22 August 2013

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

FY'13 RESULTS – PRESENTATION BRIEFING SLIDES

Please find attached, for release to the market, a copy of a press release which the company intends to send to the media today together with the slides of a briefing to investors to be conducted following the release of the Company's Preliminary Final Report for the 2013 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

22 August 2013

Full Year Results Announcement

- Reported net profit after tax of $73.8 million (no significant items) for the 12 months ended 30 June 2013 (F13) up from a reported loss of $450.7 million (impacted by significant items)
- EBIT (before significant items) down 5.4% with net profit after tax (before significant items) up 1.4%
- Reported sales down 3.7%, but improvement in the second half (underlying sales up 0.3%[1,2])
- Dividend of 2.5 cents per share fully franked declared. Full year dividend of 5.0 cents per share up 11.1% on F12 and represents an increase in the payout ratio to 62% (up from 56%)
- Underwear showed encouraging growth, driven by Bonds
- Workwear has been impacted by a continued economic downturn
- Sheridan, premium footwear and Outerwear up in difficult markets; plans in place to stabilise and turn around underperforming brands and businesses
- Company will continue to invest in its brands and businesses notwithstanding near term earnings pressure

Group result (audited)[3] for the 12 months ended 30 June 2013

$ millions	Reported			Before significant items[4]		
	F13	F12	Change	F13	F12	Change
Sales	1,273.3	1,322.7	(3.7)%	1,273.3	1,322.7	(3.7)%
EBIT	122.1	(404.9)	n.m.	122.1	129.1	(5.4)%
NPAT[5]	73.8	(450.7)	n.m.	73.8	72.8	1.4%
EPS (cps)	8.1	(49.1)	n.m.	8.1	7.9	1.9%
DPS (cps)	5.0	4.5	11.1%	5.0	4.5	11.1%
Payout ratio[6]	62%	n.m.	n.m.	62%	56%	6pts
Net debt[7]	159.1	189.1	(15.9)%	159.1	189.1	(15.9)%

1 Defined as reported sales less sales from brand acquisitions, divested businesses and businesses held for sale. Directors consider that sales defined in this manner is a meaningful measure of sales as it is 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. Refer Appendix A for supporting data
2 Data has not been subject to independent audit
3 Other than as indicated, the financial information contained in this document is directly extracted or calculated from the audited Financial Statements
4 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
5 After deducting non-controlling interest
6 Dividends declared / NPAT before significant items
7 Net debt comprises interest bearing loans and borrowings less cash and cash equivalents

Chief Executive Officer, John Pollaers, said: “Pacific Brands today announced a net profit after tax of $73.8 million for the 12 months ended 30 June 2013. This is up from a reported loss of $450.7 million after significant items and represents a 1.4% increase on the result before significant items in F12.

“Despite the difficult retail conditions and a deterioration in business conditions, sales momentum improved: underlying sales in the second half rose 0.3%[1,2] compared to a 5.8%[1,2] decline in the first half. We are currently in an investment phase where we are looking to stabilise earnings whilst investing with a view to returning the business to sustainable sales and earnings growth over time. It is still early days and there is still work to do.

“We are particularly pleased with the performance of the Underwear group, which, driven by Bonds, returned to growth in the period.

“The Workwear group remains a global leader in an attractive industry. Business conditions are at a four year low and the Workwear business has clearly been impacted by this. It has generally maintained market share and we remain confident in its long term prospects, however the near term outlook is challenging.

“In HFO, Sheridan, premium footwear and Outerwear sales were all up in difficult markets. Flooring stabilised after a difficult second half last year, while Tontine continues to deal with increased private label competition. The non-premium footwear business, which includes a number of portfolio brands[8], is still in the process of being turned around.”

Group results

Reported sales were down 3.7% (or 2.9% in terms of underlying sales[1,2]) primarily due to low consumer sentiment and business confidence, and reduced sales of lower margin portfolio brands.

Sales through the direct-to-consumer channel were up, reflecting the increased investment and success in both online and retail for certain brands. The business-to-business channel was down as a result of reduced Workwear sales due to the market downturn.

The Company’s sales through wholesale channels were generally lower due to low consumer sentiment and reduced distribution of portfolio brands.

Mr Pollaers said: “To achieve long term earnings growth we must have sustainable sales growth. Our strategy is clear, with the key elements being to focus on key brands and diversify our channels to market. We continue to find the different channels to market complementary. For example, we are often seeing great success in trialling new products in our own stores and then leveraging those successes through our wholesale customers.”

Gross margins improved by 2.3 percentage points (from 46.8% to 49.1%) reflecting the mix benefits from a greater proportion of sales from relatively higher margin products, increased vertical margin from greater direct-to-consumer sales and lower import costs.

Cost of doing business (CODB) increased by $13.8 million to $503.4 million, an increase of 2.8%. This increase was in line with inflation, representing continued tight cost control during a period of increasing investment, especially in relation to the direct-to-consumer elements of the Company’s growth strategy.

Mr Pollaers said: “While we continue to look to contain and reduce costs where we can, we will also continue to invest in our direct-to-consumer strategy and continue to increase the investment in our key brands.”

---

8 Brands that play an important role in the overall portfolio but do not have the same size and / or growth potential as key brands

Net profit after tax before significant items also benefited from a significant reduction in net interest (down 21.5%) and a lower effective tax rate.

Cash flow remained strong through effective working capital management, especially in relation to inventory, resulting in cash conversion[2,9] of 106.9%. This enabled a $18.6 million reduction in net debt from $177.7 million at 31 December 2012 to $159.1 million at 30 June 2013. The Company maintains a conservative capital structure with gearing[2,10] at 1.2 times and interest cover[2,10] at 6.8 times.

Segment results

Underwear

Reported sales were up 5.0% to $453.9 million. Reported EBIT was $78.1 million, up from an EBIT loss of $330.3 million (or an increase of 2.7% before significant items).

Key brands (Berlei, Bonds, Explorer, Jockey and hosiery brands) represented 86%[2] of Underwear sales and grew by $44.3[2] million or 12.8%[2].

Bonds sales accelerated in the second half. Its sales were up in both indirect (wholesale) and direct channels (both in store and online). Bonds outerwear sales were particularly strong, especially through the Company's owned retail stores.

Bonds and Berlei benefited from increased advertising investment and continued innovation (eg Bonds Zip Wondersuit, Bonds Collectibles, Berlei Dig Free). Jockey's wholesale sales in New Zealand drove its performance.

Hosiery (eg Razzamatazz) was down, especially in supermarkets, due to increased private label product and the late start to the winter season.

Rio sales were down in discount department stores and supermarkets, but to a lesser extent in the second half. Portfolio brands represented 14%[2] of Underwear sales and declined by $22.8[2] million or 26.7%[2], reflecting reduced distribution in some categories.

