PACIFIC BRANDS

Pacific Brands Half Year Results 2015

17 February 2015

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Half year results summary

- Strategic review objectives achieved ahead of plan
  - Workwear and Brand Collective divestments completed and financial impact above prior guidance
  - Significant corporate cost initiatives to reduce ‘stranded’ cost impact below prior guidance
  - Balance sheet strength and strong operating cash flow restored
  - Continuing business substantially simplified with clear strategic priorities
- Reported net loss of $108.7m due to non-cash impairment charges ($138.5m)
  - Bonds, Berlei and Sheridan brand name carrying values not impacted
- Continuing business sales up 6.0%
  - Bonds up 15%[1] and Sheridan up 14%[1]
  - Growth driven by retail, wholesale still challenging
- Continuing business EBIT before significant items of $31.5m consistent with guidance[2]
  - Underwear earnings down due to lower wholesale sales and margins, partly offset by strong retail performance
  - Sheridan earnings up due to strong retail performance
  - Tontine and Dunlop Flooring earnings up due to cost savings
- Net debt reduced from $249.1m to $24.2m due to divestments, improved working capital management and strong cash conversion of 135%[1]
- No interim dividend declared – balance sheet strength prioritised during year of transition and will be reviewed again at the full year

1. Data has not been subject to independent review
2. Continuing business EBIT before significant items plus discontinuing operating result before restructuring costs for 5 months of 1H15 greater than 2H14

Strategic review objectives achieved ahead of plan

Objective	Description	Status	Outcome
1. Restore balance sheet strength	Maximise operating cash conversion, moderate investment levels and implement a temporary dividend moratorium	✔	▪ Improved working capital management ▪ Cash conversion of 135%[1] ▪ Capex held flat ▪ Net debt < $25m
2. Adopt a more balanced growth and disciplined cost agenda	Continue to invest in Bonds and Sheridan (brands, retail and international), stabilise gross margins and reduce costs	✔	▪ Investment focused on Bonds and Sheridan ▪ Store rollout on track ▪ Gross margin % slightly up on 2H14[1] ▪ Non-retail CODB down
3. Move to a more decentralised organisation model	Reduce the role and cost of corporate functions and provide business units with more end-to-end accountability for performance	✔	▪ Significant corporate cost reductions to offset stranded cost impact of divestments ▪ Sourcing fully decentralised
4. Review portfolio rationalisation options	Review and explore options to simplify the business and maximise shareholder value	✔	▪ Divestments of Workwear and Brand Collective complete ▪ Continuing business substantially simplified ▪ Strategic review completed

1. Data has not been subject to independent review

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Continuing business substantially simplified

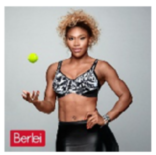
- Workwear and Brand Collective divestments completed on 1 December 2014
- Aggregate financial impacts above prior guidance
  - Gross proceeds of $226m above guidance of $219m (following completion adjustments)
  - Profit on sale of $7.8m (post tax) above guidance of $5m
- Transition services arrangements in place with new owners for up to 12 months
- Unrecovered corporate (or 'stranded') costs following full transition of both businesses down to c.$2.5m, below guidance of $5-6m. Continuing operations restated to include these costs
- Divestments significantly simplify and improve the shape of the business

Metrics[1]	Change[1]
SKUs in stock	Down by 74%
Supplier factories	Down by 72%
Australian distribution centres	Down from 11 to 5
Customers	Down 77%
Employees	Down 28%
Bonds and Sheridan (% NSR)	Up to 70%
Retail and online (% NSR)	Up to 34%
Licensed brands (% NSR)	Down to 3%
Stock turns	Up 20%
Debtor days	Down 13%

1. Data has not been subject to independent review. Change measured from F14 to 1H15

Significant operational progress

- Retail continues to perform
  - 13 Bonds stores opened in 1H15
  - Strong comp growth in Bonds and Sheridan retail
  - Improved online presentation and functionality
  - Successful Christmas trading period
- Ongoing DDS underperformance in Underwear and Tontine, partly offset by growth in supermarket channel
- Increased focus on brand and product innovation
  - Bonds Christmas Shine range successful in all channels
  - Sheridan expansion into adjacent categories and Australian Open towel range
  - Dunlop entry into timber flooring market
- Gross margin down on PCP but held in line with 2H14
- Significant progress in implementing Lean in the Underwear group
- Substantial corporate cost reduction to minimise stranded costs
- Improved working capital / inventory management and resulting cash flow
- Supply chain improvements in SKU reduction, product costs, lead times and DIFOT



Operating Groups have clear strategic priorities

Underwear

- Invest in Bonds & key brands
- Expand in adjacent categories
- Stabilise core wholesale business performance
- Grow retail (in-store and online)
- Drive Lean end-to-end operational efficiencies
- Take Bonds & other key brands to the world over time

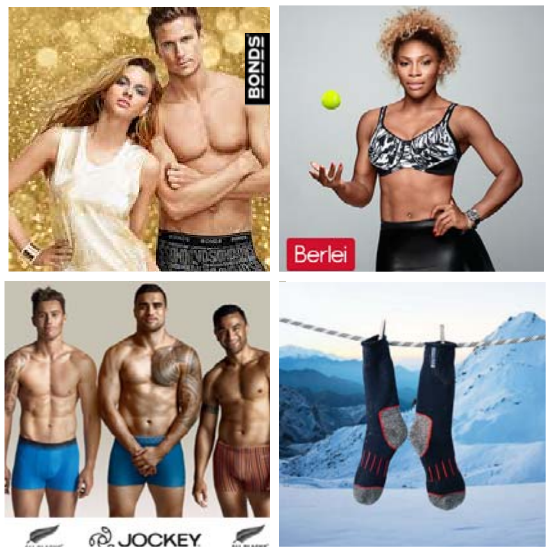
Sheridan

- Invest in Sheridan brand
- Expand in adjacent lifestyle categories
- Grow retail (in-store and online)
- Further develop international business and returns
- Improve end-to-end supply chain, including solution for Sheridan DC (currently shared with Workwear business)

