BILLABONG INTERNATIONAL LIMITED ABN 17 084 923 946

FULL YEAR results PRESENTATION 2010/2011

19 August 2011

All results are in AUD terms unless otherwise stated

Consolidated results summary

Presentation by Derek O'Neill
Billabong's Chief Executive Officer

Billabong International Limited today reported its results for the financial year to 30 June 2011. Reported global sales of $1.68 billion were up 23.8% in constant currency terms (up 13.6% in reported Australian dollar (AUD) terms) compared to the prior corresponding period (pcp). Net Profit After Tax (NPAT) of $119.1 million was down 6.9% in constant currency terms (down 18.4% in reported AUD terms).

The significant appreciation of the AUD against in particular the USD and Euro had a dramatic negative impact on reported consolidated results, being $123 million in respect of sales revenue and $18 million in respect of NPAT.

The strong sales growth followed the acquisition of the West 49 retail business in Canada, the RVCA brand in the United States and the Surf Dive 'n' Ski, Jetty Surf and Rush Surf retail businesses in Australia, improving sales trends in the US, good growth in emerging markets including Asia and significant growth in online sales.

During the 2010-11 financial year, the Group acquired major retail assets in Australia and Canada to enhance its route to market. As anticipated, this led to strong revenue growth at dilutive initial margins, which are expected to increase as the Group's strategy to lift Billabong family brand share is realised over time. It was for this reason, combined with the timing shift in the recognition of sales as a number of key wholesale accounts became company owned retailers, that the 2010-11 financial year was labelled a transition year for the Group.

The initiatives adopted during the 2010-11 financial year highlight the Group's drive to evolve and adapt its business to deliver longer term benefits and have resulted in a fundamental realignment of the business between wholesale and retail. The Group's direct to consumer operations contributed 38% of global sales revenues, up from 24% in the prior year. The Group now believes it has a more appropriate mix between wholesale business, online retailing and bricks and mortar retailing, thereby ensuring its route to market remains open and its customers have greater access to its strong portfolio of brands.

Consolidated results summary

A range of initiatives have been pursued within the business to reflect the change in mix between wholesale and retail. The standardisation of various IT systems and sales intelligence software is underway, overhead has been adjusted, management within key retail divisions has been enhanced, design teams to build faster-to-market product have been established and greater investment has been made into the Group's fast-growing and profitable online operations. The strategy to build a more robust business model in response to the changing consumer environment is on track.

Early results from this strategy are emerging. The Group anticipates strong underlying growth in earnings before interest, tax, depreciation and amortisation (EBITDA) in the 2011-12 financial year as the benefits of vertical margins, cost rationalisation and synergies from acquired assets flow through the business. At the NPAT line, this strong underlying growth in EBITDA will be significantly reduced by a higher effective tax rate as the Group cycles the one-off tax benefits included in the 2010-11 financial year.

Twelve months ago the Group communicated the likely financial benefits from its evolving business strategy. At the time, the Group indicated that it was anticipating earnings per share (EPS) growth rates in excess of 10% in constant currency terms to return from 2011-12. This guidance was predicated upon a global recovery gradually taking hold. With the exception of the USA and some Asian territories, global trading conditions have generally deteriorated significantly. This has been exacerbated by the recent global economic uncertainties and extreme volatility in currencies, especially the AUD/USD. Until there is more visibility of these matters, and more particularly their effect on consumer spending patterns and hence the quantum of underlying growth in EBITDA, the Group will not offer EPS guidance.

However, Billabong, with its compelling brands, developing retail concepts and a strongly growing, industry-leading online retail presence is well positioned to capitalise on any improvement in global trading conditions.

Consolidated results overview

(compared to the pcp)

• Reported global sales of $1.68 billion	– up 23.8% in constant currency terms – up 13.6% in reported AUD terms
• Net profit after tax (NPAT) of $119.1 million	– down 6.9% in constant currency terms – down 18.4% in reported AUD terms
• Gross margins 53.8%	– down slightly from 54.4% in reported AUD terms
• Reported Group earnings before interest, tax, depreciation and amortisation (EBITDA) of $191.9 million	– down 16.2% in constant currency terms – down 24.3% in reported AUD terms
• EBITDA margins 11.4%	– down from 17.1%
• Earnings per share of 47.4 cents	– down 18.7% in reported AUD terms
• Final ordinary dividend of 13.0 cents per share	– franked to 25% – payable on 21 October 2011

