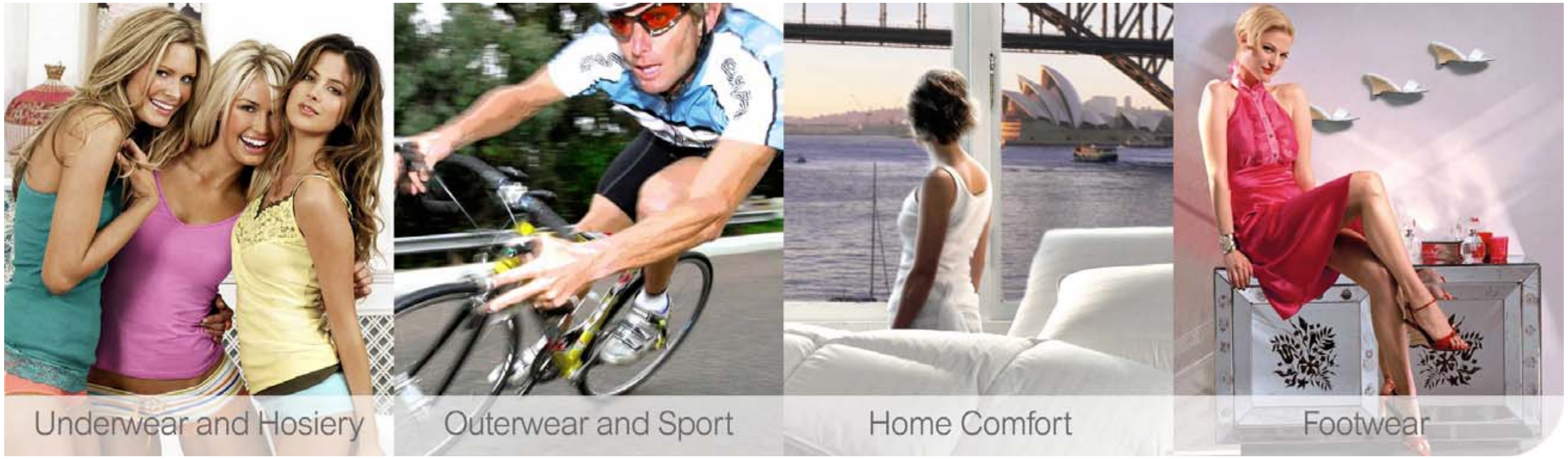
PACIFIC BRANDS

Half Year Results Presentation

for the half year ended 31 December 2006



Paul Moore, Chief Executive Officer

Stephen Audsley, Chief Financial Officer

21 February 2007

Agenda

- HY2007 performance highlights
- Pacific Brands business update
- Acquisition of Yakka
- HY 2007 financials
- Summary and outlook

