

Billabong International Limited BBG

Mkt Cap \$Mil \$247	Style Box™ 	Close Price \$ 0.52 (15-Jan-2014)	Shares Issued Mil 478.94	Morningstar Sector Consumer Cyclical	Morningstar Industry Apparel Manufacturing	GICS Industry Group Consumer Durables & Apparel
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Telephone: +61 7 5589 9899
 Website: www.billabongbiz.com
 Address: 1 Billabong Pl
 Burleigh Heads QLD 4220

Business Summary as at 03 Jul 2013

Billabong International Limited (BBG) engages in marketing, distribution, wholesaling and retailing of apparel, accessories, eyewear, wetsuits and hardgoods in the boardsports sector. Billabong's products are licensed and distributed in more than 100 countries and are available in approximately 11,000 stores worldwide. Products are distributed through specialised boardsports retailers and through the Company's own branded retail outlets.

Brands: BBG's brands include: Billabong, Element, Von Zipper, Honolua Surf Company, Kustom, Palmers Surf, Xcel, Tigerlily, Sector 9, DaKine and RVCA brands. The Company's brands are marketed and promoted internationally through association with high profile professional athletes, junior athletes and events.

Operation: The retail business comprises a mix of multi-branded stores selling product from many of the boardsport sector's leading brands, along with singlebranded stores operating under banners, outlet stores to support the self-liquidation of end-of-season stock and various shop-in-shop concepts in areas where there is an underdeveloped speciality store distribution channel. The total number of company-owned retail doors as at February 2013 is 515 stores.



	06-05	06-06	06-07	06-08	06-09	06-10	06-11	06-12	06-13	Current	Performance
Total Return %	69.45	15.93	20.48	-37.48	-10.63	3.00	-28.20	-76.39	-86.06	-44.92	
+/- Market	44.70	-8.28	-9.82	-25.36	11.51	-10.77	-40.36	-69.37	-106.73	—	
	06-05	06-06	06-07	06-08	06-09	06-10	06-11	06-12	06-13	Current	Valuation
Price/Earnings	22.33	21.77	22.24	12.69	12.21	15.12	12.79	9.25	-3.82	—	
Market P/E	15.19	16.09	18.90	12.43	11.89	13.94	13.79	13.16	14.68	15.37	
Price/Sales	4.36	4.10	4.00	2.19	1.46	1.87	1.14	0.23	0.06	0.19	
Price/Book	4.37	4.46	4.90	2.82	1.87	1.82	1.28	0.43	0.27	0.91	
Price/Cash Flow	19.52	18.77	19.77	10.50	10.28	11.43	9.80	6.47	1.08	3.87	
Market Cap \$Mil	2814	3179	3723	2240	2205	2212	1527	442	72	247	
Dividend Yield%	2.79	2.87	2.81	5.14	5.14	4.12	4.83	2.79	0.00	—	
	06-05	06-06	06-07	06-08	06-09	06-10	06-11	06-12	06-13	Current	Financials
Operating Revenue \$Mil	845	1020	1223	1348	1670	1483	1684	1440	1341	—	
EBITDA Margin %	23.73	23.06	21.22	21.74	17.37	17.62	12.15	5.45	5.76	—	
EBIT \$Mil	188	220	238	266	252	226	163	34	35	—	
EBIT Margin %	22.28	21.52	19.44	19.72	15.09	15.22	9.66	2.35	2.64	—	
NPAT Before Abs \$Mil	125	146	167	176	159	146	119	35	-20	—	
Reported Net Profit \$Mil	125	146	167	176	153	146	119	-276	-860	—	
Earnings Per Share ¢	46.36	53.56	61.31	64.65	57.04	45.99	37.40	11.62	-3.93	—	
Shares Mil	206	206	206	206	221	250	251	303	497	—	
Book Value Per Share \$	2.37	2.61	2.78	2.91	3.72	3.82	3.74	2.50	0.57	—	
Oper Cash Flow \$Mil	116	108	91	153	176	187	24	79	12	—	
Cap Spending \$Mil	-38	-70	-51	-58	-72	-56	-52	-56	-40	—	
Free Cash Flow \$Mil	102	40	74	116	88	190	49	203	15	—	
	06-05	06-06	06-07	06-08	06-09	06-10	06-11	06-12	06-13	Current	Profitability
Return on Assets %	13.76	12.12	13.03	11.93	8.40	7.40	6.02	3.07	-0.09	—	
Return on Equity %	19.48	20.53	22.07	22.18	13.55	12.00	9.98	3.43	-7.19	—	
Net Margin %	14.84	14.30	13.67	13.09	9.55	9.84	7.08	2.45	-1.46	—	
Asset Turnover %	89.77	81.11	87.98	82.92	75.22	67.10	69.58	69.24	132.46	—	
Financial Leverage %	146.28	176.62	183.05	204.43	188.67	181.53	202.20	202.47	379.20	—	
	06-05	06-06	06-07	06-08	06-09	06-10	06-11	06-12	06-13	Current	Financial Health
Working Capital \$Mil	172	232	295	334	389	336	390	199	211	—	
Long-Term Debt \$Mil	113	257	361	471	548	405	598	249	6	—	
Total Equity \$Mil	644	712	760	795	1177	1218	1197	1027	267	—	
Net Debt/Equity %	10.07	27.48	33.45	44.63	19.11	17.80	39.13	15.66	77.37	—	

