

PACIFIC B BRANDS

26 August 2009

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

Market Information Services
New Zealand Exchange Limited
Level 2, NZX Centre
11 Cable Street
Wellington
New Zealand

Dear Sir/Madam

FY'09 RESULTS – PRESENTATION BRIEFING SLIDES

Please find attached, for release to the market, the slides of a briefing to investors to be held in Melbourne following the release of the Company's Preliminary Final Report for the 2009 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 2009

26 August 2009

Sue Morphet, Chief Executive Officer

David Bortolussi, Chief Financial & Operating Officer

Executive Summary and Divisional Performance

Sue Morphet
Chief Executive Officer

Executive summary

- F09 underlying earnings in line with guidance and solid cash flow
- Reported earnings impacted by significant items
- Strengthened balance sheet following debt refinancing and equity raising
- Unprecedented market conditions
- Implementation of Pacific Brands 2010 strategy well underway
 - More than 150 brands divested, discontinued or merged
 - Stock keeping unit (SKU) reduction on track
 - Closed 4 factories with part closure of Nunawading
 - Reduced workforce by more than 800
 - Incremental property divestments
 - Building capability
- No final dividend declared for F09

Balance sheet strength

- 3 for 4 rights issue raised \$256.0m
- Net debt reduced by \$289.9m to \$452.8m
- Tranche 1 of debt fully re-paid
- Tranche 2 of debt reduced by \$117.5m
- Gearing reduced from 2.9x to 2.0x
- No significant debt refinancing required until March 2012

Group results¹

- Operating earnings in line with guidance
 - Sales \$2,000m, down 5.5%
 - EBITA \$205.3m, down 10.4%
 - EBITA margin 10.3%, down 0.5% points
 - Operating expenses \$61.7m, down 8.5% (down 12.6% in 2H09)
 - NPAT \$102.5m, down 14.1%
 - EPS 17.4 cents, down 18.3%
- Solid cash flow
 - Operating cash flow pre interest and tax \$183.5m

Currency impact

- Imported product unit costs increased sharply from unprecedented currency movement in 1H09
- Hedging program deferred impact by 6-9 months and price rises partially offset the cost increase
- Earnings impacted by currency in 4Q09
 - Currency collapse coincided with key pricing period and sell in
 - Seasonal pricing was honoured
 - Currency market volatility during collapse made hedging difficult
 - Higher than average inventory was necessary at low point of AUD due to early Chinese New Year



Underwear & Hosiery

\$ millions	F09	F08	Change
Sales	625.6	637.3	(1.8)%
EBITA ¹	93.4	101.4	(7.9)%
EBITA margin ¹	14.9%	15.9%	-

- Hosiery, Bonds and Berlei grew sales and profit, offset by decline in Holeproof and Clothing NZ
- Bonds brand health measures have steadily improved over the last 6 months
- Bonds up in all underwear categories



Bonds
Cottontails Revamped



Berlei
Intimates Range

1. Before significant items

Outerwear & Sport

\$ millions	F09	F08	Change
Total Sales	641.4	656.3	(2.3)%
EBITA ¹	56.0	58.2	(3.8)%
EBITA margin ¹	8.7%	8.9%	-

- Streetwear and sport sales up with workwear flat and unbranded down
- B2B (contract uniform) channel grew 6% with new contracts and rollouts including NSW Police Force and Compass Group in Europe
- Solid earnings growth in workwear and Everlast



Hard Yakka
Women's Workwear



Malvern Star
Legends Range

1. Before significant items

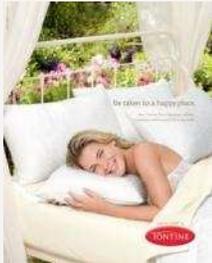
Home Comfort

\$ millions	F09	F08	Change
Total Sales	456.0	524.9	(13.1)%
EBITA ¹	40.6	49.7	(18.3)%
EBITA margin ¹	8.9%	9.5%	-

- Sheridan, Sleepmaker and Industrial had a tough year due to market conditions
- Tough housing and construction markets, consumer slowdown and higher fixed cost structure in manufacturing businesses impacted volumes and earnings
- Tontine resilient with sales up in all channels and earnings growth



Simmons
Comfopedic



Tontine
Pillow Selection System

1. Before significant items

Footwear

\$ millions	F09	F08	Change
Total Sales	251.9	270.8	(7.0)%
EBITA ¹	28.0	36.4	(23.0)%
EBITA margin ¹	11.1%	13.4%	-