PACIFIC BRANDS

1. HY2007 performance highlights

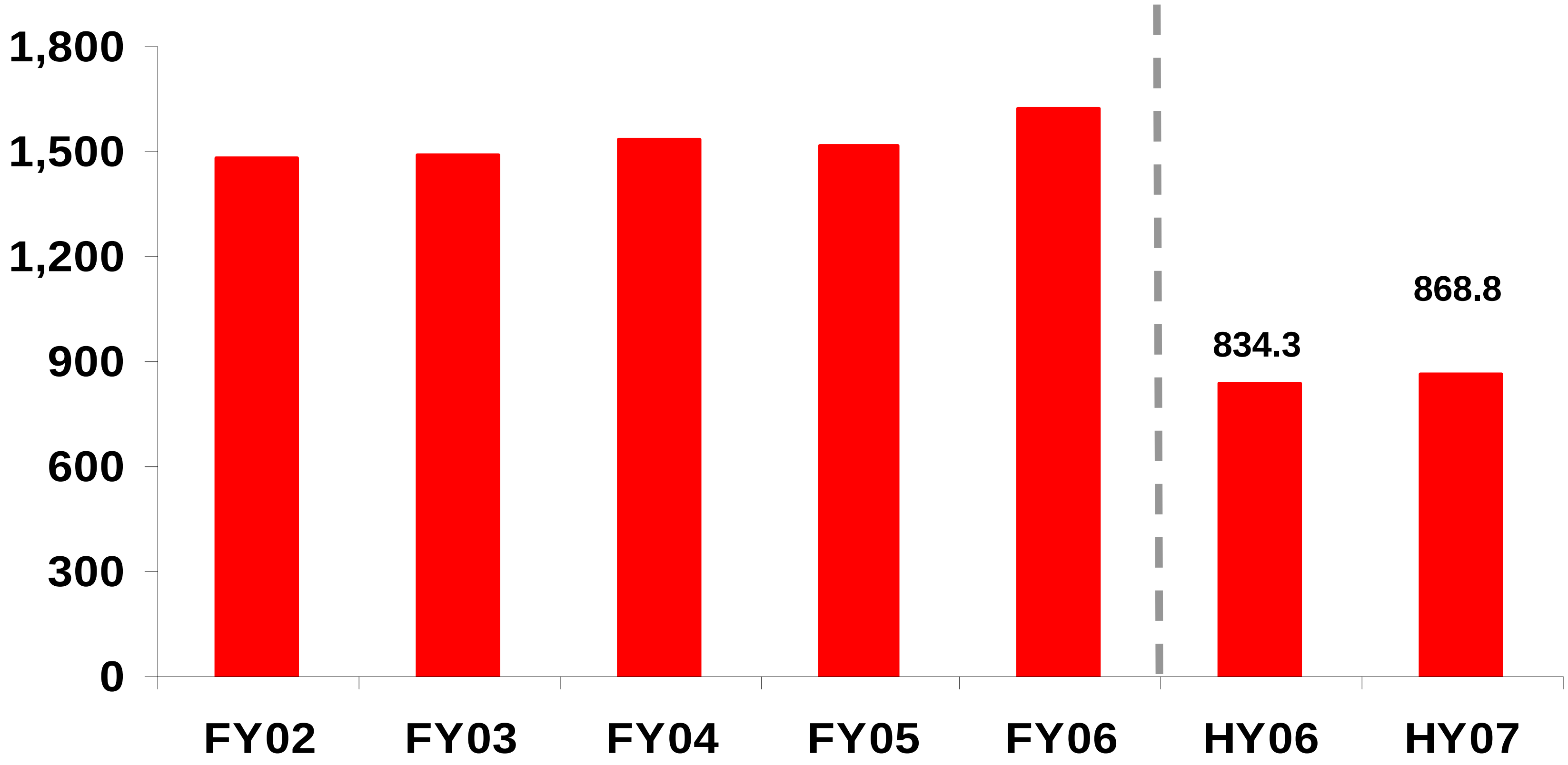
Paul Moore, Chief Executive Officer

HY2007 performance highlights

- **Total net sales of $868.6m, 4.1% growth on previous financial year**
  - Focus remains on driving branded sales growth
- **Financial performance above previous corresponding period:**
  - EBITDA of $104.1m, up 6.8%
  - EBIT of $93.5 m, up 6.2%
  - NPAT of $53.8 m, up 6.1%
  - Net operating cash flow, up 36.4% to $20.6 m
  - EPS of 10.7 cents, up 6.1%
- **8.0 cents per share interim dividend declared**
- **Stronger performance by Underwear & Hosiery, EBIT up 7.1%**
- **Acquisitions drive Home Comfort, EBIT up 19.3%**
- **Footwear strength continues, EBIT up 7.5%**

