Half Year 2009

Results Presentation and Strategy Update

25 February 2009

Sue Morphet, Chief Executive Officer

PACIFIC BRANDS

Executive Summary

- Debt extended until August 2010
- HY2009 earnings are in line with guidance
- Dividend suspended
- Asset impairment
- Implementing comprehensive strategy “Pacific Brands 2010”
  - Reducing the number of brands to remove complexity
  - Realigning our cost base
  - Exiting majority of clothing manufacturing sites
  - Facilitates sustainable growth
  - Enables debt pay down

Debt facilities extended

	Maturity date	New Facility	01-Jul-09 Facility	01-Jan-10 Facility	01-Jul-10 Facility	21-Aug-10 Facility
Tranche 1 - amortising	21-Aug-10	$220.0	$165.0	$110.0	$55.0	$0.0
Tranche 2	21-Aug-10	$330.0	$330.0	$330.0	$330.0	$330.0
Tranche 3	28-Mar-12	$250.0	$250.0	$250.0	$250.0	$250.0
Total Facility		**$800.0**	**$745.0**	**$690.0**	**$635.0**	**$580.0**

- Debt facilities extended
- Tranche 1 increased and amortising
- Tranche 2 reduced and extended to 21 August 2010
- Interest cover covenant reducing from 3.5x to 3.0x returning to 3.5x in September 2010
- Gearing remains at 3.5x
- Covenant calculations exclude one off costs of implementing Pacific Brands 2010

Half Year 2009 Results

HY2009 earnings are in line with guidance

- Operating earnings for half are in line with expectations and broadly flat against prior year
  - Sales $1,041.6m, down 5.2% (down 2.9% for continuing businesses[2])
  - EBITA[1] $113.0m, down 0.8% (up 0.3% for continuing businesses[2])
  - NPAT[1] $57.6m, down 0.9% (up 0.1% for continuing businesses[2])
  - EPS[1] of 11.5 cents, down 0.9%
- EBITA[1] margin up to 10.8% (10.4% in HY2008)
- Net operating cash outflow of $33.7m
- Asset impairment of $206.4m
- No interim dividend will be paid for 2009

1. EBITA, NPAT and EPS before the amortisation of acquired intangibles and impairment
2. Continuing business excludes World Brands and NZ Foams, Flooring and Sleepmaker businesses in HY2008 which were divested

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HY2009 earnings are in line with guidance

Results Overview - Consolidated

$m	HY2008[1]	HY2009
Total Sales	1,098.8	1,041.6
Gross Margin	482.7	465.3
EBITDA	126.0	125.5
Depreciation	12.1	12.5
EBITA	113.9	113.0
Amortisation of acquired intangibles / Impairment	1.5	208.0
EBIT	112.4	-95.0
Net Interest	32.7	32.9
Tax	22.2	22.0
Reported NPAT	57.0	-150.0
NPAT[2]	58.1	57.6
Gross margin (%)	43.9	44.7
EBITDA margin (%)	11.5	12.0
EBITA margin (%)	10.4	10.8

1. HY2008 includes businesses which have since been divested
2. NPAT before the amortisation of acquired intangibles and impairment

Group sales results

- Despite market conditions, strong performances across key brands

Brand	Year on year sales growth
Bonds	6%
Everlast	9%
Hard Yakka	7%
Tontine	12%
Volley	14%

- B2B (contract uniform) channel providing growth both internationally and domestically
  - Contract wins include Compass, Australian Defence combat uniforms and NSW Police force
- Sales contracted due to divested businesses ($27m) and lower consumer sentiment

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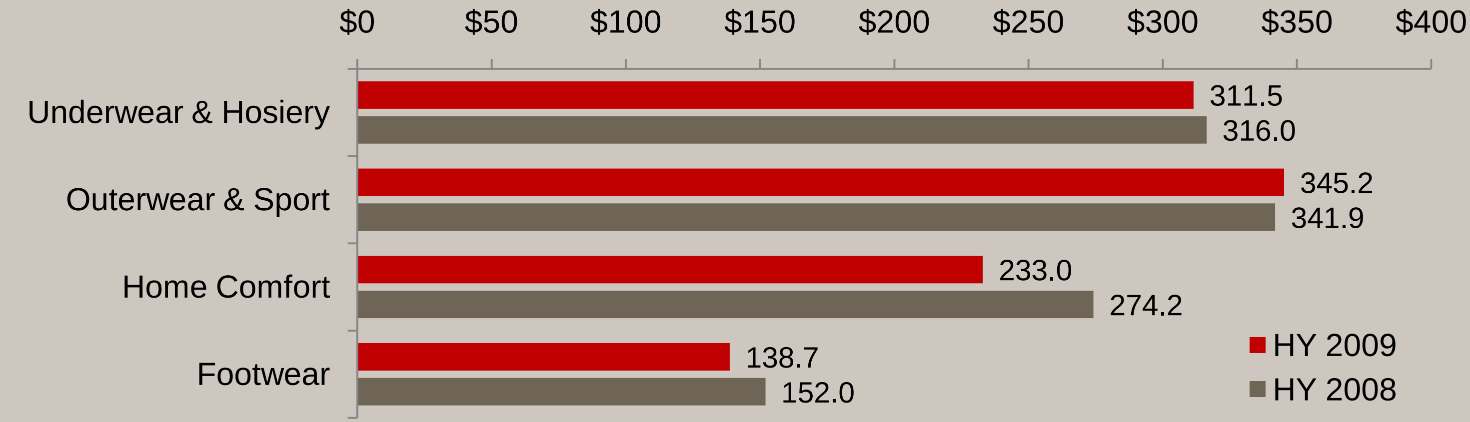
Group revenue growth