- Branded businesses strong - Dunlop Volley and Julius Marlow
- Grosby and unbranded operations difficult
- Exited women’s fashion and restructuring international footwear operations
- Footwear market impacted by weak demand



Ugly Volley



Freeman by Dunlop Sport

1. Before significant items

Group Financial Results

David Bortolussi

Chief Financial & Operating Officer

F09 earnings

Group results before significant items and amortisation of acquired intangibles

\$ millions	F09	F08	Change
Sales	2,000.0	2,116.6	(5.5)%
Gross margin	868.2	953.6	(9.0)%
Expenses	665.8	727.5	(8.5)%
EBITDA	230.0	253.0	(9.0)%
Depreciation	(24.7)	(23.9)	3.3%
EBITA	205.3	229.1	(10.4)%
EBIT	202.3	226.1	(10.5)%
Net Interest	(63.2)	(65.2)	(3.0)%
NPAT	102.5	119.3	(14.1)%
EPS ¹	17.4	21.3	(18.3)%
Reported NPAT ²	(234.3)	117.1	nm
Gross margin	43.4%	45.1%	170bps
EBITDA margin	11.5%	12.0%	50bps
EBITA margin	10.3%	10.8%	50bps
Significant items after tax	(334.6)	-	-

1. EPS re-stated to reflect discount on rights issue

2. After significant items and amortisation of acquired intangibles

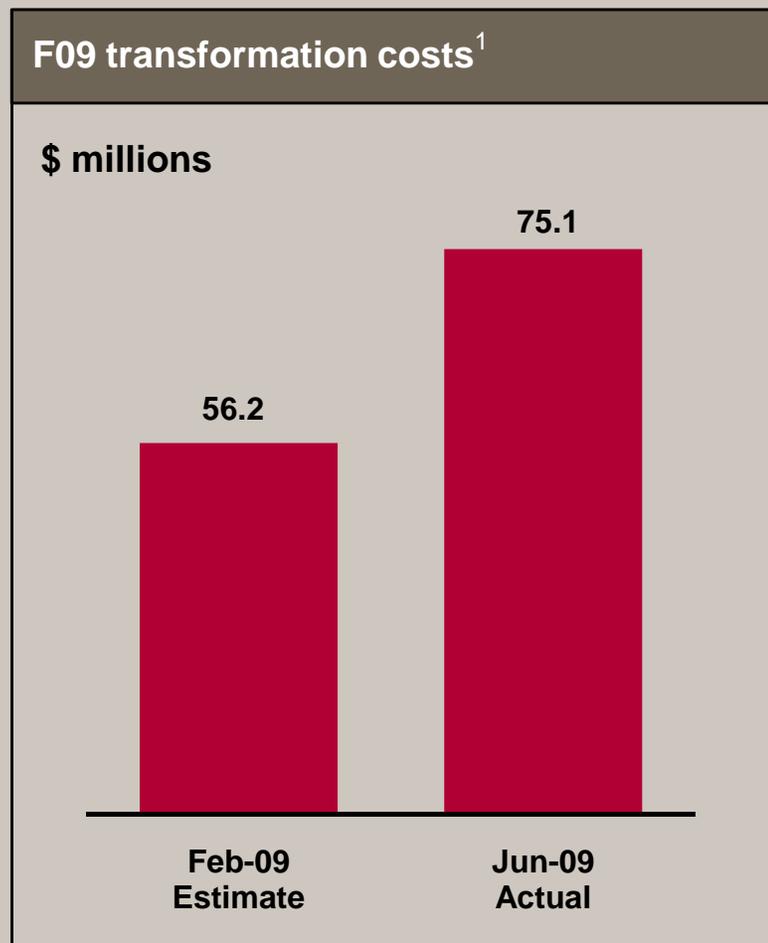
Expense base

\$ millions	F09	F08	Change	
			\$	%
Sales	2,000.0	2,116.6	(116.6)	(5.5)
Freight & distribution	140.8	150.3	(9.5)	(6.3)
Sales & marketing	364.8	400.0	(35.2)	(8.8)
Administration	160.2	177.2	(17.0)	(9.6)
CODB	665.8	727.5	(61.7)	(8.5)
CODB / Sales	33.3%	34.4%		