Key Dates	Fiscal Year End	30 Jun 2014	Listing Date	11 Aug 2000	Major Shareholders	No. of shares [Mil]
	AGM	10 Dec 2013	DRIP	Active	Gordon Stanley Merchant & Gordon Merch...	(75),
					Coastal Capital International Limited	(36)

Dividend History		Interim	Final	Consensus	out of 3 analysts	
Dividend Ex Date	13 Mar 2012	19 Sep 2011	Price/Earnings	Current	2014E	2015E
Dividend Pay Date	19 Apr 2012	21 Oct 2011	Dividend Yield %	—	—	34.8
DPS ¢	3.00	13.00	EPS(\$)	-0.04	0	0.01
Franking %	0	25	DPS(\$)	0	0	0

*Represents financial year to date - the day after last financial year to a day before publication date.

Investment Detail Disclosure

Research Methodology

Currency

All figures for stocks listed on Australian Stock Exchange are in Australian dollars and all figures for stocks listed on New Zealand Stock Exchange are in New Zealand dollars.

Business Description

A brief description of the company's operations and activities. This information is updated every six months or on the release of important information about the company.

Market Capitalisation \$ mil

The market value of the company's equity capital. This is calculated by multiplying the number of common shares by the current price. Other classes of equity such as preference shares are normally not included, except in certain cases where the shares are "quasi-ordinary". The most prominent example of this is News Corporation (NWS), where we do include their preferred limited voting ordinary shares in our calculation of market value.

Style

The Morningstar Style consists of nine categories that provide an overview of the investment strategy. The style is comprised of a combination of market capitalization of the security and the investment style (value, blend, or growth).

Last Price

Stock price shown represents the market price of the stock as of the most recent close of trading as at the release date noted at the top of the investment detail page.

Shares Issued

Current number of ordinary shares listed on the Australian/New Zealand Stock Exchange.

Sector

Morningstar Sector : based on Morningstar global equity classification, each equity is mapped into one of 148 industries. This mapping is based on publicly available information about each company and Morningstar Equity Analyst input. Industries are grouped into 69 industry groups and subsequently mapped into one of the 11 sectors. Industry and sector information are available for companies on all major global exchanges.

GICS Sector : Based on Standard & Poor's Global Industry Classification. All companies listed on the Australian/New Zealand Stock Exchange are grouped into one of 24 industry sectors. This classification is used to compute sector averages and industry peers.