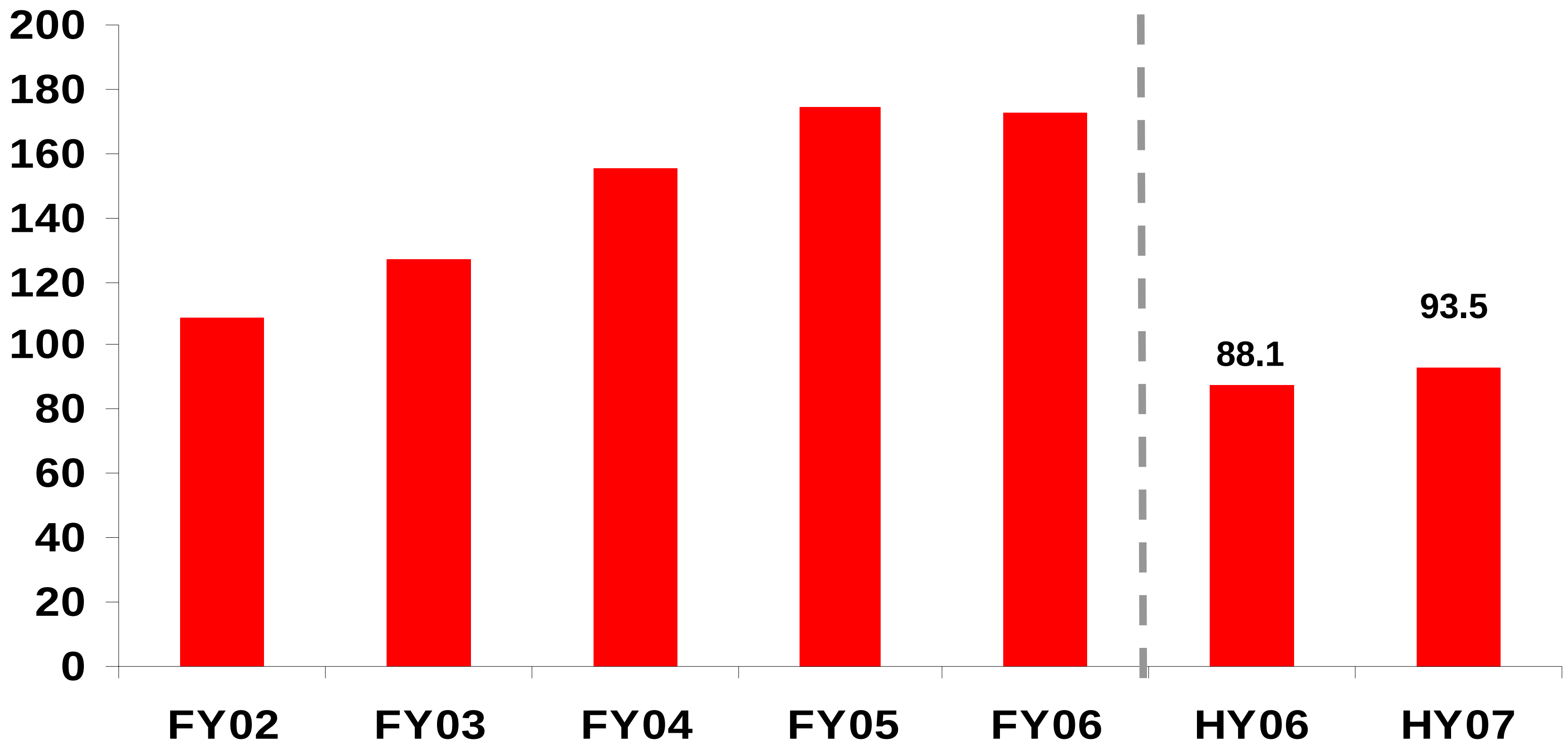
Solid group sales

Group Net Sales ($ million)

