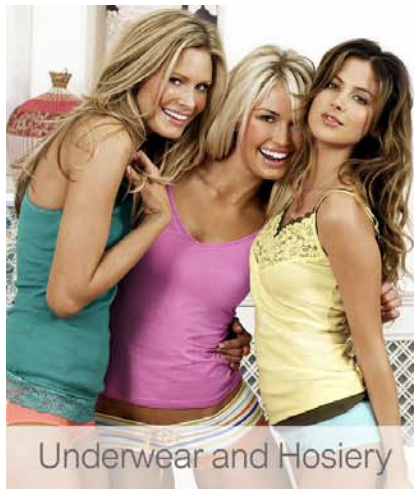


# PACIFIC B **R** ANDS

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## Full Year Results Presentation

for the full year ended 30 June 2007



**Paul Moore, Chief Executive Officer**

**Stephen Audsley, Chief Financial Officer**

**21 August 2007**

# Agenda

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- FY2007 performance highlights
- Strategy and business update
- Group performance
- FY2007 financials
- Summary and outlook

## 1. FY2007 performance highlights

**Paul Moore, Chief Executive Officer**

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# Solid FY2007 performance

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- Total net sales of \$1,820.7m, 12.1% growth on previous financial year
- Financial performance above previous corresponding period:
  - EBITDA of \$216.4m, up 12.5%
  - EBITA of \$194.0m, up 12.2%
  - NPAT<sup>1</sup> of \$107.3m, up 6.0%: impacted by higher interest costs due to acquisitions
  - Reported NPAT of \$106.0m, up 4.7%
  - Net operating cash flow, up 41.1% to \$112.9m
  - EPS<sup>1</sup> of 21.3 cents, up 6.1%
  - Reported EPS up 4.8% to 21.1 cents
- 8.5 cents per share final dividend, resulting in a 16.5 cents full year dividend
- Underwear & Hosiery growth momentum continues
- Completion of significant strategic acquisitions – Yakka Group & Brand Collective
- Home Comfort EBIT up 24.7%, full year benefit from integration of Sheridan
- Footwear remains solid

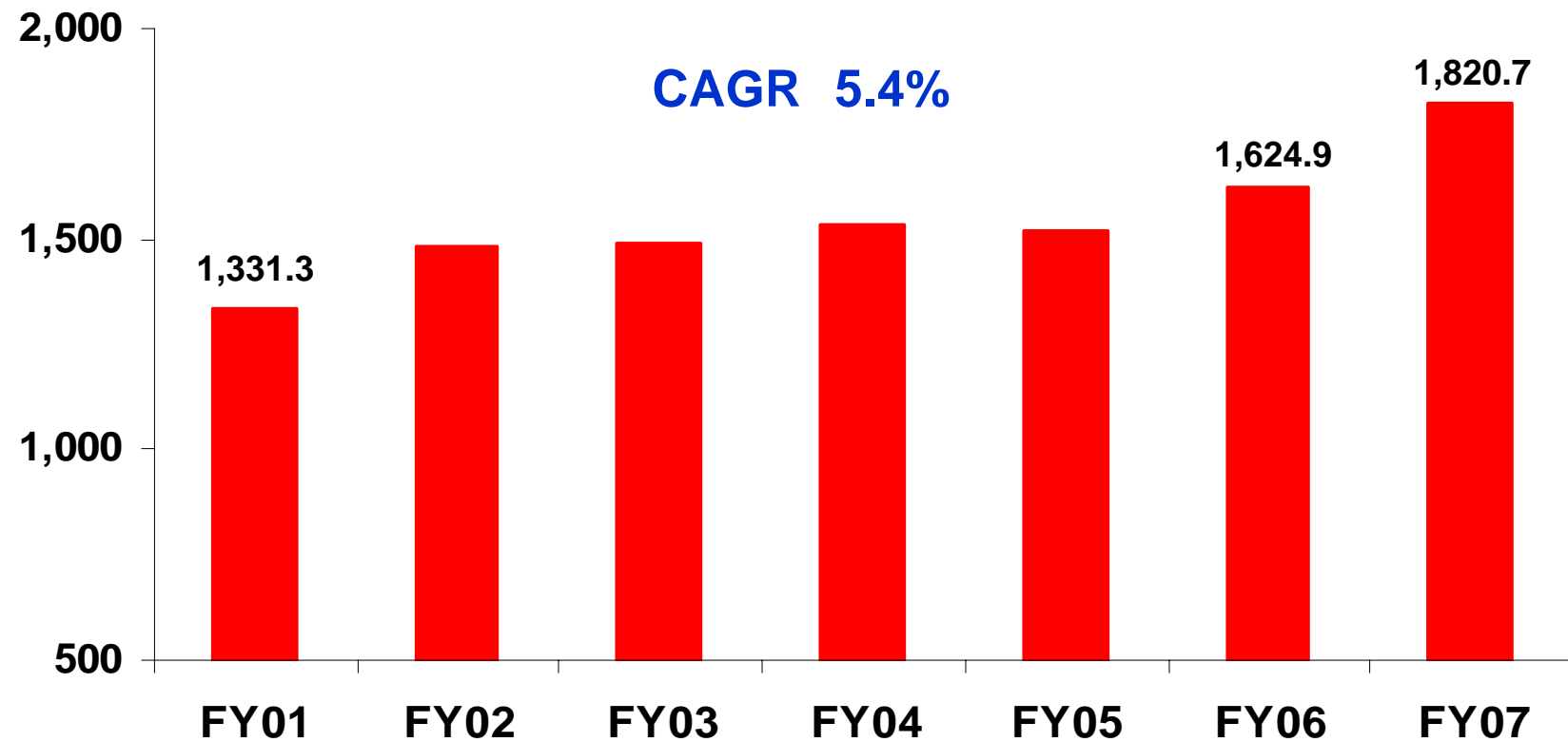
1. Net profit and earnings per share calculated after tax but before amortisation of acquired intangibles

