

MIRA INFORM REPORT

Report No. :	517904
Report Date :	11.07.2018

IDENTIFICATION DETAILS

Name :	HANES AUSTRALIA P/L
Formerly Known As :	PACIFIC BRAND HOLDINGS P/L
Registered Office :	Level 1, 115 Cotham Road, KEW, VIC 3101
Country :	Australia
Date of Incorporation :	09.11.2001
Legal Form :	Australian Proprietary Company
Line of Business :	The subject operates in the main Holding entity for the group in Australia involved in the wholesale Distribution of a Range of Apparel, Footwear, Bed Linen, Bedding, Carpet Underlay and Accessories.
No. of Employees :	5,368 (Australian Group)

RATING & COMMENTS

(Mira Inform has adopted New Rating mechanism w.e.f. 23rd January 2017)

MIRA's Rating :

A

Credit Rating	Explanation	Rating Comments
A	Acceptable Risk	Business dealings permissible with moderate risk of default

Status :	Good
Payment Behaviour :	No Complaints
Litigation :	Clear

NOTES :

Any query related to this report can be made on e-mail : infodept@mirainform.com while quoting report number, name and date.

ECGC Country Risk Classification List

Country Name	Previous Rating (31.12.2017)	Current Rating (01.04.2018)
Australia	A1	A1

Risk Category	ECGC Classification
Insignificant	A1
Low Risk	A2
Moderately Low Risk	B1
Moderate Risk	B2
Moderately High Risk	C1
High Risk	C2
Very High Risk	D

AUSTRALIA - ECONOMIC OVERVIEW

Following two decades of continuous growth, low unemployment, contained inflation, very low public debt, and a strong and stable financial system, Australia enters 2018 facing a range of growth constraints, principally driven by the sharp fall in global prices of key export commodities. Demand for resources and energy from Asia and especially China is growing at a slower pace and sharp drops in export prices have impacted growth.

The services sector is the largest part of the Australian economy, accounting for about 70% of GDP and 75% of jobs. Australia was comparatively unaffected by the global financial crisis as the banking system has remained strong and inflation is under control.

Australia benefited from a dramatic surge in its terms of trade in recent years, although this trend has reversed due to falling global commodity prices. Australia is a significant exporter of natural resources, energy, and food. Australia's abundant and diverse natural resources attract high levels of foreign investment and include extensive reserves of coal, iron, copper, gold, natural gas, uranium, and renewable energy sources. A series of major investments, such as the US\$40 billion Gorgon Liquid Natural Gas Project, will significantly expand the resources sector.

Australia is an open market with minimal restrictions on imports of goods and services. The process of opening up has increased productivity, stimulated growth, and made the economy more flexible and dynamic. Australia plays an active role in the WTO, APEC, the G20, and other trade forums. Australia's free trade agreement (FTA) with China entered into force in 2015, adding to existing FTAs with the Republic of Korea, Japan, Chile, Malaysia, New Zealand, Singapore, Thailand, and the US, and a regional FTA with ASEAN and New Zealand. Australia continues to negotiate bilateral agreements with Indonesia, as well as larger agreements with its Pacific neighbors and the Gulf Cooperation Council countries, and an Asia-wide Regional Comprehensive Economic Partnership that includes the 10 ASEAN countries and China, Japan, Korea, New Zealand and India.

Source : CIA

COMPANY NAME AND ADDRESS

NAME GIVEN	PACIFIC BRAND HOLDINGS P/L
SPECIAL NOTE	On 25 January 2017 the subject changed name to Hanes Australia P/L
REGISTERED NAME	HANES AUSTRALIA P/L
ACN	098704646
ABN	56098704646

SUMMARY PANEL

<i>Established</i>	1888
<i>Incorporated</i>	2001
<i>Line of Business</i>	Holding entity
<i>Status</i>	Trading
<i>Adverse Listings</i>	<u>Nil</u>

