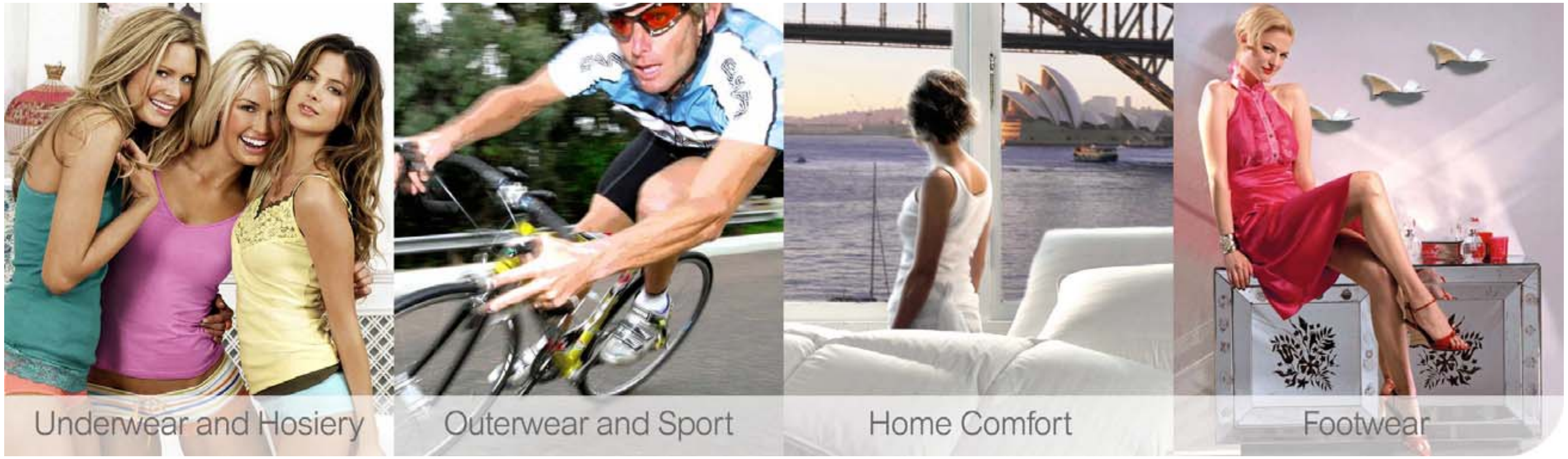
PACIFIC BRANDS

Full Year Results Presentation

for the year ended 30 June 2006



Paul Moore, Chief Executive Officer
Stephen Audsley, Chief Financial Officer

23 August 2006

Agenda

1. FY2006 performance highlights
2. Pacific Brands strategy
3. Performance by operating group
4. FY 2006 financials
5. FY 2006 summary and FY2007 outlook

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1. FY2006 performance highlights

