

**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 7, 2020

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, North Carolina (Address of principal executive offices)	(336) 519-8080 Registrant's telephone number, including area code:	27105 (Zip Code)

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))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, Par Value \$0.01	HBI	New York Stock Exchange

Item 2.02. Results of Operations and Financial Condition

On February 7, 2020, Hanesbrands Inc. (“Hanesbrands”) issued a press release announcing its financial results for the fourth quarter and fiscal year ended December 28, 2019. A copy of the press release is attached as Exhibit 99.1 to this Current Report on Form 8-K.

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 8:30 a.m., Eastern time, today (February 7, 2020). 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 replay will be available from approximately noon, Eastern time, on February 7, 2020, until midnight, Eastern time, on February 14, 2020. 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 1274288.

Item 9.01. Financial Statements and Exhibits**(d) Exhibits**

Exhibit 99.1	Press release dated February 7, 2020
Exhibit 99.2	Supplemental Information
Exhibit 104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

February 7, 2020

HANESBRANDS INC.

By: /s/ M. Scott Lewis
M. Scott Lewis
Interim Chief Financial Officer and Chief Accounting Officer

FOR IMMEDIATE RELEASE

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

HANESBRANDS REPORTS FULL-YEAR AND FOURTH-QUARTER 2019 FINANCIAL RESULTS

- *Solid 4Q results include inline net sales of \$1.75 billion, as well as GAAP operating profit of \$243 million and adjusted operating profit of \$263 million*
- *4Q GAAP EPS and adjusted EPS, both \$0.51, increased 24% and 13%, respectively*
- *Record net cash from operations of \$803 million for full year and \$559 million in 4Q*
- *Net debt reduced to 2.9 times adjusted EBITDA with debt reduction of \$460 million in 4Q*
- *Regular quarterly cash dividend declared, new share-repurchase program authorized, and 2020 guidance issued, including expectations of \$200 million in share repurchases*

WINSTON-SALEM, N.C. (Feb. 7, 2020) - HanesBrands (NYSE: HBI), a leading global marketer of branded everyday basic apparel, today announced record operating cash flow for the fourth-quarter and full-year 2019 and strong diluted earnings per share growth.

The company generated \$803 million of net cash from operations in 2019, an increase of 25% and surpassing the high end of the company's guidance for operating cash flow expectations of \$700 million to \$800 million. The company significantly reduced its debt leverage by paying down \$609 million of debt in 2019.

For the fourth quarter ended Dec. 28, 2019, net sales of \$1.75 billion decreased 1% while constant-currency organic sales increased slightly. For the full year, net sales increased 2% to \$6.97 billion and represented the second consecutive year of constant-currency organic sales growth.

Fourth-quarter GAAP EPS and adjusted EPS excluding actions were each \$0.51, increases of 24% and 13%, respectively. For the full year, GAAP EPS increased 11% to \$1.64 and adjusted EPS excluding actions increased 5% to \$1.76. (See the Note on Revisions of Previously Issued Consolidated Financial Statements and the Note on Adjusted Measures, Rebased Measures and Reconciliation to GAAP Measures later in this news release for additional discussion and details.)

"HanesBrands delivered a solid fourth quarter right in line with our guidance and concluded a very successful year with record operating cash flow, significantly reduced debt, continued organic revenue growth, and strong underlying business fundamentals," said Hanes Chief Executive Officer Gerald W. Evans Jr. "Looking forward, we expect to create meaningful shareholder value using our strong balance sheet, stabilized Innerwear profitability, and *Champion*, International and consumer-directed growth. We view 2020 to be an inflection point for sales, profit and EPS growth rates that accelerate down the P&L."

While the company has exited its *C9 Champion* business in the mass retail channel and its DKNY license for intimate apparel, the company expects continued growth in 2020 for its underlying business.

As a result of the program exits and negative currency exchange rates, the company expects net sales at the midpoint of full-year 2020 guidance to decline approximately 3%, GAAP and adjusted operating profit declines of approximately 3% and 4%, respectively, and GAAP and adjusted EPS both to be flat to a year ago. Net cash from operations is expected to be in the range of \$700 million to \$800 million for 2020.

When comparing the midpoint of 2020 guidance to 2019 results rebased to account for the *C9 Champion* and DKNY program exits, net sales would increase approximately 3%, adjusted operating profit would increase 7%, and adjusted EPS would increase 15%. (See additional guidance information in the section titled 2020 Financial Guidance later in this news release.)

Callouts for Fourth-Quarter and Full-Year 2019 Results

Strength of *Champion* Brand, International Segment and Consumer-Directed Business Has Driven 10 Consecutive Quarters of Constant-Currency Organic Net Sales Growth. In the fourth quarter, constant-currency organic sales increased slightly, while full-year constant-currency organic sales increased 4%.

Global *Champion* sales, excluding *C9 Champion* in the U.S. mass channel, totaled \$1.9 billion in constant currency in 2019, an increase of 40% over last year as a result of expanded product offerings and increased distribution. With balanced growth in the fourth quarter, *Champion* sales increased 22% both domestically and internationally.

Total International constant currency organic sales increased 10% in the fourth quarter and 12% for 2019. In the quarter, sales increased in all International regions, including the Americas, Asia, Australia and Europe.

Consumer-directed sales, defined as all sales to consumers online or through brand stores, continue to increase and account for a larger portion of total sales. Consumer-directed sales in constant currency increased 17% in the fourth quarter and 16% for the full year. Consumer-directed sales in constant currency represented 30% of total sales in the quarter and 25% for the full year.

Fourth-Quarter Operating Profit Margin Increases. The GAAP operating profit margin of 13.9% increased approximately 10 basis points, while the adjusted operating profit margin of 15.0% increased 40 basis points. Margins benefited from price increases and strong improved profitability for Innerwear intimates.

Record Operating Cash Flow, Reduced Debt, and Lower Leverage. Record operating cash flow was generated from a combination of increased GAAP net income and strong working capital management, including reduced inventory, in the fourth quarter and full year. Year-ending inventory was \$150 million lower than prior year.

The company generated \$803 million in net operating cash in 2019 and paid down \$609 million of debt. Of that, \$559 million of operating cash generation and \$460 million of debt reduction occurred in the fourth quarter.

The company met its goal of reducing its debt leverage to 2.9 times net debt to adjusted EBITDA, which is within the company's desired long-term debt leverage range of 2 to 3 times. The company ended 2018 with debt leverage of 3.3 times.

Fourth-Quarter 2019 Business Segment Summaries

Constant-Currency International Segment Growth Continues. International segment sales increased 7% while operating profit decreased 2%. On a constant-currency basis, net sales increased 10% and operating profit increased 1%.

Sales for the International segment's activewear and innerwear businesses increased more than expected. Operating profit was reduced by bankruptcy related bad-debt expense and negative foreign exchange rates on operational transactions.

Innerwear Segment Operating Profit Increases despite Lower Sales. U.S. Innerwear segment sales decreased 4% in the fourth quarter while operating profit increased 5%. Segment operating profit margin of 24.6% increased 210 basis points, benefiting from increased pricing and lower selling, general and administrative expenses.

Sales of Innerwear basics decreased 5% as a result of earlier-than-planned disruption from ongoing store resets in the mass channel that are expected to generate increased space and share beginning in the second half of 2020.

Sales of Innerwear intimates decreased 2%, which was sequentially better than the third quarter and consistent with expectations. Bra revenue increased slightly and contributed significantly to segment operating margin expansion. Successful market performance of the EasyLite and DreamWire bra innovations are contributing to revitalization efforts.

Activewear Segment Sales and Profits Affected by Program Exits, As Expected. U.S. Activewear segment fourth-quarter sales decreased 7%, slightly better than expected. Segment operating profit in the quarter decreased 8% as a result of higher SG&A expenses.

Champion sales, excluding *C9 Champion* in the mass channel, increased more than 14% in the quarter. *C9 Champion* sales decreased 26% as that program continued to wind down to conclusion in January 2020. Sales in the remainder of the Activewear segment declined but performed better than expected.

Regular Quarterly Cash Dividend Declared and New Share Repurchase Program Authorized

The Hanes Board of Directors has declared a regular quarterly cash dividend of \$0.15 per share and approved a new share repurchase authorization of up to 40 million shares.

The regular quarterly cash dividend, which will be the 28th consecutive quarterly return of cash to stockholders, will be paid March 10, 2020, to stockholders of record at the close of business Feb. 18, 2020.

To date, the company has returned nearly \$1.2 billion in cumulative quarterly cash dividends to stockholders since initiating the program in April 2013.

The new share repurchase plan authorizes the company to buy up to 40 million shares without expiration. The new plan replaces the company's previous share-repurchase authorization for 40 million shares that was approved in April 2016.

2020 Financial Guidance

Hanes has issued initial 2020 guidance for the fiscal year ending Jan. 2, 2021, which includes a 53rd week. Certain year-over-year comparisons reference rebased 2019 results, which adjusts for the exited *C9 Champion* program and DKNY license for intimate apparel. (See the Note on Adjusted Measures, Rebased Measures and Reconciliation to GAAP Measures later in this news release for additional discussion and details.)

Full-Year Guidance. The company expects 2020 net sales of \$6.675 billion to \$6.775 billion, GAAP operating profit of \$850 million to \$880 million, adjusted operating profit excluding actions of \$900 million to \$930 million, GAAP EPS of \$1.60 to \$1.68, adjusted EPS excluding actions of \$1.72 to \$1.80, and net cash from operations of \$700 million to \$800 million.

The company continues to expect growth for its underlying business on a rebased basis when isolating program exits. When comparing the midpoint of 2020 guidance to 2019 results rebased to account for the exits of the *C9 Champion* and DKNY programs, full-year net sales are expected to increase 3%, adjusted operating profit is expected to increase 7%, and adjusted EPS is expected to increase 15%.

First-Quarter Guidance. For the first quarter, net sales are expected to be approximately \$1.466 billion to \$1.496 billion. GAAP operating profit is expected to be \$118 million to \$128 million, and adjusted operating profit is expected to be \$145 million to \$155 million. GAAP EPS is expected to be \$0.17 to \$0.20, and adjusted EPS is expected to be \$0.23 to \$0.26.

