



**Billabong  
International  
Limited**

ABN 17 084 923 946



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[www.billabongbiz.com](http://www.billabongbiz.com)

# ASX ANNOUNCEMENT

## BILLABONG TO ACQUIRE WEST 49

**GOLD COAST, 30 June 2010:** Billabong International Limited ("Billabong" or "the Company") today announced it has entered into a definitive acquisition agreement ("Agreement") with West 49 Inc ("West 49"), pursuant to which Billabong will acquire West 49 for C\$1.30 (A\$1.45<sup>1</sup>) per share, for an enterprise value of approximately C\$99.0 million (A\$110.4 million)<sup>2</sup>. West 49, a TSX listed company (WXX:TO), is a leading Canadian specialty retailer of apparel, footwear, accessories and equipment related to the youth action sports lifestyle.

The acquisition of West 49, one of Billabong's existing retail partners in Canada, is expected to be EPS accretive in FY2011 and is an important step in Billabong's strategic evolution. The acquisition:

- Increases the availability of Billabong's brands in the key action sports market of Canada
- Provides the ability to increase wholesale throughput of Billabong's existing brands via an expanded retail network – currently across West 49's portfolio Billabong has a brand share of approximately 15%
- Increases Billabong's participation in an important distribution channel including providing greater influence over the store environment and brand image presented to consumers
- Provides the opportunity to expand on West 49's current platform to enhance premium action sports retailing in the Canadian market
- Provides North American retail expertise and efficiencies for Billabong's expanded retail network
- Enhances retail presence providing Billabong with faster feedback on consumer trends and the ability to test product
- Provides increased branding opportunities, which in turn will drive demand
- Broadens Billabong's retail portfolio to better target key Canadian demographics via West 49's banners

West 49 is a well known partner of Billabong's and therefore a logical addition to help achieve Billabong's long term business strategy.

West 49 was founded in 1995 by Sam Baio, the current Chief Executive Officer, is headquartered in Burlington (near Toronto, Ontario) and has 138 primarily mall based stores in nine provinces across Canada. Under the five banners of West 49, D-Tox, Off The Wall, Amnesia/Arsenic and Billabong the business targets the key Canadian tweens and teens demographics which spend a combined approximately C\$2.5 billion per year on clothing, footwear and accessories.

The acquisition of West 49 will supplement Billabong's existing North American retail footprint, lifting today's company-owned store count from 90 to approximately 230 doors in this region and gives Billabong a global retail presence of approximately 510 company-owned stores.

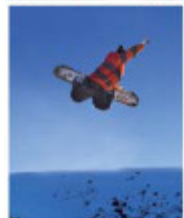
<sup>1</sup> F/X rate of C\$:A\$ 1.1158 used throughout.

<sup>2</sup> Based on fully diluted equity value of C\$90.2 million (A\$100.6 million) and net debt of C\$8.8 million (A\$9.8 million) as of 30 April 2010.



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Billabong Chief Executive Officer Derek O'Neill said the introduction of the West 49 banners into the Billabong stable will increase the penetration of Billabong's brands within the Canadian market.

"West 49 is a complementary business and promises to be an ideal Canadian distribution platform for Billabong to showcase its brands and extend its reach to the end consumer."

Billabong North America General Manager Paul Naude said that West 49 had an excellent understanding of the Canadian market and had positioned its banners to address specific market demographics and needs.

"We already have a good understanding of each others business and we have worked closely together to develop the Billabong Canada retail stores. Culturally we are a great fit and the fact that we already have a close relationship with West 49 means that the transaction makes even more sense."

Mr Baio, West 49's founder and Chief Executive Officer, said the combination presented significant transferable expertise for both businesses and he welcomed the opportunity to leverage Billabong's suite of leading brands within each of the West 49 banners to drive future growth.

"Billabong and West 49 have complementary skills and strengths. We relish the opportunity of working more closely with each of Billabong's brands and to drive further growth within the business," said Mr Baio.

Mr Baio will continue to lead and grow the business. All employees, along with the current management team, are being retained, consistent with Billabong's successful approach to integrating previous 'bolt-on' acquisitions.

The purchase price represents an enterprise value of C\$99.0 million (A\$110.4 million) based on a fully diluted equity value of approximately C\$90.2 million (A\$100.6 million) and net debt of C\$8.8 million (A\$9.8 million) as of 30 April 2010. The transaction will be funded from Billabong's existing debt facilities. The offer represents an FY2011 EBITDA multiple of 10.4x based on consensus EBITDA forecasts<sup>1</sup>. The acquisition is expected to be earnings per share accretive in FY2011 and acquisition ROCE is expected to exceed Billabong's pre-tax WACC in FY2012.

The transaction, unanimously recommended by West 49's board, will be effected by way of a statutory plan of arrangement and is subject to the approval of not less than two-thirds of the votes cast by West 49 securityholders at a special meeting expected to be held in August 2010. Billabong has entered into support agreements with major securityholders in favour of the transaction representing approximately 56%<sup>2</sup> of the outstanding securities. The Agreement with West 49 and the support agreements contain non-solicitation provisions subject to customary "fiduciary out" provisions.

The transaction is subject to Canadian court approval as well as customary closing conditions and is expected to be completed in September 2010. Upon completion of the transaction, the West 49 shares will be delisted from the Toronto Stock Exchange.

A conference call for invited participants will be held at 5pm (AEST) today to discuss this announcement.

Goldman Sachs is acting as financial advisor to Billabong and Osler, Hoskin & Harcourt LLP is acting as legal advisor.

**MARIA MANNING**  
COMPANY SECRETARY

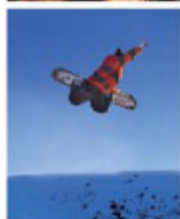
<sup>1</sup> Based on latest consensus FY11 EBITDA forecast (calendarised to Jun-YE) of C\$9.5m from Desjardins Securities (11-Jun-2010), PI Financial (11-Jun-2010) and Versant Partners (10-Jun-2010).

<sup>2</sup> On a fully diluted basis.



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## About West 49

West 49 Inc. is a leading Canadian specialty retailer of fashion apparel, footwear, accessories and equipment related to the youth action sports lifestyle. West 49's stores, which are primarily mall-based, carry a variety of high performance, premium brand name and private label products that fulfil the lifestyle needs of identified target markets, primarily tweens and teens. At January 30, 2010, the Company operated 138 stores in nine provinces, under the banners West 49, D-Tox, Off The Wall, Amnesia/Arsenic and Billabong. The Company's common shares are listed on the Toronto Stock Exchange under the symbol WXX. The Company has approximately 64 million shares outstanding.