Recommendation for Hanes | Board of Directors

HANES Brands Inc

Discussion Materials | September 17th, 2023

Herman B. Wells Fargo

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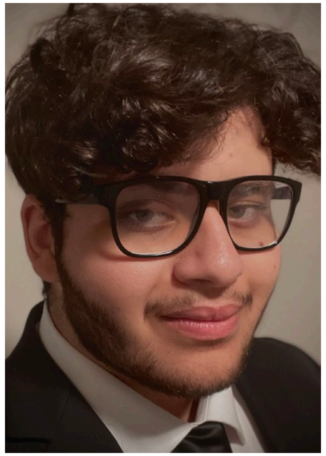

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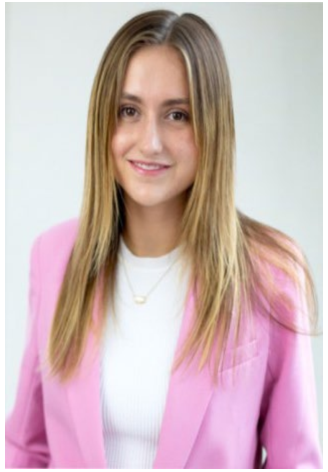

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HANES Brands Inc

I. Executive Summary

Executive Summary

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Overview

Hanesbrands, Inc is located in Winston-Salem, NC and they operate a lot of various companies that specialize in undergarments and activewear. They are a leading player in the undergarment industry.

Scope of Proposal

Hanesbrands, Inc should continue on their current path because we have evaluated the industry that they are in and believe this is the best suggestion. To come to this conclusion, we reviewed their company's financials and think it would be best to continue their current restructuring path.

Strategic Assessment

Hanesbrands, Inc has been a leading player in the undergarment industry for a long period of time. However, we believe that in order to stay successful in the business and recover from debt, we suggest that Hanesbrands, Inc focuses on continuing their current path, to ensure their growth can create upside.

Proposal

Given Hanesbrands, Inc.'s market placement, we recommend that the company remain on the current path, as a CAGR of 1.5% will increase share price to $5.87, a 11.8% upside.

II. Company Overview

Company Overview – Hanesbrands Inc. (NYSE: HBI)

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Business Description

- Headquartered in Winston-Salem, NC

Hanesbrands Inc. owns and operates:

Hanes, Champion, Bonds, Bali, Maidenform, Playtex, Bras N Things, Just My Size, Alternative, Berlei, Wonderbra, Gear for Sports, Comfort Wash. Co. and more.

They have 3 operating segments:

- Innerwear (men, women and children)
- Activewear (t-shirts, fleece, performance apparel, sorts shirts and thermals)
- International (innerwear, activewear and home goods products)

Financial Statistics

Stock Price (09/16/2023)	$4.63
52-Week High	$8.71
52-Week Low	$3.87
Net Income (2022)	$(395)M
Debt-to-Equity Ratio	12.0
EBIT	$519M

- Sales decreased by -8.35% in 2022
- Hanesbrands Inc. revenue expected to decrease by 6.49% in 2023.
- In 2023 they experienced a great drop in stock price due to the company deciding to direct most of its cash on its debt.

HANES Brands Inc

Company Overview – Hanesbrands Inc. (NYSE: HBI)