Consolidated results observations

• The Group achieved its key strategic goals to:	– Build a more robust direct to consumer business model – Create a platform to deliver margin expansion over time
• At a general trading level, the Group saw:	– Strong lift in global sales – Positive sales trends in the USA market – Tough trading conditions in Australia – A softening of trading conditions in Europe in the final two months of the year – Challenges to overcome significant volatility in global markets, cost of goods and consumer spending patterns – Overall a very difficult year
• Consolidated results:	– Strong revenue growth – Dramatic negative impact from high AUD (adverse impact of $123 million in respect of sales revenue and $18 million in respect of NPAT) – Lower EBITDA margins (see page 21 for detailed explanation) – At low end of guidance range – Supported by larger than expected one-off tax benefits – Weak cash flow from operations driven by challenging trading environment but also several significant one-off factors in 2010-11 which are not expected to occur in 2011-12 (see page 29 for detailed explanation)

Regional financial performances

(in constant currency terms compared to the pcp unless otherwise noted)

- Americas:
  - Sales revenue of $843.7 million, up 32.5%
  - Operational EBITDA[1] of $112.7 million, up 12.0%
  - Operational EBITDA margins of 13.4% (down from 16.0%) in reported AUD terms
- Europe:
  - Sales revenue of $337.6 million, up 11.5%
  - Operational EBITDA of $67.2 million, down 5.4%
  - Operational EBITDA margins of 19.9% (down from 23.4%) in reported AUD terms
- Australasia:
  - Sales revenue of $501.9 million, up 19.5%
  - Operational EBITDA of $74.5 million, down 26.3%
  - Operational EBITDA margins of 14.9% (down from 24.0%) in reported AUD terms

[1] *Operational EBITDA excludes inter-company royalties, sourcing fees and the allocation of global overhead costs*

Regional financial performances

(compared to the pcp)

AMERICAS

• Sales up 32.5% in constant currency terms:	– Up 18.4% in reported AUD terms – First-time inclusion of sales from the West 49 retail business, acquired in September 2010 – USA sales now represent approx 33% of Group sales – Same store sales growth of 8.8% in company owned retail in the US – Sales in South America eased 1.4% in constant currency terms (down 6.1% in reported AUD terms)
• Operational EBITDA up 12.0% in constant currency terms:	– Down 1.4% in reported AUD terms to $112.7 million – Improved EBITDA contribution from company owned retail in US – Reflects delay in recognition of sales following the acquisition of West 49 – Includes one-off acquisition and restructuring costs of $4.6 million
• Operational EBITDA margins of 13.4% (down from 16.0%):	– Reflects the first-time impact of the acquired West 49 retail business and the abovementioned one-off acquisition and restructuring costs – Retail EBITDA margins in the USA lifted 600 basis points on improved performances in the Honolua, Beachworks and Quiet Flight retail banners

Regional financial performances

AMERICAS (continued)

- The Group's brand portfolio performed strongly in a generally improving market:
  - RVCA, Billabong, Nixon and Xcel each earning performance awards from the Surf Industry Manufacturers Association
  - Strong sales growth in the USA for Nixon, Sector 9, Von Zipper and Xcel
  - RVCA performed strongly in its first year in the Group
  - Billabong and Element performed well in the specialty channel but each had lower overall sales, principally due to a decline in business with their largest external retail account (Pacific Sunwear)
  - In Canada, Billabong and Von Zipper each recorded strong sales growth
  - Company owned retail outperformed the broader wholesale channel
- Operational initiatives:
  - Head offices of USA retail banners Beachworks and Becker integrated into the Group's primary USA retail management structure at Irvine
  - RVCA brand's IT system was integrated into the broader Group's operational platform and its management team was strengthened
  - West 49 senior management team restructured and boosted with new key appointments in Q4
  - West 49's loss-making Off The Wall banner closed
  - Canada operations of DaKine integrated into the Group's Canadian head office

Regional financial performances

(compared to the pcp)

EUROPE

- Sales up 11.5% in constant currency terms:
  - Sales down 1.9% in reported AUD terms
  - Strong double-digit sales growth in several territories including France, Germany, Belgium and Switzerland
  - Flat sales in Italy
  - Low double-digit sales declines in Spain and the UK
  - Sales in Greece down in excess of 20%
  - Strong overall sales growth for Element, Nixon, DaKine and Xcel
- Operational EBITDA down 5.4% in constant currency terms:
  - Down 16.4% in reported AUD terms to $67.2 million
  - Reflecting lower gross margins which were adversely impacted by considerably lower product purchase hedge rates in the second half for the summer 2011 season compared to the pcp
  - In the absence of the lower hedge rates, operating profit would have been marginally higher than the pcp
- Operational EBITDA margins of 19.9% (down from 23.4%):
  - Adversely impacted by abovementioned lower product purchase hedge rates
  - Company owned retail EBITDA margins maintained