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# Total net sales

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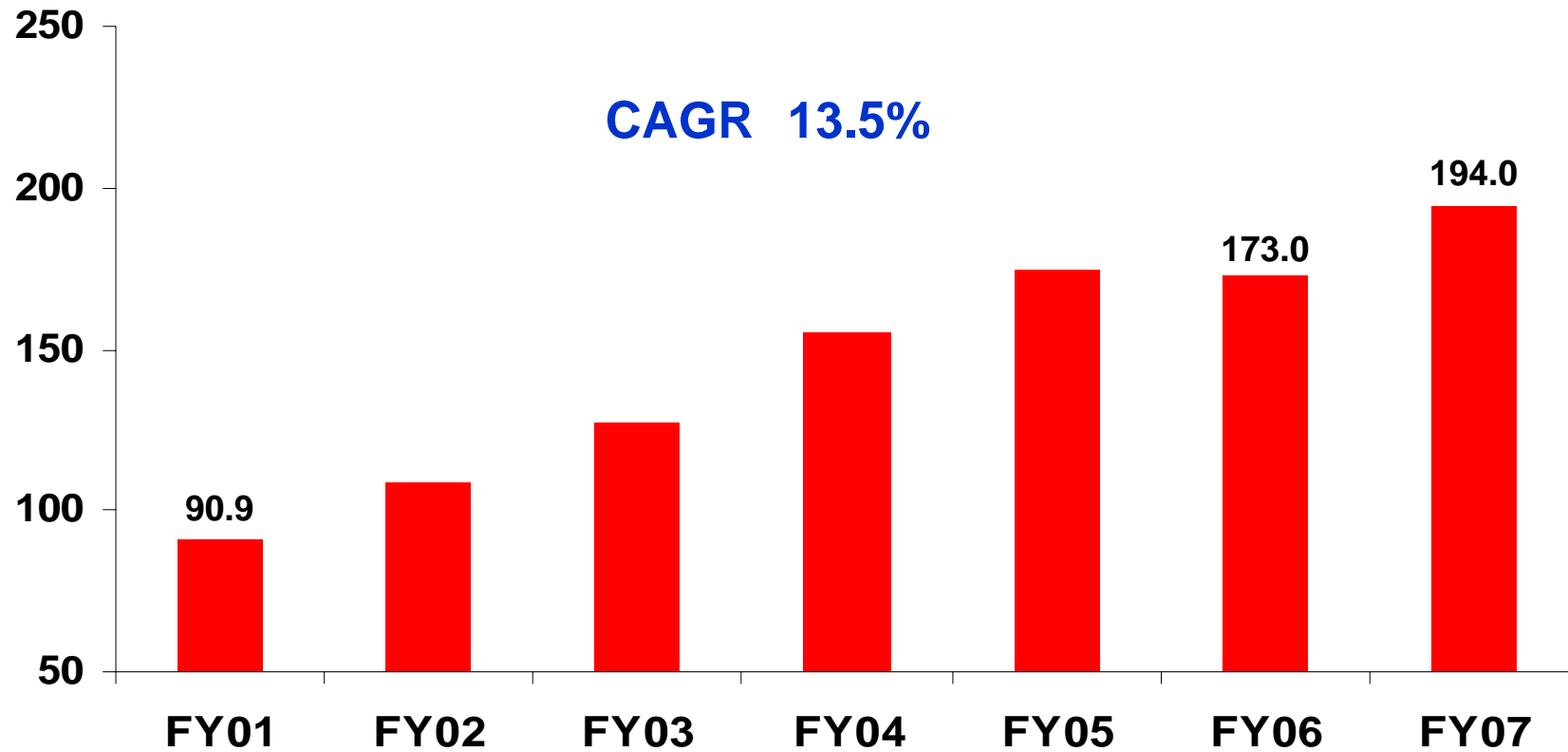
Net Sales (\$m)



