

Full Year Results Presentation

FY12

27 August 2012



Launa Inman
Chief Executive Officer





Overview of FY12 trading result

- Challenging financial result
 - Sales decline driven by challenging trading conditions, partial sale of Nixon, store closure program, somewhat offset by stronger sales growth in emerging brands
 - Significant EBITDA decline driven by lower sales on higher fixed cost base
 - NPAT impacted by significant and exceptional items
- Billabong has made good progress on the Strategic Capital Structure Review initiatives announced in February 2012
 - US\$285m in proceeds from the partial sale of Nixon
 - 58 non-performing stores closed as at 30 June 2012, with approximately a further 82 non-performing stores identified for closure in FY13
 - Cost savings of \$30m per annum expected to be realised in FY13 from cost reduction initiatives undertaken in FY12
- Significant improvement in working capital both in dollar terms and as a percentage of sales
- Strong increase in operating cash flow
- Successful rights issue has strengthened Billabong's balance sheet reducing net debt to \$160.9m or \$94.2m when adjusting for the net proceeds of the retail entitlement offer¹
- As flagged in the half year results, significant and exceptional items have resulted in costs of approximately \$336m, net of the gain on sale of Nixon of approximately \$201m, of which 99% is non-cash
- Billabong today announces a Transformation Strategy and path to growth

Note: See page 25 for definitions of terms used throughout this presentation.

¹ Retail proceeds of entitlement offer net of fees amounted to approximately \$66.7m that was received in July 2012.



Consolidated results overview

Global sales of \$1.55 billion:

- ⇒ down 7.9% in reported AUD terms
- ⇒ down 5.0% in constant currency AUD terms

Gross margin of 47.7%:

- ⇒ down from 53.8%
- ⇒ excluding significant and exceptional items, gross margin would have been 53.2%

EBITDA of \$130.4 million:

- ⇒ down 32.1% in reported AUD terms
- ⇒ down 30.3% in constant currency AUD terms

EBITDA margin of 8.4%:

- ⇒ down from 11.4%
- ⇒ excluding significant and exceptional items, EBITDA margin would have been 7.8%

NPAT of (\$275.6) million:

- ⇒ down from \$119.1 million

**NPAT of \$33.5 million excl.
significant and exceptional items:**

- ⇒ down 74.3% in reported AUD terms
- ⇒ down 73.6% in constant currency AUD terms

Earnings per share:

- ⇒ (90.8) cents per share



Americas

United States

- East Coast outperforming West Coast
- Tourist locations, excluding Hawaii, adversely impacted by softer European travel
- RVCA remains a standout performer
- Billabong the leader in the girls market
- Spring indents positive
- Same store sales growth moderating as retail cycles higher prior year comps
- Strong growth in online operations

Reported (AUD)	2012 \$m	2011 \$m	Reported change %	Constant currency change %
Sales	750.3	843.7	(11.1)	(8.1)
EBITDA	(39.3)	80.2	(148.9)	(149.2)
<i>EBITDA margin</i>	<i>(5.2%)</i>	<i>9.5%</i>		

Canada

- Consumer environment remains challenging, both in wholesale and retail business
- Good early growth from launch of West 49 and Amnesia online sites

Adjusted ¹ (AUD)	2012 \$m	2011 \$m	Constant currency change %
Sales	750.3	816.1	(8.1)

South America

- Rationalised distribution in Brazil
- Formed a strong base to return to growth in Brazil
- Achieved promising sales growth in the emerging region of Peru

EBITDA	59.7	84.2	(29.1)
<i>EBITDA margin</i>	<i>8.0%</i>	<i>10.3%</i>	

¹ Excluding Significant and Exceptional Items but including Nixon trading for the period 1 July 2011 to 16 April 2012, plus the Group's 48.5% share of the after tax profit of the Nixon JV for the period thereafter to 30 June 2012.



Europe

Challenging macro environment

- Spain, Italy, Greece and Portugal remain very soft
- Ongoing contraction in account base
- Poor pre-bookings for winter due to retailer caution, leading to lower shipments in June

Brands competing well relative to peers

- Technical products selling well, while the market for lifestyle products remains challenging
- Element continues to outperform due to ongoing growth of skate market
- First DaKine outerwear line well supported by retailers
- Billabong lower due primarily to exposure to troubled southern Europe
- Independent survey of 11,000 consumers finds Billabong the leading board sports brand

Signs of improvement within the business

- Ongoing focus on management of overheads
- While forward pre-bookings for Spring 2013 are expected to be lower due to ongoing retailer caution, in-season business for the current fall season is higher for brand Billabong
- European online operations established and expected to be a growth driver