Regional financial performances

EUROPE (continued)

- A strong first half and a good start to the second half:
  - Germany, Austria, Switzerland and, to a lesser extent, France driving growth
  - Higher sales in Portugal and Russia
  - UK had strong first half but deteriorated rapidly in the second half in the face of austerity measures and sales tax increases
  - Considerable moderation in sales growth in Europe in final two months of the year
  - Strongest performing brands were Nixon and Element
  - Mid-single digit sales decline for Billabong brand due to exposure to southern Europe
  - Technical products such as snow outerwear and surf hardware strong as participation levels in the respective sports increased
  - Sales lower than expected late in the second half as consumer sentiment declined amid economic concerns
- Operational initiatives:
  - Integration of direct European operations for the DaKine, Sector 9 and Plan B brands
  - Introduction of the RVCA brand into Europe
  - Careful cost management, in particular within retail operations in the UK
  - Plans put in place for the launch of direct online sales in continental Europe from late calendar 2011

Regional financial performances

(compared to the pcp)

AUSTRALASIA

• Sales up 19.5% in constant currency terms:	– Up 17.9% in reported AUD terms – Reflects first-time inclusion of sales from acquired Australian retail businesses including Surf Dive 'n' Ski, Jetty Surf and Rush Surf, each of which joined the Group late in calendar 2010 – Australian sales now represent approx 19% of Group sales – Sales up in Australia, Asia and Japan – Sales in New Zealand were flat and South Africa down mid-single digit in % terms
• Operational EBITDA down 26.3% in constant currency terms:	– Down 27.1% in reported AUD terms – Reflects the extremely weak consumer environment in Australia and New Zealand and the impact of the earthquake and tsunami in Japan – Reflects delay in recognition of sales following the acquisition of the above mentioned previous large wholesale accounts – Includes one-off acquisition and restructuring costs of $7.4 million
• Operational EBITDA margins declined to 14.9% (down from 24.0%):	– Reflects initial impact of structural shift from wholesale to retail, which is now approx 56% of Australian revenue – Adversely impacted by weaker revenues in Australia (excluding retail acquisitions) and New Zealand and the impact of the earthquake and tsunami in Japan – Reflects the abovementioned one-off acquisition and restructuring costs – Asia a standout territory, led by the Billabong and Nixon brands which achieved good growth in EBITDA margins

Regional financial performances

AUSTRALASIA (continued)

- Difficult consumer environment in Australia, New Zealand and Japan dramatically impacted sales:
  - Decline in Australia became apparent in calendar 2010 through a very weak forward order book for all seasons
  - Repeat business did not meet expectations on the back of a very wet summer, floods and lower tourism triggered by major rainfall events and a very high Australian dollar
  - Conditions improved into calendar 2011, but the heavily promotional retail market in Australia in May and June was punishing
  - Sales in New Zealand were adversely impacted by major earthquakes, while the Group's business in Japan was severely disrupted by an earthquake and tsunami
  - Both New Zealand and Japan showed eventual sales recovery, albeit at lower margins
- Operational initiatives:
  - Extensive integration and rationalisation within the business, both in acquired retail and wholesale
  - Planning finalised, and implementation commenced, on the integration of multiple retail IT platforms into a single system
    - Rollout started in May 2011 and due for completion by October 2011
  - Consolidation of four retail warehouses in Australia into a single distribution centre nearing completion
  - Back-office savings identified and the extraction process is continuing
  - Relocation and investment into online business

Direct to consumer

• Total company owned stores up to 639:	– Up from 380 in the pcp
	– As expected, retail store growth led to initial margin dilution
	– Had to move through inventory already on the floor or in the order cycle in acquired retail
	  • This process largely complete by the close of the financial year, with some slight inventory overhang in Canada and the last pieces of winter in Australia
	  • Vertical margins now starting to flow through
	– Key wholesale accounts became company owned retailers, which led to a change in timing for the recognition of sales
	  • This had an initial one-off negative impact through the transition year
	– A total of 65 stores closed throughout the year, mainly due to high occupancy costs

