



HANES *Brands Inc*

Investor Presentation

Goldman Sachs Global Retailing Conference
September 2019



Safe Harbor

Forward-looking Statements

These presentation slides and the related presentation contain 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 or projections as to future performance. These forward-looking statements are based on our current intent, beliefs, plans and expectations. The audience is 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 properly manage strategic projects in order to achieve the desired results;
- our ability to attract and retain a senior management team with the core competencies needed to support our growth in global markets;
- 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 realize all of the anticipated benefits of acquisitions; 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.

Non-GAAP Terms and Definitions

To supplement financial guidance prepared in accordance with GAAP, this presentation contains historical financial results and projections concerning certain non-GAAP financial measures, including adjusted EPS, adjusted net income, adjusted operating profit (and margin), free cash flow, EBITDA, adjusted EBITDA, net debt to EBITDA, IRR and ROIC. Please see the attached Appendix for more information regarding the definition of these non-GAAP financial measures and a reconciliation to the most directly comparable GAAP financial measure. Hanesbrands is unable to reconcile projections for IRR on acquisitions or for projections of financial performance beyond 2019 without unreasonable efforts, because the company cannot predict, with a reasonable degree of certainty, the type and extent of certain items that would be expected to impact these figures in 2020 and beyond, such as revenue, operating profit, tax rates, and acquisition and integration or other action related charges.

Hanesbrands at a Glance (NYSE: HBI)

A socially responsible, leading marketer of everyday basic innerwear and activewear apparel in the Americas, Europe, Australia and Asia-Pacific

Key Statistics

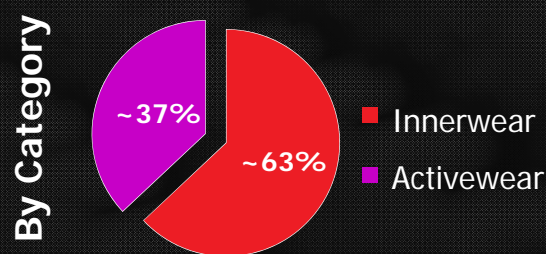
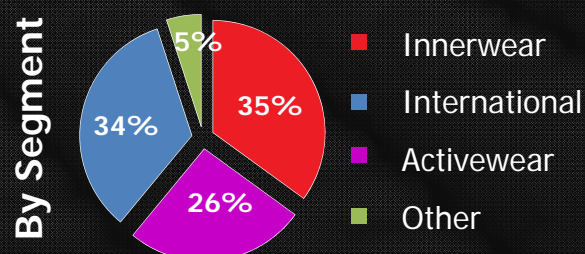
Founded	1901
Global HQ	Winston-Salem, NC
Employees¹	~68,000 in 43 Countries
Market Cap²	\$4.9B

Key Financials (M)	2018	2019 Guidance ³
Revenue	\$6,804	\$6,885-\$6,985
Adj. Op. Profit⁴	\$948	\$955-\$985
Op. Cash Flow	\$643	\$700-\$800

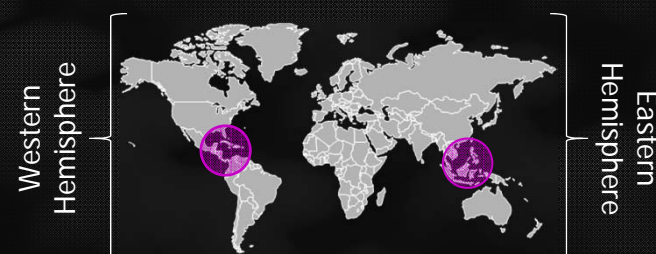
Key Brands



2018 Sales Breakdown



Global Supply Chain



Largest Global Basic Apparel Company with Over a Century of History

¹ As of 12/31/2018 ² As of 8/29/2019 ³ Guidance as of 8/1/2019 ⁴ Non-GAAP measure. See reconciliation tables in Appendix.