# Earnings

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EBITA (\$m)



# Key performance measures

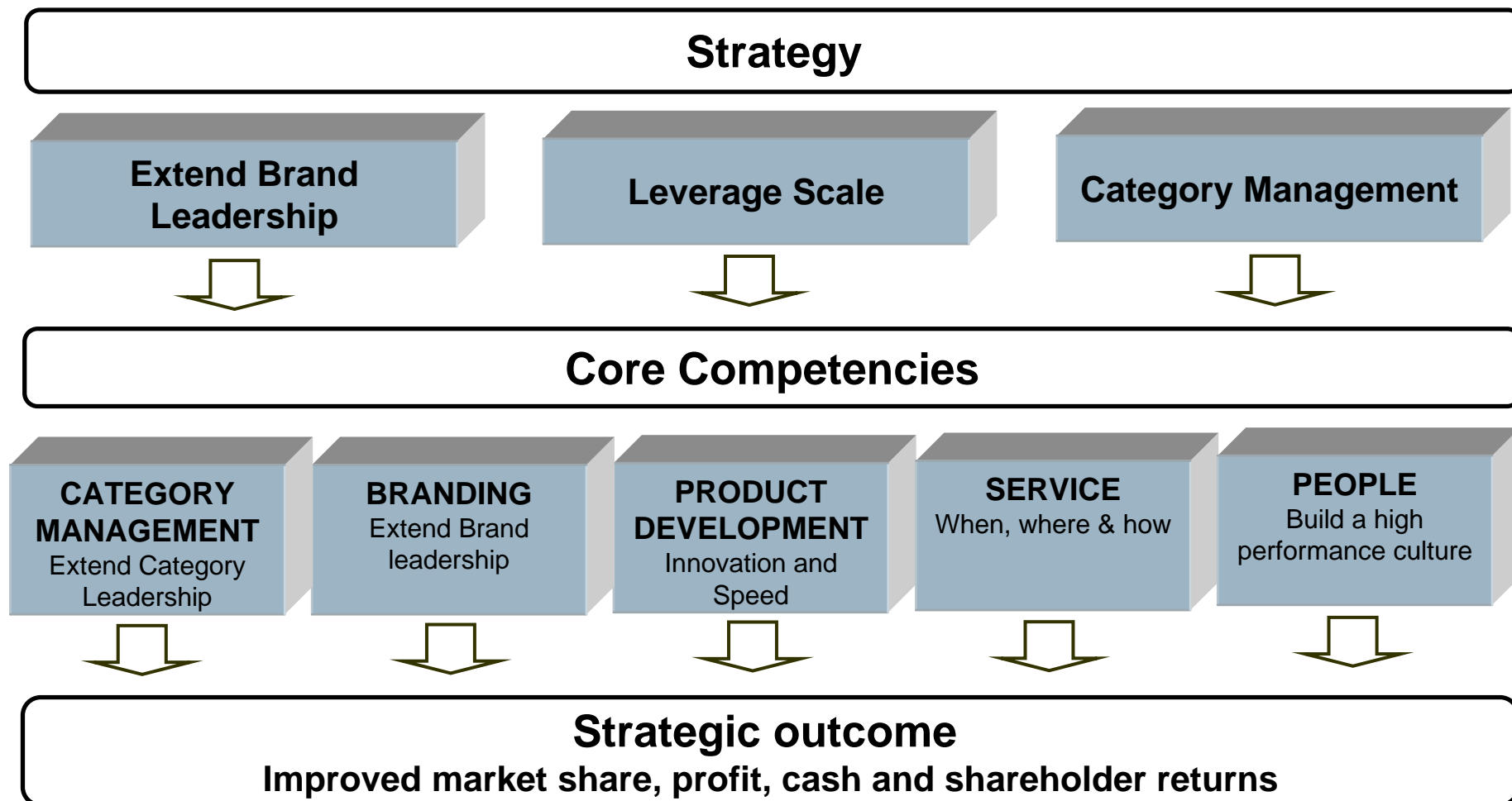
<b>\$m</b>	<b>FY2006</b>	<b>FY2007</b>	<b>% Change</b>
Total sales	1,624.9	1,820.7	12.1
Gross margin	680.2	772.1	13.5
CODB/GM (%)	74.6	75.1	
EBITA	173.0	194.0	12.2
EBITA margin (%)	10.6	10.7	
NPAT <sup>1</sup>	101.2	107.3	6.0
EPS <sup>1</sup> (cents)	20.1	21.3	6.1
Inventory	296.5	361.5	21.9
Inventory turn (times)	3.4	3.3	
Net operating cash flow	80.0	112.9	41.1