• Retail EBITDA margins of 9.1% (down from 11.1%) in constant currency terms:	– Consolidated retail EBITDA margins up to 11.5% excluding major acquisitions of West 49, Surf Dive ‘n’ Ski, Jetty Surf and Rush Surf – Lifted 600 basis points in the US – Strong improvement in retail performance in Asia – Declined to high single digit in % terms in Australia due to weak retail environment
• Direct to consumer businesses contributed 38.1% of Group sales revenue:	– Up from 24% in the pcp

Direct to consumer

- In-store product mix:
  - Soft retail sales in Australia and Canada led to delays in planned adjustment of mix in acquired retail
  - Adjustments in product mix continuing into the 2011-12 financial year
  - Will provide greater opportunity to capture higher-margin business
  - Improved terms negotiated with major third party brands
- West 49 acquisition:
  - Closure of Off The Wall retail banner and non-recurring acquisition costs expected to deliver $9 million to the earnings before interest and tax (EBIT) line in 2011-12
  - Inventory above expected levels due to lower than anticipated initial sell through rates
  - Weak consumer sentiment and leakage to cross-border shopping from weak USD
  - Was not in Group ownership in the significant back-to-school July and August sales period
  - Back-to-school floor mix is the first season to reflect new product direction
  - Billabong family brand mix lifted from 14% at time of acquisition to 21%
- Acquired retail in Australia:
  - Inventory increased to enhance product mix following several seasons of lower indenting
  - Has led to better sell through in the first four weeks of the 2011-12 financial year
  - Investment into store improvements and new openings
  - Positive comparable store sales in July 2011

Direct to consumer

- Online performance:
  - Sales doubled and profitable
  - Now approaching $50 million
  - Represent approx 3% of Group sales
  - Swell.com and SurfStitch.com each stocking more than 200 brands
  - Planning continues for online sales to grow to approx $200 million by end of calendar 2015
- Online initiatives:
  - Launched a West 49 online offer
  - Launched billabong.com in the USA market
  - Launched a South African online business
  - Plans for launch of new online platform in Europe in first half of 2011-12
  - Plans for launch of four brand-specific online sites in Australia in first half of 2011-12
  - Plans for launch into South America in 2012-13
  - All new sites to leverage the Group's proven back-end online platform

Transition year update

- 2010-11 year identified as one of transition:
  - Due to a series of strategic investments to reposition the business, primarily into the direct to consumer area
  - While initially margin dilutive, as expected, the investments helped position the business to be more sustainable and profitable into the medium and longer term

- Key changes through the year included:
  - Successful acquisition and integration of West 49, the largest boardsports retailer in Canada
  - Successful acquisition and integration of Australian retailers including Surf Dive ‘n’ Ski, Jetty Surf and Rush Surf
  - Internal reshaping of the business to reflect the changing mix between wholesale and retail operations
  - Increased in-store inventory in acquired retail assets in Australia to maximise sale opportunities
  - Commencement of the migration of Australian and New Zealand retail operations onto a single IT POS platform
  - Consolidation of multiple retail warehouses into a single distribution centre in Australia
  - Continued investment into the Group’s fast growing online businesses
  - Successful integration of the acquired California-based RVCA brand, which was profitable in its first year in the Group
  - Strong management of gross margins in the face of cost price increases for raw materials and finished goods

Current and future trading

• Retail acquisitions helped Billabong achieve an appropriate balance between wholesale and direct-to-consumer business:	– This strategy, while anticipated to dampen profits in the 2010-11 financial year, provides a platform to deliver strong returns over the medium to longer term – Sales weighting of December (retail) and June (wholesale) now of higher importance to the Group trading results
• Since acquiring the additional retail assets, most key performance milestones achieved, including:	– Planning and initial implementation of a single POS platform through Australian and New Zealand retail assets – Negotiation of better terms with landlords – Negotiation of improved terms with major suppliers – Consolidation of multiple Australian warehouses – Refinement of retail buying teams – Initiation of fast-to-market design teams specifically for retail – Range and overhead rationalisation to reflect changing business dynamic between wholesale and retail – Increased penetration of Group brands into company owned retail – Completion of planning on larger product buys to feed direct-to-consumer businesses