Tontine & Dunlop Flooring

- Improve Tontine profitability
- Invest in bedding accessories category
- Optimise carpet underlay business
- Expand into hard flooring category
- Maintain lowest cost manufacturing position

Drive product innovation and quality – and – reduce depth and frequency of promotion over time

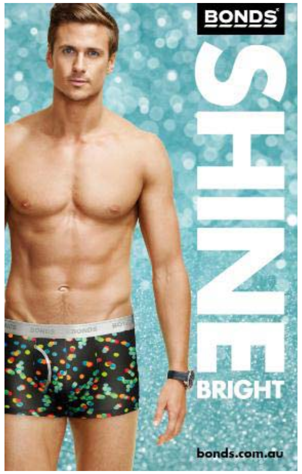


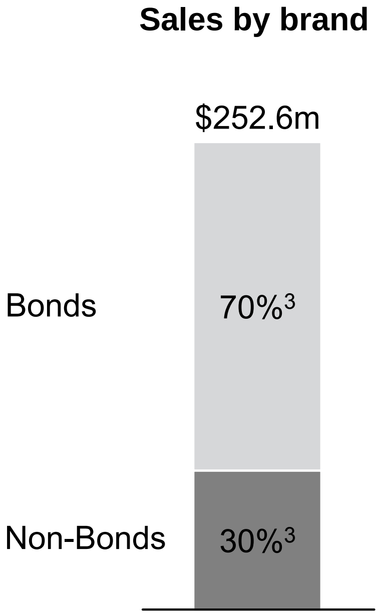
Operating Group performance

Underwear growth driven by Bonds

$ millions	1H15	1H14[4]	Change
Sales[1]	252.6	242.5	4.1%
EBIT (reported)[2]	(57.0)	46.9	n.m.
EBIT (pre significant items)	26.7	36.0	(25.8)%

- Bonds sales up 15%[3]
  - Growth driven by retail – in-store and online sales now 25%[3] and 7%[3] of total Bonds sales, respectively
  - Bonds wholesale sales held flat
- Non-Bonds brands down overall, impacted by underperformance in the DDS channel and private label penetration
- EBIT (pre significant items) materially down versus PCP due to full year impact of lower 2H14 wholesale gross margins and currency depreciation – but 6% up on 2H14 ($25.2m[3])





Change vs PCP[3]

	(%)	($m)
Bonds	15.0	23.0
Non-Bonds	(14.6)	(13.0)

1. Excluding other income and inter segment revenue
2. Reported EBIT includes impairment of goodwill and brand names in 1H15 and profit on sale of Wentworthville property in 1H14
3. Data has not been subject to independent review
4. 1H14 EBIT restated to include residual stranded costs

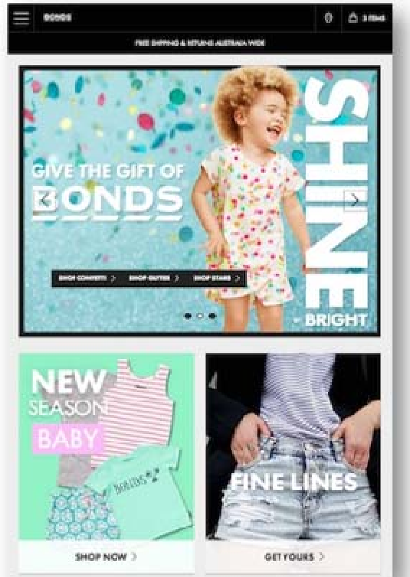
Bonds up significantly with other brands down overall

Underwear sales by brand[1]			Change		
$ millions	**1H15**	**1H14**	**$m**	**%**	**Comments**
Bonds	176.3	153.3	23.0	15.0	▪ Growth in owned retail (new stores and comp sales growth) ▪ Wholesale sales flat, with key account underperformance in DDS offset by growth in other channels ▪ Babywear sales particularly strong, especially through owned stores
Berlei	21.4	23.1	(1.7)	(7.4)	▪ Wholesale sales down due to mixed performance of key accounts in DS and reduced promotions ▪ Further product innovation and new range planned for 2H15
Jockey	13.4	13.3	0.1	0.8	▪ Sales stabilised across all channels
Explorer	8.6	8.6	-	-	▪ Wholesale distribution up driven by strong performance in supermarkets
Hosiery brands	9.8	14.3	(4.5)	(31.3)	▪ Driven by Razzamatazz and the effects of increased private label ▪ Will be impacted in Winter season by Bonds hosiery launch to mitigate the category decline
Other[2]	23.1	29.9	(6.8)	(22.7)	▪ Rio and Holeproof declines in DDS due to increased competition
Total	**252.6**	**242.5**	**10.0**	**4.1**	

