PACIFIC BRANDS

Half Year Results Presentation

for the half year ended 31 December 2007

Sue Morphet, Chief Executive Officer
Stephen Tierney, Chief Financial Officer and Group General Manager - Operations

Agenda

1. HY2008 performance highlights
2. Strategy and business update
3. Group performance
5. HY2008 financials
6. Summary and outlook

1. HY2008 performance highlights

Sue Morphet, Chief Executive Officer

HY2008 performance

- Financial performance driven by profitable organic growth and acquisitions
- Total net sales of $1,098.8m, 26.5% growth on previous corresponding period
- Financial performance above previous corresponding period
  - EBITA of $113.9m, up 21.8%
  - NPAT (pre-amortisation)[1] of $58.3m, up 8.4%
  - Net operating cash flow, up 52.4% to $31.4m
- EPS[1] of 11.6 cents, up 8.4%
  - Reported EPS 11.4 cents, up 6.5%
- 8.5 cents per share interim dividend declared, up 6.3% from prior half
  - Maintained consistent Dividend Payout Ratio of 74.9%
- Outlook for the full year confirmed

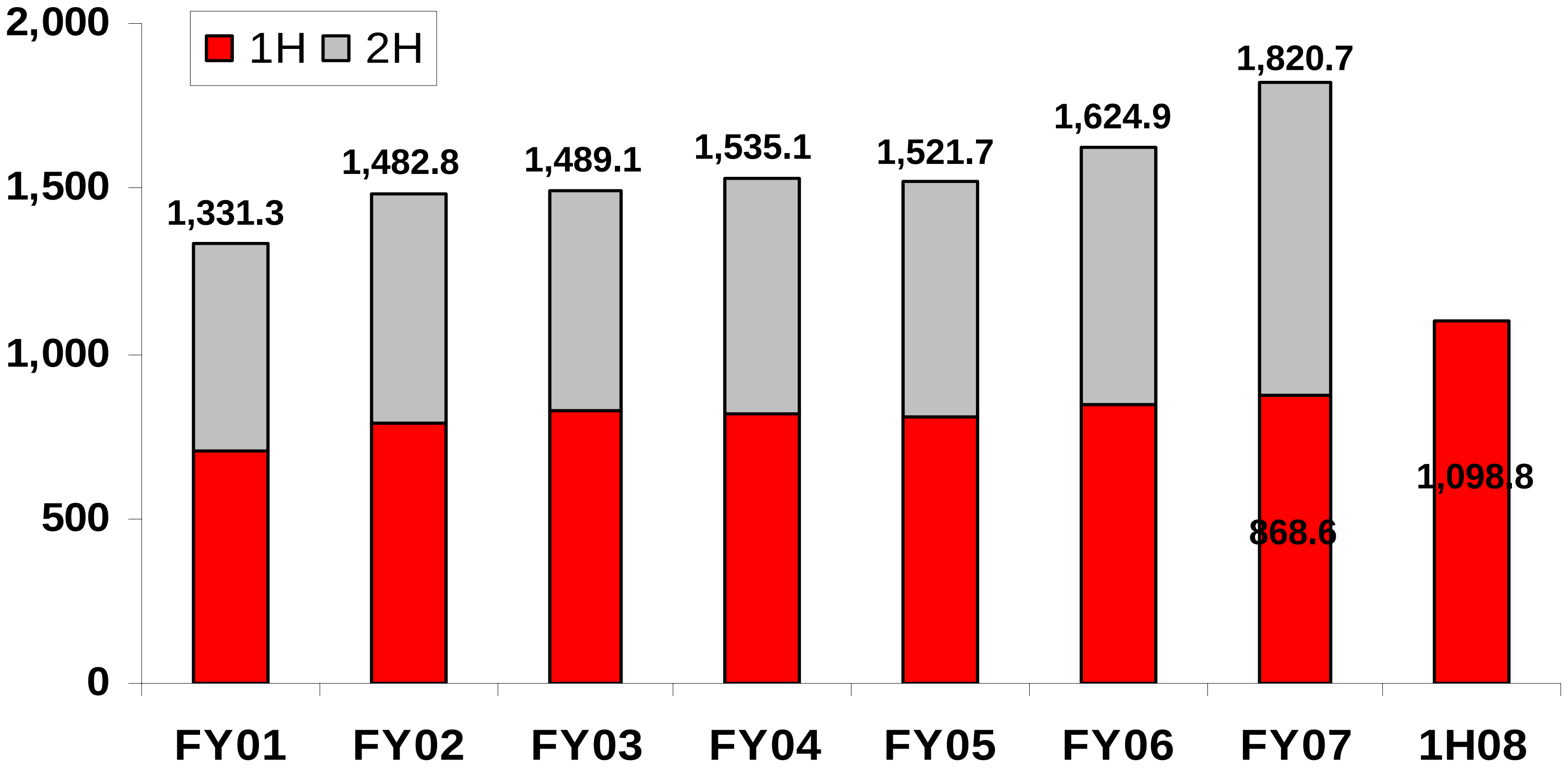
1. Net profit and earnings per share calculated after tax but before the amortisation of acquired intangibles as required by AIFRS