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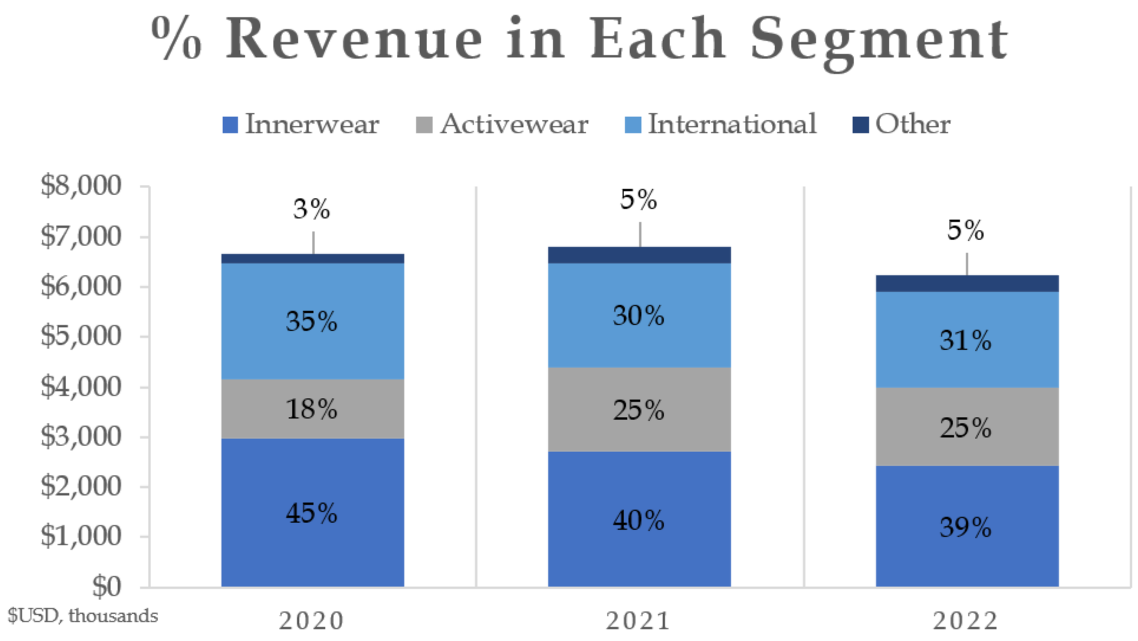
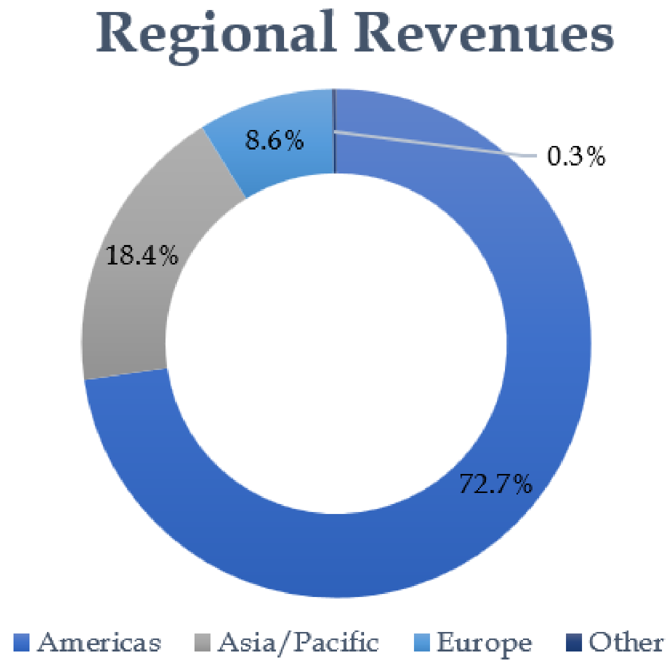
Revenue Breakdown



Geographic Penetration



HANES Brands Inc

III. Positioning and Investment Thesis

Strategic Recommendation

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Financial Highlights

2022 Total Revenue

$6,233 M

LTM Operating Income

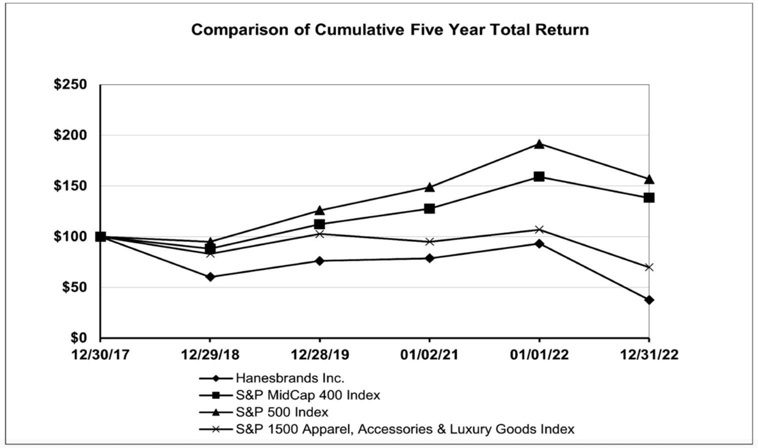
$373.8mm

LTM EBITDA% Margin

9.4%

LTM Gross Profit

$2,012.5 M



Rapid Growth

HBI will begin to grow under three pillars:

1. **Reduced DIH**:
   - The retail industry's biggest issue is shrinkage. By reducing the amount of inventory on hand, HBI can reduce its loss risk which directly increases Net Income.

2. **Key/Specific Customer Relationships**:
   - Walmart, Inc., accounting for 16% of total net sales in 2022, and 19% of mass market customer sales. In case of a recession, HBI has a strong presence to feature its high volume, low-cost products in discount department and grocery stores.

3. **Supply Chain Dominance**
   - By owning 60% of manufacturing facilities, HBI reduces its supply chain risk compared to other retailers. This reduces cost, thus increase profit margins in times of financial distress in the markets.

Strong Pathways:

1. **Innerwear:** 46% of 2022 Operating Profit was sourced from innerwear, as well as holds the largest amount of inventory within the company due to the mass market production strategy. Reducing this amount of inventory on hand would reduce shrinkage by a significant amount in large retailers
2. **Activewear:** As the leading international marketer of everyday clothing, HBI has a competitive advantage due to its subsidiaries such as Champion and Gear for Sports. HBI's strong presence in the industry accounts for An increase in licensed sales on Champion lines would greatly increase revenues.
3. **Outlet Stores:** A range of products is sold at outlet stores as a form of direct retailing. HBI keeps a consistent, planned amount of inventory at these value-based stores. Maintaining this strategy to other large retailers and department stores would reduce mass-production, DIH, and shrinkage as a whole.
4. **Increase in Global Presence and Motive:** The New "I'm in" program to foster a new environment focused more around more engagement throughout internal teams at HBI. Working on the company from inside than out can improve efficiency and effectiveness.