1. Net profit and earnings per share calculated after tax but before amortisation of acquired intangibles

## 2. Strategy and business update

**Category, Brand, Scale, Growth**

# Consistent strategy - solid growth platform



# Strategy scorecard

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- Category leadership extended
  - Share growth in key categories
- Brand leadership: strong and continuing
  - Increased media expenditure and consumer research
- Scale growing and delivering benefits
  - Annualised sales ~ \$2 billion
- Strategic acquisitions to boost categories
  - Bedroom, workwear and lifestyle apparel
- Steady progress in reinforcing core competencies
  - Increasing speed, flexibility and service

# Category positioning



# Category management

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- Group of businesses provides scale, reduced risk and significant cross over opportunities in like categories
- Acquisitions build stronger categories
- Recent acquisitions have improved category mix – workwear, lifestyle apparel and bedroom
- Improved sales balance across broader customer network
- Collaboration with major customers to improve total category performance

# Our brand strength

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- Our brands represent Australian iconic products
- Our brands stay relevant and consistent with their proud heritage
- Our brands are unique with individual personalities and attributes
- Our brands engender consumer loyalty and longevity
- Our brand portfolio and hierarchy makes sense

# Scale

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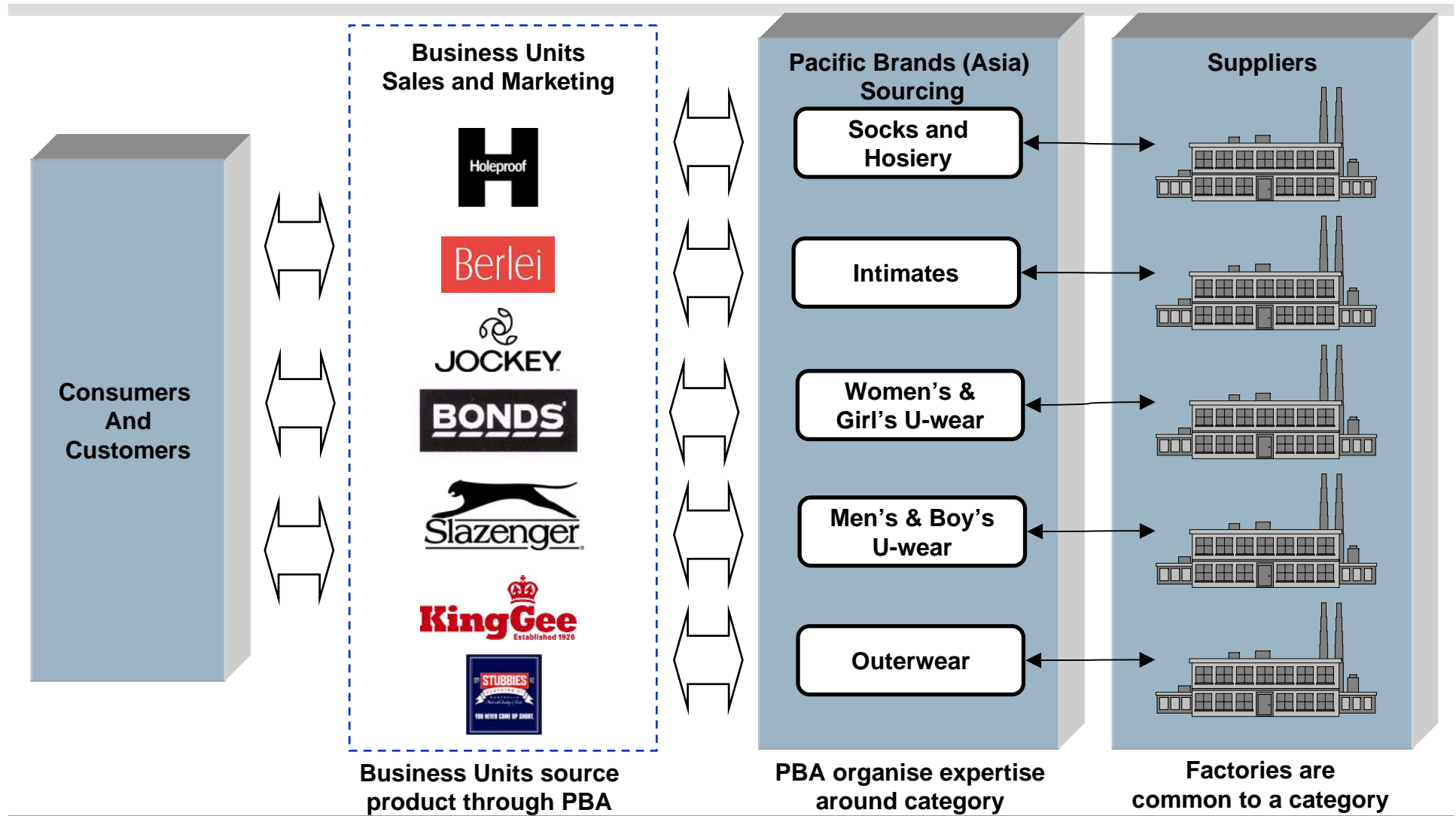
- Branded logistics supplier
  - Volume and scale in shipping, product movements and domestic operations
- One of the largest importers of shipping containers into Australia