Strong, Sustainable Competitive Advantages

Innovate-to-Elevate Strategy (I2E)



Brand Power

- Strong consumer franchise; global portfolio of leading brands
- Heavily-branded and growing categories, consistently repurchased over time
- We own #1/#2 brands around the world
- Strong brand equities that span generations
- Expertise in managing share-leading brands



Supply Chain & Regional Infrastructure

- Low-cost manufacturing; scale extends to global functions – IT, procurement, R&D
- Unlocks synergies from acquisitions
- Enables us to bring innovation to market at right price points and margin structure
- Regional scale (U.S., Europe, Australia) while maintaining local commercial presence
- Low capital intensity; lynchpin to increased free cash flow generation



Operational Discipline

- Consumer-centric focus
- Culture of continuous improvement
- Omnipresent distribution: “where the consumer wants to shop”
- History of evolving our business model to address and overcome challenges
- Plan the work, then work the plan



Management Team

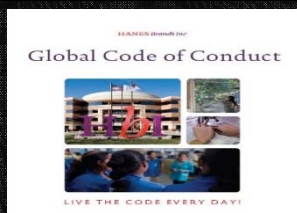
- Deep management bench
- Seasoned global operators
- Homegrown as well as from acquired companies
- Strong presence in Americas, Europe, Australia, and Asia

Long-Standing Commitment to Doing the Right Thing

HANES *for* GOOD

www.HanesforGood.com

Employees



- Global Code of Conduct
- Code of Conduct Officers
- Global Human Rights Policy
- Employee Policies / Privacy

Vendors



- Fair Labor Association
- Global Standards
- Global Anti-Bribery Program

Sustainability



- Environmental Goals: Cotton / Energy / Water / Waste
- Sustainable products
- A- score on CDP 2018 Climate Change Report

