

ASX ANNOUNCEMENT



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BILLABONG TO ACQUIRE AUSTRALIAN RETAIL ASSETS

GOLD COAST, 1 October 2010: Billabong International Limited today announced it has reached conditional agreement to acquire a portfolio of Australian retail assets from the General Pants Group and associated parties.

The 38 retail stores comprise the Surf Dive 'n' Ski (SDS) and Jetty Surf retail banners, along with two licensed Billabong stores.

Billabong chief executive officer Derek O'Neill said the acquisition brought together two businesses with a strong heritage in the surf and wider boardsports sector.

"SDS was one of Billabong's earliest retail customers so we have had a strong working relationship over many decades," said Mr O'Neill.

"We entered acquisition discussions with the view to preserving the assets as core boardsport retail doors and ensuring a route to market for the Group's strong portfolio of brands."

Mr O'Neill said the planned acquisition would strengthen Billabong's retail business in Australasia, a region that already delivers the Group's strongest retail EBITDA margins.

"There is good retail experience in the SDS and Jetty Surf businesses and this will complement what is already a strong retail management team in Australia," he said.

"The acquisition presents the opportunity to extract significant synergies in areas including warehousing, distribution, back-office support and overall retail management consolidation.

"Additionally, direct retail operations greatly enhance Billabong's visibility into the buying trends of the end consumer and assist in the speedy development and delivery of on-trend product to both Company-owned and independent retail accounts."

On completion of the acquisition, the Billabong group's global retail portfolio will comprise approximately 558 doors.

Mr O'Neill said the Company planned to retain both banners as multi-branded retailers.

The newly acquired business is expected to contribute approximately 3% of Billabong Group revenue in the 2010-11 financial year. The acquisition is expected to be EPS neutral in year one.

It is anticipated the transaction will complete on 1 November 2010.

The purchase price has not been disclosed.

MARIA MANNING
COMPANY SECRETARY