Net sales $ millions



	% Chg	CB[1] % Chg
Underwear & Hosiery	-1.4%	-1.4%
Outerwear & Sport	+1.0%	+2.2%
Home Comfort	-15.0%	-7.4%
Footwear	-8.8%	-8.8%

- Underwear & Hosiery had strong performances from Bonds, Berlei and Hosiery, offset by decline in Clothing NZ and Holeproof
- Outerwear & Sport was up driven largely by the workwear group with strong performances across all business segments
- Home Comfort sales decline driven by divested business (NZ Foams, Flooring and Bedding) and more discretionary higher priced items such as beds and bed linen
- Footwear impacted by Grosby which had a very poor half with product quality issues and a lack of brand distinctiveness. It is improving with a good “back-to-school” season this January

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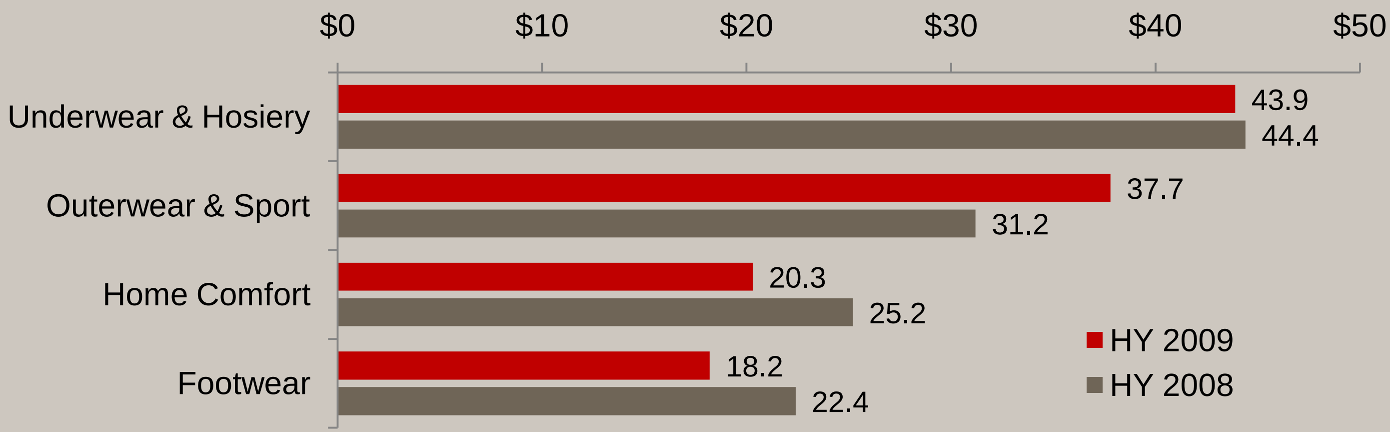
1. CB – continuing business

Group earnings growth

EBITA $ millions

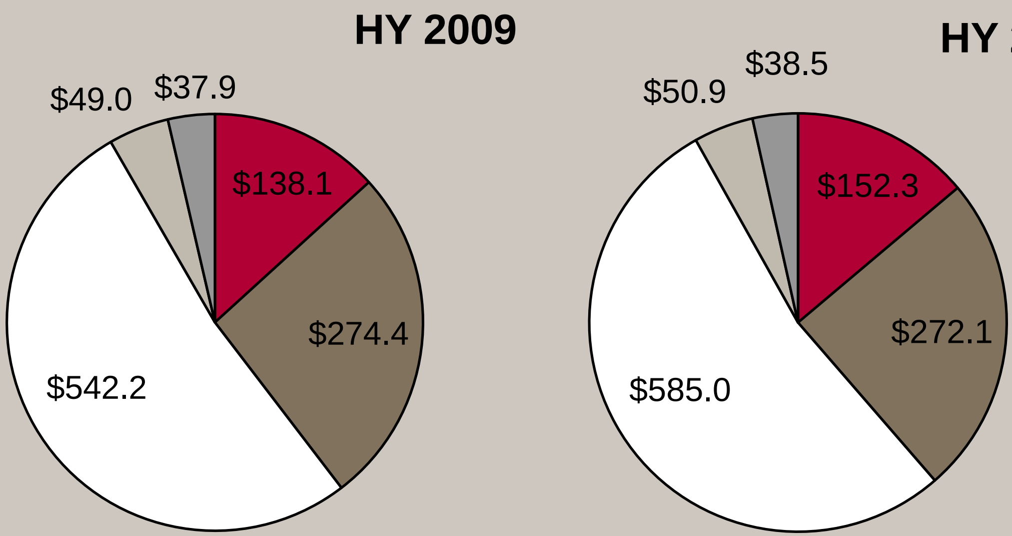


	% Chg	CB[1] % Chg
Underwear & Hosiery	-1.1%	-1.1%
Outerwear & Sport	+20.8%	+23.2%
Home Comfort	-19.4%	-17.2%
Footwear	-18.8%	-18.8%

- Underwear and hosiery earnings were marginally down
  - Holeproof and Clothing New Zealand have both been restructured to improve performance
- Strong earnings growth in Outerwear & Sport driven by workwear
- Home Comfort earnings decline was driven by the discretionary parts of its portfolio
  - Sheridan has been restructured and Sleepmaker is overhauling its go-to-market structure
- Footwear international sales and earnings were sharply down