Group Highlights

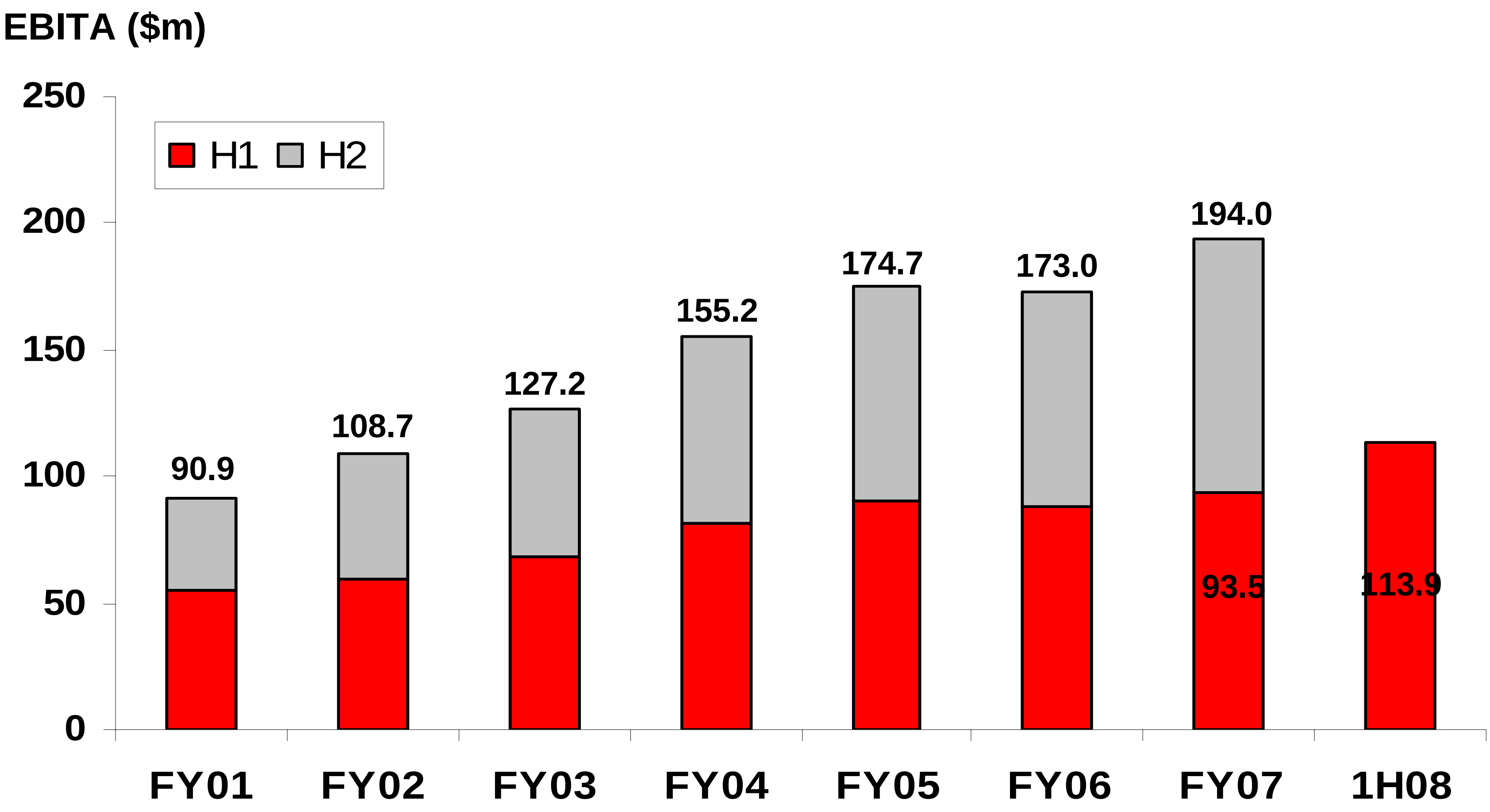
- Continued organic growth in Underwear & Hosiery and Home Comfort
  - Bonds and Hosiery the stand outs
  - Sheridan and Tontine strong
- Outerwear and Sports core businesses returned to growth
  - Bikes, Boydex (value casual apparel) and King Gee performed well
  - Yakka Group and Brand Collective integrations well on-track
- Footwear steady
  - Volley and Merrell up
  - Women's Fashion underperformed
- Diversification of category and channel
  - Predominantly consumer staples
  - New opportunities in Business to Business

Total net sales

Net Sales ($m)

