

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

**Pursuant to Section 13 OR 15(d) of
the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): February 2, 2017

Hanesbrands Inc.

(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction
of incorporation)

001-32891
(Commission File Number)

20-3552316
(IRS Employer Identification No.)

1000 East Hanes Mill Road
Winston-Salem, NC
(Address of principal executive offices)

27105
(Zip Code)

Registrant's telephone number, including area code: (336) 519-8080

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02. Results of Operations and Financial Condition

On February 2, 2017, Hanesbrands Inc. (“HanesBrands”) issued a press release announcing its financial results for the fourth quarter and fiscal year ended December 31, 2016. A copy of the press release is attached as Exhibit 99.1 to this Current Report on Form 8-K. Exhibit 99.1 is being “furnished” and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 (the “Exchange Act”), nor shall Exhibit 99.1 be deemed incorporated by reference in any filing under the Securities Act of 1933 (the “Securities Act”) or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Exhibit 99.1 contains disclosures about adjusted EPS, adjusted net income, adjusted operating profit (and margin), adjusted SG&A, adjusted gross profit (and margin) and EBITDA, which are not generally accepted accounting principle (“GAAP”) measures. Adjusted EPS is defined as diluted EPS excluding actions and the tax effect on actions. Adjusted net income is defined as net income excluding actions and the tax effect on actions. Adjusted operating profit is defined as operating profit excluding actions. Adjusted gross profit is defined as gross profit excluding actions. Adjusted SG&A is defined as selling, general and administrative expenses excluding actions. EBITDA is defined as earnings before interest, taxes, depreciation and amortization.

HanesBrands has chosen to present non-GAAP measures excluding the effects of actions to investors to enable additional analyses of past, present and future operating performance and as a supplemental means of evaluating operations absent the effect of acquisition-related expenses and other actions. HanesBrands believes these non-GAAP measures provide management and investors with valuable supplemental information for analyzing the operating performance of the company’s ongoing business during each period presented without giving effect to costs or foreign currency gains associated with the execution and integration of any of actions taken.

In addition, HanesBrands has chosen to present EBITDA to investors because it considers it to be an important supplemental means of evaluating operating performance. HanesBrands believes that EBITDA is frequently used by securities analysts, investors and other interested parties in the evaluation of companies in the industry, and management uses EBITDA for planning purposes in connection with setting its capital allocation strategy. EBITDA should not, however, be considered as a measure of discretionary cash available to invest in the growth of the business.

Non-GAAP financial measures have limitations as analytical tools and should not be considered in isolation or as an alternative to, or substitute for, financial results prepared in accordance with GAAP. Further, the non-GAAP measures presented may be different from non-GAAP measures with similar or identical names presented by other companies.

Item 7.01. Regulation FD Disclosure

HanesBrands has made available on the investors section of its corporate website, www.Hanes.com/investors, certain supplemental materials regarding HanesBrands' financial results and business operations (the “Supplemental Information”). The Supplemental Information is furnished herewith as Exhibit 99.2 and is incorporated by reference. All information in the Supplemental Information is presented as of the particular date or dates referenced therein, and HanesBrands does not undertake any obligation to, and disclaims any duty to, update any of the information provided.

Exhibits 99.1 and 99.2 to this Current Report on Form 8-K include forward-looking financial information that is expected to be discussed on our previously announced conference call with investors and analysts to be held at 4:30 p.m., Eastern time, today (February 2, 2017). The call may be accessed at www.Hanes.com/investors. Replays of the call will be available at www.Hanes.com/investors and via telephone. The telephone playback will be available from approximately 7:30 p.m., Eastern time, on February 2, 2017, until midnight, Eastern time, on February 9, 2017. The replay will be available by calling toll-free (855) 859-2056, or by toll call at (404) 537-3406. The replay pass code is 54477854. Exhibits 99.1 and 99.2 are being “furnished” and shall not be deemed “filed” for purposes of Section 18 of the Exchange Act, nor shall they be deemed incorporated by reference in any filing under the Securities Act or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits

Exhibit 99.1	Press release dated February 2, 2017
Exhibit 99.2	Supplemental Information

Exhibits

- 99.1 Press release dated February 2, 2017
- 99.2 Supplemental Information

FOR IMMEDIATE RELEASE

News Media, contact: Matt Hall, (336) 519-3386
Analysts and Investors, contact: T.C. Robillard, (336) 519-2115

HANESBRANDS REPORTS FOURTH-QUARTER 2016 FINANCIAL RESULTS

- *Record Net Sales, Operating Profit and EPS for Full Year*
- *Record Cash Flow from Operations of \$606 Million in 2016*
- *Company Initiates Full-Year 2017 Guidance, Forecasting All-Time Highs for Net Sales, Operating Profit, EPS, and Cash Flow*

WINSTON-SALEM, N.C. (Feb. 2, 2017) - HanesBrands (NYSE: HBI), a leading global marketer of everyday basic apparel under world-class brands, today announced fourth-quarter and full-year 2016 results, including growth for net sales, operating profit and diluted earnings per share. The company also delivered record annual operating cash flow of \$606 million.

In addition to 2016 results, Hanes has announced initial financial guidance for 2017, forecasting high-single-digit growth expectations for net sales, record cash flow from operations, and growth for operating profit and earnings per diluted share.

For the year ended Dec. 31, 2016, fourth-quarter net sales increased 12 percent to \$1.58 billion and full-year net sales increased 5 percent to \$6.03 billion. Sales growth was driven by acquisitions but was affected by a weaker than expected retail environment in the fourth-quarter in the United States.

On a GAAP basis, fourth-quarter EPS of \$0.41 increased 37 percent and full-year EPS of \$1.40 increased 32 percent. When excluding pretax charges related to acquisitions and integrations, adjusted EPS of \$0.53 in the fourth quarter increased 20 percent and full-year adjusted EPS of \$1.85 increased 11 percent.

(All adjusted consolidated measures and comparisons in this news release reflect continuing operations and exclude pretax charges related to acquisitions and other actions of approximately \$47 million and \$186 million taken in the fourth quarter and full year of 2016, respectively, and \$54 million and \$266 million taken in the fourth quarter and full year of 2015, respectively. See Note on Adjusted Measures and Reconciliation to GAAP Measures below for additional details.)

“We had a strong year of sales, profit and cash flow growth with many accomplishments, including the expansion of our X-Temp product lineup, the successful launch of our *Hanes FreshIQ* underwear innovation, acquisition integration, and new acquisitions in Europe and Australia,” said Hanes Chief Executive Officer Gerald W. Evans Jr. “Our business model allowed us to deliver benefits to shareholders, even though our record-high financial results fell short of our expectations as a result of unanticipated fourth-quarter retail weakness.