EBIT margins were down overall, primarily due to the increased investment associated with the store rollout and increased brand advertising.

Workwear

Reported sales were down 6.7% to $362.7 million. Reported EBIT was $37.4 million, up from an EBIT loss of $16.9 million (or a decrease of 3.1% before significant items).

New products performed well, most notably the Hard Yakka and KingGee denim ranges, and KingGee WorkCool 2.

Major corporate sales were relatively steady, with contract renewal rates remaining stable and continued contract wins, including internationally with the Emirates Group in the UAE.

However, overall business-to-business, wholesale and retail sales were all down. Business confidence remains weak and fragile across most sectors with a clear focus on cost reduction.

---

9 Operating cash flow pre interest, tax and capex (OCFPIT) / EBITDA before significant items. 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

10 Defined as per the Subscription Agreement with the company's banking syndicate as follows:
- Gearing: Net debt (excluding deferred borrowing costs) / Last Twelve Months (LTM) EBITDA (annualised for acquisitions) before significant items
- Interest cover: (LTM EBITDA before significant items – Capex) / net interest expense excluding amortisation of deferred borrowing costs and unused line fees

Employment growth is slow and employee turnover is low. All levels of government have generally reduced procurement spending. There has also been a progressive slowing down in the resources sector.

Replenishment levels are generally down and retail sales have declined, especially in the SME segment.

EBIT margin was maintained due principally to reduced product costs and tight CODB management.

Homewares, Footwear & Outerwear (HFO)

Reported sales were down 8.9% to $456.7 million (or 6.8% in terms of underlying sales[1,2]). Reported EBIT was $20.9 million, up from an EBIT loss of $42.3 million (or a decrease of 20.2% before significant items).

Sheridan was up driven by boutiques, online and clearance, with concession sales and sales to department stores down.

Tontine continued to be impacted by increased private label competition and difficult trading conditions. Flooring sales were down but have stabilised following the 2H12 decline, albeit at lower margins due to increased competitive intensity and continued softness in the housing market.

Key premium licensed brands were up (ie Clarks, Hush Puppies) but Footwear was down overall due to declines in portfolio brands, most notably Grosby, Dunlop and Slazenger. The broader footwear market saw increased clearance activity and discounting throughout the period. Sales and earnings were also impacted by the Payless administration (including a bad debt write-off).

Outerwear showed improved performance in both retail (eg Superdry) and wholesale.

During the year, the Naturalizer and Stussy licences were not renewed and the associated business was transferred to third parties.

EBIT margins were impacted by lower sales and operational leverage.

Dividends

Directors declared a dividend of 2.5 cents per share fully franked, bringing the full year dividend to 5.0 cents per share fully franked, an increase of 11.1% on F12. This represents an increase in the payout ratio to 62% (up from 56%).

Strategy

Mr Pollaers said: “Pacific Brands is a great company with iconic brands. We are now clear in our vision to create the sort of company that becomes known, respected and loved by all as Australian for innovation and design. We recognise that this means the Company must be powerfully led and be an inspiring and exciting corporate brand that makes things possible for people, for the community and for the market.”

Five strategic imperatives have been identified as key to achieving the Company’s vision. Some of the key developments over the last 12 months in relation to these imperatives are summarised below:

Build a breakthrough performance culture

- Vision reaffirmed
- Purpose, belief and values articulated and clearly communicated internally
- Full alignment across senior management team and staff
- Performance management program at the profit-centre level now in place

Maximise the full potential of each core business

- Increased investment in key brands (eg Bonds, Sheridan)
- Category extensions (eg Bonds kids clothing range, Berlei sports bras, industrial footwear)
- Continued product innovation (eg Bonds Collectibles, Berlei Dig Free hosiery, KingGee WorkCool 2, Hard Yakka Protect range)
- Reorganised Workwear business to align with key industry sectors to drive sales, enhance customer service and identify bolt-on acquisition opportunities
- New brand-based structure for sales and marketing for key footwear and outerwear brands
- Business model adjustments to portfolio brands to make them fit for purpose

Drive direct shopping experiences that excite our consumers

- 16 transactional online sites (up from 5 in F12) on a single IT platform
- Capable and scaleable warehousing and distribution platform
- Five Bonds stores open with refined and improved format
- Focus on improved in-store experience in Workwear trade centres
- Three new Sheridan boutique stores opened and four new Sheridan Factory Outlets
- Acquired Shoe Superstore (eight multi-brand stores)

Explore the potential for geographic expansion

- Bonds online now shipping to six overseas countries: Canada, Hong Kong, New Zealand, Singapore, the UK and the USA
- Expanded Bonds range available in the UK via johnlewis.co.uk
- Continued to develop supply contracts with the Emirates Group in the UAE
- Sheridan secured a site for the first international boutique (Kings Road, London) set to open in 1H14
- Continued to seed distribution for Volley in the USA, Japan and South Korea

Maintain an internationally competitive sourcing & supply chain

- Truganina Distribution Centre
  - Houses all underwear and outerwear product (merged five DCs into one)
  - Enabled customer order consolidation
  - Productivity lift through enhanced technology
  - Online fulfilment capability that has quickly expanded to match growth

- Lean operations pilot underway in Underwear
  - 30% lead time reduction for certain basic replenishment products
  - Lean manufacturing already implemented at Company owned Berlei factory in Indonesia and exploring opportunities to leverage with other suppliers

Mr Pollaers said: “We are doing what needs to be done. We are continuing to invest in our brands and businesses. Much of what we are doing will take time to translate into reported results, but we are seeing signs of some early wins and that gives us confidence that the track we are on is the right one.”

F14 Trading update and outlook

The Company expects a continuation of challenging market conditions, with no clear signs of a meaningful improvement in either consumer sentiment or business confidence. Reflecting these conditions as well as the timing of orders, year-to-date sales are down compared to the previous corresponding period.

In relation to 1H14, EBIT (before significant items) is expected to be down compared to the previous corresponding period due mainly to increased investment, a continued downturn in the Workwear market and the non-renewal of certain licences in HFO.

Sales for the full year (F14) are expected to be up due to increased investment and improved execution. Whilst the Company’s objective is to stabilise EBIT (before significant items) in F14, earnings outcomes will be largely dependent upon market conditions and sales performance.

Full year gross margins (as a percentage of sales) are expected to be broadly in line with 2H13, despite some downward pressure from lower FX rates, especially later in the year. The Company will continue to invest throughout the year in line with its stated strategy, particularly in its brands and the direct-to-consumer channel, which is expected to increase the cost of doing business.

