PACIFIC BRANDS

18 February 2014

Manager Company Announcements
Australian Securities Exchange Limited
Level 4
20 Bridge Street
SYDNEY NSW 2000

Market Information Services
New Zealand Exchange Limited
9th Floor
ASB Tower
2 Hunter Street
Wellington
New Zealand

Dear Sir/Madam

FY'14 - HALF YEAR RESULTS – PRESENTATION BRIEFING SLIDES

Please find attached, for release to the market, the slides of a briefing to investors to be webcast following the release of the Company's Half Year Report for the period from 1 July 2013 to 31 December 2013.

These documents will also be available on the Company's website at
www.pacificbrands.com.au

Yours faithfully
Pacific Brands Limited

John Grover

John Grover
Company Secretary

Enc.

{being}
PACIFIC BRANDS

Pacific Brands Half Year Results 2014

18 February 2014

John Pollaers, 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 the reviewed Financial Statements
- Throughout this document some non-IFRS financial information is stated before significant items as disclosed in Note 7 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
- 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 (or ‘cash conversion’)

Executive Summary and Operational Performance

John Pollaers
Chief Executive Officer

Results summary and key messages

- A year of investment and transition
- Reported net loss after tax of $219.0m due to impairment and restructuring costs
- Bonds sales up 20% and Sheridan sales up 15%[1]
- Reported sales up overall for the first time in 5 years by 2.7%
  - Significantly stronger overall 2Q14 trading relative to 1Q14
  - Retail now 19% of business (up from 14%)[1]
  - Online growing rapidly to 3% of business (up from 1%)[1]
- Consistent with prior outlook statements, EBIT before significant items[2] down 14.1% to $55.2m
- Workwear impacted by industrial market – deep restructuring in progress
- Brand Collective restructured to focus on brands and address profitability
- Solid balance sheet and cash flow maintained
- Dividend declared of 2.0cps fully franked (55% payout ratio)

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1. Data has not been subject to independent review
2. Significant items contained in Note 7 of the Financial Statements

Four segments with clear priorities

Underwear

Invest and accelerate growth

- Further investment in retail expansion
- Continued category expansion (eg Bonds bras, kids, sleepwear)
- Increased brand investment (especially Bonds and Berlei)
- International distribution for Bonds
- Improved trajectory of portfolio brands

Sheridan Tontine

Extend and accelerate growth

- Ongoing retail expansion
- Broadening of Sheridan as a lifestyle brand
- Launch category expansions (Baby and Loungewear)
- International expansion (SFO's in the UK, China focus and growth)

Workwear

Stabilise and reshape

- Priority sectors for growth identified in line with industry segments
- Refocus business around profitable channels / segments
- Optimise cost to serve and enhance service model
- Strengthen and expand franchise network
- Selective acquisitions

Brand Collective

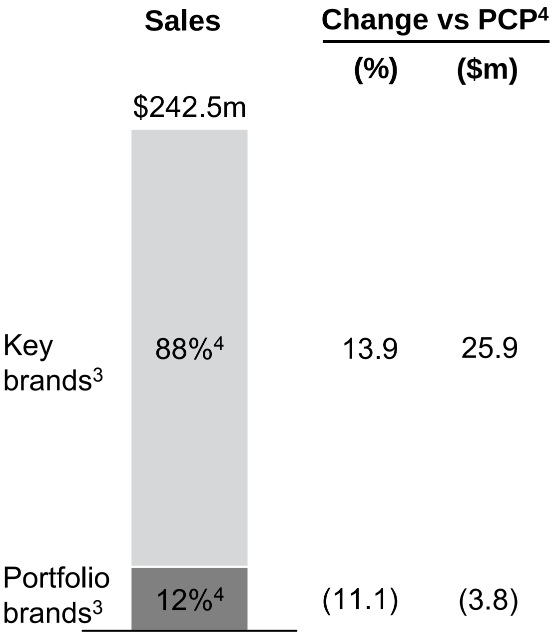
Stabilise and optimise

- Drive opportunities (Clarks, Julius Marlow, Hush Puppies and Superdry)
- Review Mossimo brand strategy to improve growth
- Exit underperforming retail stores
- Redefine cost base to fit new model

Underwear: Sales growth driven by Bonds but earnings down

$ millions	1H14	1H13	Change
Sales[1]	242.5	220.4	10.0%
EBIT (reported)[2]	48.0	38.8	23.7%
EBIT (pre significant items)	37.2	38.8	(4.2)%

- Growth brands up (Bonds, Berlei) driven by retail, online and category expansion
- Explorer up; Jockey and hosiery brands down
- Portfolio brands down, but trajectory improving (eg Rio, Hestia)
- Strong Christmas trading with 2Q sales up overall
- Growth in wholesale, with direct-to-consumer almost doubling
- EBIT (pre significant items) down
  - Wholesale margin pressure arising from increased trade spend / promotional activity and product mix
  - Reduced distribution of portfolio brands
- Reported EBIT higher due to $10.8m profit on sale of Wentworthville property



	Sales	Change vs PCP[4] (%)	Change vs PCP[4] ($m)
	$242.5m		
Key brands[3]	88%[4]	13.9	25.9
Portfolio brands[3]	12%[4]	(11.1)	(3.8)

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1. Excluding other income and inter segment revenue
2. Reported EBIT includes profit on sale of Wentworthville property ($10.8m)
3. Key brands comprise Berlei, Bonds, Explorer, Jockey and hosiery brands; all other brands are classified as portfolio brands
4. Data has not been subject to independent review

Underwear: Sales performance by brand

			Change		
$ millions[1]	**1H14**	**1H13**	**$m**	**%**	**Comments**
Bonds	153.3	127.2	26.0	20.4	▪ Wholesale up, especially in supermarkets ▪ Good response to key innovations / campaigns eg Lacies, Bonds Collectibles, Boobs (bras) ▪ Significant growth in direct-to-consumer
Berlei	23.1	20.0	3.1	15.4	▪ Ongoing benefit from sports bra growth ▪ Online also strong
Jockey	13.3	14.0	(0.7)	(4.7)	▪ Solid NZ performance, but weaker domestic DDS sales
Explorer	8.6	7.8	0.7	9.5	▪ Improved distribution in Wholesale
Hosiery brands	14.3	17.6	(3.3)	(18.8)	▪ Driven by Razzamatazz and the effects of increased private label
Key brands	**212.6**	**186.7**	**25.9**	**13.9**	
Portfolio brands[2]	29.9	33.7	(3.8)	(11.1)	▪ Holeproof and Rio down, but trajectory improving especially in DDS; Hestia up
Total	**242.5**	**220.4**	**22.1**	**10.0**	

