BILLABONG INTERNATIONAL LIMITED

2016 FULL YEAR RESULTS

25th August 2016

DAVEY CATHELS
2016 World Tour Rookie

CHIEF EXECUTIVE OFFICER

NEIL FISKE

TODAY

1 | SUMMARY OF RESULTS

2 | PROGRESS ON OUR TURNAROUND

3 | FINANCIAL DETAILS

ETHAN EWING
2016 US Open finalist
Currently ranked No. 2 on WSL QS

OVERVIEW

"Our strategy is to create strong global brands with tight distribution and an Omni platform that integrates wholesale, retail stores, ecommerce and social media. That's the way our consumer wants to shop. In an industry in transition, we believe our strategy is right and positions us well."

Neil Fiske
Chief Executive Officer

$1.1b*
GROUP REVENUE

$57.5m*
GROUP EBITDA

($23.7m)
NET LOSS AFTER TAX
(including significant items)

*Continuing operations, including Sector 9, but excluding significant items

YEAR IN REVIEW

Total Group sales $1.1B, up 4.6% on the prior period; down slightly in constant currency (cc)

Big 3 brands — Billabong, Element and RVCA — up 5.3% globally*; gained share in key markets

Comparable direct-to-consumer revenue increased, with ecommerce sales up 52%, while improving position in the crucial specialty wholesale channel — a lead indicator of brand strength with the core consumer

Restructuring has reduced the cost base; inventories pulled back into line

Omni platform development will integrate store, wholesale and ecommerce channels

Combined Billabong, Element and RVCA brands, advocates and athletes now have more than 26M social media followers

Building global brands on global platforms

* Sales to external wholesale accounts and related retail (cc)

FINANCIAL OVERVIEW

Total Group sales $1.1B, up 4.6% on the prior period; down slightly in constant currency (cc)

Comparable total retail revenues (including comparable Brick & Mortar and ecommerce) were up 1.8% (cc) for the year, including an increase of 52% in global ecommerce sales

Solid underlying trading performance despite tough industry conditions and $17M FX-related product cost increases

Gross margin down 200bps. Recovery beginning in H2 with improvements in inventory and sourcing

$19.5M reduction in CODB, or 110bps

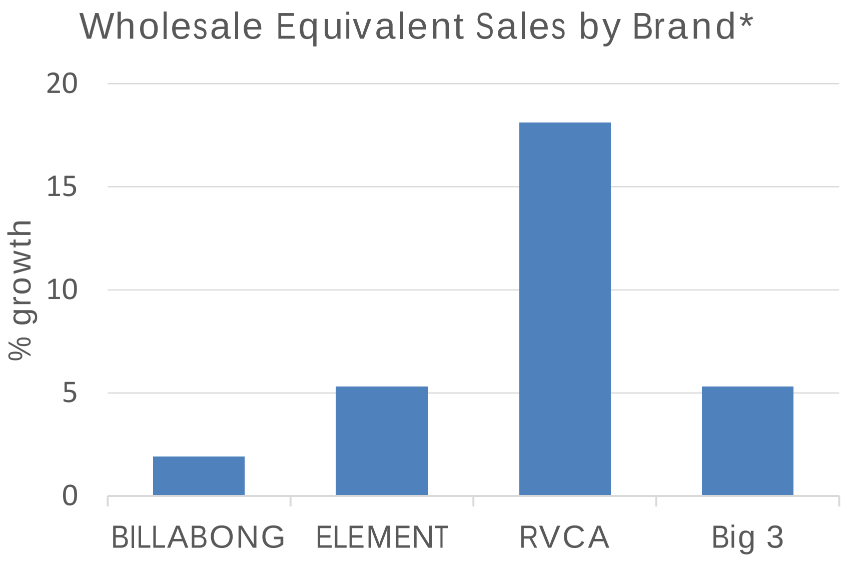
EBITDA* $57.5M (FY15: EBITDA* $65.7M)

Sector 9 accounts for $4.5M of EBITDA decline; sold in June

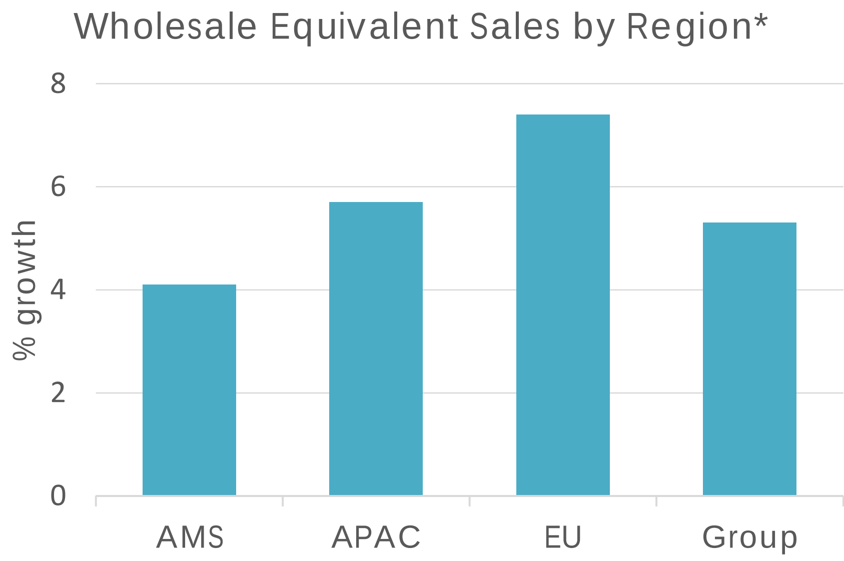
Net loss after tax $23.7M (FY15: NPAT $4.2M), impacted by $20M increased income tax charges. Cash tax increase only $1M