1. CB – continuing business

Domestic channels

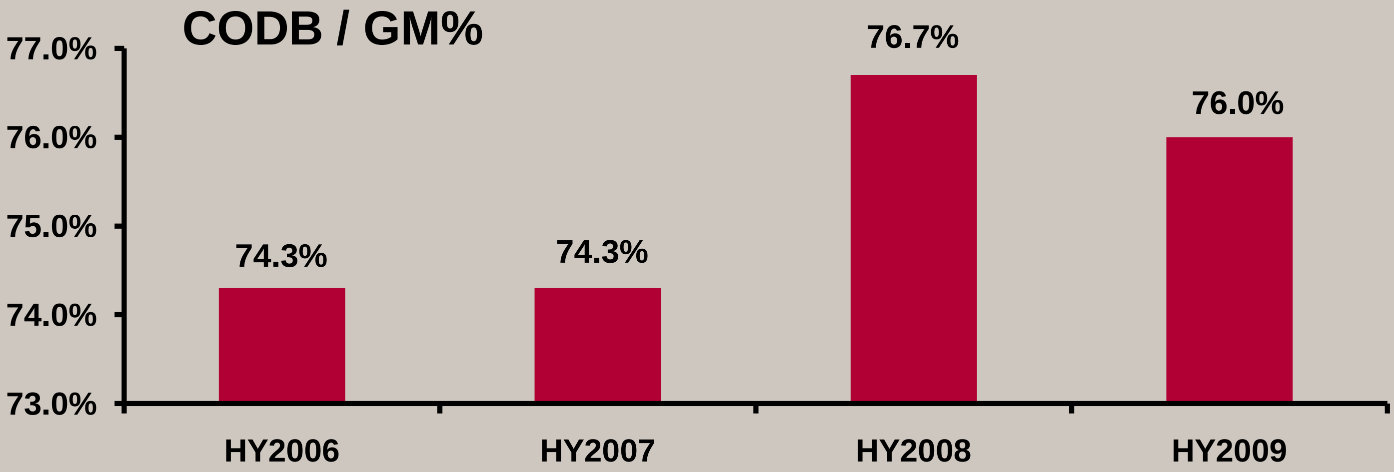


	% Chg
Dept stores	-9.3%
Disc Dept Stores	+0.8%
Specialty / Indep / Other	-7.3%
Supermarkets	-3.7%
International	-1.6%

- Weakness in speciality account base with a number of small businesses merging or closing
- Consumers trading down with growth in DDS at expense of DS

Improvement in CODB

- CODB[1] has decreased in HY2009
  - Tightened sales and marketing spend
  - Lower administration expenses
- $6.8m of one off costs included in HY2009 CODB
  - Includes redundancies and restructuring already completed and set up of new workwear operations internationally



1. CODB – expenses (freight & distribution, sales & marketing, advertising, IT and administration) below margin

Summary financial position

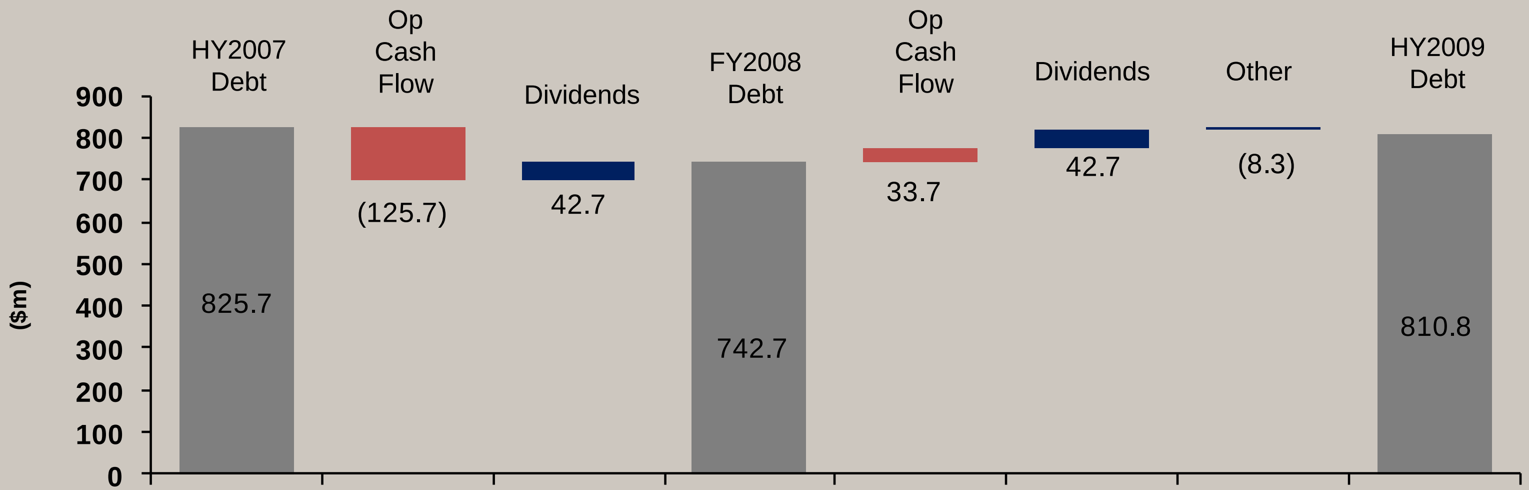
$m	HY2008	FY2008	HY2009	% Change half on half
Working capital	521.1	452.8	527.4	1.2
PP&E	214.7	204.9	198.1	-7.8
Intangibles	1,504.7	1,507.5	1,324.3	-12.0
Other	(86.2)	(96.1)	(96.0)	11.3
Total capital employed	2,154.3	2,069.1	1,953.8	-9.3
Net debt	825.7	742.7	810.8	-1.8
Equity	1,328.6	1,326.4	1,143.0	14.0
Net debt / equity (%)	62.1	56.0	70.9	
Gearing (x)	3.3	2.9	3.2	
Interest cover (x)	3.5	3.5	3.6	