HANES Brands Inc

Strategic Recommendation

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Performance Catalysts

Innerwear as Growing Segment: With a CAGR of 5.4% and expecting to grow operating margins to 14% by 2024, HBI should capitalize on their strong market share in the innerwear industry by increasing promotional spending.

Strong Diversification of Brands: Through roughly $2.7 billion spent in acquisitions since 2013, HBI has transformed its brand portfolio into a more global operation with higher margins and higher returns.

Consumer Behavior Changes: In a recession, or decrease in overall discretionary income, consumers will shift behavior to lower cost items. Due to HBI's product types, they should see an increase in overall revenues during a recession due to a change in consumer preferences.

Growth Opportunities

Limit Mass Production Strategy: One of HBI's strategies is to mass produce items at a lower cost in order to have inventory in large department stores like Walmart. However, this large amount of inventory leads to a large amount of shrinkage, ultimately reducing net profit. By keeping a lower amount of inventory on hand,.

Increase Marketing Strategies Abroad: One of HBI's operating segments is "International," and could be significantly increased with more marketing strategies being implemented abroad in order to increase revenue in a new area. The U.S. makes up for most of HBI's sales.

Potential Concerns & Mitigations

- Significant amount of debt may consume HBI
    - Due to several past acquisitions and large inventory amount on hand, HBI has increased its debt in the past few years, which also increases its interest expense significantly
- Any new acquisition could be detrimental to stock price on announcement and hurt net income
    - If the public is unhappy with HBI's new acquisition, it would hurt the already low stock price which would decrease equity and increase debt, which is not necessary right now

HANES Brands Inc

Strategic Alternatives

- Holds growing market share of high quality, solution-based, casual workwear for Americans that value a hands-on lifestyle
- High emphasis on sustainable and durable products with only 31 stores throughout the U.S.
- Risks:
    - Target market is not typical of HBI due to the quality and type of clothes provided, making it harder to market and recognize synergies besides a new clothing segment realized
    - In $25mm of LTD, with an annual interest expense of $3.7mm

- Leading retailer of men's big & tall clothing, encompassing several brands in similarity to department stores, with 216 stores throughout the U.S.
- Revenue is not expected to increase significantly enough to justify an acquisition
- Risks:
    - DXL currently holds a significant amount of HBI's competitors in its inventory, where purchasing and removing those items from promotion would decrease DXL's revenue
    - Could expand internationally, however foreign countries are not as encompassing to big & tall clothing

- HBI's largest competitor in the innerwear segment, owns several brands similar to HBI under Jockey International, Inc.
- Hit a peak revenue in 2022 of $443.2mm, which would be a significant revenue increase for HBI
- Risks:
    - Acquiring Jockey may heighten antitrust debates by holding too large of a market share in the industry
    - Potential to acquire subsidiary of HBI if company falls into despair, not the other way around

VI. Industry Dynamics

Industry Dynamics - Undergarments

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The undergarment industry has been a steadily growing industry and is expected to continue its growth

- Market is likely to grow above a CAGR of around 8.25% through 2028
- Market was worth around $213.6 B in 2023

- Industry growth factors: sustainability/eco-friendly materials, change in men's advertising - shows the actual product and the comfort
- Gen Z and Millennials are changing the industry by demanding products that are stylish but also comfortable
- Merger and acquisitions are bringing growth to these companies because it allows for these companies to expand what they are already selling and explore more of the industry
- Key players in the market: Jockey International, Victoria's Secret, Gap, Calvin Klein, Bare necessities, L brands, Ralph Lauren, American Eagle, Fruit of the loom, Duluth

Industry Dynamics - Activewear

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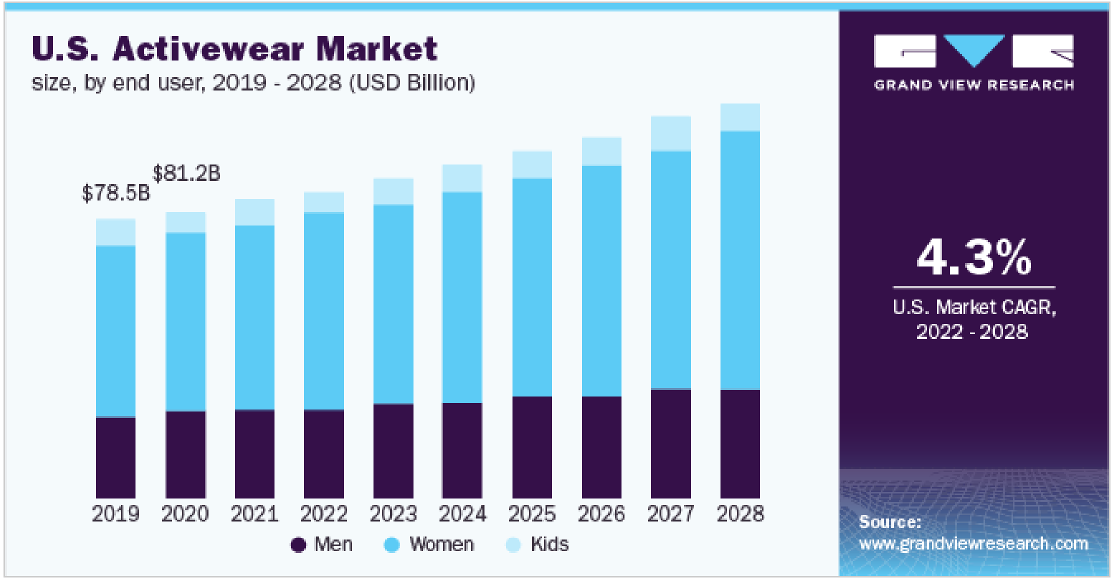
- The global activewear market size was valued at USD 303.44 billion in 2021 and is expected to expand at a compound annual growth (CAGR) of 5.8% through 2028.