Reported (AUD)	2012 \$m	2011 \$m	Reported change %	Constant currency change %
Sales	278.1	337.6	(17.6)	(12.6)
EBITDA	(12.3)	54.2	(122.6)	(124.3)
<i>EBITDA margin</i>	<i>(4.4%)</i>	<i>16.1%</i>		
Adjusted ¹ (AUD)	2012 \$m	2011 \$m		Constant currency change %
Sales	278.1	318.0		(12.6)
EBITDA	24.2	50.7		(52.2)
<i>EBITDA margin</i>	<i>8.7%</i>	<i>15.9%</i>		

¹ Excluding Significant and Exceptional Items but including Nixon trading for the period 1 July 2011 to 16 April 2012, plus the Group's 48.5% share of the after tax profit of the Nixon JV for the period thereafter to 30 June 2012.



Australasia

Consumer caution remains

- Subdued trading in Australia, New Zealand and South Africa
- Asia showing modest growth
- Recovery continues in Japan after difficult 2011
- Retailer caution led to significant reduction in summer shipments in important trading month of June

Integration of retail businesses in Australia

- Early benefits emerging from consolidation of five retail POS systems into a single system, five distribution centres into a single operation and two sales teams into one
- Good response to upgraded store format
- Testing under way on planned move to single retail banner for multi-branded retail stores
- Very strong growth in online sales continues

Retail conditions appear to be stabilising

- Online benefitted from stronger June
- Conditions better in the past three months than the previous three months, particularly in NSW
- All brands other than Billabong showing flat to higher hi-summer indent
- Expectations Billabong will benefit from better summer weather in 2012-13

Reported (AUD)	2012 \$m	2011 \$m	Reported change %	Constant currency change %
Sales	522.3	501.9	4.1	5.0
EBITDA	(22.5)	55.2	(140.7)	(141.3)

EBITDA margin (4.3%) 11.0%

Adjusted ¹ (AUD)	2012 \$m	2011 \$m	Constant currency change %
Sales	522.3	497.4	5.0
EBITDA	33.8	61.9	(45.4)
<i>EBITDA margin</i>	6.5%	12.4%	

¹ Excluding Significant and Exceptional Items but including Nixon trading for the period 1 July 2011 to 16 April 2012, plus the Group's 48.5% share of the after tax profit of the Nixon JV for the period thereafter to 30 June 2012.



Direct to consumer

Z Company owned stores¹

- Total 634 (from 677 at 31 December 2011), 225 (Americas), 122 (Europe, including 53 shop-in-shops), 287 (Australasia)
- 160 of the Group's stores are low capital intensive shop-in-shops or outlets
- Same stores sales excluding online – US 1.4%, Canada (10.4%), Europe (1.9%), Australia (3.7%)

Z Retail EBITDA margins² (full profit) steady in as reported terms, excluding significant and exceptional items

- 9.0%, down from 9.1% in pcp
- 7.8% including global overhead costs, up from 7.5% in the pcp
- Impacted by subdued consumer environment, especially in Australia, Europe and Canada

Z Direct to consumer business contributed approximately 46% of Group sales

- Up from approximately 38% constant currency in the pcp
- Bricks and mortar comprise ~42% of sales
- Online more than 4% despite higher sales base from bricks and mortar retail acquisitions
- Direct-to-consumer sales account for 42% of sales in North America (27% of total sales in the US), 25% in Europe and 71% in Australia

Z Online growing strongly

- Global online sales up ~50%
- SurfStitch Australia up more than 90%, with SurfStitch Europe now operational
- Swell up ~20%
- Launch of branded sites including Billabong.com

¹ Movement in number of stores from 677 at 31-Dec-2011 to 634 stores at 30-June 2012 is explained by 58 non-performing store closures net of 15 new store openings.

² Refer to page 15 for further details on Wholesale and Retail segment reporting.



Update on Strategic Capital Structure Review

Partial sale of Nixon

- Completed on 16 April 2012
- Net proceeds of approximately US\$285 million used to pay down debt

Closure of underperforming stores

- Closed 58 stores as at 30 June 2012
- Expect to close a total of approximately 140 stores by 30 June 2013 (82 further stores to close in FY13)
- Store closure program currently expected to yield an improvement in EBITDA in FY13 of approximately \$6 million (approximately \$8 million on an annualised basis). Included in this improvement is approximately \$17 million (approximately \$25 million on an annualised basis) reduction in rent expense

