Billabong posts mammoth AU$859.5m loss

SYDNEY, AUSTRALIA: Embattled Australian surfwear brand Billabong reported a huge Aus$859.5m (US$771.7 net annual loss on Tuesday, 27 August, triple the firm's market value and far worse than analysts forecasts.

Billabong said the record loss, which significantly undershot market predictions of a Aus$560m debit, came after a 13.5% fall in global sales revenues to Aus$1.34bn and Aus$604.3m in writedowns.

Chairman Ian Pollard said it had been "the most challenging period in the company's history", with 158 of its stores shuttir down, the sale of the DaKine brand and the restructuring of Nixon which Billabong said it now valued at nil.

Earnings were Aus$72.6m, in line with a forecast of between Aus$67m and Aus$74m offered two months ago equivalent t 16.4% less than the previous year.

"Billabong have had a whopping writedown and that's the only way that you can describe it," said IG Markets analyst Evan Lucas. "The revenue generation is horrendous."

Failed takeover bids

The ailing firm has been the subject of multiple failed takeover bids, with its shares hitting a record low of 12 cents in June Billabong battled a prolonged rally of the Australian dollar amid muted consumer confidence in its key US and European markets.

Pollard said the company had entered a US$470m refinancing deal with US private investment firm Altamont Capital partn and GSO Capital partners, including a five-year US$310m loan, share issue and asset-based credit facility from GE Capit

The firm was also weighing an alternative refinancing proposal, received last week from US hedge funds Centerbridge and Oaktree. Billabong said it was trying to finalise its plans "as soon as practical".

"We are nearing the end of a very long process that has caused distraction, affected staff morale and been very costly," said Pollard.

"The company looks forward to refocusing, reinvigorating its brands and rebuilding the business on a solid, long-term financial footing," he added.

Lucas said the annual figures illustrated why successive takeover attempts had lapsed and banks had lost interest in Billabong, leaving only distressed equity firms to pursue a deal.

He said Billabong was likely to be delisted from the Australian Stock Exchange in the next 12 months and put into private hands, with no spare capital to fund its so-called rebuilding.

Source: AFP via I-Net Bridge