- This industry has experienced a lot of growth because of new trends in workout clothing and everyday activity. The industry has grown due to Millennials and Gen Z being more health conscious and interested in activities that involve exercise. The activewear industry is growing in new ways as they add maternity wear, adaptable wear, and sustainable wear.

- Key players in the market: Adidas, Nike, PUMA, ASICS, Under Armour, Sketchers.



VII. Valuation

Football Field Analysis

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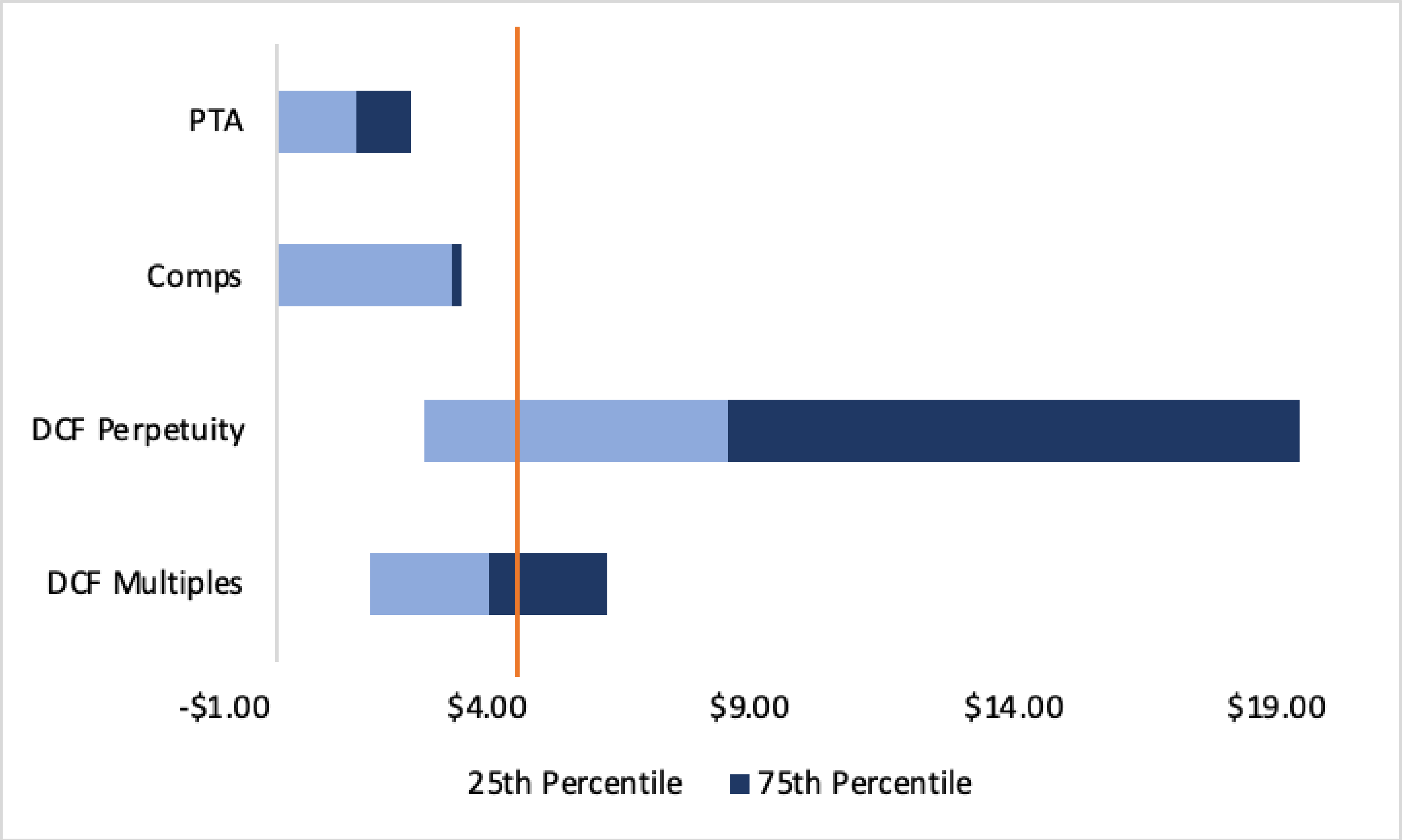

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Discounted Cash Flow

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Discounted Cash Flows Analysis

Hanesbrands Inc.