Cost reduction program

- Cost-out charges incurred in FY12 (in particular in relation to headcount) expected to lead to savings benefits in FY13
- Expected annualised cost savings are in line with targeted savings of approximately \$30 million and are expected to be fully realised in FY13 (approximately \$12 million for Australasia, approximately \$13 million for Americas and approximately \$5 million for Europe)

Transformation Strategy

- Additional cost reduction initiatives have been determined as part of the Transformation Strategy announced today



Outlook

- The Group expects the current challenging trading conditions to continue during FY13. Assuming no further deterioration in these conditions, FY13 EBITDA is currently expected to be in the range of \$100m-\$110m in constant currency terms
 - This compares to Pro-forma FY12 EBITDA of \$84.0m, excluding 100% of Nixon and significant and exceptional items

- This result is expected to be driven by:
 - The benefits from the previously announced Strategic Capital Structure Review
 - The additional benefits realised under the Transformation Strategy announced today
 - Recognition of Billabong's share of after tax Nixon JV profits

- The Board has not declared a final FY12 dividend and does not expect to pay an interim 1H13 dividend
 - The dividend policy will be reviewed thereafter

Craig White
Chief Financial Officer





Consolidated results compared to market guidance¹

	Market guidance	Actual
EBITDA (inc. 100% Nixon, excl. significant and exceptional items ²)	\$130m-\$135m	\$131.4m
Adjusted EBITDA (inc. 100% Nixon until 16 April, share of Nixon JV NPAT post sale, excl. significant and exceptional items ³)	\$120m-\$125m	\$122.5m
Pro-forma EBITDA (excl. 100% Nixon, excl. significant and exceptional items ²)	\$83m-\$88m	\$84.0m
Nixon gain on sale, net of transaction costs	\$200m-\$225m	\$201.4m
Significant costs, impairments and charges (Net of Nixon gain on sale of \$201.4m)	To significantly exceed gain on Nixon sale	\$336.1m
Net debt pre entitlement offer proceeds	\$300m-\$350m	\$312.1m
Net debt post entitlement offer proceeds	Approximately \$100m	\$160.9m or \$94.2m ⁴ when adjusted for net retail entitlement offer proceeds received in July 2012
Consolidated shareholders' funds	>\$700m	\$1,027.3m

¹ Market guidance provided 21 June 2012.

² Significant and exceptional items in both the Billabong International Limited (\$336.1m) and Nixon Investments LLC (\$3.9m) consolidated groups.

³ Significant and exceptional items in both the Billabong International Limited (\$336.1m) and Nixon Investments LLC (\$1.9m) consolidated groups.

⁴ Represents reported net borrowings (\$160.9m) less the net retail proceeds from the entitlement offer received in July 2012 (approximately \$66.7m).



Consolidated results financial summary

	Reported ¹	% Change as reported	% Change constant currency	Adjusted ²	% Change as reported	% Change constant currency
Sales	\$1.55 bn	(7.9)	(5.0)	\$1.55 bn	(7.9)	(5.0)
<i>Gross margins</i>	47.7%	from 53.8%	from 53.8%	53.2%	from 53.8%	from 53.8%
EBITDA	\$130.4m	(32.1)	(30.3)	\$120.6m	(40.9)	(39.4)
<i>EBITDA margins</i>	8.4%	from 11.4%	from 11.5%	7.8%	from 12.1%	from 12.2%
NPAT	(\$275.6m)	(331.4)	(337.9)	\$33.5m	(74.3)	(73.6)
EPS	(90.8)c			11.1c		
ROCE (inc. cash and exc. significant and exceptional items)	5.3%					
Operating cash flow	78.9m	224.2%	n/a			
Working capital	284.1m	(39.7)	(37.9)			
<i>Working capital % sales</i>	19.7%	from 27.8%	from 27.2%			
Net borrowings (reported)	160.9m	(65.6)	n/a			
Net borrowings (incl. retail entitlement offer)	94.2m ³	(79.9)	n/a			
Gearing ratio (reported)	13.5%	from 28.1%				
Interest cover	2.6 x ²	from 6.1 x				

¹ Including Significant and Exceptional Items and Nixon trading for the period 1 July 2011 to 16 April 2012, plus the Group's 48.5% share of the after tax profit of the Nixon JV for the period thereafter to 30 June 2012.

² Excluding Significant and Exceptional Items but including Nixon trading for the period 1 July 2011 to 16 April 2012, plus the Group's 48.5% share of the after tax profit of the Nixon JV for the period thereafter to 30 June 2012.

³ Represents reported net borrowings (\$160.9m) less the net retail proceeds from the entitlement offer received in July 2012 (approximately \$66.7m).