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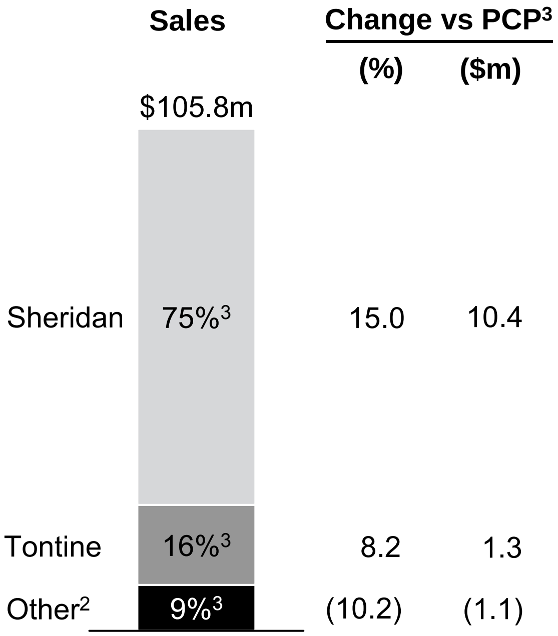
1. Data has not been subject to independent review
2. Includes Rio, Hestia, Holeproof, Red Robin and TMI

Sheridan Tontine: Sales growth driven by Sheridan and increased investment

$ millions	1H14	1H13	Change
Sales[1]	105.8	95.2	11.1%
EBIT (reported)	8.0	6.5	22.9%
EBIT (pre significant items)	8.6	6.5	32.6%

- Sheridan sales up driven by
  - Continued store rollout
  - Positive comp sales performance in Boutiques (SFO and concessions down)
  - Online growth (eBoutique, SFO)
  - UK sales increase (amplified by currency translation)
  - Increase in brand advertising
- Tontine sales up, despite loss of a major DDS customer
  - Significant growth in ongoing DDS customers
  - Signs of some consumers swinging back to brands in preference to private label
- EBIT up overall due to continuing expansion of retail and online



	Sales $105.8m	Change vs PCP[3] (%)	Change vs PCP[3] ($m)
Sheridan	75%[3]	15.0	10.4
Tontine	16%[3]	8.2	1.3
Other[2]	9%[3]	(10.2)	(1.1)

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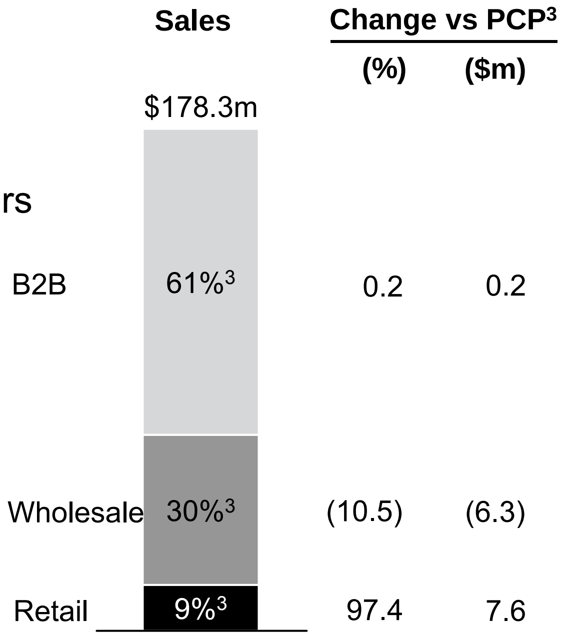
1. Excluding other income and inter segment revenue
2. Other brands comprise Actil, Dunlopillo and Fairydown
3. Data has not been subject to independent review

Workwear: Market downturn significantly impacted profitability

$ millions	1H14	1H13	Change
Sales[1]	178.3	176.8	0.9%
EBIT (reported)[2]	(248.1)	18.8	n.m.
EBIT (pre significant items)	11.4	18.8	(39.3)%

- Sales marginally up
  - International, imagewear and online up (Hard Yakka now online)
  - Supported by acquisitions (Totally Corporate, TWW stores, Incorporatewear UK)
- But EBIT (pre significant items) materially impacted by
  - Significant decline in demand from the industrial and defence sectors
  - Lower market share due to shift to value, private label penetration and growth in vertical resellers
  - Increase in competitive activity
  - Resulting in a change in shape and profitability of the business
- Increase in investment in capability and brands (Hard Yakka)
- Substantial restructuring program in progress
- Reported EBIT loss due to impairment of intangible assets and restructuring costs



	Sales $178.3m	Change vs PCP[3] (%)	 ($m)
B2B	61%[3]	0.2	0.2
Wholesale	30%[3]	(10.5)	(6.3)
Retail	9%[3]	97.4	7.6

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1. Excluding other income and inter segment revenue
2. Reported loss due to 1H14 impairment of goodwill and brand names ($241.7m) and other significant items ($17.9m)
3. Data has not been subject to independent review

Workwear: Performance improvement (1/2)

A comprehensive review of the Workwear market and business has been undertaken

- Overall market size and profit pools have declined significantly
  - Industrial sector has been impacted by a decline in manufacturing, construction and resources, in part leading to a shift towards value brands
  - Defence sector has been impacted by a substantial decline in demand related to the withdrawal from Afghanistan and other factors
  - Intensive focus on procurement by corporates and government impacting average spend levels, uniform refresh / indent programs and margins
  - Soft employment market has impacted employment growth, participation levels and churn
  - Significant increase in competitive intensity in the market
  - Overall changes now appear more structural than cyclical in nature
- Workwear has maintained share of large B2B, but has lost some share in the Industrial sector due to a shift to value products, penetration of private label and growth of vertical resellers
- New industry sector based structure has identified certain segments that are currently marginally profitable driven by aggressive pricing and over capacity in the market
- Opportunity to improve performance through restructuring and execution, however significant headwinds from structural change, challenging outlook for Industrials sector and FX depreciation

Workwear: Performance improvement (2/2)

Immediate / current actions

- Comprehensive review of operating model and cost base to improve customer profitability and identify cost reduction and profit improvement opportunities
  - FTE reductions to right size resources to level of opportunity
  - Closing underperforming retail stores (trade centres)
  - Planning team moved closer to source to increase efficiency and reduce cost
  - Downsizing and operational improvement at Footscray manufacturing site
  - Consolidation of three office facilities to single site in Port Melbourne
  - Enhanced customer service delivery and cost reduction through partnering with specialised outsourced provider
  - Revised pricing strategy, including repositioning Stubbies Workwear to more fully address the value segment opportunity

