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): November 1, 2018

Hanesbrands Inc.
(Exact name of registrant as specified in its charter)

Maryland	**001-32891**	**20-3552316**
(State or other jurisdiction of incorporation)	**(Commission File Number)**	**(IRS Employer Identification No.)**

1000 East Hanes Mill Road Winston-Salem, NC	**27105**
(Address of principal executive offices)	**(Zip Code)**

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

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

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

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. ☐

Item 2.02. Results of Operations and Financial Condition

On November 1, 2018, Hanesbrands Inc. ("HanesBrands") issued a press release announcing its financial results for the third quarter ended September 29, 2018. A copy of the press release is attached as Exhibit 99.1 to this Current Report on Form 8-K. Exhibit 99.1 is being "furnished" and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 (the "Exchange Act"), nor shall Exhibit 99.1 be deemed incorporated by reference in any filing under the Securities Act of 1933 (the "Securities Act") or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

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 Hanesbrands' previously announced conference call with investors and analysts to be held at 8:30 a.m., Eastern time on November 1, 2018. The call may be accessed at *www.Hanes.com/investors*. Replays of the call will be available at *www.Hanes.com/investors* and via telephone. The telephone playback will be available from approximately 12:00 p.m., Eastern time, on November 1, 2018, until midnight, Eastern time, on November 8, 2018. 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 5491225. Exhibits 99.1 and 99.2 are being "furnished" and shall not be deemed "filed" for purposes of Section 18 of the Exchange Act, nor shall they be deemed incorporated by reference in any filing under the Securities Act or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits

Exhibit 99.1	Press Release dated November 1, 2018
Exhibit 99.2	Supplemental Information

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.

November 1, 2018	HANESBRANDS INC.	
	By:	/s/ Barry A. Hytinen
		Barry A. Hytinen
		Chief Financial Officer

HanesBrands
1000 East Hanes Mill Road
Winston-Salem, NC 27105
(336) 519-8080

HANES Brands Inc
news release

FOR IMMEDIATE RELEASE

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

HANESBRANDS REPORTS THIRD-QUARTER 2018 FINANCIAL RESULTS

- *3Q net sales increase 3 percent with constant-currency organic sales up 1%; Activewear and International sales increase, while Innerwear sales decrease*
- *3Q GAAP EPS was $0.47 and pro forma adjusted EPS excluding actions was $0.55*
- *Company uses free-cash generation to pay down debt and improve debt leverage*
- *Company issues 4Q guidance for GAAP EPS of $0.42 to $0.46 and adjusted EPS excluding actions of $0.46 to $0.50*

WINSTON-SALEM, N.C. (Nov. 1, 2018) - HanesBrands (NYSE: HBI), a leading global marketer of everyday basic apparel under world-class brands, today announced third-quarter 2018 results, including a $14 million charge related to a retailer bankruptcy that masks underlying performance.

Third-quarter net sales increased 3 percent to $1.85 billion, and constant-currency organic sales, which increased for the fifth consecutive quarter, were up more than 1 percent. Activewear and International sales increased 7 percent and 11 percent, respectively, benefiting from strong *Champion* growth, while Innerwear sales decreased 7 percent.

In the quarter ended Sept. 29, 2018, the company took a bad-debt reserve charge of $14 million related to the bankruptcy filing of Sears Holdings Corporation. As a result, GAAP operating profit of $257 million declined 1 percent and GAAP diluted earnings per share were $0.47. Adjusted operating profit excluding actions of $278 million increased 1 percent, and adjusted EPS excluding actions was $0.52.

When excluding the bankruptcy charge, pro forma adjusted operating profit excluding actions increased 6 percent to $292 million, and pro forma adjusted EPS excluding actions was $0.55. (See Table 5 and the Note on Adjusted Measures and Reconciliation to GAAP Measures later in this news release for additional discussion and details.)

“Our overall results were good and in line with our guidance on a pro forma basis. We made progress on our long-term goals of continued organic sales growth, higher profit margins, and reduced debt leverage,” said Hanes Chief Executive Officer Gerald W. Evans Jr. “We are diligently focused on delivering the fourth quarter, and we are off to a strong start in October with solid order bookings across our segments.”

There are several factors supporting a confident outlook, Evans noted. “Global Champion growth outside the mass channel, which was up 40 percent in constant currency in the quarter, is expected to remain strong,” he said. “And while we were disappointed that Innerwear sales were lower than expected in the third quarter, consumer demand was strong, and we believe that continued underlying strength supports our outlook for improvement.”

Callouts for Third-Quarter 2018 Financial Results

Continued Double-Digit Growth in *Champion* Drives Organic Growth. *Champion* sales increased 30 percent in the third quarter on a constant-currency basis with strong double-digit growth in the United States, Asia and Europe on top of strong double-digit growth in the year-ago quarter. Excluding the mass channel, global *Champion* constant-currency sales increased 40 percent.

Consumer-Directed Channels Contribute to Sales Growth. Third-quarter net sales benefited from a 15 percent increase in the consumer-directed channels of online and company-owned retail stores, which accounted for 21 percent of total company sales in the quarter.

Underlying Operating Profit Margin Increases as Expected. While operating margin declined 50 basis points to 13.9 percent on a reported GAAP basis, the pro forma adjusted operating margin excluding the bankruptcy charge increased 50 basis points to 15.8 percent as a result of organic growth, pricing actions, integration synergies and new acquisition contributions that more than offset increased brand and growth investment.

Net Debt Reduced and Debt Leverage Lowered. Hanes used its free-cash generation to pay down debt by approximately $115 million in the third quarter, lowering its debt leverage to 3.8 times on a net debt-to-EBITDA basis.