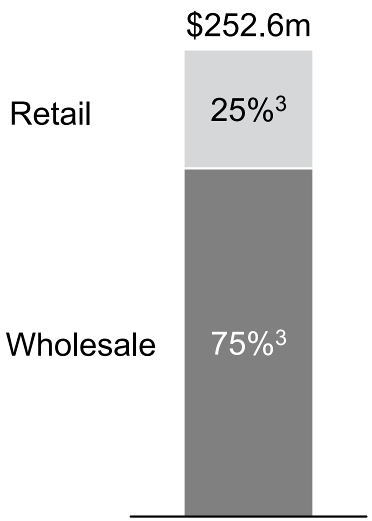
1. Data has not been subject to independent review
2. Includes Rio, Hestia, Holeproof, Red Robin and TMI

Underwear wholesale decline driven by DDS

- Retail sales up 50.7%[1]
  - Driven by strong comp growth and store openings
  - Solid online growth
- Total Underwear wholesale sales down 5.8%[1] overall
  - DDS channel significantly down due to key account underperformance, private label growth and lower customer stock cover of our key lines leading into Christmas
  - DS channel broadly flat
  - Supermarkets in growth overall with Bonds and Explorer up and hosiery brands down due to private label penetration



Sales by channel



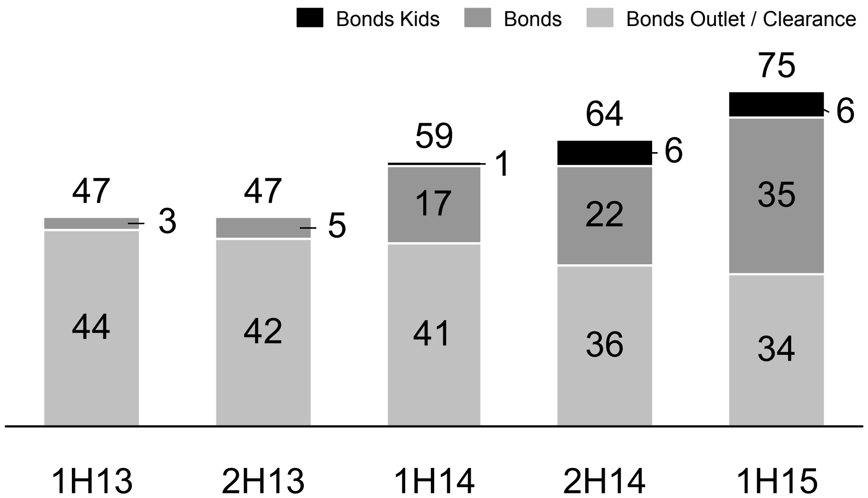
	Change vs PCP[3] (%)	Change vs PCP[3] ($m)
Retail	50.7	21.6
Wholesale	(5.8)	(11.5)

1. Data has not been subject to independent review

Bonds store rollout on track

- Store rollout continues to be on track
  - 13 new sites opened in 1H15 including Bonds and Bonds Kids in Bondi Junction
  - Chadstone store also relocated and expanded
- Positive comp store growth across the network
  - Bonds format in growth with improved margins despite reducing store wide promotional activity from 3 key events in PCP to 1 this period
  - Significant growth in Outlet / Clearance due to Bonds rebranding, store refurbishment and category expansion

Store rollout trajectory[1]



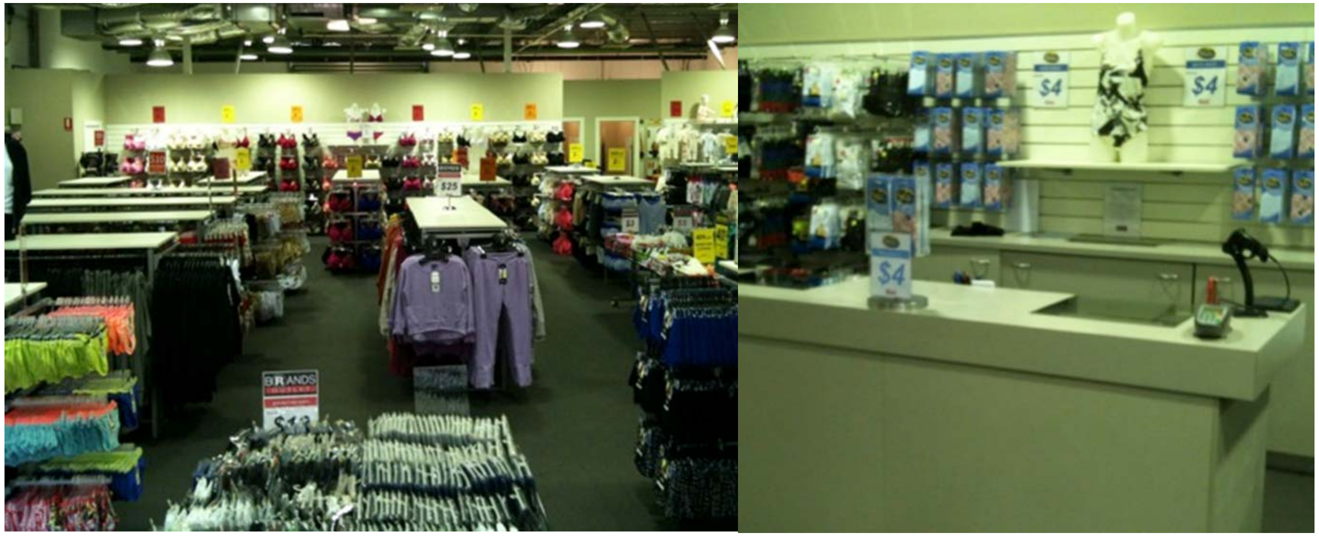
Store numbers[1]