Paul Moore, Chief Executive Officer

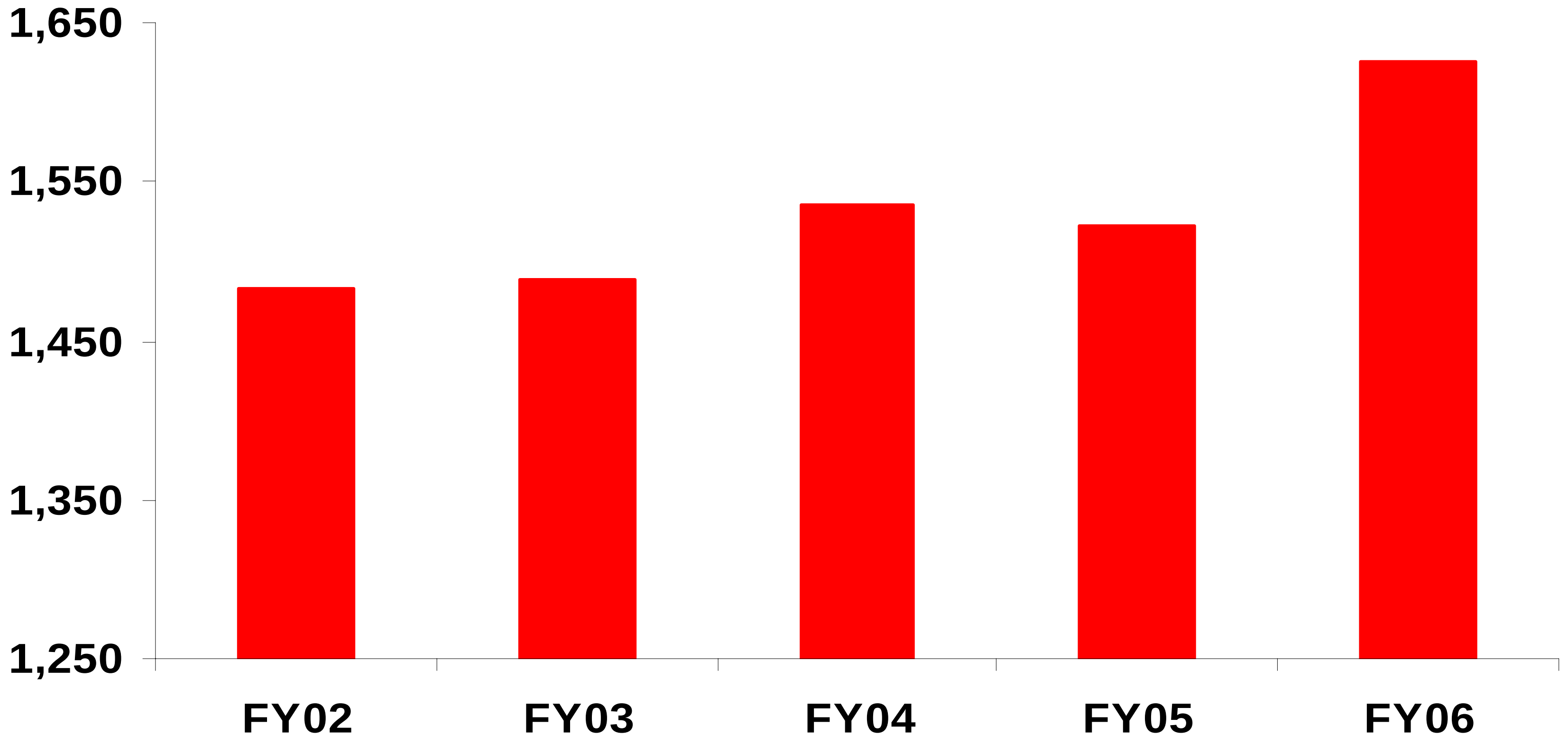
FY2006 performance highlights

- **Acquisition strategy delivers sales growth**
  - $1,509.0m in branded net sales, 9.3% growth on previous financial year
  - $1,624.9m total net sales, up 6.8%
- **Key financial indicators consistent with last year:**
  - EBITDA of $192.3m, up 1.3%
  - $173.0m in EBIT, down 0.9%
  - $101.2m in NPAT, up 0.3%
  - Net operating cash flow, up 6.5% to $80.0 million
  - EPS of 20.1 cents, unchanged
- **7.5 cents per share interim dividend declared, resulting in 15.0 cents per share total annual dividend**
- **Footwear strength continues, EBIT up 13.7%**
- **Momentum improves in Underwear & Hosiery after a tough 1H06**
- **Acquisition strategy strengthens Home Comfort, EBIT up 9.6%**

Note: All comparative FY05 results have been restated to reflect the impact of AIFRS.