Business Segment Summaries

Innerwear Segment Results Affected by Order Imbalance. U.S. Innerwear segment sales decreased 7 percent, while operating profit decreased 14 percent. The results were lower than expected, primarily as a result of slower replenishment orders compared with strong point-of-sale trends and higher raw material costs.

Innerwear basics sales decreased, with socks and panties sales down and men’s underwear sales up. All three categories had point-of-sale growth. Products featuring innovation now account for 20 percent of basics sales.

Innerwear intimates sales decreased, although the ongoing implementation of revitalization plans for shapewear and bras are beginning to show progress. New product designs and innovation will continue to be rolled out through the first half of 2019.

Activewear Segment Sales and Profits Increase on *Champion* Growth and Acquisition Benefits. U.S. Activewear segment sales and operating profit each increased 7 percent. Organic sales increased 4 percent, while the Alternative Apparel acquisition also contributed to growth.

Champion sales growth was broad-based, increasing across channels, including sporting goods retailers, mid-tier department stores, college bookstores, mass merchants, online, and company-owned stores.

Net sales for Alternative Apparel, acquired in October 2017, were $16 million.

Strong International Segment Performance Drivers Include Organic Growth, Acquisitions and Synergies. Despite adverse currency exchange rates, International segment sales increased 11 percent and operating profit increased 27 percent. In constant currency, sales increased 15 percent and operating profit increased 31 percent.

Constant-currency organic sales increased 10 percent, primarily on the strength of *Champion* growth in Europe and Asia. Net sales for Australia-based Bras N Things, acquired in February 2018, were $32 million.

The segment's operating margin of 16.1 percent increased 200 basis points over the year-ago quarter, benefiting from organic growth, contributions from Bras N Things, and integration synergies from past acquisitions.

<u>2018 Financial Guidance</u>

Hanes has updated full-year financial guidance for 2018 to reflect year-to-date results, the bankruptcy of Sears Holdings, the strengthening dollar, and other factors. After the effect of the Sears bankruptcy and negative currency trends since the company's prior outlook, the updated guidance represents a tightening of previous ranges for net sales, operating profit and EPS.

The company expects full-year 2018 net sales of $6.735 billion to $6.775 billion, GAAP operating profit of $860 million to $875 million, adjusted operating profit excluding actions of $940 million to $955 million, GAAP EPS for continuing operations of $1.50 to $1.54, adjusted EPS excluding actions for continuing operations of $1.69 to $1.73, and net cash from operations of $625 million to $675 million. The EPS ranges include approximately $0.05 of adverse effect from the Sears Holdings bankruptcy and currency versus prior guidance.

In addition to the $14 million Sears Holdings bad-debt charge, the updated guidance assumes no sales or profit contribution in the fourth quarter from Sears, which accounted for approximately 1 percent of total year-to-date company sales. Prior to the bankruptcy filing, Hanes had expected fourth-quarter sales of approximately $15 million and operating profit of approximately $5 million from Sears.

Compared with the company's previous outlook for foreign exchange rates, the company expects the strengthening dollar to have a greater negative currency effect on net sales. For the fourth quarter, the company expects currency exchange rates to reduce sales by $29 million year over year, up from the previous outlook of a $12 million headwind.

The company's updated operating cash flow guidance also includes incremental inventory investment to support accelerating *Champion* growth.

Updated full-year interest expense and other guidance is $221 million, up from previous guidance of $207 million primarily as a result of the yearlong effect of higher interest rates on variable-rate debt. The company expects the 2018 full-year tax rate to approach 15 percent, down from previous guidance of approximately 16 percent.

Fourth-Quarter Guidance. The company expects fourth-quarter net sales of approximately $1.70 billion to $1.74 billion. The midpoint of guidance represents approximately 5 percent growth versus the fourth-quarter a year ago and organic constant currency growth of approximately 3.5 percent.

The company expects Innerwear sales in the quarter to be comparable to a year ago, representing a significant improvement from the third-quarter year-over-year results. The outlook is based on strong fundamentals, early-quarter order bookings, and an expectation for shipments to more closely match strong consumer purchase rates that began in the third quarter.

Strong *Champion* growth is expected to continue to drive increased sales in the Activewear and International segments in the fourth quarter. Based on strong order bookings through the first half of 2019, *Champion* growth is expected to continue at a significant double-digit rate.

Fourth-quarter GAAP operating profit is expected to be in the range of $236 million to $251 million, and GAAP EPS is expected to be $0.42 to $0.46.

Fourth-quarter adjusted operating profit excluding actions is expected to be in the range of $251 million to $266 million. Adjusted EPS excluding actions for the quarter is expected to be $0.46 to $0.50.

The company expects pretax charges related to acquisition integration and other actions in the fourth quarter of approximately $15 million.

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

Note on Adjusted Measures and Reconciliation to GAAP Measures

To supplement 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 from continuing operations excluding actions and the tax effect on actions. Adjusted net income is defined as net income from continuing operations 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 year to date and for guidance for the full year 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. 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 the future 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.

In addition, the company has 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.

For the third-quarter 2018, Hanes has also chosen to present these non-GAAP measures to investors on a pro forma basis, excluding the effect of the bankruptcy of Sears Holdings Corporation. The company believes these pro forma adjusted financial results provide management and investors with increased clarity on the underlying performance of the business.

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.

Hanes believes this information is useful to management and investors to facilitate comparison of operating results and better identify trends in the company's 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).

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

In the first, second and third quarters of 2018, Hanes incurred nearly $20 million, $25 million, and nearly $21 million, respectively, in pretax charges for acquisition-related and integration actions. In the first, second and third quarters of 2017, Hanes incurred $38 million, $26 million and $17 million, respectively, and in charges for acquisition-related and integration actions.

