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## Iconix Brand Group Inc. Q1 2009 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

(Operator Instructions) Your first question comes from the line of Todd Slater with Lazard Capital Markets. Please proceed.

#### Todd Slater - Lazard Capital Markets

I was wondering if you could just talk about the environment to finance larger transactions, because right now your cost of debt is under 4%, so how high can that go for a large deal to make financial sense?

#### Warren Clamen

Hi, Todd, it's Warren. I think we're seeing improvements in the markets. I mean, deals are getting done and improved pricing over the last 30, 60 days, even in the last two weeks. Deals are getting done at all levels from B to AAA and different areas of the markets are opening. So we think that we could get deals done. We're looking at different ways. We're looking at all different venues from the capital markets, but we do feel confident.

#### Neil Cole

And also, I'm going to just add, the lower matrixes in purchase price we think will more than offset the higher interest rates, where it will definitely be higher than the three or four, but we believe that economics are still going to be pretty strong.

#### Todd Slater - Lazard Capital Markets

Okay. Well, that's a good segue way to the Ed Hardy deal, which kind of breaks tradition a little bit in that you're only buying half of it and the business is still quite robust, and typically you've bought brands sort of on the downturn. And it's a lower multiple, obviously, than you've paid. Can you just talk a little bit more about how your acquisition strategy is evolving and why you only put one leg in the water here?

#### Neil Cole

It was the opportunity that was presented to us. We're working with the original founder, Don Ed Hardy, the owner of the mark who licensed it to the Christian Audigier Company. Ed was looking to diversify and he had numerous partners that wanted to sell half the business. Looked at the business; obviously, we would have loved to own 100%, but we also think keeping Ed around will help us

possibly with other branding opportunities and helping to exploit the brand further. So, while it was only half – 50%, we just thought it was a great mix and a great brand to add to the portfolio.

**Todd Slater - Lazard Capital Markets**

Okay. You said you see Danskin and Starter exceeding \$1 billion. Was that this year, number one? And does that assume that it extends into the other Wal-Mart countries?

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