The Company previously announced an expected $11 million profit (no tax effect) on the sale of the Wentworthville site. This sale is due for settlement in December 2013 and the profit is expected to be accounted for in the 1H14 result as a significant item. The amount of significant items may be reduced by potential restructuring initiatives and associated costs which are currently being evaluated.

For further information contact:

Investors	**Media**
Chris Richardson	Andrew Butcher
General Manager, Group Treasury & Investor Relations	Butcher & Co
Pacific Brands Limited	
+61 3 9947 4926	
+61 410 728 427	+61 400 841 088
crichardson@pacbrands.com.au	

Appendix A: Underlying sales[1]

$ millions	F13	F12	Change $m	Change %
Underlying sales	1,270.1	1,307.8	(37.6)	(2.9)
Net business divestments[2]	3.2	14.9	(11.7)	(78.4)
Reported sales	**1,273.3**	**1,322.7**	**(49.3)**	**(3.7)**

1 Data not subject to independent audit. Defined as reported sales less sales from brand acquisitions, divested businesses and businesses held for sale

2 Bikes business divested in F12 (effective 31 August 2011); Restonic business divested F13 (effective 30 October 2012)

{being}

PACIFIC BRANDS

Pacific Brands Full Year Results 2013
22 August 2013

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 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 and businesses held for sale. Directors consider that sales defined in this manner is a meaningful measure of sales as it is 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 (or ‘cash conversion’)

Executive Summary and Operational Performance

John Pollaers
Chief Executive Officer

Key points

- **Solid result in challenging market conditions**
  - Reported sales down 3.7%, but underlying sales up 0.3%[1] in 2H13
  - Underwear in growth, Workwear impacted by market downturn, HFO mixed performance
  - EBIT down 5.4%[2] with improved trajectory compared to prior year
  - NPAT up 1.4%[2] and EPS up 1.9%[2]
  - Cash conversion 107%[1] and net debt down 15.9%
  - Dividend up 11.1%
- **Current focus is to continue to invest and stabilise performance**
  - No clear sign of improvement in either consumer sentiment or business confidence
  - Need to continue to invest for the medium to long term
  - Earnings outcomes largely dependent on market conditions and sales performance
  - 1H14 EBIT (before significant items) expected to be down
  - FX challenges ahead (some exposure in F14, more in F15)
- **Confident in long term future**
  - Strategy clearly articulated and being actioned
  - New leadership team and performance environment in place
  - Repositioning and reshaping businesses where needed
  - Increasing innovation and investment in key brands
  - Will take time to reach full potential

1. Data has not been subject to independent audit
2. Before significant items

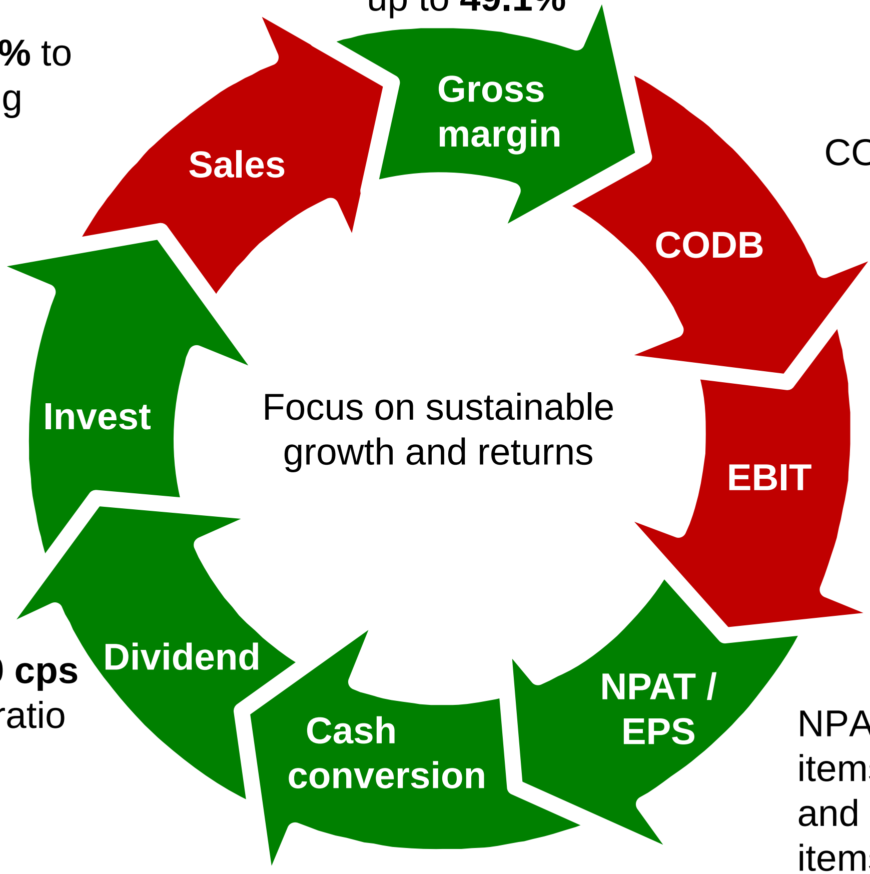
Summary of key financial outcomes

Reported sales down **3.7%** to **$1,273.3m** with underlying sales up **0.3%**[1] in 2H13

Gross margins up to **49.1%**

CODB up **2.8%**

Increased investment in brands and direct-to-consumer (in-store and online)



EBIT (before significant items) down **5.4%** to **$122.1m**

Dividend up **11.1%** to **5.0 cps** fully franked and payout ratio up from **56%** to **62%**

NPAT (before significant items) up **1.4%** to **$73.8m** and EPS (before significant items) up **1.9%**

Strong cash conversion of **107%**[1]

Conservative financial position maintained (gearing of 1.2x, interest cover of 6.8x)

1. Data has not been subject to independent audit

Group: Positive signs, performance improvement program continues

{being} PACIFIC BRANDS

Underwear	Workwear	HFO
		

Underwear — Sustain growth

- Still early days, but encouraging growth driven by Bonds
- Improving trajectory for most other key brands
- Portfolio brands continue to decline, but impact lessening and opportunities for improved performance identified

Workwear — Stabilise, extend and grow

- Impacted by continued economic downturn in market conditions
- Challenges due to business confidence, government sector, SMEs
- Contract renewal rates stable and continued contract wins
- Priority sectors for growth identified

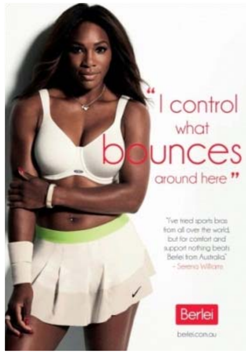
HFO — Optimise / turnaround

- Sheridan, premium footwear brands and Outerwear up
- Offset by declines elsewhere, particularly in portfolio brands
- Plans in place to stabilise and turn around underperforming brands / businesses