Consolidated Profit & Loss

	Reported ¹			Adjusted ²		
	2012 \$m	2011 \$m	Change %	2012 \$m	2011 \$m	Change %
Results as Reported (AUD)						
Sales (excl 3 rd party royalties)	1,550.6	1,683.3	(7.9)	1,550.6	1,683.3	(7.9)
EBITDA	130.4	191.9	(32.1)	120.6	204.2	(40.9)
<i>EBITDA margin</i>	<i>8.4%</i>	<i>11.4%</i>		<i>7.8%</i>	<i>12.1%</i>	
NPAT	(275.6)	119.1	(331.4)	33.5	130.5	(74.3)
Earnings per share	(90.8)c	39.6c				
Return on Capital Employed (incl cash and excl Significant and Exceptional Items)	5.3%	10.5%				
Results in Constant Currency (AUD)³						
Sales (excl. 3 rd party royalties)	1,550.6	1,631.5	(5.0)	1,550.6	1,631.5	(5.0)
EBITDA	130.4	186.9	(30.3)	120.6	199.0	(39.4)
<i>EBITDA margin</i>	<i>8.4%</i>	<i>11.5%</i>		<i>7.8%</i>	<i>12.2%</i>	
NPAT	(275.6)	115.9	(337.9)	33.5	126.9	(73.6)

¹ Including Significant and Exceptional Items and Nixon trading for the period 1 July 2011 to 16 April 2012, plus the Group's 48.5% share of the after tax profit of the Nixon JV for the period thereafter to 30 June 2012.

² Excluding Significant and Exceptional Items but including Nixon trading for the period 1 July 2011 to 16 April 2012, plus the Group's 48.5% share of the after tax profit of the Nixon JV for the period thereafter to 30 June 2012.

³ 2011 results have been adjusted assuming local currencies were translated at the same rates as for 2012.



Segment breakdown – Wholesale & Retail (2012)

Year ended 30 June 2012	Wholesale ¹ \$m	Retail ² \$m	Eliminations \$m	Adjusted ³ Consolidated \$m
Sales	1,069.5	719.6	(238.5)	1,550.6
EBITDA (pre-Global costs)	199.9	65.1	(104.1)	160.9
<i>EBITDA margin (%)</i>	<i>18.7%</i>	<i>9.0%</i>		<i>10.4%</i>
EBIT (pre-Global costs)	180.6	40.0	(104.1)	116.5
<i>EBIT margin (%)</i>	<i>16.9%</i>	<i>5.6%</i>		<i>7.5%</i>
Global costs	31.3	9.0	-	40.3
EBITDA (post-Global costs)	168.6	56.1	(104.1)	120.6
<i>EBITDA margin (post-Global costs) (%)</i>	<i>15.8%</i>	<i>7.8%</i>		<i>7.8%</i>
EBIT (post-Global costs)	149.0	30.9	(104.1)	75.8
<i>EBIT margin (post-Global costs) (%)</i>	<i>13.9%</i>	<i>4.3%</i>		<i>4.9%</i>

Note: Refer to page 24 for the 2011 segment breakdown.

¹ Wholesale includes both wholesale sales to external customers plus wholesale sales to related retail.

² Retail includes both wholesale and retail margin.

³ Excluding Significant and Exceptional Items but including Nixon trading for the period 1 July 2011 to 16 April 2012, plus the Group's 48.5% share of the after tax profit of the Nixon JV for the period thereafter to 30 June 2012.



Significant and exceptional items (pre-tax)¹

As Reported (AUD)	2012 \$m	2011 \$m
<u>Significant Items</u>		
Inventory Clearance Below Cost	73.7	---
Gain from Adjustment to Contingent Consideration	(22.5)	---
Specific Doubtful Debts Expense	32.9	---
Early Termination of Leases and Onerous Lease / Restructuring Expense	58.0	---
Redundancy Costs	9.1	3.5
Impairment Expense	343.0	---
Gain on Sale, Net of Transaction Costs	(201.4)	---
Acquisition Related Costs	2.4	8.8
Other Significant Items	20.3	---
Total Significant Items	315.5	12.3
<u>Exceptional Items</u>		
Inventory Clearance Margin Dilution ²	8.1	---
Employee Benefits Expense ²	2.0	---
Other Exceptional Items ³	10.5	---
Total Exceptional Items	20.6	---
Total Significant and Exceptional Items	336.1	12.3

¹ 99% non-cash composition

² Non-IFRS and unaudited

³ IFRS and audited



Balance sheet and gearing

Z Working capital represents 19.7% as a percentage of the prior twelve months' sales stated at year end exchange rates, being 8.1% lower compared to the pcp of 27.8% in as reported terms

