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ASX ANNOUNCEMENT

BILLABONG INTERNATIONAL LIMITED
RESULTS FOR THE FULL YEAR TO 30 JUNE 2015

GOLD COAST, 27 August 2015: Billabong International Limited ("Billabong," the "Company," together with its subsidiaries, the "Group") today announces its full-year financial results to 30 June 2015. All figures quoted are in Australian dollars unless otherwise stated.

Overview:

- Turnaround accelerating with Net Profit After Tax, including significant items and discontinued businesses (NPAT), for full-year to 30 June 2015 of $4.2 million compared to a $233.7 million loss for the previous corresponding period (pcp).
- Excluding significant items and discontinued businesses, EBITDA for the period was $65.7 million up 8.8% on the pcp. Global revenue of $1.05 billion was up 2.6% on the pcp.
- Brand Billabong grew sales 13.1% in the United States wholesale market on a constant currency basis (cc). RVCA sales up 12.6 percent (cc) globally.
- Europe EBITDA of $5.6 million up $7.0 million (cc) on the pcp with Element growing sales in its largest wholesale market by 5.6% (cc).
- Asia Pacific EBITDA of $29.4 million down $4.1 million (cc) on the pcp impacted by retail and currency affecting input prices.
- Key projects to drive earnings improvement have progressed to implementation stage.

"Two years into our turnaround Billabong is back to full-year profit and back to doing what it does best - building great global brands," said Billabong CEO Neil Fiske. "Growth has returned in the key United States market and Europe is again profitable.

Challenges remain but this result confirms our confidence in the resilience of our brands and provides the conviction to see through the complex changes we're undertaking globally to deliver sustained, long-term profitable growth."

The Group returned to full-year EBITDA growth for the first time since 2008 with the first full-year profit since 2011.

"For the full-year brand Billabong saw strong growth in the US wholesale market, with sales up 13.1% and accelerating in the second half," said Mr Fiske. "RVCA sales were up 15.3% over the last six months in the same channel and is surging globally.

Element continues its growth in its largest market of Europe and the forward order book in the US indicates the brand is on the way back.

Retail around the globe was mixed as we continue to refine the fleet in advance of our omni-channel rollout, through exiting underperforming stores, consolidating multi-brand banners and investing in new and refurbished mono-brand stores."

Mr Fiske today also provided an update on four major turnaround projects: Omni-Channel, Concept to Customer, Sourcing & Supply Chain and Logistics & Distribution.

“Focused on better serving our brands these four projects are moving from planning to implementation and execution.

They are multi-phased global projects that will progressively drive earnings over the next several years and significantly improve the way all our customers interact with our brands,” said Mr Fiske.

Financial Highlights:

AUD millions		Continuing Businesses (excluding Surfstitch, Swell, West 49 and DaKine and excluding Significant Items)				Including Discontinued Businesses (including Surfstitch, Swell, West 49 and DaKine pre disposal and excluding Significant Items)	
		This Yr	Last Yr	% Change (as reported)	% Change (constant currency)	This Yr	Last Yr
Revenue							
	Americas	451.8	417.9	8.1%	-0.4%	455.6	538.0
	Asia Pacific	418.9	420.0	-0.3%	-0.4%	428.5	480.5
	Europe	177.7	183.6	-3.2%	-1.7%	179.7	199.0
Total		1,048.4	1,021.5	2.6%	-0.6%	1,063.8	1,217.5
EBITDA							
	Americas	27.2	25.2	7.9%	-9.6%	26.6	17.6
	Asia Pacific	29.4	33.4	-11.8%	-12.2%	29.1	34.6
	Europe	5.6	(1.1)			4.0	(8.1)
	Global	3.5	2.8	21.8%	21.8%	3.5	2.8
Total		65.7	60.3	8.8%	1.0%	63.2	46.9

NPAT was $4.2 million compared to a loss of $233.7 million for the pcp.

EBITDA from continuing businesses of $65.7 million up from $60.3 million in the pcp. For the second six months of the year EBITDA of $22.9 million was up 49% from $15.3 million in the pcp.

Global revenue from continuing businesses of $1.05 billion for the full-year was up 2.6% on the pcp.

Regional overview:

The Americas EBITDA was $27.2 million for the year, with the second half EBITDA up 17.5% (cc) fueled by second half revenue growth from Billabong and RVCA in the key US wholesale market.

Overall retail sales were down slightly on the back of store closures, with a 3.7% decline in brick and mortar comparable (comp) sales offset by a 35% (cc) growth in ecommerce revenue.

As reported at the interim results, the prior year earnings include a wholesale contribution from the West 49 business prior to its sale in February 2014. It was noted in the half year statement that the second half result in 2015 would be largely cycling the West 49 business on a comparable basis. Accordingly whilst the first half effect remains, there is only minimal impact of the West 49 transaction in the second half comparison for this Americas result.