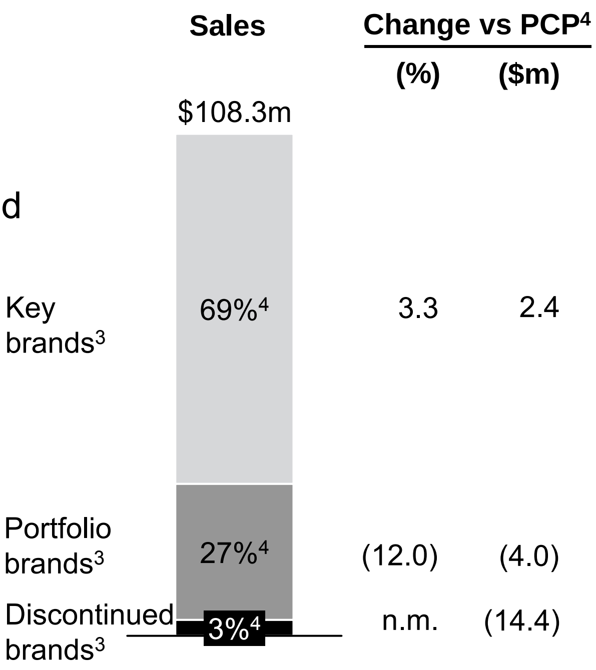
Key near term priorities

- Growth in adjacent categories eg Industrial footwear with Hard Yakka, KingGee and licensed brands Bates and Wolverine, and personal protective equipment segment over time
- Re-invest in building our brands behind flagship products and ranges, and deepen our category management expertise
- Further expand Totally Workwear (TWW) franchise as a pre-eminent retail workwear destination
- Continued drive of TWW, Hard Yakka and KingGee online
- Identify bolt-on acquisition opportunities to build scale and reach in selected industry segments (eg airlines, financial services) and participate in consolidation where attractive

Brand Collective: Restructuring supported earnings with significant sales decline

$ millions	1H14	1H13	Change
Sales[1]	108.3	124.4	(12.9)%
EBIT (reported)[2]	(12.3)	3.2	n.m.
EBIT (pre significant items)	0.9	3.2	(70.4)%

- Key brands grew overall but mixed performance
  - Hush Puppies, Clarks, Superdry up
  - Julius Marlow flat; Mossimo down
- Portfolio brands continued to decline
- Stussy and Naturalizer licences not renewed adversely impacting earnings; Diesel licence relinquished; and Iconix joint venture completed
- Retail up due to acquired distribution (Shoe Warehouse, Shoe Superstore) and online up
- However, Independent / SME segment remains challenging
- EBIT (pre significant items) down due to sales and licence impacts partly offset by restructuring to lower fixed overhead costs
- Reported EBIT loss due to impairment of goodwill and fixed assets



	Sales	Change vs PCP[4] (%)	($m)
	$108.3m		
Key brands[3]	69%[4]	3.3	2.4
Portfolio brands[3]	27%[4]	(12.0)	(4.0)
Discontinued brands[3]	3%[4]	n.m.	(14.4)

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1. Excluding other income and inter segment revenue
2. Reported loss due to 1H14 impairment of goodwill ($0.5m) and other significant items ($12.7m)
3. Key brands comprise Hush Puppies, Clarks, Julius Marlow, Mossimo, Superdry and Volley. All other brands are classified as portfolio brands. Discontinued brands are Stussy, Naturalizer and Diesel
4. Data has not been subject to independent review

Brand Collective: Performance improvement

Immediate / current actions

- Continue to redefine cost base to support new business unit structure and brand focus
- Re-examine centralised versus decentralised support functions to ensure fit-for-purpose
- Transform end-to-end supply chain
- Consolidate administrative sites
- Exit underperforming retail stores
- Complete investment in merchandise planning capability to optimise stock mix and improve performance of existing retail networks

Key near term priorities

- Continue reinvigoration of Hush Puppies range
- Maximise wholesale and retail growth opportunities for Superdry
- Review Mossimo brand strategy to restore growth trajectory
- Accelerate growth of Clarks adults range
- Selectively expand retail presence of profitable retail concepts (eg Superdry)
- Maximise online opportunity
- Expand Volley international

Group Financial Results

David Bortolussi
Chief Financial & Operating Officer

Income statement impacted by significant items

	Reported				Before significant items			
			Change				Change	
$ millions	1H14	1H13	$m	%	1H14	1H13	$m	%
Sales	**656.3**	**639.2**	**17.1**	**2.7**	**656.3**	**639.2**	**17.1**	**2.7**
Gross margin	329.7	311.5	18.3	5.9	318.9	311.5	7.4	2.4
Gross margin	**50.2%**	**48.7%**	**1.5pts**	**n.m.**	**48.6%**	**48.7%**	**(0.1)pts**	**n.m.**
CODB	263.7	247.2	16.5	6.7	263.7	247.2	16.5	6.7
Other expenses[1]	276.0	-	276.0	n.m.	-	-	-	n.m.
EBITDA	**(200.6)**	**72.1**	**n.m.**	**n.m.**	**64.6**	**72.1**	**(7.5)**	**(10.4)**
Depreciation & amortisation	9.4	7.8	1.5	19.8	9.4	7.8	1.5	19.8
EBIT	**(210.0)**	**64.3**	**n.m.**	**n.m.**	**55.2**	**64.3**	**(9.1)**	**(14.1)**
EBIT margin	n.m.	10.1%	n.m.	n.m.	8.4%	10.1%	(1.6)pts	n.m.
Net interest	9.4	10.9	(1.5)	(13.5)	9.4	10.9	(1.5)	(13.5)
Tax	(0.4)	14.4	(14.8)	n.m.	12.7	14.4	(1.7)	(11.8)
NPAT[2]	**(219.0)**	**38.9**	**n.m.**	n.m.	**33.0**	**38.9**	**(5.9)**	**(15.1)**
EPS	(24.0)cps	4.3cps	n.m.	n.m.	3.6cps	4.3cps	(0.6)cps	(15.1)
DPS (fully franked)	**2.0cps**	**2.5cps**	**(0.5)cps**	**(20.0)**	**2.0cps**	**2.5cps**	**(0.5)cps**	**(20.0)**
Payout ratio	n.m.	59%	n.m.	n.m.	55%	59%	(4)pts	n.m.

