Commission approves tie-up between surfwear titans Billabong and Boardriders

The Competition Commission has approved the proposed acquisition of Billabong International Limited by global branded apparel business Boardriders Inc.

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Boardriders, an Australian company, owns and operates the brands Quiksilver, Roxy and DC. It designs, produces, distributes and retails branded apparel, footwear, related accessories and technical/hardwear products.

Billabong, also an Australian company, is a global business engaged in marketing, distributing, wholesaling and retailing active lifestyle apparel, footwear and accessories. Billabong operates in over 100 countries, including South Africa, and its portfolio of brands includes Billabong, RVCA, Element and Xcel.

According to Just-Style, the combination of Boardriders and Billabong will create the world's leading action sports company with sales to over 7,000 wholesale customers in more than 110 countries, owned e-commerce capabilities in 35 countries, and over 630 retail stores in 28 countries.

"Both companies have strong global brands and Billabong has a good following in SA. Merging should help create synergies and hopefully strengthen their competitive position in the highly competitive global brands market," Mergence Investment Managers portfolio manager Peter Takaendesa told *Business Day*.

According to reports, Billabong first agreed to a A$197.7m ($155m) buyout from its top shareholder and major lender, Oaktree Capital Management, in January.

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Moratorium on job losses

The Commission says it has approved the proposed merger subject to a condition that there be a moratorium on job losses. In addition, a year before the moratorium ends, details of any plans affecting employment or operations must be provided to workers and their union.

"In the event that jobs losses are unavoidable when the duration of the moratorium lapses, the merged entity must institute a workplace committee to help identify potential alternatives to avoid job losses."