Working capital

$m	HY2008	FY2008	HY2009	% Change half on half
Trade Receivables	298.4	246.4	283.8	-4.9
Inventories	372.5	356.9	390.1	4.7
Trade Creditors	(149.8)	(150.5)	(146.5)	-2.2
Working Capital	521.1	452.8	527.4	1.2
Debtors Days (days)	49.2	44.9	47.9	
Inventory Turn (x)	3.4	3.4	3.0	

- Stock increased slightly due to the early Chinese New Year, from new workwear contracts and beginning of currency impact
- Receivables continue to reflect the seasonal peak leading into Christmas

Debt repayment



Current Debt Profile ($m)	Current Facility	Drawn at 31-Dec-08
Tranche 1	$150.0	$144.5
Tranche 2	$400.0	$310.0
Tranche 3	$250.0	$250.0
Securitisation	$250.0	$200.0
Total Facility	**$1,050.0**	**$904.5**
Cash / Other		$93.7
Net Debt		**$810.8**

New Debt Profile ($m)	Date	New Facility
Tranche 1	21-Aug-10	$220.0
Tranche 2	21-Aug-10	$330.0
Tranche 3	28-Mar-12	$250.0
Securitisation	15-Mar-11	$250.0
Total Facility		**$1,050.0**

Cashflow

$m	HY2008	HY2009
EBIT	112.4	(95.0)
Equity compensation reserve	1.0	1.2
Impairment	0.0	206.4
Depreciation & amortisation	13.6	14.0
Operating cash profit	127.0	126.6
Net interest paid	(29.8)	(35.8)
Tax paid	(20.4)	(22.0)
Change in working capital	(21.3)	(81.3)
Other	(5.9)	(7.0)
Capex	(18.2)	(14.2)
Net Operating Cashflow	**31.4**	**(33.7)**
Acquisitions / Disposals	(6.5)	0.0
Net proceeds of borrowings	(11.9)	58.8
Dividends paid	(42.7)	(42.7)
Other	(3.4)	8.7
Net Cash flow	**(33.1)**	**(8.9)**
Cash on hand	**105.4**	**95.9**

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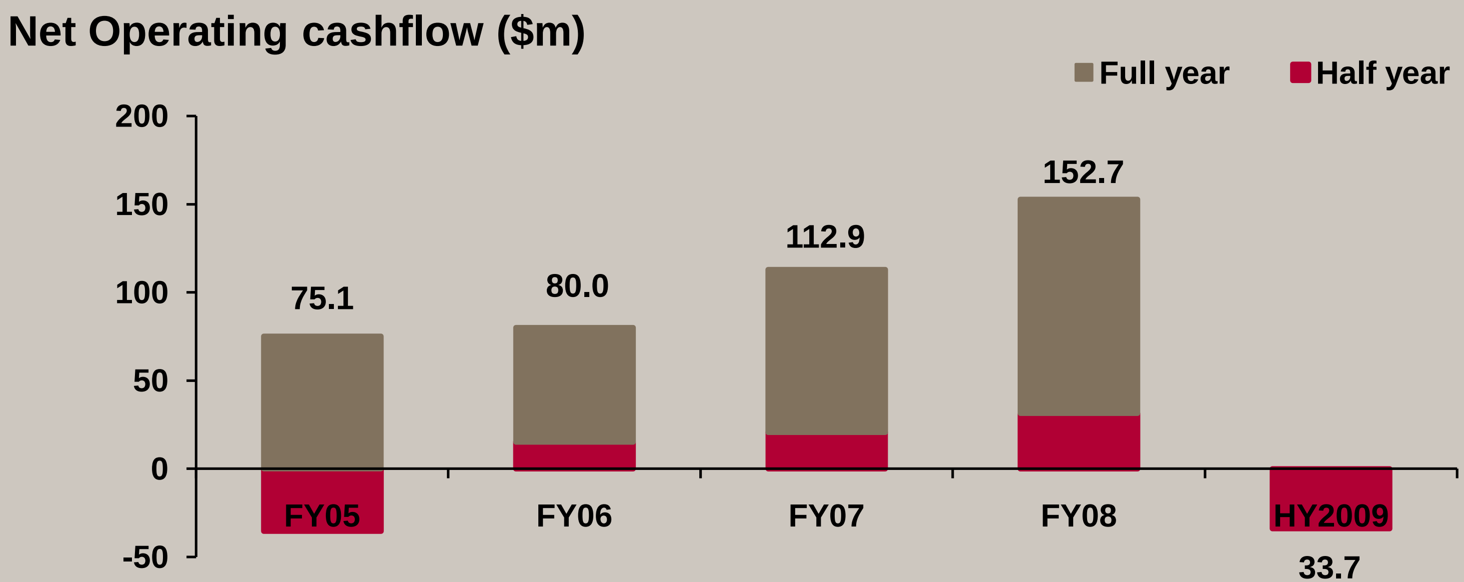
Net operating cashflow continues to be cyclical