1. 1H14 other expenses included non-cash write down of goodwill, brand names and other assets ($260.2m) and cash restructuring costs ($15.8m)
2. After deducting non controlling interest

Significant items due mainly to impairment charges and restructuring costs

Impairment charges

- Carrying value of certain intangibles and other assets not supported by recoverable amount under accounting standard requirements
- Impairment of goodwill and brand names ($242.2m, no tax effect) mainly related to Workwear ($241.7m, supported by external valuation) due to structural changes in the market with risk to carrying value previously noted in F13 accounts
- Other asset impairments and write-offs ($12.6m after tax) mainly related to Brand Collective ($7.8m) due to further decline in performance

Restructuring costs

- $11.1m post tax ($15.8m before tax); all of which have or will result in a cash outflow
- Driven mainly by restructuring in Workwear and Brand Collective to address profitability, as well as Sheridan Tontine integration and other corporate / functional restructuring
- Costs include redundancies, site closure costs, onerous lease / contract charges and consulting costs
- Benefits will help support Operating Group earnings in challenging market conditions

Profit on sale of Wentworthville property

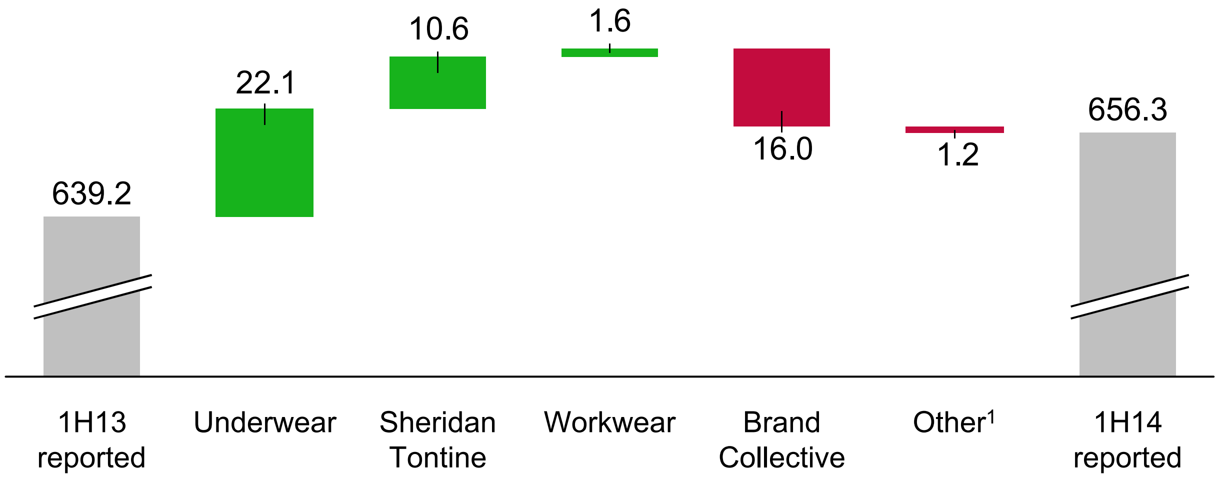
- Profit on sale of $10.8m brought to account in 1H14 in other income (no tax effect)
- Sale announced August 2012
- Net proceeds: $26.4m in total
- Final instalment received December 2013: $23.2m

Tax settlement refund

- Outstanding tax claim settled with ATO ($3.0m)

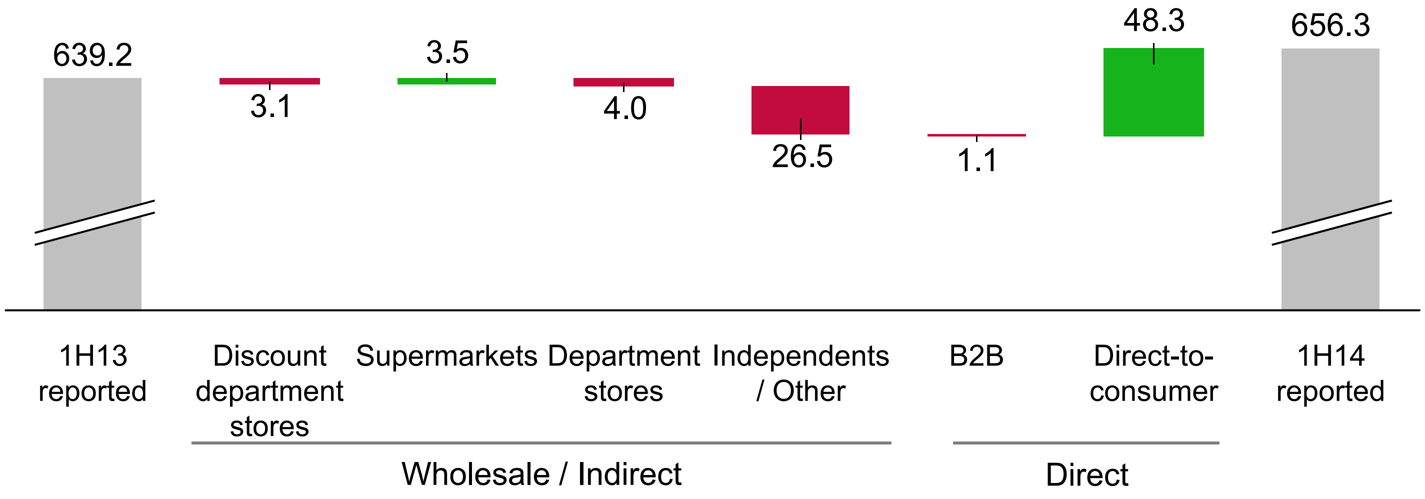
Group sales result driven by Bonds and Sheridan, and direct-to-consumer channel

Sales revenue by segment; $ millions



Sales up due to growth in Underwear (mainly Bonds) and Sheridan Tontine (mainly Sheridan), underpinned by increased direct-to-consumer sales

Sales revenue by channel; $ millions



Wholesale sales down mainly in the Workwear industrial sector (independents / other) and in the independent trade in Underwear and Brand Collective

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[1] Includes Restonic (divested) and Flooring

Cost of doing business up due to increased investment in retail and brands

			Change	
$ millions	**1H14**	**1H13**	**$m**	**%**
Freight and distribution	57.8	55.8	1.9	3.4
Sales and marketing	149.3	132.9	16.5	12.4
Administrative	56.6	58.5	(1.9)	(3.2)
CODB	**263.7**	**247.2**	**16.5**	**6.7**
CODB / Sales	40.2%	38.7%	1.5pts	n.m.