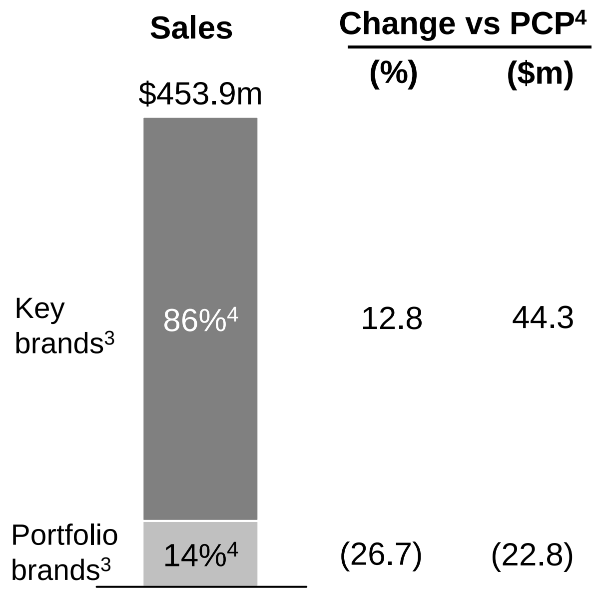
Underwear: Encouraging growth driven by Bonds

{being} PACIFIC BRANDS

$ millions	F13	F12	Change
Sales[1]	453.9	432.5	5.0%
EBIT (reported)[2]	78.1	(330.3)	n.m.
EBIT (pre significant items)	78.1	76.0	2.7%



- Strong growth in Bonds: accelerated in 2H13, wholesale channels up, continued growth in direct-to-consumer (eg outerwear) and responsive to advertising investment
- Berlei up: Berlei Bounce campaign, sports bra growth and extension into hosiery
- Hosiery down: increased private label, late winter season
- Rio down: DDS and supermarkets, but to a lesser extent in 2H13
- Continued innovation (eg Bonds Collectibles, Berlei Dig Free)
- EBIT margin down overall due to increased CODB investment in store rollout and brand advertising



1. Excluding other segment revenue and inter segment revenue
2. Reported loss due to F12 impairment of goodwill ($388.7m)
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 audit

Workwear: Economic downturn impacting sales

{being} PACIFIC BRANDS

$ millions	F13	F12	Change
Sales[1]	362.7	388.7	(6.7)%
EBIT (reported)[2]	37.4	(16.9)	n.m.
EBIT (pre significant items)	37.4	38.6	(3.1)%

- New products performed well (eg Hard Yakka and KingGee denim ranges, KingGee WorkCool 2)
- Major corporate sales steady
  - Contract renewal rates stable
  - Continued contract wins including internationally with the Emirates Group in the UAE
- But overall B2B, wholesale and retail sales all down:
  - Business confidence weak and fragile, with a clear focus on cost reduction
  - Employment growth slow, employee turnover low
  - Reduced government spending (eg Defence); progressive slowing in resources
  - Replenishment levels down and retail sales declined especially in the SME segment
- EBIT margin maintained due to reduced product costs and tight CODB management

1. Excluding other segment revenue and inter segment revenue
2. Reported loss due to F12 impairment of goodwill ($51m)

HFO: Sheridan, premium footwear and Outerwear up but portfolio brands

{being} PACIFIC BRANDS

$ millions	F13	F12	Change
Sales[1]	456.7	501.5	(8.9)%
EBIT (reported)[2]	20.9	(42.3)	n.m.
EBIT (pre significant items)	20.9	26.2	(20.2)%

- Underlying sales (excluding divestments) down by 6.8%[3]
- Sheridan sales up: driven by boutiques, online and clearance, with concession sales and department stores down
- Tontine down: increased private label competition and difficult trading conditions
- Footwear down overall:
  - Key premium licensed brands up (ie Clarks, Hush Puppies), offset by declines in portfolio brands (Grosby, Dunlop, Slazenger) and Naturalizer licence not renewed
  - Increased clearance activity and discounting across broader footwear market
  - Sales and earnings impacted by Payless administration
- Outerwear up: improved performance in both retail (eg Superdry) and wholesale, but Stussy licence not renewed
- Flooring down: sales and margins lower due to increased competitive intensity and continued softness in the housing market
- EBIT margin impacted by lower sales and operational leverage

1. Excluding other segment revenue and inter segment revenue
2. Reported loss due to F12 impairment of goodwill ($63m)
3. Data has not been subject to independent audit

Group Financial Results

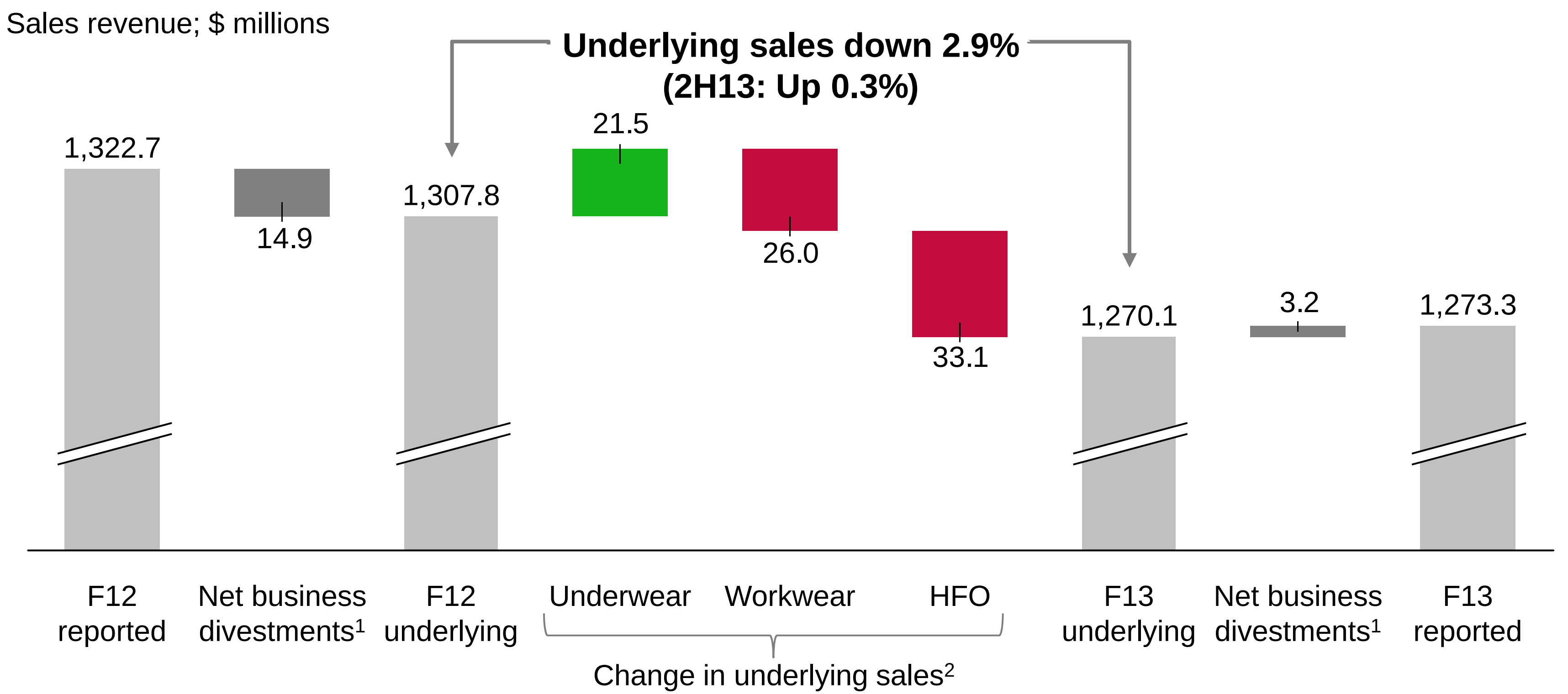
David Bortolussi
Chief Financial & Operating Officer