*Excluding significant items and discontinued operations

BIG 3 BRANDS GROW TOTAL SALES



* Sales to external wholesale accounts and related retail (cc)

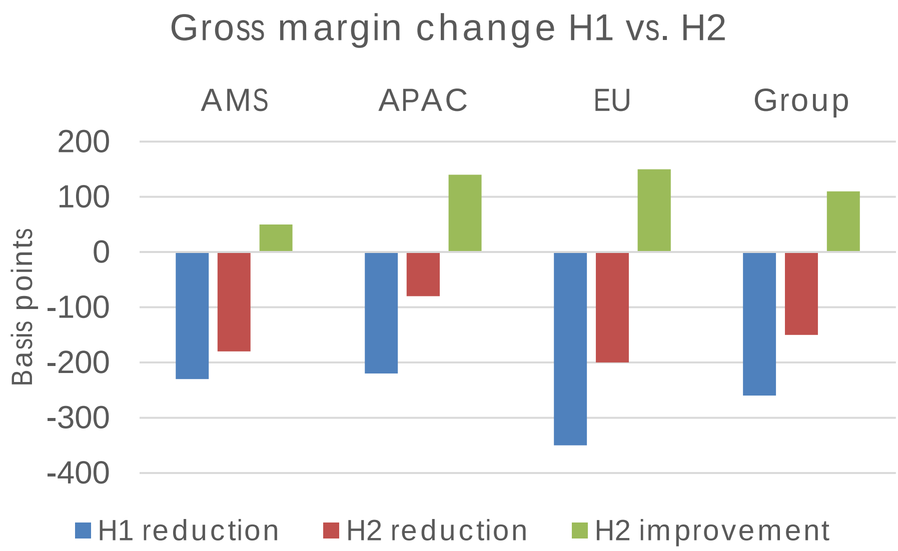


* Sales to external wholesale accounts and related retail (cc)

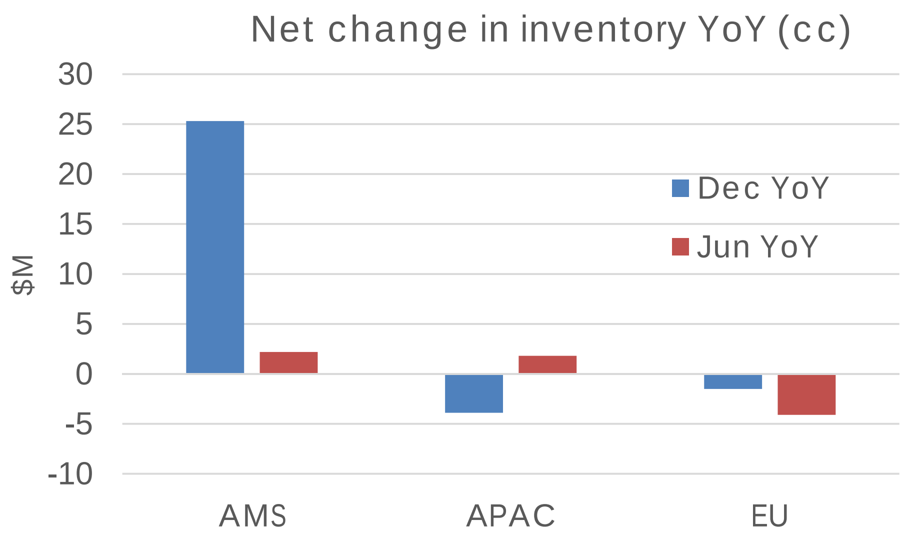
COMPARABLE RETAIL SALES GROWING

% annual growth	AMS	APAC	EU	TOTAL
Comparable retail revenue (comparable B&M + ecommerce)	0.2%	0.4%	9.1%	1.8%
Brick & Mortar comparable store sales	(6.0%)	(1.7%)	2.7%	(2.0%)
ecommerce sales	25%	154%	160%	52%
ecommerce as % of sales	5.7%	1.8%	3.5%	3.8%

MARGIN RECOVERY BEGINS IN H2



Gross margin pressures begin to abate in H2 as benefits from sourcing and other initiatives start to flow



Americas inventory issues largely addressed

AMERICAS: SHOWING RECOVERY IN H2

*Includes wholesale equivalent sales to owned retail

SITUATION

- Big 3 brands grow in wholesale equivalent sales*
- Billabong #1 brand in core specialty; widens lead
- RVCA gains share in core specialty market as well
- Result heavily impacted by Sector 9 (Revenue down 37%, EBITDA down $4.4M)
- Excess inventory largely cleared
- Margin erosion abating

ACTIONS

- Focusing on core consumer, specialty channel
- Implementing global platform initiatives
- Sold Sector 9
- Simplified the organisation
- New leadership for emerging markets and global operations

PROGRESS

- Growth of Big 3 brand sales, up 4.1% yoy
- Gross margin performance better in H2 - down 180bps v 230bps in H1
- Comparable inventories up $2M pcp at year-end vs. up $25M at half-year
- ecommerce revenue up 24.9% (now 5.7% of total revenue)
- Total comparable retail revenues grew 0.2%