Product Safety



- Childrenswear
- Chemical Management
- Design Hazard Analysis

Green for Good



- Education
- Medical Support
- Disaster Relief
- Fundamental Needs

**2018
Milestones**

31%
H₂O
Reduction

41%
Renewable
Energy Use

86%
Landfill
Diversion Rate

496,800
Employee Hours Volunteered in Green for
Good Programs since 2010

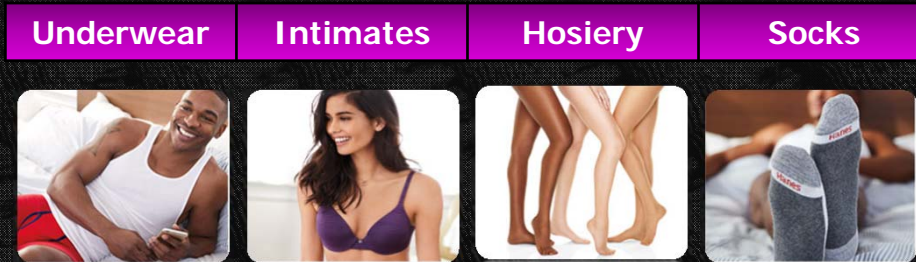
HANES *Brands Inc*

Investor Presentation Sept 2019 |

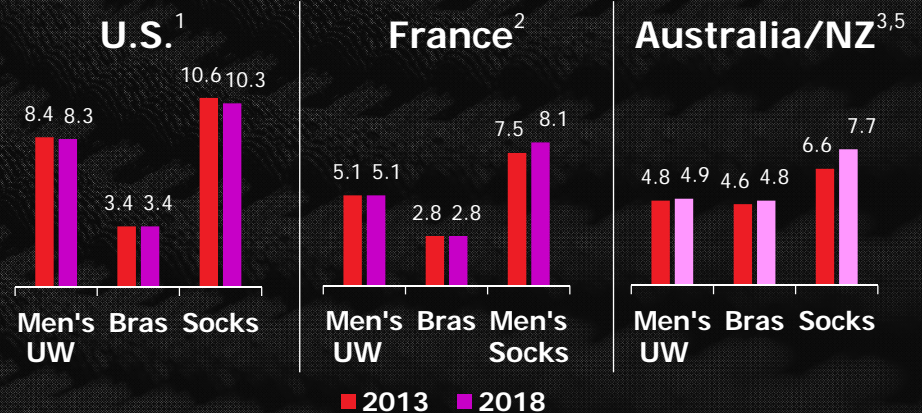
5

Global Innerwear: Low Growth, Consistent Consumption – Heavily Branded

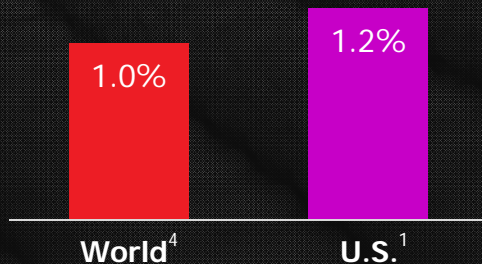
Product Categories



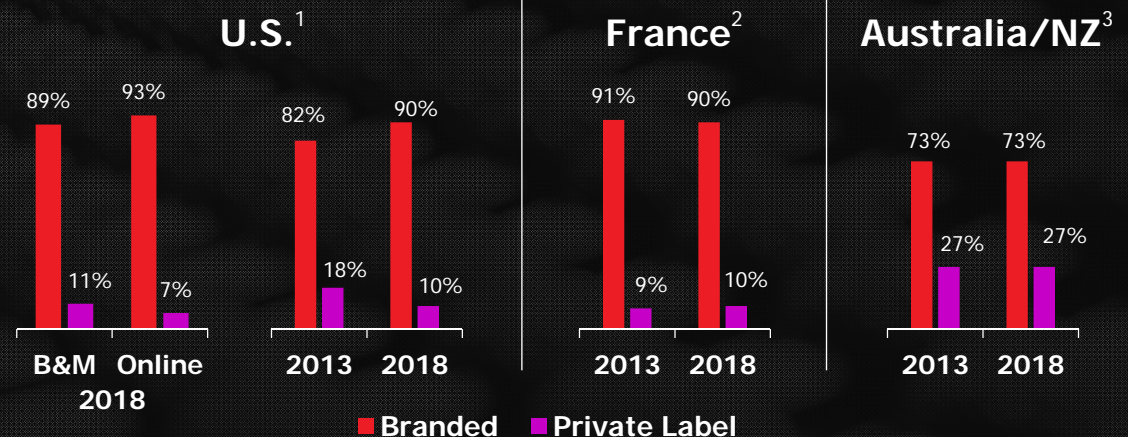
Per Capita Consumption (units)



Strong Stable Growth Category 5-year CAGR



Heavily Branded



Total Global Innerwear Market: \$175B

Global Activewear: Strong Growth & Expanding Consumption – Activewear Continuum

Product Continuum



CASUAL ALTERNATIVE ATHLETIC

Leading Portfolio of Brands

U.S. / Americas

Europe

Australia

Champion

Champion

Champion

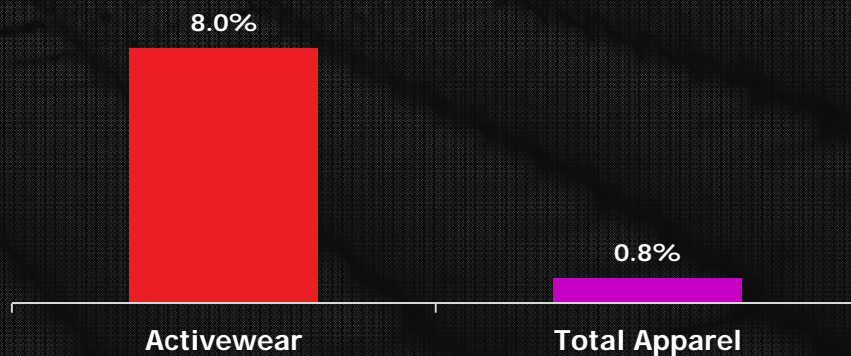
Hanes

Hanes

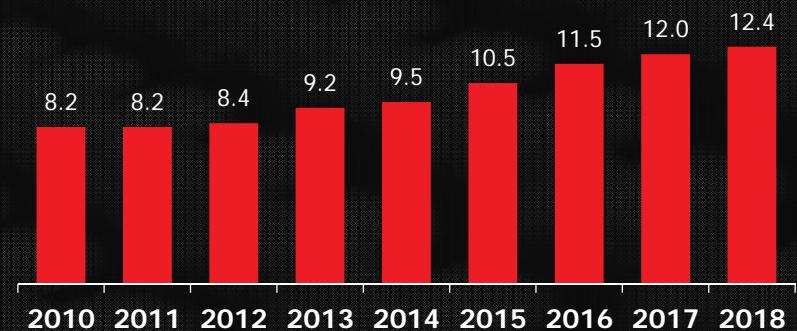
ALTERNATIVE

2018 U.S. Market Growth¹

2-year CAGR



U.S. Per Capita Consumption¹ (units)