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Asset impairment

- In light of international conditions and the Pacific Brands 2010 strategy we conducted a review of intangible and other assets as required under AAS 136
- As noted in the 30 June 2008 Financial Statements, the recoverable amounts remain sensitive to underlying assumptions including discount rates and general trading conditions
- At 31 December 2008, the carrying value of these assets exceeds their recoverable amount determined for impairment testing purposes
  - Certain international assets and other Australian assets identified in the strategic review
- Asset impairment of $206.4 million
- No impairment of any recent acquisitions (Sheridan, Yakka, Brand Collective)

Dividend

- No interim dividend will be paid for 2009
- The Board believes suspending the dividend will further strengthen the Company’s balance sheet and enhance its financial flexibility
- The Board will make a decision in respect of a final dividend after assessing Pacific Brands performance in H2 FY2009 and outlook at that time

Trading update

- After a period of declining retail sales and very low levels of consumer sentiment, Christmas trading was stronger than expected with December 2008 ahead of last year
- Following the devaluation of the Australian dollar, we have implemented price rises which began to take effect from 1 February 2009
- The impact of price rises on volumes remains uncertain in the current environment and therefore it continues to be difficult to predict outcomes and provide earnings guidance

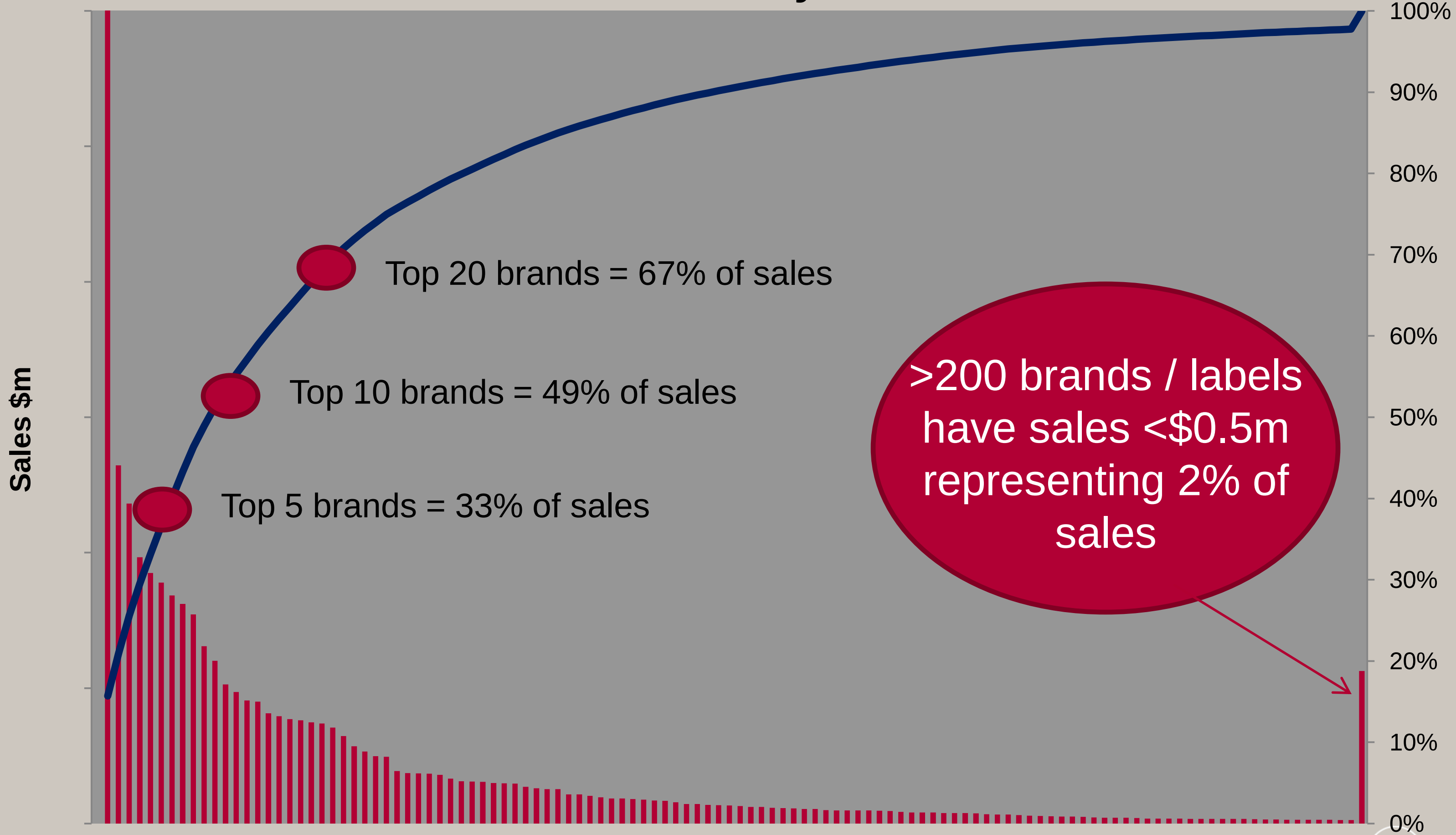
Pacific Brands 2010 Strategy

Development of Pacific Brands 2010

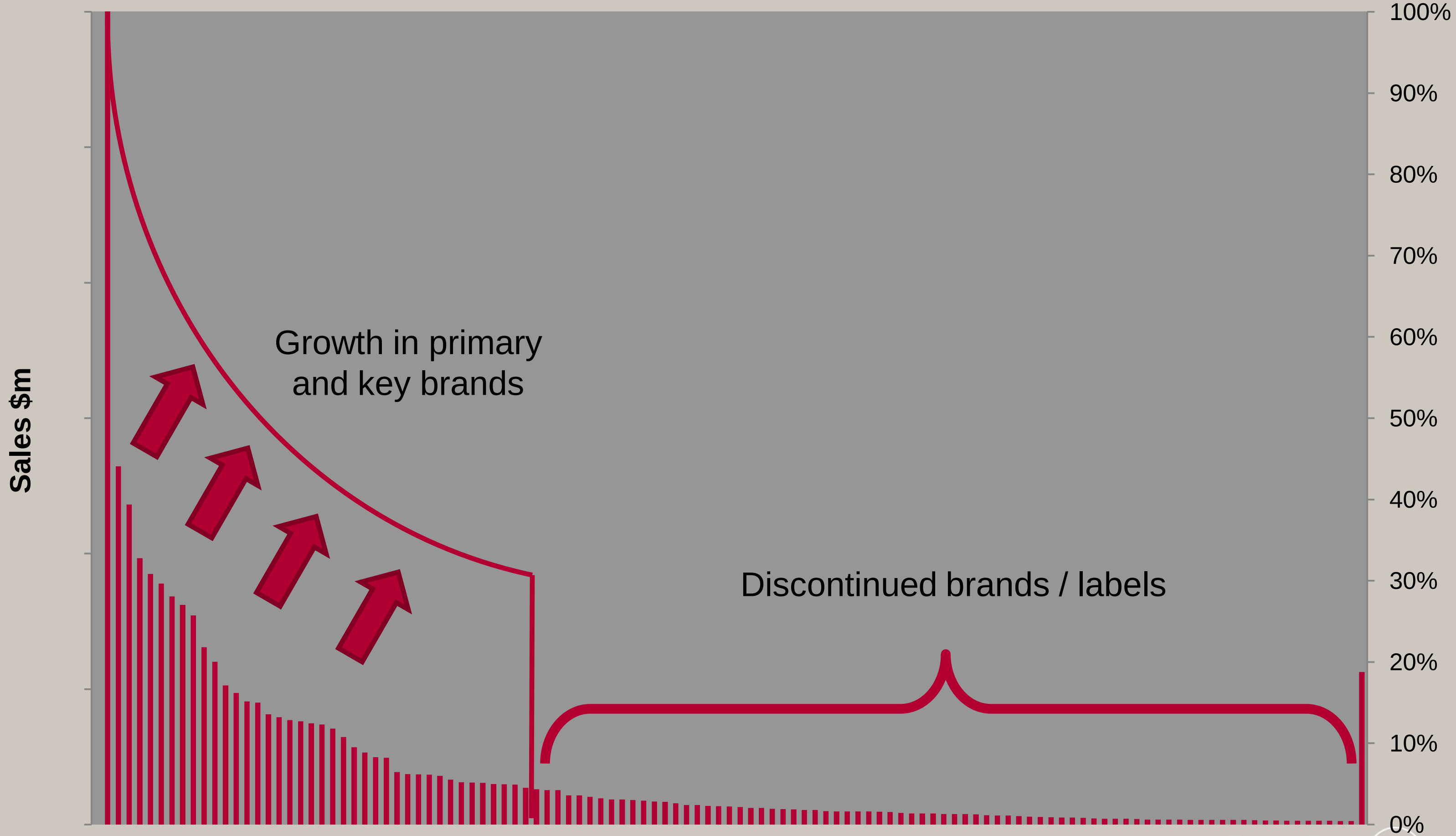
- From strategic review last year we recognised
  - Too many brands
  - Too much complexity
  - Limited uniformity of process and procedures
  - Significant excess costs in the business
  - No overall organic growth
  - ….but some businesses getting it right
- Strategic review identified
  - Brands worth backing
  - Cost savings
  - Best-in-business process and sourcing
- Outcome – Pacific Brands 2010

The focus is on primary brands…

HY2009 Net Sales Pareto curve by brand



…to reduce complexity



Pacific Brands 2010

Powerful brands → **Right market offer** → **Efficient and effective delivery** → **Performance improvement culture**

Powerful brands

- Fewer, more powerful brands
- Focus on distinctiveness first, volume follows
- Brand Excellence built on insight to construct tighter propositions
- Resource allocation based on brand opportunities

Right market offer

- Disciplined product development to prevent errors that impact the whole system
- End-to-end thinking from product designer to upstream drivers of total cost