REGIONAL PERFORMANCE - AMERICAS

Continuing Business (AUD)	FY16 $m	FY15 $m	Reported Change %	Constant Currency Change %
Sales	481.3	451.8	6.5%	(3.2%)
Gross Profit	223.3	220.1	1.5%	(8.2%)
Gross Margin	*46.4%*	*48.7%*		
*Gross Margin adjusted for divestments **	*46.4%*	*48.4%*		
Overheads (net of other income)	191.7	178.4	7.5%	(3.1%)
EBITDA Pre Global Allocation	31.6	41.7	(24.2%)	(30.6%)
Global Allocation	14.7	14.5	0.8%	0.7%
EBITDA Post Global Allocation	17.0	27.2	(37.6%)	(45.3%)
EBITDA Margin	*3.5%*	*6.0%*		

	FY16	FY15
Comp Store Sales %	(6.0%)	(3.7%)
Store Count (Number)	58	64

As Reported (AUD) including Significant Items	FY16 $m	FY15 $m	Reported Change %	Constant Currency Change %
Sales	481.3	455.6	5.6%	(4.2%)
EBITDA	14.3	15.3	(6.7%)	(34.3%)
EBITDA Margin	*3.0%*	*3.4%*		

* Gross Margin adjusted for divestments adjusts for retained wholesale gross profit from sales to disposed retail operations – no corresponding prior year external revenue

** Sale of Sector 9 completed June 2016 however not separated as a discontinued business due to immateriality

Revenue (continuing operations incl. Sector 9**):

- Up 6.5% although down 3.2% (cc).
- North America (NA) retail down 10.4% including the planned closure of the Times Square store during the pcp.
- NA retail comp store sales decline 6.3%.
- NA wholesale up 2.7% (cc) excluding Sector 9.
- Including wholesale equivalent sales to our own retail, Billabong was down 0.2%, Element down 0.4% and RVCA up 14.9% in the Americas as a whole.

Overall gross margins were down 200 bps (adjusted for asset sales) reflecting the impact of clearance activity in relation to excess inventory.

Comparable inventories up $2M vs pcp at year-end compared to up $25M vs pcp at H1.

CODB is up in AUD terms but on a cc basis down 3.1% or $6.1M.

Total EBITDA (before Global Allocation) down $10.1M. $4.4M of this represents lower EBITDA from Sector 9.

H2 EBITDA decline $2.8M (cc) excluding Sector 9 compares to an equivalent decline of $6.7M in H1.

EUROPE: THIRD YEAR OF IMPROVEMENT

*Includes wholesale equivalent sales to owned retail
** Pre Global Allocation

SITUATION

- Big 3 brands grow in wholesale equivalent sales*
- Third successive year of EBITDA growth
- Unfavourable weather cut into second half run rate
- ecommerce underdeveloped, but growing rapidly post website repatriation. Significant potential upside
- Currency impact on product costs cut into gross margins
- Uncertainty around Brexit and FX impact

ACTIONS

- Focusing on controlled, quality distribution
- Implementing global platform initiatives
- Leveraging global brand and functional leadership
- Rationalised store base
- Reducing CODB

PROGRESS

- Growth of Big 3 brand sales, up 7.4% yoy
- $5M currency cost more than offset; EBITDA up $4.8M (cc)**
- Gross margin performance better in H2 - down 200bps v 350bps in H1
- ecommerce sales up 160% from low base (now 3.5% of sales) but demonstrates its potential
- Total comparable retail revenues up 9.1%

REGIONAL PERFORMANCE - EUROPE

Continuing Business (AUD)	FY16 $m	FY15 $m	Reported Change %	Constant Currency Change %
Sales	192.7	177.7	8.4%	2.0%
Gross Profit	100.0	98.1	2.0%	(3.9%)
Gross Margin	*51.9%*	*55.2%*		
*Gross Margin adjusted for divestments **	*51.9%*	*54.6%*		
Overheads (net of other income)	83.1	86.8	(4.2%)	(9.6%)
EBITDA Pre Global Allocation	16.9	11.3	49.3%	39.7%
Global Allocation	5.9	5.7	2.3%	2.2%
EBITDA Post Global Allocation	11.0	5.6	97.6%	73.5%
EBITDA Margin	*5.7%*	*3.1%*		

	FY16	FY15
Comp Store Sales %	2.7%	2.9%
Store Count (Number)	104	102

As Reported (AUD) including Significant Items	FY16 $m	FY15 $m	Reported Change %	Constant Currency Change %
Sales	192.7	179.7	7.2%	0.9%
EBITDA	9.5	25.9	(63.2%)	(67.5%)
EBITDA Margin	*5.0%*	*14.4%*		

* Gross Margin adjusted for divestments adjusts for retained wholesale gross profit from sales to disposed retail operations – no corresponding prior year external revenue

Revenue (continuing operations):

- Up 8.4%; up 2.0% (cc).
- Total brick and mortar sales down 9.5% (cc) with store closures.
- Comp store sales up 2.7%

The region had lower gross margins than the pcp primarily due to the effects of foreign exchange on input prices ($5M) and of inventory clearance post-Paris DC issues early in the year.

Overheads (net of other income) were down 9.6% cc, excluding the allocation of global overhead costs.

H2 EBITDA of $6.6M (before Global Allocation) compares to $4.3M in the pcp on a cc basis.

EBITDA margin for the region expanded by 2.6% (after Global Allocation).

Gross Margin and CODB comparisons against the prior year are impacted by certain reclassifications.