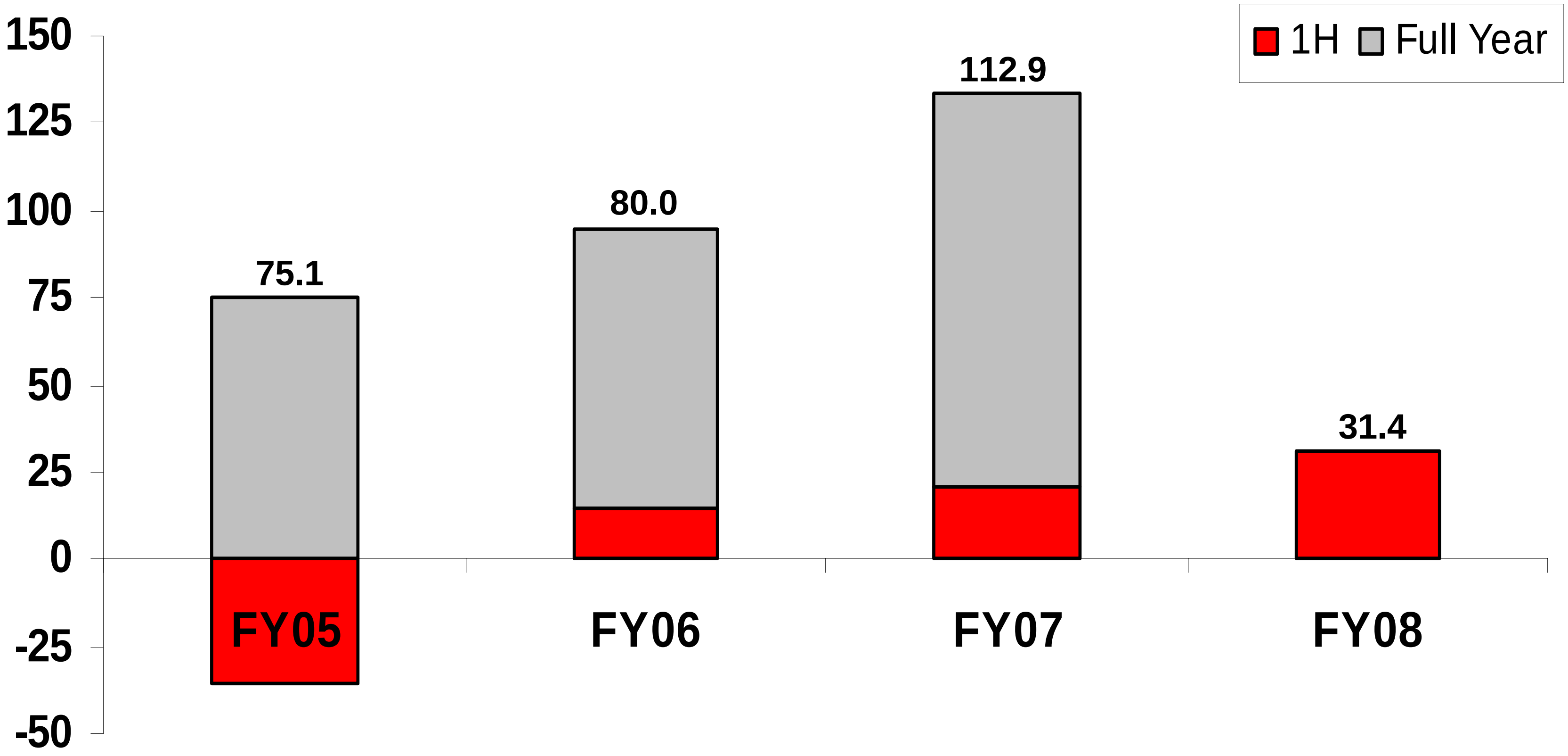


Earnings Before Interest Tax & Amortisation



Net operating cash flow

Net Operating Cash Flow ($m)



Note: Full Year cash generation history since listing

Key performance measures

$ million	HY2007	HY2008	% Change
Total net sales	868.6	1,098.8	26.5
Gross margin	364.1	482.7	32.6
CODB/GM (%)	74.3	76.7	
EBITA	93.5	113.9	21.8
EBITA margin (%)	10.8	10.4	
NPAT[1]	53.8	58.3	8.4
EPS[1] (cents)	10.7	11.6	8.4
Inventory	305.9	372.5	21.8
Inventory turn (times)	3.4	3.4	-
Net operating cash flow	20.6	31.4	52.4

1. Net profit and earnings per share calculated after tax, but before the amortisation of acquired intangibles as required by AIFRS

