



**Billabong
International
Limited**

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ASX ANNOUNCEMENT

BILLABONG INTERNATIONAL LIMITED RESULTS FOR THE HALF YEAR TO 31 DECEMBER 2009

GOLD COAST, 19 February 2010: Billabong International Limited today announced a net profit after tax (NPAT) of \$69.7 million for the six months ended 31 December 2009.

The NPAT result was down 7.6% in constant currency terms (or down 9.5% in constant currency terms when excluding the prior year's asset impairment charge) and down 15.4% in reported terms compared to the six months ended 31 December 2008 (the prior corresponding period) following a significant strengthening of the Australian dollar against the United States dollar and the Euro in particular.

Group sales of \$721.0 million were 2.8% lower in constant currency terms or down 10.8% in reported terms compared to the prior corresponding period. On a regional level in constant currency terms, sales increased 2.6% in Europe, while sales in Australasia decreased 1.4% and sales in the Americas were 6.2% lower compared to the prior corresponding period.

Gross margins strengthened to 55.5% (from 53.8% in the prior corresponding period).

Earnings before interest, tax, depreciation and amortisation (EBITDA) of \$123.5 million was 9.5% lower in constant currency terms or 16.2% lower in reported terms compared to the prior corresponding period. EBITDA margins decreased to 17.1% (from 18.2% in the prior corresponding period), reflecting the difficult trading environment and changing regional mix, combined with significant foreign exchange movements.

Basic earnings per share (EPS) of 27.9 cents was 26.8% lower compared to the prior corresponding period, reflecting the lower reported NPAT result and an increase in the number of shares on issue principally arising from a capital raising announced in May 2009.

Directors declared an interim dividend of 18 cents per share, partially franked to 50%.

Billabong International Limited chief executive officer Derek O'Neill said the result was in line with the Company's guidance.

"The Company continues to perform to expectation in a difficult global retail environment," said Mr O'Neill.

"The Group experienced strong growth in many European territories, including Germany and Central European countries, while Australia had solid sales growth of approximately 4% compared to the prior corresponding period.

"In North America there were some signs of improvement in the Company's own retail operations, but business remained relatively challenging at the wholesale account level."

Mr O'Neill said the overall Group result was significantly adversely impacted by foreign exchange movements. In particular, a strengthening Australian dollar against the US dollar and the Euro compared to the prior corresponding period adversely impacted the translation of reported results.

Cashflow from operating activities was very strong, increasing by more than 100% over the prior corresponding period, principally reflecting higher net cash receipts and a lower interest expense.

Mr O'Neill said the Company remained cautious in its trading expectations for the full financial year given the ongoing instability in the global economic environment.

The Company is reaffirming its previously advised full-year guidance of 5% NPAT growth compared to the prior corresponding period in constant currency terms and excluding the prior corresponding period's impairment charge, or 10% constant currency growth when including the prior corresponding period's impairment charge.

MARIA MANNING
COMPANY SECRETARY

