

BILLABONG TO CLOSE 82 STORES, CUT JOBS



Billabong is not a name that many of you may know, unless you are heavily into youth fashion. For those of you who are not familiar with the company let's begin by getting some context and taking a look at how they have chosen to [describe themselves](#). "Billabong International Limited's core business is the marketing, distribution, wholesaling and retailing of apparel, accessories, eyewear, wetsuits and hardgoods in the boardsports sector under the Billabong, Element, Von Zipper, Honolua Surf Company, Kustom, Palmers Surf, Xcel, Tigerlily, Sector 9, DaKine and RVCA brands. The company has approximately 6000 staff worldwide and its shares are publicly listed on the Australian Securities Exchange. Billabong International's products are licensed and distributed in more than 100 countries and are available in approximately 11,000 doors worldwide. Products are distributed through specialised boardsports retailers and through the Company's own branded retail outlets. The majority of revenue is generated through wholly-owned operations in Australia, North America, Europe, Japan, New Zealand, South Africa and Brazil. The Company's brands are marketed and promoted internationally through association with high profile professional athletes, junior athletes and events." The company is getting ready to close 82 of its stores, in order to reduce its overall costs with less than encouraging sales. While, for the time being, the company has not said how many workers these closures are set to impact, but it is likely that the company will trigger at least one mass layoff action. For those of you who are not familiar with the idea of a mass layoff action here is a look at how the federal government [defines](#) the term, "The **Mass Layoff Statistics (MLS)** program collects reports on mass layoff actions that result in workers being separated from their jobs. Monthly mass layoff numbers are from establishments which have at least 50 initial claims for unemployment insurance (UI) filed against them during a 5-week period. Extended mass layoff numbers (issued quarterly) are from a subset of such establishments—where private sector nonfarm employers indicate that 50 or more workers were separated from their jobs for at least 31 days." The company's most recent fiscal numbers are enough to show why they are getting ready to close the stores. Here is a look at their [most recent data](#), "The Group incurred a net loss after tax of \$275.6 million. As flagged in the half year results, significant and exceptional items have resulted in costs of \$336.1 million, net of the gain on sale of Nixon of \$201.4 million, of which 99% is non-cash. Excluding the impact of significant and exceptional items Adjusted1 Net Profit After Tax (NPAT) was \$33.5 million on reported global sales revenue of \$1.55 billion. Revenue was down 7.9% in reported Australian dollar (AUD) terms (down 5.0% in constant currency terms) compared to the prior corresponding period (pcp), including online sales growth of approximately 50%... 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 \$100 million to \$110 million in constant currency terms. This compares to pro-forma FY12 EBITDA of \$84.0 million, excluding 100% of Nixon and significant and exceptional items."