For 2018 guidance, Hanes expects full-year GAAP EPS of $1.50 to $1.54 with anticipated pretax charges for acquisition-related and integration costs and other actions of approximately $80 million, which results in adjusted EPS guidance of $1.69 to $1.73. For the fourth quarter, the company expects GAAP EPS of $0.42 to $0.46 with anticipated pretax charges for acquisition-related and integration costs and other actions of approximately $15 million, which results in adjusted EPS guidance of $0.46 to $0.50.

Webcast Conference Call

Hanes will host an Internet webcast of its second-quarter investor conference call at 8:30 a.m. EDT today, Nov. 1, 2018. The broadcast, which will consist of prepared remarks followed by a question-and-answer session, may be accessed at www.Hanes.com/investors. The call is expected to conclude by 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 EDT today through midnight EST Nov. 8, 2018. The replay will be available by calling toll-free (855) 859-2056 or by toll call at (404) 537-3406. The replay ID is 5491225.

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 future impact of the Sears bankruptcy, statements regarding outlook for improvement in demand for the global *Champion* brand, and statements following the heading 2018 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 properly manage strategic projects; significant fluctuations in foreign exchange rates; our ability to attract and retain a senior management team with the core competencies needed to support our growth in global markets; legal, regulatory, political and economic risks related to our international operations; our ability to successfully integrate acquired businesses; our reliance on a relatively small number of customers for a significant portion of our sales; 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*, *Maidenform*, *DIM*, *Bali*, *Playtex*, *Bonds*, *JMS/Just My Size*, *Nur Die/Nur Der*, *L'eggs*, *Lovable*, *Wonderbra*, *Berlei*, *Alternative*, *Bras N Things*, and *Gear for Sports*. The company sells T-shirts, bras, panties, shapewear, underwear, socks, hosiery, and activewear produced in the company's low-cost global supply chain. A member of the S&P 500 stock index, Hanes has approximately 68,000 employees in more than 40 countries and is ranked No. 432 on the Fortune 500 list of America's largest companies by sales. Hanes takes pride in its strong reputation for ethical business practices. Connect with HanesBrands at www.Hanes.com/corporate or via social media (Twitter: @hanesbrands, and Facebook: www.facebook.com/hanesbrandsinc).

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TABLE 1

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

	Quarter Ended			Nine Months Ended		
	September 29, 2018	**September 30, 2017**	**% Change**	**September 29, 2018**	**September 30, 2017**	**% Change**
Net sales	$ 1,848,707	$ 1,799,270	2.7 %	$ 5,035,654	$ 4,826,235	4.3 %
Cost of sales	1,136,040	1,120,813		3,084,110	2,962,345	
Gross profit	712,667	678,457	5.0 %	1,951,544	1,863,890	4.7 %
As a % of net sales	**38.5%**	**37.7%**		**38.8%**	**38.6%**	
Selling, general and administrative expenses	455,778	419,991		1,328,534	1,245,290	
As a % of net sales	**24.7%**	**23.3%**		**26.4%**	**25.8%**	
Operating profit	256,889	258,466	(0.6)%	623,010	618,600	0.7 %
As a % of net sales	**13.9%**	**14.4%**		**12.4%**	**12.8%**	
Other expenses	7,285	7,043		19,616	20,010	
Interest expense, net	52,795	43,917		146,988	130,184	
Income from continuing operations before income tax expense	196,809	207,506		456,406	468,406	
Income tax expense	25,388	4,150		64,943	19,804	
Income from continuing operations	171,421	203,356	(15.7)%	391,463	448,602	(12.7)%
Loss from discontinued operations, net of tax	—	—		—	(2,097)	
Net income	$ 171,421	$ 203,356	(15.7)%	$ 391,463	$ 446,505	(12.3)%
Earnings (loss) per share - basic:						
Continuing operations	$ 0.47	$ 0.56		$ 1.08	$ 1.22	
Discontinued operations	—	—		—	(0.01)	
Net income	$ 0.47	$ 0.56	(16.1)%	$ 1.08	$ 1.21	(10.7)%
Earnings (loss) per share - diluted:						
Continuing operations	$ 0.47	$ 0.55		$ 1.07	$ 1.21	
Discontinued operations	—	—		—	(0.01)	
Net income	$ 0.47	$ 0.55	(14.5)%	$ 1.07	$ 1.20	(10.8)%
Weighted average shares outstanding:						
Basic	363,510	366,083		363,338	368,885	
Diluted	364,638	368,160		364,527	370,947	

TABLE 2

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

	Quarter Ended			Nine Months Ended		
	September 29, 2018	September 30, 2017	% Change	September 29, 2018	September 30, 2017	% Change
Segment net sales:						
Innerwear	$ 599,726	$ 644,059	(6.9)%	$ 1,785,498	$ 1,868,255	(4.4)%
Activewear	554,953	519,496	6.8	1,306,863	1,226,595	6.5
International	619,435	556,730	11.3	1,735,184	1,509,370	15.0
Other	74,593	78,985	(5.6)	208,109	222,015	(6.3)
Total net sales	$ 1,848,707	$ 1,799,270	2.7 %	$ 5,035,654	$ 4,826,235	4.3 %
Segment operating profit[1]:						
Innerwear	$ 132,244	$ 152,983	(13.6)%	$ 392,792	$ 447,233	(12.2)%
Activewear	93,605	87,497	7.0	189,400	189,819	(0.2)
International	99,624	78,394	27.1	253,243	191,203	32.4
Other	8,400	12,109	(30.6)	18,187	22,453	(19.0)
General corporate expenses/other	(56,252)	(55,643)	1.1	(165,098)	(150,805)	9.5
Acquisition, integration and other action-related charges	(20,732)	(16,874)	22.9	(65,514)	(81,303)	(19.4)
Total operating profit	$ 256,889	$ 258,466	(0.6)%	$ 623,010	$ 618,600	0.7 %

[1] In the first quarter of 2018, HanesBrands eliminated the allocation of certain corporate overhead selling, general and administrative expenses related to the legal, human resources, information technology, finance and real estate departments to the segments, in order to reflect the manner in which the business is managed and results are reviewed by the chief executive officer, who is HanesBrands' chief operating decision maker. Prior year segment operating profit disclosures have been revised to conform to the current year presentation.