- Transformation cost-out program accelerated and having impact
- CODB reduced by \$61.7m or 8.5% in F09 (12.7% in 2H09)
- Further reductions expected in F10

Significant items

\$ millions	F09
Asset impairment and write downs (non cash)	
Goodwill and brand names	181.3
Plant and equipment impairment	40.1
Land and buildings impairment	19.1
Inventory writedowns	14.2
Other asset writedowns	19.2
	273.9
Restructuring expenses (cash)	
Redundancies	82.0
Decommissioning and other costs	24.7
	106.7
Total significant items	380.6
Tax benefit	(46.0)
Net significant items	334.6



1. After tax cash restructuring costs to be brought to account in F09

Balance sheet position

\$ millions	F09	F08	Change
Working capital	425.5	452.8	(6.0)%
PP&E	144.4	204.9	(29.5)%
Intangibles	1,321.3	1,507.5	(12.4)%
Other	(175.3)	(96.1)	82.4%
Total capital employed	1,715.9	2,069.1	(17.1)%
Net debt	452.8	742.7	(39.0)%
Equity	1,263.1	1,326.4	(4.6)%
Net debt / equity (%)	35.8	56.0	-
Gearing	2.0	2.9	-
Interest cover	3.2	3.5	-
ROCE ¹ (%)	12.0	11.1	-
Tangible ROCE ²	52.1	40.8	-

- Net debt reduced substantially through capital raising and solid cash flow
- More focus on ROCE going forward (tangible and total capital)
- Capital employed impacted by impairment charges