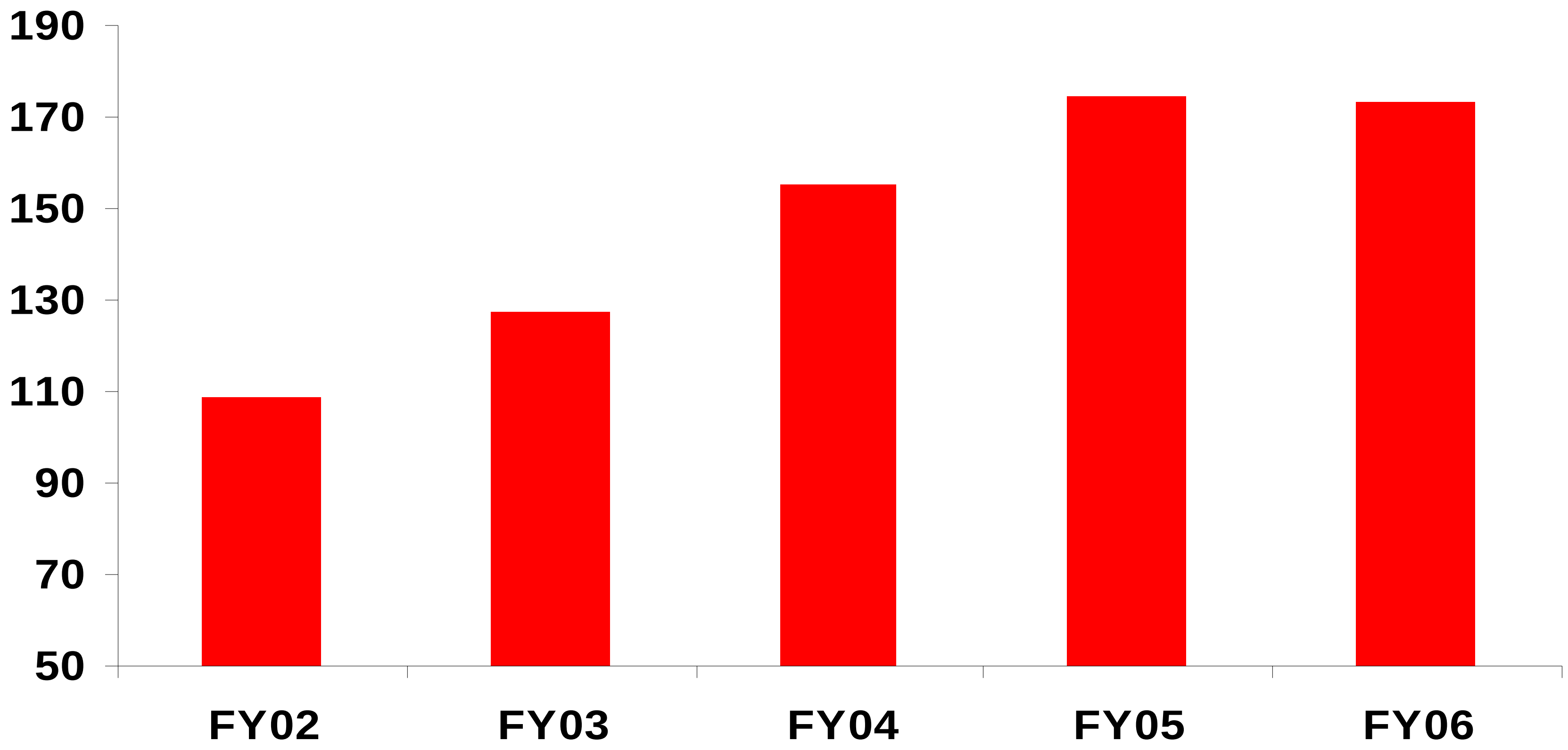
Record group sales

Group Net Sales ($ million)