EXECUTIVE SUMMARY

HBI Australia Acquisition Co P/L - consolidated

	As at 31 Dec 2017	(from 3 May 2016 to 31 Dec 2016)	Change (%)
Revenue	\$844,606,000.00	\$373,640,000.00	126.05%
Profit b/tax	\$59,885,000.00	\$28,473,000.00	110.32%
Profit a/tax	\$48,634,000.00	\$16,302,000.00	198.33%
Net Profit Margin	5.76%	4.36%	1.40%

The subject is noted to have entered into a Deed of Cross Guarantee pursuant to a Class Order with its Australian Holding entity HBI Australia Acquisition Co P/L.

For the same period the closed group recorded an operating profit before tax of \$43,692,000 and an operating profit after tax of \$33,458,000.

As at 31 December 2017, the closed group recorded a deficiency in Working capital of \$116,962,000 and a current ratio of 0.71 to 1 indicating tight liquidity levels.

At the same date the closed group recorded Net Assets of \$505,173,000. After deducting intangibles of \$1,083,825,000 this results in a deficiency in Net Worth of \$578,652,000.

COMPANY SUMMERY

Company Type Australian Proprietary Company
Status Registered
Incorporation Date 09 Nov 2001
Incorporation State ACT
Registered Office LEVEL 1, 115 COTHAM ROAD
KEW VIC, 3101

CURRENT DIRECTORS

Total: 2
Director Name MUSCAT, DAVID CHRISTOPHER
Appointment Date 06 Nov 2014
Date of Birth 22 May 1979
Place of Birth MELBOURNE VIC
Gender MALE
Resident Overseas N
Address 30 FRANCIS ST, BLACKBURN VIC3130

Director Name BORTOLUSSI, DAVID LANDT
Appointment Date 09 Jun 2009
Date of Birth 30 Jul 1969
Place of Birth MELBOURNE VIC
Gender MALE
Resident Overseas N
Address 24 KENT RD, SURREY HILLS VIC3127

CURRENT SECRETARIES

Total: 1
Secretary Name GROVER, JOHN CHARLES
Appointment Date 30 Nov 2001
Date of Birth 22 Nov 1961
Place of Birth MELBOURNE VIC
Address 14 TUXEN STREET BALWYN
NORTH VIC, 3104

COMPANY SHARES

Total:	103000000 Amount: \$103,000,000
Class	ORDINARY SHARES [ORD]
Number of Shares Issued	103000000
Paid Capital	\$103,000,000.00
Total Amount Due and Payable	\$0.00

CURRENT SHAREHOLDERS

Shareholder Name	HANES HOLDINGSAUSTRALASIA PTY LTD
ACN	107285049
ABN	82107285049
Address	LEVEL 3, 290 BURWOOD ROAD HAWTHORN VIC, 3122
Class	ORD
Number Held	103000000
Beneficially Held	Y
Fully Paid	Y
Jointly Held	N

SECURITY INTERESTS

Effective 30 January 2012 the Personal Property Securities Register (PPSR) was introduced to give the different Commonwealth, State and Territory laws and registers regarding security interests in personal property under one national system.

As a result of PPS Reform a number of existing Commonwealth, State and Territory personal property security registers will close. Interests registered on existing security interest registers will be migrated to the national PPS Register. Subsequently Registered Charges are no longer lodged with the Australian Securities and Investments Commission (ASIC).

BUSINESS STRUCTURE

TRADING ADDRESS	Level 1, 115 Cotham Rd KEW, VIC 3101
TELEPHONE	1800 645 045
WEBSITE	http://www.pacificbrands.com.au