2. Strategy and business update

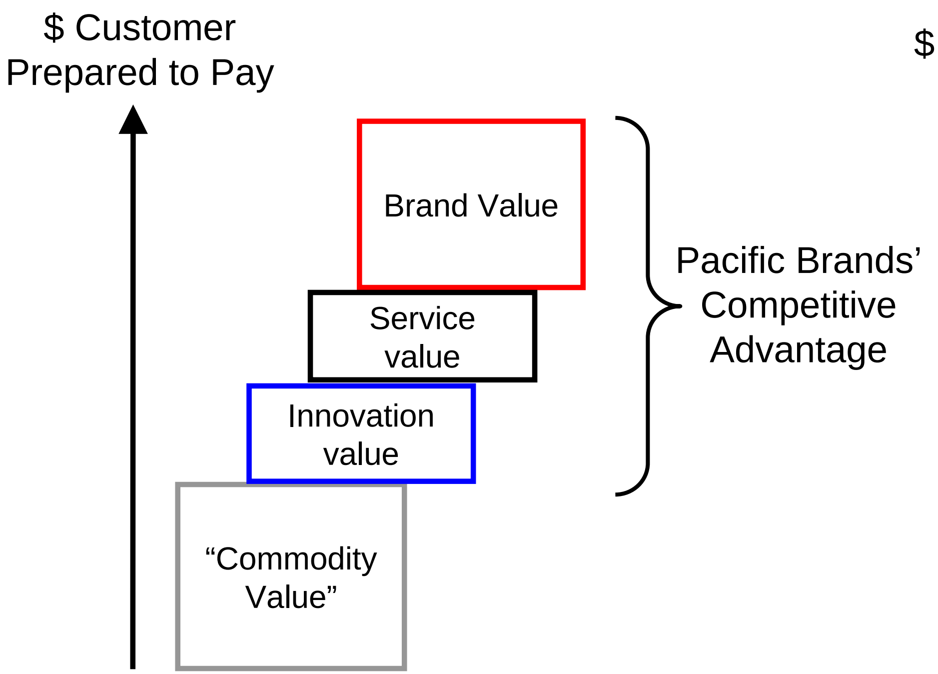
Category, Brand, Scale, Service

Sustainable profit delivery

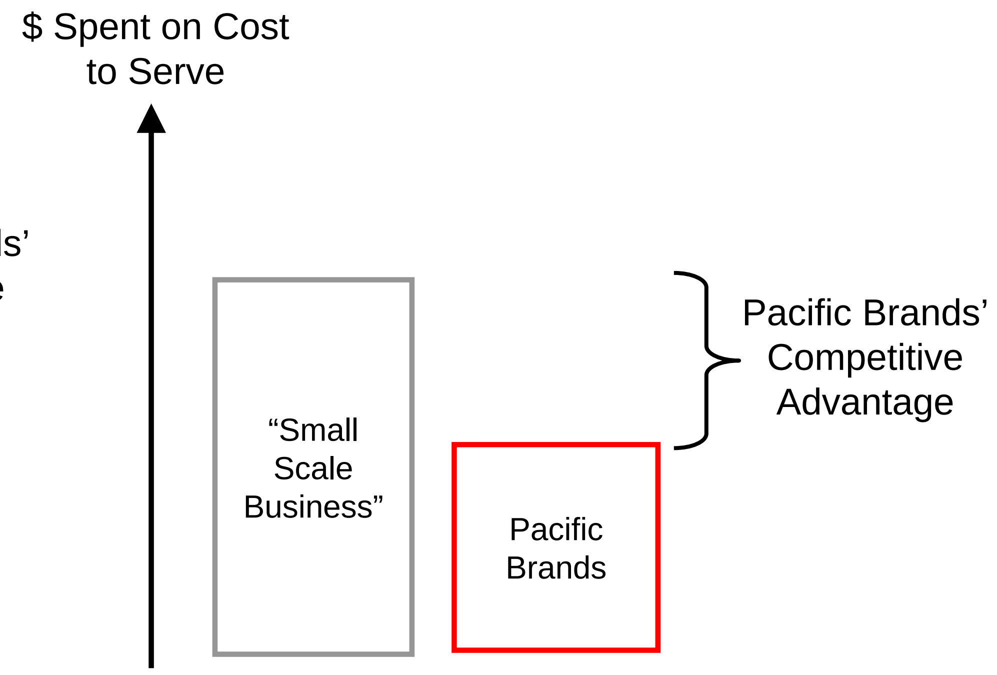
- Pacific Brands has earnings resilience in the face of changing economic conditions
- Diversity of category and channel, particularly with addition of “Business to Business”
- Consumers demand our products in all economic environments
  - Brand and product coverage to suit “everyday” needs at every price point in our chosen “staple” categories
  - Consistent focus on investing in brand equity and developing great product
  - Cover the entire spectrum from high-end shoppers to value-oriented consumers
  - Broad and efficient distribution channels – with Brands that add value to retailers
- Service excellence
  - Superior service delivery across all channels especially to our business to business users
- Scale advantage
  - To manage margin in the face of cost pressures
- Strong cash generation
  - Cash generation remains heavily weighted towards second half
  - Make targeted investment in people, brand, efficiency or acquisitions
  - Reliable dividend yield