1. Return on total tangible and intangible capital employed

2. Return on total tangible capital employed

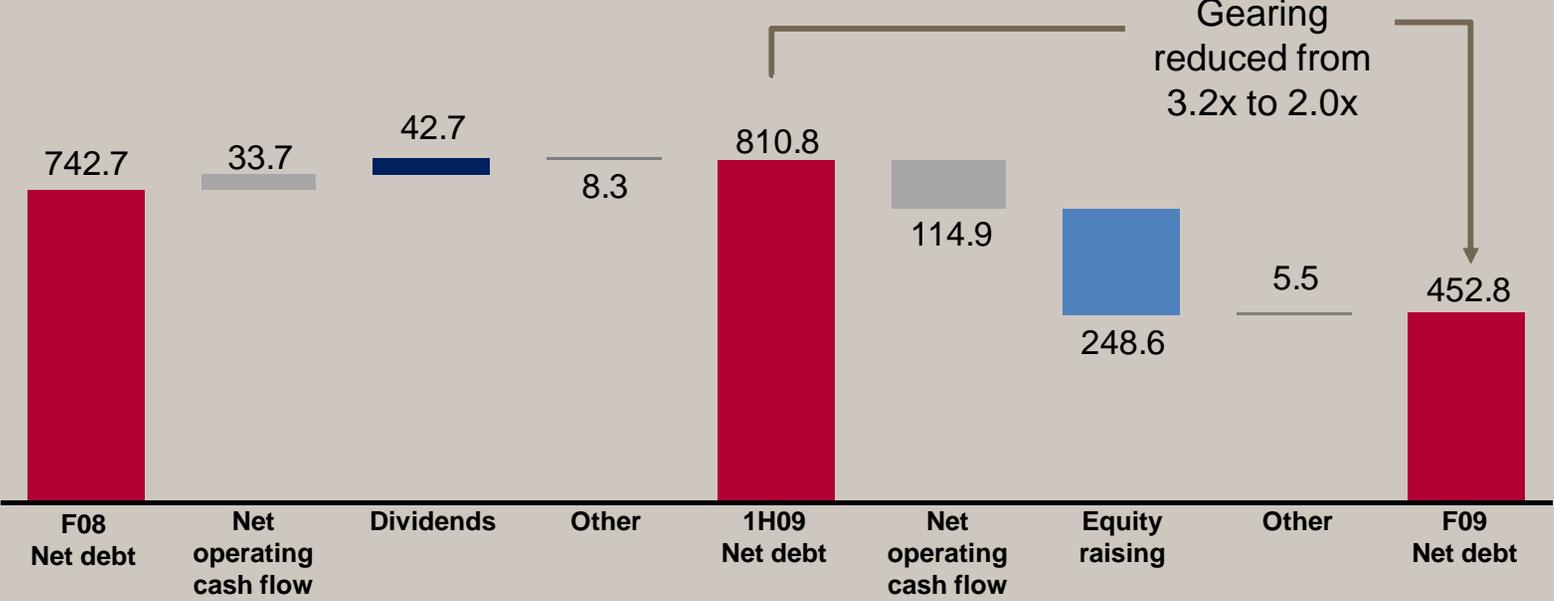
Working capital management

\$ millions	F09	F08	Change
Trade debtors	231.5	246.4	(6.0)%
Inventories	311.4	356.9	(12.7)%
Trade creditors	(117.4)	(150.5)	(22.0)%
Working capital	425.5	452.8	(6.0)%
Debtors days (days)	46.3	47.6	-
Inventory turn (x)	3.2	3.2	-
Creditor days (days)	44.1	45.4	-

- Debtor days down reflecting marginal improvement in ageing
- Inventory turns consistent with prior year
- Creditor days down due to payment timing differences

Net debt repayment

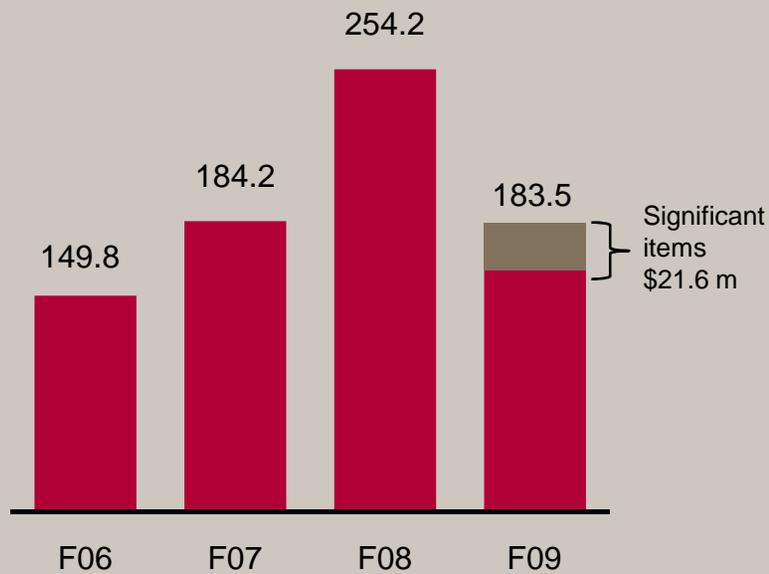
\$ millions



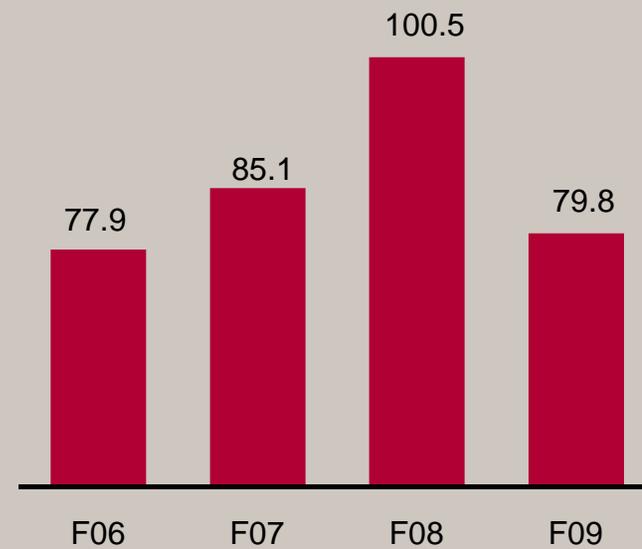
Debt Profile		Current	Drawn at
\$ millions	Date	Facility	30-Jun-09
Tranche 2	28-Mar-12	\$330.0	\$162.5
Tranche 3	28-Mar-12	\$250.0	\$250.0
Securitisation	15-Mar-11	\$250.0	\$170.0
Total Facility		\$830.0	\$582.5
Cash / Other			\$129.7
Net Debt			\$452.8