Efficient and effective delivery

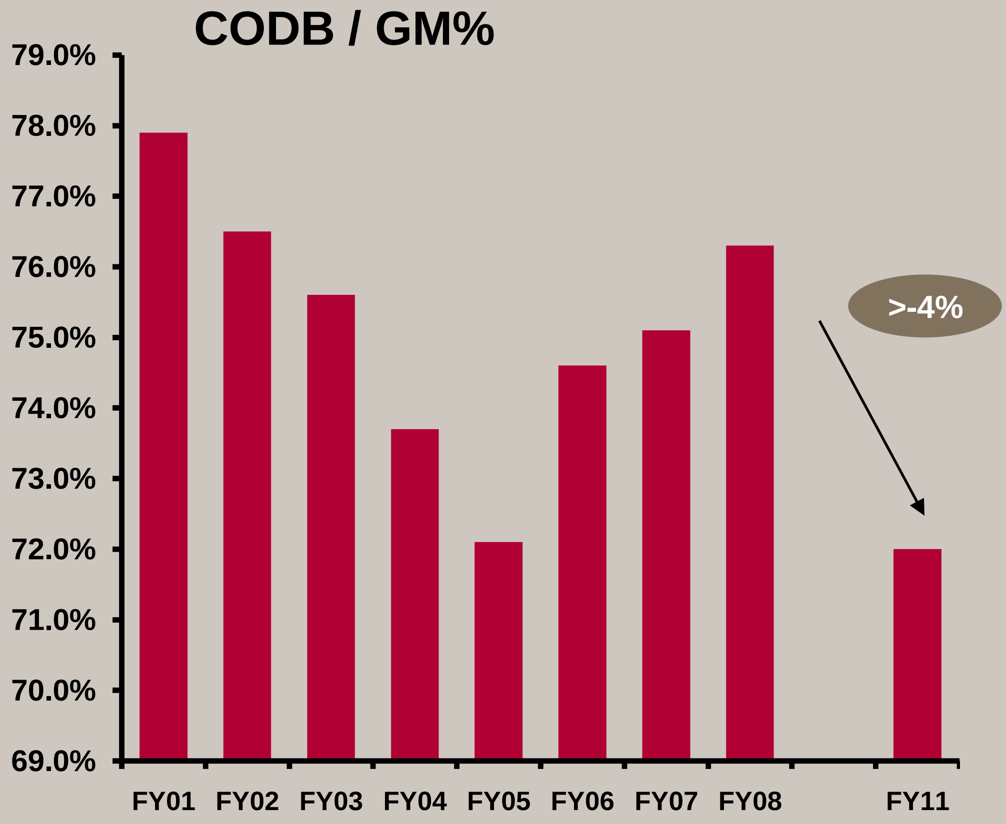
- Driving efficiencies & continual improvement
- Overhaul of sourcing
- Office consolidation
- Consolidated businesses, fewer reporting lines

Performance improvement culture

- Transparency on costs
- Connected KPIs, not silos
- Central functions accountable
- Embed improvement capabilities

Realigning our cost base

- Responding quickly to challenging environment
- More efficient cost structure for the future
- In excess of $150 million of savings – in our control
- Reducing CODB[1] / GM% to below 72%



1. CODB – expenses (freight & distribution, sales & marketing, advertising, IT and administration) below margin

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Five main cost reduction work streams

Improved sourcing and supply chain
Consolidate warehousing, manufacturing rationalisation, reconfigure global sourcing base

Optimised go to market model
Recover value-added service. Consolidate clearance outlets

Better brand and product delivery
Reduce development cost, design product to source better, reduce clearance, increase ordering quantities, more effective marketing spend

Rebased overhead model
Finance, IT, HR, admin

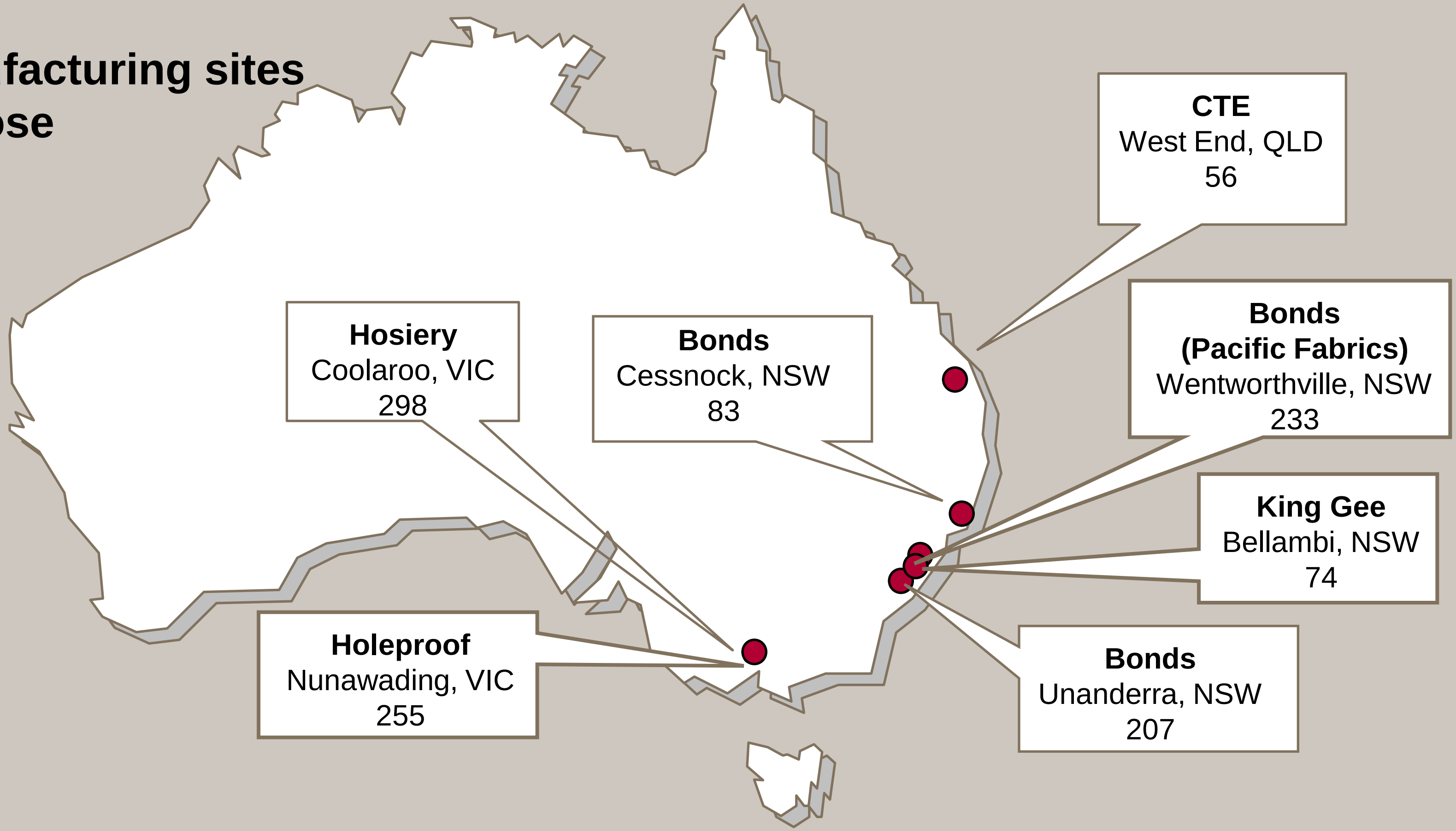
Reduced discretionary spend
Travel, consumables, procurement