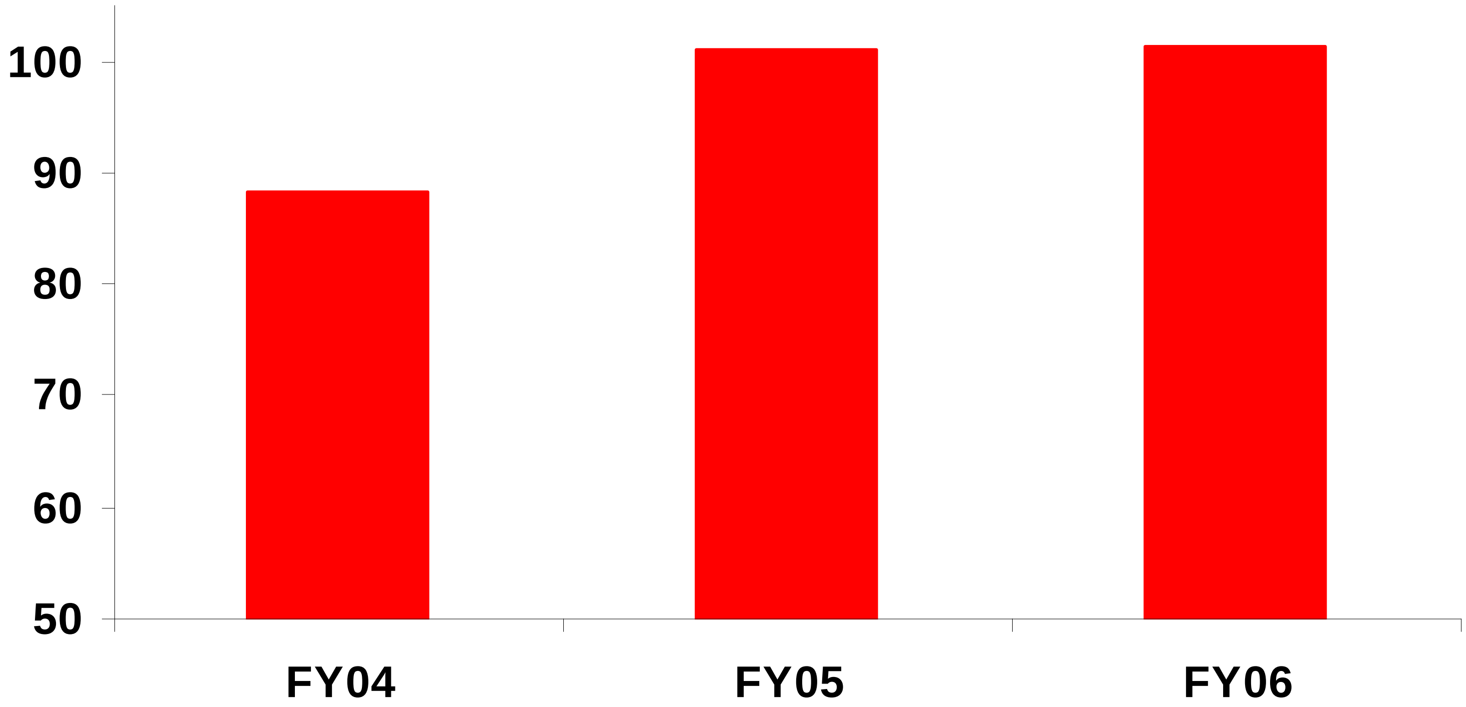


Consistent earnings

Group EBIT ($ million)



Net profit after tax



Note: Capital Structure changed on listing in FY04. FY04 is pro forma and annualised.

Key performance measures

$ million	FY2005[1]	FY2006	% Change
Branded net sales	1381.1	1,509.0	9.3
Total sales	1521.7	1,624.9	6.8
Gross margin	630.3	680.2	7.9
CODB/GM (%)	72.1	74.6	
EBIT	174.6	173.0	(0.9)
EBIT margin (%)	11.5	10.6	
EPS (cents)	20.1	20.1	-
Working capital/sales (%)	21.5	23.2	
Inventory	255.4	296.5[2]	16.1
Inventory turnover (times)	3.4	3.4	
Net operating cash flow	75.1	80.0	6.5

1. Restated to reflect impact of AIFRS
2. Includes inventory of acquisitions

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2. Pacific Brands strategy

Clearly articulated brand driven strategy

Long term brand building driven by consumer demand

Key strengths:

- Everyday essential brands
- Innovative product development
- Talented and creative people
- Unique relationships with consumers

Strategic pillars

Build brand leadership

- Number 1 or 2 brand in each category
- Marketing and advertising
- Consumer research and insights
- Product development and innovation
- Category management to leverage strong brand positions

Leverage our scale

- Drive operational efficiency
- Scale across sourcing, logistics and technology
- Manufacturing excellence

Portfolio Management

- Acquisition growth

3. Performance by operating group

Group Sales

$ million	FY2005	FY2006	% Change
Branded Sales			
Footwear	233.8	249.1	6.5
Outerwear & Sport	232.3	227.7	(2.0)
Underwear & Hosiery	581.6	560.6	(3.6)
Home Comfort	294.7	432.2	46.7
Other	38.7	39.4	1.8
Group Branded Sales	1381.1	1,509.0	9.3
Domestic	1327.3	1,458.0	9.8
International	53.8	51.0	(5.2)
Group Branded Sales	1381.1	1,509.0	9.3
Unbranded	140.6	115.9	(17.6)
Total Group Sales	**1521.7**	**1,624.9**	**6.8**

EBIT by Operating Group

$ million	FY2005	FY2006	% Change
EBIT			
Footwear	31.4	35.7	13.7
Outerwear & Sport	20.6	22.3	8.3
Underwear & Hosiery	99.6	87.6	(12.0)
Home Comfort	33.3	36.5	10.6
Unallocated Overheads	(10.3)	(9.1)	(11.6)
Total Group EBIT	**174.6**	**173.0**	**(0.9)**

Footwear

Year Ended 30 June (A$m)	FY2005	FY2006	% Change
Branded Sales	233.8	249.1	6.5
Unbranded Sales	38.9	27.9	(28.3)
Total Sales[1]	272.7	277.0	1.6
EBIT	31.4	35.7	13.7
EBIT Margin	11.5%	12.9%	