- Extended resources in Asia to optimise scale benefits
  - New General Manager
  - Extended presence in Southern China and Shanghai
  - Shanghai warehouse
  - Direct customer shipments
  - Strategic sourcing
- Supplier consolidation
- Better able to meet demand for greater service and faster lead times
- Strategic relationships with suppliers and customers
  - Retail solutions provider

# Dimensions

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- Number of units sold – over 300 m
- Number of containers shipped – 15,000
- Number of customers supplied - 23,000
- Number of finished goods suppliers – 500
- Over 1,200 people in sourcing/supply chain
- Over 500 people in product development/design
- Over 9,000 employees in 216 locations across 8 countries

# Sourcing



# **Yakka** - Business update

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- Over \$300m in net sales
- EBIT margin below PBG Group average – potential to reach similar levels over time
- Synergistic benefits and efficiency gains as part of larger group
- Strong category leadership
- Opportunity in business to business channel
- Cross selling opportunities

# **Yakka**® - Product categories

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- Industrial and corporate workwear
- Image-wear and corporate uniforms
- Hospitality and health sector uniforms
- Work apparel catalogues
- Safety and protective clothing
- Defence apparel
- Lifestyle apparel

## 3. Group performance

# Operating group sales

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<b>\$m</b>	<b>FY2006</b>	<b>FY2007</b>	<b>% Change</b>
<b>Net sales</b>			
Underwear & Hosiery	610.8	630.0	3.1
Outerwear & Sport	249.1	363.2	45.8
Home Comfort	448.6	517.1	15.3
Footwear	277.5	280.1	0.9
Other	38.9	30.4	(21.9)
<b>Total net sales</b>	<b>1,624.9</b>	<b>1,820.7</b>	<b>12.1</b>