The following tables present a reconciliation of total reported net sales to organic constant currency net sales for the quarter and nine months ended September 29, 2018 and a comparison to prior year:

	Quarter Ended September 29, 2018				
	Reported Net Sales	Acquisitions[1]	Impact from Foreign Currency[2]	Organic Constant Currency	% Change
Segment net sales:					
Innerwear	$ 599,726	$ —	$ —	$ 599,726	(6.9)%
Activewear	554,953	16,093	—	538,860	3.7
International	619,435	32,000	(21,957)	609,392	9.5
Other	74,593	—	—	74,593	(5.6)
Total	$ 1,848,707	$ 48,093	$ (21,957)	$ 1,822,571	1.3 %

	Nine Months Ended September 29, 2018				
	Reported Net Sales	Acquisitions[1]	Impact from Foreign Currency[2]	Organic Constant Currency	% Change
Segment net sales:					
Innerwear	$ 1,785,498	$ —	$ —	$ 1,785,498	(4.4)%
Activewear	1,306,863	52,040	—	1,254,823	2.3
International	1,735,184	79,587	38,449	1,617,148	7.1
Other	208,109	—	—	208,109	(6.3)
Total	$ 5,035,654	$ 131,627	$ 38,449	$ 4,865,578	0.8 %

[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.

TABLE 3

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

	September 29, 2018	December 30, 2017
Assets		
Cash and cash equivalents	$ 398,499	$ 421,566
Trade accounts receivable, net	1,044,516	903,318
Inventories	2,139,281	1,874,990
Other current assets	154,909	186,496
Total current assets	3,737,205	3,386,370
Property, net	607,649	623,991
Trademarks and other identifiable intangibles, net	1,586,148	1,402,857
Goodwill	1,252,524	1,167,007
Deferred tax assets	191,649	234,932
Other noncurrent assets	80,331	79,618
Total assets	$ 7,455,506	$ 6,894,775
Liabilities		
Accounts payable and accrued liabilities	$ 1,506,878	$ 1,517,283
Notes payable	14,051	11,873
Accounts Receivable Securitization Facility	221,979	125,209
Current portion of long-term debt	284,220	124,380
Total current liabilities	2,027,128	1,778,745
Long-term debt	3,863,580	3,702,054
Pension and postretirement benefits	386,647	405,238
Other noncurrent liabilities	307,563	322,536
Total liabilities	6,584,918	6,208,573
Equity	870,588	686,202
Total liabilities and equity	$ 7,455,506	$ 6,894,775

TABLE 4

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

	Nine Months Ended	
	September 29, 2018	**September 30, 2017**
Operating Activities:		
Net income	$ 391,463	$ 446,505
Depreciation and amortization	99,314	89,762
Stock compensation expense	4,621	6,351
Other noncash items	2,781	(2,648)
Changes in assets and liabilities, net	(356,890)	(208,880)
Net cash from operating activities	141,289	331,090
Investing Activities:		
Purchases/sales of property and equipment, net, and other	(61,693)	(56,020)
Acquisition of business, net of cash acquired	(334,916)	(524)
Disposition of businesses	—	40,285
Net cash from investing activities	(396,609)	(16,259)
Financing Activities:		
Cash dividends paid	(162,200)	(165,211)
Share repurchases	—	(299,919)
Net borrowings on notes payable, debt and other	416,782	97,532
Net cash from financing activities	254,582	(367,598)
Effect of changes in foreign currency exchange rates on cash	879	(7,433)
Change in cash, cash equivalents and restricted cash	141	(60,200)
Cash and cash equivalents at beginning of year	421,566	460,245
Cash, cash equivalents and restricted cash at end of period	421,707	400,045
Less restricted cash at end of period	23,208	—
Cash and cash equivalents per balance sheet at end of period	$ 398,499	$ 400,045

TABLE 5

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

	Quarter Ended September 29, 2018							
	Reported GAAP	**% Change**	**Acquisition, Integration and Other Action-related Charges**	**Adjusted Results**	**% Change**	**Sears Bankruptcy Related Charges**	**Adjusted Results Excluding Sears Bankruptcy**	**% Change**
Gross profit	712,667	5.0 %	11,760	724,427	6.4 %	—	724,427	6.4 %
As a % of net sales	**38.5%**			**39.2%**			**39.2%**	
		—						
Selling, general and administrative expenses	455,778		(8,972)	446,806		(14,113)	432,693	
As a % of net sales	**24.7%**			**24.2%**			**23.4%**	
Operating profit	256,889	(0.6)%	20,732	277,621	0.8 %	14,113	291,734	6.0 %
As a % of net sales	**13.9%**			**15.0%**			**15.8%**	
Interest and other expenses	60,080		—	60,080		—	60,080	
Income tax expense	25,388		3,089	28,477		1,821	30,298	
Diluted earnings per share from continuing operations	$ 0.47	(14.5)%	$ 0.05	$ 0.52	(13.3)%	$ 0.03	$ 0.55	(8.3)%