Z The doubtful debts provision at \$39.6 million is considered to be conservative and should be sufficient to meet the Group's requirements

Z Future deferred consideration as follows:

- Current: \$64.3m
- Non-current: \$67.6m

Z Net debt decreased 65.6% to \$160.9 million (excluding retail proceeds from entitlement offer) over the pcp which principally reflects the receipt of the proceeds from the partial sale of Nixon and the institutional component of the accelerated pro-rata non-renounceable entitlement offer

- This was partially offset by the payment of the deferred consideration for the original acquisition of Nixon, investments in owned retail globally and working capital requirements

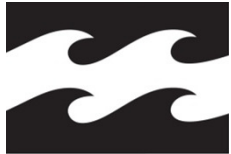
	2012 \$m	2011 \$m	Change %
<u>Working Capital as Reported (AUD)¹</u>			
Receivables	245.0	376.9	(35.0)
Inventory	293.2	348.7	(15.9)
Creditors	(254.1)	(254.4)	(0.1)
Working capital	284.1	471.2	(39.7)

	2012 \$m	2011 \$m	Change %
<u>Gearing Levels as Reported (AUD)</u>			
Borrowings	160.9	468.3	(65.6)
Borrowings incl. retail offer proceeds	94.2 ²	468.3	(79.9)
Gearing ratio post equity raise (net debt / net debt + equity)	7.9%	28.1%	
Interest cover post equity raise	2.6x³	6.1x	

¹ Working capital excludes Nixon wholesale sales made in the current year as a result of the partial sale and deconsolidation of that business from the Group accounts and includes in the pcp the pre-acquisition sales of RVCA and the significant retail acquisitions of West 49, SDS/Jetty Surf and Rush Surf. It also excludes any wholesale sales made to these accounts prior to acquisition.

² Represents reported net borrowings (\$160.9m) less the net retail proceeds from the entitlement offer received in July 2012 (approximately \$66.7m).

³ Excluding Significant and Exceptional items.



Cash flow

As Reported (AUD)	2012 \$m	2011 \$m	Change %
Receipts from Customers (inclusive of GST)	1,746.9	1,773.3	
Payments to Suppliers and Employees (inclusive of GST)	(1,623.0)	(1,673.1)	
	123.9	100.2	23.7
Interest Received	1.9	2.3	
Other revenue	3.3	2.3	
Finance Costs	(34.8)	(35.7)	
Income Taxes Paid	(15.4)	(44.8)	
Net Cash Inflow from Operating Activities	78.9	24.3	224.2
Payments for Purchase of Subsidiaries, net of Cash Acquired	(84.2)	(215.1)	
Payments for Plant and Equipment, net of Proceeds from Sale of Plant and Equipment	(39.6)	(42.7)	
Payments for Intangibles	(15.2)	(9.1)	
Proceeds from Sale of Business, net of Cash Divested and Transaction Costs	274.1	---	
Net Cash Inflow / (Outflow) from Investing Activities	135.1	(266.9)	
Proceeds from Issue of Shares	157.8	---	
Payments for Treasury Shares held in Employee Share Plan Trusts	(2.7)	(4.4)	
Net (Repayments) / Proceeds (of) / from Borrowings	(156.9)	284.4	
Dividends Paid	(39.3)	(79.0)	
Net Cash (Outflow) / Inflow from Financing Activities	(41.1)	201.0	
Net Movement in Cash Held	172.9	(41.6)	



Depreciation, amortisation, impairment, net interest expense and income tax expense

Z Depreciation and amortisation expense increased 13.7% in reported terms (17.9% in constant currency terms) on the pcg driven by:

- The inclusion of a full year of trading for the prior year acquisitions of RVCA, West 49, SDS/Jetty Surf, Rush Surf
- Retail store investment

Z As a result of the impairment review of intangible assets, goodwill in North America, Australia and South Africa and goodwill and brand intangibles for Billabong have been written down to their recoverable amounts. In addition, some retail fixed assets and other intangibles have also been written down to their recoverable amounts

Z Net interest expense increased 21.0% in reported terms (25.1% in constant currency terms) compared to the pcg, driven by borrowings relating to:

- Prior year acquisitions
- Funding the payment of the deferred consideration involved with the Nixon acquisition
- Working capital requirements

Z The lower effective tax rate is driven by the partial sale of Nixon and other non-taxable items including deferred consideration

- Adjusting for these significant amounts and also goodwill impairment and non-recognition of losses, the effective tax rate for the Group would have been approximately 33.8% (2011: 21.0% adjusting for equivalent amounts)