The PBG competitive advantage

The Power of Brands

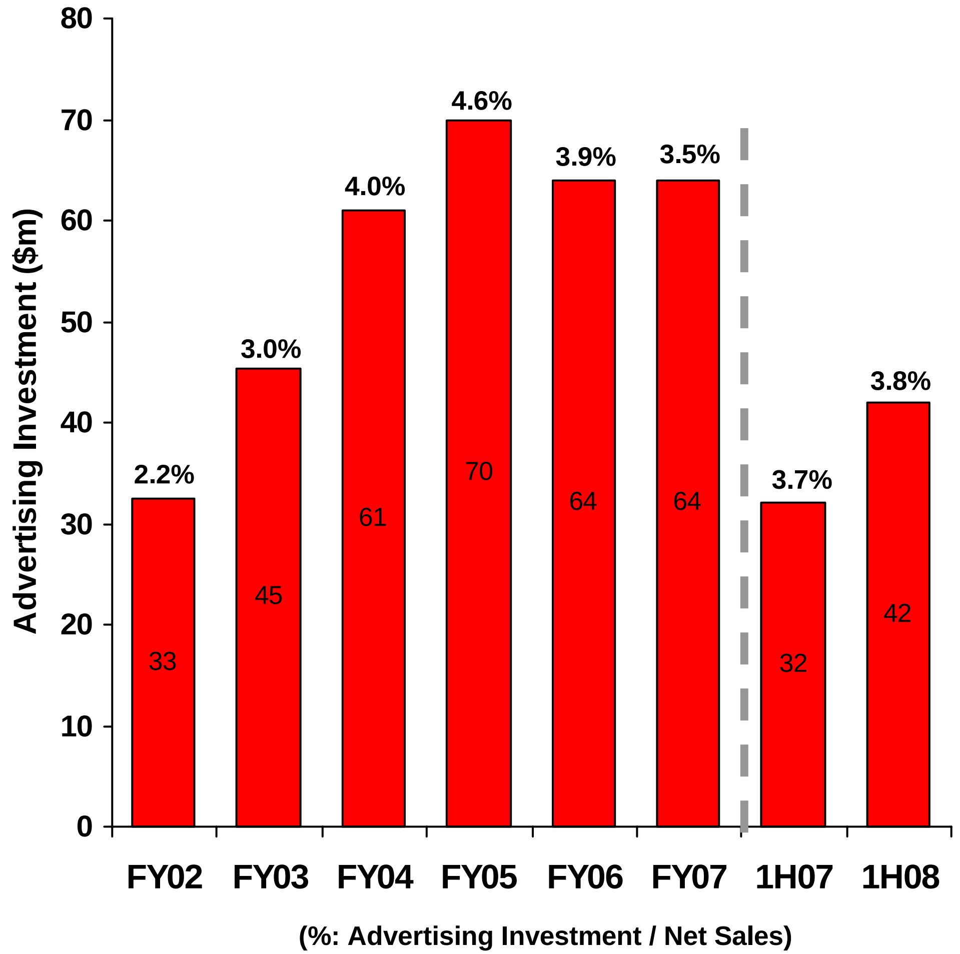


The Power of Scale



Competitive Advantage : Investment in Brands

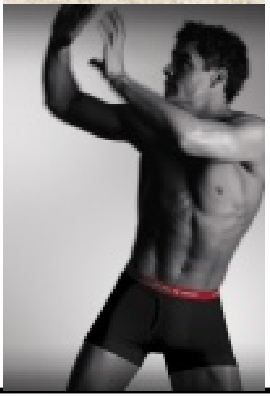
- Portfolio of great brands
- $6m spend at Yakka and Brand Collective where we are investing for growth
- Strong response from targeted campaigns in key categories with spend being restored towards historical levels
- Drove improved mix at many businesses especially Bonds and Sheridan



PACIFIC BRANDS

Competitive Advantage : Product Innovation

- Pacific Brands research and development a source of sustainable competitive advantage
  - More than 330 product designers / developers
- Partnership with RMIT School of Fashion & Textiles
- Key category shaping innovations include:
  - SHE by Sheridan
  - Bonds Baby easysuit
  - Slazenger BioSlyx – Performance enhancing biometric sportswear
  - Holeproof Copper Socks & Underwear
  - Jockey 3D
  - Yakka Extreme
- Strongly branded innovative products command a value advantage to both Pacific Brands and our Retailer partners



Competitive Advantage : Scale

- Costs contained in an environment of increased cost pressures
- Group infrastructure and purchasing power extended to acquired businesses
- More common processes and systems to drive efficiency
- Continue to leverage Asian infrastructure and extend logistics competence
- Total Cost of Doing Business (CODB %) increased slightly, impacted by:
  - Advertising investment moving towards historical levels
  - Further investment in full-service model to retailers
  - Higher cost to serve of different models of acquired businesses – particularly uniform contract business
  - Admin expenses included non-recurring one-off costs of $4.0m
  - Provision for increased employee performance incentives

Competitive Advantage : China sourcing

- Change in China will influence the whole market
  - Inflation running at 4-7% on an annualised basis
  - Wage inflation running at >10% p.a.
  - Legislated changes to wage rates and employment conditions
  - Local currency appreciation of 7% against US$ half on half
  - Reduced export rebates in apparel and footwear from 13% to 11%
- Have successfully managed change in China over the past 50-years
  - Approx 60-70% of our products sourced from China
- Pacific Brands is best able to deal with these changes
  - Strong strategic relationships with fewer Chinese suppliers
    - Based on end-to-end value not best first price.
    - Flexibility, responsiveness, quality all impact on final cost
  - Exploring emerging producer nations
  - Scale on the ground and through relationships with major sourcing houses

Acquired businesses adding value

- Yakka (acquired April 2007)
  - Integration plan on track
  - Profit delivery in line with original expectation
  - Benefits to continue and build in second half and FY2009
    - Cautious approach to implementing opportunities while preserving base
    - Sourcing and “Business to Business” relationships
  - Leveraged UK operations to further extend contract business
- Brand Collective (acquired January 2007)
  - Integration progressing as planned with benefits ahead of expectation
  - Further value from improved brand management and investment

3. Group performance

Operating group sales

$m	HY2007	HY2008	% Change
Net sales			
Underwear & Hosiery	309.4	316.0	2.1
Outerwear & Sport	134.1	341.9	155.0
Home Comfort	252.0	274.2	8.8
Footwear	154.5	152.0	(1.6)
Other (Clearance)	18.6	14.7	(21.0)
Total net sales	**868.6**	**1,098.8**	**26.5**

Sales by customer channel

$m	HY2007	%	HY2008	%	% Change
Department Stores	133.5	15%	152.3	14%	14.1
Discount Department Stores	236.8	27%	272.1	25%	14.9
Speciality/Independents/Other *	414.1	49%	585.0	53%	41.2
Supermarkets	48.0	5%	50.9	5%	6.0
International	36.2	4%	38.5	4%	6.3
Total Sales	**868.6**	**100%**	**1,098.8**	**100%**	**26.5**