Current and future trading

• Widespread global consumer caution but forward orders stable:	– North America forward orders through to November are flat • Up low single digit in % terms in the USA as retailers again move to forward ordering to ensure availability of key styles – Europe forward orders for winter are up low single digit in % terms • Early reads on summer 2012 are slightly lower – Australasia forward orders for the hi-summer period are up low single digit in % terms • Follows a slightly weaker first summer
• Sufficient inventory on hand:	– Ensures consistent delivery of fresh product into store to enhance the consumer experience
• Bricks and mortar growth complemented by continued investment into online capabilities:	– Online expected to be a strong growth driver in 2011-12 – Planning for online sales of approx $200 million by end of calendar 2015

Current and future trading

• Major projects initiated and expected to drive EBITDA margin improvements:	– Consolidated global buying on key product categories to lower the cost of goods and allow for some rationalisation of the supply chain – Growth in family brand penetration in acquired retail – Global rollout of the RVCA brand and continued expansion of smaller brands – Ongoing extraction of synergies from acquisitions – Rationalisation of overhead to reflect the changing business dynamic between wholesale and company owned retail operations – The ongoing development of an industry-leading global online retail business
• Key initiatives from the transition year now complete:	– Now focused on driving greater efficiencies to improve returns on capital employed
• 2011-12 financial year:	– Expected to deliver strong underlying growth in EBITDA – Expected to show improvements in EBITDA margins in company owned retail as vertical margins flow through – At NPAT line, strong underlying growth in EBITDA significantly reduced by higher effective tax rate as Group cycles one-off tax benefits in the pcp – Global economic uncertainties and extreme volatility in currencies, especially AUD/USD, clouding outlook so EPS guidance not provided

Consolidated results

Presentation by Craig White
Billabong's Chief Financial Officer

TABLE 1
Consolidated Results

	2011 $m	2010 $m	Change %
Results as Reported (AUD)			
• Sales Revenue[1]	1,683.3	1,482.3	13.6
• EBITDA	191.9	253.3	(24.3)
• EBITDA Margin	11.4%	17.1%	
• NPAT	119.1	146.0	(18.4)
• Earnings per Share	47.4c	58.3c	
• Return on Capital Employed *	9.7%	15.4%	
Results in Constant Currency (AUD)			
• Sales Revenue** [1]	1,683.3	1,359.7	23.8
• EBITDA**	191.9	229.0	(16.2)
• NPAT**	119.1	128.0	(6.9)

* Return on Capital Employed (ROCE) includes cash – excluding cash ROCE was 8.7% in 2011 and 12.9% in 2010
** 2010 results have been adjusted assuming local currencies were translated at the same rates as for 2011
[1] Excluding third party royalties

Consolidated results

TABLE 1
Consolidated Results

Consolidated Results	– Net profit after tax (NPAT) for the year ended 30 June 2011 was $119.1 million, a decrease of 6.9% in constant currency terms (a decrease of 18.4% in reported AUD terms) compared to the prior corresponding period (pcp) – Reported NPAT was significantly adversely impacted in particular by the unfavourable effect of the strong AUD against the USD and the Euro relative to the pcp. More specifically, the monthly average AUD exchange rate against the USD and the Euro, which the Group applies to translate its monthly results, appreciated significantly over the year
The components of this result include:	– Sales revenue of $1,683.3 million, excluding third party royalties, represented an increase of 23.8% in constant currency terms (13.6% in reported AUD terms) over the pcp – Consolidated gross margins remained strong at 53.8% compared to 54.4% in the pcp in reported AUD terms – EBITDA of $191.9 million represents a decrease of 16.2% in constant currency terms (a decrease of 24.3% in reported AUD terms) compared to the pcp. The consolidated EBITDA margin of 11.4% decreased by 5.7% compared to that of the pcp of 17.1%, principally reflecting: • the impact of a very weak retail environment in Australia; • the impact of a number of natural disasters in key territories including floods in Queensland, earthquakes in New Zealand and the earthquake and subsequent tsunami in Japan;