For the first-quarter 2020, the midpoint of guidance represents a net sales decrease of 7% compared with 2019, GAAP operating profit and adjusted operating profit declines of approximately 18% and 12%, respectively, and GAAP and adjusted EPS declines of approximately 14% and 7%, respectively.

When comparing the midpoint of first-quarter 2020 guidance to 2019 results rebased to account for the exits of the *C9 Champion* and DKNY programs, net sales are expected to decrease 1%, adjusted operating profit is expected to be flat, and adjusted EPS is expected to increase 14%.

Guidance Assumptions. The company expects foreign currency exchange rates to reduce net sales by approximately \$25 million for the full year compared with 2019 and reduce first-quarter net sales by approximately \$14 million compared with the first quarter of 2019.

The currency exchange rates are expected to reduce operating profit by approximately \$3 million and \$1 million in the full year and first quarter, respectively.

The company expects global *Champion* sales growth of approximately 10% for the year with growth in Asia, Australia, Europe and the United States.

The fiscal year's 53rd week occurs in the fourth quarter and is expected to contribute approximately \$40 million in net sales.

Segment Guidance. At the midpoint of full-year guidance, International segment revenue is expected to increase approximately 5% as reported and approximately 6% in constant currency. Growth drivers are expected to be *Champion* sales growth and increased innerwear sales.

For the first quarter, International segment revenue comparisons are expected to be affected by the timing of Asia distribution expansion for *Champion* (earlier in 2019 and later in 2020). Net sales growth on a reported basis in the quarter is expected to be flat at the midpoint of guidance while increasing approximately 2% in constant currency. The segment's operating profit margin is expected to decline in the first quarter as a result of increased investments to support Asia distribution expansion as well as cost pressures related to foreign currency exchange rates on operational transactions. Price increases are expected to mitigate the transactional currency pressures as the year progresses.

U.S. Innerwear net sales are expected to decrease by approximately 1.5% to 3.5% for the full year and approximately 5.5% to 7.5% for the first quarter as result of the *C9 Champion* and DKNY program exits, retailer door closures and higher year-ago shipments for a new sock program. When 2019 is rebased for the program exits, full-year net sales for the segment are expected to range from -1% to +1% and first-quarter net sales are expected to decline approximately 3% to 6%.

The company expects an improving sales trend for U.S. Innerwear through the year as store resets in the mass channel for Innerwear basics start to yield benefits and the Innerwear intimates revitalization progresses, particularly in bras. The company believes that supply chain restructuring initiatives are stabilizing segment profitability with operating profit margins expected to increase for the full year on a reported and rebased basis.

U.S. Activewear net sales, at the midpoint of 2020 guidance, are expected to decrease by approximately 17% for both the full year and the first quarter as a result of the *C9 Champion* program exit at mass retail. On a rebased comparison at the midpoint of guidance, segment sales for the full year and first quarter are expected to increase approximately 3.5% and 4.5%, respectively. The company expects reduced segment profitability as reported for the full year but improved profitability on a rebased comparison.

Additional Guidance. GAAP operating profit in 2020 is expected to be reduced by approximately \$50 million for pretax charges for restructuring and other actions, including approximately \$27 million in the first quarter. Cash charges are expected to account for approximately \$30 million of the full-year total.

The charges are related to supply chain cost-reduction initiatives and program exit costs. None of the charges are related to acquisition integrations, which have been completed for all prior acquisitions.

Hanes expects interest expense and other expenses to be approximately \$185 million combined for the year, including approximately \$46 million in the first quarter. The company expects capital expenditure investment of approximately \$100 million.

The company's priority for use of excess operating cash flow in 2020 is to repurchase shares, and the company expects to make approximately \$200 million of share repurchases early in the year. The company expects diluted shares outstanding of approximately 354 million for the year and approximately 357 million in the first quarter. The company expects an annual tax rate and first-quarter tax rate of approximately 14.5%.

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

Note on Revisions of Previously Issued Consolidated Financial Statements

In the course of its annual review of 2019 financial statements, HanesBrands identified prior-period tax errors related to intercompany inventory transactions. The company put in place new processes to address the issue and has revised prior-period financials to correct these errors and other immaterial out-of-period items.

The company does not believe the corrected intercompany tax accounting process will affect the company's ongoing tax rate. The revisions had a minor cumulative effect on EPS of \$0.01 over the three-year period of 2017 through 2019. The company has provided revised 2018 and 2019 quarterly P&Ls in Supplemental Table A dated Feb. 7, 2020, on the company's investor relations website (www.Hanes.com/investors).

The company has identified control deficiencies that constituted a material weakness in its internal control over financial reporting and has enhanced and will continue to enhance the design and operation of controls related to these areas. The company intends to implement the enhancements during 2020. Additional information will be filed with the company's Annual Report on Form 10-K for the year ended December 28, 2019.

Note on Adjusted Measures, Rebased Measures and Reconciliation to GAAP Measures

To supplement financial guidance prepared in accordance with generally accepted accounting principles, the company provides 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), EBITDA and adjusted 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.

Charges for actions taken in 2018 primarily represented acquisition and integration costs related to Hanes Europe Innerwear, Hanes Australasia, Champion Europe, Alternative Apparel and Bras N Things, and other costs related to supply chain network changes. Charges for actions taken in 2019 primarily represented supply chain network changes, program exit costs, and overhead reduction as well as completion of outstanding acquisition integration. Charges for actions expected to be taken in 2020 primarily represent supply chain restructuring and program exit costs. Acquisition and integration 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. 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 future periods depending upon acquisition activity.

Hanes has chosen to present these non-GAAP measures 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 acquisitions 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 associated with the execution and integration of any of the aforementioned actions taken.

The company has also chosen to present EBITDA and adjusted EBITDA to investors because it considers these measures to be an important supplemental means of evaluating operating performance. EBITDA is defined as earnings before interest, taxes, depreciation and amortization. Adjusted EBITDA is defined as EBITDA excluding actions and stock compensation expense. Hanes believes that EBITDA and adjusted EBITDA are frequently used by securities analysts, investors and other interested parties in the evaluation of companies in the industry, and management uses EBITDA and adjusted EBITDA for planning purposes in connection with setting its capital allocation strategy. EBITDA and adjusted EBITDA should not, however, be considered as measures of discretionary cash available to invest in the growth of the business.

In addition, with respect to 2020 financial guidance, Hanes has chosen to present certain year-over-year comparisons with respect to the company's rebased 2019 business, which excludes the exited *C9 Champion* program and DKNY license. Hanes believes this information is useful to management and investors to facilitate a more meaningful comparison of the results of the company's ongoing business between 2019 and 2020. The company has provided rebased 2018 and 2019 quarterly P&Ls in Supplemental Table B dated Feb. 7, 2020, contained in this news release.

Hanes is a global company that reports financial information in U.S. dollars in accordance with GAAP. As a supplement to the company's reported operating results, Hanes also presents constant-currency financial information, which is a non-GAAP financial measure that excludes the impact of translating foreign currencies into U.S. dollars. The company uses constant-currency information to provide a framework to assess how the business performed excluding the effects of changes in the rates used to calculate foreign currency translation.

To calculate foreign currency translation on a constant currency basis, operating results for the current-year period for entities reporting in currencies other than the U.S. dollar are translated into U.S. dollars at the average exchange rates in effect during the comparable period of the prior year (rather than the actual exchange rates in effect during the current year period).

Organic sales are net sales excluding those derived from businesses acquired within the previous 12 months of a reporting date.

Hanes believes constant currency and organic sales information is useful to management and investors to facilitate comparison of operating results and better identify trends in the company's businesses.

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.

Reconciliations of non-GAAP to the most directly comparable GAAP financial measures are presented in the supplemental financial information included with this news release.

Webcast Conference Call

Hanes will host an Internet webcast of its fourth-quarter investor conference call at 8:30 a.m. EST today, Feb. 7, 2020. The webcast of the call, 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 9:30 a.m.

An archived replay of the conference call webcast will be available in the investors section of the Hanes corporate website. A telephone playback will be available from approximately noon EST today through midnight EST Feb. 14, 2020. The replay will be available by calling toll-free (855) 859-2056 or by toll call at (404) 537-3406. The replay ID is 1274288.

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 regarding *Champion* brand growth, our revitalization strategy for U.S. Innerwear, our outlook for cash flow growth and share repurchases, and statements following the heading 2020 Financial Guidance, 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; the rapidly changing retail environment; any inadequacy, interruption, integration failure or security failure with respect to our information technology; 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 attract and retain a senior management team with the core competencies needed to support growth in global markets; our ability to properly manage strategic projects in order to achieve the desired results; significant fluctuations in foreign exchange rates; our reliance on a relatively small number of customers for a significant portion of our sales; legal, regulatory, political and economic risks related to our international operations; our ability to effectively manage our complex multinational tax structure; the existence of a material weakness in our internal control over financial

reporting; 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. The company sells its products under some of the world's strongest apparel brands, including *Hanes*, *Champion*, *Bonds*, *DIM*, *Maidenform*, *Bali*, *Playtex*, *Lovable*, *Bras N Things*, *Nur Die/Nur Der*, *Alternative*, *L'eggs*, *JMS/Just My Size*, *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 63,000 employees in more than 40 countries and is ranked No. 432 on the Fortune 500 list of America's largest companies by sales. Hanes takes pride in its strong reputation for ethical business practices. For more information, visit the company's corporate website at www.Hanes.com/corporate and newsroom at <https://newsroom.hanesbrands.com/>. Connect with the company via social media: Twitter ([@hanesbrands](https://twitter.com/hanesbrands)), Facebook (www.facebook.com/hanesbrandsinc), Instagram ([@hanesbrands_careers](https://www.instagram.com/hanesbrands_careers)), and LinkedIn ([@Hanesbrandsinc](https://www.linkedin.com/company/hanesbrandsinc)).