*: Other includes Business to Business sales

- Australia and New Zealand focus
- Continuing evolution of a balanced portfolio of distribution channels

EBITA by operating group

$m	HY2007	HY2008	% Change
EBITA[1]			
Underwear & Hosiery	40.7	44.4	9.1
Outerwear & Sport	12.5	29.6	136.8
Home Comfort	21.6	25.2	16.7
Footwear	22.3	22.4	0.4
Unallocated Overheads	(3.6)	(7.7)	113.9
Total EBITA	**93.5**	**113.9**	**21.8**

Note: (1) EBIT = EBITA in all operating groups

Underwear & Hosiery

$m	HY2007	HY2008	% Change
Total Sales	309.4	316.0	2.1
EBITA[1]	40.7	44.4	9.1
EBITA Margin	13.2%	14.1%	

- Continued to build on momentum from previous half
- Strong underlying category strength and leadership
  - EBITA up 9.1%
  - Bonds and hosiery branded sales grew strongly
- EBITA margin up through improved mix and performance of Bonds
- Categories invigorated through a wide range of new product launches
- Hosiery continues to benefit from current fashion trends

Note: (1) EBIT = EBITA in all operating groups

Outerwear & Sport

$m	HY2007	HY2008	%Change
Total Sales	134.1	341.9	155.0
EBITA	12.5	29.6	136.8
EBITA Margin	9.3%	8.7%	

- Yakka Group review and integration plan completed – execution on track
- Brand Collective ahead of expectations
- Short-term margin reduction - impact of Yakka
- Uniform business continues to win important corporate contracts
- Core businesses delivered both organic growth and improved service performance
  - Boydex awarded Supplier of the Year (Men's Apparel & Women's Apparel) by Big W
  - Strong Bikes performance
  - King Gee on track for record sales year

Home Comfort

$m	HY2007	HY2008	%Change
Total Sales	252.0	274.2	8.8
EBITA	21.6	25.2	16.7
EBITA Margin	8.6%	9.2%	

- Strong organic growth across the group
- New Sheridan premium ranges
- Sleepmaker grew sales and returned to David Jones
- Tontine growth following brand marketing initiatives and operational improvements
- Foams steady despite competitive market and increasing input costs
- Dunlop carpet cushion grew sales and share
- Agreement to sell New Zealand Foams, Flooring and Bedding businesses

Footwear

$m	HY2007	HY2008	% Change
Total Sales	154.5	152.0	(1.6)
EBITA	22.3	22.4	0.4
EBITA Margin	14.4%	14.7%	

- Footwear continues to add value in the mass market for shoes
  - Some challenges at retail
- Sales flat overall but down in Women’s Fashion
- Benefit of advertising investment in lifestyle and sporting categories (Volley and Merrell), which performed well
- Sales trending up in period before Christmas
- More direct-from-source shipping improved margins

4. HY2008 financials

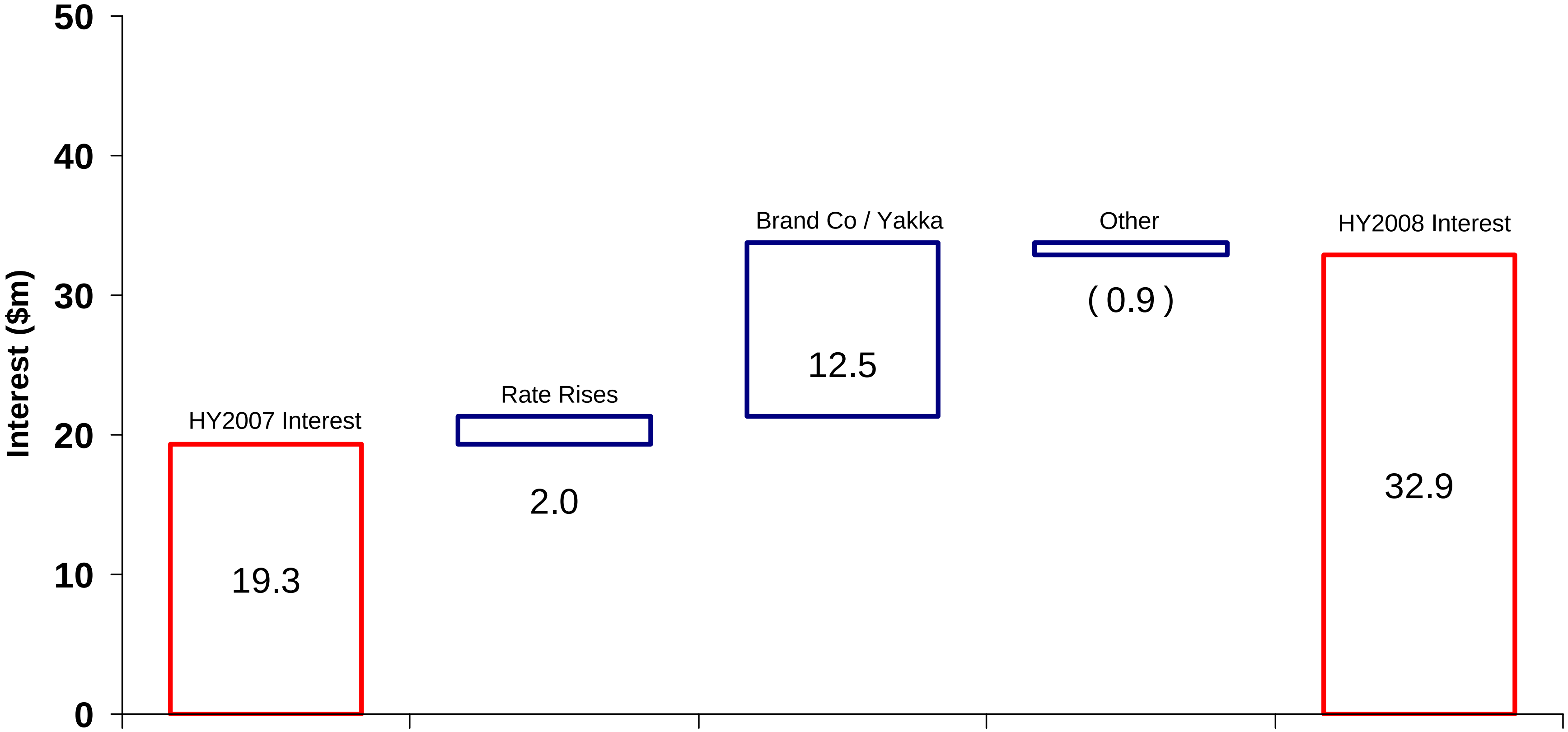
Stephen Tierney, Chief Financial Officer & Group General Manager - Operations

