PACIFIC BRANDS

22 August 2012

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

F12 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 2012 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 2012

22 August 2012

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

Non-IFRS financial information

- Other than as indicated, the financial information contained in this document is directly extracted or calculated from audited Financial Statements
- Throughout this document some non-IFRS financial information is stated 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. They are also the primary measure of earnings considered by management in operating the business and by Directors in determining dividends
- There are also references to Underlying Sales which are defined as reported sales less sales from brand acquisitions, divested businesses, businesses held for sale and brands and labels subject to discontinuation. Directors consider that sales defined in this manner is a meaningful measure of sales as it is consistent with the Pacific Brands transformation strategy, representative of the recent movement or trajectory in sales and provides a better indication of the relevant base against which future sales can be compared
- 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

Executive Summary and Operational Performance

Sue Morphet
Chief Executive Officer

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Executive summary

- Creditable operating result in challenging circumstances
- Reported sales down 18.1% and underlying sales (excluding Kmart) down 4.3%[1] consistent with previous outlook statements
- Reported net loss of $450.7m due to $502.7m of non-cash write-downs of goodwill, including $114m in 2H12 relating to Homewares and Workwear
- EBIT before significant items of $129.1m at the upper end of guidance range of $125-130m[1]
- Price increases helped support gross margins despite cotton and other input cost pressures
- Segment performance
  - Underwear: Bonds (excluding Kmart) up, non-Bonds disappointing
  - Workwear: Economy driven downturn, particularly in SME segment
  - HFO: Sheridan resilient, other businesses impacted by market conditions
- Direct-to-consumer channels up
  - Online: Bonds and Sheridan performance encouraging
  - Retail: Sheridan new boutique format and Bonds pilot ahead of expectations
- Net debt reduced to $189.1m through strong cash conversion and surplus property sales
- Conservative financial position maintained with gearing of 1.4x and interest cover of 5.2x
- Dividend 2.5 cps fully franked; full year dividend of 4.5 cps represents a payout ratio of 56% consistent with prior year
- Outlook is challenging but the Company remains well placed to deal with the current trading environment and to benefit from any improvement in market conditions

1. Announced but not audited

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Group results

$ millions	Reported			Before significant items[1]		
	F12	F11	Change	F12	F11	Change
Sales	1,322.7	1,614.6	(18.1)%	1,322.7	1,614.6	(18.1)%
EBIT	(404.9)	(62.3)	n.m.	129.1	186.2	(30.7)%
NPAT[2]	(450.7)	(131.9)	n.m.	72.8	103.4	(29.6)%
EPS (cps)	(49.1)	(14.2)	n.m.	7.9	11.1	(28.6)%
DPS (cps)	4.5	6.2	(27.4)%	4.5	6.2	(27.4)%
Payout ratio[3]	n.m.	n.m.	n.m.	56%	56%	-
Net debt[4]	189.1	227.2	(16.8)%	189.1	227.2	(16.8)%

1. Before other expenses that are individually significant as disclosed in Note 4 to the Financial Statements (significant items)
2. After deducting non controlling interest
3. Dividends declared / NPAT before significant items
4. Net debt as disclosed in Note 25 to the Financial Statements comprises interest bearing loans and borrowings less cash and cash equivalents