(USD, Thousands except per share data)

Fiscal Year	2020A	2021A	2022A	2023A	2024A	2025A	2026A	2027A
Revenue	$6,127,161.00	$6,801,240.00	$6,233,650.00	$6,327,154.75	$6,422,062.07	$6,518,393.00	$6,616,168.90	$6,715,411.43
Cost of Goods Sold	($4,524,461.00)	($4,149,541.00)	($4,012,542.00)	($4,201,722.07)	($4,264,747.90)	($4,328,719.12)	($4,393,649.91)	($4,459,554.66)
Gross Profit	**$1,602,700.00**	**$2,651,699.00**	**$2,221,108.00**	**$2,125,432.68**	**$2,157,314.17**	**$2,189,673.88**	**$2,222,518.99**	**$2,255,856.77**
Selling, General, and Administrative	($1,560,034.00)	($1,853,971.00)	($1,701,563.00)	($1,687,593.14)	($1,712,907.03)	($1,738,600.64)	($1,764,679.65)	($1,791,149.84)
EBITDA	**$42,666.00**	**$797,728.00**	**$519,545.00**	**$437,839.54**	**$444,407.13**	**$451,073.24**	**$457,839.34**	**$464,706.93**
Depreciation and Amortization	($132,446.00)	($114,198.00)	($132,446.00)	($126,363.33)	($124,335.78)	($127,715.04)	($126,138.05)	($126,062.95)
EBIT	**($89,780.00)**	**$683,530.00**	**$387,099.00**	**$311,476.21**	**$320,071.36**	**$323,358.20**	**$331,701.29**	**$338,643.97**
Income Tax Expense	($164,238.00)	($163,067.00)	($157,073.00)	($100,222.22)	($101,725.55)	($103,251.43)	($104,800.21)	($106,372.21)
EBIAT	**($254,018.00)**	**$520,463.00**	**$230,026.00**	**$211,253.99**	**$218,345.80**	**$220,106.77**	**$226,901.08**	**$232,271.77**
(+) Depreciation and Amortization	$132,446.00	$114,198.00	$132,446.00	$126,363.33	$124,335.78	$127,715.04	$126,138.05	$126,062.95
(-) Capital Expenditures	($53,735.00)	($69,272.00)	($112,122.00)	($77,912.04)	($79,080.72)	($80,266.93)	($81,470.93)	($82,693.00)
(-) Change in Net Working Capital	($5,600.00)	$21,433.00	$437,938.00	($205,415.57)	($21,167.45)	($22,012.80)	($22,878.75)	($23,765.73)
Unlevered Free Cash Flow	($169,707.00)	$543,956.00	($187,588.00)	$465,120.85	$284,768.31	$289,567.68	$294,446.95	$299,407.45
Period				0.25	1.25	2.25	3.25	4.25
Discount Factor				0.99	0.95	0.92	0.89	0.85
Present Value of Unlevered Free Cash Flow				**$460,791.48**	**$271,759.53**	**$266,193.66**	**$260,740.91**	**$255,399.01**

Calculation of Enterprise Value

Exit Multiple Method	
Terminal Year EBITDA	$464,706.93
Exit Multiple	15.00x
Terminal Value	$6,970,603.93
Present Value of Terminal Value	$5,946,028.97
Sum of PV Free Cash Flows	$1,514,884.59
Enterprise Value	**$7,460,913.56**

Perpetuity Growth Method	
Terminal Year FCF	$299,407.45
Perpetuity Growth Rate	0.50%
WACC	3.81%
Terminal Value	$9,086,628.36
Present Value of Termina	$7,536,596.29
Sum of PV Free Cash Flow	$1,514,884.59
Enterprise Value	**$9,051,480.88**

Equity Value Bridge

Exit Multiple Method	
Enterprise Value	$7,460,913.56
(+) Cash and Cash Equivalents	$216,714.00
(-) Total Debt	$6,265,774.80
(-) Preferred Stock	$0.00
(-) Non-Controlling Interest	$0.00
Equity Value	$1,411,852.76
Fully Diluted Shares Outstanding	349,886
Share Price	**$4.04**

Perpetuity Growth Method	
Enterprise Value	$9,051,480.88
(+) Cash and Cash Equiv	$216,714.00
(-) Total Debt	$6,265,774.80
(-) Preferred Stock	$0.00
(-) Non-Controlling Inter	$0.00
Equity Value	$3,002,420.08
Fully Diluted Shares Outs	349,886
Share Price	**$8.58**

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Comparable Companies Analysis

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Comparable Companies Analysis

Hanesbrands Inc.

