear)

1. Non-Bonds Underwear & Hosiery brands operating segment

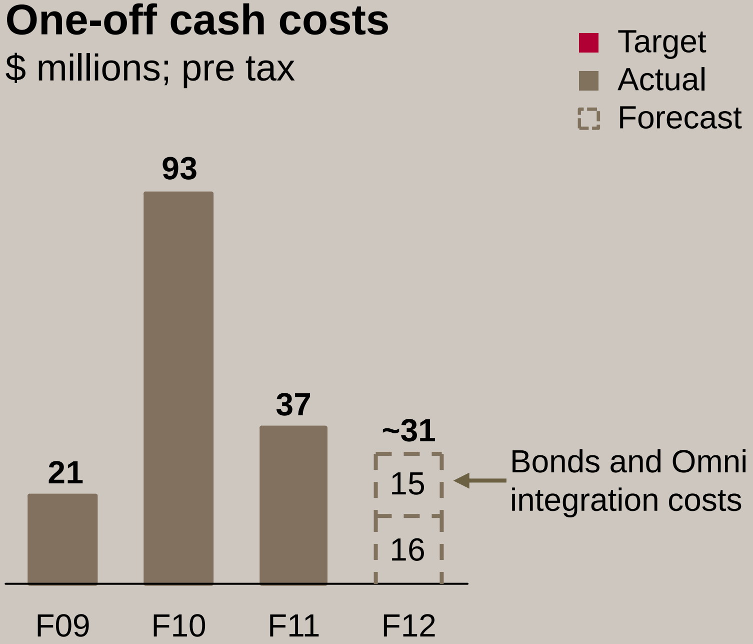
Transformation cost savings and one-off costs

- Initial transformation benefit goal of $150m reached one year ahead of original plan
  - Majority of actions to realise savings now complete
  - Continue to target cost reductions and productivity gains as part of business as usual
- Additional one-off cash restructuring costs to be incurred in F12
  - Certain one-off transformation costs to be paid as expected
  - Additional costs mainly from Bonds and Omni integration, plus residual from HFO amalgamation and other restructuring initiatives
  - Expected F12 other expenses of c.$23 million pre tax

Gross benefits[1]
$ millions



One-off cash costs
$ millions; pre tax



Post tax ($m)	15	65	26	~22

1. 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	F11	F10	Change $m	Change %
Sales	**1,614.6**	**1,742.4**	**(127.8)**	**(7.3)**
Gross margin	760.5	732.2	28.3	3.9
Gross margin	**47.1%**	**42.0%**	**5.1pts**	**n.m.**
CODB	574.3	553.2	21.1	3.8
EBITDA	207.2	201.0	6.2	3.1
Depreciation	17.5	19.6	(2.1)	(10.7)
EBITA	**189.7**	**181.4**	**8.3**	**4.6**
EBITA margin	11.7%	10.4%	1.3pts	n.m.
EBIT	**186.2**	**179.0**	**7.2**	**4.0**
Net interest	35.6	48.3	(12.7)	(26.3)
Tax	46.8	39.9	6.9	17.3
NPAT[1]	**103.4**	**90.3**	**13.1**	**14.5**
EPS	11.1 cps	9.7 cps	1.4 cps	14.4
DPS – fully franked	**6.2 cps**	**nil**	**n.m.**	**n.m.**
Significant items after tax	235.3	37.5	197.8	n.m.
Reported NPAT[1,2]	**(131.9)**	**52.7**	**(184.6)**	**(350.3)**

1. After deducting minority interests
2. After significant items

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Other expenses (significant items)

- **Asset impairment charges**
  - FOS operating segment ($174.8m[1] pre tax, $172.1m post tax) announced 1H11
    - Impairment of 2004 IPO intangibles
    - Write-off comprises goodwill ($137.1m), brand names ($28.8m) and other ($8.9m)
  - Sleepmaker and Dunlop Foams goodwill ($39.9m[1,2]) announced 1H11
    - Write-down to estimated net sale proceeds at 31 December 2010 (1H11)
  - Other asset impairments ($6.0m[1] pre tax, $3.4m post tax)
    - Write-down of Bikes business to estimated sale proceeds and other net impairment charges
- **Loss on sale**
  - Sleepmaker and Dunlop Foams final loss on completion at 31 March 2011 ($2.3m[1] pre tax, $2.0m post tax)
- **Restructuring expenses**
  - Transformation program costs ($25.5m pre tax, $17.9m post tax), including:
    - Operating Group streamlining and restructuring
    - Corporate and Functional support restructuring
    - Rosebank manufacturing plant closure
    - Distribution centre consolidation
    - Office facilities rationalisation
    - Program management and consulting costs

1. Non-cash
2. No tax effect

Cost of doing business

$ millions	F11	F10	Change $m	Change %
Sales	1,614.6	1,742.4	(127.8)	(7.3)
Freight & distribution	127.5	126.7	0.8	0.6
Sales, marketing & advertising	294.3	272.4	21.9	8.0
Administration	152.5	154.1	(1.6)	(1.0)
CODB	**574.3**	**553.2**	**21.1**	**3.8**
CODB / Sales	35.6%	31.7%	3.9pts	n.m.