- Underlying CODB flat (exclusive of advertising and retail store roll out)
- Freight and distribution expenses increased marginally with higher volumes, handling units and labour rates; partially offset by warehouse productivity improvements
- Sales and marketing up
  - Advertising investment in top brands increased by over $4m, focused mainly on key brands (Bonds, Sheridan, Berlei, Hard Yakka)
  - Increased investment in retail expansion (Bonds, Sheridan and Footwear clearance network)
- Administrative expenses down due to restructuring, non-recurring prior period items and tight CODB management

Solid balance sheet maintained

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				1H14 change vs	
$ millions	**1H14**	**2H13**	**1H13**	**2H13**	**1H13**
Working capital	258.1	262.4	259.8	(4.3)	(1.7)
Property, plant and equipment	59.9	66.5	64.0	(6.7)	(4.2)
Intangible assets	349.3	584.1	580.2	(234.8)	(230.9)
Other[1]	(0.9)	(16.7)	(31.0)	15.8	30.1
Total capital employed	**666.4**	**896.4**	**872.9**	**(230.0)**	**(206.5)**
Net debt	170.3	159.1	177.7	11.2	(7.4)
Equity[2]	**496.1**	**737.3**	**695.3**	**(241.2)**	**(199.2)**
Gearing[3] (x)	1.3	1.2	1.3	0.1	-
Interest cover[3,4] (x)	7.4	7.6	6.8	(0.2)	0.6
Net debt ratio[3] (%)	25.8	17.8	20.5	8.0	5.3
ROCE (%)	17.0	13.6	14.6	3.4	2.4
Tangible ROCE (%)	35.7	39.1	43.6	(3.4)	(7.9)

- Working capital, PPE and intangible asset balances impacted by goodwill, brand name and other asset impairments
- Movement in Other impacted by income tax payments, Iconix JV, movements in operating provisions and the sale of Wentworthville (NSW) property
- Conservative credit metrics maintained – gearing of 1.3 times and interest cover of 7.4 times

1. Comprises all other assets and liabilities. Represents net assets less working capital, property, plant and equipment, intangible assets and net debt
2. Includes non controlling interest
3. Defined as per the prevailing Subscription Agreement with the Company's banking syndicate in relation to the relevant period. Refer Appendix A
4. The interest cover ratio was revised in the most recent update to the Subscription Agreement to exclude the capital expenditure adjustment, comparatives have been restated

Net working capital stable

$ millions	1H14	2H13	1H13	1H14 change vs 2H13	1H14 change vs 1H13
Trade debtors	149.2	141.8	142.6	7.4	6.6
Inventories	263.9	228.7	252.0	35.2	11.9
Trade creditors	155.0	108.0	134.8	46.9	20.2
Working capital	**258.1**	**262.4**	**259.8**	**(4.3)**	**(1.7)**
Working capital / LTM sales (%)	20.0	20.6	20.3	(0.6)	(0.3)
Debtors days[1] (days)	42.2	40.6	40.8	1.6	1.4
Inventory turns[1] (x)	2.5	2.9	2.7	(0.4)	(0.2)
Creditor days[1] (days)	85.5	60.4	73.1	25.1	12.4

- Inventories higher in December due to seasonality and Chinese New Year import timing impacts – typically builds in 1H and releases in 2H, but expected to be adversely impacted by AUD depreciation / lower hedged rates in 4Q14 and into F15
- Debtor days were up on previous corresponding period due to stronger December sales in the current year versus PCP
- Inventory turns were down versus PCP due to reduced turns from portfolio brands and Workwear
- Creditor days were up on PCP due to inventory purchases, an increase in supplier terms and other timing impacts
- Overall working capital to LTM sales ratio stable at c.20%

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1. Data has not been subject to independent review. Refer Appendix A for basis of calculation

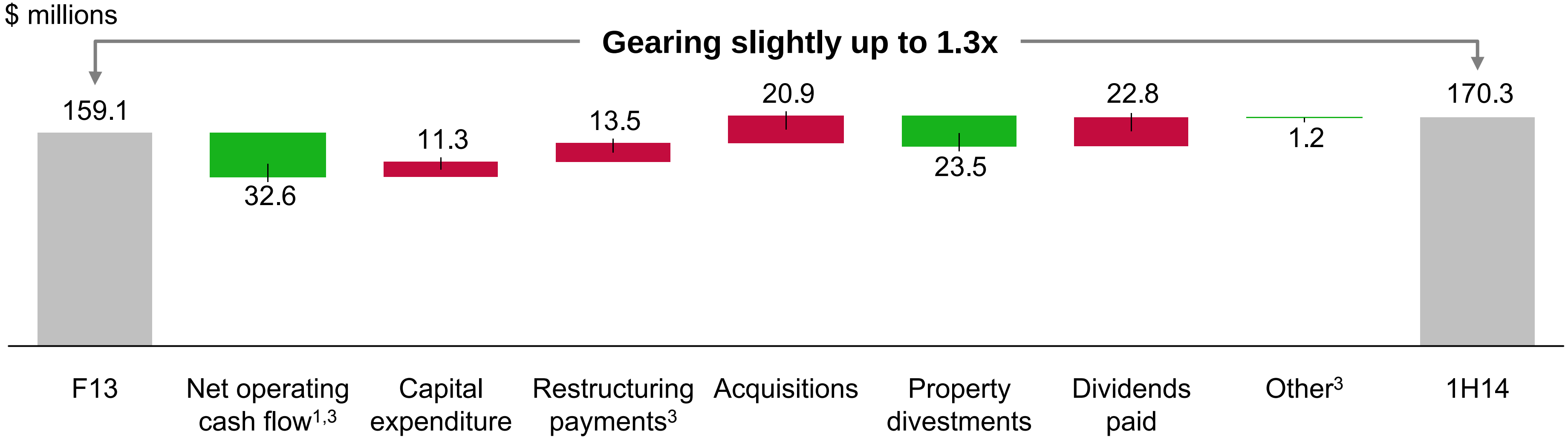
Operational cash conversion lower

$ millions	1H14	1H13
EBITDA (reported)	(200.6)	72.1
Significant items (pre tax)	265.2	-
EBITDA (before significant items)	**64.6**	**72.1**
Change in working capital / Other[1]	(8.3)	2.1
OCFPIT[1]	**56.3**	**74.1**
Net interest paid	(9.3)	(10.3)
Tax paid	(14.4)	(21.2)
Net operating cash flow (before restructuring payments)[1]	**32.6**	**42.6**
Restructuring payments[1]	(13.5)	(8.3)
Net operating cash flow (reported)	**19.2**	**34.3**
Cash conversion – last 6 months[1,2]	**87.2%**	**102.9%**
Cash conversion – last 12 months[1,2]	**99.5%**	**124.0%**

- Cash conversion was down on PCP due to growth and timing impacts but cash conversion over the last 12 months is broadly in line with the Company's objective, subject to the extent of movement in sales, to maintain high rates of cash conversion

1. Data has not been subject to independent review
2. Cash conversion is defined as OCFPIT divided by EBITDA before significant items