n.m. Not meaningful

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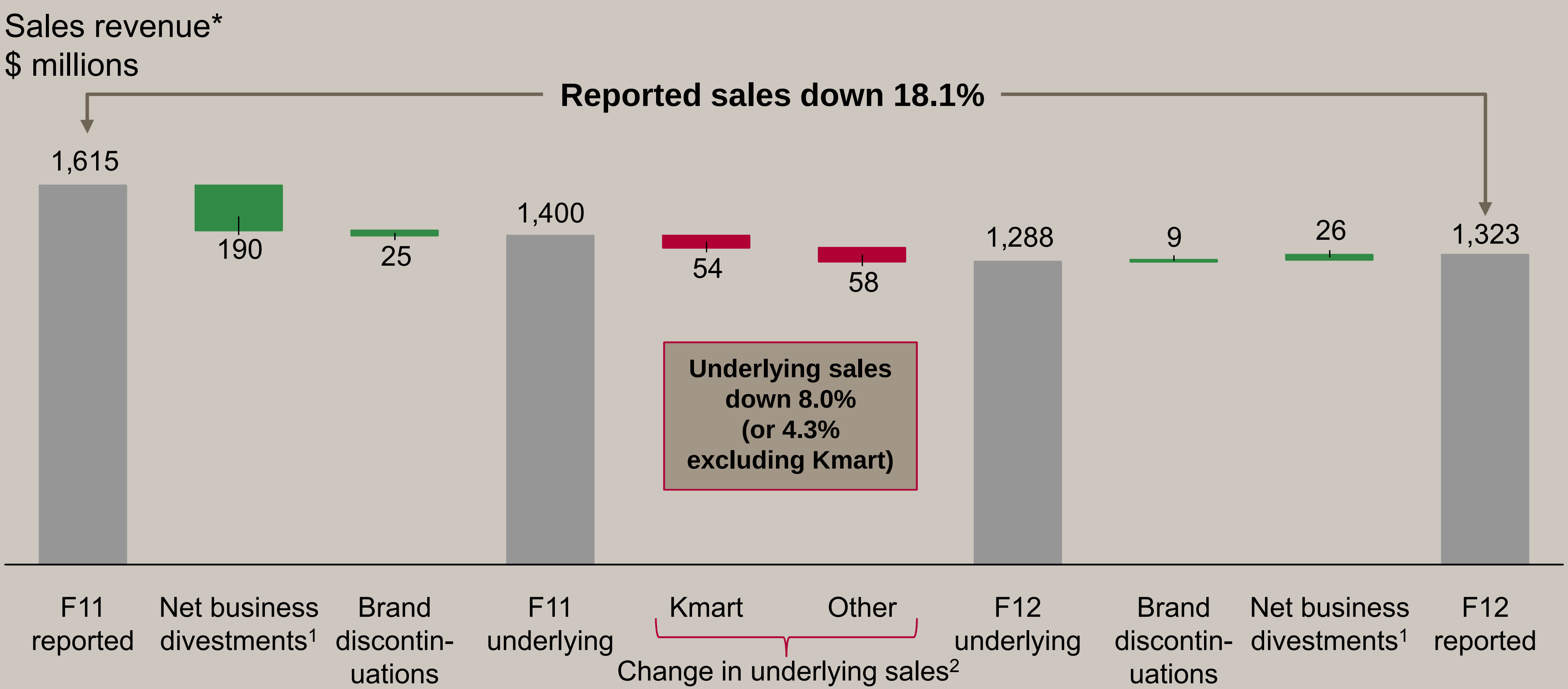
Group sales result



1. Sleepmaker and Dunlop Foams divested in F11 (effective 31 March 2011). Bikes business divested in F12 (effective 31 August 2011). Restonic held for sale (as at 30 June 2012). Net of minor brand acquisitions
2. Underlying sales down due primarily to Kmart transition, low consumer sentiment and business confidence, and reduced sales reflecting the move away from second tier brands

* Amounts other than Reported are not audited. Refer Appendix B for supporting data

Underwear

$ millions	F12	F11	Change
Sales[1]	432.5	513.4	(15.8)%
EBIT (reported)[2]	(330.3)	109.7	n.m.
EBIT (pre significant items)	76.0	111.3	(31.7)%
EBIT margin (reported)	(76.4)%	21.4%	n.m.
EBIT margin (pre significant items)	17.6%	21.7%	(4.1)pts

- Reduced Kmart impact in 2H12, but still accounted for majority of full year sales decline
- Bonds (excluding Kmart) up despite weak market – success of '12 Days of Christmas' and 'We Are Bonds' campaigns, strong outerwear sales and increased sales through online, Discount Department Stores (DDS) and own outlet stores
- Hosiery (eg Razzamatazz) down, especially in Supermarkets due to reduced peg space and increased private label product
- Rio down in DDS and Supermarkets
- Gross margins benefited from price increases but lower overall due to input cost pressures
- EBIT margins up in 2H12 vs 1H12 due to benefits of Bonds and Omni integration, but down for full year

1. Excluding other segment revenue and inter segment revenue
2. Reported loss due to 1H12 impairment of goodwill ($388.7m)