	2012 \$m	2011 \$m	Change %
<u>Results as Reported (AUD)</u>			
Depreciation	43.4	40.1	8.3
Amortisation	4.2	1.8	136.0
Impairment	343.0	---	100.0
Net Interest Expense	27.9	23.0	21.0
Income Tax (Benefit) / Expense	(11.5)	8.9	(229.8)

Supplementary financial information





Regional profit & loss – Americas

	Reported ¹			Adjusted ²		
	2012 \$m	2011 \$m	Change %	2012 \$m	2011 \$m	Change %
Results as Reported (AUD)						
Sales	750.3	843.7	(11.1)	750.3	843.7	(11.1)
EBITDA (pre-Global costs)	(24.9)	112.7	(122.1)	79.2	117.3	(32.5)
<i>EBITDA margin (%)</i>	<i>(3.3%)</i>	<i>13.4%</i>		<i>10.6%</i>	<i>13.9%</i>	
EBIT (pre-Global costs)	(79.4)	94.1	(184.4)	60.3	98.7	(38.9)
<i>EBIT margin (%)</i>	<i>(10.6%)</i>	<i>11.2%</i>		<i>8.0%</i>	<i>11.7%</i>	
EBITDA (post-Global costs)	(39.3)	80.2	(148.9)	59.7	84.8	(29.6)
<i>EBITDA margin (post-Global costs) (%)</i>	<i>(5.2%)</i>	<i>9.5%</i>		<i>8.0%</i>	<i>10.1%</i>	
EBIT (post-Global costs)	(208.8)	61.5	(439.5)	40.6	66.1	(38.6)
<i>EBIT margin (post-Global costs) (%)</i>	<i>(27.8%)</i>	<i>7.3%</i>		<i>5.4%</i>	<i>7.8%</i>	
Results in Constant Currency (AUD)³						
Sales	750.3	816.1	(8.1)	750.3	816.1	(8.1)
EBITDA (pre-Global costs)	(24.9)	112.2	(122.2)	79.2	116.6	(32.1)
<i>EBITDA margin (%)</i>	<i>(3.3%)</i>	<i>13.8%</i>		<i>10.6%</i>	<i>14.3%</i>	
EBIT (pre-Global costs)	(79.4)	94.5	(184.0)	60.3	99.1	(39.1%)
<i>EBIT margin (%)</i>	<i>(10.6%)</i>	<i>11.6%</i>		<i>8.0%</i>	<i>12.1%</i>	
EBITDA (post-Global costs)	(39.3)	79.8	(149.2)	59.7	84.2	(29.1)
<i>EBITDA margin (post-Global costs) (%)</i>	<i>(5.2%)</i>	<i>9.8%</i>		<i>8.0%</i>	<i>10.3%</i>	
EBIT (post-Global costs)	(208.8)	61.9	(437.5)	40.6	66.5	(38.9%)
<i>EBIT margin (post-Global costs) (%)</i>	<i>(27.8%)</i>	<i>7.6%</i>		<i>5.4%</i>	<i>8.1%</i>	

¹ Including Significant and Exceptional Items and Nixon trading for the period 1 July 2011 to 16 April 2012, plus the Group's 48.5% share of the after tax profit of the Nixon JV for the period thereafter to 30 June 2012

² Excluding Significant and Exceptional Items but including Nixon trading for the period 1 July 2011 to 16 April 2012, plus the Group's 48.5% share of the after tax profit of the Nixon JV for the period thereafter to 30 June 2012

³ 2011 results have been adjusted assuming local currencies were translated at the same rates as for 2012