APAC: OVERCOMING CURRENCY CHALLENGES

SITUATION

- Big 3 brands grow in wholesale equivalent sales*
- Billabong #1 brand in core specialty; widens lead
- RVCA gains traction and builds market share
- Currency impact on product costs cut into gross margins
- ecommerce underdeveloped, but growing rapidly post website repatriation. Significant potential upside
- Region with most to gain from Omni transformation

ACTIONS

- Focusing on gross margin recovery/expansion
- Implementing global platform initiatives
- Leveraging global brand and functional leadership
- Revamped retail organisation
- Continuing shift to global sourcing and refining mix
- Region taking the lead on Omni channel implementation

PROGRESS

- Growth of Big 3 brand sales, up 5.7% yoy
- Majority of $12M currency cost offset; EBITDA down $5.5M (cc)**
- Gross margin performance better in H2 - down 80bps v 220bps in H1
- ecommerce sales up 154% from low base (now 1.8% of sales) but demonstrates its potential
- Tigerlily brand sales up 21% in Australia
- Total comparable retail revenues up 0.4%

*Includes wholesale equivalent sales to owned retail
** Pre Global Allocation

BILLABONG ELEMENT RVCA VONZIPPER XCEL HONOLUA KUSTOM tigerlily PALMERS

REGIONAL PERFORMANCE – ASIA PACIFIC

Continuing Business (AUD)	FY16 $m	FY15 $m	Reported Change %	Constant Currency Change %
Sales	423.0	418.9	1.0%	(0.8%)
Gross Profit	232.7	237.5	(2.1%)	(3.8%)
Gross Margin	*55.0%*	*56.7%*		
*Gross Margin adjusted for divestments **	*55.0%*	*56.6%*		
Overheads (net of other income)	193.8	194.4	(0.3%)	(1.9%)
EBITDA Pre Global Allocation	38.8	43.1	(10.0%)	(12.4%)
Global Allocation	12.9	13.7	(5.9%)	(5.9%)
EBITDA Post Global Allocation	25.9	29.4	(11.9%)	(15.3%)
EBITDA Margin	*6.1%*	*7.0%*		

	FY16	FY15
Comp Store Sales %	(1.7%)	(3.2%)
Store Count (Number)	245	238

As Reported (AUD) including Significant Items	FY16 $m	FY15 $m	Reported Change %	Constant Currency Change %
Sales	423.0	428.5	(1.3%)	(3.0%)
EBITDA	22.4	10.5	113.9%	92.5%
EBITDA Margin	*5.3%*	*2.4%*		

* Gross Margin adjusted for divestments adjusts for retained wholesale gross profit from sales to disposed retail operations – no corresponding prior year external revenue

Revenue (continuing operations):

- Up 1.0% - or down 0.8% (cc).
- Australia comparable store sales were down 0.7% on the pcp.
- Mono-brand stores comp gain 2.6% in Australia, with multi-brand stores comp down 1.3%.

Overall margins down 160 bps (adjusted for divestments) despite the effect of the lower AUD, relative to the USD, which increased input prices compared to the pcp (estimated effect $12M; almost 300 basis points).

CODB reductions achieved across both wholesale and retail business units.

Overall EBITDA down $4.3M (as reported) or 12.4% (cc) before Global Allocation, meaning more than 60% of the currency impact has been offset.

TURNAROUND STRATEGY

1 | BRAND

2 | PRODUCT

3 | MARKETING

4 | OMNI-CHANNEL

5 | SUPPLY CHAIN

6 | ORGANISATION

7 | FINANCIAL DISCIPLINE


Ryan Callinan — Billabong Pro Tahiti


Isabella Nichols — 2016 World Junior Champion

BILLABONG

+1.9% SALES*

Athletes

Jack Freestone & Ryan Callinan join WSL Tour

Isabella Nichols Jnr. World Champ

Social Media: 12.4m followers

Brand followers 9.7M; +16%

2.7M Athlete & Advocate followers

Connected to the core

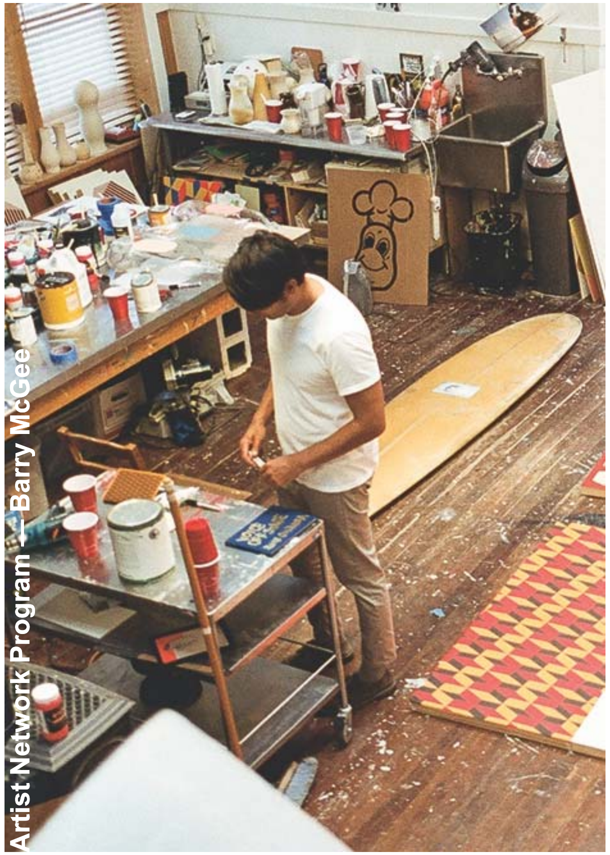
Brand widens lead in specialty surf stores in US & Australia