Workwear

$ millions	F12	F11	Change
Sales[1]	388.7	396.8	(2.0)%
EBIT (reported)[2]	(16.9)	45.1	n.m
EBIT (pre significant items)	38.6	48.7	(20.7)%
EBIT margin (reported)	(4.4)%	11.4%	n.m
EBIT margin (pre significant items)	9.9%	12.3%	(2.4)pts

- B2B sales of corporate uniforms and industrial workwear steady for much of the year but impacted later in the year by lower business confidence, a slowdown in the resource sector and reduced government spending
  - Contract retention rates high and stable, continued contract wins
  - Indent sales up, but replenishment and retail sales declined (especially in SME segment)
- Wholesale sales down
  - Similar influences as B2B channel (eg sales to customers servicing SMEs lower)
  - Continued strength in resource sector, but slowed in second half
- EBIT margins affected by higher input costs (especially in 2H12), tighter customer procurement practices, competitive intensity and increased allocation of shared costs

1. Excluding other segment revenue and inter segment revenue
2. Reported loss due to 2H12 impairment of goodwill ($51m)

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Homewares, Footwear & Outerwear

$ millions	F12	F11	Change
Sales[1]	501.5	704.0	(28.8)%
EBIT (reported)[2]	(42.3)	(188.1)	n.m.
EBIT (pre significant items)	26.2	38.9	(32.6)%
EBIT margin (reported)	(8.4)%	(26.7)%	n.m.
EBIT margin (pre significant items)	5.2%	5.5%	(0.3)pts

- Decline in reported sales and EBIT loss due to divestments, goodwill impairment and continuing business performance
- Sheridan up: boutique, outlets and online up, offset by declines in wholesale & concessions
- Tontine impacted by increased private label competition
- Dunlop Flooring impacted significantly in 2H12 by increased competitive intensity and slowdown in housing market
- Footwear & Sport down, due mainly to the move away from second tier brands (Grosby, Dunlop and Slazenger). Clarks, Hush Puppies, Julius Marlow and Volley all up in 2H12
- Mossimo and Stussy sales up; Diesel and Superdry both lower in the second half
- EBIT margins supported by reductions in cost of doing business (eg benefits from Footwear & Sport combination) but down overall due to input cost increases

1. Excluding other segment revenue and inter segment revenue
2. Reported loss due to 2H12 impairment of goodwill ($63m)

Homewares and Workwear impairments

- **Approach**
  - Carrying values of cash generating units (CGUs) reviewed regularly as part of the Company's six monthly external reporting cycle
  - Board had regard to management analysis and external valuation input
- **Homewares**
  - Structural market changes impacting sales and / or margins in Tontine and Dunlop Flooring
  - Impact on current performance and resulted in lower growth expectations
  - Performance and outlook for Sheridan, which accounts for the majority of Homewares, is largely unchanged
- **Workwear**
  - Decline in performance due to a number of factors impacting sales through lower business confidence, a slowdown in the resource sector and reduced government spending, combined with lower margins due to higher input costs and an increased allocation of shared costs
  - Impact on current performance and growth expectations have been impacted by uncertainties surrounding the extent and timing of recovery in market conditions
- **Outcome**
  - Carrying value of goodwill not fully supported by assessed recoverable amount under accounting standards, so partial impairment required
  - Non-cash write-down of goodwill: Homewares ($63m) and Workwear ($51m)