Total Global Activewear Market²: \$200B

Leveraging our Supply Chain and Global Scale to Expand Operating Margins and Drive Greater Cash Flow

- Supply Chain
 - Flexible and scalable / Unlocks acquisition synergies
 - \$50M of savings from western hemisphere efficiency actions
- Global Scale
 - Global functions – IT, Procurement, R&D
 - Regional infrastructure – U.S., Europe, Asia, Australia
- Free Cash Flow Generation
 - Approaching \$900M of operating cash flow in 2020 under 'base plan'
 - Low capital intensity of supply chain

Positioned for Operating Margin Expansion and Accelerating Cash Flow

Greater Cash Generation and Disciplined Capital Allocation to Drive Increasing Shareholder Returns

Disciplined Capital Allocation

Capital Allocation Priorities

Capital expenditures Invest back into the business	Dividend Target 25% – 30% payout ratio over time	Net Debt-to-EBITDA ratio target 2 – 3x
--	--	--

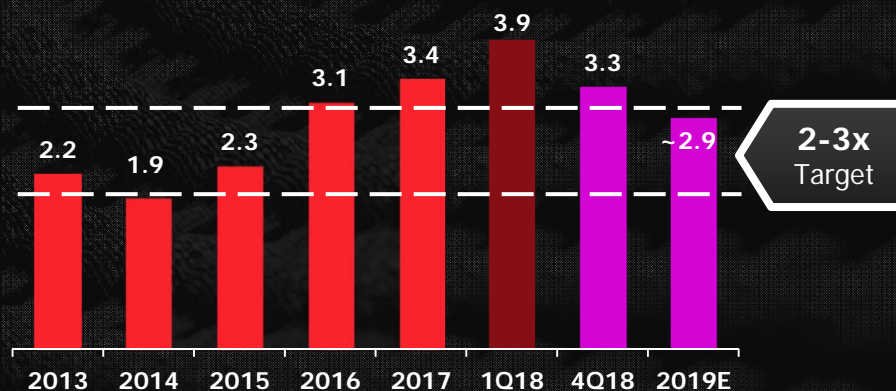
When within targeted debt ratio range...

Share repurchases	Acquisitions funded with debt
--------------------------	--------------------------------------

When outside targeted debt ratio range...

Pay down debt

Net Debt-to-EBITDA¹



¹ Non-GAAP measure, see appendix.

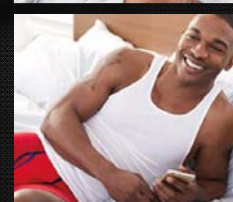
Acquisition Criteria

In our core categories	Provide complementary growth opportunities in consumer segments, channels and/or geographies
High-probability cost synergies that leverage our supply chain and/or SG&A	Accretive in year 1, excluding integration costs