	Jun-14	Opened	Closed	Converted	Dec-14	Comp growth[2]
Bonds	22	12	-	1	35	9%
Bonds Kids	6	1	-	(1)	6	n.m.
Bonds Outlet / clearance	36	-	(2)	-	34	41%
Total stores	**64**	**13**	**(2)**	**-**	**75**	24%

1. Data has not been subject to independent review
2. Includes online

Bonds outlet store refresh program accelerated

Before…



…After

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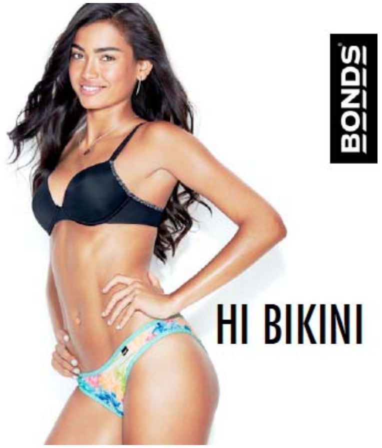
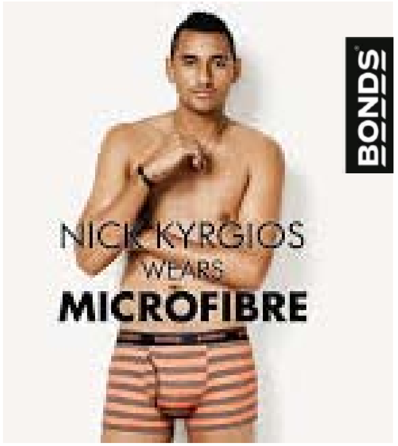
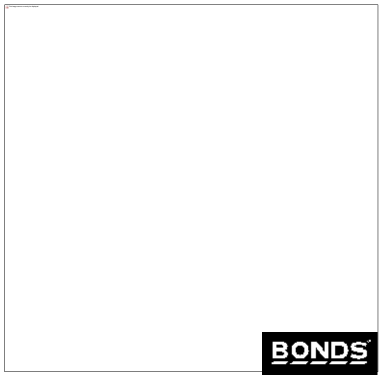
Strong product and marketing innovation program

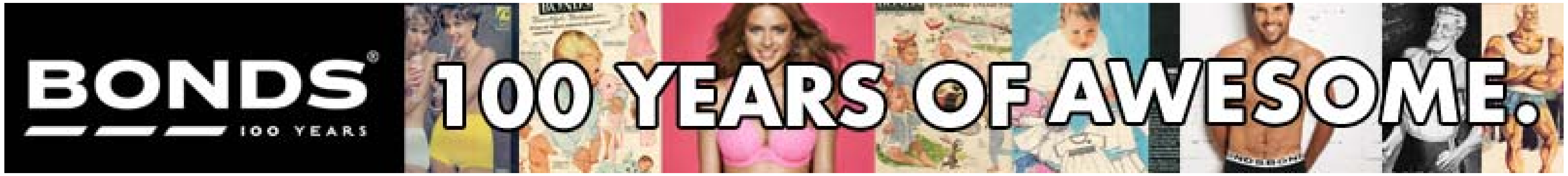






- **Bonds Shine** – first product range launched across all categories and channels
- **Hi Bikini** – new shape in youth underwear
- **Microfibre** – new fabric in Guy Front trunk
- **Berlei Sport** – Serena Williams campaign tie-in
- **Jockey All Blacks** – partnership leveraged across category
- **Bonds Zip Wondersuit** – ranges extended in this popular franchise
- **Bonds Active Sock innovation** – delivering a premium sports sock with Active Boost and Super Fit

Bonds 100 year anniversary initiative



- Bonds is celebrating its 100th year in 2015 with a **bold and confident new product direction**
- The Bonds 100 range covers men’s, women’s, kids and baby, from undies to socks to clothing, and is launching from May to September
- The range will be accompanied by the **biggest campaign investment** the brand has made in TV, outdoor, digital, social and in-store. The campaign will reflect on Bonds’ rich history whilst announcing and showcasing the new product direction

Sheridan earnings turnaround on 2H14

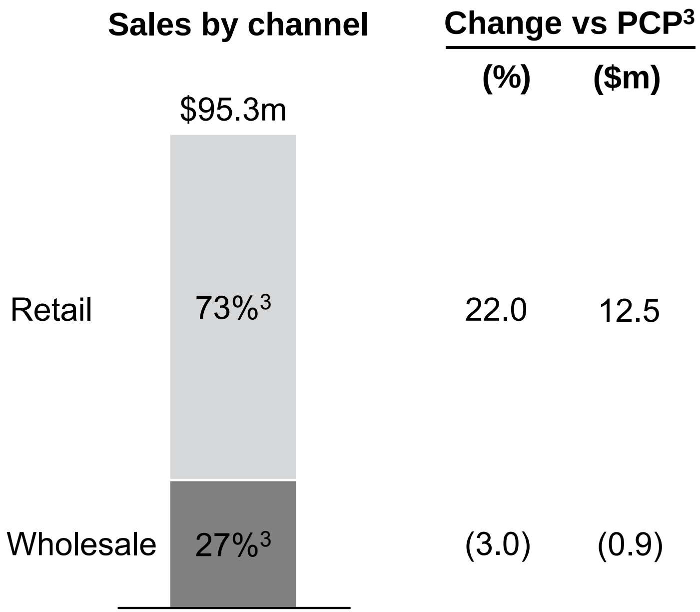
$ millions	1H15	1H14[3]	Change
Sales[1]	95.3	83.8	13.7%
EBIT (reported)[2]	(26.3)	8.3	n.m.
EBIT (pre significant items)	8.7	8.3	5.4%