Income statement

$ millions	Reported				Before significant items			
			Change				Change	
	F13	F12	$m	%	F13	F12	$m	%
Sales	**1,273.3**	**1,322.7**	**(49.3)**	**(3.7)**	**1,273.3**	**1,322.7**	**(49.3)**	**(3.7)**
Gross margin	625.5	618.6	6.9	1.1	625.5	618.6	6.9	1.1
Gross margin	**49.1%**	**46.8%**	**2.3pts**	**n.m.**	**49.1%**	**46.8%**	**2.3pts**	**n.m.**
CODB	503.4	489.6	13.8	2.8	503.4	489.6	13.8	2.8
Other expenses[1]	-	533.9	n.m.	n.m.	-	-	-	-
EBITDA	138.5	(389.7)	n.m.	n.m.	138.5	144.3	(5.8)	(4.0)
Depreciation / amortisation	16.4	15.2	1.2	7.9	16.4	15.2	1.2	7.9
EBIT	**122.1**	**(404.9)**	**n.m.**	**n.m.**	**122.1**	**129.1**	**(6.9)**	**(5.4)**
EBIT margin	9.6%	(30.6)%	n.m.	n.m.	9.6%	9.8%	(0.2)pts	n.m.
Net interest	20.5	26.1	(5.6)	(21.5)	20.5	26.1	(5.6)	(21.5)
Tax	27.8	19.9	7.9	39.7	27.8	30.4	(2.6)	(8.5)
NPAT[2]	**73.8**	**(450.7)**	**n.m.**	**n.m.**	**73.8**	**72.8**	**1.0**	**1.4**
EPS	8.1cps	(49.1)cps	n.m.	n.m.	8.1cps	7.9cps	0.2cps	1.9
DPS – fully franked	**5.0cps**	**4.5cps**	**0.5cps**	**11.1**	**5.0cps**	**4.5cps**	**0.5cps**	**11.1**
Payout ratio[3]	62%	n.m.	n.m.	n.m.	62%	56%	6pts	n.m.

1. F12 other expenses included non-cash write down of goodwill ($502.7m) and cash restructuring costs associated with the Pacific Brands transformation program ($31.4m)
2. After deducting non controlling interest
3. Dividends declared / NPAT before significant items

Group sales result*



1. Bikes business divested F12 (effective 31 August 2011). Restonic business divested F13 (effective 30 October 2012)
2. Underlying sales down due primarily to low consumer sentiment and business confidence, and reduced distribution of portfolio brands, offset to some extent by growth in Bonds which drove the positive Underwear result

* Data, other than reported amounts, has not been subject to independent audit

Cost of doing business

being PACIFIC BRANDS

$ millions	F13	F12	Change $m	Change %
Freight and distribution	112.2	114.2	(1.9)	(1.7)
Sales, marketing and advertising	275.3	260.6	14.7	5.7
Administrative	115.8	114.8	1.0	0.9
CODB	**503.4**	**489.6**	**13.8**	**2.8**
CODB / Sales	39.5%	37.0%	2.5pts	n.m.

- Overall increase in line with inflation, representing continued tight cost control during a period of increasing investment in brands and the direct-to-consumer channel
- Freight expenses were relatively flat with lower sales offset by an increase in handling units
- Distribution expenses were lower due to the fixed cost benefits of DC consolidation
- Advertising investment in top brands increased, especially in 2H13
- Increased investment in retail and online capability and expansion (eg Bonds, Sheridan)
- Administrative expenses relatively flat due to restructuring and tight CODB management

Financial position

$ millions	F13	F12	Change $m	Change %
Working capital	262.4	264.7	(2.3)	(0.9)
Property, plant and equipment	66.5	82.3	(15.8)	(19.2)
Intangible assets	584.1	580.6	3.5	0.6
Other[1]	(16.7)	(52.0)	35.4	(68.0)
Total capital employed	**896.4**	**875.6**	**20.8**	**2.4**
Net debt	159.1	189.1	(30.0)	(15.9)
Equity[2]	**737.3**	**686.5**	**50.8**	**7.4**
Net debt / Equity (%)	21.6	27.5	(6.0)pts	n.m.
Gearing[3] (x)	1.2	1.4	(0.2)	n.m.
Interest cover[3] (x)	6.8	5.2	1.6	n.m.
ROCE (%)	13.6	14.7	(1.1)pts	n.m.
Tangible ROCE (%)	39.1	43.7	(4.6)pts	n.m.

- Wentworthville (NSW) property (book value $15.6 million) reclassified from PP&E to assets held for sale (Other)
- Decrease in Other also impacted by an increase in the value of foreign currency contracts
- Conservative credit metrics – gearing of 1.2 times and interest cover of 6.8 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 Subscription Agreement with the Company's banking syndicate. Refer Appendix A

Working capital management

{being} PACIFIC BRANDS

$ millions	F13	F12	Change $m	Change %
Trade debtors	141.8	140.1	1.7	1.2
Inventories	228.7	244.3	(15.6)	(6.4)
Trade creditors	108.0	119.6	(11.6)	(9.7)
Working capital	**262.4**	**264.7**	**(2.3)**	**(0.9)**
Debtors days[1] (days)	40.6	38.7	1.9	n.m.
Inventory turns[1] (x)	2.9	2.9	(0.0)	n.m.
Creditor days[1] (days)	60.4	61.5	(1.1)	n.m.