Cash conversion

OCFPIT
\$ millions



Cash conversion¹
%



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

Cash flow

\$ millions	F09	F08
EBIT (pre significant items)	202.3	226.1
Amortisation / depreciation	27.8	26.9
Equity compensation reserve	1.4	2.4
Change in working capital	(22.5)	31.5
Capex	(22.5)	(25.2)
Other	(3.0)	(7.5)
OCFPIT	183.5	254.2
Net interest paid	(67.2)	(62.4)
Tax paid	(13.5)	(34.6)
Restructuring payments	(21.6)	-
Net operating cash flow	81.2	157.2
Net proceeds of borrowings	(268.5)	(95.7)
Equity raising	248.6	-
Dividends paid	(42.7)	(85.4)
Other	3.1	(9.9)
Net cash flow	21.7	(33.8)
Cash on hand	126.5	104.8

Pacific Brands 2010 Update

Sue Morphet
Chief Executive Officer

Pacific Brands 2010 – key elements

Rationalise and focus portfolio

- Consolidate or discontinue brands, ranges and SKUs
- Divest businesses and brands
- Focus on key brands (innovation, NPD and marketing)

Optimise revenue base

- Adjust pricing
- Improve customer investment
- Realign advertising spend

Rebase overhead cost structure

- Rebase headcount
- Reduce discretionary spend
- Consolidate offices

Transform supply chain

- Rationalise manufacturing
- Reconfigure global sourcing
- Optimise international freight
- Streamline warehousing and distribution

Reduce capital employed

- Manage working capital efficiently
- Divest surplus properties

Build capability

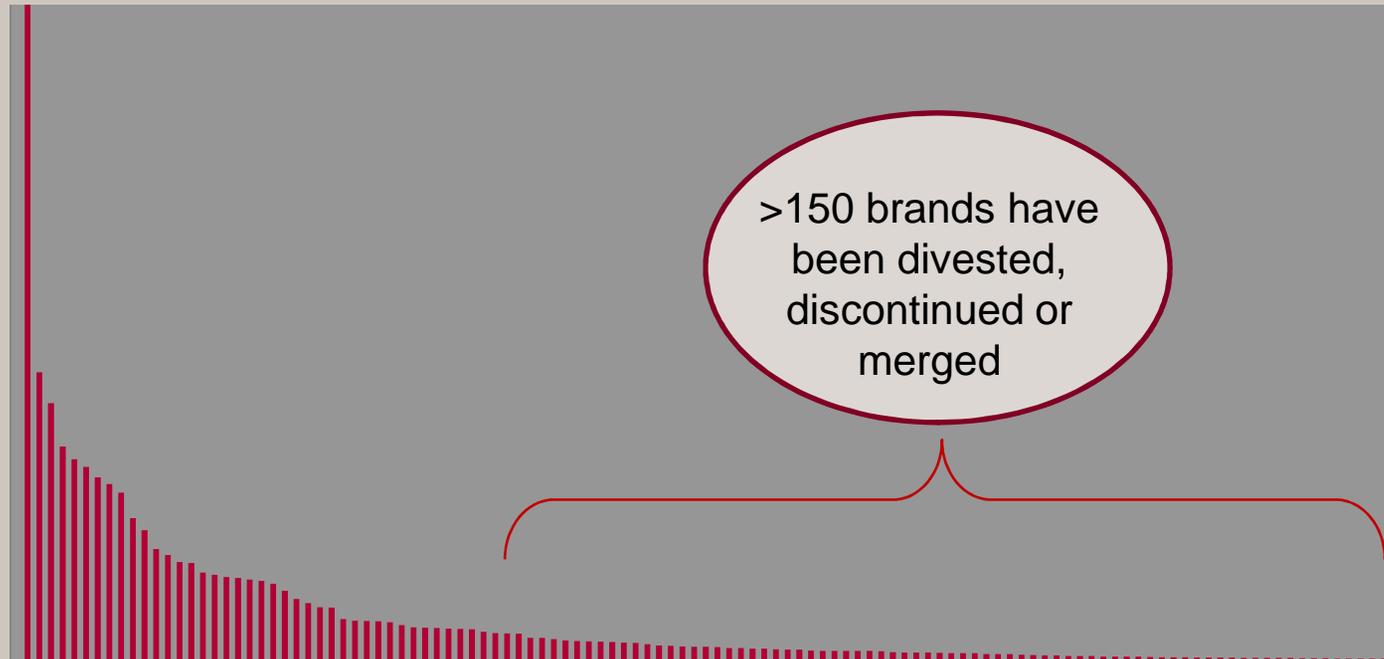
- Improve culture and reskill employees
- Re-engineer key business processes (Brand Excellence, New product development and S&OP)
- Implement new systems