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TABLE 1

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

	Quarters Ended			Years Ended		
	December 28, 2019	December 29, 2018	% Change	December 28, 2019	December 29, 2018	% Change
Net sales	\$ 1,751,005	\$ 1,768,301	(1.0)%	\$ 6,966,923	\$ 6,803,955	2.4%
Cost of sales	1,044,262	1,064,144		4,247,593	4,150,736	
Gross profit	706,743	704,157	0.4 %	2,719,330	2,653,219	2.5%
As a % of net sales	40.4%	39.8%		39.0%	39.0%	
Selling, general and administrative expenses	463,328	460,034		1,829,600	1,788,568	
As a % of net sales	26.5%	26.0%		26.3%	26.3%	
Operating profit	243,415	244,123	(0.3)%	889,730	864,651	2.9%
As a % of net sales	13.9%	13.8%		12.8%	12.7%	
Other expenses	7,658	6,779		31,424	26,395	
Interest expense, net	40,907	47,687		178,579	194,675	
Income before income tax expense	194,850	189,657		679,727	643,581	
Income tax expense	9,864	39,629		79,007	103,915	
Net income	\$ 184,986	\$ 150,028		\$ 600,720	\$ 539,666	
Earnings per share:						
Basic	\$ 0.51	\$ 0.41		\$ 1.65	\$ 1.48	
Diluted	\$ 0.51	\$ 0.41		\$ 1.64	\$ 1.48	
Weighted average shares outstanding:						
Basic	364,885	364,003		364,709	363,513	
Diluted	365,644	364,748		365,519	364,505	

The following tables present a reconciliation of reported results on a constant currency basis for the quarter and year ended December 28, 2019 and a comparison to prior year:

	Quarter Ended December 28, 2019			Quarter Ended December 29, 2018	% Change, As Reported	% Change, Constant Currency
	As Reported	Impact from Foreign Currency ¹	Constant Currency			
As reported under GAAP:						
Net sales	\$ 1,751,005	\$ (18,443)	\$ 1,769,448	\$ 1,768,301	(1.0)%	0.1%
Gross profit	706,743	(10,450)	717,193	704,157	0.4 %	1.9%
Operating profit	243,415	(2,877)	246,292	244,123	(0.3)%	0.9%
Diluted earnings per share	\$ 0.51	\$ (0.01)	\$ 0.52	\$ 0.41	24.4 %	26.8%

As adjusted:²

Net sales	\$ 1,751,005	\$ (18,443)	\$ 1,769,448	\$ 1,768,301	(1.0)%	0.1%
Gross profit	725,296	(10,450)	735,746	708,916	2.3 %	3.8%
Operating profit	262,982	(2,877)	265,859	258,807	1.6 %	2.7%
Diluted earnings per share	\$ 0.51	\$ (0.01)	\$ 0.52	\$ 0.45	13.3 %	15.6%

	Year Ended December 28, 2019			Year Ended December 29, 2018	% Change, As Reported	% Change, Constant Currency
	As Reported	Impact from Foreign Currency ¹	Constant Currency			
As reported under GAAP:						
Net sales	\$ 6,966,923	\$ (121,530)	\$ 7,088,453	\$ 6,803,955	2.4%	4.2%
Gross profit	2,719,330	(64,599)	2,783,929	2,653,219	2.5%	4.9%
Operating profit	889,730	(15,907)	905,637	864,651	2.9%	4.7%
Diluted earnings per share	\$ 1.64	\$ (0.04)	\$ 1.68	\$ 1.48	10.8%	13.5%

As adjusted:²

Net sales	\$ 6,966,923	\$ (121,530)	\$ 7,088,453	\$ 6,803,955	2.4%	4.2%
Gross profit	2,777,597	(64,599)	2,842,196	2,691,574	3.2%	5.6%
Operating profit	953,216	(15,907)	969,123	944,849	0.9%	2.6%
Diluted earnings per share	\$ 1.76	\$ (0.04)	\$ 1.80	\$ 1.67	5.4%	7.8%

¹ Effect of the change in foreign currency exchange rates year-over-year. Calculated by applying prior period exchange rates to the current year financial results. This calculation excludes entities acquired within the past twelve months.

² See "Reconciliation of Select GAAP Measures to Non-GAAP Measures" in Table 5.

TABLE 2

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

	Quarters Ended			Years Ended		
	December 28, 2019	December 29, 2018	% Change	December 28, 2019	December 29, 2018	% Change
Segment net sales:						
Innerwear	\$ 569,630	\$ 594,177	(4.1)%	\$ 2,302,632	\$ 2,379,675	(3.2)%
Activewear	452,970	485,417	(6.7)%	1,854,704	1,792,280	3.5 %
International	650,807	608,931	6.9 %	2,529,375	2,344,115	7.9 %
Other	77,598	79,776	(2.7)%	280,212	287,885	(2.7)%
Total net sales	<u>\$ 1,751,005</u>	<u>\$ 1,768,301</u>	<u>(1.0)%</u>	<u>\$ 6,966,923</u>	<u>\$ 6,803,955</u>	<u>2.4 %</u>
Segment operating profit:						
Innerwear	\$ 140,368	\$ 134,039	4.7 %	\$ 515,991	\$ 526,831	(2.1)%
Activewear	71,633	78,028	(8.2)%	281,319	267,428	5.2 %
International	96,765	98,526	(1.8)%	384,784	351,769	9.4 %
Other	8,400	7,161	17.3 %	24,829	25,348	(2.0)%
General corporate expenses/other	(54,184)	(58,947)	(8.1)%	(253,707)	(226,527)	12.0 %
Restructuring and other action-related charges	(19,567)	(14,684)	33.3 %	(63,486)	(80,198)	(20.8)%
Total operating profit	<u>\$ 243,415</u>	<u>\$ 244,123</u>	<u>(0.3)%</u>	<u>\$ 889,730</u>	<u>\$ 864,651</u>	<u>2.9 %</u>

The following tables present a reconciliation of total reported net sales to organic constant currency net sales for the quarter and year ended December 28, 2019 and a comparison to prior year:

	Quarter Ended December 28, 2019					
	Reported Net Sales	Acquisitions ¹	Impact from Foreign Currency ²	Organic Constant Currency	Organic \$ Change	% Change
Segment net sales:						
Innerwear	\$ 569,630	\$ —	\$ —	\$ 569,630	\$ (24,547)	(4.1)%
Activewear	452,970	—	—	452,970	(32,447)	(6.7)
International	650,807	—	(18,443)	669,250	60,319	9.9
Other	77,598	—	—	77,598	(2,178)	(2.7)
Total	<u>\$ 1,751,005</u>	<u>\$ —</u>	<u>\$ (18,443)</u>	<u>\$ 1,769,448</u>	<u>\$ 1,147</u>	<u>0.1 %</u>
	Year Ended December 28, 2019					
	Reported Net Sales	Acquisitions ¹	Impact from Foreign Currency ²	Organic Constant Currency	Organic \$ Change	% Change
Segment net sales:						
Innerwear	\$ 2,302,632	\$ —	\$ —	\$ 2,302,632	\$ (77,043)	(3.2)%
Activewear	1,854,704	—	—	1,854,704	62,424	3.5
International	2,529,375	17,515	(121,530)	2,633,390	289,275	12.3
Other	280,212	—	—	280,212	(7,673)	(2.7)
Total	<u>\$ 6,966,923</u>	<u>\$ 17,515</u>	<u>\$ (121,530)</u>	<u>\$ 7,070,938</u>	<u>\$ 266,983</u>	<u>3.9 %</u>

¹ Net sales derived from businesses acquired within the past twelve months.

² Effect of the change in foreign currency exchange rates year-over-year. Calculated by applying prior period exchange rates to the current year net sales. This calculation excludes entities acquired within the past twelve months.

On a constant currency basis, global Champion sales outside the mass channel increased 22% in the fourth quarter of 2019 compared to the fourth quarter of 2018. Including the unfavorable foreign currency impact of \$1 million, global Champion sales outside the mass channel increased 22% in the quarter.

On a constant currency basis, consumer-directed sales increased 17% in the fourth quarter of 2019 compared to the fourth quarter of 2018. Including the unfavorable foreign currency impact of \$10 million, consumer-directed sales increased 15% in the quarter. On a constant currency basis, consumer-directed sales increased 16% in 2019 compared to 2018. Including the unfavorable foreign currency impact of \$54 million, consumer-directed sales increased 12% in the year.

TABLE 3

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

	December 28, 2019	December 29, 2018
Assets		
Cash and cash equivalents	\$ 328,876	\$ 433,022
Trade accounts receivable, net	815,210	870,878
Inventories	1,905,845	2,056,838
Other current assets	174,634	181,377
Total current assets	3,224,565	3,542,115
Property, net	587,896	607,688
Right-of-use assets	487,787	—
Trademarks and other identifiable intangibles, net	1,520,800	1,555,381
Goodwill	1,235,711	1,241,727
Deferred tax assets	203,331	207,449
Other noncurrent assets	93,896	83,880
Total assets	\$ 7,353,986	\$ 7,238,240
Liabilities		
Accounts payable	\$ 959,006	\$ 1,029,933
Accrued liabilities	531,184	569,597
Lease liabilities	166,091	—
Notes payable	4,244	5,824
Accounts Receivable Securitization Facility	—	161,608
Current portion of long-term debt	110,914	278,976
Total current liabilities	1,771,439	2,045,938
Long-term debt	3,256,870	3,534,183
Lease liabilities - noncurrent	358,281	—
Pension and postretirement benefits	403,458	378,972
Other noncurrent liabilities	327,343	407,021
Total liabilities	6,117,391	6,366,114
Stockholders' Equity		
Preferred stock	—	—
Common stock	3,624	3,613
Additional paid-in capital	304,395	284,877
Retained earnings	1,546,224	1,079,503
Accumulated other comprehensive loss	(617,648)	(495,867)
Total stockholders equity	1,236,595	872,126
Total liabilities and stockholders' equity	\$ 7,353,986	\$ 7,238,240