Summary Financial Performance

$m	HY2007	HY2008	% Change
Total Sales	868.6	1,098.8	26.5
Gross margin	364.1	482.7	32.6
EBITDA	104.1	126.0	21.0
Depreciation	(10.5)	(12.1)	15.2
Amortisation of acquired intangibles	-	(1.5)	-
EBIT	93.5	112.4	20.2
Net Interest	(19.3)	(32.9)	70.5
Tax	(20.4)	(22.2)	8.8
Minority Interest	(0.1)	(0.2)	-
Reported NPAT	53.8	57.0	5.9
Gross Margin (%)	**41.9**	**43.9**	
EBITDA margin (%)	12.0	11.5	
EBIT margin (%)	10.8	10.2	
EPS[1] (cents)	10.7	11.6	8.4

1. Net profit and earnings per share calculated after tax, but before the amortisation of acquired intangibles as required by AIFRS

Interest reconciliation

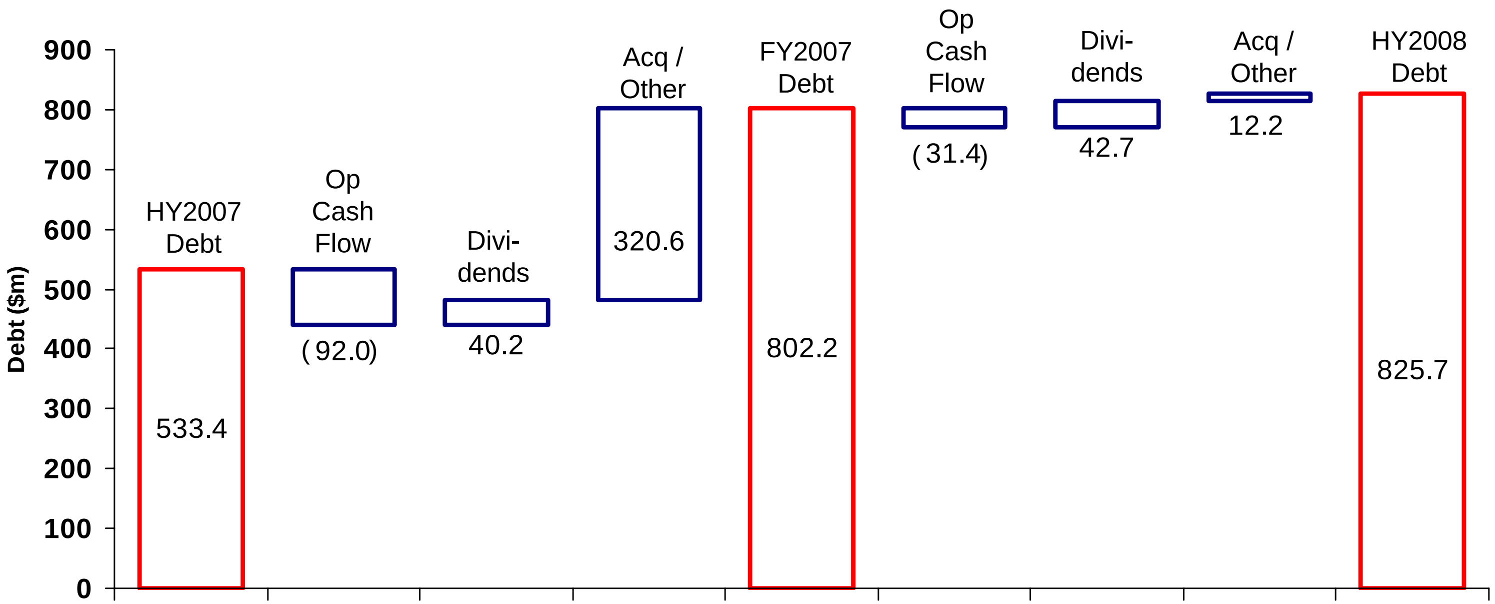


PACIFIC BRANDS

Summary Financial Position

$m	HY2007	FY2007	HY2008	% Change
Working Capital	403.2	503.4	521.1	3.5
Property, Plant & Equipment	171.2	206.8	214.7	3.8
Intangibles	1,296.7	1,503.8	1,504.7	-
Other	(20.6)	(97.1)	(86.2)	11.2
Total Capital Employed	1,850.2	2,116.9	2,154.3	1.8
Net debt	533.4	802.2	825.7	2.9
Equity	1,313.8	1,314.7	1,328.6	1.1
Net debt / equity (%)	40.7	61.0	62.1	
Gearing (x)	2.6	3.7	3.3	
Interest Cover (x)	4.8	4.1	3.5	
DPS	8.0	16.5	8.5	

Debt Repayment



Debt Profile ($m)

	Date	Facility	Drawn at 31-Dec-07
Tranche 1	21-Feb-09	$150.0	$144.5
Tranche 2	14-Feb-10	$400.0	$335.0
Tranche 3	28-Mar-12	$250.0	$250.0
Securitisation	29-May-11	$250.0	$200.0
Leases and Other			$1.6
Total Facility		**$1,050.0**	**$931.1**
Cash			$105.4
Net Debt			**$825.7**

Working Capital

$m	HY2007	FY2007	HY2008	% Change
Trade Receivables	225.4	280.7	298.4	6.3
Inventories	305.9	361.5	372.5	3.0
Trade Creditors	(128.1)	(138.8)	(149.8)	7.9
Working Capital	403.2	503.4	521.1	3.5
Debtors Days (days)	49.8	44.1	49.2	
Inventory Turn (x)	3.4	3.3	3.4	

- Despite impact of acquired stock, ‘Inventory Turn’ slightly improved
- Seasonal variances to inventory receivables and creditors

Summary cash flow

$m	HY2007	HY2008
EBITA	93.5	113.9
Equity compensation reserve	1.0	1.0
Depreciation	10.5	12.1
Operating cash profit	105.0	127.0
Net interest paid	(18.5)	(29.8)
Tax paid	(19.7)	(20.4)
Change in working capital	(26.1)	(21.3)
Other	(7.6)	(5.9)
Capex	(12.5)	(18.2)
Net Operating Cashflow	**20.6**	**31.4**
Acquisitions	(4.5)	(6.5)
Net proceeds of borrowings	25.0	(11.9)
Dividends paid	(37.7)	(42.7)
Other	(2.3)[1]	(3.4)
Net Cash flow	**1.1**	**(33.1)**
Cash on hand	**95.0**	**105.4**

1. Other includes share buy back, finance leases and disposals of property, plant & equipment

Dividends

