

ICONIX BRAND GROUP, INC.
Form 10-Q
May 07, 2013

United States
Securities and Exchange Commission
Washington, D.C. 20549

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the Quarterly Period Ended March 31, 2013

OR

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the Transition Period From _____ to _____ .

Commission file number 0-10593

ICONIX BRAND GROUP, INC.

(Exact name of registrant as specified in its charter)

Edgar Filing: ICONIX BRAND GROUP, INC. - Form 10-Q

Delaware
(State or other jurisdiction of

11-2481903
(I.R.S. Employer

incorporation or organization)

Identification No.)

1450 Broadway, New York, NY
(Address of principal executive offices)

10018
(Zip Code)

(212) 730-0030

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act) Yes No

Indicate the number of shares outstanding of each of the issuer's classes of Common Stock, as of the latest practicable date.

Common Stock, \$.001 Par Value 57,022,203 shares as of May 1, 2013.

Part I. Financial Information

Item 1. Financial Statements

Iconix Brand Group, Inc. and Subsidiaries

Condensed Consolidated Balance Sheets

(in thousands, except par value)

	March 31, 2013 (unaudited)	December 31, 2012
Assets		
Current Assets:		
Cash (including restricted cash of \$61,534 in 2013 and \$16,362 in 2012)	\$ 376,273	\$ 255,034
Accounts receivable	112,706	85,249
Deferred income tax assets	3,496	3,497
Other assets - current	25,532	22,571
Total Current Assets	518,007	366,351
Property and equipment:		
Furniture, fixtures and equipment	19,849	19,734
Less: Accumulated depreciation	(10,258)	(9,644)
	9,591	10,090
Other Assets:		
Other assets	22,174	24,082
Trademarks and other intangibles, net	1,962,196	1,769,508
Deferred financing costs, net	20,531	21,250
Investments and joint ventures	64,640	64,770
Goodwill	230,766	225,687
	2,300,307	2,105,297
Total Assets	\$ 2,827,905	\$ 2,481,738
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable and accrued expenses	\$ 43,743	\$ 33,405
Deferred revenue	32,416	9,055
Current portion of long-term debt	52,000	52,000
Other liabilities - current	6,150	6,150
Total Current Liabilities	134,309	100,610
Deferred income tax liability	215,860	206,912
Long-term debt, less current maturities	1,171,707	859,718
Deferred revenue	1,320	4,898
Other liabilities	9,763	9,760
Total Liabilities	1,532,959	1,181,898

Edgar Filing: ICONIX BRAND GROUP, INC. - Form 10-Q

Commitments and contingencies

Stockholders' Equity

Common stock, \$.001 par value shares authorized 150,000; shares issued 76,748 and 76,549, respectively	77	77
Additional paid-in capital	870,921	815,935
Retained earnings	564,018	529,829
Accumulated other comprehensive loss	(11,434)	
Less: Treasury stock 16,704 and 9,941 shares at cost, respectively	(320,698)	(159,690)
Total Iconix Brand Group, Inc. Stockholders' Equity	1,102,884	1,186,151
Non-controlling interest	192,062	113,689
Total Stockholders' Equity	1,294,946	1,299,840
Total Liabilities and Stockholders' Equity	\$ 2,827,905	\$ 2,481,738

See Notes to Unaudited Condensed Consolidated Financial Statements.

Unaudited Condensed Consolidated Income Statements

(in thousands, except earnings per share data)

	Three Months Ended March 31,	
	2013	2012
Licensing and other revenue	\$ 105,062	\$ 88,451
Selling, general and administrative expenses	38,826	30,899
Operating income	66,236	57,552
Other (income) expenses:		
Interest expense	14,195	13,720
Interest and other income	(328)	(592)
Equity earnings on joint ventures	(1,936)	(1,298)
Other expenses - net	11,931	11,830
Income before income taxes	54,305	45,722
Provision for income taxes	15,031	14,843
Net income	\$ 39,274	\$ 30,879
Less: Net income attributable to non-controlling interest	\$ 5,085	\$ 3,280
Net income attributable to Iconix Brand Group, Inc.	\$ 34,189	\$ 27,599
Earnings per share:		
Basic	\$ 0.53	\$ 0.38
Diluted	\$ 0.51	\$ 0.37
Weighted average number of common shares outstanding:		
Basic	64,208	72,302
Diluted	66,692	74,605

See Notes to Unaudited Condensed Consolidated Financial Statements.

Iconix Brand Group, Inc. and Subsidiaries

Unaudited Condensed Consolidated Statements of Comprehensive Income

(in thousands)

	Three Months Ended March 31,	
	2013	2012
Net income	\$ 39,274	\$ 30,879
Other comprehensive income:		
Foreign currency translation	(11,434)	
Change in fair value of cash flow hedge		483
Total other comprehensive income (loss)	(11,434)	483
Comprehensive income	\$ 27,840	\$ 31,362
Less: comprehensive income attributable to non-controlling interest	5,085	3,280
Comprehensive income attributable to Iconix Brand Group, Inc.	\$ 22,755	\$ 28,082

See Notes to Unaudited Condensed Consolidated Financial Statements.

Iconix Brand Group, Inc. and Subsidiaries

Unaudited Condensed Consolidated Statement of Stockholders' Equity

Three Months Ended March 31, 2013

(in thousands)

	Common Stock Shares	Common Stock Amount	Additional Paid in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Non-Controlling Interest	Total
Balance at January 1, 2013	76,549	\$ 77	\$ 815,935	\$ 529,829	\$	\$ (159,690)	\$ 113,689	\$ 1,299,840
Shares issued on exercise of stock options and warrants	71		122					122
Shares issued on vesting of restricted stock	128							
Compensation expense in connection with restricted stock and stock options			1,895					1,895
Cost of shares repurchased on vesting of restricted stock and exercise of stock options						(2,086)		(2,086)
Shares repurchased on the open market						(158,922)		(158,922)
Equity portion of convertible notes			49,931					49,931
Net cost of hedge on convertible notes			3,038					3,038
Net income				34,189			5,085	39,274
Foreign currency translation					(11,434)			(11,434)
Distributions to joint ventures			&					