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## **BILLABONG INTERNATIONAL FIRST HALF PROFIT UP 14.7%**

Billabong International Limited today announced a 14.7% increase in net profit after tax for the six months ended 31 December, 2005.

Strong performances in the Americas and Europe, coupled with a solid result in Australasia, lifted net profit after tax to \$79.5 million compared to \$69.3 million in the previous corresponding half year.

Global sales revenue of \$484.3 million was up 16.0% (18.5% in constant currency terms) on the \$417.5 million in the prior corresponding period, while earnings per share lifted 14.2% to 38.6 cents per share.

Directors declared an interim dividend of 20.5 cents per share, fully franked. The dividend is up 17.1% from 17.5 cents a share in the prior corresponding period. Directors intend to maintain a full year payout ratio of approximately 62%.

Billabong International chief executive officer Derek O'Neill said the result underlined the global capabilities of the company and its brands.

"The group had a very strong sales increase in the Americas, continued improvements in Europe and good growth in Australasia following an exceptionally buoyant prior corresponding half in Australia," said Mr O'Neill.

"There was also very pleasing margin improvement, particularly in Europe where EBITDA margins jumped from 17.8% to 20.4%.

"Margins firmed in the Americas to 19.1%, while Australasian margins remained exceptionally healthy at 34.9%."

Group EBITDA margins of 25.7% were in line with the prior year.

The core Billabong brand again demonstrated its global strength with particularly strong sales in the Americas and Europe. element continued to grow at healthy levels and the development of the company's progressive smaller brands remained on track.

"The company has consistently demonstrated its ability to nurture, develop and extend brands and this long-term focus and commitment remains unchanged," said Mr O'Neill.

"At a retail level, the company now owns and operates in excess of 100 stores globally and this network is operating at margins similar to those achieved across the group."

Mr O'Neill said "The company was well positioned to maintain momentum throughout the second half, with the continued strength in the Americas and Europe offsetting the softness in Australasia."

"In the absence of any unforeseen circumstances, I reaffirm the Company's previously stated guidance of 15% growth in EPS in the current year." Mr O'Neill added.