1. FY 2005 restated as Slazenger Footwear business reallocated from Outerwear and Sport to Footwear from 1 July 2005

PIERRE FONTAINE Julius Marlow Grosby Hush Puppies Clarks CHILDRENS

Footwear

- **Another excellent year with branded sales up 6.5% and EBITA up 13.7%**
  - Great result in a tough footwear market as we continue to focus on brand development and category management
- **Strong year for sporting footwear – supported by the Dunlop "Legends In The Backyard" campaign**
- **Improved speed to market**
  - Leading shift to and building capacity for greater replenishment orders
- **Product success**
  - Continued success of the Dunlop Volley and KT-26
  - Further strengthening of the Hush Puppies brand
  - Success with the Grosby slipper programme
  - Launch of the Clark's Platinum concept store programme within specialist outlets
  - Brand extensions and increased distribution of Merrell outdoor footwear

Outerwear & Sport

Year Ended 30 June (A$m)	FY2005	FY2006	%Change
Branded Sales	232.3	227.7	(2.0)
Unbranded Sales	21.6	21.3	(1.4)
Total Sales[1]	253.9	249.0	(1.9)
EBIT	20.6	22.3	8.3
EBIT Margin	8.1%	9.0%	

1. FY 2005 restated as Slazenger Footwear business reallocated from Outerwear and Sport to Footwear from 1 July 2005

Outerwear & Sport

- **Earnings growth continues, EBIT up 8.3% for year**
  - Benefits of changes to sourcing and supplier rationalisation
  - Focus on brand development in core categories
  - Casual outerwear market remains competitive
- **Strengthened position in workwear category**
  - Growth in contract clothing business at KingGee
  - Stubbies workwear launched
- **Successful repositioning of the bicycle business has driven sales growth**
  - Repco bikes and Malvern Star
  - Supporting retail partners in providing excellence in bike retailing via Bike Hub stores
- **Continued growth and expansion of sporting apparel range at Everlast**

Underwear & Hosiery

Year Ended 30 June (A$m)	FY2005	FY2006	% Change
Branded Sales	581.6	560.6	(3.6)
Unbranded Sales	65.9	50.2	(23.8)
Total Sales	647.5	610.8	(5.7)
EBIT	99.6	87.6	(12.0)
EBIT Margin	15.4%	14.3%	

Underwear & Hosiery

- **Finished the year stronger after a tough 1H06**
  - Good momentum in Q4
  - Category management, ‘big’ brand initiatives and SKU reduction
  - New systems, common processes, improved speed to market and core ranges
  - Consolidation of suppliers and improved sourcing
- **End to end review of marketing effectiveness**
  - Strong consumer insights
  - Realigned marketing spend
- **Bonds recognised in the Top 10 Australian brands [1]**
- **Key product innovations**
  - Bonds seamfree undies for men, relaunch of Rio, Voodoo footless tights, Jockey shapewear
- **Berlei maintained its number one brand position in department stores**
  - Partnership with the Australian Institute of Sport to revolutionise the sports bra

1. Source: Brand Asset Valuator Study conducted by agency George Patterson Y&R covering 1,245 brands.

Home Comfort

Year Ended 30 June (A$m)	FY2005	FY2006	%Change
Branded Sales	294.7	432.2	46.7
Unbranded Sales	14.1	16.4	16.3
Total Sales	308.8	448.6	45.3
EBIT	33.3	36.5	9.6
EBIT Margin	10.8%	8.1%	

Home Comfort

- **Busy year on acquisition front**
  - Sheridan, Peri, Homewares New Zealand and Foam Products Australia (FPA)
- **Successful integration of Sheridan into the operating group**
  - Strong position in the premium bed linen market
  - Success with ‘Ultra soft’ towel
  - Sourcing realigned, strengthened partnership with Li & Fung
  - Re-located to new premises this month
  - Creation of the ‘Whole of Bedroom concept’
- **Bedding market remains competitive**
- **Solid growth in Dunlop Flooring**
- **Price gains lagged rising input costs at Foams**
  - FPA purchase gives opportunity to upgrade foam production in Queensland
- **Commitment to a new factory and warehouse complex for Tontine**

Supply Chain

- **Leveraging our scale**
  - Whilst maintaining flexibility and improving speed
  - Establishing new outerwear distribution centre in Queensland
- **Reduction in number of suppliers continues – local & offshore**
- **Moving decision makers closer to source in Asia**
  - Now have over 190 employees across four main Asian sourcing centres
- **Development of consolidation warehouse in Shanghai in partnership with Li & Fung (IDS)**
  - Further step towards direct retailer shipments
  - Full warehouse capability – incorporates post production value-add services
- **End to end supply chain visibility supported through new, standardised IT systems**
- **On-going efficiencies**
  - Continued focus on narrower ranges and SKU reduction
  - Costs decreased in several key logistics areas
  - Centralisation of shipping and customs into Integrated Services Team