	Nine Months Ended September 29, 2018							
	Reported GAAP	**% Change**	**Acquisition, Integration and Other Action-related Charges**	**Adjusted Results**	**% Change**	**Sears Bankruptcy Related Charges**	**Adjusted Results Excluding Sears Bankruptcy**	**% Change**
Gross profit	1,951,544	4.7 %	33,596	1,985,140	5.3 %	—	1,985,140	5.3 %
As a % of net sales	**38.8%**			**39.4%**			**39.4%**	
Selling, general and administrative expenses	1,328,534		(31,918)	1,296,616		(14,113)	1,282,503	
As a % of net sales	**26.4%**			**25.7%**			**25.5%**	
Operating profit	623,010	0.7 %	65,514	688,524	(1.6)%	14,113	702,637	0.4 %
As a % of net sales	**12.4%**			**13.7%**			**14.0%**	
Interest and other expenses	166,604		36	166,640		—	166,640	
Income tax expense	64,943		9,946	74,889		1,821	76,710	
Diluted earnings per share from continuing operations	$ 1.07	(11.6)%	$ 0.15	$ 1.23	(13.4)%	$ 0.03	$ 1.26	(11.3)%

	Quarter Ended		Nine Months Ended	
	September 29, 2018	**September 30, 2017**	**September 29, 2018**	**September 30, 2017**
Action and other related charges by category:				
Hanes Europe Innerwear	$ 7,076	$ 8,136	$ 24,107	$ 38,528
Hanes Australasia	1,444	9,383	14,183	27,361
Champion Europe	350	2,528	3,308	8,096
Bras N Things	2,065	—	5,341	—
Smaller acquisitions and other action-related costs	9,797	(3,173)	18,575	7,318
Debt refinance charges	—	—	(36)	—
Tax effect on actions	(3,089)	(338)	(9,946)	(4,204)
Total action and other related charges	$ 17,643	$ 16,536	$ 55,532	$ 77,099

	Last Twelve Months	
	September 29, 2018	**September 30, 2017**
EBITDA[1]:		
Net income from continuing operations	$ 6,852	$ 604,327
Interest expense, net	191,239	171,337
Income tax expense	518,418	25,383
Depreciation and amortization	132,039	119,222
Total EBITDA	848,548	920,269
Total action and other related charges (excluding tax effect on actions)	182,079	175,462
Stock compensation expense	21,852	21,839
Total EBITDA, as adjusted	$ 1,052,479	$ 1,117,570
Net debt:		
Debt (current and long term debt and Accounts Receivable Securitization Facility)	$ 4,369,779	$ 3,971,937
Notes payable	14,051	23,969
(Less) Cash and cash equivalents	(398,499)	(400,045)
Net debt	$ 3,985,331	$ 3,595,861
Net debt/EBITDA, as adjusted	3.8	3.2

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

TABLE 6

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

	Quarter Ended December 29, 2018	Year Ended December 29, 2018
Operating profit outlook, as calculated under GAAP	$236,000 to $251,000	$860,000 to $875,000
Acquisition, integration and other action-related charges	$15,000	$80,000
Operating profit outlook, as adjusted	$251,000 to $266,000	$940,000 to $955,000
Diluted earnings per share from continuing operations, as calculated under GAAP	$0.42 to $0.46	$1.50 to $1.54
Acquisition, integration and other action-related charges	$0.04	$0.19
Diluted earnings per share from continuing operations, as adjusted	$0.46 to $0.50	$1.69 to $1.73

HANES Brands Inc

Hanesbrands FAQs

Updated November 1, 2018 – New or updated information is in red

General and Current Period FAQs (Guidance comments as of November 1, 2018)

(1) Q: Can you comment on your third-quarter performance?

A: In our third-quarter earnings release, we have provided investors visibility to our results with and without the impact of the Sears Holdings bankruptcy (see Table 5 of the earnings release). Excluding the impact from the Sears Holdings bankruptcy, total company results were in-line with our guidance, benefitting from our business diversification. We continued to make progress toward our long-term goals with a fifth consecutive quarter of constant-currency organic revenue growth, improved profit margins, reduced leverage, and continued strength of Champion globally.

Revenue in the quarter experienced greater-than-expected pressure from foreign exchange rates, but still met the low-end of our guidance range. Continued strong demand for Champion drove better-than-expected performance in both our Activewear and International segments. Activewear segment revenue increased 7% driven by 4% organic growth (Champion and replenishment activewear) and the contributions from Alternative Apparel. International segment organic revenue increased approximately 10% in constant currency with growth in all of our major regions (Asia, Europe and Australia). Innerwear segment revenue declined 7% year over year (Basics down 4% and Intimates down 14%) and was below our outlook due to replenishment orders lagging strong point-of-sale trends. Despite the shipment performance in the quarter, there were a number of positive underlying consumer signals that point to improved Innerwear revenue trends in the fourth quarter (see question 4).

Adjusted gross margin increased 140 basis points over last year driven by favorable mix (principally Champion), contributions from Bras N Things and benefits from acquisition synergies and cost-savings initiatives, which more than offset higher input costs. Excluding the impact of the Sears Holdings bankruptcy, adjusted operating margin increased 50 basis points over last year driven by the improved gross margin performance partially offset by our planned investments to support our growth strategies. We also reduced our debt balance, lowering our leverage to 3.8 times on a net debt-to-adjusted EBITDA basis.

(2) Q: What is factored into your full-year guidance for 2018?