Group Financial Results

David Bortolussi
Chief Financial & Operating Officer

Income statement

$ millions	Reported F12	Reported F11	Reported Change $m	Reported Change %	Before significant items F12	Before significant items F11	Before significant items Change $m	Before significant items Change %
Sales	**1,322.7**	**1,614.6**	**(291.9)**	**(18.1)**	**1,322.7**	**1,614.6**	**(291.9)**	**(18.1)**
Gross margin	618.6	760.5	(141.9)	(18.7)	618.6	760.5	(141.9)	(18.7)
Gross margin	**46.8%**	**47.1%**	**(0.3)pts**	**n.m.**	**46.8%**	**47.1%**	**(0.3)pts**	**n.m.**
CODB	489.6	574.3	(84.7)	(14.8)	489.6	574.3	(84.7)	(14.8)
Other expenses	533.9	248.5	285.5	n.m.	-	-	-	-
EBITDA	(389.7)	(41.2)	(348.4)	n.m.	144.3	207.2	(63.0)	(30.4)
Depreciation / amortisation	15.2	21.0	(5.8)	(27.7)	15.2	21.0	(5.8)	(27.7)
EBIT	**(404.9)**	**(62.3)**	**(342.6)**	**n.m.**	**129.1**	**186.2**	**(57.1)**	**(30.7)**
EBIT margin	(30.6)%	(3.9)%	n.m.	n.m.	9.8%	11.5%	(1.7)pts	n.m.
Net interest	26.1	35.6	(9.6)	(26.9)	26.1	35.6	(9.6)	(26.9)
Tax	19.9	33.6	(13.7)	(40.7)	30.4	46.8	(16.4)	(35.0)
NPAT[1]	**(450.7)**	**(131.9)**	**(318.8)**	**n.m.**	**72.8**	**103.4**	**(30.6)**	**(29.6)**
EPS	(49.1)cps	(14.2)cps	n.m.	n.m.	7.9cps	11.1cps	(3.2)cps	(28.6)
DPS – fully franked	**4.5cps**	**6.2cps**	**(1.7)cps**	**(27.4)**	**4.5cps**	**6.2cps**	**(1.7)cps**	**(27.4)**
Payout ratio[2]	n.m.	n.m.	n.m.	n.m.	56%	56%	-	n.m.

1. After deducting non controlling interest
2. Dividends declared / NPAT before significant items

Other expenses (significant items)

- **Impairment charges: write-off of goodwill**[1]
  - 1H12: Underwear ($389m)
  - 2H12: Homewares ($63m)
  - 2H12: Workwear ($51m)
- **Profit / loss on asset sales**
  - Gain on property sales - Coolaroo and Kingsgrove ($3.5m, no tax effect)
  - Bikes final loss on completion at 31 August 2011 ($2.3m pre tax, $1.6m post tax)
- **Restructuring expenses**
  - Transformation program costs ($31.4m pre tax, $22.0m post tax), including:
    - Operating Group streamlining and restructuring
      - Bonds / Omni integration to form the Underwear group
      - Homewares and FOS combination to form HFO
      - Footwear and Sport integration
    - Underwear distribution centre consolidation
    - Corporate and functional support restructuring
    - Office facilities rationalisation

1. Non-cash and no tax effect

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Cost of doing business

$ millions	F12	F11	Change $m	Change %
Sales	1,322.7	1,614.6	(291.9)	(18.1)
Freight & distribution	114.2	127.5	(13.3)	(10.5)
Sales, marketing & advertising	260.6	294.3	(33.7)	(11.5)
Administration	114.8	152.5	(37.7)	(24.7)
CODB	**489.6**	**574.3**	**(84.7)**	**(14.8)**
CODB / Sales	37.0%	35.6%	1.4pts	n.m.

- All cost categories impacted by divestments
- Majority of CODB reduction in continuing business
- Freight rates flat but decrease in volumes
- Advertising investment in key brands maintained
- Increased investment in retail and online capability and expansion
- Decrease in sales, marketing and administration costs due to restructuring

1. Announced but not audited

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Financial position

$ millions	F12	F11	Change $m	Change %
Working capital[1]	264.7	325.8	(61.0)	(18.7)
PP&E	82.3	80.4	2.0	2.5
Intangibles	580.6	1,081.0	(500.4)	(46.2)
Other[2]	(49.8)	(75.1)	25.3	(33.7)
Total capital employed	**877.8**	**1,412.1**	**(534.3)**	**(37.8)**
Net debt	189.1	227.2	(38.1)	(16.8)
Equity[3]	**688.7**	**1,184.9**	**(496.2)**	**(41.9)**
Net debt / equity (%)	27.5	19.2	8.3pts	n.m.
Gearing[4] (x)	1.4	1.1	0.3	n.m.
Interest cover[4] (x)	5.2	7.0	(1.8)	n.m.
ROCE[1] (%)	14.7	13.2	1.5pts	n.m.
Tangible ROCE[1](%)	43.4	56.2	(12.8)pts	n.m.