Increase in net debt due to capex, restructuring and acquisitions



Debt profile		**31 December 2013**	
$ millions	**Maturity date**	**Facility**	**Drawn**
Tranche 1 (Revolving)	31-Jan-17	125.0	125.0
Tranche 2 (Revolving)	31-Jan-19	125.0	75.0
Securitisation	31-Jan-16	175.0[4]	96.5
Overdraft		35.0	0.0
Total facilities		**460.0**	**296.5**
Cash			(124.1)
Other[2]			(2.1)
Net debt			**170.3**

- Capex increase due to retail expansion
- Significant restructuring in Workwear and Brand Collective
- Acquisition of Incorporatewear (UK) (100%), Iconix JV (50%) and other businesses
- Syndicated debt facility refinanced in Oct-13
  - All tranches now revolving
  - Improved pricing and commercial terms
- Securitisation extended to 31-Jan-16
- Adequate liquidity maintained through cash and undrawn facilities

1. Before restructuring items and capital expenditure
2. Deferred borrowing costs
3. Data has not been subject to independent review
4. Based on eligible receivables at 31 December 2013, $136 million of the $175 million securitisation is drawable

Strategy and outlook

John Pollaers
Chief Executive Officer

Our vision: “To be Australian for innovation and design, loved by the world”

Good progress on strategic imperatives

Strategic imperatives		Achievements and challenges
People	Build a breakthrough performance culture	▪ Fundamental culture change focused on performance outcomes ▪ Aligned around a single statement of purpose ▪ Execution strengthening, but not there yet. Immediate capability gaps addressed and moving to next priorities
Brand	Maximise the full potential of each core business	▪ Moved from a corporate holding company to a listed operating company in four categories ▪ Strengthened all key customer relationships, re-established relationships with key licensors ▪ Rapid expansion into new categories and elevated importance of creativity and innovation (not yet at full potential) ▪ Where we are investing, we are winning (eg Bonds wholesale, premium footwear) but Workwear, portfolio brands and wholesale margin pressure continue to be challenging ▪ Step up in brand investment although volatile trading environment still an issue ▪ Clear priorities by BU: Underwear and Sheridan showing strong growth (further work required in Workwear and Brand Collective)
	Drive direct shopping experiences that excite our consumers	▪ Changed the language of the business from wholesaler to a better balance between wholesale and retail (but not yet fully consumer focused) ▪ Established robust retail and online concepts and gained momentum
	Explore the potential for geographic expansion	▪ Increasing interest in Bonds internationally, greater attention to Sheridan and Workwear international performance, Workwear UK acquisition ▪ Growing understanding of the opportunity (but limited focus to date)
Product	Maintain an internationally competitive Sourcing & Supply Chain	▪ Implemented shorter cycles for more frequent range releases ▪ Mitigating FOB and cost pressures in China and made progress on Lean ▪ Uncovered complexity and capability gaps that when addressed will accelerate progress ▪ FX and import costs remain a risk

F14 trading update and outlook

- The Company expects a continuation of challenging and variable market conditions

- Second half-to-date sales performance has been mixed by business with overall sales marginally up versus PCP

- In relation to 2H14 (before significant items) compared to 2H13:
  - Sales are expected to be up due mainly to growth in retail and online
  - Gross margins are expected to be down due mainly to competitive and FX pressures
  - CODB is expected to be up due to increased investment in retail
  - Workwear EBIT is expected to be down by a greater percentage than 1H14 (ie >39%)
  - Group EBIT is expected to be down by a similar percentage to 1H14 (c.14%)

- Further restructuring costs are expected in 2H14 as the Company continues to take action to reduce costs and improve performance. Such initiatives are currently work in progress but at this stage are likely to be significantly less than those incurred in 1H14

- Lower FX rates are expected to adversely impact margins, inventory balances and cash conversion from 4Q14 continuing into F15, notwithstanding the Company's actions to mitigate through a combination of price increases, mix improvement, sourcing benefits and cost reduction initiatives