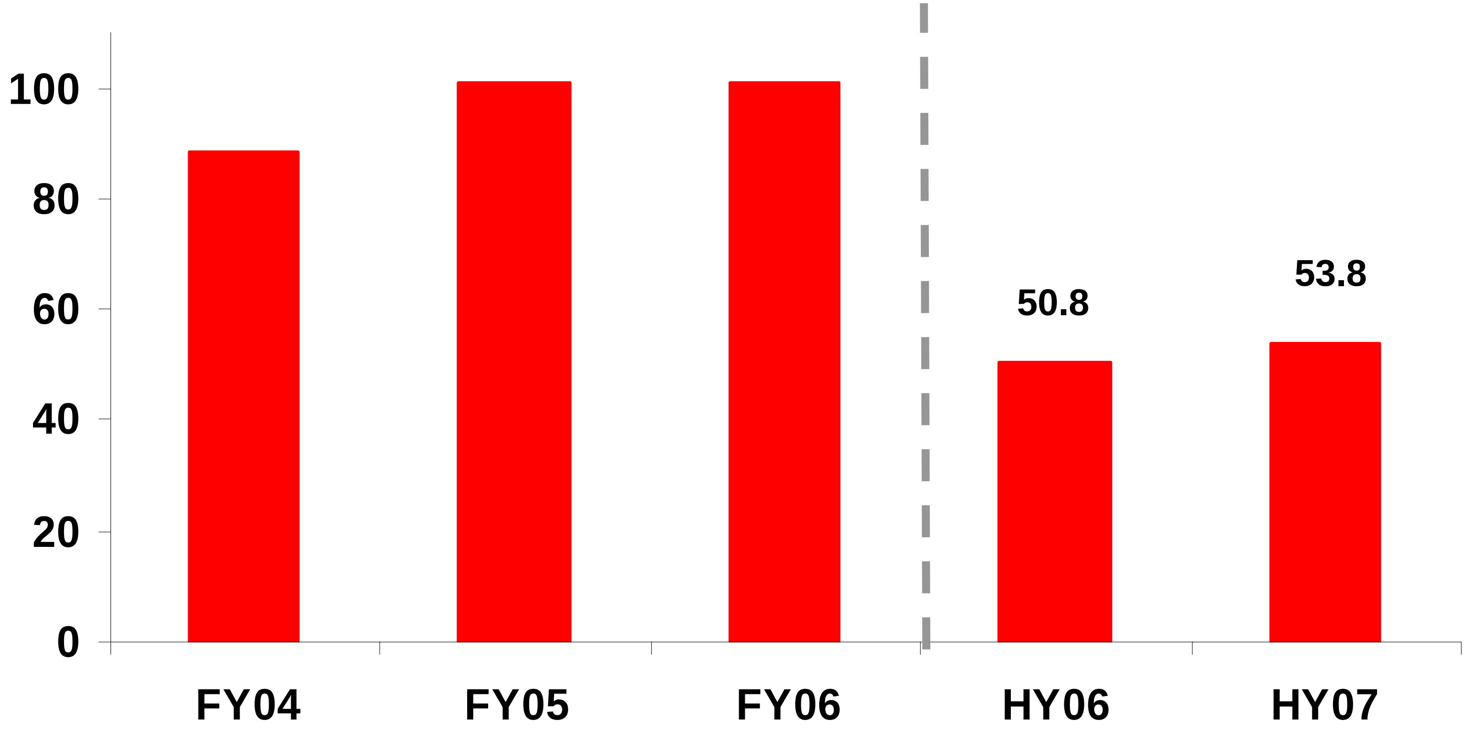


Improved earnings

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	HY2006	HY2007	% Change
Total sales	834.3	868.6	4.1
Gross margin	342.5	364.1	6.3
CODB/GM (%)	74.3	74.3	
EBIT	88.1	93.5	6.2
EBIT margin (%)	10.6	10.8	0.2
EPS (cents)	10.1	10.7	6.1
Working capital/sales (%)	22.4	23.2	
Inventory	304.5	305.9	0.5
Inventory turn (times)	3.4	3.4	
Net operating cash flow	15.1	20.6	36.4

2. Pacific Brands business update

Growth drivers and strategy

Build brand leadership

- Long term brand driven strategy
- 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
- Core ranges

Leverage our scale

- Drive operational efficiency
- Scale across sourcing, logistics and technology
- Manufacturing excellence
- Lean manufacturing
- Speed to market

Portfolio Management

- Acquisition growth
- Portfolio review

Group sales

$ million	HY2006	HY2007	% Change
Net sales			
Underwear & Hosiery	310.3	309.4	(0.3)
Outerwear & Sport	141.6	134.1	(5.3)
Home Comfort	210.0	252.0	20.0
Footwear	152.1	154.5	1.5
Other	20.3	18.6	(8.4)
Total Group Sales	**834.3**	**868.6**	**4.1**

Sales by customer channel

$ million	HY2006	HY2007	% Change
Department Stores	112.7	133.5	18.4
Discount Department Stores	244.4	236.8	(3.1)
Speciality/Independents/Other	391.5	414.1	5.7
Supermarkets	44.4	48.0	8.1
International	41.3	36.2	(12.3)
Total Sales	**834.3**	**868.6**	**4.1**

- **Strong growth in department stores and speciality/independent channels**
- **Business mix continues to be repositioned**

EBIT by Operating Group

$ million	HY2006	HY2007	% Change
EBIT			
Underwear & Hosiery	38.0	40.7	7.1
Outerwear & Sport	14.6	12.5	(14.4)
Home Comfort	18.1	21.6	19.3
Footwear	20.8	22.3	7.5
Overheads	(3.4)	(3.6)	5.9
Total Group EBIT	**88.1**	**93.5**	**6.2**