TABLE 4

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

	Quarters Ended		Years Ended	
	December 28, 2019	December 29, 2018	December 28, 2019	December 29, 2018
Operating activities:				
Net income	\$ 184,986	\$ 150,028	\$ 600,720	\$ 539,666
Adjustments to reconcile net income to net cash from operating activities:				
Depreciation	24,418	24,449	96,030	95,359
Amortization of acquisition intangibles	6,159	5,126	24,868	25,670
Other amortization	2,548	2,907	10,069	10,767
Amortization of debt issuance costs	3,710	2,327	10,731	9,278
Stock compensation expense	483	16,795	9,277	21,416
Deferred taxes	45,478	30,062	41,817	26,611
Other	3,371	(415)	5,033	(1,134)
Changes in assets and liabilities, net of acquisition of businesses:				
Accounts receivable	215,505	166,778	45,157	10,269
Inventories	203,800	74,461	147,330	(202,019)
Other assets	19,434	(32,803)	(6,597)	(7,585)
Accounts payable	(55,421)	49,599	(67,390)	165,788
Accrued pension and postretirement benefits	4,518	(184)	(9,843)	(5,024)
Accrued liabilities and other	(100,257)	12,983	(103,770)	(45,660)
Net cash from operating activities	<u>558,732</u>	<u>502,113</u>	<u>803,432</u>	<u>643,402</u>
Investing activities:				
Capital expenditures	(21,134)	(22,821)	(101,084)	(86,293)
Proceeds from sales of assets	1,354	778	4,884	2,557
Acquisition of businesses, net of cash acquired ¹	(3,872)	1	(25,232)	(334,915)
Other	11,772	—	11,772	—
Net cash from investing activities	<u>(11,880)</u>	<u>(22,042)</u>	<u>(109,660)</u>	<u>(418,651)</u>
Financing activities:				
Borrowings on notes payable	90,405	60,438	341,117	278,147
Repayments on notes payable	(90,492)	(68,604)	(342,576)	(286,591)
Borrowings on Accounts Receivable Securitization Facility	39,312	21,440	246,417	213,336
Repayments on Accounts Receivable Securitization Facility	(247,915)	(81,811)	(408,025)	(176,937)
Borrowings on Revolving Loan Facilities	614,000	704,500	3,198,277	3,546,360
Repayments on Revolving Loan Facilities	(614,000)	(1,018,000)	(3,199,592)	(3,506,500)
Repayments on Term Loan Facilities	(261,250)	(9,375)	(413,498)	(31,875)
Borrowings on International Debt	—	—	27,680	—
Repayments on International Debt	(6,903)	—	(48,327)	(1,105)
Cash dividends paid	(54,269)	(54,116)	(216,958)	(216,316)
Payments to amend and refinance credit facilities	(105)	(44)	(1,203)	(677)
Payment of contingent consideration	—	—	—	(3,540)
Taxes paid related to net shares settlement of equity awards	(8,020)	(6,937)	(9,543)	(12,715)
Other	843	(2,570)	2,221	(2,084)
Net cash from financing activities	<u>(538,394)</u>	<u>(455,079)</u>	<u>(824,010)</u>	<u>(200,497)</u>
Effect of changes in foreign exchange rates on cash	<u>3,421</u>	<u>9,033</u>	<u>4,429</u>	<u>9,912</u>
Change in cash, cash equivalents and restricted cash	11,879	34,025	(125,809)	34,166
Cash, cash equivalents and restricted cash at beginning of period	<u>318,044</u>	<u>421,707</u>	<u>455,732</u>	<u>421,566</u>
Cash, cash equivalents and restricted cash at end of year	329,923	455,732	329,923	455,732
Less restricted cash at end of year ¹	1,047	22,710	1,047	22,710
Cash and cash equivalents per balance sheet at end of year	<u>\$ 328,876</u>	<u>\$ 433,022</u>	<u>\$ 328,876</u>	<u>\$ 433,022</u>

¹ As previously disclosed in the Company's Annual Report on Form 10-K for the year ended December 29, 2018, the Company acquired Bras N Things for a total purchase price of A\$495 million (U.S.\$389 million) which included an indemnification escrow of A\$32 million (U.S.\$25 million). During the third quarter of 2019, the Company paid A\$31 million (U.S.\$21 million) of the indemnification escrow related to the Bras N Things acquisition to the sellers. The remaining indemnification escrow is classified as restricted cash and is included in the "Other current assets" line of the Condensed Consolidated Balance Sheet at December 28, 2019.

TABLE 5

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

	Quarters Ended		Years Ended	
	December 28, 2019	December 29, 2018	December 28, 2019	December 29, 2018
Gross profit, as reported under GAAP	\$ 706,743	\$ 704,157	\$ 2,719,330	\$ 2,653,219
Restructuring and other action-related charges	18,553	4,759	58,267	38,355
Gross profit, as adjusted	<u>\$ 725,296</u>	<u>\$ 708,916</u>	<u>\$ 2,777,597</u>	<u>\$ 2,691,574</u>
As a % of net sales	41.4%	40.1%	39.9%	39.6%
Selling, general and administrative expenses, as reported under GAAP	\$ 463,328	\$ 460,034	\$ 1,829,600	\$ 1,788,568
Restructuring and other action-related charges	(1,014)	(9,925)	(5,219)	(41,843)
Selling, general and administrative expenses, as adjusted	<u>\$ 462,314</u>	<u>\$ 450,109</u>	<u>\$ 1,824,381</u>	<u>\$ 1,746,725</u>
As a % of net sales	26.4%	25.5%	26.2%	25.7%
Operating profit, as reported under GAAP	\$ 243,415	\$ 244,123	\$ 889,730	\$ 864,651
Restructuring and other action-related charges included in gross profit	18,553	4,759	58,267	38,355
Restructuring and other action-related charges included in SG&A	1,014	9,925	5,219	41,843
Operating profit, as adjusted	<u>\$ 262,982</u>	<u>\$ 258,807</u>	<u>\$ 953,216</u>	<u>\$ 944,849</u>
As a % of net sales	15.0%	14.6%	13.7%	13.9%
Net income, as reported under GAAP	\$ 184,986	\$ 150,028	\$ 600,720	\$ 539,666
Restructuring and other action-related charges:				
Restructuring and other action-related charges included in gross profit	18,553	4,759	58,267	38,355
Restructuring and other action-related charges included in SG&A	1,014	9,925	5,219	41,843
Debt refinance charges included in other expenses	—	—	—	(36)
Tax effect on actions and other tax adjustments	(16,309)	(1,678)	(22,502)	(11,624)
Net income, as adjusted	<u>\$ 188,244</u>	<u>\$ 163,034</u>	<u>\$ 641,704</u>	<u>\$ 608,204</u>
Diluted earnings per share, as reported under GAAP ¹	\$ 0.51	\$ 0.41	\$ 1.64	\$ 1.48
Restructuring and other action-related charges	0.01	0.04	0.11	0.19
Diluted earnings per share, as adjusted	<u>\$ 0.51</u>	<u>\$ 0.45</u>	<u>\$ 1.76</u>	<u>\$ 1.67</u>

¹ Results may not be additive due to rounding.

	Quarters Ended		Years Ended	
	December 28, 2019	December 29, 2018	December 28, 2019	December 29, 2018
Restructuring and other action-related charges by category:				
Supply chain actions	\$ 13,937	\$ —	\$ 53,651	\$ —
Program exit costs	4,616	—	4,616	—
Hanes Europe Innerwear	—	2,296	—	26,403
Hanes Australasia	—	83	—	14,266
Other acquisitions and other action-related costs	1,014	12,305	5,219	39,529
Debt refinance charges	—	—	—	(36)
Tax effect on actions and other tax adjustments	(16,309)	(1,678)	(22,502)	(11,624)
Total restructuring and other action-related charges	<u>\$ 3,258</u>	<u>\$ 13,006</u>	<u>\$ 40,984</u>	<u>\$ 68,538</u>

	Last Twelve Months	
	December 28, 2019	December 29, 2018
EBITDA¹:		
Net income	\$ 600,720	\$ 539,666
Interest expense, net	178,579	194,675
Income tax expense	79,007	103,915
Depreciation and amortization	130,967	131,796
Total EBITDA	989,273	970,052
Total action and other related charges (excluding tax effect on actions)	63,486	80,162
Stock compensation expense	9,277	21,416
Total EBITDA, as adjusted	\$ 1,062,036	\$ 1,071,630
Net debt:		
Debt (current and long term debt and Accounts Receivable Securitization Facility)	\$ 3,367,784	\$ 3,974,767
Notes payable	4,244	5,824
(Less) Cash and cash equivalents	(328,876)	(433,022)
Net debt	\$ 3,043,152	\$ 3,547,569
Net debt/EBITDA, as adjusted	2.9	3.3

¹ Earnings before interest, taxes, depreciation and amortization (EBITDA) is a non-GAAP financial measure.

	Quarters Ended		Years Ended	
	December 28, 2019	December 29, 2018	December 28, 2019	December 29, 2018
Free Cash Flow:				
Net cash from operating activities	\$ 558,732	\$ 502,113	\$ 803,432	\$ 643,402
Capital expenditures	(21,134)	(22,821)	(101,084)	(86,293)
Free Cash Flow	\$ 537,598	\$ 479,292	\$ 702,348	\$ 557,109

TABLE 6

HANESBRANDS INC.
Supplemental Financial Information
Reconciliation of GAAP Outlook to Adjusted Outlook¹
(in thousands, except per-share amounts)
(Unaudited)

	Quarter Ended	Year Ended
	March 28, 2020	January 2, 2021
Operating profit outlook, as calculated under GAAP	\$118,000 to \$128,000	\$850,000 to \$880,000
Restructuring and other action-related charges	\$27,000	\$50,000
Operating profit outlook, as adjusted	<u>\$145,000 to \$155,000</u>	<u>\$900,000 to \$930,000</u>
Diluted earnings per shares, as calculated under GAAP ²	\$0.17 to \$0.20	\$1.60 to \$1.68
Restructuring and other action-related charges	\$0.06	\$0.12
Diluted earnings per share, as adjusted	<u>\$0.23 to \$0.26</u>	<u>\$1.72 to \$1.80</u>

¹ Hanesbrands is unable to reconcile projections for net debt to EBITDA, as adjusted, as of the end of the 2020 fiscal year without unreasonable efforts, because the Company cannot predict, without unreasonable effort and otherwise to a reasonable degree of certainty, the exact amount of certain items that would impact this ratio, such as debt balances, revenue, tax rates, interest expense and stock compensation expense.