- Impairment charges and divestments have impacted reported financial position
- Conservative credit metrics – gearing of 1.4 times and interest cover of 5.2 times

1. Unaudited data
2. Comprises all other assets and liabilities other than Working Capital, PP&E, Intangibles and Net debt. Includes assets held for sale
3. Includes non controlling interest
4. Unaudited data. Defined as per the Subscription Agreement with the Company's banking Syndicate. Refer Appendix A for further detail

Working capital management[1]

$ millions	F12	F11	Change Absolute	Change %
Trade debtors ($m)	140.1	179.1	(39.0)	(21.8)
Inventories ($m)	244.3	262.5	(18.2)	(6.9)
Trade creditors ($m)	119.6	115.8	3.9	3.3
Working capital ($m)	**264.7**	**325.8**	**(61.0)**	**(18.7)**
Debtors days (days)	45.3	42.5	2.8	n.m.
Inventory turns (x)	2.8	3.4	(0.6)	n.m.
Creditor days (days)	62.6	53.5	9.1	n.m.

- Debtor days measure reflects average debtors and is impacted by higher balances earlier in the year. Debtor days based on year end debtors have been reduced
- Inventory turns decrease due to divestment of Sleepmaker and Dunlop Foams (higher turn businesses) and impact of increased input costs
- Creditor days improvement due mainly to a progressive increase in supplier terms

1. Unaudited data. Refer Appendix A for basis of calculation

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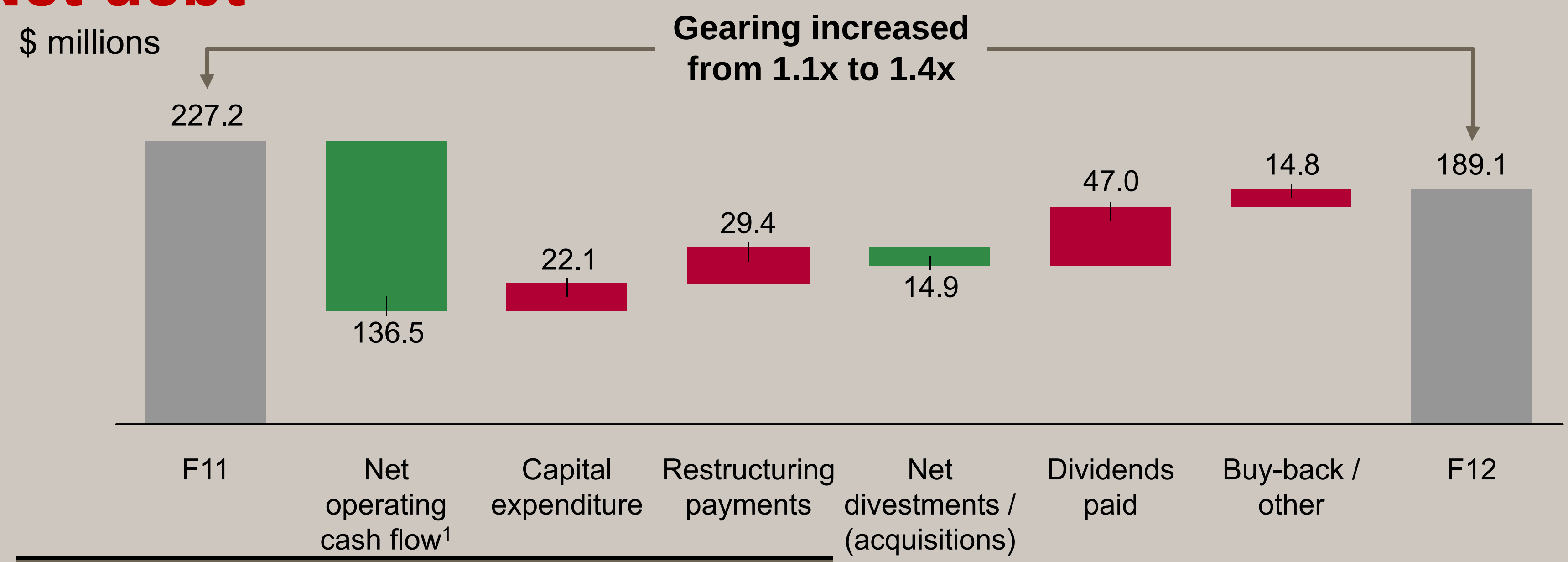
Cash conversion