Status of Pacific Brands 2010 work streams

	Achieved	In progress
Rationalise and focus portfolio	<ul style="list-style-type: none"> >150 brands discontinued or divested >10% SKU reductions Prioritised NPD (eg Berlei intimates) 	<ul style="list-style-type: none"> Further brand and SKU reductions Continued portfolio rationalisation Continued innovation and NPD
Optimise revenue base	<ul style="list-style-type: none"> Adjusted pricing across entire group New trade spend system implemented Realigned advertising spend to increase its effectiveness 	<ul style="list-style-type: none"> Improve advertising and customer investment ROI
Rebase overhead cost structure	<ul style="list-style-type: none"> 500 redundancies in non-manufacturing roles Overachieved F09 discretionary and other overhead spend targets 	<ul style="list-style-type: none"> Ongoing overhead reductions
Transform supply chain	<ul style="list-style-type: none"> Closed 4 manufacturing sites Renegotiated >50% of China supply volumes Air and shipping freight savings ahead of targets 	<ul style="list-style-type: none"> 5 factory closures Reconfigure remaining sourcing base Warehouse consolidation (planning phase)
Reduce capital employed	<ul style="list-style-type: none"> Reduced inventory holdings 3 properties sold 	<ul style="list-style-type: none"> Further reductions in working capital through exiting tail brands, supply transformation and S&OP improvements Further property sales
Build capability	<ul style="list-style-type: none"> Rolled out Brand Excellence program New NPD processes in majority of group New product lifecycle and financial reporting systems implemented 	<ul style="list-style-type: none"> Further rollout of Brand Excellence and NPD processes Continue to upskill workforce Review system capability

Ongoing portfolio rationalisation

Sales by brand



- Another 50+ brands to be discontinued or merged
- Continuous review and monitoring of SKUs and brands
- Pacific Brands will discontinue sales of the licensed brands of Lee, Wrangler and Merrell from January 2010

Focus on core brands and categories

- Pacific Brands 2010 strategy is optimising the new, stronger core of brands and categories with a lower cost base and business model to capitalise on organic growth opportunities
- We are putting more of the right skills and resources into the teams that support our core brands
- Many of our core brands are No.1 in their respective categories on brand health measures including Bonds, Sheridan, Tontine, Hard Yakka, Berlei, Razzamatazz, Clarks and Volley
- Our key brands have been resilient over the year and have experienced some growth