4. FY2006 financials

Stephen Audsley, Chief Financial Officer

Summary Financial Performance

$ million	FY2005	FY2006	% Change
Total Sales	1521.7	1,624.9	6.8
Gross margin	630.3	680.2	7.9
EBITDA	189.8	192.3	1.3
Depreciation	15.2	19.3	27.0
EBIT	174.6	173.0	(1.0)
Net Interest	32.6	35.5	8.9
Tax	41.0	36.1	(12.0)
Minority Interest	0.1	0.2	100.0
NPAT	100.9	101.2	0.3
Gross Margin (%)	**41.3**	**41.9**	
EBITDA margin (%)	12.5	11.8	
EBIT margin (%)	11.5	10.6	
EPS (cents)	20.1	20.1	-

Summary Financial Position

$ million	FY2005	FY2006	% Change
Working Capital	327.7	377.1	15.1
Property, Plant & Equipment	152.3	167.0	9.7
Intangibles	1,227.1	1,297.3	5.7
Other	(41.9)	(35.0)	(16.5)
Total Capital Employed	1,665.2	1,806.4	8.5
Net debt	391.6	512.6	30.9
Equity	1,273.6	1,293.8	1.6
Net debt / equity (%)	30.7	39.6	
Gearing (x)	2.1	2.7	
Interest Cover (x)	5.4	4.9	
DPS	15.0	15.0	

Working Capital

$ million	FY2005	FY2006	% Change
Trade Receivables	174.7	187.9	7.6
Inventories	255.4	296.5	16.1
Trade Creditors	(102.4)	(107.3)	4.8
Working Capital	327.7	377.1	15.1
Working Capital / Sales	21.5%	23.0%	
Debtors Days	44.0 days	42.3 days	
Inventory Turnover	3.4 times	3.4 times	

Working Capital

- **Increases mainly a result of acquisitions**
  - Trade Receivables - $10.0m [1]
  - Inventories - $34.0m [1]
  - Trade Creditors - $14.5m [1]
- **Stock (excluding acquisitions) marginally up but stock turn maintained**
- **Bonds supply chain issues identified at the first half now under control**
  - Rebalanced inventory to improve DIFOT
- **Refreshed Sheridan stock**

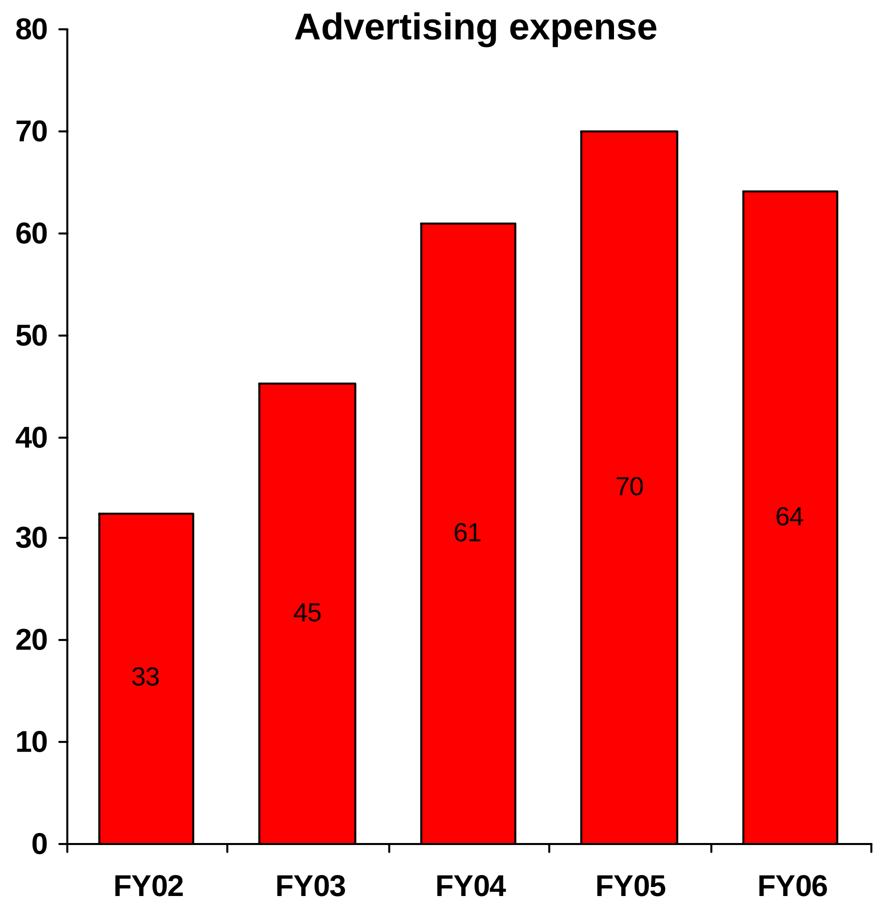
1. Balances at time of acquisitions.