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IT DEPARTMENT	LEVEL 1, 1096 TOORAK RD., HARTWELL, VIC 3124,
HOLDING ENTITY	HANES HOLDINGS AUSTRALASIA P/L
AUSTRALIA HOLDING ENTITY	HBI AUSTRALIA ACQUISITION CO P/L
ULTIMATE HOLDING ENTITY	HANESBRANDS INC
PRIMARY CONTROLLED ENTITIES	PACIFIC BRANDS SPORTS & LEISURE P/L - AUSTRALIA PACIFIC BRANDS CLOTHING P/L - AUSTRALIA BONDS INDUSTRIES P/L - AUSTRALIA SHERIDAN AUSTRALIA P/L - AUSTRALIA PACIFIC BRANDS SERVICES GROUP P/L - AUSTRALIA YAKKA (WODONGA) P/L – AUSTRALIA ICON CLOTHING P/L – AUSTRALIA STHGIRW WORKWEAR P/L - AUSTRALIA SHARED APPAREL SERVICES P/L - Australia
ULTIMATE HOLDING ENTITY	HANESBRANDS INC - USA
BANK	Not determined
EMPLOYEES	5,368 (Australian Group)

BACKGROUND

The subject was incorporated in the ACT on 9 November 2001 as Pacific Brands Holdings Pty Ltd before adopting the current style on 25 January 2017.

The group has origins that date back to 1888 when John Boyd Dunlop invested the Pneumatic bicycle tyre and formed the Dunlop Pneumatic Tyre Company.

In 1929 Dunlop commenced manufacturing rubber boots.

In 1969 Dunlop acquired Holeproof and Berlei Hestia Ltd underwear and socks manufacturer.

In 1985 Pacific Brands was formed as a consumer goods division of Pacific Dunlop.

In 1987 Pacific Brands acquired Bonds.

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2001 - KingGee, Razzamatazz and Stubbies joined Pacific Brands with the acquisition of Sara Lee Apparel.

2003- Pacific Brands acquired Kolotex Hosiery.

2005- Pacific Brands acquired Sheridan.

2007- Pacific Brands became a market leader in the workwear category acquiring the Yakka Group including brands such as Hard Yakka and Can't Tear 'Em.

2007- Pacific Brands acquired the streetwear division of Globe International incorporating brands such as Mossimo, Mooks and Stussy.

2011- Pacific Brands moves into the premium streetwear market acquiring the license for Diesel Australia.

Effective from 1 July 2013 management has split the Homewares, Footwear and Outerwear segment into Sheridan Tontine (comprising the Sheridan and Tontine businesses), Brand Collective (comprising the Footwear, Fashion and Sport businesses) and Flooring. The subject forms part of the groups Brand Collective division.

On 26 August 2014 the ultimate holding entity Pacific Brands Ltd executed a binding agreement to sell the workwear group (comprising the entire workwear segment) to Westfarmers Ltd for gross proceeds of \$180 million.

Effective 18 July 2016 the former ultimate holding entity Pacific Brands Ltd was acquired by USA based Hanesbrands Inc for consideration of approximately US\$800 million. As a result, Pacific Brands Ltd was delisted from the ASX.

OPERATIONS

The subject operates in the main Holding entity for the group in Australia involved in the wholesale distribution of a range of apparel, footwear, bed linen, bedding, carpet underlay and accessories.

The group operates in the marketing of iconic everyday brands our consumers love including Berlei, Bonds, Clarks, Dunlop, Everlast, Grosby, Hard Yakka, Holeproof, Hush Puppies, King Gee, Mooks, Mossimo, Razzamatazz, Sheridan, Slazenger, Tontine, and Volley.

Activities are conducted from premises located at the above listed trading address.

ADVERSE

A search of records of on 6 July 2018 failed to trace any litigation listed against the subject at that date.

FINANCES

Effective 18 July 2016 the former ultimate holding entity Pacific Brands Ltd was acquired by USA based Hanesbrands Inc for consideration of approximately US\$800 million. As a result, Pacific Brands Ltd was delisted from the ASX. The subject changed name to the current style.

Below is a summary of the Australian groups consolidated income results for the past 2 financial years.