Focused on Increasing Shareholder Returns Through Improving ROIC

HANES *Brands Inc*

Appendix



Appendix

Adjusted OP Profit, Margin, EPS

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Net Sales	\$ 4,294,197	\$ 4,048,497	\$ 3,746,201	\$ 4,145,012	\$ 4,434,291	\$ 4,525,721	\$ 4,627,802	\$ 5,324,746	\$ 5,731,549	\$ 6,028,199	\$ 6,471,410	\$ 6,803,955
Operating profit, under GAAP*	\$ 360,072	\$ 280,345	\$ 284,177	\$ 397,720	\$ 458,192	\$ 458,226	\$ 529,895	\$ 572,289	\$ 604,812	\$ 790,051	\$ 744,350	\$ 867,951
Acquisition, integration and other action-related charges included in gross profit	36,912	42,558	12,776	-	-	-	16,221	73,126	62,859	39,379	54,970	38,355
Acquisition, integration and other action-related charges included in SG&A	(5,036)	(14)	5,916	-	-	-	64,569	125,807	203,201	99,140	108,082	41,843
Contingent consideration related to Champion Europe	-	-	-	-	-	-	-	-	-	-	27,852	-
Gain on curtailment of postretirement benefits	(32,144)	-	-	-	-	-	-	-	-	-	-	-
Restructuring	43,731	50,263	53,888	-	-	-	-	-	-	-	-	-
Operating profit, as adjusted****	\$ 403,535	\$ 373,152	\$ 356,757	\$ 397,720	\$ 458,192	\$ 458,226	\$ 610,685	\$ 771,222	\$ 870,872	\$ 928,570	\$ 935,254	\$ 948,149
Operating Margin, under GAAP*	8.4%	6.9%	7.6%	9.6%	10.3%	10.1%	11.5%	10.7%	10.6%	13.1%	11.5%	12.8%
Action and other related charges	1.0%	2.3%	1.9%	-	-	-	1.7%	3.7%	4.6%	2.3%	2.9%	1.2%
Operating margin, as adjusted	9.4%	9.2%	9.5%	9.6%	10.3%	10.1%	13.2%	14.5%	15.2%	15.4%	14.5%	13.9%
Net income from continuing operations, under GAAP	\$ 111,737	\$ 107,122	\$ 42,813	\$ 192,612	\$ 242,569	\$ 232,443	\$ 330,494	\$ 404,519	\$ 428,855	\$ 536,927	\$ 63,991	\$ 553,084
Acquisition, integration and other action-related charges included in gross profit	36,912	42,558	12,776	-	-	-	16,221	73,126	62,859	39,379	54,970	38,355
Acquisition, integration and other action-related charges included in SG&A	(5,036)	(14)	5,916	-	-	-	64,569	125,807	203,201	99,140	108,082	41,843
Contingent consideration related to Champion Europe	-	-	-	-	-	-	-	-	-	-	27,852	-
Gain on curtailment of postretirement benefits	(32,144)	-	-	-	-	-	-	-	-	-	-	-
Restructuring	43,731	50,263	53,888	-	-	-	-	-	-	-	-	-
Debt refinance charge included in other expenses	5,235	(634)	49,301	-	-	33,906	-	-	-	47,291	-	-
Other non-operating charges in other expenses	-	-	-	-	-	-	-	-	-	-	7,000	(36)
Tax reform, related charged, tax effect on actions included in tax expense	(15,340)	(20,278)	(14,626)	-	-	(3,932)	(13,331)	(25,862)	(25,276)	(11,148)	452,778	(11,624)
Net income from continuing operations, as adjusted	\$ 145,095	\$ 179,017	\$ 150,068	\$ 192,612	\$ 242,569	\$ 262,417	\$ 397,953	\$ 577,590	\$ 669,639	\$ 711,589	\$ 714,673	\$ 621,622
Adjustment to reflect 16% tax rate	-	-	-	-	-	-	2,383	\$ (19,914)	\$ (48,095)	\$ (75,701)	\$ (94,186)	-
Net income from continuing operations, as adjusted to reflect 16% tax rate	-	-	-	-	-	-	\$ 400,336	\$ 557,676	\$ 621,544	\$ 635,888	\$ 620,487	-
Diluted earnings per share, under GAAP	\$ 0.29	\$ 0.28	\$ 0.11	\$ 0.49	\$ 0.61	\$ 0.58	\$ 0.81	\$ 0.99	\$ 1.06	\$ 1.40	\$ 0.17	\$ 1.52
Action and other related charges	0.09	0.19	0.28	-	-	0.07	0.17	0.42	0.60	0.45	1.76	0.19
Diluted earnings per share, as adjusted***	\$ 0.37	\$ 0.47	\$ 0.39	\$ 0.49	\$ 0.61	\$ 0.65	\$ 0.98	\$ 1.42	\$ 1.66	\$ 1.85	\$ 1.93	\$ 1.71
Adjustment to reflect 16% tax rate	-	-	-	-	-	-	0.01	(0.05)	(0.12)	(0.20)	(0.25)	-
Diluted earnings per share, as adjusted to reflect 16% tax rate	-	-	-	-	-	-	\$ 0.98	\$ 1.37	\$ 1.54	\$ 1.65	\$ 1.68	-
Diluted weighted average shares outstanding**	386,964	380,656	382,672	391,096	397,004	401,076	407,292	408,044	403,659	384,566	369,426	364,505

*Historical GAAP operating profit has been restated to reflect the 2018 adoption of new FASB accounting rules related to the classification of pension cost.

