



**Billabong
International
Limited**

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ASX ANNOUNCEMENT

CHAIR'S ADDRESS TO SCHEME MEETING

GOLD COAST, 28 March 2018: Set out in the Annexure of this announcement is a copy of the Chair's address and presentation given to the attendees of the Billabong International Limited [ASX:BBG] (**Billabong**) Scheme Meeting which was held today at 1 Billabong Place, Burleigh Heads, Queensland.

TRACEY WOOD
COMPANY SECRETARY





ANNEXURE

CHAIR'S ADDRESS

On behalf of the Board of Billabong, I am pleased to talk to you today about an important moment in the history of your Company.

On 5 January 2018, Billabong announced that it had entered into a Scheme Implementation Deed with Boardriders under which Boardriders agreed to acquire all of the shares in Billabong at a price of \$1.00 per share.

Boardriders is controlled by funds managed by Oaktree Capital Management. Oaktree already holds 19.3% of Billabong Shares and is one of Billabong's two senior lenders. The shares held by Oaktree will not be acquired under the Scheme and will not be voted at today's meeting.

Billabong Shareholders will have received a Scheme Booklet together with a notice convening today's meeting. The Scheme Booklet includes:

- an overview of the Scheme;
- the key considerations relevant to each shareholders vote including reasons to vote in favour of, or against, the Scheme;
- frequently asked questions and answers; and
- information about Boardriders.

Your Directors appointed Grant Samuel & Associates as the Independent Expert to assess the merits of the Scheme. A copy of the Independent Experts' Report was included in the Scheme Booklet. The Independent Expert has concluded that the Scheme is fair and reasonable and, therefore, is in the best interests of Shareholders, in the absence of a Superior Proposal. The Independent Expert has assessed the full underlying value of Billabong at between \$0.96 and \$1.20 per share. The cash consideration under the Scheme of \$1.00 per Share is within that value range.

Your Directors have unanimously recommended that, in the absence of a Superior Proposal and subject to the Independent Expert concluding that the Scheme is fair and reasonable and in the best interest of Shareholders, Shareholders vote in favour of the resolution at today's meeting.

The Directors of Billabong made this recommendation on the basis that:

- The cash consideration of \$1.00 per share represents a significant premium to Billabong's recent historical trading prices and represents an attractive acquisition multiple, which compares favourably to the multiples of key comparable listed companies and comparable precedent transactions;
- If the Scheme proceeds, Shareholders will receive certain value for their investment in Billabong, and will avoid ongoing risks and uncertainties associated with Billabong's business;



- While Billabong has made significant operational progress in recent years, its progress towards its long term financial goals has been slower and more difficult than anticipated at the time of the 2014 recapitalisation, and its earnings growth continues to be impacted by market conditions and other factors;
- The Board considers that, in the absence of the Scheme, it will become necessary for Billabong to materially reduce debt if it is to continue with its current strategy, which, given the Company's existing high debt levels, is expected to require a substantial equity raising, without which Billabong will need to sell significant assets and change its strategy;
- Since the announcement of the Boardriders' then indicative, non-binding proposal, no Superior Proposal has emerged;
- Billabong's share price may fall if the Scheme is not implemented; and
- You will not incur any brokerage charges on the transfer of your Shares if the Scheme proceeds.

If the Scheme is approved by Shareholders at today's meeting, the timetable to implement the Scheme and pay shareholders their Scheme Consideration would be as follows:

- 6 April – the Second Court Date for approval of the Scheme;
- 9 April – the Effective Date of the Scheme and last trading day in Billabong Shares;
- 16 April – the Record Date for Shareholders to receive the Scheme Consideration; and
- 24 April – the Implementation and Payment Date.

I would also like to advise shareholders that shortly prior to the meeting, Billabong and Boardriders entered into a Deed which amends the terms of the Scheme Implementation Deed so that the Scheme Consideration is increased from \$1.00 to \$1.05 per share.

When we go back to the Court we will therefore seek approval from the Court to amend the terms of the Scheme to reflect the increased consideration from \$1.00 to \$1.05 per share.

I would like to thank all Shareholders who are in attendance today and those who have appointed proxies or other representatives to vote at the meeting.

BILLABONG INTERNATIONAL LIMITED

SCHEME MEETING
28 MARCH 2018

Joel Parkinson

 **BILLABONG**

 **ELEMENT**

RVCA

 **VONZIPPER**

 **XCEL**

HONOLUA
SURF CO.

 **KUSTOM**

 **PHOBOS**

CHAIRMAN'S ADDRESS

IAN POLLARD

SCHEME MEETING 2018

2



BUSINESS OF THE MEETING



RESOLUTION

The resolution requests shareholders to consider, and if thought fit, to approve by way of a special resolution, that, pursuant to and in accordance with section 411 of the Corporations Act 2001 (Cth), the scheme of arrangement proposed between Billabong International Limited and the holders of its fully paid ordinary shares (other than certain excluded shareholders), the terms of which are contained in and more particularly described in the Scheme Booklet of which the notice convening the Scheme Meeting forms part, is approved (with or without alterations or conditions as approved by the Federal Court of Australia) and, subject to approval of the Scheme by the Court, the Billabong Board is authorised to implement the Scheme with any such alterations or conditions.

PROXY VOTES RESULT

VOTE TYPE	VOTED	%	% OF ALL SECURITIES
FOR:	98,779,920	78.83	49.87
AGAINST:	5,712,301	4.56	2.88
OPEN (Board):	190,179	0.15	0.10
OPEN (Non-Board):	20,623,990	16.46	10.41
ABSTAIN:	161,661	N/A	0.08

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SCHEME MEETING
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