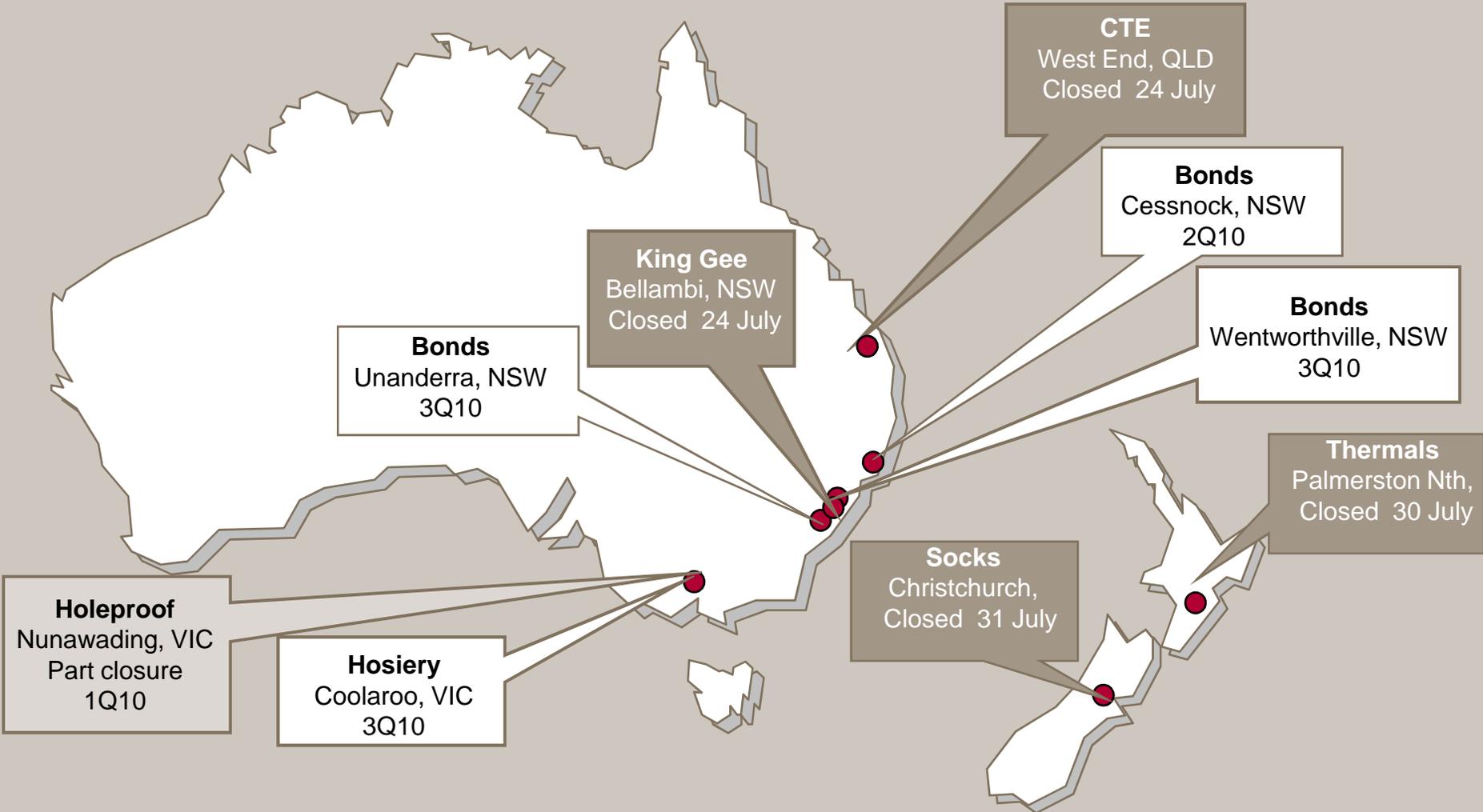
Berlei transformation

- Leading intimates business including Playtex, Hestia and Berlei brands
- Historically suffered from lack of clarity around brands and operational controls
- New Product Development program resulted in reduced airfreight, less late penalties and lost sales, and greater time spent forward planning
- Berlei has become more market focused through Brand Excellence program constructing tighter propositions
- Significant improvement in hit rates
- Reduction of SKUs, removal of redundant and excess stock
- Overall Berlei has grown share while its market contracted

Divestment update

- In May 2009, Pacific Brands announced it was considering the divestment of a number of assets
- Since then the company has executed several incremental brand and property divestments
- Remaining surplus property assets will be divested over time to reduce capital employed
- Pacific Brands will continue with its strategy of rationalising and managing its business portfolio in the best interests of shareholders

Factory Closures



■ Closed ■ Part closed □ To be closed

Employee retraining and assistance

- Worked with unions to develop an extensive best-practice retraining program
- All affected manufacturing workers will be offered retraining
- Provided up to \$3,000 and up to 3 weeks paid leave per employee while employed
- Retraining Coordinator will be available at no cost
- Funding in addition to government retraining schemes
- Employees have signed up for more than 400 different training courses
 - English & literacy, hospitality, computer skills, aged care, IT, forklift & truck driving, first aid & health, baking, business, beauty, OH&S and traffic control
- Additional outplacement advice
 - CV preparation, interview skills, careers guidance and financial planning

Transformation cost savings

- Achieved in excess of the targeted \$5 million cost savings in F09
- On track to achieve \$50 million in F10 and tracking towards an annualised \$150 million by end of F11 with full impact in F12¹
- Phasing of the annualised benefit of the cost savings is as follows:

