

ICONIX BRAND GROUP, INC.

Form 10-Q

May 07, 2012

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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, 2012**

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)

Delaware  
(State or other jurisdiction of incorporation or organization)

11-2481903  
(I.R.S. Employer 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

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(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 70,878,734 shares as of May 2, 2012.

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## 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, 2012 (unaudited)	December 31, 2011
<b>Assets</b>		
Current Assets:		
Cash (including restricted cash of \$26,894 in 2012 and \$14,071 in 2011)	\$ 189,497	\$ 181,788
Accounts receivable	86,455	79,669
Deferred income tax assets	2,114	2,114
Other assets - current	16,157	20,934
<b>Total Current Assets</b>	<b>294,223</b>	<b>284,505</b>
Property and equipment:		
Furniture, fixtures and equipment	18,373	18,136
Less: Accumulated depreciation	(7,498)	(6,860)
	10,875	11,276
Other Assets:		
Restricted cash	-	7,220
Other assets	29,601	34,186
Trademarks and other intangibles, net	1,546,812	1,550,996
Deferred financing costs, net	3,098	3,573
Investments and joint ventures	51,694	46,278
Goodwill	223,269	223,269
	1,854,474	1,865,522
<b>Total Assets</b>	<b>\$ 2,159,572</b>	<b>\$ 2,161,303</b>
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 25,963	\$ 22,940
Deferred revenue	13,296	11,801
Current portion of long-term debt	330,865	322,423
Other liabilities - current	6,300	5,619
<b>Total current liabilities</b>	<b>376,424</b>	<b>362,783</b>
Deferred income tax liability	176,181	174,238
Long-term debt, less current maturities	300,439	310,966

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Deferred revenue	5,127	5,897
Other liabilities	9,893	13,843
Total Liabilities	868,064	867,727
Commitments and contingencies		
Stockholders' Equity		
Common stock, \$.001 par value shares authorized 150,000; shares issued 75,645 and 75,393, respectively	76	75
Additional paid-in capital	806,254	802,194
Retained earnings	448,020	420,421
Accumulated other comprehensive loss	-	(483)
Less: Treasury stock 4,771 and 2,708 shares at cost, respectively	(69,467)	(33,154)
Total Iconix Brand Group, Inc. Stockholders' Equity	1,184,883	1,189,053
Non-controlling interest	106,625	104,523
Total Stockholders' Equity	1,291,508	1,293,576
Total Liabilities and Stockholders' Equity	\$ 2,159,572	\$ 2,161,303

See Notes to Unaudited Condensed Consolidated Financial Statements.

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## Unaudited Condensed Consolidated Income Statements

(in thousands, except earnings per share data)

	Three Months Ended March 31,	
	2012	2011
Licensing and other revenue	\$ 88,451	\$ 92,356
Selling, general and administrative expenses	30,899	32,005
Expenses related to specific litigation		47
Operating income	57,552	60,304
Other expenses		
Interest expense	13,720	9,936
Interest and other income	(592)	(601)
Equity earnings on joint ventures	(1,298)	(621)
Other expenses - net	11,830	8,714
Income before income taxes	45,722	51,590
Provision for income taxes	14,843	16,464
Net income	\$ 30,879	\$ 35,126
Less: Net income attributable to non-controlling interest	\$ 3,280	\$ 3,694
Net income attributable to Iconix Brand Group, Inc.	\$ 27,599	\$ 31,432
Earnings per share:		
Basic	\$ 0.38	\$ 0.43
Diluted	\$ 0.37	\$ 0.42
Weighted average number of common shares outstanding:		
Basic	72,302	72,768
Diluted	74,605	75,370

See Notes to Unaudited Condensed Consolidated Financial Statements.



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	Three Months Ended March 31,	
	2012	2011
Net income	\$ 30,879	\$ 35,126
Other comprehensive income:		
Change in fair value of cash flow hedge	483	253
Total other comprehensive income	483	253
Comprehensive income	\$ 31,362	\$ 35,379
Less: comprehensive income attributable to non-controlling interest	(3,280)	(3,694)
Comprehensive income attributable to Iconix Brand Group, Inc.	\$ 28,082	\$ 31,685

*See Notes to Unaudited Condensed Consolidated Financial Statements.*



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**Iconix Brand Group, Inc. and Subsidiaries**

Unaudited Condensed Consolidated Statement of Stockholders' Equity

Three Months Ended March 31, 2012

(in thousands)

	Common Stock		Additional	Retained	Accumulated	Treasury	Non-	Total
	Shares	Amount	Paid-in	Earnings	Other	Stock	Controlling	
			Capital		Loss		Interest	
Balance at January 1, 2012	75,393	\$ 75	\$ 802,194	\$ 420,421	\$ (483)	\$ (33,154)	\$ 104,523	\$ 1,293,576
Shares issued on exercise of stock options and warrants	252	1	693	-	-	-	-	694
Tax benefit of stock option exercises	-	-	769	-	-	-	-	769
Compensation expense in connection with restricted stock and stock options	-	-	2,598	-	-	-	-	-