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Iconix Brand Group, Inc. Q1 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from Todd Slater – Lazard Capital Markets.

Todd Slater – Lazard Capital Markets

Neil, first to you, you said that you're confident you can make acquisitions this year but that you won't force the deals and the bare case is that you just can't the financing due the seizing up of the market. My question is, is it more an issue of not forcing a deal or is it more of an issue of getting adequate financing? I guess that's what people would like to hear.

Neil Cole

Todd, first of all the company has between our cash on hand of \$56 million in our term facility, another \$37 million on top of that we're cash flowing it over \$25 million free cash flow per quarter. So depending on the timing the company has access to well over between \$100 and \$200 million of capital and we have tested the financing market and there is financing for the right deals. We're very confident that with the right deals financing is available.

Todd Slater – Lazard Capital Markets

Just to hit the numbers the mentioned, the \$30 million of acquisition revenues, it sounds to me like a \$60 million or so annualized which sounds like \$300 million. You've got about \$100 million in liquidity so maybe a little bit more than that with some of the free cash flow so it's looking like a couple hundred million, in that range. You feel confident that you can get that kind of credit if necessary?

Neil Cole

Yes, very confident. We have been working on two or three deals that we're pretty far down the road and we're very confident that they're financeable.

Todd Slater – Lazard Capital Markets

My second question is if you can give us a little bit more revenue direction with, you have a major portfolio brand like 16, 17, 18, whatever the number of brands and maybe give us a better sense revenues up or down in some of the major pieces. You mentioned some were soft or some were above or below but not relative to LY. Maybe give us a sense of how the brands are doing versus LY's.

Neil Cole

Having a portfolio of 16 brands within Iconix and one within [Sion], there's definitely a mixed bag being a portfolio approach. There's definitely excitement as we mentioned in the call around what's happening with OP and Starter and how good business is starting to be at Wal-Mart with the new team there and how Iconix is engaged. Also excited about Royal Velvet and what's happening in our big program with Bed, Bath, all the stores in the last two weeks and it's performing wonderfully. Basically across the portfolio it goes with the store, with Target being a little off, Mossimo is a little off. With Kohls having a little softness, Candies has had a little softness. Looking at a portfolio approach we're still confident that organic will be probably in the mid-single digits this year from an organic point of view but generally there's a lot of shining stars in the portfolio and there's definitely some weakness in this challenging retail environment.

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