

Sector 9 Sold to Billabong Surf

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Breaking News, called in from our good friend Garrett Hurley of GFH Boards, comes regarding three new Southern California multi-millionaires! Years of work, marketing, posturing, stoking and the occasional bullying, thuggery and destokification have paid off and well:

Billabong Buys Sector 9!

Hey, it's a joke. Lighten up. (The pic, not the news.)

You read that right and the news has just started spreading around the industry. Ten Million Dollars, each? Nobody knows that part, yet, but the news is the acquisition also includes GullWing Trucks. We don't know the effect on Dregs or Arbor. Here's the release, hot off the Australian presses:

Billabong International Ltd has acquired Californian-based skateboard brand, Sector 9. Billabong said the US skateboard company, founded in 1994, has emerged as a market leader in the design and manufacture of skate longboards - a niche segment within the skateboard market. The Queensland-based company said it expects Sector 9 to contribute around two per cent to its sales in the 2008/09 financial year and the acquisition is expected to be earnings per share accretive in year one.

Billabong chief executive Derek O'Neill said Sector 9 operated in the specialty board sports channel with a unique product offering. "Sector 9's products, primarily its longboards, really differentiate it from other brands in the board sports channel and have appeal to surfers, skateboarders and the broader youth market," he said. Co-founders and owners Steve Lake and Dennis Telfer and co-owner Dave Klimkiewicz are being retained as part of the acquisition in their current roles.

Click through for industry reactions and our thoughts:

The press release continues...

Mr Lake, Sector 9's President, said he was excited by the prospect of teaming with a boardsports industry leader. "While Sector 9 continues to maintain solid growth in the US, we are most excited at the prospect of combining our brand's growing international awareness with Billabong's proven global distribution network," said Mr Lake. The purchase of Sector 9 includes its Gullwing skateboard trucks brand. The bulk of Sector 9's revenues are generated by skateboard and associated hardgoods sales, while apparel is a small but emerging category. Sector 9 operates a vertical business model, with its primary design, manufacturing and distribution all based in San Diego.

This may be downright great for those looking to see expansion of the longboarding sport, and a day of infamy for those distressed over the idea that longboards could become "mainstream". Think about it: Billabong has the distribution and the advertising budget to put longboards in ads, in television spots and other such product placements, etc... We predict

you'll see more longboards in mainstream media this next year.

By the way, here's the link to the Aussie news wire.

Garret Hurley, of GFH Boards was the first industry mogul we were able to reach. He confirmed the news and gave us a few more details than appear in the linked article, before commenting, "I'm happy for those guys. This is a big deal and shows how big business has taken notice of us all. And Billabong is BIG!" We're not surprised to find Hurley relaxed and enthusiastic -- he's a "glass half full" kinda guy, but we had to ask, what's this mean for you? Hurley went on, "Well, it might mean that Sector becomes even harder to compete with for us -- they're going to be even bigger. I guess it might also mean that the days of stolen beer and vandalized booths at ASR are over but, hey, are you typing?!" Well, yes, we were...

Contacted in the middle of Canada Day celebrations, Michael Brooke of Concrete Wave Magazine was surprised by the news, but rattled off some excited first impressions. "I think this is really big! I mean, Sector was already growing and this is a natural progression of the industry toward the mainstream skateboard market. I mean, Sector is already everywhere - I heard they were selling boards in 7/11 Stores," Brooke went on, "but Billabong is just gigantic!" Brooke's first guesstimate is that Sector sold for \$20 million or so. Of course, such numbers have to take inventory and debt into account, but we think it's plain that the crew at the core of the company are now genuine zillionaires. If each and every member of the skateboard racing team isn't wearing new leathers, being driven in a limo by hot babes and sporting a new Dr. GoFast helmet by the World Championships in August... well, that will be a crime! We want to see Sakmoto's bobblehead doll in surf shops by October and fully expect to be able to buy Danny Connor sandals while we're there! We're serious about this, so get on it!

Click the bug to talk about it.

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