Underwear & Hosiery

Half Year Ended 31 December (A$m)	HY2006	HY2007	% Change
Total Sales	310.3	309.4	(0.3)
EBIT	38.0	40.7	7.1
EBIT Margin	12.2%	13.1%	

- **Improved result driven by implementation of consistent processes, restructuring & focus on core brands**
- **Sharper effort on category management and sourcing efficiencies delivered margin growth**
- **Strong new product offerings:**
  - Bonds Summer Undies
  - Holeproof Grow Sock
  - Holeproof Nothings
  - Bonds No Lines & Seamfree
  - Bonds T-shirt bra
  - Footless tights
- **New Zealand & Hosiery performed well**

Outerwear & Sport

Half Year Ended 31 December (A$m)	HY2006	HY2007	%Change
Total Sales	141.6	134.1	(5.3)
EBIT	14.6	12.5	(14.4)
EBIT Margin	10.3%	9.3%	

- **Equipment and bike results disappointing – particularly in DDS**
  - Margin pressure at bottom end of market
  - Developing stronger position in premium bike market
- **Solid results at King Gee with innovative fabrics and products**
  - Acquisition of Yakka to drive workwear category growth
- **A stronger position in lifestyle apparel with:**
  - Acquisition of Streetwear (Brand Collective) - completed 2 January
  - Lifestyle brands from Yakka including Lee and Wrangler

Home Comfort

Half Year Ended 31 December (A$m)	HY2006	HY2007	%Change
Total Sales	210.0	252.0	20.0
EBIT	18.1	21.6	19.3
EBIT Margin	8.6%	8.6%	

- **Recent acquisitions drove solid sales and EBIT increase**
- **Integration benefits from Sheridan acquisition well on track**
  - Bed linen remains core with towels also generating good results
  - Li & Fung sourcing relationship working well
- **Strong performance from foams in competitive market**
- **Innovative product development at Sleepmaker**
- **Commitment to a Lean Manufacturing Programme**

Footwear

Half Year Ended 31 December (A$m)	HY2006	HY2007	% Change
Total Sales	152.1	154.4	1.5
EBIT	20.8	22.3	7.2
EBIT Margin	13.7%	14.4%	

- **Disciplined product development, product innovation and category management improved margins**
- **Maintained share in a competitive market**
- **Hush Puppies & Julius Marlow drive growth in men's footwear**
- **Strong two tiered children's offering with Clark's & Grosby**
- **Good performance from Merrell and Dunlop**

Supply Chain

- **First consolidation warehouse in Shanghai opened**
  - Initial focus has been for Sheridan product range
  - Enabled improved inventory and order management during peak selling periods
- **Greater number of direct deliveries improve efficiency and reduce lead times**
- **New purchasing system assists with end to end visibility of product flows and inventory levels**
- **Appointment of General Manager Asia – further enhances our sourcing capabilities**

PACIFIC BRANDS

3. Acquisition of Yakka

Background to Yakka acquisition

- Yakka is the largest supplier and marketer of industrial and corporate workwear in Australia and New Zealand
- Founded in the 1930s and has been wholly owned by the Laidlaw family for over 70 years
- Annual sales around $300m
- Key industrial workwear brands include Yakka, Hard Yakka & Legends Workwear
- Major presence in corporate and defence apparel through Neat n Trim, Dowd Corporation, Stylecorp & Can't Tear Em
- Yakka also distribute casual wear, jeans and footwear under a range of lifestyle apparel brands including Lee & Wrangler

Strategic rationale for Yakka

- Acquisition is transformational and reinforces Pacific Brands position as the premier branded textiles and footwear group in Australasia
- Represents the most significant acquisition made since Bonds in 1987
- A strong strategic fit, complementing the existing King Gee business
- An iconic Australian brand which is to the workwear category what Bonds is to underwear and Sheridan is to bed linen
- Creates another significant category sharing many similarities with the existing core business eg. strong consumer recognition, a market leader & innovative product development
- Provides a significant business in industrial and corporate contract clothing

Strategic rationale for Yakka (continued)

- Opportunity to achieve efficiencies from leveraging our scale and capabilities across sourcing, logistics and technology
- Continued repositioning of the business mix
  - Department stores, specialty and independents will represent around 75% of annual sales
  - Over the last two years, approximately $500 million of sales will have been acquired with distribution in the department and specialty store channels
- Total Company sales in FY08 estimated to be approximately $2 billion
- Grows presence in the emerging 'Lifestyle Apparel' category
- Anticipated to be earnings per share (EPS) positive in year one
- Acquisition to be debt funded – within existing banking covenants

