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ASX ANNOUNCEMENT

BILLABONG ESTABLISHES NIXON JOINT VENTURE; VALUES NIXON AT US$464 MILLION

GOLD COAST, 17 February 2012: Billabong has entered into definitive agreements with Trilantic Capital Partners ("TCP") to establish a joint venture to accelerate the growth of the Nixon brand globally.

Billabong and Trilantic will each hold approximately 48.5% of Nixon, a leading brand in the global youth accessory market, and management will purchase the remaining 3.0% stake.

Billabong expects to realise net proceeds of approximately US$285 million[1] as a result of this transaction, all of which will be used to repay debt.

The transaction values Nixon at approximately US$464 million, representing a multiple of approximately 9.2x LTM EBITDA[2].

The transaction reflects the significant strategic value and strong potential of the Nixon brand.

Derek O'Neill, CEO of Billabong, said: "Nixon has achieved strong growth since Billabong's acquisition of the brand in 2006. Nixon is now well placed to grow deeper into accounts such as existing Nixon retailers, specialty watch and fashion retailers as well as select consumer electronics stores. The partnership with Trilantic gives Nixon the financial backing and impetus to achieve this growth."

Charlie Moore, partner at TCP, said: "We are thrilled to be partnering with Billabong and with Nixon's founders, Andy Laats and Chad DiNenna, to support Nixon in its next phase of growth. Nixon is the pre-eminent watch and accessories brand in the action sports category with tremendous brand loyalty and momentum. We look forward to working with the Nixon team as it expands the reach of its brand and products into new channels and markets."

Nixon's Co-Founders, Andy Laats and Chad DiNenna, will continue their roles as CEO and EVP of Marketing, respectively, while together holding a significant equity investment alongside the rest of Nixon's senior management team.

Andy Laats said: "This is exciting news. To be back in the owner's seat with this committed team in addition to the forces of Billabong and Trilantic represents the next step in our continued mission to elevate Nixon to a world-class brand."

The transaction will be funded through equity from TCP and its affiliates of US$140 million, as well as equity from management.

In addition, US$175 million of underwritten debt financing has been obtained to fund the transaction. The debt package is non-recourse to Billabong and will not be consolidated.

Billabong acquired Nixon in 2006 for approximately US$55 million and a deferred payment of approximately US$76 million in FY 2012.

The transaction is expected to close within 90 days, subject to certain anti-trust approval and customary closing conditions.

About Nixon Inc.

Nixon is a leading brand in the global youth accessory market. It has been voted #1 best seller in the USA and Canada, and has been the recipient of numerous industry awards. The brand is carried by more than 70% of US surf and skate retailers and is supported by an outstanding team

[1] *Net proceeds are net of all transaction costs and taxes. Net proceeds are pending receipt of final tax opinions and may reduce by up to US$45 million. Billabong has sought advice in advance from the relevant tax authorities.*

[2] *Last twelve months earnings before interest, tax, depreciation and amortisation to 31 December, 2011 of US$50.6 million.*

of professional board sport athletes and entertainers. Over the last 10 years, the Nixon brand has established a reputation for shaping trends in the action sports and youth fashion arena.

About Trilantic Capital Partners

Trilantic Capital Partners is a private equity firm focused on control and significant minority investments in North America and Europe, with primary investment focus in consumer, energy, financial services and business services. Trilantic Capital Partners was formed in 2009 by the former principals of Lehman Brothers Merchant Banking ("LBMB"), where they established LBMB, and now Trilantic, as a partner of choice for management teams, entrepreneurs and family-owned companies. Trilantic currently manages two institutional private equity funds with an aggregate capital commitment of $3.8 billion. For more information, visit www.trilanticpartners.com

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