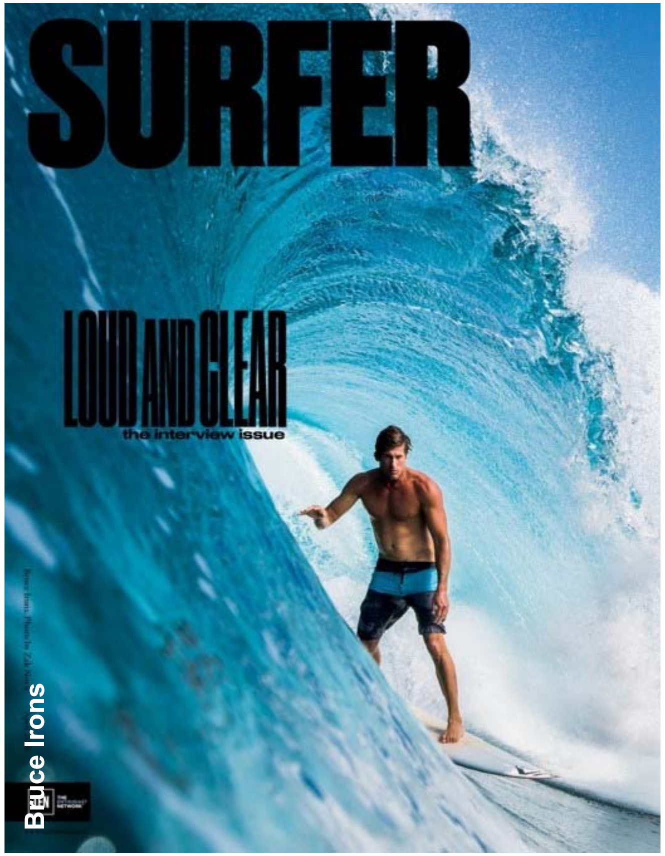
Industry recognition

Multiple SBIA Awards

Australian Men's & Women's Brand of the Year

* Sales to external wholesale accounts and related retail (cc)





RVCA

+18.1% SALES*

Athletes

Surf legend Bruce Irons joins RVCA
Davey Cathels on WSL Tour

Social Media: 4.6M followers

Brand followers 1.4M; +22%
3.2M Athlete & Advocate followers

Landmark stores

Byron Bay & Santa Monica open

Shows global potential

EU up 25%
APAC up 41%

* Sales to external wholesale accounts and related retail (cc)

Element Skate Team

Brandon Westgate — Brazil

Opening of Rhodes Skatepark & Element
4 Americana

Mike Kershnar

ELEMENT

+5.3% SALES*

Athletes

Nyjah Huston takes 7th X Games gold

Mason Silva named Year's Best Amateur Skater

Social Media: 9M followers

Brand followers 3.7M; +31%
5.3M Athlete & Advocate followers

Unique retail

Store at Boise skatepark draws huge crowds

New World Tour

Element Skate Team hits 5 countries on global tour

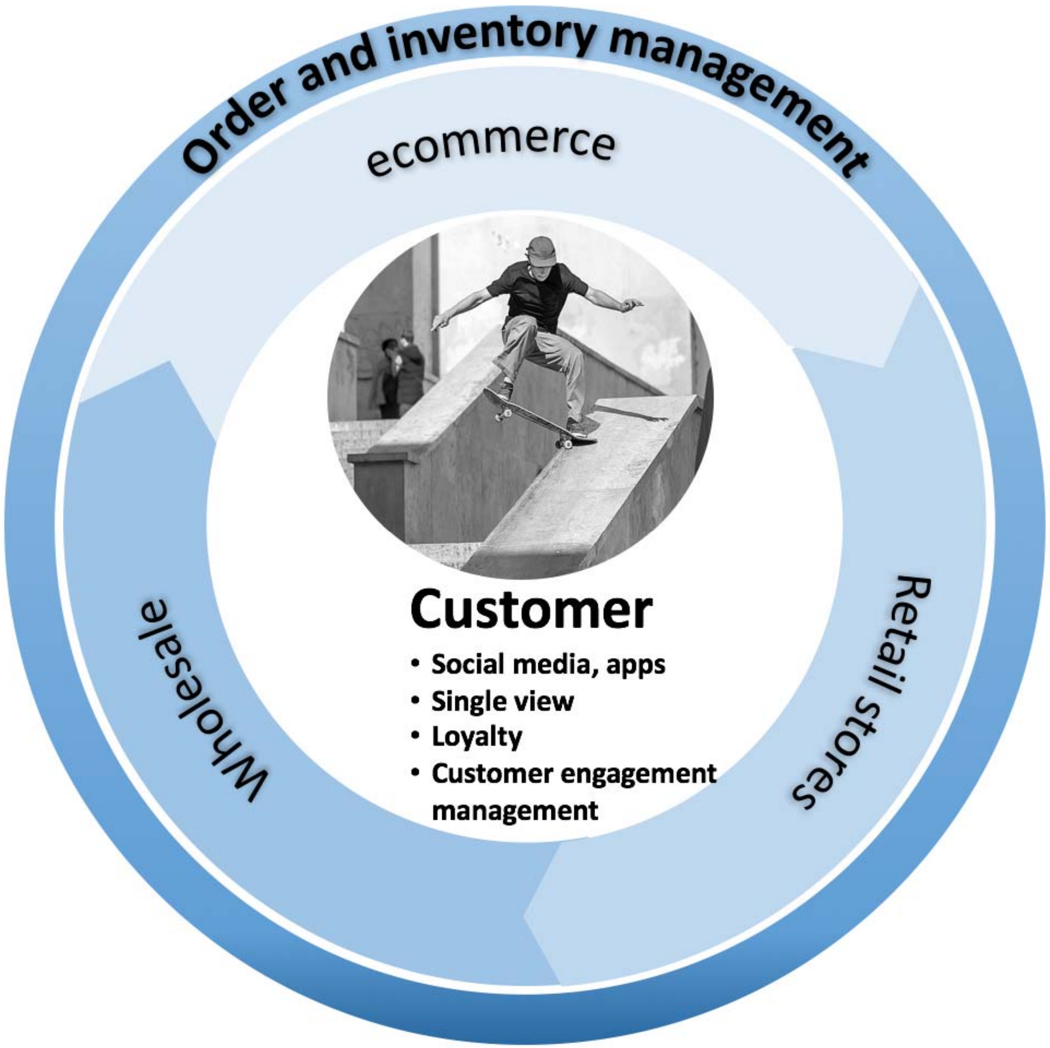
* Sales to external wholesale accounts and related retail (cc)