Current category structure

Pacific Brands

Underwear & Hosiery

- Underwear
- Intimate apparel (eg bras)
- Hosiery
- Socks

Outerwear & Sport

- Casual outerwear
- Workwear
- Sports outerwear
- Sporting equipment and hard goods

Home Comfort

- Mattresses & beds
- Bedding accessories (eg bedlinen, pillows)
- Foam
- Carpet underlay

Footwear

- Footwear
  - casual
  - comfort
  - fashion
  - sport

SUPPLY CHAIN

PEOPLE AND PERFORMANCE

INTEGRATED SERVICES

CORPORATE

Potential category structure

Pacific Brands

Underwear & Hosiery
- BONDS
- Holeproof
- Berlei
- Rio
- Razzamatazz
- JOCKEY

Footwear
- Clarks CHILDRENS
- Hush Puppies
- SACHI
- M
- PIERRE FONTAINE
- Julius Marlow
- Grosby

Bedroom
- SHERIDAN
- Sleepmaker
- TONTINE
- Serta
- actil
- PERI HOMEWORKS COLLECTION

Workwear
- Yakka
- KingGee Established 1926
- Hard Yakka
- STYLECORP CORPORATE WEAR
- DOWD
- CTE

Lifestyle Apparel
- MOOKS
- Stussy
- EVERLAST
- Wrangler
- Lee
- Slazenger
- Dunlop

Industrial & hardgoods
- DUNLOP enduro
- DUNLOP FLOORING
- Malvern Star
- DIAMONDBACK
- MAXFLI

SUPPLY CHAIN

PEOPLE AND PERFORMANCE

INTEGRATED SERVICES

CORPORATE

4. HY2007 financials

Stephen Audsley, Chief Financial Officer

Summary Financial Performance

$ million	HY2006	HY2007	% Change
Total Sales	834.3	868.6	4.1
Gross margin	342.5	364.1	6.3
EBITDA	97.5	104.1	6.8
Depreciation	(9.4)	(10.5)	11.7
EBIT	88.1	93.5	6.2
Net Interest	(18.3)	(19.3)	5.5
Tax	(19.0)	(20.4)	7.4
Minority Interest	(0.1)	(0.1)	
NPAT	50.7	53.8	6.1
Gross Margin (%)	**41.0**	**41.9**	
EBITDA margin (%)	11.7	12.0	
EBIT margin (%)	10.6	10.8	
EPS (cents)	10.1	10.7	6.1

Summary Financial Position

$ million	HY2006	HY2007	% Change
Working Capital	384.5	403.2	4.9
Property, Plant & Equipment	166.6	171.2	2.8
Intangibles	1,296.8	1,296.7	-
Other	(30.9)	(20.6)	(33.3)
Total Capital Employed	1,817.0	1,850.2	1.8
Net debt	520.3	533.4	2.5
Equity	1,296.7	1,313.8	1.3
Net debt / equity (%)	40.1	40.7	
Gearing (x)	2.7	2.6	
Interest Cover (x)	5.0	4.8	
DPS	7.5	8.0	6.7

Working Capital

$ million	HY2006	HY2007	% Change
Trade Receivables	220.0	225.4	2.5
Inventories	304.5	305.9	0.5
Trade Creditors	(140.1)	(128.1)	(8.6)
Working Capital	384.4	403.2	4.9
Working Capital / Sales	22.4%	23.2%	
Debtors Days	46.0 days	49.8 days	
Inventory Turn	3.4 times	3.4 times	

Cost of doing business

- **CODB/GM%: 74.3%, maintained at same level as previous corresponding period**
- **Costs well maintained in an environment of rising input costs**
- **Sales, marketing and advertising costs higher**
  - Full half year impact of acquisitions
  - Change in mix of business
- **Information technology costs impacted by:**
  - Migration of Sheridan onto corporate systems
  - Rollout of systems to support pick and pack in China
- **Administration expenses include $1.3m of UK restructuring costs**