- Debtor days was up marginally on F12, primarily reflecting a relatively greater proportion of sales later in the financial year in F13
- Inventory turns were unchanged, with general operational improvements offset by reduced turns from portfolio brands and Workwear
- Creditor days was down marginally on F12, primarily due to payment timing

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

Cash conversion

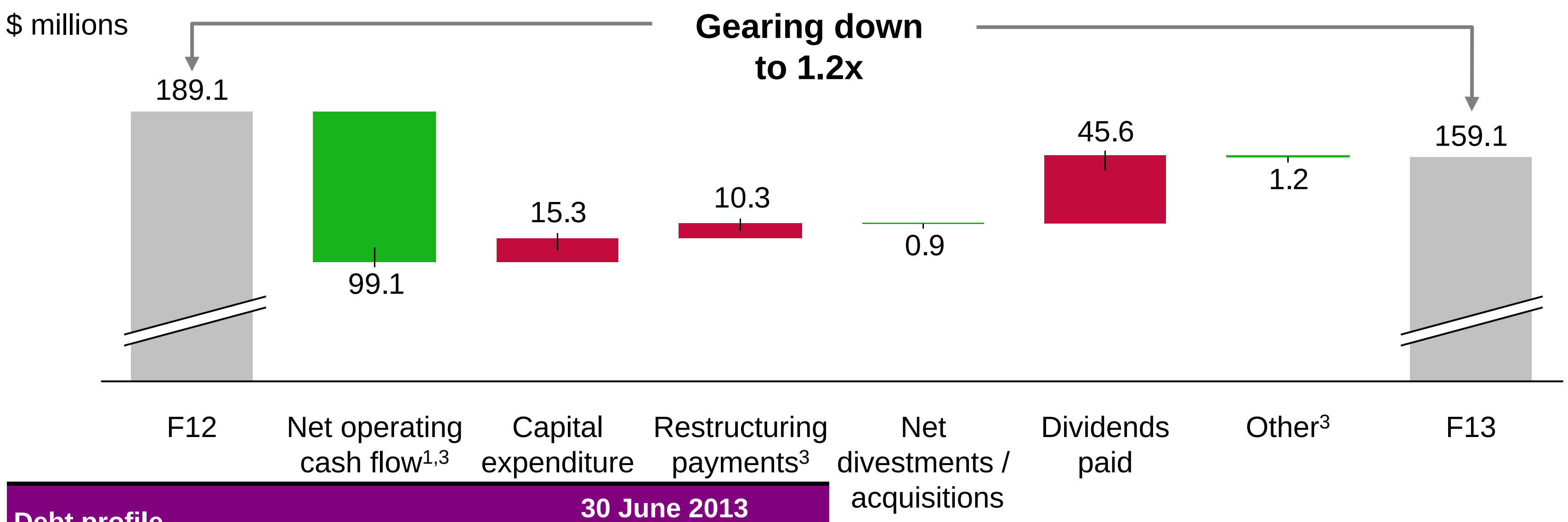
$ millions	F13	F12
EBITDA (reported)	138.5	(389.7)
Significant items (pre tax)	-	533.9
EBITDA (before significant items)	**138.5**	**144.3**
Change in working capital / Other[2]	9.6	52.7
OCFPIT	**148.2**	**197.0**
Net interest paid	(19.3)	(25.5)
Tax paid	(29.8)	(34.9)
Net operating cash flow (before restructuring payments)	**99.1**	**136.5**
Restructuring payments[2]	(10.3)	(29.4)
Net operating cash flow (reported)	**88.8**	**107.1**
Cash conversion[1,2]	**106.9%**	**136.5%**

- F13 cash conversion in line with the Company's objective, subject to the extent of movement in sales, to maintain high rates of cash conversion
- F12 cash conversion was unusually high due to the fall in sales during the year and the increase in inventory costs resulting from cotton price volatility which inflated the opening inventory value

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

Net debt

being PACIFIC BRANDS



Debt profile $ millions	Maturity date	30 June 2013 Facility	Drawn
Tranche 2 (Term)	31-Jan-15	150.0	150.0
Tranche 3 (Term)	31-Jan-16	100.0	100.0
Securitisation	31-Jul-15	175.0[4]	96.5
Overdraft		35.0	0.0
Total facilities		**460.0**	**346.5**
Cash			(186.9)
Other[2]			(0.5)
Net debt			**159.1**

1. Before restructuring items and capital expenditure
2. Deferred borrowing costs
3. Data has not been subject to independent audit
4. Based on eligible receivables at 30 June 2013, $134 million of the $175 million securitisation is drawable

- Strong operating cash flow has led to a further reduction in net debt
- Tranche 1 of the syndicated debt facility ($100 million revolver) was cancelled in December 2012
- Adequate liquidity is maintained through cash and undrawn facilities
- The syndicated debt facility is expected to be refinanced in F14

Strategy and Outlook

John Pollaers
Chief Executive Officer

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

{being} PACIFIC BRANDS

How we see the future

Where we have been	Where we are heading
Internally focused on transformation strategy	'We are Australian for innovation and design that is loved by the world'
Complex portfolio of brands with mixed performance	Focused portfolio of key brands delivering consistent growth
Wholesale centric route-to-market while supply chain and portfolio were being optimised	Strong wholesale base balanced with complementary direct channels to market (ie online, other retail, B2B)
Competing in core categories typically with high share, but lower growth potential	Delivering higher impact innovation in core categories and capturing adjacent category expansion opportunities
Australian centric business with international markets largely untested	Material international business, especially for Bonds, Sheridan and Workwear

Five strategic imperatives to realise vision

{being} PACIFIC BRANDS

Build a breakthrough performance culture
- Create a more interdependent culture with greater ownership and sense of purpose
- Empower leaders across the business and foster a more entrepreneurial spirit

Maximise the full potential of each core business
- Invest in key brands (insights, innovation, advertising and other support)
- Broaden distribution channels (eg direct-to-consumer)
- Capture adjacent category / segment opportunities
- Turnaround under-performing businesses

Drive direct shopping experiences that excite our consumers
- Develop world class online and multi-channel capabilities
- Refine and execute selected retail formats with a distinctive brand experience

Explore the potential for geographic expansion
- Develop market entry and / or expansion strategies for key brands in attractive markets
- Build business development, alliance management and distribution capabilities

Maintain an internationally competitive sourcing and supply chain
- Capture economies of scale and scope through a fully integrated sourcing platform
- Improve reliability, flexibility, speed and cost of end-to-end supply chain

1 Build a breakthrough performance culture

{being} PACIFIC BRANDS

*"Our **purpose** is to make people feel anything's possible,*

*backed by our **belief** in the heroic Australian company and*

the need to make people proud again.