“Despite the challenging environment, we were able to manage inventory and generate cash, returning nearly \$550 million to shareholders through quarterly cash dividends and share repurchases. In 2017, we anticipate another record year of cash flow. As we navigate the changing consumer marketplace and the trend toward online buying, we are well positioned to generate overall growth and drive total shareholder return.”

Key Callouts for Fourth-Quarter and Full-Year 2016 Financial Results

Record Cash Flow Driven by Inventory Management and Growth. Hanes generated a record \$606 million in net cash from operations for the year. The company’s inventory decreased \$132 million from the end of 2015, excluding \$158 million of year-end inventory added as part of acquisitions in 2016.

GAAP and adjusted operating profit, and the associated operating profit margins, increased in the fourth quarter and full year. For the year, GAAP operating profit increased 30 percent to \$776 million and adjusted operating profit increased 6 percent to \$914 million.

Consumer Store Traffic Challenges. Slower-than-expected consumer visits to retail stores in the fourth quarter resulted in retailer inventory control through reduced replenishment orders by U.S. retailers. Innerwear sales decreased 8 percent in the fourth quarter, while Activewear sales increased 3 percent. Hanes is adapting to the growth of online sales and changing consumer buying behavior. In the fourth-quarter, the online channel, including retailer websites, company websites and pure-play ecommerce sites, accounted for approximately 11 percent of U.S. sales, versus approximately 8 percent a year ago.

Acquisitions Drive International Segment Growth. The acquisitions of Pacific Brands of Australia (now referred to as Hanes Australasia), Champion Europe and Champion Japan, as well as organic growth in Asia, drove 78 percent growth in International sales in the fourth quarter and 35 percent for the full year. Acquisitions contributed approximately \$243 million in sales in the fourth quarter and \$456 million for the year. The International operating profit margin increased 240 basis points to 11.7 percent for the full year.

Direct to Consumer Segment. The Direct to Consumer segment sales decreased 12 percent in the fourth quarter and 8 percent for the year as part of a transition to exit the company’s legacy catalog business and reduce noncore offerings in outlet stores and online.

2017 Financial Guidance

Hanes has issued initial guidance for 2017 that would represent a fifth consecutive year of record net sales, operating profit and EPS. The guidance reflects acquisition contributions, growth opportunities, the effect of the ongoing consumer shift toward online purchases, and negative currency impacts that are expected to dampen growth of International segment sales and operating profit.

The company expects 2017 net sales of \$6.45 billion to \$6.55 billion, GAAP operating profit of \$845 million to \$895 million, adjusted operating profit excluding actions of \$935 million to \$975 million, GAAP EPS for continuing operations of \$1.70 to \$1.82, adjusted EPS excluding actions for continuing operations of \$1.93 to \$2.03, and another record year of net cash from operations of \$625 million to \$725 million.

Compared with 2016 results, the midpoint of 2017 guidance represents net sales growth of 8 percent, GAAP operating profit growth of 12 percent, adjusted operating profit growth of 5 percent, GAAP EPS growth from continuing operations of 26 percent, adjusted EPS growth from continuing operations of 7 percent, and operating cash flow growth of 11 percent.

Factors Affecting Cadence of Guidance. Full-year net sales guidance includes expected incremental sales from acquisitions of approximately \$420 million to \$430 million. Approximately \$410 million of incremental acquisition sales are expected in the first half, slightly weighted to the second quarter. Organic sales growth is expected to range from flat to up 2 percent.

At today's foreign exchange rates, the stronger dollar versus last year is expected to reduce net sales growth by an estimated \$30 million to \$40 million and reduce operating profit growth by approximately \$3 million to \$4 million. Because of the second-half timing of acquisitions in 2016, the foreign exchange impact is expected to be more heavily weighted to the second half of 2017.

First-Quarter Guidance. The company expects total net sales growth in the first quarter as a result of acquisition-driven International gains as well as Activewear growth. Organic sales are expected to decline in the quarter as a result of lower Innerwear sales affected by the retail climate of store closings and tight inventory as well as the exits from the company's domestic catalog business and noncore offerings. Innerwear sales trends are expected to normalize starting in the second quarter, with expected full-year net sales comparable to 2016.

First-quarter GAAP EPS for continuing operations is expected to be \$0.21 to \$0.24, and adjusted EPS is expected to be \$0.27 to \$0.29.

Additional Full-Year Guidance. The company expects approximately \$15 million in synergy cost benefits in 2017 from the acquisition of Hanes Europe Innerwear and continues to internalize additional production of basics, intimates and activewear across its global supply chain. Synergies from the Hanes Australasia (Pacific Brands) and Champion Europe acquisitions are expected to substantially begin in 2018.

In conjunction with acquisition integration in 2017, the company expects to incur an estimated \$80 million to \$90 million of pretax charges for actions related primarily to Hanes Europe Innerwear, Knights Apparel, Hanes Australasia, and Champion Europe.

Guidance for operating cash flow growth in 2017 includes the expected benefits from net income growth and lower pretax cash charges related to acquisitions.

The company expects capital expenditures of approximately \$90 million to \$100 million in 2017. The company is not required to make a pension contribution in 2017 and does not anticipate making a voluntary contribution, compared with a \$40 million voluntary contribution in 2016.

Hanes expects interest expense and other expenses to be approximately \$175 million combined, an increase of \$18 million as a result of acquisitions compared with 2016. The 2017 full-year tax rate is expected to be comparable to 2016, assuming no changes to U.S. tax law and policy. The company's guidance assumes share repurchases of approximately \$300 million.

Hanes has updated its quarterly frequently-asked-questions document, which is available at www.Hanes.com/faq.

Note on Adjusted Measures and Reconciliation to GAAP Measures

To supplement our financial guidance prepared in accordance with generally accepted accounting principles, we provide quarterly and full-year results and guidance concerning certain non-GAAP financial measures, including adjusted EPS, adjusted net income, adjusted operating profit (and margin), adjusted SG&A, adjusted gross profit (and margin) and EBITDA.

Adjusted EPS is defined as diluted EPS excluding actions and the tax effect on actions. Adjusted net income is defined as net income excluding actions and the tax effect on actions. Adjusted operating profit is defined as operating profit excluding actions. Adjusted gross profit is defined as gross profit excluding actions. Adjusted SG&A is defined as selling, general and administrative expenses excluding actions. EBITDA is defined as earnings before interest, taxes, depreciation and amortization.