$ millions	F12	F11
EBITDA (reported)	(389.7)	(41.2)
Significant items (pre tax)	533.9	248.5
EBITDA (pre significant items)	**144.3**	**207.2**
Change in working capital / Other	52.7	(36.0)
OCFPIT	**197.0**	**171.2**
Net interest paid	(25.5)	(31.4)
Tax paid	(34.9)	(7.9)
Net operating cash flow (pre restructuring payments)	136.5	131.9
Restructuring payments	(29.4)	(37.2)
Net operating cash flow (reported)	107.1	94.7
Cash conversion[1]	**137%**	**83%**

- Positive working capital outcome given the increase in inventory costs due to cotton price volatility and the decline in sales
- Tax paid increase due mainly to prior year restructuring impacts

1. Cash conversion is defined as OCFPIT divided by EBITDA pre significant items

Net debt



Debt profile $ millions	Maturity date	30 June 2012 Facility	 Drawn
Tranche 1	31-Jan-14	100.0	-
Tranche 2	31-Jan-15	150.0	150.0
Tranche 3	31-Jan-16	100.0	100.0
Securitisation	31-Jul-15	175.0	96.5
Overdraft		33.0	0.0
Total facilities		**558.0**	**346.5**
Cash			(155.4)
Other[2]			(2.0)
Net debt			**189.1**

- Strong cash conversion has more than offset negative cash flow impacts from normalisation of tax payments, restructuring payments and share buy-back program
- Net debt reduction also aided by divestments of surplus properties
- Securitisation extended (now a 3 year facility) and $25m of Tranche 2 of syndicated debt facility paid down

1. Pre restructuring items and capital expenditure
2. Deferred borrowing costs

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Strategy, Capital Management and Outlook

Sue Morphet
Chief Executive Officer

Transformation program impact

	From (F09)…	To (F12)
Portfolio rationalisation	▪ c.300 brands / labels ▪ SKU proliferation ▪ Significant non-core businesses	▪ c.40 brands ▪ Substantial brand / label / SKU discontinuation ▪ Reshaped portfolio - divested Beds, Foams, Bikes, China / UK footwear, Icon, misc. brands and Restonic pending ($66m proceeds[2])
Manufacturing offshoring	▪ Uncompetitive domestic manufacturing operations	▪ Closed / exited 11 manufacturing sites ▪ Divested 12 properties ($67m proceeds[1,2]) ▪ >$60m[2] pa in operational benefits
Overhead cost reduction	▪ Inefficient business operations ▪ Excessive headcount ▪ Limited discretionary cost control	▪ Substantial restructuring and cost cutting ▪ Indirect cost procurement program implemented ▪ Consolidation / exit of distribution centres down from 37 to 13 ▪ >$90m[2] pa in operational benefits
Organisation structure change	▪ Portfolio of independent and autonomous business units – 6 Operating Groups – >30 Business Units reporting to Corporate – c.100 accounting entities ▪ Independent / fragmented Sourcing & Supply Chain ▪ Limited and inconsistent HR policies and practices	▪ 2 integrated Operating Groups (Underwear and Workwear) ▪ 1 portfolio Operating Group (HFO with 5 Business Units) ▪ Global Sourcing and Supply Chain ▪ Consistent HR policies and practices
Capability building	▪ Need to improve talent base ▪ Generalist manufacturing led capabilities ▪ Independent culture, values lacked relevance ▪ Limited business process ▪ Fragmented IT systems	▪ Substantial external renewal and internal talent development ▪ Distinctive functional expertise, consumer / shopper insights led with brand excellence focus ▪ Performance based culture, relevant values ▪ Improving process maturity ▪ Consolidated IT systems and improved reporting
Financial position	▪ >$800m net debt prior to GFC	▪ Proactive capital management – Dividend moratorium then subsequently reinstated – Equity raising – Strong operational cash conversion – Non-core asset divestments (business and property) ▪ $189m net debt at 30 June 2012

