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ASX ANNOUNCEMENT

BILLABONG INTERNATIONAL LIMITED FULL YEAR RESULTS FOR THE 12 MONTHS ENDED 30 JUNE 2013

GOLD COAST, 27 August, 2013: Billabong International Limited ("Billabong", the "Company" or the "Group") today announces its full year financial results for the 12 months ended 30 June 2013.

Overview

- Net Loss after Tax of $859.5 million (after $867.2 million of predominately non-cash significant items) for the year ended 30 June 2013
- Adjusted EBITDAI of $72.6 million - down $14.3 million in reported and in constant currency terms on the previous corresponding period ("pcp"). Adjusted EBITDAI is before significant items and after excluding Nixon from the prior year
- Australasia and Americas full year Adjusted EBITDA were both ahead of the pcp driven by restructuring initiatives
- European trading conditions remain weak and further impacted by $7.6 million of start-up losses for SurfStitch Europe
- Refinancing nearing final stages as key focus returns to rebuilding the business and reinvigorating a world class portfolio of brands

Reported Earnings

Global sales revenue of $1,340 million was down 13.5% in reported terms (down 12.6% in constant currency terms) on the pcp. Billabong incurred a Net Loss after Tax for the year ended 30 June 2013 of $859.5 million. The result was impacted by $867.2 million of significant items, including $604.3 million non-cash impairment for goodwill, brands and other intangibles (of which $427.8 million was taken at 31 December 2012) and $129.6 million relating to a non-cash write down of its investment in Nixon (of which $106.6 million was taken at 31 December 2012).

Adjusted Earnings

Global sales revenue of $1,340 million was down 6.8% in reported terms (down 5.9% in constant currency terms) on the pcp and after excluding Nixon from the prior year. Adjusted Earnings Before Interest, Tax, Depreciation, Amortisation and Impairment (EBITDAI) was $72.6 million for the Group, a decrease of 16.4% compared to the pcp, after excluding significant items and Nixon from the prior year.

As Reported (AUD)	FY13 $m	FY12 $m	
Sales	1,340.6	1,439.0	[1]
EBITDA Excluding Significant Items	72.6	86.9	[1]
EBIT Excluding Significant Items	22.2	42.6	[1]
Net Profit After Tax Excluding Significant Items	7.7	33.5	[2]
Significant Items Including Impairment After Tax	(867.2)	(309.1)	[2]
Statutory Net (Loss)/Profit After Tax	(859.5)	(275.6)	[2]

[1] Excluding Nixon trading for the period 1 July 2011 to 16 April 2012

[2] Including Nixon trading for the period 1 July 2011 to 16 April 2012

Billabong's Chairman Dr Ian Pollard said:

"Financial stability is critical to rebuilding Billabong. Liquidity has been secured and we are within weeks of finalising our long term funding arrangements. Our shareholders, our staff and our various business partners can be confident that we have a strong future following the most challenging period in the Company's history."

Dr Pollard said despite the significant distraction of managing multiple bid and refinancing proposals a number of major reforms have been completed or are well advanced, including:

- Agreements with Nixon to extinguish future purchase obligations (completed)
- Sale process of Canadian retail chain West 49 (advanced)
- 158 under performing retail stores have been closed
- Supplier reduction by over 75%, which drive cost savings, efficiency and improved quality control is ongoing.
- Business simplification underway including:
    - reducing European headcount by approximately 15% (in process)
    - restructuring Australasia wholesale operations and moving to a distributor model in sub-scale markets in Asia (done)
    - restructuring and refocussing to a core customer and brand proposition in South Africa and South America (H2 2014)
- Sales to close out channels reduced, particularly in the United States (well advanced, ongoing)

"We are nearing the end of a long process that has caused distraction, impacted on staff morale and has been very costly," said Dr Pollard.

"The Company looks forward to refocusing, reinvigorating its brands and rebuilding the business on a solid, long term financial footing."

Segment Results

The Americas Adjusted EBITDAI increased 0.8% in reported terms (0.6% in constant currency terms) on the back of a A$38 million (5.7%) decrease in sales following the closure of a number of underperforming stores and a strategic shift in channel distribution away from close out/distressed sales channels towards more long term and profitable channels, such as e-commerce.

In Australasia, retail store closures and a weak trading environment impacted on overall sales. In reported terms there was a 17.4% lift in Adjusted EBITDAI (20.2% in constant currency terms) through restructuring and cost reduction. Post-June retail trading in Australia has been more positive.

In Europe, Adjusted EBITDAI decreased from A$19.4 million in the pcp to a small loss of A$0.1 million. While the European macro environment remains extremely challenging, including heavy promotional discounting in the retail sector, significant restructuring has and will continue to be undertaken in Europe. SurfStitch Europe start-up costs impacted an already weak performance and are being addressed.

Segment Result (excluding Significant Items)

	Revenue [1]			EBITDA [1]		
	FY13 $m	As Reported (Year on Year Growth %)	Constant Currency (Year on Year Growth %)	FY13 $m	As Reported (Year on Year Growth %)	Constant Currency (Year on Year Growth %)
Americas	636.7	(5.7%)	(5.6%)	38.0	0.8%	0.6%
Europe	232.1	(10.4%)	(8.5%)	(0.1)	(100.4%)	(100.4%)
Australasia	471.8	(6.6%)	(5.0%)	31.9	17.4%	20.2%
Global	-	-	-	2.8	5.8%	5.8%
Total	**1,340.6**	**(6.8%)**	**(5.9%)**	**72.6**	**(16.4%)**	**(16.4%)**

[1] Excluding Nixon trading for the period 1 July 2011 to 16 April 2012

Impairment and Significant Items

The result for the year includes a range of impairment charges and significant items which reflect the difficult trading conditions experienced by the Group, the cost in responding to the various potential control and refinancing proposals received during the year, and the costs associated with a range of restructuring initiatives developed and/or implemented during the year.