Actions during the periods presented include adjustments for acquisition and integration costs, foundational costs and other costs. Acquisition and integration costs include adjustments directly related to completed acquisitions and their integration. These costs include legal fees, consulting fees, bank fees, severance costs, certain purchase accounting items, facility closures, inventory write-offs, information technology integration costs, and similar charges. These costs also include adjustments for acquisition-related currency transactions during the period to remove the effect of foreign exchange gains from financing activities related to these acquisitions. Foundational costs are expenses associated with building and realigning enterprise-wide infrastructure to support global growth and future acquisitions, primarily consisting of information technology spending. All foundational costs were completed in 2015. Other costs relate to other items not included in the aforementioned categories, primarily consisting of noncash items related to the exit of the commercial sales organization in the China market in 2015. While these costs are not operational in nature and are not expected to continue for any singular transaction on an ongoing basis, similar types of costs, expenses and charges have occurred in prior periods and may recur in the future as the company continues to integrate prior acquisitions and pursues any future acquisitions. Hanes has chosen to present non-GAAP measures excluding the effects of these actions to investors to enable additional analyses of past, present and future operating performance and as a supplemental means of evaluating operations absent the effect of acquisition-related expenses and other actions. Hanes believes these non-GAAP measures provide management and investors with valuable supplemental information for analyzing the operating performance of the company's ongoing business during each period presented without giving effect to costs or foreign currency gains associated with the execution and integration of any of the aforementioned actions taken.

In addition to these non-GAAP measures, the company has chosen to present EBITDA to investors because it considers it to be an important supplemental means of evaluating operating performance. Hanes believes that EBITDA is frequently used by securities analysts, investors and other interested parties in the evaluation of companies in the industry, and management uses EBITDA for planning purposes in connection with setting its capital allocation strategy. EBITDA should not, however, be considered as a measure of discretionary cash available to invest in the growth of the business.

Non-GAAP financial measures have limitations as analytical tools and should not be considered in isolation or as an alternative to, or substitute for, financial results prepared in accordance with GAAP. Further, the non-GAAP measures presented may be different from non-GAAP measures with similar or identical names presented by other companies.

In 2016, Hanes incurred approximately \$186 million in pretax charges related to financing and actions related to acquisitions and integrations (Hanes Europe Innerwear, Knights Apparel, Champion Japan, Champion Europe, and Hanes Australasia). By quarter, the charges were \$24 million, \$72 million, \$43 million, and \$47 million, respectively.

In 2015, the company incurred approximately \$266 million in pretax charges related to acquisitions, primarily Hanes Europe Innerwear, and other actions. By quarter, the charges were \$43 million, \$126 million, \$43 million, and \$54 million, respectively.

Hanes expects to incur approximately \$80 million to \$90 million in pretax charges in 2017 related to acquisition integrations of Hanes Europe Innerwear, Knights Apparel, Champion, Champion Europe, and Hanes Australasia, along with an effective tax rate comparable to 2016, assuming no changes to U.S. tax law and policy.

Webcast Conference Call

Hanes will host an internet webcast of its quarterly investor conference call at 4:30 p.m. EST today. The broadcast, which will consist of prepared remarks followed by a question-and-answer session, may be accessed at www.Hanes.com/investors. The call is expected to conclude by 5:30 p.m.

An archived replay of the conference call webcast will be available at www.Hanes.com/investors. A telephone playback will be available from approximately 7:30 p.m. EST today through midnight EDT Feb 9, 2017. The replay will be available by calling toll-free (855) 859-2056, or by toll call at (404) 537-3406. The replay pass code is 54477854.

Cautionary Statement Concerning Forward-Looking Statements

This press release contains certain “forward-looking statements,” as defined under U.S. federal securities laws, with respect to our long-term goals and trends associated with our business, as well as guidance as to future performance. In particular, among others, statements following the heading “2017 Financial Guidance,” as well as statements about the benefits anticipated from the Hanes Europe Innerwear, Hanes Australasia and Champion Europe acquisitions, and assumptions regarding consumer behavior, foreign exchange rates and U.S. tax law and policy are forward-looking statements. These forward-looking statements are based on our current intent, beliefs, plans and expectations. Readers are cautioned not to place any undue reliance on any forward-looking statements. Forward-looking statements necessarily involve risks and uncertainties, many of which are outside of our control, that could cause actual results to differ materially from such statements and from our historical results and experience. These risks and uncertainties include such things as: the highly competitive and evolving nature of the industry in which we compete; any inadequacy, interruption, integration failure or security failure with respect to our information technology; significant fluctuations in foreign exchange rates; the rapidly changing retail environment; our complex multinational tax structure; our ability to properly manage strategic projects; our ability to attract and retain a senior management team with the core competencies needed to support our growth in global markets; risks related to our international operations, including

the impact to our business as a result of the United Kingdom's recent referendum to leave the European Union; the impact of significant fluctuations and volatility in various input costs, such as cotton and oil-related materials, utilities, freight and wages; our ability to access sufficient capital at reasonable rates or commercially reasonable terms or to maintain sufficient liquidity in the amounts and at the times needed; and other risks identified from time to time in our most recent Securities and Exchange Commission reports, including our annual report on Form 10-K and quarterly reports on Form 10-Q. Since it is not possible to predict or identify all of the risks, uncertainties and other factors that may affect future results, the above list should not be considered a complete list. Any forward-looking statement speaks only as of the date on which such statement is made, and HanesBrands undertakes no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, other than as required by law.

HanesBrands

HanesBrands, based in Winston-Salem, N.C., is a socially responsible leading marketer of everyday basic innerwear and activewear apparel in the Americas, Europe, Australia and Asia-Pacific under some of the world's strongest apparel brands, including *Hanes*, *Champion*, *Maidenform*, *DIM*, *Bali*, *Playtex*, *Bonds*, *JMS/Just My Size*, *Nur Die/Nur Der*, *L'eggs*, *Lovable*, *Wonderbra*, *Berlei*, and *Gear for Sports*. The company sells T-shirts, bras, panties, shapewear, underwear, socks, hosiery, and activewear produced in the company's low-cost global supply chain. A member of the S&P 500 stock index, Hanes has approximately 68,000 employees in more than 40 countries and is ranked No. 448 on the Fortune 500 list of America's largest companies by sales. Hanes takes pride in its strong reputation for ethical business practices. The company is the only apparel producer to ever be honored by the Great Place to Work Institute for its workplace practices in Central America and the Caribbean, and is ranked No. 167 on the Forbes magazine list of America's Best Employers. For seven consecutive years, Hanes has won the U.S. Environmental Protection Agency Energy Star sustained excellence/partner of the year award - the only apparel company to earn sustained excellence honors. The company ranks No. 172 on Newsweek magazine's green list of 500 largest U.S. companies for environmental achievement. More information about the company and its corporate social responsibility initiatives, including environmental, social compliance and community improvement achievements, may be found at www.Hanes.com/corporate. Connect with HanesBrands via social media on Facebook (www.facebook.com/hanesbrandsinc) and Twitter ([@hanesbrands](https://twitter.com/hanesbrands)).