# Sales by customer channel

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<b>\$m</b>	<b>FY2006</b>	<b>FY2007</b>	<b>% Change</b>
Department Stores	247.0	294.9	19.4%
Discount Department Stores	469.3	470.3	0.2%
Speciality/Independents/Other	724.8	851.5	17.5%
Supermarkets	88.9	98.7	11.0%
International	94.9	105.3	11.0%
<b>Total Sales</b>	<b>1,624.9</b>	<b>1,820.7</b>	<b>12.1%</b>

- Continued strong growth in department stores and speciality channel
- Business mix continues to be repositioned

# EBITA by operating group

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<b>\$m</b>	<b>FY2006</b>	<b>FY2007</b>	<b>% Change</b>
<b>EBITA</b>			
Underwear & Hosiery	87.6	93.7	6.9
Outerwear & Sport	22.3	27.0	21.0
Home Comfort	36.5	45.5	24.7
Footwear	35.7	37.3	4.4
Unallocated Overheads	(9.1)	(9.4)	(3.2)
<b>Total EBITA</b>	<b>173.0</b>	<b>194.0</b>	<b>12.1</b>

# Underwear & Hosiery

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<b>Full Year Ended 30 June (\$m)</b>	<b>FY2006</b>	<b>FY2007</b>	<b>% Change</b>
Total Sales	610.8	630.0	3.1
EBITA	87.6	93.7	6.9
EBITA Margin	14.3%	14.9%	

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- Consolidated position with clear category leadership
  - Underwear with Top 5 brands
  - Hosiery with Top 3 brands
- 2H sales growth of 6.4% and margin maintained
- Strong growth in men's underwear
- Record year for hosiery
- Bonds continues to grow
- Strategic supply – quality and flexibility

# Outerwear & Sport

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Full Year Ended 30 June (\$m)	FY2006	FY2007	%Change
Total Sales	249.1	363.2	45.8
EBITA	22.3	27.0	21.0
EBITA Margin	8.9%	7.4%	

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- Brand Collective strengthens position in lifestyle category
- Yakka Group provides number one workwear and corporate clothing brands
- Transition phase for core business
  - Structural changes implemented
  - Costs to reposition business impacted margin
  - New management team
  - Strategic review of each business
- Strong sales growth at King Gee and Everlast

# Home Comfort

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Full Year Ended 30 June (\$m)	FY2006	FY2007	%Change
Total Sales	448.6	517.1	15.3
EBIT	36.5	45.5	24.7
EBIT Margin	8.1%	8.8%	

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- Strong result at Sheridan from improved ranges, synergies and market positioning
  - Number one bed linen brand
  - Core integration complete
- Investment in new pillow factory for Tontine – largest in the Southern Hemisphere
- Innovation driving growth at Sleepmaker with customised mattresses
- Well positioned in industrial segment with foams and flooring
- Focus on consumer loyalty, brand positioning and operational cost reductions

# Footwear

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Full Year Ended 30 June (\$m)	FY2006	FY2007	% Change
Total Sales	277.5	280.1	0.9
EBITA	35.7	37.3	4.4
EBITA Margin	12.9%	13.3%	

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- Solid performance in a challenging and volatile retail market
- Strong sales performances by Hush Puppies, Dunlop, Merrell and Julius Marlow
- More efficient replenishment both locally and direct from source
- Share gains in outdoor/lifestyle category – Merrell
- Focus on inventory management, supplier consolidation and improvements in lead times

## 4. FY2007 financials

**Stephen Audsley, Chief Financial Officer**

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# Summary financial performance

\$m	FY2006	FY2007	% Change
Total Sales	1,624.9	1,820.7	12.1
Gross margin	680.2	772.1	13.5
EBITDA	192.3	216.4	12.5
Depreciation	(19.3)	(22.3)	15.7
EBITA	173.0	194.0	12.1
Amortisation of acquired intangibles	-	(1.8)	
EBIT	173.0	192.3	11.1
Net Interest	(35.5)	(46.6)	31.2
Tax	(36.1)	(39.5)	9.4
Minority Interest	(0.2)	(0.2)	
Reported NPAT	101.2	106.0	4.7
<b>Gross Margin (%)</b>	<b>41.9</b>	<b>42.4</b>	
EBITDA margin (%)	11.8	11.9	
EBIT margin (%)	10.6	10.6	
EPS <sup>1</sup> (cents)	20.1	21.3	6.1