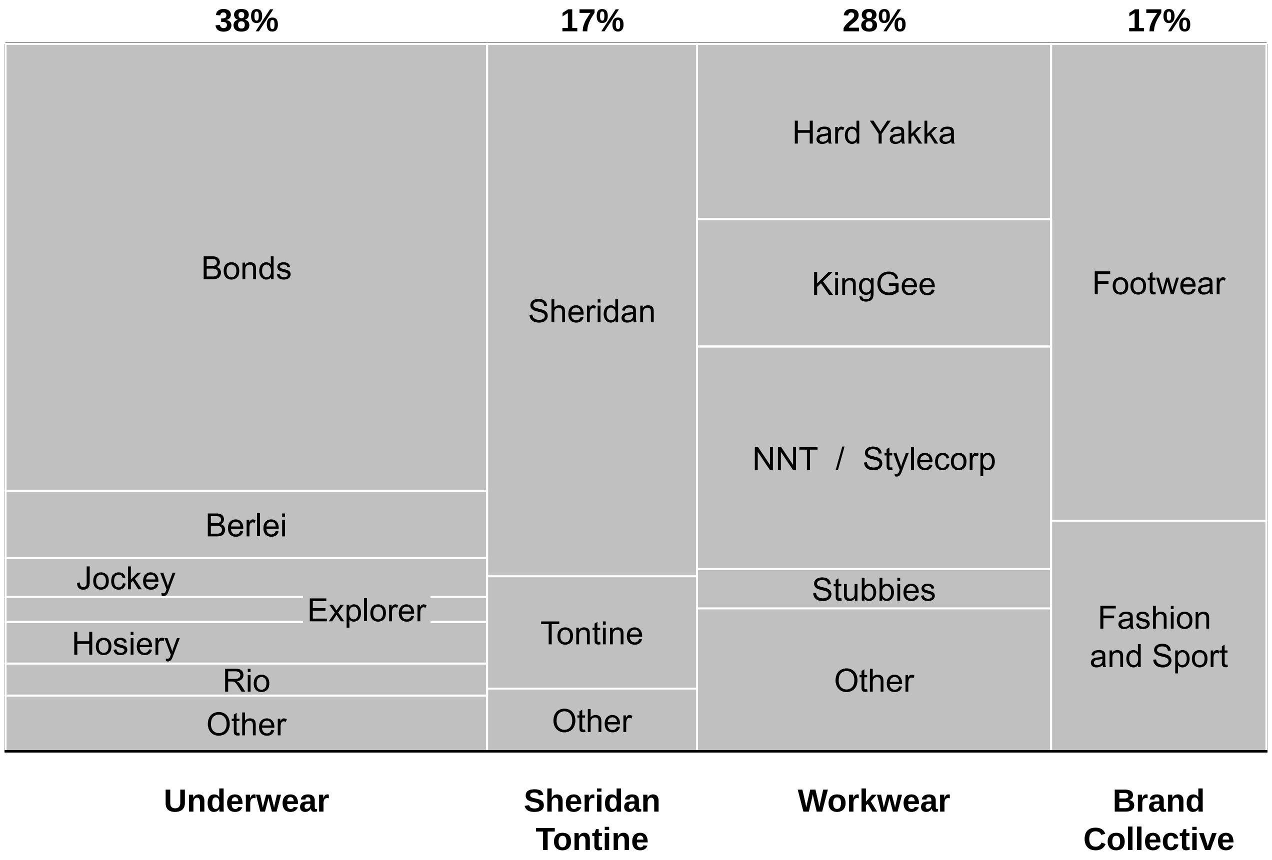
Questions

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 7 to the Financial Statements
- EBIT – earnings before interest and tax
- EBITDA – earnings before interest, tax, depreciation and amortisation
- Gearing – Net debt (excluding deferred borrowing costs) / LTM EBITDA (annualised for acquisitions) before significant items
- Gross Margin – gross profit plus other income and share of profit of equity accounted investments
- Interest cover ratio – (LTM EBITDA before significant items) / Net interest excluding amortisation of deferred borrowing costs and unused line fees. Different definition in prior periods, refer previous results presentations
- Inventory, Debtors and Creditors turns / days – Statement of Comprehensive Income components are based on LTM; Statement of Financial Position components are calculated on period end balances
- Key brands – largest brands and / or those with the greatest growth potential
- LTM – Last twelve months
- Net debt – Interest bearing loans and borrowings less cash and cash equivalents
- Net debt ratio – Net debt (excluding borrowing costs) / (Net debt (excluding borrowing costs) + Shareholders Funds)
- OCFPIT (Operating cash flow) – cash flow from operations pre interest and tax
- Payout ratio – Dividends declared / NPAT before significant items
- Portfolio brands – brands that play an important role in the overall portfolio but do not have the same size and / or growth potential as key brands
- ROCE (Return on Capital Employed) – LTM EBIT before significant items / period end total capital employed
- Tangible ROCE – as for ROCE but using total capital employed less Intangibles

Appendix B: Brand portfolio size[1]

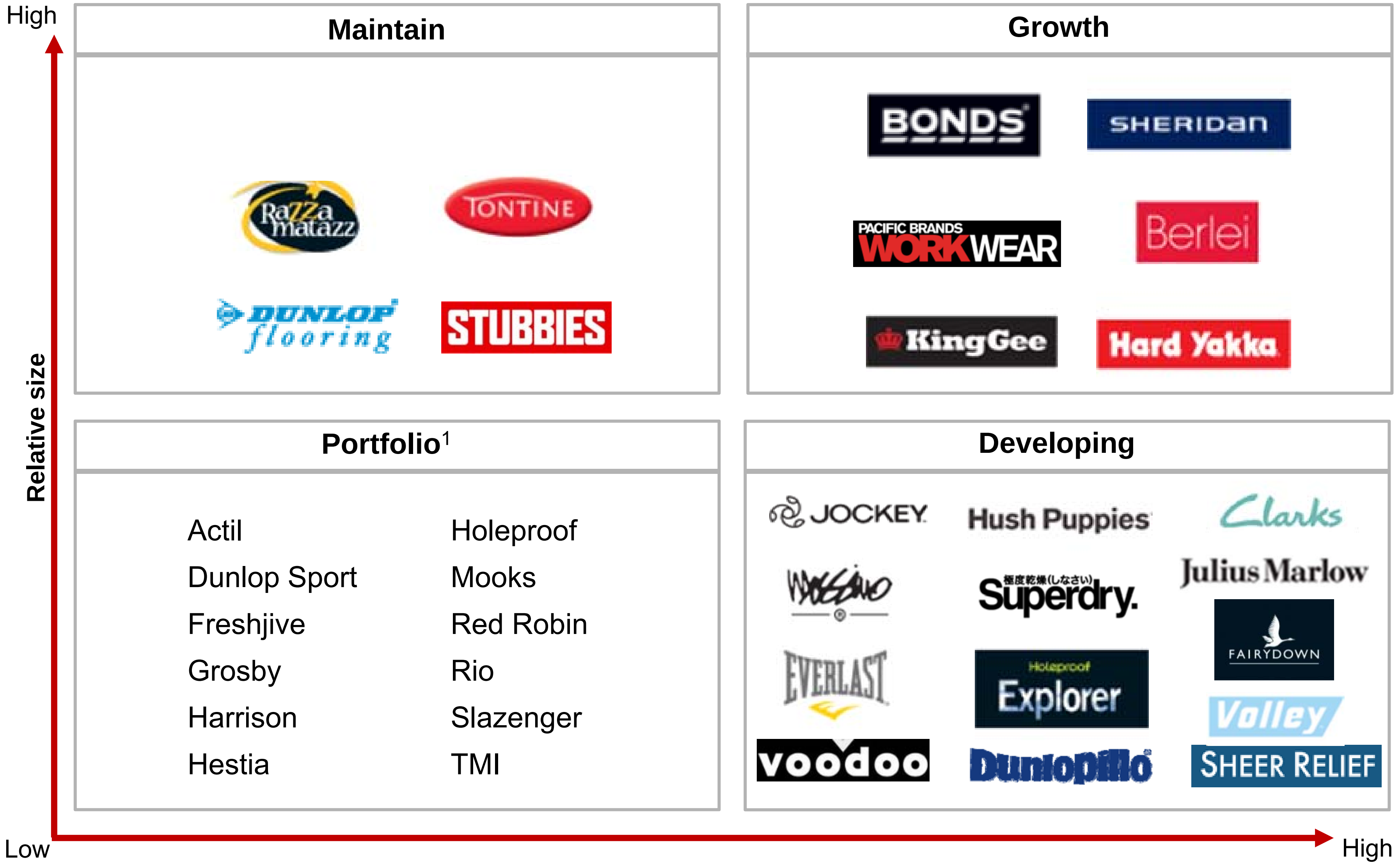
Share of 1H14 reported sales revenue / % of total[2]



	Underwear	Sheridan Tontine	Workwear	Brand Collective
Reported ($m)	242.5	105.8	178.3	108.3

1. Data, other than reported amounts, has not been subject to independent review
2. Excluding Other Segment revenue

Appendix C: Brand portfolio strategy



Relative size

High

Low

High

Maintain

Razzamatazz

Tontine

Dunlop flooring

Stubbies

Growth

Bonds

Sheridan

Pacific Brands Workwear

Berlei

KingGee

Hard Yakka

Portfolio[1]

Actil	Holeproof
Dunlop Sport	Mooks
Freshjive	Red Robin
Grosby	Rio
Harrison	Slazenger
Hestia	TMI