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TABLE 1

HANESBRANDS INC.
Condensed Consolidated Statements of Income
(Amounts in thousands, except per-share amounts)
(Unaudited)

	Quarter Ended			Year Ended		
	December 31, 2016	January 2, 2016	% Change	December 31, 2016	January 2, 2016	% Change
Net sales	\$ 1,575,309	\$ 1,409,557	11.8%	\$ 6,028,199	\$ 5,731,549	5.2%
Cost of sales	963,174	868,431		3,752,151	3,595,217	
Gross profit	612,135	541,126	13.1%	2,276,048	2,136,332	6.5%
As a % of net sales	38.9%	38.4%		37.8%	37.3%	
Selling, general and administrative expenses	408,453	383,200		1,500,399	1,541,214	
As a % of net sales	25.9%	27.2%		24.9%	26.9%	
Operating profit	203,682	157,926	29.0%	775,649	595,118	30.3%
As a % of net sales	12.9%	11.2%		12.9%	10.4%	
Other expenses	1,225	1,280		51,758	3,210	
Interest expense, net	41,153	30,772		152,692	118,035	
Income from continuing operations before income tax expense	161,304	125,874		571,199	473,873	
Income tax expense	5,579	6,711		34,272	45,018	
Income from continuing operations	155,725	119,163		536,927	428,855	
Income from discontinued operations, net of tax	1,387	—		2,455	—	
Net income	<u>\$ 157,112</u>	<u>\$ 119,163</u>	31.8%	<u>\$ 539,382</u>	<u>\$ 428,855</u>	25.8%
Earnings per share - basic:						
Continuing operations	\$ 0.41	\$ 0.30	36.7%	\$ 1.41	\$ 1.07	31.8%
Discontinued operations	—	—	NM	0.01	—	NM
Net income	<u>\$ 0.41</u>	<u>\$ 0.30</u>	36.7%	<u>\$ 1.41</u>	<u>\$ 1.07</u>	31.8%
Earnings per share - diluted:						
Continuing operations	\$ 0.41	\$ 0.30	36.7%	\$ 1.40	\$ 1.06	32.1%
Discontinued operations	—	—	NM	0.01	—	NM
Net income	<u>\$ 0.41</u>	<u>\$ 0.30</u>	36.7%	<u>\$ 1.40</u>	<u>\$ 1.06</u>	32.1%
Weighted average shares outstanding:						
Basic	379,484	393,187		381,782	399,891	
Diluted	382,074	396,082		384,566	403,659	

TABLE 2

HANESBRANDS INC.
Supplemental Financial Information
(Dollars in thousands)
(Unaudited)

	Quarter Ended			Year Ended		
	December 31, 2016	January 2, 2016	% Change	December 31, 2016	January 2, 2016	% Change
Segment net sales¹:						
Innerwear	\$ 611,461	\$ 666,123	(8.2)%	\$ 2,609,754	\$ 2,680,981	(2.7)%
Activewear	383,465	373,166	2.8 %	1,570,972	1,576,724	(0.4)%
Direct to Consumer	75,341	85,913	(12.3)%	315,560	341,207	(7.5)%
International	505,042	284,355	77.6 %	1,531,913	1,132,637	35.3 %
Total net sales	<u>\$ 1,575,309</u>	<u>\$ 1,409,557</u>	<u>11.8 %</u>	<u>\$ 6,028,199</u>	<u>\$ 5,731,549</u>	<u>5.2 %</u>
Segment operating profit¹:						
Innerwear	\$ 137,699	\$ 163,117	(15.6)%	\$ 588,265	\$ 623,412	(5.6)%
Activewear	64,575	59,325	8.8 %	227,535	246,508	(7.7)%
Direct to Consumer	(4,054)	2,481	NM	5,564	15,859	(64.9)%
International	70,733	29,436	140.3 %	179,917	105,515	70.5 %
General corporate expenses/other	(18,403)	(42,354)	(56.5)%	(87,113)	(130,116)	(33.0)%
Acquisition, integration and other action related charges	(46,868)	(54,079)	(13.3)%	(138,519)	(266,060)	(47.9)%
Total operating profit	<u>\$ 203,682</u>	<u>\$ 157,926</u>	<u>29.0 %</u>	<u>\$ 775,649</u>	<u>\$ 595,118</u>	<u>30.3 %</u>
EBITDA²:						
Net income from continuing operations	\$ 155,725	\$ 119,163	30.7 %	\$ 536,927	\$ 428,855	25.2 %
Interest expense, net	41,153	30,772	33.7 %	152,692	118,035	29.4 %
Income tax expense	5,579	6,711	(16.9)%	34,272	45,018	(23.9)%
Depreciation and amortization	29,460	28,153	4.6 %	103,175	103,903	(0.7)%
Total EBITDA	<u>\$ 231,917</u>	<u>\$ 184,799</u>	<u>25.5 %</u>	<u>\$ 827,066</u>	<u>\$ 695,811</u>	<u>18.9 %</u>

¹ As a result of a shift in management responsibilities, the Company decided in the first quarter of 2016 to move its wholesale e-commerce business, that sells products directly to retailers, from the Direct to Consumer segment to the Innerwear and Activewear segments. In addition, revisions were made to the manner in which certain selling, general and administrative expenses are allocated. Prior-year segment sales and operating profit results have been revised to conform to the current year presentation.

² Earnings before interest, taxes, depreciation and amortization (EBITDA) is a non-GAAP financial measure.

TABLE 3

HANESBRANDS INC.
Condensed Consolidated Balance Sheets
(Dollars in thousands)
(Unaudited)

	December 31, 2016	January 2, 2016
Assets		
Cash and cash equivalents	\$ 460,245	\$ 319,169
Trade accounts receivable, net	814,178	680,417
Inventories	1,840,565	1,814,602
Other current assets	137,535	103,679
Current assets of discontinued operations	45,897	—
Total current assets	3,298,420	2,917,867
Property, net	692,464	650,462
Trademarks and other identifiable intangibles, net	1,285,458	700,515
Goodwill	1,098,540	834,315
Deferred tax assets	464,872	445,179
Other noncurrent assets	67,980	49,252
Total assets	\$ 6,907,734	\$ 5,597,590
Liabilities		
Accounts payable and accrued liabilities	\$ 1,358,696	\$ 1,133,305
Notes payable	56,396	117,785
Accounts Receivable Securitization Facility	44,521	195,163
Current portion of long-term debt	133,843	57,656
Current liabilities of discontinued operations	9,466	—
Total current liabilities	1,602,922	1,503,909
Long-term debt	3,507,685	2,232,712
Pension and postretirement benefits	371,612	362,266
Other noncurrent liabilities	201,601	222,812
Total liabilities	5,683,820	4,321,699
Equity		
Total liabilities and equity	1,223,914	1,275,891
	\$ 6,907,734	\$ 5,597,590