Consolidated results

TABLE 1 (continued)
Consolidated Results

- lower gross margins in Europe, which were adversely impacted by considerably lower product purchase hedge rates in the second half for the summer 2011 season compared to the pcp;
- as anticipated, the initial combined dilutive impact on margins of the recent acquisitions of retailers West 49 in Canada and Surf Dive 'n' Ski/Jetty Surf and Rush Surf, both in Australia – these margins are expected to increase as the Group's strategy to lift Billabong family brand share is realised over time (excluding these acquisitions, EBITDA margins would have been 13.1%, down from 17.1% in the pcp);
- the unfavourable regional mix impact of the appreciation of the AUD against the USD and the Euro relative to the pcp;
- one-off M&A and restructuring costs of $12.3 million; and
- an increase in global overhead costs (which include corporate overhead, international advertising and promotion costs, central sourcing costs and foreign exchange movements) of $19.1 million to $64.8 million compared to $45.7 million in the pcp. This increase is primarily attributable to costs associated with the rollover and extension of the Syndicated Debt Facility, timing of A&P expenditure due to the Teahupoo Tahiti WCT event falling in August 2010 (with no comparable expenditure in the pcp) and foreign exchange losses

– Earnings per share of 47.4 cents for the year ended 30 June 2011 was down 18.7% compared to the pcp, in line with the decline in reported NPAT
– Return on capital employed at 30 June 2011 was 9.7% (15.4% in the pcp), primarily reflecting the impact of recent acquisitions by the Group, the benefits of which are expected to be realised in future financial years

Consolidated results

TABLE 2
Depreciation, Amortisation, Net Interest Expense and Income Tax Expense

	2011 $m	2010 $m	Change %
Results as Reported (AUD)			
• Depreciation	40.1	35.0	14.9
• Amortisation	1.8	0.6	177.2
• Net Interest Expense	23.0	14.7	56.4
• Income Tax Expense	8.9	57.9	(84.7)

Consolidated results

TABLE 2
Depreciation, Amortisation, Net Interest Expense and Income Tax Expense

- Depreciation and amortisation expense increased 17.9% in reported AUD terms (increase of 27.3% in constant currency terms) due to acquisitions and retail store expansion

- The increase in net interest expense of 56.4% in reported AUD terms (76.4% in constant currency terms) was primarily driven by increased borrowings to fund the acquisition of RVCA, West 49, Jetty Surf / Surf Dive ‘n’ Ski and Rush Surf and working capital requirements

- The income tax expense for the year ended 30 June 2011 is $8.9 million ($57.9 million in the pcp), an effective rate of tax of 7.0% (28.5% in the pcp). The lower effective tax rate is primarily driven by one-off amounts including an Original Issue Discount interest deduction of $10.1 million in the US on deferred consideration, recognition of prior year carry forward tax losses in the UK of $4.1 million, a prior year refund of withholding tax of $1.4 million from the French Tax Authority as a result of a reduction in the withholding tax rate from 10% to 5%, effective 1 January 2010 and several prior year one-off tax adjustments totalling $2.1 million. Adjusting for these one-off amounts, the effective tax rate for the Group would have been approximately 21.0% in the year ended 30 June 2011 (27.0% in the pcp adjusting for one-off amounts)

Consolidated results

TABLE 3
Balance Sheet

	2011 $m	2010 $m	Change %
Working Capital in Constant Currency (AUD)			
• Receivables	376.9	354.7	6.3
• Inventory	348.7	214.2	62.8
• Creditors	(254.4)	(197.0)	29.2
	471.2	371.9	26.7
Gearing Levels as Reported (AUD)			
• Borrowings (net)	468.3	216.7	
• Gearing Ratio (Net Debt/Net Debt + Equity)	28.1%	15.1%	
• Interest Cover	6.1 times	12.6 times	

Consolidated results

TABLE 3
Balance Sheet

- Working capital at $471.2 million represents 29.0% as a percentage of the prior twelve months' sales stated at year end exchange rates, being 0.7% higher compared to the pcp of 28.3%
- Including the pre-acquisition sales of the significant retail acquisitions of West 49, Surf Dive 'n' Ski/Jetty Surf and Rush Surf and excluding any wholesale sales made to these accounts prior to acquisition, working capital represents 27.9% as a percentage of the prior twelve months' sales stated at year end exchange rates, being 0.4% lower compared to the pcp of 28.3%
- The doubtful debts provision at $19.9 million is considered to be conservative and should be sufficient to meet the Group's requirements
- Net debt increased to $468.3 million as at 30 June 2011 which reflects in large part the abovementioned acquisitions, investment in company owned retail globally and working capital requirements
- The Group has a gearing ratio (net debt to net debt plus equity) of 28.1% as at 30 June 2011 (15.1% in the pcp)
- Interest cover remains strong at 6.1 times for the year ended 30 June 2011 (12.6 times in the pcp)