Cost of doing business

- **CODB/GM%:   74.6% up from 72.1%**
- **Increase largely due to Sheridan retail outlets which operate with higher cost ratios**
- **Overall costs (excluding acquisitions) maintained in a market of rising costs and changing customer requirements**
- **Freight and distribution impacted by rising fuel costs and smaller order sizes**
- **Marketing expenses**
  - Shifted focus to meet tight market environment – increased in-store presence and co-operative advertising
  - Ongoing commitment to building brands

Commitment to brand marketing

- Advertising spend has doubled since FY02
- In FY06 advertising spend was 4.2% of branded sales
- Investment in key brands has led to strong margin enhancement over the period
- Shift towards branded product sales
- FY06 reduction as a result of shifted to meet tight market environment – increased in-store presence and co-op advertising



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Summary cash flow

$ million	FY2005	FY2006	1H06	2H06
EBIT	174.6	173.0	88.1	84.9
Equity compensation reserve	1.5	1.6	0.8	0.8
Depreciation	15.2	19.3	9.4	9.9
Operating cash profit	191.3	193.9	98.3	95.6
Net interest paid	(30.0)	(31.9)	(16.5)	(15.4)
Tax paid	(31.3)	(37.9)	(20.5)	(17.4)
Change in working capital	(22.4)	(16.9)	(18.7)	1.8
Other	(13.6)	(7.1)	(15.3)	8.2
Capex	(18.9)	(20.1)	(12.2)	(7.9)
Net Operating Cashflow	**75.1**	**80.0**	**15.1**	**64.9**
Acquisitions	(9.6)	(87.5)		
Net proceeds of borrowings	0.4	81.2		
Dividends paid	(55.3)	(75.5)		
Other	(7.2)	(5.3)[1]		
Net Cash flow	**3.4**	**(7.1)**		
Cash on hand	**101.1**	**94.0**		

1. Other includes FX translations of $1.1m and integration costs of $4.2m.

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Final dividend

- **Final dividend of 7.5 cents per share, resulting in 15.0 cent full year dividend**
  - Record date: 1 September 2006
  - Payment date: 2 October 2006
- **100% franking for Australian shareholders at 30% tax rate**
- **Maintain a strong payout ratio - this year, 74.6% of NPAT**
- **DRP to remain in place**

Capital management

- **Announcement of programme to initiate on-market share buy-back**
  - To buy up to $75m in shares
  - Shares to be bought in 12 months from September 2006
  - Will be EPS accretive
- **This will form part of a longer term capital management process for the Company**
  - Ongoing commitment to manage capital effectively
- **The Board and management see the buy back as a good investment opportunity in the current environment**
- **Strong financial position facilitates a return of capital to shareholders**
  - Will not affect our ability to maintain a high dividend payout ratio
  - Retain capacity to make further value adding acquisitions
- **Rationale for Capital Management Programme**
  - Strong, low-risk cash generation
  - Conservative gearing (Net Debt:Equity 39.6 % on 30th June 2006)
  - Solid interest cover (4.9 times at 30th June 2006)

AIFRS changes from 1 July 2005

- FY2005 comparatives restated
- No longer include amortisation expense - goodwill and intangibles now subject to impairment test
- Performance rights - share based payments expensed
- Lease payments expensed on a straight line basis
- All amounts quantified in Appendix 4E statement
- Changes had no impact on cash flow

$ million	FY2006
EBITA (Australian GAAP)	176.1
Performance rights	(1.5)
Lease payments	0
EBIT (AIFRS)	174.6

5. FY2006 summary & FY2007 outlook

Paul Moore, Chief Executive Officer

FY2006 summary

- **Sales growth led by acquisitions**
- **Maintained solid cash generation**
- **Underwear & Hosiery refocus and improved momentum after tough 1H06**
- **Another strong performance in Footwear**
- **Outerwear & Sport - second year of EBIT growth**
- **Improving strength and ongoing investment in supply chain**
- **Maintained high dividend payout**
- **Announced capital management programme**