- Additional benefits from transformation savings partly offsetting cost pressures, including an increase in salary costs following a freeze in F10
- Increase in freight rates and other distribution costs offset by efficiency gains and volumetric changes
- Increased investment in advertising, retail expansion and general capability building
- Modest decrease in administration costs due to divestments, restructuring and other initiatives
- Underlying increase in CODB in line with inflation

Financial position

$ millions	F11	F10	Change $m	Change %
Working capital	325.8	316.1	9.7	3.1
PP&E	80.4	117.0	(36.6)	(31.3)
Intangibles	1,081.0	1,307.6	(226.6)	(17.3)
Other[1]	(75.1)	(48.5)	(26.6)	(54.8)
Total capital employed	1,412.1	1,692.2	(280.1)	(16.6)
Net debt	**227.2**	**312.7**	**(85.5)**	**(27.3)**
Equity[2]	1,184.9	1,379.5	(194.6)	(14.1)
Net debt / equity (%)	19.2	22.7	(3.5)pts	n.m.
Gearing (x)	**1.1**	**1.6**	**(0.5)**	**n.m.**
Interest cover (x)	7.0	4.3	2.7	n.m.
ROCE[3] (%)	13.4	10.7	2.7pts	n.m.
Tangible ROCE%[4]	57.3	47.2	10.1pts	n.m.

- Impairment charges and divestments have impacted reported financial position
- Net debt reduced further and conservative credit metrics
  - Gearing of 1.1 times and interest cover of 7.0 times

1. Includes assets held for sale at 30 June 2011
2. Includes minority interest
3. Last 12 months return on total tangible and intangible capital employed
4. Last 12 months return on total tangible capital employed

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Working capital management

	F11	F10	Change Absolute	 %
Trade debtors ($m)	179.1	194.3	(15.2)	(7.8)
Inventories ($m)	262.5	241.3	21.2	8.8
Trade creditors ($m)	115.8	119.5	(3.7)	(3.1)
Working capital ($m)	325.8	316.1	9.7	3.1
Debtors days (days)	42.5	46.9	(4.4)	n.m.
Inventory turns (x)	3.4	3.6	(0.2)	n.m.
Creditor days (days)	53.5	46.8	6.7	n.m.

- Trade debtors decrease largely in line with a reduction in sales but also reflecting some operational improvement in collections versus F10
- Inventory turns decrease due to divestment of Sleepmaker and Dunlop Foams (higher turn businesses), build up of stock in relation to tactical purchases and impact of increased FOB / cotton prices late in the year
- Creditor days impacted by build up in inventory and impact of increased FOB / cotton prices late in the year

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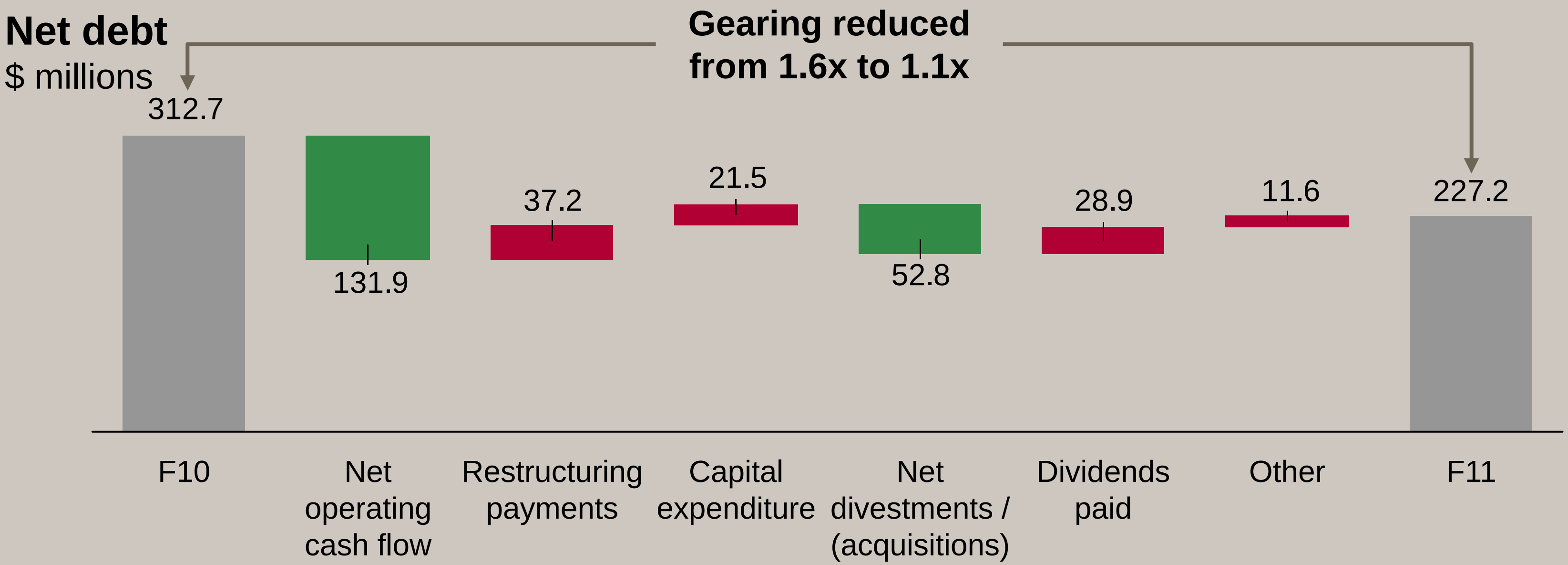
Cash conversion