Consolidated results

TABLE 3 (continued)
Balance Sheet

- On 4 August 2010 the Group renegotiated its Syndicated Revolving Multi-Currency Facility which included:
  - an increase in the total facility balance from US$483.5 million to US$790.0 million to be split equally between the two tranches under the facility;
  - an extension to 28 July 2013 of the three year tranche of the facility, to remain a three year tranche; and
  - an extension to 28 July 2014 of the three year tranche of the facility, to become a four year tranche

- The renegotiation of this facility provides the Group with improved tenor and lower borrowing margins compared to those available when the Group rolled-over a portion of the facility on 11 August 2009

- On 30 June 2011, the Group renegotiated its US$100.0 million unsecured multi-currency drawdown facility which included an extension to 28 July 2013 of the facility which was previously due for roll-over on or before 1 July 2012. The renegotiation of this facility provides the Group with improved tenor and lower borrowing margins compared to those available when the Group rolled-over the facility on 7 September 2009

- Having regard to current volatile and uncertain global economic conditions and, in particular, the Company's current share price, it has been decided to suspend the Dividend Reinvestment Plan (DRP) for the final ordinary dividend to be paid on 21 October 2011. The reinstatement of the DRP may be considered for future dividends beyond the final dividend for the year ended 30 June 2011

- The unfranked portion of the interim ordinary dividend to be paid on 21 October 2011 is declared to be conduit foreign income. Australian dividend withholding tax is not payable by non-resident shareholders on the unfranked portion of the dividend sourced from conduit foreign income

Consolidated results

TABLE 4
Cash Flow Statement

	2011 $m	2010 $m	Change %
Receipts from Customers (inclusive of GST)	1,773.3	1,551.2	
Payments to Suppliers and Employees (inclusive of GST)	(1,673.1)	(1,299.0)	
	100.2	252.2	(60.3)
Interest Received	2.3	3.3	
Other Revenue	2.3	3.7	
Finance Costs	(35.7)	(22.8)	
Income Taxes Paid	(44.8)	(49.2)	
Net Cash Inflow from Operating Activities	24.3	187.2	(87.0)
Payment for Purchase of Subsidiaries, net of Cash Acquired	(215.1)	(49.6)	
Payments for Plant and Equipment	(43.2)	(53.1)	
Payments for Intangibles	(9.1)	(3.4)	
Proceeds from Sale of Plant and Equipment	0.5	0.3	
Net Cash Outflow from Investing Activities	(266.9)	(105.8)	
Payments for Treasury Shares held in Employee Share Plan Trusts	(4.4)	(3.5)	
Net Proceeds/(Repayments) from/(of) Borrowings	284.4	(110.4)	
Dividends Paid	(79.0)	(78.1)	
Net Cash Inflow/(Outflow) from Financing Activities	201.0	(192.0)	
Net Movement in Cash Held	(41.6)	(110.6)	

Consolidated results

TABLE 4
Cash Flow Statement

- Cash inflow from operating activities decreased to $24.3 million, being 87.0% lower compared to $187.2 million in the pcp, principally reflecting:
  - The adverse translation impact of movements in foreign exchange of $18.0 million compared to the pcp;
  - The reduction in 2010-11 EBITDA of $37.2 million compared to the pcp in constant currency terms;
  - An increase in underlying working capital of $58.4 million compared to the pcp in constant currency terms;
  - Additional working capital required for retail acquisitions of $41.6 million;
  - An increase in refundable income taxes of $17.1 million; and
  - Additional refinancing costs associated with the renegotiation of the Syndicated Revolving Multi-Currency Facility of $4.5 million

- The abovementioned increase in working capital of $58.4 million is broadly attributable to an increase in wholesale inventory of $51.0 million and receivables of $7.0 million. The significant increase in inventory is primarily as a result of weaker than expected in-season trading conditions and the deliberate strategy to hold relatively higher inventory levels compared to the pcp given continuity of product supply issues out of China and rising input costs, in particular cotton and wages. The Group is focussed on reducing working capital and it is expected that the majority of this increase in working capital will convert to cash over the course of the 2011-12 financial year

Consolidated results

TABLE 4 (continued)
Cash Flow Statement

- The abovementioned additional working capital required for retail acquisitions is primarily attributable to West 49 and Surf Dive ‘n’ Ski/Jetty Surf. Based on best estimates, it is expected that West 49 was carrying excess inventory of approximately $4.0 to $5.0 million (being a combination of remaining inventory from the time of acquisition and fresher inventory, both Billabong family brands and third party brands) and Surf Dive ‘n’ Ski/Jetty Surf was carrying excess inventory of approximately $1.0 to $2.0 million as at 30 June 2011. The Group is focussed on liquidating this inventory to more normal levels over the course of the 2011-12 financial year