A: Revenue: Our full-year revenue guidance of $6.735 billion to $6.775 billion represents mid-single-digit growth year over year. It includes the following assumptions: (1) approximately $177 million of acquisition contributions from Alternative Apparel (Q1 – Q3) and Bras N Things (from close date through year-end); (2) F/X tailwind of approximately $10 million; and, (3) organic constant-currency growth of approximately 1.5% at the midpoint. Relative to our prior revenue outlook, our current guidance range also incorporates $35 million of incremental headwinds from the combination of the strengthening of the U.S. Dollar since our August update ($20 million) and the removal of Sears Holdings sales from our fourth-quarter outlook ($15 million).

By segment, we expect U.S. Innerwear revenue to be down approximately 3% for the full year. U.S. Activewear is expected to be up mid-single digits for the year driven by approximately 3% organic growth and contributions from the acquisition of Alternative Apparel (Q1 – Q3). For the full-year, our International segment is expected to be up high single-digits on both an organic and an organic constant-currency basis. Bras N Things revenue is additive to the organic assumptions for the International segment.

Operating Profit (GAAP and Adjusted): Our full-year Adjusted Operating Profit guidance of $940 million to $955 million excludes all pretax acquisition, integration, and other charges. It includes the following assumptions: (1) approximately $30 million of acquisition contributions from Alternative Apparel and Bras N Things; and, (2) the change in accounting rules regarding pension expense (see question 14). Relative to our prior outlook, our current guidance range incorporates approximately $23 million of incremental headwinds from the combination of Sears Holdings bankruptcy (third-quarter charge and the removal from our fourth-quarter outlook) and the stronger U.S. Dollar since our August update. Our guidance implies an approximately 50 basis point increase in gross margin and a 50 basis point decline in operating margin year over year (operating margin would be essentially flat excluding the impact from Sears Holdings and foreign exchange rates). Our full-year GAAP Operating Profit guidance of $860 million to $875 million incorporates our Adjusted Operating Profit guidance as well as our assumption of approximately $80 million in acquisition, integration, and other charges.

Interest/Other Expense and Tax Rate: Our guidance assumes approximately $221 million of Interest and Other expense, which includes pension expense that per an accounting rule change moved from SG&A in prior years to Other Expense (see question 14). The increase in Interest and Other expense relative to our prior outlook is due primarily to the impact of higher interest rates throughout the year (approximately half of our total debt is floating rate with the remainder fixed at approximately 4.5%). Our guidance assumes a tax rate approaching 15%, which is lower than our prior outlook due to a couple of positive discrete items in the second half of the year. The net impact of these two items relative to our prior guidance is approximately $2 million of incremental expense.

EPS (GAAP and Adjusted): Our full-year GAAP EPS guidance is $1.50 to $1.54 and our Adjusted EPS guidance, which excludes all pretax acquisition, integration, and other charges, is $1.69 to $1.73. Both ranges include approximately $0.05 of incremental headwind versus our prior guidance due to the combined impact of Sears Holdings and the stronger U.S. Dollar since our August update.

Cash flow from operations: Our full-year guidance range of $625 million to $675 million includes a $15 million pension contribution (there was no contribution in 2017) as well as the one-time approximately $28 million contingent consideration payment for our Champion Europe acquisition (paid in first quarter 2018). The change versus our prior outlook is due to transitory working capital investments to support Champion's stronger-than-expected global growth as well as the combined after-tax profit impact from Sears Holdings and the stronger U.S. Dollar since our August update (see profit comments above).

Pretax expenses: Our guidance reflects approximately $80 million of pretax acquisition, integration, and other expenses. About a quarter of these charges (approximately $20 million), which we would categorize as 'other', are related to a two-year realignment of our supply chain, with the focus on our network in the Western Hemisphere. As our supply chain has become more efficient and productive over time, we believe there are opportunities to further tighten our network to capture additional productivity improvements. The remaining three-quarters of the charges (approximately $60 million) are related to the integration of existing acquisitions. We have completed the integration of Knights Apparel, we expect to be complete with the Hanes Europe and Champion Europe integrations by the end of 2018, and we expect to finish the Hanes Australasia integration by the end of 2019. Looking to 2019, and excluding any future acquisitions, we expect acquisition and integration-related charges, inclusive of all current acquisitions, to be $15 million or less, while we expect the 2019 costs associated with supply chain actions to be in line with 2018.

(3) Q: What is factored into your guidance for Q4 2018?

A: We expect total net sales of $1.70 billion to $1.74 billion, which includes approximately $45 million from the acquisition of Bras N Things as well as an approximate $29 million headwind from the effects of foreign exchange rates as compared to last year. Our revenue guidance implies total revenue growth of 3.3% to 5.7%. Constant-currency organic growth is estimated to be approximately 3.5% at the mid-point, reflecting our expectation for U.S. Innerwear revenue to be consistent with prior year (up 3% excluding Sears Holdings from both periods), approximately 4% growth in U.S. Activewear, and high single-digit organic constant-currency growth in our International segment.

Our guidance for GAAP Operating Profit is $236 million to $251 million. Our guidance for Adjusted Operating Profit, which excludes approximately $15 million of pretax acquisition, integration, and other expenses, is $251 million to $266 million. At the midpoint, our guidance implies 10% growth in adjusted operating profit over prior year and a 70 basis point increase in adjusted operating margin driven by favorable mix, the contribution from Bras N Things as well as SG&A leverage, partially offset by higher input costs. We note that our fourth-quarter guidance excludes all sales to Sears Holdings, which lowered expected revenue by $15 million and operating profit (both GAAP and Adjusted) by approximately $5 million relative to our prior outlook. Our guidance assumes a tax rate approaching 15%. Our guidance for GAAP EPS is $0.42 to $0.46. Our guidance for Adjusted EPS, which excludes pretax acquisition, integration, and other expenses, is $0.46 to $0.50, implying 12% growth at the midpoint when normalizing last year's tax rate to reflect the impact from tax reform.