$ millions	F11	F10
EBITDA[1]	**207.2**	**201.0**
Change in working capital	(35.2)	86.4
Other	(0.8)	3.0
OCFPIT	**171.2**	**290.4**
Net interest paid	(31.4)	(48.4)
Tax paid	(7.9)	(13.7)
Net operating cash flow (pre restructuring payments)	**131.9**	**228.3**
Restructuring payments	(37.2)	(93.1)
Net operating cash flow (post restructuring payments)	**94.7**	**135.3**
Capital expenditure	(21.5)	(10.0)
Net divestments / (acquisitions)	52.8	18.7
Net repayment of borrowings	(83.6)	(118.4)
Dividends paid	(28.9)	-
Other	(8.0)	(2.0)
Net cash flow	5.5	23.5
Cash on hand	**155.5**	**150.0**
Cash conversion[2]	**83%**	**144%**

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 2011 Facility	Drawn
Tranche 1	31-Jan-14	225.0	-
Tranche 2	31-Jan-15	175.0	175.0
Tranche 3	31-Jan-16	100.0	100.0
Securitisation	24-May-13	200.0	110.5
Overdraft		38.0	0.0
Total facilities		**738.0**	**385.5**
Cash			(155.5)
Other[1]			(2.8)
Net debt			**227.2**

- Net debt reduced to $227m, down from $313m in F10
- Bank debt successfully refinanced in February 2011 on improved terms
- Securitisation facility downsized by $25m to $200m at the same time
- Strong cash conversion and divestments leading to expected surplus cash which supports announced share buy-back

1. Deferred borrowing costs net of finance leases

Dividend, capital management and outlook

Sue Morphet
Chief Executive Officer

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Dividend and capital management

Dividend

- Final (2H11) dividend of 3.1 cps fully franked
  - Matches interim (1H11) dividend, bringing full year dividend to 6.2 cps fully franked
  - Payout ratio of 64% in 2H11 in line with target payout ratio at least 50% of NPAT (before significant items)

Capital management

- Improved financial position over the past two years
  - Net debt reduced, key facilities extended
  - Strong operating cash flow
- Capital structure
  - Gearing of 1.1x is low
  - Intend to optimise capital structure and return surplus cash
- Buy-back announced
  - Efficient use of surplus funds
  - On-market purchase of up to 10% of issued capital
  - Regard to prevailing share price and market conditions
  - Can commence from 7 September 2011

F12 outlook: key challenges and responses

Challenges

- Weak retail conditions marked by extremely cautious and value conscious consumers and intense industry competition
- Decrease in sales to Kmart due to its changed strategy
- Substantial input cost increases due mainly to the cotton price spike

Responses

- Continue to focus on key brands and categories, product innovation and advertising effectiveness
- Continue to broaden distribution channels (eg increased B2B and consumer direct)
- Benefit from improved hedged foreign currency rates
- Increase prices where appropriate, but mindful of competitor and volume response
- Continue the emphasis on cost control and opportunities for cost savings

Based on the above, earnings in F12 are expected to be below F11 (particularly in 1H12), however the Company is well placed to deal with the challenges ahead of it and then benefit from any improvement in market conditions

Conclusion

- Creditable operating result in a difficult environment
- Underlying sales stabilising
- Margins up due to off-shoring benefits (including improved foreign exchange rates), but limited impact to date from cotton price increases
- Transformation cost saving target of $150m reached one year ahead of schedule
- Balance sheet and cash flow remain strong
- Dividend maintained and payout ratio increased
- Capital to be returned by way of an on-market buy-back
- F12 earnings are expected to be down due to headwinds of retail conditions, cotton prices and cycling changes at Kmart

Questions

Definitions

- CODB – operating expenses (freight & distribution, sales, marketing & advertising and administration) below gross margin
- EBITA – earnings before interest, tax, amortisation of acquired finite life 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 – reported sales less sales from acquisitions, divested businesses, business held for sale and brands and labels subject to discontinuation