



Billabong
International
Limited

ABN 17 084 923 946



ASX ANNOUNCEMENT

FUNDING OF NEW TERM DEBT WITH CENTERBRIDGE/OAKTREE CONSORTIUM CHANGES TO BOARD OF DIRECTORS UPDATE ON ANNUAL GENERAL MEETING ANNOUNCEMENT OF SALE OF WEST 49

GOLD COAST, 4 November, 2013: Billabong International Limited ("Billabong" or the "Company") today announces that a US\$300 million tranche of the 6 year senior secured term loan of US\$360 million (A\$386 million) (the "New Term Debt") provided by entities affiliated with Centerbridge Partners, L.P. and Oaktree Capital Management, L.P (together the "C/O Consortium") funded on 1 November 2013 (New York time). The proceeds of the funding were applied to repay in full the US\$294 million (A\$315 million) bridge loan facility from the Altamont Consortium which was entered into on 16 July 2013, together with accrued interest and fees. Further details in relation to the terms of the New Term Debt were provided in the Company's announcement of 19 September 2013.

Billabong continues to work with GE Capital to provide an asset-based multi-currency revolving credit facility of up to US\$100 million. This has been reduced from up to US\$140 million in part due to the sale of West 49 (see further below).

As also previously announced, as part of the New Term Debt, Billabong will grant 29,581,852 options to the C/O Consortium. The options were to be granted upon funding of the New Term Debt however the Company has agreed with the C/O Consortium that those options will now be granted upon the C/O Consortium obtaining approval from the Foreign Investment Review Board¹.

Board changes

As announced on 19 September 2013, now that funding of the New Term Debt has occurred, the Company announces that Jason Mozingo and Matt Wilson have been appointed to the Board.

As previously announced, under the terms of the Option Deed entered into with the Altamont Consortium, Altamont Capital Partners had rights to nominate representatives to the Board. Now that funding of the New Term Debt with the C/O Consortium has occurred and the Altamont Consortium bridge loan has been repaid, the Altamont Consortium has agreed to give up the right to nominate representatives to the Board of Billabong. Accordingly, Billabong announces that both Jesse Rogers and Keoni Schwartz have retired from the Board. The Board wishes to recognise that the Altamont Consortium and its representatives have played a constructive role in the affairs of the Company over the period since July when it provided Billabong with the bridge loan.

As also previously announced, Tony Froggatt had indicated his intention to retire from the Board on funding of the New Term Debt. Now that funding has occurred, Billabong announces that Tony has retired from the Board. Tony has been a director since 2007 and brought to the Company his international experience in brands, marketing and distribution.

With the long term funding of the Company now secure through the C/O Consortium's New Term Debt, Colette Paull has also decided to retire from the Board effective from the conclusion of the general meeting to approve the share placement to the C/O Consortium (see below). Colette has been a non-executive director of Billabong since 2000 and throughout that period she has brought to the Company her intimate knowledge of its heritage and business, having been an employee and executive since 1973.

Chairman Ian Pollard said "On behalf of the Board I would like to thank both Colette and Tony for their contributions to the Company's direction throughout their appointments and especially during the challenging events of the past 12 to 18 months and the ultimate resolution through the funding just concluded".

¹ The C/O Consortium has sought approval from FIRB under Australia's Foreign Investment Policy and therefore, the C/O Consortium can determine to call for the grant of the options earlier.



It was previously announced that Sally Pitkin would retire from the Board on funding of the New Term Debt in order to accommodate the rebalancing of the Board. However as a result of Altamont agreeing to give up Board representation, Billabong can achieve its objective of a seven-member Board (post the share placement approval meeting described below) while also retaining Sally. Sally will continue as one of three independent directors along with Ian Pollard and Howard Mowlem. The other directors are founder and substantial shareholder Gordon Merchant, Jason Mozingo (nominated by Centerbridge), Matt Wilson (nominated by Oaktree), and CEO Neil Fiske.

Annual General Meeting and General Meeting

The *Corporations Act 2001* (Cth) requires Billabong to hold an annual general meeting prior to 30 November each year. Billabong announces that it has received in principle approval from the Australian Securities and Investments Commission ("ASIC") to extend the time by which it must hold the 2013 Annual General Meeting ("AGM"). It is expected that the AGM will be held on Tuesday, 10 December 2013, at which the general business of the AGM together with the resolutions requested by Coastal Capital International, Ltd. will be put before shareholders.

Billabong had intended to also put before shareholders at the AGM the resolutions in connection with the proposed placement as part of the transactions entered into with the C/O Consortium. Billabong now expects that these resolutions will be put at a separate meeting in January 2014. This change is due to a delay in obtaining an independent expert's report acceptable to ASIC to accompany the meeting materials in respect of those resolutions.

Sale of West 49

Billabong announces that it has entered an agreement to sell its Canadian retail chain, West 49, to YM Inc., a leading fashion retailer with a number of highly successful stores including Stitches, Urban Planet, Sirens, Siblings, Suzy Shier and Bluenotes. As part of the sale the two parties have also entered into an initial two-year supply agreement.

YM will purchase the 92 West 49 retail stores across Canada for approximately CAD\$9 to 11 million. Along with retaining six Billabong stores and two Element stories in Canada, Billabong has also entered into an approximately CAD\$34 million non-exclusive wholesale agreement with YM over the next two years.

"The sale of West 49 is part of our broader strategy of simplifying our business and focusing on the core of what we do best, which is building strong global brands," said Neil Fiske, CEO of Billabong. "The supply agreement we've entered into ensures our products will continue to have a strong presence for consumers in that market."

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MARIA MANNING

COMPANY SECRETARY