TABLE 4

HANESBRANDS INC.
Condensed Consolidated Statements of Cash Flows
(Dollars in thousands)
(Unaudited)

	Year Ended	
	December 31, 2016	January 2, 2016
Operating Activities:		
Net income	\$ 539,382	\$ 428,855
Depreciation and amortization	103,175	103,903
Other noncash items	66,682	38,849
Changes in assets and liabilities, net	(103,632)	(344,600)
Net cash from operating activities	605,607	227,007
Investing Activities:		
Purchases/sales of property and equipment, net, and other	(2,566)	(83,971)
Acquisition of businesses	(964,075)	(192,829)
Net cash from investing activities	(966,641)	(276,800)
Financing Activities:		
Cash dividends paid	(167,375)	(161,316)
Share repurchases	(379,901)	(351,495)
Net borrowings on notes payable, debt and other	1,058,330	645,793
Net cash from financing activities	511,054	132,982
Effect of changes in foreign currency exchange rates on cash	(8,944)	(3,875)
Change in cash and cash equivalents	141,076	79,314
Cash and cash equivalents at beginning of year	319,169	239,855
Cash and cash equivalents at end of year	\$ 460,245	\$ 319,169

TABLE 5

HANESBRANDS INC.
Supplemental Financial Information
Reconciliation of Select GAAP Measures to Non-GAAP Measures
(Amounts in thousands, except per-share amounts)
(Unaudited)

	Quarter Ended		Year Ended	
	December 31, 2016	January 2, 2016	December 31, 2016	January 2, 2016
Gross profit, as reported under GAAP	\$ 612,135	\$ 541,126	\$ 2,276,048	\$ 2,136,332
Acquisition, integration and other action related charges	11,647	14,920	39,379	62,859
Gross profit, as adjusted	<u>\$ 623,782</u>	<u>\$ 556,046</u>	<u>\$ 2,315,427</u>	<u>\$ 2,199,191</u>
As a % of net sales	<u>39.6%</u>	<u>39.4%</u>	<u>38.4%</u>	<u>38.4%</u>
Selling, general and administrative expenses, as reported under GAAP	\$ 408,453	\$ 383,200	\$ 1,500,399	\$ 1,541,214
Acquisition, integration and other action related charges	(35,221)	(39,159)	(99,140)	(203,201)
Selling, general and administrative expenses, as adjusted	<u>\$ 373,232</u>	<u>\$ 344,041</u>	<u>\$ 1,401,259</u>	<u>\$ 1,338,013</u>
As a % of net sales	<u>23.7%</u>	<u>24.4%</u>	<u>23.2%</u>	<u>23.3%</u>
Operating profit, as reported under GAAP	\$ 203,682	\$ 157,926	\$ 775,649	\$ 595,118
Acquisition, integration and other action related charges included in gross profit	11,647	14,920	39,379	62,859
Acquisition, integration and other action related charges included in SG&A	35,221	39,159	99,140	203,201
Operating profit, as adjusted	<u>\$ 250,550</u>	<u>\$ 212,005</u>	<u>\$ 914,168</u>	<u>\$ 861,178</u>
As a % of net sales	<u>15.9%</u>	<u>15.0%</u>	<u>15.2%</u>	<u>15.0%</u>
Net income from continuing operations, as reported under GAAP	\$ 155,725	\$ 119,163	\$ 536,927	\$ 428,855
Acquisition, integration and other action related charges included in gross profit	11,647	14,920	39,379	62,859
Acquisition, integration and other action related charges included in SG&A	35,221	39,159	99,140	203,201
Debt refinance charges included in other expenses	—	—	47,291	—
Tax effect on actions	(1,422)	1,439	(11,148)	(25,276)
Net income from continuing operations, as adjusted	<u>\$ 201,171</u>	<u>\$ 174,681</u>	<u>\$ 711,589</u>	<u>\$ 669,639</u>
Diluted earnings per share from continuing operations, as reported under GAAP	\$ 0.41	\$ 0.30	\$ 1.40	\$ 1.06
Acquisition, integration and other action related charges	0.12	0.14	0.45	0.60
Diluted earnings per share from continuing operations, as adjusted	<u>\$ 0.53</u>	<u>\$ 0.44</u>	<u>\$ 1.85</u>	<u>\$ 1.66</u>

Hanesbrands FAQs

Updated February 2, 2017 – New or updated information is in red

Current Period – related FAQs

Q: What is factored into your guidance for 2017?

A: *While there are many items that are factored into our guidance, a few of the key assumptions are: (1) We expect our online revenue, across all channels, to grow at a double-digit rate; (2) We are taking a prudent approach to the U.S. brick-and-mortar channel by assuming some additional store closings and further inventory tightening driven by the continued consumer shift to online; (3) We are assuming Innerwear revenue will be essentially flat compared to last year as innovation-driven share gain opportunity is tempered by the store closing and tighter inventory management pressures in the U.S. brick-and-mortar channel; (4) We are assuming modest revenue growth in Activewear compared to last year as we anniversary bankruptcies in the U.S. sporting goods channel, benefit from Champion growth initiatives and expand distribution in our licensed sports apparel business; (5) Contributions from acquisition wraps of approximately \$420 - \$430 million of revenue, of which approximately \$410 million is expected in the first half, and approximately \$25 million of adjusted operating profit, excluding synergies and pretax acquisition and integration-related charges; (6) Pretax acquisition and integration-related charges of approximately \$80 - \$90 million; (7) An assumption of organic revenue growth of roughly flat to +2%; (8) Approximately \$15 million of acquisition synergies; and, (9) A foreign currency headwind of approximately \$30 – \$40 million to revenue and approximately \$3 - \$4 million to operating profit.*

Q: Given the current pressures in the U.S. brick-and-mortar retail channel, what gives you confidence in your ability to grow revenue, earnings per share and cash flow from operations in 2017?