- Sheridan sales up 13.7% driven by strong retail performance
  - Successful Christmas trading period
  - Significant online growth
  - New categories and Australian Open contract
- EBIT (pre significant items) stabilised and in growth despite margin pressure
  - Significant turnaround on adjacent half – up $4.2m[4] on 2H14

1. Excluding other income and inter segment revenue
2. Reported EBIT includes impairment of goodwill in 1H15
3. 1H14 EBIT restated to include residual stranded costs
4. Data has not been subject to independent review

Sheridan sales up across all retail channels

- Retail sales up 22%[1] driven by strong comp sales performance (up 10%[1] overall)
  - Boutique comp sales up 25%[1] due to improved execution and growth in existing and new categories
  - SFO comp sales up 14%[1] driven by clearance and improved execution
  - Concession sales in growth with shift of towels from wholesale to concession partially offset by UK underperformance
- Wholesale channel down 3%[1] overall, with domestic growth driven by Australian Open towels offset by shift of towels to concession and UK



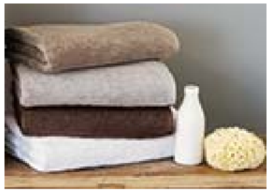
1. Data has not been subject to independent review. Comp sales growth includes online

Sheridan brand and product innovation accelerated









SHERIDAN
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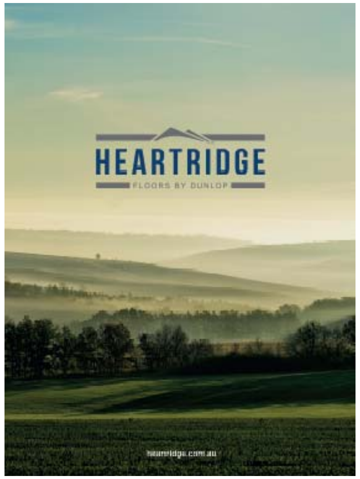
- Continued design focus on in-house hand drawn artistic prints and innovative weave constructions that are unique to the brand
- Shawcraft 600 thread count textile innovation launched
- Product monogramming
- Measured extension into lifestyle homewares that have core strength in textiles and print designs
- Exclusive SIDS and Kids endorsement for Sheridan Baby
- 1H15 category launches included napery and scent
- Supported Christmas trade by becoming a gifting destination

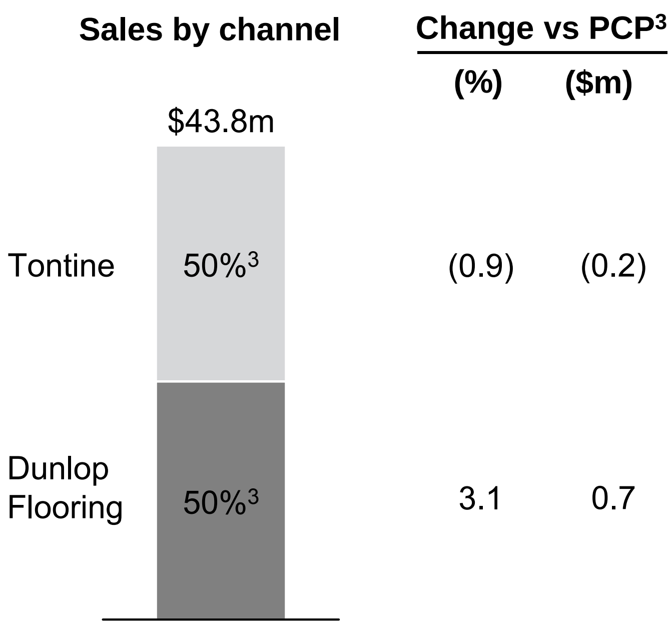



Tontine and Dunlop Flooring up marginally

$ millions	1H15	1H14[4]	Change
Sales[1]	43.8	43.3	1.2%
EBIT (reported)[2]	(16.7)	1.8	n.m.
EBIT (pre significant items)	2.9	2.6	13.8%



- Sales up 1.2% overall
  - Tontine sales broadly flat, with DDS underperformance and timing impacts replaced by growth in supermarkets
  - Dunlop Flooring sales up due to improvements in the domestic housing market
- EBIT pre significant items up 13.8%
  - Tontine earnings up with CODB savings partially offset by margin pressure from customer / product mix and factory under recoveries
  - Dunlop Flooring result marginally up due to growth and improved margins



1. Excluding other income and inter segment revenue
2. Reported EBIT includes impairment of brand names and goodwill in 1H15
3. Data has not been subject to independent review
4. 1H14 EBIT restated to include residual stranded costs