(4) Q: Why do you believe U.S. Innerwear revenue can stabilize in the fourth quarter and in 2019?

A: In the third quarter, we saw a number of positive signs in our U.S. Innerwear business that point to improved revenue trends in the fourth-quarter and into 2019. Specifically: (1) we experienced some of the strongest point-of-sale results across our categories that we have seen in years – Basics point-of-sale increased at a low-to-mid single-digit rate each month and Intimates point-of-sale turned positive in September, benefiting from the strong consumer reception to our new shapewear products; (2) our innovation is working, representing 20% of Basics revenue in the quarter, with new product launches planned in 2019; (3) our market share is increasing in Basics and stabilizing in Intimates; and, (4) we are seeing traction in our Intimates revitalization plan with point-of-sale rebounding in the key accounts where we have relaunched with new product offerings. We expect Innerwear sales to be essentially flat in the fourth quarter driven by shipment trends that are aligning with point-of-sale, particularly in Basics, as well as the continuation of our strong point-of-sale trends through October. Looking to 2019, we expect the Innerwear business to be essentially flat; reflecting expanded shelf space in Basics (already secured), the benefits from 2019 price increases (already accepted by retailers – in effect in February), some modest costs to implement the price increase, a conservative view on elasticity, and the removal of Sears Holdings from our forward outlook.

(5) Q: Can you provide any initial thoughts regarding 2019?

A: We will provide full-year 2019 guidance when we report fourth-quarter 2018 results. However, we have some initial thoughts as it relates to a couple of items: (1) In light of current foreign exchange rates, we expect currency to remain a headwind to reported revenue and operating profit in the first half of 2019; (2) we expect the U.S. Innerwear business to be essentially flat; reflecting expanded shelf space in Basics (already secured), the benefits from 2019 price increases (already accepted by retailers – in effect in February), some modest costs to implement the price increase, a conservative view on elasticity, and the removal of Sears Holdings from our forward outlook; (3) based on our bookings visibility through the first half of 2019, we expect strong double-digit revenue growth in Champion, outside the mass channel; (4) we expect to continue to invest in our growth strategies to support our brands; (5) we expect Interest and Other expenses to be essentially flat year over year (see question 2); (6) we expect our tax rate to be approximately 16%; and, (7) we expect to be back within our targeted long-term leverage range in the second half of 2019 (see question 11).

(6) Q: What is the expected impact from the Sears Holdings bankruptcy?

A: Year-to-date, Sears Holdings represented just over 1% total company revenue and less than 1% of total company operating profit, net of the third-quarter charge. Our approach to account for the bankruptcy was to eliminate the exposure upfront, which resulted in a $14 million charge in the third quarter. We took the same approach to our fourth-quarter guidance and removed all sales to Sears Holdings from our forecast, which lowered expected fourth-quarter revenue by $15 million and operating profit (both GAAP and Adjusted) by approximately $5 million. With respect to 2019, while the bankruptcy situation remains fluid, we removed all Sears Holdings sales from our forward assumptions. We would expect this to result in a year over year headwind of roughly $65 million to revenue (Q1 – Q3).

(7) Q: Can you provide an update on the progress toward your 2022 goal of $2 billion in global Champion revenue?

A: At our Investor Day in May 2018, we set a goal to double our Champion revenue, outside the mass channel, from approximately $1 billion in 2017 to $2 billion in 2022, representing a 15% CAGR over five years. On a trailing 12-month basis, Champion sales outside the mass channel were over $1.2 billion at the end of the third quarter. We expect 2018 full-year Champion sales outside the mass channel to exceed $1.3 billion, representing at least 30% constant-currency growth for the year. Based on our bookings, we expect Champion's strong double-digit revenue growth to continue through the first half of 2019, putting us ahead of schedule in achieving our $2 billion revenue goal.

For the quarter, Global Champion sales, outside the mass channel, grew 40% in constant currency and operating margins continued to expand. Sales growth in the quarter was broad-based, up double-digits in all regions. We also saw growth across global channels of trade, including wholesale, owned-retail and online. Even though we are cycling tougher comparisons, Champion's growth rate continues to accelerate. Over the past five quarters, constant-currency revenue growth has been 33%, 29%, 32% 39%, and 40%. This is a clear indication that our coordinated global strategy to elevate the Champion brand is driving increased demand for the product. We've reunited the brand globally, allowing us to coordinate product design around the world. We have significantly increased our investments, including engaging directly with the consumer through digital platforms. We're expanding our global points of distribution, including company owned branded stores. These elevation efforts are driving strong demand for the brand across geographies, across product categories, and across channels.

(8) Q: Can you provide any insights into your Champion at mass business?

A: Our Champion at mass business has been in place since 2004. On August 1, 2018, we announced that our retail partner made the decision not to renew the contract after the current agreement expires on January 31, 2020. The Champion at mass business consists of Activewear and Basics products. The Activewear program is a seasonal commitment business with trailing 12-month revenue of approximately $385 million at the end of the third-quarter. The Basics program is a replenishment business with trailing 12-month revenue of approximately $70 million. We have a number of actions already underway to replace the Champion at mass Basics business by transitioning these sales to our Hanes brand and by expanding shelf space gains in Champion-branded Basics outside the mass channel (a portion of our secured 2019 Basics space gains, referred to in question 4, are for our Champion-branded Basics). Trailing 12-month revenue of our entire Champion at mass business declined at a mid-single digit rate. Mass channel bookings through the first half of 2019 are essentially flat with the first half of 2018. As we have visibility into future bookings we will provide additional updates. Trailing 12-month Champion revenue, excluding all products in the mass channel, was over $1.2 billion at the end of the third-quarter.