*To do this we must be a **breakthrough performance team***

*defined by our **affinity, interdependence, risk taking,***

***ownership** and **purpose**.*

*We must **value** the simple themes inside our belief,*

*ie, to **step up and lead, to inspire and excite** and*

***to make people proud again.**"*

John Pollaers, CEO

F13 progress

- Vision reaffirmed
- Purpose, belief and values articulated and clearly communicated internally
- Full alignment across the senior management team and staff
- Performance management program at the profit-centre level now in place

❷ Maximise the full potential of each business

{being} PACIFIC BRANDS

Underwear

- Category extensions (eg Berlei sports bras, Bonds bras relaunched, Bonds kids outerwear, Jockey women's performance range)
- Continued product innovation (eg Bonds Zip Wondersuit, Bonds Collectibles, Berlei Dig Free)
- Increased investment in key brands

Workwear

- Reorganised business into key industry sectors to drive sales, enhance service and identify bolt-on acquisition opportunities
- Upgraded sales and marketing capability, including increased focus on execution and account management
- Established industrial footwear division (eg Bates, Wolverine)
- Strong product innovation (eg KingGee WorkCool 2, updated KingGee work boots, Hard Yakka Protect range)
- Bolt-on acquisition of Totally Corporate

Homewares, Footwear & Outerwear

- Increased investment in Sheridan brand and influenced category
- New brand-based structure for sales and marketing of key footwear and outerwear brands
- Business model adjustments to portfolio brands to make them fit for purpose


3 Drive direct shopping experiences that excite our consumers

{being} PACIFIC BRANDS

Online

- 16 transactional online sites (up from 5 in F12)
- Single IT platform
- Capable and scaleable warehousing and distribution platform
- Strong growth momentum across all sites

Branded stores (concept, concession)

- 152 stores (up from 139 in F12)
- 5 Bonds stores open with refined and improved format
- 3 new Sheridan boutiques opened
- Focus on improved in-store experience in Workwear trade centres

Outlets / clearance

- 95 outlet stores (up from 79 in F12)
- Underwear stores being converted to Bonds outlets (c.50%) or clearance (c.50%)
- 4 new Sheridan Factory Outlet (SFO) stores
- Acquired multi-brand footwear retail network (Shoe Superstore, 8 stores) to provide direct route-to-market

Explore the potential for geographic expansion

{being} PACIFIC BRANDS

Underwear (Bonds)

- Bonds online now shipping internationally to Canada, Hong Kong, New Zealand, Singapore, the UK and the USA
- Expanded range available in the UK via johnlewis.co.uk

Workwear

- Continued to develop supply contracts with the Emirates Group in UAE
- Continued strong growth in New Zealand

HFO (Sheridan, Volley)

- Sheridan secured a site for its first international boutique (Kings Road, London) set to open in 1H14
- Continued to seed distribution for Volley in the USA, Japan and South Korea

5 Maintain an internationally competitive sourcing and supply chain

{being} PACIFIC BRANDS

Truganina distribution centre completed

- Consolidated 42,000m^2 facility housing all underwear and outerwear product
- Merged five DCs into one which was completed during F13
- Enabled customer order consolidation
- Productivity lift through enhanced technology
- Platform scaleable for all channels
- Online fulfilment capability that has quickly expanded to match growth

Lean disciplines being implemented

- Lean operations pilot underway in Underwear
- 30% lead time reduction for certain basic replenishment products in Underwear
- Lean manufacturing already implemented at company owned Berlei factory in Indonesia, and exploring potential rollout with major suppliers

F14 Trading update and outlook

- The Company expects a continuation of challenging market conditions, with no clear signs of a meaningful improvement in either consumer sentiment or business confidence. Reflecting these conditions as well as the timing of orders, year-to-date sales are down compared to the previous corresponding period
- In relation to 1H14, EBIT (before significant items) is expected to be down compared to the previous corresponding period due mainly to increased investment, a continued downturn in the Workwear market and the non-renewal of certain licences in HFO
- Sales for the full year (F14) are expected to be up due to increased investment and improved execution. Whilst the Company's objective is to stabilise EBIT (before significant items) in F14, earnings outcomes will be largely dependent upon market conditions and sales performance
- Full year gross margins (as a percentage of sales) are expected to be broadly in line with 2H13, despite some downward pressure from lower FX rates, especially later in the year. The Company will continue to invest throughout the year in line with its stated strategy, particularly in its brands and the direct-to-consumer channel, which is expected to increase the cost of doing business
- The Company previously announced an expected $11 million profit (no tax effect) on the sale of the Wentworthville site. This sale is due for settlement in December 2013 and the profit is expected to be accounted for in the 1H14 result as a significant item. The amount of significant items may be reduced by potential restructuring initiatives and associated costs which are currently being evaluated