Global Brands on Global Platforms

Strategic objectives

Omni	Global Sourcing	Global Logistics "Pipeline"	Concept to Customer	Emerging Markets
Seamless experience across channels • ecommerce • Retail • B2B • Social Single view of the customer Single view of inventory & better turns Positive comp store sales Growing social media footprint and customer database ecommerce to >$100M	Leverage global scale for cost, quality, speed Fewer, deeper supplier relationships Improved product consistency Social and environmental compliance $20M+ annual sourcing benefits at maturity; $7M in FY17	Lower cost distribution Consolidation centres in China and Singapore Rationalise regional distribution footprints $10M+ annual savings at maturity Appointed VP Global Operations to oversee logistics improvements	Merchant Front End Fewer/bigger/better merchandising philosophy Speed to market Fewer "blind buys" due to shorter Order-to-Delivery times Gross margin expansion; faster inventory turns	Global leadership and focus Leverage global platforms e.g. Omni, Pipeline Globally coherent emerging market strategy Globally co-ordinated sales support, customer service and brand delivery Potential for emerging market sales through agents and distributors to triple to $150M within 5 years

OMNI: BUILDING A CUSTOMER-CENTRIC OPERATING SYSTEM



ecommerce

- Cloud-based
- Global
- Device-responsive
- Immersive experience

Wholesale

- B2B (NuOrder)
- Account segmentation
- Digital catalogue
- Small account reach
- Digital commerce

Retail stores

- Smart POS
- Merchandise planning & allocation system (Just Enough)
- Endless aisle
- Brand content

BILLABONG ELEMENT RVCA VONZIPPER XCEL HONOLUA KUSTOM tigerlily PALMERS

DETAILED FINANCIALS

COURTNEY CONLOGUE
Winner
Bells Beach Pro 2016

RECONCILIATION
STATUTORY RESULT TO CONTINUING BUSINESSES

Billabong - Full Year to June 2016

AUD millions	Statutory Result	Included In Statutory Result		
		Significant Items	Continuing Businesses FY16	Continuing Businesses FY15
Sales Revenue	*1,096.9*	-	*1,096.9*	*1,048.4*
EBITDA	49.8	7.7	57.5	65.7
Less Depreciation, Amortisation, Impairment	32.1	0.1	32.2	32.8
EBIT	17.6	7.6	25.3	32.8
Less Finance Charges	33.5	-	33.5	
Profit Before Tax	(15.9)	7.6	(8.3)	
Less Tax Expense	7.8	2.0	9.8	
Net Profit/(Loss) After Tax	(23.7)	5.6	(18.1)	
Less Outside Equity Interests	-	-	-	
Net Profit (Loss) After Tax Attributable to Members	(23.7)	5.6	(18.1)	

- Results for the period include significant items.
- The results of Sector 9 did not meet the conditions under AASB 5 to be disclosed as a discontinued operation during the year ended 30 June 2016 and are therefore included in the above continuing businesses' figures.