Sourcing overhaul drives manufacturing exits

- No long term sustainable advantage from local manufacturing
  - Efforts to make cost efficient no longer relevant
  - Clothing categories we manufacture are ex-growth
  - Currently 70% of clothing product (by value) is sourced from offshore
- Reviewed all sourcing options for cost, quality, flexibility and speed
- Exiting majority of our clothing manufacturing globally
- Manufacturing workforce will be substantially reduced
  - Approximately 1,200 manufacturing people in Australia will be affected
  - Will exit from Asian factories but possibly as going concerns
- All entitlements of staff will be met
- Working closely with employees, unions, Commonwealth and State Governments to provide appropriate assistance to all affected staff
- Proposal to be put to our New Zealand employees and their representatives

1,200 Australian manufacturing redundancies

Manufacturing sites to close



- 7 Manufacturing sites will close with approximately 1,200 redundancies

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Other cost reduction work streams

- 650 non manufacturing redundancies across all businesses
  - Over the next 18 months
- Further sourcing gains
- Streamlined product design with tighter ranges
- More focused and targeted advertising spend
- Sales force effectiveness
- Resized central overheads
  - Smarter reporting and design systems
- Less discretionary spend

Strong implementation team

Sourcing	▪ Already work successfully with world-leading suppliers in key categories
Management	▪ Experienced change management team in place independent of businesses ▪ Led by Anna Vidiera-Johnson – extensive experience leading major transformations.
Customers/ Suppliers	▪ Through reduced complexity, focus and distributed decision making, Pacific Brands will be easier to deal with and provide better, more responsive service

Program largely in our own control with strong internal appetite for change

Initiatives implemented by end FY 2010

Year	Cost savings $m
FY09	5
FY10	>50
FY11	>150

Implementation costs will reach $125 million

- Majority of one off costs incurred in FY09 but paid in FY10
- Closure of clothing manufacturing facilities represents >80% of the one off costs

Year	P&L impact of one off costs $m	Cash costs of implementing plan $m
FY09	110[1]	5
FY10	11	76
FY11	4	13
	125	94

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1. Includes $31m of asset write offs

Pacific Brands 2010

- Bonds & Workwear illustrate how the Pacific Brands 2010 strategy will impact the whole business
  - Key strategy themes are already in existence in these two businesses
- Bonds
  - Benefit from clarity and focus
  - Implementation of brand excellence – better brand and product delivery
  - Less complexity
- Workwear
  - Improved sourcing and supply chain
  - Rebased overhead model
  - Lower cost of doing business

Summary

- Debt facilities extended
- Half year results good outcome in current conditions
  - In line with guidance
  - Underwear & workwear categories showing predictable resilience in these tough times
  - Proactively addressing costs to protect profitability
- Our brands, scale, diversity and financial strength set us apart from our competitors
- Through Pacific Brands 2010 strategy Pacific Brands will become a leaner, more profitable and more sustainable business

Questions

Appendix

Definitions

- *CODB* - expenses (freight & distribution, sales & marketing, advertising, IT and administration) below margin
- *Domestic Sales* - includes sales of products within Australia and New Zealand
- *Gearing* - Net debt / LTM EBITDA (annualised for acquisitions)
- *Gross Margin* - gross profit plus other income
- *Gross Profit* - excludes interest income
- *International Sales* - sales to the rest of the world (excluding Australia and New Zealand)
- *Interest Cover* - (LTM EBITDA – Cap Ex) / Net Interest
- *Inventory Turnover* - calculated on a 3 point average
- *LTM*: Last Twelve Months
- *Net Operating Cashflow* - cashflow from operations less interest, tax and capital expenditure
- *ROTCE* – Return on Total Capital Employed (EBITA / TCE)

Reconciliation of profit

$m	HY2008	HY2009	% Change
Net sales	1,098.8	1,041.6	-5.2
Other revenue	9.4	9.0	-4.3
Total revenue	1,108.2	1,050.6	-5.2
Cost of goods sold	(625.5)	(585.3)	-6.4
Gross margin	482.7	465.3	-3.6
Freight and distribution	(72.5)	(74.0)	2.1
Sales, marketing & advertising	(209.4)	(195.9)	-6.4
Information technology	(15.2)	(16.4)	7.9
Admin expenses	(73.2)	(67.5)	-7.8
Impairment	0.0	(206.4)	0.0
EBIT	112.4	(95.0)	
Net interest	(33.0)	(32.9)	
Tax	(22.2)	(22.0)	
Profit after tax	57.2	(149.8)	
Minority interests	(0.2)	0.1	
Profit after tax post minority interests	57.0	(150.0)	