Performance

Total Return represents shareholders' gains from a stock over a given period of time (YTD, one month, three month, one-, three-, and five year). Total return includes both capital gains and losses and dividend payments. It is calculated by taking the change in the stock's price as of the close of trading of the respective period, assuming the reinvestment of all dividends, then dividing by the initial stock price, and expressing the result as a percentage. Returns for periods longer than one year are annualized. Returns do not include brokerage commission or the effects of taxation.

Financials

Revenue and Margin line items will depend on the type of company selected – i.e. Industrial, Bank, Insurance, Property or Listed Investment Company. Net Profit \$Mil

represents net operating profit after tax, minorities, preference dividends, significant, and non-recurring items (NPAT). Earnings Per Share \$ is NPAT divided by the weighted average number of ordinary shares on issue during the year. Book Value Per Share \$ is a company's common stock equity as it appears on a balance sheet divided by the number of shares outstanding. Oper Cash Flow \$Mil is net cash flow after paying suppliers, employees, interest expense and tax paid from receipts from customers, dividends and interest received. Cap Spending \$ Mil is money spent to acquire or upgrade physical assets such as buildings and machinery. Free Cash Flow \$Mil is the amount of cash that a company has left over after it has paid all of its expenses, including investments (Oper Cash Flow minus Cap Spending and dividends).

Avg no. of Shares

The weighted average number of ordinary shares during the financial year. This figure is used to calculate basic earnings per shares (EPS).

Profitability

Return on Assets % (ROA) is the percentage a company earns on its assets in a given year. It is measured by dividing NPAT before abnormals by total assets. Return on Equity % (ROE) is the percentage a company earns on its total equity in a given year. The calculation is NPAT before abnormals divided by shareholder equity. Net Margin % is A measure of profitability and is equal to NPAT divided by revenues from the same period. Asset Turnover represents how many dollars in revenue a company has generated per each dollar of assets. It is calculated by dividing total revenues for the period by total assets for the same period. Financial leverage is calculated by dividing total assets by total shareholders' equity.

Financial Health

Working Capital \$Mil is current assets minus current liabilities. Working capital measures how much in liquid assets a company has available to build its business. Long-Term Debt \$Mil includes loans and obligations with a maturity of longer than one year, usually accompanied by interest payments. Total Equity \$Mil is ownership interest in a corporation in the form of common stock or preferred stock. It also refers to total assets minus total liabilities, in which case it is also referred to as shareholder's equity or net worth or book value. Debt/equity ratio is equal to short-term and long-term debt minus cash divided by common shareholders' equity.

Valuation

Price/Earnings (PE) is the current price divided by the company's trailing 12-month earnings per share. Price/Book (PB) is the most recent stock price divided by the most recent book value per share. Price/Sales (PS) is the current price divided by the company's sales per share over the trailing 12 months. Price/Cash Flow (PC) is the most recent price divided by the cash flow per share of the latest fiscal year.

Key Dates

Fiscal Year End is the date in which the company closes its books for the previous 12-month period over which a company budgets its spending. AGM is the annual company gathering, usually held at the end of each fiscal year, at which the previous year and the outlook for the future are discussed and directors are elected by common shareholders. Listing Date defines the date the companies share price was first quoted on the stock exchange. DRP is

the dividend reinvestment plan offered by some corporations enabling shareholders to automatically reinvest cash dividends and capital gains distributions, thereby accumulating more stock without paying brokerage commissions.

Consensus

Current(latest actual) Price/Earnings, Dividend Yield, EPS and DPS are provided for reference. Forecasts are indicated by 'E' and are available for forward years only. Both actual and forecast EPS are presented on a pre-goodwill amortization basis.

Dividend History

Dividend Ex-Date is the first day of the ex-dividend period. If an investor does not own the stock before the ex-date, he or she will be ineligible for the dividend payout. Dividend Pay Date is the date on which the dividend will actually be paid to shareholders. DPS ¢ is Total dividend for the year, divided by the number of shares ranked for dividend. Franking % shows the percentage of the dividend which contains a dividend imputation credit.

Major Shareholders

The 3 largest shareholders (individuals or companies) and the number of voting shares they are entitled to.