(Mkt Cap and TEV in thousands)

As of 9/1/2023				EPS		P/E		TEV / EBITDA	
Ticker	Current Price	Mkt Cap	TEV	LTM	2023E	LTM	2023E	LTM	2023E
Hanesbrands Inc.	$ 5.25	$ 1,837	$ 5,825	$ (1.11)	$ 0.36	-6.15x	16.21x	12.15x	13.00x
PVH Corp.	$ 83.50	$ 5,237	$ 8,653	$ 3.00	$ 1.75	26.60x	17.30x	7.75x	9.20x
V.F. Corporaton	$ 20.46	$ 7,956	$ 15,015	$ 0.30	$ 0.67	60.37x	8.78x	12.23x	13.00x
Levi Strauss & Co	$ 13.93	$ 5,526	$ 7,284	$ 1.08	$ 0.27	12.71x	12.02x	10.40x	7.27x
Ralph Lauren Corporation	$ 118.33	$ 7,723	$ 8,883	$ 7.96	$ 7.58	14.64x	12.61x	9.06x	6.43x
Summary Statistics									
Max			$ 15,015.30	$ 7.96	$ 7.58	60.37x	17.30x	12.23x	13.00x
75th Percentile			$ 8,882.50	$ 3.00	$ 1.75	26.60x	16.21x	12.15x	13.00x
Median			$ 8,653.30	$ 1.08	$ 0.67	14.64x	12.61x	10.40x	9.20x
25th Percentile			$ 7,284.30	$ 0.30	$ 0.36	12.71x	12.02x	9.06x	7.27x
Min			$ 5,824.50	$ (1.11)	$ 0.27	-6.15x	8.78x	7.75x	6.43x

Implied Equity Value and Share Price	25th Percentile	75th Percentile
Enterprise Value	$5,108,149.37	$6,331,999.23
Plus: Cash and Cash Equivaler	$216,714.00	$216,714.00
Less: Total Debt	$6,265,774.80	$6,265,774.80
Less: Preferred Securities	$0.00	$0.00
Less: Noncontrolling Interest	$0.00	$0.00
Implied Equity Value	**($940,911.44)**	**$282,938.43**
Total Shares Outstanding	349,886	349,886
Implied Share Price	**($2.69)**	**$0.81**

HANES Brands Inc

Precedent Transactions Analysis

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Precedent Transaction Analysis

Telecommunications Sector Precedent M&A Transactions ($ in Thousands)

Date Announced	Target	Acquirer	Purchase Type	Payment Type	Announced Total Value	EV/ EBITDA
1/31/19	Descente Ltd.	ITOCHU Corporation	Public	Cash	$185,470	15.30x
2/10/15	Hugo Boss AG	PFC S.r.l., Zignago Holding S.p.A	Public	Cash	$565,000	12.10x
8/7/14	Lululemon Athletica Inc.	Advent International Corporation, Advent International	Public	Cash	$845,000	11.90x
4/25/17	Christian Dior SE	Semyrhamis SA	Public	Cash + Equity	$10,598,200	6.90x
Max					$10,598,200.00	15.30x
75th Percentil					$3,283,300.00	12.90x
Median					$705,000.00	12.00x
25th Percentile					$470,117.50	10.65x
Min					$185,470.00	6.90x

Implied Equity Value and Share Price

	25th Percentile	75th Percentile
Enterprise Value	$5,736,565.16	$6,628,469.50
Plus: Cash and Cash Equivalents	$216,714.00	$216,714.00
Less: Total Debt	$6,265,774.80	$6,265,774.80
Less: Preferred Securities	$0.00	$0.00
Less: Noncontrolling Interest	$0.00	$0.00
Implied Equity Value	**($312,495.64)**	**$579,408.70**
Total Shares Outstanding	349,886	349,886
Implied Share Price	**($0.89)**	**$1.66**

HANES Brands Inc

IX. Appendix

Operating Model Assumptions

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Operational Model

Hanesbrands Inc.

(USD, Thousands except per share data)

	Historical			Projection					
Fiscal Year	**2020A**	**2021A**	**2022A**	**2023E**	**2024E**	**2025E**	**2026E**	**2027E**	
Income Statement Assumptions									**Step**
COGS (% of Sales)	73.84%	61.01%	64.37%	66.41%	66.41%	66.41%	66.41%	66.41%	1.50%
SG&A (% of Sales)	25.46%	27.26%	27.30%	26.67%	26.67%	26.67%	26.67%	26.67%	0.00%
Other Expenses (% of Sales)	1.04%	7.31%	0.09%	1.00%	1.00%	1.00%	1.00%	1.00%	
Interest Income/(Expense) (% of Sales)	2.68%	2.40%	2.52%	2.53%	2.53%	2.53%	2.53%	2.53%	
Marginal Tax Rate	20.00%								0.00%
Balance Sheet Assumptions									
DSO	45.76	47.99	42.24	45.33	45.33	45.33	45.33	45.33	0.00%
DIH	81.48	85.01	115.92	94.13	92.13	90.13	88.13	86.13	2.00
Other Current Assets (% of Sales)	6.41%	7.55%	3.08%	5.68%	5.68%	5.68%	5.68%	5.68%	0.00%
DPO	53.13	65.20	53.72	57.35	57.35	57.35	57.35	57.35	0.00%
Other Current Liabilities (% of Sales)	15.81%	15.99%	13.41%	15.07%	15.07%	15.07%	15.07%	15.07%	0.00%
Capital Expenditures (% of Sales)	0.88%	1.02%	1.80%	1.23%	1.23%	1.23%	1.23%	1.23%	0.00%
Depreciation (% of Capex)	40.57%	60.66%	84.65%	61.96%	61.96%	61.96%	61.96%	61.96%	5.00%
Other Assets (% of Sales)	43.31%	28.95%	29.21%	33.82%	33.82%	33.82%	33.82%	33.82%	0.00%
Days in a Year	365								N/A