**Diluted weighted average share outstanding has been recast for stock split

***Adjusted EPS is defined as diluted EPS from continuing operations excluding actions and the tax effect on actions.

****Adjusted operating profit is defined as operating profit excluding actions.

Appendix

Free Cash Flow Reconciliation

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Net cash from operating activities	\$ 359,040	\$ 177,397	\$ 414,504	\$ 133,054	\$ 173,478	\$ 553,607	\$ 591,281	\$ 508,090	\$ 227,007	\$ 605,607	\$ 655,718	\$ 643,402
Capital Expenditures	(91,626)	(186,957)	(126,825)	(106,240)	(90,099)	(40,994)	(43,627)	(64,311)	(99,375)	(83,399)	(87,008)	(86,293)
Free Cash Flow	\$ 267,414	\$ (9,560)	\$ 287,679	\$ 26,814	\$ 83,379	\$ 512,613	\$ 547,654	\$ 443,779	\$ 127,632	\$ 522,208	\$ 568,710	\$ 557,109

2019 Guidance (As of 8/1/2019) \$MM, except per share amounts

	Quarter Ended September 28, 2019	Year Ended Dec. 28, 2019
Operating profit outlook, as calculated under GAAP	\$264 to \$274	\$900 to \$930
Acquisition, integration and other action-related charges	\$12	\$55
Operating profit outlook, as adjusted	<u>\$276 to \$286</u>	<u>\$955 to \$985</u>
Diluted earnings per share from continuing operations, as calculated under GAAP	\$0.49 to \$0.52	\$1.59 to \$1.67
Acquisition, integration and other action-related charges	\$0.03	\$0.13
Diluted earnings per share from continuing operations, as adjusted	<u>\$0.52 to \$0.55</u>	<u>\$1.72 to \$1.80</u>
Cash flow from operations		\$700 to \$800
Capital Expenditures		<u>\$90 to \$100</u>
Free cash flow		<u>\$610 to \$700</u>

Appendix

Net Debt to EBITDA

	2013	2014	2015	2016	2017	2018
EBITDA:						
Net income from continuing operations	\$ 330,494	\$ 404,519	\$ 428,855	\$ 536,927	\$ 63,991	\$ 553,084
Interest expense, net	101,884	96,387	118,035	152,692	174,435	194,675
Income tax expense	65,307	60,449	45,018	34,272	473,279	93,797
Depreciation and amortization	90,890	98,202	103,903	103,175	122,487	131,796
Total EBITDA	588,575	659,557	695,811	827,066	834,192	973,352
Total action and other related charges (excluding tax effect on actions)	80,790	198,933	266,060	185,810	197,904	80,162
Stock compensation expense	24,178	30,587	29,618	31,780	23,582	21,416
Total EBITDA, as adjusted	\$ 693,543	\$ 889,077	\$ 991,489	\$ 1,044,656	\$ 1,055,678	\$ 1,074,930
Net debt:						
Debt (current and long term debt and Accounts Receivable Securitization Facility)	\$ 1,630,945	\$ 1,819,012	\$ 2,485,531	\$ 3,686,049	\$ 3,951,643	\$ 3,974,767
Notes payable	36,192	144,438	117,785	56,396	11,873	5,824
(Less) Cash and cash equivalents	(115,863)	(239,855)	(319,169)	(460,245)	(421,566)	(433,022)
Net debt	<u>\$ 1,551,274</u>	<u>\$ 1,723,595</u>	<u>\$ 2,284,147</u>	<u>\$ 3,282,200</u>	<u>\$ 3,541,950</u>	<u>\$ 3,547,569</u>
Net debt/EBITDA, as adjusted	<u>2.2</u>	<u>1.9</u>	<u>2.3</u>	<u>3.1</u>	<u>3.4</u>	<u>3.3</u>

EBITDA is defined as earnings before interest, taxes, depreciation and amortization. Adjusted EBITDA is defined as EBITDA excluding actions and stock compensation expense.