1. Net profit and earnings per share calculated after tax but before amortisation of acquired intangibles

# Interest reconciliation

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<b>\$ m</b>	<b>FY2006</b>	<b>FY2007</b>
FY06 Interest	35.5	
Sheridan (additional 3 months in FY07)		1.8
Interest Rate Rises (0.75%)		3.0
Brand Collective / Yakka		6.3
<hr/>		
FY07 Interest		46.6

# Summary financial performance

\$m	FY2006	FY2007	% Change
Total sales	1,624.9	1,820.7	12.1
Gross margin	680.2	772.1	13.5
EBITDA	192.3	216.4	12.5
Depreciation	(19.3)	(22.3)	15.7
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Tax	(36.1)	(39.5)	9.4
Minority interest	(0.2)	(0.2)	
Reported NPAT	101.2	106.0	4.7
Gross margin (%)	41.9	42.4	
EBITDA margin (%)	11.8	11.9	
EBIT margin (%)	10.6	10.6	
EPS <sup>1</sup> (cents)	20.1	21.3	6.1

1. Net profit and earnings per share calculated after tax but before amortisation of acquired intangibles

# Summary financial position

<b>\$m</b>	<b>FY2006</b>	<b>FY2007</b>	<b>% Change</b>
Working capital	377.1	503.4	33.5
Property, Plant & Equipment	167.1	206.8	23.8
Intangibles	1,297.3	1,503.8	15.9
Other	(38.4)	(97.1)	152.9
Total capital employed	1,803.1	2,116.9	17.4
Net debt	509.3	802.2	57.5
Equity	1,293.8	1,314.7	1.6
Net debt / equity (%)	39.4	61.0	
Gearing (x)	2.6	3.7	
Interest cover (x)	4.9	4.1	
DPS	15.0	16.5	

# Working capital

<b>\$m</b>	<b>FY2006</b>	<b>FY2007</b>	<b>% Change</b>
Trade receivables	187.9	280.7	49.4
Inventories	296.5	361.5	21.9
Trade creditors	(107.3)	(138.8)	29.3
Working capital	377.1	503.4	33.5
Working capital / Sales	23.2%	27.7%	
Working capital / Sales <sup>1</sup> [Annualised]	22.4%	22.9%	
Debtors days	42.3 days	44.1 days	
Inventory turn	3.4 times	3.3 times	

<sup>1</sup>. Adjusted to reflect full-year impact of acquisitions

# Summary cash flow

\$m	FY2006	FY2007	1H07	2H07
EBIT	173.0	192.3	93.5	98.8
Equity compensation reserve	1.6	1.8	1.0	0.8
Depreciation & Amortisation	19.3	24.1	10.5	13.6
Operating cash profit	193.9	218.2	105.0	113.2
Net interest paid	(31.9)	(40.5)	(18.5)	(22.0)
Tax paid	(37.9)	(30.8)	(19.7)	(11.1)
Change in working capital	(16.9)	(8.7)	(26.1)	17.4
Other	(7.1)	(1.4)	(7.6)	6.2
Capex	(20.1)	(23.9)	(12.5)	(11.4)
<b>Net Operating Cashflow</b>	<b>80.0</b>	<b>112.9</b>	<b>20.6</b>	<b>92.3</b>
Acquisitions	(87.5)	(308.6)	(4.5)	(304.1)
Net proceeds of borrowings	81.2	323.5	25.0	298.5
Dividends paid	(75.5)	(77.9)	(37.7)	(40.2)
Other <sup>1</sup>	(5.3)	(5.3)	(2.3)	(3.0)
<b>Net Cash flow</b>	<b>(7.1)</b>	<b>44.6</b>	<b>1.1</b>	<b>43.6</b>
<b>Cash on hand</b>	<b>94.0</b>	<b>138.6</b>	<b>95.0</b>	<b>138.6</b>

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

# Dividends

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- Final dividend of 8.5 cents per share, resulting in 16.5 cents full year dividend
  - Record date: 30th August 2007
  - Payment date: 1st October 2007
- 100% franking for Australian shareholders at 30% tax rate
- Strong payout ratio – 78.2% of reported NPAT
- DRP to remain in place