Operating Model – Income Statement

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Income Statement

	Historical			Projection				
Fiscal Year	**2020A**	**2021A**	**2022A**	**2023E**	**2024E**	**2025E**	**2026E**	**2027E**
Revenue	$6,127,161.00	$6,801,240.00	$6,233,650.00	$6,327,154.75	$6,422,062.07	$6,518,393.00	$6,616,168.90	$6,715,411.43
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Selling, General, Adminsitrative Expense	($1,560,034.00)	($1,853,971.00)	($1,701,563.00)	($1,687,593.14)	($1,712,907.03)	($1,738,600.64)	($1,764,679.65)	($1,791,149.84)
Operating Profit	**$42,666.00**	**$797,728.00**	**$519,545.00**	**$437,839.54**	**$444,407.13**	**$451,073.24**	**$457,839.34**	**$464,706.93**
Other Expenses	($63,947.00)	($497,330.00)	($5,769.00)	($63,271.55)	($64,220.62)	($65,183.93)	($66,161.69)	($67,154.11)
Interest Income/(Expense)	($164,238.00)	($163,067.00)	($157,073.00)	($100,222.22)	($101,725.55)	($103,251.43)	($104,800.21)	($106,372.21)
Earnings Before Taxes	**($185,519.00)**	**$137,331.00**	**$356,703.00**	**$274,345.78**	**$278,460.96**	**$282,637.88**	**$286,877.44**	**$291,180.61**
Income Tax Expense	$109,940.00	($60,107.00)	($483,907.00)	($160,242.74)	($162,646.38)	($165,086.07)	($167,562.36)	($170,075.80)
Net Income	**($75,579.00)**	**$77,224.00**	**($127,204.00)**	**$114,103.04**	**$115,814.58**	**$117,551.80**	**$119,315.08**	**$121,104.81**

Operating Model – Balance Sheet

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Balance Sheet	Historical			Projection				
Fiscal Year	**2020A**	**2021A**	**2022A**	**2023A**	**2024A**	**2025A**	**2026A**	**2027A**
Cash and Cash Equivalents	$900,615.00	$536,277.00	$238,413.00	$216,714.00	$294,764.65	$340,439.86	$386,268.48	$432,279.95
Accounts Receivable	$768,221.00	$894,151.00	$721,396.00	$785,778.88	$797,565.57	$809,529.05	$821,671.99	$833,997.06
Inventory	$1,367,758.00	$1,584,015.00	$1,979,672.00	$1,631,789.84	$1,621,077.31	$1,609,676.25	$1,597,568.41	$1,584,735.16
Other Current Assets	$392,786.00	$513,660.00	$192,273.00	$359,539.60	$364,932.69	$370,406.69	$375,962.79	$381,602.23
Total Current Assets	**$3,429,380.00**	**$3,528,103.00**	**$3,131,754.00**	**$2,993,822.33**	**$3,078,340.22**	**$3,130,051.85**	**$3,181,471.66**	**$3,232,614.40**
Property, Plant, and Equipment	$477,821.00	$441,401.00	$442,404.00	$453,875.33	$453,875.33	$453,875.33	$453,875.33	$453,875.33
Goodwill	$1,158,938.00	$1,133,095.00	$1,108,907.00	$1,108,907.00	$1,108,907.00	$1,108,907.00	$1,108,907.00	$1,108,907.00
Other Assets	$2,653,728.00	$1,968,837.00	$1,820,811.00	$2,140,022.69	$2,172,123.03	$2,204,704.87	$2,237,775.45	$2,271,342.08
Total Assets	**$7,719,867.00**	**$7,071,436.00**	**$6,503,876.00**	**$6,696,627.35**	**$6,813,245.58**	**$6,897,539.05**	**$6,982,029.44**	**$7,066,738.81**
Accounts Payable	$891,868.00	$1,214,847.00	$917,481.00	$994,129.16	$1,009,041.10	$1,024,176.72	$1,039,539.37	$1,055,132.46
Current Portion of Long Term Debt	$263,936.00	$25,000.00	$37,500.00	$60,000.00	$60,000.00	$60,000.00	$60,000.00	$60,000.00
Other Current Liabilities	$968,557.00	$1,087,206.00	$835,649.00	$848,183.74	$860,906.49	$873,820.09	$886,927.39	$900,231.30
Total Current Liabilities	**$2,124,361.00**	**$2,327,053.00**	**$1,790,630.00**	**$1,902,312.90**	**$1,929,947.59**	**$1,957,996.80**	**$1,986,466.76**	**$2,015,363.76**
Long Term Debt	$3,739,434.00	$3,326,091.00	$3,612,077.00	$3,624,045.10	$3,561,815.10	$3,497,559.30	$3,431,269.70	$3,362,937.90
Other Noncurrent Liabilities	$1,042,114.00	$715,799.00	$702,905.00	$739,416.81	$724,150.30	$735,012.56	$746,037.75	$757,228.31
Total Liabilities	**$6,905,909.00**	**$6,368,943.00**	**$6,105,612.00**	**$6,265,774.80**	**$6,215,912.99**	**$6,190,568.66**	**$6,163,774.20**	**$6,135,529.97**
Retained Earnings	$1,069,546.00	$935,260.00	$572,106.00	$686,209.04	$802,023.62	$919,575.43	$1,038,890.51	$1,159,995.31
Common Stock	$3,488.00	$3,499.00	$3,490.00	$3,492.33	$3,493.78	$3,492.04	$3,492.72	$3,492.84
Preferred Stock	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Additional Paid-In Capital	$307,883.00	$315,337.00	$334,676.00	$260,839.27	$319,298.67	$319,298.67	$319,298.67	$319,298.67
Accumulated Other Comprehensive Loss	-$566,959.00	-$551,603.00	-$512,008.00	-$519,688.12	-$527,483.44	-$535,395.69	-$543,426.63	-$551,578.03
Total Stockholders Equity	**$813,958.00**	**$702,493.00**	**$398,264.00**	**$430,852.52**	**$597,332.63**	**$706,970.44**	**$818,255.26**	**$931,208.80**
Total Liabilities and Equity	**$7,719,867.00**	**$7,071,436.00**	**$6,503,876.00**	**$6,696,627.32**	**$6,813,245.62**	**$6,897,539.10**	**$6,982,029.46**	**$7,066,738.77**
Balance Check	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