EBITA impact; \$ millions

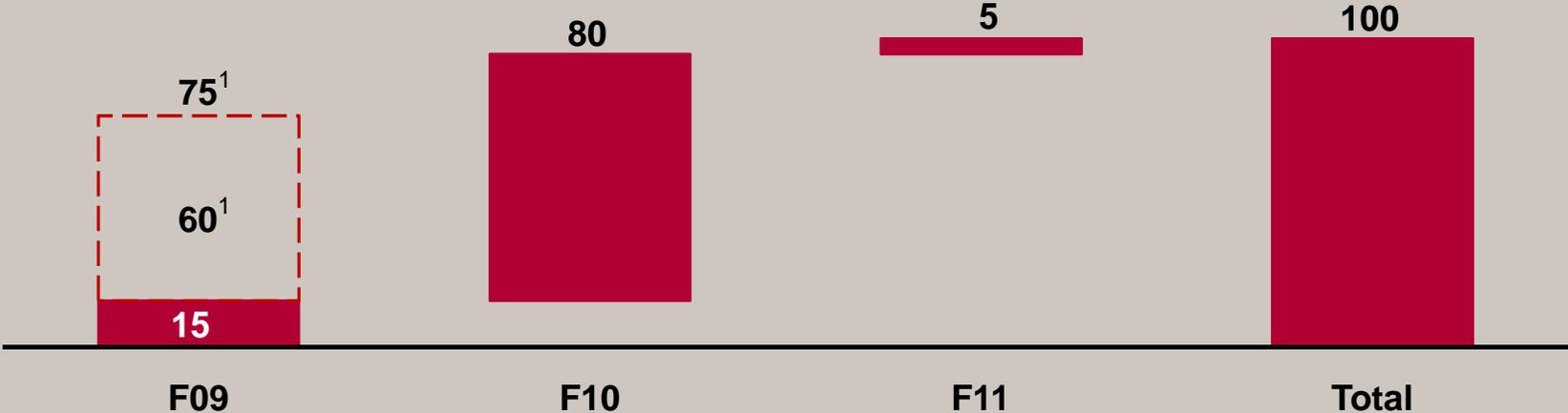


1. Based on current market conditions and currency rates, and before reinvestment

Transformation one-off cash costs

- Majority of one-off cash costs incurred in F09 but paid in F10
- Further one-off cash restructuring costs of approximately \$25m are expected to be incurred in F10 and F11

After tax cash costs; \$ millions



1. Brought to account in F09

Dividend, trading update and outlook

Sue Morphet
Chief Executive Officer

Dividend

- The Board has decided to preserve the company's capital and no final dividend will be declared or paid this year
- The Board will make a decision in respect of future dividends after assessing the Company's operating performance at each half and outlook at that time

Trading update and outlook

- Recent trading has been mixed with some businesses performing well and others marginally down on the previous corresponding period
- Economic environment and outlook remain uncertain, despite cautious optimism in the market and signs of improving consumer confidence
- Expect F10 to comprise two distinct halves
 - 1H10 underlying EBITA expected to be down primarily as a result of full impact of currency volatility in F09 and lagged effect of currency hedging
 - Balanced by 2H10 underlying EBITA expected to be up primarily due to realisation of transformation benefits
- Reported sales are expected to reduce and profitability is expected to improve over the transformation period

Conclusion

- Strengthened balance sheet following debt refinancing and equity raising
- Continued solid cash flow despite currency movements and economic slowdown
- Pacific Brands 2010 gathering momentum
 - Rationalising the portfolio
 - Reducing cost base
 - Building new capabilities
- Pacific Brands 2010 is making the company more robust and more profitable

Questions

Appendix

Reconciliation of profit

\$ millions	F09	F08
Net sales	2,000.0	2,116.6
Other revenue	12.3	13.2
Total revenue	2,012.3	2,129.8
Cost of goods sold	(1,144.2)	(1,176.2)
Gross margin	868.1	953.6
Freight and distribution	(140.8)	(150.3)
Sales, marketing & advertising	(364.8)	(400.0)
Administration	(160.2)	(177.2)
Other expenses	380.6	-
EBIT	(178.3)	226.1
Net interest	(63.2)	(65.2)
Tax	7.2	(43.8)
Profit after tax	(234.3)	117.1
Minority interests	(0.2)	(0.5)
Profit after tax post minority interests	(234.5)	116.6

Definitions

- CODB - expenses (freight & distribution, sales & marketing and administration) below margin
- EBITA – earnings before interest, tax, amortisation of acquired intangibles and significant items
- Gearing - Net debt / LTM EBITDA (annualised for acquisitions) and before significant items
- Gross Margin - gross profit plus other income
- Interest cover ratio – (LTM EBITDA pre significant items – Capex) / Net interest
- Inventory Debtors, Creditors, Turnover - calculated on a 3 point average
- LTM: Last Twelve Months
- Operating Cash flow (OCFPIT) – cash flow from operations pre interest and tax and significant items
- ROCE – Return on Capital Employed (EBITA / CE) before significant items