- On the basis of the above it is estimated that approximately $60.0 to $65.0 million of working capital as at 30 June 2011 will be converted to cash over the course of the 2011-12 financial year

- Cash outflow from investing activities of $266.9 million was in accordance with expectations and includes the acquisition of RVCA, West 49, Surf Dive ‘n’ Ski/Jetty Surf, Rush Surf and investment in company owned retail globally

Segment results

AMERICAS SEGMENT

	2011 $m	2010 $m	Change %
Results as Reported (AUD)			
• Sales Revenue	843.7	712.6	18.4
• EBITDA excluding Global Allocation	112.7	114.3	(1.4)
• EBITDA Margin excluding Global Allocation	13.4%	16.0%	
• EBITDA including Global Allocation	80.2	92.3	(13.1)
• EBITDA Margin including Global Allocation	9.5%	13.0%	
Results in Constant Currency (AUD)			
• Sales Revenue	843.7	636.8	32.5
• EBITDA excluding Global Allocation	112.7	100.6	12.0
• EBITDA Margin excluding Global Allocation	13.4%	15.8%	
• EBITDA including Global Allocation	80.2	78.6	2.0
• EBITDA Margin including Global Allocation	9.5%	12.3%	

Note:
Segment Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA) excludes inter-company royalties and sourcing fees. Global overhead costs include corporate overhead, international advertising and promotion costs, central sourcing costs and foreign exchange movements and consistent with prior reporting periods global overhead costs have been allocated to each segment based on each segment's sales as a proportion of Group sales.

Segment results

EUROPEAN SEGMENT

	2011 $m	2010 $m	Change %
Results as Reported (AUD)			
• Sales Revenue	337.6	344.0	(1.9)
• EBITDA excluding Global Allocation	67.2	80.5	(16.4)
• EBITDA Margin excluding Global Allocation	19.9%	23.4%	
• EBITDA including Global Allocation	54.2	69.8	(22.3)
• EBITDA Margin including Global Allocation	16.1%	20.3%	
Results in Constant Currency (AUD)			
• Sales Revenue	337.6	302.8	11.5
• EBITDA excluding Global Allocation	67.2	71.1	(5.4)
• EBITDA Margin excluding Global Allocation	19.9%	23.5%	
• EBITDA including Global Allocation	54.2	60.5	(10.3)
• EBITDA Margin including Global Allocation	16.1%	20.0%	

Note:
Segment Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA) excludes inter-company royalties and sourcing fees. Global overhead costs include corporate overhead, international advertising and promotion costs, central sourcing costs and foreign exchange movements and consistent with prior reporting periods global overhead costs have been allocated to each segment based on each segment's sales as a proportion of Group sales.

Segment results

AUSTRALASIAN SEGMENT

	2011 $m	2010 $m	Change %
Results as Reported (AUD)			
• Sales Revenue	501.9	425.7	17.9
• EBITDA excluding Global Allocation	74.5	102.3	(27.1)
• EBITDA Margin excluding Global Allocation	14.9%	24.0%	
• EBITDA including Global Allocation	55.2	89.2	(38.1)
• EBITDA Margin including Global Allocation	11.0%	20.9%	
Results in Constant Currency (AUD)			
• Sales Revenue	501.9	420.1	19.5%
• EBITDA excluding Global Allocation	74.5	101.1	(26.3)
• EBITDA Margin excluding Global Allocation	14.9%	24.1%	
• EBITDA including Global Allocation	55.2	88.0	(37.2)
• EBITDA Margin including Global Allocation	11.0%	20.9%	

Note:
Segment Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA) excludes inter-company royalties and sourcing fees. Global overhead costs include corporate overhead, international advertising and promotion costs, central sourcing costs and foreign exchange movements and consistent with prior reporting periods global overhead costs have been allocated to each segment based on each segment's sales as a proportion of Group sales.

Consolidated results

2011 FX IMPACTS

- The current policy of hedging purchases, but not profit translation, remains unchanged.
- The short term impact of currency movements on the 2010-11 full-year result (profit translation) is as follows:

1 cent increase in the average monthly rate for the AUD against the

USD = decrease NPAT by 0.3%

EURO = decrease NPAT by 0.6%