HBI Australia Acquisition Co P/L - consolidated

	As at 31 Dec 2017	(from 3 May 2016 to 31 Dec 2016)	Change (%)
Revenue	\$844,606,000.00	\$373,640,000.00	126.05%
Profit b/tax	\$59,885,000.00	\$28,473,000.00	110.32%
Profit a/tax	\$48,634,000.00	\$16,302,000.00	198.33%
Net Profit Margin	5.76%	4.36%	1.40%

The subject is noted to have entered into a Deed of Cross Guarantee pursuant to a Class Order with its Australian Holding entity HBI Australia Acquisition Co P/L. The effect of the Deed is that each party that forms part of the 'closed group' guarantee the debts of each other.

For the same period the closed group recorded an operating profit before tax of \$43,692,000 and an operating profit after tax of \$33,458,000.

During fiscal 2017, the subject recorded consolidated Net Cashflows from operating activities totalling \$70,943,000.

As at 31 December 2017 the Group recorded consolidated total current assets of \$341,974,000. They included cash of \$133,887,000, receivables of \$65,969,000 and inventories of \$134,801,000.

Current liabilities at the same date totalled \$400,636,000 and included payables of \$111,437,000 and borrowings of \$248,594,000.

As at 31 December 2017, the Group recorded a deficiency in consolidated Working Capital of \$58,662,000 and a current ratio of 0.85 to 1 indicating satisfactory liquidity levels.

At the same date the closed group recorded a deficiency in Working capital of \$116,962,000 and a current ratio of 0.71 to 1 indicating tight liquidity levels.

At 31 December 2017 the group maintains a \$50 million debt facility and a \$10 million overdraft with the Westpac Bank due to expire in 2021. These facilities were not utilised at this time.

Consolidated Net Assets totalled \$512,455,000 as at 31 December 2017. At this date, the subject further recorded a Debt to Equity ratio of 1.97 to 1. After deducting intangibles of \$1,083,825,000 this results in a deficiency in Net Worth of \$571,370,000.

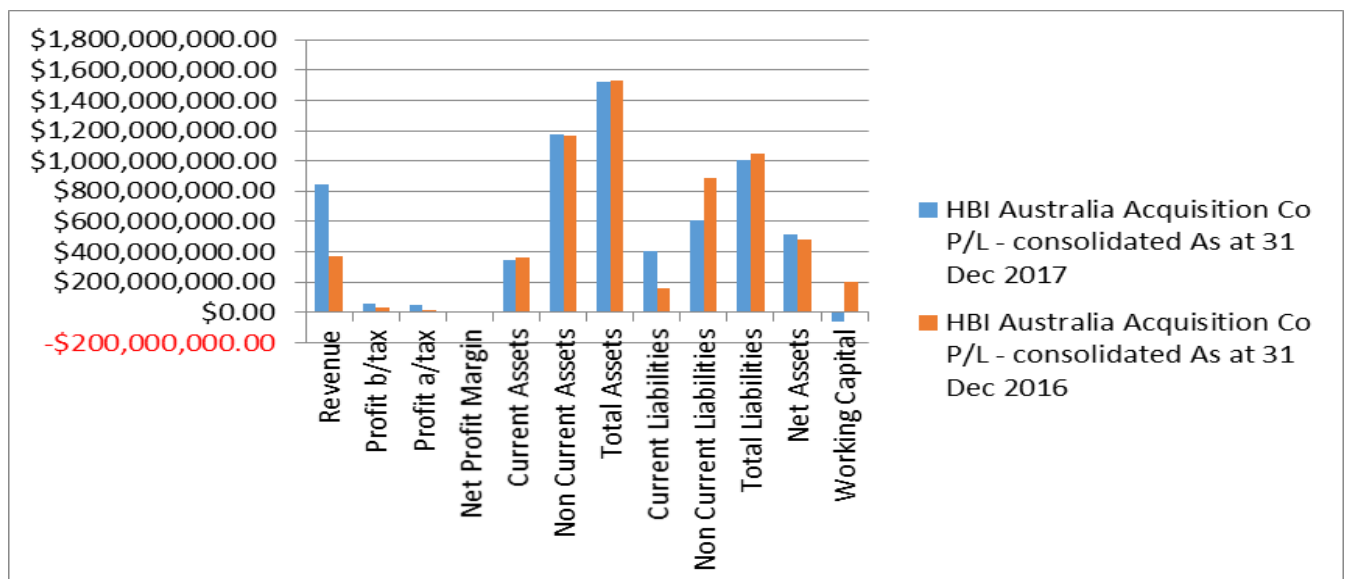
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At the same date the closed group recorded Net Assets of \$505,173,000. After deducting intangibles of \$1,083,825,000 this results in a deficiency in Net Worth of \$578,652,000.