## 5. Summary & outlook

**Paul Moore, Chief Executive Officer**

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# FY2007 summary

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- Momentum of first half continued in second half
- Continued to identify and deliver strategic value adding acquisitions
- Ongoing investment in brands, people and product innovation
- Brand and category focus drove organic business
- Expansion into new channels
- Underwear & Hosiery returned to growth
- Sheridan fully integrated
- Footwear strength maintained
- Yakka Group and Brand Collective to provide growth platform

# Outlook

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- Business well positioned for strong growth in FY08
  - Sales ~ +15-20%
  - EBITA ~ +15-20%
  - NPAT<sup>1</sup> ~ +10%
- To deliver over \$2 billion in net sales
- Full year of benefits from Brand Collective and Yakka Group
- Focus on successful integration
- Continue to leverage increasing scale to maximise performance and efficiencies
- Strong cash generation and continued debt reduction

1. Net profit after tax before amortisation of acquired intangibles

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# Questions

# Appendices

# Definitions

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- *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/EBITDA
- *Interest Cover* - EBIT/Interest

# Reconciliation of profit

<b>\$m</b>	<b>FY2006</b>	<b>FY2007</b>	<b>% Change</b>
Net sales	1,624.9	1,820.7	12.1
Other revenue	17.2	13.4	(21.9)
Total revenue	1,642.1	1,834.2	11.7
Cost of goods sold	(961.9)	(1,062.1)	10.4
Gross margin	680.2	772.1	13.5
Freight and distribution	(111.9)	(118.5)	5.9
Sales, marketing & advertising	(288.0)	(332.8)	15.6
Information technology	(21.5)	(25.0)	16.3
Admin expenses (including restructuring costs)	(85.7)	(101.7)	18.7
Amortisation of acquired intangibles		(1.8)	
EBIT	173.0	192.3	11.2
Net interest	(35.5)	(46.6)	31.3
Tax	(36.1)	(39.5)	9.4
Profit after tax	101.4	106.2	4.7
Minority interests	(0.2)	(0.2)	-
Profit after tax post minority interests	101.2	106.0	4.7

# Group overview

\$m	FY03 <sup>1</sup>	FY04 <sup>1</sup>	FY05 <sup>1,2</sup>	FY06 <sup>3</sup>	FY07		
					H1	H2	FY07 <sup>4</sup>
Working capital	322.4	304.5	327.7	377.1	403.2	503.4	503.4
PP&E		171.9	152.3	167.1	171.1	206.8	206.8
<b>Capital employed</b>		<b>476.4</b>	<b>480.0</b>	<b>544.6</b>	<b>574.3</b>	<b>710.3</b>	<b>710.3</b>
<b>Sales</b>	<b>1,489.1</b>	<b>1,535.1</b>	<b>1,521.7</b>	<b>1,624.9</b>	<b>868.6</b>	<b>952.1</b>	<b>1,820.7</b>
EBITDA	143.3	171.6	189.8	192.5	104.1	112.3	216.4
Depreciation	16.1	16.4	15.2	19.3	10.5	11.8	22.3
<b>EBITA</b>	<b>127.2</b>	<b>155.2</b>	<b>174.6</b>	<b>173.0</b>	<b>93.5</b>	<b>100.5</b>	<b>194.0</b>
Net Interest		31.2	32.6	35.5	19.3	27.3	46.6
<b>Profit before Tax</b>		<b>83.0</b>	<b>141.9</b>	<b>137.5</b>	<b>74.2</b>	<b>73.2</b>	<b>147.4</b>
Tax		35.4	41.0	36.1	20.4	19.7	40.1
<b>NPAT<sup>4</sup></b>		<b>88.4</b>	<b>100.9</b>	<b>101.2</b>	<b>53.8</b>	<b>53.5</b>	<b>107.3</b>
<b>EPS<sup>4</sup> - cents</b>		17.6	20.1	20.1	10.7	10.6	21.3
<b>Dividend per share</b>		<b>3.5</b>	<b>15.0</b>	<b>15.0</b>	<b>8.0</b>	<b>8.5</b>	<b>16.5</b>

1. Amortisation of goodwill excluded.

2. Proforma year.

3. Restated for impact of AIFRS.

4. Net Profit and EPS calculated after tax but before the amortisation of acquired intangibles