

2008 Annual General Meeting

Chairman's Address for the financial year ended 30 June 2008
21 October 2008

Patrick Handley, Chairman

PACIFIC B  BRANDS

Drivers of performance

- Strong returns from brand investments
- Seamless acquisition integration
- Continued working capital improvement
- Consistent dedication to strategic direction

Strategic overview

Brands

- Custodian to some of Australia's most loved brands
- Record sales year for many brands

People

- Building talent pool in critical areas continues
- MBS / RMIT programs working well

Product

- Industry's best product development teams
- Many new ranges, products and innovations released

Service

- Industry leading, sophisticated supply operations
- Awarded "Australia's top apparel supply chain"¹

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1: *Logistics Magazine*, the official publication of the Supply Chain Logistics Association of Australia

Results Highlights

- Resilient business delivered a result in line with guidance in a challenging environment
- Sales and profit growth delivered in full year
 - Sales up 16.3% to \$2,116.6m
 - EBITA up 18.1% to \$229.1m
 - NPAT ¹ up 11.1% to \$119.3m
 - Earnings per share ¹ up 11.1% to 23.7cps
- Strong cash-flow after Capital Expenditure - up 39.2% to \$157.2m
- Inventory well controlled improving to 3.4x
- Net debt reduced by \$59.5m to \$742.7m
- Gearing reduced to pre Yakka Group acquisition levels (2.9x)

Dividends

- Final dividend of 8.5 cps, resulting in 17.0 cps full year dividend
- 100% franking for Australian shareholders at 30% tax rate
- Strong payout ratio – 73% of reported NPAT
- DRP to remain in place

Remuneration Policy

- Provides appropriate balance between performance and reward
- The policy is designed to:
 - Link short and long-term objectives with the company's business plans
 - Link management reward to shareholder value creation
 - Attract and retain the best talent needed to drive the company forward
- High 'at-risk' component to packages (41-66%)
- Short-term and long-term incentives in place
- Long-term incentives require TSR and EPS hurdles to be met

Corporate Governance

- Committed to the ASX Corporate Governance Council's Principles and Recommendations
- Pacific Brands has policies to enact each recommendation
- The policies cover:
 - Board and Committee appointments, reviews and functioning
 - Processes for ongoing maintenance of corporate governance policies
 - Supplier codes of conduct
 - Environmental impact minimisation
- Full details in the annual report and corporate website

Corporate Social Responsibility (CSR)

- Brands for good program supports six national not-for-profit community partners
- Membership of Ethical Trading Initiative
 - Rolling audit of supplier base
 - Continuous improvement and education
- Strong quality and occupational health and safety management programs
- Environment Management System across all our sites and businesses
- Environmental targets for energy, emissions, waste and packaging



Concluding Comments

- Board priorities will continue to focus on working with management to deliver:
 - Branded, profitable sales growth
 - High quality earnings
 - Strong cash flows
 - High dividend yield
 - Increasing shareholder returns

Movie Reel

2008 Annual General Meeting

CEO's Address for the financial year ended 30 June 2008
21 October 2008

Sue Morphet, Chief Executive Officer

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Agenda

1. Business Overview
2. Growth Strategy
3. Outlook

1. Business Overview

Business Overview - Group









- Record results in line with guidance
- Business model is resilient and well equipped to manage these challenging times
- Driving our power brands
- Greater cost focus
- Continual performance improvement

Results Highlights

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Business Overview – Underwear & Hosiery

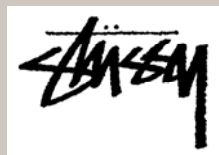
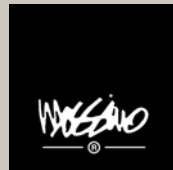
- Market leader in Australia
- Total sales growth of 1.2%, profit growth of 8.2%
- Bonds and Berlei standout performers
- New brand ambassadors
- ‘Leg wear’ trend continues