² The company expects approximately 357 million and 354 million diluted weighted average shares outstanding for the quarter ended March 28, 2020 and the year ended January 2, 2021, respectively.

REBASED FOR EXITED PROGRAMS
HANESBRANDS INC.
Condensed Consolidated Statements of Income - REBASED*
(in thousands, except per-share amounts)
(Unaudited)

	Quarters Ended				Year Ended
	March 30, 2019	June 29, 2019	September 28, 2019	December 28, 2019	December 28, 2019
Net sales	\$ 1,493,920	\$ 1,642,217	\$ 1,748,269	\$ 1,663,070	\$ 6,547,476
Cost of sales	886,085	989,265	1,058,102	968,288	3,901,740
Gross profit	607,835	652,952	690,167	694,782	2,645,736
As a % of net sales	40.7%	39.8%	39.5%	41.8%	40.4%
Selling, general and administrative expenses	457,741	436,200	440,431	453,007	1,787,379
As a % of net sales	30.6%	26.6%	25.2%	27.2%	27.3%
Operating profit	150,094	216,752	249,736	241,775	858,357
As a % of net sales	10.0%	13.2%	14.3%	14.5%	13.1%
Other expenses	7,451	8,249	8,066	7,658	31,424
Interest expense, net	48,059	46,522	43,091	40,907	178,579
Income before income tax expense	94,584	161,981	198,579	193,210	648,354
Income tax expense	13,109	23,462	28,377	24,932	89,880
Net income	<u>\$ 81,475</u>	<u>\$ 138,519</u>	<u>\$ 170,202</u>	<u>\$ 168,278</u>	<u>\$ 558,474</u>
Earnings per share:					
Basic	\$ 0.22	\$ 0.38	\$ 0.47	\$ 0.46	\$ 1.53
Diluted	\$ 0.22	\$ 0.38	\$ 0.47	\$ 0.46	\$ 1.53
Weighted average shares outstanding:					
Basic	364,570	364,637	364,743	364,885	364,709
Diluted	365,299	365,537	365,597	365,644	365,519

*This information reflects Hanesbrands' Condensed Consolidated Statements of Income on a rebased basis to reflect adjustments for restructuring and other action-related charges and the exit of Champion program at Target and DKNY Intimates license.

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

	Quarters Ended				Year Ended
	March 30, 2019	June 29, 2019	September 28, 2019	December 28, 2019	December 28, 2019
Net sales, as reported under GAAP	\$ 1,588,024	\$ 1,760,927	\$ 1,866,967	\$ 1,751,005	\$ 6,966,923
Net sales from exited programs	(94,104)	(118,710)	(118,698)	(87,935)	(419,447)
Net sales, rebased	<u>\$ 1,493,920</u>	<u>\$ 1,642,217</u>	<u>\$ 1,748,269</u>	<u>\$ 1,663,070</u>	<u>\$ 6,547,476</u>
Gross profit, as reported under GAAP	\$ 620,031	\$ 675,523	\$ 717,033	\$ 706,743	\$ 2,719,330
Restructuring and other action-related charges	17,692	12,598	9,424	18,553	58,267
Gross profit on exited programs	(29,888)	(35,169)	(36,290)	(30,514)	(131,861)
Adjusted gross profit, rebased	<u>\$ 607,835</u>	<u>\$ 652,952</u>	<u>\$ 690,167</u>	<u>\$ 694,782</u>	<u>\$ 2,645,736</u>
As a % of net sales, rebased	40.7%	39.8%	39.5%	41.8%	40.4%
Selling, general and administrative expenses, as reported under GAAP	\$ 470,387	\$ 445,923	\$ 449,962	\$ 463,328	\$ 1,829,600
Restructuring and other action-related charges	(3,681)	(11)	(513)	(1,014)	(5,219)
Selling, general and administrative expenses related to exited programs	(8,965)	(9,712)	(9,018)	(9,307)	(37,002)
Adjusted selling, general and administrative expenses, rebased	<u>\$ 457,741</u>	<u>\$ 436,200</u>	<u>\$ 440,431</u>	<u>\$ 453,007</u>	<u>\$ 1,787,379</u>
As a % of net sales, rebased	30.6%	26.6%	25.2%	27.2%	27.3%
Operating profit, as reported under GAAP	\$ 149,644	\$ 229,600	\$ 267,071	\$ 243,415	\$ 889,730
Restructuring and other action-related charges included in gross profit	17,692	12,598	9,424	18,553	58,267
Restructuring and other action-related charges included in SG&A	3,681	11	513	1,014	5,219
Gross profit on exited programs	(29,888)	(35,169)	(36,290)	(30,514)	(131,861)
Selling, general and administrative expenses related to exited programs	8,965	9,712	9,018	9,307	37,002
Adjusted operating profit, rebased	<u>\$ 150,094</u>	<u>\$ 216,752</u>	<u>\$ 249,736</u>	<u>\$ 241,775</u>	<u>\$ 858,357</u>
As a % of net sales, rebased	10.0%	13.2%	14.3%	14.5%	13.1%
Net income, as reported under GAAP	\$ 81,088	\$ 149,555	\$ 185,091	\$ 184,986	\$ 600,720
Restructuring and other action-related charges included in gross profit	17,692	12,598	9,424	18,553	58,267
Restructuring and other action-related charges included in SG&A	3,681	11	513	1,014	5,219
Gross profit on exited programs	(29,888)	(35,169)	(36,290)	(30,514)	(131,861)
Selling, general and administrative expenses related to exited programs	8,965	9,712	9,018	9,307	37,002
Tax effect on actions and other tax adjustments	(63)	1,812	2,446	(15,068)	(10,873)
Adjusted net income, rebased	<u>\$ 81,475</u>	<u>\$ 138,519</u>	<u>\$ 170,202</u>	<u>\$ 168,278</u>	<u>\$ 558,474</u>
Diluted earnings per share, as reported under GAAP ¹	\$ 0.22	\$ 0.41	\$ 0.51	\$ 0.51	\$ 1.64
Restructuring and other action-related charges	0.05	0.03	0.02	0.01	0.11
Exited programs	(0.05)	(0.06)	(0.06)	(0.05)	(0.23)
Adjusted diluted earnings per share, rebased	<u>\$ 0.22</u>	<u>\$ 0.38</u>	<u>\$ 0.47</u>	<u>\$ 0.46</u>	<u>\$ 1.53</u>

¹ Results may not be additive due to rounding.

*This information reconciles Hanesbrands' GAAP measures to measures on a rebased basis to reflect adjustments for restructuring and other action-related charges and the exit of Champion program at Target and DKNY Intimates license.

REBASED FOR EXITED PROGRAMS
HANESBRANDS INC.
Supplemental Financial Information - REBASED*
(in thousands)
(Unaudited)

	Quarters Ended				Year Ended
	March 30, 2019	June 29, 2019	September 28, 2019	December 28, 2019	December 28, 2019
Innerwear net sales:					
As reported	\$ 475,945	\$ 678,604	\$ 578,453	\$ 569,630	\$ 2,302,632
Less:					
<i>C9 Champion</i>	6,731	12,765	13,262	9,533	42,291
DKNY Intimates	2,800	8,362	2,906	1,795	15,863
Rebased Innerwear net sales	<u>\$ 466,414</u>	<u>\$ 657,477</u>	<u>\$ 562,285</u>	<u>\$ 558,302</u>	<u>\$ 2,244,478</u>
Innerwear operating profit:					
As reported	\$ 104,626	\$ 149,530	\$ 121,467	\$ 140,368	\$ 515,991
Less:					
<i>C9 Champion</i>	2,305	4,387	4,655	3,630	14,977
DKNY Intimates	(805)	(1,854)	(959)	(1,207)	(4,825)
Rebased Innerwear operating profit	<u>\$ 103,126</u>	<u>\$ 146,997</u>	<u>\$ 117,771</u>	<u>\$ 137,945</u>	<u>\$ 505,839</u>
Activewear net sales:					
As reported	\$ 405,340	\$ 448,277	\$ 548,117	\$ 452,970	\$ 1,854,704
Less:					
<i>C9 Champion</i>	84,573	97,583	102,530	76,607	361,293
Rebased Activewear net sales	<u>\$ 320,767</u>	<u>\$ 350,694</u>	<u>\$ 445,587</u>	<u>\$ 376,363</u>	<u>\$ 1,493,411</u>
Activewear operating profit:					
As reported	\$ 43,593	\$ 68,779	\$ 97,314	\$ 71,633	\$ 281,319
Less:					
<i>C9 Champion</i>	19,423	22,924	23,576	18,784	84,707
Rebased Activewear operating profit	<u>\$ 24,170</u>	<u>\$ 45,855</u>	<u>\$ 73,738</u>	<u>\$ 52,849</u>	<u>\$ 196,612</u>

*This information reflects Hanesbrands' supplemental financial information on a rebased basis to reflect adjustments for restructuring and other action-related charges and the exit of *C9 Champion* program at Target and DKNY Intimates license.

Hanesbrands FAQs

Updated **February 7, 2020** - New or updated information is in red

General and Current Period FAQs (Guidance comments as of February 7, 2020)

(1) Q: What is factored into your full-year 2020 guidance?

A: *All year over year comparisons reference our rebased 2019, which adjusts for the exited C9 Champion program at Target and DKNY Intimates license (see question 4 below and Supplemental Table B dated February 7, 2020 on our investor relations website www.hanes.com/investors).*

Revenue: Our full-year revenue guidance of \$6.675 billion to \$6.775 billion represents low-single-digit growth year over year. Our revenue guidance includes: (1) an F/X headwind of approximately \$25 million, which is reflected in the International segment, and, (2) approximately \$40 million from a 53rd week, which occurs in our fourth quarter. At the midpoint, our guidance implies constant-currency revenue growth of approximately 3%.

We expect Global Champion revenue to increase 10% over last year. By segment, we expect full-year U.S. Innerwear revenue of approximately \$2.22 billion to approximately \$2.27 billion, which represents growth of between approximately (1%) to +1%. At the midpoint, U.S. Activewear's revenue is expected to increase approximately 3.5% to approximately \$1.55 billion. At the midpoint, our International segment revenue is expected to be approximately \$2.65 billion, an increase of approximately 5% on a reported basis and approximately 6% on a constant-currency basis.