1. Includes recently announced sale of Wentworthville property yet to complete
2. Announced but not audited

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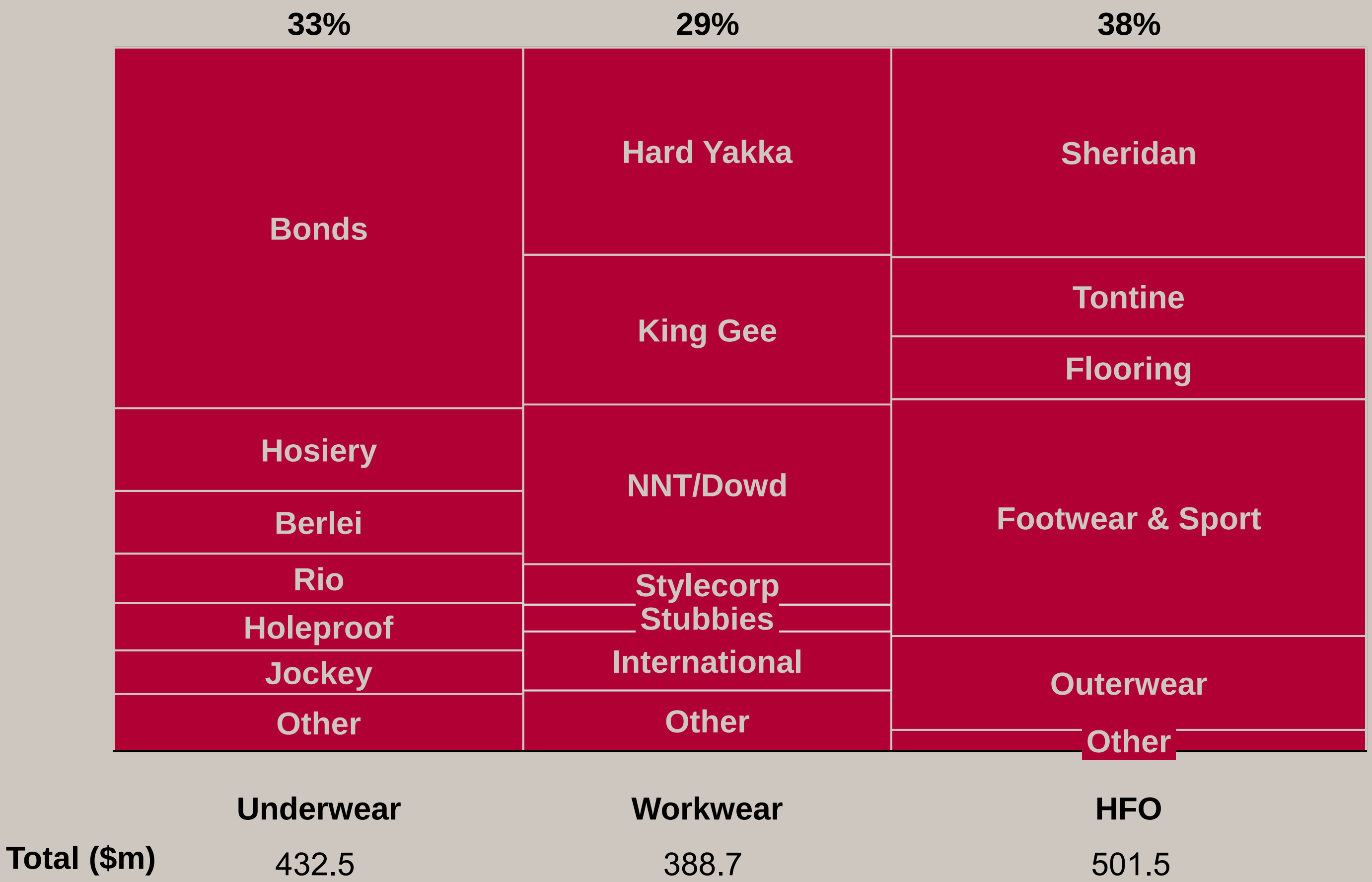
More focused brand / business portfolio