Group Financial Results

Income statement overview

	Reported				Continuing operations before significant items			
			Change				Change	
$ millions	1H15	1H14	$m	%	1H15	1H14	$m	%
Sales	**391.8**	**369.7**	**22.0**	**6.0**	**391.8**	**369.7**	**22.0**	**6.0**
Gross margin	190.1	203.3	(13.2)	(6.5)	190.1	192.5	(2.4)	(1.2)
Gross margin	**48.5%**	**55.0%**	**(6.5)pts**	**n.m.**	**48.5%**	**52.1%**	**(3.6)pts**	**n.m.**
CODB	158.6	150.9	7.7	5.1	158.6	150.9	7.7	5.1
Other expenses[1]	138.5	3.2	n.m.	n.m.	-	-	-	-
EBITDA	**(99.7)**	**56.4**	**n.m.**	**n.m.**	**38.8**	**48.8**	**(10.0)**	**(20.5)**
Depreciation & amortisation	7.3	7.2	0.1	1.2	7.3	7.2	0.1	1.2
EBIT	**(107.0)**	**49.2**	**n.m.**	**n.m.**	**31.5**	**41.6**	**(10.1)**	**(24.2)**
EBIT margin	n.m.	13.3%	n.m.	n.m.	8.0%	11.2%	(3.2)pts	n.m.
Net interest	8.4	9.4	(1.1)	(11.3)	8.4	9.4	(1.1)	(11.3)
Tax	4.4	4.9	(0.5)	(9.5)	6.3	8.9	(2.6)	(29.4)
NPAT from continuing operations	**(119.8)**	**34.8**	**n.m.**	**n.m.**	**16.9**	**23.3**	**(6.4)**	**(27.5)**
NPAT from discontinued operations	11.1	(253.8)	n.m.	n.m.	11.1	9.8	1.3	13.3
Total NPAT	**(108.7)**	**(219.0)**	**n.m.**	**n.m.**	**27.9**	**33.0**	**(5.1)**	**(15.5)**
EPS	(13.1)cps	3.8cps	n.m.	n.m.	1.8cps	2.5cps	(0.7)cps	(28.0)cps
DPS (fully franked)	**-**	**2.0cps**	**(2.0)cps**	**(100.0)**	**-**	**2.0cps**	**(2.0)cps**	**(100.0)**
Payout ratio	n.m.	n.m.	n.m.	n.m.	n.m.	55%	(55)pts	n.m.

Gross margin in line with 2H14

Continuing business				Change vs adjacent half (2H14)		Change vs PCP (1H14)	
$ millions	1H15	2H14[2]	1H14	$m	%	$m	%
Sales	391.8	379.5	369.7	12.2	3.1	22.0	6.0
Gross margin[1]	190.1	183.0	192.5	7.1	3.7	(2.4)	(1.2)
Gross margin[1] (%)	48.5	48.2	52.1	0.3pts	n.m.	(3.6)pts	n.m.

- Gross margins were 0.3pts up versus the adjacent half (2H14), as positive sales mix of higher retail sales, comp store growth and price rises offsetting FX, wholesale margins and higher clearance levels
- Margin decline of 3.6pts versus PCP (1H14) represents full year impact of F14 trends, as previously disclosed:
  - Underwear wholesale gross margins declined significantly (c.6%pts[2]) due to increased promotional activity and associated trade spend, higher clearance sales, and an adverse shift in product mix
  - Net adverse impact on margin of FX depreciation, product costs and price increases

1. Before significant items
2. Data has not been subject to independent review

FX pressures impacting earnings[1]

- FX pressures impacting earnings as previously disclosed
  - c.75% of costs of goods sold settle in US dollars
  - Policy is to hedge forward up to 80% of requirements for up to 12 months (depending on seasonal timing)
  - Average AUD:USD hedged rates through the P&L were c.0.99 in F14 and are expected to be c.0.90 in F15 (1H14: 0.91; 2H14: 0.89)
- Mitigating actions include further price increases, working with suppliers to identify further cost reduction opportunities, and other initiatives (eg trade spend, product mix, product design, CODB)
- Customs duty rate reduction from 1 January 2015 on clothing and household textiles from 10% to 5% was factored into previous wholesale price increases

1. Data has not been subject to independent review

Cost of doing business tightly managed

Continuing business			Change	
$ millions	**1H15**	**1H14**	**$m**	**%**
Freight and distribution	26.2	28.8	(2.5)	(8.8)
Sales and marketing	99.9	89.2	10.6	11.9
Administrative	32.5	32.9	(0.4)	(1.3)
CODB	**158.6**	**150.9**	**7.7**	**5.1**
CODB / Sales	40.5%	40.8%	(0.3)pts	n.m.

- Total CODB decreased as a proportion of sales from 40.8% to 40.5%
- Freight and distribution expenses decreased with warehouse productivity improvements offsetting higher volumes, handling units and labour rates
- Sales and marketing up
  - Disciplined CODB investment in retail expansion (primarily Bonds) had a positive net contribution to EBIT in the period
  - Store expenses reduced as a percentage of sales due to improved execution
  - Advertising investment decreased marginally due to phasing of campaigns
- Administrative expenses held broadly flat due to net impact of restructuring, cost control and inflation

Impairments driven by change in CGUs and FX

- Carrying value of certain intangibles and other assets not supported by recoverable amount under accounting standard requirements
- Impacted by change in cash generating units (CGUs), recent adverse movement in FX rates and market dynamics
- Impairment of goodwill and brand names mainly relating to the 2004 IPO:
  - Underwear portfolio and hosiery brand names ($81.3m) valuation impacted by change in CGUs, FX and market dynamics
  - Sheridan goodwill ($35.1m) valuation impacted by FX. Brand names of $23.1m still supported
  - Tontine brand names ($7.3m) valuation impacted by change in CGUs, FX and market dynamics
  - Dunlop Flooring goodwill ($8.7m) impacted by changes in competition and outlook
- Bonds, Berlei, Jockey (licensed) and Explorer brands not impacted

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Balance sheet strengthened significantly