Operating Profit (GAAP and Adjusted): Our full-year Adjusted Operating Profit guidance of \$900 million to \$930 million excludes all pretax restructuring and other action-related charges. It includes an F/X headwind of approximately \$3 million. At the midpoint, our guidance implies Adjusted Operating Margin is up approximately 50 basis points over prior year. Our full-year GAAP Operating Profit guidance of \$850 million to \$880 million incorporates our Adjusted Operating Profit guidance as well as our assumption of approximately \$50 million of pretax restructuring and other action-related charges.

Interest/Other Expenses and Tax Rate: Our guidance assumes approximately \$185 million of Interest and Other expenses as well as a tax rate of approximately 14.5%.

EPS (GAAP and Adjusted): At the mid-point, our guidance implies full-year GAAP and Adjusted Net Income of approximately \$582 million and \$625 million, respectively. Our full-year GAAP EPS guidance is \$1.60 to \$1.68. Our Adjusted EPS guidance, which excludes all pretax restructuring and other action-related charges, is \$1.72 to \$1.80, representing an increase of approximately 12% to 18% over prior year. Both ranges are based on diluted shares outstanding of approximately 354 million.

Cash flow from operations: Our full-year cash flow from operations guidance is \$700 million to \$800 million. Consistent with our normal seasonality, we expect cash flow from operations to be a use in the first half. Our capital expenditure guidance is approximately \$100 million.

Pretax expenses: Our guidance reflects approximately \$50 million of pretax restructuring and other expenses, or approximately \$43 million after-tax, of which approximately \$30 million are cash. These charges reflect: (1) the completion of our previously announced 2019 supply chain restructuring actions, which were previously announced; (2) costs associated with exiting the C9 Champion program at Target and the DKNY Intimates license; and, (3) additional restructuring actions, referred to as our 2020 restructuring plan, to further reduce costs, primarily within our supply chain.

In isolation (for example, excluding other changes such as business mix, inflation, deflation, pricing, etc.), we would expect the actions from our 2020 restructuring plan to deliver approximately \$40 million of incremental operating profit, with approximately \$30 million coming in 2021 and the remaining approximately \$10 million coming in 2022. These expected savings are in addition to the expected savings from our 2019 restructuring plan. The costs associated with our 2020 restructuring plan are expected to be approximately \$40 million in total, with approximately \$30 million in 2020 and the remaining approximately \$10 million in 2021. As a reminder, our 2019 restructuring plan, which focused principally on our Western Hemisphere supply chain network, consisted of actions and associated costs in 2019 and 2020 that were anticipated to yield cost savings in 2020 and 2021 (see prior FAQ documents).

(2) Q: What is factored into your Q1 2020 guidance?

A: *All year over year comparisons reference our rebased 2019, which adjusts for the exited C9 Champion program at Target and DKNY Intimates license (see question 4 below and Supplemental Table B dated February 7, 2020 on our investor relations website www.hanes.com/investors).*

We expect total net sales of \$1.466 billion to \$1.496 billion. This includes an approximate \$14 million headwind from the effects of foreign exchange rates as compared to last year. The foreign exchange impact is reflected within the International segment. At the midpoint, our revenue guidance implies constant-currency revenue is consistent year over year, or down approximately 1% on a reported basis.

Our guidance for GAAP Operating Profit is \$118 million to \$128 million. Our guidance for Adjusted Operating Profit, which excludes approximately \$27 million of pretax restructuring and other expenses, is \$145 million to \$155 million. Our first quarter operating profit guidance includes an expected F/X headwind of approximately \$1 million. At the midpoint, our guidance implies Adjusted Operating Margin is consistent with prior year.

With respect to our segments, in U.S. Innerwear our first quarter guidance assumes revenue of approximately \$440 million to approximately \$450 million, which represents a decline of approximately 3% to 6% as compared to prior year. Our U.S. Innerwear revenue assumptions include: (1) headwinds from door closings; (2) the anniversary of a significant space increase at a large value retailer where we displaced a sock competitor in the first quarter last year; and, (3) continued short-term disruption in our Basics business from store resets at a large mass retailer. Our first quarter guidance assumes a decline in U.S. Innerwear's operating margin as compared to last year.

At the midpoint, we expect U.S. Activewear revenue to increase approximately 4.5% to approximately \$335 million and its operating margin to expand as compared to last year. At the midpoint, our International segment reported revenue is expected to be consistent year over year, or up approximately 2% on a constant currency basis, due to the timing of our Asia distribution expansion this year and last year. We expect International's operating margin to decline over prior year due to increased investments in the quarter to support this year's distribution expansion in Asia as well as short-term transactional F/X cost pressures. We anticipate implementing price increases in certain International markets to offset the transactional F/X cost pressures.

Our guidance assumes Interest and Other expenses of approximately \$46 million and a tax rate of approximately 14.5%. Our guidance for GAAP EPS is \$0.17 to \$0.20. Our guidance for Adjusted EPS, which excludes pretax restructuring and other expenses, is \$0.23 to \$0.26, representing an increase of 5% to 18% over prior year. Both ranges are based on diluted shares outstanding of approximately 357 million for the quarter.

(3) Q: Why did you revise portions of your financial statements?

A: *During the course of preparing the year-end financial statements, we identified prior period tax errors related to intercompany inventory transactions and put in place new processes to address the issue. We also revised prior period financial statements to correct these errors and other immaterial out-of-period items.*

All of these items had a minor cumulative earnings-per-share impact of \$0.01 over the three year period from 2017 through 2019. We have provided revised 2018 and 2019 quarterly P&L's in Supplemental Table A dated February 7, 2020, on our investor relations website (www.hanes.com/investors), and additional information will be provided in our Annual Report on Form 10-K for the fiscal year ended December 28, 2019. We do not believe this corrected intercompany tax accounting process will impact our tax rate going forward, which we continue to expect to be at a mid-teens rate. While these tax errors led to the identification of control deficiencies that constituted a material weakness in our internal control over financial reporting, we have and will continue to refine and enhance the design and operation of our controls related to these areas. We intend to implement these enhancements to the design and operation of our controls during fiscal year 2020.

(4) Q: Can you provide any additional information regarding the exited programs in 2019?

A: *Supplemental Table B - Rebased Information dated February 7, 2020 can be found on our investor relations website (www.hanes.com/investors). Supplemental Table B provides a quarterly rebased P&L and rebased revenue and operating profit for our Innerwear and Activewear segments for 2019. This table reflects the exited C9 Champion program at Target and the DKNY Intimates license.*

(5) Q: Do you have an update on C9 Activewear?

A: *Our C9 Champion activewear program at Target exceeded our sales expectation in 2019, which we believe is an indication of the strong brand equity C9 Champion has with consumers. We are in final discussions with a new partner. We expect the initial program to be small with minimal revenue in the second half of 2020, which is reflected in our current guidance. This program has the potential to ramp to become larger over time. We will provide more specifics in the coming months.*

(6) Q: Are you impacted by the increased tariffs on products coming into the U.S. from China?

A: *Unlike the vast majority of the apparel industry, our exposure to China is minimal. We do not own any manufacturing operations in China. Of our third-party sourced units for the U.S. market, China represents less than 3% of our U.S. costs. We have action plans in place that are expected to further reduce imports from China to the U.S. over the next 12 - 18 months.*

(7) Q: What is your long-term capital allocation strategy and what are your priorities for 2020?

A: *Our long-term 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 leverage ratio of net debt-to-adjusted EBITDA to be in a range of 2 to 3 times. Our strategy is to use our cash flow from operations to first fund capital investments and our dividend. When we are within our targeted leverage range, we intend to 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. When we are outside of our targeted leverage range, we plan to use excess free cash flow to pay down debt.*

For 2020, given our leverage is currently within our long-term range, our priority for our excess free cash flow is to repurchase stock. Our 2020 earnings per share guidance includes approximately \$200 million of planned share repurchases.

(8) Q: Do you believe your business model can continue to deliver long-term double-digit total shareholder returns?

A: Yes. We continue to diversify our business model to be in a position to provide more consistent organic revenue growth and optimize our strong cash flow. Over the past several years, we have significantly diversified our business model by investing in our core brands, investing in our online operations, and investing in international expansion to provide us with multiple paths for delivering growth and long-term shareholder returns. We believe we have diversified in a way that the combination of our organic and acquisition strategies provides us the ability to deliver revenue and EPS growth regardless of short-term challenges. And when you layer on the returns from deploying our significant levels of cash flow, we believe we are well positioned for long-term double-digit total shareholder returns.

(9) 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. 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.

For prior FAQs please see our prior Securities and Exchange Commission reports, including our Current Reports on Form 8-K.

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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), EBITDA, adjusted EBITDA and net debt.

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.

Charges for actions taken in 2018 primarily represent: acquisition and integration costs related to Hanes Europe Innerwear, Hanes Australasia, Champion Europe, Alternative Apparel and Bras N Things, and other costs related to supply chain network changes. Charges for actions taken in 2019 primarily represent supply chain network changes, program exit costs and overhead reduction as well as completion of outstanding acquisition integration. Charges for actions expected to be taken in 2020 primarily represent supply chain restructuring and program exit costs. Acquisition and integration 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 related to the integration of recently acquired businesses. 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 future periods depending upon acquisition activity.

We have chosen to present these non-GAAP measures 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 acquisitions 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 associated with the execution and integration of any of the aforementioned actions taken.

We have also chosen to present EBITDA, adjusted EBITDA and the ratio of net debt to adjusted EBITDA to investors because we consider these measures to be an important supplemental means of evaluating operating performance. EBITDA is defined as earnings before interest, taxes, depreciation and amortization. Adjusted EBITDA is defined as EBITDA excluding actions and stock compensation expense. Net debt is defined as total debt less cash and cash equivalents. We believe that these metrics are frequently used by securities analysts, investors and other interested parties in the evaluation of companies in the industry, and management uses the ratio of net debt to adjusted EBITDA for planning purposes in connection with setting our capital allocation strategy. These metrics should not, however, be considered as measures of discretionary cash available to invest in the growth of the business.