	Underwear ¹	Intimates ¹	Socks ¹
Number 1			
Number 2			
Number 3			

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Business Overview – Outerwear & Sport

- Acquisitions integrated seamlessly and to plan
 - Growth opportunities
 - Brand Collective extension into youth and lifestyle market
 - Greater customer diversity provides resilience
- B2B (contract uniform) channel providing growth and diversity of market exposure
- Slazenger Sportswear and bike businesses performed well



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Business Overview – Home Comfort

- Profit uplift of 9.2%
- Manchester category susceptible to downturn in consumer spending
 - Top-end sales affected
- Sheridan is Australia's favourite manchester brand
 - Well-placed for when market conditions improve
- Foams and Flooring remained steady
- Disposed of Foams, Flooring and Sleepmaker businesses in NZ



Business Overview – Footwear

- Sporting, comfort and casual footwear categories held market share
- Dunlop footwear strong performer overall
 - Strong consumer response to ‘Exceptionally Average’ campaign
 - 1.8 million pairs of Dunlop Volleys sold
- Merrell’s ‘Barrado’ shoe expanded the women’s outdoor market
- Pacific Brands is highly regarded by retailers for its ability to replenish footwear

The logo for 'volleys' is written in a bold, black, lowercase, italicized sans-serif font.The logo for 'Grosby' features the word 'Grosby' in a black, sans-serif font, with a cartoon dog's head and snout integrated into the letter 'o'.The logo for 'MERRELL' is in a bold, orange, uppercase sans-serif font, followed by a registered trademark symbol and a circular icon containing the letter 'M'.The logo for 'Hush Puppies' is written in a bold, black, uppercase sans-serif font.The logo for 'Clarks' is written in a light blue, cursive script font.The logo for 'SACHI' is written in a bold, black, uppercase sans-serif font.The logo for 'PACIFIC BRANDS' is written in a white, uppercase sans-serif font, with the letter 'R' inside a white circle.

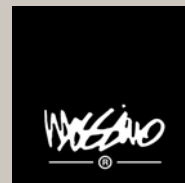
2. Growth Strategy

Our Growth and Performance Strategy

- Focus on organic growth using the resources we already have in the business
- Strategic review completed
 - Confirmed our business model
 - Highlighted opportunities to drive organic growth through the business
- Three pronged strategy
 - Develop key brands
 - Strengthen retailer relationships
 - Capture benefits of decentralisation and scale

Our Powerbrands

- Our brands are in demand and desired
- Brands such as Bonds, Sheridan, Yakka and Volley are the in-demand anchor supplier in key categories for our retailers
- Devote more resources to our power brands



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Research and innovation

- Innovate in style, function and quality
- Lead our categories in research, design & development
- We identify emerging trends and develop product ready to create demand and lead the market
- Allocate more resources to research & development
- Innovate our hero staples eg. Chesty, Baby singlets to keep relevant to today's market



Points of presence

- Many thousands of points of presence
- Every point of presence must be consistent with our brands' values and proposition
- Focus on optimum presentation of brand and product to meet consumer expectations and drive the category for retailers



Brand marketing capability

- Provides competitive edge
- Know our consumers
- Using media channels strategically
 - Bonds mainstream brand therefore TV / Print / Outdoor
 - Volley uses mix of viral and mainstream media and PR
 - Mooks is 100% underground and viral



Improving our Business Performance

- 'Whole of business' performance improvement initiative
- Best processes replicated across the group
- Developing a common language across the entire business
- Building platforms to reward talent

3. Outlook

Outlook for FY09

- August forecast
 - Flat first-half for financial year 2009
 - Return to growth in H2 in line with general economy
- Sharp decline in value of the Australian Dollar
- Consumer and retailer sentiment at record lows
- Our business model is resilient
 - Working with retailers on inventory
 - Ability to achieve price rises
 - Flexed and targeted marketing investment
- Will achieve first-half
- Difficult to predict second-half
- Flat at best for the full year given current circumstances

Thank You