Regional profit & loss – Europe

	Reported ¹			Adjusted ²		
	2012 \$m	2011 \$m	Change %	2012 \$m	2011 \$m	Change %
Results as Reported (AUD)						
Sales	278.1	337.6	(17.6)	278.1	337.6	(17.6)
EBITDA (pre-Global costs)	(7.0)	67.2	(110.4)	31.4	67.5	(53.4)
<i>EBITDA margin (%)</i>	<i>(2.5%)</i>	<i>19.9%</i>		<i>11.3%</i>	<i>20.0%</i>	
EBIT (pre-Global costs)	(26.3)	58.9	(144.6)	23.2	59.2	(60.7)
<i>EBIT margin (%)</i>	<i>(9.4%)</i>	<i>17.4%</i>		<i>8.4%</i>	<i>17.5%</i>	
EBITDA (post-Global costs)	(12.3)	54.2	(122.6)	24.2	54.5	(55.6)
<i>EBITDA margin (post-Global costs) (%)</i>	<i>(4.4%)</i>	<i>16.1%</i>		<i>8.7%</i>	<i>16.1%</i>	
EBIT (post-Global costs)	(74.2)	45.8	(262.1)	15.9	46.1	(65.4)
<i>EBIT margin (post-Global costs) (%)</i>	<i>(26.7%)</i>	<i>13.6%</i>		<i>5.8%</i>	<i>13.7%</i>	
Results in Constant Currency (AUD)³						
Sales	278.1	318.0	(12.6)	278.1	318.0	(12.6)
EBITDA (pre-Global costs)	(7.0)	63.5	(111.0)	31.4	63.7	(50.6)
<i>EBITDA margin (%)</i>	<i>(2.5%)</i>	<i>20.0%</i>		<i>11.3%</i>	<i>20.0%</i>	
EBIT (pre-Global costs)	(26.3)	55.5	(147.3)	23.2	55.8	(58.4)
<i>EBIT margin (%)</i>	<i>(9.4%)</i>	<i>17.5%</i>		<i>8.4%</i>	<i>17.6%</i>	
EBITDA (post-Global costs)	(12.3)	50.5	(124.3)	24.2	50.7	(52.2)
<i>EBITDA margin (post-Global costs) (%)</i>	<i>(4.4%)</i>	<i>15.9%</i>		<i>8.7%</i>	<i>15.9%</i>	
EBIT (post-Global costs)	(74.2)	42.5	(274.7)	15.9	42.8	(62.8)
<i>EBIT margin (post-Global costs) (%)</i>	<i>(26.7%)</i>	<i>13.4%</i>		<i>5.8%</i>	<i>13.5%</i>	

¹ Including Significant and Exceptional Items and Nixon trading for the period 1 July 2011 to 16 April 2012, plus the Group's 48.5% share of the after tax profit of the Nixon JV for the period thereafter to 30 June 2012

² Excluding Significant and Exceptional Items but including Nixon trading for the period 1 July 2011 to 16 April 2012, plus the Group's 48.5% share of the after tax profit of the Nixon JV for the period thereafter to 30 June 2012

³ 2011 results have been adjusted assuming local currencies were translated at the same rates as for 2012



Regional profit & loss – Australasia

	Reported ¹			Adjusted ²		
	2012 \$m	2011 \$m	Change %	2012 \$m	2011 \$m	Change %
Results as Reported (AUD)						
Sales	522.3	501.9	4.1	522.3	501.9	4.1
EBITDA (pre-Global costs)	(12.5)	74.5	(116.8)	47.4	82.0	(42.2)
<i>EBITDA margin (%)</i>	<i>(2.4%)</i>	<i>14.8%</i>		<i>9.1%</i>	<i>16.3%</i>	
EBIT (pre-Global costs)	(91.5)	59.8	(253.0)	30.1	67.3	(55.3)
<i>EBIT margin (%)</i>	<i>(17.5%)</i>	<i>11.9%</i>		<i>5.8%</i>	<i>13.4%</i>	
EBITDA (post-Global costs)	(22.5)	55.3	(140.7)	33.8	62.7	(46.1)
<i>EBITDA margin (post-Global costs) (%)</i>	<i>(4.3%)</i>	<i>11.0%</i>		<i>6.5%</i>	<i>12.5%</i>	
EBIT (post-Global costs)	(181.6)	40.4	(549.3)	16.4	47.9	(65.8)
<i>EBIT margin (post-Global costs) (%)</i>	<i>(34.8%)</i>	<i>8.0%</i>		<i>3.2%</i>	<i>9.5%</i>	
Results in Constant Currency (AUD)³						
Sales	522.3	497.4	5.0	522.3	497.4	5.0
EBITDA (pre-Global costs)	(12.5)	73.8	(116.9)	47.4	81.2	(41.6)
<i>EBITDA margin (%)</i>	<i>(2.4%)</i>	<i>14.8%</i>		<i>9.1%</i>	<i>16.3%</i>	
EBIT (pre-Global costs)	(91.5)	59.3	(254.4)	30.1	66.8	(54.9)
<i>EBIT margin (%)</i>	<i>(17.5%)</i>	<i>11.9%</i>		<i>5.8%</i>	<i>13.4%</i>	
EBITDA (post-Global costs)	(22.5)	54.5	(141.3)	33.8	61.9	(45.4)
<i>EBITDA margin (post-Global costs) (%)</i>	<i>(4.3%)</i>	<i>10.9%</i>		<i>6.5%</i>	<i>12.4%</i>	
EBIT (post-Global costs)	(181.6)	39.9	(555.5)	16.4	47.4	(65.4)
<i>EBIT margin (post-Global costs) (%)</i>	<i>(34.8%)</i>	<i>8.0%</i>		<i>3.2%</i>	<i>9.5%</i>	