In addition, with respect to 2020 financial guidance, we have chosen to present certain year over year comparisons with respect to our rebased 2019 business, which excludes the exited *C9 Champion* program and DKNY license. We believe this information is useful to management and investors to facilitate a more meaningful comparison of the results of the company's ongoing business between 2019 and 2020.

We are a global company that reports financial information in U.S. dollars in accordance with GAAP. As a supplement to our reported operating results, we also present constant currency financial information, which is a non-GAAP financial measure that excludes the impact of translating foreign currencies into U.S. dollars. We use constant currency information to provide a framework to assess how the business performed excluding the effects of changes in the rates used to calculate foreign currency translation. We believe this information is useful to management and investors to facilitate comparison of operating results and better identify trends in our businesses. To calculate foreign currency translation on a constant currency basis, operating results for the current year period for entities reporting in currencies other than the U.S. dollar are translated into U.S. dollars at the average exchange rates in effect during the comparable period of the prior year (rather than the actual exchange rates in effect during the current year period).

Organic sales are net sales excluding those derived from businesses acquired within the previous 12 months of a reporting date.

We believe constant currency and organic sales information is useful to management and investors to facilitate comparison of operating results and better identify trends in the company's businesses.

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 our press release dated February 7, 2020 to reconcile quarterly and full-year non-GAAP performance measures to the most directly comparable GAAP measure, as well as to reconcile year over year comparisons based on our rebased 2019 business. A copy of the press release is available at www.Hanes.com/investors.

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 2020 financial guidance, statements regarding outlook for Champion brand growth, statements regarding our outlook for future cash flow growth and share repurchases and assumptions regarding consumer behavior, foreign exchange rates and channel disruption and future retail door closures 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; the rapidly changing retail environment; any inadequacy, interruption, integration failure or security failure with respect to our information technology; 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 attract and retain a senior management team with the core competencies needed to support growth in global markets; our ability to properly manage strategic projects in order to achieve the desired results; significant fluctuations in foreign exchange rates; our reliance on a relatively small number of customers for a significant portion of our sales; legal, regulatory, political and economic risks related to our international operations; our ability to effectively manage our complex multinational tax structure; the existence of a material weakness in our internal control over financial reporting; ; 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.

HANESBRANDS INC.
Condensed Consolidated Statements of Income and Supplemental Financial Information*
(in thousands, except per-share amounts)
(Unaudited)

	Quarters Ended				Year Ended	Quarters Ended				Year Ended
	March 31, 2018	June 30, 2018	September 29, 2018	December 29, 2018	December 29, 2018	March 30, 2019	June 29, 2019	September 28, 2019	December 28, 2019	December 28, 2019
Net sales	\$ 1,471,504	\$ 1,715,443	\$ 1,848,707	\$ 1,768,301	\$ 6,803,955	\$ 1,588,024	\$ 1,760,927	\$ 1,866,967	\$ 1,751,005	\$ 6,966,923
Cost of sales	893,408	1,056,312	1,136,872	1,064,144	4,150,736	967,993	1,085,404	1,149,934	1,044,262	4,247,593
Gross profit	578,096	659,131	711,835	704,157	2,653,219	620,031	675,523	717,033	706,743	2,719,330
As a % of net sales	39.3%	38.4%	38.5%	39.8%	39.0%	39.0%	38.4%	38.4%	40.4%	39.0%
Selling, general and administrative expenses	432,863	439,893	455,778	460,034	1,788,568	470,387	445,923	449,962	463,328	1,829,600
As a % of net sales	29.4%	25.6%	24.7%	26.0%	26.3%	29.6%	25.3%	24.1%	26.5%	26.3%
Operating profit	145,233	219,238	256,057	244,123	864,651	149,644	229,600	267,071	243,415	889,730
As a % of net sales	9.9%	12.8%	13.9%	13.8%	12.7%	9.4%	13.0%	14.3%	13.9%	12.8%
Other expenses	5,761	6,570	7,285	6,779	26,395	7,451	8,249	8,066	7,658	31,424
Interest expense, net	45,763	48,430	52,795	47,687	194,675	48,059	46,522	43,091	40,907	178,579
Income before income tax expense	93,709	164,238	195,977	189,657	643,581	94,134	174,829	215,914	194,850	679,727
Income tax expense	14,907	24,211	25,168	39,629	103,915	13,046	25,274	30,823	9,864	79,007
Net income	\$ 78,802	\$ 140,027	\$ 170,809	\$ 150,028	\$ 539,666	\$ 81,088	\$ 149,555	\$ 185,091	\$ 184,986	\$ 600,720

Earnings per share:

Basic	\$ 0.22	\$ 0.39	\$ 0.47	\$ 0.41	\$ 1.48	\$ 0.22	\$ 0.41	\$ 0.51	\$ 0.51	\$ 1.65
Diluted	\$ 0.22	\$ 0.39	\$ 0.47	\$ 0.41	\$ 1.48	\$ 0.22	\$ 0.41	\$ 0.51	\$ 0.51	\$ 1.64
Diluted earnings per share - as previously reported	\$ 0.22	\$ 0.39	\$ 0.47	\$ 0.44	\$ 1.52	\$ 0.22	\$ 0.42	\$ 0.51	NA	NA

Weighted average shares outstanding:

Basic	361,882	362,011	363,510	364,003	363,513	364,570	364,637	364,743	364,885	364,709
Diluted	363,291	363,254	364,638	364,748	364,505	365,299	365,537	365,597	365,644	365,519

	Quarters Ended				Year Ended	Quarters Ended				Year Ended
	March 31, 2018	June 30, 2018	September 29, 2018	December 29, 2018	December 29, 2018	March 30, 2019	June 29, 2019	September 28, 2019	December 28, 2019	December 28, 2019
Segment operating profit:										
Innerwear	\$ 101,419	\$ 159,129	\$ 132,244	\$ 134,039	\$ 526,831	\$ 104,626	\$ 149,530	\$ 121,467	\$ 140,368	\$ 515,991
Activewear	38,287	57,508	93,605	78,028	267,428	43,593	68,779	97,314	71,633	281,319
International	77,061	76,558	99,624	98,526	351,769	99,773	81,078	107,168	96,765	384,784
Other	2,627	7,160	8,400	7,161	25,348	754	6,032	9,643	8,400	24,829
General corporate expenses/other	(54,544)	(55,952)	(57,084)	(58,947)	(226,527)	(77,729)	(63,210)	(58,584)	(54,184)	(253,707)
Restructuring and other action-related charges	(19,617)	(25,165)	(20,732)	(14,684)	(80,198)	(21,373)	(12,609)	(9,937)	(19,567)	(63,486)
Total operating profit	\$ 145,233	\$ 219,238	\$ 256,057	\$ 244,123	\$ 864,651	\$ 149,644	\$ 229,600	\$ 267,071	\$ 243,415	\$ 889,730

*The above information reflects revisions referred to in question 3 of the FAQ document dated February 7, 2020, which can be found on www.hanes.com/investors. Segment and total company net sales were not impacted by the revisions.

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

	Quarters Ended				Year Ended	Quarters Ended				Year Ended
	March 31, 2018	June 30, 2018	September 29, 2018	December 29, 2018	December 29, 2018	March 30, 2019	June 29, 2019	September 28, 2019	December 28, 2019	December 28, 2019
Gross profit, as reported under GAAP	\$ 578,096	\$ 659,131	\$ 711,835	\$ 704,157	\$ 2,653,219	\$ 620,031	\$ 675,523	\$ 717,033	\$ 706,743	\$ 2,719,330
Restructuring and other action-related charges	10,753	11,083	11,760	4,759	38,355	17,692	12,598	9,424	18,553	58,267
Gross profit, as adjusted	\$ 588,849	\$ 670,214	\$ 723,595	\$ 708,916	\$ 2,691,574	\$ 637,723	\$ 688,121	\$ 726,457	\$ 725,296	\$ 2,777,597
As a % of net sales	40.0%	39.1%	39.1%	40.1%	39.6%	40.2%	39.1%	38.9%	41.4%	39.9%
Selling, general and administrative expenses, as reported under GAAP	\$ 432,863	\$ 439,893	\$ 455,778	\$ 460,034	\$ 1,788,568	\$ 470,387	\$ 445,923	\$ 449,962	\$ 463,328	\$ 1,829,600
Restructuring and other action-related charges	(8,864)	(14,082)	(8,972)	(9,925)	(41,843)	(3,681)	(11)	(513)	(1,014)	(5,219)
Selling, general and administrative expenses, as adjusted	\$ 423,999	\$ 425,811	\$ 446,806	\$ 450,109	\$ 1,746,725	\$ 466,706	\$ 445,912	\$ 449,449	\$ 462,314	\$ 1,824,381
As a % of net sales	28.8%	24.8%	24.2%	25.5%	25.7%	29.4%	25.3%	24.1%	26.4%	26.2%
Operating profit, as reported under GAAP	\$ 145,233	\$ 219,238	\$ 256,057	\$ 244,123	\$ 864,651	\$ 149,644	\$ 229,600	\$ 267,071	\$ 243,415	\$ 889,730
Restructuring and other action-related charges included in gross profit	10,753	11,083	11,760	4,759	38,355	17,692	12,598	9,424	18,553	58,267
Restructuring and other action-related charges included in SG&A	8,864	14,082	8,972	9,925	41,843	3,681	11	513	1,014	5,219
Operating profit, as adjusted	\$ 164,850	\$ 244,403	\$ 276,789	\$ 258,807	\$ 944,849	\$ 171,017	\$ 242,209	\$ 277,008	\$ 262,982	\$ 953,216
As a % of net sales	11.2%	14.2%	15.0%	14.6%	13.9%	10.8%	13.8%	14.8%	15.0%	13.7%
Net income, as reported under GAAP	\$ 78,802	\$ 140,027	\$ 170,809	\$ 150,028	\$ 539,666	\$ 81,088	\$ 149,555	\$ 185,091	\$ 184,986	\$ 600,720
Restructuring and other action-related charges:										
Restructuring and other action-related charges included in gross profit	10,753	11,083	11,760	4,759	38,355	17,692	12,598	9,424	18,553	58,267
Restructuring and other action-related charges included in SG&A	8,864	14,082	8,972	9,925	41,843	3,681	11	513	1,014	5,219
Debt refinancing charges included in other expenses	(50)	14	—	—	(36)	—	—	—	—	—
Tax effect on actions and other tax adjustments	(3,131)	(3,726)	(3,089)	(1,678)	(11,624)	(3,013)	(1,778)	(1,402)	(16,309)	(22,502)
Net income, as adjusted	\$ 95,238	\$ 161,480	\$ 188,452	\$ 163,034	\$ 608,204	\$ 99,448	\$ 160,386	\$ 193,626	\$ 188,244	\$ 641,704
Diluted earnings per share, as reported under GAAP ¹	\$ 0.22	\$ 0.39	\$ 0.47	\$ 0.41	\$ 1.48	\$ 0.22	\$ 0.41	\$ 0.51	\$ 0.51	\$ 1.64
Restructuring and other action-related charges	0.05	0.06	0.05	0.04	0.19	0.05	0.03	0.02	0.01	0.11
Diluted earnings per share, as adjusted	\$ 0.26	\$ 0.44	\$ 0.52	\$ 0.45	\$ 1.67	\$ 0.27	\$ 0.44	\$ 0.53	\$ 0.51	\$ 1.76

¹ Results may not be additive due to rounding.