Share of F12 reported net sales revenue; % of total



Strategic priorities

1 Focus on and invest in key brands

- Prioritise investment in Bonds, Workwear and Sheridan
- Leverage consumer insights and R&D in product development
- Improve category management capability and sales execution
- Market brands creatively and effectively to drive powerful consumer engagement
- Continue to review and, where appropriate, reshape the brand portfolio

2 Diversify channels to market

- Secure and improve existing wholesale distribution base
- Expand business-to-business, particularly in Workwear
- Invest progressively in direct-to-consumer (retail, franchise and online)
- Explore international opportunities cautiously over time

3 Reduce and control costs

- Capture operational restructuring opportunities
- Invest in sourcing & supply chain capability and leverage shared services
- Sustained focus on reducing costs of doing business

Capital management

Dividend

- Dividend of 2.5 cps fully franked declared, bringing full year dividend to 4.5 cps fully franked
- Payout ratio of 56% consistent with prior year

Buy-back

- Expires on 6 September 2012
- Board is currently prioritising balance sheet strength in the prevailing market environment

Outlook

- Market conditions are challenging and it is expected that this will continue throughout F13
- Year-to-date underlying sales performance has been mixed with Underwear up, Workwear down, HFO down and the overall group marginally down
- Gross margins are expected to be broadly maintained in line with last year with import costs stabilising and currency exchange rates largely hedged at competitive rates.
- Continued efforts to reduce ongoing costs of doing business are being undertaken, and the Company will also continue its planned investment in the direct-to-consumer channels
- Earnings outcomes will be largely dependent upon market conditions and associated sales performance, and may be impacted by ongoing restructuring and rationalisation
- The Company remains well placed to deal with the current trading environment and to benefit from any improvement in market conditions

Conclusion

- Creditable operating result in challenging circumstances
- Channel diversification strategy is working
  - Online performance encouraging (eg Bonds)
  - New retail formats performing well (eg Sheridan) with cautious expansion plans
  - B2B sales impacted by market conditions, but holding or gaining share
- Price increases and cost initiatives have helped limit margin decline despite input cost and inflationary pressures
- Balance sheet and cash flow remain strong
- Dividend payout ratio maintained
- Earnings outcomes largely dependent upon market conditions and associated sales performance, and may be impacted by ongoing restructuring and rationalisation

Questions

Appendix A: 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 / LTM EBITDA (annualised for acquisitions) before significant items
- Gross Margin – gross profit plus other income
- Interest cover ratio – (LTM EBITDA before significant items - Capex) / Net interest excluding amortisation of deferred borrowing costs and unused line fees
- Inventory, Debtors and Creditors turns / days – Statement of Comprehensive Income components are based on LTM; Statement of Financial Position components are calculated on a 3 point average (ie average of beginning, middle and ending balances from LTM)
- LTM – Last twelve months
- Net debt – Interest bearing loans and borrowings less cash and cash equivalents
- OCFPIT (Operating cash flow) – cash flow from operations before interest and tax
- ROCE (Return on Capital Employed) – LTM EBIT / period end total capital employed
- Tangible ROCE – as for ROCE but using total capital employed less Intangibles
- Underlying sales – reported sales less sales from brand acquisitions, divested businesses, business held for sale and brands and labels subject to discontinuation

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Appendix B: Underlying sales[1]

$ millions	F12	F11	Change $m	Change %
Net business divestments[2]	26	190	(163)	n.m.
Brand discontinuations[3]	9	25	(17)	(66.2)
Underlying sales - total	1,288	1,400	(112)	(8.0)
Reported sales	**1,323**	**1,615**	**(292)**	**(18.1)**
Underlying sales - Kmart	10	64	(54)	(84.3)
Underlying sales - excluding Kmart	1,278	1,336	(58)	(4.3)
Underlying sales - total	**1,288**	**1,400**	**(112)**	**(8.0)**

1. Unaudited data. Refer Appendix A for definition
2. Sleepmaker and Dunlop Foams divested in F11 (effective 31 March 2011); Bikes business divested in F12 (effective 31 August 2011); Restonic held for sale (as at 30 June 2012); Net of minor brand acquisitions
3. Discontinued largely by end of F12