Questions

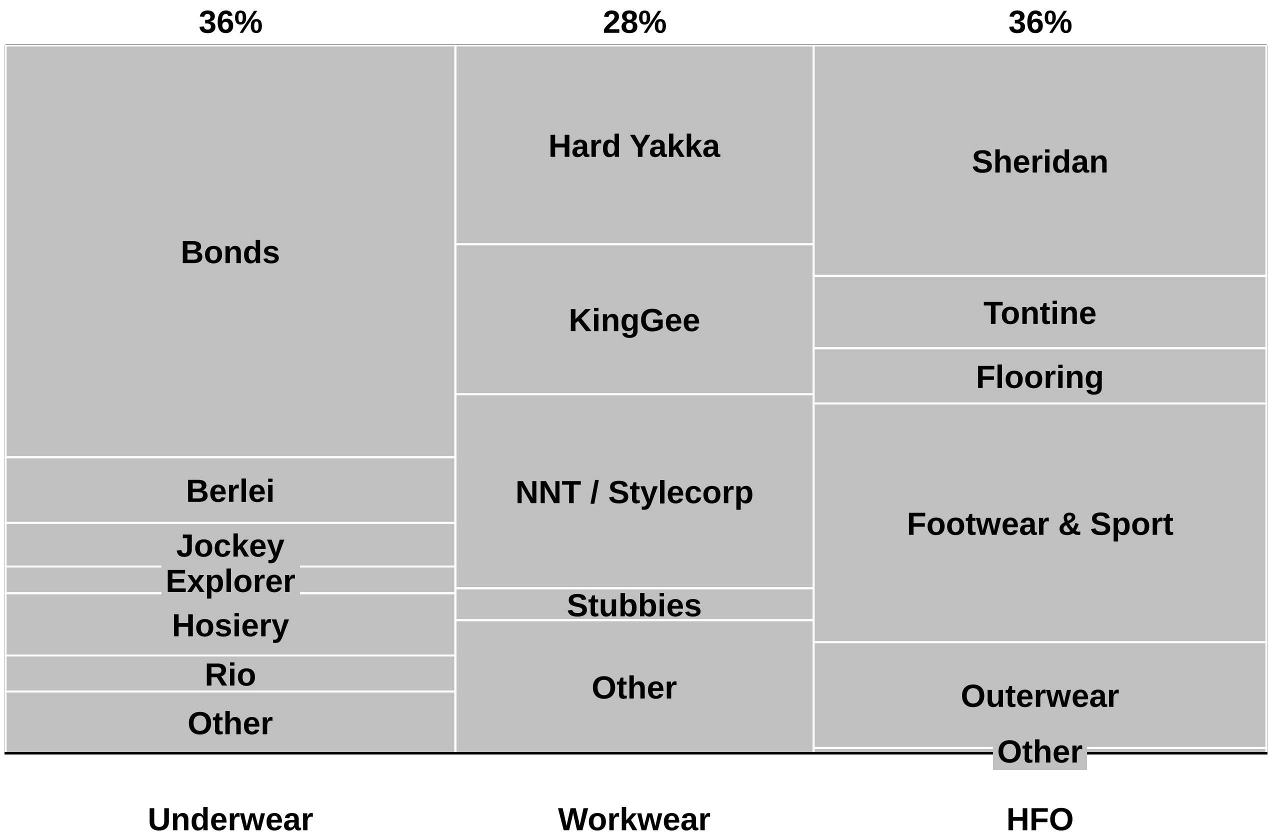
Appendix A: Definitions

{being} PACIFIC BRANDS

- 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 (excluding deferred borrowing costs) / 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 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
- OCFPIT (Operating cash flow) – cash flow from operations pre interest and tax
- 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
- Underlying sales – reported sales less sales from brand acquisitions, divested businesses and businesses held for sale

Appendix B: Brand portfolio[1]

Share of F13 reported sales revenue / % of total

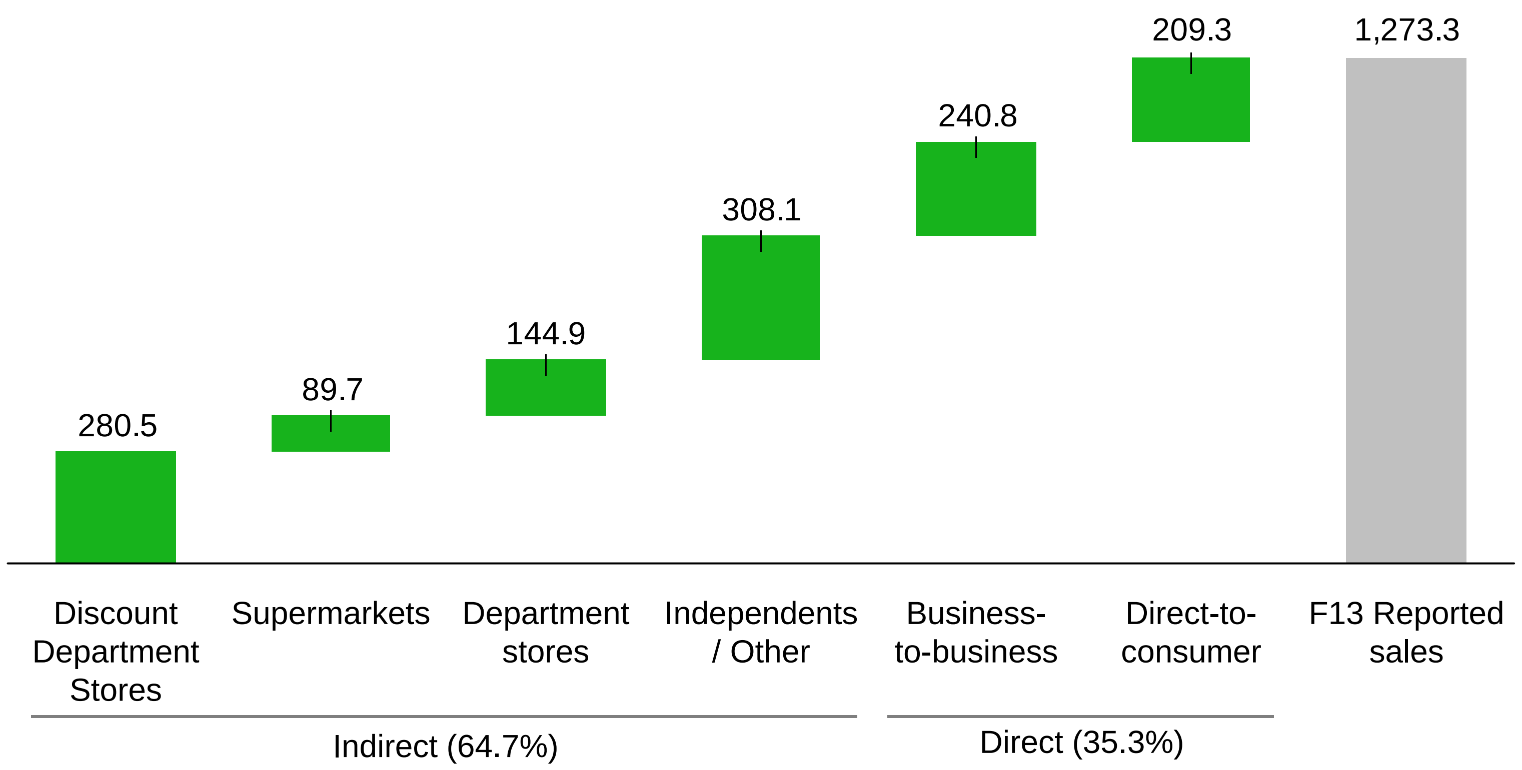


	Underwear	Workwear	HFO
Reported ($m)	453.9	362.7	456.7

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

Appendix C: Channel mix[1]

F13 Sales revenue; $ millions



% of total	22.0	7.1	11.4	24.2	18.9	16.4	100.0

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

Appendix D: Retail network[1]

	Branded[2]	Concession[3]	Outlets[4]	Total stores	Online	Franchise[5]	Total network
Underwear	5	-	42	47	3	-	50
Workwear	22	-	-	22	3	52	77
Homewares	14	83	35	132	3	-	135
Footwear	10	-	8	18	5	-	23
Outerwear	18	-	10	28	2	-	30
Total	**69**	**83**	**95**	**247**	**16**	**52**	**315**

1. Data has not been subject to independent audit
2. In the case of Workwear, comprises Trade Centres (17) and company owned Totally Workwear Stores (5)
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

{being}

PACIFIC BRANDS