*The above information reflects revisions referred to in question 3 of the FAQ document dated February 7, 2020, which can be found on www.hanes.com/investors. Segment and total company net sales were not impacted by the revisions.

REBASED FOR EXITED PROGRAMS
HANESBRANDS INC.
Condensed Consolidated Statements of Income - REBASED*
(in thousands, except per-share amounts)
(Unaudited)

	Quarters Ended				Year Ended
	March 30, 2019	June 29, 2019	September 28, 2019	December 28, 2019	December 28, 2019
Net sales	\$ 1,493,920	\$ 1,642,217	\$ 1,748,269	\$ 1,663,070	\$ 6,547,476
Cost of sales	886,085	989,265	1,058,102	968,288	3,901,740
Gross profit	607,835	652,952	690,167	694,782	2,645,736
As a % of net sales	40.7%	39.8%	39.5%	41.8%	40.4%
Selling, general and administrative expenses	457,741	436,200	440,431	453,007	1,787,379
As a % of net sales	30.6%	26.6%	25.2%	27.2%	27.3%
Operating profit	150,094	216,752	249,736	241,775	858,357
As a % of net sales	10.0%	13.2%	14.3%	14.5%	13.1%
Other expenses	7,451	8,249	8,066	7,658	31,424
Interest expense, net	48,059	46,522	43,091	40,907	178,579
Income before income tax expense	94,584	161,981	198,579	193,210	648,354
Income tax expense	13,109	23,462	28,377	24,932	89,880
Net income	<u>\$ 81,475</u>	<u>\$ 138,519</u>	<u>\$ 170,202</u>	<u>\$ 168,278</u>	<u>\$ 558,474</u>
Earnings per share:					
Basic	\$ 0.22	\$ 0.38	\$ 0.47	\$ 0.46	\$ 1.53
Diluted	\$ 0.22	\$ 0.38	\$ 0.47	\$ 0.46	\$ 1.53
Weighted average shares outstanding:					
Basic	364,570	364,637	364,743	364,885	364,709
Diluted	365,299	365,537	365,597	365,644	365,519

*This information reflects Hanesbrands' Condensed Consolidated Statements of Income on a rebased basis to reflect adjustments for restructuring and other action-related charges and the exit of Champion program at Target and DKNY Intimates license.

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

	Quarters Ended				Year Ended
	March 30, 2019	June 29, 2019	September 28, 2019	December 28, 2019	December 28, 2019
Net sales, as reported under GAAP	\$ 1,588,024	\$ 1,760,927	\$ 1,866,967	\$ 1,751,005	\$ 6,966,923
Net sales from exited programs	(94,104)	(118,710)	(118,698)	(87,935)	(419,447)
Net sales, rebased	<u>\$ 1,493,920</u>	<u>\$ 1,642,217</u>	<u>\$ 1,748,269</u>	<u>\$ 1,663,070</u>	<u>\$ 6,547,476</u>
Gross profit, as reported under GAAP	\$ 620,031	\$ 675,523	\$ 717,033	\$ 706,743	\$ 2,719,330
Restructuring and other action-related charges	17,692	12,598	9,424	18,553	58,267
Gross profit on exited programs	(29,888)	(35,169)	(36,290)	(30,514)	(131,861)
Adjusted gross profit, rebased	<u>\$ 607,835</u>	<u>\$ 652,952</u>	<u>\$ 690,167</u>	<u>\$ 694,782</u>	<u>\$ 2,645,736</u>
As a % of net sales, rebased	40.7%	39.8%	39.5%	41.8%	40.4%
Selling, general and administrative expenses, as reported under GAAP	\$ 470,387	\$ 445,923	\$ 449,962	\$ 463,328	\$ 1,829,600
Restructuring and other action-related charges	(3,681)	(11)	(513)	(1,014)	(5,219)
Selling, general and administrative expenses related to exited programs	(8,965)	(9,712)	(9,018)	(9,307)	(37,002)
Adjusted selling, general and administrative expenses, rebased	<u>\$ 457,741</u>	<u>\$ 436,200</u>	<u>\$ 440,431</u>	<u>\$ 453,007</u>	<u>\$ 1,787,379</u>
As a % of net sales, rebased	30.6%	26.6%	25.2%	27.2%	27.3%
Operating profit, as reported under GAAP	\$ 149,644	\$ 229,600	\$ 267,071	\$ 243,415	\$ 889,730
Restructuring and other action-related charges included in gross profit	17,692	12,598	9,424	18,553	58,267
Restructuring and other action-related charges included in SG&A	3,681	11	513	1,014	5,219
Gross profit on exited programs	(29,888)	(35,169)	(36,290)	(30,514)	(131,861)
Selling, general and administrative expenses related to exited programs	8,965	9,712	9,018	9,307	37,002
Adjusted operating profit, rebased	<u>\$ 150,094</u>	<u>\$ 216,752</u>	<u>\$ 249,736</u>	<u>\$ 241,775</u>	<u>\$ 858,357</u>
As a % of net sales, rebased	10.0%	13.2%	14.3%	14.5%	13.1%
Net income, as reported under GAAP	\$ 81,088	\$ 149,555	\$ 185,091	\$ 184,986	\$ 600,720
Restructuring and other action-related charges included in gross profit	17,692	12,598	9,424	18,553	58,267
Restructuring and other action-related charges included in SG&A	3,681	11	513	1,014	5,219
Gross profit on exited programs	(29,888)	(35,169)	(36,290)	(30,514)	(131,861)
Selling, general and administrative expenses related to exited programs	8,965	9,712	9,018	9,307	37,002
Tax effect on actions and other tax adjustments	(63)	1,812	2,446	(15,068)	(10,873)
Adjusted net income, rebased	<u>\$ 81,475</u>	<u>\$ 138,519</u>	<u>\$ 170,202</u>	<u>\$ 168,278</u>	<u>\$ 558,474</u>
Diluted earnings per share, as reported under GAAP ¹	\$ 0.22	\$ 0.41	\$ 0.51	\$ 0.51	\$ 1.64
Restructuring and other action-related charges	0.05	0.03	0.02	0.01	0.11
Exited programs	(0.05)	(0.06)	(0.06)	(0.05)	(0.23)
Adjusted diluted earnings per share, rebased	<u>\$ 0.22</u>	<u>\$ 0.38</u>	<u>\$ 0.47</u>	<u>\$ 0.46</u>	<u>\$ 1.53</u>

¹ Results may not be additive due to rounding.

*This information reconciles Hanesbrands' GAAP measures to measures on a rebased basis to reflect adjustments for restructuring and other action-related charges and the exit of Champion program at Target and DKNY Intimates license.

REBASED FOR EXITED PROGRAMS
HANESBRANDS INC.
Supplemental Financial Information - REBASED*
(in thousands)
(Unaudited)

	Quarters Ended				Year Ended
	March 30, 2019	June 29, 2019	September 28, 2019	December 28, 2019	December 28, 2019
Innerwear net sales:					
As reported	\$ 475,945	\$ 678,604	\$ 578,453	\$ 569,630	\$ 2,302,632
Less:					
<i>C9 Champion</i>	6,731	12,765	13,262	9,533	42,291
DKNY Intimates	2,800	8,362	2,906	1,795	15,863
Rebased Innerwear net sales	<u>\$ 466,414</u>	<u>\$ 657,477</u>	<u>\$ 562,285</u>	<u>\$ 558,302</u>	<u>\$ 2,244,478</u>
Innerwear operating profit:					
As reported	\$ 104,626	\$ 149,530	\$ 121,467	\$ 140,368	\$ 515,991
Less:					
<i>C9 Champion</i>	2,305	4,387	4,655	3,630	14,977
DKNY Intimates	(805)	(1,854)	(959)	(1,207)	(4,825)
Rebased Innerwear operating profit	<u>\$ 103,126</u>	<u>\$ 146,997</u>	<u>\$ 117,771</u>	<u>\$ 137,945</u>	<u>\$ 505,839</u>
Activewear net sales:					
As reported	\$ 405,340	\$ 448,277	\$ 548,117	\$ 452,970	\$ 1,854,704
Less:					
<i>C9 Champion</i>	84,573	97,583	102,530	76,607	361,293
Rebased Activewear net sales	<u>\$ 320,767</u>	<u>\$ 350,694</u>	<u>\$ 445,587</u>	<u>\$ 376,363</u>	<u>\$ 1,493,411</u>
Activewear operating profit:					
As reported	\$ 43,593	\$ 68,779	\$ 97,314	\$ 71,633	\$ 281,319
Less:					
<i>C9 Champion</i>	19,423	22,924	23,576	18,784	84,707
Rebased Activewear operating profit	<u>\$ 24,170</u>	<u>\$ 45,855</u>	<u>\$ 73,738</u>	<u>\$ 52,849</u>	<u>\$ 196,612</u>

*This information reflects Hanesbrands' supplemental financial information on a rebased basis to reflect adjustments for restructuring and other action-related charges and the exit of *C9 Champion* program at Target and DKNY Intimates license.