A: *Our confidence to grow revenue, earnings per share and cash flow from operations is driven by: (1) Our strategy to aggressively drive our online business; (2) Our strong underlying business fundamentals; and, (3) Our return-centric approach to deploying our strong cash flow. With respect to our online strategy, we are continuing to step-up investments to drive further growth of our online revenue both domestically and internationally. For example, we are broadening our product assortments across all channels and our media spending is forecast to be over 50% digital, which compares to roughly 30% only two years ago. We hold leading shares in our categories online. In 2016, our domestic online revenue growth, across all channels, accelerated in each quarter and consistently outpaced growth in the online apparel category. With respect to our underlying business fundamentals, in Innerwear our brands remain strong and we continue to gain market share as our Basics revenue was roughly flat in 2016, which compared to a low-single digit decline in the Basics category. Our FreshIQ odor-control innovation is performing well. While still early, on a like-for-like basis, retailers experienced an uptick in point-of-sale trends with our FreshIQ products when compared to our prior offerings. In Activewear, we are well positioned to return to revenue growth as we anniversary bankruptcies in the U.S. sporting goods channel, benefit from Champion growth initiatives and expand distribution in our licensed sports apparel business. Our International business is now roughly 30% of our total revenue and growing. And our acquisition platform continues to deliver incremental growth as well as synergy benefits. With respect to deploying our cash flow, our business model generates a significant amount of cash flow each year and we have a disciplined, return-centric approach to deploying our cash through a mix of acquisitions, dividends and share repurchases. For 2017, we have increased our dividend by 36% and we anticipate spending roughly \$300 million to repurchase shares. We have a demonstrated track record of effectively deploying our cash to generate long-term returns for our shareholders. Including our assumptions for 2017, over the past five years we will have made over \$2 billion in acquisitions, paid over \$700 million in dividends and bought back over \$1 billion of stock. All of this underscores the power of our multi-faceted business model to deliver growth and strong shareholder returns, irrespective of the end market environment.*

Q: What are the key factors that separate the low-end and the high-end of your guidance range?

A: *The key factors that would drive to the low-end of our guidance range are greater pressure from store closings and retail inventory tightening in the U.S. brick-and-mortar channel and greater pressure from foreign exchange rates. The key factors that would drive to the high-end of our guidance range are stronger-than-expected growth in our online business, less pressure from store closings and retail inventory management in the U.S. brick-and-mortar channel and less pressure from foreign exchange rates. Every 1% move in the U.S. Dollar impacts our revenue by approximately \$20 million and our operating profit by approximately \$2 million.*

Q: You mentioned that your inventory at the end of the quarter declined approximately \$132 million from last year but your balance sheet indicates a small increase, can you explain the difference?

A: *Per GAAP accounting rules, our balance sheet is reflective of the last day of our quarter. The reported inventory on our balance sheet includes inventory from recently closed acquisitions in the amount of approximately \$158 million at year-end. Our base inventory as of year-end 2016, which excludes these amounts, declined approximately \$132 million from the prior year.*

Q: How much did acquisitions contribute to the revenue and adjusted operating profit results?

A: *For the fourth quarter, acquisitions contributed approximately \$243 million in revenue and approximately \$33 million in adjusted operating profit, which excludes synergies as well as pretax acquisition and integration-related charges. For full-year 2016, acquisitions contributed approximately \$456 million in revenue and approximately \$48 million in adjusted operating profit, which excludes synergies as well as pretax acquisition and integration-related charges.*

Q: How big is the online channel for Hanesbrands and are you focused on driving growth in this channel?

A: *Our U.S. online sales represent roughly 8% of our full-year 2016 and roughly 11% of our fourth quarter 2016 total domestic sales across the online sites of traditional retailers, online pure-plays as well as our own websites. Over the past several years we have aggressively focused and dedicated numerous people and resources to drive our online business both domestically and internationally, and we have seen great success. For example, our domestic online revenue growth, across all channels, accelerated in each quarter during 2016 and consistently outpaced growth in the online apparel category. One of the largest online pure-plays is now our 5th largest customer.*

Q: How have your acquisition and integration-related charges progressed?

A: *As expected, our acquisition and integration-related charges declined to approximately \$186 million in 2016 from roughly \$266 million in 2015. We expect these charges, absent any new acquisitions, to continue to decline in 2017 and this is reflected in our guidance of approximately \$80-\$90 million. Absent any new acquisitions, we would expect our acquisition and integration-related charges to decline again in 2018 and essentially be completed by 2019.*

Q: Can you provide an annualized outlook for Pacific Brands and Champion Europe?

A: *At the time of acquisition, on an annual basis, excluding any potential synergies and pretax charges, we expected Champion Europe and Pacific Brands to contribute approximately \$800 million in sales and approximately \$70 million in adjusted operating profit.*

Q: Do you believe a high-single digit to low double-digit tax rate is sustainable?

A: *Yes. Assuming no changes to various global tax laws, we believe a high-single digit to low double-digit tax rate is sustainable for many years to come. Our tax rate is the by-product of our global business model. We do not use artificial tax management, such as inversions or earnings stripping. Our accounting and tax strategies are sound. In fact, we were recently audited by the IRS (see our third quarter 2015 Form 10Q) and the audit was closed with no adjustments.*

Q: Have your thoughts on capital allocation changed?

A: *There is no change to our strategy. Our capital allocation strategy is to effectively deploy our significant, consistent cash flow to generate the best long-term returns for our shareholders. Over time, our goal is for our net debt-to-EBITDA to be in a range of 2 to 3 times. Our strategy is to use our cash flow to fund capital investments and our dividend, use debt for acquisitions and use excess free cash flow, which is defined as cash from operations less capital expenditures and dividends, to repurchase stock.*

Q: Will your capital expenditures increase significantly as a result of your acquisition strategy?

A: *With acquisitions, as the size of our business, profit and cash flows increases, so should the absolute level of our capital spending. Although our spending on capital expenditures has and is expected to continue to fluctuate year to year, we expect our capital expenditures to average around 1.75% of sales going forward, which is in-line with our historical average, and over time should roughly equal depreciation. Spending at this level should allow our global supply chain to remain competitive while also handling the increased capacity needs for growth and our acquisition strategy.*

Q: How does a change in currency exchange rates impact your financial results?

A: *Changes in exchange rates between the U.S. Dollar and other currencies can impact our financial results in two ways; a translation impact and a transaction impact. The translation impact refers to the impact that changes in exchange rates can have on our published financial results. Similar to many multi-national corporations that publish financial results in U.S. Dollars, our revenue and profit earned in local foreign currencies is translated back into U.S. Dollars using an average exchange rate over the representative period. A period of strengthening in the U.S. Dollar results in a negative impact to our published financial results (because it would take more units of a local currency to convert into a dollar). The opposite is true during a period of weakening in the U.S. Dollar. Our biggest foreign currency exposure is the euro. The transaction impact on financial results is common for apparel companies that source goods because these goods are purchased in U.S. Dollars. The transaction impact from a strengthening dollar would be negative to our financial results (because the U.S. Dollar-based costs would convert into a higher amount of local currency units, which means a higher local-currency cost of goods, and in turn, a lower local-currency gross profit). The transaction impact from exchange rates is typically recovered over time with price increases. However, during periods of rapid change in exchange rates; pricing is unable to change quickly enough. In these situations, it could make sense to hedge the exchange rate exposure in sourcing costs.*

Pacific Brands-related FAQs (all facts and figures are as of the time of the acquisition)

Q: What is driving the value creation for the Pacific Brands acquisition?