- Interim dividend of 8.5 cents per share,
  - Record date: 29 February 2008
  - Payment date: 1 April 2008
- 100% franking for Australian shareholders at 30% tax rate
- Consistent payout ratio at 74.9% of reported NPAT
- Dividend Reinvestment Plan to continue
  - Requirements satisfied by the issuance of new shares
  - Average participation rate during FY2007 was approximately 28%

5. Summary & outlook

Sue Morphet, Chief Executive Officer

HY2008 summary

- Strong financial performance driven by successful delivery of core-growth strategy including acquisitions
- Momentum from prior year continued into first half
- Business integrations progressing well
- Strategy of brand investment and product innovation continuing to drive growth & value
- Channel diversification - reduced dependency on any one channel
- Rising input costs managed effectively
- Good cash flow, strong dividend and consistent payout ratio

Outlook

- Outlook for FY2008 confirmed and remains unchanged
  - Sales and EBITA up 15 to 20%
  - NPAT up in excess of 10%, reflecting increased growth in the second half
  - Strong cash generation weighted towards the second half
- Integration of Yakka and Brand Collective to continue with further benefits to be delivered
- Further investment in brand and product development will continue to underpin organic growth
- Significant Business to Business opportunities
- Continue to leverage scale to maximise performance and efficiencies
- Early trading in 2H2008 is promising and to expectations
- Business performing well – opportunity to review strategy and way forward in coming months

Questions

Appendices

Definitions

- *Gross margin* - gross profit plus other income
- *Net operating cashflow* - cashflow 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 / LTM EBITDA (annualised for acquisitions)
- *Interest Cover - (*LTM EBITDA – Cap Ex) / Net Interest

Reconciliation of profit

$ million	HY2007	HY2008	% Change
Net sales	868.6	1,098.8	
Other revenue	10.6	9.4	
Total revenue	879.2	1,108.2	
Cost of goods sold	(515.1)	(625.5)	
Gross margin	364.1	482.7	
Freight and distribution	(57.6)	(72.5)	
Sales, marketing & advertising	(154.4)	(209.4)	
Information technology	(11.7)	(15.2)	
Administrative expenses (incl restructuring costs)	(46.9)	(73.2)	
EBIT	93.5	112.4	20.1
Net interest	(19.3)	(33.0)	71.0
Tax	(20.4)	(22.2)	8.8
Profit after tax	53.8	57.2	6.3
Minority interests	(0.0)	(0.2)	
Profit after tax post minority interests	53.8	57.0	5.9