The groups 2017 financial statements were prepared on a going concern basis. The ability for the group to continue on a going concern basis is dependent upon the continued financial support from the ultimate parent Hanesbrands Inc. Hanesbrands inc has confirmed that it will provide financial support for 12 months from 30 April 2018.

HBI Australia Acquisition Co P/L - consolidated

	As at 31 Dec 2017	As at 31 Dec 2016	Change (%)
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Profit b/tax	\$59,885,000.00	\$28,473,000.00	110.32%
Profit a/tax	\$48,634,000.00	\$16,302,000.00	198.33%
Net Profit Margin	5.76%	4.36%	1.40%
Current Assets	\$341,974,000.00	\$358,604,000.00	-4.64%
Non Current Assets	\$1,178,107,000.00	\$1,169,292,000.00	0.75%
Total Assets	\$1,520,081,000.00	\$1,527,896,000.00	-0.51%
Current Liabilities	\$400,636,000.00	\$158,973,000.00	152.02%
Non Current Liabilities	\$606,990,000.00	\$886,506,000.00	-31.53%
Total Liabilities	\$1,007,626,000.00	\$1,045,479,000.00	-3.62%
Net Assets	\$512,455,000.00	\$482,417,000.00	6.23%
Working Capital	(\$58,662,000.00)	\$199,631,000.00	-129.39%
Current Ratio	0.85	2.26	-62.16%
Debt to Equity	1.97	2.17	-9.27%



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TRADE SURVEY

Trade payment records from further sources in the past 4 months have traced the following data for the subject.

Total Owing:	\$639
Total Past Due:	\$0
Average Late Payment Days:	0
All Industries Late Payment Days:	10

Within terms:	\$639
1 – 30 days past due:	\$0
31 – 60 days past due:	\$0
61 – 90 days past due:	\$0
91+ days:	\$0

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FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 68.79
UK Pound	1	INR 91.11
Euro	1	INR 80.78
	1	INR

Note : Above are approximate rates obtained from sources believed to be correct

INFORMATION DETAILS

Analysis Done by :	PRA
Report Prepared by :	PRN

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RATING EXPLANATIONS

Credit Rating	Explanation	Rating Comments
A++	Minimum Risk	Business dealings permissible with minimum risk of default
A+	Low Risk	Business dealings permissible with low risk of default
A	Acceptable Risk	Business dealings permissible with moderate risk of default
B	Medium Risk	Business dealings permissible on a regular monitoring basis
C	Medium High Risk	Business dealings permissible preferably on secured basis
D	High Risk	Business dealing not recommended or on secured terms only
NB	New Business	No recommendation can be done due to business in infancy stage
NT	No Trace	No recommendation can be done as the business is not traceable

NB is stated where there is insufficient information to facilitate rating. However, it is not to be considered as unfavourable.

This score serves as a reference to assess SC's credit risk and to set the amount of credit to be extended. It is calculated from a composite of weighted scores obtained from each of the major sections of this report. The assessed factors are as follows:

- Financial condition covering various ratios
- Company background and operations size
- Promoters / Management background
- Payment record
- Litigation against the subject
- Industry scenario / competitor analysis
- Supplier / Customer / Banker review (wherever available)

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