Developing

Jockey

Hush Puppies

Clarks

Mossimo

Superdry 極度乾燥(しなさい)

Julius Marlow

Everlast

Holeproof Explorer

Fairydown

Volley

voodoo

Dunlopillo

Sheer Relief

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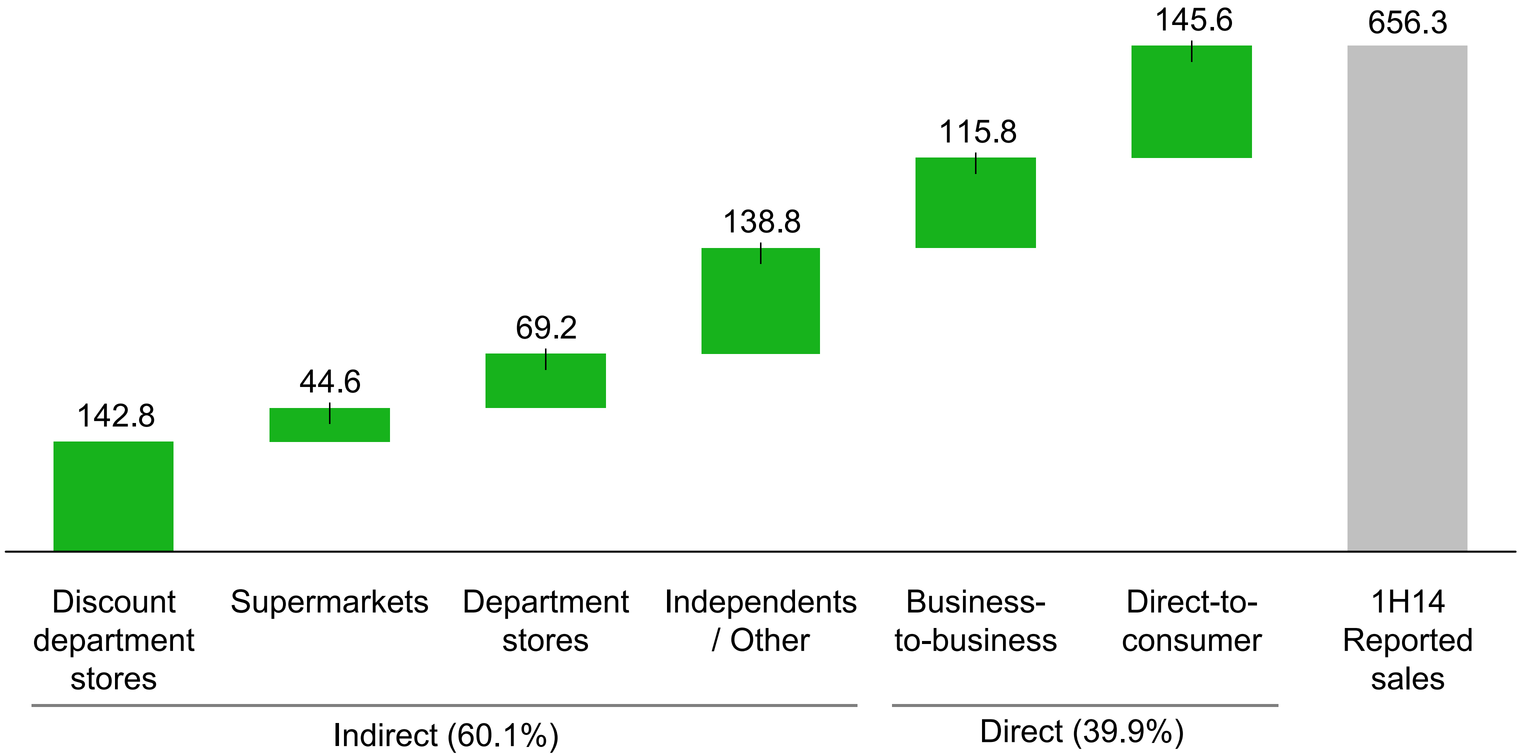
1. Portfolio brands play an important role in the overall portfolio but do not have the same size and/or growth potential as key (ie non-portfolio) brands

Appendix D: Channel mix[1]

1H14 Sales revenue; $ millions



	Discount department stores	Supermarkets	Department stores	Independents / Other	Business-to-business	Direct-to-consumer	1H14 Reported sales
% of total	21.8	6.8	10.5	21.1	17.7	22.2	100.0
Change vs 1H13							
- $ million	(3.1)	3.5	(4.0)	(26.5)	(1.1)	48.3	17.1
- Percent (%)	(2.1)	8.4	(5.5)	(16.1)	(0.9)	49.7	2.7

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1. Data, other than reported amounts, has not been subject to independent review

Appendix E: Retail network[1]

	Branded[2]	Concession[3]	Outlets[4]	Total stores	Online	Franchise[5]	Total network
Underwear	18	-	41	59	4	-	63
Sheridan Tontine	16	87	39	142	4	-	146
Workwear	18	-	-	18	3	53	74
Brand Collective	28	-	28	56	8	-	64
Total	**80**	**87**	**108**	**275**	**19**	**53**	**347**

	Total stores			Total network		
	31 Dec 13	30 Jun 13	31 Dec 12	31 Dec 13	30 Jun 13	31 Dec 12
Underwear	59	47	47	63	50	49
Sheridan Tontine	142	132	126	146	135	128
Workwear	18	22	19	74	77	71
Brand Collective	56	46	39	64	53	42
Total	**275**	**247**	**231**	**347**	**315**	**290**

1. Data has not been subject to independent review
2. In the case of Workwear, comprises Trade Centres (14) and company owned Totally Workwear Stores (4)
3. Concessions are stores within a store. In Australia, they are within David Jones. In the United Kingdom they are within Debenhams, House of Fraser and Selfridges. Sales in concessions are classified as direct-to-consumer
4. Outlet and clearance stores
5. Totally Workwear franchise. Sales to non-company owned Totally Workwear stores are classified as (indirect) sales to a branded retailer

Appendix F: Segment reporting changes

HFO separated into component businesses

- Sheridan Tontine
- Brand Collective
- Flooring

Sheridan Tontine

- Comprises Sheridan, Tontine, Actil, Dunlopillo and Fairydown brands
- Clear focus on homewares category and the Sheridan luxury brand
- Combined to provide:
  - Improved category management
  - Cost synergies

Brand Collective

- Comprises a collection of brands in the footwear, fashion and sport categories
- Mixture of licensed and owned brands
- Strong emphasis on fashion and innovation
- Significant seasonal and retail sales mix

Flooring

- Limited synergy with other businesses
- Reported within ‘Unallocated other operations’

{being}

PACIFIC BRANDS