FY2007 outlook

- **Business positioned to return to earnings growth**
- **Improved earnings contribution from Sheridan**
- **Further improvements in Underwear & Hosiery**
- **Specific big brand initiatives across the Group**
  - Bonds “White” and ‘No Lines”, King Gee “Jack of All Trades”, Rio “Fast Colours”, Holeproof “Grow Sock” and “Nothings” and relaunch Sheridan bed linen
  - Refocus on basics and core categories
- **Leveraging scale to offset the potential of rising costs**
- **Stock reduction**
  - New product introduction hurdles and tighter product disciplines
- **Supply chain**
  - Leveraging scale whilst maintaining flexibility and improving speed
  - Major projects across sourcing, technology and logistics
- **FY07 has started positively**

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Questions

Appendices

Definitions

- **Gross margin –** gross profit plus other income
- **Net operating cash flow—**cash flow from operations less interest, tax and capital expenditure
- **CODB—**expenses (freight & distribution, sales & marketing, advertising, IT and administration) below margin
- **Inventory Turnover—**calculated on a 3 point average
- **Gross Profit—**excludes interest income
- **Domestic sales—**includes sales of products within Australia and New Zealand
- **International sales—**sales to the rest of the world (excluding Australia and New Zealand)
- **Gearing -** Net debt/EBITDA
- **Interest Cover** - EBIT/Interest

Reconciliation of profit

$ million	FY2005	FY2006	% Change
Net Sales	1521.7	1,624.9	6.8
Other Revenue	19.0	17.2	0.6
Total Revenue	1540.7	1,642.1	6.7
Cost of Goods Sold	(910.4)	(961.9)	5.6
Gross Margin	630.3	680.2	7.9
Freight and Distribution	(97.1)	(111.9)	15.2
Sales and Marketing	(177.8)	(189.6)	6.6
Advertising	(70.0)	(64.1)	(8.4)
Retail Outlets	(10.2)	(34.4)	337.3
IT	(19.5)	(21.5)	10.3
Admin	(81.1)	(85.7)	5.7
EBITA = EBIT	174.6	173.0	(0.9)
Net Interest	(32.6)	(35.5)	8.9
Tax	(41.0)	(36.1)	(12.0)
Profit After Tax	101.0	101.4	0.3
Minority Interests	(0.1)	(0.2)	-
Profit After Tax post Minority Interests	100.9	101.2	0.3

Group overview

				FY05[3]			FY06		
$million	**FY02[1]**	**FY03[1]**	**FY04 [1,2]**	H1	H2	**FY05**	H1	H2	**FY06**
Working capital	323.5	322.4	304.5	377.5	327.7	327.7	384.5	377.1	377.1
PP&E			171.9	149.9	152.3	152.3	167.1	167.1	167.1
Capital Employed			476.4	527.4	480	480	551.6	544.2	544.6
Sales	1,482.8	1,489.1	1,535.1	798.4	723.3	1,521.7	834.3	790.6	1,624.9
EBITDA	125.2	143.3	171.6	97.5	92.3	189.8	97.5	95.0	192.5
Depreciation	16.5	16.1	16.4	7.6	7.6	15.2	9.4	9.9	19.3
EBITA = EBIT	108.7	127.2	155.2	89.9	84.7	174.6	88.1	84.9	173.0
Net Interest			31.2	16.4	16.2	32.6	18.3	17.2	35.5
Profit before Tax			83.0	73.5	68.4	141.9	69.8	67.7	137.5
Tax			35.4	20.1	20.9	41.0	19.0	17.1	36.1
NPAT			88.4	53.4	47.5	100.9	50.8	50.4	101.2
EPS - cents			17.6	10.6	9.4	20.1	10.1	10	20.1
Dividend per share			3.5	7.5	7.5	15.0	7.5	7.5	15.0

1. Amortisation of goodwill excluded.
2. Proforma year.
3. Restated for impact of AIFRS.

Sales by geographical location

$ million	FY2005	FY2006	% Change
Australia	1298.5	1,393.3	7.3
New Zealand	140.9	136.7	(3.0)
Rest of World	82.3	94.9	15.3
Total Sales	1521.7	1,624.9	6.8
% Australia	85.3%	85.7%	

Sales by customer channel

$ million	FY2005	FY2006	% Change
Department Stores	197.3	247.0	25.2
Discount Department Stores	452.9	469.3	3.6
Speciality/Independents/Other	687.8	724.8	5.4
Supermarkets	101.4	88.9	(12.3)
International	82.3	94.9	15.3
Total Sales	**1521.7**	**1,624.9**	**6.8**