¹ Including Significant and Exceptional Items and Nixon trading for the period 1 July 2011 to 16 April 2012, plus the Group's 48.5% share of the after tax profit of the Nixon JV for the period thereafter to 30 June 2012

² Excluding Significant and Exceptional Items but including Nixon trading for the period 1 July 2011 to 16 April 2012, plus the Group's 48.5% share of the after tax profit of the Nixon JV for the period thereafter to 30 June 2012

³ 2011 results have been adjusted assuming local currencies were translated at the same rates as for 2012



Segment breakdown – Wholesale & Retail (2011)

Year ended 30 June 2011	Wholesale ¹ \$m	Retail ² \$m	Eliminations \$m	Consolidated \$m
Sales	1,196.7	623.8	(189.0)	1,631.5
EBITDA (pre-Global costs)	279.0	56.8	(84.2)	251.6
<i>EBITDA margin (%)</i>	<i>23.3%</i>	<i>9.1%</i>		<i>15.4%</i>
EBIT (pre-Global costs)	259.7	35.9	(84.2)	211.4
<i>EBIT margin (%)</i>	<i>21.7%</i>	<i>5.8%</i>		<i>13.0%</i>
Global costs	54.5	10.2	-	64.8
EBITDA (post-Global costs)	224.5	46.6	(84.2)	186.9
<i>EBITDA margin (post-Global costs) (%)</i>	<i>18.8%</i>	<i>7.5%</i>		<i>11.5%</i>
EBIT (post-Global costs)	205.0	25.7	(84.2)	146.5
<i>EBIT margin (post-Global costs) (%)</i>	<i>17.1%</i>	<i>4.1%</i>		<i>9.0%</i>

¹ Wholesale includes both wholesale sales to external customers plus wholesale sales to related retail.

² Retail includes both wholesale and retail margin.



Definitions

Term	Definition
Adjusted	Given the impact of the Group's Strategic Capital Structure Review announced to the market on 17 February 2012 and the impact the difficult global macro trading conditions have had on results this year, the Group's results have been presented on an adjusted basis to exclude the significant and exceptional items to enable a more representative comparison to the prior year. The adjusted results include Nixon trading for the period 1 July 2011 to 16 April 2012, plus the Group's 48.5% share of the after tax profit of the Nixon JV for the period thereafter to 30 June 2012
Constant Currency	Due to a significant portion of the Group's operations being outside of Australia, the Group is exposed to currency exchange rate translation risk i.e. the risk that the Group's offshore earnings and assets fluctuate when reported in Australian Dollars. The Group's information for the prior year has therefore also been presented on a constant currency basis (i.e. using the current year exchange rates to convert the prior year foreign earnings) to remove the impact of foreign exchange movements from the Group's performance against the prior year comparative
Exceptional items	Includes Exceptional Items (audited and IFRS) and Exceptional Items (unaudited and non-IFRS)
Exceptional Items (audited and IFRS)	Includes costs arising from the Strategic Capital Structure Review included in the income statement which are not separately identified in the financial report due to their individual size or nature. The types of expenses included in this balance are fees, charges and other adjustments. Refer page 16 for the quantum of these amounts
Exceptional Items (unaudited and non-IFRS)	Reflects the margin dilution on the clearance of inventory as a result of the Strategic Capital Structure Review which resulted in a margin below that achieved by the Group historically in the ordinary course of business and wage costs associated with employees from the beginning of the year to the date of their redundancy arising from the Strategic Capital Structure Review. Refer page 16 for the quantum of these amounts
EBITDA	Earnings before interest, taxes, depreciation, amortisation and impairment
Global costs	Includes corporate overheads, international advertising and promotion costs, central sourcing costs and foreign exchange movements
NPAT	Profit/(loss) for the year after income tax attributable to the members of Billabong International Limited
Pro-forma EBITDA	Pro-forma EBITDA reflects underlying FY12 EBITDA excluding 100% of Nixon and excluding Significant and Exceptional items
Significant items	Income and cost items associated with the Strategic Capital Structure Review which includes, but is not limited to, impairment expenses, doubtful debts, inventory write downs and redundancies partially offset by the gain on sale of 51.5% of the Nixon business. Refer page 16 for the quantum of these amounts

The logo features a stylized wave icon on the left, consisting of two white, curved shapes against a black rectangular background. To the right of the icon, the word "BILLABONG." is written in a bold, black, sans-serif typeface.

BILLABONG.