Summary cash flow

$ million	HY2006	HY2007	FY2006
EBIT	88.1	93.5	173.0
Equity compensation reserve	0.8	1.0	1.6
Depreciation	9.4	10.5	19.3
Operating cash profit	98.3	105.0	193.9
Net interest paid	(16.5)	(18.5)	(31.9)
Tax paid	(20.5)	(19.7)	(37.9)
Change in working capital	(18.7)	(26.1)	(16.9)
Other	(15.3)	(7.6)	(7.1)
Capex	(12.2)	(12.5)	(20.1)
Net Operating Cashflow	**15.1**	**20.6**	**80.0**
Acquisitions	(76.5)	(4.5)	(87.5)
Net proceeds of borrowings	94.7	25.0	81.2
Dividends paid	(37.7)	(37.7)	(75.5)
Other	-	(2.3)[1]	(5.3)
Net Cash flow	**(4.4)**	**1.1**	**(7.1)**
Cash on hand	**96.7**	**95.0**	**94.0**

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

Dividends and Capital Management

- **Interim dividend of 8.0 cents per share**
  - Record date: 2 March 2007
  - Payment date: 2 April 2007
- **100% franking for Australian shareholders at 30% tax rate**
- **Maintain a strong payout ratio - this half, 74.7% of NPAT, FY 2006 74.6%**
- **DRP to remain in place**
- **Share buy-back suspended as a result of Yakka acquisition**

5. Summary & outlook

Paul Moore, Chief Executive Officer

HY2007 summary

- Returned to growth
- Improved cash generation
- Stronger performance by Underwear & Hosiery
- Footwear continues its excellent performance
- Outerwear & Sport impacted by tough sporting equipment and bike market
- Home Comfort realises benefits of recent acquisitions
- Sheridan integration on track
- Further development of core competency as a branded category manager

FY2007 outlook

- Business well positioned to show growth for full year
  - Greater momentum expected in second half
- Inclusion of Streetwear business from 2 January 2007
- Improved earnings contribution from Sheridan
- Further efficiency gains in supply chain
- Yakka acquisition provides an exciting and strong platform for the future
- Solid start to second half

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	HY2006	HY2007	% Change
Net sales	834.3	868.6	4.1
Other revenue	9.9	10.6	7.1
Total revenue	844.2	879.2	4.1
Cost of goods sold	(501.7)	(515.1)	2.7
Gross margin	342.5	364.1	6.3
Freight and distribution	(55.5)	(57.6)	3.8
Sales, marketing & advertising	(144.6)	(154.4)	6.8
Information technology	(10.9)	(11.7)	7.3
Administrative expenses (incl restructuring costs)	(43.4)	(46.9)	8.1
EBIT	88.1	93.5	6.2
Net interest	(18.3)	(19.3)	5.5
Tax	(19.0)	(20.4)	7.4
Profit after tax	50.8	53.8	5.9
Minority interests	(0.1)	(0.0)	100.0
Profit after tax post minority interests	50.7	53.8	6.1

Group overview

					FY06			FY07
$ million	**FY02[1]**	**FY03[1]**	**FY04 [1,2]**	**FY05 [3]**	**H1**	**H2**	**FY06**	**H1**
Working capital	323.5	322.4	304.5	327.7	384.5	377.1	377.1	403.2
PP&E			171.9	152.3	167.1	167.1	167.1	171.1
Capital employed			**476.4**	**480.0**	**551.6**	**544.2**	**544.6**	**574.3**
Sales	**1,482.8**	**1,489.1**	**1,535.1**	**1,521.7**	834.3	790.6	**1,624.9**	**868.6**
EBITDA	125.2	143.3	171.6	189.8	97.5	95.0	192.5	104.1
Depreciation	16.5	16.1	16.4	15.2	9.4	9.9	19.3	10.5
EBIT	**108.7**	**127.2**	**155.2**	**174.6**	88.1	84.9	**173.0**	**93.5**
Net Interest			31.2	32.6	18.3	17.2	35.5	19.3
Profit before Tax			83.0	141.9	69.8	67.7	137.5	74.2
Tax			35.4	41	19.0	17.1	36.1	20.4
NPAT			**88.4**	**100.9**	50.8	50.4	**101.2**	**53.8**
EPS - cents			17.6	20.1	10.1	10	20.1	10.7
Dividend per share			**3.5**	**15.0**	7.5	7.5	**15.0**	**8.0**

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