HANES Brands Inc

Operating Model – Cash Flow Statement

Herman B. Wells Fargo

Cash Flow Statement								
	Historical			Projection				
Fiscal Year	**2020A**	**2021A**	**2022A**	**2023A**	**2024A**	**2025A**	**2026A**	**2027A**
Net Income	($75,579.00)	$77,224.00	($127,204.00)	$114,103.04	$115,814.58	$117,551.80	$119,315.08	$121,104.81
Depreciation and Amortization	$132,446.00	$114,198.00	$132,446.00	$126,363.33	$124,335.78	$127,715.04	$126,138.05	$126,062.95
Other Adjustments to Reconcile Net Income	$507,983.00	$549,930.00	$106,267.00	$388,060.00	$348,085.67	$280,804.22	$338,983.30	$322,624.40
(Increase)/Decrease in Accounts Recievable	($6,945.00)	($181,173.00)	$423,713.00	($64,382.88)	($11,786.68)	($11,963.48)	($12,142.94)	($12,325.08)
(Increase)/Decrease in Inventory	($136,057.00)	($293,455.00)	($437,641.00)	$347,882.16	$10,712.53	$11,401.06	$12,107.84	$12,833.25
(Increase)/Decrease in Other Assets	($1,144.00)	($40,636.00)	($107,742.00)	($319,211.69)	($32,100.34)	($32,581.85)	($33,070.57)	($33,566.63)
Increase/(Decrease) in Accounts Payable	($32,641.00)	$368,753.00	($241,557.00)	$76,648.16	$14,911.94	$15,135.62	$15,362.65	$15,593.09
Increase/(Decrease) in Other Current Liabilities	$60,406.00	$28,568.00	($128,783.00)	$12,534.73	$12,722.76	$12,913.60	$13,107.30	$13,303.91
Operating Cash Flow	$448,469.00	$623,409.00	($380,501.00)	**$681,996.85**	**$582,696.23**	**$520,976.01**	**$579,800.71**	**$565,630.69**
Capital Expenditures	($53,735.00)	($69,272.00)	($112,122.00)	($77,912.04)	($79,080.72)	($80,266.93)	($81,470.93)	($82,693.00)
Other Investing Activities	$12,653.00	$16,817.00	($104,620.00)	$14,735.00	$14,735.00	$14,735.00	$14,735.00	$14,735.00
Investing Cash Flow	($41,082.00)	($52,455.00)	($216,428.00)	**($63,177.04)**	**($64,345.72)**	**($65,531.93)**	**($66,735.93)**	**($67,958.00)**
Drawdown/(Repurchase of Debt)	$583,947.00	($711,444.00)	$487,344.00	($255,946.50)	($262,948.30)	($124,792.80)	($257,326.30)	$119,949.00
Issuance/(Repurchase) of Common Stock	($200,269.00)	$0.00	($25,018.00)	($75,095.67)	$0.00	($75,095.67)	$0.00	($75,095.67)
Preferred Stock Dividends	($210,385.00)	($209,484.00)	($209,312.00)	($209,727.00)	($209,727.00)	($209,727.00)	($209,727.00)	($209,727.00)
Financing Cash Flow	$173,293.00	($920,928.00)	$253,014.00	**($540,769.17)**	**($472,675.30)**	**($409,615.47)**	**($467,053.30)**	**($164,873.67)**
Beginning Cash Balance	$329,923.00	$910,603.00	$560,629.00	$216,714.00	$294,764.65	$340,439.86	$386,268.48	$432,279.95
Change in Cash Balance	$580,680.00	($349,974.00)	($343,915.00)	$78,050.65	$45,675.21	$45,828.61	$46,011.47	$332,799.03
Ending Cash Balance	$910,603.00	$560,629.00	$216,714.00	**$294,764.65**	**$340,439.86**	**$386,268.48**	**$432,279.95**	**$765,078.98**

HANES Brands Inc