



**Billabong
International
Limited**

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ASX ANNOUNCEMENT

PROPOSAL RECEIVED

GOLD COAST, 24 July, 2012: The Board of Billabong announces that, after market close yesterday, it received an indicative, non-binding and conditional proposal from TPG International LLC (TPG) to acquire all of the shares in the company for \$1.45 cash per share by way of a scheme of arrangement. TPG's indicative price of \$1.45 per share is based solely on available public information and may be refined with the benefit of due diligence.

TPG's offer is based on 479 million shares on issue, representing total Billabong shares post the entitlement offer (previously 258 million), as well as reflecting Billabong's trading update and estimated net debt position announced on 21 June 2012 of approximately \$100 million post receipt of the final entitlement offer proceeds (\$325 million pre receipt of the final entitlement offer proceeds).

The proposal is subject to due diligence and conditional on a number of other matters which include:

- Entry into a mutually agreed scheme implementation agreement, on customary terms and conditions including but not limited to the following:
 - Unanimous board recommendation;
 - Mutual facilitation arrangements;
 - Notification and break-up fee arrangements;
 - No material adverse change;
 - Availability of financing;
 - Receipt of requisite shareholder, regulatory approvals and third party consents; and
 - No distributions after 23 July 2012.
- Availability of sufficient debt financing on terms acceptable to TPG.
- Billabong retaining its existing ownership interest in all of its brands.
- Billabong's net debt position (as at 30 June 2012) not being materially different from the A\$100m guidance provided on 21 June 2012.

TPG has advised that Colonial First State Investment Limited (Colonial) and Perennial Value Management Limited (Perennial) have agreed under conditional share sale agreements, to sell to TPG, in aggregate, approximately 12.5% of Billabong's issued capital post the allocation of shares under the current retail entitlement offer (equates to approximately 14.5% of Billabong's current issued capital).

TPG has advised that it, Colonial and Perennial have agreed certain arrangements in relation to sharing upside arising from increases (above the initial price) in the price or value of a TPG scheme that completes or a competing proposal that completes. Billabong understands that these agreements will not preclude the Board of Billabong securing a transaction at a higher price. TPG intends to file a substantial shareholder notice shortly.

TPG's proposal allows Billabong's founding shareholder, Gordon Merchant, and Colette Paul to roll all or part of their respective share holdings in the company into the TPG proposal. The decision by Mr Merchant and Ms Paul to rollover or not, will not alter the remaining terms of the proposal.

The Board of Billabong will update the market following consideration of the proposal and its terms. In the meantime, Billabong shareholders do not need to take any action in response to the approach received.

Goldman Sachs is acting as financial advisor and Allens is acting as legal advisor to Billabong.

MARIA MANNING
COMPANY SECRETARY