(9) Q: Could you provide any insights with respect to the progression from your 2018 cash flow from operations guidance to the long-term cash flow scenarios you provided at your May 2018 Investor Day?

A: At our 2018 Investor Day, we highlighted two 'de-risked' scenarios – (a)'base plan' and (b) 'base plan with acquisitions' – to highlight what we believed our business model could generate in terms of operating profit and cash flow over the next several years. Under the 'base plan' scenario, beginning with $650 million (midpoint of our 2018 cash flow from operations guidance), if you add: (1) approximately $30 million from the one-time contingent consideration payment for Champion Europe; (2) $80 million of pre-tax acquisition, integration and other charges, which we expect to be complete in 2019; (3) pricing actions to recover input cost inflation; (4) net $50 million from acquisition synergies and cost savings initiatives; (5) the wrap from Bras N Things; and, (6) contributions from a 1% organic revenue compounded annual growth rate, which was part of the base plan assumption; this would generate annual cash flow from operations approaching $900 million in 2020. Adding the contributions from acquisitions (under the 'base plan with acquisitions' scenario) would result in $1 billion in annual cash flow from operations in 2020. As a reminder, our 2018 cash flow from operations includes the impact of incremental working capital investments to support Champion's stronger-than-expected global growth.

(10) 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, China represents a very small portion of the units shipped to the U.S. The impact to our costs is immaterial under the current tariffs in place and would likely be immaterial under any of the additional tariff scenarios currently being considered.

(11) Q: What is your long-term capital allocation strategy and what are your priorities for 2018 and 2019?

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 net debt-to-EBITDA to be in a range of 2 to 3 times. Our strategy is to use our cash flow to fund capital investments and our dividend. 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. As it relates to 2018 and 2019, the first priority is to invest in the business. Capital expenditures are estimated to be $90 million to $100 million in 2018. Our second priority is our dividend. As a result of our seasonal cash flow (i.e. cash use in the first-half of the year) and the timing of our Bras N Things acquisition, our leverage ratio at the end of the third quarter was 3.8 times net debt-to-adjusted EBITDA (versus 3.9 times at the end of the second quarter). Given our leverage is currently outside of our long-term range, our third priority is to use our excess free cash flow to pay down debt, which we began to do in the third quarter. Based on our 2018 guidance, we expect to be approaching 3 times on a net debt-to-adjusted EBITDA basis by the end of 2018. Looking into 2019, we expect to be back within our target leverage range of 2 to 3 times net debt-to-adjusted EBITDA.

(12)Q: How much did acquisitions contribute to third-quarter revenue and adjusted operating profit results?

A: For the third quarter, acquisitions contributed approximately $48 million in revenue and approximately $8 million in adjusted operating profit, which excludes pretax acquisition, integration, and other charges.

(13)Q: How big is the consumer-direct channel for Hanesbrands?

A: We define consumer-direct in terms of consumer method of purchase, which in our definition includes owned retail locations as well as all online sales (owned websites, online pure play websites, and traditional retailer websites). Our global consumer-direct sales represented approximately 21% of total company sales in the third quarter of 2018. Specific to online sales, global online sales were approximately 10% of total company sales in the quarter.

(14)Q: Do you expect any impact from the accounting rule change regarding pension expense?

A: There is an accounting rule change regarding pension expense that became effective at the beginning of 2018. Our pension expense will shift from SG&A to the Interest/Other expense line. Our 2018 guidance (Operating Profit and Interest/Other Expense) reflect the new rule regarding pension expense. Please see the Supplemental Table at www.hanes.com/investors, which recasts 2016 and 2017. Note, this rule change only impacts where these expenses are reflected in the P&L, prior period pretax income will be unchanged under the new rule.

(15)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 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 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.

(16)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.

# # #

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 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 the third quarter and for guidance for the full year primarily represent acquisition-related 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. 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 the future 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.

In addition to these non-GAAP measures, we have chosen to present EBITDA and adjusted EBITDA to investors because we consider it 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. We believe 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 our 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.

For the third-quarter 2018, we have also chosen to present these non-GAAP measures to investors on a pro forma basis, excluding the effect of the bankruptcy of Sears Holdings Corporation. We believe these pro forma adjusted financial results provide management and investors with increased clarity on the underlying performance of the business.

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).

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 November 1, 2018 to reconcile quarterly and full-year non-GAAP performance measures to the most directly comparable GAAP measure. A copy of the press release is available at www.Hanes.com/investors.

Cautionary Statement Concerning Forward-Looking Statements

These FAQs 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 2018 financial guidance, as well as statements regarding future impact of the Sears bankruptcy, statements regarding outlook for improvement in demand for the global Champion brand, and assumptions regarding consumer behavior, foreign exchange rates and U.S. tax law and policy are forward-looking statements. These forward-looking statements are based on our current intent, beliefs, plans and expectations. Readers are cautioned not to place any undue reliance on any forward-looking statements. Forward-looking statements necessarily involve risks and uncertainties, many of which are outside of our control, that could cause actual results to differ materially from such statements and from our historical results and experience. These risks and uncertainties include such things as: the highly competitive and evolving nature of the industry in which we compete; 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; significant fluctuations in foreign exchange rates; our ability to attract and retain a senior management team with the core competencies needed to support our growth in global markets; legal, regulatory, political and economic risks related to our international operations; our ability to successfully integrate acquired businesses; our reliance on a relatively small number of customers for a significant portion of our sales; 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.