European EBITDA of $5.6 million compares to a loss of $1.4 million (cc) for the pcp, despite a 1.7% (cc) drop in overall revenue for the year.

The restructuring that has driven the improvement in Europe’s earnings after more than five years of decline has continued. The focus on better quality channels and sales continues to drive gross margin (up 650 bps for the year) and despite a planned contraction in wholesale sales the region has achieved retail sales growth of 2.9% on a comp store basis. These results have been achieved despite operational challenges with the Paris distribution facility.

Asia Pacific revenue was $418.9 million compared to $420.5 million (cc) for the pcp.

The region represents the Group’s largest retail footprint and will be the first market to adopt the new omni-channel platform. In advance of the roll out, the store fleet is being rationalised with the closure of 20 underperforming stores and consolidation of multi-brand stores in Australia under the Surf Dive ‘n’ Ski banner. At the same time, the Group opened 17 stores – 12 Billabong, four Tigerlily and one multi-brand which have positively contributed to the overall retail performance for the region.

Retail comp store sales for the year were down 3.2% across Asia Pacific which drove a $4.1 million (cc) reduction in overall EBITDA for the region. Despite the impact of a stronger US dollar on input prices, overall gross margin was maintained.

Turnaround update:

The Group today provided an update on four major projects driving the turnaround.

“These projects are aligned with our seven-part turnaround strategy and are interlinked in ensuring that we quickly get the right product to the right markets in tune with what our customers want,” said Mr Fiske.

“They are not only about driving a better brand experience for our followers but also providing operational savings that can be invested in marketing and growing those brands.

To date we have identified $30 million in potential annual profit improvement from our global sourcing and logistics initiatives. We will begin to see benefits in FY16, however the lead times in the business mean the benefits will take several years to be fully realised.”

Details of the four major projects of Omni-Channel, Concept to Customer, Sourcing & Supply Chain and Logistics & Distribution are set out in the table below.

PROJECT	BENEFIT	PROGRESS
Omni-channel A global rollout of infrastructure to fully integrate retail, wholesale and ecommerce operations across our brands	• Provides a single view of customers, inventory and merchandising needs globally • A single state of the art global ecommerce platform to drive brand penetration and seamless shopping for our multi-channel customers	• Key platform and planning software partners appointed • Global project team in place • Piloted in Australia from H2 FY16
Concept to Customer Focused on improving speed to market	• More productive merchant assortments • Quickly identify and produce for emerging trends, chase winning styles and never out of stock for core items • Significantly shortened Order-to-Delivery time • Made to order rather than made to forecast • Faster inventory turns, reduced mark-downs	• Rolled out in the North American market for Billabong • Global roll-out from 2016 for big three brands • Integration of Sourcing activities into Merchandise Design and Development in place
Sourcing & Supply chain Reducing cycle times and costs while improving product quality	• $20 million plus in annual savings at maturity • Improved product quality and time to market through partnership with preferred vendors	• Consolidation of suppliers largely complete with 50% plus reduction • Diversified production outside of China • Vendor performance benchmarks in place
Distribution & Logistics Streamlining our global distribution network	• $10 million annual savings at maturity • Improved customer service • Greater flexibility to move inventory where and when it is needed	• Consolidation centres contract signed for new facilities in China and Singapore • Rationalising warehouses including the closing of the Montreal DC in November and downsizing the Australian DC

“Our vision is simple – strong global brands operating on global platforms. These four projects are critical for the long-term success of our brands.

While this remains a complex challenging turnaround in an uncertain economic environment, on balance more things are working for us than against us,” said Mr Fiske.

Dividend

No dividend has been declared.

2016 trading to date

Since the end of the financial year in the wholesale channel, the Group continues to see growth in forward order books around the globe consistent with the view that the big three brands are making progress.

In retail, trading has been more mixed. In North America, the early part of back to school saw a slow start, not just for the Group, but for the sector as a whole. Europe, on the other hand, has been above expectations. The trend in Asia Pacific has been improving since year-end with trading broadly in line with the prior year.

The group results note a number of risk factors including the impact of currency on input prices and debt, and further disruption from the operational issues with the Paris distribution facility. However, we do expect the benefits of supply chain and other initiatives to begin in the second half of FY16.

Company Secretary resignation

Joanna Brand resigned from the office of Company Secretary effective from 27 August 2015 as Tracey Wood has returned from maternity leave and will resume her role as International General Counsel and Company Secretary.

For media and investor related queries please contact Chris Fogarty on +61 420 928 824 or email: Chris.Fogarty@billabong.com.au.

TRACEY WOOD
COMPANY SECRETARY