Specifically the charges include;

- Impairment of intangibles including brands, goodwill and other intangibles - $604.3 million;
- Impairment of the Group's investment in Nixon - $129.6 million;
- Write off of fixed assets including certain real estate and fixtures/fittings in loss making retail stores - $32.6 million;
- Provision for inventory and receivable losses, the majority of which relates to restructuring of operations in various geographies in accordance with the Group's plans to simplify its business model - $32.0 million; and

- Professional, banking and consulting costs associated with the various control proposals, refinancing and banking restructuring, and the Transformation Strategy announced in August 2012 - $23.3 million

Directors note the extraordinary circumstances which have existed for the Group throughout the last financial year and the resulting substantial cost. The vast majority of these significant items are non-cash but the cash costs of $33.2 million have materially impacted our cash flows for the year. Whilst the Group faces a period of rebuilding and reform, it is not expected that the significant items will continue at these levels.

Balance Sheet

As at 30 June 2013 net debt was $207 million, up from $161 million in the pcp, reflecting the payment of deferred consideration on prior period acquisitions, the proceeds from the retail component of the June 2012 capital raising, and the cash flow from trading and significant items for 2013.

Gross debt was A$320 million as at 30 June 2013. The Group also had obligations for deferred consideration on various acquisition arrangements amounting to A$58 million.

On 16 July 2013, the Company announced that it had entered into various agreements with Altamont Capital Partners and GSO Capital Partners to re-finance the majority of the Group's debt facilities. On 21 August 2013, following intervention by the Takeovers Panel, further announcements were made which outlined plans to implement a long term re-financing package including:

- a five year term loan of US$310 million (A$343 million);
- the issue (subject to shareholder approval) of US$60 million (A$66 million) of Redeemable Preference Shares, the proceeds from which will be used towards the prepayment of the term loan; and
- a commitment by GE Capital to provide an asset-based credit facility of up to US$160 million (A$177 million), subject to holding sufficient eligible accounts receivable and inventory as collateral.

Together, these new arrangements, totaling US$470 million (A$520 million), will effectively replace the majority of the Group's credit facilities that were in place at 30 June 2013. They will provide the Group with a flexible capital structure to allow it to stabilise the business, address its cost structure, and pursue a growth strategy. The new arrangements will include cash borrowings sufficient to meet the Group's peak seasonal requirements, as well as a range of trade credit and other guarantee facilities.

These arrangements, when finalised, will see the Group's funding costs increase and it is estimated that on a full year basis borrowing costs will increase to $43 million - $48 million.

On 23 August 2013 the Company confirmed that it had received an alternative refinancing proposal from Centerbridge Partners and Oaktree Capital (the "Centerbridge/Oaktree Consortium") which it would consider having regard to the best interest of shareholders and consistent with Billabong's previously stated intentions to finalise the long term financing package as soon as practical and to focus on rebuilding the business.

Sale of DaKine

Since the end of the year the Company has sold the DaKine brand to Altamont Capital Partners for a cash price of A$70 million as part of the transactions agreed with Altamont on 16 July 2013. The proceeds were used to reduce debt and provide working capital. There are no material ongoing obligations for the Group under the transaction documents.

Restructure of Nixon

Since the end of the financial year the Group has restructured various arrangements with Nixon Investments, LLC (Nixon) and the other principal shareholder in Nixon, Trilantic Capital Partners (Trilantic) as follows:

- The Group's commitment to purchase previously agreed volumes of product from Nixon has been reduced from US$152 million over the period from 2014 to 2017 to US$9 million in FY14, with no further commitments beyond that date;
- The Group has agreed to make cash payments to Nixon totalling US $14.2 million during FY14; and
- Nixon will issue additional Class A Units (to Trilantic), such that the Group's interest in the Nixon Joint Venture is diluted from 48.5% to 4.85%.

As at 30 June 2013, the Company wrote down the value of its investment in Nixon to nil, having written down the value to approximately US$30 million at December 2012.

The business relationship with Nixon remains strong and the Group continues to sell Nixon product through its extensive retail network.

Dividends

As foreshadowed in the half-year update, there will be no dividend paid in respect to the 2013 financial year.

Outlook

We have a portfolio of world class brands, led by Billabong, that continue to win product and industry awards, along with events and athletes that are the benchmark in the action sports industry.

The process of securing the Company's short and long term financing to fully develop and reinvigorate those assets is coming to a conclusion.

In the next 12 months the Company will drive product innovation, improve our presentation of product and brand stories across all channels, and continue to refine our processes and reduce costs in areas such as supply chain.

We are soon to transition to a new capital structure and a new CEO who will be leading ongoing reform and rebuilding over the next 24 months. Accordingly, the focus will be on sustainable restructuring and improvement rather than solely short term performance and accordingly we are not providing EBITDA guidance.

Media or investor related queries should be directed to Chris Fogarty, Group Executive Corporate Affairs on mobile +61 420 928 824

MARIA MANNING
COMPANY SECRETARY