A: *Pacific Brands squarely hits on all four of our acquisition criteria. It's in our core categories. It provides complementary revenue growth opportunities. It is justifiable based solely on cost synergies and it's quickly accretive. The majority of the expected value creation is from supply chain synergies. Pacific Brands sources the vast majority of the products in its Underwear segment and we see a significant synergy opportunity by plugging their Underwear business into the Asian cluster of our company-owned supply chain, especially in Vietnam. But this opportunity goes beyond the typical 15-20% cost reduction we expect to achieve by in-sourcing only their high volume styles. Their products are very similar to our Hanes Europe products, which means as we harmonize these products we'll increase the total number of high volume styles that can be brought in-house. In other words, this acquisition not only drives manufacturing synergies on its own, it also creates incremental synergy benefits for prior acquisitions, which underscores the power of our company-owned supply chain. The other factor driving the expected value creation is revenue growth. Pacific Brands' Underwear group has been executing a strategy to drive profitable revenue growth by investing behind its brands, growing its retail presence and expanding online. This strategy is working as its Underwear segment sales over the past three years, from the time of acquisition, have grown at a compound annual growth rate of roughly 7%. As management continues to drive its strategy and we layer on our innovation process, we see a long runway for mid-to-high single digit revenue growth.*

Q: How should investors think about Pacific Brands' business on a go-forward basis and what is the expected financial contribution of this acquisition within three years?

A: *At the time of the acquisition, Pacific Brands base business, which we define as their Underwear and Sheridan segments, generated approximately AUD800 million (US\$600 million) in annual sales with a high-single digit operating margin. As we complement their growth strategy, strong brands and Australian design with our Innovate-to-Elevate strategy and low-cost global supply chain, we believe we can grow their base revenue at mid-to-high single digit rates while increasing operating margins to the mid-teens. Over the next three years, once synergies are fully realized, we believe Pacific Brands can annually contribute over AUD930 million in revenue and approximately AUD140 million in operating profit, excluding acquisition and integration-related charges⁽¹⁾. Assuming an exchange rate of AUD1:US\$0.76, this would equate to over US\$700 million in revenue and over US\$100 million in operating profit, excluding acquisition and integration-related charges⁽¹⁾. We expect this acquisition to deliver an after-tax IRR in the mid-teens.*

Q: Can you provide any insight into Pacific Brands?

A: *Pacific Brands is the leading underwear and intimate apparel company in Australia. As of the time of acquisition, their products were distributed through the wholesale channel (roughly 60% of sales), in-store retail (roughly one-third of sales) and online retail (roughly 7% of sales). They have a strong management team that like us, nurtures its brands and uses a disciplined, consumer packaged goods approach to managing their business. Historically, Pacific Brands was much more diversified company. Several years ago management embarked on a significant restructuring to streamline the company down to its core Underwear and Sheridan business units. Its Tontine pillow and Dunlop flooring businesses, which account for roughly 12% of sales, fall well outside of Hanesbrands core categories and therefore, our intention is to divest these within a year. These two business operations are excluded from our long-term projections and are reported as discontinued operations after the acquisition closes.*

Q: Can you provide any insight into Pacific Brands Underwear segment?

A: *The Underwear segment, which accounts for the majority of Pacific Brands' revenue and operating profit, is very similar to us. They have big, strong, iconic brands, including Bonds, which has more than a century of history. With 90% brand awareness and the #1 share of the underwear and socks markets, the Bonds brand is akin to the Hanes of Australia. As a company, Pacific Brands holds the #1 share position in men's, women's and kid's underwear, as well as in bras, sports bras, socks and hosiery. They also hold the #2 market position in babywear (i.e. infant apparel) and casual clothing. Their products are distributed across all channels with a growing presence in online and company-owned retail.*

Q: What are your plans for the Sheridan business segment?

A: *The Sheridan brand has nearly 50 years of history and its products include premium linens, towels, loungewear and recently launched babywear. Sheridan holds the #1 market position in its main categories, its infrastructure is highly integrated with the Underwear group and its products are primarily distributed through high-end department store concessions and branded stores. With Sheridan's strong brand position and its entrance into loungewear and babywear, we believe this segment has attractive growth and profitability characteristics.*

Champion Europe-related FAQs (all facts and figures are as of the time of the acquisition)

Q: What is the rationale and expected return for this acquisition?

A: *The rationale for all of our acquisitions is to generate long-term shareholder returns by applying our proven 'Sell More' and 'Spend Less' strategies to newly acquired businesses to create substantial multi-year synergies. Champion Europe squarely hits on all four of our acquisition criteria. It's in our core categories. It provides complementary revenue growth opportunities. It is justifiable based solely on cost synergies and it's quickly accretive. This acquisition is expected to deliver an after-tax IRR in the low-to-mid teens.*

Q: What are some of the global growth initiatives for Champion?

A: *By unifying the Champion brand globally, we have significant opportunities to grow revenue by expanding our distribution across product lines, across channels and across geographies. In the U.S., we've developed a very broad product line under Champion that spans from mass price points all the way up to the higher-priced sporting goods and department store channels. We can now take this broad product line and sell it into Europe, Japan, Australia, and other international markets. As we build scale by expanding Champion's distribution worldwide, we expect to be able to leverage global product design as well as our low-cost supply chain to further reduce costs and ultimately improve our operating margins. With this acquisition, we now sell Champion products on five continents and have approximately \$1.2 billion in Champion revenue worldwide. We believe our Champion revenue can increase at high single-digit to low double-digit rates and could approach \$2 billion within five to six years.*

Q: Can you provide any insight into Champion Europe's current financial performance?

A: *At the time of acquisition, Champion Europe expected full-year 2016 net sales of more than €190 million, EBITDA, excluding charges, of approximately €20 million, and operating profit, excluding charges, of approximately €15.*

Q: What is the expected financial contribution of the Champion Europe acquisition within three years?

A: *Over the next three years, excluding the broader global Champion growth opportunities, we believe Champion Europe's stand-alone operations can increase revenue from more than €190 million to well over €250 million. Through a combination of supply chain synergies and revenue growth, we believe Champion Europe's stand-alone operations, over the next three years, can increase operating profit, excluding acquisition and integration-related charges⁽¹⁾, from roughly €15 million to well over €25 million.*

Q: Can you provide any insight into Champion Europe's business operations?