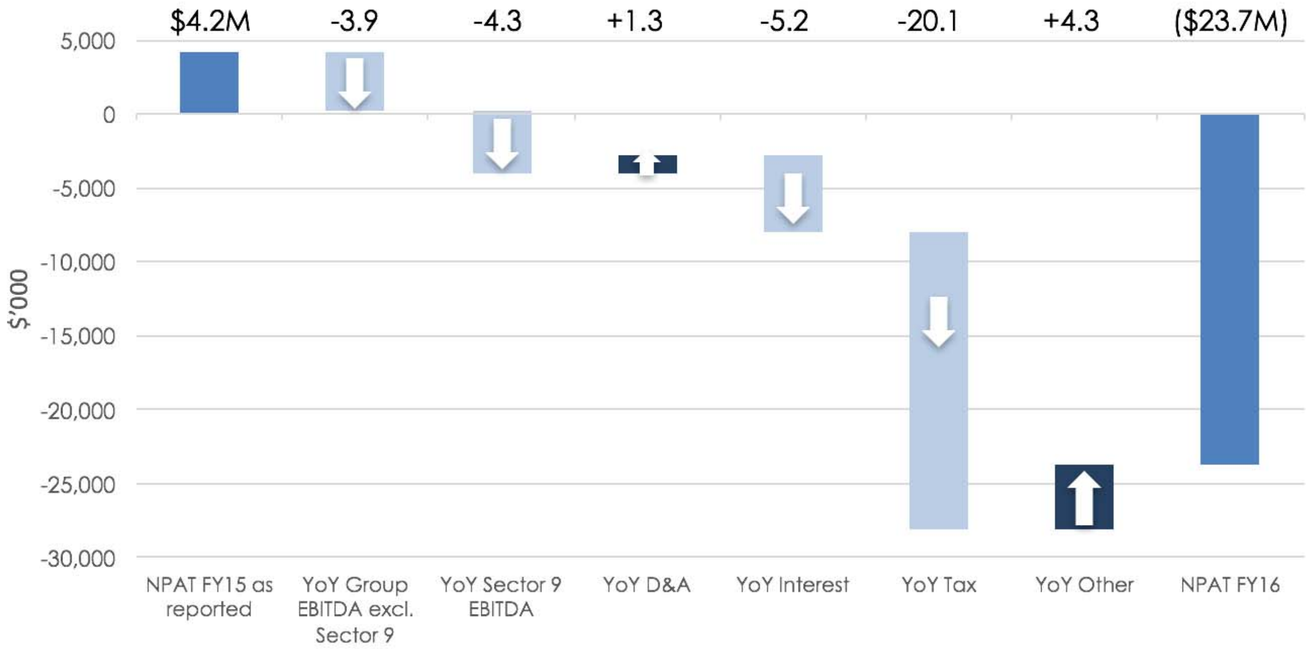
SUMMARY OF RESULTS

AUD millions	Continuing Business As Reported [1]				As Reported [2]	
	This Yr	Last Yr	% Change (as reported)	% Change (constant currency)	This Yr	Last Yr
Revenue						
Americas	481.3	451.8	6.5%	-3.2%	481.3	455.6
Asia Pacific	423.0	418.9	1.0%	-0.8%	423.0	428.5
Europe	192.7	177.7	8.4%	2.0%	192.7	179.7
Total	**1,096.9**	**1,048.4**	**4.6%**	**-1.4%**	**1,096.9**	**1,063.8**
EBITDA Pre Global Allocation						
Americas	31.6	41.7	-24.2%	-30.6%	31.6	41.2
Asia Pacific	38.8	43.1	-10.0%	-12.4%	38.8	42.8
Europe	16.9	11.3	49.3%	39.7%	16.9	9.7
Global	(29.9)	(30.5)	2.1%	2.2%	(29.9)	(30.5)
Total	**57.5**	**65.7**	**-12.5%**	**-19.6%**	**57.5**	**63.2**
EBITDA Post Global Allocation						
Americas	17.0	27.2	-37.6%	-45.3%	17.0	26.6
Asia Pacific	26.0	29.4	-11.9%	-15.3%	26.0	29.1
Europe	11.0	5.6	97.6%	73.5%	11.0	4.0
Global	3.5	3.5	1.9%	1.9%	3.5	3.5
Total	**57.5**	**65.7**	**-12.5%**	**-19.6%**	**57.5**	**63.2**

- Americas EBITDA $10.1M down on the pcp (pre-global allocation) – declines moderated in H2.
- Strong performance from Europe.
- Asia Pacific EBITDA impacted by $12M of FX related cost of goods increase.
- H2 EBITDA (before significant items and discontinued operations) of $20.3M — down from $22.9M pcp.
- Sale of Sector 9 completed June 2016. Sector 9 EBITDA down $4.5M including $1.9M in H2. Not treated as a discontinued business due to immateriality.
- Sale of SurfStitch and Swell completed September 2014.

1. Excluding Surfstitch, Swell, and excluding significant items. Includes Sector 9
2. Including Surfstitch, Swell, pre disposal; and excluding significant items. Includes Sector 9

EARNINGS BRIDGES: FY NPAT & H2 EBITDA



SIGNIFICANT ITEMS

As Reported (AUD)	FY16 $m	FY15 $m
Significant Items - Income/(Expense) Items		
Net realisable value shortfall expense on inventory	-	(2.7)
South African warehouse fire- damaged inventory adjustment	(1.2)	-
Insurance settlement	5.0	-
South African warehouse fire- insurance income	1.2	-
Gain from adjustment to contingent consideration	2.4	7.7
Specific doubtful debts expense	-	0.9
Early termination of leases and onerous lease/restructuring expense	0.6	(0.4)
Turnaround Strategy and other restructuring costs *	(8.5)	(21.6)
Redundancy costs	(1.4)	(2.0)
RVCA compensation expense	2.9	(2.3)
Impairment of goodwill, brands and other intangibles	0.1	-
Impairment of property, plant and equipment	-	(3.0)
Asset disposals	-	(1.3)
Foreign currency translation reserve reclassified to income statement	(0.2)	-
Loss on immaterial divestment including divestment costs	(4.9)	-
Borrowing costs	(3.6)	-
SurfStitch and Swell gain on sale, net of transaction costs	-	13.7
Total pre tax income/(expense) significant items	**(7.6)**	**(11.0)**
Income tax benefit	**2.0**	**13.7**
Total after tax significant and exceptional (expense) / income items	**(5.6)**	**2.7**

*Restructuring costs materially limited to Project Pipeline in future periods

CASH FLOW

Net receipts and payments of $(4.8M) is lower than the pcp in line with reduced EBITDA and reductions in creditors. Other income up $7.2M.

Financing costs of $27.9M decreased on the pcp due to PIK in the second half. Term loan repaid by $11M in the period.

Cash outflow from investing includes the payments for RVCA deferred consideration.

Capex includes investment in the Omni-Channel platform.

Payments to suppliers and employees includes $21M of cash outflows from significant items and payments from restructuring provisions. Includes certain FY15 expenses paid in FY16. This is expected to decline further.