Reported				**1H15 change vs**	
$ millions	**1H15**	**2H14**	**1H14**	**2H14**	**1H14**
Working capital	123.4	309.0	258.1	(185.6)	(134.7)
Property, plant and equipment	43.4	57.5	59.9	(14.2)	(16.5)
Intangible assets	217.6	350.4	349.3	(132.8)	(131.7)
Other[1]	12.4	(19.0)	(0.9)	31.4	13.3
Total capital employed	**396.7**	**697.9**	**666.4**	**(301.2)**	**(269.6)**
Net debt	(24.2)	(249.1)	(170.3)	224.9	146.1
Equity	**372.6**	**448.8**	**496.1**	**(76.3)**	**(123.5)**
ROCE[2] (%)	14.5	13.1	17.0	1.4pts	(2.5)pts
Tangible ROCE[2] (%)	32.1	26.3	35.7	5.8pts	(3.6)pts

- Working capital and PPE lower, primarily due to the divestments (refer following page)
- Intangible assets impacted by goodwill and brand names impairments
- Strong credit metrics and compliant with all covenants

1. Comprises all other assets and liabilities. Represents net assets less working capital, property, plant and equipment, intangible assets and net debt
2. Data has not been subject to independent review. ROCE metrics for 1H14 and 2H14 are for total business as previously reported

Working capital improved in the half

$ millions	1H15	2H14	1H14	1H15 change vs 2H14	1H15 change vs 1H14
Trade debtors	71.0	67.0	68.4	4.0	2.6
Inventories	131.0	138.2	126.6	(7.3)	4.3
Trade creditors	(78.6)	(69.0)	(89.1)	(9.6)	10.6
Working capital (continuing business)	**123.4**	**136.2**	**105.9**	**(12.9)**	**17.5**
Working capital (discontinued business)	-	172.8	152.2	(172.8)	(152.2)
Working capital (reported)	123.4	309.0	258.1	(185.6)	(134.7)
Continuing business: Working capital / LTM sales (%)	**16.0**	**18.2**	**14.7**	**(2.2)**	**1.3**
Debtors days[1] (days)	33.6	32.6	34.7	0.9	(1.1)
Inventory turns[1] (x)	3.1	2.7	2.7	0.3	0.3
Creditor days[1] (days)	73.9	67.2	94.6	4.6	(22.8)

- Inventories reduced in 1H15 due to focus on clearance of aged and excess inventory and improved inventory turns
- Debtor days were broadly stable
- Creditor days increased in 1H15, driven by extended supplier terms, GST payable on divestment proceeds and timing impacts

1. Data has not been subject to independent review. Refer Appendix B for basis of calculation

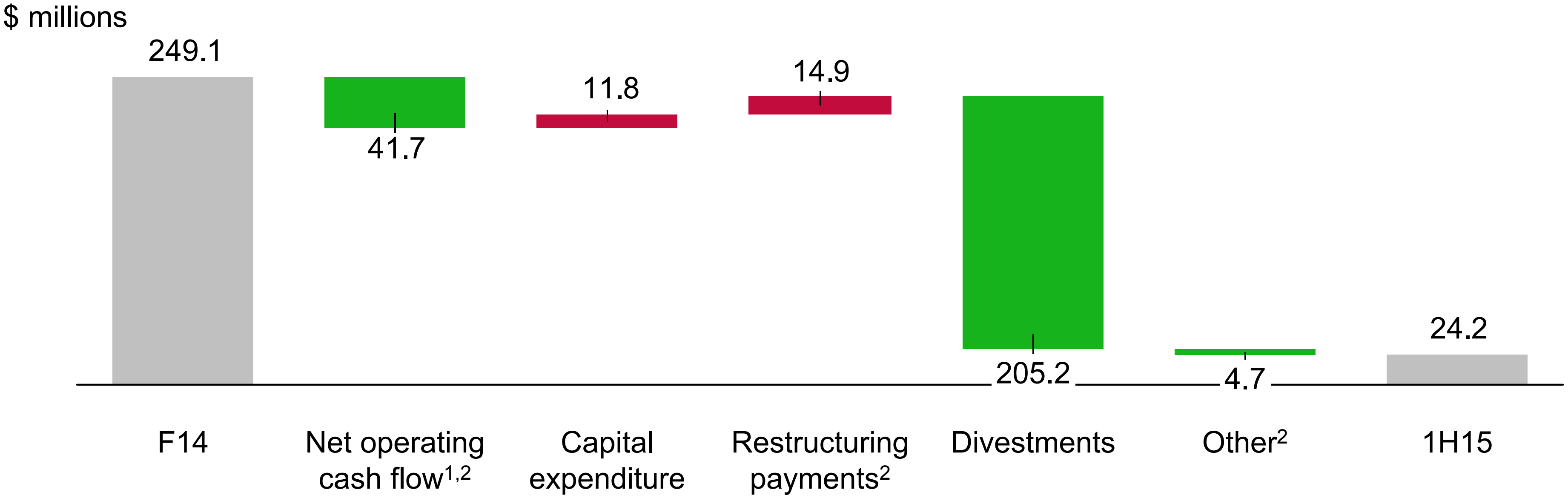
Operational cash conversion higher

Continuing business $ millions	1H15	1H14
EBITDA (reported)	(99.7)	56.4
Significant items (pre tax)	138.5	(7.7)
EBITDA (before significant items)	**38.8**	**48.8**
Change in working capital / Other[1]	13.5	0.1
OCFPIT[1]	**52.3**	**48.8**
Net interest paid	(9.4)	(9.3)
Tax paid[1]	1.6	(10.5)
Net operating cash flow (before restructuring payments)[1]	**44.5**	**29.0**
Restructuring payments[1]	(5.4)	(1.1)
Net operating cash flow	**39.2**	**27.9**
Cash conversion[1,2]	**135%**	**100%**