A: *Champion Europe owns the trademark rights for the Champion brand in Europe, the Middle East and Africa. The Company, which is based in Italy, designs, sources and sells Champion athletic apparel and accessories wholesale to retailers and directly to consumers via roughly 130 company-owned stores. The vast majority of Champion Europe's revenue is in Italy and Greece. With respect to its merchandise mix, based on FY15 revenue, roughly 40% was men's apparel, roughly 30% was women's apparel, roughly 20% was youth and toddler apparel and the remainder was accessories.*

Q: Will Champion Europe be integrated into Hanes Europe Innerwear?

A: *No. We run Innerwear and Activewear separately in the U.S. and we will do the same in Europe. There are no real synergies to be gained by integrating these two businesses. Champion Europe will be integrated into our global supply chain but it will be run as part of the global Champion Activewear business.*

⁽¹⁾ We currently estimate the total, combined acquisition and integration costs for Champion Europe and Pacific Brands to be less than \$100 million.

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Charges for Actions and Reconciliation to GAAP Measures

To supplement our financial guidance prepared in accordance with generally accepted accounting principles, we provide quarterly and full-year results and guidance concerning certain non-GAAP financial measures, including adjusted EPS, adjusted net income, adjusted operating profit (and margin), adjusted SG&A, adjusted gross profit (and margin) and EBITDA.

Adjusted EPS is defined as diluted EPS excluding actions and the tax effect on actions. Adjusted net income is defined as net income excluding actions and the tax effect on actions. Adjusted operating profit is defined as operating profit excluding actions. Adjusted gross profit is defined as gross profit excluding actions. Adjusted SG&A is defined as selling, general and administrative expenses excluding actions. EBITDA is defined as earnings before interest, taxes, depreciation and amortization.

Actions during the periods presented include adjustments for acquisition and integration costs, foundational costs and other costs. Acquisition and integration costs include adjustments directly related to completed acquisitions and their integration. These costs include legal fees, consulting fees, bank fees, severance costs, certain purchase accounting items, facility closures, inventory write-offs, information technology integration costs, and similar charges. These costs also include adjustments for acquisition-related currency transactions during the period to remove the effect of foreign exchange gains from financing activities related to these acquisitions. Foundational costs are expenses associated with building and realigning enterprise-wide infrastructure to support global growth and future acquisitions, primarily consisting of information technology spending. All foundational costs were completed in 2015. Other costs relate to other items not included in the aforementioned categories, primarily consisting of noncash items related to the exit of the commercial sales organization in the China market in 2015. While these costs are not operational in nature and are not expected to continue for any singular transaction on an ongoing basis, similar types of costs, expenses and charges have occurred in prior periods and may recur in the future as the company continues to integrate prior acquisitions and pursues any future acquisitions. We have chosen to present non-GAAP measures excluding the effects of these actions to investors to enable additional analyses of past, present and future operating performance and as a supplemental means of evaluating operations absent the effect of acquisition-related expenses and other actions. We believe these non-GAAP measures provide management and investors with valuable supplemental information for analyzing the operating performance of the company's ongoing business during each period presented without giving effect to costs or foreign currency gains associated with the execution and integration of any of the aforementioned actions taken.

In addition to these non-GAAP measures, we have chosen to present EBITDA to investors because we consider it to be an important supplemental means of evaluating operating performance. We believe that EBITDA is frequently used by securities analysts, investors and other interested parties in the evaluation of companies in the industry, and management uses EBITDA for planning purposes in connection with setting its capital allocation strategy. EBITDA should not, however, be considered as a measure of discretionary cash available to invest in the growth of the business.

Non-GAAP financial measures have limitations as analytical tools and should not be considered in isolation or as an alternative to, or substitute for, financial results prepared in accordance with GAAP. Further, the non-GAAP measures presented may be different from non-GAAP measures with similar or identical names presented by other companies.

See Table 2 and Table 5 attached to our press release dated February 2, 2017 to reconcile historical quarterly and full-year non-GAAP performance measures to the most directly comparable GAAP measure.

Full-year GAAP operating profit guidance of \$845 million to \$895 million and GAAP EPS guidance of \$1.70 to \$1.82 reflects Hanes' expectations for net sales, operating profit, interest expense, and tax rate from continuing operations as detailed in this FAQ document. Full-year Non-GAAP adjusted operating profit guidance of \$935 million to \$975 million and adjusted EPS guidance of \$1.93 to \$2.03 reflects the GAAP guidance adjusted by adding back the approximately \$80 million to \$90 million of expected pretax charges for acquisition and integration expenses to adjusted operating profit and adjusted EPS, as well as a 2017 full-year tax rate comparable to 2016, assuming no changes to U.S. tax law and policy.

Cautionary Statement Concerning Forward-Looking Statements

These FAQs contain "forward-looking statements," as defined under U.S. federal securities laws, with respect to our long-term goals and trends associated with our business, as well as guidance as to future performance. In particular, among others, statements regarding 2017 financial guidance, as well as statements about the benefits anticipated from the Hanes Europe Innerwear, Pacific Brands and Champion Europe acquisitions, and assumptions regarding consumer behavior, foreign exchange rates and U.S. tax law and policy are forward-looking statements. These forward-looking statements are based on our current intent, beliefs, plans and expectations. Readers are cautioned not to place any undue reliance on any forward-looking statements. Forward-looking statements necessarily involve risks and uncertainties, many of which are outside of our control, that could cause actual results to differ materially from such statements and from our historical results and experience. These risks and uncertainties include such things as: the highly competitive and evolving nature of the industry in which we compete; any inadequacy, interruption, integration failure or security failure with respect to our information technology; significant fluctuations in foreign exchange rates; ; the rapidly changing retail environment; our complex multinational tax structure our ability to properly manage strategic projects; our ability to attract and retain a senior management team with the core competencies needed to support our growth in global markets; risks related to our international operations, including the impact to our business as a result of the United Kingdom's recent referendum to leave the European Union; the impact of significant fluctuations and volatility in various input costs, such as cotton and oil-related materials, utilities, freight and wages; our ability to access sufficient capital at reasonable rates or commercially reasonable terms or to maintain sufficient liquidity in the amounts and at the times needed; and other risks identified from time to time in our most recent Securities and Exchange Commission reports, including our annual report on Form 10-K and quarterly reports on Form 10-Q. Since it is not possible to predict or identify all of the risks, uncertainties and other factors that may affect future results, the above list should not be considered a complete list. Any forward-looking statement speaks only as of the date on which such statement is made, and we undertake no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, other than as required by law.