Significant reduction in onerous lease provisions

As Reported (AUD)	FY16 $m	FY15 $m	Change %
Receipts from customers (inclusive of sales taxes)	1,173.2	1,137.4	
Payments to suppliers and employees (inclusive of sales taxes)	(1,178.0)	(1,123.4)	
	(4.8)	14.0	(134.1%)
Other income	13.7	6.5	
Finance costs	(27.9)	(32.9)	
Income taxes paid	(3.1)	(2.2)	
Net cash outflow from operating activities	**(22.1)**	**(14.6)**	**51.2%**
Cash flows from investing activities			
Payments for deferred consideration	(18.6)	-	
Payments for capex	(38.0)	(27.7)	
Proceeds from sale of business, net of cash divested and transaction costs	16.1	38.4	
Proceeds from sale of property, plant and equipment	6.4	0.3	
Net cash (outflow)/inflow from investing activities	**(34.1)**	**11.0**	
Cash flows from financing activities			
Net repayments of borrowings	(11.4)	-	
Net cash outflow from financing activities	**(11.4)**	**-**	
Net Movement in Cash Held	**(67.6)**	**(3.6)**	

BALANCE SHEET, GEARING AND INTEREST

Working capital represents 17.4% of the prior 12 months' sales stated at year-end exchange rates, compared to the pcp of 15.5%.

Increase relates to a reduction in creditors as part of the Group's previously-advised supplier consolidation strategy, as well as a reduction in payables as certain significant items related to FY15 were paid in FY16.

Net debt increased from $113.5M as at 30 June 2015 to $185.2M, principally reflecting RVCA deferred consideration, foreign exchange differences on the USD term loan, working capital increases, financing charges and capital expenditure.

The increase in net interest expense from $28.4M to $33.5M was driven by foreign exchange differences.

Term loan at balance date US$201.7M at 11.9%.

New asset-based lending facility established July 2016 with Bank of America Merrill Lynch. European and New Zealand assets included for the first time.

As Reported (AUD)	Jun-16 $m	Jun-15 $m	Reported Change %
Working capital			
Receivables	171.6	164.5	4.3%
Inventory	185.6	187.1	(0.8%)
Creditors	166.3	183.7	(9.5%)
Working capital	**190.9**	**167.9**	**13.7%**

As Reported	Jun-16 $m	Jun-15 $m	Reported Change %
Debt levels			
Term loan (USD)	201.7	203.8	(1.0%)
FX Rate	*0.7426*	*0.7680*	(3.3%)
Term loan (AUD)	271.7	265.3	2.4%
Other borrowings (AUD)	2.7	1.5	76.1%
Gross borrowings (AUD)	274.4	266.9	2.8%
Net debt (AUD)	185.2	113.5	
Net debt including RVCA deferred consideration (AUD)	185.2	133.9	

As Reported (AUD)	FY16 $m	FY15 $m
Net interest expense	33.5	28.4

Note: Prior year working capital payables balances have been restated to be consistent with the current year presentation.

OUTLOOK

For the month of July 2016, EBITDA was ahead of the prior year; however, July is a seasonally small month for the Group. The Group's results for the 2017 financial year will again be significantly influenced by the strength of the key November/December retail trading in Asia Pacific and the implications of the consolidation and rationalisation occurring in the North American retail market.

The Company continues to be confident of its ability to manage those elements of the strategy that are within its control including brand performance, margin improvements, inventory and CODB and expects the benefits of the project agenda to contribute to the 2017 financial year's result.

IN SUMMARY

Significant progress made over the past year

Strategy is intact, yielding benefits: progress offsets much of the impact of external factors

Customer loyalty to core brands evident and drove sales improvement

Engagement has improved and positions us well for future growth in sales and market share

Big year of implementation ahead on global platform initiatives

Staying focused on strategy execution, while controlling margins, inventories and cost

ANNEXURE

RECONCILIATION
STATUTORY RESULT TO CONTINUING OPERATIONS – PRIOR PERIOD

Billabong - Full Year to June 2015

AUD millions	Statutory Result	Included In Statutory Result			
		Significant Items	FY15 Divestments: SurfStitch, Swell *	Continuing Businesses FY15	Continuing Businesses FY14
Sales Revenue	*1,063.7*	-	*(15.4)*	*1,048.4*	*1,021.5*
EBITDA	55.2	8.0	2.5	65.7	60.3
Less Depreciation, Amortisation & Impairment	36.5	(3.0)	(0.7)	32.8	34.5
EBIT	18.7	11.0	3.2	32.8	25.9
Less Finance Charges	28.4	-	(0.0)	28.3	
Profit Before Tax	(9.7)	11.0	3.2	4.5	
Less Tax Benefit	(12.2)	13.7	-	1.5	
Net Profit/(Loss) After Tax	2.6	(2.7)	3.2	3.0	
Less Outside Equity Interests	(1.6)	-	1.6	-	
Net Profit (Loss) After Tax Attributable to Members	4.2	(2.7)	1.6	3.0	

* Results up to 5 September 2014

FOREIGN EXCHANGE

- To assist users in understanding the impact of foreign exchange on the Group's key financials the following key exchange rates have been provided for information purposes.
- The Group's results are converted at average exchange rates each month. The exchange rates set out below represent an approximate average of those rates for the year.

Full Year Average Rates			
	AUD/ USD	**AUD/ EUR**	**EUR/ USD**
FY16 Average	0.7286	0.6563	1.1102
FY15 Average	0.8370	0.6960	1.2026
Spot / Period End Rates			
	AUD/ USD	**AUD/ EUR**	**EUR/ USD**
30 June 2016	0.7426	0.6699	1.1085
30 June 2015	0.7680	0.6866	1.1186

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