- Cash conversion was materially up on PCP (100%) and a significant turnaround on 2H14 due to improved working capital focus and management, including reduced inventories and increased creditors in the continuing business
- Tax paid decreased due to a refund received relating to prior year overpayments of PAYG tax

1. Data has not been subject to independent review
2. Cash conversion is defined as OCFPIT divided by EBITDA before significant items

Net debt significantly reduced



Debt profile		31 December 2014		30 June 2014	
$ millions	**Maturity date**	**Facility**	**Drawn**	**Facility**	**Drawn**
Tranche 1 (Revolving)	31-Jan-17	100.0	50.0	125.0	125.0
Tranche 2 (Revolving)	31-Jan-19	125.0	-	125.0	125.0
Securitisation	31-Jan-16	100.0[3]	55.0	175.0	96.5
Overdraft		35.0	-	35.0	-
Total facilities		**360.0**	**105.0**	**460.0**	**346.5**
Cash			(79.4)		(95.7)
Deferred borrowing costs			(1.4)		(1.7)
Net debt			**24.2**		**249.1**

- Strong operating cash flow
- Majority of capex relates to retail expansion
- Restructuring continued across the group
- Divestment proceeds applied to pay down debt
- Facilities downsized to reflect required funding and to reduce unused line fees

1. Before restructuring items
2. Data has not been subject to independent review
3. Based on eligible receivables at 31 December 2014, $82m of the $100m securitisation was drawable

Trading Update and Outlook

F15 trading update and outlook[1]

- The Company expects a continuation of challenging and variable market conditions
- 2H15 sales for the half to date are up versus PCP, but 2H15 results will largely be dependent on May and June trading which are significant months
- For the continuing business, 2H15 EBIT (before significant items) is expected to be up on PCP ($25.9m) but is unlikely to exceed 1H15 ($31.5m)
- As a result of the Company's hedging policy, the average AUD:USD rate through the P&L will be c.0.89 in 2H15. Lower FX rates are expected to adversely impact margins, inventory balances and cash conversion from 4Q15 continuing into F16 and F17. The Company will continue to take actions to mitigate through a combination of sourcing benefits, CODB reduction, mix improvement and further price increases

1. Data has not been subject to independent review

Questions

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Appendix A: Non-IFRS financial information

- Other than as indicated, the financial information contained in this document is directly extracted or calculated from the reviewed Financial Statements
- Throughout this document some non-IFRS financial information is stated before significant items as disclosed in Note 7 to the Financial Statements. Results excluding such items are considered by Directors to be a better basis for comparison from period to period as well as more comparable with future performance. They are also the primary measure of earnings considered by management in operating the business and by Directors in determining dividends taking into account other considerations
- Operating cash flow pre interest and tax (OCFPIT) as a measure of cash flow is considered by Directors to be meaningful as it is the cash equivalent of EBITDA and thus provides a measure of the rate at which operating earnings are converted to cash (or ‘cash conversion’)

Appendix B: Definitions

- Cash conversion – OCFPIT / EBITDA before significant items
- CODB (Cost of doing business) – operating expenses (freight & distribution, sales & marketing, advertising and administration) below gross margin other than expenses that are individually significant as disclosed in Note 7 to the Financial Statements
- Comp store sales growth – % growth in net sales revenue for stores (including online) that have been open for at least 13 months
- Continuing business – Underwear, Sheridan, Tontine & Dunlop Flooring and Other Unallocated segments
- Discontinued business – Workwear and Brand Collective segments
- EBIT – earnings before interest and tax
- EBITDA – earnings before interest, tax, depreciation and amortisation
- Gross Margin – gross profit plus other income and share of profit of equity accounted investments
- Inventory, Debtors and Creditors turns / days – Statement of Comprehensive Income components are based on LTM; Statement of Financial Position components are calculated on period end balances
- LTM – Last twelve months
- Net debt – Interest bearing loans and borrowings less cash and cash equivalents
- Net debt ratio – Net debt (excluding borrowing costs) / (Net debt (excluding borrowing costs) + Shareholders Funds)
- OCFPIT (Operating cash flow) – cash flow from operations pre interest and tax
- Payout ratio – Dividends declared / NPAT before significant items
- ROCE (Return on Capital Employed) – LTM EBIT before significant items / period end total capital employed
- Tangible ROCE – as for ROCE but using total capital employed less Intangibles
- TCE (Total Capital Employed) – Intangible assets (brand names & goodwill) plus net tangible assets

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Appendix C: Retail network[1]

Continuing business	Branded	Concession[2]	Outlet[3]	Total stores	Online	Total network 31 Dec 14	Total network 30 Jun 14	Total network 31 Dec 13
Underwear	41	-	34	75	4	**79**	68	63
Sheridan	17	82	49	148	3	**151**	152	145
Tontine and Dunlop Flooring	-	-	-	-	1	**1**	1	1
Total	**58**	**82**	**83**	**223**	**8**	**231**	**221**	**209**

1. Data has not been subject to independent review
2. Concessions are stores within a store. In Australia, they are within David Jones. In the United Kingdom, they are within Debenhams and House of Fraser. Sales in concessions are classified as direct-to-consumer
3. Outlet and clearance stores. Includes 8 SFO concession outlets

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